

## Fund Factsheet

# Argonaut Pan European Alpha

At 31 January 2018

Barry Norris

Lead Fund Manager

Greg Bennett

Deputy Fund Manager



## Investment team

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

## Fund aim

To achieve above average returns and attempt to perform a top quartile profile when measured against competing funds in the same sector.

## Fund overview

Launch date	16 December 2005 (EUR I Acc Class)
Fund size	€9.7m
No. of holdings	31
Sedol codes Euro	A (Acc) - B-055-SG8 A (Dist) - B-055-SH9 I (Acc) - B-055-S80 I (Dist) - B-055-S91
ISIN Euro	A (Acc) - IE00B055SG80 A (Dist) - IE00B055SH97 I (Acc) - IE00B055S800 I (Dist) - IE00B055S917
Bloomberg Euro	A (Acc) - BRAEAAA A (Dist) - RAEALAD I (Acc) - BRAEAIA I (Dist) - BRAEIID
Valor Euro	A (Acc) - 2421361 A (Dist) - 2421353 I (Acc) - 2388590 I (Dist) - 2388596
Ongoing Charge (as at 17/02/17)	I Class Shares - 1.13% A Class Shares - 1.87%
Base Currency	Euro
XD/Payment Dates	15.05/31.05
Dealing Time	11am (Dublin Time)
Index	MSCI Pan Euro

All information as at 31/01/18 unless otherwise stated and measured against the fund's benchmark index. Quoted in Euros.

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

## Fund Commentary

The fund returned +3.53% over the month, compared to its sector median of +1.91% and the MSCI Pan European index of +1.62%.<sup>1</sup>

Our biggest winner over the month was UK security software outfit Sophos (+14%) which bounced back following a clumsy placing of shares. Notable other winners included Russian blue-chip financial Sberbank (+15%) which continued to rise on heightened profit and dividend expectations, and French miner Eramet (+15%) for which future profit estimates continue to be upgraded on prospects for nickel and lithium demand.

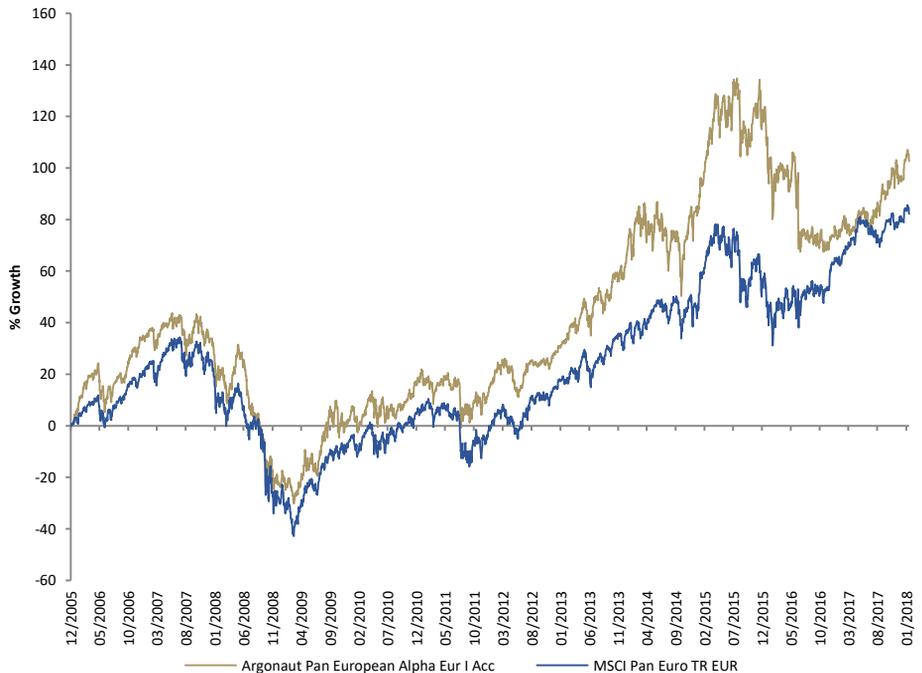
The most notable macro feature of the month was the steepening of sovereign yield curves in the US and Europe. We see central banks carefully withdrawing stimulus but contingent on the global economy continuing to demonstrate robust growth. However, we think steepening yield curves are currently benign for equity markets: it reflects positive economic activity and lower risk premiums in global financial markets and this is why it is coinciding with a weaker US dollar and strong commodities. We would become concerned if a hawkish Fed resulted in a strong US dollar and a withdrawal of global liquidity, negatively impacting marginal assets such as EM and commodities.

Moreover, we think that a rising discount rate for European equities can currently be offset by lower risk premiums and an easier macro environment for corporate profit growth. The near-term outlook for negatively yielding assets in the European bond market (or indeed bond proxy equities) is not so benign. However, with the re-rating of the European equity market now likely behind us, future returns will probably need to come from genuine corporate earnings surprise rather than richer valuations.

Whilst the reflationary macro trade has generally had a good start to the year, we are unsure if it will be a consistent winner throughout the year. We are therefore avoiding significant or binary macro bets, preferring instead to focus on the abundant opportunities for earnings surprise which should also result in risk being well-diversified. Certainly, in comparison to the previous decade, the European macro environment would seem very benign and as a result market volatility and stock correlations are low. This is a very favourable environment for a stock-picking strategy focusing on alpha rather than beta.

<sup>1</sup> Lipper 31/01/2018, I Accumulation share class performance, in EUR with net income reinvested and no initial charges.

## Performance



€	Cumulative					Since Launch	Calendar				
	1 Month	3 Month	1 Year	3 Year	5 Year		2017	2016	2015	2014	2013
<b>Fund</b>	3.5	2.1	16.9	3.7	53.3	102.6	12.9	-22.5	22.0	10.3	29.2
<b>Sector</b>	1.8	0.4	11.9	15.8	50.4	54.6	10.0	0.2	10.5	5.3	18.4
<b>MSCI Pan Euro</b>	1.6	0.3	12.5	16.0	54.5	82.3	9.9	3.7	7.3	7.0	19.7
<b>Quartile Rank</b>	1	1	1	4	2	1	1	4	1	1	1

Source: Lipper 31/01/18, EUR I Accumulation share class performance, in Euros with net income reinvested and no initial charges. The sector is the Lipper Global Equity Europe quoted in Euros. **Past Performance is not a guide to future performance.** The value of units and any income from them may fall as well as rise and is not guaranteed.



# Argonaut Pan European Alpha

At 31 January 2018

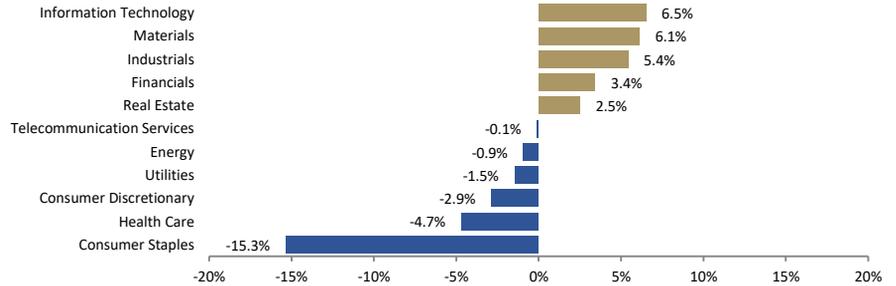
Top Five holdings	Fund %
TCS Group	4.9
Novo Nordisk	4.9
Sberbank	4.7
RHI	4.4
Porsche	4.3

Country Breakdown	Fund %
Russia	14.5
United Kingdom	14.2
Netherlands	11.8
Germany	10.4
Denmark	8.7
France	7.1
Italy	6.9
Switzerland	6.0
Hungary	5.0
Spain	4.2
Ireland	4.0

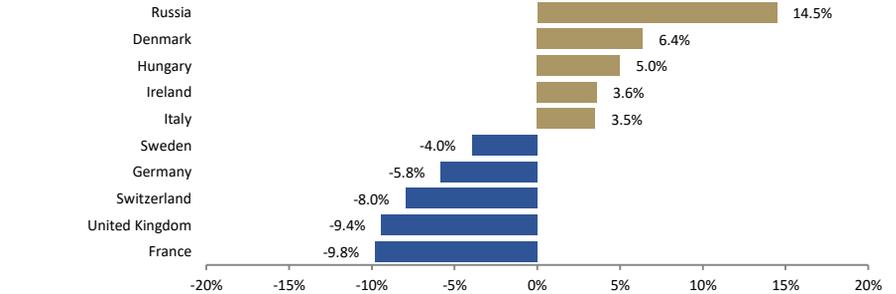
Market Cap	Fund %
Mega Cap > €20bn	24.8
Large Cap €5bn – €20bn	24.0
Mid Cap €1bn – €5bn	46.0
Small < €1bn	3.9
Cash	1.4

## Active Positions – top over/underweights Fund vs. Index

### Sector



### Country



Risk Analysis	Since Launch	5 Year	1 Year
Beta	0.89	0.93	0.32
Standard Deviation (%)	15.62	14.38	7.75
Tracking Error	9.14	9.83	8.97
Jensen's Alpha	1.48	1.02	12.59
Sharpe Ratio	0.36	0.67	2.11
Information ratio	0.11	0.02	0.44

Source: Lipper, all figures at 31/01/18, these figures are subject to rounding. Tracking error is calculated ex post. Figures are based on the EUR I Acc share class.

Source: Argonaut Capital Partners, all figures at 31/01/18, these figures are subject to rounding.

## Dealing Contact:

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Visit: [www.argonautcapital.co.uk](http://www.argonautcapital.co.uk)

Telephone calls may be monitored and/or recorded for the purpose of security, internal training, accurate account operation, internal customer monitoring and to improve quality of service.

Other IISNs for this fund:

IE00B055S112 IE00B055SC43  
IE00B055SK27 IE00B6457T03

You should be aware that features of the Argonaut Pan European Alpha Fund means that the investment risk may be higher than other investment funds due to its concentrated portfolio of 30-60 stocks. The value of your investment and the income from it can go down as well as up, it may be affected by exchange rate variations. The use of independent ratings is not a recommendation to buy and is not a guide to future returns. Please refer to the Key Investor Information Document (KIID) for further details.

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Subscriptions in the Fund are only valid if made on the basis of the current Prospectus, the Supplement to the Prospectus, the most recent financial reports and the Key Investor Information Document (KIID) which are available on our website [www.argonautcapital.co.uk](http://www.argonautcapital.co.uk). UK based investors should read the KIID in conjunction with the Supplementary Information Document (SID) before investing with us. Argonaut Capital Partners are responsible for the distribution of the Argonaut Pan European Alpha Fund.

Tax assumptions and reliefs depend upon an investor's particular circumstances and may change if those circumstances or the law change. Potential investors must consult their financial & tax advisers before purchasing or selling shares in the Fund.

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