

## CQS New City Global Equity

## Key Fund Facts

**Portfolio Manager**  
Raphael Pitoun

**Legal Structure**  
UCITS

**Domicile**  
Ireland

**Reference Currency**  
USD

**Share Classes**  
EUR, GBP, USD, CHF

**AUM**  
Firm: \$18.6bn<sup>1</sup>  
Fund: \$143m<sup>2</sup>

## Risk and Reward Profile



**Registered**  
Ireland

**Fund Launch Date**  
9 May 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 [clientservice@cqsm.com](mailto:clientservice@cqsm.com)



**Raphael Pitoun**  
Portfolio Manager

## Investment Commentary

Earnings season was marked by sharp and, in our view, frequently unwarranted share price reactions (in both directions) which often swiftly corrected. Amongst the most notable publications, we would highlight the following:

**Nemetschek:** Delivered strong revenue growth of around 20% in the third quarter which was geographically broad based. The Company is now looking to achieve the high-end of its revenue guidance for the full year. Significant progress has been made on margins but these remain below peers, as the Company continues to invest in growth, particularly in the US.

**Dassault Systemes:** Posted disappointing license revenue growth for the third quarter, affected by a slowdown in demand from automotive clients and the slippage of some large contracts. Interestingly, the market was pretty sanguine about this miss. In the past, investors saw license growth as a critical indicator but this has been overshadowed by recurring revenue growth, which is supposed to lower churn and increase the overall resilience of the business model in more difficult times.

**Rollins:** Published strong results with resumption of top line growth, believed to be weather driven. The Company continues to execute on its hybrid business model of organic growth and small to mid-size acquisitions. The industry remains fragmented and in our view Rollins has the right positioning to continue to gain share.

**Xylem:** Revised its guidance down for the full year, driven by a slowdown in the short-cycle industrial market. The Company also blamed some labour shortages for contract delays in the utilities and commercial construction segments. The Company remains well positioned to take advantage of positive secular trends in water infrastructure.

**Straumann:** Increased its full year guidance as it continued to roll out innovations in the value and premium segments. The pricing environment in the US market became more favourable as its competitor, Envista, pulled back on recent promotions. Finally, in the aligner market, Straumann continues to progress, albeit remaining a challenger.

**Live Nation:** Within Q3 results, the concert side of the business was not up to expectations, although the ticketing and advertising divisions came out better than expected. The miss on the concert side is not particularly alarming, as the revenues depend on the timing of some major shows and the resilience in the ticketing activity provides a positive leading indicator for the coming quarters.

In non-results related news, the CEO of Nike, Mark Parker, will be replaced by John Donahoe. Parker will continue to be Executive Chairman and lead the Board of Directors. Donahoe has served on the Nike board since 2014 and has strong expertise in digital commerce, acquired at eBay and ServiceNow. This should be a smooth transition and Donahoe will help Nike accelerate its transition to digital.

The launch date for the CQS New City North American Equity Fund is November 5. The Fund is focused on North American stocks, using the same philosophy and process as our Global Fund.

Performance Summary<sup>2</sup>

Share Class	1 Month Return (%)	3 Month Return (%)	6 Month Return (%)	12 Month Return (%)	YTD Return (%)	NAV/Share
F USD Unhedged	2.98	2.20			6.27	106.267
MSCI World TR USD <sup>3</sup>	2.54	2.58			6.33*	-
F EUR	2.70	1.48			4.83	104.830
F EUR Unhedged	0.65	1.51			6.84	106.839
F GBP Unhedged	-2.15	-3.97			6.80	106.802
F GBP**	2.78	1.63			-0.03	99.969
I USD	2.94	2.07			6.02	106.022
I EUR	2.66	1.38			4.64	104.642
I EUR Unhedged	0.62	1.41			6.65	106.652
I GBP	2.74	1.49			5.01	105.015
I GBP Unhedged	-2.19	-4.10			6.56	106.558

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. \*MSCI since CQS New City Global Equity Fund's inception 9 May 2019. \*\*F GBP launched 17 July 2019.

### About CQS

CQS is a multi-strategy asset manager founded by Sir Michael Hintze in 1999 and now has \$18.6bn<sup>1</sup> in funds under management. CQS is headquartered in London and has a presence in key global markets.

### Fund Description

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

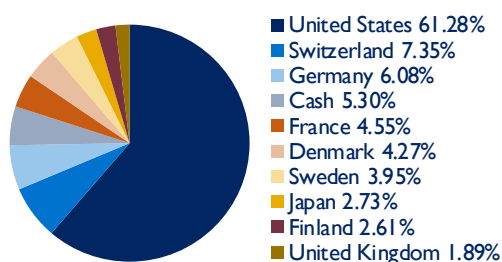
- *Step 1:* Quantitative screening based on multiple criteria including track record and growth
- *Step 2:* Deep dive into the company's products and services, business model, competitive advantages and sustainability
- *Step 3:* Portfolio construction largely based on valuation aspects with a low turnover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

### Risks Involved

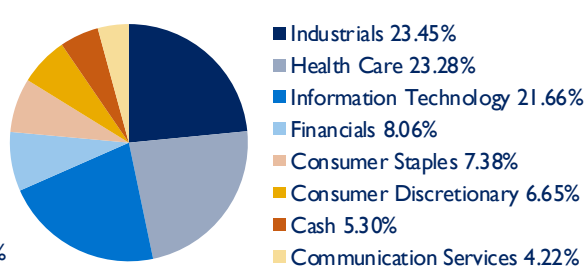
- Investments in global equities are primarily subject to equity and foreign exchange risk

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

#### Region (% of NAV)



#### Industry (% of NAV)



#### Average market capitalisation

	(\$bn)
Portfolio	66

#### Ownership in portfolio's companies

	Average (%)	Minimum (%)	Maximum (%)
Portfolio	0.02	0.00	0.06

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

Name	Sector
Abbott Labs	Healthcare
CME Group Inc	Financials
Mastercard Inc	Financials
Straumann	Healthcare
Xylem Inc	Industrials

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.
- A: 1.50% p.a.
- S: 0.50% p.a.

#### Minimum Investment Size

- F: €1m or currency equivalent
- I: €1m or currency equivalent
- A: €35,000 or currency equivalent
- S: €30m or currency equivalent

#### Ongoing Charges/Expenses

- 0.25% (all share classes)

### SECURITY NUMBERS

#### ISIN

F USD*:	IE00BJ320L65
F EUR:	IE00BJ320G13
F EUR*:	IE00BJ320F06
F GBP*:	IE00BJ320H20
F GBP:	IE00BJ320J44
I USD:	IE00BJ320Q11
I EUR:	IE00BGVIK036
I EUR*:	IE00BJ320M72
I GBP:	IE00BJ320P04
I GBP*:	IE00BJ320N89

\*Unhedged share classes

#### Bloomberg

F USD*:	CQGEFUH
F EUR:	CQGEFEH
F EUR*:	CQGEFEU
F GBP*:	CQGEFGU
F GBP:	CQGEFGH
I USD:	CQGEIUU
I EUR:	CQGEIEH
I EUR*:	CQGEIEU
I GBP:	CQGEIGH
I GBP*:	CQGEIGU

\*Unhedged 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 1 November 2019. <sup>2</sup>CQS and Bloomberg as at 31 October 2019. <sup>3</sup>The MSCI World Index is a broad-based global equity index that represents large and mid-cap equity performance across 23 developed market countries. It covers approximately 85% of the free-float adjusted market capitalisation in each country and does not offer exposure to emerging markets. <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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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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