MONTHLY UPDATE

September 2023

Barramundi
LANDING TOMORROW'S TROPHIES

Share Price	BRM NAV	DISCOUNT[1]
$0.76	$0.76	0.1%

as at 31 August 2023

A WORD FROM THE MANAGER

In August, Barramundi's gross performance return was up 1.7% and the adjusted NAV return was up 1.6%. This compares to the S&P/ASX200 Index (70% hedged into NZ$) which was down 0.5%.

Share price moves in August were significantly influenced by 'reporting season' with a large number of companies releasing their full year or half year financial results.

Portfolio News

Audinate (+48% in A$) produced a very strong FY23 financial result. Underpinned by strong customer demand and easing supply chain restrictions, revenue grew a healthy 51% compared to FY22. The company referenced a large number of design wins, laying the groundwork for strong revenue and earnings growth in the future. Audinate has also reached an inflection point in profitability which saw operating profitability increase 150% over the prior year.

New addition to the portfolio **Johns Lyng Group** (+22%) grew its core repair and restoration revenues +14% over the year, driven by new contract wins, expansion into adjacent markets and new geographies. The FY23 result was boosted by record revenues from weather catastrophe related cleanup and repair work. The company's guidance for FY24 pointed to continued growth, supported by good momentum in its core repair and restoration business, and catastrophe work related to recent floods in Australia, NZ and the US.

PWR Holdings (+18%) provided a solid FY23 result with all divisions growing revenue in the teens in percentage terms, except Aerospace which grew +48%. Aerospace continues to be a big opportunity and PWH are working with the leading innovators of the electric take-off and landing vehicle (eVTOL) – essentially an EV helicopter. The eVTOL programme, along with other ongoing Aerospace and projects for vehicle manufacturers should provide significant growth into FY24.

Domino's (+11%) delivered a disappointing FY23 result. Pricing actions taken by the company to offset cost inflation proved to be too heavy handed. This resulted in lower customer numbers, reduced earnings (underlying NPAT down 26%) and slowing store rollout. All this was well documented in a trading update in June. Consequently, investors chose to focus on the healthy 6.6% same store sales growth reported for each of the ANZ and European businesses for the initial seven weeks of FY24. These provide some early signs that Domino's remediation actions are delivering results. This positive momentum is not yet evident in Asia, where same store sales remain off by 7.8%. The lower order frequency in Asian markets means it will take longer for turnaround initiatives there to become visible in sales numbers.

Brambles (+6%) reported a 14% constant currency increase in sales for FY23. This was driven by price increases to recover higher operating and capital costs to serve customers. Improved pricing flowed through into an 18% constant currency increase in NPAT. For FY24 the company expects a further 6-8% constant currency increase in revenue, with EBIT 9-12% higher.

Fineos (-12%) FY23 result was in-line with market expectations. However, its FY24 revenue guidance (+4.8% to +8%) was below market expectations. Offsetting the miss on near-term revenues, Fineos have announced several new deals in 2023, including signing a top 10 North American insurer to take on the full Fineos admin product suite. These contract wins should support strong revenue growth from FY25 onwards. During the month Fineos also raised an additional A$40m of funding to add to its Balance Sheet strength.

While **Nanosonics** (-11%) reported strong revenue (+38%) and profit growth (+$16.2m to $19.9m) for FY23, the market was instead focused on the news of another delay in the development of its CORIS product – targeted at cleaning endoscopes. Pleasingly, North American sales grew +41%, benefitting from growth in trophon installations, an uptick in Trophon upgrades, and strong consumable and service revenue growth. Disappointingly, Nanosonics has again pushed out the timeline for the regulatory submission, and ultimately potential launch of CORIS.

WiseTech (-19%) delivered a strong FY23 financial result, in line with market expectations. However, it guided to FY24 revenue growth of 27%-34%, and operating profit growth of 18%-27%. The revenue guidance was in line with expectation, but the implied drop in WiseTech's profit margin disappointed the market and hence the share price fell. WiseTech is integrating some recent acquisitions which will weigh on the margin near-term but doesn't detract from its earnings power longer term. In addition to this, it has released two new products, a series of warehouse modules, and a product that enables companies to plan, book, track and manage their freight within the CargoWise platform. This functionality adds to CargoWise's attractiveness for customers and broadens WiseTech's economic moat.

Resmed (-24%) produced a slightly disappointing Q4 FY23 result relative to market expectations. Revenue was up by a very satisfactory 23% but earnings rose by only 7%. This was the result of a further small slip in gross margin, largely due to product mix, whereas the market had been looking for some improvement. Resmed's share price was also affected by the perceived impact on its business of

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

semaglutide obesity drugs, notably Ozempic and Wegovy. Obesity and heart disease are comorbidities of obstructive sleep apnoea (OSA). To the extent that obesity drugs can have a positive impact on these comorbidities, they might reduce the size of Resmed's potential OSA market. It is early days, but our initial view is that any impact on Resmed will be modest. There are numerous hurdles to the widespread use of these drugs including their cost and health insurance reimbursement. Moreover, OSA is not necessarily caused by a weight problem. Even in the US, the world's most developed OSA market, less than 20% of sufferers are diagnosed and treated. Consequently, we remain of the view that Resmed has a long growth runway ahead of it despite any impact from obesity drugs.

Portfolio Changes

Early in the month we added Johns Lyng Group to the portfolio. Through its network of approximately 14,000 subcontractors, Johns Lyng provides repair and restoration work for properties damaged by insurable events (e.g., floods and fire). It is the leading service provider in this niche industry in Australia. In recent years it has expanded into the US market.

John's Lyng's national scale is a competitive advantage as it affords it the ability to respond quickly to events, reducing the overall cost of insurance claims which is appealing to national insurers. Allied to this, Johns Lyng has a strong performance-based culture, with the local management teams directly owning shares in the majority of its 130+ subsidiary businesses. The executive team also have meaningful shareholdings in Johns Lyng, ensuring alignment with shareholders.

In recent years it has expanded into the US market, and this adds to the long growth runway for this company.

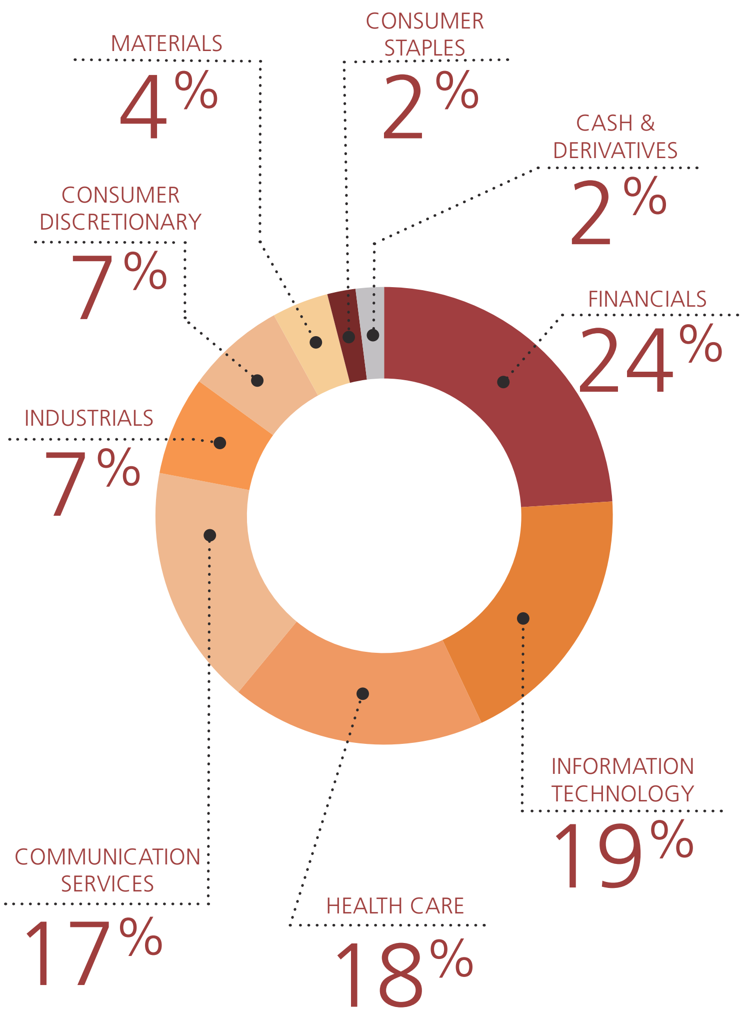
We also increased our weighting in WiseTech, Resmed and Fineos after their results.

Robbie Urquhart
Senior Portfolio Manager
Fisher Funds Management Limited

KEY DETAILS
as at 31 August 2023

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	$0.72
PERFORMANCE FEE CAP	1.25%
SHARES ON ISSUE	276m
MARKET CAPITALISATION	$210m
GEARING	None (maximum permitted 20% of gross asset value)

SECTOR SPLIT
as at 31 August 2023



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

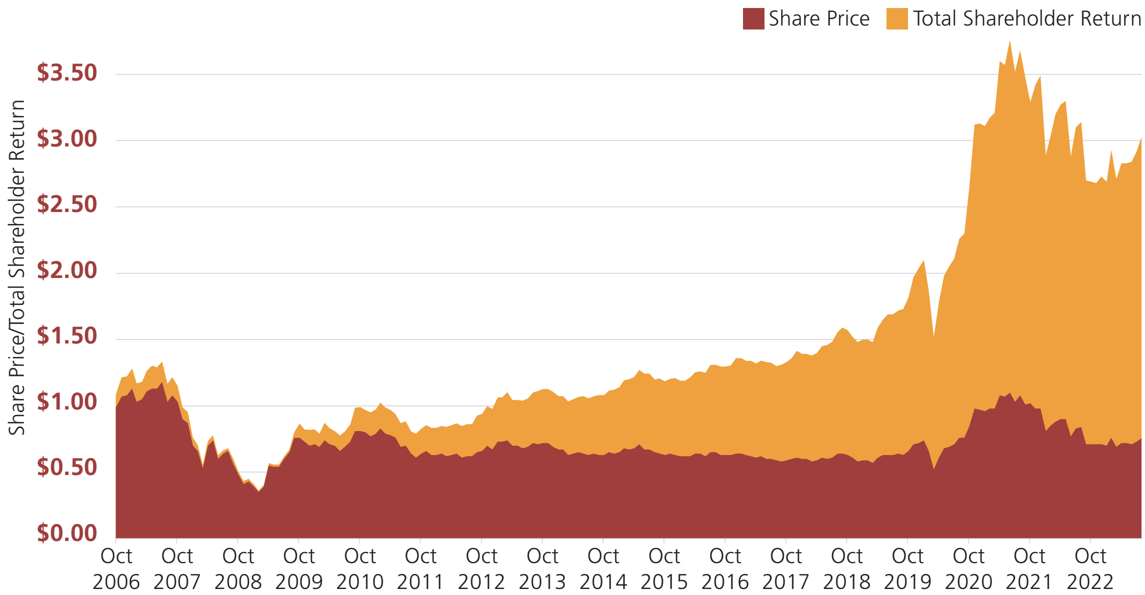
AUDINATE GROUP	JOHNS LYNG GROUP	PWR HOLDINGS	WISETECH GLOBAL	RESMED
+48%	+22%	+18%	-19%	-24%

5 LARGEST PORTFOLIO POSITIONS as at 31 August 2023

CSL LIMITED	CARSALES.COM	WISETECH	AUB GROUP	RESMED
10%	6%	6%	5%	5%

The remaining portfolio is made up of another 21 stocks and cash.

TOTAL SHAREHOLDER RETURN to 31 August 2023



PERFORMANCE to 31 August 2023

	1 Month	3 Months	1 Year	3 Years (annualised)	5 Years (annualised)
Company Performance					
Total Shareholder Return	+4.1%	+7.7%	(3.2%)	+10.5%	+14.4%
Adjusted NAV Return	+1.6%	+8.1%	+14.0%	+11.2%	+10.7%
Portfolio Performance					
Gross Performance Return	+1.7%	+8.8%	+17.4%	+13.8%	+13.4%
Benchmark Index^	(0.5%)	+4.4%	+9.2%	+11.0%	+7.4%

^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 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 utilised 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

Barramundi
LANDING TOMORROW'S TROPHIES

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

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