

Monthly Update

February 2020



BRM NAV	SHARE PRICE	DISCOUNT ¹
\$0.75	\$0.74	0.8%

as at 31 January 2020

A word from the Manager

Market Overview

The ASX200 Index started 2020 in a buoyant mode, outperforming major global equity indices and returned +5% for the month. The index had risen further than this before concerns surrounding coronavirus started weighing on global financial markets in the last week of January.

As concerns over the economic impact of coronavirus increased, bond yields were driven lower. The Australian 10yr government bond yield fell to 0.95% by month end. Against this backdrop, defensive sectors such as Healthcare (+12% in A\$ in the month), Communication Services / Telecommunications (+8.1%), Consumer Staples (+8.2%) and Real Estate (+6%) outperformed. The Information Technology sector (+11%) also performed strongly.

In contrast, global growth concerns weighed on the Energy (+0.7%), Materials (+1.8%) and Industrials (+2%) sectors which underperformed the market during the month.

Portfolio News

Link Group's (+16.2% in A\$) share price rose strongly in the month after announcing it would acquire Pepper European Servicing (PES) for an up front payment of A\$266m. PES primarily provides loan servicing services in Ireland & the UK and has a small but growing presence in Spain, Greece and Cyprus. Loan servicing is the process by which PES collects interest and principal payments from borrowers and manages the day to day tasks related to loans (such as communications with the borrower) on behalf of the lenders.

The acquisition was well received by the market. PES is seen as complementary to Link's existing loan servicing operation in its Banking & Credit Management business which is focussed on the Irish market but lacks a presence in Spain, Greece and Cyprus. PES is seen to broaden the European growth opportunity for Link in loan servicing. Link also pointed out that there are meaningful efficiency benefits and cost savings that can be realised across these two businesses and if realised this will add to Link's profits in the future.

Credit Corp (+14.9%) announced a strong financial result for the December six month period. After tax profit for the company grew by +15% in the period. Credit Corp's

burgeoning purchased debt ledger business in the US continues to grow strongly, with profitability up +20% in this division. Its first location in Salt Lake City is now fully utilised. Credit Corp is ramping up its presence in its second site in Washington State, laying the groundwork for future growth in the US. The Australian consumer lending division continues to show good momentum. Although the underlying performance of the Australian purchased debt ledger division was tepid due to market dynamics, the competitive environment seems to have improved in the last six months.

Resmed (+14.4%) continued its run of strong results when it released its latest quarterly numbers during the month. Mask sales were up +16% (constant currency)², the seventh consecutive quarter of double digit increases! This has been driven by medical equipment distributors (aided by ResMed's Brightree software) becoming increasingly effective in regularly replacing patients' old masks. The icing on the cake has been a series of well received new mask launches over the last 15 months. Device sales growth of +8% (constant currency)² remained solid. The net result was a 13% increase in revenue and a 22% jump in underlying profit after tax. Needless to say this was well received by the market.

CSL (+13.2%) has a number of tailwinds supporting its strong share price performance. It is one of three global companies supplying flu vaccines to the northern hemisphere. The largest of these manufacturers missed production deadlines to meet the start of the 2019/2020 US flu season. CSL's flu division (called Seqirus) has benefitted from this as it stepped in to fill the void in supply. In conjunction with the 2019/2020 US flu season shaping up to be one of the worst in recent history this has meant Seqirus has 'sold out' of vaccines in the US.

CSL has also benefitted from competitor supply issues in their immunoglobulin (IG) business where feedback suggests CSL continues to take market share and grow IG sales ahead of the market growth. The tightness in IG supply has seen a number of countries outside the US increase pricing in excess of 20%.

After a strong performance in 2019, **Ingenia Communities (-3.6%)** shares fell in January. Ingenia is the Barramundi holding most directly affected by the Australian bushfires, which have ravaged the country over the summer. In January, Ingenia announced that none of its tourism parks had suffered

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

² Constant currency is when exchange rates are used to eliminate the effect of currency fluctuations when calculating financial performance. I.e. it shows how the company performed independent of foreign currency movements.

substantial fire damage. However it did note two resident owned homes were lost at one of their sites. No health issues were reported and property losses were mitigated. Ingenia expects tourism revenue related to three of its assets to be negatively impacted by a total of \$2m, for which it has insurance in place to help mitigate these losses.

Ingenia expects home sales at one of its sites to be negatively impacted by the bush fires and consequently has guided to the lower end of its earnings guidance range.

After rising strongly in December on the back of an earnings upgrade, **oOH!Media's** share price fell -6.6% in January after the company announced that longtime CEO and founder Brendon Cook will retire from his role during 2020. The company reiterated earnings guidance provided in December.

A CEO transition adds some uncertainty to oOH!Media's management team. However, we think this announcement is part of what seems to be a well orchestrated succession plan by the company. It does not look like a rushed transition that has been foisted on the company. Brendon Cook strikes us as being

as galvanised as ever in running the company. He has given the Board ample time to undertake a thorough search process for his replacement. He is in no hurry to leave during this time and will stay on as long as it takes to find a replacement. And oOH!Media will retain access to Brendon's expertise after he has left as he will step into a non-executive consulting role once a replacement has been found.

We think the longer-term outlook for oOH!Media's prospects remains sound.

Portfolio Changes

There were no major portfolio changes during the month.



Robbie Urquhart
Senior Portfolio Manager
Fisher Funds Management Limited



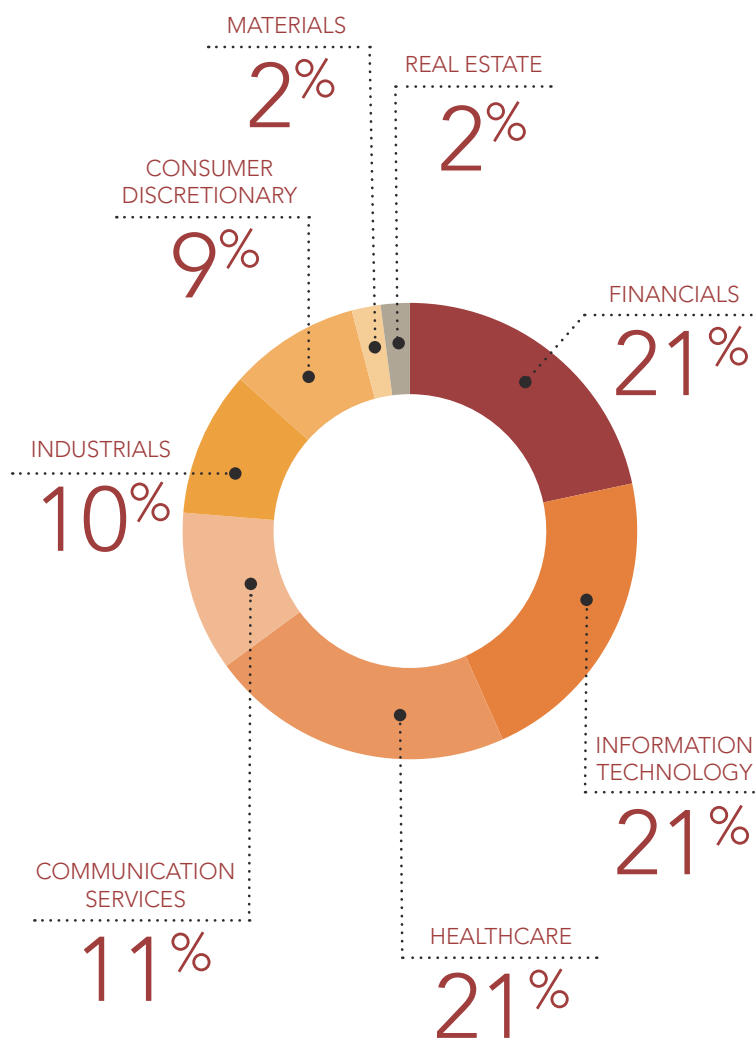
Key Details

as at 31 January 2020

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	\$0.59
PERFORMANCE FEE CAP	1.25%
SHARES ON ISSUE	205m
MARKET CAPITALISATION	\$152m
GEARING	None (maximum permitted 20% of gross asset value)

Sector Split

as at 31 January 2020



The Barramundi portfolio also holds cash.

January's Biggest Movers in Australian dollar terms

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

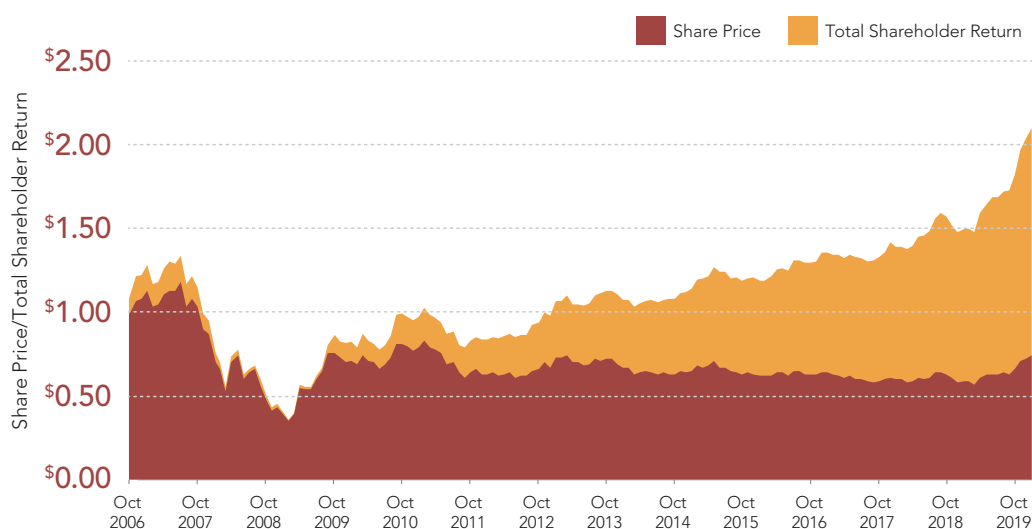
LINK ADMINISTRATION +16%	NEXT DC +15%	CREDIT CORP GROUP +15%	RESMED +14%	CSL LIMITED +13%
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5 Largest Portfolio Positions as at 31 January 2020

CSL LIMITED 8%	SEEK 7%	CARSALES.COM 7%	XERO LIMITED 5%	LINK ADMINISTRATION 5%
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The remaining portfolio is made up of another 21 stocks and cash.

Total Shareholder Return to 31 January 2020



Performance to 31 January 2020

	1 Month	3 Months	1 Year	3 Years (annualised)	5 Years (annualised)
Company Performance					
Total Shareholder Return	+2.8%	+15.5%	+39.1%	+15.6%	+13.0%
Adjusted NAV Return	+5.4%	+6.6%	+32.1%	+16.4%	+11.3%
Portfolio Performance					
Gross Performance Return	+6.1%	+8.6%	+37.2%	+20.1%	+14.9%
Benchmark Index [^]	+4.8%	+4.9%	+24.2%	+12.7%	+11.9%

[^]Benchmark Index: S&P/ASX Small Ords Industrial Gross Index until 31 January 2015 & 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 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 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

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 warrants on issue

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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