



## UNAUDITED MONTHLY PORTFOLIO UPDATE<sup>1</sup>: JULY 2017

The East 72 Holdings Limited (**E72**) portfolio generated a positive return of 0.70% before tax during the July 2017 month being a gross return of 1.34% and expenses of 0.63%. Expenses were higher than normal as a result of accruals relating to the proposed acquisition of Stiletto Investments Pty. Limited (**Stiletto**).

Unaudited pre tax NTA per share at 31 July 2017 increased by 2.1% due to the freeing up of tax benefits and stands at 35.75c (post all tax liabilities: 35.2c).

E72 faced significant headwinds from the 4.1% gain in the A\$/US\$ exchange rate due to overseas exposures. Most of E72's short index positions on global markets are denominated in A\$, with the exception of EuroStoxx 50; as a consequence, around 27% of E72's pre tax equity is directly exposed to overseas currencies, despite our overall negative equity exposure. This is a deliberate strategy. This negative equity exposure for the month of July 2017 into generally rising markets, notably in the US, also acted as a dampening factor in the short term.

E72's Australian portfolio saw some exceptionally large moves at the individual security level. On the positive side, Kogan (+53%), McGrath (+30%) and Frontier Developments (+27%) all rose sharply, whilst there were benefits from a short position in Perpetual (-9.6%). Conversely, adverse news in respect of Mitula (-34%) and Wellard (-21%) along with weakness in smaller gold shares provided counteracting influences. Globally we benefitted from short positions in Tesla (-10.5%) and Bank of the Ozarks (-7.9%); we divested our long held position in Fiat Chrysler which rose over 10% in the month.

As noted in our recent June 2017 Quarterly report and 2017 Annual Report, we view global equity markets as providing poor value and see many, many signs of exuberance. With prices having risen further over the month of July, we have added to our short positions at both the stock and index level.

As a consequence, E72 increased its negative exposure to equities to ~22% of pre tax shareholders funds; we also have significant net cash holdings (net of margin debt) equivalent to ~20% of shareholders funds.

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

	AUSTRALIA		OVERSEAS		TOTAL	
	percent	exposures	percent	exposures	percent	exposures
<b>LONG</b>	64.4%	30	65.9%	39	130.4%	69
<b>SHORT</b>	(20.5%)	13	(22.3%)	12	(42.8%)	25
<b>INDEX</b>	(46.3%)		(63.1%)		(109.4%)	
<b>TOTAL</b>	(2.4%)	43	(19.5%)	51	(21.9%)	94

### For further information:

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<sup>1</sup> 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, prior to the proposed acquisition of Stiletto Investments Pty. Limited, cost imposition is estimated at 0.3% per month over the course of the full year (excluding charges for capital raisings and corporate events) and is fully accrued monthly according to the best estimates of management. Readers are explicitly referred to the disclaimer on page 2.

## Monthly performance, exposure and NAV

	Investment return <sup>2</sup>	Cost imposition <sup>3</sup>	Net Return <sup>4</sup>	FY Return	NAV/share pre tax (cents)	Gross Exposure <sup>5</sup>	Net Exposure <sup>6</sup>
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%
30 June 17	1.3%	-0.2%	1.0%	46.6%	35.5	276%	-6%
31 July 17	1.3%	-0.6%	0.7%	0.7%	35.8	283%	-22%

## Disclaimer

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The information contained in this update is current as at 31 July 2017 or such other dates which are stipulated herein. All statements are based on E72's best information as at 31 July 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.

<sup>2</sup> 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

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

<sup>4</sup> Calculated as 2 (above) minus 3 (above)

<sup>5</sup> 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

<sup>6</sup> 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