MONTHLY UPDATE

November 2022

Barramundi
LANDING TOMORROW'S TROPHIES

Share Price	Warrant Price	BRM NAV	PREMIUM[1]
$0.71	$0.01	$0.69	3.7%

as at 31 October 2022

A WORD FROM THE MANAGER

In October, Barramundi's gross performance return was up 7.0% and the adjusted NAV return was up 6.2%. This compares to the S&P/ASX200 Index (70% hedged into NZ$) which was up 4.8%.

Our portfolio benefitted from robust trading updates and positive commentary at some portfolio company Annual General Meetings (AGMs). Along with the share market, Barramundi also benefitted from the Reserve Bank of Australia's (RBA) decision to increase the cash rate by only 0.25% in the month. This was less than the 0.5% expected by the market. It was taken as a sign that the RBA may moderate the pace of future interest rate hikes and thereby reduce the impact of rising interest rates on indebted households.

Portfolio News

Domino's share price jumped by 23.7% over October. There was no company-specific news in the month. In early November, Domino's share price fell sharply following a subdued trading update at its AGM. Same store sales growth is still in negative territory for FY23 although the company highlighted an improvement during October. The pace of store openings is tepid so far this year and will need to accelerate if its target growth rates of 8-10% pa is to be reached during FY23. All this said, a number of headwinds facing Domino's at the moment are short-term in nature. We continue to like the company's long-term growth prospects.

Fineos's (+20.0%) share price was supported after it reaffirmed its FY23 revenue growth guidance in the month and announced the signing of a new customer, New Ireland Assurance Company.

Against the difficult global backdrop for asset managers and investment banking, **Macquarie** (+11.0% in A$) delivered a strong first half earnings result. The benefits of Macquarie's diversification over the years, from being a traditional investment bank into a global investment house spanning infrastructure, asset management, principal investment and a commodities trading business was evident. Its commodities trading business in particular is benefitting from energy price volatility and the rising demand from its client base for financial products to help them manage this volatility.

Audinate (+12.6%) remained upbeat in its comments at its AGM during the month. Audinate reiterated the strong revenue growth expectations for FY23 that were flagged at its recent full year results announcement. It has a record backlog of customer orders to start the FY23 financial year and is continuing to successfully manage the disruption from microchip shortages experienced over the last year. Audinate also suggested that the strong employee cost growth of recent years is likely to moderate in the future. This suggests the business has reached sufficient scale to enable it to grow revenue faster than costs over the coming years, accelerating future profit growth. This was warmly received by the market.

Led by **CBA** (+15.4%), our shareholdings in the four major Australian banks including **Westpac** (+16.8%), **NAB** (+12.5%) and **ANZ** (+12.1%) all rose strongly in the month. The banks were buoyed by the RBA's perceived dovish decision to raise the cash rate by 0.25%. The banks benefit from the increased interest rate as it enables them to lift their own lending rates, improving their earnings potential. At the same time, by moderating the pace of rate increases, the RBA reduces the prospect of inducing financial distress amongst households, which potentially lowers the 'bad debt risk' for the bank loan books. ANZ corroborated this view in announcing its FY2022 results late in the month. ANZ's profits exceeded market expectations due to higher revenue (somewhat offset by higher costs) and lower loan loss charges than expected. ANZ also mentioned that its net interest margin continues to rise on the back of higher interest rates which the market liked.

Credit Corp's share price rose by 7.8% following its AGM update. Earnings guidance is unchanged but the lower end of expectations for debt ledger purchases has been raised and is already in hand. Conditions are subdued in its Australian market. However, the US outlook for the supply of purchased debt ledgers looks more encouraging. The Australasian consumer lending business is also growing strongly, which bodes well for future profit growth.

Resmed (+0.7%) reported reasonable growth in operating profits in its Q3 trading update. The result was broadly in line with consensus forecasts but was not well received. The Americas market grew strongly, and devices revenue jumped 23%. However, device sales outside this region fell by 10% in constant currency terms. This was due to less acceptance of Resmed's work-around for microchip shortages. In European markets health insurance reimbursement can depend on telemonitoring of devices, which Resmed's stop-gap card-to-cloud work-around solution cannot provide. Consequently, European sales fell as production of Resmed's normal cloud-connected devices remains constrained by this shortage of microchips. This shortage will be resolved in time.

[1] Share Price Premium to NAV (including warrant price on a pro-rated basis and using the net asset value per share, after expenses, fees and tax, to four decimal places).

CSL (-1.6%) held an investor day during October to shed further light on its plans for the recently completed acquisition of kidney therapy company, Vifor Pharma (now CSL Vifor). Through the acquisition CSL has become the global leader in iron deficiency therapies, to go with its global leadership in plasma therapies and influenza vaccines. CSL Vifor estimates there are more than three billion people living with iron deficiency globally, with only a fraction of those receiving the treatment that they require. It will look to grow its patient base within existing geographies and expand into new geographies, adding to CSL's revenue growth prospects. CSL Vifor is also a leader in the treatment of kidney and other rare diseases. This part of the business is facing some headwinds caused by the COVID pandemic. Fewer people were diagnosed with kidney diseases during the pandemic related lockdowns. The patient base should recover now that lockdowns have eased, and people become more comfortable returning to do their doctors for regular health check-ups.

Portfolio Changes

There were no substantive changes to the portfolio in the month.

Robbie Urquhart
Senior Portfolio Manager
Fisher Funds Management Limited

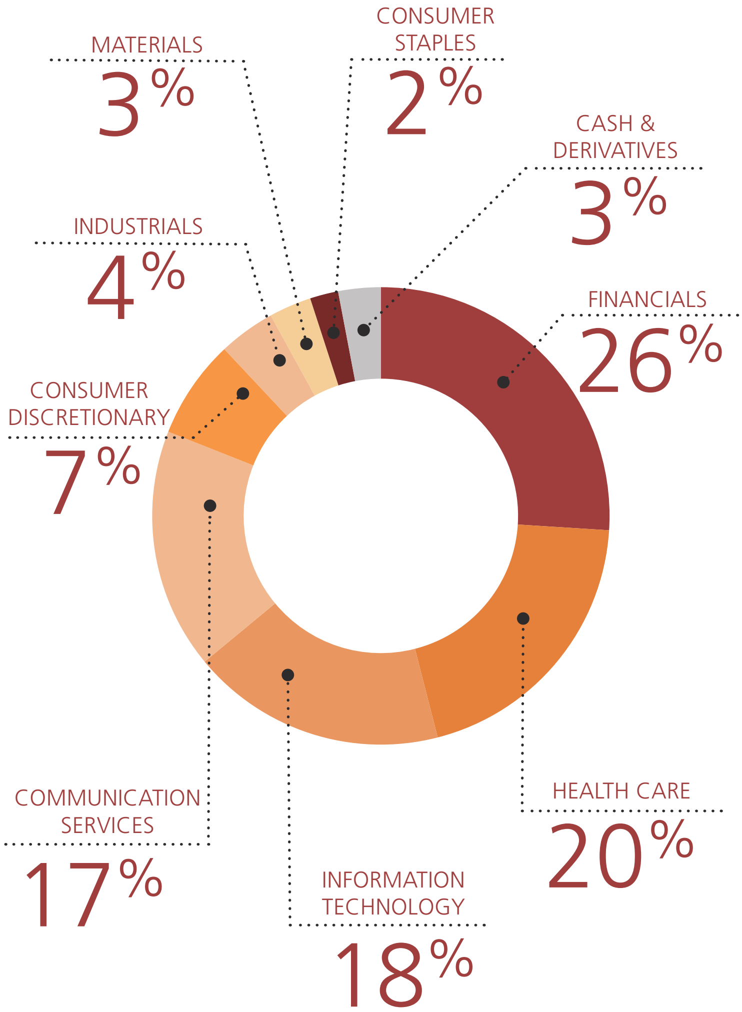
KEY DETAILS

as at 31 October 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	$0.74
PERFORMANCE FEE CAP	1.25%
SHARES ON ISSUE	270m
MARKET CAPITALISATION	$192m
GEARING	None (maximum permitted 20% of gross asset value)

SECTOR SPLIT

as at 31 October 2022



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

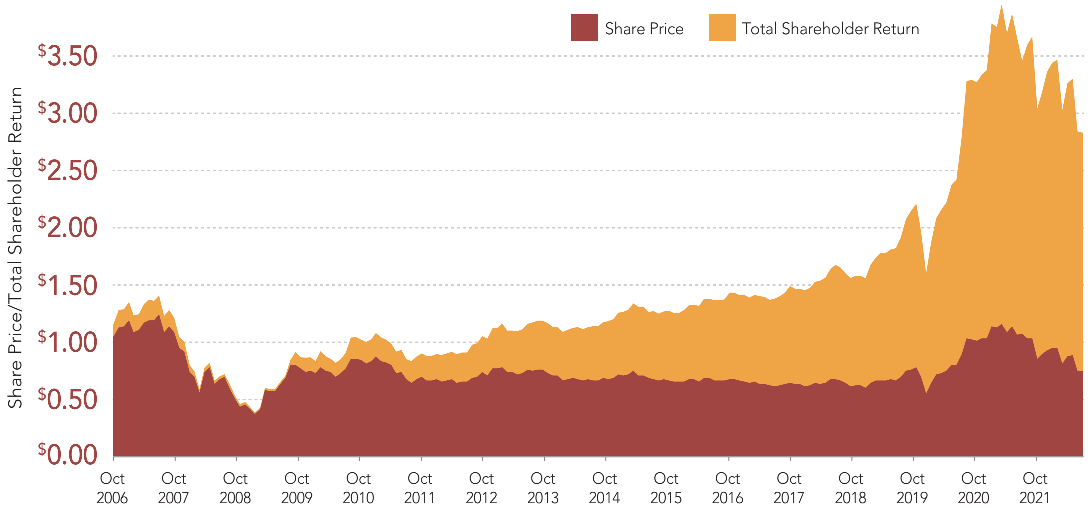
DOMINO'S PIZZA	FINEOS CORP HOLDINGS	NANOSONICS	PWR HOLDINGS	WESTPAC BANKING CORP
+24%	+20%	+19%	+19%	+17%

5 LARGEST PORTFOLIO POSITIONS as at 31 October 2022

CSL LIMITED	WISETECH	CARSALES.COM	CBA	AUB GROUP
9%	7%	6%	5%	5%

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

TOTAL SHAREHOLDER RETURN to 31 October 2022



PERFORMANCE to 31 October 2022

	1 Month	3 Months	1 Year	3 Years (annualised)	5 Years (annualised)
Company Performance					
Total Shareholder Return	(0.3%)	(13.4%)	(18.4%)	+13.9%	+15.1%
Adjusted NAV Return	+6.2%	(2.9%)	(12.3%)	+8.8%	+10.4%
Portfolio Performance					
Gross Performance Return	+7.0%	(2.2%)	(11.6%)	+11.3%	+13.2%
Benchmark Index^	+4.8%	+0.3%	(0.3%)	+5.4%	+7.3%

^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 dividends (and other capital management initiatives) and after expenses, fees and tax,
» adjusted NAV return – the percentage change in the adjusted NAV,
» 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 Andy Coupe (Chair), Carol Campbell, David McClatchy and Fiona Oliver.

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

- Barramundi announced a new issue of warrants on 27 April 2022
- Information pertaining to the warrants was mailed/emailed to shareholders on 4 May 2022
- The warrants were issued at no cost to eligible shareholders in the ratio of one warrant for every four Barramundi shares held based on the record date of 13 May 2022
- The warrants were allotted to shareholders on 16 May 2022 and listed on the NZX Main Board from 17 May 2022
- The Exercise Price of each warrant is $0.89, 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
- The Exercise Date for the new warrants is 26 May **2023**

Barramundi
LANDING TOMORROW'S TROPHIES

Barramundi Limited
Private Bag 93502, Takapuna, Auckland 0740
Phone: +64 9 489 7074 | Fax: +64 9 489 7139
Email: enquire@barramundi.co.nz | www.barramundi.co.nz

Computershare Investor Services Limited
Private Bag 92119, Auckland 1142
Phone: +64 9 488 8777 | Fax: +64 9 488 8787
Email: enquiry@computershare.co.nz | www.computershare.com/nz