QUARTERLY NEWSLETTER

1 October 2024 – 31 December 2024

Share Price	BRM NAV	DISCOUNT[1]
$0.69	$0.74	6.7%

as at 31 December 2024

Technology companies and Australian banks: standout performers in 2024

Barramundi's gross performance rose +12.1% across the calendar year, while the ASX200 benchmark index (hedged 70% to NZD) has risen +13.0%. In the December Quarter ("Q4"), Barramundi's gross performance fell -1.5%, and the adjusted NAV return was down -2.0%, both lagging the -0.3% decrease in the benchmark return.

Interest rates stabilised in 2024. Subsiding inflation led the Reserve Bank of Australia ("RBA") to leave the cash rate unchanged during the year. This supported the share market which also benefitted from a more resilient economy than had been expected a year ago.

Information technology (+50% in 2024 calendar year) was the best performing sector, led by increased demand globally for software and the development of artificial intelligence ("AI"). Financials (+28%), led by the Australian banks (see below), and the Consumer Discretionary (+21%) sectors (reflective of resilient consumer spending) also boosted overall market returns. Protracted economic weakness in China weighed on commodities which dragged down the Energy (-19%) and mining-heavy Materials (-17%) sectors in the year.

Barramundi's performance in the year and in Q4 was helped by our technology and bank investments. Growing pains in our smaller positions including Audinate and Johns Lyng Group (discussed in previous quarterlies) detracted from performance. We think both companies have bright longer-term prospects.

We have taken advantage of the strong bank share price performance to re-orient our portfolio positioning in favour of companies offering better investment opportunities on a 3yr+ view. This has included adding a new investment to our portfolio in Q4 which we discuss below.

Technology investments have delivered handsomely during 2024, despite a bumpier Q4

The thirst for AI tools and increased software development has benefitted our technology investments.

Logistics software provider **WiseTech** has returned +61% over 2024, and accounting software provider **Xero** has risen +50%. Both companies added new customers in the year. New software products developed by their teams has also broadened their reach across their existing customers. Data centre provider **NEXTDC** (+11%) benefitted from rising demand for data storage affiliated with AI and technology more broadly.

Encapsulated within these annual returns was a bumpier return picture during Q4.

Fineos' share price (+31% in Q4) responded strongly to an investor day (the first since 2019) held by the company during November. Management did a great job communicating the progress Fineos has made in developing its insurance claims software products over the past few years. The company provided clarity on the strong, longer-term earnings opportunity that lies ahead for Fineos with growth stemming from both existing and new customers.

In contrast, share prices of **Audinate** (-24%) and **WiseTech** (-12%) both fell during Q4.

Audinate has had a tough year. It is working through an inventory overhang from customers that over-ordered too many of its chips during the COVID pandemic. As discussed in the Q3 update, this will weigh on its earnings for the rest of the financial year. Until then, the shares remain unloved by investors. The long-term earnings prospects for the company remain sound.

WiseTech's share price was weighed down by management upheaval which has now been resolved. WiseTech held a successful investor day in December. We are excited by the new products the team has developed. They should add meaningfully to earnings growth during 2025.

As a whole, we are pleased with the progress our technology companies have made during the year. They are high quality companies with some of the highest long term earnings growth prospects across our portfolio. We think they will stand our investors in good stead over coming years.

Australian banks have been a key driver of share market performance in 2024

Financials, led by the four major Australian banks, comprise over 20% of the ASX200 index. They therefore have a meaningful influence on the overall returns for the share market.

The past year has been a great one for the banks. The largest bank **CBA** returned +13% in Q4, and +44% for 2024 overall. **Westpac** and **NAB** returned +53% and +29% respectively for the year and both rose strongly in Q4. **ANZ** had a weaker Q4 (-4%) but still returned 18% for the year.

The banks have benefitted from the resilient Australian economy. Robust credit growth for businesses and households and low levels of bad debt has been supportive for earnings. This has enabled banks to continue returning capital to shareholders through dividends and share buybacks. With its open market economy and strong rule of law, Australia has been seen as an attractive investment destination for international investors in the Asia Pacific. This too has benefitted the banks.

Barramundi owns shares in CBA, NAB and ANZ. We have benefitted in absolute terms from this performance. However, these shareholdings are smaller relative to the bank's weightings in the ASX200 index. Hence this strong share price performance has weighed on Barramundi's relative returns in 2024.

We focus on investing in high quality companies that can grow their earnings through time. The banks are not the fastest growing businesses in the portfolio. However, they benefit from scale advantages (their economic moat) over smaller competitors. The Australian banks are some of the highest quality banks globally. Their share price performance during 2024 speaks to why they warrant a place in the portfolio.

That said, their share prices have risen a lot more than their earnings. In short, they are more expensively valued than they were a year ago. We have therefore been reducing our weighting in the banks in recent months. We have re-deployed the proceeds into other investment opportunities that we think offer better prospects on a 3–5-year investment time horizon.

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

Maas Group benefits from growth in Australian infrastructure and renewable power generation

Maas Group, a new addition to the portfolio in Q4, has been one of these investments.

Maas is a founder-led Australian focussed industrial business. With over 40 quarries and 20 concrete plants, construction materials contribute approximately 40% of its earnings. The strategic location of these plants, across eastern Australia, positions Maas to benefit from the long-term structural growth in infrastructure projects (road and rail), assisted by population growth trends. The location and long-life nature of these assets is a key source of its economic moat. Aggregates (crushed rock) are heavy and don't cost a lot. They can't economically be transported far distances. Maas' quarries are well positioned across the infrastructure growth corridors in Victoria, New South Wales and Queensland.

It also has a large civil construction and plant hire division that stands to benefit from the development of renewable energy power generation projects. These projects are key to the transition of the Australian energy grid from ageing coal-fired infrastructure to more sustainable, renewable generation. This transition is nascent, and we expect the pace of development to ramp up in coming years.

Led by founder Wes Maas, the company has an entrepreneurial culture. It has opportunistically invested in residential and commercial property over the years. These divisions are a smaller (yet valuable) part of the overall business.

Wes Maas owns about 50% of the shares in the company. His high-quality management team is aligned with shareholders with over 80 of them incentivised through share-based remuneration. The Maas team genuinely think like owners. They run the company in order to maximise long term shareholder value. We are excited by the company's prospects.

Robbie Urquhart
Senior Portfolio Manager
Fisher Funds Management Limited
15 January 2025

SIGNIFICANT RETURNS IMPACTING THE PORTFOLIO DURING THE QUARTER IN AUSTRALIAN DOLLARS

FINEOS	REA GROUP	NEXTDC	DOMINOS	AUDINATE
+31%	+16%	-14%	-17%	-24%

PERFORMANCE
as at 31 December 2024

	3 Months	3 Years (annualised)	5 Years (annualised)
Company Performance			
Total Shareholder Return	+6.2%	(2.8%)	+9.4%
Adjusted NAV Return	(2.0%)	+4.5%	+11.1%
Portfolio Performance			
Gross Performance Return	(1.5%)	+6.7%	+13.6%
Benchmark Index[1]	(0.3%)	+8.5%	+9.0%

[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 capital allocation decisions after expenses, fees and tax,*
- *adjusted NAV return – the percentage change in the adjusted NAV value,*
- *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 newsletter 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.

PORTFOLIO HOLDINGS SUMMARY
as at 31 December 2024

Company	% Holdings
Ansell	2.1%
ANZ Banking Group	2.4%
AUB Group	5.1%
Audinate Group	1.5%
Brambles	4.6%
CAR Group	4.6%
Cochlear Limited	2.1%
Commonwealth Bank	2.0%
Credit Corp	3.8%
CSL	10.8%
Domino's Pizza	2.3%
Fineos Corporation Holdings	2.3%
James Hardies Industries Plc	3.2%
Johns Lyng Group	3.5%
Maas Group Holdings Limited	2.2%
Macquarie Group	5.1%
National Australia Bank	3.5%
NEXTDC	3.3%
oOh! Media	2.7%
PWR Holdings	1.9%
REA Group	1.9%
ResMed	4.5%
SEEK	5.4%
WiseTech Global	7.2%
Woolworths Group	1.5%
Xero Limited	5.1%
Equity Total	**94.6%**
Australian cash	**0.5%**
New Zealand cash	**5.2%**
Total cash	**5.7%**
Forward foreign exchange contracts	**(0.3%)**
Total	**100.0%**

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