



# Monthly Update

July 2017

BRM NAV	SHARE PRICE	WARRANT PRICE	DISCOUNT
\$0.64	\$0.60	\$0.01	5.8%

as at 30 June 2017

## Investing responsibly, investing wisely

### Frank Jasper, director of Fisher Funds', provides an update on the Manager's enhanced Responsible Investing Policy.

Barramundi focusses on investing in companies that will grow over time, companies with clear advantages over competitors run by managers who play by the rules and have a long term vision. Unfortunately not all companies are run to such high standards. At its most basic, that is why we have a responsible investing policy. We want to ensure that Barramundi invests in companies with conduct that we would all feel is appropriate.

As well as being the right thing to do, investing responsibly makes financial sense. Companies that take a long term perspective and act in the best interests of all stakeholders — the community, the environment, customers and shareholders — are more likely, in our view, to generate attractive long term returns.

We look at responsible investing in two ways — 'avoiding the bad' and 'embracing the good'.

'Avoiding the bad' ensures we don't invest in companies that are poor performers from an environmental, social or corporate governance perspective.

We have, for some time, not invested in the tobacco industry or in companies that manufacture weapons that cause indiscriminate and disproportionate harm. The rationale for these exclusions is simple: these industries cause only harm and have no redeeming benefits.

Australia doesn't have any listed weapons or tobacco companies but, as an example, we wouldn't invest in a United States domiciled company like Textron which makes cluster munitions.

We have recently gone one step further and added thermal coal producers to our list of product based exclusions. This is because of the impact of thermal coal on man-made climate change and the effect of particulate emissions on health. This does mean that we would not invest in a couple of Australian companies including Whitehaven Coal.

Other than considering the goods and services a company produces we will also exclude companies that have exhibited widespread and severe corporate misbehaviour.

Freeport McMoran is an example of a company on our conduct exclusion list. Freeport, a mining company headquartered in the United States, has faced serious criticism over environmental practices at its Grasberg gold and copper mine in West Papua, Indonesia. The company has also been involved in widespread human rights abuses of the local indigenous populations.

Responsible investing is more than just excluding the worst companies, it also involves 'embracing the good'. Whenever we look at a company, we have always looked at its financial performance, its strategy and the experience of its management team. We now also consider its performance through a responsible investing lens. This involves looking at how a company treats stakeholders, the environment and provides another view on the sustainability of its business model. Considering these factors, in addition to the traditional financial ones, gives us deeper insight into a business's long term strategy, helps identify better quality companies and makes us better investors.

We believe that our responsible investing approach will help us identify the most attractive Australian companies. Companies that are well run and conduct themselves in ways we can all feel good about. Investing responsibly is investing your money wisely.

Frank Jasper  
Director, Fisher Funds



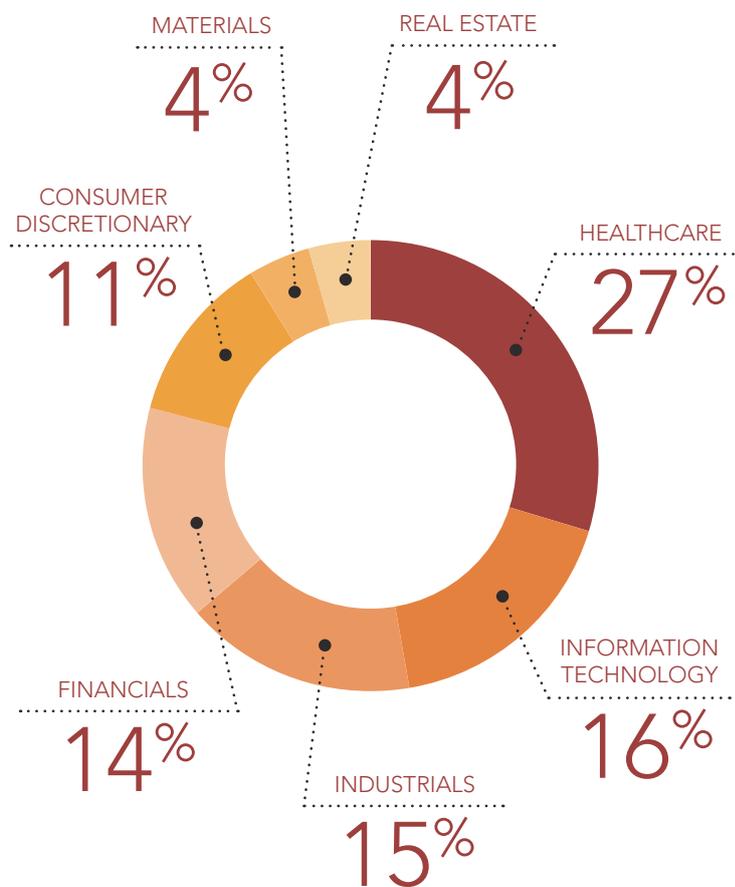
# Key Details

as at 30 June 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	149m
MARKET CAPITALISATION	\$89m
GEARING	None (maximum permitted 20% of gross asset value)

# Sector Split

as at 30 June 2017



The Barramundi portfolio also holds cash.

# Performance

to 30 June 2017

	1 Month	3 Months	1 Year	3 Years (accumulated)	Since Inception (accumulated)
BRM Adjusted NAV*	+0.4%	(1.8%)	+2.9%	+20.3%	+35.0%
Total Shareholder Return*	(1.2%)	(1.4%)	+6.2%	+23.4%	+32.5%
Gross Performance <sup>^</sup>	+0.7%	(0.6%)	+6.0%	+32.9%	+90.9%
Benchmark Index <sup>^^</sup>	+0.1%	(2.6%)	+14.7%	+33.9%	+25.2%

<sup>^</sup> Gross of fees and tax and adjusting for capital management initiatives

<sup>^^</sup> 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.

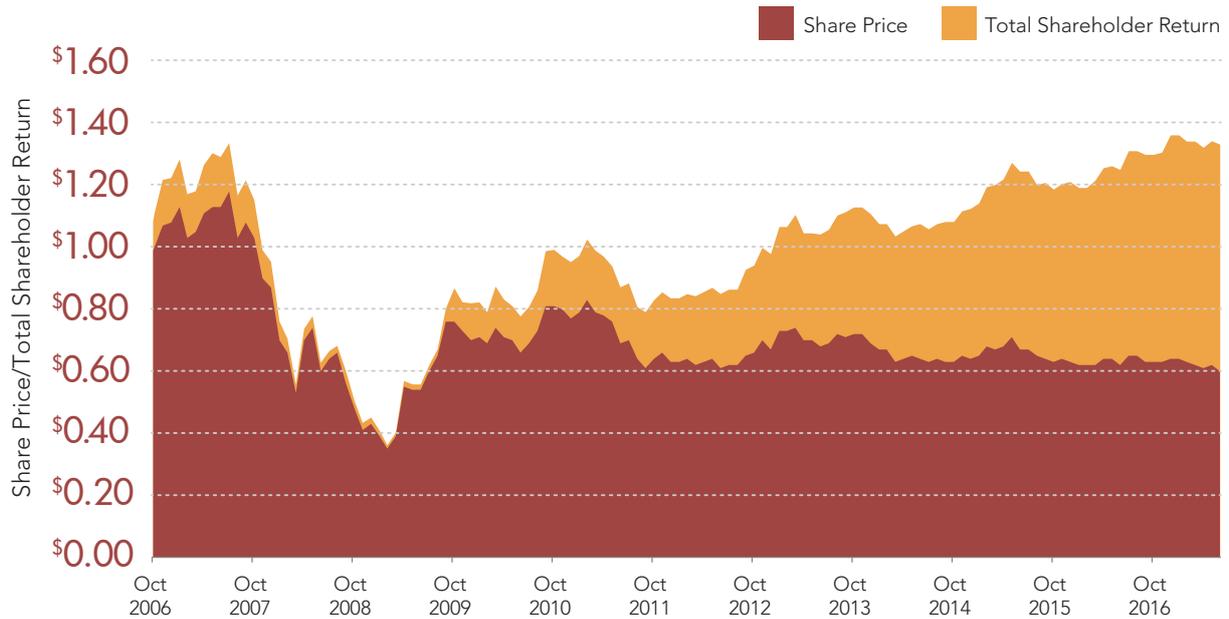
TSR assumes:

- » 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 June 2017



## June's Biggest Movers in Australian dollar terms

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

BABY BUNTING

+12%

RAMSAY HEALTHCARE

+7%

GATEWAY LIFESTYLE GROUP

-7%

DOMINO'S PIZZA

-9%

NANOSONICS

-10%

## 5 Largest Portfolio Positions

as at 30 June 2017

CSL LIMITED

8%

SEEK

7%

CARSALES.COM

6%

RESMED

5%

SONIC HEALTHCARE

4%

The remaining portfolio is made up of another 26 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
- » 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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