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Kingfish Limited Annual Meeting

Chair's Address from Andy Coupe

[Slide: Kingfish Limited Annual Meeting of Shareholders]

Welcome to the 18th Kingfish annual meeting of shareholders, I'm Andy Coupe, the new Chair of Kingfish.

It's pleasing to again be able to hold this annual meeting in-person. However we have put in place the virtual meeting option for those who are unable to attend in-person, and we welcome those who have joined the meeting via the Computershare virtual meeting platform.

We are duly convened as a Notice of Meeting has been circulated to shareholders and I can confirm that a quorum is present so I declare the meeting open.

Please note that the exits are at the back and front of the room. Please ensure you turn your cell phones off or put them on mute.

For those here in-person there will be a light lunch at the conclusion of the meeting. We look forward to meeting many of you after the meeting.

[Slide: Introductions]

Let me introduce the front table.

Firstly the directors. To my right is Carol Campbell (Chair of the Audit & Risk Committee), next to her is David McClatchy (Chair of the Investment Committee) and next to him is Fiona Oliver, who is standing for election today.

Next to Fiona is Sam Dickie the Kingfish Portfolio Manager, and next to Sam is Wayne Burns the Corporate Manager.

Also here today, in the audience, are Senior Investment Analysts Matt Peek and Michael Bacon. Can you please stand up Matt, Michael.

We are also pleased to have representatives from our share registrar, Computershare, auditor, PricewaterhouseCoopers, our tax advisors, Deloitte and our legal advisors, Bell Gully in the audience today.

I'd also like to acknowledge Carmel and Hugh Fisher who are both here today, and also Alistair Ryan, our former Chairman, who is also here today.

[Slide: Agenda]

The agenda for today.

Firstly preliminary matters

- The minutes of the 2021 annual shareholders' meeting held on 6 August 2021 are available at the registration desk and are also on the Kingfish website.
- The 2022 annual report has been circulated to shareholders – additional copies are available at the registration desk and can also be found on the Kingfish website.

Today I'll give a brief update on the Kingfish 2022 financial year and the year to date, and then Kingfish's Senior Portfolio Manager, Sam Dickie will review the Kingfish portfolio.

After the Manager's Review, we will have a Q&A session, and we'll then move to the formal business of the meeting.

There are two resolutions for you to consider and vote on today, which are as set out in the Notice of Meeting.

[Slide: Online Attendees – Question Process]

If you're attending the meeting online there's a Q&A icon at the top right of your screen.

To send in a question, please select the Q&A tab on the right half of your screen anytime. Type your question into the field and press send. Your question will be immediately submitted.

We've set aside a time at the end of the two presentations for general questions relating to the operations and management of the business.

Questions relating to the two resolutions will be dealt with in conjunction with each of the resolutions.

Should you require any assistance, you can type your query and one of the Computershare team will assist with the chat function and reply to your query.

[Slide: Chair's Overview]

It is now my pleasure to present the Chair's Overview at this meeting.

[Slide: Kingfish's Investment Objective]

As directors, and managers, we typically start our annual meetings with a quick reminder of what we are here to achieve, being

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

[Slide: Kingfish's Corporate Governance]

Turning now to corporate governance.

The board is committed to strong governance principles and to overseeing the Manager's portfolio performance on behalf of shareholders.

In a normal year the board generally meets formally six times per annum, plus other meetings as required.

The Investment Committee meets twice a year, on a six monthly basis, to hear from the Manager about what has gone well and what has disappointed, and to engage in a comprehensive review session covering key performance metrics, some of which we will go through on the following slides.

As in the previous financial year, the impact of Covid has necessitated adjusting to different working conditions for the manager, and the board is pleased with the effectiveness of those measures.

The volatility of the market has also seen an increase in the level of out of cycle investment committee discussions with the portfolio manager and the Chief Investment Officer, in particular relating to risk reporting and mitigations.

The Kingfish Audit and Risk Committee generally meets twice a year, on a six monthly basis, to review the company's financial reporting, internal controls and risk management systems, and to meet with the external auditor and receive their report on both the interim and year end accounts.

The Kingfish 2022 result was announced in May, but I'll highlight some of the key performance measurements on the next slide.

[Slide: 2022 Overview]

I imagine that all shareholders will be aware of the battering that share markets globally have experienced. The NZX was no exception and the Kingfish result over the past twelve months reflects that.

- Kingfish has suffered a net loss of -\$17.3m, its first loss since 2009. This is in stark contrast to the previous year's record net profit of \$142.7m.
- Total shareholder return was flat for the year, up just +0.02% and well down on last year's record 65.1% return.
- Kingfish's regular dividends continued to contribute to the shareholder return with 14.34 cents per share paid in dividends during the 2022 financial year, which is equivalent to a dividend return, not a dividend yield, of +7.4% (2021: +7.7%). These returns are calculated based on the average share price for the year.
- The overall net asset value (NAV) per share fell from \$1.77 (as at 31 March 2021) to \$1.58 (as at 31 March 2022)
- The adjusted NAV return was negative -3.5% for the period, which represents the net return to an investor after expenses, fees and tax.
- The share price to NAV difference remained at a premium, 11.6% as at 31 March 2022, as compared to the 7.3% premium as at 31 March 2021.

[Slide: 2022 Overview - Continued]

This chart compares the Adjusted NAV return, (the net return to an investor after expenses, fees and tax), and

the gross performance return (the return before expenses, fees and tax),

to the benchmark index return over the periods of 1, 3 and 5 years.

The Kingfish portfolio has consistently out-performed the benchmark index, albeit only marginally over the financial past year. Hence while the last financial year has been disappointing in an absolute sense, we are pleased that the portfolio has achieved its objectives over the longer term, and we believe it represents a very reasonable outcome for most shareholders.

Sam will discuss the New Zealand share market dynamics and a more detailed description of how the portfolio performed shortly in the Manager's Review.

[Slide: Basic and Diluted Earnings per Share]

This chart shows the earnings, or in the case of this year, the loss per share.

It's a potent reminder of how variable sharemarket returns can potentially be and the degrees of volatility that equity markets can experience from time to time

[Slide: Use of Shareholder Funds]

Turning now to Shareholders' Funds

This chart shows the Kingfish NAV of \$551m (as at 31 March 2021) decreased by a net \$46m to \$505m (as at 31 March 2022).

The movements during the year as represented by the red, yellow and blue columns were:

- the \$17.3m net loss, less \$45m dividends paid, but adding back \$16m for dividends reinvested by shareholders.

[Slide: First four months, FY 2023]

The first four months of the new financial year show the ongoing impact from pressures and concerns regarding inflation, and the consequent more aggressive central bank interest rate increases, supply chain disruption, and the ongoing Russian / Ukraine conflict.

This slide provides a snapshot of the first four months of the current financial year to 31 July 2022:

- Total shareholder return for the four months was down -7.2% - driven by the share price decrease from \$1.75 (31 March) to \$1.60 (31 July).
- As at 31 July, the NAV per share was \$1.46 (\$1.58 as at 31 March) – a decrease of 12 cent in four months and after a dividend of 3.16 cents per share paid on 23 June.
- The adjusted NAV return for the first four months of the 2023 financial year was down -5.5% (which represents the net return to an investor after expenses, fees and tax).
- This performance to date, translates to a net loss of \$28.3m for the four months to 31 July.

[Slide: Warrants]

Kingfish has an ongoing warrant programme as part of its overall capital management programme.

The most recent warrants (KFLWG) were issued to eligible shareholders in November 2021.

79.1m warrants were issued and have an exercise date of 18 November 2022.

The final exercise price will be announced in early October and will be the initial exercise price of \$2.03 less the dividends declared between 15 November 2021 and the announcement of the final exercise price. To date three dividends totalling 10.38 cents per share have been declared and we expect one more dividend to be declared prior to the announcement of the final exercise price.

Closing remarks

In closing, on behalf of the Board, thank you shareholders for your continued support of Kingfish.

The past twelve months have been very challenging and I don't doubt the results for this period were disappointing relative to the experiences of previous periods. However, the investment strategy of focussing on quality growth stocks, as detailed in the prospectus so many years ago, has not changed. We remain confident that over the medium term the strategy will bring its rewards.

I will now hand over to Sam Dickie, Senior Portfolio Manager of Kingfish.

ENDS