

The Argo Fund / The Argo Feeder Fund Limited

Emerging Markets Debt & Macro

Monthly Letter & Risk Report

April 2021

Performance	
NAV Per Share	350.17
April Return	3.95%
YTD Return	2.30%
Annualised Return Since Inception	7.02%
Annualised Volatility Since Inception	11.44%
Sharpe Ratio Since Inception	0.50
Percentage of up months	66.80%
Fund Characteristics	
Structure	Master-Feeder
Jurisdiction	Cayman Islands
Launch Date	2000
AUM (all share classes)	\$131m
Share Class	Class A
ISIN	KYG0540S1084
Subscription	Monthly
Redemption	Monthly
Redemption Notice	120 days
Minimum Investment	\$100,000 (or €/\$ equivalent)
Management Fee	2%
Performance Fee	20%
Designated Investments	
Jurisdiction	Cayman Islands
Launch Date	December 2019
Return since inception	97.11%
ISIN	KYG0540S1167
Share Class	DI 1
Fixed investment period	36 months
Redemption	Upon realisation
Management Fee	2%
Performance Fee	20%

Investment Strategy

The Argo Fund is a diversified global emerging markets debt and macro fund with a master-feeder structure. The Argo Fund seeks to capture alpha through long and short investment in EM corporate, sovereign and distressed credit and FX. The fund uses a macro hedging overlay strategy to actively manage portfolio duration, volatility and correlation.

Monthly Commentary

The Argo Fund enjoyed a stellar performance in April, primarily due to positive developments in the distressed book. Ecuador was the fund's top performer this month after banker Guillermo Lasso defied the polls to win the presidential election. Lasso took 52% of the vote in a runoff which pitched free-market economics with the social welfare plan of his opponent Andres Arauz. The outlook looks decidedly more positive than the market previously feared as IMF co-operation is set to continue after the EFF was signed in September 2020. We took profit on a portion of our position but remain optimistic on the country's prospects given the promising result. In Argentina, bond prices lifted marginally after reports that economy Minister Martin Guzman was working to refinance upcoming debt payments to the Paris Club.

Sri Lanka bonds jumped after reports that the government had sealed a USD500mn loan from China Development Bank. This loan should provide a further boost to Sri Lanka's FX reserve position after the USD1.5bn FX swap line provided by China in March. We trimmed our position towards the end of the month but remain confident that the government has options available to bridge the financing gap.

Elsewhere, our exposure to commodities ETFs continued to perform. Buoyant economic growth in the US and China has led to significant demand for commodities, whilst investors have been seeking to hedge near-term inflation with real assets, pushing prices higher. We also added VIX options to continue protecting the portfolio against downside risk.

Tullow Oil's management continued take steps to manage their outstanding debt, announcing a USD1.8bn bond offer and a USD600mn super senior revolving credit facility. This move will enable the repayment of the 2021 & 2022 bonds, meaning the next large maturity is 2025. This is a positive move for the company's liquidity and gives them breathing room to execute the drilling program in the Jubilee field in Ghana. We participated in the new issue and remain holders of the 2025 bonds.

We exited our local Russian sovereign bond position after the Biden administration released details of long-awaited sanctions against Russia in response to the recent build-up of troops at the Ukrainian border. We also exited our position in Ukrainian GDP warrants after further downward revisions to the expected GDP growth in 2021.

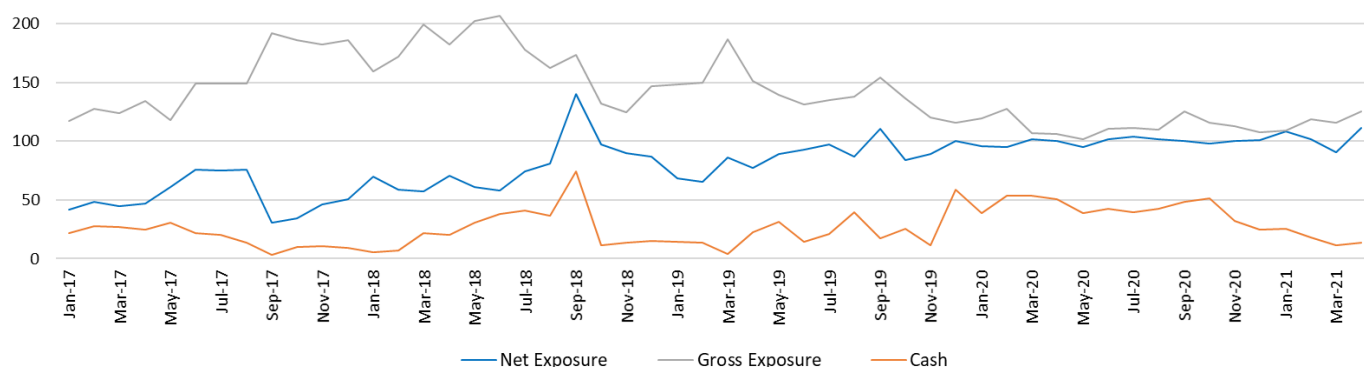
Portfolio Statistics	
Duration	0.83
99% 1-month VaR	7.57%
Average Credit Rating ¹	CCC+
Average Yield to Maturity	6.26%
Annualised Downside Risk (1 Year)	6.34%
Monthly Turnover ²	31.69%
Cash	13.34%
Leverage:	
Gross Exposure Method	88.10%
Commitment Method	80.72%

Notes:

1. Includes long and short positions & excludes cash
2. % AUM
3. Excludes de minimis exposure in FX
4. Monte Carlo VaR as calculated by Bloomberg Risk Analytic and where not available calculated by Argo based on historic 3-month data.
- 5: As % of NAV
6. Gross performance in bps of average AUM of the period
- 7: Assuming normal market conditions

All figures as of 30th April 2021

Fund Exposure (%)



Month End Risk Exposures

NAV sensitivity for -100bps shift in the yield curve

Strategy ³

EM Corporate	EM Distressed	Macro Hedge	EM Sovereign	Total
0.44	1.39	-1.13	0.13	0.83

Region

Middle East & Africa	Asia	Europe	LatAm	US	Total
0.68	0.35	0.43	0.50	-1.13	0.83

99% 1 Month Component VaR (%)

By Strategy

EM Corporate	EM Distressed	FX	Macro Hedge	EM Sovereign	Total
0.42	5.02	0.13	0.28	1.72	7.57

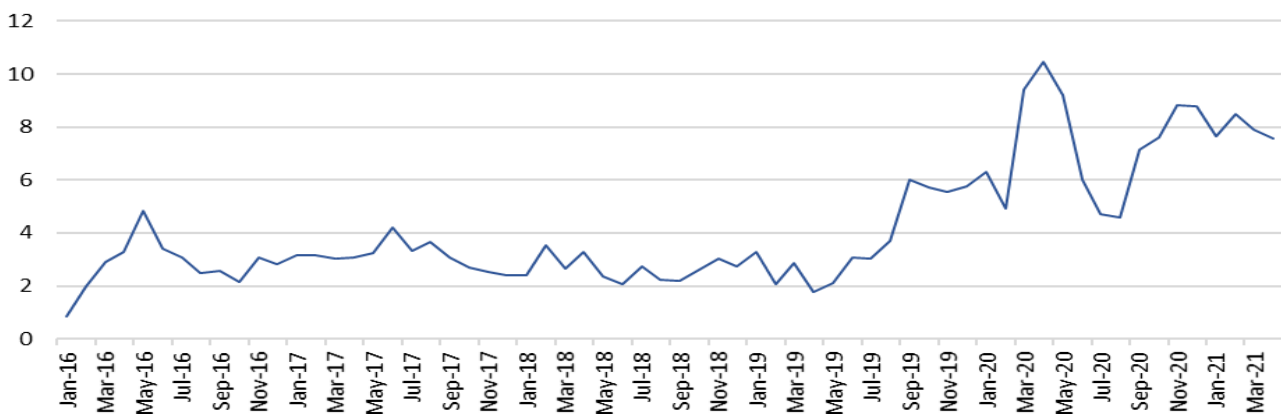
By Region

Middle East & Africa	Asia	Europe	LatAm	US	Total
1.64	0.55	0.68	4.73	-0.03	7.57

By Maturity

0-1yr	1-3yr	3-5yr	5-7yr	7-10yr	10+yr	Total
0.27	0.32	0.59	1.75	1.68	2.96	7.57

Monte Carlo 99% 1 Month VaR (%) ⁴



Top 5 Country Holdings ⁵

Country	Region	%
Argentina	LatAm	17.19%
Ghana	Middle East & Africa	4.75%
South Africa	Middle East & Africa	4.75%
Ukraine	Europe	4.57%
Brazil	LatAm	4.39%

Top 5 Holdings by Name ⁵

Position	Strategy	%
Argentina Sovereign	EM Distressed	9.45%
Province of Buenos Aires	EM Distressed	6.99%
Pemex	EM Corporate	5.41%
Eskom	EM Corporate	4.75%
Ukraine Sovereign	EM Sovereign	4.57%

Performance Attribution ⁶

Largest Contributors (bps)

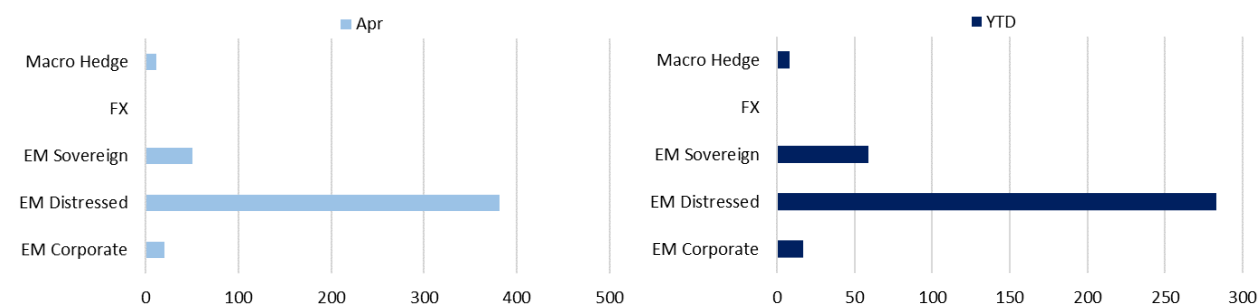
Position	Long/Short	Strategy	Region	Performance
Ecuador Sovereign	Long	EM Distressed	LatAm	+149
Province of Buenos Aires	Long	EM Distressed	LatAm	+80
Argentina Sovereign	Long	EM Distressed	LatAm	+55
Angola Sovereign	Long	EM Sovereign	Middle East & Africa	+31
Sri Lanka Sovereign	Long	EM Distressed	Asia	+30

Largest Detractors (bps)

Position	Long/Short	Strategy	Region	Performance
S&P Put Option	Short	Macro Hedge	US	-24
Kenya Sovereign	Short	EM Sovereign	Middle East & Africa	-11
UST 10Y Bond Future	Short	Macro Hedge	US	-10
Russia Sovereign Local	Long	EM Sovereign	Europe	-9
EMB US Equity	Short	EM Sovereign	US	-8

Performance Attribution by Strategy

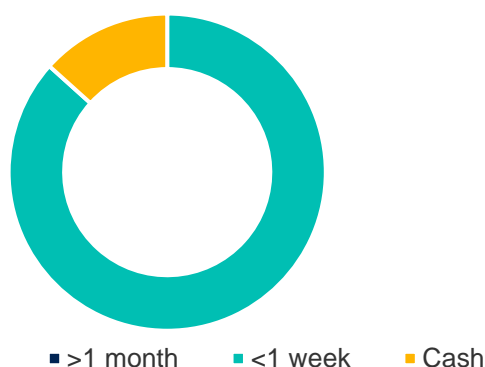
Gross Performance Attribution (bps)



Performance History (Net Return)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021	-1.33%	-0.18%	-0.09%	3.95%									2.30%
2020	-0.95%	-0.80%	-6.00%	1.70%	6.79%	4.24%	-0.33%	0.92%	-2.67%	-1.95%	2.50%	2.58%	5.53%
2019	2.74%	1.26%	-0.89%	-0.06%	0.00%	1.17%	0.86%	-5.74%	1.14%	-0.93%	-0.37%	3.27%	2.18%
2018	1.85%	-0.22%	0.04%	-0.15%	-1.50%	-1.93%	-0.56%	-1.96%	0.67%	0.47%	-2.31%	-0.12%	-5.65%
2017	1.53%	0.72%	1.88%	1.61%	-1.22%	0.10%	0.88%	1.24%	1.15%	1.00%	-0.05%	1.41%	10.70%
2016	10.44%	0.17%	2.22%	5.03%	1.13%	19.17%	2.09%	1.30%	0.66%	0.76%	-0.27%	1.70%	52.30%

Liquidation Profile (% AUM) ⁷



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Comparatives

	MTD	YTD
The Argo Fund	3.95%	2.30%
JPM EMBI+	1.93%	-5.43%
JPM CEMBI	0.60%	-0.21%
JPM EMFX	-1.27%	-1.85%
Barclays EM USD Aggregate	-1.33%	-2.20%
HFRI EM Total	2.57%	5.97%

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