



5 May 2016

KAML POMSoX Release

Kina Asset Management Limited continues momentum from 2015

Despite first quarter market uncertainty in both domestic and international markets, Kina Asset Management Limited (KAML or the Company) recorded an investment gain of 1.4%, supported by a tailwind of improved investor confidence and a favorable movement in exchange rates.

Chairman of KAML Sir Rabbie Namaliu said that the first two months of the year were tough, reflective of the global apathy of the New Year, however, a partial rebound in March and a strengthening Aussie Dollar pushed the portfolio back into the black.

“KAML recorded an investment gain of 1.4% or K0.7m for the quarter on the back of an appreciation of the Australian Dollar and the subsequent decline of the Kina, depreciating around 7.0%” Sir Rabbie said. Accordingly, the total portfolio value increased by K0.64m or 1.22% to K52.79m in Q1 (2015:K52.15m).

Sir Rabbie said that the relatively poor performance of the ASX equities and International Global Funds were the negative elements for the quarter as the global markets maintained a cautious approach to the start of the year. He said whilst the performance of the equities were subdued, the result again demonstrated the benefits of the well-diversified portfolio.

Detailing the portfolio, Sir Rabbie said that KAML maintained a larger international exposure in congruence with the goal of providing local investors with exposure to international markets. Notwithstanding, he said Bank South Pacific and Oil Search remained the largest constituents, both of which have contributed to the stability and growth of the portfolio throughout the years.

Sir Rabbie said whilst the returns on offshore investment were not amicable, the recent upward trajectory showed positive indications for the longer term. He further stated that in spite of the circumstances KAML would maintain an unwavering approach to its Investment Strategy, as it has done in the past.

Commenting on the global economy, Sir Rabbie said that growth is expected to be restrained as major economies in the United States and China continue to diverge, albeit at a slower rate than previously anticipated. He said that whilst much of the focus is on China, a slower pace of growth in the United States may weigh equally on growth prospects.

On the domestic front, Sir Rabbie said that the economy was feeling the effects of the decline of commodity prices in the wake of the LNG construction era. He said that domestic growth is expected to remain constrained as oversupply issues resonate in the commodity markets in the absence of ample fiscal stimulus.

He said that the overhang of supply has impinged on revenues of commodity economies, and whilst there has been partial respite from rallies in prices there has been little fundamental change to the presence of overwhelming supply and little demand growth. Accordingly, he said that the current trend of low prices will continue until there is a fundamental change to the supply-demand dynamic.

On currencies he stated that the US Dollar is still expected to strengthen against major currencies and as a result the Kina is expected to continue on its downward path. Further he said that whilst the Australian Dollar has shown recent strength, the emergence of deflationary pressures, subsequent rate cuts and the resurgence of the supply of iron ore may put pressure on the AUD.

In concluding, Sir Rabbie said, that KAML has followed on from its performance in 2015 with an exemplary showing in spite of the present circumstances. Notwithstanding, he said that volatility will ensue however, KAML has a tried and tested strategy that has, and will continue to serve the interests of its shareholders.

Finally, and with great pleasure, KAML announce a dividend of 3 toea per share for the full year 2015, a testament to the financial strength of the Company, and a commitment to maintain regular returns to shareholders.

KAML closed the quarter trading at an average price of K0.93 per share and an NTA per share of K1.11.

Important Notice

The KAML Board invites all shareholders to the Annual General Meeting (AGM) on the 27th of June 2016 in Port Moresby at the Grand Papua Hotel. Further information will be published in the daily newspaper and on the KAML website. For any other queries please do not hesitate to contact the registered office.

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Further Information:

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