



UNAUDITED MONTHLY PORTFOLIO UPDATE¹: OCTOBER 2016

	Investment return ²	Cost imposition ³	Net Return ⁴	FY17 Return	NAV/share (cents)	Gross Exposure ⁵	Net Exposure ⁶
26 May 16 [†]					23.8		
30 Jun 16 ^{††}	-4.3%	-3.3%	-7.4%		22.0	301%	145%
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%

† commencement date of portfolio †† audited- period from 26 May to 30 June 2016

Despite generally lower global and domestic equity markets, the East 72 Holdings Limited (**E72**) portfolio produced a positive return of 4.9% during the month of October prior to costs; after fully accrued costs, the return was 4.2%. E72 moved its exposures significantly during the month, noting perceived divergences between the high pricing of “certainty” and lower pricing of “risk”; reflecting this phenomenon, we currently have our most aggressive gross overall exposure this fiscal year.

Investment return:

The estimated major positive influences on investment return in the month of October 2016 were long positions in Fiat Chrysler (+18% in local currency terms), Barclays PLC (+13.4%) and AP Moeller Maersk (+7.0%) together with index hedges and a short position in Amazon Inc (-5.5%). We derived significant overall benefit from the relatively strong performance of large cap European stocks, especially banks. Major detractors were long positions in Twitter (-22.2%), and News Corp (-12.8%).

Equity exposure as at 31 October 2016 (as percentage of month end shareholders funds):

Australian long exposures	87.9%	Overseas long exposures	193.9%	TOTAL	281.8%
Australian short exposures	(7.1%)	Overseas short exposures	(57.8%)	TOTAL	(64.9%)
Australian index	(15.9%)	Overseas index	(63.9%)	TOTAL	(79.8%)
NET AUSTRALIAN	65.0%	NET OVERSEAS	72.2%	TOTAL	137.1%

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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, cost imposition is estimated at 0.7% per month over the course of the full year and is fully accrued monthly according to the best estimates of management. Readers are explicitly referred to the disclaimer on page 2.

² Calculated as 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 Calculated as 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 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 net asset value – assumes index ∂ of 1



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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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