Giano UCITS Fund

Long/Short Equity

March 2020

MontLake

Performance Returns

The Giano UCITS Fund (EUR Class R Pooled Shares) returned 4.3% for March.

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 down 12.5% and the Eurostoxx down 14.8%.

Best sectors in Europe were Healthcare and Food&Beverage; the worst Banks and Travel&Leisure

In March stock markets crashed.
For the first time we have been able to employ the machine to help us manage the fund successfully.
The machine has helped us a) to screen companies to short during the stock market descent; b) to spot the bottom of the 16th of March and hence to close most of the shorts; and c) to screen the stocks to buy for the rebound.
All of this is based on companies' fundamentals, price behaviours, macro and positioning data.
We have been advancing very quickly since the beginning of this year and the work we are doing is very promising although a lot still needs to be done.

(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%										0.3%
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	€24million
Strategy AUM	€36 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/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

Monthly Commentary cont.

As I am writing, on the 8th of April, after the recent rally the stock market seems to be underestimating the viciousness of Covid19 (for example the number of deaths in Italy is a lot higher than reported; in the province of Bergamo once the number of deaths in March of this year is compared with that of March 19 it becomes clear that 0.5 per cent of the population has already died as a consequence of the spread of the virus), and authorities seem to be repeating the same mistakes around the world (having sick people quarantined at home with their families with the result of infecting the other members of their family).

I believe that the central scenario for the next few months (60% probability) is one of a very severe slump in demand followed by a slow recovery due to the need of social distancing for a period of time (although, how social distancing is going to be achieved in cities where people need public transportation to go to work is not clear to me); in this situation the service economy - the vast majority of GDP of Western economies is related to the consumer - will recover at a slow rate.
The more positive scenario (15% probability) would be related to finding a cure quickly - a cure, not a vaccine that would take >1 year to become widely available.
The more negative scenario (25% probability) is one where Western economies end up in a depressionary state; this would be triggered by a vicious circle of higher unemployment, lower consumption and corporate bankruptcies in an environment of record high corporate indebtedness; hopefully this last scenario is being avoided thanks to the prompt response of the monetary and fiscal authorities.

That stock markets could still have ample room to fall can be seen by the high level of long term valuation measures - like the Shiller PE - also considering that Shiller earnings are most likely going to be lower over the next 2 years by construction.

One notable difference (there are many and it is not my intention to compare one crisis with the other now) with the 2008-09 market slump and recessionary environment is the much lower level of 10 year US Government yields now in a range broadly of 0.5-1% compared with 3% to 4% in the first phase of the slump of 08. This should play favourably for defensive stocks and obviously for growth stocks.

Michele Ragazzi

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