SphereInvest | GROUP

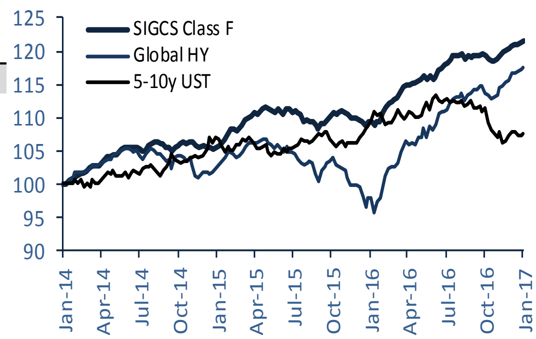
MORNINGSTAR ★★★★★

GLOBAL CREDIT STRATEGIES FUND

Monthly Performance

Class F (USD): MTD return: 1.12% 2017 return: 1.12% NAV per Share: 139.55
Class D (EUR): MTD return: 0.82% 2017 return: 0.82% NAV per Share: 134.44
Class E (GBP): MTD return: 1.01% 2017 return: 1.01% NAV per Share: 108.54

	2017	1-year		3 years		Since Inception	
	Return	Return *	Sharpe	Return *	Sharpe	Return *	Sharpe
SIGCSF Class F (US$)	**1.1%**	**11.2%**	**3.94**	**6.7%**	**2.44**	**7.4%**	**2.86**
BOFA Global High Yield	1.6%	19.9%	3.46	5.5%	1.00	7.3%	1.52
BOFA EM High Yield	2.4%	21.7%	4.66	7.0%	1.01	7.5%	1.20
BOFA Europe High Yield	0.9%	11.7%	2.68	5.4%	0.77	8.9%	1.50
BOFA US High Yield	1.6%	21.7%	3.19	5.0%	0.80	6.7%	1.26
BOFA US Treasury 5-10yrs	0.2%	-1.0%	-0.32	2.4%	0.47	1.1%	0.18
MSCI World	2.5%	15.9%	1.15	4.0%	0.29	8.3%	0.66
MSCI Emerging Markets	6.1%	23.8%	1.27	-0.5%	-0.05	-0.6%	-0.05



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

Source: SphereInvest Group; Bank of America Merrill Lynch

Portfolio and Market Commentary

Strong macro momentum across most DM and EM continued during January: global PMIs at multi-year highs point toward recovering industrial activity; improving trade data, notably out of China, is for the time being alleviating concerns about resurgent protectionism; consumer confidence in DM is still rising; while data surprises (measuring economic data against expectations) remain positive, albeit slightly declining, reflecting higher investor optimism.

Recent inflation readings have remained contained, in spite of improving labour markets and higher commodities, relieving pressure on DM central banks to tighten, and providing a “goldilocks” environment for global risk assets. Strong performance in most markets (our letter includes a table providing an overview of these) has once again come on a backdrop of high policy uncertainty, however: from the new US administration’s apparent mandate of disruption; the Eurozone’s frustrating inability to come to terms with Greece’s debt crisis; to the populist French National Front polling ahead on a platform of “Frexit” (the reintroduction of a national currency); leaving uncertainty on the UK’s future trade relationships, or signs China is again prioritizing financial stability over growth, almost afterthoughts for global investors. Ultra-low volatility (both VIX and Euro Stoxx volatility are still hovering near record lows) continues to underpin the bid for credit, and has several explanations, in our view:

- It first speaks to some short seller desperation and lack of appetite for long volatility positions, after months of strong beta-driven performance and few immediate triggers: any turn (or acceleration) of the business cycle is likely a 2018 story at the earliest, whilst many widely commented risks, including president Trump’s actual economic policies or the integrity of the Eurozone, have now fallen into the “known unknowns” category.

- Perversely, high policy uncertainty may be helping risk assets in one respect: by staying the hand of central bankers. With the exception of the PBOC, all major CBs remained on hold during January. Most notably, the Fed moved back towards a more neutral stance and did not confirm the more hawkish tone of its December meeting - when some FOMC participants had been maybe premature in "incorporating some assumption of a change in fiscal policy into their projections."
- Emerging Markets, while perceived as relative losers of president Trump's "America First" stance, outperformed significantly during January. This, in part, reflects their higher beta nature and the capital inflows into a few large EM countries emerging out of recession. However, following the botched implementation of the new US president's travel ban or delays in repealing "Obamacare", we believe it also reflects growing scepticism the US administration will quickly succeed in implementing its economic agenda – let alone pass through its more controversial economic policies.

How to position at this juncture?

More of the same in the near-term. In our view, the lack of economic announcements by the new US administration during January showed markets are not particularly driven by, or reliant on, President Trump's expected pro-growth agenda at this point. Certainly, the US presidential election was a trigger for the market rally after last November, but was not its cause. Rather, the rally was a response to a global reflationary impulse, which is unlikely to reverse in the near term - although the tightening of financial conditions in China bears watching. High yield markets have been gradually pricing out recession and deflation risks since February 2016. With spreads now reaching cyclical lows, credit certainly isn't uniformly cheap. We believe this will continue favoring higher beta parts of the market, including EM and distressed credit.

In EM, one of the key question facing investors at this juncture is whether to pursue domestic stories (such as India or, to a lesser extent, Brazil), "Chinese proxies" (EM countries dependent on China's growth, such as commodity exporters), or EM countries integrated in global supply chains, in particular those hosting direct US investment, such as Mexico. On balance, Mr. Trump's very public and aggressive stance against "unfair" international trade will likely continue crowding risk averse investors into domestic and "Chinese proxies", and we would be cautious being too early in positioning for a contrarian trade.

In distressed credit, while noting the increasing risk of adverse selection when buying credits still trading at distressed valuations at this fairly advanced stage of the credit rally, we still expect distressed to continue outperforming, as improving economic conditions combine with more favourable credit conditions to make refinancing widely available and help further reduce default rates.

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%												**1.12%**

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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%												**0.82%**

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%												**1.01%**

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

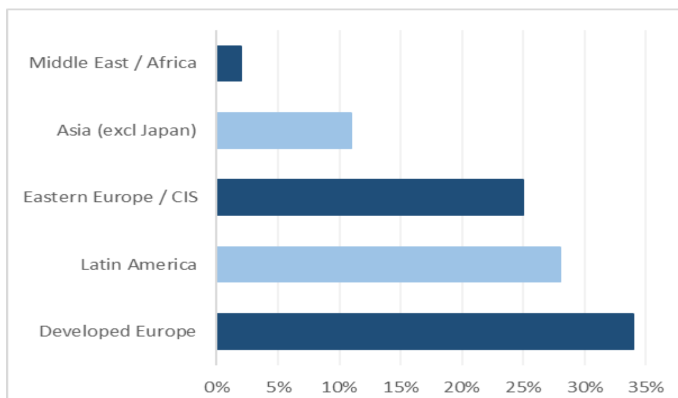
Portfolio Composition

	Rating	NAV (%)	Price	Duration	Yield	Spread
SphereInvest Global Credit Strategies	BB	100 %	100.3	3.1	4.6 %	402
Cash and Equivalents	AA	35 %				

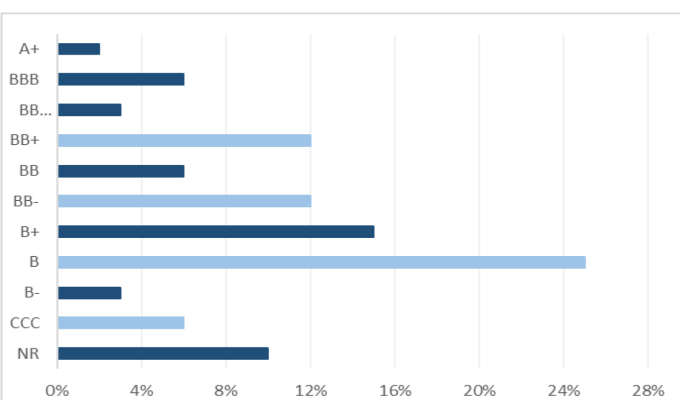
Top 10 Holdings (in % of NAV, 02/02/17)

4.204% Phosagro, 2018	4%
8.625% Banglalink Digital Comm, 2019	4%
7.875% United Group BV, 2020	3%
6.625% ARD Finance SA, 2023	3%
4% Louis Dreyfus Co BV, 2022	3%
12% Oilflow SPV 1 DAC, 2022	3%
6.625% Rosneft International Finance, 2017	3%
5.4% Sberbank, 2017	3%
7.25% Unifin Financiera SA, 2023	2%
6.25% Jerrold Finco Plc, 2021	2%

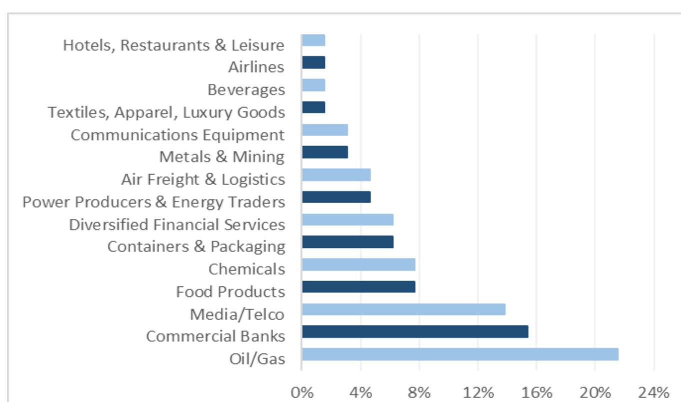
Regional Allocation



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.