SphereInvest | GROUP

MORNINGSTAR ★★★★★

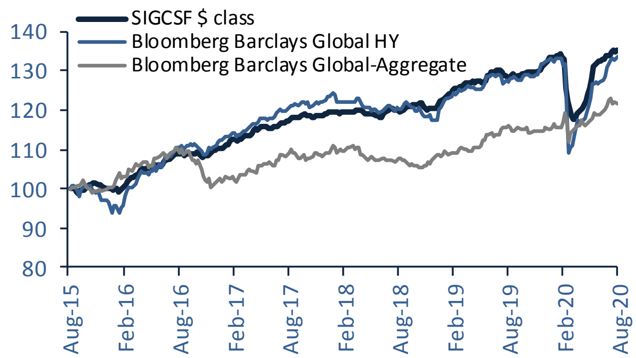
GLOBAL CREDIT STRATEGIES FUND

Monthly Performance

Class F (USD): MTD return: 0.81% 2020 return: 2.33% NAV per Share: 169.78
Class D (EUR): MTD return: 0.75% 2020 return: 0.96% NAV per Share: 149.75
Class E (GBP): MTD return: 0.81% 2020 return: 1.53% NAV per Share: 124.65

	YtD	5 years		Since Inception	
	Return	Return *	Sharpe	Return *	Sharpe
SIGCSF Class F (US$)	**2.3%**	**6.1%**	**1.1**	**6.6%**	**1.6**
Bloomberg Barclays Global HY	0.8%	5.9%	0.6	5.8%	0.7
ICE EM High Yield	2.3%	7.4%	0.9	6.5%	0.9
ICE Europe High Yield	-2.0%	3.8%	0.3	6.0%	0.9
ICE US High Yield	0.6%	6.1%	0.6	5.9%	0.8
Bloomberg Barclays Global-Agg.	5.4%	3.9%	0.5	2.1%	0.3
MSCI World	3.6%	8.4%	0.4	8.5%	0.5
MSCI Emerging Markets	0.2%	6.8%	0.3	2.1%	0.1

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



Source: SphereInvest Group; Bank of America Merrill Lynch

Portfolio and Market Commentary

In spite of the lingering uncertainty from the ongoing global health crisis, risk assets rallied further during August, thanks to an otherwise extremely favourable backdrop: economic data exceeding expectations by the widest margin ever (the Citigroup's global economic surprise index reached a record mid-August), while monetary policy remains overwhelmingly supportive. Treasuries sold-off moderately, led by the long-end, reflecting fading safe-haven inflows, but also the anticipation of the Fed's policy review announced during the Jackson Hole meetings held at the end of the month. While the Fed's adoption of an "Average Inflation Targeting" framework undoubtedly marks an important policy shift, it leaves many questions unanswered – and maybe unanswerable, by Fed policymakers themselves – at a time when inflation overshooting 2% remains a remote prospect. For markets, we believe the new framework matters. Tactically, the Fed's policy kit appears to have been fully deployed: any remaining expectation of negative rates or yield-curve-control should now be fully priced out of the curve, which may imply more volatility in the near-term. Medium-term, however, rates should remain anchored, as markets can embrace any recovery at face value without fearing "good news can be bad news": this Fed has given up on the Philips curve and won't react to an improving job market by tightening policy over the foreseeable future.

Second quarter earnings covered the period of full lockdowns and were predictively bad – indeed often so dismal credit investors could ironically discard them as abnormal and not reflective of true corporate earnings and cash flow power. Outright defaults have so far remained contained and instances of distressed exchanges or restructuring intentions are being dismissed as idiosyncratic, under the assumption only the most severely challenged can default when monetary and fiscal policy is so supportive. In every case but the most stressed, investors have remained fixated on liquidity, rewarding companies with enough cushion to fight (or default) another day. The market has effectively done a great job pushing back the time of reckoning. However, with Q2 earnings season now almost over, anxiety is growing Q3 will be the occasion investors are forced to take a harsher look where the damage wreaked by the pandemic on balance sheets or cash flows is permanent. We are less sure. Maybe paradoxically, the recent resurgence of virus cases may allow investors to dismiss Q3 as abnormal again and look forward to better days ahead, especially if an effective vaccine appears likely by the time companies are reporting (often from early-to-mid-November, for most unlisted high-yield issuers). More fundamentally, investors' ability to absorb company-specific bad news will largely depend on the strength of the global economic recovery. The ability of data to surprise positively, almost mechanically, is becoming more challenging and surprise indexes appear to have topped, both because analysts have now adjusted their forecasts and also because of some momentum loss during the summer (notably in the services sector, maybe because of renewed consumer caution due to the increase in virus cases). In this regard, avoiding "fiscal cliffs" in the US or in the UK will be key to sustain momentum into year-end.

Credit spreads have recently traded in a tight range, reflecting both strong technicals and a lack of direction, as investors ponder on, the one hand, the treasury sell-off and the rally in equity markets, on the other. While the exuberance in tech doesn't have direct bearing for our markets (beyond the financial stability risks it raises, should the Fed ever become attuned to such concerns) the recent strength in global cyclicals should lead HY spreads tighter, if the reflationary narrative it reflects takes hold. While the Fund retains an overall defensive bias, our largest exposures reflect such a reflationary theme. Notably, we increased our exposure to Global Ship Lease during August, since we are increasingly confident the strength in container rates is sustainable. This positions the company to refinance its notes ahead of their 2022 maturity, which would imply total returns well in the double digits. We continue to regard the notes of German manufacturer of copper products, KME, as mispriced. Investors underestimate both the company's near-term resiliency and long-term growth prospects. Finally, we continue to favour our position in Quiport, the Ecuadorian airport, which has seen a gradual recovery of traffic over recent months. Elsewhere in the portfolio, our overall exposure to oil & gas remains resilient to low oil prices, although we added to our position in Okea, the Norwegian E&P, reflecting our confidence oil prices are well supported near US$40 per barrel.

Monthly Performance since Inception

Class F (USD, MT7000005617)

	Jan	Feb	Mar	April	May	Jun	July	Aug	Sep	Oct	Nov	Dec	YTD
2020	1.09%	0.05%	-12.07%	2.67%	4.24%	5.53%	1.06%	0.81%					**2.33%**
2019	2.34%	1.46%	0.60%	1.06%	0.22%	1.08%	0.93%	-1.43%	0.12%	1.01%	0.14%	1.69%	**9.59%**
2018	0.49%	-0.09%	-0.08%	0.39%	-0.71%	-0.75%	1.98%	-0.54%	0.87%	0.46%	-0.81%	0.07%	**1.26%**
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
2020	0.89%	-0.10%	-12.52%	2.54%	4.12%	5.42%	0.99%	0.75%					**0.96%**
2019	2.14%	1.22%	0.30%	0.77%	0.02%	0.94%	0.63%	-1.70%	-0.12%	0.73%	-0.05%	1.45%	**6.45%**
2018	0.32%	-0.36%	-0.32%	0.19%	-1.04%	-0.99%	1.75%	-0.66%	0.68%	0.19%	-1.08%	-0.20%	**-1.56%**
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
2020	1.00%	-0.04%	-12.48%	2.59%	4.23%	5.50%	1.04%	0.81%					**1.53%**
2019	2.26%	1.33%	0.39%	0.82%	0.03%	1.01%	0.89%	-1.60%	0.00%	0.86%	0.09%	1.54%	**7.84%**
2018	0.39%	-0.24%	-0.23%	0.30%	-0.84%	-1.09%	1.80%	-0.74%	0.89%	0.34%	-1.02%	-0.66%	**-1.14%**
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.

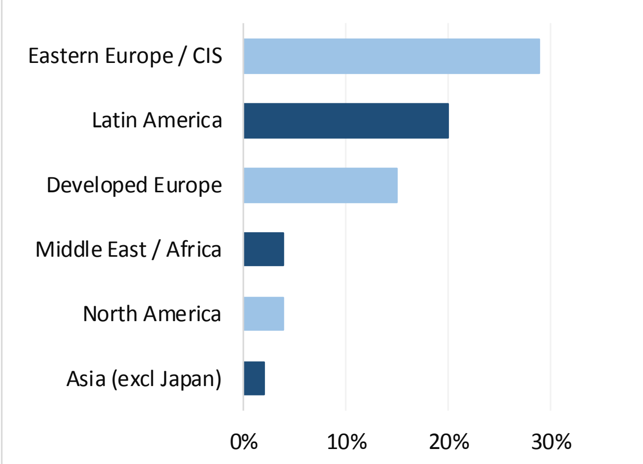
Fund Information as of August, 2020

	Avg Rating	NAV (%)	Price	Duration	Yield	Spread
SphereInvest Global Credit Strategies	BB-	100 %	98.0	2.0	6.6%	647
Cash and Equivalents	AA+	26 %				

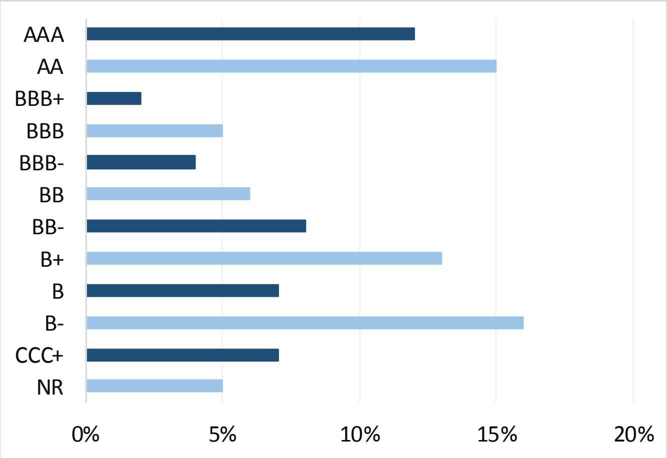
Top 10 Holdings (in % of NAV, 27/08/20)

Bond		%
9.875%	Global Ship Lease, 2022	4.0%
6.75%	KME AG, 2023	3.9%
12.00%	Quiport, 2033	3.9%
11.00%	Silknet, 2024	3.7%
7.50%	Genel Energy, 2022	3.3%
6.748%	MV24 Capital, 2034	3.2%
6.125%	Lukoil, 2020	3.1%
12.00%	Trans-Oil, 2024	3.0%
7.125%	Naftogaz, 2024	2.8%
9.25%	Tinkoff Credit Systems, PERPS	2.5%

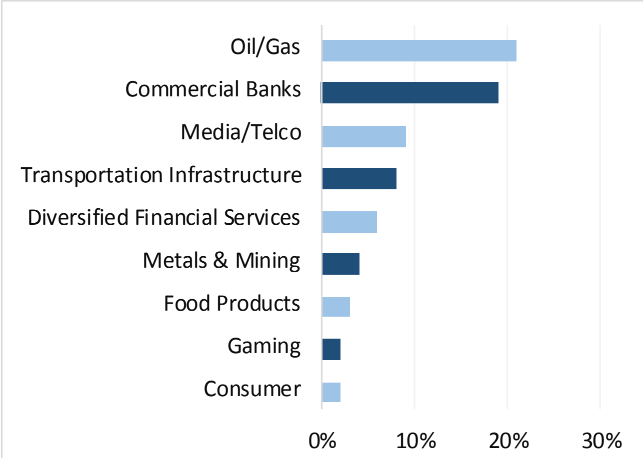
Regional Allocation (incl. cash & equiv)



Credit Quality



Sector Allocation (incl. cash & equiv)



Fund Terms

Regulatory	UCITS V	Domicile	Malta
Liquidity	Daily Pricing / Weekly dealing	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	Apex Fund Services (Ireland) Limited
Minimum Investment	Retail = 25,000 (GBP,EUR,USD,CAD,CHF,NOK) Institutional = 200,000 (GBP,EUR,USD,CAD,CHF,NOK)		