Shareholder Rights and Stewardship Policy

INTRODUCTION

Scope

(a) This Policy applies to CQS (UK) LLP, CQS (Hong Kong) Limited, and CQS (US), LLC (together "**CQS**"). This Policy covers all funds, investment vehicles and client portfolios (each a "**Fund**") managed, whether directly or by way of delegation, by CQS.

(b) CQS manages a number of Funds. These Funds invest in a variety of assets including equities in publicly listed companies, fixed income bonds, loans, and similar securities. CQS Funds may also, from time to time, and where permitted by such Fund's investment policy, invest in real estate and infrastructure.

(c) The objective of the Shareholder Rights and Stewardship Policy (this "**Policy**") is to provide a clear policy on how CQS undertakes asset holder engagement, stewardship, and proxy voting for its Funds in accordance with the requirements of relevant law and regulation, including (without limitation) the Shareholders Rights Directive (EU) 2017/828 and its implementing measures (together "**SRD II**"), as an adherent to the UK Stewardship Code 2020 (the "**Code**"), as an alternative investment fund manager ("**AIFM**") within scope of the Alternative Investment Fund Managers Directive (the "**AIFMD**") and as a signatory to the Principles for Responsible Investment ("**PRI**").

(d) The SRD II applies to listed equities, and in the UK it applies to shareholdings in all investee companies admitted to trading on regulated markets in the EEA or on comparable markets outside the EEA. The Code applies to listed equities, fixed income bonds, real estate and infrastructure. The AIFMD applies to CQS as an AIFM. The PRI also require CQS to incorporate environmental, social, and (particularly for this purpose) governance ("**ESG**") considerations into investment analysis and ownership. This Policy details how CQS undertakes its stewardship responsibilities. This Policy complements and supplements the CQS Environmental, Social, and Governance (ESG) Policy (the "**ESG Policy**").

(e) All relevant Staff who act on behalf of the Funds should be aware of this Policy and comply with it at all times.

(f) This Policy is structured around the Code principles, however, it also captures CQS' obligations under the SRD II, AIFMD, the PRI, and other relevant law and regulation.

PRINCIPLE 1

Stewardship is the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

1. OVERALL APPROACH

1.1 Purpose of Organisation

(a) CQS is a credit-focused multi-strategy asset manager. CQS provides a range of investment solutions for investors across a range of return objectives and risk appetites. CQS is an active asset manager with expertise across the corporate capital structure including corporate credit, structured credit, asset backed securities, convertibles, loans, and equities. CQS is committed to delivering performance and high levels of service to the Funds and their end-investors.

1.1 Culture, values and business model

(a) CQS is committed to long-term shareholder engagement for the benefit of its clients and investors and, where appropriate, to using the Funds' ownership rights to constructively engage with investee companies, to serve the long-term interests of the Funds and their underlying investors. CQS believes that good governance is important and that if a company is run well, it is more likely to be successful in the long run.

(b) CQS is committed to diversity and inclusion and recognises the value that different approaches can bring to management and leadership.

1.2 Investment beliefs

(a) CQS is an advocate of responsible asset ownership. Active voting and stewardship of assets is a component part of CQS's investment approach and CQS believes exercising voting rights in relation to assets can add value and protect the client's interests as shareholders or other asset owners. Stewardship can create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment, and society.

(b) Please see Principle 7 for further information on CQS' ESG Policy and the interaction of such policy with CQS' stewardship activities.

Principle 2

Signatories' governance, resources and incentives support stewardship.

2. GOVERNANCE AND RESOURCE

2.1 Governance Structures

The principles set out in this Policy are applied in the management of all CQS Funds. CQS takes these principles into consideration when reviewing its own governance, resource, and incentive arrangements.

(a) Funds managed by CQS have interests in a wide range of companies and assets, and operate in an ever changing environment. Portfolio Managers and research analysts, with the support of certain infrastructure teams (such as Operations, Compliance, and Legal), where appropriate, may undertake stewardship activities such as monitoring and engaging with investee companies, reviewing ESG data as well as voting at shareholder meetings and reporting to clients.

(b) CQS adopts the view that individual Portfolio Managers and their teams are best placed to make stewardship decisions in relation to assets held by the Funds. In turn, various CQS internal governance committees exercise oversight responsibilities in relation to stewardship.

(c) The relevant committees provide governance structures and processes that enable oversight of the Portfolio Managers and their holdings and ensure that the relevant policies, including this Policy, are followed.

(d) CQS notes that certain Fund strategies are not driven by the medium-to long-term performance of the relevant investee companies and that stewardship obligations are considered proportionately in relation to such strategies.

(e) CQS notes that certain internal committees have an oversight and supervisory role in relation to compliance with policies in general and with stewardship in particular, notably the Board, the Audit & Risk Committee, the Regulatory Oversight and Conflicts Committee ("**ROCC**"), and the Risk and Control Committee ("**RiskCo**").

2.2 Performance Management

(a) As an AIFM, CQS is subject to certain standards and policies when setting pay and bonus awards for Staff under AIFMD. The Board and relevant committees seek to ensure that CQS's remuneration framework is consistent with CQS' stewardship obligations.

2.3 Record Keeping

(a) CQS will keep such records as are necessary in order to fulfil its stewardship responsibilities (including any periodic reporting requirements) in accordance with this Policy and as required by relevant law and regulation.

Principle 3

Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.

3. CONFLICTS OF INTEREST

3.1 Given that CQS is an active manager with exposure across the corporate capital structure and that CQS manages multiple Funds, situations may arise which could give rise to a conflict of interest and in some cases a material conflict of interest.

3.2 For example, conflicts may arise as a result of:

(a) ownership structure of the asset;

(b) business relationships between Funds and CQS, and/or the assets they respectively hold or manage;

(c) differences between this Policy and investors' stewardship policies;

(d) differing objectives of Portfolio Managers managing different asset classes of the same issuer (e.g. bonds or equity) and/or different holdings across the capital structure; and

(e) the Funds' respective interests diverging from each other.

3.3 CQS maintains a separate Conflicts of Interest Policy to assist in managing any conflict (or potential conflict) relating to stewardship. CQS also maintains a register of specific conflicts of interest which will be updated to reflect any conflict arising out of CQS' stewardship activities.

3.4 Portfolio Managers (or other relevant staff) must disclose to CQS Compliance any potential or actual conflict that is known to them relating to their stewardship activities including (without limitation) in respect of proxy voting.

3.5 Material conflicts may exist in situations where CQS is called to vote on a proxy involving an investee issuer or proponent of a proxy proposal where:

(a) the relevant issuer or proponent of the proxy vote (or an associated entity such as their pension plan) is an investor in a Fund or otherwise a direct client or affiliate of CQS;

(b) if a proposal may harm a Fund financially while enhancing the financial or business prospects of CQS (or vice versa);

(c) if a proposal may harm a Fund financially while enhancing one or more members of Staff, for example where Staff personally hold shares in the relevant issuer; and/or

(d) the Portfolio Manager (or other relevant member of Staff) has a close personal or business relationship with a relevant individual associated with the issuer or proponent of the proposal (such as a senior executive or director (or prospective director)) or another participant in a proxy contest.

3.6 Whether a relationship creates a material conflict will depend on the facts and circumstances at the time the proxy is voted. CQS acknowledges that even if these parties do not attempt to influence the relevant Portfolio Manager's voting decision or other actions that CQS may undertake in relation to an investee company, the mere existence of the relationship may create the appearance of a material conflict, e.g. when the company is a large investor in a Fund managed by CQS where the management fees represent a material revenue stream to CQS.

3.7 Material conflicts that are not able to be resolved by Compliance are referred to senior management or ROCC for further consideration and resolution. Resolution of the conflict of interest may include disclosing the conflict to the Directors of the relevant Fund and obtaining their consents before voting. Absent this disclosure and consent, CQS will take and record the decision to vote proxies to evidence that they were based on the Funds’ and their investors’ best interests.

Principle 4

Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

4. RISK STRATEGIES

4.1 Risk assessment

(a) As a firm, CQS is aware of, and consistently monitors, market-wide risks. CQS has a team of macro and geopolitical analysts that provide regular updates on issues that could lead to financial loss or affect overall performance of the entire market including (but not limited to) changes in interest rates, geopolitical issues, currency rates, events leading to systemic risks such as elections, natural disasters, war, terrorist attacks, and broader business trends.

(b) Portfolio Managers and CQS' research analysts also monitor a variety of factors on a more micro level (e.g. company by company), such as operating performance, financial performance, management succession, reporting and disclosure, proxy proposals, ESG issues, and other matters that may present a potential material risk to a company's long-term financial performance.

(c) When relevant, Portfolio Managers and their teams use this information and other research sources when making investment decisions.

(d) RiskCo and the CQS Risk Team monitor and review the risk frameworks for each Fund and strategy, including any market, liquidity, counterparty credit, and operational risk limits and investment guidelines. RiskCo acts as another layer of review and analysis to evaluate the Funds against their investment objectives and policies.

4.2 Industry initiatives

(a) CQS may engage with other stakeholders including service providers, trade bodies, policymakers, and non-governmental organisations ("**NGOs**") where this assists in ensuring compliance with this Policy.

(b) CQS may engage with policymakers or NGOs for a variety of reasons, for instance to increase CQS's understanding or to influence and feed into the legislative landscape as a responsible investor. When engaging with other stakeholders, CQS will only do so in a fashion that is compliant with applicable law and regulation, this Policy, and the ESG Policy.

Principle 5

Signatories review their policies, assure their processes and assess the effectiveness of their activities.

5. POLICY REVIEWS AND PROCESSES

5.1 Policy

(a) This Policy is regularly reviewed to ensure that it complies with the relevant standards and that it promotes the best interests of the Funds and their investors and furthers CQS' values. This Policy is re-approved on an annual basis.

(b) The Legal Team is responsible for reviewing and maintaining this Policy and for ensuring compliance with this Policy.

(c) CQS will produce certain periodic reports in order to meet its stewardship responsibilities as detailed in this Policy. These reports are prepared using information from across the business and are subject to internal review to ensure that they are fair, balanced and understandable to the needs of the Funds and their investors.

5.2 Procedures

(a) As described in relation to Principle 2, there are a number of different Committees and reporting lines that feed into CQS internal corporate governance processes and support CQS stewardship activities and this Policy.

(b) In the event of any issue arising in relation to stewardship, individuals are expected to bring it to the attention of their line manager and the Legal and Compliance Teams.

Principle 6

Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.

6. CLIENT NEEDS AND COMMUNICATION

6.1 Client needs

(a) CQS, as part of its product development process, carefully considers the projected target market and proposed investment objective and strategy of each Fund which it develops (e.g. what kind of investor the Fund is best suited to and the projected portfolio composition in light of such Fund's investment objective and investment strategy). Decisions reached as part of the product development process will, in turn, assist CQS in determining how stewardship considerations will be factored into the management of the Fund e.g. the nature and relative size of the asset classes will influence how material stewardship considerations will be to the overall strategy of the Fund. End Investors and Distributors may also provide feedback to CQS on existing Funds and where relevant CQS may consider that information when developing new Funds.

(b) CQS keeps detailed records of investment mandates, investor side letters, and any other factors that would feed into asset selection and investor needs. To the extent necessary and proportionate, CQS will endeavour to manage assets in alignment with investors' stewardship and investment policies.

6.2 Client Communication

(a) CQS regularly communicates to the Boards of the Funds and to the investors about relevant stewardship and investment activities. CQS may also make certain disclosures to investors to the extent required under the SRD II, the Code, the PRI or similar.

Principle 7

Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.

7. STEWARDSHIP INTEGRATION AND INVESTMENT

7.1 ESG Issues

(a) In accordance with the ESG Policy, CQS incorporates material environmental and social issues, as well as the quality of governance practices, into its investment research and, where appropriate, these considerations also inform its stewardship activities. As investors actively engaged with the specific circumstances of individual companies, CQS recognises that key risks, including environmental risks, vary between companies, and that the approach to them must be tailored to the sector and to individual businesses.

(b) CQS's approach to ESG issues is supported by the CQS proprietary research teams and ESG tools and resources available to teams within CQS. Portfolio Managers may request additional ESG research where ESG considerations are thought to be especially relevant.

7.2 Stewardship as part of the investment process

(a) Before making an initial investment decision to buy securities or investment instruments issued by a company, the teams involved will assess potential investments and carry out appropriate due diligence on the investment which may involve a review of that sector or similar financial instruments, brokers' research, if a specific company, the relevant company's published materials, and where proportionate and appropriate, conducting enhanced diligence such as meeting with directors and visiting company premises. The effort that goes in at the start of the investment process forms the base from which CQS' stewardship activities build. CQS seeks to fully understand each of its investments, their opportunities and risks. As per the ESG Policy, ESG factors play an important part in CQS' investment approach and Portfolio Managers and their teams use the ESG analysis in CQS research approach to further inform decisions.

(b) Throughout the life of an investment, CQS will continue to monitor the relevant company. Portfolio managers, research analysts and associated teams monitor public statements of investee companies, regulatory announcements, reports & accounts, results meetings, capital market days, as well as general market conditions and broader geopolitical trends.

7.3 Proportionality

(a) Prioritisation of CQS' stewardship resources are based on a range of factors, including the materiality of the issue and the nature and size of the holding. CQS's focus will be on issues that are likely to be material to the value of the company. As a general rule, where CQS's holding is a small fraction of the company's total capital or debt, and a small fraction by value of a Fund, there will be proportionately less resource applied to engagement (reflecting the reality that CQS' influence is less significant).

(b) CQS notes that some asset types, for example derivative investments, may limit CQS' ability to engage in meaningful stewardship activities in accordance with this Policy.

Principle 8

Signatories monitor and hold to account managers and/or service providers.

8. MONITORING OF SERVICE PROVIDERS

(a) CQS may engage with a number of different third party service providers to the extent necessary and as required, including proxy administrators, proxy advisors, data and research providers.

(b) Investors in Funds managed by CQS are considered asset owners under the Code and monitor CQS to ensure that the assets are being managed in alignment with their investment and stewardship strategy. Furthermore, under the SRD II, CQS is obliged to make certain disclosures to investors, which allows investors to monitor and assess CQS's approach to stewardship issues.

(c) To assist investors in their monitoring, CQS may produce certain reports relating to its stewardship activities. Please see Principle 6 for more information.

Principle 9

Signatories engage with issuers to maintain or enhance the value of assets.

9. ENGAGEMENT WITH ISSUERS AND MANAGEMENT OF INVESTMENTS

(a) Portfolio Managers and research analysts, with the support of certain of CQS' infrastructure teams (such as Operations, Legal, and Compliance) may undertake stewardship activities such as monitoring and engaging with investee companies, and, where appropriate, voting at investor meetings.

(b) When deciding how and when to engage with the management of an investee company, Portfolio Managers consider the nature of their exposure to the company, factors they believe will maximise value in the medium or long-term, specifically the value of its clients' investments, and the materiality of such holdings in the context of the Fund's portfolio as a whole.

(c) Generally, CQS views engagement activities as the responsibility of the relevant Portfolio Manager and their team and expect those teams to integrate stewardship considerations into such activities. CQS believes that engagement with investee companies plays an important role in good investment practice and in good stewardship.

(d) Where appropriate and proportionate, CQS will engage in open and purposeful dialogue with the company to the extent required and on a variety of issues, including proactively engaging on any issue which may affect a company's ability to deliver long-term sustainable performance and value. CQS will frequently use the following methods to engage with companies:

   (i) ongoing dialogues with the company management through meetings, visits, and telephone calls during which CQS Portfolio Managers and/or research analysts discuss and pose questions on operational, strategic, and other management issues and, where appropriate, will offer their own opinions and comments, based on their fiduciary duty to CQS's Funds;

   (ii) corresponding with the company to raise concerns;

   (iii) engaging with the company's advisers to raise key issues; and

   (iv) proxy voting (see Principle 12 for further details).

Principle 10

Signatories, where necessary, participate in collaborative engagement to influence issuers.

10. COLLABORATIVE ENGAGEMENT WITH OTHER SHAREHOLDERS OR INVESTOR GROUPS

(a) As noted above, CQS will, where appropriate, engage with companies in seeking to improve the value of the Funds' investments. CQS may deal with a company individually, or, where appropriate and where it is in the best interest of the Funds, CQS may seek to cooperate both formally or informally with other significant holders or investors groups. Collaborating with other investors can add value on specific issues.

(b) When deciding whether or not to participate in collective engagement, there are certain key factors that CQS may take into consideration, including whether:

   (i) the engagement objectives of the collective group are consistent with CQS' and/or the relevant Fund's objectives;

   (ii) engaging as a part of a group will be more successful than engaging individually; and

   (iii) engaging as a group could be interpreted as having "acted in concert" with another financial institution and potentially falling foul of competition law requirements or becoming subject to other relevant rules or regulations (such as the UK Takeover Code).

(c) Where CQS considers it to be in the best interest of the Funds' investments, CQS will engage with investor committees. CQS carefully considers its engagement with such bodies and CQS Portfolio Managers work closely with Legal and Compliance and the Corporate Actions Teams to ensure that such collaboration is productive and carried out in the proper manner.

Principle 11

Signatories, where necessary, escalate stewardship activities to influence issuers.

11. ESCALATION OF ENGAGEMENT

(a) Where CQS has engaged with an issuer or a company, and in the event that CQS considers its concerns have not been adequately addressed, CQS may consider escalating the matter in an appropriate fashion including (without limitation) using the following:

(i) a meeting with the company's senior management, Directors, or similar;

(ii) a letter to the Chairman or the Board of the Company; or

(iii) where appropriate and deemed necessary, further action may be considered (for example, filing proxy resolutions, litigation, press activity, etc.), or CQS may decide to simply exit the position.

(b) CQS will on occasion collaborate with other investors or stakeholders to achieve a specific change, or engage on a thematic issue, as described under Principle 10. These changes might range from the formulation of a new strategy to the appointment of new Directors to the relevant issuer.

(c) CQS recognises that minority investors do not have control over a company's strategy, capital allocation or capital structure. A company's management and ultimately its Board of Directors have the decision-making authority, and shareholders have influence through the periodic election or re-election of board members of through votes on specific resolutions at annual or extraordinary general meetings. Bondholders or other parties that have economic exposure to a company have other paths available to them and CQS carefully considers how and when to engagement with investee companies depending on its economic exposure.

Principle 12

Signatories actively exercise their rights and responsibilities.

12. GENERAL GUIDELINES

(a) CQS will vote where it is proportionate and in the best interests of the Funds. In considering whether or not to vote, CQS will take into consideration a broad range of factors and the potential benefits of voting.

(b) Generally, CQS opts to retain authority for voting all proxies delegated by the Funds and does not further delegate voting authority to proxy advisors. CQS approaches proxy voting in a proportionate manner and, as such, may not always vote at all meetings and on all proposals. Where CQS does exercise a proxy vote, however, it generally aims to vote consistently across the Funds.

(c) As an authorised and regulated firm, CQS has a fiduciary obligation to act in the best interests of its clients. Where CQS does determine it is in the Fund's interest to vote a proxy, CQS will vote such proxies in the best interests of its clients. CQS believes that actively exercising voting rights enhances the long term sustainable value of the companies in which the Funds invest. CQS is aware of the importance of voting securities in a timely manner and of giving due consideration to all proposed resolutions. By exercising the right to vote, CQS seeks both to add value to on behalf of clients and to protect the Fund's interests as shareholders. Prior to exercising voting rights, CQS will consider the issues, meet management if necessary, and vote accordingly.

(d) In the event of the assets of the relevant Fund being subject to re-hypothecation or repurchase agreements (repo), stock loan or similar transfer of title arrangements, CQS may not have the legal right to vote in relation to those assets for the duration of the transfer.

(e) CQS will generally vote proxies in a manner that serves what CQS deems to be in the best interests of the Funds and their investors. CQS will review proxy proposals on a case by case basis and each proxy is considered on its merits. However, CQS will also take into consideration general guidelines in line with the relevant issuer's management's recommendation for certain routine matters including:

(i) approval of auditors;

(ii) name changes;

(iii) declaring stock splits;

(iv) changing the date and/or the location of the annual meeting;

(v) minor amendments to the articles of incorporation;

(vi) election of Directors (unless circumstances dictate a vote against); and

(vii) any other issues that do not adversely affect the Funds' economic interests.

(f) Although CQS believes that management's recommendations should be given considerable weight, CQS will consider whether any proposals from management would be detrimental to the underlying value of the Funds' positions, or where proposals are inconsistent with the investment objective and policy of the relevant Fund or CQS adopted client guidelines.

(g) CQS may elect to act collectively with other shareholders or third parties where appropriate in order to protect and enhance shareholder value.

(h) CQS may choose to refrain from voting proxies in the following instances:

(i) if the effect on the Fund's economic interests or the value of the portfolio holding is indeterminable or insignificant;

(ii) where it is disproportionate to do so having due to regard to the relevant facts and circumstances; or

(iii) if a jurisdiction imposes share blocking restrictions which prevent CQS from exercising discretionary authority.

(i) In the instance that a Fund's offering documentation, investment policy and/or restrictions, constitutional documents, management agreement, or similar (together "**Relevant Documentation**") stipulates or provides guidelines as to how to vote proxies, CQS will vote those proxies in line with the requirements of the Relevant Documentation. CQS may decline to vote if voting would not be in accordance with the requirements of the Relevant Documentation. Should no guidelines or requirements be provided in the Relevant Documentation, proxies for Funds will be voted in accordance with this Policy.

12.2 Proxy Voting Procedures

(a) The CQS Corporate Actions Team is responsible for proxy voting processes, with assistance and support from the Legal and Compliance Teams.

(b) The CQS Corporate Actions Team will notify the relevant Portfolio Managers of an impending proxy vote, who will confirm to the team the way in which they wish to vote. CQS does not issue automated standing instructions to vote in a certain way. Each proxy vote is considered by the Portfolio Manager(s) responsible for the Fund holding the position.

(c) CQS uses a voting agency when engaging in proxy voting for the Funds. Certain sub-advised Funds or bespoke mandates may request that other voting agency providers be used. In these circumstances CQS will use those other providers to the extent practicable.

(d) The voting agency provides administrative services related to proxy voting. CQS' existing agency allows CQS to manage, track, reconcile and report the Funds' proxy voting through electronic delivery of ballots, online voting and integrated reporting and record keeping.

12.3 Role of Third Parties

(a) CQS generally does not use proxy advisors or similar service providers. However, CQS may, on a case by case basis, decide to avail of such services in relation to a particular issue or vote. While such proxy advisor services may provide further analysis and recommendations regarding the relevant proxy proposal, the relevant Portfolio Managers are ultimately responsible for providing the voting recommendation for a given proposal.

12.4 AIFMD

(a) This Policy is consistent with CQS' obligations under the AIFMD which requires CQS to have adequate and effective strategies for determining when and how any voting rights held in the Funds are to be exercised and that such exercise is for the exclusive benefit of the Fund and its investors. Thus, CQS may not automatically support the board of the investee company and may abstain from voting if CQS determines that abstention is in the best interests of the Funds and the investors.

Policy information

Maintenance, authorisation and review requirements

Department responsible	Legal
Individual responsible (policy owner)	Gordon Brough
Delegated individual, if any	Senior Legal Counsel
Secondary review required?	ROCC
Minimum frequency of update/review	Annual (calendar year)
Distribution[1]	External unrestricted - CQS website
Entity applicability	All Group entities

Update and review history

Last updated	09 July 2020
Updated by	Senior Legal Counsel
Last secondary review (if required)	ROCC
Where is secondary review evidenced? (if required)	ROCC sign-off email
Version number (optional)	V 1.1

[1] **Internal Restricted** – distribution to other individuals and departments is at the discretion of the Policy Owner.
External Unrestricted – policy owner must consult Legal to agree appropriate distribution arrangements including disclaimers.