



Barrack St Investments Limited

SHAREHOLDERS' QUARTERLY REPORT

JUNE 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 0.01 at 13 April 2017

AUD 0.015 at 23 September 2016

AUD 0.01 at 07 April 2016

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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OVERVIEW

Barrack St Investments Limited posted a Net Tangible Asset Value (NTA) of 105.06 cents per share at 30 June 2017. This reflected an increase of 2.8% 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 [^]	10.4%	4.7%	2.6%	N/A	N/A
ASX All Ordinaries Index	0.8%	-2.4%	8.5%	2.3%	6.9%

[^] 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 both ARB Corporation (ARB) and Cochlear (COH) to the portfolio and we removed Sirtex (SRX). ARB was added back to the portfolio in May after being sold earlier in the year. It is a high quality business with good growth options and a sustainable competitive advantage in the products and markets that it operates in. COH is one of the larger companies within the index and is also a high quality growth business with a strong sustainable competitive advantage around its implant products. We included the stock into the portfolio in April after a detailed research process. Shortly after its inclusion, the FDA in the US approved the release of the latest implant product upgrade (Nucleus 7), which added to the stocks already positive momentum. During the quarter we exited the SRX investment following the dismissal of the Group CEO, after he sold shares before a material downgrade, and which was followed by the departure of its Chief Medical Officer. Given the circumstances surrounding the CEO's dismissal, it was deemed that SRX was no longer investment grade, therefore not suitable for inclusion in the portfolio.

MARKET COMMENTARY AND OUTLOOK

Global markets produced a range of results over the quarter with both political and economic events continuing to influence outcomes. The US market remained strong with the S&P 500 up 2.6% and the NASDAQ up 3.9% - both close to record highs on the back of a growing US economy.

In Europe, the economy continues to show signs of improvement, with unemployment steadily declining from previous highs. While the European recovery looks healthier than it has been historically, there has been a range of political events causing volatility in the share markets:

- During May, the French elections produced a surprising result with Macron's party taking a comfortable victory.
- Conversely, in the UK, the Conservatives lost their majority generating more uncertainty for that country and consequently the UK market was down 0.1% for the quarter.
- Germany was relatively stable with the DAX up only 0.1%.

Markets in Australia were generally down for the June quarter. The fall in banks and the decline in the price for most commodities drove overall performance down and this was best seen in the ASX 20 index which was down 5.1% and ASX 200 was down 2.5%. The All Ords posted a decline of 2.4% this quarter, while the Small Ords posted a negligible decline of 0.8%.

In Australia, the RBA announced that they would hold the cash rate at 1.5% which resulted in the AUD depreciating against most currencies. The AUD appreciated by 0.7% against the USD (76.87 US Cents) and declined against the EUR and GBP at 5.9% (67.3 EU Cents) and 3.0% (59.0 UK Pence) respectively.

PORTFOLIO CHARACTERISTICS (as at 30 June 2017)

NTA (before tax on unrealized gains) – total	\$19,245,516.35
NTA (before tax on unrealized gains) – per share	105.06 cents
Concentration of the Top 20 Holdings	89.1%
Stocks in the underlying portfolio	22




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.



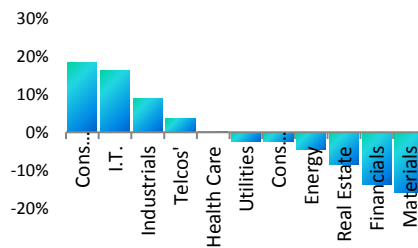
SECTOR BREAKDOWN

Consumer Discretionary	22.9%
Financials	18.8%
Information Technology	16.8%
Industrials	15.6%
Cash	8.2%
Health Care	7.2%
Telecommunications Services	6.6%
Consumer Staples	3.9%

TOP 7 STOCK HOLDINGS

Magellan Financial Group Ltd	7.0%
Domino's Pizza Enterprises	6.6%
TPG Telecom Limited	6.6%
Carsales.com Ltd	6.3%
Reliance Worldwide	5.8%
Trade Me Group	5.2%
BT Investment Management	5.1%

ACTIVE SECTOR WEIGHTS to the ALL ORDINARIES



PORTFOLIO CHANGES during the Quarter

ADDITIONS

ARB Corporation	ARB
Cochlear Limited	COH

REMOVALS

Sirtex Medical	SRX
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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 June quarter through broker roadshows presentations in various capital cities, including at the Australian Shareholders Association Annual Conference in May. In the coming quarter Dr Emmanuel Pohl, Director of BST, will be presenting at the Australian Investor Association National Conference at the Gold Coast. In addition to this, representatives of the Company will be meeting with Shareholders, brokers and other investment professionals in Brisbane, Sydney, Melbourne, Adelaide and Perth.

Please contact the Company for further information about these and other events through info@barrackst.com or call +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 Barrack St Investments 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

Dividend Reinvestment Plan	Dividend Reinvestment Plan is an optional way of reinvesting dividends to acquire additional shares, free of brokerage, commission, stamp duty and other costs.
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