



KINA ASSET MANAGEMENT LIMITED (KAML) PNGX RELEASE

KAML DELIVERS CREDITABLE 18.6% RETURN BUOYED BY STRONG GLOBAL MARKETS

PNGX-listed Investment Company Kina Asset Management Ltd (KAML) has delivered a net profit after tax of K12.7 million for the full year ended 31 December 2023 (FY2022: net loss K3.3 million).

KAML Acting Chair Mr Syd Yates said the result was driven by a strong investment return of 18.6% for the full-year 2023.

“Realised and unrealised capital gains totalled K4.3 million for the year,” Mr Yates said.

International investments

Mr Yates noted in particular, the Company’s international funds, the BlackRock iShares, and Vanguard International Shares were the best performers in 2023, with returns of +31.1% and +31.2% respectively

He said the Fund’s Australian equities also performed strongly in 2023, despite economic conditions moderating under the weight of rising interest rates. The best performers (in PNG Kina adjusted terms) were Suncorp (+27.4%) and ANZ (+24.6%). The Company also sold its shareholding in Worley during the second half of the year for a total return of +22.8% year, and acquired a new shareholding in consumer staples giant Coles (+4.5%).

Contributing to this result was a K4.3 million in foreign currency exchange gains, as a result of the depreciation of the PNG Kina against the Australian Dollar during the year.

Dividend and interest income also contributed strongly to the Company’s earnings, totalling K5.3 million for the year.

Domestic investments

Mr Yates said the Company’s cornerstone position in BSP Financial Group (BSP) maintained its position as the largest contributor to the Company’s return.

The Company’s PNGX-listed BSP shares rose 10.4% from K12.41 to K13.70 at 31 December 2023, and total returns were boosted by dividends of K1.77 per share (14.3%). The Company’s ASX-listed BSP shares rose from AUD4.90 to AUD5.42 at 31 December 2023, a return of 18.0%, inclusive of currency gains from appreciation of the Australian Dollar.

Credit Corporation shares rose 8.1% from K1.85 to K2.00 at 31 December 2023, and total returns were boosted by dividend payments of K0.233 per share (12.6%).

NTA growth

Net tangible asset backing per share as at 31 December 2023 was K1.61 (2022: K1.48), after payment of a dividend of K0.12 per share to shareholders in October.

However, KAML's share price, K1.01 per share, represented a substantial discount to the underlying value of the company. Mr Yates said this situation was a reflection of the lack of liquidity on the PNGX. He said KAML continues to be concerned with the size of the discount between the share price and the NTA and continues to explore opportunities to narrow this gap.

Fund asset allocation

Commenting on the Fund's asset allocation, Mr Yates said at year end, 32.5% was invested in domestic stocks, cash and fixed income; and 67.5% was invested in international stocks and cash. The portfolio benchmark weights were 40% (domestic) and 60% (international) respectively.

He said key portfolio holdings as a percentage of the Fund at 31 December 2023 were: in PNG, BSP Financial Group (15.2%), Kina Securities Limited (6.3%), and Credit Corporation (5.3%); and International, the Vanguard International Equity fund (13.8%, CSL Limited (6.9%), and Telstra Group (4.9%).

Well placed for future opportunities

Mr Yates said KAML's investment manager, Kina Funds Management Limited, continued to maintain a disciplined approach to the evaluation of new growth opportunities through the year and cash holdings stood at 7.3% at the end of the year.

He said the Fund was well placed to meet the challenges and opportunities which may arise in 2024 and would continue to adopt a disciplined approach to its investment strategy.

ENDs

Further Information:

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