

# MONTHLY UPDATE

November 2024



SHARE PRICE

\$0.68

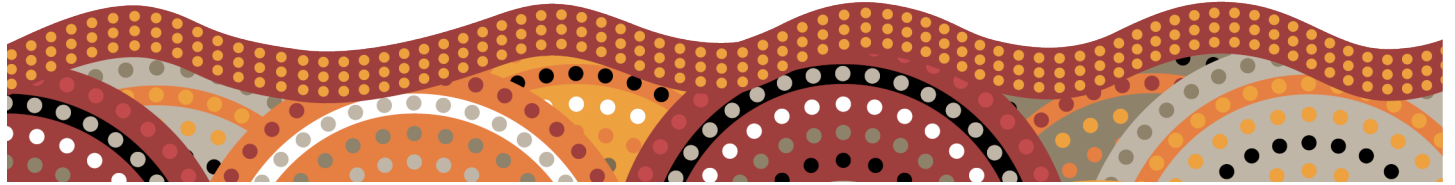
BRM NAV

\$0.76

DISCOUNT<sup>1</sup>

11.0%

as at 31 October 2024



## A WORD FROM THE MANAGER

Barramundi's gross performance return for October was down -0.7% and the Adjusted NAV return was down -0.9%. This compares to the S&P/ASX200 Index (70% hedged into NZ\$) which was down -0.9% over the month.

October proved to be a modestly softer month for Australian equities, with eight of the eleven market sectors falling in the month. Financials (+3.3%), Healthcare (+0.9%) and Communication Services (+0.8%) rose modestly. Favourable economic data including stronger credit growth, better inflation data (lower than the market expected) and stable interest rates assisted the performance of the banks and the financials sector. Utilities (-7.2%), Consumer Staples (-7.0%) and Materials (-5.2%) weighed the most on the ASX200 Index's return.

### Portfolio News

**REA** (+13%) rallied in the month after it abandoned its attempts to acquire Rightmove, the leading UK-based online property portal. REA's Australian business continues to perform strongly, supported by high listing volumes which were up +7% for the September quarter.

**Credit Corp** (+12%) held its AGM late in the month. The company reiterated its guidance for after tax profit growth of +11-23% for FY25. There were a number of encouraging signals on trading for the year to date. Consumer Lending volumes remain solid, further Australian and NZ debt ledger purchases have been locked in and US debt ledger collection productivity has continued to improve.

**Resmed** (+6%) reported earnings for Q1 FY25 that showed very solid growth on the prior year, and which were ahead of expectations. Revenue grew by +11% in constant currency terms, with over 10% rises being recorded across all of devices, masks and residential care software. The company's underlying gross profit increased +18% reflecting both the lift in revenue and further expansion in its gross margin. Operating cost growth lagged revenue growth, so the net result was after tax earnings were up by +35% versus a year ago. All-in-all, Resmed's Q1 performance was beyond reproach and the business looks to have good momentum for the balance of the year.

After a strong few months **Ansell's** share price fell modestly (-2%). This despite lifting the bottom end of its FY25 earnings guidance range at its AGM trading update. However it left the top end unchanged. Underlying FY25 earnings growth is now forecast at +32-47% compared to FY24. Boosted by earnings from an acquisition. Earnings per share growth for the year is expected to be +4-20% after allowing for the new equity raised to fund the acquisition. Q1 FY25 trading was described as providing a "strong" start to the year. End market conditions are broadly in line with the company's expectations. The acquisition is performing modestly ahead of targets, and delivery of projected cost savings for the year is on track.

**Brambles** (-4%) delivered its Q1 FY25 trading update. Revenue for the quarter was up by +3% in constant currency ("CC") terms. This run rate is below the company's FY25 revenue guidance but all guidance targets (rev +4-6% CC, EBIT +8-11% CC) have been reaffirmed. Overall, Brambles has indicated that Q1 performance was "broadly in line with expectations". The increase in Q1 revenue was driven by a 3% increase in price. Volume for the quarter was flat with like-for-like volume down -1% and net wins up +1%. The like-for-like performance reflects the soft macro environment. The positive outturn in net wins is mildly encouraging, and we hope to see this strengthen over the balance of the year as Brambles now has the pallets available to enable it to chase new business.

**Audinate's** (-4%) share price subsided further following a soft trading update. The company flagged that its customers still hold a lot of inventory of Audinate audio chips. This continues to weigh on customer order backlogs. This implies that the rebound in revenues is taking longer than initially expected for Audinate and has led analysts to downgrade near-term earnings expectations.

**Woolworths** (-10%) provided a disappointing 1Q25 update. While comparable sales growth in its core Australian Food division of +2.3% was in line with market expectations, operating pre-tax profit guidance for 1H25 was circa 9% below market expectations. Management attributed this to a higher proportion of sales coming from online sales. Online

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

sales increased +24% during the quarter and grew to 15% of Australia Food sales (from 13% a year ago). Online sales, while profitable, is lower margin than bricks and mortar sales. In addition, the political and media scrutiny on supermarket pricing has seen Woolworths, and its competitor Coles, reduce shelf prices. There were some green shoots in the NZ business, where comparable sales increased +3.4%. Stores rebranded from Countdown to Woolworths New Zealand are outperforming the network, with another 10 rebranded in the quarter.

**Wisetech's** (-14%) share price was buffeted by the decision by CEO and founder Richard White to step down as CEO of the company. This followed a period of negative press headlines related to his personal life by the Australian press. This scrutiny crossed over into the company domain, and ultimately culminated in the decision by Richard White (with the agreement of the Board of Directors). The share price, which had fallen a lot more than 14% in the wake of the publicity, rebounded sharply on the news. The market reacted favourably to the fact that Richard White will continue with the company and be involved in product development. He is the visionary of the business and driving force of its great success over the years.

**James Hardie** (JHX) (-15%) has released no material information of its own in the month, but it has been impacted by negative house builder sentiment in its core US market. Uncertainty from interest rate volatility and the US election has weighed on the results of some large US builders. They have referenced a softer September Quarter for earnings and have also adopted a more cautious stance when looking out to the rest of the FY25 year. JHX reports its September Quarter result in November, and we will be meeting with management to talk through the various themes and issues influencing its near-term earnings. Longer term, we think its outlook remains bright.

### Portfolio Changes

We reduced our weighting in Wisetech following the management changes during the month.

Robbie Urquhart  
Senior Portfolio Manager  
Fisher Funds Management Limited



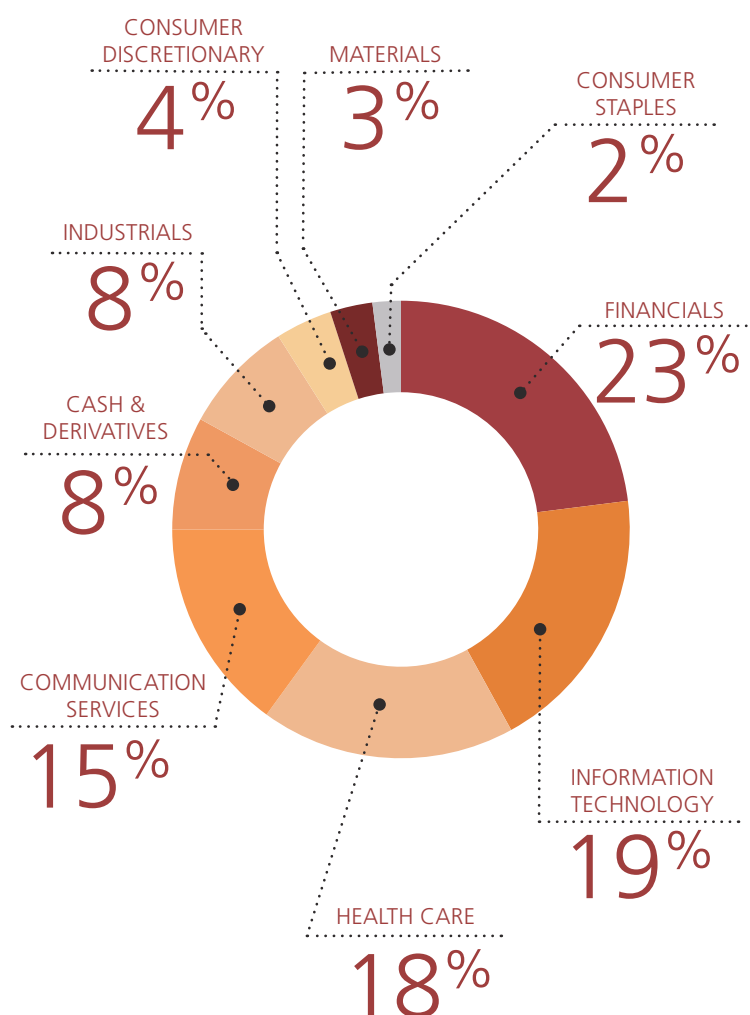
## KEY DETAILS

as at 31 October 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	334m
MARKET CAPITALISATION	\$227m
GEARING	None (maximum permitted 20% of gross asset value)

## SECTOR SPLIT

as at 31 October 2024



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

REA GROUP

+13%

CREDIT CORP

+12%

WOOLWORTHS

-10%

WISTECH

-14%

JAMES HARDIE

-15%

## 5 LARGEST PORTFOLIO POSITIONS as at 31 October 2024

CSL LIMITED

10%

WISETECH

8%

SEEK

6%

AUB GROUP

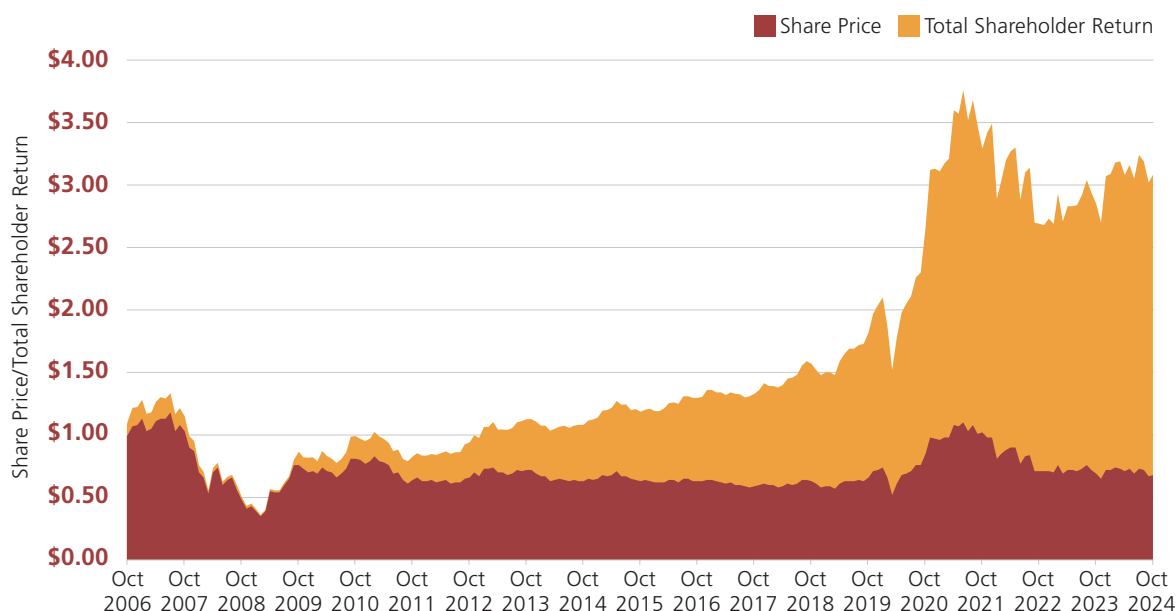
5%

MACQUARIE GROUP

5%

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

## TOTAL SHAREHOLDER RETURN to 31 October 2024



## PERFORMANCE to 31 October 2024

	1 Month	3 Months	1 Year	3 Years (annualised)	5 Years (annualised)
<b>Company Performance</b>					
Total Shareholder Return	+2.3%	(4.8%)	+8.5%	(2.1%)	+11.2%
Adjusted NAV Return	(0.9%)	+2.0%	+29.7%	+5.7%	+11.6%
<b>Portfolio Performance</b>					
Gross Performance Return	(0.7%)	+2.7%	+33.0%	+7.8%	+14.3%
Benchmark Index <sup>^</sup>	(0.9%)	+2.3%	+26.2%	+9.2%	+8.9%

<sup>^</sup>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](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

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

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.



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