

CQS New City High Yield Fund

KEY FUND FACTS¹

Fund Manager

Ian 'Franco' Francis

Launch Date

October 2004

Total Gross Assets

£260.1m

Reference Currency

GBP

Ordinary Shares

Net Asset Value: 51.50p

Mid-Market Price: 53.80p

Yield (estimated)

8.29%

Gearing

12.69%

Premium

4.47%

Ordinary Shares in Issue

441,001,858

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

1.00p interim paid 26 February 2021

1.00p interim payable 28 May 2021

See *overleaf* for previous Dividend information

Fiscal Year-End

30 June



Ian Francis

Portfolio Manager

Fund Management

Founded in 1999, CQS is a \$21.8bn² 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	2.99	7.41	29.12	16.60	42.01	87.02
Share Price	7.45	7.45	28.06	14.02	39.18	76.20

Investment Commentary⁴

Here in the UK, industry surveys were extremely positive as we came out of lockdown. The IHS Markit/CIPS Flash Manufacturing PMI came in at 60.8, the highest since July 1994 when Ken Clarke was Chancellor and the UK was in growth mode whilst being in control of inflation. One might argue that, whilst we are starting a period of major recovery, the differences are vast. The economy this year is all about how much of the spare capacity mothballed, furloughed workforce can come back on stream and how quickly the demand side recovers. The other major difference is that we now risk inflation rapidly increasing due to supply side shortages and commodity price inflation pushing prices higher, rather than the healthier demand led inflation, which signals a strong economy. The services side of the economy is also showing strength, with forward demands for restaurants, hotels and leisure for staycations is in full flow. The partial lifting of restrictions in April allowing retail, pubs and restaurants to open outside has further boosted sentiment, giving the fastest rate of expansion for six and a half years. Forecasters are predicting that this strong growth will persist for at least the next two months along with higher inflationary pressure, the latter will be the worrying factor later in the year.

Across the Channel, the Eurozone was still suffering from the slow rollout of vaccines and the continuing spread of Covid-19 in many member states. The overall economy is still very split between manufacturing, which is at its highest since the Flash Eurozone Manufacturing PMI and Output indices started in June 1997 at 63.3 and 63.4 respectively. Although growth rates in Germany and France have slowed slightly, record growth was recorded throughout the rest of the region. Here too, supply constraints were seen as a major risk, along with increasing raw material prices. The service sector showed its first expansion since August last year, buoyed by the hope that holiday destinations across Europe will be recovering over the summer and improving demand elsewhere as lockdowns are eased.

The US too is pushing on with its vaccination programme and stimulus measures, which is boosting all areas of the economy. US private sector businesses registered a survey (IHS Markit Flash US Composite PMI at 62.2) record expansion of output during April, as Covid-19 restrictions loosened and strong client demand boosted business activity. A steep upturn in manufacturing production occurred despite unprecedented supply chain disruptions, and services also posted activity growth at a new high. The worrying element is the supply chain disruptions and higher input costs growing at the fastest rate since July 2008 with these increased costs being passed on to the end client, be it in services or goods. It is going to be critical for the world economy, whether this is a short term spike or more worryingly, a longer term trend, particularly if it is supply pushed.

For the company, its shares went XD 1p/share at the end of the month for payment as at the end of May. For the portfolio, the Permanent TSB 8.625% perpetual was called at the beginning of the month, some of the funds were redeployed into Co-op Bank 9.5% 2029 and Shawbrook 7 7/8% perpetual. We also added to American Tanker \$ 7 3/4% 2025, AMPIL 8% 2036 and Boparan Finance 7.625% 2025. The Azerion 8.5% 2023 was also tendered for above par and replaced by a new issue with the lower coupon of 7.25% and one year longer duration.

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)

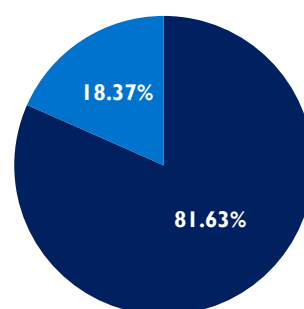
	Gross Leverage (%) ⁵	Commitment Leverage(%) ⁶
CQS New City High Yield Fund	113	113

⁵Source: CQS, as at 30 April 2021. 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 April 2021. 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	6.23
GALAXY FINCO LTD 9.25% 19-31/07/2027	5.44
ONESAVINGS BANK 17-31/12/2059 FRN	4.62
SHAWBROOK GROUP 17-31/12/2059 FRN	4.52
AGGREGATED MICRO 8% 16-17/10/2036	3.92
CO-OPERATIVE FIN 19-25/04/2029 FRN	3.67
JUST GROUP PLC 8.125% 19-26/10/2029	3.62
BRACKEN MIDCO 8.875% 18-15/10/2023	3.41
PUNCH TAVERNS 7.75% 14-30/12/2025	3.20
BOPARAN FINANCE 7.625% 20-30/11/2025	3.14
Top 10 Holdings Represent	41.75

The Company has exposure to 104 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 April 2021. ²CQS as at 30 April 2021. 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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