

QUARTERLY NEWSLETTER

1 July 2021 – 30 September 2021



Share Price

\$1.01

Warrant Price

\$0.30

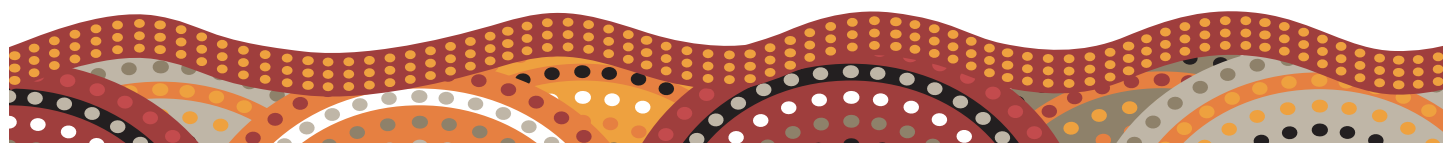
BRM NAV

\$0.91

PREMIUM¹

18.7%

as at 30 September 2021



Strong financial results reported by our portfolio companies during reporting season underpinned Barramundi's +8.1% (gross performance) return over the quarter. This is well ahead of the benchmark ASX200 Index (70% hedged into NZ\$) which returned +0.9%.

Below we discuss three key themes that helped drive our portfolio returns in the quarter. A striking feature of these themes is that our portfolio companies are focussed on doing well over the long-term. As long-term investors this pleases us. Some companies like Domino's and Wisetech are profiting now from planning and decisions made years ago. Other companies, like CSL, are having a tougher time because of COVID-19. But they're still investing in innovation. They will likely reap the rewards from this in the future.

Theme 1: Businesses are increasingly relying on software and internet services in order to stay ahead of the competition

Wisetech was the standout in our portfolio in this regard. Its share price rose +68% (in A\$) over the period on the back of its outstanding financial result. Wisetech's pre-tax profits rose over +60% compared to last year. Wisetech is the global leader in providing software to logistics companies such as DHL or Mainfreight.

Demand for this software has risen strongly because it enables these companies to automate logistics processes for their clients. This substantially increases the efficiency of these businesses. This has led to Wisetech's core revenue growth increasing +25% over the year. The big positive surprise for investors has been how much faster Wisetech's profits grew relative to revenue. Wisetech has spent a lot developing its software over the years. It is now at a point where customers can use its software more (and pay Wisetech more) without Wisetech having to hire a lot of extra people to support this additional use. This is what we refer to as a 'scale benefit'. And this has led to the large increase in profits in the year.

We also saw this theme of rising demand for software or internet services through the results of other portfolio companies as well.

Fineos (+11%) is seeing rising demand from accident, life and health insurers globally to automate and digitise their insurance claims procedures with Fineos' software.

Online car advertising company **Carsales** (+29%) announced that it was expanding its offering for car dealerships. Carsales currently advertises vehicles for sale on behalf of dealers. Potential buyers usually complete the purchase and pick up the car at the dealership. Carsales is now enabling dealers to literally sell cars on the Carsales website. Customers will soon be able to look for a car, secure finance for it, pay for it and have it delivered directly to them. The entire transaction will take place on the website. This innovation increases Carsales' runway for growth.

Theme 2: People crave take-aways during lockdown!

Customers have bought a lot of pizza from **Domino's** (+34%) in the last year. Domino's is reinvesting its profits from these pizza sales in rolling out new stores. It has increased its long-term store target and will double the number of stores it has across the countries it serves. It is accelerating the speed with which these stores are opened, boosting its overall growth rate.

Theme 3: Innovation is the foundation to profit growth in the future

Our investment philosophy is centred on investing in high quality and growing businesses. The amount that a business spends on research and development

("R&D") is one indicator of whether a company is putting itself in a position to grow. This is particularly important in the information technology or healthcare arenas. Better software helps companies adapt more efficiently to the digital world. Clients are always looking for better vaccines to improve their lives.

R&D is akin to planting and watering an orchard of fruit tree seedlings for these companies. Not all of the trees will survive. But if it's well looked after, the orchard is likely to bear fruit in the future.

Wisetech for example routinely spends 30% of revenue each year in R&D. This has undoubtedly contributed to its success over the years.

PWR Holdings (+25%) financial results also highlighted how it is benefiting from investing in innovation. PWR makes cooling products for formula one and super luxury cars. Its emerging technology division has been at the forefront of developing cooling products for companies ranging from those making electric vehicles to hydrogen powered trucks. It is also designing solutions for companies developing the first electric helicopters. This has resulted in the emerging technology division doubling its revenue in the last year. And it is likely to double again in the next few years.

It was also pleasing to us how portfolio companies that have been negatively impacted by the pandemic have kept investing in R&D. They have not skimped despite the COVID-19 uncertainty.

Plasma products company **CSL** (+3%) for example still spent 10% of revenues or \$1bn this last year on R&D. It spent this money despite the fact that the amount of blood people have been willing to donate has been hampered by COVID lockdowns. **Nanosonics** (+8%) similarly, spent over 15% of its revenue on R&D despite pandemic related hospital restrictions impacting demand for its ultrasound disinfectant products.

This investment and long-term focus improves these companies' chances of staying ahead of the competition. This increases our confidence in their ability to grow profits and deliver 'fruit' to their shareholders in the future.

Portfolio changes over the September quarter

Given the themes discussed above, we have increased our portfolio weighting in software companies such as **Wisetech**, **Fineos**, and **Audinate** (+23%), as well as data centre operator **Next DC** (+1%).

We increased our weighting in **ANZ** (0%), **NAB** (+6%) and **Westpac** (+1%). The economic environment is significantly better than what was feared a year ago. The banks have consequently begun buying back their shares and increasing dividends. This is supportive for their share prices.

We also increased our weighting in outdoor advertising company **oOH!Media** (+1%). It sells a lot of advertising on billboards in NSW and Victoria. Our confidence in its earnings outlook has increased as these states are soon set to emerge from pandemic related lockdowns in October.

To partially fund these changes we reduced our weighting in **Sonic Healthcare** (+7%) and **Woolworths** (+5%). We also reduced our positioning in **SEEK** (-6%).

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



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

SIGNIFICANT RETURNS IMPACTING THE PORTFOLIO DURING THE QUARTER IN AUSTRALIAN DOLLARS

WISETECH	DOMINO'S PIZZA	CARSALES.COM	PWR HOLDINGS	AUDINATE
+68%	+34%	+29%	+25%	+23%

PERFORMANCE as at 30 September 2021

	3 Months	3 Years (annualised)	5 Years (annualised)
Company Performance			
Total Shareholder Return	(7.3%)	+29.8%	+21.9%
Adjusted NAV Return	+7.1%	+18.7%	+15.8%
Portfolio Performance			
Gross Performance Return	+8.1%	+22.3%	+19.2%
Benchmark Index ¹	+0.9%	+9.4%	+10.7%

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 24 September 2021

A dividend of 1.69 cents per share was paid to Barramundi shareholders on 24 September 2021, under the quarterly distribution policy. Interest in Barramundi's dividend reinvestment plan (DRP) remains high with 36% 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.

FOREIGN TAX COMPLIANCE ACT (FATCA) AND COMMON REPORTING STANDARD (CRS)

As a result of the New Zealand Government agreeing to participate in the exchange of information with other jurisdictions under the Foreign Tax Compliance Act (FATCA) and Common Reporting Standard (CRS), Financial Institutions are required to undertake due diligence to determine the account holders' jurisdiction of tax residence. All shareholders will have received a Tax Residency Self-Certification form from Computershare depending on when they first purchased their securities. Please ensure you complete and return this important document if you have not already done so. For more information please visit the IRD website: <https://www.ird.govt.nz/international-tax/exchange-of-information/crs/registration-and-reporting> or contact Computershare if you are unsure of whether you have completed your form.

Disclaimer: The information in this newsletter 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 newsletter 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 newsletter 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.

PORTFOLIO HOLDINGS SUMMARY as at 30 September 2021

Company	% Holding
Ansell	3.1%
ANZ Banking Group	4.3%
AUB Group	4.1%
Audinate Group	2.0%
Brambles	3.8%
Carsales	7.0%
Commonwealth Bank	5.5%
Credit Corp	3.4%
CSL	8.1%
Domino's Pizza	3.2%
Fineos Corporation Holdings	3.6%
Nanosonics	2.3%
National Australia Bank	4.6%
NEXTDC	4.3%
Ooh! Media	2.5%
PWR Holdings	2.5%
REA Group	3.6%
ResMed	3.8%
SEEK	5.2%
Sonic Healthcare	1.9%
Westpac	4.5%
Wise Tech Global	7.5%
Woolworths Group	3.1%
Xero Limited	4.7%
Equity Total	98.6%
Australian cash	0.4%
New Zealand cash	1.1%
Total cash	1.5%
Centrebet Rights	0.0%
Forward foreign exchange contracts	(0.1%)
Total	100.0%