

## **VT ARGONAUT FUNDS**

**(Sub-funds VT Argonaut European Alpha Fund, VT Argonaut Absolute Return Fund and VT Argonaut Equity Income Fund)**

**Interim Report & Financial Statements (Unaudited)  
for the Six Months ended 31 August 2022**

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## COMPANY OVERVIEW

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### Type of Company:

VT Argonaut Funds ("the Company") is an investment company with variable capital ("ICVC") incorporated in England and Wales under registered number IC000943 and authorised by the Financial Conduct Authority with effect from 12 March 2012. It is a UCITS scheme as defined in COLL and also an umbrella company for the purposes of the OEIC Regulations. The company has unlimited duration

The Company has currently three sub-funds available for investment, VT Argonaut Absolute Return Fund, VT Argonaut European Alpha Fund and VT Argonaut Equity Income Fund. Each Sub-fund would be a UCITS scheme if it had a separate authorisation order.

Shareholders are not liable for the debts of the Company.

A shareholder is not liable to make any further payment to the Company after they have paid the price on the purchase of the shares.

## STATEMENT OF THE AUTHORISED CORPORATE DIRECTOR'S (ACD's) RESPONSIBILITIES

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The rules of the Financial Conduct Authority's Collective Investment Schemes Sourcebook require the Authorised Corporate Director to prepare financial statements for each accounting period which give a true and fair view of the financial position of the Company at the end of the financial period and its net revenue and net capital (losses)/gains for the period. In preparing these financial statements the Authorised Corporate Director is required to:

- > comply with the Prospectus, the Statement of Recommended Practice for Authorised Funds issued by the Investment Association in May 2014, the Instrument of Incorporation, generally accepted accounting principles and applicable accounting standards, subject to any material departures which are required to be disclosed and explained in the financial statements.
- > select suitable accounting policies and then apply them consistently;
- > make judgements and estimates that are reasonable and prudent.
- > prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in operation for the foreseeable future.

The Authorised Corporate Director is required to keep proper accounting records and to manage the Company in accordance with the COLL regulations, the Instrument of Incorporation, and the Prospectus. The Authorised Corporate Director is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## DIRECTOR'S STATEMENT

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In accordance with the requirements of the Financial Conduct Authority's Collective Investment Scheme's Sourcebook, we hereby certify the interim report.

David E. Smith CA

Valu-Trac Investment Management Limited  
Authorised Corporate Director

Date: 28 October 2022

## SUB-FUND OVERVIEW

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<b>Name of Sub-fund</b>	VT Argonaut European Alpha Fund
<b>Size of Sub-fund</b>	£28,479,140
<b>Launch date</b>	14 July 2012
<b>Sub-fund objective and policy</b>	<p>The Sub-fund aims to achieve returns (capital and income) in excess of the returns of the Investment Association (IA) Europe ex UK Sector over the long term (5 years).</p> <p>The Sub-fund will seek to achieve its objective by investing in a concentrated portfolio of approximately 30-60 stocks. The Sub-fund will invest at least 80% in companies incorporated in countries in Europe. The Sub-fund may also invest in companies that are headquartered or quoted outside Europe which derive a significant part of their business from Europe and whose securities are listed or traded on an eligible securities exchange.</p> <p>The Sub-fund will not concentrate on any particular sector but will invest in a broad range of companies without regard to market capitalisation.</p> <p>The Sub-fund may also invest in other equities, fixed interest, units in collective investment schemes, money market instruments and deposits.</p> <p>The Sub-fund may also make use of certain financial contracts known as derivatives and forward transactions for the purpose of efficient portfolio management, including the use of hedging techniques and stock lending. It is not intended that the use of derivatives for efficient portfolio management purposes will increase the risk profile of the Sub-fund. A target for the Sub-fund's performance has been set by reference to the IA Europe ex UK Sector (the "Target Benchmark") over a five year period.</p>
<b>Benchmark</b>	<p>The IA Europe ex UK Sector is considered to be an appropriate benchmark because it enables investors to compare the performance of the portfolio against competing funds in the same sector.</p> <p>Investors may use the Sub-fund's performance against the Target Benchmark to assess the comparable Sub-fund's rank or quartile as compared to the performance of other funds in the IA Europe ex UK Sector over a variety of time frames.</p> <p>The ACD reserves the right to change the comparator following consultation with the Depositary and in accordance with the rules of COLL. A change could arise, for example, where the ACD determines that an alternative may be more appropriate. Shareholders will be notified of such a change, in accordance with the rules in COLL.</p>
<b>Authorised Corporate Director (ACD)</b>	Valu-Trac Investment Management Limited
<b>Ex-distribution dates</b>	31 August, Last day of February
<b>Distribution dates</b>	31 October, 30 April
<b>Individual Savings Account (ISA)</b>	The Sub-fund is a qualifying investment for inclusion in an ISA.

**SUB-FUND OVERVIEW (continued)****Share class information**

Share class*	Minimum initial subscription	Minimum subsequent investment	Minimum holding	Minimum redemption	Initial charge **
Class A Retail Net Income	£500	£250	£250	£100	5.25%
Class A Retail Net Accumulation	£500	£250	£250	£100	5.25%
Class R Retail Net Income	£500	£250	£250	£100	0.00%
Class R Retail Net Accumulation	£500	£250	£250	£100	0.00%
Class I Institutional Net Income	£3,000,000	£1,000	£3,000,000	£1,000	0.00%
Class I Institutional Net Accumulation	£3,000,000	£1,000	£3,000,000	£1,000	0.00%
Class I Institutional Net Income (Currency Hedged)	£3,000,000	£1,000	£3,000,000	£1,000	0.00%
Class I Institutional Net Accumulation (Currency Hedged)	£3,000,000	£1,000	£3,000,000	£1,000	0.00%
Class A (Eur) Retail Net Accumulation	€ 2,500	€ 1,000	€ 2,500	€ 1,000	5.25%
Class I (Eur) Institutional Net Accumulation	€ 3,000,000	€ 1,000	€ 3,000,000	€ 1,000	0.00%

\* Investors should note the eligibility criteria for each class of share as set out in paragraph 2.2.2 of the Sub-fund's prospectus before subscribing.

\*\*The initial charge is shown as a percentage of the amount invested which is equivalent to 5.5409% of the price of shares.

**Annual Management Charges**

In respect of the A shares, it is equal to 1.75% per annum of the net asset value of the A shares.

In respect of the R shares, it is equal to 0.75% per annum of the net asset value of the B shares.

In respect of the I shares, it is equal to 0.75% per annum of the net asset value of the C shares.

## INVESTMENT MANAGER'S REPORT

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### Investment Review

The fund returned +0.9% (Class R Retail Net Accumulation) over the 6-month review period (to August 31st 2022) vs the IA Europe ex UK sector of -4.0%. Since launch the fund returned +256.5%\*\* vs the IA Europe ex UK sector of +250.7%.

Throughout this period our best performing stocks were within the energy sector. Our biggest winners were oil tanker company Euronav (+58%), which rose owing to further anticipated disruptions to global crude oil trading patterns, TGS (+62%) and Var Energi (+53%), a Norwegian oil company. We held several energy shipping related stocks that all performed well: D/S Norden (+63%) and Flex LNG (+63%). Refined oil tanker company Hafnia also performed very well (+73%).

### Market Overview

At the start of the review period Russia invaded Ukraine. This caused the price of most commodities to jump anticipating Western sanctions or Russian production cuts. This was most keenly felt in the European gas power markets where Russia cut off supplies leading to German power prices briefly touching \$1,000/boe, which if sustained would lead to deindustrialisation. By contrast, over the review period Brent crude rose by just 7% to \$93/b having peaked in June at \$116/b, as the European oil embargo doesn't come into effect until December, allowing Russia to find other markets for its exports.

Inflation made a comeback after an absence of decades. US CPI peaked at 9% in June but remains stubbornly high owing to a robust labour market and lagging service sector inflation. Inflation has been much worse in Europe – with German PPI still accelerating to 45% YOY - owing to a failed energy policy, ESG and decarbonisation ideology, which under values the essential role of fossil fuels maintaining our standard of life.

Led by the Federal Reserve, Central Banks exited zero interest rate policies and asset purchases. It now seems extraordinary to believe that the Fed Funds rate was just 0.25% at the beginning of the review period and now it is 3.25%; that the market expected Fed Funds to peak at just 1.65% in January 2023, but expectations today are for 4.4% by March 2022. The yield on the 10-year Treasury rose from just 1.7% at the beginning of the review period to 3.2% at the end of August and continues to rise, recently hitting 4%. The US dollar was rampant against other major currencies with the dollar index +16% since the start of the review period; +25% against the Japanese Yen; +23% against Sterling; +15% against the Euro and +13% against the Chinese Renminbi. The growing attractiveness of US dollar deposits provides a significant headwind to the valuations of other asset classes.

We think inflation is more structural than either the bond market or the Fed currently anticipates. We outlined our rationale earlier in the year in our Stockumentary on the 1970's Redux.

### Outlook

Bond and equity markets are still largely priced for the "soft landing" which now Fed Chairman Powell agrees is for the birds, closing the risk window. Central banks want to now suppress animal spirits. This will entail a continuation of the bear market in all financial assets.

The summer bear market rally based on "peak inflation" and hopes for a dovish Fed has now reversed and it seems likely that markets will test new lows over the forthcoming weeks owing to sticky inflation, hawkish central banks and an energy crisis caused by Western civilisation's ostracism of fossil fuels, masochistic "net zero" targets and outsourcing oil and gas production to unreliable countries.

The equity bear market will only end when there is stabilisation in the US Treasury market, which seems only likely with a much more severe recession to tame inflation and the market at much lower levels. However, it seems likely that even then, the global economy will be stuck in a stagflationary scenario until Western societies learn to value cheap and reliable energy again, which means a sea-change in attitudes to fossil fuels and nuclear power. This could take time.

**Barry Norris**

**Argonaut Capital Partners LLP**  
**Investment Manager to the Fund**  
**30 September 2022**

*Source*

*\*\* Lipper Investment Manager.*

## PERFORMANCE RECORD

### Financial Highlights

#### Class A Retail Net Income

	Period to 31 August 2022	Year to 28 February 2022	Year to 28 February 2021
Changes in net assets per share	GBP	GBP	GBP
Opening net asset value per share	146.85	161.46	152.02
Return before operating charges	2.92	(10.24)	13.01
Operating charges (note 1)	(1.38)	(2.94)	(3.13)
Return after operating charges *	1.54	(13.18)	9.88
Distributions on income shares	(2.66)	(1.43)	(0.44)
Closing net asset value per share	145.73	146.85	161.46
*after direct transactions costs of:	0.69	1.34	1.22
Performance			
Return after charges	1.05%	(8.16%)	6.50%
Other information			
Closing net asset value	£250,250	£255,712	£273,583
Closing number of shares	171,728	174,136	169,445
Operating charges (note 2)	1.88%	1.91%	2.00%
Direct transaction costs	0.47%	0.87%	0.78%
Prices			
Highest share price	164.01	174.82	173.45
Lowest share price	139.10	141.41	121.16

#### Class A Retail Net Accumulation

	Period to 31 August 2022	Year to 28 February 2022	Year to 28 February 2021
Changes in net assets per share	GBP	GBP	GBP
Opening net asset value per share	320.45	346.91	325.65
Return before operating charges	4.26	(20.09)	27.99
Operating charges (note 1)	(3.02)	(6.37)	(6.73)
Return after operating charges *	1.24	(26.46)	21.26
Closing net asset value per share	321.69	320.45	346.91
Distributions on accumulation shares	5.82	3.05	0.94
*after direct transactions costs of:	1.51	2.90	2.62
Performance			
Return after charges	0.39%	(7.63%)	6.53%
Other information			
Closing net asset value	£13,903,848	£14,422,943	£20,495,107
Closing number of shares	4,322,065	4,500,856	5,907,857
Operating charges (note 2)	1.88%	1.91%	2.00%
Direct transaction costs	0.47%	0.87%	0.78%
Prices			
Highest share price	355.57	376.96	372.68
Lowest share price	301.56	306.38	259.55



**PERFORMANCE RECORD (Continued)****Financial Highlights (Continued)****Class A (Eur) Retail Net Accumulation**

	Period to 31 August 2022	Year to 28 February 2022	Year to 28 February 2021
Changes in net assets per share			
	EURc	EURc	EURc
Opening net asset value per share	157.44	163.84	155.44
Return before operating charges	(2.16)	(3.33)	11.59
Operating charges (note 1)	(1.46)	(3.07)	(3.19)
Return after operating charges *	(3.62)	(6.40)	8.40
Closing net asset value per share	153.82	157.44	163.84
Retained distributions on accumulated shares	2.76	1.43	0.45
*after direct transactions costs of:	0.73	1.40	1.25
Performance			
Return after charges	(2.30%)	(3.91%)	5.40%
Other information			
Closing net asset value	€ 7,921	€ 8,108	€ 17,416
Closing number of shares	5,150	5,150	10,630
Operating charges (note 2)	1.88%	1.91%	2.00%
Direct transaction costs	0.47%	0.87%	0.78%
Prices			
Highest share price	173.97	181.23	171.35
Lowest share price	146.30	150.91	117.00

**Class I Institutional Net Income**

	Period to 31 August 2022	Year to 28 February 2022	Year to 28 February 2021
Changes in net assets per share			
	GBP	GBP	GBP
Opening net asset value per share	151.86	167.03	156.47
Return before operating charges	3.82	(11.35)	13.38
Operating charges (note 1)	(0.67)	(1.45)	(1.61)
Return after operating charges *	3.15	(12.80)	11.77
Distributions on income shares	(3.59)	(2.37)	(1.21)
Closing net asset value per share	151.42	151.86	167.03
*after direct transactions costs of:	0.71	1.39	1.26
Performance			
Return after charges	2.07%	(7.66%)	7.52%
Other information			
Closing net asset value	£1,118,966	£1,746,957	£2,066,310
Closing number of shares	739,006	1,150,348	1,237,114
Operating charges (note 2)	0.88%	0.91%	1.00%
Direct transaction costs	0.47%	0.87%	0.78%
Prices			
Highest share price	170.94	181.09	179.20
Lowest share price	144.10	147.02	124.81

**PERFORMANCE RECORD (Continued)****Financial Highlights (Continued)****Class I Institutional Net Accumulation**

	Period to 31 August 2022	Year to 28 February 2022	Year to 28 February 2021
Changes in net assets per share	GBp	GBp	GBp
Opening net asset value per share	293.51	314.59	292.40
Return before operating charges	3.93	(18.31)	25.23
Operating charges (note 1)	(1.30)	(2.77)	(3.03)
Return after operating charges *	2.63	(21.08)	22.19
Closing net asset value per share	296.14	293.51	314.59
Retained distributions on accumulated shares	6.79	4.47	2.26
*after direct transactions costs of:	1.39	2.65	2.37
Performance			
Return after charges	0.90%	(6.70%)	7.59%
Other information			
Closing net asset value	£2,732,153	£2,717,296	£3,738,623
Closing number of shares	922,574	925,782	1,188,409
Operating charges (note 2)	0.88%	0.91%	1.00%
Direct transaction costs	0.47%	0.87%	0.78%
Prices			
Highest share price	326.58	344.23	337.53
Lowest share price	277.24	280.62	233.15

**Class I Institutional Net Accumulation (Currency Hedged)**

	Period to 31 August 2022	Year to 28 February 2022	Year to 28 February 2021
Changes in net assets per share	GBp	GBp	GBp
Opening net asset value per share	108.80	113.38	104.61
Return before operating charges	(2.76)	(3.57)	9.86
Operating charges (note 1)	(0.47)	(1.01)	(1.09)
Return after operating charges *	(3.23)	(4.58)	8.77
Closing net asset value per share	105.57	108.80	113.38
Retained distributions on accumulated shares	2.50	1.46	0.00
*after direct transactions costs of:	0.50	0.97	0.85
Performance			
Return after charges	(2.97%)	(4.04%)	8.38%
Other information			
Closing net asset value	£183,781	£194,958	£155,420
Closing number of shares	174,088	179,192	137,083
Operating charges (note 2)	0.88%	0.91%	1.00%
Direct transaction costs	0.47%	0.87%	0.78%
Prices			
Highest share price	119.12	125.94	118.23
Lowest share price	100.67	104.47	80.10

**PERFORMANCE RECORD (Continued)****Financial Highlights (Continued)****Class I (Eur) Institutional Net Accumulation**

	Period to 31 August 2022	Year to 28 February 2022	Year to 28 February 2021
Changes in net assets per share	EURc	EURc	EURc
Opening net asset value per share	175.11	180.52	169.84
Return before operating charges	(2.40)	(3.79)	12.43
Operating charges (note 1)	(0.76)	(1.62)	(1.75)
Return after operating charges *	(3.16)	(5.41)	10.68
Closing net asset value per share	171.95	175.11	180.52
Retained distributions on accumulated shares	3.95	2.60	1.26
 *after direct transactions costs of:	 0.82	 1.55	 1.37
Performance			
Return after charges	(1.81%)	(3.00%)	6.29%
Other information			
Closing net asset value	€ 69,023	€ 70,292	€ 72,464
Closing number of shares	40,142	40,142	40,142
Operating charges (note 2)	0.88%	0.91%	1.00%
Direct transaction costs	0.47%	0.87%	0.78%
Prices			
Highest share price	193.73	201.00	188.75
Lowest share price	163.33	167.83	128.00

**Class R Retail Net Income**

	Period to 31 August 2022	Year to 28 February 2022	Year to 28 February 2021
Changes in net assets per share	GBP	GBP	GBP
Opening net asset value per share	170.98	188.05	176.17
Return before operating charges	4.30	(12.76)	15.06
Operating charges (note 1)	(0.75)	(1.63)	(1.82)
Return after operating charges *	3.55	(14.40)	13.24
Distributions on income shares	(4.06)	(2.67)	(1.36)
Closing net asset value per share	170.47	170.98	188.05
 *after direct transactions costs of:	 0.80	 1.56	 1.42
Performance			
Return after charges	2.08%	(7.66%)	7.52%
Other information			
Closing net asset value	£830,723	£895,458	£1,155,386
Closing number of shares	487,308	523,723	614,402
Operating charges (note 2)	0.88%	0.91%	1.00%
Direct transaction costs	0.47%	0.87%	0.78%
Prices			
Highest share price	192.47	203.89	201.76
Lowest share price	162.24	165.52	140.52

**PERFORMANCE RECORD (Continued)****Financial Highlights (Continued)****Class R Retail Net Accumulation**

	Period to 31 August 2022	Year to 28 February 2022	Year to 28 February 2021
Changes in net assets per share			
	GBP	GBP	GBP
Opening net asset value per share	190.64	204.33	189.92
Return before operating charges	2.55	(11.89)	16.39
Operating charges (note 1)	(0.84)	(1.80)	(1.97)
Return after operating charges *	1.71	(13.69)	14.41
Closing net asset value per share	192.35	190.64	204.33
Retained distributions on accumulated shares	4.54	2.90	1.47
*after direct transactions costs of:	0.90	1.72	1.54
Performance			
Return after charges	0.90%	(6.70%)	7.59%
Other information			
Closing net asset value	£9,422,848	£10,042,609	£13,453,063
Closing number of shares	4,898,718	5,267,708	6,583,832
Operating charges (note 2)	0.88%	0.91%	1.00%
Direct transaction costs	0.47%	0.87%	0.78%
Prices			
Highest share price	212.12	223.59	219.24
Lowest share price	180.08	182.27	151.44

1. The operating charges per share figure is calculated by applying the operating charges percentage to the average net asset valuation per share throughout the period.

2. The operating charges percentage is based on the expenses incurred during the period annualised, as a proportion of the average net asset value of the Sub-fund.

**Risk Profile**

Based on past data, the Sub-fund is ranked a '6' on the synthetic risk and reward indicator scale (of 1 to 7) as described fully in the Key Investor Information Document. The Sub-fund is ranked 6 because historical performance data indicates that high rises and falls in market prices would have occurred historically.

## PORTFOLIO STATEMENT

As at 31 August 2022 (Unaudited)

Holding	Value £	% of net assets
<b>EQUITIES &amp; WARRANTS</b>		
<b>Austria (28.02.2022: 3.40%)</b>		
	-	-
<b>Belgium (28.02.2022: 3.18%)</b>		
170,000 Euronav NV	2,324,472	8.16%
<b>Bermuda (28.02.2022: 4.51%)</b>		
40,000 Cool Company Oy	367,746	1.29%
13,000 FLEX LNG Ltd	370,747	1.30%
70,000 Frontline Ltd	698,101	2.45%
398,842 Hafnia Ltd	1,536,442	5.39%
250,000 Nordic American Tanker Ltd	517,706	1.82%
	<u>3,490,742</u>	<u>12.25%</u>
<b>Denmark (28.02.2022: 1.96%)</b>		
28,000 Dampskibsselskabet Norden A/S	1,085,546	3.81%
<b>France (28.02.2022: 9.27%)</b>		
60,000 ALD SA	570,132	2.00%
3,000 Eramet SA	216,957	0.76%
10,000 Gaztransport et Technigaz SA	1,094,557	3.84%
3,000 LOreal SA	888,060	3.12%
	<u>2,769,706</u>	<u>9.72%</u>
<b>Germany (28.02.2022: 23.90%)</b>		
20,000 Bayer AG	891,798	3.13%
15,000 Hensoldt AG	286,419	1.01%
15,000 K&S AG	295,440	1.04%
1,800 Rheinmetall AG	244,497	0.86%
105,000 Suedzucker AG	1,226,866	4.31%
	<u>2,945,020</u>	<u>10.35%</u>
<b>Greece (28.02.2022: 0.00%)</b>		
40,662 Motor Oil Hellas Corinth Refineries SA	659,394	2.32%
<b>Hungary (28.02.2022: 3.42%)</b>		
	-	-
<b>Italy (28.02.2022: 1.88%)</b>		
1,250,000 Saras SpA	1,268,857	4.46%
<b>Jersey (28.02.2022: 0.00%)</b>		
180,000 Glencore PLC	857,970	3.01%
<b>Luxembourg (28.02.2022: 0.00%)</b>		
30,000 ArcelorMittal SA	615,495	2.16%
6,000 Spotify Technology SA	560,699	1.97%
120,000 Tenaris SA	1,390,792	4.88%
	<u>2,566,986</u>	<u>9.01%</u>
<b>Malaysia (28.02.2022: 0.00%)</b>		
100,000 DHT Holdings Inc	659,995	2.32%
30,000 Teekay Tankers Ltd	626,026	2.20%
	<u>1,286,021</u>	<u>4.52%</u>
<b>Netherlands (28.02.2022: 18.16%)</b>		
30,048 Brunel International NV	242,281	0.85%
25,800 OCI NV	842,311	2.96%
40,000 Takeaway.com NV	582,435	2.05%
	<u>1,667,027</u>	<u>5.86%</u>
<b>Norway (28.02.2022: 14.28%)</b>		
184,701 Okea ASA	812,408	2.85%
70,000 TGS ASA	926,604	3.25%
250,000 Var Energi ASA	952,150	3.34%
	<u>2,691,162</u>	<u>9.44%</u>

## PORTFOLIO STATEMENT

As at 31 August 2022 (Unaudited)

Holding	Value £	% of net assets
<b>Spain (28.02.2022: 4.14%)</b>		
35,000 Enagas SA	549,534	1.93%
80,000 Grifols SA	532,501	1.87%
	<b>1,082,035</b>	<b>3.80%</b>
<b>Sweden (28.02.2022: 2.12%)</b>		
<b>Switzerland (28.02.2022: 0.00%)</b>		
10,000 Nestle SA	1,006,272	3.53%
<b>United Kingdom (28.02.2022: 0.00%)</b>		
55,000 Torm PLC	893,021	3.14%
<b>United States (28.02.2022: 7.82%)</b>		
12,000 Archer Daniels Midland Co	904,877	3.18%
<b>Forward currency contracts (28.02.2022: 0.00%)</b>		
CHF Fwd FX Hedge Gain	17	0.00%
DKK Fwd FX Hedge Loss	(13)	0.00%
EUR Fwd FX Hedge Loss	(6)	0.00%
NOK Fwd FX Hedge Gain	317	0.00%
USD Fwd FX Hedge Loss	(40)	0.00%
	<b>275</b>	<b>0.00%</b>
<b>Portfolio of investments (28.02.2022: 98.04%)</b>	<b>27,499,383</b>	<b>96.56%</b>
<b>Net other assets (28.02.2022: 2.02%)</b>	<b>1,009,293</b>	<b>3.54%</b>
<b>Mid to bid adjustment ((28.02.2022: (0.06%))</b>	<b>(29,536)</b>	<b>(0.10%)</b>
	<b>28,479,140</b>	<b>100.00%</b>

## SUMMARY OF MATERIAL PORTFOLIO CHANGES

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	£
<b>Total sales for the period</b>	<b>88,284,687</b>
Roche Holding AG	4,187,091
K&S AG	3,553,622
Novartis AG	3,286,331
Euronav NV	3,028,904
Eramet SA	2,580,050
Vallourec SA	2,137,654
Repsol SA	2,091,856
Takeaway.com NV	2,075,806
AerCap Holdings NV	1,953,570
Veolia Environnement SA	1,926,110
<b>Total purchase for the period</b>	<b>86,348,613</b>
Euronav NV	4,926,039
Roche Holding AG	4,068,206
Novartis AG	3,215,857
Takeaway.com NV	2,893,251
Tenaris SA	2,687,677
Eramet SA	2,388,289
Nestle SA	2,363,430
Frontline Ltd	2,268,018
Glencore PLC	2,242,139
Repsol SA	2,218,036

The above transactions represents the top ten sales and top ten purchases for the period.

## STATEMENT OF TOTAL RETURN

For the six months ended 31 August (unaudited)

	2022	2021
	£	£
Income		
Net capital (losses)/gains		2,352,849
Revenue	1,112,949	880,784
Expenses	(209,920)	(289,497)
Interest payable and similar charges	(3,733)	(2,456)
Net revenue before taxation	899,296	588,831
Taxation	(170,246)	(101,509)
Net revenue after taxation	729,050	487,322
Total return before distributions	206,248	2,840,171
Finance costs: distributions	(619,099)	(437,529)
<b>Changes in net assets attributable to shareholders from investment activities</b>	<b>(412,851)</b>	<b>2,402,642</b>

## STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the six months ended 31 August (unaudited)

	2022	2021
	£	£
<b>Opening net assets attributable to shareholders</b>	<b>30,357,997</b>	<b>41,375,978</b>
Amounts receivable on creation of shares	772,292	368,658
Amounts payable on cancellation of shares	(2,780,695)	(5,362,525)
Dividend reinvested	542,397	374,201
Changes in net assets attributable to shareholders from investment activities (see above)	(412,851)	2,402,642
<b>Closing net assets attributable to shareholders</b>	<b>28,479,140</b>	<b>39,158,954</b>

The Investment Association SORP requires that comparatives are shown for the above report. As comparatives should be for the comparable interim period the net asset value at the end of the period will not agree to the net asset value at the start of the period. The fund net asset value as at 28 February 2022 was £30,357,997.



**BALANCE SHEET**

As at (unaudited)	31.08.2022		28.02.2022	
	£	£	£	£
<b>ASSETS</b>				
Investment assets		27,469,906		29,746,226
<b>Current assets</b>				
Debtors	1,013,983		1,911,469	
Cash and bank balances	<u>933,319</u>		<u>533,622</u>	
<b>Total current assets</b>		<u>1,947,302</u>		<u>2,445,091</u>
<b>Total assets</b>		29,417,208		32,191,317
<b>LIABILITIES</b>				
<b>Investment liabilities</b>		(59)		(40)
<b>Current liabilities</b>				
Distribution payable on income shares	(50,879)		-	
Bank overdraft	-		(397,104)	
Creditors	<u>(887,130)</u>		<u>(1,436,176)</u>	
<b>Total current liabilities</b>		<u>(938,009)</u>		<u>(1,833,280)</u>
<b>Net assets attributable to shareholders</b>		<u>28,479,140</u>		<u>30,357,997</u>

**Accounting policies**

The accounting policies applied are consistent with those of the financial statements for the period ended 28 February 2022 and are described in those financial statements.

The financial statements have been prepared in accordance with FRS 102, the Statement of Recommended Practice for Authorised Funds (SORP) issued by the Investment Association (IA) in May 2014 and the amendments to the SORP issued by the IA in June 2017. The functional currency is Sterling.

## DISTRIBUTION TABLES

### Interim distributions in pence per share

Group 1: Shares purchased prior to 01 March 2022

Group 2: Shares purchased on or after 01 March 2022 to 31 August 2022

01 March 2021 to 31 August 2021

Unit Type	Share Class	Net Revenue 31.10.2021	Equalisation	Distribution 31.10.2022	Distribution 29.10.2021
group 1	Class A Retail Net Income	2.6589p	-	2.6589p	1.4347p
group 2	Class A Retail Net Income	0.5044p	2.1545p	2.6589p	1.4347p
group 1	Class A Retail Net Accumulation	5.8167p	-	5.8167p	3.0543p
group 2	Class A Retail Net Accumulation	3.0786p	2.7381p	5.8167p	3.0543p
group 1	Class A (Eur) Retail Net Accumulation	2.3709p	-	2.3709p	1.2267p
group 2	Class A (Eur) Retail Net Accumulation	2.3709p	-	2.3709p	1.2267p
group 1	Class I Institutional Net Income	3.5906p	-	3.5906p	2.3747p
group 2	Class I Institutional Net Income	1.4588p	2.1318p	3.5906p	2.3747p
group 1	Class I Institutional Net Accumulation	6.7934p	-	6.7934p	4.4653p
group 2	Class I Institutional Net Accumulation	0.7052p	6.0882p	6.7934p	4.4653p
group 1	Class I Institutional Net Accumulation (Cur Hdg)	2.5033p	-	2.5033p	1.4589p
group 2	Class I Institutional Net Accumulation (Cur Hdg)	1.4244p	1.0789p	2.5033p	1.4589p
group 1	Class I (Eur) Institutional Net Accumulation	3.3948p	-	3.3948p	2.2343p
group 2	Class I (Eur) Institutional Net Accumulation	3.3948p	-	3.3948p	2.2343p
group 1	Class R Retail Net Income	4.0587p	-	4.0587p	2.6736p
group 2	Class R Retail Net Income	2.4099p	1.6488p	4.0587p	2.6736p
group 1	Class R Retail Net Accumulation	4.5415p	-	4.5415p	2.9030p
group 2	Class R Retail Net Accumulation	2.0126p	2.5289p	4.5415p	2.9030p

### EQUALISATION

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents the accrued revenue included in the purchase price of the shares. It is returned with the distribution as a capital repayment. It is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.

## SUB-FUND OVERVIEW

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<b>Name of Sub-fund</b>	VT Argonaut Absolute Return Fund
<b>Size of Sub-fund</b>	£101,572,274
<b>Launch date</b>	14 July 2012
<b>Investment objective:</b>	<p>To provide positive returns over a 3 year period, regardless of market conditions.</p> <p>Capital invested in the Sub-fund is at risk and there is no guarantee that the investment objective will be met over a 3 year, or any other period.</p>
<b>Investment policy:</b>	<p>The Sub-fund may, at times, invest in a relatively small number of equities, the selection of which will not be restricted either by size, industry, or geographical location of the underlying companies, although exposure is expected to be mainly (over 50% of gross exposure) to companies incorporated in Europe.</p> <p>The Sub-fund may take investment exposure to equities, fixed interest instruments, collective investment schemes (which may include those managed/operated by the ACD) cash and near cash (which includes money market instruments and deposits in any currency).</p> <p>Any such exposures could be gained by direct investment or through funds or derivative instruments.</p> <p>In pursuit of its investment policy, all or a substantial proportion of the Sub-fund's assets may consist of cash, near cash, deposits, warrants and/or money market instruments.</p> <p>The Sub-fund may use derivatives and forward transactions (that is sophisticated investment instruments linked to the rise and fall of the price of other assets) for the purposes of meeting the investment objective or efficient portfolio management.</p>
<b>Investment Strategy:</b>	<p>The Investment Manager will seek to identify methodically those investments, generally in European markets including the UK and Eastern Europe, with the most and least attractive characteristics for investment. This assessment will be made with a view to being long on stocks with superior or underestimated earnings trends and being short on stocks with inferior or overestimated earnings trends.</p> <p>The investment process will involve traditional long investing (taking a position in a stock on the expectation of the stock rising) and also "shorting" (taking a position with the expectation of the stock falling). Stocks are selected by the Investment Manager primarily on over (shorts) and under (longs) estimated corporate earnings trends with the aim of providing "double alpha" from our stock-picking. Alpha is the difference between our returns and those of the market average. Successfully executed this will result in positive returns from the Fund regardless of market conditions.</p> <p>The Sub-fund may also use leverage to enhance returns or cash to protect capital. The Investment Manager will vary leverage and market exposure according to market conditions.</p> <p>Investment strategies will be achieved through some use of derivative products (which will include contracts for difference (swaps), traded options and financial futures) in the pursuit of the investment objective. Direct investment will be made in equities and corporate debt securities for long exposure whereas exchange-traded financial derivative instruments and over-the-counter financial derivative instruments (together 'derivatives'). Short positions will be generated synthetically through derivatives, designed to allow the Sub-fund to benefit economically from the fall in the price of the underlying securities to which the derivatives relate.</p> <p>In pursuit of its investment policy, all or a substantial proportion of the Sub-fund's assets may consist of cash, near cash, deposits, warrants and/or money market instruments; the Sub-fund may also invest in government bonds and other transferable securities collective investment schemes (and use may be made of stock lending, borrowing, hedging techniques permitted by the FCA Rules).</p>

## SUB-FUND OVERVIEW (continued)

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### Investment Strategy (continued)

In addition to a cash holding being maintained to contribute to the absolute return, substantial cash holdings could be required in support of derivatives to achieve the same economic return as holding the securities themselves.

The Sub-fund's over-the-counter financial derivatives may be transacted with a single counterparty and strategies may be generated through a single derivative contract. In all circumstances, however, the Sub-fund will comply with the investment restrictions and limits set out in the Prospectus. Derivatives strategies are designed to have the same economic effect as if the Sub-fund were investing directly in the equities underlying the derivatives.

In addition, the Sub-fund has the ability to invest in transferable securities embedding derivatives such as convertible bonds and to employ techniques involving, foreign exchange forwards, futures, options, stock lending and contracts for difference for the purpose of efficient portfolio management. These strategies may be used for reducing risk, reducing cost or generating additional capital for the Sub-fund.

The Sub-fund aims to generate absolute returns from five principal strategies:

- Long investing where there is a strong conviction that the stock price will rise;
- Short investing where there is a strong conviction that the stock price will fall;
- Pair trades – a combination of long and short investments to minimise sector and market risk. This could take the form of arbitrage opportunities such as long corporate debt paired with short equity;
- Cash holdings of up to 100% of the portfolio;
- Leverage to increase exposure to equity and corporate debt securities whether long or short but only to the extent permitted by the FCA Regulations.

### Benchmark

The Sub-fund is not managed against any formal benchmark. The Sub-fund uses the Investment Association's (IA) IA Targeted Absolute Return Sector for performance comparison purposes only ("Performance Comparator"). The Performance Comparator is not used as a performance target or as a constraint in relation to the composition of the Sub-fund's portfolio.

The Performance Comparator was chosen because it enables investors to compare the performance of the portfolio against competing funds in the same sector.

The Performance Comparator is used to compare the Sub-fund's rank or quartile as compared to the performance of other Sub-funds in the IA Targeted Absolute Return Sector over a variety of time frames.

The ACD reserves the right to change the comparator following consultation with the Depositary and in accordance with the rules of COLL. A change could arise, for example, where the ACD determines that an alternative may be more appropriate. Shareholders will be notified of such a change, in accordance with the rules in COLL.

### Authorised Corporate Director (ACD)

Valu-Trac Investment Management Limited

### Ex-distribution dates

31 August, Last day of February

### Distribution dates

31 October, 30 April

### Individual Savings Account (ISA)

The Sub-fund is a qualifying investment for inclusion in an ISA.

**SUB-FUND OVERVIEW (continued)****Share class information**

Share class*	Minimum initial subscription	Minimum subsequent investment	Minimum holding	Minimum redemption	Initial charge **
Class A (Currency Hedged) Retail Net Accumulation	£ 500	£ 250	£ 250	£ 100	5.25%
Class R (Currency Hedged) Retail Net Accumulation	£ 500	£ 250	£ 250	£ 100	0.00%
Class I (Currency Hedged) Institutional Net Accumulation	£ 3,000,000	£ 1,000	£ 3,000,000	£ 1,000	0.00%
Class O (Currency Hedged) Institutional Net Accumulation	£ 500	£ 250	£ 250	£ 100	5.00%
Class A (Eur) (Currency Hedged) Retail Net Accumulation	€ 2,500	€ 1,000	€ 2,500	€ 1,000	5.25%
Class I (Eur) (Currency Hedged) Institutional Net Accumulation	€ 3,000,000	€ 1,000	€ 3,000,000	€ 1,000	0.00%
Class O (Eur) (Currency Hedged) Institutional Net Accumulation	€ 2,500	€ 1,000	€ 2,500	€ 1,000	5.00%
Class A (USD) (Currency Hedged) Retail Net Accumulation	\$ 2,500	\$ 1,000	\$ 2,500	\$ 1,000	5.25%
Class I (USD) (Currency Hedged) Institutional Net Accumulation	\$ 3,000,000	\$ 1,000	\$ 3,000,000	\$ 1,000	0.00%
Class O (USD) (Currency Hedged) Institutional Net Accumulation	\$ 2,500	\$ 1,000	\$ 2,500	\$ 1,000	5.00%

\* Investors should note the eligibility criteria for each class of share as set out in paragraph 2.2.2 of the Sub-fund's prospectus before subscribing.

\*\*The initial charge is shown as a percentage of the amount invested which is equivalent to 5.5409% of the price of shares.

**Annual Management Charges**

In respect of the A shares, it is equal to 1.50% per annum of the net asset value of the A shares.

In respect of the R shares, it is equal to 0.75% per annum of the net asset value of the B shares.

In respect of the I shares, it is equal to 0.75% per annum of the net asset value of the C shares.

In respect of the O shares, it is equal to 1.50% per annum of the net asset value of the O shares.

**Performance Fee**

The Performance Fee will be calculated and accrued daily but will only become payable annually in arrears in respect of each discrete period of twelve months ending 31 December (the "Performance Period"). The Performance Fee will accrue daily as if each day were the end of a Performance Period, therefore if relevant; the fee may be payable upon redemptions and will be paid to the Investment Manager at the end of the Performance Period. There is no maximum value on the Performance Fee that could be taken. Full details can be found in the prospectus.

The amount of Performance Fee payable in respect of each Performance Period is a Sterling amount equivalent to the product of:

- (a) the opening NAV;
- (b) the higher of:
  - the excess performance over 5% (the "Hurdle Rate"); and
  - the highest mid price, net of any performance fee, calculated at the end of any previous Performance Period (the "High Watermark"); the higher being the "Target Price";
- (c) the rate of the performance fee (being 20% of the outperformance of the Target Price); and
- (d) the average number of Shares in issue during the Calculation Period.

The accrual for a performance fee shall reflect the average number of Shares in issue during the Performance Period. However, where the actual number of shares in issue (on any day) is less than 95% of the average number of shares in issue shown on the performance fee calculation (which could occur where large redemptions of shares are placed relative to the number of shares in issue in that share class), the average number of shares in issue will be reset to the actual number of shares in issue.

## INVESTMENT MANAGER'S REPORT

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### Investment Review

The fund returned -0.9% (Class I (Currency Hedged) Institutional Net Accumulation) over the 6-month review period (31st August 2022) vs. the IA Targeted Absolute Return sector of -1.0% and the Lipper equity long/short sector of -1.9%. The correlation of the fund was -0.26.

Since launch the fund has returned +164.8% (Class I (Currency Hedged) Institutional Net Accumulation) vs. the IA Targeted Absolute Return sector of +44.5% and the Lipper equity long/short sector of +37.3% with a correlation of just 0.09.

The biggest winners in our long book included the oil tanker company Euronav (+42%), which rose owing to further anticipated disruptions to global crude oil trading patterns; nitrogen fertiliser manufacturer CF Industries (+29%) which benefitted from cheap American natural gas as feedstock and Norwegian seismic data company TGS (+60%) which saw a pickup in demand for its surveys.

Our best performing shorts were the beleaguered movie theatre chain Cineworld (-91%), which crashed owing to the announcement that it was considering entering bankruptcy to protect the company from its creditors; US car selling platform Carvana (-83%) which fell owing to demand and solvency concerns, and disgraced German property developer ADO Properties SA (formally Adler) (-76%) which continues to unravel owing to aggressive valuation methodology and corporate governance scandals.

These gains were offset by losses on currency hedging for the GBP and EUR share classes owing to US dollar strength (+15%).

### Market Overview

At the start of the review period Russia invaded Ukraine. This caused the price of most commodities to jump anticipating Western sanctions or Russian production cuts. This was most keenly felt in the European gas power markets where Russia cut off supplies leading to German power prices briefly touching \$1,000/boe, which if sustained would lead to deindustrialisation. By contrast, over the review period Brent crude rose by just 7% to \$93/b having peaked in June at \$116/b, as the European oil embargo doesn't come into effect until December, allowing Russia to find other markets for its exports.

Inflation made a comeback after an absence of decades. US CPI peaked at 9% in June but remains stubbornly high owing to a robust labour market and lagging service sector inflation. Inflation has been much worse in Europe – with German PPI still accelerating to 45% YOY - owing to a failed energy policy, ESG and decarbonisation ideology, which under values the essential role of fossil fuels maintaining our standard of life.

Led by the Federal Reserve, Central Banks exited zero interest rate policies and asset purchases. It now seems extraordinary to believe that the Fed Funds rate was just 0.25% at the beginning of the review period and now it is 3.25%; that the market expected Fed Funds to peak at just 1.65% in January 2023, but expectations today are for 4.4% by March 2022. The yield on the 10-year Treasury rose from just 1.7% at the beginning of the review period to 3.2% at the end of August and continues to rise, recently hitting 4%. The US dollar was rampant against other major currencies with the dollar index +16% since the start of the review period; +25% against the Japanese Yen; +23% against Sterling; +15% against the Euro and +13% against the Chinese Renminbi. The growing attractiveness of US dollar deposits provides a significant headwind to the valuations of other asset classes.

We think inflation is more structural than either the bond market or the Fed currently anticipates. We outlined our rationale earlier in the year in our Stockumentary on the 1970's Redux.

### Outlook

Bond and equity markets are still largely priced for the "soft landing" which now Fed Chairman Powell agrees is for the birds, closing the risk window. Central banks want to now suppress animal spirits. This will entail a continuation of the bear market in all financial assets.

The summer bear market rally based on "peak inflation" and hopes for a dovish Fed has now reversed and it seems likely that markets will test new lows over the forthcoming weeks owing to sticky inflation, hawkish central banks and an energy crisis caused by Western civilisation's ostracism of fossil fuels, masochistic "net zero" targets and outsourcing oil and gas production to unreliable countries.

The equity bear market will only end when there is stabilisation in the US Treasury market, which seems only likely with a much more severe recession to tame inflation and the market at much lower levels. However, it seems likely that even then, the global economy will be stuck in a stagflationary scenario until Western societies learn to value cheap and reliable energy again, which means a sea-change in attitudes to fossil fuels and nuclear power. This could take time.

**Barry Norris**

**Argonaut Capital Partners LLP**

**Investment Manager to the Fund**

**30 September 2022**

## PERFORMANCE RECORD

### Financial Highlights

#### Class A (Currency Hedged) Retail Net Accumulation

	Period to 31 August 2022	Year to 28 February 2022	Year to 28 February 2021
Changes in net assets per share	GBp	GBp	GBp
Opening net asset value per share	241.94	197.48	188.62
Return before operating charges	(0.25)	48.20	13.32
Operating charges (note 1)	(1.91)	(3.74)	(4.46)
Return after operating charges *	(2.16)	44.46	8.86
Closing net asset value per share	239.78	241.94	197.48
Distributions on accumulation shares	1.67	-	-
*after direct transactions costs of:	0.14	0.00	0.06
Performance			
Return after charges	(0.89%)	22.51%	4.70%
Other information			
Closing net asset value	£6,871,245	£3,887,581	£7,799,997
Closing number of shares	2,865,596	1,606,844	3,949,689
Operating charges (note 2)	1.59%	1.70%	2.31%
Performance fee	0.15%	2.44%	0.00%
Direct transaction costs	0.06%	0.00%	0.03%
Prices			
Highest share price	282.79	249.46	238.14
Lowest share price	227.77	192.31	188.64

#### Class A (Eur) (Currency Hedged) Retail Net Accumulation

	Period to 31 August 2022	Year to 28 February 2022	Period from 8 February 2021 to 28 February 2021**
Changes in net assets per share	EURc	EURc	EURc
Opening net asset value per share	150.66	123.26	131.87
Return before operating charges	0.17	29.73	(8.36)
Operating charges (note 1)	(1.19)	(2.33)	(0.25)
Return after operating charges *	(1.02)	27.40	(8.61)
Closing net asset value per share	149.64	150.66	123.26
Distributions on accumulation shares	0.8582	-	-
*after direct transactions costs of:	0.09	0.00	0.04
Performance			
Return after charges	(0.68%)	22.23%	(6.53%)
Other information			
Closing net asset value	€ 1,770,580	€ 1,435,803	€ 1,866,692
Closing number of shares	1,183,206	952,981	1,514,393
Operating charges (note 2)	1.59%	1.70%	2.31%
Performance fee	0.15%	2.44%	0.00%
Direct transaction costs	0.06%	0.00%	0.03%
Prices			
Highest share price	175.39	155.34	132.20
Lowest share price	142.63	119.71	124.09

\*\*Share class re-opened on 8 February 2021.

## PERFORMANCE RECORD (Continued)

### Financial Highlights (Continued)

#### Class A (USD) (Currency Hedged) Retail Net Accumulation

	Period to 31 August 2022	Year to 28 February 2022	Period from 3 December 2020 to 28 February 2021+
	USDc	USDc	USDc
Changes in net assets per share			
Opening net asset value per share	121.52	99.07	100.00
Return before operating charges	(1.63)	24.32	(0.36)
Operating charges (note 1)	(0.96)	(1.87)	(0.57)
Return after operating charges *	(2.59)	22.44	(0.93)
Closing net asset value per share	118.93	121.52	99.07
Distributions on accumulation shares	1.25	-	-
*after direct transactions costs of:	0.07	0.00	0.03
Performance			
Return after charges	(2.13%)	22.66%	(0.93%)
Other information			
Closing net asset value	\$4,118,820	\$655,582	\$125,737
Closing number of shares	3,463,342	539,493	126,917
Operating charges (note 2)	1.59%	1.70%	2.31%
Performance fee	0.15%	2.44%	0.00%
Direct transaction costs	0.06%	0.00%	0.03%
Prices			
Highest share price	141.46	125.61	106.87
Lowest share price	112.82	96.59	97.57

+Share class launched on 3 December 2020.

#### Class I (Currency Hedged) Institutional Net Accumulation

	Period to 31 August 2022	Year to 28 February 2022	Year to 28 February 2021
	GBP	GBP	GBP
Changes in net assets per share			
Opening net asset value per share	267.22	216.94	204.42
Return before operating charges	(1.26)	52.58	15.81
Operating charges (note 1)	(1.12)	(2.30)	(3.29)
Return after operating charges *	(2.38)	50.28	12.52
Closing net asset value per share	264.84	267.22	216.94
Retained distributions on accumulated shares	2.66	0.80	-
*after direct transactions costs of:	0.16	0.00	0.06
Performance			
Return after charges	(0.89%)	23.17%	6.13%
Other information			
Closing net asset value	£28,107,658	£12,589,807	£10,747,979
Closing number of shares	10,613,264	4,711,434	4,954,303
Operating charges (note 2)	0.84%	0.95%	1.56%
Performance fee	0.15%	2.44%	0.00%
Direct transaction costs	0.06%	0.00%	0.03%
Prices			
Highest share price	312.96	275.73	255.09
Lowest share price	251.71	211.92	204.44



**PERFORMANCE RECORD (Continued)****Financial Highlights (Continued)****Class I (Eur) (Currency Hedged) Institutional Net Accumulation**

	<b>Period to 31 August 2022</b>	<b>Year to 28 February 2022</b>	<b>Year to 28 February 2021</b>
Changes in net assets per share			
	EURc	EURc	EURc
Opening net asset value per share	219.97	169.73	162.14
Return before operating charges	(0.81)	52.09	10.18
Operating charges (note 1)	(0.92)	(1.85)	(2.59)
Return after operating charges *	(1.73)	50.24	7.59
Closing net asset value per share	218.24	219.97	169.73
Retained distributions on accumulated shares	2.22	0.64	-
*after direct transactions costs of:	0.13	0.00	0.05
Performance			
Return after charges	(0.78%)	29.60%	4.68%
Other information			
Closing net asset value	€ 1,557,913	€ 1,200,225	€ 1,697,095
Closing number of shares	713,840	545,630	999,898
Operating charges (note 2)	0.84%	0.95%	1.56%
Performance fee	0.15%	2.44%	0.00%
Direct transaction costs	0.06%	0.00%	0.03%
Prices			
Highest share price	257.75	227.82	203.00
Lowest share price	207.43	165.41	162.00

**Class I (USD) (Currency Hedged) Institutional Net Accumulation**

	<b>Period to 31 August 2022</b>	<b>Year to 28 February 2022</b>	<b>Year to 28 February 2021</b>
Changes in net assets per share			
	USDc	USDc	USDc
Opening net asset value per share	151.98	123.40	117.72
Return before operating charges	(0.96)	29.89	7.56
Operating charges (note 1)	(0.63)	(1.31)	(1.88)
Return after operating charges *	(1.59)	28.58	5.68
Closing net asset value per share	150.39	151.98	123.40
Retained distributions on accumulated shares	1.65	0.44	-
*after direct transactions costs of:	0.09	0.00	0.04
Performance			
Return after charges	(1.05%)	23.16%	4.82%
Other information			
Closing net asset value	\$3,446,447	\$1,349,925	\$1,086,634
Closing number of shares	2,291,729	888,231	880,600
Operating charges (note 2)	0.84%	0.95%	1.56%
Performance fee	0.15%	2.44%	0.00%
Direct transaction costs	0.06%	0.00%	0.03%
Prices			
Highest share price	178.25	156.84	146.00
Lowest share price	143.15	120.82	118.00

## PERFORMANCE RECORD (Continued)

### Financial Highlights (Continued)

#### Class R (Currency Hedged) Retail Net Accumulation

	Period to 31 August 2022	Year to 28 February 2022	Year to 28 February 2021
Changes in net assets per share	GBP	GBP	GBP
Opening net asset value per share	227.64	184.56	174.26
Return before operating charges	(1.55)	45.04	13.10
Operating charges (note 1)	(0.95)	(1.96)	(2.80)
Return after operating charges *	(2.50)	43.08	10.30
Closing net asset value per share	225.14	227.64	184.56
Retained distributions on accumulated shares	2.49	0.68	-
 *after direct transactions costs of:	 0.14	 0.00	 0.05
Performance			
Return after charges	(1.10%)	23.34%	5.91%
Other information			
Closing net asset value	£44,774,223	£16,976,360	£9,363,674
Closing number of shares	19,887,670	7,457,682	5,073,444
Operating charges (note 2)	0.84%	0.95%	1.56%
Performance fee	0.15%	2.44%	0.00%
Direct transaction costs	0.06%	0.00%	0.03%
Prices			
Highest share price	266.84	235.17	217.13
Lowest share price	213.79	180.39	174.28

#### Class O (Currency Hedged) Institutional Net Accumulation

	Period to 31 August 2022	Year to 28 February 2022	Period from 3 December 2020 to 28 February 2021+
Changes in net assets per share	GBP	GBP	GBP
Opening net asset value per share	123.63	100.35	100.00
Return before operating charges	(0.58)	25.18	0.93
Operating charges (note 1)	(0.98)	(1.90)	(0.58)
Return after operating charges *	(1.56)	23.28	0.35
Closing net asset value per share	122.07	123.63	100.35
Retained distributions on accumulated shares	1.03	-	-
 *after direct transactions costs of:	 0.07	 -	 0.03
Performance			
Return after charges	(1.27%)	23.20%	0.35%
Other information			
Closing net asset value	£7,898,457	£2,702,616	£156,909
Closing number of shares	6,470,668	2,185,989	156,858
Operating charges (note 2)	1.59%	1.70%	2.31%
Performance fee	0.15%	2.44%	0.00%
Direct transaction costs	0.06%	0.00%	0.03%
Prices			
Highest share price	145.29	127.73	108.42
Lowest share price	115.92	97.69	99.03

+Share class launched on 3 December 2020.

## PERFORMANCE RECORD (Continued)

### Financial Highlights (Continued)

#### Class O (Eur) (Currency Hedged) Institutional Net Accumulation

	Period to 31 August 2022	Year to 28 February 2022	Period from 3 December 2020 to 28 February 2021+
Changes in net assets per share	EURc	EURc	EURc
Opening net asset value per share	121.88	98.83	100.00
Return before operating charges	(1.46)	24.93	(0.60)
Operating charges (note 1)	(0.96)	(1.88)	(0.57)
Return after operating charges *	(2.42)	23.05	(1.17)
Closing net asset value per share	119.46	121.88	98.83
Retained distributions on accumulated shares	1.19	-	-
*after direct transactions costs of:	0.07	0.00	0.03
Performance			
Return after charges	(1.98%)	23.32%	(1.17%)
Other information			
Closing net asset value	€ 1,336,000	€ 424,694	€ 479
Closing number of shares	1,118,327	348,441	485
Operating charges (note 2)	1.59%	1.70%	2.31%
Performance fee	0.15%	2.44%	0.00%
Direct transaction costs	0.06%	0.00%	0.03%
Prices			
Highest share price	142.26	125.94	106.77
Lowest share price	113.59	96.32	97.48

+Share class launched on 3 December 2020.

#### Class O (USD) (Currency Hedged) Institutional Net Accumulation

	Period to 31 August 2022	Year to 28 February 2022	Period from 3 December 2020 to 28 February 2021+
Changes in net assets per share	USDc	USDc	USDc
Opening net asset value per share	121.98	99.26	100.00
Return before operating charges	(1.49)	24.60	(0.16)
Operating charges (note 1)	(0.96)	(1.88)	(0.58)
Return after operating charges *	(2.45)	22.72	(0.74)
Closing net asset value per share	119.53	121.98	99.26
Retained distributions on accumulated shares	1.09	-	-
*after direct transactions costs of:	0.07	0.00	0.03
Performance			
Return after charges	(2.01%)	22.89%	(0.74%)
Other information			
Closing net asset value	\$3,964,374	\$989,951	\$247,588
Closing number of shares	3,316,698	811,577	249,432
Operating charges (note 2)	1.59%	1.70%	2.31%
Performance fee	0.15%	2.44%	0.00%
Direct transaction costs	0.06%	0.00%	0.03%
Prices			
Highest share price	142.78	126.24	106.87
Lowest share price	113.41	96.88	97.63

+Share class launched on 3 December 2020.

## PERFORMANCE RECORD (Continued)

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1. The operating charges per share figure is calculated by applying the operating charges percentage to the average net asset valuation per share throughout the period.
2. The operating charges percentage is based on the expenses incurred during the period annualised, as a proportion of the average net asset value of the Sub-fund.

### **Risk Profile**

Based on past data, the Sub-fund is ranked a '6' on the synthetic risk and reward indicator scale (of 1 to 7) as described fully in the Key Investor Information Document. The Sub-fund is ranked 6 because historical performance data indicates that high rises and falls in market prices would have occurred historically.

## PORTFOLIO STATEMENT

As at 31 August 2022 (unaudited)

Holding	Value £	% of net assets
<b>Equities (28.02.2022: 6.27%)</b>		
670,745 Euronav NV	9,171,346	9.03
	9,171,346	9.03
<b>Collective Investment Schemes (28.02.2022: 8.57%)</b>		
7,406,842 Goldman Sachs Sterling Liquid Reserves Value	7,406,842	7.30
	7,406,842	7.30
<b>Contracts for Difference (28.02.2022: 1.68%)</b>		
(814,335) ADO Properties SA	610,708	0.61
32,000 Airbnb Inc	(281,262)	(0.28)
(28,000) Aurubis AG	118,163	0.12
(250,000) Auto Trader Group PLC	40,718	0.05
(500,000) AutoStore Holdings Ltd	14,255	0.02
22,000 Alphabet Inc	(248,912)	(0.25)
(350,803) Ambu A/S	134,215	0.13
60,000 Archer-Daniels-Midland Co	59,655	0.06
50,000 Bayer AG	(71,309)	(0.07)
(69,913) Beyond Meat Inc	385,922	0.38
(8,000) BioNTech SE	2,632	-
34,000 Block Inc	(517,155)	(0.51)
50,000 Bunge Ltd	(33,850)	(0.03)
(60,106) Burford Capital Ltd	17,882	0.02
93,103 Brunel International NV	(49,194)	(0.05)
(35,000) Carvana Co	128,563	0.13
(13,000) Casino Guichard Perrachon SA	11,504	0.01
(10,000) Cassava Sciences Inc	(51,921)	(0.05)
50,159 CF Industries Holdings Inc	35,049	0.03
1,300,000 CGG SA	(58,749)	(0.06)
(6,006,658) Cineworld Group PLC	1,085,403	1.07
(30,000) Coinbase Global Inc	391,884	0.39
50,000 Cool Company Oy	31,897	0.03
(2,000) Credit Acceptance Corp	82,075	0.08
85,329 Dampskibsselskabet Norden A/S	(50,294)	(0.05)
160,000 DHT Holdings Inc	(55,824)	(0.05)
(150,000) Drax Group PLC	91,138	0.09
130,000 Enbridge Inc	(10,567)	(0.01)
400,000 Energy Transfer LP	43,561	0.04
(300,000) Engie SA	54,177	0.05
(40,000) EPR Properties	151,286	0.15
(22,000) Evolution Gaming Group AB (publ)	149,132	0.15
(200,000) Ferrexpo PLC	(19,700)	(0.02)
(129,922) Fevertree Drinks PLC	136,840	0.13
(420,906) Finabl PLC	(43,246)	(0.04)
99,450 FLEX LNG Ltd	(73,860)	(0.07)
(130,817) Fluidra SA	227,307	0.22
(40,000) Freshpet Inc	128,699	0.13
(217,500) Fresnillo PLC	90,473	0.09
(130,903) Kloeckner & Co SE	(843)	-
(230,000) Full Truck Alliance Co Ltd	(83,797)	(0.08)
32,000 Gaztransport et Technigaz SA	(145,976)	(0.14)
(30,000) Gerresheimer AG	163,611	0.16
(65,037) Grenke AG	5,588	0.01
200,000 Grifols SA	(173,119)	(0.17)
900,000 Hafnia Ltd	199,427	0.20
(1,300,000) HALEON PLC	150,800	0.15
(1,692,227) IWG Plc	203,657	0.20
200,000 Just Eat Takeaway.com NV	(190,677)	(0.19)
(300,000) Kahoot ASA	139,731	0.14
300,000 Kinder Morgan Inc	(24,540)	(0.02)

**PORTFOLIO STATEMENT (continued)**
**As at 31 August 2022 (unaudited)**

<b>Holding</b>	<b>Value £</b>	<b>% of net assets</b>
<b>Contracts for Difference (continued)</b>		
250,148 Liberty Oilfield Services Inc	188,079	0.19
8,000 LOreal SA	(128,873)	(0.13)
15,000 Meta Platforms Inc	(306,297)	(0.30)
9,000 Microsoft Corp	(236,319)	(0.23)
(8,000) Moderna Inc	96,915	0.10
146,613 Motor Oil Hellas Corinth Refineries SA	188,423	0.19
(1,149,997) Nel ASA	93,706	0.09
16,000 Netflix Inc	(301,362)	(0.30)
(219,999) Network International Holdings PLC	(1,760)	0.00
(60,000) NIO Inc	62,090	0.06
450,000 Nordic American Tanker Ltd	(152,199)	(0.15)
25,000 Nutrien Ltd	(163,115)	(0.16)
(549,713) Oatly Group AB (publ)	349,005	0.34
(20,086) Oesterreichische Post AG	24,160	0.02
400,729 Okea ASA	136,280	0.13
(25,000) Orsted A/S	81,991	0.08
399,847 Plains All American Pipeline LP	58,594	0.06
25,000 Plus500 Ltd	(3,375)	0.00
(399,201) ProSiebensat 1 Media SE	134,501	0.13
(171,386) Reconnaissance Energy (Africa) Ltd	93,502	0.09
(55,000) Rivian Automotive Inc	200,918	0.20
(599,603) Royal Mail PLC	(27,763)	(0.03)
(100,000) RWE AG	(16,582)	(0.02)
(2,198,010) Samhallsbyggnadsbolaget I Norden AB	287,846	0.28
2,800,612 Saras SpA	59,587	0.06
22,000 Spotify Technology SA	(266,529)	(0.26)
(90,000) SSE PLC	58,077	0.06
280,000 Suedzucker AG	(134,715)	(0.13)
(100,000) Sweetgreen Inc	284,306	0.28
(44,064) Technip Energies NV	(6,057)	(0.01)
50,000 Teekay Tankers Ltd	(48,193)	(0.05)
420,000 Tenaris SA	128,099	0.13
250,691 TGS ASA	142,611	0.14
200,000 Torm PLC	113,579	0.11
(70,617) TPI Composites Inc	163,984	0.16
300,717 US Silica Holdings Inc	1,090	0.00
(40,000) Varta AG	187,912	0.19
(250,000) Vaxart Inc	198,765	0.20
(12,000) Verbund AG	8,715	0.01
(50,000) Vestas Wind Systems A/S	16,378	0.02
(12,302) Wacker Chemie AG	88,851	0.09
(105,056) Warby Parker Inc	92,878	0.09
(870,063) Webuild SpA	74,751	0.07
30,000 Zoom Video Communications Inc	(776,764)	(0.76)
	<b>3,946,847</b>	<b>3.94</b>
DKK Forward currency contract Gain	166	-
EUR Forward currency contract Gain	7,033	0.01
NOK Forward currency contract Gain	10,389	0.01
SEK Forward currency contract Loss	(267)	-
USD Forward currency contract Loss	(11,463)	(0.01)
	<b>5,858</b>	<b>0.01</b>
USD Hedged share classes Forward contract Gain	34,689	0.03
EUR Hedged share classes Forward contract Loss	(2,583)	-
	<b>32,106</b>	<b>0.03</b>
<b>Portfolio of investments (28.02.2022: 16.52%)</b>	<b>20,562,999</b>	<b>20.31</b>
<b>Net other assets (28.02.2022: 83.48%)</b>	<b>81,023,683</b>	<b>79.78</b>
<b>Mid to bid adjustment ((28.02.2022: (0.00%))</b>	<b>(14,408)</b>	<b>(0.09)</b>
	<b>101,572,274</b>	<b>100.00</b>

## SUMMARY OF MATERIAL PORTFOLIO CHANGES

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	£
<b>Total sales for the period</b>	<b>32,578,840</b>
Euronav NV	7,230,431
iShares 20+ Year Treasury Bond ETF	3,809,439
Nestle SA	4,443,690
Novartis AG	3,528,170
PSP Swiss Property AG	3,734,629
Roche Holding AG	3,556,713
Swiss Prime Site AG	3,619,658
Var Energi ASA2	2,656,110

	£
<b>Total purchases for the period</b>	<b>40,377,459</b>
Euronav NV	14,762,356
Goldman Sachs Sterling Liquid Reserves Value Dis	3,900,000
iShares 20+ Year Treasury Bond ETF	3,910,134
Nestle SA	4,193,815
Novartis AG	3,371,461
PSP Swiss Property AG	3,384,218
Roche Holding AG	3,446,156
Swiss Prime Site AG	3,409,319

The above purchases and sales represent all of the purchases and sales during the period.

**STATEMENT OF TOTAL RETURN****For the six months ended 31 August (unaudited)**

	<b>2022</b>		<b>2021</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Income				
Net capital losses		(3,226,215)		(256,554)
Revenue	319,030		704,685	
Expenses	(479,569)		(163,447)	
Interest payable and similar charges	<u>(331,405)</u>		<u>(116,379)</u>	
Net (expenses)/revenue before taxation	(491,944)		424,859	
Taxation	<u>(191,671)</u>		<u>(71,052)</u>	
Net (expenses)/revenue after taxation		<u>(683,615)</u>		<u>353,807</u>
Total return before distributions		(3,909,830)		97,253
Finance costs: distributions		<u>(916,712)</u>		<u>(99,007)</u>
<b>Changes in net assets attributable to shareholders from investment activities</b>		<u>(4,826,542)</u>		<u>(1,754)</u>

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS****For the six months ended 31 August (unaudited)**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Opening net assets attributable to shareholders</b>	40,950,552	32,204,574
Amounts receivable on creation of shares	88,826,589	3,901,851
Amounts payable on cancellation of shares	(24,390,736)	(8,597,357)
Dividends reinvested	1,012,411	72,928
Changes in net assets attributable to shareholders from investment activities (see above)	<u>(4,826,542)</u>	<u>(1,754)</u>
<b>Closing net assets attributable to shareholders</b>	<u>101,572,274</u>	<u>27,580,242</u>

The Investment Association SORP requires that comparatives are shown for the above report. As comparatives should be for the comparable interim period the net asset value at the end of the period will not agree to the net asset value at the start of the period. The fund net asset value as at 28 February 2022 was £40,950,552.



**BALANCE SHEET**

As at (unaudited)	31.08.2022		28.02.2022	
	£	£	£	£
<b>ASSETS</b>				
Investment assets		25,317,602		10,083,292
<b>Current assets</b>				
Debtors	2,768,780		3,015,461	
Cash and bank balances	<u>83,964,734</u>		<u>33,644,788</u>	
<b>Total current assets</b>		<u>86,733,514</u>		<u>36,660,249</u>
<b>Total assets</b>		112,051,116		46,743,541
<b>LIABILITIES</b>				
Investment liabilities		(4,769,011)		(3,316,806)
<b>Current liabilities</b>				
Bank overdraft	(3,087,481)		(1,384,039)	
Creditors	<u>(2,622,350)</u>		<u>(1,092,144)</u>	
<b>Total current liabilities</b>		<u>(5,709,831)</u>		<u>(2,476,183)</u>
<b>Net assets attributable to shareholders</b>		<u>101,572,274</u>		<u>40,950,552</u>

**Accounting policies**

The accounting policies applied are consistent with those of the financial statements for the period ended 28 February 2022 and are described in those financial statements.

The financial statements have been prepared in accordance with FRS 102, the Statement of Recommended Practice for Authorised Funds (SORP) issued by the Investment Association (IA) in May 2014 and the amendments to the SORP issued by the IA in June 2017. The functional currency is Sterling.

## DISTRIBUTION TABLES

### Interim distributions in pence per share

Group 1: Shares purchased prior to 01 March 2022

Group 2 : Shares purchased 01 March 2022 to 31 August 2022

01 March 2021 to 31 August 2021

Unit Type	Share Class	Net Revenue 31.10.2021	Equalisation	Distribution 31.10.2022	Distribution 29.10.2021
group 1 Class A (Cur Hdg) Retail Net Accumulation		1.6653p	-	1.6653p	-
group 2 Class A (Cur Hdg) Retail Net Accumulation		1.4390p	0.2263p	1.6653p	-
group 1 Class A (Eur) (Cur Hdg) Retail Net Accumulation		0.7373p	-	0.7373p	-
group 2 Class A (Eur) (Cur Hdg) Retail Net Accumulation		0.6456p	0.0917p	0.7373p	-
group 1 Class A (USD) (Cur Hdg) Retail Net Accumulation		1.0747p	-	1.0747p	-
group 2 Class A (USD) (Cur Hdg) Retail Net Accumulation		0.5567p	0.5180p	1.0747p	-
group 1 Class I (Cur Hdg) Institutional Net Accumulation		2.6590p	-	2.6590p	0.7970p
group 2 Class I (Cur Hdg) Institutional Net Accumulation		2.3794p	0.2796p	2.6590p	0.7970p
group 1 Class I (Eur) (Cur Hdg) Institutional Net Accumulation		1.9074p	-	1.9074p	0.5528p
group 2 Class I (Eur) (Cur Hdg) Institutional Net Accumulation		1.6752p	0.2322p	1.9074p	0.5528p
group 1 Class I (USD) (Cur Hdg) Institutional Net Accumulation		1.4236p	-	1.4236p	0.3204p
group 2 Class I (USD) (Cur Hdg) Institutional Net Accumulation		1.3768p	0.0468p	1.4236p	0.3204p
group 1 Class R (Cur Hdg) Retail Net Accumulation		2.4932p	-	2.4932p	0.6764p
group 2 Class R (Cur Hdg) Retail Net Accumulation		1.8968p	0.5964p	2.4932p	0.6764p
group 1 Class O (Cur Hdg) Institutional Net Accumulation		1.0265p	-	1.0265p	0.0006p
group 2 Class O (Cur Hdg) Institutional Net Accumulation		0.8739p	0.1526p	1.0265p	0.0006p
group 1 Class O (Eur) (Cur Hdg) Institutional Net Accumulation		1.0232p	-	1.0232p	-
group 2 Class O (Eur) (Cur Hdg) Institutional Net Accumulation		0.9138p	0.1094p	1.0232p	-
group 1 Class O (USD) (Cur Hdg) Institutional Net Accumulation		0.9428p	-	0.9428p	-
group 2 Class O (USD) (Cur Hdg) Institutional Net Accumulation		0.7939p	0.1489p	0.9428p	-

### EQUALISATION

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents the accrued revenue included in the purchase price of the shares. It is returned with the distribution as a capital repayment. It is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.

## SUB-FUND OVERVIEW

<b>Name of Sub-fund</b>	VT Argonaut Equity Income Fund
<b>Size of Sub-fund</b>	£2,706,410
<b>Launch date</b>	30 December 2016
<b>Sub-fund objective and policy</b>	<p>The Sub-fund aims to provide an income (net of fees) in excess of the yield of the European market (as represented by the IA Europe ex UK sector) with capital growth over any 5 year calendar period.</p> <p>The Sub-fund will invest in a concentrated portfolio of approximately 30-60 stocks. The Sub-fund will invest predominantly in securities of companies incorporated in Europe (including up to 5% in UK companies).</p> <p>The Sub-fund may also invest in companies that are headquartered or quoted outside Europe which derive a significant part of their business from Europe and whose securities are listed or traded on an eligible securities or derivatives exchange. The Sub-fund may also invest in emerging European markets including Russia and Eastern Europe.</p> <p>The Sub-fund is not constrained by any index weightings and will not concentrate on any particular country, sector or market capitalisation.</p> <p>To aid liquidity, the Sub-fund also has the ability to invest in assets such as American Depositary Receipts and Global Depositary Receipts.</p> <p>The Sub-fund may also invest in other transferable securities, units in collective investment schemes, money market instruments and deposits.</p> <p>The Sub-fund may make use of derivatives and forward transactions for the purposes of investment and for efficient portfolio management, including the use of hedging techniques and stock lending.</p>
<b>Benchmark</b>	<p>The Sub-fund aims to provide an income (net of fees) in excess of the yield of the IA (Investment Association's) Europe ex UK sector with capital growth over any 5 year calendar period. The Europe ex UK sector is therefore a target benchmark against which the performance of the Fund has been set ("Target Benchmark").</p> <p>Investors may use the Sub-fund's performance against the Target Benchmark to assess the risks of investing in the Sub-fund.</p>
<b>Authorised Corporate Director (ACD)</b>	Valu-Trac Investment Management Limited
<b>Ex-distribution dates</b>	30 November, last day of February, 31 May, 31 August
<b>Distribution dates</b>	15 January, 15 April, 15 July, 15 October
<b>Individual Savings Account (ISA)</b>	The Sub-fund is a qualifying investment for inclusion in an ISA.

### Share class information

Share class*	Minimum initial	Minimum subsequent	Minimum holding	Minimum redemption	Initial charge
<b>Class R Retail Net Income</b>	£500	£250	£250	£100	0.00%
<b>Class R Retail Net Accumulation</b>	£500	£250	£250	£100	0.00%

\* Investors should note the eligibility criteria for each class of share as set out in paragraph 2.2.2 of the Sub-fund's prospectus before subscribing.

### Annual Management Charges

In respect of the R shares, it is equal to 0.65% per annum of the net asset value of the relevant share class.

## INVESTMENT MANAGER'S REPORT

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### Investment Review

The fund returned +11.2% (Class R Retail Net Accumulation) over the 6-month review period (to August 31st 2022) vs the IA Europe ex UK sector of -4.0% and the Equity Income peer group of -0.7%.

Since launch the fund returned +54.0% vs the IA Europe ex UK sector of +35.2% and the Equity Income peer group of +28.0%.

Throughout this period our best performing stocks were within the energy sector. Our biggest winners were refined oil tanker company Torm (+89%), Euronav (+67%), Flex LNG (+63%) and another refined product tanker company Hafnia (+72%). These all rose owing to further anticipated disruptions to global crude oil trading patterns.

### Market Overview

At the start of the review period Russia invaded Ukraine. This caused the price of most commodities to jump anticipating Western sanctions or Russian production cuts. This was most keenly felt in the European gas power markets where Russia cut off supplies leading to German power prices briefly touching \$1,000/boe, which if sustained would lead to deindustrialisation. By contrast, over the review period Brent crude rose by just 7% to \$93/b having peaked in June at \$116/b, as the European oil embargo doesn't come into effect until December, allowing Russia to find other markets for its exports.

Inflation made a comeback after an absence of decades. US CPI peaked at 9% in June but remains stubbornly high owing to a robust labour market and lagging service sector inflation. Inflation has been much worse in Europe – with German PPI still accelerating to 45% YOY - owing to a failed energy policy, ESG and decarbonisation ideology, which under values the essential role of fossil fuels maintaining our standard of life.

Led by the Federal Reserve, Central Banks exited zero interest rate policies and asset purchases. It now seems extraordinary to believe that the Fed Funds rate was just 0.25% at the beginning of the review period and now it is 3.25%; that the market expected Fed Funds to peak at just 1.65% in January 2023, but expectations today are for 4.4% by March 2022. The yield on the 10-year Treasury rose from just 1.7% at the beginning of the review period to 3.2% at the end of August and continues to rise, recently hitting 4%. The US dollar was rampant against other major currencies with the dollar index +16% since the start of the review period; +25% against the Japanese Yen; +23% against Sterling; +15% against the Euro and +13% against the Chinese Renminbi. The growing attractiveness of US dollar deposits provides a significant headwind to the valuations of other asset classes.

We think inflation is more structural than either the bond market or the Fed currently anticipates. We outlined our rationale earlier in the year in our Stockumentary on the 1970's Redux.

### Outlook

Bond and equity markets are still largely priced for the "soft landing" which now Fed Chairman Powell agrees is for the birds, closing the risk window. Central banks want to now suppress animal spirits. This will entail a continuation of the bear market in all financial assets.

The summer bear market rally based on "peak inflation" and hopes for a dovish Fed has now reversed and it seems likely that markets will test new lows over the forthcoming weeks owing to sticky inflation, hawkish central banks and an energy crisis caused by Western civilisation's ostracism of fossil fuels, masochistic "net zero" targets and outsourcing oil and gas production to unreliable countries.

The equity bear market will only end when there is stabilisation in the US Treasury market, which seems only likely with a much more severe recession to tame inflation and the market at much lower levels. However, it seems likely that even then, the global economy will be stuck in a stagflationary scenario until Western societies learn to value cheap and reliable energy again, which means a sea-change in attitudes to fossil fuels and nuclear power. This could take time.

**Barry Norris**

**Argonaut Capital Partners LLP**

**Investment Manager to the Fund**

**29 September 2022**

## PERFORMANCE RECORD

### Financial Highlights

#### Class R Retail Net Income

	Period to 31 August 2022	Year to 28 February 2022	Year to 28 February 2021
Changes in net assets per share	GBp	GBp	GBp
Opening net asset value per share	111.03	114.35	97.76
Return before operating charges	12.28	2.89	20.03
Operating charges (note 1)	(0.49)	(0.96)	(0.90)
Return after operating charges *	11.79	1.93	19.13
Distributions on income shares	(5.48)	(5.26)	(2.54)
Closing net asset value per share	117.34	111.03	114.35
*after direct transactions costs of:	0.49	0.88	0.62
Performance			
Return after charges	10.62%	1.69%	19.57%
Other information			
Closing net asset value	£1,630,772	£1,475,606	£1,868,128
Closing number of shares	1,389,752	1,329,010	1,633,658
Operating charges (note 2)	0.85%	0.85%	0.85%
Direct transaction costs	0.43%	0.78%	0.58%
Prices			
Highest share price	161.97	127.88	120.53
Lowest share price	135.72	107.06	79.91

#### Class R Retail Net Accumulation

	Period to 31 August 2022	Year to 28 February 2021	Year to 28 February 2021
Changes in net assets per share	GBp	GBp	GBp
Opening net asset value per share	138.54	137.39	114.29
Return before operating charges	16.09	2.32	24.17
Operating charges (note 1)	(0.62)	(1.17)	(1.07)
Return after operating charges *	15.47	1.15	23.10
Closing net asset value per share	154.01	138.54	137.39
Distributions on accumulation shares	7.03	6.40	3.30
*after direct transactions costs of:	1.24	1.17	1.07
Performance			
Return after charges	11.17%	0.83%	20.21%
Other information			
Closing net asset value	£1,077,768	£532,209	£652,976
Closing number of shares	699,799	384,168	475,259
Operating charges (note 2)	0.85%	0.85%	0.85%
Direct transaction costs	0.43%	0.78%	0.58%
Prices			
Highest share price	125.94	153.63	144.48
Lowest share price	107.86	133.09	93.29

## PERFORMANCE RECORD (continued)

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1. The operating charges per share figure is calculated by applying the operating charges percentage to the average net asset valuation per share throughout the period.
2. The operating charges percentage is based on the expenses incurred during the period annualised, as a proportion of the average net asset value of the Sub-fund.

### Risk Profile

Based on past data, the Sub-fund is ranked a '6' on the synthetic risk and reward indicator scale (of 1 to 7) as described fully in the Key Investor Information Document. The Sub-fund is ranked 6 because historical performance data indicates that significant rises and falls in market prices would have occurred historically.

## PORTFOLIO STATEMENT

As at 31 August 2022 (unaudited)

Holding	Value £	% of net assets
<b>EQUITIES &amp; WARRANTS</b>		
<b>Austria (28.02.2022: 4.31%)</b>		
	-	-
<b>Belgium (28.02.2022: 2.51%)</b>		
15,000 Euronav NV	205,101	7.58
<b>Bermuda (28.02.2022: 7.96%)</b>		
2,000 FLEX LNG Ltd	57,038	2.11
8,000 Frontline Ltd	81,455	3.01
30,047 Hafnia Ltd	115,749	4.28
35,000 Nordic American Tanker Ltd	72,479	2.68
	326,721	12.08
<b>Denmark (28.02.2022: 2.38%)</b>		
3,491 Dampskibsselskabet Norden A/S	135,344	5.00
<b>Finland (28.02.2022: 1.54%)</b>		
	-	-
<b>France (28.02.2022: 13.15%)</b>		
5,000 ALD SA	47,511	1.76
1,000 Gaztransport et Technigaz SA	109,456	4.04
	156,967	5.80
<b>Germany (28.02.2022: 19.90%)</b>		
2,000 Bayer AG	89,180	3.30
7,000 Suedzucker AG	81,791	3.02
	170,971	6.32
<b>Greece (28.02.2022: 0.00%)</b>		
3,965 Motor Oil Hellas Corinth Refineries SA	64,298	2.38
<b>Italy (28.02.2022: 2.28%)</b>		
10,000 Italgas SpA	44,568	1.65
11,000 Snam SpA	45,094	1.67
	89,662	3.32
<b>Jersey (28.02.2022: 0.00%)</b>		
28,000 Glencore PLC	133,462	4.93
<b>Luxembourg (28.02.2022: 0.00%)</b>		
6,000 ArcelorMittal SA	123,099	4.55
10,000 Tenaris SA	115,899	4.28
	238,998	8.83
<b>Marshall Islands (28.02.2022: 0.00%)</b>		
12,500 DHT Holdings Inc	82,499	3.05
4,000 Teekay Tankers Ltd	83,470	3.08
	165,969	6.13
<b>Netherlands (28.02.2022: 3.00%)</b>		
3,000 Brunel International NV	24,189	0.89
2,000 OCI NV	65,295	2.41
4,000 Takeaway.com NV	58,243	2.15
	147,727	5.45
<b>Norway (28.02.2022: 17.32%)</b>		
10,000 Norsk Hydro ASA	59,697	2.21
30,000 Okea ASA	131,955	4.88
39,846 Var Energi ASA	151,758	5.61
	343,410	12.70
<b>Portugal (28.02.2022: 2.03%)</b>		
	-	-

## PORTFOLIO STATEMENT

As at 31 August 2022 (unaudited)

Holding	Value £	% of net assets
<b>Spain (28.02.2022: 4.06%)</b>		
3,000 Enagas SA	47,103	1.74
<b>Sweden (28.02.2022: 2.54%)</b>		
	-	0.00
<b>Switzerland (28.02.2022: 2.47%)</b>		
800 Nestle SA	80,502	2.97
<b>United Kingdom (28.02.2022: 0.00%)</b>		
7,000 Torm PLC	113,657	4.20
<b>United States (28.02.2022: 14.54%)</b>		
6,000 Energy Transfer LP	60,988	2.25
7,000 Kinder Morgan Inc	111,355	4.11
8,000 Plains All American Pipeline LP	81,524	3.01
	<u>253,867</u>	<u>9.37</u>
<b>Portfolio of investments (28.02.2022: 99.99%)</b>	<b>2,673,759</b>	<b>98.80</b>
<b>Net other assets (28.02.2022: 0.08%)</b>	<b>34,779</b>	<b>1.29</b>
<b>Mid to bid adjustment (28.02.2022: (0.07%))</b>	<b>(2,128)</b>	<b>(0.09)</b>
	<b>2,706,410</b>	<b>100.00</b>



## SUMMARY OF MATERIAL PORTFOLIO CHANGES

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	£
<b>Total sales for the period</b>	<b>5,982,263</b>
Novartis AG	271,833
Roche Holding AG	269,061
Euronav NV	258,313
K&S AG	229,817
TGS ASA	213,807
Var Energi ASA	171,465
Yara International ASA	162,843
Golden Ocean Group Ltd	156,705
Veolia Environnement SA	152,101
Teekay Tankers Ltd	149,371
<b>Total purchases for the period</b>	<b>6,516,121</b>
Euronav NV	366,444
Novartis AG	263,609
Roche Holding AG	259,754
Dampskibsselskabet Norden A/S	238,623
Teekay Tankers Ltd	222,358
Glencore PLC	201,867
Kinder Morgan Inc	201,651
ArcelorMittal SA	191,626
Nestle SA	186,113
Var Energi ASA	180,073

The above transactions represents the top ten sales and top ten purchases for the period.

## STATEMENT OF TOTAL RETURN

For the six months ended 31 August (unaudited)

	2022	2021
	£	£
Income		
Net capital gains		148,382
Revenue	117,310	137,153
Expenses	(24,475)	(42,337)
Interest payable and similar charges	<u>(437)</u>	<u>(201)</u>
Net revenue before taxation	92,398	94,615
Taxation	<u>(21,533)</u>	<u>(16,232)</u>
Net revenue after taxation	<u>70,865</u>	<u>78,383</u>
Total return before distributions	219,247	230,430
Finance costs: distributions	<u>(102,554)</u>	<u>(87,316)</u>
<b>Changes in net assets attributable to shareholders from investment activities</b>	<u>116,693</u>	<u>143,114</u>

## STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the six months ended 31 August (unaudited)

	2022	2021
	£	£
<b>Opening net assets attributable to shareholders</b>	1,997,171	2,525,126
Amounts receivable on creation of shares	1,064,261	1,117,935
Amounts payable on cancellation of shares	(511,866)	(1,003,302)
Dividend reinvested	40,151	21,290
Changes in net assets attributable to shareholders from investment activities (see above)	<u>116,693</u>	<u>143,114</u>
<b>Closing net assets attributable to shareholders</b>	<u>2,706,410</u>	<u>2,804,163</u>

The Investment Association SORP requires that comparatives are shown for the above report. As comparatives should be for the comparable interim period the net asset value at the end of the period will not agree to the net asset value at the start of the period. The fund net asset value as at 28 February 2022 was £1,997,171.

**BALANCE SHEET**

As at (unaudited)	31.08.2022		28.02.2022	
	£	£	£	£
<b>ASSETS</b>				
Investment assets		2,671,631		1,995,746
<b>Current assets</b>				
Debtors	83,351		315,764	
Cash and bank balances	157,871		48,979	
<b>Total current assets</b>		241,222		364,743
<b>Total assets</b>		2,912,853		2,360,489
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Distribution payable on income shares	(25,377)		(14,882)	
Bank overdraft	(13,528)		(20,129)	
Creditors	(167,538)		(328,307)	
<b>Total current liabilities</b>		(206,443)		(363,318)
<b>Net assets attributable to shareholders</b>		2,706,410		1,997,171

**Accounting policies**

The accounting policies applied are consistent with those of the financial statements for the period ended 28 February 2022 and are described in those financial statements.

The financial statements have been prepared in accordance with FRS 102, the Statement of Recommended Practice for Authorised Funds (SORP) issued by the Investment Association (IA) in May 2014 and the amendments to the SORP issued by the IA in June 2017. The functional currency is Sterling.

## DISTRIBUTION TABLES

### Q1 Interim distributions in pence per share

Group 1: Shares purchased prior to 01 March 2022

Group 2 : Shares purchased 01 March 2022 to 31 May 2022

01 March 2021 to 31 May 2021

Unit Type	Share Class	Net Revenue 15.07.2022	Equalisation	Distribution 15.07.2022	Distribution 15.07.2021
group 1	Class R Retail Net Income	3.6423p	-	3.6423p	2.7888p
group 2	Class R Retail Net Income	1.6080p	2.0343p	3.6423p	2.7888p
group 1	Class R Retail Net Accumulation	4.6527p	-	4.6527p	3.3478p
group 2	Class R Retail Net Accumulation	1.9385p	2.7142p	4.6527p	3.3478p

### Q2 Interim distributions in pence per share

Group 1: Shares purchased prior to 01 June 2022

Group 2 : Shares purchased 01 June 2021 to 31 August 2022

01 June 2021 to 31 August 2021

Unit Type	Share Class	Net Revenue 15.10.2022	Equalisation	Distribution 15.10.2022	Distribution 15.10.2021
group 1	Class R Retail Net Income	1.8371p	-	1.8371p	0.8701p
group 2	Class R Retail Net Income	0.4295p	1.4076p	1.8371p	0.8701p
group 1	Class R Retail Net Accumulation	2.3742p	-	2.3742p	1.0695p
group 2	Class R Retail Net Accumulation	0.4271p	1.9471p	2.3742p	1.0695p

### EQUALISATION

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents the accrued revenue included in the purchase price of the shares. It is returned with the distribution as a capital repayment. It is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.

### Distribution

Distributions of the revenue of the Company will be made to shareholders on or before 30 April each year and interim allocations of revenue on or before 31 October for VT Argonaut European Alpha Fund and for VT Argonaut Absolute Return Fund. For VT Argonaut Equity Income Fund distribution is 15 January, 15 April, 15 July and 15 October.

### Individual shareholders

**Income tax:** Tax-free annual dividend allowance now standing at £2,000 (2022/23). UK resident shareholders are now subject to new, higher rates of tax on dividend income in excess of the annual allowance. UK resident shareholders are subject to tax on dividend income in excess of the annual allowance.

**Capital gains tax:** Individual shareholders resident in the UK for tax purposes may be liable to capital gains tax on realisation of their shares as with other chargeable assets. However, the first £12,300 (2022/23) of gains each year are presently tax free for individuals. Gains in excess of that amount are charged at the rate of tax applicable to the individual tax payer.

### Taxation

The Company has no corporation tax to pay on its profits in the VT Argonaut Funds for the period ended 31 August 2022. Capital gains within the Company will not be taxed.

### Corporate shareholders

Companies resident for tax purposes in the UK which hold shares should note that OEIC distributions are streamed into both franked and unfranked income. The unfranked income element will be treated as an annual payment which has been subject to income tax at prevailing rates and will be liable to tax accordingly. On realisation of their shares, UK resident companies may be liable to pay corporation tax on any capital gains.

The above information on taxation is only a general summary, and shareholders should consult their own tax advisors in relation to their own circumstances. Shareholders should also note that the position as outlined may change to reflect future changes in tax legislation.

### Issue and redemption of shares

Valu-Trac Investment Management Limited is the ACD and Registrar. Valu-Trac Investment Management Limited will receive requests for the purchase or sale of shares at any time during normal business hours between 8.30am and 5.30pm. Instructions may be given by email to the below email addresses or by sending an application form to the Registrar. Application forms are available from the Registrar.

For VT Argonaut European Alpha Fund, VT Argonaut Absolute Return Fund and VT Argonaut Equity Income Fund; Argonaut@valu-trac.com

The price of shares will be determined by reference to a valuation of the Company's net assets at 12 noon on each dealing day.

The ACD has the right to reject, on reasonable grounds relating to the circumstances of the applicant, any application for shares in whole or part, and in this event the ACD will return any money sent, or the balance of such monies, at the risk of the applicant.

Any subscription monies remaining after a whole number of shares has been issued will not be returned to the applicant. Instead, smaller denomination shares will be issued in such circumstances.

A contract note giving details of the shares purchased and the price used will be issued by the Registrar by the end of the business day following the valuation point by reference to which the purchase price is determined. A contract note will be issued by close of business on the next business day after the dealing date to confirm the transaction.

Ownership of shares will be evidenced by an entry on the Company's Register of Shareholders. Certificates will not be issued. Statements in respect of periodic distributions of revenue will show the number of shares held by the recipient in respect of which the distribution is made. Individual statements of a shareholder's shares will also be issued at any time on request by the registered holder.

Where shares are redeemed, payment will be made not later than the close of business on the fourth business day following the next valuation point after receipt by the ACD of a request for redemption.

The most recent issue and redemption prices are available from the ACD.

**Remuneration:** Information about the authorised fund manager (AFM) remuneration policies and disclosures is available from Valu-Trac Investment Management Limited on its website which can be found on the link below.

<https://www.valu-trac.com/Pillar%203%202021-09.pdf>

The AFM does not employ any staff directly from the Company, so there are no quantitative disclosures in this report.

## CORPORATE DIRECTORY

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<b>Authorised Corporate Director &amp; Registrar</b>	Valu-Trac Investment Management Limited Orton Fochabers Moray IV32 7QE  Authorised and regulated by the Financial Conduct Authority
<b>Investment Manager</b>	Argonaut Capital Partners LLP 4th Floor 115 George Street Edinburgh EH2 4JN  Authorised and regulated by the Financial Conduct Authority
<b>Depository</b>	NatWest Trustee and Depositary Services Limited House A Floor 0, 175 Glasgow Road Gogarburn Edinburgh EH12 1HQ  Authorised regulated by the Financial Conduct Authority
<b>Auditor</b>	Johnston Carmichael LLP Chartered Accountants Commerce House South Street Elgin IV30 1JE