

Fund Factsheet

VT Argonaut Equity Income Fund

At 31 May 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	£3.3m
Share class	Class R
No. of holdings	28
Bloomberg	R (Acc) – FPEIORA LN R (Inc) – FPEIORI LN
Sedol codes	R (Acc) – BDSFH3 R (Inc) – BDSFHG2
ISIN	R (Acc) – GBO0BDSFH38 R (Inc) – GBO0BDSFHG21
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, 31/05/2023: Calculated by subtracting the total return, net of tax, from the capital return.

All information as at 31/05/2023, 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

Bloomberg: “Where do you invest right now? Where are you putting that million?”

Dimon: “Central Banks”

Jamie Dimon, CEO, JP Morgan, Bloomberg Interview, May 11th, 2023

The fund returned -3.58% over March, compared with the IA Europe ex UK sector which returned -2.37% and an Equity Income peer group of -3.08%.

May saw a rally in AI related technology stocks and a sell-off in almost everything else, particularly those Chinese related, where the “re-opening” recovery narrative has stalled. The fund made a loss overall during the month owing to general market weakness, particularly in cyclical stocks. Our biggest winners were BE Semiconductor (+24%), which is seen by some as an AI play, with strong current trading at Norwegian Air Shuttle (+22%), also rewarded. Guidance from most Fed officials that a “pause” in rate hikes in June is now appropriate also supported animal spirits, as if this would result in a “no” or “soft-landing”, when in our view, a “hard landing” is now already inevitable. US money supply (real M2) is currently already contracting at the fastest pace since the early 1930's in the Great Depression. It is likely to contract further and decrease its velocity over the coming months as US banks reign in on new lending and conserve liquidity by

increasing their reserves. In addition to the Fed's \$95bn of QT per month, the rebuilding of government liquidity following the extension of the debt ceiling requires the issuance of an additional \$1trillion of Federal securities. Whilst we do not expect these auctions to fail, they will suck liquidity from other financial assets, especially as given the inversion in the yield curve, there is currently no financial incentive for either commercial banks or money market funds (currently earning 520 and 505 bps respectively at the Fed) to participate (hence Jamie Dimon's comments about where he (JPMorgan) was currently investing). This shortage of dollars will also begin to impact offshore dollar borrowing costs globally. A global liquidity crunch now seems assured.

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 our estimates a 7% gross yield on average.

² Lipper 31/05/2023, R Accumulation share class performance, in Sterling with net income reinvested

³ Bloomberg 31/05/2023, 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	-3.6	-1.4	8.4	5.9	7.1	18.0	-11.2	20.6	53.2
IA Europe ex UK NR	-2.4	6.4	-9.2	15.7	10.7	20.1	-12.4	17.4	52.9
Fund Rank	85/107	104/107	3/98	91/93	66/98	71/101	35/97	14/92	41/80
Quartile Rank	4	4	1	4	3	3	2	1	3

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	-3.6	-1.4	8.4	5.9	7.1	18.0	-11.2	20.6	53.2
IA Europe ex UK income fund average	-3.1	5.2	-3.7	11.7	3.4	15.7	-11.2	15.7	41.9
Rank	7/10	10/10	1/10	10/11	5/14	7/16	6/15	3/13	2/8

Source: Lipper 31/05/2023, 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.

Fund Factsheet

VT Argonaut Equity Income Fund

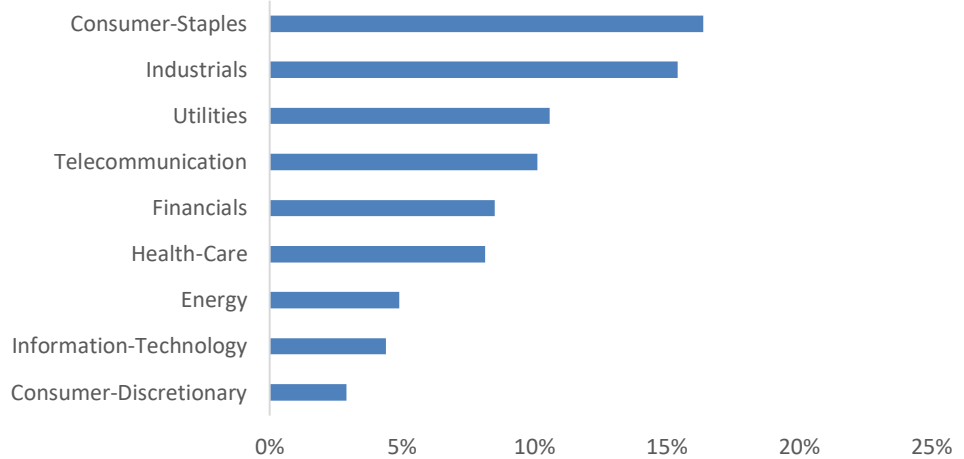
At 31 May 2023

Top Five holdings	Fund %
Mowi	4.7
Nestle	4.4
BE Semiconductor	4.4
Vopak	4.4
Italgas	4.3

Country Breakdown	Fund %
Italy	19.1
Norway	17.8
Spain	11.5
Netherlands	8.8
Switzerland	8.2
France	7.9
Belgium	5.0
Denmark	3.2
Other European	18.7

Market Cap	Fund %
Large Cap > €5bn	50.5
Mid Cap €1bn – €5bn	24.4
Small < €1bn	6.4
Cash	18.7

Sector Weights



Risk Analysis	Since Launch	1 Year
Beta	0.7	0.5
Standard Deviation (%)	13.7	16.7
Tracking Error	10.2	16.6
Jensen's Alpha	1.7	-8.4
Sharpe Ratio	0.5	-0.3
Information Ratio	-0.0	-0.7

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.

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.

Source: Argonaut Capital Partners, all figures at 31/05/2023 these figures are subject to rounding. Figures are based on the VT Argonaut European Income Opportunities GBP R Acc share class.

Dealing Contact:

Tel: +44 (0)1343 880 217
Tel: +44 (0)1343 880 344
Fax: +44 (0)1343 880 267

Telephone calls may be monitored and/or recorded for the purpose of security, internal training, accurate account operation, internal customer monitoring and to improve quality of service.

Important Information

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.

This communication is for general information purposes only and does not constitute professional advice. Argonaut Capital Partners accepts no responsibility for any loss arising from reliance on the information it contains.

The value of shares and any income from them can fall as well as rise and is not guaranteed. Exchange rate movements may cause the value of overseas investments to fluctuate.

Issued by Argonaut Capital Partners LLP. Registered in Scotland No. S0300614. Registered office: 4th Floor, 115 George Street, Edinburgh, EH2 4JN. Argonaut Capital Partners LLP is authorised and regulated by the Financial Conduct Authority.

The information contained in this document is believed to be correct at time of writing however no guarantees are made. Information and opinions are subject to change without notice.