



26 June 2015

## **KAML POMSoX Release**

### **KAML ACHIEVES 2.8% GROWTH IN FIRST QUARTER**

PNG's first listed investment company, Kina Asset Management Ltd (KAML) regained momentum in Q1 2015 with an investment gain of K1.3m, representing a year-to-date nominal return of 2.8%. KAML's portfolio grew by K2.4m, from K48.0m at the end of 2014 to K50.4m in Q1 2015.

KAML Chairman Sir Rabbie Namaliu said that whilst the company was still feeling the effects of the implementation of the new foreign exchange regulations, increased interest in the Australian stock market had definitely supported the recovery in the portfolio. Hefty gains in KAML's 'financial sector' stocks, coupled with a sturdy growth in 'property' and 'infrastructure' sectors stocks drove the rebound in performance.

Sir Rabbie also reiterated the negative effects of BPNG's intervention on the valuations of KAML's international holdings, citing the appreciation of the Kina, as being a significant element of KAML's subdued performance. Notwithstanding, the anticipated continuation of the downward momentum of the Kina is expected to support valuations over the longer term.

Sir Rabbie further stated that KAML had taken up a strategic position in \$US during the quarter, as it believed that the US recovery would support a stronger \$US. KAML also took various positions during the quarter to provide further diversification and to support long-term growth. This was achieved via rebalancing of the existing portfolio to accrete gains from assets which it believed had a greater potential in the current investment environment.

In other major developments, Monian Limited completed their purchase of shares to bring their total shareholding to 25.0%. The share purchase provided the existing shareholders of KAML with liquidity as well as provided some additional investment funds for KAML to capitalize on opportunities as and when they arise.

Sir Rabbie said that whilst it was 'slim pickings' in the equities markets, KAML continued to capitalize on the teeter of global markets through the consistent review and monitoring of its investments. He said that although the global markets' resound uncertainty, KAML's investment strategy would enable it to remain financially stable.

Furthermore, Sir Rabbie noted that KAML would continue with its Investment Strategy to guide the fund manager, Kina Funds Management Ltd (KFM) in order to continue to deliver on its objectives, providing a positive return for shareholders. He stated that KAML would maintain its current portfolio allocation of 40-50.0% domestic equities and 50-60.0% international investments.

Sir Rabbie said that although PNG is expected to grow by 15.0% (Asian Development Bank projection); it is also largely consistent with KFM's market growth expectations.

According to KFM; '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'.

Moreover, whilst the US had shown significant growth in the last year, Q1 results have suppressed, with ongoing global monetary easing, forthcoming Fed rate hikes and a strong \$US placing downward pressure on US share prices.

Commenting on currencies, Sir Rabbie concurred with the KFM's anticipation of continued depreciation of the Kina against the \$US, and fluctuation against other major currencies.

In regards to commodities, KFM noted that although oil prices have marginally recovered, a full rebound is unlikely as producers maintain current levels of supply. Gold prices however, are expected to remain at current levels.

In conclusion, Sir Rabbie said that during Q1 a total of 1,336,745 KAML shares were traded at an average price of K1.0. Closing price at the end of May 31 was K1.00 and NTA of K1.07. He also extended an invitation to all existing shareholders to attend the KAML Annual General Meeting which will be held on Tuesday, 30th June 2015, 10am at the Ela Beach Hotel.

**END**

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