



# NEW CITY INVESTMENT MANAGERS

## NEW CITY HIGH YIELD FUND

FACT SHEET MAY 2012

(as at 30 April 2012)

Awarded "Best High Income Security Highly Commended" by Money Observer 2011

2010 Winner of Investment Week UK Income Investment Trust of the Year

### INVESTMENT OBJECTIVES

To provide investors with a high gross dividend yield and the potential for capital growth by investing mainly in high yielding fixed interest securities.

### STATISTICS

|                        |          |
|------------------------|----------|
| Total Gross Assets:    | £133.38m |
| Ordinary Share         |          |
| Net Asset Value:       | 56.09p   |
| Mid-Market Price:      | 61.13p   |
| Yield (estimated):     | 6.5%     |
| Gearing:               | 8%       |
| Premium/(discount):    | 8.98%    |
| Annual Management Fee: | 0.8%     |

### PRICING

|            |            |
|------------|------------|
| Bloomberg: | NCYF.LN    |
| Reuters:   | NCYF.L     |
| Sedol:     | B1LZS51 GB |

Financial Times  
(Investment Companies)

### FINANCIAL CALENDAR

Year End 30 June

Annual Report & Accounts  
Published

October

AGM

December

### Ordinary Share Dividends

|         |       |       |
|---------|-------|-------|
| 2007/08 | Total | 3.57p |
| 2008/09 | Total | 3.65p |
| 2009/10 | Total | 3.75p |
| 2010/11 | Total | 3.87p |

### 2011/12

|                         |       |               |
|-------------------------|-------|---------------|
| 1 <sup>st</sup> Interim | 0.88p | November 2011 |
| 2 <sup>nd</sup> Interim | 0.88p | February 2012 |
| 3 <sup>rd</sup> Interim | 0.88p | May 2012      |

### NCIM INVESTMENT TEAM

Ian Francis      Will Smith  
John Wong      Rob Crayford

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### MANAGER COMMENT

April saw another month of sovereign debt in Europe breaking the market out into yet another cold sweat focusing on Spain and Italy with 10-year sovereign debt trading at 5.74% and 5.44% respectively; a long way up from their levels just after the implementation of the second three year long term refinancing operation from 4.85% and 4.9% - not a happy scenario for any banks holding those particular pieces of paper.

The knock-on effect to the European high yield market was swift and painful with the iTraxx Xover Generic 5 Year Index widening from 620bps to 697bps by the tenth of the month; then trading between 630bps and 690bps for the rest of the month, ending up at 649.20bps. Other negative factors for Europe were the resignation of the Dutch coalition on 23 April following the withdrawal of the far right Freedom Party, as a protest against cuts designed to meet European Union targets.

A lot will depend on the outcome of the French election with the favourite, Francois Hollande, the socialist candidate, looking to stand up to Germany and threatening to block the fiscal treaty unless it is modified to enhance growth as well as enforcing budget discipline.

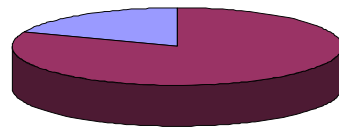
On 25 April the Q1 UK GDP number came in at (0.2%), lower than the 0.1% consensus forecast, and contrary to many other indicators, which therefore implies we are in recession. We shall see if this figure is revised upwards at a later date.

April was a quiet month for transactions in the portfolio with the main purchase being a new sterling issue by Direct Line, paying a 9¼% coupon and a duration of 2042.

It should be noted that the Company's shares went XD in April; its third interim dividend of 0.88p/share (increased from 0.85p last year) on 25 April for payment on 25 May.

All market data sourced from Bloomberg

### BREAKDOWN BY ASSET CLASS



### TOP 10 HOLDINGS

|     |                              |      |
|-----|------------------------------|------|
| 1.  | Balfour Beatty 10.75% Pref   | 3.7% |
| 2.  | Antares Energy 10% 2013      | 3.6% |
| 3.  | REA Finance 9.5% 2017        | 3.4% |
| 4.  | Skipton 10% 2018             | 2.4% |
| 5.  | Cable & Wireless 8.625% 2019 | 2.4% |
| 6.  | Phoenix Life 7.25% 2049      | 2.0% |
| 7.  | Tullet Prebon 7.04% 2014     | 2.0% |
| 8.  | Santos Fin 8.25% 2070        | 2.0% |
| 9.  | F&C Finance 9% 2016          | 1.9% |
| 10. | Brit Insurance 6.625% 2030   | 1.9% |

Top 10 Holdings Represent 25.3%

Total Number of Holdings: 133

### ORDINARY SHARE & NAV PERFORMANCE

|              | 1 month | 3 months | 1 Year | 3 Years | 5 Years | From 29/10/2004 |
|--------------|---------|----------|--------|---------|---------|-----------------|
| Fund NAV*    | +0.08%  | +4.33%   | +1.79% | +73.47% | +49.36% | +96.84%         |
| Share Price* | +1.64%  | +7.58%   | +2.53% | +86.03% | +51.77% | +123.28%        |

\*Total return performance based on bid prices / Source: R&H Fund Services Limited/DataStream

### MANAGER INFORMATION

Ian Francis has day to day responsibility for managing the Company's portfolio and is supported by the New City team.

### CAPITAL HISTORY

The Company was established 7 March 2007 and has 220,267,581 Ordinary Shares in issue. The Company is the successor to New City High Yield Trust Plc, which transferred all of its assets to the Company on 7 March 2007 to increase the amount of distributable income and improve investment flexibility. Shareholders received the same number of shares in the new company as they held in the old.

### IMPORTANT INFORMATION

In common with most investment companies, the Company may borrow to finance further investment (gearing). The use of gearing is likely to lead to volatility in the Net Asset Value (NAV) meaning that a relatively small movement, down or up, in the value of a trust's assets will result in a magnified movement, in the same direction, of that NAV.

In order to maintain the high level of dividend paid by the Company some of the assets selected for the underlying portfolio may be liable to diminish in capital value over time. The value of shares and the income from them can go down as well as up and you may get back less than the amount invested. Past performance is not a guide to the future. Exposure to a single country market increases potential volatility. There is no guarantee that the market price of shares in the Company will fully reflect their underlying Net Asset Value. As with all stock exchange investments, the value of investment company shares purchased will immediately fall by the difference between the buying and selling prices, the bid-offer spread. The NAV stated is calculated based on the bid prices of the portfolio holdings.

An investment company should be considered only as part of a balanced portfolio. Under no circumstances should this information be considered as an offer or solicitation to deal in investments. New City Investment Managers is a trading name for CQS Asset Management Limited who are authorised and regulated by the Financial Services Authority.

Company registered office: New City Investment Managers, 5<sup>th</sup> Floor, 33 Chester Street, London SW1X 7BL