Investor Report

31 March 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	£321.3m
Reference Currency	GBP
Ordinary Shares	Net Asset Value: 48.39p Bid-Market Price: 50.80p
Dividend Yield (est.)	8.82%
Gearing	12.00%
Premium (Discount)	4.98%
Ordinary Shares in Issue	591,651,858
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	CQSClientServices@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
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	(0.35)	1.17	8.60	24.49	75.56	89.36
Share Price	(0.39)	1.15	6.92	23.42	93.11	83.54

Commentary[3]

Please Note: This report covers March 2025, pre the "Liberation Day" tariffs from President Trump and subsequent market gyrations.

Market focus in the UK in March centred around the Chancellor's Spring Statement. It included welfare cuts and large cuts to be made from all government departments with the hope of saving 15% in administration costs by 2030, including a reduction in the headcount by 10,000 jobs. Also included was a major increase to the defence budget as a result of the increased Russian threat and lessening support of the US to its NATO allies. The latter element is to be funded by the decrease in the overseas aid budget from 0.5% to 0.3% of gross national income by 2027. What rang the most alarm bells was the Office for Budget Responsibility (OBR) cutting 2025 growth forecasts from 2% to 1% and forecasting 3.2% average inflation for 2025. These forecast cuts point to the danger of possible stagflation unless the private sector can increase efficiency over and above the inflation-busting rises in minimum wages, National Insurance and business rates arriving in April. This is not likely to be an easy task with President Trump announcing 25% tariffs on all imported vehicles from the 2nd April, coming soon after Rachel Reeves Spring Statement, which could put a potentially large dent in UK exports just when export earnings are needed the most. At the time of writing, the raft of tariffs expected on 2nd April had not been announced. Further comments from the OBR suggested a close-to-even chance of the spending targets being met. They put the chances of the UK keeping within the spendings target at 54% and the other rule for minimising public debt at 51%.[4]

The European economy appeared to witness the first green shoots of recovery in early to mid-March. The standout element was the manufacturing sector which grew for the first time in nearly 3 years. Meanwhile, the services sector hit a seven month high and, as a result, the period of rising unemployment dating back to August 2024 seemed to be coming to an end. This is when measured across the whole zone, although France and Germany were still experiencing reductions in staff levels. European inflation was still falling, down to 2.2% in March from 2.3% in February. European economies are increasing defence spending across the board as the US is seen to be stepping back from its support of European allies. This will have an ongoing positive effect on their defence industries. On the 26th March, President Trump announced a 25% tariff on all autos and auto parts being imported into the US. This will likely have a large negative effect on Germany, France, Sweden, Slovakia and Italy, and comes on top of the large dent being made on European auto manufacturers by the influx of cheap and efficient electric vehicles (EV's) from China.

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.
4 Source: Office for Budget Responsibility, 'Economic and fiscal outlook', March 2025.

Commentary[3]

The economy in the US appeared to fall back to a two-speed mode. It is still showing good strength overall, but manufacturing fell back into decline as the front running of potential tariffs increased output in January and February. Overall business confidence has fallen to one of the gloomiest for the last three years due to the spectre of future tariffs, major Federal spending cuts and possible inflation as a result of these tariffs. Manufacturing has seen its cost base increase at the fastest rate for two years and has been passing on these inflated costs to their customer base. Fortunately, the service sector remains at subdued levels, which will please the Federal Reserve when they look to keep on track for future rate cuts. The main swathe of tariffs is being announced on the 2nd April, and their extent and effects will be covered in next month's factsheet. In March, 25% tariffs were imposed on Canada and Mexico with a lesser 10% rate being applied to energy and potash. For China, a further 10% was added on top of the 10% levied in February.

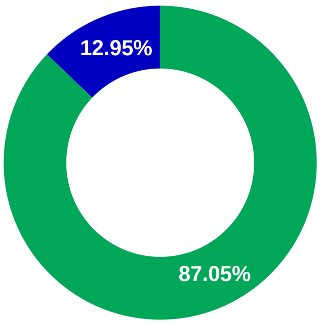
For the Company's portfolio, we continued to downsize the holding of Co-Op Bank 11 3,4% 2034, with the proceeds being reinvested into Aareal Bank 9.875% perpetual. We increased holdings of SP Cruises 11.5% 2030 and reduced exposure to Selecta Group 8% as a result of our change in view of the group's prospects.

AIFMD Leverage Limit Report (% NAV)

	Gross Leverage (%)[4]	Commitment Leverage (%)[5]
CQS New City High Yield Fund Limited	111	111

Portfolio Analysis[1,6]

Breakdown by Asset Class



Top 10 Holdings (%)[1,6]

Name	(% of NAV)
SHAWBROOK GROUP 22-08/06/2171 FRN	5.02
VIRGIN MONEY 22-08/12/2170 FRN	4.74
RL FINANCE NO6 23-25/11/2171 FRN	4.20
TVL FINANCE 10.25% 23-28/04/2028	4.03
GALAXY BIDCO LTD 8.125% 24-19/12/2029	3.97
AGGREGATED MICRO 8% 16-17/10/2036	3.62
REA FINANCE 8.75% 15-31/08/2025	3.32
STONEGATE PUB 10.75% 24-31/07/2029	3.30
BARCLAYS PLC 22-15/12/2170 FRN	3.28
INSPIRED ENTERTA 7.875% 21-01/06/2026	2.60
Top 10 Holdings Represent	**38.08**

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** Manulife | CQS Investment Management 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. **5** QS 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, 8, 9, 10 and 11 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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