

Priomha Capital CLONEY Multi-sport Investment Fund

Monthly Investment Report - September 2016

The month in review

For the month of September 2016 we generated a gross return of **+0.58%**. It was a solid month for the Fund. We have traded cautiously for the FY17 financial year, yet have still recorded 3x consecutive profitable months. We have now only had 1x negative month over the past year. The recorded return for September 2016 also includes "paper losses" from our outright trades in the Winner's Market for the Premier League season (more below). This has adversely impacted our reported return for the month.

The CLONEY Fund return eclipsed both of the major benchmark indices. The ASX200 generated a return of **0.05%** and the HFRX global hedge fund index returned **+0.55%**.

For the month of September we traded **90 events**, in line with 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). We anticipate that the number of events traded (& turnover) over the next few months will increase markedly (See October Outlook & Beyond October & Futures Markets).

Results

	Month	FY17	12 months	Since Inception
CLONEY Fund	0.58%	2.28%	10.92%	217.59%
ASX200	0.05%	3.86%	8.23%	10.83%
HFRX	0.55%	2.17%	0.72%	2.81%

From the Trading Desk

The month of September 2016 was a solid month with only 2x significant losing trades. Our proprietary algorithms & database is continually being optimised & with additional, & more recent data being incorporated it continues to perform well.

- **Football:** football was a profitable part of our portfolio for the month with a 100% strike rate in terms of profitable trades. Our trade size will begin to increase as we head into the middle portion of the European season. We have been circumspect so far. In the Premier League Winners Market we have reduced our liability on Manchester United. They have drifted from our LAY price – our analysis indicates they cannot win the League so we have kept some liability on them. Liverpool continue to shorten. Our trade is out-of-the-money & we continue to sit on a "paper loss" which has reduced the overall Fund return for the month. We will continue to monitor this open trade.

From the Trading Desk (continued)

- **Cricket:** it was a good 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 provided a solid base for the Fund. We were very active, with a multitude of small plays. Australian horse racing continues to provide, consistent, albeit small returns for the Fund. We anticipate that over the next few months (see more below) we will trade more aggressively, both in terms of volume & trade frequency.

October Outlook

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

- **Australian Horse Racing:** The Spring Carnival will be well underway & with it increased liquidity & opportunities. Towards the end of October, the WS Cox Plate & Derby Day will be aggressively traded. Our trade size will also increase.
- **Football:** the European Leagues will be in full swing. Additionally World Cup qualifiers, Champions League & Europa League matches will continue. Football is our most traded asset class (by turnover). The turnover will increase in October & will continue to rise for the next 6 months.
- **Cricket:** there will be a number of series to trade as summer approaches for the Southern Hemisphere. Australia vs South Africa, Pakistan vs West Indies, India vs New Zealand & Bangladesh vs England will all feature in our trading activity. Cricket will be highly traded over the next 5 months.

Beyond October & Futures Markets

- **Football:** as per "From The Trading Desk" we continue to hold our LAY of Liverpool in the Premier League Winner's Market. As we get into November/December the merits of this early trade will become much clearer. We will continue to monitor.
- **Australian Horse Racing:** the Flemington Carnival starts on 29th October & runs until the 5th November. We will be looking to trade this week heavily as liquidity & opportunities are at a season high.

The Company

- **Gibraltar Office:** We have identified some key staff that will be executing trades on behalf of Priomha Capital. This office will allow us to increase our trading activity on other European football leagues including La Liga (Spain), Bundesliga (Germany) & Serie A (Italy).

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