

# Investor Report

28 June 2024

## CQS New City High Yield Fund Limited ("the Company")

### Key Facts<sup>1</sup>

|                               |  |
|-------------------------------|--|
| Portfolio Manager             | Ian 'Franco' Francis   |
| Launch Date                   | October 2004   |
| Total Gross Assets            | £308.5m  |
| Reference Currency            | GBP  |
| Ordinary Shares               | Net Asset Value:<br>49.59p<br>Bid-Market Price:<br>52.20p  |
| Dividend Yield (est.)         | 8.58%  |
| Gearing                       | 8.28%  |
| Premium (Discount)            | 5.26%  |
| Ordinary Shares in Issue      | 551,451,858  |
| Annual Management Fee         | 0.8% p.a. on assets up to £200 million<br>0.7% p.a. on assets over £200 million and up to £300 million<br>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           | CQSClientservices@cqsm.com   |
| Company Broker                | Singer Capital Markets<br>+44 (0) 207 496 3000   |
| AGM                           | December   |
| Dividend Information 2023/24  | 1.00p interim paid 30 November 2023<br>1.00p interim paid 28 February 2024<br>1.00p interim paid 31 May 2024<br>1.50p interim payable 30 August 2024   |
| Fiscal Year-End               | 30 June  |
| Previous Dividend Information | 2007/08 Total 3.57p<br>2008/09 Total 3.65p<br>2009/10 Total 3.75p<br>2010/11 Total 3.87p<br>2011/12 Total 4.01p<br>2012/13 Total 4.10p<br>2013/14 Total 4.21p<br>2014/15 Total 4.31p<br>2015/16 Total 4.36p<br>2016/17 Total 4.39p<br>2017/18 Total 4.42p<br>2018/19 Total 4.45p<br>2019/20 Total 4.46p<br>2020/21 Total 4.47p<br>2021/22 Total 4.48p<br>2022/23 Total 4.49p |
| Investor Report               | Monthly Factsheet  |
| Annual Report & Accounts      | Published October  |



**Ian Francis**  
Portfolio Manager

### Description

The objective of CQS New City High Yield Fund Limited 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 Performance<sup>2</sup>

|             | 1 Month (%) | 3 Months (%) | 1 Year (%) | 3 Years (%) | 5 Years (%) | 10 Years (%) |
|-------------|-------------|--------------|------------|-------------|-------------|--------------|
| NAV         | 0.71%       | 3.64%        | 19.07%     | 24.27%      | 41.11%      | 82.72%       |
| Share Price | 0.38%       | 2.72%        | 22.73%     | 22.93%      | 33.80%      | 76.52%       |

### Commentary<sup>3</sup>

The last set of PMI figures for the UK under a Conservative Party administration were the lowest in seven months although still in growth mode with the S&P Global Flash UK PMI Composite Index at 51.7, down from 53.0 from the previous month. This amounted to uncertainty in the business environment in the run-up to the 4<sup>th</sup> July General election.

CPI inflation hitting the 2% target, down from 2.3% a month earlier, leaves the Bank of England open to cutting rates in August. This would be subject to how markets react to the policies of the new Labour government with a large working majority, which was the result of the elections in early July. Sterling appears to have reacted well to the result of the election, strengthening against both the US Dollar and the Euro. Both the latter currencies could have political challenges ahead.

In the US, with the Presidential elections in November, there were ongoing questions in the Democratic camp over the health of President Biden. However, this speculation ended in July with President Biden choosing to stand down and endorse his Vice President, Kamala Harris. The question remains whether the final Democratic nominee can fend off a very motivated former President Trump.

In Europe, France is a focal point - with the French vote initially swinging to the right after the first round before lunging to the left after the second. With no party having an overall majority there is a hung parliament and we believe it will be interesting to see how this eventually pans out. Away from the Politics in the Eurozone, the European Central Bank ("ECB") cut the three key interest rates by 0.25%, as widely flagged previously, hoping this would aid recovery in the manufacturing sector. Given the weakness in the June figure for the HCOB Flash Eurozone Manufacturing Output Index, down to 46.0 in June from 49.3 in May, this may be a longer-term hope rather than a short-term fix.

Away from the political scene, the US is still showing strength. Output growth hit a 26-month high with the added positive of cooling inflation, down by 0.1% in June to 3%. We believe this bodes well for the possibility of a rate cut in September. We note that the key difference between growth in the US and the rest of the Western economies is that the US growth is broad-based across both the service and manufacturing sectors with job creation seen across the board.

For the Company, we added to Holdings in Kantar 9.25% 2026, Gaming Innovation group FRN 2026 and Azerion group FRN 2026 whilst opening new holdings in two new issues, Coventry Building Society 8.25% Perpetual and Cruise Yacht Upper Holding Co 11.875% 2028. (Ritz Carlton Yachts.) Against these, we sold Deutsche Bank 7.125% Perpetual and further sold down Boparan 7.625% 2025.

With the UK elections in our wake, we await the autumn statement from the new Labour Chancellor Rachel Reeves in September. There will likely be media speculation as to which sectors of the economy will, and which won't, be beneficiaries.

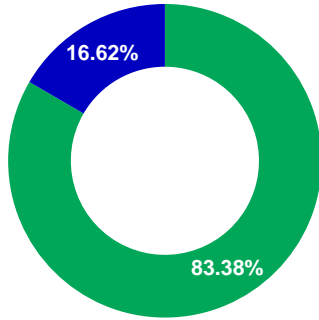
Sources: <sup>1</sup>BNP Paribas Securities Services S.C.A., as at the last business day of the month indicated at the top of this report. <sup>2</sup>BNP Paribas Securities Services S.C.A., total return performance net of fees and expense based on bid prices. These include historic returns and past 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. <sup>3</sup>All 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 (%) <sup>4</sup> | Commitment Leverage (%) <sup>5</sup> |
|--------------------------------------|---------------------------------|--------------------------------------|
| CQS New City High Yield Fund Limited | 112                             | 112                                  |

**Portfolio Analysis<sup>1,6</sup>**

**Breakdown by Asset Class**



■ Fixed Income   ■ Convertibles/Equities/Preference

**Top 10 Holdings (%)<sup>1,6</sup>**

| Name                                 | (% of NAV)    |
|--------------------------------------|---------------|
| CO-OP BANK HOLD 23-22/05/2034 FRN    | 5.36%         |
| GALAXY FINCO LTD 9.25% 19-31/07/2027 | 5.08%         |
| SHAWBROOK GROUP 22-08/06/2171 FRN    | 4.92%         |
| VIRGIN MONEY 22-08/12/2170 FRN       | 4.76%         |
| RL FINANCE NO6 23-25/11/2171 FRN     | 4.15%         |
| AGGREGATED MICRO 8% 16-17/10/2036    | 3.87%         |
| FRONTLINE PLC                        | 3.67%         |
| TVL FINANCE 10.25% 23-28/04/2028     | 3.49%         |
| STONEGATE PUB 8.25% 20-31/07/2025    | 3.39%         |
| BARCLAYS PLC 22-15/12/2170 FRN       | 3.37%         |
| <b>Top 10 Holdings Represent</b>     | <b>42.06%</b> |

Sources: <sup>1</sup>BNP Paribas Securities Services S.C.A., as at the last business day of the month indicated at the top of this report. <sup>4</sup>Manulife | CQS Investment Management 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. <sup>5</sup>CQS 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. <sup>6</sup>All holdings data are rounded to two decimal places. Total may differ to sum of constituents due to rounding. The Company is regulated by the Jersey Financial Services Commission.

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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

 [CQSClientServices@cqsm.com](mailto:CQSClientServices@cqsm.com)  [www.cqs.com](http://www.cqs.com)  Follow us

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