

VT Argonaut European Alpha

At 31 May 2022

Barry Norris
Fund Manager



Barry Norris founded Argonaut in 2005 and manages the VT Argonaut European Alpha 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 achieve above average returns and attempt to perform a top quartile profile when measured against competing funds in the same sector.

Fund overview

Sector	IA Europe ex UK
Launch date	12 May 2005 (GBP A Acc) 6 December 2005 (GBP I Acc) 16 July 2012 (GBP R Acc)
Fund size	£32m
Share class	Class A/Class R/Class I
No. of holdings	41
Sedol codes	A (Acc) – B4ZRCDO R (Acc) – B7MVB8T7 I (Acc) – B76L737
Bloomberg	A (Acc) – IMAEAAG LN R (Acc) – IMAERAG LN I (Acc) – IMAEIAG LN
ISIN	A (Acc) – GB00B4ZRCDO5 R (Acc) – GB00B7MVB8T72 I (Acc) – GB00B76L7377
Initial charge	0.0%
Ongoing charge GBP (as at 31/12/21)	A Acc Class Shares – 1.89% R Acc Class Shares – 0.89% I Acc Class Shares – 0.89%
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.

All information as at 31/05/2022, unless otherwise stated and measured against the fund’s benchmark index.

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

“Pause all hiring worldwide, cut 10% of the workforce: I have a super bad feeling about the economy”

Elon Musk e-mail to Tesla executives, June 2022 (Attributed)

The fund returned +3.19% over May, compared to the IA Europe ex UK sector of +0.85%.

The fund’s biggest winners were Norwegian North Sea scavenger Okea (+51%) which rose on a strong deal making outlook; shipping outfit Teekay (+28%) that benefitted from the pick-up in demand for its mid-sized oil tankers; and French seamless steel tube manufacturer Vallourec (+17%), with diminished competition in the now booming seamless steel tube manufacturing used in oil and gas drilling activity.

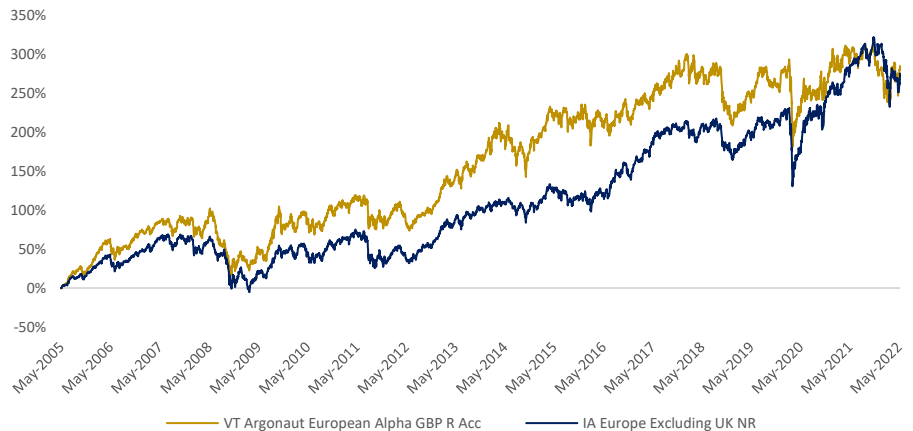
It is becoming apparent that the technology sector – where the hopes and capital of a generation of investors were exclusively placed – is now entering a recession. They forgot about the capital cycle: too much capital became freely available to too many mediocre tech companies, who over-expanded into a highly competitive landscape, with scant chance of the profitability forecast by cheerleading investment banks and newly crowned investment gurus. With the Fed belatedly withdrawing the punch bowl after the

party was already in full swing, the band still need to be paid.

Investor complacency abounds with consensus still considering the sector to be “defensive”: a conclusion derived from going to the well once too often; an erroneous misdiagnosis of the problem as aggregate demand rather than industry supply, a myopic focus on innovation and “growth” industries and a lazy assumption that the tech downturn will eventually bring a deflationary bust to the rest of the economy.

The scale of this monumental capital misallocation is put into stark perspective when we consider that “old economy” sectors still remain supply constrained by availability of labour, capital and inventory, which will not only keep overall inflation elevated but will also result in a multi-year period of supernormal profits. The only long-term cure for inflation is a sustained bull market in commodities and for the capital cycle to come full circle. This revenge of the old economy is a dish being served up cold.

After more than a decade long boom in long duration equities, the fund offers investors an opportunity to participate in the nascent boom in commodities and “value” stocks.



¹ Lipper 31/05/2022, R Accumulation share class performance, in GBP with net income reinvested and no initial charges.

£	1 Month	3 Month	YTD	1 Year	3 Year	Since Launch	2021	2020	2019	2018	2017	2016	2015	2014	2013
Fund	3.2	8.7	1.3	-4.0	11.8	284.1	-1.0	2.1	20.5	-17.9	14.9	-1.00	16.1	4.0	31.7
Sector	0.9	1.8	-9.4	-3.1	27.2	272.0	15.7	10.7	20.1	-12.4	17.4	16.8	9.3	-0.8	26
Quartile Rank	1	1	1	3	4	2	4	4	2	4	3	4	1	1	1

Source: Lipper 31/05/2022, Date from the 12th May 2005 – 16th July 2012 A class and 16th July 2012 – 31st May 2022 reflects class R units, in Sterling with net income reinvested and no initial charges. The sector is the IA Europe ex UK NR quoted in Sterling.

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 European Alpha

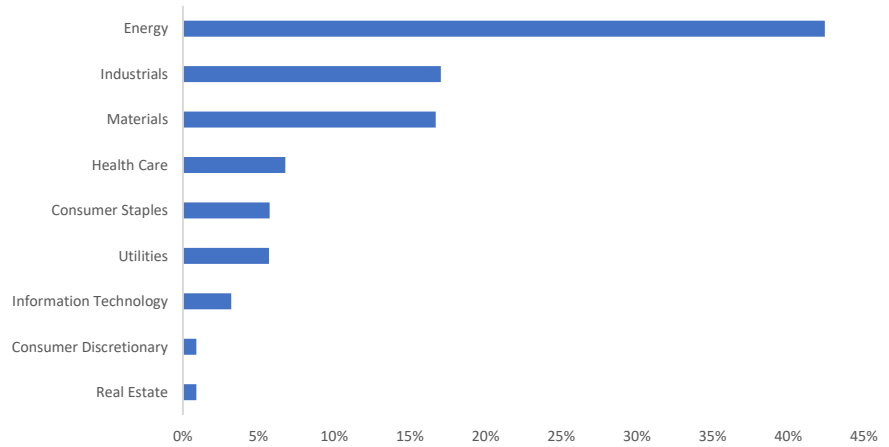
At 31 May 2022

Top Five holdings	Fund %
Euronav	9.2
Bayer	4.8
D/S Norden	4.8
Eramet	4.6
K+S	4.3

Country Breakdown	Fund %
France	18.1
Germany	15.7
Spain	9.7
Belgium	9.2
United States	7.7
Norway	7.6
Italy	7.0
Denmark	4.8
Other European	19.7

Market Cap	Fund %
Large Cap €5bn – €20bn	51.5
Mid Cap €1bn – €5bn	26.0
Small < €1bn	21.9
Cash	0.65

Sector Weights



Risk Analysis	Since Launch	1 Year
Beta	0.8	0.7
Standard Deviation (%)	16.2	13.3
Tracking Error	8.8	11.6
Jensen's Alpha	1.7	-2.3
Sharpe Ratio	0.5	-0.3
Information Ratio	0.1	-0.2

Source: Lipper, all figures at 31/05/2022, these figures are subject to rounding. Date from the 12th May 2005 – 16th July 2012 A class and 16th July 2012 – 31st May 2022 reflects class R units. Tracking error is calculated ex post.

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Source: Argonaut Capital Partners, all figures at 31/05/2022, these figures are subject to rounding.

Dealing Contact:

Tel: +44 (0)1343 880 217

Tel: +44 (0)1343 880 344

Fax: +44 (0)1343 880 267

Telephone calls may be monitored and/or recorded for the purpose of security, internal training, accurate account operation, internal customer monitoring and to improve quality of service.

Other ISINs for this fund:

GB00B6TQCC60	GB00B6T6S066
GB00B5LJR434	GB00B6VYPP25
GB00BVPB156	GB00B7JXMD51
GB00B76L7377	GB00B4ZRC005

Important Information

Information Ratio: a risk-adjusted measure of fund performance relative to a benchmark; the higher the number, the more risk-adjusted outperformance the fund has generated.

Jensen's Alpha: a measure of a fund's outperformance of a benchmark over a given period. Jensen's Alpha is used to evaluate the contribution of active management – higher alpha means better fund performance.

Tracking Error: measures the deviation of fund performance from benchmark performance. Funds with a high tracking error have historically deviated more from their benchmark, and vice versa.

Beta: a measure of the sensitivity of fund performance relative to changes in the market. A fund with a beta of one tends to experience movement in line with the market. A beta higher than one suggests the fund will go up by more than the market when it rises, but go down more when the market falls. A beta less than one will go up by less than a rising market, but fall less when the market is down.

Standard Deviation: shows how much variation in return exists from the average. The lower the standard deviation the less variation from the average.

Sharpe ratio: a measure of the excess return per unit of deviation in an investment asset or a trading strategy. The higher the figure means the excess return generated from the increase in risk undertaken.

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