SphereInvest | GROUP

MORNINGSTAR ★★★★★

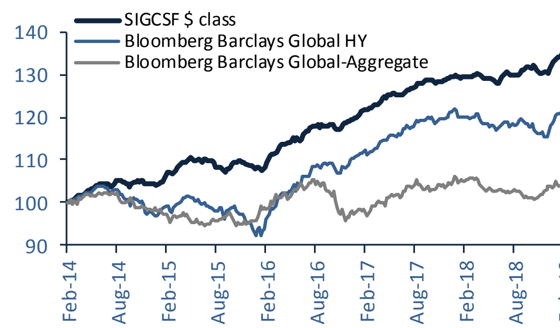
GLOBAL CREDIT STRATEGIES FUND

Monthly Performance

Class F (USD): MTD return: 1.46% 2019 return: 3.83% NAV per Share: 157.19
Class D (EUR): MTD return: 1.22% 2019 return: 3.38% NAV per Share: 144.05
Class E (GBP): MTD return: 1.33% 2019 return: 3.62% NAV per Share: 117.97

	2019	1 year	5 years		Since Inception	
	Return	Return *	Return *	Sharpe	Return *	Sharpe
SIGCSF Class F (US$)	**3.8%**	**4.7%**	**6.2%**	**2.2**	**6.9%**	**2.7**
Bloomberg Barclays Global HY	5.8%	1.9%	4.1%	0.6	6.0%	1.1
ICE EM High Yield	5.2%	3.1%	5.7%	0.9	6.5%	1.2
ICE Europe High Yield	4.1%	0.7%	3.9%	0.8	6.7%	1.6
ICE US High Yield	6.4%	4.5%	4.5%	0.7	6.0%	1.1
Bloomberg Barclays Global-Agg.	0.9%	-0.6%	0.8%	0.0	0.9%	0.0
MSCI World	10.7%	-0.2%	4.5%	0.3	8.0%	0.6
MSCI Emerging Markets	8.8%	-11.9%	1.7%	0.0	1.6%	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 market recovery during January and February was broadly explained by four factors: the Fed confirmed their dovish turn at the end of January; China not only put on hold their deleveraging effort, but appeared to reverse it; the US administration encouraged investors' optimism a "deal" with China is within reach; and a self-feeding dimension, by forcing investors to rapidly re-risk their portfolios. With all four factors still likely in place, the most recent episode of weakness in early March is unlikely to be the beginning of a significant reversal, in our view. Renewed concerns about global growth, triggered by some weaker albeit largely inconclusive macro data, as well as outlook downgrades by several institutions (notably the ECB, which sharply cut its growth and inflation forecasts), do not represent a real shift in market narrative: a sentiment recovery was never predicated on optimism about the first half of 2019. While the ECB downgrade has provided some fuel to the recent negative sentiment, investors will soon forget about its gloomy forecasts and focus on data as it comes in. The ECB's forecasts, of course, were very important, not for their predictive power but because of their policy implications.

The loss of economic momentum during 2018 have many causes, some of which yet to be fully understood. Time will tell, if last year marked a turning point for Germany, after years of growth powered by China's demand. It also remains unclear how much China's slowdown was related to trade tensions with the US – something China's leadership may have acknowledged by stimulating credit extension just when a deal with the US was in sight. Other factors are better understood: policy uncertainty played a significant role in undermining confidence and delaying investment plans. There is now a sense markets may have run ahead of the policy decisions likely to shape regional and global outlooks in 2019. Risk assets are increasingly priced for politicians finally "doing the right thing", from the resolution of trade wars, to Brexit, to fixing Brazil's unsustainable finances. Some may say this reflects another triumph of hope over experience. More likely, investors are banking on the discipline enforced by the recent economic slowdown and market upheaval. 2018 did put policymakers on the spot about the impact of their policies. From Italy to the US and Mexico, populists may have progressed on their respective learning curves.

None of this, of course, is to argue markets are immune to poor economic data, but our sense is most investors and economists are already resigned the economic damage of last year spilled over into 2019. The real test is likely to come later; if growth doesn't pick-up in spite of lower policy uncertainty and the ongoing mix of monetary and fiscal support in the EU, US, and China.

With regard to the new stimulus package announced by the ECB, the negative short-term market reaction does not appear particularly relevant to us. Investors were clearly surprised, judging by some key markets such as the Euro and core rates. Medium-term, we believe the ECB have actually aligned themselves with investors' own assessment about the Eurozone. A hike in 2019 – which the extension of the ECB's forward guidance ruled out – would likely have raised significant policy mistake concerns. Given the dismal track record of the ECB in reviving inflation (nominally still its sole policy goal) and the reform trajectory in key Eurozone countries, any new stimulus was always going to be met with investor scepticism. Concerns about the negative impact on banks margins, or its signalling effect for confidence are all valid. However, the baseline remains the same: the ECB will, this year again, crowd investors into a finite pool of fixed income assets. The implication for Euro HY as an asset class are unmistakably positive, in our view. The ongoing "Japanification" of Europe is likely to both suppress the supply of new debt (by suppressing capex and M&A) and support the demand for assets with a positive yield. The challenge is, credit risk is likely to remain substantial – at least for the 2016-2017 vintage bonds, which were issued with very different growth expectations. For any bottom-up driven credit Fund, such as ours, finding the right opportunities in slow-growth Europe is likely to take some time. It does strike us, however, Europe provides an interesting counterpoint to US-rates driven credit markets, including EM, which have more favourable near-term prospects, but where concerns about overheating and rising rates could rise again later this year.

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%											**3.83%**
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%											**3.38%**
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%											**3.62%**
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.

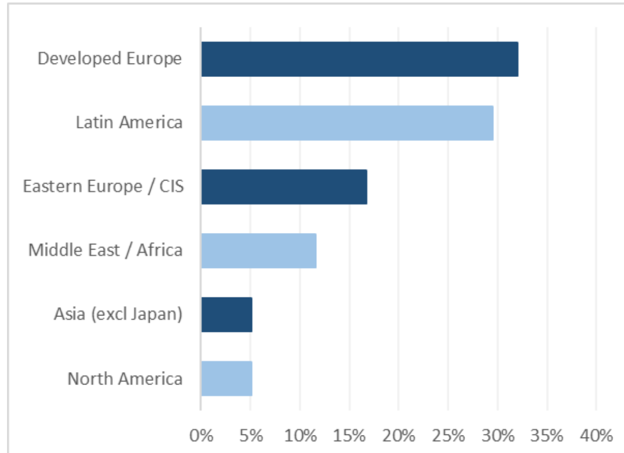
Fund Information as of February, 2019

	Rating	NAV (%)	Price	Duration	Yield	Spread
SphereInvest Global Credit Strategies	BB-	100 %	98.3	2.8	6.7 %	494
Cash and Equivalents	AA+	22 %				

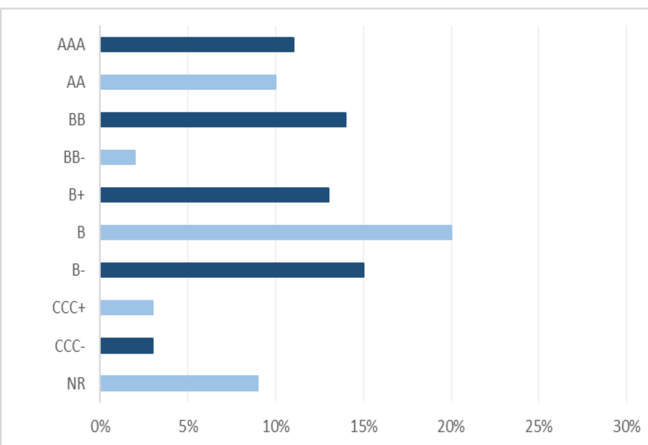
Top 10 Holdings (in % of NAV, 28/02/19)

Bond	%
6.75% Telfon Celuar del Paraguay, 2022	3.7%
7.625% Banco Mercantil del Norte, PERP	3.6%
9.875% Global Ship Lease, 2022	3.5%
8.75% DNO ASA, 2020	3.4%
8.125% Global Liman Isletmeleri, 2021	3.4%
8.75% Eurotorg, 2022	3.1%
10.00% Crystal Almond SARL, 2021	3.0%
10.00% Prague CE, 2022	3.0%
6.75% Codere, 2021	2.9%
6.75% KME AG, 2023	2.8%

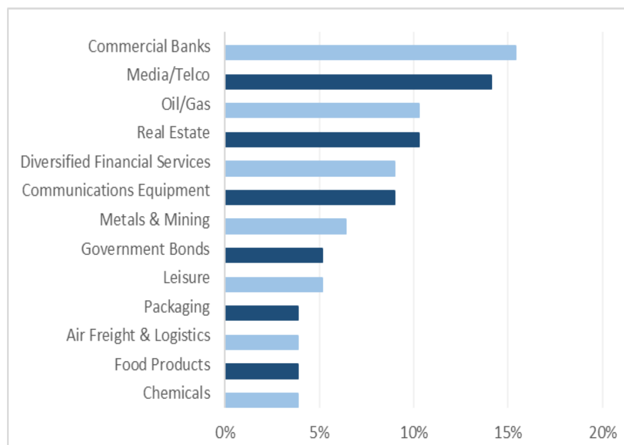
Regional Allocation (excl. cash & equiv)



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) Institutional = 200,000 (GBP, EUR, USD, CAD, CHF)		