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This document is issued by CQS (UK) LLP (the "Investment Manager" or the "AIFM") solely in order to make certain information available to investors (or prospective investors) in Golden Prospect Precious Metals Limited ("the Company") before they invest, in accordance with the requirements of the Financial Conduct Authority (the "FCA") Rules implementing the EU Alternative Investment Fund Managers Directive (Directive 2011/61/EU) (the "AIFMD") in the United Kingdom. It is made available to investors in the Company ("Investors" or "Shareholders") on the section of New City Investment Managers' website (www.ncim.co.uk) dedicated to the Company.

Potential investors in the Company's Ordinary Shares and/or Subscription Shares ("Shares") should consult their stockbroker, bank manager, solicitor, accountant or other professional adviser before investing in the Company.

Golden Prospect Precious Metals Limited

PRE-INVESTMENT DISCLOSURE DOCUMENT

IMPORTANT INFORMATION

Regulatory status of the Company

The Company is an "alternative investment fund" ("AIF") for the purposes of the AIFMD and is incorporated as a non-cellular investment company limited by shares under the laws of Guernsey. The Company is an authorised closed-end investment scheme under the Protection of Investors (Bailiwick of Guernsey) Law 1987 and regulated by the Guernsey Financial Services Commission (the "GFSC") and the FCA as an "externally-managed AIF" for the purposes of the AIFMD.

The Company's Ordinary Shares and Subscription Shares are listed on The International Stock Exchange ("TISE") and to trading on the London Stock Exchange's SETSqx platform. The Company is subject to its Memorandum and Articles of Association, TISE Listing, Prospectus and Disclosure and Transparency Rules, the Guernsey Funds Code and the laws of Guernsey.

Implications of the contractual relationship entered into for the purpose of investment

While Investors acquire an interest in the Company on subscribing for the Ordinary Shares and/or Subscription Shares, the Company is the sole legal and/or beneficial owner of its investments. Consequently, Investors have no direct legal or beneficial interest in those investments. The liability of Investors for the debts and other obligations of the Company is limited to the amount unpaid, if any, on the Ordinary Shares and/or Subscription Shares held by them.

Investors' rights in respect of their investment in the Company are governed by the Company's Memorandum and Articles of Association and the laws of Guernsey. The Company's Memorandum and Articles of Association set out the respective rights and restrictions attaching to the Ordinary Shares and

Subscription Shares. Under Guernsey law, the following types of claim may in certain circumstances be brought against a company by its shareholders: contractual claims under such company's Articles of Incorporation; claims in misrepresentation in respect of statements made in its offering document and other marketing documents; unfair prejudice claims; and derivative actions. In the event that an Investor considers that it may have a claim against the Company in connection with such investment in the Company, such Investor should consult its own legal advisers.

Jurisdiction and applicable law

As noted above, Shareholders' rights are governed principally by the Company's Memorandum and Articles of Association and the laws of Guernsey. By subscribing for Ordinary Shares and/or Subscription Shares, Investors agree to be bound by the Company's Memorandum and Articles of Association which is governed by, and construed in accordance with, the laws of Guernsey.

Limited purpose of this document

This document is not being issued for any purpose other than to make certain required regulatory disclosures to Investors and, to the fullest extent permitted under applicable law and regulations, the Company, the AIFM, and CQS will not be responsible to persons for their use of this document, nor will they be responsible to any person (including the Company's Investors) for any use which they may make of this document other than to inform a decision to invest in or dispose of Ordinary Shares and/or Subscription Shares in the Company.

This document does not constitute, and may not be used for the purposes of, an offer or solicitation to buy or sell, or otherwise undertake investment activity in relation to, the Company's Ordinary Shares or Subscription Shares.

This document is not a prospectus and it is not intended to be an invitation or inducement to any person to engage in any investment activity. This document may not include (and it is not intended to include) all the information which investors and their professional advisers may require for the purpose of making an informed decision in relation to an investment in or disposal of the Company's Ordinary Shares and/or Subscription Shares.

No advice and Forward Looking Statements

These materials may include statements or direct the reader to statements that are, or may be deemed to be, "forward-looking statements". In some cases, such forward-looking statements can be identified by the use of forward-looking terminology, including the terms "targets", "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Company's actual performance, results of operations, returns, yields, financial condition, liquidity, distributions to investors and the development of its strategies may differ materially from any impression created by any forward-looking statement(s) contained in these materials. Opinions, estimates, forecasts, and statements of financial market trends that are based on current market conditions, constitute the authors' judgment and are subject to change without notice. Changes in exchange rates may cause the value of underlying investments to go down as well as up. The value of any investments and the income from them may fall as well as rise and investors may not get back the amount invested. Target yields or returns are targets only

and there can be no guarantee that the Company will achieve such targets at the levels stated or at all. Prospective investors should not place any reliance on such targets in deciding whether to invest in the Company.

Neither the Company nor any member of the CQS Group is advising any person in relation to any investment or other transaction involving Ordinary Shares and/or Subscription Shares in the Company. Recipients must not treat the contents of this document or any subsequent communications from the Company, or any of its affiliates, officers, directors, employees or agents, as advice relating to financial, investment, taxation, accounting, legal, regulatory or any other matters. Prospective investors must rely on their own professional advisers, including their own legal advisers and accountants, as to legal, tax, accounting, regulatory, investment or any other related matters concerning the Company and an investment in Ordinary Shares or Subscription Shares.

Overseas investors

This document is not for release, publication or distribution, directly or indirectly, in whole or in part outside the UK.

The distribution of this document in certain jurisdictions may be restricted and accordingly persons into whose possession this document comes are required to inform them about and to observe such restrictions. The Ordinary Shares and Subscription Shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or under any of the relevant securities laws of Canada, Australia or Japan. Accordingly, the Ordinary Shares and Subscription Shares may not (unless an exemption from such act or such laws is available) be offered, sold or delivered, directly or indirectly, in or into the USA, Canada, Australia or Japan. The Company is not registered under the United States Investment Company Act of 1940 (as amended) and investors are not entitled to the benefits of such act.

Prospective investors must inform themselves as to (a) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of Ordinary Shares or Subscription Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Ordinary Shares or Subscription Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of Ordinary Shares or Subscription Shares.

THE COMPANY

Definitions

Capitalised terms used but not defined in the document shall have the meaning given to them in the Company's Prospectus. The Company's Prospectus is available on the section of New City Investment Managers' website (www.ncim.co.uk) dedicated to the Company.

Investment policy, strategy and techniques

The Company's Prospectus sets out the Company's investment policy and the Company's investment objective and policy which includes the strategy and techniques currently applied in managing the Company's Portfolio and any applicable investment restrictions.

Derivatives and Underwriting

Whilst the Company does not currently engage in currency and/or interest rate hedging, it may invest through derivatives for efficient portfolio management (such as currency and/or interest swap agreements, futures contracts, options and forward currency and/or interest exchanges and other derivative contracts) where the Investment Manager considers it to be in the interests of the Company.

Leverage

The Company may use gearing to increase potential returns to Investors.

The Company may employ gearing up to a maximum of 20 per cent. of NAV at the time of borrowing. Gearing is expected to be used tactically to make investments consistent with the Company's investment objective and policy and for working capital purposes.

The Company has the use of a Prime Brokerage agreement, under which the Prime Broker may, in its sole discretion, make advances to the Company, as and when requested by the Company, at interest rates to be agreed between the Prime Broker and the Company and with any such advance to be repayable on demand. The Prime Brokerage Agreement is terminable by either party giving to the other not less than 30 business days' written notice of termination.

The AIFMD prescribes two methods of measuring and expressing leverage (as opposed to gearing) and requires disclosure of the maximum amount of 'leverage' the Company might be subject to. The definition of leverage is wider than that of gearing and includes exposures that are not considered to contribute to gearing.

The AIFM has set the following "leverage" limit: 2:1 (on both a "gross" and "commitment" basis).

The AIFM will disclose the following on its website:

• any changes to the maximum level of leverage that the AIFM may employ on behalf of the Company;

• any changes to the right of reuse of collateral or any guarantee granted under the leveraging arrangements; and

• the total amount of leverage employed by the Company.

Leverage Risk in connection with derivatives

The Company may use various derivative instruments, including options, futures, forward contracts and swaps, as part of its investment strategy for purposes of efficient portfolio management. Some of these derivative instruments may be volatile and speculative in nature, and may be subject to wide and sudden fluctuations in market value. Derivatives, especially over-the-counter derivatives in the form of a privately negotiated contract against a principal counterparty, may also be subject to adverse valuations reflecting the counterparty's marks (or valuations), which might not correspond to the valuations of other market or exchange traded instruments. In addition, derivative instruments also may not be liquid in all circumstances, so that in volatile markets the Company may not be able to exit its position without incurring a loss. Investing in derivative instruments can result in large amounts of gearing, which may magnify the gains and losses experienced by the Company and could cause the Company's NAV to be subject to wider fluctuations than would otherwise be the case.

ADMINISTRATION AND MANAGEMENT OF THE COMPANY

The AIFM

Identity of AIFM

The Company has appointed CQS (UK) LLP as its Investment Manager under the terms of an investment management agreement dated 9 September 2020.

The Company has appointed CQS (UK) LLP Limited as its alternative investment fund manager. CQS (UK) LLP has been authorised by the FCA as an alternative investment fund manager pursuant to the AIFMD to perform the following functions:

• The investment management function in respect of the Company which includes portfolio management and risk management; and

• Marketing functions.

Fees

With effect from 1 July 2019 the management fee will be charged at a rate of 1.25% per annum, paid monthly in arrears on the first £20 million of the Company's Net Asset Value and thereafter at a rate of 1.00 per cent on Net Assets above that.

The Administrator

The Company has appointed Maitland Administration Services (Guernsey Limited to act as the Company's administrator and company secretary and provide administration (including accounting), company secretarial and compliance oversight services to the Company. The Administration Agreement and the Delegation Agreement may be terminated by any party giving to the other or others not less than three months' notice.

Fees

The Administrator is entitled to quarterly a periodic fee, as per the below, subject to a minimum of £80k p.a. which will increase annually in line with inflation in Guernsey:
NAV <£100m - 8bps;
£100m < NAV < £200m - 6bps;
£200m < NAV < £350m - 4bps;
£350m < NAV - 2bps.

Custodian and Prime Broker

By a master prime brokerage agreement dated 6 October 2016 between (i) the Company and (ii) Credit Suisse AG, Dublin Branch, the Company appointed the Prime Broker to act as custodian and prime broker for the Company's investments, cash and other assets, and to accept the responsibility for the safe custody of the property of the Company which is delivered to and accepted by the Prime Broker or any of its sub-custodians.

The Prime Brokerage Agreement contains indemnity provisions (which are standard for this type of agreement) in favour of the Prime Broker (and its associates) from and against any loss, claim, damage or expense which they may incur or suffer, inter alia, in performing the Prime Broker's services under the Prime Brokerage Agreement or any breach of the Prime Brokerage Agreement by the Company, except where there has been negligence, fraud or wilful default on the part of the Prime Broker (or any of it its associates).

Under the Prime Brokerage agreement, the Prime Broker may, in its sole discretion, make advances to the Company, as and when requested by the Company, at interest rates to be agreed between the Prime Broker and the Company and with any such advance to be repayable on demand.

The Prime Brokerage Agreement is terminable by either party giving to the other not less than 30 business days' written notice of termination.

Fees

Under the Prime Brokerage Agreement, the Prime Broker receives a monthly fee at the rate of 0.05 per cent. per annum of the Company's total assets.

Conflicts of Interest

Potential conflicts of interest may arise from time to time from the provision by the Prime Broker and Custodian of other services to the Company, the Investment Manager and/or other parties. Where a conflict or potential conflict of interest arises, the Prime Broker and Custodian will have regard to its obligations to the Company and/or the Investment Manager and will treat fairly the Company and/or the Investment Manager and the other funds for which it acts, so far as is practicable.

Depositary

By a depositary agreement dated 21 July 2014 between (among others) (i) the Company and (ii) INDOS Financial Limited, the Company appointed the Depositary to provide cash flow monitoring services, safe-keeping of the Company's non-custody assets and certain oversight services in accordance with the AIFMD.

The Depositary Agreement contains indemnity provisions (which are standard for this type of agreement) in favour of the Depositary from and against any costs, expense, losses, damages or liabilities which it may suffer or incur in the proper provision of its services under the Depositary Agreement, except where there has been fraud, wilful default, negligence, bad faith or material breach of the Depositary Agreement or breach of any applicable laws, rules and regulations on the part of the Depositary.

The Depositary Agreement is terminable by any of the parties giving to the others not less than three months' written notice of termination. Any of the parties may also terminate the Depositary Agreement, *inter alia*, in the event of a material breach by another party of its obligations under the Depositary

Agreement or upon the occurrence of certain insolvency events relating to another party. On termination of the Depositary Agreement, the Depositary will be entitled to all fees accrued due up to the date of termination.

Fees

Under the Depositary Agreement, the Depositary receives a fee of £1,400 per month.

The Auditor

Identity of the Auditor

The auditors to the Company are BDO Limited, P.O. Box 180, Rue du Pre, St. Peter Port, Guernsey, GY1 3LL, who are a recognised auditor registered in Guernsey.

Description of the duties of the Auditor and investors rights

The Auditor carries out its duties in accordance with applicable laws, rules and regulations, including the audit of the accounting information contained in the annual report of the Company. The Auditors' work has been undertaken so that they might state to the Company's Investors those matters they are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, the Auditors do not accept or assume responsibility to anyone other than the Company and the Company's Investors as a body, for their audit work, for their audit report, or for the opinions they formed.

Fees

The fees payable to the auditors shall be determined by the Company. The auditor's fees for the Company's financial year to 31st December 2019 were £23,000.

The Registrar

The Registrar to the Company is Computershare Investor Services (Guernsey) Limited, whose registered office is at 1st Floor, Tudor House, Le Bordage, St. Peter Port, Guernsey, GY1 1DB. The Registrar is regulated by the GFSC and is licensed to carry on "controlled investment business" under The Protection of Investors (Bailiwick of Guernsey) Law, 1987.

The duties of the Registrar include the maintenance of the register of shareholders, payment of dividends, processing of Investor legal documentation, certifying and registering transfers and general meeting services.

Fees

The fees payable to the Registrar shall be determined by the Company. The Registrars' fees for the Company's financial year to 31st December 2020 were £15,545.

Investors' Rights

The Company is reliant on the performance of third party service providers, including the AIFM, the Depository, the Auditor and the Registrar.

Without prejudice to any potential right of action in tort that an Investor may have to bring a claim against a service provider, each Investor's contractual relationship in respect of its investment in Ordinary Shares or Subscription Shares is with the Company only. Accordingly, no Investor will have any contractual claim against any service provider with respect to such service provider's default.

In the event that an Investor considers that it may have a claim against a third party service provider in connection with such Investor's investment in the Company, such Investor should consult its own legal advisers.

The above is without prejudice to any right an Investor may have to bring a claim against an FCA authorised service provider under section 138D of the Financial Services and Markets Act 2000 (which provides that breach of an FCA rule by such service provider is actionable by a private person who suffers loss as a result), or any tortious cause of action. Investors who believe they may have a claim under section 138D of the Financial Services and Markets Act 2000, or in tort, against any service provider in connection with their investment in the Company, should consult their legal adviser.

Investors who are "Eligible Complainants" for the purposes of the FCA "Dispute Resolutions Complaints" rules (natural persons, micro-enterprises and certain charities or trustees of a trust) are able to refer any complaints against the Manager to the Financial Ombudsman Service ('FOS') (further details of which are available at www.financial-ombudsman.org.uk). Additionally, Investors may be eligible for compensation under the Financial Services Compensation Scheme ('FSCS') if they have claims against an FCA authorised service provider (including the AIFM) which is in default. There are limits on the amount of compensation available. Further information about the FSCS is at www.fscs.org.uk. To determine eligibility in relation to either the FOS or the FSCS, Investors should consult the respective websites above and speak to their legal advisers.

Delegation of functions by the AIFM

Notwithstanding the Investment Manager's right to sub-delegate any or all of its duties to an additional investment adviser, the Investment Manager does not currently delegate any of its responsibilities as the Company's alternative investment fund manager to an additional investment adviser.

Conflicts of Interest

The AIFM, under the rules of conduct applicable to it, must try to avoid conflicts of interest and, when they cannot be avoided, ensure that its clients (including the Company) are fairly treated.

The AIFM and other delegates may from time to time act as manager, authorised corporate director, investment adviser, administrator, registrar, custodian, trustee or sales agent in relation to other funds or other clients. It is therefore possible that any of them may, in the course of their business, have potential conflicts of interest with the Company. In such event, each will at all times have regard to its obligations in relation to the Company. In particular where conflicts of interest may arise, each will endeavour to ensure that clients are fairly treated.

The portfolio management and advisory services provided by the Investment Manager are not exclusive. The Investment Manager is free to and does provide similar portfolio management and/or advisory services to others. This may result in the Company being unable to make a desired investment or having to pay a higher price for such investment.

Furthermore, the Investment Manager may give advice, and take action, with respect to any of its clients or proprietary accounts that may differ from the advice given, or may involve a different timing or nature of action taken, with respect to the Company with the result that the Company receives different returns than other investors may receive on the same investment.

In addition, there are no specific contractual obligations concerning the allocation of investment opportunities to the Company or any restrictions on the nature or timing of investments for the account of the Company.

Employees of the Investment Manager (and the CQS Group) will work for other clients and conflicts of interest may arise in allocating management time, services, or functions among such clients.

The Investment Manager and CQS may enter into transactions in which they have, directly or indirectly, an interest which may involve a potential conflict with the Investment Manager's duty to the Company. Neither the Investment Manager nor CQS shall be liable to account to the Company for any profit, commission or remuneration made or received from or by reason of such transactions or any connected transactions nor will the Investment Manager's or CQS' fees, unless otherwise stated or agreed, be reduced as a result. The Investment Manager will ensure that such transactions are effected on terms that are at least as favourable to the Company as if the potential conflict had not existed.

The Investment Manager may come into possession of material, non-public information concerning one or more of the companies in which an investment has been or may be made. The Investment Manager has implemented compliance procedures that seek to ensure that material, non-public information is not used for making investment decisions on the Company's behalf. Under these procedures, if the Investment Manager possesses material, non-public information concerning a company, there may be restrictions on their ability to make, dispose of, increase the amount of, or otherwise take action with respect to, an investment in that company. Such restrictions could limit the Company's ability to make potentially profitable investments or to liquidate an investment when it would be in its best interests to do so. Due to the foregoing, the Company's relationship with the Investment Manager could create a conflict of interest to the extent that the Investment Manager become aware of material, non-public information concerning a company in the course of its other business activities.

There is no prohibition on the Company entering into any transactions with CQS, the Investment Manager, the Custodian and Prime Broker, the Depositary, the Administrator, where applicable, the sales agents, or with any of their affiliates, provided that such transactions are carried out as if effected on normal commercial terms negotiated at arm's length. In such case, in addition to the fees CQS or the Investment Manager earns for managing the Company, they may also have an arrangement with the issuer, dealer and/or distributor of any products entitling them to a share in the revenue from such products that they purchase on behalf of the Company. In addition, there is no prohibition on CQS or the Investment Manager purchasing any products on behalf of the Company where the issuer, dealer and/or distributor of such products are their affiliates provided that such transactions are carried out as if effected on normal commercial terms negotiated at arm's length and on terms that are at least as favourable to the Company than if the potential conflict had not existed.

The Investment Manager may make substantial investments in the Company for various purposes including, but not limited to, facilitating the growth of a company, for facilitating the portfolio management, or for meeting future remuneration payment obligations to certain employees. As a result potential conflicts of interests may arise and the Investment Manager is under no obligation to make or

maintain its investments and may reduce or dispose of any of these in a company at any time. Employees (including but not limited to portfolio managers) of the CQS Group may hold Ordinary Shares and/or Subscription Shares in the Company and are bound by the terms of the CQS Group's policy on personal account dealings, which manage conflicts of interest.

Securities Financing Transactions

Please see Annex 1 attached hereto for details for details on the Company's use of Securities Financing Transactions.

Research Costs

Please see Annex 2 attached hereto for details for details on the Company's use of a Research Paying Account.

SHAREHOLDER INFORMATION

Reports and accounts

Copies of the Company's latest financial reports and Company fact sheets may be accessed at www.ncim.co.uk.

Publication of NAV

The latest NAV of the Company may be accessed at www.ncim.co.uk. The Company also publishes its NAV on a daily basis via a Regulatory Information Service.

Valuation Policy

The Company's Directors have ultimate responsibility for the valuation of the Investment Portfolio. The Directors have delegated compliance for NAV calculations to the Administrators and day-to-day compliance with the policy to the Investment Manager as the Company's alternative investment fund manager. The valuation function of the Investment Manager is performed independently from the portfolio management function.

Securities (other than options) that are listed on a national securities exchange and that are freely transferable will be valued at their official listed closing bid price on the principal exchange on which such securities are listed. Options that are listed on a national securities exchange will be valued at the closing 'bid' price on the principal exchange on which such options are traded. If, however, the trading of any such securities or options is suspended at the date of determination, then the securities or options shall be initially valued at either the last available price specified on the principal exchange on which such securities are listed prior to suspension or by reference to valuation techniques using inputs that may not be based on observable market data, deemed as fair value. Subsequently, securities or options will be valued using techniques deemed consistent with fair value basis. Such techniques may include recent arm's length market transactions, the current fair value of another instrument that is substantially the same or discounted cash flow analysis or net asset value.

Where there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, that technique may be used.

Securities traded over the counter that are freely transferable will be valued using an independent reporting system or, if not quoted on such a system, by at least one of the principal market makers in such securities.

Forward, spot and swap contracts, other off-exchange instruments or derivative instruments not referred to above and for which there is no observable market data, will be valued by the Company via a delegated authority to the Investment Manager on a consistently applied mark to model basis, respecting fair market value principles.

With respect to securities and instruments other than those specified above, the Directors will write up or write down the valuation of such securities if the Directors determine, in accordance with their established valuation procedures, that the realisable value of such securities differs from their current valuation. The Directors will seek the advice of the Investment Manager in such circumstances. Such procedures include the use of independent pricing sources if available. If independent pricing sources are not available, the fair

value of such securities or assets will be estimated by the Directors under advice from the Investment Manager, with such valuation referencing a variety of factors, including proprietary or industry-available valuation models, the issuer's financial strength and stability, the issuer's operating performance, strength of the issuer's management team, the Company's expected exit from the investment and any specific rights or restrictions associated with such investment. Such valuation procedures, as well as the value assigned to specific securities and other assets, will be reviewed from time to time by the Directors.

In the Directors' discretion, independent appraisals of securities may be obtained and the Directors may, at their discretion, delegate any or all valuation responsibilities to any person, including the Investment Manager.

Purchases and sales of Ordinary Shares or Subscription Shares by Investors

The Company's Ordinary Shares and Subscription Shares are currently admitted to listing on the TISE and to trading on the London Stock Exchange's SETSqx platform. Accordingly, the Company's Ordinary Shares and Subscription Shares may be purchased and sold on the SETSqx platform of the London Stock Exchange.

New Ordinary Shares may be issued only at a premium to NAV, at the Board's discretion and providing relevant shareholder issuance authorities are in place. Investors do not have the right to redeem their Ordinary Shares or Subscription Shares. While the Company will typically have Shareholder authority to buy back Ordinary Shares or Subscription Shares, Investors do not have the right to have their Ordinary Shares or Subscription Shares purchased by the Company.

Fair treatment of investors

The legal and regulatory regime to which the Company and the Directors are subject ensures the fair treatment of investors. The UKLA Listing Rules require that the Company treats all Shareholders of the same class of Shares equally.

In particular the Directors have certain statutory duties under Jersey Law with which they must comply. These include a duty upon each Director to act in the way she or he considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole.

No Investor has a right to obtain preferential treatment in relation to their investment in the Company and the Company does not give preferential treatment to any Investors.

The Company's Ordinary Shares rank *pari passu* with each other.

RISK MANAGEMENT

Key risks

The key risks facing the Company are set out in the Company's Prospectus.

Risks in connection with leverage

The Company may employ leverage, that is to seek to enhance returns to Investors by borrowing funds for investment and/or entering into derivative transactions (see below). Where the Company is levered, its net asset value and price performance would be expected to represent an amplification of any upward or downward movement in the value of the Portfolio as a result of price changes of the investments contained therein. Investors should be aware that, whilst the use of leverage may enhance the returns to Shareholders where the value of the Company's underlying assets is rising, it will have the opposite effect where the underlying asset value is falling.

Risk management systems

The AIFM employs a risk management process in accordance with COLL 5.6.16 R, FUND 3.7.5R and Articles 38 to 45 of the AIFMD. This process enables the AIFM to identify, measure, manage and monitor the relevant risks of the positions to which the Company is or may be exposed and their contribution to the overall risk profile of the Company and which includes the use of appropriate stress testing procedures.

The Company will periodically disclose to Investors the risk management systems which it employs to manage the risks which are most relevant to it. The Company will make this disclosure in its annual report and accounts available to investors.

The AIFM has adopted the investment restrictions as set out by the Company in its published Prospectus.

Counterparty Risk

The AIFM will seek to control the counterparty credit risks of the Company in such a way as to achieve an appropriate diversification of credit risk across a range of individual counterparties. Each arrangement will have satisfied an appropriate credit assessment and will be subject to a legal framework that has been assessed as appropriate to the nature of the business being conducted.

Liquidity Risk

The AIFM will seek to manage the liquidity risk of the Company in such a way as to maintain sufficient accessible liquidity in each fund to meet the ongoing liquidity needs of the Fund with particular regard to the impact of potential adverse mark to market on the Fund's portfolio, notified and potential redemptions, a range of market liquidity states and the impact of potential changes in margin and collateral requirements of trading counterparties and financing providers.

The liquidity management policy is reviewed and updated, as required, on at least an annual basis.

Investors will be notified, by way of a disclosure on its website, in the event of any material changes being made to the liquidity management systems and procedures or where any new arrangements for managing the Company's liquidity are introduced.

Operational Risk

The AIFM will seek to control the operational risks of the Fund in such a way as to achieve an immaterial aggregate impact on investor returns in each financial year.

Professional negligence liability risks

The AIFM covers its potential liability risks arising from professional liability by holding the appropriate additional 'own funds' within the meaning of the AIFMD.

ANNEX I

INVESTOR DISCLOSURE

SECURITIES FINANCING TRANSACTIONS REGULATION

Introduction

The European Parliament and Council have adopted Regulation (EU) No 2015/2365 of 25 November 2015 which was published in the Official Journal of the European Union on 23 December 2015 and took effect as of 12 January 2016 known as the Securities Financing Transactions Regulation (**SFTR**). The SFTR introduces certain requirements in respect of "Securities Financing Transactions" and “total return swaps” applying to financial counterparties, including alternative investment funds managed by an alternative investment fund manager authorised or registered in accordance with AIFMD and non-financial counterparties. Such requirements include, among other things, pre-investment disclosure of certain information (as has been set out below) to potential investors in the Company.

Investment Strategy and Associated risks

The Company may invest in those securities (and enter into certain financial transactions relating to such securities) described in the *Investment Objective and Strategy* section of the Offering Memorandum, including (for the purposes of the SFTR), certain SFTs (as defined below). Such transactions expose the Company to operational, liquidity, counterparty and legal risks, as described below.

Securities Financing Transactions (SFTs)

Margin lending transactions

As part of its prime brokerage arrangements, the Company may borrow money in connection with the purchase, sale, carrying or trading of securities. The loan will be secured by a security interest over the relevant securities, which may result in the forced sale of the relevant securities upon a default by the borrower.

Depending on the terms of the margin loan, the secured party may also have a right of use over the relevant securities. This means that until such time as the loan is repaid, the secured party is able to re-use some or all of the relevant securities and the proprietary interest of the borrower is lost and replaced by a contractual right for redelivery of equivalent securities.

Purpose and Exposure to SFTs

Transaction Type	Purpose of Transaction	Type of assets that can be subject to such Transaction	Expected proportion of NAV such transactions (
Margin lending transaction	Typically used to raise funds for re-investment or to enhance cash reserves and manage leverage to assist in achieving the Fund's investment objectives	Equities (including stock, ADRs, ETFs and other equity products), corporate bonds (including convertible bonds), and government bonds	0-35%

The Investment Manager will report to the Shareholders of the Company the amount of assets engaged in SFTs, as well as SFTs as is required under the SFTR, as part of its annual report.

Counterparties Selection & Risks

The Investment Manager will conduct appropriate due diligence in the selection of counterparties. The AIFMD does not prescribe any pre-trade due diligence criteria for counterparties to the Company's SFTs. The Company will adhere to the conditions of the FCA Rules (to the extent applicable) in relation to cases where rated counterparties are subject to a ratings downgrade. Through this process, due regard is given to a number of risk and reputational factors including regulatory supervision and jurisdiction, management, capital adequacy and solvency ratios, historical financial performance, credit ratings, parent company standing, market-implied probability of default derived by monitoring the counterparty's corporate debt securities, credit default swaps referencing the counterparty and its corporate debt securities, and the stock price of the counterparty.

Counterparty Risk and SFTs

In relation to margin lending, if the Company is acting as borrower and fails to repay the relevant loan, then the provider of the credit will be able to enforce its security interest and sell the relevant securities to recover its loan. If the value of the securities is not sufficient to satisfy the loan, the Company may have to sell other assets to repay the loan and, if it is ultimately unable to meet its obligations, the Company may become insolvent. Furthermore, if the margin loan includes a right of use, the Company is exposed to the risk that the Counterparty defaults and fails to return some or all of the relevant securities.

The use of SFTs may result in potential shareholders of the Company suffering losses.

Counterparty Risk Generally

Counterparty risk is accentuated for contracts with longer maturities, where there is a greater chance of the counterparty defaulting due to events in the future, or where the Company has concentrated its transactions with a single or small group of counterparties. The Investment Manager is not restricted from dealing on behalf of the Company with any particular counterparty or from concentrating any or all of the transactions of the Company with one counterparty. The ability of the Company to transact with any one or number of counterparties may increase the potential for losses by the Company.

In the event of the insolvency, bankruptcy or default of the Company's counterparty, the Company may experience delays in liquidating underlying securities or other assets and crystallising its losses. The Company's losses may be further increased by (i) the possible decline in the value of the relevant assets during the period while it seeks to enforce its rights; (ii) possible sub-normal level of income and lack of access to income during the relevant period and (iii) expenses in enforcing its rights.

Chains of SFTs

A party to an SFT (other than in a margin loan with no right of use) will typically acquire a contractual right against its counterparty enabling it to require redelivery of equivalent assets at conclusion of the relevant SFT. However, the counterparty is not obliged to retain the relevant assets during the life of the SFT and may enter into further SFTs with other parties in respect of the same assets resulting in it giving up title to the relevant assets.

In such circumstances, a default of a party with whom the counterparty is transacting may impact on the ability of the counterparty to perform under the SFT with the Company. For example, it may not

be able to readily source the relevant asset from elsewhere or its own ability to perform may be materially impacted by the defaults of other parties to SFTs. The Company may also enter into further SFTs and be exposed to such risks.

Alternatively the counterparty or the Company may simply sell the relevant assets outright and be unable to readily re-acquire equivalent assets in the market for the purpose of satisfying its redelivery obligations which may result in a default and the Company incurring losses.

Acceptable Collateral

In relation to margin lending, the Company will borrow cash against the securities used as collateral.

Reuse

Where financial instruments are transferred under a title transfer collateral arrangement or if a right of use is exercised in relation to any financial instruments that the Company has provided by way of collateral under an agreement containing a right of use, the Company will be exposed to certain risks, including:

(a) the Company's rights, including any proprietary rights that it may have had, in those financial instruments will be replaced by an unsecured contractual claim for delivery of equivalent financial instruments subject to the terms of the relevant agreement;

(b) those financial instruments will not be held by the relevant counterparty in accordance with client asset rules, and, no client asset protection rights will apply (for example, the financial instruments will not be segregated from other counterparty assets and will not be held subject to a trust);

(c) in the event of the counterparty insolvency or default under the relevant agreement the Company's claim for delivery of equivalent financial instruments will not be secured and will be subject to the terms of the relevant agreement and applicable law and, accordingly, the Company may not receive such equivalent financial instruments or recover the full value of the financial instruments.

Collateral Valuation

The mark-to-market value of the SFTs entered into by the Company (including any collateral in relation to such arrangements) will be valued daily and/or in accordance with the term of the relevant agreement.

There can be no guarantee that an investment in the Company could ultimately be realised at any such future valuation. Because of overall size, concentration in particular markets and/or counterparties and maturities of positions held by the Company, the value at which its investments can be liquidated may differ, sometimes significantly, from the interim valuations. In addition, the timing of liquidations may also affect the values obtained on liquidation. At times, third party pricing information may not be available for certain positions held by the Company. Valuations of the Company's securities and other investments may involve uncertainties and subjective judgmental determinations and if such valuations should prove to be incorrect, the net asset value of the Company could be adversely affected.

Return, costs and fees relating to SFTs

All the revenues arising from SFTs and any other efficient portfolio management techniques shall be returned to the Company following the deduction of any direct and indirect operational costs and fees arising. Such direct and indirect operational costs and fees will include fees and expenses payable to SFT counterparties engaged by the Investment Manager on behalf of the Company from time to time. Such fees and expenses of any counterparties engaged by the Investment Manager on behalf of the Company, which will be at normal commercial rates together with VAT, if any, thereon, will be borne by the Company. Details of the Company's revenues arising and attendant direct and indirect operational costs and fees as well as the identity of those SFT counterparties most frequently engaged by the Investment Manager on behalf of the Company shall be included in the Investment Manager's and/or the Company's annual reports.

Safe-keeping of Company assets

Information on the arrangements entered into with the Depositary and Prime Brokers is set out in the Prospectus.

ANNEX 2

Research Charge

The Investment Manager uses externally produced insightful research as part of its investment process in seeking to achieve the Company's investment objective. The regulatory regime relating to inducements and research has changed following the implementation of the Markets in Financial Instruments Directive II ("MiFID II") and the accompanying changes to the FCA Rules. Historically, managers have been entitled to effect transactions for their clients with or through a broker or other intermediary who is willing to agree to also provide a manager with research services (or alternatively, to pay for such services provided to the manager by third party research providers). Accordingly, managers were required to make no direct payment for such research.

MiFID II is making various changes to the law in this respect. In particular, from 3 January 2018, FCA regulated asset managers will have to separately pay research providers for Research services. However, such managers will be entitled to propose that clients pay a research charge for this purpose.

To align its approach with the new regime, the Investment Manager has established a research payment account (a "Research Payment Account") which, from 3 January 2018, will be funded by the Company and used to pay for Research by third party research providers. It is expected that the Research Payment Account will be funded on a quarterly basis (or such other frequency as may be agreed between the Manager, the Company and the Investment Manager from time to time) by a specific research charge imposed (directly or indirectly) on the Master Company the Company. Such research charge will be based on a Research budget for the Company (the "Research Budget") calculated by the Investment Manager prior to each calendar year end to cover the following calendar year. The Research Budget will be calculated for the purpose of establishing an estimate of the amount needed to cover the Research required by the Investment Manager in relevant jurisdictions to adequately provide investment advisory and discretionary management services to the Company in respect of the Company's investment portfolio. In calculating the Research Budget, the Investment Manager will have due regard to the Company's investment objective and strategy.

The Investment Manager may also decide to pool the research charge paid by the Company with research charges paid by other CQS clients; for example, where the Investment Manager considers each client's investment objectives to be sufficiently similar so as to make it sensible to use a common research budget for them. In any case, however, the Investment Manager will seek to allocate the cost of Research on a fair and equitable basis between the Company and its other clients in accordance with a pre-determined allocation methodology. In summary:

relevant investment personnel of the Investment Manager (being portfolio managers and analysts) ("Investment Personnel") will each calculate an estimate of the amount of Research they expect to consume over the forthcoming calendar year and apply an aggregate cost to such estimate (an "Individual Research Estimate");

the Investment Manager will calculate the Company's (and its other clients') pro rata share of such Individual Research Estimate (a "Pro Rata Share") based on the Company's (and other CQS clients') relative pre-determined allocations applicable to the relevant Investment Personnel (such allocations being based on the Investment Manager's relevant policies and procedures); and

the Investment Manager will aggregate the Pro Rata Shares applicable to the Company and review and make any adjustments as necessary to ensure such aggregate amount (being the Company's Research Budget for the forthcoming calendar year) is fair and equitable relative to the Investment Manager's other clients.

The Investment Manager will periodically review and assess the quality of any Research purchased from the Research Payment Account and the ability of such Research to contribute to better investment decisions for the Company, in each case based on robust quality criteria. The Investment Manager will use both qualitative criteria (whereby the relevant Investment Personnel will assess the value of the Research having due regard to the Company's investment objective and policy) and quantitative criteria (such as Research usage data provided by a third party platform used to access Research) when assessing the value of any Research purchased.

The Investment Manager will also make up-to-date information on the following matters available to Shareholders and potential investors in the Company:

the budgeted amount for Research, as determined annually for the Company (or the group of CQS clients whose research charges will be combined in practice as mentioned above);

the amount of the estimated research charge for the Company (i.e. on a standalone basis) for the relevant year; and

any increase made by the Investment Manager to its Research budget or research charge from time to time.

Shareholders and potential investors should contact the Investment Manager for details as to how this information can be obtained.

The Investment Manager will also provide information to investors on the total costs the Company has incurred for third party Research for a particular year, in the Company's annual report for that year. However, the Investment Manager reserves its right to change the way in which the research charge is recovered from time to time. In particular, it may elect for the charge to accrue daily and be payable monthly in arrear.

The Investment Manager has allocated the following Research Budget to the Company for the calendar year ending 31 December 2020: USD 23,290.

For the calendar year ending 31 December 2020, it is estimated that the Company will incur the following research charge: USD 23,290.

Use of Dealing Commission Arrangements

A different approach to that set out under "Research Charge" above may be used in the following circumstances, where the relevant Investment Manager considers this appropriate or necessary, subject to applicable law:

where the relevant Investment Manager wishes to deal with brokers that cannot receive payments from the type of Research Payment Account described above for local law or other reasons; or

subject to FCA guidance, where the Investment Manager appoints a delegate to conduct discretionary portfolio management and the delegate is located in a jurisdiction in which market practice or law conflicts with the approach described above.

In those cases, subject to applicable law, the Investment Manager may effect transactions or arrange for the effecting of transactions through brokers with whom it has arrangements whereby the broker agrees to use a proportion of the commission earned on such transactions to discharge the broker's own costs or the costs of third parties in providing certain services to the Investment Manager. The services concerned will normally relate to the provision of investment research to the Investment Manager. The benefits provided under such arrangements will assist the Investment Manager in the provision of investment management services to the Company and to other third parties. Specifically, the Investment Manager may agree that a broker shall be paid a commission in excess of the amount another broker would have charged for effecting such transaction so long as, in the good faith judgement of the Investment Manager, the amount of the commission is reasonable in relation to the value of the brokerage and other services provided or paid for by such broker and the broker agrees to provide best execution with respect to such transaction. Such services may be used by the relevant Manager in connection with transactions in which the Company will not participate.

Amendment of this document

When there is a material change to the information contained in this document, it shall be updated.