Fund Factsheet

VT Argonaut Equity Income Fund

At 30 April 2023

Barry Norris
Fund Manager

Barry Norris founded Argonaut in 2005 and manages the VT Argonaut Equity Income Fund using his "earnings surprise" investment process. Barry began managing money in 2002 at Neptune, having begun his career at Baillie Gifford. He was educated at Cambridge University and has an MA in History, and an MPhil in International Relations. He also holds the CFA charter.

Fund aim

The Fund aims to provide an income (net of fees) in excess of the yield of the European market (as represented by the IA Europe ex UK sector) with capital growth over any 5 year calendar period.

Fund overview

Benchmark	IA Europe ex UK
Launch date	30 December 2016
Dividend Yield *	**2020 2019 2018 2017**
Fund :	3.79% 7.04% 3.97% 4.97%
IA Europe ex UK :	1.72% 2.17% 1.45% 1.93%
Historic dividend yield [2]	4.91%
Fund size	£3.5m
Share class	Class R
No. of holdings	30
Bloomberg	R (Acc) - FPEIORA LN R (Inc) - FPEIORI LN
Sedol codes	R (Acc) – BDSFHH3 R (Inc) – BDSFHG2
ISIN	R (Acc) – GB00BDSFHH38 R (Inc) – GB00BDSFHG21
Ongoing charge (as at 28/02/23)	R Class Shares – 0.85%
Minimum investment	£500 (R Class Shares)
Minimum top up	£250 (R Class Shares)
Regular savings scheme	Yes (R Class Shares)
ISA option available	Yes (R Class Shares)
XD/Payment dates	01.03/15.04, 01.06/15.07 01.09/15.10, 01.12/15.01

*Lipper, 30/04/2023: Calculated by subtracting the total return, net of tax, from the capital return.

All information as at 30/04/2023, unless otherwise stated and measured against the fund's benchmark index.

Investor information – This fund may not be appropriate for investors who plan to withdraw their money within 5 years.

Fund Commentary

"Every banker knows that if he has to prove he is worthy of credit, in fact his credit is gone."
Walter Bagehot, Lombard Street: A Description of the Money Market, 1873

The fund returned -0.30% over March, compared with the IA Europe ex UK sector which returned +1.30% and an Equity Income peer group of +2.24%.

Although the fund made money in Dutch oil storage business Vopak (+10%), Swiss wealth manager Julius Baer (+7%) and staples behemoth Nestle (+6%), this was offset by modest losses from semiconductor stocks, which sold off in response to mixed company reports, and oil and product tanker stocks that sold off in a knee-jerk reaction to announced OPEC production cuts.

April saw a modest relief bounce in global equity markets. Q1 reporting season again provided evidence that corporates are largely still experiencing the nominal economic boom, meaning that most companies are still able to raise prices, so there is not yet any negative operational gearing to profit margins.

Liquidity made available for bank repo transactions with the Federal Reserve also brought misplaced hopes that the US banking crisis was nearing an end. US regional banks are all being forced to pay more for deposits to fund loan and bond portfolios with modest yields, compressing net interest margins, at the same time as the outlook for credit quality has peaked (there is already evidence of localised credit crunches) and greater regulation looms.

It is incredible to think that The Federal Reserve has now raised its key Fed Funds rate from 0.25% to 5.25% in just 14 months, which constitutes the fastest pace since the 1970's, yet the real economy so far remains largely resilient, in no small part owing to the $4.4 trillion (+40%) increase in US bank deposits 2020-21 resulting from unnecessary COVID stimulus. This has led to many US banks drowning in liquidity, which they invested at the top of the bond bull market, but now is ruinously expensive. It also means that consumers and companies have a balance sheet buffer that has so far protected them from exposure to this bear market in rates.

Nevertheless, it is difficult not to conclude that the regional banking crisis will lead to less credit creation, meaning that weak assets will find refinancing difficult and credit losses will rise. We also expect more regional banks to fail until the crisis is so bad that the Federal Reserve has confidence that this cycle's battle with inflation has been won and starts cutting rates. In other words, things will get worse – a lot worse – before they get better.

We continue to reduce the Fund's cyclical exposure, increasing quality and duration as well as cash balances (since cash is now a tactically attractive asset), although we are mindful that we may need some patience before the dam finally bursts. Bankruptcy is a gradual process, until it is sudden. Nevertheless, we think the Fund can both tactically protect capital and still offer a very attractive yield, since it will likely be a year of surprisingly robust bumper dividends for many of our stocks, with on our estimates a 7% gross yield on average.

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[2] Lipper 31/03/2023, R Accumulation share class performance, in Sterling with net income reinvested
[3] Bloomberg 31/03/2023, Calculated by the weighted average of the forecast 12-month forward dividend yield of each holding in the portfolio

Cumulative	1 Month % Growth	YTD	2022 % Growth	2021 % Growth	2020 % Growth	2019 % Growth	2018 % Growth	2017 % Growth	Since Launch % Growth
VT Argonaut Equity Income Fund	-0.3	2.3	8.4	5.9	7.1	18.0	-11.2	20.6	58.9
IA Europe ex UK NR	1.3	9.0	-9.2	15.7	10.7	20.1	-12.4	17.4	56.6
Fund Rank	91/105	101/105	3/98	91/93	66/98	71/101	35/97	14/92	37/80
Quartile Rank	4	4	1	4	3	3	2	1	2

Income peer group performance

Cumulative	1 Month % Growth	YTD % Growth	2022 % Growth	2021 % Growth	2020 % Growth	2019 % Growth	2018 % Growth	2017 % Growth	Since Launch % Growth
VT Argonaut Equity Income Fund	-0.3	2.3	8.4	5.9	7.1	18.0	-11.2	20.6	58.9
IA Europe ex UK income fund average	2.2	8.6	-3.7	11.7	3.4	15.7	-11.2	15.7	46.5
Rank	10/10	10/10	1/10	10/11	5/14	7/16	6/15	3/13	2/8

Source: Lipper 30/04/2023, R Accumulation share class performance, in Sterling with net income reinvested and no initial charges.
*Comprised of 15 funds from the IA Europe excluding UK sector which state that they are income funds.

Past performance is not a guide to future performance. The value of shares and any income from them may fall as well as rise and is not guaranteed.

VT Argonaut Equity Income Fund

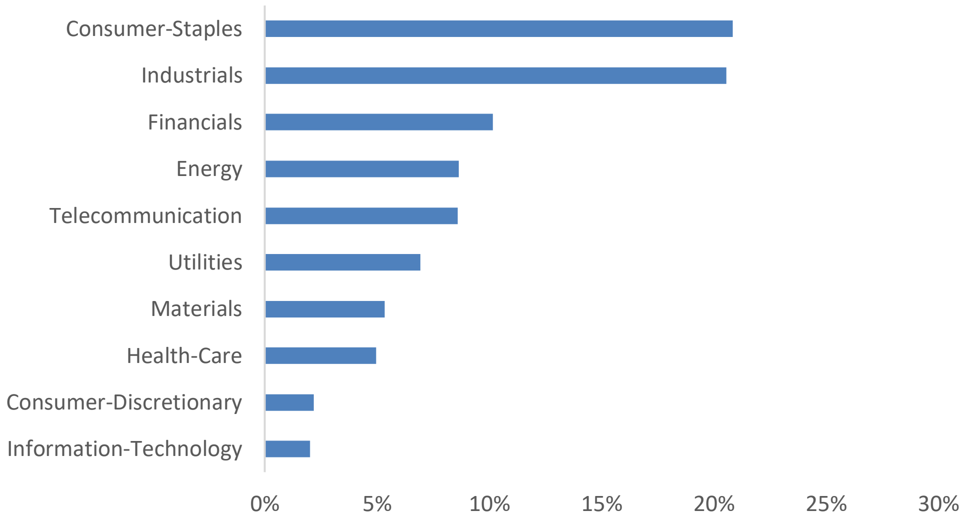
At 30 April 2023

Top Five holdings	Fund %
Sanofi	5.0
Hafnia	4.9
Mowi	4.7
Infrastrutture Wireless	4.7
Salmar	4.5

Country Breakdown	Fund %
Norway	25.3
Italy	18.0
Switzerland	9.7
France	9.6
Netherlands	6.3
Belgium	5.8
Denmark	5.7
United States	5.3
Other European	14.3

Market Cap	Fund %
Large Cap > €5bn	51.6
Mid Cap €1bn – €5bn	26.7
Small < €1bn	11.9
Cash	9.8

Sector Weights



Risk Analysis	Since Launch	1 Year
Beta	0.7	0.5
Standard Deviation (%)	13.7	17.5
Tracking Error	10.3	18.1
Jensen's Alpha	1.9	0.3
Sharpe Ratio	0.6	0.3
Information Ratio	-0.0	-0.3

Source: Lipper, all figures at 30/09/2022, these figures are subject to rounding. Date from the 12th May 2005 – 16th July 2012 A class and 16th July 2012 – 30th September 2022 reflects class R units. Tracking error is calculated ex post.

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Source: Argonaut Capital Partners, all figures at 30/04/2023 these figures are subject to rounding. Figures are based on the VT Argonaut European Income Opportunities GBP R Acc share class.

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Valu-Trac Investment Management Limited is the Authorised Corporate Director (ACD) of VT Argonaut Funds and is authorised and regulated by the Financial Conduct Authority. Registered office: Level 13, Broadgate Tower, 20 Primrose Street, London, EC2A 2EW.

Investors should refer to the Key Investor Information Document (KIID) and Supplementary Information Document (SID) before investing. For a copy, please telephone Valu-Trac Investment Management Limited on +44 (0) 1343 880 217 or visit www.argonautcapital.co.uk Alternatively write to Valu-Trac Investment Management Limited - Argonaut, Orton, Moray, Scotland, IV32 7QE.

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