Barrack St Investments Limited

SHAREHOLDERS' QUARTERLY REPORT **SEPTEMBER 2019**

OVERVIEW

During the quarter the Barrack St Investments Limited (ASX: BST) share price posted +3.6%, compared to the All Ordinaries Index +3.8%. The Company Net Tangible Asset Value (NTA), as at 30 September 2019 (before estimated tax on unrealised gains) grew by +7.1% over the financial year, closing at 134.4 cents per share.

UNDERLYING PORTFOLIO PERFORMANCE	3 months	1 year	3 years p.a.	5 years p.a.	Since Inception (20 August 2014) p.a.
Portfolio^	10.3%	17.9%	14.9%	16.3%	15.2%
ASX All Ordinaries Index	1.5%	7.5%	7.2%	5.1%	3.8%

^ 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 Fineos (ASX: FCL) and Netwealth (ASX: NWL) to the portfolio which are two high quality companies with strong growth prospects. Fineos is a provider of enterprise software solutions for insurance, and government social insurance, while Netwealth re-entered our portfolio as the valuation became attractive once again. During the quarter, we removed Magellan Financial Group (ASX: MFG) due to their valuation falling below our threshold, and TPG Telecom Limited (ASX: TPM) due to a lack of clarity on its long-term strategic outlook.

MARKET COMMENTARY AND OUTLOOK

During the quarter under review, equity markets reflected the ongoing geopolitical issues plaguing certain parts of the globe. Global economic growth is a concern as central banks are increasingly being supportive through rate cuts or restarting of quantitative easing programs. In Hong Kong protests are on the rise, and South Korea and Japan are at loggerheads on trade. We are seeing a higher risk premium being placed on oil due to the drone attacks on the Saudi production facilities and the threat of impeachment of President Trump looms.

The ongoing US-China trade tensions continue with further threats of tariff increases and there is no end in sight. Against this backdrop, US equity markets continue to trudge along. The US yield curve inverted during the quarter, a phenomenon which often precedes a recession. The S&P500 posted +1.2%, the Dow Jones +1.2% and the NASDAQ -0.1%.

In Europe, economic data was typically lacklustre, with growth and inflation little changed from previous periods. The European Central Bank (ECB) restarted their quantitative easing programs, taking some initial steps to boost their economic region. In the UK, political uncertainty continued to plague the nation with ongoing Brexit worries being inflamed by Boris Johnson who has highlighted that he will not seek an extension to the departure date despite parliament stipulating that he will need to do so if a Brexit deal cannot be agreed upon. The German Dax posted marginal gains of +0.2%, the French CAC posted +2.5%, and the UK's FTSE posted -0.2%, by quarter-end.

In Australia, business and consumer sentiment have subdued, edging along with marginal improvements. The Reserve Bank of Australia (RBA) cut the cash rate in the hope to further boost the economy. Over the quarter, critical drivers of economic growth were from exports and government consumption. However, household and business investment presented a drag. The ASX All Ords posted +1.5% for the quarter, and the Small Ordinaries posted +2.1%, respectively.

The AUD was weaker against most major currencies, posting -3.9% against the US Dollar (67.5 US cents), -0.8% against the Pound (54.9 pence), and +0.3% against the Euro (61.9 cents), by quarter-end.

PORTFOLIO CHARACTERISTICS (as at 30 September 2019)

NTA (before tax on unrealised gains) – total	$24,620,551
NTA (before tax on unrealised gains) – per share	134.4 cents
Concentration of the Top 20 Holdings	88.4%
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)
2.25 cps on 13 September 2019
1.50 cps on 20 March 2019
2.00 cps on 21 September 2018
1.25 cps on 23 March 2018

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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FUND MANAGER

ECP ASSET MANAGEMENT

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343 George Street
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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
- 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.

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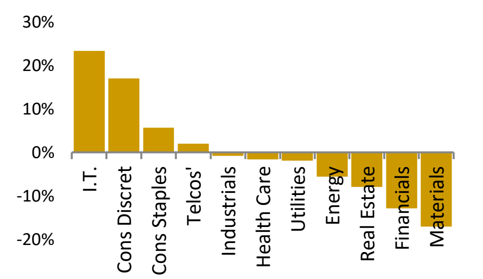
SECTOR BREAKDOWN

Information Technology	25.1%
Consumer Discretionary	22.8%
Financials	15.6%
Consumer Staples	10.8%
Industrials	7.2%
Health Care	6.6%
Cash	6.0%
Telecommunications Services	5.9%

TOP 8 STOCK HOLDINGS

Domino's Pizza Enterprises	8.0%
Afterpay Touch	7.7%
SEEK Limited	7.2%
Corporate Travel Limited	6.2%
Pendal Group Ltd	5.7%
Costa Group Holdings	5.5%
HUB24 Ltd	5.4%
Megaport Limited	5.2%

ACTIVE SECTOR WEIGHTS to the ALL ORDINARIES



PORTFOLIO CHANGES during the Quarter

ADDITIONS

Fineos Corp Holdings PLC	FCL
Netwealth Group	NWL

REMOVALS

Magellan Financial Group Ltd	MFG
TPG Telecom Limited	TPM

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 including as exhibitor at SMSF Professionals Days and also presenting and exhibiting at the Australian Investors Association (AIA) Annual Conference in Gold Coast where Dr Manny Pohl, CIO of the Company's Investment Manager, ECP Asset Management, won the 2019 award of the AIA's "Champion Stock Picker" for his 2018 selection of Afterpay Touch Group Ltd. In the coming quarter the Company will continue its active presence throughout the country.

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[2]	1.04%
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

2 Calculated in accordance with ASX defined terms as at 30 June 2019