

CQS New City High Yield Fund

Key Fund Facts¹

Fund Manager	Ian 'Franco' Francis
Launch Date	October 2004
Total Gross Assets	£288.1m
Reference Currency	GBP
Ordinary Shares	Net Asset Value: 47.50p Bid-Market Price: 49.20p
Dividend Yield (est.)	9.11%
Gearing	12.76%
Premium (Discount)	3.58%
Ordinary Shares in Issue	532,851,858
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	B1LZS51 GB
Year End	30 June
Contact Information	contactncim@cqsm.com
Company Broker	Singer Capital Markets +44 (0) 207 496 3000
AGM	December
Dividend Information 2023/24	1.00p interim paid 30 November 2023 1.00p interim payable 28 February 2024
Fiscal Year-End	30 June
Previous Dividend Information	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 2021/22 Total 4.48p 2022/23 Total 4.49p
Investor Report	Monthly Factsheet
Annual Report & Accounts	Published October



Ian Francis
Portfolio Manager

Fund Description

The objective of the CQS New City High Yield Fund is to provide investors with a high dividend yield and the potential for capital growth by investing mainly in high-yielding fixed interest securities

Key Advantages for the Investor

- Access to a high-income asset class and a well-diversified portfolio
- Low duration to help mitigate interest rate risk
- Quarterly dividends paid to shareholders

Ordinary Share and NAV Performance²

	1 Month (%)	3 Months (%)	1 Year (%)	3 Years (%)	5 Years (%)	10 Years (%)
NAV	2.37	4.51	8.14	27.57	38.04	77.44
Share Price	0.82	3.78	2.55	23.38	33.60	68.52

Commentary³

The UK private sector saw growth at a six-month high, with the S&P Global / CIPS Flash UK PMI at 51.7, up from 50.7. This masks an underlying problem in the weak Manufacturing sector - the Flash UK Manufacturing output index dropping to 45.9 from November's 49.2 means less demand for finished products due to overstocked customers and the tightening of inventories in businesses. The impact of post-Brexit and lack of global growth further decreased export demand. Input inflation also increased, linked to rising employment costs. This seems to be having a knock-on effect on employment with staffing numbers falling for the fourth consecutive month.

Hospitality has had a good run into the Christmas period. It will be interesting to watch what happens in the next three to four months as the higher cost from minimum wage increases, rent and energy costs peak in the coldest quarter of the year, and the squeeze on household budgets continues. This is typically the worst-performing quarter for most hospitality businesses, and many throw in the towel. These factors make life difficult for the Bank of England Monetary Policy Committee when setting interest rates, to decide if and when to start on a downward path.

Europe is failing to recover in any sector, the overall economy has now contracted for a full half-year. Services are faring better than Manufacturing with both France and Germany having the worst performance in the zone; the powerhouses of Europe are not in a good place. One interesting feature was the ability in such a difficult market to pass on cost increases to end-customers. This will give the European Central Bank (ECB) a headache when determining when they need to start lowering rates to support the economy without fueling inflation.

In the US, the figures were more positive, with the S&P Global Flash US Composite Output index at 51.0 versus 50.7 in November. The Service sector leads the way in America as well, with Manufacturing being a drag to the overall economy. There is an increase in the rate of decline in new orders which is reducing production and resulting in the loss of jobs.

The Service sector is still in growth mode but not as rapid as earlier in the year when the Travel and Leisure sectors had a major revival. With the CPI inflation figure rapidly approaching the 2% target, the overall picture is one of a soft landing. All eyes will be on the Federal Reserve Bank and the timing of the first rate cut, with the most bullish pundits citing March, while the more cautious/prudent are looking to the 4th quarter.

For the Company we rolled the holding of Gaming innovation group FRN (denominated in Swedish Kronor) into the new bond, also an FRN with an initial coupon of 11.182% denominated in Euros. We also sold the rest of our Aggreko 8.75% 2027 and invested the proceeds into Pure Gym 10% 2028 and Travelodge 10.25% 2028.

2024 will be an interesting time in markets with considerations such as major elections in the western hemisphere, if inflation gets back to Government targets, and when as well as how much central banks cut rates. Add to this the ongoing war in Ukraine, the continuing support from the West and possible outcomes / escalation from Gaza into a larger conflict, and not forgetting the Iranian-backed Houthi Rebels in Yemen affecting Suez Canal traffic.

There is certainly a lot to keep the mind active this year.

Sources: ¹BNP Paribas Securities Services S.C.A., as at the last business day of the month indicated at the top of this report. ²BNP 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.

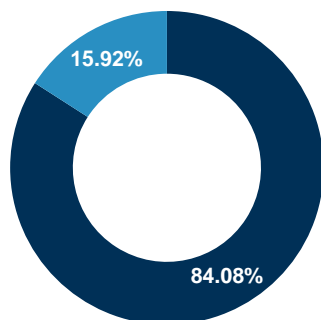
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AIFMD Leverage Limit Report (% NAV)

	Gross Leverage (%) ⁴	Commitment Leverage (%) ⁵
CQS New City High Yield Fund	114	114

Portfolio Analysis^{1,6}

Breakdown by Asset Class



■ Fixed Income ■ Convertibles/Equities/Preference

Top 10 Holdings (%)^{1,6}

Name	(% of NAV)
CO-OP BANK HOLD 23-22/05/2034 FRN	5.44%
GALAXY FINCO LTD 9.25% 19-31/07/2027	5.23%
SHAWBROOK GROUP 22-08/06/2171 FRN	4.82%
VIRGIN MONEY 22-08/12/2170 FRN	4.72%
AGGREGATED MICRO 8% 16-17/10/2036	4.48%
TVL FINANCE 10.25% 23-28/04/2028	3.75%
STONEGATE PUB 8.25% 20-31/07/2025	3.63%
BOPARAN FINANCE 7.625% 20-30/11/2025	3.60%
BARCLAYS PLC 22-15/12/2170 FRN	3.55%
RL FINANCE NO6 23-25/11/2171 FRN	3.53%
Top 10 Holdings Represent	42.74

Sources: ¹BNP Paribas Securities Services S.C.A., as at the last business day of the month indicated at the top of this report. ⁴CQS as at the last business day of the month indicated at the top of this report. 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. ⁵CQS as at the last business day of the month indicated at the top of this report. 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. ⁶All 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. GMv11.

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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

3305 AIA Tower, 183 Electric Road, North Point, Hong Kong, China
T: +852 3920 8600 | F: +852 2521 3189

✉ CQSClientServices@cqsm.com www.cqs.com Follow us

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