



Annual Assessment of Value Statement as at 29 February 2024

VT Argonaut European Alpha Fund

Fund Information

Investment Manager:	Argonaut Capital Partners LLP
Authorised Fund Manager:	Valu-Trac Investment Management Limited (Valu-Trac)
Investment Objective:	The Fund aims to achieve returns (capital and income) in excess of the returns of the Investment Association (IA) Europe ex UK Sector over the long term (5 years).
Investment Policy:	The Fund will seek to achieve its objective by investing in a concentrated portfolio of approximately 30-60 stocks. The Fund will invest at least 80% in companies incorporated in countries in Europe. The Fund may also invest in companies that are headquartered or quoted outside Europe which derive a significant part of their business from Europe and whose securities are listed or traded on an eligible securities exchange. The Fund will not concentrate on any particular sector but will invest in a broad range of companies without regard to market capitalisation. The Fund may also invest in other equities, fixed interest, units in collective investment schemes, money market instruments and deposits. The Fund may also make use of certain financial contracts known as derivatives and forward transactions for the purpose of efficient portfolio management, including the use of hedging techniques and stock lending. It is not intended that the use of derivatives for efficient portfolio management purposes will increase the risk profile of the Fund.
AUM (£):	£18.9m
Fund Launch Date:	14/07/2012

Our assessment has been conducted against the seven criteria outlined by the FCA and the fund has been rated via the “traffic light” system. Where a fund may have more than one unit class, the rating shown for each of these seven criteria, at a total fund level, may be thought of as being as being an average rating, based upon the rating for each unit class, and according to the relative split of fund assets, between unit classes. The overall rating for the fund will generally be a simple average of these seven criteria, taken at the total fund level. This has been summarised within the table, below:

VT Argonaut European Alpha Fund	AUM (%)	Quality of Service	Performance	AFM costs - general	Economies of scale	Comparable market rates	Comparable services	Classes of units	Overall
Overall	100.0%	G	R	G	G	A	G	A	A
A Accumulation GBP	15.6%	G	R	R	G	R	G	R	R
A Income GBP	0.2%	G	R	R	G	R	G	R	R
I Accumulation GBP	9.4%	G	R	G	G	A	G	G	A
I Income GBP	3.9%	G	R	G	G	A	G	G	A
R Accumulation GBP	63.4%	G	R	G	G	A	G	G	A
R Income GBP	5.5%	G	R	G	G	A	G	G	A
I Accumulation GBP (H)	1.6%	G	R	G	G	A	G	G	A
A Accumulation EUR	0.0%	G	R	R	G	R	G	R	R
I Accumulation EUR	0.4%	G	A	G	G	A	G	G	A

The table below shows the overall summary for the previous assessment i.e. carried out as at 29 February 2023:

VT Argonaut European Alpha Fund	AUM (%)	Quality of Service	Performance	AFM costs - general	Economies of scale	Comparable market rates	Comparable services	Classes of units	Overall
Overall	100.0%	G	R	A	G	A	G	A	A
A Accumulation GBP	48.3%	G	R	R	G	R	G	R	R
A Income GBP	0.9%	G	R	R	G	R	G	R	R
I Accumulation GBP	9.3%	G	R	G	G	A	G	G	A
I Income GBP	3.7%	G	R	G	G	A	G	G	A
R Accumulation GBP	34.0%	G	R	G	G	A	G	G	A
R Income GBP	2.9%	G	R	G	G	A	G	G	A
I Accumulation GBP (H)	0.7%	G	R	G	G	A	G	G	A
A Accumulation EUR	0.0%	G	R	R	G	R	G	R	R
I Accumulation EUR	0.2%	G	R	G	G	A	G	G	A

The 2023 assessment used previous criteria that has since been updated as described above, and therefore the results for 2023 are not directly comparable with the updated 2024 assessment.

Previous Remedial Actions

- Performance
 - Assessed as Red:
 - The AFM will continue to monitor performance trends and, where appropriate, will work with the Investment Manager to ensure the Fund is well positioned to perform in line with both its objectives and any performance comparator or benchmark.
- AFM Costs - General
 - Assessed as Amber:
 - The AFM will continue to monitor costs, and will work with the Investment Manager, where appropriate, to ensure that costs reduce to an appropriate level.
- Comparable Market Rates
 - Assessed as Amber:
 - The AFM will continue to monitor all costs over the next 12 months, to ensure they continues to fall towards the average.
- Classes of Units
 - Assessed as Amber:
 - No specific action was proposed.

New Remedial Actions

- Performance
 - Assessed as Red:
 - The AFM will continue to discuss the trend in long term performance with the Investment Manager. The AFM will also investigate the drivers of long term performance and will present any relevant findings to the Investment Manager, for their comment and consideration, at the next scheduled Investment Manager meeting. The AFM will also look to discuss the future outlook for the fund with the Investment Manager.
- AFM Costs - General
 - Assessed as Green, overall:
 - The AFM will discuss the level of the Annual Management Charge (AMC) with the Investment Manager, where appropriate.
- Comparable Market Rates
 - Assessed as Amber:
 - The AFM will discuss the level of the Ongoing Charges Figure (OCF) with the Investment Manager.
- Classes of Units
 - Assessed as Amber
 - The AFM will discuss the rationale for the disparity in the respective costs of each unit class with the with the Investment Manager, where appropriate.

Detailed Assessment

Quality of Service

The AFM has chosen to outsource the following services to third party providers:

- Investment Management services: Argonaut Capital Partners LLP.
- Depositary services: NatWest Trustee and Depositary Services Limited
- Custodian services: RBC Investor Services Trust, UK branch (RBC)
- External audit: Johnston Carmichael LLP

Other functions such as fund administration, fund accounting and transfer agency are undertaken by Valu-Trac, and all outsourced services are subject to continuous oversight.

As part of our assessment of service providers, no systemic issues have been identified as part of our ongoing due diligence, including an assessment of investment breaches, pricing errors, complaints, fund liquidity and ongoing adherence to the investment policy.

Conclusion:



Green

The AFM has concluded that all services being provided in relation to the on-going management and administration of the fund, including those provided directly and those currently being provided by third parties, are operating as unitholders may expect.

The AFM has concluded that unitholders are receiving good value, in relation to Quality of Service.

Performance

Objective:

The Fund aims to achieve returns (capital and income) in excess of the returns of the Investment Association (IA) Europe ex UK Sector over the long term (5 years).

Constraining Benchmark:

none

Comparator Benchmark:

none

Target Benchmark:

IA Europe (ex UK) Sector Average

Peer Group:

IA Europe (ex UK) Sector

Minimum Recommended Holding Period:

5 Years

Management Approach:

Active

The net total return and peer ranking (where available) for each available unit class within the fund, together with the return of the relevant benchmark, is shown below:

Net Total Return*	1 year	3 years (avg. return per-year)	5 years (avg. return per-year)	5 years Peer Rank
Benchmark	8.6%	8.0%	9.3%	-
A Accumulation GBP	7.6%	1.2%	3.4%	Lowest 4%
A Income GBP	7.0%	1.2%	3.4%	Lowest 4%
I Accumulation GBP	8.7%	2.2%	4.4%	Lowest 7%
I Income GBP	7.9%	2.2%	4.4%	Lowest 6%
R Accumulation GBP	8.7%	2.2%	4.4%	Lowest 7%
R Income GBP	8.0%	2.2%	4.4%	Lowest 6%
Benchmark	-	-	-	-
I Accumulation GBP (H)	14.0%	4.1%	5.9%	Lowest 11%
Benchmark	11.3%	8.5%	9.3%	-
A Accumulation EUR	10.2%	1.8%	3.4%	Lowest 4%
I Accumulation EUR	11.3%	2.8%	4.4%	Lowest 7%

*To 29 February 2024

Total return is the actual rate of return of an investment over a period. Total return includes interest, capital gains, dividends, and realised distributions (where appropriate).

Note the comparator has been adjusted for the relevant share class currencies to provide relevant comparison. Please also note that, for the hedged share class, no directly appropriate comparator may be available. The performance of this share class, therefore, has been partly assessed in the context of the return(s) generated by the relevant, un-hedged share class, after making a reasonable allowance for current hedging arrangements and for hedging costs.

Source: Morningstar

Conclusion:



Red

The net total return of each unit class within the fund is below that of its target benchmark, over the minimum recommended holding period; for the majority of unit classes, significantly so.

The AFM has also assessed the investment risk within the Fund. The AFM notes that the realised volatility within the fund and the exposure to general-market, systematic risk (Beta) is typically lower than that of peers. The AFM also notes that the realised Tracking Error (versus benchmark) within the fund is typically higher than that of peers. However, the AFM has concluded that the level of investment risk within the fund is not out of keeping for an actively managed Fund of this type, nor the expectation set for customers (further details on how the AFM arrived at this conclusion may be provided upon request).

The AFM will continue to discuss the trend in long term performance with the Investment Manager. The AFM will also investigate the drivers of long term performance and will present any relevant findings to the Investment Manager, for their comment and consideration, at the next scheduled Investment Manager meeting.

The AFM has concluded that unitholders are not receiving good value, in relation to Performance.

AFM Costs - General

Each unit class within the Fund has its own Annual Management Charge (AMC). The AMC may be thought of as being the amount deducted from a unit class's average net assets to pay for the investment management of that unit class; this charge will typically include a proportionate allocation from the Investment Management Fee, AFM fee and other, ancillary fees.

The current AMC of each unit class, together with the current, average AMC for the relevant, selected peer group, is shown within the table below:

Annual Management Charge (AMC)	Current	
		Peer Rank
Peer Group	0.82%	-
A Accumulation GBP	1.75%	Highest 4%
A Income GBP	1.75%	Highest 4%
A Accumulation EUR	1.75%	Highest 4%
I Accumulation GBP	0.75%	Lowest 38%
I Income GBP	0.75%	Lowest 38%
I Accumulation GBP (H)	0.75%	Lowest 38%
I Accumulation EUR	0.75%	Lowest 38%
R Accumulation GBP	0.75%	Lowest 38%
R Income GBP	0.75%	Lowest 38%

Source: Valu-Trac / Morningstar

Conclusion:

Green

The Investment Management Fee is proposed by Argonaut Capital Partners LLP. Owing to the limitations of the host AFM model which the AFM operates, the AFM is unable to comment upon the specific profit margin this fee may generate for Argonaut Capital Partners LLP; instead, the AFM will focus upon ensuring that this fee appears reasonable, in the context of the overall AMC.

The AFM fee is payable to Valu-Trac to cover the services undertaken by Valu-Trac as outlined in the Quality of Service section. The AFM will set fees based on the overall cost of operating the business. Most of the AFM's costs are fixed (such as staff and property costs), and the AFM will set its fees in such a way that ensures the costs are apportioned fairly across the range of funds which it operates. The AFM reviews its fee model via various means, such as through external independent consultancy and market benchmarking reviews against similar firms in the market. The results of these reviews are incorporated into the AFM's governance arrangements, up to Board level.

Other notable, ancillary fees may include the depositary, custodian, and auditor fees. The AFM regularly reviews these fees compared to other funds operated by the AFM and, where the information is available, other funds within the wider marketplace, to ensure that they remain competitive.

Unitholders within the A unit classes are currently paying an AMC higher than the market average for similar funds.

Unitholders within the I and R unit classes are currently paying an AMC lower than the market average for similar funds.

The AFM will discuss the level of the AMC with the Investment Manager, where appropriate.

The AFM has concluded that unitholders are receiving good value, in relation to AFM Costs – General, overall.

Economies of Scale

The fund currently has assets under management (AUM) of less than £250m; this is the threshold above which, we generally consider it reasonable to consider if economies of scale have been passed on to investors.

The fund has a tiered depositary fee, subject to a minimum amount, alongside other fixed fees, such as audit fees. Therefore, as the fund AUM grows, the proportion of such costs, relative to overall fund size, will decline, in percentage terms.

Conclusion:

Green

The AFM has concluded that unitholders are receiving good value, in relation to Economies of Scale.

Comparable Market Rates

The current and historic Ongoing Charges Figure (OCF) for each unit class within the fund, together with the current, average OCF for the relevant, selected peer group, is shown within the table, below:

On-Going Charges Figure (OCF)	2022	2023	Current	
				Peer Rank
Peer Group			0.95%	-
A Accumulation GBP	1.91%	1.90%	2.08%	Highest 4%
A Income GBP	1.91%	1.90%	2.08%	Highest 4%
A Accumulation EUR	1.91%	1.90%	2.08%	Highest 4%
I Accumulation GBP	0.91%	0.90%	1.08%	Highest 32%
I Income GBP	0.91%	0.90%	1.08%	Highest 32%
I Accumulation GBP (H)	0.91%	0.90%	1.08%	Highest 32%
I Accumulation EUR	0.91%	0.90%	1.08%	Highest 32%
R Accumulation GBP	0.91%	0.90%	1.08%	Highest 32%
R Income GBP	0.91%	0.90%	1.08%	Highest 32%

Source: Morningstar

Conclusion



Amber

Unitholders are currently paying an OCF higher than the market average for similar funds.

The AFM will discuss the level of the OCF with the Investment Manager.

The Investment Manager makes use of a Research Payment Account (RPA). For the period, the total allocated to the RPA was £14,159 and this amount is included within the OCF.

The AFM has concluded that unitholders are receiving reasonable value, in relation to Comparable Market Rates.

Comparable Services

Valu-Trac act as AFM for three funds for which Argonaut Capital Partners LLP are the Investment Manager. Each of these funds are what may be termed single asset class funds. Differences between funds, in terms of their management approach anticipated risk profile, notwithstanding, this fund is priced consistently with other funds within that range.

The services provided in respect to this fund are also aligned with the AFM's normal operating model.

Conclusion



Green

The AFM has concluded that unitholders are receiving good value, in relation to Comparable Services.

Classes of Units

	Current OCF	Difference Compared to Least Expensive	Difference Compared to Next Least Expensive	Initial Charge (%)	Minimum Lump Sum Investment	Minimum Subsequent Investment	Minimum Holding Amount
I Accumulation GBP	1.08%	-	-	0.00	£3,000,000	£1,000	£3,000,000
I Income GBP	1.08%	-	-	0.00	£3,000,000	£1,000	£3,000,000
I Accumulation GBP (H)	1.08%	-	-	0.00	£3,000,000	£1,000	£3,000,000
I Accumulation EUR	1.08%	-	-	0.00	€3,000,000	€1,000	€3,000,000
R Accumulation GBP	1.08%	-	-	0.00	£500	£250	£250
R Income GBP	1.08%	-	-	0.00	£500	£250	£250
A Accumulation GBP	2.08%	1.00%	1.00%	5.25	£500	£250	£250
A Income GBP	2.08%	1.00%	1.00%	5.25	£500	£250	£250
A Accumulation EUR	2.08%	1.00%	1.00%	5.25	€2,500	€1,000	€2,500

The I unit classes are primarily intended for use by institutional investors and come with the most stringent investment minima. Having a larger minimum investment amount, may help a unit class achieve scale more quickly, with the servicing required per £ / € invested, being generally lower; thus, lower ongoing charges.

The R unit classes are primarily intended to be used by retail investors, specifically as part of a regular savings plan. This entails a minimum monthly payment. As with the I unit class, above, having a larger minimum investment amount, may help a unit class achieve scale more quickly, with the servicing required per £ invested, being generally lower; thus, lower ongoing charges. The costs charged to the R unit class do not include rebates and / or the payment of trail commission.

The A unit classes may also be used by retail investors as part of a regular savings plan. In contrast to the R unit classes, the costs charged to the A unit classes do include rebates and / or the payment of trail commission; however, the AFM cannot be assured that in all cases this is being passed back to unitholders. In addition, the differential in OCF between the A unit classes and the other unit classes within the fund, is significantly above the relevant materiality threshold. The difference in investment minima between the GBP denominated A unit classes and the EUR denominated A unit class is reflective of the anticipated volatility in exchange rates between both currencies.

Conclusion



Amber

The AFM has concluded that unitholders within the I and R unit classes are receiving good value, with regard to classes of units.

The AFM has concluded that unitholders within the A unit classes are not receiving good value, with regard to classes of units.

The AFM will discuss the rationale for the disparity in the respective costs of each unit class with the with the Investment Manager, where appropriate.

The AFM has concluded that unitholders are receiving reasonable value, in relation to Classes of Units, overall.

Overall Assessment



Amber

The AFM has concluded that unitholders are receiving good value in respect to four of the seven, discrete criteria assessed above i.e. each has been assessed as green.

With regard to Performance, the AFM will continue to discuss the trend in long term performance with the Investment Manager. The AFM will also investigate the drivers of long term performance and will present any relevant findings to the Investment Manager, for their comment and consideration, at the next scheduled Investment Manager meeting.

With regard to AFM Costs- General, the AFM will AMC with the Investment Manager, where appropriate.

With regard to Comparable Market Rates, the AFM will discuss the level of the OCF with the Investment Manager.

With regard to Classes of Units, the AFM will discuss the rationale for the disparity in the respective costs of each unit class with the with the Investment Manager, where appropriate.

The AFM has concluded that the unitholders within the VT Argonaut European Alpha Fund are receiving reasonable value, overall.

09/08/2024