



Global Credit Investing

The SphereInvest Group

January 2022

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The SphereInvest Group, *at a glance*

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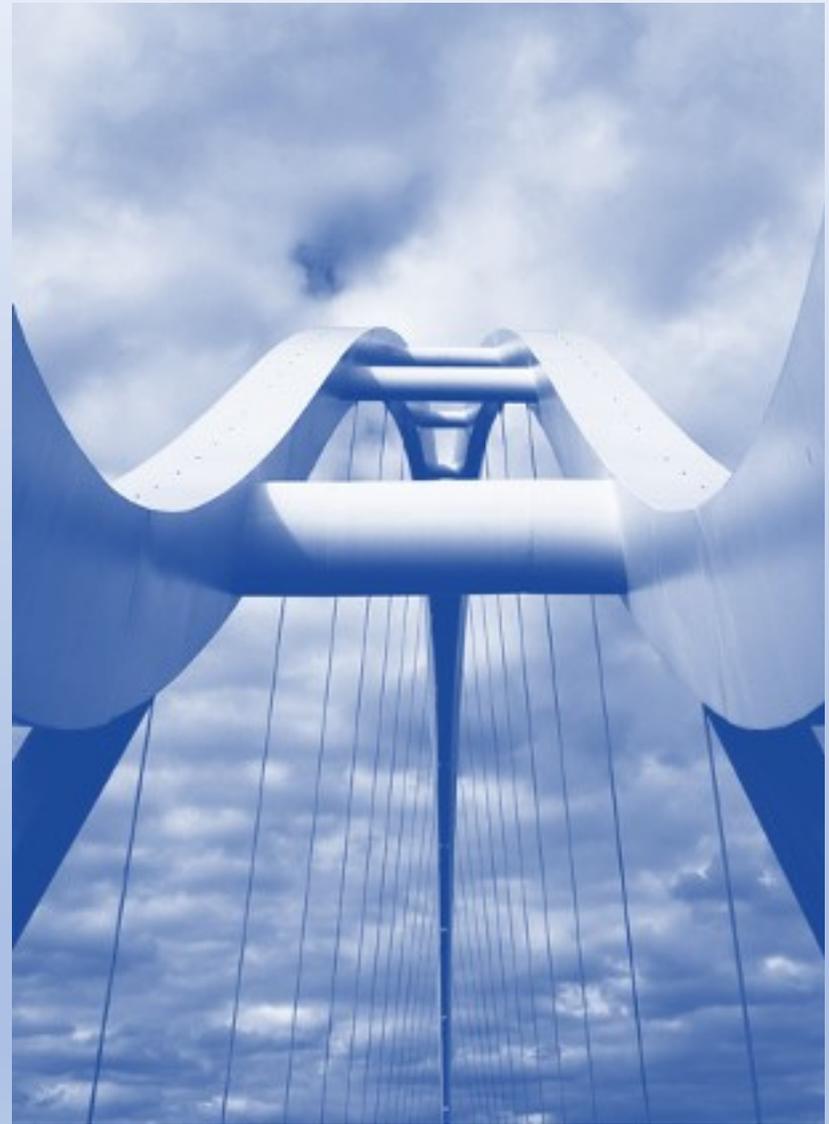


The SphereInvest Group, *at a glance*

- **SphereInvest** is a privately-owned, specialist Investment Management company founded in 2009 by **Joseph Strubel** and **Nicholas Snelling**.
- SphereInvest's team, including Portfolio Manager Boris Fischer, manages the Morningstar 5-Star rated **SphereInvest Global Credit Strategies (UCITS)**, a **dynamically** traded, **unconstrained** and **opportunistic** fixed income fund, which invests principally in global high yield corporate bonds, agnostic to benchmarks.
- Prior to co-founding SphereInvest, Mr. Strubel was portfolio manager of the Millennium Global High Yield Fund, for which he was twice awarded **Best Performing Credit Fund Manager of the Year** by *EuroHedge*, and similarly recognized by *Hedge Fund Intelligence*.
- The SphereInvest Group is licensed as an Alternative Investment Fund Manager under the EU **AIFM Directive** as well as licensed as a **UCITS** investment manager. SphereInvest has offices in Monaco, London, Bermuda and Malta.
- **SphereInvest** draws on its proven, longstanding expertise in credit to provide tailored investment solutions for investors in accordance with their return and liquidity preferences, through the following:
 - **UCITS Funds**
 - **Separately Managed Accounts**
 - **Offshore Funds**

Biographies of the Co-Founders

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Joseph Strubel

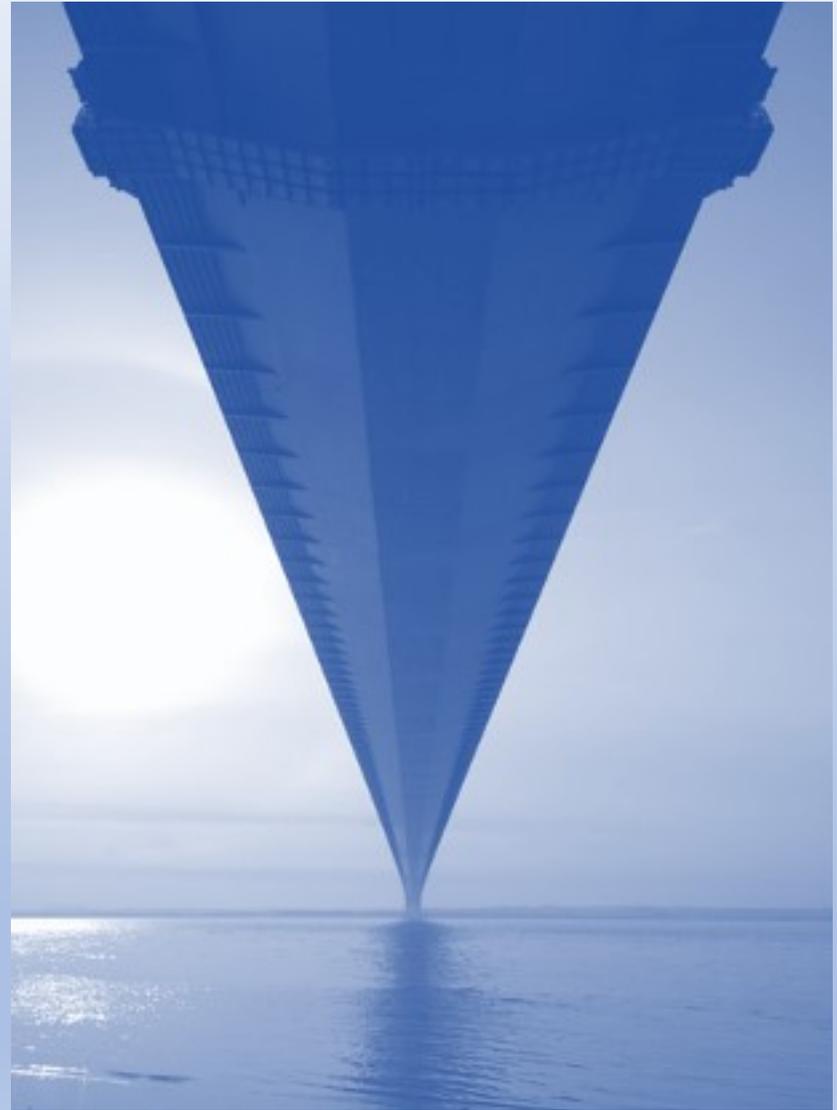
- 2009, Co-Founder, Senior Advisor and Board Member, the **SphereInvest Group**, Monaco, London, Bermuda & Malta
- 2015-2019, Independent Non-Executive Director, **S&P Global Ratings**, London, Paris & Dublin
- 2007-2010, Senior Advisor, **Millennium Global**, Geneva
- 1999-2007, Portfolio Manager and Managing Director of Alternatives, **Millennium Global**, London
- 1997-1999, Head of Fixed Income Investments, **Renaissance Capital Asset Management**, Moscow
- 1996-1997, Director, Proprietary Credit Trading, **SBC Warburg Inc**, NY
- 1991-1995, Director, Distressed Assets Portfolio Management, **HSBC Group**, NY
- 1987-1990, Senior Economist, **Merrill Lynch & Co**, NY
- 1987, The University of Rochester's **Simon Business School**, MBA in Finance and Applied Economics
- 1986, The **University of Rochester**, BA in Economics

Nicholas Snelling

- 2009, Co-Founder, COO and Board Member, the **SphereInvest Group**, Monaco, London, Bermuda & Malta
- 2005-2009, Chief Operating Officer, **Cedar Investment Management**, Bermuda
- 2001-2004, Chief Financial Officer, **Agora Capital Management**, Bermuda
- 1996-2000, Chief Financial Officer, **Cameron Capital Management**, Bermuda
- 1991, **Institute of Chartered Accountants**
- 1988, **Sheffield Hallam University**, BA in Accounting and Financial Control

Investment Philosophy

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Our Investment *Philosophy*

- We draw on *55+ year's* collective fixed income market expertise to formulate and execute the **unconstrained** and **opportunistic** SphereInvest Global Credit Strategies.
- We **target a mid+ single digit** annual coupon, while keeping an eye on both opportunities to take advantage of dislocations *and* liquidity, as our best offense and defense. To achieve these targets, the resultant portfolio management becomes a **Dynamic “Barbell”** approach to fixed income risk exposure, as we oscillate between **High Yield** bonds and cash/US Treasuries/risk-free investments.
- Since the **High Yield** asset class was delineated in the 1980s, SphereInvest estimates its return per unit of risk, **as measured by Sharpe**, has been **continuously greater**, compared to all other asset classes. Given our dual mandate of targeted return and liquidity, where the majority of income is derived from bond coupons, we believe High Yield the best asset class in which to invest to achieve our goals.
- A **Global** approach improves access to companies, industries and countries operating at potentially **unsynchronized** stages of the business cycle, while allowing us to build insight we otherwise might miss.
- We combine our proprietary bottom-up **Quantitative** Augmented Intelligence screening model with **Qualitative** “equity approach” analysis, to understand each credit and where it fits within the global risk spectrum.
- Our goal: a capacity disciplined, **High Conviction** portfolio of bonds, as we attempt to **avoid** the penalties of **over-diversification** and **stale positioning**.
- **“Risk off”** position: **raising cash**/investing in US Treasuries, as our preferred method of reducing market beta in a negative environment, while providing upside liquid reinvestment optionality.

Product Summary

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SphereInvest - Global Credit Products Summary

Shared process, varying return targets and a choice of liquidity parameters

	The SphereInvest Global Credit Strategies (UCITS) Fund	Separately Managed Accounts
Investment Objective	Emphasis on Carry, Liquidity and Reducing Volatility	Choice of Carry- Capital Appreciation or Total Return Target. The target can be equivalent to the existing strategies or customised.
Annualised Yield to Maturity	5-7%	4-12%
Portfolio Exposure	<ul style="list-style-type: none"> •Diversified across liquid DM and EM Hard-Currency Corporate Credits •Targets BB Average Portfolio Rating •Unconstrained holdings of risk-free UST/Cash 	Exposure across the spectrum from low risk credit to distressed debt according to investor preference.
Target Number of Credit Positions	•35-45	•20-50

Opportunities in Global Credit Markets

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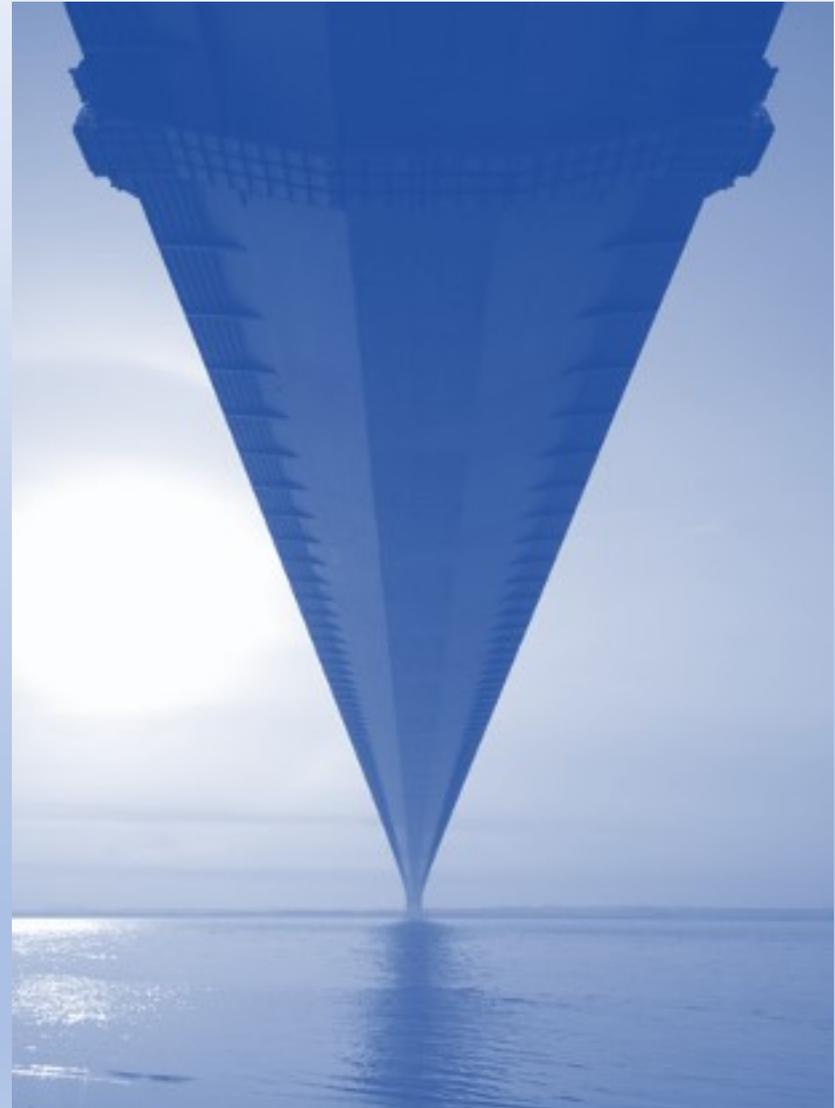


Opportunities in Global Credit Markets

- **Uncertainty in markets reflects:**
 - With unprecedented fiscal, monetary and mandated policies, how long until normalized growth returns to outlive inflationary pressures?
 - What are the permanent shifts in both policies and behavior, which will affect economies and growth?
 - What of the above is already priced into markets and what is still unknown?
- **Uncertainty highlights both challenges and opportunities to take advantage of dislocations:**
 - Eventually, based on poor demographics, US/European Central Banks need to recommit to regimes of low real rates, supportive of companies and bond markets.
 - Subdued economic recovery in Emerging Markets will lead to cautious corporate investment plans, improving some balance sheets, while collapsing others.
 - Experiences across industries and regions will vary greatly. Which will benefit and when? Which will require restructuring and how deep?
 - Dispersion creates opportunity.

Core Strengths of SphereInvest

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Core Strengths of SphereInvest

Investment Expertise

- Mr. Strubel has more than 35 years' experience managing portfolios of global fixed income securities, across the Americas, Asia, and EMEA, including numerous investment cycles.
- Investment and Operations teams have a wealth of experience in global financial markets.
- The group shares an alignment of interest with investors, having significant capital invested in its own products.

Portfolio Construction

- Global Investment Universe, screened for best ideas.
- Pragmatic approach to allocation by regions and markets, depending on identified risks and opportunities.
- Investment Approach combines top-down quantitative augmented intelligence screening with bottom-up credit analysis.
- Capacity Disciplined, enabling flexibility and nimbleness.

Institutional-Quality Operations & Systems

- Comprehensive portfolio oversight is provided by Calypso's Trading and Risk Management platform.
- Strong infrastructure emphasises strict separation of front, middle and back office responsibilities.
- Apex Investment Services provides middle and back office support and independent portfolio valuation.

Investor Choice and Flexibility

- Calypso is a flexible and robust platform enabling fully customised portfolio investment parameters.
- Managed account investors can exercise their own choice of Prime Broker and Custodian.
- SphereInvest offers a UCITS compliant fund as well as a diversified range of co-mingled (offshore) vehicles.

Investment Process - Initiation and Review

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Investment Process - Initiation

Quantitative Augmented Intelligence Screening

- Process-Driven "Top Down" Quantitative Augmented Intelligence Screening of 10k+ Universe.
- Geared to developing a 400 "Focus List", comprising bonds, which yield at or above target threshold, meet required creditworthiness criteria (maximum leverage & interest coverage) and are better-ranked across a range of relative value measures, i.e. offer more spread per unit of risk.
- Bottom-up "Equity Style" fundamental credit analysis to generate insight into;
 - Individual Companies.
 - Global Industry Themes.
 - Individual Countries.

Selection, Approval & Monitoring

- *Selection:*
 - 400 Focus List, combining Quantitative Augmented Intelligence Screening & Qualitative Analysis.
 - Target "Favorite 10%" (40) investments for inclusion in the portfolio.
 - Portfolio risk management and trading review against portfolio constraints.
- *Approval:*
 - PM approves/disapproves recommendations; or directs other research initiatives.
 - Once approved, progressed to trade execution within portfolio constraints
- *Monitoring:*
 - Portfolio evaluation - continuous and dynamic.
 - Existing positions reviewed for additions, withdrawals or potential switches.

Investment Process - Review

Investment Themes

- Bottom-Up analysis yields insights into companies, industries and regions.
- Investment Theme examples;
 - Mature Telecom Incumbents and Food Producers provide stable revenues and outsized risk-adjusted returns.
 - Short Duration Credit of high-quality issuers provides both income and optionality to eventually reinvest in high yielding opportunities once risks are better understood.
 - With Bank balance sheets repaired going into the crisis and Banks being the conduits for policy response, Bank debt provides interesting returns amid a myriad of choice.
 - Valuations of a growing list of companies with strong assets and low leverage, able to survive the continued near-term shock to revenue, provide attractive medium-term investment opportunities.

Portfolio Management and Construction

- Investment approach begins with targeting a 2yr hold.
- Yield targets, once attained, trigger profit taking.
- Greater liquidity in the UCITS portfolio allows for more dynamic exposure management.
- Adverse market conditions prompt higher levels of cash/UST, as both a defense and, later, an offense.
- Manager avoids single name CDS can short indices.
- Capacity Disciplined.

Risk Management

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Risk Management

Portfolio Risk Management

- The Calypso portfolio management system incorporates hard limits for each mandate by issuer, industry, country, region and rating.
- >5% move in one day triggers review of position.
- Pre-set individual position limits trigger either profit taking or stop loss discussion.
- Stop loss discussion leads to an exit or hold decision.
- High levels of cash facilitate re-positioning into more attractive investment opportunities after a downturn.

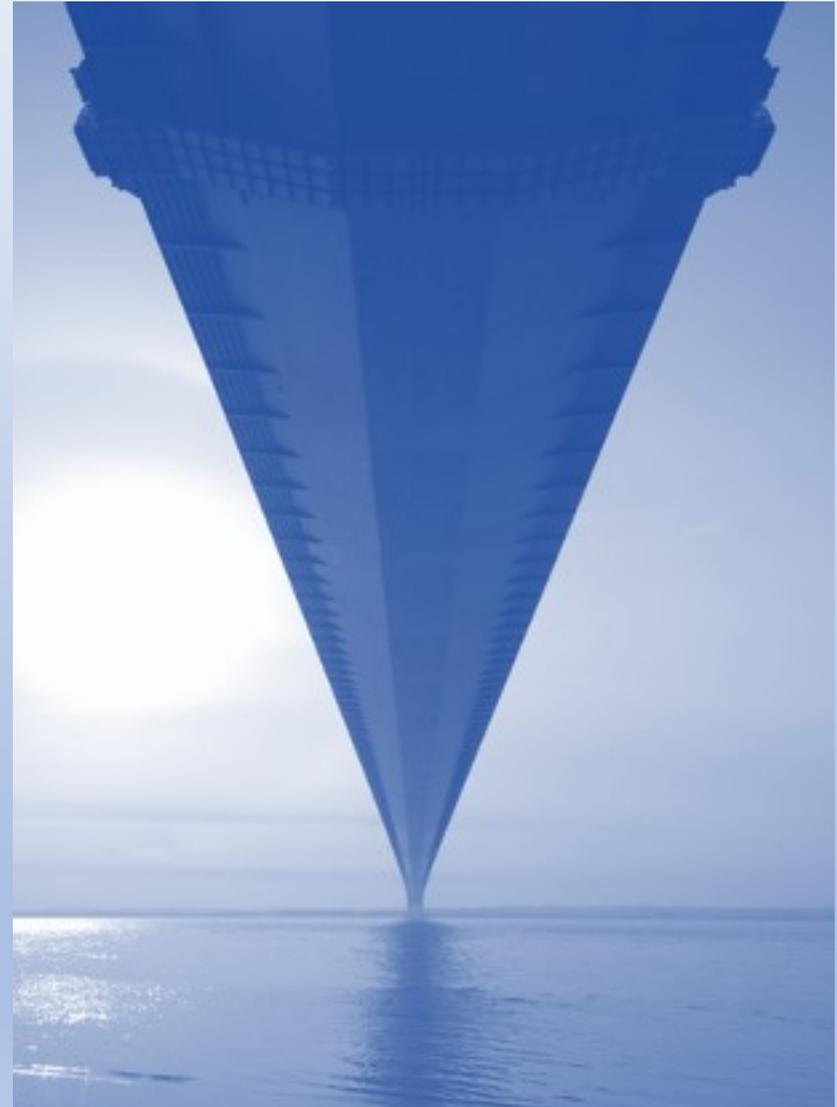
Risk Monitoring

- Adherence to the parameters of each investment mandate is monitored by the risk management team utilising the Enterprise Risk System module in Calypso.
- Risk Policy and Procedure for each mandate determined by the Risk Manager, which includes identification and description of the mandate's risks.
- The risk management team monitor, measure and at any time take appropriate steps to mitigate and control the market, credit, liquidity, counterparty and compliance related risks.
- Reconciliation with all counterparties and administrator is overseen by an external, independent valuation team.



Product Terms & Service Providers

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SphereInvest - Product Terms & Service Providers

	SphereInvest Global Credit Strategies (UCITS) Fund		Separately Managed Accounts
Domicile	Ireland		Investor's preference
Regulatory Framework	UCITS V		Investor's preference
Launch Date	2 nd July 2012		
Management Fee	Retail Share Class - 1.5%; Institutional Share Class - 1%		Customised
Performance Fee	5% - paid annually, above high water mark		Customised
Share Classes	<u>Retail</u>	<u>Institutional</u>	
Minimum Investment:	25,000 nominal	200,000 nominal	USD 20mn
Accumulating:	USD EUR GBP CHF CAD NOK	USD EUR GBP CHF CAD NOK	Customised
Distributing:	USD EUR	USD EUR	Customised
Series Accounting:		USD EUR CHF	Customised
Liquidity	Daily NAV, Weekly Trading, with 8 business days' notice for redemption		Customised
Administrator	Apex Fund Services (Ireland) Ltd.		Investor's preference
Custodian & Global Custodian	European Depository Bank SA, Dublin & Citibank N.A., London		Investor's preference
Legal Advisor	Eversheds Sutherland (EU Law)		Investor's preference
Auditor	Deloitte Ireland LLP		Investor's preference
Regulator	Central Bank of Ireland		Investor's preference

Our UCITS fund is currently onboarded on the following databases:

ALBOURNE

SIX TELEKURS



Bloomberg



hedge pole

MORNINGSTAR®

MERCER

Infront

Our UCITS fund is currently onboarded on the following platforms:



ALLOCATOR

defaqto



attrax

allfunds



alpha portfolio advisors
Beratung institutioneller Anleger



MFEX™
MUTUAL FUNDS EXCHANGE

The SphereInvest Team

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Credit Products Investment Team

Joseph Strubel, *Senior Advisor*

Mr. Strubel is co-founder, Senior Advisor and Board Member of the SphereInvest Group and has been actively involved in financial markets for more than 35 years. From 2015 to 2019, Mr. Strubel served as an Independent Non-Executive Director representing Europe on the Board of S&P Global Ratings, in accordance with the ESMA Directive. From 2007 to 2010, Mr. Strubel was a Senior Advisor to Millennium Global (Suisse) SA; from 1999 to 2007, Managing Director of Alternatives for Millennium Global Investments and Portfolio Manager of the Millennium Global High Yield Fund. From 1997 to 1999, Mr. Strubel was co-founder & Head of Fixed Income Investments for Renaissance Capital Asset Management, remaining a Senior Advisor until 2001. From 1996 to 1997, Mr. Strubel was Director, Proprietary Credit Trading, for SBC Warburg Inc. (Swiss Bank/UBS). Additionally, Mr. Strubel worked from 1991 to 1995 as Director, Distressed Assets Portfolio Management, with the HSBC Group and, from 1987 to 1990, as a Senior Economist with Merrill Lynch & Co. Mr. Strubel is a graduate of the University of Rochester, with a BA in Economics and, from the University's Simon Business School, an MBA in Finance and Applied Economics.

Boris Fischer, *Portfolio Manager/Credit*

Mr. Fischer joined SphereInvest in 2010 from BlueBay Asset Management, London, where he worked from 2006 as Senior Credit Analyst of Global Emerging Markets Corporates and Financials. Previously, Mr. Fischer worked as Publishing Credit Analyst of CIS Corporates at Barclays Capital, London. Mr. Fischer is a CFA Charter Holder and holds a Grande Ecole Diploma, majoring in Finance, from the ESSEC Business School in Paris. Mr. Fischer has previously held analytical positions with Lazard Freres Gestion in Paris, Axa Investment Managers in London and PIMCO in Munich.

Tiberiu Samareanu, *Senior Credit Analyst/Trader*

Mr. Samareanu joined SphereInvest in 2018 from TradExec Ltd, Geneva, where he worked from 2014 as Head of Trading, responsible for trade execution of all products, including corporate bonds, government bonds, FX and derivatives. Previously, Mr. Samareanu held internship positions at Union Capital Group, Geneva on their Derivatives Team; the National Bank of Romania, in Macroeconomic Research; and at the Erste Group, Bucharest, in Financial Database Management. Mr. Samareanu is a CFA Charter Holder and holds a Master of Science Diploma in Finance from HEC University of Lausanne, Switzerland.

Operations and Marketing Team

Nicholas Snelling, *Chief Operating Officer*

Mr. Snelling is co-founder, Chief Operating Officer and Board Member of the SphereInvest Group. Mr. Snelling has more than 30 years' experience in financial services, inclusive of the offshore hedge fund, investment fund and trading industry. Mr. Snelling has served as chief operating officer and chief financial officer for various investment groups, including Cedar Investment Management Limited, a short-term currency and commodity trading group, where he was responsible for all aspects of the group's financial and operational management, global risk management and regulatory compliance. Prior to this, Mr. Snelling was Chief Financial Officer of Agora Capital Management Ltd., a Geneva-based fund of hedge funds, carrying out similar duties. As a part of Agora's Executive Management Committee, he took part in detailed reviews of investment strategy, risk management and internal/external controls. Mr. Snelling holds a BA in accounting and financial control from Hallam University, Sheffield, England, and is a member of the Institute of Chartered Accountants in England & Wales.

Joshua Snelling, *Marketing Analyst and Database Management*

Mr. Snelling joined SphereInvest in 2019 to build SphereInvest Group's in-house marketing capabilities, as well as manage the Company's marketing database. Mr. Snelling held a previous customer relationship role at a large multi-national cell phone provider. Mr. Snelling studied Computer Sciences at Northampton University, UK.

Finance, Risk Management and Compliance Team

Roscoe Camilleri, *Chief Financial Officer*

Mr. Camilleri is responsible for finance, risk management and compliance, as well as assisting in managing the day-to-day operations of the Group. He is also the NFA Compliance Officer, Money Laundering Reporting Officer and an Approved Person by the Malta Financial Services Authority. Mr. Camilleri is a Chartered Certified Accountant and holds a Higher Diploma in Management and Business Administration from the Malta Institute of Management. He is a Fellow of the Association of Chartered Certified Accountants and a Member of the Chartered Institute of Securities & Investments. Prior to joining SphereInvest in 2011, Mr. Camilleri was responsible for managing a portfolio of captive insurance, investment and treasury companies of several FTSE100 multinational groups while at Marsh Management Services. Mr. Camilleri has over 20 years' accounting and management experience, across both industry and the financial services sector.

Jennifer Vella, *Financial Controller and Risk Officer*

Prior to joining SphereInvest in 2016, Ms. Vella was Finance Executive at Go Beyond Investing, the Swiss Angel Investing platform. She has 20 years' experience in finance and credit with HSBC, where she headed various teams and managed a portfolio of business clients. Ms. Vella is a Certified Public Accountant and a member of the Malta Institute of Accountants.

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