



Barrack St Investments Limited

MARCH 2016 UPDATE

SHAREHOLDERS' QUARTERLY REPORT

OVERVIEW

The Barrack St Investments portfolio underperformed the market during the quarter as the resource stocks and banks recovered from recent lows. The share price declined during the quarter by 8% versus the All Ordinaries Index decline of 3.6%. The underlying Net Tangible Asset Value (NTA) of the portfolio closed at 112.7 cents per share.

UNDERLYING PORTFOLIO PERFORMANCE (as at 31 March 2016)

	Since Inception (21 August 2014)	3 months	6 months	1 year p.a.	2 years p.a.
Portfolio [^]	15.7%	-6.1%	11.8%	14.9%	N/A
ASX All Ordinaries	-5.4%	-3.6%	1.8%	-12.1%	N/A

[^] Source: ECP Asset Management

Gross performance before impact of fees, taxes and charges. Past performance no predictor of future returns

INVESTMENT ACTIVITY

During the quarter, we added to our holding in Bluesky, Covermore, IPH and Sirtex Medical while reducing our investment in Aconex, Carsales, Dominoes, Pacific Smiles and REA Group.

Magellan (ASX: MFG) was added to the portfolio while our entire holding in Platinum and Invocare (ASX: IVC) was also sold. Our investment thesis on MFG is supported by its success in emerging as a leader in the Australian funds management sector for international equities and global listed infrastructure strategies. Our investment thesis is complimented by strong industry tailwinds of mandated growth in the superannuation industry with contributions set to rise from 9% of gross salary currently to 12% by 2019. The drivers for investment are the growth in FUM to \$85B in five years, including a successful launch of a new global product and their continued success in their Infrastructure strategy.

MARKET COMMENTARY

The global economy is continuing to grow, albeit at a slightly slower pace than predicted and while several advanced economies have recorded improved growth over the past year, conditions have become more difficult for a number of emerging market economies with China's growth rate continuing to moderate.

During the quarter under review, financial markets once again exhibited increased volatility on the uncertainty around the global economic outlook and U.S. and European economic policy pronouncements. Appetite for risk has diminished reducing the availability of funding for emerging market sovereigns and lesser-rated corporates. However, funding costs for high-quality borrowers, remains low and globally, monetary policy remains remarkably accommodative.

The ASX 200 index increased by 4.1% during the month, closing at 5,083 which was an increase of 7.8% from mid Feb-16 lows. The increase was driven largely by the Financials sector, which contributed 50%+ of the total index return. Performance was strong across all sizes and styles biased indices in March with Midcap Resources the best-performing index, returning 10.6%. Resources outperformed Industrials in the Large and Mid-Cap space, whilst Small Industrials outperformed Small Resources. The overall market as represented by the All Ordinaries Index declined by 3.6% during the quarter, with an overall decline of 12.1% over the past twelve months.

Although the number of earnings revisions (either up or down) fell post reporting season, aggregate consensus EPS growth for FY16 was lower at -9.2%. As result of the lower earnings base in FY16, FY17 aggregate consensus EPS growth is expected to be higher at +6.0%, whilst FY18 is largely unchanged at +9.6%.

There was a +5.03% improvement in the AUD/USD exchange rate during the quarter on the back of a decision by the Australian Reserve Bank to maintain its interest rate at 2%.

STRATEGY

High-conviction portfolio of quality Australian listed small to mid-cap companies constructed using a research driven, bottom-up investment philosophy

DIVIDEND INFORMATION

AUD 0.01 at 07 April 2016
AUD 0.005 at 09 October 2015

COUNTRIES WHERE LISTED

Australian Securities Exchange:
August 2014

STOCK EXCHANGE CODE

ASX: BST

RATINGS

• Independent Investment Research
– Recommended¹

DIRECTORS

Murray d'Almedia

Chairman

David Crombie

Independent

Dr Emmanuel (Manny) Pohl

Non-Independent

COMPANY DETAILS

Barrack St Investments Limited

ACN 167 689 821

Suite 305, Level 3 Barrack House

16-20 Barrack Street

Sydney NSW 2000

AUSTRALIA

Tel: +61 2 8651 8600

Fax: +61 2 8651 6899

Email: info@barrackst.com

www.barrackst.com



FUND MANAGER

ECP ASSET MANAGEMENT
 ABN 68 158 827 582
 Suite 305, Level 3
 343 George Street
 Sydney NSW 2000
 AUSTRALIA

Tel: +61 2 8651 8600
 Fax: +61 2 8651 6899
 Email: info@ecpam.com

www.ecpam.com

INVESTMENT PHILOSOPHY

- Investments should outperform the risk-free rate
- The price one pays determines the ultimate long-term return
- High quality growth companies outperform over the longer term

INVESTMENT PROCESS

INITIAL SCREENING PROCESS

- ROE
- Revenue Growth
- Interest cover
- IPOs
- Broker Ideas
- Internal Ideas

FUNDAMENTAL ANALYSIS

- Understanding the Business Model
- Sustainable Competitive Advantage
- Organic Growth Opportunities
- Assessing Management
- Assessing the Operating Environment

PORTFOLIO WEIGHTING

- 3 Year Risk Adjusted Total Return
- Market Risk Analysis

HIGH CONVICTION

PORTFOLIO OF COMPANIES

This process is the basis for all our Australian equities investment



PORTFOLIO CHARACTERISTICS (as at 31 March 2016)

NTA (before tax on unrealized gains) – total	\$18,077,116
NTA (after tax on unrealized gains) – per share	112.7c
Concentration of the Top 20 Holdings	100%
Stocks in the underlying portfolio	17

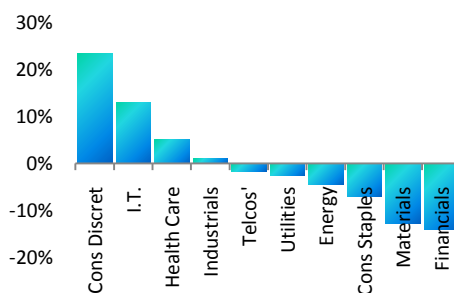
SECTOR BREAKDOWN as at 31 March 2016

Consumer Discretionary	28.3%
Financials	27.4%
Information Technology	13.9%
Health Care	11.1%
Industrials	9.3%
Cash	6.5%
Telecommunication Services	3.5%

TOP 5 STOCK HOLDINGS as at 31 March 2016

IPH Limited	9.3%
Sirtex Medical	8.5%
Magellan Financial Group	8.3%
Blue Sky Limited	7.4%
Trade Me Group	6.6%

ACTIVE SECTOR WEIGHTS to the ALL ORDINARIES (as at 31 March 2016)



ADDITIONS and REMOVALS during the Quarter

ADDITIONS

Magellan Financial Group	MFG
--------------------------	-----

REMOVALS

InvoCare Limited	IVC
Platinum Asset Management	PTM

ACTIVELY PROMOTING THE COMPANY

Barrack Street Limited is committed to growing the company and promoting itself to investors, financial advisers and stockbrokers.

In the coming quarter BST will be presenting to Australian Investors Association, Australian Shareholders Association and University of the 3rd Age groups in Adelaide, Melbourne, Sydney and Brisbane.

Please contact us if you would like us to present at your investor function or to visit your office.

Subscribe to our latest updates through www.barrackst.com

STRUCTURE AND TERMS

Legal Domicile	Australian Securities Exchange (ASX) Listed Investment Company (LIC)
Fees	Management Fee – 1.0% p.a. Performance Fee 20% of the annual outperformance over 8.0%.
MER	Estimated at 1.2%
Options	16,028,500 Options (ASX: BSTO) expire 17 August 2016. Exercise price \$1.00
Reporting and Correspondence	Monthly Net Tangible Asset Values on www.asx.com.au and quarterly reports, half-yearly and annual reports on www.barrackst.com .
Auditor	Leslie Pines
Registry	Boardroom Pty Limited
Share price and NTA	www.asx.com.au and www.barrackst.com

¹ This opinion is provided by Independent Investment Research and must be read together with whole report including the disclaimer and relevant legal notices which can be found at www.independentresearch.com.au