SphereInvest | GROUP

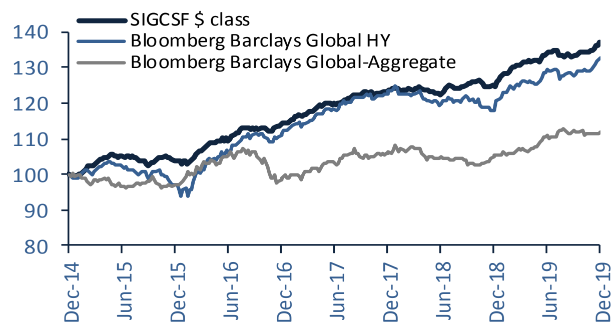
GLOBAL CREDIT STRATEGIES FUND

Monthly Performance

Class F (USD): MTD return: 1.69% 2019 return: 9.59% NAV per Share: 165.90
Class D (EUR): MTD return: 1.45% 2019 return: 6.45% NAV per Share: 148.32
Class E (GBP): MTD return: 1.54% 2019 return: 7.84% NAV per Share: 122.77

	2019	5 years		Since Inception	
	Return	Return *	Sharpe	Return *	Sharpe
SIGCSF Class F (US$)	**9.6%**	**6.4%**	**2.2**	**6.9%**	**2.6**
Bloomberg Barclays Global HY	12.6%	5.7%	1.0	6.2%	1.2
ICE EM High Yield	13.5%	7.8%	1.5	6.8%	1.2
ICE Europe High Yield	11.3%	4.6%	0.9	6.9%	1.7
ICE US High Yield	14.4%	6.1%	1.0	6.4%	1.2
Bloomberg Barclays Global-Agg.	6.8%	2.3%	0.2	1.6%	0.2
MSCI World	25.2%	6.6%	0.4	8.8%	0.7
MSCI Emerging Markets	15.4%	3.1%	0.1	2.2%	0.1

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



Source: SphereInvest Group; Bank of America Merrill Lynch

Portfolio and Market Commentary

Surveying stellar performance across assets during 2019, we wonder if the next edition of "Investing for Dummies" may add a new footnote: "investors hate uncertainty – unless it forces the Fed to cut". In this age of "fake news", investors seem to love nothing more than "fake uncertainty" – the kind which is managed, if not manufactured, to be lifted once it has outlived its usefulness.

The US administration and investors effectively outsmarted the Fed during 2019: first forcing Powell to see the errors of his ways late in 2018, then, for good measure, cut more than a resilient US economy probably warranted. Investors spent 2019 explaining away economic weakness with "uncertainty" and rooting for a trade war resolution ("buy the rumour" phase). Then, as conviction grew a deal, any deal, was coming, investors bought the news itself – this time, because of the boost lower policy uncertainty and monetary support should now provide. Overall, the perception is inescapable the trade war has, so far, been a net positive for asset valuations.

Trade tensions, Brexit uncertainty and sector disruptions all dragged actual growth lower last year, particularly in Europe. Now, the beginnings of resolution on a number of these fronts could thaw frozen capex plans. While a wholesale fiscal rethink in Europe seems unlikely, budgets are at least loosening, from the UK to Germany. In the US, monetary and fiscal policy should remain supportive in an election year. Finally, labour markets remain very strong, which should continue supporting domestic demand. All in all, the stage seems set for improvements in real growth.

However, at the moment, the 2020 narrative remains just that. Recent hard data has remained mixed, at best. China and Developing Asia are showing tangible signs of bottoming out, but recent green shoots in Europe were often easier to spot in soft surveys, effectively reflecting the same factors as financial markets, than in hard data. Manufacturing in DM has failed to recover and weakness seems to be extending to the US. Neither trade tensions nor Brexit have yet been solved, although there is hope they could at least fade from front-page headlines and become technocratic processes. Finally, the start of 2020 has already proved geopolitical risks will remain a key focus. Trump has some grounds believing his disruptive management style is bearing fruit, if only from a near-term and tactical perspective. We see no good reason to think he will revert to more predictability with an eye on his re-election. In this context, expecting a sharp rebound in 2020 appears wishful thinking. The global economy in 2020 seems likelier to look a lot like 2019 – not a bad outcome, since 2019 wasn't a bad year itself. But can middling growth support current asset valuations?

Any market narrative sooner or later needs to confront reality. Macro and earnings were more resilient than feared in 2019, but resiliency alone can only justify expanding multiples and compressing spreads to an extent. The onus should eventually be on earnings and leverage actually improving. 2019's rally, in particular in credit markets, wasn't ordinary, however. Before some late convergence in December, it was almost entirely led by higher quality corporates, which raises doubts how much investors are truly invested in a strong recovery. This seems to indicate the market isn't yet facing a reckoning - in the absence of trigger, it rarely pays to bet against expensive markets. As in 2019, however, broadly stable market spreads are likely to hide idiosyncratic volatility and dispersion between credits again - reflecting a combination of factors, such as low market carry (reducing ability to absorb shocks), crowded positioning, patchy liquidity, and the continuing struggle to price credit risk so late in the business cycle. We do not believe the US-China "phase one deal" actually brought a real change of regime for markets. In particular, risk sentiment is likely more fragile than could be usually expected after such a year of strong returns. This should ensure both credit specific volatility remains elevated and safe haven flows strong, at least until investors get more clarity on the democrat candidate in the US election. In a market which has generally turned into a vast "beta" play at this juncture, the potential for volatility is actually welcome, and we are keeping some powder dry to take advantage of opportunities as the year evolves.

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%	0.22%	1.08%	0.93%	-1.43%	0.12%	1.01%	0.14%	1.69%	**9.59%**
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%	0.02%	0.94%	0.63%	-1.70%	-0.12%	0.73%	-0.05%	1.45%	**6.45%**
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%	0.03%	1.01%	0.89%	-1.60%	0.00%	0.86%	0.09%	1.54%	**7.84%**
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.

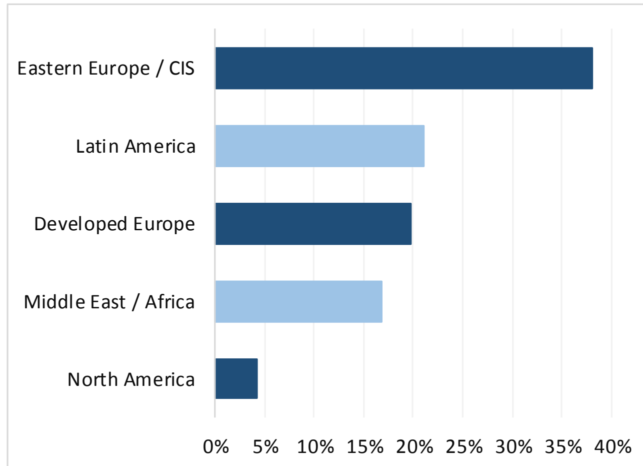
Fund Information as of December, 2019

	Rating	NAV (%)	Price	Duration	Yield	Spread
SphereInvest Global Credit Strategies	BB	100 %	101.5	2.7	5.1 %	388
Cash and Equivalents	AA+	29 %				

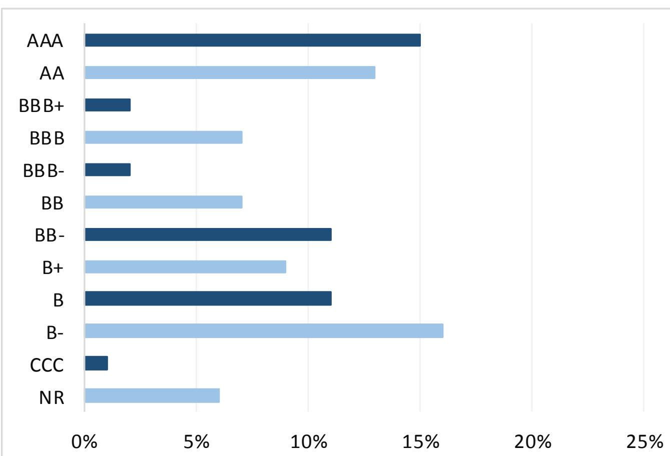
Top 10 Holdings (in % of NAV, 31/12/19)

Bond		%
9.875%	Global Ship Lease, 2022	3.5%
6.75%	KME AG, 2023	3.4%
8.00%	IHS Netherlands, 2027	3.3%
9.125%	Helios Towers, 2022	3.2%
6.125%	Lukoil, 2020	3.1%
12.00%	Quiport, 2033	3.0%
8.75%	Eurotorg, 2022	2.6%
5.00%	Anacap, 2024	2.6%
7.125%	Naftogaz, 2024	2.6%
7.25%	Halyk Bank, 2021	2.6%

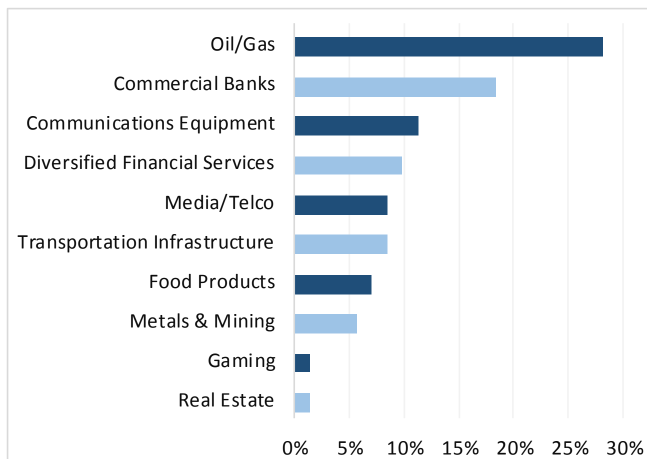
Regional Allocation (excl. cash & equiv)



Credit Quality



Sector Allocation (excl. cash & equiv)



Fund Terms

Regulatory	UCITS V	Domicile	Malta
Liquidity	Daily Pricing / Weekly dealing	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)		

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