

# CQS Natural Resources Growth and Income

## KEY FUND FACTS<sup>1</sup>

### Fund Managers

Ian 'Franco' Francis  
Keith Watson  
Robert Crayford

### Launch Date

August 2003

### Total Gross Assets

£108.24m

### Reference Currency

GBP

### Ordinary Shares

Net Asset Value: 140.88p  
Mid-Market Price: 124.00p

### Yield (estimated)

4.5%

### Gearing

12.9%

### Discount

(16.88%)

### 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

contactncim@cqsm.com

### Company Broker

N+I Singer  
+44 (0) 207 496 3000

### AGM

December

### Dividend Information

#### 2020/21

1.26p interim paid 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 \$20.9bn<sup>2</sup> 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 Performance<sup>3</sup>

	1 Month (%)	3 Month (%)	6 Month (%)	1 year (%)	3 Year (%)	5 Year (%)	Since Inception
NAV	15.3	30.1	47.1	28.5	8.8	85.0	344.0
Share Price	19.2	35.8	61.7	53.8	23.6	100.7	324.9
Benchmark	7.4	17.4	18.1	24.2	45.6	180.6	472.2

### Investment Commentary<sup>4</sup>

December capped off a year that had been surprisingly positive for commodities. Sentiment for the sector improved further over the month as the back drop of easy monetary policy, strong growth in China, weaker US dollar and the roll out of vaccines, lead to strength across commodities and equities. The electrification theme continues to attract inflows, supporting the funds 18.5% weight to copper producers and explorers. We believe this performance is justified, as global government stimulus remains heavily green energy weighted, which is undoubtedly copper intensive, whilst the low development spending on new copper projects means there are limited numbers of new projects in the pipeline. The long lead time for copper projects allows an extended period of enhanced returns before we see a supply response.

An ongoing spat between China and Australia saw the former ban the latter's coal imports, which coincided with one of the coldest spells in history in China. This has had knock-on effects: power shortages in China resulting in stronger LNG pricing. Other soft commodities and wine have also been banned, leading to food inflation which has been exacerbated by the cold snap and Covid-19 restrictions. So far iron ore imports have not been banned by China due to a lack of alternative sources of ore on sufficient scale for such a key commodity in China's economy.

Oil continued to recover, albeit from its low base, as OPEC relaxed their cuts by 500k bbls/d. Whilst lockdowns continue to weigh on demand, production has largely reset lower, pointing to a tighter market in late 2021 as demand should improve as the world sees greater vaccine roll-out.

Precious metals continued to perform well with rising Covid-19 cases from the new more infectious strain, raising the prospect of tightening restrictions on global movements and increased government stimulus. Rates are expected to remain ultra-low and global aggregate negative yielding debt reached a new high of over US\$18trn, as measured by the Bloomberg-Barclays Aggregate Index. Over the month gold rose 6.8%, while silver which has gained focus for its use in environmental stimulus (such as its use in photovoltaic solar panels) together with its use in other electronics (such as the roll-out of 5G communications infrastructure), rose 16.9%.

**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
2019/20	Total	5.60p

**Investor Report**  
Monthly Factsheet

**Annual Report & Accounts**  
Published: October

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

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

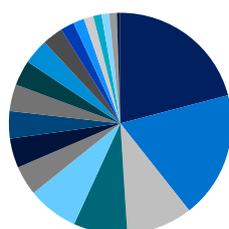
	Gross Leverage (%) <sup>5</sup>	Commitment Leverage(%) <sup>6</sup>
CQS Natural Resources Growth and Income	114	114

<sup>5</sup>Source: CQS, as at 31 December 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.

<sup>6</sup>Source: CQS, as at 31 December 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.

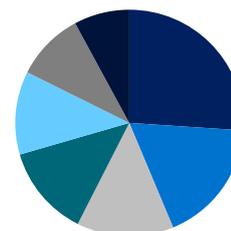
**Portfolio Analysis<sup>1</sup>**

**Sector**



■ Gold	20.9%
■ Shipping	9.6%
■ Base metals	7.4%
■ Uranium	4.3%
■ Palm Oil	3.9%
■ Zinc	3.7%
■ Rare Earth	2.0%
■ Platinum	1.4%
■ Coal	1.1%
■ Copper	18.5%
■ Fixed Interest Securities	7.8%
■ Silver	4.3%
■ Oil & Gas	4.0%
■ Nickel	3.7%
■ Lithium	3.0%
■ Property	1.6%
■ Iron	1.2%
■ Mineral Sands	1.1%

**Region**



■ North America	26.1%
■ Latam	13.7%
■ Australia	11.9%
■ Europe	7.9%
■ Africa	17.7%
■ Global	13.0%
■ Asia	9.8%

**TOP 20 HOLDINGS (%)<sup>1, 7</sup>**

Name	(% of MV)
First Quantum Minerals <sup>8</sup>	10.1
West African Resources	5.5
Rea Holdings <sup>9</sup>	4.3
Talon Metals	3.7
Ero Copper	3.5
BW LPG	3.3
Americas Gold and Silver <sup>10</sup>	3.3
Euronav Luxembourg <sup>11</sup>	3.1
Sigma Lithium	3.0
NexGen Energy	2.7
<b>Top 10 Holdings Represent</b>	<b>42.5</b>
Trevali Mining	2.6
Emerald Resources	2.4
Integra Resources	2.2
Lynas	2.1
Central Asia Metals	2.0
Diversified Oil & Gas	2.0
2020 Bulklers	2.0
Foran Mining	1.9
Metals X	1.9
Calibre Mining	1.8
<b>Top 20 Holdings Represent</b>	<b>63.4</b>
<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: <sup>1</sup>CQS, as at 31 December 2020. <sup>2</sup>CQS, as at 31 December 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). <sup>4</sup>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 returns quoted in local currency unless otherwise stated. The Company may since have exited some or all of the positions detailed in the commentary. <sup>7</sup>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. <sup>8</sup>Includes First Quantum Minerals 7.5% 01/04/2025 equity valued at £758,988.99. <sup>9</sup>Includes Rea Finance 8.75% 31/08/2025 equity valued at £452,500, R.E.A. Holdings Plc Ordinary 25p equity valued at £112,000.00 and R.E.A Holdings GBp1.26 Warrants 15/07/2025 equity valued at £12,556.7. <sup>10</sup> Includes Americas Gold and Silver Corporation Comm (USD) equity valued at £698,000.07, Americas Gold and Silver CAD 0.39 09/06/2021 Wts equity valued at £32,449.07, and Americas Gold and Silver CAD 0.39 16/06/2021 Wts valued at £10548.52. <sup>11</sup>Includes Euronav Luxembourg SA 7.5% 31/05/2022 equity valued at £607,191.19 and Euronav NV Common NPV equity valued at £327,327.26.

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### **About CQS**

CQS is a credit-focused multi-strategy asset manager founded by Sir Michael Hintze in 1999. Our deep experience allows us to offer solutions for investors across a range of return objectives and risk appetites. We are an active asset manager with expertise across the credit spectrum, including corporate credit, structured credit, asset backed securities, convertibles and loans. We are committed to delivering performance and high levels of service to our investors. CQS has offices in London, New York and Hong Kong.

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