



Argo Funds' Monthly Update

May 2014

The Argo Fund Ltd: 250.93
Argo Distressed Credit Fund: 1,729.82
Argo Local Markets Fund: 896.64

Commentary

The Net Asset Value ("NAV") of the Argo Local Markets Fund ended May 1.25% up at 896.64. Emerging markets enjoyed continued support and inflows stemming mainly from underweight positions, high carry and, most importantly, the resilience of the US Treasury yields despite stronger economic figures released during last month. Meanwhile in Europe there is continuing concern that the recent economic "green shoots" are temporary. Thus the risk of falling into a zero growth/deflationary cycle is significant, and keeping yield curves well supported in the region. Furthermore, the recent resurgence of violence in Iraq, if not contained, could have major repercussions for global growth via higher energy prices.

Turning to specific markets, Brazil continued to keep rates at 11% highlighting its priority of keeping a lid on inflation. Meanwhile, Mexico unexpectedly cut interest rates on a softening economic outlook, sparking a rally in Mbonos. Turkey's central bank also cut interest rates by 50bps, despite signs that inflation pressures remain there. As expected, S&P cut its long term rating for South Africa to BBB- citing the weak economic growth outlook.

In the portfolio, we closed out our short Polish payer position as the European economic prognosis deteriorated, and bought some long end Hungarian bonds. We also remained marginally positive on EMFX by adding to Russian RUB exposure, while offsetting this with some tactical Asian shorts.

Emerging market yields continue to offer attractive rates, however this should be tempered given challenging domestic conditions where growth may be difficult to support without a mounting risk of higher inflation.

Despite a good performance from the holdings of Kazakh bank bonds and a recovery in OGX as the restructuring of the Brazilian energy company progresses, the NAV of the Argo Distressed Credit Fund was down 0.44% in May, finishing at 1729.82. Towards the end of the month, the Argentine sovereign bonds held by the fund were impacted by the disposal of US\$5 billion of bonds issued to Repsol in settlement for the seizure of the YPF oil and gas company. Although the Spanish company had anticipated it might take two years to sell the bonds, JP Morgan managed to unload them in two weeks. The NAV of The Argo Fund fell by 0.77%, to 250.93, in the month as US\$/CHF volatility led to a drawdown in the African distressed debt position.

Argo Capital Management, 16 June 2014



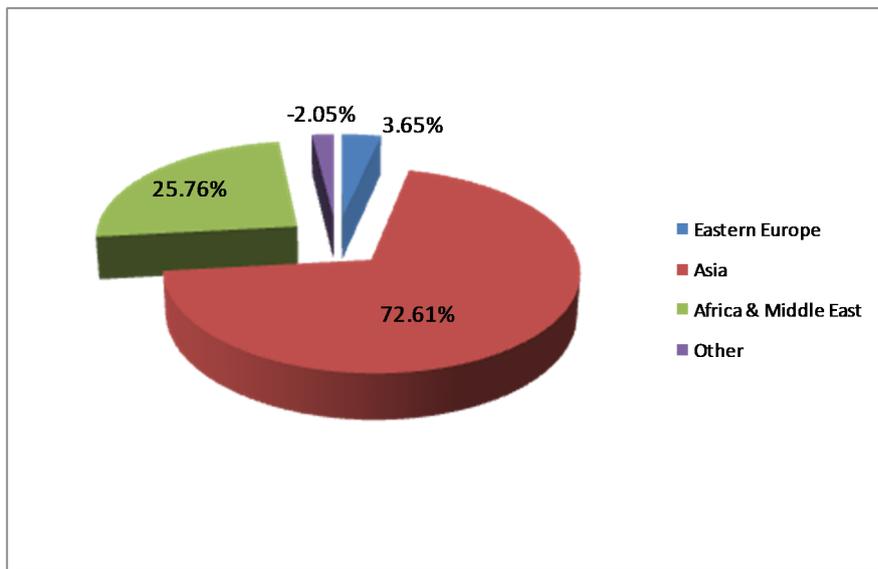
Argo Funds' Monthly Update

The Argo Fund Risk Report

Product Allocation as % of NAV

	Sovereign	Quasi-Sovereign	Corporate	Total
Bonds			0.7%	0.7%
Loans	27.0%	13.4%	-2.2%	38.2%
Equity		62.0%	3.8%	65.8%
Other				
Total	27.0%	75.4%	2.4%	104.8%

Regional Allocation as % of NAV



Exposure in USD

	Bonds	Loans	Equity	Other	Total
Long/(Selling Protection)	684,790	37,579,711	61,240,179		99,504,680
NET Exposure					99,504,680
Gross Exposure					101,504,680

Liquidity

	Bonds	Loans	Equity	Other	Total
Over 3 months		39.0%			39.0%
Up to 3 months	0.6%		56.8%		57.4%
Within 1 month					0.0%
Within 1 week			3.5%	0.1%	3.6%
					100.0%



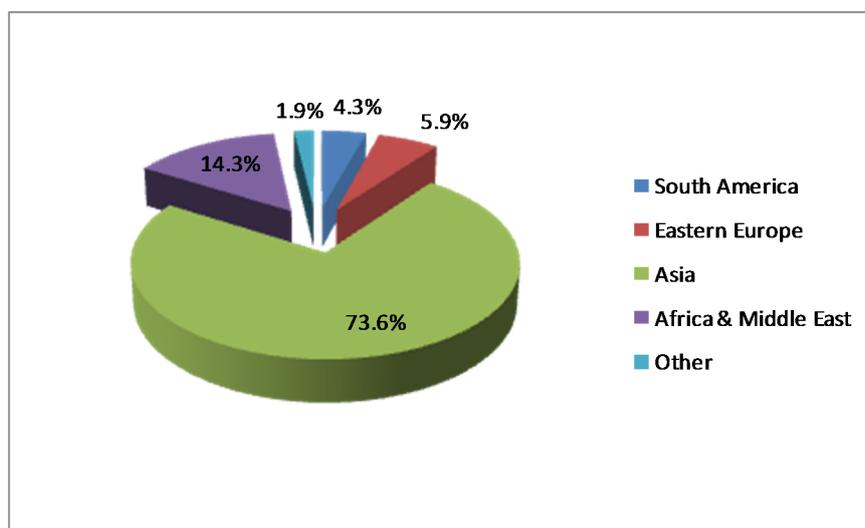
Argo Funds' Monthly Update

ADCF Risk Report

Product Allocation as % of NAV

	Sovereign	Quasi-Sovereign	Corporate	Total
Bonds	3.8%		4.2%	8.0%
Loans	13.1%		6.6%	19.7%
Equity		70.5%	1.1%	71.6%
Other				
Total	16.9%	70.5%	11.9%	99.3%

Regional Allocation as % of NAV



Exposure in USD

	Bonds	Loans	Equity	Other	Total
Long/(Selling Protection)	2,096,288	5,169,494	18,764,131		26,029,913
NET Exposure					26,029,913
Gross Exposure					26,029,913

Liquidity

	Bonds	Loans	Equity	Other	Total
Over 3 months		14.9%	70.4%		85.3%
Up to 3 months		4.8%			4.8%
Within 1 month					0.0%
Within 1 week	8.0%		1.1%	0.8%	9.9%
					100.0%

Other Statistical data

Monthly Turnover as % of NAV: 0%	Duration: 0.66
Annualised Net Carry as % of NAV: 1.27%	Value at Risk: 1-Day VAR \$0.2mn or 0.7% of NAV 30-Day VAR: \$1.0mn or 3.6% of NAV
Annualised Volatility (including CDS): 5.3%	Sensitivity Analysis: Credit spreads increase by 20% 1.8% of NAV 100bps parallel shift in yield curve 0.7% of NAV



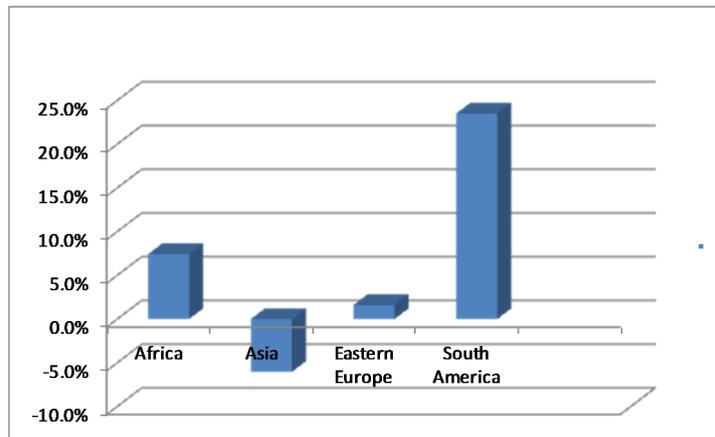
ALMF Risk Report

Product Allocation as % of NAV

	Local Currency Bonds	FX Crosses*	Interest Rates Swaps**	Other Indices/ Options***	Cash
Latin America	16.5%	6.6%	45.8%		
Eastern Europe	20.3%	-26.8%			
Asia	6.1%	-12.2%	-22.8%	-19.9%	
Middle east & Africa	13.2%	-5.8%			
Total	56.1%	-38.1%	23.0%	-19.9%	43.5%

• Includes contractual nominal amounts i.e. fx forwards / ** IRS is the nominal amount of the one leg of the swap / *** Options exposure: is the Delta adjusted exposure

Geographical Currency Exposure



Exposure in USD

	Local Currency Bonds	FX Crosses*	Interest Rates Swaps**	Other Indices/ Options***	Cash
Long	2,678,861	2,513,286	3,275,628	0	
Short		-4,332,515	-2,178,141	-951,555	
NET Exposure	2,678,861	-1,819,228	1,097,487	-951,555	2,077,555
Gross Exposure	2,678,861	6,845,801	5,453,769	951,555	

Liquidity

	Local Currency Bonds	FX Crosses*	Interest Rates Swaps**	Other Indices/ Options***	Cash
Within 1 week	56.1%	143.4%	114.3%	19.9%	43.5%

Top 5 Investments (%)

Bonds		FX Local Currency		IRS	
South Africa	11.0%	Poland	-12.1%	Brazil	56.1%
Hungary	7.1%	Chile	8.3%	Malaysia	-22.8%
Poland	7.1%	Romania	-7.6%	Mexico	-10.3%
Colombia	6.2%	Hungary	-7.3%		
Thailand	6.1%	Colombia	-6.2%		

Other Statistical data

Monthly Turnover as % of NAV: 49%	Value at Risk: 1-Day VAR 0.6% of NAV / 30-Day VAR: 2.8% of NAV VAR Confidence level is 99%
Annualised Net Carry as % of NAV: 3.68%	Sensitivity Analysis: 100bps parallel shift in yield curve -3.70% of NAV
Annualised Volatility: Ex-Ante 2.93% / Ex-Post 3.27%	



Argo Funds' Monthly Update

Argo Fund monthly returns since inception

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2000										0.40%	-1.79%	1.67%	0.25%
2001	1.11%	2.46%	3.27%	0.82%	2.52%	1.83%	0.60%	2.10%	1.51%	2.29%	5.66%	3.67%	31.53%
2002	1.83%	2.23%	2.18%	2.39%	2.57%	0.54%	0.97%	1.36%	2.09%	0.48%	2.03%	2.02%	22.74%
2003	1.73%	1.69%	1.27%	3.66%	2.50%	3.35%	1.39%	1.16%	1.76%	1.29%	1.13%	2.44%	26.01%
2004	1.89%	0.80%	2.05%	0.80%	-0.15%	0.47%	0.32%	1.50%	1.63%	1.47%	1.95%	1.15%	14.78%
2005	0.44%	1.33%	0.13%	0.73%	1.53%	1.34%	0.81%	1.31%	0.50%	-0.05%	0.16%	0.90%	9.51%
2006	0.68%	0.08%	0.28%	0.95%	0.65%	1.60%	0.62%	0.64%	0.74%	0.65%	1.56%	2.14%	11.11%
2007	0.36%	0.89%	0.51%	0.92%	1.82%	1.76%	0.41%	0.19%	0.62%	0.43%	1.80%	1.98%	12.31%
2008	0.68%	0.48%	0.75%	-0.24%	0.57%	0.43%	-0.23%	-0.67%	-7.60%	-31.05%	-4.41%	-2.96%	-39.86%
2009	-3.17%	0.48%	3.87%	0.89%	-0.15%	3.43%	1.37%	0.69%	1.87%	1.00%	0.40%	1.05%	12.18%
2010	-0.69%	1.54%	1.82%	-0.46%	-2.48%	0.72%	1.75%	1.56%	1.91%	1.32%	-2.66%	4.13%	8.55%
2011	-0.09%	0.44%	-0.33%	1.72%	-0.13%	-0.57%	1.58%	-0.52%	-4.55%	3.41%	0.19%	-0.84%	0.10%
2012	-2.30%	0.41%	-0.13%	-0.45%	-2.63%	0.37%	-1.20%	0.64%	0.20%	0.11%	-0.69%	5.85%	-0.07%
2013	-1.25%	-4.59%	-1.06%	17.56%	-0.58%	-0.29%	0.31%	-0.31%	0.54%	-0.26%	-0.19%	-0.23%	8.49%
2014	-0.67%	+0.63%	-0.37%	-0.10%	-0.77%								-1.30%

ADCF monthly returns since inception

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2008										-1.96%	2.14%	0.35%	0.49%
2009	-0.25%	-0.70%	0.41%	2.30%	1.65%	1.82%	3.00%	1.81%	3.34%	-1.68%	-1.81%	0.80%	11.06%
2010	2.85%	4.08%	1.40%	0.71%	-3.85%	-0.42%	1.69%	0.68%	4.27%	0.92%	-3.21%	1.08%	10.32%
2011	1.47%	0.20%	0.25%	-0.78%	-1.89%	0.55%	4.06%	-1.96%	-6.25%	4.49%	3.67%	-2.12%	1.18%
2012	0.10%	0.72%	-0.34%	-0.75%	-3.62%	0.73%	-0.43%	1.74%	2.95%	3.61%	1.42%	16.92%	24.05%
2013	0.96%	-2.43%	0.01%	16.56%	-0.61%	-1.97%	0.81%	-0.31%	0.42%	0.33%	-0.35%	-0.21%	12.64%
2014	-1.54%	1.23%	-0.03%	0.17%	-0.44%								-0.61%

ALMF monthly returns since inception

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2012											0.78%	0.77%	1.56%
2013	0.35%	-0.16%	-0.47%	0.82%	-3.46%	-2.47%	-0.46%	-1.82%	-0.48%	-0.95%	-1.02%	-0.08%	-9.80%
2014	-2.05%	-0.74%	0.46%	-1.02%	1.25%								-2.12%



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Argo Funds monthly returns vs Indices						
	TAF ¹	ADCF ²	ALMF ³	EMBI+ ⁴	S&P500	JPM GBI-EM ⁵
Oct '00 – Dec'00 ¹	0.25%			4.00%	-7.60%	
Full Year 2001	31.53%			-0.80%	-13.00%	
Full Year 2002	22.74%			13.98%	-23.36%	
Full Year 2003	26.01%			29.11%	26.38%	
Full Year 2004	14.78%			11.78%	8.99%	
Full Year 2005	9.51%			11.86%	3.00%	
Full Year 2006	11.11%			10.49%	13.62%	
Full Year 2007	12.31%			6.45%	3.53%	
Full Year 2008	-39.86%	0.49%		-9.70%	-38.49%	
Full Year 2009	12.18%	11.06%		25.95%	23.45%	
Full Year 2010	8.55%	10.32%		11.83%	12.78%	
Full Year 2011	0.10%	1.18%		9.20%	0.00%	
Full Year 2012	-0.07%	24.05%	1.56%	18.04%	13.41%	16.76%
Full Year 2013	8.49%	12.64%	-9.80%	-8.31%	29.60%	-8.98%
YTD 2014	-1.30%	-0.61%	-2.12%	+8.63%	+4.07%	+4.94%
Since Inception	150.93%	72.98%	-10.34%	n/a	n/a	n/a

Notes:

All returns are calculated using Net Asset Value of fund, and dates in table correspond to a normal calendar year.

1. Inception date: 16 October 2000.

2. Inception date: 1 October 2008.

3. Inception date: 9 November 2012.

4. JPMorgan Emerging Market Bond Index Plus Composite Index tracks total returns for external currency denominated emerging market debt: Brady bonds, loans, Eurobonds and US dollar denominated local market instruments (source: Bloomberg).

5. JPM GBI-EM Global Diversified Index is the first comprehensive, global local Emerging Markets index, and consists of regularly traded, liquid fixed-rate, domestic currency government bonds to which international investors can gain exposure.

	The Argo Fund	ADCF	ALMF
Annualised Return	7.74%	10.72%	-6.58%
Annual Return (Rolling12)	-1.72%	-1.91%	-9.04%
Sharpe Ratio	0.65	0.86	-1.60

Website www.argocm.com with selected Internet references for Argo Funds information:

www.albourn.com

www.tass.lipperweb.com

www.hedgefund.net

www.eurekahedge.com

www.cogenthedge.com

www.hedgefundnews.com

www.hedgepole.com

www.barclayhedge.com

www.cambridgeassociates.com