

Prices as at POM Close on Friday	26-Feb-21	% change for the:		
		Week	Month	YTD
Domestic				
KSI Index	6,103.54	0.0%	0.9%	0.9%
KSI Home Index	13,312.29	0.0%	0.0%	0.0%
<i>PNGX shares (K/share) Arbitrage PNGX</i>				
Bank South Pacific	12.00	0.0%	0.0%	0.0%
Credit Corporation	1.70	0.0%	0.0%	0.0%
City Pharmacy	0.50	0.0%	0.0%	0.0%
Kina Asset Management Limited	0.90	0.0%	0.0%	0.0%
Kina Securities Limited	3.22 3.20	0.0%	-1.5%	6.7%
Oil Search Limited	11.86 10.01	-0.1%	5.1%	5.1%
Highlands Pacific Limited	0.29 0.30	0.0%	0.0%	0.0%
Newcrest Mining Limited	68.94 81.50	0.0%	0.0%	0.0%
Australia				
S&P/ASX 200	6,673.27	-1.8%	1.0%	1.3%
S&P/ASX 50	6,451.00	-1.7%	1.5%	2.2%
USA*				
DJIA	31,402.01	-0.3%	4.7%	2.6%
S&P 500	3,829.34	-2.0%	3.1%	2.0%
NASDAQ	13,119.43	-5.4%	0.4%	1.8%
Europe*				
FTSE	6,651.96	0.4%	3.8%	3.0%
DAX	13,879.33	-0.8%	3.3%	1.2%
CAC 40	5,783.89	0.2%	7.1%	4.2%
Asia*				
Nikkei	28,966.01	-3.5%	4.7%	5.5%
Hang Seng	29,123.85	-5.0%	3.0%	7.0%
Shanghai	3,511.22	-5.0%	0.8%	1.1%
Commodities*				
Light Crude WTI Futures	62.61	5.7%	19.9%	29.0%
Brent Crude	65.90	4.8%	17.9%	27.2%
Gold	1,760.90	-0.9%	-4.8%	-7.1%
Currencies*				
PGK/USD	0.2850	0.0%	0.0%	0.0%
PGK/AUD	0.3574	-2.4%	-4.1%	-3.4%
AUD/USD	0.7974	2.4%	4.3%	3.5%
USD/JPY	105.93	0.4%	1.4%	2.7%
EUR/USD	1.2177	0.7%	0.6%	-0.9%
GBP/USD	1.4159	1.3%	3.3%	3.9%

Ten year Government Bond yields*				
United States	1.48%	0.15%	0.42%	0.57%
Australia	1.92%	0.48%	0.78%	0.95%
New Zealand	1.90%	0.40%	0.78%	0.91%
Japan	0.16%	0.05%	0.11%	0.14%
PNG	9.86%	0.00%	0.00%	0.00%

* Reported as at POM close Friday; Hence North American and European markets Thursday night close.

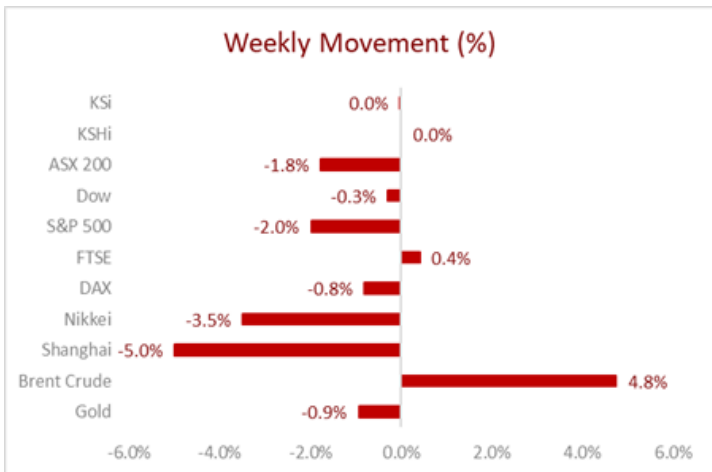
Disclaimer:
This report was prepared as a private communication to clients and was not intended for public circulation or publication or for the use of any third party, without the approval of Kina Funds Management Ltd ("KFM"). While this report is based on information from sources, which KFM consider reliable, its accuracy and completeness cannot be guaranteed. KFM, its directors and employees do not accept any liability for the result of any actions taken on the basis of without consideration of any specific client's investment objectives, financial situation or needs. Those acting upon such information without first consulting KFM do so at their own risk. It is recommended that any persons who wish to act upon this report consult with KFM before doing so.

Domestic

- The Somare's family announced that the Statesman and the Founding Father, Grand Chief Sir Michael Thomas Somare has passed away at the Pacific International Hospital in the nation's capital. His family in a statement said that Sir Michael was only diagnosed with a late stage of pancreatic cancer in early February and was admitted to hospital on Friday 19 February 2021 until his passing. His political career spanned half a century from 1968 until his retirement in 2017. He has been the longest serving Prime Minister (17 years). He has been minister of foreign affairs, leader of opposition and governor of East Sepik Province. The family said that late Sir Michael would be taken home to his final resting place in East Sepik Province in due course.
- The consultation of tax revenue is currently underway with officials from various State Entities have been meeting to discuss and present views on the bill. According to Finance Secretary Dr Ken Ngangan, the bill will be presented to National Parliament on the April 2021 sitting. The Non-Tax Revenue Administration Bill 2021 is the replacement Bill to the Public Money Management Regularization Act that the Supreme Court ruled against in May 2020.
- Kina Securities Limited (KSL) recorded a statutory net profit after tax of K76.0m, up by 25.0% for the full year 2020. Foreign exchange income up 32.0% to K55.2m, net interest income and non-interest income up 48.0% and 59.0% to K1.69.7m and K145.1m respectively, while revenue up 53.0% to K314.8m. Capital adequacy up 18.0% to 23.8% compare to previous year.
- Following the announcements of full year results, the Directors of KSL have declared a final unfranked dividend of 16.9 toea (6 cents) per share bringing the total dividend for full year to 26.9 toea (10.0 cents). The company's share will trade ex-dividend on Tuesday March 2021 and payable to the shareholders on Friday April 2021.
- Bank South Pacific Limited (BSP) announced a net profit after tax of K806.2m for the financial year ended 31 December 2020. The result was 9.5% lower compared to the prior year was attributed to increase in impairment expenses to K201.3m due to the impact of Covid'19 across the Group. Total Group revenues decreased by 1.2%. Revenues across the Group from foreign exchange income declined by K39.5m. Despite the challenges, BSP continued to achieve a reasonable portfolio growth with customer loans and advances increasing by K449.0m to K14.4bn. The Group's capital base remains solid. Total capital adequacy stood at 23.2% for the financial year 2020.
- Oil Search (OSH) Group's revenue declined by 32.0% for the full year ended 31 December 2020. The company recorded a net loss of US\$320.7m due to lower realized hydrocarbon prices in 2020. Core net profit after tax fell by 93.0% compared to previous corresponding period. Free cashflow up 122.0% for the year. Despite fell in revenue, the Board of the OSH have declared the payment of final unfranked dividend of 0.5 US cents per share. OSH trades ex-dividend on 2 March 2021 and payable to shareholders on 25 March 2021.
- OSH also announced the front-end engineering and design entry for Phase 1 of the Pikka Project in Alaska after completion of feasibility study. Phase 1 will include a single drill site and a production facility with 80,000 barrels of oil per day capacity commencing in 2025. The expected cost for Phase 1 would be approximately US\$3.0 bln and produce oil at a break-even cost of supply of less than US\$40.0 per barrel Brent inclusive of a 10.0% return.
- This week's Central Bank Bill overall auction was oversubscribed by K34.0m from the total K169.0m offered. The weighted average yield for 63 and 91 days was 2.04% each. There were nil offers for 28, 182, 273 and 364 days
- This week's Treasury Bill overall auction results was undersubscribed by K70.83m from the total K392.56m offered. The weighted average yields for 273 and 364 days remained unchanged at 6.04% and 7.20% from the last auction. There were nil offers for 63, 91 and 182 days.
- The Kina Securities Index fell by 0.02% to 6,103.54 points due to drop in share price of OSH, while the Kina Securities Home Index remained unchanged to end the week at 13,312.29 points.

International

- Global stock markets ended February deep in the red, as fears of higher inflation prompted a sell-off in government bonds and spread anxiety across financial markets.
- US stock markets closed sharply lower on Friday as rising bond yields raised concerns among market participants on risky assets like equities. Moreover, several weaker-than-expected earnings results also dented investors' confidence. All the three major stock indexes ended the day in red.
- Australia's share market had its heaviest percentage fall since early September after investors opted for rising yields in the bond market.
- European stocks closed mixed on Friday, ending three weeks of gains as investors booked profits in technology and commodity-linked shares due to concerns over rising inflation and interest rates on the back of a jump in bond yields
- Chinese shares fell on Friday, prompted by fears of policy tightening, but gains were capped after China's factory activity grew at a slower pace in February
- Crude oil prices surged higher amid signs of continued tightness in the market. The Energy Information Administration data showed that crude oil output in the US fell to 9.7mb/d last week as US shale wells were shut in following the arctic blast across the region



Sources: Bloomberg, Reuters, Post Courier, The National, Business Advantage PNG, PNGX Announcements

EGM - Business Partners & Wealth

Deepak Gupta Deepak.Gupta@kinabank.com.pg

Head of Investments

Michael Rook Michael.Rook@kinabank.com.pg

Manager - Research & Analysis

Charles Wama Charles.Wama@kinabank.com.pg

Manager - Portfolio Administration & Compliance

Noelyne Togs Noelyne.Togs@kinabank.com.pg

Manager - Retail Wealth Management

Josh Mua Josh.Mua@kinabank.com.pg

Senior Portfolio Administrators

Mareta Kokiva Mareta.Kokiva@kinabank.com.pg
Daisy Yinguie Daisy.Yinguie@kinabank.com.pg

Investment Analyst

Methuselah Eka Wabiria Methuselah.Wabiria@kinabank.com.pg
Dorothy Kantz Dorothy.Kantz@kinabank.com.pg
Max Kasening Max.Kasening@kinabank.com.pg

Portfolio Administrators

Teddy Aipeta Teddy.Aipeta@kinabank.com.pg
Serah Kokun Serah.Kokun@kinabank.com.pg
Lesley Kulala Lesley.Kulala@kinabank.com.pg
Kimberly Melegepa Kimberly.Melegepa@kinabank.com.pg
Robin Irima Robin.Irima@kinabank.com.pg
Royce Bua Royce.Bua@kinabank.com.pg

AML/CFT Compliance Analyst

Valentine Dickson Valentine.Dickson@kinabank.com.pg

Shares

Vera Saisagu
Goldstein Napitalai wealth@kinabank.com.pg
Rosemary Heni Kokiva
Karo Tuva

Administration Coordinator

Dagu Hebore Dagui.Hebore@kinabank.com.pg

DISCLAIMER

General Disclosure

This report is for our clients only. All information contained herein is obtained by Kina Funds Management Limited (KFM) and/or Kina Group of Companies (Kina Group) from sources believed by it to be accurate and reliable. Whilst every care has been taken in the compilation of this Report and all information is believed to be accurate,

No liability is accepted by KFM and/or Kina Group or its subsidiaries, or any of their officers, employees or agents for any errors or omissions in this Report. All information is provided "as is" without warranty of any kind and KFM and/or Kina Group, in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability, or fitness for any particular purpose of any such information. Opinions and recommendations are subject to change without notice and cannot be relied on without independent confirmation. This report is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this report is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments. Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors.

This document is confidential and intended only for authorised clients of KFM and/or Kina Group.

Conflict Disclosures

KFM and/or Kina Group, its Directors, officers, employees or agents may own shares in the Companies stated in this Report, but under no circumstances shall KFM and/or Kina Group have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstances or contingency within or outside the control of KFM and/or Kina Group or any of its Directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication, or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory, or incidental damages whatsoever (including without limitation, lost profits), even if KFM and/or Kina Group is advised in advance of the possibility of such damages, resulting from the use of or inability to use any such information. Past performance of Companies reviewed herein are not, and should not be held as indicators of the of the entities future performance. The information contained herein is, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities.

KFM and/or Kina Group seek to do business with companies mentioned in research reports. Accordingly, KFM and/or Kina Group employees and/or directors may have a conflict of interest. Investors should be aware of this potential for conflicts of interest, and should consider KFM and/or Kina Group research reports as just one aspect of their investment decisions.