

Investor Report

October 2024

Salar Fund

Key Fund Information	
Investment Manager	CQS (UK) LLP
Portfolio Manager	James Peattie, Robert Coe
Fund Launch Date *	11 February 2008
Fund Size	\$70.5m
NAV Per Share	206.08 (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 IE000YO6J66 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 3M Libor
Min Investment	\$250,000
ISIN	IE00B2PLHH71
Bloomberg	SALFUNA ID
Fund Characteristics ¹	
No. of Positions ²	73
Weighted Portfolio Yield ³	1.9%
Current Yield	1.1%
Average Premium	45.3%
Average Delta	34.0%
Average Life (years)	1.63
Weighted Av. Rating	BBB+
Weighted Average Carbon Intensity ⁴	173
Average ESG Rating ⁵	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			4			Higher Risk

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

The Salar Fund has outperformed the Refinitiv Global Focus Hedged Convertible Bond Index over 3 and 5-year periods, and since inception, with significantly less volatility**

Description

Salar is a long-only convertible bond fund managed with an absolute return approach. It is designed to generate capital growth while seeking to preserve capital through the careful selection of convertible bonds near their bond floor where the underlying equity has potential for price appreciation.

Key Advantages for the Investor

- Capital preservation: Strong focus on credit quality to support downside protection
- Risk-adjusted returns: Positions sought with limited downside risk and upside potential
- Enhanced asymmetry: Selection of bonds that rapidly gain positive equity exposure in rising markets but shed it quickly as equities fall
- The Fund is classified as Article 8 under the Sustainable Finance Disclosure Regulation (SFDR)

Trailing Net Performance⁶

Past performance does not predict future returns.

	Salar Fund ***	Refinitive Global Focus Hedged Convertible Bond Index (USD) **	Outperformance
1 Year Return	9.68	16.83	-7.15
3 Year Return Annualised	3.88	-1.65	5.53
5 Year Return Annualised	5.03	4.44	0.58
SI Return	147.99	130.30	17.68
SI Return Annualised	4.92	4.51	0.41
Annualised Volatility (1 year)	2.98	7.29	4.32
Annualised Volatility (3 year)	5.00	9.98	4.99
Annualised Volatility (5 year)	6.28	10.57	4.29

Monthly Net Performance (%)⁶

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
2024	0.25	1.45	1.33	(0.40)	(0.23)	(0.29)	0.63	0.88	2.23	0.49			6.49
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.

Fund Commentary⁷

Market volatility continued in October as growth risks persisted, despite the resilience of the U.S. economy. Uncertainty ahead of the U.S. presidential election and potential policy shifts impacting inflation and interest rates led to a retracement in both equity and bond markets, while credit also exhibited some weakness. Japan was the bright spot, helped by a weaker Yen despite a continued hawkish tone from the Bank of Japan, while in Europe, there was further evidence of a weakening economic backdrop. Chinese equity markets gave back some of the sharp September gains during October as investors awaited news from the Chinese government regarding further initiatives to support the economy.

European markets led equities lower in October, with the Eurostoxx down -3.5% and the FTSE 100 down -1.5%. In Asia, the Hang Seng fell -3.9% while the Chinese CSI 300 retreated -3.2%. In the U.S., the moves lower were more muted with the S&P 500 down -0.99%, the Nasdaq down -0.5% and the small/mid-cap Russell 2000 down -1.5%. In Japan, the Nikkei 225 rose +3.1% and the TOPIX gained +1.9%, while the small/mid-cap Mothers Index fell -3.4%. Overall, the MSCI World Index was down -2.3% on the month. Away from equities, credit was slightly wider with 5yr XOVER +3bps to 314 and 5yr Investment Grade (IG) flat at 59, while the bond market fell with the 5yr US Treasury -3pt, the German 5yr Bund -1.6pt and the 5yr UK Gilt -2.3pt. Volatility rose ahead of the U.S. election with the VIX reaching 23, having been as low as 15 earlier in the year.

Salar returned +0.49% in October which leaves the Fund currently up +6.49% year-to-date (versus the Refinitiv Focus Index up +0.33% in October and +6.78% year-to-date). Given the general weakness in equities and bonds on the month, it was pleasing to see both the Fund and the convertible asset class deliver a positive return.

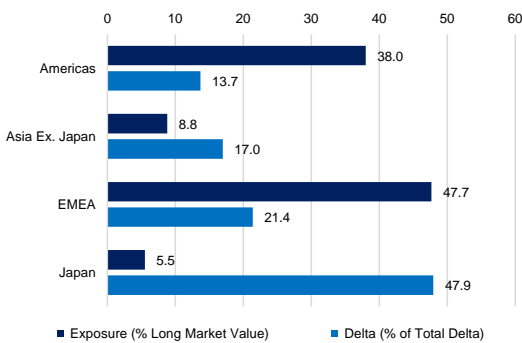
For Salar, in October the driver of gains was Japan (up +0.6%), with the U.S, Europe and Asia regions slightly detracting or flat, notwithstanding the wider stock weakness. The Fund had one position that contributed 10bps or more to performance in October (Senko +0.4%) and one name that detracted more than 10bps (Alibaba -0.13%). Year-to-date, all four regions continue to contribute positively to overall performance, with 27 names gaining more than +10bps and only five names lower by more than -10bps.

Convertible primary issuance and overall liquidity in the convertible market remained healthy in October, with around \$11bn of global issuance including Boeing with the largest convertible preferred on record (\$5bn). The market also saw a new \$700m convertible bond from Hon Hai in Taiwan, and a shorter dated \$500m convertible from Chinese name WuXi (a healthcare name). In the US, there was a \$450m convertible from Applied Digital and a \$690m convertible from repeat issuer Guidewire. Lastly, in Japan renewable name Kasumigaseki Capital came to market with a new Y22bn (\$150m) convertible.

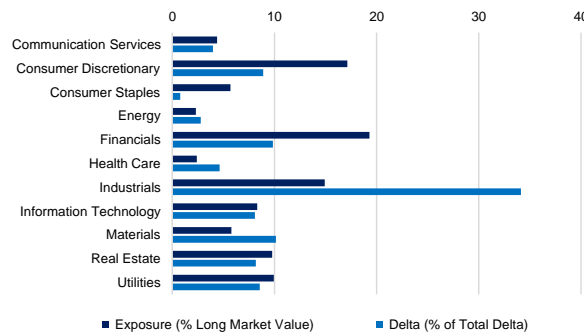
We believe that Salar Fund’s absolute return approach based on fundamental credit work and attractive high convexity is well placed to help investors navigate these uncertain times.

Portfolio Analysis

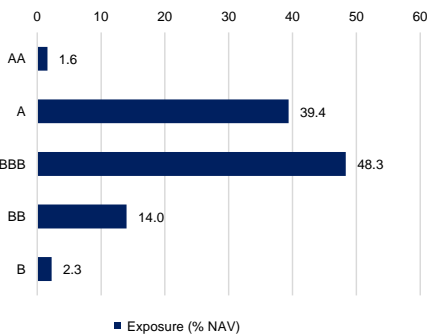
Regional Exposure



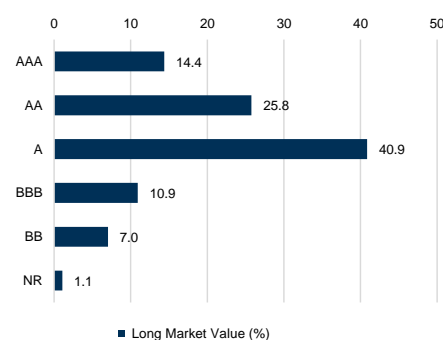
Sector Exposure



Credit Rating (Proxy)⁸



ESG Rating Breakdown^{5,9}



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: CQS as at 31 October 2024.

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 Total Portfolio Yield to Maturity is the total unannualised unrealised yield the Fund will achieve when the positions are held to maturity and is calculated as: Yield to Maturity x Time to Maturity x %NAV. Distressed positions are excluded. Positions with YTM >20%, will be capped at 20%.

⁴ 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.

⁵ 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.

⁶ 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.

⁷ The Fund may have since exited some or all of the positions detailed in this commentary. Includes data sourced from Bloomberg.

⁸ 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.

⁹ 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.

Manulife | CQS Investment Management is a trading name of CQS (UK) LLP which is authorised and regulated by the Financial Conduct Authority. This document has been issued by CQS (UK) LLP and/or CQS (US), LLC which is a registered investment adviser with the US Securities and Exchange Commission. The term "CQS" or "Manulife | CQS Investment Management" as used herein may include one or more of CQS (UK) LLP, CQS (US), LLC or any other affiliated entity. The information is intended solely for sophisticated investors who are (a) professional investors as defined in Article 4 of the European Directive 2011/61/EU or (b) accredited investors (within the meaning given to such term in Regulation D under the U.S. Securities Act of 1933, as amended) and qualified purchasers (within the meaning given to such term in Section 2(a)(51) of the U.S. Investment Company Act 1940, as amended). This document is not intended for distribution to, or use by, the public or any person or entity in any jurisdiction where such use is prohibited by law or regulation. Manulife | CQS Investment Management is a subsidiary of Manulife Investment Management (Europe) Limited. This document is a marketing communication prepared for general information purposes only and has not been delivered for registration in any jurisdiction nor has its content been reviewed by any regulatory authority in any jurisdiction. The information contained herein does not constitute: (i) a binding legal agreement; (ii) legal, regulatory, tax, accounting or other advice; (iii) an offer, recommendation or solicitation to buy or sell shares or interests in any fund or investment vehicle managed or advised by CQS (a "CQS Fund") or any other security, commodity, financial instrument, or derivative; or (iv) an offer to enter into any other transaction whatsoever (each a "Transaction"). Any decision to enter into a Transaction should be based on your own independent investigation of the Transaction and appraisal of the risks, benefits and appropriateness of such Transaction in light of your circumstances. Any decision to enter into any Transaction should be based on the terms described in the relevant offering memorandum, prospectus or similar offering document, subscription document, key investor information document (where applicable), and constitutional documents and/or any other relevant document as appropriate (together, the "Offering Documents"). Any Transaction will be subject to the terms set out in the Offering Documents and all applicable laws and regulations. The Offering Documents supersede this document and any information contained herein. The Offering Documents for CQS UCITS range of funds is available here (<https://www.cqs.com/ucits-funds#global-convertibles>) in English (US persons will not be eligible to invest in CQS managed UCITS funds save to the extent set out in the relevant Offering Document). A copy of CQS' Complaints Policy, which sets out a summary of investors' rights, is available here (<https://www.cqs.com/site-services/regulatory-disclosures>) in English. CQS may terminate the arrangements for marketing or distribution of any CQS Fund at any time.

Nothing contained herein shall give rise to a partnership, joint venture or any fiduciary or equitable duties. The information contained herein is provided on a non-reliance basis, not warranted as to completeness or accuracy, and is subject to change without notice. Any information contained herein relating to any non-affiliated third party is the sole responsibility of such third party and has not been independently verified by CQS. The accuracy of data from third party vendors is not guaranteed. If such information is not accurate, some of the conclusions reached or statements made may be adversely affected. CQS is not liable for any decisions made or action taken by you or others based on the contents of this document and neither CQS nor any of its directors, officers, employees or representatives accept any liability whatsoever for any errors or omissions or any loss howsoever arising from the use of this document.

Information contained in this document should not be viewed as indicative of future results as past performance of any Transaction is not indicative of future results. Any investment in a CQS Fund or any of its affiliates involves a high degree of risk, including the risk of loss of the entire amount invested. The value of investments can go down as well as up. Don't invest unless you're prepared to lose all the money you invest. This is a high-risk investment and you are unlikely to be protected if something goes wrong.

Future performance is subject to taxation which depends on the personal situation of each investor and which may change in the future. Investments may lead to a financial loss if no guarantee on the capital is in place. An investment in any CQS Fund will involve a number of material risks which include, without limitation, risks associated with adverse market developments, currency and exchange rate risks, risk of counterparty or issuer default, and risk of illiquidity. Any assumptions, assessments, targets (including target returns and volatility targets), statements or other such views expressed herein (collectively "Statements") regarding future events and circumstances or that are forward looking in nature constitute CQS' subjective views or beliefs and involve inherent risk and uncertainties beyond CQS' control. Any indices included in this document are for illustrative purposes only and are not representative of CQS Funds in terms of either composition or risk (including volatility and other risk related factors). Unless stated to the contrary CQS Funds are not managed to a specific index.

The information contained herein is confidential and may be legally privileged and is intended for the exclusive use of the intended recipient(s) to which the document has been provided. In accepting receipt of the information transmitted you agree that you and/or your affiliates, partners, directors, officers and employees, as applicable, will keep all information strictly confidential. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information is prohibited. Any distribution or reproduction of this document is not authorized and prohibited without the express written consent of CQS, or any of its affiliates. Unless otherwise stated to the contrary herein, CQS owns all intellectual property rights in this document.

CQS is a founder of the Standards Board for Alternative Investments ("SBAI") which was formed to act as custodian of the alternative investment managers' industry best practice standards (the "Standards"). By applying the Standards, managers commit to adopt the "comply or explain" approach described in the Standards. CQS is a signatory of the UN Principles for Responsible Investment and a supporter and participant of certain other responsible investment related industry associations.

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

Information required, to the extent applicable, for Distribution of Foreign Collective Investment Schemes to Qualified Investors in Switzerland:

The offer and the marketing of shares of the Fund in Switzerland will be exclusively made to, and directed at, qualified investors (the "Qualified Investors"), as defined in Article 10(3) and (3ter) of the Swiss Collective Investment Schemes Act ("CISA") and its implementing ordinance, at the exclusion of qualified investors with an opting out pursuant to Art. 5(1) of the Swiss Federal Act on Financial Services FinSA") and without any portfolio management or advisory relationship with a financial intermediary pursuant to Article 10(3ter) CISA ("Excluded Qualified Investors"). Accordingly, the Fund has not been and will not be registered with the Swiss Financial Market Supervisory Authority ("FINMA") and no representative or paying agent have been or will be appointed in Switzerland. This material and/or any other offering or marketing materials relating to the shares of the Fund may be made available in Switzerland solely to Qualified Investors, at the exclusion of Excluded Qualified Investors. The legal documents of the Fund may be obtained free of charge from Citco Fund Services (Ireland) Limited, Custom House Plaza, Block 6, International Financial Services Centre, Dublin 1, Ireland.




In the European Union:

Waystone Investment Management (IE) Limited is the European investment distributor and is authorized in Ireland as an investment firm under the Markets in Financial Instruments Directive. Waystone Investment Management (IE) Limited is regulated by the Central Bank of Ireland and acts as a distributor in the European Union under reference number C1011. Waystone Investment Management (IE) Limited does not provide investment advice on an independent basis. Waystone Management Company (IE) Ltd is the Manager of the Fund and regulated by the Central Bank of Ireland as an Alternative Investment Fund Manager (AIFM) and as a Manager of Units in Collective Investment Structures (UCITS). A summary of investor rights in respect of the Fund can be found here -[https://www.waystone.com/wp-content/uploads/Policy/IE/Waystone-Management-Company-\(IE\)-Limited/Waystone-Management-Company-\(IE\)-Limited-Summary-of-Investor-Rights.pdf](https://www.waystone.com/wp-content/uploads/Policy/IE/Waystone-Management-Company-(IE)-Limited/Waystone-Management-Company-(IE)-Limited-Summary-of-Investor-Rights.pdf). Waystone Management Company (IE) Limited have the right to terminate the arrangements made for marketing the Fund in certain jurisdictions and to certain investors. **MSCI Disclaimer:**

Certain information contained herein (the "Information") is sourced from/copyright of MSCI Inc., MSCI ESG Research LLC, or their affiliates ("MSCI"), or information providers (together the "MSCI Parties") and may have been used to calculate scores, signals, or other indicators. The Information is for internal use only and may not be reproduced or disseminated in whole or part without prior written permission. The Information may not be used for, nor does it constitute, an offer to buy or sell, or a promotion or recommendation of, any security, financial instrument or product, trading strategy, or index, nor should it be taken as an indication or guarantee of any future performance. Some funds may be based on or linked to MSCI indexes, and MSCI may be compensated based on the fund's assets under management or other measures. MSCI has established an information barrier between index research and certain Information. None of the Information in and of itself can be used to determine which securities to buy or sell or when to buy or sell them. The Information is provided "as is" and the user assumes the entire risk of any use it may make or permit to be made of the Information. No MSCI Party warrants or guarantees the originality, accuracy and/or completeness of the Information and each expressly disclaims all express or implied warranties. No MSCI Party shall have any liability for any errors or omissions in connection with any Information herein, or any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. G1273962 / 10.23

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
 www.cqs.com
 Follow us

Signatory of:

