

THIS NOTICE OF ANNUAL GENERAL MEETING IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action to take, you should consult your stockbroker, solicitor, accountant or other appropriate independent professional adviser authorised under the Financial Services and Markets Act 2000. If you have sold or otherwise transferred all your shares in City Merchants High Yield Trust Limited, please forward this document and accompanying form of Proxy to the person through whom the sale or transfer was effected, for transmission to the purchase or transferee.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS GIVEN that the Annual General Meeting (AGM) of City Merchants High Yield Trust Limited (the Company) will be held at 10am on 23 September 2020.

The AGM will be held as a 'closed meeting' and shareholders will not be permitted to attend the meeting. Shareholders are encouraged to complete their proxy voting instructions and register any questions via the Company Secretary at invesco@jtcgroup.com or in hard copy to JTC Fund Solutions (Jersey) Limited, PO Box 1075, 28 Esplanade, St Helier, Jersey JE4 2QP.

Shareholders are invited to attend a web call with the Portfolio Manager, Rhys Davies and Directors of the Board on 1 September 2020 at 2pm. Details on how to register for the call are available via the Company's website: www.invesco.co.uk/citymerchants

Ordinary Business

To consider and, if thought fit, to pass the following resolutions all of which will be proposed as ordinary resolutions:

1. To receive the annual financial report for the year ended 31 December 2019.
2. To approve the Report on Directors' Remuneration and Interests
3. To approve the Company's Dividend Payment Policy to pay four quarterly dividends to shareholders in May, August, November and February in respect of each accounting year.
4. To re-appoint PricewaterhouseCoopers CI LLP as the Company's auditor and authorise the Audit Committee to determine their remuneration.
5. To re-elect Mr Tim Scholefield a Director of the Company.
6. To re-elect Mr Philip Austin a Director of the Company.
7. To re-elect Mr John Boothman a Director of the Company.
8. To elect Ms Heather MacCallum a Director of the Company.
9. To elect Mr Stuart McMaster a Director of the Company.

Biographies of Directors seeking election and re-election are shown on page 25 of the annual financial report.

Special Business

To consider and if thought fit, to pass the following resolutions, of which resolution 10 will be proposed as an ordinary resolution and resolutions 11 to 13 will be proposed as special resolutions:

10. THAT, in accordance with Article 158 of the Company's Articles of Association, the Directors of the Company be and they are hereby released from their obligation pursuant to such Article to convene a general meeting of the Company within six months of the AGM at which a special resolution would be proposed to wind up the Company.
11. THAT, pursuant to Article 14.1 of the Company's Articles of Association, the Directors be and are hereby empowered to issue shares, up to 10% of the existing shares in issue at the time of the AGM, without pre-emption.
12. THAT, pursuant to Article 8.2 of the Company's Articles of Association and Article 57 of the Companies (Jersey) Law 1991 as amended (the Law), the Company be generally and unconditionally authorised:
 - (a) to make purchases of its issued ordinary shares of no par value (Shares) to be cancelled or held as treasury shares provided that:
 - (i) the maximum number of Shares hereby authorised to be purchased shall be 14.99% of the Company's issued ordinary shares, this being 15,251,006 on the date of this notice;
 - (ii) the minimum price which may be paid for a Share is 1p;
 - (iii) the maximum price which may be paid for a share must not be more than the higher of:
 - (i) 5 per cent. above the average of the mid-market values of the Shares for the five business days before the purchase is made; and

- (ii) the higher of the price of the last independent trade in the shares and the highest then current independent bid for the Shares on the London Stock Exchange;
 - (iv) any purchase of shares will be made in the market for cash prices below the prevailing net asset value per share (as determined by the Directors);
 - (v) the authority hereby conferred shall expire on the earlier of the conclusion of the next AGM of the Company held after passing of this resolution or 15 months from the date of the passing of this resolution, whichever is the earlier.
13. THAT, the period of notice required for general meetings of the Company (other than AGMs) shall not be less than 14 days.

Dated this 21st August 2020

By order of the Board

JTC Fund Solutions (Jersey) Limited

Company Secretary

Notes:

1. A form of appointment of proxy accompanies this annual financial report.

A member entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend, speak and vote in his stead. Where more than one proxy is appointed, each proxy must be appointed to exercise the rights attached to a different share or shares. A proxy need not be a member of the Company. In order to be valid an appointment of proxy must be returned, duly executed and completed, by one of the following methods:

- via Link Asset Services website www.signalshares.com; or
- in hard copy form by post, by courier or by hand to the Company's registrars, Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU; or
- in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below

and in each case to be received by the Company not less than 48 hours before the time of the meeting. As a result of the restrictions on public gatherings in light of the Covid-19 situation, no shareholder (other than two shareholders designated in advance to attend for the purposes of forming a quorum), corporate representative or proxy (other than the Chairman) will be admitted to the AGM in person. Shareholders wishing to appoint a proxy should therefore appoint the Chairman of the AGM.

2. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by the latest time for receipt of proxy appointments specified in this document. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies through CREST should be communicated to the appointee through other means. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take or, if the CREST member is a CREST Personal Member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s), such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by

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continued

any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning the practical limitations of the CREST system and timings.

3. A form of appointment of proxy is enclosed. Appointment of a proxy (whether by completion of a form of appointment of proxy, or other instrument appointing a proxy or any CREST Proxy Instruction) does not prevent a member from attending and voting at this meeting. However, as noted above, as a result of the restrictions on public gathering, shareholders, corporate representatives or proxies other than the Chairman of the AGM will be turned away from the AGM if they attempt to attend in person.

To be effective, the form of appointment of proxy, duly completed and executed, together with any power of attorney or other authority under which it is signed (or a notarially certified copy thereof) must be lodged at the office of the Company's registrars, Link Asset Services, PXS 1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF, by not later than 10am on Monday, 21 September 2020.

4. A person entered on the Register of Members at close of business 48 hours before the time of the AGM (a member) is entitled to attend and vote at the AGM pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001. Any changes to the Register of Members after such time and date shall be disregarded in determining the rights of any person to attend and/or vote at the AGM. If the AGM is adjourned, entitlement to attend and vote at the adjourned meeting, and the number of votes which may be cast thereat, will be determined by reference to the Company's Register of Members 48 hours before the time fixed for the adjourned meeting.
5. The schedule of matters for the Board and the terms of reference of the Audit Committee will be available for inspection by request to the Company Secretary.
6. A copy of the Articles of Association are available for inspection by request to the Company Secretary.
7. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
8. Any member attending the AGM has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the AGM but no such answer need be given if: (a) to do so would interfere unduly with the preparation of the AGM or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the AGM that the question be answered. In view of the restrictions on public gatherings in light of the Covid-19 situation, if you have a question or comment you wish to be considered, please contact the Company Secretary, who will forward your question or comment to the Board for consideration.
9. You may not use any electronic address (any address or number used for the purposes of sending or receiving documents or information by electronic means) provided in this Notice (or in any related documents including the proxy form) to communicate with the Company for any purposes other than those expressly stated.
10. As at 19 August 2020 (being the last practicable day prior to the publication of this Notice) the Company's issued share capital consisted of 101,741,204 ordinary shares of no par value each carrying one vote.
11. A copy of the Notice as well as various other documents relating to the Company can be found at www.invesco.co.uk/citymerchants

Be ScamSmart

Investment scams are designed to look like genuine investments

Spot the warning signs

Have you been:

- contacted out of the blue
- promised tempting returns and told the investment is safe
- called repeatedly, or
- told the offer is only available for a limited time?

If so, you might have been contacted by fraudsters.

Avoid investment fraud

1 Reject cold calls

If you've received unsolicited contact about an investment opportunity, chances are it's a high risk investment or a scam. You should treat the call with extreme caution. The safest thing to do is to hang up.

2 Check the FCA Warning List

The FCA Warning List is a list of firms and individuals we know are operating without our authorisation.

3 Get impartial advice

Think about getting impartial financial advice before you hand over any money. Seek advice from someone unconnected to the firm that has approached you.

Remember: if it sounds too good to be true, it probably is!

Report a Scam

If you suspect that you have been approached by fraudsters please tell the FCA using the reporting form at www.fca.org.uk/consumers/report-scam-unauthorised-firm. You can also call the FCA Consumer Helpline on **0800 111 6768**

If you have lost money to investment fraud, you should report it to Action Fraud on 0300 123 2040 or online at www.actionfraud.police.uk

Find out more at
www.fca.org.uk/scamsmart

