

## Fund Factsheet

# FP Argonaut European Alpha

At 29 May 2020

Barry Norris  
Fund Manager



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.

## 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	£50.1m
Share class	Class A/Class R/Class I
No. of holdings	31
Sedol codes	A (Acc) – B4ZRCDD R (Acc) – B7MMV8T7 I (Acc) – B76L737
Bloomberg	A (Acc) – IMAEAG LN R (Acc) – IMAERAG LN I (Acc) – IMAEAG LN
ISIN	A (Acc) – GB00B4ZRCDD5 R (Acc) – GB00B7MMV8T72 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 29/05/2020, 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

"I probably took many of the decisions out of fear. Worst case scenarios became controlling, and we kept thinking, 'how can we be a leader?', Erna Solberg, Prime Minister of Norway, May 2020, recognising, with refreshing candour, how emotions and politics have motivated Western virus policy response.

"I take refuge beneath the impenetrable arch of probability", Raymond Poincare, President of France (1913-1920), demonstrating a now old-school, cool-headed, statistical response in his management of mortality risk from German aerial bombardment of Paris during WW1.

The fund returned +4.20% over May, compared with the sector average return of +7.91%.

During the month our biggest winner was food delivery platform Grubhub (+24%) which soared following a take-over approach by Uber. Russian miner Norilsk (+18%) and semiconductor names such as AMS (+18%) and Siltronic (+16%) were also strong. During the month there began a powerful rotation into YTD laggards which has subsequently gathered pace

Economies are now emerging from lockdown restrictions. The pace of normalisation is both patchy and ponderous; clouded by legacy propaganda and heightened political risk. Nevertheless, the direction of travel for now is only one-way: having witnessed unprecedented falls in business activity, we will now see near-term recovery. This is a different debate from the longer-term implications, which in any case are subject to greater forecasting uncertainty.

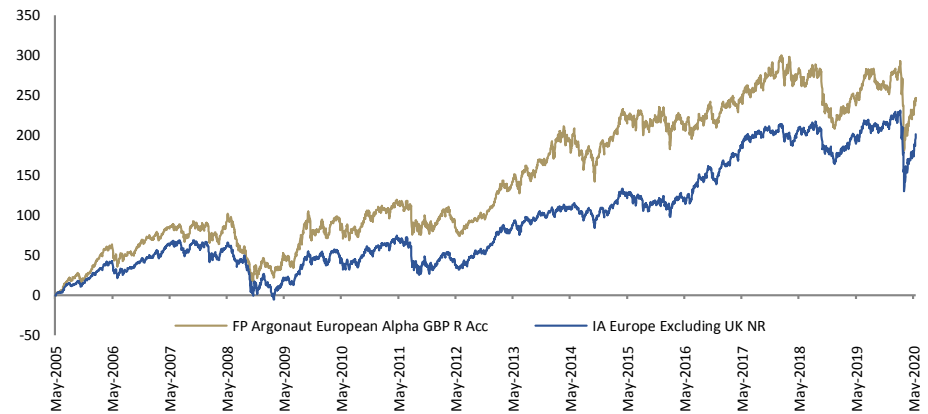
The initial stages of the stock market recovery focused on the "stay-at-home" winners.

The choreography now compels that market leadership rotates to stocks where recovery from lock-down at knock-down stock

prices becomes the new dominant narrative. This means that there will likely be a high degree of short-term reversion to the mean in terms of individual stock performance. In this "reflationary" stage of the economic cycle, downtrodden "value" which nowadays equates to "cyclicality" should see a strong bounce relative to longer duration "growth" stocks. It is also worth remembering that European stock indices shave a strong "value" bias and may therefore now catch-up with global benchmarks.

Since the market bottom in March we have continued to selectively add cyclicality. It is somewhat frustrating that having correctly predicted how the market would both recover and rotate (see Argonautica regular blogs for detail) and articulated this in what we believed to have been an aggressive re-positioning, the fund has not participated more fully in the recovery. This timidity has in part been due to scepticism about whether the market would so efficiently discount the truth about the virus (and lockdown). However, with greater visibility over the near-term direction of travel it is now time to more firmly grasp the recovery trade nettle.

<https://blog.argonautcapital.co.uk/articles/2020/03/26/locked-up-but-still-trading-the-argonaut-guide-to-surviving-the-war-on-wealth/>  
<https://blog.argonautcapital.co.uk/articles/2020/03/30/the-free-will-of-cavemen-herd-immunity-and-the-value-of-contrarian-truth/>  
<https://blog.argonautcapital.co.uk/articles/2020/04/17/the-rational-risk-taking-of-the-restless-caveman/>  
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<https://blog.argonautcapital.co.uk/articles/2020/05/11/the-expert-opinion-of-the-shaman-and-the-cavemans-search-for-truth/>



<sup>1</sup> Lipper 29/05/2020, 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	2019	2018	2017	2016	2015	2014	2013
Fund	4.2	-1.9	-8.2	0.3	-3.4	244.5	20.5	-17.9	14.9	-1.00	16.1	4.0	31.7
Sector	7.9	1.8	-6.0	3.0	1.8	201.1	20.1	-12.4	17.4	16.8	9.3	-0.8	26
Quartile Rank	4	4	3	3	3	2	2	4	3	4	1	1	1

Source: Lipper 29/05/2020, Date from the 12<sup>th</sup> May 2005 – 16<sup>th</sup> July 2012 A class and 16<sup>th</sup> July 2012 – 29<sup>th</sup> May 2020 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.



SAUREN  
FONDSMANAGER-RATING

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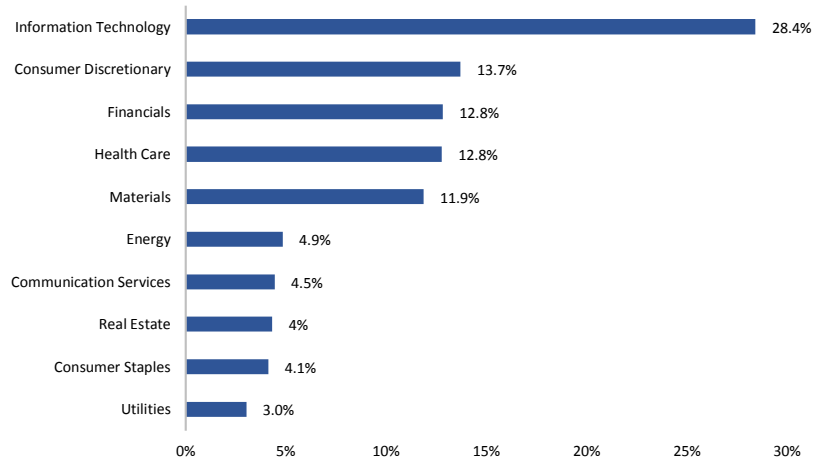
At 29 May 2020

Top Five holdings	Fund %
Siltronic AG	6.1
AMS AG	6.0
Eramet	6.0
MMC Norilsk Nickel	5.9
Mylan NV	5.9

Country Breakdown	Fund %
United States	19.2
Russia	15.0
Germany	11.1
Belgium	8.5
Italy	8.0
Austria	6.0
France	6.0
Spain	5.4
Other	20.8

Market Cap	Fund %
Large Cap €5bn – €20bn	64.4
Mid Cap €1bn – €5bn	21.4
Small < €1bn	14.2
Cash	0

## Sector Weights



Risk Analysis	Since Launch	1 Year
Beta	0.9	0.9
Standard Deviation (%)	16.7	17.4
Tracking Error	8.5	8.2
Jensen's Alpha	2.1	-0.8
Sharpe Ratio	0.5	0.1
Information Ratio	0.2	0.1

Source: Lipper, all figures at 30/04/2020, 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 – 29<sup>th</sup> May 2020 reflects class R units. Tracking error is calculated ex post.

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Source: Argonaut Capital Partners, all figures at 29/05/2020, these figures are subject to rounding.

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Other ISINs for this fund:

GB00B6TQCC60	GB00B6T6S066
GB00B5LJR434	GB00B6VYPP25
GB00BVYPB156	GB00B7JXMD51
GB00B76L7377	GB00B4ZRCDO5

## 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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This Fund is marketed to professional investors and eligible counterparties. Retail investors should seek further advice before investing. Investors should refer to the Key Investor Information Document (KIID) and Supplementary Information Document (SID) before investing. For a copy, please telephone FundRock Partners Ltd on 0844 620 0290 or visit [www.argonautcapital.co.uk](http://www.argonautcapital.co.uk). Alternatively write to FundRock Partners Ltd - Argonaut, PO Box 11954, Chelmsford, CM99 2DR.

The prospectus, KIIDs, the articles, the annual and semi-annual reports of the Fund may be obtained free of charge from the Swiss Representative. Swiss Representative: First Independent Fund Services Ltd., Klausstrasse 33, CH-8008 Zurich and Swiss Paying Agent: NPB New Private Bank AG, Limmatquai 1, am Bellevue, Postfach, CH-8024 Zurich.

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