

November 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 | Daily by 1pm Dublin time |
| Subscriptions and Redemptions | |
| I Share Class² | £1m (or foreign currency equivalent) |
| Min. Investment | |
| 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 | \$994.4m |
| Total Strategy AUM ³ | \$8.8bn |
| Yield to Expected Maturity (%; GBP) | 5.58 |
| Weighted Average Credit Spread (bps) | 170 |
| Interest Rate Duration (yrs) | 3.91 |
| Number of Securities | 581 |
| Average Credit Rating ^{4,5} | BBB- |
| Weighted Average Carbon Intensity (t/\$m Sales): Fund ⁶ | 162 |
| Weighted Average Carbon Intensity (t/\$m Sales): Reference Index ^{6,7} | 210 |
| Average ESG Rating ⁸ | A |
| SRRI Score ⁹ | 3 |

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 volatility¹
- Integrated approach to responsible investment

Performance²

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 | 0.89 | 1.05 | 5.40 | 8.02 | 0.81 | 103.125 |
| F GBP | 1.01 | 1.43 | 6.74 | 9.50 | 2.06 | 108.116 |
| F USD | 1.02 | 1.43 | 6.90 | 9.70 | 2.22 | 108.204 |
| FD GBP | 1.01 | 1.43 | 6.73 | 9.50 | 5.97 | 104.701 |
| I EUR | 0.85 | 0.92 | 4.92 | 7.48 | 0.55 | 102.135 |
| I GBP | 0.98 | 1.32 | 6.28 | 9.00 | 1.65 | 106.459 |
| I USD | 0.98 | 1.32 | 6.47 | 9.21 | 2.01 | 107.912 |

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 | (0.64) | 1.18 | (1.32) | 1.61 | 0.69 | 1.76 | 0.97 | 1.28 | (0.86) | 1.01 | | 6.74 |
| 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

November's macroeconomic environment was largely driven by the results of the US election on the 5th and the subsequent fears of higher tariffs. The Donald Trump victory was initially bad news for US rates and 10 year Treasury yields hit a local high of +4.48%, but a sustained rates rally across the second half of the month saw 10 year yields decrease 24bps. In Europe, rates rallied consistently through the month, driving European Investment Grade (IG) to a total return of +1.76%. Political volatility in France weighed on OAT performance and the 10 year Franco-German spread widened 7bps to close at 81bps, the same levels seen during the snap parliamentary elections in August. Following their October tightening, European High Yield (HY) spreads reversed direction and widened 28bps through November, the weakest performance across fixed income on an excess return basis. In contrast, US credit was strong in spread terms with 3bps and 12bps of tightening for IG and HY respectively.

November was a robust month for the Fund, returning +1.01% net. The two detractors from relative performance in November were the portfolio's relative underweight allocations to well performing US HY and European IG markets. The Fund's relative overweight to European Financials was a benefit. The floating rate allocation to Asset Backed Securities (ABS) and Loan Total Return Swaps performed well in November but lagged other credit markets as duration rallied.

Fund Positioning

As rates rallied over the second half of November, the duration of the Fund was brought down through the reduction of the futures position. The Fund's portfolio continues to maintain its defensive income approach, seeking to achieve Net-Zero aligned HY returns with IG risk metrics.

Investors should note that, relative to the expectations of the Autorité des Marchés Financiers, this UCITS presents disproportionate communication on the consideration of non-financial criteria in its 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. 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, BNP Paribas Fund Administrator (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.

Portfolio Analysis

| Asset Allocation Breakdown | % Long Exposure |
|----------------------------|-----------------|
| Asset Backed Securities | 17.2 |
| Cash* | 7.6 |
| Corporate Hybrid | 0.5 |
| EU High Yield Bonds | 8.6 |
| Financials | 9.4 |
| Loan Index | 11.3 |
| US High Yield Bonds | 9.3 |
| US Investment Grade | 31.9 |
| Sovereign | 4.3 |

| Credit Rating Breakdown ⁴ | % Long Exposure |
|--------------------------------------|-----------------|
| AAA | 2.2 |
| AA | 12.8 |
| A | 19.5 |
| BBB | 30.3 |
| BB and below | 35.1 |

*Cash includes short-dated government bonds.

| Top 10 Country Exposures | % Long Exposure |
|--------------------------|-----------------|
| United States | 56.8 |
| PanEuropean | 11.2 |
| France | 8.0 |
| United Kingdom | 6.7 |
| Germany | 5.8 |
| Spain | 2.4 |
| Italy | 1.7 |
| Netherlands | 1.5 |
| Canada | 1.1 |
| Austria | 0.8 |

| Top 10 Industry Exposures | % Long Exposure |
|--|-----------------|
| Sovereign | 11.9 |
| Broad Market Indices | 11.3 |
| CLO | 11.2 |
| Banks | 10.0 |
| Agency | 4.3 |
| Oil, Gas & Consumable Fuels | 4.2 |
| Insurance | 3.8 |
| Diversified Telecommunication Services | 2.8 |
| Hotels, Restaurants & Leisure | 2.6 |
| Financial Services | 2.6 |

| ESG Rating Breakdown ⁸ | % Rated |
|-----------------------------------|---------|
| AAA | 7.9 |
| AA | 24.6 |
| A | 39.9 |
| BBB | 17.4 |
| BB | 8.5 |
| B | 1.8 |
| CCC | 0.1 |

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 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

Source: CQS as at 29 November 2024.

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

²Class 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.

³Strategy 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.

⁴Internal 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.

⁵Weighted 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).

⁶Weighted 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.

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

⁸ESG 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.

⁹SRRI score stands for Synthetic Risk and Reward Indicator.

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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