

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

£179.00m

Reference Currency

GBP

Ordinary Shares

Net Asset Value: 237.72p
Mid-Market Price: 201.00p

Yield (estimated)

2.8%

Gearing

11.2%

Discount

(15.45%)

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

FinnCap
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AGM

December

Dividend Information

2021/22

1.26p interim paid 30 Nov 2021

1.26p interim paid 25 February 2022

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 \$20.7bn² 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 Performance¹

	1 Month (%)	3 Month (%)	6 Month (%)	1 year (%)	3 Year (%)	5 Year (%)	Since Inception
NAV	14.6	22.6	35.6	61.4	141.9	96.6	680.3
Share Price	18.5	32.8	49.4	49.6	167.5	123.7	636.3
Benchmark	10.6	23.4	25.3	24.0	78.6	106.0	663.5

Investment Commentary³

Inflation pressures continue to build globally, which is supportive for commodities more broadly, supporting inflows into the producers as investors look to forms of protection for their portfolios.

The Fund added further to the Energy weight – now 27%, a notable increase from last year. This is due to a tight supply back drop driven by regulation and environmental focus from producers, whilst demand continues to recover from Covid-19 lockdowns, even with a spike in cases in China. Further supply disruptions from Russia/Ukraine and EU sanctions are exacerbating this. The recent oil stockpile release from the US SPR and international IEA have dampened prices in the near term, but have done little to fix the current shortage, only drawing down emergency stockpiles. Holding Precision Drilling, a US land oil and gas driller, performed well against this backdrop due to its financial and operating leverage to activity, now one of the largest positions having gained 30% in March.

The Fund took some profits on its copper weighting, reducing First Quantum and the other copper miners. Whilst the medium-term fundamentals look very positive given a lack of supply, near-term risks on demand from an inflation driven economic slowdown have increased. Inflation pressures are squeezing the consumer globally, with soft commodities looking to be the next major risk, exacerbated by supply disruptions from Russia/ Ukraine. This is especially relevant in Emerging Markets, where food and energy are a much larger proportion of spend. This may begin to feed through to the more economically sensitive commodities with discretionary demand.

A continued ratchet up of EU and US sanctions on Russia continue to tighten supplies further, adding more uncertainty to the energy mix. Oil and gas have not been sanctioned so far, coal has however, and will increasingly add to energy crisis pressures. Putin has pushed for payment in Roubles for their gas, which is uncomfortable for the EU. The fact the EU is sending billions of Euros to Russia is a real area of concern and will see the EU look to diversify energy sources away from Russia.

The Fund saw strong performance across most sectors, with standout performance from a few names. Sigma Lithium, a Brazilian lithium miner starting at the end of 2022, gained 33% in March, benefiting from very strong Lithium prices given the current shortage. Firefinch, with a gold mine and a big Lithium development project in Mali, also performed well, gaining 69% in March ahead of the planned spin out of the lithium project later this quarter.

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
 2020/21 Total 5.60p

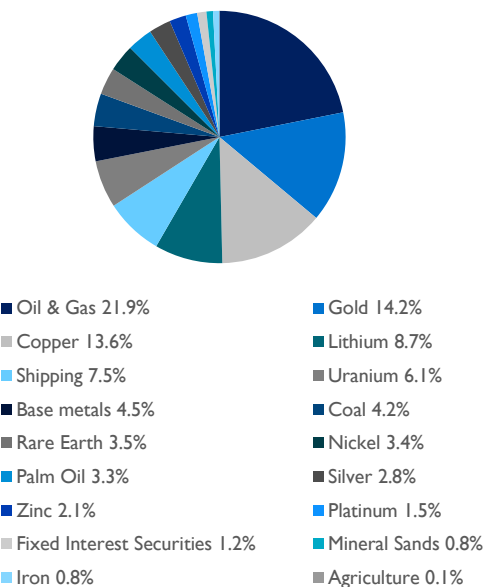
Investor Report
 Monthly Factsheet

Annual Report & Accounts
 Published: October

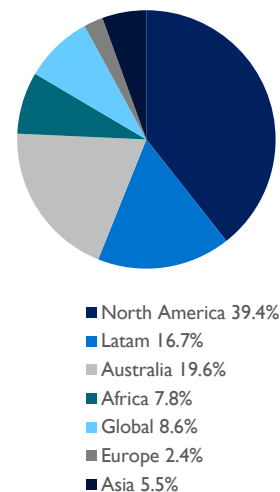
Results Announced
 Finals: October
 Interims: March

Portfolio Analysis¹

Sector



Region



AIFMD Leverage Limit Report (% NAV)

	Gross Leverage (%) ⁴	Commitment Leverage(%) ⁵
CQS Natural Resources Growth and Income	112	112

⁴Source: CQS, as at 31 March 2022. 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.

⁵Source: CQS, as at 31 March 2022. 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.

TOP 20 HOLDINGS (%)^{1, 6}

Name	(% of MV)
Precision Drilling	6.5
Sigma Lithium Resources	6.1
West African Resources	4.8
Nexgen Energy	4.2
Diamondback Energy	4.0
Foran Mining	3.8
First Quantum Minerals ⁷	3.7
Lynas Rare Earths	3.5
Talon Metals ⁸	3.4
R E A Holdings ⁹	3.3
Top 10 Holdings Represent	43.3
Metals X	3.2
Vermillion Energy	3.2
BW LPG	3.1
Ero Copper	3.0
Euronav Luxembourg ¹⁰	2.6
Diversified Energy	2.5
Firefinch Resources	2.5
Emerald Resources	2.0
EOG Resources	1.8
Capstone Mining	1.5
Top 20 Holdings Represent	68.7
<i>The Company has exposure to 103 issues.</i>	

IMPORTANT INFORMATION:

Source: ¹CQS, as at 31 March 2022. ²Total return performance as at 31 March 2022. 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). ³All 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. ⁴All 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. ⁷Includes First Quantum Minerals equity valued at £773,506.63 and First Quantum Minerals 7.5% 01/04/2025 equity valued at £0.00. ⁸Includes Talon Metals Corp valued at £0.00 and Talon Metals Warrants 18/03/22 valued at £0.00. ⁹Includes Rea Finance 8.75% 31/08/2025 equity valued at £494,650.00, R.E.A. Holdings Plc Ordinary 25p equity valued at £39,845.00 and Rea Holdings Preferred valued at £0.00. ¹⁰Includes Euronav NV equity valued at £152,280.41, Euronav Luxembourg SA 7.5% 31/05/2022 valued at £455,701.97 and Euronav Luxembourg 6.25% 14/09/26 Usd valued at £0.00.

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PRI Note: PRI is an investor initiative in partnership with UNEP Finance and the UN Global Compact. GMv9.

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