

CQS New City Global Equity

Key Fund Facts

Portfolio Manager
Raphael Pitoun

Legal Structure
UCITS

Domicile
Ireland

Reference Currency
USD

Share Classes
EUR, GBP, USD, CHF

AUM
Firm: \$17.6bn¹
Fund: \$127m²

Risk and Reward Profile



Registered
Ireland

Fund Launch Date
9 May 2019

Depository
State Street Custodial Services
(Ireland) Limited

Administrator
State Street Custodial Services
(Ireland) Limited

Auditor
Ernst & Young

Dealing Frequency Subscriptions
Daily by 1pm Dublin time



All investors should ensure that they have received and read the latest Offering Documentation and Pre-Investment Disclosure document which is available from CQS at clientservice@cqsm.com



Raphael Pitoun
Portfolio Manager

Investment Commentary

The end of the earnings season saw a change in tone from several companies regarding prospects for economic growth. In our view, much depends on a quick resolution of the ongoing trade war as well as Central Banks' following through on previously dovish rhetoric. On the portfolio and research side, we would highlight the following developments:

During the second quarter, Booking.com continued to grow in line with expectations. We are seeing a growing convergence between alternative accommodation on one side and classic hotels on the other. Booking.com continues to invest in both, and is well positioned to take advantage of current trends.

Estee Lauder continues to effectively deploy their direct-to-consumer strategy. The Company raised its guidance for the full year, mainly driven by an increased sell-out in China and the rest of Asia. In parallel, outside the portfolio, Ulta Beauty highlighted a slowdown in the US make up sector, which looks to be having a significant impact on prestigious brands. The sector has been moving towards an influencer-to-consumer model, where distribution channels continue to be disrupted and iconic brands challenged.

In the consumer space, the development of recurring business models accelerate. Nike announced the launch of Nike Adventure Club, a subscription service allowing parents to pay a monthly fee in exchange for regular kids' shoes deliveries. An increasing number of consumers look willing to join paid loyalty programs, specifically for clothes and accessories.

We attended the investor day of Coloplast in London. The growth drivers are clear and the strong innovation pipeline is necessary to fight disinflationary pressure alongside government-driven price cuts. It will be interesting to see how the Company progresses in the US market, where a couple of large hospital contracts will be awarded in the coming months. We also attended the investor day of Idexx in Maine (USA). Management believes that the potential addressable market can grow almost tenfold from the current level thanks to the democratisation of preventive care in the US and rising diagnostics penetration in Europe and Asia. Even slightly discounting this optimism, we think the Company has a long growth runway in front of them. This trip also confirmed to us the Company's strength is in its distribution network, rather than in product differentiation.

The software space was under pressure after the profit warning of Autodesk. The Company highlighted a change in the direction of the business starting in July (Autodesk joins a fairly long list of companies highlighting a more difficult summer). The regions where activity has slowed in particular are Germany, Central Europe and China, which is consistent with local PMIs. Our exposure to the software space is focused on computer assisted design and simulation, where pent up demand, as well as a high levels of recurring revenues should help to mitigate the cycle.

Finally, we were in Japan and visited a few interesting companies, some of which were exceptional in terms of growth potential and innovation. There has also been some progress in terms of corporate governance, even if the standard remains below what we experienced on average in the US or Europe.

Performance Summary²

Share Class	1 Month Return (%)	3 Month Return (%)	6 Month Return (%)	12 Month Return (%)	YTD Return (%)	NAV/Share
F USD Unhedged	-0.41	5.21			3.55	103.552
MSCI World TR USD ³	-2.05	4.93			1.53*	-
F EUR	-0.63	4.45			2.66	102.656
F EUR Unhedged	0.36	6.92			5.63	105.635
F GBP Unhedged	-0.43	9.26			10.73	110.734
F GBP**	-0.59	N/A**			-2.21	97.786
I USD	-0.46	5.09			3.39	103.393
I EUR	-0.66	4.36			2.54	102.539
I EUR Unhedged	0.33	6.82			5.51	105.513
I GBP	-0.64	4.62			2.82	102.818
I GBP Unhedged	-0.48	9.14			10.57	110.574

Source: CQS. Please refer to the important information section for sources relating to relevant footnotes. The Fund may have since exited some/all of the positions detailed in the above commentary. All market data sourced from Bloomberg. *MSCI since CQS New City Global Equity Fund's inception 9 May 2019. **F GBP launched 17 July 2019.

About CQS

CQS is a multi-strategy asset manager founded by Sir Michael Hintze in 1999 and now has \$17.6bn¹ in funds under management. CQS is headquartered in London and has a presence in key global markets.

Fund Description

- Long-only global equities fund with a disciplined, specialist and repeatable process
- Investing in a concentrated portfolio of 20-25 companies listed in the OECD and with a market cap above \$3bn²
- Selection of exceptional companies in terms of quality, growth and predictability
- Targeting 12-15% return p.a. over a full cycle⁴

Investment Philosophy

- Strategy based on the core belief that a small group of performers create the majority of economic value
- Selection of distinctive business models based on customer focus, product and delivery as opposed to brands
- These companies usually combine a high level of innovation and excellent business organisation
- Inclusion of ESG criteria provides an analysis framework to identify sustainable, long term growth

Investment Process

Long term strategy based on an in-depth analysis of each company

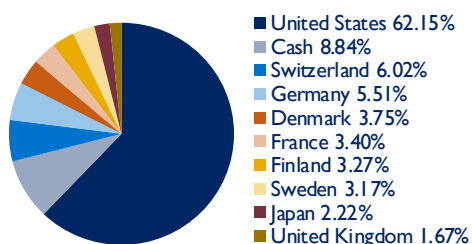
- *Step 1:* Quantitative screening based on multiple criteria including track record and growth
- *Step 2:* Deep dive into the company's products and services, business model, competitive advantages and sustainability
- *Step 3:* Portfolio construction largely based on valuation aspects with a low turnover approach

Risks Involved

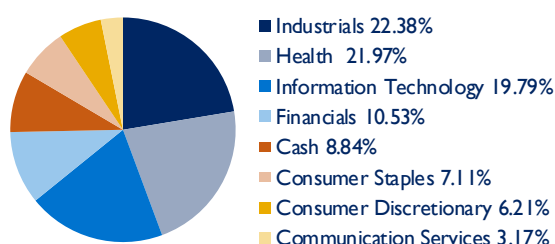
- Investments in global equities are primarily subject to equity and foreign exchange risk

PORTFOLIO ANALYSIS^{2, 5}

Region (% of NAV)



Industry (% of NAV)



Average market capitalisation

	(\$bn)
Portfolio	63

Ownership in portfolio's companies

	Average (%)	Minimum (%)	Maximum (%)
Portfolio	0.02	0.00	0.07

TOP 5 HOLDINGS (Alphabetical Order)^{2,5}

Name	Sector
Abbott Labs	Healthcare
CME Group Inc	Financials
Mastercard Inc	Financials
Rollins Inc	Industrials
Xylem Inc	Industrials

Source: CQS. Please refer to the important information section for sources relating to relevant footnotes.

Key Fund Facts

(continued)

Management Fee

- F: 0.35% p.a.
- I: 0.75% p.a.
- A: 1.50% p.a.
- S: 0.50% p.a.

Minimum Investment Size

- F: €1m or currency equivalent
- I: €1m or currency equivalent
- A: €35,000 or currency equivalent
- S: €30m or currency equivalent

Ongoing Charges/Expenses

- 0.25% (all share classes)

SECURITY NUMBERS

ISIN

F USD*	IE00BJ320L65
F EUR:	IE00BJ320G13
F EUR*:	IE00BJ320F06
F GBP*:	IE00BJ320H20
F GBP:	IE00BJ320J44
I USD:	IE00BJ320Q11
I EUR:	IE00BGVIK036
I EUR*:	IE00BJ320M72
I GBP:	IE00BJ320P04
I GBP*:	IE00BJ320N89

*Unhedged share classes

Bloomberg

F USD*:	CQGEFUH
F EUR:	CQGEFEH
F EUR*:	CQGEFEU
F GBP*:	CQGEFGU
F GBP:	CQGEFGH
I USD:	CQGEIUU
I EUR:	CQGEIEH
I EUR*:	CQGEIEU
I GBP:	CQGEIGH
I GBP*:	CQGEIGU

*Unhedged share classes

REPORTING

Investor Report
Monthly Factsheet

Fiscal Year-End
30 June

PORTFOLIO CHARACTERISTICS

Expected Number of Positions
20 – 25

Maximum Single Issuer
Concentration

10% (UCITS 5/10/40 limit)

IMPORTANT INFORMATION:

Source: ¹CQS estimated as at 1 September 2019. ²CQS and Bloomberg as at 30 August 2019. ³The MSCI World Index is a broad-based global equity index that represents large and mid-cap equity performance across 23 developed market countries. It covers approximately 85% of the free-float adjusted market capitalisation in each country and does not offer exposure to emerging markets. ⁴Target returns are estimated and gross of anticipated fees, expenses and income reinvested. A client's return will be reduced by these fees and other expenses incurred by the management of the fund. They are based on long-term performance projections of the investment strategy and market conditions at the time of modelling and are therefore subject to change. There is no guarantee that any target return can be achieved. Investors should not place any reliance on such target return in deciding whether to invest in the Fund. Target returns are for illustrative purposes only. ⁵Actual allocations at month-end. There is no guarantee that the Fund will invest in this way at all or do so in the same manner as set forth in this factsheet. Figures may not sum to 100 due to rounding. Past performance may not be a reliable guide to future performance. The value of investments can go down as well as up. Please read the important legal notice at the end of this document.

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CQS has offices in London, New York, Hong Kong and Sydney. Our investors include pension funds, insurance companies, sovereign wealth funds, funds of funds, endowments and foundations, and private banks.

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