



NEW CITY INVESTMENT MANAGERS

CQS New City High Yield Fund

(as at 29 March 2019)

FACTSHEET | April 2019

Fund Details

Launch Date

- October 2004

Total Gross Assets

- £252.9m

Ordinary Share

- Net Asset Value: 54.65p
- Mid-Market Price: 57.40p

Yield (estimated)

- 7.65%

Gearing

- 11.16%

Premium

- 5.03%

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:
Paid 28 February 2019
- 1.00p 3rd interim:
Payable 31 May 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

Whilst the electorate appear to be tiring of the actions in Westminster, we believe it is important to see the effect this is having on the UK economy.

The prospect of a hard Brexit appears to have led to a stockpiling of goods, and whilst this may boost manufacturing confidence in the short term, it is likely to be cancelled out in the longer term.

The construction sector saw activity fall in February, declining for the first time in 11 months, led by commercial and civil engineering, with the lack of new contracts to replace those being completed seeming to be the driver. Residential was the best performing area of construction, albeit at a modest rate of expansion. The powerhouse of the UK economy, the service sector, had a small bounce in February, with business activity expanding only marginally and incoming new work falling for the second month in a row. Employment growth figures declined at the fastest pace for over seven years as businesses opted to delay staff hiring in response to subdued demand and concerns about the near-term economic outlook. Using the IHS Markit/CIPS UK Services PMI Business activity index, February is on track for its weakest quarter since Q4 2012 (average reading 50.7 so far in the first quarter of 2019). For UK households, the appetite for major purchases fell at the fastest rate since September 2017. The IHS Markit Household finance index in March was at its lowest for 13 months and on a continuing downward path since hitting a 2 ½ year high last August.

It is not exactly a bed of roses in Europe either, when Greece is the star performer in manufacturing PMI and Germany is at a 74-month low, you are probably in trouble. Autos and parts fell for the fifth month in February, its most rapid decline since December 2012, with both domestic and export demand weaker. The best performing sector was Food and Beverages, followed by Services in Software and Industrials. The Banking sector also had a bounce. Towards the end of the month, the IHS Markit Flash Eurozone PMI showed the first quarter ending on a weak note with added negative sentiment going forward with weaker order books, falling at their fastest rate since the end of 2014.

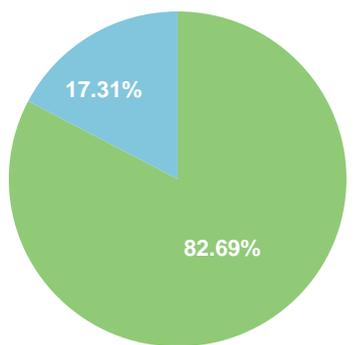
The US economy sent out some interesting signals recently, the jobs market only added about 20k jobs in February, compared with 311k in January. We question whether this is employment catching up with other economic indicators. PMI data fell to a 20-month low in March, and the estimate for economic growth for the last quarter of 2018 has been revised downwards to 2.2% from 2.6%. This indicates that the first quarter of 2019 could be weaker still. So far, markets have been holding up against worsening economic data, it will be interesting to see how much longer they can do so if the data does not improve.

For the Company's portfolio, it was a relatively quiet month. We sold our holding of Virgin Money 7 7/8% with the yield to call below 3%, and sold part of our holding in Unique Pubs 7.395%. We reinvested into the new issue Just Group 9 3/8% perpetual. We continue to look for diversifying opportunities going forward.

Ordinary Share and NAV Performance³

	1 Month (%)	3 Months (%)	1 Year (%)	3 Year (%)	5 Year (%)	From 29 October 2004 (%)
NAV	1.52	3.37	3.80	25.09	28.69	217.26
Share Price	0.00	3.22	3.98	28.16	25.27	236.84

Source: ¹Maitland Administration Services (Scotland) Limited, as at 29 March 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	3.74
Perform Group Financing 8.5% 15/11/2020	3.68
CYBG 8% Variable Perpetual	3.38
Shawbrook Group 7.875% Variable Perpetual	3.19
Galaxy Finco Ltd 7.875% 15/11/2021	2.95
Rea Finance 8.75% 31/08/2020	2.63
Matalan Finance 9.5% 31/01/2024	2.35
Barclays Bank 7% Variable Perpetual	2.34
Onesavings Bank Plc 9.125% Variable Perpetual	2.32
Wittur Intl 8.5% 15/02/2023	2.29
Top 10 Holdings Represent	28.87

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 (%) ⁴	Commitment Leverage (%) ⁵
CQS New City High Yield Fund	113	113

⁴Source: CQS, as at 29 March 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 29 March 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 411,551,858 Ordinary Shares in issue and the number of voting rights in the Company is 411,551,858. 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.
On 15th March 2019, the Company issued 1,000,000 new ordinary shares at a price of 57.5p per share.
On 28th March 2019, the Company issued 1,000,000 new ordinary shares at a price of 57.6p per share.

The issued capital now totals 411,551,858 ordinary shares.

NCIM Investment Team

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Investec Investment Banking
0207 597 5028

Cantor Fitzgerald Europe
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Singers
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Cazenove
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Winterfloods
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Fidante Capital
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