SphereInvest | GROUP

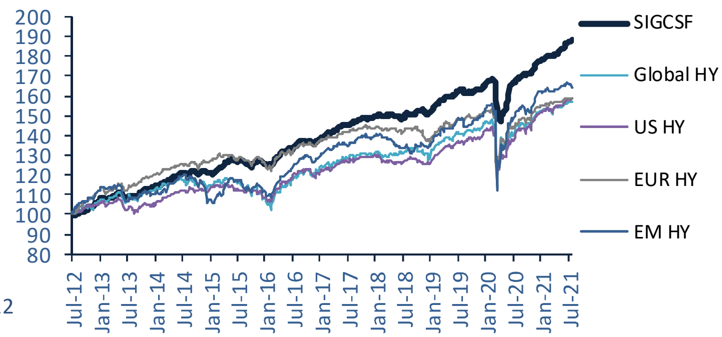
GLOBAL CREDIT STRATEGIES FUND

Monthly Performance

Class F (USD): MTD return: 0.41% 2021 return: 5.59% NAV per Share: 187.98
Class D (EUR): MTD return: 0.35% 2021 return: 5.14% NAV per Share: 164.59
Class E (GBP): MTD return: 0.39% 2021 return: 5.48% NAV per Share: 137.72

	YtD	3 Years		Since Inception	
	Return	Return *	Sharpe	Return *	Sharpe
SIGCSF Class F (US$)	**5.6%**	**7.4%**	**1.2**	**7.2%**	**1.8**
Global HY (etf: HYG US)	2.9%	5.7%	0.4	5.1%	0.5
US HY (etf: SPHY US)	4.3%	7.5%	0.7	5.2%	0.7
EUR HY (etf: SYBJ GY)	2.6%	3.4%	0.2	5.2%	0.5
EM HY (etf: HYEM US)	1.1%	6.8%	0.4	5.6%	0.5
Bloomberg Barc Global Agg	-1.9%	4.8%	0.7	2.1%	0.3

* Annualized Weekly Returns and Sharpe Ratios; Fund Inception: July 2012
Source: SphereInvest Group; Bloomberg



Portfolio and Market Commentary

The treasury market has recently provided a Rorschach test for investors, offering explanation for the ongoing rally in rates according to their varied beliefs - or positioning of their portfolios. The cohesive narrative at the turn of the year, underpinned by optimism about the sharp economic rebound in China, the US, and Europe, has given way to conflicting and evolving interpretation. A somewhat hawkish June FOMC meeting was, at first, credited with bull flattening the curve, before the narrative gradually shifted to investors embracing Jay Powell's incantation "inflation must be transitory". Maybe because break-evens were proving very stable, while real rates were reaching historical lows – contradicting the notion inflation expectations were in the driver's seat - a narrative emerged the rally in rates was because the US had already reached "peak growth". Meanwhile, strong economic activity and inflation prints have convinced some commentators "technical" reasons must explain the rally in rates: from the unwind of bearish duration bets, to pension funds rebalancing their portfolios after months of strong equity gains, to the evergreen narrative CB's asset purchases are depressing rates.

There are grains of truth in each of these. Although we don't think it is ever a good idea to dismiss the treasury market as divorced from fundamentals, we lean towards technicals to explain the recent rally in rates. Record negative real rates – around -1.1%, compared with average around 0.2% since the GFC - strike us as very low relative to where the US economy likely stands in the cycle. By accepting such rates at a time when the US is still expected to be growing above 4% in 2022, we suspect investors may betray their pessimism about risk-adjusted-returns in competing asset classes, rather than their GDP or inflation expectations. The correlation between treasuries and risk-markets has often been positive since the GFC, as risk-assets benefited from lower discount rates and abundant liquidity. Ironically, cheaper risk-asset valuations may now be needed to attract capital away from safe-havens and allow rates to rise in line with stronger inflation and economic prospects. Whether markets could navigate such a twin-correction without self-defeating trauma remains to be seen.

The underperformance of EM assets year-to-date has been striking and accelerated during July, defying expectations they would benefit from buoyant investor sentiment and tailwinds such as strong commodities. We see several reasons. Sadly, many EM countries, notably in South-East Asia, have seen the virus surge again, having often fared better than the developed world in 2020. Slow progress in vaccinating populations raises the risk economic activity may only accelerate in 2022, contrasting optimism at the start of the year. While tragic scenes observed in India or Indonesia have taken their toll on sentiment, we suspect most investors are taking a more medium-term view: in EM, as in DM, vaccinations should eventually bring the pandemic under control. EM politics remain oft difficult, notably in South America, and may be keeping investors cautious. Political volatility is par-for-course in the asset class, however, and we do not believe recent developments marked a significant shift.

The best explanation for the trajectory of EM assets may be found in China, where policy shifts portend near-term stress. For several years, China's leadership have played a balancing act between deleveraging and growth – while always prioritizing the latter when push came to shove. The twin regulatory assault on Big Tech and ongoing tightening in the property sector – two of the country's key drivers of growth – signal the leadership's priorities may have truly changed. To be sure, economic activity in China remains strong, which is itself giving the authorities the space to pursue their crackdown. The surprise reduction in bank reserve requirements in July also signals they remain attentive to the impact of their deleveraging drive.

For investors, we believe a key concern should be the leadership's agenda, if confirmed, cannot easily be dismissed as policy missteps – such as, for instance, the botched devaluation of the Yuan in 2015. While wrong-headed policies are destined to be eventually corrected – offering "buy-on-dip" opportunities - the downsizing of China's overleveraged property sector or the regulatory crackdown on Big-Tech are open-ended: their only conclusion is either the leadership achieving their aims or being thwarted by the stress caused by their policies. In this regard, how China deals with the systemic risks raised by the ongoing liquidity crisis at Evergrande, a giant property developer, is likely to be a near-term test.

Monthly Performance since Inception

Class F (USD, ISIN: IE00BKXBBV70)

	Jan	Feb	Mar	April	May	Jun	July	Aug	Sep	Oct	Nov	Dec	YTD
2021	0.54%	0.85%	0.02%	0.96%	0.85%	1.79%	0.41%						**5.59%**
2020	1.09%	0.05%	-12.07%	2.67%	4.24%	5.53%	1.06%	0.81%	1.00%	-0.05%	2.69%	1.16%	**7.31%**
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: IE00BKXBBS42)

	Jan	Feb	Mar	April	May	Jun	July	Aug	Sep	Oct	Nov	Dec	YTD
2021	0.48%	0.80%	-0.06%	0.89%	0.79%	1.76%	0.35%						**5.14%**
2020	0.89%	-0.10%	-12.52%	2.54%	4.12%	5.42%	0.99%	0.75%	0.92%	-0.11%	2.62%	1.05%	**5.55%**
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: IE00BKXBBT58)

	Jan	Feb	Mar	April	May	Jun	July	Aug	Sep	Oct	Nov	Dec	YTD
2021	0.53%	0.81%	0.00%	0.95%	0.83%	1.82%	0.39%						**5.48%**
2020	1.00%	-0.04%	-12.48%	2.59%	4.23%	5.50%	1.04%	0.81%	0.98%	-0.06%	2.65%	1.11%	**6.34%**
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.

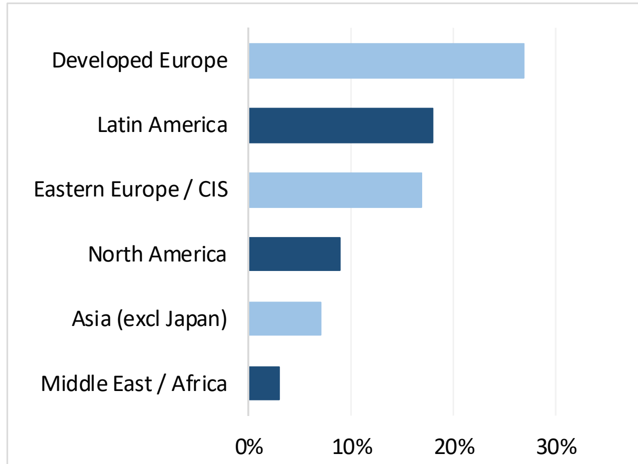
Fund Information as of July, 2021

	Avg Rating	NAV (%)	Price	Duration	Yield	Spread
SphereInvest Global Credit Strategies	BB	100 %	102.6	1.9	5.0%	481
Cash and Equivalents	AA	19 %				

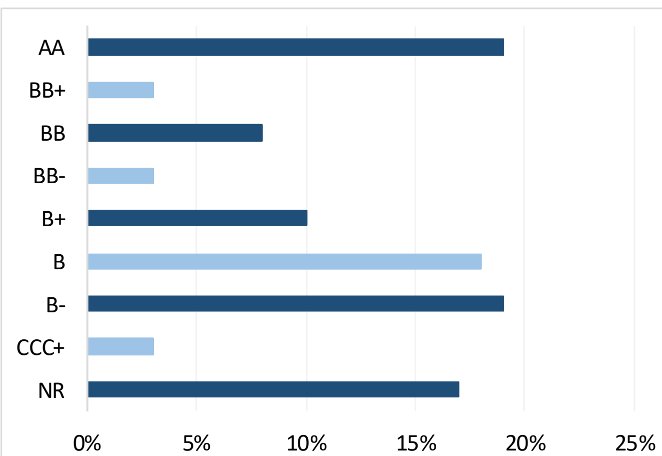
Top 10 Holdings (in % of NAV, 29/07/21)

Bond		%
8.45%	Trans-Oil, 2026	3.8%
11.00%	HKN Energy, 2024	3.5%
8.00%	Copper Mountain Mining Corporation, 2026	3.5%
8.875%	Credit Bank of Moscow, PERPS	3.4%
6.748%	MV24 Capital, 2034	3.3%
9.25%	Tinkoff Credit Systems, PERPS	3.2%
8.875%	Telecom Services of Trinidad & Tobago, 2029	3.1%
12.00%	Quiport, 2033	3.1%
8.50%	Brooge Petroleum, 2025	3.1%
9.25%	Genel Energy, 2025	3.0%

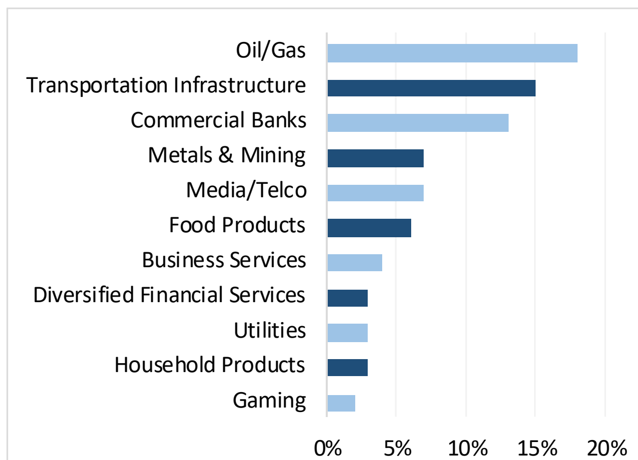
Regional Allocation (incl cash & equiv)



Credit Quality



Sector Allocation (incl cash & equiv)



Fund Terms

Regulatory	UCITS V	Domicile	Ireland
Liquidity	Daily Pricing / Weekly dealing	Global Custodian	Citibank N.A., London
Start Date	2nd July 2012	Auditor	Deloitte (Ireland) LLP
Management Fee	1.5% (Retail) 1% (Institutional)	Legal Counsel	Eversheds Sutherland
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)		