KINGFISH
LANDING TOMORROW'S TROPHIES

MONTHLY UPDATE

December 2022

Share Price	KFL NAV	DISCOUNT[1]
$1.40	$1.43	(2.2%)

as at 30 November 2022

A WORD FROM THE MANAGER

In November, 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 1.9%.

November was another busy month, with our March year-end companies reporting their first half results for the six months through to September.

a2 Milk (+15%) announced that it had received FDA approval to sell its a2 Platinum infant formula in the US on a temporary basis until 6 January 2023. There is also the potential for this to be extended or for it to transition to a permanent opportunity. This is incrementally helpful in further building the brand in the US and growing this business towards breakeven.

EBOS (+9%) hosted an investor day in Melbourne. This included a tour of its highly automated pharmaceuticals distribution centre at Keysborough and presentations from the broader management team.

Fisher & Paykel Healthcare (+21%) delivered a better than expected first half result, after previously providing guidance in mid-August. Revenue of $691 million was ahead of the $670m expected due to stronger sales across most products, which also translated into higher net profit ($95.9m v $85-95m guidance). The company has seen sequential improvement in hospital consumable sales every month since May, which is unseasonably strong. Normally the second quarter is lower than the first quarter and monthly sales show quite a lot of volatility, so a long period of sequential growth is positive. The stronger performance is due to several factors, including signs the high inventory levels hospital respiratory support customers have been working through earlier in 2022 have largely been resolved. Hospital nasal high flow hardware has also been stronger than expected. In its Homecare division, the company has seen strong demand for its Evora Full sleep apnea face mask which has recently been launched in the key US market.

Infratil (+2%) reported its first half result, broadly in line with expectations. Data centre business CDC also hosted a site visit at its Auckland data centre in Silverdale. No financial detail was given, but management are confident on demand and the advantage CDC has attained as first mover in the New Zealand hyperscale datacentre market. CDC New Zealand CEO Andrew Kirkham also impressed with his depth of knowledge on the local market.

Mainfreight (-6%) formally announced its first half result, which was broadly in line with the draft release it provided at its Investor Day in late October. New information included more detailed commentary on the divisional outlook by region and product. There was also a further 5-week update for October, subsequent to the 5-week update for September at the Investor Day. While the growth in the profit before tax for the whole business is slowing (+11% verses +36%), this is largely due to the Air and Ocean division's strong profitability in late 2021. We believe Transport and Warehousing profit growth is continuing at higher rates (circa 15-20% year on year) while Air & Ocean is maintaining profit growth at elevated levels, even as ocean freight rates on some routes fall from highs. While it is early days, this is beginning to lend some credibility to the company's assertions that it expects to retain much of the uplift in Air & Ocean profitability since the onset of COVID.

Pushpay (+2%) detailed its first half result, having pre-announced the headline figures at the end of October along with its proposed takeover. The core business delivered a lower level of underlying growth, with most of the reported growth coming from its Resi acquisition. The company is finding it challenging to retain and grow customers in its core medium and large church segment due to the presence of lower priced competitors. Processing volumes (+2%) also showed low growth, due to cost-of-living pressures in the US.

[1] Share Price Discount to NAV (using the net asset value per share, after expenses, fees and tax, to four decimal places).

Ryman Healthcare (-21%) reported its first half result. Underlying profit beat expectations, in part due to stronger resale margins. However, sales of new units were 24% below expectations. Management cited delays in residents moving in as they take longer to sell their houses, given the softer housing market. This also weighed on cash flows. Debt rose a surprising $400 million to $3.0 billion as Ryman continues to invest in new villages. The combination of increasing debt, soft cash flow and a deteriorating housing market, is an unhealthy combination and we have reduced our position.

Summerset (-3%) purchased a new Australian site in Drysdale, Victoria. This is another broadacre site, being ten hectares. This site brings Summerset's landbank in Australia to seven sites.

Matt Peek
Portfolio Manager
Fisher Funds Management Limited

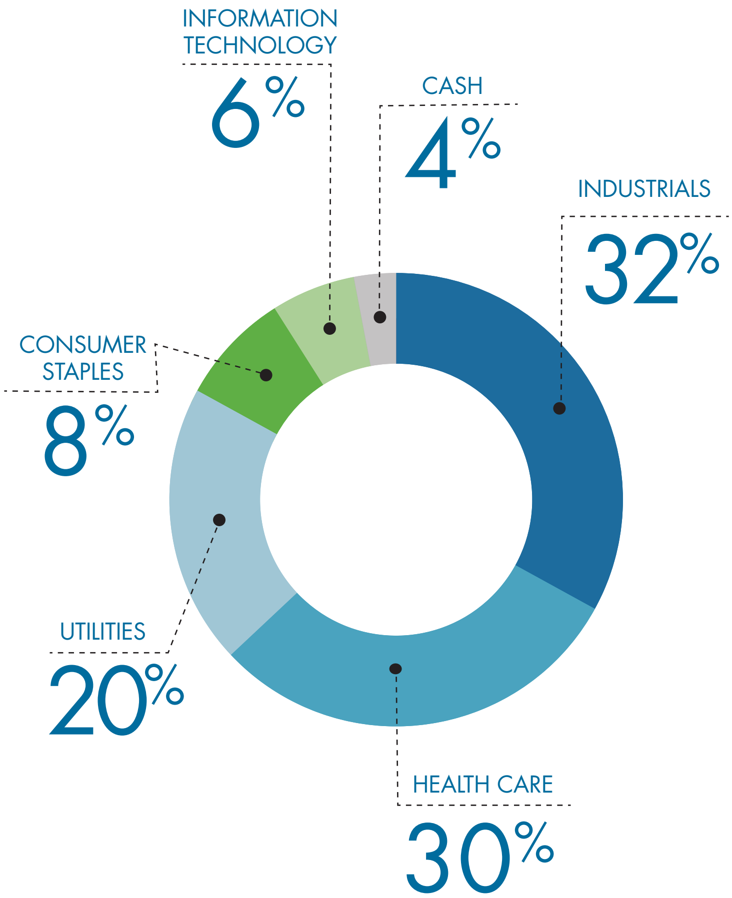
KEY DETAILS

as at 30 November 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	$455m
GEARING	None (maximum permitted 20% of gross asset value)

SECTOR SPLIT

as at 30 November 2022



NOVEMBER'S SIGNIFICANT RETURNS IMPACTING THE PORTFOLIO during the month

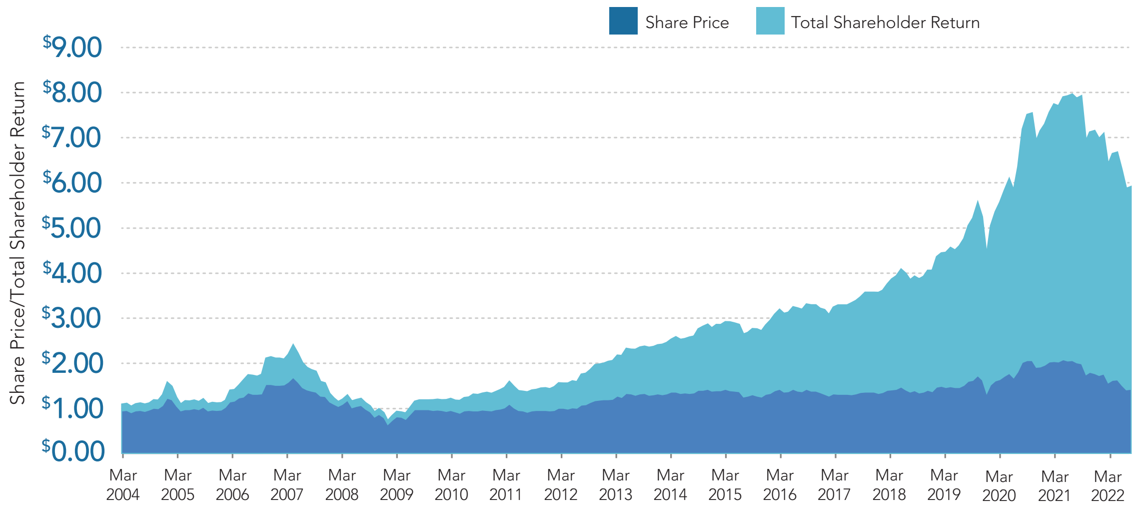
FISHER & PAYKEL HEALTHCARE	A2 MILK COMPANY	EBOS GROUP	MAINFREIGHT	RYMAN HEALTHCARE
+21%	+15%	+9%	-6%	-21%

5 LARGEST PORTFOLIO POSITIONS as at 30 November 2022

MAINFREIGHT	INFRATIL	FISHER & PAYKEL HEALTHCARE	AUCKLAND INTERNATIONAL AIRPORT	SUMMERSET
17%	16%	16%	10%	9%

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

TOTAL SHAREHOLDER RETURN to 30 November 2022



PERFORMANCE to 30 November 2022

	1 Month	3 Months	1 Year	3 Years (annualised)	5 Years (annualised)
Company Performance					
Total Shareholder Return	+0.7%	(11.5%)	(24.9%)	+5.4%	+11.3%
Adjusted NAV Return	+2.3%	(1.0%)	(13.0%)	+4.4%	+9.5%
Portfolio Performance					
Gross Performance Return	+2.4%	(0.9%)	(12.2%)	+6.1%	+11.7%
S&P/NZX50G Index	+1.9%	(0.4%)	(9.2%)	+0.7%	+7.1%

Non-GAAP Financial Information

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

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

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

ABOUT KINGFISH

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

MANAGEMENT

The Manager has authority delegated to it from the Board to invest according to the Management Agreement and other written policies. Kingfish's portfolio is managed by Fisher Funds Management Limited. Matt Peek (Portfolio Manager) and Michael Bacon (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

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

Warrants

- Warrants put Kingfish in a better position to grow further, operate efficiently, and pursue other capital structure initiatives as appropriate
- A warrant is the right, not the obligation, to purchase an ordinary share in Kingfish at a fixed price on a fixed date
- There are currently no Kingfish warrants on issue

KINGFISH
LANDING TOMORROW'S TROPHIES

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

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