

# City Natural Resources High Yield Trust

(as at 31 August 2018)

FACTSHEET | September 2018

## Launch Date

- August 2003

## Total Gross Assets

- £120.2m

## Ordinary Share

- Net Asset Value (bid price): 128.44p
- Mid-Market Price: 106.00p

## Yield (estimated)

- 5.28%

## Gearing

- 14.41%

## Discount

- (17.47%)

## Annual Management Fee

- 1.2% p.a. (on adjusted net assets)

## 3.5% Convertible Unsecured Loan Stock 2018 ("CULS")

- Mid-Market Price: 99.75p

## Ordinary Shares

- Bloomberg: CYN LN
- Reuters: CYN.L
- Sedol: 0035392

## CULS

- Bloomberg: CYNLN
- Reuters: GBB6YVTS1=RRPS
- Sedol: B6YVTS1

Financial Times  
(Investment Companies)

## Capital Structure

### Ordinary shares:

- 66,888,111

### CULS at nominal value:

- £34,511,074

### Net Assets:

- £85,909,512

Structural gearing is provided by the 3.5% CULS 2018.

At 31 August 2018, gearing stood at 14.41%. The Company held £21.9m of cash.

## Financial Calendar

### Year End

- 30 June

### Results Announced

- Finals: October
- Interims: February

### AGM

- November

### Ordinary Share Dividends

- 2012/13 Total 5.50p
- 2013/14 Total 5.60p
- 2014/15 Total 5.60p
- 2015/16 Total 5.60p
- 2016/17 Total 5.60p

### 2017/18

- 0.86p 1<sup>st</sup> interim: Paid 24 November 2017
- 0.86p 2<sup>nd</sup> interim: Paid 28 February 2018
- 0.86p 3<sup>rd</sup> interim: Paid 25 May 2018
- 0.40p 3<sup>rd</sup> interim (additional): Paid 22<sup>nd</sup> June 2018

## Investment Objective

The investment objective of the Company is to provide shareholders with capital growth and income predominantly from a portfolio of mining and resource equities, and of mining, resource and industrial fixed interest securities.

## Investment Manager Comment<sup>2</sup>

Trade war concerns continued to dominate commodity and currency markets and this weighed on the Fund NAV, which declined 5.3%.

Trump authorised the doubling of tariffs on Turkey for both Steel and Aluminium, to 50% and 20% respectively, weighing on the Turkish Lira.

China responded to the threat of escalating tariffs by announcing on state media that the nation is ready to endure the economic fallout, this has been followed through with easing measures on both property and lending to support the economy. A Chinese delegation visited the US but was unable to reach a basis for agreement, as a result of which, the US implemented tariffs on a further \$16bn of imports, taking the total value of Chinese imports subjected to tariffs to \$50bn.

The US also stepped up sanctions against Russia, despite Rusal warning of catastrophe if US sanctions aren't lifted, with some production to be halted by September prompting possible inventory purchasing by the Russian government. The impact of tariffs are just beginning to be felt in the real economy, with some data beginning to show a softening and even US based companies, such as Alcoa, warning of the negative impact on their businesses.

Oil was soft as trade concerns weighed. The US re-implemented sanctions on Iran after President Rouhani spurned a no preconditions meeting. China still refuses to cut Iranian crude imports but, in a consolatory move, they did agree not to increase them. The Saudi Royal Court instructed Aramco to acquire the Public Investment Fund's 70% stake in Saudi petrochemicals maker SABIC, which could raise \$70bn for the fund by moving money from one state entity to another. This prompted speculation that the Aramco IPO could be deferred, although Saudi Arabia rebutted this and insisted that it remains committed to the IPO.

## Ordinary Share and NAV Performance<sup>3</sup>

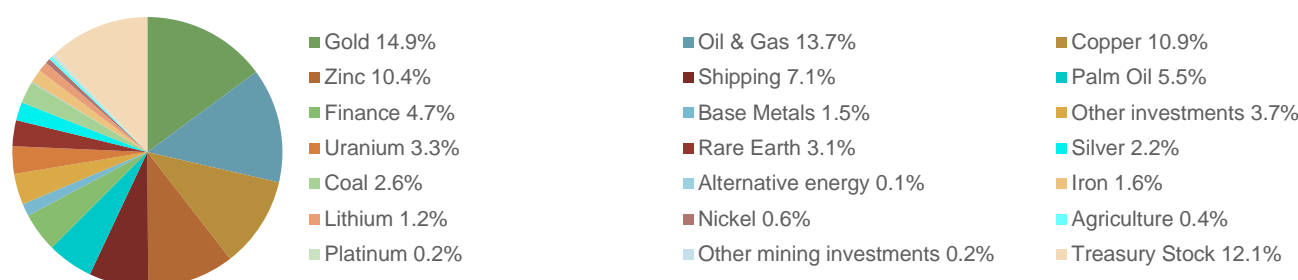
	1 Month (%)	3 Months (%)	6 Months (%)	1 Year (%)	3 Year (%)	5 Year (%)	From 1 August 2003 (%)
NAV	(5.26)	(10.21)	(11.96)	(8.06)	42.31	(8.03)	271.38
Share Price	(5.57)	(10.16)	(8.21)	(3.81)	46.81	(9.78)	219.59
Benchmark	(6.10)	(6.48)	(2.45)	(3.90)	67.02	24.22	276.69

Source: <sup>1</sup>Maitland Administration Services (Scotland) Limited, as at 31 August 2018. <sup>2</sup>All market data sourced from Bloomberg unless otherwise stated. All returns quoted in local currency unless otherwise stated. The Company may since have exited some or all of the positions detailed in the commentary. <sup>3</sup>Maitland Administration Services (Scotland) Limited, total return performance. The Company's investment benchmark is 80 per cent. Euromoney Global Mining Index (sterling adjusted) and 20 per cent. Credit Suisse High Yield Index (sterling adjusted). Performance data is calculated from 1 August 2003 (total return basis). 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.

Top 20 Holdings (%)<sup>4</sup>

	% of Portfolio		% of Portfolio
First Quantum Minerals <sup>5</sup>	6.3%	Independence	2.2%
Trevali Mining	5.2%	BW LPG	2.2%
Rea Holdings <sup>6</sup>	5.0%	Tizir 9.5% 19/07/2022	2.0%
Ascendant Resources <sup>7</sup>	4.9%	Goodbulk	1.9%
Hurricane Energy <sup>8</sup>	3.8%	Americas Silver <sup>9</sup>	1.8%
UK Treasury Bill 0% 05/11/2018	2.8%	Ero Copper	1.8%
Metals X	2.7%	Bluewater Holding 10% 10/12/2019	1.8%
Arch Coal	2.6%	UK Treasury Bill 0% 29/10/2018	1.8%
West African Resources	2.5%	UK Treasury Bill 0% 19/11/2018	1.8%
UK Treasury Bill 0% 21/01/2019	2.2%	Jacktel 7% 09/07/2019	1.7%
<b>Top 10 holdings represent:<sup>10</sup></b>	<b>38.0%</b>	<b>Top 20 holdings represent:<sup>10</sup></b>	<b>57.0%</b>

The Company has exposure to 142 issues.

Sector Split (as at 31 August 2018)<sup>10</sup>

## AIFMD Leverage Limit Report (% NAV)

	Gross Leverage (%) <sup>11</sup>	Commitment Leverage (%) <sup>12</sup>
City Natural Resources High Yield Trust	123	131

Source: <sup>4</sup>Maitland Administration Services (Scotland) Limited, as at 31 August 2018. <sup>5</sup>Includes First Quantum equity valued at £6,512,313 and First Quantum CLN 7.5% 01/04/2025 valued at £742,841. <sup>6</sup>Includes REA Holdings 9% Cum Pref Shares valued at £5,122,932 and REA Finance 8.75% 31/08/20 valued at £500,000. <sup>7</sup>Includes Ascendant Resources equity valued at £5,348,696 and warrants valued at £206,609. <sup>8</sup>Includes Hurricane Energy equity valued at £726,168 and Hurricane Energy Convertible 7.5% 24/07/2022 valued at £3,596,042. <sup>9</sup>Includes Americas Silver equity valued at £1,889,277 and Americas Silver warrants valued at £180,945. <sup>10</sup>All holdings data are rounded to one decimal place. Totals may therefore differ to sum of constituents. <sup>11</sup>CQS, as at 31 August 2018. 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. <sup>12</sup>CQS, as at 31 August 2018. 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.

### Issued Share Capital

Ordinary shares of 25p: 66,888,111                      3.5% CULS 2018: £34,511,074 nominal

### Investment Manager Information

Ian Francis, Keith Watson and Robert Crayfourd have day-to-day responsibility for managing the Company's portfolio.

### Capital History

4 November 1994 20,000,000 ordinary shares of 25p each placed in Aberdeen Latin American Trust at 100p with 4,000,000 warrants attaching, each conferring the right to subscribe for one ordinary share of 25p for 100p. Following the June 2003 EGM, when the Company's name changed to City Natural Resources High Yield Trust, on 31 October 2003, 42,857,143 new shares were admitted to the London Stock Exchange by means of a placing at 70p each, with the subscription price for warrants being changed to 85p. 18,500 warrants were exercised in 2006, 10,000 warrants were exercised in 2007 and a further 38,586 warrants were exercised in 2008.

The final exercise date for the warrants was 31 October 2009. On 11 November 2009 3,932,914 ordinary shares of 25p each were admitted to the Official List following the exercise of 3,932,914 warrants. Trading on these additional shares commenced on 13 November 2009.

On 26 September 2011 the Company issued £40,000,000 nominal of 3.5% Convertible Unsecured Loan Stock 2018 ('CULS'). Holders of CULS are entitled to receive interest at a rate of 3.5% per annum payable semi-annually on 30 April and 30 September each year. Upon redemption CULS holders are entitled to repayment of the principal amount and any outstanding interest. CULS may be converted into ordinary shares on 30 April and 30 September each year; the conversion price will be 377.18p nominal CULS for one ordinary share.

As at 31 August 2018 there were 66,888,111 ordinary shares in issue and £34,511,074 nominal of CULS.

#### NCIM Investment Team

Ian ('Franco') Francis  
Keith Watson  
Rob Crayfourd

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#### Company Broker

**Cantor Fitzgerald Europe**  
0207 894 8130

#### Market Makers

**Canaccord Genuity**  
0207 665 4500  
**Investec Investment Banking**  
0207 597 5028

**Cantor Fitzgerald Europe**  
0207 894 8130  
**Singers**  
0203 205 7500

**Cazenove**  
0207 558 8149  
**Stifel**  
0207 710 7600

**Cenkos**  
0207 397 8900  
**Winterfloods**  
0203 100 0258

**Fidante Capital**  
0207 832 0999

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