

Giano UCITS Fund

Long/Short Equity

May 2022

Performance Returns

The Giano UCITS Fund (EUR Class R Pooled Shares) returned -2.7% 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 was down 1.7% and the Eurostoxx down 1.6%.

Energy and Financials were the best performing sectors; defensives and consumer discretionary the worst.

Our Barometer is signalling a slowdown with inflationary pressures.

The current period is characterised by high inflation (caused both by supply and demand side events - mainly the war in Ukraine and full employment in the US) and Central banks are well behind the curve. As a consequence, the FED is expected to raise rates at an unprecedented speed over the next 12 months.

(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%	-2.7%								-6.0%
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 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	€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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One of the challenges that we are encountering is that we don't have a similar period in the last 50 years to draw data and lessons from.

It is clear that the US consumer will play a very important role in the months to come in determining whether the US economy will enter into a recession or not.

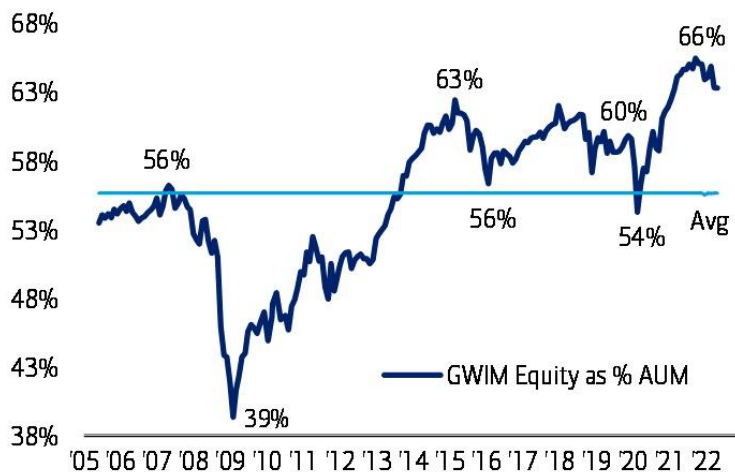
While the prevalent narrative is that the US consumer is in very strong health, we have seen some evidence that this may be changing. A recent Gallup survey showed a substantial deterioration in the lower income bracket's (<40,000\$ of income) responses to questions about affordability such as "Not having enough to pay normal monthly bills". Furthermore, there is evidence of an increase in credit card debt that seems related to the need to pay for current expenses as there isn't a corresponding increase in retail sales.

Stock prices remain very vulnerable to a possible reduction in earnings estimates given how expensive they are especially in the US; it is important to note that a number of times in the past we have witnessed a reduction of corporate earnings even outside of US recessions; notably in 2015-2016 during an industrial slowdown similar to the one we are witnessing now.

With a more positive outlook, there is a possibility that we may have reached the top of this inflationary cycle. Historically in similar scenarios, the FED was able to start cutting rates after inflation peaked, prompting a stock market rally. However, we seem to be in a very different situation today: it is likely that the FED, given how much behind the curve it is, may need to keep on raising rates even if we have reached the top of the inflationary cycle. In the vast majority of cases in the last 80 years a recession was the consequence of policy makers' desires to tame inflationary pressures.

Ultimately private investors will need to reduce their exposure to equities quite substantially and we think this will be the next phase of the bear market.

Private Clients Equity exposure as a % of total Assets Under Management.



Source: Bank of America

Michele Ragazzi

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