



## **VT Argonaut Absolute Return Fundamental Equity Long/Short**

**PORTFOLIO MANAGER: BARRY NORRIS**

**ARGONAUT CAPITAL PARTNERS LLP**

**APRIL 2024**

**FOR PROFESSIONAL INVESTORS & ADVISERS ONLY**

# Executive summary

## Argonaut Capital Partners LLP

Investment partnership established in 2005 by Barry Norris.

**Fundamental, valuation driven investing in mainly pan European equities.**

Long Only and Long/Short (UCITS)

### VT Argonaut Absolute Return

Flagship strategy  
Launched in 2009  
£180 AUM

- **Independent thought**
- **Differentiated** investment approach
- **Structured** process
- **Strong risk framework**

#### Strong Returns

15.9% CAGR  
net of fees in  
last 5 years

#### Short Alpha

Average 8.3%  
short alpha per  
year since 2009

#### Low Correlation

-0.1 correlation  
to MSCI Europe  
since inception

#### High ROIC

Average 14%  
per annum  
since 2009.

#### Style Agnostic

Consistency  
through different  
market regimes

#### Capital Preservation

Strong relative  
performance in  
weak markets

Source: Argonaut Capital Partners, Bloomberg & Morningstar as at 31-Mar-24. All performance data above refers to VT Argonaut Absolute Return Fund, uses the GBP I share class and is net of fees.

**Correlation** calculated in base currency on a monthly basis. **ROIC** calculated as contribution to return over percentage exposure. **Standard Deviation** calculated by annualising monthly returns in base currency. **Alpha** calculation methodology = ROIC minus index return (MSCI Europe EUR TR Net) in base currency. The VT Argonaut Absolute Return Fund's prospectus changed in 2021 from being 'predominantly' to 'mainly' pan European equity exposure.

**Past performance does not guarantee future results and the value of all investments and the income derived therefrom can decrease as well as increase.**

# Argonaut Capital Partners LLP

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## OVERVIEW

- Argonaut Capital Partners LLP is an investment partnership established in 2005 by Barry Norris.
- It has a single focus and core competence in fundamental, valuation driven investing in mainly pan European equities.
- The firm is aligned with its investor base in terms of time frames, investment philosophy and governance.
- Argonaut has two strategies: Argonaut Absolute Return (Long/Short) & Argonaut Flexible<sup>^</sup> (Long Only).
- Both strategies are UCITS structure with daily dealing.
- We are a team of 6 people, based in London and manage \$260mn across a diversified client base\*.

## KEY ATTRIBUTES

- **Concentrated**, best ideas approach both long and short.
- **Bottom-up** investment process predicated on core belief that it is corporate earnings that move share prices.
- **Short selling** requires a unique and highly differentiated skill set. Many long-short strategies eventually end up as long-only businesses as a result. Historically, our short book has been our greatest source of alpha.
- **Compounding** – portfolio construction is key and provides duration for individual stock ideas to work.
- **Unconstrained** – Argonaut strategies are adaptable and designed not to be beholden to shifts in factors or style.
- **Alignment** – we are heavily invested ourselves in the strategies we run.

<sup>^</sup> Pending merger of existing Argonaut long only structures. \*As at 31-Mar-24.

# VT Argonaut Absolute Return Fund

## PORTFOLIO MANAGER

### Barry Norris, CFA



- **1993-1997** Cambridge University  
MA History  
MPhil International Relations
- **1998-2001** Baillie Gifford  
Equity Analyst: Pan Europe
- **2002-2005** Neptune Investment Management  
Head of European Equities  
Portfolio Manager
- **2005 – today** Founded Argonaut Capital  
CIO, Portfolio Manager

## VT ARGONAUT ABSOLUTE RETURN FUND (AAR)

- A long/short equity strategy dedicated to seeking non-correlated returns from mainly pan European equities.
- Actively managed, fundamental investment approach combining bottom-up proprietary equity analysis with thematic & macro awareness.
- Concentrated portfolio – typically 30-50 long positions and 20-50 short positions.

|                          |               |                                 |                         |
|--------------------------|---------------|---------------------------------|-------------------------|
| <b>Fund Inception</b>    | May 2009      | <b>Gross Exposure*</b>          | 100-180%                |
| <b>Strategy</b>          | Long/Short    | <b>Net Exposure (beta adj.)</b> | 0-40%                   |
| <b>Structure</b>         | UCITS         | <b>Position size long</b>       | 1-6%                    |
| <b>Domicile</b>          | UK            | <b>Position size short</b>      | 0.5-3%                  |
| <b>Base Currency</b>     | GBP           | <b>No. of longs</b>             | 30-50                   |
| <b>Benchmark</b>         | n/a           | <b>No. of shorts</b>            | 20-50                   |
| <b>Fund AUM</b>          | £180m         | <b>Alpha shorts</b>             | Yes                     |
|                          |               | <b>Index future hedging</b>     | No                      |
| <b>Share Class</b>       | GBP, EUR, USD | <b>Market Cap</b>               | Large                   |
| <b>Dealing Frequency</b> | Daily         |                                 |                         |
| <b>Management Fee</b>    | 0.75%         | <b>Prime Broker</b>             | UBS                     |
| <b>Performance Fee</b>   | 20%           | <b>Administrator (ACD)</b>      | Valu-Trac IM            |
| <b>Hurdle</b>            | 5%            | <b>Auditor</b>                  | Johnston Carmichael LLP |
| <b>High Water Mark</b>   | Yes           | <b>Custodian</b>                | Caceis                  |

\*All portfolio characteristics outlined above are typical exposures and not binding. Data as a 31-Mar-24. For more information on share classes, fees and portfolio characteristics please see the fund's prospectus.

# A differentiated approach

## THE 'PROBLEMS' WITH ABSOLUTE RETURN AND/OR UCITS EQUITY LONG SHORT STRATEGIES AND WHY ARGONAUT IS DIFFERENT

|  | TYPICAL UCITS EQUITY LONG / SHORT STRATEGY  | VT ARGONAUT ABSOLUTE RETURN   |
|--|---|---|
| <b>Correlation</b>                     | <ul style="list-style-type: none"> <li>High correlation to equity markets.</li> </ul>   | <ul style="list-style-type: none"> <li>Low correlation to equity markets.</li> </ul>  |
| <b>Style Traps</b>                     | <ul style="list-style-type: none"> <li>Set style (e.g. 'value', 'growth', 'quality') – meaning that when the market environment changes this can result in poor performance.</li> </ul> | <ul style="list-style-type: none"> <li>Unconstrained, designed to be style agnostic.</li> </ul>   |
| <b>Volatility</b>                      | <ul style="list-style-type: none"> <li>Seek to dampen volatility.</li> </ul>  | <ul style="list-style-type: none"> <li>Prepared to take on higher volatility to generate returns.</li> </ul>  |
| <b>Returns</b>                         | <ul style="list-style-type: none"> <li>Target 6-8% annualised net returns.</li> </ul>   | <ul style="list-style-type: none"> <li>Targeting double digit annualised net returns.</li> </ul>  |
| <b>Short Alpha</b>                     | <ul style="list-style-type: none"> <li>Generate majority of alpha from long book.</li> </ul>  | <ul style="list-style-type: none"> <li>Generates majority of alpha from short book.</li> </ul>  |
| <b>Accountability</b>                  | <ul style="list-style-type: none"> <li>Larger investment teams where a lot of work delegated to analysts has the propensity to be dilutive.</li> </ul>                                  | <ul style="list-style-type: none"> <li>We are sceptical of the merits of outsourcing investment due diligence. Our experience is that smaller investment teams have higher productivity and better long-term outcomes.</li> </ul> |
| <b>Relative vs. Absolute</b>           | <ul style="list-style-type: none"> <li>Performance measured relative to benchmark.</li> </ul>   | <ul style="list-style-type: none"> <li>Performance measured in absolute terms.</li> </ul>   |
| <b>Transparency &amp; Authenticity</b> | <ul style="list-style-type: none"> <li>Many long/short strategies are opaque and operate at arms length from their clients.</li> </ul>  | <ul style="list-style-type: none"> <li>We strongly believe in transparency and authenticity and articulate our views openly, even if they are contrarian or unfashionable.</li> </ul>   |
| <b>Alignment</b>                       | <ul style="list-style-type: none"> <li>Poor investment performance or large client redemptions frequently leads to fund or business closure.</li> </ul>                                 | <ul style="list-style-type: none"> <li>We are heavily invested in our own strategies and so keep going.</li> </ul>  |

The framework outlined above is presented for illustrative purposes only and relies upon Argonaut Capital Partners beliefs and subjective judgements.

**Past performance does not guarantee future results and the value of all investments and the income derived therefrom can decrease as well as increase.**

# Performance in the last 5 years

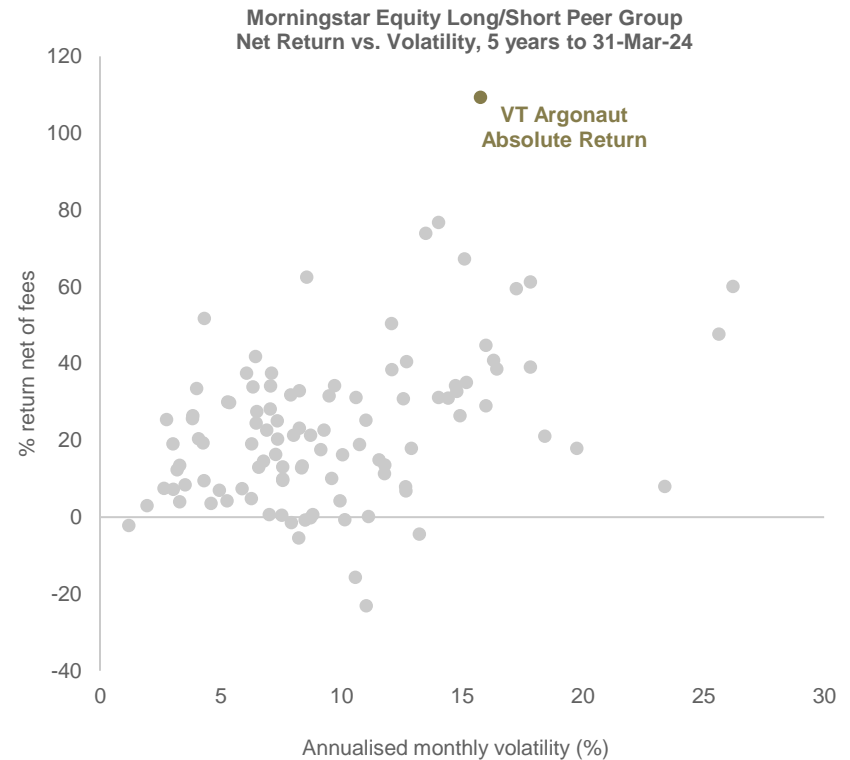
## AAR – PERFORMANCE VS. MSCI EUROPE & MSCI WORLD

| AS AT 31-MAR-24       | AAR FUND | MSCI EUROPE* | MSCI WORLD^ |
|-----------------------|----------|--------------|-------------|
| 1 Month               | 2.4      | 3.9          | 3.2         |
| 3 Month               | 11.8     | 7.6          | 8.9         |
| 6 Month               | 22.8     | 14.6         | 21.3        |
| 1 Year                | 26.3     | 14.8         | 25.1        |
| 3 Year                | 50.7     | 30.3         | 28.1        |
| 5 Year                | 109.3    | 52.5         | 76.8        |
| 1-Mar-23 to 29-Feb-24 | 26.3     | 14.8         | 25.1        |
| 1-Mar-22 to 28-Feb-23 | 1.8      | 3.8          | -7.0        |
| 1-Mar-21 to 28-Feb-22 | 17.3     | 9.3          | 10.1        |
| 1-Mar-20 to 28-Feb-21 | -0.8     | 35.3         | 54.0        |
| 1-Mar-19 to 29-Feb-20 | 40.0     | -13.5        | -10.4       |

\* MSCI Europe EUR TR Net.

^ MSCI World World USD TR Net

## AAR – PEER ANALYSIS: RETURN VS. VOLATILITY, MAR-19 TO MAR-24



Source: Argonaut unaudited internal data, All data net of fees in base currency (GBP). Bloomberg & Morningstar, as at 31-Mar-24.

The VT Argonaut Absolute Return Fund's prospectus changed in 2021 from being 'predominantly' to 'mainly' pan European equity exposure.

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# Overall track record

## VT ARGONAUT ABSOLUTE RETURN (AAR) – PERFORMANCE SINCE INCEPTION BY MONTH & CALENDAR YEAR

| (%)                         | JAN   | FEB  | MAR  | APR  | MAY  | JUN  | JUL  | AUG  | SEP  | OCT   | NOV  | DEC  | AAR          | INDEX* | CORRELATION | ROIC  | STD. DEV. |
|-----------------------------|-------|------|------|------|------|------|------|------|------|-------|------|------|--------------|--------|-------------|-------|-----------|
| <b>2009</b>                 |       |      |      |      | 0.9  | -0.2 | 3.4  | 8.9  | 0.4  | -4.2  | -3.4 | 3.7  | <b>9.4</b>   | 22.9   | 0.7         | 12.0  |           |
| <b>2010</b>                 | -1.2  | -0.2 | 0.1  | 3.4  | -2.1 | -2.7 | -1.8 | -2.1 | 1.2  | -0.5  | 3.8  | 3.4  | <b>1.1</b>   | 11.1   | 0.2         | -3.5  | 8.1       |
| <b>2011</b>                 | -3.5  | -0.4 | 0.1  | 4.7  | 1.7  | 1.0  | 1.2  | -1.1 | 1.2  | 0.4   | 0.6  | 0.5  | <b>6.4</b>   | -8.1   | 0.2         | 41.5  | 6.6       |
| <b>2012</b>                 | -0.1  | 1.3  | -0.2 | 0.3  | -1.0 | 0.2  | 0.1  | 2.1  | 0.5  | 1.0   | 0.3  | 1.1  | <b>5.6</b>   | 17.3   | 0.4         | 19.1  | 2.8       |
| <b>2013</b>                 | 0.7   | 3.3  | -0.6 | 3.1  | 3.1  | 3.5  | 2.4  | -1.4 | 2.8  | 10.0  | 4.0  | 3.4  | <b>39.7</b>  | 19.8   | 0.2         | 50.7  | 9.9       |
| <b>2014</b>                 | 1.1   | 2.9  | 0.9  | -4.8 | 1.1  | 0.8  | -1.5 | -0.7 | 3.4  | -0.3  | 8.1  | 2.4  | <b>13.6</b>  | 6.8    | 0.3         | 27.2  | 10.8      |
| <b>2015</b>                 | 5.0   | -2.5 | 2.2  | -1.6 | 1.8  | -1.1 | 3.1  | 0.6  | 2.8  | -2.6  | 1.8  | 1.3  | <b>11.0</b>  | 8.2    | 0.0         | 15.1  | 8.3       |
| <b>2016</b>                 | -2.5  | -5.6 | -3.5 | -4.4 | 2.6  | -8.5 | -1.0 | -1.1 | 0.9  | 1.1   | -3.3 | -3.4 | <b>-25.6</b> | 2.6    | 0.3         | -44.9 | 10.8      |
| <b>2017</b>                 | 0.0   | -1.3 | -2.0 | -0.2 | 4.2  | -3.0 | 2.4  | 7.4  | -3.2 | 6.1   | 6.1  | 0.3  | <b>17.3</b>  | 10.2   | -0.4        | 20.4  | 12.9      |
| <b>2018</b>                 | 6.9   | -1.5 | -1.7 | -2.4 | -3.9 | -0.6 | 1.5  | 2.1  | -0.7 | -10.8 | -0.4 | 0.0  | <b>-11.7</b> | -10.6  | 0.4         | -0.3  | 14.3      |
| <b>2019</b>                 | -2.6  | -0.3 | 1.8  | 2.6  | 5.1  | 4.1  | 0.6  | 6.2  | -7.5 | 1.5   | -2.5 | 4.0  | <b>12.8</b>  | 26.1   | -0.6        | 3.6   | 13.5      |
| <b>2020</b>                 | 4.3   | 2.2  | 15.0 | -1.5 | -3.4 | 3.4  | 2.6  | 3.4  | 2.5  | -3.1  | -9.2 | 0.9  | <b>16.6</b>  | -3.3   | -0.8        | 21.8  | 20.0      |
| <b>2021</b>                 | -2.1  | 0.7  | 5.8  | -0.3 | 1.9  | -7.1 | -0.9 | 0.8  | -0.3 | 4.4   | 4.3  | 3.4  | <b>10.3</b>  | 25.1   | 0.4         | 11.0  | 12.1      |
| <b>2022</b>                 | 5.4   | 3.7  | 1.4  | 6.2  | 4.0  | -7.7 | -7.8 | 3.8  | -0.4 | 5.0   | -3.2 | 1.4  | <b>11.2</b>  | -9.5   | -0.1        | 13.8  | 16.8      |
| <b>2023</b>                 | -10.4 | 6.8  | 6.0  | -0.3 | 2.5  | -5.0 | -0.1 | 4.3  | 1.6  | 7.5   | 2.1  | 0.0  | <b>14.6</b>  | 15.8   | -0.7        | 19.5  | 17.6      |
| <b>2024</b>                 | 5.1   | 4.0  | 2.4  |      |      |      |      |      |      |       |      |      | <b>11.8</b>  | 7.6    | 0.2         | 11.4  | 9.4       |
| <b>CAGR SINCE INCEPTION</b> |       |      |      |      |      |      |      |      |      |       |      |      | <b>8.8</b>   | 8.9    | -0.1        | 13.7  | 12.8      |

\* MSCI Europe EUR TR Net.

Source: Argonaut Capital Partners, Bloomberg & Morningstar as at 31-Mar-24. All performance data above refers to VT Argonaut Absolute Return Fund, uses the GBP I share class and is net of fees.

**Correlation** calculated in base currency on a monthly basis. **ROIC** calculated as contribution to return over percentage exposure. **Standard Deviation** calculated by annualising monthly returns in base currency (2024 figs based on daily returns)

The VT Argonaut Absolute Return Fund's prospectus changed in 2021 from being 'predominantly' to 'mainly' pan European equity exposure.

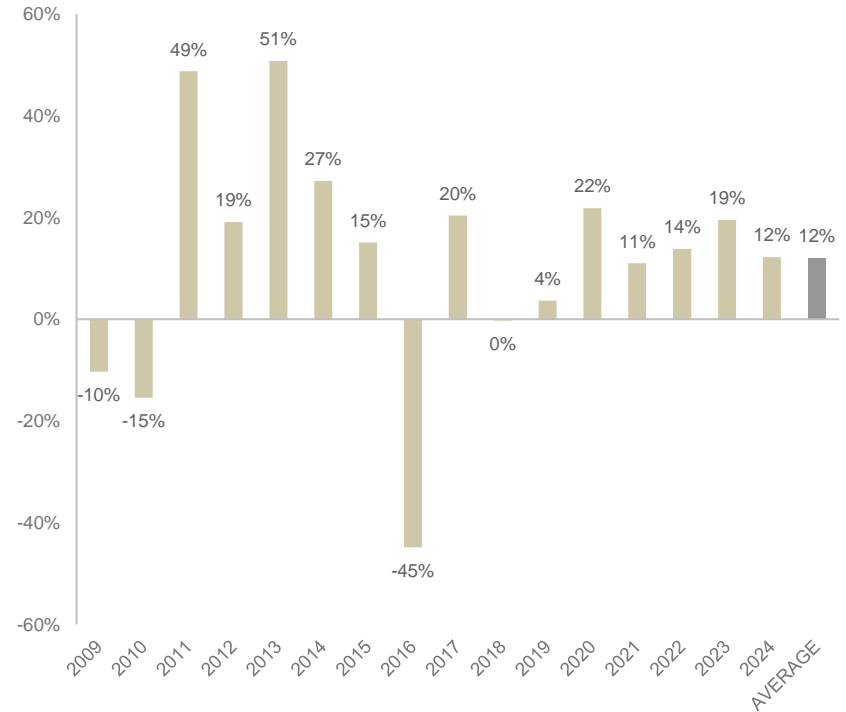
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# Average 12% alpha per annum since 2009

**AAR – ALPHA SINCE INCEPTION, BY CALENDAR YEAR, 2009-2024**

| (%)              | LONG ALPHA  | SHORT ALPHA  | TOTAL ALPHA  |
|------------------|-------------|--------------|--------------|
| 2009             | 0.2         | -10.5        | -10.3        |
| 2010             | 5.6         | -21.0        | -15.4        |
| 2011             | 1.2         | 47.5         | 48.7         |
| 2012             | -5.8        | 24.9         | 19.1         |
| 2013             | 28.2        | 22.5         | 50.7         |
| 2014             | 7.5         | 19.7         | 27.2         |
| 2015             | 14.4        | 0.7          | 15.1         |
| 2016             | -15.2       | -29.7        | -44.9        |
| 2017             | 7.6         | 12.7         | 20.4         |
| 2018             | -5.6        | 5.3          | -0.3         |
| 2019             | 6.5         | -2.8         | 3.6          |
| 2020             | 17.1        | 4.7          | 21.8         |
| 2021             | -15.2       | 26.2         | 11.0         |
| 2022             | 12.8        | 1.0          | 13.8         |
| 2023             | -4.1        | 23.6         | 19.5         |
| 2024*            | 4.7         | 7.5          | 12.2         |
| <b>ITD TOTAL</b> | <b>64.3</b> | <b>176.4</b> | <b>240.7</b> |
| <b>AVERAGE</b>   | <b>3.8</b>  | <b>8.3</b>   | <b>12.1</b>  |

**AAR – ALPHA SPREAD, BY CALENDAR YEAR, 2009-2024**



Source: Argonaut Capital Partners, Bloomberg & Morningstar as at 31-Mar-24. All performance data above refers to VT Argonaut Absolute Return Fund, uses the GBP I share class and is net of fees.

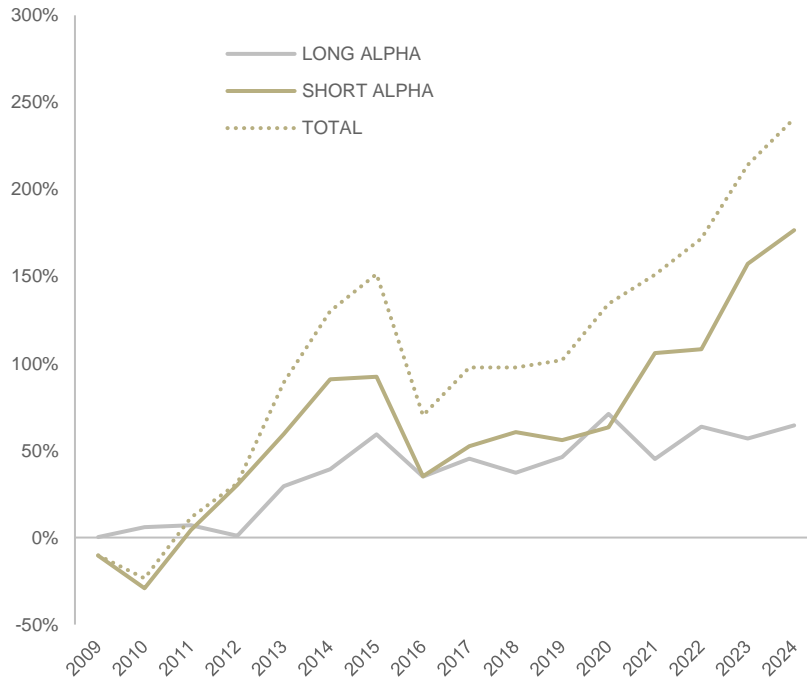
Alpha calculation methodology = ROIC minus index return (MSCI Europe EUR TR Net) in base currency.

The VT Argonaut Absolute Return Fund's prospectus changed in 2021 from being 'predominantly' to 'mainly' pan European equity exposure.

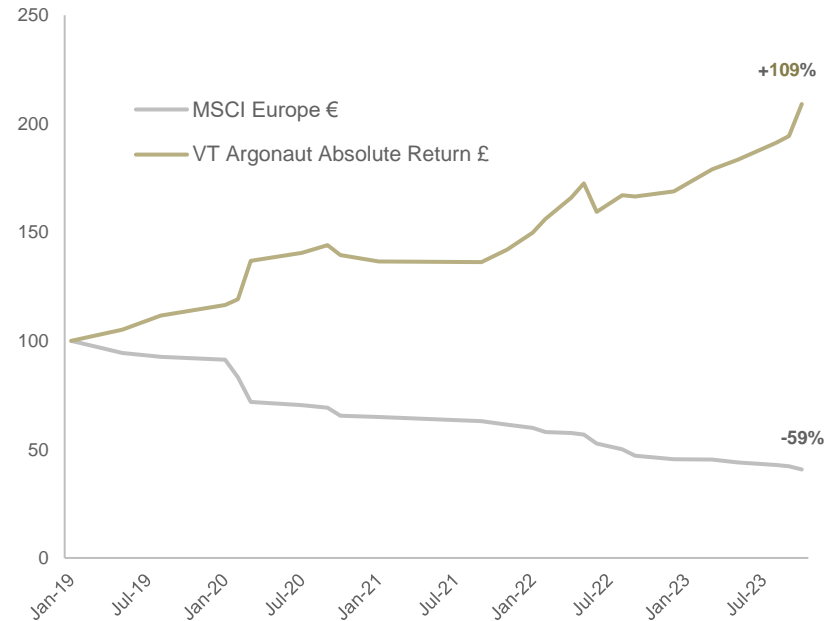
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# Driven by short alpha and strong downside capture

AAR – CUMULATIVE ALPHA SINCE INCEPTION, 2009-2024



AAR – CUMULATIVE RETURN IN NEGATIVE MARKET MONTHS, 2019-2024



The above chart shows the cumulative performance of the VT Argonaut Absolute Return Fund versus MSCI Europe EUR TR Net Index for negative market months only from 1-Jan-19 to 28-Feb-24.

**The Funds downside capture in this period was -91.3%.**

Source: Argonaut Capital Partners, Bloomberg & Morningstar as at 31-Mar-24. All performance data above refers to VT Argonaut Absolute Return Fund, uses the GBP I share class and is net of fees.

Alpha calculation methodology = ROIC minus index return (MSCI Europe EUR TR Net) in base currency.

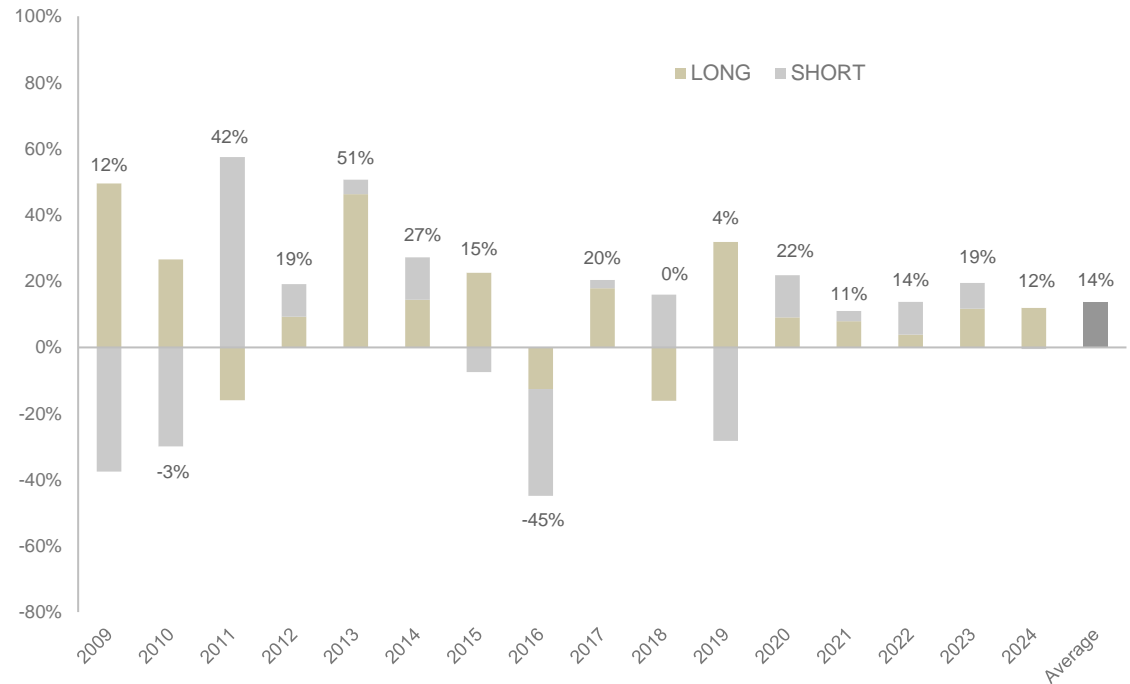
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# Average 14% ROIC per annum since 2009

## AAR – RETURN ON INVESTED CAPITAL (ROIC), BY CALENDAR YEAR SINCE INCEPTION 2009-2024

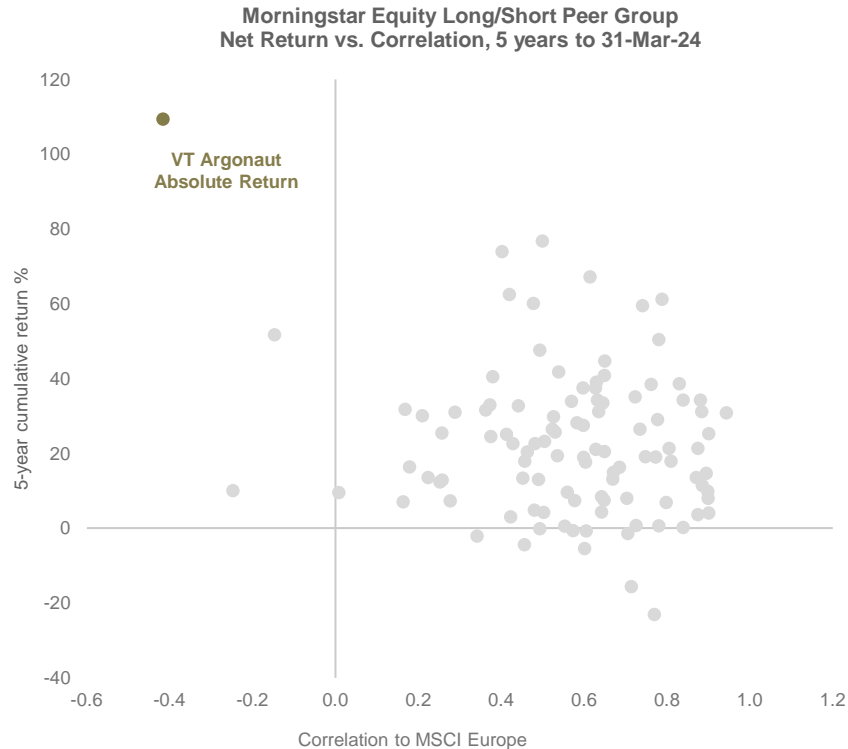
| (%)            | LONG ROIC   | SHORT ROIC | TOTAL ROIC  |
|----------------|-------------|------------|-------------|
| 2009           | 49.5        | -37.5      | 12.0        |
| 2010           | 26.6        | -30.0      | -3.5        |
| 2011           | -16.0       | 57.5       | 41.5        |
| 2012           | 9.3         | 9.9        | 19.1        |
| 2013           | 46.2        | 4.5        | 50.7        |
| 2014           | 14.3        | 12.9       | 27.2        |
| 2015           | 22.6        | -7.5       | 15.1        |
| 2016           | -12.6       | -32.3      | -44.9       |
| 2017           | 17.9        | 2.5        | 20.4        |
| 2018           | -16.1       | 15.9       | -0.3        |
| 2019           | 31.9        | -28.2      | 3.6         |
| 2020           | 9.1         | 12.7       | 21.8        |
| 2021           | 7.9         | 3.1        | 11.0        |
| 2022           | 3.8         | 10.0       | 13.8        |
| 2023           | 11.7        | 7.8        | 19.5        |
| 2024           | 11.9        | -0.5       | 11.9        |
| <b>Average</b> | <b>13.6</b> | <b>0.0</b> | <b>13.6</b> |



Source: Argonaut Capital Partners, Bloomberg & Morningstar as at 31-Mar-24. All performance data above refers to VT Argonaut Absolute Return Fund, uses the GBP I share class and is net of fees. ROIC calculated as contribution to return over percentage exposure. The VT Argonaut Absolute Return Fund's prospectus changed in 2021 from being 'predominantly' to 'mainly' pan European equity exposure. Past performance does not guarantee future results and the value of all investments and the income derived therefrom can decrease as well as increase.

# Low correlation to equities and other asset classes

## AAR – PEER ANALYSIS: RETURN / CORRELATION, MAR-19 TO MAR-24



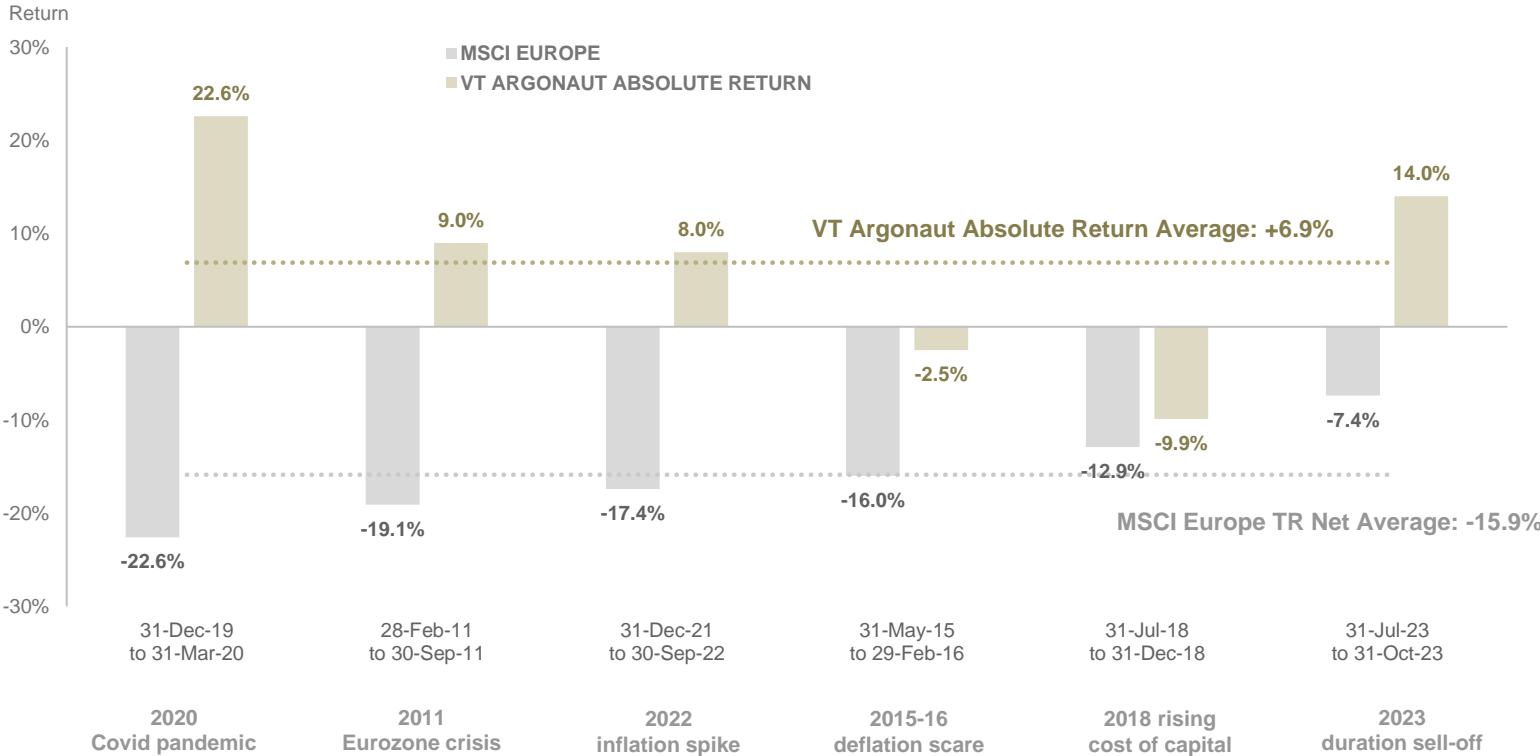
## AAR – ASSET CLASS & FACTOR CORRELATION, AS AT MAR-24

| Correlation of VT Argonaut Absolute Return Fund versus – | LAST 5 YEARS | SINCE INCEPTION (MAY 09) |
|--|--------------|--------------------------|
| FTSE All Share   | -0.46        | -0.13                    |
| S&P 500  | -0.36        | -0.09                    |
| MSCI World   | -0.40        | -0.10                    |
| MSCI Europe  | -0.43        | -0.09                    |
| MSCI Emerging Markets                                    | -0.42        | -0.13                    |
| MSCI Europe Large Value                                  | -0.39        | -0.09                    |
| MSCI World Large Value                                   | -0.37        | -0.11                    |
| MSCI Europe Large Growth                                 | -0.34        | -0.06                    |
| MSCI World Large Growth                                  | -0.36        | -0.08                    |
| iShares \$ Treasury Bd 3-7y ETF                          | 0.00         | --                       |
| iShares \$ Treasury Bd 20+y ETF                          | -0.08        | --                       |
| WisdomTree Broad Commodities                             | -0.18        | -0.15                    |
| WisdomTree Gold  | 0.22         | 0.00                     |

Source: Argonaut Capital Partners, Bloomberg & Morningstar as at 31-Mar-24. All performance data above refers to VT Argonaut Absolute Return Fund, uses the GBP I share class and is net of fees. **Correlation** calculated in base currency on a monthly basis. The VT Argonaut Absolute Return Fund's prospectus changed in 2021 from being 'predominantly' to 'mainly' pan European equity exposure. **Past performance does not guarantee future results and the value of all investments and the income derived therefrom can decrease as well as increase.**

# Strong capital preservation credentials

**VT ARGONAUT ABSOLUTE RETURN – PERFORMANCE DURING SIX LARGEST EQUITY MARKET DRAWDOWNS SINCE INCEPTION (MAY-09)**



Source: Argonaut Capital Partners, Bloomberg as at 31-Mar-24. All performance data above refers to VT Argonaut Absolute Return Fund, uses the GBP I share class and is net of fees. Drawdown periods are from peak to trough of the MSCI Europe EUR TR Net since the Fund's inception in Feb-09 and 'Average' refers to the simple average of the six stated periods. The VT Argonaut Absolute Return Fund's prospectus changed in 2021 from being 'predominantly' to 'mainly' pan European equity exposure.

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# Investment Process

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**Fundamental, bottom-up equity with macro overlay & disciplined risk framework**

# Investment philosophy & framework

## TEN CORE INVESTMENT PRINCIPLES

|   |  |
|---|--|
| <b>Stock prices</b>                               | <ul style="list-style-type: none"> <li>Over the medium to long term it is corporate earnings that move share prices.</li> </ul>  |
| <b>Stock selection vs. Portfolio construction</b> | <ul style="list-style-type: none"> <li>Analysing companies is one skill set; creating a portfolio that reflects positive outcomes is a completely different skill set. We prioritise both.</li> </ul>  |
| <b>Risk management</b>                            | <ul style="list-style-type: none"> <li>Risk management is <i>the</i> critical part of any investment process. Avoiding large drawdowns is key to successful long term compounding. We often find rejecting investments is more important than selecting investments.</li> </ul>  |
| <b>Flexibility</b>                                | <ul style="list-style-type: none"> <li>Economic activity is cyclical and market leadership changes. The optimal investment strategy should be unconstrained and adaptable and not beholden to factor or 'style boxes'. Such rigidity is restrictive to alpha generation.</li> </ul>  |
| <b>Invest with conviction</b>                     | <ul style="list-style-type: none"> <li>Where we find attractive risk-reward we invest with conviction but we always seek to avoid anchoring. We look to have strong convictions loosely held: if we feel the facts have changed we will change our positioning.</li> </ul>   |
| <b>Mean reversion</b>                             | <ul style="list-style-type: none"> <li>In the absence of structural change, what is out of favour will come back into favour. We believe in mean reversion.</li> </ul>   |
| <b>Short selling</b>                              | <ul style="list-style-type: none"> <li>Short selling requires a unique and highly differentiated skill set. Many long-short strategies eventually end up as long-only businesses as a result. Our short book is our greatest source of alpha.</li> </ul>   |
| <b>Volatility</b>                                 | <ul style="list-style-type: none"> <li>Volatility and risk are not the same thing. We always look to mitigate downside risk but our job is to make money and so we are comfortable taking on equity-like volatility.</li> </ul>  |
| <b>Keep learning</b>                              | <ul style="list-style-type: none"> <li>Mistakes and errors are part of life and represent opportunities to learn. To get good at chess it is better to spend time reflecting on the games one has lost. Our investment process is a product of 25 years of learnings, refinements and occasional mistakes. We are always looking to get better.</li> </ul> |
| <b>First principles</b>                           | <ul style="list-style-type: none"> <li>Independent thinking is key to alpha generation. We use external research but never rely on it.</li> </ul>  |

*"Worldly wisdom teaches us that it is better for reputation to fail conventionally than to succeed unconventionally."*

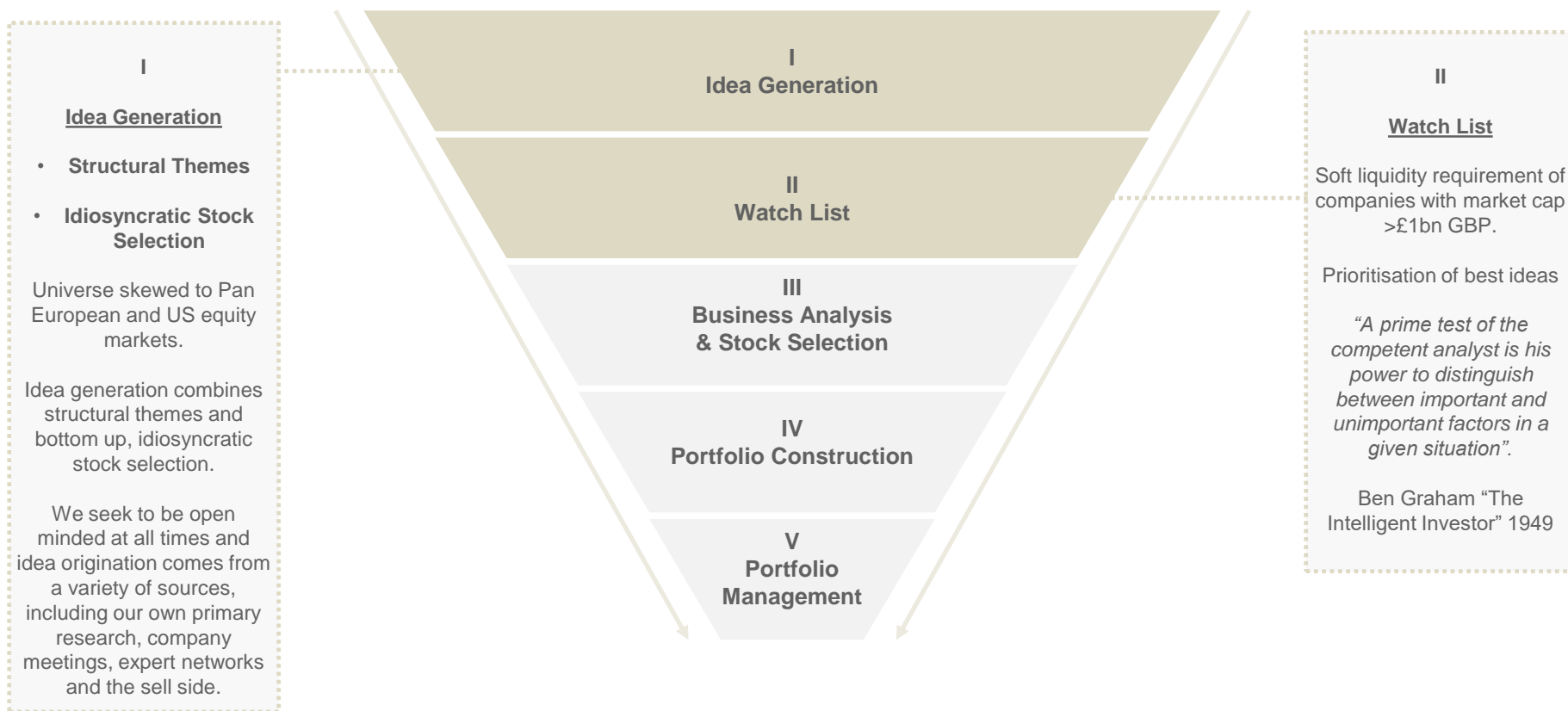
*John Maynard Keynes "The General Theory", 1936*

The framework outlined above is presented for illustrative purposes only and relies upon Argonaut Capital Partners beliefs and subjective judgements. Aspects of Argonaut's investment philosophy, investment process and portfolio construction may differ from what is stated above. **Past performance does not guarantee future results and the value of all investments and the income derived therefrom can decrease as well as increase.**

# Investment process – Summary

Medium to long term, we believe stock prices are driven by changing investor expectations of company's future earnings.

**Argonaut's investment process is geared to identifying and exploiting company earnings forecast error or 'earnings surprise'.**



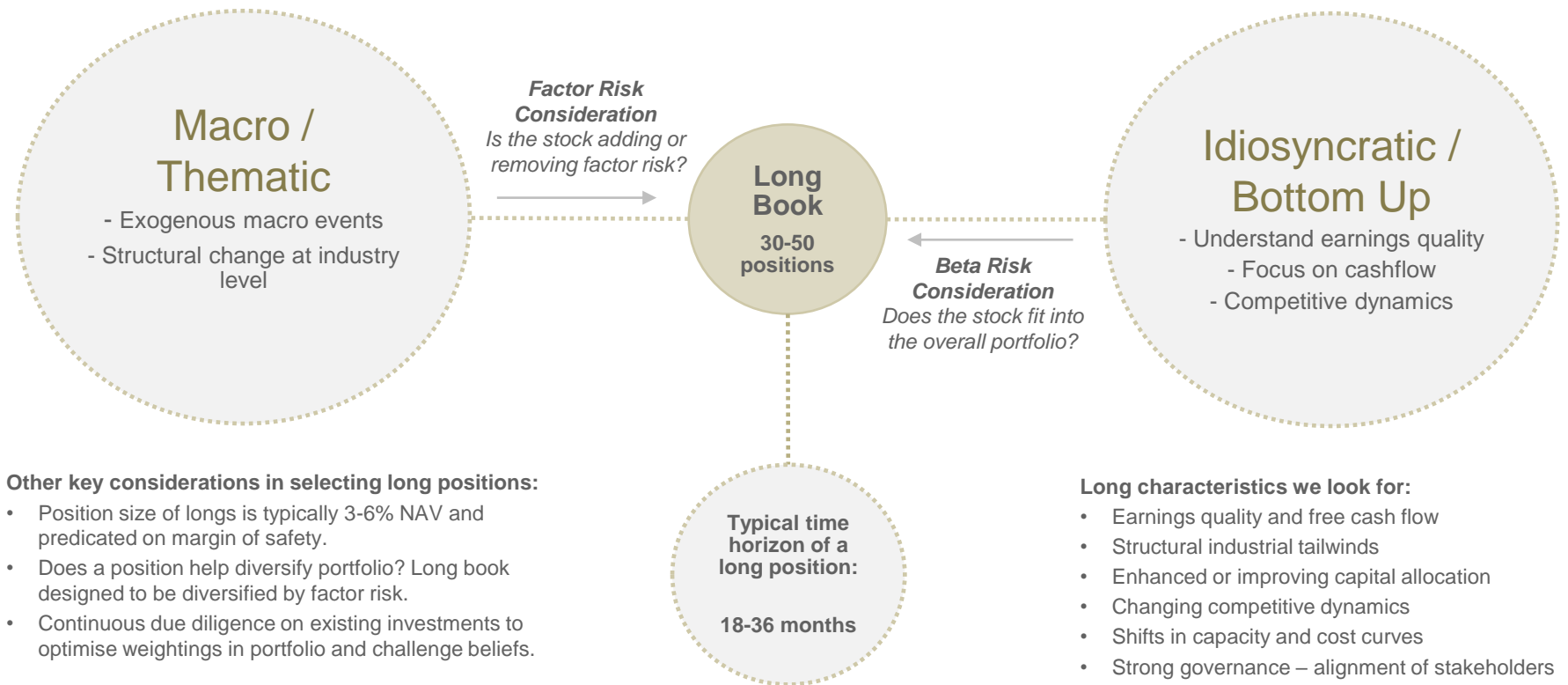
The framework outlined above is presented for illustrative purposes only. Aspects of Argonaut's investment philosophy, investment process and portfolio construction may differ from what is stated above.

# Stock selection | Long book



Argonaut's investment process is geared to identifying and exploiting company earnings forecast error or 'earnings surprise'.

**Our long book comprises single stock positions in companies where earnings are deemed to be under-estimated.**



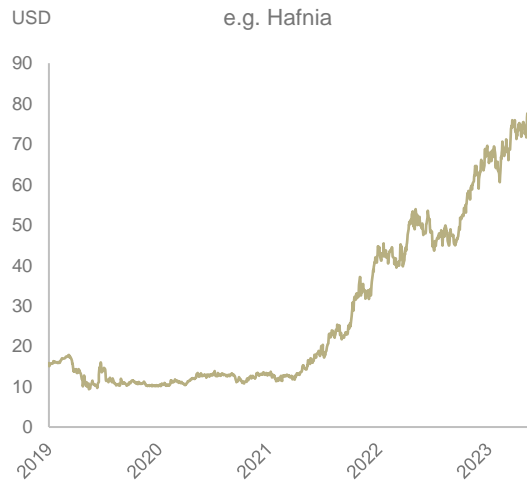
The framework outlined above is presented for illustrative purposes only. Aspects of Argonaut's investment philosophy, investment process and portfolio construction may differ from what is stated above.

# Example longs

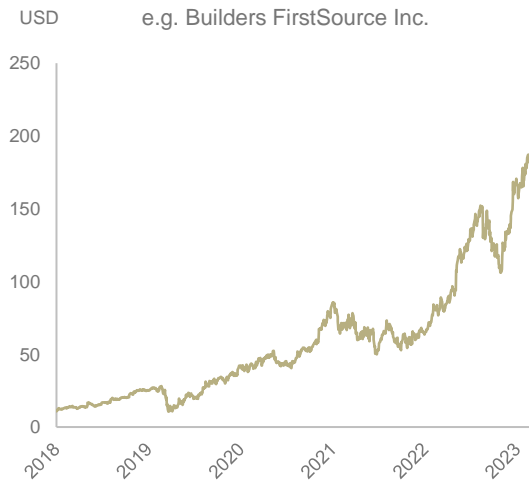


## TYPICAL TYPES OF LONG – STRUCTURAL CHANGE, CYCLICAL CHANGE & IDIOSYNCRATIC

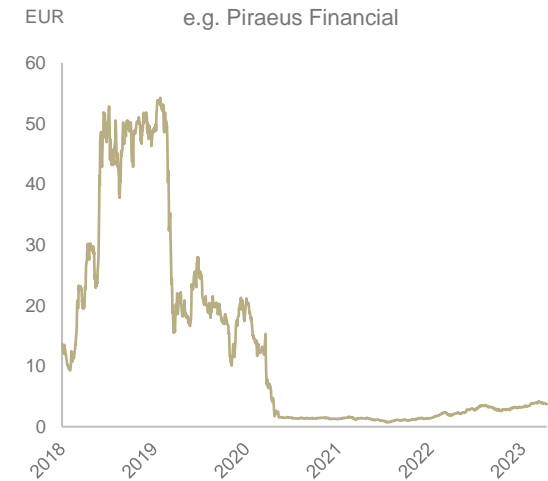
### STRUCTURAL CHANGE



### CYCLICAL CHANGE



### IDIOSYNCRATIC

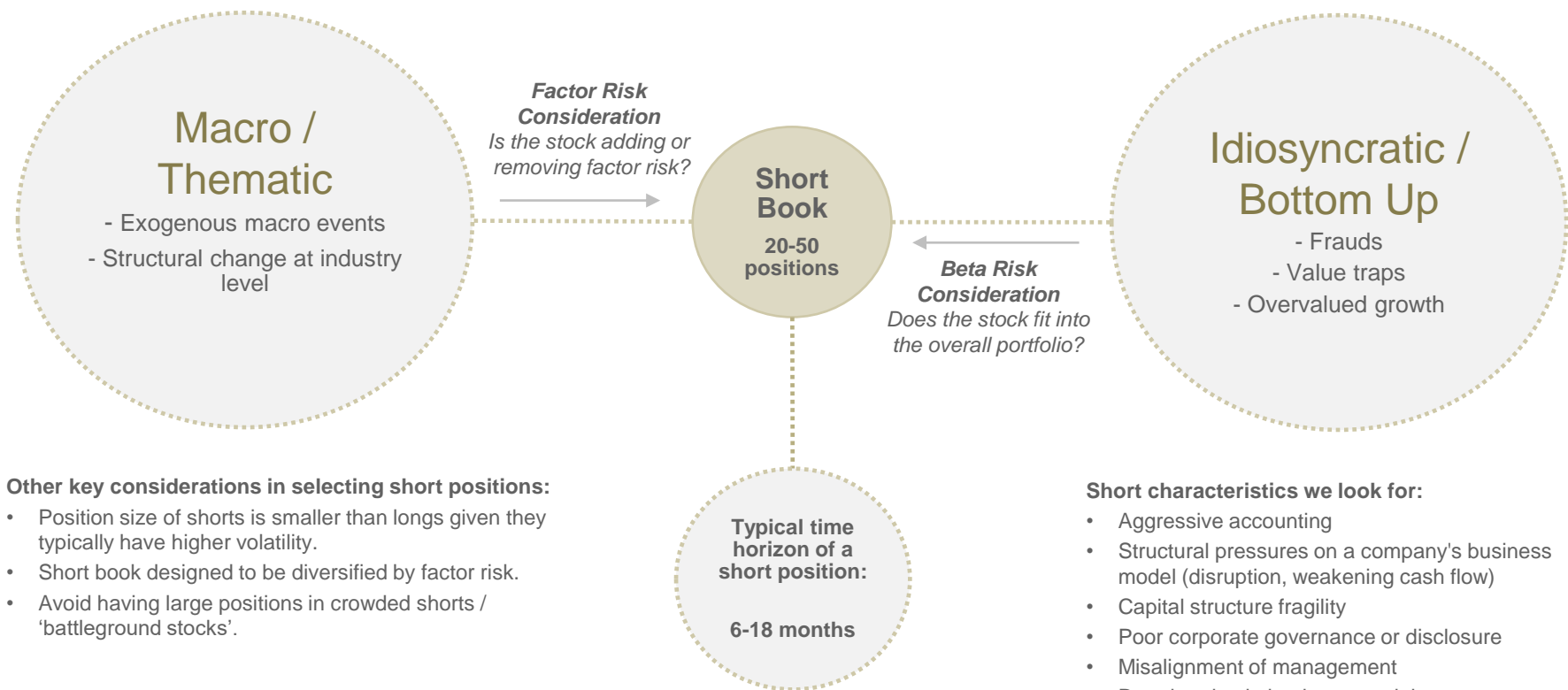


The framework outlined above is presented for illustrative purposes only. Aspects of Argonaut's investment philosophy, investment process and portfolio construction may differ from what is stated above.

# Stock selection | Short book

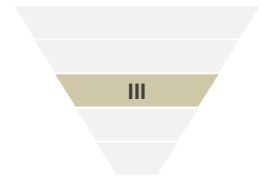


Argonaut's investment process is geared to identifying and exploiting company earnings forecast error or 'earnings surprise'.  
**Our short book comprises single stock (alpha) shorts in companies where earnings are deemed to be over-estimated.**



The framework outlined above is presented for illustrative purposes only. Aspects of Argonaut's investment philosophy, investment process and portfolio construction may differ from what is stated above.

# Example shorts



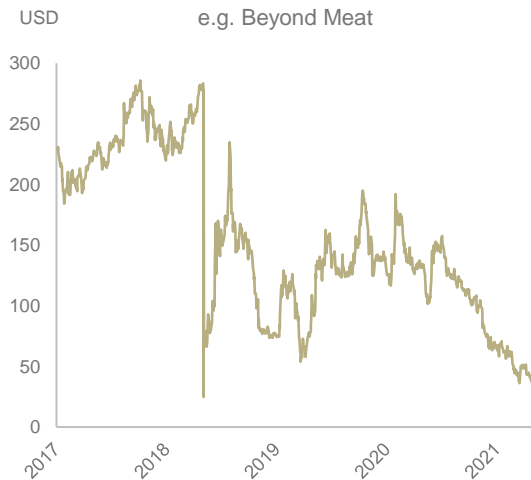
## TYPICAL TYPES OF SHORT – FRAUDS, FADS AND FADES

### VALUE TRAPS



- Business models disrupted by competition
- Equity value weighed down by debt that can't be serviced
- e.g. Silicon Valley Bank, Signature Bank, First Republic Bank

### OVER VALUED GROWTH



- End of cycle loss of valuation requiring constant access to easy capital
- e.g. Oatly, Rivian, Carvana, Orsted, Hexatronic, Albermarle

### FRAUDS

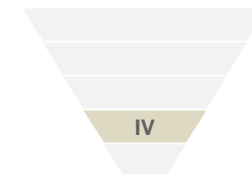


- Intense scrutiny of public disclosures.
- Can involve long fights with disingenuous management
- e.g. Steinhoff, NMC Healthcare, Adler, SBB

Source: Bloomberg.

Past performance does not guarantee future results and the value of all investments and the income derived therefrom can decrease as well as increase.

# Portfolio construction



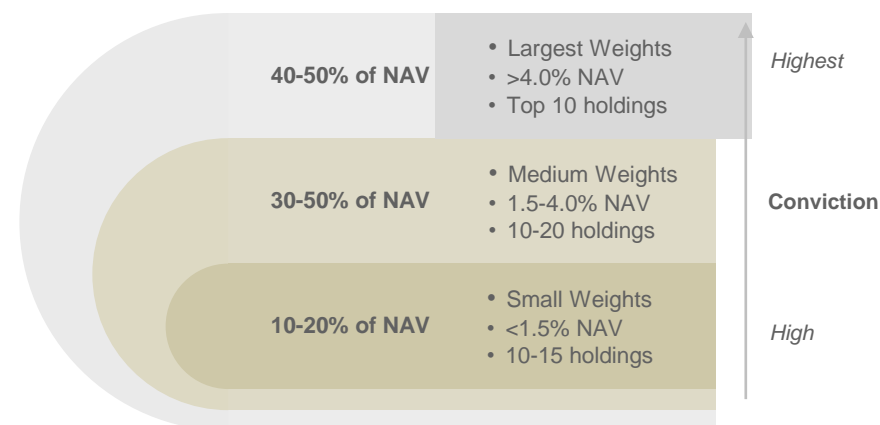
## PORTFOLIO CONSTRUCTION FRAMEWORK

|                                   |   |
|-----------------------------------|---|
| <b>Alpha not beta</b>             | <ul style="list-style-type: none"> <li>Portfolio construction geared to capturing alpha and mitigating impact of beta.</li> </ul>   |
| <b>Diversification of factors</b> | <ul style="list-style-type: none"> <li>We seek to avoid directional skews, preferring 'shades of grey' to black and white.</li> </ul>   |
| <b>Net exposure</b>               | <ul style="list-style-type: none"> <li>Higher beta nature of our shorts means portfolio is typically 40-70% net long on a reported basis and 0-40% net long beta-adjusted.</li> </ul> |
| <b>Position sizing</b>            | <ul style="list-style-type: none"> <li>Degree of perceived mis-forecasting determines conviction and sizing.</li> </ul>   |
| <b>Shorts</b>                     | <ul style="list-style-type: none"> <li>Position size of our shorts smaller than our longs given they typically have higher volatility.</li> </ul>                                     |
| <b>Stock specific</b>             | <ul style="list-style-type: none"> <li>Some stocks more valuable than others in constructing portfolios.</li> </ul>   |

*"I'm constantly fighting my bearishness about the world. One of the great hedge fund managers of all time, Bob Wilson, greatest short seller ever, said he made 90% of his money on the long side, the math just works against you. If you're perfect on a short, you can double your money. But if you're wrong on a short, you can lose 10 times your money. If you're dead wrong on a long, you lose your money. But if you're right, you can make 10 times your money. It's a mathematical inverse of that with shorting. You don't have to be a rocket scientist. I know, therefore, that if you have a bearish bias, you have to be very aware of it. You have to work around it. And I always have."*

**- Stanley Druckenmiller**

## GROSS & NET EXPOSURES

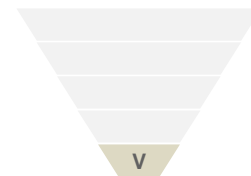


### VT ARGONAUT ABSOLUTE RETURN

|                                      |          |
|--------------------------------------|----------|
| Net equity range (reported)          | 30-70%   |
| Net equity range (beta adj.)         | 0-40%    |
| Typical gross equity range           | 100-180% |
| Typical single stock long weighting  | 1-6%     |
| Typical single stock short weighting | 0.5-3%   |
| No. of long positions                | 30-50    |
| No. of short positions               | 20-50    |
| Index future hedging                 | No       |

The framework outlined above is presented for illustrative purposes only. Aspects of Argonaut's investment philosophy, investment process and portfolio construction may differ from what is stated above.

# Portfolio management & risk framework



## SOFT RISK FRAMEWORK

|                       |  |
|-----------------------|--|
| <b>Style Risk</b>     | <ul style="list-style-type: none"> <li>▪ Differentiate between real earnings momentum and speculation.</li> <li>▪ Active de-grossing to reduce impact of momentum reversals.</li> <li>▪ Structural allocation to parts of the market where earnings surprise more consistently rewarded (non-cyclicals).</li> </ul>                      |
| <b>Factor Risk</b>    | <ul style="list-style-type: none"> <li>▪ Diversification – ensure no one factor dominates each book to mitigate impact of factor rotation.</li> <li>▪ Significant resource allocated to understanding duration risk</li> </ul>   |
| <b>Liquidity Risk</b> | <ul style="list-style-type: none"> <li>▪ Portfolio liquidity monitored daily.</li> <li>▪ Typical cut off for a stock to be included is £500m market cap.</li> <li>▪ Internal liquidity review – 80% of portfolio to be liquidated within 10 days (assuming 20% of 6m average daily volume).</li> <li>▪ No unlisted positions.</li> </ul> |
| <b>Short Book</b>     | <ul style="list-style-type: none"> <li>▪ Shorts have smaller position size to mitigate against higher inherent volatility and short 'squeeze' risk.</li> <li>▪ We rarely add to successful shorts – we prefer to lock in profit as risk-reward profile changes.</li> </ul>   |
| <b>Volatility</b>     | <ul style="list-style-type: none"> <li>▪ Active monitoring of portfolio volatility outside expected range.</li> </ul>  |
| <b>Leverage</b>       | <ul style="list-style-type: none"> <li>▪ We do not believe high leverage (gross) is required to make high returns.</li> </ul>  |

## HARD RISK FRAMEWORK

|                       |  |
|-----------------------|--|
| <b>UCITS</b>          | <ul style="list-style-type: none"> <li>▪ 5-10-40 rule.</li> <li>▪ No single position &gt;10% of NAV.</li> <li>▪ Positions &gt;5% NAV cannot aggregate &gt;40% of NAV.</li> </ul>   |
| <b>ACD</b>            | <ul style="list-style-type: none"> <li>▪ Valu-Trac team of 14 people mandated to apply independent Compliance &amp; Risk oversight.</li> </ul>   |
| <b>VaR Method</b>     | <ul style="list-style-type: none"> <li>▪ Gross exposure cannot exceed 200%.</li> </ul>   |
| <b>Prospectus*</b>    | <ul style="list-style-type: none"> <li>▪ Not more than 10% NAV may consist of transferable securities.</li> <li>▪ No more than 5% NAV may be invested in warrants.</li> <li>▪ Not more than 20% NAV to consist of deposits with a single body.</li> <li>▪ Not more than 10% NAV in any one collective investment scheme.</li> <li>▪ No more than 35% NAV may be invested in such securities issued by any one body.</li> <li>▪ ACD must ensure that borrowing does not, on any Business Day, exceed 10% of the value of the Fund.</li> </ul> |
| <b>Risk Committee</b> | <ul style="list-style-type: none"> <li>▪ Chief Operating Officer &amp; Compliance Officer</li> </ul>   |

*“Compound interest is the eighth wonder of the world. He who understands it, earns it. He who doesn't, pays it”*

Albert Einstein attributed.

The framework outlined above is presented for illustrative purposes only. Aspects of Argonaut's investment philosophy, investment process and portfolio construction may differ from what is stated above.

\* See prospectus for full list of restrictions.

# Current positioning | Top holdings & themes

## TOP FIVE LONG POSITIONS

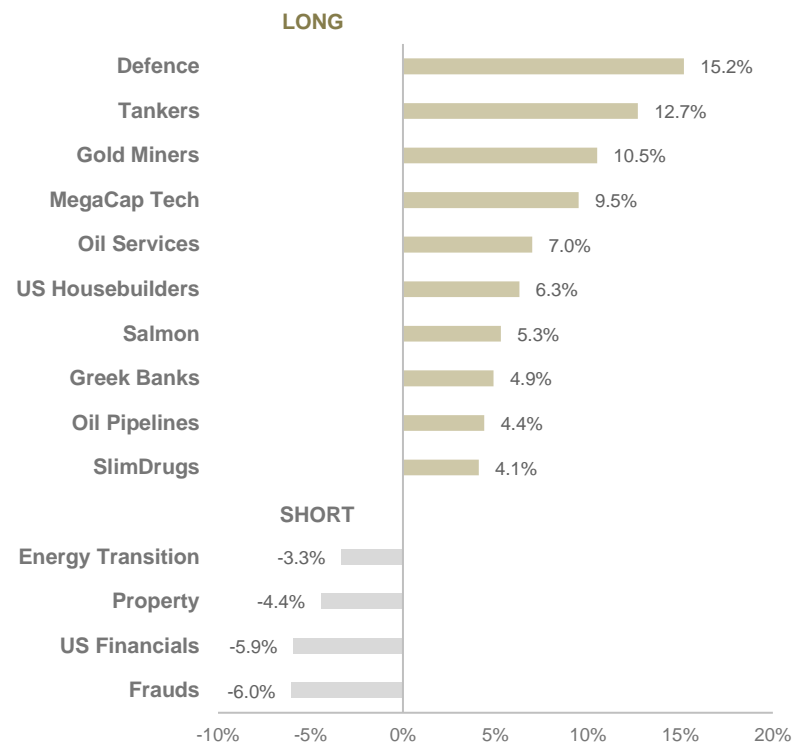
| SECURITY                 | % NAV |
|--------------------------|-------|
| Rheinmetall AG           | 6.0%  |
| Hafnia Ltd               | 5.8%  |
| Torm Plc                 | 5.0%  |
| Builders Firstsource Inc | 3.9%  |
| OTP Bank Nyrt            | 3.5%  |

## TOP FIVE SHORT POSITIONS

| SECURITY               | % NAV |
|------------------------|-------|
| Real Estate            | -2.9% |
| Financials             | -2.5% |
| Information Technology | -1.4% |
| Telecommunication      | -1.3% |
| Information Technology | -1.3% |

Source: Argonaut Capital Partners internal unaudited data; All data as at 31-Mar-24.

## EXPOSURE BY THEME



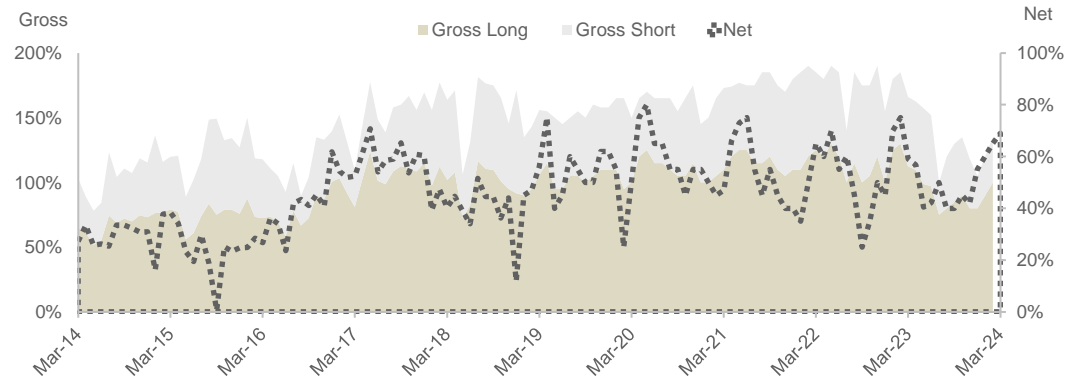
Note: Top five holdings – there is no assurance that any securities identified in this table will remain in the fund at the time you receive this presentation. Key thematic exposures – the securities and ‘themes’ identified in this table do not represent the fund’s entire portfolio and in the aggregate may represent only a small percentage of the fund’s portfolio. Please do not assume that any of the holdings or themes identified in this table were or will prove to be profitable. Please also note that the themes are subjective categorisations as determined by Argonaut Capital Partners. Source: Argonaut Capital Partners, as at 31-Mar-24.

# Current positioning | Headline exposures

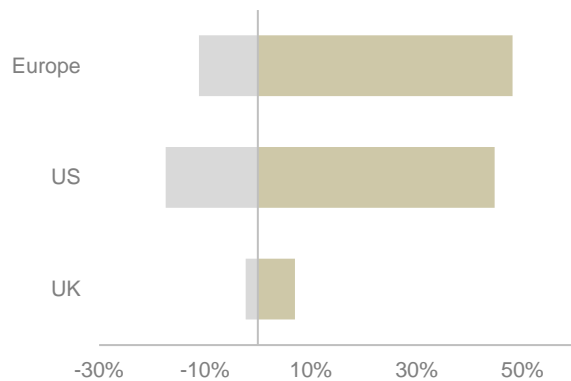
## EXPOSURE SUMMARY

|                       | Current | Average |
|-----------------------|---------|---------|
| Gross Long Equity     | 100%    | 96%     |
| Gross Short Equity    | 31%     | 50%     |
| Total Gross Equity    | 131%    | 146%    |
| Net Equity            | 69%     | 46%     |
| Net Equity (beta ad.) | -0.3    | n/a     |
| No. of long positions | 43      | n/a     |
| No of short positions | 47      | n/a     |

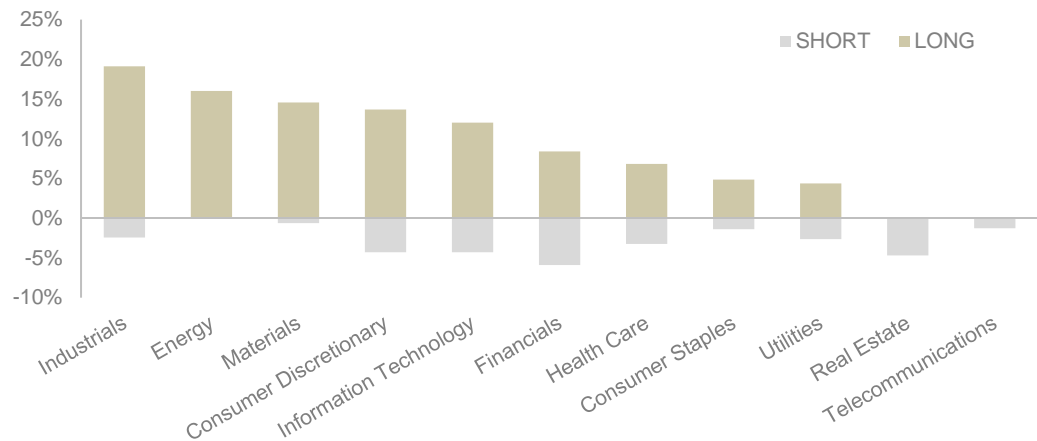
## GROSS & NET EXPOSURE



## EXPOSURE BY GEOGRAPHY



## EXPOSURE BY SECTOR



Source: Argonaut Capital Partners, as at 31-Mar-24.

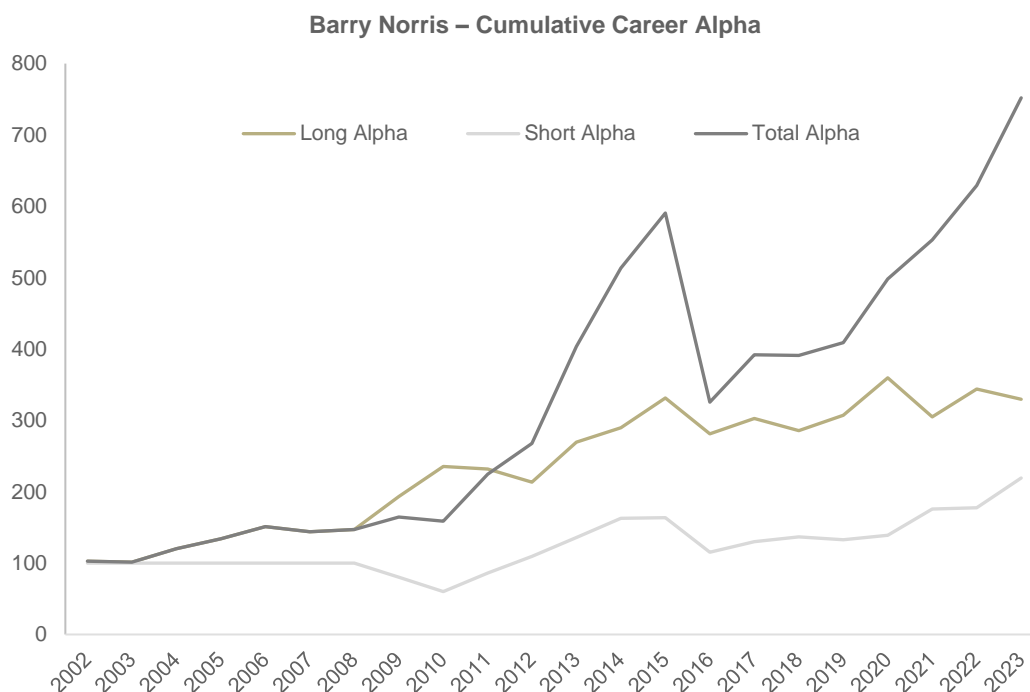
# Appendix

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# Barry Norris | Career track record

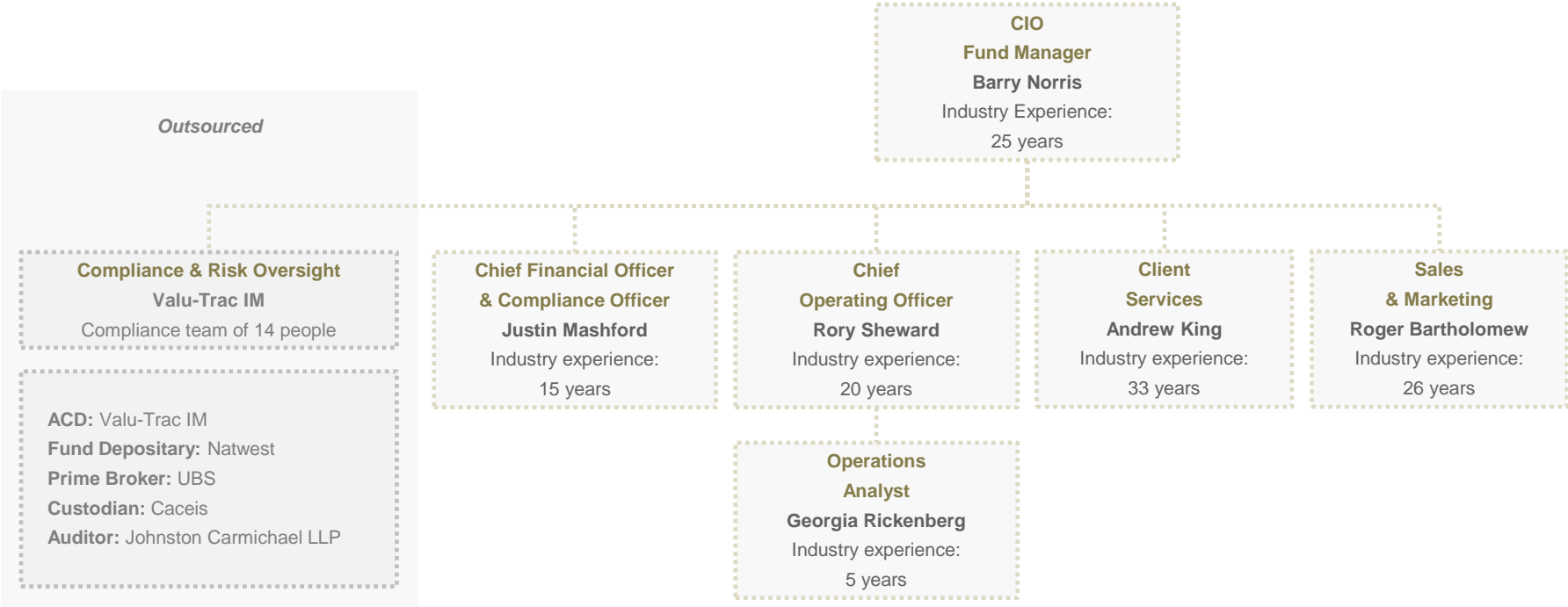
## BARRY NORRIS – 22-YEAR TRACK RECORD OF ALPHA GENERATION

| (%)            | CTR LONG    | CTR SHORT  | CTR NET     |
|----------------|-------------|------------|-------------|
| 2002           | -5.0        |            | -5.0        |
| 2003           | 27.0        |            | 27.0        |
| 2004           | 31.9        |            | 31.9        |
| 2005           | 35.4        |            | 35.4        |
| 2006           | 31.3        |            | 31.3        |
| 2007           | 10.1        |            | 10.1        |
| 2008           | -22.6       |            | -22.6       |
| 2009           | 27.2        | -15.0      | 12.2        |
| 2010           | 14.6        | -12.0      | 2.6         |
| 2011           | -8.8        | 23.0       | 14.2        |
| 2012           | 4.0         | 1.3        | 5.3         |
| 2013           | 33.5        | 1.5        | 34.9        |
| 2014           | 10.4        | 5.3        | 15.7        |
| 2015           | 17.7        | -3.8       | 13.9        |
| 2016           | -9.6        | -12.8      | -22.3       |
| 2017           | 17.0        | 1.1        | 18.1        |
| 2018           | -16.4       | 9.4        | -7.0        |
| 2019           | 30.9        | -14.4      | 16.5        |
| 2020           | 10.0        | 7.0        | 17.0        |
| 2021           | 8.3         | 2.0        | 10.3        |
| 2022           | 4.6         | 6.5        | 11.1        |
| 2023           | 11.0        | 3.6        | 14.6        |
| 2024           | 11.9        | -0.2       | 12.1        |
| <b>Average</b> | <b>11.9</b> | <b>0.2</b> | <b>12.1</b> |



Source: Argonaut Capital & Bloomberg as at 31-Mar-24. **Alpha** calculation methodology = ROIC minus index return (MSCI Europe EUR TR Net) in base currency and net of fees. The VT Argonaut Absolute Return Fund's prospectus changed in 2021 from being 'predominantly' to 'mainly' pan European equity exposure. Returns used for the period Nov-02 to the launch of VT Argonaut Absolute Return (May-09) are for Neptune European Opportunities (long only fund). **Past performance does not guarantee future results and the value of all investments and the income derived therefrom can decrease as well as increase.**

# Argonaut team structure and service providers



Source: Argonaut Capital Partners as at 31-Mar-24,.

# VT Argonaut Absolute Return – Investor information

## SHARE CLASS INFORMATION

| SHARE CLASS        | GBP A  | GBP R        | GBP I        | USD I        | EUR I        |
|--------------------|--|--------------|--------------|--------------|--------------|
| Sedol              | B7MC0R9  | B7FT1K7      | B79NKW0      | BH36TH3      | B779CH9      |
| ISIN               | GB00B7MC0R90   | GB00B7FT1K78 | GB00B79NKW03 | GB00BH36TH37 | GB00B779CH97 |
| Bloomberg          | IMEAAAG LN   | IMEARAG LN   | IMEAIAG LN   | IMEAIAU LN   | IMEAIAE LN   |
| Front End Fee      | 0%   | 0%           | 0%           | 0%           | 0%           |
| Management Fee     | 1.50%  | 0.75%        | 0.75%        | 0.75%        | 0.75%        |
| Ongoing Charge     | 1.56%  | 0.81%        | 0.81%        | 0.81%        | 0.81%        |
| Performance Fee    | 20% of gains above hurdle rate subject to the unit price exceeding the high-water mark.* |              |              |              |              |
| Hurdle             | 5% per annum   |              |              |              |              |
| High Water Mark    | Yes  |              |              |              |              |
| Anti-Dilution Levy | A dilution levy is applied if net outflows are 2.5% and over on one day                  |              |              |              |              |
| Min. Investment    | £500   | --           | --           | --           | --           |

\*The performance fee is payable in the month end following the end of the performance period. The performance fee accrues daily when the mid-price of the fund outperforms the Hurdle Rate (5% per annum) and exceeds the High-Water Mark (HWM). This is reflected in the price of shares calculated each day. A new HWM is set at the end of the performance period. The performance period runs from 1 January to 31 December each year (or first/last working day of the year). Fees crystallise annually. Losses carried forward. See prospectus for more detail.

## DEALING INFORMATION

|                     |  |
|---------------------|--|
| Dealing Frequency   | Daily  |
| Dealing Time        | 12pm   |
| Valuation           | Daily  |
| Share class hedging | Non-base currency share classes are fully hedged |
| Dividends           | Accumulation shares only                         |
| Price Reporting     | Prices published daily                           |

# Investor platform availability

THE VT ARGONAUT ABSOLUTE RETURN FUND IS AVAILABLE ON NUMEROUS INVESTOR PLATFORMS – A SAMPLE OF WHICH ARE BELOW:

|                 |                      |                 |
|-----------------|----------------------|-----------------|
| Abrdn           | Halifax              | Pershing        |
| Aegon           | Hargreaves Lansdown  | Quilter         |
| Aegon (CoFunds) | Hubwise              | Raymond James   |
| AJ Bell         | Interactive Investor | Scottish Widows |
| Allfunds        | J Brearley           | Seven IM        |
| Aviva           | James Hay            | Standard Life   |
| Barclays        | M&G (Ascentric)      | Transact        |
| Embark          | Morningstar          | True Potential  |
| Fidelity        | Novia                | Utmost          |
| FNZ             | Nucleus              | Zurich          |
| Fusion          | Parmenion            |                 |



Please note that the above list is not exhaustive.  
The fund is available on several other platforms also.  
**Further details available on request.**

# Contact details

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[Mex Office: +52 (998) 500-1627 | UK Office: +44 207 1832480]  
[[info@kngadvisors.co.uk](mailto:info@kngadvisors.co.uk) | [www.kngadvisors.co.uk](http://www.kngadvisors.co.uk)]

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