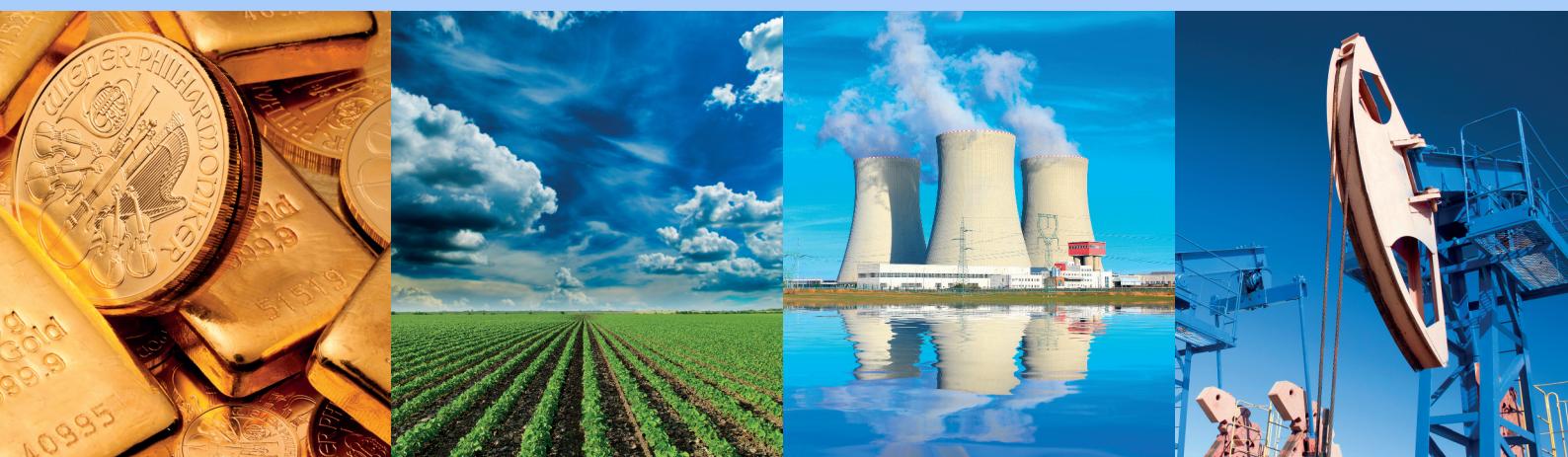


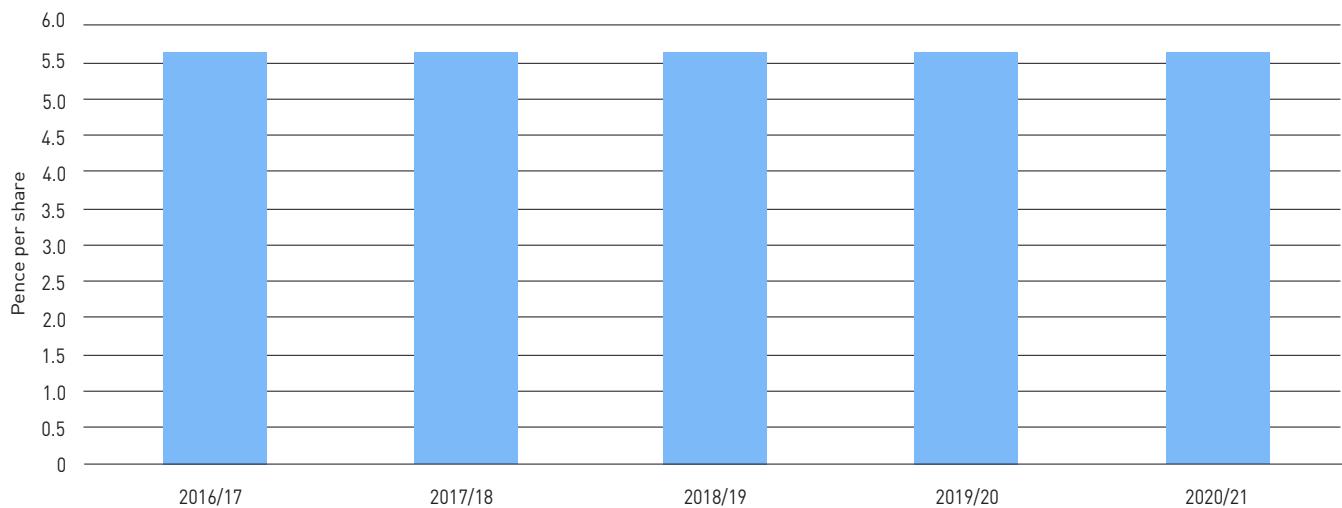
cqs natural
resources
growth and income plc



Half-Yearly Financial Report

for the six months ended
31 December 2020

Dividends Declared in Respect of Each Financial Year



2020/21 assumes that the third interim dividend in respect of the financial year ended 30 June 2021 remains in line with the first and second interim payments paid for that year at 1.26 pence per share and that the fourth interim dividend in respect of the financial year ended 30 June 2021 is estimated to be 1.82 pence per share.

Net Asset Value Total Return and Share Price Total Return v Composite Index



(i) Net dividends reinvested.

(ii) Composite index of 80 per cent EMIX Global Mining Index (sterling adjusted) and 20 per cent Credit Suisse High Yield Index (sterling adjusted).

Note: Graph starts at 1 August 2003, this being the date from which the investment objective changed.

Our Objective

To provide shareholders with capital growth and income predominantly from a portfolio of mining and resource equities and of mining, resource and industrial fixed interest securities.

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Financial Highlights

Total Return	Six months ended	Six months ended	Year to	Period from
	31 December 2020	31 December 2019	30 June 2020	1 August 2003 to 31 December 2020
Net asset value	47.06%	2.35%	(10.62)%	344.01%
Ordinary share price	61.67%	(0.19)%	(5.89)%	324.95%
Composite index	18.11%	0.67%	5.81%	472.15%
EMIX Global Mining Index (sterling adjusted)	21.70%	0.92%	6.93%	511.14%
Credit Suisse High Yield Index [sterling adjusted]	0.65%	(0.38)%	1.17%	316.21%
Capital Values		31 December 2020	30 June 2020	% change period
Net asset value per share		140.8p	98.6p	42.80%
Ordinary share price (mid market)		124.0p	79.3p	56.37%
Revenue and Dividends		Six months ended	Six months ended	
		31 December 2020	31 December 2019	
Earnings per ordinary share		1.25p	1.50p	
Dividends per ordinary share		2.52p	2.52p	
Dividend Yield*		4.5%	6.5%	
Discount (difference between share price and fully diluted net asset value)		11.9%	25.6%	
Gearing		12.9%	16.8%	
Ongoing charges (as a percentage of average shareholders' funds)		1.8%	1.9%	
Period's Highs/Lows		Six months ended	Six months ended	
		31 December 2020	31 December 2020	
		High	Low	
Net asset value		141.5p	98.7p	
Ordinary share price (mid market)		125.5p	87.9p	
Discount		22.3%	10.0%	
Dividend History	Rate	xd date	Record date	Payment date
Second interim 2021*	1.26p	21 January 2021	22 January 2021	26 February 2021
First interim 2021*	1.26p	22 October 2021	23 October 2020	30 November 2020
Total	2.52p			
Fourth interim 2020	1.82p	23 July 2020	24 July 2020	28 August 2020
Third interim 2020	1.26p	23 April 2020	24 April 2020	29 May 2020
Second interim 2020	1.26p	23 January 2020	24 January 2020	28 February 2020
First interim 2020	1.26p	24 October 2019	25 October 2019	29 November 2019
Total	5.60p			

*based on an annualised dividend of 5.60p (31 December 2019: 5.60p)

Chairman's Statement

Overview

The six-month period under review to 31 December 2020 continued to be dominated by the ongoing Covid-19 pandemic with widespread lockdowns across most of the western world and with global economies still suffering. The turning point was the approval of several vaccines and start of the rollout which drove economic recovery hopes outside China where demand was already robust. Commodity prices rallied on the news that there was a long-term solution to fears of further disruptions to a global recovery. This was coupled with China's boost in long term spending on green infrastructure as outlined in their five-year plan, plus alternative energy initiatives outlined by US President Joe Biden.

The Fund's net asset value (NAV) and share price responded positively with key investment decisions supporting the out performance of the benchmark.

Investment, Share Performance and Discount

The NAV total return for the six months to 31 December 2020 was +47.1% which compares to an increase in the composite benchmark of 18.1%. The Fund benefited from good asset allocation as its overweight position in precious metals, and a significant weighting in copper, with a corresponding underweight of energy stocks aided performance. There were also some excellent stock selection decisions with some key stocks such as West African Resources and First Quantum Minerals delivering outstanding performance.

The Company's share price also showed a good recovery with a total return of 61.7% for the six months to 31 December 2020. The discount narrowed slightly and the shares were trading at a discount of 16.9% at the end of the period.

Dividends and Income

The Company has continued to maintain the dividend and has paid two quarterly dividends of 1.26p each per share during the period under review. The Board considers that the dividend policy is very attractive to shareholders as it provides an element of share price stability especially when compared with other investment companies which have been forced to cut dividends during a challenging 2020 calendar year.

Since the Manager is focused on generating capital growth and income from the portfolio, the dividend may not always be completely covered by income and in those circumstances the Board will use distributable reserves to meet any shortfall. The yield on the Company's shares is 3.6% as at 16 March 2021.

Gearing

As at 31 December 2020 the gearing was 12.9% but has reduced to 11.4% as at 16 March 2021.

Environmental, Social and Governance (ESG)

ESG considerations, when making investing decisions, are high on the agenda of the investment community and rightly so. There are non-financial risks that every investee company needs to acknowledge, understand, measure and report so that investors have the appropriate information they need to make investment decisions.

The Board and the Managers have recently completed a comprehensive review of the investment decision making process regarding non-financial risks, which include but are not limited to, the due diligence process and the policies relating to new and existing investment decisions. You can find the Fund's statement, including the statement of the Manager, on our website: www.ncim.co.uk. Additionally, in response to the Association of Investment Companies (AIC) call for ESG policy disclosure in an easy, accessible way for investors, you can access our statement via its website: www.theaic.co.uk.

Outlook

As the vaccine rollout continues at pace around the world, thereby reducing the risk of further economic slowdown, and as stimulus spending increases at an unprecedented rate, the outlook for underlying commodity prices, equities and ultimately the performance of the Fund is positive. The transition to a low carbon economy must continue as we look to find solutions to the climate emergency, and metals and mining are part of that solution.

The macro environment and the supply / demand fundamentals for commodities, particularly base metals such as copper are strong as we enter the upturn of the cycle and the Fund is very well positioned to take advantage of these factors.

The performance of the Fund continues to improve since the period end, with NAV as at 16 March 2021 at 158.94p per share and the share price at 142.25p.

I would like to conclude by extending my thanks to all shareholders for their continued support.

Richard Prickett
Chairman

18 March 2021

Investment Manager's Review

Summary

After the tumultuous six months to 30 June 2020, markets have recovered strongly during the six-month period under review. The Fund's NAV has risen by 47.1% in total return terms which compares very favourably to the 18.1% return from the composite benchmark. Stock markets have taken their lead from the unprecedented government stimulus around the world and more recent approval and roll-out of Covid-19 vaccines. These factors have had a marked effect on demand expectations, and commodities have benefited from increased activity from the manufacturing sector.

The raw materials sector has recovered strongly

Industrial commodity prices have been on an upwards trajectory and despite the waning effect of opportunistic Chinese stock building from mid-2020 (while western governments imposed lockdown measures), metal prices have sustained their positive momentum. As a proxy for wider base metals performance the LME copper price, having rebounded from March lows of US\$4,630/t to over US\$6,400/t at the end of June, rose a further 21% to 31 December 2020 and has continued to gain with a current price of US\$9,147/t.

The US election result has also played a part. While both Democrat and Republican campaigns outlined significant spending plans, Democrat stimulus measures incorporate a significant "green" energy and electrification focus while the Biden win has also eased concerns over fraying US international relations. In tandem with the drive for greener power generation the electrification thematic has benefitted copper. Despite its recent price recovery, signals suggest a growing market deficit is building for this metal providing continued upside pressure on prices: Metal Exchange inventories are at lows and bonded stocks continue to decline; China's premium for copper cathode has lifted and coinciding with strong demand price increases remain to the upside for copper.

An ancillary benefit arising from the change in US government is a thawing of international relations with the rest of the world, especially China. In this regard China has begun to import significant quantities of US goods, notably crops and energy, an indication of easing tensions. However in some aspects of China policy the need to improve supply security remains for critical minerals such as rare earth metals. Despite the Biden administration this factor particularly relevant to the US economy.

Gold still has a place, silver playing catch-up

Safe haven gold, which was far less affected during the lockdown selloff, slipping back only 3% over the first quarter of 2020, has also recorded strong gains rising

nearly 25% over the second half of 2020. There has latterly been some selling pressure with investor risk appetite tilting more in favour of industrial metals. Vaccine news prompted this shift in sentiment and the gold price experienced some abrupt sell-off with a US\$100/oz decline in early January 2021 following news of the roll-out of the newly approved AstraZeneca and Pfizer vaccines. Nevertheless, ballooning government debt and the accompanying rise in issuance of negative yielding debt coupled with attractive equity valuations results in a strong justification to retain exposure to precious metals which currently represent 22.8% of the portfolio. Within the precious metals sector the performance of silver miners has been extremely good. Given its use in solar panels and electronics, silver mining companies have experienced extremely positive share price performances.

Oil prices have also risen appreciably as demand expectations improve, with the vaccine roll out and the reopening of global economies. This was further supported by continued discipline from OPEC at the March meeting when they rolled the existing quota cuts. However, the market now appears to have returned to a level where US shale production is switching back on, albeit slowly with discipline from the major listed US shale producers. At the time of writing WTI prices have recovered to US\$65/bbl and US onshore rig count has bounced. The potential return of spare OPEC production capacity remains a risk and this may cap future gains. Reflecting this, E&P equities have lagged with resources and the Fund continues to prefer indirect exposure via crude shipping, which we feel are more exposed to the improving outlook for strong activity.

Allocation and performance

The precious metal allocation had a significant impact on performance contributing nearly 60% of NAV gains. Within this West African Resources, which successfully transitioned from developer to producer, saw significant gains with the share price more than doubling over the year.

Latterly base metal mining equities have begun to catch-up. Of particular note, having ended the first half of 2020 down around 15% First Quantum's share price has rallied significantly with the shares also more than doubling since the end of June. While this investment remains a top holding the position has latterly been reduced to manage concentration risk. Another strong performer was US based nickel-copper explorer, Talon Metals. With nickel increasingly viewed as a strategic battery metal, the company has benefitted as a key US based supplier of the metal and the share price has subsequently quadrupled. Again, in order to manage individual stock risk, the holding has latterly been reduced despite a continued encouraging programme of exploration.

Though copper remains a core metal for the delivery of clean energy, we have observed the resurgence in sentiment towards the nuclear power industry and note that Nexgen Energy is progressing its' Tier 1 uranium development project in the Canadian Athabasca Basin. The need for nations to pursue alternate low emission sources of base load power generation alongside the likes of solar and wind has helped revive the nuclear sector which has gained substantial traction recently. Notably, government policies increasingly recognise the inherent value in existing nuclear generating capacity with the US now funding a programme to purchase a strategic stockpile of uranium and related services to support the industry which still supplies around 19% of the nation's power.

While fixed income securities continue to generate revenue, the decision to reallocate fixed income exposure into equities has paid dividends providing much stronger total returns and, as outlined in the last annual report, bond exposure was reduced with the sale of Ecclesiastical 8.625% preference shares and Lloyds 7.875% bonds. This has been supplemented by redemptions such as Balfour Beatty preference shares. As a result, and following the strong equity performance, fixed income securities now represent approximately 9.8% of assets under management.

Outlook

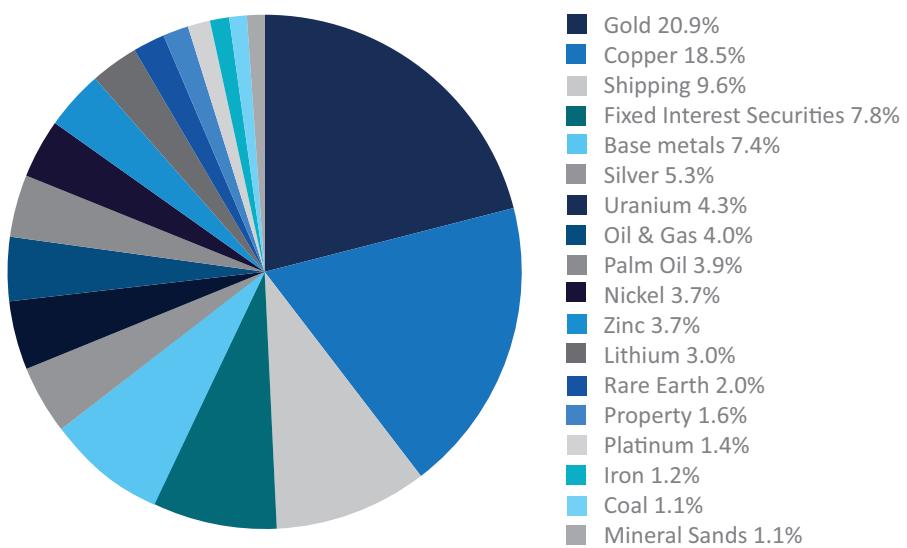
Despite some slowing in Chinese credit growth, other leading indicators seem to be improving. Also, the continued rollout of the vaccine in the West is a clear positive for commodity demand, while the lack of corporate investment remains a constraint to supply, which may worsen. As a result, the cyclical upturn appears to have some momentum, especially in base metals such as copper. The outlook for continued recovery is encouraging for the sector and we look forward to a new growth economy as the world endeavours to transition to a low carbon economy and build back better.

Ian Francis, Keith Watson and Rob Crayfurd
New City Investment Managers

18 March 2021

Classification of Investment Portfolio by Sector

Sector



Region



Investment Portfolio

As at 31 December 2020

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Company	Sector	Valuation £'000	Total Investments %
First Quantum Minerals ** (Note 1)	Copper	10,561	10.1
West African Resources	Gold	5,712	5.5
REA Holdings ** (Note 2)	Palm Oil	4,493	4.3
Talon Metals	Nickel	3,909	3.7
Ero Copper	Copper	3,684	3.5
BW LPG	Shipping	3,488	3.3
Americas Gold and Silver ** (Note 3)	Silver	3,443	3.3
Euronav Luxembourg ** (Note 4)	Shipping	3,243	3.1
Sigma Lithium Resources	Lithium	3,114	3.0
NexGen Energy	Uranium	2,981	2.8
Top ten investments		44,628	42.6
Trevali Mining	Zinc	2,668	2.5
Emerald Resources	Gold	2,489	2.4
Integra Resources	Gold	2,274	2.2
Lynas Corporation	Rare Earth	2,235	2.1
Central Asia Metals	Copper	2,120	2.0
Diversified Gas & Oil	Oil & Gas	2,112	2.0
2020 Bulkers	Shipping	2,039	1.9
Foran Mining	Copper	2,004	1.9
Metals X	Base Metals	1,974	1.9
Calibre Mining	Gold	1,847	1.8
Top twenty investments		66,390	63.3
Roxgold	Gold	1,813	1.7
Capstone Mining Corporation	Copper	1,770	1.7
Tizir 9.5% 19/07/2022 **	Mineral Sands	1,729	1.7
Raven Russia	Property	1,691	1.6
Adriatic Metals	Base Metals	1,655	1.6
Goodbulk	Shipping	1,652	1.6
Galena Mining	Base Metals	1,587	1.5
Platinum Group Metals	Platinum	1,462	1.4
Trafigura Group Pte 6.875% Variable Perpetual **	Finance	1,450	1.4
Westgold Resources	Gold	1,324	1.3
Top thirty investments		82,523	78.8
Adventus Mining	Copper	1,226	1.2
Base Resources	Mineral Sands	1,190	1.1
Hurricane Energy **	Oil & Gas	1,186	1.1
Ascendant Resources **	Zinc	1,149	1.1
Oilflow SPV 1 DAC 12% 13/01/2022 **	Oil & Gas	1,125	1.1
Fortuna Silver Mines	Silver	1,008	1.0
Arch Resources	Coal	1,001	1.0
Fenix Resources	Iron	851	0.8
Odyssey Energy	Oil & Gas	790	0.8
IGO	Base Metals	731	0.7
Top forty investments		92,780	88.7
Galiano Gold	Gold	691	0.7
Oceanagold	Gold	683	0.7
Ur-Energy **	Uranium	668	0.6
Oklo Resources	Gold	653	0.6
Stavely Minerals	Gold	617	0.6
Aquila Resources	Gold	591	0.6
Elematic Oyj 10% 30/06/2021 **	Technology	579	0.6
Lundin Mining	Copper	564	0.5
Vintage Energy	Oil & Gas	517	0.5
Cardinal Resources	Gold	498	0.5
Top fifty investments		98,841	94.6

Company	Sector	Valuation £'000	Total Investments %
Fission Uranium	Uranium	466	0.4
Castile Resources Property	Gold	463	0.4
Calidus	Gold	460	0.4
Jupiter Mines	Iron	449	0.4
PetroTal Corp	Oil & Gas	418	0.4
Denison Mines	Uranium	411	0.4
Bluestone Resources **	Gold	409	0.4
Pure Gold Mining	Gold	389	0.4
Teck Resources	Diversified Miner	384	0.4
Sabina Gold & Silver	Gold	376	0.4
Top sixty investments		103,066	98.6
Gran Colombia Gold Corp 8.25% 30/04/2024 **	Gold	277	0.3
Ora Banda Mining	Gold	250	0.2
Avance Gas	Shipping	223	0.2
Contura Energy	Coal	166	0.2
Silver Lake Resources	Gold	156	0.1
NT Rig Holdco PTE 7.5% 20/12/2021 **	Finance	104	0.1
Goldenstar Resources	Gold	100	0.1
Sherritt International Corp 8.5% 30/11/2026	Nickel	99	0.1
Precision Drilling	Oil & Gas	60	0.1
Agriculture Investment Group	Agriculture	54	–
Top seventy investments		104,555	100.0
Other investments		136	–
Total investments		104,691	100.0

Note 1 - Includes First Quantum Minerals valued at £9,801,948 and First Quantum Minerals 7.5% 01/04/2025 ** valued at £758,959.

Note 2 - Includes REA Holdings 9% preference shares valued at £3,916,087, REA Finance 8.75% 31/08/2025 ** valued at £452,500, R.E.A. Holdings valued at £112,000 and REA Holdings warrants valued at £12,557.

Note 3 - Includes Americas Silver valued at £3,400,303 and Americas Silver warrants** valued at £42,998.

Note 4 - Includes Euronav valued at £2,636,087 and Euronav Luxembourg SA 7.5% 31/05/2022 ** valued at £607,191.

* Denotes an unquoted security

** Denotes a Level 2 security

Top Ten Largest Holdings

	Valuation 30 June 2020 £'000	Purchases £'000	Sales £'000	Appreciation/ (depreciation) £'000	Valuation 31 December 2020 £'000
First Quantum ** (Note 1) Primarily a copper producer with mines in Africa and with a large project recently brought production in Panama. The group also has inventories of gold, nickel and cobalt.	6,302	–	(439)	4,698	10,561
West African Resources The Company has transitioned into a gold producer having brought its Sanbrado discovery in Burkina Faso into production under budget and on schedule.	5,679	–	(212)	245	5,712
REA Holdings ** (Note 2) The company cultivates oil palms and produces crude oil palm and other palm products. The group's core plantations are located in Indonesia.	3,459	–	–	1,034	4,493
Talon Metals A base metals explorer earning into a 51% interest on the high-grade Tamarack Nickel-Copper-Cobalt Project, located in Minnesota in the US, from Rio Tinto. The group has the option to earn a larger 60% interest by 2025.	1,899	–	(386)	2,396	3,909
Ero Copper A copper producer with mining assets in Brazil.	3,138	512	–	34	3,684
BW LPG The world's leading owner and operator of LPG carriers.	1,746	–	–	1,742	3,488
Americas Gold and Silver ** (Note 3) The Company mines silver, zinc, lead and copper.	3,125	–	–	318	3,443
Euronav Luxembourg (Note 4) The world's largest independent crude oil tanker company.	3,387	174	–	(318)	3,243
Sigma Lithium Resources Sigma Lithium Resources explores and produces lithium for the electric vehicle-bus industry. Sigma Lithium Resources serves clients in Canada and Brazil.	1,072	866	–	1,176	3,114
NexGen Energy NexGen Energy is a uranium exploration and development company with a portfolio of projects that span the Athabasca Basin in Saskatchewan, Canada.	1,542	–	–	1,439	2,981
	31,349	1,552	(1,037)	12,764	44,628

At 31 December 2020, these investments totalled £44,628,000 or 42.6% of the investment portfolio.

Condensed Income Statement

Notes	Six months ended 31 December 2020 (unaudited)			Six months ended 31 December 2019 (unaudited)			Year ended 30 June 2020 (audited)			
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	
Gains/(losses) on investments	3	–	29,892	29,892	–	1,171	1,171	–	(9,524)	(9,524)
Exchange (losses)/gains		–	(14)	(14)	–	2	2	–	(9)	(9)
Income	4	1,345	–	1,345	1,409	–	1,409	3,070	–	3,070
Investment management fee		(122)	(366)	(488)	(117)	(351)	(468)	(206)	(617)	(823)
Other expenses		(288)	–	(288)	(247)	–	(247)	(463)	–	(463)
Net return/(loss) before finance costs and taxation		935	29,512	30,447	1,045	822	1,867	2,401	(10,150)	(7,749)
Interest payable and similar charges		(24)	(73)	(97)	(32)	(96)	(128)	(62)	(184)	(246)
Net return/(loss) on ordinary activities before taxation		911	29,439	30,350	1,013	726	1,739	2,339	(10,334)	(7,995)
Tax on ordinary activities		(72)	–	(72)	(7)	31	24	(101)	70	(31)
Net return/(loss) attributable to equity shareholders	5	839	29,439	30,278	1,006	757	1,763	2,238	(10,264)	(8,026)
Return/(loss) per ordinary share		1.25p	44.01p	45.26p	1.50p	1.13p	2.63p	3.35p	(15.35)p	(12.00)p

All revenue and capital items in the above statement derived from continuing operations.

The total column in the above statement is the profit and loss account of the Company.

All of the profit/(loss) for the period is attributable to the owners of the Company.

The accompanying notes are an integral part of the financial statements.

Condensed Balance Sheet

	Notes	As at 31 December 2020 (unaudited) £'000	As at 31 December 2019 (unaudited) £'000	As at 30 June 2020 (audited) £'000
Fixed assets				
Investments		104,691	90,508	76,916
Current assets				
Debtors		376	436	402
Cash at bank and on deposit		3,499	976	1,027
		3,875	1,412	1,429
Creditors: amounts falling due within one year				
Other payables		(371)	(468)	(368)
Loan: amount falling due within one year	7	(14,000)	–	(12,000)
		(14,371)	(468)	(12,368)
Net current (liabilities)/assets		(10,496)	944	(10,939)
Loan: amount falling due after more than one year	7	–	(14,000)	–
Net assets		94,195	77,452	65,977
Capital and reserves				
Called-up share capital		16,722	16,722	16,722
Special distributable reserve		29,322	30,386	30,386
Share premium		4,851	4,851	4,851
Capital reserve		43,300	24,882	24,125
Revenue reserve		–	611	1,665
Equity shareholders' funds	6	94,195	77,452	65,977
Net asset value per share	6	140.8p	115.8p	98.6p

The accompanying notes are an integral part of the financial statements.

Condensed Statement of Changes in Equity

For the 6 months to 31 December 2020 (unaudited)

	Share capital £'000	Share premium account £'000	Special distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 30 June 2020	16,722	4,851	30,386	13,861	157	65,977
Return on ordinary activities after taxation	–	–	–	29,439	839	30,278
Transfer from special distributable reserve	–	–	(1,064)	–	1,064	–
Dividends paid	–	–	–	–	(2,060)	(2,060)
Balance at 31 December 2020	16,722	4,851	29,322	43,300	–	94,195

For the 6 months to 31 December 2019 (unaudited)

	Share capital £'000	Share premium account £'000	Special distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 30 June 2019	16,722	4,851	30,386	24,125	1,665	77,749
Return on ordinary activities after taxation	–	–	–	757	1,006	1,763
Dividends paid	–	–	–	–	(2,060)	(2,060)
Balance at 31 December 2019	16,722	4,851	30,386	24,822	611	77,452

The revenue reserve represents the amount of the Company's reserves distributable by way of dividend.

The accompanying notes are an integral part of the financial statements.

Condensed Cash Flow Statement

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	Six months ended 31 December 2020 (unaudited) £'000	Six months ended 31 December 2019 (unaudited) £'000	Year ended 30 June 2020 (audited) £'000
Operating activities			
Investment income received	1,361	1,559	3,112
Deposit interest received	–	2	2
Investment management fees paid	(508)	(311)	(781)
Other cash payments	(282)	(293)	(484)
Net cash inflow from operating activities	571	957	1,849
Investing activities			
Purchases of investments	(4,459)	(13,333)	(18,616)
Disposals of investments	6,531	11,072	19,329
Net cash inflow/(outflow) from investing activities	2,072	(2,261)	713
Financing activities			
Equity dividends paid	(2,060)	(2,060)	(3,746)
Loan funding	2,000	3,000	1,000
Loan interest	(97)	(128)	(246)
Net cash (outflow)/inflow from financing activities	(157)	812	(2,992)
Increase/(decrease) in net cash	2,486	(492)	(430)
Reconciliation of net cash flow to movement in net cash			
Increase/(decrease) in cash in the period	2,486	(492)	(430)
Exchange movements including forward contracts	(14)	2	(9)
Movement in net cash in the period	2,472	(490)	(439)
Opening net cash at 1 July	1,027	1,466	1,466
Closing net cash at 31 December / 30 June	3,499	976	1,027

The accompanying notes are an integral part of the financial statements.

Notes to the Accounts

1. The unaudited half-yearly results which cover the six months to 31 December 2020 have been prepared in accordance with applicable accounting standards and adopting the accounting policies set out in the statutory accounts of the Company for the year ended 30 June 2020.

Foreign currency

Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the period end are reported at the rates of exchange prevailing at the period end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in either the capital or revenue column of the Statement of Comprehensive Income depending on whether the gain or loss is of a capital or revenue nature respectively.

2. A first interim dividend of 1.26p per share was paid on 30 November 2020 and a second interim was paid on 26 February 2021.

3. Included within gains on investments for the period ended 31 December 2020 are realised gains of £2,479,000 and unrealised gains of £27,413,000.

4. The breakdown of income for the six months to 31 December 2020, 31 December 2019 and year to 30 June 2020 was as follows:

	Six months ended 31 December 2020 £'000	Six months ended 31 December 2019 £'000	Year ended 30 June 2020 £'000
Income from investments:			
UK dividend income	53	53	53
UK fixed interest	–	71	109
Preference share dividend income	84	154	285
Overseas dividend income	892	638	1,633
Overseas fixed interest	316	491	988
	1,345	1,407	3,068
Other income:			
Deposit interest	–	2	2
Total income	1,345	1,409	3,070

5. **Return per ordinary share**

Return per ordinary share attributable to shareholders reflects the overall performance of the Company in the period. Net revenue recognised in the first six months is not necessarily indicative of the total likely to be received in the full accounting year.

	Six months ended 31 December 2020 £'000	Six months ended 31 December 2019 £'000	Year ended 30 June 2020 £'000
Revenue return	839	1,006	2,238
Capital return	29,439	757	(10,264)
Total return	30,278	1,763	(8,026)
	Number	Number	Number
Weighted average ordinary shares in issue	66,888,509	66,888,509	66,888,509

6. Net asset value per ordinary share	31 December 2020	31 December 2019	30 June 2020
Net asset value per share	140.8p	115.8p	98.6p
Net assets attributable at end of period	£94.2m	£77.5m	£66.0m
Ordinary shares of 25p each in issue at end of period	66,888,509	66,888,509	66,888,509

7. Bank Loan	31 December 2020	31 December 2019	30 June 2020
	£'000	£'000	£'000
Loan Facility	(14,000)	(14,000)	(12,000)

The Company has a short term unsecured loan facility with Scotiabank Europe Plc ("Scotiabank").

As at 31 December 2020 the unsecured loan facility had a limit of £20 million of which £14 million was drawn down at the period end at an interest rate of 1.337%.

During the year the covenants of the loan facility have been met. The following are the covenants for the facility:

- the borrower shall not permit the adjusted asset coverage to be less than 3.5 to 1
- the borrower shall not permit the net asset value to be less than £35,000,000
- the loan facility is rolled over every three months and can be cancelled at any time

8. Reconciliation of net return before finance costs and taxation to net cash inflow from operating activities

	Six months ended 31 December 2020 £'000	Six months ended 31 December 2019 £'000	Year ended 30 June 2020 £'000
Net return before finance costs and taxation	30,447	1,867	(7,749)
Adjust for returns from non-operating activities:			
- Gains on investments	(29,892)	(1,171)	9,524
- Exchange gains	14	(2)	9
- Effective yield	64	33	58
Return from operating activities	633	727	1,842
Adjust for non-cash flow:			
- Decrease in accrued income	74	134	132
- Increase in debtors	(32)	(15)	(5)
- Increase in creditors	4	126	26
- Withholding tax	(108)	-	(146)
Net cash inflow from operating activities	571	957	1,849

9. With effect from 19 May 2019, CQS (UK) LLP, trading as New City Investment Managers, became the Company's Investment Manager. The Investment Manager receives a monthly fee at the rate of 0.1 per cent of the Company's gross assets (excluding cross-holdings) less current liabilities and any borrowings, payable in arrears. During the period investment management fees of £475,000 were incurred, of which £95,000 was payable at the period end.

10. After making enquires and having considered the Company's investment objective, nature of the investment portfolio, bank facility and expenditure projections, the Directors consider that the Company has adequate resources to continue in operation for the foreseeable future. For this reason, the Directors are satisfied that it is appropriate to adopt the going concern basis in preparing this report.

11. The results for six months ended 31 December 2020 and 31 December 2019, which have not been reviewed by the Company's auditors pursuant to the Auditing Practices Board guidance on "Review of Interim Financial Information", constitute non-statutory accounts in terms of Section 434 of the Companies Act 2006. The latest published accounts which have been delivered to the Registrar of Companies are for the year ended 30 June 2020; the report of the auditors thereon was unqualified and did not contain a statement under Section 498 of the Companies Act 2006. the abridged financial statements shown above for the year ended 30 June 2020 are an extract from those accounts.

12. The following are considered related parties: the Board of Directors ("the Board") and CQS/New City Investment Managers ("the Investment Manager").
All transactions with related parties are carried out on an arms length basis.
There are no other transactions with the Board other than aggregated remuneration for services as Directors. There are no outstanding balances to the Board at the period end.
Details of the fee arrangement with the Investment Manager are disclosed in note 9.

13. The report and accounts for the six months ended 31 December 2020 will be posted to shareholders and made available on the website www.ncim.co.uk.

Interim Management Report and Responsibility Statement

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The Chairman's Statement on page 3 and the Investment Manager's Review on pages 4 to 5 give details of the important events which have occurred during the period and their impact on the financial statements.

Principal Risks and Uncertainties

The Company's assets consist principally of listed equities and fixed interest securities and its principal risks are therefore market related. The Company is also exposed to currency risk in respect of the markets in which it invests. Other key risks faced by the Company relate to investment and strategy, market, sector, financial, earnings and dividend, operational, regulatory and political. These risks, and the way in which they are managed, are described in more detail under the heading 'Principal risks and risk mitigation' within the Strategic Review contained within the Company's annual report and accounts for the year ended 30 June 2020. The Company's principal risks and uncertainties have not changed materially since the date of the report and are not expected to change materially for the rest of the Company's financial year.

Related Parties Transactions

During the first six months of the current financial year, no transactions with related parties have taken place which have materially affected the financial position or the performance of the Company.

Going Concern

The Directors, having considered the Company's investment objective, the nature and liquidity of the portfolio and the income and expenditure projections, consider that the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future and is financially sound. For these reasons, they consider there is reasonable evidence to continue to adopt the going concern basis in preparing the financial statements.

Statement of Directors' Responsibilities in Respect of the Interim Report

The Board of Directors confirms that, to the best of its knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 "Interim Financial Reporting" and gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- the interim management report includes a fair review of the information required by the Disclosure and Transparency Rules ("DTR") 4.2.7R, being an indication of important events that have occurred during the first six months of the financial year and their impact on the financial statements;
- the Directors' Statement of Principal Risks and Uncertainties shown above is a fair review of the information required by DTR 4.2.7R; and
- the interim management statement and condensed set of financial statements include a fair review of the information required by DTR 4.2.8R, being related party transactions that have taken place in the first six months of the financial year and that have materially affected the financial position or performance of the Company during the period, and any changes in the related party transactions described in the last Annual Report that could do so.

On behalf of the Board

Richard Prickett
Chairman

18 March 2021

Corporate Information

Registered Number

02978531

Registered in England & Wales

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Christopher Casey
Alun G Evans
Helen F Green*

Investment Manager

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Shareholder helpline overseas: +44 121 415 7047

Shareholder Information

Net Asset Value/Share Price

The net asset value of the Company's ordinary shares may be obtained by contacting CQS on 0207 201 6900 or by email at clientservice@cgsm.com or alternatively by visiting the Company's web site at www.ncim.co.uk.

Website

www.ncim.co.uk

*Chair of the Audit Committee

**Calls from outside the UK will be charged at international rates.

Other telephone provider costs may vary. Lines open 8.30am to 5.30pm, Monday to Friday.

