



CQS Global Convertible Fund (UCITS)

FACTSHEET | OCTOBER 2019 (as at 30 September 2019)

FUND MANAGEMENT

- Founded in 1999, CQS is a \$18.0bn 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 \$1.9bn in convertibles across pooled and dedicated mandates for institutional investors globally

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)

PERFORMANCE SUMMARY²

Share Class*	1 Month Return	3 Month Return	YTD Return	1 Year Return	Annualised		NAV/Share
					3 Year Return	LTD*	
C EUR	0.74%	0.45%	5.55%	0.40%	3.67%	3.76%	116.96
C GBP	0.79%	0.71%	6.38%	1.46%	4.59%	4.48%	118.74
C USD	0.95%	1.12%	7.84%	3.37%	6.09%	5.33%	126.17
S CHF	0.73%	0.39%	5.36%	0.17%		(0.83%)	98.89
S EUR	0.75%	0.49%	5.66%	0.55%		(0.42%)	99.44
S GBP	0.80%	0.75%	6.50%	1.62%		1.09%	101.45
S USD	0.97%	1.16%	7.96%	3.52%		2.37%	103.18

*Share class launch dates vary, please see Important Information on page 3 for details³

INVESTMENT COMMENTARY⁴

In September, risk assets traded with a firmer tone, supported by the continued global central bank easing cycle. (S&P up 1.72%, Euro Stoxx 50 up 4.16%, Hang Seng up 1.43%).

The top three single-name contributors were Intel, Teradyne and Terumo Corp.

The top three single-name detractors were Remy Cointreau, Extra Space Storage and Telekom Austria.

Global issuance was very active in September with a total of \$17.0bn of new issues. The US provided the bulk of this with \$11.4bn, whilst Europe provided \$4bn and Asia \$1.6bn.

The Fund participated in the active September new issue market including in the US internet real estate concern Zillow 0.75% 2024 144a, medical device group Insulet 0.375% 2026 144a, genetic testing corporation Invitae 2% 2024 144a, biopharmaceutical company PTC Therapeutics 1.5% 2026 144a and internet craft retailer Etsy 0.125% 2026 144a. In Europe, the Fund accepted the new in exchange for repurchase of the old of waste and water utility group of issues Veolia 0% 2025 and Veolia 0% 2021. Equally when the European aerospace concern offered to repurchase MTU Aero 0.125% 2023 and issue the new convertible MTU 0.05% 2027 the Fund sold bonds and switched into the more balanced issue. Similarly the Fund tendered the convertible of UAE based DP World 1.75% 2018-21-24 to the company at the above market repurchase offer. The Fund participated in the Edenred 0% 2024 convertibles, the Puma (Kering) 0% 2022 exchangeable issued by the luxury group against its stake in the sports footwear manufacturer as well as the exchangeables LVMH (JPM) 0% 2022 and LafargeHolcim (GBL) 0% 2022. The Fund exited Kyushu Power 0% 2020 ahead of a potential soft mandatory call, Eurazeo (Credit Agricole) 0% 2019 ahead of maturity, Veon ex-Vimpelcom (Telenor) 0.25% 2019 at maturity and Suzuki 1 0% 2021 following the share price recovery.

After a busy month of issuance across markets and negative economic readings, fears of recession have risen as has investor pessimism. We are mindful of tensions that are an imperative to disciplined investment management and note the potential for renewed QE and Central Bank operations in response to trade negotiations and tariffs. In our view convertibles provide a contrarian vehicle for capturing potential upside while protecting the downside given their asymmetric return profile. We continue to be biased towards higher quality issues given tight credit spreads and moderate duration given the recent strength of longer dated bonds.

Source: CQS. Please refer to page 3 for sources relating to relevant footnotes.

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, CHF

Target Return¹

- 6-8% annualised over the cycle

Expected Volatility¹

- 5-7% annualised over the cycle

AUM

- \$254m

RISK AND REWARD PROFILE

1	2	3	4	5	6	7
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Low

High

Registered

- Ireland

Fund Launch Date²

- 2 March 2015

Depository

- State Street Custodial Services (Ireland) Limited

Administrator

- State Street Custodial Services (Ireland) Limited

Auditor

- Ernst & Young

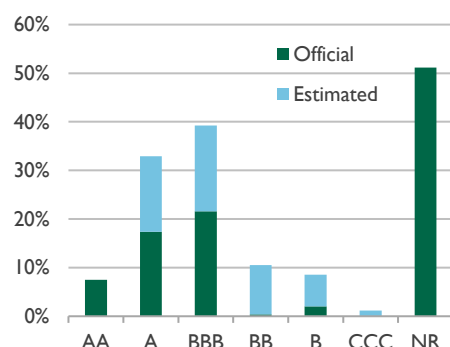
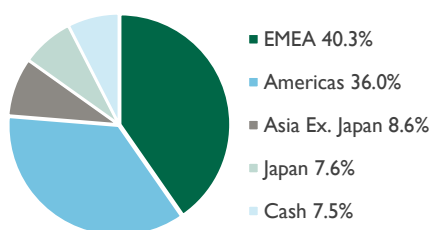
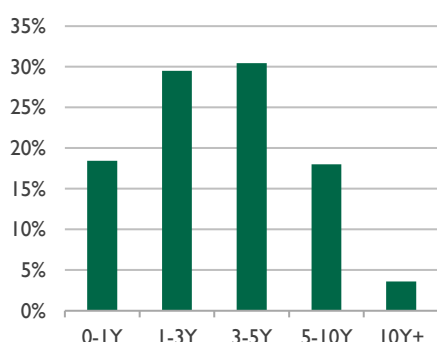
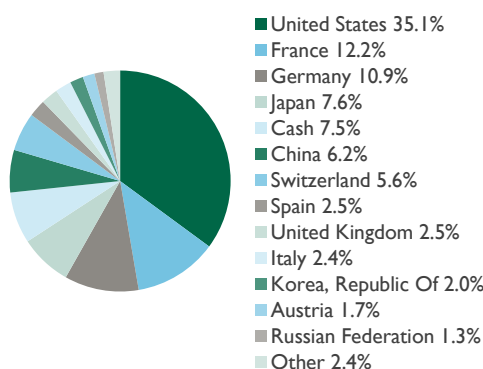
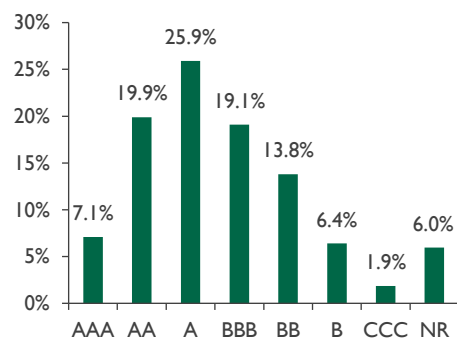
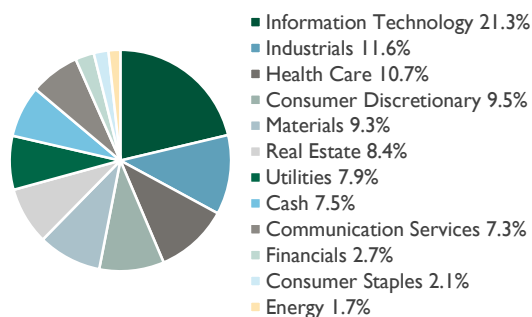
Dealing Frequency Subscriptions

- Daily by 1pm Dublin time

Gate

- 10% discretionary

PORTFOLIO ANALYSIS (% of NAV)

Rating⁵Region⁶Maturity⁷Country⁶ESG Rating⁸Industry⁶

TOP 5 HOLDINGS (% of NAV)

Name	Sector	(% of NAV)
Intel Corp	Information Technology	3.41
Booking Hldgs Inc	Consumer Discretionary	3.01
Illumina Inc	Health Care	2.83
Safran Sa	Industrials	2.52
China Overseas Land & Investments	Real Estate	2.44

KEY FUND FACTS

(continued)

Management Fee

- A: 1.50% p.a.
- I: 0.65% p.a.
- C: 0.50% p.a.
- S: 0.40% p.a.

Ongoing Charges/Expenses

- 0.20% (for S share class)
- 0.25% (for all other share classes)

Minimum Investment Size

- A: €35,000 or currency equivalent
- I: €1m or currency equivalent
- C: €10m or currency equivalent
- S: \$50m or currency equivalent

SECURITY NUMBERS

ISIN

- I EUR: IE00BTFQZS81
GBP: IE00BTFQZT98
USD: IE00BTFQZV11
- C EUR: IE00BTFQZW28
GBP: IE00BTFQZX35
USD: IE00BTFQZY42
- S CHF: IE00BFXXNY58
EUR: IE00BFXXNZ65
GBP: IE00BFXXP056
USD: IE00BFXXPI63

Bloomberg

- C USD: CQSGC13
- C GBP: CQGC13G
- C EUR: CQGI3ES
- S CHF: CQGC14C
- S EUR: CQGC14E
- S GBP: CQGC14G
- S USD: CQGC14U

REPORTING

Investor Report

- Monthly Factsheet

Fiscal Year-End

- 30 June

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 with integrated ESG analysis
- Active investment management and benchmark agnostic

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

IMPORTANT INFORMATION

Source: CQS as at 30 September 2019. ¹Target returns are estimated and net of anticipated fees, 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. Target returns are for illustrative purposes only. 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. ³Class C EUR launched 17 July 2015, Class C GBP launched 4 November 2015, Class C USD launched 27 May 2015, Class S CHF launched 7 June 2018, Class S EUR launched on 7 June 2018, Class S GBP launched 21 June 2018 and Class S USD launched 7 June 2018. ⁴The Fund may have since exited some or all of the positions detailed in this commentary. ⁵Average 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. ⁶Actual 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. ⁷Maturity or first put. ⁸ESG Rating Analysis: MSCI ESG Research LLC as at 30 June 2019. Please see MSCI ESG Rating disclaimer at the end of this report. 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.

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KEY FUND FACTS

(continued)

PORTFOLIO CHARACTERISTICS

Expected Number of Positions

- 60-80

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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