



Barrack St Investments Limited

SHAREHOLDERS' QUARTERLY REPORT

MARCH 2017

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
– Recommended¹

DIRECTORS

Murray d'Almeida
Chairman

David Crombie AM
Independent

Dr Emmanuel (Manny) Pohl
Non-Independent

COMPANY SECRETARY

Brian Jones

COMPANY DETAILS

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barrackst.com



OVERVIEW

Barrack St Investments Limited posted a Net Tangible Asset Value (NTA) of 102.16 cents per share at 31 March 2017. This reflected a decrease of 1.8% from the last quarter end.

UNDERLYING PORTFOLIO PERFORMANCE

	Since Inception p.a.	3 months	1 year	3 years p.a.	5 years p.a.
Portfolio [^]	9.5%	-0.5%	0.4%	N/A	N/A
ASX All Ordinaries Index	1.9%	3.2%	14.6%	3.0%	6.0%

[^] 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 The A2 Milk Company (ASX: A2M) was added to the portfolio. A2M is benefiting from a first mover advantage with clearly defined functional food products. We believe it's differentiated products place it in a unique position to capture market share in the fast-growing speciality milk and the broader dairy products market.

During the quarter, SEEK Limited (ASX: SEK) was re-added to the portfolio following its exclusion from the ASX-listed top 50 companies. This occurred as a result of the rally in resource stock and SEK continues to be a high-quality franchise with an extremely long track record of delivering shareholder returns.

MARKET COMMENTARY

The current bull run since the GFC is the second largest in history in terms of duration and returns. Given that 2016 was the year of political surprises, it was interesting to note that the net impact on returns was somewhat limited. While the markets were extremely volatile following the unexpected outcome of both Brexit and President Trump's victory, the overall trend has been up on the back of continued growth and economic optimism fuelled by expectations of President Trump's agenda for tax cuts, deregulation and other growth measures. The Netherlands held their elections in this quarter, the French elections appear hotly contested and we will see Britain formally leave the European Union. The US Federal Reserve (Fed) continued its journey of raising interest rates, raising their interest rate during the quarter by 25 basis points. The current year is likely to follow a similar trend and while European politics and the US Fed are likely to remain the key determinants of market sentiment and uncertainty over the remainder of the year, underlying earnings growth is expected to be the driver of market performance.

In January, the failure of the Trump administration to have the new healthcare bill passed called into question the tax cuts causing uncertainty to increase and the Dollar, as a result, depreciated against most currencies. The S&P 500 posted +5.5%, the Dow Jones posted +4.6% and the NASDAQ posted a gain of 9.8% by quarter-end.

In Australia, while the markets have functioned in an environment where there has been limited political or financial news during the quarter, there has been continued debate on the state of the energy sector, in particular, Australia's gas industry, and the lack of supply for the domestic market. The RBA maintained the cash rate at 1.5% and the All Ordinaries Index posted modest gains of 3.2% this quarter while the Small Ordinaries posted negligible gains of 0.4%. The AUD posted gains on the back of political developments in the US which resulted in our dollar appreciating by 5.9% against the USD (76.3 US Cents) and gains were also recorded against the EUR and GBP of 4.5% (71.6 EU Cents) and 4.1% (60.8 UK Pence), respectively.

PORTFOLIO CHARACTERISTICS (as at 31 March 2017)

NTA (before tax on unrealized gains) – total	\$18,541,330
NTA (before tax on unrealized gains) – per share	102.16 cents
Concentration of the Top 20 Holdings	97.8%
Stocks in the underlying portfolio	21




FUND MANAGER

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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
- IPOs
- Revenue Growth
- Broker Ideas
- Interest cover
- 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.



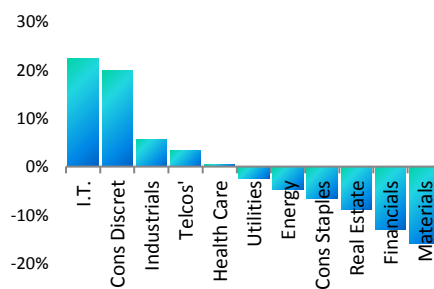
SECTOR BREAKDOWN

Consumer Discretionary	27.2%
Financials	19.6%
Information Technology	18.7%
Industrials	14.6%
Telecommunications Services	8.4%
Health Care	7.0%
Consumer Staples	3.0%
Cash	1.5%

TOP 7 STOCK HOLDINGS

Domino's Pizza Enterprises	11.1%
REA Group	9.4%
Carsales.com Ltd	9.0%
TPG Telecom Limited	8.4%
BT Investment Management	8.0%
Magellan Financial Group	7.7%
Aconex Limited	5.5%

ACTIVE SECTOR WEIGHTS to the ALL ORDINARIES



PORTFOLIO CHANGES during the Quarter

ADDITIONS

The A2 Milk Company	A2M
SEEK Limited	SEK

REMOVALS

NA

ACTIVELY PROMOTING THE COMPANY

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

The Company continues its active engagement program in the March quarter through broker roadshow presentations in Sydney, Melbourne and Adelaide. In addition, it was a participant at the Australian Investors Association investor symposium held in Sydney in March. In the coming quarter the Company will continue roadshows to investor professionals and present at the Australian Shareholders Association Annual conference in Melbourne as well as other investor events.

Interested parties can contact the Company through info@ecpam.com for further information about events. Please contact 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 WEBSITE

The Company has a website which has additional information about the Barrack St and links to all Announcements and Reports. The address is www.barrackst.com

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 of 1.0% p.a. Performance Fee 20% of the annual outperformance over 8.0%.
MER	Estimated at 1.2%
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 - 1300 737 760 OR enquiries@boardroomlimited.com.au
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