SphereInvest | GROUP

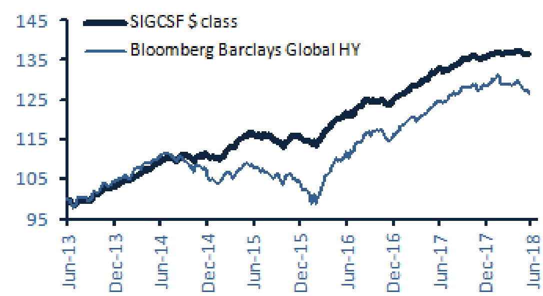
GLOBAL CREDIT STRATEGIES FUND

Monthly Performance

Class F (USD): MTD return: -0.71% 2018 return: 0.00% NAV per Share: 149.49
Class D (EUR): MTD return: -1.04% 2018 return: -1.22% NAV per Share: 139.82
Class E (GBP): MTD return: -0.84% 2018 return: -0.62% NAV per Share: 114.44

	2018	1-year		3 years		Since Inception	
	Return	Return *	Sharpe	Return *	Sharpe	Return *	Sharpe
SIGCSF Class F (US$)	**0.0%**	**2.9%**	**0.96**	**5.3%**	**1.86**	**6.9%**	**2.76**
Bloomberg Barclays Global HY	-2.0%	1.7%	0.02	5.2%	0.85	6.1%	1.22
BOFA EM High Yield	-2.6%	0.5%	-0.46	5.9%	1.07	6.4%	1.14
BOFA Europe High Yield	-1.2%	1.6%	0.01	3.9%	0.77	7.3%	1.87
BOFA US High Yield	-0.3%	2.2%	0.23	5.0%	0.74	6.1%	1.19
Barclays US Treasury Total Return	-0.9%	-0.5%	-0.52	1.1%	0.03	0.9%	0.10
MSCI World	-0.5%	8.8%	0.82	5.5%	0.38	9.1%	0.75
MSCI Emerging Markets	-5.5%	11.1%	0.73	4.6%	0.21	2.9%	0.15

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



Source: SphereInvest Group; Bank of America Merrill Lynch

Portfolio and Market Commentary

High yield credit markets broadly struggled during May, with EM significantly underperforming on a combination of idiosyncratic developments and more generic concerns about tighter dollar liquidity, followed by European markets, on political volatility in Italy and signs of weakening growth momentum in the Eurozone. While US$ duration was well supported by safe haven demand, despite signs of rising inflation pressures, core rates in Europe sold off towards the end of the month when the ECB signalled it would not let political developments in Italy derail QE tapering.

Following years when markets were either anchored by extraordinary monetary policy or the perception of low economic volatility globally, 2018 appears to have seen a decisive regime change. Why?

We do not believe markets are actually concerned about worsening fundamentals. Although sometimes disappointing (in particular in the Eurozone), economic data and earnings have been good on balance and many risk assets have continued performing well, such as US equities or markets dependent on global growth,like Singapore or Taiwan, as well as growth sensitive commodities. After a brief spike during February, market volatility has subsided towards historical lows. Credit spreads remain low by historical standards too: a sign investors are sanguine about recession and default risks.

Is it tempting to believe markets have been hit by an unfortunate series of random shocks : from currency crisis in Argentina, Turkey and Brazil - each with specific drivers; geopolitical tensions in Iran or Russia; political volatility in Italy; to the background noise of President Trump's combative tweets. None of those shocks appear terminal to us. Despite some talk of EM crisis, we believe EM will prove resilient in 2018, not least because China is stable. EMFX will likely stabilise in Argentina (thanks to the IMF support), Turkey (where CBRT has proved more decisive than expected), and Brazil (where BCB has sufficient reserves to ensure an orderly depreciation of the real, in our view). In Italy, the new government is already sending tentative signals it will water down the more fiscally contentious measures included in its government contract. Finally, our base case is trade wars will be avoided, most likely because the US' trade partners will concede enough for president Trump to claim victory – although we see rising risk inflammatory rhetoric is reducing the political space to do so, notably in Mexico ahead of the coming presidential elections.

Normalising DM monetary policy is commonly cited as a key reason behind the recent credit underperformance. Our long-held belief, however, remains markets cope well with tightening as long as they do not believe it is a policy mistake: in contrast with the 2013 taper tantrum, there is broad consensus Fed tightening is justified. The causality drawn from Fed policy to recent wobbles in EM is somewhat misplaced, in our view: with the possible exception of Indonesia, where the CB hiked largely in reaction to external conditions, EM countries recently impacted by currency crises were all exhibiting significant imbalances: Turkey's economy is glaringly overheating; while Argentina and Brazil's fiscal positions are unsustainable, independently from what the Fed decides in 2018.

The culprit behind recent market struggles, in our view, was not economic data, company earnings, or DM central banks: it is deteriorating policy-making in major countries. In the US, the administration is pursuing mutually exclusive, and most likely harmful, goals of reducing trade deficits while stimulating an economy already near capacity. In Italy, the new government is ostensibly pledging to reignite economic growth without creditor confidence, a strategy doomed to failure. Two years after the referendum, the British government is yet to bring any coherent Brexit strategy. Examples of economic mismanagement in EM abound as well: while Argentina is arguably paying for past administrations' mistakes, it is the current direction of policy-making in Turkey, Brazil, or Mexico – if likely next president Lopez Obrador gets to implement his programme – that explains the poor performance of their assets this year.

Investment implications are mixed. On the one hand, policy volatility is a symptom of a deeper malaise and is here to stay in our view: it will likely result in episodic market volatility whenever investors get caught off guard, as in Italy or Brazil during May. On the other hand, the problem is slow-burning, rather than acute. We do not believe it can drive markets to the same extent concerns about monetary policy or economic data could. We therefore believe credit markets are likely to regain their footing during the second half, as investors differentiate better between countries and gain more visibility where political volatility is truly hurting economic activity. For the Fund, recent market volatility is both opening tactical opportunities, and longer-term ones. Among tactical opportunities, we believe European periphery assets are likely to partially recover, as markets move away from pricing in implausible redenomination risks in Italy. Eurozone assets will struggle to regain their safe-haven aura, however, as the ECB moves towards the exit and structural weaknesses in the monetary union became apparent again. In EM, we are cautiously optimistic on some markets recently punished, notably Argentina, Brazil or Indonesia, which already are providing good long-term value in our view, although we believe sentiment may take some time to recover.

Monthly Performance since Inception

Class F (USD, MT7000005617)

	Jan	Feb	Mar	April	May	Jun	July	Aug	Sep	Oct	Nov	Dec	YTD
2018	0.49%	-0.09%	-0.08%	0.39%	-0.71								**0.00%**
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%	-0.36%	-0.32%	0.19%	-1.04								**-1.22%**
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%	-0.24%	-0.23%	0.30%	-0.84%								**-0.62%**
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.

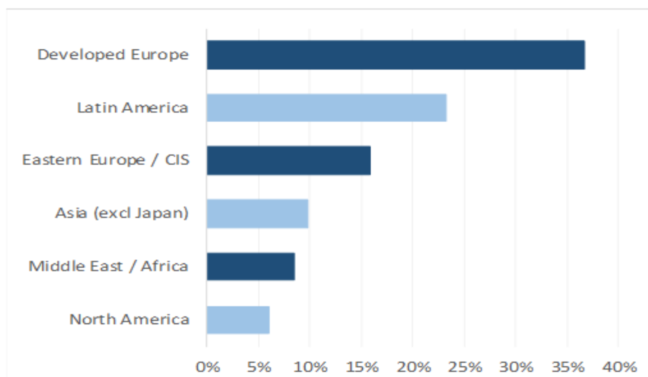
Fund Information as of May, 2018

	Rating	NAV (%)	Price	Duration	Yield	Spread
SphereInvest Global Credit Strategies	B+	100 %	99.0	2.2	6.2 %	462
Cash and Equivalents	AA	18 %				

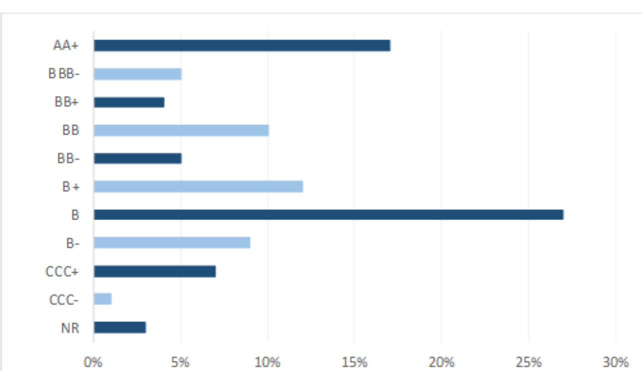
Top 10 Holdings (in % of NAV, 31/05/18)

Bond	%
6.75% Telefonica Celular del Paraguay, 2022	3.5%
6.75% Hercule Debtco SARL, 2024	3.4%
9.125% HTA Group Ltd, 2022	3.4%
6.95% Modernland Overseas PTE, 2024	3.2%
8.625% Banglalink Digital Comm, 2019	3.1%
8.25% Verallia, 2022	3.1%
5% IRSA Propiedades, 2020	3.1%
6.75% KME AG, 2023	2.9%
8.75% Eurotorg LLC, 2022	2.8%
5% OCI N.V., 2023	2.8%

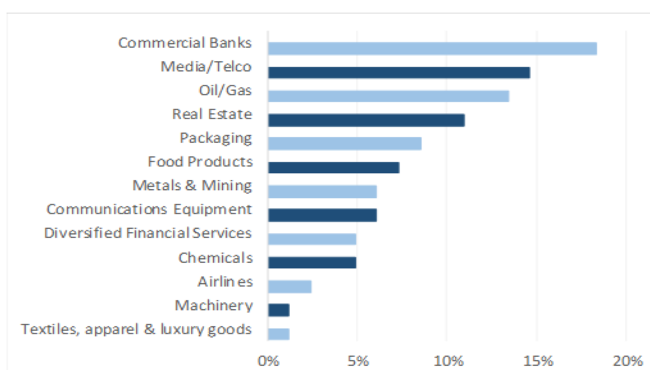
Regional Allocation (excl. cash & equiv)



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 (Part of the Apex Group)
Minimum Investment	Retail = 25,000 (GBP, EUR, USD, CAD, CHF) Institutional = 200,000 (GBP, EUR, USD, CAD, CHF)		