

Fund Factsheet

VT Argonaut Equity Income Fund

At 31 May 2022

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	4.72%
Fund size	£2.4m
Share class	Class R
No. of holdings	35
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 31/12/21)	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; 31/05/2022: Calculated by subtracting the total return, net of tax, from the capital return.

All information as at 31/05/2022, 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

“Pause all hiring worldwide, cut 10% of the workforce: I have a super bad feeling about the economy”

Elon Musk e-mail to Tesla executives, June 2022 (attributed)

The fund returned +6.53% over May, compared to the IA European ex UK sector of +1.67% and Equity Income peer group of +0.85%.

The fund's biggest winners were Norwegian North Sea scavenger Okea (+51%) which rose on a strong deal making outlook; shipping outfit Teekay (+28%) that benefitted from the pick-up in demand for its mid-sized oil tankers; and US shale gas outfit Coterra (+21%) which combines a strong, unhedged production profile with a disciplined capital return policy.

It is becoming apparent that the technology sector – where the hopes and capital of a generation of investors were exclusively placed – is now entering a recession. They forgot about the capital cycle: too much capital became freely available to too many mediocre tech companies, who over-expanded into a highly competitive landscape, with scant chance of the profitability forecast by cheerleading investment banks and newly crowned investment gurus. With the Fed belatedly withdrawing the punch bowl after the party was already in full swing,

the band still need to be paid.

Investor complacency abounds with consensus still considering the sector to be “defensive”: a conclusion derived from going to the well once too often; an erroneous misdiagnosis of the problem as aggregate demand rather than industry supply, a myopic focus on innovation and “growth” industries and a lazy assumption that the tech downturn will eventually bring a deflationary bust to the rest of the economy.

The scale of this monumental capital misallocation is put into stark perspective when we consider that “old economy” sectors still remain supply constrained by availability of labour, capital and inventory, which will not only keep overall inflation elevated but will also result in a multi-year period of supernormal profits. The only long-term cure for inflation is a sustained bull market in commodities and for the capital cycle to come full circle. This revenge of the old economy is a dish being served up cold.

After more than a decade long boom in long duration equities, the fund offers investors an opportunity to participate in the nascent boom in commodities and “value” stocks.

With a generous prospective gross yield of over 6%, it is also a uniquely short duration equity portfolio.

¹ Lipper 31/05/2022, R Accumulation share class performance, in Sterling with net income reinvested

² Bloomberg 31/05/2022, Calculated by the weighted average of the forecast 12-month forward dividend yield of each holding in the portfolio

Cumulative	1 Month % Growth	3 Month % Growth	YTD % Growth	2021 % Growth	2020 % Growth	2019 % Growth	2018 % Growth	2017 % Growth	Since Launch % Growth
VT Argonaut Equity Income Fund	6.5	14.6	10.8	5.9	7.1	18.0	-11.2	20.6	58.7
IA Europe ex UK NR	0.9	1.8	-9.4	15.7	10.7	20.1	-12.4	17.4	43.5
Fund Rank	2/101	1/100	1/98	91/93	66/98	71/101	35/97	14/92	13/79
Quartile Rank	1	1	1	4	3	3	2	1	1

Income peer group performance

Cumulative	1 Month % Growth	3 Month % Growth	YTD % Growth	2021 % Growth	2020 % Growth	2019 % Growth	2018 % Growth	2017 % Growth	Since Launch % Growth
VT Argonaut Equity Income Fund	6.5	14.6	10.8	5.9	7.1	18.0	-11.2	20.6	58.7
IA Europe ex UK income fund average	1.7	4.6	-4.3	11.7	3.4	15.7	-11.2	15.7	33.8
Rank	1/11	1/11	1/11	10/11	5/14	7/16	6/15	3/13	1/9

Source: Lipper 31/05/2022, 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

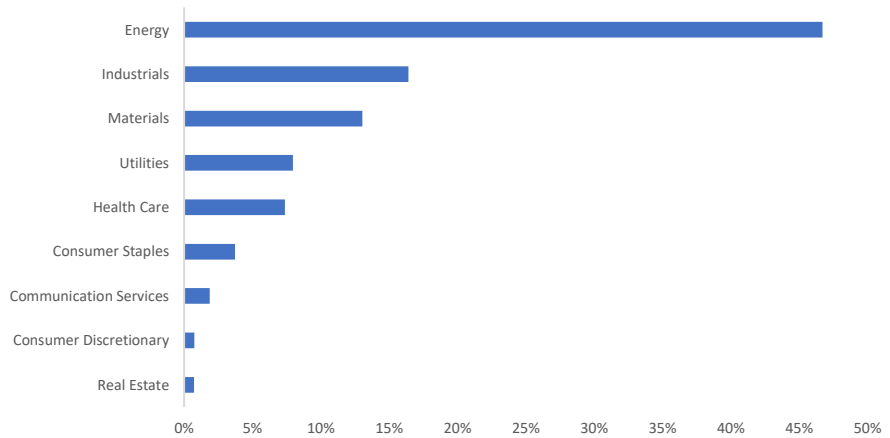
At 31 May 2022

Top Five holdings	Fund %
Euronav	9.2
D/S Norden	4.6
Bayer	4.5
Kinder Morgan	4.4
Gaztransport	4.1

Country Breakdown	Fund %
France	16.2
Norway	15.9
Spain	8.2
Belgium	7.5
Germany	7.1
Brazil	7.0
United States	6.9
Denmark	6.2
Other European	20.0

Market Cap	Fund %
Large Cap > €5bn	54.5
Mid Cap €1bn – €5bn	20.9
Small < €1bn	23.1
Cash	1.47

Sector Weights



Risk Analysis	Since Launch	1 Year
Beta	0.8	0.5
Standard Deviation (%)	13.1	12.6
Tracking Error	8.3	12.2
Jensen's Alpha	2.0	-0.1
Sharpe Ratio	0.6	0.0
Information Ratio	0.1	0.0

Source: Lipper, all figures at 31/05/2022, these figures are subject to rounding. Date from the 12th May 2005 – 16th July 2012 A class and 16th July 2012 – 31st May 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 31/05/2022 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.