

Part 2A of Form ADV: Firm Brochure

Item 1 Cover Page

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This brochure provides information about the qualifications and business practices of CQS (US), LLC, an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”). If you have any questions about the contents of this brochure, please contact us at compliance@cqsus.com. The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about CQS (US), LLC is also available on the SEC’s website at www.adviserinfo.sec.gov.

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Item 2 Material Changes

This is the firm's "Disclosure Brochure" with the SEC. Future Disclosure Brochure filings will address "material changes" since the date of this filing concerning CQS (US) LLC, which will either be delivered or offered for delivery, to clients. A copy may also be downloaded from the Securities and Exchange Commission website, www.sec.gov.

There have been no material changes since our last update dated March 17, 2016.

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Item 4 Advisory Business

Description of Advisory Firm and Principal Owners

CQS (US), LLC (“CQS”, the “Adviser”, “we”, “us” or “our”) is an investment advisory firm founded in February, 2008. CQS is owned by its member, CQS Management Limited (“CQS Management”), an English limited company. CQS Management is ultimately wholly owned by CQS Cayman Limited Partnership (“CQS Cayman”), a Cayman Islands limited partnership, which is effectively 100% owned by Sir Michael Hintze. The CQS group is headquartered in London, with a presence in Australia, Hong Kong, New York, Luxembourg, Jersey (Channel Islands) and the Cayman Islands (the “CQS Group”). The organization is a global multi-strategy asset manager founded by Sir Michael Hintze in 1999. CQS Group has approximately \$12 billion of investor capital under management and 222 staff located globally; approximately 70 are specialist investment professionals.

CQS investment staff consists of experienced investment professionals with strong backgrounds in asset-backed securities (including mortgages), distressed and deep value investments, investment grade and high yield corporate credit (including senior secured loans), convertible arbitrage and equities. CQS investment professionals formulate investment ideas and recommend certain investments based on specific strategies. The investment team operates under the overall supervision of the Senior Investment Officer (“SIO”), who is based in the London office of the CQS Group.

Advisory Services

CQS Cayman is the investment manager to several master funds and feeder funds formed as exempted companies and limited partnerships under the laws of the Cayman Islands and the state of Delaware (collectively, the “CQS Funds”). Under an investment advisory agreement with CQS (UK) LLP (the “UK IAA”), CQS provides investment advisory services to several CQS Funds.

CQS provides discretionary and non-discretionary investment services to CQS Funds which are privately offered offshore pooled investment vehicles. We advise these CQS Funds in relation to investments in asset-backed securities, distressed investments, investment grade and high yield corporate credit (including senior secured loans) and equities. In pursuing the investment strategy and objectives of the CQS Funds, we will take long and short positions in securities either as a directional trade or for hedging purposes.

CQS provides discretionary investment services to Luxembourg and Irish domiciled funds (and together with the CQS Funds, the “Clients”) under a sub-advisory agreement with CQS (UK) LLP (“CQS UK”), the investment manager to these funds. We advise these funds in relation to investments in asset-backed securities, distressed investments, and investment grade and high yield corporate credit (including senior secured loans). In pursuing the investment strategy and objectives of these funds, we will take long and short positions in securities either as a directional trade or for hedging purposes.

Item 8 below discusses these investment strategies in greater detail.

Tailored Advisory Services

CQS tailors its advisory services to the specific needs of its clients based on client, legal and regulatory imposed guidelines and limitations operating under the collective guidance of the investment team.

Assets under management

As of January 31, 2017 CQS manages regulatory assets under management of approximately \$2,838,000,000 on a discretionary basis for nine accounts. One discretionary client also has a non-discretionary account upon which we advise. At January 31, 2017, this account did not have any non-discretionary investments.

Item 5 Fees and Compensation

How CQS is Compensated

The specific terms of compensation for CQS are dictated by the investment advisory agreements in place. Under our agreement with CQS UK, we receive an annual advisory fee as agreed under the arrangements that may change from time to time. We do not earn a management fee based on assets under management or a fee based on performance. The fee is currently determined by reference to an arm's length standard and relevant legislation.

Other Types of Fees and Expenses

In addition to paying advisory or investment management fees, Clients also pay other investment expenses such as custodial charges, brokerage fees, transaction costs, commissions and related costs, interest expenses, taxes, duties and other governmental charges, transfer and registration fees or similar expenses, costs associated with foreign exchange transactions, other portfolio expenses, and costs, expenses and fees associated with products or services that may be necessary or incidental to investments or accounts. Investors in pooled investment vehicles are typically invested in master-feeder structures. Feeder funds bear a pro rata share of the expenses of the master fund. Please refer to Item 12 for a discussion of brokerage practices.

Item 6 Performance-Based Fees and Side-By-Side Management

As described above in Item 5, CQS does not receive performance fees. However, CQS Funds, the Luxembourg fund and the Irish fund may pay performance fees or an incentive allocation (“Incentive Compensation”) to an affiliate, each of which is tied explicitly to the performance of the relevant fund. Investment personnel are typically compensated on a basis that includes salary and a discretionary bonus. Some of these investment personnel share in the Incentive Compensation. In addition, certain CQS Clients may have higher asset-based fees or more favorable Incentive Compensation than other Clients. When CQS and its investment personnel provide advice for more than one Client, a potential conflict exists for one client to be favored over another. As an example, we may have an incentive to favor the CQS Fund that pays the higher Incentive Compensation when allocating promising or profitable investment opportunities or trades, and may allocate less promising investment opportunities or trades to the CQS Fund that pays the lower Incentive Compensation.

CQS Group has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts, including accounts with multiple fee arrangements, and the allocation of investment opportunities. CQS, operating in cooperation with CQS Group’s compliance department, reviews investment decisions for the purpose of ensuring that all CQS Clients with substantially similar investment objectives are treated equitably. In addition, procedures relating to the allocation of investment opportunities require that similarly managed accounts participate in investment opportunities pro rata based on asset size and risk tolerance. Procedures also require an objective allocation for limited opportunities (such as initial public offerings and private placements) to ensure fair and equitable allocation among accounts. These areas are monitored by the CQS Group’s compliance officers.

Item 7 Types of Clients

We provide investment advice to certain CQS Funds, a Luxembourg based fund and an Irish domiciled qualified investor fund, which are privately offered offshore pooled investment vehicles. As described in Item 4, Advisory Business, we provide investment advisory services to the offshore private funds.

For each investment vehicle, initial and additional subscription minimums are disclosed in the offering memorandum, placement document or prospectus for the investment vehicle.

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

CQS seeks to achieve the investment objective of the Clients by sourcing, constructing and trading a global portfolio using fundamental and/or quantitative analysis, employing a range of investment styles including directional, relative value and arbitrage and applying these techniques in trading asset-backed (including mortgage-backed), distressed, investment grade and high yield credit (including senior secured loans) and equity securities. Investing in securities involves risk of loss that Clients and investors should be prepared to bear.

Asset-Backed (including mortgage-backed) Strategies

Asset-backed strategies utilize fundamental analysis supplemented by various quantitative and statistical techniques in selecting and building a portfolio of securities. CQS seeks to exploit inefficiencies in the pricing of credit and related risks in the markets for asset-backed securities and other instruments that arise from a number of factors. These may include, for example, failure by market participants to correctly price the credit risks, interest rate risks, prepayment risks, third-party agent principal risks and/or liquidity risks relating to a pool of receivables. We also seek to invest in fair value strategies where we believe volatility is likely to be lower, either through asset selection alone or with the aid of appropriate hedging strategies. Further, we seek to build portfolios that have relative value positions between asset-backed securities and originators, servicers and/or issuers of asset backed securities. These types of positions often include the use of derivatives. CQS evaluates and takes advantage of valuations within the capital structure of asset-backed securities. We also evaluate cash flow arbitrages between the income yield of individual asset-backed securities and the financing cost of leveraging the securities.

CQS uses its investment research and trading experience to seek to identify securities and other financial instruments, at all levels of the capital structure of an issuer, which are believed to have attractive risk-adjusted return characteristics through the opportunity for income and/or capital appreciation. Securities analysis may include:

- Collateral analysis: historical performance is analyzed for many attributes including delinquencies, losses, geography, loan type, etc. In addition, macroeconomic conditions are utilized to perform certain stresses on the collateral
- Interest rate analysis: several scenarios are analyzed including current rates, forward rates and other term structures
- Cash flow analysis: various scenarios are analyzed. Inputs often include constant default rates, constant prepayment rates and interest rates
- Financial statement analysis: this includes quarterly and annual financial statements of counterparties, issuers and other financial institutions
- Market technical analysis: this generally involves more quantitative items such as supply and demand and liquidity

A wide range of derivative instruments may be used for investment and/or hedging purposes. We may execute trades using derivatives including, but not exclusive to, credit default swaps referencing individual and/or indices of asset-backed securities, issuers of asset-backed securities and/or financial institutions. We do not seek to hedge against all risks and may elect not to establish hedges to mitigate the impact of events that are not anticipated to be plausible or probable or where the cost of hedging is detrimental to the success of the expected hedge. CQS may retain cash or invest in cash equivalents pending reinvestment if this is considered appropriate to achieve the investment objective.

Distressed Value Strategies

Distressed strategies include long-biased portfolios of debt, equity and other securities, including derivative instruments, which are expected to be or have been impacted by potential and/or existing reorganization, restructuring and/or insolvency of the issuer. We seek to exploit inefficiencies in the pricing of credit and related risks in the markets for corporate securities that arise from a number of factors. These include failure by market participants to correctly price credit, bankruptcy and insolvency risks, the inability of some market participants to hold low-rated and/or defaulted corporate securities and the anticipated effort and expertise required to complete a restructuring of a company's balance sheet.

When investing in the securities of a distressed company, we give consideration to several factors including, but not limited to, the degree of information transparency, strength of the management team, potential inter-creditor conflicts, capital structure, asset quality, robustness of cash flow, industry sector specifics, range of potential outcomes, ability to exercise rights and remedies, nature of the required financial restructuring, bankruptcy or other processes, and potential exit strategies. We generally perform or utilize available legal and financial due diligence in order to appropriately identify and quantify these investment risks.

CQS uses some or all of the following techniques when analyzing distressed and deep value securities:

- Business analysis: developing a thorough understanding of the business model, management's strategy and its various risks to understand how the company is able to obtain profitability
- Management Assumptions Analysis: examining in detail the reasonableness of management assumptions
- Management assessment: evaluating the quality of management, including their industry experience and comprehension of the business
- Financial statements analysis: judging the potential strength and weakness of the business and its capital structure
- Process analysis: studying the process risk, if any, associated with the investment, including, for example, legal risk associated with the bankruptcy process

Investment Grade and High Yield Credit (including Senior Secured Loans) Strategies

Investment Grade and High Yield Credit strategies (including Senior Secured Loans) include long-biased portfolios of debt and derivative instruments in which CQS expects credit spreads to tighten or widen. We seek to exploit inefficiencies in the pricing of credit and related risks in the markets for corporate securities that arise from a number of factors. These include interest rate risk, credit worthiness and foreign exchange risk among others.

When investing in investment grade and high yield credit securities (including senior secured loans), we give consideration to several factors including, but not limited to, the degree of information transparency, strength of the management team, capital structure, asset quality, robustness of cash flow, industry sector specifics, creditors' rights and any required financial restructuring or refinancing. We generally perform proprietary financial due diligence and utilize third party research in order to appropriately identify and quantify these investment risks.

CQS uses some or all of the following techniques when analyzing investment grade and high yield securities (including senior secured loans):

- Business analysis: developing a thorough understanding of the business model, management's strategy and its various risks to understand how the company generates cash flow to service its

obligations

- Management Assumptions and Analysis: examining in detail the reasonableness of management assumptions
- Management assessment: evaluating the quality of management, including their industry experience, comprehension of the business and compensation
- Financial statements analysis: judging the potential strength and weakness of the business and its capital structure
- Relative value analysis by sectors, looking at trading spreads, spreads per turn of leverage, credit quality by rating and size of an issue
- Duration and interest rate risk analysis
- Basis analysis comparing spreads in derivative structures to the underlying cash security
- Indices analysis to evaluate overall market structure, sentiment, credit volatility and skew

Convertible Arbitrage Strategies

Convertible Arbitrage strategies include portfolios of convertible securities and derivative instruments either held outright or hedged versus equity and/or equity and credit derivatives. We seek to exploit inefficiencies in the pricing of either the implied credit spread and/or the implied volatility of the equity underlying the convertible instruments. These inefficiencies arise from a number of factors, such as mispricing of the credit risk of the company, incorrectly gauging future volatility of the underlying equity and the different indifference curves between long-only investors and arbitrageurs among other factors.

When investing in convertible securities we give consideration to several factors including, but not limited to, the fundamental credit-worthiness of the underlying company, the capital structure of the company, asset quality, robustness of cash flow, industry specific issues, strength of management, investor protections provided as per indenture, historical volatility of the underlying equity, potential volatility catalysts and upcoming refinancing requirements. We generally perform proprietary financial due diligence and utilize third party research in order to appropriately identify and quantify these investment risks.

CQS uses some or all of the following techniques when analyzing convertible securities:

- Business analysis: developing a thorough understanding of the business model, management's strategy and its various risks to understand how the company generates cash flow to service its obligations
- Management Assessment: evaluating the quality of management, including their industry experience, comprehension of the business and compensation
- Financial statements analysis: judging the potential strengths and weaknesses of the business and its capital structure
- Relative value analysis by sectors, looking at trading spreads, spreads per turn of leverage, credit quality by rating and size of an issue
- Duration and interest rate risk analysis
- Basis analysis comparing spreads and implied volatilities in derivative structures to the underlying cash security
- Index analysis to evaluate likely composition and long only induced trading around reselection periods
- Fundamental analysis to evaluate potential future volatility catalysts

Risk of Loss

Market Risk

Market risk is a collection of risks including, but not limited to, changes in market prices or rates, collateral servicing and external credit enhancement, concentration, correlation risk, credit spreads, credit spread volatility, default risk, incomplete analysis, index reconstitution, interest rate risk, prepayment risk and recovery risk.

There are certain general market conditions in which any investment strategy is unlikely to be profitable. CQS has no ability to control or predict such market conditions. From time to time, multiple markets could move together against the Clients' underlying investments and Clients' could suffer losses. The performance of the Clients' investments depends to a great extent on the accuracy of CQS' assessment of the future course of market risks. There can be no assurance that CQS will be able to predict accurately these risks. All markets may, at certain times, be characterized by adverse volatility conditions and great unpredictability and the investment strategies implemented by the CQS Funds always have some, or in certain cases a significant degree of, market risk and can be negatively affected by movements in such market(s).

Risk of Securities and Investment Instruments

Investment in fixed-income and debt securities such as bonds, notes, loans, swaps, convertible securities and asset-backed securities expose Clients' portfolios to the risk that the value of these securities will decline because of rising interest rates. Similarly, portfolios that hold these securities are also exposed to the risk that the portfolio's income will decline because of falling interest rates. Investments in these types of securities will also be subject to the credit risk created when a borrower or debt issuer fails to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make interest payments will cause the price of that debt security or derivatives thereof, to decline. Investments in lower rated or unrated debt securities also have the potential risk of lower liquidity than higher rated securities because issuers of lower rated debt securities or derivatives thereof, are (a) not as strong financially and are more likely to encounter financial difficulties and (b) are more vulnerable to adverse changes in the economy.

In the event of default, collateral, if any, that secures the debt securities may not be sufficient to repay the debt and may not be available at all as more senior classes of securities may have rights to the collateral. Also, securities of distressed companies are generally more likely to become worth less than the securities of more financially stable companies. The principal market risks related to distressed investing include changes in credit spreads, recovery rates, equity prices and foreign exchange rates.

Mortgage-backed securities are vulnerable to credit risk associated with the performance of the underlying mortgage properties. Factors such as consumer spending habits, local economic conditions, housing prices and mortgage delinquencies and defaults may adversely affect the value of mortgage backed securities. In addition, the value and future income streams of these securities can be adversely impacted by prepayment risk. Some securities have a structure that makes their reaction to interest rates and other factors difficult to predict, making their value highly volatile.

There is less readily available and reliable information about most senior secured bank loans ("Senior Loans") than is the case for many other types of instruments, including listed securities. Senior Loans are not listed on any national securities exchange or automated quotation system. To the extent that a secondary market does exist for certain Senior Loans, the market may be subject to irregular trading activity, wide bid/ask spreads and extended trade settlement periods. The market for Senior Loans could be disrupted in the event of an economic downturn or a substantial increase or decrease in interest rates,

resulting in fluctuations in Clients' net asset value ("NAV") and difficulty in valuing the portfolio of Senior Loans. Although CQS believes that the investments in adjustable rate Senior Loans could limit fluctuations in the Clients' NAV as a result of changes in interest rates, extraordinary and sudden changes in interest rates could nevertheless disrupt the market for such Senior Loans and result in fluctuations in the Clients' NAV and difficulty in valuing the portfolio of Senior Loans.

CQS invests in publicly-traded equity securities and options. We believe the primary risk of loss related to our equity trading is associated with security selection and gross and net long-short exposures. CQS endeavors to minimize such risk through portfolio construction, use of loss limits, liquidity parameters and monitoring.

In certain periods, various asset classes in which CQS trades may not have a readily available market or third-party pricing. Reduced liquidity may have an adverse impact on market price and our ability to sell particular securities when necessary to meet liquidity needs or in response to a specific economic event (for example, the deterioration of creditworthiness of an issuer). Reduced liquidity in the secondary market for certain securities may also make it more difficult for us to obtain market quotations based on actual trades for the purpose of valuing a portfolio.

When trading in developing markets, investments may be subject to risks such as inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws and ignorance or breaches of regulations on the part of other market participants.

Trading in foreign markets expose investors to foreign exchange risk. CQS may or may not partially or fully hedge such risk.

Our investment mandates allow us to utilize leverage to help achieve investment objectives. Leverage creates an opportunity for greater return but also increases the risk of capital losses and interest costs are incurred. The effect of the use of leverage is to increase the investment exposure which, in adverse market conditions, results in greater losses than if leverage were not used.

CQS may take concentrated positions on behalf of Clients. In these instances, a Client could be vulnerable to significant losses if it holds a large position in a particular investment that declines in value.

We may seek to mitigate risk through the use of hedging strategies. There can be no assurances that a particular hedge is appropriate, or that certain risks are measured properly. Further, while we may enter into hedging transactions to seek to reduce risk, these efforts may result in worse performance and increased (rather than reduced) risk than if we did not implement any hedging transactions.

Our investment strategies include short selling. Short selling transactions expose Clients to the risk of loss in an amount greater than the initial investment, and these losses can increase rapidly and without effective limit. There is the risk that the securities we borrowed to create a short sale position would need to be returned to the securities lender on short notice. If a request for return of securities occurs at a time when other short sellers of the same security are receiving similar requests, a "short squeeze" can occur. A short squeeze at the time we are compelled to replace the borrowed securities could cause a significant or total loss.

Counterparty Risk

The bankruptcy or default of a counterparty also poses risk of loss. Should a counterparty default, we may experience delays in liquidating underlying securities which may lead to losses including (a) declines in value, (b) income levels below expectations, (c) lack of access to income and (d) expenses of enforcing our rights. Additionally, the failure of a prime broker could lead to the loss of cash held by the prime

broker and loss of securities that the prime broker has rights to borrow, lend or take legal and beneficial ownership.

In addition, changes in the credit quality of the companies that serve as the Clients' counterparties with respect to derivatives, swaps or other transactions supported by the counterparty's credit may affect the value of those instruments. By using derivatives, swaps or other transactions, CQS Clients' assume the risk that its counterparties could experience financial hardships. In the event of default by, or the insolvency of, a counterparty, CQS Funds may sustain losses or be unable to liquidate a derivative or swap position. CQS Group evaluates and monitors the creditworthiness of Clients' counterparties.

The foregoing does not purport to be a complete explanation of the risks involved in trading securities or with respect to any investment strategy. There can be no assurance that a Client will achieve its investment objective or that the strategies pursued and methods utilized will be successful under all or any market conditions.

Item 9 Disciplinary Information

Neither CQS nor any of its employees have been involved in any legal or disciplinary events.

Item 10 Other Financial Industry Activities and Affiliations

Material Relationships and Affiliations

CQS has relationships and arrangements that are material to CQS' advisory business with the following types of related persons:

CQS UK, as described in Item 4, "Advisory Business", serves as investment manager to the CQS Funds, the Luxembourg fund and the Irish domiciled fund. We advise several of these funds. Our discretionary advisory services are provided in accordance with the UK IAA. CQS is registered with the CFTC as a commodity pool operator. CQS acts as a commodity trading advisor to certain Clients but is exempt from registration with the CFTC pursuant to Section 4m(3) of the Commodity Exchange Act of 1936.

We operate in a manner where there is regular and continuous communication among employees of the CQS Group. CQS Group serves as the provider of portfolio risk management and includes an operations team that interacts among the CQS Group entities to ensure a straight through process of all transactions recommended and implemented by each of the affiliated advisers in the CQS Group on behalf of the relevant CQS Client.

As described above, the relationships with the CQS Group provides valuable services to us that allows us to operate efficiently by streamlining our operations so that we can devote a majority of our time to managing our Clients' accounts. There is no material conflict of interest associated with these relationships and the corresponding services provided.

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

CQS has adopted a Code of Ethics (the “Code”) that obligates CQS and its related persons to put the interests of CQS’ Clients before its own interests and to act honestly and fairly in all dealings with Clients. All of our personnel are also required to comply with applicable federal securities laws. Clients or prospective clients may arrange to review the Code by contacting Jeffrey Lindenbaum (Chief Compliance Officer) by email at jeffrey.lindenbaum@cqsus.com, or by telephone at 1-212-259-2900. See below for an overview of the Code.

In the course of our investment management and other activities (e.g. creditor committee participation), we may come into possession of confidential or material non-public information about issuers, including issuers in which we or a related person has invested or seeks to invest on behalf of Clients. We are prohibited from improperly disclosing or using this information for our own benefit or for the benefit of any other person, regardless of whether the other person is a Client. CQS maintains and enforces written policies and procedures that prohibit the communication of material non-public information to persons who do not have a legitimate need to know and to assure that we are meeting our obligations to Clients and remain in compliance with applicable law. In certain circumstances, we may possess certain confidential or material, non-public information that, if disclosed, might be material to a decision to buy, sell or hold a security, but we will be prohibited from communicating the information to the Client or using the information for the Client’s benefit. In these instances, we will have no responsibility or liability to the Client for not disclosing material non-public information to the Client (or the fact that we possess this information), or not using material non-public information for the Client’s benefit, as a result of following our policies and procedures designed to provide reasonable assurances that we are complying with the law.

Investing in Securities Recommended to Clients

Under the Code, employees of CQS may buy or sell for themselves securities that CQS also recommends to its Clients. However, employees are not permitted to trade in a security if the employee has knowledge at the time of a transaction that the security is being purchased or sold, or is being considered for purchase or sale, for an account advised by CQS. In addition, employees are generally not permitted to buy or sell a security for their personal accounts within five (5) business days before or after a trade is executed in a security for an account advised by CQS. Employees may not take any action, including the purchase or sale of securities, options or commodities that could cause even the appearance of unfair or improper action. No transactions may take place in a security on our restricted securities list.

Furthermore, all employees are required to pre-clear certain transactions in their personal accounts (and that of certain family members or other accounts over which they have discretion or in accounts in which they have a beneficial ownership) with the compliance department.

In addition to the above restriction, all employees are required to submit quarterly brokerage statements and sign a certification that they have informed CQS of all personal trading activity. All employee personal trading activity is reviewed by CQS compliance, operating under the direction and overall supervision of the Chief Compliance Officer, which are compared to pre-cleared transactions and analyzed for trading patterns that may result in potential conflicts of interest.

The CQS Chief Compliance Officer reports issues that arise under the Code to the Board of Directors of CQS Management, at least annually.

Conflicts of Interest Created by Contemporaneous Trading

CQS or a related person, may from time to time, recommend securities to Clients, or buy or sell securities for CQS Clients, at or about the same time that CQS or a related person buys or sells the same securities for its own account. In addition to the restrictions imposed above on personal trading activity of CQS personnel, CQS and the CQS Group maintains an aggregation and allocation policy in order to minimize the conflicts stemming from situations where the contemporaneous trading could result in an economic benefit to CQS or a related person to the detriment of the Client. Under our policy and procedures, we are required to demonstrate that the aggregation and allocation among Clients is fair and equitable and that no one Client is systematically disadvantaged. When allocating an aggregated transaction, we are required to create and keep a record of the date of the allocation, identity of the security, identity of the accounts involved, counterparties and the amount allocated to each account. Where an allocation falls outside the established allocation ratio, the portfolio manager is to complete an allocation form documenting the reason for the difference. Compliance monitors these allocations and follows up with the portfolio manager as necessary. A similar procedure is followed in the case of securities being purchased at different prices for multiple Client accounts.

Item 12 Brokerage Practices

Selection of Broker-Dealers

Best Execution

CQS has a duty to seek the best execution of trades for Client accounts. Best execution is designed to take into consideration a host of factors. “Best Execution” refers to the duty to seek the best overall qualitative execution for a Client in a particular circumstance. “Best execution” is not synonymous with lowest commission. Consequently, in a particular transaction a Client may pay a commission in excess of that which another broker might have charged for executing the same transaction.

In selecting broker-dealers (“broker(s)”), CQS seeks those brokers who can provide best execution of transactions under the circumstances. The principal factors determining CQS selection are:

- the broker’s ability to execute the types of transactions occurring in Client accounts;
- net prices for transactions, including ability to obtain the Volume Weighted Average Price (“VWAP”) in equity transactions;
- broker’s knowledge in the security or strong presence in the asset class;
- trading ideas generated by brokers.

In addition, other factors that CQS may consider are:

- the experience and skill of the broker’s traders;
- the broker’s accessibility to primary markets and quotation services;
- a broker’s past history of successful, prompt and reliable execution of client trades;
- the financial strength and stability of the broker and ability to commit capital;
- the broker’s administrative efficiency;
- commission rates;
- the overall net economic result to a client (involving both price paid or received and any commissions and other costs paid);
- the size of the transaction, including the ability to effect the transaction at all where a large block is involved;
- the broker’s availability to execute possibly difficult transactions in the future; and
- the receipt of research services (if any).

Prohibited Arrangements include:

- transactions directed to a broker to satisfy business obligations including those associated with administration, operations, errors or new business solicitation of the Firm or its affiliates.
- arrangement whereby goods or services are to be received in exchange for client order flow, except where legally permissible such as a soft dollar arrangement under Section 28(e) that relates to paying more than the lowest available commission, or in accordance with a client directed brokerage arrangement.
- offer or promise a broker commissions from any source or request or arrange for the direction to a broker of a specific amount or percentage of brokerage commissions, as a condition to the sale or distribution of interests in private funds or any other securities.
- use of soft dollars for the correction of a trade error that it makes in connection with the execution of transactions on behalf of client accounts.

- the use of brokerage commissions (explicit or imputed) to make political contributions, or any other undisclosed payment that would be a conflict of interest or compromise the ethics or value of the Adviser's reputation, by another entity or person is a violation of this Policy and the Adviser's Program.

Only brokers that appear on the Approved List of Brokers may be selected to place client(s)' orders for execution. The Approved List of Brokers is maintained by our U.K. affiliate, the names that appear on the list are retained in systems used to record all transactions on behalf of CQS Clients' accounts. This provides a mechanism for monitoring executing brokers to reasonably ensure that transactions in unapproved brokers do not occur.

Before a CQS investment professional seeks to place an order with a broker that is not on the Approved List of Brokers, the new broker is required to be pre-approved based on the criteria established under our broker approval procedures. The factors considered when approving a broker include obtaining counterparty contact information and their regulatory status including an assessment of any disciplinary history, type of arrangement (prime broker, terms of business – ISDA, etc.), business purpose for requesting approval, whether commission is payable, settlement currency, whether trades are settled via a clearing system and/or DVP, if assets are to be held at the counterparty, counterparty credit rating, etc. A request for new broker approval is initiated by the individual seeking to use the broker by accessing the Counterparty Master app on CQS's intranet.

Order Aggregation

It is our practice, where possible, to aggregate Client orders for the purchase or sale of the same security contemporaneously for execution using the same executing broker. We also aggregate in the same transaction, the same securities for accounts when exercising discretion. The aggregation may enable us to obtain for Clients a more favorable price or a better commission rate based upon the volume of a particular transaction. In cases where trading or investment restrictions are placed on a Client's account, we may be prevented from aggregating that Client's transaction with others. In such a case, the Client may pay a higher commission rate and/or receive less favorable prices than Clients who are able to participate in an aggregated order. Allocation procedures are described in Item 11 above.

Brokerage for Client Referrals

CQS may participate in capital introduction programs arranged by broker-dealers, including firms that serve as prime brokers to our private fund Clients' portfolios, or present these private funds as an investment alternative to investors. This may create an incentive to select these brokers to execute Client transactions based on our interest in receiving investor referrals, rather than on our Clients' interest of receiving most favorable execution.

CQS may place Clients' portfolio transactions with firms that have recommended the private fund accounts we manage or provided capital introduction opportunities, only when it is consistent with the principles of seeking best execution. In no event does CQS select a broker-dealer as a means of compensation for recommending CQS or any of the private funds managed by CQS or any other product managed by CQS (or an affiliate) or affording CQS with the opportunity to participate in capital introduction programs.

Soft Dollars

CQS places great emphasis on achieving the best possible result for its clients when executing trades. CQS

does, however, from time to time, receive general research from brokers which qualifies as eligible services within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934. CQS UK will receive some bespoke research from brokers in relation to equity trades for which payment out of dealing commissions may be made. This research also qualifies as eligible services within the Section 28(e) safe harbor and complies with the rules set out in COBS 11.6 of the UK FCA Handbook. CQS does not enter into commission sharing arrangements. However, CQS UK does have commission sharing arrangements.

CQS compliance periodically reviews and tests CQS' trading activity as part of the Adviser's Program to ensure compliance with the Section 28(e) of the Exchange Act and in the event CQS decides to change its policy of no third-party soft dollar arrangements.

Item 13 Review of Accounts

CQS portfolio managers review their positions in each CQS Client on at least a monthly basis to determine whether securities positions should be maintained in view of current market conditions. This review includes specific securities held, adherence to investment guidelines and the performance of the Client. CQS Clients are also reviewed by other members of the investment team at CQS affiliates as well as by CQS Group's risk management team.

Risk Monitoring

In addition to the portfolio managers, risk is monitored by the CQS Group's Risk Management and Performance Analysis ("RMPA") team on a daily basis using techniques including value at risk, scenario analysis and sensitivity analysis to identify material risk concentrations. Market risk and portfolio liquidity risks are overseen by the CQS Group's Trading Management Committee ("TMC") which has the power to require portfolio repositioning as appropriate and the CQS Group's Risk and Control Committee which is responsible for the oversight of market, liquidity, counterparty credit and operational risk.

While CQS believes that the range of techniques applied are appropriate for identifying material risk concentrations, we also accept that these techniques are exposed to subjective assumptions on market behavior and are based on available market data. Therefore, these techniques cannot predict all possible outcomes. Although models are used in this assessment process, risk management is primarily a matter of judgment based on CQS' experience.

Account Statements

The underlying investors in the CQS Funds receive monthly reports from a CQS affiliate that indicates the prior month's performance, discusses the drivers of performance and provides certain risk analysis. These investors also receive other reports based on the terms of each offering memorandum, placement document or prospectus including a monthly performance report from the CQS Fund's independent administrator.

Item 14 Client Referrals and Other Compensation

Third-Party Compensation

No person who is not a Client of CQS provides an economic benefit to CQS for providing investment advice or other advisory services to Clients.

Referral Arrangements

CQS does not currently participate in referral arrangements with or make payments to independent parties for purposes of referring potential clients to CQS.

Item 15 Custody

CQS, as sub-adviser to certain CQS Funds, the Luxembourg fund and the Irish fund, does not directly maintain physical custody of these funds' assets, nor does CQS serve as the managing member of any CQS Fund or any other limited liability company or a comparable position for another type of pooled investment vehicle, or trustee of a trust that gives CQS or any of its employees ownership of or access to Client funds or securities. However, CQS US Feeder Fund (GP) LLC (the "Feeder GP"), an affiliate of CQS, does maintain custody of client assets as described in the next paragraph.

An adviser has custody if it or an affiliate acts in any capacity that gives the adviser (or the affiliate) legal ownership of, or access to, funds or securities of the adviser's clients. CQS is required to maintain the funds and securities over which it has custody with a "qualified custodian" (banks, broker-dealers, futures commission merchants and certain foreign financial institutions). Feeder GP is the general partner of the US feeder fund. The structure of Feeder GP gives it the right to obtain custody of the assets of a US feeder. Feeder GP is managed by a managing committee made up of members that are independent of CQS Group. A qualified custodian maintains day-to-day custody of the assets. However, that does not preclude Feeder GP from obtaining custody given its rights as the General Partner. The custodian provides monthly statements to each investor in the US feeder and also distributes annual audited financial statements to investors within 120 days after the US feeder fund's fiscal year end.

Item 16 Investment Discretion

Under the investment advisory agreements appointing CQS as an adviser or sub-advisor to the Clients, CQS has investment discretion to manage the assets of the Clients in accordance with the disclosure in each of their private offering memoranda, placement document or prospectus (please see Item 4 above).

CQS has the authority to determine (i) the securities to be purchased and sold for each Client (in accordance with any restrictions on its activities in the investment advisory agreement or that it is otherwise advised of) and (ii) the amount of securities to be purchased or sold for each account (subject to oversight by Client's portfolio manager(s) and/or the SIO). Because of the differences in Client investment objectives and strategies, risk tolerances and other criteria, there may be differences among Clients in invested positions and securities held.

Additionally, from time-to-time, CQS may recommend certain investments to an affiliate. The decision to make such investments, the size of such investments, the timing to enter and exit the investments as well as the securities to purchase or sell short related to each recommendation resides solely with our affiliate.

Item 17 Voting Client Securities

Where CQS has been delegated the power to vote proxies on behalf of a Client under the relevant investment advisory agreement, we comply with our proxy voting policies and procedures and the terms of the relevant advisory agreement. These policies and procedures are designed to ensure that in cases where we vote proxies relating to the securities held in our Clients' accounts, the proxies are voted in the best economic interest of all Clients' accounts. Clients may obtain a copy of our proxy voting policies and procedures and how proxies were voted on behalf of our Clients' accounts by contacting us at complianceus@cqsus.com or calling 212-259-2900.

Item 18 Financial Information

We do not require or solicit prepayment of fees six months or more in advance. CQS has not experienced any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its Clients.