

CQS New City High Yield Fund

(as at 31 January 2019)

FACTSHEET | February 2019

Fund Details

Launch Date

- October 2004

Total Gross Assets

- £244.8m

Ordinary Share

- Net Asset Value: 53.34p
- Mid-Market Price: 56.40p

Yield (estimated)

- 7.80%

Gearing

- 10.80%

Premium

- 5.74%

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
- 1.00p 2nd interim:
Payable 28 February 2019

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 UK, Theresa May's potential deal with the EU was voted down by a record margin while Jeremy Corbyn tabled a no confidence vote which was won by Mrs May. We are all now in limbo whilst we see if a better deal can be extracted from the EU! Hardly a dynamic start to the New Year!

Data coming out of the manufacturing industry reported a near record increase in stock holdings during the month, which when linked to the increase in both domestic and export demand, looks to be in mitigation of potential Brexit disruption after 29 March, if indeed this is the day we leave the EU. The services sector saw the weakest back-to-back business expansion since late 2012 and this brings into focus how much the business community needs clarity on Brexit in order for the economy to stay in expansion mode.

The data which came out of Europe showed little expansion in their economy, in fact they had the sharpest drop in autos and parts in six years, metals and mining fell at the fastest rate since the start of 2013 and real estate activity declined at a faster rate as new business contracted sharply. Also having a difficult time were media, chemicals and industrial goods. The only areas which were expanding were beverages and food, and software, services and tech equipment. The trade war between USA and China is having a disproportionate effect on luxury goods and autos as Chinese consumers feel the pinch. And last but not least the B word!

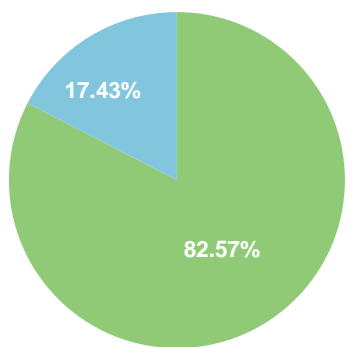
In the US, the spat between the petulant President and congress over the border wall in the form of the appropriations bill led to the federal government being shut down for 35 days, causing immense hardship to over 800,000 government employees. For market sentiment, the recent U-turn by the Federal Reserve was seen as a positive for equity and bond markets and will likely weaken the dollar against major currencies.

For the Company's portfolio, we opened a new holding in Phoenix 5¾% perp, some 20% below where it was issued last April, plus a new holding in 8¾% 2023 Bracken Midco, the UK specialist mortgage provider, and also adding to Gran Columbia Gold 8.25% with funds being released for these by the sale of UBS 7% \$ perp at a premium to par. The Company's shares went ex-dividend at the end of the month at 1p/share payable at the end of February.

Ordinary Share and NAV Performance³

	1 Month (%)	3 Months (%)	1 Year (%)	3 Year (%)	5 Year (%)	From 29 October 2004 (%)
NAV	0.89	(2.21)	0.24	24.53	28.62	209.65
Share Price	1.42	(2.71)	(0.01)	33.09	28.46	230.97

Source: ¹Maitland Administration Services (Scotland) Limited, as at 31 January 2019. 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	3.89
CYBG 8% Variable Perpetual	3.36
Shawbrook Group 7.875% Variable Perpetual	3.23
Perform Group Financing 8.5% 15/11/2020	3.07
Galaxy Finco Ltd 7.875% 15/11/2021	3.05
Rea Finance 8.75% 31/08/2020	2.75
Onesavings Bank Plc 9.125% Variable Perpetual	2.41
Barclays Bank 7% Variable Perpetual	2.40
Wittur Intl 8.5% 15/02/2023	2.32
Matalan Finance 9.5% 31/01/2024	2.29
Top 10 Holdings Represent	28.77

The Company has exposure to 106 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	116	113

⁴Source: CQS, as at 31 January 2019. 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 January 2019. 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 408,551,858 Ordinary Shares in issue and the number of voting rights in the Company is 408,551,858. 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.

On 6 February 2019, the Company issued 1,100,000 new ordinary shares at a price of 56.8p per share.

On 12 February 2019, the Company issued 1,000,000 new ordinary shares at a price of 57.2p per share.

The issued capital now totals 408,551,858 ordinary shares.

NCIM Investment Team

Ian ('Franco') Francis
Keith Watson
Rob Crayford

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

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