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Barramundi Limited Annual Meeting

Chair's Address from Alistair Ryan

[Slide: Barramundi Limited Annual Meeting of Shareholders]

Welcome to the 12th Barramundi Annual Meeting of Shareholders. I am Alistair Ryan, Chair of Barramundi.

We are duly convened as a notice of meeting has been circulated to shareholders and I can confirm that a quorum is present so I declare the meeting open.

Please note that the exits are at the back and front of the room. Please ensure you turn off your cell phones.

At the conclusion of the meeting there will be a light lunch. We look forward to meeting many of you after the meeting.

[Slide: Agenda]

To briefly cover off preliminary matters:

- The minutes of the 2017 annual shareholders' meeting held on 3 November 2017 are available at the registration desk and are also on the Barramundi website.
- The 2018 annual report has been circulated to shareholders – additional copies are available at the registration desk.

Now to today's agenda. Firstly, I will give a brief update on the Barramundi's 2018 financial year, and then Barramundi's Senior Portfolio Manager, Robbie Urquhart will review the Barramundi portfolio.

After the Manager's Review, we will have a Q&A session, and will then move to the formal business of the meeting. There are three resolutions for you to consider and vote on today, which are set out in the notice of meeting.

[Slide: Introductions]

Let me introduce the front table.

Firstly, the directors. To my right is Carmel Fisher, then Andy Coupe and Carol Campbell.

Next to Carol is Robbie Urquhart, Senior Portfolio Manager for Barramundi. Robbie joined us in June of this year, he's an experienced investment professional having worked as a portfolio manager and analyst since 2001 in both New Zealand and London where he held various roles with Trafalgar Copley, Copenhagen Capital and FNZC.

Next to Robbie, is Wayne Burns who joined us in August as the new Corporate Manager for Barramundi. Wayne has had an extensive accounting career working mainly within the New Zealand financial services industry.

Also here today are Senior Investment Analyst, Terry Tolich and Investment Analyst, Delano Gallagher who are in the audience, please stand Terry and Delano.

We are also pleased to have representatives from our share registrar, Computershare, auditor, PricewaterhouseCoopers, our tax agent, Deloitte and our legal advisors, Bell Gully in the audience today.

[Slide: Chair's Overview]

Shareholders, it is my pleasure to again present the Chair's Overview at this meeting.

[Slide: Barramundi's Investment Objective]

Before we begin the review of the year ended 30 June 2018, it is useful to refresh ourselves as to the key investment objectives of Barramundi, namely:

- to achieve a high real rate of return, comprising both income and capital growth, within risk parameters acceptable to the directors; and
- to provide access to a diversified portfolio of Australian quality, growth stocks through a single tax-efficient investment vehicle.

Both of these objectives were achieved for the 2018 financial year.

The Board is committed to strong governance principles and to overseeing the Manager's portfolio performance on behalf of shareholders. The Investment Committee meets twice a year, on a six monthly basis, to hear from the Manager about what has gone well and what has disappointed, and to engage in a comprehensive review session covering key performance metrics, some of which we will go through on the following slides. The Board meets formally six times per annum plus other meetings as required.

We are pleased to report that Barramundi has reported a strong net profit result and a strong absolute return for the 2018 financial year which I will highlight further on the next slide and which Robbie will discuss in more detail in the Manager's Review.

[Slide: 2018 Overview]

So how has 2018 treated shareholders?

Barramundi delivered a strong net profit of \$20.5m for the 2018 financial year, well ahead of last year's net profit result of \$2.7m.

Due to the strong performance in 2018, the overall net asset value (NAV) per share grew from \$0.64 (as at 30 June 2017) to \$0.71 (as at 30 June 2018) – even after dividends were paid out.

Barramundi paid dividends during the year of 5.32 cents per share, in line with the dividends paid in the prior year of 5.40 cents per share.

[Slide: 2018 Overview - continued]

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) was 10.1% for the period, well ahead of the 2017 total shareholder return of 6.2%.

Barramundi's regular dividends continued to contribute to the total shareholder return with the 5.32 cents per share paid in dividends per my earlier slide producing a dividend turn of +8.9% (2017: +8.7%).

Frustratingly, the performance did not result in an improved share price which remained stubbornly at \$0.60 cents per share. As the NAV improved, the share price to NAV discount widened from 6.3% (30 June 2017) to 15.5% (30 June 2018). Since year end, there has been a narrowing of the discount to 7%, with the share price at \$0.64 and net asset value at \$0.69.

The Board has a number of initiatives in place to help manage the share price to NAV discount including the buyback programme. Over the 12 months to 30 June 2018, 3.8m Barramundi shares were purchased under the buyback programme when the shares were trading at sufficiently deep discounts. Shares purchased under the buyback programme are held as treasury stock and primarily utilised under the dividend reinvestment plan.

[Slide: Use of Shareholder Funds]

The chart shows the Barramundi NAV of \$95m (as at 30 June 2017) increased \$22m to \$117m (as at 30 June 2018).

The movements during the year as represented by the green and orange columns were:

- plus \$20.5m net profit,

And movements due to our capital management initiatives:

- less \$9m dividends paid
- adding back \$3m for dividends reinvested by shareholders,
- less \$2m for buybacks,
- plus \$9m for new capital raised through the warrant issue (exercise date November 2017), and
- plus \$1m shares issued to the Manager as part of the Manager's performance fee.

As per the terms of the Management Agreement, Barramundi issued the Manager 1,615,592 shares for consideration of \$968,709 in relation to the performance fee payment obligations.

[Slide: 2018 Overview - continued]

As I mentioned earlier the investment objective of Barramundi is to achieve a high real absolute rate of return, comprising both income and capital growth, within acceptable risk parameters. Pleasingly, we have seen an improvement in the portfolio performance this year.

The adjusted NAV return was +22.6% for the period which represents the net return to an investor after fees and tax, which was significantly ahead of the 2017 return of 2.7%. The increase in return was largely driven by stronger portfolio performance.

Barramundi also outperformed its benchmark, which rose by 14.9% over the same period. Robbie will discuss the Australian market dynamics and how the portfolio performed shortly in the Manager's Review.

Last year we explored the challenges that Barramundi had experienced since inception, having been established just prior to the global financial crisis. In recent years, as shown by the 3 and 5 year annualised return after fees and tax, Barramundi has not out performed relative to its benchmark.

[Slide: Quarter 1, 2019]

The first quarter of Barramundi's 2019 financial year has been relatively settled and markets have risen slightly.

This slide provides a snapshot of the first three months of the current financial year to 30 September 2018:

Total shareholder return for the quarter was +9.1% - primarily driven by share price increasing 4 cents from \$0.60 (30 June) to \$0.64 (30 September).

Barramundi's unaudited net profit for the three months to 30 September was \$4.6m.

As at 30 September, the NAV per share of \$0.71 was consistent with that at 30 June – a flat result as the 3 month net profit was offset by the dividend payment of 1.40 cents per share (paid on 28 September) and share buybacks whilst the discount was wider than 8%. The share price to NAV discount narrowed slightly to 10.3% at 30 September, from 15.5% at 30 June.

Barramundi's adjusted NAV return for the first three months of the 2019 financial year was +2.9%, which represents the net return to an investor after fees and tax. The adjusted NAV return compared favourably to the benchmark index.

[Slide: Warrants]

At last year's ASM we talked about the pending Barramundi warrant exercise ("BRMWD") in November 2017, which resulted in \$8.6m (before costs) being raised for further investment into the Barramundi portfolio. 36.5m warrants were originally issued in November 2016 and 14.8m (41%) were exercised at an exercise price of \$0.58. Since then, the Barramundi share price has risen to \$0.64 on 30 September 2018.

Since Barramundi's 30 June 2018 balance date, the Board has approved a new tranche of warrants. Similar to previous warrant issues, the new warrants will be issued to eligible shareholders later this month on the basis of one warrant for every four Barramundi shares held on the proposed Record Date of 31 October 2018.

[Slide: Warrants - continued]

Warrants give holders the right, but not the obligation, to purchase additional shares in Barramundi at a discounted exercise price that has been adjusted downward for dividends declared between the date of allotment of the Warrants and ending on the last business day before the final exercise price is announced. The final exercise price will be announced next year in September.

Warrant holders have the option to exercise their warrants, sell their warrants on market or let their warrants lapse. All warrants must be exercised by 25 October 2019. Any warrants not exercised by then will lapse.

We expect the new Barramundi Warrants to be quoted on NZX Main Board from early November as BRMWE.

Closing remarks

In closing, on behalf of the Board, thank you shareholders for your continued support of Barramundi. I will now hand over to Robbie Urquhart, Senior Portfolio Manager of Barramundi, who will discuss the key performance drivers for this year's performance.

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