SphereInvest | GROUP

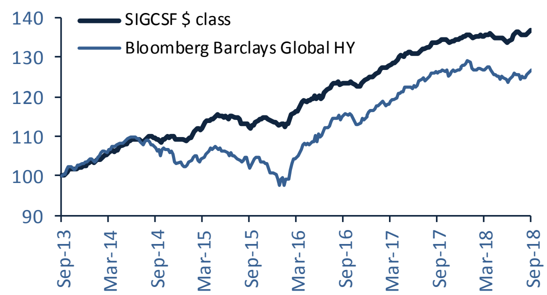
GLOBAL CREDIT STRATEGIES FUND

Monthly Performance

Class F (USD): MTD return: 0.87% 2018 return: 1.54% NAV per Share: 151.81
Class D (EUR): MTD return: 0.68% 2018 return: -0.47% NAV per Share: 140.88
Class E (GBP): MTD return: 0.89% 2018 return: 0.21% NAV per Share: 115.39

	2018	1-year		3 years		Since Inception	
	Return	Return *	Sharpe	Return *	Sharpe	Return *	Sharpe
SIGCSF Class F (US$)	**1.54%**	**2.4%**	**0.25**	**6.9%**	**2.55**	**6.8%**	**2.69**
Bloomberg Barclays Global HY	-0.6%	0.5%	-0.48	7.4%	1.28	6.1%	1.20
BOFA EM High Yield	-2.2%	-1.5%	-1.19	8.1%	1.63	6.1%	1.08
BOFA Europe High Yield	0.1%	0.9%	-0.48	5.5%	1.25	7.1%	1.82
BOFA US High Yield	2.4%	2.9%	0.40	8.1%	1.33	6.2%	1.23
Barclays US Treasury Total Return	-2.1%	-2.1%	-1.01	0.1%	-0.29	0.7%	0.01
MSCI World	4.1%	9.9%	0.86	9.4%	0.74	9.4%	0.78
MSCI Emerging Markets	-11.3%	-2.0%	-0.25	7.3%	0.36	1.8%	0.07

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



Source: SphereInvest Group; Bank of America Merrill Lynch

Portfolio and Market Commentary

9 months into 2018, investor sentiment remains very difficult to pin-down: neither excessively negative given the resiliency of fundamentals so far, but certainly not optimistic, either. Sentiment is effectively in limbo, between the anticipation of inevitable bad outcomes, and the failure to see enough hard evidence to corroborate immediate fears. A turn of sentiment for the better in the near-term appears difficult to envisage. Investors have effectively bogged themselves into expecting a turn for the worse, and sentiment may only improve once catharsis has happened - or valuations have corrected enough to reflect its subjective probability. Either way, things probably "need to get worse before they get better". Timing, as ever, is impossible to predict: we actually see a good likelihood the expected crisis may fail to materialise for a number of months, if not years. Trade tensions between China and the US may remain background noise, drowned by more important factors such as China's ongoing domestic policy response. The recent rise in rates is unnerving, but not a good predictor for risk assets performance: there is ample historic precedent showing risk performs well when rates are rising. Neither does it say much about when the cycle will eventually turn: more than the level of rates, what matters is the shape of the curve. The recent steepening of the curve may be a sign investors recently grew more confident in the US economic expansion. Less benign explanations do exist: the recent rise in real rates certainly points to scarcer capital availability – but this is only par for course, given the strength of the US economic expansion in the US, the Fed tightening, and the US treasury borrowing record amounts. Overall, we do believe markets continue to be mostly struggling against fragile sentiment, rather than worsening fundamentals.

How to position at this juncture? In spite of its recent volatility, we believe EM credit may now prove more resilient than DM credit, for two key reasons. First, contrary to DM spreads still hovering near all-time tights, EM spreads have already materially widened this year. More importantly, we believe the recent EM crisis is already past its acute phase. While there is a risk investors may be too early and the rebalancing underway in countries like Argentina, Turkey, or – to a lesser extent – Indonesia, inflicts significant damage to local economies and borrowers, the prospect of investing at the bottom of a recovery will always be much more attractive than investing in the last innings of an economic expansion: we do believe EM assets should be able to attract inflows again and at least stabilise at current levels, which is more than we can say with any comfort about DM credit.

Tampering our enthusiasm, we believe overall risk-rewards remain skewed to the downside in the near-term, if only because of seasonality. With less than 3 months to go before the end of the year, we believe many investors will focus on risk-management rather than on risk-taking, which means cheap assets likely will get cheaper in the very near-term, barring positive triggers. What could such positive triggers be? At the global level, an easing of trade tensions between the US and China would certainly provide a better tone for risk assets. This is not our base case, unfortunately: all signs point towards a hardening of respective positions. Crucially, we believe the US tolerance for disruption will prove lower than China's, which should mean the conflict will remain low-intensity and protracted. Markets will effectively need to price-in a degree of "de-globalisation", unlikely to be recessionary but which will certainly bring more corporate losers than winners, in our view: recent profit-warnings from companies dependent on Chinese demand, or integrated in Chinese supply chains, are but a taste of things to come. The outlook for idiosyncratic positive surprises at sector or country level is more promising: the forceful (if belated) response by the Central Bank of Turkey to rising inflationary pressures; or the likely election of strong-man Bolsonaro in Brazil (on whom investors are pinning – for the time being – their fiscal reforms hopes) are two recent examples of re-rating opportunities. Similarly, commodities are reaching an interesting juncture, between demand risks from a stronger dollar (in particular in important consumer countries such as Indonesia or India), and a slightly lower global growth outlook on the one hand; and supply disruptions and the renewal of stimulus in China, on the other hand.

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%				**1.54%**
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%				**-0.47%**
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%	-1.09%	1.80%	-0.74%	0.89%				**0.21%**
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.

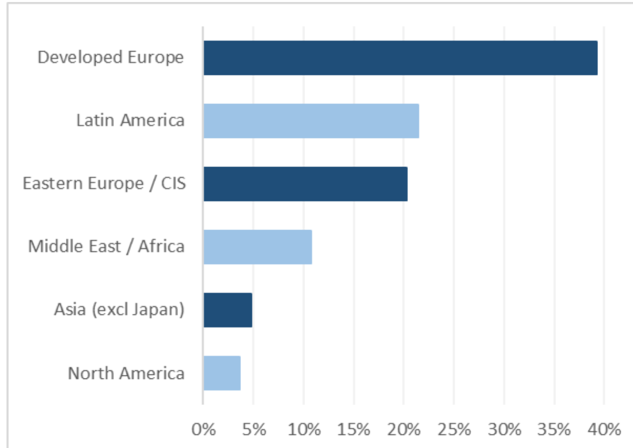
Fund Information as of September, 2018

	Rating	NAV (%)	Price	Duration	Yield	Spread
SphereInvest Global Credit Strategies	BB-	100 %	98.6	1.8	7.1 %	539
Cash and Equivalents	AA-	16 %				

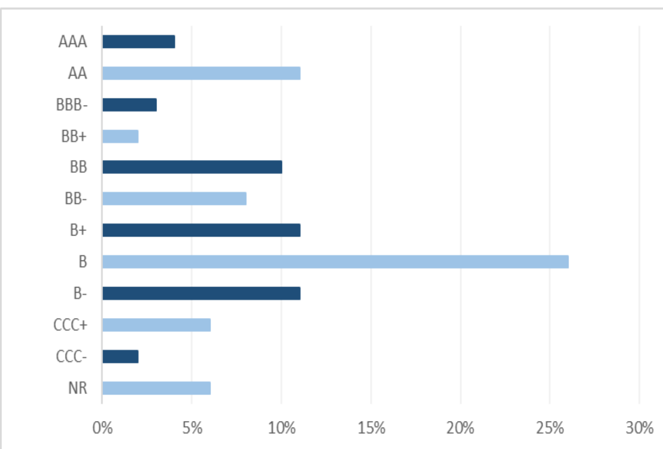
Top 10 Holdings (in % of NAV, 27/09/18)

Bond	%
9.25% Tinkoff Credi, 2077	3.7%
8.625% Banglalink Digital Comm, 2019	3.4%
4.75% Coca-Cola Icecek AS, 2018	3.4%
9.125% HTA Group Limited, 2022	3.3%
8.125% Global Liman Isletmeleri, 2021	3.3%
6.75% Telfon Celuar del Paragu, 2022	3.1%
8.25% Horizon Parent Holdings, 2022	3.0%
6.75% Hercule Debtco SARL, 2024	3.0%
9.25% Seplat Petroleum Dev Co, 2023	2.8%
6.75% KME AG, 2023	2.7%

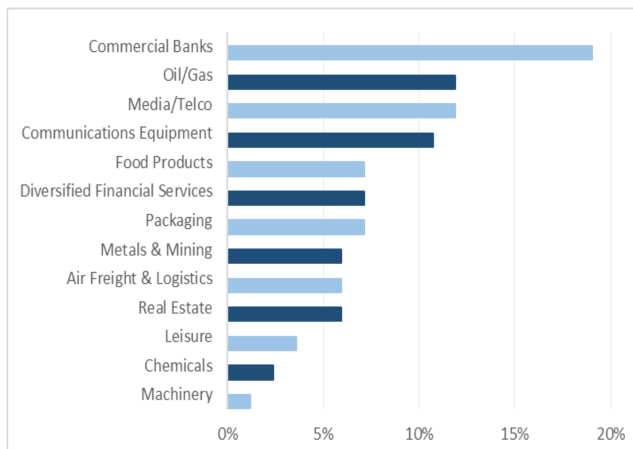
Regional Allocation (excl. cash & equiv)



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)		