YFS Argonaut Absolute Return

Fund Commentary

"Knowledge is knowing that a tomato is a fruit: wisdom is knowing not to put it in a fruit salad."
Ireland Rugby Captain, Brian O'Driscoll, 2009 Press Conference

The Fund returned +2.9% over February compared with the IA Targeted Absolute Return sector return of +0.9% and the Morningstar Long/Short Europe sector return of +0.6%. The correlation to the market was 0.0 (-0.3) whilst monthly annualised daily volatility was 13.3% (8.3%) vs. market 8.9% (9.1%).

Over the month, the Fund returned +3.7% from its long book and -0.4% from its short book (with -0.4% from FX hedging/other).

The best performing longs were VLCC tanker owner, Frontline (+32%); gold miner, Endeavour (+24%); and Eastern European bottler, Coca-Cola Hellenic (+21%). The worst performing long was Novo Nordisk (-23%).

The best performing shorts were US private equity companies, Blue Owl (-20%) and Ares (-23%); Swedish property portal Hemnet (-19%) and Danish wind turbine OEM Vestas (-15%). The worst performing short was medical fashion apparel brand Figs (+45%).

During the month Anthropic, which is the second largest independent AI software company, announced several so called "plug-ins" for its Claude/Cowork Large Language Model that it claimed could automate basic legal, data and financial analysis. This caused a significant sell-off amongst stocks seen as being possible losers from AI.

In order to understand the limitations of LLM business models it is necessary to have a basic grasp of AI technology. The strength of AI is its ability to engage in massive statistical analysis of big data correlations with language, images or sounds, and to recognise patterns in large amounts of unstructured data.

LLM's work like "autocomplete": they guess at the most probable outcome and deliver it with no recognition of the possibility of being wrong. For this reason LLM's have been likened to "stochastic parrots"[1], repeating a lot, without understanding. Therefore incorrect or inconsistent answers, or "hallucinations" are a chronic problem.

Unlike a deterministic model such as Excel, which always gives the correct answer, so long as the formulas are correct, the LLM model (since it contains random variables which lead to chronic errors) can never be fully reliable, since it must always guess at the answer. This is why for example in medical screening, AI is never left to do the job by itself but has to be used under human supervision. Nor can the LLM model deal with novelty, since its intelligence is purely based on what is already on the internet, which can be copied. So, there are real differences between AI and human intelligence meaning that the often-cited goal of AI achieving (Artificial General Intelligence) or intelligence on a level of a human is not a very useful benchmark, in our opinion.

Key Performance Numbers

2.9%	Monthly performance
11.2%	Year-to-date performance
16.4%	5-year CAGR (net of fees)
-0.1	5-year correlation to European equities*

*As at 28-Feb-26. *Euro Stoxx NR Index. Past performance is not a reliable indicator of future results.*

Key Fund Details†

GBP I	467.44
GBP A	413.78
GBP R	397.29
USD I	268.68
EUR I	368.73

Fund AUM (£m)	545m
Fund Inception	18 Feb 2009
Fund Type	UCITS Long/Short
Fund Domicile	UK
Base Currency	GBP
Sector	IA Targeted AR
Dealing Frequency	Daily
Prime Broker	UBS

Strategy

Argonaut Absolute Return

A long/short strategy focused on mainly pan European equities dedicated to seeking non-correlated absolute returns via an active, fundamental investment approach and a concentrated portfolio of investments. The Fund typically holds 30-50 long positions and 20-50 short positions.

For full details see fund prospectus

Portfolio Manager

Barry Norris, CFA

Barry began managing European equity portfolios at Neptune Investment Management in 2002 having begun his career at Baillie Gifford. He graduated from Cambridge University (MA History & MPhil International Relations) and holds the CFA. Barry founded Argonaut Capital Partners LLP in 2005.

For more information see argonautcapital.co.uk

*MSCI Europe NR

Sources: Argonaut Capital Partners LLP internal unaudited data and refers to the £ I share class.
†Yealand, Bloomberg & Morningstar, calculation on a NAV basis with net income reinvested. All data shown as at 28 February 2026

Although almost every CEO of publicly listed companies wants us to believe they are rapidly adopting AI for massive productivity gains, survey responses asking them to quantify gains have so far been underwhelming, with the gap between outcomes and expectations labelled the "AI productivity paradox". Given the limitations of LLM's, it should not be surprising that according to a recent JPMorgan call with a leading AI IT consultant: "*The most effective automation use cases so far have focused on narrow, repeatable tasks like patching, rather than broad solutions*". And lest we might be forgiven to think that AI is already rewriting complicated software, the consultant concluded that so far the real-world experience had been:

"*Garbage in, garbage out, and when it's AI-related, it's at the speed of light garbage in and at the speed of light garbage out*."[2]

Whilst these current limitations are clearly widely acknowledged, AI bulls believe they can be solved by more computing power, suggesting the existence of a linear "Moore's Law" trade-off between AI capabilities and AI computing power. This is why Sam Altman, the CEO of Open AI, has embraced capital intensity – which most investors would view as negative – calling his company "the most capital intensive start-up in history". And also why the CEO's of the "hyperscalers" are so enthralled with spending money on AI, believing they are in an "arms race" which if they lose would be an "existential" threat to their businesses.

The problem is that embracing capital intensity for its own sake is both dumb and dangerous, particularly if the "Moore's Law" thesis for AI compute is flawed. The "scale is all you need" thesis has been repeatedly challenged by critics such as Gary Marcus[3] and partly refuted by DeepSeek, which demonstrated more efficient architecture for less compute.

Our own attempts to quantify the trade-off between increasing compute and efficacy of new LLM's using Massive Multitask Language Understanding and the Epoch AI Capabilities Index suggest new LLM's are already encountering diminishing returns, with more compute leading to only marginally better capabilities.

This means that "scale isn't all you need" and the AI industry is potentially going down the world's most expensive rabbit hole in throwing more and more money at compute, expecting a linear trade off in the usefulness of AI software.

Open AI is reported to have recently raised money at a $730bn valuation (for $13bn of 2025 sales) and Anthropic at $380bn (for $4-5bn of 2025 sales). Yet on closer examination, the path to profitability for the Large Language Model companies (LLM's) is not clear. Since both Open AI and Anthropic are still private companies their business models are not yet subject to the same scrutiny as publicly quoted stocks.

Using financial metrics and future guidance reported in The Information, we have attempted to build pro-forma models for both companies. They have both recently reported significant losses and high cash-burn because of higher than initially expected inference (the costs of the customer searches or prompts) and training costs (the intellectual property behind the language model or software) as well as eye watering stock-based compensation for their employees.

Both companies have tried to convince investors that they will be compensated for higher costs now by higher revenues further down the road, with Open AI talking about unlikely new sources of revenue like advertising and hardware sales.

We see a significant accounting problem in the way both companies account for the "training costs" of building LLM models, since they are excluded from COGS/Gross margin calculations, when nothing suggests these costs are "one off" in nature, and must in fact be reoccurring so that the companies can maintain their technological lead. Excluding training costs from COGS allows both companies to report gross margins currently in the 30% range, forecast to double to 60% this year. Yet including model "training costs " as COGS, means there is barely a path to positive gross margins in either business plan. This accounting red flag will surely come under greater scrutiny if and when either company decides to list via an IPO.

The problem both Open AI and Anthropic have is that their cost of production is too high relative to their customers' willingness to pay.

With such low gross margins (including training costs) their business models are not scalable and there is no current path to profitability, without which the entire AI ecosystem will always require epic subsidy.

We are not the only investors who have pointed out these flaws in the LLM business model and the AI ecosystem. Writing in The Information on February 11th AI academic and entrepreneur Alan Jacobson wrote:

"Despite endless comparisons to Amazon, Google, and Facebook, AI is not like monetizing eCommerce, Search, or Social – because unit economics improve with scale for them. But not for AI

Rubber duckies are cheap to make one at a time, and cheaper to make a million at a time. Amazon loses money early, then spreads fixed costs across more orders. Google loses money early, then amortizes infrastructure across more searches. Facebook loses money early, then shows more ads to more people at essentially zero marginal cost.

Different products. Same physics.

More volume lowers the cost per unit. That's the engine.

AI does not have that engine.

Large language models do not sell a reusable product. They sell a bespoke response to a specific prompt, generated in real time, consumed once, and discarded forever. Every query is custom. Every answer is ephemeral. Nothing is stocked. Nothing is resold. Nothing sits on a shelf waiting for the next buyer.

Ask one question or a billion questions — the system still has to do the work every single time.

And unlike search or social, the cost of answering that question does not trend meaningfully toward zero as usage increases. In fact, it often moves in the opposite direction.

As models become larger, as context windows expand, and as users expect deeper reasoning and longer outputs, the cost per response goes up, not down. More parameters. More tokens. More compute. More energy. More money.

Scale does not fix this. Scale exposes it.

This is the fundamental problem with AI unit economics, and it's the part most AI coverage avoids because it's deeply inconvenient to the prevailing narrative.

If scale doesn't drive costs down, then AI businesses are boxed into only three possible paths:

First, they can radically reduce the cost of producing each response. That means breakthroughs in model efficiency, inference optimization, hardware utilization, or architectural change — not marginal gains, but step-function reductions. So far, those gains have been incremental, not transformative.

Second, they can charge dramatically more for each interaction. That requires AI to deliver value so obvious, so indispensable, that users willingly pay far more than they do today. But current behaviour is blunt: the overwhelming majority of users pay nothing for AI, and converting free users to paid has proven far harder than expected.

Third, they can rely on advertising. But this is where the comparison to Google and Facebook collapses completely.

Search and social work because attention is cheap and abundant. AI attention is neither. An AI response is expensive to generate, fleeting in duration, and consumed with intense focus for a short period of time. To make advertising work, AI would need to command ad rates orders of magnitude higher than search or social just to cover its costs — for a medium that does not encourage browsing, scrolling, or passive exposure.

That is a brutal mismatch.

None of this means AI is useless. None of this means AI is a scam. And none of this means AI won't matter.

It means AI is not a rubber ducky business.

It means you cannot assume that growth fixes losses, that scale cures inefficiency, or that time magically converts cost into margin. Those assumptions come from other industries with very different physics.

AI has its own physics. And until investors, executives, and boards confront that reality, they will keep mistaking impressive demos for viable businesses.

The future of AI will not be decided by agents, interfaces, or viral clips.

It will be decided by whether someone figures out how to make the math work."

During the month we also saw expectations for AI Capex being revised up significantly for 2026, from $423bn in 2025 amongst the 5 hyperscalers (Amazon, Alphabet, Meta, Oracle, and Microsoft) and 2 neoclouds (Coreweave and Nebius) we follow, to $751bn (+77% YOY) in 2026 when $570bn (+34% YOY) was previously expected.

This $751bn of 2026 prospective AI Capex is equivalent to 2.3% of US GDP, or roughly 43% of the 2025 US fiscal deficit. It is over seven times larger than German annual defence spending; bigger than annual collected US corporate tax, US bank loan growth, and every fiscal deficit globally except the US and China. By comparison, at the height of the dot.com boom, US telecom equipment capex peaked at just 1% of GDP in 2000.

Until recently, it has been assumed that AI Capex is intrinsically virtuous but what if it is unproductive, like money spent digging a hole in the road? Given its significance, what would be the ramifications for US technology stocks, credit markets and the dollar, if financial markets decided much of this capital splurge was likely to generate an insufficient return?

It seems obvious to us that every industry must generate annual profitable revenues in excess of its annual Capex requirements to be sustainable. And we are alarmed that the gap between AI Capex and AI revenues (let's ignore profits and cash-flow for now) is so wide and getting wider.

In our analysis of the AI software industry, we can currently account for only $35bn of "run rate" or "annualised monthly" revenues, with Open AI accounting for roughly half, Anthropic one quarter, with Microsoft GitHub/Copilot and Google Gemini being the other main contributors.

This means that using 2025 annual capex ($423bn) and December 2025 run-rate revenues ($35bn), the capex/sales ratio in the AI industry is currently running at approximately 1200% (12x)! This compares to 20-25% for US telecom companies at the peak of the dot.com boom in 2000, and a median of 7% for the S&P500.

This is only affordable because the "hyperscalers" are willing to divert their cash-flow from super-profitable business areas to subsidise AI spend (a bit like an industry-wide "metaverse" misadventure). With the notable exception of Apple, the management of the so-called "Magnificent 7" seemed to have swallowed the notion that they are in an "existential" "arms-race" in AI compute, leading to falling ROI, higher leverage, absence of share buy-backs, and not so "magnificent" share price performance. Given the size of these companies, this is an ill portent of the performance of overall US and global stock market indices.

Nvidia CEO, Jensen Huang, recently challenged on CNBC about the sustainability of AI Capex, claimed that: "compute [i.e. data centre revenues] equals cash-flow". We think this is disingenuous since data-centre compute does not pay for itself but has to be funded by AI software revenues. Nearly all of the spending activity within the AI ecosystem is loss-making, requiring "hyperscaler" subsidy, and constant debt and equity raising from private and public financial markets on an increasing scale to fund the systematic cash-burn.

Nvidia (and other "picks and shovels" plays) are the only AI businesses currently generating profit. This means that Nvidia must try to fund its customers growth through vendor financing and cross investment. Nvidia's supernormal profits are now attracting competition from their own customer base, whilst GPU innovation needed to maintain competitive advantage will result in faster depreciation of existing GPU's. Market expectations are for Nvidia GPU sales and net profit to more than double over the next two years.

Given the fragile nature of the AI Capex boom which requires ongoing subsidies currently equivalent to 2.25% of US GDP, it seems likely to us that when this profitless investment cycle turns, Nvidia will suffer a "bullwhip" effect, with a record loss of market capitalisation.

Whilst the size of the data centre build out is massive, it is less clear that the AI software industry will be able to pay in the long-term for the compute they are currently contracting over typically 5-6 year periods, or that the data centre capacity can be delivered on time given supply constraints. Altman recently claimed Open AI had only committed to $600bn of data centre spend having previously claimed $1.4trillon over 8 years. Anthropic has publicly committed to at least $80bn.

Execution risk and concern about customer ability to pay is not the only problem. Whereas cloud computing businesses like Amazon AWS are estimated to have gross margins of 60%-70%, AI data centre businesses incur higher energy costs and the problem of faster depreciating GPU's, meaning real gross margins are likely in the 30-40% range.

In its recent market update, Coreweave upped its 2026 Capex from $27bn to $30-35bn, at the same time warning on revenues and margins (EBIT margins at 8% vs. 20% expected). Coreweave, which has $19bn of net debt including lease liabilities, is now expected to burn another $23bn of cash in 2026. The "neocloud" business model looks to us like a horrible business model offering investors "return free, risk".

The AI Capex boom is out of hand. The "scale = compute" intellectual basis for the boom is questionable. The size of the boom is twice the size of the misallocation of capital in the dot.com boom

The AI software revenues that must sustain this boom are currently running at $35bn relative to Capex of $423bn in 2025 and $751bn in 2026. This gap is widening and it needs to shrink. The profitability of revenues from AI software (LLM's) is uncertain. It doesn't look like the business model of Open AI or Anthropic will scale.

The profitability of revenues from AI compute is uncertain. AI data centres are a low margin business with high execution risk, high capital intensity and considerable customer default risk.

Eventually the lack of profitability in the AI ecosystem will be a problem for the picks and shovels companies like Nvidia.

Given the size of AI related technology companies, all of this is a significant problem for US and global stock market indices.

Barry Norris
March 2026

LSEG Lipper Fund Awards Winner 2025 United Kingdom

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[1] "On the Dangers of Stochastic Parrots: Can Language Models Be Too Big?" (2021) Bender etc. https://dl.acm.org/doi/10.1145/3442188.3445922?utm_source=perplexity

[2] AI IT consultant quoted in, JPMorgan Report, 9th February, 2026: "Customer Demand for AI Rising, Though Ambitions Outstripping Capabilities; Complex Observability, Tech Spending Environment"

[3] Marcus "Deep Learning is hitting a Wall" (2022) https://nautil.us/deep-learning-is-hitting-a-wall-238440/
Marcus ""Scale is all you need" is dead" (2025) https://garymarcus.substack.com/p/breaking-news-scale-is-all-you-need

YFS Argonaut Absolute Return

PERFORMANCE (%)

	1M	3M	1YR	3YR	5YR	YTD	ITD	ITD CAGR
Argonaut AR Fund	2.9	12.8	24.2	79.7	114.0	11.2	367.4	9.6
EURO STOXX NR	3.5	9.0	19.2	53.8	80.3	6.4	329.1	9.1
IA Targeted Absolute Return	0.9	3.2	9.0	22.2	29.7	5.1	145.2	5.0

DISCRETE YEARLY PERFORMANCE (%)

1-year to	28 Feb 22	28 Feb 23	29 Feb 24	28 Feb 25	28 Feb 26
Argonaut AR Fund	22.3	-2.6	30.8	10.6	24.2
EURO STOXX NR	9.6	7.0	12.0	15.1	19.2
IA Targeted Absolute Return	4.0	1.3	5.2	6.5	9.0

KEY STATISTICS SINCE INCEPTION

Annualised Net Return	9.6
Annualised Volatility	12.6
Correlation vs. European equities	-0.1
Average Long Alpha	4.8
Average Short Alpha	6.8
Best Month	15.0
Worst Month	-10.8
Average ROIC	13.1
Upside Capture	23.1
Downside Capture	-28.0

Source: Argonaut Capital Partners & Morningstar

MONTHLY & CALENDAR YEAR PERFORMANCE (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Correlation*	ROIC+	Std. Deviation	Sharpe
2009					0.9	-0.2	3.4	8.9	0.4	-4.2	-3.4	3.7	9.4	0.7	12.0	15.7	1.2
2010	-1.2	-0.2	0.1	3.4	-2.1	-2.7	-1.8	-2.1	1.2	-0.5	3.8	3.4	1.1	0.2	-3.5	8.1	-0.2
2011	-3.5	-0.4	0.1	4.7	1.7	1.0	1.2	-1.1	1.2	0.4	0.6	0.5	6.4	0.2	41.5	6.6	0.4
2012	-0.1	1.3	-0.2	0.3	-1.0	0.2	0.1	2.1	0.5	1.0	0.3	1.1	5.6	0.4	19.1	2.8	1.1
2013	0.7	3.3	-0.6	3.1	3.1	3.5	2.4	-1.4	2.8	10.0	4.0	3.4	39.7	0.2	50.7	9.9	2.9
2014	1.1	2.9	0.9	-4.8	1.1	0.8	-1.5	-0.7	3.4	-0.3	8.1	2.4	13.6	0.3	27.2	10.8	0.7
2015	5.0	-2.5	2.2	-1.6	1.8	-1.1	3.1	0.6	2.8	-2.6	1.8	1.3	11.0	0.0	15.1	8.3	1.0
2016	-2.5	-5.6	-3.5	-4.4	2.6	-8.5	-1.0	-1.1	0.9	1.1	-3.3	-3.4	-25.6	0.3	-44.9	10.8	-2.7
2017	0.0	-1.3	-2.0	-0.2	4.2	-3.0	2.4	7.4	-3.2	6.1	6.1	0.3	17.3	-0.4	20.4	12.9	2.2
2018	6.9	-1.5	-1.7	-2.4	-3.9	-0.6	1.5	2.1	-0.7	-10.8	-0.4	0.0	-11.7	0.4	-0.3	14.3	-1.0
2019	-2.6	-0.3	1.8	2.6	5.1	4.1	0.6	6.2	-7.5	1.5	-2.5	4.0	12.8	-0.6	4.6	13.5	1.0
2020	4.3	2.2	15.0	-1.5	-3.4	3.4	2.6	3.4	2.5	-3.1	-9.2	0.9	16.6	-0.8	21.8	20.0	1.0
2021	-2.1	0.7	5.8	-0.3	1.9	-7.1	-0.9	0.8	-0.3	4.4	4.3	3.4	10.3	0.4	11.0	12.1	0.6
2022	5.4	3.7	1.4	6.2	4.0	-7.7	-7.8	3.8	-0.4	5.0	-3.2	1.4	11.2	-0.1	13.8	16.8	-0.1
2023	-10.4	6.8	6.0	-0.3	2.5	-5.0	-0.1	4.3	1.6	7.5	2.1	0.0	14.6	-0.7	19.5	17.6	1.0
2024	5.1	4.0	2.4	0.7	-1.1	-1.5	-3.2	0.0	-3.9	1.4	9.4	2.1	15.5	0.2	8.8	11.1	0.7
2025	4.0	0.6	-0.3	-3.5	4.3	-0.7	1.5	3.8	2.2	0.9	1.6	1.5	16.9	0.2	11.4	12.1	1.5
2026	8.1	2.9											11.2	0.1	9.4	11.1	1.0
												CAGR Since Inception	9.6	-0.1	13.1	12.6	0.5

Source: Argonaut Capital Partners, Bloomberg & Morningstar as at 28-Feb-26. All performance data above refers to YFS Argonaut Absolute Return Fund, uses the GBP I Acc share class and is net of fees. *Correlation calculated in base currency on a monthly basis versus Euro STOXX NR Index. +ROIC calculated as contribution to return over percentage exposure, as at market close. Standard Deviation calculated by annualising monthly returns in base currency. Figures for 2026 YTD calculated using daily returns. YFS 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.

TOP 5 LONG POSITIONS

	% NAV
Raiffeisen Bank	5.9%
OTP Bank	5.7%
Frontline Plc	5.6%
Huntington Ingalls Industries	5.1%
DHT Holdings	5.0%

MARKET CAP BREAKDOWN

	LONG	SHORT
>$50bn	29.4%	-11.8%
$20-50bn	17.4%	-12.1%
$5-20bn	48.2%	-15.9%
$1-5bn	19.3%	-14.1%
<$1bn	0.0%	-6.0%

FUND EXPOSURES

	% NAV
Long Exposure	114.3%
Short Exposure	-59.9%
Gross Exposure	174.2%
Net Exposure (Reported)	54.4%
Net exposure Beta-Adj. (6m beta)	3.7%

TOP 5 SHORT POSITIONS

	% NAV
Utilities	-2.7%
Utilities	-2.1%
Industrials	-2.1%
Financials	-2.0%
Industrials	-1.9%

DAYS TO LIQUIDATE

	% PORTFOLIO
Less than 1 day	49.6%
1-5 days	48.4%
More than 5 days	2.0%

Days to liquidate positions in the portfolio using 20% of the 90-day average daily trading volume.

OTHER

# of long positions	45
# of short positions	55

IMPORTANT INFORMATION

These figures refer to the past. Past performance is not a reliable indicator of future results.

This document is a marketing communication. Before subscribing, please read the prospectus and the KIID, available at argonautcapital.co.uk. Any past performance or references to the period prior to 14 July 2012 relate to the Ignis Argonaut unit trusts. The performance calculation shown is based on the GBP I share class. If the past performance is shown in a currency which differs from the currency of the country in which you reside, then you should be aware that your performance may increase or decrease as a result of currency fluctuations.

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EQUITY EXPOSURE BY GEOGRAPHY (%)

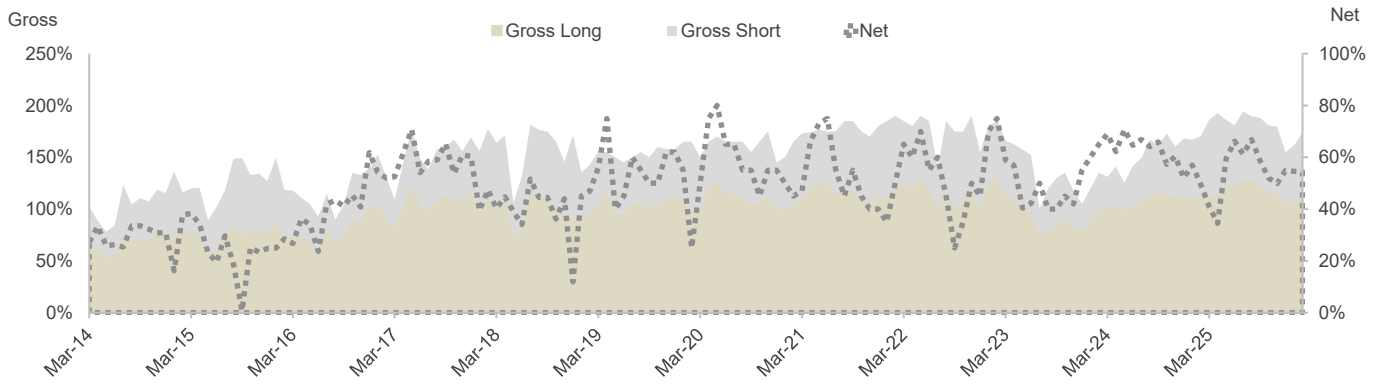
Country	Long	Short	Gross	Net
United States	39.6	-33.0	72.6	6.6
Norway	13.0	-2.8	15.8	10.2
United Kingdom	11.2	-5.3	16.5	5.9
Greece	8.7	0.0	8.7	8.7
Austria	8.1	0.0	8.1	8.1
Hungary	6.7	0.0	6.7	6.7
Turkey	4.6	0.0	4.6	4.6
Germany	3.1	-1.2	4.3	1.9
Other	19.3	-17.6	36.9	1.7
Total	**114.3**	**-59.9**	**174.2**	**54.4**

EQUITY EXPOSURE BY SECTOR (%)

Industry	Long	Short	Gross	Net
Financials	35.9	-9.2	45.1	26.7
Industrials	24.2	-5.7	29.9	18.5
Energy	23.0	-1.4	24.4	21.6
Materials	12.7	-0.8	13.5	11.9
Consumer Staples	8.1	-1.2	9.3	6.9
Utilities	5.3	-6.0	11.3	-0.7
Healthcare	3.1	-2.1	5.2	1.0
Telecoms	2.0	-1.0	3.0	1.0
Other	0.0	-32.5	32.5	-32.5
Total	**114.3**	**-59.9**	**174.2**	**54.4**

Source: Argonaut Capital & Bloomberg. Equity sector exposure as classified by GICS.

GROSS & NET EQUITY EXPOSURE OVER TIME



Note: Allocation figures are taken at close of business whereas Fund performance is taken at 12pm. Equity exposure includes all equity related instruments. All sources, unless otherwise stated, are Argonaut Capital & Bloomberg. All data shown as at 28 February 2026.

SHARE CLASS INFORMATION

Share Class	GBP I (Acc)	EUR I (Acc)	USD I (Acc)
SEDOL	B79NKW0	B779CH9	BH36TH3
ISIN	GB00B79NKW03	GB00B779CH97	GB00BH36TH37
Bloomberg	IMEAIAG LN	IMEAIAE LN	IMEAIAU LN
Front End Fee	0%	0%	0%
Management Fee	0.75%	0.75%	0.75%
Ongoing Charge	0.87%	0.87%	0.87%
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 may be applied if net inflows/outflows are 2.5% or over on one day		
Minimum Investment	£3,000,000	£3,000,000	£3,000,000
Minimum Top Up	£1000	£1000	£1000
Regular Savings Scheme	N/A	N/A	N/A
ISA available	N/A	N/A	N/A

Source: Argonaut Capital Partners. See Prospectus for more detail.

INVESTOR INFORMATION

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

SERVICE PROVIDERS

Authorised Corporate Director (ACD)	Yealand Fund Services
Prime Broker	UBS
Auditor	Moore Kingston Smith LLP
Custodian	Caceis
Depositary	NatWest Trustee & Depository Services
Accountant	Yealand Fund Services
Legal Counsel	CMS

FUND OVERVIEW

Objective: the YFS Argonaut Absolute Return Fund ('The Fund') aims to provide positive absolute returns over a 3-year rolling period regardless of market conditions. The Fund is not managed against any formal benchmark. Capital is at risk and there is no guarantee that a positive return will be delivered over the 3-year rolling period or in respect of any other time period.

Investment Approach: The Fund deploys a long/short strategy focused on mainly pan European equities and is dedicated to seeking non-correlated absolute returns via an active, fundamental investment approach and a concentrated portfolio of investments. The Fund typically holds 30-50 long positions and 20-50 short positions.

Risk Considerations: The Fund has considerable latitude over its allocation both long and short equities and it may employ leverage and own sophisticated instruments such as futures and options. The Fund may also hold a large weighting in a small number of investments and may therefore be subject to larger than normal swings in its value. The performance stream is likely to be volatile and the Fund is suitable only for investors who have a long-time horizon (>5 years) and can tolerate high risk. Investors may not get back all the money invested and an investment in this Fund should only form part of an investor's total portfolio. Investors should discuss the suitability of this Fund with their professional adviser. **The Fund uses derivatives and may be leveraged, which increases the risk of capital loss.**

IMPORTANT INFORMATION

This is a marketing communication and it is not intended to be viewed as a piece of independent investment research.

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The capital you invest is at risk and you may lose some or all the money you invest. Past performance does not guarantee future results and the value of all investments and the income derived from them can decrease as well as increase.

Don't invest unless you're prepared to lose all the money you invested. This is a high-risk investment and you are unlikely to be protected if something goes wrong. Take 2 mins to learn more.

Investments that have an exposure to currencies other than the base currency of the Fund may be subject to exchange rate fluctuations. This communication and the information contained therein is a financial promotion for the purposes of the Financial Services and Markets Act 2000 of the United Kingdom and the rules of the FCA. The distribution of this communication may, in some countries, be restricted by law or regulation. Accordingly, anyone who comes into possession of this communication should inform themselves of and observe these restrictions. Argonaut Capital Partners is not liable for a breach of such restrictions or for any losses relating to the accuracy, completeness or use of information in this communication, including any consequential loss.

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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. It is not suitable for Retail Investors. Retail investors should seek further advice before investing. Yealand Fund Services is the Authorised Corporate Director (ACD) of YFS Argonaut Funds and is authorised and regulated by the Financial Conduct Authority. Registered office: Fountain Suite B, Lynch Wood Park, Lynch Wood, Peterborough, Cambridgeshire, PE2 6FZ.

Investors should refer to the Key Investor Information Document (KIID) and Supplementary Information Document (SID) before investing. For a copy, please telephone Yealand Fund Services on 01733 316 100 or visit www.argonautcapital.co.uk. Alternatively write to Yealand Fund Services – Argonaut, Fountain Suite B, Lynch Wood Park, Lynch Wood, Peterborough, Cambridgeshire, PE2 6FZ. 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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