

CQS Global Convertible Fund (UCITS)

FACTSHEET | MARCH 2018 (as at 28 February 2018)

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 \$15.2bn 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 \$1.8bn 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	(0.86)	0.26	3.03	8.30	0.77	119.928
I3 EUR	(0.96)	(0.32)	1.97	6.18	0.47	116.146
I3 GBP	(0.92)	(0.11)	2.36	7.05	0.57	116.025
M USD	(0.82)	0.39	3.29	8.85	0.86	124.175

INVESTMENT COMMENTARY⁴

February saw global market volatility accelerate amid fears that faster growth and inflation could force central banks to tighten monetary policy more quickly than anticipated. Convertibles were weaker on the month, reflective of the weakness across equity and credit markets but the bond floor protection resulted in outperformance versus stocks. The BofA Merrill Lynch G300 Index declined by 0.24% and the Thomson Reuters Global Focus Index fell 0.92% (both US dollar hedged).

Losses were concentrated in the Fund's European portfolio, with US and Japanese names generating minor gains. At a sector-level, information technology names were the only positive contributors while health care, telecommunications services and utilities were the primary detractors. BKW was the biggest single-name detractor from monthly returns following sector and market weakness. Veon (Telenor) also detracted on disappointing Q4 earnings. In contrast, US software company, Red Hat performed well following positive comment on the company and the sector rally later in the month.

The Fund participated very selectively in a subdued February primary market. We exited the BUWOG 0% 2021 holding as the completion of its takeover approaches and moved from high delta technology issues, such as Microchip Tech 1.625% 2025 HYPER and LAM Research 1.25% 2018, to Teradyne 1.25% 2023. We also reduced exposure to DISH Network 3.375% 2026 following disappointing earnings.

The market adjustment to the end of QE continues apace and we anticipate that the increased volatility already seen in the foreign exchange and equity markets will widen to include credit and rates. Equally, fiscal changes are a powerful driver of corporate behaviour both in terms of M&A and how balance sheets are managed. They are also a driver of opportunity as is technological change which continues and extends across more businesses. These factors are likely to propel a dispersion of outcomes between corporate winners and losers which is an environment that convertibles themselves and nimble managers are well positioned to benefit from.

Source: CQS as at 28 February 2018. 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

- \$60m

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

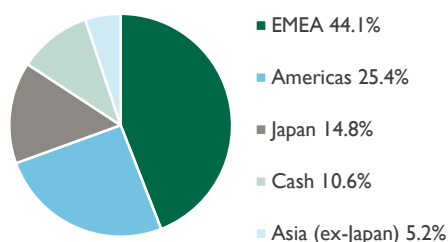
- The Portfolio Manager seeks optimal portfolio risk / reward and diversification by issuer, geography and industry sector with appropriate position sizing
- Strict compliance with risk limits, monitored by an independent risk management team

RISKS INVOLVED

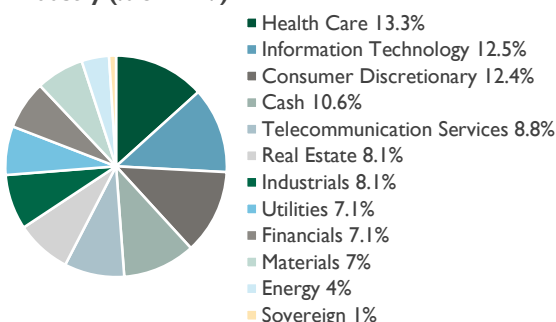
- Investments in global convertibles are primarily subject to equity, credit, interest rate and foreign exchange risk
- The Fund seeks to hedge foreign exchange risk using financial derivatives

PORTFOLIO ANALYSIS⁵

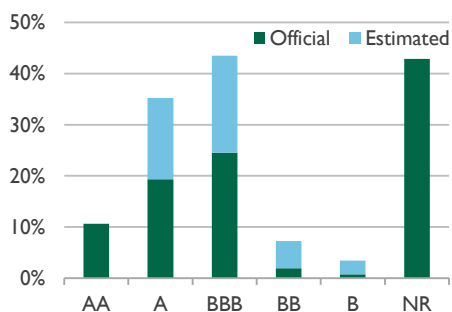
Region (% of NAV)



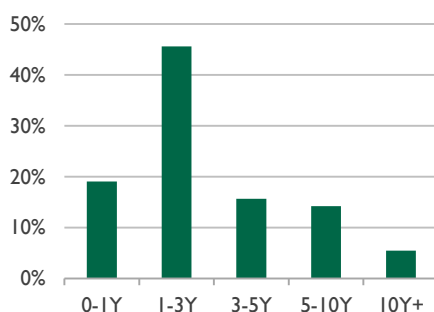
Industry (% of NAV)



Rating (% of NAV)⁶



Maturity (% NAV)⁷



TOP 5 HOLDINGS (%)

Name	Sector	(% of NAV)
Intel Corp	Information Technology	3.60
The Priceline Group	Consumer Discretionary	3.14
Illumina	Health Care	2.75
Deutsche Post	Industrials	2.54
Red Hat	Information Technology	2.53

Source: CQS as at 28 February 2018. 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: CQSGC13
- I3 GBP: CQGC13G
- 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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CONTACT DETAILS

**CQS (UK) LLP,
CQS Investment
Management Limited**
4th Floor, One Strand
London WC2N 5HR
United Kingdom
Tel: +44 (0) 20 7201 6900
Fax: +44 (0) 20 7201 1200

CQS (US), LLC
152 West 57th Street
40th Floor
New York
NY 10019
United States
Tel: +1 212 259 2900
Fax: +1 212 259 2699

CQS (Hong Kong) Limited
Unit 1207, 12th Floor
No.9 Queen’s Road Central
Hong Kong
China
Tel: +852 3920 8600
Fax: +852 2521 3189

**CQS Investment Management
(Australia) Pty Limited**
Suite 9.02, 50 Pitt Street
Sydney
NSW, 2000
Australia
Tel: +61 2 8294 4180

**clientservice@cqsm.com
www.cqs.com**