



Argo Funds' Monthly Update

January 2015

The Argo Fund Ltd: 241.76
Argo Distressed Credit Fund: 1,655.94
Argo Local Markets Fund: 864.77

Oil prices finally bottomed-out during January, ending the month around US\$ 50 per barrel (using Brent as a benchmark). They have subsequently rallied another US\$10 or so. This has provided some relief to the equity and bond prices in the oil sector –and those countries dependent upon hydrocarbon revenues. Nevertheless there remains a divergence of views on the outlook: some pundits believe that the price may fall further as a result of supply/demand dynamics not being fully played out yet whilst others are projecting a US\$55-65 range for the next couple of years. Elsewhere, fears that the Syriza-led government would leave the Eurozone in the absence of fresh concessions from Greece's creditors subsided as a compromise was cobbled together. However, this is unlikely to be the last we hear about Greece, its debt and Eurozone economic policy.

The Net Asset Value ("NAV") of The Argo Fund increased marginally in January, to 241.76. The 0.23% drop in the NAV of the Argo Distressed Credit Fund in December, which finished at 1655.94, was again due to lower emerging market corporate and sovereign bond prices as the markets remained risk-averse.

The Argo Local Markets Fund rose 0.63% during January to end at 864.77. Emerging market local debt began the year in a mixed fashion. The continuation of the Ukrainian conflict coupled with a low (but stabilizing) oil price and the continued strength of the US economy saw further falls in emerging currencies. Adding to this caution was the outcome of the Greek elections and its implications for the recovery in Europe and the European project as a whole. However, this uncertainty supported a strong rally in emerging interest rates during the month particularly in some of the high beta countries that had been punished in 2014. Indonesia, South Africa, Turkey and Russian bonds were strongly up while more stable countries like Mexico and the Philippines also registered solid gains. The net result after FX moves was a small positive.

The data from the US economy continues to register strong growth momentum in activity and jobs and the market is now firmly pricing in a hike in interest rates by the middle of the year. By comparison emerging countries are still in easing mode as they fight deflationary forces in Europe and elsewhere due mainly to lower oil prices. Real rates in EM remain positive and hence attractive from an investment perspective but the volatility in the currencies remain a strong headwind for the asset class.

In the portfolio we added some FX exposure after the strong US rally last year. This is a tactical short term idea as we continue to expect USD strength to be a dominant theme this year.

Argo Capital Management, 25 February 2015



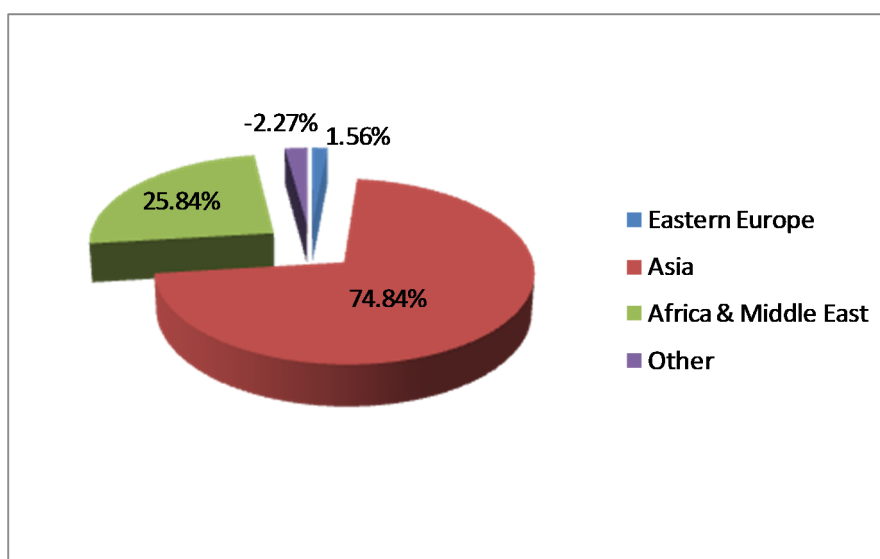
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The Argo Fund Risk Report

Product Allocation as % of NAV

	Sovereign	Quasi-Sovereign	Corporate	Total
Bonds		14.0%	0.8%	14.8%
Loans	27.4%		-2.4%	25.0%
Equity		64.6%	1.6%	66.2%
Other				
Total	27.4%	78.6%	0.0%	106.0%

Regional Allocation as % of NAV



Exposure in USD

	Bonds	Loans	Equity	Other	Total
Long/(Selling Protection)	13,145,590	24,439,297	59,147,296		96,732,184
NET Exposure					96,732,184
Gross Exposure					96,732,184

Liquidity

	Bonds	Loans	Equity	Other	Total
Over 3 months	12.6%	26.9%			39.5%
Up to 3 months	0.7%		58.3%		59.0%
Within 1 month					0.0%
Within 1 week			1.5%		1.5%
					100.0%



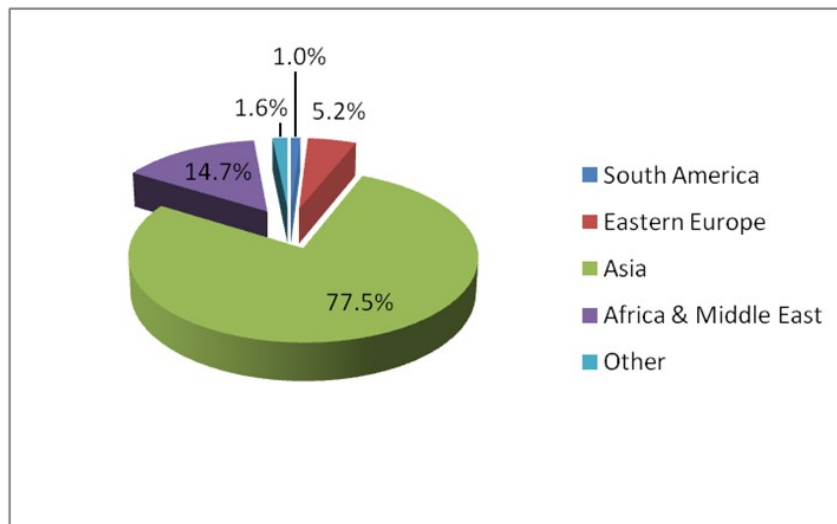
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ADCF Risk Report

Product Allocation as % of NAV

	Sovereign	Quasi-Sovereign	Corporate	Total
Bonds	0.8%		3.8%	4.6%
Loans	13.6%		6.2%	19.8%
Equity		75.1%	0.5%	75.6%
Other				
Total	14.4%	75.1%	10.5%	100.0%

Regional Allocation as % of NAV



Exposure in USD

	Bonds	Loans	Equity	Other	Total
Long/(Selling Protection)	1,125,457	4,882,377	18,603,585		24,611,420
NET Exposure					24,611,420
Gross Exposure					24,611,420

Liquidity

	Bonds	Loans	Equity	Other	Total
Over 3 months		15.1%	75.0%		90.1%
Up to 3 months		4.7%			4.7%
Within 1 month					0.0%
Within 1 week	4.6%		05%	0.1%	5.2%
					100.0%

Other Statistical data

Monthly Turnover as % of NAV: 0%	Duration: 0.66
Annualised Net Carry as % of NAV: 1.09%	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): 6.1%	Sensitivity Analysis: Credit spreads increase by 20% 1.8% of NAV 100bps parallel shift in yield curve 0.7% of NAV



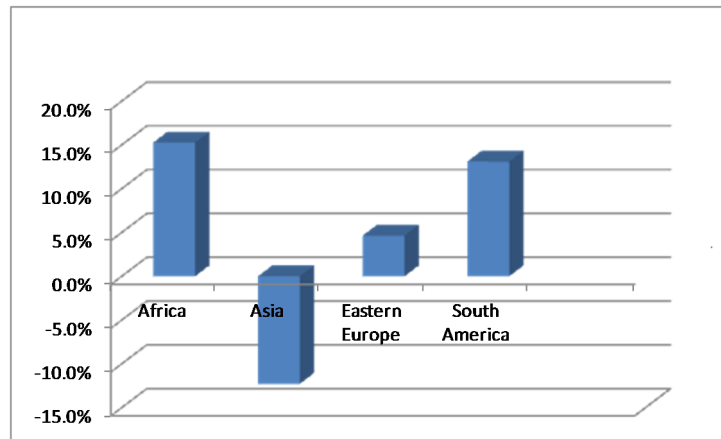
ALMF Risk Report

Product Allocation as % of NAV

	Local Currency Bonds	FX Crosses*	Interest Rates Swaps**	Other Indices/ Options***	Cash
Latin America	17.4%	-4.5%	56.2%		
Eastern Europe	11.2%	-7.1%			
Asia	7.2%	-19.5%	-24.2%		
Middle east & Africa	15.1%	-0.3%			
Total	50.9%	-31.4%	32.0%		48.9%

• 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	2,027,487	1,125,142	2,236,386		
Short		-2,374,833	-964,320		
NET Exposure	2,027,487	-1,249,691	1,272,066		1,946,304
Gross Exposure	2,027,487	3,499,976	3,200,706		

Liquidity

	Local Currency Bonds	FX Crosses*	Interest Rates Swaps**	Other Indices/ Options***	Cash
Within 1 week	50.9%	87.9%	80.4%		48.9%

Top 5 Investments (%)

Bonds		FX Local Currency		IRS	
South Africa	12.7%	China	-9.8%	Brazil	56.2%
Hungary	8.4%	Korea	-7.5%	Malaysia	-24.2%
Thailand	7.2%	Hungary	-7.1%		
Uruguay	7.0%	Thailand	-6.9%		
Colombia	5.8%	Indonesia	4.9%		

Other Statistical data

Monthly Turnover as % of NAV: 29.5%	Value at Risk: 1-Day VAR 0.59% of NAV / 30-Day VAR: 2.76% of NAV VAR Confidence level is 99%
Annualised Net Carry as % of NAV: 4.2%	Sensitivity Analysis: 100bps parallel shift in yield curve -3.50% of NAV
Annualised Volatility: Ex-Ante 3.46% / 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%	-0.54%	-1.32%	-0.44%	-0.29%	-1.02%	-4.94%
2015	+0.04%												+0.04%

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%	-0.53%	-0.51%	-1.11%	-4.64%
2015	-0.23%												-0.23%

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%	-0.59%	+1.28%	-1.30%	-6.19%
2015	+0.63%												+0.63%

ALMF monthly returns since inception (excluding fees)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2012											1.03%	1.69%	2.73%
2013	0.65%	0.13%	-0.16%	1.07%	-3.15%	-2.21%	-0.19%	-1.49%	-0.21%	-0.67%	-0.68%	0.18%	-6.60%
2014	-1.66%	-0.42%	0.79%	-0.60%	1.69%	0.43%	-1.37%	0.97%	-1.63%	0.00%	1.75%	-0.87%	-0.98%
2015	+1.26%												+1.26%



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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%
Full Year 2014	-4.94%	-4.64%	-6.19%	+6.15%	+11.39%	-5.72%
YTD 2015	+0.04%	-0.23%	+0.63%	+0.56%	-3.10%	+0.34%
Since Inception	141.76%	65.59%	-13.52%	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	7.09%	8.82%	-6.17%
Annual Return (Rolling12)	-4.26%	-3.37%	-3.62%
Sharpe Ratio	0.61	0.74	-1.51

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