

Investor Report

28 March 2024

CQS Natural Resources Growth and Income Fund

Key Fund Facts¹

Fund Managers	Ian 'Franco' Francis Keith Watson Robert Crayford
Launch Date	August 2003
Total Gross Assets	£148.2m
Reference Currency	GBP
Ordinary Shares	Net Asset Value: 200.63 Mid-Market Price: 171.50p
Dividend Yield (estimated)	3.2%
Net gearing ⁴	8.7%
Discount	(14.5%)
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 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 Crayford

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	7.9	(1.3)	(3.6)	(1.0)	45.5	117.8	601.0
Share Price	12.8	4.8	(2.7)	2.7	35.3	141.8	565.5

Commentary³

The Fund NAV gained 7.9% over the month, led by gains from precious metals and energy - sectors that represent significant investment weightings in the Fund. Notable contributions were made by offshore rig leaser Tansocean, uranium miner Nexgen and gold miners West African Resources and Korora Resources, whose share prices rose 33%, 10%, 36% and 24% respectively in sterling terms. This was partially offset by a sterling share price decline of 22.5% for Australian gas explorer Tamboran Resources. This was the primary detractor to NAV performance.

Oil gained over the month, with WTI and Brent up 4-6%, as continued Middle Eastern tensions revived the supply risk premium. This has been attributed to continued Red Sea shipping disruptions caused by Houthi attacks and Ukrainian drone attacks on Russian refineries, both impacting the supply of oil products to Europe. OPEC maintained its lowered production quotas, resulting in tight market conditions against the backdrop of firm demand globally. This was supportive for the energy positions which continue to trade at discounted valuation multiples, notably against copper mining equities. In contrast, iron ore markets, to which the Fund has no exposure, remained weak with the Australian benchmark price falling 18% during March. This was attributed to China's property sector trends remaining disappointing; for the January-February period floor space completions (important for iron ore) dropped 21% year-on-year, while floor space of new starts (important for iron ore) was down by 31% over the same period.

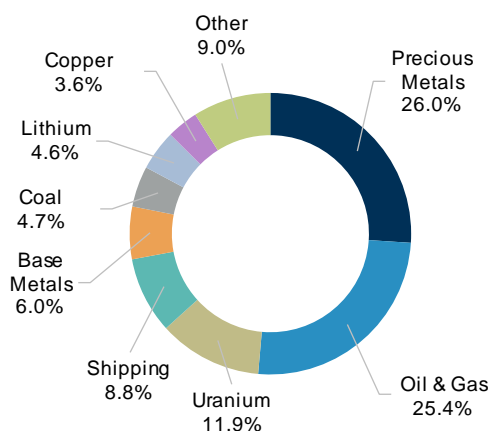
Gold was one of the stronger commodities with the price rising over 9% during March to new all-time highs. Silver is latterly starting to catch-up, registering a 10% price increase over the month. Prices held despite a more hawkish move in US FED rate expectations after FOMC minutes indicated broader US labour markets were stubbornly resilient despite relatively tepid economic growth. Having lagged the move in gold and silver prices thus far in 2024, sentiment to miners showed a marked improvement as illustrated by the 21% rise in the GDXJ equity ETF over the month. Recent physical buying has been led by China, with a significant pick-up in retail demand data, alongside healthy net central bank demand. People's Bank of China (PBoC) data showed China's gold reserves continued to rise with the addition of 0.39 Moz in February taking official reserves to 72.6Moz (+10% year-on-year).

Despite softness in the property sector, copper prices rose around 4%. We remain cautious on copper prices in the near-term, hence the relatively low investment weighting. However, over the medium-term we are more positive on a tightening supply demand outlook, so added to some earlier stage assets that should play out in that stage of the cycle.

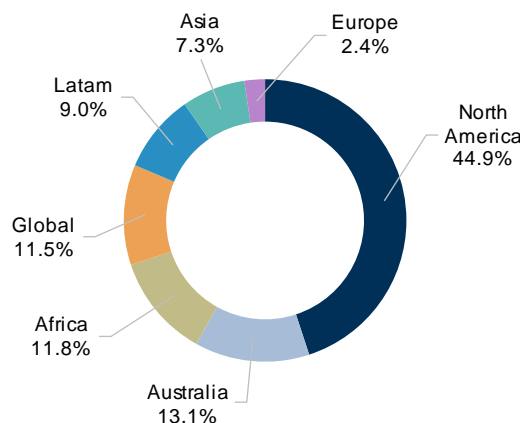
Uranium mine developer Nexgen was a positive contributor to performance as it gained 10% over the month. Nuclear power continues to receive robust support as one of the only forms of zero carbon base load power.

Portfolio Analysis¹

Sector



Region



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

Name	(% of MV)
NEXGEN ENERGY NPV	8.3
TRANSOCEAN USD0.01	4.4
EMERALD RESOURCES NPV	4.3
BW LPG USD0.01	4.3
DIAMONDBACK ENERGY USD0.01	4.2
FRONTLINE USD1.0000	3.1
VERMILION ENERGY COM NPV	3.1
WEST AFRICAN RESOURCES NPV	3.0
EOG RESOURCES USD0.01	3.0
KARORA RESOURCES NPV	2.9
Top 10 Holdings Represent	40.5

Name	(% of MV)
DIVERSIFIED EN CO GBP 0.2	2.6
PRECISION DRILLING COM NPV	2.5
KARORA RESOURCES NPV	2.3
LEO LITHIUM NPV	2.3
WEST AFRICAN RESOURCES NPV	2.2
ORA BANDA MINING NPV	2.2
FORAN MINING CORP NPV	2.0
CALIBRE MINING CORP NPV	1.9
PEABODY ENERGY CORP NPV	1.9
UR ENERGY NPV	1.7
Top 20 Holdings Represent	62.0

AIFMD Leverage Limit Report (% of NAV)

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

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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