QUARTERLY NEWSLETTER

1 January 2021 – 31 March 2021

Share Price	Warrant Price	BRM NAV	PREMIUM[1]
$0.98	$0.20	$0.80	28.0%

as at 31 March 2021

Companies reported more positive earnings surprises in the March 2021 reporting season than at any time in the last 25 years. This supported share prices, helping Barramundi to a +2.5% gain (gross performance, in NZ$) in the quarter. (The Adjusted NAV return was +2.2% for the quarter).

Australia has been spared the worst of COVID lockdowns. The share market has risen sharply from the lows of March 2020, with the ASX 200 Index starting 2021 only a few percent shy of all-time highs.

Investors were clearly anticipating a rebound in economic activity. This was duly delivered in the bi-annual 'reporting season'. According to Goldman Sachs, nearly 60% of companies that reported earnings exceeded expectations. Companies commented on the improving business environment as they delivered cautiously optimistic forecasts.

The good news reflects the +4.8% return for the benchmark ASX200 Index (70% hedged into NZ$) in the three months to March.

Increased profits and an improving business environment supported portfolio share prices

The share prices of many of our portfolio companies had risen more strongly than the market during 2020. So, it was pleasing to see their earnings play 'catch up' in reporting season. In fact over 80% of our reporting companies delivered earnings that beat market expectations. And the outlook while uncertain, is typically improving for them as well.

PWR Holdings which returned +27.5% in the period was chief amongst our portfolio companies experiencing a rebound in profits. It provides cooling products to motorsport, including teams in Formula One. PWR benefitted from the re-arranged motorsport calendar which resulted in additional races being compressed into the six months to December. In a sign that its investment in innovation is bearing fruit, it won new contracts in its nascent Emerging Technology division. This provides it with a strong foundation for further growth in 2021.

Insurance broker, AUB Group (+20.0%) similarly delivered a strong financial result and upgraded earnings guidance. Unaffected by COVID, the key Australian Broking division grew profits by 60%! This was helped by insurance premium rate increases and profit contributions from two acquisitions. Most importantly, there was strong evidence that initiatives put in place by CEO Mike Emmett to improve the company's profitability are bearing fruit.

In a reflection of the improving economy, the Australian 10yr government bond rate has risen to 1.79% from 0.97% at the start of the year. This has helped companies such as our bank shareholdings whose profitability is linked to the level of interest rates.

This boosted the share prices of ANZ (+24.1%), CBA (+6.7%), NAB (+15.0%) and Westpac (+26.0%). Their market updates revealed further reductions in COVID related customer repayment deferrals. Bad debt provisioning has stabilised, and may reduce in the future. This would also bolster profit growth.

Unsurprisingly, against this backdrop, investors have increasingly switched their focus to those companies, like the banks, that stand to benefit most from a rebounding economy. To help fund the purchases of shares in these businesses investors have typically sold shares in high growth companies or companies with defensive earnings characteristics that don't benefit as much in the near-term from an economic recovery.

SIGNIFICANT RETURNS IMPACTING THE PORTFOLIO DURING THE QUARTER IN AUSTRALIAN DOLLARS

PWR HOLDINGS	WESTPAC BANK	ANZ BANK	AUB GROUP	NANOSONICS
+27%	+26%	+24%	+20%	-29%

To this end, despite delivering robust financial results, share prices of portfolio companies such as Nanosonics (-29.0%), Audinate (-13.7%), NextDC (-14.8%) and Wisetech (-5.4%) actually fell in the period. These are sound, growing businesses that are solving unmet human needs. Corroborated by their recent financial results we remain optimistic about their longer-term prospects..

We have sold our shares in ARB Corporation

ARB Corporation (+7.9%) has been a strong beneficiary of the pandemic. With consumers focussed on domestic travel, demand for ARB's 4x4 accessories has skyrocketed. The increase in its share price suggests the market views this as a permanent increase in demand. However, it is temporary in our view. As economies open up, consumer demand in our view will abate. We have used this opportunity to sell our shares in ARB.

"The best carbon, is that which is not emitted at all" – Craig Scroggie (CEO, Next DC)

In closing, we have noted with interest that businesses in Australia are grasping the nettle on environmental matters. They're pro-actively taking action to improve the sustainability of their businesses. They are not waiting for government regulations or environmentally conscious investors to 'push' them into improving sustainable business practices.

Within our portfolio, Next DC CEO Craig Scroggie reminded us in a recent call how the company is as efficient as it can be with electricity consumption. Next DC has global industry leading power usage effectiveness (PUE) metrics. The company has the only 5 star rated data centres in Australia for energy efficiency. When building data centres Next DC focuses on procuring materials and constructing its data centres in an environmentally sound manner. Of the carbon it does produce, Next DC offsets this through the Qantas Future Planet Programme. Next DC has been carbon neutral for a few years.

We were also interested in a lecture delivered by Fortescue's chairman recently. In it he outlined his ambitions to build Australia's first green steel pilot plant this year. This is part of a broader vision to build domestic steel processing capacity to convert Western Australian iron ore reserves into steel through hydrogen powered blast furnaces.

[1] Share price premium to NAV (including warrant price on a pro-rated basis and using NAV to four decimal places)

We don't own shares in Fortescue. However, this is quite a shift in rhetoric from one of Australia's largest mining companies!

Next DC and Fortescue are both energy intensive businesses. This is not stopping them from shaping their businesses for an environmentally sustainable future. Organisations should take note. It is better to pro-actively embrace sustainability than to be dragged into the future by customers, communities, investors and regulators.

Robbie Urquhart
Senior Portfolio Manager
Fisher Funds Management Limited
15 April 2021

PERFORMANCE
as at 31 March 2021

	3 Months	3 Years (annualised)	5 Years (annualised)
Company Performance			
Total Shareholder Return	+2.6%	+32.6%	+21.5%
Adjusted NAV Return	+2.2%	+17.5%	+13.1%
Portfolio Performance			
Gross Performance Return	+2.5%	+21.3%	+16.5%
Benchmark Index[1]	+4.8%	+10.2%	+10.5%

[1] 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 after expenses, fees and tax,*
- *adjusted NAV return – the return to an investor after expenses, fees and tax,*
- *gross performance return – the Manager's portfolio performance in terms of stock selection and currency hedging before expenses, fees and tax, and*
- *total shareholder return – the return combines the share price performance, the warrant price performance, the net value of converting any warrants into shares, and the dividends paid to shareholders. It assumes all dividends are reinvested in the company's dividend reinvestment plan, and that shareholders exercise their warrants, (if they were in the money), at warrant expiry date.*

All references to adjusted net asset value, adjusted NAV return, gross performance return and total shareholder return in this newsletter 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/

COMPANY NEWS
Dividend Paid 26 March 2021

A dividend of 1.58 cents per share was paid to Barramundi shareholders on 26 March 2021, under the quarterly distribution policy. Interest in Barramundi's dividend reinvestment plan (DRP) remains high with 37% of shareholders participating in the plan. Shares issued to DRP participants are at a 3% discount to market price. If you would like to participate in the DRP, please contact our share registrar, Computershare on 09 488 8777

PORTFOLIO HOLDINGS SUMMARY
as at 31 March 2021

Company	% Holding
Ansell	4.0%
ANZ Banking Group	5.0%
AUB Group	4.5%
Audinate Group	1.8%
Brambles	4.2%
Carsales	5.9%
Commonwealth Bank	5.4%
Credit Corp	3.7%
CSL	8.3%
Domino's Pizza	2.5%
Fineos Corporation Holdings	2.7%
Nanosonics	2.5%
National Australia Bank	4.2%
NEXTDC	3.9%
Ooh! Media	1.8%
PWR Holdings	2.4%
REA Group	4.0%
ResMed	3.9%
SEEK	6.3%
Sonic Healthcare	2.7%
Westpac	4.9%
Wise Tech Global	5.7%
Woolworths Group	3.7%
Xero Limited	5.0%
Equity Total	**99.0%**
Australian cash	1.1%
New Zealand cash	0.5%
Total cash	**1.6%**
Centrebet Rights	0.0%
Forward foreign exchange contracts	(0.6%)
Total	**100.0%**

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