

For immediate release:

17 November 2022



Challenging period for Kingfish

- Net loss for the six months ended 30 September 2022 \$48.4m
- Total shareholder return¹ -12.1%
- Adjusted NAV return (after expenses, fees & tax)² -9.5%
- Dividends paid during the period (cents per share) 5.99 cps

NZX listed investment company Kingfish Limited (NZX: KFL) has suffered a first half loss (for the 6 months ended 30 September 2022) of \$48.4m.

Key elements of the half year result include losses on investments of \$50.9m, dividend and interest income of \$5.0m, and operating expenses and tax of \$2.5m.

The challenges endured by listed equity markets since the beginning of the 2022 calendar year will come as no surprise to shareholders and the Kingfish portfolio has not been immune to those pressures.

Chair of Kingfish, Andy Coupe said: “Kingfish has experienced a challenging period with difficult and uncertain market conditions continuing to dominate, influenced by global uncertainty about the ongoing impact of the pandemic, and the government response, inflationary concerns (both in New Zealand and internationally), rising interest rates, and extreme political tension on the international front.

Energy, commodity and defensive stocks have outperformed in the New Zealand market over this period. These stocks and sectors are not Kingfish’s natural portfolio companies, as they often lack a durable competitive advantage and/or have weaker long-term growth prospects.

The portfolio’s gross performance return³ before fees and expenses (for the six months) was negative 9.1% and the adjusted net asset value (NAV) return² was negative 9.5%, compared to the S&P/NZX50G Index which was negative 8.6% over the same period.

The lower return delivered by the portfolio activated the management fee rebate (the fulcrum fee⁴) which reduced the management fee for the period from 1.25% to 0.75%. The fulcrum fee mechanism is a particular feature of Kingfish Limited which reduces the management fee when actual returns fall below the S&P/NZX Bank Bill 90-day rate.

¹Total shareholder return – the return combines the share price performance, the warrant price performance (if any), the net value of converting any warrants into shares (if any), 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.

²Adjusted net asset value return – the percentage change in the the underlying value of the investment portfolio adjusted for dividends (and other capital management initiatives) and after expenses, fees and tax,

³Gross performance return – The portfolio performance in terms of stock selection, before expenses, fees and tax.

⁴In accordance with the Management Agreement, the management fee rate has reduced from 1.25%pa to 0.75%pa for the period, (i.e. a 50 basis point reduction), because the six month gross performance of Kingfish (as calculated for the fulcrum fee rebate) was 10.2 percentage points below the S&P/NZX Bank Bill 90 day index rate for the six months of positive 1.1%.

Kingfish investors continued to receive distributions consistent with the company distribution policy (2% of average NAV per quarter) with 5.99 cents per share paid to shareholders during the six months ended 30 September 2022. On 17 November 2022, the Board declared a dividend of 2.86 cents per share to be paid to shareholders on 16 December 2022 with a record date of 2 December 2022.

Portfolio Manager, Matt Peek said: “It was a difficult period with interest rates rising to combat inflation and concerns emerging that we may see lower economic growth. This weighed on the share prices of most companies in the Kingfish portfolio and also share markets globally.”

Matt Peek added: “Company valuations shifting in response to macroeconomic outcomes and expectations, will often be the key influence on share prices in the short term, as we have seen recently. However, longer term, it tends to be the ability of companies to grow earnings over time that is the greater driver of shareholder returns. This is what we have seen in the Kingfish portfolio historically. Whilst having made some portfolio adjustments over the last six months, we remain confident in the prospects for Kingfish's portfolio of high quality growth companies moving forwards.”

For further information, please contact:

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About Kingfish

Kingfish is a listed investment company that invests in growing New Zealand companies. The Kingfish portfolio is managed by Fisher Funds, a specialist investment manager with a track record of successfully investing in growth company shares. Fisher Funds and its related entities currently have over \$13 billion of funds under management. The aim of Kingfish is to offer investors competitive returns through capital growth and dividends, and access to a diversified portfolio of investments through a single tax-efficient investment vehicle. Kingfish listed on the NZX Main Board on 31 March 2004. **/Ends**