



MONTHLY UPDATE

May 2022

Share Price

\$1.71

Warrant Price

\$0.03

KFL NAV

\$1.53

PREMIUM¹

12.0%

as at 30 April 2022

A WORD FROM THE MANAGER

In April, New Zealand equities declined (-1.9%) (S&P/NZX 50), in what was a brutal month for many global equities indices including the MSCI World (-8.4%) and S&P 500 (-8.8%). The Kingfish portfolio gross performance return was down (-2.5%) and the Adjusted NAV return was down (-2.7%) in what was another relatively quiet month in terms of fundamental developments.

This was the sharpest fall in global equities since the onset of COVID in early 2020. Falls of 8% or more in a single month have only happened ten times in the last 35 years. So while they are infrequent, such falls do happen every few years on average. A key factor driving company valuations lower globally is higher interest rates in response to high inflation. US 10 year Treasury yields, a key benchmark, have now reached 3.0%, a level they have hardly reached for more than 10 years (in fact the average over this period has been barely above 2.0%). A lot of negativity has been priced into shares at the moment, while company earnings collectively are yet to show any material deterioration.

a2 Milk (-13%) shares fell against the backdrop of Shanghai's extended lockdowns to curb the spread of Omicron. These lockdowns are creating renewed COVID-related supply chain challenges in getting product to the market.

Auckland Airport (+1%) shares rose as during the month borders opened without any isolation requirement for an initial group of overseas travellers. These including Australian citizens, permanent residents, student and temporary work visa holders. From 1 May travellers from visa-waiver countries such as the United States will also no longer need to isolate. These two developments are significant for the near-term passenger outlook as Australian citizens, visa holders and visa-waiver countries represented around 85% of the airport's traffic in 2019 (i.e., pre COVID). These border reopening steps are a

key enabler for international travel to begin its recovery and for Auckland Airport to return to profitability.

Fisher & Paykel Healthcare (-12%) shares continued to fall following its late March update. There were no notable fundamental developments causing the decline. However, COVID deaths around the world (as a proxy for severe COVID illness which has been driving demand for FPH's products in the short-term) continued to decline. In addition, interest rates continued to increase, impacting the valuation of growth companies such as FPH.

Pushpay (+16%) shares rose after the company announced it has received approaches from third parties interested in taking over the company. Like many other technology companies, Pushpay shares had fallen sharply in 2022. The third party interest shows that some investors are willing to look through current market concerns. We maintain a small position in Pushpay because we like its market leading church giving and engagement platform and long-term growth opportunity. However, recently this has been offset by a number of management and board changes and disappointing sales execution which has resulted in a slowdown in growth.

Summerset (-0.3%) reported March quarter sales volumes, with sales up +2% on the same quarter last year and +19% on the December quarter. New sales of 167 were in fact the second highest on record, despite disruption caused by the Omicron peak in February and March. Despite house price declines in some areas, Summerset has not seen an impact on its business. Settlement timeframes remain normal, demand is strong, and inventory levels low.

Sam Dickie
Senior Portfolio Manager
Fisher Funds Management Limited



¹ Share Price Premium 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).

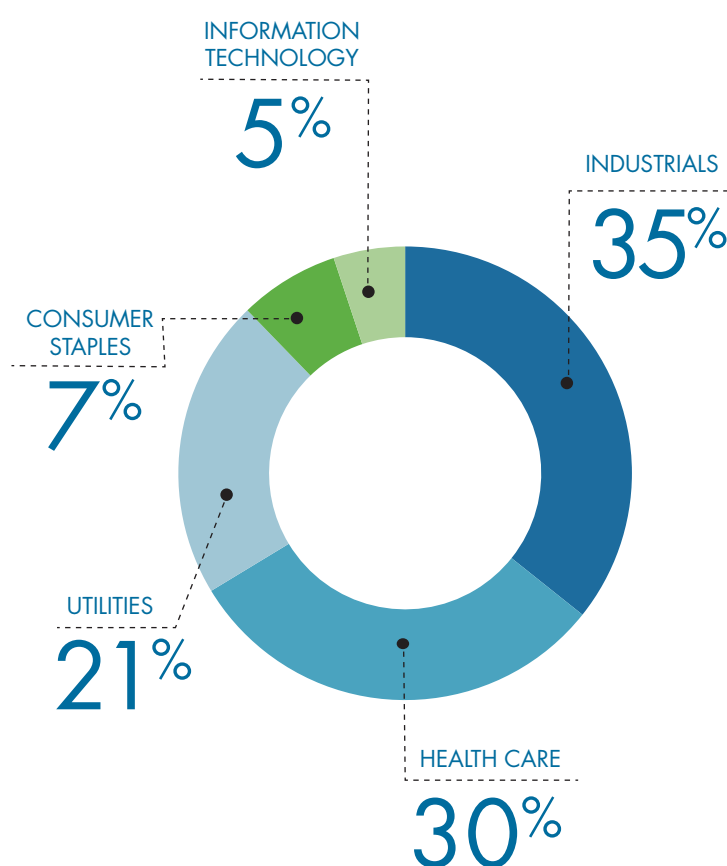
KEY DETAILS

as at 30 April 2022

FUND TYPE	Listed Investment Company
INVESTS IN	Growing New Zealand companies
LISTING DATE	31 March 2004
FINANCIAL YEAR END	31 March
TYPICAL PORTFOLIO SIZE	10-25 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	\$1.62
PERFORMANCE FEE CAP	1.25%
SHARES ON ISSUE	321m
MARKET CAPITALISATION	\$549m
GEARING	None (maximum permitted 20% of gross asset value)

SECTOR SPLIT

as at 30 April 2022



The Kingfish portfolio also holds cash

PERFORMANCE to 30 April 2022

	1 Month	3 Months	1 Year	3 Years (annualised)	5 Years (annualised)
Company Performance					
Total Shareholder Return	(2.5%)	+1.1%	(4.5%)	+17.0%	+17.9%
Adjusted NAV Return	(2.7%)	(2.7%)	(7.5%)	+9.4%	+12.5%
Portfolio Performance					
Gross Performance Return	(2.5%)	(2.4%)	(6.6%)	+11.6%	+15.0%
S&P/NZX50G Index	(1.9%)	(0.0%)	(6.7%)	+5.9%	+10.0%

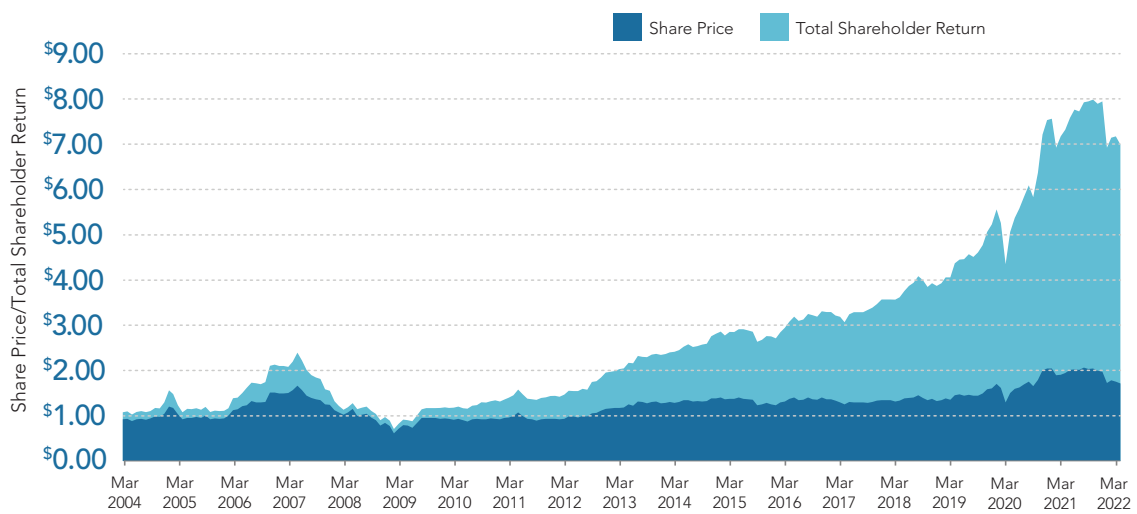
Non-GAAP Financial Information

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 expenses, fees and tax,
- » adjusted NAV return – the net return to an investor after expenses, fees and tax,
- » 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 <http://kingfish.co.nz/about-kingfish/kingfish-policies/>

TOTAL SHAREHOLDER RETURN to 30 April 2022



APRIL'S SIGNIFICANT RETURNS IMPACTING THE PORTFOLIO during the month

PUSHPAY HOLDINGS

+16%

PORT OF TAURANGA

+5%

MERIDIAN ENERGY

-6%

FISHER & PAYKEL HEALTHCARE

-12%

A2 MILK CO

-13%

5 LARGEST PORTFOLIO POSITIONS as at 30 April 2022

MAINFREIGHT

20%

INFRATIL

18%

FISHER & PAYKEL HEALTHCARE

14%

SUMMERSET

10%

AUCKLAND INTERNATIONAL AIRPORT

9%

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 10 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. Sam Dickie (Senior Portfolio Manager), Matt Peek and Michael Bacon (Senior Investment Analysts) have prime responsibility for managing the Kingfish portfolio. Together they have around 50 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 Board of Kingfish comprises independent directors Alistair Ryan (Chair), Carol Campbell, Andy Coupe and David McClatchy.

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 re-issued for the dividend reinvestment plan

Warrants

- » Kingfish announced a new issue of warrants on 18 October 2021
- » Information pertaining to the warrants was mailed/ emailed to shareholders on 1 November 2021
- » 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 12 November 2021
- » The warrants were allotted to shareholders on 15 November 2021 and listed on the NZX Main Board from 16 November 2021
- » The Exercise Price of each warrant is \$2.03, 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. Dividends totalling 7.22 cents per share have been declared to date and there are two more dividends expected to be declared in the remaining period up to the announcement of the 18 November 2022 exercise price
- » The Exercise Date for the new warrants is 18 November **2022**

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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