

Monthly Update

August 2017



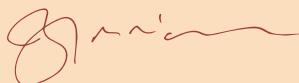
BRM NAV	SHARE PRICE	WARRANT PRICE	DISCOUNT
\$0.63	\$0.60	\$0.01	(5.2%)

as at 31 July 2017

Ownership of Fisher Funds

On 3 August, TSB Community Trust announced it had reached an agreement to acquire the remaining 51% of Fisher Funds that they do not already own, taking them to 100%. As part of the agreement, the Trust will sell approximately 25% of Fisher Funds to TA Associates. TA Associates is a global growth private equity firm based in the United States which specialises, amongst other things, in investment in funds management businesses around the world.

Other than the shareholding change, it is business as usual here at Fisher Funds and as Manager for Barramundi we would like to reassure you that the portfolio remains in safe hands. There are no changes to the personnel or operations as a result of the transaction, and our STEPP investment approach remains at the core of our investing philosophy.



Bruce McLachlan
Chief Executive

A word from the Manager — Barramundi and currency

Fisher Funds' Chief Investment Strategist, Mark Brighouse, provides insights into what impact currency has on the Barramundi portfolio.

"There is no sphere of human thought in which it is easier to show superficial cleverness and the appearance of superior wisdom than in discussing questions of currency and exchange."

— Winston Churchill, House of Commons, 1949

Winston Churchill was ready to acknowledge that while many people will be prepared to offer views on the direction of exchange rates, in reality very few will have superior foresight on something that is so notoriously hard to predict.

With that in mind we avoid the temptation to try and pick short term currency market moves in order to generate trading profits. Instead we look at what currency exposure does to the risk of a portfolio and ask ourselves the most important questions which are: what are the possible currency fluctuations we are comfortable with, how will the portfolio be affected and to the extent we can form views on the medium term outlook for the currency what is the best way to position the portfolio for these?

For Barramundi currency movements have two possible impacts – an impact on the profitability, and hence share price, of the companies we invest in and value of those companies when share prices are translated back to New Zealand dollars from Australian dollars.

The revenues of companies can vary depending on the currency. A weaker currency boosts the revenue of exporters while making life much more difficult for importers, and vice versa. While this impacts Barramundi company share prices the companies themselves typically have currency management programs in place to mitigate this risk. We consider these programs when we research a company and determine if they are appropriate, in our view. This means we can, to a large extent, ignore this currency impact when investing once we know a company has a sound risk management process in place.

We tend to focus most of our attention on managing the impact of currency as investments are translated back into New Zealand dollars. In our research we have found that typically currency and security prices move together (for example the New Zealand dollar weakens when share prices fall) having an offsetting influence on returns. This is not always the case though. If currency movements are likely to accentuate any weakness in share prices we will look for ways to hedge this risk and reduce the impact of currency losses on the portfolio.

Over the past three years, the Australian dollar and the New Zealand dollar have moved almost in lock step because both economies have been in a similar situation with our respective commodity prices initially declining and then stabilising. As a result the exchange rate has been in a tight range. In recent months the New Zealand dollar has hovered near the top of this range and we are happy to have lower than normal hedging levels.

There is potential for currencies to be more volatile in coming months. If the political polls are to be relied upon, the upcoming New Zealand election will be close. If there isn't a clear result and we see a protracted period of coalition negotiations, uncertainty may see the New Zealand dollar lose some of its recent strength.

We need to be vigilant about the impact of these short term currency gyrations without ever forgetting Winston's (the Churchill, not the Peters variety!) advice. A sound risk management process rather than short term trading approach is the key to long term investing success when venturing away from home into other currency markets.

Mark Brighouse | Chief Investment Strategist

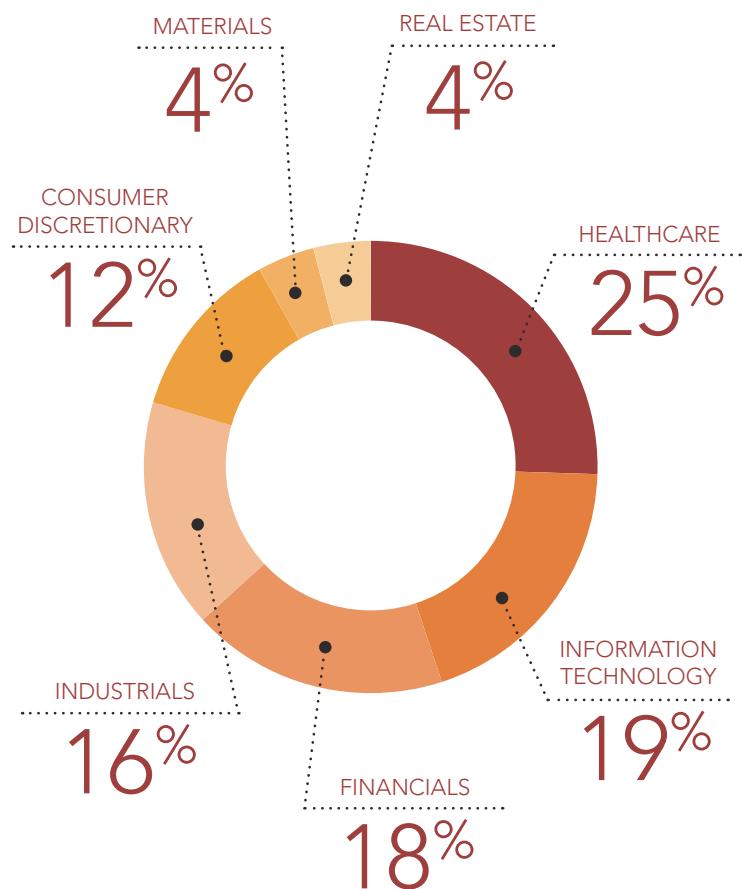
Key Details

as at 31 July 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 31 July 2017



The Barramundi portfolio also holds cash.

July's Biggest Movers

in Australian dollar terms

BHP BILLITON	CARSALES.COM	ANSELL LIMITED	SONIC HEALTHCARE	CSL LIMITED
+11%	+7%	-7%	-8%	-9%

5 Largest Portfolio Positions

as at 31 July 2017

CARSALES.COM

7%

SEEK

7%

CSL LIMITED

7%

LINK ADMINISTRATION

4%

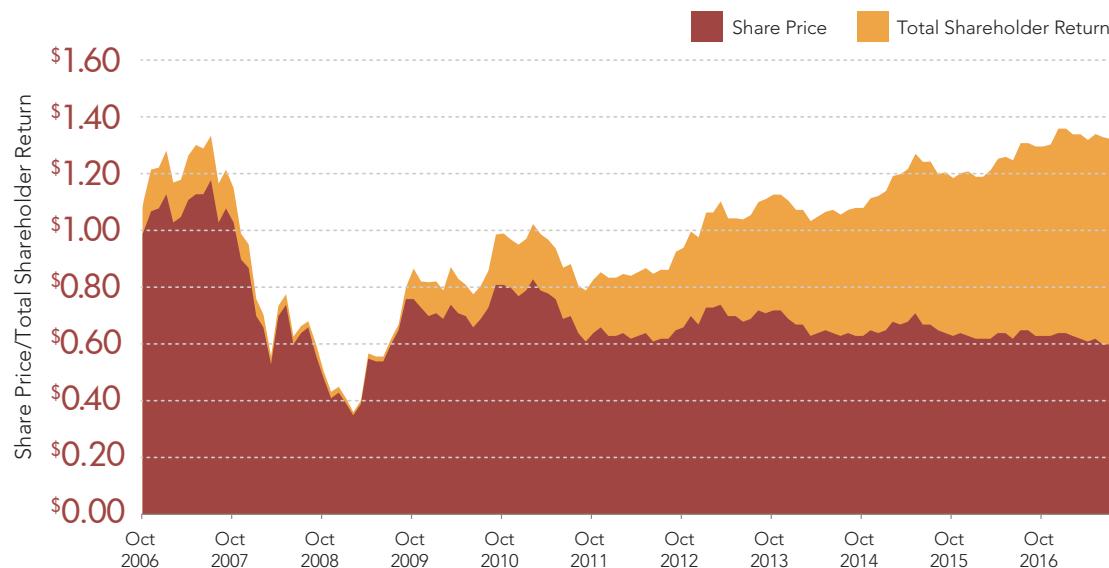
SONIC HEALTHCARE

4%

The remaining portfolio is made up of another 26 stocks and cash.

Total Shareholder Return

to 31 July 2017



Performance

to 31 July 2017

	1 Month	3 Months	1 Year	3 Years (accumulated)	Since Inception (accumulated)
Corporate Performance					
BRM Adjusted NAV*	(0.4%)	(3.9%)	(4.8%)	+17.9%	+34.2%
Total Shareholder Return*	(0.1%)	+0.4%	+1.1%	+25.2%	+32.4%
Manager Performance					
Gross Performance^	(0.6%)	(2.9%)	(2.1%)	+30.2%	+89.8%
Benchmark Index^^	+0.5%	(3.1%)	+8.1%	+27.2%	+25.8%

* 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.

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.



Barramundi Limited

Private Bag 93502, Takapuna, Auckland 0740

Phone: +64 9 489 7074 | **Fax:** +64 9 489 7139

Email: enquire@barramundi.co.nz | www.barramundi.co.nz

Computershare Investor Services Limited

Private Bag 92119, Auckland 1142

Phone: +64 9 488 8777 | **Fax:** +64 9 488 8787

Email: enquiry@computershare.co.nz | www.computershare.com/nz