

CQS New City High Yield Fund

KEY FUND FACTS¹

Fund Manager

Ian 'Franco' Francis

Launch Date

October 2004

Total Gross Assets

£240.7m

Reference Currency

GBP

Ordinary Shares

Net Asset Value: 48.06p

Mid-Market Price: 48.60p

Yield (estimated)

9.18%

Gearing

12.88%

Premium

1.12%

Ordinary Shares in Issue

436,301,858

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 paid 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 \$19.9bn² 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	4.93	4.91	(3.80)	6.28	28.76	84.09
Share Price	4.74	4.10	(8.41)	(0.15)	23.79	70.39

Investment Commentary⁴

Western economies continued to have a hard time with quite how bad the sentiment continues to be, as evidenced by the various IHS Markit surveys in the UK and Europe. In the UK, the flash composite index is down to 47.4 down from October's 52.1. This ended 4 months of recovery in the services and hospitality sectors with many losing their jobs despite the furlough extension given by the government. Manufacturing was positive as companies built up stockpiles in anticipation of Brexit and in key export markets such as China and the EU. The latter where customers were keen to have delivery before the end of the transition period. For households the news continues to be very negative with the Household finance index at 40.0 showing the lowest for six months; unsecured consumer credit continued to grow for the fourth month in a row and unsurprisingly households were spending hard earned savings to mitigate falling incomes in the private sector. This is only sustainable for a short period of time, as was evidenced by the quickest fall in savings for seven years.

A lot has happened as regards political headlines. In the US election, the Biden victory is still being disputed by Trump and the political system continues to have a lack of agreement on anything! Brexit continues to rumble on plus Western economies are being trashed by Covid-19 with the second wave causing lockdowns to be imposed in many European countries and most of the UK.

In markets, equities all rallied across Europe and the US by around 10%. Much of this came on the back of positive Vaccine news with three potential vaccines being approved by early December and certainly aided by the Biden victory, with a calmer trade policy with hopefully less market moving tweets!

High yield markets were up around 4% in UK and Europe, and Sterling strengthened by 4c to \$1.33 and just over 1c to just under Euro 1.12. The Company paid its first quarterly dividend for the year of 1p per share on the 30th November.

For the Company's portfolio, Garfunkelex 11% and 8.5% have both been called which was a positive on the capital account with the 11% trading at 85 in October and taken out at 102.75 plus accrued interest on the 1st November. (The 8.5% were trading at 95 and called at 100). These holdings were replaced with Bracken Midco 8 7/8% 2023 and we have added some Modulaire 10% 2023.

As regards the way forward, a lot relies on the rollout of an effective inoculation programme not just here but across Europe and globally. The transition to a post Covid-19 economy is paramount and just how fast we get there. 2021 will be a year of volatility and a few false starts before we get a true shape of the way the economy recovers and how quickly the workforce gets re employed and in which sectors.

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)

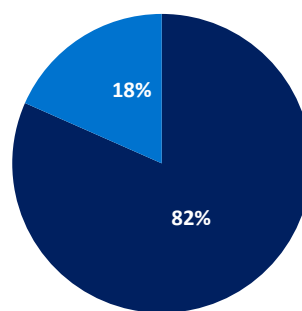
	Gross Leverage (%) ⁵	Commitment Leverage(%) ⁶
CQS New City High Yield Fund	114	114

⁵Source: CQS, as at 30 November 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 November 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	6.42%
GALAXY FINCO LTD 9.25% 19-31/07/2027	5.79%
ONESAVINGS BANK 17-31/12/2059 FRN	4.66%
PUNCH TAVERNS 7.75% 14-30/12/2025	4.26%
SHAWBROOK GROUP 17-31/12/2059 FRN	3.93%
BRACKEN MIDCO 8.875% 18-15/10/2023	3.48%
JUST GROUP PLC 8.125% 19-26/10/2029	3.48%
AGGREGATED MICRO 8% 16-17/10/2036	3.46%
CO-OPERATIVE FIN 19-25/04/2029 FRN	3.34%
REA FINANCE 8.75% 15-31/08/2025	3.08%
Top 10 Holdings Represent	41.91

The Company has exposure to 111 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 November 2020. ²CQS as at 30 November 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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