

Priomha Capital CLONEY Multi-sport Investment Fund

Monthly Investment Report - May 2017

The month in review

For the month of May 2017 we generated a gross return of **+1.15%** trading four different asset classes.

The ASX200 generated a return of **-3.37%** and the HFRX global hedge fund index returned **+0.24%**. The ASX200 return could have been driven by the “sell in May & stay away sentiment”. Time will tell. The global financial markets posted mixed returns for the month with the FTSE100, for instance returning +4.39%. Implied volatilities declined following the French elections & Brazil recovered from a sharp 1-day sell off. As per the FTSE100 return, global equity markets posted gains led by the UK.

For the month of March we traded **55 events**, well below our long term average but in line with our expectations. The trades were split between football, cricket, horse racing & golf. The end of season in the European football leagues coincides with a reduction in trade volumes on football as the individual team performances are more highly influenced by motivation (or lack of it!)

Results

	Month	FY17 [#]	One Year	Three Years	Since Inception
CLONEY Fund	1.15%	6.78%	8.43%	31.36%	231.59%
ASX200	-3.37%	9.34%	6.39%	4.32%	16.67%
HFRX	0.24%	5.76%	5.97%	-0.33%	6.42%

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

From the Trading Desk

The month of May 2017 was a solid one for the Fund, despite the lower number of trades & overall turnover.

- **Football:** football was only thinly traded for the month of May as all the European leagues drew to their conclusion. As has been noted in previous monthly reports the end of season matches are much more difficult to predict owing to the varying degrees of motivation faced by each team. There are always a number of “dead rubbers” in each round. That said, we were able to squeeze a profit out of the football portfolio with only one trade, the match between Crystal Palace & Hull proving a losing one. The focus of the Fund now regarding football is to start taking some early positions for the 2017/18 season. Whilst it is difficult to ascertain the respective strengths of the squads given new arrivals, we predict that Manchester United will again be overrated & the Champions Chelsea, underrated. Time will tell.

From the Trading Desk (continued)

- **Cricket:** Cricket was traded relatively frequently throughout the back end of the month as the Fund positioned itself for increased activity in June (see below). Warm up matches for the ICC Champions Trophy filled the calendar & it was these matches that we traded. Cricket produced a small component of the profit for the Fund.
- **Australian Horse Racing:** It was a rare month for horse racing in that we managed to have a 100% strike rate with respect to profitable trades. Subsequently, horse racing managed to contribute a decent slice of the profit for the Fund.
- **PGA Golf:** We actively traded the main PGA tour events for the month, namely The Players Championship & The Byron Nelson. Whilst the golf trading desk is still in its infancy as an autonomous unit the results are encouraging. Golf contributed to the Fund’s return for the month.

June Outlook

June 2017 will see the trading focussed on cricket & golf.

- **Cricket:** the ICC Champions Trophy will be conducted in June. The Champions Trophy is a mini-World Cup in that it includes only the Top 8 ODI sides. The Windies will not be there this year. We can expect over \$1.00 billion to be traded over the course of the tournament. We are heavily invested on AUSTRALIA as we see them having a relatively easy opening match vs Bangladesh which will all but assure them a semi-final berth. We do not like NZ, SRI LANKA or the aforementioned BANGLADESH.
- **Golf:** the Northern Hemisphere summer of golf continues in full swing (excuse the pun) with the US Open at Erin Hills in mid June the highlight. As per a previous report the intention will be to take on the “name-players” as they are over bet.

Beyond June & Futures Markets

- **Cricket:** after the Champions Trophy is completed there will be a multitude of test matches & additional ODIs. We will be continuing to trade these heavily as cricket becomes an increasingly prominent component of our portfolio.
- **Golf:** The Open Championship will be played in mid July, followed closely by the USPGA in early August. We then head to the season ending FEDEX Cup. We will continue to trade these events.
- **Football:** football returns in mid August. We will spending the month of June updating our models & analysis to cater for transfers & other information as it comes to hand.

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