SphereInvest | GROUP

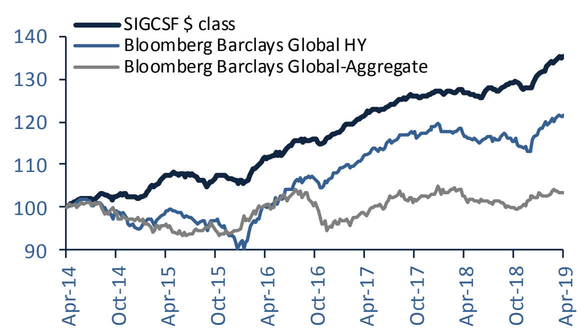
GLOBAL CREDIT STRATEGIES FUND

Monthly Performance

Class F (USD): MTD return: 1.06% 2019 return: 5.57% NAV per Share: 159.82
Class D (EUR): MTD return: 0.77% 2019 return: 4.49% NAV per Share: 145.60
Class E (GBP): MTD return: 0.82% 2019 return: 4.88% NAV per Share: 119.40

	2019	1 year	5 years		Since Inception	
	Return	Return *	Return *	Sharpe	Return *	Sharpe
SIGCSF Class F (US$)	**5.6%**	**6.6%**	**6.2%**	**2.2**	**7.0%**	**2.7**
Bloomberg Barclays Global HY	7.2%	4.1%	3.9%	0.6	6.1%	1.1
ICE EM High Yield	6.8%	6.1%	5.6%	0.9	6.5%	1.2
ICE Europe High Yield	6.6%	2.6%	4.1%	0.8	6.9%	1.7
ICE US High Yield	8.8%	6.7%	4.8%	0.7	6.2%	1.2
Bloomberg Barclays Global-Agg.	1.7%	1.1%	0.7%	-0.1	1.0%	0.0
MSCI World	14.7%	4.3%	5.0%	0.3	8.3%	0.6
MSCI Emerging Markets	11.7%	-5.2%	1.6%	0.0	2.0%	0.1

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



Source: SphereInvest Group; Bank of America Merrill Lynch

Portfolio and Market Commentary

The failure of trade talks between the US and China was as abrupt a reversal of market narrative as we can recall. For months, optimism had been encouraged by a stream of positive signals from the US administration. As markets steadily rose, investors convinced themselves the US president, who considers the stock market as a yardstick of his success, simply wouldn't upset the apple cart. Optimism, and possibly China's own negotiation strategy, was effectively premised on the belief Trump wasn't actually serious: something the token renegotiation of NAFTA provided a playbook for. Economic "rationality" continues to justify some hope a deal will eventually be reached: despite all his tweeting bravado, Trump probably understands a full-blown trade war would be damaging for the US economy, while China knows its economy remains very vulnerable to escalating trade tensions. Investors understand all too well a trade war is "lose-lose" in narrow economic terms - but they probably misjudged other, broader incentives. We will defer to more authoritative commentators on power dynamics in China, US politics, or the struggle whenever Hegemon is challenged by a rising power. Our own bottom line: a grand "trade deal" this year between the US and China is no longer our base case. Rather much like Brexit remains an overhang for the UK's and the Eurozone's outlooks, we believe trade tensions will continue weighting on global growth during 2019.

The market reaction to the failure of the US/China trade negotiations has remained contained so far. While still early days, markets are likely to avoid a “tariff tantrum” similar to 2018’s, in our view. Last year’s market conflagration wasn’t just caused by trade tensions: it was caused by the Fed’s relentless tightening at a time when investors were concerned about the global economy. Although the slowdown was in part due to trade, a long list of other disruptions, also factors, have now faded - from political tensions in Italy and the UK, the German industrial malaise, oil price volatility, to the deleveraging effort in China. Conversely, the year-to-date market recovery was first and foremost triggered by the Fed’s dovish pivot. Hopes of a trade deal combined with the stimulus in China, green shoots in the Eurozone, strong US growth, and resilient corporate earnings, to cement expectations the global economy is stabilising. How much positive momentum will now reverse? Trump’s unpredictability and the tantalising possibility a near-term deal can still be reached are likely to encourage some wait-and-see among investors. The reflexivity between markets and the probability of a deal (both China and the US are incentivized to avoid the kind of market stress which could force them into concessions) is another reason to expect markets to settle.

Beyond the blow to investors’ confidence, we believe the actual near-term economic impact of higher tariffs on the US economy remains poorly understood. Of course, not many (except Trump, at least publicly) actually believe tariffs benefit economic growth in the US. The direction of travel from here should lead from delayed or cancelled consumption/investment decisions, in particular in sectors dependent on Chinese imports, to deteriorating soft surveys, lower growth forecasts, and tighter financial conditions. Whether it was because of tariff’s perverse incentives at a micro level, thanks to the US economy domestic focus or diversity, or offsetting factors (last year's fiscal stimulus, and the Fed's dovish turn this year), it is fair to say the impact of Trump’s trade wars has been apparent everywhere apart from in US GDP figures – so far.

Last week’s escalation of tariffs, especially because it was so sudden and unexpected, may yet prove a tipping point. This will bring another key question about the implications of a moderate slowdown of the US for other markets, notably EM and Europe. In our view, the divergence between a strong US, and struggling Europe and EM, has been a key source of stress for global markets in this business cycle. Without calling for “convergence”, the mere narrative of a US slowdown would benefit international risk assets, especially if it helps contain the resurgent dollar (assuming China does keep the Yuan stable, as we believe is likely). May 18th could prove a key near-term date to validate our thesis: the date when the US administration is due to decide on imposing tariffs on European and Japanese autos (on “national security” grounds). We are cautiously optimistic the decision will be delayed: although this wouldn’t entirely lift uncertainty (Trump is likely to continue threatening tariffs on cars as long as he remains president) this would still give recent green shoots in Europe another lease of life.

Monthly Performance since Inception

Class F (USD, MT7000005617)

	Jan	Feb	Mar	April	May	Jun	July	Aug	Sep	Oct	Nov	Dec	YTD
2019	2.34%	1.46%	0.60%	1.06%									**5.57%**
2018	0.49%	-0.09%	-0.08%	0.39%	-0.71%	-0.75%	1.98%	-0.54%	0.87%	0.46%	-0.81%	0.07%	**1.26%**
2017	1.12%	1.30%	0.50%	0.98%	1.28%	-0.10%	0.66%	0.94%	0.48%	0.63%	-0.19%	0.44%	**8.33%**
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%**
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%**
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%**
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%**
2012							0.15%	0.72%	0.78%	2.11%	1.24%	1.72%	**6.90%**

Class D (Euro, MT7000005591)

	Jan	Feb	Mar	April	May	Jun	July	Aug	Sep	Oct	Nov	Dec	YTD
2019	2.14%	1.22%	0.30%	0.77%									**4.49%**
2018	0.32%	-0.36%	-0.32%	0.19%	-1.04%	-0.99%	1.75%	-0.66%	0.68%	0.19%	-1.08%	-0.20%	**-1.56%**
2017	0.82%	1.05%	0.40%	0.85%	1.13%	-0.23%	0.50%	0.78%	0.34%	0.42%	-0.29%	0.22%	**6.15%**
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%**
2015	-0.29%	1.82%	1.33%	1.55%	0.97%	-0.63%	-0.20%	-1.27%	-1.46%	1.77%	0.91%	-1.13%	**3.35%**
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%**
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%**
2012							0.20%	0.66%	0.70%	2.04%	1.20%	1.62%	**6.59%**

Class E (GBP, MT7000005609)

	Jan	Feb	Mar	April	May	Jun	July	Aug	Sep	Oct	Nov	Dec	YTD
2019	2.26%	1.33%	0.39%	0.82%									**4.88%**
2018	0.39%	-0.24%	-0.23%	0.30%	-0.84%	-1.09%	1.80%	-0.74%	0.89%	0.34%	-1.02%	-0.66%	**-1.14%**
2017	1.01%	1.21%	0.40%	0.94%	1.21%	-0.18%	0.56%	0.85%	0.33%	0.57%	-0.24%	0.29%	**7.17%**
2016	-0.39%	-0.08%	2.79%	2.07%	0.48%	0.03%	1.95%	1.01%	-0.22%	0.29%	-0.94%	1.30%	**8.55%**
2015					0.69%	-0.51%	-0.17%	-1.21%	-1.29%	1.86%	0.68%	-1.02%	**-1.01%**

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

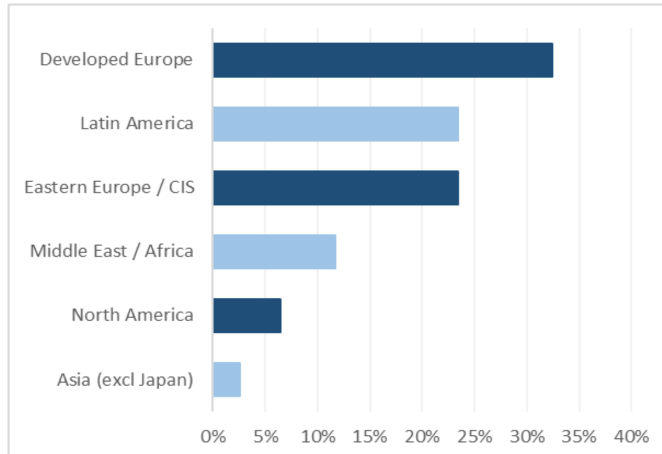
Fund Information as of April, 2019

	Rating	NAV (%)	Price	Duration	Yield	Spread
SphereInvest Global Credit Strategies	BB-	100 %	98.1	2.8	6.9 %	511
Cash and Equivalents	AA+	23 %				

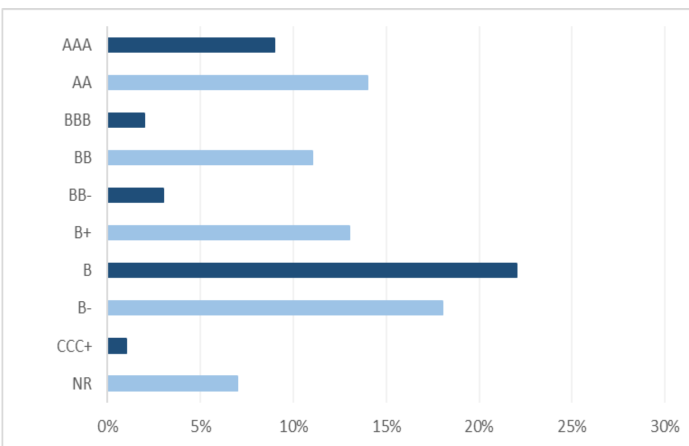
Top 10 Holdings (in % of NAV, 02/05/19)

Bond	%
9.875% Global Ship Lease, 2022	2.9%
8.75% DNO ASA, 2020	2.9%
9.50% IHS Netherlands, 2021	2.9%
7.625% Banco Mercantil del Norte, PERP	2.8%
8.125% Global Liman Isletmeleri, 2021	2.7%
6.75% KME AG, 2023	2.5%
10.00% Crystal Almond, 2021	2.5%
8.75% Eurotorg, 2022	2.5%
9.25% Seplat Petroleum, 2023	2.3%
7.375% Nemean Bondco, 2024	2.3%

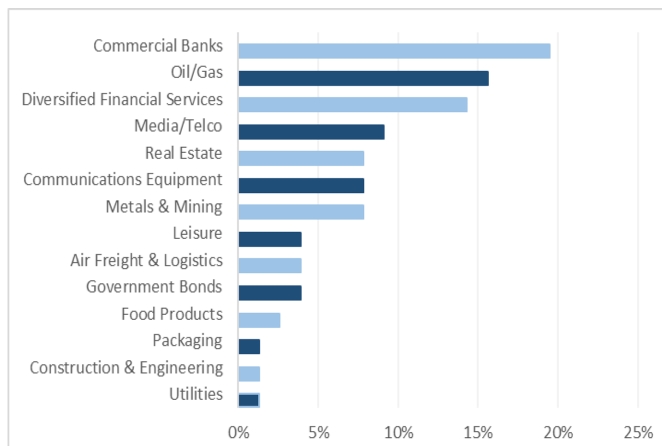
Regional Allocation (excl. cash & equiv)



Credit Quality



Sector Allocation (excl. cash & equiv)



Fund Terms

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