

22 January 2026

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

**Monthly Factsheet as at 31 December 2025**

The Company's Fact Sheet as at 31 December 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 New City High Yield Fund, comments:**

"The outlook in the UK in December was more positive, helped by the Bank of England cutting rates by 0.25% to 3.75% a result of the continued weakness in the employment market across all sectors of the economy and aided by a drop in CPI to 3.2%. However, new orders in the service sector increased, including from outside the UK, marking a turnaround after over a year of decline. Post-budget gloom has dissipated in most sectors, except hospitality, where minimum wage increases and forthcoming business rate hikes are leaving the industry worried about the viability of its businesses post-April 2026. In the manufacturing sector, competition increased in both domestic and export markets due to economic uncertainty, cautious spending by companies and consumers, and higher costs from wage and energy increases.

"In Europe, growth slowed at the end of the year due to a weaker Services sector and continued contraction in manufacturing, with the significant drag coming from Germany and France. Although the service sector saw a softening of growth, it remains the most robust area of the economy, especially in Germany, where the sector grew in the month. To see a real upturn in the Eurozone's economies, we look towards a stronger manufacturing sector. Inflation has now fallen to 2%, which will be more reason for the ECB to cut rates in the months ahead.

"In the US, the economy is losing momentum for the second month in a row, but the annualised Q4 GDP growth is still far ahead of the UK and Europe at 2.5%. Weaknesses are broad-based. In the industrial sector, we saw the first fall in new orders for over a year, while service providers saw one of the slowest rates of sales growth since 2023. The effect on employment is also noted, with fewer jobs created in December. Inflation ticked up to 2.7% in November and is expected to be higher in December, with the blame focused on tariffs, not just in manufacturing but now seeping into the services sector.

"For the company's portfolio we opened a holding in Market Bidco Finco 8 ¾% 2031 (Morrisons Supermarket) and added to 3t Global 11.25% 2028 (skills and safety training in the UK). In the coming month we will see Q4 trading statements from companies that will give us insight into how various economies are faring rather than just from surveys which, while being reasonably accurate, do not go quite as deep as trading updates."

**-ENDS-**

**For Further Information**

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CQS New City High Yield Fund Limited 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 30 June 2025, the Company's dividend yield was 8.77%. 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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