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**NAV****The Argo Fund****283.20**

EM Credit Long/Short Strategy

**Argo Distressed Credit Fund****1,998.50**EM Distressed Credit Strategy

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**Market Commentary**

Emerging markets maintained an upward trend in the second quarter of 2016. The EMBI global has gained 10.9% year to date. The outperformance can generally be attributed to a more stable outlook on commodity prices, increasingly negative interest rates in developed markets, the reluctance of the US Federal Reserve to raise interest rates further and the incessant search for decent income-producing assets-

Even a certain referendum result in the UK did little to jolt the confidence in emerging markets assets. Something that in the past would have caused a significant selloff caused barely a half day ripple that was quickly reversed.

In Turkey, President Recep Tayyip Erdogan emerged triumphant and emboldened from an alleged 'coup' this month as rogue military battalions launched a short-lived assault which was defeated by government supporters and pro-government forces. Erdogan's response was swift – dismissing thousands of judges, academics and police and declaring a state of emergency. Sceptics claim that this an attempt by him to strengthen his hold on power but the situation remains fluid. The market's response was clear however as the lira sank and local bond prices slumped. The rating agencies wasted little time in downgrading Turkey or placing the country on Negative Watch due to these events. The funds had minimal exposure to Turkey and we remain vigilant for opportunities arising out of the current events.

In Brazil, acting president Michel Temer is having some success in stabilising the economic ship. He has assembled a strong economic management team and the new Central Bank President has been much clearer in the conditions necessary before the Bank will entertain interest rate cuts. The IMF also believes that consumer and business confidence can only improve from this point. The real has improved 21% against the dollar this year as the economy has benefitted from the resurgence in commodity prices. Brazil took advantage of this improvement by issuing \$1.5 billion of global notes in July.

Argentina announced a new bond issue – just 3 months after their return to international debt markets. They raised \$2.75 billion in two tranches to buy back GDP warrants that were issued during the previous debt restructuring of 2005 and 2010. Authorities had originally told investors after the April sale that they would not issue any more international bonds this year. However, they may have been prompted by high demand from investors and falling yields elsewhere.

Venezuela continues to defy market logic by promptly fulfilling coupon obligations on both sovereign and state-owned PDVSA bonds. While the population are struggling for food and medicine, Nicholas Maduro is intent on avoiding a default as well as resolute in staying in power and avoiding a recall referendum. Pressure is beginning to tell, however, as rumours have emerged recently of a debt swap to push out its repayment schedule as more and more Venezuelans are crossing the border into Colombia in search of basic goods and foodstuffs.

In the fund, we realised profits on an emerging Europe credit opportunity. Additionally, holdings in Latin American corporate bonds have performed particularly well over the month. The NAV of The Argo Fund improved by 18.13% to end the month at 283.20. The NAV of the Argo Distressed credit fund increased by 17.44% to end June at 1,998.50.

Argo Capital Management, 27 July 2016

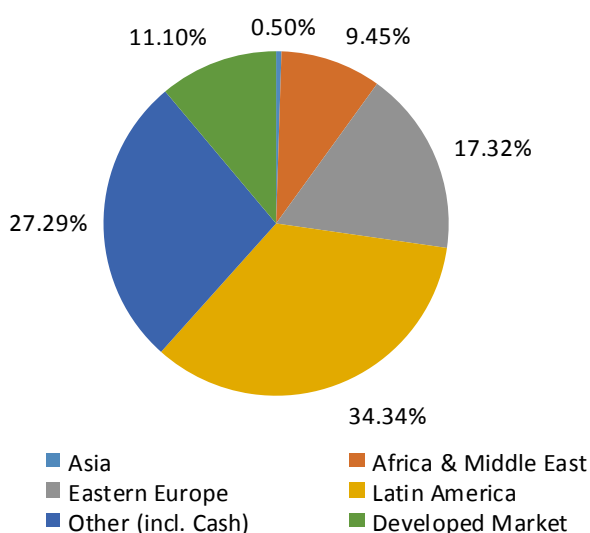


The Argo Fund Risk Report

Product Allocation as % of NAV

	Sovereign/Quasi -Sovereign	Corporate	Total
Bonds	34.8%	27.1%	61.9%
Loans			
Equity		11.1%	11.1%
Other (fx/derivatives)			
Total	34.8%	38.2%	73.0%

Geographical Breakdown as % of NAV



Top 5 Countries

Brazil	11.7%
Mexico	9.5%
Argentina	8.4%
Russia	6.9%
Greece	4.0%

Statistical Data	
Average Credit Rating	BB-
Average YTM	5.01%
Annualised Volatility	5.30%
Duration	2.46
1 day VAR (99% CL)	\$0.431mn (0.73% NAV)
30 day VAR (99% CL)	\$2.08mn (3.41% NAV)

Liquidity

	Bonds	Loans	Equity	Other	Total
Over 1 month					
Within 1 month					
Within 1 week	60.4%		11.1%	28.5%	100.0%
					100.0%

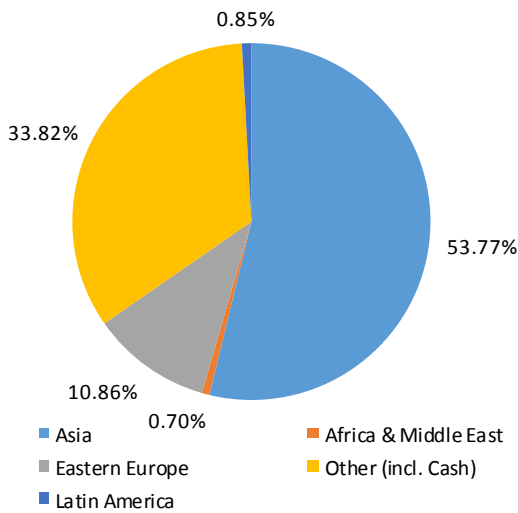


Argo Distressed Credit Fund Risk Report

Product Allocation as % of NAV

	Sovereign/Quasi -Sovereign	Corporate	Total
Bonds	0.7%	3.6%	4.3%
Loans	32.8%	7.0%	39.8%
Equity	18.2%	5.5%	23.7%
Other (fx/derivatives)		-9.8%	-9.8%
Total	51.7%	6.3%	58.0%

Geographical Breakdown as % of NAV



Top 5 Countries

Indonesia	51.0%
Romania	10.9%
India	1.8%
Kazakhstan	1.0%
Greece	0.9%

Statistical Data	
Average YTM	N/A
Annualised Net Carry	1.36%
Annualised Volatility	4.39%
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	1.6%	35.7%	16.2%		53.5%
Within 1 month					0.0%
Within 1 week	2.2%		4.9%	39.4%	46.5%
					100.0%



# Argo Funds Monthly Update

June 2016

The 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%	+0.96%	-0.49%	-0.01%	-1.08%	-0.25%	-0.43%	-13.32%	-1.82%	+0.21%	<b>-17.42%</b>
<b>2016</b>	+10.44%	+0.17%	+2.22%	+5.03%	+1.13%	+18.13%							<b>+41.90%</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%	+1.02%	-0.40%	0.00%	-0.69%	-0.10%	-0.55%	-7.30%	-1.73%	+0.90%	<b>-9.71%</b>
<b>2016</b>	-0.63%	+0.29%	+3.56%	+0.13%	+9.89%	+17.44%							<b>+33.36%</b>

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# Argo Funds Monthly Update

June 2016

Argo Returns vs Indices				
	TAF <sup>1</sup>	ADCF <sup>2</sup>	EMBI+ <sup>3</sup>	S&P 500
Oct – Dec 2000 <sup>1</sup>	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	+41.90%	+33.36%	+12.29%	+2.69%
Since Inception	183.20%	99.85%	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	7.72%	10.07%
Annual Return (Rolling12)	18.91%	20.94%
Sharpe Ratio	0.60	0.75

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