MONTHLY UPDATE

December 2024

SHARE PRICE	KFL NAV	DISCOUNT[1]
$1.35	$1.49	9.3%

as at 30 November 2024

A WORD FROM THE MANAGER

The Kingfish portfolio gross performance return and Adjusted NAV return in November were +3.2% and +2.8% respectively, versus the New Zealand shares benchmark S&P/NZX 50 return of +3.4%.

a2 Milk (+0.2%) provided updated guidance at its annual meeting, increasing sales guidance from "mid" single digit growth to "mid to high", while maintaining profit margin guidance. This was contrary to fears that its supply chain challenges earlier in the year may have dragged on and impacted sales, although the higher revenue guidance is of limited impact as it is in low margin products. The company will commence paying regular dividends in early 2025 of 60-80% of underlying profit, given low reinvestment requirements mean a significant amount of almost $1 billion in cash has accrued on the balance sheet.

Fisher & Paykel Healthcare (+6%) reported a strong first half result, which demonstrated strong sales performance across all key parts of the business, totalling +17% in constant currency terms, which is above its aspiration of +12% (sustainably doubling revenue every 5-6 years). The company also made progress in improving its gross margins to 61.9%, up from 60.5%, on its way back towards its long term 65% target. When combined with controlled operating expenses growth of +11%, this saw net profit grow a strong +43%. In the Hospital division, F&P's "new applications" consumables grew +24% and the company noted it is seeing pleasing rates of change in clinical practice, which takes time but is the ultimate driver of increasing uptake of its products. It called out continued strong growth in its anaesthesia offering off a low base and is seeing its experience in North America mirror strong growth in Australia where the products have been available longer. Obstructive sleep apnoea masks have been a standout for the last couple of years given the successful release of new masks, but continued to grow well at +14%, and the immediate outlook continues to be positive after the launch of three new masks within the last 12 months and the recent debut of several in the important US market.

Infratil (+3%) reported first half results, which exceeded expectations. CDC Data Centres' independent valuation and revised pipeline had been reported previously. Telecommunications company One New Zealand (One) is on track to meet full year earnings guidance, despite the well-publicised struggles of peer Spark (-38% year to date, and not owned by Kingfish). One has benefitted from lower exposure to the enterprise and government sectors and IT services, all of which have seen spending under pressure this year. One had also proactively managed costs in response to the tougher economic climate. Offsetting this, US renewable energy business Longroad was behind expectations. Management flagged that its development programme is behind plan, however earnings yields on developments are higher than expectations, which is mitigating the impact of slower development. Donald Trump has been a vocal opponent of the tax credits received by renewable energy developers like Longroad. Regardless of whether these tax cuts are ultimately removed, Longroad is likely to experience slower activity levels as developers and customers evaluate the changing landscape.

Ryman (-6%) reported a disappointing half year result, which saw it abandon its goal of positive free cash flow in the current financial year, courtesy of the sales environment remaining tougher than it expected back in early September. As units are completed and sold, and the development book is wound down for the meantime, cash flow will improve in the coming years. This will be supported by cost reductions, with the company reporting $18 million of cost savings, and visibility of at least the same again in the next financial year. Chair Dean Hamilton expressed confidence in debt reducing from $2.56 billion to $2 billion over the coming years as developments are completed and sold down, and operating cash flow becomes positive. Positively, the company has seen customer interest in its offering remain strong despite moving to a higher deferred management fee of 30%,

[1] Share Price Discount to NAV (using the net asset value per share, after expenses, fees and tax, to four decimal places).

versus its longstanding 20%, noting that it has held the list price on units (so the higher fees will benefit the company over time). Disappointingly, the company made a further $235 million downwards adjustment to the valuation of its villages (34 cents per share), despite having moved to clean up legacy accounting practices at the result in May. We remain positive that the increased transparency, changes made to the business, together with refreshed board and capable new CEO (Naomi James commencing during November) mean Ryman is set up to deliver improving performance.

Matt Peek
Portfolio Manager
Fisher Funds Management Limited

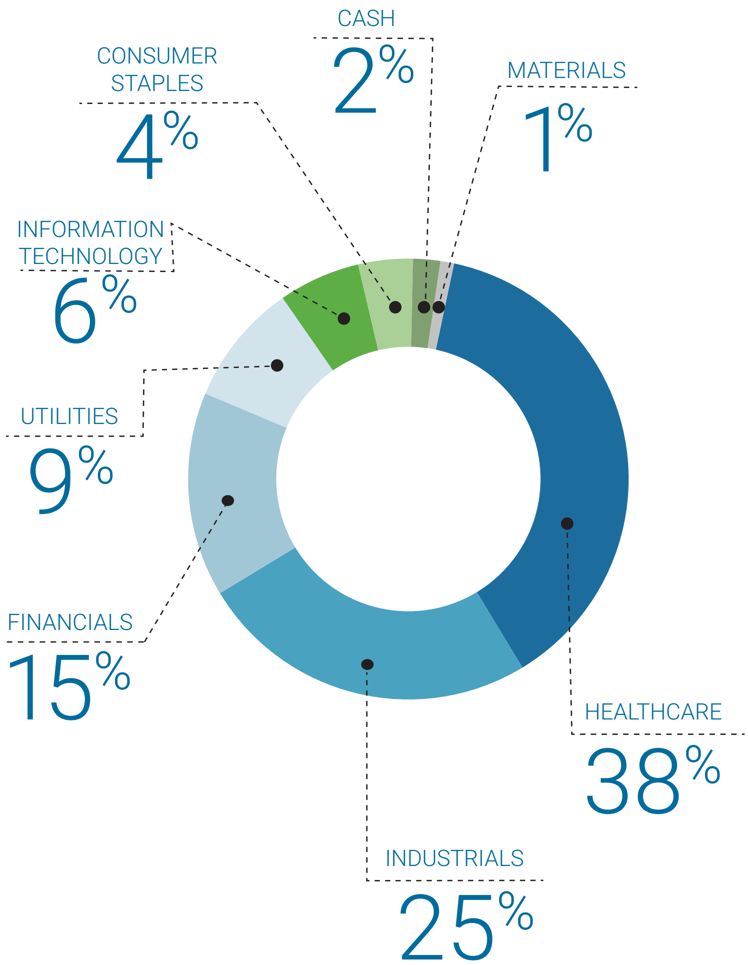
KEY DETAILS

as at 30 November 2024

FUND TYPE	Listed Investment Company
INVESTS IN	Growing New Zealand companies
LISTING DATE	31 March 2004
FINANCIAL YEAR END	31 March
TYPICAL PORTFOLIO SIZE	15-25 stocks
INVESTMENT CRITERIA	Long-term growth
PERFORMANCE OBJECTIVE	Long-term growth of capital and dividends
TAX STATUS	Portfolio Investment Entity (PIE)
MANAGER	Fisher Funds Management Limited
MANAGEMENT FEE RATE	1.25% of gross asset value (reduced by 0.10% for every 1% of underperformance relative to the change in the NZ 90 Day Bank Bill Index with a floor of 0.75%)
PERFORMANCE FEE HURDLE	Changes in the NZ 90 Day Bank Bill Index + 7%
PERFORMANCE FEE	10% of returns in excess of benchmark and high-water mark
HIGH WATER MARK	$1.30
PERFORMANCE FEE CAP	1.25%
SHARES ON ISSUE	343m
MARKET CAPITALISATION	$464m
GEARING	None (maximum permitted 20% of gross asset value)

SECTOR SPLIT

as at 30 November 2024



NOVEMBER'S SIGNIFICANT RETURNS IMPACTING THE PORTFOLIO during the month

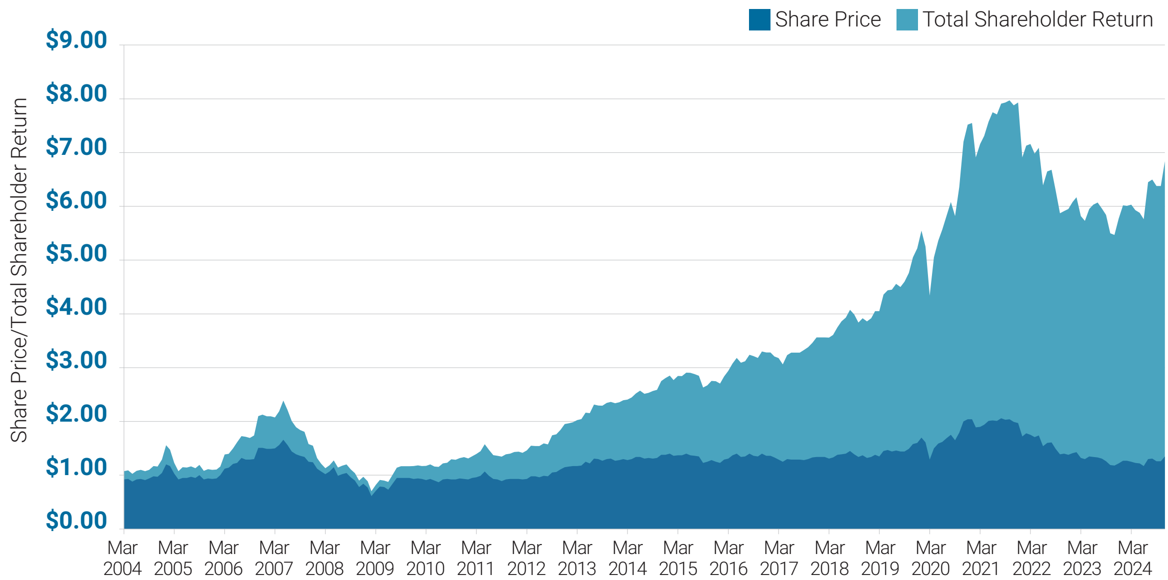
AUCKLAND INTERNATIONAL AIRPORT	FISHER & PAYKEL HEALTHCARE	CONTACT ENERGY	MERIDIAN ENERGY	RYMAN HEALTHCARE
+6%	+6%	+5%	+4%	-6%

5 LARGEST PORTFOLIO POSITIONS as at 30 November 2024

FISHER & PAYKEL HEALTHCARE	INFRATIL	MAINFREIGHT	SUMMERSET	AUCKLAND INTERNATIONAL AIRPORT
19%	15%	10%	9%	8%

The remaining portfolio is made up of another 10 stocks and cash.

TOTAL SHAREHOLDER RETURN to 30 November 2024



PERFORMANCE as at 30 November 2024

	1 Month	3 Months	1 Year	3 Years (annualised)	5 Years (annualised)
Company Performance					
Total Shareholder Return	+7.1%	+5.2%	+25.1%	(4.6%)	+6.2%
Adjusted NAV Return	+2.8%	+6.5%	+26.2%	+2.2%	+6.9%
Portfolio Performance					
Gross Performance Return	+3.2%	+7.5%	+29.3%	+3.7%	+8.7%
S&P/NZX50G Index	+3.4%	+5.0%	+15.3%	+0.9%	+2.9%

Non-GAAP Financial Information

Kingfish uses non-GAAP measures, including adjusted net asset value, adjusted NAV return, gross performance return and total shareholder return. The rationale for using such non-GAAP measures is as follows:

» adjusted net asset value – the underlying value of the investment portfolio adjusted for dividends (and other capital management initiatives) and after expenses, fees and tax,

» adjusted NAV return – the percentage change in the adjusted NAV,

» gross performance return – the Manager's portfolio performance in terms of stock selection, before expenses, fees and tax, and

» total shareholder return – the return combines the share price performance, the warrant price performance, the net value of converting any warrants into shares, and the dividends paid to shareholders. It assumes all dividends are reinvested in the company's dividend reinvestment plan, and that shareholders exercise their warrants, (if they were in the money), at warrant expiry date.

All references to adjusted net asset value, adjusted NAV return, gross performance return and total shareholder return in this monthly update are to such non-GAAP measures. The calculations applied to non-GAAP measures are described in the Kingfish Non-GAAP Financial Information Policy. A copy of the policy is available at kingfish.co.nz/about-kingfish/kingfish-policies.

ABOUT KINGFISH

Kingfish is an investment company listed on the New Zealand Stock Exchange. The company gives shareholders an opportunity to invest in a diversified portfolio of between 15 and 25 quality growing New Zealand companies through a single, professionally managed investment. The aim of Kingfish is to offer investors competitive returns through capital growth and dividends.

MANAGEMENT

The Manager has authority delegated to it from the Board to invest according to the Management Agreement and other written policies. Kingfish's portfolio is managed by Fisher Funds Management Limited. Matt Peek (Portfolio Manager) and Michael Bacon and Zoie Regan (Senior Investment Analysts) have prime responsibility for managing the Kingfish portfolio. Together they have significant combined experience and are very capable of researching and investing in the quality New Zealand companies that Kingfish targets. Fisher Funds is based in Takapuna, Auckland.

BOARD

The Board of Kingfish comprises independent directors Andy Coupe (Chair), Carol Campbell, David McClatchy and Fiona Oliver.

CAPITAL MANAGEMENT STRATEGIES

Regular Dividends

» Quarterly distribution policy introduced in June 2009

» Under this policy, 2% of average NAV is targeted to be paid to shareholders quarterly

» Dividends paid by Kingfish may include dividends received, interest income, investment gains and/or return of capital

» Shareholders who prefer to have increased capital rather than a regular income stream have the opportunity to participate in the company's dividend reinvestment plan (DRP)

» Shares issued to DRP participants are at a 3% discount to market price

» Kingfish became a portfolio investment entity on 1 October 2007. As a result, dividends paid to New Zealand tax resident shareholders have not been subject to further tax

Share Buyback Programme

» Kingfish has a buyback programme in place allowing it (if it elects to do so) to acquire its shares on market

» Shares bought back by the company are held as treasury stock

» Shares held as treasury stock are available to be utilised for the dividend reinvestment plan

Warrants

» Warrants put Kingfish in a better position to grow further, operate efficiently, and pursue other capital structure initiatives as appropriate

» A warrant is the right, not the obligation, to purchase an ordinary share in Kingfish at a fixed price on a fixed date

» There are currently no Kingfish warrants on issue

KINGFISH

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