Quarter Update Newsletter

1 January 2016 - 31 March 2016

Barramundi
LANDING TOMORROW'S TROPHIES

An investor, who had taken a holiday at the start of 2016, would have returned at the end of the first quarter to see the Australian market down 2.8% (ASX 200, in Australian dollars), and commodity prices about flat. She might reasonably conclude that the market had been pedestrian and unexciting while she was away.

She would be wrong. A series of significant surprises saw sharp changes in share prices, commodity prices and interest rates over the period. At the end of last year consensus expectations were that the Australian dollar would remain weak, commodity prices would continue to fall and US interest rates would rise rapidly. All of these expectations, at least to March, turned out to be wrong. Iron ore and copper prices shot up as the Chinese government announced strong stimulus. A rapid recovery in oil prices followed some indications that suppliers were becoming more rational. The chairman of the US Federal Reserve, concerned about a shaky global economy, indicated the US interest rates would rise less

Performance as at 31 March 2016

	3 Months	3 Years (accumulated)	Since Inception October 2006 (accumulated)
Barramundi Adjusted NAV*	+0.7%	+8.0%	+25.5%
Relative Performance			
Benchmark Index^ (in NZ dollar terms)	(1.6%)	+4.7%	+6.7%
Total Shareholder Return*	+0.6%	+9.9%	+21.3%

^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.

Definitions of non-GAAP measures

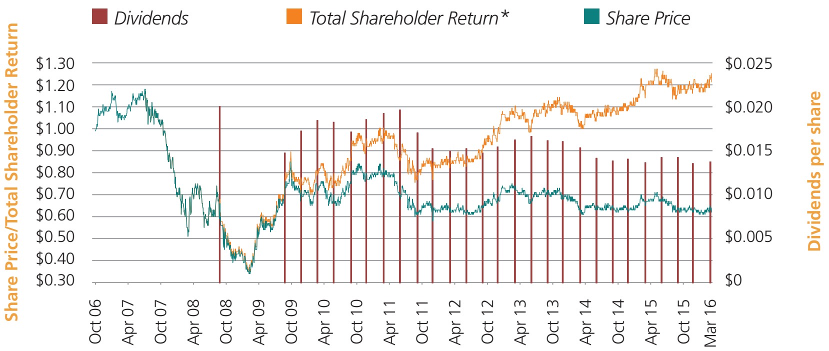
Adjusted Net Asset Value (NAV)

Adjusted NAV is calculated using NAVs (audited at the end of each financial year) and adds back dividends paid to shareholders. The directors believe adjusted NAV to be useful as it reflects the underlying performance of the investment portfolio adjusted for dividends.

Total Shareholder Return (TSR)

TSR is calculated using the share price performance plus dividends paid to shareholders. The directors believe TSR to be useful as it mirrors the return of an investor who reinvests their dividends. No metric has been included for investors who take their dividend in cash as the return on those cash dividends will differ per shareholder.

Total Shareholder Return



**Adjusted NAV and Total Shareholder Return assume all dividends are reinvested, but exclude imputation credits. NB: NAV and Adjusted NAV are net of fees and tax, and include the dilution effect of warrants exercised.*

At a Glance

as at 31 March 2016

NAV	$0.69
SHARE PRICE	$0.62
DISCOUNT	10.5%

Portfolio Holdings Summary

as at 31 March 2016

Company	% Holding
Ansell	3.8%
APN Outdoor	1.7%
AUB Group	2.6%
Brambles	3.9%
Burson Group	3.8%
Carsales	3.1%
Coca-Cola Amatil	3.3%
Credit Corp	2.1%
CSG	3.2%
CSL	3.4%
Domino's Pizza	4.7%
Flight Centre	4.2%
Henderson Group	3.7%
Ingenia Communities	3.3%
Link Administration	2.0%
Medibank	3.2%
MYOB	3.7%
Nanosonics	2.9%
National Australia Bank	2.5%
Ooh! Media	1.8%
Ramsay Health Care	6.1%
Regis Healthcare	2.1%
ResMed	3.5%
SEEK	3.7%
Sonic Healthcare	3.9%
Technology One	3.7%
Toxfree Solutions	3.4%
Westpac	2.0%
Equity Total	**91.3%**
Australian dollar cash	6.8%
New Zealand dollar cash	1.2%
Total Cash	**8.0%**
Centrebet Receivable	0.3%
Forward foreign exchange contracts	0.4%
TOTAL	**100.0%**

Notable Share Price Movements in the Quarter *in Australian dollars*

medibank For Better Health	BURSON GROUP LTD	toxfree	Ansell	CSG More than you expect.
+39%	+11%	+11%	-18%	-29%

than expected. In response commodity prices rallied further, as did the currencies of commodity producers, including the Australian dollar. The result was that the Australian share market fell 10% and then bounced 10%, commodity prices fell 7% and rallied 12% and the Australian dollar fell 6% and then strengthened by twice that; all in the space of 12 weeks.

It was not a great environment for our strategy. Investors scrambled to buy cyclical stocks with a high sensitivity to changing macro drivers like commodity prices. This left fewer buyers for the more defensive high quality companies in which we prefer to invest. While we favour the shares of globally diversified earners, during the quarter a resurgent Australian dollar made domestic earnings more valuable. Over a period where weaker, poorer quality companies were unexpectedly fashionable, our portfolio of strong, high quality companies continued to outperform the broader market.

Key to the portfolio's resilience was a careful balancing of exposure. The portion of our portfolio invested in businesses exposed to a stronger domestic outlook performed well; **Medibank Private** (+39%) grew earnings on great cost savings, **Burson Group** (+11%) progressed its plan to consolidate the car parts market, **ToxFree Solutions** (+11%) expanded into New South Wales, **Flight Centre** (+10%) rallied as investors considered the positive effect of a stronger Australian dollar on outbound tourism. **CSV** (-29%) lost ground on negative speculation about the company's ability to convert earnings into cash flow, but our analysis suggests this should turn around as the year progresses. Pleasingly, a majority of portfolio stocks performed positively over the period.

We do not aim to anticipate the moves of central bankers, the decisions of Australia's trading partners or indeed the collective mind of oil producers. In the short-run our portfolio may lead or lag because of changes in these kinds of variables. Over the medium term we aim to own companies which by virtue of their own strengths and opportunities can become larger and more profitable. Over a challenging first quarter, our portfolio passed this critical test.

Manuel Greenland
Senior Portfolio Manager
Fisher Funds
Management Ltd
22 April 2016

Carmel Fisher
Managing Director
Fisher Funds
Management Ltd
22 April 2016

Company News

Dividend Paid 24 March 2016

A dividend of 1.37 cents per share was paid to Barramundi shareholders on 24 March 2016, under the quarterly distribution policy. Interest in Barramundi's dividend reinvestment plan (DRP) remains high with 39% of shareholders participating in the plan. Shares issued to DRP participants are at a 3% discount to market price. If you would like to participate in the DRP, please contact our share registrar, Computershare on 09 488 8777.

The Barramundi quarter update newsletter is produced for the March and September quarters only. The annual and interim reports cover the June and December periods. If you would like to receive future newsletters electronically please email us at enquire@barramundi.co.nz