

CQS Natural Resources Growth and Income Fund

Key Fund Facts¹

Fund Managers	Ian 'Franco' Francis Keith Watson Robert Crayfourd
Launch Date	August 2003
Total Gross Assets	£150.8m
Reference Currency	GBP
Ordinary Shares	Net Asset Value: 204.52p Mid-Market Price: 168.25p
Dividend Yield (estimated)	3.3%
Net gearing ⁴	7.3%
Discount	(17.7%)
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	Cavendish Capital Markets Limited 020 7220 0500
AGM	December
Dividend Information 2023/24	1.26p interim paid 27 November 2023 1.26p interim payable 23 February 2024
Fiscal Year-End	30 June
Previous Dividend Information	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 2021/22 Total 5.60p 2022/23 Total 8.60p
Investor Report	Monthly Factsheet
Annual Report & Accounts	Published: October
Results Announced	Finals: October Interims: March

Please see page 2 for footnotes.



Portfolio Managers

Ian Francis, Keith Watson and Robert Crayfourd

Fund Description

The Fund aims to generate capital growth and income, predominantly from a portfolio of mining and resource equities, and from mining, resource and industrial fixed interest securities.

Key Advantages for the Investor

- Access to under-researched, mid and smaller-cap companies in the Natural Resources sector
- Quarterly dividend paid to shareholders
- Potential inflation hedge

Ordinary Share and NAV Performance²

	1 Month (%)	3 Months (%)	6 Months (%)	1 Year (%)	3 Year (%)	5 Year (%)	Since Inception (%)
NAV	2.4	(2.3)	3.4	(8.7)	60.5	144.0	610.1%
Share Price	(7.8)	(7.1)	0.7	(12.0)	49.5	142.2	535.3%

Commentary³

The strong precious metal price momentum of prior months continued into early December. This was supported by evidence of easing inflation pressures and an accompanying shift in outlook towards steeper interest rate reductions, notably for the US, alongside the geopolitical tension in the Middle East following the Israel-Gaza conflict. The price hitting an all-time high of \$2,135/oz.

However, US Fed comments that rate cuts were not yet being discussed prompted a sharp retracement in the gold price. Having retreated to \$1,980/oz ahead of stronger-than-expected employment data mid-month, it was indicative of a more prolonged period of inflation. Official FOMC minutes subsequently confirmed the committee's outlook that substantial rate cuts were likely in 2024, providing support to gold which closed December up 1.3% at \$2,063, a 12.1% gain on the calendar year. In China, November manufacturing PMI data managed to move back into expansion territory, though deflation remained an overhang for the regional economic outlook. The prospect of further stimulus from the government, particularly to fend off the ongoing liquidity squeeze in the country's property sector, supported Industrial Metals with iron ore and copper rising 5.2% and 1% respectively.

Energy markets struggled over the month, with crude benchmarks ending down 6-7%. Occurring against a backdrop of rising US exports, year-end commercial destocking, and muted Asian buying, neither the extended production cuts by OPEC+, nor the escalating Red Sea tensions as rebel Houthi attacks on container vessels in the region provided much support to crude prices.

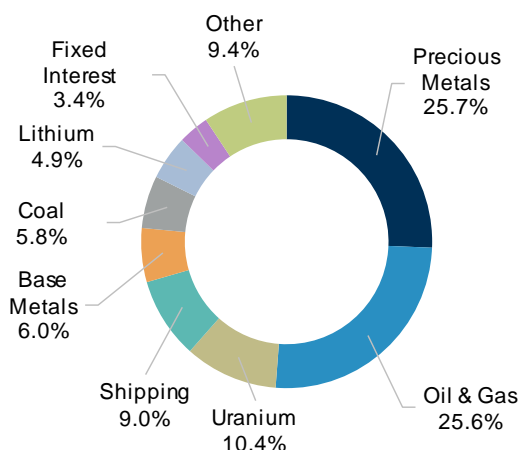
Both European and Asian Liquefied Natural Gas (LNG) fell in price alongside US Natural Gas with a mild start to the winter resulting in plentiful inventories. Within the wider energy sector, the COP28 climate conference saw unanimous support for nuclear power. This included long-term plans aimed at tripling generating capacity by 2050 which helped lift the U₃O₈ price by over 13% and drove strong performance from related equities.

The Fund NAV rose 2.4% over the month. The improved sentiment towards gold helped positive performance contributions from the precious metal exposure; led by Emerald Resources which, having declined 10% to mid-December recovered to end the month up 5%.

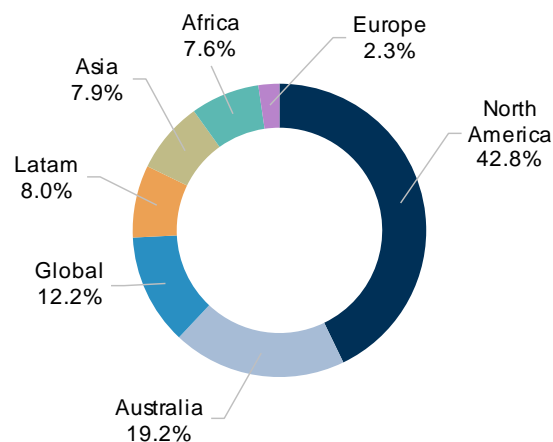
Energy exposure made a positive contribution despite the softer backdrop. There was a notably strong performance from Australian gas explorer, Tamboran, whose share price jumped over 60% following an equity issue that raised funds for additional exploration of its highly prospective onshore gas field in which the Fund participated. This more than offset declines seen by other Exploration and Production (E&P) investments such as Diversified Energy which saw a 15% share price decline together with Precision Drilling, Vermilion and Peyto whose share prices slipped between 4-7%. Shippers such as Frontline also contributed, with the potential for crude carriers to benefit from increased profitability as vessels reroute to avoid at-risk Gulf of Aden shipping lanes. Uranium mine developer, Nexgen, also made a positive contribution.

Portfolio Analysis¹

Sector



Region



Top 20 Holdings (% of MV)^{1,7}

Name	(% of MV)
NEXGEN ENERGY NPV	7.4
BW LPG USD0.01	5.1
EMERALD RESOURCES NPV	5.0
TRANSOCEAN USD0.01	4.4
DIAMONDBACK ENERGY USD0.01	3.2
PRECISION DRILLING COM NPV	3.0
VERMILION ENERGY COM NPV	3.0
EOG RESOURCES USD0.01	2.8
FRONTLINE USD1.0000	2.6
KARORA RESOURCES NPV	2.6
Top 10 Holdings Represent	39.1

Name	(% of MV)
REA HLDGS 9% CUM PREF GBP1	2.5
DIVERSIFIED EN CO GBP 0.2	2.5
WEST AFRICAN RESOURCES NPV	2.4
TAMBORAN RESOURCES NPV	2.4
LEO LITHIUM NPV	2.3
FORAN MINING CORP NPV	2.3
LYNAS RARE EARTHS NPV	2.0
THUNGELA RESOURCES NPV	1.8
SIGMA LITHIUM CORP NPV	1.7
CALIDUS RESOURCES NPV	1.7
Top 20 Holdings Represent	60.6

AIFMD Leverage Limit Report (% of NAV)

	Gross Leverage (%) ⁵	Commitment Leverage (%) ⁶
CQS Natural Resources Growth and Income	107	107

Sources: ¹CQS as at the last business day of the month indicated at the top of this investor report. ²Total return performance net of fees and expenses as at the last business day of the month indicated at the top of this investor report. 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. ⁴CQS as at the last business day of the month indicated at the top of this investor report. ⁵CQS, as at the last business day of the month indicated at the top of this investor report. 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. ⁶CQS as at the last business day of the month indicated at the top of this investor report. 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. 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.

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PRI Note: PRI is an investor initiative in partnership with UNEP Finance and the UN Global Compact. GMV11.

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