

THIS DOCUMENT (THE "SUPPLEMENTARY PROSPECTUS") IS SUPPLEMENTAL TO AND MUST BE READ IN CONJUNCTION WITH THE PROSPECTUS PUBLISHED BY NEW CITY HIGH YIELD FUND LIMITED ON 28 JANUARY 2014 (THE "PROSPECTUS"). Capitalised terms used and not defined in this Supplementary Prospectus have the same meanings as ascribed to them in the Prospectus.

This Supplementary Prospectus comprises a supplementary prospectus prepared in accordance with the Prospectus Rules relating to the Company in connection with the placing programme in respect of the issue of up to 61,059,834 Ordinary Shares during the period commencing on 28 January 2014 and ending on 27 January 2015 and the applications for admission of Ordinary Shares to be issued pursuant to the Placing Programme to be admitted to the premium segment of the Official List and to trading on the London Stock Exchange's Main Market. A copy of this Supplementary Prospectus has been filed with the FCA, and is available to the public in electronic form, on the Company's website (www.ncim.co.uk), in accordance with rule 3.2 of the Prospectus Rules.

This Supplementary Prospectus has also been prepared, and a copy of it has been sent to the Jersey Financial Services Commission, in accordance with the Collective Investment Funds (Certified Funds – Prospectuses) (Jersey) Order 2012. It must be distinctly understood that neither the JFSC nor the Registrar of Companies in Jersey takes any responsibility for the financial soundness of the Company or for the correctness of any statements made, or opinions expressed, with regard to the Company.

The Company is a closed-ended investment company with limited liability incorporated under Jersey Company Law. The Company constitutes and is regulated as a collective investment fund under Jersey Funds Law. The JFSC is protected by Jersey Funds Law against liability arising from the discharge of its functions under Jersey Funds Law.

NEW CITY HIGH YIELD FUND LIMITED

(Incorporated in Jersey with limited liability under the Companies (Jersey) Law 1991 with registered number 95691)

Supplementary Prospectus relating to the placing programme in respect of up to 61,059,834 Ordinary Shares

Investment Manager
New City Investment Managers

*Financial Adviser &
Corporate Broker*
Cantor Fitzgerald Europe

Sponsor
BDO LLP

This Supplementary Prospectus does not constitute an offer of, or the solicitation of an offer to subscribe for or buy, any Ordinary Shares to any person in any jurisdiction to whom it is unlawful to make such an offer or solicitation in such jurisdiction. The distribution of this Supplementary Prospectus in certain jurisdictions may be restricted by law. No action has been taken by the Company or Cantor Fitzgerald that would permit an offer of Ordinary Shares or possession or distribution of this Supplementary Prospectus or any other offering or publicity material in any jurisdiction, other than in the United Kingdom, where action for that purpose is required. Persons outside the United Kingdom into whose possession this Supplementary Prospectus comes are required to inform themselves about and to observe any restrictions as to the offer or sale of Ordinary Shares and distribution of this Supplementary Prospectus. Any failure to comply with any such restrictions may constitute a violation of the securities laws of the jurisdiction concerned.

Prospective investors are strongly recommended to read and consider the entire Prospectus (as supplemented by this Supplementary Prospectus) and, in particular, pages 16 to 24 of the Prospectus, which set out the principal risk factors associated with an investment in the Company. Prospective investors are also recommended to seek their own independent financial advice from their stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the UK Financial Services and Markets Act 2000 or, if outside the United Kingdom, another appropriately authorised financial adviser.

12 March 2014

INTRODUCTION

Under rule 3.4.1 of the Prospectus Rules, the Company is required to publish a supplementary prospectus if, during the life of the Placing Programme, there arises or is noted a significant new factor, material mistake or inaccuracy relating to the information included in the Prospectus. On 26 February 2014, the Company published its interim report and accounts for the six months ended 31 December 2013, which constitutes a significant new factor relating to financial information contained in the Prospectus.

To the extent that there is any inconsistency between a statement in this Supplementary Prospectus and a statement in the Prospectus, the statement in this Supplementary Prospectus will prevail.

Save as disclosed in this Supplementary Prospectus, no other significant new factor, material mistake or inaccuracy relating to the information included in the Prospectus has arisen or been noted, as the case may be, since the publication of the Prospectus.

SUPPLEMENT TO THE SUMMARY IN THE PROSPECTUS

B.7 of the summary on page 4 of the Prospectus is supplemented as follows:

B.7	Historical financial information	<p>The selected financial information set out below, which was prepared under IFRS, has been extracted without material adjustment from the unaudited interim report and accounts of the Company for the six months ended 31 December 2013.</p> <p style="text-align: right;"><i>As at 31 December 2013</i></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;"><i>Capital</i></td> <td style="text-align: right;"><i>£'000</i></td> </tr> <tr> <td>Investments at fair value</td> <td style="text-align: right;">156,956</td> </tr> <tr> <td>Current assets</td> <td style="text-align: right;">5,042</td> </tr> <tr> <td>Current liabilities</td> <td style="text-align: right;">(13,376)</td> </tr> <tr> <td>Net assets</td> <td style="text-align: right;">148,622</td> </tr> <tr> <td>NAV per Ordinary Share</td> <td style="text-align: right;">60.85p</td> </tr> </table> <p style="text-align: right;"><i>Six Months Ended 31 December</i></p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: right;"><i>2012</i></th> <th style="text-align: right;"><i>2013</i></th> </tr> <tr> <th></th> <th style="text-align: right;"><i>£'000</i></th> <th style="text-align: right;"><i>£'000</i></th> </tr> </thead> <tbody> <tr> <td><i>Revenue</i></td> <td></td> <td></td> </tr> <tr> <td>Income</td> <td style="text-align: right;">6,052</td> <td style="text-align: right;">6,697</td> </tr> <tr> <td>Total expenses charged to revenue</td> <td style="text-align: right;">(644)</td> <td style="text-align: right;">(743)</td> </tr> <tr> <td>Profit after taxation</td> <td style="text-align: right;">5,234</td> <td style="text-align: right;">5,760</td> </tr> <tr> <td>Earnings per Ordinary Share</td> <td style="text-align: right;">2.38p</td> <td style="text-align: right;">2.36p</td> </tr> <tr> <td>Dividends per Ordinary Share</td> <td style="text-align: right;">1.80p</td> <td style="text-align: right;">1.84p</td> </tr> </tbody> </table> <p>Save for increases in the Company's net assets as a consequence of issuing new Ordinary Shares pursuant to the Placing Programme, there has been no significant change in the financial condition and operating results of the Company during the six months ended 31 December 2013 or since 31 December 2013.</p>	<i>Capital</i>	<i>£'000</i>	Investments at fair value	156,956	Current assets	5,042	Current liabilities	(13,376)	Net assets	148,622	NAV per Ordinary Share	60.85p		<i>2012</i>	<i>2013</i>		<i>£'000</i>	<i>£'000</i>	<i>Revenue</i>			Income	6,052	6,697	Total expenses charged to revenue	(644)	(743)	Profit after taxation	5,234	5,760	Earnings per Ordinary Share	2.38p	2.36p	Dividends per Ordinary Share	1.80p	1.84p
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SUPPLEMENT TO THE FINANCIAL INFORMATION IN THE PROSPECTUS

Introduction

The Company has published an unaudited interim report for the six months ended 31 December 2013, which included comparative financial information for the six months ended 31 December 2012 and for the year ended 30 June 2013.

Selected Unaudited Financial Information

Set out in the table below is a summary of the Company's unaudited interim results for the six months ended 31 December 2013 (and, for the purpose of comparison, as at 30 June 2013 in

the case of the capital information and for the six months ended 31 December 2012 in the case of the revenue information), which has been extracted without material adjustment from the unaudited interim report of the Company for that period.

	<i>As at</i> <i>30 June 2013</i>	<i>As at</i> <i>31 December 2013</i>
<i>Capital</i>		
Investments at fair value (£'000)	157,714	156,956
Current assets (£'000)	4,695	5,042
Current liabilities (£'000)	(14,560)	(13,376)
Net assets (£'000)	147,859	148,622
NAV per Ordinary Share (p)	60.53	60.85
Number of Ordinary Shares in issue	244,239,339	244,239,339
	<i>Six Months Ended</i> <i>31 December 2012</i>	<i>Six Months Ended</i> <i>31 December 2013</i>
<i>Revenue</i>		
Income (£'000)	6,052	6,697
Total expenses charged to revenue (£'000)	(644)	(743)
Profit before finance costs and tax (£'000)	5,408	5,954
Profit before tax (£'000)	5,319	5,845
Profit after taxation (£'000)	5,234	5,760
Transfer to revenue reserve (£'000)	234	94
Earnings per Ordinary Share (p)	2.38	2.36
Dividends per Ordinary Share		
Recognised in year (p)	2.27	2.32
Paid in respect of year (p)	1.80	1.84
Weighted average number of Ordinary Shares in issue throughout period	228,639,498	244,239,339

Historical Unaudited Financial Information Incorporated by Reference into the Prospectus (as Supplemented by this Supplementary Prospectus)

The list in the following table is intended to enable investors to identify easily specific items of historical unaudited financial information relating to the Company for the six months ended 31 December 2013 that are incorporated by reference into the Prospectus (as supplemented by this Supplementary Prospectus). The page numbers in the following table refer to the relevant pages of the Company's unaudited interim report for that period.

	<i>Interim Report for</i> <i>Six Months Ended 31 December 2013</i>
<i>Nature of Information</i>	<i>Page No(s)</i>
Condensed income statement	5
Condensed balance sheet	6
Condensed statement of changes in equity	7
Condensed cash flow statement	8
Notes to the financial statements	9 - 10

Operating and Financial Review Incorporated by Reference into the Prospectus (as Supplemented by this Supplementary Prospectus)

The published unaudited interim report of the Company for the six months ended 31 December 2013 included descriptions of the Company's financial condition (in both capital and revenue terms), changes in its financial condition and details of the Company's portfolio of investments for that period and the list in the following table is intended to enable investors to identify easily those specific items of information regarding such matters which are incorporated by reference into the Prospectus (as supplemented by this Supplementary Prospectus). The page numbers

in the following table refer to the relevant pages of the Company's unaudited interim report for the six months ended 31 December 2013.

<i>Nature of Information</i>	<i>Interim Report for Six Months Ended 31 December 2013 Page No(s)</i>
Financial highlights	2
Investment portfolio	12 - 13
Classification of investments	11
Chairman's statement	3
Investment Manager's review	4

Investors should note that statements regarding current circumstances and forward-looking statements made in the Company's interim report for the six months ended 31 December 2013 speak as at the date of that report and, therefore, such statements do not necessarily remain up-to-date at the date of this Supplementary Prospectus.

Significant Change

There has been no significant change in the financial or trading position of the Company since 31 December 2013 (being the end of the last financial period of the Company for which un audited financial information has been published).

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Company's published interim report for the six months ended 31 December 2013 (as filed with the UK Listing Authority) and this Supplementary Prospectus are available:

- (i) for inspection at the registered office of the Company and at the offices of Maclay Murray & Spens LLP, One London Wall, London EC2Y 5AB, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) until Tuesday, 27 January 2015; and
- (ii) on the Company's website, which is located at www.ncim.co.uk.

In addition, a copy of this Supplementary Prospectus is available for inspection at the National Storage Mechanism, which is located at www.morningstar.co.uk/uk/nsm.

GENERAL

The directors of the Company, whose names appear on page 32 of the Prospectus, and the Company itself accept responsibility for the information contained in this Supplementary Prospectus. To the best of the knowledge of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this Supplementary Prospectus is in accordance with the facts and contains no omission likely to affect its import.

Cantor Fitzgerald Europe, which is authorised and regulated in the United Kingdom by the FCA, is acting solely for the Company and for no one else in connection with the Placing Programme and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Cantor Fitzgerald Europe or for providing advice in relation to the Placing Programme or any other matter referred to in the Prospectus (as supplemented by this Supplementary Prospectus). Nothing in this paragraph shall serve to exclude or limit any responsibilities that Cantor Fitzgerald Europe may have under FSMA or the regulatory regime established under FSMA.

BDO LLP, which is authorised and regulated in the United Kingdom by the FCA, is acting solely for the Company as its sponsor and for no one else in connection with the Placing Programme and will not be responsible to anyone other than the Company for providing the protections afforded to clients of BDO LLP or for providing advice in relation to the content of this document or any transaction, arrangement or any other matter referred to in the Prospectus (as supplemented by this Supplementary Prospectus). Nothing in this paragraph shall serve to exclude or limit any responsibilities that BDO LLP may have under FSMA or the regulatory regime established under FSMA.