

CQS New City High Yield Fund

KEY FUND FACTS¹

Fund Manager

Ian 'Franco' Francis

Launch Date

October 2004

Total Gross Assets

£230.6m

Reference Currency

GBP

Ordinary Shares

Net Asset Value: 45.80p

Mid-Market Price: 46.40p

Yield (estimated)

8.62%

Gearing

13.39%

Premium

1.31%

Ordinary Shares in Issue

435,901,858

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

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Company Broker

N+I Singer

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AGM

December

Dividend Information

2020/21

1.00p interim payable 30 Nov 2020

See overleaf for previous Dividend information

Fiscal Year-End

30 June



Ian Francis

Portfolio Manager

Fund Management

Founded in 1999, CQS is a \$18.7bn² 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	0.88	0.56	(7.05)	0.25	23.97	73.15
Share Price	2.39	(0.61)	(12.85)	(5.82)	20.80	57.30

Investment Commentary⁴

During the month of October news on the economy and the pandemic continued to worsen. The increasing numbers of Covid cases led to many major cities and surrounding areas being put into local lockdowns and many other areas having tightened controls as the Government and local authorities tried to put a brake on the spread of the virus. As a result, household finances remained under severe strain, shown by the IHS Markit UK Household Finance Index unchanged at a depressing 40.8, which signals a continuing deterioration in the financial health of UK households. Spending fell at a quicker rate than in September and the most recent survey indicated that households were still using savings to fund certain purchases, and a larger number were adding to unsecured debt such as credit cards and overdrafts whilst others found that lenders became more cautious and as a consequence there was a fall in the availability of credit. Unsurprisingly the appetite for major purchases fell sharply over the month.

Away from the virus, Brexit negotiations seemed to be going nowhere fast, which should come as no surprise given recent history! Any agreement or partial agreement will come at one minute to midnight. Not ideal for market sentiment.

As for Europe, figures coming out of the economy were more or less in line with expectations, with business activity falling back into decline. Service sectors took the largest hit, whilst manufacturing industries had accelerated growth that was led by the industrial powerhouse of Germany. In effect, the two speed economy has really come back with a vengeance, with the service-led economies of the Mediterranean taking a huge hit as Covid demolished the holiday and travel business over the summer, and the industrial economies of the north seeing strong recovery. There is a real danger that Europe falls back into recession in Q4 of 2020. And Q1 of 2021 could also be difficult as it too will be affected by Brexit.

In the United States the Presidential election was probably an event that we would rather forget, with baseless claims of election fraud coming from the incumbent as it became obvious that a lot of the Democratic voters would do so via post. This was because they took the Covid threat very seriously as was evidenced by the rallies for Joe Biden that were all socially distanced, many in motor vehicles with all participants wearing masks, whilst the Trump events were not socially distanced in any way, with only a small percentage wearing masks... At the time of writing (several days after the figures showed a victory for Joe Biden), Donald Trump still had not conceded that he had lost and was still ranting on Twitter about legal action. This is not a great advert for democracy. Unfortunately this is becoming a more common event, as can be seen here in the UK with Brexit and Scottish independence: the days of admitting defeat are sadly over for now, preventing winners from getting on with it whether or not you agree with that vote/ decision. Until sanity returns we have to deal with market, which will be more volatile than it need be and make it harder for any governments to focus on helping the economies survive during and after the pandemic.

For the company the shares went XD their first payment of 1p/share on 23rd October for payment 30th November. We made no major purchases or sales for the portfolio in the month.

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
2019/20	Total	4.46p

Investor Report
Monthly Factsheet

Annual Report & Accounts
Published October

AIFMD Leverage Limit Report (% NAV)

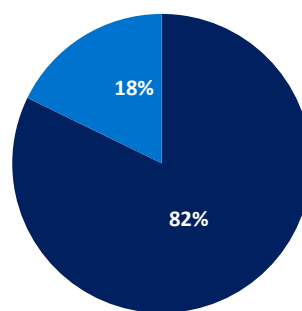
	Gross Leverage (%) ⁵	Commitment Leverage(%) ⁶
CQS New City High Yield Fund	118	118

⁵Source: CQS, as at 30 October 2020. 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 30 October 2020. 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, 8}

Name	(% of NAV)
CYBG PLC 16-31/12/2049 FRN	6.16
GALAXY FINCO LTD 9.25% 19-31/07/2027	5.93
ONESAVINGS BANK 17-31/12/2059 FRN	4.82
PUNCH TAVERNS 7.75% 14-30/12/2025	4.30
SHAWBROOK GROUP 17-31/12/2059 FRN	3.96
GARFUNKELUX HOLD 11% 15-01/11/2023	3.61
AGGREGATED MICRO 8% 16-17/10/2036	3.61
JUST GROUP PLC 8.125% 19-26/10/2029	3.43
CO-OPERATIVE FIN 19-25/04/2029 FRN	3.27
RAVEN RUSSIA 12% 09-31/12/2059	3.24
Top 10 Holdings Represent	42.31

The Company has exposure to 109 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 30 October 2020. ²CQS as at 30 October 2020. 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. ⁵All 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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