

CQS Natural Resources Growth and Income

KEY FUND FACTS¹

Fund Managers

Ian 'Franco' Francis
Keith Watson
Robert Crayfourd

Launch Date

August 2003

Total Gross Assets

£90.0m

Reference Currency

GBP

Ordinary Shares

Net Asset Value: 116.64p
Mid-Market Price: 89.10p

Yield (estimated)

6.29%

Gearing

14.05%

Discount

(27.54%)

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

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Company Broker

Cantor Fitzgerald Europe
+44 (0) 207 894 8130

AGM

December

Dividend Information

2019/20

1.26p interim payable 29 Nov 2019

See overleaf for previous Dividend information

Fiscal Year-End

30 June

Fund Description

The investment objective 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.

Ian Francis, Keith Watson and Robert Crayfourd (L to R)

Portfolio Managers CQS Natural Resources Growth and Income



Fund Management

Founded in 1999, CQS is a \$18.0bn² global multi-strategy asset management firm. The Fund is managed by Ian 'Franco' Francis, Keith Watson and Robert Crayfourd. Supported by the CQS credit analyst team.

Ordinary Share and NAV Performance³

	1 Month (%)	3 Month (%)	6 Month (%)	1 year (%)	3 Year (%)	5 Year (%)	Since Inception
NAV	0.86	1.88	6.61	(5.33)	(6.80)	(0.89)	254.58
Share Price	5.19	1.70	2.17	(11.37)	(10.81)	(10.53)	185.24
Benchmark	(1.19)	(2.44)	4.36	13.12	34.67	50.52	339.77

Investment Commentary⁴

The US Government's announcement of plans to impose additional tariffs on Chinese imports, together with some weaker US manufacturing data, helped sustain investor appetite for safe haven assets over industrial commodities early in the month.

However, subsequent news that the US and China would hold high-level meetings in early October prompted investor optimism of a trade deal being reached. In addition, and despite some softer US employment data, FED Chair Jerome Powell conveyed the opinion of the FOMC that the US was not facing a recession, with its central forecast being moderate economic growth. Combined with the optimism surrounding US-China trade negotiations, the sanguine FED commentary provided some investor relief. Meanwhile in Europe, the odds of a "no deal" Brexit also fell, after UK Courts frustrated Boris Johnson's efforts to prorogue Parliament, the Government then voted to seek an extension to the Brexit deadline, removing imminent uncertainty and helping improve investor sentiment.

Industrial metals fared relatively well against this backdrop. Zinc led industrial metal price gains, rising nearly 10% during the month, while copper was little changed. In contrast, the gold price which rallied above US\$1,550/oz early in the month, ended the month around 3% lower at US\$1,476.

The oil price was little changed, remarkable given a missile attack on Saudi oil facilities temporarily impacting 5% of global oil supply, with Iran denying international blame. Crude prices briefly spiked almost 20%, though these gains largely unwound as it became clear Saudi output would substantially recover within a month, limiting disruption and highlighting the level of spare production capacity available. Gold also shrugged off raised Middle East tensions. The US subsequently imposed sanctions on COSCO, a Chinese crude shipper, effectively reducing their vessel availability and lifting day rates. This was supportive for the shipping names in the portfolio such as Euronav and BWLPG. Despite the oil price volatility, the continued slowdown in spending, and consequently, production growth in the US, is softening our cautious stance on the Exploration & Production sector.

Following this year's material rise in safe haven asset values such as gold and US treasuries, and our belief that substantial downside risks have been discounted in the short-term, the Fund continued to reallocate some gold exposure into more demand sensitive sectors. Proceeds from West Gold and West African Resources were reinvested into bulk shipping operator, 2020 Bulkers, which is exiting a period of heavy investment and should imminently generate strong cash returns. Following the oil price volatility and significant de-rating in oil equities, which have been impacted by lower crude demand expectations, the Fund added some sector exposure through the low-cost US Permian producer, Concho, and also added a position in Petrotal, a small, very low-cost Peruvian producer. In addition, the Fund participated in an equity placing by lithium producer, Pilbara Minerals, which suffered a working capital shortfall following the recent heavy correction in lithium prices and delays in achieving design output during the ramp-up of its expanded process facility.

KEY FUND FACTS *(continued)*

Dividend Information *(continued)*

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

Investor Report
Monthly Factsheet

Annual Report & Accounts
Published: October

Results Announced
Finals: October
Interims: February

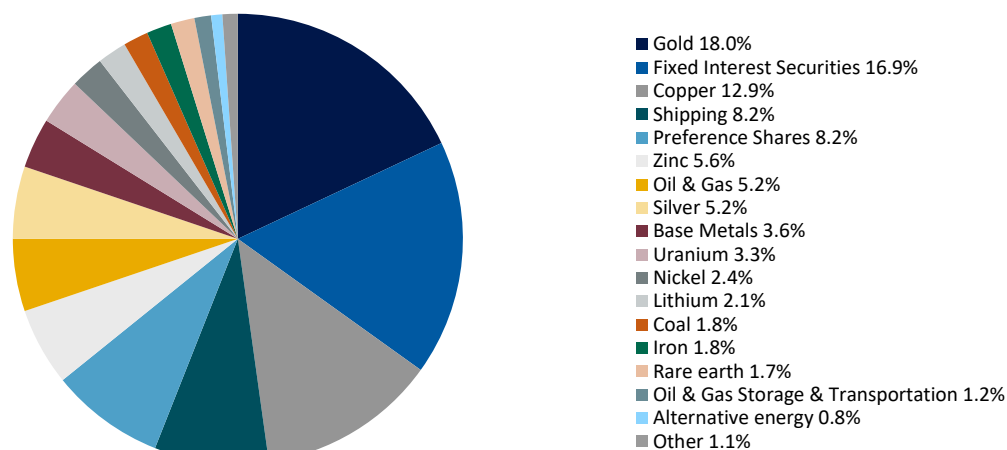
AIFMD Leverage Limit Report (% NAV)

	Gross Leverage (%) ⁵	Commitment Leverage(%) ⁶
CQS Natural Resources Growth and Income	118	118

⁵Source: CQS, as at 30 September 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

⁶Source: CQS, as at 30 September 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.

Portfolio Analysis¹



TOP 20 HOLDINGS (%)^{1, 7}

Name	(% of NAV)
First Quantum Minerals ⁸	7.5
BW LPG	4.7
Hurricane Energy ⁹	4.6
West African Resources	4.4
Rea Holdings ¹⁰	4.4
Americas Gold and Silver ¹¹	3.8
Ero Copper	3.6
Ascendant Resources ¹²	3.0
Trevali Mining	2.6
Euronav NV ¹³	2.5
Top 10 Holdings Represent	41.1
Tizir	2.4
Metals X	2.4
Talon Metals	2.4
Raven ¹⁴	2.3
Goodbulk	2.3
Oilflow	1.9
Arch Coal	1.8
NexGen Energy	1.7
Central Asia Metals	1.7
Lynas Corporation	1.7
Top 20 Holdings Represent	61.7
<i>The Company has exposure to 130 issues</i>	

Source: CQS. Please refer to page 3 for sources relating to relevant footnotes.

IMPORTANT INFORMATION:

Source: ¹Maitland Administration Services (Scotland) Limited, as at 30 September 2019. ²CQS Estimate 1 October 2019. ³Maitland Administration Services (Scotland) Limited, as at 30 September 2019, 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). ⁴All 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. 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. ⁸Includes First Quantum equity valued at £5,894,139 and First Quantum 7.5% 01/04/2025 valued at £796,397. ⁹Includes Hurricane Energy equity valued at £493,449 and Hurricane Energy Convertible 7.5% 24/07/2022 valued at £3,581,133. ¹⁰Includes REA Holdings 9% Cum Pref Shares valued at £3,448,127 and REA Finance 8.75% 31/08/2020 valued at £459,385. ¹¹Includes Americas Silver equity valued at £3,176,189 and warrants valued at £204,470. ¹²Includes Ascendant Resources equity valued at £2,627,595 and warrants valued at £33,886. ¹³Includes Euronav NV equity valued at £1,109,440 and Euronav Luxembourg SA 7.5% 31/05/2022 valued at £1,151,004. ¹⁴Includes Raven Property Convertible Pref valued at £954,000 and Raven Russia Limites 12% Pref valued at £1,145,711.

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