

Investor Report

May 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	\$75.7m	
NAV Per Share	215.42 (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	IE000FJXQWQ6
	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 SOFR
Min Investment	\$250,000
ISIN	IE00B2PLHH71
Bloomberg	SALFUNA ID

Fund Characteristics ¹	
No. of Positions ²	79
Current Yield	1.1%
Average Premium	55.6%
Average Delta	28.0%
Average Life (years)	1.76
Weighted Av. Rating	BBB
Weighted Average Carbon Intensity ³	140
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

Fund Description

- Salar has an Absolute Return focus that seeks wealth preservation and growth. The Fund 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
- The Fund is suitable for investors seeking capital growth over the medium to long term. The Fund may use financial derivative instruments for currency hedging purposes

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 **	Global Focus Hedged Convertible Bond Reference Index (USD) ***	Outperformance
1 Year Return	8.71	13.88	-5.17
3 Year Return Annualised	6.90	6.73	0.17
5 Year Return Annualised	6.40	4.53	1.87
SI Return Annualised	4.55	4.08	0.47
Annualised Volatility (1 year)	2.33	5.77	3.44
Annualised Volatility (3 year)	4.53	9.28	4.75
Annualised Volatility (5 year)	4.71	9.25	4.54

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	0.04	1.00								3.86
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)
2017	0.27	1.00	(0.23)	0.83	0.50	(0.16)	0.46	(0.30)	0.51	1.12	(0.03)	(0.53)	3.46
2016	(3.03)	(0.80)	2.19	0.87	0.67	(1.44)	2.36	0.69	0.12	0.67	0.01	1.41	3.65
2015	0.90	2.14	0.76	2.42	0.31	(1.53)	(0.10)	(1.98)	(1.70)	2.66	0.32	(0.82)	3.28
2014	0.00	1.37	(0.08)	(0.04)	0.81	0.36	0.04	0.37	(1.39)	(0.08)	1.42	(0.02)	2.76

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 MCQS' existing UCITS plc umbrella platform.

** Source: CQS. Returns are represented by the CQS Salar Fund (UCITS) A1 USD share class from inception on 11 February 2008. 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.

*** 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. For illustrative purposes only.

This document includes historic returns and past performance is not a reliable indicator of future results.

Fund Commentary⁶

Equity markets were strong in May. The MSCI World gained 5.7%, the Nasdaq 9.6%, the Hang Seng and the Nikkei both 5.3%, while the Euro Stoxx somewhat lagged +4.0%. Credit was tighter, iTrax Crossover in Europe by 50bps to 300bps. Government bond yields rose in both the US and Europe on fiscal policy concerns, primarily in the US.

The Fund's Japanese, European and Asian portfolios generated returns on the month with the US portfolio flat. On a sector basis, Information Technology led gains, followed by Financials and Materials. Consumer Staples holdings modestly detracted. On a single name basis, Japanese financial group SBI Holdings, Taiwanese Quanta Computer and Japanese media firm Cyberagent led returns. Japanese names Daiwa House, Nagoya Railroad and Rohto Pharmaceutical detracted.

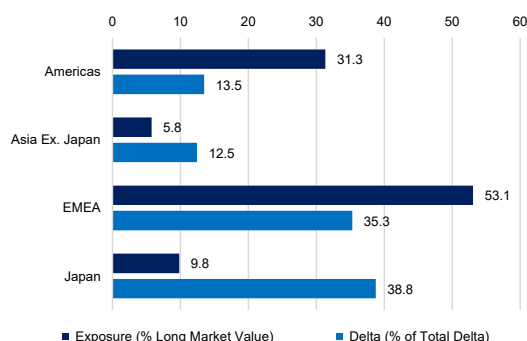
Convertible issuance was strong in May with \$18.7bn of new CBs priced globally, the highest for a single month since March 2021. Regionally, the US led supply with around \$13.5bn, driven by DoorDash, Akamai, Southern Co and Uber. The latter offered an exchangeable into shares of self-driving truck maker Aurora. Asia and Europe also offered solid new supply totals with \$3.2bn and \$1.9bn, respectively.

Salar participated actively in the primary market in May, including in new issues Euronext 1.5% 2032, Ferrari (JPM) 0.1% 2030, LG Energy (LG Chem) 1.75% 2028 and Vonovia 0% 2030. The Fund also made selective purchases in the secondary market including Bentley Systems 0.125% 2026, Cembra 0% 2026, ENI 2.95% 2030, GBL 0% 2026, Heineken (FEMSA) 2.625% 2026 and LVMH (Citi) 1% 2029. The Fund exited Southwest Airlines 1.25% 2025 at maturity.

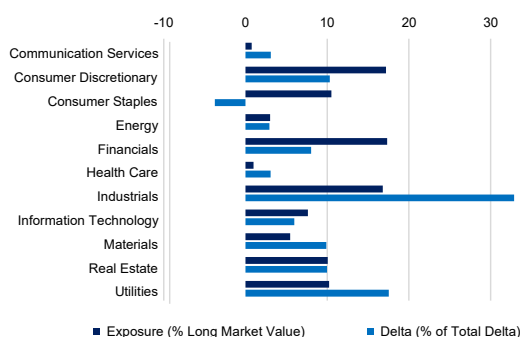
Markets year to date have shown perhaps surprising resilience in the face of significant uncertainty, in particular on trade and broader international policy. Concern on the sustainability of fiscal deficits is also increasing. It is difficult to predict whether markets will retain this resilience. We continue to expect larger market swings and volatility. In this environment, we believe that the defensive profile of Salar combined with the Fund's strong optionality constitutes a compelling investment proposition. The convertible opportunity set remains robust. As mentioned above, issuance in May was the highest in a single month since 2021. 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

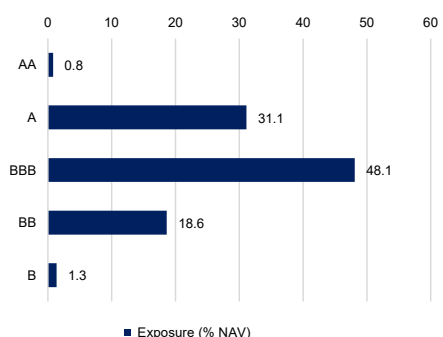
Regional Exposure



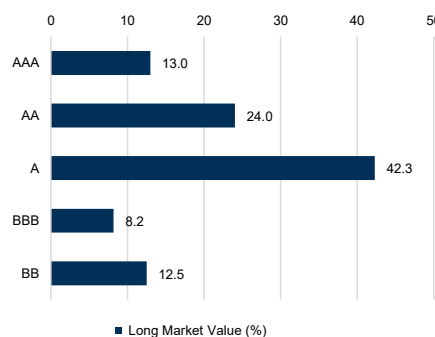
Sector Exposure



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.

Salar Fund - Monthly Factsheet - May 2025

IMPORTANT INFORMATION:

Sources: CQS as at 30 May 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.

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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. External ratings typically represent over 95% of ESG ratings. 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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CQS (UK) LLP

4th Floor, One Strand,
London WC2N 5HR,
United Kingdom
T: +44 (0) 20 7201 6900
F: +44 (0) 20 7201 1200

CQS (US), LLC

152 West 57th Street, 40th
Floor, New York, NY 10019,
USA
T: +1 212 259 2900
F: +1 212 259 2699

✉ CQSClientServices@cqsm.com

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