SphereInvest | GROUP

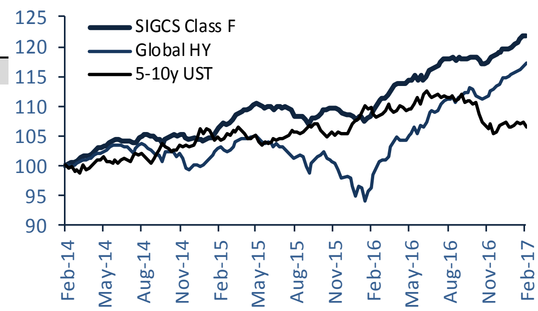
MORNINGSTAR ★★★★★

GLOBAL CREDIT STRATEGIES FUND

Monthly Performance

Class F (USD): MTD return: 1.30% 2017 return: 2.43% NAV per Share: 141.36
Class D (EUR): MTD return: 1.05% 2017 return: 1.88% NAV per Share: 135.86
Class E (GBP): MTD return: 1.21% 2017 return: 2.23% NAV per Share: 109.85

	2017	1-year		3 years		Since Inception	
	Return	Return *	Sharpe	Return *	Sharpe	Return *	Sharpe
SIGCSF Class F (US$)	**2.4%**	**12.6%**	**4.74**	**6.8%**	**2.47**	**7.6%**	**2.93**
BOFA Global High Yield	3.1%	21.9%	4.69	5.4%	0.98	7.5%	1.57
BOFA EM High Yield	3.6%	21.9%	5.21	7.0%	1.00	7.6%	1.23
BOFA Europe High Yield	2.0%	14.1%	3.83	5.3%	0.75	9.0%	1.53
BOFA US High Yield	3.1%	24.1%	4.47	4.9%	0.79	6.9%	1.32
BOFA US Treasury 5-10yrs	-0.1%	-3.1%	-0.77	2.1%	0.39	1.0%	0.17
MSCI World	5.6%	15.7%	1.33	3.1%	0.22	8.8%	0.70
MSCI Emerging Markets	8.6%	20.0%	1.12	-1.2%	-0.09	-0.1%	-0.03



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

Source: SphereInvest Group; Bank of America Merrill Lynch

Portfolio and Market Commentary

High yield credit markets performed well again during February, supported by very strong soft surveys (PMIs, confidence indicators), steady if sometimes less convincing hard data (industrial production, retail sales), and despite signals the Fed could be embarking on a faster pace of tightening than recently expected. Political risks, at the forefront during January, faded during February: in the US, the new administration adopted a more conciliatory tone towards its designated trade rivals – notably Mexico and China; in Europe, Greece and its creditors appeared closer to reaching an agreement; while in France and the Netherlands, recent polls point to lower probabilities of populist victories at their upcoming elections.

February reinforced some of our convictions, but also brought up new interrogations, mostly around the Fed's abrupt hawkish turn, and the impact a quicker rate hike cycle would have on credit.

Among our main convictions: policy making in DM, most notably in the US where optimism has been highest since last November, will most likely underwhelm. The irony, of course, remains: animal spirits have been buoyed by distant promises of deregulation and fiscal stimulus, but economic data and inflation expectations have remained steady, offering a very supportive environment for risk assets – assuming the Fed complies. This was again confirmed by Mr. Trump's first speech to Congress, ostensibly his latest chance to offer policy clarity to hopeful investors. In the event, markets rallied on a vague (if optimistic) speech by the US President. Without opining on the merits of Mr Trump's mooted reforms, we believe, in today's low-volatility environment, action is a bigger risk than inaction. This late in the cycle, the US economy may not need fiscal stimulus, if it results in overheating, forces the Fed to tighten, and ultimately accelerate the cycle's demise. While tax reform (i.e., a proposed "border adjusted tax") could improve growth potential over the medium term, it will most likely be disruptive: investors – in particular, credit - will likely discount more heavily potential gains for the winners of those reforms than losses for its losers, implying a market correction in net terms, in our view.

Will the Fed comply, however? Until very recently, the prevalent narrative had been, patient central bankers would be reluctant to add monetary policy uncertainty on top of political uncertainty during 2017. That narrative may no longer hold. Within 2 weeks during February, Fed speakers surprised markets into repricing the probability of a March hike from 25% to 80% - an unprecedented correction in this cycle (for reference, 3 weeks before the previous two hikes, probabilities the Fed would raise were above 60%). We are unsure what caused this new sense of urgency. January's FOMC minutes (released on 22/02) had been mildly dovish and noted only "modest risks" of increased inflationary pressures. The Fed does not appear behind the curve: according to its preferred measure, 5y5y breakevens, inflation expectations remain under 2%, below its longer run objective and lower than their recent peak in 2015. The most benign interpretation is the Fed is eager to "normalize" while buoyant markets allow it. Risk assets appear to have adopted that narrative too, and rallied despite the Fed's hawkish communication. A less benign narrative could be the Fed is not frontloading hikes, but embarking on a steeper path of increases. This is not our base case, however. While strong investor sentiment is giving the Fed some flexibility, we believe policy makers will be wary of short-circuiting themselves. Unless hard economic data and inflation improve further or the Fed manages to communicate better on its underlying assumptions, a steeper path of hikes would most likely be regarded as a policy mistake, in our view.

Unsurprisingly, the recent rally is raising concerns about asset valuations. We regard a near-term correction as increasingly likely and welcome, given the Fund's positioning: as our investors know, our Fund is designed to benefit from regular valuation corrections, through disciplined profit taking and cash building. We are less concerned about policy and political uncertainty than by some signs the recent cyclical upswing, while real, may be stalling rather than self-reinforcing. Our barbell portfolio performed well during February, with a few positions contributing strongly to the Fund's performance without raising our overall beta exposure. Our positions in Gol Linhas, a Brazilian airline, and Aje Group, a producer of soft drinks, both rallied during February, on investors reassessing their recent results. We have recently initiated other stressed positions, including TV Azteca, a Mexican TV broadcaster, and Aldesa, a Spanish engineering and construction company. We are also currently assessing the possibility of going "up-in-quality" – buying higher-rated and more rate-sensitive credits, which should outperform if macro weakens or the perception of a policy mistake by the Fed grows.

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%											**2.43%**

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%											**1.88%**

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%											**2.23%**

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

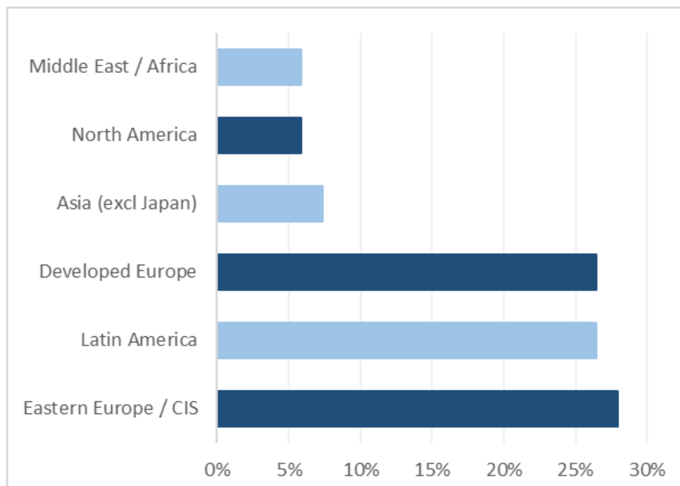
Portfolio Composition

	Rating	NAV (%)	Price	Duration	Yield	Spread
SphereInvest Global Credit Strategies	BB	100 %	100.5	2.9	4.9 %	376
Cash and Equivalents	AA+	32 %				

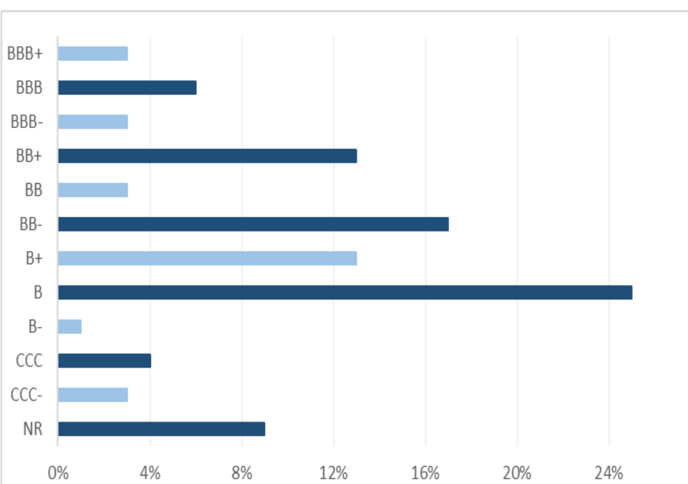
Top 10 Holdings (in % of NAV, 02/03/17)

4.204% Phosagro, 2018	4%
8.625% Banglalink Digital Comm, 2019	4%
7.875% United Group BV, 2020	3%
12% Oilflow SPV 1 DAC, 2022	3%
7.25% Unifin Financiera SA, 2023	2%
6.625% Rosneft International Finance, 2017	2%
5.4% Sberbank, 2017	2%
7.625% TV Aztec SA DE CV, 2020	2%
7.375% Nemean Bondco PLC, 2024	2%
8.75% DNO ASA, 2020	2%

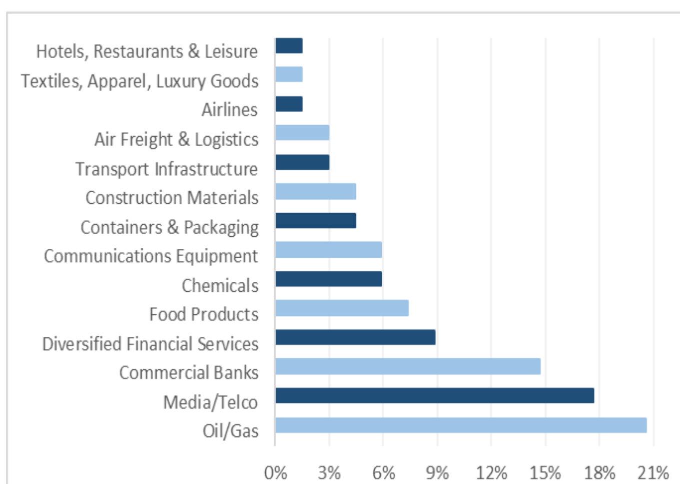
Regional Allocation



Credit Quality (excl. cash & equiv)



Sector Allocation



Fund Terms

Regulatory	UCITS IV		
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.