

The Argo Fund / The Argo Feeder Fund Limited

Emerging Markets Debt & Macro

Monthly Letter & Risk Report

October 2021

Performance	
NAV Per Share	370.66
October Return	0.32%
YTD Return	8.29%
Annualised Return Since Inception	7.14%
Annualised Volatility (Trailing 12-month)	5.54%
Sharpe Ratio (Trailing 12-month)	2.51
Percentage of up months	67.59%
Fund Characteristics	
Structure	Master-Feeder
Jurisdiction	Cayman Islands
Launch Date	2000
AUM (all share classes)	\$137m
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	94.21%
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

We took profit on our short Polish rates when the NBP surprised the market with a 40bps increase after repeatedly ignoring calls to tackle runaway inflation, labelling it as “transitory”. We retained our mid-curve rates short to benefit from any continued uptick in rate hike expectations and the NBP hiked a further 75bps at the start of November.

Distressed Mexican broadcaster TV Azteca reported strong Q3 results at the end of October. The financials were better than expected and driven by the continued recovery of the economy, which strengthened the advertising market. Additionally large sports events boosted advertising demand during the quarter. The company's rebound is difficult to ignore despite a lack of ongoing dialogue with the company and bond prices continue to grind higher.

Our position in Indonesian coal producer Bumi Resources was boosted by the partial repayment of outstanding bonds. The company was expected to accelerate principal amortisation on Tranche A due to the recent surge in coal prices and we expect larger repayments in both January and April 2022.

We entered the China property space with a basket of lower-priced names combined with an investment grade short. We added Evergrande and its main real estate operating entity, Tianji Holding, after a period of sustained weakening and negative news flow. Likewise, we added Fantasia after they failed to repay a bond at the start of the month. We believe downside is limited at these prices and think sentiment should improve in the event of government policy easing. As we saw with Huarong a few months ago, the Chinese government is likely to avoid a hard landing at all costs. We shorted Shimao as a hedge to capture any negative sentiment spilling over into the higher-rated property segment as question marks arise over joint ventures and off-balance sheet financing in the sector.

We exited our exposure to Turkey sovereign bonds after President Erdogan once again used his influence to achieve his unorthodox monetary policy vision as the CBRT surprised with a 200bps rate cut, following the 100bps cut in September thus sinking the lira further. Erdogan's influence at the central bank is growing as he fired three members of the MPC earlier in October. With the domestic outlook deteriorating, we shorted the Turkish equity index.

Portfolio Statistics	
Duration	0.41
99% 1-month VaR	8.31%
Average Credit Rating ¹	CC
Average Yield to Maturity	8.55%
Annualised Downside Risk (1-Year)	3.60%
Monthly Turnover ²	8.67%
Cash	16.20%
Leverage:	
Gross Exposure Method	112.25%
Commitment Method	68.33%

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 31st October 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
0.31	1.66	-1.21	-0.35	0.41

Region

Middle East & Africa	Asia	Europe	LatAm	US	Total
0.77	0.55	0.11	0.30	-1.32	0.41

99% 1 Month Component VaR ⁴ (%)

By Strategy

EM Corporate	EM Distressed	FX	Macro Hedge	EM Sovereign	Total
0.18	6.57	0.00	0.21	1.35	8.31

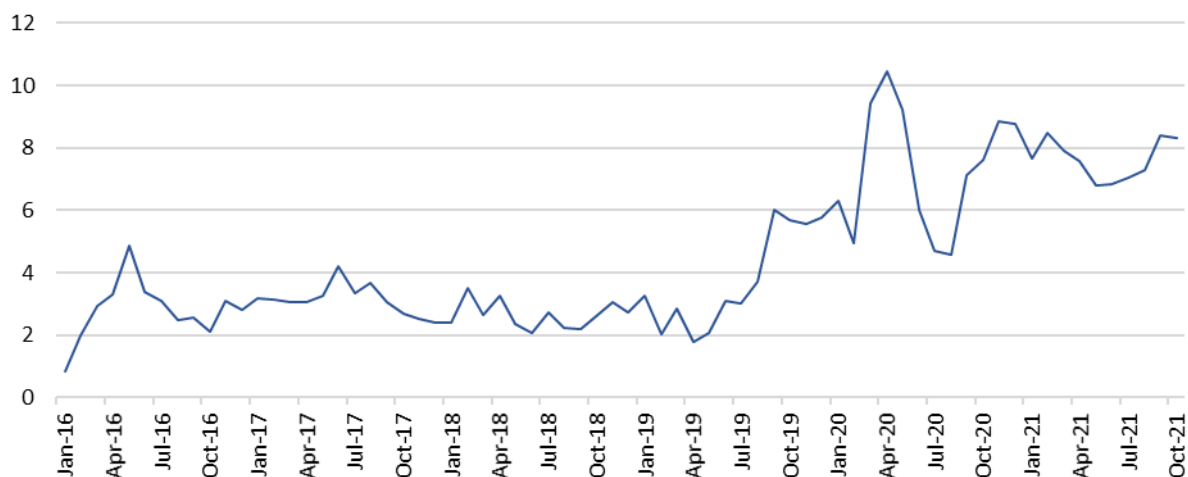
By Region

Middle East & Africa	Asia	Europe	LatAm	US	Total
1.71	1.13	0.02	5.08	0.37	8.31

By Maturity

0-1yr	1-3yr	3-5yr	5-7yr	7-10yr	10+yr	Total
-0.01	0.35	0.55	2.05	1.44	3.93	8.31

Monte Carlo 99% 1 Month VaR (%)



Top 5 Country Holdings ⁵

Country	Region	%
US	US	-18.35%
Argentina	LatAm	18.02%
Mexico	LatAm	7.63%
Ukraine	Europe	6.72%
Brazil	LatAm	6.30%

Top 5 Holdings by Name ⁵

Position	Strategy	%
UST Bond Futures	Macro Hedge	-12.93%
Province of Buenos Aires	EM Distressed	9.28%
Argentina Sovereign	EM Distressed	8.74%
Ocyan	EM Distressed	6.30%
Poland Sovereign Local	EM Sovereign	-5.49%

Performance Attribution ⁶

Largest Contributors (bps)

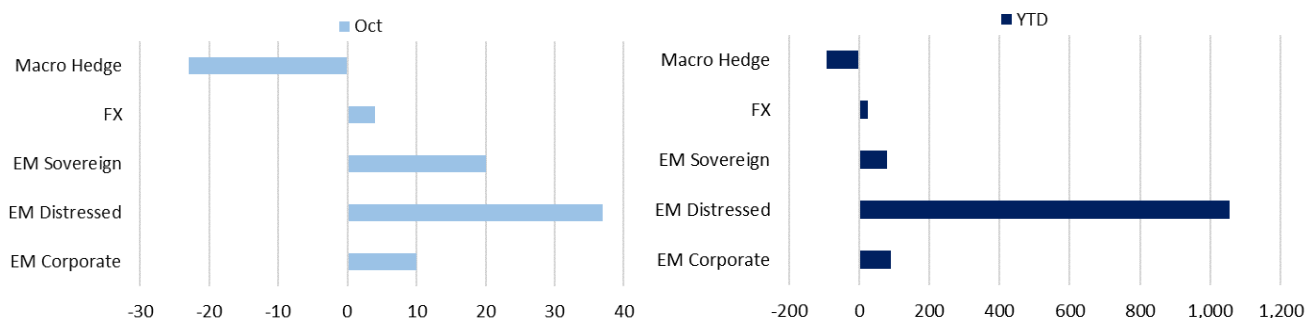
Position	Long/Short	Strategy	Region	Performance
Poland Sovereign Local	Short	EM Sovereign	Europe	+59
TV Azteca	Long	EM Distressed	LatAm	+29
Ocyan	Long	EM Distressed	LatAm	+28
Bumi Resources	Long	EM Distressed	Asia	+27
Fantasia Holdings	Long	EM Distressed	Asia	+11

Largest Detractors (bps)

Position	Long/Short	Strategy	Region	Performance
Argentina Sovereign	Long	EM Distressed	LatAm	-58
Lebanon	Long	EM Distressed	Middle East & Africa	-45
VIX Call Options	Long	Macro Hedge	US	-20
Province of Buenos Aires	Long	EM Distressed	LatAm	-18
Mexico Sovereign	Short	EM Sovereign	LatAm	-8

Performance Attribution by Strategy

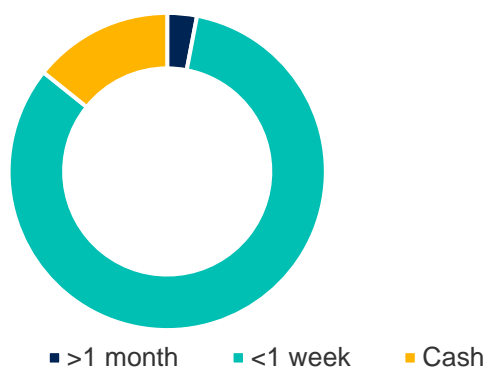
Gross Performance Attribution (bps)



Performance History (Net Return)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021	-1.33%	-0.18%	-0.09%	3.95%	1.80%	0.14%	0.22%	2.98%	0.29%	0.32%			8.29%
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



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: 24/11/2021

Comparatives

	MTD	YTD
The Argo Fund	0.32%	8.29%
JPM EMBI+	-0.13%	-4.32%
JPM CEMBI	-0.46%	1.06%
JPM EMFX	-0.77%	-5.38%
Barclays EM USD Aggregate	-0.42%	-1.55%
HFRI EM Total	0.57%	8.06%

Disclaimer:

This document is issued by Argo Capital Management Limited which is authorised and regulated by the Financial Conduct Authority ("FCA"). It is intended only for Eligible Counterparties and Professional Clients (as defined by the FCA), and any other party must not rely on it. In particular, the document is not intended for the use of Retail Customers. An investment in shares of the fund must be made on the terms of the Prospectus and no reliance can be placed on this document. All opinions expressed and data provided in this report are subject to change without notice. Argo Capital Management Ltd, its employees, directors and shareholders may have a position or deal as market maker in the securities discussed. The securities mentioned may not be suitable for all types of investors. Past performance is no guarantee of future results. This information is not a representation by us or an offer or the solicitation of an offer to sell or buy a security. Furthermore, Argo Capital Management Ltd is not responsible for any monetary loss afflicted by any person or entity who acts or refrains from acting as a result of material in this report.

The representative in Switzerland is ARM Swiss Representatives SA, Route de Cité-Ouest 2, 1196 Gland, Switzerland. The paying agent in Switzerland is Banque Heritage SA. The Prospectus, the Articles of Association and annual financial statements can be obtained free of charge from the representative in Switzerland. The place of performance and jurisdiction is the registered office of the representative in Switzerland with regards to the Shares distributed in and from Switzerland.