



## **KINA ASSET MANAGEMENT LIMITED (KAML) PNGX RELEASE**

### **KAML RECORDS RESPECTABLE 6.2 PER CENT RETURN IN TUMULTUOUS YEAR FOR GLOBAL MARKETS**

Kina Asset Management Ltd (KAML) has recorded a net profit after tax of K3.32 million for the full year ended 31 December 2020, driven by an investment return of 6.2% for the year.

Commenting on the results, the Chairman of KAML, Sir Rabbie Namaliu, said this performance was achieved despite difficult circumstances, notably the Covid-19 pandemic, and ongoing geo-political tensions. The resulting market volatility caused a collapse in global equity markets early in the year, later followed by a strong recovery in some markets.

Sir Rabbie pointed to the diversification in KAML's investment strategy as providing a significant measure of stability in a troubled year.

Asset allocation was maintained close to the preferred portfolio asset weights of 40% domestic / 60% international, the latter being held in Australian stocks and global indexed funds. For KAML, this meant overall capital losses were more than offset by dividend and interest income, and strong foreign exchange gains.

Bank of South Pacific, KAML's core domestic shareholding, comprising nearly 20% of the portfolio, generated a return of 13.3% for the year. Credit Corporation also performed strongly, but Oil Search and Kina Securities suffered significant reversals. Oil Search, badly affected by the pandemic-related fall in the global demand for oil, reported a negative return for the Fund of -39.6%

Offshore, the recovery in Australia was less strong than in other markets, notably the United States. The year ended with modest overall capital losses on the Australian component of the portfolio, but the strength of the Australian dollar and a series of gradual reductions in the PGK/USD trading band by the Bank of PNG, more than offset this.

Holdings in the BlackRock and Vanguard indexed funds, through which the Fund gains exposure to major companies in the US and internationally, added strongly to KAML's performance.

The net tangible asset backing per share as at 31 December 2020 was K1.59. However, KAML's share price, K0.90 per share, represented a substantial discount to the underlying value of the company. Sir Rabbie said this reflected the lack of liquidity on PNGX, which could be further affected by the proposed new charge on transactions on the exchange by the PNG Securities Commission. Sir Rabbie said that KAML is concerned with the size of the discount between the share price and the NTA and was looking at options as to how to narrow this gap.

Sir Rabbie said that KAML would pay a final dividend of 4 toea per share, and noted that the company has sufficient liquidity to add to existing holdings or exploit new opportunities should they arise in 2021.

## **ENDs**

Further Information:

Syd Yates, OBE

Director

[syd.yates@kaml.com.pg](mailto:syd.yates@kaml.com.pg)

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