

Priomha Capital CLONEY Multi-sport Investment Fund

Monthly Investment Report - July 2016

The month in review

For the month of July 2016 we generated a gross return of **+0.74%**. The month would have been much more profitable if not for Belgium losing easily to Wales & the France vs Germany meeting in the semi-final of the Euro 2016 Championships. The recorded return also included "paper losses" from our LAY of Manchester United in the Winners Market for the upcoming Premier League season (more below).

The CLONEY Fund return was eclipsed by the major benchmark indices. The ASX200 generated a return of **+6.28%** and the HFRX global hedge fund Index returned **+1.45%**. The strong global returns were primarily driven by the recovery from the Brexit shock. Notwithstanding the strong performance in July the CLONEY Fund has outperformed the benchmark indices over the 12 months ending July.

For the month of July we traded **88 events**, in keeping with our long term average. The trades at the beginning of the month were almost solely focused on the Euro 2016 Championships. Later in the month the focus switched to golf & Australian horse racing. Football was the most traded sport for the month in terms of turnover whilst Australian horse racing was the most frequently traded event (as per normal).

Results

	Month	FY17	12 months	Since Inception
CLONEY Fund	0.74%	0.74%	9.94%	212.82%
ASX200	6.28%	6.28%	-2.41%	13.41%
HFRX	1.45%	1.45%	-4.23%	2.08%

From the Trading Desk

The month of July 2016 was an atypical month in terms of trading owing to the conclusion of Euro 2016 & two golf majors, namely The Open & the USPGA.

- Euro 2016:** the month started poorly with Wales defeating Belgium. We had multiple positions favouring Belgium both in this match & the tournament. Their defeat meant we started the month on the back foot with a 1.5% loss. We traded consistently across other matches & if not for the semi final meeting between France & Germany we would have made a profit from football for the month. We had a tournament BACK of Germany & LAY of France. We erred on the side of conservatism & closed both positions before this match. Both trades had only marginally moved in our direction meaning we made no profit from either position. In the Premier League Winners Market Manchester United have continued to shorten (in our view inexplicably) from our LAY of \$5.00+. We are currently sitting on a loss on this trade which has been accounted for in the monthly return.

From the Trading Desk (continued)

- Major Golf:** we focussed on The Open & the USPGA Championships in July. In both tournaments we took early positions against Dustin Johnson & used the proceeds of these LAYS to undertake some speculative trades in the market. The speculative trades did not deliver, but DJ's poor performance in both tournaments meant golf performed well for the month.
- Australian Horse Racing:** Australian horse racing was a strong performer for the month of July, extending the great run we have been on since April. Unlike May & June where we had a 100% record on the thoroughbreds, in July we had a couple of losing trades, including one which was a pure "black swan" event. Notwithstanding these losses horse racing was a strong contributor to monthly profit.

August Outlook

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

- Australian Horse Racing:** 1st August is the birthday for all horses in the Southern Hemisphere. It also heralds the start of the Group races leading up to the Spring Carnival. With these races come more liquidity & greater opportunity. We will continue to trade the racing markets.
- Test & ODI Cricket:** Australia are touring Sri Lanka, Pakistan are in England, West Indies are hosting India & NZ are touring Africa. There will be an abundance of trading undertaken on these sports.
- Football:** the European Leagues will start a new season in August. We will trade these very lightly, but will be monitoring the markets.
- Golf:** the final Major finishes in early August but we will still have plenty of tournaments in the lead up to FEDEX Cup play offs.
- Other:** The Rio Olympics will be the main sporting event in August; apart from perhaps the Golf we will not be trading any events, preferring to watch from afar with no monetary interest.

Beyond August & Futures Markets

- Football:** we will be taking some positions in the outright markets in the major European Leagues. Our analysis indicates that in the Premier League Manchester United is a strong LAY at \$4.40, as are Liverpool & Tottenham at \$11. Chelsea, Manchester City & Arsenal will lead the way. There will be no Leicester this season!
- Tennis:** The US Open starts on 30th August. We are still evaluating the merits of tennis as the domination of the top players is making it a troublesome asset class to trade. We will keep you posted.

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