

31 December 2024

Investor Report

CQS Natural Resources Growth and Income PLC (the “Company”)

Key Facts¹

Portfolio Managers	Ian ‘Franco’ Francis Keith Watson Robert Crayford
Launch Date	August 2003
Total Gross Assets	£135.7m
Reference Currency	GBP
Ordinary Shares	Net Asset Value: 191.26p Mid-Market Price: 185.75p
Dividend Yield (est.)	3.6%
Net gearing ⁴	7.1%
Discount	(2.9%)
Ordinary Shares in Issue	64,157,838
Annual Management Fee	1.2% p.a. on net assets up to £150 million 1.1% p.a. on net assets over £150 million and up to £200 million 1.0% p.a. on net assets over £200 million and up to £250 million 0.9% p.a. on net assets greater than £250 million
Bloomberg	CYN LN
Reuters	CYN.L
Sedol	0035392
Year End	30 June
Contact Information	CQSClientservices @cqsm.com
Company Broker	Cavendish Capital Markets Limited 020 7220 0500
AGM	December
Dividend Information 2024/25	1.26 interim paid 22 Nov 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 2023/24 Total 6.60p
Investor Report	Monthly Factsheet
Annual Report & Accounts Published:	October
Results Announced	Finals: October Interims: March



Portfolio Managers

Ian Francis, Keith Watson and Robert Crayford

Description

The Company 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	(8.3)	(4.7)	(7.5)	(3.5)	8.1	99.0	585.6
Share Price	(8.0)	2.2	0.4	16.8	33.8	168.5	641.8
MSCI World Energy Sector Index ³	(6.1)	4.2	(3.8)	5.7	71.3	65.5	516.4
MSCI World Metals & Mining Index ³	(8.2)	(12.7)	(9.3)	(10.1)	13.3	60.6	429.8

Commentary⁴

The Company’s NAV declined 8.3% as markets priced in a lower chance of rate cuts in response to sticky inflation and continued concerns on Chinese end-demand.

Broader market concern on the pace of rate cuts weighed on the precious metal mining sector. Gold was a touch softer during the month, with larger downward moves in silver and Platinum Group Metals “PGMs” as the outlook for industrial related demand also suffered from negative sentiment. Central bank demand for gold remains strong, with the Chinese central bank officially re-entering the market and adding to its reserves. We believe the threat of US-led trade wars and tariffs should continue to support central bank gold demand, whilst strong free cash generation for the sector supports our positive 2025 outlook. Within the top 20 positions for the Company, Ora Banda, West African Resources, Calibre, Westgold and Greatland Gold all have new mine starts or expansions commencing operation over the next 12 months.

Oil strengthened during the month with further uncertainty in the Middle East following the fall of the Assad regime and its replacement by a previous Al-Qaeda spin-off group. The petroleum producing alliance group OPEC agreed to extend their quota cuts, whilst the EU and US stepped up sanctions on Russian oil exports. We remain more cautious on oil given softening Chinese demand, thus remain more gas-weighted given our higher confidence in demand fundamentals in the sector.

Uranium mine developer Nexgen gave back all its November gains and was the largest detractor over the month. We added to the Company’s Uranium exposure against softer equity prices via purchases of Fission, ahead of its acquisition by Paladin, together with ISO Energy, which has an exciting portfolio of North American uranium assets. President-elect Trump’s policies are likely to be pro-nuclear in our opinion which should provide a further demand tail wind for uranium.

In a sign of early trade tensions, China escalated the rhetoric following recent US restrictions on the export of high-bandwidth memory chips to China. This took the form of the introduction of a ban on the export of germanium and gallium (used in high-end semiconductors) and antimony (fire retardant), alongside tungsten products. We believe this heightens the risk that the Chinese government could also use enriched uranium supply as another tool for geopolitical leverage in a clear sign of a “tit-for-tat” trade response to Trump’s threats.

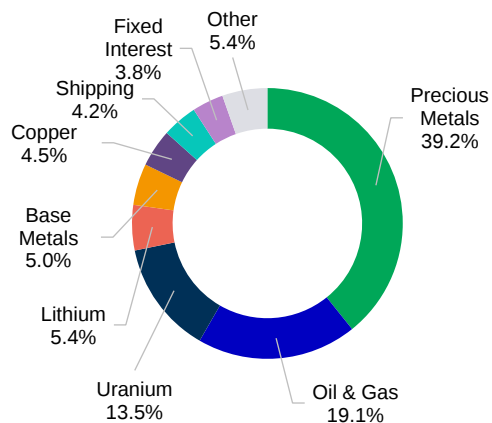
On 18th December 2024, the Company received a requisition notice from activist US fund Saba Capital to call for a Shareholder General Meeting, in which it looks to remove the existing Board of Directors and appoint its own representatives. They have further advised that they would look to replace Manulife | CQS Investment Management as the Manager, with the intention of a change of the Company’s mandate to a new unknown investment strategy. We urge Shareholders to use their vote, as we believe most shareholders are invested in this Company for access to the positive outlook that the resources present via this Company’s strong track record. The Company’s General Meeting is being held on 4th February 2025 and we would suggest that Shareholders vote at least one week before that date given differing platform cut-off dates. More information is available via a specific site on the Company’s website. <https://cynprotectyourinvestment.com/>

Sources: ¹ Manulife | CQS Investment Management 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 Source: MSCI is total return. ⁴ 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.

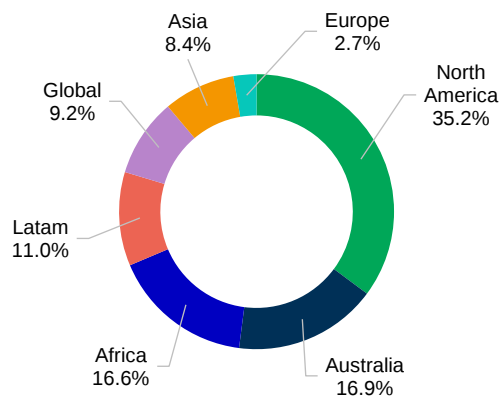
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Portfolio Analysis^{2,3}

Sector



Region



Top 20 Holdings (% of MV) ^{2,3}

Name	(% of MV)
NEXGEN ENERGY NPV	7.9
EMERALD RESOURCES NPV	4.8
ORA BANDA MINING NPV	4.3
WEST AFRICAN RESOURCES NPV	3.8
REA HLDGS 9% CUM PREF GBP1	3.4
TAMBORAN RESOURCES CORP CDI NPV	3.3
WESTGOLD RESOURCES NPV	3.3
UR ENERGY NPV	3.2
TRANSOCEAN USD0.01	3.0
CALIBRE MINING CORP NPV	2.8
Top 10 Holdings Represent	39.8

Name	(% of MV)
VERMILION ENERGY COM NPV	2.6
BW LPG LTD USD 0.0100	2.6
DIAMONDBACK ENERGY USD0.01	2.5
LEO LITHIUM NPV	2.4
THUNGELA RESOURCES NPV	2.3
LYNAS RARE EARTHS NPV	1.8
PEYTO EXPLORATION & DEV CORP COM NPV	1.7
FORAN MINING CORP NPV	1.7
GREATLAND GOLD GBP0.001	1.7
WHEATON PRECIOUS METALS CORP	1.7
Top 20 Holdings Represent	60.8

AIFMD Leverage Limit Report (% of NAV)

	Gross Leverage (%) ⁴	Commitment Leverage (%) ⁵
CQS Natural Resources Growth and Income	108	108

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