Marketing Communication
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Investor Report

January 2024

CQS Dynamic Credit Multi Asset Fund

Key Facts	
Portfolio Manager	Craig Scordellis and Darren Toner
Inception Date	08 February 2021
Legal Structure	UCITS
Base Currency	GBP
Currency Share Classes	EUR, GBP, USD
SFDR	Article 8
Dealing Frequency Subscriptions and Redemptions	Daily by 1pm Dublin time
I Share Class[2] Min. Investment	£1m (or foreign currency equivalent)
Domicile	Ireland
ISIN	GBP IE00BN15XV68 EUR IE00BN15XT47 USD IE00BN15XW75
Bloomberg	GBP CQTRCIG EUR CQTRCIE USD CQTRCIU
SEDOL	GBP BN15XV6 EUR BN15XT4 USD BN15XW7

Key Metrics	Value
Total Fund AUM	$854.0m
Total Strategy AUM[3]	$8.1bn
Yield to Expected Maturity (%, GBP)	5.64
Weighted Average Credit Spread (bps)	208
Interest Rate Duration (yrs)	3.85
Number of Securities	429
Average Credit Rating[4,5]	BBB+
Weighted Average Carbon Intensity (t/$m Sales): Fund[6]	160
Weighted Average Carbon Intensity (t/$m Sales): Reference Index[6,7]	229
Average ESG Rating[8]	A
SRRI Score[9]	4

Description

- A flexible multi-asset credit approach seeking high income across developed markets to achieve attractive risk-adjusted returns
- Actively managed portfolio, focused on delivering daily liquidity and putting investors' capital in the right asset class, geography and sector at the right time
- Targets a net return of 6-8% per annum over the cycle, with single digit volatility[1]
- Integrated approach to responsible investment

Performance[2]

Past performance does not predict future returns. Share class launch dates vary.

	1 Month (%)	3 Month (%)	Year-to-Date (%)	1 Year (%)	Since Inception Annualised (%)	NAV/Share
F EUR	0.79	7.41	0.79	4.29	(0.47)	98.610
F GBP	0.90	7.75	0.90	5.78	0.73	102.202
F USD	0.92	7.84	0.92	6.28	0.78	102.149
FD GBP	0.90	7.75	0.90			101.263
I EUR	0.74	7.28	0.74	3.80	(0.65)	98.069
I GBP	0.85	7.62	0.85	5.28	0.34	101.020
I USD	0.88	7.71	0.88	5.81	0.74	102.243

Performance Since Inception of the Fund (F GBP Share Class)[2]

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
2024	0.90	-	-	-	-	-	-	-	-	-	-	-	0.90
2023	2.52	(0.58)	1.25	1.42	(1.19)	(0.16)	0.76	(0.05)	(1.95)	(1.29)	4.09	2.59	7.48
2022	(1.37)	(1.47)	0.01	(2.96)	(0.88)	(5.67)	2.66	(0.39)	(3.94)	(0.12)	3.81	(0.04)	(10.22)
2021	-	(0.22)	0.41	1.05	0.39	0.99	0.26	0.59	0.64	(0.17)	(0.31)	1.26	4.97

Commentary

Performance

Throughout January, economic data surprised to the upside, with Q4 US GDP printing higher than expected and Eurozone GDP coming in flat, avoiding a technical recession. This added momentum to the 'soft-landing' narrative and led to rallies in global equity markets - the S&P 500 gained +1.6% over the month, mainly led by mega-cap tech stocks, which saw the index reach several reach all-time highs, while Euro STOXX 600 was up +1.5%, also reaching all-time highs. Meanwhile, US Treasuries continued to show volatility with yields rising for the first 3 weeks of the month, reaching 4.2%. This was the result of strong macro data, sticky inflation, and geopolitical tensions around red sea attacks, the latter causing concerns over oil prices and potential supply chain impacts. The last week of January saw further volatility as rates rallied following US FOMC comments suggesting that interest rates have peaked in this cycle, alongside supportive consumer consumption data (PCE) of 2.0% and idiosyncratic concerns around the US regional banking sector. European government bonds had a similar journey to their US counterparts, although without the aggressive last week rally, with German 10yr Bunds finishing up +14bps. Against this macro backdrop, both European and US Investment Grade (IG) gained +45bps in total return terms. However, the risk-on sentiment for US equities did not translate to US High Yield (HY) as spreads widened +25bps to leave it the worst performing asset class on the month. Technicals remained robust in European credit, with inflows supporting EU HY and subordinated financials, with both asset classes gaining +1.05% in total return terms. Primary markets did spring back into life, with US IG issuance setting new records for January, but this revival was not enough to weigh on technicals.

The Fund returned 90bps (F GBP Class) in January, outperforming both IG and HY markets. The Fund's outperformance was a combination of its shorter duration bias into the month, which allowed the Fund to increase duration as rates moved higher, along with continued performance from the Fund's conviction HY and Financial strategies. The ABS allocation continued to support returns, with solid income and continued spread tightening as technicals remain favourable for European CLO liabilities.

Fund Positioning

With continued uncertainty over government bond yields and certain credit market spreads looking relatively unattractive, the Fund continues to focus on investing in high quality visible income, allowing the portfolio to be more agile when opportunities arise. Subsequently, the Fund's total duration was increased from 3.1 to 3.9 over several stages throughout January, mainly within the US IG portfolio. Additionally, the Fund's position in AAA rated CLOs has been reduced as we rotated into BBBs, where we see higher income, and shorter-datd HY trades were bolstered.

Portfolio Analysis

Asset Allocation Breakdown	% Long Exposure
Asset Backed Securities	20.6
Cash*	2.2
Corporate Hybrid	0.6
EU High Yield Bonds	6.9
Financials	11.2
Loan Index	2.9
US High Yield Bonds	3.0
US Investment Grade	52.5

*Cash includes short-dated government bonds.

Credit Rating Breakdown[4]	% Long Exposure
AAA	5.0
AA	5.1
A	23.6
BBB	47.4
BB and below	18.9

Top 10 Country Exposures	% Long Exposure
United States	60.1
PanEuropean	12.4
United Kingdom	7.1
France	4.1
Spain	3.2
Germany	2.6
Canada	1.6
Netherlands	1.5
Italy	1.4
Belgium	0.9

Top 10 Industry Exposures	% Long Exposure
Banks	13.3
CLO	12.4
Agency	6.1
Oil, Gas & Consumable Fuels	5.6
Insurance	4.5
Diversified Telecommunication Services	3.6
Capital Markets	3.5
Health Care Providers & Services	3.2
Media	2.9
Hotels, Restaurants & Leisure	2.9

ESG Rating Breakdown[8]	% Rated
AAA	7.5
AA	31.6
A	34.4
BBB	18.4
BB	6.8
B	1.0
CCC	0.3

Actual allocations at month end. There is no guarantee that the Fund will invest in this way at all or do so in the same mann er as set forth in this factsheet. Figures may not sum to 100 due to rounding and the use of efficient portfolio management techniques.
The value of securities may go down as well us up, depending on the performance of companies and general market conditions. T he value at which securities in certain companies can be liquidated may differ, sometimes significantly, from the interim valuations. Investment in securitie s of certain companies may be less liquid, more volatile and subject to greater risks than securities of other companies. Investment in emerging markets may inc rease the volatility of the Fund's Net Asset Value, and accordingly, an investment in the Fund's Shares may be worth more or less on redemption than their original purchase value. As the Fund may invest in derivatives, such as swaps, it may lose more than the amount invested in such derivatives. Investors in shares deno minated in a currency other than the base currency of the Fund may be affected by changes in currency movements. For full details of the relevant risks reference should be made to the risk factors sections of the Prospectus and Supplement.

Important Information

Source: CQS as at 31 January 2024.

[1]Target 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. For the purposes of this factsheet, we consider the "cycle" to be 5-10 years.

[2]Class returns are calculated net of fees and expenses and with all dividends and income reinvested on the basis of a holding 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. The Fund launched on 8 February 2021. Investors should note that the base currency of the Fund is UK Sterling. Individuals 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 F GBP, I GBP, F EUR, I EUR and I USD launched on 8 February 2021. Class FD GBP launched on 2 May 2023. Class F USD launched 25 May 2021. Please be advised that the F share class is closed to investors.

[3]Strategy Assets are estimated and represent assets held across CQS-managed funds (including bespoke mandates) where similar multi-asset credit investment strategies are employed. The provision of an overall Strategy Asset AUM is for illustrative purposes only and is intended to show solely the size of the asset classes managed by CQS where the investment strategy is the similar.

[4]Internal credit ratings and subsequently spread ratings are used where externally sourced credit ratings are not available. Cash allocation is rated according to the issuer rating of the custodian bank.

[5]Weighted Average Rating: positions are weighted according to BEE (Bond Equivalent Exposure (BEE): for equity and debt instruments, the market value of the position, and for derivatives, the notional adjusted by the market value of the position).

[6]Weighted Average Carbon Intensity ("WACI") is estimated using scope 1 & 2 available disclosures or proxy estimates based on comparative data from MSCI. For proxy estimates, we apply a waterfall approach which requires a minimum of 10 issuers within the proxy estimate group. If there are not 10 issuers in the proxy estimate group, it changes to a broader category group to increase the number of comparable issuers and continues moving to a broader group until a minimum group size of 10 issuers are obtained or 'sector' level is reached. The order is sub-industry first, then industry, then industry group, then finally sector. Where MSCI data is stale or the proxy estimate is not an appropriate reflection of the issuer, we may implement a carbon emission override to report an issuer's most recent publicly available carbon data or use a more appropriate comparator (using MSCI data) as a proxy estimate. Please note that the WACI score does not include hedges for efficient portfolio management purposes.

[7]The Reference Index is the ICE BoA Developed Markets High Yield Index (HYDM).

[8]ESG ratings are attributed to issuers using either third party or internal ESG ratings assessed by CQS. The ratings range from AAA-CCC and are based on factors such as climate change, toxic emissions and waste, labour management, health and safety, privacy and data security, corporate governance and behaviour, and remuneration. A waterfall approach is used when assessing the ESG rating portfolio distribution and average rating of the portfolio, whereby (i) if a third party ESG rating is available that rating is used, failing which (ii) CQS' rating will be used. ESG ratings may reflect the subjective opinions of CQS or the relevant third party and may be based on qualitative as well as quantitative data. ESG ratings may be based on unverified third party sources or unaudited financial and non-financial data. ESG ratings are not an opinion of the creditworthiness of any issuer.

[9]SRRI score stands for Synthetic Risk and Reward Indicator.

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G1165394 / 01.24

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