

The Argo Fund / The Argo Feeder Fund Limited

Emerging Markets Debt & Macro

Monthly Letter & Risk Report

September 2022

Performance	
NAV Per Share	308.05
September Return	-3.45%
YTD Return	-14.52%
Annualised Return Since Inception	5.99%
Annualised Volatility (Trailing 12-month)	12.87%
Sharpe Ratio (Trailing 12-month)	-1.31
Percentage of up months	66.67%
Fund Characteristics	
Structure	Master-Feeder
Jurisdiction	Cayman Islands
Launch Date	2000
AUM (all share classes)	\$107m
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	75.10%
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

Emerging markets (and global markets) suffered another downturn in September with credit selling off again after a bounce in August - the EMBI+ is now down some 31% ytd, with a 6.9% drop this month. Our high beta/ distressed sovereign positions sold off heavily in a difficult trading environment although we believe current valuations are detached from fundamentals.

Our macro book was the largest contributor to P&L this month as rates continued to move upwards with the Fed retaining a hawkish stance - we took profits on our UST futures short into month end. Additionally, we shorted UK Gilts and sterling prior to the announcement of Kwasi Kwarteng's unfunded mini-budget. We also shorted bund futures on expectations of ECB action following sticky inflation prints in the Eurozone. We took profits on a few of our macro trades into month-end but continued adding short US equity positions to hedge.

Pakistan sold-off steeply as recent floods significantly worsened the macroeconomic outlook. External pressures are likely to persist amidst higher levels of food and cotton imports, as well as a likely decline in exports. Additionally, the finance minister's resignation spooked markets as the replacement hinted at possible policy reversal.

Argentine bonds fell once again as investors remain reluctant to re-enter the name in the current market environment. Authorities received staff-level agreement on the second review under the IMF program, securing a disbursement of US\$3.9bn.

In Brazil, we added to our receiver as inflation appears to have peaked. We also hedged our Brazilian real FX exposure into the election and subsequently added equity index calls.

Our short CNY position continued to outperform on divergence with US rates and concerns over China's policy direction ahead of the CCP National Congress. We also opened a short position in the South African rand due to the deteriorating domestic fundamentals and rising political noise into the ANC elective conference in December. Additionally, the rand is one of the most-exposed currencies to Chinese growth or CNY depreciation.

Portfolio Statistics	
Duration	1.14
99% 1-month VaR	7.12%
Average Credit Rating ¹	CCC+
Average Yield to Maturity	9.27%
Annualised Downside Risk (1-Year)	9.75%
Monthly Turnover ²	63.69%
Cash	6.87%
Leverage:	
Gross Exposure Method	130.66%
Commitment Method	34.97%

Notes:

1. Includes long and short positions & excludes cash
2. % AUM
3. Excludes de minimis exposure in FX
4. Monte Carlo VaR from Bloomberg
5. As % of NAVs
6. Gross performance in bps of average AUM of the period
7. Assuming normal market conditions

All figures as of 30th September 2022

Month End Risk Exposures

NAV sensitivity for -100bps shift in the yield curve

Strategy ³

EM Corporate	EM Distressed	Macro Hedge	EM Sovereign	Total
0.45	1.37	-0.94	0.26	1.14

Region

Middle East & Africa	Asia	Europe	LatAm	US	Total
0.55	-0.10	-0.86	1.41	0.14	1.14

99% 1 Month Component VaR ⁴ (%)

By Strategy

EM Corporate	EM Distressed	FX	Macro Hedge	EM Sovereign	Total
0.46	6.19	0.03	0.02	0.42	7.12

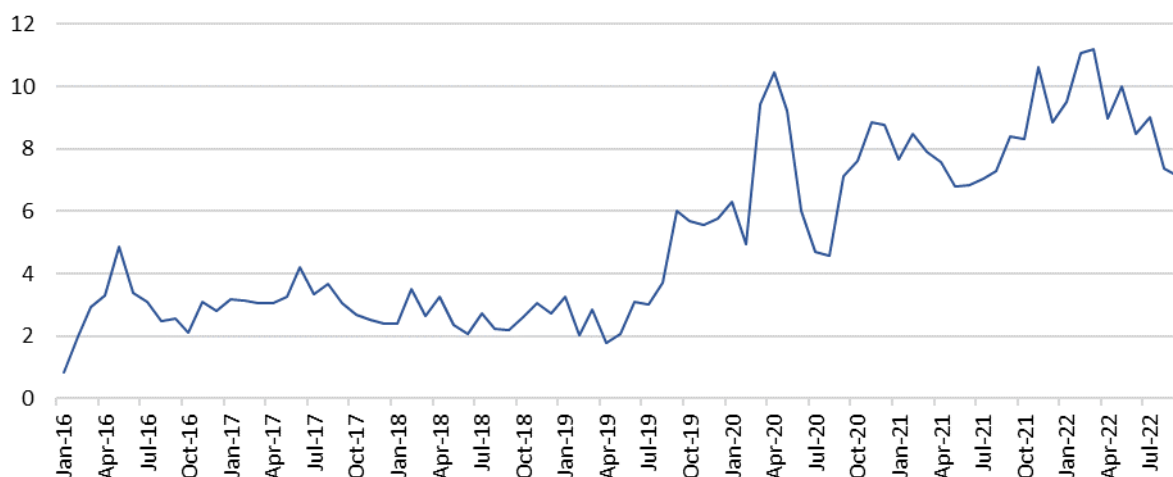
By Region

Middle East & Africa	Asia	Europe	LatAm	US	Total
1.94	0.72	0.63	4.10	-0.27	7.12

By Maturity

0-1yr	1-3yr	3-5yr	5-7yr	7-10yr	10+yr	Total
-0.09	0.93	1.00	0.38	1.92	2.98	7.12

Monte Carlo 99% 1 Month VaR (%)



Top 5 Country Holdings ⁵

Country	Region	%
US	US	-39.60%
Argentina	LatAm	15.10%
Mexico	LatAm	11.96%
Germany	Europe	-8.77%
Brazil	LatAm	8.54%

Top 5 Holdings by Name ⁵

Position	Strategy	%
CDX:HY	Macro Hedge	-26.85%
CDX:IG	Macro Hedge	-13.70%
Province of Buenos Aires	EM Distressed	8.17%
Argentina Sovereign	EM Distressed	7.95%
Ocyan	EM Distressed	6.93%

Performance Attribution ⁶

Largest Contributors (bps)

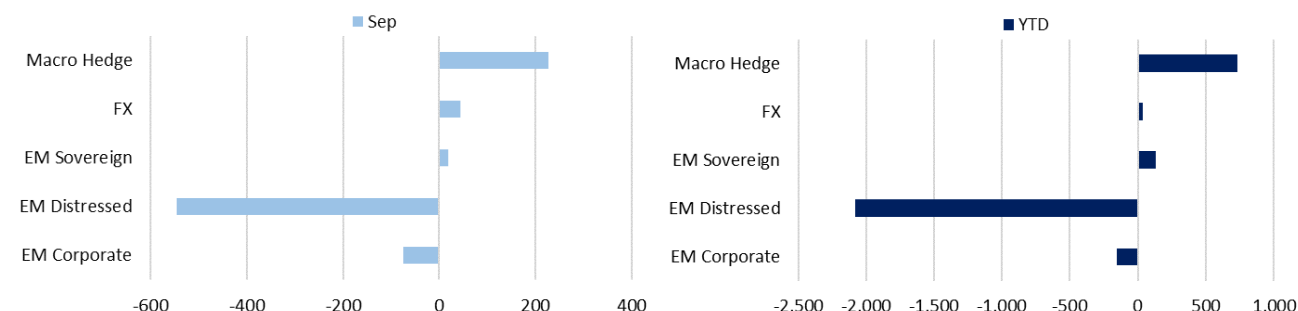
Position	Long/Short	Strategy	Region	Performance
S&P Put Options	Short	Macro Hedge	US	+62
UST 10yr Future	Short	Macro Hedge	US	+44
Indonesia Sovereign	Short	EM Sovereign	Asia	+41
UK 10yr Gilt future	Short	Macro Hedge	Europe	+27
USD/INR Call Option	Short	FX	Asia	+26

Largest Detractors (bps)

Position	Long/Short	Strategy	Region	Performance
Argentina Sovereign	Long	EM Distressed	LatAm	-129
Province of Buenos Aires	Long	EM Distressed	LatAm	-95
Pakistan Sovereign	Long	EM Distressed	Asia	-94
Lebanon Sovereign	Long	EM Distressed	Middle East & Africa	-67
Ecuador Sovereign	Long	EM Distressed	LatAm	-41

Performance Attribution by Strategy

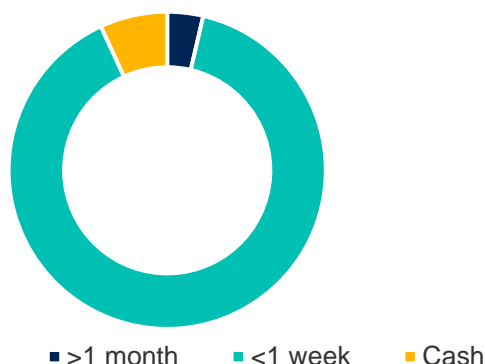
Gross Performance Attribution (bps)



Performance History (Net Return)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2022	0.36%	-5.70%	3.25%	0.14%	-3.95%	-8.77%	-0.50%	3.77%	-3.45%				-14.52%
2021	-1.33%	-0.18%	-0.09%	3.95%	1.80%	0.14%	0.22%	2.98%	0.29%	0.32%	-3.65%	0.91%	5.29%
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	-3.45%	-14.52%
JPM EMBI+	-6.91%	-30.70%
JPM CEMBI	-3.83%	-16.21%
JPM EMFX	-3.24%	-7.86%
Barclays EM USD Aggregate	-5.53%	-20.50%
HFRI EM Total	-4.89%	-16.64%

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