

CQS New City High Yield Fund

(as at 31 March 2017)



FACTSHEET | APRIL 2017

Fund Details

Launch Date

- October 2004

Statistics

Total Gross Assets¹

- £237.6m

Ordinary Share¹

- Net Asset Value: 58.49p
- Mid-Market Price: 62.50p

Yield (estimated)¹

- 6.98%

Gearing¹

- 10.38%

Premium¹

- 6.86%

Annual Management Fee

- 0.8% p.a. on assets up to £200 million
- 0.7% p.a. on assets over £200 million
- Bloomberg: NCYF LN
- Reuters: NCYF.L
- Sedol: B1LZS51 GB

Financial Times
(Investment Companies)

Financial Calendar

Year End

- 30 June

Annual Report and Accounts Published

- October

AGM

- December

Dividends

- 2007/08 Total 3.57p
- 2008/09 Total 3.65p
- 2009/10 Total 3.75p
- 2010/11 Total 3.87p
- 2011/12 Total 4.01p
- 2012/13 Total 4.10p
- 2013/14 Total 4.21p
- 2014/15 Total 4.31p
- 2015/16 Total 4.36p

2016/17

- 0.98p 1st interim:
Paid 30 November 2016
- 0.98p 2nd interim:
Paid 28 February 2017

Investment Objectives

To provide investors with a high dividend yield and the potential for capital growth by investing mainly in high yielding fixed interest securities.

Investment Manager Comment²

In the United Kingdom, the growth spurt following the Brexit vote continued, albeit at a slower pace. Weaker consumer spending was a key cause of slower growth in the service sector, suggesting that household budgets are starting to crack under the strain of higher prices and weak wage growth.

Inflation data for February reached 2.3%, with the Bank of England forecasting 2.8% for next year; this we believe can only put more strain on both retailers and consumers alike. The February retail sales figure of +1.4% was below most forecasters predictions, however this may partially be due to the recent phenomenon of both Black Friday and pre-Christmas sales moving purchases forward to November and December, rather than January and February.

The formal process of Brexit was triggered, with 29 March being the starting gun for two years of hard negotiations to finalise terms for departure and future relationship. It is of no surprise that media scaremongering is already in full effect.

The US economy continued to strengthen with the Q4 productivity figures up 1.3% and a non-farm payroll gain of 235,000 jobs in February. This statistic along with other recent positive economic data encouraged the Federal Reserve Bank to raise rates by 0.25% to 0.75%, with an additional two rate hikes forecasted by year-end.

On the political front, President Trump suffered a defeat in his efforts to repeal Obamacare without even a single vote being cast. This may give some of his political opponents hope that some of his more drastic policies can be defeated in the future.

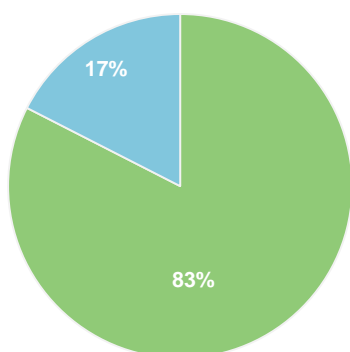
Away from the political turmoil in Europe caused by Brexit and various national elections in the near future, Germany, the engine room of Europe was in a more confident place and the strengthening economy was evidenced by the inflation figure reaching 2.2% and the German Markit/CIPS PMI survey reaching its highest point since May 2011 at 56.8, up from 56.4 in February. The broader IHS Eurozone Manufacturing PMI survey is also up at 55.4 from 55.2 the previous month, evidence of a more robust recovery in Europe despite the political uncertainty.

For the Company's portfolio, the holding in Punch Taverns 7.75% 2025 was increased, while the holding of Falcon 9% 2020 was sold 2.25 points above its potential call price in July this year. Proceeds were reinvested into Dounreay Tri 10% 2020, a new issue in the offshore wind generation sector.

Ordinary Share and NAV Performance³

	1 Month (%)	3 Months (%)	1 Year (%)	3 Year (%)	5 Year (%)	From 29 October 2004 (%)
NAV	(0.39)	3.59	14.62	17.91	47.79	190.69
Share Price	1.82	7.36	20.57	17.85	44.25	216.90

Source: ¹R&H Fund Services Limited, as at 31 March 2017. ²All market data sourced from Bloomberg unless otherwise stated. Returns quoted in local currencies unless otherwise stated. The Company may have since exited some / all of the positions detailed in this commentary. ³R&H Fund Services Limited, total return performance based on bid prices. These include historic returns and past performance is not a reliable indicator of future results. The value of investments can go down as well as up. Please read the important legal notice at the end of this document.

Breakdown by Asset Class¹

■ Fixed Income ■ Convertibles/Equities/Preference

Top 10 Holdings (%)¹

Unique Pub Finance	7.395%	28/03/2024	3.2
Galaxy Finco	7.875%	15/11/2021	2.9
Garfunkelux Holdco	11%	01/11/2023	2.7
PizzaExpress Financing	8.625%	01/08/2022	2.7
Rea Finance	8.75%	31/08/2020	2.6
Trafigura Beheer	7.625%	29/10/2049 VAR PERP	2.5
Barclays Bank	7%	15/09/2019	2.4
Partnership Assurance	9.5%	24/03/2025	2.3
Balfour Beatty	10.75%	Pref Shares	2.1
SAS AB PRF			2.1
Top 10 Holdings Represent			25.3

The Company has exposure to 129 issues.
All holdings data are rounded to one decimal place. Total may differ to sum of constituents due to rounding.

AIFMD Leverage Limit Report (% NAV)

	Gross Leverage (%) ⁴	Commitment Leverage (%) ⁵
CQS New City High Yield Fund	112	110

⁴Source: CQS, as at 31 March 2017. For methodology details see Article 4(3) of Directive 2011/61/EU (AIFMD) and Articles 6, 7, 9 and 10 of Delegated Regulation 231/2013.

⁵Source: CQS, as at 31 March 2017. For methodology details see Article 4(3) of Directive 2011/61/EU (AIFMD) and Articles 6, 8, 9, 10 and 11 of Delegated Regulation 231/2013.

Investment Manager Information

Ian Francis has day-to-day responsibility for managing the Company's portfolio and is supported by the New City team.

Capital History

The Company was established on 7 March 2007 and has 397,951,858 Ordinary Shares in issue. There are 33,427,441 Ordinary Shares in Treasury which means that the number of voting rights in the Company is 364,524,417. The Company is the successor to New City High Yield Trust plc, which transferred all of its assets to the Company on 7 March 2007 to increase the amount of distributable income and improve investment flexibility. Shareholders received the same number of shares in the new company as they held in the old. On 17 March 2014, the Company allotted 7,150,000 new ordinary shares of no par value, by way of a tap issue at a price of 64.25p per share. On 21 March 2014, the Company allotted 9,137,910 new ordinary shares of no par value, by way of a tap issue at a price of 64.56p per share. On 8 April 2014, the Company allotted 2,850,000 new ordinary shares of no par value, by way of a tap issue at a price of 65.00p per share. On 1 May 2014, the Company allotted 6,500,000 new ordinary share of no par value, by way of a tap issue at a price of 63.92p per share.

On 2 May 2014, the Company allotted 3,000,000 new ordinary shares of no par value, by way of a tap issue at a price of 64.00p per share. On 4 November 2014, the Company allotted 13,893,632 new ordinary shares of no par value, by way of a tap issue at a price of 62.00p per share. On 6 February 2015, the Company allotted 11,250,000 new ordinary shares of no par value, by way of a tap issue at a price of 60.50p per share. On 30 March 2015, the Company allocated 26,272,622 new ordinary shares of no par value, by way of a placing and offer at a price of 61.7p per share. On 17 April 2015, the Company allocated 13,081,682 new ordinary shares of no par value, by way of a placing and offer at a price of 62.0p per share. On 23 November 2015, the Company allocated 5,870,940 new ordinary shares of no par value, by way of a placing and offer at price of 58.50p per share.

On 4 March 2016 the Company repurchased 36,177,441 Ordinary Shares which have been placed into Treasury. On 9 August 2016, the Company completed the sale of 1,750,000 ordinary shares out of Treasury at a price of 57.87p per share. On 29 March 2017 the company completed the sale of 1,000,000 ordinary shares of Treasury at a price of 57.87p per share. The issued capital now totals 397,951,858 ordinary shares but the Treasury shares do not count towards the voting rights of the Company which is 364,524,417 ordinary shares.

NCIM Investment Team

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Investec Investment Banking
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Cantor Fitzgerald Europe
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Singers
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Cazenove
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