Argo Funds' Monthly Update

September 2015

The Argo Fund Ltd: 234.01
Argo Distressed Credit Fund: 1,630.33
Argo Local Markets Fund: 804.18

Global markets continue to experience heightened volatility and the Net Asset Value ("NAV") of The Argo Fund declined 0.43% in September to end at 234.01; the NAV of the Argo Distressed Credit Fund fell by 0.55% to end the month at 1,630.33.

Concerns over Chinese growth and the policy response, in combination with uncertainty over the timing of tighter policy in the US served to weigh on investor sentiment over the month. The Fed stated they wanted further improvement in the labour market before it could be confident inflation would return to target levels. It was the cautious tone from Fed chair Janet Yellen that took markets by surprise, as they are mindful of the impact dollar strength and slowing growth worldwide will have on the US. Market expectations for the first rate hike have now largely been pushed back to Q1 2016. Furthermore, the IMF also downgraded global growth during September from 3.3% to 3.1% for 2015 with particularly strong downgrades for Brazil, Nigeria, South Africa and Russia.

Emerging markets declined in September, negatively impacted by the ongoing uncertainty over timing of the anticipated Fed hike. Asian emerging markets performed best, though most countries finished in negative territory. Chinese equities moved lower as trade data for August showed ongoing weakness whilst the PMI reached its lowest level since March 2009. Meanwhile the People's Bank of China continued to defend the renminbi and foreign reserves experienced a record monthly fall in August. Furthermore, the decline in imports in September bodes ill for the other Asian countries that support its vast industrial complex.

In Turkey, reforms have stalled as a second election awaits in early November while the country also deals with terrorist attacks spreading from the war in Syria, as well as the wave of refugees crossing its border. In Russia, the effects of sanction deepen and the economic outlook darkens despite the rebound in oil prices. The lack of reforms to diversify the economy away from energy has deprived it of an alternative source of growth.

Latin America was the worst performing region, with Brazil in particular falling sharply. A deteriorating outlook for commodity prices was negative for a number of countries, Peru being the only regional market to outperform. In Brazil, the real declined 8.4% against the US dollar, primarily due to a sovereign credit rating downgrade to junk status, with negative outlook. This action came after the government went back on its commitment to a primary surplus in 2016, instead projecting a deficit.

The NAV of the Argo Local Markets Fund declined by 0.54% (up 0.12% excluding fees) to end September at 804.18. In the fund we remained very cautious during the month, remaining short EM FX on the negative outlook highlighted above whilst benefiting from some yield compression in some local bond markets, notably Hungary. Our long standing Brazilian interest rate position hurt the fund however, while we also suffered from our medium term bet that the renminbi is too strong and will weaken vis-à-vis the dollar. EM corporate balance sheets are coming under scrutiny with so much issuance in hard currency this past decade - investors are now questioning how this will be repaid.

Argo Capital Management, 22 October 2015

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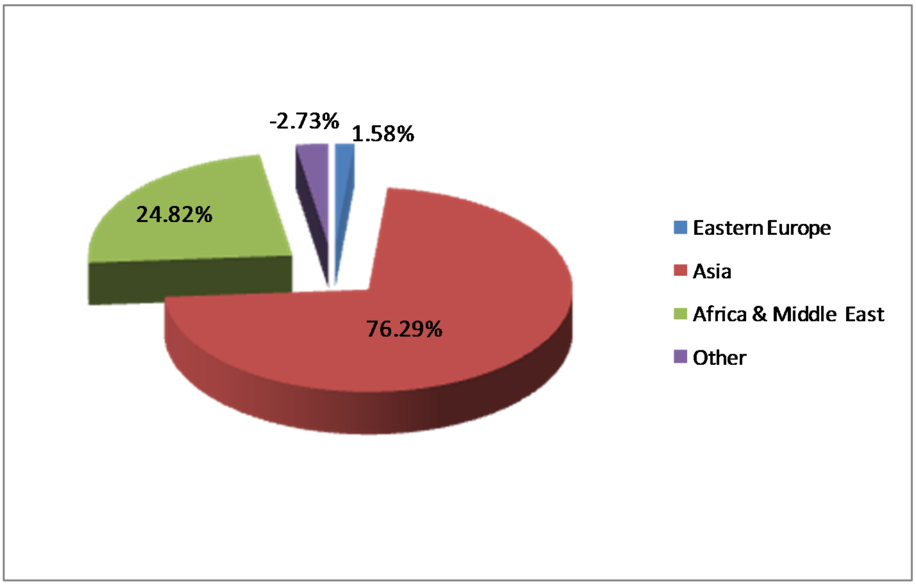
The Argo Fund Risk Report

Product Allocation as % of NAV

	Sovereign	Quasi-Sovereign	Corporate	Total
Bonds		14.5%	0.8%	15.3%
Loans	26.8%		-3.0%	23.8%
Equity		67.0%	1.7%	68.7%
Other				
Total	26.8%	81.5%	-0.5%	107.8%

Regional Allocation as % of NAV



Exposure in USD

	Bonds	Loans	Equity	Other	Total
Long/(Selling Protection)	13,148,868	23,030,228	59,133,117		95,312,212
NET Exposure					95,312,212
Gross Exposure					95,312,212

Liquidity

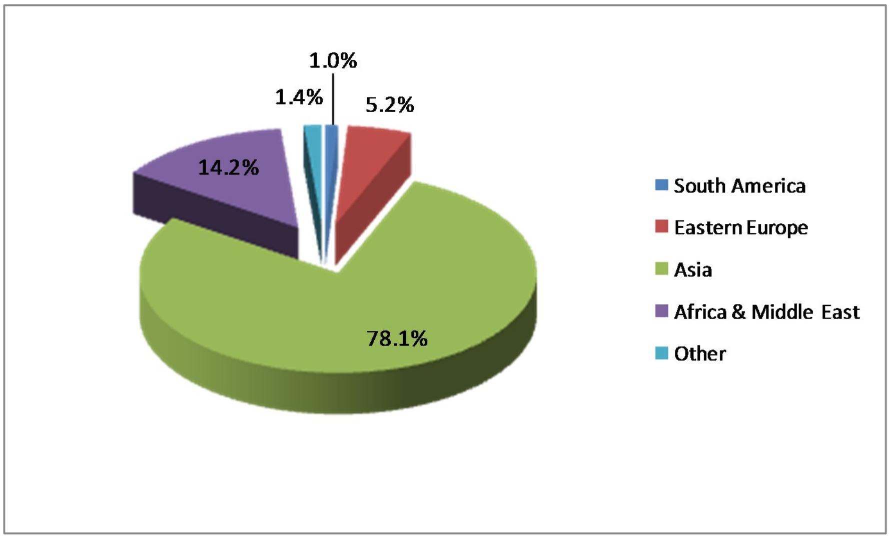
	Bonds	Loans	Equity	Other	Total
Over 3 months	12.7%	26.1%	59.0%		97.8%
Up to 3 months	0.7%				0.7%
Within 1 month					0.0%
Within 1 week			1.5%		1.5%
					100.0%

ADCF Risk Report

Product Allocation as % of NAV

	Sovereign	Quasi-Sovereign	Corporate	Total
Bonds	0.9%		2.7%	3.6%
Loans	13.0%		6.1%	19.1%
Equity		76.3%	0.5%	76.8%
Other				
Total	13.9%	76.3%	9.3%	99.5%

Regional Allocation as % of NAV



Exposure in USD

	Bonds	Loans	Equity	Other	Total
Long/(Selling Protection)	861,393	4,642,676	18,600,822		24,104,892
NET Exposure					24,104,892
Gross Exposure					24,104,892

Liquidity

	Bonds	Loans	Equity	Other	Total
Over 3 months		14.5%	76.6%		91.1%
Up to 3 months		4.7%			4.7%
Within 1 month					0.0%
Within 1 week	3.6%		0.5%	0.1%	4.2%
					100.0%

Other Statistical data

Monthly Turnover as % of NAV: 0%	**Duration**: 0.66
Annualised Net Carry as % of NAV: 0.96%	**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): 4.39%	**Sensitivity Analysis: Credit spreads increase by 20%** 1.8% of NAV **100bps parallel shift in yield curve** 0.7% of NAV

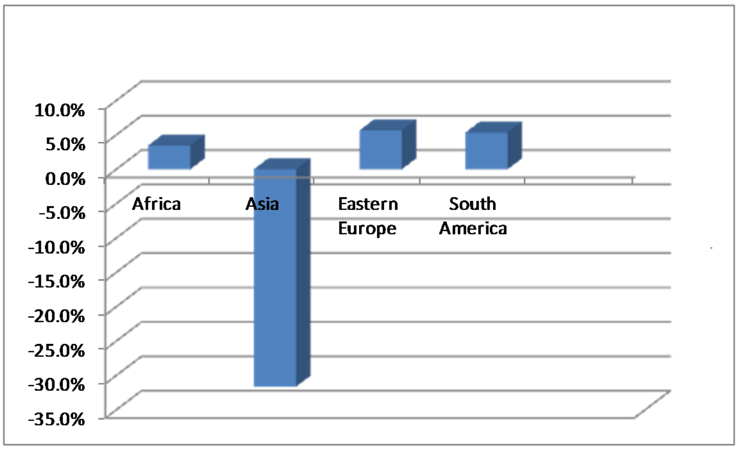
ALMF Risk Report

Product Allocation as % of NAV

	Local Currency Bonds	FX Crosses*	Interest Rates Swaps**	Other Indices/ Options***	Cash
Latin America	9.5%	-4.6%	44.6%		
Eastern Europe	13.3%	-8.3%			
Asia	7.5%	-39.0%			
Middle east & Africa	14.5%	-12.0%			
Total	44.8%	-63.9%	44.6%		56.6%

- *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	1,516,349	271,011	1,511,944		
Short		-2,435,626			
NET Exposure	1,516,349	-2,164,615	1,511,944		1,915,799
Gross Exposure	1,516,349	2,706,638	1,511,944		

Liquidity

	Local Currency Bonds	FX Crosses*	Interest Rates Swaps**	Other Indices/ Options***	Cash
Within 1 week	44.8%	79.9%	44.6%		56.6%

Top 5 Investments (%)

Bonds		FX Local Currency		IRS	
South Africa	11.8%	China	-17.5%	Brazil	44.6%
Hungary	9.3%	Thailand	-13.0%		
Thailand	7.5%	South Africa	-12.0%		
Colombia	4.9%	Hungary	-8.3%		
Mexico	4.6%	Malaysia	-5.6%		

Other Statistical data

Monthly Turnover as % of NAV: 153.8%	**Value at Risk:** 1-Day VAR 0.49% of NAV / 30-Day VAR: 2.31% of NAV VAR Confidence level is 99%
Annualised Net Carry as % of NAV: 3.49%	**Sensitivity Analysis**: 100bps parallel shift in yield curve –1.61% of NAV
Annualised Volatility: Ex-Ante 6.23% / Ex-Post 3.64%	

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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%	-0.10%	-0.77%	+0.80%	-0.91%	-0.54%	-1.32%	-0.44%	-0.29%	-1.02%	**-4.94%**
2015	+0.04%	-1.20%	-0.74%	+0.96%	-0.49%	-0.01%	-1.08%	-0.25%	-0.43%				**-3.17%**

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%	-0.62%	-0.20%	+1.02%	-0.40%	0.00%	-0.69%	-0.10%	-0.55%				**-1.78%**

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%	-1.13%	-1.36%	-0.78%	-0.33%	-2.47%	-0.35%	-0.25%	-0.54%				***-6.42%***

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%	-0.60%	-0.82%	-0.11%	+0.20%	-1.79%	+0.19%	+0.26%	+0.12%				***-1.32%***

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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	-3.17%	-1.78%	-6.42%	+0.05%	-6.74%	-14.91%
Since Inception	134.01%	63.03%	-19.58%	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	6.54%	7.73%	-7.13%
Annual Return (Rolling12)	-4.86%	-3.87%	-7.00%
Sharpe Ratio	0.58	0.68	-1.89

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
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