

MONTHLY UPDATE

May 2021



Share Price

\$1.08

BRM NAV

\$0.84

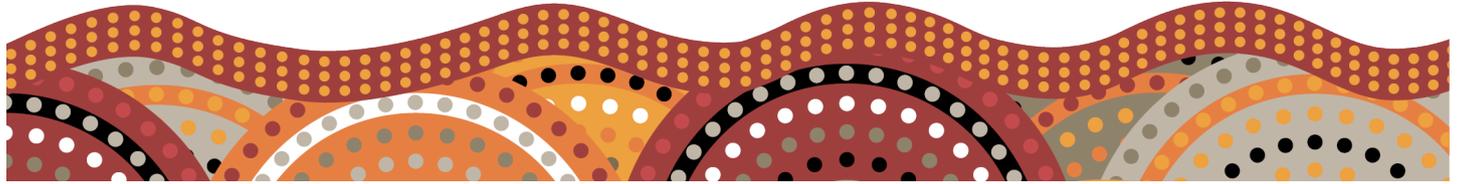
Warrant Price

\$0.30

PREMIUM¹

37.8%

as at 30 April 2021



A WORD FROM THE MANAGER

In April Barramundi returned gross performance of +4.5% and an adjusted NAV return of +4.1%. This compares to the ASX200 Index which returned +3.2% (70% hedged into NZ\$).

Having risen strongly in the previous few months, long-term interest rates in Australia stabilised in April. The Australian Government 10yr yield finished the month at 1.75%, down slightly from 1.79% at the end of March.

This supported a broad strengthening in Australian share prices across most sectors in the month. The Information Technology (+9.7%), Materials (+6.8%) and Industrials (+4.3%) sectors led the market higher. Energy (-4.9%), Consumer Staples (-2.6%) and Utilities (-1.2%) lagged.

Portfolio News

Trading updates from a number of our portfolio companies generally pointed to an improving economic backdrop.

Audinate (+15.1% in A\$) announced that it had achieved record revenues in the March quarter. This has been driven by new product launches, as well as a rebound in demand from its customers whose own businesses are recovering from the COVID induced slowdown. Customers, concerned about the continued disruption in supply chains, have also increased their orders as a precautionary measure. As supply chain disruption subsides, this source of demand is likely to subside.

Share prices of our online classified advertising businesses **REA Group (+11.7%)**, **Carsales (+11.7%)** and **SEEK (+8.6%)** all rose strongly, as did the share price of software companies, **Xero (+11.9%)** and **Wisetech (+8.2%)**. Although we had no company specific news related to them, the underlying operating economic conditions for each of these businesses remains robust.

Glove and protective equipment ("PPE") manufacturer **Ansell's** share price **(+7.7%)** responded positively to another upgrade to fiscal 2021 earnings guidance. The latest expectations are 19% higher than those provided barely three months ago and they infer earnings will be nearly 60% above 2020. This reflects elevated demand for PPE as COVID infections continue. We believe it will be difficult for Ansell to match 2021 earnings for the next one to two years. However, relative to pre-COVID times, it is likely that overall levels of demand for Ansell's products has been raised by the increased focus on health and safety practices that the pandemic has prompted.

Resmed (+3.6%) reported a third quarter 2021 earnings result that broadly met expectations for normalised earnings. Resmed's underlying revenue growth rate is below historical levels. This is because COVID has resulted in fewer people venturing out to sleep labs to be diagnosed with sleep-disordered breathing. As vaccination programmes ramp-up, we expect the number of patients being diagnosed to rise. Resmed has suggested its revenue growth rate will be back above 10% per year by the end of Fiscal 2022. Resmed also announced a US\$255m provision to settle a long running dispute with the Australian Tax Office.

Similar to Resmed, **CSL's (+2.5%)** plasma collections have also been impacted by COVID-19 related social distancing considerations. The path to a recovery in plasma collections was delayed by the resurgence in COVID infections in late 2020. Encouragingly, the US vaccine rollout and falling COVID-19 case numbers in the US in 2021 has recently resulted in plasma collections beginning to recover. We expect this recovery to continue throughout 2021.

Brambles (-1.7%) delivered its third quarter 2021 trading update during April. For the nine months to the end of March the company has achieved constant currency revenue growth of 6%. Full year guidance for revenue growth of 4-6% and underlying profit growth of 5-7% (both constant currency) was reconfirmed. The company again noted that its costs were rising (labour, transport, lumber). That said, most of the company's customer contracts now contain cost indexation and surcharge clauses. These, combined with its US automation programme and supply chain efficiency and procurement initiatives suggest to us that Brambles is well placed to manage any cost headwinds over the medium term.

Woolworths (-3.8%) reported its third quarter 2021 results in April. Comparing this result to the same quarter in 2020 is obscured by the fact that a year ago, supermarket sales were elevated as they benefitted from panic buying in Australia and NZ as we entered our respective lockdowns. However, adjusting for this and comparing this result to a more 'normal' March quarter of 2019, we note that Woolworths' Australian food sales grew +4.1% pa on a like for like basis. This is in line with the typical growth rate delivered by the company pre-COVID. Woolworths continues to perform well. In particular, its online sales are growing strongly and it is outperforming the competition.

¹ Share Price Premium to NAV (including warrant price on a pro-rated basis and using NAV to four decimal places).

Credit Corp's share price sank by -11.2% over April. A market update towards the end of April reconfirmed guidance for underlying earnings growth of 7-13% for the 2021 fiscal year. We suspect the market has been progressively coming to the view that lower debt sale volumes by Australasian and US lenders may be a headwind to earnings in fiscal 2022. Credit Corp has indicated that sales volumes are around 50% below pre-COVID levels as stimulus and constrained spending options, along with bank forbearance, are temporarily lowering charge-off rates. However, it also suggests there are early signs of a recovery in debt sales volumes. Over the next couple of years we expect a return to normal sales volumes by lenders. We expect Credit Corp's US debt buying operation to increase its share of that market. And we expect the company's Australian consumer lending book to be rebuilt to pre-COVID levels.

Portfolio Changes

We had no significant portfolio changes in the month.



Robbie Urquhart
Senior Portfolio Manager
Fisher Funds Management Limited



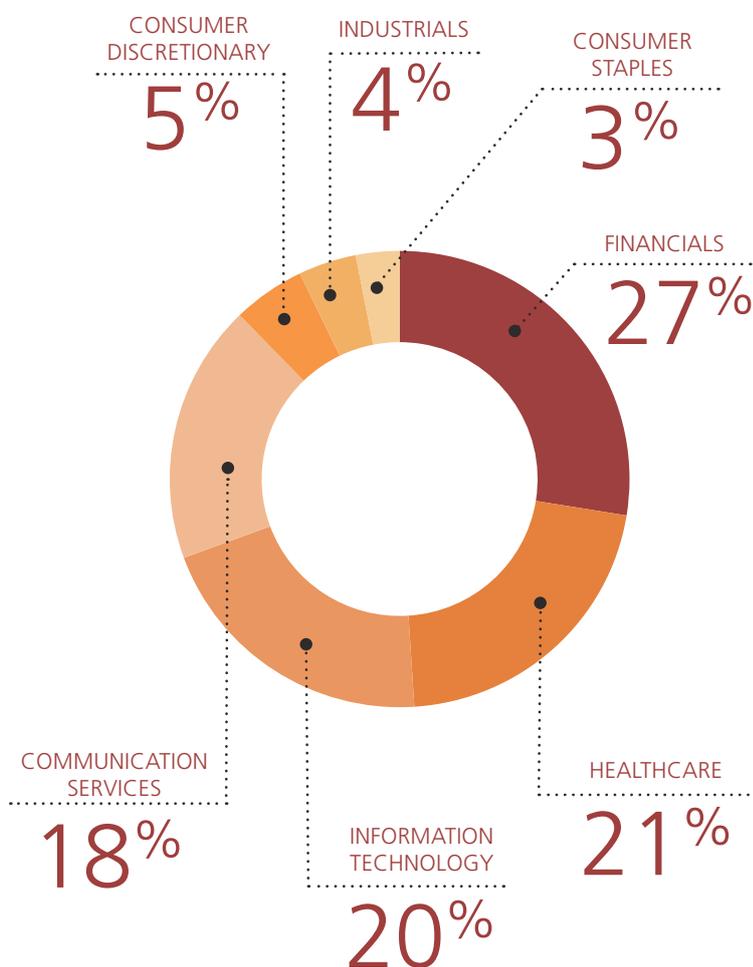
KEY DETAILS

as at 30 April 2021

FUND TYPE	Listed Investment Company
INVESTS IN	Growing Australian companies
LISTING DATE	26 October 2006
FINANCIAL YEAR END	30 June
TYPICAL PORTFOLIO SIZE	20-35 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 FEE HURDLE	Changes in the NZ 90 Day Bank Bill Index + 7%
PERFORMANCE FEE	10% of returns in excess of benchmark and high water mark
HIGH WATER MARK	\$0.64
PERFORMANCE FEE CAP	1.25%
SHARES ON ISSUE	213m
MARKET CAPITALISATION	\$230m
GEARING	None (maximum permitted 20% of gross asset value)

SECTOR SPLIT

as at 30 April 2021



The Barramundi portfolio also holds cash.

APRIL'S SIGNIFICANT RETURNS IMPACTING THE PORTFOLIO

during the month in Australian dollar terms
Typically the Barramundi portfolio will be invested 90% or more in equities.

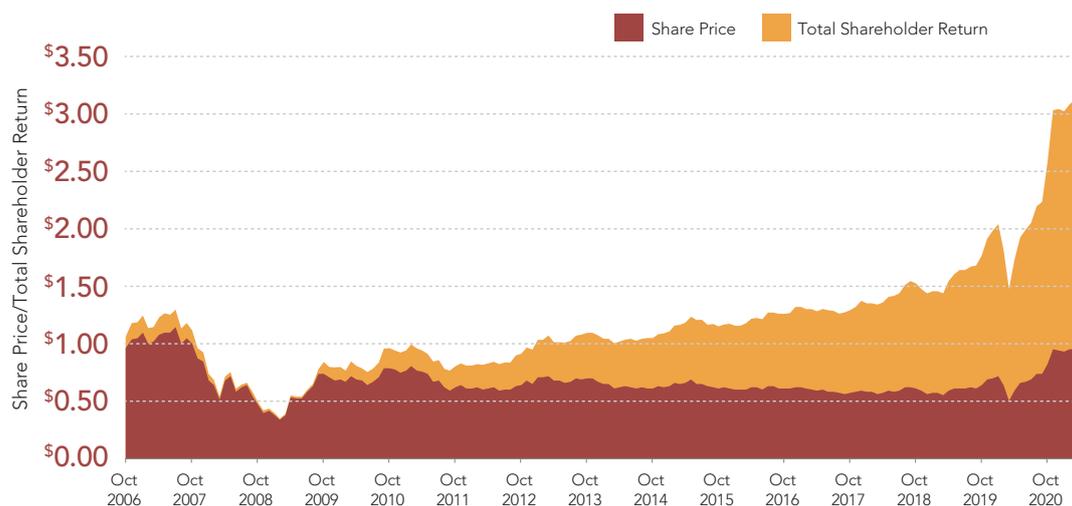
AUDINATE	XERO	REA GROUP	CARSALES.COM	NEXTDC
+15%	+12%	+12%	+12%	+11%

5 LARGEST PORTFOLIO POSITIONS as at 30 April 2021

CSL LIMITED	CARSALES.COM	WISETECH	SEEK	CBA
8%	6%	6%	6%	5%

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

TOTAL SHAREHOLDER RETURN to 30 April 2021



PERFORMANCE to 30 April 2021

	1 Month	3 Months	1 Year	3 Years (annualised)	5 Years (annualised)
Company Performance					
Total Shareholder Return	+12.0%	+15.7%	+102.4%	+36.9%	+23.5%
Adjusted NAV Return	+4.1%	+7.7%	+45.2%	+17.8%	+13.5%
Portfolio Performance					
Gross Performance Return	+4.5%	+8.2%	+49.6%	+21.6%	+17.0%
Benchmark Index [^]	+3.2%	+8.0%	+31.5%	+9.8%	+10.5%

[^]Benchmark index: S&P/ASX Small Ords Industrial Gross Index until 30 September 2015 & S&P/ASX200 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 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

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 20 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.

MANAGEMENT

The Manager has authority delegated to it from the Board to invest according to the Management Agreement and other written policies. 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.

BOARD

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 its shares on market
- » 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

Warrants

- » On 26 August 2020 a new issue of warrants (BRMWF) was announced
- » The warrants were issued at no cost to eligible shareholders in the ratio of one warrant for every four Barramundi shares held
- » The warrants were allotted to shareholders in October 2020 and the warrants listed on the NZX Main Board from early October 2020. (Information pertaining to the warrants was mailed/mailed to shareholders in September 2020)
- » The Exercise Price of each warrant is \$0.70, adjusted down for the aggregate amount per Share of any cash dividends declared on the Shares with a record date during the period commencing on the date of allotment of the Warrants and ending on the last Business Day before the final Exercise Price is announced by Barramundi. Dividends totalling 3.03 cents per share have been declared to date and there are two more dividends expected to be declared in the remaining period up to the announcement of the 29 October 2021 exercise price
- » The Exercise Date for the new warrants (BRMWF) is **29 October 2021**
- » The final Exercise Price will be announced and an Exercise Form sent to warrant holders in September **2021**

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 a 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.



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