

# CQS New City High Yield Fund

(as at 30 April 2019)

FACTSHEET | May 2019

## Fund Details

### Launch Date

- October 2004

### Total Gross Assets

- £257.6m

### Ordinary Share

- Net Asset Value: 54.78p
- Mid-Market Price: 60.00p

### Yield (estimated)

- 7.32%

### Gearing

- 9.82%

### Premium

- 9.53%

### 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
- 1.00p 3<sup>rd</sup> 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 Comment<sup>2</sup>

Whilst UK consumer spending still saw negative movement in March (0.2%), it was significantly better than February, which was (1.8%). Ecommerce was actually +0.5%, against (1.1%) a month earlier<sup>1</sup>.

Hidden within the figures was a fall in food and drink expenditure (3.6%) whilst hotels, restaurants and bars had an increase of +5.3%, although this came against easy comparables due to the "Beast from the East" last year<sup>4</sup>.

Manufacturing continued to benefit from stockpiling, producing record levels of inventories in both purchases and finished goods. The IHS Markit/CIPS UK Manufacturing PMI hit a 13-month high at 55.1. We believe that the future trajectory of this number is unlikely to maintain this strength once businesses and consumers cease stockpiling.

The rate of inflation fell slightly with the CPI at 1.8%, down from 1.9% in February. On Household finances, earnings from employment increased, giving the strongest figures since 2009, along with an increased confidence about job security, although those in manufacturing and retail were more negative about their prospects.

How did markets react? The FTSE was up 139.03 points and the iTraxx Crossover index tightened by 22 points to 248.76, continuing the 2019 recovery. With Brexit possibly delayed until the end of October, we remain in a period of volatility and uncertainty. Even if Brexit were to be resolved, we are definitely not out of the woods, I am sure that Westminster will create more grief in the months to come.

Europe saw the greatest contraction in manufacturing for nearly six years in March. Germany was at the bottom of the pile, posting the weakest figure for over 6 years, with poor demand in the auto sector globally having a major negative knock on effect.

In April, France was again a drag on the Eurozone with new business inflows falling for the fifth month in a row. Germany, again, had a weak month, with only the service sector showing expansion, creeping up to a 7 month high. The overall rate of growth for the Eurozone economy is not looking great, and one wonders if it can stay above 1% for calendar year 2019?

The United States saw a slowdown in business activity growth in April. Which followed a very strong first quarter where the economy was growing at an annualised rate of 3.2%.

With the start of the second quarter seeing slower overall growth, this coming on the back of an inflation figure of +1.9% YoY to March, which is in the target range, leaving the threat of a rate rise looking further away. In fact, at the end of the month, yet another Trump rant was aimed at the Federal Reserve Bank calling on them to cut rates by 1% in order to boost the economy.

The Trump trade war with China remains key to the US, and global economy, and for most of the month this was quiet.

All of which pushed the Dow Jones Industrial index to close the month at 26,592.91, a level which was last seen in October, a long way up from December lows of 21,792.20 achieved on Christmas Eve. No doubt we will see more volatility from markets reacting to the tweeting US President.

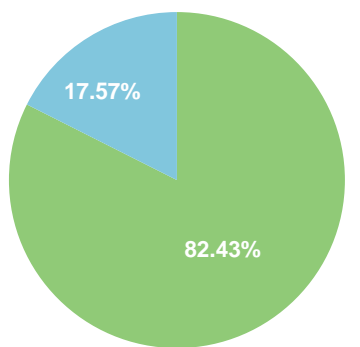
A fairly quiet time for the Portfolio, adding to the holding of American Tanker 9.25% 2022 in the bond space and taking advantage of a distressed seller in VPC speciality lending to add to the holding, also opening a holding in Just plc. Ordinary, some 20% below the level of the recent placing by the company.

With Brexit and US/China trade talks still front and centre, we expect volatility to continue over the coming months, and interest rates to remain stable for the medium term.

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

	1 Month (%)	3 Months (%)	1 Year (%)	3 Year (%)	5 Year (%)	From 29 October 2004 (%)
NAV	2.06	4.57	3.99	26.78	30.84	223.80
Share Price	6.20	8.08	7.40	30.38	30.71	257.71

Source: <sup>1</sup>Maitland Administration Services (Scotland) Limited, as at 30 April 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.<sup>4</sup>Visa UK Consumer Spending index.

Breakdown by Asset Class<sup>1</sup>

- Fixed Income
- Convertibles/Equities/Preference

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

Perform Group Financing 8.5% 15/11/2020	3.63
CYBG 8% Variable Perpetual	3.44
Shawbrook Group 7.875% Variable Perpetual	3.18
Galaxy Finco Ltd 7.875% 15/11/2021	2.90
Rea Finance 8.75% 31/08/2020	2.60
Matalan Finance 9.5% 31/01/2024	2.47
Garfunkelux Holdco 11% 01/11/2023	2.26
Onesavings Bank Plc 9.125% Variable Perpetual	2.30
Barclays Bank 7% Variable Perpetual	2.31
Euronav Luxembourg SA 7.5% 31/05/2022	2.29
<b>Top 10 Holdings Represent</b>	<b>27.38</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	111	111

<sup>4</sup>Source: CQS, as at 30 April 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 30 April 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 419,051,858 Ordinary Shares in issue and the number of voting rights in the Company is 419,051,858. 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 15 March 2019, the Company issued 1,000,000 new ordinary shares at a price of 57.5p per share.  
On 28 March 2019, the Company issued 1,000,000 new ordinary shares at a price of 57.6p per share.  
On 9 April 2019, the Company issued 2,000,000 new ordinary shares at a price of 58.1p per share.  
On 15 April 2019, the Company issued 1,000,000 new ordinary shares at a price of 58.8p per share.  
On 16 April 2019, the Company issued 2,500,000 new ordinary shares at a price of 58.8p per share.  
On 29 April 2019, the Company issued 2,000,000 new ordinary shares at a price of 59.0p per share.

The issued capital now totals 419,051,858 ordinary shares.

## NCIM Investment Team

Ian ('Franco') Francis  
Keith Watson  
Rob Crayford

## 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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