



MONTHLY UPDATE

March 2024

Share Price

\$1.27

Warrant Price

\$0.02

KFL NAV

\$1.32

DISCOUNT¹

3.3%

as at 29 February 2024

A WORD FROM THE MANAGER

New Zealand shares were weak during February (S&P/NZX 50 gross index –1.1%). The Kingfish portfolio gross performance return and adjusted NAV return were both –0.9%. It was a busy month for news with June and December year-end companies reporting financial results.

a2 Milk (+20%) saw its share price perform strongly as it released its half year result with revenue and earnings above its plan, and consequently increased its revenue guidance for the full financial year. The company saw a smooth transition to its new Chinese Label product formulation and has continued to take share in most market segments, with brand health metrics continuing to improve. The company continues to target revenue of over \$2 billion over time from \$1.6 billion at present.

Delegat (+0.6%) reported results for its six months to December 2023, with operating earnings in line with the previous period. The company saw reduced demand in the US as a result of distributors managing down inventory levels as supply chains become more predictable. This saw volumes in North America drop 7% despite over 6% growth in underlying sales, as recorded from retailers' checkout data. This was an aberration given the company has grown volumes in this market every year for over 10 years and expects to be able to continue doing so into the future. The company has seen profit margins compress due to cost pressures, however, has now successfully raised prices in several markets as it begins to recoup profitability.

EBOS (+0.1%) delivered a solid result and we think management has increasing confidence across both revenue and cost-reduction opportunities of the business. EBOS managed to achieve roughly double the market rate of growth from its pharmacy business and has targets to achieve over \$300 million in organic revenue gains from taking market share in this division over the next few years. The company's hospital distribution business also demonstrated impressive market share

gains, which combined with sales of high value speciality medicines, saw revenue grow 15%. Animal Care revenue was slightly weaker than anticipated, as pet ownership growth has slowed. However, the team continues to improve profit margins and remains confident that new product development can assist in delivering stronger revenue growth moving forward.

Freightways (+0.1%) reported its result for the six months to December 2023 in line with expectations. This came as a welcome result given 2023 had seen a deteriorating economic environment, with same-customer volumes in its New Zealand network courier business stabilising at around 5% down on the previous year. Market share gains saw overall volumes rise 1.8% year-on-year despite the tough conditions. The company is also leveraging the skills from its Allied Express oversized item delivery business in Australia into this segment in New Zealand, where it sees potential growth.

Ryman (–19%) disappointingly reduced its underlying profit guidance for the current financial year. The key driver was slower new sales for the second half. Ryman pointed to a combination of tough market conditions (with January sales particularly poor) and four incomplete main buildings hampering the immediate value proposition for prospective residents at these villages. Late in the month we visited a recently completed village in Melbourne, reinforcing the view that the brand and resident proposition once developed continues to resonate well.

Summerset (+0.6%) delivered a solid result for its financial year (calendar 2023), which saw its share price remain above water despite the double-digit selloff seen in the other listed retirement village operators. Summerset had pre-announced record new sales and resales early in January but followed this news with strong underlying earnings up +11% on the prior period, including healthy profit margins despite the soft residential property market.

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).

Vista Group (-1%) reported a stronger than expected second half of the 2023 year, driven by slightly larger than expected cost savings from its organisational restructure (\$10 million in savings annually). First revenue guidance for 2024 represents recurring revenue growth of 8-12%. When combined with subdued cost growth this should see operating profits grow strongly in the year ahead. During the month the company also hosted over 100 representatives from its customer base at its product conference in New Zealand and is confident that it will continue to sign up new customers to drive growth in 2025 and beyond as its customer base progressively adopts its cloud platform as a replacement for its on-premise solution.

Vulcan Steel (+5%) reported its half yearly result which saw volumes decline 7% on the prior corresponding period, primarily as a result of weak activity in New Zealand. Trading conditions here were particularly poor during the period as customers hit pause around

the October 2023 general election, as they waited to see what the outcome would be before committing to projects. The team have continued to win accounts, with customer numbers growing by 6% on the previous half, and expenses under control. They have also opened three 'hybrid' aluminium/stainless sites with another four set to open by the end of June and a pathway to 20 over time, with each site requiring limited investment and they are set to generate an uplift in profits within a relatively short time frame.



Matt Peek
Portfolio Manager
Fisher Funds Management Limited



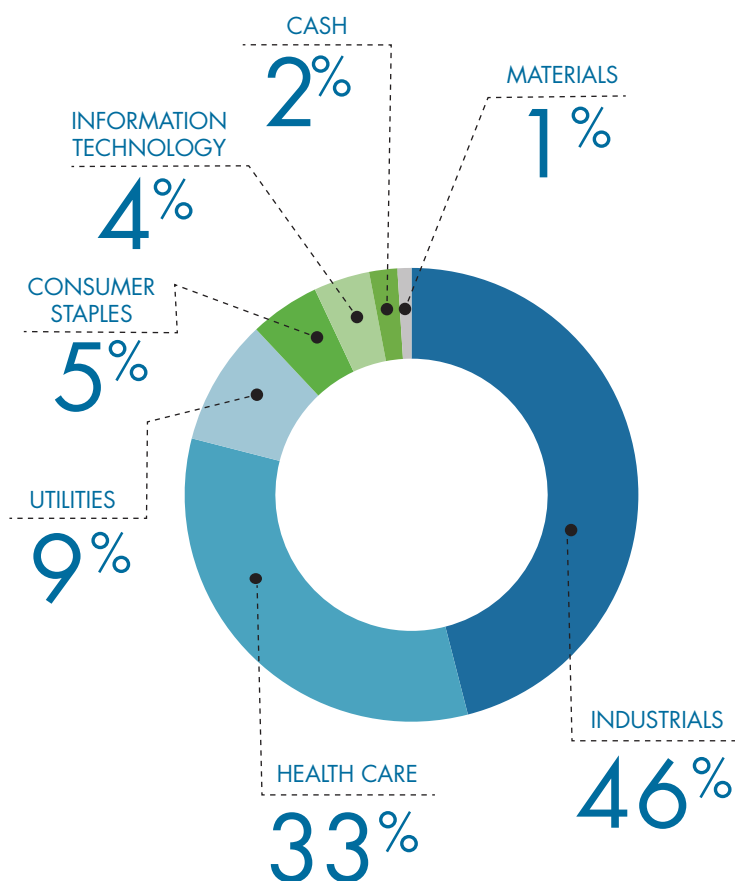
KEY DETAILS

as at 29 February 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 29 February 2024



FEBRUARY'S SIGNIFICANT RETURNS IMPACTING THE PORTFOLIO during the month

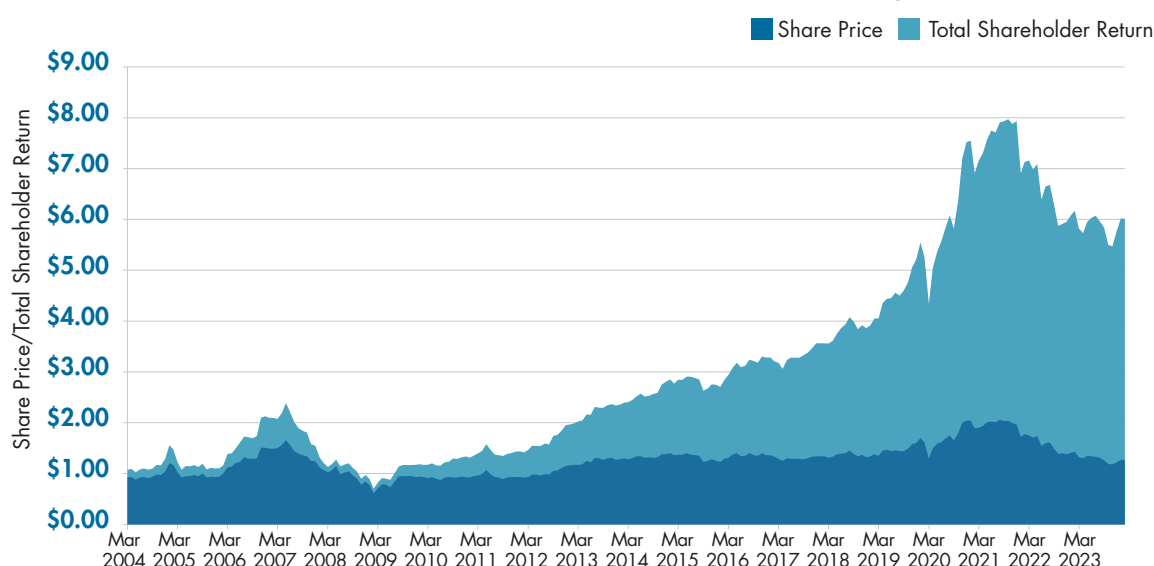
A2 MILK COMPANY	MERIDIAN ENERGY	VULCAN STEEL	MAINFREIGHT	RYMAN HEALTHCARE
+20%	+8%	+5%	-6%	-19%

5 LARGEST PORTFOLIO POSITIONS as at 29 February 2024

INFRATIL	FISHER & PAYKEL HEALTHCARE	MAINFREIGHT	AUCKLAND INTERNATIONAL AIRPORT	SUMMERSET
17%	16%	15%	8%	8%

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

TOTAL SHAREHOLDER RETURN to 29 February 2024



PERFORMANCE to 29 February 2024

	1 Month	3 Months	1 Year	3 Years (annualised)	5 Years (annualised)
Company Performance					
Total Shareholder Return	(0.2%)	+9.9%	(2.6%)	(4.5%)	+8.2%
Adjusted NAV Return	(0.9%)	+5.2%	(0.0%)	(1.4%)	+6.8%
Portfolio Performance					
Gross Performance Return	(0.9%)	+5.7%	+1.3%	(0.3%)	+8.9%
S&P/NZX50G Index	(1.1%)	+3.6%	(1.3%)	(1.3%)	+4.7%

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.

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 may have no correlation with results historically achieved.



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