

THIS DOCUMENT (THE "SECOND 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") AND THE FIRST SUPPLEMENTARY PROSPECTUS PUBLISHED BY THE COMPANY ON 12 MARCH 2014 (THE "FIRST SUPPLEMENTARY PROSPECTUS"). Capitalised terms used and not defined in this Second Supplementary Prospectus have the same meanings as ascribed to them in the Prospectus.

This Second 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 Ordinary Shares 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 Second Supplementary Prospectus has been filed with the FCA, and is available to the public in electronic form, on the section of New City Investment Managers' website ([www.ncim.co.uk](http://www.ncim.co.uk)) dedicated to the Company, in accordance with rule 3.2 of the Prospectus Rules.

This Second 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)*

## Second 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 Second 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 Second 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 Second 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 Second 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 Second 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 the First Supplementary Prospectus and this Second 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.

28 October 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 10 October 2014, the Company published its annual report and accounts for the year ended 30 June 2014, 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 Second Supplementary Prospectus and a statement in the Prospectus (as supplemented by the First Supplementary Prospectus), the statement in this Second Supplementary Prospectus will prevail.

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

### SUPPLEMENT TO THE SUMMARY IN THE PROSPECTUS (AS SUPPLEMENTED BY THE FIRST SUPPLEMENTARY PROSPECTUS)

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

B.7	<b>Historical financial information</b>	The selected financial information set out below, which was prepared under IFRS, has been extracted without material adjustment from the audited report and accounts of the Company for the year ended 30 June 2014.																						
		<p style="text-align: right;"><i>As at 30 June 2014</i></p> <table><tr><td><i>Capital</i></td><td style="text-align: right;">£'000</td></tr><tr><td>Investments at fair value</td><td style="text-align: right;">194,441</td></tr><tr><td>Current assets</td><td style="text-align: right;">5,027</td></tr><tr><td>Current liabilities</td><td style="text-align: right;">(17,607)</td></tr><tr><td>Net assets</td><td style="text-align: right;">181,861</td></tr><tr><td>NAV per Ordinary Share</td><td style="text-align: right;">62.41p</td></tr></table> <p style="text-align: right;"><i>Year Ended 30 June 2014</i></p> <table><tr><td><i>Revenue</i></td><td style="text-align: right;">£'000</td></tr><tr><td>Investment income</td><td style="text-align: right;">14,269</td></tr><tr><td>Total expenses charged to revenue</td><td style="text-align: right;">(1,604)</td></tr><tr><td>Profit for the year</td><td style="text-align: right;">12,272</td></tr><tr><td>Earnings per Ordinary Share</td><td style="text-align: right;">4.76p</td></tr><tr><td>Dividends per Ordinary Share</td><td style="text-align: right;">4.21p</td></tr></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 year ended 30 June 2014 or since 30 June 2014.</p>	<i>Capital</i>	£'000	Investments at fair value	194,441	Current assets	5,027	Current liabilities	(17,607)	Net assets	181,861	NAV per Ordinary Share	62.41p	<i>Revenue</i>	£'000	Investment income	14,269	Total expenses charged to revenue	(1,604)	Profit for the year	12,272	Earnings per Ordinary Share	4.76p
<i>Capital</i>	£'000																							
Investments at fair value	194,441																							
Current assets	5,027																							
Current liabilities	(17,607)																							
Net assets	181,861																							
NAV per Ordinary Share	62.41p																							
<i>Revenue</i>	£'000																							
Investment income	14,269																							
Total expenses charged to revenue	(1,604)																							
Profit for the year	12,272																							
Earnings per Ordinary Share	4.76p																							
Dividends per Ordinary Share	4.21p																							

### SUPPLEMENT TO THE FINANCIAL INFORMATION IN THE PROSPECTUS (AS SUPPLEMENTED BY THE FIRST SUPPLEMENTARY PROSPECTUS)

#### Introduction

The Company has published its annual report and accounts for the year ended 30 June 2014 (the "**2014 Annual Report**"). Unless otherwise indicated, the historical information of the

Company for the financial year ended 30 June 2014 set out, or incorporated by reference, in this Second Supplementary Prospectus was audited by KPMG LLP. In respect of the Company's audited financial statements included in the 2014 Annual Report (comprising an income statement, a balance sheet, a statement of changes in equity, a cash flow statement and related notes), KPMG LLP gave unqualified opinions that such financial statements:

- (i) gave a true and fair view, in accordance with IFRS, of the state of the Company's affairs as at 30 June 2014 and of its profit for the year then ended; and
- (ii) had been properly prepared in accordance with the Companies (Jersey) Law 1991.

## Selected Financial Information

Set out in the following table is a summary of the Company's financial results for the financial year ended 30 June 2014, which (save for the information under the sub-heading "General" in the following table, which is unaudited and has been extracted, without material adjustment, from the Company's internal accounting records) has been extracted without material adjustment from the 2014 Annual Report.

<i>Capital</i>	<i>As at 30 June 2014</i>
Investments at fair value (£'000)	194,441
Current assets (£'000)	5,027
Current liabilities (£'000)	(17,607)
Net assets (£'000)	181,861
NAV per Ordinary Share (p)	62.41
Number of Ordinary Shares in issue	291,405,541
<i>Revenue</i>	<i>Year Ended 30 June 2014</i>
Investment income (£'000)	14,269
Total expenses charged to revenue (£'000)	(1,604)
Profit before finance costs and tax (£'000)	12,665
Profit before tax (£'000)	12,454
Profit for the year (£'000)	12,272
Transfer to revenue reserve (£'000)	1,765
Earnings per Ordinary Share (p)	4.76
Dividends per Ordinary Share	
Recognised in year (p)	4.16
Paid in respect of year (p)	4.21
Weighted average number of Ordinary Shares in issue throughout period	257,812,038
<i>General<sup>1</sup></i>	<i>Year Ended 30 June 2014</i>
Dividend cover (x)	1.13
Gearing (%) <sup>2</sup>	10
Ongoing charges ratio (%) <sup>3</sup>	1.2

Historical Financial Information Incorporated by Reference into the Prospectus (as Supplemented by the First Supplementary Prospectus and this Second Supplementary Prospectus)

The list in the following table is intended to enable investors to identify easily specific items of historical audited financial information relating to the Company for the year ended 30 June 2014 that are incorporated by reference into the Prospectus (as supplemented by the First

<sup>1</sup> This information is unaudited.

<sup>2</sup> Gearing = (total assets less current liabilities (excluding indebtedness)) ÷ Shareholders' funds.

<sup>3</sup> Ratio of all operating costs (excluding costs suffered within underlying funds, costs of buying and selling investments, interest costs, taxation and costs of buying back or issuing Ordinary Shares) incurred in the reporting period as a percentage of average net assets in that period.

Supplementary Prospectus and this Second Supplementary Prospectus). The page numbers in the following table refer to the relevant pages of the 2014 Annual Report.

<i>Nature of Information</i>	<i>Page No(s) in 2014 Annual Report</i>
Income statement	24
Balance sheet	25
Statement of changes in equity	26
Cash flow statement	27
Notes to the financial statements (including accounting policies)	28 - 40
Independent auditors' report	22 - 23

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

The 2014 Annual Report 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 the year ended 30 June 2014 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 the First Supplementary Prospectus and this Second Supplementary Prospectus). The page numbers in the following table refer to the relevant pages of the 2014 Annual Report.

<i>Nature of Information</i>	<i>Page No(s) in 2014 Annual Report</i>
Financial highlights	2
Classification of investments and top 10 largest holdings	5
Investment portfolio	6 - 7
Chairman's statement	3
Investment Manager's review	4
Strategic review	8 - 9
Directors' report	14 - 15
Statement of Directors' responsibilities	11
Statement of corporate governance	16 - 17
Report of audit committee	18 - 19
Directors' remuneration report	20 - 21
Board of Directors and Investment Manager	12

Investors should note that statements regarding current circumstances and forward-looking statements made in the 2014 Annual Report speak as at the date of that report and, therefore, such statements do not necessarily remain up-to-date at the date of this Second Supplementary Prospectus.

### Significant Change

There has been no significant change in the financial or trading position of the Company since 30 June 2014 (being the end of the last financial period of the Company for which audited financial information has been published).

## DOCUMENTS AVAILABLE FOR INSPECTION

Copies of 2014 Annual Report (as filed with the UK Listing Authority) and this Second 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 on the section of New City Investment Managers' website ([www.ncim.co.uk](http://www.ncim.co.uk)) dedicated to the Company.

In addition, a copy of this Second Supplementary Prospectus is available for inspection at the National Storage Mechanism, which is located at [www.morningstar.co.uk/uk/nsm](http://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 Second 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 Second 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 the First Supplemental Prospectus and this Second 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 the First Supplemental Prospectus and this Second 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.