

CQS Natural Resources Growth and Income

(as at 29 March 2019)

FACTSHEET | April 2019

Launch Date

- August 2003

Statistics¹

Total Gross Assets

- £86.1m

Ordinary Share

- Net Asset Value (bid price): 112.31p
- Mid-Market Price: 90.10p

Yield (estimated)

- 6.22%

Gearing

- 13.00%

Discount

- (19.78%)

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:

- £75,122,631

At 29 March 2019, gearing stood at 13.00%. The Company held £1.2m 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
- 1.26p 2nd interim: Paid 28 February 2019
- 1.26p 3rd interim: Payable 31 May 2019

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

Mirroring the softness seen in broader economic data trends, commodity markets were slightly weaker over the course of the month and the Fund NAV declined around 2%.

The mooted deferral of the end-March ratchet on US-China tariffs increased the chances of a trade resolution, which reduced fears of a further deceleration in growth and limited the extent of commodity price declines.

Later in the month, the US Federal Reserve confirmed its dovish outlook for US interest rates and investor bias moved to discount possible rate cuts later this year. This also acted to calm fears of economic slowdown, acting to raise investor risk tolerance.

Policy commentary elsewhere also provided some stability to markets. The Chinese Premier, Li Keqiang, stated that the PBOC would stick to its current targeted economic support strategy and resist the temptation to engage in large-scale stimulus, such as quantitative easing or a massive expansion in public spending.

In Europe, only 3 months after ending its programme of quantitative easing, the ECB announced a policy reversal with plans to introduce new financial stimulus measures. These are aimed at countering faltering economic data which is also exposed to higher US trade tariffs. Uncertainty around Brexit also waned as markets anticipated a further extension to the end-of-quarter Article 50 deadline for the UK to leave the European Union.

The oil price rose, as geopolitical uncertainty continued to drive supply concerns. US sanctions on Venezuela and Iran continue to limit production and exports from both regions, while military action in Libya increased risk of further disruption to regional production.

Brent crude prices rose 5.6% over the month, following a 300k bbl per day decline in Venezuelan production and a shutdown of an offshore field in Saudi.

The fund continues to hold a low weight versus historic levels as we expect a material increase in US production in late 2019. Libyan production is now increasing, and Saudi has suggested that they may ramp production from other fields to offset any shortfall, whilst a change in leadership in Venezuela could see them ramp back up production longer term.

Ordinary Share and NAV Performance³

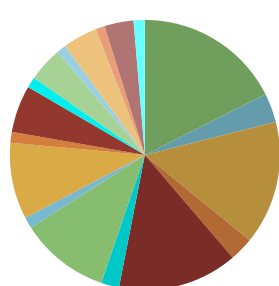
	1 Month (%)	3 Months (%)	6 Months (%)	1 Year (%)	3 Year (%)	5 Year (%)	From 1 August 2003 (%)
NAV	1.92	10.81	(11.20)	(13.58)	16.37	(8.93)	232.59
Share Price	(2.17)	4.91	(13.26)	(15.39)	17.21	(6.49)	179.17
Benchmark	4.60	11.38	8.39	14.28	75.96	42.26	321.39

Top 20 Holdings (%)⁴

	% of Portfolio		% of Portfolio
First Quantum Minerals ⁵	8.4%	Arch Coal	2.2%
Rea Holdings ⁶	5.9%	Americas Silver ⁹	2.1%
Hurricane Energy ⁷	4.8%	Central Asia Metals	2.1%
Trevali Mining	4.2%	Metals X	2.0%
Ascendant Resources ⁸	4.2%	National Westminster Bank 9%	1.9%
Ero Copper	3.9%	NexGen Energy	1.9%
West African Resources	3.8%	Oiiflow	1.8%
BW LPG	2.8%	Fortescue Metals	1.8%
Goodbulk	2.7%	Base Resources	1.7%
Tizir 9.5% 19/07/2022	2.4%	Trifigura Group	1.5%
Top 10 holdings represent:¹⁰	43.1%	Top 20 holdings represent:¹⁰	62.1%

The Company has exposure to 118 issues.

Source: ¹Maitland Administration Services (Scotland) Limited, as at 29 March 2019. 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 29 March 2019. ⁵Includes First Quantum equity valued at £6,453,721 and First Quantum CLN 7.5% 01/04/2025 valued at £734,970. ⁶Includes REA Holdings 9% Cum Pref Shares valued at £4,556,454 and REA Finance 8.75% 31/08/2020 valued at £485,000. ⁷Includes Hurricane Energy equity valued at £534,917 and Hurricane Energy Convertible 7.5% 24/07/2022 valued at £3,539,042. ⁸Includes Ascendant Resources equity valued at £3,447,873 and warrants valued at £127,042. ⁹Includes Americas Silver equity valued at £1,784,245. ¹⁰All 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 29 March 2019)¹⁰

■ Fixed Interest Securities 17.6%
 ■ Copper 14.8%
 ■ Gold 14.3%
 ■ Preference Shares 10.7%
 ■ Zinc 9.2%
 ■ Shipping 5.6%
 ■ Oil & Gas 4.2%
 ■ Uranium 4.1%
 ■ Iron 3.5%

■ Silver 3.5%
 ■ Base Metals 2.9%
 ■ Coal 2.2%
 ■ Rare earth 1.3%
 ■ Nickel 1.3%
 ■ Alternative energy 1.3%
 ■ Lithium 1.1%
 ■ Oil & Gas Storage & Transportation 1.1%
 ■ Other 1.3%

AIFMD Leverage Limit Report (% NAV)

	Gross Leverage (%) ¹¹	Commitment Leverage (%) ¹²
City Natural Resources High Yield Trust	120	120

Source: ¹⁰All holdings data are rounded to one decimal place. ¹¹CQS, as at 29 March 2019. 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. ¹²CQS, as at 29 March 2019. 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
 Keith Watson
 Rob Crayford

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 0207 894 8130

Market Makers

Canaccord Genuity
 0207 665 4500
Investec Investment Banking
 0207 597 5028

Cantor Fitzgerald Europe
 0207 894 8130
Singers
 0203 205 7500

Cazenove
 0207 558 8149
Stifel
 0207 710 7600

Cenkos
 0207 397 8900
Winterfloods
 0203 100 0258

Fidante Capital
 0207 832 0999

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