

Giano UCITS Fund

Long/Short Equity

May 2020

Performance Returns

The Giano UCITS Fund (EUR Class R Pooled Shares) returned 1.4% for May.

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 closed up 4.5% and the Eurostoxx up 3%.

Best sectors in Europe were Basic Resources and Construction and Materials; the worst Insurance and Banks.

The EU Recovery Fund proposal seems quite important to highlight among all the monetary and fiscal measures adopted by the Western economies. Its size would be of around 5% of GDP of the Union, would be funded centrally and targeted to where it is most needed (mainly the periphery). It is still in its early stages but its importance consists in the fact that it might represent the beginning (and many see it as such) of a common counter cyclical fiscal policy inside the EU.

If adopted - which seems quite likely given the backing of Germany and France - it would have long lasting effects on the differential cost of debt between the centre and the periphery.

(Monthly Commentary Continued on page 2)

UCITS Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2020	-0.8	-3.1	4.3%	1.8%	1.4%								3.5%
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 11th 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	€24 million
Strategy AUM	€37 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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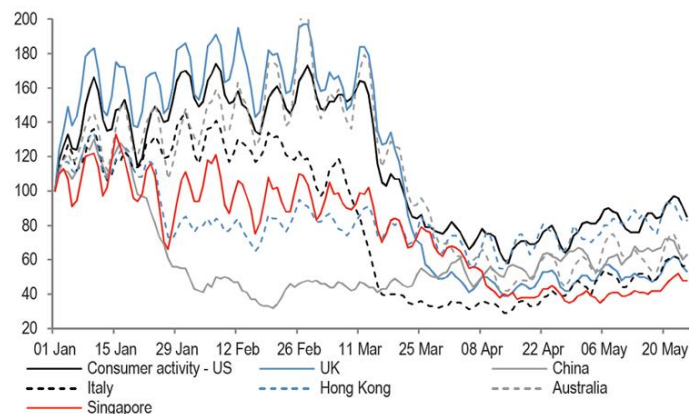
Monthly Commentary cont.

The Covid pandemic continues to spread among emerging economies while the Western world has been slowly reopening.

Central banks have pumped in >20\$ trillion annualised in the financial system which makes difficult to understand where the markets are going to go.

Otherwise the visibility on the state of the economies remains extremely low and high uncertainty usually creates lower valuations which is the opposite of what is happening at the moment.

This chart is showing an index of consumers' activity in a number of regions.



Source: JP Morgan, As of 30th May. Benchmarked to 100 on 1st January 2020

I think that the UK statistics on Covid will be important to watch this month to gage the risk of a second wave in the Western economies as the country is reopening children's schools, the use of public transportation in large cities is inevitable and only a few seem to be using masks.

An extreme case of what seems difficult to understand in the markets at the moment is the case of Lufthansa. The company was very largely indebted and was carrying a very large pension deficit before the Covid pandemic hit. It is far from clear when we will be able to return to flying as before the pandemic hit. Last month the German Government has effectively nationalised the company taking 20% of it with a very small equity injection and has lent it monies at conditions that substantially insure that the company will not be able to make any profits in the future (unless perhaps the bond market is so "naive" to substitute the German Government debt at substantially better conditions) and the market capitalisation of the company is now down only 20% from the beginning of this year.

I still think we are in a recessionary environment, we are keeping the maximum flexibility with minimal market exposure and wait until the market will signal the opportunity to short the specific baskets that we have designed for this type of markets.

Michele Ragazzi

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