

Fund Factsheet

VT Argonaut Absolute Return

At 30 July 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) 28 May 2009 (GBP I Acc) 16 Jul 2012 (GBP R Acc)
Fund size	£97.9m
No. of long holdings	35
No. of short holdings	43
Share class	Class A/Class R/ Class I
Sedol code	A (Acc) – B7MCO9R R (Acc) – B7FT1K7 I (Acc) – B79NKW0
Bloomberg	A (Acc) – IIMEAAG LN R (Acc) – IIMEARAG LN I (Acc) – IIMEAIAG LN
ISIN	A (Acc) – GB00B7MCO9R0 R (Acc) – GB00B7FT1K78 I (Acc) – GB00B79NKW03
Initial charge	0.0%
Ongoing charge GBP (as at 28/2/23)	A Acc Class Shares – 1.56% R Acc Class Shares – 0.81% I Acc Class Shares – 0.81%
AMC	A Class Shares – 1.50% R Class Shares – 0.75% I Class Shares – 0.75%
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 30/07/2023 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

AR Commentary

"Fitch forecasts a GG deficit of 6.6% of GDP in 2024 and a further widening to 6.9% of GDP in 2025...The interest-to-revenue ratio is expected to reach 10% by 2025 (compared to 2.8% for the 'AA' median and 1% for the 'AAA' median) due to the higher debt level as well as sustained higher interest rates compared with pre-pandemic levels...The GG debt-to-GDP ratio is projected to rise over the forecast period, reaching 118.4% by 2025. The debt ratio is over two-and-a-half times higher than the 'AAA' median of 39.3% of GDP and 'AA' median of 44.7% of GDP."

Fitch downgrade of US to AA+ from AAA, August 2nd, 2023

The fund returned -0.08% over July, compared with the IA Targeted Absolute Return sector which returned 0.55% and the Lipper Global Alternative Long/Short Equity Europe sector return of 0.16%. The correlation to the market was -0.03 and the annualised daily volatility just 7.9%.

The fund made money in its long book, but lost money in its short book. Its best performing longs were Italian defence OEM Leonardo (+18%), Greek bank Piraeus (+14%) and Spanish blood plasma manufacturer Grifols (+14%). This was offset by a strong bid for riskier assets for the second consecutive month that resulted in a widespread short squeeze and losses in the short book.

At the beginning of the month the Fund cut its gross exposure by one third, halving its short book whilst maintaining its net position. Owing to this pre-emptive action, the Fund performed better than we would normally have expected given market conditions in which low quality stocks (which naturally populate our short book) outperformed.

During the month the Federal Reserve raised the (u/b) Fed Funds rate to 5.5% and the ECB raised its benchmark deposit rate to 3.75%, levels last seen in 2001 and 2000 respectively. Subsequently, the BOE raised its base rate to 5.25%, the highest since 2008. The Bank of Japan also adjusted its Yield Curve Control policy, to tolerate 10-year yields of up to 100bps, rather than previously 50bps.

The yield on the US 10-year Treasury has subsequently broken above 4% for the first time since last October (having troughed at 3.3% in April)

This year-to-date "dash for trash" is best explained by consensus that was positioned for recession but has been surprised by the resilient of economic growth, with the US economy grew an annualised 2.4% QOQ in Q2 (better than the 1.8% expected). Inflation also continues to moderate. In the UK CPI fell to 7.9% (having peaked at 11.1% in October) and is sure to fall further since the normalisation of power

² Lipper 30/07/2023, 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	-0.08	-1.56	13.64	43.1	84.9	167.6	11.3	10.3	16.6	12.8	-11.7	17.3	-25.6	11.0	13.6	39.7
AR Sector	0.55	0.46	6.72	6.8	20.3	45.7	-2.3	3.8	2.9	4.7	-2.7	3.2	1.1	2.7	2.7	7.3
Rank	68/90	74/90	20/87	3/74	2/38	2/15	8/99	13/101	5/111	6/113	99/101	2/97	87/87	6/73	1/60	2/54
Quartile	4	4	1	1	1	1	1	1	1	1	4	1	4	1	1	1
L/S Sector	-0.1%	1.8	12.8	4.9	20.5	38.5	-4.3	8.74	1.0	6.1	-6.8	2.5	-4.3	7.6	3.9	6.6
Rank	45/68	37/68	15/58	5/50	4/27	2/12	6/62	19/64	6/82	20/94	64/77	4/68	56/56	5/43	3/39	2/36
Quartile	3	3	2	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	-0.03	-0.3	0.2	0.0	0.2	0.4	0.3	0.3	0.1	0.3
Downside Capture Ratio (%)	-156.11	-51.9	-28.0	-84.8	-219.2	65	-242.0	99.0	-10.0	-46.0
Standard Deviation (%)	15.3	16.9	12.1	20	13.4	14.3	12.9	10.8	8.3	10.8
Sharpe Ratio	-0.38	0.6	0.9	0.9	0.9	-0.8	1.3	-2.7	1.2	1.2
Sortino Ratio	0.1	0.5	0.8	0.8	0.7	-0.8	1.9	-1.8	1.2	1.2

Source: Argonaut Capital Partners & Lipper 30/07/2023, 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.

Fund Factsheet

VT Argonaut Absolute Return

At 30 July 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 %
Builder Firstsource	4.1
Covestro	3.6
OTP Bank	3.3
Uber Technologies	3.1
Spotify Technology	3.1

Exposure	Fund %
Long Exposure	78.3
Short Exposure	-22.4
Net Exposure	55.8
Beta Adjusted Net	0.2
Gross Exposure	100.7

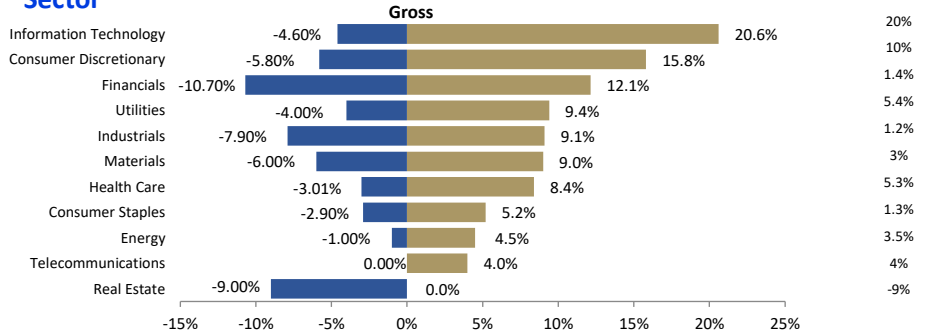
Correlation to the Lipper Global Equity Europe		
Monthly Correlation	0.01	
Market Cap Fund %		
Long	Short	
Large Cap €5bn - €20bn	78.5	-10.8
Mid Cap €1bn - €5bn	13.1	-9.7
Small Cap <€1bn	2.6	-8.2

Days to Liquidate	% of Invested Portfolio
Less than 1 day	96.35
1-5 days	3.65
More than 5 days	0

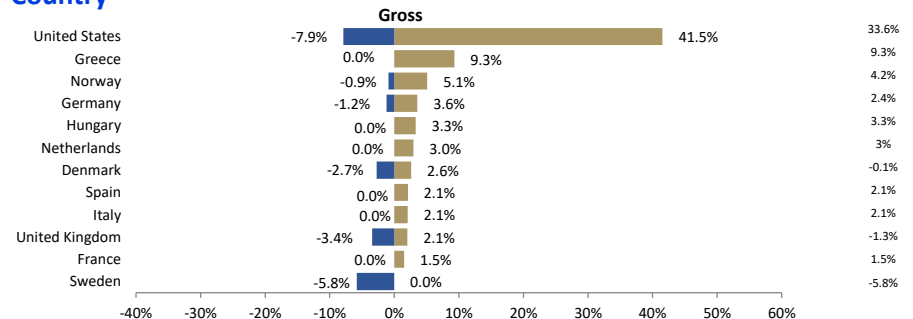
Days to liquidate positions in the portfolio using 20% of the 90 days average trading volume

Long/Short Positions

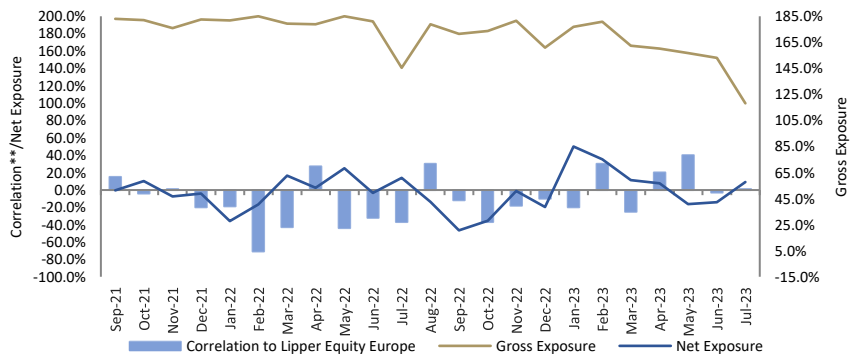
Sector



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 30/07/2023, 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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