KINGFISH

LANDING TOMORROW'S TROPHIES

QUARTERLY NEWSLETTER

1 October 2025 – 31 December 2025

Share Price	Warrant Price	KFL NAV	DISCOUNT[1]
$1.30	$0.03	$1.32	1.2%

as at 31 December 2025

The December quarter saw Kingfish deliver a gross performance return (GPR) of +1.2% and an adjusted NAV return of +0.8%, compared to the +1.9% return of the S&P/NZX50G benchmark index. The returns for the 2025 calendar year were -1.9% and -2.8% respectively, against the benchmark return of +3.3%.

This comes after two consecutive calendar years of superior returns, including +25.7% GPR versus +11.4% for the index in 2024, so it is worth bearing in mind that despite 2025 being a disappointing year, over longer periods Kingfish has still continued to outperform.

After many years of investing, including almost 9 years of involvement with Kingfish, I have come to appreciate that progress does not typically happen in a straight line. In part as investors our ability to stomach uneven returns is what enables equity investors to expect superior returns over time. This dynamic is part and parcel of investing in shares as opposed to the lower but more predictable returns you can get in term deposits or government bonds.

We remain confident in the companies within the Kingfish portfolio and note that most have made significant progress in their businesses in the last year, despite some disappointing share price returns. Given this backdrop we are optimistic heading into 2026.

Several large positions' performance impacted overall returns in 2025

In 2025 a few of our largest positions underperformed at the same time, which was unexpected. The simple average shareholder return of the companies owned by Kingfish in the year was around +4% which was better than the overall GPR of -1.9% and demonstrates this. Over time, our differentiated position sizing has added value, but this has not been the case in every year (including 2025).

The companies that detracted most from performance this calendar year by virtue of position size and returns included companies in a variety of sectors, including medical wholesaler **EBOS** (-23% in 2025), as we discussed last quarter, but also international infrastructure investor **Infratil** (-10%), and cinema software provider **Vista** (-16%). Retirement village operator **Summerset** (-4%) and freight and logistics business **Mainfreight** (-4%) both rebounded strongly in the December quarter but have also weighed on performance in 2025, despite a nascent New Zealand economic recovery.

Infratil's year somewhat mirrored that of Kingfish

Infratil has a longstanding track record in growing value for shareholders but 2025 was a year of disappointing share price performance despite progress in its portfolio of operating businesses.

CDC Data Centres grew its operational capacity, boosted its development pipeline, and increased new leasing to key cloud clients. Opinions around AI related investment have waxed and waned over the year, but over the course of the year it is now expected that significant additional spend will be required on AI datacentres, which CDC is well positioned to benefit from.

Infratil's portfolio company One NZ has outperformed rival Spark in the New Zealand mobile market and overall has showed resilient performance despite the tough climate. Infratil's third key asset, US renewables developer Longroad, has emerged from uncertainty around the landscape after President Trump took office by securing tax credits for a large portion of its future development through to 2027.

It would be remiss not to mention that Infratil also successfully crystallised its longstanding investment in electricity generator Manawa at a premium valuation.

Some of the smaller positions performed admirably

Kingfish's best performers for the 2025 calendar year were **a2 Milk** (+75%), **Freightways** (+41%) and **Port of Tauranga** (+23%), though on average these only accounted for around 10-11% of the portfolio over 2025.

All three companies saw stronger than expected sales performance over the year, plus maintain an outlook for ongoing growth, which underpinned the strong share price performance. Freightways and Port of Tauranga remain leveraged to an accelerating New Zealand economy.

Other notable performers in 2025 included electricity company **Mercury** (+14%) since its addition early in the year and **Vulcan Steel** (+8%), which will benefit from improving economic conditions.

Summerset and Mainfreight are well placed for an accelerating recovery in New Zealand

This time last year I wrote that 'in 2025 it appears as if local business conditions may improve' but 'the key question will be how meaningful this will be, as households are still licking their wounds and unemployment has been ticking up as companies react to tougher conditions'.

As it has transpired, the Kiwi economy remained sluggish for most of the year, although we have seen an emerging pick-up in activity levels in the second half, admittedly from depressed levels.

It has been a surprise that Summerset shares have been weak this year given the business has continued to grow by building and selling more retirement and aged care units, while other players have pulled back. The management team have delivered in line with expectations. Mainfreight has seen generally tougher than expected trading conditions across its international freight markets and has invested in additional capacity in New Zealand during the downturn which means its path back to earnings growth has taken longer than expected.

However, a reversal in sentiment saw a strong rebound in both **Summerset** (+15%) and **Mainfreight** (+11%) in the December quarter. Lower interest rates and a more positive economic outlook may see the New Zealand housing market finally return to price growth in 2026. In November, Mainfreight commented it is seeing improved trading from New Zealand customers, plus has won a number of new accounts which will contribute to volumes (not least IKEA).

It appears as though the worst may have passed for the New Zealand economy, and while the slope of a recovery is unclear, these businesses and others in the portfolio stand to perform better with an economic tailwind.

Matt Peek
Senior Portfolio Manager
Fisher Funds Management Limited
15 January 2026

[1] Share price discount to NAV (including warrant price on a pro-rated basis and using the net asset value per share, after expense, fees and tax, to four decimal places).

SIGNIFICANT RETURNS IMPACTING THE PORTFOLIO DURING THE QUARTER

SUMMERSET	MAINFREIGHT	a2 MILK COMPANY	INFRATIL	VISTA GROUP
+15%	+11%	+8%	-10%	-12%

PERFORMANCE

as at 31 December 2025

	3 Months	3 Years (annualised)	5 Years (annualised)
Company Performance			
Total Shareholder Return	(0.3%)	+7.4%	(0.4%)
Adjusted NAV Return	+0.8%	+7.3%	+1.5%
Portfolio Performance			
Gross Performance Return	+1.2%	+8.9%	+2.9%
S&P/NZX50G Index	+1.9%	+5.7%	+0.7%

Non-GAAP Financial Information

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

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

All references to adjusted net asset value, adjusted NAV return, gross performance return and total shareholder return in this newsletter 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 kingfish.co.nz/about-kingfish/kingfish-policies.

COMPANY NEWS

Dividend Paid 19 December 2025

A dividend of 2.70 cents per share was paid to Kingfish shareholders on 19 December 2025 under the quarterly distribution policy. Interest in Kingfish's dividend reinvestment plan (DRP) remains high with 39% of shareholders participating in the plan. Shares issued to DRP participants are at a 3% discount to market price. If you would like to participate in the DRP, please contact our share registrar, Computershare on (09) 488 8777.

PORTFOLIO HOLDINGS SUMMARY

as at 31 December 2025

LISTED COMPANIES	% Holding
Auckland Int Airport	7.5%
Contact Energy	4.1%
Delegat Group	1.2%
EBOS Group	5.4%
Fisher & Paykel Healthcare	19.5%
Freightways	4.3%
Infratil	14.0%
Mainfreight	9.5%
Mercury NZ Limited	3.4%
Meridian Energy	4.9%
Port of Tauranga	3.9%
Summerset	10.1%
The a2 Milk Company	3.5%
Vista Group International	4.8%
Vulcan Steel	1.7%
Equity Total	**97.8%**
New Zealand dollar cash	2.2%
TOTAL	**100.0%**

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