



MONTHLY UPDATE

December 2023

Share Price

\$1.18

Warrant Price

\$0.03

KFL NAV

\$1.25

DISCOUNT¹

5.4%

as at 30 November 2023

A WORD FROM THE MANAGER

New Zealand shares rebounded strongly during November (S&P/NZX 50 gross index +5.3%). The Kingfish portfolio gross performance return and the Adjusted NAV return were +5.3% and +5.1% respectively. It was a relatively busy month for news with March year-end companies reporting first half results for the six months to September, and many June year-end companies providing trading updates at their annual meetings.

Contact Energy (flat) announced a delay in commissioning its new Tauhara geothermal plant. The 174-megawatt plant is now expected to be commissioned in the September 2024 quarter. The delay is due to pipe damage which arose during stress-testing, reflecting design issues that must be worked through. Despite the setback, Tauhara will still be a landmark project for Contact as its total build cost is around 30% below management's estimate of long-run power prices.

Delegat (-16%) reduced its sales volume guidance for the current year 5.5% to 3.614 million cases and its operating net profit forecast from \$57-61 million (from \$62-67 million). The company has seen distributors and retailers reducing their inventory holdings now that supply chains are operating more freely compared to previous years.

EBOS (+6%) was in the headlines during the month on the prospect of acquiring pet retail and veterinary business Greencross, but the transaction failed to materialise. EBOS also released a four-month trading update, which showed the company had a strong October with growth in revenue and earnings building since its three-month trading update the month prior.

Fisher & Paykel Healthcare (+13%) delivered first half revenue and net profit slightly ahead of guidance issued at the company's annual meeting in August, which is supportive of the longer-term earnings trajectory of the business. Across both the Hospital and Homecare divisions the revenue growth was supported by strong contributions from new products, with obstructive sleep

apnea masks and anaesthesia products the standout growth contributors.

Infratil (flat) reported its half-year result. There were few surprises, although the updated range for full-year earnings guidance was up slightly (2%) at the mid-point. The lack of material new news reflects the company's recent updates on key businesses Longroad and CDC, as we have discussed in prior months.

Mainfreight (+18%) saw its share price recover strongly after releasing its first half result. The result showed a marked improvement in its second quarter, having provided a weak first quarter trading update at its annual meeting in July. Despite the subdued trading environment, the New Zealand and Australian Transport businesses are performing better than a year ago as a result of winning new customers. In the Air & Ocean freight forwarding business, weekly profits have found a consistent level after reducing from elevated levels in the last couple of years. This provides confidence that the business can maintain profitability at well above pre COVID levels. The company has now seen its 'sinking lid' approach to managing costs have enough time to deliver gains, with 500 fewer people in the business versus six months ago due to natural attrition. The team has expressed confidence that it can grow from this level through its long-term organic growth strategy now that trading conditions have 'normalised'.

Ryman (-5%) delivered its first half result. Unlike smaller peers who reported during the month (although Summerset did not report), Ryman has demonstrated improving operating cashflow and maintained its gearing in check. The company's decision process indicates that they won't push ahead on development sites that do not make sense in the current environment. Management's initiatives to improve the operating performance make sense to us but will be an ongoing process of improvements and will take time before we see the benefits. The company reduced this year's unit build rate as it consolidates its business around

¹ Share Price Discount 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).

its solid core and more measured growth. Ryman continues to deliver on resident expectations, especially around care, and its brand remains strong with residents.

Vista (+5%) announced two large existing European cinema exhibitor customers, Vue and Pathé, have committed to transition to its new generation digital and cloud products. Between them the customers comprise of around 7% of Vista's installed sites.

Vulcan Steel (flat) delivered a trading update at its annual meeting for the first four months of the new financial year. New Zealand steel distribution volumes have remained

subdued, as a result of the economic landscape and potentially compounded by uncertainty around the October election. It has seen some early 'green shoots' in November although is cautious that it may take some months for activity levels to sustainably improve.



Matt Peek
Portfolio Manager
Fisher Funds Management Limited



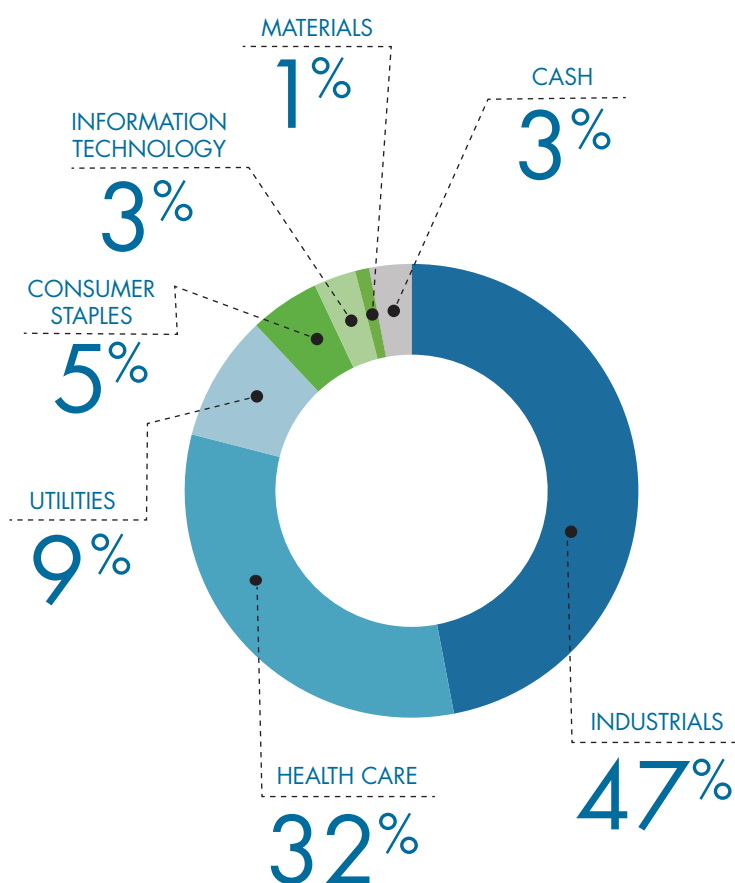
KEY DETAILS

as at 30 November 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	\$1.42
PERFORMANCE FEE CAP	1.25%
SHARES ON ISSUE	335m
MARKET CAPITALISATION	\$396m
GEARING	None (maximum permitted 20% of gross asset value)

SECTOR SPLIT

as at 30 November 2023



NOVEMBER'S SIGNIFICANT RETURNS IMPACTING THE PORTFOLIO during the month

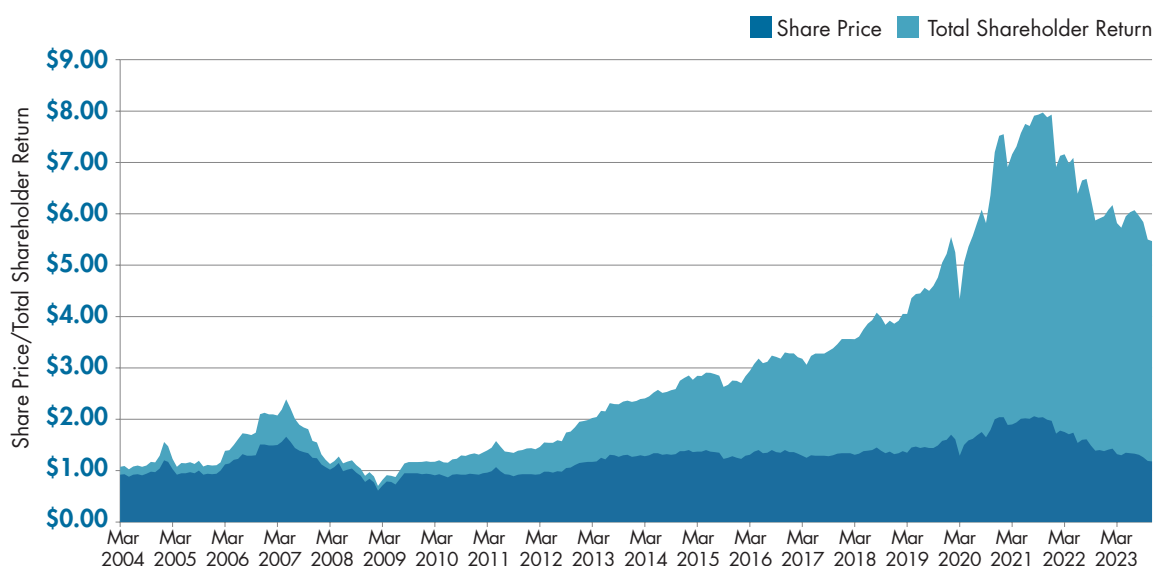
MAINFREIGHT	FISHER & PAYKEL HEALTHCARE	FREIGHTWAYS	MERIDAN ENERGY	DELEGAT GROUP
+18%	+13%	+10%	+8%	-16%

5 LARGEST PORTFOLIO POSITIONS as at 30 November 2023

INFRATIL	MAINFREIGHT	FISHER & PAYKEL HEALTHCARE	AUCKLAND INTERNATIONAL AIRPORT	SUMMERSET
17%	16%	15%	9%	7%

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

TOTAL SHAREHOLDER RETURN to 30 November 2023



PERFORMANCE to 30 November 2023

	1 Month	3 Months	1 Year	3 Years (annualised)	5 Years (annualised)
Company Performance					
Total Shareholder Return	(0.7%)	(8.3%)	(7.6%)	(8.8%)	+6.9%
Adjusted NAV Return	+5.1%	(3.1%)	(2.8%)	(3.6%)	+7.6%
Portfolio Performance					
Gross Performance Return	+5.3%	(2.8%)	(1.7%)	(2.5%)	+9.8%
S&P/NZX50G Index	+5.3%	(1.9%)	(1.9%)	(3.9%)	+5.1%

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 kingfish.co.nz/about-kingfish/kingfish-policies.

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

- » Kingfish announced an issue of warrants (KFLWH) on 20 June 2023
- » Information pertaining to the warrants was mailed/ emailed to all shareholders on Tuesday 27 June 2023
- » 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 5 July 2023
- » The warrants were allotted to shareholders on 6 July 2023 and listed on the NZX Main Board from 7 July 2023
- » The Exercise Price of each warrant is \$1.37, 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.
- » The Exercise Date for the warrants is 26 July 2024

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 may have no correlation with results historically achieved.



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