



For immediate release:

23 May 2022

Kingfish Limited: FY22, A Year of Two Halves

- Net loss after tax for year ended 31 March 2022 (\$17.3m)
- Total shareholder return ¹ +0.02%
- Adjusted NAV return (after expenses, fees and tax) ² (-3.5%)
- Dividend return ³ +7.4% (14.34cps)

NZX-listed investment company Kingfish Limited (NZX: KFL) today announced an after-tax net operating loss of \$17.3m for the year ended 31 March 2022. The second six months of the 2022 financial year more than reversed a strong first half of \$56.9m.

Shareholders will be only too aware of the challenges and pressures being endured by listed equities since the beginning of the 2022 calendar year and the Kingfish portfolio has not been immune to those pressures, recording a significant loss for the second six months of FY22.

Pressures and concerns from post-Covid inflation, supply chain disruption, coupled with international uncertainty relating to the Russian invasion of Ukraine have combined to materially and negatively impact on the value of the Kingfish portfolio stocks. In addition, in NZ and globally cyclical stocks and defensive stocks have sharply outperformed growth stocks. Cyclical and defensive stocks are not Kingfish's natural hunting ground as they often lack a material competitive advantage and/or have weaker long-term growth prospects.

The Kingfish directors have maintained the company's 2% of NAV per quarter distribution policy as current period profits or losses can be taken in the context of a longer-term view when considering distributions to shareholders. The directors recognise that the regularity of the tax-effective quarterly dividends are important for many shareholders.

The portfolio's net after fees and expenses Adjusted NAV of -3.5% (-2.5% gross performance ⁴ before fees and expenses) was in line with the S&P/NZX50G benchmark which was down -3.6% for the 12-month period.

Total shareholder return (TSR) for the 12-month period was very marginally in positive territory at +0.02%. TSR includes share price movement, dividends paid, and the impact of warrants.

The lower return delivered by the portfolio activated the management fee rebate (the fulcrum fee⁵) which reduced the management fee for the year from 1.25% to 0.95%. The fulcrum fee mechanism

¹ 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.

² Adjusted net asset value return – the net return to an investor after expenses, fees and tax.

³ Dividend return - is the dividends paid for the period over the average share price for the period.

⁴ Gross performance return – The Manager's portfolio performance in terms of stock selection, before expenses, fees and tax.

⁵ In accordance with the Management Agreement, the management fee rate has reduced from 1.25%pa to 0.95%pa for the year, (i.e. a 30 basis point reduction), because the gross performance of Kingfish (as calculated for the fulcrum fee rebate) was 3.4 percentage points below the S&P/NZX Bank Bill 90 day index rate for the year of 0.5%.

is a particular feature of the Fisher-managed listed equity funds which reduces the management fee when actual returns fall below the S&P/NZX Bank Bill 90-day rate.

In accordance with Kingfish's quarterly distribution policy (2.0% of average NAV per quarter), the company paid a total of 14.34 cents per share to shareholders during the year ended 31 March 2022. On 23 May 2022, the board declared a dividend of 3.16 cents per share, payable on 23 June 2022 with a record date of 9 June.

Chair Alistair Ryan said "Kingfish has experienced a challenging year with difficult and uncertain market conditions and expectations dominating the second half, influenced by global and domestic uncertainty about the ongoing impact of the pandemic and government response, inflationary concerns (both domestic and international), the return to rising interest rates, and extreme political anxiety on the international front following the Russian invasion into Ukraine. FY22 was indeed a year of two halves, with a strong first half (+\$56.9m) followed by a tough second half (-\$74.2m), producing a net loss of \$17.3m for the full year.

The company is encouraged that, despite the difficult recent environment for listed equities, the majority of the companies within the Kingfish portfolio are delivering solid earnings. This underlying business performance allows us to have confidence about the investment strategy and the medium-term resilience of the portfolio."

Senior Portfolio Manager Sam Dickie noted that "After a strong start to the year, Kingfish had a very challenging second half. Elevated market volatility was driven by a rise in interest rates and the sharpest rotation out of growth companies that we have seen in more than 20 years. Despite this turbulence the high-quality companies in the portfolio continue to deliver strong earnings growth."

For further information please contact:

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Non-GAAP Financial Information

The adjusted net asset value, gross performance return and total shareholder return methodologies are described in the Kingfish Non-GAAP Financial Information policy. A copy of the policy is available at <http://www.kingfish.co.nz/about-kingfish/kingfish-policies/>.

About Kingfish

Kingfish is a listed investment company that invests in growing New Zealand companies. The Kingfish portfolio is managed by Fisher Funds, a specialist investment manager with a track record of successfully investing in growth company shares. The aim of Kingfish is to offer investors competitive returns through capital growth and dividends, and access to a diversified portfolio of investments through a single tax-efficient investment vehicle. Kingfish listed on the NZX Main Board on 31 March 2004 and may invest in companies that are listed on the NZX Main Board, NZX Alternative Market or unlisted companies. /ends