

## 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: \$18.5bn<sup>1</sup>Fund: \$39m<sup>2</sup>

## 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 &amp; 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](mailto:cqsclientservice@cqsm.com)



**Raphael Pitoun**  
Portfolio Manager

Performance Summary<sup>2</sup>

The performance during July 2020 of the CQS New City North American Equity Fund (share class F USD) was 6.23% bringing the year to date performance to 6.41%.

## Investment Commentary

The month under review was marked by the start of the earnings season. We also noticed that some stocks with stable and long duration earning streams have performed particularly well as expectations of low interest rates become increasingly anchored. We would highlight Rollins and Idexx as beneficiaries, both stocks went up by more than 20% in July and their valuations need to be monitored.

In terms of earnings, stock price reactions were sometimes sharp as expectations were unusually broad given the context. Regarding the long term outlook for the companies in the portfolio, we would highlight the following:

- We are encouraged by the fact that Xylem continued to execute on its strategy with the signing of meaningful contracts (one contract to deploy digital solutions for a UK utility and another one in India) despite the difficult environment
- Some business models demonstrated a high level of resilience thanks to the importance and/or quality of their products. The elevator maker Otis resisted well as maintenance revenues held up. This may help the ratings of these companies down the road
- We did not notice a lot of price concessions which is helpful even for the companies such as Automatic Data Processing which were significantly hit by the increase in the jobless rate
- Demand for IT services continues unabated as Cognizant confirmed the strong business momentum reported by Accenture previously. Contrary to previous crises, technology and consulting spending are not discretionary anymore but vital to adapt to the environment

As far as ESG is concerned, we continued our campaign to raise awareness on carbon emissions disclosure. 80% of the companies in our investible universe report CO<sub>2</sub> data. We wrote to the remaining ones to request disclosure as well, highlighting how important this is both from an investment and environmental sustainability perspective.

Performance Summary<sup>2</sup>

Share Class	1 Month Return (%)	3 Month Return (%)	YTD Return (%)	Since Inception Return (%)	NAV/Share
F USD	6.23	12.92	6.41	13.19	113.193
S&P 500 TR USD <sup>3</sup>	5.64	12.87	2.38	7.85	-
F GBP	0.66	8.67	7.75	11.51	111.510
F GBP Hedged	6.09	12.50	4.67	11.09	111.085
F EUR	1.29	5.01	1.33	6.94	106.938
F EUR Hedged	6.08	11.98	5.26	11.50	111.504
F CHF Hedged	6.07	12.45	5.02	11.16	111.164
I USD	6.20	12.82	6.17	12.88	112.876
I GBP	0.62	8.52	7.43	11.08	111.083
I GBP Hedged	6.05	12.38	4.41	10.72	110.721
I EUR	1.26	4.93	1.10	6.65	106.649
I EUR Hedged	6.03	11.88	5.02	11.20	111.202

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 \$18.5<sup>1</sup> 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 \$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

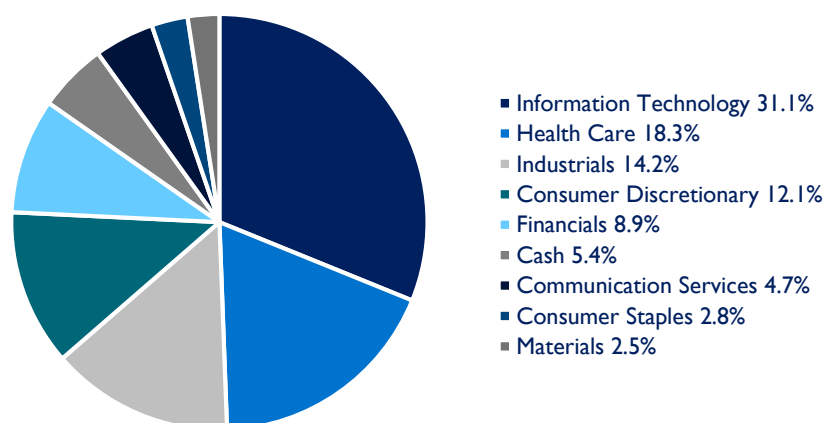
- *Step 1:* Quantitative screening based on multiple criteria including track record and growth
- *Step 2:* Deep dive into the company's products and services, business model, competitive advantages and sustainability
- *Step 3:* Portfolio construction largely based on valuation aspects with a low turnover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

## Risks Involved

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

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

Industry (% of NAV)



### Average market capitalisation

	(\$bn)
Portfolio	147.8

### Ownership in portfolio's companies

	Average (%)	Minimum (%)	Maximum (%)
Portfolio	0.00	0.00	0.01

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

Name	Sector
Accenture	Information Technology
Adobe	Information Technology
Ansys	Information Technology
Cognizant Technology	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: <sup>1</sup>CQS estimated as at 31 July 2020. <sup>2</sup>CQS and Bloomberg as at 31 July 2020. <sup>3</sup>The 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. <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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**PRI Note:** PRI is an investor initiative in partnership with UNEP Finance and the UN Global Compact.

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