Giano UCITS Fund
Long/Short Equity

July 2018

FACTSHEET

Performance Returns

The Giano UCITS Fund (EUR Class R Pooled Shares) returned 0.98% for the July period after the merger (July 11th – July 31st). Prior to the merger the Odey Giano Fund (EUR Class R Pooled Shares) returned 0.75% (July 1st – July 11th).

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 up 3.6% and the Eurostoxx 600 up 3.1%.

The best sectors in Europe were Healthcare and Banks; the worst were Basic Resources and Financial Services.

The best in the Fund were Plus500 (long) and Nielsen (short) and the worst Zooplus (long) and Coldplast (short)

The earnings season has been strong both in Europe and in USA. Quarter 2 earnings growth improved versus quarter 1 both in US and in Europe; also, the proportion of companies beating estimates was extremely good in US but also better than the historical trend in Europe.

(Monthly Commentary Continued on page 2)

UCITS Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2018	-	-	-	-	-	-	0.98%*	-	-	-	-	-	**0.98%**

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.

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

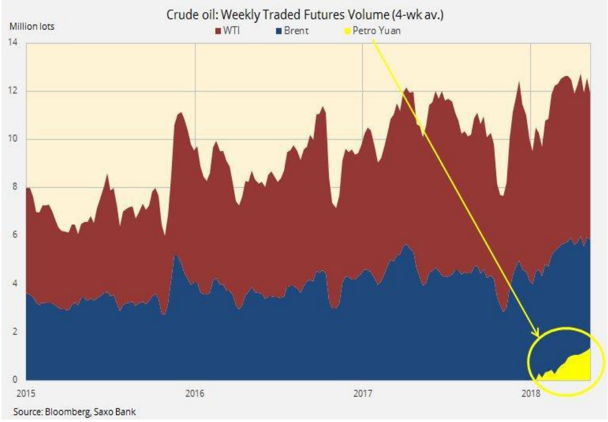
Marco Bianchi heads the systematic research team.

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.

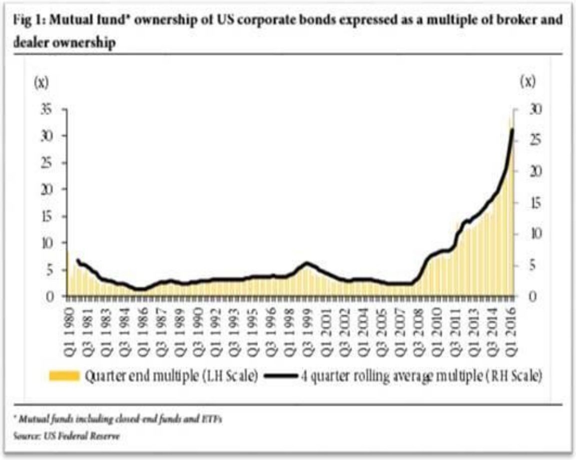
FUND FACTS

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Daily
Fund AUM	€32 million
Strategy AUM	€50 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 most important thing I have come across over the last couple of months is related to China and their need to yuan-ize (de-dollarize) the price of commodities, specially oil, at the same time as their balance of payments, for the first time in about 20 years, has turned into a deficit.

This seems to be a very important subject to follow closely as the ability to yuan-ize will be critical to the stability of their economy; the lack of it could create the conditions for a crisis similar to the 97-98 crisis in Southeast Asia but for an economy a number of times bigger.



Gam Holding, short. The stock was down 27% in the month. The Swiss asset manager suspended redemptions from some of their fixed income funds; while the company is mentioning wrongdoing by their Fund manager I am wondering if this isn't a wider issue of lack of liquidity and search for yield being derailed by some issues in emerging markets.

I have a small short position in the stock and reviewing it.

Nielsen, short. The stock was down 24% in the month. Reported bad results and lowered its guidance significantly. The CEO will now "retire" at the end of the year.
Free cash flow guidance is down from 800mln to 550-575.
Still a high valuation for a challenged business on 13.5x EV/Operating Free Cash Flow.

ABF, long. Reported and the stock was down 10%. The continuing weakness in the sugar business seems to impact the stock price a lot more than I think it should: I think that the entire sugar business was not worth more than 5% of the entire value of ABF. Also, more importantly in my view, management seem to have become more optimistic on Primark in US.

Zooplus, long. Reported slightly weaker than expected sales and the stock came off 6% in the month. The stock is very cheap on 0.6x 2019 EV/Sales.

Intu, short. Reported in July. Shopping Centers have been written down by 6%, their debt has reached very high levels (Loan to value 49%). The CEO is leaving. We believe that the company needs to raise 3/3.5bn - with a market cap of 2.3bn now - to go through a normal cycle slow down and to spend in capex that has been too low for years. I have increased substantially the position.

DIA, short. The stock was down 23% in the month. Reporting showed that the company is now burning a lot of cash (368mln in the first half on 1.3bn of market cap). Their franchising model has cracked: Ebitda margin down 20% year on year with sales down 3%. Half of the EV is debt.

I believe that more focus is needed on the short side specially sizing positions that are working well and as a consequence become smaller. I will focus on improving this aspect over the next few months.

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