

CQS New City North American Equity

Key Fund Facts

Portfolio Manager
Raphael Pitoun

Legal Structure
UCITS

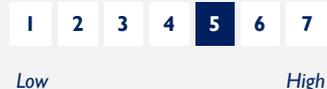
Domicile
Ireland

Reference Currency
USD

Share Classes
EUR, GBP, USD, CHF

AUM
Firm: \$16.2bn¹
Fund: \$34m²

Risk and Reward Profile



Registered
Ireland

Fund Launch Date
4 November 2019

Depositary
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 Summary²

The performance during April 2020 of the CQS New City North American Equity Fund (share class F USD) was 11.1% bringing the year to date performance to (5.8%).

Investment Commentary

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 and Abbott. 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.

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 Summary²

Share Class	1 Month Return (%)	3 Month Return (%)	6 Month Return (%)	YTD Return (%)	Since Inception Return (%)	NAV/Share
F USD	11.13	(6.85)		(5.76)	0.24	100.242
S&P 500 TR USD ³	12.82	(9.26)		(9.29)	(4.45)	-
F GBP	9.60	(2.29)		(0.84)	2.61	102.612
F GBP Hedged	10.82	(7.95)		(6.96)	(1.26)	98.738
F EUR	11.94	(5.65)		(3.50)	1.84	101.836
F EUR Hedged	10.86	(6.92)		(6.00)	(0.42)	99.575
F CHF Hedged	10.86	(7.52)		(6.61)	(1.15)	98.852
I USD	11.09	(6.93)		(5.89)	0.05	100.048
I GBP	9.55	(2.40)		(1.00)	2.36	102.358
I GBP Hedged	10.80	(8.04)		(7.09)	(1.48)	98.524
I EUR	11.90	(5.74)		(3.64)	1.64	101.642
I EUR Hedged	10.83	(7.01)		(6.13)	(0.60)	99.396

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.

Signatory of:



About CQS

CQS is a multi-strategy asset manager founded by Sir Michael Hintze in 1999 and now has \$16.2bn¹ in funds under management. CQS is headquartered in London and has a presence in key global markets.

Fund Description

- Long-only equities fund with a disciplined, specialist and repeatable process
- Investing in a concentrated portfolio of 20-25 companies listed in North America 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

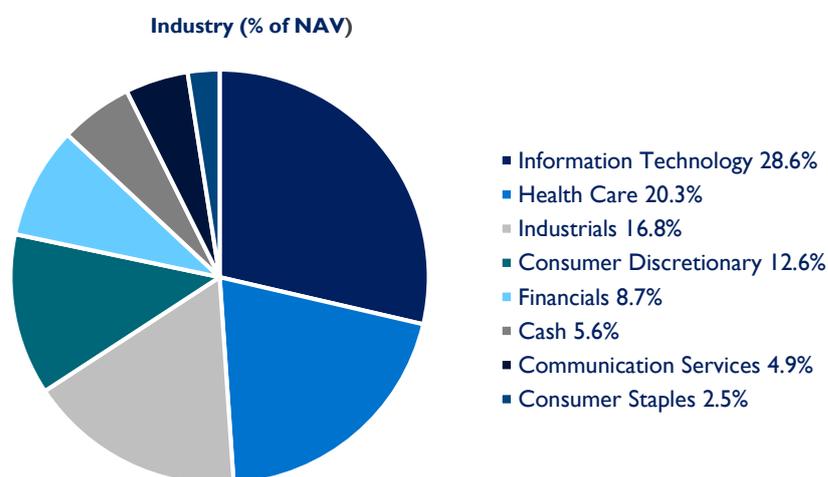
Long term strategy based on an in-depth analysis of each company

- *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 North American equities are primarily subject to equity and foreign exchange risk

PORTFOLIO ANALYSIS^{2, 5}



Average market capitalisation

	(\$bn)
Portfolio	136

Ownership in portfolio's companies

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

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

Name	Sector
Abbott Labs	Health Care
Alphabet	Communication Services
Ansys	Information Technology
Automatic Data Processing	Information Technology
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.

Minimum Investment Size

- F: €1m or currency equivalent
- I: €1m or currency equivalent

Ongoing Charges/Expenses

- 0.25% (all share classes)

SECURITY NUMBERS

ISIN

F USD:	IE00BK6SBM68
F GBP:	IE00BK6SBP99
F GBP*:	IE00BK6SBQ07
F EUR:	IE00BK6SBN75
F EUR*:	IE00BKTN2581
F CHF*:	IE00BKRWWW78
I USD:	IE00BK6SBR14
I GBP:	IE00BK6SBV59
I GBP*:	IE00BK6SBV66
I EUR:	IE00BK6SBS21
I EUR*:	IE00BK6SBT38

*Hedged share classes

Bloomberg

F USD:	CQNAFUU
F GBP:	CQNAFGU
F GBP*:	CQNAFGH
F EUR:	CQNAFEU
F EUR*:	CQNAFEH
F CHF*:	CQNAFCH
I USD:	CQNAIUU
I GBP:	CQNAIGU
I GBP*:	CQNAIGH
I EUR:	CQNAIEU
I EUR*:	CQNAIEH

*Hedged 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: ¹CQS estimated as at 30 April 2020. ²CQS and Bloomberg as at 30 April 2020. ³The S&P 500, or just the S&P, is a stock market index that measures the stock performance of 500 large companies listed on stock exchanges in the United States. It is one of the most commonly followed equity indices, and many consider it to be one of the best representations of the U.S. stock market. 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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PRI Note: PRI is an investor initiative in partnership with UNEP Finance and the UN Global Compact.

About CQS New City Equity

CQS New City Equity is the open-ended equities investment business of CQS. CQS is a multi-strategy asset manager founded in 1999. Our Firm's deep experience allows us to offer solutions for investors across a range of return objectives and risk appetites. CQS is an active asset manager with expertise across corporate capital structures including corporate credit, structured credit, asset backed securities, convertibles, loans and equities. We are committed to delivering performance and high levels of service to our investors.

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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