

CQS New City High Yield Fund

KEY FUND FACTS¹

Fund Manager

Ian 'Franco' Francis

Launch Date

October 2004

Total Gross Assets

£272.4m

Reference Currency

GBP

Ordinary Shares

Net Asset Value: 51.18p

Mid-Market Price: 53.60p

Yield (estimated)

8.34%

Gearing

12.11%

Premium

4.73%

Ordinary Shares in Issue

467,801,858

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

Singer Capital Markets

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AGM

December

Dividend Information

2021/22

1.00p interim paid 30 Nov 2021

1.00p interim paid 25 February 2022

See overleaf for previous Dividend information

Fiscal Year-End

30 June



Ian Francis

Portfolio Manager

Fund Management

Founded in 1999, CQS is a \$20.8bn² 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	(2.25)	(1.06)	11.48	23.43	31.98	96.38
Share Price	(3.25)	0.30	14.78	20.40	29.57	83.17

Investment Commentary⁴

February 2022 looked good for the UK economy, with the FTSE All-Share index hitting close to the all-time high of 4,297 early in the month, buoyed by the lifting of Covid-19 restrictions and positive business sentiment. For the service sector there was a marked improvement in travel, leisure, and entertainment.

Lurking in the background was the mobilisation of a considerable Russian force on the border of Ukraine, despite earlier warnings by US President Joe Biden that sweeping sanctions would be imposed on Russia if it was to invade Ukraine. As well as many negotiations between western leaders and Russian officials, intelligence agencies continued to warn them that Russia was ready to invade Ukraine. The ramp up in dialogue continued until 21st February, when Vladimir Putin recognised the two separatist states of Luhansk and Donetsk, which both had pro-Russian local governments despite being part of Ukraine. On 22nd and 23rd February, some initial sanctions were applied by the West on Russian Banks and the assets of the Duma Russia's lower house were frozen. Then, on the 24th, came the terrible full-on attack on various areas of Ukraine, from which point western sanctions have been massively increased. As a result, we are witnessing a very intense war with markets reacting to headlines on nearly a minute-by-minute basis. There has been both general falls in global equity indices, as well as massive commodity price increases.

The Fund has only one investment with direct exposure to Russia. It is a Guernsey domiciled company called Raven Property Group. Its main business is operating warehouses for Western companies in St. Petersburg and Moscow. At the end of January, we had 3.3% of the Fund's portfolio in the Raven Property 12% preference shares. Liquidity in the shares dried up completely in February and following the invasion the price fell from 105p to 16p currently. Raven Property has recently announced that they would not be paying the March coupon on these shares to conserve cash. Although this will impact the income revenue of the Fund, we have built up considerable reserves over many years and do not see this having any impact on dividends to be paid by the Fund. We will wait to see what happens to Raven Property when hopefully the situation stabilises.

We paid our 1p per share dividend on 25th February.

AIFMD Leverage Limit Report (% NAV)

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

⁵Source: CQS, as at 28 February 2022. 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 28 February 2022. 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.

KEY FUND FACTS (continued)

Dividend Information (continued)

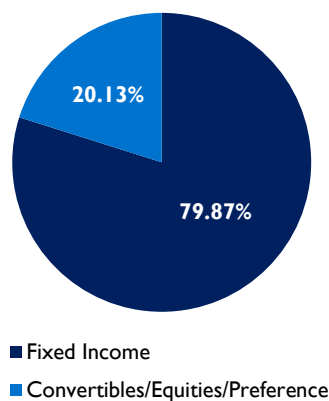
2007/08	Total	3.57p
2008/09	Total	3.65p
2009/10	Total	3.75p
2010/11	Total	3.87p
2011/12	Total	4.01p
2012/13	Total	4.10p
2013/14	Total	4.21p
2014/15	Total	4.31p
2015/16	Total	4.36p
2016/17	Total	4.39p
2017/18	Total	4.42p
2018/19	Total	4.45p
2019/20	Total	4.46p
2020/21	Total	4.47p

Investor Report
Monthly Factsheet

Annual Report & Accounts
Published October

Portfolio Analysis ^{1, 7}

Breakdown by Asset Class



Top 10 Holdings (%) ^{1, 7}

Name	(% of NAV)
CYBG PLC 16-31/12/2049 FRN	5.54
SHAWBROOK GROUP 17-31/12/2059 FRN	5.50
GALAXY FINCO LTD 9.25% 19-31/07/2027	4.86
AGGREGATED MICRO 8% 16-17/10/2036	4.02
STONEGATE PUB 8.25% 20-31/07/2025	3.91
CO-OPERATIVE FIN 19-25/04/2029 FRN	3.69
REA FINANCE 8.75% 15-31/08/2025	3.64
BOPARAN FINANCE 7.625% 20-30/11/2025	3.44
DIVERSIFIED ENERGY CO PLC	3.31
MANGROVE LUXCO 7.775% 19-09/10/2025	3.05
Top 10 Holdings Represent	40.97

*The Company has exposure to 82 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 28 February 2022. ²CQS as at 28 February 2022. 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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PRI Note: PRI is an investor initiative in partnership with UNEP Finance and the UN Global Compact. GMv9.

L22-139 / 03.22

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