

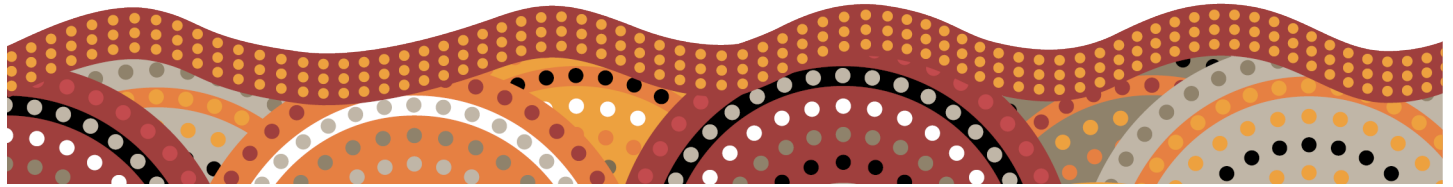
MONTHLY UPDATE

June 2022



Share Price	Warrant Price	BRM NAV	PREMIUM ¹
\$0.90	\$0.03	\$0.70	29.0%

as at 31 May 2022



A WORD FROM THE MANAGER

In May, Barramundi's gross performance return was down (5.8%) and the adjusted NAV return was also down (5.8%). This compares to the S&P/ASX200 Index (70% hedged into NZ\$) which was down (2.4%).

May saw a continuation of the share market volatility seen in previous months as inflation and rising interest rate concerns and global supply chain disruption continue to weigh on financial markets.

In Australia, the Materials (+0.1% for the month), Utilities (-0.2%), Industrials (-0.5%) and Energy (-0.7%) sectors led the market higher. Real Estate (-8.9%), Information Technology (-8.7%) and Consumer Staples (-6.7%) lagged the benchmark return.

Portfolio News

Audinate has had a tough start to the calendar year, with investors concerned about its ability to source sufficient micro-chips to supply its customers with its Dante technology audio products. Pleasingly, after a positive trading update in late April Audinate's share price rebounded +8.3% (in A\$) during May. Audinate confirmed in the trading update that it was on track to meet market expectations for FY22. It also noted that the chip shortages had peaked in January and February, and it had secured sufficient chips to meet its order backlogs which remain at record levels.

Resmed rose +0.4% in May. There was no notable company specific news over the month. However, a couple of pieces of positive scuttlebutt have been circulating. Firstly, Resmed (RMD) is apparently raising prices which will alleviate inflationary cost pressures. This has not been publicly confirmed. Secondly, having had to severely ration the supply of devices to its US distributors in recent months, allocations from June have reportedly been significantly increased. This is being facilitated by the rollout of "card to cloud" CPAP² machines. This older technology enables RMD to sidestep the current constrained supply of communication chips and makes devices available to the growing backlog of patients waiting to start CPAP treatment.

In May, **Xero** (-7.3%) delivered its FY2022 result ahead of expectations for revenue. This saw analysts lift earnings expectations for the coming financial year. However, subscriber growth was more subdued than expected in most regions. Quality measures remain high with low levels of customer churn persisting and continuing strong unit economics and growth in its more mature markets (Australia and NZ). In the UK, growth

recovered after a tough December quarter and is running in line with company expectations. The UK division has yet to see a benefit from taxation changes requiring small businesses to file tax returns digitally. In the US, Xero is still focussed on developing its accounting product and building out partnerships with accounting firms before increasing its sales effort. This will happen in time.

Woolworths (-10.0%) released a strong set of third quarter results. Australian Food sales grew +5.4%, as Woolworths passed on industry-wide input cost pressures in the form of price increases. We saw a similar thematic in the New Zealand Food business. In the month, we also saw the New Zealand government announce it will look to follow through with 12 of the 14 recommendations made by the Commerce Commission in its market study of the grocery sector done earlier in the year. There is still a lot that needs to happen before we see these changes take effect, but if they do, we don't anticipate the impact to be material to the Woolworths Group.

Our online classified companies, **SEEK** (-14.6%), **REA** (-13.0%) and **Carsales** (-4.1%) all fell during the month. This was largely macro driven with the market concerned about the potential for economic weakness, possible falling house prices and crimping of consumer spending, to negatively impact advertising volumes. SEEK is arguably the most exposed to an economic downturn, and its share price fell more than the others despite the volume of job ads on its site reaching record levels for the fourth consecutive month. As in previous downturns, reflecting the strength of these companies, we expect that the earnings of these businesses to be relatively resilient through an economic downturn, should it occur.

At the beginning of May **AUB** (-18.0%) confirmed it had reached an agreement to acquire Tysers, a London-based Lloyd's wholesale insurance broker. With an upfront purchase price of A\$880m (£500m) plus a potential A\$176m (£100m) earnout, this is a large transaction for AUB. It is equivalent to around 60% of its prior market capitalisation. The upfront cost is being funded by a A\$350m equity raising, in which we have participated. The balance is coming from placing A\$176m of AUB shares with the private equity vendor of the business, Odyssey Investment Partners, and from additional debt. We are comfortable with the price AUB has paid and with the strategic rationale for the purchase. AUB's current senior management team has fully delivered on its strategic priorities over the last few years but the size of the acquisition means it does come with execution risk.

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

² Continuous positive airway pressure

At this stage, the market seems more focused on this rather than the upside that Tysers brings to AUB. When combined with indigestion from the equity raising, this weighed on the share price over the last month.

Fineos (-21.4%) fell sharply in the month despite releasing a trading update re-affirming FY22 earnings guidance. As a fast-growing tech company, Fineos' share price has been impacted by the drop in technology shares globally. In addition, as a smaller technology company with less liquidity in its daily share trading volume, its share price moves can be amplified if large investors change their shareholding. In May, there were a few meaningful changes to its shareholder register and we suspect this exacerbated its share price volatility in the month. We note the CEO bought a further \$1m of shares during the month which

we view favourably. We do not think Fineos' share price move during the month is reflective of a deterioration in its long-term earnings potential.

Portfolio Changes

There were no substantive portfolio changes during the month.



Robbie Urquhart
Senior Portfolio Manager
Fisher Funds Management Limited



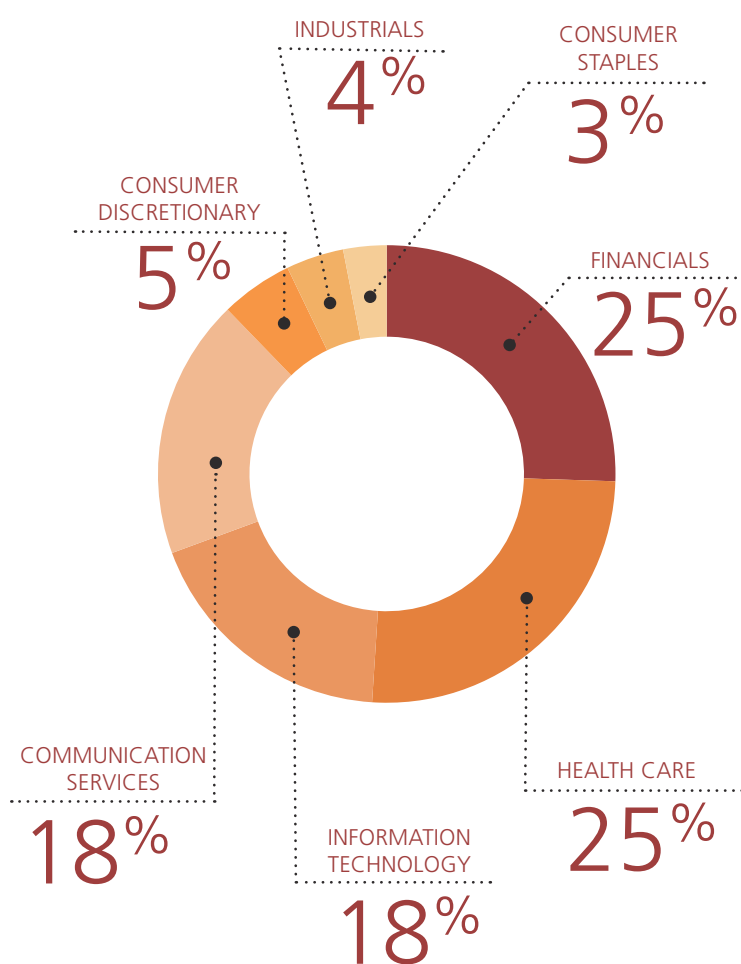
KEY DETAILS

as at 31 May 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	\$0.78
PERFORMANCE FEE CAP	1.25%
SHARES ON ISSUE	267m
MARKET CAPITALISATION	\$240m
GEARING	None (maximum permitted 20% of gross asset value)

SECTOR SPLIT

as at 31 May 2022



The Barramundi portfolio also holds cash.

MAY'S SIGNIFICANT RETURNS IMPACTING THE PORTFOLIO

during the month in Australian dollar terms

PWR HOLDINGS

-24%

FINEOS CORP HOLDINGS

-21%

AUB GROUP

-18%

CREDIT CORP GROUP

-16%

SEEK

-15%

5 LARGEST PORTFOLIO POSITIONS as at 31 May 2022

CSL LIMITED

10%

CARSALES.COM

7%

WISETECH

6%

CBA

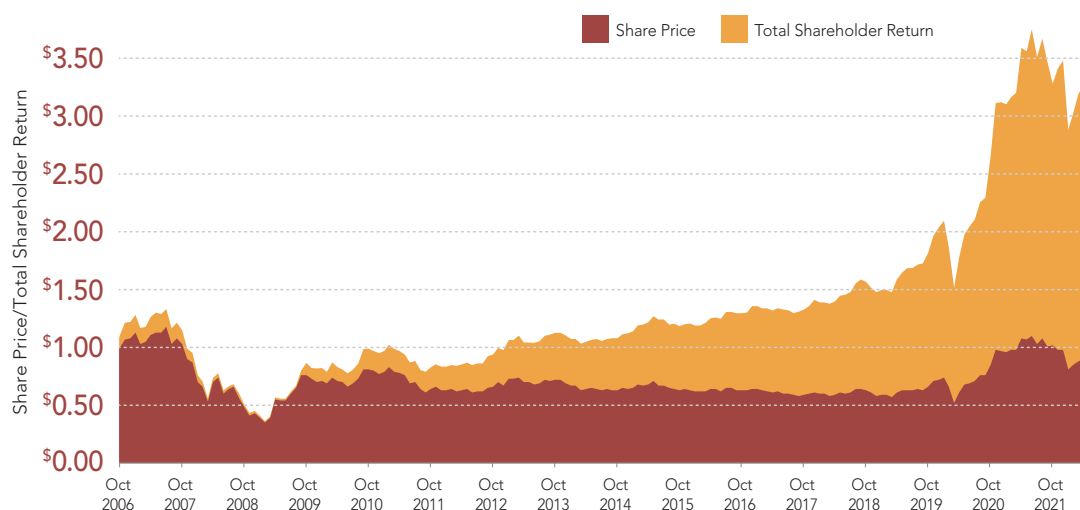
5%

AUB GROUP

5%

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

TOTAL SHAREHOLDER RETURN to 31 May 2022



PERFORMANCE to 31 May 2022

	1 Month	3 Months	1 Year	3 Years (annualised)	5 Years (annualised)
Company Performance					
Total Shareholder Return	+0.8%	+9.0%	(7.5%)	+25.9%	+19.7%
Adjusted NAV Return	(5.8%)	(2.5%)	(4.2%)	+11.6%	+12.4%
Portfolio Performance					
Gross Performance Return	(5.8%)	(2.5%)	(3.2%)	+14.2%	+15.2%
Benchmark Index [^]	(2.4%)	+4.2%	+6.4%	+8.6%	+9.5%

[^]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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