



A word from the Manager

First positive month for Australian shares this year

An uptick in global inflationary pressures has been an important theme gripping financial markets over the first few months of the year. This is a significant change in the financial market narrative away from the “goldilocks” economic story that has been so supportive of asset prices in recent years. The “goldilocks” story was built on economic momentum that was just warm enough to help company earnings inch higher accompanied with non-existent inflationary pressures. This meant interest rates remained anchored at generational low levels. Fears of higher inflation have changed this and led to higher interest rates. For example, US ten year treasury yields have almost doubled from lows in August 2017 hitting 3% this April.

The impact of higher global interest rates and inflationary pressure on the Australian share market differs sector by sector. Much of the Australian market tends to be a beneficiary of subdued interest rates. Sectors like real estate, utilities and telecommunications are good examples of this. On the other hand, rising inflation typically means higher commodity prices, which are supportive of the commodity and energy sectors of the Australian share market. These are relatively large sectors in the market and movements in these sectors will influence the overall direction of the market.

This leads neatly on to the performance of the Australian share market in April. The market was up 3.9% (S&P/ASX 200 in Australian dollars) for the month which was its first positive monthly return for the year. It was the energy and commodity sectors that led the market higher rising 10.8% and 7.6% respectively. Financials, telcos and utilities, which tend to be sensitive to the level of interest rates, underperformed for the month although all three sectors did post positive returns.

Barramundi performance

Like the overall market, returns for Barramundi were strong in April with the portfolio rising 3.6% on a gross performance return basis. The positive contributors to this

month’s performance were for stock specific reasons rather than any broad market drivers. **APN Outdoor**, which has been an underperformer in recent months, found some support with industry data pointing to a rebound in demand for the out of home advertising sector. APN is likely to benefit from this and enjoyed a share price surge. **CSL**, which is the largest investment in Barramundi, had another strong month rising 9.6% with investors anticipating strong upcoming profit results on the back of a worse than usual flu season in the northern hemisphere. CSL is a leading global provider of flu vaccines.

Debt collector **Credit Corp** continues to lag. While this company has been a poor performer lately, we continue to rate management highly and are excited by the company’s prospects in the United States. Credit Corp came out and reaffirmed profit expectations late in the month which we think should calm investor’s nerves.

Spotlight on portfolio company NextDC

NextDC has been a very strong performer for Barramundi over the past twelve months rising 65.6% in Australian dollars terms to 30 April 2018. In April, the company announced a major capital raising to fund a very material expansion of its business. Barramundi participated in the capital raising.

NextDC is a provider of data centres for both “normal” companies and for technology firms like Google. As all of us with smart phones will know, more and more computing power is based in the “cloud.” Just think of your mobile banking app, Spotify or your Google drive; these are all cloud based apps. Companies like NextDC are a critical link in providing the infrastructure to deliver the cloud computing services that we have come to rely on.

NextDC’s role in the cloud computing arena is twofold. First, it provides a location for companies to securely store computing resources (the computers and data storage that run apps and websites). Secondly and more importantly, the company provides an “exchange” that enables all of the elements that make up the rich cloud ecosystem to be delivered to users in an efficient and cost effective manner.

We believe this ecosystem becomes a powerful moat for NextDC given that the more users and the more services in its data centres, the more it is attractive to new clients.

The demand for cloud services is growing at an incredibly rapid rate and NextDC is sharing in this growth. The company has announced plans to open new data centres in Sydney, Melbourne and Perth which will more than double its existing capacity. In our opinion, doubling capacity will drive long term earnings growth for NextDC and create significant shareholder value.

Frank Jasper
Chief Investment Officer
Fisher Funds



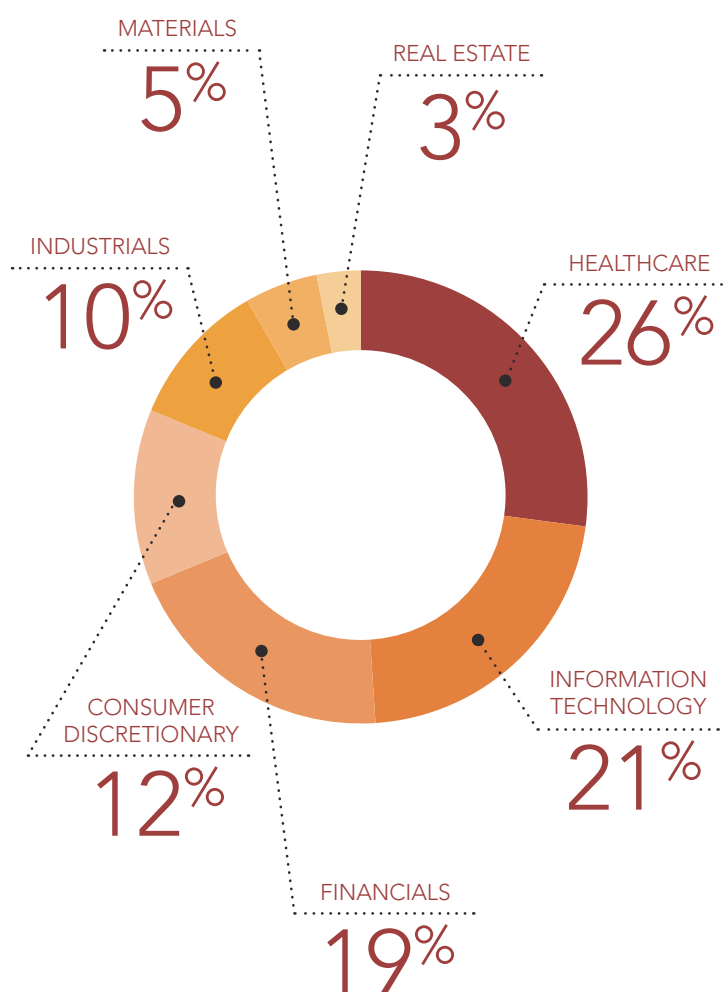
Key Details

as at 30 April 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	\$97m
GEARING	None (maximum permitted 20% of gross asset value)

Sector Split

as at 30 April 2018



The Barramundi portfolio also holds cash.

April's Biggest Movers in Australian dollar terms

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

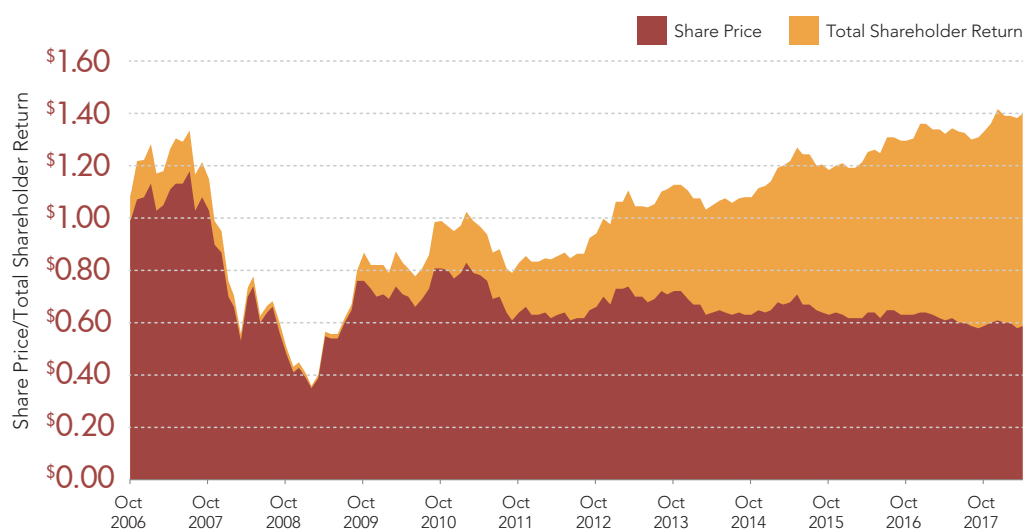
APN OUTDOOR	XERO	RIO TINTO	BHP BILLITON	CSL
+18%	+14%	+10%	+10%	+10%

5 Largest Portfolio Positions as at 30 April 2018

CSL	SEEK	CARSALES.COM	NATIONAL AUSTRALIA BANK	COMMONWEALTH BANK OF AUSTRALIA
8%	7%	6%	5%	5%

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

Total Shareholder Return to 30 April 2018



Performance to 30 April 2018

	1 Month	3 Months	1 Year	3 Years (annualised)	Since Inception (annualised)
Corporate Performance					
Total Shareholder Return	+1.7%	+0.7%	+6.3%	+4.8%	+3.0%
Adjusted NAV Return	+3.4%	(0.2%)	+10.3%	+8.1%	+3.8%
Manager Performance					
Gross Performance Return	+3.6%	(0.2%)	+12.8%	+11.0%	+7.1%
Benchmark Index [^]	+4.2%	(0.2%)	+5.4%	+10.7%	+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, 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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