CQS Funds (Ireland) plc

(the **Company**)

An umbrella fund with segregated liability between funds

A company incorporated with limited liability as an open-ended umbrella investment company with variable capital under the laws of Ireland with registered number 48553

ADDENDUM TO THE SUPPLEMENT OF THE CQS NEW CITY NORTH AMERICAN EQUITY FUND (THE FUND)

8 March 2021

This Addendum is supplemental to, forms part of and should be read in conjunction with, the supplement of the Fund dated 18 December 2019 (the Supplement) and the prospectus for the Company dated 18 December 2019 (the **Prospectus**).

The Directors of the Company whose names appear in the **Directors of the Company** section accept responsibility for the information contained in this Addendum. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Words and expressions defined in the Prospectus or Supplement shall, unless the context otherwise requires, have the same meaning when used in this Addendum.

AMENDMENTS TO THE SUPPLEMENT OF CQS NEW CITY NORTH AMERICAN EQUITY FUND

A new section entitled **Sustainable Finance** is inserted into the Supplement:

SUSTAINABLE FINANCE

The Fund promotes environmental or social characteristics (but does not have as its objective sustainable investments) within the meaning of Article 8 of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (**SFDR**). The Fund invests in a selection of securities which comply with ESG responsibility criteria.

The environmental and/or social characteristics promoted by the Fund comprise of environmental sustainability and improvements in a socially responsible manner congruent with good corporate governance.

In identifying investments which allow the Fund to promote these environmental or social characteristics, the Investment Manager adopts the following strategies:

Exclusion of sectors and companies (as the context requires), quantitative and absolute

1. which have a high GHG emission intensity (such as fossil fuels, energy, forestry/paper products, construction and real estate, mining/extraction, transportation, telecommunications, and utilities);
2. whose scope 1 + 2 emissions exceeds 50 tons per USD million of sales;
3. whose board of directors is not at least 20% female;
4. which derive a significant portion (>5%) of their revenues from activities susceptible to create significant harm (viz. weapons/armour manufacture, tobacco, or adult entertainment) or >15% in the case of revenues from alcohol products or activities in the fossil fuel sector, including coal; and
5. that have been found guilty of violations of the Ten Principles of the UN Global Compact or the OECD Guidelines for Multinational Enterprises.

The Fund may make investments which contravene exclusions 1, 2 and 3 above up to a maximum of 10% of Net Asset Value of the Fund for each exclusion. For the avoidance of doubt, the investment Manager shall make no investments which contravene exclusions 4 and 5 above.

ESG Risks and Opportunities

ESG risks (weaknesses, threats, and externalities) faced by each investee company are assessed, along with their strategies for managing/mitigating same. Only investee companies in respect of which there is deemed to be a low likelihood of a material adverse impact of ESG on valuation are chosen.

ESG opportunities (activities that fulfil a sustainable objective) are assessed in respect of each investee company. The Fund shall seek to have significant exposure to investments using clean technology and resource efficiency. Investment that fulfils sustainable objective ("Sustainable Investments") shall form at least 20% of the Fund's Investment portfolio.

Social considerations and corporate governance

The Investment Manager performs an analysis of each investee company's relationships with key stakeholders (employees, customers, suppliers, regulators etc) to check if the investee company has sustainable, value driven and harmonious relationships with same.

The Investment Manager performs an analysis of the investee company's corporate governance model, arrangements, and controls.

Pursuant to the SFDR and as described above the Investment Manager accounts for such indicators as prescribed in the level 2 regulatory technical standards on disclosures under the SFDR in assessing the contribution the Fund's investments make, the potential for adverse impacts and confirming they cause no significant harm to the environmental and social characteristics above. An illustrative list of such indicators follows

a) greenhouse gas (GHG) Emission related and carbon footprint indicators (Scope 1, Scope 2, and scope 3 GHG Emissions & GHG intensity of investments);
b) emissions of pollutants;
c) environmentally sensitive generation/use/reuse of energy, water and waste;
d) social & employee, respect for human rights, anti-corruption /bribery matters (such as gender equality, protection of human rights etc. and anti-corruption/bribery.

The Investment Manager builds a proprietary ESG rating of investee company based on the results of the foregoing ESG analysis and complements this with ESG data from service providers, such as MSCI ESG, RepRisk, Bloomberg ESG, and ISS (the "ESG service providers"). The rating flows into the calculation of the cost of capital which is a constituent of the investee company's valuation.

The Investment Manager monitors compliance with the social and/or environmental characteristics outlined above on a regular basis through:

a) monitoring changes in third party (MSCI ESG) ESG ratings of investee companies, which changes serve as a signal for reassessing the proprietary ESG rating;
b) monitoring service such as the ESG service providers for ESG controversies that can impact on the fundamental valuations and which may trigger divestment; and
c) review of corporate disclosures, including annual corporate social responsibility reports and relevant press release.

Disclosures

The Investment Manager provides periodic reporting showing the exposure to adverse sustainability indicators on both a portfolio level (ESG factsheet, quarterly) and position level (semi-annually).

Engagement activities of Investment Manager may include:

a) ad hoc engagement with investee company managements where improvement on ESG related matters is identified;
b) requesting further information from investee companies regarding their environmental impacts;
c) identification and promotion of best ESG practices to investee company managements;
d) proxy voting, in a matter congruent with the Investment Management fiduciary responsibilities to investors; and considering of costs and benefits of voting, on all relevant matters including those having environmental and social import.

Adverse impacts on sustainability factors

The Fund promotes environmental or social characteristics by considering principal adverse impacts on sustainability factors pursuant to SFDR.

Sustainability Risks

Sustainability risks may arise in respect of an issuer itself, its affiliates or in its supply chain and/or apply to a particular economic sector, geographical or political region. Environmental sustainability risks, and in particular physical risks arising from climate change, are associated with events or conditions affecting the natural environment including increasing erratic and potentially catastrophic weather events such as droughts, wildfires, flooding and heavy precipitations, heat/coldwaves, landslides, storms, flooding, erosion and water stress. Environmental risks can also include Carbon emissions risks with many economic sectors, regions and/or jurisdictions currently or in the future subject to transition risks relating to a greener, lower carbon and less polluting economic model. Sectors, regions, businesses and technologies which are carbon-intensive, higher polluting or are otherwise not environmentally sustainable may suffer from a significant fall in demand and/or obsolescence, resulting in stranded assets the value of which is significantly reduced or entirely lost. Social risks may be internal or external to an issuer and are associated with employees, local communities, customers or populations of companies or countries and regions. Governance risks are associated with the quality, effectiveness and process for the oversight of day to day management of companies and issuers.

Loss of investment value following a sustainability risk may occur in numerous ways. For investments in a corporate issuer, losses may result from damage to its reputation with a consequential fall in demand for its products or services, loss of key personnel, exclusion from potential business opportunities, increased costs of doing business and/or increased cost of capital. Laws, regulations and industry norms play a significant role in controlling the impact of sustainability factors on many industries, particularly in respect of environmental and social factors. Any changes in such measures, such as increasingly stringent environmental or health and safety laws, can have a material impact on the operations, costs and profitability of businesses. A corporate may also suffer the impact of fines and other regulatory sanctions. The time and resources of the corporate's management team may be diverted from furthering its business and be absorbed seeking to deal with the sustainability risk, including changes to business practices and dealing with investigations and litigation. Sustainability risks may also give rise to loss of assets and/or physical loss including damage to real estate and infrastructure. The utility and value of assets held by businesses to which the Fund is exposed may also be adversely impacted by a sustainability risk. Further, certain industries face considerable scrutiny from regulatory authorities, non-governmental organisations and special interest groups in respect of their impact on sustainability, which may cause affected industries to make material changes to their business practices which can increase costs and result in a material negative impact on the profitability of businesses. Such scrutiny may also materially impact the consumer demand for a business's products and services which may result in a material loss in value of an investment linked to such businesses.

Sustainability risks are relevant as both standalone risks and as cross-cutting risks which manifest through many other risk types which are relevant to the assets of the Fund. For example, the occurrence of a sustainability risk can give rise to financial and business risk, including through a negative impact on the creditworthiness of other businesses.

Further information

Further information on the Fund's arrangements and processes regarding the promotion of environmental and social characteristics can be found at https://cqsnewcityequity.com/.