

# CQS Funds (Ireland) p.l.c.

CONDENSED INTERIM UNAUDITED REPORT  
FOR THE PERIOD ENDED 31 DECEMBER 2018

An open-ended investment company with variable capital authorised and regulated by the Central Bank under the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended, and under the Central Bank (Supervision And Enforcement) Act 2013 (Section 48(1) (Undertakings For Collective Investment In Transferable Securities) Regulations 2015) (together the “Regulations”).

**Company Registration Number: 484553**

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## COMPANY INFORMATION

### **DIRECTORS**

Cormac Byrne  
David McGeough\*  
Barry Harrington

All Directors are Non-Executive.

\* Independent Director.

### **REGISTERED OFFICE**

5 George's Dock  
IFSC  
Dublin 1  
Ireland

### **INVESTMENT MANAGER & DISTRIBUTOR**

CQS (UK) LLP  
4th Floor  
One Strand  
London WC2N 5HR  
England

### **ADMINISTRATOR**

State Street Fund Services (Ireland) Limited  
78 Sir John Rogerson's Quay  
Dublin 2  
Ireland

### **COMPANY SECRETARY**

KB Associates  
5 George's Dock  
IFSC  
Dublin 1  
Ireland

### **LEGAL ADVISERS**

*(in respect of Irish Law)*  
A & L Goodbody  
North Wall Quay  
IFSC  
Dublin 1  
Ireland

### **INDEPENDENT AUDITORS**

Ernst & Young  
Harcourt Centre  
Harcourt Street  
Dublin 2  
Ireland

### **DEPOSITARY**

State Street Custodial Services (Ireland) Limited  
78 Sir John Rogerson's Quay  
Dublin 2  
Ireland

## BACKGROUND TO THE COMPANY

CQS Funds (Ireland) p.l.c. (the “Company”) was incorporated under registration number 484553 on 18 May 2010 and operates in Ireland as a public limited company under the Companies Act 2014. The Company was authorised by the Central Bank of Ireland (the “Central Bank”) on 12 August 2010.

The Company is an open-ended investment company with variable capital which has been authorised and regulated by the Central Bank under the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended, and under the Central Bank (Supervision And Enforcement) Act 2013 (Section 48(1) (Undertakings For Collective Investment In Transferable Securities) Regulations 2015) (together the “Regulations”).

The Company is an umbrella investment company and has segregated liability between its funds and accordingly any liability incurred on behalf of or attributable to any fund shall be discharged solely out of the assets of that fund. As at 31 December 2018, the Company has one active fund, CQS Global Convertible Fund (the “GC Fund”). The GC Fund was launched on 2 March 2015 and it currently has nine classes of share in issue, Class M USD, Class M GBP, Class I3 USD, Class I3 EUR, Class I3 GBP, Class I4 CHF, Class I4 EUR, Class I4 USD and Class I4 GBP.

### INVESTMENT OBJECTIVE

#### The GC Fund

The GC Fund seeks to achieve attractive risk-adjusted returns over the medium to long-term (typically, between six months and one year) primarily through purchasing and holding convertible securities across global markets.

### INVESTMENT POLICY

#### The GC Fund

The GC Fund will seek to achieve its investment objective by sourcing, constructing and investing in a portfolio primarily comprising of convertible bonds across global markets. CQS (UK) LLP (the “Investment Manager”) will construct the portfolio with a medium to long term outlook and, consequently, it is expected that investments will typically be held over the medium term.

When constructing the GC Fund's portfolio of convertible bonds, the Investment Manager will take into account, amongst other factors, the historic returns, expected returns and risk-adjusted returns; the historic and expected volatility; the liquidity terms; and the correlations of such securities. The GC Fund may not always be fully invested.

The GC Fund may utilise financial derivative instruments, such as swaps, options, warrants, and forward foreign exchange contracts, for investment purposes and efficient portfolio management purposes. To the extent that the GC Fund uses Financial Derivative Instruments, (“FDIs”), it will be leveraged through its use of those FDIs but such leverage will not exceed 100% of the GC Fund's Net Asset Value (“NAV”). The GC Fund will employ the commitment approach to measure global exposure and to ensure that the GC Fund's use of financial derivative instruments is within the Central Bank's limits. The GC Fund will not utilise direct financial leverage to increase exposure in excess of the GC Fund's NAV. The GC Fund may also hold ancillary liquid assets, such as short term deposits.

## INVESTMENT MANAGER'S REPORT

**for the period ended 31 December 2018**

The GC Fund returned (2.58%) to the I3 USD Shares, net, to investors, for the six months ended 31 December 2018 (the "period under review").

The investment objective of the GC Fund is to seek attractive risk-adjusted returns over the medium to long-term primarily through purchasing and holding convertible securities across global markets.

Market performance over the third quarter of 2018 was largely driven by a booming US economy and geopolitical uncertainty, most notably the further escalation of the US-China trade dispute. It was a strong quarter for US equities markets, where consumer confidence hit 20 year highs. In Europe, geopolitical concerns remained at the forefront with Brexit negotiations and Italian political developments, however European equities managed to retrace some losses toward the end of the quarter to finish positive. Asian markets experienced a challenging quarter, suffering from the fallout of the continuing US-China trade war uncertainty. In developed credit markets, high yield credit outperformed investment grade credit. Notably, credit markets performed above expectations against a challenging backdrop of rising inflation and rising interest rates in the US. The S&P 500 index and the Eurostoxx 50 index gained 7.7% and 0.4% respectively, while Asian equities markets continued to face challenges with the Hang Seng index falling 4.0% over the quarter. In credit markets, the BofA Merrill Lynch high yield indices both up in the US and Europe, gaining 2.4% and 1.7% respectively. The BofA Merrill Lynch investment grade indices finished the quarter up 1.0% in the US and flat in Europe. The iTraxx EUR Crossover (S29) Index tightened by 45bps and the iTraxx EUR Main (S29) Index tightened by 5bps. The US CDX NA HY (S30) Index tightened by 30bps and US CDX NA IG (S30) Index tightened by 8bps. There was a divergence in the performance of oil indices over the quarter, with Brent Crude rising 4.1% and WTI falling 1.2%. The Bank of America Merrill Lynch G300 index rose 2.7% while the Thomson Reuters Global Focus index rose 1.0% (both USD hedged).

The final quarter of 2018 was a challenging period, particularly for equities markets. During the quarter, investors had to contend with rising US central bank interest rates, a sharp downturn in Eurozone confidence, weaker Chinese growth and ongoing geopolitical concerns (including Brexit, Italian politics and the US-China trade war). Notably, government bonds lived up to their traditional defensive role and performed positively during the challenging period. The S&P 500 index fell 13.5% while the Eurostoxx 50 fell 11.5%. Asian markets finished a difficult year with another poor quarter, the Hang Seng index falling 7.0%. In credit markets for Europe and the US, both investment grade and high yield indices were down over the quarter. The Bank of America ("BofA") Merrill Lynch investment grade indices fell 0.1% in the US, and 0.6% in Europe. The BofA Merrill Lynch high yield indices fell 4.7% in the US, and 3.6% in Europe. The iTraxx EUR Crossover (S30) index widened by 78bps and the iTraxx EUR Main (S30) index widened by 19bps. The US CDX NA HY (S31) index widened by 118bps while the US CDX NA IG (S31) widened by 29bps. Oil indices fell sharply due to supply side changes, namely production spikes in US and Saudi production, with Brent Crude and WTI falling 35.0% and 38.0% respectively. Global convertibles indices were also down, with the BofA Merrill Lynch G300 index falling 6.3% and the Thomson Reuters Global Focus index falling 4.7% (both USD hedged).

The GC Fund generated a loss over the period under review, with losses mainly concentrated in the European portfolio, with smaller declines in European and Asian holdings. Losses were broadly recorded across a range of sectors led by Information Technology holdings. Industrials, health care and consumer discretionary also made notable losses, whilst utilities had small gains.

The transition from QE to QT continues to impact the economy, equity and credit markets, corporates and consumers. Growth expectations are differentiated across geographies and businesses, especially as the initial effects of US tax cuts appear to have played out with a commensurate impact on corporate activity. Markets have reacted to these changes with increased dispersion of valuations in both equity and credit. Ongoing trade discussions are a further source of uncertainty and politics will no doubt play a significant part with the US presidential elections a possible impetus towards a "pump priming" deal. Newer market participants with very short investment horizons appear to have had oversized impact on both volatility and liquidity in the closing months of 2018, another factor for investors to consider. We remain conservative on longer term credit risk and believe that a portfolio of investment grade convertibles combining potential upside with downside protection is the appropriate strategy.

All market data is sourced from Bloomberg, Bank of America Merrill Lynch and MSCI. Individual investors may have had different returns depending upon their date of investment. Investors should refer to each specific share class for the actual historical performance of the relevant class.

**CQS (UK) LLP**

**05 February 2019**

## STATEMENT OF FINANCIAL POSITION

as at 31 December 2018

	Note	CQS Global Convertible Fund As at 31 December 2018 €	CQS Global Convertible Fund As at 30 June 2018 €
<b>Assets</b>			
Financial assets at fair value through profit or loss:	11		
Transferable securities at fair value		135,876,148	103,100,838
Unrealised gain on forward foreign currency exchange contracts		<u>336,813</u>	<u>782,844</u>
Total financial assets at fair value through profit or loss		136,212,961	103,883,682
Cash and cash equivalents		18,442,561	20,384,755
Cash held with brokers as collateral	10	680,777	770,284
Receivable for investments sold		1,999,200	214,931
Receivable for fund shares sold		-	7,694,829
Receivable for operating expenses rebate	3	227,795	163,043
Interest receivable		233,860	154,474
<b>Total assets</b>		<u>157,797,154</u>	<u>133,265,998</u>
<b>Liabilities</b>			
Financial liabilities at fair value through profit or loss:	11		
Unrealised loss on forward foreign currency exchange contracts		<u>(809,341)</u>	<u>(223,233)</u>
Total financial liabilities at fair value through profit or loss		(809,341)	(223,233)
Cash due to brokers as collateral	10	-	(376,583)
Payable for investments purchased		-	(5,692,297)
Payable for fund shares repurchased		(88,234)	(103,511)
Investment Management fees payable	3	(133,924)	(50,619)
Depositary and trustee fees payable	3	(14,428)	(3,258)
Administration fees payable	3	(79,444)	(15,235)
Directors' fees payable	3	(25,000)	(25,000)
Other payables and accrued expenses		(140,598)	(128,767)
<b>Total liabilities</b>		<u>(1,290,969)</u>	<u>(6,618,503)</u>
<b>Net assets attributable to holders of redeemable participating shares</b>		<u>156,506,185</u>	<u>126,647,495</u>

Please refer to Note 4 for number of shares in issue and Note 8 for NAV per share.

The accompanying notes form an integral part of these financial statements.

# STATEMENT OF COMPREHENSIVE INCOME

for the financial period ended 31 December 2018

	Note	CQS Global Convertible Fund 31 December 2018	CQS Global Convertible Fund 31 December 2017
		€	€
Net change in unrealised depreciation on investments and other derivative contracts		(4,770,529)	(511,094)
Net realised gain on investments and other derivative contracts		(275,176)	877,730
Interest income		301,626	97,436
Other income		-	2,027
<b>Total investment (expense)/income</b>		<b>(4,744,079)</b>	<b>466,099</b>
Legal and professional fees		(39,039)	(93,984)
Administration fees	3	(77,029)	(73,152)
Tax advisory other assurance services		(11,542)	(41,913)
Investment Management fees	3	(252,772)	(35,032)
Interest expense		(85,812)	(26,610)
Directors' fees	3	(25,000)	(25,000)
Regulatory and reporting fees		(47,881)	(17,787)
Audit fees		(9,564)	(9,460)
Depository and trustee fees	3	(14,612)	(7,814)
Other expenses		-	(2,467)
<b>Total operating expenses</b>		<b>(563,251)</b>	<b>(333,219)</b>
<b>Operating (loss)/profit before rebate</b>		<b>(5,307,330)</b>	<b>132,880</b>
Operating expenses rebate	3	67,809	213,661
<b>Operating (loss)/profit after rebate</b>		<b>(5,239,521)</b>	<b>346,541</b>
<b>(Loss)/profit for the financial year before taxation</b>		<b>(5,239,521)</b>	<b>346,541</b>
Withholding tax expense		(1,477)	(7,206)
<b>(Loss)/profit for the financial year after taxation</b>		<b>(5,240,998)</b>	<b>339,335</b>
<b>(Decrease)/increase in net assets attributable to redeemable participating shareholders from operations</b>		<b>(5,240,998)</b>	<b>339,335</b>

All amounts arose solely from continuing operations. There were no recognised gains or losses other than those dealt with in the Statement of Comprehensive Income.

The accompanying notes form an integral part of these financial statements.

# STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES

for the financial period ended 31 December 2018

	CQS Global Convertible Fund 31 December 2018 €	CQS Global Convertible Fund 31 December 2017 €
<b>Net assets attributable to holders of redeemable participating shares at the beginning of the period</b>	126,647,495	43,752,073
Operating (loss)/profit	(5,239,521)	346,541
Withholding tax expense	<u>(1,477)</u>	<u>(7,206)</u>
(Decrease)/increase in net assets attributable to redeemable participating shareholders from operations	<u>(5,240,998)</u>	<u>339,335</u>
<b>Movement due to issue and redemption of redeemable participating shares</b>		
Issue of redeemable participating shares	42,538,760	4,629,237
Redemption of redeemable participating shares	<u>(7,439,072)</u>	<u>(2,551,225)</u>
Net increase in net assets resulting from redeemable participating share transactions	<u>35,099,688</u>	<u>2,078,012</u>
<b>Net assets attributable to holders of redeemable participating shares at the end of the period</b>	<u>156,506,185</u>	<u>46,169,420</u>

The accompanying notes form an integral part of these financial statements.



## STATEMENT OF CASH FLOWS

for the financial period ended 31 December 2018

	<b>CQS Global Convertible Fund 31 December 2018</b>	<b>CQS Global Convertible Fund 31 December 2017</b>
	€	€
<b>Cash flows from operating activities:</b>		
Operating (loss)/profit	(5,239,521)	346,541
Withholding tax expense	<u>(1,477)</u>	<u>(7,206)</u>
(Decrease)/increase in net assets attributable to redeemable participating shareholders from operations	<u>(5,240,998)</u>	<u>339,335</u>
<b>Adjustments to reconcile (decrease)/increase in net assets attributable to holders of redeemable participating shares to net cash used in by operating activities</b>		
Net change in interest receivable	(79,386)	(23,262)
Net change in other receivable	-	31,021
Net change in operating expenses rebate receivable	(64,752)	(143,116)
Net outflow due to purchase and sale of investments	(40,251,876)	(5,148,484)
Net unrealised gain on financial assets and liabilities at fair value through profit or loss	1,032,139	292,815
Net change in investment management fees payable	83,305	4,185
Net change in depositary and trustee fees payable	11,170	2,476
Net change in administration fees payable	64,209	20,004
Net change in directors' fees payable	-	(42,592)
Net change in cash collateral	(287,076)	(8,331)
Net change in other payables and accrued expenses	<u>11,831</u>	<u>38,186</u>
<b>Net cash used in operating activities</b>	<u>(44,721,434)</u>	<u>(4,637,763)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from issue of redeemable participating shares	50,233,589	4,029,237
Payments for redemption of redeemable participating shares	<u>(7,454,349)</u>	<u>(2,615,067)</u>
<b>Net cash provided by financing activities</b>	<u>42,779,240</u>	<u>1,414,170</u>
Net change in cash and cash equivalents	(1,942,194)	(3,223,593)
Cash and cash equivalents at the beginning of the period	<u>20,384,755</u>	<u>7,260,747</u>
<b>Cash and cash equivalents at the end of the period</b>	<u><u>18,442,561</u></u>	<u><u>4,037,154</u></u>
<b>Supplementary information on cash flows from operating activities</b>		
Interest income received	33,925	49,592

The accompanying notes form an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 December 2018

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of preparation

These condensed interim financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting" and should be read in conjunction with the audited financial statements for the year ended 30 June 2017, which have been prepared in accordance with EU endorsed International Financial Reporting Standards ("IFRS") and interpretations adopted by the International Accounting Standards Board ("IASB"), the Irish Companies Act 2014 and the Regulations.

#### Changes in accounting policies

The accounting policies adopted and calculation methods applied are consistent with those of the previous financial year.

#### (b) New Accounting Standards

##### (i) New standards, amendments and interpretations issued and effective for the financial year beginning 1 January 2018 and not early adopted

IFRS 9, "Financial Instruments" (effective for annual periods beginning on or after 1 January 2018) requires all recognised financial assets that are currently within the scope of IAS 39 – Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. This standard does not have a significant impact on the Company's financial position or performance, as the Company will continue to classify its financial assets and financial liabilities as being at fair value through profit or loss.

IFRS 15 "Revenue from Contracts with Customers" was issued in May 2014 and became effective for periods beginning on or after 1 January 2018. It establishes the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The new standard does not have a significant impact on the Company's financial position, performance or disclosures in its financial statements.

##### (ii) New standards, amendments and interpretations issued but not effective for the financial year beginning on or after 1 July 2018 and not early adopted

IFRS 16 "Leases" was issued in January 2016 and will become effective for period beginning on or after 1 January 2019. The new standard is not expected to have a significant impact on the Company's financial position, performance or disclosures in its financial statements.

IFRS 17 "Insurance Contracts" was issued in May 2017 and will become effective for accounting periods beginning on or after 1 January 2021. It applies to: insurance contracts, including reinsurance contracts, issued by an entity; reinsurance contracts held by an entity; and investment contracts with discretionary participation features issued by an entity that issues insurance contracts. An insurance contract is defined as 'a contract under which one party (the issuer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder'. The new standard is not expected to have a significant impact on the Company's financial position, performance or disclosures in its financial statements.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the Company.

### 2. TAXATION

The Company qualifies as an investment undertaking as defined in Section 739B of the Taxes Consolidation Act, 1997, as amended. Under current Irish law and practice, the Company is not liable to Irish tax in respect of its income and gains, other than on the occurrence of a chargeable event. Generally a chargeable event arises on any distribution, redemption, repurchase, cancellation, transfer of shares or on the ending of a "Relevant Period". A "Relevant Period" being an eight year period beginning with the acquisition of the shares by the shareholder and each subsequent period of eight years beginning immediately after the preceding Relevant Period.

A chargeable event does not include:

- i. Any transactions in relation to shares held in a recognised clearing system as designated by order of the Revenue Commissioners of Ireland; or
- ii. An exchange of shares representing one fund for another fund of the Company; or
- iii. An exchange of shares arising on a qualifying amalgamation or reconstruction of the Company with another fund; or
- iv. Certain exchanges of shares between spouses and former spouses.

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 December 2018 (continued)

### 2. TAXATION (CONTINUED)

No tax will arise on the Company in respect of chargeable events relating to:

- i. A shareholder who is neither Irish resident nor ordinarily resident in Ireland for tax purposes, at the time of the chargeable event, provided appropriate valid declarations in accordance with the provisions of the Taxes Consolidation Act, 1997, as amended, is held by the Company; or
- ii. Certain exempted Irish tax resident shareholders who have provided the Company with the necessary signed statutory declarations; or
- iii. Any transaction (which might otherwise be a chargeable event) in relation to shares held in a recognised clearing system as designated by order of the Irish Revenue Commissioners (such as CREST).

Subject to their personal circumstances (and provided that the market value of the Company's qualifying investments is not at any time in a relevant period more than 60 per cent of the market value of all the assets of the Company (excluding cash awaiting investment)). Shareholders who are resident in the United Kingdom for taxation purposes will be liable to United Kingdom income tax (but with a non-payable tax credit equal to one-ninth of the amount or value of the grossed up dividend) or corporation tax. If the criteria for exemption set out in Part 9 A of Corporation Act 2009 are not met, in respect of dividends or other distributions of an income nature made by the Company, whether or not such dividends or distributions are reinvested.

A shareholder which is a company which directly or indirectly controls not less than 10 per cent of the voting power of the Company may obtain a credit against its United Kingdom taxation liability in respect of income distributions by the Company for any taxes suffered or paid by the Company on its own income. If the market value of the Company's qualifying investments exceeds 60 per cent of the market value of all the assets of the Company (excluding cash awaiting investment) at any time in a relevant period, dividends received by non-corporate shareholders will be taxed as if they were payments of interest. In such a case no dividend tax credit will be available and the tax rates applying will be those applying to interest.

Capital gains, dividends and interest received may be subject to withholding taxes imposed by the country of origin and such taxes may not be recoverable by the Company or its shareholders.

Uncertainties exist with respect to the interpretation of complex tax regulations and changes in tax laws on foreign withholding tax. Given the wide range of international investments, differences arising between the actual investment income and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax expense already recorded. The funds establish provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which they invest. The amounts of such provisions are based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective investment's domicile. As the funds assess the probability for litigation and subsequent cash outflow with respect to taxes as remote, no contingent liability has been recognised.

### 3. OPERATING EXPENSES

#### *Investment Management fees*

The Investment Manager receives monthly investment management fees equal to 1/12 of 0.50% per annum of the NAV of the Class I3 Shares and 1/12 of 0.65% per annum of the NAV of the Class I2 Shares of the GC Fund. There is no allocation or charge of the Investment Management fee against the Class M Shares of the GC Fund. Such fees are payable monthly in arrears and are accrued and calculated as at each Valuation Point. The Investment Management fees charged during the period were €252,772 (period ended 31 December 2017: €35,032), of which €133,924 were outstanding at 31 December 2018 (as at 30 June 2018: €50,619).

#### *Operating expenses rebate*

The annual cap equals to 25 basis points of the NAV in respect of operating expenses incurred by the GC Fund, excluding any Investment Management fee. Any operating expenses, including the below mentioned Administration fees, Depositary and Trustee fees, Directors' fees and Auditor's remuneration in excess of the cap, are borne by the Investment Manager. For the period ended 31 December 2018, the operating expenses rebate was €67,809 (31 December 2017: €213,661), of which €227,795 were outstanding at 31 December 2018 (30 June 2018: €163,043).

#### *Administration fees*

The Company shall pay the Administrator out of the assets of the Company an annual fee, accrued at each Valuation Point and payable monthly in arrears. The administration fee charges are listed below:

<b>Total Net Assets per fund</b>	<b>Annual basis points fee</b>
First €500 million	6.00 bp
Next €500 million	5.00 bp
Excess above €1,000 million	4.00 bp

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 December 2018 (continued)

### 3. OPERATING EXPENSES (CONTINUED)

#### *Administration fees (continued)*

The Company shall pay the Administrator out of the assets of the fund a monthly minimum fee for the fund (the "Minimum Fee") as follows:

- (i) no minimum fee shall apply for months 0 to 6 of the fund;
- (ii) USD7,000 for months 7 to 12 of the fund;
- (iii) USD10,000 for months 13 to 18 of the fund;
- (iv) USD12,500 for months 19 to 24 of the fund; and
- (v) USD15,000 for months 24 onwards.

The Administrator shall also be entitled to be repaid out of the assets of the Company all of its reasonable out-of-pocket expenses incurred on behalf of the Company which shall include legal fees, couriers' fees and telecommunication costs and expenses together with value added tax, if any, thereon.

For the period ended 31 December 2018, the Administration fees were €77,029 (31 December 2017: €73,152), of which €79,444 were outstanding at 31 December 2018 (30 June 2018: €15,235).

#### *Depositary and trustee fees*

The Depositary will charge a fee of 0.50bp per annum on total net assets at umbrella level subject to a minimum fee of €9,000. The Depositary will also be reimbursed by the Company in respect of each fund for any reasonable out-of-pocket expenses necessarily incurred in the performance of its duties for each fund. The trustee fees charges are listed below:

Total Net Assets per fund	Annual basis points fee
First €500 million	1.25 bp
Next €500 million	1.00 bp
Excess above €1,000 million	0.80 bp

For the period ended 31 December 2018, the Depositary and trustee fees were €14,612 (31 December 2017: €7,814), of which €14,428 were outstanding at 31 December 2018 (30 June 2018: €3,258).

#### *Directors' fees*

The Directors were entitled to an annual fee of €15,000 in the instance of Cormac Byrne and Barry Harrington and €20,000 in the instance of David McGeough for the Company and its sub-fund – the GC Fund. The Directors are entitled to a further annual fee of €5,000 in the instance of Cormac Byrne and Barry Harrington for each additional sub-fund.

The Directors, or where applicable the service provider of the Director, may also be paid all travelling, hotel and other expenses properly incurred by the Director in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Company or in connection with the business of the Company. The Directors' fees charged during the period were €25,000 (31 December 2017: €25,000). €25,000 remained outstanding at 31 December 2018 (30 June 2018: €25,000).

### 4. SHARE CAPITAL

#### Authorised

The authorised share capital of the Company is 1,000,000,000,000 redeemable participating shares of no par value initially designated as unclassified shares and 300,002 subscriber shares of €1 each.

#### Subscriber shares

These shares do not entitle the holders thereof to any dividend and on a winding up entitle the holders thereof to receive the consideration paid up thereon but do not otherwise entitle them to participate in the assets of the Company. There are 2 subscriber shares currently in issue and these are held by CQS (U.K.) LLP and were issued at €1 per share. The subscriber shares are classified as equity and do not form part of shareholders' funds, and are disclosed in the financial statements by way of this note only.

#### Management shares

Management shares will only be available to (directly or indirectly for the beneficial entitlement of) the Directors, officers, employees and consultants of, and funds managed by, the Investment Manager and/or its connected persons and clients.

#### Redeemable participating shares

The rights attaching to the shares shall not be deemed to be varied by the creation, allotment or issue of any further shares ranking pari passu with shares already in issue. There are no rights of pre-emption upon the issue of shares in the Company.

# NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 December 2018 (continued)

## 4. SHARE CAPITAL (CONTINUED)

### Redeemable participating shares (continued)

As a result of the ability to issue, repurchase and resell shares, the capital of each fund can vary depending on the demand for redemptions and subscriptions to each fund.

The GC Fund is not subject to externally imposed capital requirements and have no legal restrictions on the issue, repurchase or resale of redeemable shares beyond those included in the Company's constitution and the UCITS regulations. The Company's objectives for managing capital are consistent with the investment strategy of each fund.

The movement in the number of redeemable participating shares for the period ended 31 December 2018 is as follows:

	Class I3 EUR Shares	Class I3 GBP Shares	Class I3 USD Shares
<b>The GC Fund</b>			
Shares in issue at the beginning of the period	154,957	114,275	1,767
Subscriptions	53,978	1,520	-
Redemptions	(3,686)	(14,250)	(1,538)
Shares in issue at the end of the period	205,249	101,544	229

	Class I4 CHF* Shares	Class I4 EUR* Shares	Class I4 GBP** Shares
Shares in issue at the beginning of the period	74,869	328,217	102,863
Subscriptions	7,535	75,405	187,459
Redemptions	(3,452)	(19,674)	(8,922)
Shares in issue at the end of the period	78,952	383,948	281,401

	Class I4 USD* Shares	Class M USD Shares	Class M GBP Shares
Shares in issue at the beginning of the period	231,332	141,748	68,106
Subscriptions	86,630	-	-
Redemptions	(11,367)	(7,948)	-
Shares in issue at the end of the period	306,595	133,800	68,106

\*This share class launched on 6 June 2018, therefore there are no comparatives.

\*\*This share class launched on 20 June 2018, therefore there are no comparatives.

The movement in the number of redeemable participating shares for the period ended 31 December 2017 is as follows:

	Class I3 EUR Shares	Class I3 GBP Shares	Class I3 USD Shares
<b>The GC Fund</b>			
Shares in issue at the beginning of the period	18,389	73,242	13,540
Subscriptions	8,379	19,895	-
Redemptions	-	(5,170)	(6,491)
Shares in issue at the end of the period	26,768	87,967	7,049

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 December 2018 (continued)

### 4. SHARE CAPITAL (CONTINUED)

	Class M USD Shares	Class M GBP Shares
<b>The GC Fund</b>		
Shares in issue at the beginning of the period	211,776	69,130
Subscriptions	-	8,500
Redemptions	-	(9,155)
Shares in issue at the end of the period	211,776	68,475

### 5. RELATED PARTIES

The following parties are considered related parties of the funds:

#### Transactions with entities with significant influence

CQS (UK) LLP is the Investment Manager and shall receive the Investment Management fees if any, payable in respect of each fund. The Investment Management fee rates are set out in Note 3.

Any operating expenses, including the below mentioned Administration fees, Depositary and Trustee fees, Directors' fees and Transaction costs, in excess of the cap, are borne by the Investment Manager (as set out in Note 3).

There are 2 subscriber shares currently in issue and these are held by CQS (U.K.) LLP. All the Management shares in issue are held by (or for the beneficial entitlement of) the Investment Manager and/or any of their Directors, partners, officers, employees and any entities advised or managed by the Investment Manager.

#### Transactions with key management personnel

The Directors are entitled to receive fees and expenses as set out in Note 3.

Cormac Byrne and Barry Harrington are directors of KB Associates. KB Associates provide money laundering officer reporting, consultancy and company secretarial services to the Company.

### 6. DISTRIBUTIONS

There were no distributions paid or payable during the period ended 31 December 2018 (31 December 2017: Nil).

### 7. SOFT COMMISSIONS

There were no soft commission arrangements in place as at 31 December 2018 (31 December 2017: Nil).

### 8. NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

All amounts are in the base currencies of the share classes. The Class M USD, Class I2 USD and Class I3 USD share classes were launched with a NAV of US\$100, Class I3 GBP and Class M GBP share classes were launched with a NAV of £100 and Class I3 EUR share class was launched with a NAV of €100.

The NAV and NAV per share of the GC Fund as at 31 December 2018, 30 June 2018 and 31 December 2017 are presented below:

31 December 2018:

	Class I3 EUR Shares €	Class I3 GBP Shares £	Class I3 USD Shares US\$
<b>The GC Fund</b>			
NAV per share as published by the Administrator (rounded)	110.818	111.625	117.000
Total NAV at last traded market prices	€22,745,339	€12,609,592	€23,412

# CQS Funds (Ireland) p.l.c.

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 December 2018 (continued)

### 8. NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS (CONTINUED)

	Class I4 CHF Shares CHF	Class I4 EUR Shares €	Class I4 GBP Shares £
<b>The GC Fund</b>			
NAV per share as published by the Administrator (rounded)	93.858	94.108	95.262
Total NAV at last traded market prices	€6,580,168	€36,132,664	€29,821,611

	Class I4 USD Shares US\$	Class M USD Shares US\$	Class M GBP Shares £
<b>The GC Fund</b>			
NAV per share as published by the Administrator (rounded)	95.571	121.654	116.314
Total NAV at last traded market prices	€25,574,140	€14,206,715	€8,812,544

30 June 2018:

	Class I3 EUR Shares €	Class I3 GBP Shares £	Class I3 USD Shares US\$
<b>The GC Fund</b>			
NAV per share (rounded)	115.327	115.537	120.100
Total NAV at last traded market prices	€17,870,733	€14,925,059	€181,624

	Class I4 CHF* Shares CHF	Class I4 EUR* Shares €	Class I4 GBP** Shares £
<b>The GC Fund</b>			
NAV per share (rounded)	97.827	97.864	98.525
Total NAV at last traded market prices	€6,328,387	€32,120,545	€11,456,419

	Class I4 USD* Shares US\$	Class M USD Shares US\$	Class M GBP Shares £
<b>The GC Fund</b>			
NAV per share (rounded)	98.024	124.560	120.087
Total NAV at last traded market prices	€19,407,868	€15,111,423	€9,245,437

\*This share class launched on 6 June 2018.

\*\*This share class launched on 20 June 2018.

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 December 2018 (continued)

## 8. NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS (CONTINUED)

31 December 2017:

	Class I3 EUR Shares €	Class I3 GBP Shares £	Class I3 USD Shares US\$
<b>The GC Fund</b>			
NAV per share as published by the Administrator (rounded)	115.607	115.371	119.016
Total NAV at last traded market prices	€3,094,609	€11,430,157	€698,900

	Class M USD Shares US\$	Class M GBP Shares £
<b>The GC Fund</b>		
NAV per share as published by the Administrator (rounded)	123.121	119.615
Total NAV at last traded market prices	€21,721,068	€9,224,686

## 9. EFFICIENT PORTFOLIO MANAGEMENT

The Company, on behalf of the GC Fund, may employ techniques and instruments relating to transferable securities and/or other financial instruments for efficient portfolio management purposes. The use of techniques and instruments for efficient portfolio management purposes is subject to the conditions and the limits laid down by the UCITS regulations. The term “efficient portfolio management” refers to transactions that are entered into with the aim of reducing risk, reducing cost or generating additional capital for the relevant fund with an appropriate level of risk, taking into account the risk profile of the GC Fund as described in this Prospectus, the relevant Supplements and the risk diversification rules set out in the UCITS regulations.

**Stocklending Agreements**

The GC Fund may enter into stock lending agreements for efficient portfolio management purposes. In such transactions the GC Fund may temporarily transfer its securities to a borrower, with agreement by the borrower to return equivalent securities to the GC Fund at a pre-agreed time. The GC Fund will receive collateral from the borrower under the terms of the stock lending arrangements. In entering into stock lending agreements, the GC Fund will be endeavoring to increase the returns on their portfolio of securities by receiving a fee for making their securities available to the borrower. At 31 December 2018 and 30 June 2018, the GC Fund did not enter into any stocklending positions.

## 10. PLEDGED FINANCIAL ASSETS

**Cash collateral**

Cash is transferred to counterparties to meet collateral requirements on open forward foreign exchange contracts. As at 31 December 2018, collateral of €680,777 (30 June 2018: €393,701) is held with State Street Bank and Trust.

As at 31 December 2018 and 30 June 2018, there were no other counterparties to the Company and therefore, there was no deed of charge over any of the other financial assets held by the Company.

## 11. FAIR VALUE HIERARCHY

IFRS 7 “Improving Disclosures about Financial Instruments”, requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value hierarchy of inputs is summarised in the three broad levels listed below.

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- **Level 3:** Inputs for the asset or liability that is not based on observable market data (that is, unobservable inputs).



## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 December 2018 (continued)

## 11. FAIR VALUE HIERARCHY (CONTINUED)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. The determination of what constitutes "observable" requires significant judgement by the Company. The Company considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table presents the fair value hierarchy of the Company's financial assets (by class) measured at fair value at 31 December 2018:

	Level 1	Level 2	Level 3	Total Fair Value
	€	€	€	€
<b>The GC Fund</b>				
<b>Assets</b>				
<b>Financial assets at fair value through profit or loss:</b>				
<b>Held for trading</b>				
Transferable securities	-	135,876,148	-	135,876,148
Forward foreign currency exchange contracts	-	336,813	-	336,813
<b>Total financial assets at fair value through profit or loss</b>	-	136,212,961	-	136,212,961
<b>Liabilities</b>				
<b>Financial liabilities at fair value through profit or loss:</b>				
<b>Held for trading</b>				
Forward foreign currency exchange contracts	-	(809,341)	-	(809,341)
<b>Total financial liabilities at fair value through profit or loss</b>	-	(809,341)	-	(809,341)

The following tables present the fair value hierarchy of the Company's financial assets (by class) measured at fair value at 30 June 2018:

	Level 1	Level 2	Level 3	Total Fair Value
	€	€	€	€
<b>The GC Fund</b>				
<b>Assets</b>				
<b>Financial assets at fair value through profit or loss:</b>				
<b>Held for trading</b>				
Transferable Securities	-	103,100,838	-	103,100,838
Forward foreign currency exchange contracts	-	782,844	-	782,844
<b>Total financial assets at fair value through profit or loss</b>		103,883,682	-	103,883,682
<b>Liabilities</b>				
<b>Financial liabilities at fair value through profit or loss:</b>				
<b>Held for trading</b>				
Forward foreign currency exchange contracts	-	(223,233)	-	(223,233)
<b>Total financial liabilities at fair value through profit or loss</b>	-	(223,233)	-	(223,233)

Financial instruments in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include bonds and OTC derivatives. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or no transferability, which are generally based on available market information. The fair value of these financial assets and financial liabilities that cannot be derived from active markets, are determined from prices received from the approved counterparty and from using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 December 2018 (continued)

**11. FAIR VALUE HIERARCHY (CONTINUED)**

The judgements include considerations of liquidity and model inputs such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The models are calibrated regularly and tested for validity using prices from any observable current market transactions in the same instrument (without modification or repackaging) or based on any available observable market data. This modelled price is then validated by comparing to the counterparty price.

There were no transfers between Level 1 and Level 2 during the period ended 31 December 2018 or during the year ended 30 June 2018.

**12. EXCHANGE RATES**

Where applicable, the Administrator used the period/year end exchange rates listed below in the Statement of Financial Position to translate foreign currency amounts, market value of investments and other assets and liabilities at the following rates:

EUR	31 December 2018	30 June 2018
CHF	1.12616	1.15736
GBP	0.89891	0.88462
HKD	8.97179	9.16762
JPY	125.57989	129.33024
SEK	10.15472	10.45572
SGD	1.56160	1.59224
USD	1.14575	1.16840

The average exchange rates used in the Statement of Comprehensive Income and the Statement of Changes in Net Assets attributable to Holders of Redeemable Participating Shareholders are as follows:

EUR	31 December 2018	30 June 2018
CHF	1.13652	1.16029
GBP	0.89157	0.88533
HKD	9.01081	9.35694
JPY	128.9108281	131.76262
SEK	10.33912	9.97550
SGD	1.57534	1.60286
USD	1.14978	1.19566

**13. CONNECTED PARTIES**

Regulation 41 of the UCITS Regulations "Restrictions of transactions with connected persons" states that "A responsible person shall ensure that any transaction between a UCITS and a connected person is conducted a) at arm's length; and b) in the best interest of the unit-holders of the UCITS".

As required under UCITS Regulation 78.4, the Directors, as responsible persons are satisfied that there are in place arrangements, evidenced by written procedures, to ensure that the obligations that are prescribed by Regulation 41(1) are applied to all transactions with a connected party; and all transactions with connected parties that were entered into during the period to which the report relates complied with the obligations that are prescribed by Regulation 41(1).

**14. SIGNIFICANT EVENTS DURING THE PERIOD**

There were no other significant events affecting the Company during the financial period ended 31 December 2018.

**15. SIGNIFICANT EVENTS POST PERIOD END**

The Board of Directors approved the following documents at a board meeting held on 28 January 2019:

- A supplement for the CQS New City Global Equity Fund which is expected to launch on 1 March 2019;
- An updated supplement for GC Fund dated 1 February 2019;
- An updated prospectus for the Company.

**16. APPROVAL OF THE FINANCIAL STATEMENTS**

The financial statements were approved by the Board of Directors on 21 February 2019.

## SCHEDULE OF INVESTMENTS

as at 31 December 2018

### CQS Global Convertible Fund

Principal Amount		Fair Value €	Fund %
	<b>Transferable Securities (86.82%) (30 June 2018: 81.41%)</b>		
	<b>Convertible Bonds (86.82%) (30 June 2018: 81.41%)</b>		
	<b>Austria (1.06%) (30 June 2018: 0.70%)</b>		
	<b>Communication Services</b>		
1,500,000	Citigroup Global Markets Funding Luxembourg SCA 0.5% 04/08/2023	1,661,288	1.06
	<b>China (5.68%) (30 June 2018: 0.71%)</b>		
	<b>Consumer Discretionary</b>		
1,600,000	Ctrip.com International Ltd 1.25% 15/09/2022	1,353,728	0.86
	<b>Industrials</b>		
1,000,000	Shanghai Port Group BVI Holding Co Ltd 0.01% 09/08/2021	867,205	0.55
3,000,000	Shanghai Port Group BVI Holding Co Ltd 0.01% 09/08/2022	2,580,168	1.65
200,000	Zhejiang Expressway Co Ltd 0.01% 21/04/2022	190,106	0.12
	<b>Real Estate</b>		
4,000,000	China Overseas Finance Investment Cayman V Ltd 0.01% 05/01/2023	3,721,312	2.38
	<b>Utilities</b>		
200,000	China Yangtze Power International BVI 1 Ltd 0.01% 09/11/2021	187,305	0.13
		8,899,824	5.69
	<b>Cyprus (Nil) (30 June 2018: 0.81%)</b>		
	<b>Finland (Nil) (30 June 2018: 1.11%)</b>		
	<b>France (11.52%) (30 June 2018: 8.93%)</b>		
	<b>Communication Services</b>		
2,500,000	Orange SA 0.375% 27/06/2021	2,707,862	1.73
	<b>Consumer Discretionary</b>		
1,600,000	Cie Generale des Etablissements Michelin SCA 0.01% 10/11/2023	1,177,570	0.75
2,000,000	Valeo SA 0.01% 16/06/2021	1,569,278	1.00
	<b>Financials</b>		
3,326,500	Credit Agricole SA 0.01% 03/10/2019	3,606,700	2.30
	<b>Health Care</b>		
444,000	Genfit 3.5% 16/10/2022	384,603	0.25
	<b>Industrials</b>		
2,500,000	Airbus SE 0.01% 14/06/2021	2,726,133	1.74
4,370,560	Safran SA 0.01% 21/06/2023	4,653,039	2.97
	<b>Real Estate</b>		
172,275	Nexity SA 0.25% 02/03/2025	158,729	0.10
	<b>Utilities</b>		
1,049,650	Veolia Environnement SA 0.01% 15/03/2021	1,051,224	0.68
		18,035,138	11.52
	<b>Germany (9.46%) (30 June 2018: 9.43%)</b>		
	<b>Consumer Discretionary</b>		
1,200,000	adidas AG 0.05% 12/09/2023	1,244,640	0.80
	<b>Health Care</b>		
2,500,000	Bayer AG 0.05% 15/06/2020	2,491,263	1.59
800,000	Fresenius SE & Co KGaA 0.01% 24/09/2019	839,518	0.54

# SCHEDULE OF INVESTMENTS

as at 31 December 2018 (continued)

## CQS Global Convertible Fund (continued)

Principal Amount		Fair Value €	Fund %
	<b>Transferable Securities (86.82%) (30 June 2018: 81.41%)</b>		
	<b>Convertible Bonds (86.82%) (30 June 2018: 81.41%)</b>		
	<b>Germany (continued) (9.46%) (30 June 2018: 9.43%)</b>		
	<b>Health Care (continued)</b>		
800,000	Fresenius SE & Co KGaA 0.01% 31/01/2024	764,000	0.49
	<b>Industrials</b>		
1,400,000	Deutsche Post AG 0.05% 30/06/2025	1,337,284	0.85
600,000	MTU Aero Engines AG 0.125% 17/05/2023	830,927	0.53
600,000	SGL Carbon SE 3% 20/09/2023	527,649	0.34
500,000	Siemens Financieringsmaatschappij NV 1.65% 16/08/2019	455,051	0.29
	<b>Materials</b>		
1,000,000	RAG-Stiftung 0.01% 18/02/2021	995,250	0.64
	<b>Real Estate</b>		
3,000,000	Deutsche Wohnen SE 0.6% 05/01/2026	3,174,107	2.03
2,000,000	LEG Immobilien AG 0.875% 01/09/2025	2,135,700	1.36
		<u>14,795,389</u>	<u>9.46</u>
	<b>Hong Kong (0.13%) (30 June 2018: 3.08%)</b>		
	<b>Consumer Discretionary</b>		
2,000,000	Harvest International Co 0.01% 21/11/2022	210,992	0.13
	<b>Hungary (Nil) (30 June 2018: 0.81%)</b>		
	<b>Italy (2.16%) (30 June 2018: 1.94%)</b>		
	<b>Energy</b>		
3,400,000	Snam SpA 0.01% 20/03/2022	3,385,244	2.16
	<b>Japan (9.90%) (30 June 2018: 8.84%)</b>		
	<b>Consumer Discretionary</b>		
30,000,000	Suzuki Motor Corp 0.01% 31/03/2021	32,1919	0.21
30,000,000	Suzuki Motor Corp 0.01% 31/03/2023	322,611	0.21
200,000,000	Yamada Denki Co Ltd 0.01% 28/06/2019	1,638,062	1.05
	<b>Financials</b>		
200,000,000	T&D Holdings Inc 0.01% 05/06/2020	1,590,430	1.02
	<b>Health Care</b>		
60,000,000	Shionogi & Co Ltd 0.01% 17/12/2019	750,558	0.48
140,000,000	Terumo Corp 0.01% 06/12/2021	1,753,672	1.12
	<b>Materials</b>		
200,000,000	Kansai Paint Co Ltd 0.01% 17/06/2022	1,620,590	1.04
80,000,000	Mitsubishi Chemical Holdings Corp 0.01% 30/03/2022	639,994	0.41
40,000,000	Mitsubishi Chemical Holdings Corp 0.01% 29/03/2024	324,383	0.21
180,000,000	Toray Industries Inc 0.01% 31/08/2021	1,547,609	0.99
	<b>Utilities</b>		
400,000,000	Chugoku Electric Power Co Inc 0.01% 24/01/2020	3,325,825	2.12
200,000,000	Kyushu Electric Power Co Inc 0.01% 31/03/2020	1,648,764	1.03
		<u>15,484,417</u>	<u>9.90</u>

## SCHEDULE OF INVESTMENTS

as at 31 December 2018 (continued)

## CQS Global Convertible Fund (continued)

Principal Amount		Fair Value €	Fund %
	<b>Transferable Securities (86.82%) (30 June 2018: 81.41%)</b>		
	<b>Convertible Bonds (86.82%) (30 June 2018: 81.41%)</b>		
	<b>Korea (1.11%) (30 June 2018: 1.35%)</b>		
	<b>Materials</b>		
2,000,000	LG Chem Ltd 0.01% 16/04/2021	1,737,891	1.11
	<b>Malaysia (0.65%) (30 June 2018: Nil)</b>		
	<b>Sovereign</b>		
1,200,000	Bagan Capital Ltd 0.01% 23/09/2021	1,015,263	0.65
	<b>Luxembourg (Nil) (30 June 2018: 1.31%)</b>		
	<b>Mexico (1.26%) (30 June 2018: 0.78%)</b>		
	<b>Communication Services</b>		
2,000,000	America Movil SAB de CV 0.01% 28/05/2020	1,972,864	1.26
	<b>Norway (1.63%) (30 June 2018: 1.31%)</b>		
	<b>Communication Services</b>		
3,000,000	Telenor East Holding II AS 0.25% 20/09/2019	2,553,071	1.63
	<b>Netherlands (Nil) (30 June 2018: 5.69%)</b>		
	<b>Russian Federation (1.12%) (30 June 2018: Nil)</b>		
	<b>Materials</b>		
2,000,000	Abigrove Ltd 0.01% 16/02/2022	1,750,819	1.12
	<b>Singapore (Nil) (30 June 2018: 0.49%)</b>		
	<b>South Africa (0.12%) (30 June 2018: 0.15%)</b>		
	<b>Real Estate</b>		
200,000	Redefine Properties Ltd 1.5% 16/09/2021	192,254	0.12
	<b>Spain (2.20%) (30 June 2018: Nil)</b>		
	<b>Health Care</b>		
800,000	Almirall SA 0.25% 14/12/2021	772,504	0.49
	<b>Utilities</b>		
2,600,000	Iberdrola International BV 0.01% 11/11/2022	2,676,227	1.71
		3,448,731	2.20
	<b>Sweden (0.34%) (30 June 2018: 0.39%)</b>		
	<b>Financials</b>		
5,000,000	Industrivarden AB 0.01% 15/05/2019	538,605	0.34
	<b>Switzerland (4.33%) (30 June 2018: 3.66%)</b>		
	<b>Information Technology</b>		
2,400,000	Stmicroelectronics NV 0.01% 03/07/2022	2,113,230	1.35
	<b>Materials</b>		
3,500,000	Sika AG 0.15% 05/06/2025	3,167,045	2.02

## SCHEDULE OF INVESTMENTS

as at 31 December 2018 (continued)

## CQS Global Convertible Fund (continued)

Principal Amount		Fair Value €	Fund %
	<b>Transferable Securities (86.82%) (30 June 2018: 81.41%)</b>		
	<b>Convertible Bonds (86.82%) (30 June 2018: 81.41%)</b>		
	<b>Switzerland (continued) (4.33%) (30 June 2018: 3.66%)</b>		
	<b>Real Estate</b>		
1,250,000	Swiss Prime Site AG 0.25% 16/06/2023	1,075,362	0.69
500,000	Swiss Prime Site AG 0.325% 16/01/2025	425,229	0.27
		<u>6,780,866</u>	<u>4.33</u>
	<b>United Arab Emirates (1.10%) (30 June 2018: 0.84%)</b>		
	<b>Health Care</b>		
200,000,000	NMC Health Jersey Ltd 1.875% 30/04/2025	719,038	0.46
	<b>Industrials</b>		
1,200,000	DP World Ltd 1.75% 19/06/2024	997,636	0.64
		<u>1,716,674</u>	<u>1.10</u>
	<b>United Kingdom (3.08%) (30 June 2018: 5.39%)</b>		
	<b>Communication Services</b>		
600,000	Inmarsat PLC 3.875% 09/09/2023	557,026	0.36
1,300,000	Vodafone Group PLC 0.01% 26/11/2020	1,397,480	0.89
	<b>Energy</b>		
1,500,000	TechnipFMC PLC 0.875% 25/01/2021	1,542,000	0.99
	<b>Utilities</b>		
1,200,000	National Grid North America Inc 0.9% 02/11/2020	1,315,164	0.84
		<u>4,811,670</u>	<u>3.08</u>
	<b>United States (29.96%) (30 June 2018: 23.69%)</b>		
	<b>Communication Services</b>		
150,000	Boingo Wireless Inc 1% 01/10/2023	111,170	0.07
2,000,000	Liberty Media Corp 1.375% 15/10/2023	1,873,533	1.20
	<b>Consumer Discretionary</b>		
4,600,000	Booking Holdings Inc 0.9% 15/09/2021	4,440,560	2.84
	<b>Financials</b>		
3,000,000	JPMorgan Chase Bank NA 0.01% 11/01/2021	2,421,864	1.55
500,000	Morgan Stanley Finance LLC 0.01% 17/12/2021	492,843	0.31
	<b>Health Care</b>		
350,000	Anthem Inc 2.75% 15/10/2042	1,106,095	0.71
4,150,000	Illumina Inc 0.01% 15/06/2019	4,435,577	2.83
1,500,000	Ligand Pharmaceuticals Inc 0.75% 15/05/2023	1162569	0.74
200,000	Qiagen NV 0.375% 19/03/2019	208,491	0.13
1,400,000	Qiagen NV 0.5% 13/09/2023	1,269,255	0.81
600,000	Qiagen NV 1% 13/11/2024	520,004	0.33
750,000	Teladoc Health Inc 1.375% 15/05/2025	768,738	0.49
2,500,000	Wright Medical Group Inc 2% 15/02/2020	2,309,364	1.48
	<b>Information Technology</b>		
2,000,000	Akamai Technologies Inc 0.125% 01/05/2025	1,605,150	1.03
1,000,000	Benefitfocus Inc 1.25% 15/12/2023	931,419	0.60
1,700,000	Euronet Worldwide Inc 1.5% 01/10/2044	2,111,455	1.35
2,000,000	Intel Corp 3.25% 01/08/2039	3,993,019	2.55

# SCHEDULE OF INVESTMENTS

as at 31 December 2018 (continued)

## CQS Global Convertible Fund (continued)

Principal Amount		Fair Value €	Fund %
	<b>Transferable Securities (86.82%) (30 June 2018: 81.41%)</b>		
	<b>Convertible Bonds (86.82%) (30 June 2018: 81.41%)</b>		
	<b>United States (continued) (29.96%) (30 June 2018: 23.69%)</b>		
	<b>Information Technology (continued)</b>		
2,000,000	Microchip Technology Inc 1.625% 15/02/2027	1,710,527	1.09
1,000,000	Palo Alto Networks Inc 0.75% 01/07/2023	867,545	0.55
1,300,000	Red Hat Inc 0.25% 01/10/2019	2,700,486	1.73
2,500,000	Silicon Laboratories Inc 1.375% 01/03/2022	2,310,396	1.48
1,700,000	Square Inc 0.05% 15/05/2023	1,547,696	0.99
1,500,000	Teradyne Inc 1.25% 15/12/2023	1,555,477	0.99
2,000,000	Western Digital Corp 1.5% 01/02/2024	1,418,985	0.91
	<b>Real Estate</b>		
2,500,000	Empire State Realty OP LP 2.625% 15/08/2019	2,174,692	1.39
3,000,000	Extra Space Storage LP 3.125% 01/10/2035	2,838,238	1.81
		<b>46,885,148</b>	<b>29.96</b>
	<b>Total Convertible Bonds</b>	<b>135,876,148</b>	<b>86.82</b>
	<b>Total Transferable Securities</b>	<b>135,876,148</b>	<b>86.82</b>
	<b>Total Investments excluding Financial Derivative Instruments</b>	<b>135,876,148</b>	<b>86.82</b>

### Financial Derivative Instruments ((0.30)%) (30 June 2018: 0.44%)

#### Open Forward Foreign Currency Exchange Contracts ((0.30)%) (30 June 2018:0.44%)

Maturity Date	Amount Bought	Amount Sold	Unrealised Gain/(Loss) €	Fund %
03/01/2019	CHF 15,806	EUR 14,037	(2)	0.00
16/01/2019	CHF 7,563,284	EUR 6,706,647	10,135	0.01
16/01/2019	EUR 72,563,284	USD 83,000,000	325,150	0.21
16/01/2019	EUR 212,258	HKD 1,895,000	1,189	0.00
16/01/2019	EUR 24,880	CHF 28,067	(46)	0.00
16/01/2019	EUR 383,317	GBP 345,744	(1,142)	0.00
16/01/2019	EUR 552,771	SEK 5,690,000	(7,567)	0.00
16/01/2019	EUR 4,873,597	CHF 5,500,000	(10,830)	(0.01)
16/01/2019	EUR 6,103,651	GBP 5,500,000	(12,211)	(0.01)
16/01/2019	EUR 15,599,099	JPY 1,955,000,000	(288,108)	(0.18)
16/01/2019	GBP 152,453	EUR 169,185	339	0.00
16/01/2019	GBP 46,731,369	EUR 51,978,031	(13,924)	(0.02)
16/01/2019	USD 46,258,924	EUR 40,806,376	(475,511)	(0.30)
	Unrealised gain on open forward foreign currency exchange contracts		336,813	0.22
	Unrealised loss on open forward foreign currency exchange contracts		(809,341)	(0.52)
	<b>Net unrealised loss on open forward foreign currency exchange contracts</b>		<b>(472,528)</b>	<b>(0.30)</b>
	<b>Total Financial Derivative Instruments</b>		<b>(472,528)</b>	<b>(0.30)</b>

## SCHEDULE OF INVESTMENTS

as at 31 December 2018 (continued)

### CQS Global Convertible Fund (continued)

	Fair Value €	Fund %
<b>Total Investments (86.52%) (30 June 2018: 81.85%)</b>	135,403,620	86.52
<b>Other Net Assets (13.48%) (30 June 2018: 18.15%)</b>	<u>21,102,565</u>	<u>13.48</u>
<b>Net Assets</b>	<u>156,506,185</u>	<u>100.00</u>

#### Analysis of Gross Assets

Transferable securities dealt in on another regulated market  
Over the counter financial derivative instruments  
Other assets

% of gross assets
86.11
0.21
<u>13.68</u>
<u>100.00</u>

The counterparty to the open forward foreign currency exchange contracts is State Street Bank & Trust.



## SCHEDULE OF SIGNIFICANT PORTFOLIO CHANGES

In accordance with the UCITS Regulations, a statement of largest changes in the composition of the Schedule of Investments during the reporting period is provided to ensure that shareholders can identify changes in the investments held by the fund. These are defined as the aggregate purchases and sales of an investment (including maturities but excluding repurchase agreements, overnight discount notes and time deposits, which are employed chiefly as a means of seeking to ensure efficient portfolio management) exceeding 1.00% of the total value of purchases and sales for the period. At a minimum the largest 20 purchases and sales are listed.

### CQS Global Convertible Fund

Purchases	Cost
Portfolio Securities	€
Safran SA 0.01% 21/06/2023	3,579,739
Credit Agricole SA 0.01% 03/10/2019	2,485,700
Booking Holdings Inc 0.900% 15/09/2021	2,111,563
Intel Corp 3.250% 01/08/2039	2,065,486
Terumo Corp 0.01% 06/12/2021	1,732,991
Deutsche Wohnen SE 0.6% 05/01/2026	1,701,095
Iberdrola International BV 0.01% 11/11/2022	1,634,200
Ligand Pharmaceuticals Inc 0.75% 15/05/2023	1,460,133
Extra Space Storage LP 3.125% 01/10/203	1,447,396
adidas AG 0.05% 12/09/2023	1,271,500
Chugoku Electric Power Co Inc 0.01% 24/01/2020	1,143,668
Liberty Media Corp 1.375% 15/10/2023	1,089,342
Vodafone Group PLC 0.01% 26/11/2020	1,075,908
DexCom Inc 0.75% 01/12/2023	1,055,688
RAG-Stiftung 0.01% 18/02/2021	1,031,250
America Movil SAB de CV 0.01% 28/05/2020	986,000
Wright Medical Group Inc 2% 15/02/2020	964,107
China Overseas Finance Investment Cayman V Ltd 0.01% 05/01/2023	918,841
Shanghai Port Group BVI Holding Co Ltd 0.01% 09/08/2022	903,308
Snam SpA 0.01% 20/03/2022	891,000
Benefitfocus Inc 1.25% 15/12/2023	879,469
Teladoc Health Inc 1.375% 15/05/2025	868,809
Telenor East Holding II AS 0.25% 20/09/2019	863,924
Palo Alto Networks Inc 0.75% 01/07/2023	862,419
Yamada Denki Co Ltd 0.01% 28/06/2019	816,954
Almirall SA 0.25% 14/12/2021	800,000
Airbus SE 0.01% 14/06/2021	799,470
JPMorgan Chase Bank NA 0.01% 11/01/2021	793,685
Red Hat Inc 0.250% 01/10/2019	789,987
T&D Holdings Inc 0.01% 05/06/2020	776,114
Silicon Laboratories Inc 1.375% 01/03/2022	761,442
Abigrove Ltd 0.01% 16/02/2022	709,362
Ctrip.com International Ltd 1.250% 15/09/2022	681,471
National Grid North America Inc 0.9% 02/11/2020	664,916
Square Inc 0.5% 15/05/2023	650,927
SGL Carbon SE 3% 20/09/2023	600,751
Illumina Inc 0.01% 15/06/2019	580,579
Electronics For Imaging Inc 2.25% 15/11/2023	571,831
QIAGEN NV 0.5% 13/09/2023	571,688
Bayer AG 0.05% 15/06/2020	556,000
LEG Immobilien AG 0.875% 01/09/2025	555,750
Orange SA 0.375% 27/06/2021	541,149
Euronet Worldwide Inc 1.5% 01/10/204	529,300
QIAGEN NV 1% 13/11/2024	525,049
Fresenius SE & Co KGaA 0.01% 31/01/2024	509,750

# SCHEDULE OF SIGNIFICANT PORTFOLIO CHANGES

## CQS Global Convertible Fund (continued)

Sales	Proceeds
Portfolio Securities (continued)	€
Safran SA 0.01% 31/12/2020	2,292,087
DexCom Inc 0.750% 01/12/2023	1,072,295
Magyar Nemzeti Vagyonkezelő Zrt 3.375% 02/04/2019	1,027,500
adidas AG 0.25% 14/06/2019	1,024,852
ams AG 0.01% 05/03/2025	856,200
Vodafone Group PLC 0.01% 26/11/2020	751,113
Terumo Corp 0.01% 04/12/2019	728,817
Teradyne Inc 1.25% 15/12/2023	682,683
CapitaLand Ltd 1.95% 17/10/2023	636,496
Electronics For Imaging Inc 2.25% 15/11/2023	577,549
Chugoku Electric Power Co Inc 0.01% 25/03/2020	460,710
Wayfair Inc 1.125% 01/11/2024	395,518
Cree Inc 0.875% 01/09/2023	215,950
ADO Properties SA 1.250% 23/11/2023	203,000
KBR Inc 2.5% 01/11/2023	177,460
Idorsia Ltd 0.75% 17/07/2024	175,010
Infinera Corp 2.125% 01/09/2024	130,554

There are no other sells during the financial period ended 31 December 2018.