



## Argo Funds' Monthly Update

March 2015

**The Argo Fund Ltd: 237.09**  
**Argo Distressed Credit Fund: 1,642.31**  
**Argo Local Markets Fund: 843.35**

Newsletter – March 2015

The ongoing battle between Greece and its creditors continues to dominate the headlines and whilst the outcome is still uncertain, the need to pay the IMF just under €1 billion in early May will hopefully concentrate minds. Although the stand-off has pushed Greek bond yields back up to the levels seen a couple of years ago, the wider impact has been muted due to the ECB's heterodox monetary policy, combined with the management of expectations surrounding a potential Greek default and/or exit from the Eurozone. Whilst oil prices hover around \$60 a barrel – now the consensus forecast for 2015 – attention has switched to other commodities, in particular iron ore. The price of the latter has dropped below US\$50 per ton, less than half the level prevailing a year ago, as increasing supply from the major producers in Brazil and Australia meets falling demand from China. The PRC's GDP growth slowed to 7% in the first quarter, the lowest for six years, but matching the government's target, and slightly above the IMF's estimate. The Net Asset Value ("NAV") of The Argo Fund decreased by 0.74% in March to 237.09. The NAV of the Argo Distressed Credit Fund, which finished at 1642.31, shaded lower by 0.20%. The NAV of the Argo Local Markets Fund fell 0.82% during March to end at 843.35.

The trend in emerging markets remained intact in March. Lower commodity prices together with a rebound in the US economy and dollar, have undermined some investors' confidence in the asset class. Potential growth continues to be downgraded in emerging markets now that consumer leverage and high capital investments have largely run their course. The next phase of growth will be trickier to achieve as it will involve productivity gains, something that emerging markets have struggled to produce consistently over time. This normally involves a highly educated workforce and higher levels of technology to play a hand in developing new industries. For now, investors are inclined to prefer the safety of US dollar denominated bonds.

Turning to specific countries, Brazil was impacted by the ongoing revelations about the Petrobras corruption scandal, which seems to be drawing closer to the President herself. Meanwhile, Nigeria offered a glimmer of hope as the recent presidential elections were concluded with the opposition winning, and the incumbent conceding defeat in what would be its first power transfer since the return of democracy. President-elect Buhari now has to move quickly to address the burning issues of lower economic growth and rampant corruption.

The fund benefited from the recovery in Russia bonds and FX as the negative news flow has somewhat diminished and the oil price rebounded from the January lows. We also benefited from tactical trades in the Brazilian real, both on the short side and long side, as well as being tactical long the Malaysian ringgit. However we remain cautious in the medium term outlook as Chinese growth stutters and the Greece refinancing drama is drawn out. The Fed remains on course to hike interest rates later this year and this is also preventing investors feeling confident that emerging markets have indeed bottomed.

Argo Capital Management, 21 April 2015

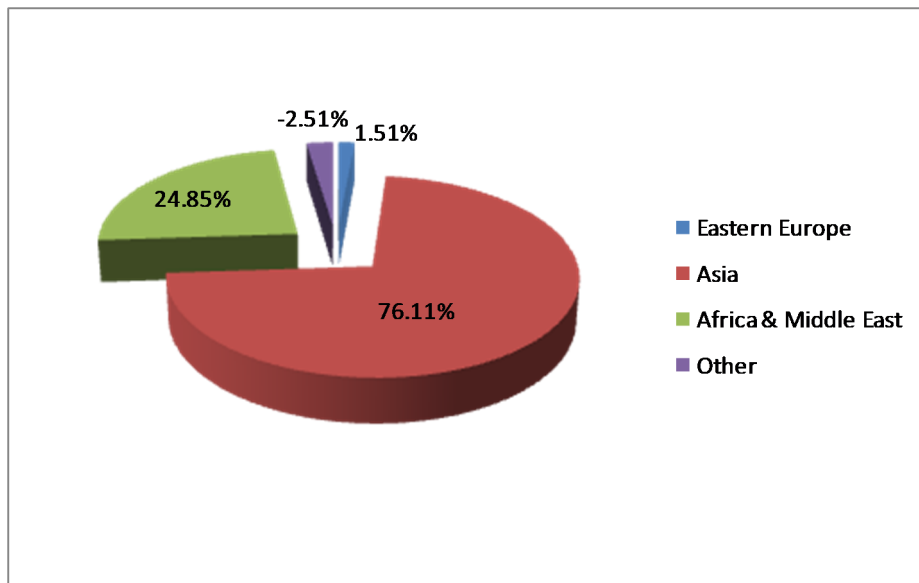


## The Argo Fund Risk Report

### Product Allocation as % of NAV

	Sovereign	Quasi-Sovereign	Corporate	Total
<b>Bonds</b>		14.2%	0.8%	15.0%
<b>Loans</b>	26.4%		-2.7%	23.7%
<b>Equity</b>		65.9%	1.6%	67.5%
<b>Other</b>				
<b>Total</b>	26.4%	80.1%	-0.3%	106.2%

### Regional Allocation as % of NAV



### Exposure in USD

	Bonds	Loans	Equity	Other	Total
<b>Long/(Selling Protection)</b>	13,145,590	23,108,816	59,074,446		95,328,852
<b>NET Exposure</b>					95,328,852
<b>Gross Exposure</b>					95,328,852

### Liquidity

	Bonds	Loans	Equity	Other	Total
<b>Over 3 months</b>	12.7%	26.0%	59.0%		97.7%
<b>Up to 3 months</b>	0.7%				0.7%
<b>Within 1 month</b>					0.0%
<b>Within 1 week</b>			1.4%	0.2%	1.6%
					100.0%



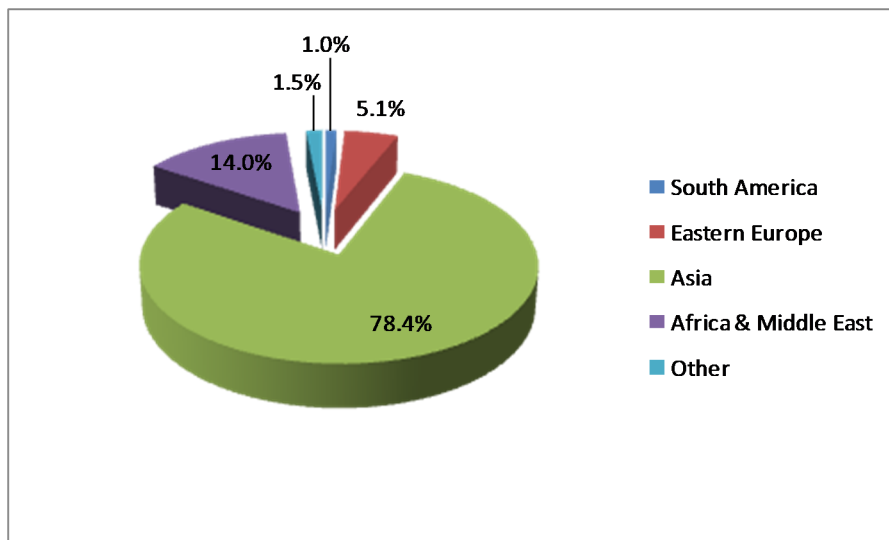
# Argo Funds' Monthly Update

## ADCF Risk Report

### Product Allocation as % of NAV

	Sovereign	Quasi-Sovereign	Corporate	Total
Bonds	0.9%		4.2%	5.1%
Loans	13.0%		6.1%	19.1%
Equity		75.7%	0.5%	76.2%
Other				
<b>Total</b>	<b>13.9%</b>	<b>75.7%</b>	<b>10.8%</b>	<b>100.4%</b>

### Regional Allocation as % of NAV



### Exposure in USD

	Bonds	Loans	Equity	Other	Total
Long/(Selling Protection)	1,231,445	4,655,336	18,597,995		24,484,776
<b>NET Exposure</b>					<b>24,484,776</b>
<b>Gross Exposure</b>					<b>24,484,776</b>

### Liquidity

	Bonds	Loans	Equity	Other	Total
Over 3 months		14.4%	75.4%		89.8%
Up to 3 months		4.6%			4.6%
Within 1 month					0.0%
Within 1 week	5.0%		0.5%	0.1%	5.6%
					100.0%

### Other Statistical data

Monthly Turnover as % of NAV: 0%	Duration: 0.66
Annualised Net Carry as % of NAV: 1.10%	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): 6.10%	Sensitivity Analysis: Credit spreads increase by 20% 1.8% of NAV 100bps parallel shift in yield curve 0.7% of NAV



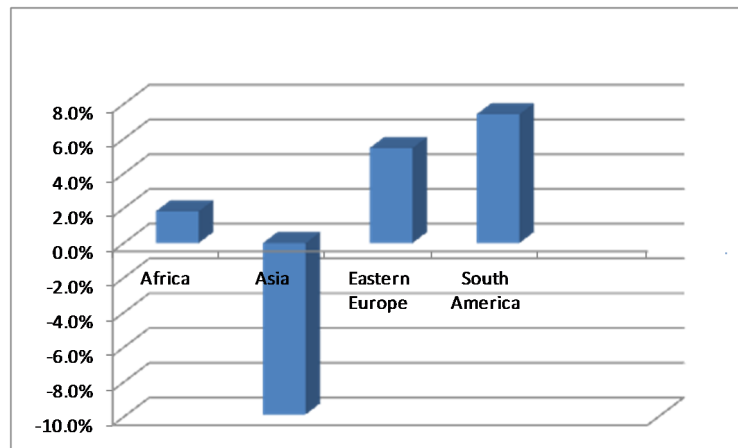
## ALMF Risk Report

### Product Allocation as % of NAV

	Local Currency Bonds	FX Crosses*	Interest Rates Swaps**	Other Indices/ Options***	Cash
Latin America	16.9%	-9.7%	48.0%		
Eastern Europe	12.3%	-7.3%			
Asia	7.6%	-17.4%			
Middle east & Africa	14.5%	-13.1%			
<b>Total</b>	<b>51.2%</b>	<b>-47.6%</b>	<b>48.0%</b>		<b>50.5%</b>

• 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	1,968,911	756,324	1,846,324		
Short		-2,585,297			
<b>NET Exposure</b>	<b>1,968,911</b>	<b>-1,828,973</b>	<b>1,846,324</b>		<b>1,942,899</b>
Gross Exposure	1,968,911	3,341,621	1,846,324		

### Liquidity

	Local Currency Bonds	FX Crosses*	Interest Rates Swaps**	Other Indices/ Options***	Cash
Within 1 week	51.2%	86.9%	48.0%		50.5%

### Top 5 Investments (%)

Bonds		FX Local Currency		IRS	
South Africa	12.2%	South Africa	-13.1%	Brazil	48.0%
Hungary	8.3%	China	-10.3%		
Thailand	7.6%	Hungary	-7.3%		
Uruguay	6.8%	Thailand	-7.2%		
Colombia	5.6%	Colombia	-5.2%		

### Other Statistical data

Monthly Turnover as % of NAV: 185.5%	Value at Risk: 1-Day VAR 0.65% of NAV / 30-Day VAR: 3.03% of NAV VAR Confidence level is 99%
Annualised Net Carry as % of NAV: 4.16%	Sensitivity Analysis: 100bps parallel shift in yield curve -3.39% of NAV
Annualised Volatility: Ex-Ante 3.82% / Ex-Post 3.56%	



# Argo Funds' Monthly Update

## Argo Fund monthly returns since inception

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<b>2000</b>										0.40%	-1.79%	1.67%	<b>0.25%</b>
<b>2001</b>	1.11%	2.46%	3.27%	0.82%	2.52%	1.83%	0.60%	2.10%	1.51%	2.29%	5.66%	3.67%	<b>31.53%</b>
<b>2002</b>	1.83%	2.23%	2.18%	2.39%	2.57%	0.54%	0.97%	1.36%	2.09%	0.48%	2.03%	2.02%	<b>22.74%</b>
<b>2003</b>	1.73%	1.69%	1.27%	3.66%	2.50%	3.35%	1.39%	1.16%	1.76%	1.29%	1.13%	2.44%	<b>26.01%</b>
<b>2004</b>	1.89%	0.80%	2.05%	0.80%	-0.15%	0.47%	0.32%	1.50%	1.63%	1.47%	1.95%	1.15%	<b>14.78%</b>
<b>2005</b>	0.44%	1.33%	0.13%	0.73%	1.53%	1.34%	0.81%	1.31%	0.50%	-0.05%	0.16%	0.90%	<b>9.51%</b>
<b>2006</b>	0.68%	0.08%	0.28%	0.95%	0.65%	1.60%	0.62%	0.64%	0.74%	0.65%	1.56%	2.14%	<b>11.11%</b>
<b>2007</b>	0.36%	0.89%	0.51%	0.92%	1.82%	1.76%	0.41%	0.19%	0.62%	0.43%	1.80%	1.98%	<b>12.31%</b>
<b>2008</b>	0.68%	0.48%	0.75%	-0.24%	0.57%	0.43%	-0.23%	-0.67%	-7.60%	-31.05%	-4.41%	-2.96%	<b>-39.86%</b>
<b>2009</b>	-3.17%	0.48%	3.87%	0.89%	-0.15%	3.43%	1.37%	0.69%	1.87%	1.00%	0.40%	1.05%	<b>12.18%</b>
<b>2010</b>	-0.69%	1.54%	1.82%	-0.46%	-2.48%	0.72%	1.75%	1.56%	1.91%	1.32%	-2.66%	4.13%	<b>8.55%</b>
<b>2011</b>	-0.09%	0.44%	-0.33%	1.72%	-0.13%	-0.57%	1.58%	-0.52%	-4.55%	3.41%	0.19%	-0.84%	<b>0.10%</b>
<b>2012</b>	-2.30%	0.41%	-0.13%	-0.45%	-2.63%	0.37%	-1.20%	0.64%	0.20%	0.11%	-0.69%	5.85%	<b>-0.07%</b>
<b>2013</b>	-1.25%	-4.59%	-1.06%	17.56%	-0.58%	-0.29%	0.31%	-0.31%	0.54%	-0.26%	-0.19%	-0.23%	<b>8.49%</b>
<b>2014</b>	-0.67%	+0.63%	-0.37%	-0.10%	-0.77%	+0.80%	-0.91%	-0.54%	-1.32%	-0.44%	-0.29%	-1.02%	<b>-4.94%</b>
<b>2015</b>	+0.04%	-1.20%	-0.74%										<b>-1.89%</b>

## ADCF monthly returns since inception

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<b>2008</b>										-1.96%	2.14%	0.35%	<b>0.49%</b>
<b>2009</b>	-0.25%	-0.70%	0.41%	2.30%	1.65%	1.82%	3.00%	1.81%	3.34%	-1.68%	-1.81%	0.80%	<b>11.06%</b>
<b>2010</b>	2.85%	4.08%	1.40%	0.71%	-3.85%	-0.42%	1.69%	0.68%	4.27%	0.92%	-3.21%	1.08%	<b>10.32%</b>
<b>2011</b>	1.47%	0.20%	0.25%	-0.78%	-1.89%	0.55%	4.06%	-1.96%	-6.25%	4.49%	3.67%	-2.12%	<b>1.18%</b>
<b>2012</b>	0.10%	0.72%	-0.34%	-0.75%	-3.62%	0.73%	-0.43%	1.74%	2.95%	3.61%	1.42%	16.92%	<b>24.05%</b>
<b>2013</b>	0.96%	-2.43%	0.01%	16.56%	-0.61%	-1.97%	0.81%	-0.31%	0.42%	0.33%	-0.35%	-0.21%	<b>12.64%</b>
<b>2014</b>	-1.54%	1.23%	-0.03%	0.17%	-0.44%	+0.34%	-0.69%	-0.57%	-1.04%	-0.53%	-0.51%	-1.11%	<b>-4.64%</b>
<b>2015</b>	-0.23%	-0.62%	-0.20%										<b>-1.06%</b>

## ALMF monthly returns since inception

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<b>2012</b>											0.78%	0.77%	<b>1.56%</b>
<b>2013</b>	0.35%	-0.16%	-0.47%	0.82%	-3.46%	-2.47%	-0.46%	-1.82%	-0.48%	-0.95%	-1.02%	-0.08%	<b>-9.80%</b>
<b>2014</b>	-2.05%	-0.74%	0.46%	-1.02%	1.25%	-0.02%	-1.96%	0.52%	-2.12%	-0.59%	+1.28%	-1.30%	<b>-6.19%</b>
<b>2015</b>	+0.63%	-1.13%	-1.36%										<b>-1.86%</b>

## ALMF monthly returns since inception (excluding fees)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<b>2012</b>											1.03%	1.69%	<b>2.73%</b>
<b>2013</b>	0.65%	0.13%	-0.16%	1.07%	-3.15%	-2.21%	-0.19%	-1.49%	-0.21%	-0.67%	-0.68%	0.18%	<b>-6.60%</b>
<b>2014</b>	-1.66%	-0.42%	0.79%	-0.60%	1.69%	0.43%	-1.37%	0.97%	-1.63%	0.00%	1.75%	-0.87%	<b>-0.98%</b>
<b>2015</b>	+1.26%	-0.60%	-0.82%										<b>-0.16%</b>



## Argo Funds' Monthly Update

Argo Funds monthly returns vs Indices						
	TAF <sup>1</sup>	ADCF <sup>2</sup>	ALMF <sup>3</sup>	EMBI+ <sup>4</sup>	S&P500	JPM GBI-EM <sup>5</sup>
Oct '00 – Dec'00 <sup>1</sup>	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	-1.89%	-1.06%	-1.86%	+1.87%	+0.44%	-3.96%
Since Inception	137.09%	64.23%	-15.66%	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	6.87%	8.45%	-6.73%
Annual Return (Rolling12)	-6.34%	-5.31%	-5.74%
Sharpe Ratio	0.60	0.72	-1.70

### Website [www.argocm.com](http://www.argocm.com) with selected Internet references for Argo Funds information:

[www.albourn.com](http://www.albourn.com)

[www.tass.lipperweb.com](http://www.tass.lipperweb.com)

[www.hedgefund.net](http://www.hedgefund.net)

[www.eurekahedge.com](http://www.eurekahedge.com)

[www.cogenthedge.com](http://www.cogenthedge.com)

[www.hedgefundnews.com](http://www.hedgefundnews.com)

[www.hedgepole.com](http://www.hedgepole.com)

[www.barclayhedge.com](http://www.barclayhedge.com)

[www.cambridgeassociates.com](http://www.cambridgeassociates.com)