Investor Report

30 April 2024

CQS New City High Yield Fund

Key Fund Facts[1]

Fund Manager	Ian 'Franco' Francis
Launch Date	October 2004
Total Gross Assets	£302.3m
Reference Currency	GBP
Ordinary Shares	Net Asset Value: 49.28p Bid-Market Price: 52.80p
Dividend Yield (est.)	8.48%
Gearing	8.36%
Premium (Discount)	7.14%
Ordinary Shares in Issue	542,351,858
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 1.00p interim payable 31 May 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 Performance[2]

	1 Month (%)	3 Months (%)	1 Year (%)	3 Years (%)	5 Years (%)	10 Years (%)
NAV	0.90	4.01	15.67	23.72	35.93	80.21
Share Price	1.93	6.45	16.54	24.70	34.12	75.16

Commentary[3]

The overall economy in the UK looked more positive in April, with the S&P Global Flash UK PMI composite output index at an eleven-month high of 54.0, up from an already positive 52.8 in March.

However, we believe this masks the two-speed economy with further growth in the Service sector more than offsetting the return of weakness in manufacturing. Cost pressures across the board in the form of wage inflation and on the back of the increase in the National Minimum Wage may not encourage the Bank of England to cut rates in the short-term. However, they have hinted that this may come in the June meeting, which may increase the likelihood of an increase in inflation in the coming months.

Polling data suggests that a little further ahead we may see a change of Government to Sir Kier Starmer's Labour Party, although a lot will depend on the size of the majority which is anticipated to be substantial. This result could be good news for markets as it should give the far left of the Labour party less ammunition to swing policies their way. International investors will likely be cautious of a Labour government and may need convincing that the UK is a good place to invest. Sterling will be the gauge of this.

The Eurozone got off to a more positive start to the second quarter with the Service side of the economy in growth but Manufacturing in the doldrums. A positive note from these figures is that production fell at its lowest rate for a year. Aside from the two largest economies of Germany and France, inflation rose more steeply as the Services sector had the confidence to pass on higher wage costs to end users. This may put pressure on the European Central Bank (ECB) to not cut rates in June as forecast by most pundits. However, given the noises coming from the ECB currently, a cut may still be on the cards, most likely to help the manufacturing sector recover.

In the United States, the economy's positive momentum was dented at the start of the second quarter, and demand in both services and manufacturing slowed, however it is still showing growth. Factors affecting inflation also changed, with the Service sector's wage-driven pressure decreasing. In Manufacturing, the increases in fuel and raw material prices continued to grow expeditiously for three out of the last four months. These are different to the factors currently affecting the economies of Western Europe.

From forecasting seven US rate cuts this year at the end of 2023, market pundits are now forecasting just one in the fourth quarter, as a result of the stickier-than-expected inflation. A lot of this caused by geopolitical events in the Middle East.

For the Company, competing bids for Hipgnosis Songs Fund enabled us to sell the holding for a sensible profit. The funds from this were reinvested into Next Energy Solar fund which was trading on a 30% discount to its NAV and giving a yield of 10.9%. We believe this offers good value as the company has recently rolled its Revolving Credit Facility (RCF) debt at a competitive level. We also invested in 3t Global 11.25% FRN 2028, a company which is a global leader in high impact training for safety-critical industries, particularly the oil, gas, wind energy and industrial sectors.

We continue to see sensible opportunities in the market while rates remain at "higher levels for longer".

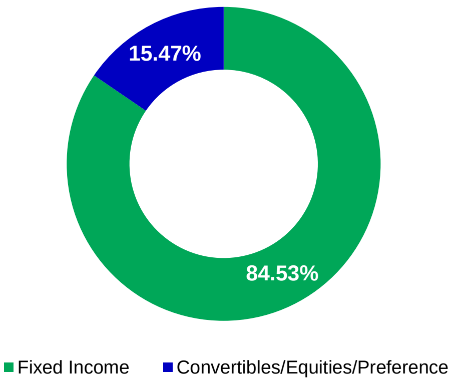
Sources: [1]BNP Paribas Securities Services S.C.A., as at the last business day of the month indicated at the top of this report. [2]BNP Paribas Securities Services S.C.A., total return performance net of fees and expense based on bid prices. These include historic returns and past performance is not 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	111	111

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	5.63
GALAXY FINCO LTD 9.25% 19-31/07/2027	5.10
SHAWBROOK GROUP 22-08/06/2171 FRN	4.95
VIRGIN MONEY 22-08/12/2170 FRN	4.94
RL FINANCE NO6 23-25/11/2171 FRN	4.33
AGGREGATED MICRO 8% 16-17/10/2036	4.07
TVL FINANCE 10.25% 23-28/04/2028	3.49
FRONTLINE PLC	3.46
BARCLAYS PLC 22-15/12/2170 FRN	3.43
STONEGATE PUB 8.25% 20-31/07/2025	3.35
Top 10 Holdings Represent	**42.76**

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]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, 7, 9 and 10 of Delegated Regulation 231/2013. [5]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. [6]All 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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