

Investor Report

March 2025

Salar Fund

Key Fund Information						
Investment Manager	CQS (UK) LLP					
Portfolio Manager	James Peattie and team					
Fund Launch Date *	11 February 2008					
Fund Size	\$65.6m					
NAV Per Share	213.21 (Class A1 USD)					
Legal Structure	UCITS					
Domicile	Ireland					
SFDR	Article 8					
Reference Currency	USD					
Share Classes	USD, GBP, EUR, CHF					
ISIN	A1 USD IE00B2PLHH71 C1 EUR D Inc IE000DY06J66 C1 GBP D Inc IE000FJXWQ06 E1 CHF IE0001K7QFH1 E1 EUR IE00B520F527 E1 EUR D Inc IE00BBR6N535 E1 GBP D Inc IE00BBR6N758 E1 USD IE00B50W0L11 E2 EUR IE00B520G822 E2 USD IE00B51ZK080 E3 EUR IE00B50VYD81					
UK Reporting Status	Available for selected share classes					
Income Available	Available for selected share classes					
Dealing	2 days					
Subscriptions	T-2					
Redemptions	T-2					
Entry/Exit Charge	None					
Redemption Fee	None					
Reference Share Class Details						
Share Class	A1 USD (Acc)					
Management Fee	1.00% p.a					
Performance Fee	10% over 3M Libor					
Min Investment	\$250,000					
ISIN	IE00B2PLHH71					
Bloomberg	SALFUNA ID					
Fund Characteristics ¹						
No. of Positions ²	71					
Current Yield	1.1%					
Average Premium	62.3%					
Average Delta	29.6%					
Average Life (years)	1.54					
Weighted Av. Rating	BBB+					
Weighted Average Carbon Intensity ³	175					
Average ESG Rating ⁴	A					
Third Parties						
Administrator	BNP Paribas Fund Administration (Ireland) Limited					
Depository	BNP Paribas Securities Services, Dublin Branch					
Auditor	Ernst & Young					
Risk and Reward Profile						
1	2	3	4	5	6	7
Lower Risk				Higher Risk		

Investment Aim

Seeking wealth preservation and growth.

Absolute Return

Salar has an Absolute Return focus. Salar aims to preserve and grow investor capital through a carefully selected portfolio of Global Convertible Bonds valued near to their bond floor with upside optionality.

Performance

Salar has outperformed the Refinitiv Global Focus Hedged Convertible Bond Index over 3 years, 5 years and since inception, with significantly less volatility.**

Trailing Net Performance⁵

Past performance does not predict future returns.

	Salar Fund ***	Refinitiv Global Focus Hedged Convertible Bond Index (USD) **	Outperformance
1 Year Return	6.90	8.91	(2.01)
3 Year Return Annualised	5.57	2.77	2.80
5 Year Return Annualised	7.58	6.18	1.40
SI Return Annualised	4.99	4.57	0.42
Annualised Volatility (1 year)	2.63	6.50	3.88
Annualised Volatility (3 year)	4.76	9.86	5.10
Annualised Volatility (5 year)	5.07	9.81	4.74

Monthly Net Performance (%)⁵

Past performance does not predict future returns. Returns are Class A1 USD.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
2025	1.18	1.33	0.26										2.78
2024	0.25	1.45	1.33	(0.40)	(0.23)	(0.29)	0.63	0.88	2.23	0.49	0.27	0.40	7.20
2023	2.83	(0.10)	0.66	0.21	(0.10)	1.55	0.82	(0.68)	(0.30)	(0.76)	1.88	1.11	7.28
2022	(1.40)	(0.52)	1.03	(1.42)	(1.27)	(2.81)	2.28	1.65	(3.14)	1.28	3.38	(0.18)	(1.34)
2021	0.76	1.28	0.03	(0.04)	(0.47)	0.13	(0.79)	0.45	(0.16)	0.43	(1.45)	0.92	1.06
2020	(0.96)	(2.59)	(6.97)	4.45	2.23	1.87	1.45	3.06	0.27	0.24	4.57	2.29	9.74
2019	2.61	1.40	0.13	1.22	(1.84)	1.20	0.58	(1.10)	1.02	1.25	1.06	1.17	8.97
2018	0.97	(0.57)	(0.36)	0.97	(0.62)	(0.31)	0.41	0.40	0.58	(2.02)	0.42	(2.27)	(2.44)

Please contact CQS for full performance since inception

The value of securities may go down as well as up, depending on the performance of companies and general market conditions. * Fund launched as an Irish PLC in 2008 and, following a corporate action in September 2022 converted onto CQS' existing UCITS plc umbrella platform. ** Source: Bloomberg. The Refinitiv Global Focused Hedged Convertible Bond Index (USD) is used as a broad asset class reference, as the Fund is actively managed, and not managed with reference to a benchmark. *** Source: CQS. Please note, the CQS Salar Strategy Index USD is a theoretical, non-investable share class. It is made up of a series of share classes in order to demonstrate the longest consistently available track record for the Strategy. Returns are represented by the Salar Strategy Index USD: since inception 30 November 2005 to 10 February 2008, returns are the Salar Fund A USD share class; 11 February 2008 to the present date, returns are the CQS Salar Fund (UCITS) A1 USD share class. Since 11 February 2008, the Strategy has followed the Undertakings for Collective Investment in Transferable Securities Directive (UCITS). The investment process and team have remained substantially the same for the life of the Strategy. Returns are net of fees, expenses and transaction costs. Investors should refer to each specific share class for the actual historical performance of the relevant class. This document includes historic returns and past performance is not a reliable indicator of future results.

The Fund is categorised as 4 for the purposes of this table due to investments in convertible bonds and use of derivatives.

Fund Commentary⁶

Equity markets were weak in March as concerns around US tariff policy, slowing growth and stubborn inflation increased. The "Magnificent 7" and other technology names were notably weak; the "Magnificent 7" falling by over 10% and the Nasdaq by over 8%. Europe was more resilient, driven by German fiscal and defence spending plans, with the Euro Stoxx 50 down 3.9%, while the Hang Seng was a rare area of stability, +0.8% on the month. Credit was wider, iTraxx Crossover in Europe by 39bps. Government yields were generally stable, though German yields nudged higher on defence and other spending plans, the five-year yield rising by nearly 20bps to ~2.3%. Convertible markets were resilient in the face of such equity market weakness, the Global Focus Index (USD hedged) falling 1.36%.

Convertible issuance rebounded strongly last month as \$13.3bn of new supply came to market. The US led supply with \$8.2bn, but other regions also saw meaningful issuance with Asia bringing \$3.7bn and Europe \$1.4bn. The range of deals spanned various sectors and structures including mandatories (not in Salar's target universe due to lack of bond floor), exchangeables and green deals.

Salar's European portfolio made gains on the month, contributing 28bps gross, the US and Japan portfolios were essentially flat and Asia (ex-Japan) saw very modest losses. The strongest sector by some distance was Utilities which contributed 33bps gross. Consumer Discretionary, Financials and Information Technology holdings detracted, though none materially. On a single name basis, transport group Nikkon Holdings (bonds, somewhat offset by equity hedge), Italgas, semiconductor name Ferrotec and American Water contributed most. Some Japanese names were among the largest detractors, notably chemicals group Resonac, SBI Holdings and engineering group Daifuku. Anta Sports (Chinese sportswear name) was also weak.

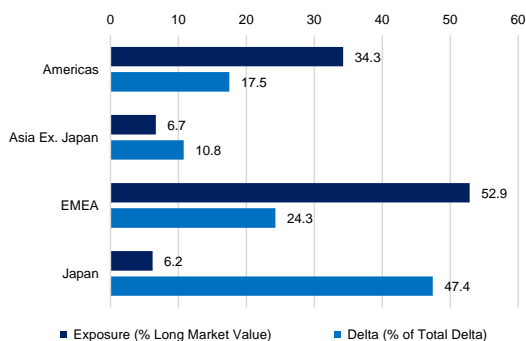
Salar participated actively in the primary market with new deals from Fresenius into Fresenius Medical, Iberdrola and Baidu exchangeable into Trip.com. The Fund made selective purchases including German engineer Duerr 0.75% 26 and UK office property name IWG 0.5% 27. The Fund reduced some names to manage delta, including the Goldman into Alibaba 0% 27, Anta Sports 0% 29, Kingsoft 0.625% 25, Simon Property into Klepierre 3.5% 26, Ping An 0.875% 29 and MTU 0.05% 27. Many of these sales were harvesting gains after strong performance. We switched the new Rohto Pharmaceutical 0% 2032 into an ASCOT, taking advantage of an attractive credit bid. We also made selective equity sales to increase hedges in Nippon Flour and Nikkon Holdings.

We continue to anticipate larger market swings and volatility across all asset classes as tariff policies and their effects roll through global economies and markets. In this febrile investment environment, with equities weak and volatile, and credit spreads widening, we continue to focus on convertibles which we believe combine reasonable valuations, solid downside protection and idiosyncratic upside potential.

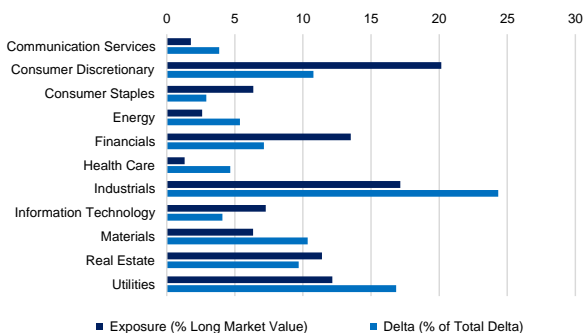
Salar's weighted average credit rating of BBB+, combined with short duration, should mitigate the impact of widening in credit spreads. The Fund is positioned relatively near to bond floor to help to absorb downside in equity markets. Greater moves and dispersion in equity markets and in individual equities can benefit Salar's portfolio in the medium-term, given the Fund's focus on downside protection and ability to capture upside through attractive optionality. Weakness in markets will give the opportunity to rotate the portfolio to capture possible future upside while remaining defensive overall in line with the Fund's philosophy. In short, we believe the Fund is well placed for relative wealth preservation in less favourable market conditions, while maintaining upside optionality should economies and markets develop more positively in the longer-term.

Portfolio Analysis

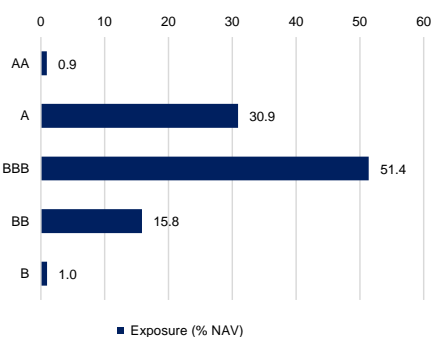
Regional Exposure



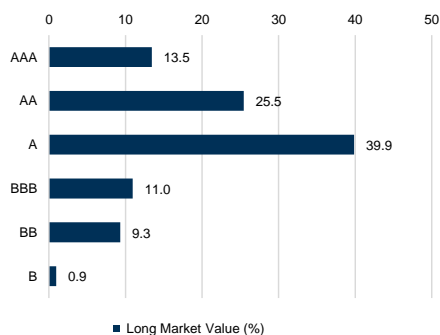
Sector Exposure



Credit Rating (Proxy)⁷



ESG Rating Breakdown^{4,8}



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. The value of securities may go down as well as 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.

IMPORTANT INFORMATION:

Sources: Manulife | CQS as at 31 March 2025.

The CQS Salar Fund is an Article 8 Fund under the EU Sustainable Finance Disclosures Regulation ('SFDR'). This page does not represent the formal limits and/or restrictions set out in the Fund's investment policy.

The value of securities may go down as well as 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 was incorporated in Ireland on 27 November 2007 as an investment company with variable capital with limited liability under registration number 449784. The Fund is authorised by the Central Bank as a UCITS pursuant to the UCITS Regulations.

Overall Fund data source: CQS and BNP Paribas Fund Administration Services (Ireland) Limited as at the last business day of the month indicated at the top of page 1.

¹ Excludes investments in Futures and Interest Rate Swaps.

² Excludes positions with zero market value.

³ 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.

⁴ 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. ESG Rating Analysis: MSCI ESG Research LLC. Please see MSCI Disclaimer at the end of this report.

⁵ Returns are represented by the Salar Strategy Index USD: since inception 30 November 2005 to 10 February 2008, returns are the Salar Fund A USD share class; 11 February 2008 to the present date, returns are the CQS Fund (UCITS) A1 USD share class. Since 11 February 2008, the Strategy has followed the Undertakings for Collective Investment in Transferable Securities Directive (UCITS). The investment process and team have remained substantially the same for the life of the Strategy. Returns are net of fees, expenses and transaction costs. Investors should refer to each specific share class for the actual historical performance of the relevant class. The value of investments can go down as well as up.

⁶ The Fund may have since exited some or all of the positions detailed in this commentary. Includes data sourced from Bloomberg.

⁷ Credit 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 rating of the custodian bank.

⁸ ESG ratings may not sum to 100% due to rounding.

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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PRI Note: PRI is an investor initiative in partnership with UNEP Finance and the UN Global Compact. GMv11.

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