SphereInvest | GROUP

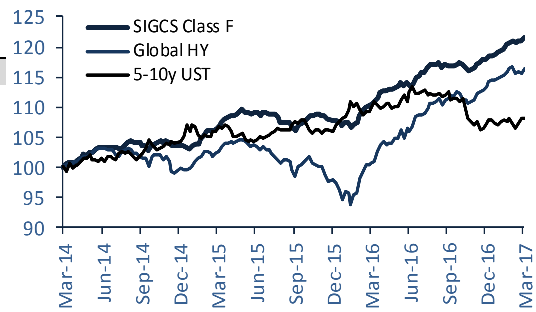
MORNINGSTAR ★★★★★

GLOBAL CREDIT STRATEGIES FUND

Monthly Performance

Class F (USD): MTD return: 0.50% 2017 return: 2.94% NAV per Share: 142.06
Class D (EUR): MTD return: 0.40% 2017 return: 2.29% NAV per Share: 136.41
Class E (GBP): MTD return: 0.40% 2017 return: 2.65% NAV per Share: 110.30

	2017	1-year		3 years		Since Inception	
	Return	Return *	Sharpe	Return *	Sharpe	Return *	Sharpe
SIGCSF Class F (US$)	**2.9%**	**10.0%**	**4.00**	**6.7%**	**2.41**	**7.6%**	**2.94**
BOFA Global High Yield	2.8%	15.7%	3.59	5.2%	0.92	7.3%	1.52
BOFA EM High Yield	3.9%	17.0%	4.09	6.8%	0.98	7.6%	1.22
BOFA Europe High Yield	1.9%	9.6%	2.78	5.0%	0.70	8.8%	1.51
BOFA US High Yield	2.6%	17.1%	3.40	4.6%	0.73	6.7%	1.26
BOFA US Treasury 5-10yrs	0.7%	-1.7%	-0.50	2.6%	0.49	1.2%	0.20
MSCI World	6.2%	12.5%	1.08	3.3%	0.24	8.8%	0.71
MSCI Emerging Markets	12.4%	16.2%	0.93	-1.0%	-0.08	0.6%	0.02



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

Source: SphereInvest Group; Bank of America Merrill Lynch

Portfolio and Market Commentary

Credit, along with most risk assets, has been struggling of late to find a convincing narrative to break out of its recent range, which explains a more subdued performance during March.

While business and consumer surveys still point to a solid outlook in DM and in China, hard data has often been less compelling. In the US, March brought a few truly weak data points: a sharp drop in auto sales and a disappointing employment report, raising concerns near-term economic activity could be hitting a soft patch. Meanwhile, recent hopes of a broad “reflation” impulse have given room to a more nuanced picture: producer price inflation appears to have peaked following the recent levelling in commodities, while signs of sustained wage growth remain elusive.

Without obvious trigger to drive either a further tightening of spreads, or a correction, investors seemed keen to seize on to two developments during March: the failure of the US administration to repeal and replace the Affordable Care Act, and renewed volatility in oil markets.

On signs of policy gridlock in Washington: President Trump’s inability to push through his healthcare reform is forcing markets’ exaggerated expectation about swift policymaking to re-align with the reality of agreeing difficult reforms. Although growth-sensitive assets such as US equities will now need to price in a more extended timeline for tax reform and fiscal stimulus, for global credit markets, we continue to believe policy action remains a bigger risk than inaction: credit thrives on stability – even on stasis, as anyone involved in credit markets since the GFC knows – which many of President Trump or House Speaker Ryan’s proposed reforms, even when economically sensible, could likely disrupt. Of course, implementation difficulties also mean the President’s protectionist agenda is becoming less likely, too, which has been a key factor behind the outperformance of EM assets, perceived as most vulnerable to deterioration in international trade flows.

On recent volatility in commodity markets: optimism generated by last November’s OPEC supply agreement has recently given way to concern for record high US inventories, as well as rising US shale production further delaying rebalancing of oil markets. In other commodity markets, such as iron ore, concern about rising supply has also capped or reversed last year's rally. We do not believe those developments should be a driver for HY markets, however. Beyond the short-term impact on sentiment – apparent in the significant outflows experienced by US HY funds during March – we see two key differences between today and late 2014, when the commodity crash triggered a HY downturn. First, the recent commodity weakness is a symptom of excess inventories or oversupply, rather than deficient demand in China, as was a key concern in 2015. Second, leveraged credits are emerging from two years of balance sheet repair and cost cutting, therefore much less vulnerable than in 2014. If we had to look for pressure points in global markets, we would rather single out high-cost producers such as Nigeria (which requires $139/bbl to balance its budget, according to Fitch) or even Saudi-Arabia ($74/bbl) than HY oil producers – even though the medium-term sustainability of oil near $50/bbl for shale producers remains questionable.

Although credit markets are coming out of a period of significant tightening, we still see current credit spreads as broadly fair and aligned with recent economic data points, the lack of macro volatility, leverage levels, and still accommodative financing conditions. Compressed valuations certainly provide little cushion against any perceived negative developments, even when rather inconsequential as seen during March: for that reason, we do expect some underlying nervousness to remain, and investors to regularly attempt to protect their portfolios. However, we believe such corrections are likely to remain shallow. We are focused on taking advantage of such episodes to pick-up cheaper assets, as we did during March: we re-initiated several core positions, notably in KCA Deutag, the UK-based drilling and engineering contractor, Novelis, the industrial aluminium company, and DEA Deutsche Erdoel, the German oil E&P. Elsewhere in the portfolio, our stressed positions all performed strongly during March: TV Azteca, the Mexican TV broadcaster, continued rallying on improving refinancing prospects, while Aldesa, the Spanish Engineering and Construction Company, and Gol Linhas, the Brazilian airlines, both rallied on stronger than expected earnings.

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%	1.30%	0.50%										**2.94%**

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%	1.05%	0.40%										**2.29%**

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%	1.21%	0.40%										**2.65%**

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

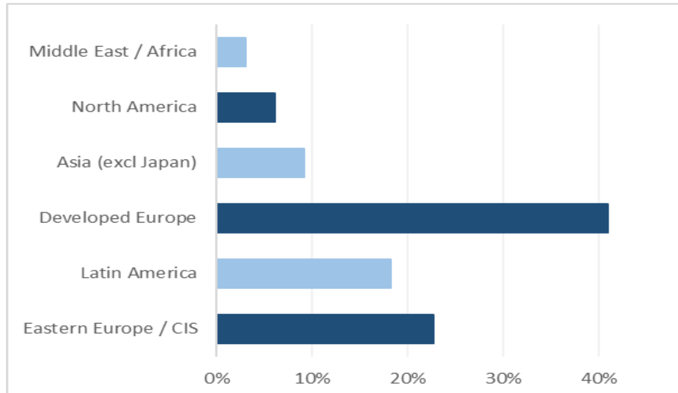
Portfolio Composition

	Rating	NAV (%)	Price	Duration	Yield	Spread
SphereInvest Global Credit Strategies	BB-	100 %	100.7	2.8	5.1 %	392
Cash and Equivalents	AA+	34 %				

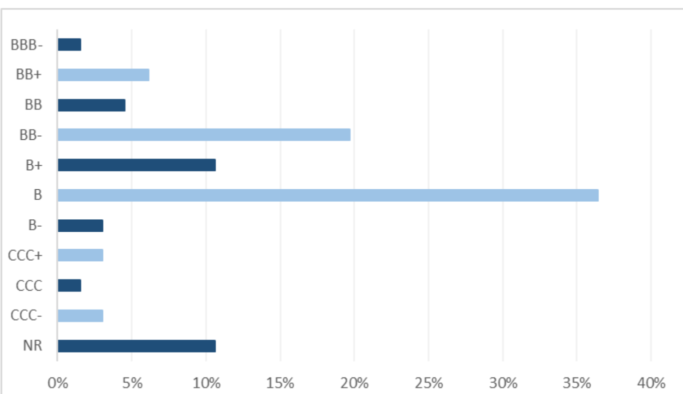
Top 10 Holdings (in % of NAV, 30/03/17)

4.204% Phosagro, 2018	3%
7.25% Altice Luxembourg SA, 2022	3%
8.625% Banglalink Digital Comm, 2019	3%
7.375% Nemean Bondco PLC, 2024	3%
12% Oilflow SPV 1 DAC, 2022	3%
7.25% Unifin Financiera SA, 2023	2%
8.75% DNO ASA, 2020	2%
9.25% Bank of Cyprus PCL, 2027	2%
7.875% United Group BV, 2020	2%
5.375% SFR Group SA, 2022	2%

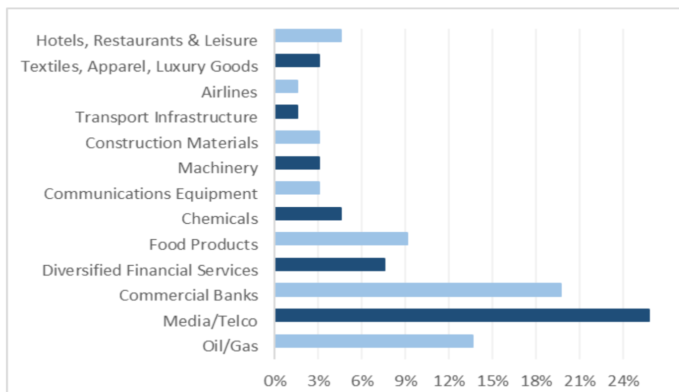
Regional Allocation (excl. cash & equiv)



Credit Quality (excl. cash & equiv)



Sector Allocation (excl. cash & equiv)



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.