SphereInvest | GROUP

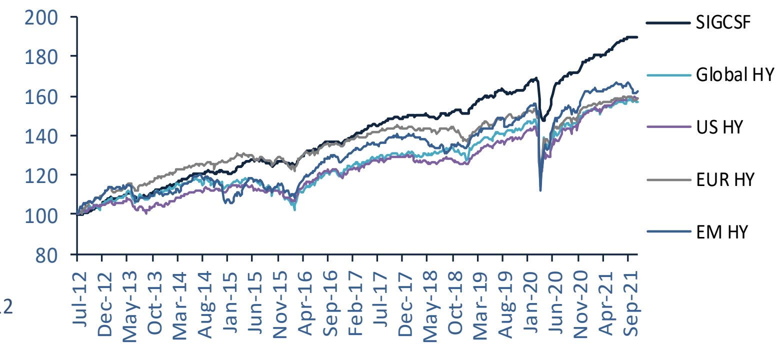
MORNINGSTAR ★★★★★

GLOBAL CREDIT STRATEGIES FUND

Monthly Performance

Class F (USD): MTD return: -0.04% 2021 return: 6.52% NAV per Share: 189.63
Class D (EUR): MTD return: -0.08% 2021 return: 5.89% NAV per Share: 165.77
Class E (GBP): MTD return: -0.05% 2021 return: 6.39% NAV per Share: 138.91

	YtD	3 Years		Since Inception	
	Return	Return *	Sharpe	Return *	Sharpe
SIGCSF Class F (US$)	**6.5%**	**7.4%**	**1.3**	**7.1%**	**1.8**
Global HY (etf: HYG US)	2.9%	5.9%	0.4	4.9%	0.5
US HY (etf: SPHY US)	4.7%	7.9%	0.7	5.1%	0.7
EUR HY (etf: SYBJ GY)	2.2%	3.7%	0.2	5.0%	0.5
EM HY (etf: HYEM US)	-0.4%	6.0%	0.3	5.3%	0.4
Bloomberg Barc Global Agg	-3.8%	4.6%	0.7	1.8%	0.2



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

Portfolio and Market Commentary

During the first half of this year, while inflationary pressures were steadily growing, investors' conviction this would prove "transitory" seemed to ebb and flow. Hawkish CB-speech (notably – and inexplicably in hindsight - by BoE officials) more recently raised fears DM CBs might hike sooner than expected. At first, CBs did not seem fit to push back against the spectacular repricing of short-term rates, maybe out of fear of backfire if they were indeed forced to tighten. ECB president Lagarde even refused to opine whether markets were right in their assessment: a striking stance for a central bank used to hold investors' hands lest their expectations stray. President Lagarde, true to herself, then attempted to walk-back her comment over several subsequent interviews. Over three successive CB meetings in late October and early November, it emerged the ECB, the Fed, and the BOE all remained more worried about downside growth risks than inflation, triggering another sharp bout of volatility, as investors' expectations once again shifted; and heavy, one-sided, positions were unwound.

We see at least one lesson to the recent rates upheaval: this market won't be kind for investors trading on inflation narratives. To be successful, an investment theme must be attractive enough to gather mass adhesion – but also give investors some warning signs when it loses appeal. The trouble is, inflation remains an economic phenomenon among the most treacherous and least understood. DM CBs have obvious incentive to defend the "transitory" thesis, if only to help anchor expectations among receptive investors and households with scant real-life experience in the topic. In this context, we question the forecasting power of market-based measures (curve shape, break-evens, forward swaps, etc.), while inflation surveys have a notoriously poor record. Although we see some reason to expect inflation to normalize, we wonder how investors' confidence may remain intact should prints remain elevated over several months to come. This should all keep expectations and rates volatile in coming months. With no one having a true forecasting edge, we believe investors chasing narratives will only expose themselves to shifts in expectations, likely to come with little advance warning.

HY corporate credit, being relatively lower duration, should remain resilient to rates volatility. A bigger challenge, in our view, will be to understand what the eventual normalization of economic conditions – implicit in the "transitory inflation" thesis – would mean for the asset class. We remain sanguine on overall market spreads because the global recovery remains strong, despite some country disappointments and risk raised by the ongoing crisis in China's property market. However, we also believe HY has benefitted on balance from re-opening disruptions this year. For a few companies suffering from supply chain issues, we have seen many others thriving, thanks to surging demand, recovering pricing power, or winner-take-all effects as disruptions force weaker players out of business. Therein lies the paradox about the current inflation angst: whether because of excess demand or deficient supply, leveraged companies are more likely to thrive in inflationary environments. Part of the recent malaise in credit markets may stem from the realization the goldilocks combination of strong inflation and still repressed funding costs is unlikely to last. However, it is impossible to know whether normalization will come from weaker demand, higher capacity, or higher rates. All the while, whenever economic conditions are fluid, the risk of accidents is rising - from monetary policy mistakes, to companies misjudging demand and adding too much capacity, or instead, losing ground to the competition.

There is no generic answer to the current market configuration. Strong balance sheets and defensives would outperform if normalization next year came from weaker demand, but tight spreads and higher duration would offer little cushion were investors to start doubting CBs' willingness or ability to tame inflation. On the contrary, weaker balance sheets and cyclicals may continue thriving if normalization is brought by capacity adjustments – likely to take more time – and demand remains strong, while higher spread bonds may be less sensitive to monetary tightening. Until we get more confidence in our outlook, we are likely to continue deploying capital in sectors benefitting from multi-year strength – such as energy – and idiosyncratic credits which should be resilient whatever next year's economic trajectory – such as our allocations to software & business services.

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%	0.81%	0.10%	-0.04%			**6.52%**
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%	0.73%	0.07%	-0.08%			**5.89%**
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%	0.81%	0.09%	-0.05%			**6.39%**
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.

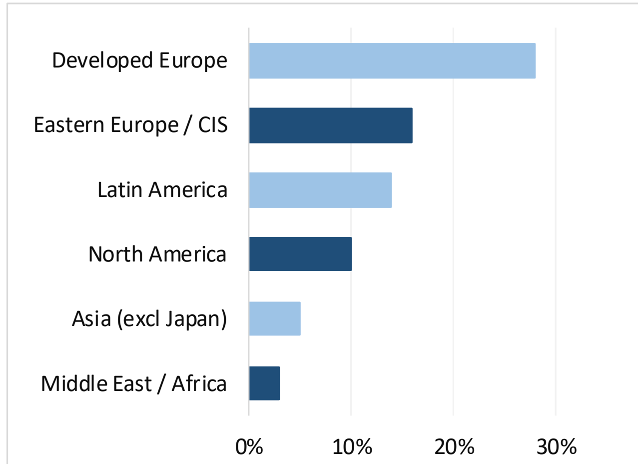
Fund Information as of October, 2021

	Avg Rating	NAV (%)	Price	Duration	Yield	Spread
SphereInvest Global Credit Strategies	BB+	100 %	101.7	1.9	5.1%	486
Cash and Equivalents	AA+	24 %				

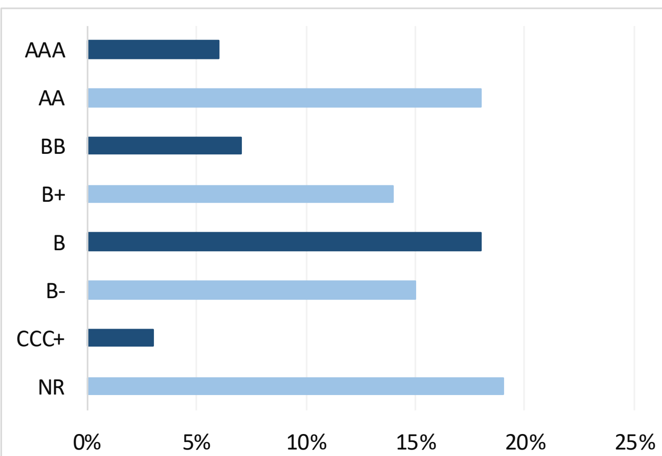
Top 10 Holdings (in % of NAV, 28/10/21)

Bond		%
12.00%	Quiport, 2033	3.6%
8.45%	Trans-Oil, 2026	3.4%
7.125%	Naftogaz, 2024	3.4%
11.00%	HKN Energy, 2024	3.1%
8.875%	Telecom Services of Trinidad & Tobago, 2029	3.0%
5.875%	Engineering Ingegneria Informatica, 2026	3.0%
8.375%	Diana Shipping, 2026	3.0%
8.875%	Credit Bank of Moscow, PERPS	2.9%
8.50%	Danaos, 2028	2.9%
9.25%	Tinkoff Credit Systems, PERPS	2.9%

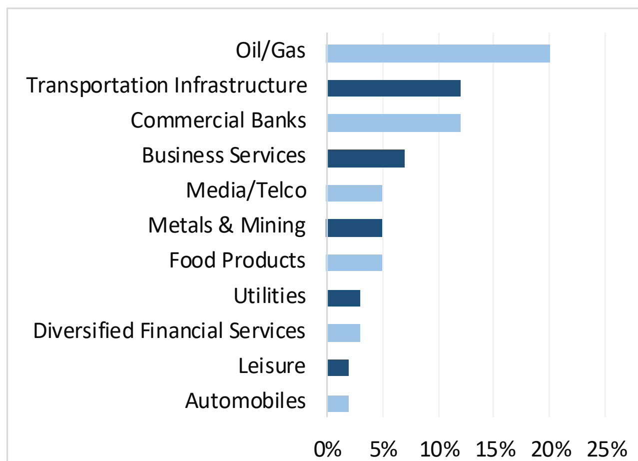
Regional Allocation (incl cash & equiv)



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)		