

Monthly Update

February 2018

BRM NAV	SHARE PRICE	DISCOUNT
\$0.69	\$0.60	13.0%
as at 31 January 2018		

A word from the Manager

Welcome to our first monthly update for 2018

2018 got off to a positive start for the Barramundi portfolio with gross performance return of 0.8% for the month. This was ahead of Barramundi's S&P/ASX200 benchmark which was down slightly due to both a weaker Australian market and small rise in the NZ dollar.

Underpinning Barramundi's portfolio outperformance were its overweight positions in the Healthcare and IT sectors. These sectors tend to offer the combination of quality and higher earnings growth that we seek. Notable performances among our Healthcare stocks included **ResMed** which delivered its second quarter FY18 earnings result. ResMed's result showed continuing solid revenue growth and an encouraging improvement in margins.

There were also several strong performers among our IT exposures including **WiseTech**, which was the standout. Although there was no specific news from the company, analysts continue to lift their earnings forecasts and we believe this business has a long growth runway in front of it. The IT sector also provided our laggard for the month, **NEXTDC**. There was on-going news flow about its battle over the future of Asia Pacific Data Centre Trust which owns the property in which three of NEXTDC's data centres are located. However, we suspect January's share price weakness was probably due to a broker report suggesting sales of capacity in its second Melbourne data centre were lagging expectations. We take a longer term view. Given the exponential growth of data, we expect the company to earn attractive returns on the capital it is deploying in new capacity.



The summer break also saw a takeover offer announced for long term Barramundi portfolio company, ToxFree Solutions. Barramundi's investment in ToxFree has been a somewhat bumpy ride as ToxFree's earnings were greatly impacted by a slowdown in resources and oil and gas activity over the past few years. However, ToxFree's management fought back from that challenge pivoting the business towards medical waste with the Daniels acquisition and in the process restored significant shareholder value. In December 2017, listed waste management firm Cleanaway made an attractive offer to takeover ToxFree, and it was pleasing to see the ToxFree management strategy, and our patience, rewarded with the company acquired at a healthy premium; an outcome that we had long thought was likely.



Frank Jasper
Chief Investment Officer



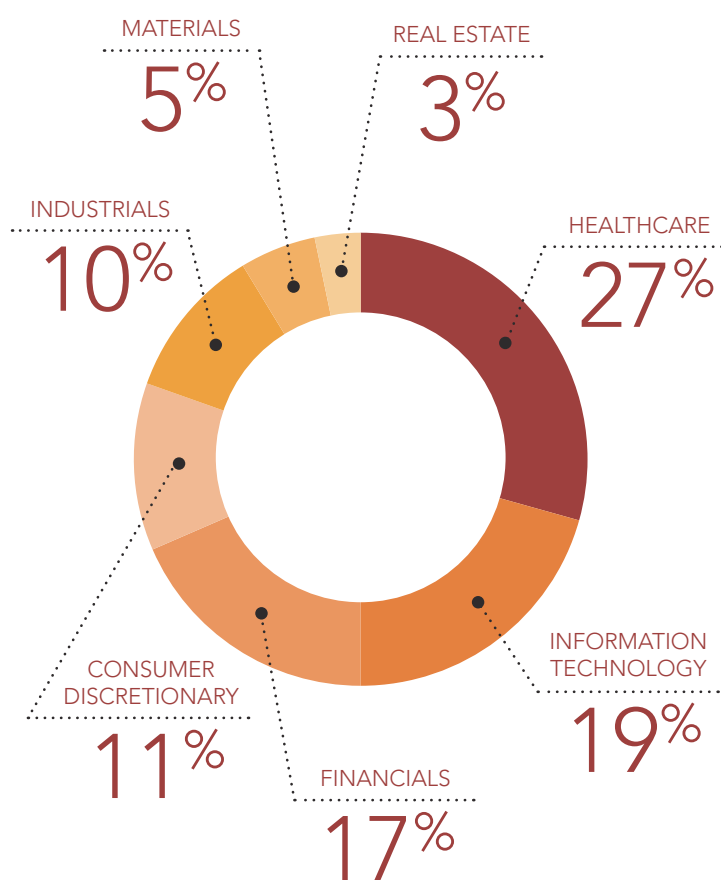
Key Details

as at 31 January 2018

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	\$0.55
SHARES ON ISSUE	165m
MARKET CAPITALISATION	\$99m
GEARING	None (maximum permitted 20% of gross asset value)

Sector Split

as at 31 January 2018



The Barramundi portfolio also holds cash.

Performance

to 31 January 2018

	1 Month	3 Months	1 Year	3 Years (annualised)	Since Inception (annualised)
Corporate Performance					
Total Shareholder Return	(1.6%)	+4.7%	+2.5%	+6.9%	+3.0%
Adjusted NAV Return	+0.6%	+3.3%	+19.9%	+9.0%	+3.9%
Manager Performance					
Gross Performance Return	+0.8%	+4.1%	+22.8%	+12.4%	+7.3%
Benchmark Index [^]	(0.6%)	+2.4%	+14.7%	+12.0%	+2.8%

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

Non-GAAP Financial Information

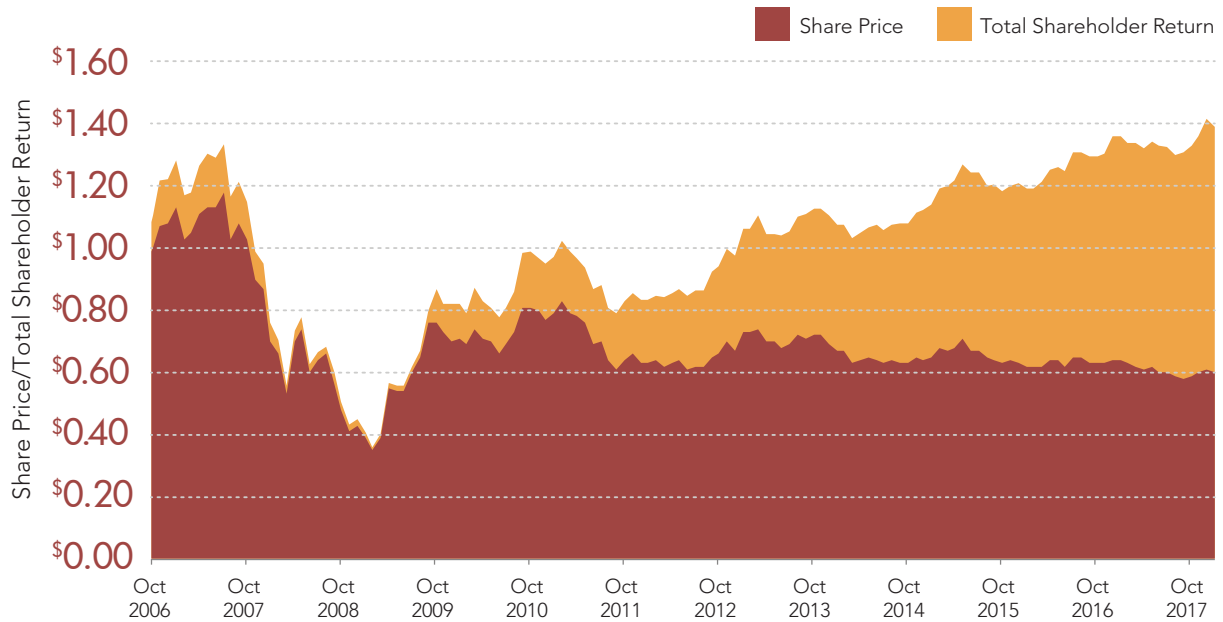
Barramundi uses non-GAAP measures, including adjusted net asset value, gross performance return and total shareholder return. The rationale for using such non-GAAP measures is as follows:

- » adjusted net asset value – the underlying value of the investment portfolio adjusted for capital allocation decisions,
- » gross performance return – the Manager's portfolio performance in terms of stock selection and hedging of currency movements, and
- » total shareholder return – the return to an investor who reinvests their dividends, and if in the money, exercises their warrants at warrant maturity date for additional shares.

All references to adjusted net asset value, 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 <http://barramundi.co.nz/about-barramundi/barramundi-policies/>.

Total Shareholder Return

to 31 January 2018



January's Biggest Movers in Australian dollar terms

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

RESMED

+13%

WISETECH

+9%

LINK ADMINISTRATION

+6%

CREDIT CORP

-5%

APN OUTDOOR

-7%

5 Largest Portfolio Positions

as at 31 January 2018

CSL LIMITED

7%

SEEK

7%

CARSALES.COM

7%

NATIONAL AUSTRALIA BANK

5%

COMMONWEALTH BANK OF AUSTRALIA

5%

The remaining portfolio is made up of another 23 stocks and cash.

About Barramundi Management Board

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 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.

Barramundi's portfolio is managed by Fisher Funds Management Limited. Frank Jasper (Chief Investment Officer), Terry Tolich (Senior Investment Analyst) and Delano Gallagher (Investment Analyst) 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.

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
- » 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 7.4m of its shares on market in the year to 31 October 2018
- » 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

- » Warrants put Barramundi in a better position to grow further, improve liquidity, operate efficiently and pursue other capital structure initiatives as appropriate
- » A warrant is the right, not the obligation, to purchase an ordinary share in Barramundi at a fixed price on a fixed date
- » There are currently no warrants on issue

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 an authorised 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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