

Priomha Capital CLONEY Multi-sport Investment Fund

Monthly Investment Report - August 2016

The month in review

For the month of August 2016 we generated a gross return of **+0.94%**. The month would have been much more profitable if not for a significantly losing day on the 27th August (more below). The recorded return also includes "paper losses" from our outright trades in the Winner's Market for the Premier League season (more below).

The CLONEY Fund return eclipsed both of the major benchmark indices. The ASX200 generated a return of **-2.33%** and the HFRX global hedge fund index returned **+0.16%**. The global financial markets posted a mixed performance on the back of the strong rebound from the BREXIT shock in July.

For the month of August we traded **163 events**, well above our long term average. The trades were split between football, cricket & 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). The higher than normal number of events traded was a result of the commencement of the Melbourne Spring racing carnival. More liquidity creates more opportunities for us. Additionally, trading is not restricted to weekends as feature racing is spread throughout the week.

Results

	Month	FY17	12 months	Since Inception
CLONEY Fund	0.94%	1.69%	12.46%	215.76%
ASX200	-2.33%	3.81%	4.33%	10.77%
HFRX	0.16%	1.61%	-1.91%	2.25%

From the Trading Desk

The month of August 2016 was set to be a strong month until "Black Saturday" (August 27th). It started with some strange horse racing trading results & continued into the Premier League. Notwithstanding this hiccup the month was still a solid one.

- **Football:** whilst we only traded a few events for the month (still in information gathering stage), & despite the aforementioned loss on the 27th, football was a profitable part of our portfolio for the month. In the Premier League Winners Market Manchester United have continued to shorten (in our view inexplicably) from our LAY of \$5.00+. Liverpool have drifted, as expected which has countered some of the "paper loss" we currently sit on with our Manchester United trade. Overall, in this market we are sitting on a loss which has been accounted for in the monthly return. The Manchester Derby on September 10th will add some clarity to our position.

From the Trading Desk (continued)

- **Cricket:** it was strong month for cricket. We were able to trade the England vs Pakistan & Sri Lanka vs Australia series. We did not have a losing trade on cricket for the month.
- **Australian Horse Racing:** Australian horse racing was set to provide a record monthly return until "Black Saturday". Two unforeseen "black swan" events when pre-race events & market reactions meant we were left exposed proved costly. Notwithstanding these losses the horse racing portion of the portfolio generated a positive return, albeit approximately 1% less than we had anticipated going into the last horse racing trading day for the month.

September Outlook

September 2016 will see the trading focussed on three of our core assets, namely; Australian horse racing, football & golf.

- **Australian Horse Racing:** The Spring Carnival has commenced & with it stronger fields, more liquidity & with that more opportunities. September heralds the start of four months of extensive trading on Australian Horse Racing.
- **Football:** the European Leagues will be in full swing. Additionally World Cup qualifiers & Champions League & Europa League matches will commence. Football is our most traded asset class (by turnover). The turnover will increase in September & will continue to rise for the next 6 months.
- **Golf:** the race for the FEDEX Cup continues. With strong fields & mispriced markets we will look to trade these.
- **Cricket:** there is a sprinkling of ODI & T20 matches in September. We will trade these opportunistically.

Beyond September & Futures Markets

- **Football:** as per "From The Trading Desk" we continue to hold our LAY of Manchester United in the Premier League Winner's Market. A good result for Manchester City in the Derby on September 10th should see our position in the money. We will make a decision after that match re our long term holdings.
- **Ryder Cup Golf:** The Ryder Cup is held in early October. Our initial thoughts are a LAY of the USA. We will continue the analysis & will make an investment decision later in the month.

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