



"a portfolio of quality businesses under the aegis of controlling shareholders "

Investing in Controlled Companies: Update – August 2025

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AUGUST 2025

**"a portfolio of quality businesses
under the aegis of controlling
shareholders"**

- **A wholesale long-only fund**
- **Investing in high quality global businesses**
- **Alongside controlling shareholders**
- **At discounts to intrinsic value**

- East 72 Dynasty – an exclusive focus
- Investing arena – and risks
- Internal & external discipline
- Performance Low correlations

- Low correlations
- Subtleties, niches, second level thinking
- Exposures
- Appendix

EAST 72 DYNASTY: AN EXCLUSIVE FOCUS

- **GLOBAL** public companies with **CONTROLLING** shareholders
- Controllers: families, corporate blocks, management
- Exercised through majority control, board, split voting stock
- Creates potential for significant mispricing of equity
- Aim is to invest alongside and benefit from wealth creation
- Highly differentiated “**double disciplined**” approach
- Leads to desirable niche operators and businesses
- Strict value approach – presently rules out high price technology
- Inherent far lower return volatility – reflected to date

LARGEST PRIVATELY CONTROLLED PLC's OVER \$100BILLION†

Alphabet	2,440	Page/Brin	† non-Government control & banking. US\$bn at 8 August 2025		
Meta Platforms	1,932	Zuckerberg	Reliance Inds	211	Ambani family
Tesla	1,063	Musk	Blackstone	208	Management
Berkshire	1,003	Buffett	Shopify	194	Lütke
Walmart	827	Walton family	Xiaomi Corp	171	Lei Jun
Oracle Corp	702	Ellison	Inditex	155	Ortega family
TenCent Holdings	651	Prosus/Ma	ARM Holdings	147	Softbank Group
Palantir	480	founders	Spotify	145	Ek/Lorentzon
Samsung	346	Lee family	Essilor Luxottica	136	DelVecchio
Alibaba	289	Jack Ma	Softbank Group	134	Son
LVMH	267	Arnault family	Prosus	131	Naspers
Roche	262	Hoffmann/Oeri	KKR	129	Kravis/Roberts
Hermès	258	Hermès-Dumas	Tata Consult	125	Tata Group
Toyota	245	Self control	AB InBev	125	various
L'Oreal	239	Bettencourt	Comcast	117	Roberts
Novo Nordisk	224	Foundation	DoorDash	111	Xu

WIDER ENVIRONMENT

- ~10% of MSCI World Index™ is “controlled” on our definition
- Accounts for ~19% of capitalisation (US\$15.5trillion)
- Hefty skew: six stocks† are half the controlled capitalisation
- MSCI World™ is float adjusted and excludes Korea, India, China
- Our experience suggests “sweet spot” \$3bn - \$25bn market cap
- Excludes non-quoted control stakes in some financial firms
- Few banking securities, but many investment management firms
- Virtually every luxury company is within universe
- These issues = no suitable benchmark

™ MSCI World Index is a trademark of MSCI Inc.

† Alphabet, Meta Platforms, Tesla, Berkshire Hathaway, Walmart, Oracle Corp

INHERENT RISKS OF OUR APPROACH

- **#1: Value traps** (intrinsic value not made available)
- “family” is a genuine research component as gateway
- Controllers may have non-financial considerations
- Controllers may have divergent financial goals (diversification)
- Exposure to split voting structures
- Strategy may have limited capacity due to liquidity
- Diverse cultural, tax and regulatory regimes are influences
- Requirement for multi-faceted conglomerate analysis
- Opacity and complexity: risk or opportunity?

EXTERNAL DISCIPLINE: LONG TERM COMPOUNDERS

RESILIANC VERSUS PERFORMANCE	Not losing the inheritance
ANTI-DILUTIVE	No desire to dilute equity ownership – voting OR economic
BRAND & FRANCHISE CONSCIOUS	Their name is on the door
COUNTER CYCLICAL	Usually financially conservative – act when others constrained
LACK OF “MANAGEMENT” M&A	M&A is highly thought out – not management size/ego driven
MANAGEMENT QUALITY	Clarity of operating environment & “time to shine”
TALENT RETENTION	Executives are adjacent to the controlling holders
GLOBAL PLAYERS	Leverage industry expertise often in niche industries
CAPITAL MANAGEMENT	Often complex capital structures
LONG TERM OWNERSHIP	Will sell businesses - but very rarely

BENEFITS

EMPRICAL BACKDROP

- UBS
- Credit Suisse
- Harvard Business School
- McKinsey
- National Bank of Canada
- Greenwood Investors

EDGE

- Limited competition
- Difficult to replicate
- Difficult to scale
- Complexity of analysis
- High return niches & second derivatives
- Longer holding period
- Double discipline

EVIDENCE

- Performed as expected
- Lower volatility
- Low correlation to “index” (unaware)
- Low turnover
- Transparency

INTERNAL DISCIPLINE

- Multiple databases & sources of these companies
- “Stay on our playing field”
- Deep research – origins, history, valuation, motivations, catalysts
- Stock selection – avoid clustering, beware of “macro” influences
- Portfolio construction – maximum/minimum positions: 5% / 2%
- Differentiated risk: industry volatility + “value trap”
- NO hedging of currency, positions (options, shorts)
- No benchmark – everything is ABSOLUTE
- Valuation discipline supports low turnover strategy

PERFORMANCE DATA AND DISTRIBUTION POLICY†

Periods to 31 July 2025	Post fees & WHT
Quarter	10.3% (not pa)
12 months	21.5%
Inception (6 December 2022)	39.9% (not pa)

- Trust structure requires us to distribute all income
- **Aim to minimise distributions** through limiting realised gains
- Assisted by smaller portfolio turnover—longer term holding periods if possible

MONTHLY PERFORMANCE DATA† (post fees, RITC, WHT)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2023	1.32%	1.38%	1.17%	1.96%	0.46%	0.72%	2.09%	0.64%	3.61%	3.08%	3.49%	5.36%	7.21%
2024	1.06%	2.56%	3.01%	1.21%	1.11%	3.41%	4.28%	1.01%	0.87%	1.44%	2.21%	3.90%	17.89%
2025	1.96%	0.54%	1.92%	0.15%	6.20%	2.19%	1.66%						10.71%

red numbers are negative returns

Significant foreign tax credits (FY2025: divis Vivendi, D'leteren, E-L Financial)

† unaudited, after all ongoing management and accrued return fees, RITC, withholding tax on overseas dividends

BENEFICIAL NON-CORRELATED EXPERIENCE TO DATE†

- 135 weeks since investment commenced
- 51 down weeks (38%) in All Country World Index™ (ACWI)
- Dynasty Trust only fell more than ACWI decline in EIGHT (16%)
- **Achieved with no hedging of stocks or indices**
- R^2 correlation in downside weeks = 0.15 – very low
- R^2 correlation of actual weekly return = 0.27 - modest
- R^2 correlation of absolute weekly return = 0.09 – very low
- **Suggests E72DT strategy less volatile, retains value better in downside markets**

™ ACWI is a trademark of MSCI Inc.

† based on returns for East 72 Dynasty Trust in period to 31 July 2025

WHY DON'T OTHER MANAGERS RUN A FUND LIKE THIS?

- Average portfolio market cap†: US\$7.49bn (32 stocks)
 - Portfolio weighted average market cap†: US\$7.96bn
 - Approximate float: 50%
-
- Potentially significant exposure to small cap securities
 - Exposure to illiquidity for a large-scale manager
 - Complexity of analysis within less liquid securities (**why bother?**)
 - Needs all round generalist skills
 - Capacity ceiling
 - No exposure to banks
 - Patience

† excludes NovoNordisk (\$214bn cap) – inclusive US\$13.93bn and US\$11.86bn

SCALE INDUSTRIES, LIMITED PUBLIC EXPOSURE

Industry	PLC	Controlled / non controlled
Autoglass replacement	1	D'Ieteren (50% Belron)
Dredging & deep seas installation	3	HAL (Boskalis), Deme, National Dredging
Weight loss/diabetic intervention	2	Novo Nordisk, Eli Lilly
Champagne (pure)	3	Laurent Perrier, Lanson, Vranken Pommery
Book publishing	2	Lagardère, News Corp
Liquidity provision	2	Virtu Financial, Flow Traders
High growth (not cycle) airports	4+	ADP (TAV, GMR), FIH (BIAL)
Aircraft leasing	4	Aercap, AirLease, BOC Aviation, Avation PLC
Airport retail	4	Avolta, Lagardère, SSP, WH Smith

Controlled company analysis uncovers long term growth opportunities in scale industries with minimal publicly listed equity participation

DIVERSIFIED EXPOSURES: 31 JULY 2025 (% NET ASSETS)

(32 SECURITIES - 98% INVESTED)

Compagnie de L'Odet	4.82%	Bolloré	3.31%
Avolta	4.51%	Vivendi	3.26%
Virtu Financial	4.43%	Nelnet Inc	3.22%
Carlyle Group	4.35%	Avation PLC	3.20%
Viel et Cie	4.11%	First Pacific Company	3.16%
Fairfax Financial Holdings	3.80%	BOC Aviation	2.87%
CK Hutchison	3.75%	AKER-BP ASA	2.78%
Lagardère	3.61%	Borr Drilling	2.73%
HAL Trust	3.57%	Robertet SA	2.70%
E-L Financial Corp	3.50%	Fairfax India Holdings	2.69%

LISTING EXCHANGE EXPOSURE 31 JULY 2025 (% NET ASSETS)

France	26.53%	8	
USA	14.73%	4	
Canada	12.68%	4	
Hong Kong	12.38%	4	
Switzerland	8.54%	2	
United Kingdom	7.93%	3	includes Avation & Tetragon
Netherlands	5.65%	2	
Norway	2.78%	1	
Australia	2.63%	1	
Belgium	2.56%	1	
Denmark	1.90%	1	
Germany	1.71%	1	

COMPOUNDING THROUGH CONTROLLED COMPANIES

Cumulative return
(reinvested distributions, post all fees)



- Non-benchmarked long term value investor
- Wide beneficial diversification of industries
- Many niches with small number of public participants
- Modest correlations to wider global equities
- Difficult to replicate – globally unique

VIRTU
FINANCIAL




1805
D'IeterenGroup


novo nordisk®



Lagardère

sportradar
SPORTS TECHNOLOGY. REIMAGINED.

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APPENDIX

Manager, publications, fund characteristics

WHO ARE WE?

@east72dynasty on “X” east72.com.au/dynasty-trust

- 40+ years experience across buy-side, sell-side, corporate, 14 listed boards, consultation
- Prudential PLC, County NatWest, AMP, Rothschild
- Deep value, sum-of-the-parts stems from insurance and financials analytical background
- Stress capital management and deployment
- Transparent communication



- “Why Andrew Brown’s latest fund is following Monaco’s royals” AFR 17/7/2023
- “French Hidden Champions” substack interview 4/9/2023
- Swen Lorenz “Undervalued Shares” June 2025[†]

[†] <https://east72.com.au/wp-content/uploads/2025/07/weird-shit-investing-2025-manual-AJB-interview.pdf>

TRANSPARENCY AND LONG FORM ANALYSIS

Avation PLC	QR #9	31 March 2025	HK & Shanghai Hotels	QR #5	31 March 2024
Bolloré Compagnie de L'Odé	QR #2	30 June 2023	Lagardère	QR #6	30 June 2024
	QR #6	30 June 2024	Laurent Perrier	QR #8	31 Dec 2024
	QR #7	30 Sept 2024	Pershing Square Holdings	QR #4	31 Dec 2023
Catapult International	QR #6	30 June 2024	Porsche Automobil Holding	QR #1	31 March 2023
CK Hutchison	QR #10	30 June 2025	Société des Bains de Mer	QR #1	31 March 2023
D'leteren Group	QR #5	31 March 2024	Viel et Cie	QR #8	31 Dec 2024
	QR #7	30 Sept 2024	Virtu Financial	QR #3	30 Sept 2023
E-L Financial Corporation	QR #4	31 Dec 2023	Vivendi	QR #2 QR #9	30 June 2023 31 March 2025
Fairfax India	QR #5	31 March 2024	Volkswagen AG	QR #1	31 March 2023
HAL Trust	QR #7 Prest	30 Sept 2024 19 June 2025			



WHOLESALE FUND CHARACTERISTICS

- Long only; 20-40 exposures
- Currency UNHEDGED
- No derivatives

- Intended low turnover
- long-term holding period
- Index unaware

Pricing, entry, exit	Month end (monthly)
Restriction	Wholesale only; s708 accreditation required; \$50,000 minimum investment
Entry/exit fee	0% / 0.25%; ongoing investment minimum \$25,000
Management fee	1.00% (+GST/RITC)
Performance fee	8% (+GST/RITC) of post fee return and subject to high water mark
Trustee	Westferry Operations Pty Limited (ABN 48 103 724 072) (AFSL 302802)
Manager	East 72 Management Pty Limited (ACN 663 980 541) [Corporate Authorised Representative COR001300340]
Custody	Interactive Brokers Australia Pty Limited
Bankers	Macquarie Bank