Manulife | CQS
Investment Management

Investor Report

31 July 2025

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

Key Facts[1]

Portfolio Manager	Ian 'Franco' Francis
Launch Date	October 2004
Total Gross Assets	£335.2m
Reference Currency	GBP
Ordinary Shares	Net Asset Value: 47.79p Bid-Market Price: 50.80p
Dividend Yield (est.)	8.82%
Gearing	10.44%
Premium (Discount)	6.30%
Ordinary Shares in Issue	617,701,858
Ongoing Charge Ratio	1.18%
Annual Management Fee	0.8% p.a. on assets up to £200 million 0.7% p.a. on assets over £200 million and up to £300 million 0.6% p.a. on assets greater than £300 million
Bloomberg	NCYF LN
Reuters	NCYF.L
Sedol	B1LZS51 GB
Year End	30 June
Contact Information	CQSClientService@cqsm.com
Company Broker	Singer Capital Markets +44 (0) 207 496 3000
AGM	December
Dividend Information 2024/25	1.00p paid 29 November 2024 1.00p paid 21 February 2025 1.00p paid 30 May 2025 1.51p payable 29 August 2025
Fiscal Year-End	30 June
Previous Dividend Information	2007/08 Total 3.57p 2008/09 Total 3.65p 2009/10 Total 3.75p 2010/11 Total 3.87p 2011/12 Total 4.01p 2012/13 Total 4.10p 2013/14 Total 4.21p 2014/15 Total 4.31p 2015/16 Total 4.36p 2016/17 Total 4.39p 2017/18 Total 4.42p 2018/19 Total 4.45p 2019/20 Total 4.46p 2020/21 Total 4.47p 2021/22 Total 4.48p 2022/23 Total 4.49p 2023/24 Total 4.50p
Investor Report	Monthly Factsheet
Annual Report & Accounts	Published October

Ian Francis
Portfolio Manager

Description

The objective of CQS New City High Yield Fund Limited is to provide investors with a high dividend yield and the potential for capital growth by investing mainly in high-yielding fixed interest securities

Key Advantages for the Investor

- Access to a high-income asset class and a well-diversified portfolio
- Low duration to help mitigate interest rate risk
- Quarterly dividends paid to shareholders

Ordinary Share and NAV Performance[2]

	1 Month (%)	3 Months (%)	1 Year (%)	3 Years (%)	5 Years (%)	10 Years (%)
NAV	1.92	5.43	7.91	29.65	62.47	97.46
Share Price	1.77	5.03	7.68	26.11	64.46	93.08

Commentary[3]

Despite the higher inflation level in June at 3.6%, the UK economy is still weakening with the S&P Global Flash UK PMI Composite Output Index at 51, down from 52 in June. Most of the fall was accounted for by a weaker service sector, whilst the manufacturing output improved to a 9-month high. This continued subdued business confidence, because of the last budget that increasing staff costs, was reflected in the sharply reduced headcounts in July.

The weakness in the jobs market and the lack of significant growth in the economy will add pressure on the Bank of England to cut rates further in their August meeting (as subsequently was the case). The continued pressure on the UK Government's well publicised black hole, which is approaching £50 billion, will no doubt heap pressure on Chancellor Rachel Reeves to raise taxes again in October. This is because of the Government's given promise of not hitting the "Working Person"; these are likely to include an increase in Capital Gains tax and a further attack on private sector pensions. The pushback from the Labour Party's back benches on cutting benefits or reigning back public sector pay and pensions are unlikely to feature. We believe that the country can no longer afford to fund such a large public sector with the large pension liability going forward. It is only a matter of time before markets take this into account and as a result, there will likely be higher rates of Government borrowing and a weaker currency.

More positively, Europe looks to be finally turning the corner and regaining some momentum. Manufacturing continues to claw its way out of recession, as the service sector increased its growth rate to the fastest in six months. Looking a little deeper, Germany's manufacturing sector is leading the recovery, giving the whole German economy a push back into overall growth. Meanwhile, France is still seeing contraction. A recovery in the French economy will be key to the long-term growth across the eurozone.

As for the Trade agreement with the US, 15% Tariffs for the European Union are not as good as the UK managed with 10% so hopefully a benefit for the UK manufacturers. The Flash PMI results from the US indicate that the economy is growing at an annual rate of 2.3%, which is 1% higher than the previous quarter. Sustainability is a question as this is still service sector-led. US manufacturing decelerated as orders decreased as the front running of tariffs faded alongside decreased Federal Government spending. Inflation is still a factor, with tariffs and labor shortages causing increasing costs. Many economists are forecasting increased inflation in July above the 3% annualised seen in June. Whilst President Trump may rage at the Federal Reserve for not cutting interest rates, conventional wisdom would be "higher for longer" to keep in control of inflation.

July for the Company marked the announcement of the fourth interim dividend of 1.51p/share payable at the end of August.

For the Company's portfolio, it was a quiet month with the sale of its remaining holding of Croma security equity and the opening of a new holding in Chesnara 8.5% perpetual a Life and Pension consolidator in Europe.

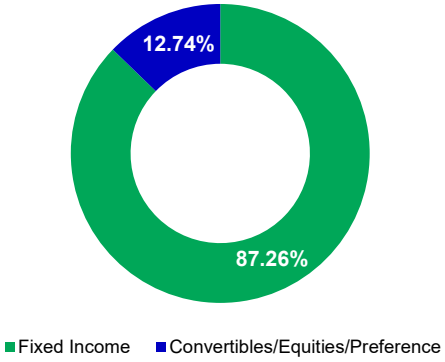
Sources: **1** BNP Paribas Securities Services F.C.A., as at the last business day of the month indicated at the top of this report. **2** BNP Paribas Securities Services F.C.A., total return performance net of fees and expense based on bid prices. These include historic returns and past performance is not a reliable indicator of future results. The value of investments can go down as well as up. Please read the important legal notice at the end of this document. **3** All market data sourced from Bloomberg unless otherwise stated. Returns quoted in local currencies unless otherwise stated. The Company may have since exited some/all of the positions detailed in this commentary.

AIFMD Leverage Limit Report (% NAV)

	Gross Leverage (%)[4]	Commitment Leverage (%)[5]
CQS New City High Yield Fund Limited	115	115

Portfolio Analysis[1,6]

Breakdown by Asset Class



Top 10 Holdings (%)[1,6]

Name	(% of NAV)
SHAWBROOK GROUP 22-08/06/2171 FRN	4.83
TVL FINANCE 10.25% 23-28/04/2028	4.48
RL FINANCE NO6 23-25/11/2171 FRN	4.15
GALAXY BIDCO LTD 8.125% 24-19/12/2029	3.99
STONEGATE PUB 10.75% 24-31/07/2029	3.79
AGGREGATED MICRO 8% 16-17/10/2036	3.43
BELLIS ACQUISITI 8.125% 24-14/05/2030	3.31
REA FINANCE 8.75% 15-31/08/2025	3.27
BARCLAYS PLC 22-15/12/2170 FRN	3.25
AZERION GROUP 23-02/10/2026 FRN	3.04
Top 10 Holdings Represent	**37.54**

Asset Currency Split

Currency	(% of NAV)
GBP	67.73
USD	17.91
EUR	13.04
Other	1.32
Grand Total	**100**

Sources: **1** BNP Paribas Securities Services F.C.A., as at the last business day of the month indicated at the top of this report. **4** MCQS as at the last business day of the month indicated at the top of this report. For methodology details see Article 4(3) of Directive 2011/61/EU (AIFMD) and Articles 6, 7, 9 and 10 of Delegated Regulation 231/2013. **6** All holdings data are rounded to two decimal places. Total may differ to sum of constituents due to rounding. The Company is regulated by the Jersey Financial Services Commission.

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PRI Note:
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London
4th Floor, One Strand, London WC2N 5HR, United Kingdom
T: +44 (0) 20 7201 6900 | *F*: +44 (0) 20 7201 1200

New York
152 West 57th Street, 40th Floor, New York, NY 10019, US
T: +1 212 259 2900 | *F*: +1 212 259 2699

CQSClientService@cqsm.com www.cqs.com Follow us

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