Barrack St Investments Limited

SHAREHOLDERS' QUARTERLY REPORT **MARCH 2019**

OVERVIEW

During the quarter the Barrack St Investments Limited (ASX: BST) share price performed in line with market, posting +7.4% vs the All Ordinaries Index +9.7%. Regarding the underlying portfolio, the Company Net Tangible Asset Value (NTA), as at 31 March 2019 (before estimated tax on unrealised gains) closed at 123.0 cents per share. The NTA grew by +15.0% over the quarter. The share price at 94.5 cents per share represents an excellent potential investment opportunity for Shareholders.

UNDERLYING PORTFOLIO PERFORMANCE

	3 months	1 year	3 years p.a.	Since Inception (23 January 2014) p.a.
Portfolio^	18.1%	21.1%	12.0%	13.3%
ASX All Ordinaries Index	9.7%	6.7%	6.7%	2.4%

^ 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, there were no companies added or removed from our model portfolio. The reporting season proved to be particularly strong for our portfolio companies (on the whole) as the companies were able to beat expectations. Despite this, we note that our forecast portfolio internal rate of return (IRR) has reduced slightly, which appears in line with global commentary of slowing economic growth.

MARKET COMMENTARY AND OUTLOOK

Equity markets rebounded in the first quarter as concerns from the US-China trade dispute eased and major central banks around the world appeared to be more accommodating to the low-growth environment and in some quarters, even though threats of tariff imposition are frowned upon, ardent critics have conceded that the President's strategy may have worked. Nevertheless, political noise continued to be prevalent, the notable events of Brexit look to continue without promise, and the "witch-hunt" of President Trump didn't find evidence of collusion. We can only expect geopolitical news flow to continue to impact markets going forward.

In the US, the Fed adopted a dovish stance concerning adjustments to planned interest hikes in an attempt to compensate for slowing economic momentum. The trade tensions with China seem to be abating with a resolution to the dispute between the countries increasingly seems likely, and by quarter-end, the Feds lowering of expectations for growth and inflation caused the Treasury yield curve to invert – a signal that is usually followed by a recession. In Europe, the Central Bank stepped away from tighter monetary policies which saw strong gains across the board. The ongoing Brexit continued with Theresa May's plan defeated by a near historic margin (432 against, 202 for).

The Asian markets appeared to be profoundly affected (positive and negative) by the ongoing US-China dispute. While Japan saw strong performance in equities, it was somewhat muted compared to other regional counterparts. China reported its slowest growth since the 1990s, with its growth targets revised down toward 6-6.5%.

In Australia, an improvement in commodity prices saw the economy improve ahead of expectations. The turmoil of the Liberal party continued with key resignations and the ongoing gender saga creating further instability within the ranks. Surprisingly, the NSW Liberal party held onto power despite the Nationals losing significant power across the state. The RBA has kept the cash rate unchanged, with some commentators wondering if we may see a cut later this year. The housing market continues to decline, and our construction activity continues to taper off. The key concerns remain on the 'wealth effect' and the potential that our property woes spill over into the broader economy. Despite this, the ASX All Ords posted +9.7% for the quarter, and the Small Ordinaries was up 11.7%, respectively.

The AUD saw a mixed bag of performance against the other major currencies with the AUD posting +0.6% against the US Dollar, reaching 71.0 cents, -1.5% against the Pound (54.5 pence), and +2.9% against the Euro (63.3 cents), by quarter-end.

PORTFOLIO CHARACTERISTICS (as at 31 March 2019)

NTA (before tax on unrealised gains) – total	$22,537,143
NTA (before tax on unrealised gains) – per share	123.0 cents
Concentration of the Top 20 Holdings	85.8%
Stocks in the underlying portfolio	24

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)
1.50 cps on 20 March 2019
2.00 cps on 21 September 2018
1.25 cps on 23 March 2018
1.50 cps on 22 September 2017

COUNTRY WHERE LISTED

Australian Securities Exchange: August 2014

STOCK EXCHANGE CODE

ASX: BST

RATINGS

• Independent Investment Research – Recommended[1]

DIRECTORS

Murray d'Almeida
Chairman

David Crombie AM
Independent

Jared Pohl
Non-Independent

COMPANY SECRETARY

Brian Jones

COMPANY DETAILS

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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
- Revenue Growth
- Interest cover
- IPOs
- Broker Ideas
- Internal Ideas

FUNDAMENTAL ANALYSIS
- Understanding the Business Model
- Sustainable Competitive Advantage
- Organic Growth Opportunities
- Assessing Management
- Assessing the Operating Environment

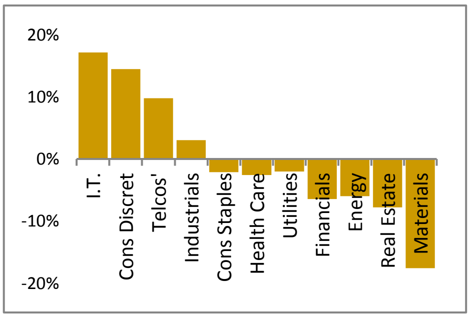
PORTFOLIO WEIGHTING
- 5 Year Risk Adjusted Total Return
- Market Risk Analysis

HIGH CONVICTION PORTFOLIO OF COMPANIES
This process is the basis for all our Australian equities investment decisions.

SECTOR BREAKDOWN	
Financials	21.2%
Consumer Discretionary	19.5%
Information Technology	18.0%
Telecommunications Services	12.7%
Industrials	10.9%
Cash	9.0%
Health Care	5.4%
Consumer Staples	3.3%

TOP 8 STOCK HOLDINGS	
SEEK Limited	8.3%
Pendal Group Ltd	7.9%
Afterpay Touch	6.6%
Corporate Travel Limited	6.1%
Domino's Pizza Enterprises	6.0%
Magellan Financial Group	5.4%
Carsales.com	5.2%
HUB24 Ltd	5.1%

ACTIVE SECTOR WEIGHTS to the ALL ORDINARIES



PORTFOLIO CHANGES during the Quarter

ADDITIONS
No Additional to the Portfolio

REMOVALS
No Removals from the Portfolio

ACTIVELY PROMOTING THE COMPANY

Barrack St Investments Limited (the Company) is committed to growing the Company and promoting itself to Investors, Financial Advisers, Stockbrokers and Investor Associations across Australia.

During the quarter the Company continued an active presence meeting with Brokers, Advisers and Shareholders in various cities. It also participated as exhibitor at the Australian Investors Association "Back to the Future" Investment Summit in Sydney as well as at various other Investor presentations and exhibitions. In the coming quarter the Company will be present at the Australian Shareholders Association National Conference in Melbourne.

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 Announcements and Reports. The address is **www.barrackst.com**

Shareholders and interested observers may also wish to visit the recently expanded website of the Investment Manager of the portfolio **www.ecpam.com** for information regarding the investment team, process and other insights.

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 new 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