



ANNUAL REPORT

31 MARCH

2021



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CALENDAR

Next Dividend Payable

25 JUNE 2021

Annual Shareholders' Meeting
Ellerslie Event Centre, Auckland

6 AUGUST 2021, 10:30AM


Interim Period End (1H22)

30 SEPTEMBER 2021

This report is dated 28 June 2021 and is signed on behalf of the Board of Kingfish Limited by Alistair Ryan, Chair, and Carmel Fisher, Director.



Alistair Ryan
Chair



Carmel Fisher
Director

ABOUT KINGFISH

Kingfish Limited ("Kingfish" or "the Company") is a listed investment company that invests in quality, growing New Zealand companies. The Kingfish portfolio is managed by **Fisher Funds Management Limited** ("Fisher Funds" or "the Manager"), a specialist investment manager with a track record of successfully investing in growth company shares. Kingfish listed on NZX Main Board on 31 March 2004 and may invest in companies that are listed on a New Zealand stock exchange or unlisted companies.

INVESTMENT OBJECTIVES

The key investment objectives of Kingfish are to:

- » achieve a high real rate of return, comprising both income and capital growth, within risk parameters acceptable to the directors; and
- » provide access to a diversified portfolio of New Zealand quality growth stocks through a single tax efficient investment vehicle.

INVESTMENT APPROACH

The investment philosophy of Kingfish is summarised by the following broad principles:

- » invest as a medium to long-term investor exiting only on the basis of a fundamental change in the original investment case;
- » invest in companies that have a proven track record of growing profitability; and
- » construct a diversified portfolio of investments based on our 'STEEPP' investment criteria (see pages 18 and 19).

AT A GLANCE

FOR THE 12 MONTHS ENDED 31 MARCH 2021

AS AT 31 MARCH 2021

\$142.7m

Net profit

46.0%

Gross performance return

\$1.77

NAV per share

65.1%

Total shareholder return

41.1%

Adjusted NAV return

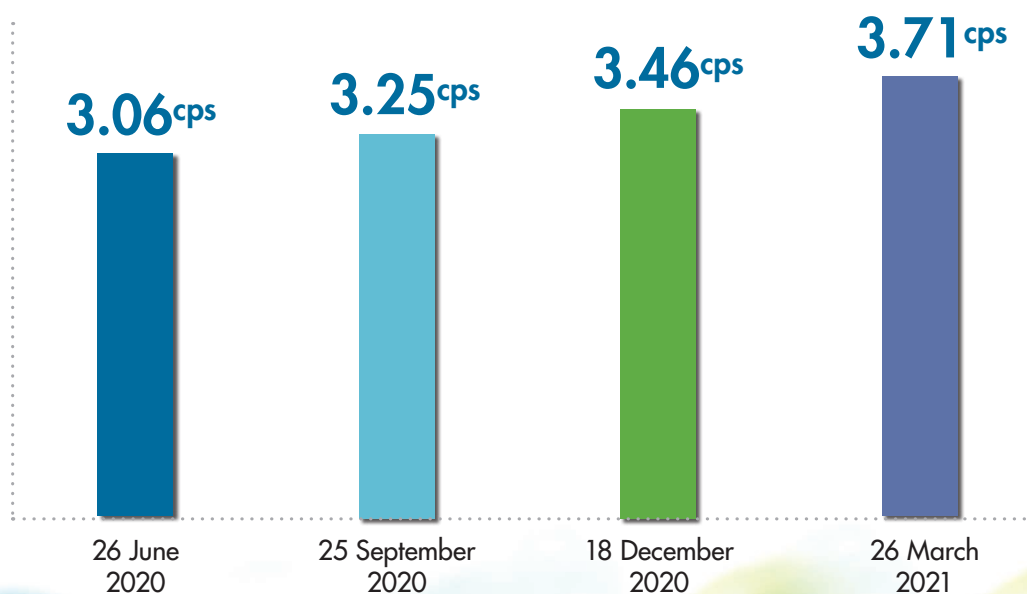
\$1.90

Share price

DIVIDENDS PAID

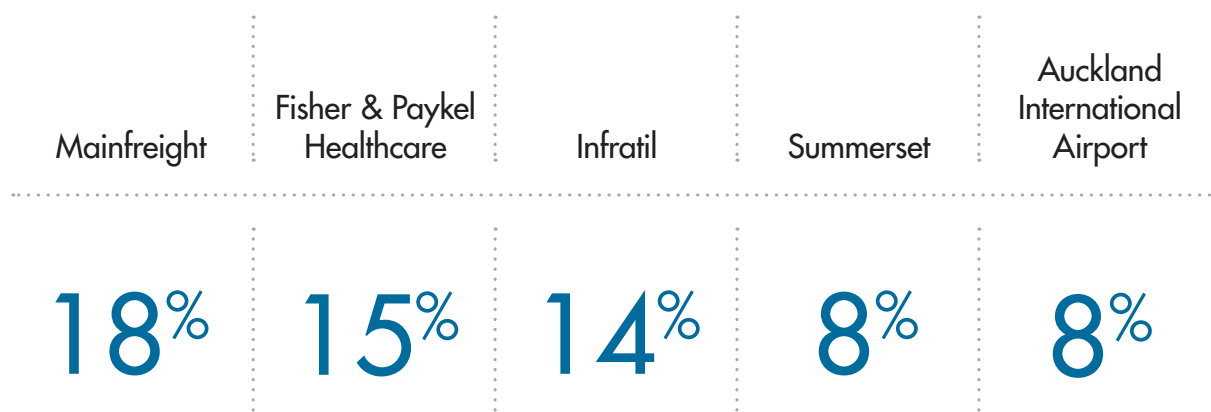
DIVIDENDS PAID DURING THE YEAR ENDED 31 MARCH 2021 (CENTS PER SHARE)

Total dividends of 13.48 cps were paid during the financial year (2020: 12.63 cps)



LARGEST INVESTMENTS

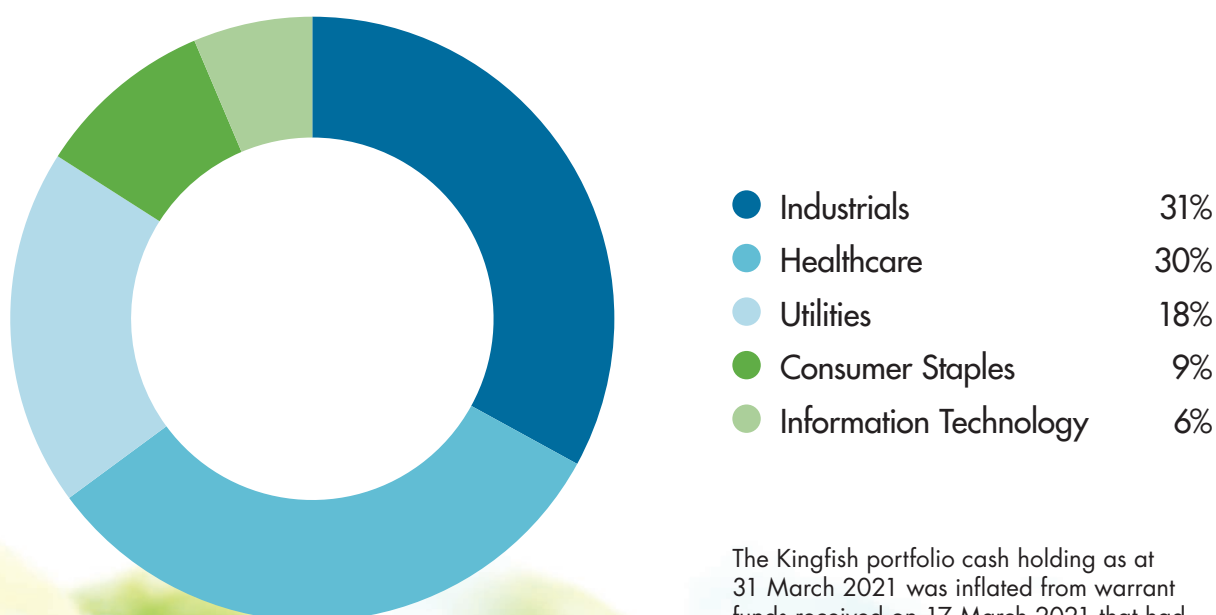
AS AT 31 MARCH 2021



These are the five largest percentage holdings in the Kingfish portfolio. The full Kingfish portfolio and percentage holding data as at 31 March 2021 can be found on page 17.

SECTOR SPLIT

AS AT 31 MARCH 2021



The Kingfish portfolio cash holding as at 31 March 2021 was inflated from warrant funds received on 17 March 2021 that had not yet been invested as at 31 March 2021

DIRECTORS' OVERVIEW



Alistair Ryan
Chair

"Kingfish has benefited from the strong recovery of key portfolio holdings and active management throughout the year to deliver a record net profit of \$142.7m."

Kingfish has experienced a year of recovery after the Covid-impacted performance of the previous financial year. The Company's net operating after tax profit for the year ended 31 March 2021 of \$142.7 million contrasts with last year's profit of \$1.7 million.

Kingfish has benefited from the strong recovery of key portfolio holdings and the active management of all 14 companies in the portfolio, to deliver excellent returns for the period. The Kingfish team's continued focus on the STEEPP process, and the rigour and analytical discipline that goes with that, has helped the portfolio recover the value gains that were lost in the final two months of the previous financial year, and deliver significant returns for shareholders in FY21.

The Kingfish portfolio achieved a gross performance return¹ before fees and expenses of 46.0% and an adjusted NAV return² of 41.1%, compared to the S&P/NZX50G which reported 28.2% for the 12-month period.

As at 31 March 2021, the total Kingfish portfolio was valued at \$560m, with portfolio stock investments of \$526m and cash of \$34m. In addition to the strong portfolio performance, shareholders also enjoyed a total shareholder return³ of 65.1%, a significant turnaround on the 7.2% generated in the previous financial year.

Revenues and Expenses

The 2021 net profit result comprised gains on investments of \$150.5m, dividend and interest income of \$5.4m, less operating expenses and tax of \$7.0m and a performance fee of \$6.2m.

Overall operating expenses were \$7.3m higher than the corresponding period, mainly due to higher management fees and the performance fee. The management fees were \$1.0m higher than the previous year due to the higher gross asset value of the Kingfish portfolio over the course of the year.

The Kingfish portfolio achieved a return in excess of both the performance fee hurdle (the change in the Bank Bill Index rate plus 7%) and the High Water Mark (the highest net asset value at the end of the previous financial year in which a performance fee was paid, adjusted for changes in capital). No performance fee

was paid in the preceding year (FY20).

The performance fee earn rate was renegotiated down from 15% to 10% in FY19 and capped at 1.25%. The performance fee cap applies for FY21.

Dividends

Kingfish continues to distribute 2.0% of average net asset value per quarter. Over the 12-month period to 31 March 2021, Kingfish paid 13.48 cents per share in dividends (2020:12.63 cps). The first dividend of the new financial year was 3.60 cents per share, which was paid on 25 June 2021, based on a record date of 10 June 2021.

Kingfish has a dividend reinvestment plan which provides shareholders with the option to reinvest all or part of any cash dividends in fully paid shares. Full details of the dividend reinvestment plan⁴ can be found in the Kingfish Dividend Reinvestment Plan Offer Document, a copy of which is available at www.kingfish.co.nz/investor-centre/capital-management-strategies/.

Warrants

Kingfish has a regular warrant programme. On 12 March 2021, Kingfish warrant holders had the option to convert their warrants into Kingfish shares at an exercise price of \$1.51 per warrant. 56.2m warrants (\$85m) out of a possible 61.6m warrants (91.4%) were converted into Kingfish shares. The majority of the additional funds were invested during March in Kingfish's investment portfolio of stocks, but given the short time period between the warrant funds receipt (17 March) and year end (31 March), there was inevitably some cash still to be deployed as at balance date.

Share Buybacks

The share buyback programme⁵ is another part of Kingfish's capital management. During the 12 months to 31 March 2021, the share price to NAV discount did not exceed 8% so there were no buybacks during FY21.

Annual Shareholders' Meeting

The 2021 annual meeting will be held on Friday 6 August at 10:30am at the Ellerslie Event Centre in Auckland and online via Lumi. All shareholders are encouraged to attend, and those unable to attend are invited to cast their vote on Company resolutions prior to the meeting.

¹ The gross performance return is the portfolio performance before expenses, fees and tax. It is an appropriate return measure for assessing the Manager's performance against and index or benchmark.

² The adjusted net asset value is the underlying performance of the investment portfolio adjusted for dividends, (and other capital management initiatives) and after expenses, fees and tax.

³ 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.

⁴ Participation forms for the Dividend Reinvestment Plan (DRP) can be obtained by contacting either Kingfish or Computershare Investor Services Limited

⁵ Shares purchased under the buyback programme are held as treasury stock and subsequently reissued to shareholders under the dividend reinvestment plan.

DIRECTORS' OVERVIEW CONTINUED

Director Retirement – Carmel Fisher

After 17 years as a Kingfish director, Carmel Fisher has advised that she intends to retire from the board, effective from 6 August 2021 (immediately following the 2021 annual meeting).

Carmel is proud to have launched and overseen the management of Kingfish. She has stated that it has been a privilege to have worked with an outstanding team of people, both at the Manager, Fisher Funds, and with her fellow directors. While Carmel has decided that it is time to move on after many years of direct involvement, she has full confidence in the board and Manager and, as a significant shareholder, looks forward to the continued success of Kingfish.

Director Re-election

Carol Campbell, director since 2012 and chair of the Kingfish Audit and Risk Committee, retires by three-year rotation at this year's annual meeting and will stand for re-election. The board fully endorses Carol's re-election.

Conclusion

The 2021 year was yet another rewarding and challenging period for the New Zealand sharemarket. It was encouraging that in this turbulent market environment Kingfish was able to generate strong returns, well ahead of the market. The board is pleased at the Manager's rigorous application of the STEEPP process and continued focus on investing in quality companies, the majority of which have continued to grow and yield satisfying returns for shareholders.

We would like to thank you for your continued support and look forward to seeing many of you at the annual meeting on 6 August.

On behalf of the Board,



Alistair Ryan / Chair
Kingfish Limited
28 June 2021

FIGURE 1: FIVE-YEAR PERFORMANCE SUMMARY

Corporate Performance

For the year ended 31 March	2021	2020	2019	2018	2017	5 years (annualised)
Total Shareholder Return	65.1%	7.2%	13.5%	12.0%	8.1%	19.5%
Adjusted NAV Return	41.1%	0.4%	17.6%	14.7%	10.6%	16.1%
Dividend Return ¹	7.7%	8.5%	8.6%	8.7%	8.2%	
Net Profit	\$142.7m	\$1.7m	\$47.1m	\$36.3m	\$22.4m	
Basic Earnings per Share	56.28cps	0.75cps	24.24cps	19.62cps	14.50cps	
As at 31 March	2021	2020	2019	2018	2017	
NAV (as per financial statements)	\$1.77	\$1.39	\$1.57	\$1.45	\$1.40	
Adjusted NAV ²	\$6.77	\$4.80	\$4.78	\$4.07	\$3.54	
Share price	\$1.90	\$1.29	\$1.35	\$1.31	\$1.29	
Warrant price	-	\$0.03	\$0.06	-	\$0.05	
Share price (premium) / discount to NAV ³	(7.3%)	6.7%	13.1%	9.7%	7.0%	

Manager Performance

For the year ended 31 March	2021	2020	2019	2018	2017	5 years (annualised)
Gross Portfolio Performance (before expenses, fees and tax)	46.0%	2.9%	21.2%	16.5%	13.3%	19.2%
S&P/NZX50G	28.2%	(0.5%)	18.3%	15.6%	6.6%	13.2%
Performance fee hurdle / Benchmark Rate ⁴	7.3%	8.6%	9.0%	9.0%	9.3%	

NB: All returns have been reviewed by an independent actuary.

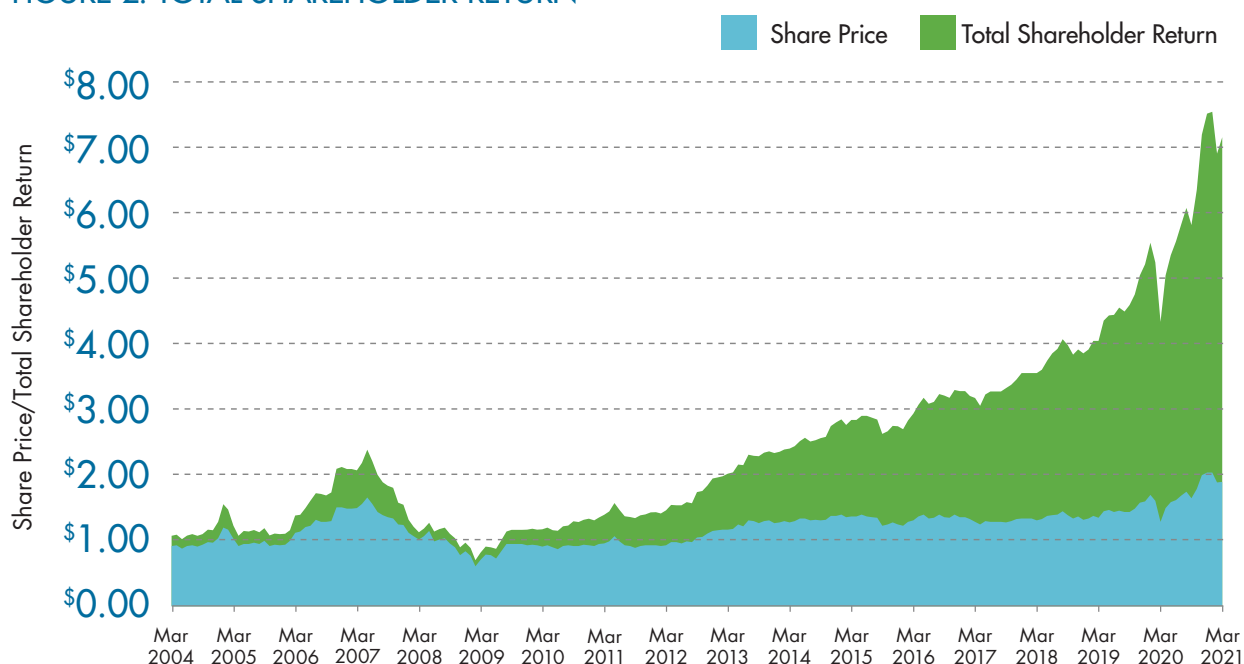
¹ Kingfish's dividend return is calculated by dividing the dividends paid in a given year by the average share price for that year. (The dividend policy of paying a quarterly dividend that is 2% of average NAV has been consistently applied).

² Kingfish's adjusted NAV historical information has been restated as a result of correcting the warrant dilution component of the calculation.

³ Share price (premium) / discount to NAV (including warrant price on a pro-rated basis).

⁴ The performance fee hurdle is the Benchmark Rate (NZ 90 Day Bank Bill Index +7%).

FIGURE 2: TOTAL SHAREHOLDER RETURN



Non-GAAP Financial Information

Kingfish uses non-GAAP measures, including adjusted net asset value, 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, gross performance return and total shareholder return in this Annual Report 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://www.kingfish.co.nz/about-kingfish/kingfish-policies/>

MANAGER'S REPORT

10



Sam Dickie

Senior Portfolio Manager

"After such a year, it is even more important to focus on the longer term, the bigger picture, the 'what comes next?' question."

Staying focused on the big picture

Investors around the world have focused on all things Covid for the past 15 months. That has been the right thing to do. But at the same time, successful investors will have stayed mindful of the big picture – the investment themes and companies that will drive returns in the next 5–10 years.

According to "Our World in Data", New Zealand has been 34 times more successful than the rest of the world in addressing Covid. The country's cumulative cases are barely over 2,500 – just 0.05% of the population, and well below the global figure of 1.7% of the population.

This and everything else about the last 15 months has been extraordinary. The monetary and fiscal support from central banks and Governments to keep economies afloat has been unprecedented. As a proxy for liquidity injection, the Federal Reserve has expanded its balance sheet by more than three and a half times as much as it did in the entire Global Financial Crisis! An unintended consequence of all that liquidity sloshing around was irrational exuberance by retail investors in companies like Gamestop. Gamestop rose 1,000% in a few short days and then fell by 90% a few days later. Retail investors gambling with their stimulus cheques and egging each other on via platforms like Reddit is an anathema to the way we invest!

The exciting thing for Kingfish is we got to test our process in four very different market conditions. A late-stage bull market, a short sharp bear market, an equally sharp bull market, and then a long grinding recovery. All this, plus the strongest switch from growth companies to cyclicals we've seen in years. Our process has stood up well: Kingfish has outperformed the New Zealand market index in each distinct set of market conditions.

Three types of companies that will drive long-term returns

We build portfolios that don't rely on any one economic scenario – because it's very hard to see exactly where economies will go.

As we look to the post-Covid world, we're focusing on three types of companies.

First, defensive companies that will perform relatively well, even if this strong economic recovery falters. These companies include Infratil, Contact Energy, Delegat, and Port of Tauranga.

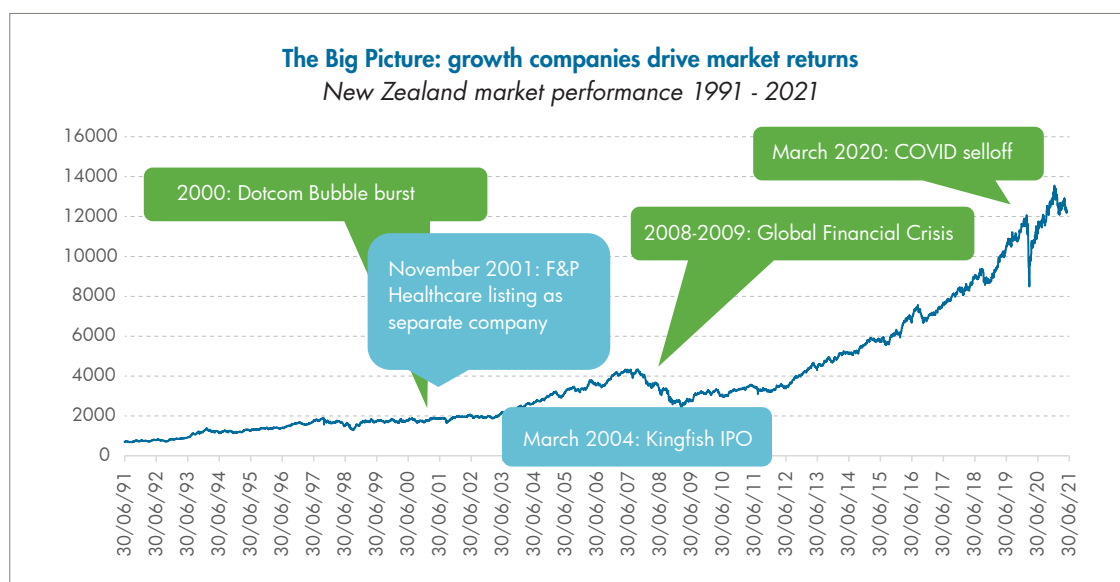
Second, quality cyclicals that will do well if the global economy continues to reopen and accelerate. Mainfreight, Vista, Auckland Airport, Freightways, and Summerset will do well in this environment.

Third, companies with long runways for growth – regardless of where we are in the economic cycle. Doctors all over the world have used Fisher & Paykel Healthcare's Optiflow™ product to treat millions of Covid patients since the pandemic started. We think this nasal high-flow oxygen product could be used to treat 50 million patients with respiratory illnesses each year. This means the company has a long runway for growth in a post-Covid world.

Investors are rewarded for staying the course

Too much focus on a recent upheaval can mean missing the bigger picture. We saw this happen after the Global Financial Crisis: investors who avoided the share market missed out on one of the longest bull markets of all time.

The big, long-term picture is that a strategy of investing in growth assets like shares, and reinvesting the income, has delivered strong returns. The chart below shows how the NZX50 benchmark gross index (and NZSE40 gross



index before that) has climbed, dipped, and climbed again over the last thirty years. During this period it has had to weather the Dotcom Bubble in 2000, the Global Financial Crisis in 2009 and then Covid in 2020. But overall, despite these setbacks, the market (being the NZX50/NZSE40 indices) has returned over 10% per year – if you'd invested \$10,000 20 years ago it would be worth around \$175,000 today.

In the long term, markets are driven by growth. Shocks tend to have short-term effects. Over time, good companies grow, and reward investors. We believe that this narrative is still fundamentally the same.

NEW ZEALAND'S STRONG SHARE MARKET PERFORMANCE HAS BEEN LIFTED BY GROWTH COMPANIES

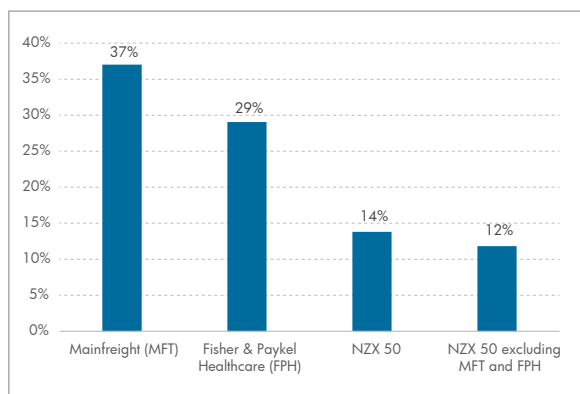
Economists may debate the exact level of growth we are likely to see – and where we are in the current cycle – but we believe the global economy will grow in the years ahead. Regardless, there are still companies creating wealth for their shareholders by growing successful businesses. It is our job to find those companies with wide economic 'moats' with potential for ongoing growth, and back their talented leaders. A good business with a quality management team will create a compelling and differentiated offering for their customers and drive innovation. Over time, when this strategy is well executed, we see businesses capture market share and create a lot of value for shareholders.

There are many examples of these companies in our Kingfish portfolio, but we will focus on a couple of our largest positions.

Fisher & Paykel Healthcare became a separately listed company in 2001. It has grown strongly in the last decade and is now the NZX's largest listed company. It has become the leader in nasal high flow therapy for treating acute respiratory illness. But that wasn't always the case. The company was initially focused on invasive ventilation but over time expanded into products for non-invasive ventilation, high flow therapy, and obstructive sleep apnea. This was achieved by a strong commitment to new product development under long time CEO Mike Daniell and then Lewis Gradon. Over the last two decades the company has spent over \$1 billion in research and development. The company's patient-first mentality led it to switch gears towards high flow therapy when it saw how effective its Optiflow nasal high flow therapy could be. When we travel out to the Daniell Building at the Highbrook campus to meet with management, we can't help but be impressed. Lewis has been with the company for almost 40 years and his team are firmly focused on the future. They are making sure that doctors and respiratory therapists the world over are adopting high flow therapy. The runway for continued growth is still

very attractive.

Mainfreight famously started in Auckland in 1978 with Bruce Plested buying a single truck. Despite the humble beginnings, he was ambitious and had a 100 Year Vision for the company. This meant that the shores of New Zealand could not contain the business, which expanded into Australia and later the US, Asia and then finally Europe. Bruce is still Chair of the company's board and passionate about challenging Mainfreight's people to continue his vision. When we visit the leadership team at Railway Lane in Otahuhu, we are always impressed by the unwavering long-term thinking and focus on both the customer and Mainfreight team. It's hardly surprising when you consider CEO Don Braid has been at the helm for almost twenty years and is continuously striving to further embed Mainfreight's unique culture in its network of around 300 branches globally. Some of the core Mainfreight values include looking after its people, incentivising them to think like owners with profit share, empowering them to make decisions quickly to benefit customers, and promoting from within. Don and Bruce's team's persistence is paying off, with Mainfreight taking market share in key offshore markets including Australia, Europe, and the US. Since listing in 1996 at 96 cents, Mainfreight's share price is up by a factor of around 75 times! But every time we meet, we can tell Don is never quite satisfied - the global opportunity remains massive and the team are focused on further growth.



Mainfreight and Fisher & Paykel Healthcare have lifted the performance of the local market but have contributed even more to Kingfish's returns

Annualised total shareholder returns over the last 5 years to 31 March 2021, NZX 50 excluding MFT and FPH based on Fisher Funds' analysis

THE KINGFISH PORTFOLIO AND THE POST-COVID LONG-TERM PICTURE

We learned valuable lessons in the poor performance of a2 Milk

We cannot talk about the 2021 financial year without acknowledging the significant impact of portfolio holding a2 Milk. While we strive to achieve the best outcomes, we will not get every position right - that is the nature of investing. What is most important is that we learn from every experience, both good and bad, and use our experience to improve our investment process and make better decisions.

a2 Milk was the worst performer in the portfolio last year, a disappointing 50% drop for the year to March 2021 (and more since). Following unprecedented demand for a2 Milk's products in China during Covid, excess a2 Platinum infant formula inventory built up in various sales channels to market. Over time, it became clear that the problem was larger than we thought and there was more risk around a recovery. What we initially thought would be a short-term problem was a more fundamental problem – the business was less resilient than we thought and its "moat" narrower. The company had less visibility on the inventory situation than we expected and management made missteps in failing to adequately address the situation. With all high growth companies, there is a risk that management will overpromise and underdeliver, or that a small change in the market environment will have an outsized impact on the company's trajectory, resulting in the markets' reassessment of long-term value. a2 suffered such a market reassessment, and at the time of writing, it is unclear how long it will take or how likely it is that a2 will return to its previously announced sales and profit trajectory. We have therefore significantly reduced our position and continue to monitor closely.

ACTIVE MANAGEMENT MEANS NEVER BEING AFRAID TO CHANGE YOUR MIND

We strive to remain objective and change our mind as the facts change versus our investment thesis. As our a2 Milk channel checks continued to worsen, we reduced our STEEPP scores and target position size on multiple occasions. We now have a much smaller position in the company.

What lessons have we learned? We ultimately overestimated the quality of the business. We have scrutinised the portfolio to make sure we are not making similar errors of judgement elsewhere. It also reminded us that we should not be afraid to react if things change. We are also mindful of the importance of a portfolio approach; while we are disappointed with the outcome for a2, good decisions elsewhere meant the portfolio delivered a year of strong performance overall.

Great potential for Auckland Airport as post-vaccine travel recovers

The reward for New Zealand's effective response to Covid is a trans-tasman bubble. Since 19 April 2021, travellers between New Zealand and Australia have enjoyed less restricted travel.

This was an important development as Australian travel was about 40% of Auckland Airport's international traffic pre-Covid. And since Australians still cannot travel to many international destinations, we expect to pick up some pent-up demand for international travel.

The global vaccine roll-out promises a rosier future. The bubble will be attractive to those who are desperate to see friends and family, but these visitors are less likely to book high-value tourism experiences. Much of our high-value international tourism has a long gestation, with visitors planning and booking their travel well in advance. For this to return, our travel bubble will need to extend beyond Australia and be able to withstand unexpected Covid outbreaks.

Thankfully, global vaccine programmes are steaming ahead in many developed countries. This means that a meaningful recovery for international travel is around the not-so-distant corner.

Delegat got a Covid boost and has grown brand awareness

The company turned in strong results, growing wine-case sales by around 9% year-on-year. Delegat got a sales boost from Covid lockdowns as people drank more wine at home and picked well-known brands – like Delegat's Oyster Bay – at the bottle store and supermarket.

Delegat continues to grow its distribution reach overseas and is building customer awareness. These improvements are delivering more sales.

Freightways has more courier business and is gaining market share

Locked-down New Zealanders boosted Freightways' courier-delivery business as they ordered online. And many businesses that developed e-commerce offerings during lockdown have found that customers like the convenience of online orders.

So we expect Freightways' courier business to stay strong – the company's high levels of customer service have already helped it take market share from competitors.

Freightways moved into delivering chilled and frozen produce in 2019 when it bought Big Chill, a company with 200-plus refrigerated trucks. The business has beaten expectations and boosted profits.

Infratil has made portfolio changes – and rejected a buyout bid

The company sold its 65% holding in Tilt for \$1.9 billion, as news of the takeover proposal added 107% to the share price.

Infratil will be able to use the cash to develop businesses in its portfolio. These businesses include renewable energy platforms in the US (Longroad) and Europe (Galileo), and the Qscan and Pacific Radiology healthcare platforms it bought in the last year.

We believe the healthcare platforms will play a useful part in Infratil's future. The platforms will help developed countries find lower-cost ways to diagnose and treat ageing populations, and higher levels of chronic disease.

In December, Infratil rejected AustralianSuper's non-binding offer to acquire all of Infratil's shares. We agree with Infratil's board that the bid undervalued the company and its businesses.

First, there is significant value upside in existing assets like Canberra Data Centres, Longroad Energy, and Vodafone. These businesses have wide moats and many years of growth runway ahead. Second, Infratil has proved it can create value – the company has grown its net asset value at a compound annual growth rate of 18% for more than 25 years.

Infratil, Meridian Energy and Contact Energy are renewable electricity stars

New Zealand aims to reduce carbon emissions to meet its stated 2030 and 2050 goals, and renewable electricity will be critical to sustainable growth.

That's one reason Kingfish has invested in renewable electricity businesses like Infratil, Meridian Energy, and Contact Energy.

Infratil has made big bets on the mega trends of data proliferation (CDC, Vodafone), ageing population (Qscan, RetireAustralia, Pacific Radiology), and renewable energy (Tilt, Longroad, Galileo, Trustpower).

We are fortunate to have a largely renewable electricity system in New Zealand: massive hydro dams, geothermal generation, and wind farms. The US has far less renewable power generation, but the US is set for a renaissance under President Biden.

After Biden's election, US investors piled into renewable energy exchange traded funds (ETFs). This led to a USD\$2 billion inflow into one of the largest renewable ETFs, iShares Global Clean Energy ETF (ICLN). Meridian Energy and Contact Energy are two of ICLN's largest holdings. Did ICLN's US investors realise they were buying electricity companies in New Zealand? We doubt it. But the mechanical buying triggered by the investments in ICLN jolted both companies' share prices up sharply.

Back in January 2021, we still liked Meridian and Contact, but the leap in their share prices made them less attractive investments. For one thing, there was still much uncertainty over the future of Tiwai Point aluminium smelter. If it shut as early as 2021, the market would be flooded with cheap electricity that would dent generator's profits. And we believed Contact Energy and Meridian Energy's share prices could fall when high-voltage ETF buying eased. So we trimmed our position.

Then in mid-January 2021, Rio Tinto confirmed that the smelter would operate until at least December 2024. This is positive for the New Zealand electricity industry, giving the country time to upgrade transmission infrastructure and plan a more orderly transition after the smelter eventually closes.

Since January 2021, the calculation of holdings in the index underlying ICLN has changed. More companies have been added to the ETF, and investments in less liquid companies – like Meridian and Contact – have been reduced. So ICLN needed to sell Meridian and Contact shares by 16 April 2021. This pushed the share prices below 1 November 2020 levels.

Because we focus on fundamentals, we were buying shares in both companies at low prices.

Mainfreight has proved again that a strong culture can deliver real results

The company said – right at the start of the Covid crisis – that its number one priority was to come through the crisis without laying off any permanent people. Mainfreight succeeded and paid bonuses in-line with the previous year – in the darkest days of the pandemic.

It's no surprise that Mainfreight's people want to go the extra mile and deliver excellent customer service. That standard of service is one reason Mainfreight's market share accelerated at the fastest pace ever during the crisis. Revenue and profit growth in all regions globally have strongly accelerated throughout the year as a result.

Pushpay gained users and had to upgrade earnings estimates three times

The company gives churchgoers – particularly in the US – a way to make digital donations. During the 2020 lockdowns, it gained users as churches shut, and saw a significant rise in amounts donated through the Pushpay app.

The company had to increase its earnings forecast three times during the year.

Port of Tauranga improved profits on lower cargo volumes

The company saw incredible supply chain disruption in 2020. And Ports of Auckland operational woes increased Port of Tauranga's workload: average cargo exchange per container ship was 21% higher in December 2020, compared with December 2019.

Despite the disruption, and lower cargo volumes, Port of Tauranga improved profits during the year.

Ryman and Summerset look set for growth

The fortunes of these two operators of retirement-villages are partially linked to the housing market, which is linked to the economic cycle. This could have meant bad news for these companies. But the rebound in both the economic cycle and the housing market was so sharp it made our heads spin.

Summerset has always put the customer first. But the company went above and beyond to protect their residents during lockdowns. Summerset called 7,000 residents to check they were safe and well, and if they needed groceries delivered. Customers are unlikely to forget this level of customer focus. It should keep customers loyal and help widen the company's moat.

Ryman's superior brand is supercharged by focusing on the detail. Residents love the camaraderie of happy hour but that had to be halted during lockdown. Ryman responded with 'happy hour in a bag' - residents were delivered their happy hour tippie to enjoy in their room over Zoom.

Interest levels and resales increased significantly as New Zealand moved to less restrictive alert levels. This

will likely accelerate the growth of retirement villages in New Zealand and Australia, and mean more market share for Summerset and Ryman.

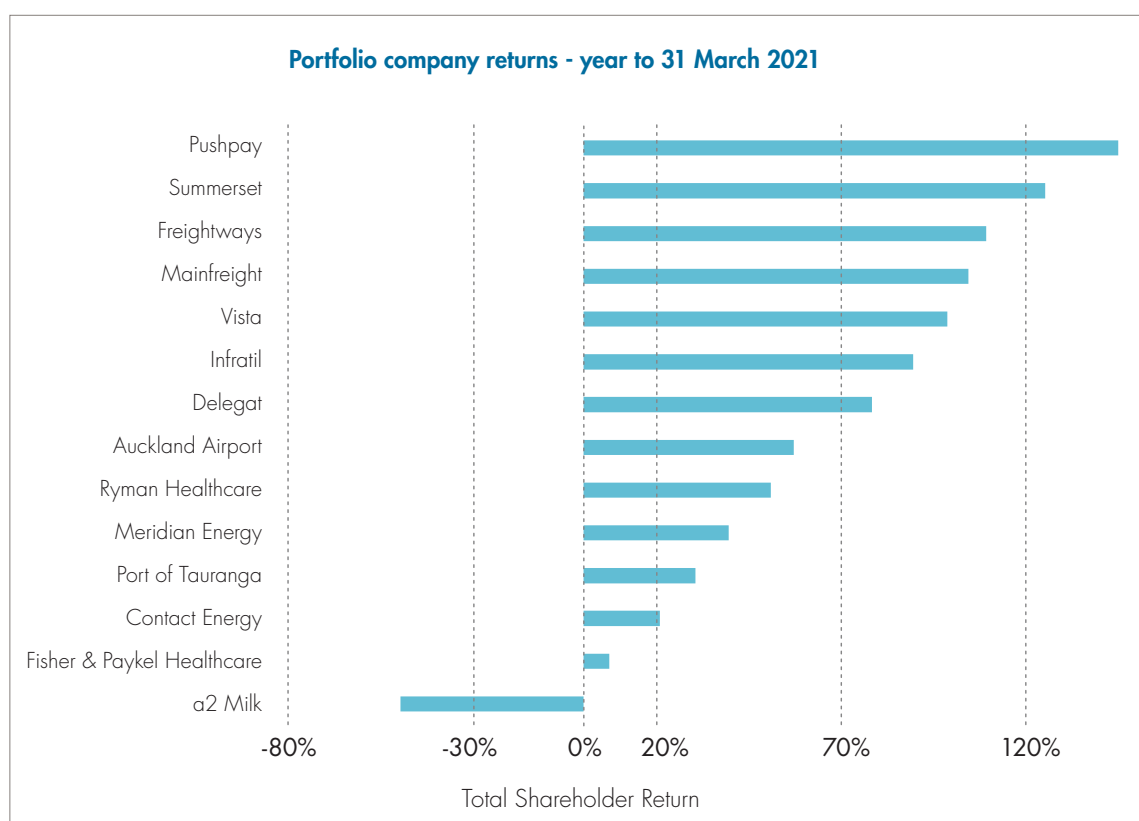
At the time of writing there have been requests for a review of the retirement village sector. The outcome of any review may see further regulation for the retirement sector. However, both Summerset and Ryman hold themselves to a very high standard of care and therefore its uncertain what, if any change, new regulation would have on their businesses.

Vista used technology to meet customer needs and win business

The company's software helps run international cinema chains, and collects data for movie makers. Vista knew its customers were struggling and saw a way to help – and build customer loyalty.

Vista released a cinema re-opening software package to help customers get back on their feet. The software allows the cinema to allocate socially distanced seating. And Vista's Movio business released Movio Cinema Essentials – a package that helps cinemas work out how to market and budget for reopening.

It's early days, but Vista has been winning big customers away from competitors recently, even though Vista's products are more expensive.



MANAGER'S REPORT CONTINUED

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ACTIVE MANAGEMENT WILL BE EVEN MORE IMPORTANT IN THE NEXT DECADE

If you had invested \$10,000 in the NZ stock market in 2004 (the year Kingfish launched), you would have had over \$48,000 at 31 March 2021 – a return that's not to be sneezed at. But if you had put that \$10,000 into Kingfish, your investment account would show a balance of over \$71,000.

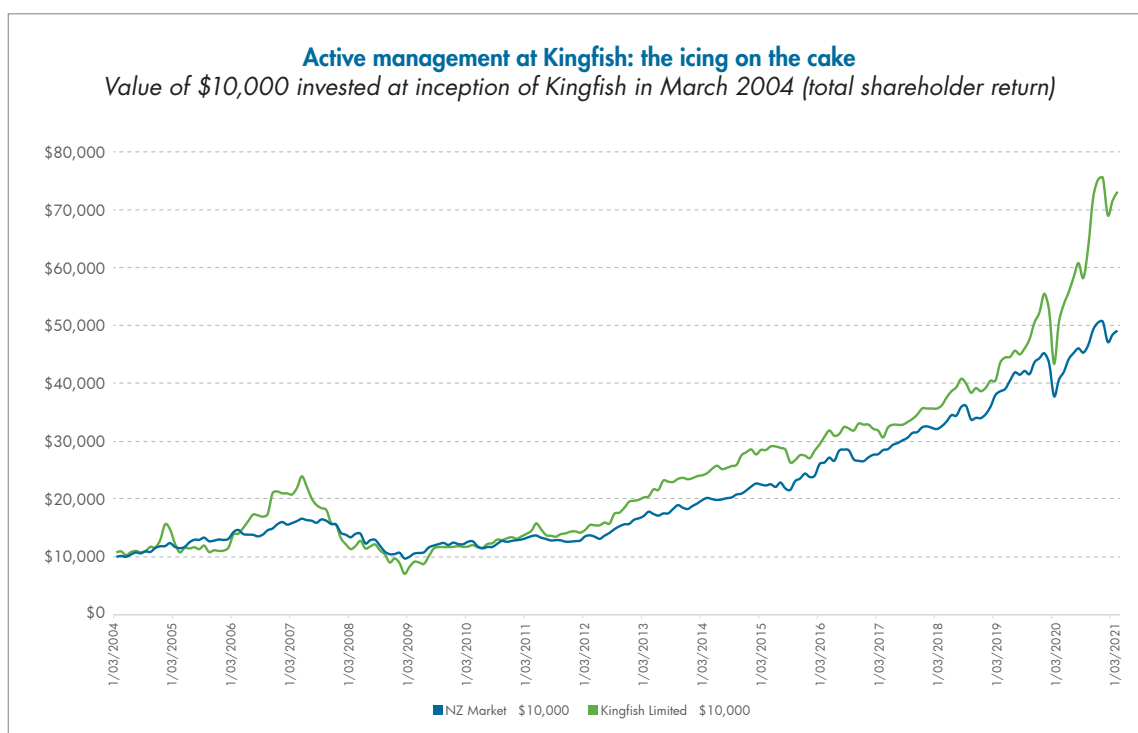
That extra \$23,000 is the difference our active management makes – what we call the active return. We think of this as the "icing on the cake" – the return we could earn for investors over and above the returns the market offers. Compound interest means that any excess we earn over time becomes increasingly significant.

Looking ahead, we see an increasing need for active management. Interest rates are low, but valuations are not. This is a classic scenario for lower investment returns generally – which is precisely why active decision making is imperative. In a low return environment, we think active management is more important than ever. What has previously been the icing on the cake could well become the whole cake!

A hand-picked portfolio for Kingfish has worked in the past. We're confident it remains the right strategy for the future.



Sam Dickie / Senior Portfolio Manager
Fisher Funds Management Limited
28 June 2021



PORTFOLIO HOLDINGS SUMMARY AS AT 31 MARCH 2021

Listed Companies	% Holding
Auckland International Airport	7.6%
Contact Energy	3.4%
Delegat Group	3.0%
Fisher & Paykel Healthcare	15.4%
Freightways	3.6%
Infratil	14.0%
Mainfreight	17.6%
Meridian Energy	0.9%
Port of Tauranga	2.5%
Pushpay Holdings	1.7%
Ryman Healthcare	6.2%
Summerset Group	8.0%
The a2 Milk Company	6.3%
Vista Group	4.0%
Equity Total	94.2%
New Zealand dollar cash	5.8%
TOTAL	100.0%

THE STEEPP PROCESS

Fisher Funds employs a process that it calls STEEPP to analyse existing and potential portfolio companies. This analysis gives each company a score against a number of criteria that Fisher Funds believes need to be present in a successful portfolio company. All companies are then ranked according to their STEEPP score to broadly determine their portfolio weighting (or indeed whether they make the grade to be a portfolio company in the first place).

The STEEPP criteria are as follows:



STRENGTH OF THE BUSINESS

What is the company's competitive advantage? Is it sustainable? Is the company a market leader? Does it have a dominant position? A strong business is one that can maintain its profit margins by employing a unique strategy.



TRACK RECORD

How has the company performed in the past? Has the company performed under the same management team? Has it grown organically or by acquisition? How did the company react during a downturn? Fisher Funds prefers to buy established companies that have executed well in the past.



EARNINGS HISTORY

How fast has the company been able to grow its earnings in the past? How consistent has earnings growth been? Fisher Funds prefers to buy companies that exhibit secular growth characteristics where they have proven the ability to provide a high or improving return on invested capital.

Applying this STEEPP analysis, Fisher Funds constructed a portfolio for Kingfish which comprised 14 securities at the end of March 2021.



EARNINGS GROWTH FORECAST

What is the company's earnings growth forecast over the next three to five years? What is the probability of achieving the forecast? What do we expect the company's earnings potential to be? Fisher Funds notices that too many analysts focus on short-term earnings. As long-term growth investors, Fisher Funds thinks about where the company's earnings could be in three to five years.



PEOPLE/ MANAGEMENT

Who are the management team and how long have they been in their roles? Who are the directors, what is their history with the company, and what do they bring to the board? What is the depth of management in the organisation and is there a succession plan for the key executive roles? Do the management team own shares in the business and how are they rewarded? Has the board and management exhibited good corporate behaviour in the areas of environmental, social and governance considerations? For Fisher Funds, the quality of the company management and its corporate governance is of paramount importance.



PRICE/ VALUATION

How much of the future earnings growth is already reflected in the share price? Where does the current share price sit in relation to our worst to best case valuation range? A company will generate a higher score where the market price currently reflects little of that company's upside potential.

THE KINGFISH PORTFOLIO STOCKS



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The following is a brief introduction to each of your portfolio companies, with a description of why Fisher Funds believes they deserve a position in the Kingfish portfolio. Total shareholder return is for the year to 31 March 2021 and is based on the closing price for each company plus any dividends received. For companies that are new to the portfolio in the year, total shareholder return is from the first purchase date to 31 March 2021.





WHAT DOES IT DO?

Auckland International Airport (AIA) owns and operates New Zealand's major gateway as well as 1500 hectares of land surrounding the airport. AIA operates under a 'dual till' regulatory regime, meaning that the company's aeronautical operations are subject to light-handed regulation, whereas the other non-aeronautical operations are unregulated. Normally, over 50% of AIA's revenue is derived from non-aeronautical operations, such as retail, parking, hotel accommodation and property rental.

WHY DO WE OWN IT?

AIA is well-positioned to benefit from New Zealand's positive long-term tourism outlook. With aspirations for 40 million total passengers per annum by 2044, combined with a strengthening consumer business and leveraging its land bank, AIA's non-aeronautical operations are expected to continue to deliver attractive returns on invested capital into the future.



WHAT DOES IT DO?

Contact Energy is New Zealand's second largest electricity generator, producing approximately 20-25% of the country's electricity in an average year. The vast majority of its electricity is from renewable hydro and geothermal resources.

WHY DO WE OWN IT?

Contact Energy has a balanced portfolio of quality renewable generation assets across both islands and this is matched by demand from a strong electricity retailing business plus commercial and industrial customers. Its established business provides solid cash flows which underpin an attractive level of dividends. Contact's Tauhara geothermal field is the most attractive generation development project in New Zealand. Once this is developed, Contact will be able to retire its TCC gas plant and will move to 100% renewable base load electricity generation.

Total Shareholder Return

+57%

Total Shareholder Return

+21%

KINGFISH PORTFOLIO STOCKS CONTINUED

— EST 1947 —
DELEGAT

WHAT DOES IT DO?

Delegat Group produces and distributes super-premium wine internationally under the Oyster Bay and Barossa Valley Estate brands. Oyster Bay a leading New Zealand wine brand in the UK, Australia and Canada, and is growing quickly in the US.

WHY DO WE OWN IT?

Delegat continues to grow its profits annually by growing volumes as New Zealand sauvignon blanc share of the wine market continues to increase from low levels, particularly in the US. The company has a strong track record of managing viticulture risks. It has invested for growth by expanding its winery capacity and increasing vineyard plantings to meet its sales trajectory.

Fisher & Paykel
 HEALTHCARE

WHAT DOES IT DO?

Fisher & Paykel Healthcare is a leading designer, manufacturer and distributor of innovative medical devices for patients who require acute respiratory and obstructive sleep apnoea care. Over 95% of its products are sold outside New Zealand from dedicated manufacturing facilities in Auckland and Mexico.

WHY DO WE OWN IT?

We are attracted to the demand for Fisher & Paykel Healthcare's innovative care products as the worldwide population ages and the incidence of chronic respiratory diseases and obesity rises. Through its own research and development, Fisher & Paykel Healthcare has continued to develop products that significantly expand its potential patient base, while maintaining high returns on invested capital.

Total Shareholder Return

+78%

Total Shareholder Return

+7%

Freightways

WHAT DOES IT DO?

Freightways operates a range of nationwide express delivery operations with brands including NZ Couriers, Post Haste and Big Chill. The company has also developed an information management business on both sides of the Tasman encompassing document storage, data services and secure destruction services.

WHY DO WE OWN IT?

Freightways is one of two dominant players in the New Zealand courier market and its information management business has a trans-Tasman footprint. The company has an impressive track record of stable organic growth and value-accretive acquisitions that leverage off its existing infrastructure. Earnings have been resilient in times of recession, and are growing at least as strongly as the domestic economy in more buoyant times.



WHAT DOES IT DO?

Infratil invests in a diverse range of infrastructure businesses, with a portfolio focused on data and communications and renewable electricity, with smaller exposures to airports and healthcare. It is externally managed by an experienced management team.

WHY DO WE OWN IT?

We are attracted to Infratil's portfolio of infrastructure assets that are not easily replicable and its track record of creating value for shareholders since listing has been strong.

Total Shareholder Return

+110 %

Total Shareholder Return

+90 %

KINGFISH PORTFOLIO STOCKS CONTINUED

**WHAT DOES IT DO?**

Mainfreight is a global supply chain logistics company. It is a specialist freight forwarder and distributor, with interests spanning warehousing, international air and sea freight and domestic transport including its distinctive blue trucks. Its operations span New Zealand, Australia, the Americas, Europe and Asia.

WHY DO WE OWN IT?

Mainfreight is a very well-run company with a special company culture that has delivered strong performance over time. It continues to open new trade lanes as it spreads its logistics footprint ever wider. Growth should come organically as it works towards its goal of becoming a global logistics provider.



meridian

WHAT DOES IT DO?

Meridian Energy is New Zealand's largest electricity generator, producing approximately 30% of the country's electricity in an average year, sourced 100% from renewable hydro and wind resources. The company also has a retail business in New Zealand, operating under the Meridian and Powershop brands. It also has a growing Australian business.

WHY DO WE OWN IT?

Meridian is a well-run company, with a portfolio of long-dated quality renewable generation assets which provide Meridian with the advantage of being amongst the lowest cost electricity producers. Meridian is favourably positioned over the long-term given its flexible hydro generation fleet which should become more valuable as electricity prices become more volatile as intermittent wind generation replaces thermal generation over time.

Total Shareholder Return

+105%

Total Shareholder Return

+39%



WHAT DOES IT DO?

Port of Tauranga is the natural gateway to and from international markets for many of New Zealand's major businesses. It is in close proximity to many important exporters in the forestry, dairy, meat and fruit industries. Its investment in port facilities in Timaru and an inland port near Christchurch opens up the South Island for exports to be hubbed out of Tauranga.

WHY DO WE OWN IT?

Port of Tauranga continues to grow in importance as a leading shipping port in New Zealand for both exports and imports. It has many natural advantages, including excellent access for road and rail, large land holdings and, more recently, a deep harbour for bigger ships to call. It has an important strategic agreement with Kotahi which underwrites its investment in Primeport Timaru and its Metroport near Christchurch.



Pushpay

WHAT DOES IT DO?

Pushpay is a leading mobile payments and engagement provider to the US faith sector, with a growing customer base focused on medium and large churches in the US. It also has a church management software business, Church Community Builder, with an integrated product called ChurchStaq. This enables churches to manage and interact seamlessly with their congregation in an effective and modern way.

WHY DO WE OWN IT?

Pushpay provides the best-in-class product and service. Its combination of ongoing product development and leading customer service gives us comfort that Pushpay will retain this edge over weaker competitors. Pushpay's addressable market is very large and digital giving continues to grow.

Total Shareholder Return

+30%

Total Shareholder Return

+145%

KINGFISH PORTFOLIO STOCKS CONTINUED

**WHAT DOES IT DO?**

Ryman Healthcare was formed in 1984 to develop, construct and operate retirement villages in New Zealand. It now has a portfolio of retirement villages around New Zealand and is replicating its model in Victoria, Australia. Ryman Healthcare is the largest owner and developer of retirement villages in New Zealand.

WHY DO WE OWN IT?

Ryman Healthcare has stuck to its winning formula since inception. Industry dynamics are attractive, and Ryman Healthcare continues to lift its build rate of units and beds to meet latent demand from an ageing population. Victoria has a similar ageing demographic to that in New Zealand but Ryman's continuum of care offering is more unique there compared to existing product, so this market represents an area of considerable future growth.

**WHAT DOES IT DO?**

Summerset is an integrated retirement village builder, owner and operator. The company has retirement villages spread around New Zealand and is a leading developer of retirement villages in New Zealand with a significant land bank. It has recently acquired sites in Australia and is also looking to grow there.

WHY DO WE OWN IT?

Summerset successfully operates a continuum of care model with aged care integrated into its villages. It has delivered on growing its portfolio at attractive development margins. This indicates that it is executing its business model well, and has a large land bank to continue the roll-out of its sought-after villages.

Total Shareholder Return

+51%

Total Shareholder Return

+126%



WHAT DOES IT DO?

The a2 Milk Company sells 'a2'-branded fresh milk and infant milk formula internationally. As the name suggests, its products contain only A2 beta-casein protein, on the basis that it is more comfortably digested than normal milk (which contains a mix of both A1 and A2 proteins). In recent years, the company has grown sales and market share rapidly in Australia and China and is currently also focused on its growing business in the US.

WHY DO WE OWN IT?

The a2 Milk Company has a small but growing share of the very lucrative Chinese infant formula market. We expect its market share to continue growing across a range of distribution channels. In addition, there is potential for further upside from new products and geographies.

Total Shareholder Return

-50%



WHAT DOES IT DO?

Vista Group is an innovative IT company primarily providing sophisticated software to cinema exhibitors. It has around 40% worldwide market share with clients in around 100 countries. Its integrated software systems allow cinema exhibitors to run wide-ranging functions such as ticketing, food and beverage sales, staff and film scheduling, loyalty schemes, digital signage as well as external customer interfaces like websites, mobile apps and call centres. Vista Group also has a range of smaller group businesses that leverage its depth of data and cinema industry intellectual property.

WHY DO WE OWN IT?

We are attracted to Vista Group's profitable core business which provides sophisticated software to cinema operators of all sizes. We believe that this business still has many years of market share growth ahead of it. Additionally, the company's data analytics business (Movio) and other early stage businesses have exciting long-term growth prospects.

Total Shareholder Return

+99%



Pictured left to right: Carol Campbell, Andy Coupe, Carmel Fisher, and Alistair Ryan.

BOARD OF DIRECTORS

Alistair Ryan MComm (Hons), FCA

Chair of the Board

Chair of Remuneration and Nominations Committee

Independent Director

For the past 10 years Alistair Ryan has been a professional director in the listed and unlisted sectors in New Zealand. Prior to 2012, Alistair was a senior executive with SKYCITY (various roles including CFO) and, before SKYCITY, a partner with Ernst and Young Auckland. He is a director of Barramundi, Marlin Global and a member of the FMA's Audit Oversight Committee. During 2020 Alistair retired as a director of Metlifecare and Kiwibank. He is a Fellow of Chartered Accountants Australia and New Zealand and his principal place of residence is Auckland.

Alistair was first appointed to the Kingfish board on 10 February 2012.

Carol Campbell BCom, CA, CMInstD

Chair of Audit and Risk Committee

Independent Director

Carol Campbell is an experienced company director who has a sound understanding of efficient board governance and extensive financial experience. Carol is a director and Chair of the Audit and Risk committees of Barramundi and Marlin Global, and Chair of the Audit and Risk committee of Kingfish. Carol also holds a number of directorships across a broad spectrum of companies including T&G Global, New Zealand Post, Chubb Insurance New Zealand and NZME, where she is also the Chair of the Audit and Risk committees and she is a director of Kiwibank. Carol is a fellow of Chartered Accountants Australia and New Zealand. Carol had her own chartered accountancy practice for 11 years after a successful career as a partner at Ernst & Young for over 25 years. Carol's principal place of residence is Auckland.

Carol was first appointed to the Kingfish board on 5 June 2012.

Carmel Fisher CNZM, BCA, INFINTZ (Fellow)

Independent Director

Carmel Fisher established Fisher Funds Management Limited in 1998. Carmel's interest and involvement in the New Zealand share market spans nearly 30 years and she is widely recognised as one of New Zealand's pre-eminent investment professionals. Carmel was an investment analyst and portfolio manager for several stockbroking and institutional firms before launching Fisher Funds as a boutique fund manager. She was managing director of Fisher Funds for 20 years before retiring and selling the company in 2017. Carmel is also a director of Barramundi, Marlin Global and Rembrandt Suits. Carmel's principal place of residence is Auckland.

Carmel was made a Companion of the New Zealand Order of Merit in the 2019 New Years honours for her services to the New Zealand finance industry.

Carmel was first appointed to the Kingfish board on 30 January 2004.

Andy Coupe LLB, CMInstD

Chair of Investment Committee

Independent Director

Andy Coupe has extensive commercial and capital markets experience having worked in a number of sectors within the financial markets over the last 30 years. Andy was formerly a consultant in investment banking at UBS New Zealand Limited, where his role principally encompassed equity capital markets and takeover transactions involving numerous initial public offerings and secondary market transactions. Andy is a director of Barramundi, Marlin Global, Briscoe Group and Coupe Consulting. He is also Chair of the New Zealand Takeovers Panel and Chair of Television New Zealand. Andy's principal place of residence is Tamahere, Hamilton.

Andy was first appointed to the Kingfish board on 1 March 2013.

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 MARCH 2021 AND CURRENT AS AT THE DATE OF THIS ANNUAL REPORT

Kingfish's board recognises the importance of good corporate governance and is committed to ensuring that the Company meets best practice governance principles to the extent that they are appropriate for the nature of the Kingfish operations. Strong corporate governance practices encourage the creation of value for Kingfish shareholders, while ensuring the highest standards of ethical conduct and providing accountability and control systems commensurate with the risks involved.

The board is responsible for establishing and implementing the Company's corporate governance frameworks and is committed to fulfilling this role in accordance with best practice having appropriate regard to applicable laws, the NZX Corporate Governance Code ("NZX Code") and the Financial Markets Authority Corporate Governance in New Zealand - Principles and Guidelines. The board oversees the management of Kingfish, with the day-to-day portfolio and administrative management responsibilities of Kingfish being delegated to Fisher Funds Management Limited ("Fisher Funds" or "the Manager").

Over the financial year ended 31 March 2021, Kingfish was in compliance with the NZX Code, with the exception of recommendations 4.31¹ and 5.32² for the reasons explained below in the commentary regarding the relevant NZX Code principles. The alternative governance practices adopted in respect of those matters have the approval of the board.

The corporate governance policies and procedures, and board and committee charters, are regularly reviewed by the board against the corporate governance standards set by NZX, any regulatory changes and developments in corporate governance practices.

The Kingfish constitution and each of the charters, codes and policies referred to in this section are available on the Kingfish website (www.kingfish.co.nz) under the "About Kingfish" "Policies" section.

Principle 1 – Code of ethical behaviour

Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation.

CODE OF ETHICS & STANDARDS OF PROFESSIONAL CONDUCT

Kingfish's Code of Ethics & Standards of Professional Conduct details the ethical and professional behavioural standards required of the directors and those employees of the Manager who work on Kingfish matters.

The Code of Ethics & Standards of Professional Conduct covers a wide range of areas including: standards of behaviour, conflicts of interest, proper use of Company information and assets, compliance with laws and policies, reporting concerns and receiving gifts.

Any person who becomes aware of a breach or suspected breach of the Code of Ethics & Standards of Professional Conduct is required to report it immediately in accordance with the procedure set out in the Code of Ethics & Standards of Professional Conduct.

Training on the Code of Ethics & Standards of Professional Conduct is included as part of the induction process for new directors and relevant employees of the Manager.

The Code of Ethics & Standards of Professional Conduct is also available on the Kingfish website for directors and staff to access at any time.

SECURITIES TRADING POLICY

Kingfish's Securities Trading Policy details the restrictions on persons nominated by Kingfish (including its directors and employees of the Manager who work on Kingfish matters) ("Nominated Persons") on trading in Kingfish shares and other securities.

Nominated Persons, with the permission of the board of Kingfish, may trade in Kingfish shares only during the trading window commencing immediately after Kingfish's weekly disclosure of its net asset value on the NZX Limited ("NZX") market announcement platform and ending at the close of trading two days following the net asset value disclosure.

Nominated Persons may not trade in Kingfish shares when they have price sensitive information that is not publicly available.

The Securities Trading Policy is available on the Kingfish website.

CONFLICTS OF INTEREST POLICY

The Conflicts of Interest Policy outlines the board's policy on conflicts of interest. The policy details the process to be adopted for identifying conflicts of interest and managing any such conflicts.

Principle 2 – Board composition and performance

To ensure an effective board, there should be a balance of independence, skills, knowledge, experience and perspectives.

¹ Kingfish does not have a formal environmental, social and governance (ESG) framework. However the Manager has a formal ESG framework which governs its stock selection which the board is fully supportive of and committed to.

² There is no CEO remuneration disclosure as Kingfish delegates its management personnel requirements to Fisher Funds pursuant to an Administration Services Agreement.

BOARD CHARTER

Kingfish's board operates under a written charter which defines the respective functions and responsibilities of the board, focusing on the values, principles and practices that provide the corporate governance framework.

The board has overall responsibility for all decision making within Kingfish. The board is responsible for the direction and control of Kingfish and is accountable to shareholders and others for Kingfish's performance and its compliance with the appropriate laws and standards. The board has delegated the day-to-day management of Kingfish to the Manager.

The board uses committees to address certain matters that require detailed consideration. The board retains ultimate responsibility for the function of its committees and determines their responsibilities. The board is assisted in meeting its responsibilities by receiving reports and plans from the Manager and through its annual work programme.

Directors have access to key employees of the Manager who are connected to the activities of Kingfish and can request any information they consider necessary for informed decision making.

The Board Charter is available on the Kingfish website.

NOMINATION AND APPOINTMENT OF DIRECTORS

In accordance with Kingfish's constitution and NZX Listing Rules, a director must not hold office without re-election past the third annual meeting following his or her appointment or three years (whichever is the longer). A director appointed by the board must not hold office (without re-election) past the next annual meeting following his or her appointment. Procedures for the appointment and removal of directors are contained in Kingfish's constitution and the Board Charter. The Remuneration and Nominations Committee is responsible for identifying and nominating candidates to fill director vacancies for board approval.

WRITTEN AGREEMENT

Kingfish provides a letter of appointment to each newly appointed director setting out the terms of their appointment which they are required to sign. The letter includes information regarding the board's responsibilities, expectations of directors and independence, expected time commitments, indemnity and insurance provisions, declaration of interests and confidentiality. New directors are required to formally consent to act as a director.

DIRECTOR INFORMATION AND INDEPENDENCE

The board comprises four directors with diverse backgrounds, skills, knowledge, experience and perspectives. Information about each director, including a profile of experience, length of service and attendance at board meetings is available on page 28 of this Annual Report and also on the Kingfish website.

The board takes into account guidance provided under the NZX Listing Rules and the factors specified in the NZX Code in determining the independence of directors. Director independence is considered

annually. Directors have undertaken to inform the board as soon as practicable if they think their status as an independent director has or may have changed.

As at 31 March 2021, the board considers that Alistair Ryan (Chair), Carol Campbell, Andy Coupe and Carmel Fisher are independent directors and therefore all of the board are independent directors.

Information in respect of directors' ownership interests is available on page 60.

DIVERSITY

Kingfish has a formal Diversity Policy. The board views diversity as including but not being limited to, skills, qualifications, experience, gender, race, age, ethnicity and cultural background. The board recognises that having a diverse board will enhance effectiveness in key areas.

All appointments to the board are based on merit, and include consideration of the board's diversity needs, including gender diversity. Under the Diversity Policy, the principal measurable diversity objective is to embed gender diversity as an active consideration in all succession planning for board positions. The board assesses annually both the objectives set out in the Diversity Policy and the Company's progress in achieving them. During the financial year to 31 March 2021, there were no appointments to the board.

The board's gender composition as at the two most recent annual balance dates was as follows:

	Number		Proportion	
	Female	Male	Female	Male
2021				
Directors	2	2	50%	50%
	Number		Proportion	
	Female	Male	Female	Male
2020				
Directors	2	2	50%	50%

The board believes that Kingfish has achieved the objectives set out in its Diversity Policy for the year ended 31 March 2021.

The Diversity Policy is available on the Kingfish website.

DIRECTOR TRAINING

All directors are responsible for ensuring they remain current in understanding their duties as directors. To ensure ongoing education, directors are regularly informed of developments that affect the Company's industry and business environment.

ASSESSMENT OF DIRECTOR PERFORMANCE

The Remuneration and Nominations Committee conducts a formal review of director, committee and board performance annually. The review includes an assessment whether appropriate training has been received by directors. Appropriate strategies for improvement are recommended to the board as and when required. The Chair of the board also has discussions with directors on individual performance.

INDEPENDENT CHAIR AND SEPARATION OF THE CHAIR AND CHIEF EXECUTIVE

The Chair of the board is an independent director. Kingfish delegates its management personnel requirements to the Manager pursuant to an Administration Services Agreement. The Chair of the board is a different person to the Chief Executive of the Manager.

Principle 3 – Board committees

The board should use committees where this will enhance its effectiveness in key areas, while still retaining board responsibility.

The board has three standing committees: the Audit and Risk Committee, the Remuneration and Nominations Committee and the Investment Committee.

Each committee operates under a charter approved by the board. The charter of each committee is reviewed annually.

DIRECTOR MEETING ATTENDANCE

A total of ten board meetings, two Audit and Risk Committee meetings, one Remuneration and Nominations Committee meeting and three Investment Committee meetings were held in the 2021 financial year. Director attendance at board meetings and committee member attendance at committee meetings is shown below.

Director	Board	Audit and Risk Committee	Remuneration and Nominations Committee	Investment Committee
Carol Campbell	10/10	2/2	1/1	3/3
Andy Coupe	10/10	2/2	1/1	3/3
Carmel Fisher	10/10	2/2	1/1	3/3
Alistair Ryan	10/10	2/2	1/1	3/3

During the financial year ended 31 March 2021 the board of Kingfish responded to the impact of the COVID-19 pandemic by holding additional meetings with the Manager.

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee Charter sets out the objectives of the Audit and Risk Committee, which are to provide assistance to the board in fulfilling its responsibilities in relation to the Company's financial reporting, internal controls structure, risk management systems and the external audit function. The Audit and Risk Committee Charter is available on the Kingfish website.

The Audit and Risk Committee focuses on audit and risk management and specifically addresses

responsibilities relative to financial reporting and regulatory compliance.

The Audit and Risk Committee is accountable for ensuring the performance and independence of the external auditor, including that the external auditor or lead audit partner is changed at least every five years.

The Audit and Risk Committee also reviews the appropriateness of any non-audit services and recommends to the board which services, other than the statutory audit, may be provided by PricewaterhouseCoopers as auditor.

The external auditor has a clear line of direct communication at any time with either the Chair of the Audit and Risk Committee or the Chair of the board, both of whom are independent directors. During the year, the Audit and Risk Committee held private sessions with the external auditor.

The Audit and Risk Committee currently comprises all of the directors and is chaired by Carol Campbell.

The Audit and Risk Committee may invite the Corporate Manager and/or other employees of the Manager and such other persons, including the external auditor, to attend meetings, as it considers necessary to provide appropriate information and explanations.

REMUNERATION AND NOMINATIONS COMMITTEE

The Remuneration and Nominations Committee Charter sets out the objectives of the Remuneration and Nominations Committee, which are to set and review the level of directors' remuneration, ensure a formal rigorous and transparent procedure for the appointment of new directors to the board and evaluate the balance of skills, knowledge and experience on the board. The Remuneration and Nominations Committee also assesses the performance of directors, the board and board committees.

The Remuneration and Nominations Committee currently comprises all of the directors and is chaired by Alistair Ryan.

The Remuneration and Nominations Committee may invite the Corporate Manager and/or other employees of the Manager and such other persons, including the external auditor, to attend meetings as it considers necessary to provide appropriate information and explanations.

The Remuneration and Nominations Committee Charter is available on the Kingfish website.

INVESTMENT COMMITTEE

The Investment Committee Charter sets out the objective of the Investment Committee, which is to oversee the investment management of Kingfish to ensure the portfolio is managed in accordance with the investment mandate and with the long-term performance objectives of Kingfish. The Investment Committee Charter is available on the Kingfish website.

CORPORATE GOVERNANCE STATEMENT CONTINUED

The Investment Committee currently comprises all of the directors and is chaired by Andy Coupe.

TAKEOVER RESPONSE PROTOCOLS

The board has adopted a formal Takeover Response Protocol as an internal framework that sets out the process to be followed if there is a takeover offer for Kingfish.

Principle 4 – Reporting and disclosure

The board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures.

CONTINUOUS DISCLOSURE

Kingfish is committed to promoting investor confidence by providing complete and equal access to information in accordance with the NZX Listing Rules. Kingfish has a Continuous Disclosure Policy designed to ensure this occurs and a copy of the policy is available on the Kingfish website. The Corporate Manager is responsible for overseeing and co-ordinating disclosure to the exchange.

CHARTERS AND POLICIES

Kingfish's key corporate governance documents, including its Code of Ethics & Standards of Professional Conduct, board and committee charters and other policies, are available on the Kingfish website under the "About Kingfish" "Policies" section.

FINANCIAL REPORTING

Kingfish believes its financial reporting is balanced, clear and objective. Kingfish is committed to ensuring integrity and timeliness in its financial and non-financial reporting and ensuring the market and shareholders are provided with an objective view on the performance of the Company.

The Audit and Risk Committee oversees the quality and integrity of external financial reporting, including the accuracy, completeness and timeliness of financial statements. The Audit and Risk Committee reviews half-yearly and annual financial statements and makes recommendations to the board concerning accounting policies, areas of judgement, compliance with accounting standards, stock exchange and legal requirements and the results of the external audit.

As at 31 March 2021, Kingfish did not have a formal environmental, social and governance (ESG) framework. Kingfish 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. Kingfish will continue to assess the relevance of adopting an ESG framework. However, the Manager has a formal ESG framework which governs its stock selection, which the board is fully supportive of and committed to.

In April 2021, the New Zealand Government introduced a Bill to Parliament to mandate climate-related financial disclosures. This new reporting

requirement will impact the reporting of most NZX listed issuers, as well as large registered banks, licensed insurers and managers of investment schemes. The new legislation is based on the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD), which will bring the New Zealand financial reporting regarding climate risk into line with similar reporting requirements already being adopted around the world. The board will determine the appropriate climate risk reporting for Kingfish once the legislative changes have been finalised.

Principle 5 – Remuneration

The remuneration of directors and executives should be transparent, fair and reasonable.

DIRECTORS' REMUNERATION

The Director Remuneration Policy sets out the structure of the remuneration for directors, the review process and reporting requirements. The Director Remuneration Policy is available on the Kingfish website.

Directors' fees are determined by the board on the recommendation of the Remuneration and Nominations Committee within the aggregate amount approved by shareholders. The current directors' fee pool limit of \$157,500 (plus GST if any) was approved by shareholder resolution at the 2018 Annual Shareholders' Meeting.

Each year, the Remuneration and Nominations Committee reviews the level of directors' fees. The Remuneration and Nominations Committee considers the skills, performance, experience and level of responsibility of directors when undertaking the review, and is authorised to obtain independent advice on market conditions.

The following table sets out the remuneration received by each director from Kingfish for the year ended 31 March 2021.

Directors' remuneration* for the 12 months ended 31 March 2021

A B Ryan (Chair)	\$50,000 ⁽¹⁾
C A Campbell	\$37,500 ⁽²⁾
R A Coupe	\$37,500 ⁽³⁾
C M Fisher	\$32,500 ⁽⁴⁾

*excludes GST

⁽¹⁾ \$4,972 of this amount was applied to the purchase of 3,127 shares under the Kingfish Share Purchase Plan. (Alistair Ryan holds in excess of the 50,000 share threshold set out in the director Share Purchase Plan but has elected to continue in the plan.)

⁽²⁾ Included in this total amount is \$5,000 that Carol Campbell receives as Chair of the Audit and Risk Committee. \$3,727 of this amount was applied to the purchase of 2,344 shares under the Kingfish Share Purchase Plan. (Carol Campbell holds in excess of the 50,000 share threshold set out in the director Share Purchase Plan but has elected to continue in the plan).

⁽³⁾ Included in this total amount is \$5,000 that Andy Coupe receives as Chair of the Investment Committee. \$3,727 of this amount was applied to the purchase of 2,344 shares under the Kingfish Share Purchase Plan.

⁽⁴⁾ Carmel Fisher is a substantial Kingfish shareholder and has holdings in excess of the 50,000 share threshold set out in the director Share Purchase Plan. (Details of director holdings can be found in the Statutory Information section on page 60).

Details of remuneration paid to directors are also disclosed in note 10 to the financial statements for the financial year ended 31 March 2021. The directors' fees disclosed in the financial statements include a portion of non-recoverable GST expensed by Kingfish.

DIRECTORS' SHAREHOLDING - SHARE PURCHASE PLAN

A Share Purchase Plan was introduced by the board in 2012 which requires each director to allocate 10% of their annual director's fee to the purchase (on market) of Kingfish shares. Once an individual director's shareholding reaches 50,000 shares, the director can elect whether to continue with the plan. The intention of the Share Purchase Plan is to further align the interests of directors with those of shareholders.

OFFICER REMUNERATION

Kingfish delegates its management personnel requirements to Fisher Funds pursuant to an Administration Services Agreement. For this reason, Kingfish does not have a Chief Executive Officer and it does not consider it appropriate to make disclosures about remuneration for the Manager's personnel or include those personnel in the application of the Company's remuneration policies. The fees paid to Fisher Funds for administration services are set out in note 10 to Kingfish's financial statements for the financial year ended 31 March 2021.

Principle 6 – Risk management

Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks.

RISK MANAGEMENT FRAMEWORK

The board has overall responsibility for Kingfish's system of risk management and internal control. Kingfish has in place policies and procedures to identify areas of significant business risk and implements procedures to manage those risks effectively.

Key risk management tools used by Kingfish include the Audit and Risk Committee function, outsourcing of certain functions to service providers, internal controls, financial and compliance reporting procedures and processes and business continuity planning. Kingfish also maintains insurance policies that it considers adequate to meet its insurable risks.

The board is actively involved in tracking the development of existing risks and the emergence of new risks to Kingfish's business. The Audit and Risk Committee and board receive regular reports on the operation of risk management policies and procedures. Significant risks are discussed at each board meeting, and/or as required.

In addition to Kingfish's policies and procedures in place to manage business risks, the Manager has its own comprehensive risk management policy. The board is informed of any changes to the Manager's policy.

The spread of Covid-19 has impacted economies around the globe. In many countries, businesses have been forced to cease or limit operations for extended or indefinite periods of time. Global stock markets have experienced greater than normal volatility and there was significant market weakness during the early stages of the pandemic.

During the financial year ended 31 March 2021, the board of Kingfish responded to the impact of the Covid-19 pandemic by holding additional meetings with the Manager to ensure that appropriate risk management processes and procedures, including the rigorous application of the STEPP process, were being maintained to. The application of the STEPP process ensures stock selection, de-selection and the in-depth testing of the stock assessment processes. These additional meetings enabled the board to closely oversee the portfolio management process undertaken by the Manager as part of their mandated approach.

During the period of the initial first New Zealand lockdown, when there was significant volatility in the NZX, Kingfish increased its usual weekly NAV reporting from once per week on Thursdays, to twice per week, with the NAVs published on both Mondays and Thursdays. Kingfish reverted to once per week NAV reporting from mid-May 2020.

The duration and overall impact of the Covid-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. As such, it is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of Kingfish for future periods.

The preparation of Kingfish's financial statements for the financial year ended 31 March 2021 has not required the addition of any new judgements or estimates.

HEALTH AND SAFETY

The Manager operates under a Health and Safety Policy. Under this policy, Fisher Funds assumes responsibility for the health and safety of its employees.

Principle 7 – Auditors

The board should ensure the quality and independence of the external audit process.

Kingfish's Audit and Risk Committee makes recommendations to the board on the appointment of the external auditor. The Audit and Risk Committee monitors the independence and effectiveness of the external auditor and approves and reviews any non-audit services performed by the external auditor. An External Auditor Independence Policy, which documents the framework of Kingfish's relationship with its external auditor, was adopted in May 2018. This policy includes procedures:

- to sustain communication with Kingfish's external auditor;
- to ensure that the ability of the external auditor to carry out its statutory audit role is not impaired, or could reasonably be perceived to be impaired;
- to address what, if any, services (whether by type or level) other than their statutory audit roles may be provided by the external auditor to Kingfish; and
- to provide for the monitoring and approval by the Audit and Risk Committee of any service provided by the external auditor to Kingfish other than in their statutory audit role.

The Audit and Risk Committee meets with the external auditor, without management present, to approve their terms of engagement, audit partner rotation (at least every five years) and audit fee, and to review and provide feedback in respect of the annual audit plan. The Audit and Risk Committee holds private sessions with the external auditor.

Kingfish's current external auditor, PricewaterhouseCoopers ("PwC"), was appointed by shareholders at the 2007 annual meeting in accordance with the provisions of the Companies Act 1993. PwC is automatically reappointed as auditor under Part 11, Section 207T of the Companies Act at the Annual Shareholders' Meeting, except in limited circumstances.

The Audit and Risk Committee has assessed PwC to be independent and confirmed that the non-audit services provided in relation to confirming the amounts used in the performance fee calculation have not compromised PwC's independence. Written confirmation of PwC's independence has been obtained by the board.

PwC, as external auditor of the 2021 financial statements, will attend this year's Annual Shareholders' Meeting and will be available to answer questions about the conduct of the audit, preparation and content of the auditor's report, accounting policies adopted by Kingfish and their independence in relation to the conduct of the audit.

Kingfish does not have an internal audit function, however the Company regularly reviews all areas of risk management and focuses on all operating and compliance risk obligations. Kingfish delegates day-to-day management responsibilities to the Manager and the Corporate Manager is responsible for managing operational and compliance risks across Kingfish's business and reporting on those matters to the board as needed.

Principle 8 – Shareholder rights and relations

The board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer.

INFORMATION FOR SHAREHOLDERS

The board recognises the importance of providing shareholders comprehensive, timely and equal access to information about its activities. The board aims to ensure that shareholders have available to them all information necessary to assess Kingfish's performance.

Kingfish's website, www.kingfish.co.nz, provides information to shareholders and investors about the Company. Kingfish's 'Investor Centre' part of its website contains a range of information including periodic and continuous disclosures to NZX, half year and annual reports and content related to the Annual Shareholders' Meeting. The website also contains information about Kingfish's directors, copies of key corporate governance documents and general company information.

The board recognises that other stakeholders may have an interest in Kingfish's activities. While there are no specific stakeholders' interests that are currently identifiable, Kingfish will continue to review policies in consideration of future interests.

COMMUNICATING WITH SHAREHOLDERS

Kingfish communicates regularly with its shareholders through its monthly and quarterly updates. The Company receives questions from shareholders from time to time, and has processes in place to ensure shareholder communications are responded to within a reasonable timeframe. The Company's website sets out Kingfish's appropriate contact details for communications from shareholders. Kingfish also provides options for shareholders to receive and send communications by post or electronically.

SHAREHOLDER VOTING RIGHTS

When required by the Companies Act 1993, Kingfish's Constitution and the NZX Listing Rules, Kingfish will refer decisions to shareholders for approval. Kingfish's policy is to conduct voting at its shareholder meetings by way of poll and on the basis of one share, one vote.

NOTICE OF ANNUAL MEETING

The 2021 Kingfish Notice of Annual Meeting will be sent to shareholders at least 10 working days prior to the meeting and will be published on the Kingfish website.

Subject to any Covid-19 restrictions which prevent the Company from holding a physical meeting, this year's meeting will be held at 10.30am on 6 August 2021, at the Ellerslie Event Centre in Auckland. Full participation of shareholders is encouraged at the Shareholders' Annual Meeting and shareholders are encouraged to submit questions in writing prior to the meeting.

MANAGEMENT AGREEMENT RENEWAL

The Management Agreement between Kingfish and Fisher Funds is subject to renewal every five years. The Management Agreement is next subject to renewal in 2024.

NZX WAIVERS

Kingfish outsources all investment management functions and administration services to the Manager under the Management Agreement entered into when Kingfish first listed. The Management Agreement has been amended to reflect the evolving relationship between Kingfish and the Manager, with such amendments being largely administrative. Since December 2014, administration services previously provided for in the Management Agreement have been recorded in a separate Administration Services Agreement. The rationale for this change was to create efficiencies for Kingfish across staff utilisation and costs. There was no substantive change to the nature or scope of services or the actual costs payable.

Kingfish was granted a waiver by NZX Regulation on 30 May 2017 from (pre 1 January 2019) NZX Listing Rule 9.2.1 so that it is not required to obtain shareholder approval for the entry into the Administration Services Agreement and specific amendments to the Management Agreement. The waiver is provided on the conditions specified in paragraph 2 of the waiver decision, which is available on the Kingfish website: www.kingfish.co.nz/investor-centre/market-announcements/.

CAPITAL RAISINGS

Kingfish Warrant Issue (KFLWF)

On 12 March 2021, Kingfish warrant holders had the option to convert their warrants into Kingfish shares at an exercise price of \$1.51 per warrant. On the same day, Kingfish shares were trading on-market at \$1.90, a 26% premium to the exercise price.

Warrant holders took advantage of this discount, with 56,285,634 warrants out of a possible 61,578,083 warrants (91.4%) being converted into Kingfish shares.

The new shares were allotted to warrant holders on 17 March 2021. All new shares have the same rights as current Kingfish shares, including participating in the Company's quarterly dividend policy.

The remaining 5,292,449 warrants which were not exercised lapsed, and all rights in regards to them expired.

The majority of the additional funds raised through the conversion of warrants was invested during March 2021 in Kingfish's investment portfolio of stocks, in similar proportions to the existing portfolio.

DIRECTORS' STATEMENT OF RESPONSIBILITY

FOR THE YEAR ENDED 31 MARCH 2021

We present the financial statements for Kingfish Limited for the year ended 31 March 2021.

We have ensured that the financial statements for Kingfish Limited present fairly the financial position of the Company as at 31 March 2021 and its financial performance and cash flows for the year ended on that date.

We have ensured that the accounting policies used by the Company comply with generally accepted accounting practice in New Zealand and believe that proper accounting records have been kept. We have ensured compliance of the financial statements with the Financial Markets Conduct Act 2013.

We also consider that adequate controls are in place to safeguard the Company's assets and to prevent and detect fraud and other irregularities.

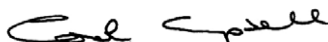
The Kingfish board authorised these financial statements for issue on 27 May 2021.



Alistair Ryan



Carmel Fisher



Carol Campbell



Andy Coupe

FINANCIAL STATEMENTS CONTENTS

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KINGFISH LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 \$000	2020 \$000
Interest income		49	292
Dividend income		5,410	5,834
Net changes in fair value of investments	2	150,504	1,575
Other income		3	28
Total net income		155,966	7,729
Operating expenses	3	13,233	5,957
Operating profit before tax		142,733	1,772
Total tax expense	4	20	30
Net operating profit after tax attributable to shareholders		142,713	1,742
Total comprehensive income after tax attributable to shareholders		142,713	1,742
Basic earnings per share	6	56.28c	0.75c
Diluted earnings per share	6	54.65c	0.75c

The accompanying notes form an integral part of these financial statements.

KINGFISH LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Attributable to shareholders of the Company			
		Share Capital	Performance Fee Reserve	Retained Earnings	Total Equity
		\$000	\$000	\$000	\$000
Balance at 31 March 2019		214,296	2,043	94,282	310,621
Comprehensive income					
Net operating profit after tax		0	0	1,742	1,742
Other comprehensive income		0	0	0	0
Total comprehensive income for the year ended 31 March 2020		0	0	1,742	1,742
Transactions with shareholders					
Dividends paid	5	0	0	(29,474)	(29,474)
Share buybacks	5	(681)	0	0	(681)
Shares issued from treasury stock under dividend reinvestment plan	5	600	0	0	600
New shares issued under dividend reinvestment plan	5	10,358	0	0	10,358
Shares issued for warrants exercised	5	52,247	0	0	52,247
Prior year Manager's performance fee settled with ordinary shares		1,898	(1,907)	0	(9)
Prior year Manager's performance fee settled with treasury stock		136	(136)	0	0
Total transactions with shareholders for the year ended 31 March 2020		64,558	(2,043)	(29,474)	33,041
Balance at 31 March 2020		278,854	0	66,550	345,404
Comprehensive income					
Net operating profit after tax		0	0	142,713	142,713
Other comprehensive income		0	0	0	0
Total comprehensive income for the year ended 31 March 2021		0	0	142,713	142,713
Transactions with shareholders					
Dividends paid	5	0	0	(33,895)	(33,895)
New shares issued under dividend reinvestment plan	5	12,402	0	0	12,402
Shares issued for warrants exercised	5	84,823	0	0	84,823
Total transactions with shareholders for the year ended 31 March 2021		97,225	0	(33,895)	63,330
Balance at 31 March 2021		376,079	0	175,368	551,447

The accompanying notes form an integral part of these financial statements.

KINGFISH LIMITED

STATEMENT OF FINANCIAL POSITION

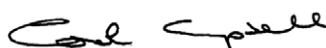
AS AT 31 MARCH 2021

	Notes	2021 \$000	2020 \$000
SHAREHOLDERS' EQUITY		551,447	345,404
Represented by:			
ASSETS			
Current Assets			
Cash and cash equivalents	9	33,528	18,493
Trade and other receivables	7	369	2,387
Investments at fair value through profit or loss	2	526,523	324,953
Total Current Assets		560,420	345,833
TOTAL ASSETS		560,420	345,833
LIABILITIES			
Current Liabilities			
Trade and other payables	8	8,973	429
Total Current Liabilities		8,973	429
TOTAL LIABILITIES		8,973	429
NET ASSETS		551,447	345,404

These financial statements have been authorised for issue for and on behalf of the Board by:



A B Ryan / Chair
27 May 2021



C A Campbell / Chair of the Audit and Risk Committee
27 May 2021

The accompanying notes form an integral part of these financial statements.

KINGFISH LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 \$000	2020 \$000
Operating Activities			
Sale of listed equity investments		81,493	97,963
Interest received		49	292
Dividends received		5,612	6,296
Other income received		1	27
Purchase of listed equity investments		(129,235)	(130,186)
Operating expenses		(6,195)	(8,191)
Taxes paid		(20)	(30)
Net cash outflows from operating activities	9	(48,295)	(33,829)
Financing Activities			
Proceeds from warrants exercised		84,823	52,247
Share buybacks		0	(683)
Dividends paid (net of dividends reinvested)		(21,493)	(18,516)
Net cash inflows from financing activities		63,330	33,048
Net increase/(decrease) in cash and cash equivalents held		15,035	(781)
Cash and cash equivalents at beginning of the year		18,493	19,274
Cash and cash equivalents at end of the year	9	33,528	18,493

The accompanying notes form an integral part of these financial statements.

KINGFISH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

NOTE 1 BASIS OF ACCOUNTING**Reporting Entity**

Kingfish Limited ("Kingfish" or "the Company") is listed on the NZX Main Board, is registered in New Zealand under the Companies Act 1993 and is an FMC Reporting Entity under the Financial Markets Conduct Act 2013.

The Company's registered office is Level 1, 67-73 Hurstmere Road, Takapuna, Auckland.

Basis of Preparation

These financial statements have been prepared in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013, the NZX Main Board listing rules and New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) as appropriate for profit entities, and International Financial Reporting Standards (IFRS).


The financial statements have been prepared on the historical cost basis, except for investment assets at fairvalue through profit or loss.

The functional and reporting currency used to prepare the financial statements is New Zealand dollars, rounded to the nearest one thousand dollars.

The operating expenses include GST where it is charged by other parties as it cannot be reclaimed.

The impact of COVID-19 on the Company's financial statements was considered and, other than the impact of the post COVID-19 recovery on investment fair value gains, there have been no other impacts on the Company's financial reporting.


Accounting Policies

Accounting policies that summarise the recognition and measurement basis used and are relevant to an understanding of the financial statements, are provided throughout the notes to the financial statements and are designated by a  symbol.

The accounting policies adopted have been consistently applied to all years presented, unless otherwise stated.

There are no new accounting standards, amendments to standards and interpretations that have a material impact on these financial statements. The same applies for any new standards, amendments to standards and interpretations that have been issued but are not yet effective.

Critical Judgements, Estimates and Assumptions


The preparation of financial statements requires the directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Judgements are designated by a  symbol in the notes to the financial statement. There were no material estimates or assumptions required in the preparation of these financial statements.


Authorisation of Financial Statements

The Kingfish Board of Directors authorised these financial statements for issue on 27 May 2021.

No party may change these financial statements after their issue.

NOTE 2 INVESTMENTS

 Given that the investment portfolio is managed, and performance is evaluated, on a fair value basis in accordance with a documented investment strategy, Kingfish has classified all its investments at fair value through profit or loss.

 Investments are initially recognised at fair value and are subsequently revalued to reflect changes in fair value. Net changes in the fair value of investments are recognised in the Statement of Comprehensive Income.


Investments at fair value through profit or loss comprise New Zealand listed equity investment assets.

All purchases and sales of investments are recognised at trade date, which is the date the Company commits to purchase or sell the investment and transaction costs are expensed as incurred. When an investment is sold, any gain or loss arising on the sale is included in the Statement of Comprehensive Income. Realised gains or losses are calculated as the difference between the sale proceeds and the carrying amount of the item.

The fair value of listed equity investments traded in active markets are based on last sale prices at balance date, except where the last sale price falls outside the bid-ask spread for a particular investment, in which case the bid price will be used to value the investment.

Dividend income from investments is recognised in the Statement of Comprehensive Income when the Company's right to receive payments is established (ex-dividend date).

Investments recognised at fair value are categorised according to a fair value hierarchy that shows the extent of judgement used in determining their fair value. Where unadjusted quoted prices are used, the investments are categorised as Level 1. When inputs derived from quoted prices are used, the investments are categorised as Level 2. If significant inputs are not based on observable market data, they are categorised as Level 3.

 All listed equity investments held by Kingfish are categorised as Level 1. There have been no transfers between levels of the fair value hierarchy during the year (2020: none).

There were no financial instruments classified as Level 2 or 3 at 31 March 2021 (2020: none).

KINGFISH LIMITED

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2021

NOTE 3 OPERATING EXPENSES

	2021 \$000	2020 \$000
Management fees (note 10)	5,671	4,671
Performance fees (note 10)	6,291	0
Administration services (note 10)	159	159
Directors' fees (note 10)	176	174
Custody, accounting and brokerage	594	612
Investor relations and communications	150	136
NZX fees	64	55
Professional fees	19	50
Fees paid to the auditor:		
Statutory audit and review of financial statements	41	40
Non assurance services ¹	3	0
Other operating expenses	65	60
Total operating expenses	13,233	5,957

¹ Non-assurance services relate to agreed upon procedures performed in respect of the performance fee calculation. No other fees were paid to the auditor.

NOTE 4 TAXATION

Kingfish is a Portfolio Investment Entity ("PIE") for tax purposes.



Taxation expense comprises both current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at balance date, and any adjustment to tax payable in respect of previous years. Current tax for current and prior periods is recognised as a liability or asset to the extent that it is unpaid (or refundable). Deferred tax (if any) is recognised as the difference between the carrying amounts of assets and liabilities in the financial statements and the amounts used for taxation purposes. A deferred tax asset is only recognised to the extent it is probable it will be utilised.



A deferred tax asset of \$11,943,247, resulting from tax losses of \$42,138,868, at 31 March 2021 (2020: tax asset of \$8,813,609, tax losses of \$31,235,101) has not been recognised, as the tax structure of the Company is unlikely to lead to the utilisation of a deferred tax asset. This unrecognised deferred tax asset is reviewed annually.

NOTE 4 TAXATION CONTINUED

	2021 \$000	2020 \$000
Taxation expense is determined as follows:		
Operating profit before tax	142,733	1,772
Non-taxable realised gain on investments	(24,146)	(33,427)
Non-taxable unrealised (gain)/loss on investments	(126,351)	31,879
Imputation credits	1,499	1,696
Non-deductible expenditure	513	554
Taxable (loss)/income	(5,752)	2,474
Tax at 28%	(1,611)	693
Imputation credits	(1,499)	(1,696)
Deferred tax not recognised	3,130	1,033
Total tax expense	20	30
<i>Taxation expense comprises:</i>		
Current tax	20	30
	20	30
Current tax balance		
Opening balance	0	0
Current tax expense	(20)	(30)
Tax paid	20	30
Current tax receivable	0	0

Imputation credits

The imputation credits available for subsequent reporting periods total \$226,561 (2020: \$237,774). This amount represents the balance of the imputation credit account at the end of the reporting period, adjusted for imputation credits that will arise from the receipt of dividends recognised as a receivable at 31 March 2021.

NOTE 5 SHAREHOLDERS' EQUITY

Share Capital



Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares and warrants are shown in equity as a deduction.

When shares are acquired by the Company, the amount of consideration paid is recognised directly in equity. Acquired shares are classified as treasury stock and presented as a deduction from share capital. When treasury stock is subsequently sold or reissued, the cost of treasury stock is reversed and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs, is recognised within share capital.

FOR THE YEAR ENDED 31 MARCH 2021

Kingfish has 312,037,141 fully paid ordinary shares on issue (2020: 248,587,907). All ordinary shares are classified as equity, rank equally and have no par value. All shares carry an entitlement to dividends and one vote is attached to each fully paid ordinary share.

Buybacks

Kingfish maintains an ongoing share buyback programme. For the year ended 31 March 2021, Kingfish did not acquire any shares (2020: 472,965 shares to the value of \$680,614) under the programme which allows up to 5% of the ordinary shares on issue (as at the date 12 months prior to the acquisition) to be acquired. Shares acquired under the buyback programme are held as treasury stock and subsequently reissued to shareholders under the dividend reinvestment plan. There were no shares held as treasury stock at balance date (2020: nil).

Warrants

On 9 March 2020, 61,578,083 new Kingfish warrants were allotted and quoted on the NZX Main Board. One new warrant was issued to all eligible shareholders for every four shares held on record date (6 March 2020). On 12 March 2021, 56,285,634 warrants valued at \$84,991,307, less issue costs of \$167,824 (net \$84,823,483), were exercised at \$1.51 per warrant and the remaining 5,292,449 warrants lapsed.

On 12 July 2019, 41,889,557 warrants valued at \$52,361,927, less issue costs of \$115,176 (net \$52,246,751), were exercised at \$1.25 per warrant and the remaining 6,478,976 warrants lapsed.

Dividends

Dividend distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends are declared by the Kingfish board.

Kingfish has a distribution policy where 2% of average NAV is distributed each quarter. Dividends paid during the year comprised:

	2021 \$000	Cents per share		2020 \$000	Cents per share
26 Jun 2020	7,607	3.06	27 Jun 2019	6,114	3.07
25 Sep 2020	8,139	3.25	26 Sep 2019	7,827	3.23
18 Dec 2020	8,729	3.46	19 Dec 2019	7,553	3.09
26 Mar 2021	9,420	3.71	27 Mar 2020	7,980	3.24
	33,895	13.48		29,474	12.63

Dividend Reinvestment Plan

Kingfish has a dividend reinvestment plan which provides ordinary shareholders with the option to reinvest all or part of any cash dividends in fully paid ordinary shares at a 3% discount to the five-day volume weighted average share price from the date the shares trade ex-entitlement. During the year ended 31 March 2021, 7,163,600 ordinary shares totalling \$12,401,697 (2020: 7,872,492 ordinary shares totalling \$10,957,572) were issued in relation to the plan for the quarterly dividends paid. To participate in the dividend reinvestment plan, a completed participation notice must be received by Kingfish before the next record date.

NOTE 6 EARNINGS PER SHARE



Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares on issue during the year. Diluted earnings per share assumes conversion of all dilutive potential ordinary shares in determining the denominator. Potential ordinary shares include outstanding warrants.

	2021 \$000	2020 \$000
Basic earnings per share		
Profit attributable to shareholders of the Company (\$'000)	142,713	1,742
Weighted average number of ordinary shares on issue net of treasury stock ('000)	253,583	231,182
Basic earnings per share	56.28c	0.75c
Diluted earnings per share		
Profit attributable to shareholders of the Company (\$'000)	142,713	1,742
Weighted average number of ordinary shares on issue net of treasury stock ('000)	253,583	231,182
Diluted effect of warrants ('000)	7,570	1,796
	261,153	232,978
Diluted earnings per share	54.65c	0.75c

NOTE 7 TRADE AND OTHER RECEIVABLES



Trade and other receivables are classified as financial assets at amortised cost and are initially recognised at fair value, and subsequently measured at amortised cost less any provision for impairment. Receivables are assessed on a case-by-case basis for impairment.



The trade and other receivables' carrying values are a reasonable approximation of fair value.

	2021 \$000	2020 \$000
Dividends receivable	327	529
Unsettled investment sales	0	1,837
Other receivables	42	21
Total trade and other receivables	369	2,387

NOTE 8 TRADE AND OTHER PAYABLES



Trade and other payables are classified as other financial liabilities and are initially recognised at fair value, and subsequently measured at amortised cost.



The trade and other payables' carrying values are a reasonable approximation of fair value.

	2021 \$000	2020 \$000
Related party payable (note 10)	7,345	388
Unsettled investment purchases	1,487	0
Other payables and accruals	141	41
Total trade and other payables	8,973	429

NOTE 9 CASH AND CASH FLOW RECONCILIATION

Cash and Cash Equivalents



Cash and cash equivalents are classified as financial assets at amortised cost and comprise cash on deposit at banks and short-term money market deposits.

	2021 \$000	2020 \$000
Cash - New Zealand	33,528	18,493
Cash and Cash Equivalents	33,528	18,493
Reconciliation of Net Operating Profit after Tax to Net Cash Flows from Operating Activities		
Net operating profit after tax	142,713	1,742
Items not involving cash flows		
Unrealised (gains)/losses on revaluation of investments	(126,351)	31,879
	(126,351)	31,879
Impact of changes in working capital items		
Increase/(decrease) in trade and other payables	8,544	(2,581)
Decrease in trade and other receivables	2,018	10,423
	10,562	7,842
Items relating to investments		
Amount paid for purchases of investments	(129,235)	(130,186)
Amount received from sales of investments	81,493	97,963
Realised gains on investments	(24,153)	(33,454)
(Increase)/decrease in unsettled purchases of investments	(1,487)	334
Decrease in unsettled sales of investments	(1,837)	(9,941)
	(75,219)	(75,284)
Other		
Increase in share buybacks payable	0	2
Expenses in relation to prior year's performance fee settled by issue of shares	0	(10)
	0	(8)
Net cash outflows from operating activities	(48,295)	(33,829)

KINGFISH LIMITED

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2021

NOTE 10 RELATED PARTY INFORMATION



Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions.

Transactions with related parties

Transactions with related parties The Manager of Kingfish is Fisher Funds Management Limited ("Fisher Funds" or "the Manager"). Fisher Funds is a related party by virtue of the Management Agreement. In return for the performance of its duties as Manager, Fisher Funds is paid the following fees:

(i) Management fee: 1.25% (plus GST) per annum of the gross asset value, calculated weekly and payable monthly in arrears. The fee reduces if the Manager underperforms, thereby aligning the Manager's interests with those of the Kingfish shareholders. For every 1% underperformance (relative to the change in the NZ 90 Day Bank Bill Index) the management fee percentage is reduced by 0.1%, subject to a minimum 0.75% per annum management fee.

(ii) Performance fee: Fisher Funds may earn an annual performance fee of 10% plus GST of excess returns over and above the performance fee hurdle return (being the change in the NZ 90 Day Bank Bill Index plus 7%) subject to achieving the High Water Mark ("HWM"). The total performance fee amount is subject to a cap of 1.25% of the adjusted net asset value (prior to performance fees) and is settled fully in cash.

The HWM is the dollar amount by which the net asset value per share exceeds the highest net asset value per share (after adjustment for capital changes and distributions) at the end of any previous calculation period in which a performance fee was payable, multiplied by the number of shares at the end of the period.

In accordance with the terms of the Management Agreement, when a performance fee is earned, it is paid within 60 days of the balance date.



Performance fees paid to the Manager are recognised as an expense in the Statement of Comprehensive Income and are treated in line with a typical operating expense.

For the year ended 31 March 2021, excess returns of \$125,658,709 were generated (31 March 2020: no excess returns were generated) and the net asset value per share before the deduction of a performance fee was \$1.79 (2020: \$1.39), which exceeded the HWM after adjustment for capital changes and distributions of \$1.26 (2020: \$1.37). Accordingly, the Company has expensed a capped performance fee of \$6,290,731 in the Statement of Comprehensive Income for the year ended 31 March 2021 (2020: no performance fee was expensed).

(iii) Administration fee: Fisher Funds provides corporate administration services and a fee is payable monthly in arrears.

NOTE 10 RELATED PARTY INFORMATION CONTINUED

	2021 \$000	2020 \$000
Fees earned, accrued and payable:		
Fees earned by and accrued to the Manager for the year ending 31 March		
Management fees	5,671	4,671
Performance fees	6,291	0
Administration services	159	159
Total fees earned by and accrued to the Manager	12,121	4,830
Fees payable to the Manager at 31 March		
Management fees	1,028	375
Performance fees	6,291	0
Administration services	26	13
Total amount payable to the Manager	7,345	388

Investment transactions with related parties

Off-market transactions between Kingfish and other funds managed by Fisher Funds take place for the purposes of rebalancing portfolios without incurring brokerage costs. These transactions are conducted after the market has closed at last sale price (on an arm's length basis). Purchases for the year ended 31 March 2021 totalled \$nil (2020: \$1,816,526) and no sales were made (2020: \$767,561).

Directors

The directors of Kingfish are the only key management personnel and they are paid a fee for their services. The directors' fee pool is \$157,500 (plus GST, if any) per annum (2020: \$157,500). The amount paid to directors (inclusive of GST for three directors) is disclosed in note 3 under directors' fees (all directors earn a director's fee).

The directors or their associates also held shares in the Company at 31 March 2021 and warrants during the year. The table below shows a reconciliation of opening and closing share holdings and warrant holdings for all directors or their associates:

	2021 \$000	2020 \$000
Opening market value of shares held by directors or their associates	14,464	6,734
Plus shares issued for warrants exercised	4,232	1,557
Plus other share purchases	61	6,872
Plus share price movements	7,937	(699)
Closing market value of shares held by directors or their associates	26,694	14,464
Opening market value of warrants held by directors or their associates	84	75
Plus new warrants issued and price movements	785	184
Less warrants exercised	(869)	(175)
Closing market value of warrants held by directors or their associates	0	84

Dividends of \$1,513,160 (2020: \$1,224,783) were also received by directors or their associates as a result of their shareholding.

NOTE 11 FINANCIAL RISK MANAGEMENT

The Company is subject to a number of financial risks which arise as a result of its investment activities, including market risk, credit risk and liquidity risk.

The Management Agreement between Kingfish and Fisher Funds details permitted investments. Financial instruments currently recognised in the financial statements also comprise cash and cash equivalents, trade and other receivables and trade and other payables.

Market Risk

All equity investments present a risk of loss of capital, often due to factors beyond the Company's control such as competition, regulatory changes, commodity price changes and changes in general economic climates domestically and internationally. The Manager moderates this risk through careful stock selection, diversification and daily monitoring of the market positions. For corporate governance purposes there is also regular reporting to the Board of Directors. In addition, the Manager has to meet the criteria of authorised investments within the prudential limits defined in the Management Agreement.

The maximum market risk resulting from financial instruments is determined as their fair value.

Price Risk

Price risk is the risk of gains or losses from changes in the market price of investments. The Company is exposed to the risk of fluctuations in the underlying value of its listed portfolio companies. The following companies individually comprise more than 10% of Kingfish's total assets at 31 March 2021, and therefore fluctuations in the value of these portfolio companies will have a greater impact on the overall investments balance.

	2021	2020
Mainfreight Limited	18%	16%
Fisher and Paykel Healthcare Corporation Limited	16%	19%
Infratil Limited	14%	10%

Interest Rate Risk

Interest rate risk is the risk of movements in local interest rates. The Company is exposed to the risk of gains or losses or changes in interest income from movements in local interest rates. There is no hedge against the risk of movements in interest rates.

The Company may use short-term fixed rate borrowings to fund investment opportunities. There were no borrowings at 31 March 2021 (2020: nil).

Currency Risk

Currency risk is the risk that the fair value or future cash flows of an investment will fluctuate because of changes in foreign exchange rates. The Company generally holds assets denominated in New Zealand dollars and is therefore not directly exposed to currency risk. The portfolio companies that Kingfish invests in may be affected by currency risk that may impact on the market value of the underlying portfolio company.

NOTE 11 FINANCIAL RISK MANAGEMENT CONTINUED

Sensitivity Analysis

The table below summarises the impact on net operating profit after tax and shareholders' equity to reasonably possible changes in the carrying value of financial instruments to market risk exposure at 31 March as follows:

	2021 \$000	2020 \$000
Price risk¹		
Investments at fair value through profit or loss (listed)		
Carrying value	526,523	324,953
Impact of a 20% change in market prices: +/-	105,305	64,991
Interest rate risk²		
Cash and cash equivalents		
Carrying value	33,528	18,493
Impact of a 1% change in interest rates: +/-	335	185

¹ A variable of 20% is considered appropriate for market price risk sensitivity analysis based on historical price movements.

² A variable of 1% was selected as this is a reasonably expected movement based on historical volatility. The percentage movement for the interest rate sensitivity relates to an absolute change in interest rate rather than a percentage change in interest rate.

Credit Risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. In the normal course of its business, the Company is exposed to credit risk from transactions with its counterparties.

Listed securities are held by an independent custodian, Trustees Executors Limited. All transactions in listed securities are paid for on delivery according to standard settlement instructions and are normally settled within three business days. Dividends receivables are due from listed New Zealand companies and are normally settled within a month after the Ex-Dividend date.

The Company measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. At balance date, cash at bank was held with counterparties with a credit rating of S&P AA- or equivalent. Trade and other receivables are normally settled within three business days. Management considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12 month expected credit losses as any such impairment would be wholly insignificant to the Company.

The maximum credit risk of financial assets is deemed to be their carrying amount as reported in the Statement of Financial Position.

Other than cash at bank, short term unsettled trades and dividends receivable, there are no significant concentrations of credit risk. The Company does not expect non-performance by counterparties, therefore no collateral or security is required.

Liquidity Risk

Liquidity risk is the risk that the assets held by the Company cannot readily be converted to cash in order to meet the Company's financial obligations as they fall due. The Company endeavours to invest the proceeds from the issue of shares in appropriate investments while maintaining sufficient liquidity (through daily cash monitoring) to meet working capital and investment requirements. All trade and other payables have contractual maturities of 3 months or less.

KINGFISH LIMITED

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2021

Liquidity to fund investment requirements can be augmented through the procurement of a debt facility from a registered bank to a maximum value of 20% of the gross asset value of the Company. There were no such debt facilities at 31 March 2021 (2020: nil).

There have been no subsequent events to suggest any issues with satisfying working capital and investment requirements.

Capital Risk Management

The Company's objective is to prudently manage shareholder capital (share capital, reserves, retained earnings) and borrowings (if any).

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, undertake share buybacks, issue new shares and secure borrowings in the short term.

The Company was not subject to any externally imposed capital requirements during the year.

Since announcing a long-term distribution policy in June 2009, the Company continues to pay 2% of average net asset value each quarter.

NOTE 12 NET ASSET VALUE

The audited net asset value of Kingfish as at 31 March 2021 was \$1.77 per share (2020: \$1.39) calculated as the net assets of \$551,446,689 divided by the number of shares on issue of 312,037,141 (2020: net assets of \$345,403,828 and shares on issue of 248,587,907).

NOTE 13 COMMITMENTS AND CONTINGENT LIABILITIES

There were no unrecognised contractual commitments or contingent liabilities as at 31 March 2021 (2020: nil).

NOTE 14 FINANCIAL REPORTING BY SEGMENTS

The Company operates in the New Zealand investment industry.

The Company is managed as a whole and is considered to have a single operating segment. There is no further division of the Company or internal segment reporting used by the Directors when making strategic, investment or resource allocation decisions.

There has been no change to the operating segments during the year.

NOTE 15 SUBSEQUENT EVENTS

(i) On 30 April 2021, Fisher Funds received a GST refund plus use of money interest (UOMI) from the IRD. The refund relates to the period 1 April 2004 to 31 July 2009 when the Manager applied 15% GST on management fees, when a subsequent assessment confirmed the Manager was entitled to charge 1.5% GST on management fees. The total GST refund received by the Manager is \$1,413,475, being overcharged GST refunded of \$1,385,125 and UOMI of \$28,350.

The GST refund has been received by Kingfish in May 2021.

The GST refund and UOMI are excluded from any performance fee calculation, consistent with how they have been treated in the past given they are not performance related income for the year.

(ii) In accordance with the terms of the Management Agreement, Kingfish will settle the performance fee due to Fisher Funds of \$6,290,731 relating to the year ended 31 March 2021, on or before 28 May 2021.

(iii) On 27 May 2021, the Board declared a dividend of 3.60 cents per share. The record date for this dividend is 10 June 2021 with a payment date of 25 June 2021.

There were no other events which require adjustment to or disclosure in these financial statements.

Independent auditor's report

To the shareholders of Kingfish Limited

Our opinion

In our opinion, the accompanying financial statements of Kingfish Limited (the Company) present fairly, in all material respects, the financial position of the Company as at 31 March 2021, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

What we have audited

The financial statements comprise:

- the statement of financial position as at 31 March 2021;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out agreed-upon procedures for the Company in relation to the performance fee calculation. The provision of this service has not impaired our independence as auditor of the Company.

Key audit matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. Given the nature of the Company, we have one key audit matter: Valuation and existence of investments at fair value through profit or loss. The matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Description of the key audit matter	How our audit addressed the key audit matter
<p>Valuation and existence of investments at fair value through profit or loss</p> <p>Investments at fair value through profit or loss (the investments) are valued at \$527 million and represent 94% of total assets.</p> <p>Further disclosures on the investments are included at note 2 to the financial statements.</p> <p>This was an area of focus for our audit and an area where a significant proportion of audit effort was directed.</p> <p>As at 31 March 2021, all investments were in companies that were listed on the NZX Main Board and were actively traded with readily available, quoted market prices.</p> <p>All investments are held by Trustees Executors Limited (the Custodian) on behalf of the Company. Trustees Executors Limited also provides administration services for the Company.</p>	<p>Our audit procedures included updating our understanding of the business processes employed by the Company for accounting for, and valuing, its investment portfolio.</p> <p>We obtained confirmation from the Custodian that the Company was the recorded owner of all the recorded investments.</p> <p>We obtained copies of and assessed Trustees Executors Limited's Internal Controls Reports for Custody, Superannuation Member Administration, Investment Accounting and Registry for the period from 1 April 2020 to 31 March 2021.</p> <p>We agreed the price for all investments held at 31 March 2021 to independent third-party pricing sources.</p> <p>No matters arose from the procedures performed.</p>

Our audit approach

Overview

Materiality	<p>Overall materiality: \$2,753,000, which represents approximately 0.5% of the net assets.</p> <p>We used this benchmark because, in our view, the objective of the Company is to provide investors with a total return on its assets, taking account of both capital and income returns.</p>
Key audit matters	<p>As reported above, we have one key audit matter, being: <i>Valuation and existence of investments at fair value through or loss.</i></p>

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors and use our professional judgement to determine the appropriate action to take.

Responsibilities of the Directors for the financial statements

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

<https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-2/>

This description forms part of our auditor's report.

Who we report to

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Philip Taylor.

For and on behalf of:



Chartered Accountants
27 May 2021

Auckland

SHAREHOLDER INFORMATION

SPREAD OF SHAREHOLDERS AS AT 17 MAY 2021

Holding Range	# of Shareholders	# of Shares	% of Total
1 to 999	414	180,797	0.06
1,000 to 4,999	1,134	3,003,016	0.96
5,000 to 9,999	1,013	7,104,968	2.28
10,000 to 49,999	2,627	61,546,634	19.72
50,000 to 99,999	702	48,842,545	15.65
100,000 to 499,999	543	103,359,501	33.12
500,000 +	68	87,999,680	28.20
TOTAL	6,501	312,037,141	100%

20 LARGEST SHAREHOLDERS AS AT 17 MAY 2021

	# of Shares	% of Total
ASB NOMINEES LIMITED <ACCOUNT 340941 - ML>	13,859,697	4.44
CUSTODIAL SERVICES LIMITED <A/C 4>	5,093,377	1.63
STEPHEN JAMES THORNTON & BERNARDINA ALEIDA MARIA SCHOLTEN & MACALISTER MAZENGARB TRUST COMPANY LIMITED <THE THORNTON-SCHOLTEN FAMILY A/C>	4,055,195	1.30
FNZ CUSTODIANS LIMITED	3,274,814	1.05
ASB NOMINEES LIMITED <179669 A/C>	3,255,000	1.04
DAVID HUGH BROWN & SUSANNA LLEWELLYN BROWN	2,900,000	0.93
FORSYTH BARR CUSTODIANS LIMITED <1-CUSTODY>	2,128,763	0.68
NEW ZEALAND DEPOSITORY NOMINEE LIMITED <A/C 1 CASH ACCOUNT>	2,066,940	0.66
CUSTODIAL SERVICES LIMITED <A/C 6>	2,055,938	0.66
INVESTMENT CUSTODIAL SERVICES LIMITED <A/C C>	1,795,523	0.58
ENE TRUSTEES LIMITED	1,776,245	0.57
TAREWAI FISHING COMPANY LIMITED	1,741,311	0.56
LLOYD JAMES CHRISTIE	1,639,850	0.53
CUSTODIAL SERVICES LIMITED <A/C 3>	1,610,262	0.52
SEATON STUART JAMES BENNY	1,489,735	0.48
NEIL BARRY ROBERTS	1,446,770	0.46
DAVID ROBERT APPLEBY & PRUDENCE JANE COTTER <DAVID APPLEBY INVESTMENT A/C>	1,375,000	0.44
MURRAY JOHN LOMBARD ALDRIDGE & LESLEY ANN ALDRIDGE & ALDRIDGE TRUSTEE 2019 LIMITED <ALDRIDGE FAMILY A/C>	1,288,032	0.41
STEPHEN THOMAS WRIGHT & JANICE ALISON WRIGHT	1,271,981	0.41
COLIN DAVID CRAIG BENNETT	1,208,813	0.39
TOTAL	55,333,246	17.73

STATUTORY INFORMATION

DIRECTORS' RELEVANT INTERESTS IN EQUITY SECURITIES AT 31 MARCH 2021

Interests Register

Kingfish is required to maintain an interests register in which the particulars of certain transactions and matters involving the directors must be recorded. The interests register for Kingfish is available for inspection at its registered office. Particulars of entries in the interests register as at 31 March 2021 are as follows:

	Shares	
	Held Directly	Held by Associated Persons
A B Ryan ⁽¹⁾	3,189	72,573
C M Fisher ⁽²⁾		13,859,697
C A Campbell ⁽³⁾	50,690	
R A Coupe ⁽⁴⁾	46,999	

⁽¹⁾ A B Ryan received 3,127 shares in the year ended 31 March 2021, purchased on market as per the terms of the share purchase plan (issue price \$1.59). A B Ryan received 4,427 shares in the year ended 31 March 2021, issued under the dividend reinvestment plan (average issue price \$1.75). A B Ryan exercised 13,380 warrants in the year ended 31 March 2021.

⁽²⁾ Associated persons of C M Fisher exercised 2,771,940 warrants in the year ended 31 March 2021.

⁽³⁾ C A Campbell (received 2,344 shares in the year ended 31 March 2021, purchased on market as per the terms of the share purchase plan (issue price \$1.59). C A Campbell received 3,083 shares in the year ended 31 March 2021, issued under the dividend reinvestment plan (average issue price \$1.75). C A Campbell exercised 8,879 warrants in the year ended 31 March 2021.

⁽⁴⁾ R A Coupe received 2,344 shares in the year ended 31 March 2021, purchased on market as per the terms of the share purchase plan (issue price \$1.59). R A Coupe received 2,862 shares in the year ended 31 March 2021, issued under the dividend reinvestment plan (average issue price \$1.75). R A Coupe exercised 8,198 warrants in the year ended 31 March 2021.

DIRECTORS HOLDING OFFICE

Kingfish's directors as at 31 March 2021 were:

- » A B Ryan (Chair)
- » C M Fisher
- » C A Campbell
- » R A Coupe

During the year, there were no appointments to the board.

In accordance with the Kingfish constitution, at the 2020 Annual Shareholders' Meeting, Andy Coupe retired by rotation and being eligible was re-elected. Carol Campbell retires by rotation at the 2021 Annual Shareholders' Meeting and being eligible, offers herself for re-election.

DIRECTORS' INDEMNITY AND INSURANCE

Kingfish has arranged Directors' and Officers' liability insurance covering directors acting on behalf of Kingfish. Cover is for damages, judgements, fines, penalties, legal costs awarded and defence costs arising from wrongful acts committed while acting for Kingfish. The types of acts that are not covered include dishonest, fraudulent, malicious acts or omissions, and wilful breach of statute or regulations.

Kingfish has granted an indemnity in favour of all current and future directors of the Company in accordance with its constitution.

EMPLOYEE REMUNERATION

Kingfish does not have any employees. Corporate management services are provided to Kingfish by Fisher Funds Management Limited.

DIRECTORS' RELEVANT INTERESTS

The following are relevant interests of Kingfish's directors as at 31 March 2021:

A B Ryan	Barramundi Limited Marlin Global Limited FMA Audit Oversight Committee	Chair Chair Member
C M Fisher	Barramundi Limited Marlin Global Limited Rembrandt Suits	Director Director Director
C A Campbell	Barramundi Limited Marlin Global Limited T&G Global Limited Hick Bros Holdings Limited & subsidiary companies Woodford Properties 2018 Limited alphaXRT Limited New Zealand Post Limited Key Assets Foundation Key Assets NZ Limited Kiwibank Limited Asset Plus Limited NZME Limited Nica Consulting Limited Cord Bank Limited T&G Insurance Limited Bankside Chambers Limited Chubb Insurance New Zealand Limited	Director Director Director Director Director Director Director Trustee Director Director Director Director Director Director Director Director Director
R A Coupe	Barramundi Limited Marlin Global Limited New Zealand Takeovers Panel Coupe Consulting Limited Briscoe Group Limited Television New Zealand Limited	Director Director Chair Director Director Chair

AUDITOR’S REMUNERATION

During the 31 March 2021 year the following amounts were paid/payable to the auditor, PricewaterhouseCoopers New Zealand.

	\$000
Statutory audit and review of financial statements	41
Other assurance services	0
Non assurance services	3

PricewaterhouseCoopers New Zealand is a registered audit firm and its audit partners are licensed auditors under the Auditor Regulation Act 2011.

DONATIONS

Kingfish did not make any donations during the year ended 31 March 2021.

DIRECTORY

REGISTERED OFFICE

Kingfish Limited

Level 1
67 – 73 Hurstmere Road
Takapuna
Auckland 0622

DIRECTORS

Independent Directors

Alistair Ryan (Chair)
Carol Campbell
Andy Coupe
Carmel Fisher

CORPORATE

MANAGEMENT TEAM

Wayne Burns
Beverley Sutton

NATURE OF BUSINESS

The principal activity of Kingfish is investment in quality, growing New Zealand companies.

MANAGER

Fisher Funds Management Limited

Level 1
67 – 73 Hurstmere Road
Takapuna
Auckland 0622

SHARE REGISTRAR

Computershare Investor Services Limited

Level 2
159 Hurstmere Road
Takapuna
Auckland 0622
Private Bag 92119
Auckland 1142

Phone: +64 9 488 8777

Email: enquiry@computershare.co.nz

AUDITOR

PricewaterhouseCoopers New Zealand

Level 27
PwC Tower
15 Custom Street West
Auckland 1010

SOLICITOR

Bell Gully

Level 21
48 Shortland Street
Auckland 1010

BANKER

ANZ Bank New Zealand Limited

23-29 Albert Street
Auckland 1010

FOR MORE INFORMATION

For enquiries about transactions, changes of address and dividend payments, contact the share registrar above. Alternatively, to change your address, update your payment instructions and to view your investment portfolio including transactions online, please visit: www.investorcentre.com/NZ

FOR ENQUIRIES ABOUT KINGFISH CONTACT

Kingfish Limited, Level 1, 67 – 73 Hurstmere Road, Takapuna, Auckland 0622
Private Bag 93502, Takapuna, Auckland 0740

Phone: +64 9 489 7094 | Email: enquire@kingfish.co.nz

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