



UNAUDITED MONTHLY PORTFOLIO UPDATE #27: OCTOBER 2019¹

The East 72 Holdings Limited (**E72**) portfolio increased by 0.6% before costs and was flat before tax but after expenses during the month of October 2019. Unaudited pre-tax NTA per share at 31 October 2019 is 19.3c (23.7c after tax). E72 also has franking credits equating to 2.1c per share at 31 October 2019.

October saw numerous strong cross-currents within our portfolio. On the positive side, we saw three takeover offers in a single month for securities owned:

- A \$2/share cash bid for Webster Limited by PSP Investments (Canadian Public Service pension investor) (shares +56%);
- An inadequate (in our view) share swap offer for Prime Media (+24%) by Seven West Media; and
- (after the month closed) cash offer by Alphabet (Google) for Fitbit Inc (+62% in October)

We also saw benefits from a weakening in numerous momentum stocks, where we hold short positions, notably Afterpay (-19%) and Wisetech (-25%).

However, these benefits were offset by a 30% jump in the price of Tesla after a surprising and highly controversial set of Q3 2019 financials; subsequent release of the 10-Q shows numerous accounting games played in the period, and an extremely low quality profit. The extent of our short position saw this be the largest negative contributor over the period. Further downgrades in guidance by Alliance Data Systems during their Q3 results saw the shares fall (-22%).

As market indices rise (and volatility declines) we continue to add to our net short position; forward earnings forecasts in the US (and Australia) continue to exhibit significant weakness and leave indices looking expensive against a backdrop of volatile politics.

This is the last of our monthly reports as we move to a quarterly reporting construct; we draw your attention to a separate announcement made today in this regard.

AGM: Shareholders and observers are welcome to attend our AGM on Friday 15th November commencing at 10am. The venue is Level 10, 20 Martin Place, SYDNEY, NSW 2000

Equity exposure as at 31 Oct 2019 (as % month end pre tax shareholders funds; numbers may not add due to rounding)

	AUSTRALIA		OVERSEAS		TOTAL	
	percent	exposures	percent	exposures	percent	exposures
LONG	65.9%	14	121.0%	29	186.9%	43
SHORT	(9.2%)	4	(43.6%)	17	(52.8%)	21
INDEX	(76.5%)		(113.1%)		(189.6%)	
TOTAL	(19.7%)	18	(23.7%)	46	(55.4%)	64

For further information:

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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, cost imposition is estimated at 0.55% 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 ²	Cost imposition ³	Net Return ⁴	R12 Return	NAV/share pre tax (cents)	Gross Exposure ⁵	Net Exposure ⁶
30 Nov 18	-0.2%	-0.2%	-0.4%	-12.1%	26.0	233%	151%
31 Dec 18	-10.3%	-0.2%	-10.5%	-14.5%	23.2	243%	185%
31 Jan 19	9.1%	-0.3%	8.8%	2.6%	25.2	256%	138%
28 Feb 19	-1.7%	-0.4%	-2.1%	-15.4%	24.7	313%	90%
31 Mar 19	-3.3%	-0.6%	-3.9%	-18.0%	23.7	359%	48%
30 Apr 19	1.7%	-0.6%	1.1%	-20.2%	24.0	386%	43%
31 May 19	0.4%	-0.5%	-0.1%	-19.4%	24.0	382%	24%
30 Jun 19	-9.4%	-0.4%	-9.8%	-25.8%	21.6	395%	0%
31 Jul 19	-1.8%	-0.7%	-2.6%	-24.7%	21.1	413%	-13%
31 Aug 19	-7.9%	-0.6%	-8.5%	-26.0%	19.3	416%	-15%
30 Sep 19	0.9%	-0.6%	0.3%	-26.4%	19.3	415%	-31%
31 Oct 19	0.6%	-0.7%	-0.1%	-25.7%	19.3	429%	-55%

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The information contained in this update is current as at 31 October 2019 or such other dates which are stipulated herein. All statements are based on E72's best information as at 31 October 2019. 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.

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