



A word from the Manager

Volatility returned with a vengeance in February as global share markets absorbed stronger US economic data. This cast some doubt on the benign “not too hot, not too cold” economic outlook that had been factored into asset prices. Stronger data points to greater than expected tightening by central banks which put pressure on the long maturity end of the interest yield curve. Major share markets around the world fell by as much as 8% in early February.

Australia performed well in a difficult environment. The S&P/ASX 200 hit its February low on the 12th having fallen 3.6% from the start of the month. From these lows, the S&P/ASX 200 gained 4.1%, to close the month up 0.4% in Australian dollar terms.

Investor focus during the month was split between the global market ructions and company results being reported for a majority of the companies that we follow.

Through the lens of the S&P/ASX 200, company results were generally sound. By the end of the month analysts had revised estimates of 43% of these companies higher, compared to 34% where estimates were cut. More importantly where explicit 2018 fiscal year guidance was given by companies it led to 1.5x more upgrades than downgrades. In previous reports we have talked about the improved confidence that Australian companies have had over recent months. This results season very much echoed this theme.

Performance

In February the Barramundi's gross performance return was -0.8%. This was behind the benchmark S&P/ASX 200 index partially hedged into New Zealand dollars which was flat for the month. We use this benchmark as a guide for comparing the investment performance of the company to the overall share market.

Strong earnings results drove the performance of the leading contributors to portfolio performance. **NextDC** (up 17.0% in \$A for the month), an owner and operator

of datacentres, crushed market expectation posting a very upbeat earnings result. NextDC is benefitting from strong uptake of datacentre space as customers increasingly move towards cloud computing and away from traditional on premise IT infrastructure. NextDC is in the enviable position where every dollar of revenue added generates a high incremental level of profitability. The market is beginning to understand this dynamic. Similarly **CSL** (+11.4%) and **ARB** (+8.3%) demonstrated strong profitability and are delivering healthy share price gains.

The worst performer for the month was logistics software provider **Wisetech** (-31.2%) which, despite posting profit growth of 32%, lagged bullish market expectations. To put this in context, and even with February's steep share price fall, Wisetech shares have risen 96.4% in the last twelve months. We continue to be very comfortable with our investment in the firm. Wisetech is a global leader in cloud based software to help customers in the highly competitive freight forwarding industry improve efficiency. Given the razor sharp margins in this industry efficiency is a critical customer need. The company has a significant market opportunity, is led by high quality management with a clear multiyear growth strategy.

Portfolio changes

This results season was associated with even more volatile share price responses than normal. This creates both threats to performance but also opportunities.

Over the course of the month we used share price weakness to add to positions in both **Dominos Pizza** and **Credit Corp**.

In both cases we felt the market had over reacted to results. For Dominos the first half was soggy but this is something we expected and we believe the outlook for its European business, in particular, is for a strong second half.

Credit Corp was "guilty" of not raising guidance. Investors have got used to CEO Thomas Beregi beating expectations and setting the bar even higher. That wasn't the case this time. There was something much more interesting in this result, in our view. The company is beginning to gain real traction in its US business. The US Purchased Debt Ledger (PDL) market is 10x the size of the Australian market. In the near term Credit Corp is on-track to create a business that is of similar size to its domestic PDL operation. At this level

it would have a US market share of around 4%. We believe it could readily grow beyond this, providing a significant growth option for the company over the years to come.



Frank Jasper
Chief Investment Officer



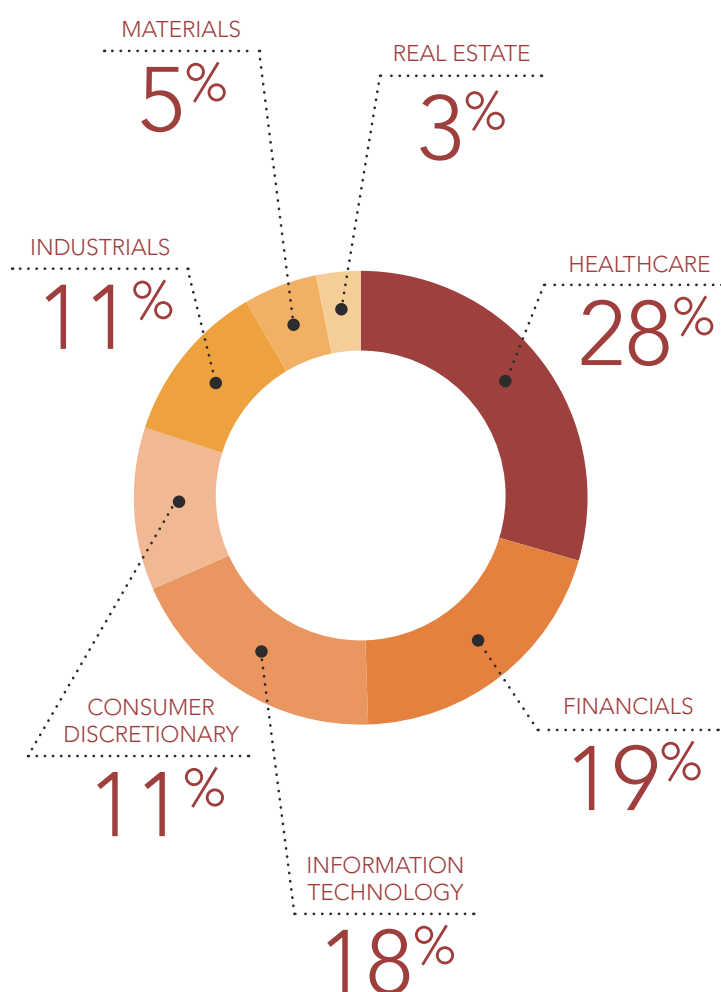
Key Details

as at 28 February 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	163m
MARKET CAPITALISATION	\$98m
GEARING	None (maximum permitted 20% of gross asset value)

Sector Split

as at 28 February 2018



The Barramundi portfolio also holds cash.

February's Biggest Movers in Australian dollar terms

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

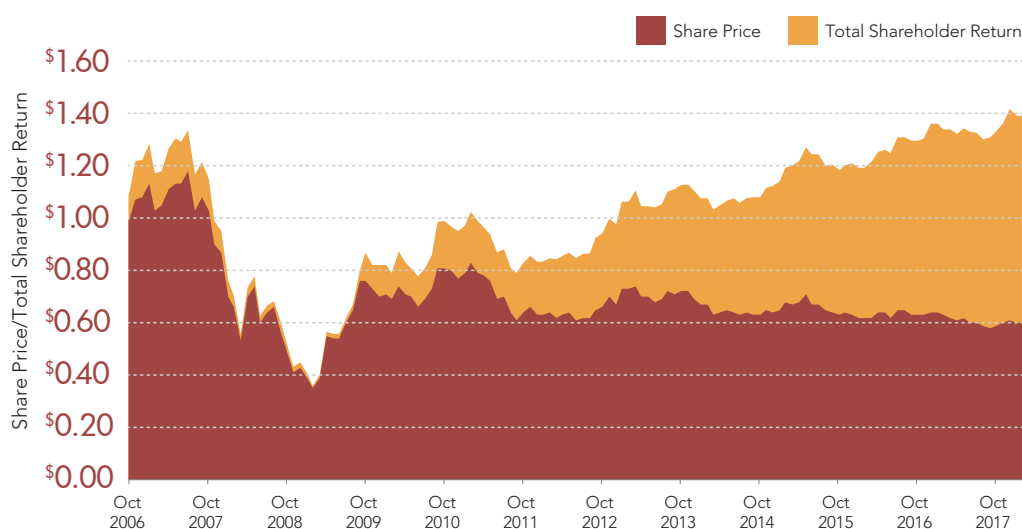
NEXTDC +20%	CSL LIMITED +12%	ARB CORPORATION +9%	DOMINO'S PIZZA -16%	WISETECH -32%
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5 Largest Portfolio Positions as at 28 February 2018

CSL LIMITED 8%	SEEK 7%	CARSALES.COM 6%	NATIONAL AUSTRALIA BANK 5%	COMMONWEALTH BANK OF AUSTRALIA 5%
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The remaining portfolio is made up of another 23 stocks and cash.

Total Shareholder Return to 28 February 2018



Performance to 28 February 2018

	1 Month	3 Months	1 Year	3 Years (annualised)	Since Inception (annualised)
Corporate Performance					
Total Shareholder Return	+0.0%	+2.3%	+4.1%	+5.3%	+3.0%
Adjusted NAV Return	(1.1%)	+0.2%	+15.9%	+7.4%	+3.8%
Manager Performance					
Gross Performance Return	(0.8%)	+1.0%	+19.2%	+10.5%	+7.2%
Benchmark Index [^]	(0.0%)	+1.0%	+11.1%	+10.5%	+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) from 1 October 2015

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/>

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.



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