



ECP Asset Management

BST and FSI Year-end Update 2015-8-30

Overview



Our two listed investment companies, Barrack St Investments (BST) and Flagship Investments (FSI) offer investors an opportunity to invest in a portfolio of quality ASX listed companies managed by a disciplined and experienced investment manager whose objectives are to:

- ❖ achieve medium to long-term capital growth and income;
- ❖ preserve and grow the NAV per share; and
- ❖ provide shareholders with a fully franked dividend, which, over time will grow at a rate in excess of the rate of inflation.

They differ as follows:

- ❖ FSI may invest in any listed company; and
- ❖ BST is restricted to only invest in small and mid-cap ASX listed companies (EX50).

ECPAM Brand Promise

1. We are buyers of quality businesses not share traders.
2. We will not diversify to cover up for poor due diligence; and
3. We will not speculate to generate excess returns for our clients.

A Fully Aligned Investment Team



Jared Pohl	Andrew Dale	Dr Manny Pohl	Jason Pohl	Daniel Broeren
BCom. BIT. MBA	BCom. CA	B.Sc(Eng). MBA. DBA	BCom. LLB	BBus. BEng. M.Acc
Years in Industry: 10+ Years at ECPAM: 3+	Years in Industry: 15+ Years at ECPAM: 1+	Years in Industry: 30+ Years at ECPAM: 3+	Years in Industry: 2+ Years at ECPAM: 1+	Years in industry: 10+ Years at ECPAM: < 1



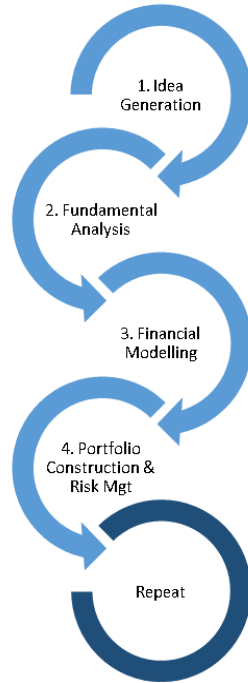
Investment Strategy and process

We're disciplined, with a focus on quality.

Our investment process is based primarily on two hypotheses about market inefficiencies:

- ❖ On average the market undervalues extremely high quality, capital efficient, organic growth businesses; and
- ❖ The market tends to over-emphasize temporary themes and short-term factors.

Investment Process Summary



A focus on quality produces alpha

Our investment process is broken up into 4 main stages.

Stages 1 → 3 are designed to remove those companies that do not meet our definition of quality, and focus our attention on a smaller opportunity set.

Stage 4 is designed to manage the uncertainties that exist within the businesses that remain, and construct a portfolio which generates the best risk adjusted returns for our clients.

The process is continuously repeated to look for new opportunities and revisit old ones in order to ensure that the best possible opportunities are in the portfolio at any one time.



Earnings season update

Portfolio Overview

- ❖ The short-term profit results and outlook statements were generally positive for our companies.
- ❖ The portfolios achieved significant alpha generation during reporting season which is usually the case.
- ❖ Online stocks performed well on the back of strong organic sales growth.
- ❖ Underperformance of market sensitive stocks has been driven by weak market conditions.

Company Reporting Overview

- ❖ In the BST (EX50) portfolio 12 out of 17 companies reported EPS above or equal to our estimate
- ❖ EPS growth for the large stocks remained positive but slowed due to macro headwinds
- ❖ For the BST (EX50) portfolio the weighted average sales growth was 28%
- ❖ Dividend receipts for FSI of 9% was very strong and for BST it was 15%

Portfolio Performance

Historical Performance to 31 August 2015*

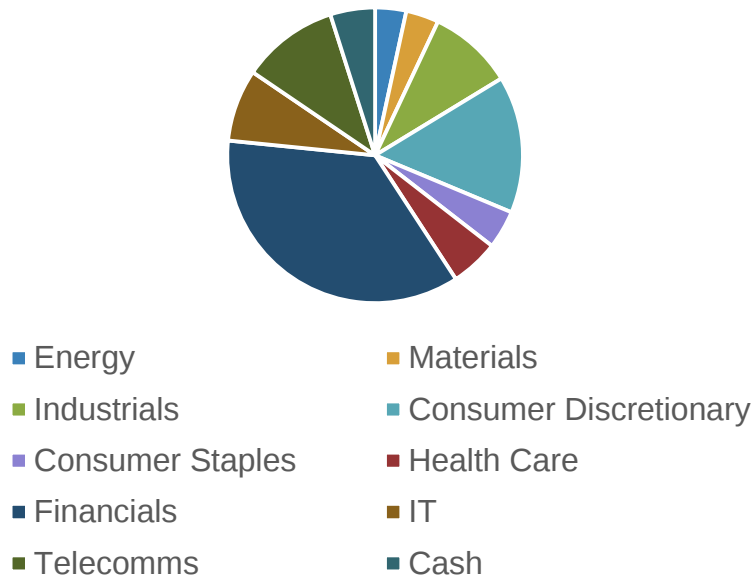
Product	3m	1 year	3 Years	5 Years	10 Years
FSI Portfolio	-5.60	-0.27	18.07	11.81	12.01
S&P ASX All Ords	-9.57	-7.16	6.37	3.30	3.85
Alpha	3.97	6.89	11.7	8.51	8.16

*All returns are gross of fees and charges. Excess returns are calculated against the S&P ASX All Ordinaries Index. Returns greater than one year are expressed as per annum.

Portfolio Holdings

Company	Weight
Telstra	8.92
Macquarie Group	8.78
Commonwealth Bank of Australia	7.04
Westpac Banking Corp	6.05
AMP	4.91
REA Group	4.66
Woolworths Limited	4.66
Catapult Sports	4.22
Dominoes Pizza	4.10
Seek	3.97

GICS Sectors





Portfolio Performance

Historical Portfolio Performance to 31 August 2015*

Product	3m	1 year	Inception (21 Aug 14)
BST	-0.57	6.94	8.69
S&P ASX Small Ords Acc	-9.57	-7.16	-7.23
Alpha	9	14.1	15.92

*All returns are gross of fees and charges. Excess returns are calculated against the S&P ASX Small Cap Index. Returns greater than one year are expressed as per annum.

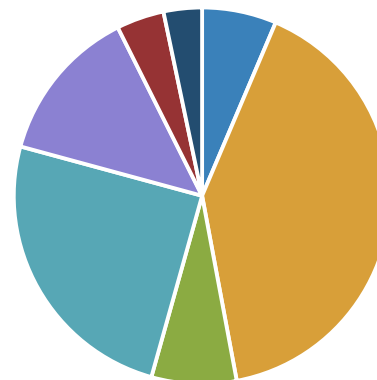
Portfolio Holdings



Barrack St Investments Limited

Company	Weight
REA Group	10.57
Platinum Asset Management	8.66
Trade Me Group	8.34
Domino's Pizza	8.11
Carsales	7.77
Navitas	6.45
IPH	6.37
Catapult Sports	5.64
Austbrokers	5.63
Blue Sky Alternatives	4.69

GICS Sectors



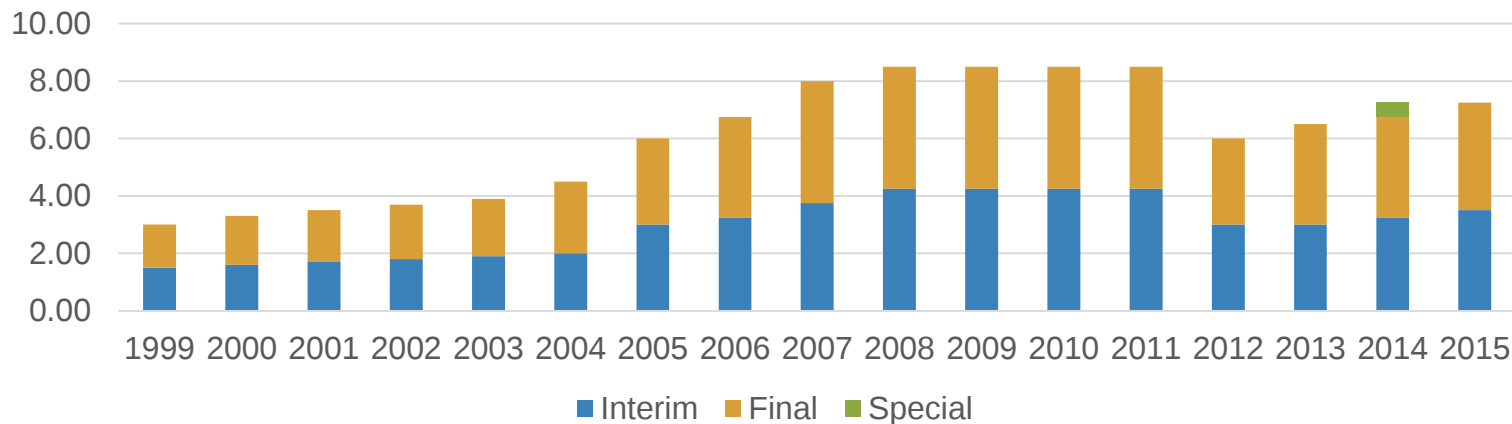
- Industrials
- Health Care
- IT
- Cash
- Consumer Discretionary
- Financials
- Telecomms

FSI Historical Dividends



Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Dividend	4.5	6.0	6.75	8.00	8.50	8.50	8.50	8.50	6.0	6.5	7.25*	7.25
Chg %	15.4	33.3	12.5	18.5	6.25	0.0	0.0	0.0	-30.0	8.3	3.8	11.1
CPI	2.50	2.50	4.00	2.10	4.50	1.50	3.10	3.60	1.20	2.20	2.90	1.6

* Including special dividend



BEST EX 50 STOCK METRICS

Eps Growth (EX 50)

- Blue Sky +125%
- Sirtex medical +68%
- Dominoes +47%

Portfolio performance

- Dominoes +1.7%
- Sirtex medical +1.6%
- Catapult +1.0%

Divestments from the portfolios

Large Cap Stocks

- ❖ BHP Billiton
- ❖ Worley Parsons

EX 50 Stocks (from both FSI and BST)

- ❖ Bendigo and Adelaide Bank
- ❖ IRESS
- ❖ Sky Network Television

Only from BST

- ❖ SEEK

New additions to the portfolio

COVER-MORE

- ❖ Globally recognized leader in travel insurance.
- ❖ Market leading claims management (aided by the Medical Assistance division) leading to lowest underwriting costs.
- ❖ Significant penetration opportunities within existing markets
- ❖ Genuine opportunity to become a global leader (Global Direct strategy, US entry)

INVOCARE

- ❖ Secure and expanding revenue base, aided by aging population.
- ❖ The only national provider of funeral services, giving rise to unique marketing, digital and supplier strategies.
- ❖ Recent CEO change to drive efficiency focus following a period of aggressive acquisitive activity.
- ❖ 'Liberation' of substantial property assets (~\$400m) and strong cashflow.

PACIFIC SMILES

- ❖ Greenfield roll-out v acquisitive roll-up. Capital light, high staff retention, cultural alignment.
- ❖ 49 centres currently with target of >250.
- ❖ Unique health insurance relationships 'funnel' customers to new centers as the open.
- ❖ Penetration of 'corporate dental' at 7% in Australia versus 35% in the US.



EC.Pohl & Co

Performance History by Month**From Tuesday, 1 July 2014 to Monday, 31 August 2015****Barrack St Investments Limited**

Month End Date	Portfolio Performance	Benchmark Performance	Difference
Barrack St Investments Limited			
31/08/2014	1.64%	0.03%	1.61%
30/09/2014	-4.90%	-5.83%	0.93%
31/10/2014	5.47%	3.93%	1.54%
30/11/2014	-0.49%	-3.76%	3.27%
31/12/2014	1.53%	1.71%	-0.18%
31/01/2015	4.30%	3.02%	1.28%
28/02/2015	2.97%	6.25%	-3.28%
31/03/2015	-0.92%	-0.62%	-0.30%
30/04/2015	-2.32%	-1.51%	-0.81%
31/05/2015	2.10%	-0.41%	2.51%
30/06/2015	-5.40%	-4.93%	-0.47%
31/07/2015	6.89%	3.19%	3.70%
31/08/2015	-1.67%	-8.09%	6.42%

Total Performance Over Period	8.68%	-7.81%	16.49%
Annualised Performance	7.99%	-7.23%	15.22%
Latest Year Performance	6.93%	-7.83%	14.76%



Future performance

Portfolio overview

- There is excess negativity priced into market and we don't expect a further substantial deterioration from these levels.
- Negative sentiment not supported by a deterioration in fundamentals resulted in an improvement of the intrinsic portfolio value.
- This increased price to prospective return gap is reflected in the current elevated forecast IRR for the various portfolios.
- Debt levels remain low across the portfolio.

Portfolio Prospects

5 YEAR IRR (Pre Franking)

Broad Cap (FSI)	+15%
EX50 (BST)	+21%

PE Expansion

Broad Cap (FSI)	-2%
EX50 (BST)	-5%

Dividend Yield

Broad Cap (FSI)	+4%
EX50 (BST)	+3%

5 YEAR DPS Growth

Broad Cap (FSI)	+13%
EX50 (BST)	+23%

Disclaimer

This communication is not a securities recommendation.

Any person considering action on the basis of this communication must seek out individual advice relevant to their particular circumstances and investment objectives.

Past performance is no guide for future performance.