SphereInvest | GROUP

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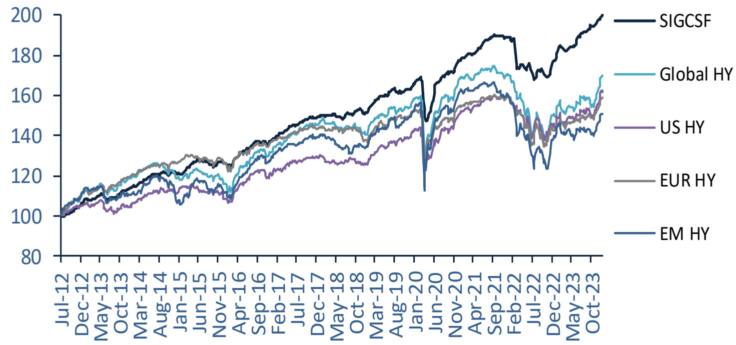
# GLOBAL CREDIT STRATEGIES FUND

## Monthly Performance

| | | | |
|---|---|---|---|
| Class F (USD): | MTD return: 1.13% | 2023 return: 13.06% | NAV per Share: 200.41 |
| Class D (EUR): | MTD return: 0.98% | 2023 return: 10.97% | NAV per Share: 167.94 |
| Class E (GBP): | MTD return: 1.10% | 2023 return: 12.53% | NAV per Share: 145.28 |

| | YtD | 3 Years | | Since Inception | |
|---|---|---|---|---|---|
| | Return | Return * | Sharpe | Return * | Sharpe |
| SIGCSF Class F (US$) | 13.1% | 3.9% | 0.3 | 6.2% | 1.3 |
| Bloomberg Global HY | 14.0% | 0.2% | -0.3 | 4.7% | 0.5 |
| US HY (etf: SPHY US) | 12.8% | 2.1% | -0.1 | 4.3% | 0.4 |
| EUR HY (etf: SYBJ GY) | 11.9% | 0.9% | -0.3 | 4.1% | 0.3 |
| EM HY (etf: HYEM US) | 8.4% | -2.5% | -0.6 | 3.6% | 0.2 |
| Bloomberg Global Agg | 5.7% | -5.4% | -1.1 | 0.3% | -0.2 |




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

The UCITS is actively managed by SphereInvest Group Limited. It is not managed with reference to any benchmark, the above comparisons are provided for information purposes only.

## Portfolio and Market Commentary

The first two weeks of 2024 have seen investors attempt to bring back more value into rates and risk assets, after last year's rally raised concerns expectations about inflation and earnings were too optimistic. The correction, however, has been half-hearted at best, and already appeared to be running out of steam at time of writing. In part, this may reflect seasonality, as investors put money to work at the start of the year. Supply from governments and investment grade companies has been heavy but well absorbed so far, suggesting supportive technicals, as money which had flown into cash finds its way back into duration and riskier assets. This may also reflect the lack of significant triggers in this still-young year: markets rarely give up on supportive narratives on their own. While investors may be reluctant to bring rates lower without more certainty about inflation and growth, a sharp move higher, akin to last summer's sell-off, looks equally unlikely, for now.

Markets started 2023 cautious about inflation, and very pessimistic about growth, rewarded for being wrong on both. 2023 was forgiving for two main reasons: first, starting valuations were favourable; and second, market positioning grew increasingly favourable as the year went by. Investors, scared at first by banking failures in the US, then the summer's rates panic, disinvested steadily from duration and risk assets (with a few noted exceptions, such as large-cap tech companies), just as inflation weakened and before the Fed confirmed its pivot. In contrast, investors are starting 2024 confident the battle against inflation is won, but are still cautious about growth, if no longer pessimistic: expectations range from soft landing to shallow recession, with little concern of more extreme outcomes. We see no reason to take a strong view against this consensus: our disagreements are a matter of nuance, more than substance. As in 2023, we lean more optimistic than many about the US economy in 2024. Although monetary policy might in effect become more restrictive as inflation falls and lagged effects kick in, we are unconvinced this will be enough to tip the economy into recession while financial conditions are now much looser, and the job market remains structurally tight. Conversely, we are concerned resilient growth in the US, and fading disinflationary impulse out of China, means inflation will stall at levels somewhat higher than the Fed's target. Although investors may have to pare down expectations of rate cuts this year, we suspect many do not fully endorse the steep cuts priced in futures markets (which anticipate more than 150bps of cumulative cuts in 2024, starting as early as March) and will therefore take their eventual repricing in stride.

With rates still at much higher levels than those prevailing in the post-GFC period, but now range-bound, markets may have reached an equilibrium conducive for carry and risk-seeking strategies. Tactical drivers of outperformance are uncertain for now, however. Duration extending strategies paid handsomely over the last two months of 2023, but have unclear near-term upside as rates hover around 4%, and could prove vulnerable should inflation disappoint or growth surprise to the upside. Money markets, on the other hand, proved too successful last year, attracting cash which would have been more profitably deployed elsewhere. Although the relative appeal of cash is probably past its peak, the inversion of the curve remains a strong tailwind. We continue to find rolling 3-month bills above 5% more attractive than “locking-in” 5 or 10-year rates 100bps lower while we lack conviction about the key nominal variables underpinning them. Credit risk extension equally lacks near-term triggers for repricing, with spreads already compressed, and investors cautious about increasing exposure ahead of a growth slowdown and a pick-up in default rates. EM corporate credit proved resilient last year: a combination of proactive central banks, maturing investor bases and deeper local markets, heavy reallocations out of China benefiting other markets such as Mexico or Indonesia, while the Chinese economy itself performed better than advertised. With current expectations on the asset class much more sanguine than we would have expected after 500bps of Fed hikes, the room for further outperformance is narrow, however.

As we continue to assess our positioning, the Fund’s idiosyncratic exposures are likely to remain key near-term drivers of performance. Many of the fund’s major positions proved very successful last year and have continued performing well. This is notably the case of our position in eHi Car, the Chinese car rental company benefiting from booming demand; or Naftogaz, the Ukrainian natural gas company, which has now reported three quarters in a row of strong liquidity management, helping investors get more comfortable about their debt servicing ability despite the challenges of war. Less positively, Brazilian airline Gol has faced delays in renegotiating its leases and is currently engaged in creditors discussions to overhaul its capital structure. While we are disappointed the process has taken so much time, preventing Gol from capitalizing on strong market conditions in Brazil, we remain comfortable with our position, in part thanks to its secured ranking. Our position in BPGIC performed well last year despite headlines related to past accounting practices at its US-listed shareholder level. The Fund’s holdings are at the operating company level and continue benefitting from strong demand for oil storage in Fujairah. While we are comfortable about the company’s good credit standing, we also note it is in active discussions with a local lender to refinance the bonds early, which would be a positive development.

## Monthly Performance since Inception

**Share Class F** (USD, ISIN: IE00BKXBBV70)

| | Jan | Feb | Mar | April | May | Jun | July | Aug | Sep | Oct | Nov | Dec | YTD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **2023** | 4.29% | -0.94% | -0.51% | 1.05% | 0.39% | 2.45% | 0.93% | 0.46% | 1.47% | 0.14% | 1.55% | 1.13% | **13.06%** |
| **2022** | -1.04% | -3.08% | -3.57% | -0.40% | 0.20% | -1.62% | -1.96% | 2.08% | -0.74% | -1.01% | 3.55% | 1.37% | **-6.28%** |
| **2021** | 0.54% | 0.85% | 0.02% | 0.96% | 0.85% | 1.79% | 0.41% | 0.81% | 0.10% | -0.04% | -0.52% | 0.26% | **6.25%** |
| **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%** |

**Share Class D** (EUR, ISIN: IE00BKXBBS42)

| | Jan | Feb | Mar | April | May | Jun | July | Aug | Sep | Oct | Nov | Dec | YTD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **2023** | 3.99% | -1.12% | -0.67% | 0.93% | 0.22% | 2.27% | 0.81% | 0.31% | 1.42% | -0.03% | 1.46% | 0.98% | **10.97%** |
| **2022** | -1.07% | -3.16% | -3.74% | -0.49% | 0.01% | -1.66% | -2.29% | 1.71% | -0.88% | -1.24% | 3.26% | 1.10% | **-8.33%** |
| **2021** | 0.48% | 0.80% | -0.06% | 0.89% | 0.79% | 1.76% | 0.35% | 0.73% | 0.07% | -0.08% | -0.57% | 0.15% | **5.46%** |
| **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% | -2.22% | 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%** |

**Share Class E** (GBP, ISIN: IE00BKXBBT58)

| | Jan | Feb | Mar | April | May | Jun | July | Aug | Sep | Oct | Nov | Dec | YTD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **2023** | 4.18% | -1.01% | -0.57% | 1.00% | 0.33% | 2.34% | 0.97% | 0.45% | 1.53% | 0.12% | 1.51% | 1.10% | **12.53%** |
| **2022** | -1.01% | -3.14% | -3.56% | -0.39% | 0.18% | -1.55% | -2.08% | 1.88% | -0.86% | -0.95% | 3.42% | 1.26% | **-6.81%** |
| **2021** | 0.53% | 0.81% | 0.00% | 0.95% | 0.83% | 1.82% | 0.39% | 0.81% | 0.09% | -0.05% | -0.47% | 0.19% | **6.10%** |
| **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 does not predict future returns.

## Fund Information as of December, 2023

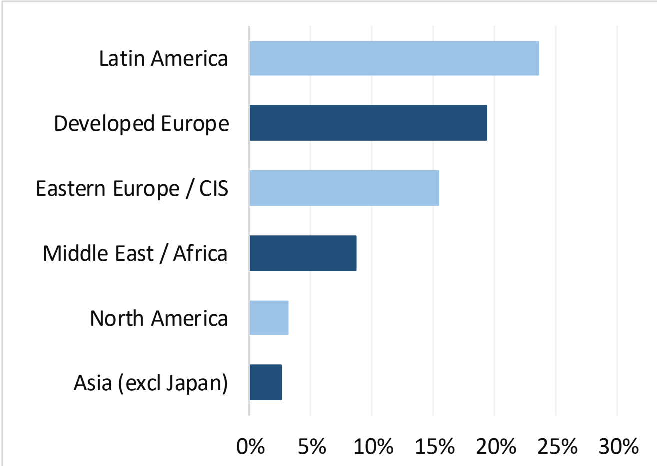
| | Avg Rating | NAV (%) | Price | Duration | Curr Yield | YtM | Spread |
|---|---|---|---|---|---|---|---|
| SphereInvest Global Credit Strategies | BB | 100 % | 91.0 | 1.9 | 7.5 % | 12.6 % | 904 |
| Cash and Equivalents | AA+ | 27 % | | | | | |

Ratings by S&P/Fitch/Moody's; remaining data calculated by SphereInvest.

### Top 10 Holdings (in % of NAV, 31/12/23)

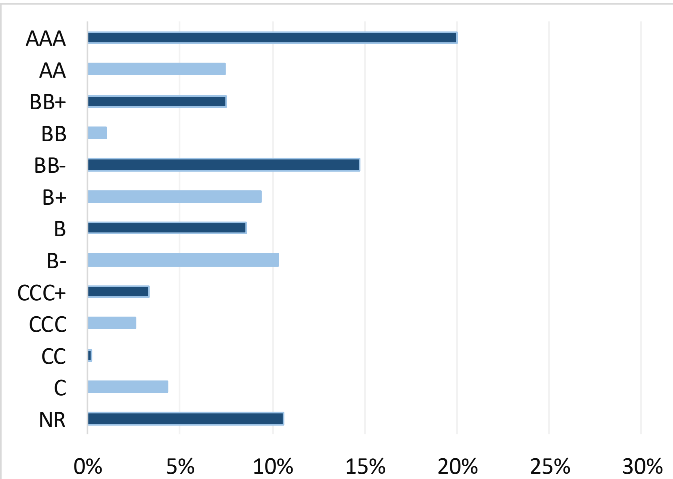
| Bond | | % |
|---|---|---|
| 12.00% | Quiport, 2033 | 4.1% |
| 10.775% | TBC Bank, PERPS | 3.9% |
| 8.875% | Telecom Services of Trinidad & Tobago, 2029 | 3.7% |
| 8.45% | Trans-Oil, 2026 | 3.5% |
| 6.75% | Bracken, 2027 | 3.4% |
| 8.50% | Brooge Petroleum, 2025 | 3.4% |
| 11.50% | Abra Group, 2028 | 3.3% |
| 8.50% | Danaos, 2028 | 3.3% |
| 13.25% | NewDay, 2026 | 2.8% |
| 12.00% | ShaMaran Petroleum, 2025 | 2.7% |

### Regional Allocation (incl cash & equiv)

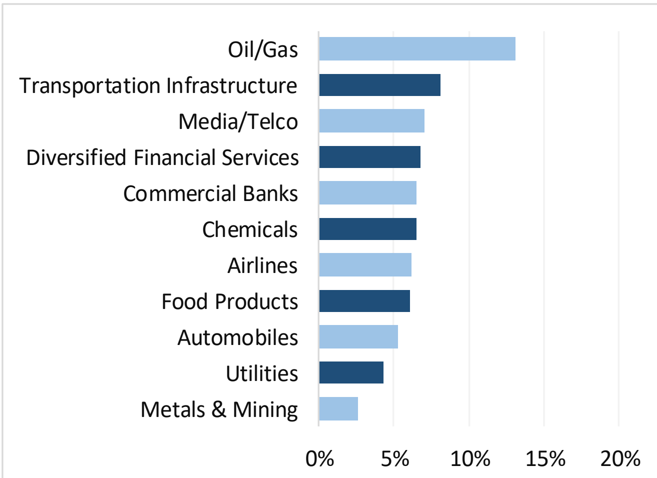



### Credit Quality

The ratings are produced by S&P/Fitch/Moody's




### 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% p.a. (Retail), 1% p.a. (Institutional) | Legal Counsel | Eversheds Sutherland |
| Performance Fee | 5% p.a. of the increase in the Net Asset Value per Share on each Valuation Day, above the high-water mark, payable annually. | Administrator | Apex Fund Services (Ireland) Limited |
| Minimum Investment | Retail = 25,000 (GBP,EUR,USD,CAD,CHF,NOK)<br>Institutional = 200,000 (GBP,EUR,USD,CAD,CHF,NOK) | | |

## Key Risks

The value of shares in the UCITS and income received from it can go down as well as up and investors may not get back the full amount invested. Performance may also be affected by currency fluctuations.

The UCITS seeks to achieve its investment objective by principally investing in a diversified portfolio of publicly-issued bonds. The UCITS may utilise financial derivative instruments for hedging, efficient portfolio management and/or investment purposes.

Bonds or other debt securities involve credit risk represented by the possibility of default by the issuer. In the event that any issuer experiences financial or economic difficulties, this may affect the value of the relevant securities and any amounts paid on such securities. This may in turn affect the Net Asset Value per Share of the UCITS.

Investment instruments have historically been subject to price movements that may occur due to market or issue-specific factors. As a result, the performance of the UCITS can fluctuate over time.

Other significant risks include: liquidity risk and operational risk. For full details of the risks applicable to the UCITS, please refer to the 'Risk Factors' sections in the current Prospectus of SphereInvest Global UCITS ICAV and the Offering Supplement of the UCITS sub-fund - SphereInvest Global Credit Strategies Fund.

## Disclaimer - Important Information

This is a marketing communication issued by SphereInvest Group Limited ("SIGL"), a company incorporated in Malta and authorised and regulated by the Malta Financial Services Authority ("MFSA") as a UCITS and AIFM Investment Management Company.

SIGL is the Investment Manager of SphereInvest Global UCITS ICAV (the "UCITS"), a company incorporated under the laws of Ireland, authorised and regulated by the Central Bank of Ireland. Please refer to the Prospectus of the UCITS, the Offering Supplement of SphereInvest Global Credit Strategies Fund (a sub-fund of the UCITS) and to the Key Investor Information Document, available in English for all authorised share classes of the sub-fund upon request and via www.sphereinvest.com. In addition, a summary of investor rights is also available in English, upon request and via www.sphereinvest.com.

SphereInvest Global Credit Strategies Fund is notified for marketing in a number of European Member States under the UCITS Directive. The UCITS can terminate such notification for any share class and/or for the sub-fund (as a whole) at any time by using the process contained in article 93a of the UCITS Directive.

This publication is only being provided for illustrative purposes. It should not be construed as investment advice or an offer, invitation or recommendation to transact in any of the investment instruments mentioned. The investment which is being promoted through this communication concerns the acquisition of investor shares in SphereInvest Global Credit Strategies Fund (a sub-fund of the UCITS) and not in any of the underlying assets of this sub-fund.

Past performance does not predict future returns. Performance details provided are in share class currency, include reinvested dividends (if any), net of all fees, including any management and performance fees, as well as, all costs incurred by, and charged to, the UCITS.

Potential investors should seek their own independent financial advice. Every investment involves risk, especially with regard to fluctuations in value, currency movement and return. The value of investments and the income therefrom can go down as well as up. Prospective Investors should read the Prospectus and Offering Supplement for details and specific risk factors of the UCITS promoted herein.

Share Class monthly performance information is being disclosed to enable investors to see actual returns achieved since inception in various currency share classes.