



MONTHLY UPDATE

February 2023

Share Price

\$1.41

KFL NAV

\$1.45

DISCOUNT¹

(2.5%)

as at 31 January 2023

A WORD FROM THE MANAGER

In January, Kingfish's gross performance return was up 5.5% and the adjusted NAV return was up 5.3%. This compares to the benchmark S&P/NZX50G, which was up 4.3%.

Auckland Airport (+9%) reported December traffic figures. International passenger numbers reached 69% of their pre-covid equivalent, up from 67% the prior month. Importantly, long-haul passengers reached 58% of the pre-COVID equivalent (up from 51%). This is a positive, as long-haul passengers are the most valuable and have been slow to recover. This is due to travel disruptions, airlines gradually returning fleets from storage, and the aviation industry's inability to fully staff their networks to pre-COVID levels. In December, China began to ease border restrictions after almost three years of isolation, which is important because Chinese traffic was an important growth driver for the airport pre-pandemic.

Fisher & Paykel Healthcare (+12%) provided sales guidance above expectations for its current financial year. The company's hospital business has been benefiting from demand for nasal high flow oxygen consumables and hardware created by the COVID surge in China and the strong early flu season and surge in RSV cases in North America. Sales of its obstructive sleep apnea masks have also remained stronger than expected.

Infratil (+3%) reported an increase in the independent valuation for Canberra Data Centres (CDC), its largest asset by value. The midpoint of the valuation increased by 13% since the previous valuation in September 2022 (6% in NZ dollar terms). This translates to \$0.27 per Infratil share. Infratil also announced positive progress with Longroad's portfolio of development and operating renewable energy projects. The 285 megawatt Sun

Streams 3 project is about to commence construction, and Longroad acquired a new 98 megawatt project called Titan Solar, which is already in operation. Sun Streams 3 represents 22% of Longroad's near-term development pipeline, and Titan Solar will add 6% to Longroad's existing portfolio of operating assets.

Ryman Healthcare (+29%) saw a strong share price move during the month. While there was no company specific news, the move reflects some comfort from Summerset's return to growth on new unit sales. Although we had reduced the position size on balance sheet concerns in November, we also think the steep share price fall in December had simply overshot fundamentals, and we upgraded our position during January as the valuation had become much more attractive.

Summerset (+10%) announced its unit sales result for the December quarter, with new sales and resales higher than the September quarter by 28% and 25% respectively, plus also higher than the corresponding December quarter in 2021. The growth in new sales shows there is still demand for the retirement village offering despite a subdued housing market, although this is elongating settlement time frames. In response to this, management had allowed committed buyers to move in early, before they have settled on the sale of their house.

Matt Peek
Portfolio Manager
Fisher Funds Management Limited



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

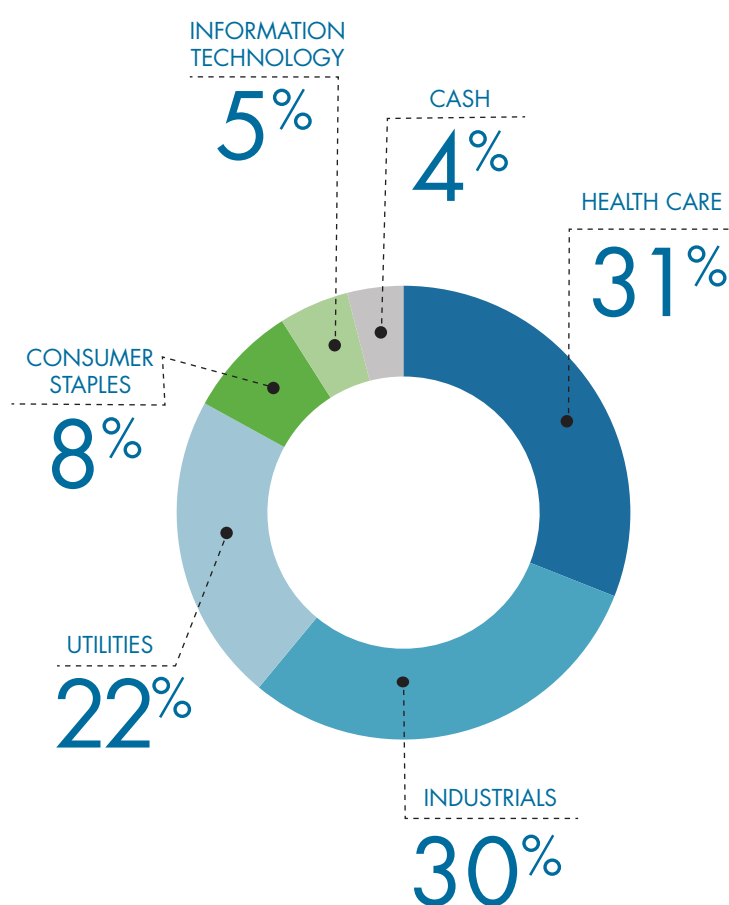
KEY DETAILS

as at 31 January 2023

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	\$1.52
PERFORMANCE FEE CAP	1.25%
SHARES ON ISSUE	328m
MARKET CAPITALISATION	\$462m
GEARING	None (maximum permitted 20% of gross asset value)

SECTOR SPLIT

as at 31 January 2023



PERFORMANCE to 31 January 2023

	1 Month	3 Months	1 Year	3 Years (annualised)	5 Years (annualised)
Company Performance					
Total Shareholder Return	+2.2%	+3.6%	(11.9%)	+3.1%	+11.3%
Adjusted NAV Return	+5.3%	+5.6%	(2.4%)	+4.2%	+9.5%
Portfolio Performance					
Gross Performance Return	+5.5%	+5.9%	(1.3%)	+5.8%	+11.7%
S&P/NZX50G Index	+4.3%	+5.6%	+0.7%	+0.7%	+7.2%

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/>

JANUARY'S SIGNIFICANT RETURNS IMPACTING THE PORTFOLIO during the month

RYMAN HEALTHCARE

+29%

FISHER & PAYKEL HEALTHCARE

+12%

SUMMERSET

+10%

AUCKLAND INTERNATIONAL AIRPORT

+9%

MAINFREIGHT

+6%

5 LARGEST PORTFOLIO POSITIONS as at 31 January 2023

MAINFREIGHT

17%

INFRATIL

16%

FISHER & PAYKEL HEALTHCARE

16%

SUMMERSET

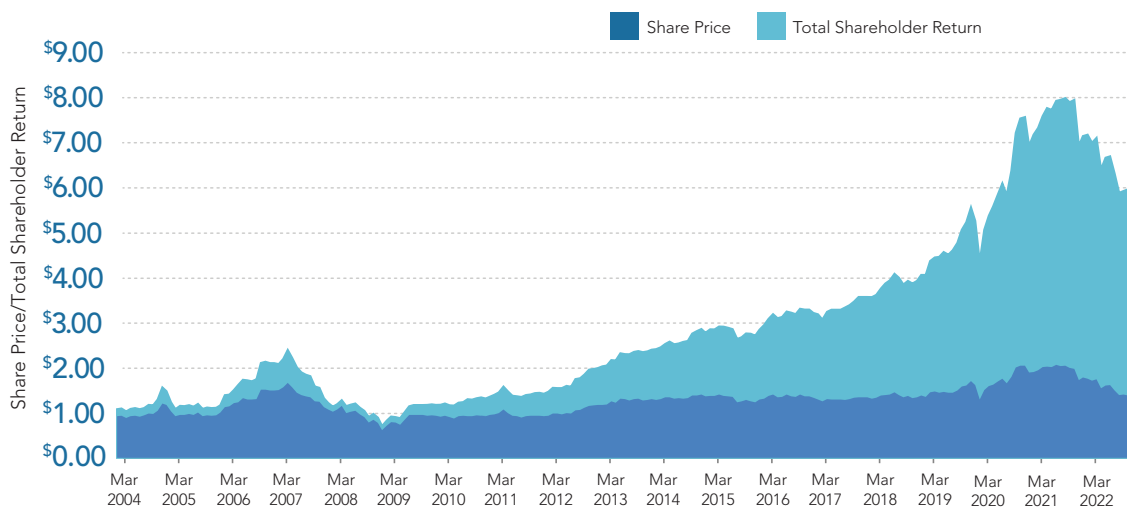
10%

AUCKLAND INTERNATIONAL AIRPORT

8%

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

TOTAL SHAREHOLDER RETURN to 31 January 2023



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 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

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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