



Monthly Update

May 2019



KFL NAV

\$1.60

SHARE PRICE

\$1.45

WARRANT PRICE

\$0.08

DISCOUNT¹

7.9%

as at 30 April 2019

A word from the Manager

Market Environment

New Zealand equities as measured by the S&P/NZX50G index were up +1.7% in April, with the flagship index breaking through the 10,000 point milestone, albeit lagging most major global equity market indices. A reversal in bond yields saw 'defensive' sectors underperform the New Zealand market after utilities in particular had outperformed the market so far in 2019. Kingfish delivered an adjusted NAV return broadly in line with the market of 1.7%.

The Portfolio

It was a busy month for portfolio company **Infratil**. Infratil announced the sale of its Australian National University student accommodation asset for an attractive price of A\$162 million. Independent valuations were released for many portfolio holdings, with Canberra Data Centres (CDC) in particular increasing significantly over the last six months. We attended the annual Infratil Investor Day, where not surprisingly CDC stole the limelight. It continues to exceed expectations and is seeing accelerating growth at high rates in excess of 50%. CDC has recently acquired a Sydney based datacentre and generally continues to benefit from the general growth in data, but also its positioning in the market as a premium offering with high security and reliability.

Port of Tauranga delivered strong share price performance during a month where the Ministry of Transport released its interim report on Upper North Island Supply Chain Strategy. The report contained no clear conclusions, but there continues to be interest in shifting Ports of Auckland operations to Northport. Regardless of the ultimate outcome here, Port of Tauranga is well placed. Two further reports are due later in 2019.

Summerset released a weak quarterly new sales figure, citing that increased settlement times in the residential property market are impacting settlement of its units. Following our recent site visit in March, we nonetheless believe that the company remains well positioned despite this short-term market-related weakness.

Restaurant Brands announced its 2019 financial year result, which was in line with our expectation. The outlook statement indicated that double-digit net profit growth is expected to continue moving forward, despite bearing some start-up costs from launching the Taco Bell brand in New Zealand and Australia. The dividend has been discontinued as new majority shareholder Finaccess has a preference for retaining cash to fund the company's range of growth initiatives.

Portfolio Changes and Strategy

We increased our position in Summerset during the month as the reaction to its quarterly sales provided a buying opportunity at lower prices, while the longer term prospects for the business remain solid.

Sam Dickie
Senior Portfolio Manager
Fisher Funds Management Limited



¹ Share Price Discount to NAV (including warrant price on a pro-rated basis)

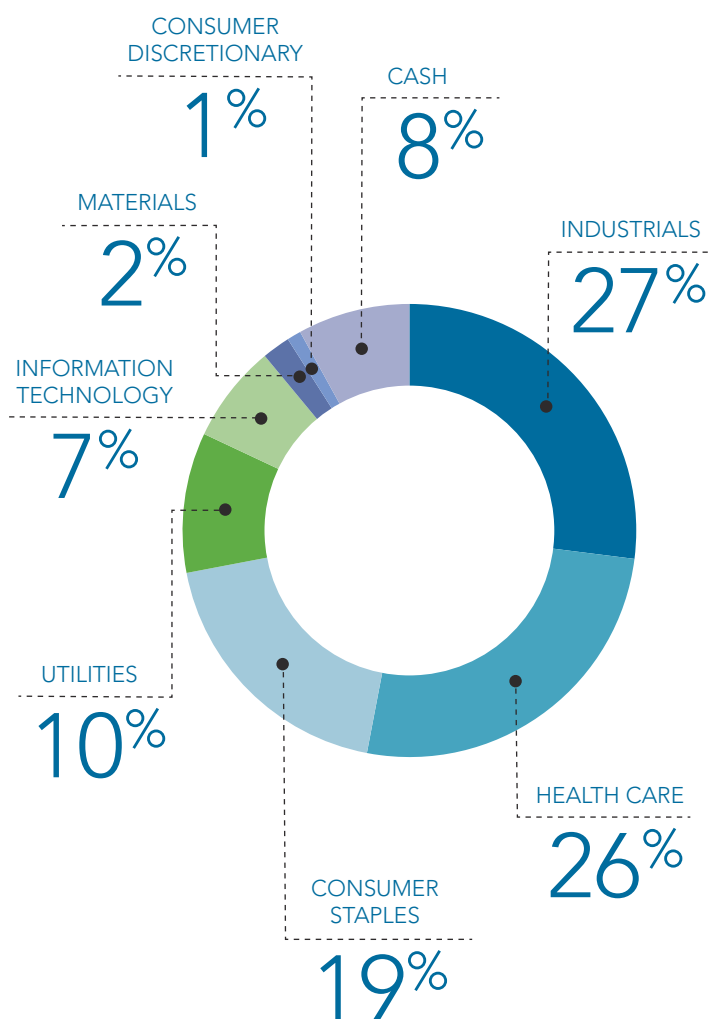
Key Details

as at 30 April 2019

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	\$1.56
PERFORMANCE FEE CAP	1.25%
SHARES ON ISSUE	199m
MARKET CAPITALISATION	\$289m
GEARING	None (maximum permitted 20% of gross asset value)

Sector Split

as at 30 April 2019



Performance

to 30 April 2019

	1 Month	3 Months	1 Year	3 Years (annualised)	5 Years (annualised)
Company Performance					
Total Shareholder Return	+7.8%	+11.2%	+20.5%	+12.3%	+12.3%
Adjusted NAV Return	+1.7%	+13.5%	+20.8%	+14.4%	+13.2%
Portfolio Performance					
Gross Performance Return	+2.5%	+15.8%	+24.8%	+17.2%	+16.0%
S&P/NZX50G Index	+1.7%	+11.4%	+18.6%	+13.7%	+13.9%

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:

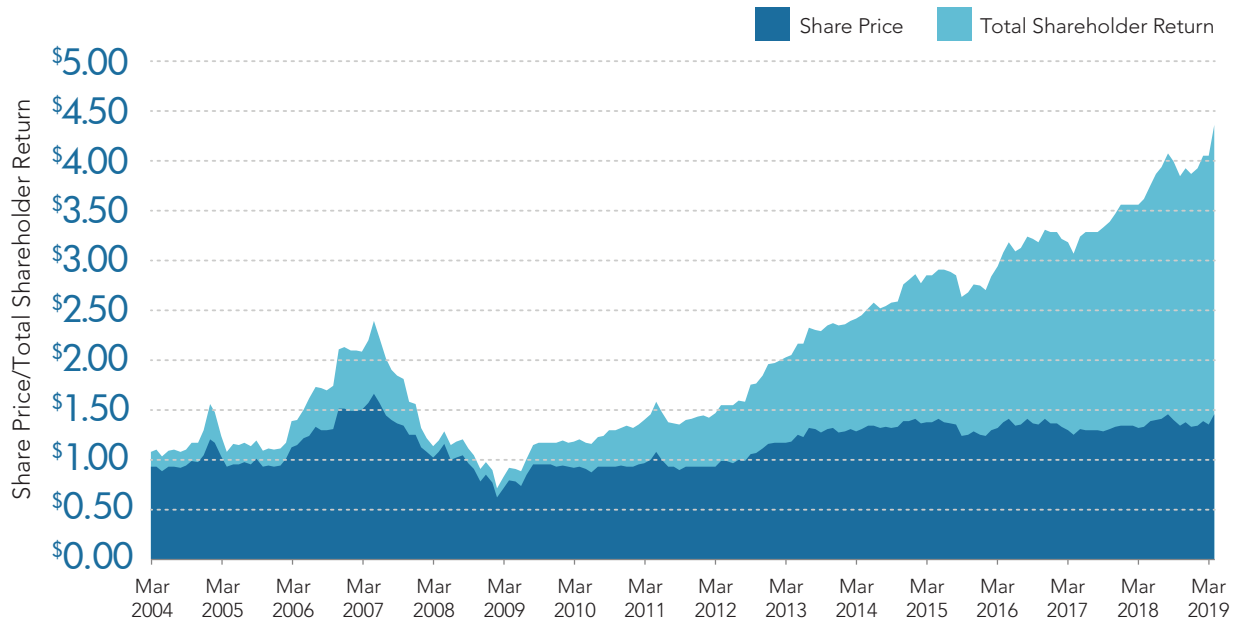
- » adjusted net asset value – the underlying value of the investment portfolio adjusted for capital allocation decisions after fees and tax,
- » adjusted NAV return – the net return to an investor after fees and tax,
- » gross performance return – the Manager's portfolio performance in terms of stock selection, before fees and tax, and
- » total shareholder return – the return to an investor who reinvests their dividends, and if in the money, exercises their warrants at warrant maturity date for additional shares.

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 <http://kingfish.co.nz/about-kingfish/kingfish-policies/>

³ Being the year end NAV prior to the accounting for the deduction of any performance fee to be paid in respect of performance in the calculation period.

Total Shareholder Return

to 30 April 2019



April's Biggest Movers

Typically the Kingfish portfolio will be invested 90% or more in equities.

PUSHPAY

+18%

A2 MILK COMPANY

+17%

PORT OF TAURANGA

+9%

DELEGAT GROUP

+7%

SUMMERSET GROUP

-15%

5 Largest Portfolio Positions

as at 30 April 2019

THE A2 MILK COMPANY

15%

FISHER & PAYKEL HEALTHCARE

14%

MAINFREIGHT

10%

FREIGHTWAYS

9%

INFRATIL

7%

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

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

Kingfish's portfolio is managed by Fisher Funds Management Limited. Sam Dickie (Senior Portfolio Manager), Zoie Regan (Senior Investment Analyst) and Matt Peek (Investment Analyst) have prime responsibility for managing the Kingfish portfolio. Together they have over 40 years 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 Manager has authority delegated to it from the Board to invest according to the Management Agreement and other written policies. The Board of Kingfish comprises independent directors Alistair Ryan (Chair), Carol Campbell, Andy Coupe and Carmel Fisher.

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 up to 9.7m of its shares on market in the year to 31 October 2019
- » Shares bought back by the company are held as treasury stock
- » Shares held as treasury stock are available to be re-issued for the dividend reinvestment plan

Warrants

- » On 2 July 2018, a new issue of warrants (KFLWE) was announced
- » The warrants were issued at no cost to eligible shareholders and in the ratio of one warrant for every four Kingfish shares held
- » Exercise Price = \$1.37 per warrant, to be adjusted down for dividends declared during the period up to the Exercise Date
- » Exercise Date = 12 July 2019
- » The final Exercise Price will be announced and an Exercise Form will be posted to warrant holders in June 2019

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 an authorised 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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