MONTHLY UPDATE

February 2025

Barramundi
LANDING TOMORROW'S TROPHIES

SHARE PRICE	BRM NAV	DISCOUNT[1]
$0.71	$0.76	7.0%

as at 31 January 2025

A WORD FROM THE MANAGER

Barramundi's gross performance return for January was +3.4% and the adjusted NAV return was +3.3%. This compares to the S&P/ASX200 Index (70% hedged into NZ$) which was +4.5% over the month.

In a relatively light month for company specific news flow, the Australian equity market's return correlated with the positive start to 2025 for major global equity markets. The Australian market's rally was broad based with 10 of the 11 sectors finishing the month in the green.

The Consumer Discretionary sector (+7.1% in A$ in the period) led the market higher. Gambling businesses Tabcorp (+20%) and Aristocrat (+11%) were meaningful drivers for the sector. Resilient consumer spending through December, in contrast to NZ, generally saw good performance from the retailers with share prices of Harvey Norman (+11%), JB Hi-Fi (+10%) and Super Retail (+3%) responding accordingly. Financials (+6%) (see commentary on the banks below) and Real Estate (+5%) also rose strongly.

Utilities (-2%) was the only sector with negative performance in the month.

Portfolio Commentary

During the month **Cochlear** (+10%) received regulatory approvals in Australia and Canada for its new Kanso 3 sound processor. It will look to gain broader geographic approvals through 2025. The Kanso is Cochlear's sound processor that sits in the hairline instead of on-the-ear. Cochlear typically look to launch a new processor every other year, alternating between the Kanso (off-the-ear) and Nucleus (on-the-ear) processor. The latest processors bring a mix of improved audio and connectivity, are smaller and lighter, and typically lead to users upgrading from the older generations.

Resmed (+9%) delivered a strong Q2 FY25 result. Earnings for the quarter were up by +29% and slightly ahead of expectations. Revenue grew by 10% in constant currency terms, with all regions and products growing at a high single or low double digit pace. Gross margin improved markedly versus a year ago but was flat sequentially on Q1 due to the FX headwind of a strong US$. Relative to revenue, both operating expenses and Research and Development spend continued to demonstrate operating leverage versus a year ago and sequentially. The combination of +10% top line growth and continued margin improvement delivered a +20% lift in EBIT. All the channel checks that we have participated in recently have suggested a healthy flow (pun intended!) of new patients into the sleep apnea treatment funnel. We expect Resmed to maintain its current good earnings momentum through H2 FY25.

Helped by strong earnings results, many large global banks had a strong January from a share price perspective. This arguably helped buoy a number of our financial investments with **NAB** (+8%), **ANZ** (+7%) and **CBA** (+5%) continuing their share price rally into 2025. The Australian regulator APRA released their monthly banking statistics for December in the month, highlighting the strength of credit growth in the Australian economy. Business credit growth for the industry increased 9.8% (annualised) and housing credit growth registered a 5.9% increase, reinforcing the resilience of the Australian economy. Early indicators also point to robust consumer spending through Christmas which lifted share prices of the Australian retailers. This likely also boosted investor sentiment for the banks.

Macquarie (+9%) likewise had a strong start to the year. In addition to the themes bolstering the retail banks it likely also benefitted from buoyancy (and volatility) in global financial markets over the last few months. This is a positive portent for future profitability within its investment banking business as well as within its trading businesses which can profit from volatility, especially within global energy markets.

PWR Engineering (+4%) announced it had secured its largest Aerospace ("A&D") contract to date. The A&D division was established in 2020, and the contract provides the first validation for the heavy investment in this new growth vertical. Much of the miss to earnings in the FY24 result was a consequence of PWR investing in skilled people needed to win contracts in the A&D industry. This contract, if delivered successfully, has the potential to bring further long-term opportunities using the same platform of technologies. It highlights the large addressable market PWR has unlocked.

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

Credit Corp (-3%) delivered what we consider to be a good result for H1 FY25, albeit slightly behind market expectations. Its after tax profit was up by +32% on last year's normalised H1 performance (the reported H1 FY24 result was a loss after impairing some US debt ledgers). The strong growth in the latest half was due to the Consumer Lending business where profit grew +79%. This reflected the larger size of the lending book and a slower pace of lending growth, which reduced upfront loss provisioning expense. The US Debt Buying business lifted its profit by +16% (+20% constant currency) on the back of improved collections and better staff productivity. Profit for the ANZ Debt Buying operation fell by 10% but should now be at a trough as Credit Corp's defaulted debt ledger purchases, which remain well below pre COVID levels, are now at levels that should stop further run-off in the book. The company maintained its guidance for full year profit growth of +11-23%. The H1 run rate suggests to us that the company should hit around the mid-point of its guidance, so we'd expect around +18% earnings growth for the full year.

After a strong finish to the 2024 calendar year, insurance software provider **Fineos's** share price fell modestly (-3%) in the month albeit there was no material news related to the company. New addition to the portfolio, Maas Group (-5%) also detracted from returns. Again, there was no material news related to the business, albeit we note that **Maas** undertook an equity raising late in 2024 to fund a clutch of new acquisitions. This may have influenced the recent share price movement. Both companies report financial results in February, and we look forward to getting a business update from them then.

Portfolio Changes

There were no material changes to the portfolio positioning in January.

Robbie Urquhart
Senior Portfolio Manager
Fisher Funds Management Limited

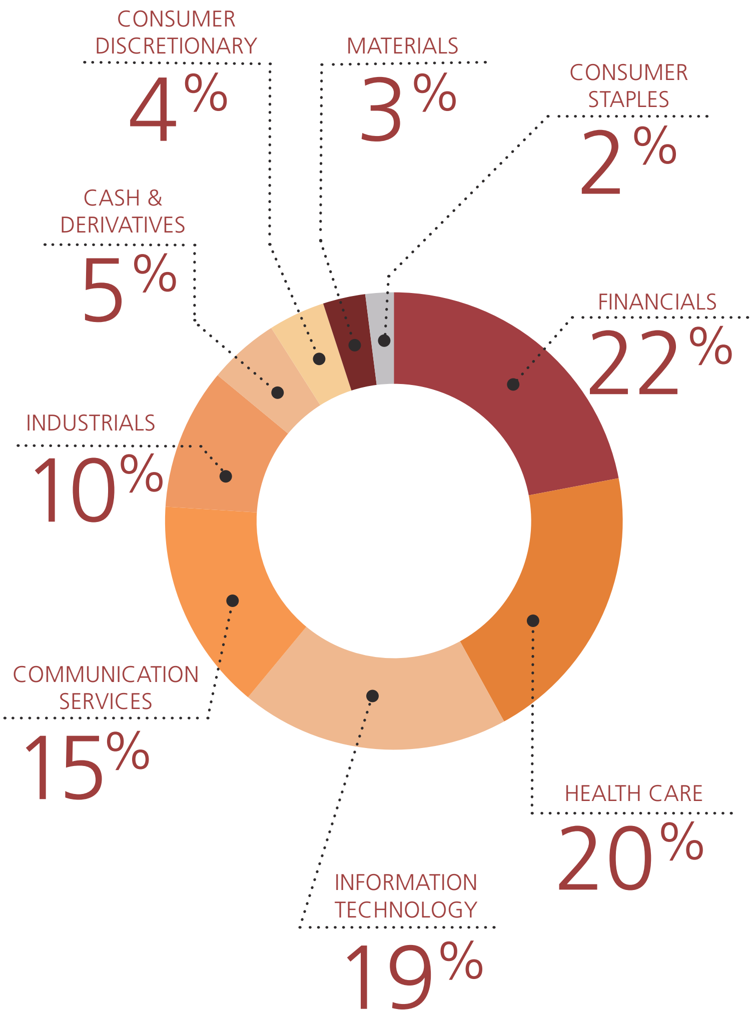
KEY DETAILS

as at 31 January 2025

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	336m
MARKET CAPITALISATION	$238m
GEARING	None (maximum permitted 20% of gross asset value)

SECTOR SPLIT

as at 31 January 2025



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

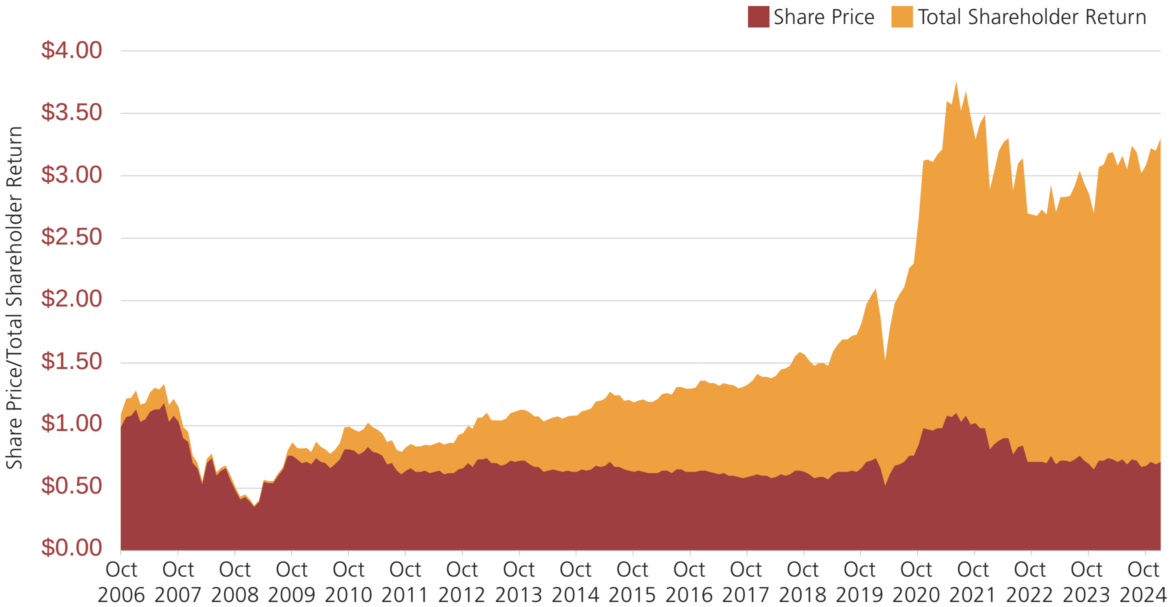
CAR GROUP	COCHLEAR	RESMED	JAMES HARDIE	XERO
+13%	+10%	+9%	+9%	+9%

5 LARGEST PORTFOLIO POSITIONS as at 31 January 2025

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

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

TOTAL SHAREHOLDER RETURN to 31 January 2025



PERFORMANCE to 31 January 2025

	1 Month	3 Months	1 Year	3 Years (annualised)	5 Years (annualised)
Company Performance					
Total Shareholder Return	+2.9%	+6.9%	+6.7%	+4.5%	+9.4%
Adjusted NAV Return	+3.3%	+2.2%	+11.6%	+9.8%	+10.7%
Portfolio Performance					
Gross Performance Return	+3.4%	+2.6%	+14.2%	+12.2%	+13.0%
Benchmark Index^	+4.5%	+5.1%	+16.7%	+12.4%	+8.9%

^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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