SphereInvest | GROUP

GLOBAL CREDIT STRATEGIES FUND

Monthly Performance

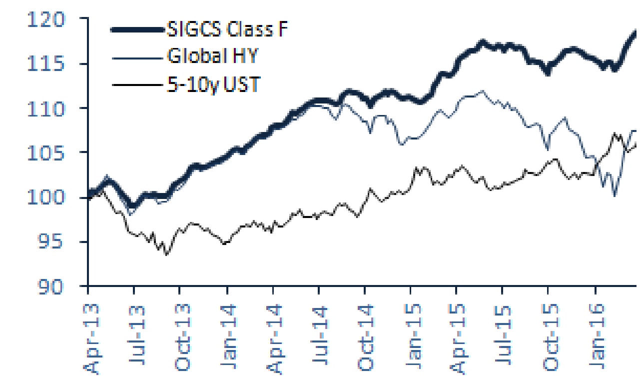
Class F (USD): MTD return: 2.86% 2016 return: 2.54% NAV per Share: 129.16

Class D (EUR): MTD return: 2.57% 2016 return: 2.13% NAV per Share: 126.76

	Q1-2016	1-year		3-years	
	Return *	Return **	Sharpe	Return **	Sharpe
SIGCSF Class F (US$)	**2.5%**	**3.5%**	**1.01**	**5.8%**	**2.18**
BOFA Global High Yield	**2.9%**	**-2.0%**	**-0.38**	**2.5%**	**0.46**
BOFA EM High Yield	4.2%	3.9%	0.53	1.7%	0.21
BOFA Europe High Yield	1.6%	-0.1%	-0.09	5.6%	0.82
BOFA US High Yield	3.0%	-4.3%	-0.63	1.6%	0.26
BOFA US Treasury 5-10yrs	3.7%	3.1%	0.69	2.0%	0.42
MSCI World	-0.6%	-5.5%	-0.39	5.1%	0.39
MSCI Emerging Markets	5.0%	-16.0%	-0.78	-6.4%	-0.40

* Period Return

** Annualized Weekly Returns and Sharpe Ratios



Source; SphereInvest Group; Bank of America Merrill Lynch

Portfolio and Market Commentary

Risk assets rallied strongly during March, as weak investor sentiment met with more supportive developments, notably: the Fed guiding down its pace of tightening expectations; ECB expanding its asset purchases to corporate bonds; the stabilization of economic conditions in China; and the perception commodity markets may have bottomed. We summarize, in the table above, the performance of a few key markets. Generically, global HY spreads retraced about 50% of the previous 8 months' widening, leaving them c. 120bps wider than their 2015 average, and flat year-to-date. The weakness in the dollar and optimism about China's economy meant the rally was led by commodity sectors (energy +16%; metals & mining +9%) with distressed markets also outperforming, for the most part (+11% in the US and +9% in EM, although only +3% in Europe, where distressed commodity credits are less represented). Interestingly, the correlation between risk and risk-free assets broke down during March, with rates rallying during the second half of the month – a sign that, whatever the impetus behind March's rally, as discussed below, it did not include a fundamental reassessment of the global growth outlook.

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As often when markets rally sharply, the repricing during March was more reflective of wrong-sided investor positioning, than of any improvement of underlying economic conditions. The best that can be said about recent developments was they failed to vindicate the most pessimistic of investors. China is not hard landing; a full-blown EM capital account crisis – a yearly forecast since the taper tantrum – looks even less likely, now that the Fed has relented; the troubled, but relatively small, US manufacturing sector is stabilizing, without discernible contagion to the much larger services economy; the intensely observed commodity complex appears to have found a local bottom, helped by the weakening of the Dollar and confirmed (in the US) or proclaimed (by the OPEC) signs supply is finally responding to lower prices.

If deteriorating global growth and earnings expectations played a role in the market sell-off from last August to mid-February, the real trigger may have been a series of policy mistakes, from: the handling of the Yuan devaluation during the Summer; the ECB's miscommunication last November; to the Fed hiking, only to watch rates rally 50-60bps in the following months, and market-based inflation expectations still pointing below 2% for the next 10 years. While investors have learned to live with mediocre fundamentals since the GFC, we believe the sudden sense of central banks fallibility was the real "game-changer" during the second half of 2015. March, in this sense, will likely prove to be a return to the status quo ante, where risk premiums are suppressed by central bank activism (in Europe and Japan), or the Fed's realization "divergence" can only go so far when other large Central Banks are still easing.

In the very near-term, March's rally may have left markets vulnerable to profit-taking; we observe various deteriorating credits, buoyed by investor exuberance, giving back most of last month's gains during the first week of April. While given the above, our outlook over the medium term is now more constructive than it was in February. The combination of largely unchanged fundamentals and more expensive valuations would usually lead us to reduce, not increase, our risk exposure. However, this fails to recognize risk premiums are not an exogenous variable, and are not just a function of fundamentals. The partial normalization of market liquidity– with the commodity shock largely being absorbed as distressed credits complete their migration to specialized capital – and the end of the "divergence monetary policy trade" is likely to lead to sustainably lowered market risk premiums, in our view.

We meaningfully repositioned the portfolio during the month. Among our main changes, we increased our exposure to Indonesia and pared our exposure to Brazil. Aside from generally more supportive sentiment towards EM, the assets of both countries benefited from renewed investor optimism about reforms and performed strongly during the first quarter. While we share optimism about Indonesia's outlook in 2016, we are concerned valuations no longer reflect the daunting challenges Brazil still face towards sustainable growth. Having largely avoided non-Sovereign linked commodity credits over the previous three quarters, we initiated a position in DNO SA, an oil producer whose main field is in Kurdistan. We believe investors are likely to be more tolerant of oil price volatility than in 2015; looking beyond a potential relapse due to near record inventories, oil should gradually move back up to allow the industry to invest enough and maintain production levels. Timing the rebalancing of the market remains very challenging, however. We believe our position in DNO, a well-capitalized producer without near-term liquidity needs, but challenged by difficulties to collect payments, provides the right exposure to a medium-term recovery of oil.

Portfolio Composition

	Rating	NAV (%)	Price	Dur.	Yield	Spread
SphereInvest Global Credit Strategies	B+	100 %	99.1	2.2	5.4 %	481
Largest 5 Positions	B+	18 %	103.5	2.9	7.0 %	629
Regions						
Central & Latin America	BB-	33 %	95.3	3.6	8.1 %	701
Developed Europe	B	25 %	103.4	2.3	5.9 %	559
Asia-Ex-Japan	BB	9 %	100.0	3.3	8.5 %	742
Eastern Europe / CIS	B	5 %	106.6	0.7	4.4 %	392
Middle East / Africa	CCC	1 %	63.6	3.0	23.8 %	2148
Sectors						
Cash and Equivalents	AAA	27 %				
Media/Telecom	B+	18 %	98.2	3.6	7.7 %	653
Business Services	B+	15 %	101.4	2.4	6.8 %	631
Consumer	B	7 %	103.3	2.0	5.6 %	473
Oil/Gas	BBB-	7 %	96.2	5.1	7.6 %	666
Basic Industry	BB	6 %	87.8	2.3	7.3 %	712
Commercial Banks	BB	6 %	97.0	1.8	7.9 %	715
Automotive	BB-	5 %	99.9	2.2	8.2 %	806
Infrastructure	B	4 %	105.9	2.2	7.2 %	616
Real Estate	B	4 %	102.3	2.4	8.5 %	784
Soft Commodities	BB	1 %	84.2	9.5	9.9 %	785
Ratings						
B	B	38 %	100.5	2.8	7.6 %	672
BB	BB	26 %	96.5	2.8	7.1 %	644
AAA	AAA	23 %	100.0	0.1	0.1 %	0
BBB	BBB	6 %	102.1	5.5	4.6 %	399
AA	AA	4 %				
CCC	CCC	3 %	92.2	1.4	12.1 %	1127
Currencies						
USD	BBB	67 %	98.0	1.9	5.2 %	442
EUR	B+	25 %	100.7	2.9	5.7 %	567
GBP	B+	8 %	102.7	1.9	6.0 %	539

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%	0.03%	2.86%										**2.54%**

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%	-0.01%	2.57%										**2.13%**

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%	-0.08%	2.79%										**2.31%**

Past Performance is no guarantee of future results.
Performance figures are net of all fees.

Fund Terms

Regulatory	**UCITS IV**
Liquidity	Weekly
Start Date	2nd 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	Equinoxe Alternative Investment Services (Ireland) Ltd.
Custodian	RBC International
Auditor	Deloitte & Touche
Legal Counsel	Ganado & Associates