Barramundi
LANDING TOMORROW'S TROPHIES

Monthly Update
April 2017

BRM NAV	SHARE PRICE	WARRANT PRICE	DISCOUNT
$0.66	$0.62	$0.02	6.4%

as at 31 March 2017

A word from the Manager — Once upon a time

Humans love stories. In ancient times, the only way to share knowledge was through story-telling, person to person and generation to generation. Stories help us visualise, understand concepts and build an emotional connection.

Investors particularly like investment stories. A tidy narrative can help us feel comfortable, and make something otherwise random seem logical and rational.

There are stock stories, like "the new CEO is going to turn the company around" or "the company is about to win a big contract" or "the business is ripe for a takeover".

Then there are market stories: "stocks are overvalued and ready for a correction" or "the Federal Reserve is going to end quantitative easing" or "the market has broken through 20,000 on its way to 21,000".

Once upon a time there was a Trump rally…

This has been the story of 2017 so far. It's been quite an exciting story, with enough emotional drama to keep a large audience interested. And it has been handy in explaining why stocks that were supposedly poised to fall this year have instead gone from strength to strength.

However, the problem with this narrative is that it doesn't really bear scrutiny. It belongs firmly in the fiction section.

The basic storyline is that the election of President Donald Trump will result in sweeping changes in trade, tax, infrastructure and spending that will benefit the US economy enormously. The US stock market has rallied with every page turn.

The kink in this storyline is that it doesn't explain why France, Germany, Japan and other developed markets have also rallied since the presidential election in November. Trump's policies shouldn't drive the French or Japanese share markets higher, especially given that he is threatening a global trade war.

Then there's the inconvenient fact that despite Trump's struggles to put any of his significant promises into effect, markets have rallied anyway.

The story also falters when you consider that most global equity markets had been rallying in the months leading up to the November elections, so calling it a Trump rally is a bit of a stretch.

But really, what's wrong with fabricating a story if it makes you feel good?

Well if enough people opt for comfort over reality, they won't be prepared when the storyline eventually turns. If it is not a Trump rally but rather crowd momentum, animal spirits or blind faith with no fundamental basis, then someone will be left with the wrong investments when such behaviour stops.

Emotional stories can get in the way of intelligent investing. We've all seen strategists and economists get their forecasts wrong, only to offer a series of excuses for why. We've seen investors rationalising why they were right and the market was wrong. We've seen people prefer to put good money after bad, rather than admit they got it wrong.

The narrative that we've been following on your behalf is that politics are not the driving force behind markets or economies anymore.

It is quite possible that US politics will be dysfunctional and irrelevant for the next few years, and that Trump's utterings neither hinder nor help business and consumer sentiment. Instead, the US economy will recover on its own at its own pace, and the Federal Reserve will do everything it can to support that economic recovery. Other economies will stage their own recoveries, and many ships will be lifted by the rising tide. But not all ships will rise, and not all tides will either.

Rather than invest where we think Trump's policies will impact the most, we will continue to invest where quality, and the opportunity for consistent growth, exists. In following our own narrative we may end up zigging when markets are zagging, but at least we'll be focused on the reality rather than the imagined. And if we get it wrong occasionally, at least we'll have ourselves to blame rather than a character from a believable but ultimately fictitious yarn.

That way our portfolios can live happily ever after!

Carmel Fisher
Managing Director, Fisher Funds

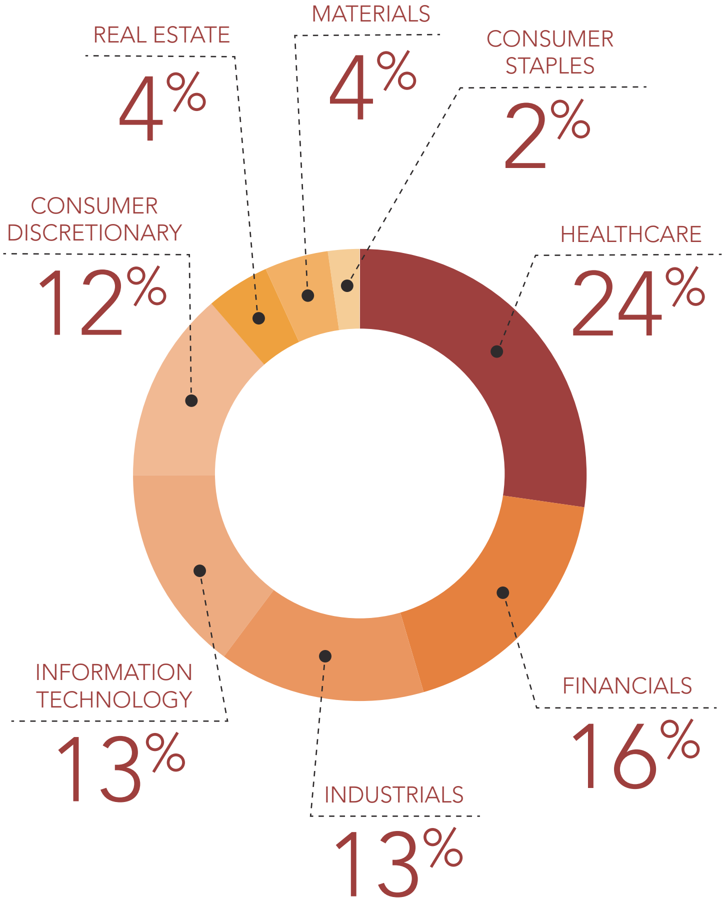
Key Details

as at 31 March 2017

FUND TYPE	Listed Investment Company
INVESTS IN	Growing Australian companies
LISTING DATE	26 October 2006
FINANCIAL YEAR END	30 June
TYPICAL PORTFOLIO SIZE	25-35 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 BENCHMARK	Changes in the NZ 90 Day Bank Bill Index + 7%
PERFORMANCE FEE HURDLE	15% of returns in excess of benchmark and high water mark
HIGH WATER MARK	$0.59 per share
SHARES ON ISSUE	148m
MARKET CAPITALISATION	$92m
GEARING	None (maximum permitted 20% of gross asset value)

Sector Split

as at 31 March 2017



The Barramundi portfolio also holds cash.

Performance

to 31 March 2017

	1 Month	3 Months	1 Year	3 Years (accumulated)	Since Inception (accumulated)
BRM Adjusted NAV*	+4.4%	+3.7%	+5.1%	+24.5%	+37.5%
Total Shareholder Return*	+0.5%	(0.9%)	+10.7%	+30.0%	+34.4%
Gross Performance^	+4.4%	+3.8%	+8.8%	+36.3%	+92.1%
Benchmark Index^^	+4.2%	+6.6%	+20.5%	+34.4%	+28.6%

^ Gross of fees and tax and adjusting for capital management initiatives

^^Benchmark Index: S&P/ASX Small Ords Industrial Gross Index until 30 September 2015 & S&P/ASX 200 Index (hedged 70% to NZD)

***Definitions of non-GAAP measures:**

Adjusted Net Asset Value (Adjusted NAV)

The adjusted NAV per share represents the total assets of Barramundi (investments and cash) minus any liabilities (expenses and tax), divided by the number of shares on issue. It adds back dividends paid to shareholders and adjusts for:

» the impact of shares issued under the dividend reinvestment plan at the discounted reinvestment price;
» shares bought on-market (share buybacks) at a price different to the NAV, and;
» warrants exercised at a price different to the NAV at the time exercised.

Adjusted NAV assumes all dividends are reinvested in the company's dividend reinvestment plan and excludes imputation credits.

The directors believe this metric to be useful as it reflects the underlying performance of the investment portfolio adjusted for dividends, share buybacks and warrants, which are capital allocation decisions and not a reflection of the portfolio's performance.

Total Shareholder Return (TSR)

The TSR combines the share price performance, the warrant price performance (when warrants are on issue), the net value of converting warrants into shares and dividends paid to shareholders.

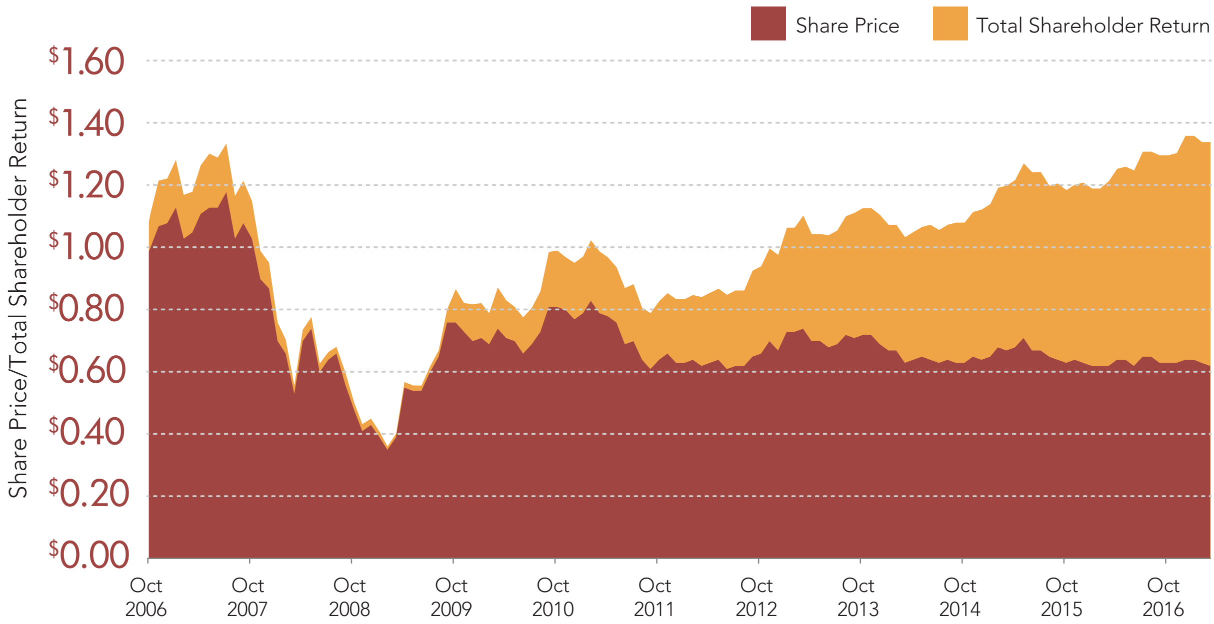
TSR assumes:

» all dividends paid are reinvested in the company's dividend reinvestment plan at the discounted reinvestment price and exclude imputation credits, and;
» all shareholders that have received warrants (for free), have subsequently exercised their warrants at the warrant expiry date and bought shares (if they were in the money).

The directors believe this metric to be useful as it reflects the return of an investor who reinvests their dividends and, if in the money, exercises their warrants at warrant maturity date for additional shares. No metric has been included for investors who choose other investment options.

Total Shareholder Return

to 31 March 2017



March's Biggest Movers in Australian dollar terms

Typically the Barramundi portfolio will be invested 90% or more in equities.

ANSELL	VIRTUS HEALTH	NANOSONICS	TOX FREE SOLUTIONS	CSL LIMITED
+13%	+9%	+8%	+7%	+7%

5 Largest Portfolio Positions

as at 31 March 2017

DOMINO'S PIZZA	SEEK	CSL LIMITED	CARSALES.COM	RESMED
6%	6%	6%	5%	4%

The remaining portfolio is made up of another 25 stocks and cash.

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 25 and 35 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

Barramundi's portfolio is managed by Fisher Funds Management Limited. Manuel Greenland (Senior Portfolio Manager), Terry Tolich (Senior Investment Analyst) and Delano Gallagher (Investment Analyst) have prime responsibility for managing the Barramundi portfolio. Together they have over 50 years 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 Manager has authority delegated to it from the Board to invest according to the Management Agreement and other written policies. The Board of Barramundi comprises independent directors Alistair Ryan (Chair), Carol Campbell and Andy Coupe; and non-independent director Carmel Fisher.

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

» This policy is well received by shareholders as it provides an attractive and regular return that is referable to the NAV

» 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 up to 7.2m of its shares on market in the year to 31 October 2017

» Shares bought back by the company are held as treasury stock

» Shares held as treasury stock are available to be re-issued for the dividend reinvestment plan and to pay performance fees

Warrants

» On 8 November 2016, a new issue of warrants (BRMWD) was announced

» The warrants were issued at no cost to shareholders and in the ratio of one warrant for every four Barramundi shares held

» Exercise Price = $0.63 per Share on the exercise of each Warrant (adjusted for dividends declared during the period up to the Exercise Date)

» Exercise Date = 24 November **2017**

» The final Exercise Price will be announced and an Exercise Form will be posted to warrant holders in late October **2017**

Barramundi

Barramundi Limited
Private Bag 93502, Takapuna, Auckland 0740
Phone: +64 9 489 7074 | Fax: +64 9 489 7139
Email: enquire@barramundi.co.nz | www.barramundi.co.nz

Computershare Investor Services Limited
Private Bag 92119, Auckland 1142
Phone: +64 9 488 8777 | Fax: +64 9 488 8787
Email: enquiry@computershare.co.nz | www.computershare.com/nz