

Barrack St Investments Limited

JUNE 2015 UPDATE

SHAREHOLDERS' QUARTERLY REPORT

OVERVIEW

The Barrack St Investments (BST) underlying portfolio outperformed the market during the quarter as shown below. The share price, however, declined by 4.7% versus the All Ordinaries Index decline of 7.0%. The underlying NAV of the portfolio closed at 96.17c.

UNDERLYING PORTFOLIO PERFORMANCE (as at 30 June 2015)

	Since Inception (21 August 2014)	3 months	1 year	3 years	5 years
Portfolio [^]	4.1%	-5.7%	N/A	N/A	N/A
ASX All Ordinaries Index	-3.8%	-7.0%	N/A	N/A	N/A

[^] Source: ECP Asset Management

INVESTMENT ACTIVITY

During the quarter we removed SEEK (ASX: SEK) and Sky Network Television (ASX: SKT) from the portfolio without any new additions. We reduced our exposure in Sirtex Medical and increased other holdings - most significantly, Austbrokers Holdings, Bendigo and Adelaide Bank and IPH Limited.

COMMENTARY

After a few years of reasonable returns, global market performance has been lacklustre across most asset classes. The economies of the developed world have performed better than those in emerging markets with the US and European economic data suggesting that they are mid-cycle while the economies of the emerging markets, particularly China, are losing steam. Low interest rates are the norm for most of the developed world, while quantitative easing is still in place in Europe and Japan. Volatility in the markets has been largely driven by both Greece, who are continuing to battle their economic woes, and, China who are facing cyclical headwinds as they struggle to deal with slowing economic growth.

The US has had a more positive quarter with consumer spending improving by its largest margin since 2009. The improvement in consumer confidence has been driven by income gains, falling unemployment and low inflation. The S&P500 posted a decline of -0.23% over the quarter after posting positive gains in the first two months of the quarter, largely due to investor apprehension following the Greek referendum which was announcement at quarter-end. The Dow Jones Index also posted a 0.88% decline during the quarter.

Greece has been at the forefront of most headlines around the world and has certainly been stealing the spotlight in Europe. Investor nervousness worsened when Greece missed a payment on its sovereign debt and Greece had to shut down its financial institutions to prevent a run on the banks. When Prime Minister Alexis Tsipras announced a surprise decision to hold a referendum on whether Greece accept further austerity measures there was an increase in market volatility. The German DAX posted a decline of 8.53% after a solid result during the previous quarter; while the FTSE 100 only posted a decline of 3.72%.

In Asia, China was centre-stage as negative investor sentiment caused their equity markets to plunge after consensus numbers suggested that valuations had risen too far. As a result, the Chinese government implemented a number of extraordinary measures to try and curtail the selling and limit the decline. The Shanghai Composite Index fell by 30% before recovering to post a 14.12% increase on the previous quarter. The NIKKEI posted a 5.36% improvement and similarly the HANG SENG posted a 5.42% increase.

Australia is faced with a tougher economic environment as the commodities cycle turns down, causing a decline in national income. However, the depreciating dollar could provide some relief to the economy going forward. After being under pressure for three consecutive quarters, the Australian dollar has steadied during the current quarter to close at 0.771 which was a 1.33% improvement on the previous quarter. The All Ordinaries Index posted a decline of 7.01% following the news and events taking place in Greece and China.

STRATEGY

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

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
ACN 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 decisions.



PORTFOLIO CHARACTERISTICS (as at 30 June 2015)

NAV (tax on realized gains only) – total	\$15,418,185
NAV (tax on realized gains only) – per share	96.38c
Concentration of the top 5 holdings	58.7 %
Stocks in the underlying portfolio	14

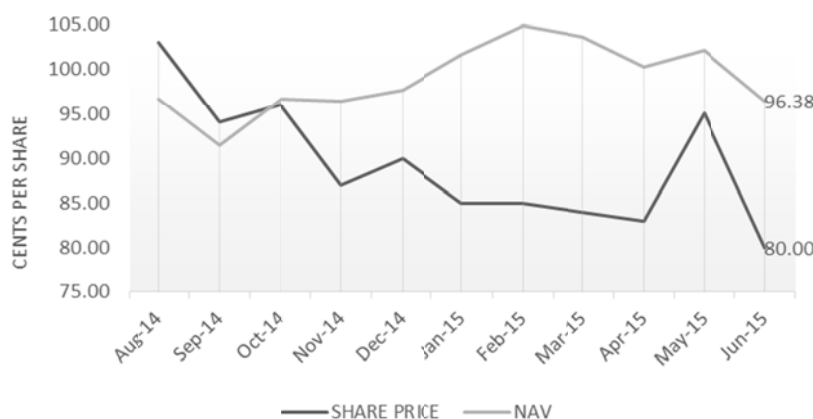
SECTOR BREAKDOWN as at 30 June 2015

Consumer Discretionary	35.5%
Financials	26.4%
Information Technology	15.6%
Cash	12.1%
Health Care	3.84%
Telecommunication Services	3.5%
Industrials	3.0%

TOP 5 STOCK HOLDINGS as at 30 June 2015

REA Group	11.7%
Caresales.com	11.5%
Platinum Asset Management	10.0%
Domino's Pizza Enterprises	9.3%
Bendigo and Adelaide Bank	9.1%

SHARE PRICE v NAV



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%
Reporting and Correspondence	Monthly Net Asset Value prices 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 NAV	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