

The Argo Fund / The Argo Feeder Fund Limited

Emerging Markets Debt & Macro

Monthly Letter & Risk Report

March 2021

Performance	
NAV Per Share	336.85
March Return	-0.09%
YTD Return	-1.59%
Annualised Return Since Inception	6.88%
Annualised Volatility Since Inception	11.45%
Sharpe Ratio Since Inception	0.49
Percentage of up months	66.67%
Fund Characteristics	
Structure	Master-Feeder
Jurisdiction	Cayman Islands
Launch Date	2000
AUM (all share classes)	\$119m
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	73.59%
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

Province of Buenos Aires bonds enjoyed a rally last month as bondholders sensed a restructuring agreement began to inch closer. The province issued a statement including a new indicative proposal with improved terms including shortened maturity, no principal haircut and PIK treatment of accrued interest. This represented a material uplift to the previous offer, and we are hopeful that the process will be completed soon. Meanwhile, Argentina sovereign bonds continued their decline year to date. The Peronist government is braced for mid-term elections and keen to avoid spending cuts before then, pushing out a possible IMF deal until later this year.

We took profit on our Brazilian payer positions this month as persistently higher than expected inflation, coupled with heavy positioning from offshore investors led to a spike higher in short-end rates. The central bank was forced to backtrack its dovish stance and hiked rates by 75bps during the month and this led investors to price in a significant hiking cycle by the end of 2021.

Our position in Brazilian drillship operator Ocyan continued to strengthen following news that the company submitted the lowest bid in a Petrobras tender for drill rigs. If the company is successful in winning the contract, it would remove a short-term overhang as the offshore industry outlook continues to improve in the region.

Tullow Oil continued its rebound from a torrid 2019. The company announced it is in negotiations with new and existing lenders to secure financing to repay the April 2022 bond. Whilst risks remain with the company's reorganisation plan, the market has reacted positively to management's actions so far.

Sri Lanka sovereign bond prices were lifted in March as their ever-reliable partner China agreed a USD1.5bn FX swap, giving the nation much-needed respite from concerns over public finances, dwindling reserves, a tumbling currency and rising debt levels amidst the impact of the ongoing pandemic. However, we believe the government will continue to utilise a range of policies to stay current with external obligations whilst the option of an IMF program remains a possibility.

Elsewhere in the portfolio, we shorted long-dated Peru ahead of presidential elections as left-wing candidate Pedro Castillo increasingly looks like the frontrunner. Elsewhere in Latin America, we closed our short position in Chile and sold our exposure in Mexican local sovereign bonds after a sell-off. We also added the Pakistan new issue at an attractive yield on the back of re-commitment to the IMF program.

Our Mozambique short was a strong performer for the fund this month following a terrorist attack near the Total LNG project, which is crucial for the nation's future prospects.

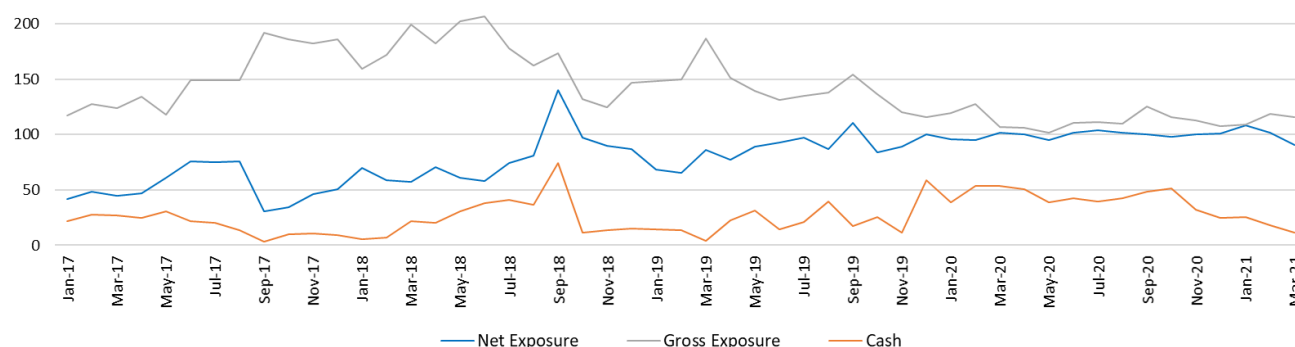
Portfolio Statistics	
Duration	0.61
99% 1-month VaR	7.90%
Average Credit Rating ¹	CCC+
Average Yield to Maturity	7.14%
Annualised Downside Risk (1 Year)	5.94%
Monthly Turnover ²	37.84%
Cash	11.42%
Leverage:	
Gross Exposure Method	86.70%
Commitment Method	74.04%

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 31st March 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
0.51	1.31	-1.47	0.26	0.61

Region

Middle East & Africa	Asia	Europe	LatAm	US	Total
0.63	0.33	0.63	0.49	-1.47	0.61

99% 1 Month Component VaR (%)

By Strategy

EM Corporate	EM Distressed	FX	Macro Hedge	EM Sovereign	Total
0.44	5.11	-0.42	-0.09	2.86	7.90

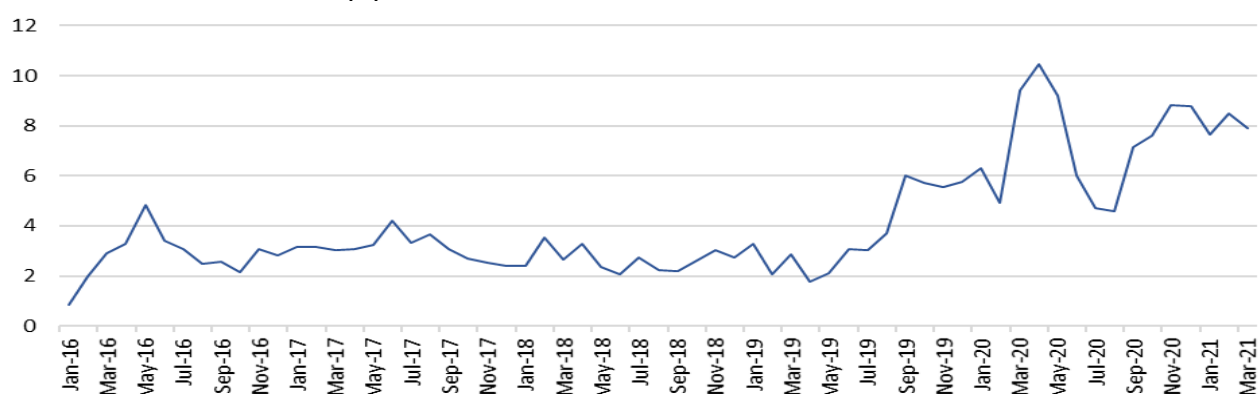
By Region

Middle East & Africa	Asia	Europe	LatAm	US	Total
1.89	0.83	0.74	4.75	-0.31	7.90

By Maturity

0-1yr	1-3yr	3-5yr	5-7yr	7-10yr	10+yr	Total
-0.74	0.55	1.01	1.48	2.35	3.25	7.90

Monte Carlo 99% 1 Month VaR (%) ⁴



Top 5 Country Holdings ⁵

Country	Region	%
Argentina	LatAm	16.80%
Ukraine	Europe	7.12%
Sri Lanka	Asia	5.55%
Ghana	Middle East & Africa	4.96%
South Africa	Middle East & Africa	4.85%

Top 5 Holdings by Name ⁵

Position	Strategy	%
Argentina Sovereign	EM Distressed	9.41%
Province of Buenos Aires	EM Distressed	7.39%
Ukraine	EM Sovereign	7.12%
Pemex	EM Corporate	6.16%
Sri Lanka	EM Sovereign	5.55%

Performance Attribution ⁶

Largest Contributors (bps)

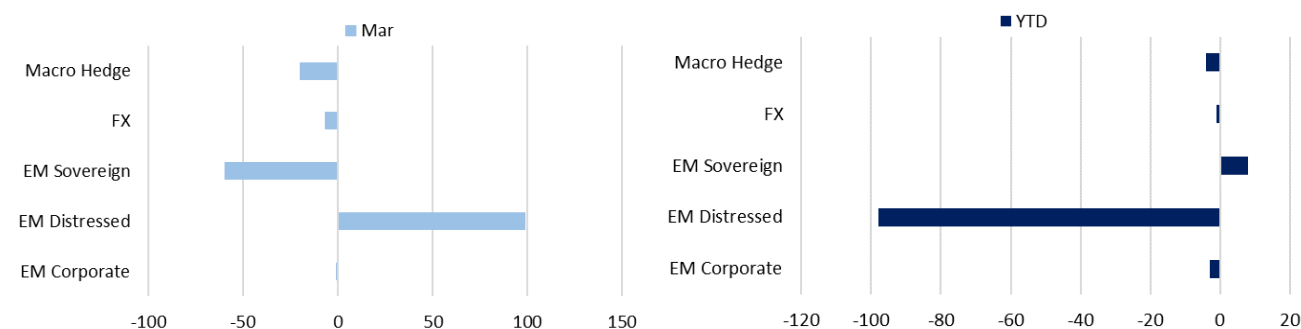
Position	Long/Short	Strategy	Region	Performance
Province of Buenos Aires	Long	EM Distressed	LatAm	+87
Ocyan	Long	EM Distressed	LatAm	+58
Sri Lanka Sovereign	Long	EM Distressed	Asia	+56
Tullow oil	Long	EM Distressed	Middle East & Africa	+19
Mozambique Sovereign	Short	EM Sovereign	Middle East & Africa	+16

Largest Detractors (bps)

Position	Long/Short	Strategy	Region	Performance
Argentina Sovereign	Long	EM Distressed	LatAm	-73
Lebanon Sovereign	Long	EM Distressed	Middle East & Africa	-43
S&P Put Spread	Short	Macro Hedge	US	-25
Ukraine Sovereign	Long	EM Sovereign	Europe	-17
Egypt Sovereign	Long	EM Sovereign	Middle East & Africa	-14

Performance Attribution by Strategy

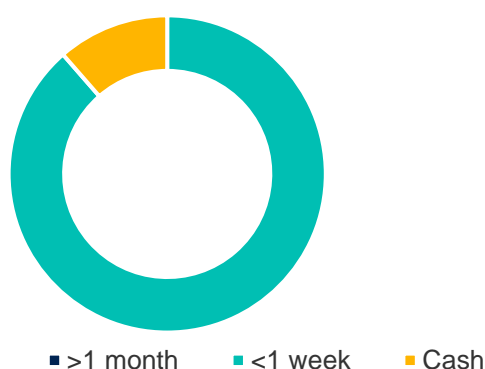
Gross Performance Attribution (bps)



Performance History (Net Return)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021	-1.33%	-0.18%	-0.09%										-1.59%
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	-0.09%	-1.59%
JPM EMBI+	-1.88%	-7.22%
JPM CEMBI	-0.64%	-0.80%
JPM EMFX	-1.08%	-3.08%
Barclays EM USD Aggregate	-1.25%	-3.48%
HFRI EM Total	-0.33%	2.85%

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