

YFS Argonaut Absolute Return



Fund Commentary

"Whenever people say, 'Oh, well, the Treasury Secretary is taking a risk,' well, it's my dream, I have asymmetric information. I am the House now."

Treasury Secretary Scott Bessent, September 8th, Southern Methodist University, Texas, Bloomberg TV

"Straits Taylor Rule: $i = r^ + \pi^* + 1.5(\pi - \pi^*) + 0.5(y - y^*) + \alpha(SOH - SOH^*) + \beta(BEM - BEM^*)$, $\alpha, \beta > 0$ Let's see if a hike could open SOH or produce a single barrel :) You can't 25bp a chokepoint and r^* isn't neutral. It's SOH risk premium, and We set it. Stay unanchored!"*

September 16th, X, Iranian Parliamentary Speaker, MB Ghalibaf

The Fund returned +3.3% over September compared with the IA Targeted Absolute Return sector return of -0.3% and the Morningstar Long/Short Europe sector return of -1.1%. The correlation to the market was -0.22 (0.11) whilst monthly annualised daily volatility was 16.5% (13.4%) vs. market 9.8% (5.8%).

Over the month, the Fund returned +1.25% from its long book and +2.11% from its short book (with -0.1% from FX hedging/other).

The best performing longs were VLCC tanker owner Frontline (+23%); Brazilian oil major Petrobras (+17%) and US jewellery chain Signet Jewelers (+28%). The worst performing long was Brazilian digital bank Nu Holdings (-13%).

The best performing shorts were Swedish property portal Hemnet Group (-34%); Czech defence outfit CSG (-23%) and US private equity firm Blue Owl (-22%). The worst performing short was Moderna (+38%).

Betting against the House

During the month the US Treasury announced that it would buy back up to \$6bn of 10–20-year government bonds, up from the previous month's \$4bn, with Secretary Bessent on September 8th claiming he had *"asymmetric information"* and that bond investors could *"bet against him if they liked"* but warning *"I am the House now."*

Bond investors, who had previously thought of themselves as the House to which Bessent owed \$31 trillion, were unimpressed, with 10-year Treasury yields subsequently rising from 4.8% to 5.3% at the end of the month (the highest since 2001). By September 21st, Bessent conceded to Joe Kernan on CNBC Squawk Box that *"I can't set the equilibrium price,"* and subsequently in an Axios interview on October 3rd *"everyone knows the House doesn't win every hand."*

Key Performance Numbers

3.3%	Monthly performance
-2.0%	Year-to-date performance
13.7%	5-year CAGR (net of fees)
-0.1	5-year correlation to European equities*

As at 30-Sep-26. *Euro Stoxx NR Index. Past performance is not a reliable indicator of future results.

Key Fund Details†

GBP I	412.26
GBP A	363.93
GBP R	350.78
USD I	236.55
EUR I	321.51

Fund AUM (£m)	539m
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

Fig. 1 – US 10Y Treasury yield (%)



Source: Bloomberg

The Federal Reserve (Sept 16th) voted 12-0 to raise its key Fed Funds rate by a quarter point to 3.75%-4.0%, with a hawkish Chairman Warsh telling the FOMC press conference that this *"removed a dose of accommodation"*. The interest rate futures market currently expects another quarter point hike in December and at least two more in 2027.

The Atlanta Fed Q3 GDPNOW is currently estimating 3.7% growth (albeit down from 5.1% a couple of weeks ago), largely owing to AI Capex. There is "full employment". Trump has promised every citizen \$5k (at a cost of \$1.2 trillion) in the unlikely scenario that the Republicans hold both houses in the midterm elections (which would take the projected fiscal deficit from 6% to 9% of GDP). The University of Michigan inflation expectations increased to 4.6% from 4.0%, whilst ISM prices paid rebounded to 77.9. The US has a two-speed economy which is overall over-heating, though as we have discussed the boom is also fragile, since it is based on a unsustainable and subsidised Capex boom.

Wild OATS

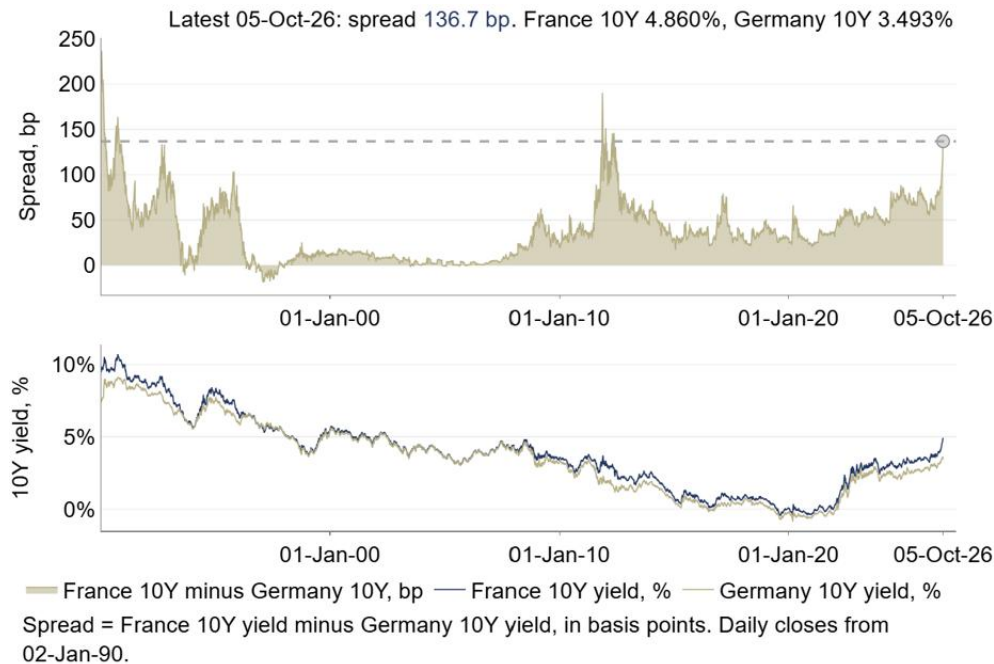
The ECB (Sept 10th) raised its key interest rates by 25bps to 2.5%-2.9%, with the market currently expecting another quarter point hike in December and two more next year.

The focus of European sovereign bond stress is France, where Finance Minister Lescure warned (Sept 7th) that in light of the absence of economic growth and action on government spending, the 2027 fiscal deficit will likely be 6% rather than 5% previously thought.

Opinion polls now show Marine Le Pen (National Rally) winning the second as well as first round of the April/May 2027 Presidential election, whilst leading left-wing candidate Melenchon (LFI) has proposed an outright cancellation of a portion of French government debt, which now stands at 119% of GDP (up from 64% in 2007).

The French 10-year OAT now yields 4.9% (the highest since 2002 and up from 4.0% in August). "Le Spread" to German 10-year bonds has risen to 150bps, a level last seen during the sovereign bond crisis of 2011/12.

Fig. 2 – Le Spread (bp), France 10-year OAT vs Germany 10-year bund (%)



Source: Bloomberg

After a stellar run, bank stocks in Europe have recently started to underperform, though this could be said to have also been a global phenomenon. We remain relatively sanguine about the latest French sovereign crisis, believing the ECB would if necessary eventually intervene and that the French establishment would eventually swing behind Le Pen (who has recently proposed a constitutional “debt brake”) to deny Melenchon in the event of a run-off between the candidates.

At the beginning of 2026 the interest rate futures market was forecasting a 50% chance of a quarter point interest rate cut by the ECB this year. Instead, there have been two quarter point hikes with three more now predicted. So, the outlook for Net Interest Income for European banks has significantly improved, particularly for deposit-rich institutions (such as the Greek banks).

If we were to speculate about any global credit downturn, we have high conviction that the worst loans will have been originated in America, mainly by private credit and will predominantly relate to data centres.

By contrast, we believe the CEE and Greek banks’ asset quality exposure will be fine, although OTP and Raiffeisen have ongoing issues relating to legacy Russian operations, which we believe are manageable, discounted and have an option value for their shareholders if and when the Russia/Ukraine war ends.

Moreover, given the difficulties in finding attractive US stocks with positive betas (owing to the narrow beta focus in AI-related names) our European banking exposure provides a necessary higher beta counterweight in portfolio construction.

Dismal Albion

In the UK, the BOE (Sept 16th) voted 6-3 to hold its base rate at 3.75%, arguing that it does not yet see higher energy prices leading to a general rise in inflation, even though it now sees inflation peaking at above 4% in 2027 (rather than previously 3.2% in 2026). The BOE also tweaked its QT programme so that no gilts would now be sold on the open market.

UK interest rate futures are currently looking for 1 ½ quarter point hikes before the end of the year and another 2 ½ in 2027, which the BOE seems reluctant to deliver on since it would likely push the economy into recession.

UK government debt currently stands at 94% of GDP (up from just 34% in 2007). The yield on the 10-year gilt currently stands at 5.4% (the highest since 2008 and compares to a peak of 4.5% under PM Truss).

New Labour Chancellor Healy will present his first budget on October 28th where – in the absence of a deeper crisis - the political will to make spending cuts (notably in welfare) which might give the market more confidence in the trajectory of UK public finances seems limited.

The UK economic outlook remains dismal owing to a masochistic energy policy and chronically overbearing and bungling government.

Dario is wrong

During the month, there was a concerted lobbying attempt from frontier LLMs for more government “regulation” of their industry, commencing on September 9th with a resignation stunt and Greta Thunberg-like apocalyptic warning on X from an Anthropic employee that AI “*could kill us all by the end of the decade*” which reached 174 million views, which was followed up by an interview on CNN where he claimed that the human species “*might not be here in five years*”.

Just three days later, Anthropic CEO Amodei published an essay entitled “We must pace the frontier”, subsequently appearing on CBS’s “Face the Nation” to suggest that cheaper Chinese competition should be regulated (to stop “*unauthorised distillation by companies in authoritarian countries*” i.e. open-source models training on frontier models) and that the US government should own stakes in the frontier LLMs for national security.

The Trump Administration has pushed back, with David Sacks, Trump’s AI advisor posting this reply to Amodei on X:

“Stop pretending antitrust law has to be suspended so you can form a cartel... You face massive product-liability exposure if your products enable a truly damaging cyberattack. After the Hugging Face episode, it is simply good business for OpenAI and Anthropic to trade some raw power for reliability and predictability.”

We find it amusing that Amodei can on the one hand claim his software is so powerful that it *could* destroy human civilisation (though not clear how or why) yet with all this super intelligence it cannot work out how to generate an economic moat (or profit by widely accepted accounting standards) without government regulation. We should also remember that there is zero evidence that any of the LLM companies have achieved AGI, which presumably is necessary for LLMs to start acting independently of their human masters.

In another PR stunt which was to back-fire and highlight the dangers of inadvertently sharing sensitive or confidential data with frontier LLMs, OpenAI claimed (Sept 9th) its models had solved the Navier-Stokes problem (one of seven Clay Mathematics Institute Millennium Prize problems) reportedly as per its *modus operandi* spending \$23m in compute to claim the \$1m prize.

However, it turned out that OpenAI had misappropriated the data of NYU mathematician Tristan Buckmater and Anthropic researcher Levent Alpoge, who had been working on the problem for over a year using OpenAI’s Codex, prompting OpenAI to respond that it “*cannot rule out*” that de-identified Codex data “*helped improve our models.*” Its Chief Research Officer Mark Chen subsequently admitted:

“Did any human or agent look at user data as part of the Navier Stokes effort? No. Do we use user feedback and de-identified data to improve ChatGPT and Codex in a holistic way? Yes. And so does every LLM company.”

Where is the S-1?

Anthropic said that its proposed \$2 trillion IPO would be delayed (again) until October, whilst OpenAI said it would not be going public this year owing to “safety concerns”, but would instead seek to raise an additional \$30bn to tide it over at a valuation of \$1.4 trillion (after raising \$122bn in March at an \$852bn valuation). Softbank-backed SB Energy, which aims to build data centres for OpenAI, was forced to postpone its proposed \$50bn IPO following negative feedback from investors, including its lack of any track record in ever building any data centres.

The Anthropic IPO Prospectus (S-1) has still not been made public but leaks to Reuters suggested that the company had just \$4.8bn of sales in 2025, \$515bn of data centre liabilities and just \$20bn of cash.

The company claimed to have gross margins of 80% before the costs of training models and revenue shares with third parties, or put another way, Anthropic claims its margins are great once you remove its Capex and Opex. No 2026 data was shared, though the company will likely be going public on financials achieved in H1 2026, before the era of token maximisation ended and before token prices collapsed 50% (\$2 to \$1 MTok) and frontier models haemorrhaged market share to cheaper open-source models, since when the company's revenue growth rate is thought to have slowed significantly.

Fig. 3 – Anthropic operational performance (\$)

Item	2024	2025
Revenue	\$383 million	\$4.6 billion (~12x)
Total operating expenses	\$5.36 billion	\$12.65 billion
Operating loss	\$2.98 billion	\$8.06 billion
Compute costs	n/a	\$7.33 billion

Source: Reuters

There was some good news for AI bulls. The front cover of The Economist (5th-11th September) depicted Jensen Huang, CEO of Nvidia, under the headline of "The Sorcerer of Silicon". Meta created more excitement with the positive consumer reception of its "Muse", a personal AI agent, which is given away for free with a business model that will eventually rely on advertising (a difficult concept when AI is supposed to offer objective advice). Later in the month, OpenAI launched a similar AI agent called "Dot", aimed at business users, though somewhat embarrassingly the live demo stalled on stage at launch.

Software solving Hardware bottlenecks

We have to date focused on the LLM business model as the Achilles Heel of the AI Capex boom. However, there is another aspect of the debate which we should also now consider, namely the degree to which innovations in LLM software are solving bottlenecks in AI hardware: in other words, as LLMs evolve from focusing solely on performance to also become more efficient, LLM tokens require less compute than originally thought, with negative implications for the "picks and shovels" companies building the compute.

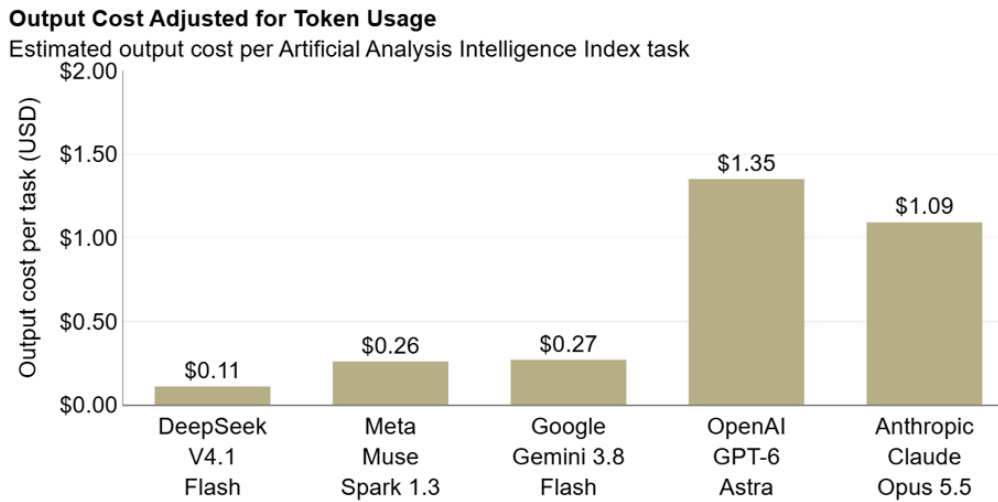
We examined the recently released models of the major LLMs. We can see that ranking them by cost per unit of useful compute demonstrates that Deepseek, Meta and Google's models are at least 5 to 10 times more efficient than OpenAI and Anthropic, but that the latter's "frontier models" are only marginally more sophisticated. In other words, by becoming more efficient in the use of parameters, LLMs need less compute, which means per token this requires less power and fewer semiconductors.

Fig. 4 – Performance of major LLMs by categories

Category	Benchmark	DeepSeek V4.1 Flash	Meta Muse 1.3	Google Gemini 3.8 Flash	OpenAI GPT-6 Astra	Anthropic Claude Opus 5.5
Overall intelligence	AA Intelligence Index	39	48	41	53	58
Coding / software	Terminal-Bench 4.0	27%	33%	20%	59%	60%
Professional knowledge	GDPval-AA v2.1	1,600	1,674	1,412	1,542	1,846
Automation / tool use	AutomationBench-AA	69%	58%	60%	68%	70%
Scientific reasoning	SciCode	52%	59%	57%	56%	67%
Long-context reasoning	AA-LCR v1.1	84%	n/a	n/a	81%	85%

Source: Artificial Analysis,

Fig. 5 – Output cost adjusted for token usage (\$)

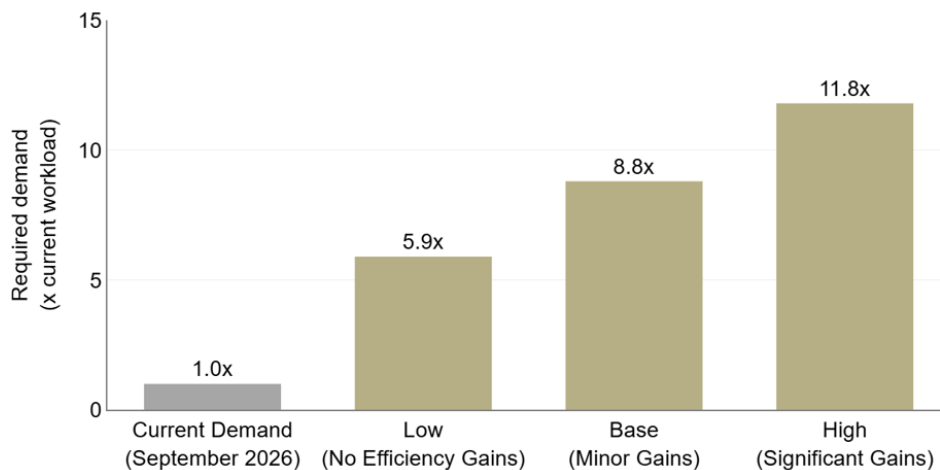


Source: Artificial Analysis

Most of the current data centre pipeline was contracted before meaningful improvements in model (and chip) efficiency became apparent. AI compute capacity in the US is currently c. 26GW, split roughly half and half for inference and training. The total pipeline for AI compute is currently estimated to be 122GW according to Compute Atlas.

We calculate that current efficiency improvements mean that the same AI workload requires just c. 10% of the hardware and energy compared to 2023, though future efficiency gains may exacerbate this mismatch. This means that the extra 50GW (62GW in total) for inference will power far more token usage than was originally envisaged (ranging from 6x to 12x) which could also be further enhanced by more efficient chips. We could also (but have not) assume that training would also require less compute capacity which would further increase efficiency.

Fig. 6 – Required demand increase by 2032



Source: Argonaut Capital

No doubt AI bulls will again point to the Jevons Paradox, whereby lower costs stimulate additional demand. We agree that all of this is good news for consumers of AI (who will benefit from lower prices) but it does not necessarily bail out the LLMs (given that their main problem is the absence of any economic moat), whilst it is bad news for the owners of datacentres and manufacturers of semiconductors, where the existing 122GW of pipeline will take longer to be fully utilised.

We already witnessed Oracle (Sept 24th) trying to declare “force majeure” on its data centre commitments on the Project Jupiter campus in New Mexico owing to operational delays, but if and when compute becomes less scarce these legal disputes will likely become more commonplace.

The Straits Taylor Rule

Before the September FOMC meeting (Sept 16th) Iranian Parliamentary Speaker, MB Ghalibaf trolled the US bond market with his new “Straits Taylor Rule”, suggesting that the famous 1993 equation for the central bank setting of interest rates to fight inflation would now need to incorporate Iranian policy regarding tanker transits through the Strait of Hormuz. After the 10-year Treasury yield had risen another 15bps, Ghalibaf followed up:

“Happy 5.1% 10Y America. Mashallah. Celebrate: it’s the floor two years out. You wanted Iran dragged back to the 1970’s? Nobody told you Iran isn’t for arrogant amateurs? We’ll return you to 1970s rates, plus high gas prices, diesel shortages and bell-bottoms. Enjoy the nostalgia!”

As we had previously predicted, the Gulf crisis escalated during the month with the Houthi militias (Sept 10th) taking control of the Bab el-Mandeb and strategic islands in the Red Sea, which closed the southern Saudi oil export route to Asia. Subsequently, the Saudi East-West pipeline which had allowed (5m/b/d) of Saudi oil exports to be rerouted from the Gulf to the Red Sea via Yanbu was damaged (Sept 13th), leading to an outage and the Saudi’s declaring “force majeure” on October crude exports to Europe. Yanbu loadings subsequently resumed (Sept 29th), climbing back to 3-4mbd, though remain vulnerable to further attacks. During the month, Saudi flows through Hormuz rose materially, daily transits reported at 13-15mbd (though exact numbers remain disputed) whilst bypass loadings in Fujairah and Oman accounted for an additional 5mbd.

All of this has been very bullish for our investments in oil tanker stocks, with spot VLCC routes on the Arabian Gulf to Far East route reaching an unprecedented \$1.3m per day. Aframax and Suezmax vessels, able to more easily navigate the Suez Canal, are also in high demand. We should note that publicly quoted tanker companies are largely not running the Strait (so not achieving the highest quoted rates) which is largely being done by GCC national oil companies and their chartered vessels, which then rendezvous with client tankers waiting in the Gulf of Oman, discharging their cargoes in a ship-to-ship transfer system.

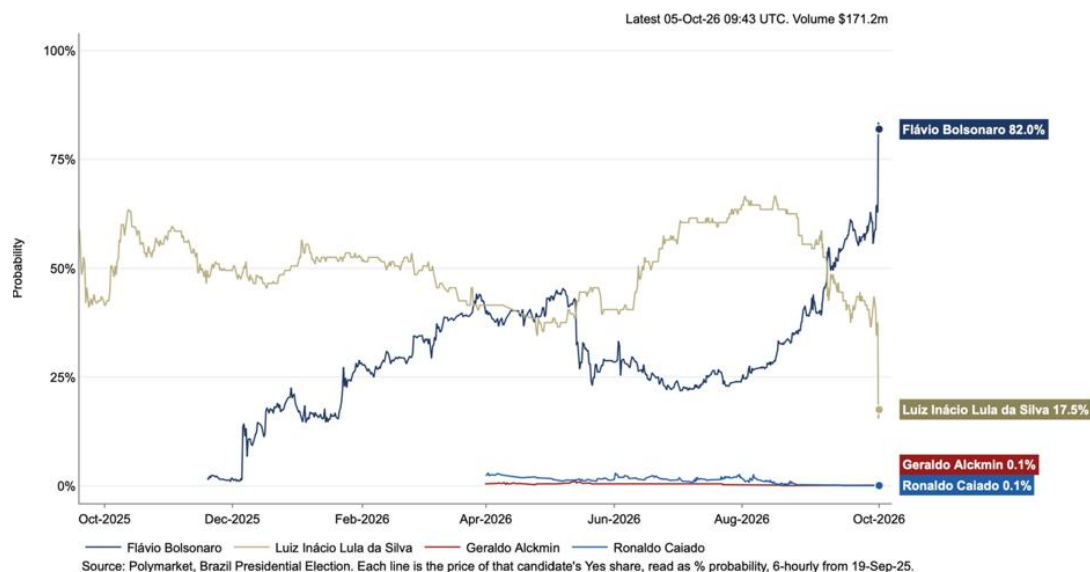
Nevertheless, more risk-averse tanker companies are highly incentivised to sell (or charter out) their older tonnage to the more risk tolerant, with 1-year charter rates now at \$200k/day. Moreover, according to Clarksons, VLCC resale values are now \$240m (new), \$215m (5 year old), \$190m (10 year old), \$160m (15 year old). This compares to the newbuild cost currently of just \$135m. It is also worth bearing in mind that the useful life of a VLCC before scrapping is commonly regarded as 20 years. So, the bull market in tankers is supported not only by earnings but also by asset values, particularly for tanker companies able to exit their older tonnage at unprecedented values.

It remains uncertain how long the current boom will last, even though in any event, global inventories will need to be rebuilt and risk premiums around choke points may stay permanently higher. Investors would seem to have consistently overestimated Trump’s ability to coerce Iran into a settlement. We think the conflict could still see a significant further escalation for which the market seems ill-prepared.

Brazil

Brazil has just (October 4th) concluded the first round of its Presidential elections, whereby business-friendly Flavio Bolsonaro achieved a much better 47% of the vote than expected (vs. incumbent Lula at 45%). Bolsonaro is now the red-hot favourite (84% chance according to Polymarket) to win the run-off (October 25th) since the other 8% of the first round vote went to centre-right third party candidates. Moreover, parliamentary elections have also seen a swing to centre-right candidates.

Fig. 7 – Brazil Presidential election yes share (%)



Source: Polymarket

We are bullish on Brazilian financial assets: its government debt yields 14% (10% in real terms after 4% inflation) and Flavio should turn a current small (1%) primary budget deficit into a surplus, which will allow the Brazilian central bank to further reduce the Selic rate of 13.75%. Note that with interest on Brazilian government debt so high, the potential for a virtuous circle and prolonged upswing is significant.

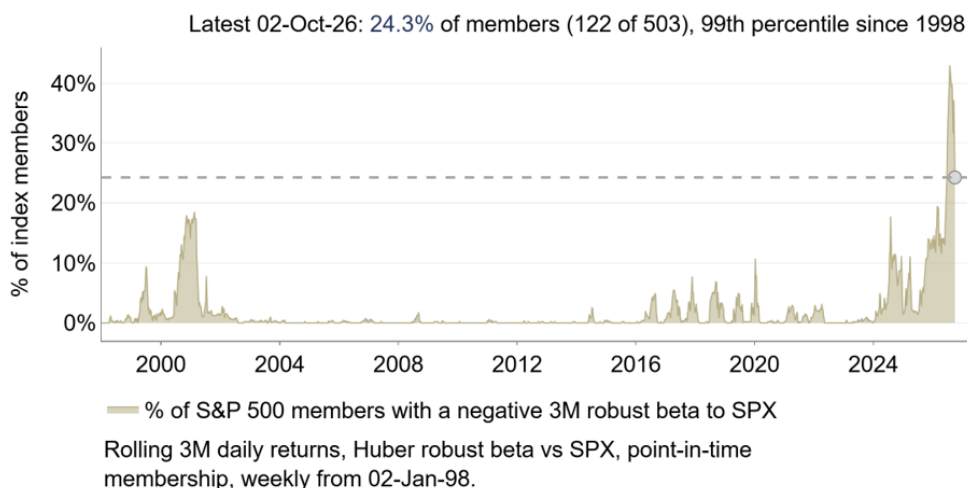
Moreover, Brazil is home to Petrobras, the cheapest oil major globally, with high-quality upstream assets, which stands to benefit from liberalisation of domestic product prices and less political intervention regarding capital allocation.

Brazil is also the world's biggest exporter of soft commodities which we believe will be well supported by El Nino and higher input prices (fertiliser and diesel), a topic on which we intend to return in the coming months.

Dot.com Redux

Finally, it is worth discussing again the perverse US equity market structure. Last month we noted that a record one third of all stocks had a negative market beta, surpassing the 15% at the height of the dot.com in 2000.

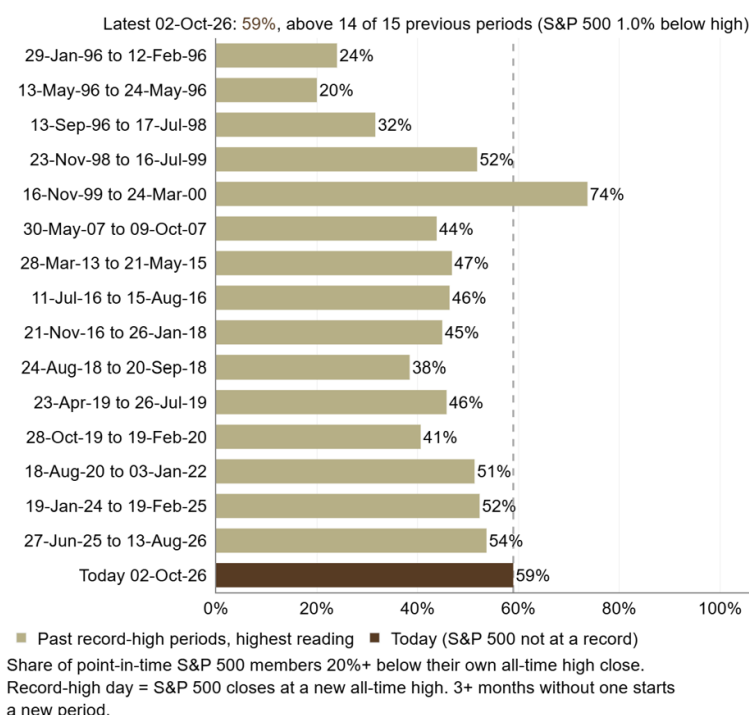
Fig. 8 – Percentage share of S&P 500 index members with a negative market beta (%)



Source: Bloomberg

We should also note that even as the S&P has recently hit all-time highs some 60% of stocks are in a bear market (more than 20% down from their all-time high) which is the highest since 2000.

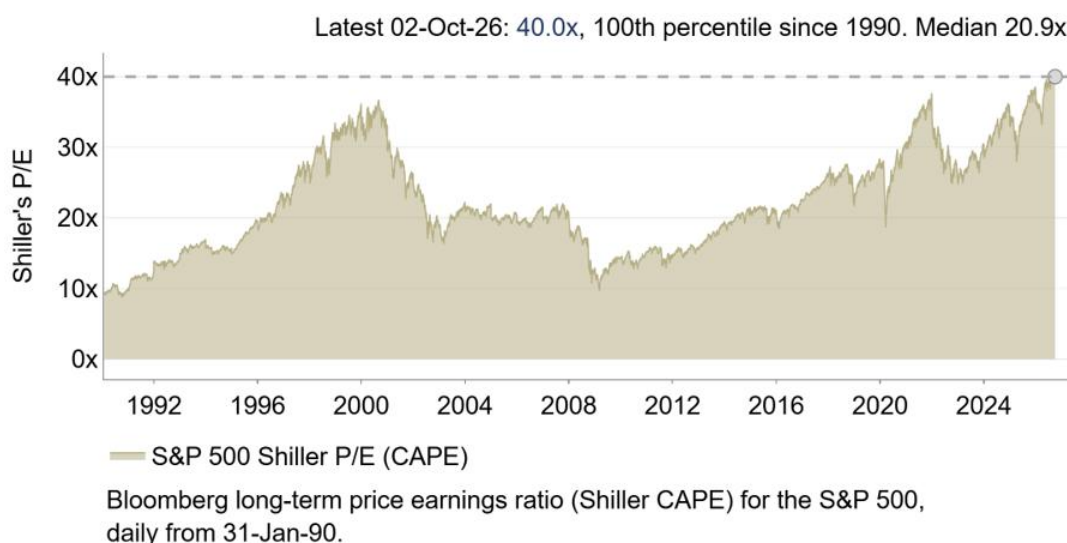
Fig. 9 – Percentage of S&P 500 stocks in a bear market (%)



Source: Bloomberg

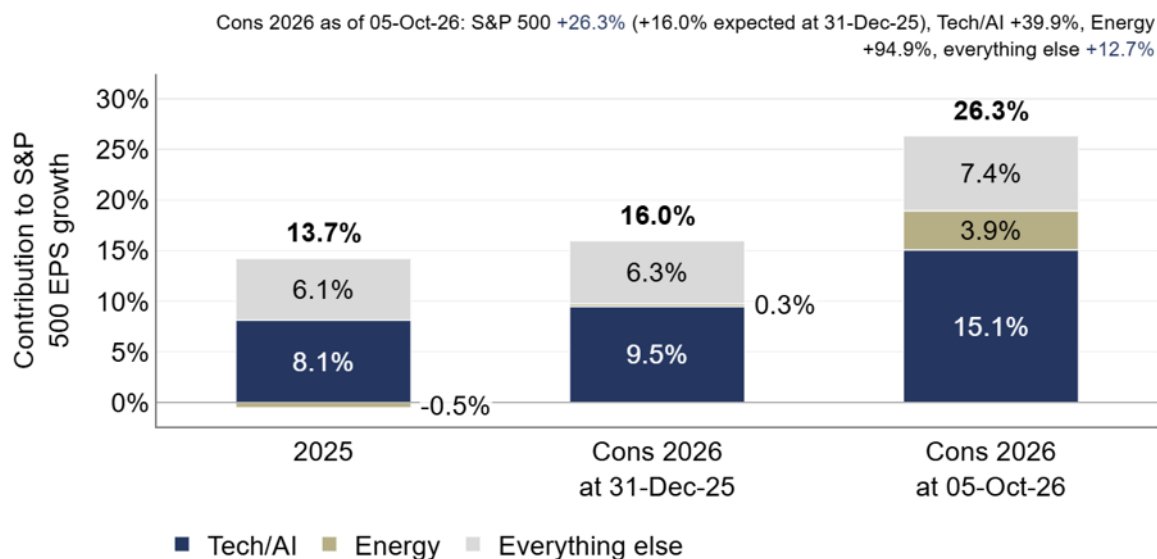
Meanwhile, the Shiller P/E ratio at 40x is also the highest since 2000, which of course demonstrates the phenomenal earnings boom from the AI Capex build-out, which has become the ONLY narrative for many market participants, because apart from Energy it is the only sector seeing significant earnings growth this year.

Fig. 10 – S&P 500 Shiller P/E ratio (x)



Source: Bloomberg

Fig. 11 – Contribution to S&P 500 EPS growth (%)



Bottom-up EPS excluding other income, US\$, current S&P 500 members, reported years then BEst consensus, calendarised to December years, at current share counts.
Other income (investment gains) removed for Alphabet and Amazon (EPS x operating income / pretax income). Total on top = S&P 500 EPS growth.
Tech/AI = GICS Information Technology plus Alphabet, Meta and Amazon. Energy = GICS Energy. Cons 2026 at 31-Dec-25 = consensus as it stood then.

Source: Bloomberg

The IPO market has become more difficult, whilst recent huge corporate bond issuance by Paramount, hyperscalers and neoclouds has been difficult and immediately traded badly in the aftermarket.

With the discount rate (10-30 year Treasury yield) also the highest for 25 years, we would suggest that the pressure for a correction in US equity markets is building. And if and when the AI Capex bubble bursts, we might see a prolonged bear market like 2000–2003.

Barry Norris
October 2026



YFS Argonaut Absolute Return



PERFORMANCE (%)

	1M	3M	1YR	3YR	5YR	YTD	ITD	ITD CAGR
Argonaut AR Fund	3.3	8.1	2.0	45.4	89.8	-2.0	312.3	8.5
EURO STOXX NR	-2.9	-1.5	15.9	61.1	64.4	10.1	343.9	9.0
IA Targeted Absolute Return	-0.3	0.6	4.8	22.1	26.7	2.9	141.0	4.8

DISCRETE YEARLY PERFORMANCE (%)

1-year to	30 Sep 22	30 Sep 23	30 Sep 24	30 Sep 25	30 Sep 26
Argonaut AR Fund	21.5	7.5	12.1	27.2	2.0
EURO STOXX NR	-17.6	23.9	20.0	15.9	15.9
IA Targeted Absolute Return	-0.5	4.5	8.3	6.8	4.8

KEY STATISTICS SINCE INCEPTION

Annualised Net Return	8.5
Annualised Volatility	12.8
Correlation vs. European equities	-0.1
Average Long Alpha	4.5
Average Short Alpha	5.8
Best Month	15.0
Worst Month	-10.8
Average ROIC	11.8
Upside Capture	19.7
Downside Capture	-26.1

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	-1.0	3.3				-2.0	0.0	-15.3	13.8	-0.6
CAGR Since Inception													8.5	-0.1	11.8	12.8	0.4

Source: Argonaut Capital Partners, Bloomberg & Morningstar as at 30-Sep-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	7.3%
OTP Bank	7.2%
Petroleo Brasileiro	6.1%
Piraeus Bank	4.9%
National Bank of Greece	4.8%

MARKET CAP BREAKDOWN

	LONG	SHORT
>\$50bn	14.0%	-7.8%
\$20-50bn	31.8%	-7.2%
\$5-20bn	48.2%	-13.2%
\$1-5bn	25.1%	-14.2%
<\$1bn	0.0%	-6.7%

FUND EXPOSURES

	% NAV
Long Exposure	119.1%
Short Exposure	-49.1%
Gross Exposure	168.2%
Net Exposure (Reported)	70.0%
Net exposure Beta-Adj. (12m beta)	-18.0%

TOP 5 SHORT POSITIONS

	% NAV
Industrials	-2.9%
Utilities	-2.9%
Consumer Staples	-2.5%
Information Technology	-1.9%
Communications	-1.8%

DAYS TO LIQUIDATE

	% PORTFOLIO
Less than 1 day	56.4%
1-5 days	32.7%
More than 5 days	10.9%

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

OTHER

# of long positions	39
# of short positions	49

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 (%)

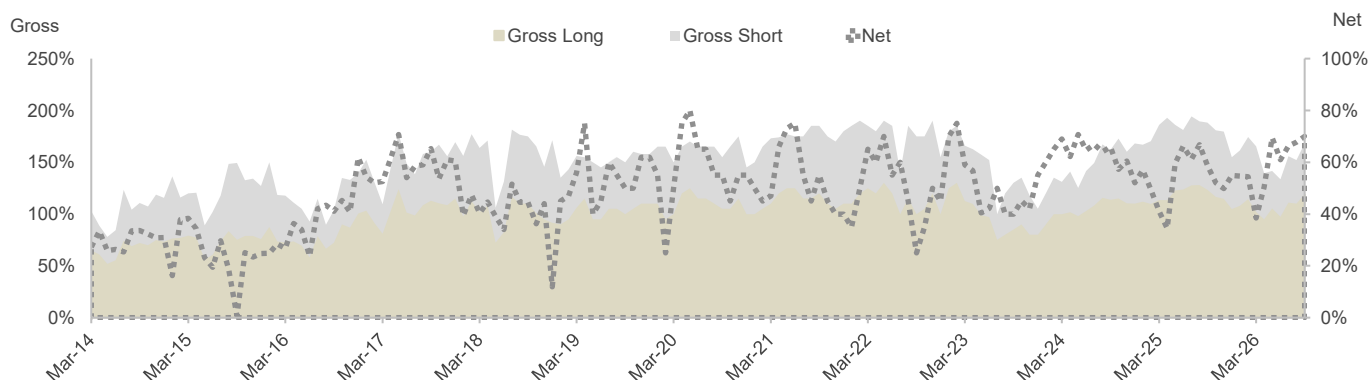
Country	Long	Short	Gross	Net
United States	47.8	-22.1	69.9	25.7
Greece	13.0	0.0	13.0	13.0
Norway	10.5	-0.3	10.8	10.2
Hungary	10.3	0.0	10.3	10.3
United Kingdom	9.3	-8.9	18.2	0.4
Austria	9.1	0.0	9.1	9.1
Brazil	6.1	0.0	6.1	6.1
Denmark	5.3	-3.9	9.2	1.4
Other	7.7	-13.9	21.6	-6.2
Total	119.1	-49.1	168.2	70.0

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

EQUITY EXPOSURE BY SECTOR (%)

Industry	Long	Short	Gross	Net
Financials	36.7	-4.4	41.1	32.3
Industrials	26.6	-7.4	34.0	19.2
Energy	22.9	-2.2	25.1	20.7
Consumer Staples	15.1	-3.8	18.9	11.3
Materials	11.9	0.0	11.9	11.9
Consumer Discretionary	4.5	-7.0	11.5	-2.5
Healthcare	1.4	-0.9	2.3	0.5
Communications	0.0	-10.0	10.0	-10.0
Other	0.0	-13.4	13.4	-13.4
Total	119.1	-49.1	168.2	70.0

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 30 September 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
Depository	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

This is a marketing communication and it is not intended to be viewed as a piece of independent investment research.

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It does not constitute an offer to sell or an invitation to buy or invest in any of the securities or funds mentioned herein and it does not constitute any personal recommendation or investment taxation or any other advice. The tax treatment of an investment in any of the securities or funds mentioned herein depends on the individual circumstances of each investor and may be subject to change in the future. The information and any opinions have been obtained from or are based on sources believed to be reliable, but accuracy cannot be guaranteed.

The capital you invest is at risk and you may lose some or all the money you invest. Past performance does not guarantee future results and the value of all investments and the income derived from them can decrease as well as increase.

Investments that have an exposure to currencies other than the base currency of the Fund may be subject to exchange rate fluctuations. This communication and the information contained therein is a financial promotion for the purposes of the Financial Services and Markets Act 2000 of the United Kingdom and the rules of the FCA. The distribution of this communication may, in some countries, be restricted by law or regulation. Accordingly, anyone who comes into possession of this communication should inform themselves of and observe these restrictions. Argonaut Capital Partners is not liable for a breach of such restrictions or for any losses relating to the accuracy, completeness or use of information in this communication, including any consequential loss.

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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. It is not suitable for Retail Investors. Yealand Fund Services is the Authorised Corporate Director (ACD) of YFS Argonaut Funds and is authorised and regulated by the Financial Conduct Authority. Registered office: Fountain Suite B, Lynch Wood Park, Lynch Wood, Peterborough, Cambridgeshire, PE2 6FZ.

Investors should refer to the Key Investor Information Document (KIID) and Supplementary Information Document (SID) before investing. For a copy, please telephone Yealand Fund Services on 01733 316 100 or visit www.argonautcapital.co.uk. Alternatively write to Yealand Fund Services – Argonaut, Fountain Suite B, Lynch Wood Park, Lynch Wood, Peterborough, Cambridgeshire, PE2 6FZ. 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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