

25 March 2026

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

**Monthly Factsheet as at 28 February 2026**

The Company's Fact Sheet as at 28 February 2026 has been issued 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:**

"Economic conditions in the UK showed signs of improvement in February. Growth in new orders strengthened across both the manufacturing and services sectors, although service sector employment declined for the seventeenth consecutive month as firms maintained a focus on productivity and cost efficiency measures. The upcoming increases to age-related minimum wages on 1 April may place additional pressure on employers, particularly in labour intensive industries. Inflation remains above the Bank of England's 2% target, tempering expectations of near term interest rate cuts."

"In Europe, business activity continued to expand across both services and manufacturing, with Germany recording its fastest growth in four months. New orders improved modestly, particularly within the manufacturing sector. Employment was broadly stable in Germany and France, but softened elsewhere in the eurozone. Inflation continued to ease gradually, though not at a pace expected to prompt any imminent change to the ECB's current policy stance. In the United States, growth slowed, with overall output expanding at the weakest rate in ten months. Companies cited subdued demand alongside elevated price pressures as key factors behind the moderation. Tariff related cost increases remain a concern, contributing to uncertainty around the inflation outlook and weighing on customer spending across both manufacturing and services."

"Geopolitical tensions in the Middle East intensified on 28 February after reports of coordinated strikes involving the United States and Israel against targets in Iran, including assassinations in Tehran of the supreme leader Ayatollah Khamenei and members of his immediate family. The situation swiftly escalated as Iran launched drone and ballistic missile attacks on Israel. These were followed by strikes on neighbouring Arab states-Saudi Arabia, the UAE, Kuwait, Qatar, and Bahrain-and the closure of the Strait of Hormuz, through which over 20% of the world's oil supplies are shipped from the Arab Gulf to the rest of the world."

"These developments had an immediate impact on markets, most notably in oil and gas, where Brent crude, which was trading at 70 a barrel on 27 February, hit 80 on 2 March. In gas, LNG prices rose by 50% after Qatar temporarily closed the world's largest LNG plant following a drone attack. The medium to longer-term implications for global growth, trade and inflation will depend on the duration of the conflict, the extent of any damage to regional energy infrastructure, and the speed at which production and transport capacity can be restored."

"While President Trump has suggested the conflict could conclude within a month, such timelines remain uncertain. As with prior periods of geopolitical stress, the outlook remains fluid, and further developments will be key to assessing the impact on markets. For the Company, a dividend of 1p per share was paid on 28 February. Within the Company's portfolio, we added 9% 2036 to Saturn Holdings and 8% 2030 to PRA Group. We reduced the holding in Frontline following a period of strong performance, reallocating part of the proceeds into a new equity position in Ithaca Energy. We also continued to trim the position in CO OP Bank 11.75% 2034 ahead of the November 2028 call date, given the potential impact on capital value, though the bond continues to offer an attractive running yield. We expect continued near term volatility across markets, which may provide selective opportunities within the bond universe."

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**About the Company**

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 25 February 2026, the Company's dividend yield was 8.84%. 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/>

LEI: 549300KMG75B0PTWT07

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