



Monthly Update

May 2017

BRM NAV	SHARE PRICE	WARRANT PRICE	DISCOUNT
\$0.67	\$0.61	\$0.01	9.3%

as at 30 April 2017

A word from the Manager — The power of small wins

Last month New Zealand hosted the World Masters Games 2017. It was a massive event with some 25,000 participants competing across a myriad of sports. Participants came from all walks of life, and ordinary folk could find themselves competing with professional athletes and past Olympians, and sometimes winning (like Fisher Funds' very own adviser, James Paterson, who won gold for his football skills).

I've spoken to several participants who just loved being part of the event and celebrated their results with disproportionate glee — "it was great, I finished 18th of 24 in the field"!

Markets displayed similarly disproportionate reactions during April, with relief rallies on insubstantial news.

The first round of the French election saw a broadly balanced result with centrist Emmanuel Macron winning 24% of the vote and the far right anti-Euro Marine Le Pen winning 21.3%. The real battle is still to be fought in the May 7 election, but investors were happy to celebrate nevertheless.

Similarly, President Trump announced his much anticipated tax plan, which contained few surprises and is unlikely to survive in its current form; but investors were nevertheless pleased to have something to react to, and react they did (positively).

Along with political developments, the US earnings reporting season and economic data releases in the US, Europe and Asia have been broadly neutral of late, but they've had a positive bias and these 'small wins' have resulted in an optimistic market tone and a return of the 'risk-on' trade.

While the market's optimism might look excessive based on the underlying news, we should not underestimate the power of small wins.

Pulitzer prize-winning journalist and author, Charles Duhigg said, "small wins are exactly what they sound like, and are a part of how keystone habits create widespread changes. A huge body of research has shown that small wins have enormous power, an influence disproportionate to the accomplishments of the victories themselves. Once one small win takes place, forces are set in motion that favour another small win."

Perhaps we should feel optimistic about the markets' optimism; it sure makes a pleasant change from the sense of impending doom that markets have struggled to shake off in recent years. If what we are experiencing is a shift away from the macro focus (interest rates, politics and geo-political issues) towards a bottom-up micro focus (considering the merits of individual investments) we should feel gleeful indeed.

As you know, the Fisher Funds investment team spends little time second-guessing big picture trends. They are almost impossible to pick ahead of time, becoming obvious only with the benefit of hindsight. We know that we can't control macro events, but we can control the construction of the Barramundi portfolio to ensure that it has every opportunity to perform.

We enjoyed a number of wins over the month in the Barramundi portfolio. Long may the market remain optimistic and focused on the things that really matter!

Carmel Fisher
Director, Fisher Funds



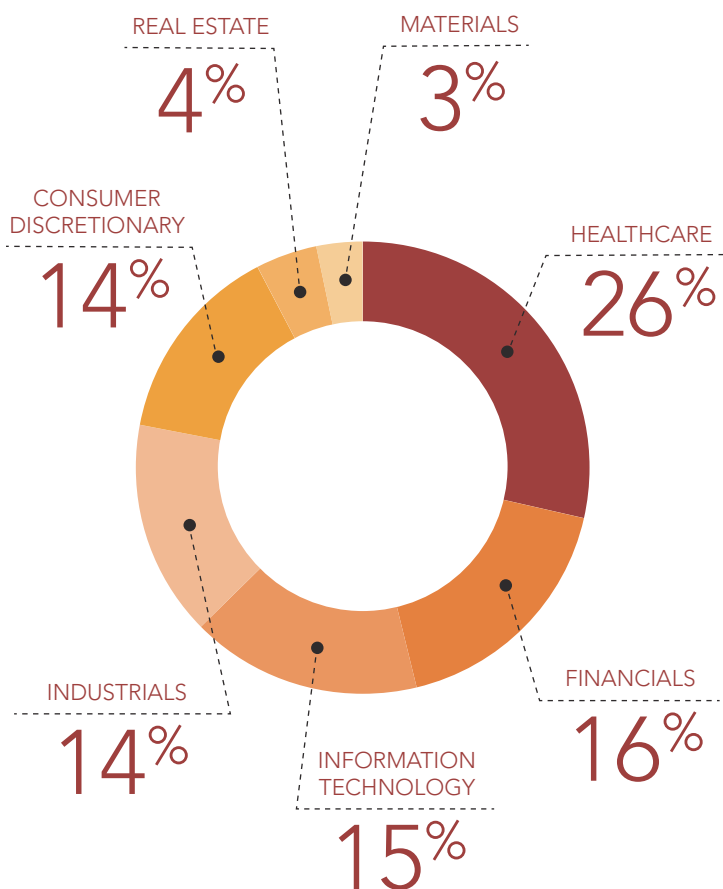
Key Details

as at 30 April 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	\$90m
GEARING	None (maximum permitted 20% of gross asset value)

Sector Split

as at 30 April 2017



The Barramundi portfolio also holds cash.

Performance

to 30 April 2017

	1 Month	3 Months	1 Year	3 Years (accumulated)	Since Inception (accumulated)
BRM Adjusted NAV*	+1.6%	+8.4%	+4.5%	+25.4%	+39.6%
Total Shareholder Return*	(1.9%)	(2.9%)	+5.2%	+25.6%	+31.9%
Gross Performance [^]	+1.8%	+8.6%	+7.9%	+37.5%	+95.4%
Benchmark Index ^{^^}	+1.0%	+8.6%	+18.2%	+36.2%	+29.8%

[^] 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.

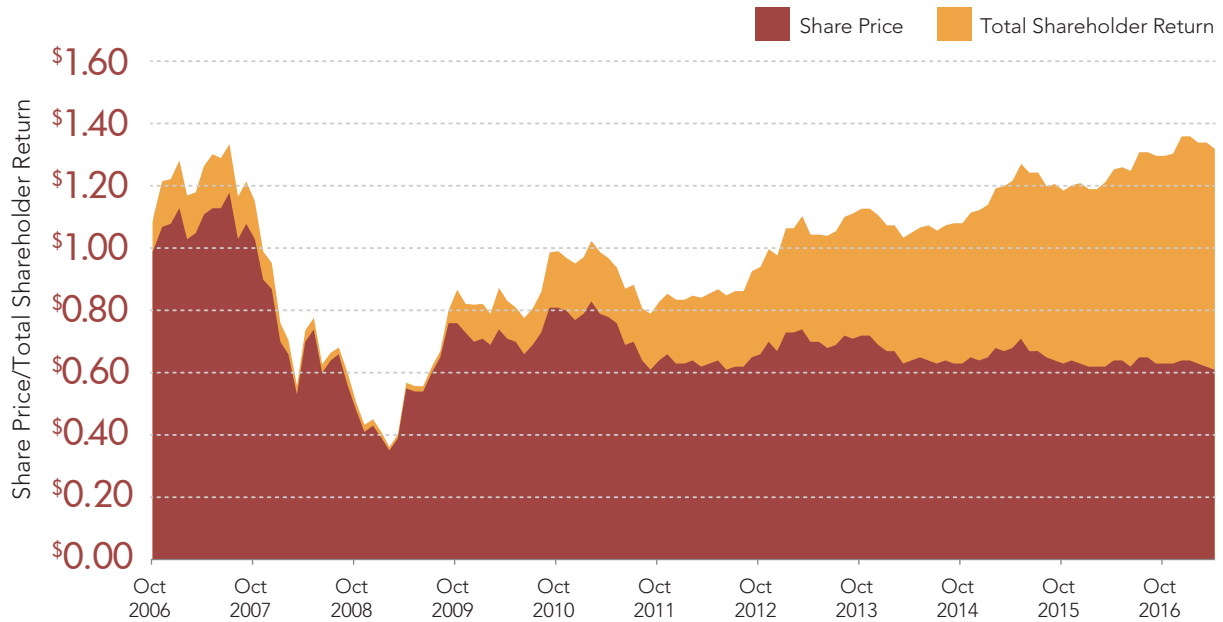
TSR assumes:

- » 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 30 April 2017



April's Biggest Movers in Australian dollar terms

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

BRAMBLES

+11%

SEEK LIMITED

+7%

TECHNOLOGY ONE

+6%

BABY BUNTING

-11%

COCA-COLA AMATIL

-13%

5 Largest Portfolio Positions

as at 30 April 2017

CSL LIMITED

8%

DOMINO'S PIZZA

7%

SEEK

7%

CARSALES.COM

6%

RESMED

4%

The remaining portfolio is made up of another 25 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 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. 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.

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**

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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