



UNAUDITED MONTHLY PORTFOLIO UPDATE¹: JANUARY 2017

The East 72 Holdings Limited (**E72**) portfolio returned 5.18% before expenses during the January 2017 month; after expenses, including an accrual for the upcoming EGM on 23 February 2017, the pre-tax return was 4.52%. The FYTD return at 31 January 2017 before expenses and tax was 51.9% (43.6% after expenses).

We have gradually reduced our net exposure to markets, especially Australia, in light of recent exuberance which appears unwarranted in light of yet another year of earnings disappointment and immodest valuations. Similarly, we have cut back further on our US exposures where earnings forecasts for the 2017 year appear far too optimistic, and valuations high. Ongoing political volatility would suggest a more cautious stance by corporate America in months to come.

The estimated major positive influences on investment return in the month of January 2017 were long positions in Fortress Investment Group (+14.6% in local currency terms), Fiat Chrysler (+16.6%), Dell VMWare tracker stock (+14.4%), Tanker Investments (+20.8%) and a short position in Myer Holdings (-12.3%). The continuing underperformance – for known reasons – of Henderson Group (-10.7%), a 12.7% fall in Akorn Inc and 4.8% gain in our short position in Apple were the main detractors.

We have three upcoming events:

- releasing an updated company presentation to NSXA on or before 15 February 2017;
- we hope to be able to release the audit reviewed interim financial statements prior to 23 February 2017, subject to the audit process; and
- the EGM to approve or ratify various placements and change to Constitution being held on 23 February 2017.

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%

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 0.5% 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 θ 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 θ of 1



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

	AUSTRALIA		OVERSEAS		TOTAL	
	percent	exposures	percent	exposures	percent	exposures
LONG	82.1%	20	181.5%	38	263.6%	58
SHORT	(19.8%)	6	(45.6%)	11	(65.4%)	17
INDEX	(55.4%)		(89.1%)		(144.5%)	
TOTAL	6.9%	26	46.8%	49	53.7%	75

For further information:

Andrew Brown
Executive Director
(02) 9380 9001 / 0418 215 255

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