

MONTHLY UPDATE

December 2021



Share Price

\$0.98

BRM NAV

\$0.84

PREMIUM¹

16.2%

as at 30 November 2021



A WORD FROM THE MANAGER

In November, Barramundi's gross performance return was down (0.7%) and the adjusted NAV was down (0.9%). This compares to the ASX200 Index (70% hedged into NZ\$) which was down (0.7%).

It was a volatile month for the Australian market, with the emergence of the Omicron COVID-19 variant late in the month impacting market returns. The materials (+6.2%) sector led the market higher helped by a strong rebound in junior explorers as well as Iron Ore major, Fortescue which rose 22%. Communication Services (+5.2%) and the defensive Consumer Staples (+4.4%) sectors also led the market higher. The Energy (-8.4%) and Financials (-8.0%) sectors lagged. Financials were impacted by some poor financial results from Westpac and CBA (see below).

Portfolio News

Fineos (+10.0% in A\$) reiterated its FY22 earnings guidance at its AGM during the month. Fineos expects revenue to grow around 18% in the year and importantly expects the recurring subscription revenue to rise 30%. Fineos has also secured a new subscription client with a five year term. It has also bolstered its sales team in the key North American market.

We met with **Audinate's** (+7.7%) management team during the month. Audinate is working hard to manage the supply chain bottlenecks it faces due to chip shortages. While these challenges do not seem to be getting worse (touch wood), bottlenecks are likely to persist for a while. Pleasingly, Audinate's order book remains strong with customers placing orders well in advance of their requirements. Audinate is seeing inflationary cost pressures (particularly in chips), but it is managing to pass these on to its customers.

The emergence of the Omicron COVID-19 strain is positive for **Sonic Healthcare** (+6.7%) given it prolongs the elevated level of COVID-19 PCR tests which are processed in Sonic's labs. The market also reacted favourably to speculation that Sonic was exploring an acquisition of a European diagnostics firm. Subsequent to month end, this firm was ultimately sold to a private purchaser (not Sonic).

On the last day of the month **Credit Corp** (+4.6%) announced the acquisition of the assets of the Radio Rentals

consumer leasing business from Thorn Group which was well received. Radio Rentals leases household products (whitegoods, brown goods, tech products) to sub-prime consumers. Thorn Group has successfully transitioned Radio Rentals from bricks & mortar outlets to a fully online offer. The purchase price is \$60m but this is covered by the value of the existing lease book from which Credit Corp will derive rentals over the remaining life of the contracts that will meet its targeted investment return. In addition, Credit Corp has obtained the intellectual property, systems and supply chain arrangements of the business. This will accelerate Credit Corp's already planned development of an online "retail by instalment" product as part of its Consumer Lending business. In essence, Credit Corp has paid nothing for the on-going earnings stream that can be developed from the Radio Rentals platform. Reflecting both the acquisition and refinement of its original guidance range, Credit Corp now expects NPAT growth of +4 to +10% (was -4% to +8%) for the year.

Internationally, a couple of listed data centres were acquired during the month demonstrating the attractiveness of these assets. This news buoyed **Next DC's** share price which rose 3.3% in November.

AUB Group produced a +5.4% return for November. At its AGM during the month it reaffirmed guidance for underlying NPAT growth of +7 to +12%, (representing growth in continuing operations of +16 to +21%), for the June 2022 year. Although guidance was not upgraded, the tenor of commentary at the meeting was positive. Progress was noted on a number of its growth and profit-enhancing strategic priorities for the year. In particular, the company stated that its business model is well suited to multiple countries worldwide and that considered expansion to territories outside Australia and New Zealand is anticipated in future.

Westpac (-17.9%) and **CBA** (-11.0%) both fell sharply after delivering poor financial results in the month. Westpac has been attempting to address historic underinvestment in its core business, simplify and control its cost base and simultaneously grow its revenue at the same time. In its half year results delivered during the month, the market was disappointed to see Westpac's revenue growth miss

¹ Share Price Premium to NAV (using NAV to four decimal places).

expectations because of intense pricing competition in the mortgage market. Its costs also exceeded expectation, which left the market sceptical on its ability to achieve its longer-term cost-out targets. Westpac pointed out that an acceleration of business projects had the effect of bringing forward expenditure which will now also subside earlier than originally anticipated once the projects roll off. Westpac consequently remains committed to its A\$8bn total cost target which it hopes to achieve by 2024. The market will remain very focussed on Westpac's progression towards this target over the coming few years.

CBA has done a great job capturing an increase in household demand for mortgages and credit as the Australian economy (especially housing) has begun recovering from the depths of the pandemic. This has seen CBA's share price perform

strongly relative to peers. However, in its trading update in the month, CBA signalled that it too is being impacted by pricing competition which has detracted from its net interest margin. This led to its share price falling during the month.

Portfolio Changes

There were no material portfolio changes during the month.



Robbie Urquhart
Senior Portfolio Manager
Fisher Funds Management Limited



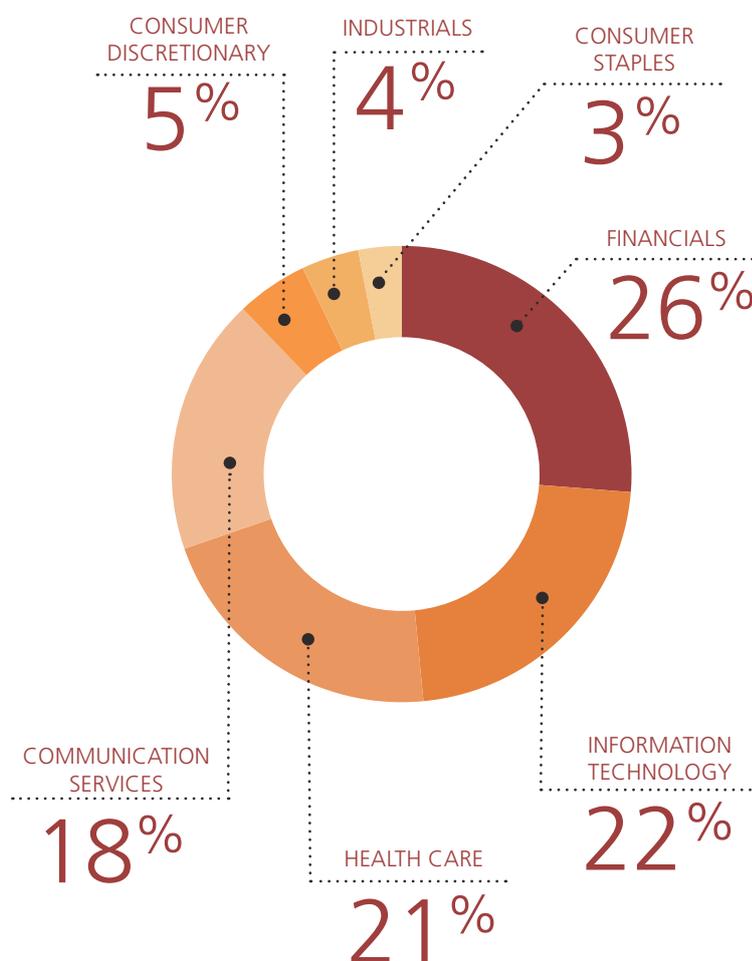
KEY DETAILS

as at 30 November 2021

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	\$0.81
PERFORMANCE FEE CAP	1.25%
SHARES ON ISSUE	263m
MARKET CAPITALISATION	\$258m
GEARING	None (maximum permitted 20% of gross asset value)

SECTOR SPLIT

as at 30 November 2021



The Barramundi portfolio also holds cash.

NOVEMBER'S SIGNIFICANT RETURNS IMPACTING THE PORTFOLIO

during the month in Australian dollar terms

FINEOS	NANASONICS	OOH!MEDIA	CBA	WESTPAC
+10%	-8%	-11%	-11%	-18%

5 LARGEST PORTFOLIO POSITIONS as at 30 November 2021

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

The remaining portfolio is made up of another 20 stocks and cash.

TOTAL SHAREHOLDER RETURN to 30 November 2021



PERFORMANCE to 30 November 2021

	1 Month	3 Months	1 Year	3 Years (annualised)	5 Years (annualised)
Company Performance					
Total Shareholder Return	+4.0%	(7.0%)	+9.8%	+31.0%	+21.3%
Adjusted NAV Return	(0.9%)	(3.3%)	+21.9%	+22.2%	+16.3%
Portfolio Performance					
Gross Performance Return	(0.7%)	(3.1%)	+24.5%	+25.7%	+19.7%
Benchmark Index [^]	(0.7%)	(2.3%)	+15.5%	+12.6%	+10.4%

[^]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 <http://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 Alistair Ryan (Chair), Carol Campbell, Andy Coupe and David McClatchy.

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

- » Warrants put Barramundi in a better position to grow further, operate efficiently, and pursue other capital structure initiatives as appropriate.
- » A warrant is the right, not the obligation, to purchase an ordinary share in Barramundi at a fixed price on a fixed date.
- » There are currently no Barramundi warrants on issue.

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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