MONTHLY UPDATE

December 2024

Barramundi
LANDING TOMORROW'S TROPHIES

SHARE PRICE	BRM NAV	DISCOUNT[1]
$0.71	$0.80	11.3%

as at 30 November 2024

A WORD FROM THE MANAGER

Barramundi's gross performance return for November was +5.1% and the Adjusted NAV return was +4.8%. This compares to the S&P/ASX200 Index (70% hedged into NZ$) which was up +3.8% over the month.

Equity markets were buoyed by the US election result, which was seen as business friendly and positive particularly for US equities. Nine out of eleven index sectors delivered positive returns. Information technology (+10% in A$) led the pack. The Utilities (+9%), Consumer Discretionary (+7%) and Financials (+6%) sectors also performed well. Geopolitical concerns related to the Trump election victory (prospect of increased tariffs), weighed on the Materials sector (-3%), the worst performing sector on the ASX200.

Fineos (+45% in A$) hosted an investor day at which management outlined clearly how, after years of development, Fineos is well positioned to grow its share of the Life, Accident and Health ("LA&H") software market. It has two of the top ten North American LA&H insurers using its comprehensive product suite. It has a further six of the top ten LA&H insurers using one or more Fineos modules. Fineos is seeing strong interest across customers to increase their use of its software. This bodes well for earnings growth in the future.

Xero's (+16%) 1H25 result included revenue growth of 25% vs 1H24. Its key measure of pre-tax profitability grew 52%, and free cash flow virtually doubled to over $200m. All geographic regions delivered strong revenue growth helped by a combination of price increases and new subscriber additions. We have seen a sharp increase in product development since Sukhinder Sing-Cassidy became CEO. This also contributed to this strong financial result. Encouragingly, Xero is making in-roads into the US market, which, should it continue, bodes well for profit growth potential. The strong profit growth was also testament to disciplined cost control, and this also helped lift the growth in free cash flow in the 1H25.

James Hardie (+15%) delivered a better-than-expected trading update for the September quarter, driven by strong execution by management. In a soft environment for US housing construction, JHX US volumes fell 7%, outperforming the overall market, and was offset by higher pricing, driving a 29% operating profit margin – towards the top end of their guidance. Cost control and a strong result from their Australian business resulted in after tax profit exceeding their guidance and market estimates. This result reflects the resilience of James Hardie's scale and business model. It remains well placed to grow profits strongly once the economic environment picks up.

Wisetech (+8%) had a volatile month. It continued its rebound as leadership uncertainty reduced with the CEO, Richard White, stepping down as CEO but remaining with the company. He will help drive product development and will report directly to the Board. CFO Andrew Cartledge has taken up the reins as interim CEO until a permanent successor is found. This good news was offset by Wisetech's downgrade of its FY25 earnings guidance because of a delay in the launch of a new software product. After falling sharply initially, the share price recouped the majority of those losses as the market became comfortable that this represents a 'delay' rather than a permanent 'loss' of the expected revenues from the product launch.

Domino's (-3%) announced the retirement of long-serving CEO, Don Meij the day before its AGM in early November. Mr Meij has been replaced by Mark van Dyck, whose last role was as Regional MD, Asia Pacific, for Compass Group, a large UK-based food service provider (market cap £45.6b). Mr van Dyck was responsible for Compass' operations across 11 Asia-Pac countries. Australia, NZ and Asia account for circa 75% of Domino's network sales. For the last 12 months Mr van Dyck has been an advisor to the Domino's Board but his appointment as CEO follows a global search. Our early exposure to Mr van Dyck suggests an initial focus on restoring Domino's profitability and its partnership with franchisees, so we expect store rollout may be limited while this is pursued. Dominos also provided a sales update for the first 17 weeks of FY25. Group same store sales ("SSS") for this period were down by -1.2%, only marginally better than the -1.3% of the first seven weeks. Given a soft comparable (-1.5%) for the last 9 weeks of H1 FY24, we are hopeful that Domino's will end the current half with improving SSS momentum.

[1] Share Price Discount to NAV (using the net asset value per share, after expenses, fees and tax, to four decimal places).

PWR Engineering (-5%) provided a trading update which was below the market's expectations. Two electric vehicle ("EV") contracts were cancelled, and one was delayed as part of the broader global slowdown in the EV market. These contracts were short dated (circa 18 months) and do not impact the long-term health of the business. PWR maintained guidance for high-single-digit revenue growth for the motorsport division for FY25. PWR also has a strong Aerospace pipeline which should sustain strong revenue growth for several years.

New addition to the portfolio: MAAS Group

During the month we added **MAAS Group** (+5%) to the Barramundi portfolio. MAAS is a founder-led diversified industrial business. It operates four distinct business units, construction materials (the crown jewel and 40%+ of Group earnings), civil construction and hire, residential property and commercial property. It operates 40+ quarries and 20+ concrete plants, and supplies aggregate (used in construction of buildings, roads, dams etc) and concrete to the building industry predominantly in regional New South Wales ("NSW") and Melbourne. Its quarries (and concrete plants) are strategically located in areas with large construction works (civil, residential and commercial). This will support earnings growth for years.

We think the location and long life of the quarries provides MAAS with a reasonable 'moat' and a sustainable competitive advantage. Because of the high cost to transport (heavy) aggregates and the low price-to-weight ratio of aggregates, the close proximity of MAAS' quarries to large civil, residential and commercial construction means MAAS is the lowest cost provider in many regions. It is also not easy obtaining permits to build new or to expand existing quarries, which is why MAAS' quarries are very valuable.

MAAS is led by a well-regarded and experienced management team, and have deep knowledge of the regional markets that MAAS plays in. There is shareholder alignment across the business with 80+ of the team on the long-term incentive scheme and through that own shares in MAAS. CEO Wes Maas owns 50% of the equity. The MAAS team genuinely think like owners and run the company in order to maximise long term shareholder value.

Robbie Urquhart
Senior Portfolio Manager
Fisher Funds Management Limited

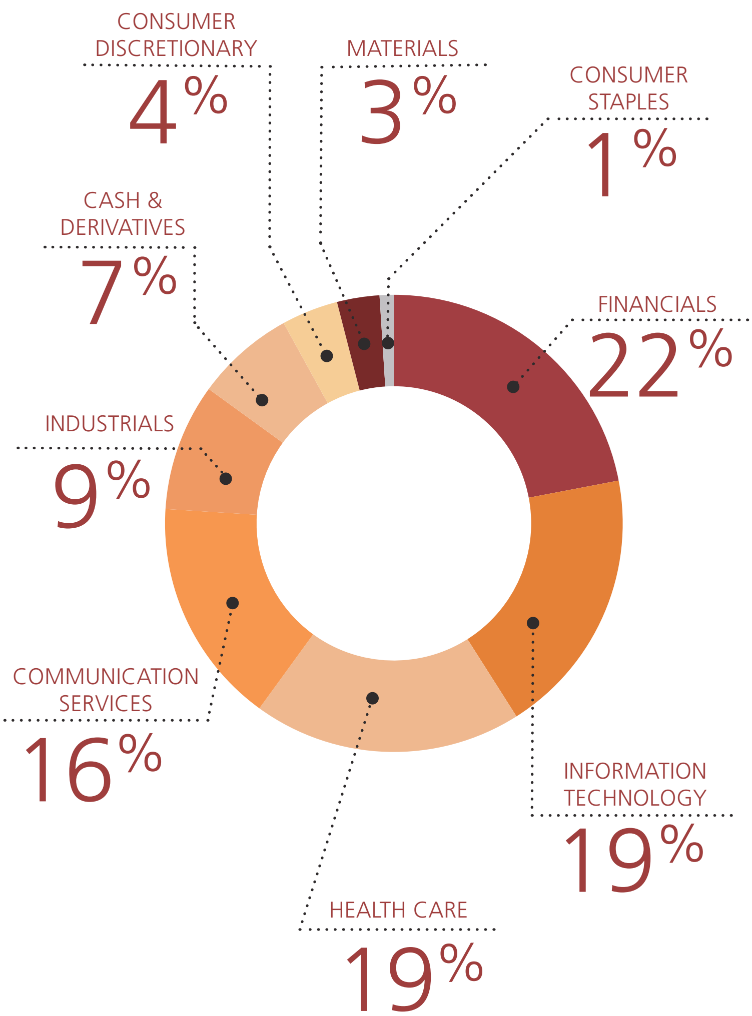
KEY DETAILS

as at 30 November 2024

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	$0.72
PERFORMANCE FEE CAP	1.25%
SHARES ON ISSUE	333m
MARKET CAPITALISATION	$237m
GEARING	None (maximum permitted 20% of gross asset value)

SECTOR SPLIT

as at 30 November 2024



NOVEMBER'S SIGNIFICANT RETURNS IMPACTING THE PORTFOLIO during the month in Australian dollar terms

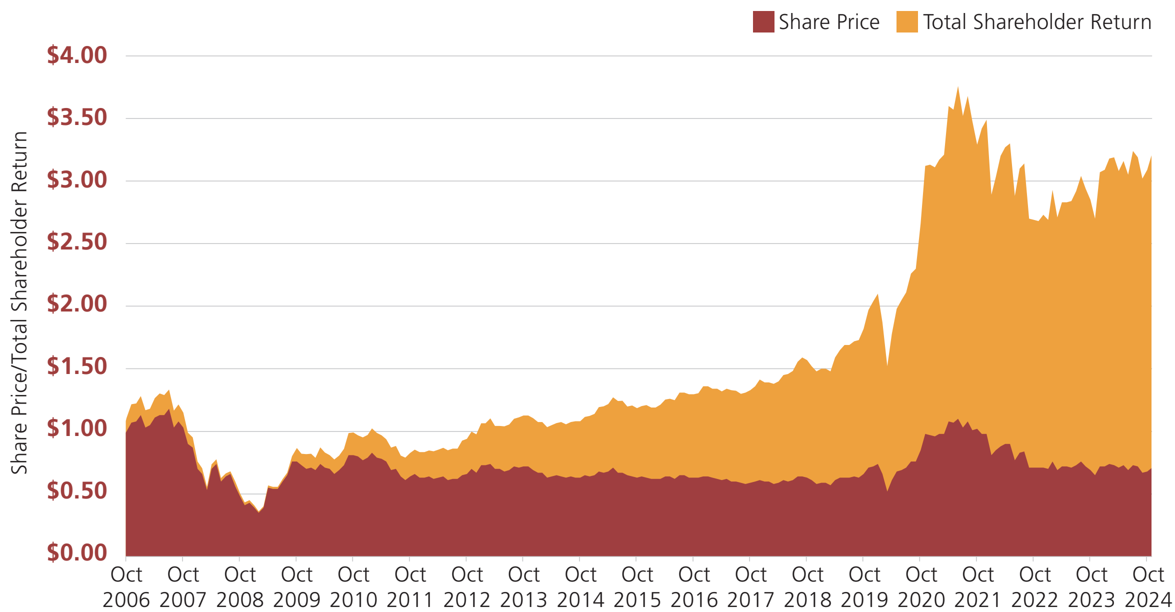
FINEOS CORP	XERO	JAMES HARDIE	CBA	REA GROUP
+45%	+16%	+15%	+11%	+11%

5 LARGEST PORTFOLIO POSITIONS as at 30 November 2024

CSL LIMITED	WISETECH	SEEK	AUB GROUP	MACQUARIE GROUP
10%	7%	6%	5%	5%

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

TOTAL SHAREHOLDER RETURN to 30 November 2024



PERFORMANCE to 30 November 2024

	1 Month	3 Months	1 Year	3 Years (annualised)	5 Years (annualised)
Company Performance					
Total Shareholder Return	+4.4%	+0.9%	+19.5%	(2.0%)	+10.3%
Adjusted NAV Return	+4.8%	+6.8%	+26.3%	+7.6%	+12.0%
Portfolio Performance					
Gross Performance Return	+5.1%	+7.6%	+29.4%	+9.8%	+14.5%
Benchmark Index^	+3.8%	+6.1%	+25.2%	+10.8%	+9.1%

^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 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

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

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

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