



14 September 2020

**PNGX RELEASE
KINA ASSET MANAGEMENT LIMITED**

KAML REPORTS NET LOSS AFTER TAX FOR THE HALF YEAR TO 30 JUNE 2020

Kina Asset Management Ltd (KAML) has recorded a net loss of K4.9 million for the half-year ended 30 June 2020, said Chairman of KAML, Sir Rabbie Namaliu.

Sir Rabbie said that KAML's return of -5.5% was attributable to the sharp falls in global share markets caused by the constraints on economic activity put in place by governments around the world to prevent the spread of the Covid-19 virus.

"Unrealised losses on KAML's shareholdings totaled K6.7 million", Sir Rabbie said.

In Australia, the largest share price falls were Worley (WOR), down 43.0 per cent; Sydney Airport (SYD), down 34.5 per cent; Mirvac Group (MGR), down 31.8 per cent; Suncorp Group (SUN) down 28.8 per cent; Westpac Banking Corporation (WBC) down 25.9 per cent; and ANZ Banking Group (ANZ) down 24.3 per cent.

Internationally, the Vanguard International Share Index Fund (VG) was down 1.3 per cent, and the BlackRock iShares International Wholesale Index Fund down 0.7 per cent.

In PNG, Oil Search Limited (OSH) fell 56.3 per cent; Credit Corporation (CCP) was down 32.1 per cent; and Kina Securities (KSL) was down 28.2 per cent over the review period.

"Partially offsetting these falls was K2.6 million in dividend and interest income, which means the Fund has continued to remain cash-flow positive," Sir Rabbie said.

Detailing KAML's investment strategy, Sir Rabbie said that asset allocation as at 30 June 2020 was 41.1 per cent invested in domestic stocks, cash and fixed income, and 58.9 per cent invested in international stocks and cash.

He said that key portfolio holdings were BSP at 24.3 per cent of the Fund's assets, Vanguard at 11.9 per cent, CSL at 7.7 per cent and CCP at 5.2 per cent.

Sir Rabbie said that the outlook for the global economy remains uncertain.

"Governments and Central Banks around the world have responded to sharp declines in economic activity with large fiscal and monetary stimulus measures. Ultimately however, the speed of economic recovery depends on the extent to which governments feel confident about relaxing the constraints on economic activity designed to halt the spread of Covid-19. In many countries, like Australia, relaxing these constraints has produced 'second waves' of the pandemic, and the reintroduction of some of the most extreme 'lock-down' measures.



“In PNG, the economy remains under pressure. The falls in global energy prices associated are expected to add K2 billion to the projected fiscal deficit of K4.6 billion, creating an unprecedented government financing requirement. The closure of the Porgera mine has added to the uncertainty created by the Government’s failure to reach agreement with development partners for the P’nyang gas project”, he said.

“In view of these uncertainties, KAML retains a solid liquidity position, both domestically and offshore which will be fully invested as opportunities arise”, Sir Rabbie said.

Sir Rabbie said the net tangible asset backing per share had recovered to K1.42 at 30 June 2020 (unaudited), from a low of K1.23 per share at the end of March. “KAML’s shares are trading at a significant discount to the underlying value of the company, and the Board continues to investigate ways to close this gap”.

Sir Rabbie said that KAML’s Board of Directors had decided not to declare an interim dividend in view of the Fund’s investment performance.

The share registry contact details, along with the Fund’s Dividend Reinvestment Plan and recently approved Investment Strategy, are available for viewing at the Fund’s website, <http://www.kaml.com.pg/>, Sir Rabbie said.

END

Further Information:

Syd Yates, OBE
Managing Director
syd.yates@kaml.com.pg

DISCLAIMER

The information in this press release has been included in good faith and is for general purposes only. It should not be relied upon for any specific purpose and no representation or warranty is given as regards its accuracy and completeness.

No information in this press release shall constitute an invitation to invest in Kina Asset management Limited or any of its affiliates.

Neither Kina Asset Management Limited, nor their affiliates’ officer, employees or agents shall be liable for any loss, damage or expense arising out of action taken on the basis of this press release, including, without limitation, any loss of profit, indirect, incidental or consequential loss.