

# CQS New City High Yield Fund

(as at 31 December 2018)



FACTSHEET | January 2019

## Fund Details

### Launch Date

- October 2004

### Total Gross Assets

- £246.9m

### Ordinary Share

- Net Asset Value: 53.87p
- Mid-Market Price: 56.60p

### Yield (estimated)

- 7.76%

### Gearing

- 10.25%

### Premium

- 5.07%

### 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 1<sup>st</sup> 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 Comment<sup>2</sup>

Markets ended the year in a weak and volatile mode with no sectors seeing significant liquidity. Every move was amplified, although not caused by, black box or "algorithmic" traders and further evidenced by the worst month for inflows into UK open ended funds since October 2016 (according to Calastone Fund Flows Index).

December finished off a very weak final quarter of 2018. The FTSE all share index was down 148 points to 3,675 and the Markit iTrax Europe Crossover index widened by some 30 points to 354.

Reasons for the weakness in the UK were all too obvious, with reduced confidence in most areas of the economy. Retail had a weak month, and this was not confined to the high street, which was hit by a decline in footfall of 9%. It was notable that consumers also cut back online, as nervousness about trade wars and Brexit seemed to weigh on people's minds. Not forgetting the volatility, led by the US, which gave global markets a large headache.

The United States had the much flagged Fed rate rise to 2.5% on the back of what had been a strong economy, pre the impact of the trade war, plus the strength of employment figures. Of note, the Fed dropped its likely number of increases in 2019 from three to two, which should be viewed as them being mindful of the effect the Trump led trade wars are having on a large part of the US economy and world trade.

The Dow Jones industrial index fell almost 15% mid-month to rally into the year-end by bouncing back 7% to 23,327 (still 8.6% lower than the November month end).

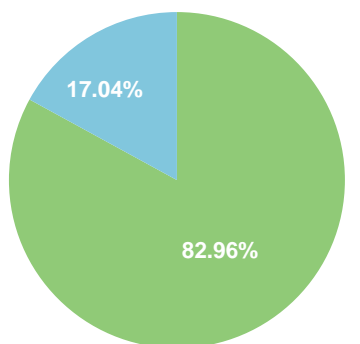
In Europe, after months of high profile diplomatic arguments between the EU commission and Italy, it looked as if the EU gave ground over the size of the planned Italian budget deficit allowing it to remain above 2% (although below the EU's 3% deficit rule). Italy's debt mountain remains the second highest in Europe, and holds concern for the bureaucrats in Brussels. However, with other items on the agenda, they wanted to keep Italy sweet during the Brexit negotiations so, effectively, the can has been kicked down the road for a couple of years.

For the Company's portfolio, there was little of note to comment on. In the equity element, there were two small sales of P2P Global Investments. We remain cautious ahead of the Brexit vote and conscious of further political risks, both from the UK and the US/China trade talks in early January.

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

	1 Month (%)	3 Months (%)	1 Year (%)	3 Year (%)	5 Year (%)	From 29 October 2004 (%)
NAV	(0.92)	(3.78)	(0.57)	21.27	29.39	206.92
Share Price	(3.41)	(5.59)	(1.71)	25.47	26.28	226.34

Source: <sup>1</sup>Maitland Administration Services (Scotland) Limited, as at 31 December 2018. <sup>2</sup>All 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. <sup>3</sup>Maitland 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 Class<sup>1</sup>

- Fixed Income
- Convertibles/Equities/Preference

Top 10 Holdings (%)<sup>1</sup>

Punch Taverns 7.75% 30/12/2025	3.84
CYBG 8% Variable Perpetual	3.32
Shawbrook Group 7.875% Variable Perpetual	3.12
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	2.73
Wittur Intl 8.5% 15/02/2023	2.37
Onesavings Bank Plc 9.125% Variable Perpetual	2.34
Barclays Bank 7% Variable Perpetual	2.33
Euronav Luxembourg SA 7.5% 31/05/2022	2.29
<b>Top 10 Holdings Represent</b>	<b>28.39</b>

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 (%) <sup>4</sup>	Commitment Leverage (%) <sup>5</sup>
CQS New City High Yield Fund	111	111

<sup>4</sup>Source: CQS, as at 31 December 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>5</sup>Source: CQS, as at 31 December 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

Ian ('Franco') Francis  
Keith Watson  
Rob Crayfourd

## Contact Information

**Craig Cleland**  
+44 (0) 20 7201 5368  
**ContactNCIM@cqsm.com**

## Address

**New City Investment Managers**  
4th Floor, One Strand, London WC2N 5HR  
United Kingdom  
Tel: +44 (0) 20 7201 6900  
Website: www.ncim.co.uk

## 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

## Legal Notice

All Investors should ensure that they have received and read the Prior-Investment Disclosure which is available from CQS at [clientservice@cqsm.com](mailto:clientservice@cqsm.com). In common with most investment companies, the Company may borrow to finance further investment (gearing). The use of gearing is likely to lead to volatility in the Net Asset Value (NAV) meaning that a relatively small movement, down or up, in the value of a Company's assets will result in a magnified movement, in the same direction, of that NAV. The value of shares and the income from them can go down as well as up and you may get back less than the amount invested. Past performance is not a guide to the future. Exposure to a single country market increases potential volatility. There is no guarantee that the market price of shares in the Company will fully reflect their underlying Net Asset Value. As with all stock exchange investments, the value of investment company shares purchased will immediately fall by the difference between the buying and selling prices, the bid-offer spread. The NAV stated is calculated based on the bid prices of the portfolio holdings by the Administrator. An investment company should be considered only as part of a balanced portfolio. Under no circumstances should this information be considered as an offer or solicitation to deal in investments. New City Investment Managers is a trading name for CQS (UK) LLP who are authorised and regulated by the Financial Conduct Authority and its registered office is: 4th Floor, One Strand, London WC2N 5HR.

Not for distribution to retail investors as defined in Article 4 of the European Directive 2011/61/EU and the UK FCA COBS 3.4. CQS is a founder of the Standards Board for Alternative Investments ("SBAI") (formerly, the Hedge Fund Standards Board) which was formed to act as custodian of the alternative investment managers' industry best practice standards (the "Standards") published by the Hedge Fund Working Group ("HFWG") in 2008 and to promote conformity to the Standards. SBAI is also responsible for ensuring that they are updated and refined as appropriate. The Standards were drawn up by HFWG which comprised the leading hedge funds (based mainly in London) in 2007 in response to concerns about the industry, including financial stability and systematic risk. The HFWG completed its work in January 2008 and published its report outlining the Standards. By applying, managers commit to adopt the "comply or explain" approach described in the Standards.

The term "CQS" may include one or more of any CQS branded entity including CQS Cayman Limited Partnership which is registered with the Cayman Islands Monetary Authority, CQS (UK) LLP and CQS Investment Management Limited which are both authorised and regulated by the UK Financial Conduct Authority, CQS (Hong Kong) Limited which is regulated by the Hong Kong Securities and Futures Commission, CQS (US), LLC which is registered with the US Securities and Exchange Commission, and CQS Investment Management (Australia) Pty Limited which is registered with the Australian Securities & Investments Commission, Australian Financial Services Licence No. 386047.

This document has been prepared for general information purposes only and has not been delivered for registration in any jurisdiction nor has its content been reviewed by any regulatory authority in any jurisdiction. The information contained herein does not constitute: (i) a binding legal agreement; (ii) legal, regulatory, tax, accounting or other advice; (iii) an offer, recommendation or solicitation to buy or sell shares in any fund or any security, commodity, financial instrument or derivative linked to, or otherwise included in, a portfolio managed or advised by CQS; or (iv) an offer to enter into any other transaction whatsoever (each a "Transaction").

Any decision to enter into a Transaction should be based on your own independent investigation of the Transaction and appraisal of the risks, benefits and suitability of such Transaction in light of your individual circumstances. Where applicable, any decision to enter into any Transaction should be based on the terms described in the relevant prospectus, supplement, offering memorandum, private placement memorandum, trading strategy, constitutional document and/or any other relevant document as appropriate (each an "Offering Document"). Any Transaction will be subject to the terms set out in its Offering Document and all applicable laws and regulations. The Offering Document supersedes this document and any information contained herein.

Nothing contained herein shall constitute or give rise to the relationship of partnership nor shall it constitute a joint venture or give rise to any fiduciary or equitable duties. Any information contained herein relating to any third party not affiliated with CQS is the sole responsibility of such third party and has not been independently verified by CQS or any other independent third party. The information contained herein is not warranted as to completeness or accuracy and no representations are made in such respect, nor should it be deemed exhaustive information or advice on the subjects covered; as such, the information contained herein is not intended to be used or relied upon by any counterparty, investor or any other party. The information contained herein, as well as the views expressed herein by CQS professionals made as of the date of this presentation, is subject to change at any time without notice.

CQS uses information sourced from third-party vendors, such as statistical and other data, that are believed to be reliable. However, the accuracy of this data, which may also be used to calculate results or otherwise compile data that finds its way over time into CQS research data stored on its systems, is not guaranteed. If such information is not accurate, some of the conclusions reached or statements made may be adversely affected. CQS bears no responsibility for your investment research and/or investment decisions and you should consult your own lawyer, accountant, tax adviser or other professional adviser before entering into any Transaction. CQS is not liable for any decisions made or action taken by you or others based on the contents of this document and neither CQS nor any of its directors, officers, employees or representatives (including affiliates) accept any liability whatsoever for any errors and/or omissions or for any direct, indirect, special, incidental or consequential loss, damages or expenses of any kind howsoever arising from the use of, or reliance on, any information contained herein.

Information contained in this document should not be viewed as indicative of future results as past performance of any Transaction is not indicative of future results. The value of investments can go down as well as up. Certain assumptions and forward looking statements may have been made either for modelling purposes, to simplify the presentation and/or the calculation of any projections or estimates contained herein and CQS does not represent that any such assumptions or statements will reflect actual future events or that all assumptions have been considered or stated. Accordingly, there can be no assurance that estimated returns or projections will be realized or that actual returns or performance results will not materially differ from those estimated herein. Some of the information contained in this document may be aggregated data of transactions executed by CQS that has been compiled so as not to identify the underlying transactions of any particular customer.

Any indices included in this document are included to simply show the general market trends relative to the types of investments CQS tends to select for certain funds managed or advised by CQS ("CQS Funds") for the periods indicated within this document. The indices are not representative of CQS Funds in terms of either composition or risk (including volatility and other risk related factors). CQS Funds are not managed to a specific index. This document is not intended for distribution to, or use by, the public or any person or entity in any jurisdiction where such use is prohibited by law or regulation. In accepting receipt of this information, you represent and warrant that you have not been solicited, directly or indirectly, by CQS and are receiving this information at your own request. It is your responsibility to inform yourself of and to observe all applicable laws and regulations of any relevant jurisdiction.

**Legal Notice (continued)**

The information contained herein is confidential and may be legally privileged and is intended for the exclusive use of the intended recipient(s) to which the document has been provided. In accepting receipt of the information transmitted you agree that you and/or your affiliates, partners, directors, officers and employees, as applicable, will keep all information strictly confidential. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information is prohibited. Any distribution or reproduction of this document is not authorized and prohibited without the express written consent of CQS, or any of its affiliates.

**AIFMD and Distribution in the European Economic Area:**

The Alternative Investment Fund Managers Directive (Directive (2011/61/EU)) ('AIFMD') is a regulatory regime which came into full effect on 22nd July 2014. CQS (UK) LLP is an Alternative Investment Fund Manager (an 'AIFM') to certain CQS Funds (each an 'AIF'). The AIFM is required to make available to investors certain prescribed information prior to investing in an AIF. The majority of the prescribed information is contained in the latest Offering Document of the AIF. The remainder of the prescribed information is contained in the relevant AIF's pre-investment disclosure document, the monthly investor report, and the fund limits document. All of this information is made available in accordance with the AIFMD.

In relation to each member state of the EEA (each a "Member State") which has implemented the AIFMD (and for which transitional arrangements are not/no longer available), this document may only be distributed and shares in a CQS Fund ("Shares") may only be offered or placed in a Member State to the extent that: (1) the CQS Fund is permitted to be marketed to professional investors in the relevant Member State in accordance with AIFMD (as implemented into the local law/regulation of the relevant Member State); or (2) this document may otherwise be lawfully distributed and the Shares may otherwise be lawfully offered or placed in that Member State (including at the initiative of the investor).

In relation to each Member State of the EEA which, at the date of this document, has not implemented the AIFMD, this document may only be distributed and Shares may only be offered or placed to the extent that this document may be lawfully distributed and the Shares may lawfully be offered or placed in that Member State (including at the initiative of the investor).

**Information Required, to the extent applicable, for Distribution of Foreign Collective Investment Schemes to Qualified Investors in Switzerland:**

The distribution of shares of the relevant CQS Fund in Switzerland will be exclusively made to, and directed at, qualified investors (the "Qualified Investors"), as defined in the Swiss Collective Investment Schemes Act of 23 June 2006, as amended ("CISA") and its implementing ordinance (the "Swiss Distribution Rules"). Accordingly, the relevant CQS Fund has not been and will not be registered with the Swiss Financial Market Supervisory Authority ("FINMA"). The representative in Switzerland is ARM Swiss Representatives SA, Route de Cité-Ouest 2, 1196 Gland, Switzerland. The paying agent in Switzerland is Banque Cantonale de Genève, 17, quai de l'île, 1204 Geneva, Switzerland. The relevant Offering Document and all other documents used for marketing purposes, including the annual and semi-annual report, if any, can be obtained free of charge from the representative in Switzerland. The place of performance and jurisdiction is the registered office of the representative in Switzerland with regards to the Shares distributed in and from Switzerland. CQS (UK) LLP (as the distributor in Switzerland) and its agents do not (i) pay any retrocessions to third parties in relation to the distribution of the Shares of the CQS Fund in or from Switzerland; or (ii) pay any rebates aiming at reducing fees and expenses paid by the CQS Fund and incurred by the investors.

**About CQS**

CQS is a credit-focused, multi-strategy asset manager. Founded in 1999, CQS is headquartered in London and has a presence in key global markets. Our approach centres on fundamental analysis to identify absolute and relative value across corporate capital structures and asset classes. This fundamental research is combined with active investment management to create value for our investors. Since launching our first strategy in March 2000, we now manage alternative, long-only and bespoke mandates for institutional investors globally. Our robust operations and risk management platform provides all client mandates with liquidity management and risk monitoring, enabling our investment professionals to be nimble and effective in all market environments. CQS is regulated by the FCA in the UK, the SFC in Hong Kong, ASIC in Australia and registered with the SEC in the US, with a presence in the Channel Islands, Cayman Islands and Luxembourg.

