SphereInvest | GROUP

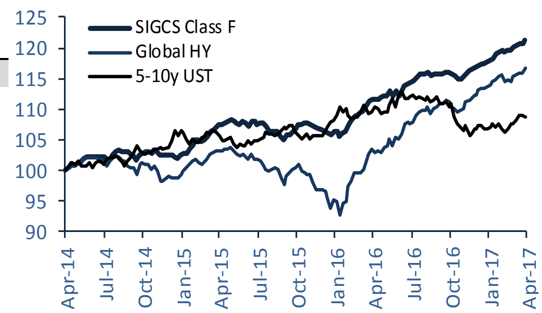
MORNINGSTAR ★★★★★

GLOBAL CREDIT STRATEGIES FUND

Monthly Performance

Class F (USD): MTD return: 0.98% 2017 return: 3.94% NAV per Share: 143.45
Class D (EUR): MTD return: 0.85% 2017 return: 3.16% NAV per Share: 137.57
Class E (GBP): MTD return: 0.94% 2017 return: 3.61% NAV per Share: 111.34

	2017	1-year		3 years		Since Inception	
	Return	Return *	Sharpe	Return *	Sharpe	Return *	Sharpe
SIGCSF Class F (US$)	**3.9%**	**8.8%**	**3.63**	**6.7%**	**2.40**	**7.7%**	**2.99**
BOFA Global High Yield	3.9%	12.8%	3.10	5.2%	0.93	7.4%	1.56
BOFA EM High Yield	5.1%	14.6%	3.82	6.8%	0.97	7.7%	1.25
BOFA Europe High Yield	2.9%	8.6%	2.52	5.0%	0.70	8.9%	1.53
BOFA US High Yield	3.7%	13.5%	2.83	4.7%	0.74	6.8%	1.29
BOFA US Treasury 5-10yrs	1.8%	-0.8%	-0.31	2.8%	0.55	1.4%	0.24
MSCI World	7.4%	12.2%	1.10	3.7%	0.26	8.9%	0.72
MSCI Emerging Markets	13.6%	16.1%	0.96	-1.0%	-0.08	0.8%	0.03



* Annualized Weekly Returns and Sharpe Ratios; Fund Inception: July 2012

Source: SphereInvest Group; Bank of America Merrill Lynch

Portfolio and Market Commentary

April broadly confirmed trends already apparent in March. In the US, the 0.7% annualised Q1 growth was mediocre, well down from 2.1% during Q4. Besides a now well-defined seasonal pattern, weaker consumer and government spending appear to have been the main culprits for Q1's slow-down. The month's employment report, however, was much stronger than March's, hinting at a pick-up in growth towards the end of the quarter. The Fed acknowledged the recent softness in economic data and left its benchmark rate unchanged, although it signalled it remains on track to hike in June. In China, economic data remained solid, although momentum appears to have been weakening recently, as policymakers again prioritize deleveraging over growth, allowing interbank rates to creep upwards during the month, while implementing property purchase restrictions. Concerns about weakening Chinese demand may have contributed to the poor performance of "China-sensitive" commodities, such as iron ore and copper, during April. Finally, Europe's economic momentum appears to have strengthened, with annualized growth reaching 1.8% during Q1. The region remains at a much less advanced stage of the cycle than the US, however: significant slack remains (unemployment in the EU-28 was 8% at the end of March, compared to 4.4% in the US) allowing the ECB to remain committed to its accommodative policy, in spite of widespread investor expectations, prodded by a few ECB policymakers (most recently Chief Economist Praet) it may soon remove its forward guidance.

In contrast with somewhat underwhelming economic data, first quarter earnings were broadly strong, outperforming investors' elevated expectations, supportive for equity and credit markets during the month. Commodities and risk free rates have continued sending more ambiguous signals, which have so far been largely ignored by risk asset markets. While oil has fallen to its lowest level since November, essentially undoing all uplift from pledged OPEC production cuts, high yield markets, including in the US, despite significant exposure to leveraged oil & gas producers, have remained very resilient. Contradicting the thesis risk assets have been buoyed by the "reflation trade", risk free rates have stabilized at a much lower level than earlier this year, as hopes of rising inflation have receded again, the result of lower commodities, limited signs of sustained wage growth, and uncertainty on fiscal policy in the US.

Credit markets have now reached a fairly familiar state, when relentless spread tightening discourages profit-taking, punishes short positions, and encourages further inflows, which, although less strong than earlier this year, are still outpacing net supply (the balance of bonds being issued and redeemed). We also suspect many benchmarked funds are still hoping for any correction as a signal to buy and correct their underweight positioning – implying such a correction, if it occurs at all, is likely to be very shallow.

What could disrupt those self-fulfilling conditions? Some of recent past's uncertainty factors are less likely to play a role in 2017, in our view: investors are unlikely to become concerned about recession risks in coming months; political risk is ebbing, both in the US and in Europe; the near-term path of major CB's monetary policy is better understood. Barring a shock which cannot, by definition, be forecast, we therefore believe the recent regime of low market volatility will continue to prevail. At the same time, we also believe current valuations are not leaving much "margin for error". We suspect many investors share our discomfort valuations are now failing to reflect the full economic cycle, beyond the near-term constructive outlook. We do not believe, for instance, a 5-year bond of a leveraged issuer in a cyclical sector should ever yield 4%, a level now frequent in the Euro HY space. It is a near-certainty the cycle will turn during the next 5 years, before those bonds mature: 4% yield simply does not offer adequate compensation for the expected rise in volatility, let alone default risk, which is bound to then occur. We do believe investors will, at some point, try to adjust their holdings to reflect again those basic valuation considerations: as usual when positioning has become too one-sided and the short base has been depleted, those adjustments are likely to introduce some market stress.

As our investors know, we do not run short positions: our entire portfolio has a positive or null carry, which allows us to be patient. We continue to believe we are more likely to exceed our total return target in 2017, avoiding chasing markets at current levels, while waiting for better entry points. In the meantime, we are poised to be opportunistic, avoiding adding more beta at this juncture.

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%	2.12%	0.55%	0.03%	1.96%	1.18%	-0.14%	0.36%	-0.72%	1.36%	**9.56%**
2017	1.12%	1.30%	0.50%	0.98%									**3.94%**

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%	1.92%	0.39%	-0.08%	1.81%	0.98%	-0.25%	0.15%	-1.01%	1.23%	**7.44%**
2017	0.82%	1.05%	0.40%	0.85%									**3.16%**

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%	2.07%	0.48%	0.03%	1.95%	1.01%	-0.22%	0.29%	-0.94%	1.30%	**8.55%**
2017	1.01%	1.21%	0.40%	0.94%									**3.61%**

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

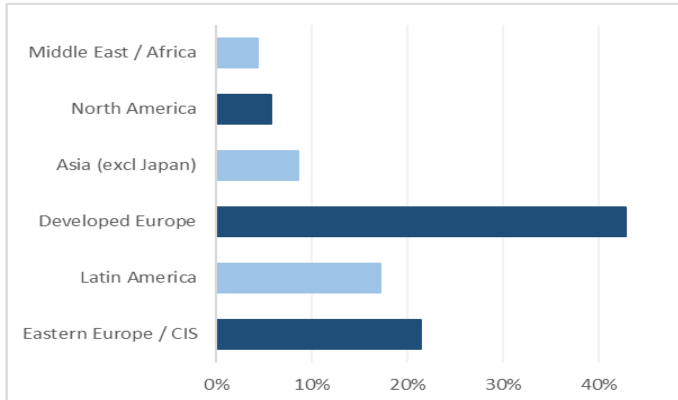
Portfolio Composition

	Rating	NAV (%)	Price	Duration	Yield	Spread
SphereInvest Global Credit Strategies	BB-	100 %	101.0	2.8	4.7 %	413
Cash and Equivalents	AA+	30 %				

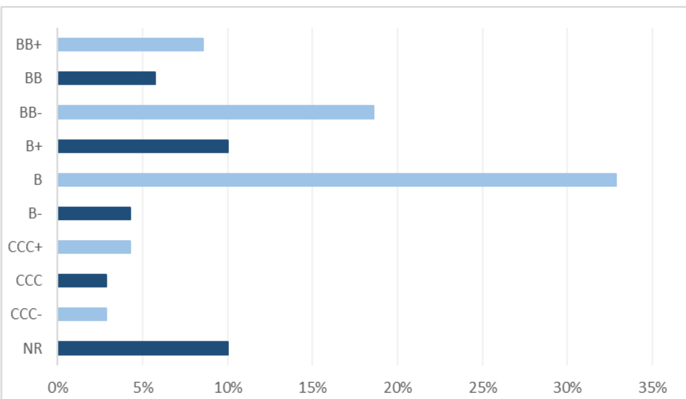
Top 10 Holdings (in % of NAV, 27/04/17)

4.204% Phosagro, 2018	3%
8.625% Banglalink Digital Comm, 2019	3%
7.25% Altice Luxembourg SA, 2022	3%
7.25% Aldesa Financial Servcies SA, 2021	3%
12% Oilflow SPV 1 DAC, 2022	3%
7.25% KCA Deutag, 2021	3%
9.125% HTA Group Ltd, 2022	3%
10% Wind Hellas, 2021	3%
7.25% Unifin Financiera SA, 2023	2%
8.75% DNO ASA, 2020	2%

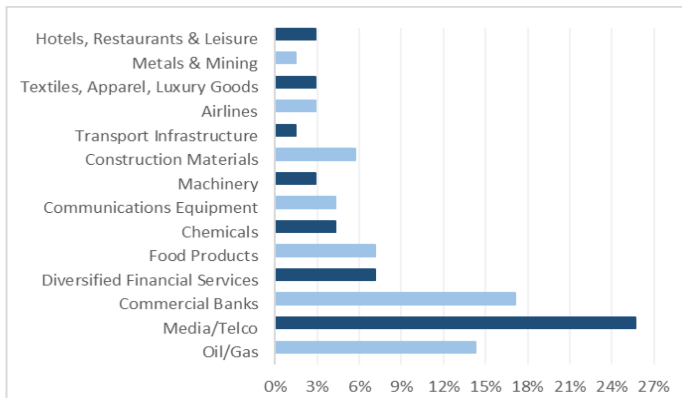
Regional Allocation (excl. cash & equiv)



Credit Quality (excl. cash & equiv)



Sector Allocation (excl. cash & equiv)



Fund Terms

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