

Key Fund Facts¹

| | |
|-------------------------------|--|
| Fund Manager | Ian 'Franco' Francis |
| Launch Date | October 2004 |
| Total Gross Assets | £292.5m |
| Reference Currency | GBP |
| Ordinary Shares | Net Asset Value: 47.96p Bid-Market Price: 49.50p |
| Dividend Yield (est.) | 9.05% |
| Gearing | 12.35% |
| Premium (Discount) | 3.21% |
| Ordinary Shares in Issue | 536,851,858 |
| 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 paid 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 | 1.22 | 5.55 | 9.42 | 25.97 | 39.53 | 78.35 |
| Share Price | (0.20) | 3.46 | 6.89 | 26.61 | 32.81 | 69.12 |

Commentary³

The UK economy appears to be emerging from its brief recession, with the best Private Mortgage Index (PMI) figures of the last nine months and four months of growth back-to-back. There is further optimism for the year ahead through an increase in employment from January to February.

Meanwhile, in the Shipping sector, there are continued supply chain delays due to the Red Sea disruptions by Houthi Rebels. This has inflated the cost of goods as it has caused ships to reroute away from the Suez Canal.

Within the UK, wage inflation in the service sector remains stubbornly high, which implies that the Bank of England is unlikely to risk an interest rate cut in the short-term.

European Manufacturing is still creating a drag on the economy, with Germany being the weakest. French manufacturing is in recovery but this appears to not be enough to counter the drag from their neighbour.

European Services continue to perform well due to an increase in Tourism – though increased wage bills in this labour-intensive industry have pushed the output prices higher for a fourth consecutive month. Although this will likely dissuade the European Central Bank (ECB) from cutting rates in the short term, we believe that the earliest this would happen is June or July.

We believe that the US economy is still in better shape than its fellow Western economies, with inflation down at 3.1%. US Manufacturing is growing, and US Services are now at a seventeen-month high, having continued to rise for over a year. With inflation subdued it opens the possibility for the Federal Reserve Bank to cut rates sooner than its European and UK counterparts. It is important to note that markets in the West appear not to be taking account of the coming elections in the UK and Europe, as well as the US presidential elections in November. These will all affect market sentiment.

For the Company, we paid the second interim dividend of 1p/share at the end of the month. In the portfolio, we continued to downsize the Boparan holding and sold some of the equity in Frontline given the outperformance, since it was purchased in October. The Co-Op 6.25% 2026 holding was sold as it has already accomplished good capital gain and no longer provides enough income to justify keeping it in the portfolio. The only purchase during the month was Virgin Money 11%, adding to the holding that we opened in January. We feel that there will still be some good opportunities to invest in the high-yield sector before the central banks start to cut rates.

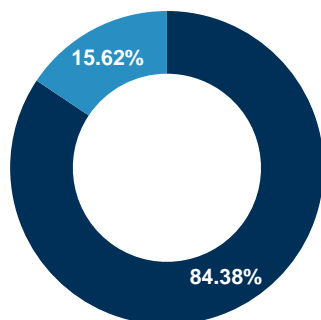
Sources: ¹BNP Paribas Securities Services S.C.A., as at the last business day of the month indicated at the top of this report. ²BNP Paribas Securities Services S.C.A., total return performance net of fees and expense based on bid prices. These include historic returns and past performance is not a reliable indicator of future results. The value of investments can go down as well as up. Please read the important legal notice at the end of this document. ³All 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.

AIFMD Leverage Limit Report (% NAV)

| | Gross Leverage (%) ⁴ | Commitment Leverage (%) ⁵ |
|------------------------------|---------------------------------|--------------------------------------|
| CQS New City High Yield Fund | 111 | 111 |

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 | 5.55 |
| GALAXY FINCO LTD 9.25% 19-31/07/2027 | 5.21 |
| SHAWBROOK GROUP 22-08/06/2171 FRN | 4.90 |
| VIRGIN MONEY 22-08/12/2170 FRN | 4.80 |
| AGGREGATED MICRO 8% 16-17/10/2036 | 4.25 |
| TVL FINANCE 10.25% 23-28/04/2028 | 3.78 |
| RL FINANCE NO6 23-25/11/2171 FRN | 3.58 |
| BARCLAYS PLC 22-15/12/2170 FRN | 3.55 |
| STONEGATE PUB 8.25% 20-31/07/2025 | 3.49 |
| FRONTLINE PLC | 3.41 |
| Top 10 Holdings Represent | 42.52 |

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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