

# Monthly Update

May 2019

BRM NAV

\$0.68

SHARE PRICE

\$0.61

WARRANT PRICE

\$0.01

DISCOUNT<sup>1</sup>

9.6%

as at 30 April 2019

## A word from the Manager

### Market Overview

The ASX 200 returned +2.4% (in A\$) in April, rallying into month end as soft inflation data spurred speculation of an earlier than expected interest rate cut by the RBA in May. The performance was broad based with 8 of 11 sectors finishing the month in the green, led by Consumer Staples (+7.4%), Information Technology (+7.3%) and Consumer Discretionary (+5.0%). After strong recent performance, Materials (-2.0%), Real Estate (-1.9%) and Utilities (-0.5%) all lagged the index in the month.

### Portfolio News

Although there was no company specific news to speak of, similar to a number of Australian, high growth companies, both **Nanosonics (+13.3% in A\$)** and **Xero (+11.9%)** rose strongly in the month.

Early in April **Credit Corp (+7.5% in A\$)** came to the market to raise \$110m in equity (subsequently increased to \$135m). With some competitors now facing funding pressures, Credit Corp wants the capital to take advantage of the likelihood that pricing improves in its core Australian and New Zealand (A&NZ) debt buying market. For several years it has ceded A&NZ market share believing that returns were inadequate given prevailing prices. The company is also looking to accelerate its growth in the far larger US debt buying market where conditions remain favourable. Given Credit Corp management's sound track record over the years, we participated in the equity raising.

Towards the end of April **SEEK (+3.8%)** announced that it had invested in two global online education businesses, FutureLearn and Coursera. Both FutureLearn and Coursera are leading online education platforms and share similar characteristics with SEEK's other online education businesses including in Australia, Latin America and through Zhaopin, in China. These businesses stand to benefit from the trend towards increased use of online education. In Coursera, SEEK have an investment in the world's largest online learning platform and together with FutureLearn have 49m enrolled learners accessing a range of studies, from short courses through to full degrees offered on behalf of 150+ universities.

**Brambles (+2.5%)** provided a solid trading update for the first nine months of its 2019 financial year. In constant currency terms revenue from its continuing operations (essentially the global CHEP pallet business) is up by 7%. This is made up of 5% volume growth and 2% price realisation. For a relatively mature business Brambles' on-going mid-single digit volume growth is consistent with our view that it still has a long growth runway ahead of it from increasing business with existing customers and converting new customers to its pooled rental pallet platform. The company's ability to raise prices to offset input-cost inflation (particularly in the US) clearly demonstrates the strength of its position in supply chains across the world.

**CSL (+1.9%)** hosted a tour of its Kankakee manufacturing plant in the US in early April. CSL management spent a lot of time talking to their concern about the tightness in base plasma supply to satisfy the growing demand for immunoglobulin products globally. CSL have communicated their concern over the supply scarcity to the market for some time now and in response continue to roll out more collection and manufacturing facilities. CSL plans to add 30-35 new plasma collection centres per year (circa 15% growth in the installed base per annum) while almost doubling their base plasma fractionation capacity (the process of separating the blood plasma into its different proteins for use in different therapies) from 16m litres to 32m litres pa in the next 5 years. Responding to the strong demand for CSL's market leading therapy, Haegarda, which is used to treat HAE (a severe swelling disorder), management also highlighted the almost doubling of the production capacity for Haegarda in late 2019. These are all tangible signs of a company that continues to invest in its operations in order to keep growing its revenue and profitability in future years.

One of **Wisetech's (-3.2%)** customers, Bollore Logistics announced a strategic agreement to roll out CargoWise One across its global network, including Africa, a key market for Bollore Logistics. Bollore Logistics has been using CargoWise One to handle its freight forwarding and customs management operations in Australia and New

Zealand for many years. This is a pleasing validation of Wisetech's goal to broaden its reach across the global logistics industry.

After a strong performance in recent months, **oOH! Media (-3.2%)** and **Rio Tinto (-2.6%)** gave up some of the gains in April. Although there was no material news related to either company in the month, oOH! Media does face some near term uncertainty related to advertising spend which may have been disrupted by the upcoming federal election. We would expect this headwind to be relatively short lived.

## Portfolio Changes

There were no substantial portfolio changes in April.



Robbie Urquhart  
Senior Portfolio Manager  
Fisher Funds Management Limited



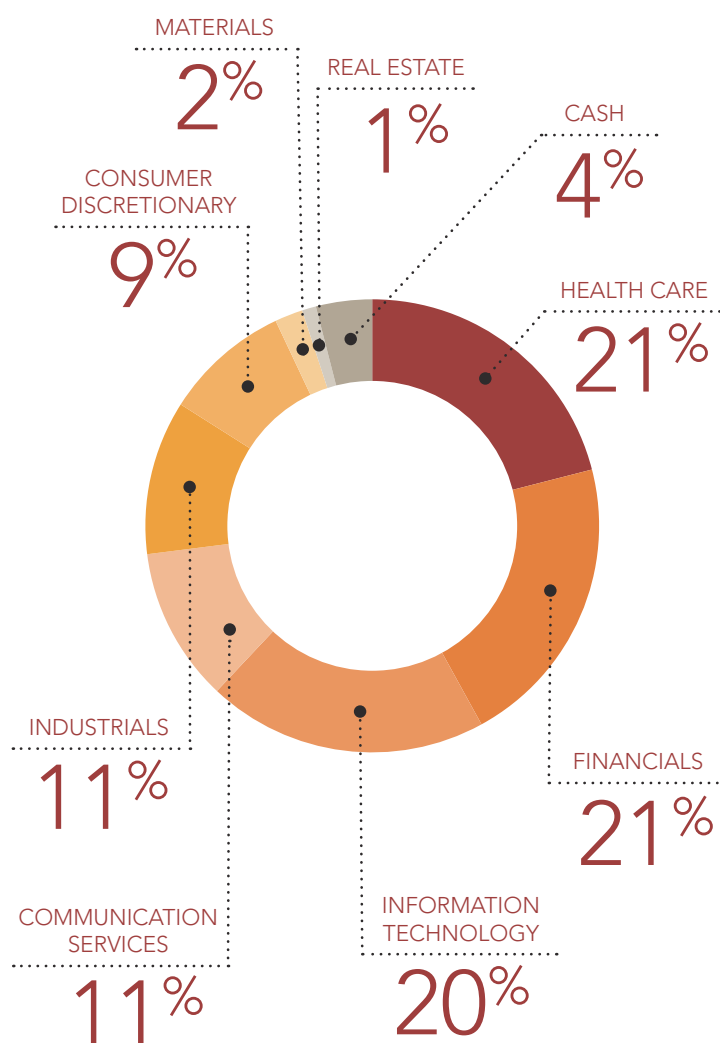
## Key Details

as at 30 April 2019

FUND TYPE	Listed Investment Company
INVESTS IN	Growing Australian companies
LISTING DATE	26 October 2006
FINANCIAL YEAR END	30 June
TYPICAL PORTFOLIO SIZE	25-35 stocks
INVESTMENT CRITERIA	Long-term growth
PERFORMANCE OBJECTIVE	Long-term growth of capital and dividends
TAX STATUS	Portfolio Investment Entity (PIE)
MANAGER	Fisher Funds Management Limited
MANAGEMENT FEE RATE	1.25% of gross asset value (reduced by 0.10% for every 1% of underperformance relative to the change in the NZ 90 Day Bank Bill Index with a floor of 0.75%)
PERFORMANCE BENCHMARK	Changes in the NZ 90 Day Bank Bill Index + 7%
PERFORMANCE FEE HURDLE	15% of returns in excess of benchmark and high water mark
HIGH WATER MARK	\$0.67
SHARES ON ISSUE	171m
MARKET CAPITALISATION	\$104m
GEARING	None (maximum permitted 20% of gross asset value)

## Sector Split

as at 30 April 2019



## April's Biggest Movers in Australian dollar terms

Typically the Barramundi portfolio will be invested 90% or more in equities.

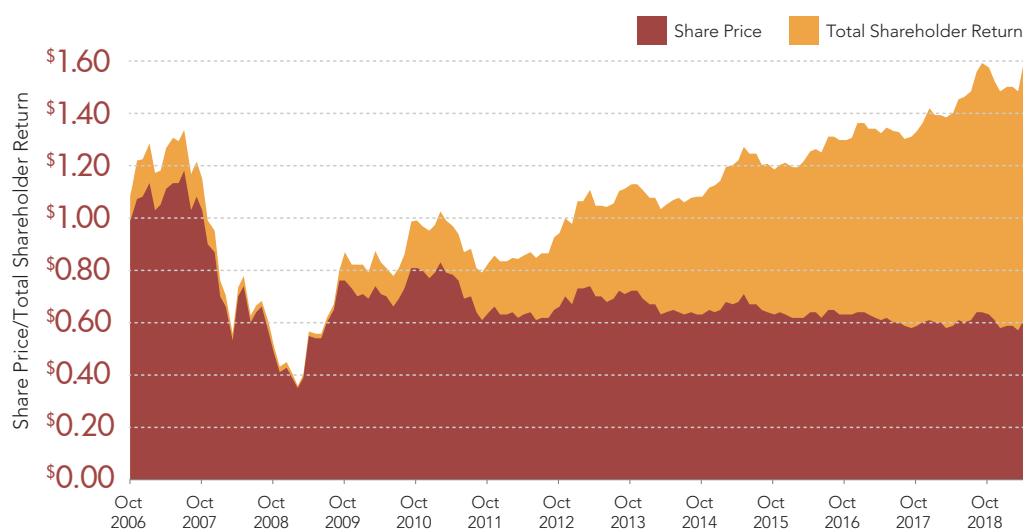
NANOSONICS	XERO	TECHNOLOGY ONE	CREDIT CORP GROUP	ARB CORPORATION
+13%	+12%	+10%	+7%	+7%

## 5 Largest Portfolio Positions as at 30 April 2019

SEEK	CARSALES.COM	CSL LIMITED	XERO LIMITED	COMMONWEALTH BANK OF AUSTRALIA
7%	7%	7%	5%	5%

The remaining portfolio is made up of another 20 stocks and cash.

## Total Shareholder Return to 30 April 2019



## Performance to 30 April 2019

	1 Month	3 Months	1 Year	3 Years (annualised)	Since Inception (annualised)
<b>Company Performance</b>					
Total Shareholder Return	+7.2%	+5.6%	+13.7%	+8.3%	+3.8%
Adjusted NAV Return	+4.1%	+9.6%	+9.4%	+8.1%	+4.3%
<b>Portfolio Performance</b>					
Gross Performance Return	+4.1%	+10.5%	+13.8%	+11.5%	+7.6%
Benchmark Index <sup>^</sup>	+2.8%	+9.4%	+10.1%	+11.1%	+3.3%

<sup>^</sup>Benchmark Index: S&P/ASX Small Ords Industrial Gross Index until 30 September 2015 & S&P/ASX 200 Index (hedged 70% to NZD) from 1 October 2015

### Non-GAAP Financial Information

Barramundi uses non-GAAP measures, including adjusted net asset value, adjusted NAV return, gross performance return and total shareholder return. The rationale for using such non-GAAP measures is as follows:

- » adjusted net asset value – the underlying value of the investment portfolio adjusted for capital allocation decisions,
- » adjusted NAV return – the return to an investor after fees and tax,
- » gross performance return – the Manager's portfolio performance in terms of stock selection and currency hedging before fees and tax, and
- » total shareholder return – the return to an investor who reinvests their dividends, and if in the money, exercises their warrants at warrant maturity date for additional shares.

All references to adjusted net asset value, adjusted NAV return, gross performance return and total shareholder return in this monthly update are to such non-GAAP measures. The calculations applied to non-GAAP measures are described in the Barramundi Non-GAAP Financial Information Policy. A copy of the policy is available at <http://barramundi.co.nz/about-barramundi/barramundi-policies/>

# About Barramundi Management Board

Barramundi is an investment company listed on the New Zealand Stock Exchange. The company gives shareholders an opportunity to invest in a diversified portfolio of between 25 and 35 quality growing Australian companies through a single, professionally managed investment. The aim of Barramundi is to offer investors competitive returns through capital growth and dividends.

Barramundi's portfolio is managed by Fisher Funds Management Limited. Robbie Urquhart (Senior Portfolio Manager), Terry Tolich (Senior Investment Analyst) and Delano Gallagher (Investment Analyst) have prime responsibility for managing the Barramundi portfolio. Together they have significant combined experience and are very capable of researching and investing in the quality Australian companies that Barramundi targets. Fisher Funds is based in Takapuna, Auckland.

The Manager has authority delegated to it from the Board to invest according to the Management Agreement and other written policies. The Board of Barramundi comprises independent directors Alistair Ryan (Chair), Carol Campbell, Andy Coupe and Carmel Fisher.

## Capital Management Strategies

### Regular Dividends

- » Quarterly distribution policy introduced in August 2009
- » Under this policy, 2% of average NAV is targeted to be paid to shareholders quarterly
- » Dividends paid by Barramundi may include dividends received, interest income, investment gains and/or return of capital
- » Shareholders who prefer to have increased capital rather than a regular income stream have the opportunity to participate in the company's dividend reinvestment plan (DRP)
- » Shares issued to DRP participants are at a 3% discount to market price
- » Barramundi became a portfolio investment entity on 1 October 2007. As a result, dividends paid to New Zealand tax resident shareholders have not been subject to further tax

### Share Buyback Programme

- » Barramundi has a buyback programme in place allowing it (if it elects to do so) to acquire up to 8.4m of its shares on market in the year to 31 October 2019
- » Shares bought back by the company are held as treasury stock
- » Shares held as treasury stock are available to be re-issued for the dividend reinvestment plan and to pay performance fees

### Warrants

- » On 16 October 2018, a new issue of warrants (BRMWE) was announced
- » The warrants were issued 1 November 2018 at no cost to eligible shareholders and in the ratio of one warrant for every four Barramundi shares held
- » Exercise Price = \$0.64 per warrant, to be adjusted down for dividends declared during the period up to the Exercise Date
- » Exercise Date = 25 October **2019**
- » The final Exercise Price will be announced and an Exercise Form will be posted to warrant holders in September **2019**

Disclaimer: The information in this update has been prepared as at the date noted on the front page. The information has been prepared as a general summary of the matters covered only, and it is by necessity brief. The information and opinions are based upon sources which are believed to be reliable, but Barramundi Limited and its officers and directors make no representation as to its accuracy or completeness. The update is not intended to constitute professional or investment advice and should not be relied upon in making any investment decisions. Professional financial advice from an authorised financial adviser should be taken before making an investment. To the extent that the update contains data relating to the historical performance of Barramundi Limited or its portfolio companies, please note that fund performance can and will vary and that future results may have no correlation with results historically achieved.



**Barramundi Limited**  
Private Bag 93502, Takapuna, Auckland 0740  
Phone: +64 9 489 7074 | Fax: +64 9 489 7139  
Email: [enquire@barramundi.co.nz](mailto:enquire@barramundi.co.nz) | [www.barramundi.co.nz](http://www.barramundi.co.nz)

**Computershare Investor Services Limited**  
Private Bag 92119, Auckland 1142  
Phone: +64 9 488 8777 | Fax: +64 9 488 8787  
Email: [enquiry@computershare.co.nz](mailto:enquiry@computershare.co.nz) | [www.computershare.com/nz](http://www.computershare.com/nz)