



Barrack St Investments Limited

SHAREHOLDERS' QUARTERLY REPORT

JUNE 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
– Recommended¹

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
16-20 Barrack Street
Sydney NSW 2000
AUSTRALIA

Tel: 1800 352 474
Fax: +61 2 8651 6899
Email: info@barrackst.com

barrackst.com



OVERVIEW

Barrack St Investments Limited (ASX: BST) posted a Net Tangible Asset Value (NTA) (before estimated tax on unrealised gains) of 118.0 cents per share at 30 June 2018. The portfolio outperformed the All Ordinaries Index over the recent quarter 1.5 percentage points and by 9.9 percentage points since inception.

UNDERLYING PORTFOLIO PERFORMANCE

	3 months	1 year	3 years p.a.	Since Inception (23 January 2014) p.a.
Portfolio [^]	8.7%	20.0%	15.7%	12.8%
ASX All Ordinaries Index	7.2%	9.1%	4.9%	2.9%

[^] Source: ECP Asset Management

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

INVESTMENT ACTIVITY

Netwealth Group, ResMed Inc and ARB Corporation were removed after share price appreciation compressed the IRR to below our minimum requirements. Similarly, 51% of our holding in Blue Sky was sold in October 2017, with the balance in April 2018, after a detailed review of the business. We added Afterpay Touch (APT), Pushpay Holdings (PPH) and Xero (XRO) to the portfolio. APT is disrupting the consumer credit industry with a reverse layby product that is in the process of rapid consumer and merchant adoption in Australia and other markets. Pushpay provides engagement solutions via mobile applications and website integration with its core customer base in the US Faith sector and is rapidly expanding with a full-service mobile giving solution, while Xero is a global cloud-based accounting platform for small business.

MARKET COMMENTARY AND OUTLOOK

Global markets over the June quarter were dominated by US led discussions on trade. Concerns over growth in the Chinese economy and "Trade Wars" have become a major feature of the global market and there is heightened risk that the US's major trading partners may now impose tariffs on US manufacturers as a retaliation measure. While the results of all this are still unclear, what is clear is that this sort of activity will create more uncertainty for markets which are already facing headwinds from future interest rate policy and a slowing Chinese economy.

During the quarter the US market was up 2.9%. This performance was relatively strong when compared to China which saw the Shanghai Comp fall 10.1%. The Chinese market remains weak on concerns related to growth in the domestic economy, the property market as well as concerns as to the impact of trade wars on the manufacturing sector. The Hang Seng was down 3.8% during the quarter while the Nikkei was up 4.0%. European markets were mixed with the FTSE 100 up 8.2% (driven by the movement in the GBP - in USD it was up 1.9%), the CAC 40 was up 3.0% and the DAX up 1.7% while the Euro STOXX was up 1.0%.

In local currency terms the All Ords was very strong during the quarter, up 7.2% but when converted into USD returns, this increase was 3.6% on the back of a 3.7% decline in the AUDUSD cross rate. Currency markets are expected to remain volatile over the next few months, given some of the political and trade uncertainties. The decline in the AUDUSD has continued into July and this will have a positive impact on companies with USD related earnings. We would expect to see further commentary on this during the August reporting season.

Even though future increases in interest rates should result in a contraction in P/E ratings from current levels, the short-term financial metrics for the companies in the portfolio, including organic sales growth, earnings and dividend growth, should provide the impetus for an improvement in valuations.

PORTFOLIO CHARACTERISTICS (as at 30 June 2018)

NTA (before tax on unrealised gains) – total	\$21,612,090
NTA (before tax on unrealised gains) – per share	118.0 cents
Concentration of the Top 20 Holdings	84.2%
Stocks in the underlying portfolio	25




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 6800
 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.



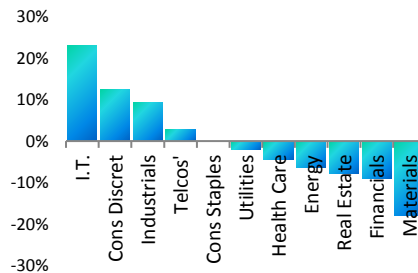
SECTOR BREAKDOWN

Information Technology	24.7%
Financials	19.7%
Consumer Discretionary	17.3%
Industrials	16.3%
Consumer Staples	7.1%
Cash	6.7%
Telecommunications Services	4.8%
Health Care	3.5%

TOP 8 STOCK HOLDINGS

Magellan Financial Group	7.1%
Pendal Group Ltd	6.9%
Carsales.com	6.5%
SEEK Limited	5.8%
Domino's Pizza Enterprises	5.7%
Corporate Travel Limited	5.4%
IPH Limited	5.3%
Reliance Worldwide	5.3%

ACTIVE SECTOR WEIGHTS to the ALL ORDINARIES



PORTFOLIO CHANGES during the Quarter

ADDITIONS

Afterpay Touch	APT
Pushpay Holdings Ltd	PPH
Xero Ltd	XRO

REMOVALS

ARB Corporation	ARB
Blue Sky Limited	BLA
Netwealth Group	NWL
ResMed Inc	RMD

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.

During the June quarter the Company undertook a national roadshow meeting with Brokers, Advisers and Shareholders. It also participated in the Australian Shareholders Association national conference in Sydney, amongst other events.

The September 2018 quarter will continue to see the active presence of the Company, including presenting at the Australian Investors Association Conference in Gold Coast in August, as well as various other Investor presentations and exhibitions.

Please contact the Company for further information about these and other events through 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

Subscribe to our latest updates through www.barrackst.com

STRUCTURE AND TERMS

Dividend Reinvestment Plan	Dividend Reinvestment Plan (DRP) is an optional way of reinvesting dividends to acquire additional shares. When shares are issued under the DRP, they are 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