
**Argo Capital Management (Cyprus) Limited
/Argo Capital Management Limited**

DUE DILIGENCE QUESTIONNAIRE FOR

Argo Distressed Credit Fund Limited

ARGO CAPITAL MANAGEMENT FUNDS DUE DILIGENCE QUESTIONNAIRE

INTRODUCTION

This due diligence questionnaire ("DDQ") is based on AIMA's DDQ template and covers the Argo Distressed Credit Fund (ADCF) having Argo Capital Management (Cyprus) Limited as Investment Manager and Argo Capital Management Limited as Investment Advisor. Some questions, which are deemed irrelevant to the fund and the Investment Manager have been deleted. This document provides general information about ADCF and its management.

You will also have to:

- **identify the markets covered,**
- **understand what takes place in the portfolio,**
- **understand the instruments used and how they are used,**
- **understand how the strategy is operated,**
- **identify the sources of return,**
- **understand how ideas are generated,**
- **understand the regulatory environment and potential implications,**
- **understand the business operations of the investment manager**
- **appreciate the tax treatment of returns,**
- **establish how liquid the investment would be and the ability to redeem,**
- **check the risk control mechanism,**
- **know the people you invest with professionally [and, sometimes, personally].**

Not all of the following questions are applicable to all managers but we recommend that you ask as many questions as possible before making a decision.

DISCLAIMER

This document is issued by Argo Capital Management Limited which is authorised and regulated by the Financial Services Authority. It is intended only for Eligible Counterparties and/or Professional Clients (as defined by the FSA Handbook). An investment in shares of the fund must be made on the terms of the Offering Memorandum and no reliance can be placed on this document.

United States: the Shares have not been and will not be registered under the Securities Act of 1933 of the United States (as amended) ("the 1933 Act") or the securities laws of any of the states of the United States. The Shares may not be offered, sold or delivered directly or indirectly in the United States or to or for the account or benefit of any "US Person" as defined in Regulation S under the 1933 Act except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the 1933 Act and any applicable State laws. The Shares are being offered outside the United States pursuant to the exemption from registration under Regulation S under the 1933 Act. Each applicant for Shares will be required to certify whether it is a US Person.

The Fund will not be registered under the United States Investment Company Act of 1940 ("the 1940 Act"). Based on interpretations of the 1940 Act by the United States Securities and Exchange Commission, if the Fund has more than 100 beneficial owners of its Shares who are US Persons, it may become subject to certain requirements under the 1940 Act. To ensure that the number of holders of Shares who are US Persons does not exceed this limit, the Directors may require the compulsory redemption of Shares beneficially owned by US Persons. Notwithstanding the foregoing prohibitions, Shares may be offered to a limited number of investors in the United States that qualify as "accredited investors" as defined under Regulation D under the 1933 Act and as "qualified eligible participants" as defined in Regulation 4.7(a) under the United States Commodity Exchange Act ("CEA"). The Directors do not intend to permit Shares acquired by investors subject to the United States Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and by other benefit plan investors to equal or exceed 25 per cent of the value of the Shares.

Cayman Islands: no invitation may be made to the public in the Cayman Islands to subscribe for the Shares.

Generally: the distribution of this Document and the offering of Shares may be restricted in certain jurisdictions. The above information is for general guidance only, and it is the responsibility of any person or persons in possession of this Document and wishing to make application for Shares to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for Shares should inform themselves as to legal requirements also applying and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

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This report is provided to you for information purposes only and is not to be used or construed as an offer to buy or sell shares of the funds, which may only be sold pursuant to the Offering Memorandum of the funds, a copy of which may be obtained from the Investment Manager. The Investment Manager will not treat recipients of this report as its customers by virtue of their receiving this report. Due to individual client objectives, this report should not be construed as advice designed to meet the particular investment needs of any investor and this report is not to be relied upon in substitution for the exercise of independent judgment.

Hedge funds are not suitable for all investors. Please refer to the Offering Memorandum of the funds for more information on investor suitability and risks associated with the funds, which include (but are not limited to) speculative investment practices that may result in investment loss, illiquidity, a lack of periodic pricing and valuation information, complicated tax treatment of some investments, a lack of regulatory requirements generally and fees that may substantially affect returns.

Information and opinions presented in this report have been obtained or derived from sources believed by the Investment Manager to be reliable, but the Investment Manager makes no representation as to their accuracy or completeness. Information, opinions, and estimates contained in this report reflect a judgment at its original date of publication by the Investment Manager and are subject to change without notice. The Investment Manager accepts no liability for loss arising from the use of the material presented in this report.

Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. The price, value of and income from any of the securities or financial instruments held by the funds can rise and fall as well. The value of securities and financial instruments is subject to exchange rate fluctuation that may have a positive or adverse effect on the price or income of such securities or financial instruments. Investments held by the funds may have a high level of volatility. High volatility investments may experience sudden and large falls in their value causing losses when that investment is realized. Income yields from investments may fluctuate and, in consequence, initial capital paid to make the investment may be used as part of that income yield. Some investments may not be readily realizable and it may be difficult to sell or realize those investments. Similarly it may prove difficult for you to obtain reliable information about the value, or risks, to which such an investment is exposed.

Statements that are predictive in nature, that depend upon or refer to future events or conditions or that include words such as "expects," "anticipates," "intends," "plans," "believes," "estimates," "thinks," and similar expressions are forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results and performance to be materially different from any future results or performance expressed or implied by these forward-looking statements. These factors include, among other things, those matters discussed as "Risk Factors," in the Offering Memorandum of the funds, as well as (1) general economic and business conditions; (2) new governmental regulations and changes in, or the failure to comply with existing governmental regulation, (3) legislative proposals that impact our industry or the way we do business, (4) competition, and (5) our ability to attract and retain qualified personnel.

Although we believe that these statements are based upon reasonable assumptions, we can give no assurance that our goals will be achieved. Given these uncertainties, prospective investors are cautioned not to place undue reliance on these forward-looking statements. We assume no obligation to update or revise any forward-looking statements contained on this document or provide reasons why actual results may differ. The investment objectives and methods summarized herein represent the current intentions of the Investment Manager. Depending on conditions and trends in the securities markets and the economy in general, the Investment Manager may pursue any objectives, employ any investment techniques or purchase any type of security that it considers appropriate and in the best interest of the funds, whether or not described herein. The discussion herein includes and is based upon numerous assumptions and opinions of the Investment Manager concerning world financial markets and other matters, the accuracy of which cannot be assured. There can be no assurance that the investment strategy of the funds will achieve profitable results for the funds.

The information in this presentation is confidential and the copyright in this presentation belongs to Argo Capital Management Limited and must not be copied, reproduced or distributed to others at any time except where analysis of the information by certain employees and advisers of the recipient is necessary to evaluate the investment opportunity offered to the recipient in the presentation, in which case the information may be disclosed to those employees and advisers, but only on the condition that the recipient has first procured that they have agreed to treat such information as confidential and not to disclose it to third parties.

Monthly reports and newsletters written by Argo Capital Management Ltd use the appropriate diligence. They are however based on information and opinions which Argo have obtained or derived from sources believed to be reliable but Argo makes no representation to their accuracy or completeness.

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1 INVESTMENT MANAGER INFORMATION		
1.1 CONTACT INFORMATION		
Investment Manager:	<p>Argo Capital Management (Cyprus) Limited Jackie Court, Suite 401, 10 Vasilissis Frederikis Street Nicosia 1066, Cyprus Tel: +357 22 668 900 Fax: +357 22 445 177 Name of key contact: Kyriakos Rialas Title of key contact: CEO Email: info@argofunds.com Website: http://www.argocm.com.cy</p>	
Investment Advisor:	<p>Argo Capital Management Limited 80 New Bond Street, W1S 1SB, London, UK Tel: +44 207 535 4000 Fax : +44 207 493 5691 Name of Key Contact : Andreas Rialas Title of Key Contact : CEO Email: info@argofunds.com Website: http://www.argocm.com</p>	
Investment Sub-Advisor:	<p>Argo Capital Management (Asia) Pte Ltd 1 Raffles Place # 43-02, OUB Centre, Singapore 048616 Tel:+65-6513 2882 Fax:+65 6532 6480 Name of Key Contact: Nathan Chua Title of Key Contact: Executive Director Website: http://www.argocm.com</p>	
1.2 COMPANY		
1.2.1	Please give a brief history of the company and, if applicable, group structure:	<p>All the above companies are ultimately owned by Argo Group Limited, an Isle of Man company which is listed on London's AIM market (Argo.L).</p> <p>The Argo business was founded by Andreas Rialas in 2000. Andreas Rialas and Kyriakos Rialas are the largest shareholders of Argo Group Limited, collectively controlling 31.7%.</p>
1.2.2	Type of company/entity:	Limited Company
1.2.3	Date and place of incorporation and registered number:	Argo Capital Management (Cyprus) Ltd was incorporated under the Companies Law, Cap. 113 as a Limited Liability Company on 29 March 2000, licence number 110205.
1.2.4	Domicile:	Nicosia, Cyprus
1.2.5	Subsidiaries, branch offices or other locations, if any:	See 1.1
1.2.6	What functions are performed at these subsidiaries, branches and locations?	Argo Capital Management Limited, an affiliated company, is authorised and regulated by the Financial Services Authority in the UK for the provision of discretionary investment management services. Its registration number is 195997. Argo Capital Management (Asia) Pte Ltd is an exempt financial adviser in Singapore.

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1.2.7	Which regulatory authority is the company registered with? <ul style="list-style-type: none"> Name(s) of regulatory bodies: Date of registration: Registration number: Scope of registered activities: List individuals also registered with the same authority in relation to the company's registration: 	Argo Capital Management (Cyprus) Limited is authorised by and registered with the Cyprus Securities and Exchange Commission for the provision of investment management services to international collective investment schemes, licence number 023/2004. In February 2006, the company registered as an investment advisor with the USA Securities and Exchange Commission under the registration number 139115.
1.2.8	Specify reliance on any regulatory exemptions:	None
1.2.9	Please specify the date of the most recent regulatory inspection if any:	Feb 2006. No breach or comments were made.
1.2.10	List any affiliations, directorships and memberships of the company and/or its principals:	See 1.1
1.2.11	Specify nature of services provided by the company (discretionary investment management or advisory):	See 1.2.6
1.2.12	Please list the total assets under management by the company across its different categories of client including the fund:	USD477.5mln as at 30 June 2009
1.3 OWNERSHIP		
1.3.1	Describe the company's and group ownership structure, name of its owners, their percentage ownership, and their role within the company:	See 1.2.1
1.4 ORGANISATION		
1.4.1	How many full-time employees are there?	Argo Capital Management (Cyprus) Ltd – 7 people Rest of Argo Group Ltd- 21 people
1.4.2	Please provide a short background of principals (education, career background, etc.): <ul style="list-style-type: none"> Please, attach information if necessary. 	<p>Andreas Rialas (<i>Chief Investment Officer, aged 42</i>)</p> <p>Andreas has many years of experience investing in emerging market assets. Prior to founding the Argo business, he was a VP at Deutsche Bank in London for three years where he was involved in emerging markets (EM) proprietary trading and trade finance specialist products. Before that, he was at London Forfaiting (Asia) Ltd where he was Head of Secondary Debt Trading in EM. Andreas studied law at the University of London and trained as an English Barrister specialising in banking law.</p> <p>Kyriakos Rialas (<i>Chief Executive Officer, aged 47</i>)</p> <p>Kyriakos has over 20 years of professional investment and managerial experience in the financial services sector. He has overall responsibility for</p>

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		<p>risk management, legal, regulatory and general management of the Argo business. Prior to joining Argo, he was General Manager of Emporiki Bank in Cyprus from 1999 to 2003 where he managed a portfolio of syndicated loans worth USD1 billion. Kyriakos has also worked for the Bank of Cyprus Group and London Forfaiting Cyprus where he was Financial Director, overseeing subsidiaries in India, Russia, Thailand and Hong Kong. Prior to that he worked for Capital Intelligence in bank analysis and rating for emerging markets. He has a degree in engineering from the University of Cambridge and qualified as a Chartered Accountant with KPMG in London. He started his banking career in the fixed income division of S G Warburg & Co in London.</p>		
1.4.3	Who are the key principals and how are the key-man issues addressed and managed?	See above. In addition to the key principals, the Argo group employs a number of experienced, well-qualified individuals.		
1.4.4	Please give details and descriptions of other commitments or interests of the principals:	Nothing material.		
1.4.5	How many investment professionals (portfolio managers, analysts, etc) are in the company and what due diligence was carried out prior to their appointment?	<p>The Argo group employs some 14 investment professionals to carry out research, trade execution and portfolio management.</p> <p>The most senior of these employees have worked with the principals since 1990s in a previous capacity. Where applicable, appropriate references were taken up.</p>		
1.4.6	What are the average years of professional experience in the company, both years as a professional as well as years in the company?	The investment team has an average of 10 years' professional experience, while members of the Investment Committee have an average of 15 years' professional experience. Average tenure of group employees is around 3 years.		
1.4.7	<p>Please enclose an organisation chart depicting the names of senior managers in charge of the following areas and headcount:</p> <ul style="list-style-type: none"> • Trading: • Reporting, performance analysis: • Strategy, research and development: • IT/Programming: • Administration: • Risk Management: • COO/Operations: • Legal: • Compliance: 	<p>Risk Management Kyriakos Rialas</p>	<p>Chief Investment Officer Andreas Rialas</p>	<p>Operations Loucas Demetriou</p>
		<p>Investment Committee</p> <p>Andreas Rialas Stephen Rothwell Kyriakos Rialas Nathan Chua</p>		
		<p>Trading/Research and Development</p>		

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	<ul style="list-style-type: none"> Marketing and business development: Others (please specify): 	<p>CIS Eastern Europe & Middle East Fixed Income/High Yield</p> <p>Ian McCall Perry Wilson</p>	<p>Latin America Fixed Income/High Yield</p> <p>Ian McCall S.Sophocleous</p>	<p>Asia Fixed Income/High Yield</p> <p>Nathan Chua Ian McCall S.Sophocleous</p>
		Strategy		
		<p>Special Situations/Distressed</p> <p>Andreas Rialas Stephen Rothwell Perry Wilson</p>	<p>Relative Value/ Quantitative Strategy</p> <p>Andreas Rialas Marios Stellaki</p>	
		<p>Private Equity</p> <p>Andreas Rialas Mogens Schmidt Patricio Kelly Mariano Dominguez</p>	<p>Economics/Sovereign Model</p> <p>S. Sophocleous</p>	
		<p>Compliance / Risk Management: Kyriakos Rialas</p> <p>Administration of the Fund: Loucas Demetriou [+3]</p> <p>Marketing and Business Development: Rikos Leong-Son [+2]</p> <p>IT Support: Outsourced to specialist companies.</p> <p>Legal: Jeremy Bradshaw</p>		
1.4.8	What has been the turnover rate among the company's	In July 2009, the company made a number of redundancies (7) to align its cost base with the changed market environment.		

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	personnel? Please list joiners/leavers of key staff over last (two) years.	Separately, Jeremy Bradshaw joined the company as General Counsel in June 2007. He is based out of London.
1.4.9	Where do the primary trading, research and portfolio management activities take place?	Trading, research and portfolio management primarily takes place in our Cyprus and London offices.
1.4.10	Where are the accounts maintained?	The accounts are maintained in Cyprus.
1.4.11	Are outside representatives or consultants used for any activities? If so, give details:	Yes. IT, compliance and internal audit.
1.4.12	Please provide details of the appointed legal counsel and auditors?	See 1.4.8 The appointed auditors of the Investment Manager are HLB Afxentiou Limited. Legal counsel is appointed as required.
1.4.13	Have the auditors ever issued qualified financial statements?	No
1.4.14	Do you have a relationship (e.g. seeding arrangement) with another investment manager?	No
1.4.15	Do you share office space with another investment manager? If so, please give details.	No
1.4.16	Does this create conflicts and, if so, how are those conflicts managed?	N/A
1.4.17	Is the firm a member of AIMA or any other relevant trade association?	Argo Capital Management Ltd, an affiliated company, is a member of AIMA.
1.5 MANAGER REFERENCES		
1.5.1	Please provide at least two references for the company and for each of the principals involved in the management of the fund? Name: <ul style="list-style-type: none"> • Profession: • Company: • Title: • Telephone: • Fax: • E-mail: • Current and past relationship with the company or its principal: 	<p>Mark Abbott Jefferies International Ltd Director Vintners Place 68 Upper Thames Street London EC4V 3BJ</p> <p>Tel 44 207 029 8000 mabbott@jefferies.com</p> <p>Andreas Wueger EFG Private Bank Fund Manager 3 Sheldon Square Paddington London W2 6PS Tel 4420 7339 9000 Fax 4420 7339 9016</p>
1.6 MANAGER TRACK RECORD		
1.6.1	Number of portfolios/accounts/products managed by the company:	4 + 1 managed by affiliated company
1.6.2	Number of funds managed/advised by the company: <ul style="list-style-type: none"> • Names and sizes of these 	<p>5 funds</p> <ul style="list-style-type: none"> • The Argo Fund – USD 122.3mln* • Argo Global Special Situations Fund – USD 143.6mln*

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	funds:	<ul style="list-style-type: none"> • AGSSF Holdings (subsidiary of AGSSF)– USD 66.2mln • Argo Capital Partners Fund 1 – USD 70.05mln* • Argo Real Estate Opportunities Fund – USD 62.9mln ** • Argo Distressed Credit Fund- USD12.4mln * <p>*AUM as at 30 June 2009 ** AUM as at 31 March 2009 (NAV only formally prepared twice a year)</p> <p>The Argo Real Estate Opportunities Fund is managed by Argo Capital Management Property Limited. The four other funds are managed by Argo Capital Management (Cyprus) Ltd.</p>
1.6.3	Total assets managed/advised by the company:	See 1.2.12
1.6.4	Oldest continuously active account:	The Argo Fund
1.6.5	Largest current account:	The Argo Global Special Situations Fund
1.6.6	Length of track record:	9 years. The Argo Fund was launched in October 2000.
1.6.7	Has the track record been audited? If yes, by whom?	The funds are audited by KPMG
1.6.8	What is the level of trading activity of the portfolio? Please provide information in terms of coverage of assets/instruments measured and whether numbers are for notional or nominal values. If relevant please indicate average holding periods for long and short positions.	See section 9
1.6.9	Average annual commission costs as a percentage of total assets: <ul style="list-style-type: none"> • Brokerage to equity ratio: • Administrator fee to equity ratio: • Custodian fee to equity ratio: • Auditors’ fee to equity ratio: 	Total average annual fees (excluding management fees) amount to 0.20% of the Fund’s NAV.
1.7	RISK MANAGEMENT	
1.7.1	Discuss position concentration (e.g. industries, countries) and stop-loss limits and their management:	<p>We typically try to limit the Fund’s number of positions to a manageable number e.g. 20-30, and ensure that not more than 25% of the Fund’s Net Asset Value is invested in any one theme. We also apply an individual jurisdiction limit so that no more than 30% of the Net Asset Value of the Fund is invested in the aggregate entities located in the same jurisdiction. Correlation tests are run across the different assets in the Fund.</p> <p>Positions are constantly monitored and after a pre-defined movement on the daily Net Asset Value, a stop-loss level is determined to limit downside risk. This is controlled daily through a risk management spreadsheet while the Investment Committee usually reviews the process before taking a decision to cut any position (stop-losses are not generated automatically by computer trading systems). The Risk Manager has the unilateral authority to reduce or cut a position, or hedge the position in order to reduce exposure.</p>

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		<p>We measure the volatility of the individual assets in the Fund and the correlation between assets to manage overall fund volatility. Correlations are also monitored by region. Being a bond fund we also calculate duration and DV01 values.</p> <p>We perform stress analysis for different interest rate and credit spread scenarios (e.g. if credit spreads widen by 25% and if interest rates change by 1%). We also stress test parametric VAR, volatility and duration.</p> <p>We may also hedge market risk by shorting liquid sovereign positions and/or create market neutral spread positions and cover credit risk by buying protection through CDS. Depending on market conditions, we may hedge market exposure with the use of options on indices and stock markets.</p> <p><i>NB: Investors are advised to refer to our monthly newsletters and annual reports given that performance attribution will change over time.</i></p>
1.7.2	How often are these limits applied? When were their peaks observed?	<p>With less liquid positions, we typically apply a stop-loss after a pre-determined movement in the portfolio's Net Asset Value. However, as a new fund, stop-losses have yet to be activated in ADCF. With regard to the group's other hedge funds there have been some occasions when the funds disregarded the stop-loss and stuck with the position (all were distressed assets). For example, a distressed asset that represented only 1% of the portfolio and dropped significantly from its entry level price, but the Investment Committee decided to hold the position: it was an opportunity to average down the fund's position and the position increased to nearly 5% of the portfolio. The fund in question eventually exited the position with profits once the bonds matured (rather than trading these at a loss).</p> <p><i>NB: Stop-losses are adopted according to market conditions. Investors are advised to refer to our monthly newsletters.</i></p>
1.7.3	How do you adjust your risk capital allocation when there is a significant increase in equity due to trading profits?	<p>If the fundamentals remain solid, we may keep the position open even after an increase in equity due to trading profits. In most cases however, there is some profit taking if the position is directional. If the trade is a result of a hedge or part of a relative value trade, the returns are invested back into the Fund.</p>
1.7.4	Do you use an external risk monitor? If so, who and why that particular one?	<p>No, we do not use an external risk monitor. However, positions are constantly monitored to limit downside risk. This is controlled daily through a risk management spreadsheet. While the Investment Committee usually reviews the process before taking a decision to cut any position (stop-losses are not generated automatically by computer trading systems), the Risk Manager has the unilateral authority to reduce or cut a position. The risk metrics available on Bloomberg are also extensively applied to our bond portfolio.</p>
1.7.5	Please describe the operational risk management policy:	<p>When investment ideas are generated (by our investment professionals), the investment opportunity is presented to the Investment Committee. Their recommendations must then be approved by the Risk Manager while the logistics surrounding the settlement process of some emerging markets are checked by the back-office. Two directors of the Investment Manager confirm the trade by signing off the investment recommendation and the trade ticket. The trade is posted into TRADAR and proprietary Excel spreadsheets through the back-office. Tickets are generated in the back-office with both (London and</p>

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		<p>Cyprus) offices keeping a record of all tickets. These are sent to the custodian and the administrator using passwords to effect settlement and accounting reconciliation. Trade settlement reports are checked daily through the BNP Paribas' online settlement system provided by the custodian. The administrator produces the monthly NAVs by reconciling its records with the custodian's records. Additionally, the back-office maintains the accounting records for the Fund and produces a daily NAV. It also carries out all reconciliations for bank statements and settlement of trades as well as generating all risk management reports.</p>
1.7.6	<p>How do you measure minimum liquidity of positions?</p>	<p>The Risk Manager has responsibility for ensuring that there is sufficient liquidity before a trade is executed. Our systems produce projected cash flow reports and assets are classed into liquidity buckets as reported in our monthly newsletter. The Fund can usually liquidate up to three-quarters of its positions within one week.</p> <p>However, in the current market where bid/offer spreads are so wide, liquidity is expensive and positions that have to be unwound immediately run the risk of doing so at a significant cost.</p>
1.7.7	<p>What risk system/software is used in your middle office?</p>	<p>A proprietary Excel NAV spreadsheet and TRADAR programme (portfolio management system for hedge funds) are used in our middle office. These systems maintain our daily positions, P&L, risk metrics and NAV, and they are run in parallel with each other. The reporting includes exposures by issuer, country, industry, currency, DV01 values (for fixed income) and P&L. This is updated several times during the day. Bloomberg's risk metrics are extensively referred to within our bond portfolio.</p> <p>We also use the BNP Paribas online settlement platform introduced by our custodian.</p>
1.8 OPERATIONAL RISK		
1.8.1	<p>How does the company define operational risk?</p>	<p>We define operational risk as the possibility of loss resulting from administrative and operating procedures and/or errors. However, due to the relatively small number of trades executed and the elaborate system of controls we have in place, such errors are rare and minimal. Since 2008, as stipulated by the Cyprus Securities and Exchange Commission, the Investment Manager has adopted Basle II provisions, which require the allocation of capital against operational risk.</p>
1.8.2	<p>Does the company have an operational risk management framework? Does the framework consider how the company identifies, assesses, monitors and controls operational risks?</p>	<p>Yes. The company's operational risk framework comprises double checking value dates, amounts and prices using a dual signature process. We also have segregation of duties and counterparty confirmations are received independently of traders. The daily reconciliation between our two systems of Excel spreadsheets and the TRADAR booking system captures any operational mistakes. There is a further level of controls and checks when the trades are sent to the custodian bank for execution.</p>
1.8.3	<p>Are the employees responsible for the operational risk framework adequately independent from the business and appropriately trained? (For example, does the company have a risk or internal audit function that is responsible for the framework?)</p>	<p>Yes, there is a clear separation of roles between the risk management team and the rest of the business. Our in-house risk management team is overseen by Kyriakos Rialas and we employ HSBC as our administrator.</p> <p>Loucas Demetriou is responsible for the operations function at Argo. Prior to joining the company in December 2001, he was a broker and analyst with Citi Principal Investments Ltd. Before that he was at Coopers & Lybrand where he worked closely with the risk management division of Renaissance Capital. Loucas has a Master's degree from the University of Manchester and studied Economics at the Economics School of Athens.</p>

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		Additionally, the Cyprus registered company has an internal audit function which carries out regular compliance tests and independently reports to the regulator. Any recommendations put forward by the Cyprus Securities and Exchange Commission are fully implemented by the company.
1.8.4	Does the board of directors approve and regularly review the operational risk management framework?	Yes
1.8.5	Who is responsible for implementing the operational risk framework? Are there clear lines of responsibility across senior management?	Kyriakos Rialas is responsible for implementing the operational risk framework across the company. In addition, the Investment Manager is required to supply the regulator with written reports of this. There is clear segregation of duties between trading and back-office functions. Furthermore, there are clear lines of responsibility between trade entry, ticket preparation, signing authorisation and reconciliations.
1.8.6	How does the company ensure that employees understand their responsibilities for implementing the operational risk framework?	Through regular updates, we ensure employees comply with the regulatory framework and the internal audit function. We also rely on our outsourced service providers (e.g. IT consultant) to upgrade our processes and keep us informed of market developments.
1.8.7	What on going assurance does the firm provide to clients over the effectiveness of its operational risk framework? If a SAS70 or FRAG 21 (being replaced by AAF 01/06) has been completed, please list the key weaknesses identified in the last 5 years.	We assure clients of the effectiveness of our operational risk framework through compliance with the regulatory framework and review of the internal audit function. Furthermore, the use of third-party consultants, especially in IT, helps us ensure that our processes are regularly upgraded and that we are kept informed of market developments.
1.9	OPERATIONAL RISK FOR OUTSOURCED FUNCTIONS	
1.9.1	What due diligence process does the company perform prior to the appointment of an outsourced service provider? Please specify if this process differs for different service providers, e.g. custodian, administrator and prime broker.	We perform rigorous due diligence prior to the appointment of an outsourced service provider. When appointing an administrator, we consider its size and reputation. We prefer to appoint an administrator that has a fiduciary responsibility. These are typically subsidiaries of large banking institutions. Equally, we review a service provider's execution, timing of NAVs and reporting standards as part of the due diligence process. The allocation of sufficient resources by the service provider is of paramount importance. For IT providers, we look at their level of service, existing client base and costs.
1.9.2	Are service level agreements in place between the company and its outsourced service providers? If so, how does the company monitor services against the prescribed standards?	Yes. These arrangements are monitored informally on an on-going basis and through formal half-yearly reviews. In conjunction with the administrator's monthly calculations, we also calculate NAVs internally, which helps us monitor the accuracy of the administrator's monthly charges.
1.9.3	Does the company perform periodic reviews of the outsourced service providers?	Yes. Reviews are typically carried out every six months.
1.9.4	What ongoing assurance does the firm perform over the effectiveness of the controls at	To ensure the effectiveness of Argo's outsourced service providers, responsibilities are clearly separated and assigned to the relevant bodies.

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	outsourced service providers?	Trades for ADCF are settled by the custodian HSBC, to which all trades are reported and the custodian provides daily cash and trade reports including failed trades (if any) to the administrator as well as to the Cyprus and London offices. Reconciliation, trade monitoring and follow-up are handled by the settlement and accounting functions of the back-office while reconciliation between trade blotter, the booking system, counterparty confirmations and custodian reports occur daily.
2 INVESTMENT RESEARCH		
2.1	What outside sources are used?	<p>We use a limited amount of third-party research. The majority of our research is generated internally, assisted by a physical presence in Latin America and Asia. The network of contacts and reputation we have built over the years is a major source of opportunities for us. [see organisation chart above, 1.4.7]</p> <p>As we do not have a dedicated prime broker, we receive research and daily prices from all the major banks.</p>
2.2	What proportion of research is generated internally?	<p>Investment ideas are primarily generated in-house through the London, Cyprus, Singapore, and Buenos Aires offices, which are presented to the Investment Committee for approval. Part of our strength lies in our investment process (see organisation chart above in 1.4.7).</p> <p>We also rely on two proprietary models, the Sovereign Model and the Credit Scoring Model. The former is fed with statistics at the country level in order to identify trends and directions of a country's credit. The latter, the Credit Scoring Model, looks at the quantitative financials of corporates, including banks, to identify cheap or expensive credit trades. It helps inform our relative value and directional trades. This database covers over 200 names within the EM bond universe and is constantly reviewed and updated by our analysts.</p> <p>Where investment ideas are generated internally, controls are put in place to ensure that the research/ investment idea is met with a consensus before being authorised. Each investment professional has limits assigned by the Investment Committee. The Investment Committee approves the investment and recommendation is issued by the middle and/or back-office. Besides quantitative measures, we also consider qualitative factors such as management, ownership, the company's strategy and professionalism.</p>
2.3	Describe the typical flow of an investment idea from inception to a trading position:	<p>Sourcing ideas: Ideas are sourced primarily from Argo's network of contacts (corporate finance, legal and restructuring professionals, industry experts, entrepreneurs etc.). Investment professionals, as defined in the investment process, also research trade and financial journals, company filings, broker reports, and industry sources. We generally ignore tips which are widely broadcast, mostly known as "crowded trades." Our investment professionals are encouraged not to follow the market and its recommendations. Finally, and equally important, is the deal flow generated through our global offices.</p> <p>Building knowledge: Once an investment candidate is identified, the investment professional will start to build detailed knowledge of the company, in consultation with our local offices and network.</p> <p>Identifying value drivers: We identify the main value drivers for the company and compare them to other companies through our Credit Score Model. We focus on: (i) the company's business model, (ii) the competitive situation, and (iii) against industry peers' data on cash flow, sales growth, margins and return on assets.</p>

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		Once investment ideas are presented to the Investment Committee, the management company in Cyprus approves the investment following receipt of the investment recommendation. Respective trade blotters are updated in the London and Cyprus offices. Two Directors in Cyprus confirm the trade by signing off the investment recommendation and the trade ticket.
2.4	Describe your back testing of investment ideas:	We identify the main value drivers of each investment opportunity and compare them to other companies through our Credit Score Model.
2.5	Have you published or commissioned any research/academic papers? Please give details.	In 2007 the Investment Manager took part in an interview with a PhD student who was researching special situations funds. In 2009, the Investment Advisor participated in a Reuters commissioned report entitled, "Opportunities in Distressed Assets & Debts: Identifying Profit in the Financial Crisis." Our investment views are also regularly published as expert opinion pieces in various trade and financial publications.
3 EXECUTION & TRADING		
3.1	Describe members of the trade execution group, their functions and experience:	Back-office staff: Loucas Demetriou- Head of Operations [see 1.8.3] Melina Toumazou Demetris Siskos Tatyana Ignatyeva
3.2	Who is authorised to place orders on behalf of the fund?	Argo's Investment Committee (4 authorised signatories) has overall authority to place orders. Trading limits outside of Investment Committee approval have been granted to experienced portfolio management and trading staff. Maximum trade limits that do not require Investment Committee approval include: \$2 million for equities, \$3 million for credit, \$10 million for relative value market neutral trades and \$5 million notional on interest rates and FX. All trades, however, require the review of the Risk Manager.
3.3.	Is there clear separation of functions between front and back-office?	Yes. Argo's front-office, operating mainly out of London, is responsible for formulating the trading strategy for the Fund while the back-office function is carried out in Cyprus. So there is a physical separation between these functions as well as a logical (password protected) separation of the systems.
3.4	How are executed trades allocated to accounts? Please explain in detail, particularly with respect to split fills:	In the event that trades are allocated between funds, the split is usually done on an equitable basis. Therefore split fills will be allocated between the main funds based on their AUM, market conditions and liquidity permitting.
3.5	Are any positions allocated as of the end of the trading day or immediately after execution, rather than prior to or at the time of order entry?	No. All trades are allocated prior to execution.
3.6	Does the manager undertake any cross trades or netting and if so, what procedures are utilised?	No
3.7	What is the company's policy with respect to trading and	Any trading errors deemed to be the responsibility of the Manager will be

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	system errors? Please explain in detail:	compensated for by the Manager. Any profits arising from such an error will be for the account of the Fund.
3.8	Have there been any major "trade breaks"? If so, please describe.	No
3.9	Are trades reconciled to broker confirmations? How often?	Yes. Daily.
3.10	Are cash positions reconciled? How often?	Yes. Daily.
3.11	<p>What is the company's policy with respect to personal account dealing by:</p> <ul style="list-style-type: none"> • Staff? • Principals? • The company itself? 	<p>Principals and employees are encouraged to invest money in Argo's funds. Restrictions on personal account dealing are overseen by the Compliance Officer. All "Designated Persons" have signed a Code of Conduct letter on personal trading accounts and/or related party or beneficiary accounts and overall confidentiality. The regulator requires that the Investment Manager keep a record of this and monitors closely any instances that might result in a conflict of interest. In the case of Argo, no such event has occurred, not least because EM bonds are not easy for individuals to trade (unlike equities in major stock markets).</p> <p>The Investment Manager does not deal in any securities, but may invest in the Argo Funds.</p>
3.12	Is there a restricted list?	No
3.13	Does the company make use of "soft dollars"?	No
3.14	Does the company or advisor have any relationship which may affect its trading flexibility, e.g. associated broker/dealer?	No
4 COMPLIANCE		
4.1	Who is responsible for compliance in the company?	<i>See below 4.2</i>
4.2	Does a dedicated compliance team exist? Does the company maintain a written compliance manual? If yes, please provide details:	<p>Yes, we have designated individuals responsible for compliance.</p> <p>Yes, we do maintain written compliance manuals.</p> <p>In Cyprus, compliance functions, as required by the Cyprus Securities and Exchange Commission, are performed by Kyriakos Rialas (Risk Manager) who is based in Cyprus. The investment management company also has an internal audit function which carries out regular compliance tests and reports independently to the regulator. It is also a member of the investment protection scheme in accordance with Cypriot law for non-expert clients and investors protection.</p> <p>In London, the advisory company is authorised and regulated by the Financial Services Authority (FSA) and Stephen Rothwell is the first point of contact for the regulator and our counterparties. The company has a discretionary investment management authorisation and applies all FSA rules. Relevant employees of the London office are registered with the FSA for provision of investment advisory and management services. The London firm also retains an outside compliance advisory company (HedgeSupport LLP) that performs regular compliance reviews.</p> <p>Regular compliance reports are sent to the regulatory authorities. In addition, the Cyprus Securities and Exchange Commission requires the internal auditor to submit an annual report.</p>

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4.3	When was the manual last updated?	2008
4.4	Please describe any current or potential conflict of interest or any relationships which may affect its trading, trading flexibility, e.g. associated broker/dealer.	None
4.5	What are the company's employees' own account dealing procedures?	<i>See 3.11</i>
4.6	Does the company have regular compliance monitoring programs? If so, please give brief details:	Quarterly testing plus annual review as per requirements of the regulatory authorities.
4.7	Has the company or its principals ever been the subject of any action or warnings from a regulatory body?	No
4.8	Has any application to a regulatory body on behalf of the company ever been withdrawn? If so, please give details:	No
4.9	Do any of the company's principals have other business involvement? If yes, describe and quantify how much of their professional time is dedicated to each:	No
4.10	Has an employee of the company ever been refused authorisation or had it withdrawn? If so, please provide details:	No
5 LEGAL		
5.1	Are there or have there in the last 10 years, been any criminal, civil, regulatory or administrative proceedings against (i) the Investment Manager or any of its principals or (ii) the Investment Product or any of its directors any similar such matters including reparations, arbitrations and negotiated settlements? If so, please provide details:	<p>None with respect to Argo Capital Management (Cyprus) Ltd.</p> <p>Argo Group Limited, the holding company, has however been named as an additional defendant in a pre-existing lawsuit filed against Absolute Capital Management Limited ("ACMH") and others. The lawsuit has been filed in Colorado, USA, by an investor in several of ACMH's investment funds. The plaintiff in the lawsuit is seeking redress against Argo following the demerger from ACMH, in the event that the lawsuit would be successful.</p> <p>Argo has at all times been managed and operated independently from ACMH, with each group having separate fund managers, risk controls, prime brokers, custodians and administrators. The claim makes no allegation as to the conduct of Argo's business or its management.</p> <p>The directors believe that the claim is without merit and Argo intends vigorously to defend its position.</p>
6 ANTI-MONEY LAUNDERING POLICY		
6.1	Confirm that the company has established Anti-money Laundering (AML) procedures:	Yes

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6.2	Please advise which jurisdiction's regulations you comply with:	<p>The Investment Manager is duly registered according to Cyprus and European Union laws and is registered with and regulated by the Cyprus Securities & Exchange Commission and registered with the US Securities and Exchange Commission.</p> <p>The Investment Advisor is authorised and regulated by the Financial Services Authority in the UK.</p>
6.3	Please advise who your AML officer is:	<p>AML practices are carried out by the Fund Administrator, HSBC.</p> <p>In London, under FSA rules, Stephen Rothwell is the designated AML officer and in Cyprus under CySEC, Kyriakos Rialas is the AML officer.</p>
6.4	Elaborate on the procedure to ensure compliance with AML policies including details of any training provided to employees:	<p>The Fund's administrator is obliged by law to prevent and assist in the detection of money laundering by taking reasonable measures to establish the identity of the investors in the Fund. In addition, the administrator is required to pay special attention to all complex, unusually large transactions, and all unusual patterns of transactions, which have no apparent economic or visible lawful purpose.</p> <p>It is implicit in legislation that verification of identity would be made before the service is provided. Therefore, the Fund does not accept funds from an investor unless the administrator is satisfied that it will be in a position to complete the verification process prior to settlement taking place or documents of title being dispatched. Thus, until the identity of an investor is established, no account will be opened on Phoenix (administrator system) and no dealing will be accepted.</p>
6.5	Please provide a summary of your AML procedures.	<p>AML practices are carried out by our administrator, HSBC. They obtain passport copies, original utility bills etc, in order to identify the ultimate beneficial owner.</p>

7 INSURANCE

7.1	<p>Do you currently hold insurance for the following:</p> <ul style="list-style-type: none"> • Directors' & Officers' Liability? <ul style="list-style-type: none"> a) For the funds b) For the management companies • Professional Indemnity or Errors and Omissions? • Crime (Employee fidelity/third party fraud)? • Key Person Insurance? <p><i>N.B.: if you are not restricted from disclosing such information under your policy(ies).</i></p>	<p>The management companies and the Funds hold insurance for Directors' & Officers' Liability.</p>
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8 BUSINESS CONTINUITY

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<p>8.1</p>	<p>Does the company have a formal business continuity management plan? Please describe the basic provisions:</p>	<p>Yes. Both offices in London and Cyprus have their respective business continuity management plans. However, Argo does not have a central (in-house) IT solutions expert. Instead, this function is outsourced to Commensus plc. All standard firewall, anti-virus and spam filtering utilities are in place. We also have UPS (uninterrupted power supply) battery for 15 minutes. Outsourced support in Cyprus is provided by a firm called Endatio Ltd.</p> <p>The responsibility for the disaster recovery plan lies with the CEO and Risk Manager, Kyriakos Rialas, but all its procedures and processes have been communicated to all employees. Commensus provides a secure data centre for the London and Cyprus offices mainly, but also provides a platform that other Argo offices can tap into. In addition, it provides communication networks, technical support during normal office hours, and disaster recovery services.</p> <p>There is some IT expertise in each local office. These provide a link between Commensus and the local office. A disaster recovery plan is in place with Commensus to ensure there is an off-site backup of all core files which can only be accessed by Argo. Argo is in control of an encryption key that can action the release of the backup files.</p> <p>Trading is largely done over the phone and confirmed via fax. In the event the internet was to go down, it would not significantly impact the business/trading activity. Phone and internet providers are separate, using different servers and companies, providing additional security.</p> <p>Details of all transactions, investor details and registry are held by the administrator, who also has a disaster recovery plan in place. All employees are made aware of the disaster recovery plan.</p> <p>Key applications used</p> <ul style="list-style-type: none"> • Sage 50 Accounts: this is an off-the-shelf application and a key accounting package to the group. • Tradar: this is a commercially available trading system that is held on the Cyprus server. • Bloomberg: This is a commercially available tool for investment research. In addition, trading can be carried out via Bloomberg message. • Microsoft Office: all applications in Microsoft Office are used frequently. <p>Software support and upgrades</p> <ul style="list-style-type: none"> • All applications and software are individually supported by the supplier on an annual basis. • Suppliers will contact Argo with notification of potential upgrades and any maintenance required. • In addition, the IT support that is outsourced encompasses a monitoring service that will monitor Argo's hardware and notify the company of potential problems and issues regarding integrating applications with the computer hardware. <p>Data access controls</p> <ul style="list-style-type: none"> • Each application has a limited number of users and applications are only installed on the computers of users that require the programme; therefore only accounts technicians and authorised users can access Sage, and only authorised traders have access to Tradar, for example. • Access is controlled by passwords and usernames for all applications via NTFS permissions. • Argo does not utilise any custom-made software. They are all commercially available products. <p>Server and system maintenance</p> <ul style="list-style-type: none"> • Argo operates a Windows infrastructure, running Windows 2003 and Microsoft Exchange Server. • Argo also uses the Blackberry service.
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8.2	Are you familiar / do you comply with the AIMA Guide to Sound Practices for Business Continuity for Hedge Fund Managers?	Yes.
9 FUND INFORMATION		
9.1 FUND DETAILS		
9.1.1	Contact details: <ul style="list-style-type: none"> • Name: • Address: • Telephone: • Fax: 	<p>Argo Distressed Credit Fund Limited (formerly known as the Argo Multi Strategy Fund)</p> <p style="text-align: center;">ISIN: KYG0464J1004 BLOOMBERG: ARGOMSA KY Equity <GO> CUSIP: G0464J 100</p> <p>Telephone: +44 207 535 4000, +357 22 668 900</p> <p>Email: info@argofunds.com</p>
9.1.2	Currency of participation interests:	USD
9.1.3	List share classes and denominations of each share class	USD & EUR
9.1.4	Date of inception:	1 May 2008
9.1.5	Is the fund regulated? If so, please provide details (including where and by who) and explain any requirements for regulation:	The Fund is registered with the Cayman Islands Monetary Authority ("CIMA") as an "excluded person" under the provisions of the Securities Investment Business Law (2003 Revision) of the Cayman Islands.
9.1.6	Describe the fund's ownership structure?	The founders' shares are owned by Argo Capital Management (Cyprus) Ltd
9.1.7	Is the fund listed on any exchange(s)? <ul style="list-style-type: none"> • E-mail: • Internet: • Fund structure: • Legal entity: • Domicile 	No. The Fund is structured as an open-ended fund. It is regulated under the Cayman Islands exempted limited liability company laws and domiciled in the Cayman Islands.
9.2 FEES		
9.2.1	Management fee:	2%
9.2.2	Administration fee:	0.13% per annum
9.2.3	Incentive fee (or performance allocation, preferential dividend, etc.):	20% performance with high water mark
9.2.4	Hurdle rate/high water mark:	High water mark
9.2.5	Sales fee:	Of up to 5%
9.2.6	Redemption fee:	3% in the first year, 2% in the second year, 1% in the third year and zero thereafter.
9.2.7	Any other fees:	Custody fees and directors' fees
9.2.8	What costs, if any, are recharged to the fund?	<p>Offering and organisational expenses of up to USD 100,000 incurred by the Fund and amortised over the period of 2 years are recharged to the Fund.</p> <p>Administration and custodian expenses are ongoing expenses for the Fund.</p>
9.2.9	Are your fees calculated and charged in terms of equalisation structure by:	Yes. We use Series Accounting every time shareholders make a subscription.

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	<ul style="list-style-type: none"> • Issuing a different series of shares every time shareholders subscribe? • The Equalisation Share method? • The Equalisation and Depreciation Deposit method? • The Equalisation-Adjustment method? • Others? (Please describe): 	
9.2.1 0	Do you ever share fees with a third party?	Yes. On limited occasions, we may share fees with third-party capital introducers.
9.2.1 1	Have any investors been granted rebates?	No
9.2.1 2	Disclose any soft dollar/soft commission agreement(s):	None
9.2.1 3	Ratio of expenses (other than the company's management and incentive fee) to NAV:	Together with administration & custody fees, all fees amount to 0.20% of NAV.
9.2.1 4	Highlight unamortized launch costs, if any, separately	N/A
9.3 INVESTMENT/REDEMPTION AND LOCK UP TERMS – BY SHARE CLASS IF DIFFERENT		
9.3.1	Minimum initial investment:	USD 100,000 or EUR 100,000
9.3.2	Minimum investment subscription?	USD 100,000 or EUR 100,000
9.3.3	Minimum subsequent investment:	USD 10,000 or EUR 10,000
9.3.4	Subscription frequency (when):	Monthly
9.3.5	Redemption frequency (when):	Quarterly
9.3.6	Redemption notice period:	120 days
9.3.7	Redemption cash proceeds time period:	2-3 business days after the NAVs are finalised.
9.3.8	Does the fund have any lock-up period or any other liquidity constraints (e.g. suspension of redemptions and gates)?	The Fund does not have a lock-up period.
9.3.9	Is there a "gate" and how is that computed (on an aggregate basis or investor by investor basis) and how is the amount in excess of the gate treated?	<p>Yes, the Fund has a "gate" provision.</p> <p>In the event that redemption requests are received for redemption of shares representing in aggregate more than 10% of the NAV of shares then in issue, the Fund is entitled to reduce the requests rateably and <i>pro rata</i> amongst all shareholders seeking to redeem shares on the relevant dealing day and carry out only sufficient redemptions which, in aggregate, amount to 10% of the NAV of the shares then in issue.</p> <p>Shares which are not redeemed but which would otherwise have been redeemed will be redeemed on the next dealing day (subject to further deferral if the deferred requests themselves exceed 10% of the shares then in issue) in priority to any other shares which redemption requests have been received. Shares will be redeemed at the redemption price prevailing on the dealing day on which they are redeemed.</p>
9.3.1 0	Under what conditions would these restrictive provisions be	See above

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	invoked?	
9.3.1 1	What is the maximum period that a shareholder would be prevented from having their redemption notice accepted and redeemed?	There is no such restraint on the Fund.
9.3.1 2	Has the manager undertaken any analysis of costs attached to liquidating the fund over certain time frames; for example, 1 day, 3 days, 5 days, 1 month etc? If so, please enclose.	No
9.3.1 3	Does the fund allow for transfer of shares or limited partnership interests between nominees?	Yes
9.3.1 4	Are there any independent fund directors, please provide details:	<p>Yes. Philip Scales and Ooi Boon Aun are the Fund's non-Executive Directors.</p> <p>Ooi Boon Aun is the founder of East Alliance Assets Limited, an investment banking and corporate finance boutique. He has over 20 years of experience in banking and was most recently managing director of Depfa Investment Bank Ltd in Hong Kong. Prior to 2004 he was a non executive director and then executive director and head of debt origination, North Asia at Standard Bank Asia Ltd. Between 1998 and 2003 he was employed by Thailand Beverage & Business Group - one of Thailand's largest Thai conglomerates- and was subsequently appointed Group Vice Chairman and President. Mr. Ooi holds a BA in Business Administration from the National University of Singapore.</p> <p>Philip Scales is managing director of IOMA Fund and Investment Management Limited ("IOMAFIM"), part of the Isle of Man Assurance Group. IOMAFIM specialises in the provision of third-party fund administration and investment management services. Prior to this, he spent 18 years as managing director of Northern Trust International Fund Administration Services (Isle of Man) Limited (formerly Barings -Isle of Man- Limited). He has over 30 years' experience working offshore, primarily in corporate and mutual fund administration and currently holds a number of directorships of listed companies. Mr Scales is a Fellow of the Institute of Chartered Secretaries and Administrators.</p>
9.3.1 5	How often does the board meet?	Quarterly
9.3.1 6	Please provide roles and responsibilities of the Directors.	The Fund's two non-executive directors, Ooi Boon Aun and Philip Scales, ensure the Fund is compliant with the prospectus. They also have an audit committee function.
9.4 FUND DIRECTORS		
9.4.1	Please list the number of directors, their names, the degree of relationship with investment manager and service providers, directors' fees paid and the duration of the company's professional relationship with each director:	<p>The Argo Fund has four Directors:</p> <ul style="list-style-type: none"> - Ooi Boon Aun – [non-Executive Director- see 9.3.14] from inception - Andreas Rialas [see 1.4.2]- from inception - Kyriakos Rialas [see 1.4.2] – from inception - Philip Scales- [non-Executive Director- see 9.3.14] from inception <p>Each director is paid \$10,000 per annum.</p>
9.4.2	Is there D&O insurance?	Yes

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9.4.3	Are there provisions in the fund documentation relating to indemnification of directors?	Yes. The Fund maintains Directors' & Officers' Indemnity cover.
9.5 FUND ADMINISTRATOR – LIST OF SERVICES PERFORMED (COMPLETE THIS SECTION FOR ALL ADMINISTRATORS USED)		
9.5.1	Details: <ul style="list-style-type: none"> • Name: • Address: • Telephone: • Fax: • E-mail: • Name of contact: • Telephone of contact: • E-mail of contact: 	HSBC Securities Services (Ireland) Limited 1 Grand Canal Square Grand Canal Harbour Dublin 2 Ireland Contact: Audrey Hays Tel: +353 1 635 6610 Fax: +353 1 649 7560 audreyhayes@hsbc.com
9.5.2	Duration of the company's professional relationship with the administrator.	HSBC has been the Fund's administrator since its inception. HSBC has been the Company's fund administrator since 1 June, 2007. Northern Trust was the Company's previous administrator. Effective 1 June, 2007, all the Argo funds switched administrator to HSBC, when Northern Trust closed down its operations in the Isle of Man. Due to reorganisation at HSBC, administration switched from HSBC Isle of Man to HSBC Ireland in the latter part of 2009.
9.5.3	Are there provisions in the fund documentation relating to indemnification of the administrator?	Yes. There is a separate administration agreement which we can provide to you if necessary. The administrator assumes responsibility for its functions and there is no indemnity.
9.5.4	Please provide contact names, telephone and email for the following functions: <ul style="list-style-type: none"> • Financial Reporting • Valuations / Fund Accounting 	Financial Reporting Cormac Reid +353 1 635 6746 Cormacreid@hsbc.com Accounting and Valuations Brian Treacy +353 1 635 6509 briantreacy@hsbc.com
9.5.5	Have ongoing due diligence visits been conducted? If so, by whom and of what frequency?	Yes. Since switching the Fund's administrator from Northern Trust to HSBC, the Risk Manager has carried out two due diligence visits. However, since the fund has recently moved from HSBC (Isle of Man) to HSBC (Ireland), a due diligence visit has yet to be carried out.
9.6 FUND PRICING		
9.6.1	Where assets are valued in-house, please provide a summary of the controls in place to ensure accuracy.	No assets are valued in-house. All asset valuation is derived from independent sources and is marked-to-market according to the prospectus.
9.6.2	Who is responsible for obtaining valuations and how are any difficult-to-price assets or instruments priced?	The administrator has ultimate responsibility at the end of each month to obtain independent prices from various sources. HSBC uses market feeds (Bloomberg, Reuters, Lombard), broker feeds and its own in-house valuation team based in Ireland. At the end of the year the auditor is also involved in the valuation process and ensures that assets are marked-to-market or priced according to International Financial Reporting Standards (IFRS). The Fund prices all assets at mid-market prices taking broker OTC quotes and other prices directly downloaded from Bloomberg screens. As managers of the Fund, we value the Fund daily, and estimates are announced twice a month
9.6.3	What is the percentage of funds not held in exchange	Typically, 90% of the Fund's assets are held in non-exchange traded securities. However, in the emerging fixed income space, there may be 10 to

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	traded instruments?	15 brokers quoting prices even when the bond is not traded on an exchange.
9.6 .4	Does the fund hold investments in which the underlying market has limited liquidity?	Yes, although this is in adherence with the Fund’s allocation thresholds and as such, makes up a small portion of the portfolio. Our systems produce projected cash flow reports and assets are classed into liquidity buckets as reported in our monthly newsletter. The Fund can usually liquidate up to three-quarters of its positions within one week.
9.6 .5	Does the fund take positions in any non-traditional instruments such as pre-insurance, underwriting and bridging?	To-date, the Fund has not taken positions in any non-traditional instruments, although it retains the right to do so.
9.6 .6	Are at least three independent prices available for non-exchange traded investments?	Yes. For the majority of the Fund’s positions there are in fact more than three independent broker prices. Where it is difficult to find prices, our administrator will use third-parties and/or other major financial institutions’ comparable positions. In any event, valuations are driven by fair value considerations as per the prospectus and international accounting standards.
9.6 .7	Please list the sources and methodology of valuation for instruments that have limited liquidity or are non-exchange traded?	<p>Where it is difficult to find prices, our administrator will use third-parties and/or other major financial institutions’ comparable positions.</p> <ul style="list-style-type: none"> ▪ Screen-based closing prices of New York (Bloomberg) are used for NAV calculations. ▪ Bonds are usually quoted on Bloomberg. CDS are quoted on Bloomberg/Reuters and/or the big banks (e.g. Credit Suisse, Deutsche Bank, Morgan Stanley, Goldman Sachs, etc.). ▪ HSBC uses more than one source of pricing. Where they cannot find a quote, they might come back to Argo, and we will provide them with names/contact details of local brokers. ▪ For bilateral loans, HSBC uses their own discounted cash flow methods or they are valued at cost. Some bilateral loans are tradable. Alternatively, they might look at a comparative bond and/or issuer, and value it accordingly.
9.6 .8	Are any investments (as examples: trade finance, private placements, private equity, highly structured credit instruments, insurance, mezzanine loans, warrants or options) priced using a yield-to-maturity, quantitative model, or other non market traded pricing practice? If yes, please explain the pricing methodology.	For some investments (e.g. non tradable bilateral loan type transactions), we provide the administrator with all the legal documents that support the transaction in order to price the asset. Another method of valuation is to refer to prices of tradable bonds from the same issuer with the same seniority and maturity and apply them to the loan in question. In any event, such valuations are driven by fair value considerations as per the prospectus and international accounting standards.
9.6 .9	Please describe how the fund directors ensure that the fund administrator obtains and verifies independent third party	The Board of Directors, in discussions with the administrator and the auditors of the Fund, agree the price. The administrator has to confirm it by signing-off. The manager also carries out its own daily valuation and challenges the administrator at the end of the month if any prices differ substantially. The last word on pricing lies with the administrator.

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	valuations for these investments?	
9.6.10	What is the procedure to price any investments where the purchase or sale of the investment would create a notable or material market impact?	We currently have no assets that could cause such an impact.
9.6.11	Do you adhere to AIMA's Recommendations on hedge fund valuation (2007)?	Yes
9.7 PRIME BROKER – LIST OF SERVICES PERFORMED (COMPLETE THIS SECTION FOR ALL PRIME BROKERS USED)		
9.7.1	Details: <ul style="list-style-type: none"> • Name: • Address: • Telephone: • Fax: • E-mail: 	The Fund does not use an appointed prime broker. Instead, the Fund has dealing/funding arrangements in place with a wide range of major counterparties; including HSBC, BNP Paribas, Deutsche Bank, Morgan Stanley, UBS, Credit Suisse, Barclays and JP Morgan. The Fund's custodian is BNP Paribas Trust Company (IOM) Limited ("BNP Paribas") [See below 9.8].
9.7.2	Duration of your professional relationship:	See 9.7.1
9.7.3	Are the assets held in the name of the fund? If not, please explain:	See 9.7.1
9.7.4	Are all or any of the assets segregated from the prime broker's assets?	See 9.7.1
9.7.5	Do you use multiple prime brokers? If so, please give details:	No. See 9.7.1.
9.7.6	How is cash held at the prime broker?	Our cash is managed by our custodian acting on instruction of the fund managers. The custodian provides daily cash reports to the administrator as well as to the back and front-offices. The custodian must receive instructions from two authorised signatories by fax and a unique sequential password before cash is transferred in and out of the Fund.
9.7.7	Are long and short accounts held with the prime broker netted off?	See 9.7.1
9.7.8	Does the prime broker have insurance? If so, please detail scope:	See 9.7.1
9.7.9	Can the assets of the fund be pledged or in any other manner used to support or benefit another entity's liabilities?	See 9.7.1
9.7.10	Does the company or any affiliate ever take "custody" of client assets?	With the exception of certain bilateral trades/loans (not Euroclearable), which are in the custody of the Investment Manager, the Fund's assets are held with our appointed custodian BNP Paribas.
9.7.11	Which other services offered by the prime broker do you or have you utilised?	See 9.7.1

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9.7.1 2	Are there provisions in the fund documentation relating to indemnification of prime broker?	See 9.7.1
9.7.1 3	Have ongoing due diligence visits been conducted? If so, by whom and of what frequency?	See 9.7.1
9.8 CUSTODIAN		
9.8.1	Details: <ul style="list-style-type: none"> • Name: • Address: • Telephone: • Fax: • E-mail: 	BNP Paribas Trust Company (IOM) Limited Merchant's House 24 North Quay Douglas Isle of Man IM1 4LE
9.8.2	Duration of the company's professional relationship with the custodian:	We've used RBS since the Company's formation in October 2000. However, when BNP Paribas acquired RBS in July 2007, BNP Paribas, Isle of Man, became our custodian.
9.8.3	How are sub-custodians treated? Are you provided with notice when the custodian transfers assets to a sub-custodian? How is the risk of loss treated?	Sub-custodians are permissible subject to our counterparty approval. We are notified when a sub-custodian is employed. We have right to request any information relating to such delegation and sub-custodians. Sub-custodian agreements are to comply with all the Custodian Agreement terms. The custodian is responsible and liable for custodial services including the appointment of sub-custodians.
9.8.4	Are there provisions in the fund documentation relating to indemnification of the custodian or sub-custodian?	Yes. Standard indemnity is given to the custodian and sub-custodian relating to taxes, charges, etc; reliance on authorised instructions, breach of representations and warranties, and non-settlement. Additionally, the custodian is given an indemnity for all properly incurred costs.
9.8.5	Have ongoing due diligence visits been conducted? If so, by whom and of what frequency?	Investors are encouraged to conduct their own due diligence by visiting our custodian at their convenience.
9.9 AUDITOR		
9.9.1	Details: <ul style="list-style-type: none"> • Name: • Address: • Telephone: • Fax: • E-mail: 	KPMG P.O. Box 493 Century Yard Cricket Square Grand Cayman KY1-1106 Cayman Islands Tel : +1 345 949 4800 Fax : +1 345 949 7164
9.9.2	Duration of the company's professional relationship with the auditor:	We have had a professional relationship with KPMG since 2006.
9.9.3	Confirm that the auditor is in good standing in its domicile/jurisdiction.	Yes
9.9.4	Have the auditors ever issued qualified financial statements	No

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	for the fund?	
9.9.5	Have ongoing due diligence visits been conducted? If so, by whom and of what frequency?	Every couple of months, the auditors carry out due diligence visits primarily to our Cyprus office, where the Investment Manager resides. A few times a year, the auditors also visit our London office, where the Investment Adviser resides.
9.10 LEGAL ADVISER(S)		
9.10.1	<p>Details:</p> <ul style="list-style-type: none"> • Name: • Address: • Telephone: • Fax: • E-mail: <p>Details:</p> <ul style="list-style-type: none"> • Name: • Address: • Telephone: • Fax: <p>E-mail:</p>	<p>Offshore Counsel Maples and Calder (Cayman Islands) P.O. Box 309, George Town, Grand Cayman, Cayman Islands +1 345-814-5556 +1 345 949-8080 annette.hydes@maplesandcalder.com</p> <p>Maples and Calder (Ireland) 75 St. Stephen's Green Dublin 2 Ireland Tel : +353 1 619 2000 Fax: +353 1 619 2001</p> <p>Onshore Counsel Berwin Leighton Paisner LLP Adelaide House London Bridge EC4R 9HA, London, UK Tel: +44 (0)20 7760 1000 Fax: +44 (0)20 7760 1111</p>
9.10.2	Duration of the company's professional relationship with the legal advisers:	The company has a long standing professional relationship with the legal advisers.
9.11 GENERAL		
9.11.1	Has the administrator, prime broker, custodian, lawyer or auditor been changed within the past 3 years? If so, why and please give name of previous provider?	As a newly launched fund, no service provider has been changed since the Fund's inception. However, as a company, we have changed administrator within the last 3 years. When Northern Trust, our previous administrator, relocated to Ireland, Argo opted to stay in the Isle of Man, where our custodian (BNP Paribas) is also located. Effective June 1 st 2007, we switched to HSBC. Due to reorganisation within HSBC, administration moved from HSBC Isle of Man to HSBC Ireland in Q3 2009.
9.11.2	Do either the prime broker(s) or administrator hold a credit rating and are they insured? Please provide details:	The administrator and the majority of the Funds' counterparties are rated by major credit agencies and these ratings are freely available. In the circumstances, the existence of insurance is not relevant.
9.12 FUND PROMOTERS		
9.12.1	What external promoters or distributors, if any, have been appointed by the company for the fund?	Argo works with a select number of distributors, for further information please contact investor relations.
9.12.2	What is the regulatory status of the external promoter and/or third party distributor?	N/A
9.12.3	Duration of the company's professional relationship with any promoter:	N/A
10 DATA OVERVIEW		

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10.1 FUND ASSETS		
10.1.1	Please list the size of the fund's net assets:	The Argo Distressed Credit Fund (ADCF) had USD 12.4mln assets under management as the end of June 2009
10.1.2	What percentage of assets is represented by the largest investor?	About 51%
10.1.3	Please list the size of assets by investment vehicle:	See 1.6.2
10.1.4	List the total assets under management and their respective changes over the last year:	ADCF had USD 13.5mln AUM as at 31 October 2008. ADCF had USD 13.3mln AUM as at 31 December 2008. ADCF had USD 12.4mln AUM as at 30 June 2009. The Group's total assets dropped from just over USD 1bln to USD 664.4mln as at 31 December 2008 and to a further USD 477.5mln at 30 June 2009 through unrealised losses and redemptions. This has held steady since.
10.1.5	What is the percentage of "benefit plan investors?"	None
10.2 CAPACITY MANAGEMENT		
10.2.1	What is the maximum capacity of your fund?	It is our intention to target an initial capacity of \$500m.
10.2.2	What is the projected time frame to reach capacity?	On-going
10.2.3	Will new money be accepted after capacity is reached?	Capacity will be reviewed regularly.
10.2.4	How will front/back-office operations be affected in the event of significant increase in assets under management, and what measures will be taken?	The Company believes it is able to manage at least \$2bn without any additional front or back-office staff.
10.3 WITHDRAWALS		
10.3.1	What were the 5 largest withdrawals in your fund since inception? • Date:% of NAV: • Reasons:	Given ADCF is a relatively new fund, there have been no significant redemptions since its inception.
10.4 MANAGEMENT TEAM'S CO-INVESTMENT		
10.4.1	What is the total amount invested by the principals/management in the fund and other investment vehicles managed pari passu with the fund?	The principals and staff have invested in the firm's funds; collectively these investments amount for about 5-10% of Argo's total AUM.
10.4.2	How is such co-investment structured and what are the key terms?	There are no preferential terms in place for such investments. They are the same as those offered to investors.
10.4.3	Has the management reduced its personal investment? • Date: • Amount:	No

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	<ul style="list-style-type: none"> Reasons: Disclose conditions of subscription/redemptions of team and owners' assets: 																																																																																						
10.5 INVESTOR BASE																																																																																							
10.5.1	Please provide details of investor type.	Private Banks about 87%, HNWI about 13%																																																																																					
10.6 FUND PERFORMANCE																																																																																							
10.6.1	<p>The fund's historical performance since inception:</p> <ul style="list-style-type: none"> Monthly NAVs since inception (in table format): Monthly RoR since inception: 	<table border="1"> <thead> <tr> <th>Date</th> <th>Price</th> <th>Monthly % change</th> <th>YTD change</th> <th>LTD change</th> </tr> </thead> <tbody> <tr> <td>31/10/2008</td> <td>980.42</td> <td>-1.96%</td> <td>-1.96%</td> <td>-1.96%</td> </tr> <tr> <td>30/11/2008</td> <td>1001.38</td> <td>2.14%</td> <td>0.14%</td> <td>0.14%</td> </tr> <tr> <td>31/12/2008</td> <td>1004.90</td> <td>0.35%</td> <td>0.49%</td> <td>0.49%</td> </tr> <tr> <td>31/01/2009</td> <td>1002.40</td> <td>-0.25%</td> <td>-0.25%</td> <td>0.24%</td> </tr> <tr> <td>27/02/2009</td> <td>995.41</td> <td>-0.70%</td> <td>-0.94%</td> <td>-0.46%</td> </tr> <tr> <td>31/03/2009</td> <td>999.50</td> <td>0.41%</td> <td>-0.54%</td> <td>-0.05%</td> </tr> <tr> <td>30/04/2009</td> <td>1022.51</td> <td>2.30%</td> <td>1.75%</td> <td>2.25%</td> </tr> <tr> <td>29/05/2009</td> <td>1039.39</td> <td>1.65%</td> <td>3.43%</td> <td>3.94%</td> </tr> <tr> <td>30/06/2009</td> <td>1058.29</td> <td>1.82%</td> <td>5.31%</td> <td>5.83%</td> </tr> <tr> <td>31/07/2009</td> <td>1090.01</td> <td>3.00%</td> <td>8.47%</td> <td>9.00%</td> </tr> <tr> <td>31/08/2009</td> <td>1109.78</td> <td>1.81%</td> <td>10.44%</td> <td>10.98%</td> </tr> <tr> <td>30/09/2009</td> <td>1146.88</td> <td>3.34%</td> <td>14.13%</td> <td>14.69%</td> </tr> <tr> <td>31/10/2009</td> <td>1127.62</td> <td>-1.68%</td> <td>12.21%</td> <td>12.76%</td> </tr> <tr> <td>30/11/2009</td> <td>1107.20</td> <td>-1.81%</td> <td>10.18%</td> <td>10.72%</td> </tr> <tr> <td>31/12/2009</td> <td>1116.05</td> <td>0.80%</td> <td>11.06%</td> <td>11.61%</td> </tr> <tr> <td>31/01/2010</td> <td>1147.90</td> <td>2.85%</td> <td>2.85%</td> <td>14.79%</td> </tr> </tbody> </table>	Date	Price	Monthly % change	YTD change	LTD change	31/10/2008	980.42	-1.96%	-1.96%	-1.96%	30/11/2008	1001.38	2.14%	0.14%	0.14%	31/12/2008	1004.90	0.35%	0.49%	0.49%	31/01/2009	1002.40	-0.25%	-0.25%	0.24%	27/02/2009	995.41	-0.70%	-0.94%	-0.46%	31/03/2009	999.50	0.41%	-0.54%	-0.05%	30/04/2009	1022.51	2.30%	1.75%	2.25%	29/05/2009	1039.39	1.65%	3.43%	3.94%	30/06/2009	1058.29	1.82%	5.31%	5.83%	31/07/2009	1090.01	3.00%	8.47%	9.00%	31/08/2009	1109.78	1.81%	10.44%	10.98%	30/09/2009	1146.88	3.34%	14.13%	14.69%	31/10/2009	1127.62	-1.68%	12.21%	12.76%	30/11/2009	1107.20	-1.81%	10.18%	10.72%	31/12/2009	1116.05	0.80%	11.06%	11.61%	31/01/2010	1147.90	2.85%	2.85%	14.79%
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10.6.2	Please explain any major factors affecting performance and drawdowns (i.e. a manager change, a change in strategy, etc):	N/A																																																																																					
10.6.3	Is the fund performance audited? If Yes, by whom?	The Fund's performance is reviewed by the administrator, HSBC.																																																																																					
10.7 DRAWDOWNS																																																																																							
10.7.1	List the 5 maximum drawdowns, in percent of equity for the fund, the recovery period and explain	<p>ADCF</p> <p>Oct 08 -1.96%</p> <p>Jan 09 -0.25%</p> <p>Feb 09 -0.95%</p>	These drawdowns were caused by adverse market conditions.																																																																																				

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	when and why they have happened:		
10.7.2	Over the past 3 years, how many drawdowns greater than 5% have occurred? When did they occur and what was the length of recovery?	None	
10.8 OTHER / PREFERENTIAL TERMS			
10.8.1	Is the fund's reporting AIMR/GIPS compliant?	No. The company follows International Financial Reporting Standards (IFRS).	
10.8.2	Are there any side letter agreements that can negatively impact the fund? If so please give details.	No.	
10.8.3	Are there any special terms given to certain investors in relation to fees or redemption?	At the discretion of the manager, investors can negotiate to waive redemption fees subject to a one-year lockup.	
10.8.4	Please list the following special terms: <ul style="list-style-type: none"> • Best redemption terms • Lowest fee granted • Size of additional capacity • Best portfolio transparency 	<ul style="list-style-type: none"> - Best redemption terms: <i>See 10.8.3</i> - Lowest fee granted: N/A - Size of additional capacity: N/A - Portfolio transparency: Full transparency of the portfolio will be provided upon request, as well as comprehensive portfolio analysis. 	
11 INVESTMENT STRATEGY			
11.1.1	Characterise your investment style in terms of: <ul style="list-style-type: none"> • Strategy; • Hedging; • Market exposure; • Portfolio concentration in terms of amount of instruments and exposure bias (min/max/avg. number of instruments, min/max/avg. long or short bias); • Geographical market focus; • Liquidity; • Correlation. 	<p>Strategy: The Fund focuses on building a diversified, bottom-up portfolio in stressed/distressed assets utilising a combination of long and where appropriate, short positions. It will invest directionally in emerging market bonds (corporate & sovereigns) trading at levels that do not reflect their fundamentals and deep value bonds with longer-term recovery potential.</p> <p>Hedging: We may hedge market risk by shorting liquid sovereign positions and/or create market neutral spread positions and cover credit risk by buying protection through CDS. We may also use reverse repo facilities to cover credit risk.</p> <p>Market Exposure: The Fund invests across the emerging market credit spectrum, namely in short-to-medium duration bonds with good fundamentals and in deep value bonds with a longer term recovery potential.</p> <p>Portfolio Concentration: We aim to keep the Fund diversified, both in terms of positions and entity, including both corporate and sovereign names. Although allocation will vary depending on market conditions, to date, we have had no occasion to significantly deviate from this target.</p> <p>Geographical Market Focus: We are a global player in emerging markets and we seek opportunities wherever they are attractive.</p> <p>Liquidity: Our systems produce projected cash-flow reports and assets are classed into liquidity buckets as reported in our monthly newsletter.</p> <p>Correlation: We try to limit the number of positions to between 20 and 30 and ensure that not more than 25% of the NAV of the Fund is invested in any one theme. We also apply an individual jurisdiction limit so that no more than 30% of the NAV of the Fund is invested in the aggregate entities located in the same jurisdiction. Correlation tests are also run across the different assets in</p>	

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		<p>the Fund.</p> <p><i>NB: Investors are advised to refer to the monthly newsletter for changes in performance and attribution.</i></p>
11.1.2	List the instrument types you use by percentage:	<p>The managers trade a wide range of fixed income instruments including- but not limited to - loans, bonds, trade finance related instruments, forwards and options, margin-based trading account facilities, repos and reverse repos , and credit default swaps.</p> <p>Allocation will vary depending on market conditions.</p>
11.1.3	Do you carry out IPO or PIPE trading on behalf of the fund?	The Fund has not engaged in such transactions but as a firm we have on occasion engaged in pre-IPO investments.
11.1.4	Describe your strategy (in as much detail as possible):	<p>The Argo Distressed Credit Fund (ADCF) aims to deliver high risk-adjusted absolute returns using little or no leverage. It is focused on building a diversified, bottom-up portfolio in stressed/distressed assets with a bias towards long positions.</p> <p>To maximise returns, the Fund will capitalise on Argo’s expertise in sourcing deals across global markets and evaluating the risk/reward opportunity in:</p> <ul style="list-style-type: none"> i) short-to-medium duration bonds, where the issuer exhibits strong cash-flow and a willingness to repay debt, thus giving investors equity-type gains as the bond moves to par while capturing high yields. ii) targeting distressed bonds with longer-term recovery potential. <p>Our value lies in our ability to combine the Fund’s coupon based allocations with opportunistic investments in EM distressed debt and special situations. This strategy has allowed us to reduce the overall volatility of the portfolio while simultaneously benefiting from the higher returns of distressed debt and special situations.</p> <p>We typically focus on the valuations and earnings sustainability of senior or secured bond issues by operationally sound companies in a wide range of sectors.</p> <p>Typically, our investment horizon on distressed debt is six to 12 months and we both passively participate in restructurings as well as take on a more active role in creditor committees. Access to steady deal flow is crucial to sourcing such opportunities, which we have ensured through our extensive local network of banks, brokers, company owners and funds. We are also at an advantage given our track record and skill in analysis and valuation, perception of individual country risk, legal and bankruptcy knowledge, and in deciphering the underlying motivations for forced selling. Similar considerations are made when taking positions in sovereign distressed obligations. However, investments are made only if our value, liquidity and volatility parameters are met.</p> <p>Supported by an on-the-ground presence, we spend a lot of time meeting and understanding the companies which we invest in. Our approach is underpinned by developing our own unique insight into the credit and local business environments, with the added support of our proprietary credit and sovereign risk models.</p> <p>ADCF adopts a bottom-up fundamental approach to financial and legal analysis while trading opportunities are sourced partly through local offices. This is complimented by company/country visits, contacts with local brokers/banks, on-line sources/terminals and filtering through investment ideas supplied by banking/brokerage houses.</p> <p>Potential trades are also run through Argo’s two proprietary credit scoring</p>

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		models for further comparative analysis. The Sovereign Risk Model- comprising 45 countries, compares various macroeconomic indicators within the EM space. Meanwhile, the Credit Score Model generates internal ratings based on certain risk metrics which are then compared with constituents of the portfolio and the output of external ratings agencies. Our database covers over 200 names.												
11.1.5	What is your investment/trading philosophy?	As a fundamental value investor, our investment philosophy is to deliver low volatility, double-digit absolute returns.												
11.1.6	Do you believe that there are persistent structural inefficiencies in the area you invest in? Please explain. How do you think these market inefficiencies will change over time?	<p>Yes. The inefficiencies and information anomalies that are typical of emerging markets regularly throw up arbitrage opportunities.</p> <p>Additionally, the fact that many emerging market distressed sellers do not execute selling decisions strictly based on fundamentals and economic principles, but are often compelled to do so to satisfy investment objectives and restrictions, results in assets that are sold at deep discounts and creates special situation investment opportunities.</p>												
11.1.7	What makes your strategy unique?	<p>What makes our strategy unique is our ability to combine the Fund's coupon - based allocations with opportunistic investments in emerging market distressed debt and special situations. In the past, this strategy has allowed us to reduce the overall volatility of the portfolio while simultaneously benefiting from the higher returns of distressed debt and special situations.</p> <p>Our edge over the competition is derived from our ability to trade through crisis periods and identify undervalued/mispriced assets. Our strong network of local contacts and global investment teams mean we have good access to deal flow and knowledge of local markets/assets. We also have our own credit and sovereign scoring models, which have been built and improved on over the course of nine years. These models assist the investment team with uncovering undervalued assets.</p>												
11.1.8	What makes your strategy different from your peers?	We have traded through a number of crisis periods and are supported by a large global investment team with a strong on-the-ground network of contacts. We spend a lot of time meeting and understanding the companies which we invest in. Our approach is underpinned by the ability to develop our own unique insight into the credit and local business environments. This also gives us an advantage in the current market to uncover undervalued assets. In addition, we do not employ excessive amounts of leverage to chase higher returns (unlike many highly leveraged directional funds). This strategy has helped us to successfully navigate our way through the recent financial crisis.												
11.1.9	Describe your strategy for today's market:	<p>The relatively strong risk-adjusted performance of EM and low yields on government bonds of developed markets is lending further weight to the strengths of our strategy. Furthermore, given there are less managers looking at distressed/stressed opportunities in EM, the rate of return on these investments are more compelling compared to those gleaned from the more crowded US and European distressed/stressed space.</p> <p>We aim to pick up bonds that are trading near previous default levels. While they may exhibit the behaviour of defaulted bonds, their stronger fundamentals put them in a good position to recover very quickly.</p>												
11.1.10	In which markets do you believe your strategy performs best/worst? (Give examples of time periods):	<p>We have typically outperformed wider markets in down trending markets.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>ADCF</th> <th>EMBI+</th> <th>S&P 500</th> </tr> </thead> <tbody> <tr> <td>Full Year 2008</td> <td>-0.19%</td> <td>-9.70%</td> <td>-38.49%</td> </tr> <tr> <td>Full Year 2009</td> <td>11.18%</td> <td>18.08%</td> <td>12.99%</td> </tr> </tbody> </table>		ADCF	EMBI+	S&P 500	Full Year 2008	-0.19%	-9.70%	-38.49%	Full Year 2009	11.18%	18.08%	12.99%
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	<ul style="list-style-type: none"> Range trading 	<table border="1"> <tr> <td>YTD 2010</td> <td>2.85%</td> <td>-0.14%</td> <td>-3.70%</td> </tr> <tr> <td>Since Inception</td> <td>14.79%</td> <td>11.72%</td> <td>-16.29%</td> </tr> </table> <p>Historically, funds under Argo’s management have demonstrated an ability to provide relatively low volatility and excellent Sharpe ratios against its peer group.</p> <p>Based on our track-record, Argo has been able to deliver superior returns against wider equity and EM fixed income markets during periods of financial crisis such as the Argentine moratorium, the GM downgrade and the US subprime crisis.</p> <p>Furthermore, as a manager with experience in distressed investing and a strong bottom-up fundamental approach, we believe that we are well positioned to take advantage of the widescale opportunities in stressed and distressed assets that the 2008 market dislocation has produced.</p> <p>Range trading is not applicable to our strategy.</p>	YTD 2010	2.85%	-0.14%	-3.70%	Since Inception	14.79%	11.72%	-16.29%
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Since Inception	14.79%	11.72%	-16.29%							
11.1.11	<p>What is your average holding period for:</p> <ul style="list-style-type: none"> All investments? Profitable investments? Losing investments? 	<p>We typically hold all liquid positions for an average period of between three to six months and for less liquid assets such as bilateral loans, the holding period is on average between nine and 12 months.</p> <p>Profitable investments can be exited in a shorter time frame if a target gain/price is achieved. Losing investments are exited if it is felt that there is no benefit to holding the position longer.</p>								
11.1.12	<p>Does the strategy have a long or short bias?</p> <ul style="list-style-type: none"> What is the maximum net long or short exposure the fund has had? What is the normalised net exposure? 	<p>We generally have an unlevered long bias. At the moment, the Fund does not have any short positions though it may adopt them in the future.</p> <p>To date, the Fund’s maximum net long exposure has been 65% (with the rest being in cash) and no short exposure.</p>								
11.1.13	<p>What investment criteria must new positions meet?</p>	<p>Trading liquidity, reasonable upside on six to 12 month horizon, sufficient research material available.</p>								
11.1.14	<p>How do you invest new capital into the market?</p>	<p>We do not feel obligated to invest more or increase position sizes as we increase the Fund’s size. We only invest in attractive situations for absolute returns.</p>								
11.1.15	<p>How do you close out positions to meet capital redemptions?</p>	<p>The portfolio maintains sufficient cash levels and liquid securities to handle normal redemptions.</p>								
11.1.16	<p>In what circumstances would you suspend redemptions and for how long?</p>	<p>We could suspend redemptions if they exceed 10% of the Fund’s NAV and we feel it is in the interest of investors to do so.</p>								
11.1.17	<p>What would be the maximum period of time when normal terms would be suspended?</p>	<p>N/A</p>								
11.1.18	<p>Have the strategy or trading processes changed over time due to capital flows?</p>	<p>No. The strategy and trading process have never changed due to new capital flows (see 11.1.14).</p>								
11.1.19	<p>Have you encountered position limit problems? If yes, please explain:</p>	<p>Not in ADCF, but in the other Argo funds, in a very limited number of cases, a position has surpassed its limit due to an increase in the price of the asset.</p>								
11.1.20	<p>What is the percentage of assets in non-exchange</p>	<p>Most trading in EM bonds/debt markets is OTC and not traded on a stock exchange. However, bonds are quoted on Bloomberg and all major</p>								

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	traded instruments? How long do you expect it would take to liquidate these assets under normal circumstances?	banks/brokers contribute prices. EM bonds can oftentimes be more liquid investments in terms of bid-offer spreads and volumes traded compared to many equities quoted on stock exchanges such as AIM. We allocate about 90% of our portfolio to non-exchange traded instruments with relatively good liquidity, although allocation will vary depending on market conditions.
11.1.21	Describe your cash management policy:	Our cash is managed by our custodian acting on instruction of the fund managers. The custodian must receive instructions from two authorised signatories via fax and a unique sequential password before cash is transferred in and out of the Fund. We do not take unnecessary risks with our cash chasing marginally higher rates. We prefer bigger, more reputable banks such as HSBC and BNP Paribas. BNP Paribas is also our custodian.
11.1.22	Do you outsource this function? If so, please give name of provider and method used.	Yes (See 9.8.1). Though Argo's management team has overall responsibility with regards to the decision making process.
11.1.25	Is there cross collateralisation in the case of multi class funds?	No
11.2 PORTFOLIO CONSTRUCTION		
11.2.1	Who is responsible for managing the portfolio and how are decisions made (unanimous, majority, individual)?	The portfolio is managed collectively by Argo's investment team. The company's investment professionals have limits assigned to them by the Investment Committee. They are permitted to take positions within these pre-defined limits on the proviso they clear it verbally with the CIO or the Risk Manager who will check exposure limits by issuer and country, currency duration and liquidity. All new investments must be approved by the Investment Committee.
11.2.2	Describe how capital is allocated to a particular strategy.	Decisions relating to capital allocation are discussed at the Investment Committee level. The decision to deploy capital to a particular strategy is dependent on market and economic conditions.
11.2.3	To what extent is the portfolio construction dependent on computer models?	The portfolio is not dependent on computer models. However, investment ideas are run through Argo's Sovereign and Credit Score Models to identify cheap assets based on country macro and micro-economic fundamentals.
12 RISK		
12.1 LEVERAGE		
12.1.1	Discuss your leverage exposure policy and its management over different market cycles: <ul style="list-style-type: none"> • What has been the maximum/ minimum leveraged used? • What has been the normalised leverage used? 	Although the Fund is authorised to use leverage (up to 200%), currently no leverage is employed. Gross exposure may exceed 100% but such exposure is typically derived from short sales rather than bank borrowing. The average level of leverage employed by Argo's other hedge funds has historically been around 18% while the maximum has been 45%. The use of extensive leverage is against our trading and investment philosophy. Our strategy was vindicated in the last crisis when leverage providers such as prime brokers exerted pressure on many funds by calling in margin and in a number of cases forced them to close altogether.
12.1.2	What are your portfolio financing constraints/limits?	The Fund may employ up to 200% direct leverage in respect of the investment programme of the Class B Participating Shares. In addition to this direct leverage, holders of Class B Participating Shares will have indirect exposure to the leverage employed by the Argo Funds into which the Fund

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		<p>expects to invest the majority of its assets. The Fund will not employ direct leverage in respect of the investment programme of the Class A Participating Shares. Holders of Class A Participating Shares will however have indirect exposure to the leverage employed by the Argo Funds into which the Fund expects to invest the majority of its assets.</p> <p>An individual jurisdiction limit shall apply so that not more than 25% of the Net Asset Value shall be invested in the aggregate bonds, loans, equities, convertible debt, credit linked notes, collateralised debt obligations, commercial paper, trade receivables, letters of credit, promissory notes, deposits, certificates of deposit, all types of derivatives issued by, guaranteed by, or issued in relation to, or in connection with any one Entity.</p> <p>An individual jurisdiction limit shall apply so that not more than 30% of the Net Asset Value shall be invested in the aggregate of bonds, loans, equities, convertible debt, convertible equity, credit linked notes, collateralised debt obligations, commercial paper, trade receivables, letters of credit, promissory notes, deposits, certificates of deposit, all types of derivatives issued by, guaranteed by, or issued in relation to, or in connection with Entities located in the same jurisdiction.</p> <p>At least 50% of the Net Asset Value shall be invested in assets denominated in all or any of the following (Pounds Sterling, United States Dollar, Euro, Swiss Francs, Japanese Yen, Canadian Dollars, Australian Dollars, New Zealand Dollars, or Hong Kong Dollars).</p> <p>The Fund may also enter into all or any of the following types of transactions: (a) all types of foreign exchange transactions; (b) all types of exchange traded futures, options and other exchange traded products; (c) all types of over the counter derivatives.</p> <p>The Investment Manager is responsible for monitoring the investment restrictions on the Fund's behalf.</p>
12.1.3	Discuss sensitivity (cost) to LIBOR levels:	De minimus
12.2 HEDGING		
12.2.1	How is the portfolio hedged?	<p>The portfolio may be hedged by using a put option on a liquid stock market index or through other forms of securities, e.g. CDS, futures, NDFs (non deliverable forwards), reverse repos, etc.</p> <p>But currently there is no hedging in place.</p>
12.2.2	How do you determine size and limits for each position/basket?	If a single position reduces the NAV by a pre-determined level, we carefully consider whether we should scale out of / close the position. But size and limits are dependant on market conditions. In the current market, we prefer to scale into positions.
12.2.3	How often do you re-hedge?	The portfolio is currently unhedged but in the event it was hedged, we would re-hedge the portfolio as often as necessary.
12.2.4	Are short positions profit centres?	<p>For our other funds, short positions do sometimes act as profit centres. Contribution from short positions are high in falling markets, which is part of our hedging philosophy (see 11.1.12), and consequently adversely impacts performance in bullish markets.</p> <p>At the moment, ADCF has no short positions in place.</p>

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12.2. 5	Who bears the burden of loss in the event of a counterparty failure?	In the event of a counterparty failure, the Fund will bear the loss. In any case, Argo's counterparties are usually investment grade European institutions and no more than 20% of the Fund is ever exposed to a single counterparty.
12.3 LIQUIDITY		
12.3. 1	Discuss the nature of illiquid holdings in the fund and explain how they are valued:	<i>See 9.6.4 to 9.6.8</i>
12.3. 2	What is the liquidity of the underlying assets and what is the appropriate time period to liquidate?	<i>See 11.1.11</i>
12.4 DIVERSIFICATION		
12.4. 1	Discuss the depth of diversification:	The Fund is diversified across regions and asset types. Our decision making process is informed by our two in-house models, the Sovereign and Credit Score Models, which capture price inefficiencies on a relative trade basis. Diversification is always done in accordance with risk limits set out in the OM and internally by the Risk Manager and Investment Committee.
12.4. 2	How do you calculate the correlation between each investment in the portfolio?	For certain sectors we employ more advanced statistical techniques to estimate sensitivities to specific macro variables. This statistical analysis is used for risk management, not as a trade generation tool. To estimate the correlation of the portfolio with wider markets, we use statistical techniques such as Multiple Regression Analysis.
12.4. 3	What are the main sources of marginal risk in your strategy?	In the event that the portfolio's currency exposure is hedged, there may be a small amount of residual risk on unrealised profits.
12.4. 4	How has performance been distributed across positions and time?	Investors are advised to refer to the monthly newsletters.
12.4. 5	How do you ensure there is no style drift?	As a manager that employs a variety of strategies to achieve absolute risk-adjusted returns, we are less at risk of style drift. As a group, we will consider opportunities across the EM space, including but not limited to, fixed income relative value, special situations, local currencies and rates, private equity, real estate, high yield corporate credit and distressed debt. ADCF however, applies a directional bottom-up investment approach to credit markets. The Investment Committee and the Risk Manager provide oversight.
12.5 EXTERNAL CONTROLS		
12.5. 1	Are any third parties involved in verifying adherence to risk limits, e.g. the fund's administrator?	No
12.5. 2	What are the procedures used to ensure a true independent pricing positions?	<i>See 9.6.2</i>
13 INVESTOR SERVICE / REPORTING		
13.1	Can the prospectus/offering memorandum be transmitted to us electronically?	Yes
13.2	Are all prices provided by independent service providers? Please give details:	<i>See 9.6.6</i>

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13.3	Does the investment manager ever provide any instrument prices/NAV calculations?	See 9.6.8
13.4	Who calculates the NAV and what is the frequency of calculation?	The Fund's NAV is calculated by the administrator (HSBC) on a monthly basis.
13.5	Do you make any adjustments to the NAV valuation received from your source? If yes, please explain what kind in terms of: <ul style="list-style-type: none"> • Liquidity: • Time zone: • Size: • Holding period: • Other: • Percentage of adjustments to total NAV: • What instruments are subject to adjustments: 	No. NAV's are finalised by HSBC. HSBC directly obtains price quotes from its own sources.
13.6	Can fund performance (NAV, RoR) be transmitted to us electronically on a regular basis, and at what periodicity?	Yes, end of month NAVs can be transmitted electronically on a monthly basis. Mid-and end-month estimates are also transmitted electronically.
13.7	List all reports and correspondence usually sent to clients - explaining the frequency and the detail with which the manager reports performance to investors.	Mid-Month Estimates – Monthly End-Month Estimates – Monthly Newsletters (Reporting the final NAV) - Monthly
13.8	Can you provide copies of historical reports? <ul style="list-style-type: none"> • Please provide examples. 	Yes, we can provide a copy of the Fund's NAV since inception.
13.9	Are investors informed when minor/major changes are made to the trading, money management, or risk control methods?	If the changes have a material effect on the performance of the Fund or its risk management procedures, investors are informed.
13.10	What databases, publications or other available sources does the manager regularly report performance figures to? If none, explain why?	www.barclayhedge.com www.cambridgeassociates.com www.casamhedge.com www.cogenthedge.com www.ehedge.de www.eurekahedge.com www.hedgefund.net www.hedgefundnews.com www.hedgefundresearch.com www.hedgefunds.datamanager.morningstar.com www.hedgeworld.com www.mondohedge.com www.skyranksystem.net
13.11	What portfolio data can you provide (electronically) in terms of:	The monthly newsletters which are distributed by Argo are very comprehensive and provide details of all the said information. This can be distributed electronically.

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	<ul style="list-style-type: none"> • Position? • Concentration? • Exposure? • Performance attributes? • Hedge? 	
13.12	Can all trades be reported on a daily basis to the client?	No. This is deemed unnecessary since the Fund does not adopt a high frequency trading strategy.
14 TAXATION		
14.1	On what basis does the fund maintain that it is managed and controlled, and therefore tax resident, outside the UK?	The Fund is managed by Argo Capital Management (Cyprus) Ltd which is authorised by and registered with the Cyprus Securities and Exchange Commission for the provision of investment management services to international collective investment schemes. Additionally, three of the Fund's directors are non-UK based.

Please attach the most recent disclosure document, information memorandum, and marketing literature.

In the event of amendments to the aforementioned documents, notably the memorandum, please ensure that we will receive those directly from you within reasonable time, as well as copies of proxies and notification of the Annual General Meeting (the latter only for information purposes).

Please state the name and title of the officer at your company who has prepared and reviewed this questionnaire.

Name:	Kyriakos Rialas
Position:	Risk Manager
Date:	February 2010