KINGFISH

LANDING TOMORROW'S TROPHIES

ANNUAL REPORT

31 MARCH

2020

CONTENTS

CALENDAR

Annual Shareholders' Meeting
Ellerslie Event Centre, Auckland

20 AUGUST 2020, 10:30AM

Next Dividend Payable

SEPTEMBER 2020

Interim Period End

30 SEPTEMBER 2020

This report is dated 3 July 2020 and is signed on behalf of the Board of Kingfish Limited by Alistair Ryan, Chair, and Carmel Fisher, Director.

Alistair Ryan

Alistair Ryan
Chair

Carmel Fisher
Director

ABOUT KINGFISH

Kingfish Limited ("Kingfish" or "the Company") is a listed investment company that invests in quality, growing New Zealand companies. The Kingfish portfolio is managed by **Fisher Funds Management Limited** ("Fisher Funds" or "the Manager"), a specialist investment manager with a track record of successfully investing in growth company shares. Kingfish listed on NZX Main Board on 31 March 2004 and may invest in companies that are listed on a New Zealand stock exchange or unlisted companies.

INVESTMENT OBJECTIVES

The key investment objectives of Kingfish are to:

» achieve a high real rate of return, comprising both income and capital growth, within risk parameters acceptable to the directors; and

» provide access to a diversified portfolio of New Zealand quality growth stocks through a single tax efficient investment vehicle.

INVESTMENT APPROACH

The investment philosophy of Kingfish is summarised by the following broad principles:

» invest as a medium to long-term investor exiting only on the basis of a fundamental change in the original investment case;

» invest in companies that have a proven track record of growing profitability; and

» construct a diversified portfolio of investments based on our 'STEEPP' investment criteria (see pages 18 and 19).

AT A GLANCE

FOR THE 12 MONTHS ENDED 31 MARCH 2020

$1.7m
Net profit

2.9%
Gross performance return

7.2%
Total shareholder return

0.4%
Adjusted NAV return

AS AT 31 MARCH 2020

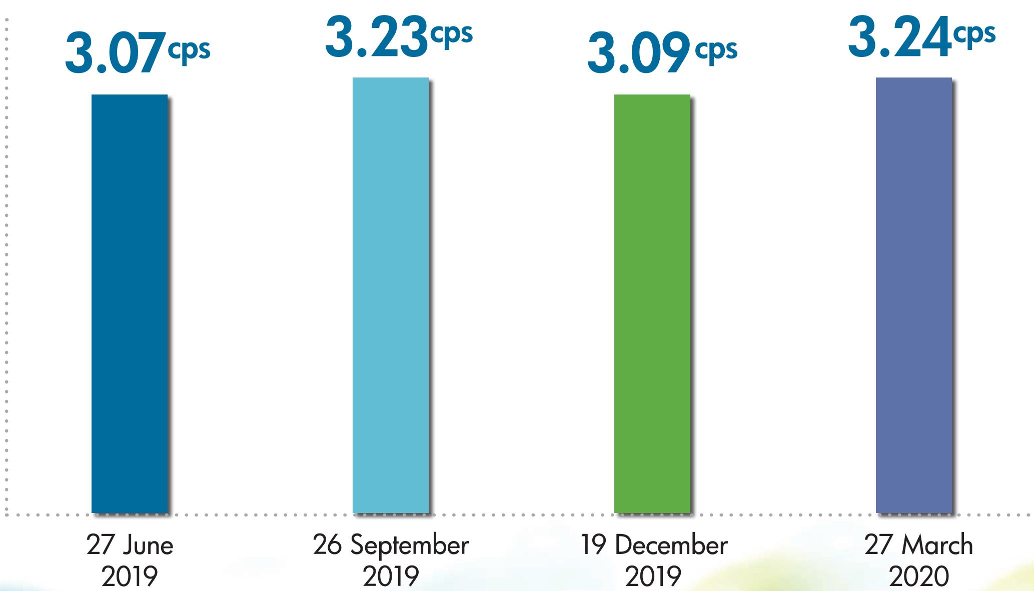
$1.39
NAV per share

$1.29
Share price

DIVIDENDS PAID

DIVIDENDS PAID DURING THE YEAR ENDED 31 MARCH 2020 (CENTS PER SHARE)

Total dividends of 12.63 cps were paid during the financial year (2019: 11.76 cps)



LARGEST INVESTMENTS

AS AT 31 MARCH 2020

Fisher & Paykel Healthcare	The a2 Milk Company	Mainfreight	Infratil	Summerset
19%	17%	16%	10%	6%

These are the largest five percentage holdings in the Kingfish portfolio. The full Kingfish portfolio and percentage holding data as at 31 March 2020 can be found on page 17.

SECTOR SPLIT

AS AT 31 MARCH 2020

Healthcare	30%
Industrials	29%
Consumer Staples	20%
Utilities	12%
Information Technology	4%

The Kingfish portfolio also holds some cash.

DIRECTORS' OVERVIEW

Alistair Ryan
Chair

"The COVID-19 pandemic materially impacted the Kingfish FY20 result ..."

The COVID-19 pandemic materially impacted the Kingfish FY20 result as the New Zealand sharemarket reacted to an increasingly uncertain economic environment from mid-February onwards.

The Kingfish portfolio is built on strong fundamentals and proved relatively robust but was not immune to the significant disruption to equities markets. The strong portfolio gains that had accrued up to the end of January were all but eliminated by financial year end, only two months later.

It was encouraging to see global markets, including New Zealand, recover some of the lost ground during April and May 2020, with the Kingfish portfolio benefiting from this partial market recovery. However, markets (and economies) around the world remain volatile and highly uncertain and can be expected to struggle in the period ahead to retrieve the lost ground consequent to the pandemic. While the future remains uncertain, history suggests there will ultimately be a recovery beyond previous levels. To what extent and over what period of time is impossible to predict in the current circumstances; however, the Kingfish portfolio provides a good spread of quality New Zealand businesses that are continuously monitored and closely analysed by an experienced and capable portfolio team.

During the COVID-19 crisis, the board has maintained close contact with the Kingfish portfolio team led by Sam Dickie and with Fisher Funds' Chief Investment Officer Frank Jasper, and we are satisfied that the STEEPP process and the rigour and analytical discipline that goes with that has helped buffer the portfolio from some of the more extreme market movements of recent times. Your portfolio team has had regular contact with the Kingfish investee companies prior to and throughout the lockdown period and this will continue. Discussions have centred on balance sheet strength, liquidity and availability of capital, underlying strength of earnings and the calibre of key management - factors that the STEEPP process focuses on and which have held the portfolio in good stead over the years.

Alongside monitoring the resilience of portfolio companies in these unprecedented conditions, the Kingfish portfolio team has focused on opportunities to increase holdings in quality companies and to identify new portfolio stocks. Every crisis represents an opportunity for agile investors and your portfolio team has been well-placed to capitalise on market weakness and heightened volatility. Kingfish has been able to strengthen its positions in certain key holdings during the last two months.

The philosophy of Kingfish is to be highly invested in equities and not to hold significant cash at bank. We assume investors have chosen to invest in Kingfish in order to be invested in the New Zealand sharemarket and will make their own individual decisions about the make up of their own investment portfolios.

At the end of January, Kingfish was on track for a record year with Net Profit for the 10 months at $62m, Adjusted NAV up 18% and Gross NAV up 22%. Two months later, Net Profit was down to $1.7m, Adjusted NAV was down to +0.4%[1] and Gross NAV +2.9%[2], compared to the S&P NZX50G index which had slipped marginally into negative territory at -0.5% for the year to March 2020. The strength of the first 10 months of FY20 meant that Kingfish was able to survive the difficult months of February and March to end the year in positive territory, albeit by a small margin. Total Shareholder Return (TSR), measured by the change in share price, less dividends paid, and adjusted for warrants, was +7.2%[3], inevitably down from the +13.5% achieved last year.

The significant losses of the February/March two month period appear to have been materially recovered by the NZX during the subsequent months but it remains to be seen where and when the market will settle into a more normalised trading pattern. The variable results for the five months February-June 2020 demonstrate the potential short-term volatility of equities markets in uncertain times and investors will need to wait and see how the New Zealand sharemarket will perform during the period ahead.

The key components of the full-year result were gains on investments of $1.6m, dividend and interest income of $6.1m less operating expenses and tax of $6.0m. Operating expenses were $3.2m lower than the corresponding period. This was mainly due to the fact that the prior year included a performance fee paid to the Manager of $4.3m.

Shareholders may observe that the Fisher Funds management fee for FY20 (at $4.7m) was high in comparison to previous years when results were more favourable to shareholders. This apparent anomaly

[1] The adjusted net asset value return is the underlying performance of the investment portfolio adjusted for dividends (and other capital management initiatives) and after expenses, fees and tax.

[2] The gross performance return is the portfolio performance before expenses, fees and tax. It is an appropriate return measure for assessing the Manager's performance against an index or benchmark.

[3] The 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.

[4] Participation forms for the Dividend Reinvestment Plan (DRP) can be obtained by contacting either Kingfish or Computershare Investor Services Limited.

is due to the monthly fee calculation, with the strong results for the first 10 months of the financial year offset by negative results for the last two months. Despite the weaker overall result, the fulcrum management fee did not activate, with the base fee of 1.25% applying for the full year. The Performance Fee accrued at end of January 2020 was fully eliminated by year end, resetting to zero.

Kingfish issued 61 million new warrants on 9 March 2020 at an exercise price of $1.64, which will be reduced by the value of the four quarterly distributions made during the next 12 month period, prior to exercise date of 12 March 2021.

The Kingfish board has confirmed the second of those quarterly dividends, to be paid on 26 June 2020, at 3.06 cents per share and the continuation of the Dividend Reinvestment Plan[4] for those shareholders who elect to participate therein.

The share buyback programme was activated from time to time during the course of the FY20 financial year when the discount between NAV and share price was at least 8% and in compliance with other parameters of the buyback policy, with 473k shares being purchased at an average price of $1.44 per share.

The Annual Shareholders' Meeting will be held slightly later this year, on 20 August 2020 (at 10:30am at the Ellerslie Event Centre), due to the allowance made by the FMA for less stringent reporting time-frames (to ensure quality of reporting can be maintained) in this Covid-impacted year.

Andy Coupe, director since 2013 and chair of the Kingfish Investment Committee, retires by 3-year rotation at this year's annual meeting and will stand for re-election. The board fully endorses Andy's re-election. The board has resolved that Carmel Fisher, retired from Fisher Funds since July 2017, is an independent director (previously non-independent). All four of the current board are therefore independent.

Your board and your portfolio management team have been actively monitoring this volatile period for the New Zealand sharemarket and will continue to do so. Kingfish is a significant NZX company with net assets of $345m as at 31 March 2020. The Company has high liquidity and access to cash and intends to maintain its quarterly distribution policy at least into the foreseeable future.

We understand that shareholders are pleased to receive the Company's regular communications, regular quarterly (tax-effective) dividends, regular warrants programmes and strong share price performance over recent years. The future is more uncertain than it has been for some time but Kingfish is, we believe, well-placed to trade effectively through the inevitable uncertainties that lie ahead.

We look forward to meeting many of you again at this year's annual meeting in August.

Alistair Ryan

Alistair Ryan / Chair
Kingfish Limited
3 July 2020

FIGURE 1: FIVE-YEAR PERFORMANCE SUMMARY

Corporate Performance

For the year ended 31 March	2020	2019	2018	2017	2016	5 years (annualised)
Total Shareholder Return	7.2%	13.5%	12.0%	8.1%	3.3%	8.8%
Adjusted NAV Return	0.4%	17.6%	14.7%	10.6%	13.0%	11.1%
Dividend Return	9.4%	9.0%	8.7%	8.5%	7.7%	
Net Profit	$1.7m	$47.1m	$36.3m	$22.4m	$22.5m	
Basic Earnings per Share	0.75cps	24.24cps	19.62cps	14.50cps	16.71cps	
As at 31 March	**2020**	**2019**	**2018**	**2017**	**2016**	
NAV (as per financial statements)	$1.39	$1.57	$1.45	$1.40	$1.37	
Adjusted NAV[1]	$4.80	$4.78	$4.07	$3.54	$3.20	
Share price	$1.29	$1.35	$1.31	$1.29	$1.31	
Warrant price	$0.03	$0.06	-	$0.05	-	
Share price discount to NAV[2]	6.7%	13.1%	9.7%	7.0%	4.4%	

Manager Performance

For the year ended 31 March	2020	2019	2018	2017	2016	5 years (annualised)
Gross Portfolio Performance (before expenses, fees and tax)	2.9%	21.2%	16.5%	13.3%	15.7%	13.8%
S&P/NZX50G	(0.5%)	18.3%	15.6%	6.6%	15.7%	10.9%
Performance fee hurdle / Benchmark Rate[3]	8.6%	9.0%	9.0%	9.3%	10.2%	

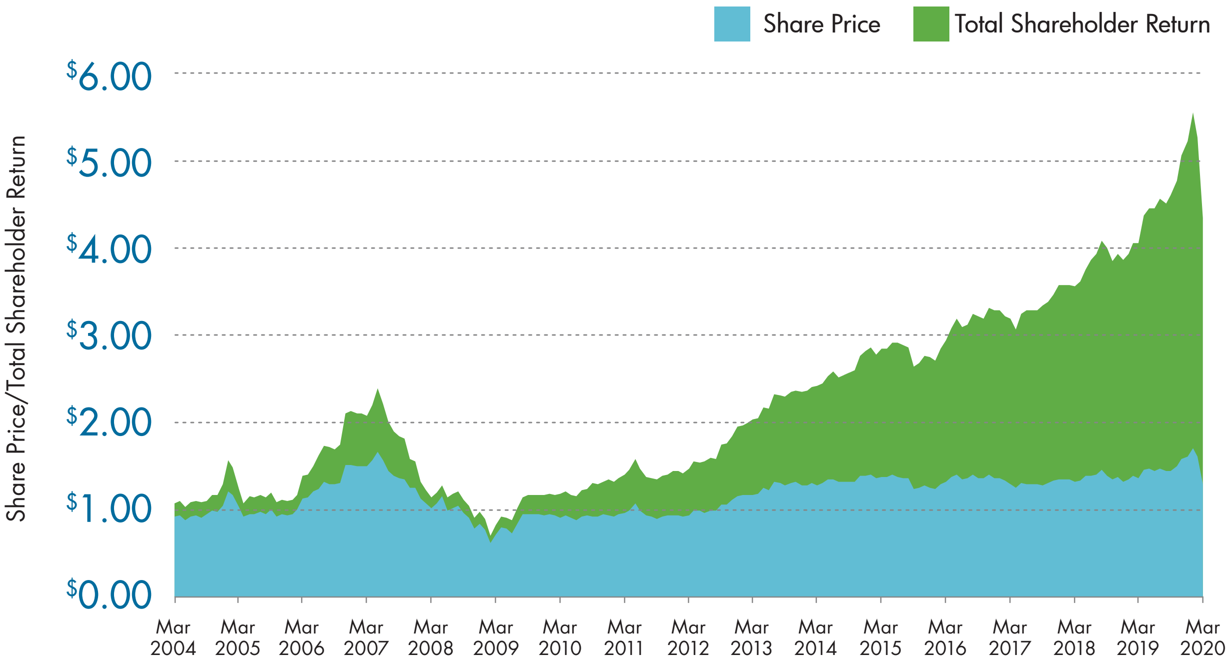
NB: All returns have been reviewed by an independent actuary.

[1] Kingfish's adjusted NAV historical information has been restated as a result of correcting the warrant dilution component of the calculation.

[2] Share price discount to NAV (including warrant price on a pro-rated basis).

[3] The performance fee hurdle is the Benchmark Rate (NZ 90 Day Bank Bill Index +7%).

FIGURE 2: TOTAL SHAREHOLDER RETURN



Non-GAAP Financial Information

Kingfish uses non-GAAP measures, including adjusted net asset value, 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 capital allocation decisions after expenses, fees and tax,*
- *adjusted NAV return – the net return to an investor after expenses, fees and tax,*
- *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, gross performance return and total shareholder return in this Annual Report 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://www.kingfish.co.nz/about-kingfish/kingfish-policies/

MANAGER'S REPORT

Sam Dickie
Senior Portfolio Manager

"The combination of our existing tried and true process, plus the enhancements during the crisis, allowed us to outperform the NZSE50 in the bull market prior to COVID-19, during the worst of the market fall in March and then in the sharp rebound since that date."

COVID-19 – an unprecedented and uncertain time

2020 will go down in history as the year the world came to a standstill because of COVID-19. This is an ongoing human and economic crisis in most countries. Fortunately, the health impact in New Zealand was more limited than was the case in many other countries. But the economic uncertainty and volatility that has emerged in recent months look set to remain well into the 2021 financial year.

The first 10 months of the Kingfish financial year saw strong performance, with the NZSE50G rising 23% until 20 February 2020. After that, global stock markets recorded their fastest 10%, 20% and 30% falls……ever.

By late March, five things that global stock markets were looking for were in place:

- Early signs of flattening of the curve of COVID-19 new infection
- Extremely large global monetary response from central banks
- Extremely large fiscal response from Governments
- Attractive valuations
- Very poor sentiment (a good contrarian signal)

Starting 23 March 2020, global stock markets staged their fastest 30% bounce……ever.

While this kind of volatility can make your head spin, we need to stay calm. Investors get rewarded with a higher return for stomaching this kind of volatility. As an active manager, we can pivot to capitalise on attractive opportunities that the market throws our way during these ongoing periods of volatility and economic uncertainty.

The Kingfish portfolio outperformed the New Zealand market in both bull and bear market conditions during the financial year.

OUR INVESTMENT PROCESS

Despite our constant striving to hone and improve our process, it has not changed much over the last year or two. We think it is repeatable and scalable. However, we made some enhancements during the COVID-19 crisis.

The critical elements of our investment process have not changed

A moat is an attribute of a business that makes it very hard to compete with. Being able to retain your customers in the face of competition is a very good attribute to have. A genuine moat is wide and ideally grows over time. Companies with wide and widening moats are typically long-term winners in the market. Companies that struggle to keep their customers and have no moat, or a narrow moat, often struggle to generate long-term returns to shareholders.

We continue to strive to think like business owners rather than the average financial analyst. Such analysts update their Fisher & Paykel company model and meet management every six months or so with a focus primarily on the most recently released set of results. We think there is more value in talking to their competitors and their customers. We will spend only limited time in our frequent meetings with management talking about historical financial results and the rest of the meeting talking about the three to five-year outlook. This enables us to see opportunities that the average financial analyst does not see. For example, last year, the market was fixated on the upcoming poor flu season which could negatively impact the company's hospital division's results and the dearth of new Obstructive Sleep Apnea (OSA) masks. Our contrarian view was simple – the flu cycle varies year to year, so any weakness associated with this is a buying opportunity. And 50 years of R&D do not disappear overnight – the company will come out with more world beating OSA masks. We bought the stock in May 2019 while most others were selling. Since then, the company's share price has gained almost 100%.

We continue to build every day our open and honest culture where everyone can freely admit we simply do not know all the answers to the hardest questions. As legendary investor Peter Lynch said, "my own portfolio constantly reminds me that the so-called smart money is exceedingly dumb about 40% of the time". Mr Market teaches us the hard way how to remain humble every day! We still analyse all our decision making not in the context of share price moves but via thesis maps and catalyst tracking and we consider all our decision making in four quadrants:

We analyse our decision making via four quadrants

MANAGER'S REPORT CONTINUED

Our style is still the same, underpinned by the STEEPP process. We still maintain our high-quality gate and we are focused on high quality management teams, especially those we consider "intelligent fanatics". We continue to unashamedly run a high conviction, highly concentrated portfolio. And we continue to invest in companies with long runways for growth, almost irrespective of the economic backdrop.

We enhanced our process to help navigate the rapidly changing environment

To work effectively at pace in an environment where there was significant new information coming out every day, we looked at every company through the same lens and segmented the portfolio into risk buckets. The Kingfish team, and many of the broader Fisher Funds investment team, managed portfolios through the Global Financial Crisis (the GFC). So, we thrived at the higher pace the COVID-19 crisis required. We had literally hundreds of calls with our companies, their customers, their competitors, their suppliers and other stakeholders in the 10 weeks since we became concerned about COVID-19. When you are gathering that volume of information, it is critical you look at every company through the same lens to draw the best insights.

We asked every management team the same four questions:

» How are you ensuring the safety of your people?

» What is your liquidity situation or your balance sheet position?

» What is a bear, base and bull outcome for revenues and profits during the crisis and out the other side?

» Critically, especially for us long-term investors, how are you going to come out the other side of this as a better company and thrive in a post-COVID world?

That allowed us to rapidly segment the portfolio into four buckets. I want to stress that this pyramid reflects the impact of this unique situation and is not how we view our companies under normal circumstances.

We categorised the portfolio companies into four risk buckets under COVID-19

Bucket 1

Bucket 2

Bucket 3

Bucket 4

Companies that should trade very well through the COVID-19 crisis

Typically more defensive earnings streams (e.g. purely essential services)

More economically sensitive earnings streams but impacted by COVID-19

Caught in the eye of the storm

This amount of information looked at through exactly the same lens of the four questions, coupled with clear segmentation of the portfolio into risk buckets, allowed us to be nimble and to capitalise on the fast moving opportunities in front of us during the COVID-19 crisis.

We owned less of buckets 3 and 4 and more of buckets 1 and 2 into the teeth of the crisis. For instance, we maintained a small position in Auckland Airport right until the share price fully captured all the obvious risks. We had cut our weighting in Summerset in late January and we ran our very large positions in Fisher & Paykel Healthcare and a2 Milk right into the trough of the crisis on 23 March. We then pivoted by trimming some of our positions in buckets 1 and 2 and buying positions in buckets 3 and 4. We trimmed Fisher & Paykel Healthcare, Meridian and some a2 Milk near the apex of the crisis and switched that into Auckland Airport and Vista, especially via their equity issuance. We were also adding to our heavily oversold positions in Summerset and Mainfreight.

The combination of our existing tried and true process, plus the enhancements during the crisis, allowed us to outperform the NZSE50 in the bull market prior to COVID-19, during the worst of the market fall in March and then in the sharp rebound since that date.

Our process and style have weathered a variety of market conditions well

	First 3 quarters	March quarter	FY20	Subsequent	Total
From	31-Mar-19	31-Dec-19	**31-Mar-19**	31-Mar-20	**31-Mar-19**
To	31-Dec-19	31-Mar-20	**31-Mar-20**	15-May-20	**15-May-20**
Kingfish*	20.4%	-14.5%	**2.9%**	12.7%	**16.0%**
NZSE50G	16.7%	-14.8%	**-0.5%**	9.5%	**9.0%**
Outperformance	**3.7%**	**0.2%**	**3.4%**	**3.2%**	**7.0%**

*Figures represent gross performance return by the Manager

KEY DEVELOPMENTS WITHIN THE KINGFISH PORTFOLIO

There has always been significant "noise" around **a2 Milk** – often misplaced in our view. In the last year or so, the market has been worried about regulatory risk, CEO changes and the firm's heavy investment in its brand, among other things. But the company outperformed a very strong NZ share market in the 2019 calendar year and then outperformed during the March 2020 quarter.

When stocks react sharply to unexpected news, as a2 Milk did when management significantly stepped up investment in the brand, human nature means market participants suffer the full range of emotions. To ensure our investment decisions are not impacted by these human emotions, we take a step back and ask ourselves: has the big picture thesis changed? We pay attention to any change in the breadth of the firm's moat, those attributes that protect a company from competition and any change in our view on management. Do customers still love the product? Has the medium-term earnings power of the company changed? One key metric we refer to in China is a2's infant formula market share. Over calendar 2019 this increased from 5.4% to 6.6%. Revenue growth in liquid milk in the US more than doubled over that period. The targeted investment a2 is undertaking in both China and the US will widen a2 Milk's moat. If the company had not materially stepped up its investment, it could have harvested more profit in the next one to two years than it is now going to. However, with the step up in investment it is likely to harvest materially more profit in years 3-10 than it could have otherwise. That is classic long-term thinking and is a classic Fisher Funds company. We took advantage of the short-term weakness following the September 2019 investor day and bought more shares in a2 Milk.

During COVID-19, the company has fared well, taking market share as mothers have shored up their infant formula supplies. E-commerce is likely to be a key driver of sales in a post-COVID world (not just for a2 Milk but for many companies in many industries) and a2 is a market leader in this channel.

Think back to that 3rd question we asked our companies during the COVID-19 crisis: "What is a bear, base and bull outcome for revenues and profits during the crisis and out the other side?" **Auckland Airport** effectively avoided answering that tricky question, but they did raise enough equity capital to take any balance sheet funding stress off the table right through until December 2021. The larger than expected $1.2 billion equity raising can sustain the balance sheet even if the current extremely low level of passengers moving through the airport continues through 2021. That is not their base case, but we applauded the prudent approach. Auckland Airport is a long duration, near monopoly asset, and was priced near our long-term bear case valuation. So, we added to the position including in the capital raising at a discounted price. People will travel again.

During our visit to the US last year, we met with **Fisher & Paykel Healthcare's** key US executives and competitors ResMed and Vapotherm. We spent time with doctors and experts in respiratory disease/illness and attended a Sleep Conference that showcased Fisher & Paykel Healthcare's and key competitors' sleep apnoea masks. Meeting Justin Callaghan, the head of Fisher & Paykel's US operation, reminded us of how critical it is to have experience in an industry that thinks of product cycles in decades, not quarters or years. Justin has been with Fisher & Paykel for more than 25 years and discussing the huge total addressable market opportunity for the fast-growing nasal high flow products and the competitive environment renewed our confidence that the key US business is in good hands. The US market is by far the largest healthcare market in the world and accounts for almost 50% of the company's revenue. The nasal high flow products that we discussed with Justin now make up approximately 30% of group revenue and are growing almost three times as fast as the overall group. Given the huge body of clinical papers published on nasal high flow and Fisher & Paykel's brand Optiflow (150-200 papers per annum for the past couple of years vs less than 25 per annum 5 years ago), it is not surprising that Optiflow is now used in most hospitals in the US. The huge opportunity that remains is adoption rates in those hospitals. Fisher & Paykel treats around three to four million patients annually with Optiflow and we think the total addressable market here is 40-50 million patient set-ups globally per annum. It is worth remembering that while Fisher & Paykel Healthcare's Obstructive Sleep Apnea (OSA) masks treat only one condition, Optiflow can treat a multitude of respiratory illnesses — chronic obstructive pulmonary disease, chronic bronchitis, emphysema and pneumonia, to name a few. While we were aware of the benefits of Optiflow, it was useful to have these validated by the pulmonary care doctors we spoke with. They reinforced the benefits, including a major improvement in patient comfort over competitor products, the ability to be easily set up by respiratory therapists who are the most common users, and importantly that it is much less expensive than normal non-invasive ventilation.

Our analytical process during the last quarter has been quite different for Fisher & Paykel Healthcare. COVID-19 is a respiratory illness and Fisher & Paykel Healthcare are respiratory and humidification experts. The company is ramping production in its hospital division as rapidly as possible to treat COVID-19 patients with both its invasive ventilation and market-leading high flow oxygen devices and consumables. Most of our analysis has centred around sizing the amount of extra volume the company will sell in this crisis and over the next 1-2 years. We have learned that it pays to have flex capacity on hand as a manufacturer – Fisher & Paykel Healthcare has been able to ramp up 30% extra hospital product capacity within two weeks.

Freightways continues to hold a strong position in express parcel delivery in New Zealand and had been structurally improving its profitability in the growing "Business to Consumer" (B2C) segment. It supported its essential service customers during COVID-19 Alert Level 4, including delivering groceries for its key customer Countdown. However, after an in-depth review of the position in 2019, we concluded that the moats of some of the peripheral group businesses were narrower than we had originally thought and so we re-sized the position accordingly.

We increased our large position in infrastructure manager **Infratil** over the course of the year. With its portfolio reorganisation largely complete, the company is now well-positioned in high-growth sectors while remaining diversified by sector and geography. In particular, the company is now geared strongly towards growth in data usage and data security through its investments in CDC data centres and Vodafone. This continues to pay off as CDC has continued to grow very strongly. Infratil has also sensibly bet on renewable electricity through its investments in Tilt Renewables and Longroad Energy.

The bulk of Infratil's portfolio is well-positioned to endure COVID-19, namely data and communications investments Canberra Data Centres and Vodafone NZ, plus electricity investments Trustpower and Tilt. Although Wellington Airport is operating well below capacity, this only comprises 10% to 15% of Infratil's net asset value.

We visited **Mainfreight's** Los Angeles operation during the financial year and met with key US executives. Mainfreight's US operations are now more than a quarter of total group revenues and the division is growing significantly faster than the overall group. In the context of a huge market, Mainfreight is tiny and is small even relative to its competitors in what is a very fragmented market. Mainfreight's US transport operations are less than one twentieth of the size of the number one market share player in the US and the number one player only has around 10% market share! At an individual customer level, multi industrial giant GE spends a massive $1 billion on freight every year with Mainfreight winning a tiny sliver of that business. This is a huge opportunity to grow. After a few false starts over the past decade, we believe that Mainfreight now has the people, the infrastructure and the culture in place to continue this superior growth rate. We were especially impressed with the focus on a high performing sales culture across all divisions of the business. We continue to think that the company has a long runway for growth outside of New Zealand and are backing management to successfully grow the business in Europe and the US and still think this is underappreciated by the market.

Mainfreight's aim is to pull through COVID-19 without letting go of its most valuable assets: its people. The company is seeing its team members reciprocate its loyalty to them – they are proud to be providing an essential service to keep New Zealand and the globe functioning during the crisis. Despite being impacted from lockdowns across its business, the company has seen resilience in warehousing, some insulation of transport volume from its focus on "everyday freight that lets a city breathe" and has also pivoted to take new opportunities in charter air freight.

We reduced our position in **Meridian** over the fiscal year. The company was trading on a particularly expensive valuation in late 2019 and risks were not being sensibly priced. This reflected the "hunt for yield" as New Zealand interest rates dropped to historic lows. The shares fell sharply when Rio Tinto announced it was reviewing its majority ownership of the Tiwai Point aluminium smelter, which consumes approximately 13% of New Zealand's electricity. We trimmed the position again in early 2020 as the shares reached new highs, seemingly pricing no risk of an adverse outcome with the smelter, despite the review being ongoing.

Pushpay has performed well, upgrading earnings mid-March. After balance date (in May), the company gave very strong profit guidance for the year ahead. This has been a classic example of what we call "operating leverage" – companies with scalable businesses that can grow revenues while holding costs broadly flat can see their profits grow at astonishing rates. Pushpay has seen an acceleration in the use of its digital applications at its customers' churches in the US. Its product is tailor-made to suit a situation such as COVID-19 where congregations cannot physically gather and sermons must be delivered over the internet.

We ran stress tests on our retirement operators **Ryman** and **Summerset** during COVID-19, testing liquidity, cash flow and balance sheet strength. Both have hundreds of millions of headroom on their debt facilities and have no meaningful expiries for over two years. Both can withstand large falls in new sales and resales without breaching covenants. Long wait lists and residents often having medical events that necessitate moving into a village or into care mitigates the risk that sales are weak for an extended period. This is a time when both operators will provide assurance and comfort for their residents and further build their brand strength.

When you have been developing high-quality retirement villages successfully for as long as Ryman and Summerset have, you are going to develop a huge amount of in-house expertise. The expertise to secure a large parcel of bare land in a high-quality location and shepherd it through the difficult process of consenting and turn out consistently high-quality apartments and integrated care facilities has created wide moats around these companies. And then to have the ability to replicate that process dozens of times in both NZ and Australia means the moats continue to widen.

Ryman hosted an investor day in Melbourne during the year which we attended. Awareness of Ryman in Melbourne is strengthening, resulting in strong demand for its product. The company is well positioned versus its Australian counterparts that do not cater to the increasing demand for a continuum of care model – independent retirement living all the way through to acute aged care and dementia care.

We added to **Vista** during the year. Unfortunately, the position has significantly detracted from our performance this year. Off the back of a strong 2018 result, the company confidently projected another year of roughly 20% revenue growth. This led to exuberant expectations from new investors, especially in relation to the dynamic Movio business. This drove the share price to a high valuation. On reflection, we should have reduced the position at that point as the company had a mixed track record of achieving guidance. The subsequent reset was a painful example of how a growth company can be punished when expectations are not met.

In 2020, the company was hit hard by COVID-19 as cinemas globally shut and entered survival mode. Many simply paused paying their fees to Vista to conserve cash. This put the company's liquidity position under stress, despite the company having cash on its balance sheet and undrawn debt facilities. We participated in the company's equity raising at $1.05, which ensures Vista has sufficient liquidity for an extended period. COVID-19 aside, Vista has continued to grow its market share to 50% for its core cinema product globally outside of China. It is multiple times the size of its next biggest global competitor. The company will return to growth when cinemas inevitably re-open and COVID-19 has represented a buying opportunity at a depressed valuation. While it is easy to become despondent about recent poor share price performance and the pain we have worn, we think the company is making long-term decisions that will continue to grow its moat and over time this will lead to a stronger, larger business.

PORTFOLIO CHANGES

Active management means relentless and continuous improvement

Active management has enhanced returns significantly for clients since Kingfish's inception. Total gross performance return for Kingfish has been around 800% since inception in 2004. That compares to the NZSE50G that has generated around 300% gross performance return. We think active management is going to be even more important in the next decade. Interest rates are low. Global economic growth has been anaemic. Valuations are not cheap. These point to lower future market returns. In our view, this means that the return from active management goes from being the cream on the cake to be the whole cake. With that view, we are more focused than ever on generating attractive active returns.

Portfolio changes since 31 March 2019

I wrote in last year's annual report that "we will never be afraid to change our minds". This year, we changed our mind and exited our small remaining position in **Fletcher Building**.

At the time of investment in April 2018, we identified five positive changes. Firstly, we were expecting the company to enter an earnings upgrade cycle from refocusing and rationalising the Australian business, which had not been managed well previously and was performing below its potential. Secondly, we were expecting the momentum in the New Zealand building cycle to continue because of the significant housing deficit. Thirdly, the business was becoming a simplified story around its core New Zealand and Australian businesses, most of which had solid moats and had performed well historically (think the likes

MANAGER'S REPORT CONTINUED

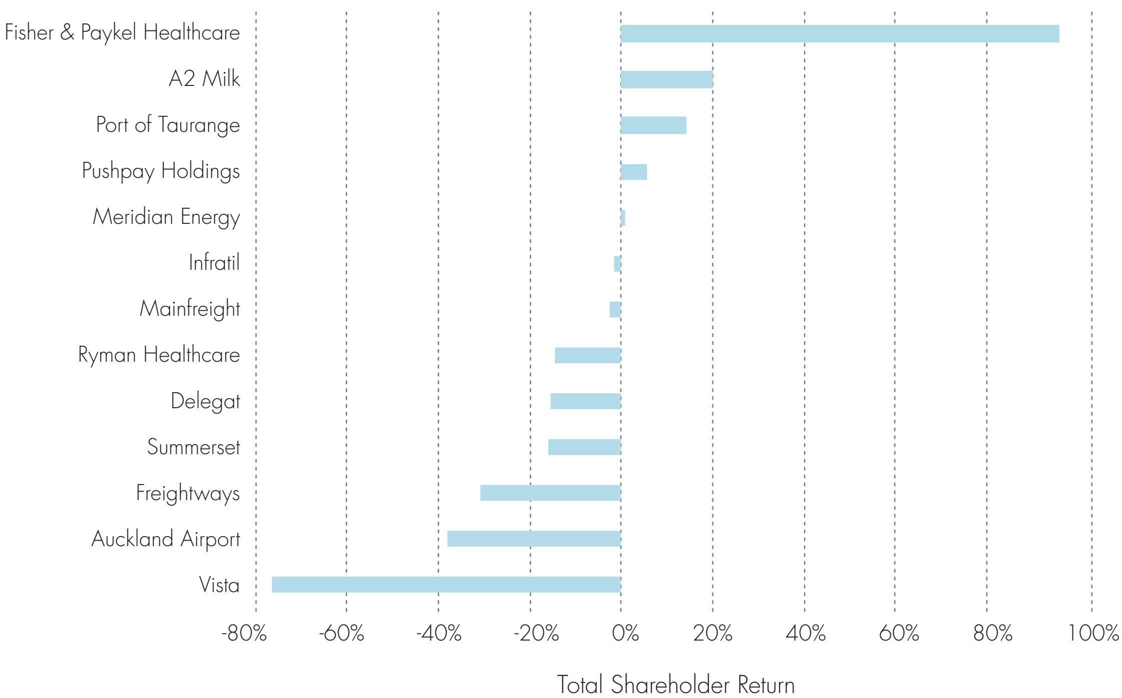
of Placemakers, Golden Bay Cement and Winstone Wallboards). Fourthly, the company was divesting the global Formica business, which did not suit a business that was otherwise focused in New Zealand and Australia. Lastly, we thought that the equity raising would improve what was an overleveraged balance sheet.

These positive catalysts played out largely as we expected. The major shortcoming of our investment thesis was that a sharp Australian housing downcycle impacted that business and severely reduced earnings, which hurt the Australian division and made any upside from its reorganisation more long dated and uncertain. The key thing we were reminded of was to be wary of cyclical risks. Cyclical companies carry additional risks because an unexpected or pronounced shift in the cycle can trump other parts of the investment thesis. We reduced the position size progressively and ultimately exited the position.

We exited our small remaining position in **Restaurant Brands** during the financial year. We had earlier sold most of our holding into the partial takeover offer alongside management and the board.

We are constantly honing and trying to improve our process. A key part of that is not only tracking our returns and our returns vs the NZSE50 but also tracking the profitability of our decision making. The active management changes during the 2020 financial year added almost 1-2 percentage points of performance to the Kingfish portfolio return.

Portfolio company returns - year to 31 March 2020



OUTLOOK

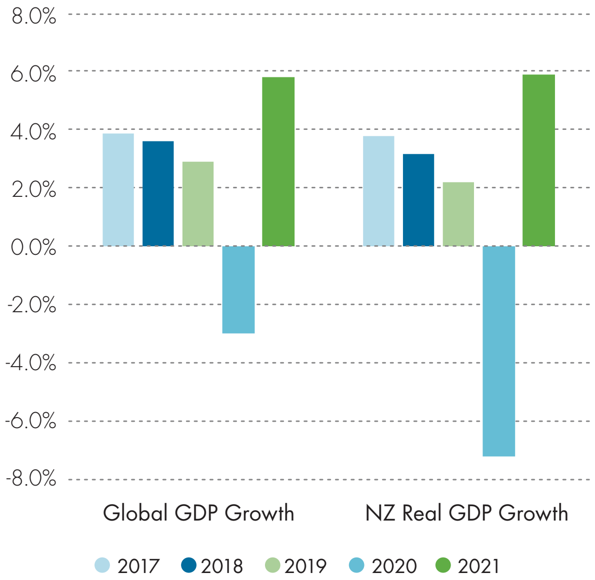
The pace of the March 2020 sell-off in global equity markets and the subsequent rally was breath-taking. There remains extreme economic uncertainty brought about by the COVID-19 crisis and we should brace for more volatility ahead.

We continue to favour quality companies with long runways for growth irrespective of the short-term economic backdrop. Our largest positions have exceptionally long runways for growth through continuing to take market share and benefiting from long-term structural growth tailwinds. This should help us endure the inevitable economic slowdown brought about by COVID-19.

That coupled with our existing process and continuous process enhancement stands the Kingfish portfolio in solid stead for the year ahead and beyond.

Sam Dickie / Senior Portfolio Manager
Fisher Funds Management Limited
3 July 2020

Economists expect a sharp fall in GDP growth in the current year



Source: IMF

PORTFOLIO HOLDINGS SUMMARY AS AT 31 MARCH 2020

Listed Companies	**% Holding**
Auckland International Airport	5.0%
Delegat Group	2.9%
Fisher & Paykel Healthcare	18.6%
Freightways	3.9%
Infratil	10.1%
Mainfreight	15.7%
Meridian Energy	2.3%
Port of Tauranga	3.9%
Pushpay Holdings	1.7%
Ryman Healthcare	5.2%
Summerset	5.7%
The a2 Milk Company	16.6%
Vista Group	2.3%
Equity Total	**93.9%**
New Zealand dollar cash	6.1%
TOTAL	**100.0%**

THE STEEPP PROCESS

Fisher Funds employs a process that it calls STEEPP to analyse existing and potential portfolio companies. This analysis gives each company a score against a number of criteria that Fisher Funds believes need to be present in a successful portfolio company. All companies are then ranked according to their STEEPP score to broadly determine their portfolio weighting (or indeed whether they make the grade to be a portfolio company in the first place).

The STEEPP criteria are as follows:

S

STRENGTH OF THE BUSINESS

What is the company's competitive advantage? Is it sustainable? Is the company a market leader? Does it have a dominant position? A strong business is one that can maintain its profit margins by employing a unique strategy.

T

TRACK RECORD

How has the company performed in the past? Has the company performed under the same management team? Has it grown organically or by acquisition? How did the company react during a downturn? Fisher Funds prefers to buy established companies that have executed well in the past.

E

EARNINGS HISTORY

How fast has the company been able to grow its earnings in the past? How consistent has earnings growth been? Fisher Funds prefers to buy companies that exhibit secular growth characteristics where they have proven the ability to provide a high or improving return on invested capital.

Applying this STEEPP analysis, Fisher Funds constructed a portfolio for Kingfish which comprised 13 securities at the end of March 2020.

E

EARNINGS GROWTH FORECAST

What is the company's earnings growth forecast over the next three to five years? What is the probability of achieving the forecast? What do we expect the company's earnings potential to be? Fisher Funds notices that too many analysts focus on short-term earnings. As long-term growth investors, Fisher Funds thinks about where the company's earnings could be in three to five years.

P

PEOPLE/ MANAGEMENT

Who are the management team and how long have they been in their roles? Who are the directors, what is their history with the company, and what do they bring to the board? What is the depth of management in the organisation and is there a succession plan for the key executive roles? Do the management team own shares in the business and how are they rewarded? Has the board and management exhibited good corporate behaviour in the areas of environmental, social and governance considerations? For Fisher Funds, the quality of the company management and its corporate governance is of paramount importance.

P

PRICE/ VALUATION

How much of the future earnings growth is already reflected in the share price? Where does the current share price sit in relation to our worst to best case valuation range? A company will generate a higher score where the market price currently reflects little of that company's upside potential.

THE KINGFISH PORTFOLIO STOCKS

The following is a brief introduction to each of your portfolio companies, with a description of why Fisher Funds believes they deserve a position in the Kingfish portfolio. Total shareholder return is for the year to 31 March 2020 and is based on the closing price for each company plus any dividends received. For companies that are new to the portfolio in the year, total shareholder return is from the first purchase date to 31 March 2020.

Total shareholder return sourced from Bloomberg and excludes imputation credits.

Auckland Airport

WHAT DOES IT DO?

Auckland International Airport (AIA) owns and operates New Zealand's major gateway as well as 1500 hectares of land surrounding the airport. AIA operates under a 'dual till' regulatory regime, meaning that the company's aeronautical operations are subject to rate of return regulation, whereas the other non-aeronautical operations are unregulated. Over 50% of AIA's revenue is derived from non-aeronautical operations, such as retail, parking, hotel accommodation and property rental.

WHY DO WE OWN IT?

AIA is well-positioned to benefit from New Zealand's positive long-term tourism outlook. With aspirations for 40 million total passengers per annum by 2044, combined with a strengthening consumer business and leveraging its land bank, AIA's non-aeronautical operations are expected to continue to deliver attractive returns on invested capital into the future.

Total Shareholder Return

-38%

DELEGAT

EST 1947

WHAT DOES IT DO?

Delegat Group produces and distributes super-premium wine internationally under the Oyster Bay and Barossa Valley Estate brands. Oyster Bay is the number one selling New Zealand wine brand in the UK, Australia and Canada, and is growing quickly in the US.

WHY DO WE OWN IT?

Delegat continues to grow its profits annually despite currency fluctuations. The company has invested for growth by expanding its winery capacity and increasing vineyard plantings to meet its goal of achieving high single digit growth in case sales in the short-term. The majority of the growth is likely to be driven by the still relatively immature US market.

Total Shareholder Return

-15%

KINGFISH PORTFOLIO STOCKS CONTINUED

Fisher & Paykel HEALTHCARE

WHAT DOES IT DO?
Fisher & Paykel Healthcare is a leading designer, manufacturer and distributor of innovative medical devices for patients who require acute respiratory and obstructive sleep apnoea care. Over 95% of its products are sold outside New Zealand from dedicated manufacturing facilities in Auckland and Mexico.

WHY DO WE OWN IT?
We are attracted to the latent demand for Fisher & Paykel Healthcare's innovative care products as the worldwide population ages and the incidence of chronic respiratory diseases and obesity rises. Through its own research and development, Fisher & Paykel Healthcare has continued to develop products that significantly expand its potential patient base, while maintaining high returns on invested capital.

Total Shareholder Return

+96%

Freightways

WHAT DOES IT DO?
Freightways operates a range of nationwide express delivery operations with brands including NZ Couriers, Post Haste and Big Chill. The company has also developed an information management business on both sides of the Tasman encompassing document storage, data services and secure destruction services.

WHY DO WE OWN IT?
Freightways is one of two dominant players in the New Zealand courier market and its information management business has a trans-Tasman footprint. The company has an impressive track record of stable organic growth and value-accretive acquisitions that leverage off its existing infrastructure. Earnings have been resilient in times of recession, and are growing at least as strongly as the domestic economy in more buoyant times.

Total Shareholder Return

-31 %

Infratil

WHAT DOES IT DO?
Infratil invests in a diverse range of infrastructure businesses, with a portfolio focused on data and communications and renewable electricity, with smaller exposures to airports and aged care. It is externally managed by an experienced management team.

WHY DO WE OWN IT?
We are attracted to Infratil's portfolio of infrastructure assets that are not easily replicable and its track record since listing has been strong.

Total Shareholder Return

-2%

Mainfreight

WHAT DOES IT DO?
Mainfreight is a global supply chain logistics company. It is a specialist freight forwarder and distributor, with interests spanning managed warehousing, transportation of hazardous substances, international air and sea freight, and domestic transport. Its operations span New Zealand, Australia, the Americas, Europe and Asia.

WHY DO WE OWN IT?
Mainfreight is a very well-run company with a special company culture that has delivered strong performance over time. It continues to open new trade lanes as it spreads its logistics footprint ever wider. Growth should come organically as it works towards its goal of becoming a global logistics provider.

Total Shareholder Return

-2%

KINGFISH PORTFOLIO STOCKS CONTINUED

meridian

WHAT DOES IT DO?

Meridian Energy is New Zealand's largest electricity generator, producing approximately 30% of the country's electricity in an average year, sourced 100% from renewable hydro and wind resources. The company also has a dominant retail business in New Zealand, operating under the Meridian and Powershop brands, and is well positioned to double the size of its Australian retail base.

WHY DO WE OWN IT?

Meridian is a well-run company, with a portfolio of long-dated quality renewable generation assets which provide Meridian with the advantage of being amongst the lowest cost marginal electricity producers. Meridian is favourably positioned over the long term to benefit from key sector event risks and is generating increasing free-cashflows given its decreasing capital expenditure requirements.

Total Shareholder Return

+1%

PORT OF TAURANGA

WHAT DOES IT DO?

Port of Tauranga is the natural gateway to and from international markets for many of New Zealand's major businesses. It is in close proximity to many important exporters in the forestry, dairy, meat and fruit industries. Its investment in port facilities in Timaru and an inland port near Christchurch opens up the South Island for exports to be hubbed out of Tauranga.

WHY DO WE OWN IT?

Port of Tauranga continues to grow in importance as a leading shipping port in New Zealand for both exports and imports. It has many natural advantages, including excellent access for road and rail, large land holdings and, more recently, a deep harbour for bigger ships to call. It has an important strategic 10-year agreement with Kotahi which underwrites its investment in Primeport Timaru and its Metroport near Christchurch.

Total Shareholder Return

+15%

Pushpay

WHAT DOES IT DO?

Pushpay is a leading mobile payments and engagement provider to the US faith sector, with a growing customer base focused on medium and large churches in the US. It also has a church management software business, Church Community Builder. Together these enable churches to manage and interact seamlessly with their congregation in an effective and modern way.

WHY DO WE OWN IT?

Pushpay provides the best in class product and service. Its combination of ongoing product development and leading customer service gives us comfort that Pushpay will retain this edge over weaker competitors. Pushpay's addressable market is very large (cUS$90bn) and digital giving remains under-penetrated but growing.

Total Shareholder Return

+6%

Ryman Healthcare

WHAT DOES IT DO?

Ryman Healthcare was formed in 1984 to develop, construct and operate retirement villages in New Zealand. It now has a portfolio of retirement villages around New Zealand and is now replicating its model in Victoria, Australia. Ryman Healthcare is the largest owner and developer of retirement villages in New Zealand.

WHY DO WE OWN IT?

Ryman Healthcare has stuck to its winning formula since inception. Industry dynamics are attractive, and Ryman Healthcare continues to lift its build rate of units and beds to meet latent demand from an ageing population. Victoria has a similar ageing demographic to that in New Zealand but Ryman's continuum of care offering is more unique there compared to existing product, so this market represents an area of considerable future growth.

Total Shareholder Return

-14%

KINGFISH PORTFOLIO STOCKS CONTINUED

Summerset

WHAT DOES IT DO?

Summerset is an integrated retirement village builder, owner and operator. The company has retirement villages spread around New Zealand and is a leading developer of retirement villages in New Zealand with a significant land bank. It has recently acquired sites in Australia and is also looking to grow there.

WHY DO WE OWN IT?

Summerset successfully operates a continuum of care model with aged care integrated into its villages. It has delivered on growing its portfolio at attractive development margins. This indicates that it is executing its business model well, and has a large land bank to continue the roll-out of its sought-after villages.

Total Shareholder Return

-16%

The a2 Milk Company

WHAT DOES IT DO?

The a2 Milk Company sells 'a2'-branded fresh milk and infant milk formula internationally. As the name suggests, its products contain only A2 beta-casein protein, on the basis that it is more comfortably digested than normal milk (which contains a mix of both A1 and A2 proteins). In recent years, the company has grown sales and market share rapidly in Australia and China and is currently also focused on its growing business in the US.

WHY DO WE OWN IT?

The a2 Milk Company has a small but fast growing share of the very lucrative Chinese infant formula market. Management have capably executed on its growth plans to date and we expect its market share to continue growing across a range of distribution channels. In addition, there is potential for further upside from new products and geographies.

Total Shareholder Return

+20%

WHAT DOES IT DO?

Vista Group is an innovative and profitable IT company primarily providing sophisticated software to cinema exhibitors. It has over 40% worldwide market share with clients in around 100 countries. Its integrated software systems allow cinema exhibitors to run wide-ranging functions such as ticketing, food and beverage sales, staff and film scheduling, loyalty schemes, digital signage as well as external customer interfaces like websites, mobile apps and call centres. Vista Group also has a range of smaller group businesses that leverage its depth of data and cinema industry intellectual property.

WHY DO WE OWN IT?

We are attracted to Vista Group's profitable core business which provides sophisticated software to cinema operators of all sizes. We believe that this business still has many years of growth ahead of it, particularly in less developed countries. Additionally, the company's data analytics business (Movio) and other early stage businesses have exciting long-term growth prospects.

Total Shareholder Return

-76%

Pictured left to right: Alistair Ryan, Carmel Fisher, Andy Coupe, and Carol Campbell.

BOARD OF DIRECTORS

Alistair Ryan MComm (Hons), CA

Chair of the Board
Chair of Remuneration and Nominations Committee
Independent Director

Alistair Ryan is an experienced company director and corporate executive with extensive corporate and finance sector experience in the listed company sector in New Zealand and Australia. He is a director of Barramundi, Marlin Global, Metlifecare and Kiwibank, and a member of the FMA's Audit Oversight Committee. Alistair had a 16-year career with SKYCITY Entertainment Group Limited (from pre-opening and pre-listing in 1996 through 2012). Alistair was a member of the senior executive team and also served as a director of various SKYCITY subsidiary and associated companies. Prior to SKYCITY, Alistair was a Corporate Services Partner with Ernst & Young, based in Auckland. He is a fellow of Chartered Accountants Australia and New Zealand. Alistair's principal place of residence is Auckland.

Alistair was first appointed to the Kingfish board on 10 February 2012.

Carol Campbell BCom, CA, CMInstD

Chair of Audit and Risk Committee
Independent Director

Carol Campbell is a chartered accountant and a member of Chartered Accountants Australia and New Zealand. Carol has extensive financial experience and a sound understanding of efficient board governance. Carol holds a number of directorships across a broad spectrum of companies including T&G Global, New Zealand Post, NZME and Kiwibank. Carol is also a director of Barramundi and Marlin Global. Carol was a director of The Business Advisory Group, a chartered accountancy practice, for 11 years and prior to that a partner at Ernst & Young for over 25 years. Carol's principal place of residence is Auckland.

Carol was first appointed to the Kingfish board on 5 June 2012.

Carmel Fisher CNZM, BCA, INFINZ (Fellow)

Independent Director

Carmel Fisher established Fisher Funds Management Limited in 1998. Carmel's interest and involvement in the New Zealand share market spans over 30 years and she is widely recognised as one of New Zealand's most experienced investment professionals. Carmel was an investment analyst and portfolio manager for several stockbroking and institutional firms before launching Fisher Funds as a boutique fund manager. She was managing director of Fisher Funds for 20 years before retiring and selling the company in 2017. Carmel is also a director of Barramundi and Marlin Global. Carmel's principal place of residence is Auckland.

Carmel was made a Companion of the New Zealand Order of Merit in the 2019 New Years honours for her services to the New Zealand finance industry.

Carmel was first appointed to the Kingfish board on 30 January 2004.

Andy Coupe LLB

Chair of Investment Committee
Independent Director

Andy Coupe has extensive commercial and capital markets experience having worked in a number of sectors within the financial markets for over 30 years, principally with international investment bank UBS. His senior roles principally encompassed large equity capital market and takeover transactions. Andy is a director of Barramundi, Marlin Global, Briscoe Group and Gentrack Group. He is also Chair of the New Zealand Takeovers Panel and Chair of Television New Zealand. Andy's principal place of residence is Tamahere, Hamilton.

Andy was first appointed to the Kingfish board on 1 March 2013.

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

Kingfish's board recognises the importance of good corporate governance and is committed to ensuring that the Company meets best practice governance principles to the extent that it is appropriate for the nature of the Kingfish operations. Strong corporate governance practices encourage the creation of value for Kingfish shareholders, while ensuring the highest standards of ethical conduct and providing accountability and control systems commensurate with the risks involved.

The board is responsible for establishing and implementing the Company's corporate governance frameworks, and is committed to fulfilling this role in accordance with best practice having appropriate regard to applicable laws, the NZX Corporate Governance Code ("NZX Code") and the Financial Markets Authority Corporate Governance in New Zealand - Principles and Guidelines. The board oversees the management of Kingfish, with the day-to-day portfolio and administrative management responsibilities of Kingfish being delegated to Fisher Funds Management Limited ("Fisher Funds" or "the Manager").

As at 31 March 2020, Kingfish was in compliance with the NZX Code, with the exception of recommendations 4.31 and 5.32 for the reasons explained under the relevant principles.

The corporate governance policies and procedures, and board and committee charters, are regularly reviewed by the board against the corporate governance standards set by NZX, any regulatory changes and developments in corporate governance practices.

The Kingfish constitution and each of the charters, codes and policies referred to in this section are available on the Kingfish website (www.kingfish.co.nz) under the "About Kingfish" "Policies" section.

Principle 1 – Code of ethical behaviour
Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation.

CODE OF ETHICS & STANDARDS OF PROFESSIONAL CONDUCT

Kingfish's Code of Ethics & Standards of Professional Conduct details the ethical and professional behavioural standards required of the directors and those employees of the Manager who work on Kingfish matters.

The Code of Ethics & Standards of Professional Conduct covers a wide range of areas including standards of behaviour, conflicts of interest, proper use of Company information and assets, compliance with laws and policies, reporting concerns and receiving gifts.

Any person who becomes aware of a breach or suspected breach of the Code of Ethics & Standards of Professional Conduct is required to report it immediately in accordance with the procedure set out in the Code of Ethics & Standards of Professional Conduct.

Training on the Code of Ethics & Standards of Professional Conduct is included as part of the induction process for new directors and relevant employees of the Manager.

The Code of Ethics & Standards of Professional Conduct is also available on the Kingfish website for directors and staff to access at any time.

SECURITIES TRADING POLICY

Kingfish's Securities Trading Policy details the restrictions on persons nominated by Kingfish (including its directors and employees of the Manager who work on Kingfish matters) ("Nominated Persons") on trading in Kingfish shares and other securities.

Nominated Persons, with the permission of the board of Kingfish, may trade in Kingfish shares only during the trading window commencing immediately after Kingfish's weekly disclosure of its net asset value to the New Zealand Stock Exchange ("NZX") and ending at the close of trading two days following the net asset value disclosure.

Nominated Persons may not trade in Kingfish shares when they have price sensitive information that is not publicly available.

The Securities Trading Policy is available on the Kingfish website.

CONFLICTS OF INTEREST POLICY

The Conflicts of Interest Policy outlines the board's policy on conflicts of interest. The policy details the process to be adopted for identifying conflicts of interests and managing any such conflicts.

Principle 2 – Board composition and performance
To ensure an effective board, there should be a balance of independence, skills, knowledge, experience and perspectives.

[1] *Kingfish does not have a formal environmental, social and governance (ESG) framework. However, the Manager has a formal ESG framework which governs its stock selection, which the board is fully supportive of and committed to.*

[2] *There is no CEO remuneration disclosure as Kingfish delegates its management personnel requirements to Fisher Funds pursuant to an Administration Services Agreement.*

BOARD CHARTER

Kingfish's board operates under a written charter which defines the respective functions and responsibilities of the board, focusing on the values, principles and practices that provide the corporate governance framework.

The board has overall responsibility for all decision making within Kingfish. The board is responsible for the direction and control of Kingfish and is accountable to shareholders and others for Kingfish's performance and its compliance with the appropriate laws and standards. The board has delegated the day-to-day management of Kingfish to the Manager.

The board uses committees to address certain matters that require detailed consideration. The board retains ultimate responsibility for the function of its committees and determines their responsibilities. The board is assisted in meeting its responsibilities by receiving reports and plans from the Manager and through its annual work programme.

Directors have access to key employees of the Manager who are connected to the activities of Kingfish and can request any information they consider necessary for informed decision making.

The board charter is available on the Kingfish website.

NOMINATION AND APPOINTMENT OF DIRECTORS

In accordance with Kingfish's constitution and NZX Listing Rules, a director must not hold office without re-election past the third annual meeting following his or her appointment or three years (whichever is the longer). A director appointed by the board must not hold office (without re-election) past the next annual meeting following his or her appointment. Procedures for the appointment and removal of directors are contained in Kingfish's constitution and the board charter. The Remuneration and Nominations Committee is responsible for identifying and nominating candidates to fill director vacancies for board approval.

WRITTEN AGREEMENT

Kingfish provides a letter of appointment to each newly appointed director setting out the terms of their appointment which they are required to sign. The letter includes information regarding the board's responsibilities, expectations of directors and independence, expected time commitments, indemnity and insurance provisions, declaration of interests and confidentiality. New directors are required to formally consent to act as a director.

DIRECTOR INFORMATION AND INDEPENDENCE

The board comprises four directors with diverse backgrounds, skills, knowledge, experience and perspectives. Information about each director including a profile of experience, length of service and attendance at board meetings is available on page 28 of this Annual Report and also on the Kingfish website.

The board takes into account guidance provided under the NZX Listing Rules and the factors specified in the NZX Corporate Governance Code in determining the independence of directors. Director independence is considered annually. Directors have undertaken to inform the board as soon as practicable if they think their status as an independent director has or may have changed.

As at 31 March 2020, the board considers that Alistair Ryan (Chair), Carol Campbell and Andy Coupe are independent directors and therefore a majority of the board are independent directors. At the time of signing the 31 March 2020 financial statements, the board considers that Carmel Fisher is now an independent director by virtue of the fact that it has been circa three years since Carmel previously held roles within Fisher Funds.

Information in respect of directors' ownership interests is available on page 60.

DIVERSITY

Kingfish has a formal Diversity Policy. The board views diversity as including but not being limited to, skills, qualifications, experience, gender, race, age, ethnicity and cultural background. The board recognises that having a diverse board will enhance effectiveness in key areas.

All appointments to the board are based on merit, and include consideration of the board's diversity needs, including gender diversity. Under the Diversity Policy, the principal measurable diversity objective is to embed gender diversity as an active consideration in all succession planning for board positions. During the year, there were no appointments to the board.

The board's gender composition was as follows:

	Number		Proportion	
2020	**Female**	**Male**	**Female**	**Male**
Directors	2	2	50%	50%

	Number		Proportion	
2019	**Female**	**Male**	**Female**	**Male**
Directors	2	2	50%	50%

The board believes that Kingfish has achieved the objectives set out in its Diversity Policy for the year ended 31 March 2020.

DIRECTOR TRAINING

All directors are responsible for ensuring they remain current in understanding their duties as directors. To ensure ongoing education, directors are regularly informed of developments that affect the Company's industry and business environment.

ASSESSMENT OF DIRECTOR PERFORMANCE

The Remuneration and Nominations Committee conducts a formal review of director, committee and board performance annually. Appropriate strategies for improvement are recommended to the board as and when required. The Chair of the board also has discussions with directors on individual performance.

INDEPENDENT CHAIR AND SEPARATION OF THE CHAIR AND CHIEF EXECUTIVE

The Chair of the board is an independent director. Kingfish delegates its management personnel requirements to Fisher Funds pursuant to an Administration Services Agreement. The Chair of the board is a different person to the Chief Executive of Fisher Funds.

Principle 3 – Board committees
The board should use committees where this will enhance its effectiveness in key areas, while still retaining board responsibility.

The board has three standing committees: the Audit and Risk Committee, the Remuneration and Nominations Committee and the Investment Committee.

Each committee operates under a charter approved by the board. The charter of each committee is reviewed annually.

DIRECTOR MEETING ATTENDANCE

A total of eight board meetings, two Audit and Risk Committee meetings, one Remuneration and Nominations Committee meeting and two Investment Committee meetings were held in the 2020 financial year. Director attendance at board meetings and committee member attendance at committee meetings is shown below.

Director	Board	Audit and Risk Committee	Remuneration and Nominations Committee	Investment Committee
Carol Campbell	8/8	2/2	1/1	2/2
Andy Coupe	8/8	2/2	1/1	2/2
Carmel Fisher*	8/8	2/2	1/1	2/2
Alistair Ryan	8/8	2/2	1/1	2/2

** Carmel Fisher was an attendee at the Audit and Risk Committee meetings but was not at the time a member of the Audit and Risk Committee.*

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee Charter sets out the objectives of the Audit and Risk Committee which are to provide assistance to the board in fulfilling its responsibilities in relation to the Company's financial reporting, internal controls structure, risk management systems and the external audit function. The Audit and Risk Committee charter is available on the Kingfish website.

The Audit and Risk Committee focuses on audit and risk management and specifically addresses responsibilities relative to financial reporting and regulatory compliance.

The Audit and Risk Committee is accountable for ensuring the performance and independence of the external auditor, including that the external auditor or lead audit partner is changed at least every five years.

The Audit and Risk Committee also reviews the appropriateness of any non-audit services and recommends to the board which services, other than the statutory audit, may be provided by PricewaterhouseCoopers as auditor.

The auditor has a clear line of direct communication at any time with either the Chair of the Audit and Risk Committee or the Chair of the board, both of whom are independent directors. During the year, the Audit and Risk Committee held private sessions with the auditor.

The Audit and Risk Committee currently comprises all of the directors and is chaired by Carol Campbell.

The Audit and Risk Committee may invite the Corporate Manager and/or other employees of the Manager and such other persons including the external auditor to attend meetings as it considers necessary to provide appropriate information and explanations.

REMUNERATION AND NOMINATIONS COMMITTEE

The Remuneration and Nominations Committee Charter sets out the objectives of the Remuneration and Nominations Committee, which are to set and review the level of directors' remuneration, ensure a formal rigorous and transparent procedure for the appointment of new directors to the board and evaluate the balance of skills, knowledge and experience on the board. The Remuneration and Nominations Committee also assesses the performance of directors, the board and board sub-committees.

The Remuneration and Nominations Committee currently comprises all of the directors and is chaired by Alistair Ryan.

The Remuneration and Nominations Committee may invite the Corporate Manager and/or other employees of the Manager and such other persons including the external auditor to attend meetings as it considers necessary to provide appropriate information and explanations.

The Remuneration and Nominations Committee charter is available on the Kingfish website.

INVESTMENT COMMITTEE

The Investment Committee Charter sets out the objective of the Investment Committee, which is to oversee the investment management of Kingfish to ensure the portfolio is managed in accordance with the investment mandate and with the long-term performance objectives of Kingfish. The Investment Committee Charter is available on the Kingfish website.

The Investment Committee currently comprises all of the directors and is chaired by Andy Coupe.

CORPORATE GOVERNANCE STATEMENT CONTINUED

TAKEOVER RESPONSE PROTOCOLS

The board has adopted a formal Takeover Response Protocol as an internal framework that sets out the process to be followed if there is a takeover offer for Kingfish.

Principle 4 – Reporting and disclosure
The board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures.

CONTINUOUS DISCLOSURE

Kingfish is committed to promoting investor confidence by providing complete and equal access to information in accordance with the NZX Listing Rules. Kingfish has a Continuous Disclosure Policy designed to ensure this occurs and a copy of the policy is available on the Kingfish website. The Corporate Manager is responsible for ensuring compliance with the NZX continuous disclosure requirements and overseeing and coordinating disclosure to the exchange.

CHARTERS AND POLICIES

Kingfish's key corporate governance documents, including its Code of Ethics and Standards of Professional Conduct, board and committee charters and other policies, are available on Kingfish's website under the "About Kingfish" "Policies" section.

FINANCIAL REPORTING

Kingfish believes its financial reporting is balanced, clear and objective. Kingfish is committed to ensuring integrity and timeliness in its financial and non-financial reporting, ensuring the market and shareholders are provided with an objective view on the performance of the Company.

The Audit and Risk Committee oversees the quality and integrity of external financial reporting including the accuracy, completeness and timeliness of financial statements. The Audit and Risk Committee reviews half-yearly and annual financial statements and makes recommendations to the board concerning accounting policies, areas of judgement, compliance with accounting standards, stock exchange and legal requirements and the results of the external audit.

As at 31 March 2020, Kingfish does not have a formal environmental, social and governance (ESG) framework. Kingfish considers that, given the nature of its operations (as an investment company), it is not appropriate to maintain an ESG framework due to the lack of available metrics relevant to its business against which it could report on such matters. Kingfish will continue to assess the relevance of adopting an ESG framework. However, the Manager has a formal ESG framework which governs its stock selection, which the board is fully supportive of and committed to.

Principle 5 – Remuneration
The remuneration of directors and executives should be transparent, fair and reasonable.

DIRECTORS' REMUNERATION

The Director Remuneration Policy sets out the structure of the remuneration to directors, the review process and reporting requirements. The Director Remuneration Policy is available on the Kingfish website.

Directors' fees are determined by the board on the recommendation of the Remuneration and Nominations Committee within the aggregate amount approved by shareholders. The current directors' fee pool limit of $157,500 (plus GST if any) was approved by shareholder resolution at the 2018 Annual Shareholders' Meeting.

Each year the Remuneration and Nominations Committee reviews the level of directors' fees. The Remuneration and Nominations Committee considers the skills, performance, experience and level of responsibility of directors when undertaking the review, and is authorised to obtain independent advice on market conditions.

The following table sets out the remuneration received by each director from Kingfish for the year ended 31 March 2020.

Directors' remuneration* for the 12 months ended 31 March 2020

A B Ryan (Chair)	$50,000[1]
C A Campbell	$37,500[2]
R A Coupe	$37,500[3]
C M Fisher	$32,500[4]

**excludes GST*

(1) *$4,979 of this amount was applied to the purchase of 3,387 shares under the Kingfish share purchase plan. (Alistair Ryan holds in excess of the 50,000 share threshold set out in the director share purchase plan but has elected to continue in the plan).*

(2) *Included in this total amount is $5,000 that Carol Campbell receives as Chair of Audit and Risk Committee. $3,734 of this amount was applied to the purchase of 2,540 shares under the Kingfish share purchase plan.*

(3) *Included in this total amount is $5,000 that Andy Coupe receives as Chair of Investment Committee. $3,734 of this amount was applied to the purchase of 2,540 shares under the Kingfish share purchase plan.*

(4) *Carmel Fisher is a substantial Kingfish shareholder and has holdings in excess of the 50,000 threshold set out in the director share purchase plan. (Details of director holdings can be found in the Statutory Information section on page 60).*

Details of remuneration paid to directors are also disclosed in note 10 to the financial statements for the financial year ended 31 March 2020. The directors' fees disclosed in the financial statements include a portion of non-recoverable GST expensed by Kingfish.

DIRECTORS' SHAREHOLDING - SHARE PURCHASE PLAN

A Share Purchase Plan was introduced by the board in 2012 which requires each director to allocate 10% of their annual director's fee to the purchase (on market) of Kingfish shares. Once an individual director's shareholding reaches 50,000 shares, the director can select whether to continue with the plan. The intention of the Share Purchase Plan is to further align the interests of directors with those of shareholders.

CORPORATE MANAGEMENT REMUNERATION

Kingfish delegates its management personnel requirements to Fisher Funds pursuant to an Administration Services Agreement. For this reason, Kingfish does not have a Chief Executive Officer and it does not consider it appropriate to make disclosures about remuneration for the Manager's personnel. The fees paid to Fisher Funds for administration services are set out in note 10 to Kingfish's financial statements for the year ended 31 March 2020.

Principle 6 – Risk management
Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks.

RISK MANAGEMENT FRAMEWORK

The board has overall responsibility for Kingfish's system of risk management and internal control. Kingfish has in place policies and procedures to identify areas of significant business risk and implements procedures to manage those risks effectively.

Key risk management tools used by Kingfish include the Audit and Risk Committee function, outsourcing of certain functions to service providers, internal controls, financial and compliance reporting procedures and processes and business continuity planning. Kingfish also maintains insurance policies that it considers adequate to meet its insurable risks.

The board is actively involved in tracking the development of existing risks and the emergence of new risks to Kingfish's business. The Audit and Risk Committee and board receive regular reports on the operation of risk management policies and procedures. Significant risks are discussed at each board meeting, and/or as required.

In addition to Kingfish's policies and procedures in place to manage business risks, Fisher Funds has its own comprehensive risk management policy. The board is informed of any changes to Fisher Funds' policy.

The spread of COVID-19 has severely impacted economies around the globe. In many countries, businesses have been forced to cease or limit operations for long or indefinite periods of time. Global stock markets have experienced great volatility and a significant weakening.

The board of Kingfish has, since the initial period of share market volatility (from March and through April 2020), held special additional meetings with the Manager to ensure that appropriate risk management processes and procedures, including the rigorous application of the STEEPP process, were being adhered to. The application of the STEEPP process ensures stock selection, de-selection and the in-depth testing of the stock assessment processes. These additional meetings have enabled the board to monitor and closely oversee the portfolio management process undertaken by the Manager as part of their mandated approach.

During the period of rapid volatility in the New Zealand equity market, Kingfish increased its usual weekly NAV reporting from once per week on Thursdays, to twice per week, with the NAVs published on both Mondays and Thursdays. This continued through the NZ lockdown period with Kingfish reverting to once per week NAV reporting from the week commencing 18 May 2020.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of Kingfish for future periods.

The preparation of the Kingfish Limited financial statements has not required the addition of any new judgements or estimate.

HEALTH AND SAFETY

The Manager operates under a Health and Safety Policy. Under this policy, Fisher Funds assumes responsibility for the health and safety of its employees.

Principle 7 – Auditors
The board should ensure the quality and independence of the external audit process.

Kingfish's Audit and Risk Committee makes recommendations to the board on the appointment of the external auditor. The Audit and Risk Committee monitors the independence and effectiveness of the external auditor and approves and reviews any non-audit services performed by the external auditor. An External Auditor Independence Policy which documents the framework of Kingfish's relationship with its external auditor was adopted in May 2018. This policy includes procedures:

a. to sustain communication with Kingfish's external auditor;
b. to ensure that the ability of the external auditor to carry out its statutory audit role is not impaired, or could reasonably be perceived to be impaired;
c. to address what, if any, services (whether by type or level) other than their statutory audit roles may be provided by the auditor to Kingfish; and
d. to provide for the monitoring and approval by the Kingfish Audit and Risk Committee of any service provided by the external auditor to the issuer other than in their statutory audit role.

The Audit and Risk Committee meets with the external auditor, without management present, to approve their terms of engagement, audit partner rotation (at least every five years) and audit fee, and to review and provide feedback in respect of the annual audit plan. The Audit and Risk Committee holds private sessions with the external auditor.

Kingfish's current external auditor, PricewaterhouseCoopers ("PwC"), was appointed by shareholders at the 2007 annual meeting in accordance with the provisions of the Companies Act 1993. PwC is automatically reappointed as auditor under Part 11, Section 207T of the Companies Act.

The Audit and Risk Committee has assessed PwC to be independent and confirmed that the non-audit services provided in relation to confirming the amounts used in the performance fee calculation has not compromised PwC's independence. Written confirmation of PwC's independence has been obtained by the board.

PwC, as external auditor of the 2020 financial statements, will attend this year's annual meeting and will be available to answer questions about the conduct of the audit, preparation and content of the auditor's report, accounting policies adopted by Kingfish and their independence in relation to the conduct of the audit.

Kingfish does not have an internal audit function; however, the Company regularly reviews all areas of risk management and focuses on all operating and compliance risk obligations. Kingfish delegates day-to-day management responsibilities to Fisher Funds and the Corporate Manager is responsible for operational and compliance risks across Kingfish's business.

Principle 8 – Shareholder rights and relations
The board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer.

INFORMATION FOR SHAREHOLDERS

The board recognises the importance of providing shareholders comprehensive, timely and equal access to information about its activities. The board aims to ensure that shareholders have available to them all information necessary to assess Kingfish's performance.

Kingfish's website, www.kingfish.co.nz, provides information to shareholders and investors about the Company. Kingfish's 'Investor Centre' part of its website contains a range of information, including periodic and continuous disclosures to the NZX, half year and annual reports and content related to the Annual Shareholders' Meeting. The website also contains information about Kingfish's directors, copies of key corporate governance documents and general Company information.

The board recognises that other stakeholders may have an interest in Kingfish's activities. While there are no specific stakeholders' interests that are currently identifiable, Kingfish will continue to review policies in consideration of future interests.

COMMUNICATING WITH SHAREHOLDERS

Kingfish communicates regularly with its shareholders through its monthly and quarterly updates. The Company receives questions from shareholders from time to time, and has processes in place to ensure shareholder communications are responded to within a reasonable timeframe. The Company's website sets out Kingfish's appropriate contact details for communications from shareholders. Kingfish also provides options for shareholders to receive and send communications by post or electronically.

SHAREHOLDER VOTING RIGHTS

When required by the Companies Act 1993, Kingfish's Constitution and the NZX Listing Rules, Kingfish will refer decisions to shareholders for approval. Kingfish's policy is to conduct voting at its shareholder meetings by way of poll and on the basis of one share, one vote.

NOTICE OF ANNUAL MEETING

The 2020 Kingfish Notice of Annual Meeting will be sent to shareholders at least 20 working days prior to the meeting and will be published on the Company's website.

This year's meeting will be held at 10.30am on 20 August 2020, at the Ellerslie Event Centre in Auckland. Full participation of shareholders is encouraged at the annual meeting and shareholders are encouraged to submit questions in writing prior to the meeting.

MANAGEMENT AGREEMENT RENEWAL

The Management Agreement between Kingfish and Fisher Funds is subject to renewal every five years. The Management Agreement is next subject to renewal in 2024.

NZX WAIVERS

Kingfish outsources all investment management functions and administration services to Fisher Funds under the Management Agreement entered into when Kingfish first listed. The Management Agreement has been amended to reflect the evolving relationship between Kingfish and Fisher Funds, with such amendments being largely administrative. Since December 2014, administration services previously provided for in the Management Agreement have been recorded in a separate Administration Services Agreement. The rationale for this change was to create efficiencies for Kingfish across staff utilisation and costs. There was no substantive change to the nature or scope of services or the actual costs payable.

Kingfish was granted a waiver by NZX Regulation on 30 May 2017 from (pre 1 January 2019) NZX Listing Rule 9.2.1 so that it is not required to obtain shareholder approval for the entry into the Administration Services Agreement and specific amendments to the Management Agreement. The waiver is provided on the conditions specified in paragraph 2 of the waiver decision, which is available on Kingfish's website: www.kingfish.co.nz/investor-centre/market-announcements/.

CAPITAL RAISINGS

Kingfish Warrant Issue (KFLWE)

On 12 July 2019, Kingfish warrant holders had the option to convert their warrants into ordinary Kingfish shares at an exercise price of $1.25 per warrant. On the same day, Kingfish shares were trading on-market at $1.45, a 16% premium to the exercise price.

Warrant holders took advantage of this discount, with 41,889,557 warrants out of a possible 48,368,533 warrants (87%) being converted into Kingfish ordinary shares.

The new shares were allotted to warrant holders on 18 July 2019. All new shares have the same rights as current Kingfish shares, including participating in the Company's quarterly dividend policy.

The remaining 6,487,976 warrants which were not exercised lapsed, and all rights in regards to them expired.

The additional funds were invested during July 2019 in Kingfish's investment portfolio of stocks, in similar proportions to the existing portfolio.

Kingfish Warrant Issue (KFLWF)

On 9 March 2020, Kingfish issued 61,578,083 warrants to shareholders based on a record date of 6 March 2020. Kingfish shareholders were issued one warrant for every four shares held. Each warrant gives shareholders the right, but not the obligation, to subscribe for one additional ordinary share in Kingfish on the 12 March 2021 exercise date.

The exercise price will be $1.64 less any dividends declared during the period up to the exercise date. The final exercise price will be calculated and advised to warrant holders at least six weeks before the exercise date.

DIRECTORS' STATEMENT OF RESPONSIBILITY

FOR THE YEAR ENDED 31 MARCH 2020

We present the financial statements for Kingfish Limited for the year ended 31 March 2020.

We have ensured that the financial statements for Kingfish Limited present fairly the financial position of the Company as at 31 March 2020 and its financial performance and cash flows for the year ended on that date.

We have ensured that the accounting policies used by the Company comply with generally accepted accounting practice in New Zealand and believe that proper accounting records have been kept. We have ensured compliance of the financial statements with the Financial Markets Conduct Act 2013.

We also consider that adequate controls are in place to safeguard the Company's assets and to prevent and detect fraud and other irregularities.

The Kingfish board authorised these financial statements for issue on 22 June 2020.

Alistair Ryan

Carmel Fisher

Carol Campbell

Andy Coupe

FINANCIAL STATEMENTS CONTENTS

KINGFISH LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 $000	2019 $000
Interest income		292	279
Dividend income		5,834	6,545
Net changes in fair value of investments	2	1,575	49,488
Other income		28	0
Total net income		7,729	56,312
Operating expenses	3	5,957	9,170
Operating profit before tax		1,772	47,142
Total tax expense	4	30	79
Net operating profit after tax attributable to shareholders		1,742	47,063
Total comprehensive income after tax attributable to shareholders		1,742	47,063
Basic earnings per share	6	0.75c	24.24c
Diluted earnings per share	6	0.75c	23.81c

The accompanying notes form an integral part of these financial statements.

KINGFISH LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	*Attributable to shareholders of the company*			
		Share Capital	**Performance Fee Reserve**	**Retained Earnings**	**Total Equity**
		$000	**$000**	**$000**	**$000**
Balance at 31 March 2018		205,123	1,118	70,035	276,276
Comprehensive income					
Net operating profit after tax		0	0	47,063	47,063
Other comprehensive income		0	0	0	0
Total comprehensive income for the year ended 31 March 2019		0	0	47,063	47,063
Transactions with owners					
Dividends paid	5	0	0	(22,816)	(22,816)
Share buybacks	5	(546)	0	0	(546)
Shares issued from treasury stock under dividend reinvestment plan	5	462	0	0	462
New shares issued under dividend reinvestment plan	5	8,165	0	0	8,165
Prior year Manager's performance fee settled with ordinary shares		1,089	(1,096)	0	(7)
Prior year Manager's performance fee settled with treasury stock		22	(22)	0	0
Manager's performance fee to be settled with ordinary shares		0	2,043	0	2,043
Warrant issue costs		(19)	0	0	(19)
Total transactions with owners for the year ended 31 March 2019		9,173	925	(22,816)	(12,718)
Balance at 31 March 2019		214,296	2,043	94,282	310,621
Comprehensive income					
Net operating profit after tax		0	0	1,742	1,742
Other comprehensive income		0	0	0	0
Total comprehensive income for the year ended 31 March 2020		0	0	1,742	1,742
Transactions with owners					
Dividends paid	5	0	0	(29,474)	(29,474)
Share buybacks	5	(681)	0	0	(681)
Shares issued from treasury stock under dividend reinvestment plan	5	600	0	0	600
New shares issued under dividend reinvestment plan	5	10,358	0	0	10,358
Shares issued for warrants exercised	5	52,247	0	0	52,247
Prior year Manager's performance fee settled with ordinary shares		1,898	(1,907)	0	(9)
Prior year Manager's performance fee settled with treasury stock		136	(136)	0	0
Total transactions with owners for the year ended 31 March 2020		64,558	(2,043)	(29,474)	33,041
Balance at 31 March 2020		278,854	0	66,550	345,404

The accompanying notes form an integral part of these financial statements.

KINGFISH LIMITED
STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020

	Notes	2020 $000	2019 $000
SHAREHOLDERS' EQUITY		345,404	310,621
Represented by:			
ASSETS			
Current Assets			
Cash and cash equivalents	9	18,493	19,274
Trade and other receivables	7	2,387	12,810
Investments at fair value through profit or loss	2	324,953	281,547
Total Current Assets		345,833	313,631
TOTAL ASSETS		345,833	313,631
LIABILITIES			
Current Liabilities			
Trade and other payables	8	429	3,010
Total Current Liabilities		429	3,010
TOTAL LIABILITIES		429	3,010
NET ASSETS		345,404	310,621

These financial statements have been authorised for issue for and on behalf of the Board by:

A B Ryan / *Chair*
22 June 2020

C A Campbell / *Chair of the Audit and Risk Committee*
22 June 2020

The accompanying notes form an integral part of these financial statements.

KINGFISH LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 $000	2020 $000
Operating Activities			
Sale of investments		97,963	92,589
Interest received		292	280
Dividends received		6,296	6,636
Other income received		27	3,109
Purchase of investments		(130,186)	(73,140)
Operating expenses		(8,191)	(6,147)
Taxes paid		(30)	(69)
Net cash (outflows)/inflows from operating activities	9	(33,829)	23,258
Financing Activities			
Proceeds from warrants exercised		52,247	0
Share buybacks		(683)	(544)
Warrant issue costs		0	(19)
Dividends paid (net of dividends reinvested)		(18,516)	(14,189)
Net cash inflows/(outflows) from financing activities		33,048	(14,752)
Net (decrease)/increase in cash and cash equivalents held		(781)	8,506
Cash and cash equivalents at beginning of the year		19,274	10,768
Cash and cash equivalents at end of the year	9	18,493	19,274

The accompanying notes form an integral part of these financial statements.

KINGFISH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

NOTE 1 BASIS OF ACCOUNTING

Reporting Entity

Kingfish Limited ("Kingfish" or "the Company") is listed on the NZX Main Board, is registered in New Zealand under the Companies Act 1993 and is an FMC Reporting Entity under the Financial Markets Conduct Act 2013.

The Company's registered office is Level 1, 67-73 Hurstmere Road, Takapuna, Auckland.

Basis of Preparation

These financial statements have been prepared in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013, the NZX Main Board listing rules and New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) as appropriate for profit-oriented entities, and International Financial Reporting Standards (IFRS).

The financial statements have been prepared on the historical cost basis, as modified by the fair valuation of certain assets as identified in specific accounting policies and in the accompanying notes.

The functional and reporting currency used to prepare the financial statements is New Zealand dollars, rounded to the nearest one thousand dollars.

The financial statements include GST where it is charged by other parties as it cannot be reclaimed.

The impact of COVID-19 was assessed during the preparation of these financial statements and whether there were any indicators affecting the Company's ability to operate as a going concern. No indicators were identified, and the Company remains a going concern.

Accounting Policies

Accounting policies that summarise the recognition and measurement basis used and are relevant to an understanding of the financial statements, are provided throughout the notes to the financial statements and are designated by a symbol.

The accounting policies adopted have been consistently applied to all years presented, unless otherwise stated.

There are no new accounting standards, amendments to standards and interpretations that have a material impact on these financial statements. The same applies for any new standards, amendments to standards and interpretations that have been issued but are not yet effective.

Critical Judgements, Estimates and Assumptions

The preparation of financial statements requires the directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Judgements are designated by a j symbol in the notes to the financial statement. There were no material estimates or assumptions required in the preparation of these financial statements.

Authorisation of Financial Statements

The Kingfish Board of Directors authorised these financial statements for issue on 22 June 2020.

No party may change these financial statements after their issue.

KINGFISH LIMITED
NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2020

NOTE 2 INVESTMENTS

Given that the investment portfolio is managed, and performance is evaluated, on a fair value basis in accordance with a documented investment strategy, Kingfish has classified all its investments at fair value through profit or loss.

Investments are initially recognised at fair value and are subsequently revalued to reflect changes in fair value. Net changes in the fair value of investments are recognised in the Statement of Comprehensive Income.

Financial assets at fair value through profit or loss comprise of New Zealand listed equity investment assets.

All purchases and sales of investments are recognised at trade date, which is the date the Company commits to purchase or sell the investment and transaction costs are expensed as incurred. When an investment is sold, any gain or loss arising on the sale is included in the Statement of Comprehensive Income. Realised gains or losses are calculated as the difference between the sale proceeds and the carrying amount of the item.

The fair value of listed equity investments traded in active markets are based on last sale prices at balance date, except where the last sale price falls outside the bid-ask spread for a particular investment, in which case the bid price will be used to value the investment. The decline in equity markets as a result of the COVID-19 adversely impacted the closing value of investments as at 31 March 2020. Trading was not suspended as at year-end for any of the investments held by the Company.

Dividend income from investments is recognised in the Statement of Comprehensive Income when the Company's right to receive payments is established (ex-dividend date).

Investments recognised at fair value are categorised according to a fair value hierarchy that shows the extent of judgement used in determining their fair value. Where unadjusted quoted prices are used, the investments are categorised as Level 1. When inputs derived from quoted prices are used, the investments are categorised as Level 2. If inputs are not based on observable market data, they are categorised as Level 3.

All listed equity investments held by Kingfish are categorised as Level 1. There have been no transfers between levels of the fair value hierarchy during the year (31 March 2019: none).

There were no financial instruments classified as Level 2 or 3 at 31 March 2020 (31 March 2019: none).

There have been no changes to the fair value hierarchy classification of investments as a result of COVID-19.

NOTE 3 OPERATING EXPENSES

	2020 $000	2019 $000
Management fees (note 10)	4,671	3,657
Performance fees (note 10)	0	4,322
Administration services (note 10)	159	159
Directors' fees (note 10)	174	168
Custody, accounting and brokerage	612	548
Investor relations and communications	136	128
NZX fees	55	62
Professional fees	50	40
Fees paid to the auditor:		
Statutory audit and review of financial statements	40	39
Non assurance services[1]	0	2
Other operating expenses	60	45
Total operating expenses	5,957	9,170

[1] *Non-assurance services in the prior period relate to the audit of the prior period performance fee.*

NOTE 4 TAXATION

Kingfish is a Portfolio Investment Entity ("PIE") for tax purposes.

Taxation expense comprises both current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at balance date, and any adjustment to tax payable in respect of previous years. Current tax for current and prior periods is recognised as a liability or asset to the extent that it is unpaid (or refundable). Deferred tax (if any) is recognised as the difference between the carrying amounts of assets and liabilities in the financial statements and the amounts used for taxation purposes. A deferred tax asset is only recognised to the extent it is probable it will be utilised.

A deferred tax asset of $8,813,609 at 31 March 2020 (2019: $7,780,623) has not been recognised as the tax structure of the Company is unlikely to lead to the utilisation of a deferred tax asset. This unrecognised deferred tax asset is reviewed annually.

KINGFISH LIMITED
NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2020

NOTE 4 TAXATION CONTINUED

Taxation expense is determined as follows:	**2020 $000**	**2019 $000**
Operating profit before tax	1,772	47,142
Non-taxable realised gain on investments	(33,427)	(24,910)
Non-taxable unrealised loss/(gain) on investments	31,879	(24,556)
Imputation credits	1,696	2,133
Non-deductible expenditure	554	490
Taxable income	2,474	299
Tax at 28%	693	84
Imputation credits	(1,696)	(2,133)
Deferred tax not recognised	1,033	2,085
Forfeit of foreign tax credits	0	43
Total tax expense	30	79
Taxation expense comprises:		
Current tax	30	79
	30	79
Current tax balance		
Opening balance	0	10
Current tax expense	(30)	(79)
Tax paid	30	69
Current tax receivable	0	0

Imputation credits

The imputation credits available for subsequent reporting periods total $237,774 (2019: $501,366). This amount represents the balance of the imputation credit account at the end of the reporting period, adjusted for imputation credits that will arise from the receipt of dividends recognised as a receivable at 31 March 2020.

NOTE 5 SHAREHOLDERS' EQUITY

Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares and warrants are shown in equity as a deduction.

When shares are acquired by the Company, the amount of consideration paid is recognised directly in equity. Acquired shares are classified as treasury stock and presented as a deduction from share capital. When treasury stock is subsequently sold or reissued, the cost of treasury stock is reversed and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs, is recognised within share capital.

Kingfish has 248,587,907 fully paid ordinary shares on issue (2019: 197,889,673). All ordinary shares are classified as equity, rank equally and have no par value. All shares carry an entitlement to dividends and one vote is attached to each fully paid ordinary share.

Buybacks

Kingfish maintains an ongoing share buyback programme. For the year ended 31 March 2020, Kingfish acquired 472,965 shares valued at $680,614 (2019: 395,172 shares, $545,832) under the programme which allows up to 5% of the ordinary shares on issue (as at the date 12 months prior to the acquisition) to be acquired. Shares acquired under the buyback programme are held as treasury stock and subsequently reissued to shareholders under the dividend reinvestment plan. There were no shares held as treasury stock at balance date (31 March 2019: 46,377 shares held as treasury stock).

Warrants

61,578,083 new Kingfish warrants were allotted on 9 March 2020, and quoted on the NZX Main Board on 10 March 2020. One new warrant was issued to all eligible shareholders for every four shares held on record date (6 March 2020). The warrants are exercisable at $1.64 per warrant, adjusted down for dividends declared during the period up to the exercise date of 12 March 2021. Warrant holders can elect to exercise some or all of their warrants on the exercise date. The net cost of issuing the warrants is deducted from share capital.

On 12 July 2019, 41,889,557 warrants valued at $52,361,927, less issue costs of $115,176 (net $52,246,751), were exercised at $1.25 per warrant and the remaining 6,478,976 warrants lapsed.

Dividends

Dividend distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends are declared by the Kingfish board.

Kingfish has a distribution policy where 2% of average NAV is distributed each quarter. Dividends paid during the year comprised:

	2020 $000	Cents per share		2019 $000	Cents per share
27 Jun 2019	6,114	3.07	29 Jun 2018	5,542	2.89
26 Sep 2019	7,827	3.23	28 Sep 2018	5,798	3.00
19 Dec 2019	7,553	3.09	21 Dec 2018	5,919	3.04
27 Mar 2020	7,980	3.24	28 Mar 2019	5,557	2.83
	29,474	12.63		22,816	11.76

Dividend Reinvestment Plan

Kingfish has a dividend reinvestment plan which provides ordinary shareholders with the option to reinvest all or part of any cash dividends in fully paid ordinary shares at a 3% discount to the five-day volume weighted average share price from the date the shares trade ex-entitlement. During the year ended 31 March 2020, 7,872,492 ordinary shares totalling $10,957,572 (2019: 6,509,043 ordinary shares totalling $8,627,664) were issued in relation to the plan for the quarterly dividends paid. To participate in the dividend reinvestment plan, a completed participation notice must be received by Kingfish before the next dividend record date.

KINGFISH LIMITED
NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2020

NOTE 6 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares on issue during the year. Diluted earnings per share assumes conversion of all dilutive potential ordinary shares in determining the denominator. Potential ordinary shares include outstanding warrants.

Basic earnings per share	**2020 $000**	**2019 $000**
Profit attributable to owners of the Company	1,742	47,063
Weighted average number of ordinary shares on issue net of treasury stock ('000)	231,182	194,119
Basic earnings per share	0.75c	24.24c

Diluted earnings per share	**2020 $000**	**2019 $000**
Profit attributable to owners of the Company	1,742	47,063
Weighted average number of ordinary shares on issue net of treasury stock ('000)	231,182	194,119
Diluted effect of warrants ('000)	1,796	2,162
Ordinary shares to be issued under performance fee arrangement ('000)	0	1,409
	232,978	197,690
Diluted earnings per share	0.75c	23.81c

NOTE 7 TRADE AND OTHER RECEIVABLES

Trade and other receivables are classified as financial assets at amortised cost and are initially recognised at fair value, and subsequently measured at amortised cost less any provision for impairment. Receivables are assessed on a case-by-case basis for impairment.

The trade and other receivables' carrying values are a reasonable approximation of fair value.

	2020 $000	2019 $000
Dividends receivable	529	991
Unsettled investment sales[1]	1,837	11,778
Other receivables	21	41
Total trade and other receivables	2,387	12,810

[1] On 6 March 2019, Kingfish accepted an unconditional and irrevocable takeover offer for the Restaurant Brand shares subject to a scaled back acceptance ratio. This was settled on 2 April 2019.

NOTE 8 TRADE AND OTHER PAYABLES

Trade and other payables are classified as other financial liabilities and are initially recognised at fair value, and subsequently measured at amortised cost.

The trade and other payables' carrying values are a reasonable approximation of fair value.

	2020 $000	2019 $000
Related party payable (note 10)	388	2,620
Unsettled investment purchases	0	334
Other payables and accruals	41	56
Total trade and other payables	429	3,010

KINGFISH LIMITED
NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2020

NOTE 9 CASH AND CASH FLOW RECONCILIATION

Cash and Cash Equivalents

Cash and cash equivalents are classified as financial assets at amortised cost and comprise cash on deposit at banks and short-term money market deposits.

	2020 $000	2019 $000
Cash - New Zealand	18,493	19,274
Cash and Cash Equivalents	18,493	19,274

	2020 $000	2019 $000
Reconciliation of Net Operating Profit after Tax to Net Cash Flows from Operating Activities		
Net operating profit after tax	1,742	47,063
Items not involving cash flows		
Unrealised losses/(gains) on revaluation of investments	31,879	(24,556)
	31,879	(24,556)
Impact of changes in working capital items		
Decrease in fees and other payables	(2,581)	(204)
Decrease/(increase) in interest, dividends and other receivables	10,423	(8,493)
Change in current tax	0	10
	7,842	(8,687)
Items relating to investments		
Amount paid for purchases of investments	(130,186)	(73,140)
Amount received from sales of investments	97,963	92,589
Realised gains on investments	(33,454)	(24,932)
Decrease in unsettled purchases of investments	334	1,208
(Decrease)/increase in unsettled sales of investments	(9,941)	11,679
	(75,284)	7,404
Other		
Performance fee to be settled by issue of shares	0	2,043
Increase in share buybacks payable	2	(2)
Expenses in relation to prior year's performance fee settled by issue of shares	(10)	(7)
	(8)	2,034
Net cash (outflows)/inflows from operating activities	(33,829)	23,258

NOTE 10 RELATED PARTY INFORMATION

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions.

Transactions with related parties

The Manager of Kingfish is Fisher Funds Management Limited ("Fisher Funds" or "the Manager"). Fisher Funds is a related party by virtue of the Management Agreement. In return for the performance of its duties as Manager, Fishers Funds is paid the following fees:

(i) Management fee: 1.25% (plus GST) per annum of the gross asset value, calculated weekly and payable monthly in arrears. The fee reduces if the Manager underperforms, thereby aligning the Manager's interests with those of the Kingfish shareholders. For every 1% underperformance (relative to the change in the NZ 90 Day Bank Bill Index) the management fee percentage is reduced by 0.1%, subject to a minimum 0.75% per annum management fee.

(ii) Performance fee: Fisher Funds may earn an annual performance fee of 10% plus GST (31 March 2019: 15% plus GST) of excess returns over and above the performance fee hurdle return (being the change in the NZ 90 Day Bank Bill Index plus 7%) subject to achieving the High Water Mark ("HWM"). From 1 April 2019 the total performance fee amount is subject to a cap of 1.25% of the net asset value and is no longer partially settled by equity share payment, but settled fully in cash.

The HWM is the dollar amount by which the net asset value per share exceeds the highest net asset value per share (after adjustment for capital changes and distributions) at the end of any previous calculation period in which a performance fee was payable, multiplied by the number of shares at the end of the period.

In accordance with the terms of the Management Agreement, when a performance fee is earned, it is paid within 60 days of the balance date.

Performance fees paid to the Manager are recognised as an expense in the Statement of Comprehensive Income and are treated in line with a typical operating expense.

For the year ended 31 March 2020, the Manager did not achieve a return in excess of the performance fee hurdle return and the HWM (2019: $29,492,561). Accordingly, the Company has not expensed a performance fee (2019: $4,321,567).

(iii) Administration fee: Fisher Funds provides corporate administration services and a monthly fee is charged.

KINGFISH LIMITED
NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2020

NOTE 10 RELATED PARTY INFORMATION CONTINUED

Fees earned, accrued and payable:	**2020 $000**	**2019 $000**
Fees earned by and accrued to the Manager for the year ending 31 March		
Management fees	4,671	3,657
Performance fees	0	4,322
Administration services	159	159
Total fees earned by and accrued to the Manager	4,830	8,138
Fees payable to the Manager at 31 March		
Management fees	375	329
Performance fees payable in cash	0	2,278
Administration services	13	13
Total amount payable to the Manager	388	2,620

Investments by the Manager

The Manager held shares in the Company until August 2019 when its holding was sold (31 March 2019: 1.81% of the total shares on issue). Dividends were also paid to the Manager as a result of its shareholding.

Investment transactions with related parties

Off-market transactions between Kingfish and other funds managed by Fisher Funds take place for the purposes of rebalancing portfolios without incurring brokerage costs. These transactions are conducted after the market has closed at last sale price (on an arm's length basis). Purchases for the year ended 31 March 2020 totalled $1,816,526 (2019: $3,527,455) and sales totalled $767,561 (2019: $453,396).

Directors

The directors of Kingfish are the only key management personnel and they are paid a fee for their services. The directors' fee pool is $157,500 (plus GST if any) per annum (31 March 2019: $157,500). The amount paid to directors, inclusive of GST for three directors, is disclosed in note 3 under directors' fees (all directors earn a director's fee).

The directors or their associates also held shares in the Company at 31 March 2020 which total 4.51% of total shares on issue (31 March 2019: 2.52%) and warrants totalling 4.55% of warrants on issue (31 March 2019: 2.58%). Dividends were also received by the directors as a result of their shareholding.

NOTE 11 FINANCIAL RISK MANAGEMENT

The Company is subject to a number of financial risks which arise as a result of its investment activities, including market risk, credit risk and liquidity risk.

Market Risk

All equity investments present a risk of loss of capital, often due to factors beyond the Company's control such as competition, regulatory changes, commodity price changes and changes in general economic climates domestically and internationally. The Manager moderates this risk through careful stock selection, diversification and daily monitoring of the market positions. For corporate governance purposes there is also regular reporting to the Board of Directors. In addition, the Manager has to meet the criteria of authorised investments within the prudential limits defined in the Management Agreement.

The maximum market risk resulting from financial instruments is determined as their fair value.

Price Risk

Price risk is the risk of gains or losses from changes in the market price of investments. The Company is exposed to the risk of fluctuations in the underlying value of its listed portfolio companies. The following companies individually comprise more than 10% of Kingfish's total assets at 31 March 2020, and therefore fluctuations in the value of these portfolio companies will have a greater impact on the overall investments balance.

	2020	2019
Fisher and Paykel Healthcare Corporation Limited	19%	15%
The A2 Milk Company Limited	17%	15%
Mainfreight Limited	16%	12%
Infratil Limited	10%	6%

Interest Rate Risk

Interest rate risk is the risk of movements in local interest rates. The Company is exposed to the risk of gains or losses or changes in interest income from movements in local interest rates. There is no hedge against the risk of movements in interest rates.

The Company may use short-term fixed rate borrowings to fund investment opportunities. There were no borrowings at 31 March 2020 (2019: nil).

Currency Risk

Currency risk is the risk that the fair value or future cash flows of an investment will fluctuate because of changes in foreign exchange rates. The Company generally holds assets denominated in New Zealand dollars and is therefore not directly exposed to currency risk. The portfolio companies that Kingfish invests in may be affected by currency risk that may impact on the market value of the underlying portfolio company.

KINGFISH LIMITED
NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2020

NOTE 11 FINANCIAL RISK MANAGEMENT CONTINUED

Sensitivity Analysis

The table below summarises the impact on net operating profit after tax and shareholders' equity to reasonably possible changes in the carrying value of financial instruments to market risk exposure at 31 March as follows:

		2020 $000	2019 $000
Price risk[1]			
Investments at fair value through profit or loss (listed)	Carrying value	324,953	281,547
	Impact of a 20% change in market prices: +/-	64,991	
	Impact of a 10% change in market prices: +/-		28,155
Interest rate risk[2]			
Cash and cash equivalents	Carrying value	18,493	19,274
	Impact of a 1% change in interest rates: +/-	185	193

[1] *The impact of COVID-19 caused the Company to review the adequacy of the market price risk sensitivity analysis. A variable of 20% (2019: 10%) is considered appropriate for market price risk sensitivity based on the impact of COVID-19, as well as based on historical price movements.*

[2] *Current market circumstances caused the Company to review the adequacy of the interest rate risk sensitivity. The 1% variable used in the previous period is considered to continue to be appropriate to illustrate the impact of COVID-19, as well as a reasonable possible movement based on historic trends. The percentage movement for the interest rate sensitivity relates to an absolute change in the interest rate rather than a percentage change in interest rate.*

Credit Risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. In the normal course of its business, the Company is exposed to credit risk from transactions with its counterparties.

Listed securities are held by an independent custodian, Trustees Executors Limited. All transactions in listed securities are paid for on delivery according to standard settlement instructions. Dividends receivable are due from listed New Zealand companies and are normally settled within a month after the Ex-Dividend date.

The Company measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. At balance date, cash at bank was held with counterparties with a credit rating of S&P A-1+ or equivalent. In April 2020 the credit rating of the bank was reduced to S&P AA-. Trade and other receivables are normally settled within three business days. Management considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12 month expected credit losses as any such impairment would be wholly insignificant to the Company.

The maximum credit risk of financial assets is deemed to be their carrying amount as reported in the Statement of Financial Position.

Other than cash at bank, short term unsettled trades and dividends receivable, there are no significant concentrations of credit risk. The Company does not expect non-performance by counterparties, therefore no collateral or security is required.

Liquidity Risk

Liquidity risk is the risk that the assets held by the Company cannot readily be converted to cash in order to meet the Company's financial obligations as they fall due. The Company endeavours to invest the proceeds from the issue of shares in appropriate investments while maintaining sufficient liquidity (through daily cash monitoring) to meet working capital and investment requirements.

Liquidity to fund investment requirements can be augmented through the procurement of a debt facility from a registered bank to a maximum value of 20% of the gross asset value of the Company. There were no such debt facilities at 31 March 2020 (2019: nil).

There have been no subsequent events to suggest any issues with satisfying working capital and investment requirements and COVID-19 has not impacted the liquidity risk profile.

Capital Risk Management

The Company’s objective is to prudently manage shareholder capital (share capital, reserves, retained earnings and borrowings (if any)).

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, undertake share buybacks, issue new shares and make borrowings in the short term.

The Company was not subject to any externally imposed capital requirements during the year.

Since announcing a long-term distribution policy in June 2009, the Company continues to pay 2% of average net asset value each quarter.

NOTE 12 NET ASSET VALUE

The audited net asset value of Kingfish as at 31 March 2020 was $1.39 per share (2019: $1.57) calculated as the net assets of $345,403,828 divided by the number of shares on issue of 248,587,907 (2019: net assets of $310,621,130 and shares on issue of 197,889,673).

NOTE 13 COMMITMENTS AND CONTINGENT LIABILITIES

There were no unrecognised contractual commitments or contingent liabilities as at 31 March 2020 (2019: nil).

NOTE 14 FINANCIAL REPORTING BY SEGMENTS

The Company operates in the New Zealand investment industry.

The Company is managed as a whole and is considered to have a single operating segment. There is no further division of the Company or internal segment reporting used by the Directors when making strategic, investment or resource allocation decisions.

There has been no change to the operating segments during the year.

NOTE 15 SUBSEQUENT EVENTS

The Board declared a dividend of 3.06 cents per share on 18 May 2020. The record date for this dividend is 11 June 2020 with a payment date of 26 June 2020.

There were no other events which require adjustment to or disclosure in these financial statements.

Independent auditor's report

To the shareholders of Kingfish Limited

We have audited the financial statements which comprise:

- the statement of financial position as at 31 March 2020;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies.

Our opinion

In our opinion, the accompanying financial statements of Kingfish Limited (the Company) present fairly, in all material respects, the financial position of the Company as at 31 March 2020, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Company in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor we have no relationship with, or interests in, the Company.

Key audit matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. Given the nature of the Company, we have one key audit matter: *Valuation and existence of investments at fair value through profit or loss*. The matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

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Key audit matter	How our audit addressed the key audit matter
Valuation and existence of investments at fair value through profit or loss Investments at fair value through profit or loss (the investments) are valued at $325 million and represent 94% of total assets. Further disclosures on the investments are included at note 2 to the financial statements. This was an area of focus for our audit and an area where a significant proportion of audit effort was directed. As at 31 March 2020, all investments were in companies that were listed on the NZX Main Board and were actively traded with readily available, quoted market prices. Management assessed the impact of COVID-19 on the Company's financial statements including investments at fair value through profit or loss and included additional disclosures in relation to the fair value of investments and market price risk sensitivity. All investments are held by Trustees Executors Limited (the Custodian) on behalf of the Company. Trustees Executors Limited also provides administration services for the Company.	Our audit procedures included updating our understanding of the business processes employed by the Company for accounting for, and valuing, its investment portfolio. We obtained confirmation from the Custodian that the Company was the recorded owner of all the recorded investments. We obtained copies of and assessed Trustees Executors Limited's Internal Controls Reports for Custody, Investment Accounting and Registry services for the period from 1 April 2019 to 31 March 2020. We agreed the price for all investments held at 31 March 2020 to independent third-party pricing sources. We have considered the impact of COVID-19 on the valuation of investments at fair value through profit or loss, including the disclosures provided in note 2. No matters arose from the procedures performed.

Our audit approach

Overview

An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement.

Overall materiality: $1,700,000, which represents approximately 0.5% of the net assets. We used this benchmark because, in our view, the objective of the Company is to provide investors with a total return on its assets, taking account of both capital and income returns.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above $150,000, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

As mentioned earlier, we have determined that there is one key audit matter: *Valuation and existence of investments at fair value through profit or loss.*

Materiality
The scope of our audit was influenced by our application of materiality.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Audit scope
We designed our audit by assessing the risks of material misstatement in the financial statements and our application of materiality. As in all of our audits, we also addressed the risk of management override of internal controls including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the type of investments held by the Company, the use of the third-party service providers, the related accounting processes and controls, and the industry in which the Company operates.

The Directors are responsible for the governance and the control activities of the Company. The Directors have delegated certain responsibilities to Fisher Funds Management Limited (the Investment Manager) and Trustees Executors Limited (the Administrator and the Custodian).

In establishing our overall audit approach, we assessed the risk of material misstatement, taking into account the nature, likelihood and potential magnitude of any misstatement. As part of our risk assessment, we considered the Company's interaction with the Investment Manager and the Administrator and the control environment in place at the Administrator and the Custodian.

Information other than the financial statements and auditor's report

The Directors are responsible for the annual report. Our opinion on the financial statements does not cover the other information included in the annual report and we do not and will not express any form of assurance conclusion on the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard, except that not all other information was available to us at the date of our signing.

Responsibilities of the Directors for the financial statements

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-2/

This description forms part of our auditor's report.

Who we report to

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Philip Taylor.

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants
22 June 2020

Auckland

SHAREHOLDER INFORMATION

SPREAD OF SHAREHOLDERS AS AT 21 MAY 2020

Holding Range	# of Shareholders	# of Shares	% of total
1 to 999	344	162,153	0.07
1,000 to 4,999	984	2,625,025	1.06
5,000 to 9,999	846	5,927,328	2.38
10,000 to 49,999	2,335	54,104,166	21.76
50,000 to 99,999	586	40,434,280	16.27
100,000 to 499,999	421	79,509,572	31.98
500,000 +	50	65,825,383	26.48
TOTAL	5,566	248,587,907	100%

20 LARGEST SHAREHOLDERS AS AT 21 MAY 2020

	# of Shares	% of Total
ASB NOMINEES LIMITED <ACCOUNT 340941 - ML>	11,087,757	4.46
CUSTODIAL SERVICES LIMITED <A/C 6>	3,544,060	1.43
CUSTODIAL SERVICES LIMITED <A/C 4>	3,296,683	1.33
STEPHEN JAMES THORNTON + BERNARDINA ALEIDA MARIA SCHOLTEN + MACALISTER MAZENGARB TRUST COMPANY LIMITED <THE THORNTON-SCHOLTEN FAMILY A>	3,267,644	1.31
ALOK DHIR	2,926,546	1.18
DAVID HUGH BROWN + SUSANNA LLEWELLYN BROWN	2,863,000	1.15
FNZ CUSTODIANS LIMITED	2,733,565	1.10
FORSYTH BARR CUSTODIANS LIMITED <1-CUSTODY>	1,783,171	0.72
ENE TRUSTEES LIMITED	1,776,245	0.71
INVESTMENT CUSTODIAL SERVICES LIMITED <A/C C>	1,565,577	0.63
MURRAY JOHN LOMBARD ALDRIDGE + LESLEY ANN ALDRIDGE + ALDRIDGE TRUSTEE 2019 LIMITED <ALDRIDGE FAMILY A/C>	1,524,162	0.61
SEATON STUART JAMES BENNY	1,338,860	0.54
LLOYD JAMES CHRISTIE	1,311,880	0.53
PAMELA JEAN GILLIES	1,223,000	0.49
CUSTODIAL SERVICES LIMITED <A/C 3>	1,203,306	0.48
ALBERT JOHN HARWOOD + MARLENE MARY HARWOOD	1,200,500	0.48
CUSTODIAL SERVICES LIMITED <A/C 2>	1,051,870	0.42
LEVERAGED EQUITIES FINANCE LIMITED	1,038,921	0.42
NEIL BARRY ROBERTS	1,023,290	0.41
DAVID ROBERT APPLEBY + PRUDENCE JANE COTTER <DAVID APPLEBY INVESTMENT A/C>	1,000,000	0.40
TOTAL	46,760,037	18.80

SPREAD OF WARRANT HOLDERS AS AT 21 MAY 2020

Holding Range	# of Warrant Holders	# of warrants	% of Total
1 to 999	1,073	461,997	0.75
1,000 to 4,999	2,049	5,324,174	8.65
5,000 to 9,999	953	6,771,482	11.00
10,000 to 49,999	1,048	21,257,443	34.51
50,000 to 99,999	129	8,708,272	14.14
100,000 to 499,999	70	11,949,494	19.41
500,000 +	7	7,105,221	11.54
TOTAL	5,329	61,578,083	100%

20 LARGEST WARRANT HOLDERS AS AT 21 MAY 2020

	# of Warrants	% of Total
ASB NOMINEES LIMITED <ACCOUNT 340941 - ML>	2,771,940	4.50
CUSTODIAL SERVICES LIMITED <A/C 6>	886,015	1.44
STEPHEN JAMES THORNTON & BERNARDINA ALEIDA MARIA SCHOLTEN & MACALISTER MAZENGARB TRUST COMPANY LIMITED <THE THORNTON-SCHOLTEN FAMILY A/C>	797,385	1.29
CUSTODIAL SERVICES LIMITED <A/C 4>	735,554	1.19
DAVID HUGH BROWN & SUSANNA LLEWELLYN BROWN	700,000	1.14
FNZ CUSTODIANS LIMITED	669,261	1.09
ANTHONY FRANCIS O'DONNELL & EVONNE RUBY O'DONNELL	545,066	0.89
HSBC NOMINEES (NEW ZEALAND) LIMITED - NZCSD <HKBN90>	490,936	0.80
FORSYTH BARR CUSTODIANS LIMITED <1-CUSTODY>	456,605	0.74
INVESTMENT CUSTODIAL SERVICES LIMITED <A/C C>	392,016	0.64
DAVID ROBERT APPLEBY & PRUDENCE JANE COTTER <DAVID APPLEBY INVESTMENT A/C>	375,000	0.61
MURRAY JOHN LOMBARD ALDRIDGE & LESLEY ANN ALDRIDGE & ALDRIDGE TRUSTEE 2019 LIMITED <ALDRIDGE FAMILY A/C>	371,933	0.60
LLOYD JAMES CHRISTIE	327,970	0.53
SEATON STUART JAMES BENNY	326,715	0.53
PAMELA JEAN GILLIES	305,750	0.50
CUSTODIAL SERVICES LIMITED <A/C 2>	268,014	0.44
CUSTODIAL SERVICES LIMITED <A/C 3>	262,276	0.43
ASB NOMINEES LIMITED <146873 A/C>	254,882	0.41
COLIN DAVID CRAIG BENNETT	222,855	0.36
DAVID JOHN GORDON	221,689	0.36
TOTAL	11,381,862	18.49

STATUTORY INFORMATION

DIRECTORS' RELEVANT INTERESTS IN EQUITY SECURITIES AT 31 MARCH 2020

Interests Register

Kingfish is required to maintain an interests register in which the particulars of certain transactions and matters involving the directors must be recorded. The interests register for Kingfish is available for inspection at its registered office. Particulars of entries in the interests register as at 31 March 2020 are as follows:

	Ordinary Shares		*Warrants*	
	Held Directly	**Held by Associated Persons**	**Held Directly**	**Held by Associated Persons**
A B Ryan[1]		54,828		13,380
C M Fisher[2]		11,087,757		1,771,940
C A Campbell[3]	36,384		8,878	
R A Coupe[4]	33,595		8,198	

(1) *A B Ryan received 3,387 shares in the year ended 31 March 2020, purchased on market as per the terms of the share purchase plan (issue price $1.47). A B Ryan and associated parties received 4,418 shares in the year ended 31 March 2020, issued under the dividend reinvestment plan (average issue price $1.40). A B Ryan exercised 9,071 warrants in the year ended 31 March 2020).*

(2) *Associated persons of C M Fisher purchased 4,960,219 shares off market in the year ended 31 March 2020. Associated persons of C M Fisher exercised 1,225,508 warrants in the year ended 31 March 2020.*

(2) *C A Campbell received 2,540 shares in the year ended 31 March 2020, purchased on market as per the terms of the share purchase plan (issue price $1.47). C A Campbell received 2,985 shares in the year ended 31 March 2020, issued under the dividend reinvestment plan (average issue price $1.40). C A Campbell exercised 5,853 warrants in the year ended 31 March 2020.*

(3) *R A Coupe received 2,540 shares in the year ended 31 March 2020, purchased on market as per the terms of the share purchase plan (issue price $1.47). R A Coupe received 2,756 shares in the year ended 31 March 2020, issued under the dividend reinvestment plan (average issue price $1.40). R A Coupe exercised 5,367 warrants in the year ended 31 March 2020.*

DIRECTORS HOLDING OFFICE

Kingfish's directors as at 31 March 2020 were:

» A B Ryan (Chair)

» C M Fisher

» C A Campbell

» R A Coupe

During the year, there were no appointments to the board.

In accordance with the Kingfish constitution and the NZX listing Rules, at the 2019 Annual Shareholders' Meeting, Alistair Ryan and Carmel Fisher retired by rotation and being eligible were re elected. Andy Coupe retires by rotation at the 2020 Annual Shareholders' Meeting and being eligible, offers himself for re-election.

DIRECTORS' INDEMNITY AND INSURANCE

Kingfish has arranged Directors' and Officers' liability insurance covering directors acting on behalf of Kingfish. Cover is for damages, judgements, fines, penalties, legal costs awarded and defence costs arising from wrongful acts committed while acting for Kingfish. The types of acts that are not covered include dishonest, fraudulent, malicious acts or omissions and wilful breach of statute or regulations.

Kingfish has granted an indemnity in favour of all current and future directors of the Company in accordance with its constitution.

EMPLOYEE REMUNERATION

Kingfish does not have any employees. Corporate management services are provided to Kingfish by Fisher Funds Management Limited.

DIRECTORS' RELEVANT INTERESTS

The following are relevant interests of Kingfish's Directors as at 31 March 2020:

A B Ryan	Barramundi Limited	Chair
	Marlin Global Limited	Chair
	Metlifecare Limited	Director
	Kiwibank Limited	Director
	FMA Audit Oversight Committee	Member
C M Fisher	Barramundi Limited	Director
	Marlin Global Limited	Director
	New Zealand Trade & Enterprise	Director
C A Campbell	Barramundi Limited	Director
	Marlin Global Limited	Director
	T&G Global Limited	Director
	Hick Bros Holdings Limited & subsidiary companies	Director
	Woodford Properties Limited	Director
	alphaXRT Limited	Director
	New Zealand Post Limited	Director
	Key Assets Foundation	Trustee
	Key Assets NZ Limited	Director
	Kiwibank Limited	Director
	Asset Plus Limited	Director
	NZME Limited	Director
	Nica Consulting Limited	Director
	Cord Bank Limited	Director
	T&G Insurance Limited	Director
	Bankside Chambers Limited	Director
	Chubb Insurance New Zealand Limited	Director
R A Coupe	Barramundi Limited	Director
	Marlin Global Limited	Director
	New Zealand Takeovers Panel	Chair
	Coupe Consulting Limited	Director
	Gentrack Group Limited	Director
	Briscoe Group Limited	Director
	Television New Zealand Limited	Chair

AUDITOR'S REMUNERATION

During the 31 March 2020 year, the following amounts were paid/payable to the auditor, PricewaterhouseCoopers New Zealand.

	$000
Statutory audit and review of financial statements	40
Other assurance services	0
Non assurance services	0

PricewaterhouseCoopers New Zealand is a registered audit firm and its audit partners are licensed auditors under the Auditor Regulation Act 2011.

DONATIONS

Kingfish did not make any donations during the year ended 31 March 2020.

DIRECTORY

REGISTERED OFFICE

Kingfish Limited
Level 1
67 – 73 Hurstmere Road
Takapuna
Auckland 0622

DIRECTORS

Independent Directors
Alistair Ryan (Chair)
Carol Campbell
Andy Coupe
Carmel Fisher

CORPORATE MANAGEMENT TEAM

Wayne Burns
Beverley Sutton

NATURE OF BUSINESS

The principal activity of Kingfish is investment in quality, growing New Zealand companies.

MANAGER

Fisher Funds Management Limited
Level 1
67 – 73 Hurstmere Road
Takapuna
Auckland 0622

SHARE REGISTRAR

Computershare Investor Services Limited
Level 2
159 Hurstmere Road
Takapuna
Auckland 0622
Private Bag 92119
Auckland 1142

Phone: +64 9 488 8777
Email: enquiry@computershare.co.nz

AUDITOR

PricewaterhouseCoopers New Zealand
Level 8
188 Quay Street
Auckland 1010

SOLICITOR

Bell Gully
Level 21
48 Shortland Street
Auckland 1010

BANKER

ANZ Bank New Zealand Limited
23-29 Albert Street
Auckland 1010

FOR MORE INFORMATION

For enquiries about transactions, changes of address and dividend payments, contact the share registrar above. Alternatively, to change your address, update your payment instructions and to view your investment portfolio including transactions online, please visit: www.investorcentre.com/NZ

FOR ENQUIRIES ABOUT KINGFISH CONTACT

Kingfish Limited, Level 1, 67 – 73 Hurstmere Road, Takapuna, Auckland 0622
Private Bag 93502, Takapuna, Auckland 0740

Phone: +64 9 489 7094 | Fax: +64 9 489 7139 | Email: enquire@kingfish.co.nz

KINGFISH

LANDING TOMORROW'S TROPHIES