The Argo Fund / The Argo Feeder Fund Limited
Emerging Markets Debt & Macro
Monthly Letter & Risk Report
December 2021

Performance	
NAV Per Share	360.39
December Return	0.91%
2021 Return	5.29%
Annualised Return Since Inception	6.95%
Annualised Volatility (Trailing 12-month)	6.76%
Sharpe Ratio (Trailing 12-month)	1.11
Percentage of up months	67.45%
Fund Characteristics	
Structure	Master-Feeder
Jurisdiction	Cayman Islands
Launch Date	2000
AUM (all share classes)	$129m
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	94.67%
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

Argentina sovereign and province of Buenos Aires bonds were the fund’s top performers this month as the government sought to eventually conclude negotiations with the IMF ahead of the USD2.8bn repayment in March. Argentina owes a total of USD19bn to the IMF in 2022 and the two sides clearly disagree over the speed at which the country should reduce its fiscal deficit. Officials are resisting monetary and fiscal adjustments that would be politically unpopular ahead of the elections in 2023. We believe that pragmatism will succeed

Our basket of Chinese real estate credits suffered as investors were spooked by the uncertain restructuring process for mainland operating companies. Additionally, the crisis appears to be spreading to the stronger credits within the sector. Our short position in Shimao was previously closed and we went long in our distressed book as we think valuations are attractive at this level. We believe that the government will continue to monitor and manage the situation through policy actions and are of the view current bond prices in some of the names are overly pessimistic.

Sri Lanka continued to disappoint as the 2027 bond traded towards 50. Whilst the government appears committed to repaying foreign creditors (and the January 2022 bond price reflected this expectation), we believe options and time are running out. Whilst tourism revenue is expected to ramp up as pandemic fears abate; the government has been unable to narrow the fiscal deficit.

We shaved risk in high beta names such as Egypt, Nigeria and Ukraine during the month after the recent negative price action. We also added a short in CDX:EM to hedge against further downside risk in the sector.

In the macro book, our Polish rates short continued to perform as inflation once again printed higher than expectations, with CPI reaching 7.8% yoy. We also added short end receiver swap in Brazil. Elsewhere we replaced our UST futures short with short positions in Peru and Brazil. We also shorted S&P futures as a macro hedge - the market continued to rally into year-end despite the expected Fed tightening in 2022.

Portfolio Statistics	
Duration	0.84
99% 1-month VaR	8.86%
Average Credit Rating [1]	CC
Average Yield to Maturity	8.96%
Annualised Downside Risk (1-Year)	4.76%
Monthly Turnover [2]	43.80%
Cash	6.90%
Leverage:	
Gross Exposure Method	148.53%
Commitment Method	46.92%

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 December 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
0.48	1.69	-0.45	-0.88	0.84

Region

Middle East & Africa	Asia	Europe	LatAm	US	Total
0.64	0.72	0.06	0.00	-0.58	0.84

99% 1 Month Component VaR [4] (%)

By Strategy

EM Corporate	EM Distressed	FX	Macro Hedge	EM Sovereign	Total
0.17	7.76	0.00	-0.14	1.07	8.86

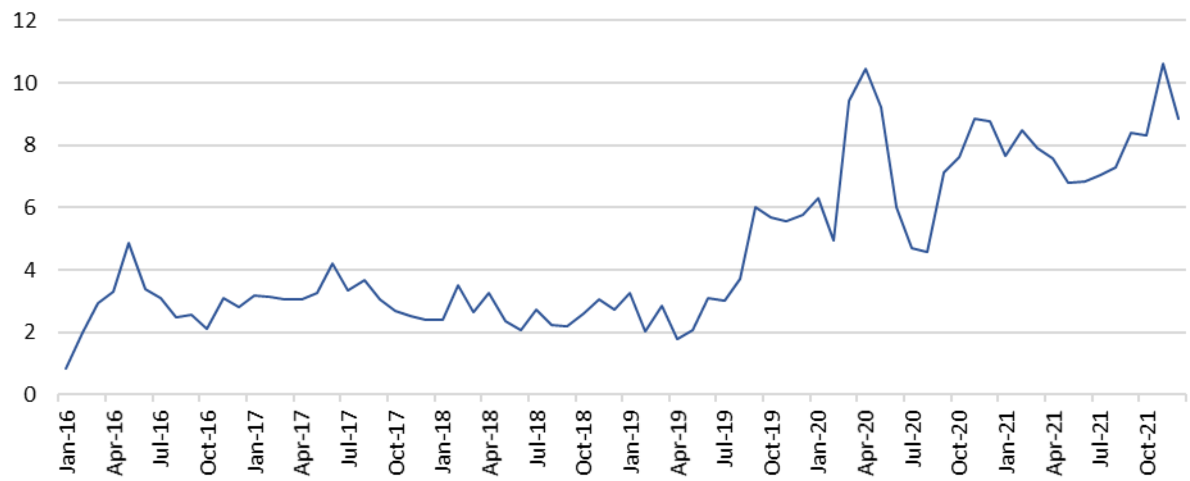
By Region

Middle East & Africa	Asia	Europe	LatAm	US	Total
2.06	1.13	0.29	5.72	-0.34	8.86

By Maturity

0-1yr	1-3yr	3-5yr	5-7yr	7-10yr	10+yr	Total
0.25	0.95	1.06	1.35	1.64	3.61	8.86

Monte Carlo 99% 1 Month VaR (%)



Top 5 Country Holdings [5]

Country	Region	%
Argentina	LatAm	17.64%
Mexico	LatAm	8.59%
Ukraine	Europe	6.76%
Poland	Europe	-5.72%
Peru	LatAm	-5.39%

Top 5 Holdings by Name [5]

Position	Strategy	%
Province of Buenos Aires	EM Distressed	8.91%
Argentina Sovereign	EM Distressed	8.73%
Ocyan	EM Distressed	6.57%
Poland Sovereign Local	EM Sovereign	-5.72%
Pemex	EM Corporate	5.48%

Performance Attribution [6]

Largest Contributors (bps)

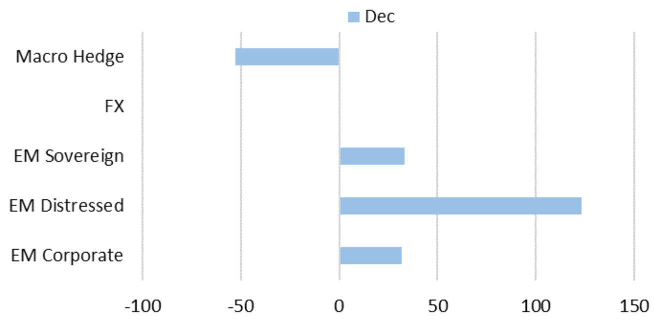
Position	Long/Short	Strategy	Region	Performance
Argentina Sovereign	Long	EM Distressed	LatAm	+108
Province of Buenos Aires	Long	EM Distressed	LatAm	+99
Pemex	Long	EM Corporate	LatAm	+25
Poland Sovereign Local	Short	EM Sovereign	Europe	+20
Egypt	Long	EM Sovereign	Middle East & Africa	+18

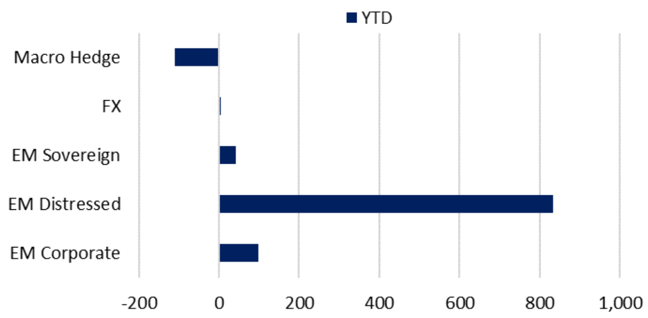
Largest Detractors (bps)

Position	Long/Short	Strategy	Region	Performance
Evergrande	Long	EM Distressed	Asia	-26
TV Azteca	Long	EM Distressed	LatAm	-26
Lebanon Sovereign	Long	EM Distressed	Middle East & Africa	-25
Sri Lanka	Long	EM Distressed	Asia	-23
CDX:HY	Short	Macro Hedge	US	-23

Performance Attribution by Strategy

Gross Performance Attribution (bps)

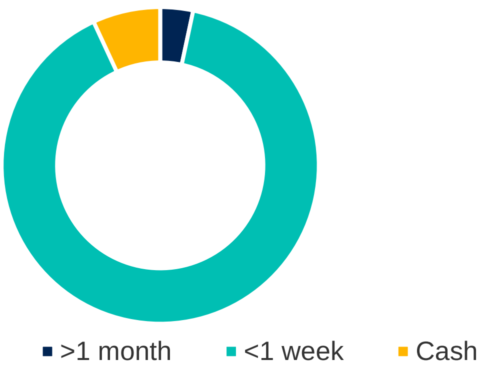




Performance History (Net Return)

	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%	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]



Comparatives

	MTD	YTD
The Argo Fund	0.91%	5.29%
JPM EMBI+	1.82%	-4.52%
JPM CEMBI	0.40%	0.91%
JPM EMFX	0.27%	-9.25%
Barclays EM USD Aggregate	0.98%	-2.65%
HFRI EM Total	0.75%	6.75%

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