

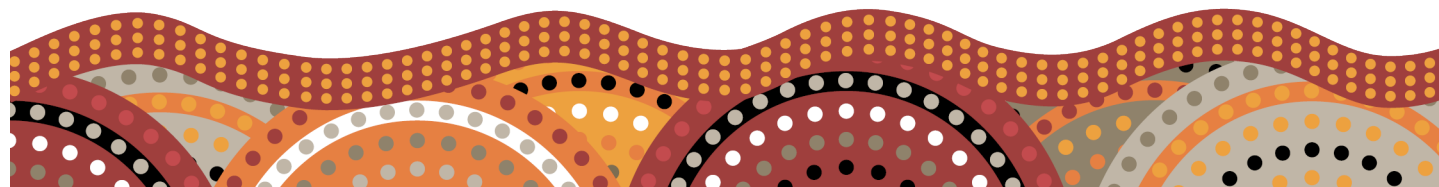
# MONTHLY UPDATE

August 2022



Share Price	Warrant Price	BRM NAV	PREMIUM <sup>1</sup>
\$0.83	\$0.03	\$0.72	15.9%

as at 31 July 2022



## A WORD FROM THE MANAGER

In July, Barramundi's gross performance return was up 13.6% and the adjusted NAV return was also up 13.6%. This compares to the S&P/ASX200 Index (70% hedged into NZ\$) which was up 6.0%.

The stabilisation in interest rates was enough to ameliorate market concerns and sparked the broad based rebound in the share market. The move in interest rates (the Aus 10yr government bond rate fell from 3.66% to 3.06% in the month) contributed strongly to the outperformance of growth companies in the month.

Given this move in interest rates it was no surprise that the Information Technology (+15.2%) and Real Estate (+12.1%) sectors led the market higher. The share market rally was however broad based. Only the Materials (-0.7%) sector finished in the red for the month on the back of softer commodity prices. The Energy sector, a strong performer year to date, also lagged the market, 'only' rising 2.1% in the month.

### Portfolio News

Performance was led by our high growth, high multiple companies. These businesses were helped by the macro conditions described above. However as discussed below, a number also benefitted from some positive trading updates in the month.

**Nanosonics** (+40% in A\$) provided a business update in late July. Included in it was a strong Q4 trading update and details of the progress it had made in transitioning its North American business to a direct sales model. Better hospital access for its sales team saw Nanosonics return to pre-COVID Trophon sales volumes, while also seeing the positive momentum in Trophon upgrades continue. This saw Nanosonics increase sales guidance for FY22. Potentially more impactful was the update on the North American transition from a reseller agreement with GE Healthcare to a more direct model where effectively all Trophon and consumable sales will be done by Nanosonics' internal team. The transition has progressed positively, and the majority of GE customers have or are in the process of transitioning to Nanosonics for ongoing support.

During the month **Fineos** (+36%) reaffirmed its FY22 revenue guidance, while also releasing a joint case study with its number one customer – New York Life Group. New York Life Group is a top 10 life, accident, and health insurance carrier in the US. Fineos has replaced New York Life's 6 back-office systems with its "FINEOS AdminSuite" software. This has brought with it greater productivity, and reduced costs and time spent on administration for New York Life Group. The case study should go a long way in bringing awareness to the benefits provided by "FINEOS

AdminSuite" and management are confident in this translating into additional customer contracts in the future.

**Wisetech** (+32%) rebounded strongly, helped by a short trading update in which it upgraded profit guidance for the FY22 results. Wisetech expects core profit growth of 50-55% in FY22 vs FY21 (vs a prior expectation of 33-43%). This upgrade was well received and more detail behind the reasons for it will be released to the market at its results announcement in August.

**Audinate** (+25%) similarly provided a good trading update to the market. The company confirmed its FY22 revenue would be 39% higher than FY21. Helped by price increases, operating profits are also expected to be higher than expected. This also reflects a strong recovery in microchip supplies in the last three months of the year, enabling Audinate to sell more products to its customers than it had anticipated. Again, more detail will be provided at the August result. It is pleasing to see some signs of the supply chain disruption easing for companies like Audinate, and to see the company deliver on the strong demand from its customer base.

**REA Group's** (+12%) share price lifted following a property listings report for June. National listings were up +8.5% year-on-year, to the highest June listings volume since 2011. While Sydney and Melbourne listings were up, it was Brisbane and Perth that drove the strong start to winter. Management commentary was positive, highlighting strong fundamental drivers of demand, with unemployment low, wage growth expected, and international migration now returning. In an environment where the housing market is facing a number of headwinds, its pleasing to see the listings volumes holding up.

**Resmed's** share price rose 12% over July. There were no material announcements by the company. However, feedback from US home medical equipment distributors (Resmed's clients) indicates that their supply of devices from Resmed is continuing to improve. This suggests the company is starting to get on top of various supply chain constraints. Distributors also confirm that Resmed has lifted its prices by about 5% since the start of July. Philips, whose CPAP devices have been subject to an ongoing major recall over the last year, also gave an indication of where it believed its devices sales may have recovered to by 2025. This suggests its devices sales in three years will still be 15% below where they were in 2019 (pre COVID & pre recall). This implies it will have lost nearly a third of its devices market share by 2025. The indirect inference is that Resmed (as the global leader for CPAP devices) will be the major beneficiary of Philips' lost market share.

<sup>1</sup> 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).

At its Annual General Meeting, **Macquarie** (+10%) released a better trading update for the three months to 30 June than it had expected at its full year results presentation in May. Volatile markets (particularly in energy) have enabled its Commodities and Global Markets division to post a Q1 result ahead of what was a strong result in Q1 FY22. Macquarie had raised capital in late 2021, and it has also put this to work, investing an additional \$2.5bn in credit markets during the tumultuous June quarter. It also successfully raised \$12bn in fresh equity from clients in its asset management division and invested \$4.2bn of this dry powder (net of asset sales) during the period.

Macquarie management was understandably cautious in its outlook commentary, noting that trading conditions softened during the period. That said, the results in the June quarter highlighted the quality of the business. Decisions made in the

period put Macquarie in a good position to do well and grow profits in the future.

## Portfolio Changes

There were no substantive portfolio changes during the month.



Robbie Urquhart  
Senior Portfolio Manager  
Fisher Funds Management Limited



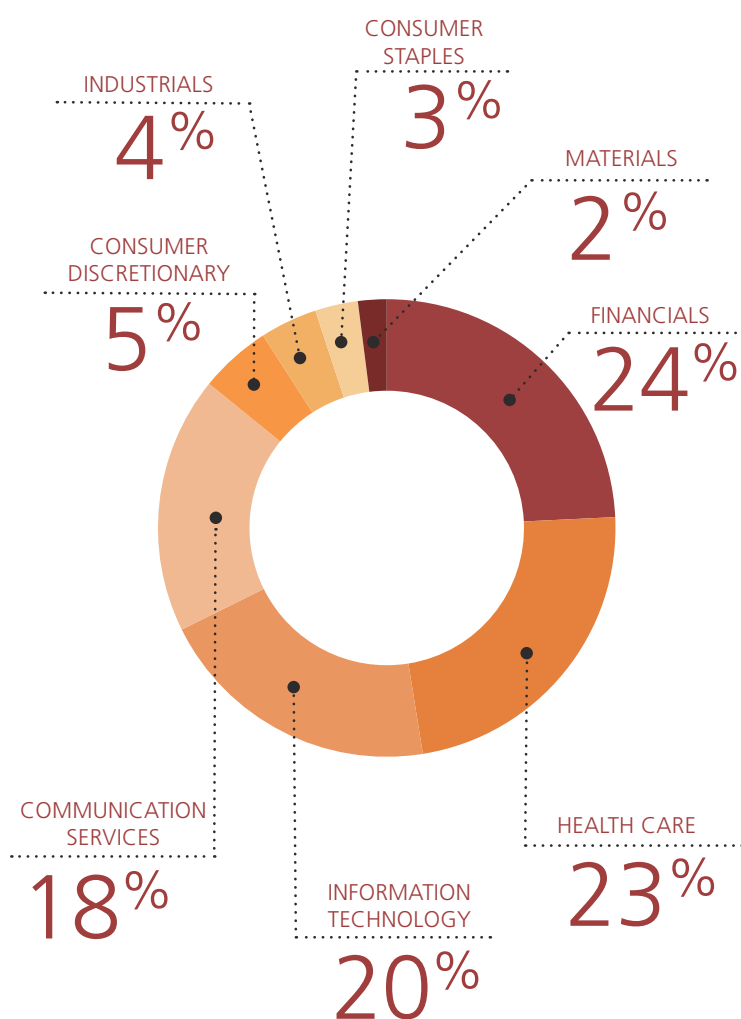
## KEY DETAILS

as at 31 July 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	\$0.76
PERFORMANCE FEE CAP	1.25%
SHARES ON ISSUE	268m
MARKET CAPITALISATION	\$223m
GEARING	None (maximum permitted 20% of gross asset value)

## SECTOR SPLIT

as at 31 July 2022



The Barramundi portfolio also holds cash.

# JULY'S SIGNIFICANT RETURNS IMPACTING THE PORTFOLIO

during the month in Australian dollar terms

NANOSONICS

+40%

FINEOS CORP HOLDINGS

+36%

WISETECH

+32%

PWR HOLDINGS

+32%

AUDINATE GROUP

+25%

## 5 LARGEST PORTFOLIO POSITIONS as at 31 July 2022

CSL LIMITED

10%

WISETECH

7%

CARSales.COM

7%

CBA

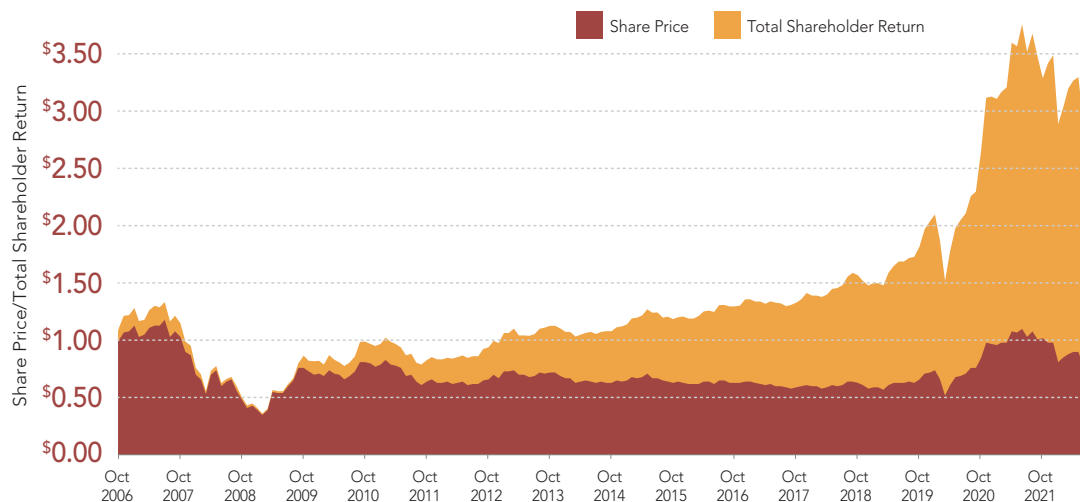
5%

AUB GROUP

5%

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

## TOTAL SHAREHOLDER RETURN to 31 July 2022



## PERFORMANCE to 31 July 2022

	1 Month	3 Months	1 Year	3 Years (annualised)	5 Years (annualised)
<b>Company Performance</b>					
Total Shareholder Return	+7.9%	(5.2%)	(11.9%)	+22.3%	+18.6%
Adjusted NAV Return	+13.6%	(1.2%)	(3.8%)	+11.6%	+13.5%
<b>Portfolio Performance</b>					
Gross Performance Return	+13.6%	(1.2%)	(3.2%)	+14.0%	+16.3%
Benchmark Index <sup>^</sup>	+6.0%	(5.5%)	(0.1%)	+5.3%	+8.7%

<sup>^</sup>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 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

### 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**

### 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

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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