Fund Factsheet

VT Argonaut European Alpha

At 31 May 2024

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	£20.7m
Share class	Class A/Class R/Class I
No. of holdings	36
Sedol codes	A (Acc) – B4ZRCD0 R (Acc) – B7MW8T7 I (Acc) – B76L737
Bloomberg	A (Acc) – IMAEAAG LN R (Acc) – IMAERAG LN I (Acc) – IMAEIAG LN
ISIN	A (Acc) – GB00B4ZRCD05 R (Acc) – GB00B7MW8T72 I (Acc) – GB00B76L7377
Initial charge	0.0%
Ongoing charge GBP (as at 31/12/23)	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 31/05/2024, 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

The fund returned +6.30% over May, compared with the IA Europe ex UK sector which returned +2.82%.

The best performing stocks were tanker owner LPG tanker owners BW (+40%) and Avance (+33%). Norwegian anti-ship missile manufacturer Kongsberg (+20%) and product tanker outfit Hafnia (+18%) were also notably strong performers. Salmon farmer Salmar (-5%) was the fund's weakest monthly performer.

Following the end of the month, the ECB cut its main deposit rate to 3.75% (from 4.0%) and the Bank of Canada its overnight lending rate to 4.75% (5.0%), joining the Swiss (March) and the Swedish (May) central banks in the new easing cycle. The market is currently pricing in 1 ½ 25bps cuts from the Fed beginning in November.

The month was notable for its political developments, with volatility from election results in Mexico and India. More importantly, former President Trump was convicted of the felony of misclassifying a legal expense for his own business records, based on the testimony of a convicted perjurer, on the assumption that the motive was solely to influence the 2016 election, and based on the supposition that the chosen venue of prosecution, a state court in Manhattan, with jurors selected from an overwhelmingly anti-Trump electorate – had the authority to rule on charges related to a Federal election.

The risks to the democratic process of a blatantly politically motivated prosecution on frivolous charges of the leading opposition Presidential candidate a few months before the election should be obvious, as is the risk of retaliatory abuses of the legal system. Had this abuse been perpetrated in Russia or under a similar tyrannical regime, traditional media outlets would have been outraged, whilst investors would apply an appropriate discount rate to domestically domiciled financial assets. This abuse of judicial authority is not bullish for the sanctity of American property and political rights nor for dollar global hegemony. Gold seems the most attractive hedge.

UK Prime Minister Sunak, who has never even won a leadership election amongst his own Party Members, called an early General Election, which it is almost certain that the opposition Labour Party will win, largely because previous Conservative supporters, disgusted by the spineless performance of the Conservative Parliamentary Party, either won't vote or will transfer their allegiances to the insurgent Reform Party.

Recent success in European elections for parties termed "populist" or "far-right" by the sneering classes but who articulate the growing frustration with Gramscian ideologies (wokeism, climate change alarmism, globalism) perceived to undermine both standards of living and national identity, suggest that the UK's leftward shift is anomalous, possibly temporary, based on a failure of leadership in the Conservative Party.

There is considerable conjecture that a new Labour government intends to unveil a programme of tax increases on various sources of wealth. But in so far as Labour has been willing to set-out its economic agenda, the main points of consideration for investors in British assets are:

- excluding strategic "investments" from "day-to-day" fiscal deficits and government debt calculations, presumably so that reckless fiscal spending can appear "prudent" and debt can be hid off balance sheet
- forceable consolidation of defined contribution (DC) pension funds (expected to grow to over £1trillion by the end of the decade) so that they are more "active" - taking more risk and willing to direct company management - and invest more in UK public and private equities. There is a strong suspicion that these pension fund assets would be coerced into supporting Labour's "industrial policy", accountable to government ministers rather than their underlying investors
- increasing employee rights to make workers more "secure" and able to take "risks", without any explanation of how this has a positive economic impact since this must necessarily transfer "risk" to entrepreneurs and business owners, without any consideration that this might impact their propensity to invest capital.
- Achieving 100% renewable electricity generation by 2030 (!).

On the morning of the 1987 General Election the Sun newspaper front page infamously joked that "If Kinnock wins today will the last person to leave Britain, please turn out the lights." By the time of the next election in 2029, the last person out can leave the lights alone: unless it's a particularly windy day, Britain won't have any electricity.

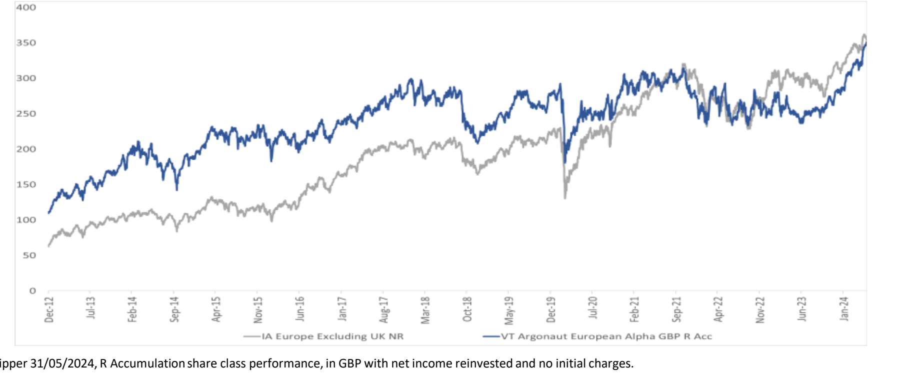
Following university, Shadow Chancellor Reeves spent six years on the Bank of England graduate programme (2000-2006) followed by a couple of years in Halifax working for HBOS (2006-2008), before it was rescued from insolvency by Lloyds. Presumably it is the sum of this "real world" experience that in her opinion qualifies her to "run" the world's fifth biggest economy.

An historic analogy might be a surviving junior officer aboard "The Titanic" subsequently claiming they now know how to "run" the global shipping industry, having through their cumulative experience predicted WW2, the future invention of container shipping, the oil tanker, as well as competition from transcontinental air travel.

With his old graduate trainee in-residence at Number 11, BOE Governor Andrew Bailey might suddenly find some enthusiasm for rate cuts (1 ½ quarter point cuts are currently priced this year starting in November) leading to a honeymoon period for the new government. But the starting point for the economy, with government debt already at 100% of GDP (40% in 1997), means that any acceleration in the debt-fuelled binge should quickly prove short-lived.

There is no shortage of noise nowadays about "cheap" UK stocks and a "Buggin's Turn" revival in the fortune of the Footsie. There is also a misplaced enthusiasm amongst the largely non-capitalist financial commentariat about the likely benign impact of the new Labour government. Capital would be wise to remain sceptical.

Britain's economic problems are about to get worse. And unlike in 1987, there will be no need to worry about turning off the lights.



[1] Lipper 31/05/2024, R Accumulation share class performance, in GBP with net income reinvested and no initial charges.

£	1 Month	YTD	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	Since Launch
Fund	6.3	18.3	6.3	-5.4	-1.0	2.1	20.5	-17.9	14.9	-1.00	16.1	4.0	31.7	350.8
Sector	2.8	7.7	13.5	-9.2	15.7	10.7	20.1	-12.4	17.4	16.8	9.3	-0.8	26	355.6
Quartile Rank	1	1	4	1	4	4	2	4	3	4	1	1	1	2

Source: Lipper 31/05/2024, Date from the 12th May 2005 – 16th July 2012 A class and 16th July 2012 – 30th April 2024 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.

FE ALPHA MANAGER 2012 BARRY NORRIS

SAUREN FONDSMANAGER-RATING

Fund Factsheet

VT Argonaut European Alpha

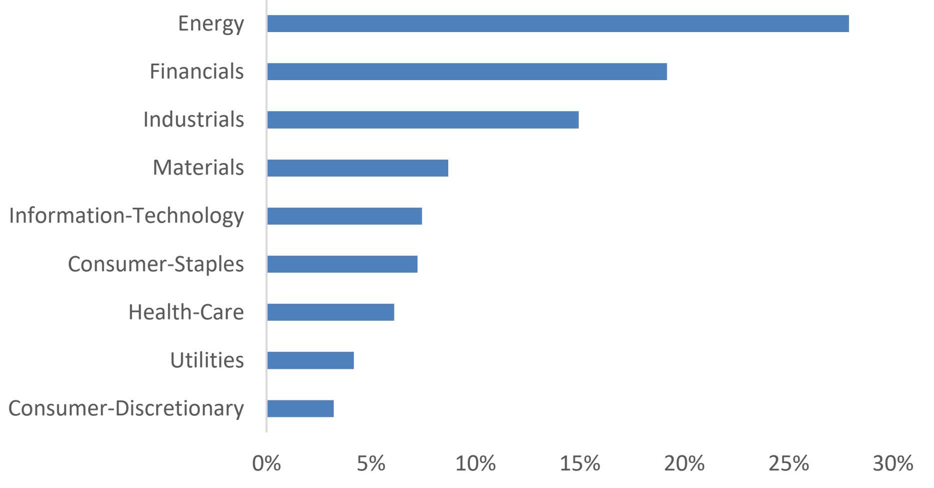
At 31 May 2024

Top Five holdings	Fund %
Hafnia Ltd	5.5
Eramet	5.4
Torm Plc	5.1
Rheinmetall AG	4.5
Novo Nordisk	4.2

Country Breakdown	Fund %
Norway	31.7
Italy	13.2
Denmark	9.3
Germany	9.3
Netherlands	9.0
France	7.1
Greece	4.9
Finland	4.2
Hungary	3.8
Other European	6.4

Market Cap	Fund %
Large Cap > €5bn	60.2
Mid Cap €1bn – €5bn	35.1
Small < €1bn	3.6
Cash	1.1

Sector Weights



Risk Analysis	Since Launch	1 Year
Beta	0.8	0.4
Standard Deviation (%)	15.9	8.2
Tracking Error	9.4	8.9
Jensen's Alpha	1.5	16.1
Sharpe Ratio	0.5	2.6
Information Ratio	0.0	1.1

Source: Lipper, all figures at 31/05/2024, these figures are subject to rounding. Date from the 12th May 2005 – 16th July 2012 A class and 16th July 2012 to date reflects class R units. Tracking error is calculated ex post.

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.

Source: Argonaut Capital Partners, all figures at 31/05/2024, 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
GB00BVYPB156	GB00B7JXMD51
GB00B76L7377	GB00B4ZRCD05

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.