



Argo Funds' Monthly Update

July 2014

The Argo Fund Ltd: 250.62
Argo Distressed Credit Fund: 1,723.60
Argo Local Markets Fund: 878.87

Commentary

July was a volatile month for EM in general with the conflict in eastern Ukraine reigniting tensions. The continued civil war in the east of that country led to the shooting down of a Malaysian passenger airliner in airspace above Ukraine with both sides blaming the other for the incident. The response from the US and EU in the form of further economic sanctions led to tit for tat action from Russia and heightened volatility in asset prices. The Net Asset Value ("NAV") of the Argo Local Markets Fund ended July 1.96% down at 878.87 as the portfolio suffered from the selloff in Russian bonds that also impacted the Hungarian bond position. It was also adversely affected by a selloff in the Ghanaian Cedi prior to the IMF program announcement, but the Thailand rates position had a strong month.

South Africa's reserve bank hiked interest rates to 5.75% on inflation concerns and the risk of further depreciation of the rand. Meanwhile, Turkey cut interest rates by 50bps to 7.5% despite little evidence that inflationary pressures were easing.

In Asia, the Indonesian elections took place in early July and the results gave the favorite Joko Widodo a win with 53% of votes cast. This was subsequently confirmed by the constitutional court after the opposition challenged the outcome. This victory now opens the door to a new reform-minded government, relatively free from the old style politics of the past, and that hopefully can implement the changes that the country urgently needs.

At the recent Jackson Hole conference, Mario Draghi's speech underlined the fear that Europe continues to flirt with outright deflation whilst the Japanese experiment with "Abenomics" looks to be floundering after recording negative growth in the second quarter. Consequently, only China, after some recent easing, and the US remain the pillars of strength in the global economy and while that remains EM rates will likely continue to be strong and EM currencies could be in for a more challenging period ahead.

Adverse currency movements also affected the other funds in July. The NAV of the Argo Distressed Credit Fund was down 0.69% in July, finishing at 1723.60 whilst the NAV of The Argo Fund fell by 0.91%, to 250.62.

Argo Capital Management, 26 August 2014

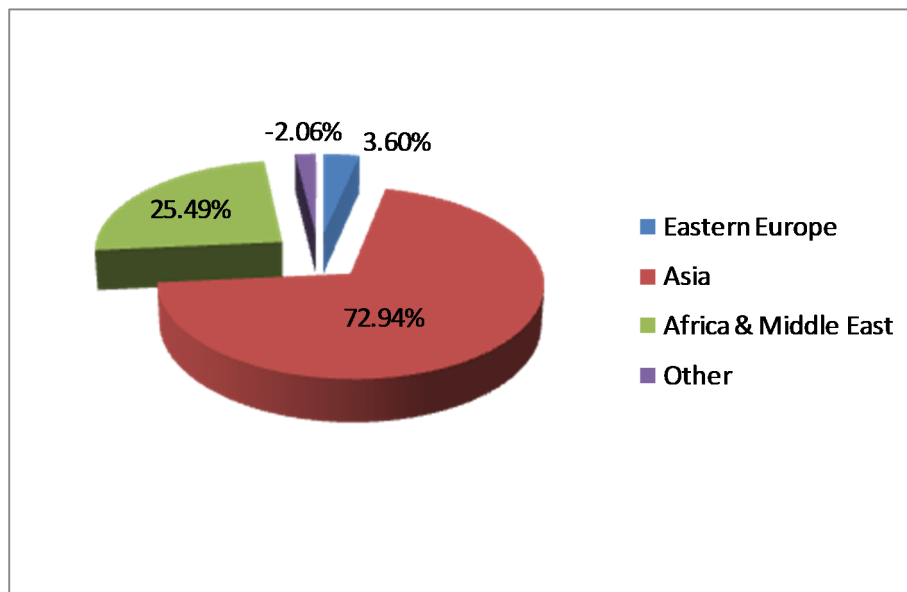


The Argo Fund Risk Report

Product Allocation as % of NAV

	Sovereign	Quasi-Sovereign	Corporate	Total
Bonds			0.7%	0.7%
Loans	26.6%	13.4%	-2.1%	37.9%
Equity		62.1%	3.8%	65.9%
Other				
Total	26.6%	75.5%	2.4%	104.5%

Regional Allocation as % of NAV



Exposure in USD

	Bonds	Loans	Equity	Other	Total
Long/(Selling Protection)	684,790	37,197,071	61,178,690		99,060,551
NET Exposure					99,060,551
Gross Exposure					101,060,551

Liquidity

	Bonds	Loans	Equity	Other	Total
Over 3 months		38.7%			38.7%
Up to 3 months	0.6%		56.9%		57.5%
Within 1 month					0.0%
Within 1 week			3.5%	0.3%	3.8%
					100.0%



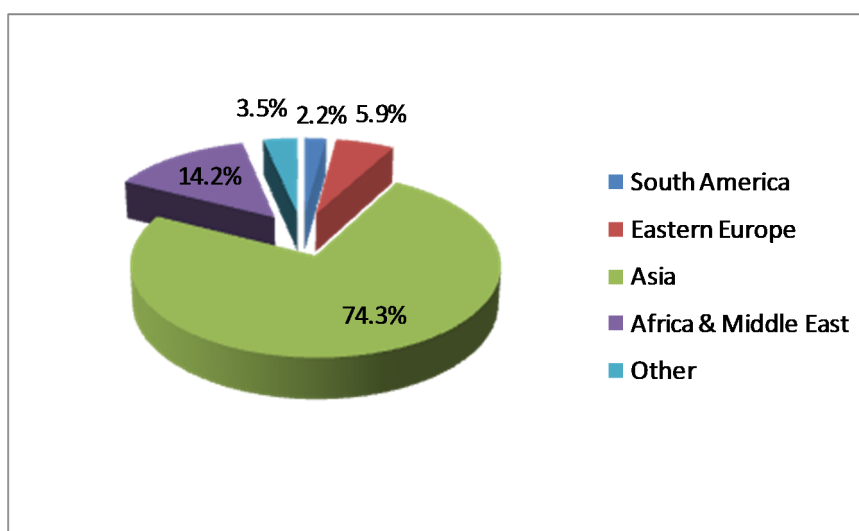
Argo Funds' Monthly Update

ADCF Risk Report

Product Allocation as % of NAV

	Sovereign	Quasi-Sovereign	Corporate	Total
Bonds	1.8%		4.2%	6.0%
Loans	13.2%		8.2%	21.4%
Equity		71.7%	1.1%	72.8%
Other				
Total	15.0%	71.7%	13.5%	100.2%

Regional Allocation as % of NAV



Exposure in USD

	Bonds	Loans	Equity	Other	Total
Long/(Selling Protection)	1,594,554	5,499,771	18,759,210		25,808,536
NET Exposure					25,808,536
Gross Exposure					25,808,536

Liquidity

	Bonds	Loans	Equity	Other	Total
Over 3 months		16.4%	71.6%		88.0%
Up to 3 months		4.9%			4.9%
Within 1 month					0.0%
Within 1 week	6.0%		1.0%	0.1%	7.1%
					100.0%

Other Statistical data

Monthly Turnover as % of NAV: 3.1%	Duration: 0.66
Annualised Net Carry as % of NAV: 1.06%	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): 5.8%	Sensitivity Analysis: Credit spreads increase by 20% 1.8% of NAV 100bps parallel shift in yield curve 0.7% of NAV



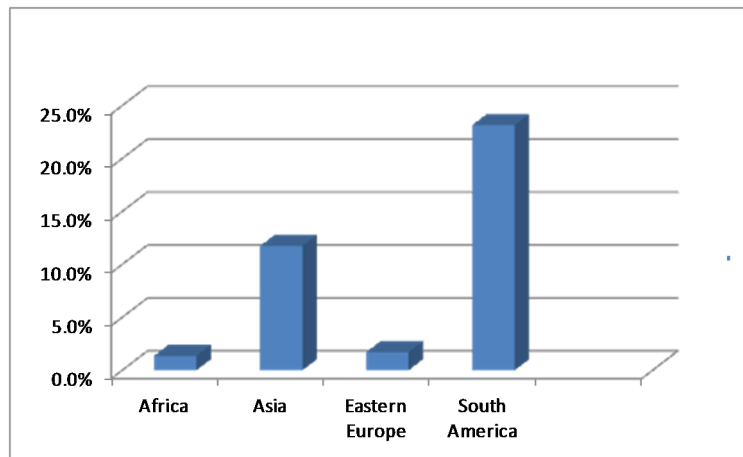
ALMF Risk Report

Product Allocation as % of NAV

	Local Currency Bonds	FX Crosses*	Interest Rates Swaps**	Other Indices/ Options***	Cash
Latin America	18.4%	4.8%	51.2%		
Eastern Europe	21.7%	-20.5%			
Asia	7.2%	4.6%	-25.6%		
Middle east & Africa	14.3%	-12.9%			
Total	61.5%	-24.0%	25.6%		37.7%

• 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	2,617,384	1,197,080	3,241,688		
Short		-2,219,433	-2,151,694		
NET Exposure	2,617,384	-1,022,353	1,089,995		1,603,135
Gross Exposure	2,617,384	3,416,513	5,393,382		

Liquidity

	Local Currency Bonds	FX Crosses*	Interest Rates Swaps**	Other Indices/ Options***	Cash
Within 1 week	61.5%	80.3%	126.7%		37.7%

Top 5 Investments (%)

Bonds		FX Local Currency		IRS	
South Africa	12.2%	South Africa	-12.9%	Brazil	62.4%
Poland	7.9%	Hungary	-7.8%	Malaysia	-25.6%
Hungary	7.6%	Russia	-6.9%	Mexico	-11.2%
Thailand	7.2%	Thailand	-6.6%		
Colombia	6.9%	Poland	-5.8%		

Other Statistical data

Monthly Turnover as % of NAV: 31%	Value at Risk: 1-Day VAR 0.58% of NAV / 30-Day VAR: 2.73% of NAV VAR Confidence level is 99%
Annualised Net Carry as % of NAV: 3.67%	Sensitivity Analysis: 100bps parallel shift in yield curve -5.28% of NAV
Annualised Volatility: Ex-Ante 2.96% / Ex-Post 3.45%	



Argo Funds' Monthly Update

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%	-0.10%	-0.77%	+0.80%	-0.91%						-1.42%

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%	0.17%	-0.44%	+0.34%	-0.69%						-0.97%

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%	-1.02%	1.25%	-0.02%	-1.96%						-4.06%



Argo Funds' Monthly Update

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	-1.42%	-0.97%	-4.06%	9.54%	+4.45%	+4.87%
Since Inception	150.62%	72.36%	-12.11%	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	7.63%	10.33%	-7.03%
Annual Return (Rolling12)	-1.86%	-1.10%	-8.16%
Sharpe Ratio	0.65	0.84	-1.73

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

www.albourn.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