



Level 36, 25 Martin Place  
Sydney NSW 2000 AUSTRALIA

General: +61 2 9235 4887  
Facsimile: +61 2 9235 4800  
Website: [www.mffcapital.com.au](http://www.mffcapital.com.au)  
ABN: 32 121 977 884

14 May 2025

ASX Limited  
ASX Market Announcements Office  
Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

**MFF Capital Investments Limited ('MFF') – Notification pursuant to Listing Rule 3.17.1**

Please find enclosed a copy of the document titled "*Montaka Monocle – April 2025*" ("**Document**"), which was sent to MFF shareholders' today together with their dividend statements.

The Document, and all additional documents hyperlinked therein, have been prepared by Montaka Global Pty Ltd (which is 100% owned by MFF). MFF has not prepared the information in the Document or any of the additional documents hyperlinked therein.

**Authorised by**  
Kathy Molla-Abbasi | Company Secretary

For personal use only

# Montaka MONOCLE

APRIL 2025



It's been an extraordinary few weeks. While US equities fell sharply, European equities were booming (at least, prior to Trump's sweeping tariff announcements). Perversely, the strength in Europe has its roots in Trump's thinly veiled threats to revoke security guarantees that have been in place since 1945. Such intense uncertainty on the European continent catalyzed a rare moment of cooperation in Germany to pass historic legislation to carve-out of defense and security expenditures from the country's 'debt break' in addition to a new stand-alone €500 billion infrastructure and climate fund to make investments over the next 12 years.

This is a very large fiscal package relative to the €4.5 trillion p.a. German economy. And this is the primary reason why European equities performed so strongly during the quarter.

In [Five reasons why Europe's stock rally may not live up to expectations](#), Andy reviews these recent historic developments in Europe. As the title of Andy's essay suggests, while massive fiscal spending out of Germany is surely positive for stocks in the short-to-medium term, we have concerns about the longer-term fundamentals of Europe. These include structural competitive disadvantages that hinder returns on capital investment; complex regulatory burdens that erode productivity; demographic headwinds; national security risks; and political fragmentation that is emboldening far-right, Eurosceptic parties.

As we look through the daily noise and volatility, rest assured that Montaka's portfolio companies remain advantaged, highly profitable, and cash generative. Importantly, we assess their future prospects to remain very attractive, resulting in the aggregate earnings power of Montaka's portfolio companies growing substantially over time. We believe the reliability of this growth remains substantially underappreciated by the market today.

AI is one important area in which we continue to see major long-term investment opportunity. While some observers see too much hype and are calling for caution, our research continues to point to large opportunities ahead.

CEOs of the world's largest cloud computing platforms – those with arguably the most accurate line of sight into future demand for AI compute and services – are unanimously pointing to a large opportunity ahead based on demand signals they are seeing today. And across the board, they remain capacity constrained today and are substantially increasing their capital investments in AI infrastructure.

That said, with the enormous capital investments being made to expand AI infrastructure capacity (i.e. approximately US\$300 billion this year from just four companies: Amazon, Microsoft, Alphabet and Meta), some observers are wondering if this is all too much. We address this important question in more detail in [Montaka's March Quarterly Letter](#) in which we underscore several salient points for investors to keep in mind:

- External enterprise adoption of AI applications, such as Salesforce's Agentforce, remains in its infancy having only been available for a handful of months. But in Montaka's private discussions with customers who are in the process of adopting Agentforce, there are genuine use cases where this technology is unlocking substantial productivity gains and is already resulting in lower headcount needs. Amit expands on the opportunities we see in enterprise software, titled: [Transforming Labor with AI: The big winners from the Agentic Boom](#)
- Internal use cases are proven, and capacity is fungible, for many of those making these enormous investments. Google, Meta, Tencent and others have all demonstrated, first-hand, the enormous value AI can unlock for their core businesses. And given that AI

For personal use only

infrastructure is mostly fungible across use cases, substantial internal demand helps to reduce the risk of poor returning excess capacity.

- The underlying models continue to improve in capability – most recently in the form of chain-of-thought reasoning capabilities. At the same time, custom-designed AI chips are helping to drastically reduce the cost-to-serve. This combination is obviously positive for adoption across enterprise and consumer use cases. (Even Montaka’s internal research team workflows have substantially evolved over recent months to incorporate these new technologies to unlock substantial productivity gains).

And, of course, it's not just in enterprise applications where AI will enable major new productive use cases. Robotics is another example where AI is being applied to unlock tangible productivity gains. And, as Andy and Lachlan discuss in this month's Spotlight Series podcast, [Amazon's Robotics Revolution: How AI & Automation Fuel Its Unstoppable Flywheel](#), this is happening today. And its Amazon's use of robotics at scale that has started to drive down Amazon's enormous US\$100 billion in annual fulfillment costs and US\$90 billion annual in shipping costs.

- Andy & Chris



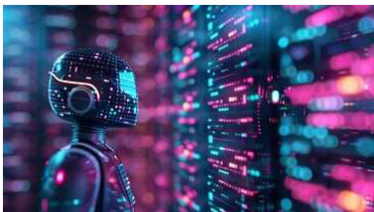
### [Top 10 Portfolio Holdings](#)

We seek to own the world’s most advantaged, long-term winning businesses in attractive growing markets while they remain undervalued. Here is a brief thesis on each of our Top 10 holdings which are dominated by the world’s enterprise cloud and application providers, leading alternative asset managers, and the leaders in financial services networks.



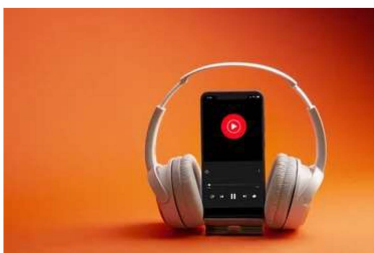
### [5 reasons why Europe’s stock rally may not live up to expectations](#)

European stocks were surging, but structural risks—low profitability, red tape, demographic decline, geopolitical instability, and far-right politics—could derail long-term gains. Short-term fiscal stimulus can’t mask these structural flaws. Is the optimism justified?



### [Transforming Labor with AI: The big winners from the Agentic Boom](#)

With platforms like Agentforce, businesses are already seeing 50% faster query handling, and 16x faster AI deployment. This article explores how AI-driven digital labor will reshape industries, supercharge software growth, and create massive ROI for early adopters.



### [Amazon’s Robotics Revolution: How AI & Automation Fuel Its Unstoppable Flywheel](#)

Andy and Lachy dive into Amazon’s latest innovation: a 12th-generation fulfillment center powered by AI-driven robotics. Discover how automation is slashing costs by 25%,

accelerating same-day deliveries, and reinforcing Amazon's competitive moat—while shaping the future of global logistics.

---

***If you would like to receive Montaka's Monocle each month directly to your inbox, [subscribe here](#).***

---

## **Double Takes**

- The 10% selloff in the S&P 500 from late February to early March was one of the fastest we've seen over the last 75 years.
- KKR moved swiftly to capitalize on lower valuations by issuing nearly US\$3 billion in low cost convertible equity instruments (resulting in an effective cost of equity of approximately 3%) to fund new equity investments on the company's balance sheet.
- Still on alternative asset managers, Blackrock has started to include private equity and credit assets in retail portfolios. Many see this trend accelerating, supported by favourable new policies by the Trump administration.
- Tencent is experiencing so many benefits from its internal AI deployments that it repurposed even more capacity away from external cloud customers (even at the expense of short term cloud revenue). In turn, it increased its capex 5x versus the same quarter last year to expand AI infrastructure capacity.
- The outgoing German parliament has approved the exclusion of its defense and security spending from its 'debt brake' as well as a €500 billion infrastructure and climate fund. The German 10YR government bond yield has increased by almost a full 1% point over the last four months.
- Speaking of inflation risks in unusual parts of the world, the cost of rice in Japan has doubled versus one year ago - and emergency rice stockpiles are being tapped to help alleviate shortages.

---

Do you have feedback? Or a question you would like us to address? Please feel free to reach out to us at [question@montaka.com](mailto:question@montaka.com)

---



---

montaka.com, Suite 2.06, 50 Holt St, Surry Hills, Sydney, NSW 2010

Disclaimer: This document was prepared by Montaka Global Pty Ltd (ACN 604 878 533, AFSL: 516 942). The information provided is general in nature and does not take into account your investment objectives, financial situation or particular needs. You should read the offer document and consider your own investment objectives, financial situation and particular needs before acting upon this information. All investments contain risk and may lose value. Consider seeking advice from a licensed financial advisor. Past performance is not a reliable indicator of future performance.

---

**Important Information:** MFF Capital Investments Limited ABN 32 121 977 884 ('MFF') has not prepared the information in this document or any hyperlinked documents therein. MFF takes no responsibility for the preparation of, statements made in, or omissions from any parts of this document or any hyperlinked documents therein. MFF makes no representation or warranty, express or implied, as to the accuracy, adequacy or reliability of any statements, estimates, opinions or other information contained in this document or any hyperlinked documents therein.