

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: \$17.7bn¹
Fund: \$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 June 2020 of the CQS New City North American Equity Fund (share class F USD) was 0.57% bringing the year to date performance to 0.17%.

Investment Commentary

Hopes of a V-shaped recovery and continued commitment from Central Banks in terms of liquidity helped the most cyclical companies to perform better than the index. At one point during June, some irrationalities took place such as the planned then aborted equity raising of a company in chapter 11 bankruptcy. Such excesses take place in unprecedented times whereby the various scenarios going forward are highly uncertain, the amount of available liquidity creates financial bubbles and retail investors are particularly active (as this time stimulus money reached households). There is not much focus on idiosyncratic analysis and factor investing rules.

In our view, the main catalysts are the following: the evolution of the virus and the different policy reactions to it, a potential fiscal cliff in some countries (in Europe it seems that budgetary stimulus will be maintained but the US remains a question mark), the US elections and further possible cooperation in the European Union. At this stage, the signals sent by the economy are contrasted. The recovery is evident and strong in some sectors but the continued threat of the virus continues to weigh. We note that air traffic in China is slow to come back despite the end of the lockdown two months ago. The resurgence of the virus in some parts of the US seems to have already impacted travel for the coming weeks. That said, spending has been reallocated to other sectors (DIY is one example) and confidence indicators show that the worst of the crisis is perceived to be behind us.

Regarding the fundamentals of our portfolio companies, the signals appear overall rather supportive. Accenture published strong results. Contrary to previous recessions, the business model of Accenture has been particularly resilient with a book to bill of 1x despite the extraordinary context and the lack of economic visibility which traditionally would push corporate clients to delay large projects.

Nike published results for its last reporting quarter (March to May) which were much lower than expected (also betraying the fact that current circumstances make forecasts unreliable). More structurally, the company wants to accelerate its direct to consumer approach which will help both the pricing power and the company's profit algorithm.

Digital remains a key priority for the portfolio. We expect profit pools to continue to be reallocated towards an increasingly limited number of companies. A position in Adobe, which capitalised on the development of ecommerce and social networks, has been built in that regard after inclusion of the company in the Top50.

We will hold our biannual webcast on Thursday 9 July at 2pm (BST) / 9am (EDT) to discuss 'Themes, Ideas and Portfolio Review'. Please send an email to newcityequity@cqsm.com to register.

Performance Summary²

Share Class	1 Month Return (%)	3 Month Return (%)	YTD Return (%)	Since Inception Return (%)	NAV/ Share
F USD	0.57	18.13	0.17	6.56	106.558
S&P 500 TR USD ³	1.99	20.54	(3.08)	2.09	-
F GBP	0.17	18.32	7.04	10.77	110.774
F GBP Hedged	0.38	17.52	(1.34)	4.70	104.704
F EUR	(0.56)	16.04	0.04	5.57	105.572
F EUR Hedged	0.44	17.03	(0.77)	5.12	105.118
F CHF Hedged	0.40	17.53	(0.99)	4.80	104.800
I USD	0.54	18.02	(0.02)	6.29	106.289
I GBP	0.12	18.16	6.77	10.40	110.397
I GBP Hedged	0.34	17.41	(1.55)	4.40	104.403
I EUR	(0.58)	15.96	(0.15)	5.33	105.325
I EUR Hedged	0.41	16.93	(0.95)	4.87	104.873

Note: Share class launch dates vary.

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 \$17.7bn¹ 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

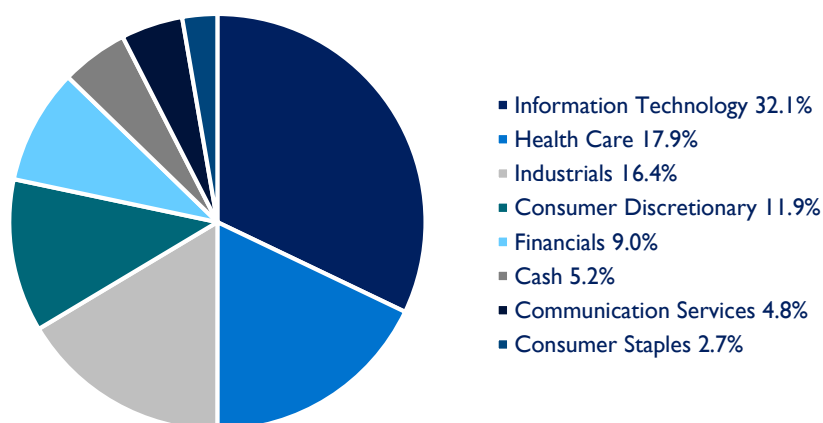
- *Step 1:* Quantitative screening based on multiple criteria including track record and growth
- *Step 2:* Deep dive into the company's products and services, business model, competitive advantages and sustainability
- *Step 3:* Portfolio construction largely based on valuation aspects with a low turnover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

Risks Involved

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

PORTFOLIO ANALYSIS^{2, 5}

Industry (% of NAV)



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
Adobe	Information Technology
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*:	IE00BKRVVWF78
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 30 June 2020. ²CQS and Bloomberg as at 30 June 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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IN LIGHT OF THE ONGOING ECONOMIC AND FINANCIAL MARKET UNCERTAINTY RELATING TO THE COVID-19 PANDEMIC, THE CONTENTS OF THIS DOCUMENT SHOULD BE TREATED AS SUBJECT TO CHANGE AS MARKETS CONTINUE TO REACT TO CURRENT WORLD EVENTS.

PRI Note: PRI is an investor initiative in partnership with UNEP Finance and the UN Global Compact.

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