

# Giano UCITS Fund

## Long/Short Equity

April 2022

### Performance Returns

The Giano UCITS Fund (EUR Class R Pooled Shares) returned -2.1% for April.

### 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

The S&P was down 4.2% and the Eurostoxx down 1.2%.

Defensive sectors and Energy/Materials were best performers; technology and consumer discretionary the worst.

Our Barometer is signalling a slowdown with upside inflationary pressures.

Stock markets recovery since the stock market capitulation at the beginning of March has been one of the poorest outside of a recession.

*(Monthly Commentary Continued on page 2)*

### UCITS Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2022	-1.1%	-2.0%	1.8%	-2.1%									-3.4%
2021	-0.3%	0.9%	2.1%	0.5%	-0.6%	-1.7%	0.2%	0.4%	-1.3%	-0.3%	-2.9%	1.3%	-2.0%
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 17th November 2011. This fund was merged into the Giano UCITS fund on the 11th 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	€12 million
Strategy AUM	€22 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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Negative real wages and the FED fighting against inflation have historically had high probability of causing a recession.

In this context, trying to gauge where US inflationary pressures could be in 6-12 months from now is useful to try and tune in FED monetary policy over the next few months. The Atlanta FED produces an indicator of inflation that picks up those components that are slow moving and seems to have good predictive power.



Source: Bloomberg

The above reading of 4.7% clearly does not bode well in a situation where the Fed would want to see inflation heading at least toward the 3% level before reducing its pressures on slowing the economy.

In a situation where monetary policies have started to diverge significantly around the world and the US are being anticipated to be on the verge of a path of very sharp increase in interest rates over the next 12 months also currencies have started to move wildly (US dollar/ Yen is up about 12% over the last 2 months) and here is the US dollar against a basket of currencies.



Source: Bloomberg

This is adding another dimension of complexity when investing in equities as the impact on single stocks is difficult to measure and the impact can be delayed.

Recognising that we are in a bear market also means recognising that bear markets need to be traded more frequently.

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Our indicators, specially in the US, are now telling us to exit the Stability trade - that we originally put on at the beginning of February following our Slump Alert - and go slightly more aggressively positioned into Quality and Growth; we are executing it at the very beginning of the month of May.

It is probably going to be only for a short period of time before having to resume a bear market positioning; we will be driven by our process.

We are happy with what we have achieved with the help of the machine over the last few months and we see a lot of space for improvement.

**Michele Ragazzi**

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