

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: \$21.0bn¹Fund: \$66.1m²

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 March 2021 of the CQS New City North American Equity Fund (share class F USD) was 2.46% bringing year to date performance to 0.66%.

Investment Commentary

We continue to believe that the equity market is in a dangerous zone as excess liquidity leads to a divorce with fundamentals in certain corners of the market. We would highlight the following developments (a) an increasing proportion of investment decisions are taken without having valuation in mind (retail investors, most thematic funds and ETFs...) (b) the democratisation of leverage among family offices and the usage of derivatives by retail investors contribute to the creation of bubbles (c) the birth of new asset classes and financial innovation such as, respectively, cryptocurrencies and the multiplication of SPACs alert on the level of bullishness among investors.

We note that over the last few weeks some signs have emerged that this ecosystem was in jeopardy with the collapse of a large family office, the difficulties of certain SPACs and a more discerning IPO market. At first view, we do not expect a large systemic risk to materialise as the burst of equity bubbles often leads to short crises compared to debt-driven crises. That being said, as liquidity injection decreases at the margin and more supervision about leverage is implemented, equities with the largest discrepancies between fundamentals and valuation continue to be at risk of further correction.

On our side, we remain highly disciplined in the implementation of the strategy and continue to focus on companies with the right mix of growth prospects and valuation appeal. We would note the following points: because of the polarisation of investors on certain types of stocks, some companies bare a valuation similar to pre-Covid while the crisis has largely expanded their growth and return prospects over the long term (for example, Ecolab); there are large discrepancies between the valuation of recently IPO-ed companies and less recent companies despite a similar profile, we expect these anomalies to be corrected (for example, AirBnB versus Booking); we continue to focus on companies with the right amount of innovation and investments as ultimately it will help pricing power, which is at the core of a company's valuation (such as, Otis, Graco), particularly if inflation is somewhat stronger than in the past; and ultimately most of the secular trends discussed in the market open opportunities but need to be carefully articulated in terms of stock selection. For example, in terms of electric vehicles, we favour companies which are exposed to different OEMs rather than OEMs themselves (such as Ansys). In addition, liquidity is of paramount importance as dislocation risks increase.

In parallel, during the month of March, we note that the first phase of the SFDR regulation has been implemented. We believe that the next phases of the implementation particularly taxonomy may lead to a concentration of equity funds on a limited number of stocks and an increase in the cost of capital for companies poorly ranked in terms of ESG. Please note that the CQS New City North American Equity fund is an article 8 fund.

Please note that the SRRI rating level was incorrectly reported for the Fund in each monthly report since February 2020. The correct rating level for these reports was "6".

Performance Summary²

Share Class	1 Month Return (%)	YTD Return (%)	12 Month Return (%)	2020 Return (%)	Since Inception Return (%)	NAV/Share
F USD	2.46	0.66	49.56	25.99	34.91	134.906
S&P 500 TR USD ³	4.38	6.17	56.35	18.40	32.42	-
F GBP	3.57	(0.14)	34.72	22.06	26.14	126.135
F GBP Hedged	2.40	0.53	47.91	23.53	31.78	131.782
F EUR	5.46	4.84	40.68	15.67	27.98	127.983
F EUR Hedged	2.32	0.40	46.85	24.02	31.89	131.895
F CHF Hedged	2.28	0.27	47.06	23.55	31.13	131.134
I USD	2.42	0.54	48.93	25.48	34.13	134.129
I GBP	3.54	(0.22)	34.19	21.52	25.37	125.374
I GBP Hedged	2.36	0.41	47.31	23.02	30.99	130.992
I EUR	5.43	4.74	40.11	15.19	27.27	127.267
I EUR Hedged	2.29	0.30	46.27	23.52	31.18	131.178

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 \$21.0bn¹ 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

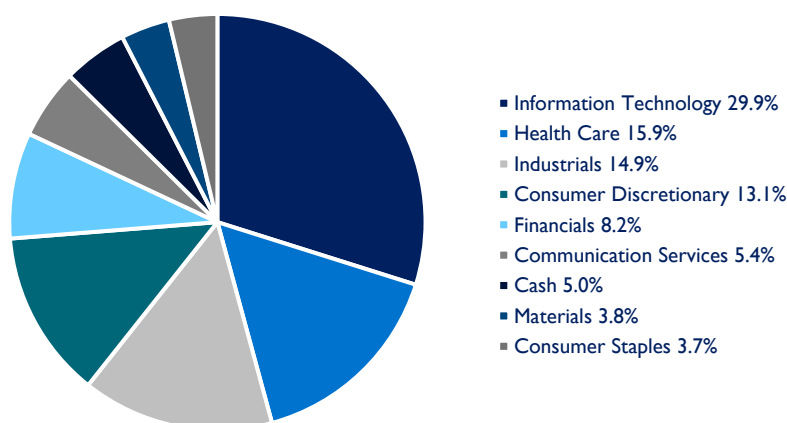
- *Step 1:* Quantitative screening based on multiple criteria including track record and growth
- *Step 2:* Deep dive into the company's products and services, business model, competitive advantages and sustainability
- *Step 3:* Portfolio construction largely based on valuation aspects with a low turnover 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	182.7

Ownership in portfolio's companies

Average (%)	Minimum (%)	Maximum (%)
0.01	0.00	0.04

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

Name	Sector
Accenture	Industrial Goods & Services
Alphabet	Information Technology
CME	Financial Services
Cognizant Technology	Information Technology
Otis	Industrial Goods & Services

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:	IE00BK6BS21
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 31 March 2021. ²CQS and Bloomberg as at 31 March 2021. 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.

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 and Hong Kong. Our investors include pension funds, insurance companies, sovereign wealth funds, funds of funds, endowments and foundations, and private banks.

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