



MONTHLY UPDATE

November 2022

Share Price

\$1.39

Warrant Price

\$0.00

KFL NAV

\$1.40

DISCOUNT¹

(0.6%)

as at 31 October 2022

A WORD FROM THE MANAGER

In October, Kingfish's gross performance return was up 2.4% and the adjusted NAV return was up 2.3%. This compares to the benchmark S&P/NZX50G, which was up 2.5%.

October was a busy month, particularly with four investor days in a week and a half. We love investor days as companies normally go into their longer-term strategy and plans in more detail. We also get to spend more time with multiple layers of the management team which is invaluable.

Infratil (+1%) held an investor day in Sydney, focused on CDC Data Centres and Vodafone New Zealand.

Greg Boorer, CEO of CDC Data Centres, highlighted the company's strong growth trajectory. The new Auckland data centres have opened to almost full capacity, with demand above expectations and further capacity added to the pipeline in Auckland. In Sydney, CDC has successfully signed a bank client, signalling entry into a lucrative market segment. Its cooling system allows it to consume less water than competitors, lowering costs and resulting in better environmental outcomes. Greg highlighted he expects to maintain earnings growth at +25% annually over the medium term. Overall, his presentation reinforced the width of the company's moat and the long runway for growth.

Vodafone's update struck a positive tone, with earnings in line with expectations, a large IT project nearing completion, a re-brand underway and a fibre review in place to unlock further value from network assets.

Mainfreight (+13%) hosted an investor day at its new Hobsonville transport site, where we heard from management including the regional heads. The company also provided its first half results for the 6 months to 30 September and a 5 week "exit rate" update for the month of September. The financial update was better than anticipated and showed that profit before tax growth remains very strong at +58% year on year in constant currency terms (for the half). The Transport and Warehousing products are continuing to grow strongly while the Air & Ocean freight forwarding business is maintaining profits at attractive levels.

The team discussed its ongoing strategy of growing and intensifying the network through adding new branches across all products and in all regions. Investment into new facilities is improving service quality which assists in customer wins and retention and efficiency which boosts profitability. This includes purpose-built Transport cross-docks and larger Warehouses, including in Europe and the US. We are seeing signs of real traction emerging in these regions under the two impressive regional heads, Ben Fitts and Jason Braid.

Overall, the business's long-term growth strategy is unchanged and its execution against the strategy remains strong. Its growth rates remain high, despite concern about whether prevailing economic conditions may have deteriorated in some areas.

It was also good to see the CEO, Chair, and head of Europe buying shares on market following the update to add to their already significant shareholdings, which underscores how strongly they believe in the future prospects of the business. As legendary investor Peter Lynch put it, "insiders might sell their shares for any number of reasons, but they buy them for only one: they think the price will rise."

Pushpay (+14%) unveiled to shareholders a takeover proposal at \$1.34 supported by the company's directors (subject to some conditions). This comes after the company has overtly been "in play" and ran a process to draw out interest for takeover proposals.

Ryman Healthcare (-2%) held an investor day in Auckland, with presentations from several members of senior management and a tour of three villages at various stages of construction. The overall tone of the investor day was of incremental improvement and increased rigour.

Ryman has changed the terms of its management fees to accrue over a shorter time frame. This will boost cash earnings albeit will take years to fully flow through due to residents' typical occupation tenure. Ryman also indicated a reduction in the level of care accommodation it will build and will also look to convert some existing care beds to care suites. This will earn additional revenue and free up capital for reinvestment.

¹ Share Price Discount to NAV (including warrant price on a pro-rated basis and using the net asset value per share, after expenses, fees and tax, to four decimal places).

Ryman also indicated a desire to build more "broad acre" sites, which recycle capital faster and carry lower capital intensity than the urban projects which it has focused more on recently.

Vista (-6%) literally rolled out the red carpet for investors as it hosted an investor day. The key focus was to outline progress on its transition to a pure Cloud software model, which will accelerate revenue growth and increase profitability over time.

The company has seen strong demand from customers for Vista Cloud and Vista Digital, its product offering which enables cinema exhibitors to provide a seamless mobile-centric experience for moviegoers. It is increasingly confident on pricing following its initial contracts and customer discussions, with recurring revenue now likely to be 3-5 times higher than currently (having previously indicated at least 1.5-2.5 times). The large uplift is because Vista's solutions can significantly reduce customers' IT hardware and support costs, while also providing greater functionality and security.

The company provided a "roadmap" for its medium-term projections, with 2025 annualised recurring revenue of \$175-205 million, compared to \$112m in June. Beyond that the company thinks it can get to over \$300m as remaining customers migrate.

Over the next two years development spend will be higher than previously expected as the company transitions to a Cloud based model.

Overall, we continue to think the company remains underappreciated, but this will change as it progressively executes its cloud strategy and delivers increasing revenue and cash flow.



Matt Peek
Portfolio Manager
Fisher Funds Management Limited



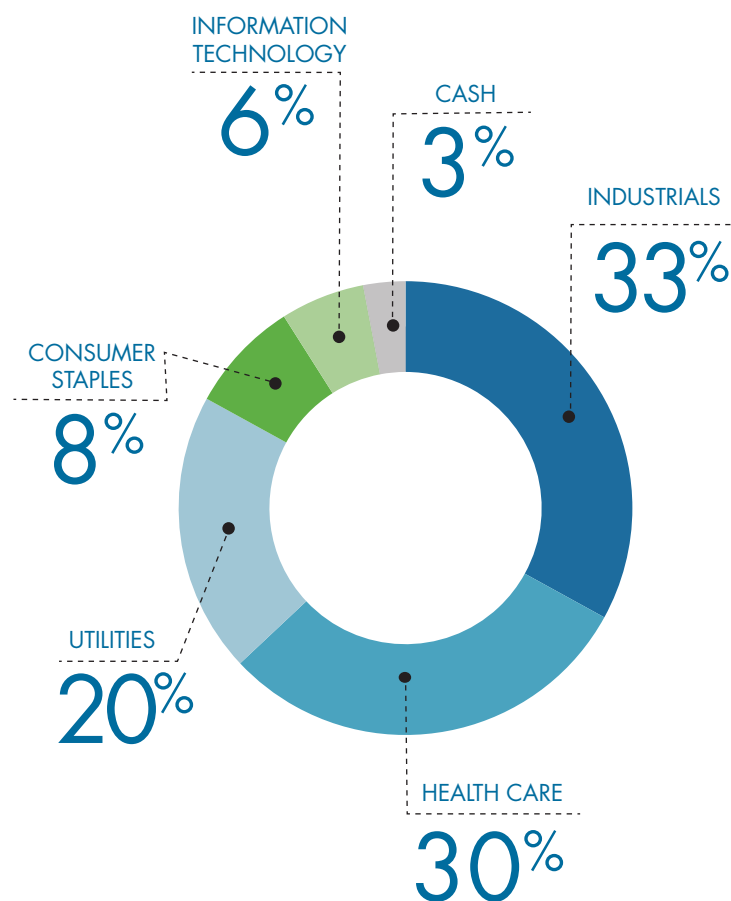
KEY DETAILS

as at 31 October 2022

FUND TYPE	Listed Investment Company
INVESTS IN	Growing New Zealand companies
LISTING DATE	31 March 2004
FINANCIAL YEAR END	31 March
TYPICAL PORTFOLIO SIZE	15-25 stocks
INVESTMENT CRITERIA	Long-term growth
PERFORMANCE OBJECTIVE	Long-term growth of capital and dividends
TAX STATUS	Portfolio Investment Entity (PIE)
MANAGER	Fisher Funds Management Limited
MANAGEMENT FEE RATE	1.25% of gross asset value (reduced by 0.10% for every 1% of underperformance relative to the change in the NZ 90 Day Bank Bill Index with a floor of 0.75%)
PERFORMANCE FEE HURDLE	Changes in the NZ 90 Day Bank Bill Index + 7%
PERFORMANCE FEE	10% of returns in excess of benchmark and high-water mark
HIGH WATER MARK	\$1.55
PERFORMANCE FEE CAP	1.25%
SHARES ON ISSUE	325m
MARKET CAPITALISATION	\$452m
GEARING	None (maximum permitted 20% of gross asset value)

SECTOR SPLIT

as at 31 October 2022



OCTOBER'S SIGNIFICANT RETURNS IMPACTING THE PORTFOLIO during the month

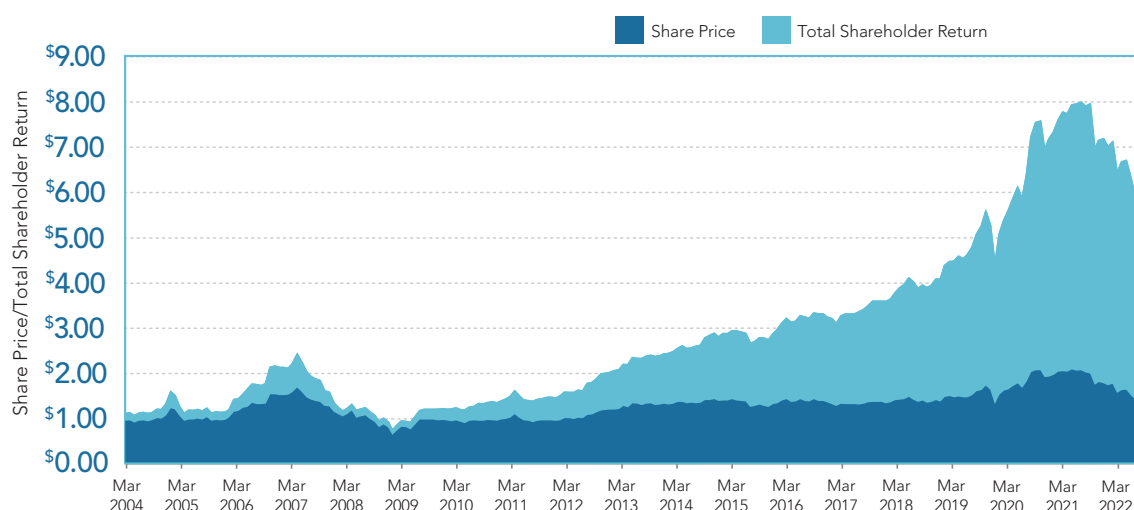
PUSHPAY HOLDINGS	MAINFREIGHT	AUCKLAND INTERNATIONAL AIRPORT	VISTA GROUP INTERNATIONAL	SUMMERSET GROUP HOLDINGS
+14%	+13%	+7%	-6%	-10%

5 LARGEST PORTFOLIO POSITIONS as at 31 October 2022

MAINFREIGHT	INFRATIL	FISHER & PAYKEL HEALTHCARE	SUMMERSET	AUCKLAND INTERNATIONAL AIRPORT
18%	16%	15%	10%	10%

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

TOTAL SHAREHOLDER RETURN to 31 October 2022



PERFORMANCE to 31 October 2022

	1 Month	3 Months	1 Year	3 Years (annualised)	5 Years (annualised)
Company Performance					
Total Shareholder Return	(6.7%)	(11.6%)	(26.3%)	+7.2%	+11.7%
Adjusted NAV Return	+2.3%	(2.0%)	(17.7%)	+6.2%	+9.7%
Portfolio Performance					
Gross Performance Return	+2.4%	(1.8%)	(17.1%)	+8.2%	+12.0%
S&P/NZX50G Index	+2.5%	(1.3%)	(13.4%)	+1.7%	+6.8%

Non-GAAP Financial Information

Kingfish uses non-GAAP measures, including adjusted net asset value, adjusted NAV return, gross performance return and total shareholder return. The rationale for using such non-GAAP measures is as follows:

- » adjusted net asset value – the underlying value of the investment portfolio adjusted for dividends (and other capital management initiatives) and after expenses, fees and tax,
- » adjusted NAV return – the percentage change in the adjusted NAV,
- » gross performance return – the Manager's portfolio performance in terms of stock selection, before expenses, fees and tax, and
- » total shareholder return – the return combines the share price performance, the warrant price performance, the net value of converting any warrants into shares, and the dividends paid to shareholders. It assumes all dividends are reinvested in the company's dividend reinvestment plan, and that shareholders exercise their warrants, (if they were in the money), at warrant expiry date.

All references to adjusted net asset value, adjusted NAV return, gross performance return and total shareholder return in this monthly update are to such non-GAAP measures. The calculations applied to non-GAAP measures are described in the Kingfish Non-GAAP Financial Information Policy. A copy of the policy is available at <http://kingfish.co.nz/aboutkingfish/kingfish-policies/>

ABOUT KINGFISH

Kingfish is an investment company listed on the New Zealand Stock Exchange. The company gives shareholders an opportunity to invest in a diversified portfolio of between 15 and 25 quality growing New Zealand companies through a single, professionally managed investment. The aim of Kingfish is to offer investors competitive returns through capital growth and dividends.

MANAGEMENT

The Manager has authority delegated to it from the Board to invest according to the Management Agreement and other written policies. Kingfish's portfolio is managed by Fisher Funds Management Limited. Matt Peek (Portfolio Manager) and Michael Bacon (Senior Investment Analyst) have prime responsibility for managing the Kingfish portfolio. Together they have significant combined experience and are very capable of researching and investing in the quality New Zealand companies that Kingfish targets. Fisher Funds is based in Takapuna, Auckland.

BOARD

The Board of Kingfish comprises independent directors Andy Coupe (Chair), Carol Campbell, David McClatchy and Fiona Oliver.

CAPITAL MANAGEMENT STRATEGIES

Regular Dividends

- » Quarterly distribution policy introduced in June 2009
- » Under this policy, 2% of average NAV is targeted to be paid to shareholders quarterly
- » Dividends paid by Kingfish may include dividends received, interest income, investment gains and/or return of capital
- » Shareholders who prefer to have increased capital rather than a regular income stream have the opportunity to participate in the company's dividend reinvestment plan (DRP)
- » Shares issued to DRP participants are at a 3% discount to market price
- » Kingfish became a portfolio investment entity on 1 October 2007. As a result, dividends paid to New Zealand tax resident shareholders have not been subject to further tax

Warrants

- » Kingfish announced a new issue of warrants on 18 October 2021
- » Information pertaining to the warrants was mailed/ emailed to shareholders on 1 November 2021
- » The warrants were issued at no cost to eligible shareholders in the ratio of one warrant for every four Kingfish shares held based on the record date of 12 November 2021
- » The warrants were allotted to shareholders on 15 November 2021 and listed on the NZX Main Board from 16 November 2021
- » The Exercise Price of each warrant is \$1.90, which is substantially above the price at which the shares have been trading
- » The Exercise Date for the warrants is 18 November 2022

Share Buyback Programme

- » Kingfish has a buyback programme in place allowing it (if it elects to do so) to acquire its shares on market
- » Shares bought back by the company are held as treasury stock
- » Shares held as treasury stock are available to be re-issued for the dividend reinvestment plan

Disclaimer: The information in this update has been prepared as at the date noted on the front page. The information has been prepared as a general summary of the matters covered only, and it is by necessity brief. The information and opinions are based upon sources which are believed to be reliable, but Kingfish Limited and its officers and directors make no representation as to its accuracy or completeness. The update is not intended to constitute professional or investment advice and should not be relied upon in making any investment decisions. Professional financial advice from a financial adviser should be taken before making an investment. To the extent that the update contains data relating to the historical performance of Kingfish Limited or its portfolio companies, please note that fund performance can and will vary and that future results June have no correlation with results historically achieved.



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