



UNAUDITED MONTHLY PORTFOLIO UPDATE¹: AUGUST 2017

The East 72 Holdings Limited (**E72**) portfolio lost 5.4% before tax during the August 2017 month being a gross loss of 5.0% and expenses of 0.4%. Unaudited pre tax NTA per share at 31 August 2017 reduced to 33.8c (post all tax liabilities: 33.4c).

Whilst global equity markets were generally flat during the month, with the exception of Chinese influenced bourses and NASDAQ, at the end of August a number of securities and assets in which E72 has a short position were trading close to yearly or record highs.

The largest negative influence – accounting for over half the diminution in NTA - was a short position in bitcoin, the crypto-currency. Early in August, bitcoin “hard-forked” into two separate assets, the combined value of which rose 87% during the month. We have done extensive research into bitcoin and other crypto-currencies, and now regard the moves seen over the past two years or so as one of the most outlandish (percentage) speculative bubbles in history. Whilst our position in bitcoin was modest, the sheer magnitude of the monthly move was sufficient to be significantly deleterious. However, since the month end, the Chinese authorities have banned initial coin offerings, resulting in a significant correction in the traded price of bitcoin. We expect further regulatory clampdowns to dampen the ardour of crypto-currency speculators, and will discuss our thesis in detail at the AGM on 25 September 2017. As a general comment, we view this frenzy as part of a worrisome set of signals whereby a number of “investors” are increasingly aiming to generate returns in a “lazy” fashion, through non price sensitive ETPs, fad stocks and crypto-currencies.

The E72 portfolio was also hampered by 10%+ price rises in two short positions, Apple and Tesla, as well as a 9% gain in Perpetual Limited. Conversely, we saw short sale benefits from >10% declines in Telstra and QBE Insurance. A number of Australian smaller company long positions saw sharp gains, notably Kogan (+37%), and Pental and Westgold Resources which both rose ~15%.

Whilst cognisant of coincident earnings growth in the US and European markets, we continue to view interest rate, political and systemic risks as being inadequately priced into equities at the index level.

AGM: Monday 25th September 2017 commencing at 10.30am at Level 26, 1 Bligh St SYDNEY NSW 2000

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

	AUSTRALIA		OVERSEAS		TOTAL	
	percent	exposures	percent	exposures	percent	exposures
LONG	74.7%	31	71.7%	40	146.4%	71
SHORT	(19.7%)	12	(28.2%)	13	(47.8%)	25
INDEX & other	(50.8%)		(75.3%)		(126.1%)	
TOTAL	4.2%	43	(31.8%)	53	(27.6%)	96

For further information:

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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, 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 ²	Cost imposition ³	Net Return ⁴	FY Return	NAV/share pre tax (cents)	Gross Exposure ⁵	Net Exposure ⁶
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%
31 Aug 17	-5.0%	-0.4%	-5.4%	-4.8%	33.8	320%	-28%

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

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