SphereInvest | GROUP

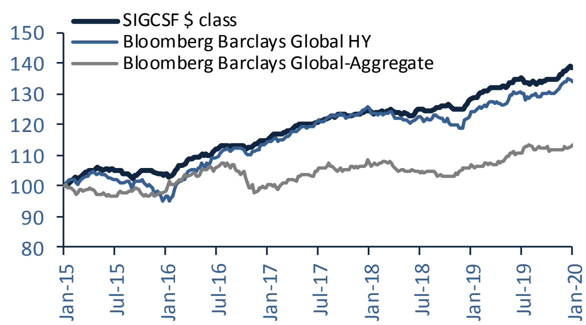
GLOBAL CREDIT STRATEGIES FUND

Monthly Performance

Class F (USD): MTD return: 1.09% 2020 return: 1.09% NAV per Share: 167.71
Class D (EUR): MTD return: 0.89% 2020 return: 0.89% NAV per Share: 149.64
Class E (GBP): MTD return: 1.00% 2020 return: 1.00% NAV per Share: 124.01

	2020 Return	1 year Return	5 years Return *	5 years Sharpe	Since Inception Return *	Since Inception Sharpe
SIGCSF Class F (US$)	**1.1%**	**8.3%**	**6.7%**	**2.3**	**7.0%**	**2.6**
Bloomberg Barclays Global HY	0.0%	7.9%	5.9%	1.0	6.1%	1.2
ICE EM High Yield	1.2%	10.7%	8.4%	1.6	6.9%	1.3
ICE Europe High Yield	0.2%	9.1%	4.5%	0.9	6.8%	1.7
ICE US High Yield	0.0%	9.4%	5.9%	0.9	6.3%	1.2
Bloomberg Barclays Global-Agg.	1.0%	6.3%	2.5%	0.3	1.7%	0.2
MSCI World	0.6%	16.9%	6.9%	0.5	8.8%	0.7
MSCI Emerging Markets	-3.8%	2.2%	1.9%	0.0	1.7%	0.1

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



Source: SphereInvest Group; Bank of America Merrill Lynch

Portfolio and Market Commentary

There are many unknowns about the ongoing public health crisis in China, yet one thing is certain: it is exacting a staggering economic toll, due to the draconian measures taken by Chinese authorities to contain the viral outbreak. Estimates vary widely, but most point toward a dramatic deviation from baseline GDP growth. The second largest global economy may well contract during the first quarter – a growth rate of around 3% year-on-year, a far cry from expectations of 6% at the start of 2020. Commodity markets – most well supplied – are already reflecting the scale of the demand shortfall: oil, iron ore, and most base metals have plunged since mid-January. Investor sentiment has weakened, as shown by renewed haven flows into rates, gold, and the dollar: the ebullience after the "phase one trade deal" now seems a distant memory. However, the reaction of financial assets has remained muted. High yield credit spreads remain well within the tight range defined during 2019 and many DM stock markets are near all-time highs. In EM, hard currency credit has been stable, but EMFX is proving more vulnerable, reflecting deteriorating terms of trade, renewed dollar strength, but also – more positively for EM - reduced carry, as EM central banks continue taking advantage of lower inflationary pressures and the Fed's dovish pivot, to cut apace.

Financial asset resiliency has been remarkable. The outbreak struck at a time of elevated valuations and a global economy already struggling to recover from last year's slump – as shown again by disappointing December industrial production in Europe.

Should the coronavirus crisis escalate, markets' initial reaction will be seen as another case of investor complacency, while investors themselves will blame central bankers and excess liquidity. It appears, at the time of writing our letter, the outbreak is largely being contained to China and could soon be peaking. Should this hopeful scenario unfold, the lack of market panic may prove insightful: investors' implicit - if unsavoury, given the scale of the human tragedy, assumption is indeed the crisis will prove positive for assets, for a number of reasons.

First – this Chinese "black swan" isn't actually changing the prevailing market narrative. Core rates briefly tried to rise at the start of 2020, but renewed uncertainty is helping suppress them once again, thanks to haven flows, and the deflationary impact of reduced global demand. The crisis is directly hurting sectors which were out-of-favour already –broadly speaking, cyclicals reliant on accelerating global growth – and is therefore merely crowding investors into favoured growth stories (the Tesla melt-up may be symptomatic here) or defensives. Most importantly, this crisis is also re-affirming the leadership of the US as a driver for global markets: the US consumer remains strong and the coronavirus won't change that.

Second – the crisis, sooner or later- will abate, and markets are already looking forward to the aftermath. The outbreak represents a serious challenge for Chinese leadership, on multiple fronts – primarily its economic cost, but also as a blow to its legitimacy and reputation for competence. We are wary to be definitive about the Party's likely reaction – authoritative regimes have many ways to deflect from their failings. However, it appears reasonable to expect the regime to resort to fiscal stimulus, to de-emphasize deleveraging near-term, and focus on reducing trade tensions with the US. In other words, a chastened Xi more focused on domestic economic growth and less on economic aggression may be just what global investors need.

We made few changes to the portfolio during January. While oil prices collapsed during the month, our oil & gas positions all have "Investment Grade" balance sheets, if not actual IG ratings due to their country risk, and very low beta to oil. We actually took advantage of negative sentiment to add to some positions such as Genel Energy, an E&P which boasts a net cash position, and a $30/bbl break-even Brent oil price, during the month. Our indirect oil exposure, in oil-producing countries such as Nigeria, have resilient infrastructure-like business profiles but their valuations could prove more vulnerable if oil continues to slump. We therefore reduced our position in IHS Holdings, the Nigerian tower company. Euro HY has reached a difficult juncture, with valuations, fundamentals, and technicals all stretched. While yields have been low for a while – not always an obstacle to strong performance, Central Bank obliging - the market's average coupon has kept declining as bonds get refinanced a prevailing yield. This is raising all kinds of difficulties - not least that liquidity and trading conventions in Euro HY are wholly inadequate for such low coupons (in the best cases, bid-asks represent two-to-four months of carry). More fundamentally, Euro HY is stuck between a new ECB president whose rhetoric is proving no friend to duration-buyers, and fundamentals which are failing to improve enough for investors to rotate into lower-quality credit. Those are very difficult challenges, likely to take many months – rather than weeks - to resolve themselves, and we have chosen to pare our Euro HY exposure, now reduced to three positions with clear idiosyncratic drivers.

Monthly Performance since Inception

Class F (USD, MT7000005617)

	Jan	Feb	Mar	April	May	Jun	July	Aug	Sep	Oct	Nov	Dec	**YTD**
2020	1.09%												**1.09%**
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%												**0.89%**
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%												**1.00%**
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.

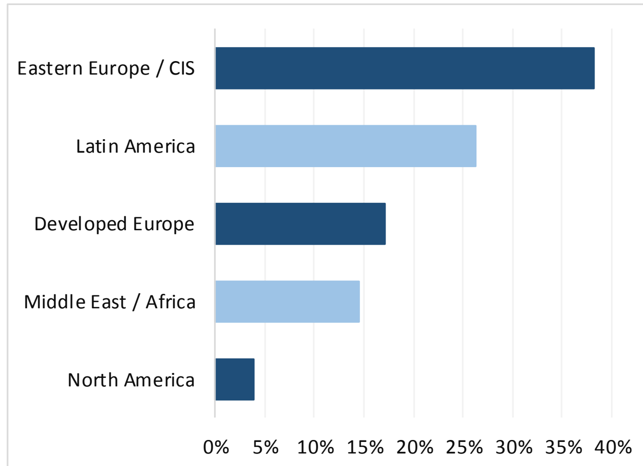
Fund Information as of January, 2020

	Avg Rating	NAV (%)	Price	Duration	Yield	Spread
SphereInvest Global Credit Strategies	BB-	100 %	102.7	2.1	5.0 %	392
Cash and Equivalents	AA+	24 %				

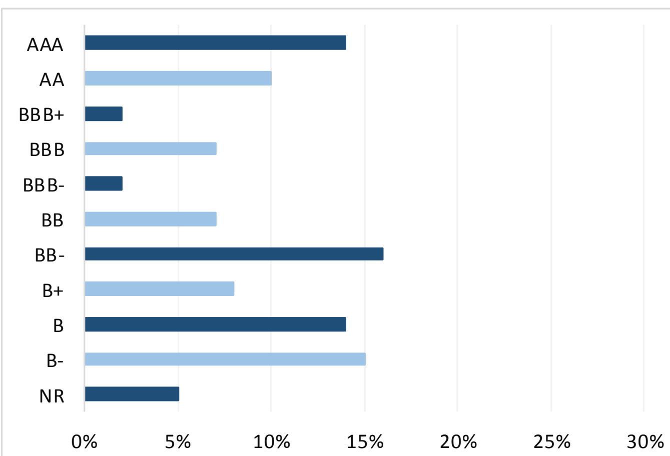
Top 10 Holdings (in % of NAV, 30/01/20)

Bond		%
9.125%	Helios Towers, 2022	3.7%
5.75%	Centrais Eletricas Brasileiras, 2021	3.5%
9.875%	Global Ship Lease, 2022	3.5%
6.75%	KME AG, 2023	3.2%
8.875%	Telecom Services of Trinidad & Tobago, 2029	3.2%
6.125%	Lukoil, 2020	3.1%
12.00%	Quiport, 2033	3.0%
7.50%	Genel Energy, 2022	2.7%
7.125%	Naftogaz, 2024	2.6%
8.75%	Eurotorg, 2022	2.6%

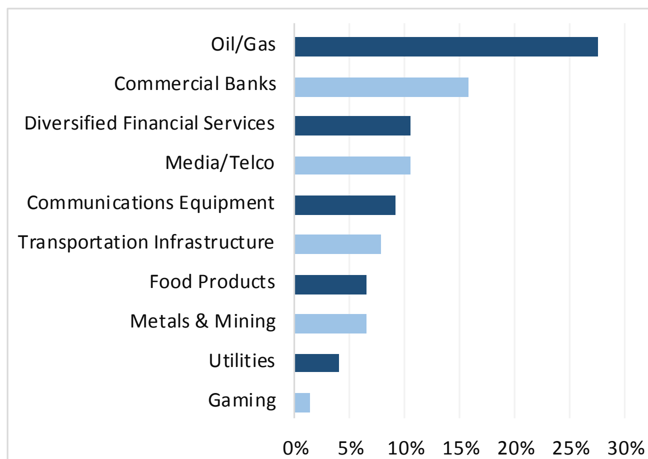
Regional Allocation (excl. cash & equiv)



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)		