MONTHLY UPDATE

September 2024

Barramundi
LANDING TOMORROW'S TROPHIES

Share Price	Warrant Price	BRM NAV	DISCOUNT[1]
$0.72	$0.05	$0.79	6.9%

as at 31 August 2024

A WORD FROM THE MANAGER

Barramundi's gross performance return for August was up +0.3% and the Adjusted NAV return was up +0.1%. This compares to the S&P/ASX200 Index (70% hedged into NZ$) which rose +0.1% over the month.

Although our portfolio and the ASX200 both essentially finished flat for the month, this masks a volatile month for a large number of individual companies whose share prices moved significantly following the release of their financial results in the month.

Portfolio News

WiseTech's (+25% in A$) annual result which included strong revenue (+28%) and profit (+24%) growth was in line with market expectations, albeit profit (and margin) guidance for FY25 exceeded expectations. The result and guidance reinforce the strength of the Cargowise software offering, and the broadening of the economic moat around the business. To this end, it has added to its list of top 25 freight forwarders, recently signing Nippon Express to a global rollout of the product (Nippon is the 6th largest freight forwarder globally). It has also announced three new product releases for FY25 which enhance the value its software provides for its customer base.

Brambles (+17%) reported a 7% constant currency ("CC") increase in revenue for its FY24 year. EBIT and NPAT were both up by 17% CC. These healthy outturns were achieved despite substantial destocking of pallets over the year, which demonstrates the sustainability of the price increases taken by Brambles over recent years to recover higher operating and capital costs. The company is now producing strong free cash flow and its confidence in maintaining this has been signalled by an increase in its target dividend payout rate (now 50-70%) and a US$500m share buyback.

Ansell (+10%) has been on a rollercoaster ride over the last four years. Initially Covid-19 saw demand for its Healthcare business' personal protective equipment ("PPE") products soar but over the last couple of years volumes have been impacted by distributors and end users reducing stockpiled PPE. For FY24 Ansell reported a 3% constant currency ("CC") fall in revenue. The 10% decline in Ansell's FY24 underlying earnings was better than the market had expected, with a fall of only 3% in the second half after an 18% drop in the first half. For FY25 Ansell has guided to underlying earnings per share being up by between 1% and 20%. This is diluted by the recent equity raising for the acquisition of Kimberly-Clark's PPE business. The inferred increase in underlying NPAT is 19-41%, which is boosted by the acquisition but also reflects what should be the company's first "normal" year since FY19.

SEEK (+5%) provided a solid result in what is a tough macro environment. ANZ job listing volumes fell -20% as SEEK cycled peak volumes in the prior period. This was somewhat offset by +13% yield growth, led by variable ad pricing and a favourable shift in customer mix. In Asia job listing volumes fell -21%, more than offset by yield growth of +24%. The Asian business benefitted from the transition to the recently completed unified technology platform which allowed it to introduce ANZ developed products, like variable pricing, across its markets. SEEK guided to FY25 revenue and EBITDA to be flat (at the midpoint of guidance) as macro conditions remained tough across its markets. SEEK is in a strong position to sustainably grow revenues and profits over 10% per year once the macro environment improves.

oOh!media (-12%) reported a slightly disappointing result for the first six months of its 2024 year with underlying after tax profit 11% behind the comparable period. The company had always signalled a lacklustre first half due to the loss of a contract for outdoor advertising within Vicinity Centres' shopping malls. Coupled with some execution issues which weighed on its key roadside billboard segment in Q2, revenue for the half year was down by 3% versus an 8% increase in revenue for the Australian out-of-home ("OOH") advertising sector in total. The OOH sector continues to perform strongly in a soft Australian advertising market as it takes share from other traditional advertising media formats. It is this structural shift in advertising spend that we are backing via oOh!media, which is the largest player in the Australian OOH sector. The company's prospects for the second half of this year and for 2025 are looking healthier following two recently announced contract wins which should bolster earnings over the next 18 months.

PWR Engineering (-23%) reported strong revenue growth (+17%), offset by increased employee expenses (+21.5%). Investing to support future growth is not something new for PWR, however the quantum of the growth likely surprised the market. It had a one-off step change in its wage rate for lower wage earners to keep it competitive in the marketplace, while also investing in 21 highly skilled employees in anticipation of a ramp up in its production of cooling products for its aerospace customers. Its guidance also disappointed, again at the cost line as it forecast a further investment in its fast-growing aerospace division and equipment for its new facility that it is migrating to in 2025. These additional costs are not earning revenues today but once the Aerospace projects progress from prototype phase to full production phase we expect to see strong revenue growth and operating leverage coming through.

Johns Lyng (-36%) reported a FY24 result that missed the market's expectations slightly, but it was the soft FY25 guidance that led to a sharp fall in its share price. FY24 revenues were negatively impacted by generally benign weather conditions in Australia, leading to less weather-related repair jobs. This was compounded by specific operational underperformance by three of its business units in NSW which saw an insurer pause allocating work to those units. Johns Lyng moved to quickly replace the business partners leading those units in February this year,

[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).

and the insurer has recommenced allocating work. Volumes will take until 4Q25 to scale back to previous levels, weighing on the pace of the earnings recovery. In the US Johns Lyng continues to execute well. It is investing for future growth and during FY24 it was appointed to its first national insurance panel, while also expanding its brands across all its key states. We believe Johns Lyng is well placed to continue taking market share and growing strongly in Australia, while also being well placed to succeed in the large US market.

Audinate (-36%) fell after announcing FY24 results that met market expectations, but where initial guidance for FY25 pointed to a decline in revenue which was poorly received. Revenue is expected to rebound once again in FY26. A key reason for the backwards step in FY25 growth stems from customers over-ordering networked audio chips as the pandemic-related supply chain constraints eased. One large customer in particular needs to work through the excess inventory of chips in FY25 before reverting to more normal chip purchasing patterns. While disappointing, the medium-term growth outlook for Audinate remains sound as the company continues to make progress developing products and benefitting from the structural shift to digital audio (and video) related hardware and software products.

Portfolio Changes

We added to our Johns Lyng and PWR Engineering positions following their share price falls. We reduced our weighting in Ansell and trimmed our WiseTech position – both on valuation grounds following a strong increase in their respective share prices in the month.

Robbie Urquhart
Senior Portfolio Manager
Fisher Funds Management Limited

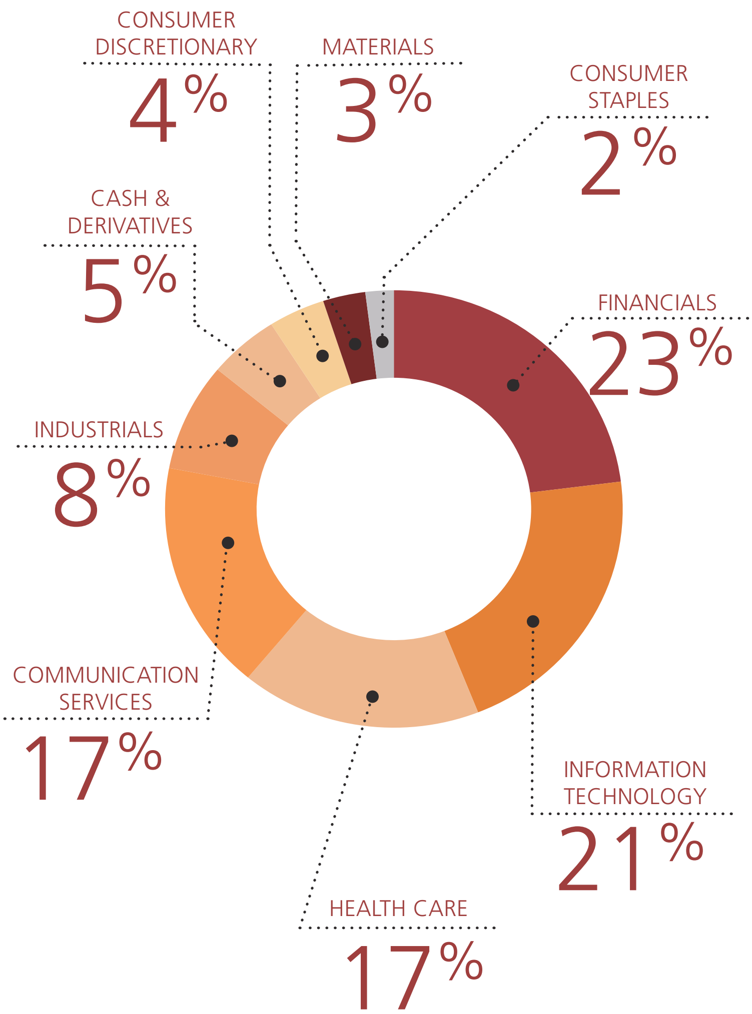
KEY DETAILS

as at 31 August 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	$0.76
PERFORMANCE FEE CAP	1.25%
SHARES ON ISSUE	283m
MARKET CAPITALISATION	$204m
GEARING	None (maximum permitted 20% of gross asset value)

SECTOR SPLIT

as at 31 August 2024



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

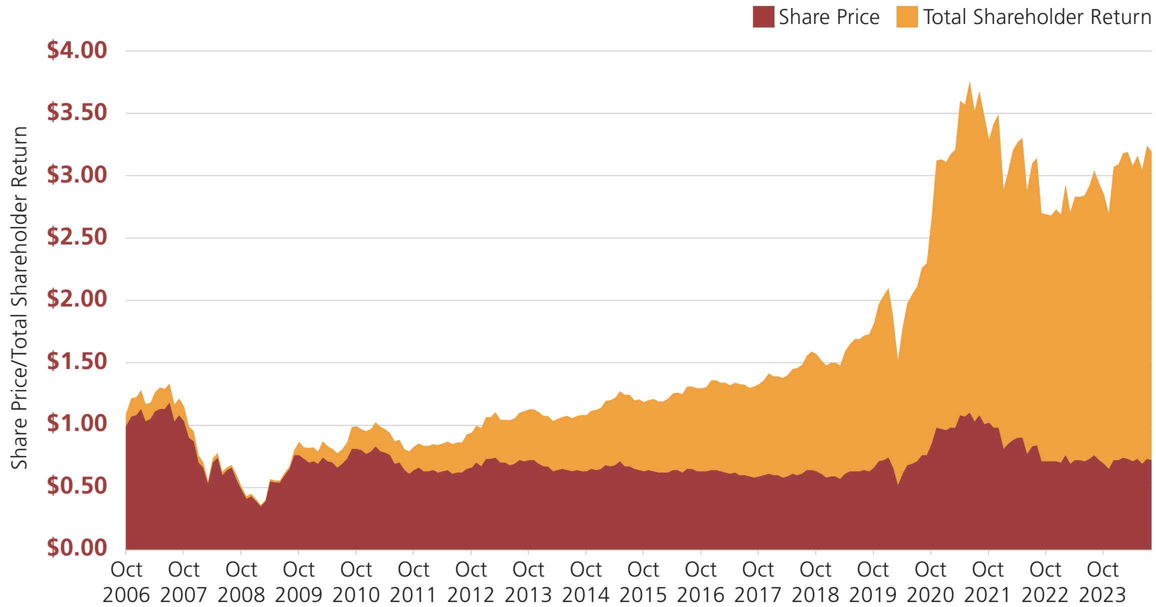
WISETECH	FINEOS CORP	PWR HOLDINGS	JOHNS LYNG GROUP	AUDINATE GROUP
+25%	-22%	-23%	-36%	-36%

5 LARGEST PORTFOLIO POSITIONS as at 31 August 2024

CSL LIMITED	WISETECH	SEEK	XERO	MACQUARIE GROUP
11%	9%	6%	5%	5%

The remaining portfolio is made up of another 19 stocks and cash.

TOTAL SHAREHOLDER RETURN to 31 August 2024



PERFORMANCE to 31 August 2024

	1 Month	3 Months	1 Year	3 Years (annualised)	5 Years (annualised)
Company Performance					
Total Shareholder Return	(1.5%)	+1.0%	+4.9%	(4.6%)	+13.2%
Adjusted NAV Return	+0.1%	+5.8%	+12.2%	+4.1%	+11.8%
Portfolio Performance					
Gross Performance Return	+0.3%	+6.4%	+15.0%	+6.1%	+14.5%
Benchmark Index^	+0.1%	+6.0%	+15.7%	+7.8%	+8.8%

^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

- Barramundi announced an issue of warrants (BRMWH) on 9 October 2023
- Information pertaining to the warrants was mailed/emailed to all shareholders on Tuesday 17 October 2023
- The warrants were issued at no cost to eligible shareholders in the ratio of one warrant for every four Barramundi shares held, based on the record date of 25 October 2023
- The warrants were allotted to shareholders on 26 October 2023 and listed on the NZX Main Board from 27 October 2023
- The Final Exercise Price of each warrant is $0.63
- The Exercise Date for the warrants is 25 October 2024

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