

Monthly Update

June 2018

BRM NAV

\$0.69

SHARE PRICE

\$0.61

DISCOUNT

12.1%

as at 31 May 2018

People Update

We are pleased to welcome Robbie Urquhart to the Fisher Funds team as the Senior Portfolio Manager – Australian equities. Robbie joined us at the start of June and will be responsible for the Barramundi portfolio. He is supported by Senior Investment Analyst, Terry Tolich, and Investment Analyst, Delano Gallagher.

Robbie is 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. Robbie looks forward to meeting Barramundi shareholders at the Annual Meeting later this year.

A word from the Manager

The Australian market rebounded strongly in April following a weaker first quarter. May continued the upward trend with the market rising as the healthcare and consumer discretionary sectors performed well. The Barramundi portfolio was up 3.3% on a gross performance basis for the month.

Recently I was presenting to clients in Wellington. As I am originally from the Hutt Valley I can say this; Wellington was on its very best Wellington behaviour. It was tempestuous, with that special horizontal rain that I am convinced blows straight in from Antarctica and has a gift for finding a way down the neck of your jacket and then chills you to the bone.

One of the things I covered in my presentation was the idea that building long term wealth requires a little bravery – being brave enough to take positions that feel a little uncomfortable at the time or that may even seem counterintuitive. Ultimately, though, swimming against the popular tide has, on many occasions, resulted in our best long term successes.

While the environment for Barramundi portfolio company Brambles hasn't been quite as tempestuous as a Wellington southerly, it has been difficult. On this occasion though we think the storm has delivered us the opportunity to increase our investment at a very reasonable price. While it takes a little bravery to add to an investment when the news on the company isn't exactly great, we think this is precisely the right time to do it, given our belief that Brambles is a high quality company with sound long term growth prospects.

Brambles is the leading global supplier of pooled pallet and reusable crate solutions to its customers, primarily in the fast moving consumer goods sector. The company has a long history of generating shareholder wealth and a track record of making smart strategic decisions.

At the moment, Brambles is facing transport and plant cost pressures in its key US pallets market. The list of challenges is long; higher fuel prices, driver shortages, some changes in customer behaviour in response to higher transport costs, higher lumber costs, inefficiencies due to capacity constraints, and changes in commercial relations with some retailers. These headwinds have pressured Brambles' profit margins in the US.

The company is working to relieve these pressures by implementing surcharges and adjusting contract terms as contracts rollover. It is also investing in a plant automation programme that will modernise its US service centre network to a standard similar to its more efficient European network. While these initiatives all make sense to us, these actions with the exception of surcharges, are not a short term fix and we expect pressure to still be evident on the company's near term earnings.

Brambles' margin pressures are currently being reflected in its share price, with the valuation of the company, based on metrics like the price to earnings ratio, sitting at five year lows. We believe this is the opportunity. Brambles is growing its revenues in mid-single digit levels, and we believe the company will continue to keep growing at this rate for years to come.

Brambles PE Ratio - Next 12 Months Expected Earnings



Source - FactSet Research Systems, Fisher Funds

As Brambles solves its short term cost challenges, margins should improve turning forecast revenue growth into even healthier profit growth.

We love buying shares in high quality, growing companies on sale and have added to Barramundi's investment in Brambles. We believe now is the time to be patient, ride out the storm and enjoy the good weather to come. We all know you can't beat Wellington on the inevitable good day that follows the storm.

Frank Jasper
Chief Investment Officer
Fisher Funds Management Limited



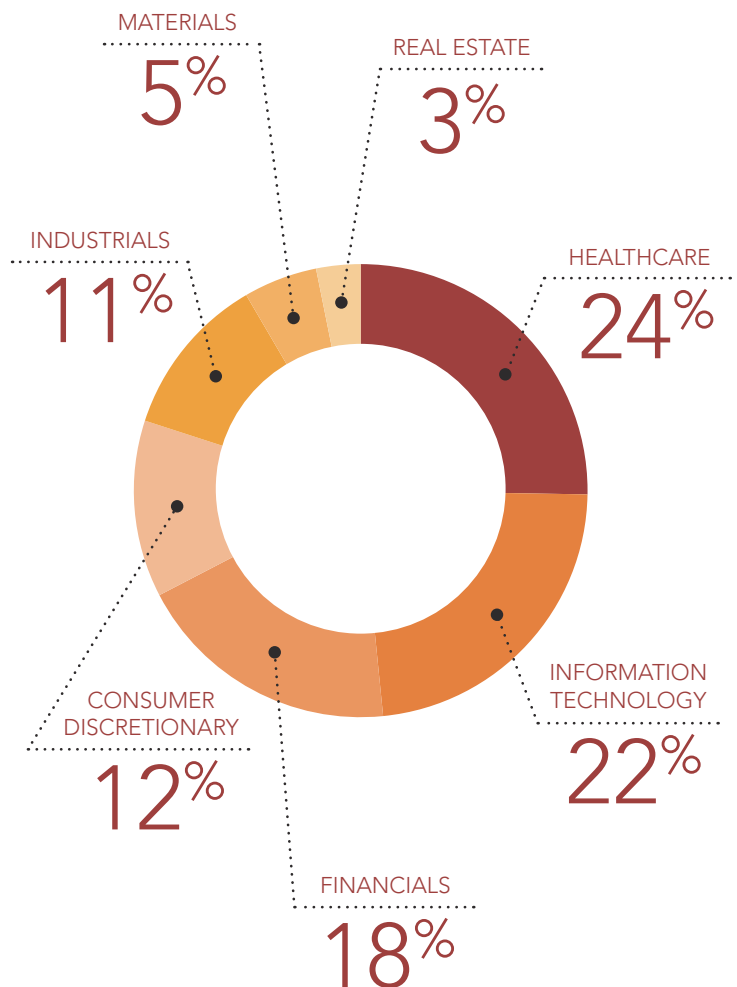
Key Details

as at 31 May 2018

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	\$0.55
SHARES ON ISSUE	164m
MARKET CAPITALISATION	\$100m
GEARING	None (maximum permitted 20% of gross asset value)

Sector Split

as at 31 May 2018



The Barramundi portfolio also holds cash.

May's Biggest Movers in Australian dollar terms

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

WISETECH GLOBAL

+46%

DOMINO'S PIZZA

+17%

NANOSONICS

+10%

TECHNOLOGY ONE

-13%

LINK ADMINISTRATION

-17%

5 Largest Portfolio Positions as at 31 May 2018

CSL

8%

SEEK

7%

CARSALES.COM

6%

COMMONWEALTH
BANK OF AUSTRALIA

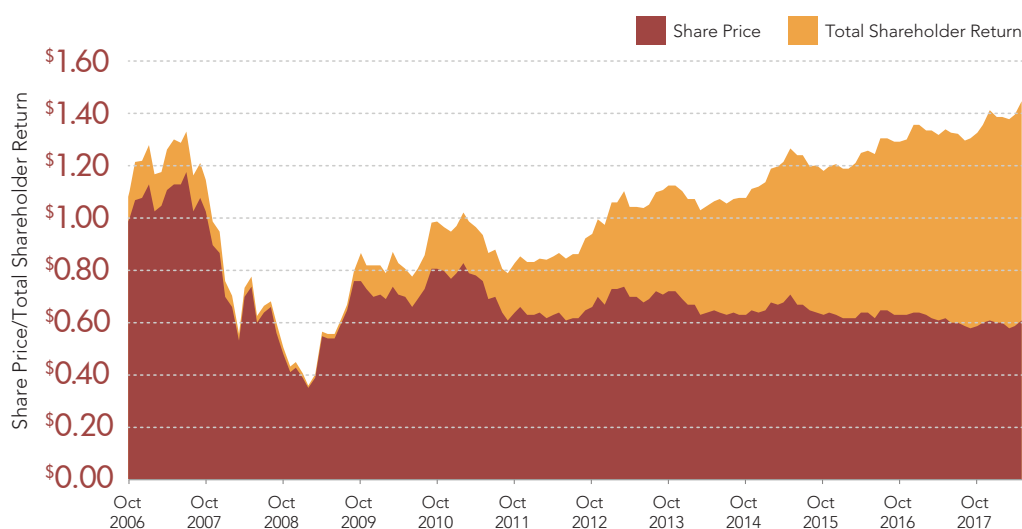
4%

NATIONAL
AUSTRALIA BANK

4%

The remaining portfolio is made up of another 23 stocks and cash.

Total Shareholder Return to 31 May 2018



Performance to 31 May 2018

	1 Month	3 Months	1 Year	3 Years (annualised)	Since Inception (annualised)
Corporate Performance					
Total Shareholder Return	+3.4%	+4.2%	+8.1%	+4.5%	+3.3%
Adjusted NAV Return	+3.1%	+4.0%	+18.1%	+8.0%	+4.1%
Manager Performance					
Gross Performance Return	+3.3%	+4.0%	+20.2%	+11.0%	+7.4%
Benchmark Index [^]	+1.3%	+1.2%	+11.0%	+8.8%	+2.9%

[^]Benchmark Index: S&P/ASX Small Ords Industrial Gross Index until 30 September 2015 & S&P/ASX 200 Index (hedged 70% to NZD) from 1 October 2015

Non-GAAP Financial Information

Barramundi uses non-GAAP measures, including adjusted net asset value, adjusted NAV return, 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,
- » adjusted NAV return – the return to an investor after fees and tax,
- » 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 adjusted net asset value, adjusted NAV return, 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 Non-GAAP Financial Information Policy. A copy of the policy is available at <http://barramundi.co.nz/about-barramundi/barramundi-policies/>

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. Robbie Urquhart (Senior Portfolio Manager), Terry Tolich (Senior Investment Analyst) and Delano Gallagher (Investment Analyst) have prime responsibility for managing the Barramundi portfolio. Together they have significant 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 7.4m of its shares on market in the year to 31 October 2018
- » 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

- » Warrants put Barramundi in a better position to grow further, operate efficiently and pursue other capital structure initiatives as appropriate
- » A warrant is the right, not the obligation, to purchase an ordinary share in Barramundi at a fixed price on a fixed date
- » There are currently no warrants on issue

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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