

CQS New City High Yield Fund

KEY FUND FACTS¹

Fund Manager

Ian 'Franco' Francis

Launch Date

October 2004

Total Gross Assets

£266.6m

Reference Currency

GBP

Ordinary Shares

Net Asset Value: 55.22p

Bid Price: 59.20p

Yield (estimated)

7.52%

Gearing

10.03%

Premium

7.21%

Ordinary Shares in Issue

426,601,858

Annual Management Fee

0.8% p.a. on assets up to £200 million

0.7% p.a. on assets over £200 million
and up to £300 million

0.6% p.a. on assets greater than £300
million

Bloomberg: NCYF LN

Reuters: NCYF.L

Sedol: BILZSS1 GB

Year End

30 June

Contact Information

contactncim@cqsm.com

Company Broker

Cantor Fitzgerald Europe

+44 (0) 207 894 8130

AGM

December

Dividend Information

2019/20

1.00p interim paid 29 Nov 2019

1.00p interim dividend payable 29 Feb 2020

See overleaf for previous Dividend information

Fiscal Year-End

30 June



Ian Francis

Portfolio Manager

Fund Description

The objective of the CQS New City High Yield Fund is to provide investors with a high dividend yield and the potential for capital growth by investing mainly in high yielding fixed interest securities.

Fund Management

Founded in 1999, CQS is a \$19.2bn² global multi-strategy asset management firm.

The Fund is managed by Ian 'Franco' Francis, supported by the CQS credit analyst team.

Ordinary Share and NAV Performance³

	1 Month (%)	3 Month (%)	1 year (%)	3 Year (%)	5 Year (%)	10 Year (%)
NAV	0.71	2.05	11.37	21.32	38.34	123.12
Share Price	2.07	1.71	13.65	25.53	34.25	124.74

Investment Commentary⁴

For the UK, December put to bed some of the bigger risks to the economy, with the election providing an 80 seat majority for the Conservative party under Boris Johnson, the removal of the uncertainty drove a spike in the cable rate to \$1.35/£ immediately on publication of the exit poll. Although we note that this was short lived when markets took on board that there is still an outside chance of a no deal Brexit heading back to the \$1.31 level. Whilst data coming from November PMI data could not reflect the result, we would expect a small bounce back in the December figures as business and private individuals assess the reality of 5 years of Conservative rule with an overwhelming majority in Parliament.

Europe ended the year with output rising at its weakest pace since the recovery from the downturn started in the second half of 2013, the weakest element still being manufacturing whilst fortunately the service sector showed growth at a four month high. France continued to grow, whilst Germany continued its mild downturn. At the corporate level, geopolitics continued to provide uncertainty with Brexit and US trade wars in particular driving slower global economic growth. Input prices into both manufacturing and services grew at the slowest rate since August 2016, although this did not benefit either sector as regards selling prices given that discounting is essential to stimulate demand amid weak sales and fierce competition.

The United States economy added 266 thousand jobs in November, well above market estimates of 185 thousand. In manufacturing, output growth reached a recent high and input price inflation continued to grow, driven by higher supplier costs and tariffs. Both manufacturing and service industry PMI's saw marginally stronger growth in November, although many firms had a lower level of positive sentiment for the forthcoming year.

For the portfolio we added to Yew Grove REIT, the Irish property company investing in office and industrial assets let to Irish government entities and other state bodies within the wider Dublin catchment area. Post the election, we opened a holding in an AEW UK REIT also focusing on industrial and office properties in the UK outside of London (which is only 6% of their portfolio). With the election behind us, uncertainty for the UK is lower and we therefore expect less volatility, enabling the Company's manager to have more clarity on markets in the new year.

Source: CQS. Please refer to page 3 for sources relating to relevant footnotes

KEY FUND FACTS *(continued)*

Dividend Information *(continued)*

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	Total	4.45p

Investor Report
Monthly Factsheet

Annual Report & Accounts
Published October

AIFMD Leverage Limit Report (% NAV)

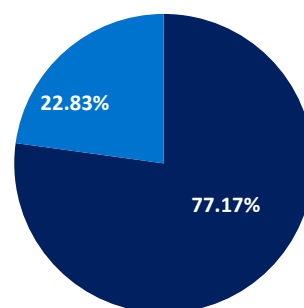
	Gross Leverage (%) ⁵	Commitment Leverage(%) ⁶
CQS New City High Yield Fund	111	111

⁵Source: CQS, as at 31 December 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

⁶Source: CQS, as at 31 December 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.

Portfolio Analysis ^{1, 7}

Breakdown by asset Class



- Fixed Income
- Convertibles/Equities/Preference

TOP 10 HOLDINGS (%) ^{1, 7}

Name	(% of NAV)
Galaxy Finco Ltd 9.25% 31/07/2027	5.16
Punch Taverns 7.75% 30/12/2025	4.51
Shawbrook Group 7.875% Variable Perpetual	4.26
CYBG 8% Variable Perpetual	4.00
Just Group 8.125% 26/10/2029	2.96
Rea Finance 8.75% 31/08/2020	2.83
Garfunkelux Holdco 11% 01/11/2023	2.82
Matalan Finance 9.5% 31/01/2024	2.77
Onesavings Bank 31/12/2059	2.59
Kids Midco 3 Plc 8.375%	2.58
Top 10 Holdings Represent	34.48

*The Company has exposure to 105 issues
All holdings data are rounded to two decimal places
Total may differ to sum of constituents due to rounding*

Source: ¹BNP Paribas Securities Services S.C.A, as at 31 December 2019. ²CQS 31 December 2019. ³BNP Paribas Securities Services S.C.A, 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. ⁴All 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. ⁷All holdings data are rounded to two decimal places. Total may differ to sum of constituents due to rounding. The Fund is regulated by the Jersey Financial Services Commission.

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