



CQS Global Convertible Fund (UCITS)

FACTSHEET | JANUARY 2018 (as at 29 December 2017)

INVESTMENT OBJECTIVE

- UCITS compliant long-only convertible Fund seeking attractive risk-adjusted returns over the medium-to-long term through investment in a portfolio of convertible securities across global markets
- Targeting 6-8%¹ net returns p.a. through the cycle with low volatility (expected 5-7% annualised over the cycle)

INVESTMENT APPROACH

- Seeking upside participation in rising equity markets and downside protection (due to the bond floor) in weak equity markets
- Aiming to exploit opportunities in convertibles globally across diverse sectors, geographies and security profiles
- Disciplined investment process underpinned by deep fundamental research
- Active investment management and benchmark agnostic

FUND MANAGEMENT

- Founded in 1999, CQS is a \$14.6bn global multi-strategy asset management firm
- Fund is managed by James Peattie (Senior Portfolio Manager), supported by a dedicated team of portfolio managers, analysts and traders
- Convertibles are a core product at CQS. The firm currently manages \$1.7bn in convertibles across pooled and dedicated mandates for institutional investors globally

PERFORMANCE SUMMARY²

Share Class ³	MTD Return (%)	3 Month Return (%)	6 Month Return (%)	12 Month Return (%)	YTD Return (%) ^{2,3}	NAV/Share
I3 USD	(0.50)	1.38	3.97	9.56	9.56	119.016
I3 EUR	(0.78)	0.78	2.89	7.46	7.46	115.607
I3 GBP	(0.67)	1.04	3.31	8.39	8.39	115.371
M USD	(0.46)	1.51	4.23	10.11	10.11	123.121

INVESTMENT COMMENTARY⁴

December was a fairly eventful month, most notably in the US, as the Fed hiked interest rates and Congress passed the tax bill. Convertible bond markets declined during the month, underperforming equity and credit markets. The BofA Merrill Lynch G300 Index fell by 0.15% and the Thomson Reuters Global Focus Index declined 0.85% (both US dollar hedged).

Fund returns showed some weakness in December driven by the European and US portfolios. At the sector-level, consumer discretionary names mainly detracted, with further notable losses in health care names. Real estate and financials names generated small profits. Looking at individual names, Intel led returns as it called one of its issues for early redemption during the month. The biggest detractor was Steinhoff, an international furniture group, as accounting irregularities were revealed coincident with the departure of the CEO. The position was exited and subsequently, the issuer was downgraded by Moody's from investment grade to high yield.

A generally quiet month was punctuated by the Fund's participation in the new Deutsche Post 0.05% 2025 convertible and exit of the Fund's position in Steinhoff 1.25% 2023 convertible. Additionally, two residual positions were exited and the Fund's exposure to high quality defensives was increased.

December was characterised by inactivity, both by investors after a constructive year and market makers who had lowered risk into year-end. While constructive, we remain mindful of risks which may come from the geopolitical background or from investor nervousness around high valuations or crowded assets. We continue to deploy capital into higher-quality balanced convertibles and harvest profits from higher-delta securities that have performed strongly in order to position the Fund for asymmetric returns and to benefit from an increase in volatility. The Fund is solidly investment-grade with a short duration. We believe convertibles as an asset class are particularly well-placed to capture returns from a rise in dispersion.

Source: CQS as at 29 December 2017. ¹Target returns and anticipated volatility are estimated only and net of fees with expenses and income reinvested. They are based on long-term performance projections of the investment strategy and market conditions at the time of modelling and are therefore subject to change. There is no guarantee that any target return can be achieved. Investors should not place any reliance on such target return in deciding whether to invest in the Fund. ²The CQS Global Convertible Fund (UCITS) a sub-fund of CQS Funds (Ireland) plc was approved by the Central Bank of Ireland on the 12 February 2015 and commenced investment activity 2 March 2015. Class returns are calculated net of all fees and expenses on the basis of a shareholding since inception of such class or, if such class has become dormant at any point following inception, since the first new investment into such class. Individual shareholders may have different returns depending upon the date of their investment. Investors should refer to each specific share class for the actual historical performance of the relevant class; please request full history of data from CQS. Class M does not bear any management fees. ³Class M USD launched 2 March 2015, Class I3 USD launched 27 May 2015, Class I3 EUR launched 17 July 2015 and Class I3 GBP launched 4 November 2015. ⁴The Fund may have since exited some or all of the positions detailed in this commentary. All market data sourced from Bloomberg, Bank of America Merrill Lynch and UBS. Past performance may not be a reliable guide to future performance. The value of investments can go down as well as up. Please read the important legal notice at the end of this document.

Information about the Fund and copies of the prospectus, the supplement, the key investor information documents, the latest audited annual report and accounts and any subsequent unaudited semi-annual report may be obtained free of charge from the administrator, State Street Fund Services (Ireland) Limited (the Administrator) or the investment manager, CQS (UK) LLP upon request. The Fund is authorised in Ireland and regulated by the Central Bank of Ireland.

KEY FUND FACTS

Portfolio Manager

- James Peattie

Legal Structure

- UCITS

Domicile

- Ireland

Reference Currency

- EUR

Share Classes

- EUR, GBP, USD, AUD

Target Return¹

- 6-8% annualised over the cycle

Expected Volatility¹

- 5-7% annualised over the cycle

AUM

- \$55m

RISK AND REWARD PROFILE



Registered

- Ireland

Fund Launch Date²

- 2 March 2015

One-off Charges

- Entry: 5.00% discretionary

Depository

- State Street Custodial Services (Ireland) Limited

Administrator

- State Street Custodial Services (Ireland) Limited

Auditor

- Ernst & Young

Dealing Frequency Subscriptions

- Daily by 1pm Dublin time

Dealing Frequency Redemptions

- Daily by 1pm Dublin time

SECURITY SELECTION PROCESS

- The Portfolio Manager focuses on individual convertible securities seeking to maximise investment opportunity and expected return asymmetry
- Selected securities continually compete for a place in the portfolio
- Catalysts for portfolio change include: relative valuation shifts, corporate news, new issuance, rating actions, upgrades / downgrades, corporate events, and calls / puts / maturities
- In-house credit ratings are used to evaluate the significant unrated portion of the market to add value

PORTFOLIO CONSTRUCTION AND RISK MANAGEMENT

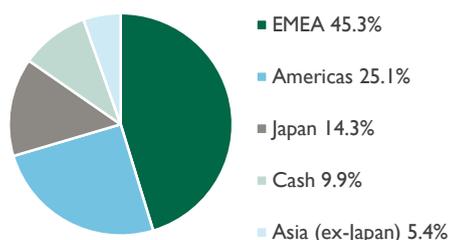
- The Portfolio Manager seeks optimal portfolio risk / reward and diversification by issuer, geography and industry sector with appropriate position sizing
- Strict compliance with risk limits, monitored by an independent risk management team

RISKS INVOLVED

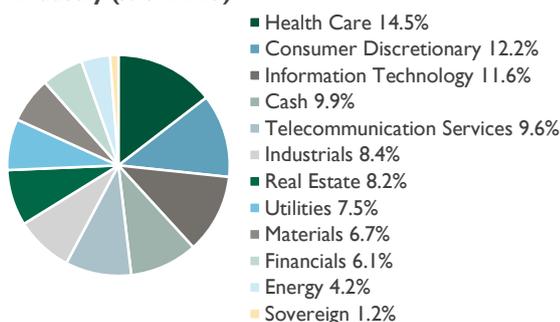
- Investments in global convertibles are primarily subject to equity, credit, interest rate and foreign exchange risk
- The Fund seeks to hedge foreign exchange risk using financial derivatives

PORTFOLIO ANALYSIS⁵

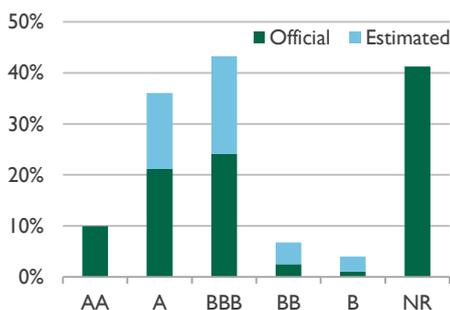
Region (% of NAV)



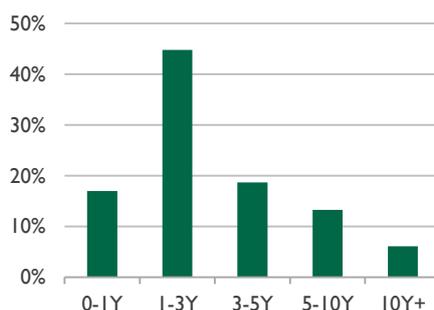
Industry (% of NAV)



Rating (% of NAV)⁶



Maturity (% NAV)⁷



TOP 5 HOLDINGS (%)

Name	Sector	(% of NAV)
Intel Corp	Information Technology	3.63
Illumina	Health Care	2.95
Deutsche Post	Industrials	2.75
Deutsche Wohnen	Real Estate	2.69
Orange	Telecommunication Services	2.67

Source: CQS as at 29 December 2017. ⁵Actual allocations at month-end. There is no guarantee that the Fund will invest in this way at all or do so in the same manner as set forth in this factsheet. Figures may not sum to 100 due to rounding. ⁶Average Rating: Positions, including cash, are weighted according to market value and internal credit ratings are used where externally sourced credit ratings are not available. Cash is rated according to the issuer rating of the custodian bank. ⁷Maturity or first put.

KEY FUND FACTS (continued)

Gate

- 10% discretionary

Management Fee

- I: 0.95% p.a.
- I2: 0.65% p.a.
- I3: 0.50% p.a. (limited capacity)

Ongoing Charges/Expenses

- 0.25% (fixed for all share classes)

Minimum Investment Size

- I: €100,000 or currency equivalent
- I2: €5m or currency equivalent
- I3: €10m or currency equivalent

SECURITY NUMBERS

ISIN

- I EUR: IE00BTFQZP50
GBP: IE00BTFQZQ67
USD: IE00BTFQZR74
- I2 EUR: IE00BTFQZS81
GBP: IE00BTFQZT98
USD: IE00BTFQZV11
- I3 EUR: IE00BTFQZW28
GBP: IE00BTFQZX35
USD: IE00BTFQZY42

Bloomberg

- I3 USD: CQSGC3
- I3 GBP: CQGC3G
- I3 EUR: CQGI3ES

REPORTING

Investor Report

- Monthly Factsheet

Fiscal Year-End

- 30 June

PORTFOLIO CHARACTERISTICS

Expected Number of Positions

- 50-70

Anticipated Weighted Average Credit Rating (including CQS ratings)

- BBB- (or better)

Maximum Single Issuer Concentration

- 10% (UCITS 5/10/40 limit)

Maximum Sector Concentration

- 40%

Maximum Regional Concentration

- 60%

Maximum Emerging Market Exposure

- 35%

Maximum Cash

- 20%

Excluded Securities

Derivatives (except for currency hedging), reverse convertibles, synthetic convertibles.

Borrowings

The Fund is permitted to borrow up to 10% of the Fund's NAV on a temporary short-term basis.

Anti-Dilution Levy

Partial Swing Pricing with transaction costs and threshold to be set by the Manager.

Maximum Impact of Swing Pricing

- 2% of NAV

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