

CQS Natural Resources Growth and Income

KEY FUND FACTS¹

Fund Managers

Ian 'Franco' Francis
Keith Watson
Robert Crayford

Launch Date

August 2003

Total Gross Assets

£85.26m

Reference Currency

GBP

Ordinary Shares

Net Asset Value: 109.52p
Mid-Market Price: 92.60p

Yield (estimated)

6.0%

Gearing

16.4%

Discount

(16.92)%

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

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AGM

December

Dividend Information

2020/21

1.26p interim payable 30 Nov 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 Crayford (L to R)

Portfolio Managers CQS Natural Resources Growth and Income



Fund Management

Founded in 1999, CQS is a \$19.3bn² global multi-strategy asset management firm. The Fund is managed by Ian 'Franco' Francis, Keith Watson and Robert Crayford. 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	(1.6)	13.1	63.8	(0.9)	(7.8)	41.3	241.4
Share Price	1.0	18.8	77.4	10.6	(1.4)	52.7	214.3
Benchmark	(0.3)	0.8	34.9	9.6	32.5	128.2	388.3

Investment Commentary⁴

Resources and related equities were generally softer towards the end of quarter as a rise in the number of reported Covid cases (ahead of an expected seasonal secondary peak) undermined confidence in the sustainability of the global economic recovery, prompting calls for further stimulus to fend off possible economic effects. Sterling weakness caused by the UK's ongoing and messy Brexit withdrawal agreement negotiations helped mitigate this broader softness and as a result the Fund NAV ended the month little changed, slipping around 1p to 109.5p.

Commodity prices declined despite the pace in China's industrial output growth quickening to 5.6% yoy in August and broader ex-China economic trends also continuing to show recovery. Similarly, against a background of subdued inflation in the US, Fed guidance that rates would remain near zero until 2023 was largely expected and the US dollar recovered around 1.8% against major currencies during September. This appeared to prompt some profit taking ahead of the quarter-end and a week-long Chinese holiday over the first week of October.

Commentary from Chinese authorities that the nation would continue efforts to implement the phase-one trade deal with the US, despite complexities with its relations and difficulties caused by the Coronavirus, together with news ahead of the October Plenum that China will seek to build on its strategic commodity reserves of energy, food and metals, provided some support to copper, which closed the month little changed, outperforming most other industrial metals. Iron ore and steel inputs nickel and zinc declined between 6-7% as did lead.

Led by a 10% drop in Brent prices, crude markets were pressured as Saudi Arabia announced that it would begin discounting its export prices from October. Comments by Libya's Hafar-led military government that crude export blockades may cease raised the prospect of a resumption of regional exports, which have fallen around 1Mbopd since the beginning of the year, also weighed on the sector. Related equities were extremely weak as illustrated by 15% sterling declines of US E&P indices.

Despite ongoing buying of gold by physically backed ETFs, which advanced to new highs following the addition of over 1.7Moz during the month, the price nevertheless suffered a correction of approximately 4% in September and related equity indices fell around 7% over the month. West African Resources reported positive drill results at its newly operational Sanbrado mine, offering potential to extend mine life. Consequently, the shares made a positive contribution to the Fund performance registering a sterling return of 18% over the month. Other precious metal holdings such as Puregold also performed well over the month. The Fund reduced holdings in both these stocks along with US nickel explorer, Talon Metals, whose share price continued to rise strongly ahead of a Tesla EV battery conference.

First Quantum Minerals share price slipped nearly 8% in sterling terms as it continued to seek assurances from the Zambian government on fiscal terms on future earnings in the region prior to a potential capacity increase at its Kansanshi operation. Despite this news the group refinanced some bonds and remains well positioned to de-lever its balance sheet and assess future development options across all of its operations, including those at its newly producing Cobre Panama mine.

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

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: March

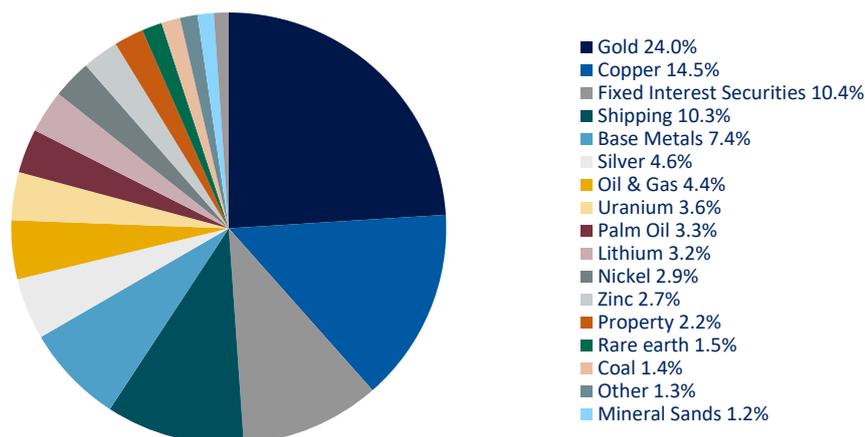
AIFMD Leverage Limit Report (% NAV)

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

⁵Source: CQS, as at 30 September 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.

⁶Source: CQS, as at 30 September 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 Analysis¹



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

Name	(% of MV)
First Quantum Minerals ⁸	8.0
West African Resources	6.9
Euronav Luxembourg ⁹	4.2
Rea Holdings ¹⁰	3.8
Americas Gold and Silver ¹¹	3.6
Ero Copper	3.6
Sigma Lithium	3.2
Talon Metals	2.9
BW	2.7
Integra Resources	2.6
Top 10 Holdings Represent	41.5
NexGen Energy	2.4
2020 Bulklers	2.4
Diversified Gas & Oil	2.3
Roxgold	2.3
Raven Property ¹²	2.2
Tizir	2.2
Adriatic Metals	2.2
Emerald Resources	2.1
Trevali Mining	2.0
Trafigura	1.7
Top 20 Holdings Represent	63.3
<i>The Company has exposure to 124 issues</i>	

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

IMPORTANT INFORMATION:

Source: ^{1,2}CQS, as at 30 September 2020. ³CQS, as at 30 September 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). 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. 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 Minerals equity valued at £5,909,274.40 and First Quantum Minerals 7.5% 01/04/2025 valued at £765,779.70. ⁹Includes Euronav NV equity valued at £2,480,915.82, Euronav Luxembourg SA 7.5% 31/05/2022 valued at £638,923.27 and Euronav Equity £382,054.46. ¹⁰Includes Rea Finance 8.75% 31/08/2025 valued at £452,500, R.E.A. Holdings Plc Ordinary 25p valued at £116,000, and R.E.A Holdings GBp1.26 Warrants 15/07/2025 valued at £12,394.14 and Rea Holdings Preferred valued at £2,586,095. ¹¹Includes Americas Silver equity valued at £2,331,138.51, Americas Gold & Silver equity valued at £606,572.23, Americas Silver Warrants 9/6/21 valued at £72,025.90 and Americas Silver Warrants 16/6/21 valued at £23,079.77. ¹²Includes Raven Russia equity valued at £164,916.00 and Raven Property Preferred valued at £1,697,469.60.

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