

Priomha Capital CLONEY Multi-sport Investment Fund

Monthly Investment Report - November 2016

The month in review

For the month of November 2016 we generated a disappointing gross return of **+0.40%**. Whilst the recorded return for November 2016 includes "paper losses" from our outright trades in the Winner's Market for the Premier League season (more below) which adversely impacted our reported return for the month, it was nonetheless a disappointing month of trading (see below).

The CLONEY Fund return was eclipsed by both of the major benchmark indices. The ASX200 generated a return of **+2.31%** and the HFRX global hedge fund index returned **+0.87%**. November 2016 was just the 2nd time in the last 14 months that the Fund was eclipsed by both benchmark indices.

On the positive side, November was our 8th 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 November we traded **166 events**, well above our long term average. The trades were split between football, cricket & horse racing. Australian horse racing was the most frequently traded asset class for the month, owing to the Spring Carnival, & in particular the Melbourne Cup Carnival.

Results

	Month	FY17 [#]	12 months	Since Inception
CLONEY Fund	0.40%	3.84%	10.50%	222.43%
ASX200	2.31%	3.95%	5.29%	10.93%
HFRX	0.87%	2.47%	0.29%	3.11%

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

From the Trading Desk

The month of November 2016 was a disappointing month. Cricket was the best performing portion of the portfolio. The gains made there however were eroded by losses in both football & horse racing.

- **Football:** football for the month of November 2016 was disappointing. There were 3x significant losing events. In each of these events our top rated side won, but in all cases courtesy of multiple goals scored deep into injury time. We had cut our losses by this point, despite being able to reduce some of the losses via trading separate markets. Such unforeseen 'black swan' events are part of trading. We move on.
- **Cricket:** it was a good month for cricket with all trades being profitable. The most profitable trade for the month was a +2.3% return on the NZ vs Pakistan match towards the end of November.

From the Trading Desk (continued)

- **Australian Horse Racing:** Australian horse racing performed poorly for the month of November. We traded more heavily than normal owing to the increased liquidity offered by the Spring Carnival. Unfortunately we were caught on the wrong side of a couple of trades & could not find a way clear. Horse racing returns to normal levels of trading until at least March/April.

December Outlook

December 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 continue to increase in December through to March.
- **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. Additionally, the Big Bash League (see below) will start towards the end of December & run through January.

Beyond December & Futures Markets

- **Football:** we continue to hold our LAY of Liverpool in the Premier League Winner's Market. Liverpool have climbed in our ratings & have performed above our expectations. We have closed some of our trade for a small loss to reduce overall liability.
- **Cricket:** the Big Bash League commences towards the end of December & runs through all of January. 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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