CQS Natural Resources Growth and Income

KEY FUND FACTS

Fund Managers
Ian ‘Franco’ Francis
Keith Watson
Robert Crayfourd

Launch Date
August 2003

Total Gross Assets
£71.9bn

Reference Currency
GBP

Ordinary Shares
Net Asset Value: 89.51p
Mid-Market Price: 72.20p

Yield (estimated)
7.76%

Gearing
20.04%

Discount
17.31%

Ordinary Shares in Issue
66,888,509

Annual Management Fee
1.2% on adjusted net assets

Bloomberg: CYN LN
Reuters: CYNL
SEDOL: 0035392

Year End
30 June

Contact Information
contactncim@cqsm.com

Company Broker
Cantor Fitzgerald Europe
+44 (0) 207 894 8130

AGM
December

Dividend Information
2019/20
1.26p interim paid 29 Nov 2019
1.26p interim paid 28 Feb 2020
1.26p interim paid 31 May 2020

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 $16.9bn 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 Performance

<table>
<thead>
<tr>
<th>1 Month (%)</th>
<th>3 Month (%)</th>
<th>6 Month (%)</th>
<th>1 Year (%)</th>
<th>3 Year (%)</th>
<th>5 Year (%)</th>
<th>Since Inception</th>
</tr>
</thead>
<tbody>
<tr>
<td>NAV</td>
<td>(2.7)</td>
<td>(16.3)</td>
<td>(13.4)</td>
<td>(22.7)</td>
<td>(12.3)</td>
<td>182.3</td>
</tr>
<tr>
<td>Share Price</td>
<td>4.3</td>
<td>1.5</td>
<td>(12.9)</td>
<td>(9.6)</td>
<td>(24.1)</td>
<td>(7.7)</td>
</tr>
<tr>
<td>Benchmark</td>
<td>9.2</td>
<td>12.3</td>
<td>5.1</td>
<td>10.2</td>
<td>30.6</td>
<td>62.2</td>
</tr>
</tbody>
</table>

Investment Commentary

Commodity prices continued to stage a recovery as the world continued its emergence from Covid-19 related lockdowns. Commodities were supported by broader risk-on sentiment, largely due to the potential for a vaccine, improving mobility data, and indicators that more countries are looking to reopen their economies. Oil was especially volatile, following unprecedented levels of supply reduction.

Early in the month, China encouraged its SOEs to stockpile base metals and offered incremental support and some downside protection against the backdrop of weak demand. The market largely ignored the increasing tensions between the US and China, as the US warned against Chinese actions in Hong Kong and the Senate voted in favour of a ban on Chinese companies listing on US exchanges. This may put the hard won phase that more countries are looking to reopen their economies. Oil was especially volatile, following unprecedented levels of supply reduction.

As a result, sector allocation decisions remain difficult, as improving economic data that should support base metals may be offset by China’s international relations. The Fund continues to hold 28.4% weighting to precious metals, which should offer some protection if we were to see a negative outcome.

China continues to lead the world out of the Covid-19 shock, as industrial sector profits showed marked improvement in April, bouncing from -34% YoY in March to -4% YoY in April, whilst Chinese oil demand was up YoY in April.

Oil demand is recovering, but still remains around 15% below pre Covid-19 levels. However, following the unprecedented slide in crude prices, supply has been cut materially with the market now looking closer to being balanced. Whilst demand should continue to recover as global lockdown restrictions ease, some supply from the likes of OPEC will also eventually return. Whilst global oil stocks have increased, supporting day rates for crude carriers which were used as storage, significant cuts appear to have prevented tank capacity globally from being fully utilised.

Covid-19 related supply disruptions have also been in evidence, with copper amongst the most affected. Major copper producer, Peru, had seen country-wide mine closures, though operations began to reopen in May and other copper producers are following suit. Brazil is currently seeing an increasing infection rate, which has reduced port operations restricting Vale exports and supported iron ore.

Silver has begun to catch up with gold. The gold/silver ratio, which reached an all-time-high of 124x in March, moved back to 97 at the end of May. The fund holds 5.0% in silver as we believe silver can continue catch up with gold’s rise, as a relatively cheaper alternative safe-haven, and with approximately 20% of its demand related to recovering industrial use, primarily electronics, which stands to benefit from the 5G build out and general reopening of the global economy.

Source: CQS. Please refer to page 3 for sources relating to relevant footnotes.
**KEY FUND FACTS (continued)**

**Dividend Information (continued)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012/13</td>
<td>5.50p</td>
</tr>
<tr>
<td>2013/14</td>
<td>5.60p</td>
</tr>
<tr>
<td>2014/15</td>
<td>5.60p</td>
</tr>
<tr>
<td>2015/16</td>
<td>5.60p</td>
</tr>
<tr>
<td>2016/17</td>
<td>5.60p</td>
</tr>
<tr>
<td>2017/18</td>
<td>5.60p</td>
</tr>
<tr>
<td>2018/19</td>
<td>5.60p</td>
</tr>
</tbody>
</table>

**Investor Report**
- Monthly Factsheet
- Annual Report & Accounts
  - Published: October

**Results Announced**
- Finals: October
- Interims: March

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**AIFMD Leverage Limit Report (% NAV)**

<table>
<thead>
<tr>
<th></th>
<th>Gross Leverage (%)</th>
<th>Commitment Leverage(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CQS Natural Resources Growth and Income</strong></td>
<td>124</td>
<td>124</td>
</tr>
</tbody>
</table>

*Source: CQS, as at 30 April 2020. 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.*

*Source: CQS, as at 30 April 2020. 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 Analysis**

[Diagram showing portfolio analysis]

**TOP 20 HOLDINGS (%)**

<table>
<thead>
<tr>
<th>Name</th>
<th>(% of NAV)</th>
</tr>
</thead>
<tbody>
<tr>
<td>West African Resources</td>
<td>6.9</td>
</tr>
<tr>
<td>First Quantum Minerals</td>
<td>6.7</td>
</tr>
<tr>
<td>Euronav</td>
<td>5.4</td>
</tr>
<tr>
<td>Rea Holdings</td>
<td>4.7</td>
</tr>
<tr>
<td>Americas Gold and Silver</td>
<td>4.2</td>
</tr>
<tr>
<td>Ero Copper</td>
<td>3.5</td>
</tr>
<tr>
<td>Diversified Oil &amp; Gas</td>
<td>3.0</td>
</tr>
<tr>
<td>Tizir</td>
<td>2.9</td>
</tr>
<tr>
<td>BW LPG</td>
<td>2.6</td>
</tr>
<tr>
<td>Raven Property</td>
<td>2.4</td>
</tr>
</tbody>
</table>

**Top 10 Holdings Represent**

42.3%

Gold 22.7%
- Fixed Interest Securities 13.3%
- Copper 12.2%
- Shipping 11.1%
- Base Metals 8.1%
- Preference Shares 7.5%
- Oil & Gas 5.3%
- Silver 5.0%
- Uranium 4.1%
- Zinc 2.3%
- Nickel 2.0%
- Lithium 1.8%
- Rare earth 1.5%
- Coal 1.2%
- Other 1.9%

**Top 20 Holdings Represent**

62.6%

The Company has exposure to 142 issues

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

Source: Maitland Administration Services (Scotland) Limited, as at 30 April 2020, CQS 30 April 2020. Maitland Administration Services (Scotland) Limited, as at 30 April 2020, 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). 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. All 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. Includes First Quantum Minerals equity valued at £4,045,178 and First Quantum Minerals 7.5% 01/04/2025 valued at £733,540. Includes Euronav NV equity valued at £2,204,327 and Euronav Luxembourg SA 7.5% 31/05/2022 valued at £656,799. Includes REA Holdings 9% Pref Shares valued at £2,783,131 and REA Finance 8.75% 31/08/2020 valued at £452,500 and R.E.A Holdings Plc Ordinary 25p valued at £108,000 and R.E.A Holdings GBP1.26 Warrants 15/07/2025 valued at £22,750. Includes Americas Silver equity valued at £2,874,805 and Americas Silver Warrants 9/6/21 valued at £68,587 and Americas Silver Warrants 16/6/21 valued at £22,096. Includes Raven Property Convertible Pref shares valued at £738,000 and Raven Russia Limited 12% Preferred valued at 959,200. Includes Hurricane Energy equity valued at £241,450 and Hurricane Energy Convertible 7.5% 24/07/2022 valued at £1,261,627.

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