

CQS New City High Yield Fund

KEY FUND FACTS¹

Fund Manager

Ian 'Franco' Francis

Launch Date

October 2004

Total Gross Assets

£268.0m

Reference Currency

GBP

Ordinary Shares

Net Asset Value: 49.30p

Mid-Market Price: 51.20p

Yield (estimated)

8.73%

Gearing

12.31%

Premium

3.85%

Ordinary Shares in Issue

476,651,858

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

contactncim@cqsm.com

Company Broker

Singer Capital Markets

+44 (0) 207 496 3000

AGM

December

Dividend Information

2021/22

1.00p interim paid 30 Nov 2021

1.00p interim paid 25 February 2022

1.00p interim paid 27 May 2022

See overleaf for previous Dividend information

Fiscal Year-End

30 June



Ian Francis

Portfolio Manager

Fund Management

Founded in 1999, CQS is a \$17.7bn² 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	(2.82%)	(2.21%)	2.04%	16.15%	27.36%	90.68%
Share Price	(4.48%)	(2.73%)	1.21%	9.76%	21.59%	83.90%

Investment Commentary⁴

June was a particularly ugly month in all markets with fear definitely in the driving seat at the moment. The FTSE All Share index fell from 4,201.96 to 3940.90, some -6.2%. Sterling too had a weak month, falling from \$1.2602 to \$1.2178, down by 3.36%. CPI Inflation, at 9.1%, and the associated customer spending cutbacks, were definitely front and centre of UK market worries. The private sector optimism is at its lowest for over two years, with wage inflation being a major impact on profitability as companies are still finding it very difficult to fill vacancies. The definite worry is that the low level of business optimism we are encountering usually is seen as a precursor to a recession.

Europe too is not in a happy place with demand stalling in all sectors of the economy. Even the recent surge in tourism demand in April and May weakened and is at a near standstill. In Manufacturing, output actually fell for the first time in two years, and with sentiment weakening, it is set to fall further over the summer months. European High Yield bond markets continued their fall from grace, now down 13.61% on the six months to the end of June, whilst Investment Grade bonds were 13.18% weaker over the same period. Despite these factors, the Euro was still stronger over the month, by just over 1% against a weakening Sterling.

In the United States, the level of inflation hit 8.6% in May, the highest since December 1981, and is forecast to be at a similar level when the June figure is released in mid-July. Total non-farm payroll employment rose by 390,000 in May. Notable job gains occurred in leisure and hospitality, in professional and business services, and in transportation and warehousing. Employment in retail trade declined over the month. Non-farm employment is down by 822,000, or 0.5%, from its pre-pandemic level in February 2020. To give comparable performance figures over the last six months, US Investment Grade credit is down 14.71% and high yield down 14.12%.

For the Portfolio, the main transaction was the re-financing of the Virgin Money 8% perpetual bond being replaced with the new 8.25% perpetual. The holding in Travelodge 9% 2025 was added to, as was Galaxy Finco 9.25% 2027 (Domestic and General) and a new holding was added in Kantar 9.25% 2026 (Kantar Group is a data analytics and brand consulting company, based in London, England).

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

AIFMD Leverage Limit Report (% NAV)

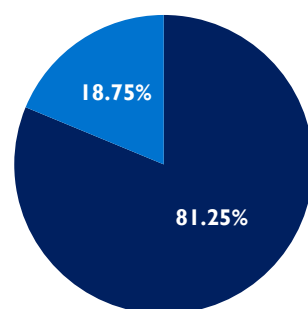
	Gross Leverage (%) ⁵	Commitment Leverage(%) ⁶
CQS New City High Yield Fund	114	114

⁵Source: CQS, as at 30 June 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 30 June 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.

Portfolio Analysis ^{1, 7}

Breakdown by Asset Class



- Fixed Income
- Convertibles/Equities/Preference

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

Name	(% of NAV)
GALAXY FINCO LTD 9.25% 19-31/07/2027	5.61
SHAWBROOK GROUP 17-31/12/2059 FRN	5.31
VIRGIN MONEY 22-08/12/2170 FRN	5.20
AGGREGATED MICRO 8% 16-17/10/2036	4.64
CO-OPERATIVE FIN 19-25/04/2029 FRN	3.73
STONEGATE PUB 8.25% 20-31/07/2025	3.68
REA FINANCE 8.75% 15-31/08/2025	3.66
MANGROVE LUXCO 7.775% 19-09/10/2025	3.26
HAWK DEBTCO LTD 10.5% 20-22/12/2024	3.20
DIVERSIFIED ENERGY CO PLC	3.19
Top 10 Holdings Represent	41.49

*The Company has exposure to 83 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 June 2022. ²CQS as at 30 June 2022. ³BNP Paribas Securities Services S.C.A., total return performance net of fees and expense 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.

Important Information

This document has been issued by CQS (UK) LLP which is authorised and regulated by the UK Financial Conduct Authority, CQS (US), LLC which is a registered investment adviser with the US Securities and Exchange Commission, and/or CQS (Hong Kong) Limited, which is authorised and regulated by the Hong Kong Securities and Futures Commission. The term “CQS” as used herein may include one or more of CQS (UK) LLP, CQS (US), LLC, and CQS (Hong Kong) Limited or any other affiliated entity. The information is intended solely for sophisticated investors who are (a) professional investors as defined in Article 4 of the European Directive 2011/61/EU or (b) accredited investors (within the meaning given to such term in Regulation D under the U.S. Securities Act of 1933, as amended) and qualified purchasers (within the meaning given to such term in Section 2(a)(51) of the U.S. Investment Company Act 1940, as amended). This document is not intended for distribution to, or use by, the public or any person or entity in any jurisdiction where such use is prohibited by law or regulation.

This document is a marketing communication prepared for general information purposes only and has not been delivered for registration in any jurisdiction nor has its content been reviewed by any regulatory authority in any jurisdiction. The information contained herein does not constitute: (i) a binding legal agreement; (ii) legal, regulatory, tax, accounting or other advice; (iii) an offer, recommendation or solicitation to buy or sell shares or interests in any fund or investment vehicle managed or advised by CQS (a “CQS Fund”) or any other security, commodity, financial instrument, or derivative; or (iv) an offer to enter into any other transaction whatsoever (each a “Transaction”). Any decision to enter into a Transaction should be based on your own independent investigation of the Transaction and appraisal of the risks, benefits and appropriateness of such Transaction in light of your circumstances. Any decision to enter into any Transaction should be based on the terms described in the relevant offering memorandum, prospectus or similar offering document, subscription document, key investor information document (where applicable), and constitutional documents and/or any other relevant document as appropriate (together, the “Offering Documents”). Any Transaction will be subject to the terms set out in the Offering Documents and all applicable laws and regulations. The Offering Documents supersede this document and any information contained herein. The Offering Documents for CQS UCITS range of funds is available here (<https://www.cqs.com/ucits-funds#global-convertibles>) in English (US persons will not be eligible to invest in CQS managed UCITS funds save to the extent set out in the relevant Offering Document). A copy of CQS' Complaints Policy, which sets out a summary of investors' rights, is available here (<https://www.cqs.com/site-services/regulatory-disclosures>) in English. CQS may terminate the arrangements for marketing or distribution of any CQS Fund at any time.

Nothing contained herein shall give rise to a partnership, joint venture or any fiduciary or equitable duties. The information contained herein is provided on a non-reliance basis, not warranted as to completeness or accuracy, and is subject to change without notice. Any information contained herein relating to any non-affiliated third party is the sole responsibility of such third party and has not been independently verified by CQS. The accuracy of data from third party vendors is not guaranteed. If such information is not accurate, some of the conclusions reached or statements made may be adversely affected. CQS is not liable for any decisions made or action taken by you or others based on the contents of this document and neither CQS nor any of its directors, officers, employees or representatives accept any liability whatsoever for any errors or omissions or any loss howsoever arising from the use of this document.

Information contained in this document should not be viewed as indicative of future results as past performance of any Transaction is not indicative of future results. Any investment in a CQS Fund or any of its affiliates involves a high degree of risk, including the risk of loss of the entire amount invested. The value of investments can go down as well as up. Future performance is subject to taxation which depends on the personal situation of each investor and which may change in the future. Investments may lead to a financial loss if no guarantee on the capital is in place. An investment in any CQS Fund will involve a number of material risks which include, without limitation, risks associated with adverse market developments, currency and exchange rate risks, risk of counterparty or issuer default, and risk of illiquidity. Any assumptions, assessments, targets (including target returns and volatility targets), statements or other such views expressed herein (collectively “Statements”) regarding future events and circumstances or that are forward looking in nature constitute CQS' subjective views or beliefs and involve inherent risk and uncertainties beyond CQS' control. Any indices included in this document are for illustrative purposes only and are not representative of CQS Funds in terms of either composition or risk (including volatility and other risk related factors). Unless stated to the contrary CQS Funds are not managed to a specific index.

The information contained herein is confidential and may be legally privileged and is intended for the exclusive use of the intended recipient(s) to which the document has been provided. In accepting receipt of the information transmitted you agree that you and/or your affiliates, partners, directors, officers and employees, as applicable, will keep all information strictly confidential. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information is prohibited. Any distribution or reproduction of this document is not authorized and prohibited without the express written consent of CQS, or any of its affiliates. Unless otherwise stated to the contrary herein, CQS owns all intellectual property rights in this document.

CQS is a founder of the Standards Board for Alternative Investments (“SBAI”) which was formed to act as custodian of the alternative investment managers' industry best practice standards (the “Standards”). By applying the Standards, managers commit to adopt the “comply or explain” approach described in the Standards. CQS is a signatory of the UN Principles for Responsible Investment and a supporter and participant of certain other responsible investment related industry associations.

PRI Note: PRI is an investor initiative in partnership with UNEP Finance and the UN Global Compact. GMv10.

L22-257 / 07.22

CQS (UK) LLP

4th Floor, One Strand, London WC2N 5HR, United Kingdom
T: +44 (0) 20 7201 6900 | F: +44 (0) 20 7201 1200

CQS (US), LLC

152 West 57th Street, 40th Floor, New York, NY 10019, US
T: +1 212 259 2900 | F: +1 212 259 2699

CQS (Hong Kong) Limited

1308 One Exchange Square, 8 Connaught Place, Central, Hong Kong, China
T: +852 3920 8600 | F: +852 2521 3189

CQSClientServices@cqsm.com | www.cqs.com

Signatory of:

