

The Argo Fund / The Argo Feeder Fund Limited

Emerging Markets Debt & Macro

Monthly Letter & Risk Report

November 2021

Performance	
NAV Per Share	357.14
November Return	-3.65%
YTD Return	4.34%
Annualised Return Since Inception	6.93%
Annualised Volatility (Trailing 12-month)	7.05%
Sharpe Ratio (Trailing 12-month)	1.02
Percentage of up months	67.32%
Fund Characteristics	
Structure	Master-Feeder
Jurisdiction	Cayman Islands
Launch Date	2000
AUM (all share classes)	\$128m
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	93.21%
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

In Argentina, President Fernandez's administration suffered a bruising defeat in the mid-term elections. After the result, Fernandez called on the opposition for dialogue and promised to send a multi-year economic plan to congress in the coming weeks. Negotiations with the IMF are ongoing, but a lack of concrete developments continues to disappoint investors. Bond prices dropped this month on these concerns as the country needs a credible economic plan in the midst of surging inflation, which hit 52% yoy in October.

Ukrainian assets sold off in November due to the buildup of Russian troops at the border and a downward revision to Ukraine's growth outlook. As a show of support, the IMF approved the second tranche under the SBA before the budget vote. We subsequently re-entered the GDP warrants at a lower price.

Bond prices in Sri Lanka continued on a downward trajectory as FX reserves fell once again despite the government signalling its intention to pay the January 2022 Eurobond. The government continues to attempt to replenish reserves through bilateral swaps but the situation looks increasingly untenable without an IMF programme and/or debt reprofiling.

Lebanon sovereign bonds retraced last month as a government minister criticised the Saudi-led conflict in Yemen, sparking a row between the nations. Lebanon remains stuck in an economic crisis and is plagued by internal discord. The country has re-engaged with the IMF but currency depreciation, the end of energy subsidies and widespread shortages continue to fuel inflation pressures.

Our position in Mexican broadcaster TV Azteca was the fund's top position this month as a continued strong bid pushed prices higher as the company and market continue to rebound from the pandemic.

In China property, we closed our short position in a higher-rated developer on the back of a selloff amidst a deteriorating market outlook. Additionally, our distressed positions were trading water due to a lack of specific news flow. Signs continue to point to a managed workout by authorities who appear to be mobilising local government/regulators into developing a centralised response to the crisis.

Elsewhere our Polish rates short continued to perform after persistently higher inflation prints forced the central bank into action. On the other hand, we took profits on our Turkish equity market short as President Erdogan reiterated his unorthodox monetary policy stance, calling for low interest rates despite surging inflation. Meanwhile our long duration sovereign shorts hedged some of the downside as US treasuries sold off.

Portfolio Statistics	
Duration	-0.49
99% 1-month VaR	10.62%
Average Credit Rating ¹	CCC-
Average Yield to Maturity	9.47%
Annualised Downside Risk (1-Year)	5.02%
Monthly Turnover ²	24.05%
Cash	5.55%
Leverage:	
Gross Exposure Method	134.24%
Commitment Method	61.47%

Notes:

1. Includes long and short positions & excludes cash
2. % AUM
3. Excludes de minimis exposure in FX
4. Monte Carlo VaR from Bloomberg and internal estimates
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 2021

Month End Risk Exposures

NAV sensitivity for -100bps shift in the yield curve

Strategy ³

EM Corporate	EM Distressed	Macro Hedge	EM Sovereign	Total
0.40	1.60	-2.23	-0.26	-0.49

Region

Middle East & Africa	Asia	Europe	LatAm	US	Total
0.78	0.66	0.16	0.13	-2.22	-0.49

99% 1 Month Component VaR ⁴ (%)

By Strategy

EM Corporate	EM Distressed	FX	Macro Hedge	EM Sovereign	Total
0.29	7.39	0.07	0.91	1.96	10.62

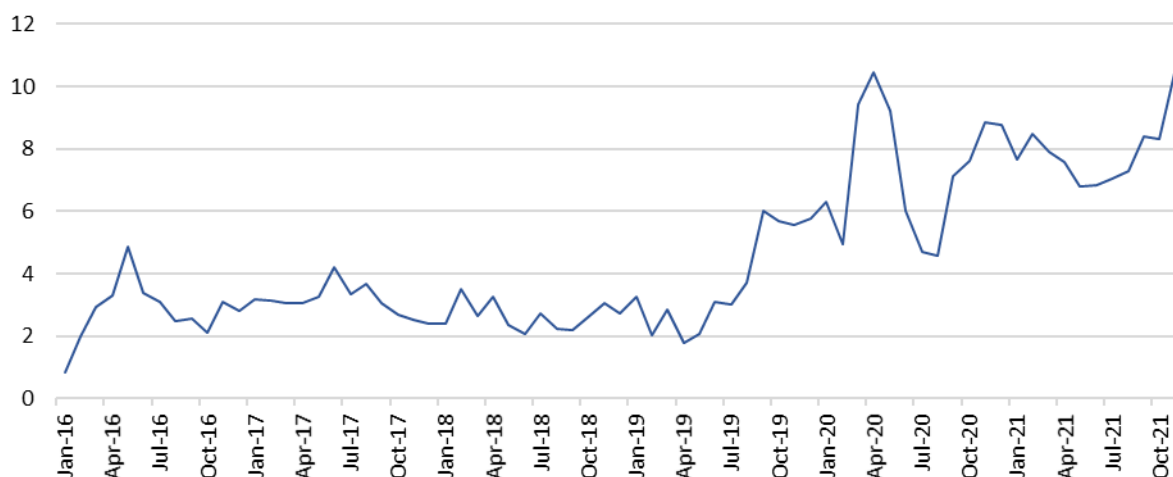
By Region

Middle East & Africa	Asia	Europe	LatAm	US	Total
2.50	1.42	0.65	5.17	0.88	10.62

By Maturity

0-1yr	1-3yr	3-5yr	5-7yr	7-10yr	10+yr	Total
0.57	0.68	1.79	2.16	1.49	3.93	10.62

Monte Carlo 99% 1 Month VaR (%)



Top 5 Country Holdings ⁵

Country	Region	%
US	US	-20.11%
Argentina	LatAm	17.62%
Mexico	LatAm	8.75%
Ukraine	Europe	7.94%
Brazil	LatAm	6.63%

Top 5 Holdings by Name ⁵

Position	Strategy	%
UST Bond Futures	Macro Hedge	-14.20%
Province of Buenos Aires	EM Distressed	8.87%
Argentina Sovereign	EM Distressed	8.75%
Ocyan	EM Distressed	6.63%
Poland Sovereign Local	EM Sovereign	-5.65%

Performance Attribution ⁶

Largest Contributors (bps)

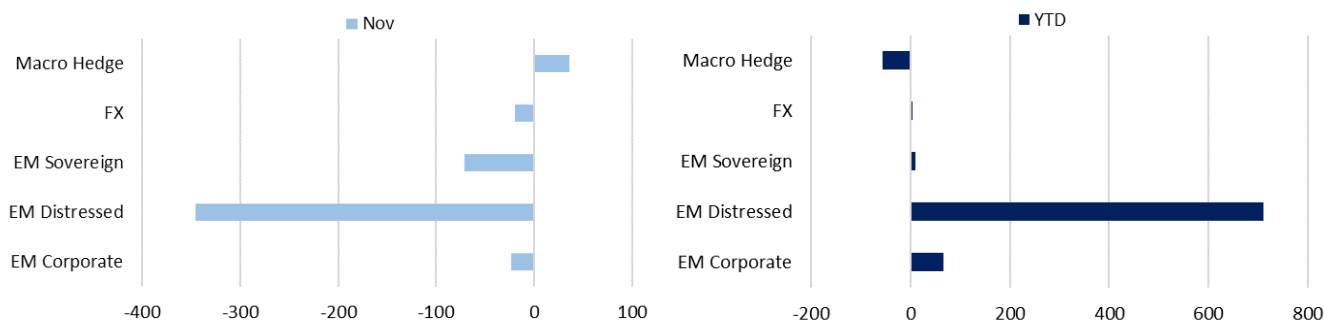
Position	Long/Short	Strategy	Region	Performance
TV Azteca	Long	EM Distressed	LatAm	+49
Shimao	Short	EM Distressed	Asia	+21
CDX:HY	Short	Macro Hedge	US	+16
Poland Sovereign Local	Short	EM Sovereign	Europe	+16
Turkey Equity ETF	Short	Macro Hedge	Asia	+12

Largest Detractors (bps)

Position	Long/Short	Strategy	Region	Performance
Lebanon Sovereign	Long	EM Distressed	Middle East & Africa	-130
Province of Buenos Aires	Long	EM Distressed	LatAm	-116
Argentina Sovereign	Long	EM Distressed	LatAm	-79
Ukraine Sovereign	Long	EM Sovereign	Europe	-42
Sri Lanka Sovereign	Long	EM Distressed	Asia	-32

Performance Attribution by Strategy

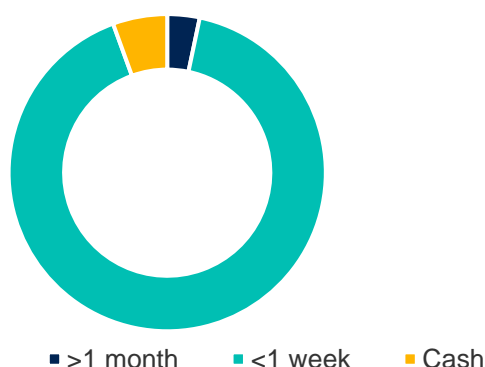
Gross Performance Attribution (bps)



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%	1.80%	0.14%	0.22%	2.98%	0.29%	0.32%	-3.65%		4.34%
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



	MTD	YTD
The Argo Fund	-3.65%	4.34%
JPM EMBI+	-1.99%	-6.23%
JPM CEMBI	-0.55%	0.50%
JPM EMFX	-4.35%	-9.50%
Barclays EM USD Aggregate	-1.07%	-2.60%
HFRI EM Total	-1.98%	5.62%

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Date of Issue: 20/12/2021

Comparatives