QUARTERLY NEWSLETTER

1 July 2024 – 30 September 2024

Share Price	Warrant Price	BRM NAV	DISCOUNT[1]
$0.67	$0.03	$0.79	14.8%

as at 30 September 2024

The Barramundi gross performance rose +7.0% in Q3, and the adjusted NAV return was up +6.3%, both lagging the benchmark index which returned +8.0%.

Softer economic data resulted in a number of central banks globally cutting interest rates for the first time in years. This proved supportive for equities.

In Australia, the Information Technology (+17% in A$), Real Estate (+14%), Industrials (+9%) and Consumer Discretionary (+9%) sectors led the market higher. Only Energy (-9%) and Utilities (-3%) finished Q3 in the red.

There was a large dispersion of returns within sectors, driven largely by company specific factors that emerged when reporting their financial results during Q3.

Wisetech continues to widen the moat around its business

Wisetech (+44% in A$), one of our largest positions, was the standout performer for our portfolio in Q3. It delivered superb financial results for FY24. Revenue and pre-tax profit grew close to 30%. It also guided to strong revenue and profit growth again in FY25.

Wisetech's Cargowise software product suite is becoming to freight-forwarders what Microsoft 365 is to many businesses and consumers – an indispensable tool required to function effectively. It now counts 14 of the largest 25 global freight-forwarders as customers. It is becoming clear that these customers are outperforming those that don't use Cargowise. This bodes well for further customer wins in the future.

Wisetech is the clear leader in global logistics software. It also continues to invest aggressively in broadening and improving its product range for its customers. It spent over $360m in innovation and product development in FY24 alone, adding to future growth potential.

Wisetech's shares do not trade cheaply (they rarely do). However, it has a number of key characteristics that we look for in companies. Its scale and its increasingly ubiquitous use across the logistics industry is a key source of its wide moat. It provides a necessary service to its customers and is less subject to economic cycles. It is well run by a passionate founder who is well aligned with shareholders. Founder Richard White and his team are focussed on long term, not short-term value maximisation. It has plenty of scope for growth.

Improving outlook supportive for our defensive and cyclical industrial portfolio companies

Falling interest rates increased investor confidence that global economic growth would improve. This buoyed the share prices of fibre cement manufacturer **James Hardie** (+20%), and employment advertising business **SEEK** (+19%). Both benefit from accelerating economic growth.

Ansell (+24%) likewise does better in a rising economy. After a pandemic-affected few years, FY24 has seen customer activity returning to normal, leading Ansell to guide to earnings growth once again in FY25. The market has also continued warming to Ansell's acquisition of a competitor's protective equipment division. When making acquisitions it makes intuitive sense to acquire 'near the bottom of the cycle' when expectations are depressed. It's harder to do in practice. We support Ansell's courage in completing this deal at this point of the cycle.

Brambles (+36%), the largest pooled pallet provider globally, was another industrial shareholding of ours which delivered a well-received financial result. Its size advantage over competitors enables it to better service its customer base. This provides it with pricing power when re-negotiating customer contracts. This was evident in its financial results where, despite substantial de-stocking of pallets by customers, Brambles managed to grow earnings by 17% in the year. It is producing strong cash flow and expects to sustain this as signalled by an increase in its dividend payout rate and a US$500m share buyback.

Growing pains afflicted some of our smaller portfolio positions during Q3

Audinate (-36%), **Johns Lyng** (-34%) and **PWR Holdings** (-16%) all fell sharply after they reported their financial results.

With earlier stage, faster growing companies such as these, the market can often have outsized positive or negative reactions to 'good' or 'bad' earnings results. This is because there is a tendency for the market to extrapolate the most recent earnings trends. This has a larger impact on the overall valuation of faster growing companies compared to mature businesses if there is reversal in earnings growth – even if that change is temporary.

In talking through the sources of investor disappointment with each management team, we think that the earnings growth headwinds facing each company will be resolved. As such we have bought more shares in all three companies.

In Audinate's case, it delivered strong growth in FY24. But it guided to a modest decline in revenue for FY25 compared to market expectations of another year of strong growth. This stems from some customers over-ordering networked audio chips in FY24 as the pandemic-related supply chain constraints eased. Once this excess inventory is sold, Audinate expects revenue to grow strongly once more. Given uncertainty over exactly how fast this excess inventory will take to clear, investor caution is understandable. However, the shift from analogue to digitally networked audio signals has a long way to run. Audinate's technology has become the industry standard in networked audio. It will continue to grow and benefit from this structural shift.

Johns Lyng remediates properties damaged by 'insurable events' (e.g. weather events such as floods) on behalf of insurers. Its FY24 revenues were impacted by a period of benign weather conditions in Australia, leading to less weather-related repair jobs. This was compounded by poor performance by a handful of its business units in one Australian state. This resulted in an insurer reducing the allocation of repair jobs to Johns Lyng. Management swiftly replaced the underperforming business partners. The insurer has since increased it allocation of work to Johns Lyng. While disappointing, we are pleased with management's alacrity in addressing this issue. Johns Lyng remains well placed to continue taking market share and growing strongly in Australia and the US through time.

In PWR's case, strong revenue growth of 25% was recorded in the year. However, it is spending a significant amount in FY25 to increase production capacity. It is also adding meaningfully to its highly skilled

[1] Share price discount to NAV (including warrant price on a pro-rated basis and using the net asset value per share, after expenses, fees and tax, to four decimal places).

employee base. This is all in anticipation of winning contracts from aerospace customers – a new avenue of growth for the company. The costs are incurred ahead of the revenue growth and hence weighs on near term earnings growth. These steps arguably increase the scope for PWR to keep growing strongly in the future. As such, in our view this additional spend is a good, rather than a bad thing!

Reporting on the effects of climate change on Barramundi

Barramundi will soon be publishing climate-related disclosures, helping investors understand the current and future potential impact of climate change on their investment. The first Barramundi Climate Statement for the 30 June 2024 financial year will be published on the Barramundi website (barramundi.co.nz) around the end of October.

Robbie Urquhart
Senior Portfolio Manager
Fisher Funds Management Limited
11 October 2024

SIGNIFICANT RETURNS IMPACTING THE PORTFOLIO DURING THE QUARTER IN AUSTRALIAN DOLLARS

WISETECH	BRAMBLES	ANSELL	JOHNS LYNG	AUDINATE
+44%	+36%	+24%	-34%	-36%

PERFORMANCE
as at 30 September 2024

	3 Months	3 Years (annualised)	5 Years (annualised)
Company Performance			
Total Shareholder Return	(1.0%)	(4.7%)	+11.8%
Adjusted NAV Return	+6.3%	+5.4%	+12.2%
Portfolio Performance			
Gross Performance Return	+7.0%	+7.5%	+14.9%
Benchmark Index[1]	+8.0%	+9.6%	+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.

COMPANY NEWS
Dividend Paid 27 September 2024

A dividend of 1.53 cents per share was paid to Barramundi shareholders on 27 September 2024, under the quarterly distribution policy. Interest in Barramundi's dividend reinvestment plan (DRP) remains high with 36% of shareholders participating in the plan. Shares issued to DRP participants are at a 3% discount to market price. If you would like to participate in the DRP, please contact our share registrar, Computershare on 09 488 8777.

PORTFOLIO HOLDINGS SUMMARY
as at 30 September 2024

Company	% Holdings
Ansell	2.1%
ANZ Banking Group	2.5%
AUB Group	5.1%
Audinate Group	1.6%
Brambles	5.1%
CAR Group	5.0%
Cochlear Limited	2.0%
Commonwealth Bank	2.9%
Credit Corp	3.7%
CSL	9.8%
Domino's Pizza	3.0%
Fineos Corporation Holdings	1.9%
James Hardies Industries Plc	3.6%
Johns Lyng Group	3.7%
Macquarie Group	5.7%
National Australia Bank	3.3%
NEXTDC	3.8%
oOh! Media	2.3%
PWR Holdings	1.9%
REA Group	1.9%
ResMed	4.6%
SEEK	6.4%
Wise Tech Global	8.9%
Woolworths Group	1.5%
Xero Limited	5.6%
Equity Total	**97.9%**
Australian cash	2.4%
New Zealand cash	0.5%
Total cash	**2.9%**
Forward foreign exchange contracts	(0.8%)
Total	**100.0%**

Barramundi

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