EAST 72

QUARTERLY REPORT #17: PERIOD TO 30 SEPTEMBER 2020[1]

Performance and net asset value[2]

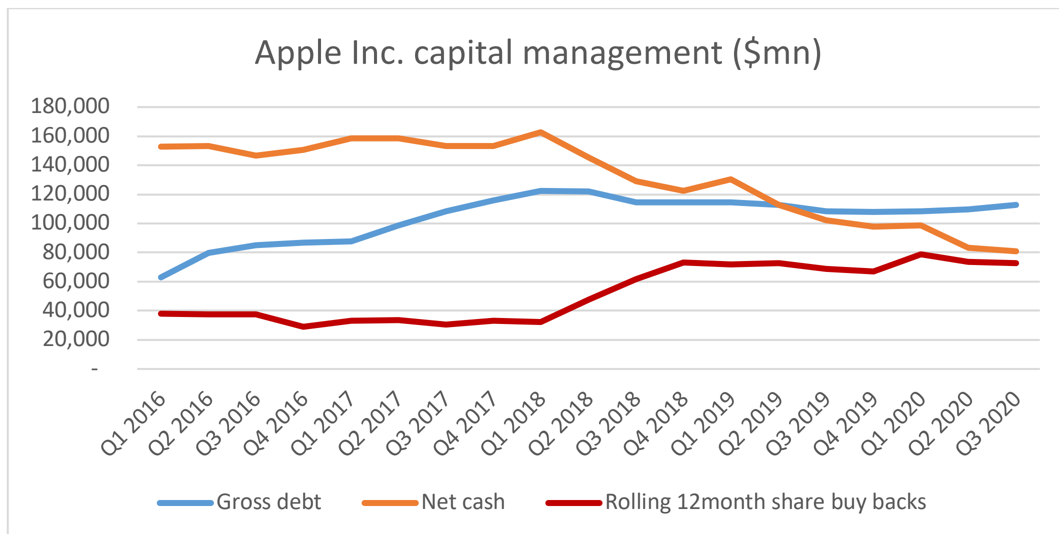
Quarterly portfolio return: (0.5%)

We had our best monthly return (10.7%) in the portfolio in September 2020 since February 2018; this broadly recouped the diminution seen in July and August from the events described below.

The Roaring "Twenty Twenty" may be concluding

The period since the third week of March 2020 seems almost surreal. The efforts by the Federal Reserve Board to provide liquidity in bond markets have resulted in the most promiscuous equity market rally in history. This promiscuity may have its roots in current politics, but I would argue, leers over virtually every aspect of the prevailing influences on equity markets.

Under the 45th President of the United States, corporate America – notably the largest companies - have seen their taxes reduced, interest costs virtually eliminated, a loosening of corporate regulation across industries, a reduction in compliance by cuts in the SEC, and indeed, a Securities and Exchange Commission regulator who doesn't even uphold its own judgments[3].



[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 and 12 - 17 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 0.9% per month over the course of a full year (excluding capital raising related expenses) and is fully accrued monthly according to the best estimates of management. Readers are explicitly referred to the disclaimer on page 11.

[2] Month by month tabulation of investment return and exposures is given on page 10, along with exposure metrics.

[3] The ongoing ability of the Tesla CEO to tweet at will, with price sensitive information, belies the fact he is supposed to have an SEC mandated "twitter-sitter" after the "420 funding secured" debacle. (we have no current position in Tesla). Tesla blatantly ignores any semblance of continuous disclosure regulation with leaked memos from Musk the main source of information.

This promiscuity of monetary policy, might work, if it actually served to get major banks and others to lend to "Main Street"; the only credit worthy borrowers seem to be massive corporations who continue the regimen of borrowing to buy back equity. Apple have run down their net cash from $152billion to around $80billion since the end of 2016, have doubled gross debt and have more recently been buying back shares at a rate of close to $80billion per annum. Why? Because, as they did in May this year, they can borrow $2billion at 0.6% over Treasuries for three years.

Under the guise of the Trump family and its array of close policy advisors from investment banking and financial television[4], economic policy in the world's largest economy is now anarchic. Monetary policy is created by outright bullying and stacking the relevant institutions with Trump flunkies, whose only retort to anything is to open the spigots of money printing; fiscal policy is virtually non-existent and operates (or not) through tweets from the President's sick-bed. Fiscal, unlike monetary policy, requires some degree of consensus. Unlikely to happen with this administration.

At the outset, let me make clear I am no believer in conspiracy theories. However, even I'm finding things a little spooky these days. As we saw in 2019 with the China trade talks – remember them – there seemed to be an unholy degree of folks in the know and indices moved accordingly. And not just 0.5% either. Similarly, markets seem to turn at "relevant" points with sudden bursts of buying (or occasionally selling) of futures contracts in equities. I noted at the end of August in a tweet that the S&P500 futures contract had risen on 17 of the 18 previous first trading days of the week in Asia, reflecting Sunday night in Chicago. That suggests somebody wants it to.

Having been in financial markets for 40 years, I know full well that when you allow corporates and market practitioners to push the envelope, they will. We also know this tends to result in a period of excess speculation, followed by decline, and a subsequent movement towards re-regulation. We saw that post 2009 in the US and since we were hit harder in Australia, in 2003.

The advent of social media and TV stock spruiking now seems wholly unregulated, and in the case of CNBC, blatantly political[5]and aimed at a small select number of companies. With financial markets more accessible than ever via leverage, fractional shares and other derivative means, the resulting use of data manipulation has resulted in equity markets in the US, and to a degree elsewhere, being in some type of alternative reality. The creation of a series of "cult companies" where price doesn't matter, and where the sole discussion is "business model" and "technology" (largely by non-experts) has taken equity prices, at the index level in the US, well away from reality. When you are paying four times the price for the same level of Apple earnings as two years ago, we know we are not in the bargain basement. When the unprofitable (from car making) Tesla is priced at the aggregate of the next five largest vehicle manufacturers, we know this is not reality. When Afterpay is valued at half the level of ANZ Bank, but makes a cash flow loss, we know this is not normal.

What's also not normal was the apparent manipulation of the world's largest equity market and companies by means of the call option market, which took place in August, sending the NASDAQ up 11% in a month. A seemingly deliberate "campaign" of buying call options, leaving market

[4] Larry "The V -shaped recovery is very much intact" Kudlow (Director of US National Economic Council) hosted various programs on CNBC between 2001- 2014 including three years alongside the notorious stock spruiker, James Cramer.
[5] ibid

markers to have to hedge their positions by buying the underlying securities worked a treat for its perpetrator, who was followed in, lemming like, by numerous retail speculators. The "outing" of the largest player, of course, put an end to the game, and the NASDAQ100 promptly fell 14% in three weeks[6].

I'm postulating these activities may prove to be the sort of "bell-ringing" topping out for this capricious, but greedy equity market.

By the time we write the next quarterly, we will have had an election in the US which may serve to clear away the rotting detritus of the current President. Whilst some commentators are fearful a Democratic administration "might be overwhelmed by capricious, vindictive, anti-business hearings[7]", I'm brave enough to believe that a Biden administration will provide a return to some level of normality – and balance. Nothing that will stop well run US companies from continuing to ply their trade.

The chance of an interregnum post 3 November 2020 certainly exists; not just the consensus "I might not go" belief from Trump but maybe even the other side should Trump win, given widespread voter-restrictions/mail delays implemented by seemingly neo-fascist "blue" state governors[8].

US earnings over the near term have generally been upgraded for the 2020 year – largely an irrelevance for stock valuations – but continue to look excessive for the 2021 calendar period at 166 for S&P500 – above the 2019 level – even allowing for some exceptional management of the current crisis.

Portfolio structure

Our top ten long positions in alphabetical order as at 30 September 2020 are:

A2B Australia	Prime Media Limited
Appen	Softbank Group Corp
E-L Financial Corp	Treasure ASA
EXOR NV	Xplore Wealth Limited
Namoi Cotton Limited/Australian Rural Capital	Yellow Brick Road Limited

We made some significant changes to our portfolio over the quarter. A number of stocks previously held reached stretched price targets and were divested; so was Virtu Financial as the shares ran up on the call-option market shenanigans – which was NOT reflected in real volatility, the key driver for profits, and subsequently confirmed by the company. We will return. We also sold Perpetual, highlighted three months ago, for a good gain in light of the bizarre Barrow, Hanley acquisition in the US. Conversely, we have been able to find a number of securities which have barely moved over the past few months, but are well positioned in an environment where there is an acceptance that the world will have to live with some level of coronavirus – the degree depending on where you live. None in Victoria and Queensland; plenty in certain parts of Europe and the US.

[6] High of 12,439 on 2 Sep 2020 to low of 10,678 on 21 Sep 20

[7] MFF Capital Investments (ASX:MFF) September monthly report – disagree but it's a beautiful bit of writing by Chris Mackay and worth reading the full piece

[8] Texas Governor Greg Abbott (google his COVID response) has mandated ONE drop-off location for mail-in ballots per county; the Democratic stronghold of Harris County has a population of 4.7million.

Over the quarter, we moved from our net 15% invested position at end June to being net 20% short at end July, close to 70% short by end August as markets ran up, but at end September are about 34% net invested. The increased investment has arisen from actions such as the repurchase of EXOR and E-L Financial well below where we sold them earlier this year and at much bigger discounts to NAV (see below).

We did benefit from a number of good performances from long positions, notably Yellow Brick Road (up 27%); for believers in a disintermediation of Australia's banking system, buying mortgage brokers at below the net present value of their existing book (as was also the case with Mortgage Choice) seems a better bet than values attributed to players in the payments sytem (other than A2B Australia) and credit disintermediators (a kind word for BNPL).

Since the end of the quarter, we have also initiated investments in two bombed out sectors: oil and shopping centres. We have acquired small holdings in **Exxon Mobil**, at an effective entry price of US$8.50/barrel of reserves, assuming a 20% reserve writedown as well as a global energy ETF.

We have two positions in shopping centre owners: **Vicinity Centres** (VCX) and **Unibail-Rodamco-Westfield** (URW). We know from the experience in the Australian REIT sector in 2009 where the "pain point" for investors resides, in terms of real discount to the valuation of the underlying assets, after adjusting for debt. We are very cognisant that valuers are malleable creatures, and that, at times, their homework leaves much to be desired. VCX have tended to run – in our opinion – very liberal valuations, notably of their flagship asset, Chadstone in Melbourne. However, at recent prices, VCX's equity capitalisation of $6.3billion when added to their debt of $3.7billion (enterprise value $10billion) provides for a near 30% discount to the $14.3billion carrying value of the assets.

This 30% discount is around the same level it was for the sector at its worst in March 2009, albeit the debt load then was far greater ($88billion for the sector against equity values of ~$45billion). The best example of a 2009-type story – high risk, high leverage and acquisitions gone wrong is, of course, URW.

URW's primary listing is in Holland, where the shares have collapsed close to 80% in a year. This has left the equity value at a paltry €4.4billion against a net debt of ~ €24billion. The effective enterprise value of €28.4billion compares to the carrying value of the 89 shopping centres across Europe and USA of €56billion. Basically half price. However, the level of debt in the prevailing environment is clearly too great and subject to shareholder approval, URW will be raising ~€3.5billion in new equity as a part of a €9billion reset plan.

Surely, URW, with all its known nasties (online shopping, COVID) but premier long term assets, represents the ultimate manifestation of "price is what you pay, value is what you get"?

We have significantly lessened our index hedges given the respectable pull back in markets, but have a selection of individually small short positions in Australian BNPL securities (which we do trade based on some large daily moves) and US SaaS stocks which produce minimal cash flow and trade at egregious valuations.

All in the family (again)

We have returned to two past family controlled holdings, both with centrepiece insurance/reinsurance assets over the past three months given their modest share price performance which has significantly lagged value creation in both cases.

The first is the Toronto based **E-L Financial**, profiled in QR#8 and QR#13 (June 2018, September 2019). The table below shows that at end September, our estimated discount to NAV for ELF had blown out to around 55%. In June 2018 it was 40%, and a mere 48% in September 2019.

What is patently ludicrous about this are three factors:

- NAV is growing – we estimated post tax NAV of C$1395 in June 2018 and C$1470ish a year ago;
- The unthinkable has happened. In March 2020, despite all the warnings in annual reports that it would never happen, the company had a buy back (called normal course issuer bid in Canada) and bought 5% of the capital near the March lows. In addition, two of the subsidiaries had NCIBs as well; and
- ELF raised $200million in debt at a 4% coupon.

Here's the rough maths with book values at June 2020 and market values at September 2020:

C$000's	**Book/NTA basis**	**Per ELF share**	**Market basis**	**Per ELF share**
Investments/cash (net)	3,365,679	$ 881	3,365,679	$ 881
United Corporations	920,274	$ 241	597,910	$ 157
Algoma Central	236,930	$ 62	142,365	$ 37
Economic Investment Trust	194,724	$ 51	131,434	$ 34
Empire Common	1,630,834	$ 427	2,120,084	$ 555
Empire prefs owned by ELF	100,000	$ 26	100,000	$ 26
Other	(3,166)	-$ 1	(3,166)	-$ 1
TOTAL	**6,445,275**	**$ 1,688**	**6,454,306**	**$ 1,690**
liabilities	154,463	$ 40	154,463	$ 40
EQUITY	**6,290,812**	**$ 1,647**	**6,299,843**	**$ 1,650**
prefs	300,000	$ 79	300,000	$ 79
NET EQUITY	**5,990,812**	**$ 1,569**	**5,999,843**	**$ 1,571**
tax liability	165,447	$ 43	258,405	$ 68
NET POST TAX	**5,825,365**	**$ 1,525**	**5,741,439**	**$ 1,504**
price		$658		658
discount		(56.8%)		(56.3%)

We profiled the second, **Exor** – the holding company of the Agnelli family – in QR#14 (December 2019) and detailed its past history. We noted – pre-COVID, of course, the deal to merge Fiat and Peugeot and highlighted the reinsurance business. Less than a month later, Exor announced it was in talks with the French company Covea to buy PartnerRe for US$9billion, above our $7.65bn valuation. Not surprisingly, Exor shares rose up to around €76.

Enter COVID, delaying (not postponing) the Fiat initiative but putting an end to the Covea acquisition of PartnerRe. A net negative, but it is noteworthy that reinsurance rates have hardened very significantly in the subsequent period.

The big change is simple: Exor shares have fallen from €69 in late December 2019 to €46.50 at end September 2020; of course, assessed NAV has fallen too, but only from €92.72 at end December 2019 to our current estimate of €80.80. Hence, the discount to NAV has blown out from 25% to a ridiculous 42%. That's why it's back in the portfolio in a meaningful way.

We also acquired a holding in **Softbank Group Corp (9984.JP)**, the holding company of the Softbank empire, 27% controlled by the enigmatic Masayoshi Son. We have followed the company for some time, and kept track of what we believe its NAV to be.

We are not publishing the analysis, since you will receive a headache and we will be giving away some complex IP. A 'tipping point' for us was the mooted sale of numerous assets to reduce overall debt, not least ARM Limited, the UK chip-maker to NVIDIA for US$40billion (part scrip) – well ahead of where we had marked ARM, which is 75% owned by 9984.JP and 25% by the Vision Fund. Vision Fund is the structured vehicle with debt and preferred equity owned by Saudi Arabia's Public Investment Fund and Mubadala Investment Co of Abu Dhabi, which received a slew of negative attention as a result of its WeWork investment. Vision Fund has stakes in a massive number of early stage and developed tech companies, including Doordash, Uber, Didi, Bytedance (TikTok), GM Cruise and numerous others.

9984.JP traded at ~¥6,470 a share at end September; there is gross value (pre tax) of over ¥10,000/share in Alibaba stock alone, plus the majority ownership of Softbank Corp (9434.JP) (¥1950/share to 9984.JP) and Z Holdings (4689.JP) (over ¥700/share to 9984.JP). There have been public musings over taking the holding company private – whilst it would be a tall order, its founder would be one of the few capable. We believe NAV to be over ¥14,000/share.

A fourth family controlled entity, which we have held since 2016 is profiled, for the first time, in some detail below, as rather sad catalyst-style events have emerged in 2020.

Intercontinental blind date: Cathrine (50) and Eui-sun (49)

Readers of the "lifestyle" parts of the *Guardian* - in amongst Pamela Stephenson Connolly doling out sex advice - may enjoy its *Blind Date* column, where two readers are fixed up together and the outcome documented. The column encompasses same sex, young and old, but they are usually climate policy advisors, teachers and writers. It's the Guardian, so no investment bankers.

Perhaps they could "fix up" a couple of extremely well-to-do folks from Norway and Korea. If they do, we have the stock which could benefit. Treasure ASA.

Two extraordinary families are now at a crossroads, but have arrived there in a very different manner, and have a publicly listed company in common where there is an effective triple discount. For one of them, however, it represents the best potential fungibility in a bitter family dispute. For the other, that same shareholding **may** be an opportunity to open up the group to aid the reduction of large discounts to real value.

On the Korean side, Chung Eui-sun (**E.S. Chung**) is the grandson via the second of six sons (Chung Mong-koo) of Hyundai founder, Chung Ju-yung. So the Chung family is in its third generation, but these younger members have individual stockholdings in certain public companies plus a variety of private interests. E.S. Chung is the recently appointed Chair of Hyundai Motor Group 005380.KS) – replacing his 82 year old father – but derives most of his wealth (on paper) from a 23% stockholding in Hyundai Glovis (086280.KS, Glovis), a car-carrying and vehicle related logistics provider, with a market value of around US4.8billion. Dad owns another 6.7%, Hyundai Motor another 5%, the ubiquitous National Pension Service 10.4%, but a Norwegian listed company, **Treasure ASA**, owns 12.04%. These 4.5million odd Glovis shares are worth around US$560million at prevailing prices, and are subject to a shareholder agreement with the Chung family.

E.S. Chung may wish to move the "investment vehicle" which provides his net worth a little "closer to the centre of the action" – Hyundai Motor, which is broadly controlled by a bunch of associates and a round-robin between the listed Kia Motor (000270.KS) and Hyundai Mobis (012330.KS). The attempted restructuring of Hyundai Motor in mid 2018 (effectively by selling Mobis' auto business to Glovis) met significant opposition, mainly from Elliott Management, the well-known US activist. There have since been some moves by Hyundai to open itself up, but Elliott have sold and moved on from the main vehicle related companies.

<u>Other than a small amount of cash, the shares in Glovis are Treasure's only asset.</u>

So each of Treasure's 217million shares, at the end of September, has a notional NAV of US$2.58/share. However, Treasure's shares trade in Norway and are priced in Krone, so the NAV is equivalent to about NOK24 apiece. At end September, they were around NOK13.25 – a 45% discount. But Treasure too is a controlled company.......

So where does Cathrine fit in?

The fifth generation of Wilhelmsens are having a rather tougher time of it than the third generation of Chungs. The family have concentrated executive management of the vast portion of their wealth in Thomas Wilhelmsen, CEO of the listed Wilh. Wilhelmsen Holding (WWI.OL), a shipping and related services based conglomerate, with a market value of ~US$640million.

The main <u>private</u> family investment vehicle, Tarryman AS, which besides controlling WWI.OL has a bunch of private interests in real estate and other stocks which appear not to have done well either.

This concentration of power, the opposite of the Chung's, broke apart earlier this year with a group of seven female Wilhelmsen family members, led by Cathrine Lovenskiod Wilhemsen (CKW) – cousin of Thomas and his four other female cousins - publicly voicing their frustration at

exclusion from decision making[9]. Very unfortunately, the family patriarch, Wilhelm Wilhelmsen, who could have potentially brought everyone together, appears to have taken his own life in February 2020, just over a week after the publication of the above article.

The significance of Wilhelm's demise is especially great given the structure of the Wilhelmsen interests: Tarryman AS has a "golden share" which he owned, and which has passed down to Thomas, which controls the private company, and hence the public company.

The female group, known as M7, have now offered to buy out Thomas Wilhelmsen (& his family) of the private holding company.

The publicly listed WWI.OL is substantially made up of a shipping services business plus two large investments: 77% of Treasure (consolidated) a stake worth ~US$241m at prevailing share prices (but over $400mn at net asset value), and an equity accounted 37% stake in Wallenius Wilhelmsen – carried in the books at a farcical US$772million, but with a market value of US$254m (this is not a misprint, and I want to borrow their auditors).

Its services businesses generate an annual EBITDA of around US$150million, which is effectively valued by the equity market at net asset value (including goodwill) of ~$420million.

So if there is going to be a need for capital to effect a change in the shareholder structure or more shareholder friendly transactions, where is the most fungible component? The shareholding of Treasure itself, or the shareholding in Glovis contained within Treasure, but with 23% minority ownership.

It's a sign of the equity market's assessment of the dysfunctionality of the Wilhelmsen family and the management of Thomas Wilhelmsen, that the absurd valuation of WWI.OL itself, assessed above, is based on a Treasure share price which trades at a 45% discount to net asset value.

How is Glovis priced?

Glovis has an extremely tight share structure with only 37.5million outstanding shares; each share trades in KRW (Korean won) at the equivalent of ~US$124each, to give an equity market capitalisation of about US$4.65billion (KRW5,400 billion). The company has no net debt and some investments within the Hyundai "octopus" notably 11.7% of Hyundai Engineering Co. The shares trade at around 6.6x EV/Operating profit on a trailing 12months basis of KRW815billion (US$701million).

Glovis operates all across the vehicle supply chain with domestic and international auto logistics, used car auctions, car shipping (all those Tesla's out of Fremont), car "complete knocked down[10]" and a small amount of bulk shipping. Most of these activities have been affected by COVID, if not in Korea then in the trade related countries.

It appears to us to that Glovis shares are cheap, especially given the eventual post COVID pick-up in their business. In effect, exposure to Treasure at prevailing prices, on a "see through" basis, puts you into Glovis at the equivalent of KRW79,500 – 3.6x operating profit.

[9] "Family uprising in the shipping company Wilh. Wilhelmsen" Dagens Naeringsliv 14 Feb 2020

[10] Whereby the vehicle is exported completely as parts and then reassembled in the country of import. Glovis does this with Kia and Hyundai to US, Brazil, Turkey and other parts of the old Eastern Europe

Buried Treasure

So we've established Treasure ASA trading at NOK13.25/share, which is around a 45% discount to assessed NAV of NOK24.05[11] is very cheap. Why, and what can be done to unlock the discount?

There are five reasons why the discount is so large:

- Wilm. Wilhelsen ASA own 77% of Treasure's shares, which makes TRE.OL shares highly illiquid;
- WWI.OL control the whole structure, which in turn is controlled by the Tarryman "golden-share";
- There is a voting agreement within Glovis between Treasure and the Chung family which is fully disclosed;
- Treasure's main asset is priced in Korean won; the accounts are in US$ and the shares are traded in Norwegian krone; and
- Treasure shares are potentially very difficult for US based shareholders to own since they are likely classified as a "passive foreign investment company" (PFIC); the taxation of PFIC's in the US is potentially very harsh but involves filling out a (complex) four page Form 8621.

The obvious way to break the discount is for Treasure to sell their Glovis shares; the benefit of this would be that the sale would unlikely to be subject to tax (the company is notionally underwater on its transfer price in mid-2016 into Treasure of US$713million). Via a takeover of the minorities/buy back, the proceeds can be repatriated to minority shareholders and Wilhelmsen, giving the parent unfettered access to the cash and greater flexibility.

There is, of course, the possibility that the Chungs wish to obtain the 12% Glovis holding and may find a mechanism to acquire Treasure for cash as well.

We have had an exposure to Treasure since late 2016; the recent small buybacks but the family insurrection give cause to think this is not a "one-day" stock.

Conclusion

Some of the stock examples given show the extent of attractive pricing currently available in markets between some companies with family ownership control. We contrast this with the mania in selected areas of equity markets such as BNPL and SaaS software. Our portfolio exposures reflect this divergence.

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[11] 4,513,582 shares of Glovis worth US$560million plus US1.7million of cash divided by 216million shares = US$2.51/share or NOK 24.05 versus a current share price of NOK13.25

EAST 72

STATISTICAL APPENDIX: QUARTER & FYTD TO 30 SEPTEMBER 2020

1. Monthly performance, exposure and NAV

	Investment return[12]	Cost imposition[13]	Net Return[14]	R12 Return	NAV/share pre tax (c)	Gross Exposure[15]	Net Exposure[16]
30 Jun 17				46.6%	35.5	276%	-6%
30 Jun 18				-18.8%	29.0	278%	81%
30 Jun 19				-25.8%	21.6	395%	0%
30 Jun 20				-68.0%	7.0	185%	122%
				R12 return			
31 Oct 19	0.6%	(0.7%)	(0.1%)	(25.7%)	19.3	429%	-55%
30 Nov 19	(2.4%)	(0.8%)	(3.2%)	(27.8%)	18.6	440%	-76%
31 Dec 19	(4.4%)	(0.6%)	(5.0%)	(23.4%)	17.7	446%	-106%
31 Jan 20	(18.6%)	(0.9%)	(19.4%)	(43.3%)	14.3	475%	-142%
29 Feb 20	(13.5%)	(0.9%)	(14.4%)	(50.4%)	12.3	305%	218%
31 Mar 20	(41.5%)	(0.5%)	(42.0%)	(70.0%)	7.1	339%	56%
30 Apr 20	(0.6%)	(0.6%)	(1.2%)	(70.8%)	7.0	246%	67%
31 May 20	4.7%	(1.0%)	3.7%	(69.7%)	7.3	185%	122%
30 Jun 20	(4.0%)	(0.6%)	(4.6%)	(67.9%)	7.0	238%	15%
31 Jul 20	(3.6%)	(0.9%)	(4.6%)	(68.6%)	6.6	289%	-20%
31 Aug 20	(6.7%)	(0.9%)	(7.7%)	(68.3%)	6.1	192%	-67%
30 Sep 20	10.7%	(0.9%)	9.8%	(65.3%)	6.8	197%	34%

2. Equity exposure as at 30 September 2020[17] (as % month end pre tax shareholders funds):

	percent	exposures
LONG	112.8%	15
SHORT	(61.5%)	13
FUTURES	(17.4%)	
PUT OPTIONS (delta adjusted)	-	
TOTAL	191.7%	28
NET	33.9%	

[12] 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

[13] All accrued expenses for company administration (eg. listing fees, audit, registry) divided by opening period net asset value and time weighted for equity raisings

[14] Calculated as 2 (above) minus 3 (above)

[15] 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

[16] 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

[17] Figures may not sum due to rounding

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