

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

£177.23m

Reference Currency

GBP

Ordinary Shares

Net Asset Value: 235.06p
Mid-Market Price: 219.00p

Yield (estimated)

2.6%

Gearing

11.3%

Discount

(6.83%)

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

FinnCap
+44 (0) 203 772 4697

AGM

December

Dividend Information

2021/22

1.26p interim paid 30 Nov 2021

1.26p interim paid 25 February 2022

1.26p interim dividend payable 27 May 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 \$19.2bn² 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 Performance¹

	1 Month (%)	3 Month (%)	6 Month (%)	1 year (%)	3 Year (%)	5 Year (%)	Since Inception
NAV	(0.6%)	27.9	22.5	43.8	139.8	115.9	672.7
Share Price	7.9	36.0	33.1	47.3	181.7	146.9	694.8
Benchmark	4.4	28.4	39.3	29.5	91.3	128.8	697.5

Investment Commentary³

Including the 1p interim dividend, the Fund return fell a marginal 0.6% over the month. Positive momentum, which continued into mid-April, subsequently waned as markets digested prospects for central banks to increase interest rates at a faster pace, the associated strengthening of the dollar, together with a broader softening in the demand outlook.

Inflation remained at the forefront of investor minds, with US CPI hitting 8.5% and UK CPI reaching 7.0%, both 30-year highs. The rising trend reinforced recent hawkish FOMC rhetoric, outlined in minutes from the March meeting, which highlighted the committee's preference for a more rapid pace of rate hikes to cool inflationary pressures. The resultant strengthening in the US dollar, which gained 4.0% against sterling during April, occurred against a softening economic backdrop as the drag from rising energy and raw material costs, together with China's expanded Covid lockdowns, weighed on demand growth expectations.

Russia's invasion of Ukraine continued to exacerbate fundamentally tight energy supplies, while rising soft commodity prices also moved into focus as part of the inflation debate. As illustration, the WTI crude price gained 4.0% in April, despite an increase in volumes to be released from the US Strategic Petroleum Reserve. Early in the month, the EU set up a platform to source non-Russia gas, including imports of US product, which helped narrow regional price differentials. US benchmark gas prices gained 27% in April, with seaborne thermal coal prices (FOB Australia) rising a similar amount. This development helped relieve pressure on elevated European gas prices, which declined around 20%. Asian LNG prices dropped around 29% as the Chinese demand for spot volumes fell back, wider Covid lockdowns impacted expected demand and cargoes were rerouted to Europe. Crop price gains were most pronounced in Europe, highlighting the region's ongoing raw material plight, with wheat prices up around 14%, versus a more modest 4% rise in the US.

Against this backdrop and despite indications that China would provide more stimulus to counteract the impact of lockdown measures, metal prices weakened, with iron ore and copper both slipping around 6%. Gold also slipped around 2%, weighed down by the dollar's strength. While prior repositioning of the Fund, which has more recently de-emphasised exposure to industrial metals, together with sterling's relative weakness helped mitigate the impact of this softer background on Fund returns, some equities also made useful performance contributions. Increased margin pressures was an evident theme from company results, potentially contributing to the softer equity performances during the month.

During the month, crude shipper Euronav also made a useful contribution following its announced combination with competitor Frontline. Reflecting the softer economic growth outlook, trading activity focused on reducing exposure to base metals. Most notably, the Fund substantially reduced its holdings in MetalsX and Capstone Mining early in the month. The Fund also continued to reduce exposure to soon-to-be producer, Sigma Lithium, whose share price rose nearly 20% in April.

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

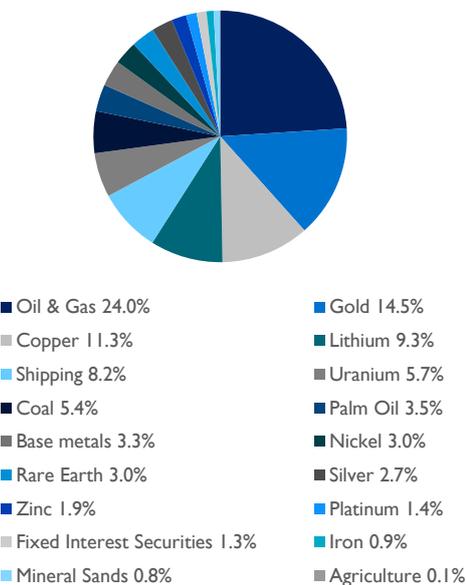
Investor Report
 Monthly Factsheet

Annual Report & Accounts
 Published: October

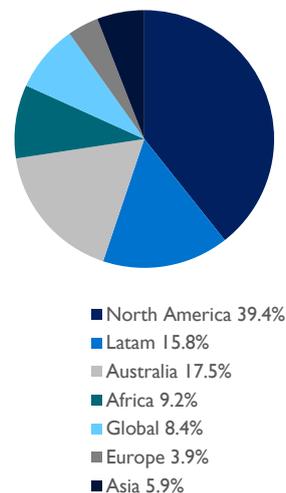
Results Announced
 Finals: October
 Interims: March

Portfolio Analysis¹

Sector



Region



AIFMD Leverage Limit Report (% NAV)

	Gross Leverage (%) ⁴	Commitment Leverage(%) ⁵
CQS Natural Resources Growth and Income	110	110

⁴Source: CQS, as at 29 April 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 29 April 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	6.8
Sigma Lithium Resources	6.4
West African Resources	5.0
Nexgen Energy	4.0
Diamondback Energy	3.9
R E A Holdings ⁷	3.6
Euronav Luxembourg ⁸	3.3
Foran Mining	3.2
Vermilion Energy	3.2
BW LPG	3.1
Top 10 Holdings Represent	42.5
Talon Metals ⁹	3.0
Lynas Rare Earths	3.0
First Quantum Minerals ¹⁰	2.8
Ero Copper	2.8
Firefinch Resources	2.8
Diversified Energy	2.6
Emerald Resources	2.1
Metals X	1.9
EOG Resources	1.9
Transocean	1.6
Top 20 Holdings Represent	67.0
<i>The Company has exposure to 120 issues.</i>	

IMPORTANT INFORMATION:

Source: ¹CQS, as at 29 April 2022. ²Total return performance as at 29 April 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 Rea Finance 8.75% 31/08/2025 equity valued at £494,570.00, R.E.A. Holdings Plc Ordinary 25p equity valued at £39,845.00 and Rea Holdings Preferred valued at £0.00. ⁸Includes Euronav NV equity valued at £159,697.33, Euronav Luxembourg SA 7.5% 31/05/2022 valued at £473,118.28 and Euronav Luxembourg 6.25% 14/09/26 Usd valued at £0.00. ⁹Includes Talon Metals Corp valued at £0.00 and Talon Metals Warrants 18/03/22 valued at £0.00. ¹⁰Includes First Quantum Minerals equity valued at £804,460.37 and First Quantum Minerals 7.5% 01/04/2025 equity valued at £0.00.

This document has been issued by CQS (UK) LLP which is authorised and regulated by the UK Financial Conduct Authority, CQS (US), LLC which is a registered investment adviser with the US Securities and Exchange Commission, and/or CQS (Hong Kong) Limited, which is authorised and regulated by the Hong Kong Securities and Futures Commission. The term "CQS" as used herein may include one or more of CQS (UK) LLP, CQS (US), LLC, and CQS (Hong Kong) Limited or any other affiliated entity. The information is intended solely for sophisticated investors who are (a) professional investors as defined in Article 4 of the European Directive 2011/61/EU or (b) accredited investors (within the meaning given to such term in Regulation D under the U.S. Securities Act of 1933, as amended) and qualified purchasers (within the meaning given to such term in Section 2(a)(51) of the U.S Investment Company Act 1940, as amended). This document is not intended for distribution to, or use by, the public or any person or entity in any jurisdiction where such use is prohibited by law or regulation.

This document is a marketing communication prepared for general information purposes only and has not been delivered for registration in any jurisdiction nor has its content been reviewed by any regulatory authority in any jurisdiction. The information contained herein does not constitute: (i) a binding legal agreement; (ii) legal, regulatory, tax, accounting or other advice; (iii) an offer, recommendation or solicitation to buy or sell shares or interests in any fund or investment vehicle managed or advised by CQS (a "CQS Fund") or any other security, commodity, financial instrument, or derivative; or (iv) an offer to enter into any other transaction whatsoever (each a "Transaction"). Any decision to enter into a Transaction should be based on your own independent investigation of the Transaction and appraisal of the risks, benefits and appropriateness of such Transaction in light of your circumstances. Any decision to enter into any Transaction should be based on the terms described in the relevant offering memorandum, prospectus or similar offering document, subscription document, key investor information document (where applicable), and constitutional documents and/or any other relevant document as appropriate (together, the "Offering Documents"). Any Transaction will be subject to the terms set out in the Offering Documents and all applicable laws and regulations. The Offering Documents supersede this

document and any information contained herein. The Offering Documents for CQS UCITS range of funds is available here (www.cqs.com/what-we-do/ucits#global-convertibles) in English (US persons will not be eligible to invest in CQS managed UCITS funds save to the extent set out in the relevant Offering Document). A copy of CQS' Complaints Policy, which sets out a summary of investors' rights, is available here (www.cqs.com/site-services/regulatory-disclosures) in English. CQS may terminate the arrangements for marketing or distribution of any CQS Fund at any time.

Nothing contained herein shall give rise to a partnership, joint venture or any fiduciary or equitable duties. The information contained herein is provided on a non-reliance basis, not warranted as to completeness or accuracy, and is subject to change without notice. Any information contained herein relating to any non-affiliated third party is the sole responsibility of such third party and has not been independently verified by CQS. The accuracy of data from third-party vendors is not guaranteed. If such information is not accurate, some of the conclusions reached or statements made may be adversely affected. CQS is not liable for any decisions made or action taken by you or others based on the contents of this document and neither CQS nor any of its directors, officers, employees or representatives accept any liability whatsoever for any errors or omissions or any loss howsoever arising from the use of this document.

Information contained in this document should not be viewed as indicative of future results as past performance of any Transaction is not indicative of future results. Any investment in a CQS Fund or any of its affiliates involves a high degree of risk, including the risk of loss of the entire amount invested. The value of investments can go down as well as up. Future performance is subject to taxation which depends on the personal situation of each investor and which may change in the future. Investments may lead to a financial loss if no guarantee on the capital is in place. An investment in any CQS Fund will involve a number of material risks which include, without limitation, risks associated with adverse market developments, currency and exchange rate risks, risk of counterparty or issuer default, and risk of illiquidity. Any assumptions, assessments, targets (including target returns and volatility targets), statements or other such views expressed herein (collectively "Statements") regarding future events and circumstances or that are forward looking in nature constitute CQS' subjective views or beliefs and involve inherent risk and uncertainties beyond CQS' control. Any indices included in this document are for illustrative purposes only and are not representative of CQS Funds in terms of either composition or risk (including volatility and other risk related factors). Unless stated to the contrary CQS Funds are not managed to a specific index.

The information contained herein is confidential and may be legally privileged and is intended for the exclusive use of the intended recipient(s) to which the document has been provided. In accepting receipt of the information transmitted you agree that you and/or your affiliates, partners, directors, officers and employees, as applicable, will keep all information strictly confidential. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information is prohibited. Any distribution or reproduction of this document is not authorized and prohibited without the express written consent of CQS, or any of its affiliates. Unless otherwise stated to the contrary herein, CQS owns all intellectual property rights in this document. CQS is a founder of the Standards Board for Alternative Investments ("SBAI") which was formed to act as custodian of the alternative investment managers' industry best practice standards (the "Standards"). By applying the Standards, managers commit to adopt the "comply or explain" approach described in the Standards. CQS is a signatory of the UN Principles for Responsible Investment and a supporter and participant of certain other responsible investment related industry associations.

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

L22-221 / 05.22

CQS (UK) LLP

4th Floor, One Strand, London WC2N 5HR, United Kingdom
T: +44 (0) 20 7201 6900 | F: +44 (0) 20 7201 1200

CQS (US), LLC

152 West 57th Street, 40th Floor, New York, NY 10019, US
T: +1 212 259 2900 | F: +1 212 259 2699

CQS (Hong Kong) Limited

1308 One Exchange Square, 8 Connaught Place, Central, Hong Kong, China
T: +852 3920 8600 | F: +852 2521 3189

Signatory of:

