QUARTERLY NEWSLETTER

1 January 2022 – 31 March 2022

Share Price	BRM NAV	PREMIUM[1]
$0.88	$0.76	16.4%

as at 31 March 2022

It has been a tough start to 2022. We've taken advantage of the wide dispersion in share price movements during the quarter to make portfolio changes. We are enthusiastic about the future for our portfolio companies.

Barramundi fell -9.4% (gross performance) during first quarter (Q1) 2022, lagging the +2.9% return of the benchmark index. The majority of this weak performance occurred in January. Helped by a strong earnings season from our companies and an improvement in market sentiment, our portfolio rebounded in March. But, it was not enough to offset the negative start to the year.

Inflation concerns and hawkish central bank rhetoric globally contributed to interest rates rising sharply at the start of the year. These concerns were magnified by the war breaking out in the Ukraine, which drove energy and commodity prices higher. The 10yr Australian Government bond rate rose from 1.67% to 2.84% over the course of Q1.

These factors lifted the energy and materials sectors, along with the banks (that benefit from rising interest rates) and led the ASX200 Index higher during Q1. In gravitating to these sectors, investors sold companies in the high growth information technology and healthcare sectors. This led to companies in these sectors falling substantially during Q1. We do not have any materials or energy companies in our portfolio and this divergence in performance across sectors hurt our relative performance.

As discussed below, some of our portfolio companies are also facing headwinds. But on the whole, our portfolio companies are performing well operationally. We have sought to capitalise on this sell-off in share prices by increasing our weighting in some of our high-quality businesses at these lower valuations. And we were delighted to add Cochlear to the portfolio in Q1.

Periods of share market volatility and poor performance can be unsettling. However, over longer time horizons, our investment process has stood our investors in good stead. As always, we remain focussed on investing in high quality, growing companies with durable competitive positions in their industries. These businesses tend to grow their earnings under their own steam. They're less susceptible to boom-bust cycles that we see with commodities, and which lie outside of any one company's control. They typically have pricing power which helps protect their profitability in both inflationary and deflationary environments. These characteristics are ultimately reflected in their share price performance.

Our portfolio companies are performing well operationally

PWR Holdings (+10.0% in A$) was one of our best performing companies in Q1. It reported strong growth across all its divisions in February. The company is benefitting from the return of motor racing competitions that had previously been suspended due to COVID. It has also started some long-awaited luxury car contracts. And its research and development is bearing fruit with its emerging technology division growing sales by +40% in the period.

Our bank shareholdings, **Westpac** (+13.5%), **National Australia Bank** (+12.2%), **CBA** (6.6%) and **ANZ** (+0.3%), have also done well. Rising interest rates should boost their interest margins, adding to profit growth. However, the competitive environment and impact of rising rates on bad debt charges may dampen the benefit for banks.

Despite all posting strong financial results, **REA** (-18.7%), **Carsales** (-15.6%) and **SEEK** (-8.3%) all fell during Q1. SEEK grew core Australian revenues +72% as hiring conditions rebounded from the pandemic. SEEK also raised its full year earnings guidance. REA and Carsales likewise delivered strong results. Carsales for example delivered revenue growth of +21.8% in the year, with strong contribution from all key divisions.

A number of our high growth companies including **Fineos** (-47.7%), **Nanosonics** (-36.9%) and **Audinate** (-24.9%) had particularly weak share price performance in Q1. Each business has been impacted by company specific factors. Fineos has been slower winning new customers than expected – partly because of COVID disruptions. Supply chain disruption has impacted availability of silicon-chips for Audinate's products. And Nanosonics has decided to distribute its key disinfection products into the US itself rather than rely on a third-party distributor. This switch in distribution will negatively impact its sales for a few months.

These factors may all persist in the near-term. But we do think they'll eventually fade and that the longer-term outlook for these companies is sound.

Taking advantage of investment opportunities presented by divergent share price performance

We like the prospects of our tech, healthcare and classified advertising businesses. Following the share price sell-off at the start of the year, their valuations looked attractive.

In contrast, our financials companies, having performed relatively better, were closer to fair value in our view. They also intrinsically have less scope to grow earnings relative to these tech/online and healthcare companies.

We therefore reduced our weighting in the banks. With the benefits from COVID testing beginning to recede alongside the pandemic, we also reduced our **Sonic Healthcare** weighting.

We used the money from these sales to add to the likes of **CSL**, **Nanosonics**, **Xero**, **SEEK**, **REA Group**, **Next DC**, **Fineos**, **oOH!Media** and **Domino's**.

Cochlear is a great new addition to our portfolio

The share market volatility resulted in Cochlear's share price falling approximately 30% from recent highs. This provided us with a great opportunity to add a high-quality business to our portfolio in Q1.

Cochlear supplies implants and devices to over 60% of all people globally who are treated for profound hearing loss. It has a dominant market position. Cochlear is solving a significant unmet need that is expected to continue to underpin the long-term growth of the business. Testing for severe hearing loss at birth is well established in developed markets. But testing is still nascent in developing markets. This offers Cochlear opportunity to grow. Also, it is estimated that less than 3% of adults that would benefit from a Cochlear Implant have received one. An increasing number of studies also suggest that severe hearing loss in adults exacerbates the onset of dementia and other illnesses. So, the adult market is another large untapped opportunity for Cochlear.

Robbie Urquhart
Senior Portfolio Manager
Fisher Funds Management Limited
19 April 2022

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

SIGNIFICANT RETURNS IMPACTING THE PORTFOLIO DURING THE QUARTER IN AUSTRALIAN DOLLARS

FINEOS CORP	NANOSONICS	XERO	AUDINATE GROUP	DOMINO'S PIZZA
-48%	-37%	-27%	-25%	-25%

PERFORMANCE
as at 31 March 2022

	3 Months	3 Years (annualised)	5 Years (annualised)
Company Performance			
Total Shareholder Return	(8.3%)	+29.1%	+18.9%
Adjusted NAV Return	(9.4%)	+16.9%	+13.5%
Portfolio Performance			
Gross Performance Return	(9.4%)	+19.8%	+16.6%
Benchmark Index[1]	+2.9%	+11.3%	+9.5%

[1] 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 newsletter 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 http://barramundi.co.nz/about-barramundi/barramundi-policies/

COMPANY NEWS
Dividend Paid 25 March 2022

A dividend of 1.68 cents per share was paid to Barramundi shareholders on 25 March 2022, under the quarterly distribution policy. Interest in Barramundi's dividend reinvestment plan (DRP) remains high with 36% of shareholders participating in the plan. Shares issued to DRP participants are at a 3% discount to market price. If you would like to participate in the DRP, please contact our share registrar, Computershare on 09 488 8777.

PORTFOLIO HOLDINGS SUMMARY
as at 31 March 2022

Company	% Holding
Ansell	3.1%
ANZ Banking Group	3.0%
AUB Group	3.8%
Audinate Group	1.6%
Brambles	4.4%
Carsales	6.3%
Cochlear	2.4%
Commonwealth Bank	4.9%
Credit Corp	3.2%
CSL	9.6%
Domino's Pizza	3.1%
Fineos Corporation Holdings	2.5%
Macquarie Group	2.8%
Nanosonics	2.4%
National Australia Bank	3.5%
NEXTDC	4.8%
Ooh! Media	3.1%
PWR Holdings	2.5%
REA Group	4.1%
ResMed	4.1%
SEEK	5.2%
Sonic Healthcare	1.4%
Westpac	3.1%
Wise Tech Global	6.4%
Woolworths Group	3.1%
Xero Limited	4.6%
Equity Total	**99.0%**
Australian cash	**0.6%**
New Zealand cash	**0.3%**
Total cash	**0.9%**
Centrebet Rights	**0.0%**
Forward foreign exchange contracts	**0.1%**
Total	**100.0%**

FOREIGN TAX COMPLIANCE ACT (FATCA) AND COMMON REPORTING STANDARD (CRS)

As a result of the New Zealand Government agreeing to participate in the exchange of information with other jurisdictions under the Foreign Tax Compliance Act (FATCA) and Common Reporting Standard (CRS), Financial Institutions are required to undertake due diligence to determine the account holders' jurisdiction of tax residence. All shareholders will have received a Tax Residency Self-Certification form from Computershare depending on when they first purchased their securities. Please ensure you complete and return this important document if you have not already done so. For more information please visit the IRD website: https://www.ird.govt.nz/international-tax/exchange-of-information/crs/registration-and-reporting or contact Computershare if you are unsure of whether you have completed your form.

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