



UNAUDITED MONTHLY PORTFOLIO UPDATE¹: APRIL 2017

The East 72 Holdings Limited (**E72**) portfolio returned -2.49% before tax during the April 2017 month; the FYTD return at 30 April 2017 before expenses and tax was 51.0% (41.7% after expenses).

For the first time since the inception of E72, the company has a **negative** net exposure to equity markets, amounting to ~18.5% of pre-tax equity. We are cognisant that earnings reports in both Europe and the US over recent months have been up to expectations, and are showing an acceleration of earnings growth, but believe that such figures are well and truly reflected in securities pricing, especially in the US. We have a similar view in Australia. In the past month, we have further reduced our exposure with a more selected series of individual company short sales.

E72 also retains over \$1.35m of unencumbered gross cash or over \$1.1million net of financial leverage.

The estimated major positive influences on investment return in the month of April 2017 were long positions in Easyjet PLC (+14% in local currency terms), Twitter Inc (+10%), EXOR SpA (+6.3%), KKR (+4.1%) and Lloyds Banking Group PLC (+4.3%). Aside from our index hedges, the 10% gain in Caterpillar – where we have a short position, and 11% and 14% respective declines in the prices of ASX listed smaller companies Dreamscape Networks and McGrath were the main detractors.

Monthly performance, exposure and NAV

| | Investment return ² | Cost imposition ³ | Net Return ⁴ | FY17 Return | NAV/share pre tax (cents) | Gross Exposure ⁵ | Net Exposure ⁶ |
|------------|--------------------------------|------------------------------|-------------------------|-------------|---------------------------|-----------------------------|---------------------------|
| 31 July 16 | 17.1% | -1.2% | 15.8% | 15.8% | 25.5 | 316% | 90% |
| 31 Aug 16 | 4.3% | -0.7% | 3.6% | 20.0% | 27.6 | 327% | 88% |
| 30 Sep 16 | -1.5% | -0.6% | -2.1% | 17.5% | 27.0 | 359% | 142% |
| 31 Oct 16 | 4.9% | -0.7% | 4.2% | 22.4% | 28.1 | 427% | 137% |
| 30 Nov 16 | 4.9% | -1.1% | 3.8% | 27.0% | 29.2 | 541% | 76% |
| 31 Dec 16 | 9.0% | -0.8% | 8.2% | 37.4% | 33.0 | 439% | 74% |
| 31 Jan 17 | 5.2% | -0.7% | 4.5% | 43.6% | 34.4 | 473% | 54% |
| 28 Feb 17 | 0.2% | -0.4% | -0.2% | 43.4% | 34.4 | 503% | 24% |
| 31 Mar 17 | 1.6% | -0.2% | 1.4% | 45.3% | 35.2 | 171% | 1% |
| 30 Apr 17 | -2.3% | -0.2% | -2.5% | 41.7% | 34.3 | 227% | -18.5% |

¹ East 72 Holdings Limited (**E72**) provides monthly **unaudited** updates on its company performance and exposure supplemented by a more substantial quarterly note. Readers are referred to footnotes 2-6 explaining the derivation of the numbers. All returns are pre-tax unless stated otherwise. At the current level of net assets, cost imposition is estimated at 0.2% per month over the course of the full year (excluding charges for capital raisings) and is fully accrued monthly according to the best estimates of management. Readers are explicitly referred to the disclaimer on page 2.

² Change in market value of all investments – cash and derivatives – after interest charges, dividends receivable, dividends and fees paid away divided by opening period net asset value and time weighted for equity raisings

³ All accrued expenses for company administration (eg. listing fees, audit, registry) divided by opening period net asset value and time weighted for equity raisings

⁴ Calculated as 2 (above) minus 3 (above)

⁵ Calculated as total gross exposures being nominal exposure of all long and short positions (cash and derivative) divided by end month pre tax net asset value – assumes index 0 of 1

⁶ Calculated as total net exposures being nominal exposure of all long minus short positions (cash and derivative) divided by end month pre tax net asset value – assumes index 0 of 1



Equity exposure as at 30 April 2017 (as % month end pre tax shareholders funds):

| | AUSTRALIA | | OVERSEAS | | TOTAL | |
|--------------|-----------|-----------|-----------|-----------|---------|-----------|
| | percent | exposures | percent | exposures | percent | exposures |
| LONG | 44.3% | 23 | 60.0% | 36 | 104.3% | 59 |
| SHORT | (13.4%) | 9 | (23.8%) | 15 | (37.2%) | 24 |
| INDEX | (36.0%) | | ((49.6%)) | | (85.6%) | |
| TOTAL | (5.1%) | 32 | (13.4%) | 51 | (18.5%) | 83 |

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Any projections contained in this communication are estimates only. Such projections are subject to market influences and contingent upon matters outside the control of E72 and therefore may not be realised in the future.

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