MONTHLY UPDATE

March 2023

Barramundi
LANDING TOMORROW'S TROPHIES

Share Price	Warrant Price	BRM NAV	PREMIUM[1]
$0.76	$0.00	$0.71	7.5%

as at 28 February 2023

A WORD FROM THE MANAGER

In February, Barramundi's gross performance return was down 1.5% and the adjusted NAV return was down 1.7%. This compares to the S&P/ASX200 Index (70% hedged into NZ$) which was down 2.5%.

February's share price movements were mainly driven by the financial results during the semi-annual reporting season. Across the market, companies reported robust revenue results. However, it was notable that in aggregate, after tax profits were disappointing, weighed down by cost pressures.

Portfolio News

AUB Group (+17.4% in A$) delivered a very strong result for its December half year. Underlying profit after tax was 52% above the previous corresponding period, boosted by the inclusion of its acquired UK wholesale insurance broker, Tysers. After allowing for the dilution of new equity raised to fund the acquisition, underlying earnings per share (EPS) were up by a very healthy 20%. The strong result reflects on-going increases in insurance premium rates, AUB's focus on improving the efficiency of its insurance broking and underwriting agency businesses, and Tysers' initial contribution being ahead of forecast.

oOH!Media's (+10.8%) financial results showed that it benefitted from the continued recovery of out of home advertising audiences as the impact of COVID-related restrictions fades. oOh!Media has a high proportion of fixed costs (mainly site rentals for its advertising billboards), so a large proportion of the 18% increase in revenue for 2022 fell through to underlying earnings which more than quadrupled from their depressed 2021 level. No guidance was provided for 2023. In our view, a weaker macro environment may supress total advertising spend over the coming year, but we would expect the out of home format's share of the market to continue to recover.

In delivering a pleasing financial result in the month, **Audinate** (+9.8%) noted that it had found solutions to the majority of the microchip shortages that had plagued its operations during 2022. It was cautiously optimistic that the remaining supply chain challenges would continue easing during 2023. Management also noted that its customer order book remains near record levels which bodes well for revenue growth continuing during 2023 as well.

Cochlear (+4.6%) reported a rebound in new Cochlear implants during the half year ending December across most geographies. COVID related hospitalisations and staff absenteeism had negatively impacted surgery capacity in the previous 2 years. This improved through 2022 albeit the speed and degree of recovery has been varied across regions. Cochlear released its new N8 external Cochlear unit in the December half which should underpin growth in new Cochlear installations as well as upgrades to the newer unit across the existing user base in 2023.

Wisetech's (+4.1%) financial result was in line with market expectations. More important than the current financial results, it announced that Kuehne & Nagel, one of the world's largest logistics companies, had signed up to a global roll-out of Wisetech's customs & compliance software module. This is a landmark transaction, and significantly widens the lead Wisetech has over its competitors. Wisetech has been working assiduously for years to develop this customs module and has completed a multitude of acquisitions to accomplish this task. That a pre-eminent logistics company that relies largely on its own custom built freight forwarding software has signed on for this global customs offer is strong validation of the value of this module. It is also strong validation for the growth strategy that Wisetech has pursued over the last decade. It will be difficult for a competitor to match this global customs offering.

In addition to this, Wisetech has also spent US$644m acquiring two North American logistics software businesses servicing customers in railroad and trucking logistics. This is a meaningful new foray into 'landside' logistics and opens up a new (longer term) avenue of growth for Wisetech.

Our bank holdings, **CBA** (-6.6%), **NAB** (-5.6%), **Westpac** (-5.0%) and **ANZ** (-1.8%) were weaker during the month following a strong set of financial results delivered by CBA. Whilst the market recognised CBA's strong performance over the past six months, it quickly latched onto a graph in its presentation which showed that CBA's net interest margin (a sign of profitability) had peaked in October 2022. It fell slightly over the remaining two months of the period. This led the market to conclude that the banks are at or nearing 'peak' profitability in this interest rate cycle, and that future profit growth might prove difficult to achieve in a softening economic environment.

At first glance **PWR Holdings'** (-17.8%) 1H23 result looked like a slight miss to the market's expectations. This was later explained by a timing issue related to the Formula 1 2022 budget caps that meant revenues that would have ordinarily been recognised in 1H23 will be deferred into 2H23. Notwithstanding this, all its divisions reported strong underlying growth for the December half. Long term growth is underpinned by an increasingly large pipeline of future projects.

Fineos' share price fell (-31.4%) after it reported negative earnings growth for the 1H23 and downgraded its FY23 guidance. The lower-than-expected revenues and downgraded guidance was a result of a change in relationship with one of its largest customers

[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).

to a more strategic partnership. This has resulted in the customer stopping development on its existing Fineos product. It will instead move to a closer partnership model where it will work alongside Fineos to develop a more feature rich Integrated Disability and Absence Management system. While in the short term it means revenues will be lower, we view the change favourably. It embeds the Fineos product suite more deeply across the customer's business and increases the 'switching cost' for the customer, reducing the propensity for the customer to one day choose an alternative software solution.

Domino's (-33.1%) share price fell sharply after announcing a disappointing financial result. The company faced the full brunt of inflationary cost pressures across food, energy and labour. Part of its efforts to cover these cost increases, and protect franchisee profitability, included a series of price and menu adjustments. Unfortunately, with consumers already facing 'cost of living' pressures, the eventual price level saw order volumes slip, particularly for delivery, which had previously been boosted by COVID-related orders. This adversely impacted Domino's sales and profit margins. These results are a function of a very unusual operating environment.

The management team are aware of and addressing their errors around pricing, and we think they will resolve this weak performance in time.

Portfolio Changes

During the month we reduced our position in Carsales, primarily to fund our purchase of Domino's shares given we think Domino's has better return prospects over the next couple of years.

Robbie Urquhart
Senior Portfolio Manager
Fisher Funds Management Limited

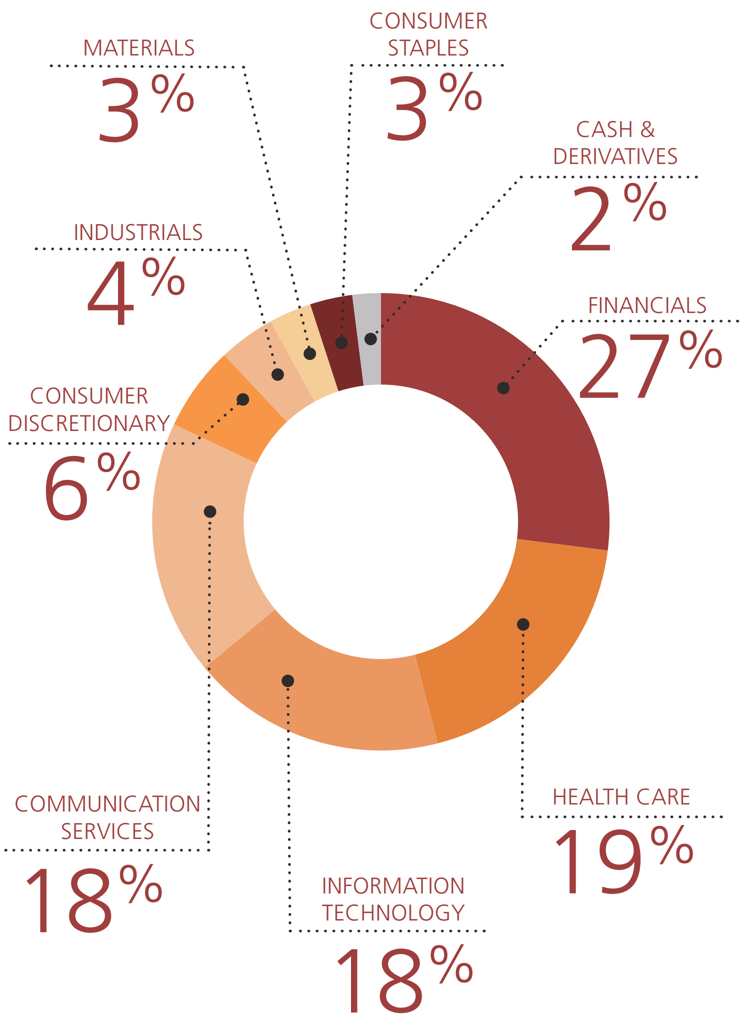
KEY DETAILS

as at 28 February 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	$0.73
PERFORMANCE FEE CAP	1.25%
SHARES ON ISSUE	272m
MARKET CAPITALISATION	$207m
GEARING	None (maximum permitted 20% of gross asset value)

SECTOR SPLIT

as at 28 February 2023



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

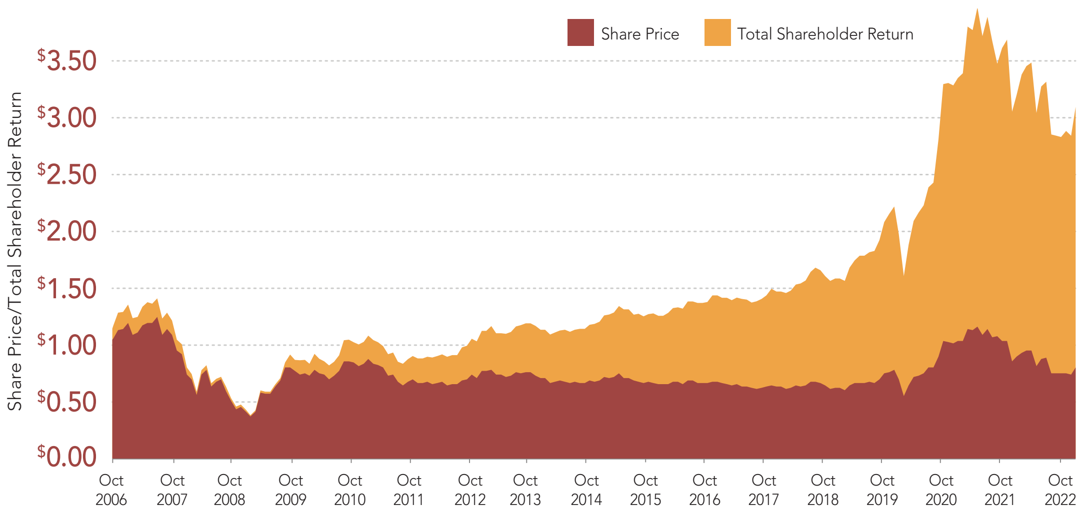
AUB GROUP	oOH!MEDIA	PWR HOLDINGS	FINEOS CORP HOLDINGS	DOMINO'S PIZZA
+17%	+11%	-18%	-31%	-33%

5 LARGEST PORTFOLIO POSITIONS as at 28 February 2023

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

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

TOTAL SHAREHOLDER RETURN to 28 February 2023



PERFORMANCE to 28 February 2023

	1 Month	3 Months	1 Year	3 Years (annualised)	5 Years (annualised)
Company Performance					
Total Shareholder Return	+8.6%	+9.2%	(3.3%)	+16.1%	+16.0%
Adjusted NAV Return	(1.7%)	+2.0%	+4.4%	+10.9%	+11.1%
Portfolio Performance					
Gross Performance Return	(1.5%)	+2.2%	+6.0%	+13.1%	+13.8%
Benchmark Index^	(2.5%)	+0.9%	+8.1%	+8.9%	+8.3%

^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**

Disclaimer: The information in this update 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 update 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 update 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.

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