



UNAUDITED MONTHLY PORTFOLIO UPDATE¹: MAY 2017

The East 72 Holdings Limited (**E72**) portfolio generated a positive return of 2.35% before tax during the May 2017 month; the FYTD return at 31 May 2017 before expenses and tax was 54.9% (45.1% after expenses).

E72 benefitted significantly from a small net short exposure to Australian equities together with selected other now closed short positions in Myer (-22%) and Snap Inc, the latter falling 24% in one session after poor initial quarterly results. We also profitably shorted bitcoin during a month in which the crypto-currency more than doubled at one stage. Positive attribution generally came from long positions, notably Greys Ecommerce (+31% on takeover agreement), Financiere de L'Odet (+17.1%), Easyjet (+21%) and Foxtons PLC (+8.5%).

We continue to suffer some performance drag from hedges and selected short positions within the overseas portfolio, which is to be expected at the current juncture of market valuations and technology obsessions. The main long holding detractors were Fiat Chrysler (-10.1%), AerCap (-4.3%) and Frontline (-17%).

We remain highly cautious about the pricing of markets, the level of speculation regarding new technologies, manifested in a narrowing group of out-performing US shares requiring very optimistic assumptions to justify. Eagle-eyed Australian investors may note some similar trends emerging in the local market.

E72 continues to retain a negative exposure to equities amounting to 19% of pre tax shareholders funds together with net cash holdings (net of margin debt) equivalent to nearly 30% of shareholders funds.

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%
31 May 17	2.6%	-0.3%	2.3%	45.1%	35.1	251%	-19%

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 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 of 1



Equity exposure as at 31 May 2017 (as % month end pre tax shareholders funds):

	AUSTRALIA		OVERSEAS		TOTAL	
	percent	exposures	percent	exposures	percent	exposures
LONG	51.9%	24	63.9%	38	115.8%	62
SHORT	(16.9%)	11	(24.2%)	14	(41.1%)	25
INDEX	(38.5%)		(55.2%)		(93.7%)	
TOTAL	(3.5%)	35	(15.5%)	52	(19.0%)	87

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The information contained in this update is current as at 31 May 2017 or such other dates which are stipulated herein. All statements are based on E72's best information as at 31 May 2017. This presentation may include forward-looking statements regarding future events. All forward-looking statements are based on the beliefs of E72 management, and reflect their current views with respect to future events. These views are subject to various risks, uncertainties and assumptions which may or may not eventuate. E72 makes no representation nor gives any assurance that these statements will prove to be accurate as future circumstances or events may differ from those which have been anticipated by the Company.
