SphereInvest | GROUP

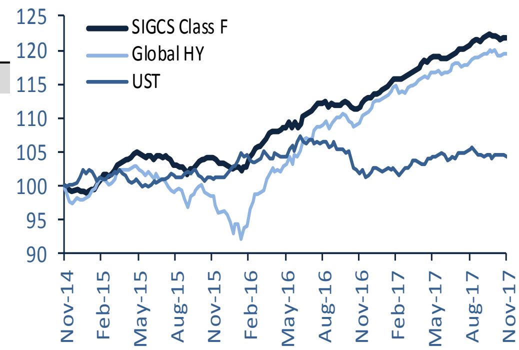
MORNINGSTAR ★★★★★

GLOBAL CREDIT STRATEGIES FUND

Monthly Performance

Class F (USD): MTD return: -0.19% 2017 return: 7.85% NAV per Share: 148.84
Class D (EUR): MTD return: -0.29% 2017 return: 5.91% NAV per Share: 141.23
Class E (GBP): MTD return: -0.24% 2017 return: 6.86% NAV per Share: 114.82

	2017	1-year		3 years		Since Inception	
	Return	Return *	Sharpe	Return *	Sharpe	Return *	Sharpe
SIGCSF Class F (US$)	**7.9%**	**9.3%**	**5.71**	**6.8%**	**2.46**	**7.5%**	**2.99**
BOFA Global High Yield	7.4%	9.4%	3.51	6.1%	1.10	7.2%	1.57
BOFA EM High Yield	8.5%	10.2%	3.84	7.6%	1.11	7.4%	1.25
BOFA Europe High Yield	7.0%	8.9%	4.70	5.8%	0.79	8.7%	1.55
BOFA US High Yield	7.2%	9.3%	2.86	5.7%	0.89	6.7%	1.30
Barclays US Treasury Total Return	2.0%	2.3%	0.40	1.4%	0.20	1.1%	0.21
MSCI World	18.6%	21.6%	3.40	6.1%	0.47	9.9%	0.82
MSCI Emerging Markets	30.0%	30.6%	2.66	4.3%	0.21	3.2%	0.18



* 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 weren't able to shake off their recent malaise during November, with global spreads wider by 11 basis points during the month, and Euro HY significantly underperforming (+37bps). While the correction has remained benign so far, it is somewhat striking, occurring on a backdrop of strong economic data, mostly positive triggers (such as tax reforms progress in the US and a breakthrough in the Brexit negotiations) and otherwise buoyant investor appetite for risk, as reflected by strong equity markets and rising speculative demand for crypto-currencies. Credit weakness at a time of high investor optimism is both a cause for relief and concern. Relief: a sustained spread widening while other growth-sensitive assets continue rallying should quickly improve the relative attractiveness of HY and stabilize recently volatile ETF and mutual fund flows. Concern: first, the loss of momentum at a time economic data and sentiment are "as good as they get" is feeding the conviction spreads have bottomed. If strong economic data is no longer enough in itself to anchor spreads, the near-term direction likely points towards more widening, in our view. Second: with inflection points impossible to forecast, consensus is calling, as it often does, for "more of the same" in 2018 – both in terms of inflation and growth. Crucially, credit investors appear to be largely sharing consensus optimism, as apparent in the recent lack of demand for macro hedges. Throughout this episode of credit weakness, the Xover index has remained near its tightest levels of the year. Should spread continue to widen, this would therefore imply investors aren't so much concerned about the near-term outlook than starting to position for a turn of the cycle after 2018.

The flattening of the yield curve is a well-known recession indicator, often flashing warning signals well ahead of most other asset markets. Given the very low levels reached recently, such as 2y10y compressing from above 120bps at the start of 2017, to less than 60bps at the end of November – including a 20bps collapse during November alone – it is no surprise credit investors took note and start worrying a recession may come next. Our own view: we believe the flattening of the yield curve is actually a vote of confidence in the ability of the Fed to hike rates, putting upward pressure on the short end of the curve; while the US nominal growth potential has remained roughly unchanged, keeping the long-end of the curve range-bound. Investors concerned about the flat curve should be careful what they wish for – to a large extent, it is a by-product of the current "goldilocks" economy. We would not entirely dismiss the flattening of the curve as a mechanical phenomenon, however. The curve does affect investor sentiment and animal spirits and credit will struggle to perform if it flattens further – or indeed inverts. The yield curve did send one unambiguous signal recently: investors do not believe tax cuts can boost growth potential, although they may encourage the Fed to tighten faster. The tax reforms contemplated in the US still appear likely to have a net positive impact on risk asset valuations in the near and medium-term, although mostly by affecting the net supply of capital by boosting dividends and equity buybacks, while dis-incentivizing bond issuance.

Our recent decision to pare exposure to EM credit, explained in our September investor letter, proved untimely given the subsequent underperformance of Euro HY. Beyond the factors explained above, the proximate triggers for underperformance were negative developments affecting a few widely followed issuers, such as Altice, a French telecom and cable group; Astaldi, an Italian construction company; or Steinhoff Group, a South African retailer. High yield credit markets have a long track record of looking at apparently idiosyncratic developments as symptomatic. The underlying assumption is best explained by Warren Buffett's image of long hidden problems suddenly exposed "as the tide goes out": in other words, any sudden accumulation of problems, even specific as accounting fraud (as appears to be the case for Steinhoff) could well be symptoms of a very mature cycle. While we feel that view is too early, in a context of still very accommodative liquidity conditions and solid aggregate earnings, it does provide a likely template for investor behaviour in 2018: the years when the tide lifted all boats are clearly behind us.

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%	0.94%	0.48%	0.63%	-0.19%		**7.85%**
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%	0.78%	0.34%	0.42%	-0.29%		**5.91%**
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%	0.85%	0.33%	0.57%	-0.24%		**6.86%**
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.

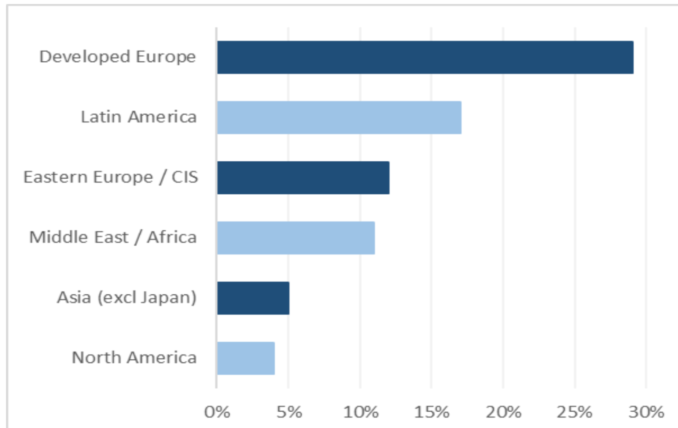
Portfolio Composition

	Rating	NAV (%)	Price	Duration	Yield	Spread
SphereInvest Global Credit Strategies	BB-	100 %	102.1	3.4	5.1 %	373
Cash and Equivalents	AA+	22 %				

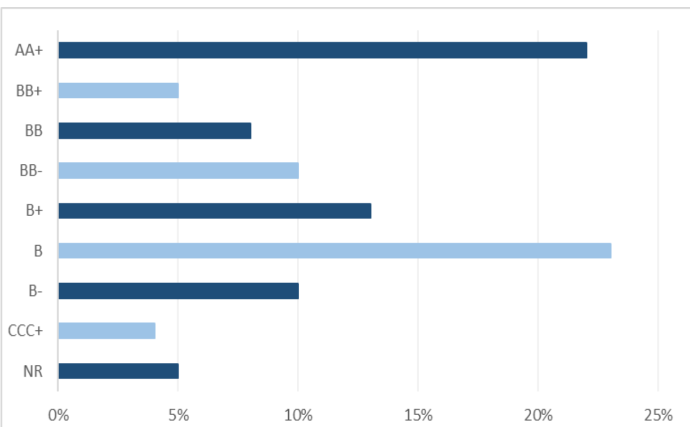
Top 10 Holdings (in % of NAV, 30/11/17)

5% IRSA Propiedades, 2020	3%
9.125% HTA Group Ltd, 2022	3%
10.5% Fidelity Bank PLC, 2022	3%
4.204% Phosagro, 2018	3%
8.75% DNO ASA, 2020	3%
9.25% Tinkoff Bank, 2077	3%
7.375% Autopistas del Sol SA, 2030	3%
8.25% Verallia, 2022	3%
8.625% Banglalink Digital Comm, 2019	3%
6.75% Telfon Celuar del Paraguay, 2022	3%

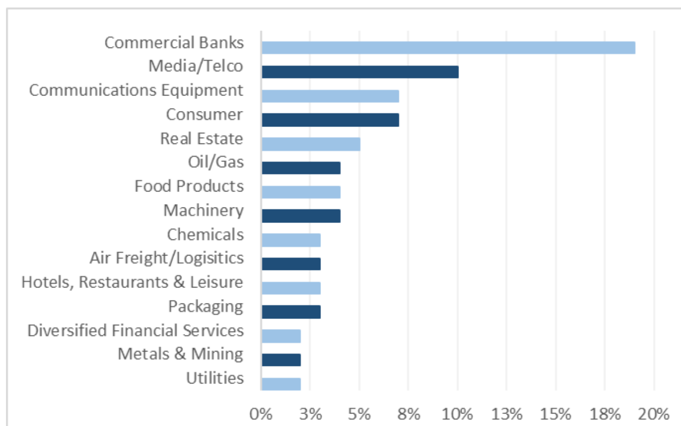
Regional Allocation (excl. cash & equiv)



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)		