



27th June 2016

CHAIRMAN'S ADDRESS
ANNUAL GENERAL MEETING

Kina Asset Management Limited (KAML) has performed well beyond our expectations; generating an outstanding investment gain of 9.0% and an equally pleasing net profit of K4.7m , a K5.1m turnaround from the previous year.

The year has not been without its challenges, with the continuance of volatility providing great resistance to the stable growth of the portfolio. Uncertainty notwithstanding, we have been able to effectively mitigate the impact of global market instability through active management; reallocating our resources to ensure stability; preserving capital whilst ensuring growth through emphasis on physical returns.

KAML's portfolio observed a significant increase from K48.01m to K52.2m in 2015. The result, a benefit of capital gains off an improvement in investor sentiment and the steady increase in cash returns from higher yielding investments. Supporting the year end result, the continued depreciation of the Kina provided a favourable translation of earnings from our international exposures.

During the year we reassessed our investment strategy to mitigate the profusion of downside risks and capitalize on favourable market movements. We implemented changes to our investment holdings in line with the outlook for sectors of optimal prospective growth; rebalancing our exposures to individual asset classes, and assets to ensure we achieved the desired balance of ballast, and returns.

Capital preservation was the focal point of our review of strategy 2015. Accordingly, we increased our allocation to defensive assets; low risk and stable income generating investments to provide support amid foreseeable weakness in investor sentiment. We

increased cash from 8.7% in 2014 to 16.1%, the increase comprised largely of dividend income and crystallized gains from favourable movements in share price. Further, we increased our allocation to Fixed Income, from 2.7% to 3.5%.

In spite of the changes, we have maintained allocation to strategic assets. Bank South Pacific and Oil Search remain our largest constituents, the former generating much of the income growth and the latter supporting the future growth potential of the portfolio. In our international portfolio – the preference for large-cap financial stocks continued to underpin our investment decisions and stock picking. Our international portfolio anchored by high yielding financials provided some solid growth.

Our performance for the year was outstanding; the domestic investment's performed well above their benchmarks and our Australian equities outperformed their ASX/S&P 50 benchmark whilst our global equities again outperformed the MSCI World Index, contributing the improved performance of our total portfolio.

Further Developments

Monian Limited completed their purchase of additional shares subsequent to seeking and receiving approval at a Special General Meeting, resulting in an increase in total shareholding to 25.0%. The share purchase provided existing shareholders with liquidity through Monian's open market purchases also providing additional investment funds for KAML to capitalize on opportunities.

Share Price and NTA

Individually our performance was outstanding, with growth in our portfolio and resultantly our NTA. However, this was not reflected in our share price during the year, as our share price depreciated as lack of liquidity pushed prices below support levels.

Nevertheless, we remain optimistic that further growth and development of our market will enable the attainment of a share price which is a fair representation of our performance and prospects.

Finally, as part of our continued commitment to providing regular returns to shareholders, we have declared a dividend of 3 toea per share, an increase from 2014, a small but significant step toward delivering continuous improvement and growth in the years to come. The shares will trade ex-dividend from the 15th July 2016. The record date will be 22nd July 2016 and payment will be made to eligible shareholders on the 5th August 2016.

Q1 2016 Performance Update

Despite first quarter market uncertainty in both domestic and international markets, Kina Asset Management Limited recorded an investment gain of 1.4%. The Company's performance was attributed to the depreciation of the Kina against the Australian Dollar. Accordingly, the total portfolio value increased by K0.64m or 1.22% to K52.79m in Q1.

As at 31st May, our NTA was K1.12 up from K1.10 at the end of the year. As you are all aware, UK voted to leave its European Union on Friday. This has had a significant impact on global markets. The real extent of which is still unknown. There has been some impact on the KAML portfolio as a result. We will update you further on this in our next report.

Summary

In summary the current environment has been challenging for KAML as markets continued to exhibit a great degree of volatility, nevertheless, as the performance indicates the company remains in good stead.

I would like to thank you, our most valued shareholders, for your continued confidence, and we assure you that we will maintain a proactive approach to the management of KAML in the pursuit of continued growth and deliverance of results irrespective of the times.

Sir Rabbie Namaliu GCL, CSM, KCMG

Chairman

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