## **Fund Factsheet**



# VT Argonaut Equity Income Fund

## At 30 June 2024

Barry Norris



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.

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IA Europe ex UK				
30 December 2016				
<b>2023 2022 2021 2020</b>				
6.43% 4.35% 3.79% 7.04%   4.66% 3.46% 1.72% 2.17%				
6.54%				
£4.0m				
Class R				
30				
R (Acc) - FPEIORA LN R (Inc) - FPEIORI LN				
R (Acc) – BDSFHH3 R (Inc) – BDSFHG2				
R (Acc) – GB00BDSFHH38 R (Inc) – GB00BDSFHG21				
R Class Shares – 0.85%				
£500 (R Class Shares)				
£250 (R Class Shares)				
Yes (R Class Shares)				
Yes (R Class Shares)				
01.03/15.04, 01.06/15.07 01.09/15.10, 01.12/15.01				

\*Morningstar, 30/06/2024: Calculated by subtracting the total return, net of tax, from the capital return.

All information as at 30/06/2024, 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

TRUMP. I just won two club championships, not even senior. Two regular club championships. To do that, you have to be quite smart, and you have to be able to hit the ball a long way. And I doi: the doesn't do it. He can't hit a ball 50 yards. He challenged me to a golf match. He can't hit a ball 50 yards.

 ${\sf BIDEN.}$  Look, I'd be happy to have a driving contest with him. I got my handicap, which, when I was vice president, down to a 6.

BIDEN. And by the way, I told you before I'm happy to play golf if you carry your own bag. Think you can do it?

TRUMP: That's the biggest lie that he's a 6 handicap, of all.

BIDEN: I was 8 handicap.

TRUMP: Yeah.

BIDEN: Eight, but I have - you know how many...

TRUMP: I've seen your swing, I know your swing

#### US Presidential Debate, CNN, June 27th 2024

The fund returned -3.9% over June, compared with the IA Europe ex UK sector which returned -2.1% and the Income peer group average of -2.3%.

The best performing stocks were semiconductor company BESI (+15%), GLP-1 pharma behemoth Novo Nordisk (+7%) and clean product tanker owner Torm (+6%). The worst performer was Greig Seafood (-12%).

During the month, the ECB cut its main deposit rate to 3.75% (from 4.0%), the SNB its policy rate to 1.25% (from 1.5%) and the Bank of Canada its overnight lending rate to 4.75% (5.0%).

Even though UK inflation has now fallen back to its 2% target, the BOE was on hold at 5.25% but a quarter point cut is now expected at the next meeting, conveniently post-election, in August.

The Federal Reserve was also on hold at 5.5% but even after a strangely hawkish FOMC the market moved to price in 2 (previously 1 %) 25bps cuts from the Fed beginning in September (November).

Recent stock market leadership has been narrowly focused on technology and specifically "Artificial Intelligence". It seems to us that when most people talk about the current possibilities of "AI" they are confusing the advances in processing power allowing computers to look for correlations in vast quantities of data, with the human ability to offer explanations based on causation.

The nonetheless impressive technological advances together with fear of being left behind, mean that most businesses and governments understandably want a dog in the fight, fuelling a boom in semiconductor content (not just GPU's but also memory) even though the actual pace of true AI innovation may ultimately disappoint.

Politics were again centre stage. French stocks significantly underperformed. Following a disastrous showing in European elections, French President Macron called an early parliamentary vote. With right-wing anti-EU National Rally "winning" the first-round of elections on June 30th but expected to fall short of an overall majority, it seems likely that Macron may instead choose to coalesce with the anti-capitalist left-wing New Popular Front, which in our non-consensual opinion, may not prove a better outcome for the French economy or markets.

By contrast, based on the expectation of a similar fiscal regime, the market remains relatively sanguine at the prospect of the first Labour government in the UK since 2010. We have suggested this is naïve considering: the economic illiteracy of a 100% "renewable grid" by 2030; an agenda which under scrutiny promises to hijack the defined contribution pension system to support "industrial policy"; and its intention to introduce several "ant-supply side" reforms that will "empower" workers and thereby shift more risk to business owners and entrepreneurs. Nevertheless, there could well be a short honeymoon period post-election based on the BOE finally finding some belated enthusiasm for rate cuts.

We were amused to see the first televised US Presidential debate focus amongst other things on which candidate was the better golfer. In response to 78-year-old former President Trump's boast that he had recently won two club championships, 81-year-old President Biden challenged his adversary to a match, claiming he had previously gotten his handicap down to 6 (or was it 87). With Trump's handicap last officially noted as just 2.5 (USGA June 2021), this would imply that both candidates can shoot a score regularly below their age (a feat achieved by a fraction of 1% of all golfers).

In the event of another disputed election outcome, perhaps a pay-per-view winner-takes-all golf match, including trashtalking, could be an elegant tie-breaking solution to determine the next President of the United States?

<sup>2</sup> Morningstar 30/06/2024, R Accumulation share class performance, in Sterling with net income reinvested <sup>3</sup> Bloomberg 30/06/2024, Calculated by the weighted average of the forecast 12-month forward dividend yield of each holding in the portfolio

Cumulative	1 Month % Growth	YTD % Growth	2023 % Growth		2021 % Growth	2020 % Growth	2019 % Growth			Since Launch % Growth
VT Argonaut Equity Income Fund	-3.9	16.3	5.2	8.4	5.9	7.1	18.0	-11.2	20.6	90.1
IA Europe ex UK NR	-2.1	5.6	13.5	-9.2	15.7	10.7	20.1	-12.4	17.4	74.5
Fund Rank	99/109	1/109	104/108	3/98	91/93	66/98	71/101	35/97	14/92	20/89
Quartile Rank	4	1	4	1	4	3	3	2	1	1

## Income peer group performance

Cumulative	1 Month % Growth	YTD % Growth	2023 % Growth	2022 % Growth	2021 % Growth	2020 % Growth			2017 % Growth	Since Launch % Growth
VT Argonaut Equity Income Fund	-3.9	16.3	5.2	8.4	5.9	7.1	18.0	-11.2	20.6	90.1
Europe ex UK income fund average	-2.3	5.0	11.1	-3.7	11.7	3.4	15.7	-11.2	15.7	57.5
Rank	9/9	1/9	9/9	1/10	10/11	5/14	7/16	6/15	3/13	1/8
Source: Morningstar 30/06/2024, R Accumulation share class performance, in Sterling with net income reinvested and no initial										

charges. \*Comprised of 12 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 30 June 2024

Top Five holdings	Fund %
Torm Plc	7.5
Hafnia Ltd	7.3
Eramet	5.8
Swiss Re AG	4.8
Novo Nordisk	4.5

Country Breakdown	Fund %
Norway	27.4
Denmark	12.0
Italy	11.0
Greece	6.9
France	5.8
Germany	5.7
Switzerland	4.8
Netherlands	4.2
Other	13.2

Market Cap	Fund %
Large Cap > €5bn	49.4
Mid Cap €1bn – €5bn	34.7
Small < €1bn	6.9
Cash	9.0

Sector Weights				
Energy				
Financials				
Materials				
Industrials				
Health-Care				
Consumer-Staples				
Information Technology				
Utilities				
0	%	10%	20%	30%

Risk Analysis	Since Launch	1 Year
Beta	0.7	0.6
Standard Deviation (%)	13.3	9.9
Tracking Error	18.1	9.8
Jensen's Alpha	3.1	14.7
Sharpe Ratio	0.5	1.4
Information Ratio	0.1	1.5

Source: Morningstar, all figures at 30/09/2022, these figures are subject to rounding. Date from the 12<sup>th</sup> May 2005 – 16<sup>th</sup> July 2012 A class and 16<sup>th</sup> July 2012 – 30<sup>th</sup> April 2024 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 30/06/2024 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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