



MONTHLY UPDATE

May 2023

Share Price

\$1.30

KFL NAV

\$1.41

DISCOUNT¹

7.6%

as at 30 April 2023

A WORD FROM THE MANAGER

In April, Kingfish's gross performance return was up 0.8% and the adjusted NAV return was up 0.7%. This compares to the benchmark S&P/NZX50G, which was up 1.1%.

It was a relatively quiet month in terms of developments for Kingfish's portfolio companies.

Portfolio News

a2 Milk (-5%) provided updated guidance after its manufacturing partner Synlait provided a significant downward revision to profit expectations, in part due to lower volumes from key customer a2. The a2 update indicated that revenue growth for its financial year will be at the low end of its previous guidance, closer to +10%, versus previous expectations (low double-digits). The difference is due to more subdued performance in its English Label 'daigou' business, which has declined further in 2023 to less than 20% of its overall infant formula business (from over 50% before COVID). a2 also reduced orders from Synlait as it wants to carry lower inventory levels than previously (that is, a reduction in orders from Synlait does not map directly to a2's sales). a2 commented that while overall its expectations have been slightly reduced, its China Label business continues to outperform expectations. This is consistent with other data that shows a2 is continuing to grow overall infant formula market share month-on-month in China.

Auckland Council reported the outcome of a public consultation process regarding the proposed sale of some or all of its 18% shareholding in **Auckland Airport** (+2%). The majority of those surveyed (76%) supported at least a partial sale of the Council's stake. Support is stronger for a partial (52%) rather than full (24%) sell-down. Councillors need to consider public feedback when voting on the issue, and many have publicly reserved judgement on the issue until now. The consultation feedback suggests the council may sell at least some its stake. Following the feedback announcement, Auckland Council have appointed Flagstaff Partners, an independent investment bank, to advise it on a sell-down process. The decision making will culminate with the final mayoral proposal on 31 May, with all budget decisions made on 8 June and adopted on 29 June.

Pushpay (+2%) will be taken over at \$1.42 per share after voting for the revised scheme of arrangement took place on 27 April. The critical class of shares saw just over 90% of voted shares in favour of the new price, well above the 75% requirement for the scheme to be implemented. This compares to around 56% in the first vote on 3 March at the original \$1.34 price. Kingfish expects to receive consideration in the second half of May.

Summerset (-8%) announced sales volumes for the first quarter of 2023. The result was short of our expectations, with 115 new units sold, which is 31% below the same period last year. Management noted that contracted but not settled sales are actually above the same period in 2022, however the time frame to convert contracts to settlements (and cash proceeds) has lengthened. This is on par with extended settlement time frames in the residential housing market. Management noted that settled sales should increase in the second half of the year as it builds and makes available more new units for sale. Resale volumes (sales of units which were previously occupied) also disappointed, with 95 units sold being 15% lower than last year. Again, this was primarily due to settlement delays. Despite the disappointing result, management remain confident in underlying demand for Summerset's offering. They have maintained guidance of building between 625 and 675 new units in 2023.

Portfolio Changes

Kingfish trimmed its holdings in Infratil, Fisher & Paykel Healthcare, and Summerset during the month.

Matt Peek
Portfolio Manager
Fisher Funds Management Limited



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

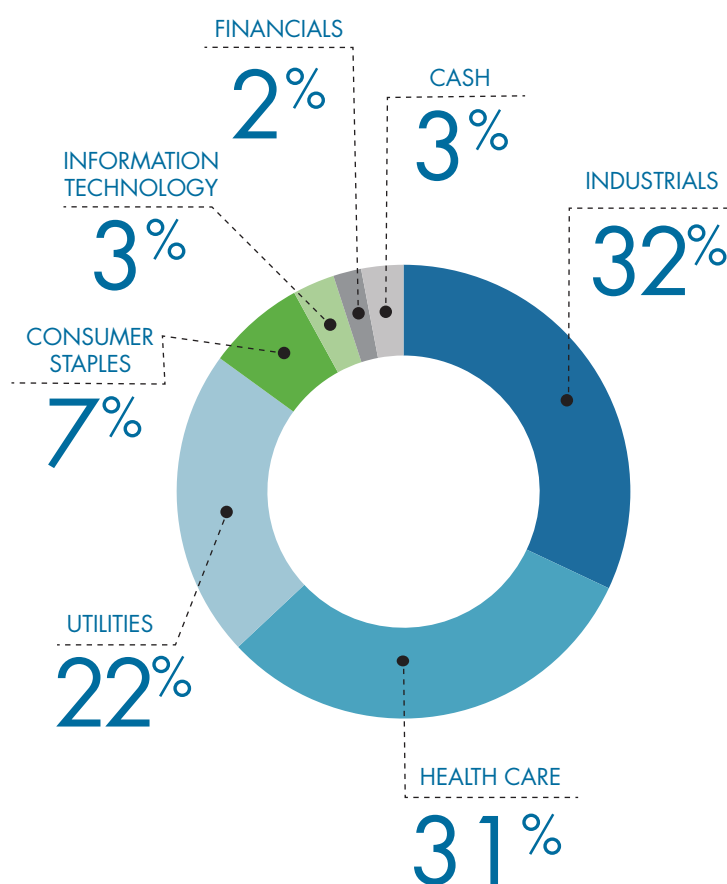
KEY DETAILS

as at 30 April 2023

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	\$1.49
PERFORMANCE FEE CAP	1.25%
SHARES ON ISSUE	330m
MARKET CAPITALISATION	\$429m
GEARING	None (maximum permitted 20% of gross asset value)

SECTOR SPLIT

as at 30 April 2023



PERFORMANCE to 30 April 2023

	1 Month	3 Months	1 Year	3 Years (annualised)	5 Years (annualised)
Company Performance					
Total Shareholder Return	(1.5%)	(5.8%)	(18.0%)	+4.3%	+9.6%
Adjusted NAV Return	+0.7%	(0.7%)	(0.3%)	+6.6%	+9.5%
Portfolio Performance					
Gross Performance Return	+0.8%	(0.5%)	+0.6%	+8.5%	+11.8%
S&P/NZX50G Index	+1.1%	+0.4%	+1.1%	+4.5%	+7.3%

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

APRIL'S SIGNIFICANT RETURNS IMPACTING THE PORTFOLIO during the month

DELEGAT GROUP

+9%

EBOS GROUP

-5%

A2 MILK CO

-5%

SUMMERSET GROUP

-8%

VISTA GROUP

-12%

5 LARGEST PORTFOLIO POSITIONS as at 30 April 2023

MAINFREIGHT

17%

INFRATIL

16%

FISHER & PAYKEL
HEALTHCARE

16%

AUCKLAND
INTERNATIONAL
AIRPORT

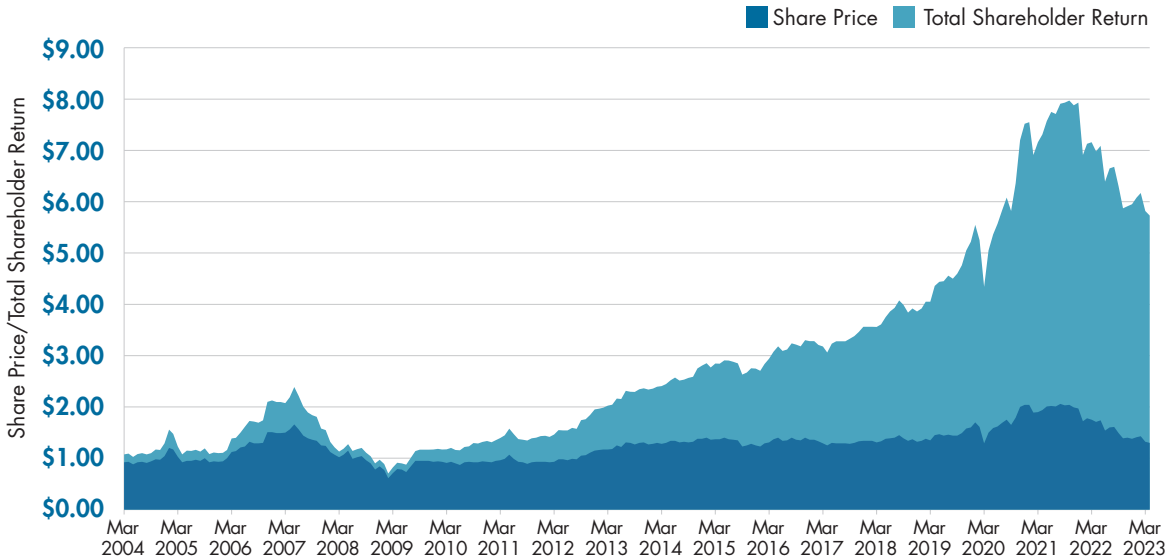
9%

SUMMERSET

7%

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

TOTAL SHAREHOLDER RETURN to 30 April 2023



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

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.



Kingfish Limited
Private Bag 93502, Takapuna, Auckland 0740
Phone: +64 9 489 7094
Email: enquire@kingfish.co.nz | www.kingfish.co.nz

Computershare Investor Services Limited
Private Bag 92119, Auckland 1142
Phone: +64 9 488 8777
Email: enquiry@computershare.co.nz | www.computershare.com/nz