

Fund manager at loss to explain market behaviour

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Carmel Fisher

ANDREW JANES

FACED with a stockmarket that has had its worst six months in almost two decades, Fisher Funds managing director Carmel Fisher admitted it was a challenge to provide a rational explanation of a largely irrational market.

Speaking at the annual meeting of Kingfish, the Fisher Funds-managed fund, Ms Fisher said she was confident about the prospects for Kingfish's portfolio companies despite their plunging share prices.

Kingfish's major portfolio companies include Mainfreight, Ryman Healthcare, Metlifecare, Freightways, Michael Hill, Delegats, Rakon, NZX and Pumpkin Patch.

Most of these companies' share prices had fallen by between 20 per cent and 50 per cent over the past year with Pumpkin Patch's down a whopping 59.4 per cent.

"The market has really been driven by market sentiment derived not from what's happening in our own country but from what's happening in the US, whether or not it affects our individual companies," Ms Fisher said.

"For each of our companies, what we're hearing from them is very difficult to reconcile with their share price performance.

"There's been a real disconnect between what's actually happened at the companies and what the share prices are telling you."

The falling share prices of its portfolio companies have seen Kingfish's net asset value per share fall from \$2.15 in March 2007 to \$1.20, while its share price closed last night at 92 cents.

"It's of some concern to the directors that we're trading at 20 per cent-plus below net asset value," said Kingfish chairman Rob Challinor.

Kingfish was using the share price weakness to buy more of certain companies, though the weighting of the portfolio wouldn't change too much, Ms Fisher said. "In a year's time our core holdings will be largely the same. Our favourite stocks are the ones we've got the most of – Mainfreight and Ryman."

Ms Fisher said she expected there to be a change in analyst and investor sentiment after the next round of company results in August.

"Those results will basically encompass all the bad news. But then we're going to have management commentaries looking out to the year ahead which say we see growth. We've also got a likely interest rate cut later in the year. So I think that this time next year we're going to look in a lot better shape than we are today."



Mad market: Carmel Fisher says the market has been driven by sentiment from the United States, regardless of any influence on portfolio companies