

Monthly Update

August 2019

BRM NAV

\$0.72

SHARE PRICE

\$0.63

WARRANT PRICE

\$0.03

DISCOUNT¹

11.2%

as at 31 July 2019

A word from the Manager

Market Overview

The ASX 200 Index started the second half of 2019 calendar year on a positive note, returning +2.9% in A\$ over the July month. However, it's worth noting that at the time of putting this monthly update together higher levels of volatility have returned to the Australian and global markets in August.

Consumer Staples (+9.8%) led the gains at a sector level, buoyed by a strong performance from supermarket heavyweight Woolworths (+7.2%). Healthcare (+5.9%), Information Technology (+5.0%) and the Consumer Discretionary (+4.9%) sectors also contributed strongly to the overall return. All sectors finished the month in the green.

Reflecting an environment of slower economic growth, and following a 0.25% cut in June, the RBA cut its benchmark interest rate by a further 0.25% in July. This took the cash rate target to 1.0%, a new record low. In sympathy with the moves in global interest rates, the Australian 10yr government bond rate continued to fall as well, closing the month with a 1.2% yield, also a new all-time low.

On the one hand this is reflective of a slower growth environment (globally and in Australia). On the other hand, lower interest rates help stabilise house prices in Australia and it is also helpful for consumer spending more generally. The re-election of the Coalition government in May also seems likely to be business friendly. The government has already passed a large tax cut package through parliament which should help with growth in the medium term.

Entering the August reporting season we look forward to catching up with the management teams of our portfolio companies and to see how they are faring in this environment.

Portfolio News

Barramundi had a gross performance return of +4.5% in July, while the benchmark returned +3.0%. The adjusted NAV return was +4.3%.

July is typically a quiet month on the news front as many of our companies are in a news blackout ahead of the August reporting season.

In a supportive environment for software businesses, **Wisetech (+15.3%)** and **Xero (+8.3%)** rose strongly with no new incremental news from either company in the month.

oOH! Media (+14.6%) more than regained its June share price weakness. (There was also no new incremental news from the company in the month.)

Resmed (+10.7%) kicked off reporting season with a reasonable quarterly financial result released late in the month. Resmed's masks division delivered a strong showing, growing its market share in key markets. The company also controlled its costs well which helped to increase profitability. Underlying revenue growth in Resmed's software businesses was also sound. In all, there was not much to complain about.

Rio Tinto (-4.7%) fell as concerns over the lack of progress in discussions on trade between the US and China weighed on the mining sector late in the month. This concern more than offset Rio Tinto's financial result which was in line with market expectations. Management's spending discipline of recent years was again evident in the deployment of the high levels of cash generated by the company. Rio Tinto pleasingly announced a US\$1bn special dividend to complement the US\$2.5bn regular dividend payment in the period.

Credit Corp (-5.2%) retraced some of its gains after a strong run up in the previous three months. Credit Corp reported a solid set of financial results in early August. The company delivered results in line with market expectation. Credit Corp showed continued strong growth in its fast growing US business. Closer to home, we were pleased with the continued discipline Credit Corp is showing in bidding for debt ledgers in Australia. Management have not paid high prices to win business (which increases the cost and reduces the profitability of such actions). This has come at a short term cost to Credit Corp's growth in Australia, as it has purchased a lower volume of debt ledgers as a consequence. But we think it will pay off for the company in the long run and it would seem that Credit

Corp has won some business despite not paying high prices. This is because the sellers of debt ledgers value Credit Corp's reputation and compliance track record when it comes to dealing with customers. This is another sign of the benefits of having strong, high quality management running a business like Credit Corp.

Portfolio Changes

In July we invested for the first time in PWR Holdings Ltd. PWR specialises in manufacturing cooling systems for global high end motorsport teams such as in Formula One, Nascar and Formula E. The company has also used its expertise to win a number of contracts to provide cooling systems to high-priced car manufacturers such as Aston Martin and Porsche. The technology can also be used in electric vehicles.

The company has a culture of innovation and invests a meaningful proportion of its revenues back into researching and developing new cooling systems each year. We think this has the potential to broaden PWR's customer base to include companies in other industries. Along with the expanding number of contracts that PWR is pursuing with car manufacturers (and growth in motorsports), this provides PWR with many years of revenue and earnings growth potential.



Robbie Urquhart
Senior Portfolio Manager
Fisher Funds Management Limited



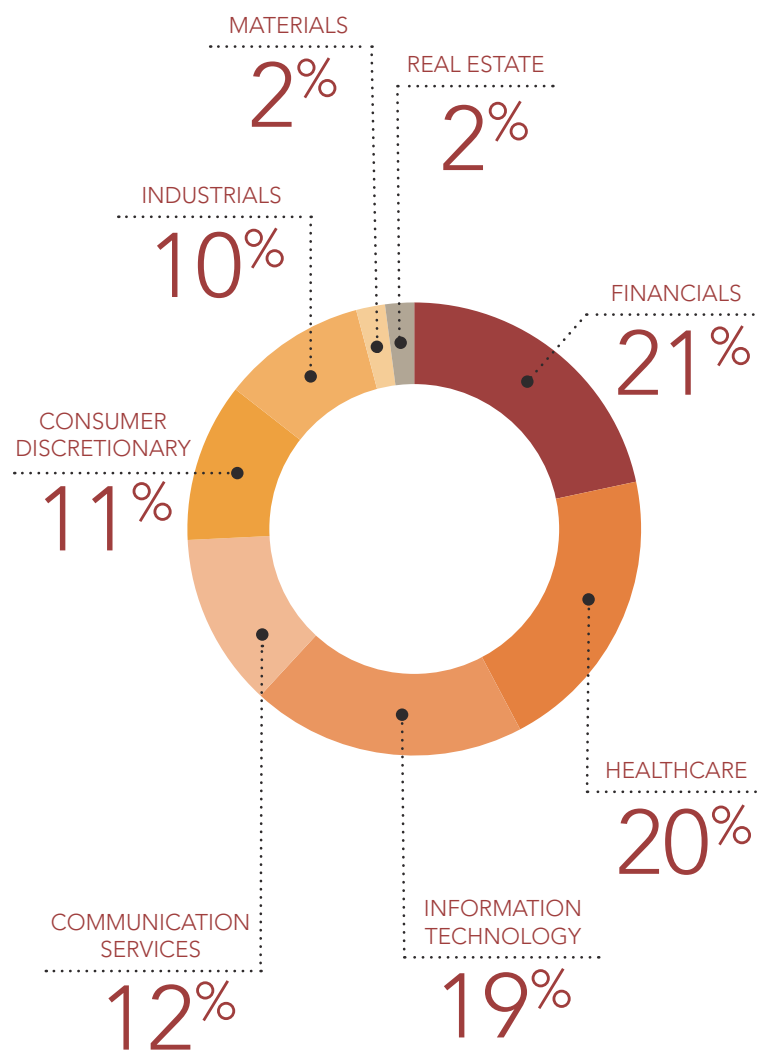
Key Details

as at 31 July 2019

FUND TYPE	Listed Investment Company
INVESTS IN	Growing Australian companies
LISTING DATE	26 October 2006
FINANCIAL YEAR END	30 June
TYPICAL PORTFOLIO SIZE	25-35 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	\$0.64
PERFORMANCE FEE CAP	1.25%
SHARES ON ISSUE	172m
MARKET CAPITALISATION	\$108m
GEARING	None (maximum permitted 20% of gross asset value)

Sector Split

as at 31 July 2019



The Barramundi portfolio also holds cash.

July's Biggest Movers in Australian dollar terms

Typically the Barramundi portfolio will be invested 90% or more in equities.

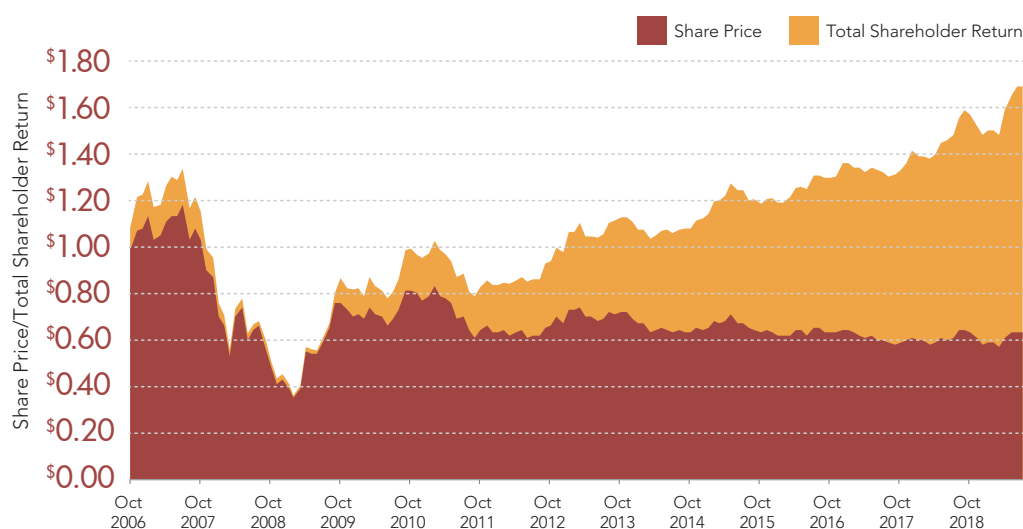
WISETECH GLOBAL	OOH! MEDIA	AUB GROUP	RESMED INC	CARSALES.COM
+15%	+15%	+14%	+11%	+9%

5 Largest Portfolio Positions as at 31 July 2019

CSL LIMITED	CARSALES.COM	SEEK	XERO LIMITED	COMMONWEALTH BANK OF AUSTRALIA
8%	7%	7%	5%	5%

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

Total Shareholder Return to 31 July 2019



Performance to 31 July 2019

	1 Month	3 Months	1 Year	3 Years (annualised)	5 Years (annualised)
Company Performance					
Total Shareholder Return	+0.5%	+6.2%	+14.2%	+9.0%	+9.9%
Adjusted NAV Return	+4.3%	+8.0%	+10.5%	+8.9%	+9.8%
Portfolio Performance					
Gross Performance Return	+4.5%	+8.7%	+14.0%	+12.1%	+13.4%
Benchmark Index [^]	+3.0%	+8.3%	+11.9%	+11.9%	+10.5%

[^]Benchmark Index: S&P/ASX Small Ords Industrial Gross Index until 30 September 2015 & S&P/ASX 200 Index (hedged 70% to NZD) from 1 October 2015

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,
- » adjusted NAV return – the return to an investor after fees and tax,
- » gross performance return – the Manager's portfolio performance in terms of stock selection and currency hedging before fees and tax, and
- » total shareholder return – the return to an investor who reinvests their dividends, and if in the money, exercises their warrants at warrant maturity date for additional shares.

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 <http://barramundi.co.nz/about-barramundi/barramundi-policies/>

About Barramundi Management Board

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 25 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.

Barramundi's portfolio is managed by Fisher Funds Management Limited. Robbie Urquhart (Senior Portfolio Manager), Terry Tolich (Senior Investment Analyst) and Delano Gallagher (Investment Analyst) 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.

The Manager has authority delegated to it from the Board to invest according to the Management Agreement and other written policies. The Board of Barramundi comprises independent directors Alistair Ryan (Chair), Carol Campbell, and Andy Coupe; and non-independent director Carmel Fisher.

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 up to 8.4m of its shares on market in the year to 31 October 2019
- » 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 and to pay performance fees

Warrants

- » On 16 October 2018, a new issue of warrants (BRMWE) was announced
- » The warrants were issued 1 November 2018 at no cost to eligible shareholders and in the ratio of one warrant for every four Barramundi shares held
- » Exercise Price = \$0.64 per warrant, to be adjusted down for dividends declared during the period up to the Exercise Date
- » Exercise Date = 25 October **2019**
- » The final Exercise Price will be announced and an Exercise Form will be posted to warrant holders in September **2019**

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 an authorised 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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