



Monthly Update

September 2017

BRM NAV	SHARE PRICE	WARRANT PRICE	DISCOUNT
\$0.66	\$0.59	\$0.003	10.4%

as at 31 August 2017

A word from the Manager – numbers are only half the story

Remember the days of the schoolyard. Exam results. Sweaty palms, a beating heart, the thrill of success, the worry of failure. For the Barramundi investment team the “reporting season” has echoes of exam results. Reporting season is that time of the year when companies announce profit results for the past six months or, in the case of the United States, the past quarter.

When we invest in a company we develop a clear road map of where we think that company is heading. We look at this primarily from a strategic perspective. What is a company doing to beat its competition, how will it sell more goods and services and can it improve profit margins? The litmus test of strategy is profitability. A good strategy means over time a company earns higher profits and higher profits generally mean a higher share price and happy investors.

Reporting season is one of those litmus tests; it helps us assess if a company remains on the road to investment success or if things are beginning to stray. This is often a time that we make active changes to the portfolio.

While the media commentary on company results often looks at the headline numbers, the real insights may be buried much deeper. On the surface Seek, the Australian online employment classified and education and training provider, downgraded earnings expectations for next year. In a knee jerk reaction, the market sent Seek shares down. For us this was an opportunity. Seek’s profitability next year is expected to be negatively impacted by investments the company is making in its Chinese operation, Zhaopin, and in other opportunities across Asia. In our view these investments will fuel future growth and result in a more valuable business.

Australian producer of four wheel drive vehicle accessories and components, ARB, is a great example of a company that has gone through an investment phase that is now beginning to pay off. ARB has opened up new warehousing capacity in export markets, new stores in Australia and added to sales capacity. This investment was at the heart of why we recently

invested in the company and their recent results showed export sales, in particular, were up a pleasing 14.3% over the year. The share market loves growth and ARB was rewarded with a nice share price jump.

Sometimes reporting season delivers results that cause us to re-evaluate an investment that we own. Baby Bunting is a retailer of baby goods both through physical stores and online stores in Australia. The company is a leader in its market niche and has a strong track record of earnings growth. However, Amazon is coming to Australia and we are beginning to see the effect that this will have on Baby Bunting – namely, lower margins as Baby Bunting positions its business for more competition. While we think Baby Bunting is well placed to survive in a post Amazon world - it has scale and there is an important service component to its offer - the eventual impact of Amazon on the company’s margins and store rollout plans is difficult to gauge. We would prefer to watch this story unfold from the side lines and so have sold our position in the company.

Overall it was a good reporting season for Barramundi, with more passes than fails. That said, where managing a portfolio is different than the old schoolyard is that we get to retake the exam over and over again. Each results season is a chance to actively manage our portfolio and to drive for even better results next time. Great results are the best way to slow that beating heart.



Frank Jasper
Chief Investment Officer,
Fisher Funds



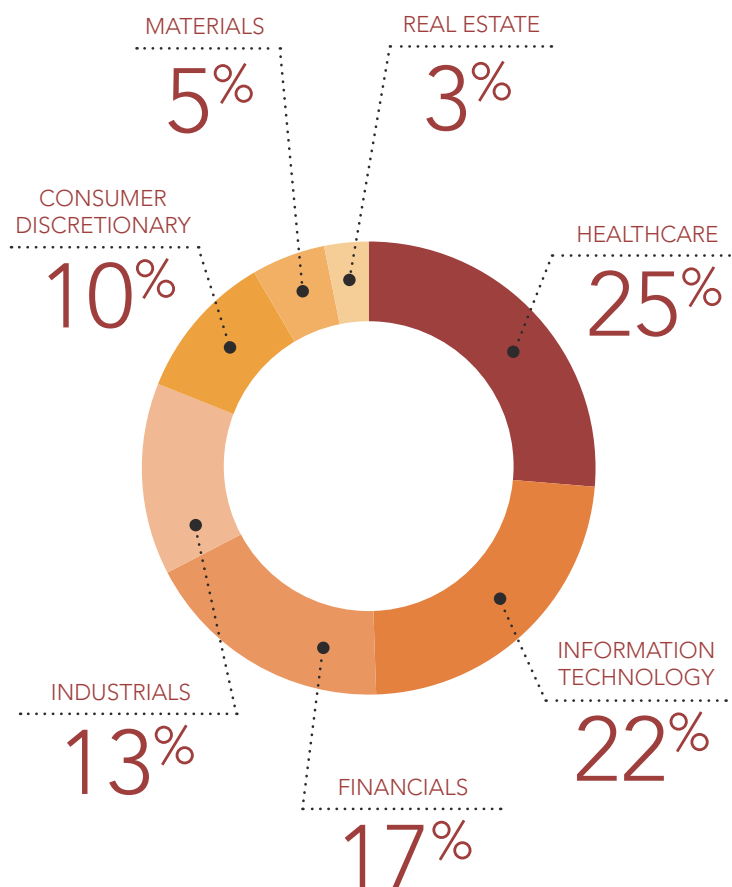
Key Details

as at 31 August 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
SHARES ON ISSUE	149m
MARKET CAPITALISATION	\$88m
GEARING	None (maximum permitted 20% of gross asset value)

Sector Split

as at 31 August 2017



The Barramundi portfolio also holds cash.

Performance

to 31 August 2017

	1 Month	3 Months	1 Year	3 Years (accumulated)	Since Inception (accumulated)
Corporate Performance					
BRM Adjusted NAV	+4.0%	+3.8%	+2.1%	+18.9%	+39.5%
Total Shareholder Return	(1.9%)	(3.1%)	(0.7%)	+21.0%	+29.9%
Manager Performance					
Gross Performance Return	+3.7%	+3.9%	+4.5%	+31.1%	+96.9%
Benchmark Index [^]	+1.9%	+2.6%	+12.5%	+22.6%	+28.2%

[^]Benchmark Index: S&P/ASX Small Ords Industrial Gross Index until 30 September 2015 & S&P/ASX 200 Index (hedged 70% to NZD)

Non-GAAP Financial Information

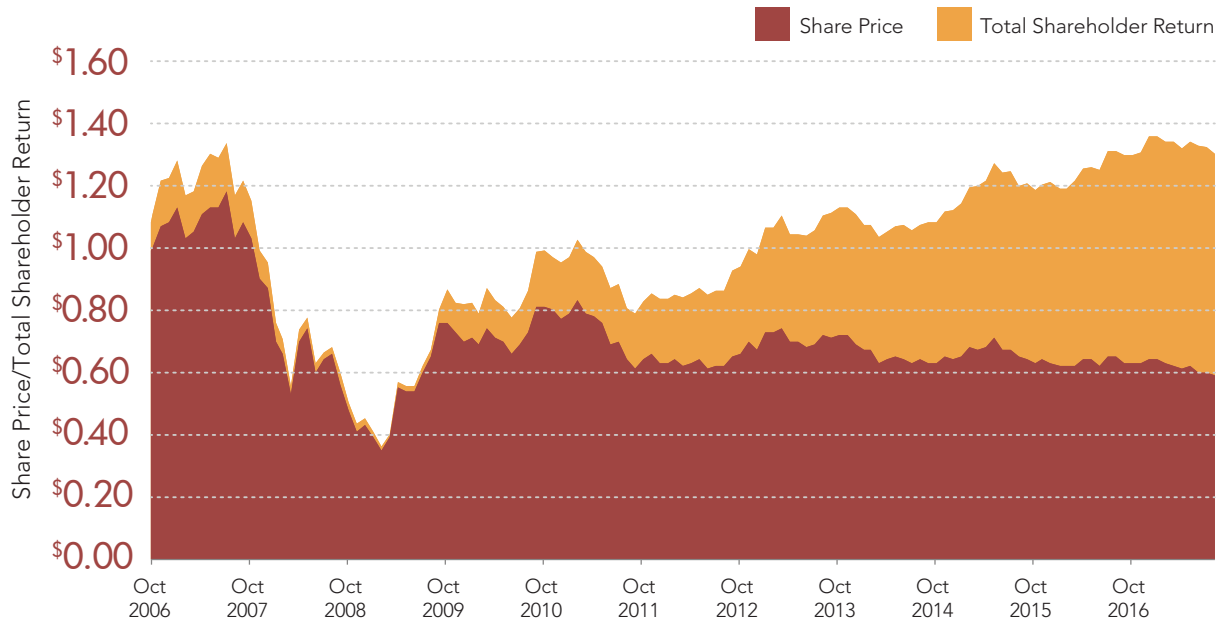
Barramundi uses non-GAAP measures, including adjusted net asset value, gross performance return and total shareholder return. The rationale for using such non-GAAP measures is as follows:

- » 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 including 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 Global Non-GAAP Financial Information Policy. A copy of the policy is available at <http://barramundi.co.nz/about-barramundi/barramundi-policies/>

Total Shareholder Return

to 31 August 2017



August's Biggest Movers in Australian dollar terms

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

WISETECH GLOBAL

+14%

MEDIBANK PRIVATE

+12%

NEXTDC

+11%

DOMINO'S PIZZA

-18%

BABY BUNTING

-20%

5 Largest Portfolio Positions

as at 31 August 2017

CARSALES.COM

8%

SEEK

7%

CSL LIMITED

7%

ARB CORPORATION

4%

LINK ADMINISTRATION HOLDINGS

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 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. 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
- » 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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