

MONTHLY UPDATE

March 2021



Share Price

\$0.98

BRM NAV

\$0.79

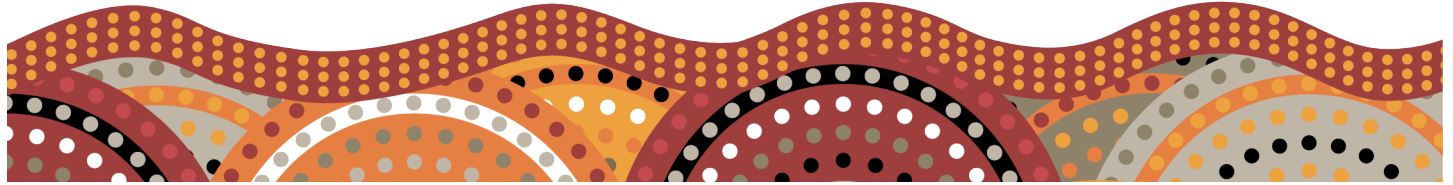
Warrant Price

\$0.20

PREMIUM¹

31.2%

as at 28 February 2021



A WORD FROM THE MANAGER

In February Barramundi returned a gross performance loss of (0.7%) and an adjusted NAV loss of (0.8%). This compares to the ASX200 Index which returned +1.5% (70% hedged into NZ\$).

February was characterised by a further upwards march in interest rates. As momentum for the global vaccine roll-out continued to build, investors have focussed on the attendant effects this will have on inflation resulting from a strong global economic rebound. In line with global sovereign bonds, the Australian 10yr government bond yield rose from 1.13% to 1.92% in the month.

Sectors benefitting from these dynamics led the ASX higher in the month. Financials rose +6.8%. Materials (+6.0%) and Energy (+3.4%) were close behind. Conversely, sectors that don't benefit strongly from these dynamics such as Utilities (-8.9%), Information Technology (-8.8%) and Real Estate (-6.5%), all lagged.

Financial results during the busy February reporting season also drove individual company share prices in the month. On the whole, this was a good reporting season for our portfolio companies with financial results as good or better than expected by the market.

Portfolio News

PWH's (+23.3% in A\$) results were ahead of guidance. PWH benefitted from the re-arranged motorsport calendars which resulted in additional races being compressed into 2H 2020. It also experienced strong growth across other divisions and for example, benefitted from the recommencement of high-end car manufacturing. Pleasingly, PWH also won new contracts in its nascent Emerging Technology division. This is tangible evidence that its culture of innovation is bearing fruit. The company has a strong foundation for further growth in 2021.

AUB Group (+17.4%) delivered a better than expected first half result and upgraded full year earnings guidance. Unaffected by COVID, the key Australian Broking division grew operating profits by 60%! This was underpinned by premium rate rises (+7%) and contributions from two acquisitions. Most importantly, there was strong evidence that initiatives put in place by CEO Mike Emmett to improve the company's performance are bearing fruit. And Mike is far from done with these initiatives.

Our bank shareholdings of **Westpac** (+12.7%), **ANZ** (+10.4%), **NAB** (+4.7%) and **CBA** (+0.1%) continued their upward trajectory as market updates revealed further reductions in COVID related repayment deferrals. Bolstered by rising interest rates, the banks operating conditions continue to improve.

Nanosonic's (-11.8%) 1H21 was a tale of two 'quarters'. Revenues fell sharply in the September quarter (-31%), and rebounded strongly in the December quarter, rising +48% on the previous year. Pandemic related declines in ultrasound procedure volumes and restrictions on hospital access impacted September quarter results. These trends eased in the December quarter leading to a rebound in activity (and sales). This improvement is expected to continue in the next few months.

SEEK (-8.4%) released a strong set of half year results given the tough economic backdrop. Its core ANZ division was the standout, with job advertisement volumes rebounding from the depths of April 2020 (down -65% at the time) to being marginally ahead for the month of December (vs Dec 2019).

The ANZ business also benefitted from a rebound in hiring from small - medium sized companies in pandemic impacted industries such as hospitality and trades and services.

The market was disappointed by the price at which SEEK sold some of its shares in its Chinese subsidiary Zhaopin. SEEK reduced its shareholding in Zhaopin from 61.1% to 23.5%. That said, the sale represents a return of 5x SEEK's initial investment. It reduces SEEK's reliance on the competitive Chinese market. And the sales proceeds provide SEEK with additional money to invest in its other high growth divisions such as in online education.

In a well-orchestrated succession plan, SEEK announced that longstanding CEO (and founder) Andrew Bassat is stepping down and becoming Executive Chairman and CEO of SEEK's early stage, high growth businesses. The head of SEEK's largest division and COO, Ian Narev takes over as CEO.

To help fund purchases of companies in sectors benefitting from rising interest rates, investors typically sold shares in high growth or defensive businesses such as information technology or healthcare companies. To this end, despite delivering credible financial results, portfolio companies such as **Wisetech** (-12.8%), **Resmed** (-9.8%) and **Sonic Healthcare** (-7.7%) underperformed in the month. We think the longer-term prospects for each of these businesses remains sound.

Brambles (-6.3%) was likely also affected by this dynamic. Brambles delivered a solid first half result and upgraded full year guidance. A number of near-term factors that may also be weighing on its price includes the unfavourable exchange rate (A\$ strength hurts its largely US\$ denominated earnings). Inflationary

¹ Share Price Premium to NAV (including warrant price on a pro-rated basis and using NAV to four decimal places).

cost pressures will weigh on earnings if not recouped through higher pricing (although 2021 margin guidance is unchanged). A key US customer is also trialling a switch to plastic pallets with Brambles. This could impact earnings if it proceeds. Brambles has emphasised any switch needs to meet strict financial criteria. We continue to like Brambles' long-term growth prospects and its undemanding valuation.

Portfolio Changes

We decided to exit our **ARB** (-4.6%) shareholding in the month.

ARB posted a record half year result in line with its trading update in January. ARB has been a strong beneficiary of the COVID-19 led government stimulus which has boosted demand for its products in many markets. With international travel still off the agenda, demand for ARB's products will likely remain strong for the next year. It will also continue to benefit from strong order books. Pent up demand for new 4x4s / SUVs in Australia (assisted by one-off tax breaks) will take time to be fulfilled as COVID-induced manufacturing disruptions have yet to be fully resolved.

The increase in ARB's share price suggests to us that the market

is treating this current earnings trajectory as a permanent feature. This is reflected to some extent in future earnings expectations and more explicitly in ARB's valuation (E2² and P2³ scores in STEEPP respectively).

As economies open up, supply chain disruptions ease, COVID related tax breaks roll off in 2022 and international travel opens up, we believe a number of ARB's tailwinds will turn into headwinds.

We like ARB as a company, hold management in high regard and value its strong position in the niche 4x4 accessories market. We would like to think it will re-appear in the portfolio at some point, but for now we move it into our fishing pond.



Robbie Urquhart
Senior Portfolio Manager
Fisher Funds Management Limited



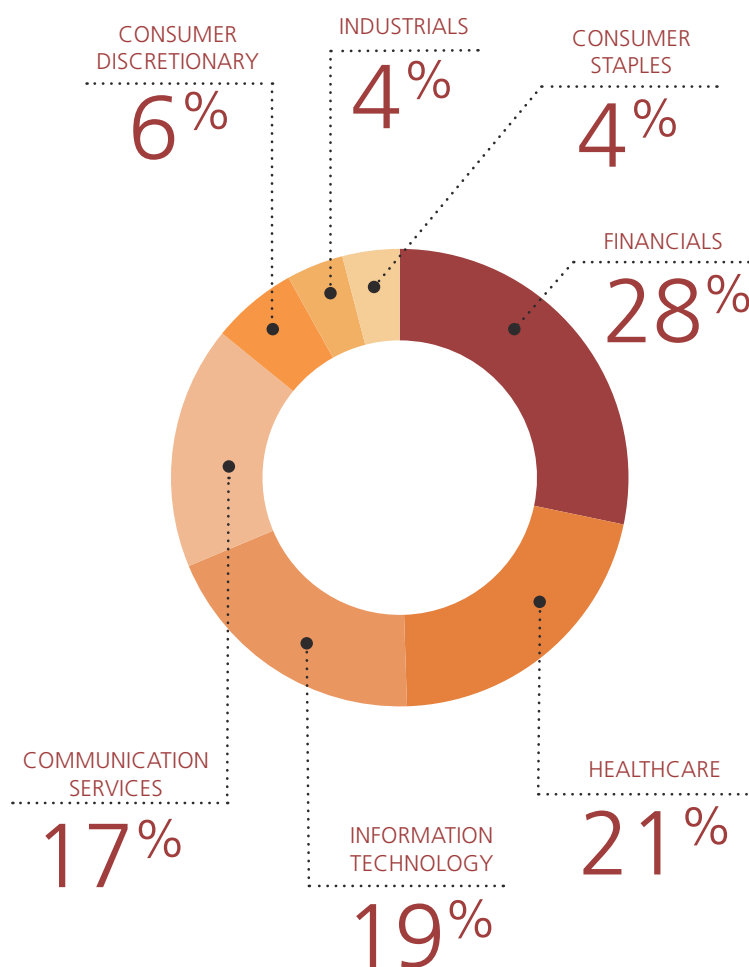
KEY DETAILS

as at 28 February 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	\$0.65
PERFORMANCE FEE CAP	1.25%
SHARES ON ISSUE	211m
MARKET CAPITALISATION	\$207m
GEARING	None (maximum permitted 20% of gross asset value)

SECTOR SPLIT

as at 28 February 2021



The Barramundi portfolio also holds cash.

² E2 is Earnings Growth Forecast

³ P2 is Price/Valuation

FEBRUARY'S SIGNIFICANT RETURNS IMPACTING THE PORTFOLIO

during the month in Australian dollar terms

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

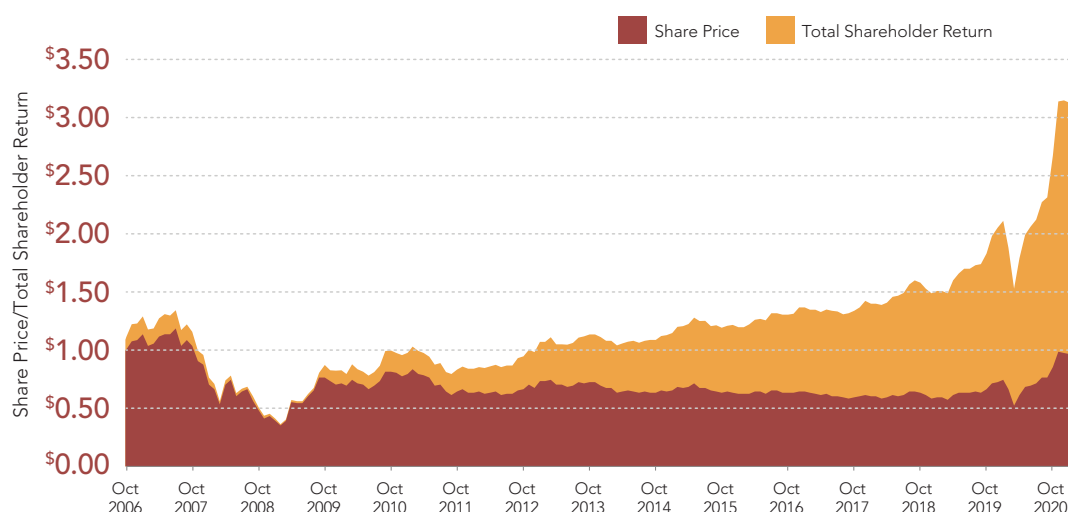
PWH	AUB GROUP	WESTPAC	CREDIT CORP GROUP	WISETECH
+23%	+17%	+13%	+12%	-13%

5 LARGEST PORTFOLIO POSITIONS as at 28 February 2021

CSL LIMITED	CARSALES.COM	SEEK	WISETECH	CBA
8%	6%	6%	5%	5%

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

TOTAL SHAREHOLDER RETURN to 28 February 2021



PERFORMANCE to 28 February 2021

	1 Month	3 Months	1 Year	3 Years (annualised)	5 Years (annualised)
Company Performance					
Total Shareholder Return	+1.8%	+1.6%	+69.1%	+31.5%	+21.6%
Adjusted NAV Return	(0.8%)	+1.9%	+22.3%	+14.9%	+12.9%
Portfolio Performance					
Gross Performance Return	(0.7%)	+2.2%	+25.9%	+18.5%	+16.4%
Benchmark Index [^]	+1.5%	+3.5%	+7.8%	+7.5%	+11.0%

[^]Benchmark index: S&P/ASX Small Ords Industrial Gross Index until 30 September 2015 & S&P/ASX200 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, 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

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.

BOARD

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, Andy Coupe and 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

- » On 26 August 2020 a new issue of warrants (BRMWF) was announced
- » The warrants were issued at no cost to eligible shareholders in the ratio of one warrant for every four Barramundi shares held
- » The warrants were allotted to shareholders in October 2020 and the warrants listed on the NZX Main Board from early October 2020. (Information pertaining to the warrants was mailed/emailed to shareholders in September 2020)
- » The Exercise Price of each warrant is \$0.70, adjusted down for dividends declared during the period up to the announcement of the final Exercise Price. Dividends totalling 3.03 cents per share have been declared to date and there are two more dividends expected to be declared in the remaining period up to the announcement of the 29 October 2021 exercise price
- » The Exercise Date for the new warrants (BRMWF) is **29 October 2021**
- » The final Exercise Price will be announced and an Exercise Form sent to warrant holders in **September 2021**

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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