

Priomha Capital CLONEY Multi-sport Investment Fund

Monthly Investment Report - December 2016

The month in review

For the month of December 2016 we generated a gross return of **+1.12%**. The recorded return for December 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 ASX200 generated a strong return of **+4.41%** and the HFRX global hedge fund index returned **+0.86%**. Global financial markets posted strong gains in December driven by investor optimism for US growth in early 2017. The initial downturn caused by the “Trump-effect” appears to have been corrected.

On the bright side, December was our 9th 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. This record has been underpinned by our renewed focus on reducing downside volatility.

For the month of December 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 the long term norm).

Results

	Month	FY17 [#]	12 months	Since Inception
CLONEY Fund	1.12%	5.00%	10.00%	226.04%
ASX200	4.41%	8.26%	6.97%	15.52%
HFRX	0.86%	3.35%	2.51%	4.00%

#FY – Financial Year; July 1st through to June 30th

From the Trading Desk

The month of December 2016 was a solid month with only 2x significant losing trades across the portfolio. 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. They are now trading at \$5.20 after we opposed them at \$8.00+. 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 have reduced some of our liability on this trade, taking a small loss. We will continue to monitor.

From the Trading Desk (continued)

- **Cricket:** Cricket was a solid performing component of our portfolio for the month of December 2016. Cricket will dominate our trading (see below) for the next few months. Our algorithms & data are optimised. We are hopeful the positive returns of December 2016 can continue moving forward.
- **Australian Horse Racing:** Australian horse racing provided a solid base for the Fund. We were very active, with a multitude of small plays. Turnover was back to the long term average after peaking during the Melbourne Spring Carnival.

January Outlook

January 2016 will see the trading focussed on two of our core assets, namely; football & cricket.

- **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 January & will continue to rise until the end of March 2017.
- **Cricket:** the southern hemisphere summer will be in full swing. Australia vs Pakistan, NZ vs Bangladesh, South Africa vs Sri Lanka & India vs England will all be playing. We will trade these series heavily, along with the Big Bash League in Australia.

Beyond January & Futures Markets

- **Football:** as per “From The Trading Desk” we continue to monitor our LAY of Liverpool in the Premier League Winner’s Market. It is currently a losing trade with Liverpool performing above our expected ratings thus far.
- **Cricket:** the summer of cricket continues well into March/April with a number of international series. In June 2017, the ICC Champions Trophy Tournament will be played in England. Over the course of the next few months we will be optimising our ODI algorithm to take advantage of the expected \$200M turnover per game.
- **Golf:** the PGA & European Tours will commence in earnest in late January. We will be trading these tournaments with a view to also taking some early positions in the US Masters in April.

The Company

- **Risk Management:** We are confident that we now have the downside volatility of the Fund under control. Our focus in Q1 2017 will be to optimise the upside returns for the Fund. The development & optimisation of our in-play algorithms will be the cornerstone of this focus.

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