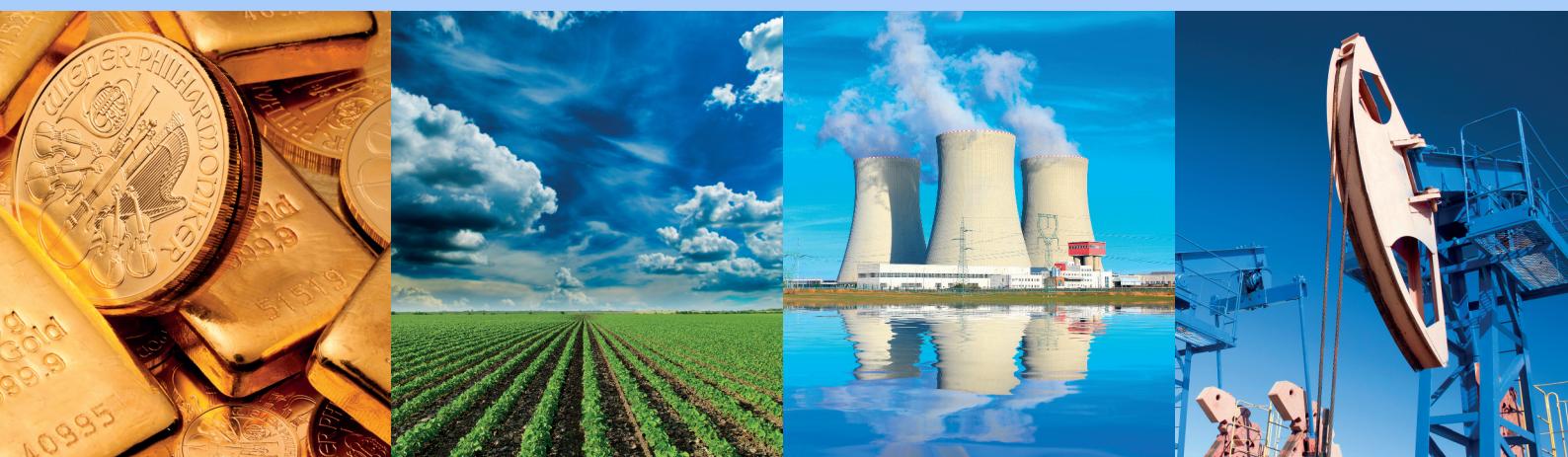


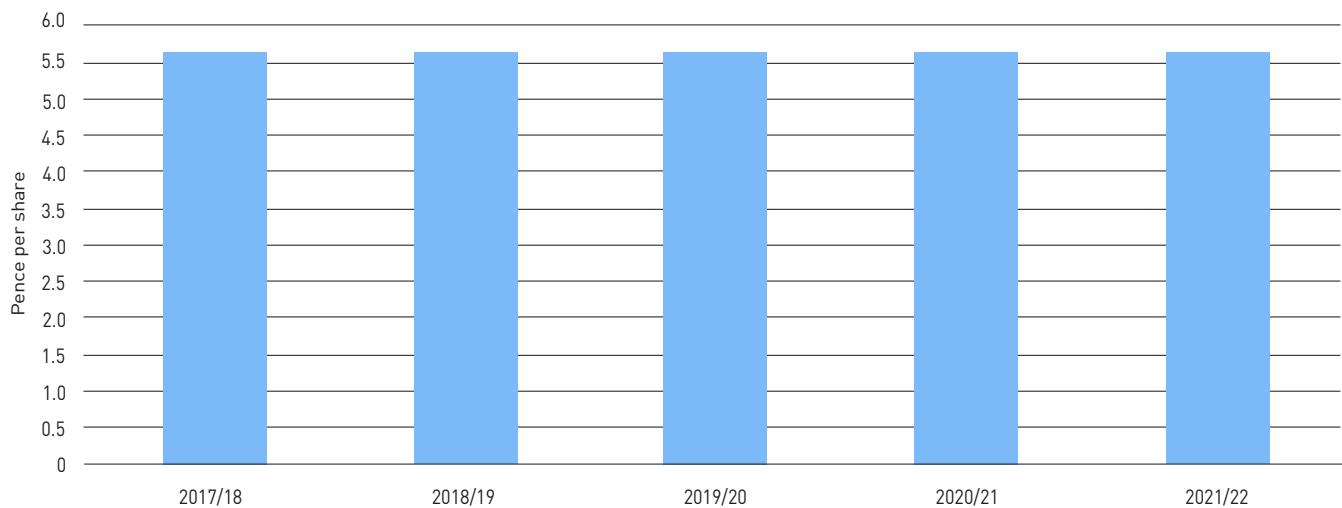
cqs natural  
resources  
growth and income plc



## Half-Yearly Financial Report

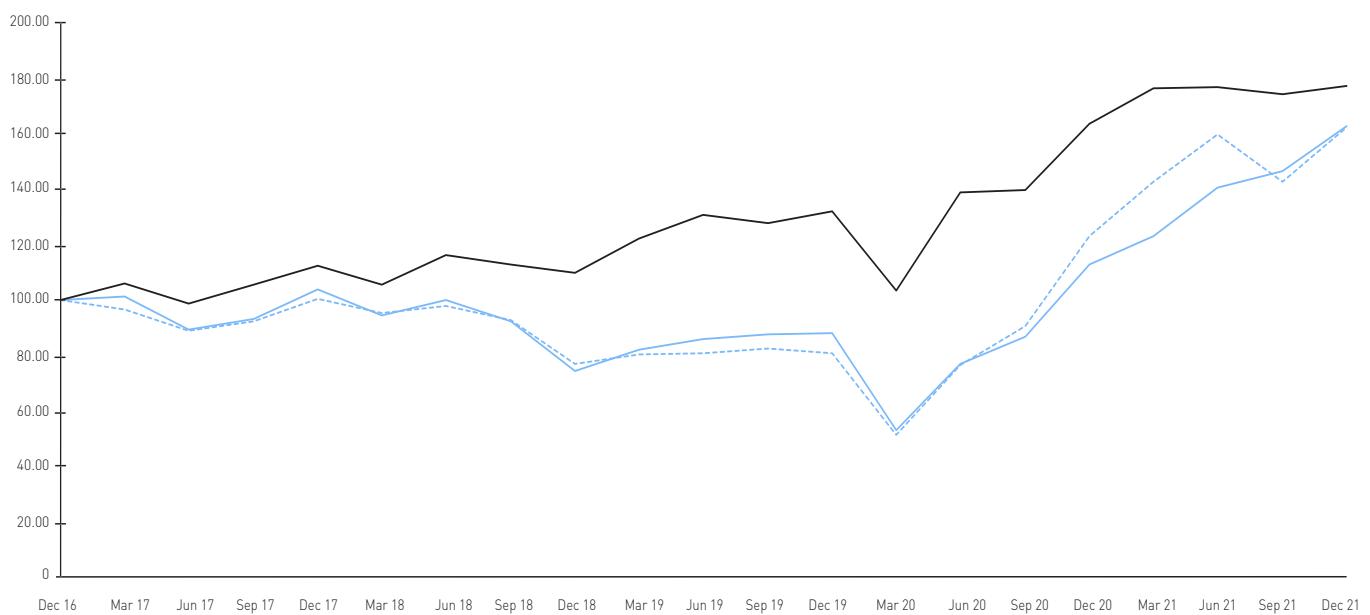
for the six months ended  
31 December 2021

## Dividends Declared in Respect of Each Financial Year



2021/22 assumes that the third interim dividend in respect of the financial year ended 30 June 2022 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 2022 is estimated to be 1.82 pence per share.

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



- CQS Natural Resources Growth and Income plc share price total return (i)
- CQS Natural Resources Growth and Income plc net asset value total return (ii)
- Composite Index total return (i) & (ii)

(Index restated to 100)  
Sources: BNP Paribas Securities Services and Bloomberg

(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).

## 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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- [Condensed Income Statement](#)
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## Financial Highlights

Total Return	Six months ended	Six months ended	Year to	Period from
	31 December 2021	31 December 2020	30 June 2021	31 December 2016 to 31 December 2021
Net asset value	15.16%	47.06%	83.10%	62.69%
Ordinary share price	0.61%	61.67%	109.63%	62.71%
Composite index	0.18%	18.11%	27.52%	77.37%
EMIX Global Mining Index (sterling adjusted)	(0.36)%	21.70%	32.47%	95.00%
Credit Suisse High Yield Index [sterling adjusted]	3.57%	0.65%	3.47%	20.77%
<b>Capital Values</b>		31 December 2021	30 June 2021	% change period
Net asset value per share		195.2p	172.4p	13.23%
Ordinary share price (mid market)		155.5p	160.5p	(3.12)%
<b>Revenue and Dividends</b>		Six months ended	Six months ended	
		31 December 2021	31 December 2020	
Earnings per ordinary share		2.45p	1.25p	
Dividends per ordinary share		2.52p	2.52p	
<b>Dividend Yield*</b>		3.6%	4.5%	
Discount (difference between share price and fully diluted net asset value)		20.3%	11.9%	
<b>Gearing</b>		10.9%	12.9%	
Ongoing charges (as a percentage of average shareholders' funds)		1.7%	1.8%	
<b>Period's Highs/Lows</b>		Six months ended	Six months ended	
		31 December 2021	31 December 2021	
		High	Low	
Net asset value		205.7p	154.9p	
Ordinary share price (mid market)		171.8p	128.3p	
Discount		23.7%	7.4%	
<b>Dividend History</b>	Rate	xd date	Record date	Payment date
Second interim dividend 2022*	1.26p	27 January 2022	28 January 2022	25 February 2022
First interim dividend 2022*	1.26p	28 October 2021	29 October 2021	30 November 2021
<b>Total</b>	2.52p			
Fourth interim dividend 2021	1.82p	29 July 2021	30 July 2021	31 August 2021
Third interim dividend 2021	1.26p	29 April 2021	30 April 2021	28 May 2021
Second interim dividend 2021	1.26p	21 January 2021	22 January 2021	26 February 2021
First interim dividend 2021	1.26p	22 October 2020	23 October 2020	30 November 2020
<b>Total</b>	5.60p			

\*based on an annualised dividend of 5.60p (31 December 2020: 5.60p)

# Chairman's Statement

## Overview

The six-month period under review to 31 December 2021 has seen the major global stock markets rise although worrying signs of higher inflation began to be seen towards the calendar year-end. Commodity markets were strong and interestingly for the sector higher interest rate expectations are supporting a broad market rotation into value, which is supportive for mining and energy equity values, given their current strong free cash flow generation.

## Investment, Share Performance and Discount

The NAV total return for the six months to 31 December 2021 was +15.16% which compares to a increase in the composite benchmark of 0.18%. The Fund benefited from good asset allocation from its overweight positions in copper, shipping and lithium. On the individual stock positions, we saw excellent returns from Talon Metals, Sigma Lithium Resources, Foran Mining and NexGen.

The Company's share price return was more disappointing with a total return of -0.61% for the six months to 31 December 2021. The discount at which the shares traded has widened from 3.5% at the end of June 2021 to 20.3% as at 31 December 2021. This is a major concern for the Board and we have been working with our advisors to better promote the excellent returns we have seen over the last 18 months. At the time of writing the position has improved and the discount currently stands at 15.3%.

## Dividends and Income

The Board considers that the dividend policy is very attractive to shareholders and therefore provides an element of share price stability especially whilst other companies have been forced to cut dividends. The Company has continued to maintain the dividend and has paid two quarterly dividends of 1.26p each per share during the year to date.

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 2.9% as at 9 March 2022.

## Gearing

As at 31 December 2021 the gearing was 10.9% but has increased to 11.6% as at 9 March 2022. The Scotiabank facility was renewed during the six-month period and a new two-year facility for £20 million was agreed in September 2021. The amount drawdown under the Scotiabank facility is currently £19 million.

## Board Changes

I have been a Director of the Company since 2006 and became Chairman in March 2018. I will be stepping down as a Director of the Company on 31 March 2022. Helen Green will be taking over as Chair on that date and I wish her and my colleagues on the Board my best wishes for the Company going forwards.

## Outlook

Just as the global economy was beginning to recover after the pandemic the unprovoked invasion of Ukraine by Russia has resulted in extreme volatility in financial markets and significant increases in energy prices.

The severe sanctions imposed by the West on Russia has accelerated governments to rethink energy, defence and food security policies. The transition to low carbon economy will be at the forefront of these policies.

Commodity prices were already rising prior to Russia's invasion of Ukraine but now these raw materials are centre stage for investors forward planning. The Manager has articulated these trends in more detail in their report and the Fund was well positioned to take advantage of these before the crisis in Ukraine deepened.

Inflationary pressures are now rising along with these commodity price increases, and the Fund is also protected with a significant exposure to gold and other precious metals.

The closed end structure of the Fund has enabled it to take positions in less obvious and liquid stocks and expect these to provide very positive returns.

Since the year end the net asset value of the Fund has increased by 15.3% to 224.94 per share.

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

Richard Prickett  
Chairman

10 March 2022

## Investment Manager's Review

### Raw materials at forefront of investor thinking

Recent commodity price moves have pushed raw material supply to the forefront of investor thinking. Against a backdrop of recovering economic growth and supply constraint inflationary pressures have been building for some time. In such an environment the Trust has performed well. The Fund returned 15% in the second half of 2021 and at the time of writing, year-to-date returns have risen a further 12%.

Behind these figures the composition of performance has changed. Strong gains by metals exposed to energy transition such as copper together with lithium and rare earth metal miners have latterly shifted more in favour of traditional sources of energy. The Fund has seen some rebalancing of exposure over the last year that continues to offer protection against ongoing inflation which may take time to resolve.

### Resource vulnerabilities reshape the outlook

Following a decade of underinvestment and exacerbated by Russia-Ukraine events, persistently high input prices have shattered complacency towards the sector. Notwithstanding government response to Russia's aggression, the extent of commodity price moves is reshaping fundamental thinking with regards government policy, economic growth and the composition of growth. In addition to addressing commodity supply deficits, the lack of diversification in the sources of supply, to better manage raw material availability and help mitigate extreme commodity price volatility, will become more integral to long-term strategic planning. Importantly, the Fund portfolio had already adjusted to reflect such shifts, itself becoming more diversified to more appropriately balance the short and long-term outlook for various commodities: in the short-term there is an immediate need to responsibly source energy; longer-term we expect commodity price moves to reset expectations regarding the pace at which energy transition evolves.

At the time of writing exposure to copper, oil & gas production and precious metals, each stand at around 20% of assets. Energy storage minerals such as rare earth metals, lithium and nickel represent nearer 15% of assets. Exposure to shipping, which is biased towards transportation of energy, stands at around 8% of assets. Elsewhere, by virtue of strong performance, the Fund's exposure to nuclear power has become a more meaningful position as investors recognise the value inherent in existing clean, baseload generating capacity which has recaptured credence as many country's reassess their energy policies.

Perhaps most notably, the Fund began increasing exposure directly into traditional fossil-based energy over the summer of 2021 as the perceived risks to energy supply increased. Investment in low cost, rapid response US shale production figured highly in this rotation. Names such as Precision Drilling were added in anticipation of a pick-up in North American oil and gas production given a more expedient need for a sizeable supply response than seen thus far in the post-covid recovery. Other companies added to the portfolio include EOG, Diamond Back and Vermilion Energy, that owns significant Europe facing gas production. Cognisant of the risks, in late summer 2021 the Fund took a small position in Gazprom, a pressure point for the supply of gas into Europe. Following its suspension from the London Stock Exchange this investment has been written down to zero.

Some modest exposure to coal production was also added. This was largely funded by a reduction in exposure to industrial metals such as copper which was already in the process of being reduced as potential risks emerged from China's property slowdown. The Fund also took some profits on soon-to-be lithium producer, Sigma Lithium, which has made an outstanding contribution to performance.

The Fund retains exposure to precious metals. While the contribution to performance was muted in the six months to end-December, with gold and related equities trading in narrow range as markets grappled with the competing forces of rising inflation and rising interest rates, the prospect of stubbornly high inflation and less hawkish rate outlook has latterly seen a return of investment flows into the precious metal sector. Precious metal valuations remain extremely attractive. Exposure continues to provide cheap insurance should the tragedy in Ukraine escalate further while also protecting against stagflation risks should raw material prices remain high despite decelerating demand growth. More immediately, the shift in the EU's industrial competitiveness brought about by higher energy prices is already feeding into the ECB's mind set; it comes as little surprise that ECB monetary policy has become less hawkish which has prompted some increased attention on precious metals.

### Recent events accentuate trends already underway

Commodity prices rises over the interim period have more recently accelerated. Recent events, in particular the invasion of Ukraine, has served to accentuate rising commodity price trends that have been underway since the post-covid process of reopening economies took hold in early 2021. Combined with rising demand during the

unlocking process the more recent Russian incursion has seen a broader scramble for energy which has, at least temporarily, upended the clean energy investment theme. Long-term goals to reduce fossil fuel consumption have been demoted as regions scramble to ensure energy is available for immediate needs.

Nowhere has this been felt more acutely than in energy markets in regions such as Europe, which has found itself squeezed by an extreme energy shortage. The global drive to reduce fossil fuel consumption has not only discouraged investment in traditional fuels curbing underlying supply but many utilities also wound down fossil fuel inventories to the lowest level on record. The region has found itself exposed to extreme supply shortages in the post covid economic rebound. Furthermore, Europe's energy policies placed considerably more reliance on imported fuel, notably from Russia, to meet future gas needs. Even without deliveries from the now stalled Nordstream II gas pipeline, Russia provided approximately 40% of the Europe's gas.

As illustration, one year forward gas prices in Europe, for delivery in December 2022, had risen nearly four-fold in the calendar year to end-December 2021, the majority of this rise occurring in the second half of the year. Since Russia's invasion of Ukraine, the price of gas for December 2022 delivery has risen a further 160% as sanctions on trade bite. Alternate fuels sought to fill the

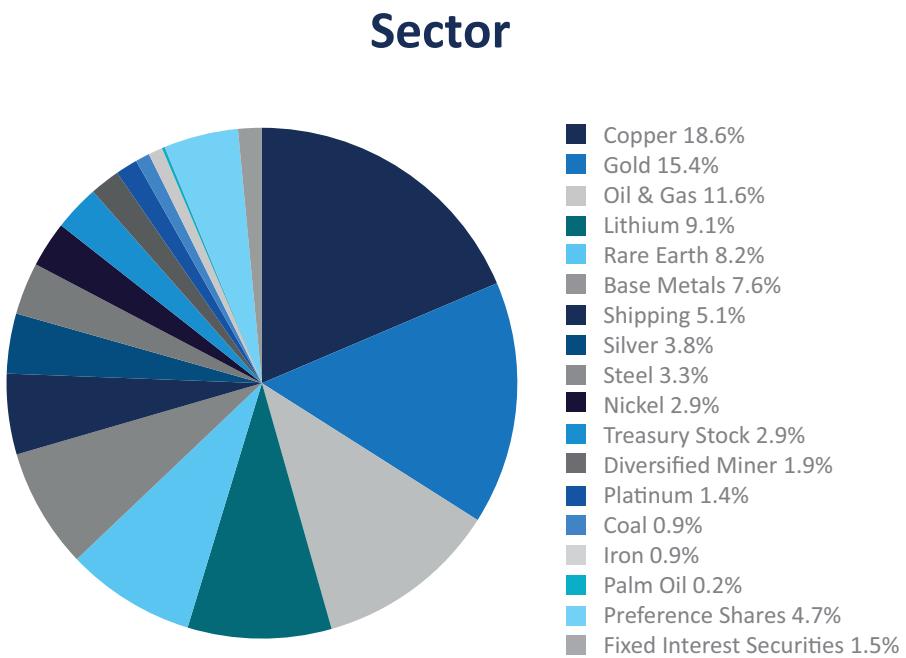
energy supply gap have seen similar price moves. The thermal coal market, another sector in which Russia has a dominant 20%+ share of global export trade, has seen seaborne benchmark prices (FOB Australia) rising over 60% during calendar 2021 and prices have since doubled in the year-to-date. Analogous moves have also impacted crude markets. The price of Brent crude, which had risen nearly 50% in 2021, has now more than doubled and at the time of writing stood at US\$126 per barrel.

At the vanguard of economic growth, supply shortages and energy price rises continue to exert inflationary pressures that may take time to address. The Fund is well positioned to sustain returns in a fast changing world reconfiguring to blend short-term energy requirements with longer-term environmental goals. Our closed ended structure, which allows a focus on more attractively valued, less liquid investments, provides another dimension to this.

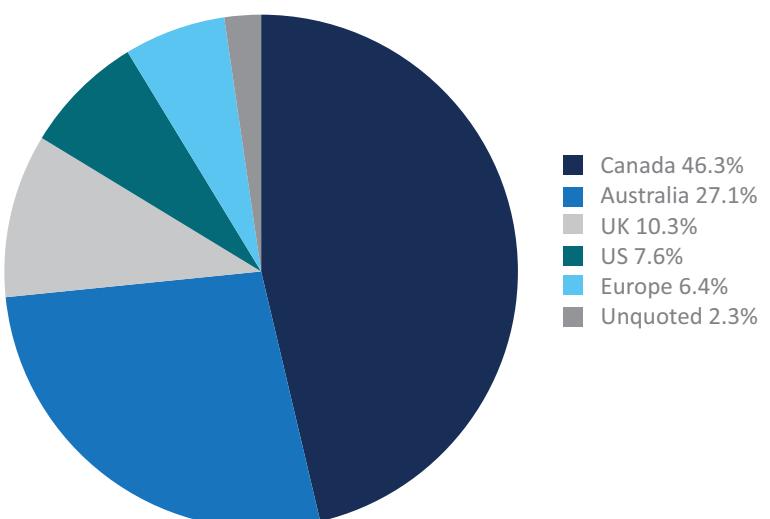
**Ian Francis, Keith Watson and Rob Crayfoud**  
New City Investment Managers

10 March 2022

## Classification of Investment Portfolio by Sector



## Investments by stockmarket quotation



## Investment Portfolio

As at 31 December 2021

7

Company	Sector	Valuation £'000	Total Investments %
First Quantum Minerals ** (Note 1)	Copper	11,281	7.9
Sigma Lithium Resources	Lithium	9,415	6.6
West African Resources	Gold	8,304	5.8
Foran Mining	Copper	6,417	4.5
Metals X	Base Metals	6,379	4.5
REA Holdings ** (Note 2)	Palm Oil	5,718	4.0
Lynas Corporation	Rare Earth	5,454	3.8
Euronav NV** (Note 3)	Shipping	5,048	3.5
NexGen Energy	Uranium	4,768	3.3
Talon Metals (Note 4)	Nickel	4,203	2.9
Top ten investments		66,987	46.8
Precision Drilling	Oil & Gas	4,164	2.9
Diversified Energy	Oil & Gas	3,859	2.7
Ero Copper	Copper	3,650	2.5
Firefinch	Lithium	3,645	2.5
Emerald Resources	Gold	3,083	2.2
BW LPG	Shipping	2,907	2.0
2020 Bulkers	Shipping	2,873	2.0
Teck Resources	Diversified Miner	2,745	1.9
Gazprom	Oil & Gas	2,729	1.9
Trevali Mining	Zinc	2,415	1.7
Top twenty investments		99,057	69.1
Capstone Mining Corporation	Copper	2,339	1.6
Fortuna Silver Mines	Silver	2,050	1.4
Galena Mining	Base Metals	1,954	1.4
Central Asia Metals	Copper	1,899	1.3
Adventus Mining	Copper	1,819	1.3
Raven Russia	Property	1,774	1.2
MAG Silver	Silver	1,734	1.2
Ascendant Resources **	Zinc	1,677	1.2
Goodbulk **	Shipping	1,461	1.0
EOG Resources	Oil & Gas	1,345	1.0
Top thirty investments		117,109	81.7
Peyto Exploration & Development	Oil & Gas	1,320	0.9
Base Resources	Mineral Sands	1,317	0.9
Integra Resources	Gold	1,296	0.9
IGO	Base Metals	1,258	0.9
Calidus	Gold	1,227	0.9
Ur-Energy	Uranium	1,185	0.8
Odyssey Energy	Oil & Gas	1,152	0.8
PetroTal Corp	Oil & Gas	1,111	0.8
Palladium One Mining	Platinum	1,080	0.8
Red 5	Gold	1,077	0.7
Top forty investments		129,132	90.1
Calibre Mining	Gold	1,037	0.7
Stavely Minerals	Gold	995	0.7
Westgold Resources	Gold	970	0.7
Fission Uranium	Uranium	949	0.7
Fenix Resources	Iron	932	0.7
Thungela Resources	Coal	764	0.5
Oceanagold	Gold	695	0.5
Vintage Energy	Oil & Gas	655	0.5
Americas Gold and Silver	Silver	648	0.4
Peabody Energy	Coal	558	0.4
Top fifty investments		137,335	95.9

Company	Sector	Valuation £'000	Total Investments %
Platinum Group Metals	Platinum	503	0.4
Bluestone Resources	Gold	497	0.3
Castile Resources Property	Gold	462	0.3
Oklo Resources	Gold	414	0.3
Galiano Gold	Gold	398	0.3
Peregrine Gold	Gold	392	0.3
Tharisa	Platinum	380	0.3
Gold Resource Corp	Gold	364	0.2
Diamondback Energy	Oil & Gas	358	0.2
Jupiter Mines	Iron	320	0.2
Top sixty investments		141,423	98.7
Denison Mines	Uranium	319	0.2
Aurcana Silver Corporation	Silver	317	0.2
Ora Banda Mining	Gold	252	0.2
Sabina Gold & Silver	Gold	167	0.1
Silver Lake Resources	Gold	145	0.1
Sherritt International Corp 8.5% 30/11/2026 **	Nickel	120	0.1
Goldenstar Resources	Gold	104	0.1
Oilflow SPV 1 DAC 12% 13/01/2022 **	Oil & Gas	88	0.1
ValOre Metals	Gold	87	0.1
Pure Gold Mining	Gold	57	0.1
Top seventy investments		143,079	100.0
Other investments		195	–
Total investments		143,274	100.0
Note 1 - Includes First Quantum Minerals valued at £10,521,000 and First Quantum Minerals 7.5% 01/04/2025 ** valued at £760,000.			
Note 2 - Includes REA Holdings 9% preference shares valued at £4,975,000, REA Finance 8.75% 31/08/2025 ** valued at £452,000, REA Holdings valued at £256,000 and REA Holdings warrants valued at £35,000.			
Note 3 - Includes Euronav valued at £4,444,000, Euronav Luxembourg SA 6.25% 14/09/26 ** valued at £454,000 and Euronav Luxembourg SA 7.5% 31/05/2022 ** valued at £150,000.			
Note 4 - Includes Talon Metals valued at £4,203,000 and Talon Metals Warrants valued at £nil.			
** Denotes a Level 2 security			

## Top Ten Largest Holdings

	Valuation 30 June 2021 £'000	Purchases £'000	Sales £'000	Appreciation/ (depreciation) £'000	Valuation 31 December 2021 £'000
<b>First Quantum ** (Note 1)</b> Primarily a copper producer with mines in Africa and with a large project recently brought into production in Panama. The group also has inventories of gold, nickel and cobalt.	<b>10,547</b>	379	(92)	447	<b>11,281</b>
<b>Sigma Lithium Resources</b> Explores and produces lithium for the electric vehicle-bus industry serving clients in Canada and Brazil.	<b>6,961</b>	–	(667)	3,121	<b>9,415</b>
<b>West African Resources</b> Has transitioned into a gold producer having brought its Sanbrado discovery discovery in Burkina Faso into production under budget and on schedule.	<b>6,282</b>	–	–	2,022	<b>8,304</b>
<b>Foran Mining</b> Copper-Zinc developer in Canada, progressing toward a construction decision. The company targets being the first carbon neutral copper miner.	<b>6,687</b>	–	(220)	(50)	<b>6,417</b>
<b>Metals X</b> A diversified group mining, developing and exploring for minerals and metals in Australia	<b>3,026</b>	–	(1,190)	4,543	<b>6,379</b>
<b>REA Holdings ** (Note 2)</b> Cultivates oil palms and produces crude palm oil and other palm products. The group's core plantations are located in Indonesia.	<b>4,492</b>	–	–	1,226	<b>5,780</b>
<b>Lynas Corporation</b> Lynas Rare Earths Ltd is an Australian rare-earths mining company.	<b>3,098</b>	–	–	2,356	<b>5,454</b>
<b>Euronav NV** (Note 3)</b> The world's largest independent crude oil tanker company.	<b>4,847</b>	717	(459)	(57)	<b>5,048</b>
<b>NexGen Energy</b> A uranium exploration and development company with a portfolio of projects that span the Athabasca Basin in Saskatchewan, Canada.	<b>4,387</b>	–	–	381	<b>4,763</b>
<b>Talon Metals</b> 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.	<b>3,643</b>	–	–	560	<b>4,203</b>
<b>Top ten investments</b>	<b>53,970</b>	1,096	(2,628)	14,549	<b>66,987</b>

At 31 December 2021, these investments totalled £66,987,000 or 46.8% of the investment portfolio.

## Condensed Income Statement

Notes	Six months ended 31 December 2021 (unaudited)			Six months ended 31 December 2020 (unaudited)			Year ended 30 June 2021 (audited)			
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	
Gains on investments	3	–	16,331	16,331	–	29,892	29,892	–	52,048	52,048
Exchange gains/(losses)		–	1	1	–	(14)	(14)	–	(25)	(25)
Income	4	2,195	–	2,195	1,345	–	1,345	3,080	–	3,080
Investment management fee		(185)	(555)	(740)	(122)	(366)	(488)	(285)	(854)	(1,139)
Other expenses		(284)	–	(284)	(288)	–	(288)	(563)	–	(563)
<b>Net return before finance costs and taxation</b>		<b>1,726</b>	<b>15,777</b>	<b>17,503</b>	<b>935</b>	<b>29,512</b>	<b>30,447</b>	<b>2,232</b>	<b>51,169</b>	<b>53,401</b>
Interest payable and similar charges		(30)	(84)	(114)	(24)	(73)	(97)	(51)	(152)	(203)
<b>Net return on ordinary activities before taxation</b>		<b>1,696</b>	<b>15,693</b>	<b>17,389</b>	<b>911</b>	<b>29,439</b>	<b>30,350</b>	<b>2,181</b>	<b>51,017</b>	<b>53,198</b>
Tax on ordinary activities		(55)	–	(55)	(72)	–	(72)	(110)	–	(110)
<b>Net return attributable to equity shareholders</b>	5	<b>1,641</b>	<b>15,693</b>	<b>17,334</b>	<b>839</b>	<b>29,439</b>	<b>30,278</b>	<b>2,071</b>	<b>51,017</b>	<b>53,088</b>
<b>Return per ordinary share</b>		<b>2.45p</b>	<b>23.46p</b>	<b>25.91p</b>	<b>1.25p</b>	<b>44.01p</b>	<b>45.26p</b>	<b>3.10p</b>	<b>76.27p</b>	<b>79.37p</b>

The 'total' column of this statement represents the Company's profit and loss account, prepared in accordance with UK GAAP.

All revenue and capital items in this statement derive from continuing operations.

A statement of other comprehensive income is not presented as all gains and losses of the Company have been reflected in the above Condensed Income Statement.

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

# Condensed Balance Sheet

Notes	As at 31 December 2021 (unaudited) £'000	As at 31 December 2020 (unaudited) £'000	As at 30 June 2021 (audited) £'000
<b>Fixed assets</b>			
Investments at fair value through profit or loss	143,274	104,691	129,353
<b>Current assets</b>			
Debtors	234	376	475
Cash at bank	3,686	3,499	2,887
	<b>3,920</b>	<b>3,875</b>	<b>3,362</b>
<b>Creditors: amounts falling due within one year</b>			
Other payables	(601)	(371)	(1,396)
Loan: amount falling due within one year	7 (16,000)	(14,000)	(16,000)
	<b>(16,601)</b>	<b>(14,371)</b>	<b>(17,396)</b>
<b>Net current liabilities</b>	<b>(12,681)</b>	<b>(10,496)</b>	<b>(14,034)</b>
<b>Net assets</b>	<b>130,593</b>	<b>94,195</b>	<b>115,319</b>
<b>Capital and reserves</b>			
Called-up share capital	16,722	16,722	16,722
Special distributable reserve	28,449	29,322	28,868
Share premium	4,851	4,851	4,851
Capital reserve	80,571	43,300	64,878
Revenue reserve	-	-	-
<b>Equity shareholders' funds</b>	<b>6 130,593</b>	<b>94,195</b>	<b>115,319</b>
<b>Net asset value per share</b>	<b>6 195.2p</b>	<b>140.8p</b>	<b>172.4p</b>

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

## Condensed Statement of Changes in Equity

For the 6 months to 31 December 2021 (unaudited)

	Share capital £'000	Share premium account £'000	Special distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 30 June 2021	16,722	4,851	28,868	64,878	–	115,319
Return on ordinary activities after taxation	–	–	–	15,693	1,641	17,334
Transfer from special distributable reserve	–	–	(419)	–	419	–
Dividends paid	–	–	–	–	(2,060)	(2,060)
<b>Balance at 31 December 2021</b>	<b>16,722</b>	<b>4,851</b>	<b>28,449</b>	<b>80,571</b>	<b>–</b>	<b>130,593</b>

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)
<b>Balance at 31 December 2020</b>	<b>16,722</b>	<b>4,851</b>	<b>29,322</b>	<b>43,300</b>	<b>–</b>	<b>94,195</b>

The special distributable reserve and 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 2021 (unaudited) £'000	Six months ended 31 December 2020 (unaudited) £'000	Year ended 30 June 2021 (audited) £'000
<b>Operating activities</b>			
Investment income received	2,251	1,361	3,022
Investment management fees paid	(595)	(508)	(1,138)
Other cash payments	(319)	(282)	(428)
Net cash inflow from operating activities	1,337	571	1,456
<b>Investing activities</b>			
Purchases of investments	(21,002)	(4,459)	(20,484)
Disposals of investments	22,635	6,531	20,862
Net cash inflow from investing activities	1,633	2,072	378
<b>Financing activities</b>			
Equity dividends paid	(2,060)	(2,060)	(3,746)
Loan funding	–	2,000	4,000
Loan interest	(112)	(97)	(203)
Net cash (outflow)/inflow from financing activities	(2,172)	(157)	51
<b>Increase in net cash</b>	<b>798</b>	<b>2,486</b>	<b>1,885</b>
<b>Reconciliation of net cash flow to movement in net cash</b>			
Increase in cash in the period	798	2,486	1,885
Exchange movements	1	(14)	(25)
<b>Movement in net cash in the period</b>	<b>799</b>	<b>2,472</b>	<b>1,860</b>
Opening net cash at 1 July	2,887	1,027	1,027
<b>Closing net cash at 31 December / 30 June</b>	<b>3,686</b>	<b>3,499</b>	<b>2,887</b>

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

## Notes to the Accounts

- The unaudited half-yearly results which cover the six months to 31 December 2021 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 2021.

### 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.

- A first interim dividend of 1.26p per share was paid on 30 November 2021 and a second interim was paid on 25 February 2022.
- Included within gains on investments for the period ended 31 December 2021 are realised gains of £7,096,000 and unrealised gains of £9,235,000.
- The breakdown of income for the six months to 31 December 2021, 31 December 2020 and year to 30 June 2021 was as follows:

	Six months ended 31 December 2021 £'000	Six months ended 31 December 2020 £'000	Year ended 30 June 2021 £'000
<b>Income from investments:</b>			
UK dividend income	257	53	176
Preference share dividend income	86	84	169
Overseas dividend income	1,663	892	2,102
Overseas fixed interest	190	316	633
<b>Total income</b>	<b>2,195</b>	<b>1,345</b>	<b>3,080</b>

- 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 2021 £'000	Six months ended 31 December 2020 £'000	Year ended 30 June 2021 £'000
	Number	Number	Number
Revenue return	1,641	839	2,071
Capital return	15,693	29,439	51,017
<b>Total return</b>	<b>17,334</b>	<b>30,278</b>	<b>53,088</b>
Weighted average ordinary shares in issue	66,888,509	66,888,509	66,888,509

**6. Net asset value per ordinary share**

	31 December 2021	31 December 2020	30 June 2021
Net asset value per share	195.2p	140.8p	172.4p
Net assets attributable at end of period	£130.6m	£94.2m	£115.3m
Ordinary shares of 25p each in issue at end of period	66,888,509	66,888,509	66,888,509

**7. Bank loan facility**

	31 December 2021	31 December 2020	30 June 2021
	£'000	£'000	£'000
Bank loan Facility	(16,000)	(14,000)	(16,000)

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

As at 31 December 2021 the unsecured loan facility had a limit of £20 million of which £13 million at an estimated interest rate of 1.4951% and £3 million with an estimated interest rate of 1.6437%, were drawn down at the period end.

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 2021 £'000	Six months ended 31 December 2020 £'000	Year ended 30 June 2021 £'000
Net return before finance costs and taxation	17,503	30,447	53,401
Adjust for returns from non-operating activities:			
- Gains on investments	(16,331)	(29,892)	(52,048)
- Exchange (gains)/losses	(1)	14	25
- Effective yield	18	64	-
Return from operating activities	1,189	633	1,378
Adjust for non-cash flow:			
- Decrease in accrued income	121	74	102
- Increase in debtors	(11)	(32)	(1)
- Increase in creditors	109	4	130
- Withholding tax	(71)	(108)	(153)
Net cash inflow from operating activities	1,337	571	1,456

**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 £740,000 were incurred, of which £260,000 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 2021 and 31 December 2020, 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 2021; 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 2021 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 transactions with the Board other than aggregated remuneration for services as Directors. The balance due to Directors for fees at the period end was £7,000.  
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 2021 will be posted to shareholders and made available on the website [www.ncim.co.uk](http://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 2021. 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

•• March 2022







# Corporate Information

## Registered Number

02978531

Registered in England & Wales

## Registered Office

10 Harewood Avenue  
London  
NW1 6AA

## Directors

Richard Ö Prickett (Chairman)  
Carole Cable  
Christopher Casey  
Alun G Evans  
Helen F Green\*

## Investment Manager

CQS (UK) LLP  
4th Floor  
One Strand  
London WC2N 5HR

## Secretary

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The Esplanade  
St Helier  
Jersey  
JE1 5BP

## Administrator

BNP Paribas Securities Services  
9 Luna Place  
Dundee  
DD2 1TP

## Solicitors

Dentons UK and Middle East LLP  
One Fleet Place  
London EC4M 7WS

## Financial Adviser and Corporate Broker

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1 Bartholomew Close  
London EC1A 7BL

## Bankers

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10 Harewood Avenue  
London NW1 6AA

Scotiabank  
201 Bishopsgate  
London EC2M 3NS

## Custodian and Depositary

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10 Harewood Avenue  
London  
NW1 6AA

## Auditor

BDO LLP  
55 Baker Street  
London W1U 7EU

## Tax Advisor

KPMG LLP  
20 Castle Street  
Edinburgh EH1 2EG

## AIFM

CQS (UK) LLP  
4th Floor  
One Strand  
London WC2N 5HR

## Registrars

Equiniti  
Aspect House  
Spencer Road, Lancing  
West Sussex BN99 6DA

Shareholder helpline UK: 0371 384 2410\*\*

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](mailto:clientservice@cgsm.com) or alternatively by visiting the Company's web site at [www.ncim.co.uk](http://www.ncim.co.uk).

## Website

[www.ncim.co.uk](http://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.

