



UNAUDITED MONTHLY PORTFOLIO UPDATE¹: FEBRUARY 2017

The East 72 Holdings Limited (**E72**) portfolio returned 0.17% before expenses during the February 2017 month; after expenses, the pre-tax return was -0.20%. The FYTD return at 28 February 2017 before expenses and tax was 52.1% (43.4% after expenses).

We have continued to reduced our net exposure to markets, and have our lowest level of net exposure since the inception of E72 – and indeed for some time prior for a similarly constructed portfolio within a private company. This reduction has largely been accomplished by the sale of index derivatives in Australia and the US. Most of the short derivative positions against US markets are denominated in A\$ which would provide additional benefit if the A\$ fell against the US\$.

The estimated major positive influences on investment return in the month of January 2017 were long positions in Fortress Investment Group (+43% in local currency terms, after a takeover offer from Softbank), ASTM SpA (+16.1%), HRG Group (+9%) and a short position in Hanesbrands (-15.1%). A number of short positions detracted from performance notably Blue Sky Alternative Investments (+18.1%), Apple (+13%) and Perpetual Limited (+10.6%). Two value based Australian long investments – Spotless Group and McGrath Holdings – both declined 13%.

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%

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 placement of securities approved at the EGM held on 23 February 2017, cost imposition is estimated at 0.4% 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 28 February 2017 (as % month end pre tax shareholders funds):

	AUSTRALIA		OVERSEAS		TOTAL	
	percent	exposures	percent	exposures	percent	exposures
LONG	82.1%	19	182.2%	39	263.4%	58
SHORT	(21.5%)	6	(50.2%)	12	(71.7%)	18
INDEX	(57.7%)		(110.1%)		(167.8%)	
TOTAL	2.0%	25	21.8%	51	23.8%	76

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The information contained in this update is current as at 28 February 2017 or such other dates which are stipulated herein. All statements are based on E72's best information as at 28 February 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.
