Manulife | CQS
Investment Management

# Investor Report

31 August 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 | £346.7m |
| Reference Currency | GBP |
| Ordinary Shares | Net Asset Value: 48.22p<br>Bid-Market Price: 50.80p |
| Dividend Yield (est.) | 8.82% |
| Gearing | 12.73% |
| Premium (Discount) | 5.35% |
| Ordinary Shares in Issue | 636,201,858 |
| Ongoing Charge Ratio | 1.18% |
| Annual Management Fee | 0.8% p.a. on assets up to £200 million<br>0.7% p.a. on assets over £200 million and up to £300 million<br>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<br>+44 (0) 207 496 3000 |
| AGM | December |
| Dividend Information 2024/25 | 1.00p paid<br>29 November 2024<br>1.00p paid<br>21 February 2025<br>1.00p paid<br>30 May 2025<br>1.51p paid<br>29 August 2025 |
| Fiscal Year-End | 30 June |
| Previous Dividend Information | 2007/08 Total 3.57p<br>2008/09 Total 3.65p<br>2009/10 Total 3.75p<br>2010/11 Total 3.87p<br>2011/12 Total 4.01p<br>2012/13 Total 4.10p<br>2013/14 Total 4.21p<br>2014/15 Total 4.31p<br>2015/16 Total 4.36p<br>2016/17 Total 4.39p<br>2017/18 Total 4.42p<br>2018/19 Total 4.45p<br>2019/20 Total 4.46p<br>2020/21 Total 4.47p<br>2021/22 Total 4.48p<br>2022/23 Total 4.49p<br>2023/24 Total 4.50p<br>2024/25 Total 4.51p |
| 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 | 0.90 | 3.72 | 8.48 | 27.78 | 62.99 | 101.49 |
| Share Price | 0.00 | 3.38 | 7.88 | 26.11 | 64.46 | 97.22 |

## Commentary[3]

The headline numbers for UK economic growth showed the fastest growth for 12 months with the S&P Global Flash UK PMI Composite output index at 53, up from 51.3 in July. Yet again this has been led by a strong service sector and supported by a more stable manufacturing sector. However, we believe that prospects do not support this growth going forward, with fragility and concern at the fore, as companies worry about what may impact them and their clients in the November Budget. Additionally, geopolitics is still casting a shadow over exporters.

Employment numbers continued to weaken due to increasing staff costs from the last Budget and the weakness in future orders. At 3.8%, inflation for July, which continued into August, failed to help sentiment significantly. This decreases the chance of any further rate cuts by the Bank of England this year. There was considerable speculation during the month on where Chancellor Rachel Reeves would raise taxes to cover the growing economic deficit; wherever the taxes are raised, they are likely to further dampen the private sector economy. Markets too have their worries over the next Budget with UK 30-year Gilts reaching a yield of 5.61%, perilously close to the 1998 high of 5.66%. Logic dictates that this increases the cost of future borrowing for the government and corporates and, without sensible growth alongside it, could prove a further drag on the economy.

In Europe, August was positive, with both the services and manufacturing sectors picking up. This was partially due to trade agreements with the US and the advantage of a large internal European market, especially in tourism and cross-border exports. Manufacturing has now been positive for the sixth month in a row, helped by stability for Germany and France, the latter of which had been a distinct laggard. Add this improvement in the services sector in both countries, due to growth in Germany and a slowdown in the recession in France. On the political front, the French government continued to battle the prospect of a no-confidence vote being carried in early September. This is weakening the French government bond market with its 30-year bond now yielding 4.513%, the highest since 2009 but yet still substantially lower than the UK.

It was a very positive month for the US Economy, which seems to be firing on all cylinders. Service and manufacturing sectors are combining to give an S&P Global US Flash PMI Output Index of 55.4 versus 55.1 in July, an eight-month high. Companies are reporting stronger demand across the board, but are unable to satisfy it, resulting in the highest backlogs since the early stages of Covid-19 in 2022. This upturn has created a shortage of labour, increasing the cost to companies, which, along with the added costs of tariffs, is pushing inflation higher. This logically would mean zero rate cuts and even possibly a rate rise. However, with President Trump's attack on the Federal Reserve's independence, including the removal of Lisa Cook from the Fed's board, markets should be cautious of authoritarian interference in independent institutions, particularly the largest of central banks globally.

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.

## Commentary[3]

For the Company, the fourth interim dividend of 1.51p/share was paid at the end of the month.

Across the portfolio, the Kantar 9.25% Euro-denominated bond was called, being replaced by adding to Sigma (Flora) 8.625% 2031, Pizza Express 9 7/8% 2029, and Aston Martin 10.375% 2029. We also switched out of Deutsche Bank 7.125% perpetual into Sherwood Financing 9.625% 2029.

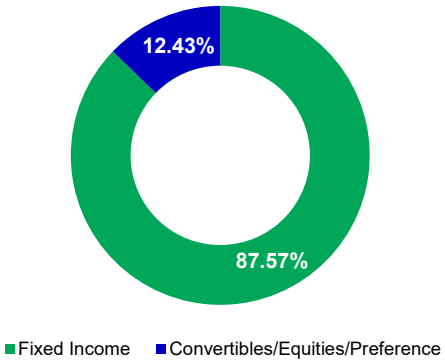
With August being one of the quieter months for the market in terms of trading volumes, we anticipate both primary (new issue) markets and secondary markets volumes and opportunities to pick up in September.

## AIFMD Leverage Limit Report (% NAV)

| | Gross Leverage (%)[4] | Commitment Leverage (%)[5] |
|---|---|---|
| CQS New City High Yield Fund Limited | 113 | 113 |

## Portfolio Analysis[1,6]

**Breakdown by Asset Class**




## Top 10 Holdings (%)[1,6]

| Name | (% of NAV) |
|---|---|
| SHAWBROOK GROUP 22-08/06/2171 FRN | 4.73 |
| TVL FINANCE 10.25% 23-28/04/2028 | 4.41 |
| RL FINANCE NO6 23-25/11/2171 FRN | 4.04 |
| GALAXY BIDCO LTD 8.125% 24-19/12/2029 | 3.88 |
| STONEGATE PUB 10.75% 24-31/07/2029 | 3.69 |
| AGGREGATED MICRO 8% 16-17/10/2036 | 3.32 |
| BELLIS ACQUISITI 8.125% 24-14/05/2030 | 3.24 |
| REA FINANCE 8.75% 15-31/08/2025 | 3.17 |
| BARCLAYS PLC 22-15/12/2170 FRN | 3.14 |
| WHEEL BIDCO 9.875% 21-15/09/2029 | 3.01 |
| **Top 10 Holdings Represent** | **36.62** |

## Asset Currency Split

| Currency | (% of NAV) |
|---|---|
| GBP | 69.63 |
| USD | 17.67 |
| EUR | 11.40 |
| Other | 1.30 |
| **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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