KINGFISH
LANDING TOMORROW'S TROPHIES

MONTHLY UPDATE

March 2025

SHARE PRICE	KFL NAV	DISCOUNT[1]
$1.36	$1.43	4.8%

as at 28 February 2025

A WORD FROM THE MANAGER

The Kingfish portfolio gross performance return and adjusted NAV return in February were -1.9% and -1.8% respectively, versus the New Zealand shares benchmark S&P/NZX 50 return of -3.0%. This reflected solid results on balance in February 'reporting season' against a tough backdrop, which saw many other companies deliver poor results.

a2 Milk (+37%) delivered a surprisingly strong half-year result. The company's English Label infant formula product grew sales +13% on last year and has been performing strongly as it is at an affordable price point at a time when Chinese families are under economic pressure and looking for quality affordable options. The company is well placed to continue its sales momentum with the launch of premium ('Genesis') and budget ('Gentle Gold') English Label alternatives, plus senior health fortified milk products. The maiden dividend was a cherry on the top of a strong result.

EBOS (+0.1%) delivered a result that was hard to fault, with all divisions either performing in-line with expectations or surprising to the upside. The Community Pharmacy division was the standout, surpassing its targets for market share gains and cost saving initiatives are tracking to plan. The division is also benefiting from an uplift in industry funding as a new wholesaler funding model has been introduced in Australia. A drawback of the result was the surprise news that long-tenured CEO John Cullity had resigned and is being replaced by an external hire.

Fisher & Paykel Healthcare (-9%) saw its share price slump early in the month with the company warning that it could face higher costs following President Trump's announced 25% tariffs on products imported from Mexico. Approximately 43% of the company's revenue came from the US, with approximately 60% of US volumes supplied from its Mexican manufacturing campus. We expect the company should be able to largely mitigate the tariffs over time (should they eventually be implemented).

Freightways (+4%) was among the rare domestically focused companies that performed credibly (again) despite a tough economic environment on the back of market share gains. Revenue was up +7% and net profit after tax grew +10%. However, the main New Zealand courier business is seeing like-for-like customer volumes down -4% on a year ago and is yet to see any real green shoots, saying the first half of 2025 is likely to be a 'grind'.

We built a position in **Mercury** (-6%) during the month. Mercury is one of the five key New Zealand electricity generator-retailers ('gentailers'). Fundamentally, Mercury's core economic 'moat' is its irreplaceable low-cost hydro assets, with 9 power plants on the Waikato River. This North Island hydro system provides a differentiated generation mix to Meridian and Contact. Mercury also has a significant proportion of wind versus other gentailers and a modest amount of geothermal which nicely balance its generation portfolio. Another attractive attribute is its well-progressed future development pipeline, mostly wind but also geothermal expansion, with a solid balance sheet to support this. We think the recent share price represents an attractive entry point, similar to our entry of Contact in August 2020, which has significantly outperformed both the other gentailers and NZ market since.

Ryman (-24%) unexpectedly announced it is raising $1 billion of new equity to pay down debt. This was disappointing, given the balance sheet has been a focus area for us and the management team had assured us all was in order at its late November result. The company concurrently provided a weak trading update with December quarter sales applications down around 40% on the prior year, citing challenging market conditions, heightened competitive activity and impact from "changes to Ryman's ORA [Occupancy Right Agreement] pricing model, organisational restructure and reduced incentives in market". Again, this was not on management's radar previously. The company flagged yet more potential impairments to its assets despite recent write-downs. Ryman also announced it will halt more future developments and has roughly halved its combined build rate for the 2026 and 2027 financial years, which will curtail future growth. Despite being long-term investors in Ryman (Kingfish invested in the company back at inception ahead of a long period of significant value creation) our thesis has shifted negatively over recent years. While we reduced the position size significantly over the last five or so years reflecting various issues, we ultimately thought the company still had a strong brand and business model and would regain success with a capable management team and board in place. The surprise

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

equity raise and change in narrative from the new management team materially impaired our investment thesis: (1) we have lower confidence in the management and board; (2) greatly reduced sales after making necessary changes suggest weaker brand and poor execution, in stark contrast to Summerset; (3) the growth profile is now lower than we expected; and (4) valuation upside has been eroded through significant dilution from the large equity raising, further impairments, and the lower growth outlook. We did not participate in the equity raising and have fully exited our existing holding in Ryman. Ultimately Ryman has been a disappointing holding in recent years and has weighed on the performance of the Kingfish portfolio, although cutting the size of the position meaningfully mitigated the extent of the drag. We will take lessons forward in our efforts to continuously improve.

Summerset (-5%) reported strong 2024 full year results despite encountering one of the most challenging business environments seen in the company's history. These highlighted its ability to execute strongly from both a sales and development perspective, with record total settlements (+12% on 2023), record underlying profit (+8%), record net operating cash flow (+11%) and yet another record net tangible asset value per share (+13%). Importantly Summerset also provided an upbeat albeit cautious trading update for the first 8 weeks of 2025, citing "market conditions are stable with some early signs of improvement" with the rate of contracting up around 30%.

Vista (+18%) was a case of saving the best 'til last, with the company releasing a strong result on the last day of reporting season. Revenue came in marginally ahead of expectations, but the highlight was cost controls seeing this drop through to a profitability and see it deliver profit well ahead of expectations, with profit margin of 14.4% coming in above the top end of the company's 13-14% guidance. The big long term positive was the company having the confidence to increase its long term profit margin aspiration to within the range of 33-37%, from 25-30%+ previously. The fact it has recently achieved its guidance adds to the credibility of these aspirations.

Matt Peek
Portfolio Manager
Fisher Funds Management Limited

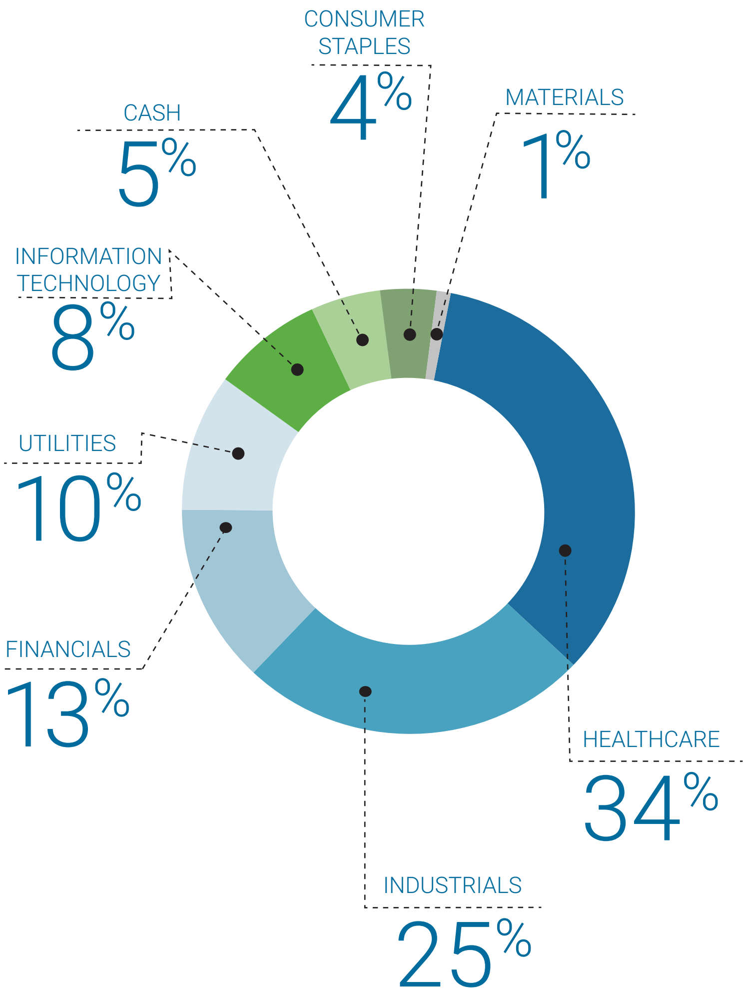
KEY DETAILS

as at 28 February 2025

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	$1.26
PERFORMANCE FEE CAP	1.25%
SHARES ON ISSUE	345m
MARKET CAPITALISATION	$470m
GEARING	None (maximum permitted 20% of gross asset value)

SECTOR SPLIT

as at 28 February 2025



FEBRUARY'S SIGNIFICANT RETURNS IMPACTING THE PORTFOLIO during the month

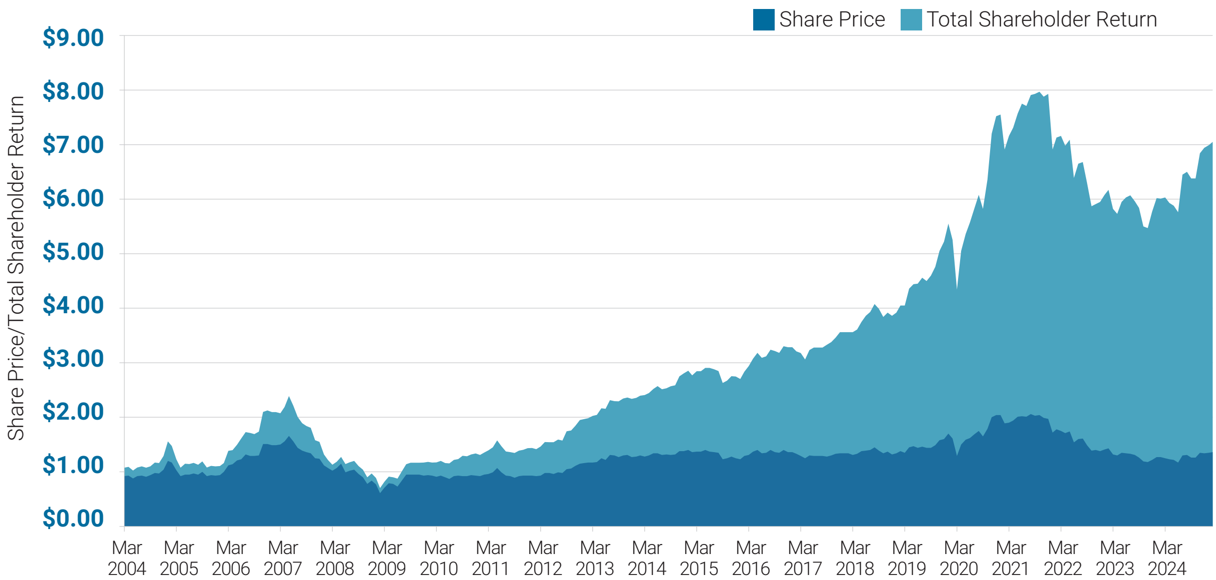
a2 MILK COMPANY	VISTA GROUP	MERCURY	FISHER & PAYKEL HEALTHCARE	RYMAN HEALTHCARE
+37%	+18%	-6%	-9%	-24%

5 LARGEST PORTFOLIO POSITIONS as at 28 February 2025

FISHER & PAYKEL HEALTHCARE	INFRATIL	MAINFREIGHT	SUMMERSET	AUCKLAND INTERNATIONAL AIRPORT
17%	13%	10%	9%	8%

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

TOTAL SHAREHOLDER RETURN to 28 February 2025



PERFORMANCE as at 28 February 2025

	1 Month	3 Months	1 Year	3 Years (annualised)	5 Years (annualised)
Company Performance					
Total Shareholder Return	+0.7%	+3.0%	+17.3%	(0.4%)	+6.1%
Adjusted NAV Return	(1.8%)	(2.1%)	+17.4%	+4.6%	+6.4%
Portfolio Performance					
Gross Performance Return	(1.9%)	(2.0%)	+19.8%	+6.1%	+8.2%
S&P/NZX50G Index	(3.0%)	(3.6%)	+7.3%	+1.7%	+2.3%

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

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