

# Giano UCITS Fund

## Long/Short Equity

November 2021

### Performance Returns

The Giano UCITS Fund (EUR Class R Pooled Shares) returned -2.9% for November.

### 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 were weak in November with the S&P down 0.8% and the Eurostoxx down 4.6%.

The relative muted move in the indices is hiding a very sharp correction in high valuation stocks specially in the US; the move - more than 20% of Nasdaq stocks are down more than 50% from their peak outside a significant S&P correction - is the worst since the internet bubble burst at the beginning of this century.

A number of cross assets moves and data (Oil, Commodities index, 2-10 US yield curve, Banks stocks, PMI Prices paid) since mid-November are indicating that inflation is now decelerating; at the same time both cross assets moves and data are indicating that major Developed economies are accelerating: our Barometer is hence moving toward Quad 1.

*(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%	0.4%	-1.3%	-0.3%	-2.9%		-3.3%
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	€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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Monetary policy remains very accommodative although the US Central bank has become more hawkish over the last couple of months and there seems to be enough political consensus to allow them to start raising rates sometimes next year.

Market expectations of FED rates 9m forward compared to rates now



Source: Bloomberg

The above chart shows that the FED is now expected to raise rates by 35 basis points over the next 9 months; the expectation was close to zero only a couple of months ago.

The risk for the markets would be if the FED were to start raising rates when the economy is slowing but this shouldn't happen until at least Q2 of next year.

One important indicator we watch has started flashing amber; it has been a good predictor a number of times in last 20 years of the peak of the industrial cycle.

I am inclined to dismiss it for now as we are moving in Quad 1.

I am very glad to welcome Edward Rumble. Ed will be Heading Fundamental Research.

Michele Ragazzi

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