

VT Argonaut Absolute Return



Fund Commentary

TRUMP: I just won two club championships, not even senior. Two regular club championships. To do that, you have to be quite smart, and you have to be able to hit the ball a long way. And I do it. He doesn't do it. He can't hit a ball 50 yards. He challenged me to a golf match. He can't hit a ball 50 yards.....

BIDEN: Look, I'd be happy to have a driving contest with him. I got my handicap, which, when I was vice president, down to a 6.

BIDEN: And by the way, I told you before I'm happy to play golf if you carry your own bag. Think you can do it?

TRUMP: That's the biggest lie that he's a 6 handicap, of all.

BIDEN: I was 8 handicap.

TRUMP: Yeah.

BIDEN: Eight, but I have – you know how many...

TRUMP: I've seen your swing, I know your swing

US Presidential Debate, CNN, June 27th 2024

The Fund returned -1.48% over June compared with the IA Targeted Absolute Return sector which returned +0.3% and the Lipper Global Alternative Long/Short Equity Europe sector return of -0.7%. The correlation to the market was -0.43 whilst monthly annualised daily volatility was 8.1% (vs. market 10.5%).

The Fund returned -2.3% in its long book and made +0.8% from its short book. The best performing longs were cruise liner owner/operator Carnival (+22%), ride hailing operator Uber (+13%) and online retailer/webservice behemoth Amazon (+10%). The worst performing long was Builders FirstSource (-13%).

The best performing shorts were hydrogen outfit Nel (-28%) Swedish wind operator Orron (-22%) and French testing company Eurofins (-20%). The worst performer was cash burning electric truck operator Rivian (+24%).

During the month, the ECB cut its main deposit rate to 3.75% (from 4.0%), the SNB its policy rate to 1.25% (from 1.5%) and the Bank of Canada its overnight lending rate to 4.75% (5.0%). Even though UK inflation has now fallen back to its 2% target, the BOE was on hold at 5.25% but a quarter point cut is now expected at the next meeting, conveniently post-election, in August.

The Federal Reserve was also on hold at 5.5% but even after a strangely hawkish FOMC the market moved to price in 2 (previously 1 ½) 25bps cuts from the Fed beginning in September (November).

Key Performance Numbers

-1.5%	Monthly performance
9.7%	Year-to-date performance
12.8%	5-year CAGR (net of fees)
-0.4	5-year correlation to European equities*

As at 30-Jun-24. *Euro Stoxx NR Index. Past performance is not a reliable indicator of future results.

Key Fund Details†

GBP I	341.75
GBP A	306.50
GBP R	290.85
USD I	195.77
EUR I	275.84

Fund AUM (£m)	206m
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 £ 1 share class.

†Valu-Trac, Bloomberg & Morningstar, calculation on a NAV basis with net income reinvested. All data shown as at 30 June 2024

Recent stock market leadership has been narrowly focused on technology and specifically “Artificial Intelligence”. It seems to us that when most people talk about the current possibilities of “AI” they are confusing the advances in processing power allowing computers to look for correlations in vast quantities of data, with the human ability to offer explanations based on causation.

The nonetheless impressive technological advances together with fear of being left behind, mean that most businesses and governments understandably want a dog in the fight, fuelling a boom in semiconductor content (not just GPU’s but also memory) even though the actual pace of true AI innovation may ultimately disappoint.

Politics were again centre stage. French stocks significantly underperformed. Following a disastrous showing in European elections, French President Macron called an early parliamentary vote. With right-wing anti-EU National Rally “winning” the first-round of elections on June 30th but expected to fall short of an overall majority, it seems likely that Macron may instead choose to coalesce with the anti-capitalist left-wing New Popular Front, which in our non-consensual opinion, may not prove a better outcome for the French economy or markets.

By contrast, based on the expectation of a similar fiscal regime, the market remains relatively sanguine at the prospect of the first Labour government in the UK since 2010. We have suggested this is naïve considering: the economic illiteracy of a 100% “renewable grid” by 2030; an agenda which under scrutiny promises to hijack the defined contribution pension system to support “industrial policy”; and its intention to introduce several “anti-supply side” reforms that will “empower” workers and thereby shift more risk to business owners and entrepreneurs. Nevertheless, there could well be a short honeymoon period post-election based on the BOE finally finding some belated enthusiasm for rate cuts.

We were amused to see the first televised US Presidential debate focus amongst other things on which candidate was the better golfer. In response to 78-year-old former President Trump’s boast that he had recently won two club championships, 81-year-old President Biden challenged his adversary to a match, claiming he had previously gotten his handicap down to 6 (or was it 8?). With Trump’s handicap last officially noted as just 2.5 (USGA June 2021), this would imply that both candidates can shoot a score regularly below their age (a feat achieved by a fraction of 1% of all golfers).

In the event of another disputed election outcome, perhaps a pay-per-view winner-takes-all golf match, including trash-talking, could be an elegant tie-breaking solution to determine the next President of the United States?

Barry Norris

Argonaut Capital
July 2024



VT Argonaut Absolute Return



PERFORMANCE (%)

	1M	3M	1YR	3YR	5YR	YTD	ITD	ITD CAGR
Argonaut AR Fund	-1.5	-1.9	27.6	56.8	82.9	9.7	241.8	8.5
EURO STOXX NR	-2.7	-1.9	11.5	19.5	49.0	7.9	220.5	8.0
IA Targeted Absolute Return	0.3	1.1	8.3	10.5	21.4	3.8	99.8	4.2

DISCRETE YEARLY PERFORMANCE (%)

	1-year to	30 Jun 20	30 Jun 21	30 Jun 22	30 Jun 23	30 Jun 24
Argonaut AR Fund		22.8	-5.0	26.9	-3.2	27.6
EURO STOXX NR		-4.5	30.6	-13.3	23.6	11.5
IA Targeted Absolute Return		0.9	8.4	-0.4	1.9	8.3

KEY STATISTICS SINCE INCEPTION

Annualised Net Return	8.5
Annualised Volatility	12.7
Correlation vs. European equities	-0.1
Annualised Long Alpha	3.8
Annualised Short Alpha	7.5
Best Month	15.0
Worst Month	-10.8
Average ROIC	13.1
Upside Capture	18.9
Downside Capture	-25.3

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							9.7	0.2	1.9	10.1	2.1
	CAGR Since Inception												8.5	-0.1	13.1	12.7	0.4

Source: Argonaut Capital Partners, Bloomberg & Morningstar as at 30-Jun-24. All performance data above refers to VT 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. Standard Deviation calculated by annualising monthly returns in base currency. Correlation, Standard Deviation and Sharpe figures for 2024 YTD are calculated using daily returns. The VT 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
Hafnia Ltd	6.4%
Torm Plc	6.3%
Eramet	6.0%
Rheinmetall AG	5.0%
Western Digital Corp.	4.9%

MARKET CAP BREAKDOWN

	LONG	SHORT
>\$50bn	24.0%	-3.0%
\$20-50bn	20.7%	-4.8%
\$5-20bn	28.4%	-13.4%
\$1-5bn	29.1%	-12.8%
<\$1bn	0.9%	-4.5%

FUND EXPOSURES

	% NAV
Long Exposure	103.1%
Short Exposure	-38.5%
Gross Exposure	141.6%
Net Exposure	64.6%
Beta Adj. Net Exposure	-0.43%

TOP 5 SHORT POSITIONS

	% NAV
Materials	-1.6%
Financials	-1.6%
Industrials	-1.6%
Consumer Discretionary	-1.6%
Industrials	-1.5%

DAYS TO LIQUIDATE

	% PORTFOLIO
Less than 1 day	85.0%
1-5 days	14.9%
More than 5 days	0.1%

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

OTHER

# of long positions	45
# of short positions	39

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 (%)

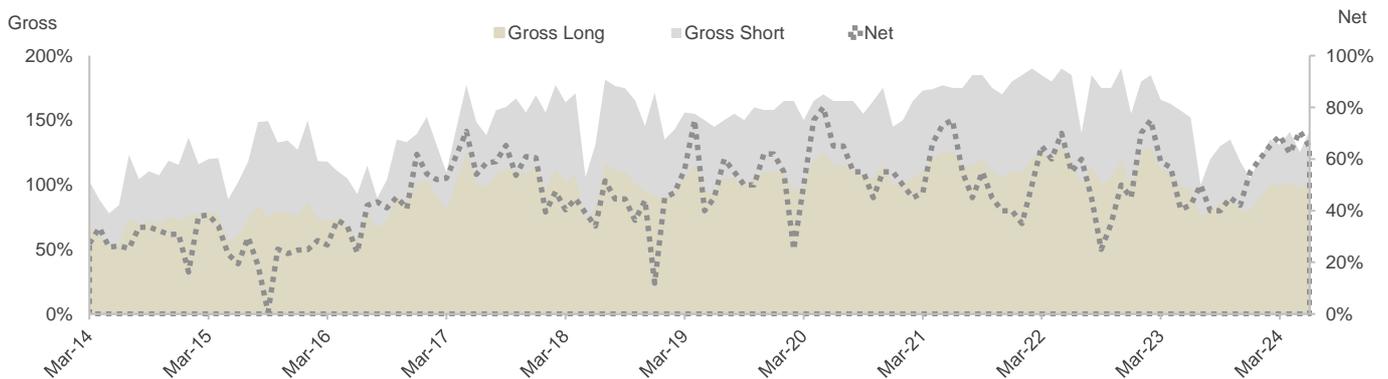
Country	Long	Short	Gross	Net
United States	48.4	-16.0	64.4	32.4
Norway	14.4	-1.4	15.8	13.0
United Kingdom	8.1	-0.6	8.7	7.5
Germany	6.4	-2.6	9.0	3.8
Denmark	6.3	-2.5	8.8	3.8
Greece	6.1	0.0	6.1	6.1
France	6.0	-5.2	11.2	0.8
Hungary	4.1	0.0	4.1	4.1
Other	3.3	-10.2	13.5	-6.9
Total	103.1	-38.5	141.6	64.6

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

EQUITY EXPOSURE BY SECTOR (%)

Industry	Long	Short	Gross	Net
Energy	18.2	0.0	18.2	18.2
Information Technology	17.1	-2.2	19.3	14.9
Materials	17.0	-3.8	20.8	13.2
Financials	15.3	-6.9	22.2	8.4
Consumer Discretionary	14.7	-6.0	20.7	8.7
Utilities	9.0	-4.6	13.6	4.4
Industrials	9.0	-8.0	17.0	1.0
Consumer Staples	2.8	0.0	2.8	2.8
Other	0.0	-7.0	7.0	-7.0
Total	103.1	-38.5	141.6	64.6

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 June 2024.

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	IMEAAG 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	1.56%	0.81%	0.81%	0.81%	0.81%
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)	Valu-Trac Investment Management
Prime Broker	UBS
Auditor	Johnston Carmichael LLP
Custodian	Caceis
Depositary	NatWest Trustee & Depository Services
Accountant	Valu-Trac Investment Management
Legal Counsel	CMS

FUND OVERVIEW

Objective: the VT 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.

IMPORTANT INFORMATION

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Don't invest unless you're prepared to lose all the money you invested. This is a high-risk investment and you are unlikely to be protected if something goes wrong. [Take 2 mins to learn more.](#)

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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. 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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