



September 2014

The Argo Fund Ltd: 245.96
Argo Distressed Credit Fund: 1,695.93
Argo Local Markets Fund: 864.74

Commentary

The annual meetings of the International Monetary Fund and World Bank took place in Washington last week against a gloomy backdrop. The acceleration in global growth has failed to materialize, thanks largely to a moribund Europe and difficulties in a number of emerging market economies. At the same time, events such as the Middle East crisis and the Ebola outbreak in Africa are posing additional threats. The IMF has shaded its forecast for world GDP growth in 2014 down to 3.3% but still hopes for a modest upturn next year to 3.8%. Not surprisingly, the IMF is urging its members to increase investment in infrastructure to boost short-term activity and long-term growth potential as it is becoming abundantly clear that QE and low interest rates are not sufficient to stimulate growth, and are causing misallocation of resources. Equity markets and commodity prices have sold-off in recent weeks and the weaker sentiment contributed to the 1.04% drop in the Net Asset Value ("NAV") of the Argo Distressed Credit Fund in August, which finished at 1695.93. The NAV of The Argo Fund fell by 1.32%, to 245.96.

A strong dollar wreaked havoc in EM currencies last month with a number nursing losses in excess of 5% (Colombia, South Africa, Russia and Brazil). The geopolitical concerns alluded to in the paragraph above have resulted in investment flows out of emerging markets. Russia suffered the heaviest fallout, with sanctions resulting from its excursions into Ukraine now weighing down the domestic economy amidst continued capital flight, and lower oil prices. In Brazil the volatility surrounding the tight presidential race saw the real trade in a 10% range as President Rouseff and Marina Silva traded polling results. Subsequently, there was a surprise turnout for the market-friendly candidate, Aecio Neves of the PSDB, which subsequently dumped Marina Silva out of the second round. The race remains hard to predict.

In the portfolio, some of the euro-linked interest rate risk was hedged via bund futures after the ECB's announcement of an ABS purchase plan (a prelude to QE). Additionally, the fund also shorted some Asian FX and the more volatile Turkish lira on further regional instability, and the central bank's marginally dovish outlook.

We maintain the view that the dollar rally still has some way to go but are cautious that it may have come too far too soon, and a pullback into yearend could materialise. Similarly in emerging interest rates we are dealing with opposing market forces of capital outflow and relatively attractive real rates versus increasingly negative real interest rates in developed Europe and the US. The Argo Local Markets Fund declined 2.12% during September to end at 864.74.

Argo Capital Management, 15 October 2014



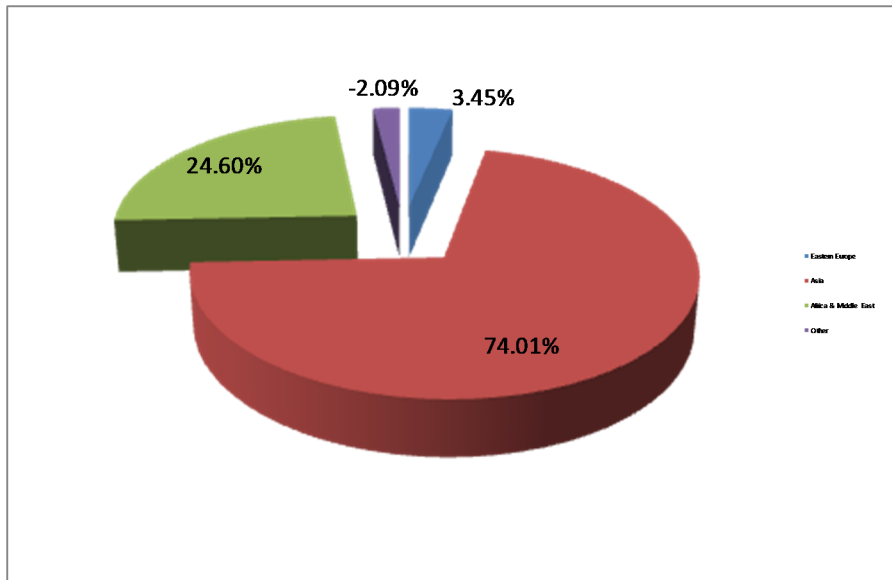
Argo Funds' Monthly Update

The Argo Fund Risk Report

Product Allocation as % of NAV

	Sovereign	Quasi-Sovereign	Corporate	Total
Bonds			0.8%	0.8%
Loans	25.9%	13.7%	-2.2%	37.4%
Equity		63.5%	3.6%	67.1%
Other				
Total	25.9%	77.2%	2.2%	105.3%

Regional Allocation as % of NAV



Exposure in USD

	Bonds	Loans	Equity	Other	Total
Long/(Selling Protection)	684,790	35,991,288	60,964,784		97,640,862
NET Exposure					97,640,862
Gross Exposure					99,640,862

Liquidity

	Bonds	Loans	Equity	Other	Total
Over 3 months		38.1%			38.1%
Up to 3 months	0.7%		57.9%		58.6%
Within 1 month					0.0%
Within 1 week			3.3%		3.3%
					100.0%



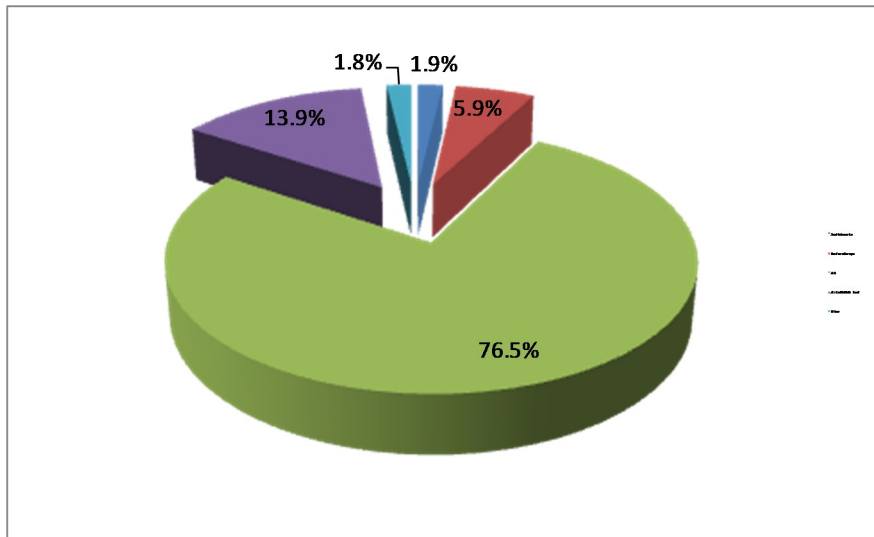
Argo Funds' Monthly Update

ADCF Risk Report

Product Allocation as % of NAV

	Sovereign	Quasi-Sovereign	Corporate	Total
Bonds	1.5%		4.3%	5.8%
Loans	12.7%		6.5%	19.2%
Equity		72.9%	1.0%	73.9%
Other				
Total	14.2%	72.9%	11.8%	98.9%

Regional Allocation as % of NAV



Exposure in USD

	Bonds	Loans	Equity	Other	Total
Long/(Selling Protection)	1,457,672	4,871,344	18,743,649		25,072,666
NET Exposure					25,072,666
Gross Exposure					25,072,666

Liquidity

	Bonds	Loans	Equity	Other	Total
Over 3 months		14.4%	72.8%		87.2%
Up to 3 months		4.8%			4.8%
Within 1 month					0.0%
Within 1 week	5.8%		1.0%	1.2%	8.0%
					100.0%

Other Statistical data

Monthly Turnover as % of NAV: 0%	Duration: 0.66
Annualised Net Carry as % of NAV: 1.04%	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): 5.5%	Sensitivity Analysis: Credit spreads increase by 20% 1.8% of NAV 100bps parallel shift in yield curve 0.7% of NAV



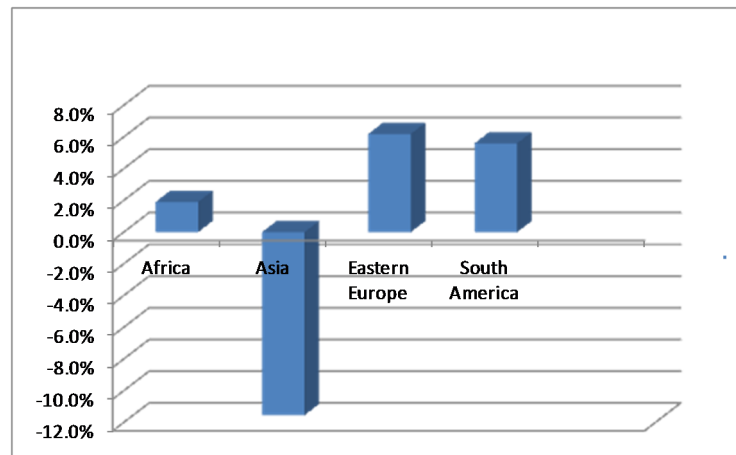
ALMF Risk Report

Product Allocation as % of NAV

	Local Currency Bonds	FX Crosses*	Interest Rates Swaps**	Other Indices/ Options***	Cash
Latin America	17.6%	-12.0%	48.6%		
Eastern Europe	13.7%	-7.6%		-22.9%	
Asia	7.3%	-18.8%	-25.9%		
Middle east & Africa	14.4%	-12.5%			
Total	53.0%	-50.9%	22.6%		46.5%

• 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	2,191,879	903,636	3,051,868		
Short		-3,011,227	-2,114,767	-947,748	
NET Exposure	2,191,879	-2,107,591	937,100	-947,748	1,924,127
Gross Exposure	2,191,879	3,914,863	5,166,635	947,748	

Liquidity

	Local Currency Bonds	FX Crosses*	Interest Rates Swaps**	Other Indices/ Options***	Cash
Within 1 week	53.0%	94.6%	124.8%	22.9%	46.5%

Top 5 Investments (%)

Bonds		FX Local Currency		IRS	
South Africa	12.0%	South Africa	-12.5%	Brazil	59.9%
Hungary	7.6%	Hungary	-7.6%	Malaysia	-25.9%
Thailand	7.3%	Colombia	-7.3%	Mexico	-11.3%
Uruguay	6.5%	Korea	-7.3%		
Colombia	6.4%	Malaysia	-7.2%		

Other Statistical data

Monthly Turnover as % of NAV: 185.7%	Value at Risk: 1-Day VAR 0.55% of NAV / 30-Day VAR: 2.58% of NAV VAR Confidence level is 99%
Annualised Net Carry as % of NAV: 3.67%	Sensitivity Analysis: 100bps parallel shift in yield curve -4.04% of NAV
Annualised Volatility: Ex-Ante 3.23% / Ex-Post 3.51%	



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%	-0.54%	-1.32%				-3.25%

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%	-0.57%	-1.04%				-2.56%

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%	0.52%	-2.12%				-5.60%



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	-3.25%	-2.56%	-3.56%	+7.16%	+6.70%	-0.01%
Since Inception	145.96%	69.59%	-13.53%	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	7.40%	9.75%	-7.22%
Annual Return (Rolling12)	-3.91%	-2.79%	-7.52%
Sharpe Ratio	0.63	0.80	-1.76

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