Fund Factsheet

FP Argonaut European Alpha

At 30 June 2019

Barry Norris
Lead Fund Manager

Greg Bennett
Co-Fund Manager

Investment team

Barry Norris founded Argonaut in 2005 and manages the FP Argonaut 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

Sector	IA Europe ex UK
Launch date	12 May 2005 (GBP A Acc) 6 December 2005 (GBP I Acc) 16 July 2012 (GBP R Acc)
Fund size	£68.4m
Share class	Class A/Class R/Class I
No. of holdings	32
Sedol codes	A (Acc) – B4ZRCD0 R (Acc) – B7MW8T7 I (Acc) – B76L737
Bloomberg	A (Acc) – IMAEAAG LN R (Acc) – IMAERAG LN I (Acc) – IMAEIAG LN
ISIN	A (Acc) – GB00B4ZRCD05 R (Acc) – GB00B7MW8T72 I (Acc) – GB00B76L7377
Initial charge	5.25% (A Class Shares)
Ongoing charge GBP (as at 18/02/19)	A Acc Class Shares – 1.96% R Acc Class Shares - 0.96% I Acc Class Shares - 0.96%
Minimum investment	£500 (A Class Shares)
Minimum top up	£250 (A Class Shares)
Regular savings scheme	Yes (A Class Shares)
ISA option available	Yes (A Class Shares)
XD/Payment dates	01.03/30.04, 01.09/31.10

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

All information as at 30/06/2019, unless otherwise stated and measured against the fund's benchmark index.

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

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

Fund Commentary

The fund returned +6.46% over the month, compared to the IA Europe ex UK sector median of +6.45% and the MSCI Europe ex UK index return of +6.32%.[1]

Our biggest winner was French semiconductor outfit Soitec (+30%), which rose strongly following a very bullish CMD in which they gave confident forecasts for future growth that would seem to be based on design wins rather than any speculative pick-up in general industry momentum. Spanish blood-plasma company Grifols (+15%) also reacted positively to communication around long term growth prospects, although we believe its potential opportunity in the treatment of Alzheimer's continues to be largely unnoticed by the market. Russian energy behemoth Gazprom (+10%) also continued to re-rate following positive communications around its dividend policy, capital allocation and corporate governance.

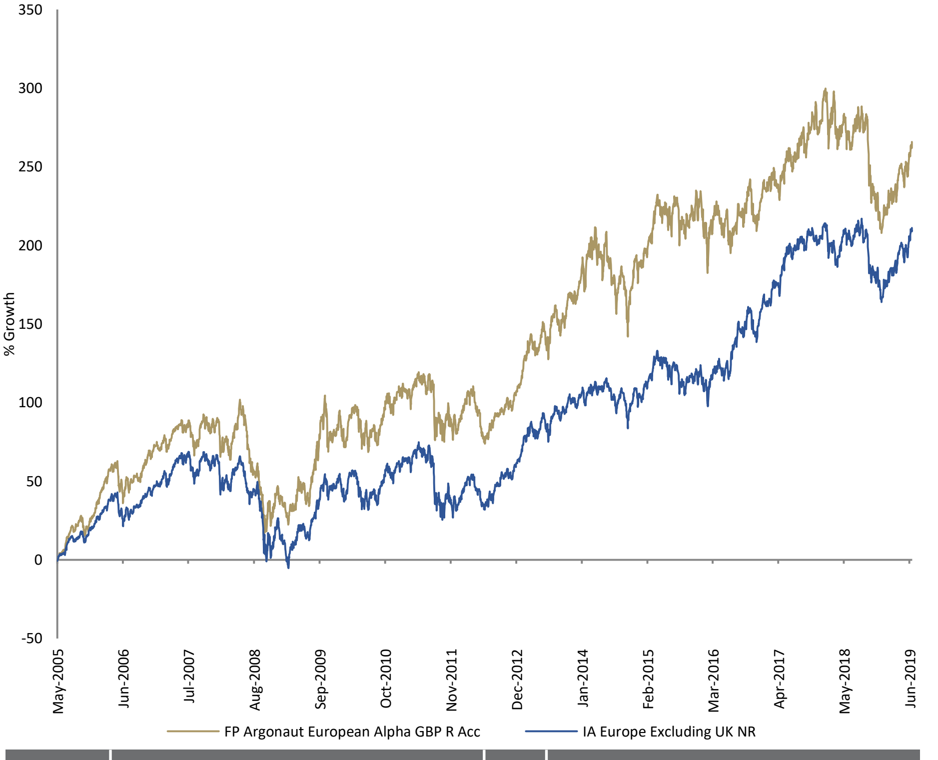
During the month, US Federal Reserve officials appeared to give notice of a potential interest rate cut at the July FOMC, with the bond market already pricing in 50bps by year end. The ECB's Draghi also refused to rule out further rate cuts from the ECB. At the G20 President Trump and President Xi agreed to resume trade talks with the US offering an olive branch of allowing the blacklisted Telecom giant Huawei to continue to source from US suppliers for non-networking hardware. In the UK, Tory leadership frontrunner Johnson outlined his plans for a potential pre-Brexit budget, including significant tax reform. The oil price firmed on rising tension in the Middle East with Iran accelerating its nuclear programme and appearing to attack two oil tankers in the Strait of Hormuz.

The escalation of global trade tensions means that it is now probable that Chinese industrial production will suffer a "double dip" recession. It also means that the German industrial complex is unlikely to see the previously expected H2, recovery whilst continuing Brexit tensions will likely weigh on European domestic growth.

In the Eurozone, investors now pay 37bps to hold the German 10-year bund. Remarkably, every Eurozone sovereign apart from Italy and Greece has negatively yielding 5-year bonds. Over 30% of all outstanding global bonds have negative yields. No doubt some see this as a signal of impending economic doom. However for us this the single most important indicator of how low the bar now is for European equities as an asset class and a reminder of how, in contrast to Q4 2018 when central banks were hawkish, global liquidity is likely to remain supportive of the overall market level despite the economic gloom.

[1] Lipper 30/06/2019, R Accumulation share class performance, in GBP with net income reinvested and no initial charges.

Performance



£	Cumulative						Since Launch	Calendar					
	1 Month	3 Month	YTD	1 Year	3 Year	5 Year		2018	2017	2016	2015	2014	2013
Fund	6.5	9.8	17.4	0.0	21.7	28.1	265.7	-17.9	14.9	-1.0	16.1	4.0	31.7
Sector	6.4	8.7	16.6	3.1	37.4	49.8	211.1	-12.4	17.4	16.8	9.3	-0.8	26.0
Quartile Rank	2	2	2	4	4	4	1	4	3	4	1	1	1

Source: Lipper 30/06/2019, Date from the 12th May 2005 – 16th July 2012 A class and 16th July 2012 – 30th June 2019 reflects class R units, in Sterling with net income reinvested and no initial charges. The sector is the IA Europe ex UK NR quoted in Sterling.

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

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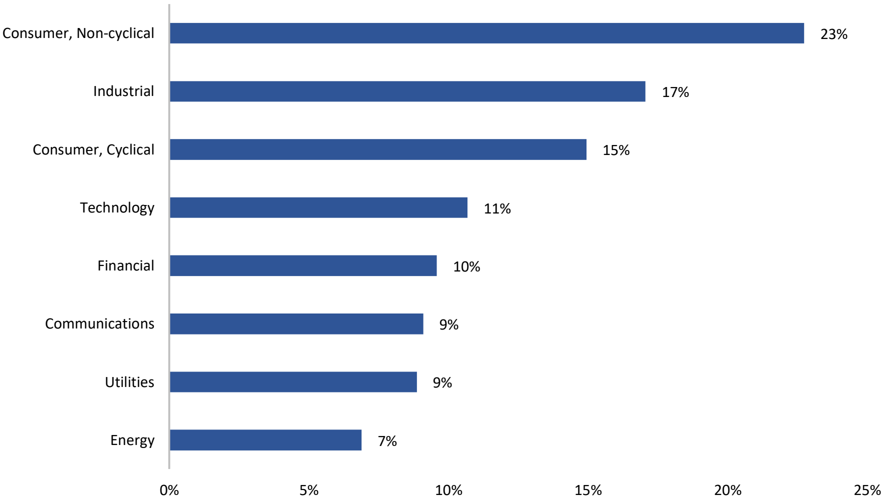
At 30 June 2019

Top Five holdings	Fund %
INWIT	9.1
Edenred	8.9
Grifols	6.9
Naspers	5.6
Soitec	5.1

Country Breakdown	Fund %
Spain	16.8
France	13.9
Italy	12.1
Netherlands	6.9
Norway	6.7
Germany	6.4
South Africa	5.6
Russia	5.6
Portugal	5.4
Denmark	5.0

Market Cap	Fund %
Mega Cap > €20bn	16.0
Large Cap €5bn – €20bn	63.8
Mid Cap €1bn – €5bn	18.2
Small < €1bn	1.9
Cash	0.2

Sector Weights



Risk Analysis	Since Launch	5 Year	1 Year
Beta	0.87	0.89	1.18
Standard Deviation (%)	16.73	12.47	16.90
Tracking Error	8.50	7.31	6.68
Jensen's Alpha	2.40	-1.88	-7.74
Sharpe Ratio	0.51	0.41	0.03
Information Ratio	0.18	-0.37	-0.97

Source: Lipper, all figures at 30/06/2019, these figures are subject to rounding. Date from the 12th May 2005 – 16th July 2012 A class and 16th July 2012 – 30th June 2019 reflects class R units. Tracking error is calculated ex post.

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Source: Argonaut Capital Partners, all figures at 30/06/2019, these figures are subject to rounding.

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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 ISINs for this fund:

GB00B6TQCC60	GB00B6T6S066
GB00B5LJR434	GB00B6VYPP25
GB00BVYPB156	GB00B7JXMD51
GB00B76L7377	GB00B4ZRCD05

Glossary

Information Ratio: a risk-adjusted measure of fund performance relative to a benchmark; the higher the number, the more risk-adjusted outperformance the fund has generated.
Jensen's Alpha: a measure of a fund's outperformance of a benchmark over a given period. Jensen's Alpha is used to evaluate the contribution of active management – higher alpha means better fund performance.
Tracking Error: measures the deviation of fund performance from benchmark performance. Funds with a high tracking error have historically deviated more from their benchmark, and vice versa.
Beta: a measure of the sensitivity of fund performance relative to changes in the market. A fund with a beta of one tends to experience movement in line with the market. A beta higher than one suggests the fund will go up by more than the market when it rises, but go down more when the market falls. A beta less than one will go up by less than a rising market, but fall less when the market is down.
Standard Deviation: shows how much variation in return exists from the average. The lower the standard deviation the less variation from the average.
Sharpe ratio: a measure of the excess return per unit of deviation in an investment asset or a trading strategy. The higher the figure means the excess return generated from the increase in risk undertaken.