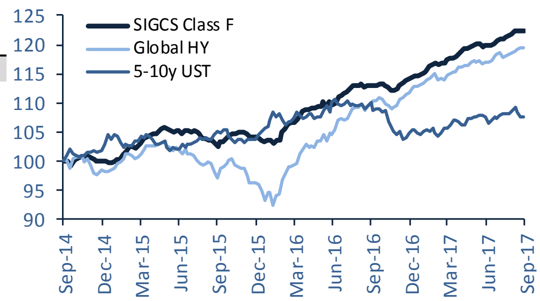
SphereInvest | GROUP

GLOBAL CREDIT STRATEGIES FUND

Monthly Performance

Class F (USD): MTD return: 0.48% 2017 return: 7.38% NAV per Share: 148.19
Class D (EUR): MTD return: 0.34% 2017 return: 5.77% NAV per Share: 141.05
Class E (GBP): MTD return: 0.33% 2017 return: 6.51% NAV per Share: 114.45

	2017	1-year		3 years		Since Inception	
	Return	Return *	Sharpe	Return *	Sharpe	Return *	Sharpe
SIGCSF Class F (US$)	**7.4%**	**8.4%**	**4.68**	**7.0%**	**2.48**	**7.7%**	**3.05**
BOFA Global High Yield	7.0%	8.8%	3.01	6.1%	1.08	7.4%	1.60
BOFA EM High Yield	8.0%	8.5%	3.06	7.0%	1.00	7.6%	1.27
BOFA Europe High Yield	6.1%	7.8%	3.80	5.9%	0.80	8.8%	1.56
BOFA US High Yield	7.0%	9.1%	2.55	5.8%	0.90	6.8%	1.33
BOFA US Treasury 5-10yrs	2.7%	-2.1%	-0.72	2.5%	0.44	1.4%	0.24
MSCI World	13.8%	15.9%	2.18	6.4%	0.48	9.3%	0.77
MSCI Emerging Markets	24.4%	17.4%	1.41	2.1%	0.09	2.5%	0.13



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

Source: SphereInvest Group; Bank of America Merrill Lynch

Portfolio and Market Commentary

After some disappointments over previous months, September saw the clearest signs year-to-date of economic strength on both sides of the Atlantic, with activity indices in the US and the Eurozone reaching multi-year highs. In the US, the ISM climbed to its highest since 2004, while in Europe, manufacturing PMIs reached a 6-year high, led by Germany. Following several consecutive misses, US core inflation also surprised to the upside, with wage growth accelerating in September (albeit in part reflecting hurricanes-related distortions). Risk-free and risk assets reacted in textbook fashion: rates sold off, also spurred by a more hawkish than expected FOMC meeting mid-month and renewed talk of tax reforms in the US, while corporate spreads tightened. Global high yield bonds posted their best excess returns over sovereign bonds since the start of the year, around 1.7%, with total returns more modest, around 70 bps.

September and early October were marked by two "independence referendums" in short succession: first in the Kurdistan Region in Iraq (KR), then in Catalonia. We expect limited market impact from either event beyond directly affected assets. Since the Fund holds two KR-exposed positions, DNO, an oil & gas producer, and OilFlow, a securitized prepayment facility arranged by Glencore, we briefly review here our investment thesis (for the sake of brevity, we would refer our readers to any good background article for information on the Kurdistan Autonomous Region or the referendum itself). The referendum was ostensibly organized to gain leverage over the federal government in Baghdad, but appears to have backfired due to concerted opposition both by neighbours (Turkey, Iran) and Kurdish allies (including, in surprisingly vocal and public terms, the US). So far, it has mainly served to expose Kurdistan's economic vulnerability and reliance on Turkey for oil exports. Where to from here? The immediate post-referendum period has been marked by harsh rhetoric from Kurdistan's neighbours and the Federal government, with little actual follow-through. Crucially, Northern Iraq's exports through the Kirkuk-Ceyhan pipeline have gone uninterrupted, in line with our view Turkey has strong incentives to let oil flow freely. While the situation remains fluid, our sense is de-escalation is the more likely scenario. Beyond preserving its significant economic interests in Kurdistan, Turkey's leadership is walking a tight rope, in both opposing Kurdistan's independence and avoiding alienating its own Kurdish minority. The attraction of DNO and Oilfow is both short duration (isolating them from the medium-term uncertainty about the status of KR), and a strong standalone position. We expect DNO to end the year with a net cash position (implying it could theoretically repay all of its debt with its cash), while the OilFlow bonds will remain significantly over-collateralized, as long as oil flows through Kirkuk-Ceyhan.

More than high valuations, which still appear somewhat justified by the strength of economic data, it is ultra-low volatility which has been the defining and more puzzling feature of markets this year. While VIX index is often cited, implied and realized volatility has actually collapsed across a broad range of assets – from equities, to sovereign debt – which can hardly be explained by investor optimism only. For instance, Deutsche Bank calculates the FTSE 100 realized volatility recently reached its lowest since 1984, at a minimum, at odds with the uncertainty around Brexit and the Sterling outlook. It is equally startling, treasury volatility (measured by Bank of America's MOVE index) is still hovering near historical lows, at a time when the possible replacement of the Fed's Chair is leaving markets questioning the Fed's guidance, beyond the near-certainty of a hike in December. We have no definitive answer to explain ultra-low volatility. Some of the factors are technical - starting with the suppressing effect of central bank asset purchases - and may have combined with perceived near-term visibility thanks to the synchronized global recovery. From our narrower perspective as credit market participants, our sense is low volatility has been playing an increasing role in bringing inflows into corporate bonds and explaining spread levels – maybe to a larger degree than even credit fundamentals or economic optimism. While the auto-reinforcing interplay between low volatility and tight yields is unlikely to reverse soon, markets do feel vulnerable to any systemic shock, such as an acceleration of inflation or a change in direction by the Fed new leadership.

We suspect many investors share our discomfort, but are unwilling to act because getting the timing right, as always, is impossible. Our own stance: we are dedicating increasing effort to selecting bonds likely to outperform in a market weakening, rather than looking for bonds likely to outperform should the current benign markets configuration last. Going into year end, we envisage this will involve de-emphasizing relative valuation (as "cheapness" has never protected any portfolio in a downturn), paring EM exposure, shortening duration and continuing to focus on credits with idiosyncratic improvement drivers.

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%				**7.38%**
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%				**5.77%**
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%				**6.51%**
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.

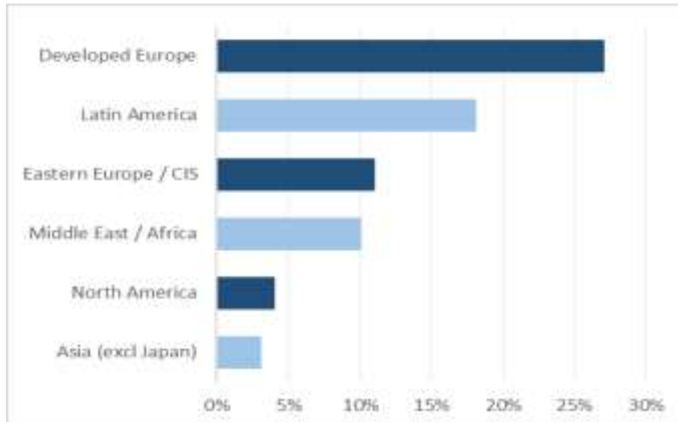
Portfolio Composition

	Rating	NAV (%)	Price	Duration	Yield	Spread
SphereInvest Global Credit Strategies	BB-	100 %	103.1	3.5	4.9 %	365
Cash and Equivalents	AA+	27 %				

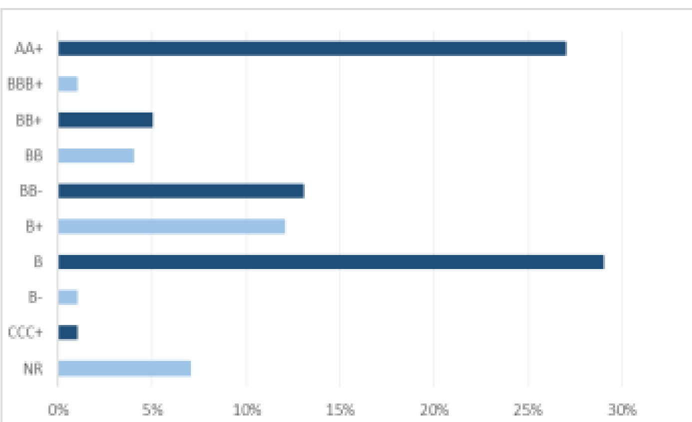
Top 10 Holdings (in % of NAV, 28/09/17)

5% IRSA Propiedades, 2020	3%
9% Banco Do Brasil, 2049	3%
8.75% DNO ASA, 2020	3%
9.125% HTA Group Ltd, 2022	3%
7.25% Altice Luxembourg SA, 2022	3%
4.204% Phosagro, 2018	3%
10% Wind Hellas, 2021	3%
7.375% Autopistas del Sol SA, 2030	3%
9.25% Tinkoff Bank, 2077	3%
8.625% Banglalink Digital Comm, 2019	3%

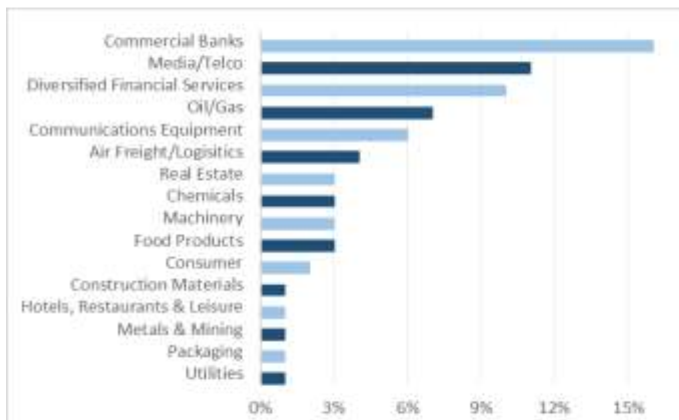
Regional Allocation (excl. cash & equiv)



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)		