

26 May 2026

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

Monthly Factsheet as at 30 April 2026

The Company's Fact Sheet as at 30 April 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:

"Although the UK economy showed renewed momentum following the initial negative impact of the Iran war, much of this growth may reflect short term demand as households and businesses bring forward spending ahead of further inflationary pressures.

The annualised March monthly inflation rate rose to 3.3%, from 3.0% in February, as higher National Insurance contributions and business rates fed through. Additional pressure is expected as higher fertiliser costs raise agricultural input prices and elevated fuel prices continue to weigh on household spending over the coming months.

The major problem facing the Bank of England's Monetary Policy Committee ("MPC") is whether the weak economy can withstand a rate hike to dampen inflation. Business confidence was weaker, and employment data showed a decline in active participants. In the gilt market, the 10-year yield is trading close to 5%, and the 30-year is around 5.6%, both near the highest levels in 30 years. This is compounded by a stronger Sterling, which makes exports less competitive and imports more expensive, alongside increased borrowing costs for companies trading at varying margins over gilts depending on their credit quality. This is likely to constrain UK economic growth prospects.

As this commentary was written ahead of the local and mayoral elections, a lot could happen in both the gilt and currency markets over the short term. This will be covered in next month's commentary.

In Europe, overall output fell for the first time in 16 months, with the service sector at a 62-month low. In contrast, the manufacturing sector showed relative resilience, reaching an eight-month high. However, supply chain disruptions linked to the conflict, alongside rising input and output prices, raise questions as to whether this level of strength can be sustained in the coming months.

The outlook among most businesses was gloomy, with sentiment at late-2022 levels, and inflation rising to 3% in April, up from 2.6% in March. With this backdrop, it's likely that the ECB will keep rates unchanged for now, awaiting clarity on the outcome of the conflict and its effect on the European economy.

The recovery in the U.S. economy in April was muted but welcomed, as the conflict was the primary driver, following a stagnant March, with the subsequent recovery consistent with economic growth of just over 1%. There is still hesitance to spend on travel, tourism and financial products among both business customers and consumers. The strength in manufacturing came from front-loading orders to build stocks and beat price rises, which will inevitably be on the way. The U.S. Federal Reserve Bank is in a similar position to the Bank of England and the ECB, with the dilemma of dealing with the inflationary spike and the underlying weakness of economic growth. It will certainly be difficult to cut rates as President Trump has demanded.

For the Company, its shares went ex-dividend 1 penny per share at the end of the month to pay at the end of May.

For the portfolio, we added to the Legal and General equity, and the EnQuest 11.625% 2027 was called; we partially replaced it with the new EnQuest 9.875% 2031, proof that certain sectors have benefited from the Iran war and the oil price movement. We sold our holding in Ithaca Energy 8.125% 2029, which is likely to be called later this year at levels below our exit price."

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For Further Information

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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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