

MONTHLY UPDATE

December 2023



Share Price

\$0.65

Warrant Price

\$0.04

BRM NAV

\$0.69

DISCOUNT¹

4.7%

as at 30 November 2023



A WORD FROM THE MANAGER

In a pleasing reversal of the previous month November saw Barramundi's gross performance return rebound 7.9% and the adjusted NAV return was up 7.5%. This compares to the S&P/ASX200 Index (70% hedged into NZ\$) which rose 4.6% over the month.

Similarly, the market saw a reversal of performance at a sector level, with Healthcare (+11.7%) and Information Technology (+7.3%) two of the laggards in October, being some of the best performing sectors in November. Energy (-7.4%) and Utilities (-6%) in contrast, lagged the market.

Portfolio News

James Hardie (+24.6%) reported Q2 FY24 financial results that were in line with market expectations. However, the share price rose strongly on the company's guidance for Q3 which was materially above market expectations (driven by strength in its key North American division). Although sales volumes are softer than in the prior year, James Hardie is strongly outperforming the broader building products market in the US. It has increased its selling prices, and seen input costs fall. This has translated into record profit margins and strong cash generation for the company, which in turn has bolstered its balance sheet strength. The company is well positioned to benefit from any improvement in the housing construction (and renovation) markets in the US and its Asia Pacific markets.

WiseTech's (+14.9%) share price rebounded after a soft couple of months. The company reiterated its FY24 earnings guidance at its AGM during the month. We met with management, and although global trade is softening, this is in line with its expectations when it set its earnings guidance at its full year results in August. The team remains focussed on expanding the functionality of its core CargoWise software to encompass key segments of the global freight supply chain. This includes expanding the reach of CargoWise to encompass global customs, warehouse and landside logistics modules. If successful in this endeavour, WiseTech will noticeably broaden its economic moat and its addressable market, thereby expanding its runway for earnings growth in the future.

PEXA (+10.2%) hosted a strategy day which was taken well by the market. In Australia property sale volumes recovered during the Spring sales season, having troughed in the March'23 quarter. In the UK PEXA will launch its much-anticipated PEXA re-mortgage platform

in April / May 2024. The new platform will significantly reduce the time to re-mortgage from weeks to 24-48 hours. It has confirmed two top ten UK lenders have verbally agreed to use the new PEXA platform for re-mortgages. PEXA also provided an update on its Productivity Enhancement Program. PEXA will make approximately 12% of the global workforce redundant, generating \$8-10m of annualised cash savings.

Like PEXA, **REA Group** (+8%) also benefited from the recovery in the Australian housing market. In October national new property listings grew +17% compared to September (and were +16% higher than October 2022). This has been led by Sydney and Melbourne where listings were +32% higher than October 2022. During the month REA hosted a strategy day in India where it talked through its strategy to remain the number #1 real estate platform in the large and growing Indian property market. It's still early in the digitalization of the Indian property market. Nevertheless, we are encouraged by the progress made by REA India, having grown revenues 4.5x between FY21 and FY23.

Domino's (+5.9%) AGM at the beginning of November included a constructive trading update for the first 16 weeks of FY24. Group same store sales ("SSS") for the period were positive, rising +2.7%, with total network sales +12.7% (boosted by last year's Asian acquisitions). Australia and New Zealand (ANZ) is the region most advanced in benefiting from Domino's revised pricing and marketing strategies. Pleasingly, ANZ SSS were +7.0%. Europe is also making progress, with SSS +3.8%. Customer purchase frequency is lower in Asia, so it is taking longer for positive momentum to develop and SSS remain negative -6.8%. Domino's business improvement programme is on track, and it continues to expect earnings to be materially higher than last year due to its strategic initiatives.

PWR (+1.6%) announced that it had withdrawn from commercial negotiations with a European customer. PWR had been working with the customer for two years to develop battery cold plates for a high-volume electric vehicle program. However, in the end PWR could not agree commercial terms with the customer that were acceptable to PWR. While we are disappointed the contract fell through, PWR has shown good discipline in withdrawing from a contract that would have been done on unfavourable terms. PWR has numerous other potential programs that are at different stages of negotiation with various customers. We expect these contracts to underpin earnings growth in years to come.

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).

Xero's share price fell -3.4% after a compositionally softer 1H FY24 earnings result. The headline subscriber growth rate of 13% in the first half of the year reflected robust growth in Australia and New Zealand, offset by slower growth in the UK and the US. Part of this reflects the fact that Xero is more focussed than it has been historically on the quality of new subscriber additions, not only on the overall quantity of subscribers. Management also pointed out that the postponement of the next 'making tax digital' regulations in the UK also removed a catalyst for businesses to adopt software products like Xero. Overall, Xero continues to grow its revenue robustly. The company also reiterated its guidance that operating costs will total 75% of revenue in FY24. This is substantially lower than what costs have been as a proportion of revenue historically. This indicates that Xero is still very focussed on controlling its cost base which should bode well for continued growth in cash generation in future periods.

Portfolio Changes

During the month we trimmed both our REA and James Hardie positions on valuation grounds following recent share price strength.



Robbie Urquhart
Senior Portfolio Manager
Fisher Funds Management Limited



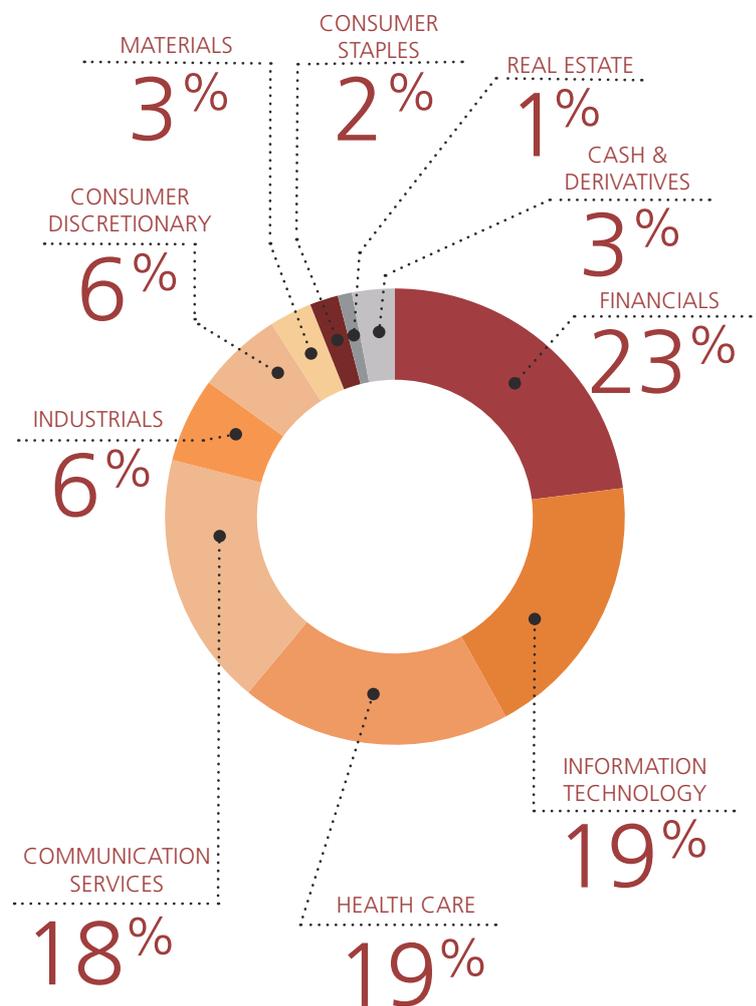
KEY DETAILS

as at 30 November 2023

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	278m
MARKET CAPITALISATION	\$181m
GEARING	None (maximum permitted 20% of gross asset value)

SECTOR SPLIT

as at 30 November 2023



NOVEMBER'S SIGNIFICANT RETURNS IMPACTING THE PORTFOLIO

during the month in Australian dollar terms

JAMES HARDIE INDUSTRIES

+25%

AUDINATE

+20%

NANOSONICS

+16%

SEEK

+16%

WISETECH GLOBAL

+15%

5 LARGEST PORTFOLIO POSITIONS as at 30 November 2023

CSL LIMITED

11%

WISETECH

7%

SEEK

6%

CARSALES.COM

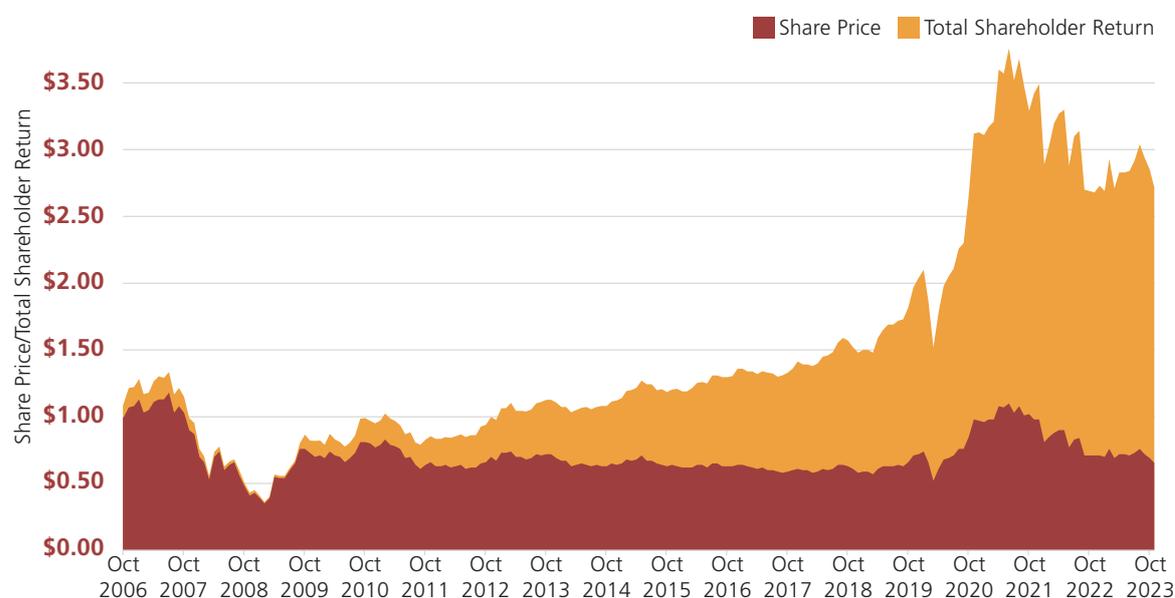
5%

RESMED

5%

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

TOTAL SHAREHOLDER RETURN to 30 November 2023



PERFORMANCE to 30 November 2023

	1 Month	3 Months	1 Year	3 Years (annualised)	5 Years (annualised)
Company Performance					
Total Shareholder Return	(5.2%)	(11.4%)	+0.6%	(4.7%)	+12.1%
Adjusted NAV Return	+7.5%	(5.2%)	+8.2%	+6.4%	+12.5%
Portfolio Performance					
Gross Performance Return	+7.9%	(4.4%)	+11.0%	+8.4%	+15.3%
Benchmark Index [^]	+4.6%	(2.0%)	+2.3%	+7.9%	+9.2%

[^]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

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 Exercise Price of each warrant is \$0.69, adjusted down for the aggregate amount per Share of any cash dividends declared on the shares with a record date during the period commencing on the date of allotment of the warrants and ending on the last Business Day before the final Exercise Price is announced by Barramundi
- » The Exercise Date for the warrants is 25 October 2024

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

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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