Marketing Communication

Factsheet

30 June 2022

CQS Sustainable Total Return Credit Fund

Target Return

The Fund targets a net return of 6-8% per annum over the cycle, with 5-7% estimated volatility[1]

Key Fund Facts	
Portfolio Managers	Craig Scordellis and Darren Toner
Fund Launch Date	8 February 2021
AUM	$95.3m
Legal Structure	UCITS
SFDR	Article 8
Domicile	Ireland
Registered	Finland, France, Germany, Italy, Japan, Luxembourg, Spain, Sweden, United Kingdom
Base Currency	GBP
Share Classes	EUR, GBP, USD
Dealing Frequency Subscriptions and Redemptions	Daily by 1pm Dublin time

F Share Class Details		
Management Fee		0.35% p.a.
Expenses		Capped at 0.25% p.a.
Minimum Investment		£10m (or foreign currency equivalent)
ISIN	**GBP**	IE00BN15XR23
	EUR	IE00BN15XQ16
	USD	IE00BN15XS30
Bloomberg	**GBP**	CQTRCFG
	EUR	CQTRCFE
	USD	CQTRCFU

I Share Class Details		
Management Fee		0.80% p.a.
Expenses		Capped at 0.25% p.a.
Minimum Investment		£1m (or foreign currency equivalent)
ISIN	**GBP**	IE00BN15XV68
	EUR	IE00BN15XT47
	USD	IE00BN15XW75
Bloomberg	**GBP**	CQTRCIG
	EUR	CQTRCIE
	USD	CQTRCIU

Risk and Reward Profile

1	2	3	4	5	6	7
Lower						Higher

Strategy Description

The CQS Sustainable Total Return Credit Fund ("the Fund") is a flexible multi asset credit solution, combining bottom-up fundamental research and top down asset allocation. It invests primarily across developed market corporate credit to generate high income and capital gains.

The Fund utilises a repeatable, responsible investment approach to identify and exploit relative value opportunities across geographies, asset classes, sectors and ratings in order to maximise risk-adjusted returns for investors and mitigate defaults.

The Fund is classified as Article 8 under the Sustainable Finance Disclosure Regulation (SFDR). This categorisation reflects the Fund's binding commitment to responsible investing.

Performance[2]

Past performance does not predict future returns. Share class launch dates vary. Please see Important Information on page 4 for details.

Share Class/Index	1m (%)	3m (%)	YTD (%)	1 Year (%)	SI Ann. (%)	NAV/Share
F GBP	**(5.67)**	**(9.27)**	**(11.82)**	**(9.82)**	**(5.31)**	**92.56**
I GBP	**(5.71)**	**(9.37)**	**(12.01)**	**(10.20)**	**(5.68)**	**92.06**
Reference Index (GBP)	(6.96)	(10.31)	(14.26)	(13.24)	(7.99)	-
F EUR	**(5.80)**	**(9.62)**	**(12.26)**	**(10.74)**	**(6.19)**	**91.34**
I EUR	**(5.84)**	**(8.91)**	**(11.68)**	**(10.37)**	**(6.05)**	**91.55**
Reference Index (EUR)	(7.02)	(10.61)	(14.76)	(14.01)	(8.74)	-
F USD	**(5.61)**	**(9.21)**	**(11.76)**	**(9.76)**	**(7.46)**	**91.35**
I USD	**(5.64)**	**(9.30)**	**(11.94)**	**(10.12)**	**(5.66)**	**92.08**
Reference Index (USD)	(6.69)	(9.92)	(13.85)	(12.67)	(7.55)	-

Commentary

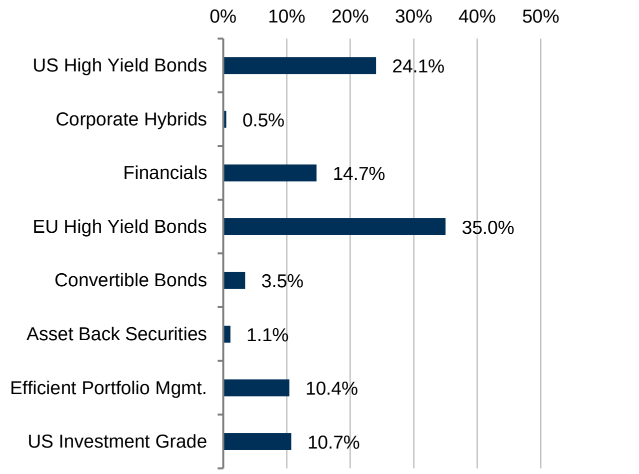
The combination of widening credit spreads and weakness in rates in June caused a sharp sell-off in Credit. Sub-Investment Grade Credit witnessed its weakest month since March 2020, and its second weakest month since the GFC. With sustained macro uncertainty on several fronts, including the net impact of the tightening of monetary policy to combat inflation and growing concerns of energy supply disruption within Europe, markets saw the continuation of bearish decompression. Higher-quality Credit has continued to outperform given ongoing investor caution over the risks associated with lower-quality CCC Credit. It was a relatively broad-based sell-off in terms of US versus Europe (on a GBP hedged basis, US High Yield declined 7.28% versus European High Yield, which declined 7.31%) with liquidity continuing to remain poor across Credit generally and outflows intensified the move lower. Real Estate was the weakest sector across both US and European High Yield Credit.

June was an extremely challenging month in absolute return terms for the Fund. However, our defensive positioning helped the Fund outperform its reference index; we increased the quality of the Fund's US Investment Grade allocation and shorter duration relative to the reference index. Each of the Fund's core strategies outperformed their respective reference indices except for our US High Yield conviction strategy, which underperformed owing to idiosyncratic single-name weakness. The Fund's US Investment Grade allocation helped offset the significant weakness in High Yield, whilst the EPM strategy was positioned in CDX High Yield longs versus an allocation to High Yield Cash longs, as we thought it was likely to outperform on a relative basis.

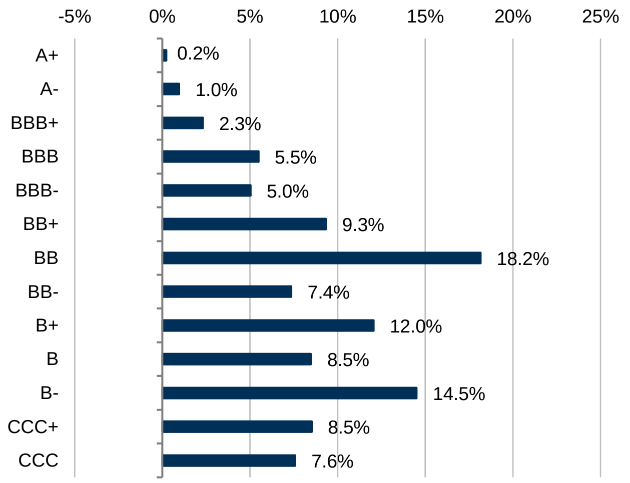
In June, we added a 100% rate hedge against our Investment Grade portfolio. We also added to our CDX High Yield EPM position, after selling down several single names within European High Yield and Financials to slightly raise Cash levels.

Portfolio Analysis[3] (% of Invested)

Asset Allocation



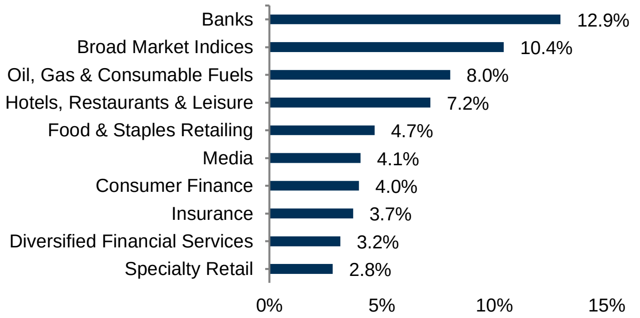
Credit Rating[4]



Fund and Index Characteristics

	Fund	Reference Index (HYDM)
Yield to Expected Maturity (GBP)	8.72%	8.30%
Credit Spread (bps)	631	595
Interest Rate Duration	2.87	4.12
Number of Securities	170	2,901
Average Rating[5]	BB-	BB-
Total IR Hedge Exposure (%NAV)	(14.4)	-

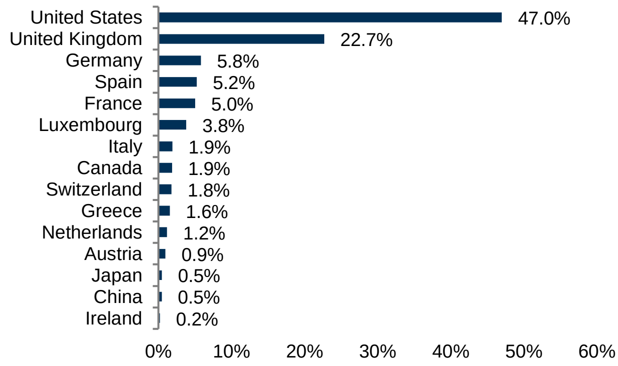
Top 10 Industry Exposures



Top 5 Holdings

Business Name	Sector	% Invested
CDX NA HY38	Broad Market Indices	10.42
Co-operative Bank Finance	Financials	1.97
Jaguar Land Rover Automotive	Consumer Discretionary	1.70
Novafives	Industrials	1.55
Nord Landesbank	Financials	1.48

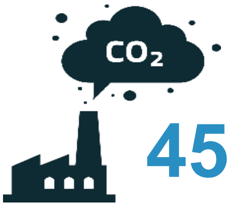
Top Country Exposures



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 manner 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. The value at which securities in certain companies can be liquidated may differ, sometimes significantly, from the interim valuations. Investment in securities of certain companies may be less liquid, more volatile and subject to greater risks than securities of other companies. Investment in emerging markets may increase 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 denominated 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.

The Fund's portfolio currently exhibits the following characteristics:



45%

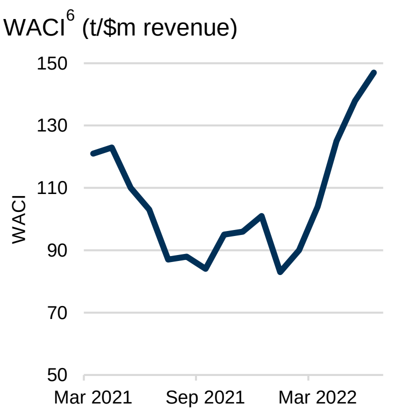
lower carbon emission intensity than the Reference Index (HYDM)[2]

Weighted Average Carbon Intensity (t/$m revenue)[6]

147 Fund

267 Reference Index (HYDM)[2]

Fund WACI since inception



Weighted Average ESG Rating

BBB

Less than 18% of the portfolio is invested in issuers with an ESG rating of B or lower

Responsible Investing

Restrictions & Considerations

As part of CQS' Firm-wide process to drive sustainability, we focus on companies which demonstrate strong ESG characteristics as well as adaptability and resilience in the transition to a low carbon economy.

The Strategy is committed to delivering:

- A portfolio with no more than 20% of NAV in issuers with an ESG rating of B or lower
- A lower WACI than the ICE BofA Developed Markets High Yield Index (HYDM)
- A Net Zero portfolio by 2050 or sooner
- Engagement to drive long-term ESG improvement

Approach

- Fully-integrated ESG investment process
- Follow the CQS five-stage RI process, with portfolio managers required to consider it as part of their decision making
- Thorough research by specialist analysts and extensive engagement activity
- Select stronger ESG issuers over weaker ones, all else being equal
- ESG laggards require detailed analysis, rationale and engagement to understand the risks and actions being taken by the company
- A review of ESG characteristics at the monthly Asset Advisory Committee

Exclusions[7]

The Fund's portfolio will not include direct investment in any issuer which:

- Is involved in the production of controversial weapons
- Derives more than 10% of revenue from direct involvement in tobacco, adult entertainment or payday lending
- Derives more than 5% of revenue from direct involvement in thermal coal and/or oil sands
- Companies that as far as the IM is aware are linked to or engage in activities deemed to be in breach of the Ten Principles of the UN Global Compact

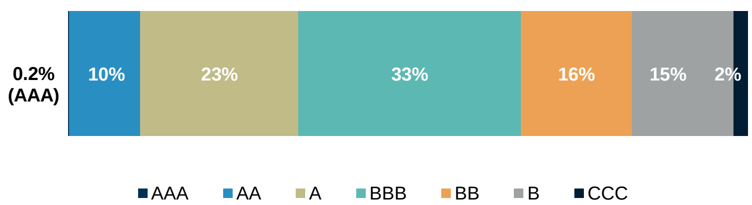
Engagement

120 Trailing 12-month engagements across MAC Strategies[8]

Commentary

In our efforts to promote certain social characteristics and improvements in the companies in which we invest, we engaged with the gaming company Gamenet and questioned them on responsible gaming certification in their physical stores/locations. They responded that they have certifications for their online business but in physical locations they rely on regulations and provide staff training as this was more cost-effective for their business. Our engagement highlighted this issue to the CFO, who subsequently advised that they would look into providing certification for physical locations. Once they release their upcoming sustainability report, we will follow up on this matter.

Fund ESG Rating Breakdown[9]



Signatory of:

Important Information

Source: CQS as at 30 June 2022.

[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 F USD launched 25 May 2021.

Reference Index is the ICE BoA Developed Markets High Yield Index (HYDM) in GBP, EUR or USD hedged respectively.

[3]Asset class weightings based on invested exposure (excluding hedges).

[4]Internal credit ratings and subsequently spread ratings are used where externally sourced credit ratings are not available.

[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]WACI carbon intensity estimated using scope 1 & 2 available disclosures and MSCI sub-industry proxy estimates. Please note that the WACI score does not include hedges for efficient portfolio management purposes.

[7]The CQS Sustainable Total Return Credit Fund may invest in issuers which would otherwise be prohibited under the listed exclusions via sustainability-linked bonds, 'social' bonds, 'green' bonds, 'blue' bonds, and/or 'brown' (or 'transition') bonds.

Includes cluster munitions, landmines, incendiary weapons (white phosphorus), blinding laser weapons, non-detectable fragments, depleted uranium weapons, nuclear and biological / chemical weapons.

For the purposes of monitoring the above exclusions, 'direct investment' shall not include exposure of the Fund to the underlying constituents of an index or underlying exposures in ABS transactions, or other similar investments in which the Investment Manager is unable to exercise discretion over the selection of underlying assets or exposures.

[8]This includes engagements with CLO managers and banks to whom we provide regulatory capital relief but excludes engagements as part of our broader Climate Audit.

[9]ESG rating breakdown is provided using a waterfall approach. We use the MSCI ESG rating first. Where there is no MSCI ESG rating, we then use the CQS internal ESG rating. MSCI ESG ratings are sourced from MSCI ESG Research LLC. Please see the 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.

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PRI Note:

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Investors should take into account all characteristics and objectives of the fund as set out in full in the fund's supplement and/or prospectus. Further information on the investment manager's ESG processes and commitments, including its Responsible Investment Policy, can be found on www.cqs.com.

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