

Barramundi Limited BRM

Manager Fisher Funds Management Limited

Morningstar Category™
Equity Region Australia

Market Index
S&P/ASX All Ordinaries TR

Net Assets 31/12/11
\$82.2 M

Listing Date
26/10/06

Morningstar Recommendation



NTA Information (31/12/11)

NTA (Pre-Tax)	\$0.71
NTA (Post-Tax)	NAv
Premium/Discount (Pre-Tax)	-12.86
Premium/Discount (Post-Tax)	NAv

Trading Information (15/02/12)

Closing Market Price	\$0.65
52-Week Range	\$0.58 - 0.84
% Below 52-Week High	22.62
Average Daily Shares Traded (1 Yr)	62,964
Shares Outstanding (14/02/12)	115,342,377
Avg 4-Week Buy/Sell Spread %	2.20
Exchange	NZE

Fee Information

Management Fee % pa	1.25
Performance Fee Applicable	No

Role In Portfolio

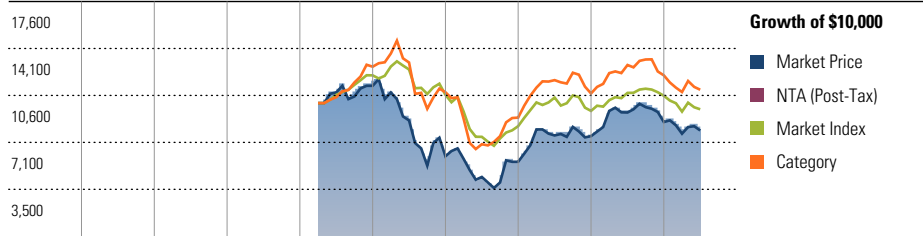
Supporting Player. Barramundi's index-agnostic, small-cap focus makes this best-suited as a Supporting Player in Australian equities.

Bulls Case

- Index-unaware approach provides access to Australian small-caps
- Team has respectable track record and experience
- Performance fee hurdle more attractive than for unlisted fund

Bears Case

- Returns can be volatile
- Stock-specific risks
- Total fees can be higher than headline management fee



	Jun-03	Jun-04	Jun-05	Jun-06	Jun-07	Jun-08	Jun-09	Jun-10	Jun-11	Dec-11	Performance
Market Price					NAv	-46.90	-6.79	34.43	14.11	-7.39	Market Return %
NTA (Post-Tax)					NAv	-17.97	-10.23	5.09	8.28	-7.71	NTA (Pre-Tax) %
Market Index					NAv	NAv	NAv	NAv	NAv	NAv	NTA (Post-Tax) %
Category					NAv	-12.12	-22.15	13.78	12.17	NAv	Market Index %
					NAv	-15.10	-17.59	20.36	12.68	NAv	Category Index %

Morningstar Take

Barramundi's portfolio of small-cap Australian growth stocks is run by a duo who know how to land the catch of the day. However, this won't suit every palate. Portfolio Manager Frank Jasper and Senior Investment Analyst Terry Tolich have run this strategy since inception, and have been with Fisher since 2005 and 2006 respectively. Although a compact team, the pair's sole focus is on Australian small-caps, and we believe that they know their targets well. They establish a highly-concentrated and high-conviction portfolio by deploying strict screening criteria. This doesn't always work out, as Pharmaxis' share price crash in mid-2011 illustrated, but longer-term returns have shown that Jasper and Tolich possess the skills needed to manage such an approach. Stock-specific risk is clearly present, and macroeconomic factors can also cause volatility in this sector, returns having plunged around 50.0 percent in 2008, for instance. Investors who can't stomach Barramundi's risks should steer clear. In any case, this vehicle should only be used as a Supporting Player. What we like is the diversification this offering can bring to a portfolio. The strategy doesn't shadow an index, so investors are getting real active management. Barramundi does come with a hefty price-tag, though, with a ratio of expenses to Net Asset Value (NAV) of 2.52 percent for the year to 30 June 2011. Returns were strong over the three years to 30 June 2011, Barramundi having outperformed the S&P/ASX Small Ordinaries Index by just under four percent, but also underperformed the unlisted Fisher

Arne Hilke
Morningstar Analyst 26/09/11

Funds Australian Growth Fund. Barramundi consistently trades at a discount to NAV, and while we can't see any catalysts for this to change, any convergence in share price to NAV would result in a one-off gain to shareholders. Barramundi possesses some admirable characteristics for investors who understand the risk of a concentrated small-cap offering.

Portfolio Construction: Barramundi's portfolio is constructed from the bottom-up, Fisher focusing on quality and valuation. Portfolio Manager Frank Jasper and Senior Investment Analyst Terry Tolich run a portfolio of industrials names, so don't expect resources exposure here. The pair performs a margin of safety check on their investments in an attempt to reduce risk, which involves scenario analysis. Investment calls are backed with conviction, the low turnover portfolio typically only holding around 20 names. Fisher hedges the Australian stock positions selectively.

Fees: The 1.25 percent management fee is reduced by 0.10 percent for every one percent underperformance of the NZX 90-Day Bank Bill Index, with a 0.75 percent floor. Additional fees are regularly charged. There's a performance fee of 15.0 percent above the bank bill index plus seven percent.

