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Kingfish Limited Annual Meeting

Chair's Address from Andy Coupe

[Slide: Kingfish Limited Annual Meeting of Shareholders]

Welcome to the 19th Kingfish annual meeting of shareholders, I'm Andy Coupe, Chair of Kingfish.

We've again put in place the virtual meeting option for those who are unable to attend in-person, and we welcome those who have joined the meeting via the Computershare virtual meeting platform.

We are duly convened as a Notice of Meeting has been circulated to shareholders and I can confirm that a quorum is present, so I declare the meeting open.

Please note that the exits are at the back and front of the room. Please ensure you turn your cell phones off or put them on mute.

For those here in-person there will be a light lunch at the conclusion of the meeting. We look forward to meeting many of you after the meeting.

[Slide: Introductions]

Let me introduce the front table.

Firstly, the directors. To my right is Carol Campbell (Chair of the Audit & Risk Committee), next to her is David McClatchy (Chair of the Investment Committee) and next to him is Fiona Oliver.

Next to Fiona is Matt Peek the Kingfish Portfolio Manager, and next to Matt is Wayne Burns the Corporate Manager.

Also here today, in the audience, are Senior Investment Analysts Zoie Regan and Michael Bacon.

We are also pleased to have representatives from our share registrar, Computershare, auditor, PricewaterhouseCoopers, our tax advisors, Deloitte and our legal advisors, Bell Gully in the audience today.

[Slide: Agenda]

The agenda for today.

Firstly, preliminary matters

- The minutes of the 2022 annual shareholders' meeting held on 5 August 2022 are available at the registration desk and are also on the Kingfish website.
- The 2023 annual report has been circulated to shareholders – additional copies are available at the registration desk and can also be found on the Kingfish website.

Today I'll give a brief summary of the Kingfish 2023 financial year and an update of the year to date, and then Kingfish's Portfolio Manager, Matt Peek will review the Kingfish portfolio.

After the Manager's Review, we will have a Q&A session, and we'll then move to the formal business of the meeting.

There are three resolutions for you to consider and vote on today, which are as set out in the Notice of Meeting.

[Slide: Online Attendees – Question Process]

If you're attending the meeting online there's a Q&A icon at the top right of your screen.

To send in a question, please select the Q&A tab on the right half of your screen anytime. Type your question into the field and press send. Your question will be immediately submitted.

We've set aside a time at the end of the two presentations for general questions relating to the operations and management of the business.

Questions relating to the three resolutions will be dealt with in conjunction with each of the resolutions.

Should you require any assistance, you can type your query and one of the Computershare team will assist with the chat function and reply to your query.

[Slide: Chair's Overview]

It is now my pleasure to present the Chair's Overview at this meeting.

[Slide: Kingfish's Investment Objective]

As directors, and managers, we typically start our annual meetings with a quick reminder of what we are here to achieve, being.

- to achieve a high real rate of return, comprising both income and capital growth, within risk parameters acceptable to the directors; and
- to provide access to a diversified portfolio of New Zealand quality, growth stocks through a single tax-efficient investment vehicle.
- Matt will speak to the portfolio over the past financial year and the growth characteristics of the stocks that form the portfolio in his manager review.
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[Slide: Kingfish's Corporate Governance]

Turning now to corporate governance.

Kingfish does not have a formal environmental, social, and governance (ESG) framework. The board considers that, given the nature of its operations (as an investment company), it is not appropriate to maintain an ESG framework due to the lack of available metrics relevant to its business against which it could report on such matters. However, the Manager does have a formal ESG framework which governs stock selection, to which the Kingfish board is fully supportive and committed.

The Board, in conjunction with Kingfish's manager, is well advanced in regard to the new Climate Risk Disclosures that Kingfish will be required to start publishing next year.

Furthermore, the board has decided that from next year we will commence including in the Annual Report a director skills matrix.

The Kingfish 2023 result was announced in May, but I'll highlight some of the key performance measurements on the next slide.

[Slide: 2023 Overview]

Those of you who have had a chance to review the annual report will be aware of many of the following performance numbers, and doubtless all shareholders will be well aware of the ongoing volatility that global share markets have experienced and the NZX was no exception. The Kingfish result over the past twelve months reflects that.

- Kingfish has suffered a net loss of -\$19.5m. (A similar loss to the prior year. However, there was a recovery of sorts in the second half of the financial year. Remembering that Kingfish was down \$48.4m as at the September 2022 half year).
- Total shareholder return was down 18.8% for the year, having been flat the previous year. Most of this was driven by the decrease in the share price, which moved from being at a 12% premium to the NAV, to a 6% discount to the NAV.
- Kingfish's regular dividends continued to contribute to the shareholder return with 11.64 cents per share paid in dividends during the 2023 financial year, which is equivalent to a dividend return, not a dividend yield, of +7.7% (2022: +7.4%). These returns are calculated based on the average share price for the year.
- The overall net asset value (NAV) per share fell from \$1.58 (as at 31 March 2022) to \$1.40 (as at 31 March 2023)
- The adjusted NAV return was negative -3.6% for the period, which represents the net return to an investor after expenses, fees and tax.

[Slide: 2023 Overview - Continued]

This table compares the Adjusted NAV return, (the net return to an investor after expenses, fees and tax), and

the gross performance return (the return before expenses, fees and tax),

to the benchmark index return over the periods of 1, 3 and 5 years.

The Kingfish portfolio has consistently outperformed the benchmark index over 3 and 5 year terms. Hence while the last financial year has been disappointing in an absolute and comparative sense, we are pleased that the portfolio has achieved its objectives over the longer-term, and we believe it represents a very reasonable outcome for most shareholders.

Matt will discuss the New Zealand sharemarket dynamics and a more detailed description of how the portfolio performed and how it is positioned shortly in the Manager's Review.

[Slide: Basic and Diluted Earnings per Share]

This chart shows the earnings, or in the case of the last two years, the loss per share.

In particular looking at the 2019 and 2021 years, it's a potent reminder of how variable share market returns can be, and the degrees of volatility that equity markets can experience from time to time.

[Slide: Use of Shareholders' Funds]

Turning now to Shareholders' Funds

This chart shows the Kingfish NAV of \$505m (as at 31 March 2022) decreased by a net \$44m to \$461m (as at 31 March 2023).

The movements during the year as represented by the red, yellow and blue columns were:

- the \$19.5m net loss,
- less \$38m dividends paid but adding back \$13m for dividends reinvested by shareholders.

[Slide: First three months, FY 2024]

The first three months of the new financial year show the ongoing impact from pressures and concerns regarding inflation, central bank interest rate increases, supply chain disruption, and the ongoing geo-political issues.

This slide provides a snapshot of the first three months of the current financial year to 30 June 2023:

- Total shareholder return for the three months was up 3.8% - driven by the share price increase from \$1.32 (31 March) to \$1.34 (30 June) and the June dividend.
- As at 30 June, the NAV per share was the same as it was at March (i.e. \$1.40) – but that was after a dividend of 2.82 cents per share paid on 23 June.
- The adjusted NAV return for the first three months of the 2024 financial year was up 1.9% (which represents the net return to an investor after expenses, fees and tax).
- This performance to date, translates to a net profit of \$8.8m for the three months to 30 June.

[Slide: Warrants]

Since the 2023 year end Kingfish has made a pro rata warrant issue as part of its overall capital management programme.

The most recent warrants (KFLWH) were issued to eligible shareholders in early July 2023.

83.1m warrants were issued and have an exercise date of **26 July 2024**.

The final exercise price will be announced in early June **2024** and will be the initial exercise price of \$1.37 less the dividends declared between the issue record date of 6 July 2023 and the announcement date of the final exercise price.

Closing remarks

In closing my annual meeting address, and on behalf of the board, I'd like to thank you for your continued support of Kingfish.

The past twelve months have been very challenging, and I don't doubt the results for this period were disappointing relative to the experiences of previous periods. However, the investment strategy of focussing on quality growth stocks, as detailed in the prospectus so many years ago, has not changed and it has delivered results consistent with the prospectus so many years ago. We remain confident that over the medium term the strategy will bring its rewards.

I will now hand over to Matt Peek, Portfolio Manager of Kingfish.

ENDS