

# Giano UCITS Fund

## Long/Short Equity

July 2021

### Performance Returns

The Giano UCITS Fund (EUR Class R Pooled Shares) returned 0.2% for July.

### Investment Objective & Strategy

Giano Capital is a long-short equity fund that thrives on innovation by delivering quality investment propositions through highly experienced individuals and machine learning methodologies. The fund vigorously pursues and thrives on innovation; focusing on the integration of new machine learning technology. We have a highly experienced team centred on finding equity opportunities utilising tools that improve the productivity of the investment process, allowing us to identify a greater number of opportunities whilst being more objective and disciplined.

Effective and efficient automation of parts of the investment process, where possible utilising the learning methodologies of the "machine" are used to make quality investment decisions quickly and objectively, complementing the subjective experience of the fund manager.

### Monthly Commentary

#### Markets

Stock markets continued to perform well in July with the S&P up 2.3% and the EuroStoxx 2%. Despite this, several markets are markedly correcting, especially China and Hong Kong on the back of regulatory concerns, along with US Small-Caps and Spain. At the sector level in Europe the best sectors were Basic Resources and Real Estate, with the worst Energy and Retail. European Mid-Caps are an area of strength. The current sentiment and economic surveys continue to show Inventories at extraordinarily low levels with Orders at high levels. This is driving the highest levels of producer-level inflation in more than four decades.

*(Monthly Commentary Continued on page 2)*

### UCITS Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2021	-0.3%	0.9%	2.1%	0.5%	-0.6%	-1.7%	0.2%						0.7%
2020	-0.8%	-3.1%	4.3%	1.8%	1.4%	-2.3%	-2.3%	4.3%	0.4%	-0.7%	-0.3%	-0.4%	2.1%
2019	-2.0%	-5.5%	1.5%	-1.2%	-0.9%	-4.4%	-1.6%	1.8%	2.1%	1.8%	-2.6%	0.8%	-10.1%
2018	-	-	-	-	-	-	1.0%*	-2.8%	-2.2%	-2.9%	-2.6%	0.3%	-9.1%

The performance figures quoted above represent the performance of the Giano UCITS Fund since launch on the 11<sup>th</sup> of July 2018. These performance figures refer to the past and past performance is not a reliable guide to future performance.

### Odey Giano UCITS Fund Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2018	4.9%	3.4%	-0.7%	2.5%	4.1%	1.4%	0.8%						17.4%
2017	-0.1%	-0.4%	-0.7%	1.1%	2.0%	1.2%	0.8%	4.8%	3.2%	2.9%	1.1%	-3.0%	13.3%
2016	-2.5%	1.8%	-2.2%	-4.4%	0.9%	-1.5%	0.2%	-1.0%	-0.7%	-4.9%	1.5%	-7.4%	-18.8%
2015	0.7%	-5.6%	2.1%	-2.7%	-1.7%	1.1%	-0.5%	1.0%	0.6%	-0.4%	-0.3%	5.3%	-0.9%
2014	0.9%	3.1%	-4.3%	-4.3%	1.5%	-0.3%	-0.7%	1.7%	2.5%	3.6%	2.3%	1.0%	6.9%
2013	-0.3%	5.0%	4.0%	-3.7%	1.7%	2.9%	-1.5%	-0.2%	0.7%	-0.3%	1.9%	3.4%	14.1%
2012	-0.2%	0.4%	-0.2%	4.8%	3.1%	-2.1%	1.7%	-2.1%	1.2%	-0.4%	0.0%	-2.3%	3.8%
2011	-	-	-	-	-	-	-	-	-	-	-0.1%	-1.8%	-2.0%

The performance figures quoted above represent the performance of the Odey Giano Fund since launch on the 17<sup>th</sup> November 2011. This fund was merged into the Giano UCITS fund on the 11<sup>th</sup> July 2018. These performance figures refer to the past and past performance is not a reliable guide to future performance.

### The Manager

## Quay Partners

### Michele Ragazzi

Michele Ragazzi will manage the Fund; an experienced manager of long/short equity funds since 1994, he has outperformed the market whilst providing good capital protection under challenging market conditions for his clients whom, in some cases, have invested with him for 20+ years. Michele is passionate about the need to innovate, increasing product value through technology, penetrating new markets and increasing the value-add for the client. Michele identifies the moments of extreme valuations that may be caused by specific company events or by market capitulations.

### Marco Bianchi

Marco Bianchi is a senior Quant formerly with the Bank of England - Marco heads the systematic research team.

### Fund Facts

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Daily
Fund AUM	€16 million
Strategy AUM	€30 million
Inception	11 July 2018

Share Class	Class M Shares
Currency	EUR/USD/CHF/GBP
Mgt. Fee	0.75%
Perf. Fee	0.00%
Min Init. Sub.	10,000,000
ISIN Codes	EUR: IE00BFX0Y541 USD: IE00BFX0Y871 CHF: IE00BFX0Y764 GBP: IE00BFX0Y657

Share Class	Class R Pooled Shares
Currency	EUR/USD/CHF/GBP
Mgt. Fee	1.25%
Perf. Fee	15.00%
Min Init. Sub.	5,000
ISIN Codes	EUR: IE00BFX0Y988 USD: IE00BFX0YD20 CHF: IE00BFX0YC13 GBP: IE00BFX0YB06

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This is encouraging for a protracted industrial cycle, especially given the structural changes that are necessary to retool the global economy to meet the demands of onshoring production, growing digitalization, and climate change. The US yield curve continues to support the idea that we are in the early stages of a recovery whilst financial conditions remain extremely easy with debt spreads very well behaved. This strikes us as a benign environment but we are conscious that valuations in certain sectors are stretched and that sentiment and exposure indicators urge caution.

### Portfolio

We have now fully implemented version 1 of our Barometer which is designed to utilize our experience in markets at the level of code to spot changes in macro-economic data, market sentiment, exposure, and other factors. The Barometer will be used as an internal monitor of our trading Modules signalling how these should behave. The Barometer is currently signalling slower growth ahead with the headwind of accelerating inflation. The performance of the Basic Resources sector reflects new highs in the main commodity indices. Oil, for example, has made new highs. We are especially encouraged that the Macro Barometer rightly spotted the trending rally in both government and corporate bonds. Over the course of the summer, we have developed a number of Modules to use in the portfolio. Alongside our existing Capitulation model, we have developed two further strategies. The first is designed to signal an impending Slump using correlations (and currently shows no negative signals). The second is designed to exploit downside volatility.

### Management

We have made a significant number of changes over the course of the last 3 months, restructuring the team into a series of Pillars to better execute our strategies and restructuring our management processes. We plan to discuss these changes in more detail in the coming weeks.

### Michele Ragazzi

## Contact Details

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