

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

Bifurcated Markets and the Attractions of Controlled Companies: 21 November 2025

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November 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
- Owners v agents – long term outturn
- Where might we fit in a portfolio?
- Bifurcation in 2025

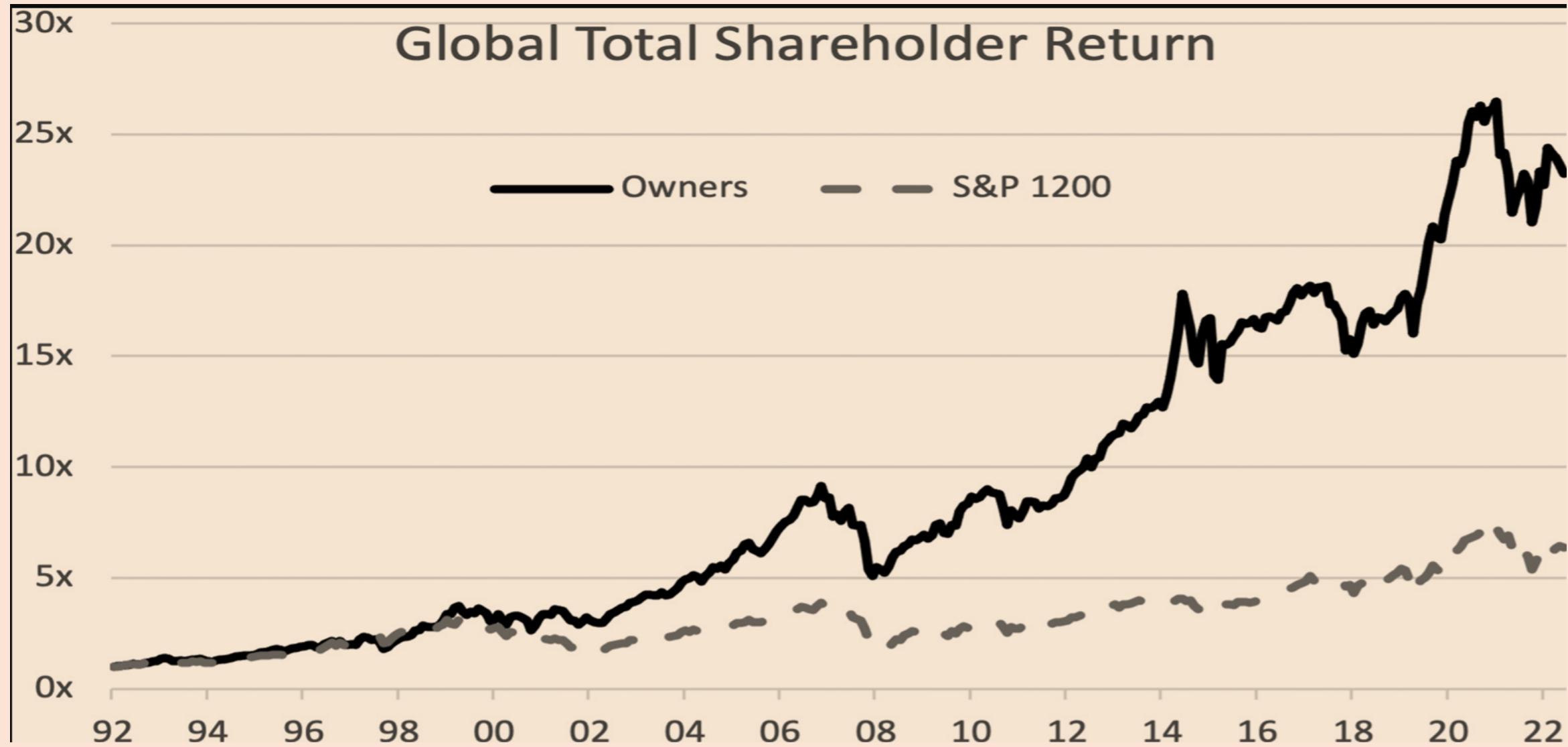
- Discounts to NAV in portfolio
- Two contrasting examples
- Exposures
- Appendix

EAST 72 DYNASTY: AN EXCLUSIVE FOCUS

- **GLOBAL PLC's 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
- Strict value approach – presently rules out high priced technology
- Inherent far lower return volatility – reflected to date

- No hedging of stocks or currencies
- Portfolio construction – maximum/minimum positions: 5% / 2%
- Aim to “**stay the course**”

OWNERS VERSUS AGENTS: WORKS LONG TERM



WHAT'S THE UNIVERSE?

- ~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 & ISSUES 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)
- Diverse cultural, tax and regulatory regimes are influences
- Requirement for multi-faceted conglomerate analysis
- Opacity and complexity: risk or opportunity?

WHERE DO WE FIT?

- Intuitively far less volatile than “standard” portfolio - evidenced
- 149 weeks since investment commenced; 59 were down[†] (40%)
- Dynasty Trust only fell more than ACWI decline in TEN (17%)
- R² correlation of weekly return = 0.27 BUT 0.12 in down weeks
- Value approach better in stable/lower not “fad” markets
- Aim to produce lower income stream (compounding)
- Sit alongside “core/index” type exposures to global equities
- Small fund but weighted market cap of holdings = US\$8.4bn^{††}
- **We have easy liquidity to invest and redeem**

[†] measured using All Country World Index™ (ACWI) a trademark of MSCI Inc. in period to 14 November 2025

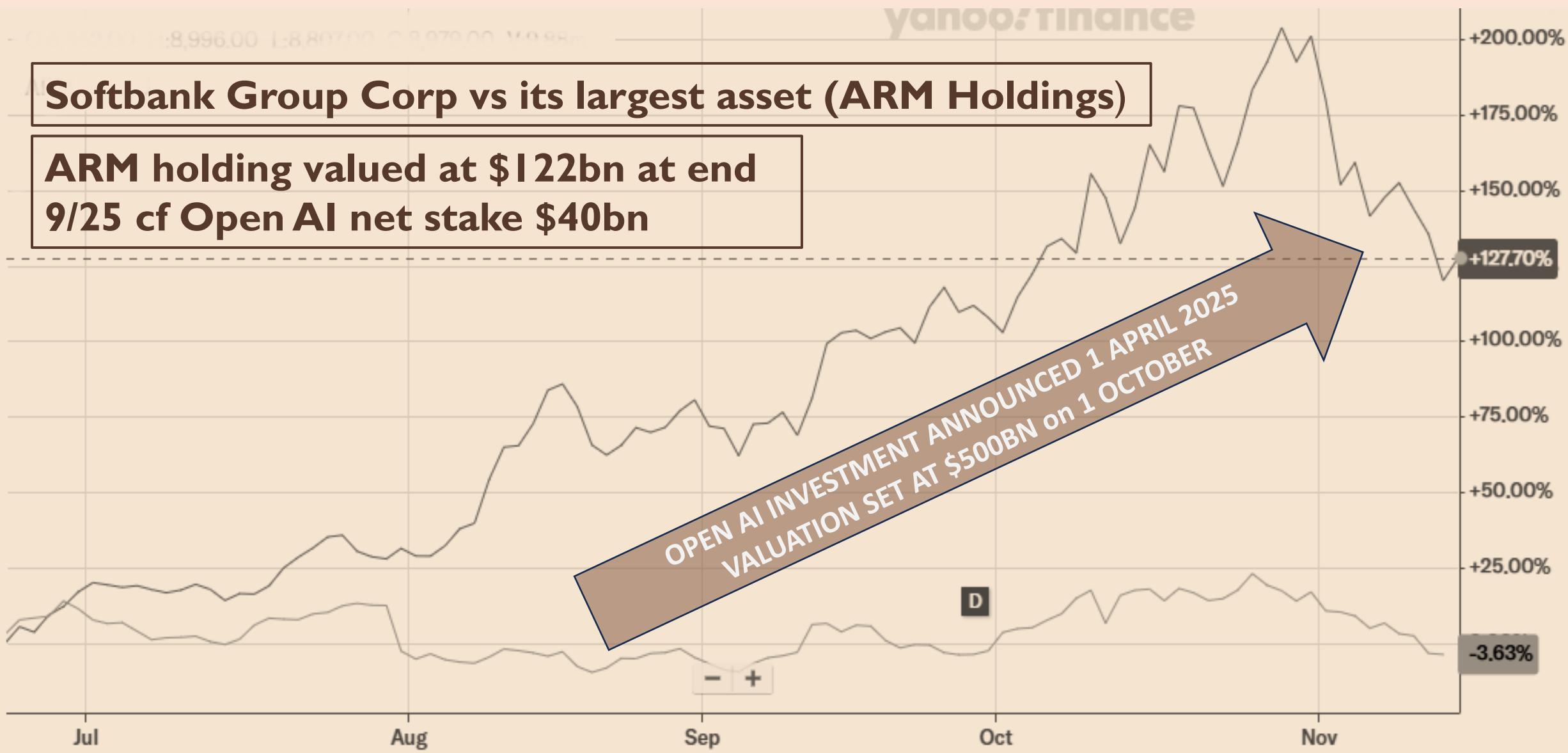
^{††} average market cap of current holdings at 14 November 2025 = US\$7.8billion (largest \$37.2bn)

BIFURCATION YTD 2025: MEASURING IT/AI ENTHUSIASM

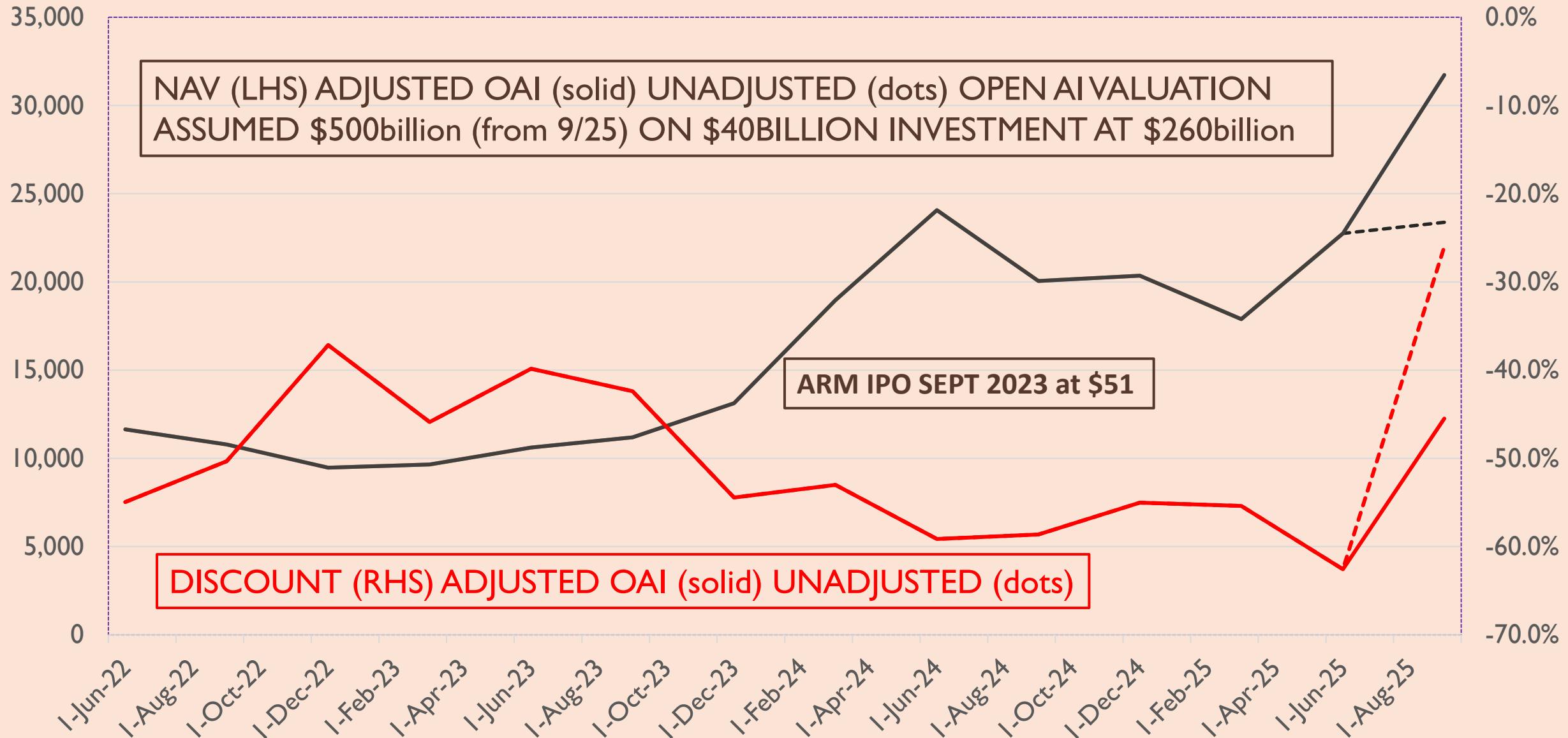
S&P500 versus equal weight S&P500



BIFURCATION: THE WORLD OF MASA



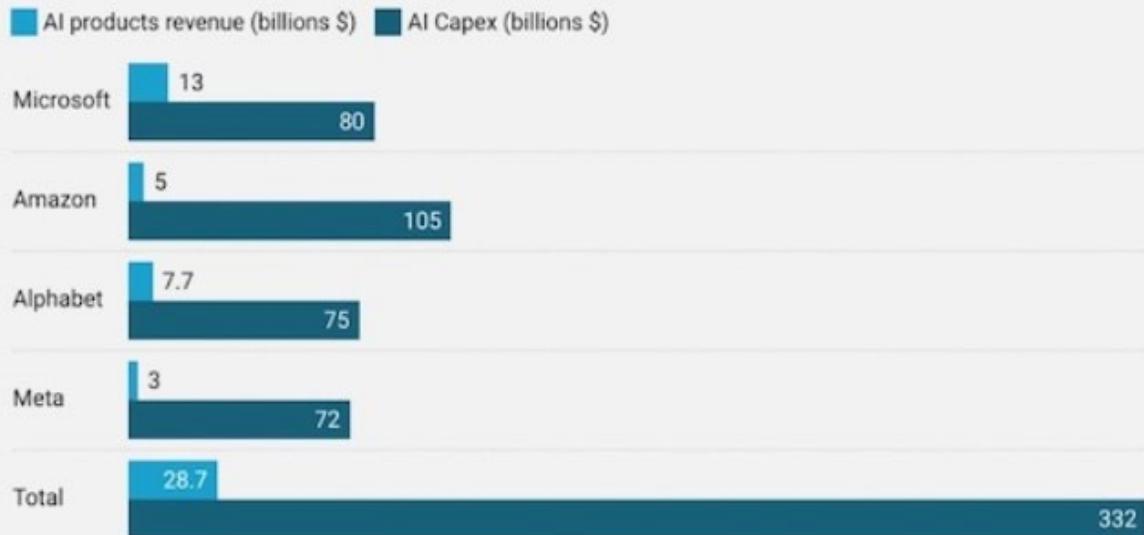
SOFTBANK: NAV (¥/SHARE & PRICE DISCOUNT)



CURRENT THEME LOOKING TOO FAR INTO FUTURE?

So far from breaking even...

AI-related revenues and capital expenditures for four leading tech companies in 2025.



Figures are estimates based on news and public filings.

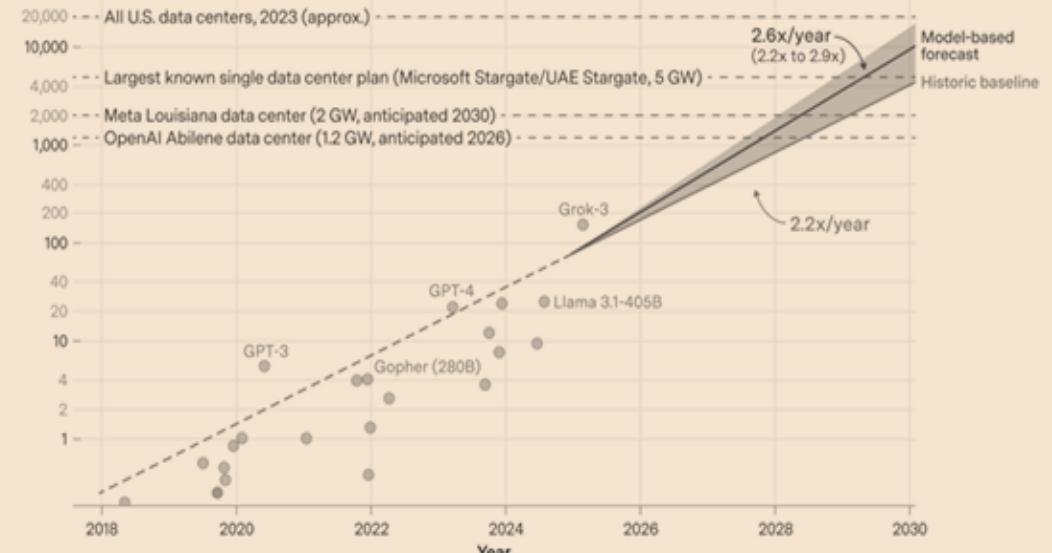
Chart: Center for Public Enterprise • Source: Yahoo Finance, the Information, BofA, other • Created with Datawrapper

With the center of the “Information Revolution” having evolved from personal computers, the Internet, and broadband to smartphones, it has now entered a new phase led by artificial intelligence (AI). In this context, SBG has declared its mission to realize Artificial Super Intelligence (ASI) for the advancement of humanity.

Softbank Group Corp Open AI Press Release 1 April 2025

Projected power growth for frontier AI training

Power (MW)



CC-BY

epoch.ai

This strategic shift is already redefining Silicon Valley. As Martin Casado of a16z recently revealed, **80% of U.S. AI startups now prototype with Chinese open-source models** like DeepSeek. Why? They report 3x faster prototyping and simply **can't afford the proprietary alternatives**.

LinkedIn 9 October 25 (Ashley Dudarenok)

PERFORMANCE DATA AND DISTRIBUTION POLICY†

Periods to 31 October 2025	Post fees / WHT
Quarter	0.50% (not pa)
12 months / 2 years (pa)	16.3% / 18.6%
Inception (6 December 2022)	38.3% (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%	1.88%	1.84%	1.14%			9.45%

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

DISCOUNTS TO NAV WITHIN PORTFOLIO (priced 14 November 25)

	Price	NAV	discount	description
Aviation PLC	£1.41	£1.73	-18%	Specialist turbo-prop aircraft lessor (NAV ex purch rights)
BOC Aviation	HK\$70.75	HK\$73.09	-3%	Conventional aircraft lessor
Bolloré	€4.71	€13.80	-66%	French conglomerate with self control loop; cash + UMG
E-L Financial	C\$16.85	C\$24.86	-32%	Canadian life insurance HoldCo with CEF exposure
Exor	€74.60	€169.06	-56%	Agnelli family holding company; controls Ferrari
Fairfax India	US\$16.11	US\$21.82	-26%	Indian investments dominated by Bengaluru airport
HK & Shanghai Hotels	HK\$6.04	HK\$24.24	-75%	Global ultra-luxe hotels & HK residential, facilities
MFF Capital Invs	A\$4.75	A\$5.20	-8%	Australian CEF in global quality companies
Ocean Wilsons	£11.40	£21.35	-47%	UK listed company with 56% cash exposure (merging)
Tetragon Fin.	US\$19.00	US\$42.19	-55%	\$3.8bn CEF invested in asset managers/alts/Ripple
Viel et Cie	€16.65	€36.32	-54%	French HoldCo of Swiss inter-dealer broker (Tradition)
Vivendi	€2.92	€3.52	-17%	French media HoldCo in Bolloré “galaxy”

portfolio weighted discount: 39% these 12 stocks comprise 35.7% of portfolio

CATALYSTS TO CLOSE DISCOUNT CHASMS

	Disc.	catalysts
Avation PLC	-18%	Large seller completed, significant buyback, debt refinancing complete,
Bolloré	-66% (xscl)	Vivendi “control” court case 28 November removes constraints win or lose Roll-up of complex structure; UMG initiatives – US listing
E-L Financial	-32%	Further capital management initiatives
Exor	-56%	Iveco proceeds (€1.46bn) Q1 2026 to further capital management
Fairfax India	-26%	Removal of opacity surrounding Bengaluru Airport + IPO by September 2026
HKS Hotels	-75%	Company orchestrated strategic review by Q1 2026 + Jardine initiatives
Ocean Wilsons	-47%	Merger with Hansa Investment/ loss in Bermuda Court sanction/changed deal
Tetragon Fin.	-55%	Ripple Labs IPO and capital management
Vivendi	-17%	Seemingly unlikely forced bid by Bolloré but scope for capital management

OCEAN WILSONS HOLDINGS

- £323million Bermuda incorporated investment company
- Controlled (50%) by William Salomon & Hansa Investment
- Recent sale of 58% Brazilian subsidiary Wilson Sons for \$765million
- Buyback of 20% of capital at £15.43/share
- Proposed merger with Hansa values Ocean Wilsons at £11.43/share
- NTA at £21.35/share – Hansa shares trade at 40% discount

- ~£11.75/share net cash in Ocean so £9.58 investment portfolio <zero
- Portfolio all funds, ETFs mainly equities and hedge funds
- Effective disguised rights issue for Hansa Investment
- We believe Hansa should pay 8%++ more **or liquidate Ocean**
- Requires Bermuda Court sanction – opposed by Arnhold (US holder)
- Result imminent – arguable still minority oppression so free option

FAIRFAX INDIA HOLDINGS

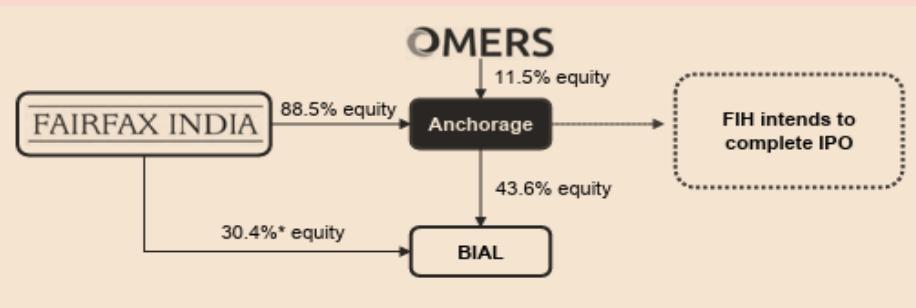
- US\$2.2billion Canadian investment company investing in India
- Operates through Mauritius sub-holding company
- Managed by Fairfax Financial for 1.5%pa + 20% performance fee > 5% pa

- **Five** key component parts
- Five listed securities: 1 chemical + 4 “finance”
- Eight smaller unlisted securities
- Liquids/bonds/cash/current liabilities
- Deferred tax liabilities
- 74% (gross) Bangalore International Airport Limited (Kempagowda)

- Opened 2008 FY2025 pax 41.88million (capacity 52million)
- Growth to ~48million in FY26 (7million international)
- Target 80million by 2030 (T2 expansion) + T3 by 2035 (110million)

CHEAP VALUATION OF BIAL (KEMPAGOWDA)

₹88.64 = US\$1	US\$mn		US\$mn
IIFL Finance	399	Market Capitalisation FIH (135m x \$16.11)	2,172
IIFL Capital Servs	295	Implied value of BIAL investment (69% net)	901
5paisa	25	Implied value 100% BIAL	\$1,306mn
Fairchem	51	₹ equivalent	108.0bn
CSB Bank	333	BIAL debt ₹	114.0bn
TOTAL	1,103	ENTERPRISE VALUE ₹	222.0bn
Unlisted†	661	FY25 (March) EBITDA	₹26.6bn
Net liquids†	84	EV/EBITDA	8.3x
TOTAL	1,848		
Debt	(578)		
NET ex-BIAL	1,271		



WHY IS KEMPAGOWDA SO ATTRACTIVE?

- Massive growth footprint – could become top 10 global airport
- Population growth (tech) and emergence as hub
- Airports Authority India and Karnataka State own 13% each
- Concession to 2036 + 30 years
- Significant surplus land

- Cohort peer: GMR Airports: 74% Delhi (75m) 74% Hyderabad (30m)
- GMR market cap ₹1095.2bn (US\$12.4billion) EV ₹1435bn
- EBITDA est 3/26 ₹59bn **EV/EBITDA 24.3x**

- **Opaque** financials for BIAL cf GMR
- Full disclosure to long-stop IPO date September 2026
- Recent BIAL transaction (FIH/Siemens) imply BIAL equity value \$2.55bn
- At \$2.55bn, EV/EBITDA 11.8x and FIH NAV \$26.74

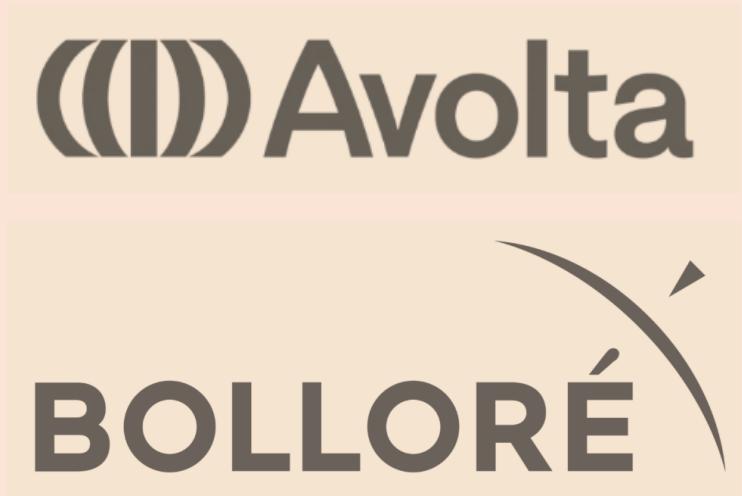
DIVERSIFIED EXPOSURES: 14 NOVEMBER 2025 (% NET ASSETS)
 (30 SECURITIES - 92% INVESTED)

Viel et Cie	4.57%	Fairfax Financial Holdings	3.22%
Avolta	4.37%	Swatch Group	3.18%
Compagnie de L'Odet	4.02%	First Pacific Company	3.14%
Virtu Financial	3.92%	Avation PLC	3.07%
Exor NV	3.87%	Nelnet Inc	3.05%
Lagardère	3.75%	Douglas AG	2.88%
CK Hutchison	3.68%	Bolloré	2.87%
HAL Trust	3.67%	Fairfax India Holdings	2.85%
E-L Financial Corp	3.67%	AKER-BP ASA	2.73%
Carlyle Group	3.50%	Vivendi	2.67%

COMPOUNDING THROUGH CONTROLLED COMPANIES



- 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



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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>

PUBLICLY AVAILABLE STOCK COMMENTS

QUARTERLY REPORTS

Aviation PLC	9	31 March 2025
Bolloré	2	30 June 2023
Compagnie de L'Odé	11	30 Sept 2025
	6	30 June 2024
Catapult International	7	30 Sept 2024
	6	30 June 2024
CK Hutchison	10	30 June 2025
D'Ieteren Group	5	31 March 2024
	7	30 Sept 2024
E-L Financial	4	31 Dec 2023
Exor NV	11	30 Sept 2025
Fairfax India	5	31 March 2024
HAL Trust	7	30 Sept 2024
	PRES	19 June 2025

HK & Shanghai Hotels	5	31 March 2024
Lagardère	6	30 June 2024
Laurent Perrier	8	31 Dec 2024
Pershing Square	4	31 Dec 2023
Porsche Automobil	1	31 March 2023
Société des Bains de Mer	1	31 March 2023
Swatch Group	11	30 Sept 2025
Viel et Cie	8	31 Dec 2024
Virtu Financial	3	30 Sept 2023
Vivendi	2	30 June 2023
	9	31 March 2025
Volkswagen AG	1	31 March 2023



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