

FACTSHEET

THE MANAGER

Performance Returns

The Giano UCITS Fund (EUR Class R Pooled Shares) returned -2.0% for January.

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

In January the S&P was up 7.9%, the Eurostoxx 600 up 6.2%.

In Europe the best sectors were Basic Resources and Autos; the worst Telecoms and Healthcare.

In the fund the best were Plus500 (long) and Mowi (short) and the worst were Eurostoxx 50 Put (long) and Pets at Home (short).

It was enough for the FED, the US Central bank, to mention that it would have stopped raising rates to ignite quite a powerful stock market rally. I must say that at the end of December - before the FED changed language - I thought that the probability of seeing a market crash in January was pretty high; it felt to me that the situation was very similar to 1987, it was the Bundesbank at the time to raise rates in a slowdown.
(Monthly Commentary Continued on page 2)

UCITS Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2019	-2.00%												-2.00%
2018	-	-	-	-	-	-	0.98%*	-2.80%	-2.20%	-2.90%	-2.60%	0.25%	-9.07%

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	4.90%	3.40%	-0.70%	2.50%	4.10%	1.40%	0.75%						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.

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 heads the systematic research team.

Ilario di Bon

Ilario di Bon has a very strong fundamental background has started working with us from the beginning of August. His main task will be to develop the fundamental side together with the systematic team to achieve the advantages of productivity, higher discipline and results that we have in mind.

FUND FACTS

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Daily
Fund AUM	€32 million
Strategy AUM	€47 million
Inception	11 Jul 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

The indicator of industrial activity I look at stabilized in January, because of a rebound in US - after an awful December (which may be what caused the FED to adopt a more dovish attitude) - and Germany falling to levels only seen in 2011/12, 2002 and obviously in 2008. Based on historical experience these slowdowns would last at least another 6 months and earnings estimates for industrial stocks seem too high in the event.

In spite of a strong January the stock market internals remain pretty weak for now; for example, the banking sector has started weakening already also in absolute terms.

I am watching closely the semiconductor cycle that is not showing signs of bottoming although quite a few semis stocks have been quite strong recently.

According to the work we have done on previous similar instances in market set up in the next few months we are likely to experience what we call a full market capitulation which involves a sharp correction of defensives stocks as well as other more vulnerable types of stocks; one example of that was February 2016 but also August/September 2011.

I am aware of the importance of the change in stance by the FED although it would need a market slump to see them reacting further.

The earnings season in Europe has started quite weak although often stocks haven't reacted negatively to that.

The fund will retain the present short bias for now.

Ocado - Long

The company gave a very interesting update when they reported their numbers.

Ocado has traditionally been a large basket grocery shop for families on a weekly basis. As such is probably capturing below 50% of the annual food spending of their customers. With the brand Zoom the company has announced that is entering the convenience market - estimated to be 20% of a £40bn market - and is growing rapidly, with sub 60 min deliveries and with 10,000 lines available to clients which is a range equivalent to an actual Tesco supermarket rather than the 1,500 lines typically available in a Tesco convenience store.

Michele Ragazzi

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