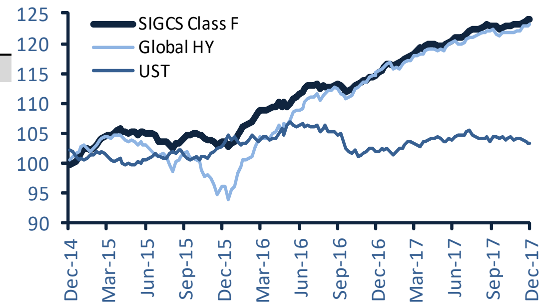
SphereInvest | GROUP

GLOBAL CREDIT STRATEGIES FUND

Monthly Performance

Class F (USD): MTD return: 0.49% 2018 return: 0.49% NAV per Share: 150.23
Class D (EUR): MTD return: 0.32% 2018 return: 0.32% NAV per Share: 141.99
Class E (GBP): MTD return: 0.39% 2018 return: 0.39% NAV per Share: 115.60

	2018	1-year		3 years		Since Inception	
	Return	Return *	Sharpe	Return *	Sharpe	Return *	Sharpe
SIGCSF Class F (US$)	**0.5%**	**7.7%**	**4.67**	**7.3%**	**2.73**	**7.4%**	**2.99**
BOFA Global High Yield	0.5%	6.5%	2.36	6.8%	1.31	7.1%	1.56
BOFA EM High Yield	0.6%	6.9%	2.62	10.3%	1.98	7.3%	1.25
BOFA Europe High Yield	0.4%	6.5%	3.32	5.6%	1.37	8.4%	1.52
BOFA US High Yield	0.5%	6.4%	1.89	6.2%	1.02	6.6%	1.30
Barclays US Treasury Total Return	-1.6%	0.5%	-0.28	0.1%	-0.19	0.8%	0.11
MSCI World	5.2%	23.3%	3.65	8.4%	0.68	10.7%	0.91
MSCI Emerging Markets	5.3%	36.4%	3.21	8.2%	0.44	5.1%	0.30



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

Source: SphereInvest Group; Bank of America Merrill Lynch

Portfolio and Market Commentary

Your fund manager is writing this letter at the end of a week of intense volatility on financial markets: since we expect our investors and readers will have little time for comments on January's strong performance on global markets, we will cut straight to recent developments, our outlook and the Fund's positioning.

About recent developments: as always, the sell-off is triggering much soul-searching, as if perpetual asset price inflation was somehow "normal", while any correction must be an aberration and symptom of some underlying fundamental or technical weakness. Our readers will already be aware of many of the explanations commonly mentioned : from profit-taking, crowded volatility positions being unwound, to fears the Fed, having failed to generate inflation near 2% for 10 years in a row, may already feel behind the curve, now that objective appears to be finally in sight. As often, we believe the current focus on nominal rates is misplaced: beyond the short-term impact to sentiment and repricing of long duration assets (which include equities, as investors were reminded last week), what matters is not rates are going up, but why. Anchored inflation expectations around 2% in Developed Markets would be a positive development for global risk assets: the trouble is, we aren't there yet. To the contrary, risk assets always struggle when real rates start rising. This was the case last week, when break-evens actually declined (mirroring oil prices and the resurgent dollar), contradicting the notion inflation was a significant factor in the sell-off. A rise of real rates, if confirmed, would imply a shift for the worse for risk assets, in our view: the new narrative would not centre around inflation, but around the impact of CB balance sheet reduction, rising fiscal deficit in the US, and, more generally, how overleveraged Developed Markets will cope.

Are we concerned yet? Most market commentators appear to consider the correction so far has been "healthy", noting it has occurred on a backdrop of strong global economic outlook, and it allowed some rebalancing in market positioning after it became too "one-sided" following months of strong performance and low volatility. We believe that optimistic narrative is likely to prevail in the near-term: although significant wealth destruction can become self-fulfilling (through contagion channels, by forcing deleveraging), we simply do not believe the various explanations mentioned above are powerful enough yet to prevent investors from again "buying this dip". The reason "buying the dip" has become such a common investor tactic is not just because "it works" – it is also perceived as the easiest way to achieve two objectives increasingly difficult to reconcile: preserving capital already invested on the one hand; and investing new capital on the other hand. Unless real rates rise sufficiently to start crowding out risk assets, we believe there will remain enough capital "on the sidelines" trying to take advantage of cheaper valuations to prevent the sell-off from gathering momentum.

How to position in credit markets at this juncture? High-yield credit wasn't at the centre of the recent market turmoil, and proved somewhat resilient in the first phase of the sell-off, before showing more signs of contagion towards the end of the week. That resilience at first fitted the "inflation scare" narrative, because leveraged issuers' credit quality tends to improve when inflation rise, while HY bonds are better insulated from the impact of rising rates thanks to their lower duration. HY only started cracking when the equity sell-off intensified and rates continued rising despite pronounced weakness in the commodity complex – again implying a rise in real rates. We remain sanguine on oil prices (and the commodity complex, broadly), and believe their recent correction mostly mirrored the sell-off in risk assets, rather than a broad reassessment of demand and supply. The significant weakness in equity valuations across oil producers leads us to believe capex discipline will remain in focus in 2018. Although somewhat supportive for oil prices, producer discipline may also lead investors to price further out any recovery in the oil services sector, contrary to our more optimistic outlook at the start of the year. This has led us to pare our exposure to the sector. Beyond that marginal repositioning (affecting less than 2% of the Fund's NAV), we have made few adjustments through the recent episode of market volatility. The Fund continues to hold significant cash balances, enough to take advantage of any further cheapening of valuations without needing to realize our existing positions. Further, the Fund's duration remains very low, providing significant protection against a rise in treasury yields. We were recently asked by an investor about the impact of a significant rise in yields on the Fund. While noting the limitations of any such "stress test" and the sensitivity of the result to some assumptions, our calculations show the Fund's one-year total return would only fall to zero if treasury yields rise more than 200bps across the curve. We stand ready to discuss our findings in more detail with interested investors. The key one, in our view: investing in HY credit certainly involves risks, including credit risk, and liquidity; the rise in core rates, however, is not a primary risk for our Fund.

Monthly Performance since Inception

Class F (USD, MT7000005617)

	Jan	Feb	Mar	April	May	Jun	July	Aug	Sep	Oct	Nov	Dec	YTD
2018	0.49%												**0.49%**
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%												**0.32%**
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%												**0.39%**
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.

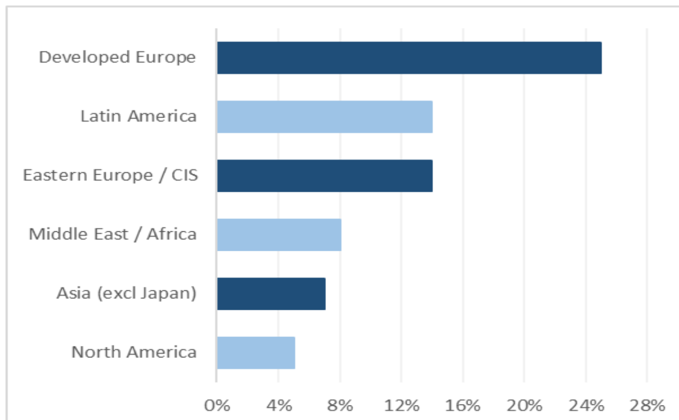
Fund Information as of January, 2018

	Rating	NAV (%)	Price	Duration	Yield	Spread
SphereInvest Global Credit Strategies	B+	100 %	102.5	2.9	4.5 %	320
Cash and Equivalents	AA	27 %				

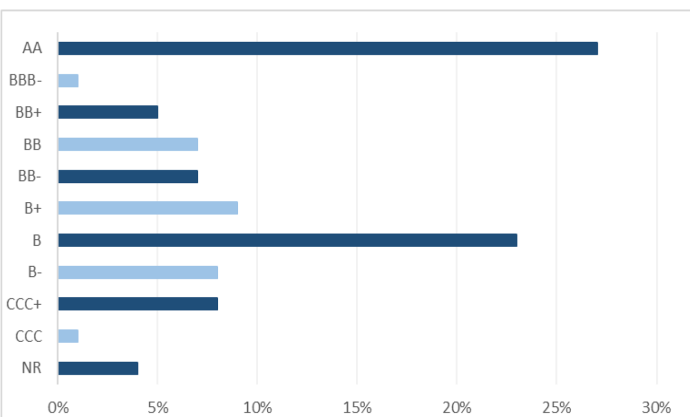
Top 10 Holdings (in % of NAV, 01/02/18)

8.25% Verallia, 2022	3.4%
5% IRSA Propiedades, 2020	3.2%
9.125% HTA Group Ltd, 2022	3.2%
8.75% Eurotorg LLC, 2022	2.9%
10.5% Fidelity Bank PLC, 2022	2.9%
4.204% Phosagro, 2018	2.7%
8.75% DNO ASA, 2020	2.7%
9.25% Tinkoff Bank, 2077	2.6%
E+500bps, Anacap Fin EU SA, 2024	2.5%
5.75% Verisure Midholding AB, 2023	2.5%

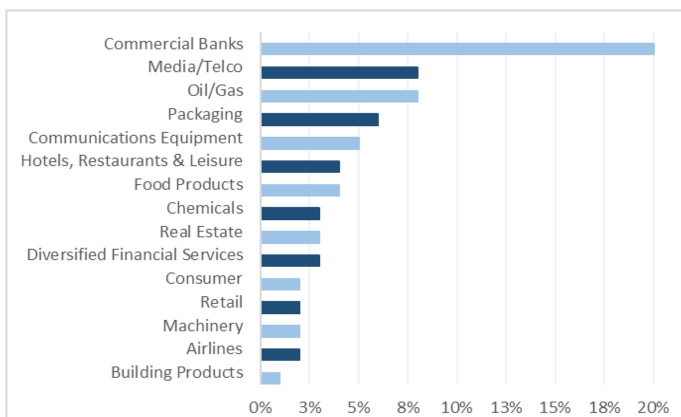
Regional Allocation (excl. cash & equiv)



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)		