



# Barrack St Investments Limited

SHAREHOLDERS' QUARTERLY REPORT

SEPTEMBER 2016

## STRATEGY

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

## DIVIDEND INFORMATION

*(Cents per share, fully franked)*

AUD 0.015 at 23 September 2016

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
- Recommended<sup>1</sup>

## DIRECTORS

Murray d'Almeida  
*Chairman*

David Crombie AM  
*Independent*

Dr Emmanuel (Manny) Pohl  
*Non-Independent*

## COMPANY SECRETARY

Brian Jones

## COMPANY DETAILS

Barrack St Investments Limited  
ACN 167 689 821

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## OVERVIEW

In the quarter the Barrack St Investments Limited (BST) portfolio returned 4.97% outperforming the ASX All Ordinaries Index which returned 4.04% over the same period. In this time the Net Tangible Asset Value (NTA) before estimated tax on unrealised gains per share increased from 111.6 (June 2016) to 112.0 (September 2016).

In September BST went ex-dividend a fully franked dividend of 1.5 cents per share, which was paid to Shareholders on 23 September 2016.

## UNDERLYING PORTFOLIO PERFORMANCE

	Since Inception (August 2014)	3 months	1 year	3 years	5 years
Portfolio <sup>^</sup>	15.67%	4.97%	20.19%	N/A	N/A
ASX All Ordinaries Index	-0.89%	4.04%	9.22%	N/A	N/A

<sup>^</sup> 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 did not add any new names to the portfolio. The largest contributors to this quarter's performance were Sirtex Medical (ASX: SRX), Trade Me Group (ASX: TME) and BT Investment (ASX: BTT), which posted returns of +24.6%, +19.5% and +10.3% respectively. During the quarter Cover More Group (ASX: CVO) acquired Travelex Insurance Services which is the third largest travel insurance specialist in the USA. This acquisition will help CVO accelerate their entry into the US and provide a platform for future expansion.

At a sector level, the portfolio's largest active overweight exposures were the Information Technology (Exposure: +18.51%), Consumer Discretionary (Exposure: +18.06%) and Industrials (Exposure: +5.96%).

## MARKET COMMENTARY

Global markets have rebounded from post-BREXIT blues, regaining most of the declines that were experienced after Britain voted to leave the European Union (EU). The financial markets over the past quarter have been unusually calm after periods of high volatility prompted by economic slowdowns, fiscal policy changes and of course, the BREXIT. The US election is only six weeks away, an unexpected calling of an Italian referendum and the potential tightening by the US Federal Reserve of monetary policy, all appear looming and could mean a return to uncertain and volatile equity markets.

In spite of fears at the start of the year that the US was headed towards recession, the US economy has performed fairly well in recent months with growth continuing at a modest pace. On the other hand, corporations in the US have reported lacklustre profit growth in spite of extraordinarily low long-term interest rates. This quarter the Fed maintained their interest rate at previous levels and pushed the possibility of a rate hike into the final quarter or next year. Europe has been quite 'underwhelming' and uneventful this quarter following the UK's decision to leave the Eurozone. The BREXIT vote has had a material impact on the pound and the UK economy, but apparently little effect on the rest of Europe and on investor confidence.

Australia was quite uneventful during the quarter, in spite of the double dissolution election which saw Malcolm Turnbull and his coalition team secure a narrow, unconvincing victory with a senate that looks more challenging than the last. There appears to be little change to RBA policy as the new Governor, Philip Lowe, took office.

The All Ords posted modest gains of +4.0% while the Small Ords surpassed its larger index with gains of +7.3%. Our (stubborn) Australian dollar has remained high, strengthening against the USD, EUR and GBP posting improvements of +2.8% (76.6 US Cents), +1.5% (68.1 EU Cents) and +5.4% (59.0 UK Pence), respectively.

## PORTFOLIO CHARACTERISTICS (as at 30 September 2016)

NTA (before tax on unrealised gains) – total	\$20,516,338
NTA (before tax on unrealised gains) – per share	112.00
Concentration of the Top 20 Holdings	95.12%
Stocks in the underlying portfolio	18




## 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

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

- 5 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.



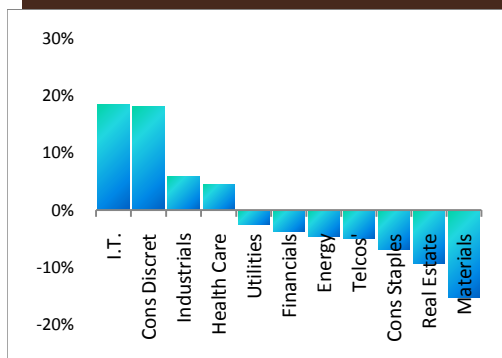
## SECTOR BREAKDOWN

Financials	27.4%
Consumer Discretionary	23.9%
Information Technology	19.5%
Industrials	13.1%
Health Care	11.2%
Cash	4.9%

## TOP 5 STOCK HOLDINGS

BT Investment Management	10.8%
REA Group	10.5%
Magellan Financial Group	8.8%
Sirtex Medical	8.2%
Carsales.Com	8.1%

## ACTIVE SECTOR WEIGHTS to the ALL ORDINARIES



## PORTFOLIO CHANGES during the Quarter

### ADDITIONS


### REMOVALS


## ACTIVELY PROMOTING THE COMPANY

Barrack St Investments (BST) is committed to growing the Company and promoting itself to investors, financial advisers and stockbrokers.

To this end we have appointed InvComs to assist with promoting the Company to the investment community. InvComs representatives will ensure that brokers, financial planners, advisers and investor associations are fully informed at all times. Please contact us through info@ecpam.com or at +61 2 8651 8600 if you would like us to present at your investor function or to visit your office.

## VISIT THE NEW WEBSITE

The Company also released its newly enhanced website which has additional information about the Company and links to all Announcements and Reports. The address is [www.barrackst.com](http://www.barrackst.com)

Subscribe to our latest updates through [www.barrackst.com](http://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	During the quarter ended 30 September 2016, 2,220,000 Options were exercised at \$1 each.
Reporting and Correspondence	Monthly Net Tangible Asset Values on <a href="http://www.asx.com.au">www.asx.com.au</a> and quarterly reports, half-yearly and annual reports on <a href="http://www.barrackst.com">www.barrackst.com</a> .
Auditor	Leslie Pines
Registry	Boardroom Pty Limited - 1300 737 760 OR <a href="mailto:enquiries@boardroomlimited.com.au">enquiries@boardroomlimited.com.au</a>
Share price and NTA	<a href="http://www.asx.com.au">www.asx.com.au</a> and <a href="http://www.barrackst.com">www.barrackst.com</a>

<sup>1</sup> 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](http://www.independentresearch.com.au)