SphereInvest | GROUP

March 2015

GLOBAL CREDIT STRATEGIES FUND

Monthly Performance

	MTD Return (Net)	YTD Return (Net)	NAV per share
Class F (USD)	1.38%	2.98%	124.83
Class D (EUR)	1.33%	2.88%	123.55

Performance Since Inception

Annualised Return: 8.3%
Annualised Volatility: 2.3%
Sharpe Ratio: 3.6

Fund Terms

Regulatory	UCITS IV
Liquidity	Weekly
Start Date	2nd July 2012
Management Fee	1.5 % (Retail) 1% (Institutional)
Performance Fee	5% Incentive Fee
Minimum Investment	Retail = 100,000 (GBP, EUR, USD, CAD, CHF) Institutional = 200,000 (GBP, EUR, USD, CAD, CHF)
Domicile	Malta
Administrator	Equinoxe Investment Services (Ireland) Ltd.
Custodian	RBC International
Auditor	Deloitte & Touche
Legal Counsel	Ganado & Associates

Investment Objective

To profit from yield and potential capital appreciation through dynamic investment in a portfolio of 30 to 40 globally diversified, liquid, corporate high yield debt instruments.

Portfolio Commentary

March was a tale of two halves: strong February US employment set the tone early, with credit markets struggling as treasuries sold off and the Dollar strengthened further; before softer US economic data and a more dovish FOMC statement led investors to question how soon and how much the Fed can tighten without hurting the US's still fragile recovery. EM HY returned 1.94% during March. While growing expectations of policy stimulus in China and signs of improved macro management in Brazil helped sentiment, the spectacular recovery of Russian assets (partly driven by the Central Bank of Russia's provision of dollar liquidity against Russian Eurobonds) played a disproportionate role, as the large stock of Russian "fallen angels" migrated to EM HY indexes at the start of the month. Euro HY struggled somewhat throughout March, returning 0.2%.

We believe performance probably owed more to profit taking after two very strong months and the heavy primary market issuance than to renewed jitters about Greece (CDS indexes moved sideways during March, indicating subdued demand for protection). Finally, US HY was initially dragged down by the poor performance of energy bonds, as oil remained very volatile, buffeted between supportive factors (such as increased geopolitical risk in the Arabian peninsula, signs of higher demand in Asia, and a pause in the Dollar appreciation) and negative ones (record inventories accumulation in the US). After falling as much as 1.4%, US HY recovered in the latter part of the month to return -0.39%.

By early March, the "divergence of monetary policies" between the Fed and other major central banks had become a widely shared investor consensus and was probably, in hindsight, vulnerable to the emergence of any contradictory information. We remain unconvinced March significantly altered that narrative, however, and believe it is more likely to be seen as a mere pause. Our main conviction, at this point, is that investor sensitivity to new economic data will remain very high, reflecting both the Fed's removal of forward guidance and data dependency, and the uncertainty about the strength of the US recovery, compounded by the feedback loop between market tightening (for instance through the appreciation of the dollar) and eventual monetary tightening (the latter made less likely by the former). This ensures even the smallest changes in investor perception are likely to be a source of significant volatility during the next two months leading to the June FOMC meeting.

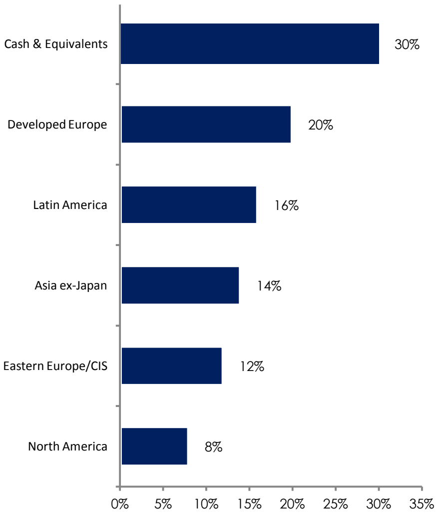
As demonstrated by the divergence of returns during March, the current environment provides an opportunity to invest across genuinely uncorrelated credit markets, in our view. US HY appears likely to remain in part driven by the performance of the energy sector. Contrary to our expectations, capital markets (both equity, and secured debt) have remained largely open, allowing energy producers to term out their debt profile and increase their liquidity. Those developments, in our view, reduce the likelihood of a near-term wave of defaults in the US HY market, although they may also have delayed the supply adjustment needed to rebalance the oil market. While Greece still represents a "tail risk" for European assets, we believe Euro HY will continue to benefit from improving economic conditions while volatility should remain suppressed by QE: an attractive risk-adjusted proposition although at the cost of lower expected returns. EM assets stand to be either the main beneficiaries of a delayed first hike by the Fed, or their main victim. We remain wary of high correlation within the asset class, at least in the short-term; however, we believe better policy making across major EM countries and rebalancing economies (in part through devalued currencies) should improve growth potential and attractiveness for investors and help to limit the fallout of rising rates in the US.

Portfolio Composition

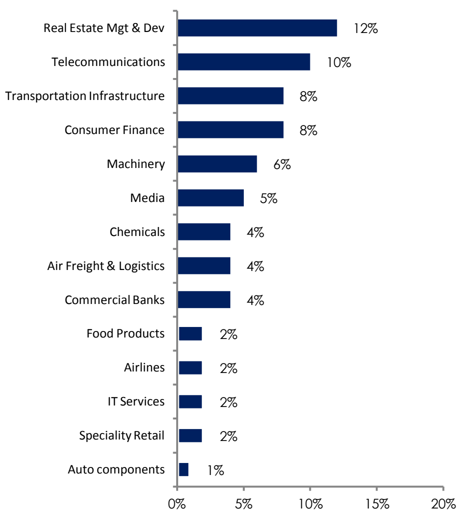
Portfolio Yield: 5.6%
Portfolio Duration: 3.6

Average Rating: BB-
Number of Holdings: 32

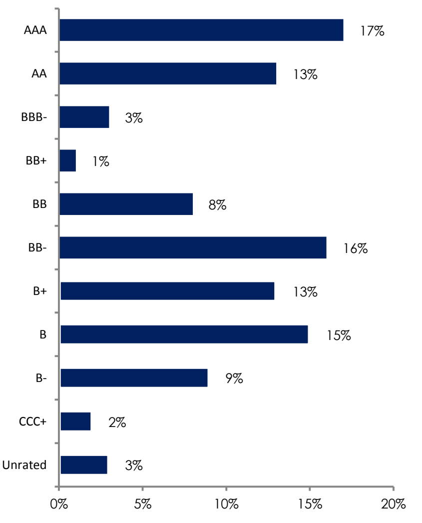
Region



Sector



Rating



Monthly Performance Since Inception

Class F (USD)

	Jan	Feb	Mar	April	May	Jun	July	Aug	Sep	Oct	Nov	Dec	YTD
2012							0.15%	0.72%	0.78%	2.11%	1.24%	1.72%	**6.90%**
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%**
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%**
2015	-0.22%	1.80%	1.38%										**2.98%**

Class D (EUR)

	Jan	Feb	Mar	April	May	Jun	July	Aug	Sep	Oct	Nov	Dec	YTD
2012							0.20%	0.66%	0.70%	2.04%	1.20%	1.62%	**6.59%**
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%**
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%**
2015	-0.29%	1.82%	1.33%										**2.88%**

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