

Fund Factsheet

VT Argonaut European Alpha

Fund Commentary

At 30 May 2023

Barry Norris
Fund Manager



Barry Norris founded Argonaut in 2005 and manages the VT Argonaut European Alpha 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

To achieve above average returns and attempt to perform a top quartile profile when measured against competing funds in the same sector.

Fund overview

Sector	IA Europe ex UK
Launch date	12 May 2005 (GBP A Acc) 6 December 2005 (GBP I Acc) 16 July 2012 (GBP R Acc)
Fund size	£24.8m
Share class	Class A/Class R/Class I
No. of holdings	32
Sedol codes	A (Acc) – B4ZRCDD R (Acc) – B7MMV8T7 I (Acc) – B76L737
Bloomberg	A (Acc) – IMAEAAG LN R (Acc) – IMAERAG LN I (Acc) – IMAE1AG LN
ISIN	A (Acc) – GB00B4ZRCDD05 R (Acc) – GB00B7MMV8T72 I (Acc) – GB00B76L7377
Initial charge	0.0%
Ongoing charge GBP (as at 31/12/21)	A Acc Class Shares – 1.89% R Acc Class Shares – 0.89% I Acc Class Shares – 0.89%
Minimum investment	£500 (A Class Shares)
Minimum top up	£250 (A Class Shares)
Regular savings scheme	Yes (A Class Shares)
ISA option available	Yes (A Class Shares)
XD/Payment dates	01.03/30.04, 01.09/31.10

Any past performance or references to the period prior to 14 July 2012 relate to the Ignis Argonaut unit trusts.

All information as at 31/05/2023, unless otherwise stated and measured against the fund's benchmark index.

Funds performance based on GBP share class, return may increase or decrease as a result of currency fluctuations on each share class.

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

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

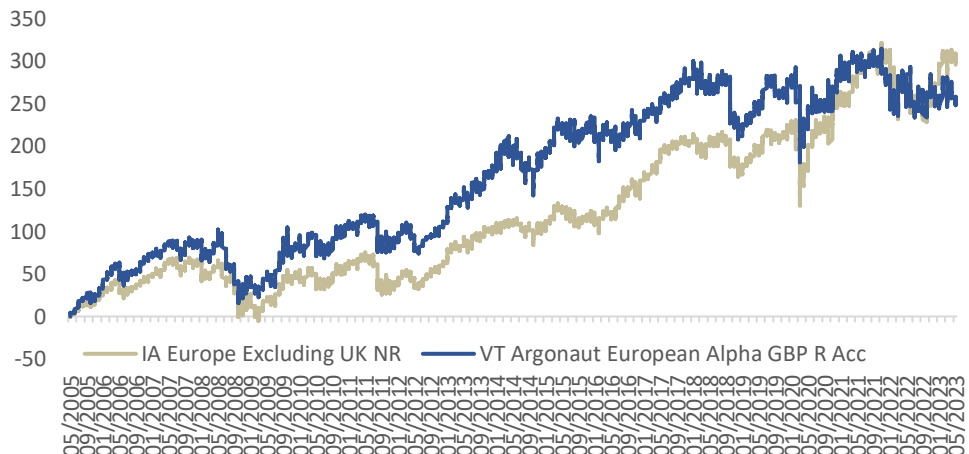
The fund returned -2.25% over April, compared with the IA Europe ex UK sector which returned -2.38%.

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 winners were concentrated in semiconductors: BE (+24%) and ASM (+22%); 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 during 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 at the Fed) to participate (hence Jamie Dimon's comments about where he (JP Morgan) was 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 exploit idiosyncratic opportunities.



¹ Lipper 31/05/2023, R Accumulation share class performance, in GBP with net income reinvested and no initial charges.

£	1 Month	YTD	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	Since Launch
Fund	-2.3	-2.7	-5.4	-1.0	2.1	20.5	-17.9	14.9	-1.00	16.1	4.0	31.7	249.1
Sector	-2.4	6.4	-9.2	15.7	10.7	20.1	-12.4	17.4	16.8	9.3	-0.8	26	296.5
Quartile Rank	2	4	1	4	4	2	4	3	4	1	1	1	4

Source: Lipper 31/05/2023, Date from the 12th May 2005 – 16th July 2012 A class and 16th July 2012 – 31st May 2023 reflects class R units, in Sterling with net income reinvested and no initial charges. The sector is the IA Europe ex UK NR quoted in Sterling.

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.



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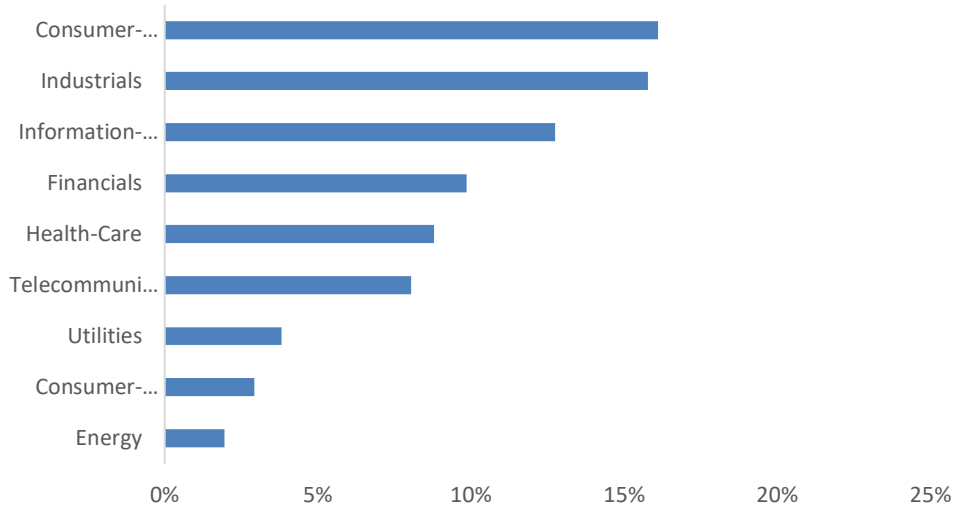
At 31 May 2023

Top Five holdings	Fund %
Mowi	4.3
Infrastrutture Wireless	4.3
Vopak	4.1
Sanofi	4.1
Nestle	4.0

Country Breakdown	Fund %
Norway	18.1
Italy	14.4
Netherlands	10.9
France	8.7
Germany	7.0
Switzerland	5.9
Spain	4.9
United States	3.0
Other European	27.1

Market Cap	Fund %
Large Cap €5bn – €20bn	61.8
Mid Cap €1bn – €5bn	19.2
Small < €1bn	5.9
Cash	13.1

Sector Weights



Risk Analysis	Since Launch	1 Year
Beta	0.8	0.4
Standard Deviation (%)	16.2	15.1
Tracking Error	9.4	16.8
Jensen's Alpha	0.8	-13.9
Sharpe Ratio	0.4	-0.8
Information Ratio	-0.1	-1.0

Source: Lipper, all figures at 31/05/2023, these figures are subject to rounding. Date from the 12th May 2005 – 16th July 2012 A class and 16th July 2012 – 31st May 2023 reflects class R units. Tracking error is calculated ex post.

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Source: Argonaut Capital Partners, all figures at 31/05/2023, these figures are subject to rounding.

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Other ISINs for this fund:

GB00B6TQCC60	GB00B6T6S066
GB00B5LJR434	GB00B6VYPP25
GB00BVYPB156	GB00B7JXMD51
GB00B76L7377	GB00B4ZRCD05

Important Information

Information Ratio: a risk-adjusted measure of fund performance relative to a benchmark; the higher the number, the more risk-adjusted outperformance the fund has generated.

Jensen's Alpha: a measure of a fund's outperformance of a benchmark over a given period. Jensen's Alpha is used to evaluate the contribution of active management – higher alpha means better fund performance.

Tracking Error: measures the deviation of fund performance from benchmark performance. Funds with a high tracking error have historically deviated more from their benchmark, and vice versa.

Beta: a measure of the sensitivity of fund performance relative to changes in the market. A fund with a beta of one tends to experience movement in line with the market. A beta higher than one suggests the fund will go up by more than the market when it rises, but go down more when the market falls. A beta less than one will go up by less than a rising market, but fall less when the market is down.

Standard Deviation: shows how much variation in return exists from the average. The lower the standard deviation the less variation from the average.

Sharpe ratio: a measure of the excess return per unit of deviation in an investment asset or a trading strategy. The higher the figure means the excess return generated from the increase in risk undertaken.

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