
NEW CITY
HIGH YIELD FUND
LIMITED

INTERIM REPORT
31 DECEMBER 2013

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Investment Objective

The investment objective of the Company is to provide investors with a high dividend yield and the potential for capital growth by investing mainly in high yielding fixed interest securities.

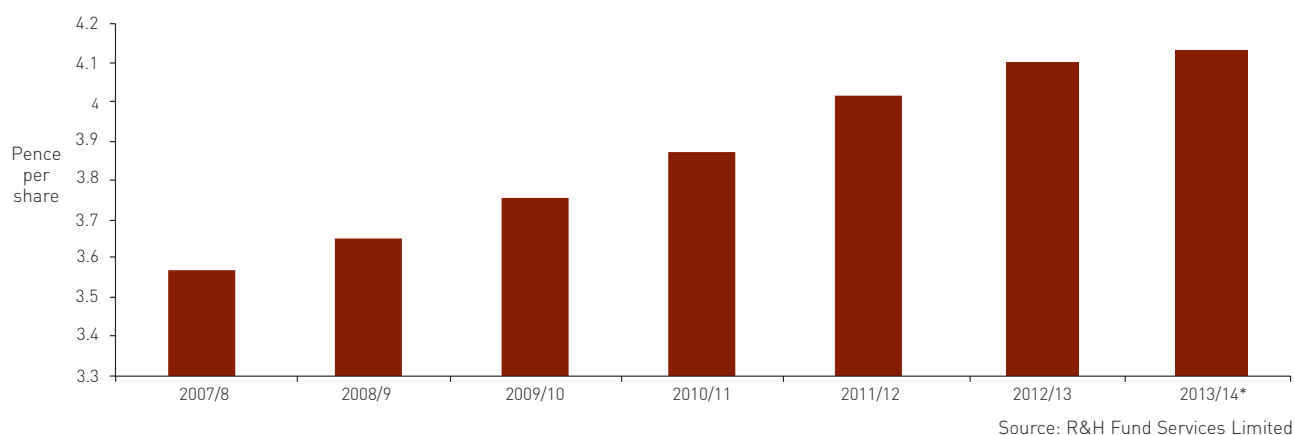
Investment Policy

The Company invests predominantly in fixed income securities, including, but not limited to, preference shares, loan stocks, corporate bonds and government stocks.

Dividend Policy

In the absence of unforeseen circumstances the Company will aim to at least maintain the level of dividends paid in respect of each financial year. There can be no guarantee that this will be achieved.

Dividends Declared in Respect of Each Financial Year



* 2013/14 assumes that the third interim dividend in respect of the financial year ended 30 June 2014 remains in line with the first and second interim - payments paid for that year at 0.92 pence per share and that the fourth interim dividend is in line with the fourth interim dividend paid in respect of the financial year ended 30 June 2013 of 1.40 pence per share.

Corporate Summary

New City High Yield Fund Limited is a closed-end investment company and was incorporated with limited liability in Jersey on 17 January 2007. The Company's ordinary shares are listed on the main market of the London Stock Exchange. The net assets of New City High Yield Trust plc were rolled over into New City High Yield Fund Limited with effect from 7 March 2007. New City High Yield Fund Limited issued one ordinary share for every one New City High Yield Trust plc share then held.

Important information

Past performance is not a guide to future performance. The value of investments and income from them may go down as well as up and are not guaranteed. Changes in rates of exchange may cause the value of investments to fluctuate. Net asset value performance is not linked to share price performance, and shareholders may realise returns that are lower or higher in performance.

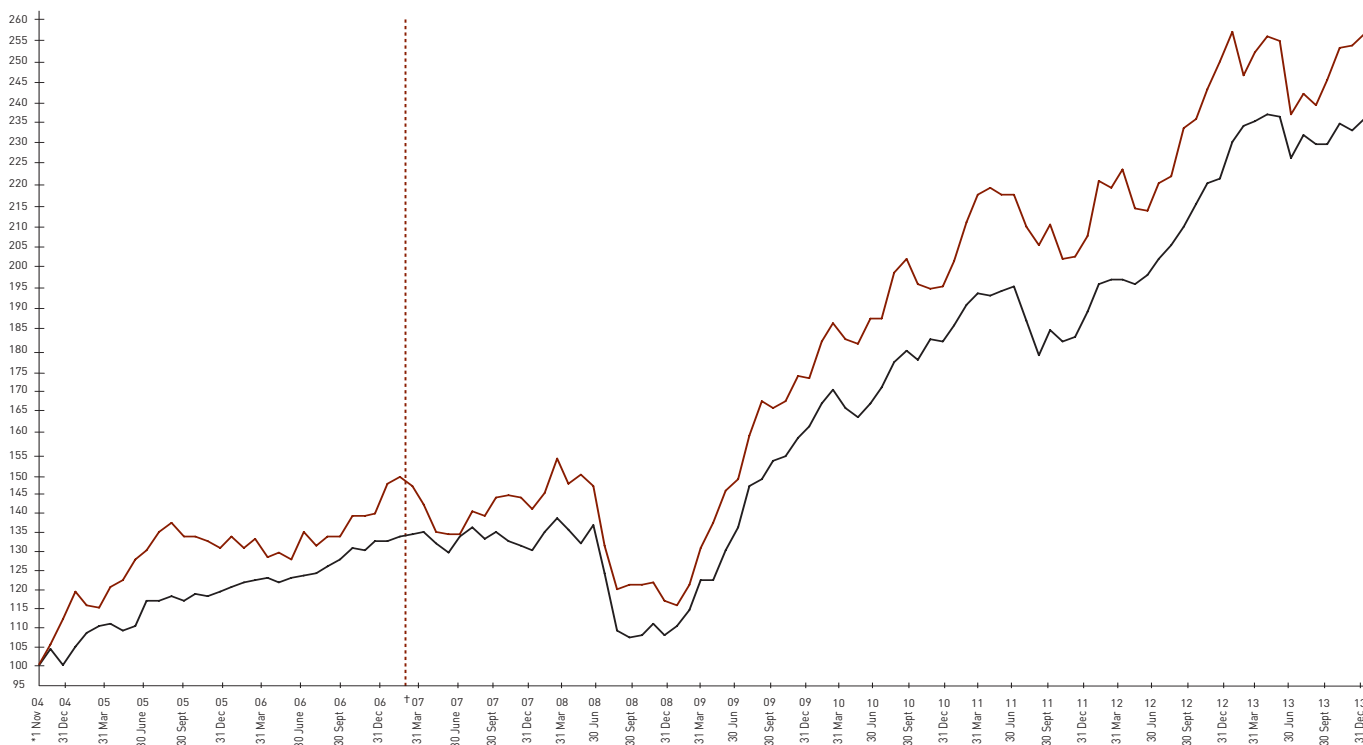
If you have sold or otherwise transferred all of your shares in New City High Yield Fund Limited, please pass this document, together with the accompanying Form of Proxy, as soon as possible to the purchaser or transferee or to the stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Financial Highlights

For the six months ended 31 December 2013

- Net asset value total return of 4.4% since 1 July 2013.
- Ordinary share price total return of 8.6% since 1 July 2013.
- Dividend yield of 6.5%, based on dividends at an annualised rate of 4.16 pence and a share price of 64.13 pence at 31 December 2013.
- Ordinary share price at a premium of 5.4% to net asset value at 31 December 2013.
- £11.6m raised since 31 December 2013 under the Placing Programme.

Net Asset Value Total Return and Share Price Total Return of New City High Yield Fund Limited and New City High Yield Trust plc since 1 November 2004.



*Midas Capital Partners Limited appointed Investment Manager of New City High Yield Trust plc on 1 November 2004. New City Investment Managers Limited appointed on 1 April 2005.

†The net assets of New City High Yield Trust plc were rolled over into New City High Yield Fund Limited with effect from 7 March 2007. New City High Yield Fund Limited issued one ordinary share for every one New City High Yield Trust plc share, then held.

— Share price total return (dividends reinvested)
 — Net asset value total return (dividends reinvested)

(Index restated to 100 from 1 November 2004*)
 Source: R&H Fund Services Limited/Bloomberg

Chairman's Statement

Investment and Share Price Performance

Your Company enjoyed another good six months. Our primary investment focus is to provide shareholders with a high dividend yield, and the Company generated a net asset value total return for the six months to 31 December 2013 of 4.4%, most of it by way of dividend.

The share price total return was better still at 8.6%, and the share price stood at a premium of 5.4% to net asset value at 31 December.

Dividends

The Company declared two dividends of 0.92 pence in respect of the period, an increase of 2.2% on those declared in respect of the same period last year. Based on an annualised rate of 4.16 pence and a share price of 64.1 pence at the time of writing, this represents a yield of 6.5%.

Since your Company relocated to Jersey in March 2007 the level of dividends paid has increased every year. This is illustrated on page 1 of this interim report.

Rating and Placing Programme

The market continues to attach a premium rating to the shares of your Company. At an Extraordinary General meeting in December shareholders approved a resolution granting authority to issue shares equivalent to 25 per cent of the Company's share capital, and a prospectus was published in January. £11.6m was raised from new and existing shareholders earlier this month under the placing programme, and the Directors anticipate issuing further shares during the year as part of the process of managing the premium to net asset value at which your Company's shares trade. As well as a modest increase in net asset value, continuing shareholders can look to benefit from a lower total expense ratio and greater liquidity in the Company's shares.

Outlook

While equity markets took fright at the US Federal Reserve's modest start to "tapering" in January, your Company's net asset value held up well, increasing from 60.9 pence at 31 December to stand at 61.6 pence as I write. The proceeds of the placing programme have been invested by our portfolio manager, Ian Francis, who continues to find value in the bond markets. The Federal Reserve notwithstanding it would appear there is no rush to tighten global monetary policy and your Company, and its shareholders, remain well positioned to benefit from the prevailing market trends.

James G West

Chairman

26 February 2014

Investment Manager's Review

For the whole of the first half of the Company's year, the major theme was "when would tapering (that is the decreasing of funds applied into the Quantitative easing three programme (QE3)) begin?" and when does the market expect that interest rates will turn and start to rise in the US and the UK?

The theme for the first month and a half was that rates were not going up anytime soon with forward guidance from Mark Carney, the new Bank of England Governor, and also from Mario Draghi, the head of the European Central Bank (ECB), whilst in the US the slower than expected improvement in the jobs market implied that interest rates were not going up there in the short term either!

Towards the end of October 2013, the economy was firing on all cylinders with the August Markit / CIPS UK services purchasing managers index implying that the UK was growing at its fastest rate for over six years. This statistic along with the markets' expectation (at that time) of the early implementation of "tapering" in the US pushed both 10 year US treasury yields and the UK 10 year gilt yields above the 3% mark. This was very soon to change when the "Hawkish" Larry Summers pulled out of the process to take over the Chairmanship of the Federal Reserve Bank from Ben Bernanke, leaving the field open for a much more "Doveish" Janet Yellen. This may well have been part of the reasoning behind the 18th September announcement that QE was to be expanded, which resulted in a jump in global equity and government bond markets, pushing those same 10 year yields down 30bp to 2.7%.

Come October and it was all eyes and ears on the spat between the Republicans in Congress and President Barak Obama over the US budget, the short-term result was the Government shutdown of all non-essential government departments and services. The most worrying element to this brinkmanship was that the politicians were prepared to engage in it as default was looming close! As a result the international view changed from one of fear to anger! This put more pressure on the Americans to sort the problem once and for all, which they managed to do just before the Christmas break.

In November the ECB was forced to cut rates to 0.25%. At the time we commented "whether or not this changes the attitude of companies to borrow or invest in new plant/staff or Banks to lend we have to see?" At the time of writing this report, little effect had been evidenced, and rumours that European interest rates would go to zero abound! So the short answer was a definite no.

Whilst in the US third quarter GDP came in above expectations at +2.8% vs forecasts around +2%, also confirmed in the much improved non farm payroll numbers at +204,000 at which point markets and pundits correctly forecast that "tapering" would come into effect by \$10bn / month from January 2014.

In the UK it looks as if we are back to a consumer led recovery on the back of increased debt, with household spending up 2.4% year on year with third quarter growth confirmed at 0.8%, the fastest in the developed world. Supported by a record consumer debt figure of £1.43 trillion including mortgage lending published in November, the next highest was September 2008. This equates to £28,489 for every UK household.

With the factors mentioned in the last two paragraphs it is hardly surprising that we ended the period with both the US and UK government 10 year debt back over 3%, a level at which markets are inclined to take a nervous interest.

For the Company over the period we added to core holdings, Phoenix 7.25% 2021, British Airways 6 ¾% preferred and General Accident 8 7/8% irredeemable. Whilst the Skipton 10% 2018 was called by the building society, we were able to replace the yield with a combination of new issue Barclays 8 ¼% Coco and Nationwide 10.25% perpetual.

During the period the Co-op restructuring had a positive effect on the bonds held by the Company and we used the opportunity to decrease the exposure at a price which had recovered by 30% from its nadir in early May. Part of the proceeds were reinvested into the AA 9.5% PIK 2019, and towards the end of the reporting period we opened a holding in Domestic and General 7 7/8% 2021 and Bluewater 10% 2019.

We still see opportunities in the markets for high yield and convertibles as we perceive that any interest rate increases are still not happening in the short-term, and when they do they are unlikely to be of a great magnitude until western economies are in a sustained period of economic growth. Our emphasis on the importance of a balanced portfolio leaves us well placed to anticipate and adapt to such changes as they evolve.

Ian Francis

New City Investment Managers

26 February 2014



Condensed Income Statement

For the six months ended 31 December 2013

Notes	Six months ended 31 December 2013 (unaudited)			Six months ended 31 December 2012 (unaudited)			Year ended 30 June 2013 (audited)			
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	
Capital gains on investments										
Gains on investments	3	–	862	862	–	9,903	9,903	–	5,600	5,600
Exchange gains/(losses)		–	14	14	–	(18)	(18)	–	54	54
Revenue										
Income	4	6,697	–	6,697	6,052	–	6,052	14,176	–	14,176
Total income		6,697	876	7,573	6,052	9,885	15,937	14,176	5,654	19,830
Expenses										
Investment management fee	5	(484)	(161)	(645)	(409)	(136)	(545)	(916)	(305)	(1,221)
Other expenses		(259)	–	(259)	(235)	–	(235)	(518)	–	(518)
Total expenses		(743)	(161)	(904)	(644)	(136)	(780)	(1,434)	(305)	(1,739)
Profit before finance costs and taxation		5,954	715	6,669	5,408	9,749	15,157	12,742	5,349	18,091
Finance costs										
Interest payable and similar charges		(109)	(36)	(145)	(89)	(30)	(119)	(196)	(65)	(261)
Profit before taxation		5,845	679	6,524	5,319	9,719	15,038	12,546	5,284	17,830
Irrecoverable withholding tax		(85)	–	(85)	(85)	–	(85)	(160)	–	(160)
Profit after taxation		5,760	679	6,439	5,234	9,719	14,953	12,386	5,284	17,670
Earnings per ordinary share (pence)	6	2.36	0.28	2.64	2.38	4.41	6.79	5.42	2.31	7.73

The total column of this statement represents the Company's Income Statement, prepared in accordance with IFRS. The supplementary revenue return and capital return columns are both prepared under guidance published by the Association of Investment Companies.

All revenue and capital items in the above statement are derived from continuing operations.

No operations were acquired or discontinued during the period.



Condensed Balance Sheet

As at 31 December 2013

Notes	As at 31 December 2013 (unaudited) £'000	As at 31 December 2012 (unaudited) £'000	As at 30 June 2013 (audited) £'000
Non-current assets			
Investments held at fair value	156,956	142,414	157,714
Current assets			
Other receivables	3,183	3,181	3,918
Cash at bank	1,859	–	777
	5,042	3,181	4,695
Total assets	161,998	145,595	162,409
Current liabilities			
Bank loan facility	(13,184)	(11,331)	(12,214)
Other payables	(192)	(162)	(2,346)
Total liabilities	(13,376)	(11,493)	(14,560)
Net assets	148,622	134,102	147,849
Stated capital and reserves			
Stated capital account	81,890	66,680	81,890
Special distributable reserve	50,385	50,385	50,385
Capital reserve	3,750	7,506	3,071
Revenue reserve	12,597	9,531	12,503
Equity shareholders' funds	148,622	134,102	147,849
Net asset value per ordinary share (pence)	60.85	60.88	60.53

Approved by the Board of Directors on 26 February 2014 and signed on its behalf by:

J G West

Director

Condensed Statement of Changes in Equity

For the six months ended 31 December 2013 (unaudited)

	Notes	Stated capital account £'000	Special distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £000
At 1 July 2013		81,890	50,385	3,071	12,503	147,849
Total comprehensive income for the period:						
Profit for the period		–	–	679	5,760	6,439
Transactions with owners recognised directly in equity:						
Dividends paid	2	–	–	–	(5,666)	(5,666)
At 31 December 2013		81,890	50,385	3,750	12,597	148,622

For the six months ended 31 December 2012 (unaudited)

	Notes	Stated capital account £'000	Special distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £000
At 1 July 2012		66,680	50,385	(2,213)	9,297	124,149
Total comprehensive income for the period:						
Profit for the period		–	–	9,719	5,234	14,953
Transactions with owners recognised directly in equity:						
Dividends paid	2	–	–	–	(5,000)	(5,000)
At 31 December 2012		66,680	50,385	7,506	9,531	134,102

For the year ended 30 June 2013 (audited)

	Notes	Stated capital account £'000	Special distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £000
At 1 July 2012		66,680	50,385	(2,213)	9,297	124,149
Total comprehensive income for the year:						
Profit for the year		–	–	5,284	12,386	17,670
Transactions with owners recognised directly in equity:						
Dividends paid	2	–	–	–	(9,180)	(9,180)
Issue of shares		15,210	–	–	–	15,210
At 30 June 2013		81,890	50,385	3,071	12,503	147,849

Condensed Cash Flow Statement

For the six months ended 31 December 2013

	Six months ended 31 December 2013 (unaudited) £'000	Six months ended 31 December 2012 (unaudited) £'000	Year ended 30 June 2013 (audited) £'000
Operating activities			
Profit before finance costs and taxation	6,669	15,157	18,091
Gains on investments	(862)	(9,903)	(5,600)
Exchange (gains)/losses	(14)	18	(54)
Decrease/(increase) in other receivables	735	593	(144)
Increase/(decrease) in other payables	2	(5)	20
Net cash inflow from operating activities before interest and taxation	6,530	5,860	12,313
Interest paid	(142)	(109)	(252)
Irrecoverable withholding tax paid	(85)	(85)	(160)
Net cash inflow from operating activities	6,303	5,666	11,901
Investing activities			
Purchases of investments	(36,114)	(35,603)	(77,918)
Sales of investments	35,575	31,032	55,904
Net cash outflow from investing activities	(539)	(4,571)	(22,014)
Financing activities			
Equity dividends paid	(5,666)	(5,000)	(9,180)
Drawdown of bank loan facility	970	3,164	4,751
Issue of ordinary shares	–	–	15,210
Net cash (outflow)/inflow from financing	(4,696)	(1,836)	10,781
Increase/(decrease) in cash and cash equivalents	1,068	(741)	668
Net debt at the start of the period	(11,437)	(7,408)	(7,408)
Drawdown of bank loan facility	(970)	(3,164)	(4,751)
Exchange gains/(losses)	14	(18)	54
Net debt at the end of the period[†]	(11,325)	(11,331)	(11,437)

[†] Net debt includes cash held at bank and bank loan facility.

Notes to the Accounts

1. The unaudited interim results which cover the six month period to 31 December 2013 have been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”, and the accounting policies as set out in the statutory accounts of the Company for the year to 30 June 2013.

2. **Dividends**

Amounts recognised as distributions to equity holders in the period.

	Six months ended 31 December 2013		Six months ended 31 December 2012		Year ended 30 June 2013	
	£'000	Rate (pence)	£'000	Rate (pence)	£'000	Rate (pence)
In respect of the previous period:						
Fourth interim dividend	3,419	1.40	3,018	1.37	3,018	1.37
In respect of the period under review:						
First interim dividend	2,247	0.92	1,982	0.90	1,982	0.90
Second interim dividend	–	–	–	–	1,982	0.90
Third interim dividend	–	–	–	–	2,198	0.90
	5,666		5,000		9,180	

A second interim dividend in respect of the year ended 30 June 2014 of 0.92p per ordinary share will be paid on 28 February 2014 to shareholders on the register on 31 January 2014. In accordance with International Financial Reporting Standards (“IFRS”) this dividend has not been included as a liability in these accounts.

3. Included within gains on investments for the period ended 31 December 2013 are realised losses of £363,000 and unrealised gains of £1,225,000.

4. **Income**

The breakdown of income for the period was as follows:

	Six months ended 31 December 2013	Six months ended 31 December 2012	Year ended 31 December 2013
	£'000	£'000	£'000
Income from investments:			
Dividend income	834	514	1,600
Interest on fixed interest securities	5,863	5,537	12,576
Other income:			
Deposit interest	–	1	–
Total income	6,697	6,052	14,176

5. **Investment management fee**

The Company’s investment manager is CQS Cayman Limited Partnership (“CQS”) which has delegated this function to its wholly owned subsidiary New City Investment Managers. CQS receive a basic monthly fee at the rate of 0.8 per cent per annum of the Company’s total assets (less current liabilities other than bank borrowings), payable in arrears. During the period investment management fees of £645,000 were incurred, of which £108,000 was payable at the period end.

Notes to the Accounts (continued)

6. Earnings per ordinary share

The revenue earnings per ordinary share is based on profit after taxation of £5,760,000 (31 December 2012: £5,234,000 and 30 June 2013: £12,386,000) and on a weighted average of 244,239,339 (31 December 2012: 220,267,581 and 30 June 2013: 228,639,498) ordinary shares in issue throughout the period.

The capital profit per ordinary share is based on a net capital gain of £679,000 (31 December 2012: a net capital gain of £9,719,000 and 30 June 2013: a net capital gain of £5,284,000) and on a weighted average of 244,239,339 (31 December 2012: 220,267,581 and 30 June 2013: 228,639,498) ordinary shares in issue throughout the period.

7. Net asset value per ordinary share

The net asset value per ordinary share is based on net assets at the period end of £148,622,000 (31 December 2012: £134,102,000 and 30 June 2013: £147,849,000) and on 244,239,339 (31 December 2012: 220,267,581 and 30 June 2013: 244,239,339) ordinary shares, being the number of ordinary shares in issue at the period end.

8. Related parties

Mr G Ross is a director of the Company Secretary and Administrators, R&H Fund Services (Jersey) Limited and R&H Fund Services Limited, which both receive fees from the Company. During the period fees of £76,000 were incurred (excluding Director's fees to Mr G Ross).

9. Post Balance Sheet Events

On 7 February 2014 the Company allotted 17,528,292 ordinary shares of no par value for cash at 62.76p per share.

On 10 February 2014 the Company allotted 1,000,000 ordinary shares of no par value for cash at 62.77p per share.

10. Financial information

These are not statutory accounts in terms of Section 434 of the Companies Act 2006 and have not been audited or reviewed by the Company's auditors. The information for the year ended 30 June 2013 has been extracted from the latest published financial statements which received an unqualified audit report and have been filed with the Registrar of Companies. No statutory accounts in respect of any period after 30 June 2013 have been reported on by the Company's auditors or delivered to the Registrar of Companies.

R&H Fund Services (Jersey) Limited

Secretary

26 February 2014

Classification of Investments at 31 December 2013

By Currency

	As at 31 December 2013 Total investments %	As at 31 December 2012 Total investments %	As at 30 June 2013 Total investments %
Sterling	62	58	63
Euro	6	3	2
US Dollar	19	19	18
Australian Dollar	6	8	6
Norwegian Krone	2	5	6
Canadian Dollar	1	3	2
Swedish Krona	4	4	3
Total investments	100	100	100

By Asset Class

	As at 31 December 2013 Total investments %	As at 31 December 2012 Total investments %	As at 30 June 2013 Total investments %
Bonds	75	79	82
Convertibles	7	9	5
Preference shares	12	9	10
Equity shares	6	3	3
Total investments	100	100	100

By Quotation

	As at 31 December 2013 Total investments %	As at 31 December 2012 Total investments %	As at 30 June 2013 Total investments %
Listed/quoted on a recognised exchange	98	99	99
Unquoted	2	1	1
Total investments	100	100	100



Investment Portfolio

As at 31 December 2013

Company	Sector	Valuation £'000	Net assets %
Phoenix Life FRN 7.25% 25/03/2021 VAR	Insurance	5,612	3.8%
Brit Insurance 6.625% 09/12/2030	Insurance	4,892	3.3%
REA Finance 9.5% 31/12/2017	Food products	4,855	3.3%
Cable & Wireless 8.625% 25/03/2019	Telecommunications	4,825	3.2%
Balfour Beatty 10.75% Pref Shs	Construction	4,524	3.0%
Antares Energy 10% 30/10/2023	Oil & Gas	4,310	2.9%
General Accident 8.875% CUM Irredeemable PREF	Financial	4,165	2.8%
Moto Finance 10.25% 15/03/2017 Callable	Retail	3,999	2.7%
British Airways Finance 6.75% 12/11/2011 PERP PREF	Transport	3,780	2.5%
House of Fraser 8.875% 15/08/2018	Retail	3,374	2.3%
Top ten investments		44,336	29.8%
Raven Russia 12% PREF Shs	Real estate	3,044	2.1%
Unique Pub Finance 7.395% 28/03/2024	Restaurants & Bars	2,978	2.0%
Arrow Global Finance 7.875% 01/03/2020	Financial	2,967	2.0%
Europcar Groupe 9.375% 15/04/2018	Transport	2,892	1.9%
Falcon Germany 9% 15/07/2020	Automobiles & Parts	2,835	1.9%
Ocean Rig UDW 9.5% 27/04/2016	Oil & Gas	2,604	1.8%
Iona Energy 9.5% 27/09/2018	Oil & Gas	2,586	1.8%
Newriver Retail	Property	2,544	1.7%
Arqiva Broadcast Finance 9.5% 31/03/2020	Telecommunications	2,541	1.7%
Bristol & West 8.125% Pref	Financial	2,419	1.6%
Top twenty investments		71,746	48.3%
Investec Bank 9.625% 17/02/2022	Financial	2,366	1.6%
AA Bond Co 9.5% 31/07/2019	Insurance	2,285	1.5%
Scottish Widows 7% 16/06/2043	Financial	2,254	1.5%
Trafigura Beheer 7.625% 29/10/2049 PERP CALL	Financial	2,179	1.5%
Co-Operative Bank	Financial	2,167	1.5%
Diamorph 12% 06/07/2017	Chemicals	2,165	1.5%
National Westminster 11.5% 12/49 PERP (bearer)	Financial	2,152	1.4%
Enterprise Inns 6.875% 09/05/2025	Leisure	2,151	1.4%
F&C Asset Management 6.75% 20/12/2026	Financial	2,108	1.4%
AA PIK 9.5% 07/11/2019	Insurance	2,063	1.4%
Top thirty investments		93,636	63.0%
Norcell Sweden Holding 3 9.25% 29/09/2018	Telecommunications	1,892	1.3%
LBG Capital 9% 15/07/2029	Financial	1,841	1.2%
Abbey National 10.0625% PERP	Financial	1,769	1.2%
Sea Trucks Group 9% 26/03/2018	Shipping	1,741	1.2%
Nationwide CCDS 10.25%	Financial	1,720	1.2%
Pearl Group Holdings FRN 25/04/2016	Insurance	1,682	1.1%
Kensington Group FRN 7.285% 21/12/2015 VAR	Financial	1,569	1.1%
LBG Capital No.2 Lloyds 12.75% 10/08/2020	Financial	1,568	1.0%
Ecclesiastical Insurance 8.625% PREF SHS	Insurance	1,495	1.0%
West Air Europe 8% 08/05/2018	Transport	1,474	1.0%
Top forty investments		110,387	74.3%

Investment Portfolio (continued)

As at 31 December 2013

Company	Sector	Valuation £'000	Net assets %
Oceanteam Shipping FRN 24/10/2017	Oil & Gas	1,450	1.0%
Provident Financial 8% 23/10/2019	Financial	1,401	0.9%
Great Western Minerals 8% 06/04/2017 Conv	Mining	1,320	0.9%
HBOS Capital 6.85% PERP	Financial	1,314	0.9%
Rothschild Cont Fin 9% 15/02/2024 PERP	Financial	1,308	0.9%
Tizir 9% 28/09/2017	Mining	1,281	0.9%
Santander Finance 10.375% PREF SHS	Financial	1,250	0.8%
Crown Holdings 8.6067% FRN 14/09/2072	Casinos & gaming	1,154	0.8%
Healthscope Note 11.25% 17/06/2016	Healthcare	1,128	0.7%
REA Holding 9% Cum PREF SHS	Food products	1,120	0.7%
Top fifty investments		123,113	82.8%
Welltec 8% 01/02/2019	Oil & Gas	1,083	0.7%
Enterprise Inns 6.5% 06/12/2018	Leisure	1,079	0.7%
Santa Maria Offshore 8.875% 03/07/2018	Oil & Gas	1,076	0.7%
Detnor FRN 9.75% 28/01/2016	Oil & Gas	1,058	0.7%
London Mining Jersey 8% 15/02/2016	Mining	1,052	0.7%
Clerical Medical Fin FRN 7.375% 05/11/2019 VAR	Financial	1,048	0.7%
Bluewater Holding 10% 10/12/2019	Oil & Gas	1,041	0.7%
Target Healthcare REIT	Healthcare	1,025	0.7%
Galaxy Finco 7.875% 15/11/2021	Financial	1,010	0.7%
Louis Dreyfus 8.25% 29/12/2049	Commodities	1,010	0.7%
Top sixty investments		133,595	89.8%
Chloe Marine Demtro 12% 28/12/2016	Oil & Gas	994	0.7%
APT Pipelines 8.13% FRN 30/09/2072	Utility networks	928	0.6%
Polarcus 8% 07/06/2018	Shipping	928	0.6%
Gran Colombia Gold 10% 31/10/2017	Mining	906	0.6%
Dannemora Mineral 11.75% 22/03/2016	Mining	869	0.6%
CA Preferred Fund 7% PERP	Financial	862	0.6%
Skipton Building Society 6.75% 30/05/2022 VAR	Financial	858	0.6%
Tui Travel 6% 05/10/2014	Travel & Leisure	852	0.6%
Lloyds TSB Bank 13% 19/12/2021	Financial	785	0.6%
Norwegian Energy 6.75% 09/12/2020	Oil & Gas	771	0.5%
Top seventy investments		142,348	95.8%
Other investments (68)		14,608	9.8%
Total investments		156,956	105.6%
Net current liabilities		(8,334)	(5.6%)
Net assets		148,622	100.0%

Notes:

† Including bank loan facility of £13.2 million.

CV – convertible bond
FRN – floating rate note
Pref – preference shares

Cum Pref – cumulative preference shares
VAR – variable note



Directors' Statement of Principal Risks and Uncertainties

The Company's assets consist principally of listed fixed interest securities and its principal risks are therefore market related. The Company is also exposed to currency risk in respect of the markets in which it invests. Other key risks faced by the Company relate to investment and strategy, market, financial, earnings and dividend, operational and regulatory matters. These risks, and the way in which they are managed, are described in more detail under the heading 'Principal risks and risk management' within the Directors' Report and Business Review contained within the Company's annual report and accounts for the year ended 30 June 2013. The Company's principal risks and uncertainties have not changed materially since the date of the report and are not expected to change materially for the rest of the Company's financial year.

Directors' Responsibility Statement in Respect of the Interim Report

We confirm that to the best of our knowledge:

- the condensed set of financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU;
- the Chairman's Statement includes a fair review of the information required by the Disclosure and Transparency Rules ("DTR") 4.2.7R, being an indication of important events that have occurred during the first six months of the financial year and their impact on the financial statements;
- the Statement of Principal Risks and Uncertainties shown above is a fair review of the information required by DTR 4.2.7R; and
- the condensed set of financial statements include a fair review of the information required by DTR 4.2.8R, being related party transactions that have taken place in the first six months of the financial year and that have materially affected the financial position or performance of the Company during that period, and any changes in the related party transactions described in the last annual report that could do so.

Signed on behalf of the Board

J G West

Chairman

26 February 2014

Shareholder Information

Retail Plan Savers

The shares of New City High Yield Fund Limited are listed on the Official List and traded on the London Stock Exchange and private investors can buy and sell shares by placing an order either directly with a stockbroker or through an Independent Financial Adviser. Alternatively, investments can be made through the New City Investment Managers Individual Savings Account ("ISA") or New City Investment Managers Investment Plan ("Investment Plan"). Details of these can be obtained from Halifax Share Dealing Limited ("HSDL") on 0845 850 0181.

The Board believes investment costs for shareholders should be kept as low as possible. No charges are therefore made by the Company to shareholders using the retail plans.

The Investment Plan

The Investment Plan accepts lump sums or regular monthly payments for investment in the Company's shares. The Plan will accept lump sum investments with a minimum of £1,000 or regular investments with a minimum of £100 a month. There is no maximum investment. You can elect to have dividends reinvested into your plan to buy further shares or paid into your nominated bank account.

The ISA

The ISA is a way of investing money without having to pay income or capital gains tax on any profits made or dividend income received. Up to £11,520 may be invested in an ISA for the 2013/2014 tax year and £11,880 for the 2014/15 tax year. You may invest either a lump sum or regular monthly savings, subject to the following amounts. The ISA will accept lump sum investments with a minimum of £1,000 or regular investments with a minimum of £100 a month. You can invest additional lump sums of £500 or more and can increase your monthly savings at any time. You can elect to have dividends reinvested into your ISA to buy further shares or paid into your nominated bank account.

Investments may only be made in cash unless you are transferring qualifying investments held in an ISA from another ISA manager. Shares are acquired for ISAs either in the stockmarket or, where appropriate, through the issuing of new shares by the Companies at no less than 101% of the net asset value ("NAV"), whichever method would be cheaper to the investor.

Transfer of other ISAs into the New City Investment Managers ISA

Transfers may be made into the ISAs currently managed by other managers. Details are available from HSDL.

Disposal of Shareholdings

Holders of shares within the Investment Plan or ISA may sell their shares at any time without incurring any stockbroking costs. Details are available from HSDL.

Net Asset Value/Share Price

The net asset value of the Company's ordinary shares may be obtained by contacting CQS on 0207 201 5369 or by email at clientservice@cqsm.com or alternatively by visiting the Company's web site at www.ncim.co.uk.



Corporate Information

Registered Number	95691	
Directors	James G West <i>(Chairman)</i> Gavin D P Breeze <i>(Audit Committee Chairman)</i> Allister F de L Carey Adrian J R Collins Graeme D Ross	
Registered Office	New City High Yield Fund Limited Ordnance House, 31 Pier Road St. Helier, Jersey JE4 8PW Channel Islands	
Investment Manager	New City Investment Managers 5th Floor 33 Grosvenor Place, London SW1X 7HY Tel: 020 7201 6900	CQS Cayman Limited Partnership Ugland House South Church Street George Town, KY1-1104 Grand Cayman Cayman Islands
Company Secretary and Administrator	R&H Fund Services (Jersey) Limited Ordnance House, 31 Pier Road St. Helier, Jersey JE4 8PW Channel Islands Tel: 01534 825200	
UK Administrator	R&H Fund Services Limited 15-19 York Place Edinburgh, EH1 3EB Tel: 0131 524 6140	
Registrars	Computershare Investor Services (Jersey) Limited Queensway House, Hilgrove Street St. Helier, Jersey JE1 1ES Channel Islands Tel: 01534 281800	
Financial Adviser and Corporate Broker	Cantor Fitzgerald Europe One Churchill Place Canary Wharf London E14 5RB	
Auditors	KPMG Audit Plc 20 Castle Terrace, Edinburgh EH1 2EG	
Bankers and Custodian Bankers	HSBC Bank PLC 8 Canada Square, London E14 5HQ	
Jersey Lawyers to the Company	Ogier Ogier House, The Esplanade St. Helier Jersey, JE4 9WG Channel Islands	
UK Solicitors to the Company	Maclay Murray & Spens LLP One London Wall, London EC2Y 5AB	
Website	www.ncim.co.uk	
ISIN	JE 00B1LZS514	

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