Summary

Portfolio Summary

- CMA's objective is to achieve a target return of Libor+4–5% p.a. with single digit volatility[1]
- CMA is a long-only, actively managed global credit portfolio
- Invests predominantly across Loans, High Yield and Financials, Asset Backed Securities and Convertible Bonds
- Maintains low interest rate duration (capped at two years) and does not use financial leverage[2]

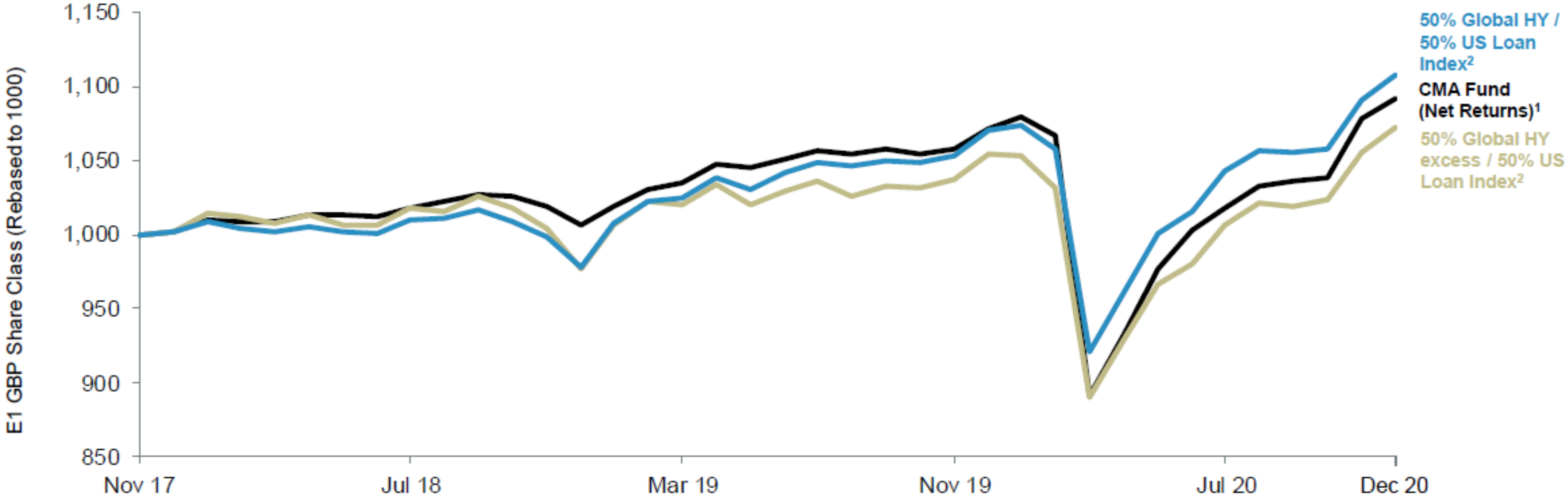
Performance Update[3]

Dorset Council Pension Fund Investment Returns		
Cumulative LTD Since Initial Investment (Dec 2017)	Q4 2020	Calendar 2020
9.20%	**5.41%**	**1.99%**

2020 Performance

- March saw a significant technically-driven market dislocation as a consequence of Covid-19. Although the Fund was defensively positioned, with a bias towards senior secured debt, low exposure to the most affected industries, and a tilt towards Europe over than the US, the Fund still experienced unprecedented mark-to-market volatility
- The following months saw a transition to a more fundamentally-driven market. We maintained discipline, focusing on sector exposure rather than credit ratings, and this began to benefit the Fund. We moved to capture opportunities in lagging EU Financials and Investment Grade Corporate Credit (the latter principally in primary markets)
- The US market continued to rally through the Autumn, with large capital structures benefiting from retail and mutual fund inflows. Although defaults picked up aggressively in the US, we were able to prevent losses through rigorous analysis. It was notable that asset classes without Fed support, such as European Loans and Asset Backed Securities, were weaker during this period
- The final three months of the year saw a continued recovery in anticipation of a clear result from the US election and hopes for a vaccine. Lagging capital structures began to catch-up, and the Fund continued to avoid defaults even as the pace continued to accelerate. Financials and Asset Backed Security picked-up as fundamentals proved to be strong
- As we stand today, the Fund is very fundamentally defensively positioned, with low exposure to Covid-19 sensitive businesses and high exposure to business with a strong fundamental outlook. Despite rising defaults, we do not believe it is appropriate to hide in Investment Grade bonds, which carry little forward-looking income, high interest-rate duration sensitivity and limited capital gains. Losses in sub-investment grade asset classes can be avoided through fundamental analysis
- As we look out from here, while volatility is likely to remain elevated at times, and default rates are likely to remain high, parts of the credit markets continue to present investors with a substantial premium versus loss from default risk. We think this could materially compress in 2021, and present opportunities for high income and capital gains

Performance Since Inception

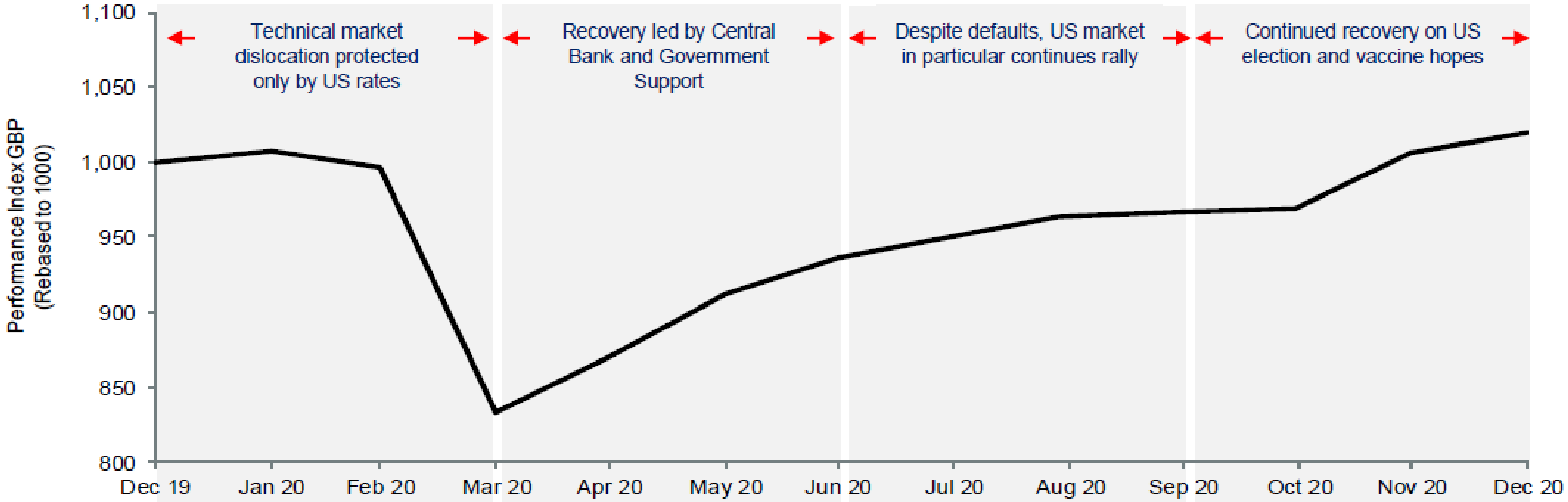


CQS Credit Multi Asset Fund (net of fees, GBP)	2019	6.45%	Q4 2020	5.41%	Last 12 months (2020)	1.99%	Annualised Return Since Investment	2.89%
50% Global HY / 50% US Loans	2019	9.46%	Q4 2020	4.97%	Last 12 months (2020)	3.50%	Annualised Return Since Investment	3.36%
50% Global HY excess / 50% US Loans	2019	7.91%	Q4 2020	5.21%	Last 12 months (2020)	1.68%	Annualised Return Since Investment	2.28%
Libor+4% (GBP)	2019	4.91%	Q4 2020	1.01%	Last 12 months (2020)	4.36%	Annualised Return Since Investment	4.70%

Source: CQS as at 31 December 2020. [1]Returns reference the E1 GBP share class, net of fees for the CQS Credit Multi Asset Fund. [2]The indices shown are a 50/50 blend of the ICA BoA Global High Yield Index (HW00) and the S&P/LSTA Leveraged Loan Index, and the same using excess returns for the ICE BoA Global High Yield Index. Both indices are expressed in Hedged GBP terms. The index is included merely to show the general trends in the period indicated and is not intended to imply that CMA is similar to the index in composition or risk. This presentation includes historic returns and past performance is not a reliable indicator of future results. The value of investments can go down as well as up.

Credit Multi Asset: Through 2020

2020 Performance



CMA

Q1 **(16.72%) return**

Covid-19 technical-driven market dislocation

Despite fundamentally defensive position (senior secured debt bias, low Covid-19 sensitive sector exposures and EU > US), the Fund experienced unprecedented volatility

Q2 **12.40% return**

Transition to a slightly more fundamental market

Decision to maintain discipline, focusing on sector exposure not rating, began to benefit the Fund

Captured opportunities in lagging EU Financials and primary Investment Grade Corporate Credit

Q3 **3.31% return**

Large capital structures continue to rally, benefiting from retail / mutual fund inflows, whereas mid-sized debt-deals lag

Defaults pick up aggressively in US credit markets, and fundamental analysis prevents fund losses

Asset classes without Fed support (e.g. EU Loans, ABS) lag recovery

Q4 **5.40% return**

Lagging capital structures begin to catch up larger ETF driven rally

Fund continues to avoid defaults as they accelerate

Financials and ABS performance accelerates as fundamentals prove to be strong