



# Barrack St Investments Limited

SHAREHOLDERS' QUARTERLY REPORT

SEPTEMBER 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 22 September 2017  
AUD 0.01 at 13 April 2017  
AUD 0.015 at 23 September 2016

## 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*

Jared Pohl  
*Non-Independent*

## COMPANY SECRETARY

Brian Jones

## COMPANY DETAILS

Barrack St Investments Limited  
ACN 167 689 821  
Suite 305, Level 3 Barrack House  
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Sydney NSW 2000  
AUSTRALIA

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Email: info@barrackst.com

[barrackst.com](http://barrackst.com)



## OVERVIEW

Barrack St Investments Limited posted a Net Tangible Asset Value (NTA) (before estimated tax on unrealised gains) of 104.20 cents per share at 30 September 2017. This reflected an increase of 0.6% from the end of the last quarter after adjusting for the payment of the 1.5c final dividend.

## UNDERLYING PORTFOLIO PERFORMANCE

	Since Inception p.a.	3 months	1 year	3 years p.a.	5 years p.a.
Portfolio <sup>^</sup>	10.0%	1.3%	-1.0%	11.5%	N/A
ASX All Ordinaries Index	0.7%	-0.3%	4.0%	2.7%	5.5%

<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 added Corporate Travel (CTD) to the portfolio. CTD is a corporate travel provider to the SME market, both domestically and abroad. They uniquely focus on ROI outcomes for the customer which has been a key driver of their success historically. We expect that the historical growth profile of the business to continue through our investment horizon, with the key risks to our investment thesis playing out being - 1. Jamie Pherous leaving, 2. Poorly executed acquisition integration, 3. Macro Events which impact travel, and 4. Technology Changes that may enable companies to process their bookings on their own. While key man risk is an issue, Jamie is focused on ensuring adequate succession planning and has been building a strong senior management team. While macro events may impact international travel, domestic travel is less impacted, and this makes up a significant volume of their TTV. Technology, as always, presents risks and opportunities. Currently we view CTD's technology as a tool that aids contract wins and provides efficiency in its business however, importantly, we do not identify technology as its Sustainable Competitive Advantage. In our view, the real secret to corporate travel is the help they provide to companies to manage cost control and measure the return on its investment.

## 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 3.96% and the NASDAQ up 5.79% - both close to record highs. While the political environment remains as uncertain as ever, the market continues to react favourably to the policies of the Trump Administration and the threat of interest rate hikes only confirms the fact that the economy is growing. In Europe, momentum is slowly building and confidence is somewhat returning to the market. There are still plenty of structural issues that need to be dealt with but the recent reappointment of the Merkel Administration helped to drive confidence in the German market with the DAX up 4.09% for the quarter in local currency terms (up 7.64% in USD terms). France was also more stable as the Macron Administration sets about the large task of trying to reform the French economy. The CAC was also up 4.08% in local currency terms (up 7.64% in USD terms).

The ASX All Ordinaries Index was down 0.33% during the September quarter. The weakness during the quarter was driven by several sectors but the Telecommunications Sector was the largest underperformer with the sector down 18.59% for the quarter. The Utilities Sector was down 7.21% given concerns on interest rates and the Healthcare sector, which is dominated by USD exposures was down 6.10%. The ASX Small Caps index was up 3.20% driven by the Small Resources which was up 12.16%.

## PORTFOLIO CHARACTERISTICS (as at 30 September 2017)

NTA (before tax on unrealised gains) – total	\$19,091,592.53
NTA (before tax on unrealised gains) – per share	104.20 cents
Concentration of the Top 20 Holdings	90.2%
Stocks in the underlying portfolio	23




## 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
- 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.



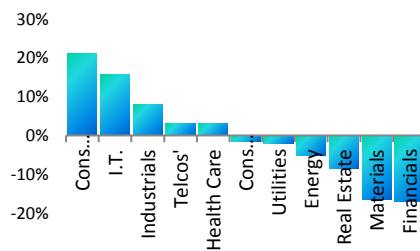
## SECTOR BREAKDOWN

Consumer Discretionary	25.7%
Information Technology	16.7%
Financials	15.8%
Industrials	15.1%
Health Care	9.3%
Cash	6.6%
Telecommunications Services	5.7%
Consumer Staples	5.0%

## TOP 8 STOCK HOLDINGS

Domino's Pizza Enterprises	7.7%
Cochlear Limited	6.7%
Carsales.com Ltd	6.3%
Reliance Worldwide	6.0%
Magellan Financial Group Ltd	6.0%
TPG Telecom Limited	5.7%
BT Investment Management	5.0%
The A2 Milk Company	5.0%

## ACTIVE SECTOR WEIGHTS to the ALL ORDINARIES



## PORTFOLIO CHANGES during the Quarter

### ADDITIONS

Corporate Travel Limited	CTD
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### REMOVALS

None

## ACTIVELY PROMOTING THE COMPANY

Barrack St Investments Limited (the Company) is committed to growing the Company and promoting itself to investors, financial advisers and stockbrokers and investor associations across Australia. Amongst events the Company participated in during the September quarter, Dr Emmanuel Pohl, Director of the Manager, presented at the Australian Investors Association National Conference at the Gold Coast, where the Company was an event participant and exhibitor.

The Company continues its active engagement program in the September quarter through broker roadshows presentations in various capital cities, including at the Australia Securities Exchange / Australian Shareholders Association (ASX/ASA) Investor Education Days in Sydney, Melbourne, Adelaide, Perth and Gold Coast - where Dr Pohl will be speaking. Dr Pohl will also be a key speaker and the Company will be an exhibitor at the Switzer Listed Investment Company conference in Melbourne in October.

Please contact the Company for further information about these and other events through [info@barrackst.com](mailto: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](http://www.barrackst.com)

Subscribe to our latest updates through [www.barrackst.com](http://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 <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)