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**NAV****The Argo Fund****239.74**

EM Credit Long/Short Strategy

**Argo Distressed Credit Fund****1,701.78**EM Distressed Credit Strategy

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**Market Commentary**

The possibility of a "Brexit" has cast a shadow over financial markets in recent weeks, highlighted by a weakening British pound and increasing market volatility. Daily utterances about the negative consequences of leaving or indeed of staying in the EU, from both sides, has added to the uncertainty of what is expected to be a close referendum result. It seems that Brexit has also permeated into a global issue and is being signalled as an economic risk by the Federal Reserve and ECB amongst others.

At its June meeting, the Fed kept rates unchanged despite earlier speakers signalling a willingness to potentially hike sooner than expected. When it came to the crunch however the Fed reverted to form and opted for the conservative status quo and for good measure, they cut their long term interest rate forecasts (from 3.3% to 3%) and signalled a shallower pace of rate rises in 2017 and 2018.

In EM, Turkish President Erdogan pushed out Prime Minister Davutoglu over his independent negotiations with the European Union and appointed instead a more pliant and trusted lieutenant in his place. In Poland the Finance Minister has been making noises about the foreign influence and dominance in the Polish banking system which he would like to reduce signalling a more interventionist approach.

In Brazil, the senate voted to formally initiate impeachment proceedings against President Dilma Rousseff in May, which required her to step down for up to 180 days, pending the result. Vice President Michel Temer took over as the country's acting president and he quickly set about assigning a credible economic team, led by ex Central Bank President Enrique Meirelles as Finance Minister, in order to begin tackling the country's many economic issues. The economy contracted by 5.4% yoy in the first quarter, signalling the eighth consecutive quarterly decline and highlighting the difficult challenges that remain.

In Nigeria the government has finally succumbed to market pressure for a more flexible exchange rate policy. The peg in place during the last year has exacerbated the slowdown and led to lower investments and a lack of dollars that has harmed manufacturers and the overall Nigerian economy.

In the portfolio we have added some EM local bond and fx exposure while also adding to our hedging strategy in case the recent EM rally turns sour on Brexit or other concerns. We have also taken profit on some of the Brazilian corporates we bought earlier this year at cheap levels while also reducing our Turkish bank exposures after a small rally.

The Argo Fund improved by 1.13% to end the month at 239.74. The gain was due to a number of long bond positions, most notably in Iraq, Greece and Argentina. This was offset partially by the disposal of an equity position.

The Argo Distressed Credit Fund increased by 9.89% to end May at 1701.78. The increase was largely due to the disposal of an Asian debt position.

Argo Capital Management, May 2016

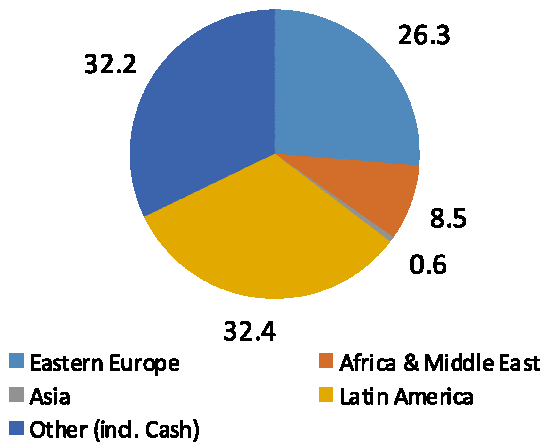


The Argo Fund Risk Report

Product Allocation as % of NAV

	Sovereign/Quasi -Sovereign	Corporate	Total
Bonds	32.8%	25.2%	58.0%
Loans		5.6%	5.6%
Equity			
Other (fx/derivatives)	0.7%		0.7%
Total	33.5%	30.8%	64.3%

Geographical Breakdown as % of NAV



Top 5 Countries

Argentina	10.3%
Brazil	10.0%
Romania	9.8%
Russia	8.3%
Mexico	6.3%

Statistical Data	
Average Credit Rating	BB-
Average YTM	6.4%
Annualised Volatility	6.84%
Duration	2.73
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		3.6%			3.6%
Within 1 month					
Within 1 week	49.0%	8.3%		39.1%	96.4%
					100.0%

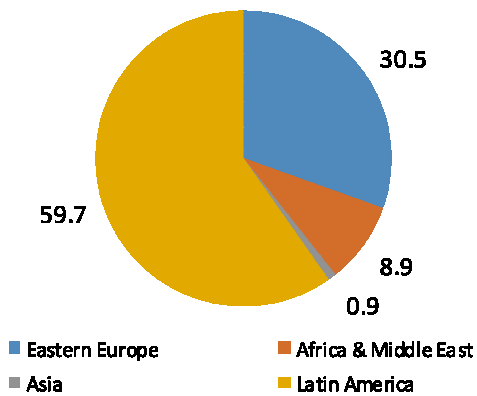


Argo Distressed Credit Fund Risk Report

Product Allocation as % of NAV

	Sovereign/Quasi -Sovereign	Corporate	Total
Bonds	0.7%	4.2%	4.9%
Loans	8.0%	63.5%	71.5%
Equity		27.6%	27.6%
Other (fx/derivatives)		-21.2%	-21.2%
Total	8.7%	74.1%	82.8%

Geographical Breakdown as % of NAV



Top 5 Countries

Indonesia	58.7%
Romania	30.5%
Sudan	8.0%
India	2.1%
Kazakhstan	1.1%

Liquidity

	Bonds	Loans	Equity	Other	Total
Over 1 month	1.7%	59.5%	17.6%		78.8%
Within 1 month					0.0%
Within 1 week	2.4%		5.3%	13.5%	21.2%
					100.0%

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# Argo Funds Monthly Update

May 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%								<b>+20.13%</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%								<b>+13.56%</b>

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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	+20.13%	+13.56%	+7.39%	+2.59%
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	6.53%	7.75%
Annual Return (Rolling12)	0.65%	2.98%
Sharpe Ratio	0.54	0.65

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