

CQS Natural Resources Growth and Income

(as at 30 November 2018)

FACTSHEET | DECEMBER 2018

Launch Date

- August 2003

Statistics¹

Total Gross Assets

- £87.8m

Ordinary Share

- Net Asset Value (bid price): 110.31p
- Mid-Market Price: 94.10p

Yield (estimated)

- 5.95%

Gearing

- 12.62%

Discount

- (14.69%)

Annual Management Fee

- 1.2% p.a. (on adjusted net assets)

Pricing

Ordinary Shares

- Bloomberg: CYN LN
- Reuters: CYN.L
- Sedol: 0035392

Financial Times

(Investment Companies)

Capital Structure

Ordinary shares:

- 66,888,509

Net Assets:

- £73,783,402

At 30 November 2018, gearing stood at 12.62%. The Company held £4.7m of cash.

Financial Calendar

Year End

- 30 June

Results Announced

- Finals: October
- Interims: February

AGM

- December

Ordinary Share Dividends

- 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

- Dividend target of 5.60p announced for year
- 1.26p 1st interim: Paid 30 November 2018

Investment Objective

The investment objective of the Company is 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.

Investment Manager Comment²

The perceived risks of escalating US-China trade tensions early in the month subsequently eased ahead of Donald Trump's meeting with President Xi Jinping at the G20. This helped lift base metal prices, zinc and copper prices rose 4% and 3% respectively to recover prior month declines.

Provisional US manufacturing PMI data for November showed a marginal softening to 55.4 against a consensus forecast of a steady 55.7, indicating downside risks to US GDP (which maintained a steady 3.5% growth during Q3). November PMI data in China also softened to a neutral 50 with expectations of a marginal expansion. This data dovetailed with FED commentary that current US interest rates might be closer to neutral than previously believed - indicating fewer rate rises might be needed. Despite the better performance of base metal prices, related mining equities remained soft. Crude markets had a torrid month, with prices declining over 20% as the sector belatedly caught up with softer demand expectations, which have previously weighed on industrial metals. Oil price weakness was compounded by the prospect of increased US crude oil exports, as pipeline and export capacity widens, together with commentary from OPEC suggesting the need for both the cartel, and Russia to, again, cut output by a collective 1-1.4M barrels per day. European events also raised the risk of the bloc's fragmentation. In the UK, an agreement on a draft Brexit proposal was subsequently undermined by attempts to replace Theresa May as Prime Minister. Italy's stand-off with EU planners over its budget deficit escalated, with Moody's highlighting the risk to Italian bond yields. An initial strengthening in sterling subsequently unwound, providing little support to performance.

For the company, the first interim dividend was paid on 30th November at 1.26p per share.

The Fund NAV declined 5.6%. During the month the Jacktel bond was called, the Fund also reduced its exposure to Scorpio Bulkers with proceeds reinvested into Euronav. The Fund also reduced its exposure to nickel producer, Independence Group.

Ordinary Share and NAV Performance³

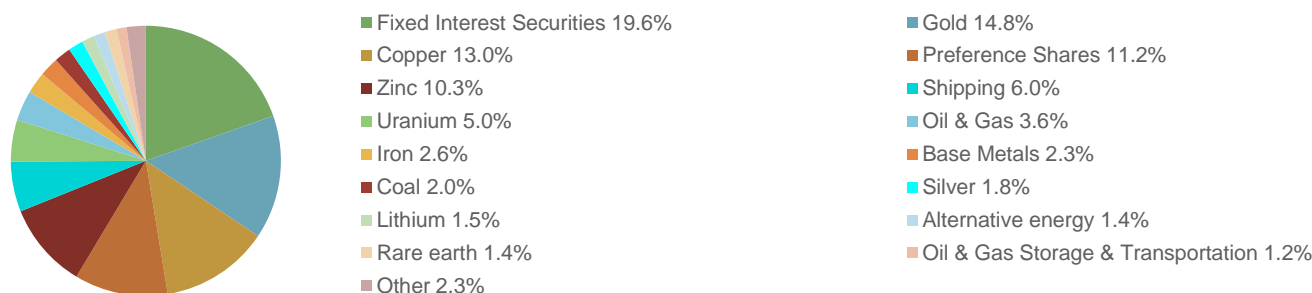
	1 Month (%)	3 Months (%)	6 Months (%)	1 Year (%)	3 Year (%)	5 Year (%)	From 1 August 2003 (%)
NAV	(5.63)	(13.23)	(22.09)	(17.24)	29.77	(8.99)	222.25
Share Price	(5.81)	(10.04)	(19.18)	(11.49)	28.65	(13.29)	187.51
Benchmark	(2.39)	(1.68)	(8.05)	1.08	78.86	26.54	270.34

Top 20 Holdings (%)⁴

	% of Portfolio		% of Portfolio
First Quantum Minerals ⁵	7.4%	Tizir 9.5% 19/07/2022	2.7%
Rea Holdings ⁶	6.4%	NexGen Energy	2.5%
Trevali Mining	4.9%	Arch Coal	2.0%
Ascendant Resources ⁷	4.9%	National Westminster Bank 9%	2.0%
Hurricane Energy ⁸	4.7%	Central Asia Metals	1.9%
ERO Copper	3.3%	Oilflow 12% 13/01/2022	1.9%
West African Resources	3.2%	Trafigura Group 6.875%	1.6%
Metals X	3.1%	Sigma Lithium Resources	1.5%
BW LPG	3.0%	Lynas Corporation	1.4%
Goodbulk	2.8%	Base Resources	1.3%
Top 10 holdings represent:⁹	43.7%	Top 10 holdings represent:⁹	62.5%

The Company has exposure to 126 issues.

Source: ¹Maitland Administration Services (Scotland) Limited, as at 30 November 2018. ²All 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. ³Maitland Administration Services (Scotland) Limited, total return performance. The Company's investment benchmark is 80 per cent. Euromoney Global Mining Index (sterling adjusted) and 20 per cent. Credit Suisse High Yield Index (sterling adjusted). Performance data is calculated from 1 August 2003 (total return basis). ⁴Maitland Administration Services (Scotland) Limited, as at 30 November 2018. ⁵Includes First Quantum equity valued at £5,316,610 and First Quantum CLN 7.5% 01/04/2025 valued at £700,384. ⁶Includes REA Holdings 9% Cum Pref Shares valued at £4,728,860 and REA Finance 8.75% 31/08/2020 valued at £490,000. ⁷Includes Ascendant Resources equity valued at £3,972,759 and warrants valued at £119,545. ⁸Includes Hurricane Energy equity valued at £495,997 and Hurricane Energy Convertible 7.5% 24/07/2022 valued at £3,374,951. ⁹All 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.

Sector Split (as at 30 November 2018)⁹

AIFMD Leverage Limit Report (% NAV)

	Gross Leverage (%) ¹⁰	Commitment Leverage (%) ¹¹
City Natural Resources High Yield Trust	117	111

Source: ⁹All holdings data are rounded to one decimal place. ¹⁰CQS, as at 30 November 2018. 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. ¹¹CQS, as at 30 November 2018. 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.

Issued Share Capital

Ordinary shares of 25p: 66,888,509

Investment Manager Information

Ian Francis, Keith Watson and Robert Crayford have day-to-day responsibility for managing the Company's portfolio.

Capital History

4 November 1994 20,000,000 ordinary shares of 25p each placed in Aberdeen Latin American Trust at 100p with 4,000,000 warrants attaching, each conferring the right to subscribe for one ordinary share of 25p for 100p. Following the June 2003 EGM, when the Company's name changed to City Natural Resources High Yield Trust, on 31 October 2003, 42,857,143 new shares were admitted to the London Stock Exchange by means of a placing at 70p each, with the subscription price for warrants being changed to 85p. 18,500 warrants were exercised in 2006, 10,000 warrants were exercised in 2007 and a further 38,586 warrants were exercised in 2008.

The final exercise date for the warrants was 31 October 2009. On 11 November 2009 3,932,914 ordinary shares of 25p each were admitted to the Official List following the exercise of 3,932,914 warrants. Trading on these additional shares commenced on 13 November 2009.

On 26 September 2011 the Company issued £40,000,000 nominal of 3.5% Convertible Unsecured Loan Stock 2018 ('CULS'). Holders of CULS are entitled to receive interest at a rate of 3.5% per annum payable semi-annually on 30 April and 30 September each year. Upon redemption CULS holders are entitled to repayment of the principal amount and any outstanding interest. CULS may be converted into ordinary shares on 30 April and 30 September each year; the conversion price will be 377.18p nominal CULS for one ordinary share.

On 28 September 2018 £34,509,566 nominal of CULS was repaid, in part using £14m drawn down from a new £20m loan facility.

On 2 October 2018 the Company issued 398 ordinary shares in connection with the exercise of £1,508 nominal of CULS.

No CULS remain in issue and there are 66,888,509 ordinary shares in issue.

NCIM Investment Team

Ian ('Franco') Francis
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