

Priomha Capital CLONEY Multi-sport Investment Fund

Monthly Investment Report - July 2018



For the month of July 2018 we generated a gross return of +1.36% driven mainly by positive returns in football & golf.

In golf we now have Tiger WOODS ranked in our Top 20, well ahead of the World Golf Rankings. Long may his resurgence continue as he adds significant interest to golf & with it liquidity. We will continue to oppose him as he is not quite there yet – but he is getting close.

In Australian horse racing early indications are that WINX will continue her winning ways whilst GRUNT & KEMENTARI are two younger horses that will be worth following through the Spring.

In cricket, Australia will continue to struggle without their front line bowlers whilst we predict India will again struggle on the seaming pitches that they will face in England during the Test series.

JULY 2018 – KEY TAKEAWAYS

/ The CLONEY Fund recorded a gross return for the month of +1.36%. The focus for the month was the completion of the FIFA World Cup, The Open Championship & a sprinkling of T20, ODI & Test cricket across the globe. There was no horse racing traded for the month of July. The calendar YTD return for the CLONEY Fund is +6.60%.

/ Global Markets Overview

Equity markets were generally higher in July with strong earnings across a number of geographies & sectors. In the US the S&P500 gained ground whilst July was a better month for eurozone equities as the region's trade worries receded slightly. The UK's FTSE was buoyed by weakness in the sterling.

/ ASX200 : returned a gross profit of +1.38% extending its monthly winning streak to 4x months led predominantly by gains in the telecoms sector. The calendar YTD return of the ASX200 is +3.55%.

/ FTSE100 : returned a gross profit of +1.45%, only the 3rd positive month for the calendar year. The growth was in part driven by a weakness in sterling (against the USD) which fed through into earnings upgrades. It is anticipated that the sterling will continue its weakness, at least in the short term as fears of a “no deal” or “cliff edge” Brexit remain in the fore. The calendar YTD return of the FTSE100 is +0.79%.

/ HFRX : returned a loss of -0.15% extending its recent trading record to 4/6 negative months. The calendar YTD return of the HFRX is -1.00%.

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The month in review

For the month of July 2018 we generated a gross return of **+1.36%**. The monthly return was commensurate with the benchmarks except for the HFRX global hedge fund index which returned a loss of **-0.15%**.

For the month of July the focus was on trading the FIFA World Cup markets, The Open Championship Golf and multiple T20, ODI & Test cricket matches. It is low season for Australian horse racing so we steered clear of any trading as poor weather, dubious tracks & ordinary horses makes trading racing particularly difficult at this time of year.

From the Trading Desk

Whilst trading was only limited to a few events it was a busy month for the desk, trading multiple markets in each FIFA World Cup match. Additionally The Open Championship was traded heavily across all available markets & a litany of cricket matches around the globe meant the desk was busy.

FIFA World Cup : the early exit of Germany in the Group Stage ruined any hopes of a strong finish to FY18. As per our World Cup Previews & Reviews Germany performed as expected in terms of key metrics but could not convert those to wins. The upside of Germany's early departure meant that we then had to move to our second selection in the outright markets – France. That proved a profitable trade, as outlined below.

July started with the knock out phase of the tournament with the Round 16 matches commencing in the early hours of July 1st. There was little value in the Round 16 matches as most matches went as predicted with only the Russian victory over Spain creating headlines. With Germany already out of the tournament this opened up one side of the draw. We traded a couple of Round 16 matches; namely Brazil v Mexico, Sweden v Switzerland & Colombia v England siding with Under 2.50 goals having predicted a slow start. We were able to extract some small value out of these trades.

The QF matches saw Belgium beat Brazil & England easily beat Sweden setting up France v Belgium & Croatia v England in the semi finals. As per our pre-tournament preview we rated Belgium highly whilst not rating England at all. Subsequently at this point of the tournament & with an open position on France which was well in the money, we used some of the France gains to cover our liability by backing both Belgium & Croatia. France beat Belgium to set up a final with Croatia who disposed of England.

These results meant that we had both sides going for a small profit in the Final meaning we scraped through the tournament in front.

From the Trading Desk (continued)

The Open Championship: the golf markets appear to be finally catching up to reality as no longer are we seeing favourites at sub \$10 pre-tournament. As long term investors in the Fund will be aware, we like to take a set against players early with a view to trading those positions during play. The liability about taking on \$15+ favourites does not fit our risk profile – subsequently our pre-tournament focus on The Open was taking match-bet positions, Top 5 & Top 10 positions rather than being active in the outright market. After Round 1 we were able to take on some players who had firmed too much. We were able to trade positions in play on both WOODS & SPIETH for a small profit – albeit it a hard earned profit as at various times in the tournament they both loomed large. We were around the mark with our Top 5/10 trades without any of them landing spectacularly. KUCHAR & SPIETH both teased in the Top 5 market (finishing 2 shots off) whilst a final round 74 from Zach JOHNSON ruined his (and our) Top 10 aspirations. We squeaked a small profit on the tournament.

Cricket: India commenced their tour of England and was competitive in the short formats. We expect them to struggle in the Test series. We managed to break even on the ODIs & T20s as we had rated England highly. They won the ODI series but lost the T20 series. Australia was only just competitive in Zimbabwe & will continue to struggle without their frontline batsmen & bowlers. Pakistan are becoming formidable.

August Outlook

August 2018 will see the trading primarily focussed on the final golf major of the year, the USPGA Championship as well cricket, predominantly the England vs India Test Series. There is a sprinkling of ODI & T20 matches as well as the start of the Caribbean Premier League T20 tournament.

The European football leagues will start in August. In the Premier League Manchester City are favourites at \$1.75 & as per our preview they are too short at this stage. We have them firm favourites at \$2.50 – we cannot back them, & given that we rate them favourites we do not want to oppose them. Furthermore, with the World Cup having just finished we will be circumspect across all leagues for the early part of the season at least.

Australian horse racing starts to become interesting as the Spring Carnival beckons. The Worlds' best horse, WINX returns to racing on the 18th August in what should be a regulation win. Her reign as the best horse in the world looks set to continue, culminating with another win in the Cox Plate in October. As part of the August Monthly Report we will profile a couple of other horses to follow through the Spring including GRUNT & KEMENTARI who both look set for winning campaigns.

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