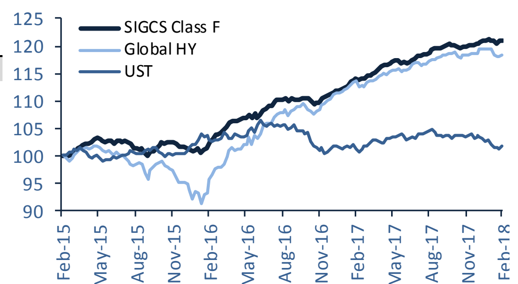
GLOBAL CREDIT STRATEGIES FUND

Monthly Performance

Class F (USD): MTD return: -0.09% 2018 return: 0.40% NAV per Share: 150.09
Class D (EUR): MTD return: -0.36% 2018 return: -0.04% NAV per Share: 141.48
Class E (GBP): MTD return: -0.24% 2018 return: 0.15% NAV per Share: 115.32

	2018	1-year		3 years		Since Inception	
	Return	Return *	Sharpe	Return *	Sharpe	Return *	Sharpe
SIGCSF Class F (US$)	**0.4%**	**6.2%**	**3.52**	**6.7%**	**2.44**	**7.3%**	**2.93**
BOFA Global High Yield	-0.4%	4.0%	1.11	5.7%	1.05	6.8%	1.49
BOFA EM High Yield	-0.3%	4.7%	1.45	8.9%	1.68	7.1%	1.20
BOFA Europe High Yield	-0.2%	4.5%	1.85	4.7%	1.10	8.2%	1.47
BOFA US High Yield	-0.5%	3.7%	0.79	5.1%	0.79	6.3%	1.23
Barclays US Treasury Total Return	-1.8%	0.6%	-0.29	0.5%	-0.10	0.8%	0.10
MSCI World	-0.6%	13.0%	1.10	5.7%	0.40	9.5%	0.76
MSCI Emerging Markets	0.6%	27.3%	1.84	6.8%	0.34	4.2%	0.23



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

Source: SphereInvest Group; Bank of America Merrill Lynch

Portfolio and Market Commentary

Credit markets remained volatile during February, buffeted between conflicting narratives which, though often unconvincing, still pressured spreads upward through the month. As initial inflation fears faded, giving way to peak-cycle concerns on a few weaker economic prints (notably in global manufacturing) and weakness in the commodity complex, the end of the month was marked by political uncertainty in Italy and fears of a new global a trade war.

With investor sentiment fragile, risk asset performance was muted. In HY markets, spreads were roughly 30 basis points wider across the main regions; with US, EM and Euro HY returning -1.0%, -0.9% and -0.7% respectively. While we would not dismiss any of February's worries, we believe markets are likely to be able to overcome them – as long as they are perceived as mere threats to an otherwise solid economic outlook, rather than likely to make an already weakening economic momentum worse.

On the topic of the threat of a populist government in Italy: we believe we are several steps away from the crisis graduating from being purely domestic to a threat for the Eurozone or a threat for global assets. In the near term, we believe global markets are likely to continue dealing with developments as they come, and take comfort in the belief that, ultimately, the hands of the next administration will be tied by existing fiscal constraints.

Regarding the recent introduction of steel and aluminium tariffs in the US: we believe it was poor policy making, and long-term consequences could be significant. Markets don't deal in the long-term, however. Compared with two recent policy mistakes, May 2013's "taper tantrum", and August 2015's yuan devaluation, the shock to investor confidence should be much more contained this time. First, and in contrast with the Fed or Chinese policymakers, perceived as guarantors of stability, the current US administration was already seen as potentially disruptive. The introduction of tariffs should only represent a narrative change for the few investors who believed the US

President's agenda was perfectly aligned with US business and had been encouraged by his use of stock markets as a benchmark of his administration success. Second, and more importantly, the taper tantrum and Yuan devaluation proved disruptive only because they occurred on a backdrop of much weaker economic conditions than prevailing today. We are aware of the threat of trade wars, as well as ominous historical precedent (Smoot Hawley tariffs are "trending" again, as anyone curious will be able to confirm on Google Trends), but do not see them as particularly relevant to the near-term outlook for financial markets. There is simply no realistic path leading from these tariffs (already blunted by sizeable exemptions) to a slowdown of global economic momentum, in our view. Over the long term, the US administration's apparent relish in aggressive tactics to deal with the wrong problem (i.e., the US trade deficit masquerading as a regional domestic political ploy) is certain to raise investor anxiety about how it would deal with real economic issues once the cycle does turn.

Credit's relative resiliency during February, in the face of what sometimes felt like a relentless assault of negative headlines, indicates markets are likely to have reached an awkward near-term equilibrium. Core rates have already repriced materially higher since the start of the year, despite only tentative evidence of inflationary pressures, as again evidenced by the February employment report in the US. At the same time, sturdy – even though no longer exceeding expectations - economic data does not justify worrying about recessionary risks yet. This has recently brought the concept of "goldilocks" back to life, rather ironically at a time the Fed is on auto-pilot to hike at least 3 times. The equilibrium remains awkward, however: widespread discomfort about valuations appears to be driving significant outflows out of Developed Markets credit markets – while inflows into EM credit have remained more resilient so far. Beauty is in the eye of the bondholder, as the joke goes: in the absence of fundamental trigger, it is difficult to pinpoint when a correction of valuations should stop. The good news: bondholders' tastes are probably less diverse than tastes about physical attributes. We suggest HY spreads above 400bps over treasuries, in a non-recessionary environment (compared with US HY spreads around 550bps over the past 20 years, which covered two recessions, and the Eurozone crisis) would appeal to most and entice significant inflows back into the asset class, assuming stable underlying rates. The bad news: current spreads are still some 70bps away from being consensually attractive. With valuations stretched across asset classes, we believe HY bonds would struggle to reprice to 400bps without trigger: more likely, recent rates volatility and lack of momentum will see spreads leak gradually wider, with "beta" positions lacking an obvious credit trigger more vulnerable.

This all continues to justify our highly opportunistic stance, focusing on preserving capital in the near term, while capitalising on opportunities as they arise.

Monthly Performance since Inception

Class F (USD, MT7000005617)

	Jan	Feb	Mar	April	May	Jun	July	Aug	Sep	Oct	Nov	Dec	**YTD**
2018	0.49%	-0.09											**0.40%**
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
2018	0.32%	-0.36%											**-0.04%**
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%	-0.50%	-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
2018	0.39%	-0.24%											**0.15%**
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	-0.38%	-0.08%	2.79%	2.07%	0.48%	0.03%	1.95%	1.01%	-0.22%	0.29%	-0.94%	1.30%	**8.55%**
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.

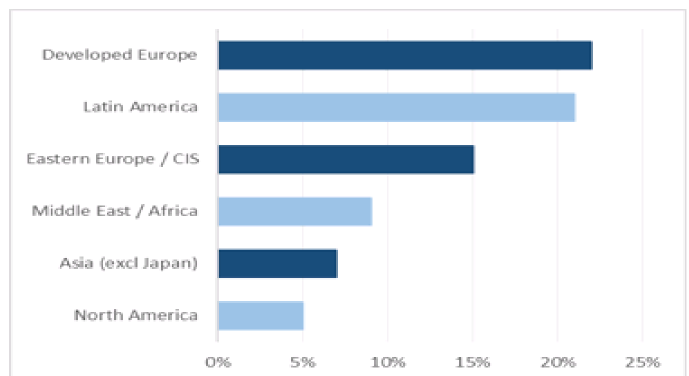
Fund Information as of February, 2018

	Rating	NAV (%)	Price	Duration	Yield	Spread
SphereInvest Global Credit Strategies	BB-	100 %	101.3	3.0	5.1 %	349
Cash and Equivalents	AA	21 %				

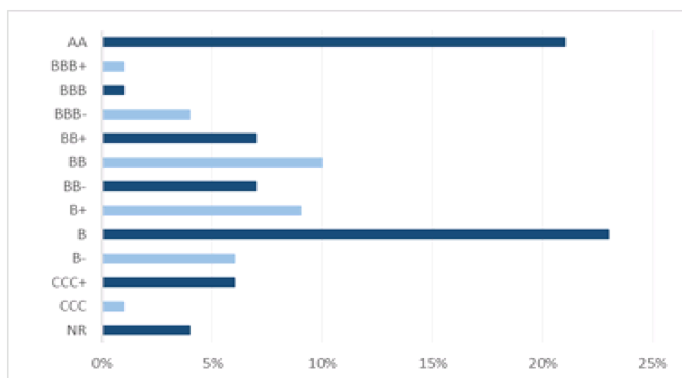
Top 10 Holdings (in % of NAV, 01/03/18)

Bond	%
6.75% Telefonica Celular del Paraguay, 2022	3.7%
9.125% HTA Group Ltd, 2022	3.6%
8.25% Verallia, 2022	3.6%
5% IRSA Propiedades, 2020	3.2%
6.75% Hercule Debtco SARL, 2024	3.0%
8.75% Eurotorg LLC, 2022	2.9%
10.5% Fidelity Bank PLC, 2022	2.9%
6.25% Banco Do Brasil, 2049	2.9%
8.75% DNO ASA, 2020	2.8%
9.25% Tinkoff Bank, 2077	2.6%

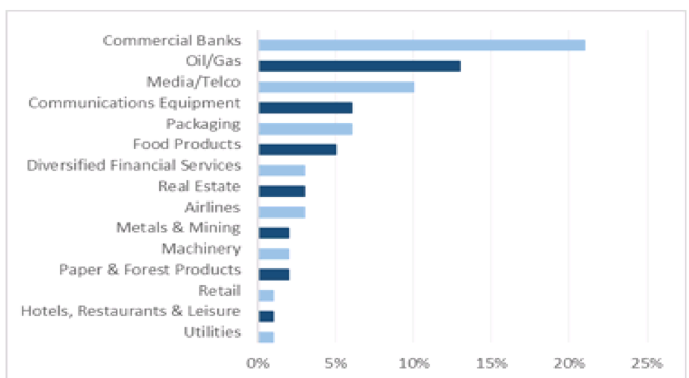
Regional Allocation (excl. cash & equiv)



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	Equinoxe Alternative Investment Services (Ireland) Ltd.
Minimum Investment	Retail = 25,000 (GBP, EUR, USD, CAD, CHF) Institutional = 200,000 (GBP, EUR, USD, CAD, CHF)		

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