



14th April 2014

KAML MEDIA STATEMENT

KAML ACHIEVES 10.3% FIRST QUARTER RETURN

Listed Investment Company, Kina Asset Management Ltd has built on its record profit for 2013 with an investment income of K5.1m representing a return of 10.3% for the first quarter of 2014. KAML'S portfolio has risen to K55.1m.

Chief Executive Officer of KAML Syd Yates said that foreign currency gains from valuation of offshore investment, driven by the depreciation of the Kina against its major trading partners and the increase in share prices of Credit Corporation, Oil Search, Westpac and Transurban Group contributed significantly to the strong gain.

Mr Yates said that KAML has also increased its shareholding with BSP as the stock continued to have a higher yield compared to other domestic stock and because of the limited number of domestic investment opportunities.

Mr Yates said that the KAML would continue with its robust investment strategy to guide its Investment Manager, Kina Funds Management (KFM), in order to deliver on our stated investment objectives and continue to achieve a positive return for the investment portfolio based on the current geographical split of the investment portfolio of 40-50% domestic equities and 50-60% international equities.

Mr Yates said that KFM believes that in the PNG macro environment, that growth will be higher in contrast to its previous forecasts although inflation of 5-6% for 2014 was still on the cards.

"Local share prices could remain flat for the next half year due to the lack of liquidity and hence potential for drawdown if sellers emerge, but we believe dividend yields in excess of bank deposit rates continue to support share prices," Mr Yates said.

"While US equities appear fully priced and subject to volatility as share prices have continued to rally so strongly through the past year.

"KFM have believed for several months that US equities in particular appear fully valued but recent confirmation of improving economic conditions will most likely continue to support prices.

"Emerging market equities have underperformed in 2013 and early 2014 and global growth should support emerging markets, not all will be equally supported and we will be looking for selective opportunities in emerging markets," Mr Yates said.



Commenting on currencies, Mr Yates said the Kina is likely to continue to depreciate most notably against the US dollar, but less against the Australian dollar, but the prospects of first LNG exports in late 2014 may well support the PNG Kina in latter 2014.

In regards to commodities, Mr Yates said KFM still expects both oil and gold prices to be slightly bearish, due to low inflation risk and as oil supply is set to increase.

Mr Yates said that during the quarter in review a total of 1,121,917 KAML shares were traded at an average price of K1.09. Closing price at the end of the quarter on March 31 was K1.07 and NTA of K1.17.

END

Further Information:

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