SphereInvest | GROUP

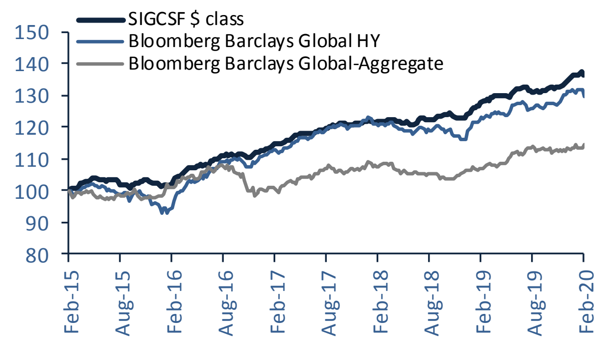
GLOBAL CREDIT STRATEGIES FUND

Monthly Performance

Class F (USD): MTD return: 0.05% 2020 return: 1.14% NAV per Share: 167.80
Class D (EUR): MTD return: -0.10% 2020 return: 0.78% NAV per Share: 149.48
Class E (GBP): MTD return: -0.04% 2020 return: 0.96% NAV per Share: 123.96

	2020	1 year	5 years		Since Inception	
	Return	Return	Return *	Sharpe	Return *	Sharpe
SIGCSF Class F (US$)	**1.1%**	**6.8%**	**6.3%**	**2.1**	**6.9%**	**2.6**
Bloomberg Barclays Global HY	-0.9%	5.4%	5.2%	0.8	5.9%	1.1
ICE EM High Yield	1.1%	9.1%	7.7%	1.5	6.8%	1.2
ICE Europe High Yield	-0.5%	6.3%	3.9%	0.7	6.6%	1.6
ICE US High Yield	-0.9%	6.6%	5.2%	0.8	6.1%	1.1
Bloomberg Barclays Global-Agg.	1.3%	7.2%	2.7%	0.3	1.7%	0.2
MSCI World	-7.7%	4.4%	4.1%	0.2	7.5%	0.5
MSCI Emerging Markets	-7.5%	-1.9%	0.7%	0.0	1.2%	0.0

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



Source: SphereInvest Group; Bank of America Merrill Lynch

Portfolio and Market Commentary

The worsening global health crisis presents unique challenges for all risk assets. The violent repricing brings evocations of the 2008 financial crisis, which can't be dismissed out of hand, in our view. We do see a key parallel - but also a key difference.

Starting with the parallel: the GFC was made much worse because investors were unable to know where losses were lurking – this generated a credit crunch, as confidence in banks' balance sheets collapsed. The current disruption of economic activity is threatening to become so widespread that it is virtually impossible to know which companies will be impacted. Of course, some sectors are already hurting – from transportation, to tourism, public entertainment, or companies reliant on sophisticated supply-chains. But those threaten to be merely the tip of the iceberg: disruption could run much deeper, and through too many channels to list: suffice to say, our economies aren't designed to cope when workers are unable to reach their job places and companies cannot ship their goods. In addition to the near-term disruption, the crisis also appears severe enough to have structural consequences, which are difficult to fully understand as yet. Again, some business models are more obviously suffering: airlines and cruises will eventually recover, but this may take too long to leave some capital structures unimpaired. Second-order impacts are much more difficult to judge. If this crisis really heralds an age of re-onshoring because companies are forced to make their supply-chains more robust, the impact on margins and cash-flows requirements could be substantial – and insurmountable for some leveraged issuers. This all threatens a credit crunch, because investors and banks are unable to assess creditworthiness and will withdraw liquidity, just when companies are more likely in need of it to cover their fixed costs.

Now to a key difference with the GFC: this crisis did not originate in financial markets. That matters, in this age of populism. The dynamic described above means the private sector will almost certainly need to be bailed out with public money, again. But contrary to the GFC, a forceful policy response should prove less toxic this time around. The growing financial markets panic reflects not only sheer economic uncertainty, but also the inadequacy of the policy response so far. To be sure, neither monetary, nor fiscal policy will solve this crisis: the answer will need to come from healthcare authorities. Part of the recent market panic came when investors suddenly realized how far behind the curve authorities were in Europe and the US – where doubts are growing cases are still being under-tested. The epidemy now appears contained in China – even though the country had also reacted with some delay – and we have no reason to believe authorities in Europe or the US won't manage to bring it under control as well. The peak of the pandemic may still be weeks away, however, and containment all but promises economic activity will collapse in the meantime – as already seen in January and February industrial and trade data out of China. With monetary policy across DM either taped out (and already harming financial systems under growing stress) or unable to deal with this combined supply and demand-side shock, financial markets will need reassurance a strong and creative fiscal impulse is forthcoming. Left to absorb the crisis on its own, the private sector can only repair balance sheets and margins through forced deleveraging and cost reductions - i.e., job losses. While policy mistakes can never be ruled out, we believe the political incentive to avoid such an outcome should prove overwhelming – even in polarized political systems (US), or paralyzed ones (Germany). The sooner policymakers can offer guidance public balance sheets will help absorb the cost of the pandemic, the better. We do not expect a "whatever it takes" moment yet, however. Gradualism and targeted interventions appear much more likely in the near-term. But the collapse in DM rates keeps sending the same message to policymakers: borrow more, please. If the coronavirus epidemic is the trigger forcing DM politicians – especially in Europe - to take the baton from central banks, a key tension in recent financial markets could finally be relieved, and this cycle could even be given a new lease of life.

What does this all mean for the Fund? No risk asset can perform with uncertainty this high and economic activity threatening paralysis. High yield credit will be particularly exposed as long as credit crunch concerns are left unaddressed. While safer assets, such as IG credit, will outperform in relative terms, they will suffer in absolute terms as well. Investors, just like everyone else, are reading and reacting to increasingly dire headlines. Some may even be affected in their own lives. In this context, only committed pools of long-term capital will be willing to take risk, while most will retrench into the purest forms of save-havens – Treasuries, Bunds, Gold. We believe there was an element of panic-buying to the recent collapse in rates. While we accept panic (or the anticipation of others' panic) can be rationale, we do not believe our mandate calls for such tactics. The Fund keeps significant liquidity at all time, and we have recently raised that proportion in reaction to worsening financial market conditions. The Fund currently holds roughly 50% of its assets in cash, bills, and very short-dated credit with almost no credit risk (bonds maturing within the next few months, from cash-rich banks or corporates not reliant on refinancing). We intend to keep that liquidity for the foreseeable future. While valuations will likely prove volatile in the near-term, we believe the invested part of our portfolio is fundamentally resilient, given the absence of near-term refinancing needs, strong balance sheets, or no first-order vulnerability to the health crisis (such as our telecom, agri-business, or project finance exposures).

Monthly Performance since Inception

Class F (USD, MT7000005617)

	Jan	Feb	Mar	April	May	Jun	July	Aug	Sep	Oct	Nov	Dec	YTD
2020	1.09%	0.05%											**1.14%**
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
2020	0.89%	-0.10%											**0.78%**
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
2020	1.00%	-0.04%											**0.96%**
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.

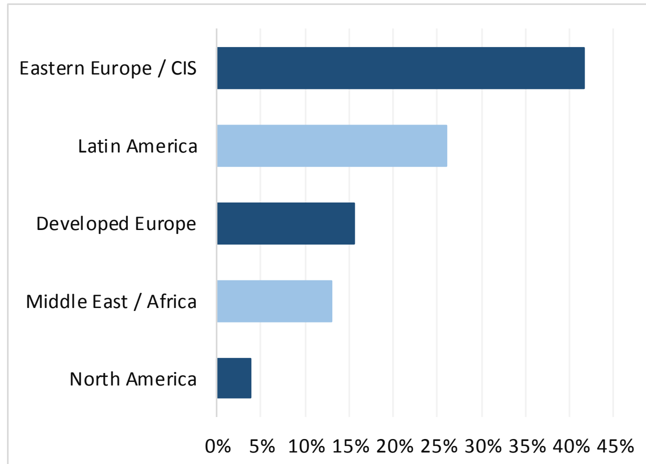
Fund Information as of February, 2020

	Avg Rating	NAV (%)	Price	Duration	Yield	Spread
SphereInvest Global Credit Strategies	BB-	100 %	102.4	2.1	4.9 %	396
Cash and Equivalents	AA+	23 %				

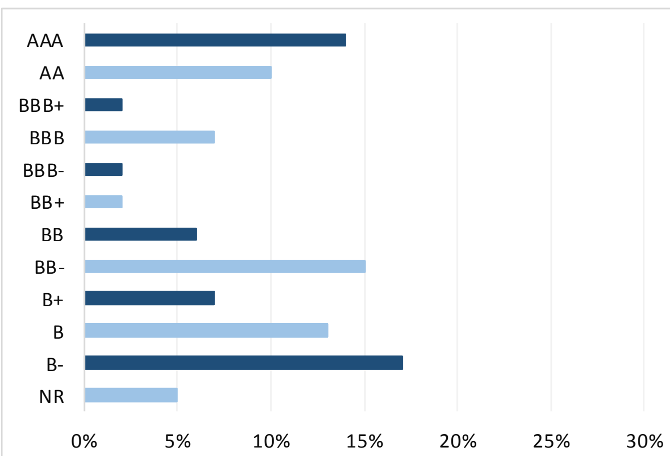
Top 10 Holdings (in % of NAV, 27/02/20)

Bond		%
9.125%	Helios Towers, 2022	3.7%
8.875%	Telecom Services of Trinidad & Tobago, 2029	3.4%
6.75%	KME AG, 2023	3.2%
6.125%	Lukoil, 2020	3.1%
12.00%	Quiport, 2033	3.0%
9.875%	Global Ship Lease, 2022	3.0%
7.125%	Naftogaz, 2024	2.9%
7.50%	Genel Energy, 2022	2.7%
8.75%	Eurotorg, 2022	2.6%
4.70%	BOAD, 2031	2.5%

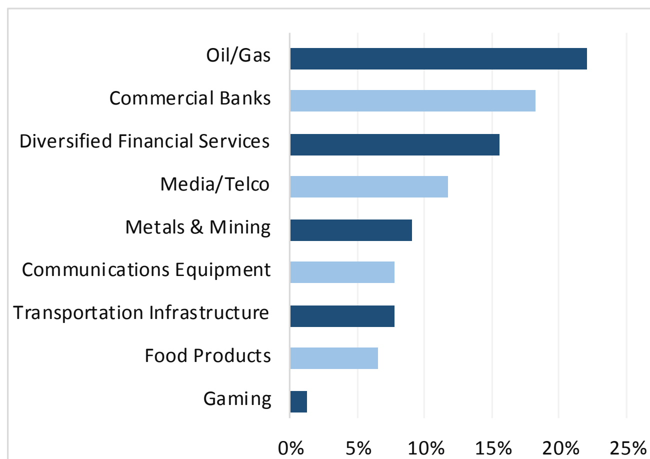
Regional Allocation (excl. cash & equiv)



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)		