

# 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

**AUM**  
Firm: \$16.2bn<sup>1</sup>  
Fund: \$136m<sup>2</sup>

### 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



**Raphael Pitoun**  
Portfolio Manager

## Performance Summary<sup>2</sup>

The performance during April 2020 of the CQS New City Global Equity Fund (share class F USD) was 9.4% bringing year to date performance to (6.1%).

## Investment Commentary

The Fund's one year anniversary falls on 9 May and a more detailed letter regarding the strategy, as well as the outlook, is available on request.

The Q1 earnings season shed further light on the stock-specific impact of Covid-19 on potential growth paths, both in the short and long term.

In the short term, early signs of recovery began to appear in some subsectors. In healthcare, elective procedures have slowly begun to resume in certain European countries as well as in some US states. It will take time to absorb the backlog but there remains growing evidence that delaying further, even non urgent procedures, is unsustainable. We would typically expect this to help companies such as Stryker, Abbott or, more marginally, Coloplast. Another example is DIY, it appears that lockdowns, as well as the absence of other spending opportunities, has helped boost the share price of Lowe's (DIY is considered an essential service in many countries). One of the curiosities of this crisis is that big ticket items, such as DIY, appear to be able to better resist than smaller ones. This might be temporary, particularly as pressure on income and unemployment progressively increases.

We are expecting some structural trends to either emerge or experience an acceleration. In our view hygiene becomes a competitive advantage, particularly in retail or in real estate and we see the addressable market significantly increasing in the midterm. Companies in pest control are well positioned to take advantage, given they have the logistical set up and human capital to carry out disinfection services.

The impact of social distancing on electronic payment and ecommerce is also clear, however, we believe that previous habits around cash payments may not return, even after the end of the lockdown, which is a welcome boost for both Mastercard and Visa. Some implications of the pandemic are less obvious; for example, we expect the German construction software Company, Nemetschek, to benefit from the requirement of companies to re-think office organisation, especially helping one of the Company's brands, Spacewell.

We do not invest in energy stocks, however, oil is an important input cost for many companies. The positive implications may not appear in the short term, with airfreight costs increasing and oil exposure often hedged in advance. We would therefore expect any positive impact at the end of the year. For companies with the right level of pricing power, this might become a significant tailwind for the bottom line. Nike is a good example of a powerful brand which will benefit from lower input costs in the midterm.

Finally, we opened a position in Otis which was spun off from United Technologies to become the first listed elevator company in the US. Otis is a world leader in the industry, with prime market share positions and a resilient business model similar to Kone and Schindler. Digitalisation will be an important opportunity for these three market leaders to gain share from the smaller players, given the significant investment required. We would expect a significant amount of value to be delivered as Otis becomes a standalone company, with a greater focus on growth, independent capital allocation, and increased incentives to optimise the cost structure.

## Performance Summary<sup>2</sup>

Share Class	1 Month Return (%)	3 Month Return (%)	6 Month Return (%)	YTD Return (%)	Since Inception Return (%)	NAV/Share
F USD Unhedged	9.35	(7.20)	(1.84)	(6.10)	4.32	104.316
MSCI World TR USD <sup>3</sup>	10.92	(11.89)	(7.29)	(12.43)	(1.42)	-
F EUR	9.09	(7.89)	(3.13)	(6.94)	1.55	101.547
F EUR Unhedged	10.15	(6.00)	(0.07)	(3.85)	6.77	106.769
F GBP Unhedged	7.84	(2.67)	0.91	(1.21)	7.77	107.771
F GBP*	9.10	(8.27)	(3.30)	(7.22)	(3.33)	96.666
I USD	9.33	(7.22)	(1.94)	(6.15)	3.96	103.960
I EUR	9.05	(7.98)	(3.32)	(7.07)	1.16	101.164
I EUR Unhedged	10.12	(6.04)	(0.21)	(3.93)	6.42	106.423
I GBP	9.08	(8.34)	(3.48)	(7.33)	1.36	101.360
I GBP Unhedged	7.82	(2.75)	0.72	(1.33)	7.33	107.328

Signatory of:



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. \*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 \$16.2bn<sup>1</sup> 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 \$3bn<sup>2</sup>
- Selection of exceptional companies in terms of quality, growth and predictability
- Targeting 12-15% return p.a. over a full cycle<sup>4</sup>

### 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

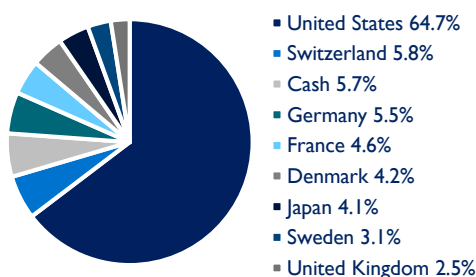
- *Step 1:* Quantitative screening based on multiple criteria including track record and growth
- *Step 2:* Deep dive into the company's products and services, business model, competitive advantages and sustainability
- *Step 3:* Portfolio construction largely based on valuation aspects with a low turnover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

### Risks Involved

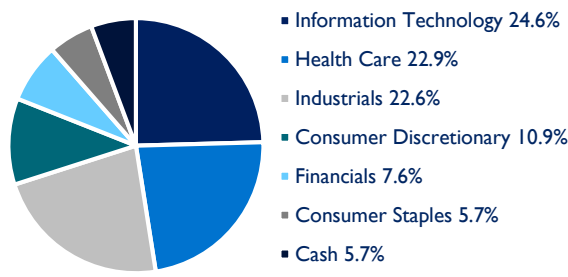
- Investments in global equities are primarily subject to equity and foreign exchange risk

### PORTFOLIO ANALYSIS<sup>2, 5</sup>

#### Region (% of NAV)



#### Industry (% of NAV)



#### Average market capitalisation

	(\$bn)
Portfolio	66.9

#### Ownership in portfolio's companies

	Average (%)	Minimum (%)	Maximum (%)
Portfolio	0.02	0.00	0.04

### TOP 5 HOLDINGS (Alphabetical Order)<sup>2,5</sup>

Name	Sector
Abbott Labs	Health Care
Ansys	Information Technology
Dassault Systemes SA	Information Technology
Lowes Cos	Consumer Discretionary
Nike	Consumer Discretionary

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:**

Important Note: Please note that, whilst we are sending you the April month end Investor Report as part of the regular reporting cycle for the Fund, investors will no doubt be aware of the extreme volatility in World markets since February month end. More than usual the contents of this Investor Report should be treated as subject to material and, potentially significant, change as markets continue to react to current World events.

Source: <sup>1</sup>CQS estimated as at 30 April 2020. <sup>2</sup>CQS and Bloomberg as at 30 April 2020. <sup>3</sup>The 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. <sup>4</sup>Target 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. <sup>5</sup>Actual 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 (UK) LLP**  
4th Floor, One Strand  
London WC2N 5HR  
United Kingdom  
Tel: +44 (0) 20 7201 6900  
Fax: +44 (0) 20 7201 1200

**CQS (US), LLC**  
152 West 57th Street  
40th Floor  
New York  
NY 10019  
United States  
Tel: +1 212 259 2900  
Fax: +1 212 259 2699

**CQS (Hong Kong) Limited**  
1308 One Exchange Square  
8 Connaught Place  
Central, Hong Kong  
China  
Tel: +852 3920 8600  
Fax: +852 2521 3189

**CQS Investment Management (Australia) Pty Limited**  
Level 13  
1 Margaret Street  
Sydney  
NSW 2000  
Australia  
Tel: +61 2 8294 4180

clientservice@cqsm.com  
www.cqs.com

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