



NAV**The Argo Fund****237.06**

EM Credit Long/Short Strategy

Argo Distressed Credit Fund**1,548.66**EM Distressed Credit Strategy

Market Commentary

The Net Asset Value (“NAV”) of the Argo Distressed Credit Fund rose by 0.13% in April to 1,548.66 whilst the NAV of The Argo Fund increased by 5.03% to end the month at 237.06. With regard to The Argo Fund performance, there were widespread gains in the period as the markets adopted a “risk on” attitude. Notable contributors were Iraq, Province of Buenos Aires, TAM (Brazilian airline), Venezuela and last, but not least, the continued exiting of a corporate trade in Asia. The positive tone has partly been driven by the continuing recovery in oil prices with both WTI and Brent trading above \$45 per barrel but the continuing accommodating stance of the Fed was also helpful. As a consequence, data on the strength -or otherwise- of the US economy will continue to be scrutinised closely in the absence of renewed activity in Europe and growing concerns about China’s debt bubble.

As foreshadowed in our last newsletter, the Brazilian Senate finally voted for a formal impeachment process to begin against President Rousseff. Vice President Temer has taken over temporarily -and possibly until 2018 in the event that Rouseff is indeed impeached. The latter has a high degree of probability particularly as efforts are being made to streamline and expedite the process. Meanwhile, new cabinet ministers are being appointed, including Henrique Meirelles as Finance Minister; Meirelles had previously run the Central Bank under Lula. In anticipation of the political change, we added to the position in BRL bonds.

In Ukraine we witnessed a renewal of the government with the previous one mired by infighting between factions loyal to the outgoing Prime Minister Yatsenyuk and those loyal to President Poroshenko. A new Prime Minister (Groysman) was sworn in as well as replacements of most of the cabinet including the key post of Finance Minister where the internationally respected reformer Natalie Jaresko also stepped down. The new government is now in a race to satisfy the conditions for the next IMF disbursements under the existing plan and the international community awaits to see what progress it will make particularly in the area of fighting corruption. We reduced our exposure on this mixed news.

In the FOMC meeting 27 April the Fed did not raise rates (for the third straight meeting) but left the door very much open for June. Some believe the Fed is on the verge of ‘passing the test’ in respect of its own inflation and employment dual mandates and therefore further normalisation of interest rates may be warranted. The next meeting is set for June 15.

Argo Capital Management, 23 May 2016

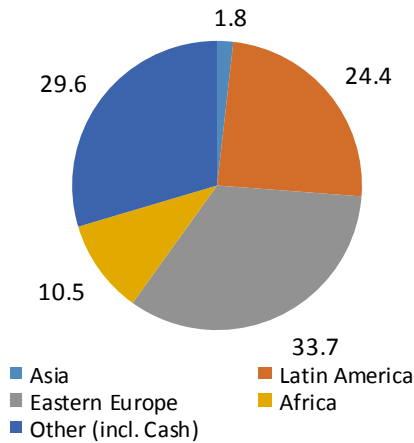


The Argo Fund Risk Report

Product Allocation as % of NAV

	Sovereign/Quasi -Sovereign	Corporate	Total
Bonds	24.3%	27.5%	51.8%
Loans	3.0%	5.3%	8.3%
Equity		6.5%	6.5%
Other (fx/derivatives)			
Total	27.3%	39.3%	66.6%

Geographical Breakdown as % of NAV



Top 5 Countries

Romania	15.7%
Argentina	9.2%
Russia	7.7%
Brazil	7.6%
Iraq	4.1%

Statistical Data	
Average Credit Rating	BB-
Average YTM	6.11%
Annualised Volatility	3.07%
Duration	2.65
1 day VAR (99% CL)	\$0.377mn (0.73% NAV)
30 day VAR (99% CL)	\$1.77mn (3.41% NAV)

Liquidity

	Bonds	Loans	Equity	Other	Total
Over 1 month	1.1%	6.1%			7.2%
Within 1 month					0.0%
Within 1 week	45.4%	8.3%	5.9%	33.2%	92.7%
					100.0%

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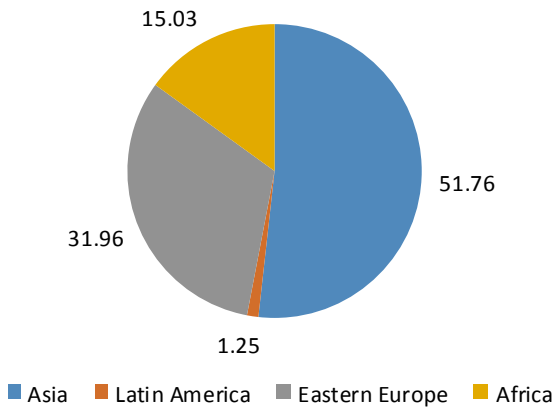


Argo Distressed Credit Fund Risk Report

Product Allocation as % of NAV

	Sovereign/Quasi -Sovereign	Corporate	Total
Bonds	1.00%	2.8%	3.8%
Loans	67.7%	30.7%	98.4%
Equity		2.9%	2.9%
Other (fx/derivatives)		-6.5%	-6.5%
Total	68.7%	29.9%	98.6%

Geographical Breakdown as % of NAV



Top 5 Countries

Indonesia	53.8%
Romania	32.0%
Sudan	13.9%
Kazakhstan	1.5%
Greece	1.5%

Statistical Data	
Average YTM	0
Annualised Net Carry	2.14%
Annualised Volatility	3.47%
Duration	0.66
1 day VAR (99% CL)	\$0.2mn (0.7% NAV)
30 day VAR (99% CL)	\$1.0mn (3.6% NAV)

Liquidity

	Bonds	Loans	Equity	Other	Total
Over 1 month		93.5%			93.5%
Within 1 month					0.0%
Within 1 week	3.6%		2.7%	0.2%	6.5%
					100.0%



Argo Funds Monthly Update

April 2016

The 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%	-13.32%	-1.82%	+0.21%	-17.42%
2016	+10.44%	+0.17%	+2.22%	+5.03%									+18.78%

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%	-7.30%	-1.73%	+0.90%	-9.71%
2016	-0.63%	+0.29%	+3.56%	+0.13%									+3.34%

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Argo Funds Monthly Update

April 2016

Argo Returns vs Indices				
	TAF ¹	ADCF ²	EMBI+ ³	S&P 500
Oct – Dec 2000 ¹	0.25%		4.00%	-7.60%
2001	31.53%		-0.80%	-13.00%
2002	22.74%		13.98%	-23.36%
2003	26.01%		29.11%	26.38%
2004	14.78%		11.78%	8.99%
2005	9.51%		11.86%	3.00%
2006	11.11%		10.49%	13.62%
2007	12.31%		6.45%	3.53%
2008	-39.86%	0.49%	-9.70%	-38.49%
2009	12.18%	11.06%	25.95%	23.45%
2010	8.55%	10.32%	11.83%	12.78%
2011	0.10%	1.18%	9.20%	0.00%
2012	-0.07%	24.05%	18.04%	13.41%
2013	8.49%	12.64%	-8.31%	29.60%
2014	-4.94%	-4.64%	+6.15%	+11.39%
2015	-17.42%	-9.71%	+1.82%	-0.73%
YTD 2016	+18.78%	+3.34%	+7.91%	+1.05%
Since Inception	137.06%	54.87%	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. 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).

	The Argo Fund	ADCF
Annualised Return	6.49%	6.46%
Annual Return (Rolling12)	-0.96%	-6.66%
Sharpe Ratio	0.54	0.57

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