

## Fund Factsheet

# VT Argonaut European Alpha

At 31 May 2021

Barry Norris  
Fund Manager



Barry Norris founded Argonaut in 2005 and manages the VT 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.

## 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	£40.1
Share class	Class A/Class R/Class I
No. of holdings	37
Sedol codes	A (Acc) – B4ZRC00 R (Acc) – B7MW8T7 I (Acc) – B76L737
Bloomberg	A (Acc) – IMAEAAG LN R (Acc) – IMAERAG LN I (Acc) – IMAEIAAG LN
ISIN	A (Acc) – GB00B4ZRC005 R (Acc) – GB00B7MW8T72 I (Acc) – GB00B76L7377
Initial charge	0.0%
Ongoing charge GBP (as at 5/02/21)	A Acc Class Shares – 1.81% R Acc Class Shares – 0.81% I Acc Class Shares – 0.81%
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 31/05/2021, 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

*"We are in a moment here in the United States in which the economy is booming...It's time for real investors to start to move money to where companies are making money...And we are starting to trade at the multiples that are absolutely absurd, absolutely ridiculous"*

**Laurenco Goncalves, Chairman and CEO, Cleveland Cliffs, April 2021**

The fund returned -0.01% over May, compared with the IA Europe ex UK sector which returned +1.59%.

The fund's best performer was blue-chip Hungarian bank OTP (+18%) spurred on by the prospect accelerating economic growth, lower risk provisions and higher interest rates across its leading Eastern European franchise. Deutsche Post (+16%) also rose strongly, its modest valuation a contrast to its booming parcel and air freight volumes. Italian conglomerate CNH (+13%) continued to benefit from strong demand for agricultural equipment.

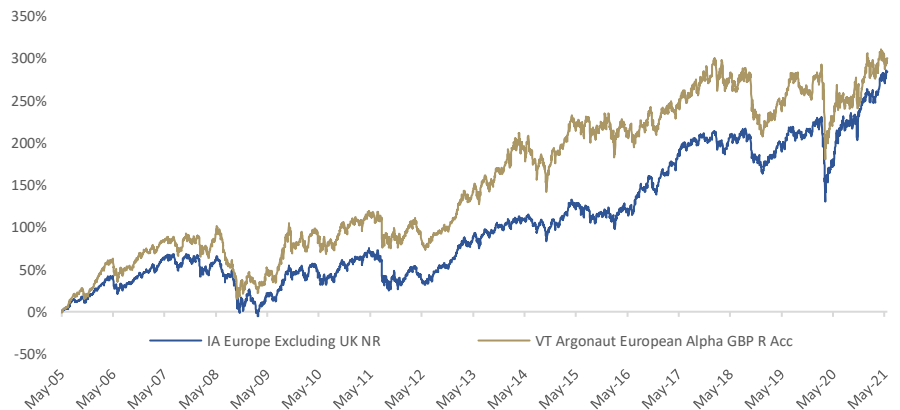
May saw a further pause in the global reflation trade on the argument that peak US liquidity and peak US growth are now behind us. China introduced measures to curb financial speculation in commodities, though incremental real economic global demand remains robust and supply disciplined. The bond market looked through high headline rates of inflation (US CPI of 4.2% and PPI of 6.2%) with the 10-year Treasury yield anchored at 1.6%, endorsing Fed Chairman Powell's view of inflationary pressures as "transitory". Fed mumblings around the timing of

scaling back the \$120bn a month of asset purchases were also absorbed.

Do we sell our cheap cyclical and commodity stocks and buy expensive secular growth stocks and bonds irrespective of the degree of deceleration in liquidity and economic growth? Is the global economy reverting to fiscal austerity and anaemic nominal growth or - as we have argued - are we in a new post-COVID macro regime with Biden's fiscal largesse supported by a pro-inflation Federal Reserve? We may now be past the easiest year-on-year growth comparisons but are we in a different kind of cycle?

Our conviction that we might witness a multi-year bull market in cyclicality and commodities and a bear market in secular growth and bonds - a la 2000-2007 - has increased (the recent pause a reflection only of its non-linear nature). We are witnessing booms in homebuilding, mining, steel, agriculture, transportation, and semi-conductors which is very modestly priced with the market concerned about duration. The surprise will be how long the supply side takes to increase production to meet incremental demand.

The current capital cycle is now long in the tooth. There has been too much capital raised at nosebleed valuations by ironically similar looking "disruptive business models" chasing the same profitless sales. More recently, retail investors have taken the "valuations don't matter" growth investor mantra and applied this to cryptocurrency



Source: Lipper 31/05/2021, R Accumulation share class performance, in GBP with net income reinvested and no initial charges.

£	1 Month	3 Month	YTD	1 Year	3 Year	Since Launch	2020	2019	2018	2017	2016	2015	2014	2013
Fund	0.0	5.7	4.4	16.2	8.4	300.2	2.1	20.5	-17.9	14.9	-1.00	16.1	4.0	31.7
Sector	1.6	10.0	8.3	27.5	26.7	284.2	10.7	20.1	-12.4	17.4	16.8	9.3	-0.8	26
Quartile Rank	4	4	4	4	4	2	4	2	4	3	4	1	1	1

Source: Lipper 31/05/2021, Date from the 12<sup>th</sup> May 2005 – 16<sup>th</sup> July 2012 A class and 16<sup>th</sup> July 2012 – 31<sup>st</sup> May 2021 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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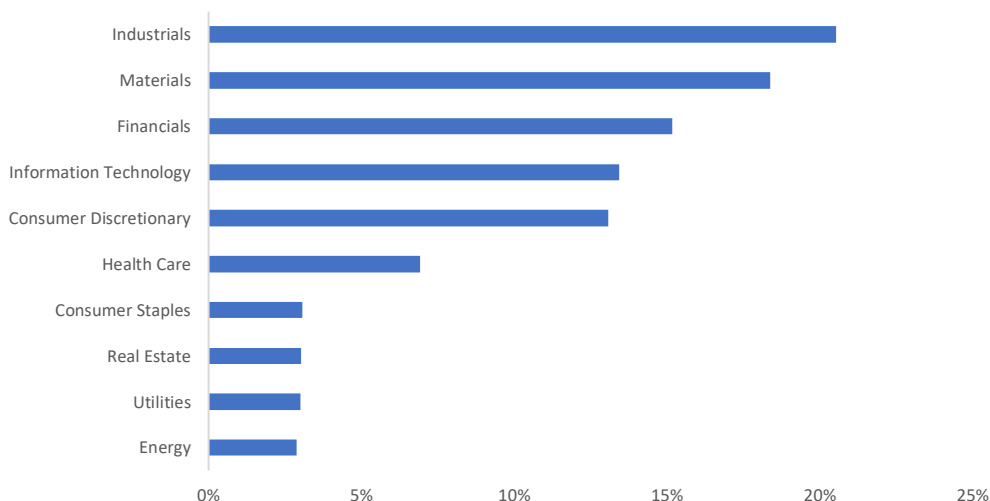
At 31 May 2021

Top Five holdings	Fund %
Deutsche Post	4.2
CNH Industrial	4.2
Glencore	4.1
Western Digital	4.0
OTP Bank	3.9

Country Breakdown	Fund %
United States	15.1
Germany	14.8
Russia	9.5
Italy	9.2
France	7.3
Belgium	6.2
Spain	6.2
United Kingdom	4.9
Other European	26.6

Market Cap	Fund %
Large Cap €5bn – €20bn	75.2
Mid Cap €1bn – €5bn	15.8
Small < €1bn	8.6
Cash	0.4

## Sector Weights



Risk Analysis	Since Launch	1 Year
Beta	0.9	0.5
Standard Deviation (%)	16.4	10.4
Tracking Error	8.6	10.7
Jensen's Alpha	1.8	3.7
Sharpe Ratio	0.5	1.5
Information Ratio	0.1	-0.8

Source: Lipper, all figures at 31/05/2021, these figures are subject to rounding. Date from the 12<sup>th</sup> May 2005 – 16<sup>th</sup> July 2012 A class and 16<sup>th</sup> July 2012 – 31<sup>st</sup> May 2021 reflects class R units. Tracking error is calculated ex post.

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Source: Argonaut Capital Partners, all figures at 31/05/2021, 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	GB00B4ZRC05

## 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.

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