



GLOBAL CREDIT STRATEGIES FUND

Monthly Performance

Class F (USD): MTD return: -0.34% 2016 return: -0.34% NAV per Share: 125.53

Class D (EUR): MTD return: -0.42% 2016 return: -0.42% NAV per Share: 123.60

Portfolio and Market Commentary

Against a backdrop of heightened risk aversion, global credit markets proved generally resilient during January, hinting at a possible change of leadership: while the stress in EM and US HY markets often appeared to lead risk appetite during the second half of 2015, credit markets were merely reactive to the volatility in commodity, equity and currency markets during the first weeks of 2016. Returns remained nonetheless negative across credit markets, with US HY underperforming again, losing -1.9% during the Fund's performance period (31/12 to 28/01) while EM and Euro HY returns were similar, around -1.3%. Global IG markets were broadly flat, benefiting from the core rates strength, although excess returns were sharply negative, at -1.7%, with spreads widening 23 basis points.

Most positions in the Fund continued to perform satisfactorily on limited idiosyncratic newsflow during January. Our position in Br Malls, the Brazilian operator of shopping malls, was the fund's best performing position, recovering from their underperformance in a context of low seasonal illiquidity during December. Aerodom, the airports operator in the Dominican Republic, also performed well, as investors position for their pending acquisition by Vinci, the IG-rated French building & Civil Engineering company. We took advantage of better entry levels during the month to initiate positions in Senvion, the German wind turbine company; Douglas, the German beauty and personal care retailer; and Digicel, the Caribbean telecom company, which were the main other positive contributors to the Fund's performance. Our position in Atento, the global customer relationship management company, contributed most to January's negative return, mainly reflecting its relative weight in the Fund: the bonds appear to have been marked down on limited trading activity and remain fundamentally mispriced, in our view. We expect the company's full year results publication in March to act as the next positive catalyst. Our position in Worldwide Flight Services (WFS) the cargo and ground handling company, suffered from the announcement of their acquisition of CAS, a US cargo handler, at the start of December, before recovering after the close of the performance period, as more information became available about CAS and the financing mix, while rating agencies affirmed the credit, reflecting the broadly neutral impact of the acquisition on WFS's credit quality.

Investors appear increasingly desperate for positive triggers, which mixed, rather than worsening, economic data and earnings appear unable to provide at this time. In this regard, the failure of markets to sustain their rally after the Bank of Japan surprised by introducing negative rates and the ECB strongly hinted at further action in March, may have been a paradigm shift: after years of central bank driven asset reflation, investors are increasingly coming to the view monetary policy has reached its limits – or may indeed be counterproductive, as rock-bottom yields reduce commercial banks' earning power and their ability to lend to the economy. Although valuations have already significantly corrected and technicals remain favourable, as illustrated by January's resilient performance, we believe HY corporate credit will struggle to escape the gravity of equities in the near term. While we await signs of a stabilization of global activity, we are tactically increasing the Fund's allocation to EM IG credit, which we believe is likely to be a primary beneficiary of the current market set-up: depressed core rates should continue forcing global investors to "reach for yield", while concerns around a cyclical slowdown in the US should help reduce upward pressure on the Dollar and remove a key headwind for much of the EM world.

Portfolio Composition

	Rating	MV (%)	Price	Dur.	Yield	Spread
SphereInvest Global Credit Strategies	B+	100 %	98.6	3.0	6.1 %	541
Largest 5 Positions	B+	22 %	101.0	3.4	8.3 %	736
Regions						
Latam	BB-	32 %	93.5	4.5	9.6 %	839
Developed Europe	B	24 %	104.1	4.0	7.2 %	666
Eastern Europe / CIS	B+	7 %	100.3	3.9	8.1 %	716
Asia Ex-Japan	B	5 %	99.5	2.7	9.1 %	797
North America	B	3 %	94.5	3.8	9.0 %	842
Corporates/Financials						
Corps	B+	58 %	97.4	4.2	8.8 %	783
Cash and Equivalents	AA-	34 %				
Financials	BB-	8 %	101.3	3.0	8.6 %	785
Sectors						
Telecommunications	BB-	13 %	93.0	3.6	9.6 %	831
Air Freight & Logistics	BB-	9 %	99.9	3.8	9.1 %	813
Specialty Retail	B	8 %	105.4	4.4	6.5 %	633
Media	B	7 %	90.9	6.1	9.3 %	803
Real Estate Management & Development	B+	5 %	95.8	4.7	9.8 %	846
Consumer Finance	B+	4 %	102.2	4.1	7.1 %	633
Education	B	4 %	101.8	4.3	7.4 %	606
Consumer	BB	4 %	101.4	4.3	6.2 %	481
Commercial Banks	BB	4 %	100.3	1.7	10.3 %	965
Auto Components	B	3 %	104.9	3.6	7.7 %	765
Hotels, Restaurants & Leisure	B	3 %	94.8	4.9	9.0 %	745
Food Products	B	2 %	106.2	3.4	7.1 %	585
IT Services	CCC	2 %	107.3	3.1	7.6 %	764
Energy Equipment & Services	B	2 %	102.6	4.0	6.0 %	590
Airlines	B	1 %	29.7	3.3	29.5 %	2904
Ratings						
B	B	44 %	99.7	4.2	8.2 %	735
BB	BB	25 %	96.4	4.0	9.0 %	780
AAA	AAA	16 %	100.0	0.2	0.3 %	0
AA	AA	12 %				
CCC	CCC	2 %	107.3	3.1	7.6 %	764
BBB	BBB	1 %	45.5	3.9	22.9 %	2138
NR	-	0 %				
Currencies						
USD	BBB-	69 %	95.7	2.5	5.7 %	483
EUR	B	22 %	104.5	4.2	7.0 %	691
GBP	B	9 %	102.7	3.7	7.5 %	632

Monthly Performance since Inception

Class F (USD, MT7000005617)

	Jan	Feb	Mar	April	May	Jun	July	Aug	Sep	Oct	Nov	Dec	YTD
2012							0.15%	0.72%	0.78%	2.11%	1.24%	1.72%	6.90%
2013	0.97%	0.11%	0.54%	1.64%	-0.04%	-2.16%	1.11%	-0.06%	1.70%	1.66%	0.14%	0.67%	6.40%
2014	0.84%	1.08%	0.84%	1.10%	1.20%	1.04%	-0.20%	0.91%	-0.51%	0.14%	0.66%	-0.71%	6.56%
2015	-0.22%	1.80%	1.38%	1.66%	0.93%	-0.54%	-0.19%	-1.19%	-1.27%	1.82%	0.73%	-0.99%	3.91%
2016	-0.34%												-0.34%

Class D (Euro, MT7000005591)

	Jan	Feb	Mar	April	May	Jun	July	Aug	Sep	Oct	Nov	Dec	YTD
2012							0.20%	0.66%	0.70%	2.04%	1.20%	1.62%	6.59%
2013	0.87%	0.12%	0.54%	1.54%	-0.06%	-2.21%	1.16%	-0.07%	1.67%	1.66%	0.13%	0.65%	6.11%
2014	0.85%	1.06%	0.77%	1.09%	1.25%	1.01%	-0.21%	0.92%	-0.62%	0.12%	0.59%	-0.79%	6.18%
2015	-0.29%	1.82%	1.33%	1.55%	0.97%	-0.63%	-0.50%	-1.27%	-1.46%	1.77%	0.91%	-1.13%	3.35%
2016	-0.42%												-0.42%

Class E (GBP, MT7000005609)

	Jan	Feb	Mar	April	May	Jun	July	Aug	Sep	Oct	Nov	Dec	YTD
2015					0.69%	-0.51%	-0.17%	-1.21%	-1.29%	1.86%	0.68%	-1.02%	-1.01%
2016	-0.38%												-0.38%

Past Performance is no guarantee of future results.

Performance figures are net of all fees.

Fund Terms

Regulatory	UCITS IV
Liquidity	Weekly
Start Date	2 nd July 2012
Management Fee	1.5 % (Retail) 1% (Institutional)
Performance Fee	5% Incentive Fee
Minimum Investment	Retail = 25,000 (GBP, EUR, USD, CAD, CHF) Institutional = 200,000 (GBP, EUR, USD, CAD, CHF)
Domicile	Malta
Administrator	Equinox Investment Services (Ireland) Ltd.
Custodian	RBC International
Auditor	Deloitte & Touche
Legal Counsel	Ganado & Associates

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