

23 July 2025

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

Monthly Factsheet as at 30 June 2025

The Company's Fact Sheet as at 30 June 2025 has been submitted and is available for inspection on the Company's website, <https://ncim.co.uk/cqs-new-city-high-yield-fund-ltd/>.

Ian 'Franco' Francis, Investment Manager at NCYF, comments:

"The UK economy remained in the Slough of Despond at the end of the second quarter, however, there were marginal improvements since April's weakness. Private sector activity can be best described as 'treading water'. Confidence is weaker than the same time last year, with global trade protectionism and UK government policies encouraging companies to cut staff due to higher employment costs and lack of improving productivity.

Data from the eurozone is hardly better with a slowing service sector and a manufacturing sector that is just about registering growth. Germany appears to be improving, while France is still in the doldrums. Employment in the eurozone is roughly constant, as the region's outlook appeared to be improving due to the major factor of recent falls in energy prices. This energy price fall, however, came to an abrupt halt and then rapidly rose with the start of a conflict between Israel and Iran.

Increased tensions in the Middle East rapidly escalated to a full-scale war between Israel and Iran, with pre-emptive strikes by Israel against Iranian nuclear and military targets. Unsurprisingly, Iran retaliated with drones and ballistic missiles. Threats from US President Trump of American strikes targeting key nuclear facilities in Iran were carried through; this clinically and efficiently brought a cease to hostilities with the 12-dollar spike in the oil price negated by month-end.

Data on the US economy in June showed continued growth. However, an element of uncertainty was seen in the private sector as prices for goods jumped sharply as tariff increases were passed down the line. This occurred in both the manufacturing and service sectors; none of which would encourage the Federal Reserve to cut rates anytime soon. President Trump will likely be piling pressure on US Fed Chair Powell to cut rates, publicly blaming him for the upcoming problems in the economy.

It was a busier month for the Company, with two holdings called by their issuers: Virgin Money 8.25% perpetual and Inspired Entertainment 7.875% 2029. The Financials element of the portfolio was replaced in part by adding to Close Bros 11.125% perpetual, Sherwood Finance 9.625% 2029, and Attica Bank 9.375% perpetual. Elsewhere, we added to holdings in Boparan 9.375% 2029, Bellis Acquisition (Asda) 8.125% 2030, Travelodge 10.25% 2028, Pizza Express 9.875% 2029, Azerion FRN 2026, and Stonegate 10.75% 2029. At the very end of the month, we also opened a new holding in the form of Sigma Holdco (Flora) 8.625% 2031 in Euros.

As we enter the quieter period of the summer, we remain focused on how the US tariffs will pan out and how the various conflicts look to be resolved; all of which could add to volatility in the generally slower trading holiday period."

-ENDS-

For Further Information

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About CQS New City High Yield Fund Limited

NCYF aims to provide investors with a high dividend yield and the potential for capital growth by investing in high-yielding, fixed interest securities. These include, but are not limited to, preference shares, loan stocks, corporate bonds (convertible and/or redeemable) and government stocks. The Company also invests in equities and other income-yielding securities.

Since the Fund's launch in 2007, the Board has increased the level of dividends paid every year. As at 31 December 2024, the Company's dividend yield was 8.79%. In addition to quarterly dividend payments, the Fund seeks to deliver investors access to a high-income asset class across a well-diversified portfolio with low duration to help mitigate interest rate risk.

Further information can be found on the Company's website at <https://ncim.co.uk/cqs-new-city-high-yield-fund-ltd/>

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