MONTHLY UPDATE

May 2022

Barramundi
LANDING TOMORROW'S TROPHIES

Share Price	BRM NAV	PREMIUM[1]
$0.90	$0.75	20.5%

as at 30 April 2022

A WORD FROM THE MANAGER

In April, Barramundi's gross performance return was down (1.4%) and the adjusted NAV return was down (1.2%). This compares to the ASX200 Index (70% hedged into NZ$) which was down (0.4%).

April saw a continuation of the share market volatility seen in previous months as inflation and rising interest rate concerns and global supply chain disruption continue to weigh on financial markets.

In Australia, the Utilities (+9.3% for the month), Industrials (+3.4%) and Consumer Staples (+3.3%) sectors led the market higher. In line with the sell-off in global technology shares, the Information Technology sector (-10.4%) was the worst performing sector for the month. The Materials (-4.3%) sector was also weaker. It was weighed down by BHP's -7.3% share price slide precipitated by a softer iron ore price, related to Chinese growth concerns.

Portfolio News

Brambles delivered a positive third quarter trading update that saw its shares finish April +6.5% higher (in A$). Revenue for the nine months of FY22 to date was up +7% (8% at constant FX). Revenue growth is being underpinned by higher pricing as the company has offset rising costs through renegotiation of customer contracts as they fall due. Repricing, along with contract indexation and lumber and transport surcharges, is offsetting inflationary pressures and has resulted in a further upgrade to Bramble's FY22 guidance. The company now expects FY22 revenue growth of 8-9% and EBIT growth of 6-7% (11-12% excluding US$50m of short-term transformation costs).

Glove maker **Ansell's** share price rose +6.0% over April. There was no notable news flow (positive or negative) on the company during the month. However, the share price had fallen sharply in the prior few months and the extent of this fall had perhaps been overdone. Ansell's price had fallen in response to a large cut in FY22 earnings guidance in late January, primarily due to COVID-related demand for exam/single use gloves waning more rapidly than expected. The resumption of Ansell's buyback in early March is a signal that the company believes its shares were too cheap. This would have been supportive for the share price performance as well.

In April **Cochlear** (+2.8%) agreed to acquire competitor Oticon Medical from hearing aid manufacturer William Demant. Cochlear is committed to providing ongoing support to the 75,000+ Oticon Medical hearing implant recipients over their lifetime. The acquisition will widen Cochlear's significant global lead over the competition. The increased scale will likely enable it to lift its investment in research and development of new products. William Demant's exit from the hearing implant market is validation of Cochlear's dominance, and the difficulty that Oticon had, as a sub-scale competitor, in trying to compete with it.

AUB (+2.2%) was speculated to be a potential acquirer of Tysers, a London-based Lloyd's wholesale insurance broker in February. The suggested price tag of close to A$1bn, was large in the context of AUB's size (AUB has a market capitalisation of around A$1,800m). This arguably weighed on AUB's share price. In early April AUB confirmed it had been in discussions with Odyssey Investment Partners, the private equity owner of Tysers. However, despite believing in the strategic rationale for the potential transaction, it had not been able to agree acceptable terms. This resulted in the share price rising +2.2% over the month. In early May, AUB announced that following further discussions, it had agreed to acquire Tysers for £600m (A$880m), and has raised equity in May to help fund this acquisition.

Domino's share price fell -14.3% in April. It has more than halved since its mid-September 2021 peak. The market is primarily concerned about two things. Firstly, the extent to which relaxation of COVID-related restrictions are a headwind for the company's sales which had benefited from increased pizza delivery during lockdowns. Secondly, the extent to which the company can offset rising ingredient and labour costs and staff shortages. These fears were stoked late in the month when Domino's US parent reported its first quarter 2022 result. This showed a fall in same store sales and lower profit margins. Domino's has been preparing its Australian, European and Japanese operations for these pressures but it is unlikely to emerge unscathed. That said, we continue to view the company's long-term prospects favourably.

At the end of April **Resmed** (-10.1%) reported a 12% increase in revenue (14% at constant FX) and a 2% rise in underlying NPAT for its March 2022 quarter. This was shy of market expectations, resulting in its share price falling. The revenue result was solid in absolute terms. Supply chain disruptions (notably semiconductor shortages) are frustrating Resmed's ability to take full advantage of its main competitor's absence from the market due to a major, extended product recall. Resmed has now downgraded the FY22 sales benefit it expects from Philips' recall by US$100m, to

[1] Share Price Premium to NAV (using the net asset value per share, after expenses, fees and tax, to four decimal places).

US$200-250m. While this is disappointing, the key impact on Resmed's value is not the extra sales it makes while Philips is out of the market (which are a nice bonus) but how much permanent market share it has captured. This will only be evident after Philips returns to the market some time in 2023.

Audinate's (-8.0%) shares fell in sympathy with share prices of global high growth, high multiple companies. During the month it reported that its Q3 FY22 results were ahead of the market's expectations. Audinate has navigated the challenging environment brought about through chip shortages very well. While shortages are still evident, Audinate indicated that its inventory levels are better than anticipated and it will continue to increase inventory levels through the next three months (reducing its supply chain risk). Its order backlog remains high, and it continues executing on new product development with its first video software product released to the market after a successful trial with a key customer. Audinate has also increased pricing on its products to offset rising cost pressures. This enabled it to retain its 76% gross margin in Q3. All in all, a solid result in a trying environment.

Portfolio Changes

There were no substantive portfolio changes during the month.

Robbie Urquhart
Senior Portfolio Manager
Fisher Funds Management Limited

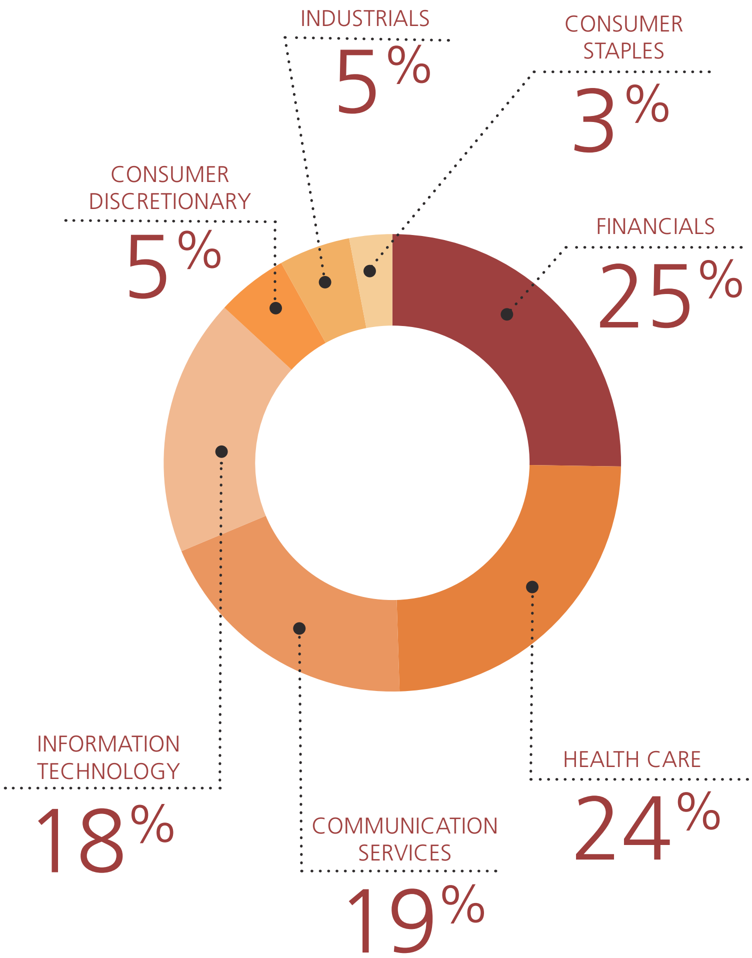
KEY DETAILS

as at 30 April 2022

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	$0.78
PERFORMANCE FEE CAP	1.25%
SHARES ON ISSUE	267m
MARKET CAPITALISATION	$240m
GEARING	None (maximum permitted 20% of gross asset value)

SECTOR SPLIT

as at 30 April 2022



The Barramundi portfolio also holds cash.

APRIL'S SIGNIFICANT RETURNS IMPACTING THE PORTFOLIO during the month in Australian dollar terms

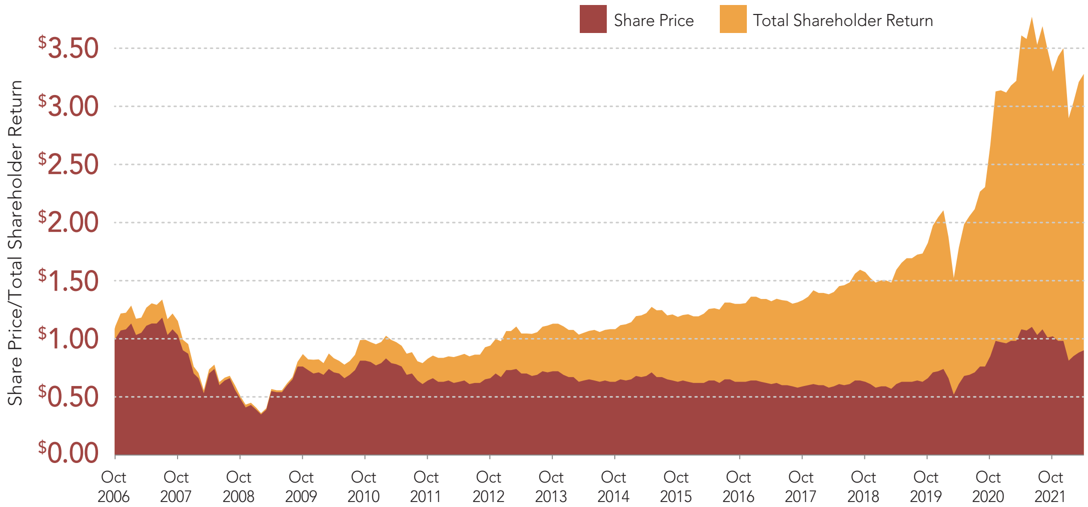
PWR HOLDINGS	CREDIT CORP GROUP	RESMED	WISETECH	DOMINO'S
+8%	-9%	-10%	-11%	-14%

5 LARGEST PORTFOLIO POSITIONS as at 30 April 2022

CSL LIMITED	CARSALES.COM	WISETECH	SEEK	BRAMBLES
10%	7%	6%	5%	5%

The remaining portfolio is made up of another 22 stocks and cash.

TOTAL SHAREHOLDER RETURN to 30 April 2022



PERFORMANCE to 30 April 2022

	1 Month	3 Months	1 Year	3 Years (annualised)	5 Years (annualised)
Company Performance					
Total Shareholder Return	+2.3%	+13.4%	(9.1%)	+27.1%	+19.9%
Adjusted NAV Return	(1.2%)	+0.5%	+1.7%	+14.9%	+12.9%
Portfolio Performance					
Gross Performance Return	(1.4%)	+0.6%	+3.0%	+17.6%	+15.9%
Benchmark Index^	(0.4%)	+9.1%	+11.2%	+10.2%	+9.2%

^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 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 https://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 and Delano Gallagher (Senior Investment Analysts) 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 David McClatchy.

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

» Warrants put Barramundi in a better position to grow further, operate efficiently, and pursue other capital structure initiatives as appropriate

» A warrant is the right, not the obligation, to purchase an ordinary share in Barramundi at a fixed price on a fixed date

» There are currently no Barramundi warrants on issue. However, on 27 April 2022 the Board of Barramundi announced the issue of a new warrant (BRMWG). The warrants are scheduled to be issued to eligible shareholders 16 May 2022

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