



# Barrack St Investments Limited

SHAREHOLDERS' QUARTERLY REPORT

MARCH 2018

## 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)*

1.25 cps on 23 March 2018

1.50 cps on 22 September 2017

1.00 cps on 13 April 2017

## COUNTRY 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

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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 108.7 cents per share at 31 March 2018 and this is after paying a 1.25 cent per share fully franked dividend on 23 March 2018.

During the quarter the largest Shareholder of the Company participated in a block trade through Taylor Collison, in the belief that the sale of these shares will increase liquidity in the trading of BST shares and increase the number of individual Shareholders. As a result, we welcome new Shareholders to the register. EC Pohl & Co Pty Ltd has further advised that it remains totally committed to its investment in the Company and intends to remain as a long-term Investor.

## UNDERLYING PORTFOLIO PERFORMANCE

	Since Inception p.a.	3 months	1 year	3 years p.a.	5 years p.a.
Portfolio <sup>^</sup>	11.2%	-2.7%	15.7%	10.1%	n/a
ASX All Ordinaries Index	1.2%	-4.8%	-0.6%	0.0%	3.3

<sup>^</sup> Source: ECP Asset Management

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

## INVESTMENT ACTIVITY

This quarter saw some change to our portfolio with the addition of Integrated Research Limited (ASX: IRI). IRI provides systems monitoring and diagnostics software and has a proven track record of attracting some of the worlds largest companies. During the quarter, we exited two positions: Pacific Smile Group (ASX: PSQ) and Aconex Limited (ASX: ACX). Our investment in ACX was a reluctant one to lose, as it was bought by US technology giant, Oracle, for \$1.6 billion.

## MARKET COMMENTARY AND OUTLOOK

Global economic growth has continued into 2018 as consumption, investment and trade continue to provide strong support. Whilst many indicators prove to be in support of a healthy world economy, market volatility has returned creating some headaches for investors. The issues and tensions resulting from geopolitics continues to be a distraction for investors who remain anxious about the potentially rising protectionism and looming trade war.

Expected interest rate rises and concerns around the continuing tensions on the Korean peninsula and other regional conflicts, continue to weigh on global stock markets which by quarter-end had declined from recent highs. Global bond markets reflected higher inflation, with most major government bond yields climbing. The S&P 500 posted -1.2% by quarter-end, and the Dow Jones posted -2.5%. Interestingly, the NASDAQ was surprisingly the best performer, posting +2.3% over the quarter.

Here in Australia, economic performance has been drawn out further as a series of positive economic reports have shown strong business and consumer confidence, a further drop in unemployment and wage growth. However, the economy continues to be clouded by constrained consumer spending and record levels of debt. During the quarter, the RBA announced that they had held the cash rate at 1.5% with the Governor alluding to a likely future increase in the cash-rate. The All Ordinaries Index posted a disappointing quarter with losses of 4.8%, while the Small Ords also retracted prior quarter performance, down 3.8% by quarter-end.

The AUD has performed poorly against most major currencies. The AUD has finally depreciated against the US Dollar posting a 1.6% decline reaching 76.80 US Cents and has continued to depreciate further against the EUR and the GBP, posting -4.1% (62.31 EU Cents) and -5.2% (54.74 UK Pence), respectively.

## PORTFOLIO CHARACTERISTICS (as at 31 March 2018)

NTA (before tax on unrealised gains) – total	\$19,911,768
NTA (before tax on unrealised gains) – per share	108.7 cents
Concentration of the Top 20 Holdings	84.8%
Stocks in the underlying portfolio	26




## 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

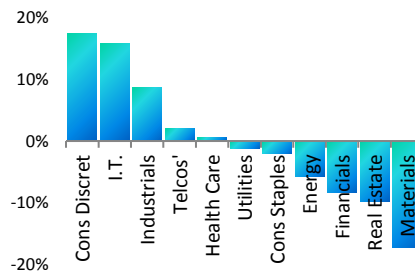
This process is the basis for all our Australian equities investment decisions.



## SECTOR BREAKDOWN

Financials	23.4%
Consumer Discretionary	23.0%
Information Technology	17.6%
Industrials	15.5%
Cash	6.8%
Health Care	5.4%
Telecommunications Services	4.2%
Consumer Staples	4.1%

## ACTIVE SECTOR WEIGHTS to the ALL ORDINARIES



## TOP 8 STOCK HOLDINGS

Domino's Pizza Enterprises	7.4%
Magellan Financial Group	6.9%
Corporate Travel	6.4%
Reliance Worldwide	6.4%
Carsales.com	5.8%
BT Investment Management	5.8%
Cochlear	4.8%
SEEK	4.7%

## PORTFOLIO CHANGES during the Quarter

### ADDITIONS

Integrated Research	IRI
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### REMOVALS

Aconex	ACX
Pacific Smiles Group	PSQ

## ACTIVELY PROMOTING THE COMPANY

Barrack St Investments Limited (the Company) is committed to growing the Company and promoting it to investors, financial advisers and stockbrokers and investor associations across Australia. During the March quarter the Company participated in the Australian Investors Association National Investment Summit in Sydney, amongst other events.

The June 2018 Quarter will continue to see the active presence of the Company, including participating in the Australian Shareholders National Conference in Sydney in May, as well as at various other investor presentations and exhibitions.

Please contact the Company for further information about these and other events through [info@barrackst.com](mailto:info@barrackst.com) or call 1800 352 474 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	WPIAS Pty Ltd
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)