



Argo Funds' Monthly Update

March 2014

The Argo Fund Ltd: 253.15
Argo Distressed Credit Fund: 1734.38
Argo Local Markets Fund: 894.71

Commentary

The Argo Local Markets Fund ended March 0.46% up at 894.71. With US treasuries trading water and market volatility diminishing, risk appetite re-emerged as the Ukraine situation quietened down – at least initially- following the Russian annexation of Crimea. High carry currencies (which have been favourite shorts recently) all rallied strongly as investors were caught out on dollar long positions.

Turkey had key local government elections towards month end that confirmed the AK party as the dominant force in politics despite the ongoing corruption investigations and the purging of officials believed to be undermining the government. This was taken well by the market as continuity is valued above any alternative ahead of presidential elections later this year.

In Brazil, inflation remains sticky in the short term due to drought bringing higher energy and food prices although the currency rally has mitigated some of this concern and the central bank is thought to be close to the end of its hiking cycle. In Colombia bonds rallied as a result of a signalled increase of its weighting in a well followed local market index.

Indonesia was stronger on the news of the popular and effective Jakarta mayor Jokowi finally announcing his candidacy for the upcoming presidential elections. Chinese numbers have been surprising higher and the forecast "financial tsunami" of debt defaults has been put back while the government also announced a mini fiscal package to help cushion growth.

In the portfolio, the fund added some tactical Turkish lira (pre-election) and South African rand as well as some Russian ruble exposure thinking the selloff was losing steam. It also added a short Indonesian rupiah position thinking the Jokowi rally was fully priced in and reduced the HUF short given the continued strength of the euro.

With respect to credit markets, stretched equity valuations and a resumption of tension in the eastern part of Ukraine have not deterred bond issuers. A multitude of borrowers ranging from Pakistan to Greece have taken advantage of the benign monetary conditions in the US and Europe. Not surprisingly, Greece's return to the market provoked a lot of comment coming only two years after the world's largest debt restructuring but the five years still yield a substantial premium over other troubled eurozone countries. The Net Asset Value ("NAV") of the Argo Distressed Credit Fund was virtually unchanged in March at 1734.38 despite gains in Argentine and Venezuelan bonds. Meanwhile, the Argo Fund fell by 0.37% to 253.15.

Argo Capital Management, 15 April 2014



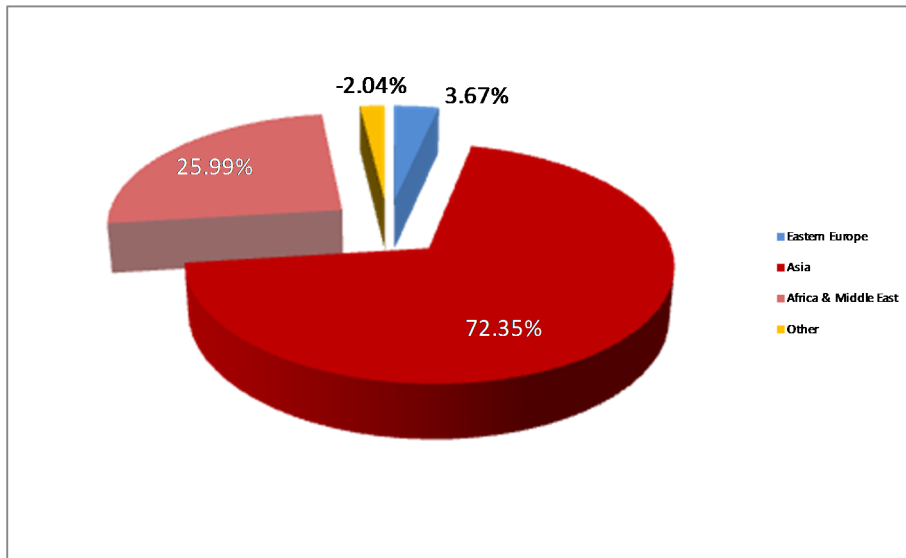
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The Argo Fund Risk Report

Product Allocation as % of NAV

	Sovereign	Quasi-Sovereign	Corporate	Total
Bonds			0.7%	0.7%
Loans	27.0%	13.2%	-2.1%	38.1%
Equity		61.2%	3.8%	65.1%
Other				
Total	27.0%	74.5%	2.4%	103.9%

Regional Allocation as % of NAV



Exposure in USD

	Bonds	Loans	Equity	Other	Total
Long/(Selling Protection)	684,790	37,895,005	61,277,041		99,856,836
NET Exposure					99,856,836
Gross Exposure					101,856,836

Liquidity

	Bonds	Loans	Equity	Other	Total
Over 3 months		39.1%			39.1%
Up to 3 months	0.6%		56.6%		57.2%
Within 1 month					0.0%
Within 1 week			3.5%	0.2%	3.7%
					100.0%



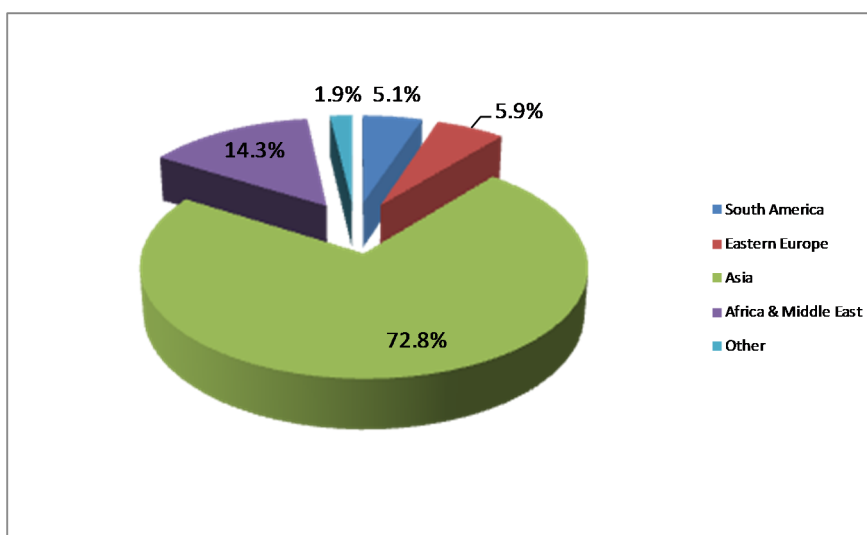
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ADCF Risk Report

Product Allocation as % of NAV

	Sovereign	Quasi-Sovereign	Corporate	Total
Bonds	3.7%		5.0%	8.7%
Loans	13.2%		6.6%	19.8%
Equity		69.9%	1.1%	71.0%
Other				
Total	16.9%	69.9%	12.7%	99.5%

Regional Allocation as % of NAV



Exposure in USD

	Bonds	Loans	Equity	Other	Total
Long/(Selling Protection)	2,299,322	5,222,481	18,766,122		26,287,926
NET Exposure					26,287,926
Gross Exposure					26,287,926

Liquidity

	Bonds	Loans	Equity	Other	Total
Over 3 months		14.9%	69.8%		84.7%
Up to 3 months		4.8%			4.8%
Within 1 month					0.0%
Within 1 week	8.7%		1.0%	0.8%	10.5%
					100.0%

Other Statistical data

Monthly Turnover as % of NAV: 0%	Duration: 0.66
Annualised Net Carry as % of NAV: 1.35%	Value at Risk: 1-Day VAR \$0.2mn or 0.7% of NAV 30-Day VAR: \$1.0mn or 3.6% of NAV
Annualised Volatility (including CDS): 5.2%	Sensitivity Analysis: Credit spreads increase by 20% 1.8% of NAV 100bps parallel shift in yield curve 0.7% of NAV



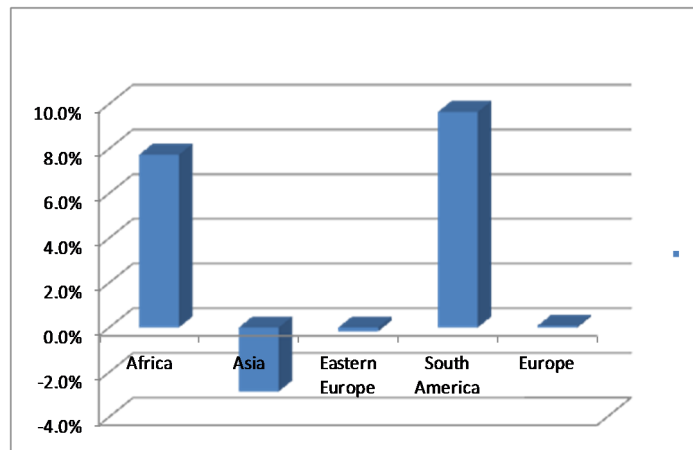
ALMF Risk Report

Product Allocation as % of NAV

	Local Currency Bonds	FX Crosses*	Interest Rates Swaps**	Other Indices/ Options***	Cash
Latin America	16.1%	-6.8%	71.5%	0%	
Eastern Europe	20.0%	-20.5%	-24.2%	-3.4%	
Asia	6.1%	-9.0%	-22.5%	-15.0%	
Middle east & Africa	13.4%	-5.7%			
Total	55.7%	-42.1%	24.8%	-18.4%	44.9%

• Includes contractual nominal amounts i.e. fx forwards / ** IRS is the nominal amount of the one leg of the swap / *** Options exposure: is the Delta adjusted exposure

Geographical Currency Exposure



Exposure in USD

	Local Currency Bonds	FX Crosses*	Interest Rates Swaps**	Other Indices/ Options***	Cash
Long	2,654,068	1,168,192	4,474,862	0	
Short		-3,171,255	-3,294,439	-878,572	
NET Exposure	2,654,068	-2,003,063	1,180,423	-878,572	2,137,080
Gross Exposure	2,654,068	4,339,448	7,769,301	-878,572	

Liquidity

	Local Currency Bonds	FX Crosses*	Interest Rates Swaps**	Other Indices/ Options***	Cash
Within 1 week	55.7%	91.1%	163.1%	18.4%	44.9%

Top 5 Investments (%)

Bonds		FX Local Currency		IRS	
South Africa	10.9%	Poland	-12.1%	Brazil	81.6%
Romania	7.4%	Romania	-7.5%	Poland	-24.2%
Poland	6.8%	Russia	-5.9%	Malaysia	-22.4%
Thailand	6.1%	Colombia	-5.9%	Mexico	-10.1%
Uruguay	6.0%	Thailand	-5.8%		

Other Statistical data

Monthly Turnover as % of NAV: 208%	Value at Risk: 1-Day VAR 0.38% of NAV / 30-Day VAR: 1.76% of NAV VAR Confidence level is 99%
Annualised Net Carry as % of NAV: 4.36%	Sensitivity Analysis: 100bps parallel shift in yield curve -2.46% of NAV
Annualised Volatility: Ex-Ante 2.76% / Ex-Post 3.31%	



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Argo Fund monthly returns since inception

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2000										0.40%	-1.79%	1.67%	0.25%
2001	1.11%	2.46%	3.27%	0.82%	2.52%	1.83%	0.60%	2.10%	1.51%	2.29%	5.66%	3.67%	31.53%
2002	1.83%	2.23%	2.18%	2.39%	2.57%	0.54%	0.97%	1.36%	2.09%	0.48%	2.03%	2.02%	22.74%
2003	1.73%	1.69%	1.27%	3.66%	2.50%	3.35%	1.39%	1.16%	1.76%	1.29%	1.13%	2.44%	26.01%
2004	1.89%	0.80%	2.05%	0.80%	-0.15%	0.47%	0.32%	1.50%	1.63%	1.47%	1.95%	1.15%	14.78%
2005	0.44%	1.33%	0.13%	0.73%	1.53%	1.34%	0.81%	1.31%	0.50%	-0.05%	0.16%	0.90%	9.51%
2006	0.68%	0.08%	0.28%	0.95%	0.65%	1.60%	0.62%	0.64%	0.74%	0.65%	1.56%	2.14%	11.11%
2007	0.36%	0.89%	0.51%	0.92%	1.82%	1.76%	0.41%	0.19%	0.62%	0.43%	1.80%	1.98%	12.31%
2008	0.68%	0.48%	0.75%	-0.24%	0.57%	0.43%	-0.23%	-0.67%	-7.60%	-31.05%	-4.41%	-2.96%	-39.86%
2009	-3.17%	0.48%	3.87%	0.89%	-0.15%	3.43%	1.37%	0.69%	1.87%	1.00%	0.40%	1.05%	12.18%
2010	-0.69%	1.54%	1.82%	-0.46%	-2.48%	0.72%	1.75%	1.56%	1.91%	1.32%	-2.66%	4.13%	8.55%
2011	-0.09%	0.44%	-0.33%	1.72%	-0.13%	-0.57%	1.58%	-0.52%	-4.55%	3.41%	0.19%	-0.84%	0.10%
2012	-2.30%	0.41%	-0.13%	-0.45%	-2.63%	0.37%	-1.20%	0.64%	0.20%	0.11%	-0.69%	5.85%	-0.07%
2013	-1.25%	-4.59%	-1.06%	17.56%	-0.58%	-0.29%	0.31%	-0.31%	0.54%	-0.26%	-0.19%	-0.23%	8.49%
2014	-0.67%	+0.63%	-0.37%										-0.43%

ADCF monthly returns since inception

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2008										-1.96%	2.14%	0.35%	0.49%
2009	-0.25%	-0.70%	0.41%	2.30%	1.65%	1.82%	3.00%	1.81%	3.34%	-1.68%	-1.81%	0.80%	11.06%
2010	2.85%	4.08%	1.40%	0.71%	-3.85%	-0.42%	1.69%	0.68%	4.27%	0.92%	-3.21%	1.08%	10.32%
2011	1.47%	0.20%	0.25%	-0.78%	-1.89%	0.55%	4.06%	-1.96%	-6.25%	4.49%	3.67%	-2.12%	1.18%
2012	0.10%	0.72%	-0.34%	-0.75%	-3.62%	0.73%	-0.43%	1.74%	2.95%	3.61%	1.42%	16.92%	24.05%
2013	0.96%	-2.43%	0.01%	16.56%	-0.61%	-1.97%	0.81%	-0.31%	0.42%	0.33%	-0.35%	-0.21%	12.64%
2014	-1.54%	1.23%	-0.03%										-0.35%

ALMF monthly returns since inception

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2012											0.78%	0.77%	1.56%
2013	0.35%	-0.16%	-0.47%	0.82%	-3.46%	-2.47%	-0.46%	-1.82%	-0.48%	-0.95%	-1.02%	-0.08%	-9.80%
2014	-2.05%	-0.74%	0.46%										-2.33%



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Argo Funds monthly returns vs Indices						
	TAF ¹	ADCF ²	ALMF ³	EMBI+ ⁴	S&P500	JPM GBI-EM ⁵
Oct '00 – Dec'00 ¹	0.25%			4.00%	-7.60%	
Full Year 2001	31.53%			-0.80%	-13.00%	
Full Year 2002	22.74%			13.98%	-23.36%	
Full Year 2003	26.01%			29.11%	26.38%	
Full Year 2004	14.78%			11.78%	8.99%	
Full Year 2005	9.51%			11.86%	3.00%	
Full Year 2006	11.11%			10.49%	13.62%	
Full Year 2007	12.31%			6.45%	3.53%	
Full Year 2008	-39.86%	0.49%		-9.70%	-38.49%	
Full Year 2009	12.18%	11.06%		25.95%	23.45%	
Full Year 2010	8.55%	10.32%		11.83%	12.78%	
Full Year 2011	0.10%	1.18%		9.20%	0.00%	
Full Year 2012	-0.07%	24.05%	1.56%	18.04%	13.41%	16.76%
Full Year 2013	8.49%	12.64%	-9.80%	-8.31%	29.60%	-8.98%
YTD 2014	-0.43%	-0.35%	-2.33%	+3.45%	+1.30%	+1.90%
Since Inception	153.15%	73.44%	-10.53%	n/a	n/a	n/a

Notes:

All returns are calculated using Net Asset Value of fund, and dates in table correspond to a normal calendar year.

1. Inception date: 16 October 2000.

2. Inception date: 1 October 2008.

3. Inception date: 9 November 2012.

4. JPMorgan Emerging Market Bond Index Plus Composite Index tracks total returns for external currency denominated emerging market debt: Brady bonds, loans, Eurobonds and US dollar denominated local market instruments (source: Bloomberg).

5. JPM GBI-EM Global Diversified Index is the first comprehensive, global local Emerging Markets index, and consists of regularly traded, liquid fixed-rate, domestic currency government bonds to which international investors can gain exposure.

	The Argo Fund	ADCF	ALMF
Annualised Return	7.91%	11.10%	-7.47%
Annual Return (Rolling12)	15.88%	13.93%	-11.65%
Sharpe Ratio	0.66	0.87	-1.84

Website www.argocm.com with selected Internet references for Argo Funds information:

www.albourne.com

www.tass.lipperweb.com

www.hedgefund.net

www.eurekahedge.com

www.cogenthedge.com

www.hedgefundnews.com

www.hedgepole.com

www.barclayhedge.com

www.cambridgeassociates.com