Barramundi
LANDING TOMORROW'S TROPHIES

Monthly Update

March 2017

BRM NAV	SHARE PRICE	WARRANT PRICE	DISCOUNT
$0.65	$0.63	$0.02	2.7%

as at 28 February 2017

A word from the Manager — Meeting expectations

Actress Pamela Anderson famously said "It's great to be a blonde. With low expectations it's very easy to surprise people". I can attest to the fact that brunettes rarely get away with low expectations; neither do redheads or chief executives of listed companies (most of whom are grey haired these days).

At this time of the year, managing expectations is what it's all about for listed companies, and it is always with a little trepidation that we await the profit reporting season. Have our companies done what they said they'd do? Have they communicated openly to the investment community in the past six months to manage expectations and guide profit forecasts to within cooee of actual results? And are their outlook statements positive enough to prompt analysts to raise expectations for the next round of profit results?

Unfortunately, the job of chief executives has become even harder in recent times because a) analysts remain fixated on the bottom line of company results even though earnings often tell only a partial story and b) reactions are often outsized compared to results, such as a 2% profit "miss" against forecasts resulting in a 10% plus share price fall.

It's fair to say that our expectations of our portfolio companies have not been dashed so far in the first two months of the year, but neither have we been blown away by companies over-delivering. We fared well through the recent profit result round and have enjoyed exploiting opportunities when the market either had the wrong expectations or reacted inappropriately to what were actually good results (as Barramundi Senior Investment Analyst Terry discusses later).

Managing expectations is a year-round job for politicians and central bankers. Talk of what we might expect from President Trump and, to a lesser extent, the Federal Reserve has been a significant distraction and pastime for market participants this year. But a distraction is all it is.

The economic and political environment has so far not proven contrary to expectations; the world is rolling along mostly as anticipated, despite all the daily noise suggesting otherwise. Just as company earnings should not be viewed in a vacuum (but in the context of the underlying business fundamentals and long-term strategy) economic and political news needs to be considered in the context of the broad economic outlook which, so far this year, remains positive and entirely consistent with expectations.

Introducing Fisher Funds' new CEO: Bruce McLachlan

I was very pleased last week to announce the appointment of Bruce McLachlan as our new Chief Executive Officer, to take over the reins as I retire from my executive role. Bruce will be joining Fisher Funds from 18 April 2017 and I really am delighted as he has a wealth of experience in the financial sector and importantly, a passion for client service.

When we began our search for a new chief executive, we knew we wanted someone who understood and was excited about maintaining and growing the wealth of New Zealanders. We looked for someone who would continue our longstanding performance record and our commitment to exceptional client service. Bruce was an obvious choice for the role.

Bruce has been CEO of The Co-Operative Bank for the past four years. Under his leadership, the bank has consistently achieved top rankings in customer satisfaction and client service. Previously, Bruce worked for 10 years at Westpac NZ, where his roles included leading both its business banking and retail banking businesses; he was also Westpac NZ's acting CEO during 2008/9.

I will remain a director of the Barramundi Board and a member of the Board sub-committees, including the Barramundi Investment Committee and look forward to seeing you at the Annual Shareholder Meeting later this year.

Carmel Fisher
Managing Director, Fisher Funds

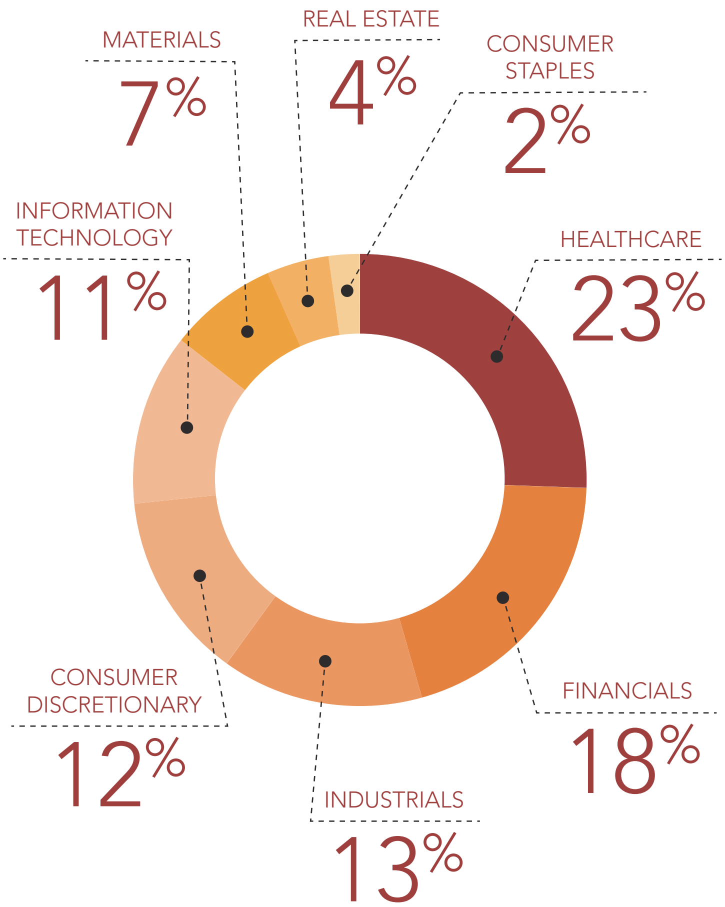
Key Details

as at 28 February 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	$0.60 per share
SHARES ON ISSUE	147m
MARKET CAPITALISATION	$92m
GEARING	None (maximum permitted 20% of gross asset value)

Sector Split

as at 28 February 2017



The Barramundi portfolio also holds cash.

Performance

to 28 February 2017

	1 Month	3 Months	1 Year	3 Years (accumulated)	Since Inception (accumulated)
BRM Adjusted NAV*	+2.2%	+1.1%	+4.2%	+17.9%	+31.7%
Total Shareholder Return*	(1.6%)	+2.5%	+12.3%	+24.5%	+33.7%
Gross Performance^	+2.2%	+1.7%	+7.9%	+29.4%	+83.9%
Benchmark Index^^	+3.1%	+6.6%	+22.0%	+29.5%	+23.3%

^ 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.

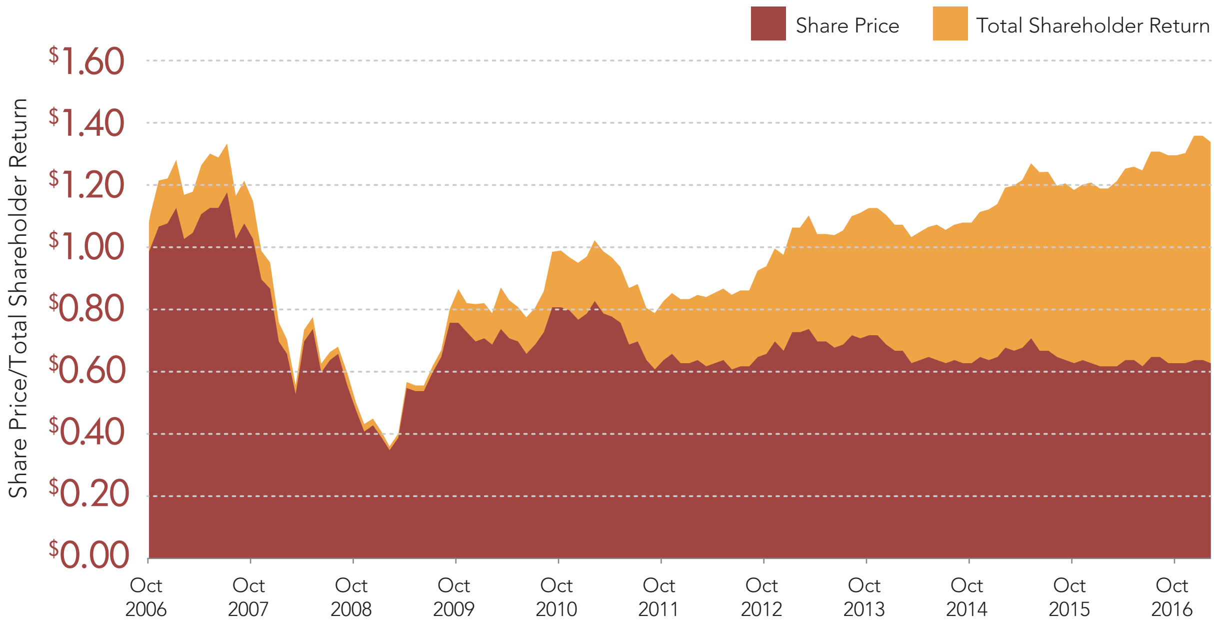
TSR assumes:

» 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 28 February 2017



February's Biggest Movers in Australian dollar terms

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

WISETECH GLOBAL	SEEK	ANSELL	BRAMBLES	TOX FREE SOLUTIONS
+13%	+9%	-9%	-11%	-16%

5 Largest Portfolio Positions

as at 28 February 2017

CSL	DOMINOES PIZZA	SEEK	RESMED	NATIONAL AUSTRALIA BANK
7%	6%	6%	5%	5%

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) and Terry Tolich (senior investment analyst) take the prime management responsibilities and are highly experienced in researching and investing in Australian growth companies with over 50 years combined experience. 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

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