

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: \$16.9bn¹Fund: \$36m²

Risk and Reward Profile



Low

High

Registered

Ireland

Fund Launch Date

4 November 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 cqsclientservice@cqsm.com



Raphael Pitoun
Portfolio Manager

Performance Summary²

The performance during May 2020 of the CQS New City North American Equity Fund (share class F USD) was 5.70% bringing the year to date performance to (0.39%).

Investment Commentary

May 2020 saw developed economies continue to find support through a number of large, proactive job schemes. With 50% to 75% of US households earning more today than before the crisis, the income effect has been substantial and has combined with a positive wealth effect, with stock markets and housing prices remaining high. In particular, we note positive comments regarding the US housing market from various players in the value-chain, ranging from house builders to real-estate portals and DIY chains. They all mentioned a re-focus of households on their home. This is interesting to observe given that the great housing bubble also started after 9/11 as people reduced travel in the aftermath.

In our view, one of the key determinants of the stock market going forward, will be the way governments wind down the job schemes, and how much permanent job destruction will be left behind. It is encouraging to note that most European governments advocate a gradual phasing out, although the risk of an 'income-cliff' appears to be greater in the US and needs to be monitored.

We would view this as a period of "great illusion", where both of the above mentioned income and wealth effects serve to conceal the severity of unemployment. In our opinion this should be seen as an extraordinary period in economic history.

Meanwhile, as a result of the pandemic, a new reality in terms of corporate and consumer spending continues to emerge. On the corporate side, and contrary to previous recessions, most IT spending is now anything but discretionary, as digital is what continues to keep companies operating and selling.

In our portfolio, we observe the strong resilience of software companies thanks to the development of cloud-based contracts. There are also growing signs that this crisis will lead to an on-shoring of production, particularly in the context of tensions between the USA and China. We do not expect to see companies sacrificing margins, and further expect an increase in the automation of production. This may benefit robotic companies and 'Industry 4.0' solutions.

On the consumer side, it appears that new habits, for example distribution channels and payment methods, will continue post lockdown. Companies note that digitalisation has leaped forward when compared to its pre-Covid trajectory. This is a theme we plan to remain highly exposed to; if China is a guide, there seems to be evidence that social distancing left its mark on individual and corporate behaviour.

Performance Summary²

Share Class	1 Month Return (%)	3 Month Return (%)	6 Month Return (%)	YTD Return (%)	Since Inception Return (%)	NAV/Share
F USD	5.70	6.45	2.07	(0.39)	5.96	105.957
S&P 500 TR USD ³	4.76	3.59	(2.10)	(4.97)	0.10	-
F GBP	7.77	10.50	6.86	6.86	10.59	110.589
F GBP Hedged	5.64	5.26	0.54	(1.71)	4.31	104.308
F EUR	4.25	5.70	1.26	0.60	6.17	106.168
F EUR Hedged	5.10	5.81	0.96	(1.20)	4.66	104.657
F CHF Hedged	5.59	5.66	0.71	(1.39)	4.38	104.381
I USD	5.67	6.33	1.87	(0.56)	5.72	105.720
I GBP	7.72	10.37	6.59	6.64	10.26	110.262
I GBP Hedged	5.61	5.16	0.33	(1.88)	4.05	104.049
I EUR	4.23	5.61	1.07	0.43	5.94	105.942
I EUR Hedged	5.08	5.72	0.77	(1.36)	4.44	104.442

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 \$16.9bn¹ 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

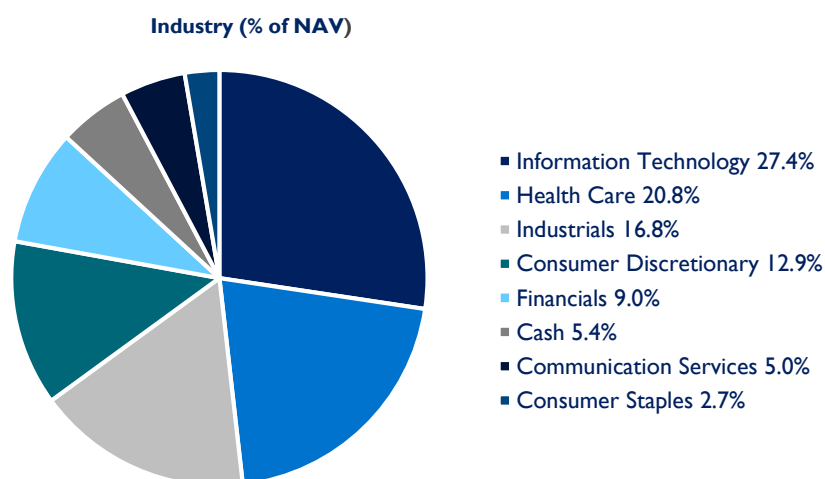
Long term strategy based on an in-depth analysis of each company

- *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	147

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
Accenture	Information Technology
Alphabet	Communication Services
Ansys	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*:	IE00BKRWWVF78
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:

Source: ¹CQS estimated as at 29 May 2020. ²CQS and Bloomberg as at 29 May 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.

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