The Argo Fund / The Argo Feeder Fund Limited

Emerging Markets Debt & Macro
Monthly Letter & Risk Report

November 2020

Performance	
NAV Per Share	333.70
November Return	2.50%
YTD Return	2.88%
Annualised Return Since Inception	6.91%
Annualised Volatility Since Inception	11.53%
Sharpe Ratio Since Inception	0.49
Percentage of up months	67.36%
Fund Characteristics	
Structure	Master-Feeder
Jurisdiction	Cayman Islands
Launch Date	2000
AUM (all share classes)	$121m
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	93.28%
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

November saw risk-on sentiment across global markets with strong performance across EM issuers. As a result, the high beta component of our portfolio outperformed whilst the short book lagged. With this in mind, we selectively closed some short positions and added exposure to the VIX to hedge downside risk into year-end. Our position in Argentina was the top performer this month as sentiment improved following an IMF visit with rising expectations of an EFF program that may include new money to help replenish international reserves.

We added exposure to a range of EM local currencies during the month via options and bonds. In particular, we like the Turkish lira after President Erdogan fired the economic team and backed a return to orthodox monetary policy, evidenced by a 475bps hike at the November central bank interest rate meeting. The lira had sold off following high inflation and increasing dollarisation, despite attempts to defend the currency through FX reserves. We also added the EM local currency bond ETF as rising commodity prices are likely to support a number of EM exporters and the weaker USD story continues to gain traction on the back of continued easy monetary policy and as a large fiscal stimulus package becomes increasingly likely.

The fund re-established a position in Ghana-focused E&P company Tullow Oil, which we held earlier this year. The company recently completed a USD500mn asset sale to Total SA and unveiled its deleveraging strategy at a capital markets day at the end of the month. Management's renewed discipline and focus on rolling over an existing bank facility should help the company clear its near-term maturities, with a brighter outlook in a higher oil price environment.

Elsewhere in Africa, we added Angola sovereign bonds. Angola has secured financing from the IMF, made progress on a Chinese debt reprofiling and will benefit from a likely DSSI extension. Authorities remain committed to subsidy reform and should benefit from breathing room given the recent uptick in oil prices.

We added to our existing position in Indonesian coal miner Bumi Resources after a gradual selloff over the past few months. The company has secured a new 10-year lease for their Arutmin mine, removing a key short-term risk. Additionally, a recent recovery in thermal coal prices should lift the company's cashflow in the near term. These positive drivers resulted in a strong rebound for the credit during the month.

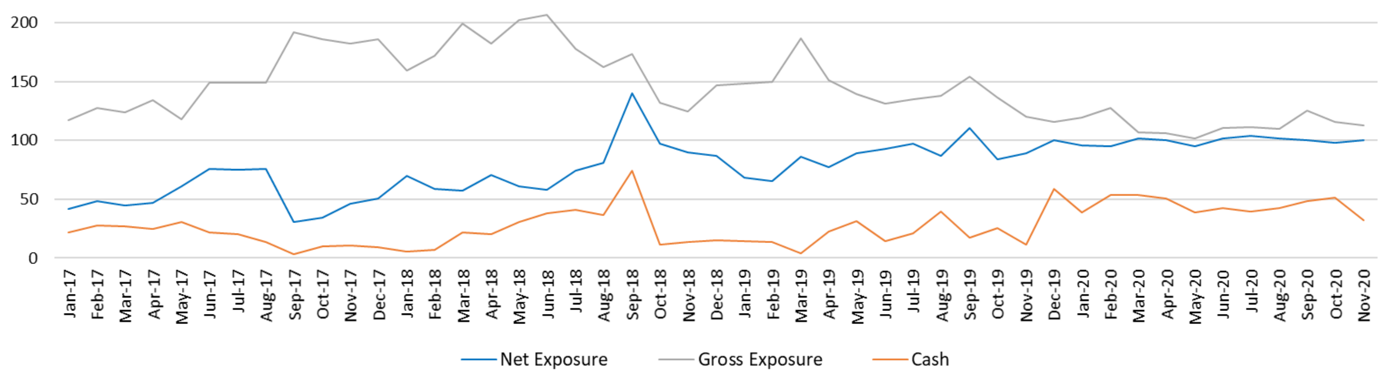
We topped up our quasi-sovereign bets in both South Africa and Mexico, believing spreads have room to squeeze tighter. We also reduced our short book, despite our convictions on the fundamental weaknesses of these names, as we took the view that “a rising tide lifts all boats” into the year end. We will look to re-establish these in the new year once the fever gives way to clearer heads in 2021.

Portfolio Statistics	
Duration	2.50
99% 1-month VaR	8.83%
Average Credit Rating [1]	CCC+
Average Yield to Maturity	5.46%
Annualised Downside Risk (1 Year)	8.39%
Monthly Turnover [2]	47.62%
Cash	32.11%
Leverage:	
Gross Exposure Method	70.01%
Commitment Method	63.05%

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 November 2020

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
0.52	0.81	0.12	1.05	2.50

Region

Middle East & Africa	Asia	Europe	LatAm	US	Total
0.23	0.11	1.41	0.63	0.12	2.50

99% 1 Month Component VaR (%)

By Strategy

EM Corporate	EM Distressed	FX	Macro Hedge	EM Sovereign	Total
0.64	4.18	0.30	0.62	3.09	8.83

By Region

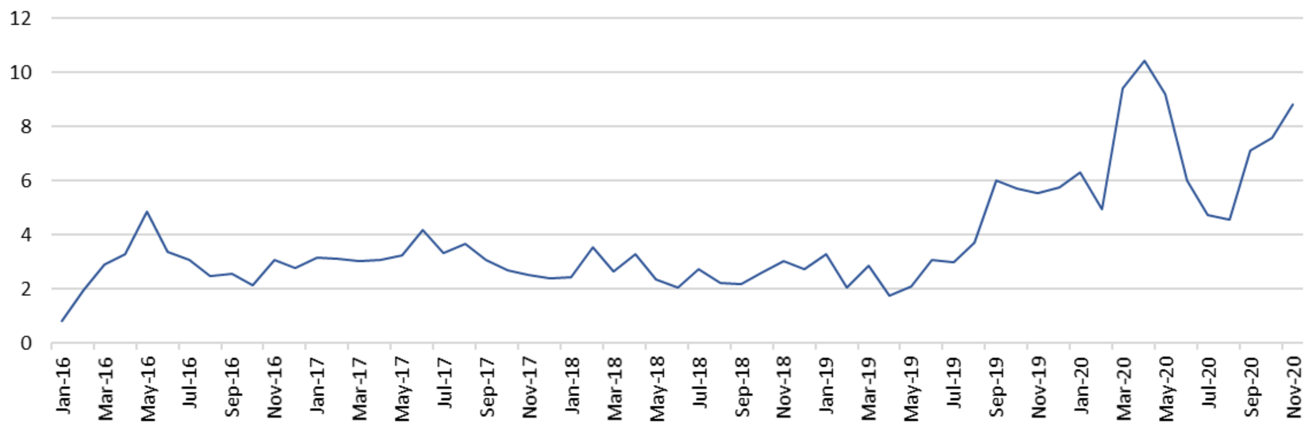
Middle East & Africa	Asia	Europe	LatAm	US	Total
1.42	0.32	1.35	5.62	0.12	8.83

ARGO
CAPITAL MANAGEMENT

By Maturity

0-1yr	1-3yr	3-5yr	5-7yr	7-10yr	10+yr	Total
0.40	0.36	0.56	0.69	2.57	4.25	8.83

Monte Carlo 99% 1 Month VaR (%) [4]



Top 5 Country Holdings [5]

Country	Region	%
Argentina	LatAm	16.76%
Ukraine	Europe	5.87%
Mexico	LatAm	5.78%
South Africa	Middle East & Africa	4.79%
Lebanon	Middle East & Africa	4.18%

Top 5 Holdings by Name [5]

Position	Strategy	%
Argentina Sovereign	EM Distressed	10.05%
Province of Buenos Aires	EM Distressed	6.68%
Pemex	EM Corporate	5.20%
Ukraine	EM Sovereign	4.99%
Eskom	EM corporate	4.79%

Performance Attribution [6]

Largest Contributors (bps)

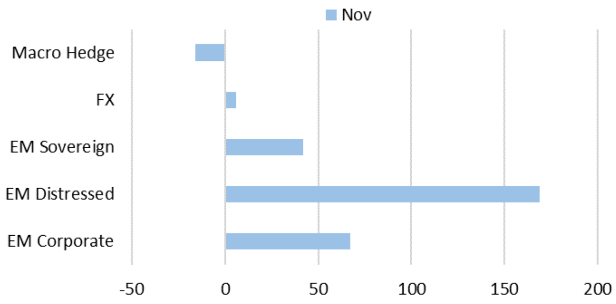
Position	Long/Short	Strategy	Region	Performance
Argentina Sovereign	Long	EM Distressed	LatAm	+72
Province of Buenos Aires	Long	EM Distressed	LatAm	+67
Lufthansa	Long	Macro Hedge	Europe	+51
Bumi Resources	Long	EM Distressed	Asia	+40
Sri Lanka	Long	EM Sovereign	Asia	+37

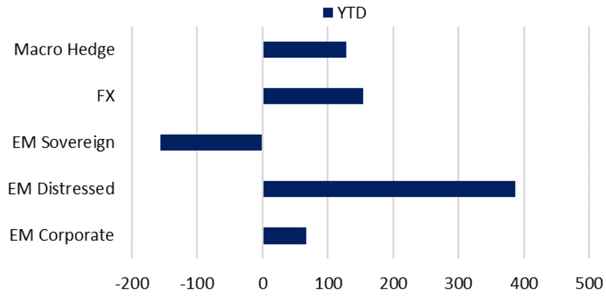
Largest Detractors (bps)

Position	Long/Short	Strategy	Region	Performance
CDX:HY	Short	Macro Hedge	US	-66
East African Sovereign	Short	EM Sovereign	Middle East & Africa	-29
Kenya Sovereign	Short	EM Sovereign	Middle East & Africa	-21
Pakistan Sovereign	Short	EM Sovereign	Asia	-15
Ocyan	Long	EM Distressed	LatAm	-8

Performance Attribution by Strategy

Gross Performance Attribution (bps)

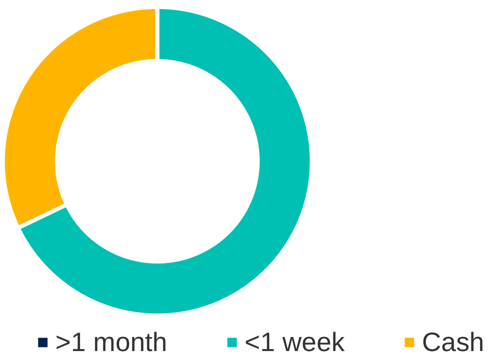




Performance History (Net Return)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2020	-0.95%	-0.80%	-6.00%	1.70%	6.79%	4.24%	-0.33%	0.92%	-2.67%	-1.95%	2.50%		2.88%
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]



Comparatives

	MTD	YTD
The Argo Fund	2.50%	2.88%
JPM EMBI+	4.14%	5.00%
JPM CEMBI	2.66%	5.59%
JPM EMFX	3.82%	-8.22%
Barclays EM USD Aggregate	3.07%	4.93%
HFRI EM Total	5.96%	7.99%

Contact Information

Argo Capital Management
2nd Floor
24-25 New Bond Street
London, W1S 2RR

020 7016 7660
ArgoInvestorRelations@argocm.com
www.argocm.com

Date of Issue: 30/12/2020