YFS Argonaut Absolute Return

Fund Commentary

"I like data centres so much, that I wish I lived in one!"
Jim Cramer, CNBC, July 21st

"If you're borrowing money to buy something related to the data centre, then tomorrow morning, 9.30am, sell it no matter what. You won't regret it."
Jim Cramer, CNBC, Mad Money, July 27th

"I have been through many boom-bust cycles with these companies. You have to sell the parabolic moves that these shortages trigger because they always end. The stocks just anticipate the ending."
Jim Cramer, CNBC, Mad Money, July 28th

"To me, I think it's over. I don't want to deal with them anymore. They're scum."
Donald Trump, Nato Summit, July 8th

"We declare a maritime embargo against the criminal Saudi enemy based on the equation of "an eye for an eye" effective immediately. We affirm the right of our great people to respond to the blockade with a blockade, and to respond to all escalation with escalation."
Houthi military spokesman Yahya Saree (July 20th)

The Fund returned 5.8% over July compared with the IA Targeted Absolute Return sector return of 0.0% and the Morningstar Long/Short Europe sector return of -0.9%. The correlation to the market* was 0.06 (-0.05) whilst monthly annualised daily volatility was 9.3% (9.8%) vs. market 10.4% (10.0%).

Over the month, the Fund returned +5.5% from its long book and 0.0% from its short book (with +0.3% from FX hedging/other).

The best performing longs were VLGC operator Dorian LPG (+37%), crude tanker operator Teekay Tankers (+20%) and Brazilian energy company Petrobras (+18%). The worst performing long was online trading platform Plus500 (-18%).

The best performing shorts were power turbine OEM Innio (-39%), data centre project Fermi (-39%) and Elon Musk conglomerate Space X (-38%). The worst performing short was aerospace & defence company CSG (+28%).

Has the AI bubble now burst?

During the month there was a significant retracement in the previous parabolic move in AI Capex related stocks with the SOX Index -23% and KOSPI -28% from their mid-June peak. The Space X IPO which came to market at $135 per share, raising $75bn at a valuation of over 100 times sales, subsequently peaking at $200, is currently trading at $116, before the first lock-up expires on August 8th. SK Hynix completed its US Listing raising $26bn at $150 per share and subsequently fell 40% from its $190 peak before it missed its Q2 numbers (July 29th). Roughly 1 in 30 adults in Korea got a margin call by July 13th, since when figures have stopped being reported. "*I always thought Billy Hwang was a degenerate gambler*", quipped hedge fund manager Harris Kupperman, "*Turns out he was just an average Korean guy, but with an ISDA*". Our proprietary quant models suggest high beta outperformance is still extreme and has much further to mean revert.

Key Performance Numbers

5.8%	Monthly performance
-4.0%	Year-to-date performance
13.3%	5-year CAGR (net of fees)
-0.1	5-year correlation to European equities*

*As at 31-Jul-26. *Euro Stoxx NR Index. Past performance is not a reliable indicator of future results.*

Key Fund Details†

GBP I	403.44
GBP A	356.60
GBP R	343.28
USD I	231.58
EUR I	315.57

Fund AUM (£m)	526m
Fund Inception	18 Feb 2009
Fund Type	UCITS Long/Short
Fund Domicile	UK
Base Currency	GBP
Sector	IA Targeted AR
Dealing Frequency	Daily
Prime Broker	UBS

Strategy

Argonaut Absolute Return

A long/short strategy focused on mainly pan European equities dedicated to seeking non-correlated absolute returns via an active, fundamental investment approach and a concentrated portfolio of investments. The Fund typically holds 30-50 long positions and 20-50 short positions.

For full details see fund prospectus

Portfolio Manager

Barry Norris, CFA

Barry began managing European equity portfolios at Neptune Investment Management in 2002 having begun his career at Baillie Gifford. He graduated from Cambridge University (MA History & MPhil International Relations) and holds the CFA. Barry founded Argonaut Capital Partners LLP in 2005.

For more information see argonautcapital.co.uk

Sources: Argonaut Capital Partners LLP internal unaudited data and refers to the £ I share class.
†Yealand, Bloomberg & Morningstar, calculation on a NAV basis with net income reinvested. All data shown as at 31 July 2026

*Euro Stoxx NR

We have previously written extensively about why the AI Capex boom is not sustainable: why we are not in the "early innings" (it's already been going on since October 2022, which is roughly the same four-year longevity as the dot.com boom); why there will be no economic moat around LLMs to generate the supernormal profits needed to pay for the data centres being built (and the semiconductors being ordered); and why by following a high-cost "compute is all you need" strategy, the US LLMs doomed themselves to be the high cost producer in a commodity industry. Granted, this strategic mistake would generate a colossal but ephemeral earnings bubble for "picks and shovels" companies, in a (now) past era of free capital and token maximisation, but as funding ran out it would destroy technology sector shareholder capital on a scale not witnessed since the 2000-2003 bear market. The more difficult question is how and when the data centre investment mania will end.

We cannot say with certainty that the AI Capex bubble has already popped, though as Cramer observed the "parabolic" move on "shortages" in Q2 2026 sucking capital out of everything else was remarkably similar to that witnessed at the end of the dot.com bubble (99-00). Just like then there is a surprisingly large group of investors who have gone "all-in" on a single Tech narrative and cannot comprehend a stock market which does not have "AI" or "momentum" "leadership". Investment manias make otherwise rational people lose perspective.

July saw Chinese open-weight model Moonshot's Kimi K3 take number 1 spot in FrontEnd Code Arena's assessment of parameter sophistication, a moment which Gary Marcus called, *"The ultimate culmination of the "no moat => more competitors => price wars => profits are scarce" argument"* that he has made since the summer of 2023.

OpenRouter data showed the weekly token share of Chinese AI models used by US firms rising from near zero in January 2025 to approximately 55–60%— the highest in the series. Chamath Palihapitiya asked: *"Why [would] any American public company with shareholders [be] burning money on closed source models when the open weight ones are so much cheaper?"*

Responding to lobbying from OpenAI and Anthropic to "ban" "predatory" Chinese models, the Tech Bros (including Jen-Hsun Huang with his first ever tweet) lined up to endorse "open-weights" but then subsequently his company Nvidia provided OpenAI with a credit line of $250bn to buy its chips, leading Jim Chanos to ask *"$NVDA has to provide financing guarantees for roughly 2/3rds of the cost of the chips it is selling to the data center project…?! Lol, ok."*

Reality is now dawning that LLMs won't make supernormal profits and that that is bearish for Anthropic and OpenAI yet according to Doomberg (and other AI bulls) this is *"incredibly bullish for the rest of the AI industry, including hyperscalers and other suppliers to the sector," because the Jevons paradox "all but guarantees enormous increases in demand for compute."* The over-enthusiastic can always console themselves with "Jevons", but we are just not sure it actually works like that. Let us explain.

From 1999, the internet got cheaper, we used it more, yet most of the dot.com stocks went bust because they couldn't pay for their investments. If OpenAI fails and Anthropic doesn't make supernormal returns, then who is going to make whole the capital building 50–80% of all US data centres? In the absence of free capital, if the LLM business model focuses on lower cost (rather than maximising compute) will the industry need as many data centres and semiconductors? If demand for data centres grows less quickly than forecast (or simply slows down), how easy is it for the data centre industry to adjust its development trajectory (AI data centre projects take on average 2-3 years to complete) and what happens to the pricing power of those providing compute and semiconductors even in a short-term glut? Given the lack of cash generation of data centre developers; their rather modest gross margins to date at a time when compute is genuinely scarce and when GPU is apparently not a wasting technological asset in terms of depreciation; and the huge proportion of both on and off balance sheet debt financing, who is going to take the "longer-term view" and keep financing these companies, when the "data centre winter" lasts years rather than months? As Edward Chancellor has reminded us, there is a price for time in the investment world. We suspect a wave of data centre insolvencies beckons before slower-growing demand grows into fixed supply.

The Gate of Tears

We commented last month that the Iran MOU was a misnomer and would have been better termed the Memorandum of Misunderstanding, given the deliberate ambiguity over the key issue, which was whether going forward Iran would control Hormuz. There were even different versions of the MOU made public, one leaked to CNN whereby in Clause 5 Iran committed to restoring free transit through Hormuz, and the one which was eventually signed in a rather perfunctory manner in which Iran said it would allow free transit for just 60 days. Neither party signed the MOU in good faith. Both used it to buy time (between blockades Iran managed to export at least 57m/b of crude oil).

It should now be clear that the MOU was never real: it was a Trumpian ruse in which the important issues might be fudged, or Iranian officials bribed, so that Trump could buy time and mislead the financial markets into looking through the worst ever energy supply crisis (13m/b/d of exports from the Gulf or 13% of global demand).

China cut in half its oil imports, importing 5m/b/d less than normal (strangely just after the Trump-Xi summit). The US cushioned the blow to Europe through exporting its strategic petroleum reserve releases (its SPR inventory fell from 410m/b to 310m/b, with the SPR statutory floor at 250m/b and cavern integrity estimated at 150m/b). Japan released 94m/b of its strategic reserves (with 198m/b remaining). The Saudis implemented a work around for 5m/b/d crude oil exports through its East/West pipeline to the Red Sea terminal of Yanbu. Trump even joked at the post-G7 press conference in Avignon (July 5th) that the MOU was necessary because "we run out of reserves in about four weeks" and he did not want to go down in history as another "Herbert Hoover" who presided over the Great Depression in 1929.

The MOU ruse worked so well that many oil analysts having previously forecast $200 oil were subsequently calling out a crude oil "glut", confusing the post MOU temporary inventory release from previously stranded tankers with genuine Gulf production (Hormuz exports spiked to 14-15m/b/d in early July but post-MOU fresh Gulf oil loadings peaked at just 6m/b/d (30% of pre-war)). On July 2nd The Economist even published an apology *"We woz wrong about oil"* for being bullish on oil *"Oil markets are still in La land"* in April, thus managing to inadvertently call the top and bottom of the trading range.

It has been clear to us that Iranian control of Hormuz has been and continues to be its red line. Iran's persistent attacks on "Omani lane" shipping is best interpreted as an attempt to force shipping through its own territorial waters where it can plausibly charge fees. On July 7th, it hit 5 vessels, leading directly to retaliatory strikes on Iran from the US and Trump's revocation of the MOU on July 8th. On July 14th-15th Iran attacked two UAE tankers inside Omani waters, putting the 2m/b/d Fujairah export hub at risk. By July 20th, transits were 10% of prewar levels (from 80% post MOU) with the IRGC claiming that the Strait was "completely closed".

The IRGC has continually threatened to activate the Houthi proxy to harass shipping in the Bab el-Mandab (the treacherous 18-mile-wide narrow strait separating Yemen from East Africa with the English translation of "Gate of Tears"), threatening the diverted 5m/b/d of Saudi oil exports through the Red Sea to Asia.

Fig. 1 – Implications on Saudi oil exports to Asia of Houthi's disrupting the Bab el-Mandab strait

Source: OpenStreetMap

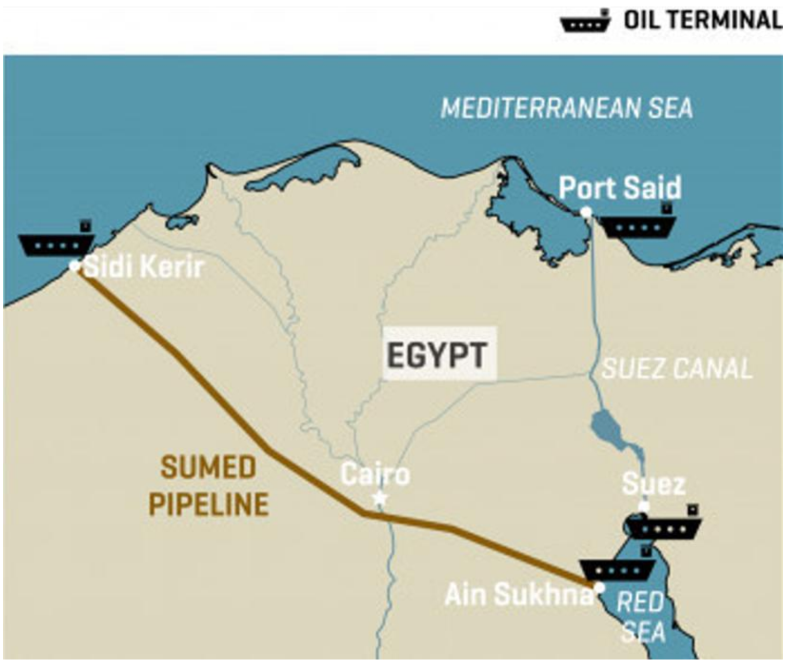
The four-year long ceasefire between the Saudi-backed official Yemeni government and the Houthis held until July 20th, when, in response to what they claimed was Saudi provocation (the Yemeni government bombed a Houthi airfield to prevent its delegation, coming back from Tehran, landing), the Houthis declared a maritime embargo covering all vessels calling at Saudi ports.

By 22nd July, the Houthis had struck two Saudi flagged carriers, then on July 25th hit Saudi's 400b/d Jazan refinery with three ballistic missiles. Lloyds ship underwriters subsequently withdrew war cover for Saudi-linked cargoes in the Red Sea. There are now reported to be 10 Saudi VLCCs in the Gulf of Aden, not crossing the Bab el-Mandab. Importantly, Saudi can still divert Yanbu exports northwards through the Suez Canal, whilst China also seems to be negotiating for its tankers to be exempt from the Houthi blockade (which is also an indication that the Chinese have resumed normalisation of crude imports). Reports also suggest that the Houthis are now open to charging transit fees through the "Gate of Tears".

We have focused our energy investments in the oil tanker industry, since tankers benefit from geopolitical volatility – longer more inefficient routes increasing demand – whilst unlike energy producers, they are somewhat ambivalent to the oil price. The most likely geopolitical scenario whereby the Hormuz and the Bab el-Mandab remain contested in a prolonged attritional conflict with intermittent and partial blockades is a volatility event for oil but structurally bullish for tankers, since the on/off nature of the conflict and of uncertain shipping routes creates chaos and increased demand for ton mileage.

A good illustration of this is that Saudi is now rerouting its Yanbu exports via the Suez Canal and the SUMED pipeline through Egypt from the Red Sea (Ain Sukhna).

Fig. 2 – Saudi rerouting Yanbu exports via the Suez Canal and the SUMED pipeline through Egypt

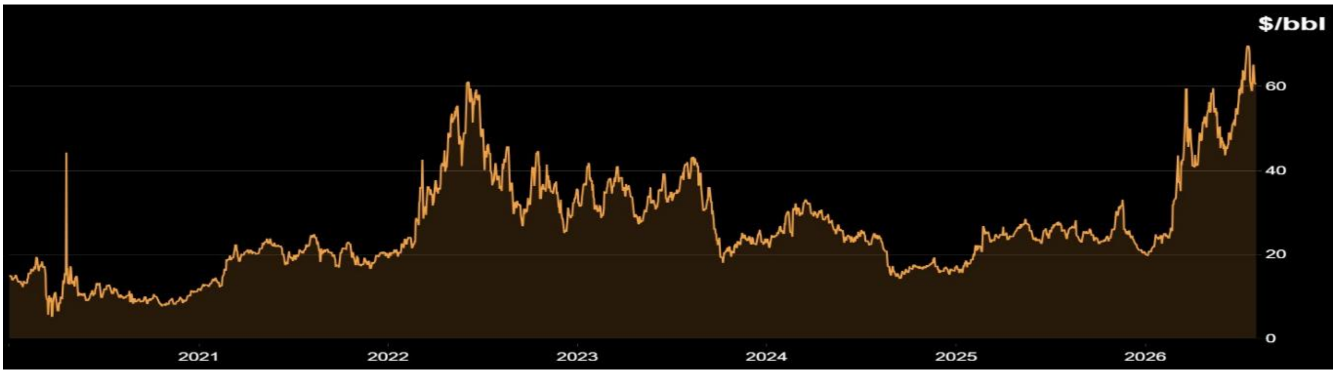


Source: MEES

On July 28th, Bloomberg reported at least 8 VLCCs heading for Sidi Kerir in the Mediterranean, to pick up SUMED oil. There is now congestion at both ends of the Suez Canal as captains await instruction as to whether the Red Sea is safely navigable. The southbound Yanbu-to-Asia route is six thousand nautical miles but the same destination northbound through the Suez Canal sees that voyage lengthen to fifteen thousand. At 4.5m/b/d Yanbu represents 10% of global seaborne crude demand on the short route, rising to 20-25% if forced north: the full reroute takes 20 to 50 days requiring an extra 120m/b of tanker capacity on the water. So, this is potentially extremely bullish for oil tankers. There are also shipping chokepoints currently in the Black Sea (impacting Kazakhstani oil exports and Russian and Ukrainian wheat exports) and the Panama Canal (primarily impacting LPG and product tanker exports from the US to Asia).

We have also favoured investments in oil refiners, and agricultural companies with exposure to biofuels. Refining margins (best illustrated by the record 3-2-1 crack spread – the value of refined product expressed as a proportion of the crude oil price – indicate significant supply stress in the refining industry. Looking at this another way, US diesel cracks are approximately $80/b against a seasonal norm of $20/b.

Fig. 3 – NYMEX First Month 3-2-1 Crack Spread: Refining margins indicate significant supply stress in the refining industry.



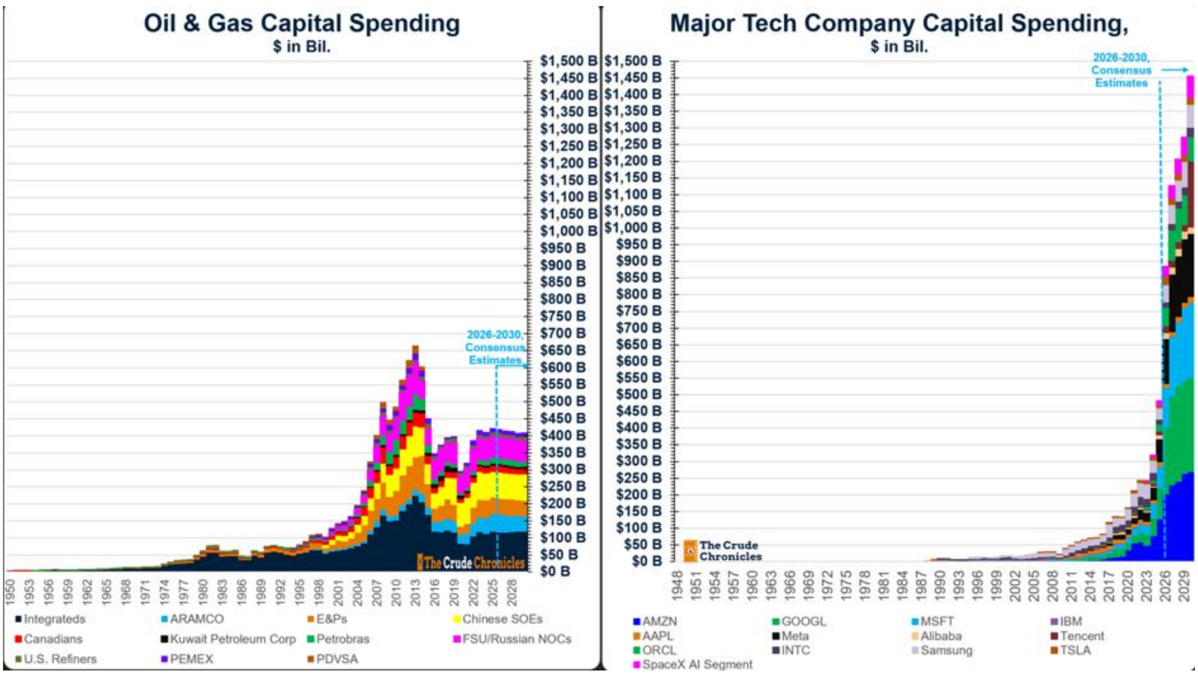
Source: Argonaut Capital, Bloomberg

There are a number of reasons for supernormal refining margins: three out of the biggest four refining hubs (the Gulf, Russia and China) have their export capacity either physically damaged or constrained by geopolitics or export bans, leaving North American refiners (and the few left in Europe) running flat-out earning supernormal profits (note to politicians: if they were price gouging, they would be purposely running low utilisation). Cynics might suggest that whilst crude oil futures is predominantly a paper market which could in theory be manipulated, refined products is largely a physical market which doesn't respond as easily to money flows or tweets. And of course, central bankers worried about inflation should be looking more closely at prices of refined products which unlike crude oil are actually consumed.

We also noted in April the very favourable new biofuel regulations introduced by Trump to help US farmers, which increased a regulatory requirement for biodiesel and renewable diesel from 3.35bn gallons in 2025 to 5.4bn to 6bn gallons in 2026, with limited small refinery exemptions and less favourable economics for feedstock imports. This should result in soybean oil's share of feedstock climbing from 35% to 40% (the rest being corn oil, animal fats and canola oil) with biofuels potentially absorbing 55% to 60% of all domestic soybean production. We think that the US does not have the necessary domestic production to meet these regulatory requirements (at the very least production will struggle to ramp up fast enough) which is structurally bullish for soybeans, soybean crush margins, RINs (the refining equivalent of carbon offset) and biodiesel margins (which are priced as an additional premium to refining margins).

We think that too much capital has gone into Technology and too little into Energy.

Fig. 4 – Too much capital has gone into Technology, too little into Energy. This cannot last.



Source: Crude Chronicles

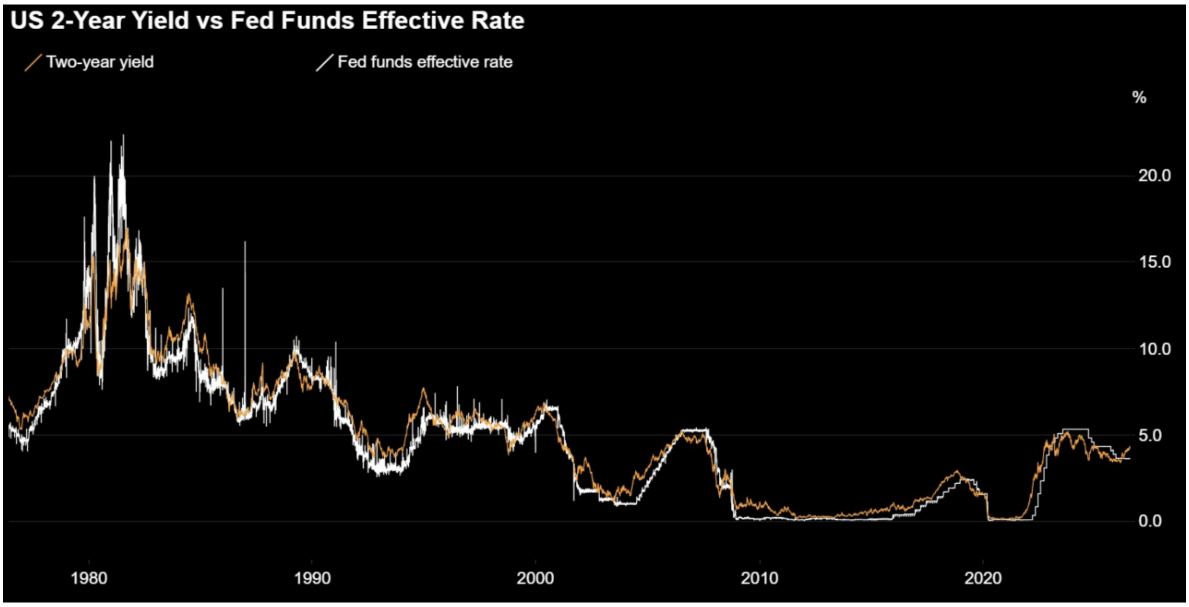
Technology used to be a low capital intensive, high gross margin business with significant economic moats and free cash-flow. The datacentre boom has made it look more like the old Energy industry. Whilst the capital cycle, starving energy companies of investment, now means the Energy industry is more profitable, free-cash generating with assets trading below replacement cost providing defensible moats. With Technology at a record high of approximately 50% of the S&P and Energy a record low of less than 4%, we believe this trade has many years to run.

The Warsh Fed

At his first FOMC meeting in June, new Chairman Warsh struck a hawkish tone on his tolerance for above (2%) target inflation. Subsequently, softer inflation readings and Warsh's tone at Cintra were dovish, but with the reescalation of the Iran conflict, understanding the impact of AI-related shortages on consumer electronics, and recent hawkish rhetoric from FOMC members, markets went into the July FOMC pricing a one third chance of a rate hike and if not a certain quarter point increase in September.

Moreover, as Jeffrey Gundlach regularly points out, the Fed Funds rate ultimately tracks the yield of the 2-year Note which going into the meeting was 4.32%, against an effective Fed Funds Rate of 3.63% (indicating 2 ½ quarter point hikes).

Fig. 5 – US 2-Year Yield vs. Fed Funds Effective Rate



Source: Bloomberg, Argonaut Capital

As expected, the Fed left the Fed Funds Rate on hold, though at the press conference Warsh talked hawkish as if he was the reincarnation of Paul Volcker. Instead, he came across as Janet Yellon with a tie. He couldn't answer simple questions about what indicator of inflation he was following or why he wasn't raising rates today if he was such an inflation fighter. In Texan terms it was "all hat and no cattle". Hiking today would have allowed the Fed some breathing room before the mid-term elections in November. Instead, Warsh chose the easier option and deferred any comments on critical issues to his "taskforces". It's not clear how long the market will regard him as credible, and when that credibility is lost, the cost of winning it back will undoubtedly be higher.

Barry Norris
August 2026

LSEG Lipper Fund Awards Winner 2026 United Kingdom

ALPHA MANAGER 2026 Barry Norris

YFS Argonaut Absolute Return

PERFORMANCE (%)

	1M	3M	1YR	3YR	5YR	YTD	ITD	ITD CAGR
Argonaut AR Fund	5.8	-1.3	5.9	50.8	86.8	-4.0	303.4	8.5
EURO STOXX NR	-0.2	7.5	21.0	53.2	65.1	11.5	349.5	9.1
IA Targeted Absolute Return	0.0	1.3	6.2	22.6	26.3	2.2	139.8	4.8

DISCRETE YEARLY PERFORMANCE (%)

1-year to	31 Jul 22	31 Jul 23	31 Jul 24	31 Jul 25	31 Jul 26
Argonaut AR Fund	18.1	4.9	23.6	15.1	5.9
EURO STOXX NR	-8.3	17.6	9.9	15.2	21.0
IA Targeted Absolute Return	1.2	1.9	8.6	5.5	6.2

KEY STATISTICS SINCE INCEPTION

Annualised Net Return	8.5
Annualised Volatility	12.8
Correlation vs. European equities	-0.1
Average Long Alpha	4.2
Average Short Alpha	6.1
Best Month	15.0
Worst Month	-10.8
Average ROIC	11.7
Upside Capture	20.0
Downside Capture	-25.0

Source: Argonaut Capital Partners & Morningstar

MONTHLY & CALENDAR YEAR PERFORMANCE (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Correlation*	ROIC+	Std. Deviation	Sharpe
2009					0.9	-0.2	3.4	8.9	0.4	-4.2	-3.4	3.7	9.4	0.7	12.0	15.7	1.2
2010	-1.2	-0.2	0.1	3.4	-2.1	-2.7	-1.8	-2.1	1.2	-0.5	3.8	3.4	1.1	0.2	-3.5	8.1	-0.2
2011	-3.5	-0.4	0.1	4.7	1.7	1.0	1.2	-1.1	1.2	0.4	0.6	0.5	6.4	0.2	41.5	6.6	0.4
2012	-0.1	1.3	-0.2	0.3	-1.0	0.2	0.1	2.1	0.5	1.0	0.3	1.1	5.6	0.4	19.1	2.8	1.1
2013	0.7	3.3	-0.6	3.1	3.1	3.5	2.4	-1.4	2.8	10.0	4.0	3.4	39.7	0.2	50.7	9.9	2.9
2014	1.1	2.9	0.9	-4.8	1.1	0.8	-1.5	-0.7	3.4	-0.3	8.1	2.4	13.6	0.3	27.2	10.8	0.7
2015	5.0	-2.5	2.2	-1.6	1.8	-1.1	3.1	0.6	2.8	-2.6	1.8	1.3	11.0	0.0	15.1	8.3	1.0
2016	-2.5	-5.6	-3.5	-4.4	2.6	-8.5	-1.0	-1.1	0.9	1.1	-3.3	-3.4	-25.6	0.3	-44.9	10.8	-2.7
2017	0.0	-1.3	-2.0	-0.2	4.2	-3.0	2.4	7.4	-3.2	6.1	6.1	0.3	17.3	-0.4	20.4	12.9	2.2
2018	6.9	-1.5	-1.7	-2.4	-3.9	-0.6	1.5	2.1	-0.7	-10.8	-0.4	0.0	-11.7	0.4	-0.3	14.3	-1.0
2019	-2.6	-0.3	1.8	2.6	5.1	4.1	0.6	6.2	-7.5	1.5	-2.5	4.0	12.8	-0.6	4.6	13.5	1.0
2020	4.3	2.2	15.0	-1.5	-3.4	3.4	2.6	3.4	2.5	-3.1	-9.2	0.9	16.6	-0.8	21.8	20.0	1.0
2021	-2.1	0.7	5.8	-0.3	1.9	-7.1	-0.9	0.8	-0.3	4.4	4.3	3.4	10.3	0.4	11.0	12.1	0.6
2022	5.4	3.7	1.4	6.2	4.0	-7.7	-7.8	3.8	-0.4	5.0	-3.2	1.4	11.2	-0.1	13.8	16.8	-0.1
2023	-10.4	6.8	6.0	-0.3	2.5	-5.0	-0.1	4.3	1.6	7.5	2.1	0.0	14.6	-0.7	19.5	17.6	1.0
2024	5.1	4.0	2.4	0.7	-1.1	-1.5	-3.2	0.0	-3.9	1.4	9.4	2.1	15.5	0.2	8.8	11.1	0.7
2025	4.0	0.6	-0.3	-3.5	4.3	-0.7	1.5	3.8	2.2	0.9	1.6	1.5	16.9	0.2	11.4	12.1	1.5
2026	8.1	2.9	-4.6	-8.4	-4.7	-2.2	5.8						-4.0	0.1	-15.9	13.3	-0.8
											CAGR Since Inception		**8.5**	**-0.1**	**11.7**	**12.8**	**0.4**

Source: Argonaut Capital Partners, Bloomberg & Morningstar as at 31-Jul-26. All performance data above refers to YFS Argonaut Absolute Return Fund, uses the GBP I Acc share class and is net of fees. *Correlation calculated in base currency on a monthly basis versus Euro STOXX NR Index. +ROIC calculated as contribution to return over percentage exposure, as at market close. Standard Deviation calculated by annualising monthly returns in base currency. Figures for 2026 YTD calculated using daily returns. YFS Argonaut Absolute Return Fund's prospectus changed in 2021 from being 'predominantly' to 'mainly' pan European equity exposure.

Past performance does not guarantee future results and the value of all investments and the income derived therefrom can decrease as well as increase.

TOP 5 LONG POSITIONS

	% NAV
Raiffeisen Bank	7.9%
Neste Oyj	7.2%
Darling Ingredients	7.2%
OTP Bank	7.1%
Archer-Daniels-Midland Co	6.9%

TOP 5 SHORT POSITIONS

	% NAV
Information Technology	-2.2%
Industrials	-2.1%
Information Technology	-2.0%
Consumer Discretionary	-2.0%
Consumer Discretionary	-1.8%

MARKET CAP BREAKDOWN

	LONG	SHORT
>$50bn	11.8%	-10.5%
$20-50bn	41.8%	-5.2%
$5-20bn	37.7%	-14.8%
$1-5bn	19.7%	-8.6%
<$1bn	0.0%	-5.6%

DAYS TO LIQUIDATE

	% PORTFOLIO
Less than 1 day	43.0%
1-5 days	50.8%
More than 5 days	6.2%

Days to liquidate positions in the portfolio using 20% of the 90-day average daily trading volume.

FUND EXPOSURES

	% NAV
Long Exposure	111.0%
Short Exposure	-44.7%
Gross Exposure	155.7%
Net Exposure (Reported)	66.3%
Net exposure Beta-Adj. (6m beta)	-0.8%

OTHER

# of long positions	33
# of short positions	54

IMPORTANT INFORMATION

These figures refer to the past. Past performance is not a reliable indicator of future results.

This document is a marketing communication. Before subscribing, please read the prospectus and the KIID, available at argonautcapital.co.uk. Any past performance or references to the period prior to 14 July 2012 relate to the Ignis Argonaut unit trusts. The performance calculation shown is based on the GBP I share class. If the past performance is shown in a currency which differs from the currency of the country in which you reside, then you should be aware that your performance may increase or decrease as a result of currency fluctuations.

PORTFOLIO MANAGER & CONTACT DETAILS

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EQUITY EXPOSURE BY GEOGRAPHY (%)

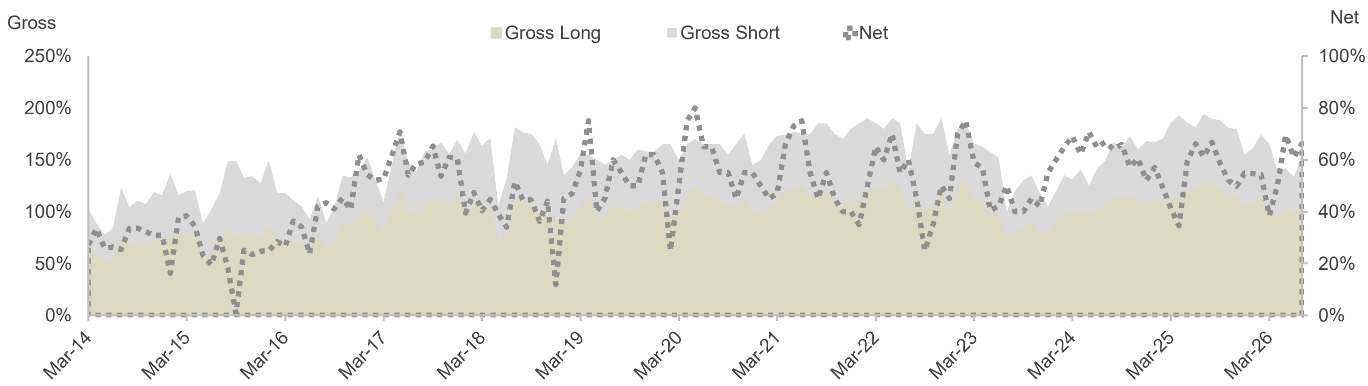
Country	Long	Short	Gross	Net
United States	41.6	-21.9	63.5	19.7
Austria	10.0	0.0	10.0	10.0
Greece	9.7	0.0	9.7	9.7
United Kingdom	8.7	-5.3	14.0	3.4
Denmark	7.3	-1.8	9.1	5.5
Finland	7.2	0.0	7.2	7.2
Hungary	7.1	0.0	7.1	7.1
Norway	5.8	-0.3	6.1	5.5
Other	13.6	-15.4	29.0	-1.8
Total	**111.0**	**-44.7**	**155.7**	**66.3**

Source: Argonaut Capital & Bloomberg. Equity sector exposure as classified by GICS.

EQUITY EXPOSURE BY SECTOR (%)

Industry	Long	Short	Gross	Net
Financials	29.5	-3.7	33.2	25.8
Energy	28.6	0.0	28.6	28.6
Consumer Staples	18.9	-3.8	22.7	15.1
Consumer Discretionary	10.6	-10.1	20.7	0.5
Utilities	7.7	-3.6	11.3	4.1
Materials	6.8	-0.2	7.0	6.6
Industrials	6.0	-8.7	14.7	-2.7
Healthcare	2.9	0.0	2.9	2.9
Other	0.0	-14.6	14.6	-14.6
Total	**111.0**	**-44.7**	**155.7**	**66.3**

GROSS & NET EQUITY EXPOSURE OVER TIME



Note: Allocation figures are taken at close of business whereas Fund performance is taken at 12pm. Equity exposure includes all equity related instruments. All sources, unless otherwise stated, are Argonaut Capital & Bloomberg. All data shown as at 31 July 2026.

SHARE CLASS INFORMATION

Share Class	GBP A	GBP R	GBP I	USD I	EUR I
SEDOL	B7MC0R9	B7FT1K7	B79NKW0	BH36TH3	B779CH9
ISIN	GB00B7MC0R90	GB00B7FT1K78	GB00B79NKW03	GB00BH36TH37	GB00B779CH97
Bloomberg	IMEAAAG LN	IMEARAG LN	IMEAIAG LN	IMEAIAU LN	IMEAIAE LN
Front End Fee	0%	0%	0%	0%	0%
Management Fee	1.50%	0.75%	0.75%	0.75%	0.75%
Ongoing Charge	1.60%	0.85%	0.85%	0.85%	0.85%
Performance Fee	20% of gains above hurdle rate subject to the unit price exceeding the high-water mark				
Hurdle	5% per annum				
High Water Mark	Yes				
Anti-Dilution Levy	A dilution levy may be applied if net inflows/outflows are 2.5% or over on one day				
Minimum Investment	£500	On request	On request	On request	On request
Minimum Top Up	£250	--	--	--	--
Regular Savings Scheme	Yes	Yes	--	--	--
ISA available	Yes	Yes	--	--	--

Source: Argonaut Capital Partners. See Prospectus for more detail.

INVESTOR INFORMATION

Dealing Frequency	Daily
Dealing Time	12pm
Valuation	Daily
Share class hedging	Non-base ccy share classes hedged
Dividends	Accumulation shares only
Price Reporting	Prices published daily

SERVICE PROVIDERS

Authorised Corporate Director (ACD)	Yealand Fund Services
Prime Broker	UBS
Auditor	Moore Kingston Smith LLP
Custodian	Caceis
Depositary	NatWest Trustee & Depository Services
Accountant	Yealand Fund Services
Legal Counsel	CMS

FUND OVERVIEW

Objective: the YFS Argonaut Absolute Return Fund ('The Fund') aims to provide positive absolute returns over a 3-year rolling period regardless of market conditions. The Fund is not managed against any formal benchmark. Capital is at risk and there is no guarantee that a positive return will be delivered over the 3-year rolling period or in respect of any other time period.

Investment Approach: The Fund deploys a long/short strategy focused on mainly pan European equities and is dedicated to seeking non-correlated absolute returns via an active, fundamental investment approach and a concentrated portfolio of investments. The Fund typically holds 30-50 long positions and 20-50 short positions.

Risk Considerations: The Fund has considerable latitude over its allocation both long and short equities and it may employ leverage and own sophisticated instruments such as futures and options. The Fund may also hold a large weighting in a small number of investments and may therefore be subject to larger than normal swings in its value. The performance stream is likely to be volatile and the Fund is suitable only for investors who have a long-time horizon (>5 years) and can tolerate high risk. Investors may not get back all the money invested and an investment in this Fund should only form part of an investor's total portfolio. Investors should discuss the suitability of this Fund with their professional adviser. **The Fund uses derivatives and may be leveraged, which increases the risk of capital loss.**

IMPORTANT INFORMATION