



# KINGFISH Update

June 2005 Quarter

## At A Glance

### Performance for 15 months to 30 June 2005:

Net Asset Value	\$1.2186	+25.8%
Diluted Net Asset Value	\$1.1104	+14.7%
Share Price	\$0.95	- 5%
Warrant price	\$0.17	+17%

### June Quarter Biggest Movers

Waste Management	+10%
Mainfreight	+9%
Freightways	+7%
Metlifecare	-15%
Turners Auctions	-30%

### Recent Portfolio changes

Metlifecare	decreased
Just Water	exited
Ryman Healthcare	increased

### Portfolio Holdings at 30 June 05

#### Kingfish Holdings Ltd: Portfolio Weightings >10%

- Waste Management
- Freightways
- Ryman Healthcare
- Mainfreight
- Pumpkin Patch

#### Portfolio Weightings <10%

- Metlifecare
- Michael Hill
- Turners Auctions

(Kingfish Holdings owns the core portfolio of companies that are expected to be owned for many years)

#### Kingfish Nursery Limited:

- Cadmus Technology
- Comvita
- Pod
- Kidicorp
- NZ Exchange
- Steel & Tube
- Turners & Growers

(Kingfish Nursery owns shares in companies that have not yet met all investment criteria to become a core holding)

## Dear Shareholders

Welcome to our June 2005 quarter shareholders' newsletter. The past quarter has been an eventful time at Kingfish with

- 1) The payment of our first dividend (2 cps fully imputed paid on 10 June 2005, representing a yield of 2.2%);
- 2) The establishment of our Dividend Reinvestment Plan, offering shareholders the opportunity to reinvest dividends in Kingfish ordinary shares.
- 3) The production of our first Annual Report and
- 4) The Annual Shareholders Meeting (ASM) held on June 17 2005.

Thank you to all those who attended the ASM. It was very encouraging to see so many of you supporting the company, to have the opportunity to personally meet you and to update you on performance to date.

We have included a section in this newsletter on key questions raised at the ASM.

Thank you for your continued support and we look forward to communicating with you again later in the year.

**Rob Challinor**  
Chairman - Kingfish Limited  
13 July 2005

### FISHER FUNDS QUARTERLY REVIEW

The June quarter was challenging with sharp falls in the period and a solid recovery towards the end. Investor sentiment became cautious after the March interest rate hike and the market mood remains wary.

The Kingfish net asset value fell 5.5% during the June quarter, although the dividend accounted for a significant part of the decline.

### PORTFOLIO REVIEW

All of the decline in the portfolio value came from the share price falls in Metlifecare (-15%) and Turners Actions (-30%). Without these two falls the NAV per share would be back at an all time high! Waste Management, Freightways and Mainfreight made solid gains, however their performance was not enough to offset the overall decline.

### PORTFOLIO CHANGES

The portfolio changes since those disclosed in the Annual Report include the exiting of Just Water and trimming the position in Metlifecare.

Fisher Funds has advised the Board that it is comfortable with the portfolio and most positions are at or are very close to target weightings. New investment opportunities are being considered in the event that Metlifecare is compulsorily acquired.

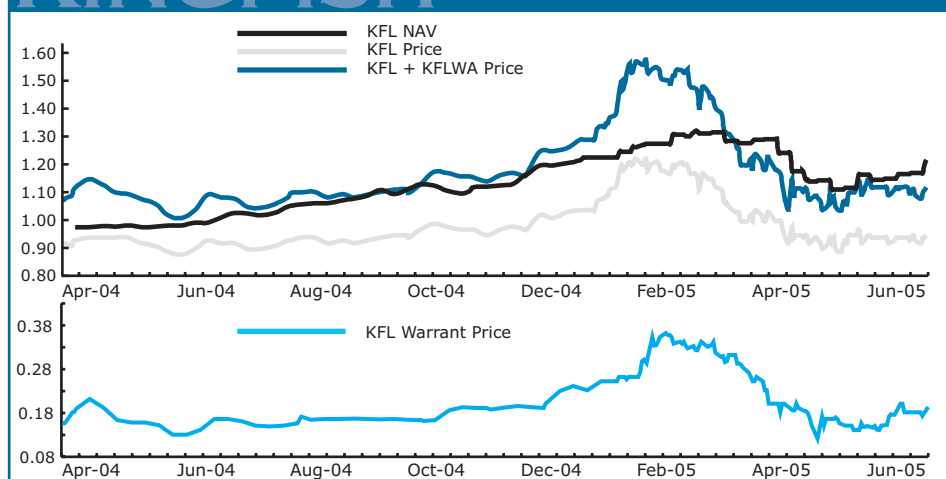
### FISHER FUNDS OUTLOOK

We expect a recovery in our stocks as the fundamentals supporting these companies remain strong.

Company management is optimistic about future results and we support these views. We anticipate investor sentiment will remain cautious during the August/September profit reporting season, which will confirm the extent and impact of any economic slowdown.

**Carmel Fisher**  
Managing Director  
Fisher Funds Management Limited  
13 July 2005

## Net Asset Value, Share & Warrant Price Performance



## ASM KEY DISCUSSION POINTS

### At what level of NAV discount to share price would Kingfish consider a share buy back?

The shares of a Listed Investment Company (LIC) such as Kingfish may alternate trading between a premium or discount to NAV. The Kingfish capital management policy as disclosed in the prospectus states that "if in the opinion of the Board the value of the shares and warrants do not appropriately reflect the underlying asset value the board will from time to time consider buying shares and warrants in Kingfish. Any decision by the Board to acquire shares or warrants will consider other investment alternatives and whether the acquisition is in the best interest of the shareholders". The Kingfish Board will most likely consider a buyback programme when it believes the discount to be extreme, or greater than the discount ranges prevalent in similar investment vehicles. If a decision is made in relation to a buy back then Kingfish is required to advise the market in advance. The Board expects that an upward trend in the underlying NAV over time should usually be enough to minimize any discount to NAV.

### The level and criteria for the Manager's eligibility for the Performance fee

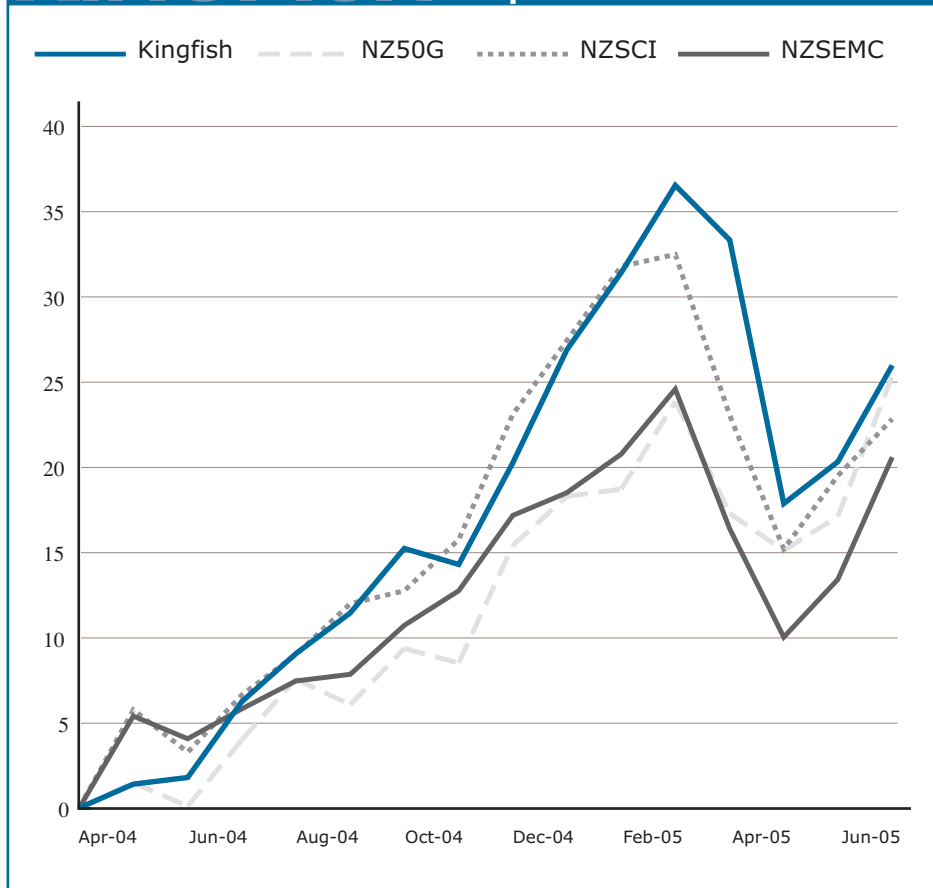
Fisher Funds is entitled to a performance fee for generating returns in excess of a benchmark rate. The benchmark rate for the year ended 31 March 2005 was 13.4%. The actual return achieved by Fisher Funds was 36.4%, Fisher Funds was therefore entitled to receive 15% of this "excess" return. The fee became payable once the NAV per share exceeded \$1.33. This occurred at various dates in the first quarter of 2005. The base NAV for the current year becomes \$1.32 (being the highest NAV per share previously achieved at the end of any previous financial year).

A performance fee will not become payable again until the Manager achieves an increase in NAV in any year that exceeds the benchmark return and the NAV exceeds \$1.32. The Board believes that this structure is appropriate and compares favourably with other fund managers in Australasia and that it correctly incentivises the Manager to achieve a competitive return for Kingfish shareholders.

## RELATIVE PERFORMANCE TO 30 JUNE 2005

	One Month	Three Months	Twelve Months	Since Inception
Kingfish NAV (Start Date 31 March 04)	4.67%	-5.50%	18.48%	25.84%
90 Day Bank Bill Index +7%pa	1.14%	3.47%	13.82%	17.12%
Difference	3.53%	-8.97%	4.66%	8.72%

## KINGFISH Net Asset Value Performance Since Inception Vs Relevant Indices



## WHAT'S COMING UP:

### Interim Report – Oct 05

The Kingfish Update Report will be produced for the December and June quarters. The Annual Report and Interim Report will be produced in the interim periods.

If you would like to receive an emailed copy of the monthly Fisher Funds newsletter please register your email address at [enquire@kingfishlimited.co.nz](mailto:enquire@kingfishlimited.co.nz)

A copy of the Fisher Funds monthly newsletter "From the Undergrowth" is available on the Kingfish website ([www.kingfishlimited.co.nz](http://www.kingfishlimited.co.nz)) under the Shareholder Reports section.