



## UNAUDITED MONTHLY PORTFOLIO UPDATE<sup>1</sup>: JULY 2018

In July 2018, the East 72 Holdings Limited (**E72**) portfolio declined by 3.83% before costs and 4.09% before tax but after expenses. Unaudited pre-tax NTA per share at 31 July 2018 is 27.8c (29.3c after tax). E72 also has significant franking credits equating to 2.1c per share at 31 July 2018.

The negative monthly return resulted from two sources: short positions in rising US indices (S&P500 rose a further 3.6% during the month) and what we believe are transitory setbacks in some of our long positions. The latter included notable weakness in response to lower than expected quarterly reports by Westgold Resources – with lower gold production and higher costs partly as a result of a mine divestment - and Virtu Financial, where reduced volatility in financial markets in the June quarter had a greater than expected impact on profitability. We believe both companies should operationally rebound in the near future.

These were partially offset by significant gains in Radisson Hospitality AB (+25%) - which we have subsequently divested - and a rebound in AP Moller Maersk in response to lower oil prices. We have also divested our small holdings in major Australian bank shares.

We have added to selected existing holdings, notably a Japanese construction company trading at extraordinarily low valuations.

We continue to reduce our equity exposure into rising markets. We are fearful of an increasingly narrow US index return profile with an increasing reliance on a smaller number of technology names where valuations are extremely high. Additionally, we have concerns over fixed interest markets as central bank liquidity is gradually withdrawn, allied to initial signs of global economic growth having peaked. Equity markets willingness to discount the tangible impacts of trade tensions adds an additional layer of risk.

### Equity exposure as at 31 July 2018 (as % month end pre tax shareholders funds):

	AUSTRALIA		OVERSEAS		TOTAL	
	percent	exposures	percent	exposures	percent	exposures
<b>LONG</b>	91.1%	23	78.4%	32	169.5%	55
<b>SHORT</b>	(11.0%)	4	(24.5%)	10	(35.5%)	14
<b>INDEX</b>	(7.3%)		(63.4%)		(70.7%)	
<b>TOTAL</b>	72.7%	27	(9.5%)	42	63.2%	69

### 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, cost imposition is estimated at 0.23% 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>	R12 Return	NAV/share pre tax (cents)	Gross Exposure <sup>5</sup>	Net Exposure <sup>6</sup>
31 July 17	1.3%	-0.6%	0.7%	35.8%	35.8	283%	-22%
31 Aug 17	-5.0%	-0.4%	-5.4%	23.7%	33.8	320%	-28%
30 Sep 17	2.8%	-0.3%	2.5%	29.2%	35.2	359%	-31%
31 Oct 17	-7.3%	-0.2%	-7.5%	14.1%	32.9	412%	-42%
30 Nov 17	-8.9%	-0.3%	-9.2%	-5.6%	29.6	437%	-73%
31 Dec 17	-7.7%	-0.2%	-7.9%	-18.4%	27.4	434%	-99%
31 Jan 18	-9.1%	-0.2%	-9.3%	-30.1%	24.7	497%	-135%
28 Feb 18	15.6%	-0.3%	15.3%	-19.2%	28.0	346%	48%
31 Mar 18	2.4%	-0.3%	2.1%	-18.6%	29.2	310%	95%
30 Apr 18	4.1%	-0.3%	3.8%	-15.3%	29.9	262%	91%
31 May 18	-0.7%	-0.3%	-1.0%	-16.0%	29.5	272%	87%
30 June 18	-1.9%	-0.1%	-2.0%	-18.7%	29.0	278%	81%
31 July 18	-3.8%	-0.3%	-4.1%	-22.5%	27.8	276%	63%

## Disclaimer

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The information contained in this update is current as at 31 July 2018 or such other dates which are stipulated herein. All statements are based on E72's best information as at 31 July 2018. 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  $\partial$  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  $\partial$  of 1