

Fund Factsheet

VT Argonaut Absolute Return

At 31 October 2022

Barry Norris
Fund Manager



Barry Norris founded Argonaut in 2005 and manages the VT Argonaut Absolute Return Fund using his "earnings surprise" investment process. Barry began managing money in 2002 at Neptune, having begun his career at Baillie Gifford. He was educated at Cambridge University and has an MA in History, and an MPhil in International Relations. He also holds the CFA charter.

Fund aim

To provide positive absolute returns in Sterling share class currency over a 3 year rolling period, utilising a variety of asset classes and regardless of market conditions. The fund will not be managed against any formal benchmark. Capital invested in the fund is at risk and there is no guarantee that the investment objective will be met over the 3 year rolling periods or in respect of any other time period. Historically, the fund has delivered lowly correlated returns to European equity markets.

Fund overview

Sector IA Targeted Absolute Return
Launch date 02 Dec 2020

Fund size £109m

No. of long holdings 34

No. of short holdings 56

Share class Class O

Sedol code O GBP (Acc) - BN72292
O EUR (Acc) - BN722B4
O USD (Acc) - BN722C5

Bloomberg O GBP (Acc) - FPAAROG LN
O EUR (Acc) - FPAAROE LN
O USD (Acc) - FPAAROU LN

ISIN O GBP (Acc) - GB00BN722925
O EUR (Acc) - GB00BN722B48
O USD (Acc) - GB00BN722C54

Initial charge 5.0%

Ongoing charge O Acc Class Shares - 1.58%
GBP (as at 14/2/22)

AMC O Class Shares - 1.50%

Performance fee 20% of anything above the hurdle rate (5% per annum) subject to the price exceeding the high water mark (HWM)

Minimum investment £500 (O Class Shares)

Minimum top up £250 (O Class Shares)

Regular savings scheme Yes (O Class Shares)

ISA option available Yes (O Class Shares)

XD/Payment dates 01.03/30.04, 01.09/31.10

Any past performance or references to the period prior to 14 July 2012 relate to the Ignis Argonaut unit trusts.

Source: Internal. All information as at 31/10/2022 unless otherwise stated.

Funds performance based on GBP share class, return may increase or decrease as a result of currency fluctuations on each share class.

Investor information - This Fund may not be appropriate for investors who plan to withdraw their money within 5 years.

Fund Commentary

"Let me repeat that \$3.8 trillion of investment in renewables moved fossil fuel consumption from 82 to 81 percent, of the overall energy consumption. But you know, given the recent events and what's happened with the loss of gas and replacing it with coal, that number is likely above 82."

Jeff Currie, Goldman Sachs, Head of Global Commodities, CNBC, October 3rd

The fund returned +5% over October, compared with the IA Targeted Absolute Return sector which returned 0.5% and the Lipper Global Alternative Long/Short Equity Europe sector return of 1.2%. The correlation to the market was -0.37.

The fund made money in its long and short book. The best performing longs were product tanker shippers Torm (+27%) and Hafnia (+22%) with soft commodities giant Archer-Daniels-Midland (+17%) also performing strongly. We also made good returns from shorts in moribund online car retailer Carvana (-35%), Chinese logistic outfit Full Truck (-30%) and Tesla (-17%), despite the general bid for risk.

Measures of US inflation and labour market strength remained elevated, with core CPI hitting a new cycle high of 6.6%. Treasury yields continued to climb with the 2-year note touching 4.6% and the 10-year 4.23% (having been just 0.28% and 1.5% respectively just 12 months ago). Q3 corporate earnings season has also generally been more robust than feared, with high inflation ensuring that the booming nominal economy masks stagnating productivity and removes any imperative for corporates to shed labour, thus ensuring that wage growth remains sticky.

Nevertheless, encouraged by apparently well-placed newspaper leaks and comments from Fed Governor Daly that the Fed needed to think about "stepping down" the pace of rate hikes (like their Canadian and Australian counterparts), the "Pivoteers" (formerly the "Transitory" then "Peak inflationists") sniffed out the opportunity for an end of year

rally, with equity markets rallying c. 10% from their mid-month lows, with the US dollar and Treasury yields also retracing from their highs, although Fed Fund futures are now pricing a peak rate of 5% by March 2022 (as opposed to 4.5% last month).

In Europe, German (10.4%), UK (10.1%) and EZ (10.7%) CPI hit new cycle highs. Unseasonably warm weather resulted in temporarily lower gas and electricity prices, but with little hope of filling up storage with Russian gas next year, the European energy crisis is now structural. Europe's biggest energy consumer, German chemical company BASF announced that it would relocate its manufacturing capacity away from Europe: *"The challenging framework conditions in Europe endanger the international competitiveness of European producers and force us to adapt our cost structures as quickly as possible and also permanently. We cannot stick our heads in the sand and hope that this difficult situation will resolve itself on its own"*. Meanwhile, ECB President Christine Lagarde appeared on an Irish TV chat show saying that *"inflation came from nowhere"*.

In the UK, Chancellor Kwarteng's sacking was inevitably followed by the resignation of Prime Minister Truss, with the new Sunak government backtracking on tax cuts, the duration of energy subsidies, and repealing the fracking ban: apparently committed to a new age of Gnome pleasing "austerity", where the Conservatives compete with Labour on which Party can signal the most moral virtue, whilst managing Britain's economic decline most effectively.

We do not believe that the costs or technical difficulties of the energy transition are appreciated and struggle to see how ostracising fossil fuels will lead to anything other than higher commodity prices, energy poverty and a multi-year bear market in everything other than the commodity related stocks which our funds currently own.

¹ Lipper 31/10/2022, I Accumulation share class performance, in GBP with net income reinvested and no initial charges.
² Correlation compares the hedged GBP I Acc share class daily returns against the Lipper Global Equity Europe.

	Cumulative								Calendar							
	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	Since Launch	2021	2020	2019	2018	2017	2016	2015	2014	2013
Fund	5.0	8.6	13.4	22.2	47.7	54.5	177.0	10.3	16.6	12.8	-11.7	17.3	-25.6	11.0	13.6	39.7
AR Sector	0.5	-1.2	-4.1	-3.5	3.5	4.1	42.4	3.8	2.9	4.7	-2.7	3.2	1.1	2.7	2.7	7.3
Rank	4/100	4/100	5/99	5/99	3/91	2/76	3/18	13/101	5/111	6/113	99/101	2/97	87/87	6/73	1/60	2/54
Quartile	1	1	1	1	1	1	1	1	1	1	4	1	4	1	1	1

L/S Sector	1.2	-1.3	-4.7	-4.3	6.9	3.0	36.9	8.74	1.0	6.1	-6.8	2.5	-4.3	7.6	3.9	6.6
Rank	2/64	4/63	3/62	3/63	2/56	2/47	2/10	19/64	6/82	20/94	64/77	4/68	56/56	5/43	3/39	2/36
Quartile	1	1	1	1	1	1	1	2	1	1	4	1	4	1	1	1

	2022 YTD	2021	2020	2019	2018	2017	2016	2015	2014	2013
Correlation	-0.3	0.2	0.0	0.2	0.4	0.3	0.3	0.1	0.3	0.3
Downside Capture Ratio (%)	-51.9	-28.0	-84.8	-219.2	65	-242.0	99.0	-10.0	-46.0	-42.0
Standard Deviation (%)	17.9	12.1	20	13.4	14.3	12.9	10.8	8.3	10.8	9.9
Sharpe Ratio	0.7	0.9	0.9	0.9	-0.8	1.3	-2.7	1.2	1.2	3.4
Sortino Ratio	0.6	0.8	0.8	0.7	-0.8	1.9	-1.8	1.2	1.2	6.1

Source: Argonaut Capital Partners & Lipper 31/10/2022, I Accumulation share class performance, in Sterling with net income reinvested and no initial charges. The AR is the IA Targeted Absolute Return NR (TAR) and L/S Sector is Lipper Global Alternative Long/Short Equity Europe, both quoted in local currency. The market's (Lipper Global Equity Europe) performance is quoted in Euros, but the fund's performance is quoted in Sterling, as the fund is currency hedged back to Sterling, so it should be measured relative to local currency (Euros). Standard deviation is based on monthly return data.

Past Performance is not a guide to future performance. The value of shares and any income from them may fall as well as rise and is not guaranteed.

Fund Factsheet

VT Argonaut Absolute Return

At 31 October 2022

Glossary:

Long position

Positions that will deliver a positive return if the stock goes up in value and a negative return if the stock falls in value

Short position

Positions that will deliver a positive return if the stock falls in value and a negative return if the stock goes up in value

Gross exposure

The overall exposure of the fund - the sum of the value of the long positions and the short positions

Net exposure

The directional market exposure of the fund - the value of the long positions minus the value of the short positions

Top Five Long Positions	Fund %
Hafnia	7.0
Euronav	6.1
International Seaways	4.9
Archer Daniels Midland	4.7
US Silica	4.7

Exposure	Fund %
Long Exposure	105.5
Short Exposure	-77.4
Net Exposure	28.0
Beta Adjusted Net	0.1
Gross Exposure	182.9

Correlation to the Lipper Global Equity Europe	
Monthly Correlation	-0.37

Market Cap	Fund %	Long	Short
Large Cap €5bn - €20bn	51.9	-27.1	
Mid Cap €1bn - €5bn	32.9	-21.4	
Small Cap <€1bn	20.7	-29.0	

Days to Liquidate	% of Invested Portfolio
Less than 1 day	85.4
1-5 days	14.4
More than 5 days	0.3

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

Source: Argonaut Capital Partners, all figures at 31/10/2022, these figures are subject to rounding. Past Performance is not a guide to future performance. The value of shares and any income from them may fall as well as rise and is not guaranteed.

Dealing Contact:

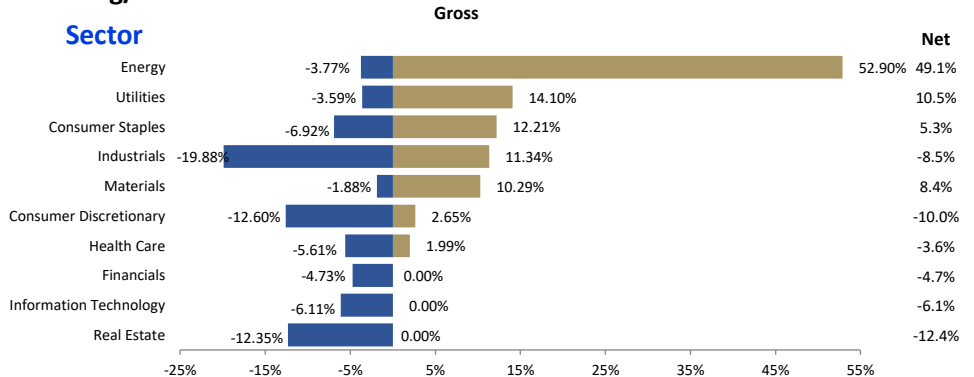
Tel: +44 (0)1343 880 217

Tel: +44 (0)1343 880 344

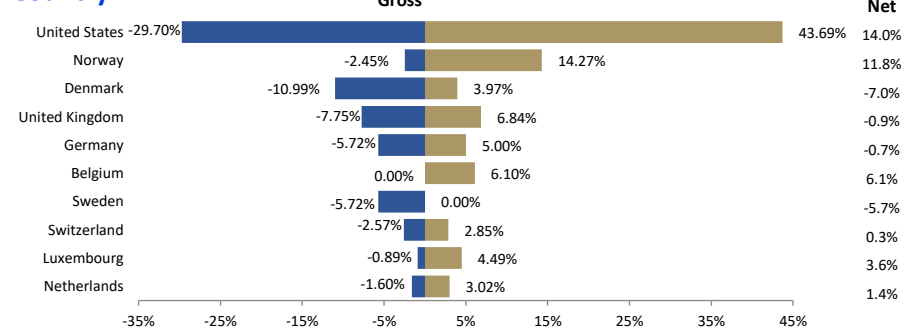
Fax: +44 (0)1343 880 267

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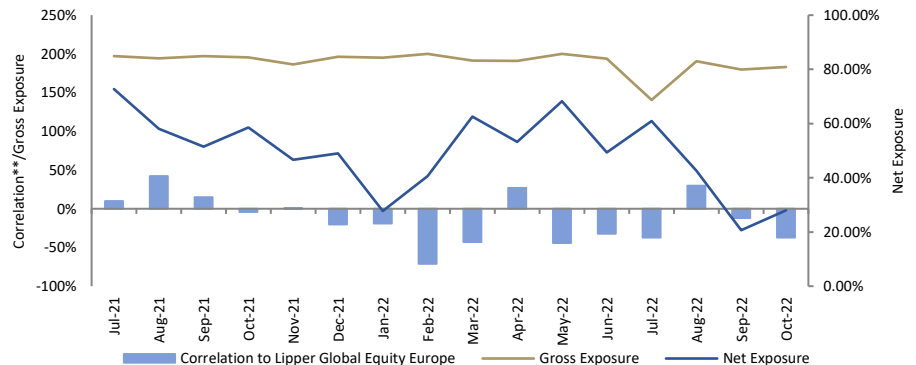
Long/Short Positions



Country



Overall Fund Exposure



**Lipper Global Equity Europe quoted in € and the VT Argonaut Absolute Return GBP I Acc quoted in £ as the fund is currency hedged back to Sterling, so it should be measured relative to local currency (Euros).

Important Information

The fund takes long and short positions based on the fund manager's views of the market direction. This means the fund's performance is unlikely to track the performance of broader equity markets. While this creates the opportunity for the fund to deliver positive returns in falling markets, it also means the fund could deliver negative returns in rising markets. The use of independent ratings is not a recommendation to buy and is not a guide to future returns. This Fund is marketed to professional investors and eligible counterparties. Retail investors should seek further advice before investing. Valu-Trac Investment Management Limited is the Authorised Corporate Director (ACD) of VT Argonaut Funds and is authorised and regulated by the Financial Conduct Authority. Registered office: Level 13, Broadgate Tower, 20 Primrose Street, London, EC2A 2EW.

Investors should refer to the Key Investor Information Document (KIID) and Supplementary Information Document (SID) before investing. For a copy, please telephone Valu-Trac Investment Management Limited on 01343 880 217 or visit www.argonautcapital.co.uk Alternatively write to Valu-Trac Investment Management Limited- Argonaut, Orton, Moray, Scotland, IV32 7QE. The prospectus, KIIDS, the articles, the annual and semi-annual reports of the Fund may be obtained free of charge from the ACD. This communication is for general information purposes only and does not constitute professional advice. Argonaut Capital Partners accepts no responsibility for any loss arising from reliance on the information it contains. The value of shares and any income from them can fall as well as rise and is not guaranteed. Exchange rate movements may cause the value of overseas investments to fluctuate.

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