



KINA ASSET MANAGEMENT LIMITED (KAML) PNGX RELEASE

KAML RECORDS STRONG 24.1 PER CENT RETURN IN POSITIVE YEAR FOR GLOBAL INVESTMENT MARKETS

PNGX listed Investment Company Kina Asset Management Ltd (KAML) has recorded an investment return of 24.1 per cent for the year ending 31 December 2019.

The total value of the Fund increased by K13.2 million, after payment of the 2019 half-year dividends of K1.0 million. The share price of K0.95 per share at 31 December 2019 represented a substantial discount to the net tangible asset backing of K1.53 per share, reflecting the lack of liquidity on PNGX. During the year, a total of 296,276 shares of KAML were traded at an average price of K0.94 per share.

KAML Chairman Sir Rabbie Namaliu said that despite the impacts on global trade arising from the ongoing US/China trade and technology disputes, and the Brexit impasse, global share markets performed strongly during the year.

Sir Rabbie said that rising international share prices resulted in capital gains for the fund of K11.3 million. In particular, he noted that capital gains on the Fund's Australian equity holdings in CSL Limited (ASX:CSL), Mirvac Group Ltd (ASX:MGR), Transurban group (ASX:TCL), and Telstra Corporation (ASX:TLS) totalled K5.0 million, with share price growth of 53.8%, 42.9%, 28.8% and 25.0% respectively.

Sir Rabbie said that despite challenging domestic economic conditions, the Fund's PNG investments also performed strongly. Bank of South Pacific (BSP), which comprised 22.1% of the Fund's investments at 31 December 2019, generated total return of 28.4%. He said the Fund's other core domestic shareholding, Kina Securities and Credit Corporation, recorded total returns of 66.7% and 32.2% respectively.

Dividend and interest income contributed strongly to the Company's earnings, totalling K4.4 million. The key contributors to dividend income were BSP (K1.9 million), CCP (K0.4 million) and the global equity funds, Vanguard and BlackRock International (K0.5 million). Dividend income from the Fund's Australian equity holdings totalled K0.9 million.

There was little movement in the PNG Kina against the Australian dollar during the year, and a nominal currency translation gain of K0.3 million was recorded.

Commenting on the Fund's asset allocation, Sir Rabbie said that at year-end, 40.2% of the Fund was invested in domestic stocks, cash and fixed income; and 59.8% invested in international stocks and cash.

He said that key domestic portfolio holdings as a percentage of total Fund at 31 December 2019 were: Bank of South Pacific at 22.1%, Credit Corp at 4.6%, Oil Search at 4.1%, and Kina Securities at 4.0%.

He said that exposure to Global Equity Funds stood at 15.6% at year end, and noted also that in Australia, key portfolio holdings included CSL at 7.5%, Mirvac at 6.5%, and Telstra at 5.2%. Sir Rabbie said that in implementing the Fund's new investment strategy, the company's investment manager, Kina Funds Management Limited, had added a number of new shareholdings to the portfolio, resulting in cash holdings being reduced to 8.3% (from 14.1% at 2018).

Sir Rabbie said that the Company's domestic and international investments outperformed their respective benchmarks and that the Fund remained well placed to add to existing holdings, or exploit new opportunities as they arise in 2020.

Sir Rabbie said that despite the easing of trade tensions between the US and China and a generally positive start to 2020, the effects of the COVID-19 virus outbreak on the global economy were only beginning to emerge. He said the company's investment manager was currently assessing the impact of these developments on new growth opportunities.

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