



Barrack St Investments Limited

JUNE 2016 UPDATE

SHAREHOLDERS' QUARTERLY REPORT

STRATEGY

High-conviction portfolio of quality Australian listed small to mid-cap companies constructed using a research driven, bottom-up investment philosophy

DIVIDEND INFORMATION

AUD 0.01 at 07 April 2016

AUD 0.005 at 09 October 2015

COUNTRIES WHERE LISTED

Australian Securities Exchange:
August 2014

STOCK EXCHANGE CODE

ASX: BST

RATINGS

- Independent Investment Research
- Recommended¹

DIRECTORS

Murray d'Almedia

Chairman

David Crombie

Independent

Dr Emmanuel (Manny) Pohl

Non-Independent

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: +61 2 8651 8600

Fax: +61 2 8651 6899

Email: info@barrackst.com

barrackst.com



OVERVIEW

The Barrack St Investments portfolio return of 24.75% outperformed the market during the year as markets around the world reflected increased uncertainty, volatility and fear of economic slowdowns. The Company's underlying Net Tangible Asset Value (NTA) increased from 96.38 cents per share to 111.6 cents per share before estimated tax on unrealized gains. The Company paid fully franked dividends totaling \$0.015 per share during the financial year ended 30 June 2016 and after allowing for the payment of dividends, the Company's NTA increased by \$2,070,227 during the 2016 financial year, or 13.3%.

UNDERLYING PORTFOLIO PERFORMANCE (as at 31 March 2016)

	Since Inception	3 months	6 months	1 year	2 years
Portfolio [^]	14.91%	2.44%	-3.79%	24.75%	N/A
ASX All Ordinaries Index	-3.13%	3.08%	-0.64%	-2.58%	N/A

[^] 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 BT Investment Management Limited (ASX: BTT), Reliance Worldwide Corporation (ASX: RWC), and SilverChef Limited (ASX: SIV) to our portfolio. Our new position in BTT is centered around the businesses ability to use its brand and distribution to attract FUM growth; RWC enjoy leading market positions across various geographies and have an attractive growth strategy by way of new and innovative plumbing supplies; and SIV's unique offering, particularly their economic business model, long-standing management team and their meticulous execution on their long-term strategy, position it as a high quality growth company.

During the quarter we exited from two of our positions - ARB Corporation Limited (ASX: ARB), and BigAir Group Limited (ASX: BGL) from our portfolio. BGL has been removed from our portfolio due to issues around clarity of strategy and ARB currently doesn't meet our return requirements at its current valuation.

MARKET COMMENTARY

During the past twelve months global investors have been subject to a period of heightened uncertainty and increasing volatility, due to the fear of economic slowdowns in the US and Europe; undesirable side-effects of negative interest rates; lagging corporate investment in the US; and, China's increasing debt burden. Commodities have rebounded slightly but remained subdued for most of fiscal 2016.

In the US, the Federal Reserve raised interest rates in December causing global equity markets to come under pressure with bond markets declining significantly. In June the world watched as Britain voted to exit ("Brexit") the European Union (EU), leaving a political crisis with some adverse economic consequences. Despite Britain's vote to leave the EU, global markets have largely been resilient across most regions - supporting the notion that this was not a global financial crisis.

This financial year has proved to be another turbulent one for the Australian share market. While the ASX is likely to experience some increased volatility from global uncertainty, it's important to note that only around 5.0% of aggregate earnings are derived from the UK and Europe. Weakness in the economy was partly driven by the miners and energy stocks in the first half and a shift in sentiment toward the banks in the second half. The All Ordinaries Index posted gains over the quarter of 3.1% although posted a decline of 2.6% for the year. The AUD/USD exchange rate has fallen 3.3% over the year closing at 0.745 US cents.

PORTFOLIO CHARACTERISTICS (as at 30 June 2016)

NTA (before tax on unrealized gains) – total	\$17,923,626
NTA (before tax on unrealized gains) – per share	111.6c
Concentration of the Top 20 Holdings	100%
Stocks in the underlying portfolio	18




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

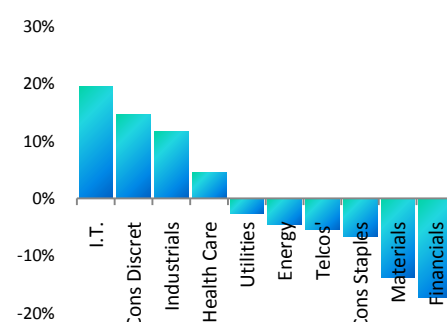
PORTFOLIO OF COMPANIES
 This process is the basis for all our Australian equities investment

**SECTOR BREAKDOWN**

Financials	22.6%
Consumer Discretionary	19.5%
Information Technology	19.3%
Industrials	18.2%
Health Care	10.5%
Cash	9.9%

TOP 5 STOCK HOLDINGS

IPH Limited	11.3%
TradeMe Group Limited	8.7%
Aconex Limited	8.4%
BT Investment Management	8.2%
Magellan Financial Group	8.0%

ACTIVE SECTOR WEIGHTS**PORTFOLIO CHANGES****ADDITIONS**

BT Investment Management (BTT)
 Reliance Worldwide (RWC)
 Silver Chef Limited (SIV)

REMOVALS

ARB Corporation (ARB)
 BigAir Group Limited (BGL)

ACTIVELY PROMOTING THE COMPANY

Barrack St Investments (BST) is committed to growing the Company and promoting itself to investors, financial advisers and stockbrokers.

In the coming quarter BST will be presenting to Australian Investors Association, Australian Shareholders Association and University of the 3rd Age groups in Adelaide, Melbourne, Sydney and Brisbane.

Please contact us if you would like us to present at your investor function or to visit your office.

Subscribe to our latest updates through www.barrackst.com

STRUCTURE AND TERMS

Legal Domicile	Australian Securities Exchange (ASX) Listed Investment Company (LIC)
Fees	Management Fee – 1.0% p.a. Performance Fee 20% of the annual outperformance over 8.0%.
MER	Estimated at 1.2%
Options	16,020,500 Options (ASX: BSTO) expire 17 August 2016. Exercise price \$1.00
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	Leslie Pines
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