

21 October 2026

CQS New City High Yield Fund Limited

(the Company or Fund)

LEI: 549300KMG75B0PTWT07

Monthly Factsheet as at 30 September 2026

The Company's Fact Sheet as at 30 September 2026 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 and Darren Toner, Investment Managers at New City High Yield Fund, comment:

"The UK economy remained under pressure in September, with inflation having risen to 3.1% in August. Weakening economic growth and softer business confidence leave the Bank of England in a difficult position, balancing the need to keep inflation under control against placing further pressure on private sector businesses. Higher energy prices continue to weigh on growth and increase business costs, while households are also facing higher borrowing costs. Concerns around job security are at their highest level for three and a half years, while access to credit has become more difficult, leading to increasingly cautious consumer spending. The prospect of higher domestic energy costs in October adds further pressure to the outlook.

The first Budget under the new government will therefore be important in setting the direction for the UK economy. Attention will be focused on the balance between measures intended to support economic growth and the potential for further tax and spending changes. With a number of previously announced tax increases not taking effect until April next year, the full impact on households and businesses has yet to be felt.

Europe is also experiencing inflationary pressure linked to the conflict in the Middle East, although stronger economic growth provides some encouragement. Both manufacturing and services have strengthened, with momentum expected to continue into the fourth quarter. Germany has moved out of its recent manufacturing weakness, supported by defence spending and investment in AI, with the improvement also feeding through into services and providing a more broad-based growth backdrop. Against this environment, the likelihood of an interest rate increase from the ECB has risen, potentially as soon as October.

The United States economy continued to grow strongly, with output growth at its fastest pace in more than five years and strength evident across both manufacturing and services. However, supply chain bottlenecks and shortages of suitably qualified workers are becoming more apparent. While these developments present a potential source of future inflationary pressure, they may also encourage increased capacity and output over the medium term. Manufacturing sentiment remained stronger than in services, where businesses cited cost-of living pressures, higher borrowing costs and political uncertainty. The outlook remains closely linked to developments in the Middle East and their broader implications for inflation and economic activity.

For the Company's portfolio, September was a busier month, with participation in three new issues: Rathbones 8.125% 2036, SoftBank Group 7.125% 2030 and the refinancing of PureGym through a new 8% 2032 bond. Additions were made to Arqiva 8.625% 2030, CPI Property 8.875% Perpetual, Deutsche Pfandbriefbank 8.474% Perpetual and Virgin Media 7.875% 2032. New holdings were also opened in Pachelbel Bidco 7.125% 2031, an Italian education business, and Rathbones equity, which was considered attractive following the bond issue".

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Investment Manager

Manulife |CQS Investment Management
0207 201 5368

Craig Cleland

Company Secretary and Administrator

BNP Paribas S.A., Jersey Branch
01534 813 959

Guerhardt Lamprecht
jersey.bp2s.cqs.operations@bnpparibas.com

Broker

Singer Capital Markets LLP
020 7496 3000

James Maxwell (Corporate Finance)
Alan Geeves (Sales)

Public Relations Adviser

Cardew Group
020 7930 0777

Tania Wild

About CQS New City High Yield Fund Limited

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 September 2026, the Company's dividend yield was 8.95%. 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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