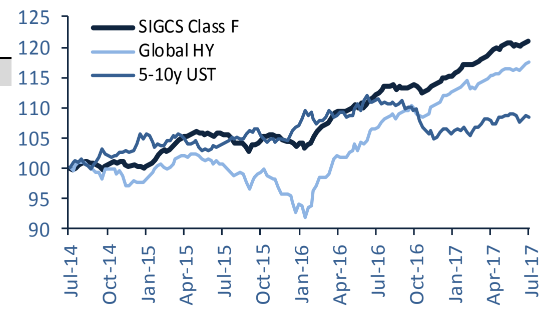
SphereInvest | GROUP

GLOBAL CREDIT STRATEGIES FUND

Monthly Performance

Class F (USD): MTD return: 0.66% 2017 return: 5.87% NAV per Share: 146.10
Class D (EUR): MTD return: 0.50% 2017 return: 4.60% NAV per Share: 139.49
Class E (GBP): MTD return: 0.56% 2017 return: 5.26% NAV per Share: 113.11

	2017	1-year		3 years		Since Inception	
	Return	Return *	Sharpe	Return *	Sharpe	Return *	Sharpe
SIGCSF Class F (US$)	**5.9%**	**8.0%**	**3.98**	**6.6%**	**2.33**	**7.7%**	**3.01**
BOFA Global High Yield	5.9%	10.5%	3.29	5.5%	0.97	7.4%	1.59
BOFA EM High Yield	5.9%	9.6%	2.92	5.7%	0.79	7.5%	1.23
BOFA Europe High Yield	5.2%	8.7%	3.61	5.4%	0.74	8.9%	1.56
BOFA US High Yield	6.1%	11.2%	2.99	5.3%	0.83	6.9%	1.34
BOFA US Treasury 5-10yrs	2.4%	-2.4%	-0.76	2.7%	0.51	1.4%	0.25
MSCI World	12.1%	15.0%	1.88	5.2%	0.38	9.4%	0.77
MSCI Emerging Markets	24.0%	22.1%	1.60	0.6%	0.00	2.5%	0.14



* 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 recently learnt the opposite of Murphy's law is known as "Yhprum's law": while Murphy's is better known, Yhprum's may better describe credit markets during July. From strong corporate earnings and recovering oil prices to major central banks dovish again, following out-of-character hawkish signals sent the previous month: anything which could go right for credit, seemed to go right.

As often, the simple picture hides less positive developments. Congress' failure to reform Obamacare in the US raised concerns again the administration will fail to deliver its fiscal agenda – although markets had actually expressed the "Trump trade" mostly through the dollar and in rates: its unwinding (weaker dollar and lower rates), ironically, is now providing support for global equities and credit. Sentiment still seems to be running ahead of sometimes subdued economic data. In most regions, surprise indexes peaked during the first quarter, and, in the case of the broad G-10 index, has remained negative since. Investors have so far taken mildly disappointing data in stride. We see various reasons. The most simple: economic data is relevant to equity and credit investors only because it helps them predict corporate results, which have been strong and exceeding expectations so far this reporting season. Credit markets, where consensus is less transparent than in equities, offer a broadly similar story: on aggregate, results are meeting or exceeding expectations, as implied by stable or tightening spreads after companies report. A second key reason: investors will only start reacting to disappointments if they threaten to derail their broad thesis the global economy is experiencing a synchronized upswing. This won't happen as long as negative surprises can be "diversified away" in global portfolios – for instance because data in the EU and China is still beating expectations (albeit only marginally), offsetting disappointments elsewhere.

Monetary policy remains a key non-diversifiable risk, as shown again in June when investors' took fright at Mario Draghi's Sintra speech, when he emphasized "reflationary forces" (albeit ones apparent mostly to him alone, so far). We no longer believe inflation and the need for tighter-than-expected monetary policy can upset markets in 2017, however. Clearly, inflation is proving difficult to forecast, and the reason behind its recent relapse in the EU and the US, despite much tighter job markets, is unclear. We have some sympathy with the notion inflation is akin to a bottle genie – it is in, or it is out - rather than a gradual process, whereby inflation will gently progress towards central banks' target. It is possible the removal of slack, at some point, allows the genie out of its bottle – but this just is not a story for the coming months. And while central bankers profess to want to normalize even before the genie has left its bottle, given the difficulty to put him back in, we struggle to see a scenario where they are forced to do so faster than priced in by markets already.

This is leaving us with a familiar challenge: credit valuations. Across EM and DM, high yield spreads look very tight by historical measures, often through 2014's tights and nearing levels they only briefly broke before the credit bubble burst in 2007. Certainly, a correction would be welcome, but we do not believe any of the current "known risks" is likely to prove a catalyst. In the meantime, the current regime of ultra-low volatility will likely prevail, rewarding carry but leaving few opportunities for capital appreciation.

Our investment activity during July was limited. We took advantage of the rebound in oil to reduce our exposure in the sector, notably selling our position in KCA Deutag, the oil services company. We took profit in the bonds of Aldesa, the Spanish engineering & construction company, one of our best performing position since the start of the year. While June's dip proved even shallower than we expected, we still took advantage of cheaper levels to add to some of our existing positions, notably in Jerrold and NewDay, two British financial companies. Finally, we participated in a few primary issues, such as JSL, the Brazilian logistics company, and CrediValores, the Colombian payroll lender.

Monthly Performance since Inception

Class F (USD, MT7000005617)

	Jan	Feb	Mar	April	May	Jun	July	Aug	Sep	Oct	Nov	Dec	YTD
2017	1.12%	1.30%	0.50%	0.98%	1.28%	-0.10%	0.66%						**5.87%**
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
2017	0.82%	1.05%	0.40%	0.85%	1.13%	-0.23%	0.50%						**4.60%**
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
2017	1.01%	1.21%	0.40%	0.94%	1.21%	-0.18%	0.56%						**5.26%**
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.

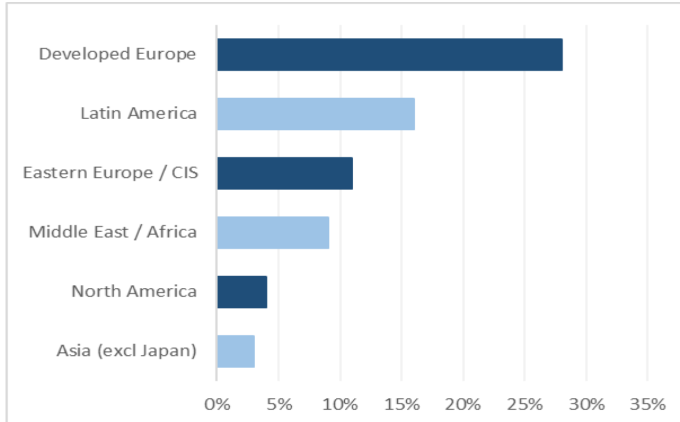
Portfolio Composition

	Rating	NAV (%)	Price	Duration	Yield	Spread
SphereInvest Global Credit Strategies	BB-	100 %	102.5	3.1	5.1 %	388
Cash and Equivalents	AA+	29 %				

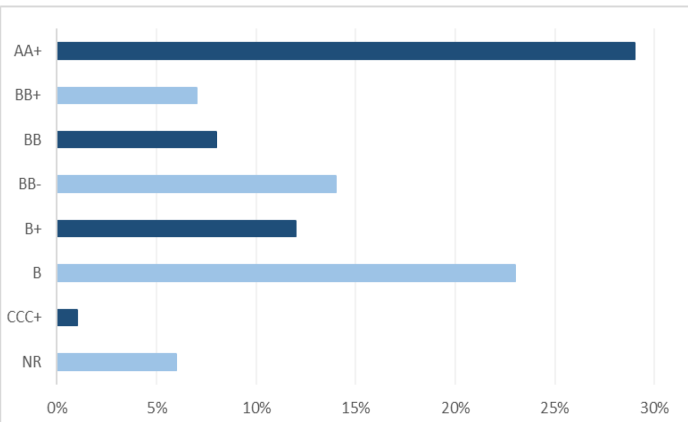
Top 10 Holdings (in % of NAV, 27/07/17)

9% Banco Do Brasil, 2049	3%
7.374% Atento Luxco 1 SA, 2020	3%
9.125% HTA Group Ltd, 2022	3%
7.25% Altice Luxembourg SA, 2022	3%
4.204% Phosagro, 2018	3%
10% Wind Hellas, 2021	3%
8.625% Banglalink Digital Comm, 2019	3%
7.375% Autopistas del Sol SA, 2030	3%
8.75% DNO ASA, 2020	3%
12% Oilflow SPV 1 DAC, 2022	3%

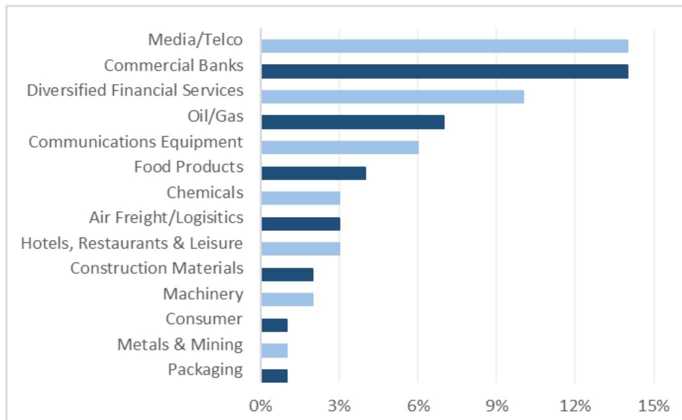
Regional Allocation (excl. cash & equiv)



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)		