



# MONTHLY UPDATE

May 2025

SHARE PRICE

\$1.25

KFL NAV

\$1.31

DISCOUNT<sup>1</sup>

4.3%

as at 30 April 2025

## A WORD FROM THE MANAGER

The Kingfish portfolio gross performance return and adjusted NAV return in April were -3.1% and -3.2% respectively, versus the New Zealand shares benchmark S&P/NZX 50 return of -3.0%.

A key development in the month was the onset of significant volatility in global markets as a result of the 'Liberation Day' tariffs announced early in the month by US President Trump. At face value the first order impact of the 10% tariffs announced for New Zealand is modest within the Kingfish portfolio. However, there is still uncertainty about what the final arrangements may be, and the impact on the global economy. As such the impact on share prices in April was wider than just the companies that are directly impacted by tariffs.

**Auckland Airport** (-8%) shares fell as it came to light that the Ministry of Business, Innovation & Employment (MBIE) review of the Commerce Act is reviewing some core aspects of the airport regulatory regime. While there has been little detail released in relation to the review, MBIE has consulted with some stakeholders including selected airports and airlines. The airport also released its updated Master Plan, the first update since 2014, which provides an outline of the direction of travel for the evolution of the precinct beyond the immediate plans under way. The airport continues to expect it will see growing passenger numbers, reaching around 38 million by 2047, representing growth of around 3.1% per year from the current level.

Wine producer **Delegat** (-11%) has been impacted by the US 'Liberation Day' tariffs, with around half the company's sales into the US market. At face value on around \$100 million of sales to the US this could represent approximately a \$10 million tariff cost payable by Delegat's distributors. In reality, some degree of the price increases are likely to be passed on to the consumer, particularly as over 40% of the 1.8 billion bottles of wine consumed annually in the US are imported from Europe and facing even higher tariffs (20%). The company revised down its net profit guidance for the year to June from the 'low end of \$55-60 million' to \$47-50 million, on the basis that it has seen reduced orders in the current quarter as the industry (producers, distributors, and retailers) calibrate for the impost. The company

also announced it has bounced back from the low 2024 harvest with the 2025 harvest reaching 47,461 tonnes, up 39% on the previous year, which will see the cost of producing each bottle of wine for the next year improve.

**EBOS** (-4%) announced a \$271 million equity raising to fund its \$115 million acquisition of SVS, New Zealand's leading veterinarian supplier, with the excess cash raised to bolster its headroom capacity for future bolt-on acquisitions. The SVS acquisition is consistent with the EBOS strategy, broadening out its portfolio in New Zealand a geographic expansion of its Australian vet wholesale business, Lyppard (acquired back in 2013). We remain attracted to EBOS's growth prospects and believe the acquisition is supportive of the company's strategy.

The likely impact of new US tariffs on **Fisher & Paykel Healthcare** (FPH, +1%) continues to evolve as further clarity comes to light around the finer details, but pleasingly downside risks appear to have reduced considerably over the month and may even become a non-event. Back in February, FPH warned that it would face higher costs and a 2-3-year delay to its key gross margin goal of 65% following President Trump's announced 25% tariffs on products imported from Mexico. However, after the early April tariff announcement, FPH has confirmed that a large majority of the products it manufactures in Mexico are compliant with the USMCA and as such are exempt from USA tariffs (the United States-Mexico-Canada Agreement is the prevailing free trade agreement between those countries with Trump authorising the current version in 2020). The 'Liberation Day' update may see FPH caught by the 10% tariff on some products imported into the US from New Zealand, although there is a carve-out for certain medical equipment that the company may be able to use, which could reduce the likely tariff to merely a token level.

**Infratil** (+2%) hosted an investor visit to its Melbourne campus of its key investee company, CDC Data Centres. Limited new financial information was provided, although management stated they expect earnings to double over the next 2 years, broadly in line with expectations. CDC is in discussions for over 100 MW of contracts in addition to the 400 MW announced at Infratil's June 2024 equity raising (of which 130MW is outstanding). The

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

investor day highlighted the AI-readiness of CDC's datacentres, including floor plate loadings of up to 3 tonnes, which can support higher power densities of AI datacentres. Key customers are focusing on supporting a concentrated list of suppliers going forward, and CDC is well placed within this group. CDC is also broadening customer relationships outside Microsoft and increasing business with other 'hyperscaler' customers.

**Mainfreight** (-10%) has been caught in the crossfire of the greater-than-expected tariffs, given its exposure to global the freight market, particularly its international Air & Ocean freight forwarding operations (including between China and the US). The share price declined given the uncertainty around the size of a potential negative impact, although rebounded in early May as the company put out an announcement describing its current view of

the trading landscape as it stands.

**Summerset** (-4%) reported a pleasing start to 2025, with March quarter sales coming in better than management expectations at its result in mid-February. Total sales in the quarter were +14% higher on a year ago, with resales +31% up and new sales flat. However, contracted new sales stock was up +32% on a year ago, which is supportive of improving completed sales of new units in coming quarters.



Matt Peek  
Portfolio Manager  
Fisher Funds Management Limited



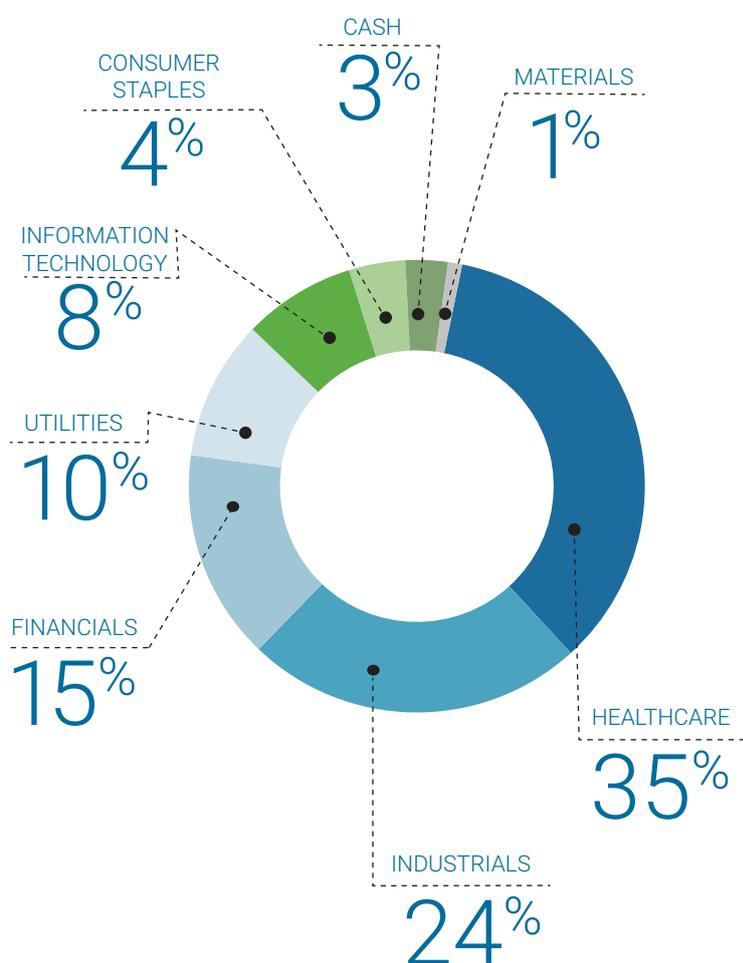
## KEY DETAILS

as at 30 April 2025

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	\$1.23
PERFORMANCE FEE CAP	1.25%
SHARES ON ISSUE	348m
MARKET CAPITALISATION	\$435m
GEARING	None (maximum permitted 20% of gross asset value)

## SECTOR SPLIT

as at 30 April 2025



# APRIL'S SIGNIFICANT RETURNS IMPACTING THE PORTFOLIO during the month

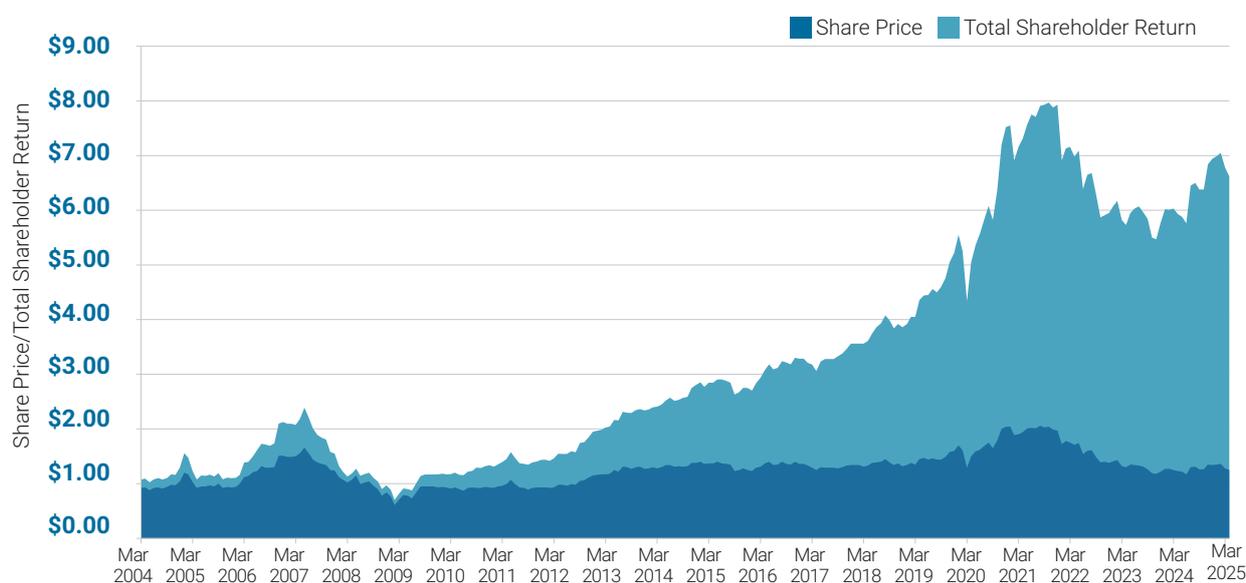
DELEGAT GROUP	VULCAN STEEL	MAINFREIGHT	AUCKLAND INTERNATIONAL AIRPORT	PORT OF TAURANGA
-11%	-10%	-10%	-8%	-7%

## 5 LARGEST PORTFOLIO POSITIONS as at 30 April 2025

FISHER & PAYKEL HEALTHCARE	INFRATIL	MAINFREIGHT	SUMMERSET	AUCKLAND INTERNATIONAL AIRPORT
19%	15%	9%	9%	8%

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

## TOTAL SHAREHOLDER RETURN to 30 April 2025



## PERFORMANCE as at 30 April 2025

	1 Month	3 Months	1 Year	3 Years (annualised)	5 Years (annualised)
<b>Company Performance</b>					
Total Shareholder Return	(2.3%)	(5.3%)	+11.8%	(1.7%)	+5.6%
Adjusted NAV Return	(3.2%)	(8.3%)	+6.0%	+3.0%	+5.8%
<b>Portfolio Performance</b>					
Gross Performance Return	(3.1%)	(8.4%)	+7.6%	+4.4%	+7.6%
S&P/NZX50G Index	(3.0%)	(8.4%)	(0.5%)	+0.1%	+2.5%

### Non-GAAP Financial Information

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

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

All references to adjusted net asset value, adjusted NAV return, gross performance return and total shareholder return in this monthly update are to such non-GAAP measures. The calculations applied to non-GAAP measures are described in the Kingfish Non-GAAP Financial Information Policy. A copy of the policy is available at [kingfish.co.nz/about-kingfish/kingfish-policies](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 and Zoie Regan (Senior Investment Analysts) have prime responsibility for managing the Kingfish portfolio. Together they have significant combined experience and are very capable of researching and investing in the quality New Zealand companies that Kingfish targets. Fisher Funds is based in Takapuna, Auckland.

## BOARD

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

## CAPITAL MANAGEMENT STRATEGIES

### Regular Dividends

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

### Share Buyback Programme

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

### Warrants

- » Kingfish announced a new issue of warrants on 14 March 2025
- » The warrant term offer document was sent to all Kingfish shareholders in late March 2025
- » Warrants were allotted to all eligible Kingfish shareholders on 1 May 2025
- » The new warrants (KFLWI) commenced trading on the NZX Main Board from 2 May 2025
- » The Exercise Price of each warrant is \$1.35, adjusted down for the aggregate amount per Share of any cash dividends declared on the shares with a record date during the period commencing on the date of allotment of the warrants and ending on the last Business Day before the final Exercise Price is announced by Kingfish.
- » The Exercise Date for the Kingfish warrants is 1 May 2026

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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