QUARTERLY NEWSLETTER

1 October 2021 – 31 December 2021

Barramundi
LANDING TOMORROW'S TROPHIES

Share Price	BRM NAV	PREMIUM[1]
$0.98	$0.85	14.9%

as at 31 December 2021

Uncertainty affiliated with the Omicron COVID variant and inflationary concerns have tempered share price gains as we ended the 2021 year. In the December quarter, Barramundi returned +0.8% (gross performance) and the adjusted NAV return was +0.6%. This compares to the benchmark index which returned +2.7% for the quarter.

Sonic Healthcare (+14.7% in A$) was our best performing company in the December quarter. It continues to benefit from heightened COVID testing volumes. **Credit Corp** (+10.3%) was another top performer for us in the quarter. It was assisted by the acquisition in December of a consumer leasing business in Australia. The acquired business diversifies Credit Corp's revenue base and boosts its future earnings growth.

Domino's fell -26.4% in the quarter as its growth rates in the key Japanese market subsided. Despite this, Dominos has had a good year returning +38.2% over 2021. Two of our bank shareholdings, **Westpac** (-15.7%) and **CBA** (-3.2%) also dragged down the quarter's returns as pricing pressures and elevated costs weighed on bank margins.

Although Barramundi had an indifferent December quarter, it has been a great year overall for Barramundi investors. In 2021, Barramundi returned gross performance of +23.5%, compared to the benchmark index which returned +17.2%.

A bumper year for new listings and acquisitions on the Australian share market

Assisted by low interest rates and significant fiscal and monetary policy stimulus, 2021 has been a good year for share markets globally. Investor appetite for equities has been strong, leading to a boom in new companies listing on the Australian stock exchange (known as Initial Public Offerings or IPOs).

In total, close to 200 companies listed on the ASX during the year. Eight of these listed with valuations of over A$1bn. It was the biggest year of new listings in Australia since the mining boom in 2007. Like then, resources and mining companies made up a large number of new listings in 2021.

This environment has also proved conducive for mergers and acquisitions (M&A). A private consortium led A$24bn acquisition of Sydney Airport proved that companies of any size could end up as takeover targets.

A number of our companies grew through M&A this year

While we looked at a few IPOs closely during the year, ultimately we did not participate in any IPOs. A large number of companies that listed (such as resources companies) did not match our quality and growth focussed investment process.

However, the surge in global M&A activity did keep us busy. A number of our portfolio companies expanded by acquiring businesses during the year including Credit Corp (mentioned above). We have also previously written about **Carsales**' expansion into the United States through an acquisition earlier in the year which we supported.

More recently, in December **CSL** launched a large A$16.4bn takeover offer for Vifor, a Swiss based pharmaceutical company. Vifor specialises in nephrology (kidney complications), dialysis and iron deficiency therapies.

CSL has been researching Vifor for a number of years. With Vifor's revenue growth temporarily impacted by COVID and with its share price languishing, CSL launched its takeover offer.

Vifor adds a new division to CSL's armoury. This reduces its reliance on plasma therapies. CSL also likes the rising demand for Vifor's market leading renal products. This is driven by ageing demographics in many countries, dietary trends and an associated increase in diabetes. With its global reach and scale, CSL believes it can help Vifor accelerate its distribution of these products. CSL believes that Vifor's longer-term revenue growth rate and profitability is a match for its core plasma business. It also sees this as a compelling acquisition given it is being undertaken at a discount to CSL's overall valuation.

CSL have a long track record as an astute acquiror of peers. Its equity raising to help fund the deal was well supported by investors.

Macquarie is well positioned to grow

We added **Macquarie Group** to our portfolio in December. Macquarie has grown into a high-quality diversified financials business with over 65% of its income generated outside of Australia. Two thirds of its income is stable and predictable. The balance is derived from more volatile financial markets activity (like investment banking).

Macquarie is well run. It has a track record that includes over 50 years of unbroken profitability and strong share price performance. Culture is critical to its success. It invests in its people and has a history of developing and promoting internal talent.

Macquarie is ramping up its investment in fast growing areas of the global economy such as the growth in renewable energy generation. To facilitate this, Macquarie has bolstered its balance sheet by raising A$2.8bn in equity in the quarter. It also recently cut its dividend, to retain more cash, that it can use to invest in these growth projects.

Macquarie has positioned itself well to grow and we are pleased to have it in our portfolio.

We remain confident in the longer-term outlook for our portfolio companies

As always, entering 2022 brings with it a range of uncertainties for equity markets including (again!) how much COVID will disrupt our lives for another year.

We remain confident that our portfolio mix of high quality and growing companies will stand us in good stead over the next few years.

Robbie Urquhart
Senior Portfolio Manager
Fisher Funds Management Limited
17 January 2022

[1] Share price premium to NAV (using NAV to four decimal places)

SIGNIFICANT RETURNS IMPACTING THE PORTFOLIO DURING THE QUARTER IN AUSTRALIAN DOLLARS

SONIC HEALTHCARE	CREDIT CORP GROUP	AUDINATE GROUP	WESTPAC BANK	DOMINO'S PIZZA
+15%	+10%	-12%	-16%	-26%

PERFORMANCE
as at 31 December 2021

	3 Months	3 Years (annualised)	5 Years (annualised)
Company Performance			
Total Shareholder Return	+0.2%	+33.0%	+20.8%
Adjusted NAV Return	+0.6%	+25.1%	+16.6%
Portfolio Performance			
Gross Performance Return	+0.8%	+28.5%	+19.8%
Benchmark Index[1]	+2.7%	+14.0%	+10.3%

[1] Benchmark Index: S&P/ASX 200 Index (hedged 70% to NZD)

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 17 December 2021

A dividend of 1.81 cents per share was paid to Barramundi shareholders on 17 December 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.

PORTFOLIO HOLDINGS SUMMARY
as at 31 December 2021

Company	% Holding
Ansell	3.4%
ANZ Banking Group	4.4%
AUB Group	4.4%
Audinate Group	1.9%
Brambles	4.3%
Carsales	6.5%
Commonwealth Bank	5.6%
Credit Corp	3.4%
CSL	8.8%
Domino's Pizza	2.4%
Fineos Corporation Holdings	3.6%
Macquarie Group	2.0%
Nanosonics	2.7%
National Australia Bank	4.5%
NEXTDC	4.7%
Ooh! Media	2.5%
PWR Holdings	2.0%
REA Group	4.0%
ResMed	4.0%
SEEK	4.6%
Sonic Healthcare	1.9%
Westpac	3.9%
Wise Tech Global	6.6%
Woolworths Group	2.8%
Xero Limited	4.7%
Equity Total	**99.6%**
Australian cash	0.2%
New Zealand cash	0.9%
Total cash	**1.1%**
Centrebet Rights	0.0%
Forward foreign exchange contracts	(0.7%)
Total	**100.0%**

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.

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