

MONTHLY UPDATE

May 2023



Share Price	Warrant Price	BRM NAV	DISCOUNT ¹
\$0.72	\$0.00	\$0.72	0.2%

as at 30 April 2023



A WORD FROM THE MANAGER

In April, Barramundi's gross performance return was up 4.8% and the adjusted NAV return was up 4.5%. This compares to the S&P/ASX200 Index (70% hedged into NZ\$) which was up 1.9%.

Assisted by 'better than expected' earnings results from US companies and stability in interest rates, April was a positive month for many share markets around the world. In Australia, the market was also supported by the Reserve Bank of Australia's ("RBA") decision in April to keep the cash rate at 3.6% rather than to lift it by 0.25%. This was deemed helpful for consumers with mortgages and was also seen as a signal that the interest rate hiking cycle is close to peaking.

Portfolio News

Fineos (+29.1% in A\$) provided a positive trading update which included strong revenue growth and supportive results from its cost cutting initiatives. During the month it signed a new customer to its Absence product. The customer is a large North American business with 40,000+ employees and will use Fineos's Absence product to self-administer its absence / leave pay function. The Absence self-administration market is adjacent to Fineos' existing Absence business, where it previously only counted large insurance carriers as customers. Fineos sees further opportunities in this market.

Encouragingly it also announced that another large US based customer was transitioning from Fineos' on-premise product to the cloud. It was a busy month for Fineos. In collaboration with American Public Life, Fineos released a case study documenting the successful implementation of Fineos' software at American Public Life. Case studies like this one, and the one released last year with New York Life, are important for validating Fineos' growing reputation as a reliable software partner within the insurance market.

During April, data centre provider **Next DC** (+9.8%) announced its largest level of incremental customer contract wins. It added +35.9 megawatts (MW) in new contracts, a 43% increase in the total level of contracted utilisation which now stands at 120MW. The majority of this contracted capacity was sold at its Sydney (S3) data centre site. Over the last year, Next DC's share price had been negatively impacted by the slow uptake of the data centre capacity that Next DC had built. The timing and large scale of this increase in contracted utilisation corroborated Next DC's contention that it adds to its data centre capacity only when it has some visibility of potential client uptake of that capacity.

Brambles' (+6.1%) third quarter 2023 trading update maintained the strong revenue and earnings momentum of the first six months of the year. For the nine months to March, group revenue rose 15%

on a constant currency basis versus the previous comparable period. This infers third quarter revenue growth accelerated to around 17%. Revenue growth is being driven by price increases to recover the higher costs of serving customers. Brambles' key input costs (lumber, labour, transport) are all higher and it has also implemented customer-specific increases based on the nature of their pallet movements as their contracts fall due. Volume growth is broadly flat on the prior year reflecting pallet supply constraints, a softer macro environment and deliberate shedding of some unprofitable contracts. The company raised its guidance for 2023 constant currency revenue growth to 14-15% (was 12-14%). This has lifted expected constant currency earnings growth to 17-19% (was 15-18%).

On the last trading day of the month **Resmed** (+4.1%) disclosed a very strong result for its March 2023 quarter. With semiconductor chip supply continuing to improve, Resmed was finally able to take maximum advantage of Philips' ongoing enforced absence from the market due to a major product recall. This was directly reflected in the 48% jump in Americas devices sales for the quarter. There was a notable return to strong devices growth in the rest of the world, up 36% in constant currency, as Resmed is now able to supply greater volumes of cloud-connected devices rather than the stop-gap card-to-cloud product that had not been that well received in Europe. Global mask sales were up by a very healthy 15% in constant currency. The only negative in the result was a further contraction in gross margin. However, a good part of this is due to the shift in mix towards devices which have a lower margin than masks. Underlying earnings for the quarter were up by a very satisfactory 28%. The timing of Philips' return to the market is unclear and in the regulator's hands. In the meantime, Resmed is focused on maximising its share gains and aims to not cede share when Philips does return.

Seek (+2.1%) had its investor day in early April. It downgraded near term revenue guidance as job advertisements continue to decline from last year's record high levels. Despite this, it maintained its full year earnings guidance. Management also provided what it sees as the long-term revenue growth opportunities for the business. It expects revenue growth of around 10% pa over the next few years. This will be supported by price increases and yield growth across both Asia and Australia, supplemented by volume growth in Asia. Yield benefits will be a function of new products, which will be easier to roll out across both geographies once they share a common technology platform. The platform unification project is likely to be completed in FY24.

¹ Share Price Discount to NAV (including warrant price on a pro-rated basis and using the net asset value per share, after expenses, fees and tax, to four decimal places).

Portfolio Changes

We sold our **Cochlear** (+6.1%) shareholding in the month on valuation grounds. The share price had risen +37% since we first added it to the portfolio in January 2022. Cochlear has performed well operationally since we added it to the portfolio. Its sales and earnings have rebounded from the pandemic, benefitting from the reopening of hospitals across the world and also from the customer uptake of its newest cochlear processor, the N8, and its new bone

anchor unit, the Osia. We still really like the business. We believe it has one of the strongest moats within the ASX200. However, we think the overall risk/return opportunity is more evenly balanced now than in January 2022.



Robbie Urquhart
Senior Portfolio Manager
Fisher Funds Management Limited



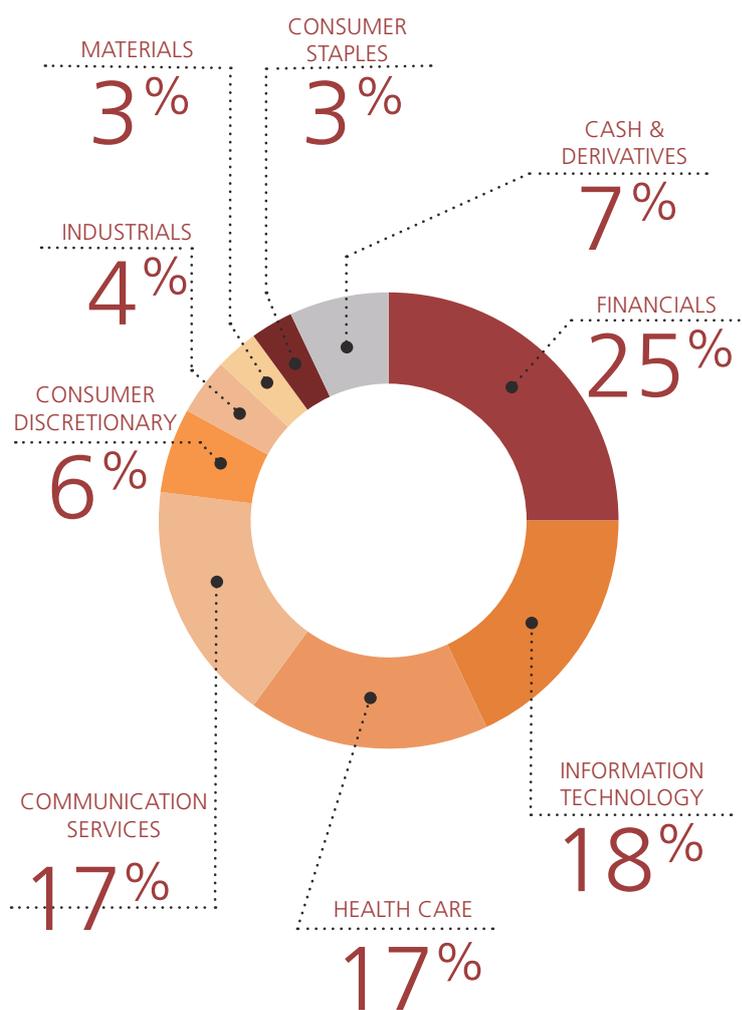
KEY DETAILS

as at 30 April 2023

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	\$0.71
PERFORMANCE FEE CAP	1.25%
SHARES ON ISSUE	274m
MARKET CAPITALISATION	\$197m
GEARING	None (maximum permitted 20% of gross asset value)

SECTOR SPLIT

as at 30 April 2023



APRIL'S SIGNIFICANT RETURNS IMPACTING THE PORTFOLIO

during the month in Australian dollar terms

FINEOS CORP HOLDINGS

+29%

NANOSONICS

+12%

NEXTDC

+10%

AUB GROUP

+8%

CARSALES.COM

+7%

5 LARGEST PORTFOLIO POSITIONS as at 30 April 2023

CSL LIMITED

9%

WISETECH

7%

CARSALES.COM

6%

AUB GROUP

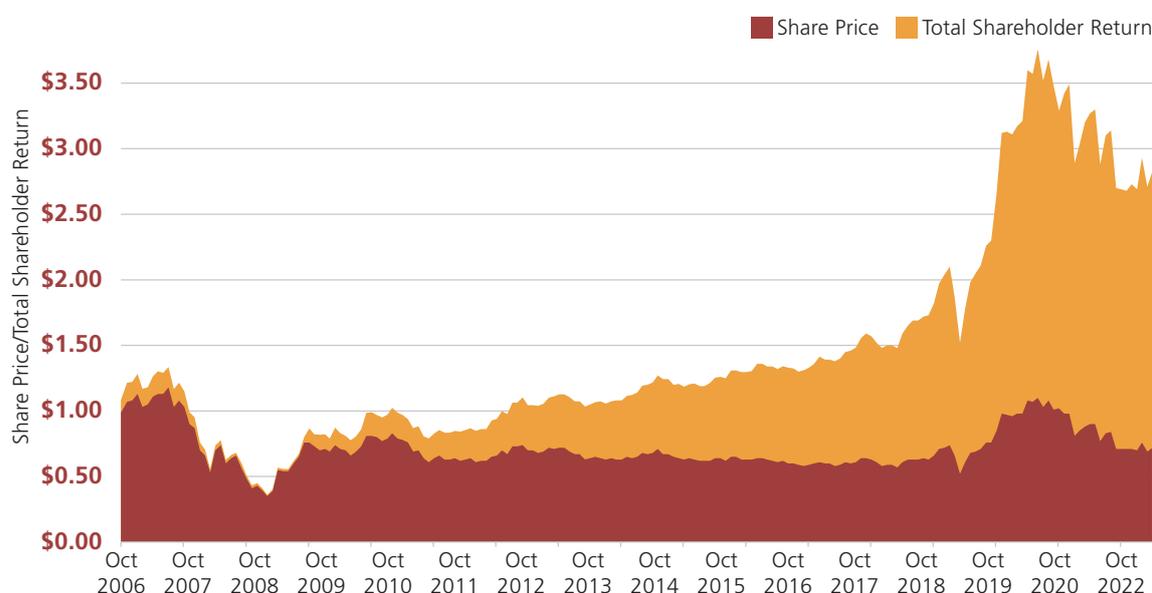
5%

XERO

4%

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

TOTAL SHAREHOLDER RETURN to 30 April 2023



PERFORMANCE to 30 April 2023

	1 Month	3 Months	1 Year	3 Years (annualised)	5 Years (annualised)
Company Performance					
Total Shareholder Return	+4.3%	+4.9%	(13.6%)	+16.7%	+15.1%
Adjusted NAV Return	+4.5%	+2.2%	+4.9%	+15.7%	+11.7%
Portfolio Performance					
Gross Performance Return	+4.8%	+3.3%	+7.4%	+18.3%	+14.8%
Benchmark Index [^]	+1.9%	(1.2%)	+2.5%	+14.4%	+8.6%

[^]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 dividends (and other capital management initiatives) and after expenses, fees and tax,
- » adjusted NAV return – the percentage change in the adjusted NAV,
- » 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 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 utilised 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.



Barramundi Limited

Private Bag 93502, Takapuna, Auckland 0740

Phone: +64 9 489 7074

Email: enquire@barramundi.co.nz | www.barramundi.co.nz

Computershare Investor Services Limited

Private Bag 92119, Auckland 1142

Phone: +64 9 488 8777

Email: enquiry@computershare.co.nz | www.computershare.com/nz