

Priomha Capital CLONEY Multi-sport Investment Fund

Monthly Investment Report - February 2016

The month in review

For the month of February 2016 we generated a gross return of **+0.17%**. This lower than desired return was predominantly on the back of a single ODI cricket trade where we were caught on the wrong side of the market and we were unable to mitigate the loss.

Despite the poor month for the CLONEY Fund, its return compares favourably with the major benchmark indices. The ASX200 generated a return of **-2.49%** and the HFRX global hedge fund Index returned **-0.32%**. The Global financial markets ended February with mixed performance owing partly to US political primaries (think Trump!) and Brexit concerns driving investor confidence downward. The \$US gained against major currencies led by the decline in the GBP on concerns about the impact of Brexit, while the \$US declined against the Swiss Franc and Japanese Yen.

The February fall means the ASX200 has returned -17.68% for the past 12 months whilst the HFRX is only marginally better at -8.18%. The CLONEY Fund has returned +12.60% for the same period. We can expect the global markets to bounce back shortly.

For the month of February we traded only **67 events**, primarily owing to the lower volume of trades on horse racing. The trades however were predominantly in our high volume markets of cricket & football, hence our turnover was in line with our long term average.

Football was the most traded sport for the month in terms of turnover with both the EPL & FA Cup featuring. It was also our most profitable. Cricket was our second most traded asset in terms of turnover, whilst Australian horse racing was the most frequently traded event (as per normal).

Results

| | Month | FY16 | 12 months | Since Inception |
|-------------|--------|---------|-----------|-----------------|
| CLONEY Fund | 0.17% | 6.42% | 12.60% | 200.06% |
| ASX200 | -2.49% | -10.59% | -17.68% | -0.47% |
| HFRX | -0.32% | -7.77% | -8.18% | -1.66% |

From the Trading Desk

The month of February 2016 was a typical month in terms of trading turnover and the asset classes traded.

- Football:** the trading performance for the month was solid with only three small losing trades. In these matches the markets went very quickly against us but we were able to use our hedging strategies to mitigate most of the losses. Our most profitable matches were in the the EPL with Arsenal vs Bournemouth and West Ham vs Sunderland playing to script.

From the Trading Desk (continued)

- Football (continued):** The markets in these matches moved in our favour very early and we were able to manage our positions easily thereafter. Overall football was the best performing asset class for the month.
- Australian horse racing:** Two significant losing trades for the month, where the market went quickly, and unexpectedly against us meant that for the month of February horse racing was a poor performing asset class.
- Tests, ODI & T20 Cricket:** Australia dominated in New Zealand and bar for one trade on an ODI where we were caught out, cricket would have been our best performing asset class for the month. Unfortunately, it was our worst performing asset class generating a loss of 2.5% for the month.

March Outlook

March 2016 will see the trading focussed on our core assets, namely; Australian horse racing, cricket & football.

- Australian Horse Racing:** March will see the start of the Sydney Autumn Carnival and whilst the racing is strong and the liquidity high, the weather is historically not so good. We will monitor the state of tracks etc and invest accordingly.
- Football:** the EPL, FA Cup, Champions League and other European leagues are building towards their crescendo. We will look to trade these matches as per the historical norm. We have kept open our position against Manchester United in the EPL Winners Market.
- Cricket:** the World T20 Cup starts in March with the lower ranked teams playing before being in full swing in April. We will look to trade these matches heavily for the month. We have open positions against Australia and England in the Winners Market.

Beyond March & Futures Markets

- Euro 2016:** The Euro 2016 Championships take place in France between June 10th and July 10th. We are starting to build our tournament model and will start taking positions against sides over the next few months.
- Golf:** The golf season starts to hit full swing in the run up to the US Master in early April. We will monitor the early events so as to position ourselves nicely for the Masters and events beyond.
- Tennis:** European summer months means tennis returns to its best. Whilst we have only traded sporadically over the past few years owing to the strength of Williams in the Women's and Djokovic in the Men's we will be monitoring the early season tournaments. We will be closely monitoring NADAL's form as we are still not sold on the theory that his best is behind him, especially on the red dirt.

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