SphereInvest | GROUP

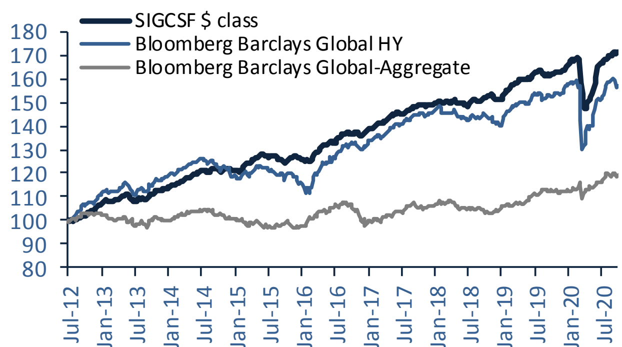
GLOBAL CREDIT STRATEGIES FUND

Monthly Performance

Class F (USD): MTD return: 1.00% 2020 return: 3.36% NAV per Share: 171.47
Class D (EUR): MTD return: 0.92% 2020 return: 1.89% NAV per Share: 151.13
Class E (GBP): MTD return: 0.98% 2020 return: 2.52% NAV per Share: 125.87

	YtD	5 years		Since Inception	
	Return	Return *	Sharpe	Return *	Sharpe
SIGCSF Class F (US$)	**3.4%**	**6.6%**	**1.3**	**6.7%**	**1.6**
Bloomberg Barclays Global HY	-0.4%	6.0%	0.6	5.5%	0.7
ICE EM High Yield	1.3%	7.7%	0.9	6.3%	0.8
ICE Europe High Yield	-2.3%	4.2%	0.4	5.9%	0.8
ICE US High Yield	-0.1%	6.6%	0.7	5.7%	0.8
Bloomberg Barclays Global-Agg.	5.8%	3.8%	0.5	2.1%	0.3
MSCI World	0.9%	8.3%	0.4	8.1%	0.5
MSCI Emerging Markets	-2.7%	6.2%	0.3	1.7%	0.0

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



Source: SphereInvest Group; Bank of America Merrill Lynch

Portfolio and Market Commentary

Although sentiment has proved more fragile lately, the dominant market narrative has remained optimistic. Volatile politics in the US and a worsening health crisis across DM and EM are leaving little hope economic momentum, fading since, can strengthen significantly during Q4. Both near-term and medium-term risks remain plain for all to see – indeed, some of the very risks investors were concerned about last summer, such as pandemic "second waves", may have materialized already. More medium-term risks, such as the permanent scars left on job markets, economic sectors, and government balance sheets, may only crystalize over time. But anecdotal evidence already points to lasting damage. A "V-shape" recovery, with outputs recovering to pre-pandemic levels within just a few quarters, isn't a likely scenario, away from China and – possibly – the US. Across DM and EM, "90% economies" often look more plausible, because capacity is being permanently reduced, notably in the consumer-facing economy (theatres and restaurants are being closed, cruise ships are being scrapped, etc). And yet, the market wants to believe in a reflationary narrative?

We believe the resiliency of investor sentiment reflects the perceived likelihood of two momentous triggers: the approval of a vaccine, and the adoption of a new fiscal stimulus programme in the US. Of course, there is much uncertainty around the timing, logistics, and effectiveness of a vaccine. Most commentators warn a vaccine alone won't be enough for social and economic life to fully revert to normalcy. As shown again in the past few months, US politics are too fractured to guarantee a well-designed fiscal package will be approved in 2021, in particular if Congress remains divided after the November elections. And yet, as long as the approval of a vaccine and more fiscal stimulus both appear more likely than not, the market won't de-risk meaningfully. The worsening of the pandemic alone, economic data or Q3 earnings disappointments, may trigger some profit-taking, but they won't in themselves end the story.

The approval of a vaccine will prove a critical juncture for markets, when investors need to reconsider what was actually priced in. How quickly a vaccine truly helps consumer-facing sectors recover may open some room for disappointment, both for markets, and societies at large. But we haven't reached that point when markets may have to sell the fact after having bought the rumour. In the meantime, investors seem likely to continue pursuing some interim narratives and counter-narratives, although uncertainty remains too high for any to truly gather momentum. For instance, value markets (including high-yield) have recently performed better than could be expected at a time when economic momentum is weakening. This reflects some rotation out of large caps and the pandemic structural winners, vulnerable because of their high valuations and potentially facing higher regulation and taxes, into smaller companies which could benefit more from a return to normalcy and more targeted, "bottom-up" stimulus next year. Similarly, the US curve has recently fluctuated between steepening, reflecting the inflationary impact from a potential large-scale stimulus in the US and the Fed's "average-inflation-targeting" framework and flattening again, whenever downside risks rise again before any reflation can take hold. Finally, a few sector or country-specific themes have recently emerged. The view a Biden administration would be negative for Russia, for instance, strikes us as fairly naïve, and could yet become a trading opportunity (it has mainly been expressed in the Ruble so far, rather than Russian hard currency bonds).

Credit spreads have settled in a relatively narrow range, which, in combination with anchored front-end rates, should continue to encourage carry strategies, including corporate credit, into year-end. The risk of market rupture may be increasing, however, if the narrative investors are clinging to veers too far from fundamentals: markets will only ignore the measures taken to control the pandemic up to a point. This is making for a fairly challenging market to trade in the near-term, and we prefer to keep a medium-term perspective. The Fund's overall positioning reflects our cautious optimism markets are right in expecting the approval of a vaccine and further stimulus in the coming months. We are acutely aware neither will be panaceas for the world economy but see no reason – either tactical or fundamental - to actively position against the current consensus. Most of the Fund's holdings should remain largely resilient if activity fails to pick-up in 2021, while a few of our key positions – such as Quiport, KME, or Newday - keep significant upside if growth recovers along the market consensus in 2021. Because quality and resilient credits have become too expensive in our view, our focus is on adding to such positions, although we will likely first need to wait to have more visibility on the US elections to be more aggressive.

Monthly Performance since Inception

Class F (USD, ISIN: 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%	1.00%				**3.36%**
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, ISIN: 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%	0.92%				**1.89%**
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, ISIN: 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%	0.98%				**2.52%**
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.

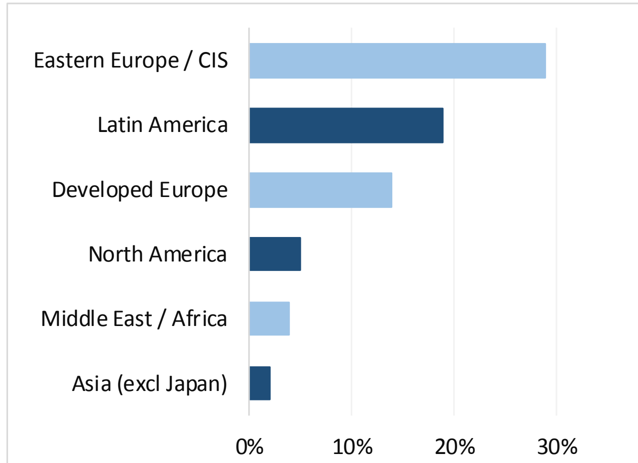
Fund Information as of September, 2020

	Avg Rating	NAV (%)	Price	Duration	Yield	Spread
SphereInvest Global Credit Strategies	BB-	100 %	98.0	2.0	6.5%	639
Cash and Equivalents	AA+	27 %				

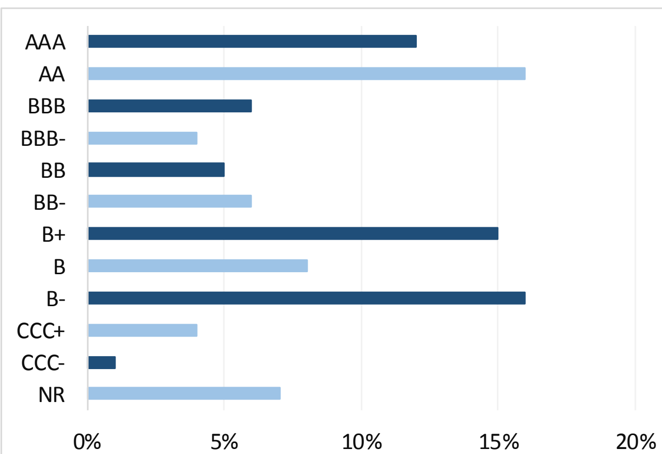
Top 10 Holdings (in % of NAV, 01/10/20)

Bond		%
9.875%	Global Ship Lease, 2022	4.2%
6.75%	KME AG, 2023	3.9%
12.00%	Quiport, 2033	3.7%
11.00%	Silknet, 2024	3.7%
6.748%	MV24 Capital, 2034	3.1%
6.125%	Lukoil, 2020	3.0%
12.00%	Trans-Oil, 2024	3.0%
7.125%	Naftogaz, 2024	2.7%
9.25%	Tinkoff Credit Systems, PERPS	2.6%
8.875%	Credit Bank of Moscow, PERPS	2.5%

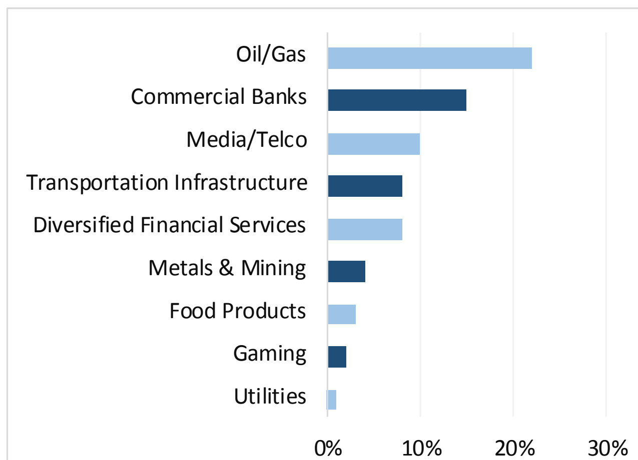
Regional Allocation (incl. cash & equiv)



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)		