Investor Report

29 February 2024

CQS Natural Resources Growth and Income Fund

Key Fund Facts[1]

Fund Managers	Ian 'Franco' Francis Keith Watson Robert Crayfourd
Launch Date	August 2003
Total Gross Assets	£138.4m
Reference Currency	GBP
Ordinary Shares	Net Asset Value: 186.01 Mid-Market Price: 152.25p
Dividend Yield (estimated)	3.7%
Net gearing[4]	8.5%
Discount	(18.1%)
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 paid 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 Performance[2]

	1 Month (%)	3 Months (%)	6 Months (%)	1 Year (%)	3 Year (%)	5 Year (%)	Since Inception (%)
NAV	(4.1)	(6.3)	(9.5)	(13.2)	35.4	105.8	550.0
Share Price	(3.8)	(14.4)	(11.1)	(14.1)	20.5	109.7	489.9

Commentary[3]

While the unchanged US FED rate on the last day of January provided little to excite markets, the subsequent release of higher-than-expected US Non-Farm Payroll (NFP) data prompted bond markets to rethink the anticipated pace of future rate changes.

While initially weighing on sentiment towards commodities, much of the initial knee-jerk strengthening of the dollar index unwound over the latter half of the month as China returned from its Lunar New Year holiday. Economic data remained soft, with the Manufacturing Purchasing Managers' Index (PMI) figures for January remaining in contraction for both China and the US, though the rate of contraction slowed in both regions representing a modest trend improvement.

Against the relatively tepid backdrop, the Fund NAV declined 4% during February. Following the extremely strong recent performances, the share prices of gold producer Emerald Resources and uranium developer Nexgen pulled back 17% and 8% respectively in sterling terms over the month. The price of oil rig leasing company Transocean continued to slip, registering a 13% decline in sterling terms.

Helping to counter the drag from these stocks were strong contributions from Australian gas explorer Tamboran. The share price of which bounced 28% in sterling terms after its recent placing in which the Fund participated, together with a 19% sterling rise in US crude producer Diamondback Energy.

Iron ore markets remained noticeably weak following the news announced at the end of January that Chinese property developer Evergrande was to enter receivership. Despite the widely anticipated support of a 25bp drop in mortgage rates to 3.95%, this was not enough to prop up iron ore prices which declined by nearly 10% in February. The Fund still has zero iron ore exposure.

In contrast, the price of nickel was boosted by news that reduced metal output from Russia's Norilsk Nickel, which typically supplies approximately 10% of global nickel units, could continue for two years. This was due to difficulties in sourcing parts for a key smelter upgrade and the possibility of tougher Western sanctions against the country.

Thermal coal proved to be one of the best-performing commodities in February. The Australian seaborne benchmark increased by more than 12%, noticeably spurred by tightening safety regulations in China and augmenting proposed sanctions against the Russian coal exporters, Siberian Coal and Energy Company and Mechel. Unfortunately, related coal mining equities appeared to pay little attention to the improved outlook with most ending the month down. Crude prices also performed relatively well with the Brent and WTI rising by 2-3%, as hopes of an Israel-Hamas ceasefire ebbed.

Commentary (Continued)[3]

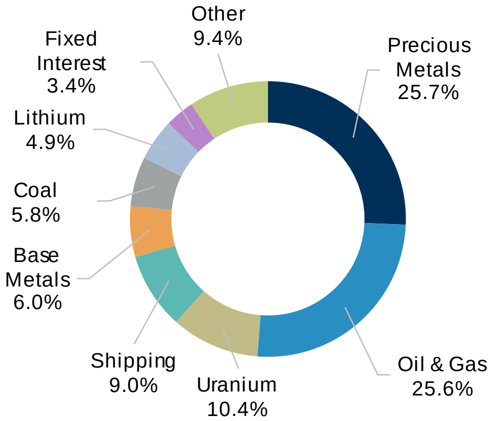
Heightened tensions continue to affect major energy transport routes, which continue to support shipping rates as vessels are required to sail longer routes around South Africa, with a knock-on rise in fuel costs on a delivered basis.

Natural gas benchmarks remained weak. With regional inventories in Europe and Asia more than sufficient to cover expected needs into the Northern Hemisphere's summer, both the diminished gas demand from these regions and the increased seaborne export capacity anticipated via Canada's soon-to-be-finished Coastal Gas Link pipeline weighed on the sector. However, near-dated benchmark Natural Gas prices have dropped well below marginal production costs in the US, the top global Liquefied Natural Gas (LNG) exporter and futures indicate prices normalise to typical $3-4/MMBtu by the end of this year in anticipation of the US industry responding to curtail supply. Nuclear fuel prices also declined, with the U_3O_8 price closing February 5.5% lower after Canadian producer Cameco indicated that it is assessing expansion options at its main McArthur River and Cigar Lake operations and the potential to restart its mothballed Rabbit Lake mine.

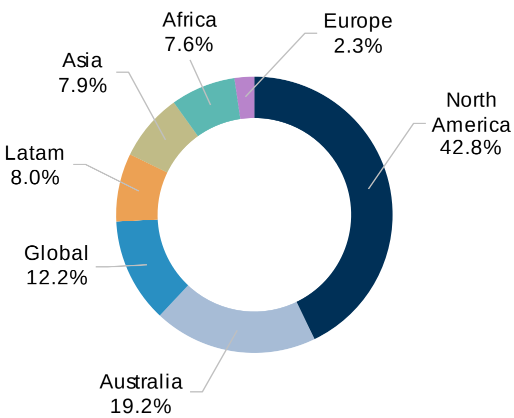
After a sharp but brief sell-off following the US Non-Farm Payroll data, gold ended the month unchanged. This was supported by softness in broader market sentiment and geopolitical uncertainty, especially in the Middle East. However, related precious metal mining equities remained under pressure, as illustrated by the 5-6% declines registered by the GDX and GDXJ ETFs. The gold price continues to trend upwards helped by ongoing central bank buying and improved retail demand in China and India, which has more than offset selling by physically backed ETFs. Should

Portfolio Analysis[1]

Sector



Region



Top 20 Holdings (% of MV) [1,7]

Name	(% of MV)
NEXGEN ENERGY NPV	8.1
BW LPG USD0.01	4.8
EMERALD RESOURCES NPV	4.4
DIAMONDBACK ENERGY USD0.01	4.1
TRANSOCEAN USD0.01	3.6
TAMBORAN RESOURCES CORP CDI NPV	3.4
REA HLDGS 9% CUM PREF GBP1	3.3
FRONTLINE USD1.0000	3.3
VERMILION ENERGY COM NPV	3.0
EOG RESOURCES USD0.01	2.9
Top 10 Holdings Represent	**40.7**

Name	(% of MV)
DIVERSIFIED EN CO GBP 0.2	2.6
PRECISION DRILLING COM NPV	2.5
KARORA RESOURCES NPV	2.5
LEO LITHIUM NPV	2.4
WEST AFRICAN RESOURCES NPV	2.3
ORA BANDA MINING NPV	2.2
FORAN MINING CORP NPV	2.2
CALIBRE MINING CORP NPV	1.9
PEABODY ENERGY CORP NPV	1.9
UR ENERGY NPV	1.7
Top 20 Holdings Represent	**63.0**

AIFMD Leverage Limit Report (% of NAV)

	Gross Leverage (%)[5]	Commitment Leverage (%)[6]
CQS Natural Resources Growth and Income	109	109

Sources: [1]CQS as at the last business day of the month indicated at the top of this investor report. [2]Total return performance net of fees and expenses as at the last business day of the month indicated at the top of this investor report. [3]All 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. [4]CQS as at the last business day of the month indicated at the top of this investor report. [5]CQS, 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. [6]CQS 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. [7]All 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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