



NEW CITY INVESTMENT MANAGERS

CQS New City High Yield Fund

(as at 30 November 2018)

FACTSHEET | DECEMBER 2018

Fund Details

Launch Date

- October 2004

Total Gross Assets

- £249.0m

Ordinary Share

- Net Asset Value: 54.37p
- Mid-Market Price: 58.60p

Yield (estimated)

- 7.49%

Gearing

- 11.72%

Premium

- 7.78%

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 Total 4.39p
- 2017/18 Total 4.42p

2018/19

- 1.00p 1st interim:
Paid 30 November 2018

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

Markets caught up with reality in November as the FTSE All-Share Index fell by a further 2.1%, following the 5.5% fall in October.

Alongside volatile performance across equity markets, the high yield bond markets reflected concern around Europe. Italy and the UK were particularly in focus with the reality of Brexit and the difficulty of getting the approval vote through Parliament, as well as the possible vote of no confidence if it fails. When trade tariffs and various other destabilising factors are taken into account, the level of risk in global equity and bond markets has certainly increased.

PMI surveys showed UK business activity growing at a sharply reduced rate in October, amid slower inflows of new orders and a deterioration in business optimism about the year ahead. Brexit uncertainty in particular continued to cloud the outlook, dampening current spending and investment.

In Europe, overall business confidence was marginally lower than the October figure, which was at a six year low, the main concerns being political worries in Italy and the weakening outlook for automotive exports due to trade wars. This, alongside lessening demand from China made German manufacturers amongst the most downbeat.

Employment in the United States continues to impress, with the unemployment rate at 3.7% in October and a quarter of a million jobs created in the month. Interestingly, a survey of manufacturers which came out at the end of the month indicated that they expect tariffs to have a widespread upward impact on prices over the next two years. More encouragingly, positive effects are reported in terms of boosting domestic employment and, to a far lesser extent, bringing-forward planned capital spending. The proportion of total output produced abroad is meanwhile expected to rise marginally. Inflation rose by 2.5% in the 12 months to the end of October, up from 2.3% a month earlier. This, added to strong GDP growth of 3.5% in the third quarter, increases the likelihood of a rate rise in December from the current 2.25% to a predicted 2.5%.

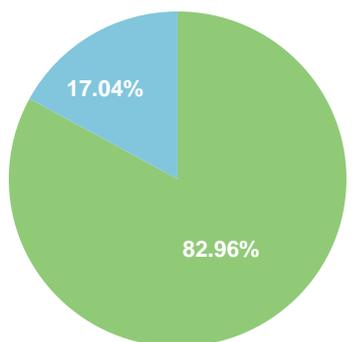
For the company, the first interim dividend was paid on 30th November at 1.0p per share.

For the portfolio, we switched out of Rothschild 9% perpetual into Shawbrook 7 7/8% perpetual, and rolled our existing Bluewater 11.692% 2019 bond into the new 10% bond issued below par. We sold John Laing environmental assets equity, reinvesting into Wittur 8.5% 2023. We noted that during the month, with the weakness in markets, that the quoted prices of bonds widened and liquidity decreased. This is nothing new to markets, however, it demonstrates the importance of a diversified portfolio and a long term strategy when you are not forced to sell in illiquid markets.

Ordinary Share and NAV Performance³

	1 Month (%)	3 Months (%)	1 Year (%)	3 Year (%)	5 Year (%)	From 29 October 2004 (%)
NAV	(2.18)	(2.99)	1.12	22.70	32.33	209.76
Share Price	(0.68)	(1.28)	2.17	26.25	32.30	237.87

Source: ¹Maitland Administration Services (Scotland) Limited, as at 30 November 2018. 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. ³Maitland Administration Services (Scotland) 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

Punch Taverns 7.75% 30/12/2025	3.83
CYBG 8% Variable Perpetual	3.40
Shawbrook Group 7.875% Variable Perpetual	3.10
Perform Group Financing 8.5% 15/11/2020	3.05
Galaxy Finco Ltd 7.875% 15/11/2021	3.00
Rea Finance 8.75% 31/08/2020	2.70
Wittur Intl 8.5% 15/02/2023	2.37
Onesavings Bank Plc 9.125% Variable Perpetual	2.34
Euronav Luxembourg SA 7.5% 31/05/2022	2.33
Barclays Bank 7% Variable Perpetual	2.31
Top 10 Holdings Represent	28.43

The Company has exposure to 109 issues.
All holdings data are rounded to two decimal places.
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	111

⁴Source: CQS, as at 30 November 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. ⁵Source: CQS, as at 30 November 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.

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 406,451,858 Ordinary Shares in issue and the number of voting rights in the Company is 406,451,858. 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 company.

On 3 January 2018 the Company completed the sale of 1,250,000 ordinary shares out of Treasury at a price of 62.0p per share.

On 10 January 2018 the Company completed the sale of 1,250,000 ordinary shares out of Treasury at a price of 62.0p per share.

On 18 January 2018 the Company completed the sale of 1,250,000 ordinary shares out of Treasury at a price of 62.1p per share.

On 26 January 2018 the Company completed the sale of 1,250,000 ordinary shares out of Treasury at a price of 61.3p per share.

On 11 April 2018, the Company completed the sale of 1,300,000 ordinary shares out of Treasury at a price of 60.4p per share.

On 30 April 2018, the Company completed the sale of 2,250,000 ordinary shares out of Treasury at a price of 60.4p per share.

On 4 May 2018 the Company completed the sale of 1,200,000 ordinary shares out of Treasury at a price of 60.5p per share.

On 11 May 2018 the Company completed the sale of 1,100,000 ordinary shares out of Treasury at a price of 60.6p per share.

On 17 May 2018 the Company completed the sale of 1,577,441 ordinary shares out of Treasury at a price of 60.75p per share.

On 8 June 2018 the Company issued 1,000,000 new ordinary shares at a price of 60.8p per share.

On 18 June 2018, the Company issued 1,000,000 new ordinary shares at a price of 61.2p per share.

On 20 June 2018, the Company issued 1,000,000 new ordinary shares at a price of 61.2p per share.

On 27 July 2018, the Company issued 2,500,000 new ordinary shares at a price of 60.4p per share.

On 28 August 2018, the company issued 1,000,000 new ordinary shares at a price of 60.75p per share.

On 30 October 2018, the Company issued 1,000,000 new ordinary shares at a price of 58.7p per share.

On 22 November 2018, the Company issued 1,000,000 new ordinary shares at a price of 58.6p per share.

The issued capital now totals 406,451,858 ordinary shares.

NCIM Investment Team

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