SphereInvest | GROUP

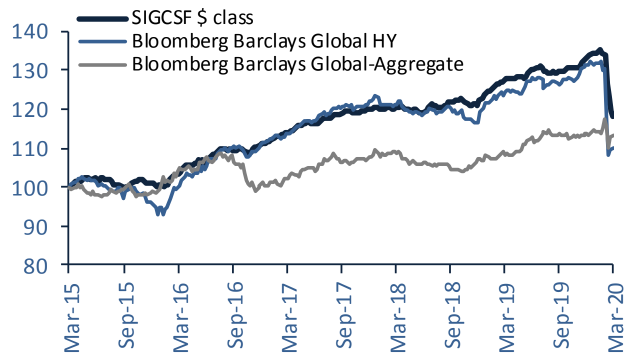
GLOBAL CREDIT STRATEGIES FUND

Monthly Performance

Class F (USD): MTD return: -12.07% 2020 return: -11.06% NAV per Share: 147.56
Class D (EUR): MTD return: -12.52% 2020 return: -11.84% NAV per Share: 130.77
Class E (GBP): MTD return: -12.48% 2020 return: -11.64% NAV per Share: 108.49

	1 year	5 years		Since Inception	
	Return	Return *	Sharpe	Return *	Sharpe
SIGCSF Class F (US$)	**-6.7%**	**3.3%**	**0.5**	**5.1%**	**1.2**
Bloomberg Barclays Global HY	-10.9%	1.9%	0.1	3.6%	0.4
ICE EM High Yield	-8.6%	3.7%	0.3	4.4%	0.5
ICE Europe High Yield	-9.6%	0.8%	-0.1	4.5%	0.6
ICE US High Yield	-8.7%	2.3%	0.1	4.0%	0.5
Bloomberg Barclays Global-Agg.	3.9%	2.5%	0.2	1.5%	0.1
MSCI World	-13.9%	0.6%	0.0	4.9%	0.3
MSCI Emerging Markets	-19.8%	-3.3%	-0.2	-1.5%	-0.1

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



Source: SphereInvest Group; Bank of America Merrill Lynch

Portfolio and Market Commentary

After a chaotic month of March, timely and creative fiscal and monetary responses appear to have brought some stability to financial markets. Signs new cases have reached a peak in hitherto worst-affected countries has reassured investors the outbreak could be contained, triggering investor short-covering. Beyond these technical considerations, the fundamental narrative behind the recovery of sentiment remains opaque. Incoming economic indicators point toward an unprecedented collapse of global activity; the very near-term promises even worse, after many countries only imposed a lockdown from mid-to-late March. Meanwhile, the hit to corporate earnings depends on: the length of lockdowns and the continuing forms of social distancing; damage to corporate balance sheets; disruption of supply chains; governments, central banks' and regulators' response; and, ultimately, changing consumer and investment patterns.

The snap-back in financial markets in many ways has been swift. Ultimately, for economic activity to resume, the outbreak needs to be brought under control and a vaccine or effective treatment may be necessary for activity to pick-up meaningfully. Until such progress has been achieved, the rally of risk involves a large dose of hope.

In one key aspect at least, the stabilization of investor sentiment appears more justified. Central banks have successfully anchored government bond yields and IG spreads, removing the tail-risk of extensive market deleveraging. This may help investors think about "return on capital", rather than merely "return of capital", as was the threat during March. Investors appear increasingly willing to look through near-term downside and identify opportunities once conditions have normalized. If investors remain confident in their medium-term outlook, this new stance may help assets remain resilient in coming months.

We see two pillars to the prevailing market narrative. Both broadly assume the crisis will magnify the trends observed in the pre-crisis economy, rather than mark a rupture.

First, investors are betting the crisis will entrench the ongoing "Japanification" of the Western world; low growth, high government debt levels, and permanently floored rates. Second, investors are betting the crisis will mark a Darwinian moment: already dominant players should emerge thriving once weaker companies have been flushed by the current recession. This justifies buying large-caps and IG credit, not just because they provide near-term certainty, but because the recession should offer the strong countless opportunities: from greater pricing power and market share, to buying good assets at distressed valuations.

Oil markets offer the purest form of this dynamic. Despite the just-agreed Opec+ output cuts, survivors stand to reap abnormal returns over a 2-3 year horizon. Airlines could be another example. In Europe at least, they may use the crisis to rationalize towards a less cut-throat competitive market structure.

In most markets, however, politicians and regulators will have different incentives: save jobs, preserve competition and often shield national companies from M&A (investors can expect a dramatic expansion of the definition of "strategic" sectors). All those goals effectively involve keeping weaker players going. We expect both strong political and social resistance to reducing excess capacity, as well as daunting logistics – such as the need for new bankruptcy laws to accommodate widespread reorganizations, to the fate of the billions in government-guaranteed loans, if (or when) they cannot be repaid. As an adjunct to "survival-of-the-fittest" scenario, it appears realistic to consider widespread zombification. The extension of the Fed's asset purchase programmes to high-yield credit was, in this regard, a watershed development, which is bolstering our view authorities will pull no stop to, at least initially, shield weaker entities from the crisis.

With conditions so fluid, we don't believe it makes sense to tie capital to any market narrative yet. The market is being increasingly driven by ratings- and geography- based investment activity, which only makes tactical sense in so far as sentiment remains stable in the near-term.

Meanwhile, with market liquidity conditions still challenging, investors repositioning according to their new ratings/geographic guidelines, have created significant dislocations in individual credits. We prefer focussing on such dislocations, targeting either likely survivors or assets at extremely depressed valuations, while preserving the fund's firepower thanks to our significant liquidity cushion.

Since late-March, we have been in priority buying credits largely resilient to the economic downturn, either because of their business models (infrastructure, telecoms, agri-business) or thanks to very strong balance sheets (for our oil-related exposures). We have made many of our recent purchases at yields in excess of 12%, purely reflecting investor forced-selling and de-risking.

Monthly Performance since Inception

Class F (USD, MT7000005617)

	Jan	Feb	Mar	April	May	Jun	July	Aug	Sep	Oct	Nov	Dec	YTD
2020	1.09%	0.05%	-12.07%										**-11.06%**
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%	-0.10%	-12.52%										**-11.84%**
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%	-0.04%	-12.48%										**-11.64%**
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.

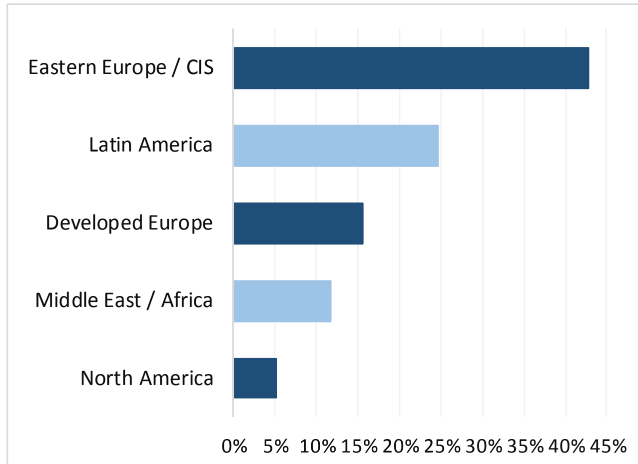
Fund Information as of March, 2020

	Avg Rating	NAV (%)	Price	Duration	Yield	Spread
SphereInvest Global Credit Strategies	BB	100 %	88.5	1.7	11.2%	1095
Cash and Equivalents	AA+	23 %				

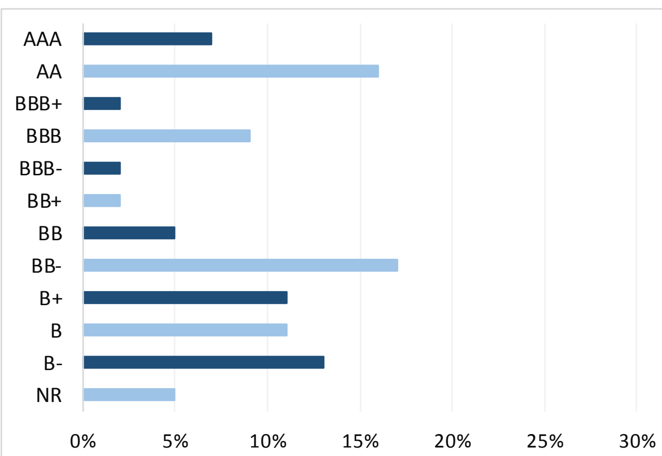
Top 10 Holdings (in % of NAV, 02/04/20)

Bond		%
9.125%	Helios Towers, 2022	3.9%
6.125%	Lukoil, 2020	3.7%
8.875%	Telecom Services of Trinidad & Tobago, 2029	3.6%
9.875%	Global Ship Lease, 2022	3.6%
4.70%	BOAD, 2031	3.1%
8.75%	DNO ASA, 2020	3.0%
6.75%	TMK, 2020	2.9%
7.25%	Halyk Bank, 2021	2.9%
6.75%	KME AG, 2023	2.8%
7.125%	Naftogaz, 2024	2.8%

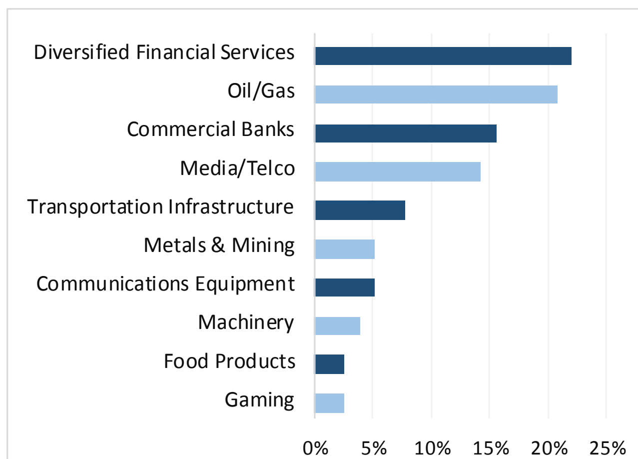
Regional Allocation (excl. cash & equiv)



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)		