

Priomha Capital CLONEY Multi-sport Investment Fund

Monthly Investment Report - August 2015

The month in review

For the month of August 2015 we generated a return of -1.32%.

This was clearly a disappointing result for the Fund although on the bright side it was our first negative month since February.

Surprisingly, given the poor monthly return, the CLONEY Fund still outperformed both of our major benchmark indices. The ASX200 generated a loss of 8.64% and the HFRX Global Hedge Fund Index returned a loss of 2.21%.

It is purely circumstantial that a negative return for the CLONEY Fund mirrored what happened in the financial markets. The CLONEY Fund is a non-correlated investment and is immune to any significant moves in the global economy, be them positive or negative.

Of significance is the fact that the ASX200 return of -8.64% was its biggest monthly loss since the inception of the CLONEY Fund in January 2010. Similarly, the CLONEY Fund return for August of -1.32% is the largest loss for the Fund since we implemented additional trading strategies to reduce downside volatility. Clearly the volatility of the financial markets outstrips that of the CLONEY Fund.

For the month of August 2015 we traded 112 events, well in line with our long term average of 100+. In August 2014 we traded 124 events for the month.

In terms of assets traded, horse racing and cricket dominated the month. The large loss in the cricket for the month was counterbalanced by profits in both horse racing and football.

Results

	Month	FY16	12 months	Since Inception
CLONEY Fund	-1.32%	-0.42%	13.49%	184.79%
ASX200	-8.64%	-4.62%	-7.46%	5.78%
HFRX	-2.21%	-2.24%	-0.47%	4.23%

From the Trading Desk

For the month of August 2015 the performance of the Australian cricket team was the talking point.

- The Ashes:* It is safe to say that we got this trade completely wrong. As had been articulated many times in the lead up to the Test Series we took a position against England in the Series Market. After the English won the first Test we increased our position to the maximum thereby reducing the average odds of our LAY. Australia then lost Test matches 3 & 4 and our trade was a loser. It was the nature of these losses that meant we were unable to trade out of trouble. In the 3rd Test Australia was dismissed quickly and never recovered losing the match quickly. Trailing 1-2 with two Test matches remaining our ratings suggested that Australia would win the final Test, so our trade rested on the 4th Test. Enter the "black swan" event. Australia was dismissed for 60 in the first innings and the Test match, and our trade was over. It was Australia's 6th lowest score and its equal shortest innings ever in over 200 years of Test cricket. As expected, Australia won the final Test to lose the series 2-3. There was no solace in the final Test win. Cricket was a wipe out for the month.
- Football:* the European football leagues started towards the middle of August. We were primarily in monitoring and information gathering mode for the month, only trading four games. Despite limited activity football was profitable for the month.
- Australian Horse Racing:* August saw the very beginnings of the spring carnival. As always we were active in the horse racing market, albeit with small, but frequent trades. Horse racing was profitable for the month.

September Outlook

September 2015 will see the trading turnover return to its regular levels. Specifically Australian horse racing, cricket & football.

- Australian Horse Racing:* the spring carnival in Sydney reaches its crescendo and Melbourne starts to warm up. The liquidity is the highest for any time of the year and as such we will be looking to trade heavily during this period (weather permitting!).
- Cricket:* Test cricket is replaced by the shorter forms of the game. Pending weather & team selections we will be looking to trade these matches, principally in-play.
- Football:* the EPL, Champions League and other European leagues will now be full swing and consequently we can start to trade with some confidence. Consequently we will be taking larger, more frequent positions.

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