

# Priomha Capital CLONEY Multi-sport Investment Fund

Monthly Investment Report - October 2016

## The month in review

For the month of October 2016 we generated a gross return of **+1.12%**. The recorded return for October 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 **-2.17%** and the HFRX global hedge fund index returned **-0.57%**.

October was our 7<sup>th</sup> consecutive month of positive returns. We have had only three losing months in the last two years which compares favourably to the ASX200 (13) & the HFRX (11) benchmark indices.

For the month of October we traded **104 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). Horse racing turnover was much higher than our long term average owing to the Spring Carnival.

We anticipate that the number of events traded (& turnover) over the next few months will increase markedly (See November Outlook & Beyond November & Futures Markets).

## Results

	Month	FY17	12 months	Since Inception
CLONEY Fund	1.12%	3.42%	10.99%	221.15%
ASX200	-2.17%	1.61%	1.48%	8.42%
HFRX	-0.57%	1.59%	-1.30%	2.22%

## From the Trading Desk

The month of October 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 no losing trades. Our trade size will begin to increase as we head into the middle portion of the European season. In the Premier League Winners Market 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.
- **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.

## From the Trading Desk (continued)

- **Australian Horse Racing:** Australian horse racing provided a solid base for the Fund. We were very active, with a multitude of both small & larger plays. Turnover was considerably higher than previous months. We anticipate that over the next few months (see more below) we will trade more aggressively, both in terms of volume & trade frequency.

## November Outlook

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

- **Australian Horse Racing:** The Spring Carnival moves to Flemington for the first week of November with the running of the 2016 Melbourne Cup. The carnival finishes in late November. There will be significantly increased liquidity & with it, opportunities. Our trade size will increase as we look to exploit the inefficiencies generated by the increased liquidity. As a percentage of turnover horse racing will likely hit 25% for the months of November/December, almost double the long term average.
- **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 continue to increase in November & will continue to rise for the next 5 months.
- **Cricket:** there will be a number of series to trade as summer approaches for the Southern Hemisphere. Australia vs South Africa, NZ vs Pakistan, India vs England & number of other tournaments. Cricket will be highly traded over the next 5 months.

## Beyond November & Futures Markets

- **Football:** as per “From The Trading Desk” we continue to hold our LAY of Liverpool in the Premier League Winner’s Market.
- **Cricket:** the Big Bash League commences towards the end of December. With over A\$100M traded per match we will look to be very active for the entirety of the tournament which lasts two months.

## The Company

- **Risk Management:** We continue to optimise our risk management protocols & systems in order to reduce downside volatility. As per the aforementioned data, we have now had 21 positive months out of the last 24 months which compares favourably to our benchmark indices. We will continue to strive to reduce the downside returns whilst looking to optimise the upside potential of the asset class.

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