

Investor Report

31 January 2024

CQS Natural Resources Growth and Income Fund

Key Fund Facts¹

Fund Managers	Ian 'Franco' Francis Keith Watson Robert Crayfourd
Launch Date	August 2003
Total Gross Assets	£143.7m
Reference Currency	GBP
Ordinary Shares	Net Asset Value: 193.94 Mid-Market Price: 158.00p
Dividend Yield (estimated)	3.5%
Net gearing ⁴	8.4%
Discount	(18.5%)
Ordinary Shares in Issue	66,888,509
Annual Management Fee	1.2% on adjusted net assets
Bloomberg	CYN LN
Reuters	CYN.L
Sedol	0035392
Year End	30 June
Contact Information	contactncim@cqsm.com
Company Broker	Cavendish Capital Markets Limited 020 7220 0500
AGM	December
Dividend Information 2023/24	1.26p interim paid 27 November 2023 1.26p interim payable 23 February 2024
Fiscal Year-End	30 June
Previous Dividend Information	2012/13 Total 5.50p 2013/14 Total 5.60p 2014/15 Total 5.60p 2015/16 Total 5.60p 2016/17 Total 5.60p 2017/18 Total 5.60p 2018/19 Total 5.60p 2019/20 Total 5.60p 2020/21 Total 5.60p 2021/22 Total 5.60p 2022/23 Total 8.60p
Investor Report	Monthly Factsheet
Annual Report & Accounts	Published: October
Results Announced	Finals: October Interims: March

Please see page 2 for footnotes.



Portfolio Managers

Ian Francis, Keith Watson and Robert Crayfourd

Fund Description

The Fund aims to generate capital growth and income, predominantly from a portfolio of mining and resource equities, and from mining, resource and industrial fixed interest securities.

Key Advantages for the Investor

- Access to under-researched, mid and smaller-cap companies in the Natural Resources sector
- Quarterly dividend paid to shareholders
- Potential inflation hedge

Ordinary Share and NAV Performance²

	1 Month (%)	3 Months (%)	6 Months (%)	1 Year (%)	3 Year (%)	5 Year (%)	Since Inception (%)
NAV	(4.6)	(2.7)	(7.2)	(16.5)	54.6	119.3	577.5%
Share Price	(3.5)	(4.4)	(9.9)	(21.0)	49.0	125.5	513.1%

Commentary³

The Fund NAV declined 4.6%.

Gold held above the \$2,000 per ounce level through January, but precious miners continue to struggle despite strong pricing. This was not helped by the second largest producer, Barrick Gold, reporting an increase in production costs, which added to margin concern for the sector and further weighed on stocks. We have not seen the same pressure on the positions in the portfolio, with operational inflation pressures now easing. The precious metal weighting increased to 25.7%.

Oil gained over the month, supported by Middle Eastern tensions, including Red Sea shipping disruptions as the Iranian-backed Houthi group continued to attack passing vessels. This benefitted the Fund's shipping positions as companies receive higher day rates as vessels are rerouted on longer journeys. We continue to prefer exposure to US shale producers and activity plays, such as oil and gas drillers given restricted supply, resilient demand and robust returns from the sector. With Israel preparing for a possible ground invasion of the southern Gazan city Rafah, the risk that tensions may escalate remains high, which would be supportive for oil prices and producers.

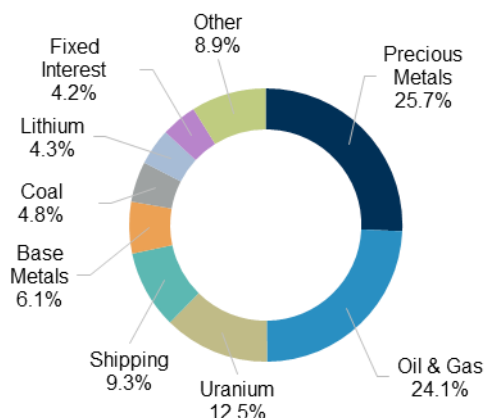
On the back of a faltering economy, exacerbated by broader property sector concerns, sentiment towards China's demand outlook remained muted, as reflected by weakness in regional equity markets. The Government has looked to prop up the market via short-selling restrictions, stimulus/support and expecting support from State Owned Enterprises (SOEs) to buy equities. The Fund has a zero weighting to iron ore and maintains a low base metal weighting due to the property sector concerns.

The Fund profited from Emerald Resources due to the large position sizing following continued robust performance.

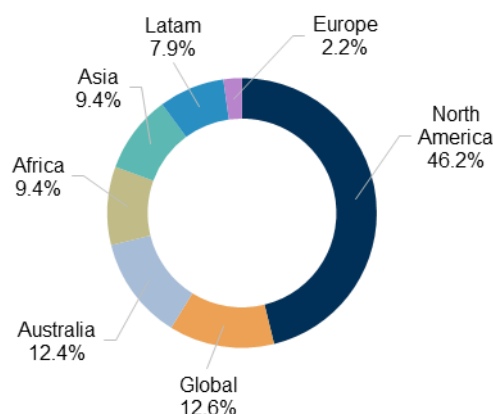
Developer Nexgen saw gains after the world's largest Uranium producer Kazatomprom reduced its production guidance for 2024 by 14% to 56.6M lbs, citing a shortage of sulphuric acid as the cause. Kazatomprom accounts for 23% of global production, but this impacts their joint venture partners equally for a total of ~40% of global production. This added to growing concerns from utilities on their ability to contract future volumes which should continue to support pricing. Nexgen remains well placed to benefit from the anticipated pick up in contracting volumes at better terms, given it has not contracted any production yet. The Fund also added to Canadian uranium developer Iso Energy via a placement in the month.

Portfolio Analysis¹

Sector



Region



Top 20 Holdings (% of MV)^{1,7}

Name	(% of MV)
NEXGEN ENERGY NPV	8.5
EMERALD RESOURCES NPV	5.5
BW LPG USD0.01	4.5
TRANSOCEAN USD0.01	3.9
REA HLDGS 9% CUM PREF GBP1	3.6
PRECISION DRILLING COM NPV	3.6
DIAMONDBACK ENERGY USD0.01	3.3
FRONTLINE USD1.0000	3.1
VERMILION ENERGY COM NPV	2.8
EOG RESOURCES USD0.01	2.7
Top 10 Holdings Represent	41.5

Name	(% of MV)
WEST AFRICAN RESOURCES NPV	2.5
DIVERSIFIED EN CO GBP 0.2	2.5
KARORA RESOURCES NPV	2.3
LEO LITHIUM NPV	2.3
FORAN MINING CORP NPV	2.3
PEABODY ENERGY CORP NPV	1.9
TAMBORAN RESOURCES CORP CDI NPV	1.9
UR ENERGY NPV	1.8
ORA BANDA MINING NPV	1.6
CALIBRE MINING CORP NPV	1.6
Top 20 Holdings Represent	62.2

AIFMD Leverage Limit Report (% of NAV)

	Gross Leverage (%) ⁵	Commitment Leverage (%) ⁶
CQS Natural Resources Growth and Income	110	110

Sources: ¹CQS as at the last business day of the month indicated at the top of this investor report. ²Total return performance net of fees and expenses as at the last business day of the month indicated at the top of this investor report. ³All market data sourced from Bloomberg unless otherwise stated. All returns quoted in local currency unless otherwise stated. The Company may since have exited some or all of the positions detailed in the commentary. ⁴CQS as at the last business day of the month indicated at the top of this investor report. ⁵CQS, as at the last business day of the month indicated at the top of this investor report. For methodology details see Article 4(3) of Directive 2011/61/EU (AIFMD) and Articles 6, 7, 9 and 10 of Delegated Regulation 231/2013. ⁶CQS as at the last business day of the month indicated at the top of this investor report. For methodology details see Article 4(3) of Directive 2011/61/EU (AIFMD) and Articles 6, 8, 9, 10 and 11 of Delegated Regulation 231/2013. ⁷All holdings data are rounded to one decimal place. Totals may therefore differ to sum of constituents. These include historic returns and past performance is not a reliable indicator of future results. The value of investments can go down as well as up. Please read the important legal notice at the end of this document.

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PRI Note: PRI is an investor initiative in partnership with UNEP Finance and the UN Global Compact. GMv11.

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