



MONTHLY UPDATE

June 2020

Share Price

\$1.59

KFL NAV

\$1.60

WARRANT PRICE

\$0.06

PREMIUM¹

0.5%

as at 31 May 2020

A WORD FROM THE MANAGER

In May Kingfish returned gross performance of +6.3% and an Adjusted NAV return of +5.5%. This compares to our benchmark (S&P/NZX50G) which recovered for a second consecutive month, up +3.3%.

Pushpay delivered a strong annual result and announced maiden profit guidance for the new fiscal year which was well above expectations. This reflects a noticeable uplift in use of its digital giving products from existing church customers who were only able to engage with congregants virtually during COVID-19. Part of the uplift is also attributable to late adopters who have had to take up the technology earlier than we had expected, which is good news as a portion of the uplift should be permanent. Churches that have Pushpay's technology are also attracting congregants from other churches that don't have digital technology and who have been unable to provide services to parishioners during COVID-19.

Mainfreight delivered a solid result which would have been above expectations but for the impact of COVID-19 late in the financial year. The company provided a granular assessment of the impacts on each business for the first seven weeks of the new fiscal year, just as it had in early April with its "first week" update. This period coincides with the harshest impacts of lockdown in NZ and Australia and also captures the impact of COVID-19 in Europe and the US. The Australian business is performing very strongly and growing at a double-digit rate despite COVID-19 as a result of market share gains from competitors. New Zealand has seen a sharp pick-up in activity as we have moved to Alert Level 2 towards the end of that period, with the key question mark being whether solid current activity levels are sustainable. The key disappointment has been the US, where sales growth momentum from the previous year stalled and is taking time to rebuild given current challenges.

Infratil reported its result for the 2020 fiscal year. Data centre business CDC has continued to see strong demand and announced it will be establishing sites in New Zealand which is a clear positive. Data centres earn attractive returns on capital invested and there is a long runway for growth from the fundamental demand drivers of increased data usage and higher data security requirements which favour reputable players like CDC.



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 NAV to four decimal places)

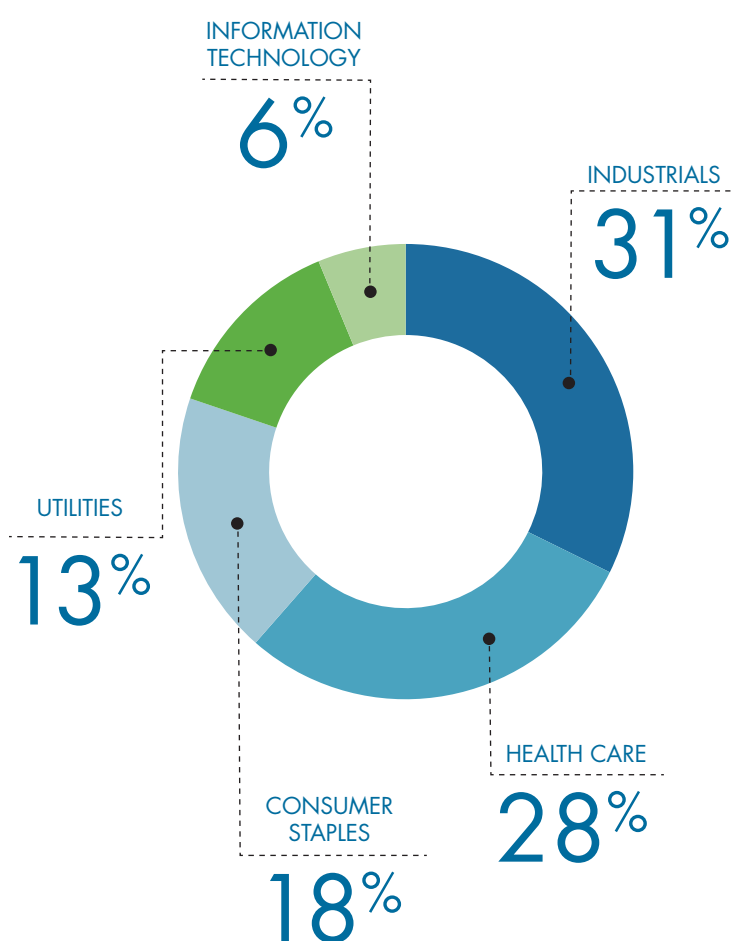
KEY DETAILS

as at 31 May 2020

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	\$1.37
PERFORMANCE FEE CAP	1.25%
SHARES ON ISSUE	249m
MARKET CAPITALISATION	\$395m
GEARING	None (maximum permitted 20% of gross asset value)

SECTOR SPLIT

as at 31 May 2020



The Kingfish portfolio also holds cash

PERFORMANCE to 31 May 2020

	1 Month	3 Months	1 Year	3 Years (annualised)	5 Years (annualised)
Company Performance					
Total Shareholder Return	+6.1%	+2.1%	+20.7%	+18.4%	+13.0%
Adjusted NAV Return	+5.5%	+1.4%	+12.9%	+15.5%	+14.1%
Portfolio Performance					
Gross Performance Return	+6.3%	+2.0%	+15.8%	+18.4%	+17.0%
S&P/NZX50G Index	+3.3%	(3.4%)	+7.6%	+13.6%	+13.2%

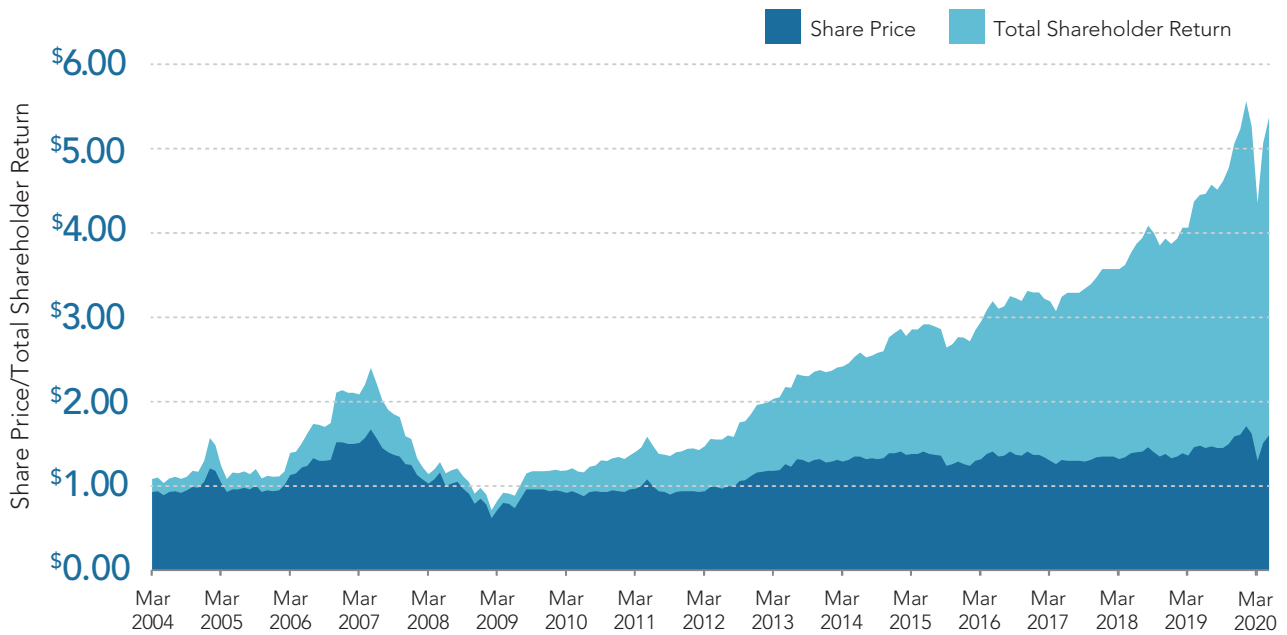
Non-GAAP Financial Information

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 31 May 2020



MAY'S BIGGEST MOVERS

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

PUSHPAY

+77%

VISTA GROUP

+20%

DELEGAT GROUP

+15%

FISHER & PAYKEL
HEALTHCARE

+9%

MAINFREIGHT

+9%

5 LARGEST PORTFOLIO POSITIONS as at 31 May 2020

FISHER & PAYKEL
HEALTHCARE

16%

MAINFREIGHT

16%

THE A2 MILK
COMPANY

14%

INFRATIL

11%

AUCKLAND
INTERNATIONAL
AIRPORT

7%

The remaining portfolio is made up of another 8 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) and Matt Peek (Investment Analyst) have prime responsibility for managing the Kingfish portfolio. Together they have over 30 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, and Andy Coupe; and non-independent director 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

Warrants

- » On 5 February 2020 a new issue of warrants (KFLWF) 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
- » The warrants were allotted to shareholders on 9 March 2020 and the warrants were listed on the NZX Main Board from 10 March 2020. (Information pertaining to the warrants was mailed/mailed to shareholders in February 2020)
- » The Exercise Price of each warrant is \$1.64, to be adjusted down for dividends declared during the period up to the Exercise Date
- » The Exercise Date for the new warrants (KFLWF) is **12 March 2021**
- » The final Exercise Price will be announced and an Exercise Form will be sent to warrant holders in late **January 2021**

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

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.



Kingfish Limited
Private Bag 93502, Takapuna, Auckland 0740
Phone: +64 9 489 7094 | Fax: +64 9 489 7139
Email: enquire@kingfish.co.nz | www.kingfish.co.nz

Computershare Investor Services Limited
Private Bag 92119, Auckland 1142
Phone: +64 9 488 8777 | Fax: +64 9 488 8787
Email: enquiry@computershare.co.nz | www.computershare.com/nz