

Giano UCITS Fund

Long/Short Equity

June 2022

Performance Returns

The Giano UCITS Fund (EUR Class R Pooled Shares) returned -3.8% for June.

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 6.2% and the Eurostoxx down 8.1%.

Both in Europe and US defensive sectors were the best performers while Energy and Materials were the worst.

Our Barometer is signalling a slowdown with inflationary pressures.

The US market went into Capitulation on June 17th but has barely been able to bounce; one more signal of its continued weakness.

(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%	-3.8%							-9.5%
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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10yr US and European Government bonds rallied over the last two weeks as investors' attention seems to shift from concerns about inflation toward recession risks.

PMIs show another notable deterioration of the orders/inventories ratio; this indicator is now anticipating a substantial earnings recession risk. It is necessary to see a 180 degree turn in this indicator to signal the bottom of the industrial cycle.

Natural Gas price in Eurozone.

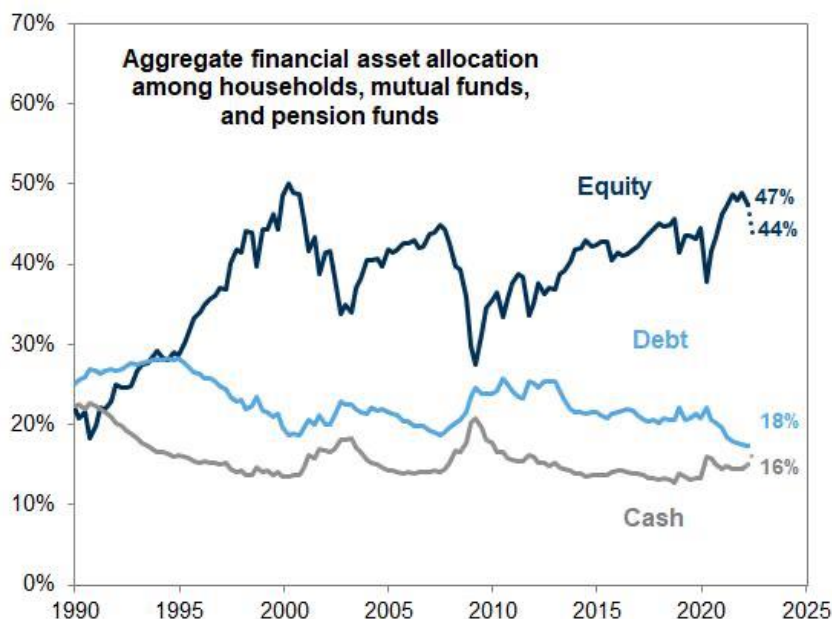


Source: Bloomberg

About 25% of the EU's energy consumption comes from natural gas which has seen its price quintupled in about a year. The risk of supply being cut further by Russia has increased, which would impact primarily Germany and Italy.

One also has to wonder how much longer the appetite to endure sacrifices in order to punish Russia will last in the countries hardest hit by the increase in energy prices.

Stock market prices in Europe and US are not anticipating a decline in earnings - which typically happens in a recession and investors seem quite sanguine about the future. In fact equity funds have had net subscriptions this year (while debt funds have had very substantial redemptions) and investors' exposure to equities remains very high by historical standards (as shown in the chart below); this is likely to change before the bear market ends.



Source: Goldman Sachs Investment Research Division, Cormac Conners, as of 7/1/22.

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On the policy front, the communication from Fed chairman Powell's testimony before congress last month was in line with comments he made following the Fed's 75bp hike on June the 8th (the largest increase since 1994): the Fed is "moving expeditiously" to bring inflation down and that the Fed has the "resolve it will take to restore price stability." - this last comment sounds like the opposite of the famous Draghi's "whatever it takes" policy mantra during the Euro crisis of 2014, central banks are raising rates in a slowing economy has historically been very negative for stock markets.

Some FED officials are now indicating that they expect a recession; this is also something previously unheard of.

Michele Ragazzi

Contact Details

Investor Contact

Waystone Capital Solutions (UK) Ltd
2nd Floor, 20-22 Bedford Row
Holborn, London
T: +44 207 290 9493
investorrelations@waystone.com

Management Company

Waystone Fund Management (IE) Ltd
3rd Floor, 76 Baggott Street Lower
Dublin 2, Ireland
T: +353 1 533 7020
investorrelations@waystone.com

Investment Manager

Quay Partners Investments (UK) LLP
21 Knightsbridge
London SW1X 7LY
T: +44 (0)20 3746 4410
Marketing@ethus.co.uk

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