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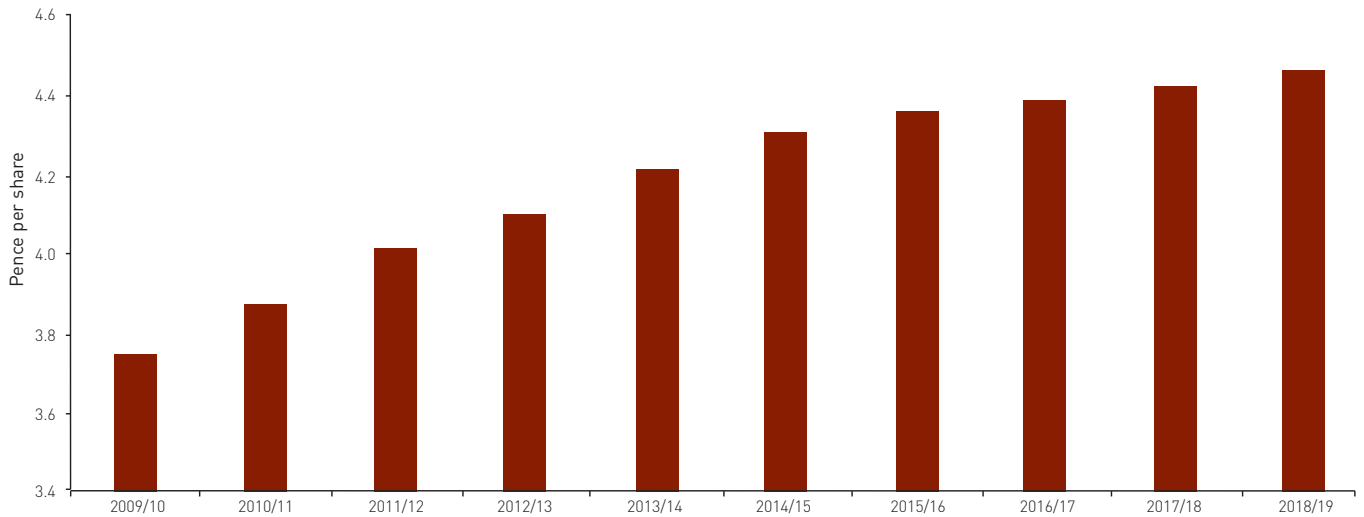
CQS NEW CITY  
HIGH YIELD FUND  
LIMITED

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INTERIM REPORT

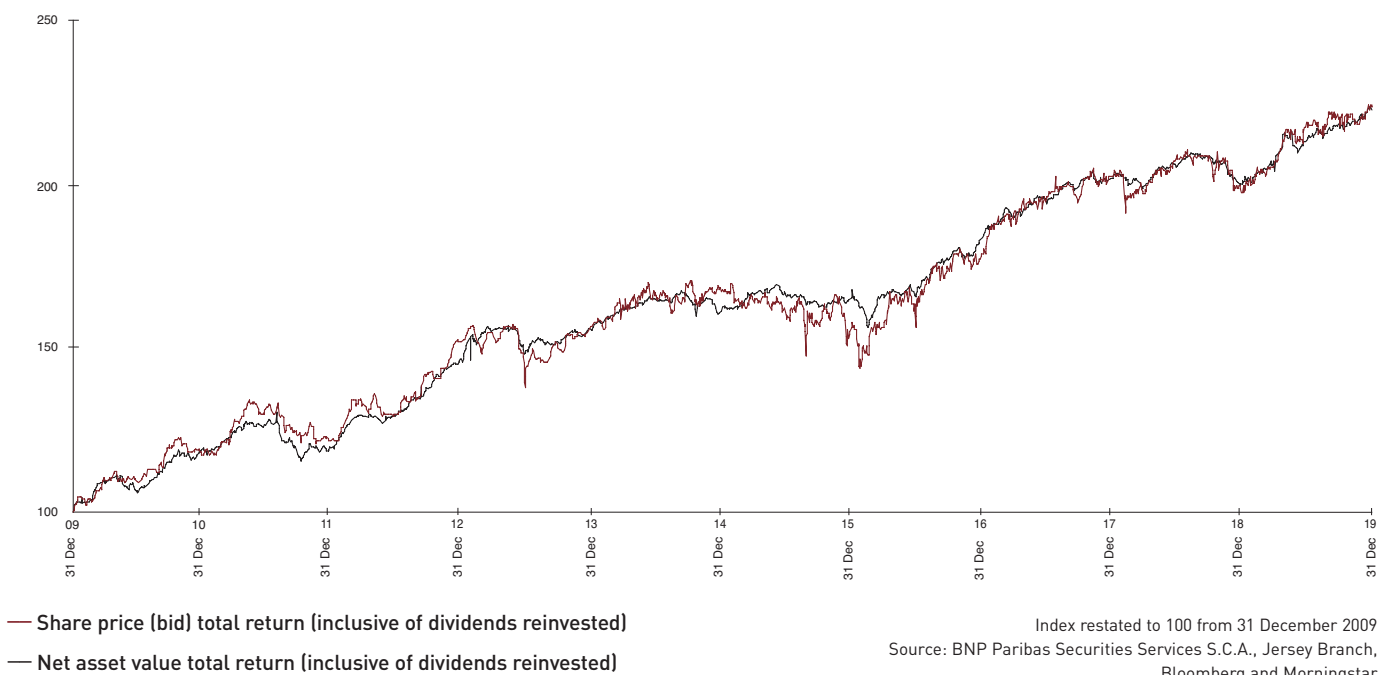
31 DECEMBER 2019

## Dividends Declared in Respect of Each Financial Year



Source: Bloomberg

## Net Asset Value Total Return and Share Price (bid) Total Return



## Our Objective

To provide investors with a high dividend yield and the potential for capital growth by investing mainly in high yielding fixed interest securities.

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## Financial Highlights and Dividend History

Total Return*	Six months to 31 December 2019	Six months to 31 December 2018
Net asset value	4.62%	(2.60%) <sup>1</sup>
Ordinary share price	3.18%	(4.98%) <sup>1</sup>

Capital Values	31 December 2019	30 June 2019	% change
Total assets less current liabilities (with the exception of the bank loan facility)	£266.6m	£261.1m	2.11%
Net asset value per ordinary share	55.22p	55.19p	0.05%
Share price (bid) <sup>2</sup>	59.20p	59.80p	(1.00%)

Revenue and Dividends	Six months to 31 December 2019	Six months to 31 December 2018	% change
Revenue earnings per ordinary share	2.24p	2.41p	(7.05%)
Dividends per share*	2.00p	2.00p	0.00%

Other Highlights	31 December 2019	30 June 2019
Premium*	7.21%	8.35% <sup>3</sup>
Gearing*	10.03%	9.51%

Dividend History	Rate	xd date	Record date	Payment date
First interim 2020	1.00p	24 October 2019	25 October 2019	29 November 2019
Second interim 2020	1.00p	23 January 2020	24 January 2020	28 February 2020
<b>Total</b>	<b>2.00p</b>			
First interim 2019	1.00p	25 October 2018	26 October 2018	30 November 2018
Second interim 2019	1.00p	24 January 2019	25 January 2019	28 February 2019
Third interim 2019	1.00p	25 April 2019	26 April 2019	31 May 2019
Fourth interim 2019	1.45p	25 July 2019	26 July 2019	30 August 2019
<b>Total</b>	<b>4.45p</b>			

\* A glossary of the terms used can be found on page 20.

<sup>1</sup> Net asset value and ordinary share price total return have been restated from (2.40%) and (4.25%) respectively to reflect a correction to the underlying calculation. Refer to page 20 for a description of the Total Return methodology.

<sup>2</sup> Source: Bloomberg

<sup>3</sup> The premium as at 30 June 2019 has been restated from 10.53% in order to be consistent with other financial highlights that reference bid share prices.

# Statement from the Chair

## Highlights\*

- Net asset value total return of 4.62%
- Ordinary share price total return of 3.18%
- Dividend yield of 7.52%, based on dividends at an annualised rate of 4.45 pence and a bid share price of 59.20 pence at 31 December 2019
- Ordinary share price at a premium of 7.21% at 31 December 2019
- £2.5m of equity raised during the six months to 31 December 2019

## Investment and Share Price Performance

The period in focus for this review continued to see political dramas culminating in a General Election in the UK in December. Despite this backdrop, the environment for investors was quite good. Responding to growth concerns, global monetary policy overall was loosened and price pressures remained low, supporting stock markets and fixed interest securities alike. Your Company is mainly invested in the high yield sector of the fixed income market and this environment was positive for such assets. Ian Francis, your investment manager, provides more detail in his review on page 4.

The six months ended 31 December 2019 have seen good performance for your Company with a net asset value total return of 4.62% and a share price total return for the same period of 3.18%. The calendar year 2019 proved rewarding with the net asset value and share price rising by 2.70% and 5.34% respectively.

The Company's shares have continued to trade at a premium to their net asset value and at 31 December 2019 this stood at 7.21% with an average premium over the six months to 31 December 2019 of 7.20%.

## Earnings and Dividends

The Company's revenue earnings per share were 2.24 pence for the six months ended 31 December 2019, 7.05% lower than the 2.41 pence earned in the same period last year and covering the dividends paid.

The Company declared two dividends of 1.0 pence in the period, the same as those declared in the same period last year. Dividend payments are at the core of your Company's policy and therefore a major focus for the Board. The yield is at a very attractive level and since its launch in 2007, dividends paid by the Company have increased every year. Looking ahead, it may be that this trend is not sustainable but as things stand, the Board expects this year's dividend will be at least the same as the total annualised rate of 4.45 pence that was declared last year.

## Gearing

The Company has in place a £35m facility with Scotiabank at a current all-in rate of 1.88975%. The Board believes that the use of

gearing at an appropriate level is a key benefit for the Company. As at 31 December 2019, £31m was drawn down from this facility and the Company had an effective gearing rate of 10.03%.

## Share Issuance

Taking advantage of the premium rating that the market continues to attach to your Company's shares, £2.5m was raised from new and existing shareholders during the period, with 4.2m ordinary shares issued from the block listing facility. As at the date of this report, a further £3.2m has been raised since 31 December 2019. Gradual share issuance when suitable investment opportunities are available should benefit existing shareholders by lower ongoing charges and greater liquidity in the Company's shares, all other things being equal.

## Administration Changes

As described in the Annual Report, BNP Paribas Securities Services S.C.A. Jersey Branch took over as the Company's new Company Secretary, Administrator, Depositary and Custodian during the period under review. The Board is pleased with how the new team is settling in and believe having everything under one roof will assist communication and operational efficiency.

## Outlook

At the time of writing, the World Health Organisation has declared the Covid-19 virus a pandemic, many countries have imposed restrictions on the movement of people and global stock markets have fallen very significantly. Whatever the future holds in respect of the virus, there will undoubtedly be a material negative economic shock, particularly in certain sectors, but we cannot know just how severe or prolonged this will be.

The negative impact on global growth from the virus is likely to keep downward pressure on interest rates and we have seen rate cuts from several central banks including the Bank of England, as well as other measures from governments to mitigate the economic impact. Whilst this is welcome, high yielding fixed income securities have nevertheless been hit by the likelihood of credit impairment in a slower growth or even recessionary environment, depressing the Net Asset Value of the Company since the calendar year end. Furthermore, the impact of Covid-19 has caused a dislocation in underlying markets, liquidity has reduced and volatility is exceptionally high. This dismal combination has meant your Company's shares have slipped to a discount, something not seen for some years.

The Board is very focused on the situation and expects that after a difficult period, the virus will abate, allowing normal life to resume and financial markets to stabilise.

**Caroline Hitch**  
Chair

20 March 2020

\*A glossary of the terms used can be found on page 20.

## Investment Manager's Review

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The July to December period covered by this interim report was once again in the UK dominated by Brexit related news. Having despaired about anything getting done, a clear-cut UK General Election result in December 2019, followed by the UK's decision, ratified on 31 January 2020, to depart the European Union paved the way for the UK to formally leave the EU on 1 January 2021. The election also put to bed some of the bigger risks to the economy, as business and private individuals assess the reality of 5 years of Conservative rule with an overwhelming majority in Parliament. We have previously reported that Manufacturing, Construction, the Service Industry and Consumers desperately want some certainty to plan ahead and although there are ongoing risks with a potential no-deal trade agreement the mere fact the UK is leaving galvanises businesses and individuals to act.

European economic data was fairly pedestrian during the period with the traditional powerhouses of Europe continuing to experience problems with low growth, falling manufacturing orders and weak output numbers alongside political uncertainty. The EU is now struggling with a potential trade war with the US and having to deal with a politically stronger UK.

The United States continued to grow despite trade wars, in the shape of actual and implied tariffs against China, starting to have real effects on the US economy. The potential for slowing growth prompted the Federal Reserve to cut interest rates again in October and the US and China signed a phase 1 trade deal that took a lot of heat out of the issue.

Portfolio activity was fairly muted during the six months and where we saw companies in the portfolio repaying their debt earlier than expected we have been able to source good quality replacement investments. Good examples of this would be the Co-operative Bank where we bought the 9.5% 2029 and American Tanker where we bought the 9.5% 2022.

As always we continue to maintain a diversified portfolio across a range of sectors and have a good proportion of the portfolio in non-Sterling currencies. We also favour shorter duration bonds, that is bonds that will repay within a two to three year timetable as we try to hedge against possible interest rate rises.

Over the six months under review the Total Return for your Company in net asset value terms was 4.62% and the closing dividend yield on the share price was 7.52%.

Post the end of the period the coronavirus (COVID19) has become the major issue facing the world economy. Apart from the clinical aspects the effects on worldwide economic activity are far greater than the SARS outbreak in 2002/03.

Governments are attempting to minimise a potential global recession by injecting funds into economies and lowering interest rates. At the time of writing we are only part way through the epidemic and have a lot more to learn on how long it will last and what will be the final cost to the world economy. In the current markets, liquidity is poor and spreads are wider which is creating greater volatility, but our closed ended structure offers us some protection in times of market volatility.

**Ian "Franco" Francis**

New City Investment Managers

20 March 2020

## Classification of Investment Portfolio

By Currency	As at 31 December 2019 Total investments %	As at 31 December 2018 Total investments %	As at 30 June 2019 Total investments %
Sterling	73	71	73
US Dollar	20	20	19
Euro	6	7	7
Australian Dollar	-	1	-
Norwegian Krone	1	1	1
<b>Total investments</b>	<b>100</b>	<b>100</b>	<b>100</b>

By Asset Class	As at 31 December 2019 Total investments %	As at 31 December 2018 Total investments %	As at 30 June 2019 Total investments %
Bonds	77	82	80
Equity shares	20	16	17
Convertible bonds	3	2	3
<b>Total investments</b>	<b>100</b>	<b>100</b>	<b>100</b>

By Quotation	As at 31 December 2019 Total investments %	As at 31 December 2018 Total investments %	As at 30 June 2019 Total investments %
Listed/quoted on a recognised investment exchange - level 1 and 2*	95.5	97.5	95.9
Unquoted - level 3*	4.5	2.5	4.1
<b>Total investments</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

\* Equivalent to fair value hierarchy under IFRS 13 'Fair Value Measurement'. Refer to page 16 for further information.

## Classification of Investment Portfolio by Sector

	Dec 2019 % of total investments	Dec 2018 % of total investments	Jun 2019 % of total investments
Financials	46.9	46.3	47.4
Energy	14.4	10.6	11.5
Industrials	10.2	13.5	12.9
Consumer Discretionary	8.0	12.0	11.5
Consumer Staples	7.2	4.8	4.5
Real Estate	7.1	2.6	3.2
Materials	4.4	3.0	3.4
Information Technology	1.8	6.9	5.6
Healthcare	-	0.3	-
<b>Total investments</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

# Investment Portfolio

as at 31 December 2019

Company	Sector	Valuation £'000	Total Investments %
Galaxy Finco Ltd 9.25% 31/07/2027	Financials	11,701	4.6
Punch Taverns 7.75% 30/12/2025	Consumer Discretionary	10,627	4.2
Shawbrook Group FRN PERP	Financials	9,978	3.9
Virgin Money FRN PERP	Financials	9,383	3.7
Just Group Plc 8.125% 26/10/2029	Financials	6,832	2.7
Rea Finance 8.75% 31/08/2020	Consumer Staples	6,666	2.6
Garfunkelux Holdings 11% 01/11/2023	Financials	6,530	2.6
Matalan Finance 31/01/2024	Consumer Discretionary	6,255	2.4
OneSavings Bank FRN PERP	Financials	6,049	2.4
Euronav Lux 7.5% 31/05/2022	Energy	5,888	2.3
<b>Top ten investments</b>		<b>79,909</b>	<b>31.4</b>
Kirs Midco 3 Plc 8.375% 15/07/2023	Financials	5,863	2.3
American Tan 9.25% 22/02/2022	Industrials	5,795	2.3
Iceland Bondco 6.75% 15/07/2024	Consumer Staples	5,696	2.2
Just Group Plc FRN PERP	Financials	5,325	2.1
Raven Russia 12% PREF	Real Estate	5,292	2.1
Aggregated Micro 8% 17/10/2036	Energy	5,274	2.1
Bracken Midco 8.875% 15/10/2023	Financials	5,071	2.0
Co-Operative Finance 25/04/2029 FRN	Financials	4,762	1.9
Virgin Money FRN PERP	Financials	4,648	1.8
Gran Colombia 8.25% 30/04/2024	Materials	4,638	1.8
<b>Top twenty investments</b>		<b>132,273</b>	<b>52.0</b>
Welltec A/S 9.5% 01/12/2022	Energy	4,226	1.7
BICC Plc 9.675% 01/07/2020 CV PREF	Industrials	4,202	1.6
Aldermore FRN PERP	Financials	4,113	1.6
VPC Specialty Lending Investments Plc	Financials	3,910	1.5
Bombardier Inc 7.5% 15/03/2025	Industrials	3,833	1.5
Newriver REIT Plc	Real Estate	3,729	1.5
Euronav NV	Energy	3,640	1.4
Rea Holdings Plc PREF	Consumer Staples	3,588	1.4
Lloyds Banking FRN PERP	Financials	3,494	1.4
Shamaram 12% 05/07/2023	Energy	3,409	1.3
<b>Top thirty investments</b>		<b>170,417</b>	<b>66.9</b>
Hurricane Energy 7.5% 24/07/2022 CV	Energy	3,400	1.3
Tizir Ltd 9.5% 19/07/2022	Materials	3,388	1.3
Deutsche Bank AG FRN PERP	Financials	3,387	1.3
Permanent TSB FRN PERP	Financials	3,329	1.3
Unique Pub Finance 7.395% 28/03/2024	Financials	3,234	1.3
Stobart Finance 2.75% 08/05/2024 CV	Industrials	3,120	1.2
Doric Nimrod Air Three Ltd	Industrials	3,063	1.2
Channel Island Property Fund	Financials	3,000	1.2
Raven Russia 6.5% 07/07/2026 CV PREF	Real Estate	2,727	1.1
SQN Secured Income Fund Plc	Financials	2,727	1.1
<b>Top forty investments</b>		<b>201,792</b>	<b>79.2</b>
Diversified Gas & Oil Plc	Energy	2,694	1.1
Yew Grove REIT Plc	Real Estate	2,464	1.0
RM Secured Direct Lending Plc	Financials	2,450	1.0
First Quantum 7.5% 01/04/2025	Materials	2,333	0.9
Lloyds Banking FRN PERP	Financials	2,194	0.9
HDL Debenture 10.375% 31/07/2023	Financials	2,092	0.8
Borealis Finance 7.5% 16/11/2022	Industrials	2,081	0.8
Garfunkelux Holdco 8.5% 01/11/2022	Financials	2,068	0.8
OakNorth Bank 01/06/2028 FRN	Financials	2,020	0.8
Aggregated Micro 8% 17/10/2036	Energy	1,990	0.8
<b>Top fifty investments</b>		<b>224,178</b>	<b>88.1</b>



Company	Sector	Valuation £'000	Total Investments %
Otiga Group FRN 08/07/2022	Consumer Staples	1,719	0.7
Independent Oil 20/09/2024 FRN	Energy	1,685	0.7
Regional REIT Ltd	Real Estate	1,681	0.6
SB Holdco Plc FRN 13/07/2022	Consumer Discretionary	1,672	0.6
Barclays Plc FRN PERP	Financials	1,662	0.6
Bluewater Hold 10% 28/11/2023	Industrials	1,538	0.6
Palace Capital Plc	Real Estate	1,507	0.6
New Look Secured 12% 03/05/2024	Consumer Discretionary	1,380	0.5
Oro Negro Dril 7.5% 24/01/2019 DFLT	Energy	1,362	0.5
Altice 7.625% 15/02/2025	Information Technology	1,251	0.5
<b>Top sixty investments</b>		<b>239,635</b>	<b>94.0</b>
Veritas US/BM 7.5% 01/02/2023	Information Technology	1,232	0.5
Altice Financing 7.5% 15/05/2026	Information Technology	1,208	0.4
JPI Media Group Senior Notes (Facility B)	Industrials	1,120	0.4
Tufton Oceanic Assets Ltd	Financials	1,041	0.4
Navigator Holdings 7.75% 10/02/2021	Energy	911	0.3
Croma Security Solutions Group	Information Technology	868	0.3
Phoenix Group FRN PERP	Financials	838	0.3
Just Group Plc	Financials	790	0.3
Oilflow SPV 12% 13/01/2022	Energy	765	0.3
Viking Redningst 07/04/2021	Industrials	701	0.3
<b>Top seventy investments</b>		<b>249,109</b>	<b>97.5</b>
Other investments (22)		6,342	2.5
<b>Total investments</b>		<b>255,451</b>	<b>100.0</b>

## Key:

CV – Convertible  
DFLT – Defaulted

PERP – Perpetual  
PREF – Preference Shares

## Top Ten Largest Holdings

as at 31 December 2019

	Valuation 30 June 2019 £'000	Purchases at cost £'000	Sales proceeds £'000	Unrealised gain/(loss) £'000	Valuation 31 December 2019 £'000
<b>Galaxy Finco Ltd 9.25% 31/07/2027</b> A specialist provider of warranties for consumer electric products.	-	11,031	-	670	11,701
<b>Punch Taverns 7.75% 30/12/2025</b> A public house operator in the United Kingdom.	10,424	-	-	203	10,627
<b>Shawbrook Group 7.875% FRN Perpetual</b> A British multinational banking and financial services company.	8,365	1,493	-	120	9,978
<b>Virgin Money 8% FRN Perpetual</b> A British banking company concentrating on UK Retail and SME regional banking services.	8,709	-	-	674	9,383
<b>Just Group plc 8.125% 26/10/2029</b> A British company specialising in retirement products and services.	-	6,500	-	332	6,832
<b>REA Finance 8.75% 31/08/2020</b> Cultivator of oil palms and production of crude palm oil and palm products.	6,275	-	-	391	6,666
<b>Garfunkelux Holdings 11% 01/11/2023</b> The provision of credit management services.	5,493	-	-	1,037	6,530
<b>Matalan Finance 9.5% 31/01/2024</b> Owner and operator of Matalan stores.	6,323	-	-	(68)	6,255
<b>OneSavings Bank Plc 9.125% FRN Perpetual</b> A British banking company specialising in residential, buy to let and commercial mortgages.	5,847	-	-	202	6,049
<b>Euronav Luxembourg SA 7.5% 31/05/2022</b> An international shipping enterprise focusing on crude oil transport.	6,031	-	-	(143)	5,888
	57,467	19,024	-	3,418	79,909

# Condensed Statement of Comprehensive Income

For the six months ended 31 December 2019

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	Notes	Six months ended 31 December 2019 (Unaudited)			Six months ended 31 December 2018 (Unaudited)			Year ended 30 June 2019 (Audited)		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
<b>Net capital gain/(loss)</b>										
Net gain/(loss) on financial assets designated at fair value	8	-	1,420	1,420	-	(15,251)	(15,251)	-	(10,195)	(10,195)
Foreign exchange (loss)/gain		-	(149)	(149)	-	(114)	(114)	-	127	127
<b>Revenue</b>										
Income	3	10,936	-	10,936	11,037	-	11,037	21,024	-	21,024
<b>Total income</b>		<b>10,936</b>	<b>1,271</b>	<b>12,207</b>	<b>11,037</b>	<b>(15,365)</b>	<b>(4,328)</b>	<b>21,024</b>	<b>(10,068)</b>	<b>10,956</b>
<b>Expenses</b>										
Investment management fee	4	(771)	(257)	(1,028)	(748)	(250)	(998)	(1,490)	(496)	(1,986)
Other expenses	5	(366)	(38)	(404)	(333)	(29)	(362)	(716)	(99)	(815)
<b>Total expenses</b>		<b>(1,137)</b>	<b>(295)</b>	<b>(1,432)</b>	<b>(1,081)</b>	<b>(279)</b>	<b>(1,360)</b>	<b>(2,206)</b>	<b>(595)</b>	<b>(2,801)</b>
<b>Profit/(loss) before finance costs and taxation</b>		<b>9,799</b>	<b>976</b>	<b>10,775</b>	<b>9,956</b>	<b>(15,644)</b>	<b>(5,688)</b>	<b>18,818</b>	<b>(10,663)</b>	<b>8,155</b>
<b>Finance costs</b>										
Interest receivable		10	-	10	5	-	5	11	-	11
Interest payable and similar charges	6	(210)	(70)	(280)	(178)	(59)	(237)	(390)	(131)	(521)
<b>Profit/(loss) before taxation</b>		<b>9,599</b>	<b>906</b>	<b>10,505</b>	<b>9,783</b>	<b>(15,703)</b>	<b>(5,920)</b>	<b>18,439</b>	<b>(10,794)</b>	<b>7,645</b>
Irrecoverable withholding tax		(108)	-	(108)	(38)	-	(38)	(76)	-	(76)
<b>Profit/(loss) after taxation</b>		<b>9,491</b>	<b>906</b>	<b>10,397</b>	<b>9,745</b>	<b>(15,703)</b>	<b>(5,958)</b>	<b>18,363</b>	<b>(10,794)</b>	<b>7,569</b>
<b>Earnings per ordinary share (pence)</b>	7	<b>2.24</b>	<b>0.21</b>	<b>2.45</b>	<b>2.41</b>	<b>(3.88)</b>	<b>(1.47)</b>	<b>4.49</b>	<b>(2.64)</b>	<b>1.85</b>

The total column of this statement represents the Company's Condensed Statement of Comprehensive Income, prepared in accordance with IFRS. The supplementary revenue return and capital return columns are both prepared under guidance published by the Association of Investment Companies.

All revenue and capital items in the above statement are derived from continuing operations.

No operations were acquired or discontinued during the period.

There is no other comprehensive income as all income is recorded in the Condensed Statement of Comprehensive Income above.

The accompanying notes on page 13 to 18 are an integral part of these condensed financial statements.

# Condensed Statement of Financial Position

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As at 31 December 2019

	Notes	As at 31 December 2019 (Unaudited) £'000	As at 31 December 2018 (Unaudited) £'000	As at 30 June 2019 (Audited) £'000
<b>Non-current assets</b>				
Financial assets designated at fair value through profit or loss	8	255,451	237,179	253,034
<b>Current assets</b>				
Debtors and other receivables <sup>1</sup>		4,250	4,475	6,150
Cash and cash equivalents		7,382	5,506	5,837
		11,632	9,981	11,987
<b>Total assets</b>		<b>267,083</b>	<b>247,160</b>	<b>265,021</b>
<b>Current liabilities</b>				
Bank loan	6	(31,000)	(28,000)	(28,000)
Creditors and other payables <sup>1</sup>		(495)	(618)	(3,894)
<b>Total liabilities</b>		<b>(31,495)</b>	<b>(28,618)</b>	<b>(31,894)</b>
<b>Net asset value</b>		<b>235,588</b>	<b>218,542</b>	<b>233,127</b>
<b>Stated capital and reserves</b>				
Stated capital account	9	193,452	181,714	191,007
Special distributable reserve		50,385	50,385	50,385
Capital reserves		(24,653)	(30,468)	(25,559)
Revenue reserve		16,404	16,911	17,294
<b>Equity shareholders' funds</b>		<b>235,588</b>	<b>218,542</b>	<b>233,127</b>
<b>Net asset value per ordinary share (pence)</b>	10	<b>55.22</b>	<b>53.77</b>	<b>55.19</b>

<sup>1</sup> Debtors and other receivables and creditors and other payables positions have been presented on a gross basis.

The condensed financial statements on pages 9 to 18 were approved by the Board of Directors and authorised for issue on 20 March 2020 and were signed on its behalf by:

**Caroline Hitch**  
Chair

The accompanying notes on page 13 to 18 are an integral part of these condensed financial statements.

# Condensed Statement of Changes in Equity

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For the six months ended 31 December 2019 (Unaudited)

	Notes	Stated capital account £'000	Special distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
At 1 July 2019		191,007	50,385	(25,559)	17,294	233,127
<b>Total comprehensive income for the period:</b>						
Profit for the period		-	-	906	9,491	10,397
<b>Transactions with shareholders recognised directly in equity:</b>						
Dividends paid	11	-	-	-	(10,381)	(10,381)
Net proceeds from issuance of ordinary shares	9	2,445	-	-	-	2,445
<b>At 31 December 2019</b>		<b>193,452</b>	<b>50,385</b>	<b>(24,653)</b>	<b>16,404</b>	<b>235,588</b>

For the six months ended 31 December 2018 (Unaudited)

	Notes	Stated capital account £'000	Special distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
At 1 July 2018		178,424	50,385	(14,765)	17,024	231,068
<b>Total comprehensive income for the period:</b>						
(Loss)/profit for the period		-	-	(15,703)	9,745	(5,958)
<b>Transactions with shareholders recognised directly in equity:</b>						
Dividends paid	11	-	-	-	(9,858)	(9,858)
Net proceeds from issuance of ordinary shares		3,290	-	-	-	3,290
<b>At 31 December 2018</b>		<b>181,714</b>	<b>50,385</b>	<b>(30,468)</b>	<b>16,911</b>	<b>218,542</b>

For the year ended 30 June 2019 (Audited)

	Notes	Stated capital account £'000	Special distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
At 1 July 2018		178,424	50,385	(14,765)	17,024	231,068
<b>Total comprehensive income for the year:</b>						
(Loss)/profit for the year		-	-	(10,794)	18,363	7,569
<b>Transactions with owners recognised directly in equity:</b>						
Dividends paid	11	-	-	-	(18,093)	(18,093)
Net proceeds from issuance of ordinary shares		12,583	-	-	-	12,583
<b>At 30 June 2019</b>		<b>191,007</b>	<b>50,385</b>	<b>(25,559)</b>	<b>17,294</b>	<b>233,127</b>

The accompanying notes on page 13 to 18 are an integral part of these condensed financial statements.

# Condensed Cash Flow Statement

12 For the six months ended 31 December 2019

Notes	Six months ended 31 December 2019 (Unaudited) £'000	Six months ended 31 December 2018 (Unaudited) £'000	Year ended 30 June 2019 (Audited) £'000
<b>Cash flow from operating activities</b>			
Profit/(loss) before finance costs and taxation	10,775	(5,688)	8,155
Adjustments to reconcile profit/(loss) before finance costs and taxation to net cash flows:			
Realised loss on financial assets designated at fair value through profit or loss	8 2,719	5,777	7,001
Unrealised (gain)/loss on financial assets designated at fair value through profit or loss	8 (4,139)	9,474	3,194
Effective interest adjustment	8 (72)	(440)	(464)
Foreign exchange loss/(gain)	149	114	(127)
Purchase of financial assets designated at fair value through profit or loss <sup>1</sup>	8 (63,259)	(16,230)	(49,071)
Proceeds from sale of financial assets designated at fair value through profit or loss <sup>2</sup>	8 60,667	15,419	39,151
<b>Changes in working capital</b>			
(Increase)/decrease in other receivables	(64)	(176)	112
Increase in other payables	227	358	5
Irrecoverable withholding tax paid	(108)	(38)	(76)
<b>Net cash inflow from operating activities</b>	<b>6,895</b>	<b>8,570</b>	<b>7,880</b>
<b>Financing activities</b>			
Dividends paid	11 (10,381)	(9,858)	(18,093)
Drawdown of bank loan	6 3,000	-	-
Finance costs	(265)	(232)	(510)
Net proceeds from issuance of ordinary shares	9 2,445	3,290	12,583
<b>Net cash outflow from financing activities</b>	<b>(5,201)</b>	<b>(6,800)</b>	<b>(6,020)</b>
<b>Increase in cash and cash equivalents</b>	<b>1,694</b>	<b>1,770</b>	<b>1,860</b>
Cash and cash equivalents at the start of the period/year	5,837	3,850	3,850
Foreign exchange (loss)/gain	(149)	(114)	127
<b>Cash and cash equivalents and the end of the period/year</b>	<b>7,382</b>	<b>5,506</b>	<b>5,837</b>

<sup>1</sup> - Amounts due to brokers as at 31 December 2019 relating to purchases of financial assets designated at fair value through profit amounted to £nil (31 December 2018: £nil; 30 June 2019: £3,631,000).

<sup>2</sup> - Amounts due from brokers as at 31 December 2019 relating to sales of financial assets designated at fair value through profit amounted to £nil (31 December 2018: £nil; 30 June 2019: £1,964,000).

The accompanying notes on page 13 to 18 are an integral part of these condensed financial statements.

## 1. General Information

The Company was incorporated as a closed-end investment company with limited liability in Jersey under the Companies (Jersey) Law 1991 on 17 January 2007, with registered number 95691. The Company's ordinary shares were admitted to the Official List as maintained by the Financial Conduct Authority and admitted to trading on the Main Market of the London Stock Exchange on 7 March 2007.

The Company's registered address is IFC1, The Esplanade, St Helier, Jersey, JE1 4BP.

## 2. Accounting policies

### 2.1 Basis of Preparation

The Annual Report and Financial Statements is prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and with International Financial Reporting Standards ("IFRS") as adopted by the European Union which comprise standards and interpretations approved by the International Accounting Standards Board, and interpretations issued by the International Financial Reporting Standards and Standing Interpretations Committee as approved by the International Accounting Standards Committee which remain in effect. The Annual Report and Financial Statements are also prepared in accordance with the guidance set out in the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts issued by the Association of Investment Companies (the "AIC SORP") in November 2014 and updated in January 2017 and March 2018 with consequential amendments where this does not conflict with IFRS. The Interim Report has been prepared in accordance with International Accounting Standards (IAS) 34 – Interim Financial Reporting ("IAS 34") as adopted by the European Union. They have also been prepared using the same accounting policies applied for the year ended 30 June 2019 Annual Report and Financial Statements, which was prepared in accordance with IFRS, except for new standards and interpretations adopted by the Company as set out below. The Company has also prepared the condensed interim financial statements in line with the AIC SORP as updated in October 2019 where this does not conflict with IFRS. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

*Standards and amendments to existing standards effective from 1 January 2019*

The Company applies for the first time IFRS 16 – Leases and IFRIC 23 – Uncertainty over Income Tax Treatments, which became effective on 1 January 2019. The Company does not participate in leasing arrangements and the Directors have determined that, as at 31 December 2019, the Company has no uncertain tax positions that would be disclosed under IFRIC 23 – Uncertainty over Income Tax Treatments. Accordingly, the application of IFRS 16 – Leases and IFRIC 23 – Uncertainty over Income Tax Treatments, respectively, do not have an impact on the Company's financial statements.

Several other amendments and interpretations apply for the first time in 2019, but these do not have an impact on the condensed financial statements.

### 2.2 Going concern

The condensed financial statements have been prepared on the going concern basis. In assessing the going concern basis of accounting the Directors have had regard to the guidance issued by the Financial Reporting Council. After making enquiries, and bearing in mind the nature of the Company's business and assets, the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

### 2.3 Segmental reporting

No segmented reporting is provided as the Board, as the Chief Operator Decision Maker (with advice from the Investment Manager), are of the opinion that the Company is engaged in a single segment of business of investing in debt and, to a significantly lesser extent, equity securities.

### 2.4 Seasonality

The Company's business is not subject to seasonal fluctuations.

## 3. Income

	Six months ended 31 December 2019 (Unaudited) £'000	Six months ended 31 December 2018 (Unaudited) £'000	Year ended 30 June 2019 (Audited) £'000
Dividend income	1,842	873	1,604
Interest on fixed interest securities	9,094	10,164	19,420
<b>Total income</b>	<b>10,936</b>	<b>11,037</b>	<b>21,024</b>

## Notes to the Accounts (continued)

### 4. Investment Management Fee

Previously under the terms of an investment advisory agreement dated 22 July 2014 and a novation agreement dated 1 October 2015, the Company has appointed CQS Cayman Limited Partnership as its Investment Manager and CQS Cayman Limited Partnership has, with the agreement of the Board, delegated that function to CQS (UK) LLP.

The Company has with effect from 18 September 2019 entered into a new Investment Management Agreement to appoint CQS (UK) LLP as its Investment Manager and the previous investment advisory agreement with CQS Cayman Limited Partnership has been terminated. The management fee has previously been charged at a rate of 0.80% per annum on the Company's total assets (less current liabilities other than bank borrowings), paid monthly in arrears, up to £200 million and 0.70% per annum thereafter.

With effect from 18 September 2019 the management fee will be charged at a rate of 0.80% per annum on the Company's Funds Under Management (being total assets less current liabilities (other than bank borrowings and ignoring any taxation which is or may be payable by the Company)), paid up to £200 million, 0.70% per annum on Funds Under Management in excess of £200 million, and up to and including £300 million, and 0.60% per annum thereafter. The payment of the management fee monthly in arrears remains unchanged.

The contract between the Company and CQS (UK) LLP may be terminated by either party giving not less than 12 months notice of termination.

During the six months period ended 31 December 2019, investment management fees of £1,028,000 were incurred (six months ended 31 December 2018: £998,000; year ended 30 June 2019: £1,986,000), of which £344,000 was payable at the period end (six months ended 31 December 2018: £495,000; year ended 30 June 2019: £165,000). Investment management fees have been allocated 75% to revenue and 25% to capital.

### 5. Other expenses

During the six months ended 31 December 2019 the Company's other expenses were £404,000 (six months ended 31 December 2018: £362,000; year ended 30 June 2019: £815,000).

#### Secretarial and administration fees

Until the 27 November 2019, R&H Fund Services (Jersey) Limited provided company secretarial and administration services to the Company with certain elements of the Company's administration being delegated by R&H Fund Services (Jersey) Limited to Maitland Administration Services (Scotland) Limited.

With effect from 28 November 2019, BNP Paribas Securities Services S.C.A., Jersey Branch ("BNPP") were appointed as the Company Secretary and Administrator in place of R&H Fund Services (Jersey) Limited and Maitland Administration Services (Scotland) Limited; and appointed as the Company's custodian, bankers and depositary in place of HSBC Bank PLC.

Secretarial and administration fees incurred during the six months ended 31 December 2019 were £106,000 (six months ended 31 December 2018: £84,000; year ended 30 June 2019: £168,000). During the six months ended 31 December 2019, a one-off setup fee of £20,000 was incurred.

#### Directors' fees

On 22 May 2019, the Board approved an increased level of remuneration for the Directors with effect from 1 July 2019 with an annual effect of £157,000 as follows:

Chair	£40,000
Audit Chair	£34,000
Other	£27,500

Directors fees for the six months ended 31 December 2019 were £78,000 (six months ended 31 December 2018: £85,000; year ended 30 June 2019: £158,000).

#### Audit fees and non-audit fees paid to the auditor

Audit fees for the six months ended 31 December 2019 were £19,000 (six months ended 31 December 2018: £18,000; year ended 30 June 2019: £36,000).

There were no non-audit fees paid to the auditor during the six month period ended 31 December 2019 (six months ended 31 December 2018: £nil; year ended 30 June 2019: £nil).

### 6. Bank loan and finance costs

	Six months ended 31 December 2019 (Unaudited) £'000	Six months ended 31 December 2018 (Unaudited) £'000	Year ended 30 June 2019 (Audited) £'000
<b>Bank loan</b>	<b>31,000</b>	28,000	28,000

The Company has a short term unsecured loan facility with Scotiabank Europe Plc ("Scotiabank"). The facility is due to expire on 18 December 2020 after which it is anticipated the Company will take out a new facility on comparable terms.

On 18 December 2019, the Company drew down a further £3,000,000. As at 31 December 2019, the unsecured loan facility had a limit of £35,000,000 of which £31,000,000 was drawn down at an interest rate of 1.88975%, which is made up of LIBOR plus a margin rate.



The current loan facility was renewed on 18 December 2018 on the same terms as applied to the previous facility that expired on the 18 December 2018. During the six months ended 31 December 2019 the covenants of the loan facility have been met. The following are the covenants for the facility held as at 31 December 2019:

- the borrower shall not permit the adjusted asset coverage to be less than 4 to 1
- the borrower shall not permit the net asset value to be less than £95,000,000 at any time
- the borrower shall maintain an additional adjusted asset coverage of at least 1.5 to 1 at all times

The loan facility is rolled over every three months and can be cancelled at any time

During the six months ended 31 December 2019, the Company incurred interest expense of £280,000 (six months ended 31 December 2018: £237,000; year ended 30 June 2019: £521,000) and received interest of £10,000 (six months ended 31 December 2018: £5,000; 30 June 2019: £11,000).

## 7. Earnings per ordinary share

Earnings per ordinary share	Revenue (pence)	Capital (pence)	Total (pence)
for the six months ended 31 December 2019	2.24	0.21	2.45
for the six months ended 31 December 2018	2.41	(3.88)	(1.47)
for the year ended 30 June 2019	4.49	(2.64)	1.85

The revenue earnings per ordinary share for the six months ended 31 December 2019, is based on the net profit after taxation of £9,491,000 (six months ended 31 December 2018: £9,745,000; year ended 30 June 2019: £18,363,000) and on a weighted average of 424,861,641 (six months ended 31 December 2018: 404,361,694; year ended 30 June 2019: 408,895,008) ordinary shares in issue throughout the period.

The capital return per ordinary share for the six months ended 31 December 2019, is based on a net capital gain of £906,000 (six months ended 31 December 2018: a net capital loss of £15,703,000; year ended 30 June 2019: a net capital loss of £10,794,000) and on a weighted average of 424,861,641 (six months ended 31 December 2018: 404,361,694; year ended 30 June 2019: 408,895,008) ordinary shares in issue throughout the period.

Refer to note 13 for details of ordinary shares issued subsequent to the end of the reporting period. These shares were issued at a premium to the 31 December 2019 NAV per ordinary share.

## 8. Financial assets designated at fair value through profit or loss

	As at 31 December 2019 (Unaudited) £'000	As at 31 December 2018 (Unaudited) £'000	As at 30 June 2019 (Audited) £'000
Opening valuation	253,034	253,081	253,081
Purchases during the period/year	59,628	14,443	50,799
Sales – proceeds during the period/year	(58,703)	(15,419)	(41,115)
Realised loss on financial assets designated at fair value through profit or loss <sup>1</sup>	(2,719)	(5,777)	(7,001)
Effective interest adjustment	72	440	464
Unrealised gain/(loss) on financial assets designated at fair value through profit or loss	4,139	(9,589)	(3,194)
Closing valuation	255,451	237,179	253,034
Total net gain/(loss) on financial assets designated at fair value through profit or loss for the period/year	1,420	(15,251)	(10,195)

<sup>1</sup> Realised losses on financial assets designated at fair value through profit or loss is made up of gains of £2,989,000 (for the six months ended 31 December 2018: gains of £1,196,000; for the year ended 30 June 2019: gains of £3,954,000) and losses of £5,708,000 (for the six months ended 31 December 2018: losses of £6,973,000; for the year ended 30 June 2019: losses of £10,955,000).

### Fair value hierarchy

IFRS 13 'Fair Value Measurement' requires an analysis of investments valued at fair value based on the reliability and significance of information used to measure their fair value. The level is determined by the lowest (that is the least reliable or independently observable) level of input that is significant to the fair value measurement for the individual investments in its entirety as follows:

**Level 1** – investments quoted in an active market.

**Level 2** – investments whose fair value is based directly on observable current market prices or indirectly being derived from market prices.

## Notes to the Accounts (continued)

**Level 3** – investments whose fair value is determined using a valuation technique based on assumptions that are not supported by observable current market prices or based on observable market data.

Investments valued using stock market active prices are disclosed as Level 1 and this is the case for the quoted equity investments that the Company holds. Securities in Level 2 are priced using evaluated prices from a third party vendor, together with a price comparison made to evaluated secondary and tertiary third party sources, including broker quotes and benchmarks. As a result, these investments are disclosed as Level 2 - recognising that the fair values of these investments are not as visible as quoted investments and their higher inherent pricing risk.

Investments included as Level 3 are priced using a valuation technique reviewed by the Board taking into account, where appropriate, latest dealing prices, broker statements, valuation information and other relevant factors.

Transfers in and out of levels have been deemed to have occurred at the end of the reporting period.

	Level 1 (Unaudited) £'000	Level 2 (Unaudited) £'000	Level 3 (Unaudited) £'000	Total (Unaudited) £'000
<b>Financial assets</b>				
Fixed income securities	–	185,163	11,131	196,294
Equity shares <sup>1</sup>	49,155	3,062	421	52,638
Convertible bonds	–	6,519	–	6,519
<b>As at 31 December 2019</b>	<b>49,155</b>	<b>194,744</b>	<b>11,552</b>	<b>255,451</b>

	Level 1 (Unaudited) £'000	Level 2 (Unaudited) £'000	Level 3 (Unaudited) £'000	Total (Unaudited) £'000
<b>Financial assets</b>				
Fixed income securities	–	188,976	5,313	194,289
Equity shares <sup>1</sup>	38,502	–	507	39,009
Convertible bonds	–	3,881	–	3,881
<b>As at 31 December 2018</b>	<b>38,502</b>	<b>192,857</b>	<b>5,820</b>	<b>237,179</b>

	Level 1 (Audited) £'000	Level 2 (Audited) £'000	Level 3 (Audited) £'000	Total (Audited) £'000
<b>Financial assets</b>				
Fixed income securities	–	193,043	9,856	202,899
Equity shares <sup>1</sup>	40,991	459	534	41,984
Convertible bonds	–	8,151	–	8,151
<b>As at 30 June 2019</b>	<b>40,991</b>	<b>201,653</b>	<b>10,390</b>	<b>253,034</b>

<sup>1</sup> Equity shares include preference shares with a fixed term which have a conversion option.

During the period ended 31 December 2019 there were no transfers between level 1 and level 2.

### Financial assets designated at fair value through profit or loss reconciliation - Level 3

IFRS 13 requires disclosure, by class of financial instrument, if the effect of changing one or more inputs to reasonably possible alternative assumptions would result in a significant change to the fair value measurement. The information used in determination of the fair value of Level 3 investments is chosen in reference to the specific underlying circumstances and position of the investee company. On that basis, the Board believe that the impact of changing one or more of the inputs to reasonably possible alternative assumptions would not change the fair value significantly.

The following table shows a reconciliation of all movements in the fair value of financial assets categorised as level 3 between the beginning and the end of the reporting period.

	six months ended 31 December 2019 (Unaudited) £'000
<b>Opening valuation</b>	<b>10,390</b>
Purchases during the period	2,492
Sales - proceeds during the period	(1,418)
Realised loss on financial assets designated at fair value through profit or loss	(1,632)
Unrealised gain on financial assets designated at fair value through profit or loss	1,720
<b>Closing valuation</b>	<b>11,552</b>

There were no transfers in and out of Level 3 during the period.

If the market value of the Level 3 investments fell by 5%, the impact on the profit or loss and the net asset value would have been a reduction to profit of £578,000. If the value of the Level 3 investments rose by the same amount, the effect would have been equal and opposite.

Level 3 financial assets are as follows:

	as at 31 December 2019 (Unaudited) £'000
Aggre Micro 8% 17/10/2036	7,263
OakNorth Bank FRN 01/06/2028	2,020
JPI Media Group Senior Notes (Facility B)	1,120
Oro SG PTE Ltd 12% 08/07/2020	404
Telford Offshore 12% 12/02/2024	324
Fara Holdco Limited NPV	223
JPI Media Group Equity	198
	11,552

All level 3 financial assets above have been valued using a single broker quote to determine their fair value. The Company also holds a number of other level 3 assets with a value of £nil.

## 9. Stated Capital

### Authorised

The authorised share capital of the Company is represented by an unlimited number of ordinary shares of no par value.

### Allotted, called up and fully-paid

	Number of ordinary shares	Proceeds from issuance of ordinary shares £'000	Share issue costs £'000	Stated capital £'000
Total issued share capital at 1 July 2019	422,401,858			191,007
1,500,000 ordinary shares of no par value allotted on 2 August 2019 at 58.40p	1,500,000	876	(7)	869
700,000 ordinary shares of no par value allotted on 16 August 2019 at 58.40p	700,000	409	(3)	406
1,000,000 ordinary shares of no par value allotted on 10 September 2019 at 59.0p	1,000,000	590	(4)	586
1,000,000 ordinary shares of no par value allotted on 17 December 2019 at 59.0p	1,000,000	590	(6)	584
<b>Total issued share capital at 31 December 2019</b>	<b>426,601,858</b>	<b>2,465</b>	<b>(20)</b>	<b>193,452</b>

The balance of shares held in treasury by the Company at 31 December 2019 was nil (31 December 2018: nil; 30 June 2019: nil).

On 15 May 2018, a block listing facility for 40,000,000 new shares was approved by the UK Listing Authority. This facility is used for the purposes of satisfying market demand.

Refer to note 13 for further information subsequent to the reporting period.

## 10. Net Asset Value per Ordinary share

	31 December 2019 (Unaudited)	31 December 2018 (Unaudited)	30 June 2019 (Audited)
Net Asset Value (£'000)	235,588	218,542	233,127
<b>Net Asset Value per share (pence)</b>	<b>55.22</b>	<b>53.77</b>	<b>55.19</b>

The NAV per share is the value of all Company's total assets, less total liabilities, divided by the total number of ordinary shares at each period end. As at 31 December 2019 426,601,858 ordinary shares were held (31 December 2018: 406,451,858; 30 June 2019: 422,401,858).

## Notes to the Accounts (continued)

### 11. Dividends

Amounts recognised as distributions to equity holders in the period:

	Six months ended 31 December 2019 (Unaudited) £'000	Six months ended 31 December 2018 (Unaudited) £'000	Year ended 30 June 2019 (Audited) £'000
<b>In respect of the previous period:</b>			
Fourth interim dividend	6,125	5,814	5,814
<b>In respect of the period under review:</b>			
First interim dividend	4,256	4,044	4,044
Second interim dividend	-	-	4,065
Third interim dividend	-	-	4,170
	<b>10,381</b>	<b>9,858</b>	<b>18,093</b>

Refer to note 13 for further information subsequent to the reporting period.

### 12. Related Parties

#### The Board

During the six months ended 31 December 2019, there were no transactions with the Board other than directors' fees as disclosed in note 5. There were no changes to the shares held by the Directors during the period and therefore, as at 31 December 2019, the Directors each beneficially held the following shares in the Company:

Caroline Hitch: 130,000 ordinary shares

Wendy Dorman: 112,000 ordinary shares

Duncan A H Baxter: 109,412 ordinary shares

Ian Cadby: 25,000 ordinary shares

John E Newlands: 10,000 ordinary shares

#### Investment Manager

During the period, there were no transactions with the Investment Manager other than investment manager fees. Refer to note 4 for further information.

All transactions with related parties are carried out on an arm's length basis.

### 13. Subsequent Events

The Board has evaluated subsequent events for the Company through to 20 March 2020, the date the condensed financial statements were approved, and has concluded that the material events listed below do not require adjustment of the condensed financial statements.

#### Share Issues

On 14 January 2020, the Company issued 1,000,000 ordinary shares at a price of 60.0p per share.

On 29 January 2020, the Company issued 1,000,000 ordinary shares at a price of 59.1p per share.

On 06 February 2020, the Company issued 1,000,000 ordinary shares at a price of 58.7p per share.

On 13 February 2020, the Company issued 1,500,000 ordinary shares at a price of 59.0p per share.

On 19 February 2020, the Company issued 1,000,000 ordinary shares at a price of 59.3p per share.

#### Dividend

On 15 January 2020, the Company announced its second interim dividend of 1.00 pence per share, payable on 28 February 2020 to shareholders on the register on 24 January 2020, having an ex-dividend date of 23 January 2020.

## Directors' Statement of Principal Risks and Uncertainties

When considering the total return of the Company, the Directors take account of the risk which has been taken in order to achieve that return. The Directors have carried out a robust assessment of the principal risks and mitigating factors facing the Company including those which would threaten its business model, future performance, solvency or liquidity. The following risk factors have been identified and are listed below:

- Market risk
- Financial risk
- Earnings and dividend risk
- Operational risk
- Gearing risk
- Key-person dependency
- Regulatory risk
- Political risk

Information on these risks and how they are managed is given in the Annual Report and Financial Statements for the year ended 30 June 2019. In the view of the Board these principal risks and uncertainties are as applicable to the remaining six months of the current financial year as they were in the six months under review.

The Company may be exposed to certain risks that are not disclosed within the Annual Report and Financial Statements

The Company is not necessarily free from any such risks.

## Directors' Responsibility Statement in Respect of the Interim Report

We confirm that to the best of our knowledge:

- the unaudited condensed financial statements within the Interim Report have been prepared in accordance with IAS 34 – Interim Financial Reporting, as adopted by the European Union ("EU") and gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as at 31 December 2019, as required by the Financial Conduct Authority's ("FCA") Disclosure Guidance and Transparency Rule ("DTR") 4.2.4R.
- the Statement from the Chair, Investment Manager's Review and the condensed financial statements include a fair review of the information required by the Disclosure Guidance and Transparency Rules ("DTR") 4.2.7R, being an indication of important events that have occurred during the first six months ended 31 December 2019 and their impact on the unaudited condensed financial statements;
- the Directors' Statement of Principal Risks and Uncertainties shown above is a fair review of the information required by DTR 4.2.7R; and
- the condensed set of financial statements include a fair review of the information required by DTR 4.2.8R, being related party transactions that have taken place during the six months ended 31 December 2019 and that have materially affected the financial position or performance of the Company during that period.

Signed on behalf of the Board

**Caroline Hitch**  
Chair

20 March 2020

## Glossary of Terms and Definitions

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<b>Discount/Premium</b>	The amount by which the market price per share of an investment company is lower or higher than the net asset value per share. The discount or premium is expressed as a percentage of the net asset value per share.
<b>Dividend Yield</b>	The annual dividend expressed as a percentage of the share price.
<b>Dividend per share</b>	The total amount of dividends declared for every issued share over a period of time.
<b>Gearing</b>	The level of borrowing that the Company has undertaken. Represented by total assets (being total assets less current liabilities (excluding borrowings)) less all cash, expressed as a percentage of shareholders' funds minus 100.
<b>Net Asset Value or NAV</b>	The value of total assets less total liabilities. Liabilities for this purpose included current and long-term liabilities. To calculate the net asset value per ordinary share, the net asset value divided by the number of shares in issue produces the net asset value per share.
<b>Total Return</b>	The return to shareholders calculated on a per share basis by adding dividends paid and declared in the period to the increase or decrease in the share price (bid) or net asset value. The dividends are assumed to have been reinvested in the form of ordinary shares or net assets.
<b>SME</b>	Small and medium-sized enterprises.
<b>FRN</b>	Floating Rate Note.

## Registered Number

95691

## Registered Office<sup>1</sup>

IFC1, The Esplanade  
St. Helier  
Jersey  
JE1 4BP

## Directors

Caroline Hitch (Chair)  
Duncan A H Baxter  
Ian Cadby  
Wendy Dorman  
John E Newlands

## Investment Manager<sup>2</sup> and AIFM

CQS (UK) LLP  
1 Strand  
London  
WC2N 5HR

## Company Secretary and Administrator<sup>1</sup>

BNP Paribas Securities Services S.C.A, Jersey Branch  
IFC1 The Esplanade  
St. Helier  
Jersey  
JE1 4BP

## Registrars

Computershare Investor Services (Jersey) Limited  
Queensway House, Hilgrove Street  
St. Helier  
Jersey  
JE1 1ES

## Shareholder Information

### Net Asset Value/Share Price

The net asset value of the Company's ordinary shares may be obtained by contacting CQS on 0207 201 6900 or by email at [contactNCIM@cqsm.com](mailto:contactNCIM@cqsm.com) or alternatively by visiting the Company's website at [www.ncim.co.uk](http://www.ncim.co.uk).

## Financial Adviser and Corporate Broker

Cantor Fitzgerald Europe  
One Churchill Place  
Canary Wharf  
London  
E14 5RB

## Auditor

KPMG Channel Islands Limited  
37 Esplanade  
St. Helier  
Jersey  
JE4 8WQ

## Custodian, Bankers and Depositary<sup>1</sup>

BNP Paribas Securities Services S.C.A, Jersey Branch  
IFC1 The Esplanade  
St Helier  
Jersey  
JE1 4BP

## Jersey Lawyers to the Company

Ogier  
Ogier House, The Esplanade  
St. Helier  
Jersey  
JE4 9WG

## UK Solicitors to the Company

Dentons UK and Middle East  
One Fleet Place  
London  
EC4M 7WS

## Website

[www.ncim.co.uk](http://www.ncim.co.uk)

## ISIN

JE 00B1LZS514

<sup>1</sup> with effect from 28 November 2019, BNP Paribas Securities Services S.C.A., Jersey Branch ("BNPP") were appointed to act as the Company Secretary and Administrator in place of R&H Fund Services (Jersey) Limited and Maitland Administration Services (Scotland) Limited. BNPP replaced HSBC Bank Plc as the Company's Custodian, Bankers and Depositary. On this date, Ordnance House, 31 Pier Road, St. Helier, Jersey JE4 8PW, Channel Islands ceased to be the registered office of the Company.

<sup>2</sup> with effect from 18 September 2019, please refer to note 4 for further information.

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CQS NEW CITY  
HIGH YIELD FUND  
LIMITED

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