

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

£138.09m

Reference Currency

GBP

Ordinary Shares

Net Asset Value: 182.53p
Mid-Market Price: 179.25p

Yield (estimated)

3.1%

Gearing

11.6%

Discount

(3.28%)

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 paid 30 Nov 2020
1.26p interim paid 26 February 2021
1.26p interim paid 28 May 2021
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 \$22.2bn² 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	7.7	20.6	50.8	111.7	44.6	99.4	480.7
Share Price	15.8	27.7	75.4	161.2	77.3	161.0	525.1
Benchmark	6.2	11.5	18.7	33.9	50.7	147.5	515.8

Investment Commentary⁴

Commodities were stronger over the month, which continued to support equity valuations.

China has increasingly tried to suppress commodity price inflation. This has been primarily focused on limiting speculative flows via increasing margins on exchanges, restricting speculative purchasing and measures against steel mills who were viewed to be manipulating prices higher. This came after Iron Ore had been limit up (10%) on fears that Chinese / Australian tensions could restrict Iron ore supply. It remains a difficult balancing act for the Chinese government, who want a strong economy and reduced emissions, both of which are inflationary to commodities.

Supply risk from labour disruption in Chile acted to support copper prices. Off-site workers responsible for concentrate and cathode machinery at BHP's Escondida and Spence copper mines (with annualised production of ~1.2Mtpa and 0.25Mtpa respectively, equivalent to ~6% of global consumption) went on strike. In Peru, presidential candidates continue to campaign on how they view mining, with very differing views, which could impact supply if the leftist Marxist candidate were to win.

Precious metals remain supported by broader inflationary concerns, leading to a notable shift in physical gold ETFs from sellers to buyers of metal further helped prices. This follows 5 months of outflows in the last 6, noting it has an outsized impact on gold demand given the large shift in flow versus other components, which are generally more stable such as jewellery and Central Bank demand.

Gold remained resilient to Fed commentary on beginning to talk about tapering of bond buying, while it continues to refer to the inflationary pressures as transitory. Whilst some of the drivers in the general economy may be temporary, such as the general reopening trade, the strength we have seen across commodities appears more led by supply constraints and therefore may be more structural.

Over the month, the Fund took some profits on copper names, as copper sizing within the Fund became extended following continued strong performance. The Fund also added to Palladium One, an exciting palladium explorer in Finland.

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

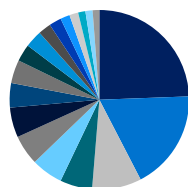
Investor Report
Monthly Factsheet

Annual Report & Accounts
Published: October

Results Announced
Finals: October
Interims: March

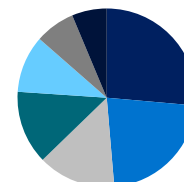
Portfolio Analysis¹

Sector



■ Copper 24.4%	■ Gold 18.0%
■ Shipping 8.9%	■ Base metals 5.8%
■ Fixed Interest Securities 5.7%	■ Oil & Gas 5.4%
■ Uranium 5.4%	■ Lithium 4.4%
■ Zinc 4.2%	■ Nickel 3.1%
■ Palm Oil 3.1%	■ Platinum 2.3%
■ Rare Earth 2.2%	■ Coal 1.7%
■ Silver 1.6%	■ Property 1.3%
■ Other 1.3%	■ Iron 1.2%

Region



■ North America 26.4%	■ Latam 22.2%
■ Australia 14.1%	■ Africa 13.3%
■ Global 10.4%	■ Europe 7.2%
■ Asia 6.3%	

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

Name	(% of MV)
First Quantum Minerals ⁸	8.1
Foran Mining	5.5
West African Resources	5.3
Ero Copper	4.5
Sigma Lithium Resources	4.4
Nexgen Energy	3.7
Euronav Luxembourg ⁹	3.6
REA Holdings ¹⁰	3.5
Talon Metals ¹¹	3.1
Metals X	2.8
Top 10 Holdings Represent	44.5
Capstone Mining	2.7
Trevali Mining ¹²	2.7
BW LPG	2.5
Emerald Resources	2.3
Lynas	2.2
2020 Bulkers	2.1
Roxgold	2.0
Central Asia Metals	1.8
Odyssey Gold	1.7
Precision Drilling	1.5
Top 20 Holdings Represent	66.0
<i>The Company has exposure to 91 issues.</i>	

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

AIFMD Leverage Limit Report (% NAV)

	Gross Leverage (%) ⁵	Commitment Leverage (%) ⁶
CQS Natural Resources Growth and Income	112	112

⁵Source: CQS, as at 28 May 2021. 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 28 May 2021. 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.

Source: ¹CQS, as at 31 May 2021. ²CQS, as at 28 May 2021, 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 £10,152,962.50 and First Quantum Minerals 7.5% 01/04/2025 equity valued at £729,555.05. ⁹Includes Rea Finance 8.75% 31/08/2025 equity valued at £452,500.00, R.E.A. Holdings Plc Ordinary 25p equity valued at £822.97 and Rea Holdings Preferred valued at £4,137,752.64. ¹⁰Includes Talon Metals Corp NPV values at £4,187,212.48 and Talon Metals Warrants 18/03/22 valued at £0.17. ¹¹Euronav NV Common NPV equity valued at £4,253,494.77, Euronav Luxembourg SA 7.5% 31/05/2022 equity valued at £585,297.22. ¹²Trevali Mining Corp equity valued at £3,560,223.46 and Trevali Mining Warrants valued at £81,838.09.

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