

Investor Report

30 September 2024

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

Key Facts¹

Portfolio Manager	Ian 'Franco' Francis
Launch Date	October 2004
Total Gross Assets	£312.9m
Reference Currency	GBP
Ordinary Shares	Net Asset Value: 48.95p Bid-Market Price: 52.00p
Dividend Yield (est.)	8.62%
Gearing	11.84%
Premium (Discount)	6.23%
Ordinary Shares in Issue	567,651,858
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	B1LZS51 GB
Year End	30 June
Contact Information	CQSClientservices@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 1.00p interim paid 31 May 2024 1.50p interim paid 30 August 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 2023/24 Total 4.50p
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 Performance²

	1 Month (%)	3 Months (%)	1 Year (%)	3 Years (%)	5 Years (%)	10 Years (%)
NAV	0.33	1.75	15.71	20.80	40.05	85.20
Share Price	(1.89)	(0.38)	14.04	18.45	31.39	70.67

Commentary³

September in the UK saw some positive news on the economy, with inflationary stresses calming further and the private sector showing growth, although not as strong as in August. Employment in the private sector was not quite as rosy, as manufacturing was still cutting jobs, and the more buoyant service sector showed only a slight increase in hiring.

Manufacturing was sending signals of a more significant underlying problem: declining pre-production inventories and finished goods stocks, weaker demand for goods, and increased supply chain delivery times.

Subject to the effects of the budget at the end of this month, it appears highly likely that the Bank of England will decrease rates again before the end of the year. Regarding the budget, the markets have not yet reacted to various rumours and counter rumours about what will be taxed and to what extent. As we have mentioned before, this could be the most impactful budget since the Thatcher era and will set out how markets view the Labour-run UK economy and how hard individual investors are hit. Most importantly, the question will be which areas will genuinely benefit?

The Eurozone is in a much worse position than either the US or the UK. The temporary boost seen in France over the Olympics is in the rear-view mirror with the French HCOB Flash Composite Output index falling to 47.7 against August's robust 53.1. Manufacturing continued to be weak and, unsurprisingly, Services fell to a six-month low. The only real upside in data across the eurozone was that the fall in input and output inflation could encourage the European Central Bank (ECB) to cut rates further. Manufacturing needs a boost as the sector has been in recession for 27 months and is shedding jobs at the fastest rate since August 2020. It is looking likely that the Eurozone is heading for stagnation.

The US economy is still in expansion mode and relies on the service sector for growth. The September PMI figures imply a GDP growth of 2.2% in the third quarter. However, looking forward to the fourth quarter, the uncertainty caused by the forthcoming presidential election is causing concern for much of the private sector, in both manufacturing and services. Inflation is still not beaten, and wage inflation is still a particular worry in services, where wage increases are at their fastest rate for 12 months.

The Company's main purchases during the month were Investec 10.5% perpetual, Aston Martin 10.375% 2029, Travel Lodge 10.25% 2028, 3 t Global 11.25% 2028, Bluewater Holdings 12% 2026, and Tullow Oil 10.25% 2026. Due to continuing market demand, the liquidity for these purchases came from issuing shares.

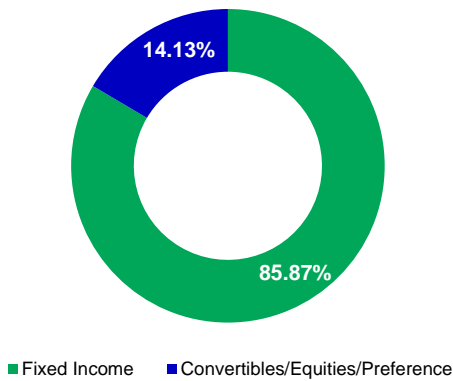
Sources: 1 BNP Paribas Securities Services S.C.A., as at the last business day of the month indicated at the top of this report. 2 BNP Paribas Securities Services S.C.A., total return performance net of fees and expense based on bid prices. These include historic returns and past performance is not a 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. 3 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 (%) ⁴	Commitment Leverage (%) ⁵
CQS New City High Yield Fund Limited	112	112

Portfolio Analysis^{1,6}

Breakdown by Asset Class



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

Name	(% of NAV)
CO-OP BANK HOLD 23-22/05/2034 FRN	5.49
SHAWBROOK GROUP 22-08/06/2171 FRN	5.16
GALAXY FINCO LTD 9.25% 19-31/07/2027	5.02
VIRGIN MONEY 22-08/12/2170 FRN	4.87
RL FINANCE NO6 23-25/11/2171 FRN	4.31
TVL FINANCE 10.25% 23-28/04/2028	4.31
AGGREGATED MICRO 8% 16-17/10/2036	3.73
STONEGATE PUB 10.75% 24-31/07/2029	3.39
REA FINANCE 8.75% 15-31/08/2025	3.38
INSPIRED ENTERTA 7.875% 21-01/06/2026	3.34
Top 10 Holdings Represent	43.00

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