QUARTERLY NEWSLETTER

1 April 2025 – 30 June 2025

Barramundi
LANDING TOMORROW'S TROPHIES

Share Price	BRM NAV	DISCOUNT[1]
$0.69	$0.71	2.3%

as at 30 June 2025

In a volatile environment for share markets, Barramundi rebounded strongly in the June Quarter ("Q2"), with gross performance +11.6%, and an adjusted NAV return of +10.8%, both ahead of the ASX200 benchmark index which rose +8.7%.

Q2 started poorly with share markets sinking rapidly in early April as the US announced a raft of tariff proposals for many of their trading partners. At the stroke of a pen, these proposals were put on hold and in some cases, reduced. This in turn buoyed share markets and after falling sharply, from its lows in April the ASX200 index rose +17% through to the end of June.

Heightened share price volatility driven by global rather than company specific events, while stressful, works in both directions (i.e. shares can rebound as quickly as they fall). In a continuation of a theme from our Q1 quarterly update this again highlights the importance for investors of being measured in responding to share price volatility.

During Q2 we sought to selectively take advantage of this volatility in the changes we made to our portfolio. As in Q1, we typically added to positions in companies that are performing well in the context of what they can control. Where execution by management teams has been sub-par, we have held off adding to positions. In the case of James Hardie, we exited entirely.

With the benefit of hindsight, it is easy to lament not being more aggressive in the portfolio changes that were made. That said, markets moved fast, changes in US policy and announcements were also erratic. Overall, we are pleased with the steps we took during Q2 and with our portfolio's performance.

Taking advantage of market volatility & adding to companies that are performing well

Pinnacle (+36% in the period we owned it) was the key new addition to our portfolio during the market turmoil in April. Pinnacle provides a number of fund managers with best-in-class services including seed funding (investing in the funds to help get them started). They also help with fund raising (distribution), and provide administrative services too including helping with regulatory documentation, prospectuses etc. In doing this, Pinnacle frees up the fund managers to focus on what they do best – research and investing.

In return Pinnacle get a share of the ownership of these fund managers, and they charge a fee for the services they provide.

Pinnacle is led by founder-CEO Ian Macoun. He is supported by a strong, long tenured management team. Pinnacle has a long track record of helping its affiliates grow their businesses. Growth in funds under management across Pinnacle's network of fund managers has been predominately organic (20%+ annualised since 2008). This has been driven by strong investment returns, inflows and Pinnacle's support of new affiliates with seed funding. Some of the new managers in Pinnacle's stable manage $10 billion or more of funds under management.

Pinnacle's share price fell sharply due to market volatility and provided us with a fleeting chance to add it to our portfolio. It then rebounded strongly as equity markets recovered, to levels where valuation upside looked stretched to us. So, we sold our position within a few weeks.

It is unusual for us to buy and sell shares in a position so rapidly. We would have been happy remaining invested for a number of years. However, the share price rallied sharply and more strongly than we anticipated so we elected to exit the position. Should valuation look more appealing in the future, we could well see Pinnacle back in the portfolio.

As covered in our Q1 update we had added to the likes of **Car Group** (+19% in Q2) and **SEEK** (+12% in Q2) in the March Quarter and continued buying shares in Q2. Share prices of both companies rose strongly in the period, demonstrating the strength of their businesses in volatile market conditions.

SEEK in particular, had a pleasing investor day in May, highlighting the tremendous progress they are making in developing new products and in embracing artificial intelligence. Despite a stagnant employment market, SEEK's technology investments in recent years gives it the ability to effectively increase the price or 'yield' of employment adverts. This reduces the earnings cyclicality of the business. This theme came through strongly at its investor day.

Pleasingly, some of Q1's 'problem children' rebounded strongly as key concerns abated

We wrote about insurance remediation services provider **Johns Lyng** (+48% in Q2) ("JLG") in our Q1 update given its poor financial performance in the last year. We did not add to the position in Q1 because of the investment thesis drift related to their poor financial performance. We didn't think the investment case was broken. Rather we wanted to see evidence of improved execution in New South Wales ("NSW"). Anecdotally their outlook in NSW has improved. In addition, bad weather in NSW and a cyclone in Queensland also lifted insurance claims, improving JLG's earnings prospects and supporting the share price.

Potentially seeing the latent valuation upside that exists for Johns Lyng, a private equity suitor then entered into takeover discussions with the company. This drove a large part of the share price move in Q2. The Board of Directors has provided the private equity firm with exclusive access to due diligence which should be completed in July at which point a takeover offer may or may not be tabled for the company. The price of the potential takeover offer has not been disclosed to the market. We are monitoring these events closely.

WiseTech (+34% in Q2), another laggard during Q1, made good strides in refreshing its Board and addressing its governance concerns. The company's business performance remains sound. In May, WiseTech announced a US$2.1bn acquisition of US software business e2open. Although it is still early days, we are encouraged by the acquisition of e2open. WiseTech seems to have opportunistically acquired the company at an attractive price. The complementary nature of its software products broadens WiseTech's reach across global logistics participants, helps it accelerate growth and puts further distance between it and its competition.

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

We did not add to our positions where poor share price performance was company specific

Share prices of many companies fell during the tariff related turmoil. We were selective in which shares we bought, or, despite the share price weakness, that we sold during this turmoil. A key differentiator between the buying and/or selling decision, came down to how the company itself was performing.

James Hardie (-9% in Q2) is a good case in point. The company announced the acquisition of a large US building products company that is a leader in composite (including recycled PVC) decking for homes. Although the business is complementary, this was poorly received by the market. James Hardie management is deemed to be paying too much and has structured the deal in a way that looks to destroy value for James Hardie shareholders. Management also deprived shareholders of the right to vote on the transaction.

Through this transaction, we have lost faith in the James Hardie Board and management team. Evaluating the 'people' running the companies we invest in is a key part of our investment process. In this instance, despite the fall in the share price, we have therefore sold our position.

Domino's (-25% in Q2), which we wrote about in Q1, sits somewhere in between the buy and sell decision. We didn't buy or sell shares despite the continued slide in its share price during Q2. There were no material financial updates in Q2. While some of the management team was replaced during the period, again, in evaluating the people and their track record, we have held off buying shares until we see evidence of an improvement in performance from the refreshed team. With its scale advantages and strong brand presence in a number of countries, we think there is good upside to be had if management performs well. But with a management refresh underway, pragmatically this is likely to take some time. We continue to engage with the company and monitor its performance.

Robbie Urquhart
Senior Portfolio Manager
Fisher Funds Management Limited
14 July 2025

SIGNIFICANT RETURNS IMPACTING THE PORTFOLIO DURING THE QUARTER IN AUSTRALIAN DOLLARS

JOHNS LYNG	WISETECH	NEXTDC	CBA	DOMINO'S
+48%	+34%	+28%	+22%	-25%

PERFORMANCE
as at 30 June 2025

	3 Months	3 Years (annualised)	5 Years (annualised)
Company Performance			
Total Shareholder Return	+6.7%	+5.2%	+10.3%
Adjusted NAV Return	+10.8%	+13.5%	+11.0%
Portfolio Performance			
Gross Performance Return	+11.6%	+16.3%	+13.5%
Benchmark Index[1]	+8.7%	+13.8%	+12.3%

[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 30 June 2025

Company	% Holdings
Ansell	1.6%
ANZ Banking Group	2.4%
AUB Group	4.9%
Audinate Group	1.6%
Brambles	5.7%
CAR Group	5.2%
Cochlear Limited	3.4%
Commonwealth Bank	1.9%
Credit Corp	3.3%
CSL	7.2%
Domino's Pizza	1.5%
Fineos Corporation Holdings	3.0%
Johns Lyng Group	3.3%
Maas Group Holdings Limited	2.6%
Macquarie Group	5.3%
National Australia Bank	3.1%
NEXTDC	3.6%
oOh! Media	3.0%
PWR Holdings	2.2%
REA Group	1.9%
ResMed	4.9%
SEEK	6.4%
Wise Tech Global	7.0%
Xero Limited	5.7%
Equity Total	**90.7%**
Australian cash	7.1%
New Zealand cash	2.0%
Total cash	**9.1%**
Forward foreign exchange contracts	0.2%
Total	**100.0%**

Barramundi

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