

The FUND | Performance 28.05.2021

NAV per Share Class 1, USD	1,293.85	+0.68%
NAV per Share Class 2, USD	1,185.30	+0.60%
NAV per Share Class 2, EUR	1,002.60	-0.06%

Portfolio key features

Quality	BB-
Cash or equivalent share, %	17.0
Duration, years	2.0
Yield to maturity, %	5.5
Current yield, %	6.5
Number of positions	30

Official information

Country of registration	Cayman Islands
Commencement date	April 1, 2016
Reporting currency	US Dollar
Subscription/redemption period	Monthly
NAV reporting period	Monthly
Minimum subscription	500 000 USD (EUR) directly 250 000 USD (EUR) with a broker
Management fee	1%
Performance fee	10%
Upper limit of other expenses p.a.	0.3%

Bloomberg

ISIN 1	KYG1988M5047
ISIN 2	KYG1988M4966
ISIN 3	KYG198751482

Investment declaration:

<https://movchans.com/argo/>

Contact us:

<https://www.movchans.com/>

* National Alternative Investment Management Association Awards (NAIMA is part of the EMPEA Industry Partner Network and supporter of the Institute of Modern Arbitration)

ARGO SP Fund - Dedicated to conservative dollar investments in short-duration debt instruments and arbitrage situations. Target total return: 5-7 % in dollars (dollar inflation +3-5% per annum), with volatility not exceeding 2/3 of the yield.

Macroeconomic and Global Markets Review

There was no essential change to the market situation in May: asset prices remained high and spreads narrow, affected by the Federal Reserve continuing to pump excess liquidity into the banking system. This policy has already led to growth in the US banking system's reserves (\$3.9 trillion) and a corresponding drop in short-term rates of reverse repo operations.

Long-term rates substantially lowered owing to increased attention from the Federal Reserve, with the yield on 10Y UST falling to 1.50-1.60% in the past one and a half months compared to 1.77% at the end of March. In fact, the Federal Reserve has begun to control the yield curve. This complicates the work of asset managers and the market as a whole: although prices for long-term securities are growing, everybody understands perfectly well that the balance is precarious and that the Federal Reserve may announce the timeline and volume for the correction of its asset buy-out program as early as in mid-June. Corporate bonds and ETFs, bought by the Federal Reserve in 2020 when implementing the Secondary Market Corporate Credit Facility, will be the early signs to watch. The Federal Reserve does not hold a considerable volume of these instruments, but even the announcement of their sale from June 7 caused "seismic waves" in the ETF market in early June (and allowed ARGO's managers to open a number of advantageous positions).

In this setting, the managers see more sense in purchasing mid-term assets, searching for unique stories with clear prospects for price growth, and further removing unstable or already low-yield assets from the portfolio.

Tactics of Managers

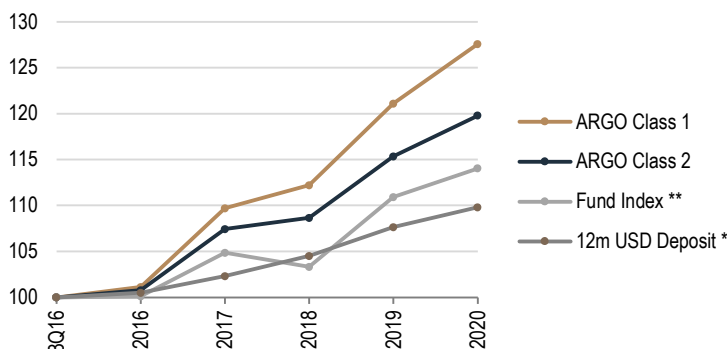
In May, ARGO's Class 1 share price rose by 0.68%, Class 2 USD by 0.60%. After the first quarter, which was full of troubles for the entire market, the fund was one of the first back on track to receive its target income, largely as a result of its timely diversification into related asset classes. That said, this period, unfavorable for bonds, will continue until companies completely overcome their post lockdown credit problems, and the markets increase yields, finally pricing in the Federal Reserve's tightening policy.

The ARGO Fund, however, aims to ensure absolute returns for its investors, rather than following one asset class with varying returns. To ensure sustainable growth in the value of the fund's shares, the managers, even having opened several positions in new bond issues, continued to reduce the overall proportion of bond holdings in the portfolio, while increasing the proportion of credit products, niche debt instruments, and options holdings. In May, the bond holdings in the portfolio decreased to 49% with a total investment exposure exceeding 100%. Our managers closed positions in Financiera Independencia 2024 bonds, earning 5 percentage points on the price growth; reduced the holding in MHP 2024 bonds by three quarters, taking profit at 10% per annum; and completely closed the position in Four finance S.A. EUR 2022 bonds with significant profit. At the same time, they opened positions in bonds issued by a Greek transport company, Danaos Corp, and on the primary market in the new bonds of Japfa Comfeed Indonesia and Arcelik A.S. Turkey maturing in 2026, which have brought returns as early as a few days after their purchase.

The size of the portfolio's short position in ETF options decreased in May because the May part of the portfolio had expired: market volatility was so insignificant that opening new positions didn't appear rational. However, new significant positions (in options expiring in August) were opened in early June. The managers anticipate that the uneasy market sentiment in June, caused by the Federal Reserve's plans to reduce its holdings in ETFs and corporate bonds, will create new investment opportunities, including for bond purchases.

The proportion of credit funds to other holdings in ARGO's portfolio will increase soon, as the managers have approved one new position in a credit fund (1% of the portfolio) and intend to increase niche debt funds holdings by another 3-5% in June-July. The latter will be achieved by opening positions in two or three funds that are currently in the final stages of approval by the ARGO managers. Meanwhile, as of June 1, the fund growth attributed to new subscriptions was only 3% (due to May holidays, weak bond markets and the undoubted success of the GEIST Fund which received the major part of investors' money), so the managers do not need to make large increases in the portfolio investments

ARGO Fund share price performance vs. Fund Index and comparable bank deposit



* The performance was calculated based on the average rate of a one-year dollar deposit with no access to interest withdrawals across a significant group of banks

** Fund Index is a weighted average index of 17 peer funds and ETFs, close to the strategy of the ARGO Fund in terms of their stated objective; in order to be commensurate with the ARGO Fund, not requiring any additional costs to make an investment, the results of the funds are adjusted for the costs of their purchase, namely (1) 0.15% annual depositary service fee for custody with a broker/bank; (2) 0.3% one-time brokerage commission/stamp duty at a fund purchase; (3) 10% dividend tax for US funds distributing dividends; (4) the commission charged by the fund for the purchase of its shares (for those funds that charge such a commission). The index includes the following funds: iShares 0-5Y HY Corp Bond, ProShares Short \$ EM Bond, Invesco Global Short HY Bond, iShares \$ HY Corp Bond, iShares EM Corp Bond, Vanguard Short Corp Bond, Ashmore EM Short Duration, Barings EM Short Duration, Muzinich EM Short Duration Fund, Pictet Short Term EM Corporate Bonds, Loomis Sayles Short Term EM, VanEck Vectors EM HY Bond ETF, Mirabaud EM Hard Currency HY Bond Fund, UBAM - EM Corp Bond Short Duration, Aberdeen EM Corporate Bond Fund, Swisscanto Bond Fund Short Term Global HY, Pictet - US HY.

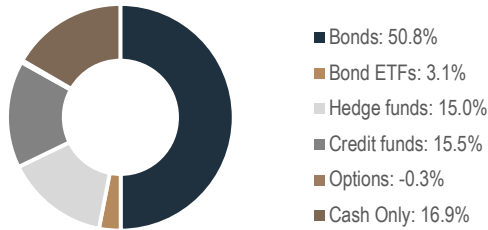
The FUND | NAV Change, %

Year / Mnth	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Class 1, USD													
2016				0.1	0.2	0.3	0.7	0.4	0.3	0.5	-0.3	0.9	4.3
2017	0.6	0.9	0.7	1.1	0.6	0.3	0.7	0.9	0.7	0.7	0.5	0.4	8.5
2018	0.5	0.2	0.3	0.3	-0.2	-0.4	1.1	-0.3	0.3	0.2	0.0	0.4	2.3
2019	1.3	0.9	0.8	0.6	0.2	0.8	0.7	0.4	0.5	0.5	0.3	0.6	7.9
2020	0.6	-0.9	-11.3	2.2	4.6	1.6	1.4	2.0	-0.1	0.7	3.9	1.5	5.4
2021	0.2	0.1	-1.9	0.3	0.7								-0.6
Class 2, USD													
2016										0.4	-0.3	0.7	3.2
2017	0.4	0.7	0.6	0.9	0.4	0.2	0.6	0.7	0.6	0.6	0.4	0.3	6.6
2018	0.3	0.1	0.2	0.2	-0.3	-0.5	1.0	-0.4	0.2	0.1	-0.1	0.3	1.2
2019	1.1	0.7	0.6	0.5	0.1	0.7	0.6	0.3	0.4	0.4	0.2	0.5	6.1
2020	0.5	-1.0	-11.3	2.1	4.5	1.5	1.3	1.9	-0.2	0.6	3.6	1.2	3.9
2021	0.15	0.01	-2.0	0.2	0.6								-1.1
Class 2, EUR													
2020		-1.1	-11.7	1.8	5.3	1.1	0.9	1.8	-0.05	0.5	3.4	0.8	1.8
2021	0.3	0.3	-1.2	-0.9	-0.1								-1.6

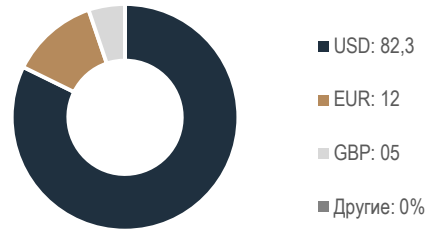
* Data provided by independent administrator

Investment Structure of ARGO SP

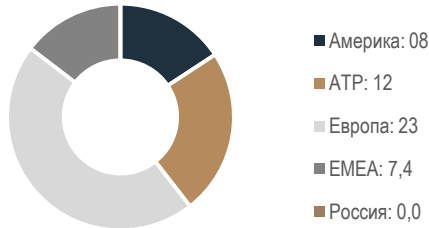
Asset Classes Distribution



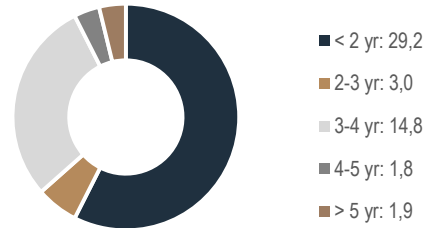
Currency Exposure



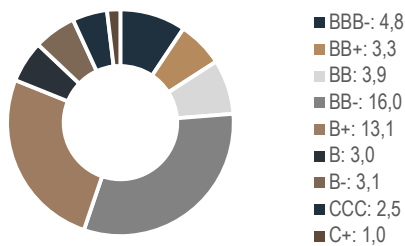
Investment Distribution by the Regions



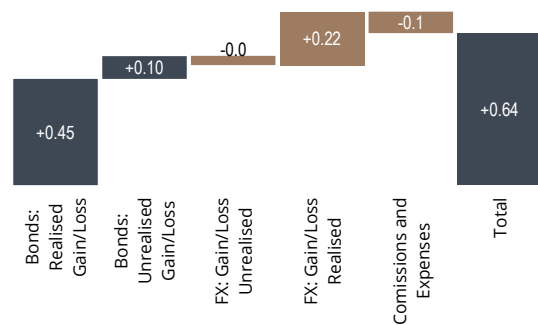
Bond's Tenor Allocation



Credit Risk Distribution



The Contributions into the Last Month Return



Auditor

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