SphereInvest | GROUP

MORNINGSTAR ★★★★★

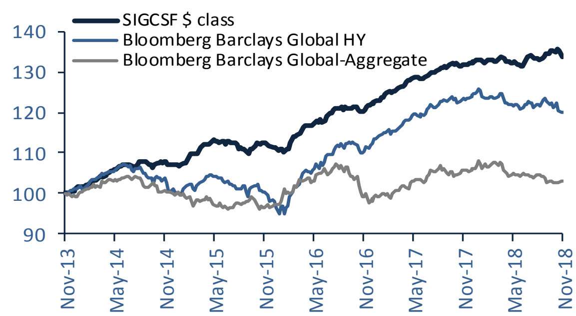
GLOBAL CREDIT STRATEGIES FUND

Monthly Performance

Class F (USD): MTD return: -0.81% 2018 return: 1.19% NAV per Share: 151.28
Class D (EUR): MTD return: -1.08% 2018 return: -1.36% NAV per Share: 139.62
Class E (GBP): MTD return: -1.02% 2018 return: -0.48% NAV per Share: 114.61

	2018	1-year	3 years		Since Inception	
	Return	Return *	Return *	Sharpe	Return *	Sharpe
SIGCSF Class F (US$)	**1.19%**	**1.6%**	**5.8%**	**2.06**	**6.6%**	**2.54**
Bloomberg Barclays Global HY	-3.4%	-2.8%	6.0%	0.98	5.5%	1.05
ICE EM High Yield	-3.0%	-2.7%	6.0%	1.17	5.8%	1.02
ICE Europe High Yield	-3.2%	-3.3%	3.2%	0.53	6.4%	1.57
ICE US High Yield	-0.1%	0.2%	7.0%	1.13	5.6%	1.08
Bloomberg Barclays Global-Agg.	-3.0%	-2.6%	2.1%	0.16	0.5%	-0.04
MSCI World	-3.3%	-2.0%	6.0%	0.37	7.9%	0.60
MSCI Emerging Markets	-13.8%	-11.0%	5.9%	0.27	0.9%	0.01

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



Source: SphereInvest Group; Bank of America Merrill Lynch

Portfolio and Market Commentary

Credit markets have recently buckled under the combined weight of lukewarm macro, oil price volatility, signs of credit stress (in particular in Europe), disappointing earnings and unresolved political tensions. Undoubtedly, 2018 was, by and large, a year of disappointing macro and micro – but the dire performance of virtually all risk assets this year is hard to square with "fundamentals" alone. Credit markets seem to be mainly suffering from investors' ongoing reluctance to take risk. Investor apathy may not be the same as pessimism or panic – over time, however, the impact on markets is the same: if most investors "sit on their hands" over a prolonged period of time, valuations increasingly reflect the trades of committed investors only, who more likely need to de-risk in increasingly illiquid markets.

Why were investors so reluctant to take risk in 2018? The rather counter-intuitive market reaction to the recent thaw in trade tensions between China and the US offers a clue. Following a meeting between presidents Trump and Xi, the US announced it was putting on hold some tariffs on Chinese goods, pending further negotiations. That outcome was, on the face of it, as positive as could have been expected: China and the US were never likely to fully settle their dispute over a steak dinner. We believe markets poor reaction reflect their realisation the uncertainty which proved so toxic in 2018, is likely to affect 2019 as well. It may lack bite in the end, but the US administration's bark is increasingly impacting activity and investor risk appetite, in our view. Most damagingly in our view, the US set a 90-day deadline to conclude their negotiations, effectively setting a new goalpost likely to distort activity (as economic agents front-load or differ orders, depending on their expectations) while risk-taking is likely to be increasingly curtailed going into March.

We see the same dynamic at play in both Brexit and the EU-Italian budget negotiations: both are giving investors tactical and agency incentives to "sit it out". Tactical, because markets are, (rightly, in our view) pricing in benign outcomes in both cases: but with risk premiums at average levels ahead of events with potentially severe consequences, investors are better off waiting for confirmation before deploying capital. Agency, because the possibility of severe outcomes does not justify taking "career risk", in particular when agents (fund managers) may not have a much better understanding of Brexit or political dynamics in Italy than end-investors themselves.

 | Suite 41B, Regent House, Bisazza Street, Sliema, SLM 1641, Malta | TEL +356 2258 1610 | www.sphereinvestgroup.com

As investors and companies learn to adjust to political tensions and questionable policy-making, we believe 2019 should bring much of the same as 2018; weak growth, although less likely to disappoint given the depth of present pessimism. Risks of a sharper slowdown exist: we are aware of many comments justifying the inversion of part of the US yield curve with such fears yet are unconvinced. Incoming data, including leading indicators and surveys, continue to point to resilient growth, especially in the US and in all-important China, where data actually already appears to have bottomed-out. For anyone who believes a strong dollar is the single most important variable impacting global demand, the growth convergence between the US and the rest of the world holds promise - notably in large swaths of EM, which have effectively suffered from an oil price shock earlier this year. We are more cautious about Europe, notably because the scope for any policy response there (both from the ECB and individual governments) remains unclear. However, resilient growth in China and the US should at least help stabilise the export sector, which was a clear drag on European activity during 2018.

As often in credit markets, the erosion of valuations is gradual at first, until the marginal bid is exhausted; absent a positive trigger to turn sentiment, valuations are then more likely to overshoot. We believe the ongoing correction is likely to evolve along this usual scenario, rather than into a widespread deleveraging episode. Benign default rates expectations and still historically low risk-free-rates, notably in Europe, should eventually provide a strong anchor. Markets are at a key juncture, however, and our current focus is on making sure we get our scenario for 2019 correctly – which will require some time to confirm. The global economy stabilising in line with our unambitious base case described above would provide opportunities for outsized returns in 2019, notably in cyclical Euro HY credits, where valuations already price-in a severe downturn, in our view. Meanwhile, we will continue emphasising carry and roll-down positions (maturing before 2021), where, as often in stressed credit markets, refinancing risks are overestimated.

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%	-0.75%	1.98%	-0.54%	0.87%	0.46%	-0.81%		**1.19%**
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%	-0.99%	1.75%	-0.66%	0.68%	0.19%	-1.08%		**-1.36%**
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
2018	0.39%	-0.24%	-0.23%	0.30%	-0.84%	-1.09%	1.80%	-0.74%	0.89%	0.34%	-1.02%		**-0.48%**
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.

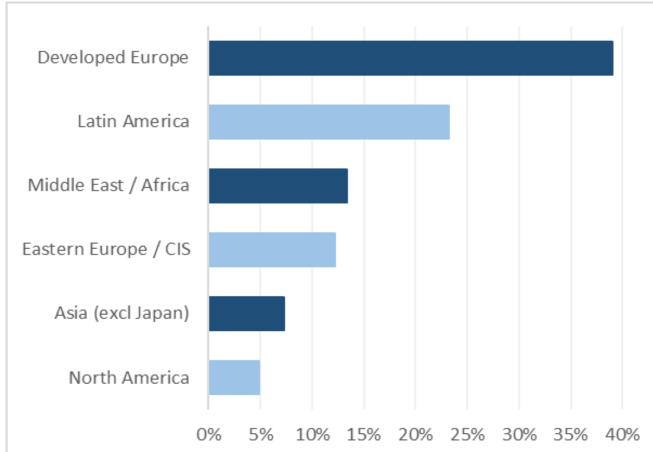
Fund Information as of November, 2018

	Rating	NAV (%)	Price	Duration	Yield	Spread
SphereInvest Global Credit Strategies	BB-	100 %	95.8	2.7	7.5 %	571
Cash and Equivalents	AA	18 %				

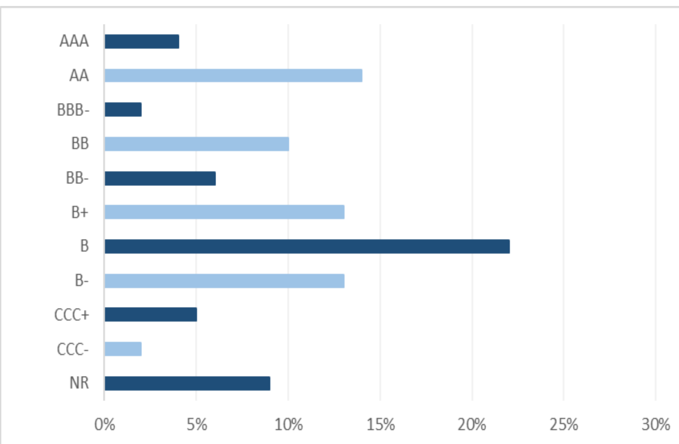
Top 10 Holdings (in % of NAV, 29/11/18)

Bond	%
6.75% Telfon Celuar del Paraguay, 2022	3.4%
9.125% HTA Group, 2022	3.4%
8.125% Global Liman Isletmeleri, 2021	3.4%
8.75% DNO ASA, 2020	3.3%
9.5%, IHS Netherlands, 2021	3.3%
9.25% Tinkoff Credi, 2077	3.2%
8.75% Eurotorg, 2022	3.1%
9.00% CMF Spa, 2022	3.0%
6.75% Hercule Debtco SARL, 2024	2.9%
9.875% Global Ship Lease Inc, 2022	2.9%

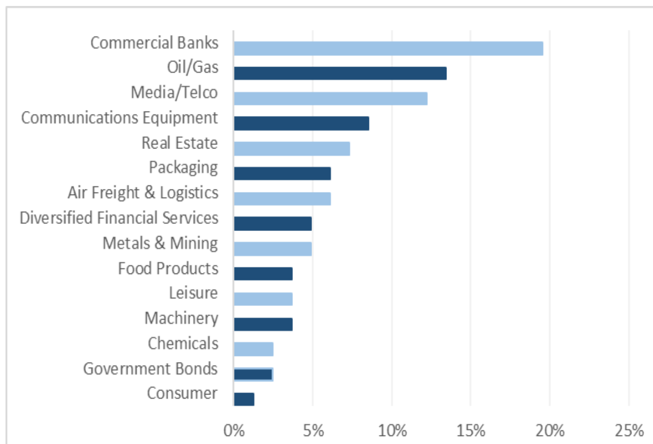
Regional Allocation (excl. cash & equiv)



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)		