



MONTHLY UPDATE

February 2024

Share Price

\$1.27

Warrant Price

\$0.03

KFL NAV

\$1.33

DISCOUNT¹

3.9%

as at 31 January 2024

A WORD FROM THE MANAGER

New Zealand shares started the year on a positive note in January with the S&P/NZX 50 gross index up +0.9% for the month. The Kingfish portfolio Gross Performance Return and the Adjusted NAV Return were ahead of the market at +1.9% and +1.6% respectively.

a2 Milk (+12%) shares increased as sentiment improved around the Chinese infant formula market following the release of official statistics that 9.0 million babies were born in 2023. This was a better figure than many feared (around 8 million). This is potentially the first sign of a bounce back after Chinese mothers-in-waiting were advised to delay their pregnancies until 2023, due to COVID vaccines. Monthly data suggests a2 Milk has continued to gain market share and has grown infant formula sales in recent months despite a difficult market.

Infratil (+5%) provided an update on progress at its key asset Canberra Data Centres (CDC), which is the infrastructure investment company's largest holding by value. CDC has recently signed a significant value of new contracts – 110MW (megawatts) recently and 200MW over the last year – which supports its decision to accelerate development of new capacity to capture the growth in demand it is seeing. The acceleration in growth is striking; CDC expects to double the size of the business within just two years, from 268MW of built capacity today. The capacity it has under construction has lifted by 44% in just the last three months. Further, the expected size of the business in 2029 (when its current pipeline of sites is built out) has grown to 1220MW, more than 4 times its current capacity. The upwards inflection in growth from a large base, while maintaining attractive unit economics, validates CDC's leading position and runway for growth. We think the market continues to underestimate CDC's potential and does not give sufficient credit for its growth runway despite a very strong track record.

Summerset (+7%) delivered a positive sales update for the December 2023 quarter, with total sales of 360 units up 30% compared to the December 2022 quarter, as both new sales and resales hit new record numbers. The company also delivered its first villas in Australia at the Cranbourne North site, which is a pleasing milestone as the company's first Melbourne site has taken longer than initially expected. We think that with a growing number of sites at various stages of progress, its Australian business will now be able to achieve a more regular cadence of product delivery in coming years. Summerset remains our preferred investment in the retirement village sector. This is due to its proven ability to deliver and sell villages, with superior development economics versus peers as a result of its primary focus on broadacre sites. It has also been able to recycle development profits into new villages to manage its debt levels appropriately. This in turn has allowed it to continue investing in development land for future villages, which means it also has a more attractive growth profile than its competitors.

Auckland Airport (-4%) announced that it, alongside Christchurch and Wellington airports, has asked the High Court to pursue a merits review of the Commerce Commission's recent Input Methodologies decision. The companies are contesting the regulated return that airports may earn, and the approach used to determine it. Such processes can take 2-3 years with the last one heard by the High Court over a decade ago. The review relates to the charges Auckland Airport can set in respect of its aeronautical operations for the 2027–2032 period.

Matt Peek
Portfolio Manager
Fisher Funds Management Limited



¹ Share Price Discount to NAV (including warrant price on a pro-rated basis and using the net asset value per share, after expenses, fees and tax, to four decimal places).

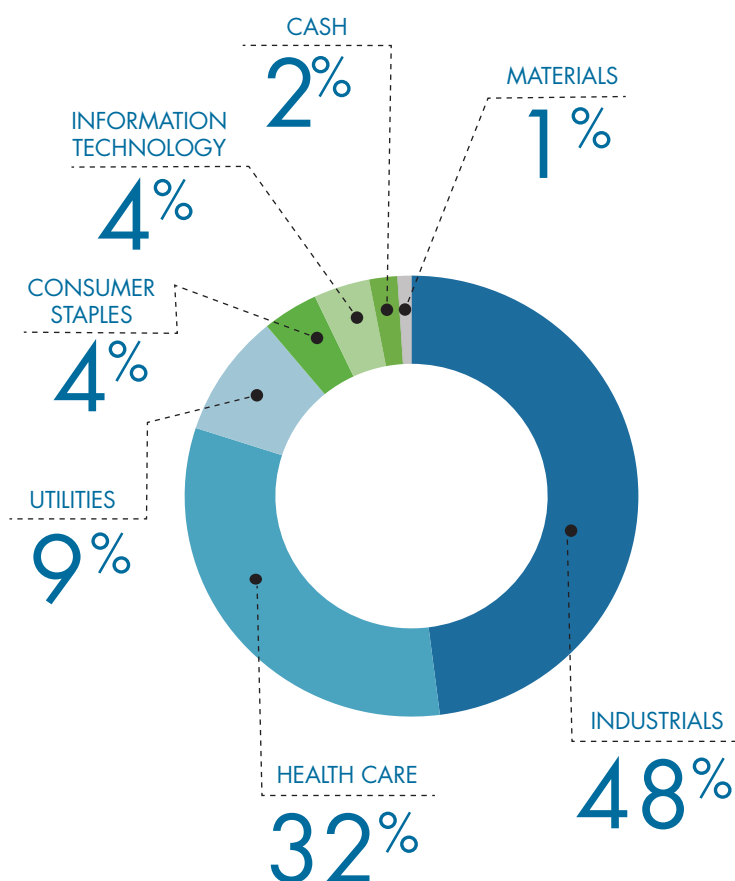
KEY DETAILS

as at 31 January 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	\$1.39
PERFORMANCE FEE CAP	1.25%
SHARES ON ISSUE	338m
MARKET CAPITALISATION	\$429m
GEARING	None (maximum permitted 20% of gross asset value)

SECTOR SPLIT

as at 31 January 2024



PERFORMANCE to 31 January 2024

	1 Month	3 Months	1 Year	3 Years (annualised)	5 Years (annualised)
Company Performance					
Total Shareholder Return	+4.3%	+9.4%	(1.0%)	(7.3%)	+9.0%
Adjusted NAV Return	+1.6%	+11.6%	+0.0%	(2.4%)	+8.3%
Portfolio Performance					
Gross Performance Return	+1.9%	+12.2%	+1.3%	(1.2%)	+10.5%
S&P/NZX50G Index	+0.9%	+10.4%	(0.8%)	(3.3%)	+5.7%

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/aboutkingfish/kingfish-policies.

JANUARY'S SIGNIFICANT RETURNS IMPACTING THE PORTFOLIO during the month

A2 MILK

+12%

SUMMERSET

+7%

EBOS GROUP

+6%

INFRATIL

+5%

PORT OF TAURANGA

-5%

5 LARGEST PORTFOLIO POSITIONS as at 31 January 2024

INFRATIL

18%

MAINFREIGHT

15%

FISHER & PAYKEL
HEALTHCARE

15%

AUCKLAND
INTERNATIONAL
AIRPORT

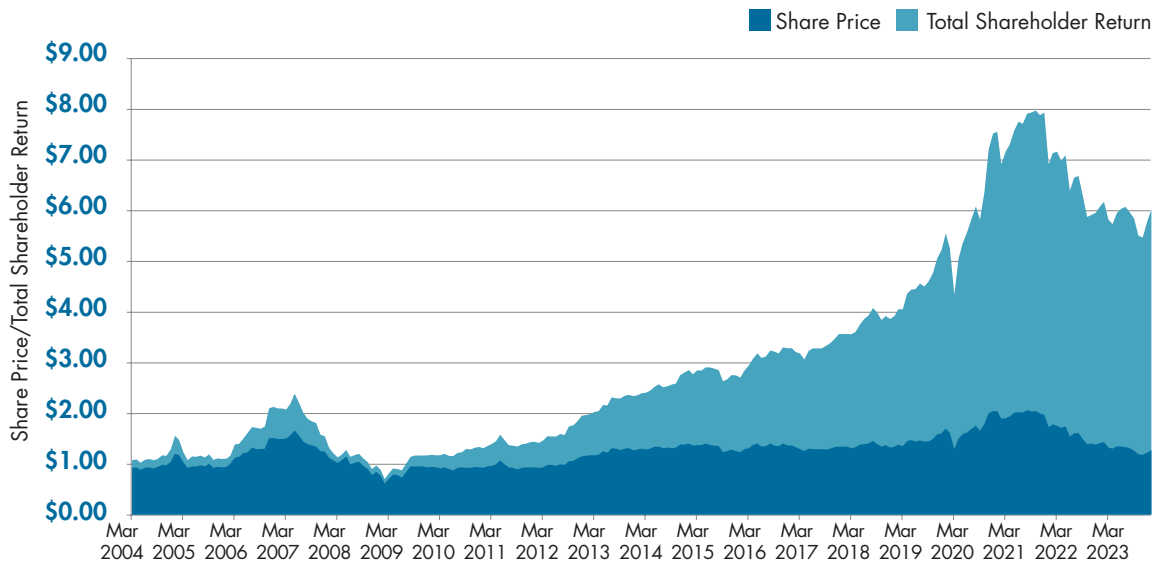
9%

SUMMERSET

8%

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

TOTAL SHAREHOLDER RETURN to 31 January 2024



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

- » Kingfish announced an issue of warrants (KFLWH) on 20 June 2023
- » Information pertaining to the warrants was mailed/ emailed to all shareholders on Tuesday 27 June 2023
- » The warrants were issued at no cost to eligible shareholders in the ratio of one warrant for every four Kingfish shares held, based on the record date of 5 July 2023.
- » The warrants were allotted to shareholders on 6 July 2023 and listed on the NZX Main Board from 7 July 2023
- » The Exercise Price of each warrant is \$1.37, adjusted down for the aggregate amount per Share of any cash dividends declared on the shares with a record date during the period commencing on the date of allotment of the warrants and ending on the last Business Day before the final Exercise Price is announced by Kingfish
- » The Exercise Date for the warrants is 26 July 2024

Disclaimer: The information in this update has been prepared as at the date noted on the front page. The information has been prepared as a general summary of the matters covered only, and it is by necessity brief. The information and opinions are based upon sources which are believed to be reliable, but Kingfish Limited and its officers and directors make no representation as to its accuracy or completeness. The update is not intended to constitute professional or investment advice and should not be relied upon in making any investment decisions. Professional financial advice from a financial adviser should be taken before making an investment. To the extent that the update contains data relating to the historical performance of Kingfish Limited or its portfolio companies, please note that fund performance can and will vary and that future results June have no correlation with results historically achieved.



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