

# CQS New City High Yield Fund

(as at 28 February 2019)

FACTSHEET | March 2019

## Fund Details

### Launch Date

- October 2004

### Total Gross Assets

- £248.6m

### Ordinary Share

- Net Asset Value: 53.86p
- Mid-Market Price: 57.40p

### Yield (estimated)

- 7.65%

### Gearing

- 11.42%

### Premium

- 6.57%

### 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
- 1.00p 2<sup>nd</sup> interim:  
Paid 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 Comment<sup>2</sup>

Overall, the message from the world economy is one of slowing growth. China, America and Europe all appear to be suffering and, with added Brexit worries, the UK had a GDP growth figure of only +1.4% in calendar year 2018, the worst for ten years. Inflation was at a two year low of +1.8% in January, which was a lone beacon of positivity in a dark raft of data. In the service sector staffing levels declined for the first time in twelve years, new business volumes declined for the first time in two and a half years, and most respondents unsurprisingly cited Brexit related concerns dampening demand from clients.

In construction, all three sectors produced weak figures with residential remaining the strongest, albeit at the slowest rate of growth since March 2018. Regarding the person in the street, the IHS Markit Household Finance Index deteriorated at the fastest rate since March 2018 to 43.4 from 44.7 during January, both well below the magic 50 which would be the level where optimism takes over! Job security perceptions were at their weakest for over a year, which is certainly evidenced by Honda looking to close its Swindon plant and Jaguar Land Rover announcing further redundancies to its UK workforce. There appears to be a distinct danger that others, such as Nissan and BMW, may follow suit. Much is resting on what form Brexit takes.

In Europe, growth edged lower at the start of 2019, with France, Italy and Ireland all posting multi-year lows in their composite PMI figures. Germany dropped its GDP growth forecast to 1% for 2019, citing the slowdown of the Chinese economy and demand for luxury cars and goods as well as, to a much lesser extent, a no deal Brexit affecting car exports to the UK. As an example, Porsche have put a clause in potential new car sales contracts that would require customers to pay an eye watering 10% more in the event of a no deal, to allow for WTO based tariffs. A first world problem perhaps, but it will be interesting to see how many others follow suit, or, whether they can swallow all or part of this themselves?

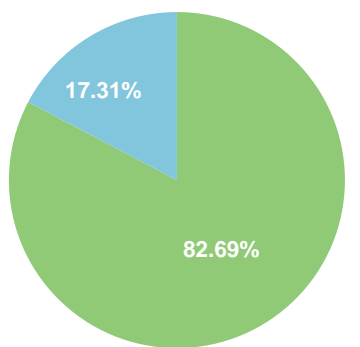
Growth also slowed in the US in the fourth quarter, growing at an annualised rate of 2.6%, down from 3.4% in the third quarter. Employment data from January came with 304,000 jobs created despite a partial government shutdown giving an interesting statistic of 100 months of positive job creation, by far the longest in history. As the December figure was revised down by 90,000, it is possible that this one may be as well. Core inflation held at 2.2% for the third straight month and the Fed has signalled a pause in raising rates amid risks to global growth and trade. Overall, the US remains in the strongest position as regards economic growth in the western world.

For the Company's portfolio, the TES 6 ¾% 2020 was repaid at par on the first of the month, with the proceeds being recycled into Perform Group 8.5% 2020, Bracken 8 7/8% 2023, and Doric Nimrod Air 3 equity on a prospective yield of over 9%. The holding of Greene King equity was also exited having run up following a bond refinancing. The company paid its second interim dividend of 1p/share at the end of the month.

## 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	0.88	1.20	27.63	28.43	212.50
Share Price	1.77	(0.30)	4.16	31.10	27.45	236.84

Source: <sup>1</sup>Maitland Administration Services (Scotland) Limited, as at 28 February 2019. <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	3.82
Perform Group Financing 8.5% 15/11/2020	3.73
CYBG 8% Variable Perpetual	3.46
Shawbrook Group 7.875% Variable Perpetual	3.21
Galaxy Finco Ltd 7.875% 15/11/2021	3.00
Rea Finance 8.75% 31/08/2020	2.68
Onesavings Bank Plc 9.125% Variable Perpetual	2.36
Barclays Bank 7% Variable Perpetual	2.36
Matalan Finance 9.5% 31/01/2024	2.35
Wittur Intl 8.5% 15/02/2023	2.27
<b>Top 10 Holdings Represent</b>	<b>29.24</b>

The Company has exposure to 103 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	113	113

<sup>4</sup>Source: CQS, as at 28 February 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.

<sup>5</sup>Source: CQS, as at 28 February 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 409,551,858 Ordinary Shares in issue and the number of voting rights in the Company is 409,551,858. 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.  
On 22 February 2019, the Company issued 1,000,000 new ordinary shares at a price of 57.2p per share.

The issued capital now totals 409,551,858 ordinary shares.

## NCIM Investment Team

Ian ('Franco') Francis  
Keith Watson  
Rob Crayfourd

## Contact Information

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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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