



Barrack St Investments Limited

SHAREHOLDERS' QUARTERLY REPORT

DECEMBER 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
 – Recommended¹

DIRECTORS

Murray d'Almeida
Chairman

David Crombie AM
Independent

Jared Pohl
Non-Independent

COMPANY SECRETARY

Brian Jones

COMPANY DETAILS

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OVERVIEW

Barrack St Investments Limited (ASX: BST) posted a Net Tangible Asset Value (NTA) (before estimated tax on unrealised gains) of 115.44 cents per share at 31 December 2017. This reflects an increase of 10.8% for the quarter.

UNDERLYING PORTFOLIO PERFORMANCE

	Since Inception p.a.	3 months	1 year	3 years p.a.	5 years p.a.
Portfolio [^]	13.0%	12.1%	18.4%	13.4%	-
ASX All Ordinaries Index	2.8%	7.4%	7.8%	4.6%	-

[^] Source: ECP Asset Management

Gross performance before impact of fees, taxes and charges. Past performance no predictor of future returns.

INVESTMENT ACTIVITY

The final quarter of 2017 saw significant investment activity with the addition of five new companies to the portfolio. Two of these, HUB24 Ltd (HUB) and Netwealth Group Limited (NWL), operate in the funds administration industry and provide software solutions to advisers. Both companies have exemplary management and are taking large shares of industry FUM flows. Additionally, we entered a scalable software solution called Megaport Limited (MP1), which is an early stage investment that has significant growth prospects ahead. Other additions include ResMed Inc (RMD) and Synlait Milk Ltd (SM1), which both have strong competitive advantages and are leaders in their space. SilverChef Ltd (SIV) was removed due to governance concerns.

MARKET COMMENTARY AND OUTLOOK

Globally, equity markets have ended 2017 with strong gains across many sectors and multiple geographies, leading to asset valuations reaching all-time highs, whilst volatility reached an all-time low. The macro environment has provided prolific conditions for most asset classes and has supported the global expansion which is now into its 10th year. The US continued its stellar run, buoyed by hopes of tax reform, and aided by wage gains and unemployment reaching a low of 4.1%. The US Federal Reserve raised rates for a third time, reflecting an improving economy and labour market and we can expect three hikes over the coming year. The S&P 500 posted +6.1% by quarter-end, and the Dow Jones posted +10.3%.

Over the course of 2017, many EU countries successfully fended off growing populism, however in the past quarter, political events returned to the fore as Germany's Angela Merkel's coalition talks collapsed and separatist movements in Spain ensured that uncertainty cloud the transition to 2018. In the UK, the BoE raised rates for the first time since 2007, however concerns remain regarding GDP growth forecasts. The FTSE 100 posted solid returns of +4.3% and DAX remained flat, posting +0.7% over the quarter. By year-end, respective gains of +7.6% and +12.5% were reported for the twelve-month period.

Australia continues its world class run, reaching 26 years without a recession. Whilst the lucky country has long been the envy of the world, the effect of being recession-free has meant our economy is out of sync with much of the developed world. Imbalances have continued to build within our economy which is argued to limit future growth; and prior mining drags on the economy have been replaced by constrained consumer spending and record levels of household debt. During the quarter, the RBA held the cash rate steady at 1.5%. The All Ordinaries Index posted its best quarter for 2017 with gains of +7.4% while the Small Ordinaries Index posted impressive gains of +13.2%. The twelve-month returns were +7.8% and +16.3%, respectively.

The AUD has remained stubbornly high and by year-end had appreciated +8.4% over the past twelve months against the USD reaching 0.780 US Cents. However, the AUD has not performed as well against the EUR or the GBP, posting -5.1% (0.650 EU Cents) and -1.1% (0.578 UK Pence), respectively.

PORTFOLIO CHARACTERISTICS (as at 31 December 2017)

NTA (before tax on unrealised gains) – total	\$21,145,503.84
NTA (before tax on unrealised gains) – per share	115.44 cents
Concentration of the Top 20 Holdings	85.8%
Stocks in the underlying portfolio	27




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

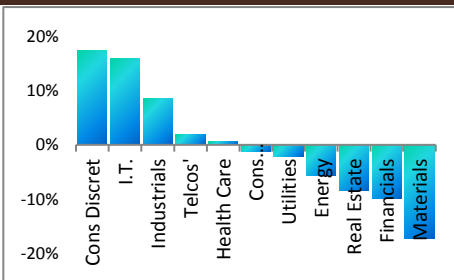
This process is the basis for all our Australian equities investment decisions.



SECTOR BREAKDOWN

Consumer Discretionary	22.1%
Financials	21.0%
Information Technology	17.7%
Industrials	15.8%
Health Care	7.1%
Cash	6.0%
Consumer Staples	5.5%
Telecommunications Services	4.8%

ACTIVE SECTOR WEIGHTS to the ALL ORDINARIES



TOP 8 STOCK HOLDINGS

Domino's Pizza Enterprises	8.9%
Magellan Financial Group Ltd	6.4%
Carsales.com Ltd	6.4%
BT Investment Management	6.1%
IPH Limited	6.0%
Reliance Worldwide	5.3%
TPG Telecom Limited	4.8%
SEEK Limited	4.6%

PORTFOLIO CHANGES during the Quarter

ADDITIONS

HUB24 Ltd	HUB
Megaport Limited	MP1
Netwealth Group	NWL
ResMed Inc.	RMD
Synlait Milk Ltd	SM1

REMOVALS

Silver Chef Limited	SIV
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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 December quarter, Dr Emmanuel Pohl, Managing Director of the Investment Manager of BST, presented to over 400 investors at the Switzer Listed Investment Companies Conference in Melbourne, where the company was also an exhibitor.

Dr Pohl was also a speaker at the National ASX ASA Investor Education Day roadshow – where the Company was an event participant and exhibitor in Sydney, Melbourne, Adelaide, Perth and the Gold Coast.

The March 2018 Quarter will continue the active presence of the Company, including investor various presentations and exhibitions.

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	WPIAS Pty Ltd
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