
CAPITAL INTRODUCTIONS SUMMARY FUND PROFILE

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[CQS Directional Opportunities Fund (DOF)] [CQS]

KEY FACTS & FIGURES

Portfolio Manager(s):	Sir Michael Hintze	Firm AUM (as of date):	USD18.3bn (31/01/2019)
High Level Strategy:	Directional Opportunities Fund	Fund AUM (as of date):	USD3.1bn (31/01/2019)
Sub Strategy:	-	Firm Inception Date:	06/1999
Geographic Focus:	Global	Fund Launch Date:	08/2005

Last Updated: January 31, 2019

FIRM BACKGROUND

CQS is a credit-focused multi-strategy asset manager, founded by Sir Michael Hintze in 1999. Our Firm's deep experience allows us to offer solutions for investors across a range of return objectives and risk appetites. CQS is an active asset manager with expertise across corporate capital structures including corporate credit, structured credit, asset backed securities, convertibles, loans and equities. We are committed to delivering performance and high levels of service to our investors.

CQS has offices in London, New York, Hong Kong, and Sydney. Our investors include pension funds, insurance companies, sovereign wealth funds, funds of funds, endowments and foundations, and private banks.

INVESTMENT STRATEGY AND PROCESS

The Directional Opportunities Fund (DOF) is a high conviction, multi-asset class fund which is managed by Sir Michael Hintze, CQS' Founder. The Fund is supported by a dedicated investment team and draws on the wider research, investment, trading and risk management resources of CQS globally. DOF has a broad, open mandate allowing the Fund to target high returns with a commensurate tolerance for volatility. DOF benefits from an investment process that is underpinned by fundamental, quantitative and macro/geopolitical research. Strategies have included long and short positions in corporate credit, equities, convertible bonds, asset backed securities, foreign exchange, interest rates, commodities and related derivatives.

The Fund seeks to primarily take directional views on individual issuers, asset classes and/or markets. There is no requirement or intention to establish hedges across the majority of exposures. However, certain relative value sub-strategies may be executed with hedges at the discretion of the Portfolio Manager. Similarly, the Portfolio Manager may at times use short strategies to both protect capital and generate returns.

With investment themes generated directly by the Portfolio Manager, specialist teams identify and research absolute and relative value investment opportunities across individual credit issuers, assets classes and/or markets. As part of this rigorous process, attention is given to finding the most efficient instrument in a corporate capital structure. Prior to finalizing the specifics of a particular trade, a detailed analysis of the proposed strategy/theme will be prepared by the research and/or portfolio management teams. The final execution and sizing takes into account considerations including liquidity and the incremental risk impact on the portfolio.

Currently, the core of the portfolio is comprised of directionally long, self-liquidating, short maturity corporate credit derivatives, which are underpinned by detailed fundamental credit analysis. Also the Fund runs a short-biased hedge and trading portfolio which, actively trades liquid credit and equity indices and seeks to capture returns from corporate and sovereign volatility. This portfolio will also periodically use single name CDS to hedge specific issuer risk and express either positive or negative credit views. The core of the portfolio is enhanced by high conviction, thematic exposures across multiple strategies including foreign exchange and commodity markets together with various delegated strategies to which Sir Michael has sub-allocated. The latter are where Sir Michael believes that appropriate risk-adjusted returns can be achieved in the relevant strategy/market/asset class. He therefore allocates capital to a particular team in order to exploit that opportunity as effectively as possible and CQS' RiskCo approves their capital allocations and risk limit frameworks.

The Fund is able to invest in global markets, both developed and emerging. The Fund has historically had its most significant exposures in G7 markets.

INFRASTRUCTURE AND RISK MANAGEMENT

Infrastructure: To support the investment management process, CQS has a robust asset management infrastructure platform with experienced professionals working in Treasury, Risk Management and Performance Analysis ("RMPA"), Operations, Product Control and Fund Accounting (together, "Middle Office"), Legal, Compliance, Information Technology, Human Resources and Internal Audit.

Risk Management: Accountable to CQS' Executive Committee, the Risk and Control Committee ("RiskCo") is responsible for the oversight of the Firm's risk matrix and exposures, including funds' market, liquidity, counterparty credit and operational risk. RiskCo is also responsible for the management oversight of trading policies and the associated risk frameworks (including risk limits applicable to funds with the power to require portfolio repositioning as appropriate). RiskCo is responsible for setting risk guidelines and limits for individual funds having regard to the applicable investment objectives and strategies undertaken by each fund. Across the firm, market risk is monitored by the RMPA team, which reports to the Chief Risk Officer (CRO), on a daily basis using techniques including value at risk, scenario analysis and sensitivity analysis to identify material risk concentrations, for example in individual sectors, countries and/or issuers. The Investment Risk Management ("IRM") team also reports to the CRO. IRM's primary responsibility is interacting with Portfolio Managers to assess and discuss risk from a bottom-up (i.e. trade-level) perspective, complementing the top-down analysis from RMPA.

CQS has developed a comprehensive suite of risk management systems to assess, analyze, quantify, monitor, report on and control all material risks to each fund. The systems include third-party vendor applications, complemented with a number of proprietary applications. The systems allow for the identification and analysis of all material risks for all material positions within each fund's portfolio and allow these to be measured, monitored and managed at a position-level as well as when aggregated to sub-portfolio and fund levels. The systems allow RMPA to monitor compliance with risk limits.

PRINCIPALS' BIOGRAPHIES

Sir Michael Hintze is the Founder, Group Executive Chairman and Senior Investment Officer of CQS, a London-based credit-focused global multi-strategy asset manager. He is also a Senior Portfolio Manager.

Prior to establishing CQS in 1999, Michael held a number of senior roles at CSFB and Goldman Sachs. He began his career in finance in 1982 with Salomon Brothers, New York, after working as an Electrical Design Engineer in Australia, where he had also served as a Captain in the Australian army.

In 2014, Michael was called to serve on the International Advisory Panel for the Australian government's Financial Services Inquiry and subsequently as a Member of the Market Practitioners' Panel of the UK's Fair and Effective Markets Review. He presently serves as a Member of the Board of Superintendence of Istituto per le Operedi Religione (commonly known as the Vatican Bank) and sits on the Audit Committee of the Duchy of Cornwall. In the charitable sector, The Hintze Family Charitable Foundation has provided funding to over 200 charities mainly in the UK and Australia.

Michael is a fluent Russian speaker. He holds a BSc in Physics and Pure Mathematics and a BEng in Electrical Engineering both from the University of Sydney. He also holds an MSc in Acoustics from the University of New South Wales, an MBA from Harvard Business School and received a DBA (honoris) from the University of New South Wales.

Speaker Bio:

Ivelina Green is Partner, Head of Special Situations.

Ivelina joined CQS from Goldman Sachs in 2015, where she most recently served as Head of European Corporate Distressed Debt Trading. In this capacity, she was responsible for trading and investing in all public and private corporate distressed debt across bonds, loans and claims, as well as reorganized and private equity. She started her career at Goldman in 2004 in New York, and moved to London in 2007 to focus on European Distressed Debt Trading and Investing.

Ivelina holds a BA in Economics alongside minors in International Business, Mathematics and International Studies from Brandeis University.

OTHER INFORMATION

Notes: Please complete for the principal shareclass(es) and vehicle(s). You may choose to add more than one response within each field where relevant e.g. Class A fees and Class B fees, or offshore administrator and onshore administrator.

Terms		Miscellaneous	
Minimum Investment:	All classes: \$5,000,000	Prime Broker(s):	Barclays Capital Securities Limited BNP Paribas Credit Suisse AG, Dublin Branch Credit Suisse Securities (Europe) Limited J.P. Morgan Securities Morgan Stanley & Co. International
Management Fee:	Classes A and B: 2% p.a. Class C: 2.75% p.a. Class D: 2% p.a. on first \$250m, 1.5% p.a. thereafter	Fund Administrator:	Citco Fund Services
Performance Fee:	All classes: 20%	Auditor(s):	Ernst & Young Ltd.
High Water Mark:	Permanent high water mark	Legal Counsel:	English & US Law: Allen & Overy LLP Cayman Law: Maples and Calder
Subscriptions (frequency / notice):	Monthly	Valuation Currency:	USD
Redemptions (frequency / notice):	Monthly, with 180 days' notice	Domicile:	Cayman / Delaware
Lock-up / Penalty:	None however note there is a hybrid 20% per quarter gate at the Fund level.	Listed:	N/A
		Regulated:	SEC, SFC, FCA
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