

Fund Factsheet

VT Argonaut Absolute Return

At 31 August 2023

Barry Norris
Fund Manager



Barry Norris founded Argonaut in 2005 and manages the VT Argonaut Absolute Return 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 provide positive absolute returns in Sterling share class currency over a 3 year rolling period, utilising a variety of asset classes and regardless of market conditions. The fund will not be managed against any formal benchmark. Capital invested in the fund is at risk and there is no guarantee that the investment objective will be met over the 3 year rolling periods or in respect of any other time period. Historically, the fund has delivered lowly correlated returns to European equity markets.

Fund overview

Sector	IA Targeted Absolute Return
Launch date	18 Feb 2009 (GBP A Acc)
Fund size	£100.4m
No. of long holdings	39
No. of short holdings	51
Share class	Class A
Sedol code	A GBP (Acc) – B7MC0R9 A EUR (Acc) – B7K3728 A USD (Acc) – BN72281
Bloomberg	A GBP (Acc) – IMEAAAG LN A EUR (Acc) – IMEAAAE LN A USD (Acc) – FPAARAU LN
ISIN	A GBP (Acc) G800B7MC0R90 A EUR (Acc) G800B7K37282 A USD (Acc) G800BN722818
Initial charge	0.0%
Ongoing charge GBP (as at 28/2/23)	A Acc Class Shares -1.56%
AMC	A Class Shares – 1.50%
Performance fee	20% of anything above the hurdle rate (5% per annum) subject to the price exceeding the high water mark (HWM)
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.
Source: Internal. All information as at 31/08/2023 unless otherwise stated.

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.

Fund Commentary

"We are navigating by the stars, under cloudy skies" Fed Chairman Powell, Jackson Hole, 25th August 2023

The fund returned +4.30% over August, compared with the IA Targeted Absolute Return sector which returned 0.25% and the Lipper Global Alternative Long/Short Equity Europe sector return of -0.17%. The correlation to the market was -0.04 and the annualised daily volatility just 8.2%.

The fund made 1% in its long book, and 3.3% in its short book. Our best performing longs were Norwegian product tanker outfit Hafnia (+17%), Hungarian bank OTP (+14%) and leading insulin-for-obesity pharma outfits Eli Lilly (+24%) and Novo Nordisk (+17%). Our best performing shorts were online luxury clothing reseller Farfetch (-50%), Swedish telecom cable manufacturer Hexatronic (-27%) and US real estate outfit Medical Property Trust (-27%). Following our appearance on GB News highlighting how wind farm economics have deteriorated, industry leader Orsted (-25%) announced a significant profit warning, which came as a surprise to the market.

The yield on the US 10-year Treasury broke above 4% for the first time since last October, reaching a peak of 4.34%, the highest since 2007. Since the US Treasury price anchors the value of all other financial assets, a blow out in yields will cause a dramatic reassessment of stock market values worldwide. There is a parallel to 1987, when the 10-year Treasury yield steadily climbed from 7% to over 10% by October. This proved to be the tipping point for global stock-markets, which promptly crashed by 30%.

Recent economic data suggests that whilst Europe is slipping back into recession and China is stuck in a Japanese-style debt trap, the US economy has recently reaccelerated, with the St Louis Fed GDP best estimate of Q3 now +5.6%, although there are also signs of rising delinquencies in auto and credit card loans. Core inflation (CPI ex Food and Energy) is also still stuck at +4.7% in the US (+5.3% in the EU). This means that the Fed cannot yet pause hikes without a likely further steepening of the yield curve.

Post WW2 Western economies followed a Keynesian consensus of countercyclical fiscal spending, with deficits rarely more than 5% GDP at the peace time recessionary trough. Today we have the absurd situation where despite full employment and the Federal Reserve implementing 525bps of rate hikes in 18 months to slowdown a red-hot economy, the US fiscal deficit is currently running at 8% of GDP, inefficiently stimulating the economy through subsidies of "strategic" industries and pork barrel politics ahead of the next Presidential election in 2024. When the "long and variable lags" of tighter monetary policy finally hit the economy, government will have already fired its bullets, making the likely slump deeper and more painful.

² Lipper 31/08/2023, I Accumulation share class performance, in GBP with net income reinvested and no initial charges.
³ Correlation compares the hedged GBP I Acc share class daily returns against the Lipper Global Equity Europe.

	1 Month	YTD	3 Year	5 Year	10 Year	Since Launch	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Fund	4.3	2.5	14.6	46.2	95.7	179.1	11.3	10.3	16.6	12.8	-11.7	17.3	-25.6	11.0	13.6	39.7
AR Sector	0.3%	0.7	6.0	7.5	21.0	46.0	-2.3	3.8	2.9	4.7	-2.7	3.2	1.1	2.7	2.7	7.3
Rank	1/90	30/90	16/87	4/75	1/39	2/15	8/99	13/101	5/111	6/113	99/101	2/97	87/87	6/73	1/60	2/54
Quartile	1	2	1	1	1	1	1	1	1	1	4	1	4	1	1	1
L/S Sector	-0.2%	1.7	9.1	5.9	19.7	38.4	-4.3	8.74	1.0	6.1	-6.8	2.5	-4.3	7.6	3.9	6.6
Rank	2/73	22/71	15/61	3/51	4/27	2/1	6/62	19/64	6/82	20/94	64/77	4/68	56/56	5/43	3/39	2/36
Quartile	1	2	1	1	1	1	1	2	1	1	4	1	4	1	1	1

	2023 (YTD)	2022	2021	2020	2019	2018	2017	2016	2015	2014
Correlation	0	-0.3	0.2	0.0	0.2	0.4	0.3	0.3	0.1	0.3
Downside Capture Ratio (%)	-153.3	-51.9	-28.0	-84.8	-219.2	65	-242.0	99.0	-10.0	-46.0
Standard Deviation (%)	30.4	16.9	12.1	20	13.4	14.3	12.9	10.8	8.3	10.8
Sharpe Ratio	0.03	0.6	0.9	0.9	0.9	-0.8	1.3	-2.7	1.2	1.2
Sortino Ratio	0.33	0.5	0.8	0.8	0.7	-0.8	1.9	-1.8	1.2	1.2

Source: Argonaut Capital Partners & Lipper 31/08/2023, I Accumulation share class performance, in Sterling with net income reinvested and no initial charges. The AR is the IA Targeted Absolute Return NR (TAR) and L/S Sector is Lipper Global Alternative Long/Short Equity Europe, both quoted in local currency. The market's (Lipper Global Equity Europe) performance is quoted in Euros, but the fund's performance is quoted in Sterling, as the fund is currency hedged back to Sterling, so it should be measured relative to local currency (Euros). Standard deviation is based on monthly return data.

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 August 2023

Glossary:

Long position

Positions that will deliver a positive return if the stock goes up in value and a negative return if the stock falls in value

Short position

Positions that will deliver a positive return if the stock falls in value and a negative return if the stock goes up in value

Gross exposure

The overall exposure of the fund - the sum of the value of the long positions and the short positions

Net exposure

The directional market exposure of the fund - the value of the long positions minus the value of the short positions

Top Five Long Positions	Fund %
Hafnia	4.8
Torm	4.3
OTP Bank	4.0
Eli Lilly & Co	3.7
Novo Nordisk	3.6

Exposure	Fund %
Long Exposure	82.9
Short Exposure	-41.9
Net Exposure	41.0
Beta Adjusted Net	0.2
Gross Exposure	124.8

Correlation to the Lipper Global Equity Europe	
Monthly Correlation	-0.0

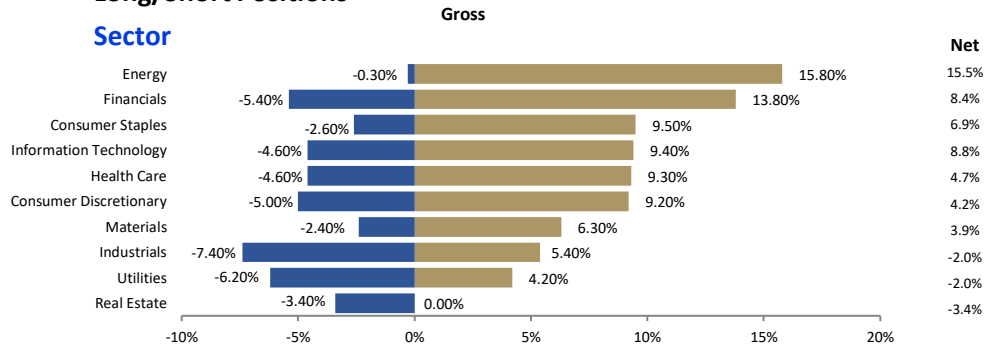
Market Cap	Fund %	Long	Short
Large Cap €5bn - €20bn	60.0	-15.4	
Mid Cap €1bn - €5bn	20.5	-10.1	
Small Cap <€1bn	2.4	-16.4	

Days to Liquidate	% of Invested Portfolio
Less than 1 day	90.0
1-5 days	10.0
More than 5 days	0.0

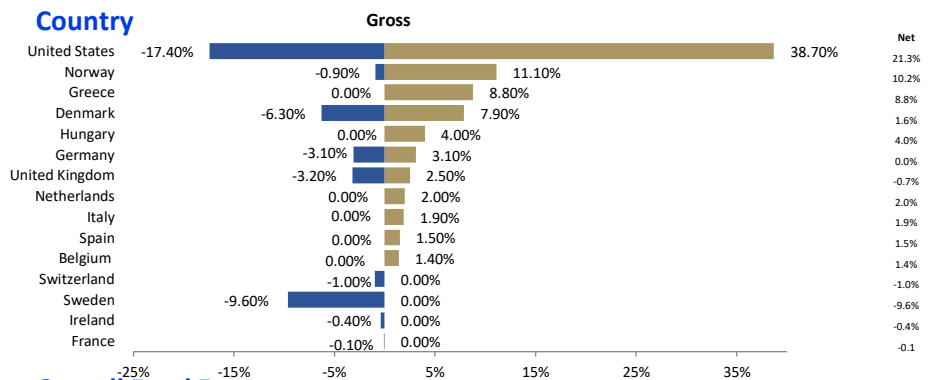
Days to liquidate positions in the portfolio using 20% of the 90 days average trading volume

Long/Short Positions

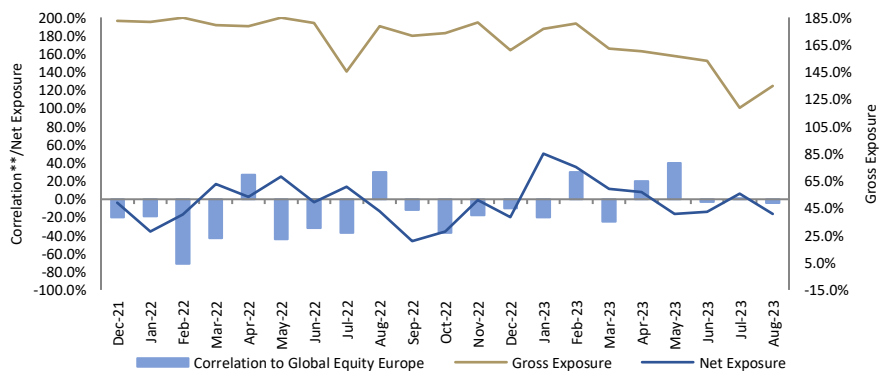
Sector



Country



Overall Fund Exposure



**Lipper Global Equity Europe quoted in € and the VT Argonaut Absolute Return GBP I Acc quoted in £ as the fund is currency hedged back to Sterling, so it should be measured relative to local currency (Euros).

Source: Argonaut Capital Partners, all figures at 31/08/2023, these figures are subject to rounding. 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.

Important Information

The fund takes long and short positions based on the fund manager's views of the market direction. This means the fund's performance is unlikely to track the performance of broader equity markets. While this creates the opportunity for the fund to deliver positive returns in falling markets, it also means the fund could deliver negative returns in rising markets. The use of independent ratings is not a recommendation to buy and is not a guide to future returns. This Fund is marketed to professional investors and eligible counterparties. Retail investors should seek further advice before investing. 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 01343 880 217 or visit www.argonautcapital.co.uk. Alternatively write to Valu-Trac Investment Management Limited- Argonaut, Orton, Moray, Scotland, IV32 7QE. The prospectus, KIIDS, the articles, the annual and semi-annual reports of the Fund may be obtained free of charge from the ACD. 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.

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