

CQS Natural
Resources Growth
and Income PLC

Half Year Report
for the six months to 31 December 2023

Focused on the future, delivering value today



Our Objective

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.



Why invest?

- Exposure to value focused, under-researched global resources equities, aided by the investment trust closed end structure
- Unconstrained flexibility to invest in energy, mining or related service industries
- After years of producer under-investment, supply is now constrained, potentially leading to higher prices and higher profits for natural resources companies
- Global growth and energy transition to drive long term demand
- Fund dividends are supported by strong income dynamics of the sector

IFC Our Objective
IFC Why invest?

Strategic Report

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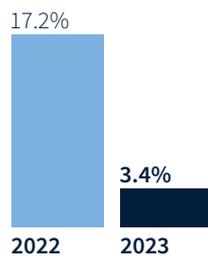
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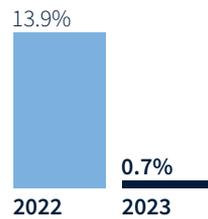
Key Metrics

For the six months to 31 December 2023:

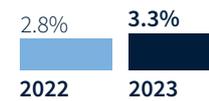
Net asset value total return



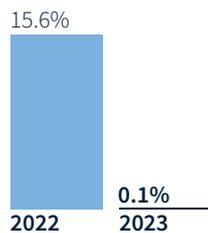
Share price total return



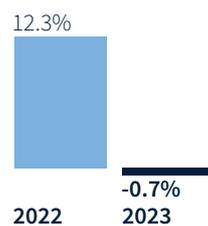
Dividend yield**



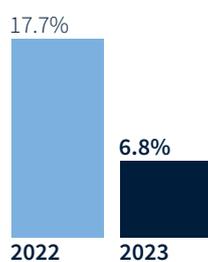
Net asset value capital return



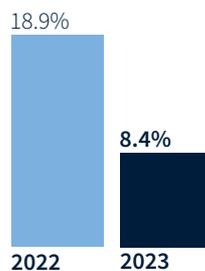
Share price capital return



MSCI World Energy Sector Index* total return (sterling adjusted)



MSCI World Metals and Mining Index* total return (sterling adjusted)



* Used by the Company as a comparator, not a benchmark.

** Based on an annualised dividend of 5.60 pence per share.

Chair's Statement



“Your Investment Manager took a more cautious approach over the past six months, positioning the portfolio to mitigate risks”

Helen Green

Your Board believes that the ongoing energy transition is an investment theme that will deliver rewards to investors over the long term.

Overview

Geopolitical events, inflation concerns, and a slow rebound in growth in China have defined the first half of our financial year. These macro headwinds have had a knock on effect on some but not all commodities in which the fund invests. As a result, your Investment Manager took a more cautious approach over the past six months, positioning the portfolio to mitigate risks.

Geopolitically, the period was dominated by the Israel / Hamas conflict and the ongoing war in Ukraine. While fears of a significant broadening of the conflict have, to date, proven unfounded, November saw the beginning of sustained attacks on shipping in the Red Sea. Perhaps surprisingly, these tensions have yet to have a material effect on the price of commodities.

Elsewhere, reflecting easing inflation and weak new housing and manufacturing activity in China which have acted as headwinds to many commodity markets, the portfolio has low levels of exposure to base metals. Precious metals, on the other hand, were supported by central bank buying, with gold hitting an all-time high although this is yet to flow through to the valuations of the precious metal miners.

On a positive note, our exposure to uranium has delivered good results as the sector has continued to be supported by demand arising from moves to reduce emissions and extend reactor lives. Supply has been constrained as a result of sanctions against Russia and a lack of new developments and the Investment Manager believes that this allows the sector to offer some defensive characteristics.

Fuller details of how the Investment Manager has navigated these and other markets in which we invest are provided in the Investment Manager's Review beginning on page 6.

Performance and Discount

Despite the macro headwinds, the performance of the fund generated a total net asset return of 3.4%. The share price total return over the period was 0.7%. This difference reflects a widening of the discount over the period from 13.5% to 17.7%, in line with the widening of discounts seen across the investment trust sector in the second half of calendar 2023.

As stated in our most recent Annual Report, the Company now uses the MSCI World Metals and Mining Index (which produced a total return of 8.4% in sterling terms), and the MSCI World Energy Sector Index (which returned 6.8% in sterling terms) as performance comparators. This decision was taken as one of the component indices from our previous composite index (80 per cent of the EMIX Global Mining Index and 20 per cent of the Credit Suisse High Yield Index) was retired in July 2023 and no suitable replacement was available. The Board believes the comparison of our performance to the MSCI World Metals and Mining and the MSCI World Energy Sector indices is more accurate and sustainable.

During the six month period under review, the Company underperformed its MSCI comparators. In part, this was due to the Company's focus on small and mid-capitalisation companies, which the macro-economic environment did not favour during the period.

Over the longer term the Company's net asset value has increased by 144.0% in total return terms over the five years to 31 December 2023. In comparison, the MSCI World Energy Sector Index has risen by 65.2% and the MSCI World Metals and Mining Index has increased by 113.4% over the same period.

Dividends and Income

The Board considers that the dividend policy is very attractive to shareholders and provides an element of share price stability. The Company has continued to maintain its dividend and has paid two quarterly dividends of 1.26 pence each per share during the financial year to date.

We continue to monitor the revenue position of the Company closely. Our income can be materially affected by shifts in portfolio holdings and by special dividends received. The revenue outlook remains healthy, supported by income from shipping and energy. However, at this stage of the year it is reasonable to say that a repeat of last year's supernormal payout is unlikely given a reduced level of special dividend receipts from energy investments in the year to date. Based on the current conditions and revenue forecasts, and subject to no unforeseen circumstances, the Board currently intends to follow the pattern

of previous years in paying three identical interim dividends, with the last dividend of the year being adjusted to reflect the full year revenue position of the Company. Should the portfolio benefit from any material one-off dividends from its holdings, the Board may consider an additional special dividend, separate from the more reliable continuing dividend stream offered by the Company.

Gearing

The rising uncertainty in the markets in which the Company invests has led the Investment Manager to reduce gearing slightly over the period from 8.9% at the start of the period to 7.1% as at 31 December 2023. Gearing continues to be provided by a £25 million revolving credit facility from Scotiabank which is due to mature in September 2024 and which the Company intends to renew. As at 31 December 2023, a total of £14 million had been drawn down from this facility. Further details will be provided in the Company's Annual Report for the year to 30 June 2024.

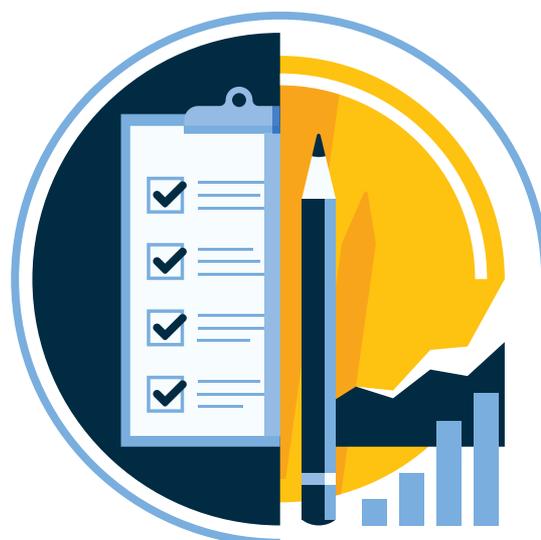
Outlook

The outlook is demanding, however, the more volatile conditions we are operating in do create investment opportunities for your Investment Manager. The flexible mandate which allows the Investment Management team to invest across a range of commodity sectors has proved very useful as the Company has avoided exposure to areas such as iron ore and copper which have come under pressure over the last year. Attractive areas for investment growth can be seen in the uranium sector in which we have increased our weighting. We have also kept our precious metals exposure as an effective hedge against market volatility.

The Board share the Investment Manager's views and expectations for the longer term: further details are set out within their Review on pages 6 and 7.

Helen Green

Chair
27 March 2024



Financial Highlights

Total Return	Six months ended 31 Dec 2023	Six months ended 31 Dec 2022	Year ended 30 June 2023	Five years ended 31 December 2023
Net asset value	3.4%	17.2%	3.5%	144.0%
Ordinary share price	0.7%	13.9%	(2.0)%	142.2%
MSCI World Energy Sector Index (sterling adjusted)*	6.8%	17.7%	8.2%	65.2%
MSCI World Metals and Mining Index (sterling adjusted)*	8.4%	18.9%	14.0%	113.4%

Capital Values	As at 31 December 2023	As at 30 June 2023	% change
Net asset value per share	204.33p	204.16p	0.1%
Ordinary share price (mid market)	168.25p	169.50p	(0.7)%

Revenue and Dividends	Six months ended 31 Dec 2023	Six months ended 31 Dec 2022
Earnings per ordinary share	3.06p	5.26p
Dividends per ordinary share	2.52p	2.52p
Dividend yield**	3.3%	2.8%
Discount (difference between share price and fully diluted net asset value)	17.7%	15.8%
Gearing	7.1%	8.2%
Ongoing charges (as a percentage of average shareholders' funds)	1.8%	1.6%

Highs and Lows during the six months ended 31 December 2023	High	Low
Net asset value	217.92p	188.63p
Ordinary share price (mid market)	187.00p	164.50p
Discount	19.3%	9.9%

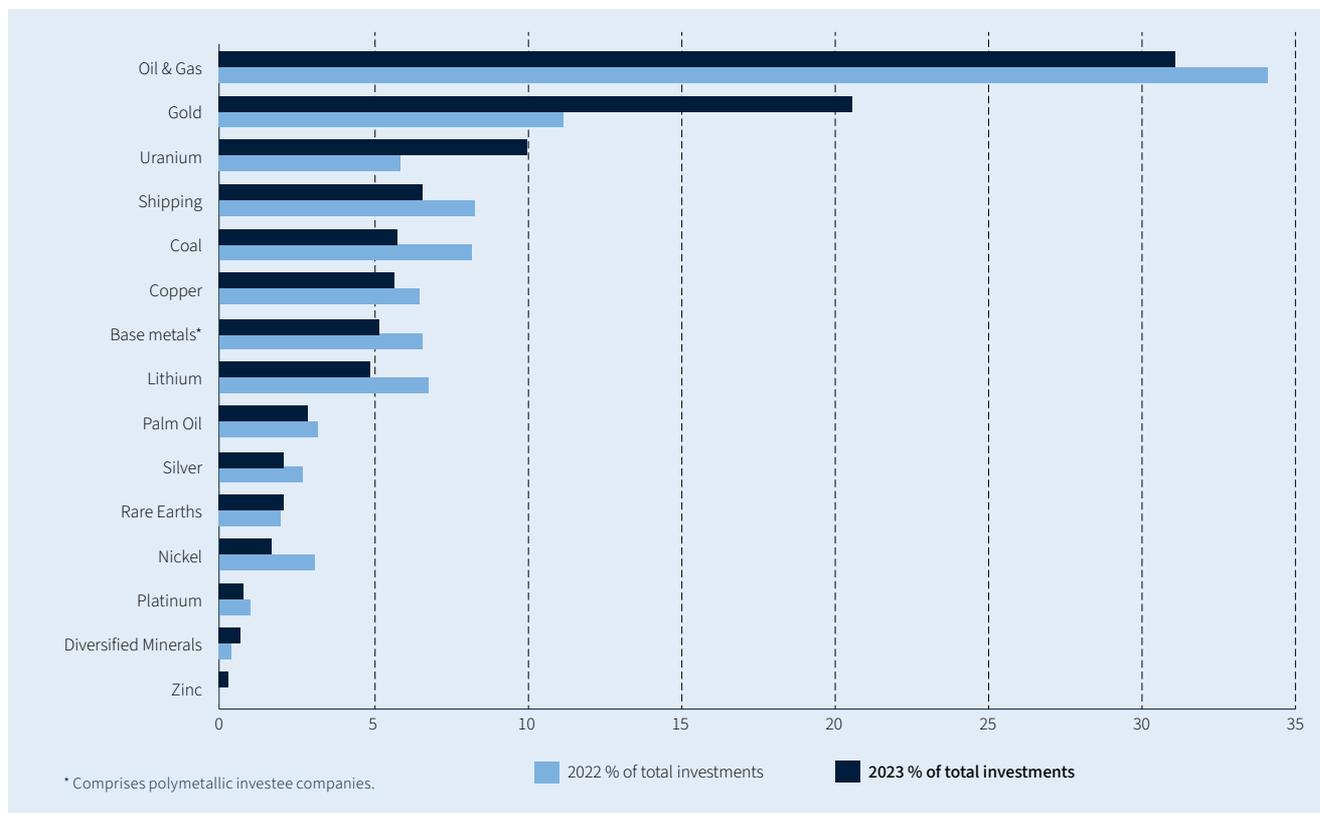
Dividend History	Rate per share	Ex-dividend date	Record date	Payment date
Second interim dividend 2024	1.26p	25 January 2024	26 January 2024	23 February 2024
First interim dividend 2024	1.26p	26 October 2023	27 October 2023	27 November 2023
Total	2.52p			
Special interim dividend 2023	3.00p	21 September 2023	22 September 2023	16 October 2023
Fourth interim dividend 2023	1.82p	27 July 2023	28 July 2023	31 August 2023
Third interim dividend 2023	1.26p	27 April 2023	28 April 2023	26 May 2023
Second interim dividend 2023	1.26p	26 January 2023	27 January 2023	28 February 2023
First interim dividend 2023	1.26p	27 October 2022	28 October 2022	25 November 2022
Total	8.60p			

* The EMIX Global Mining Index (sterling adjusted), which formed part of the Company's composite benchmark index in periods prior to 30 June 2023 ceased publication. From 1 July 2023, the Company has used the MSCI World Energy Sector Index (sterling adjusted) and MSCI World Metals and Mining Index (sterling adjusted) as performance comparator indices, not formal benchmarks.

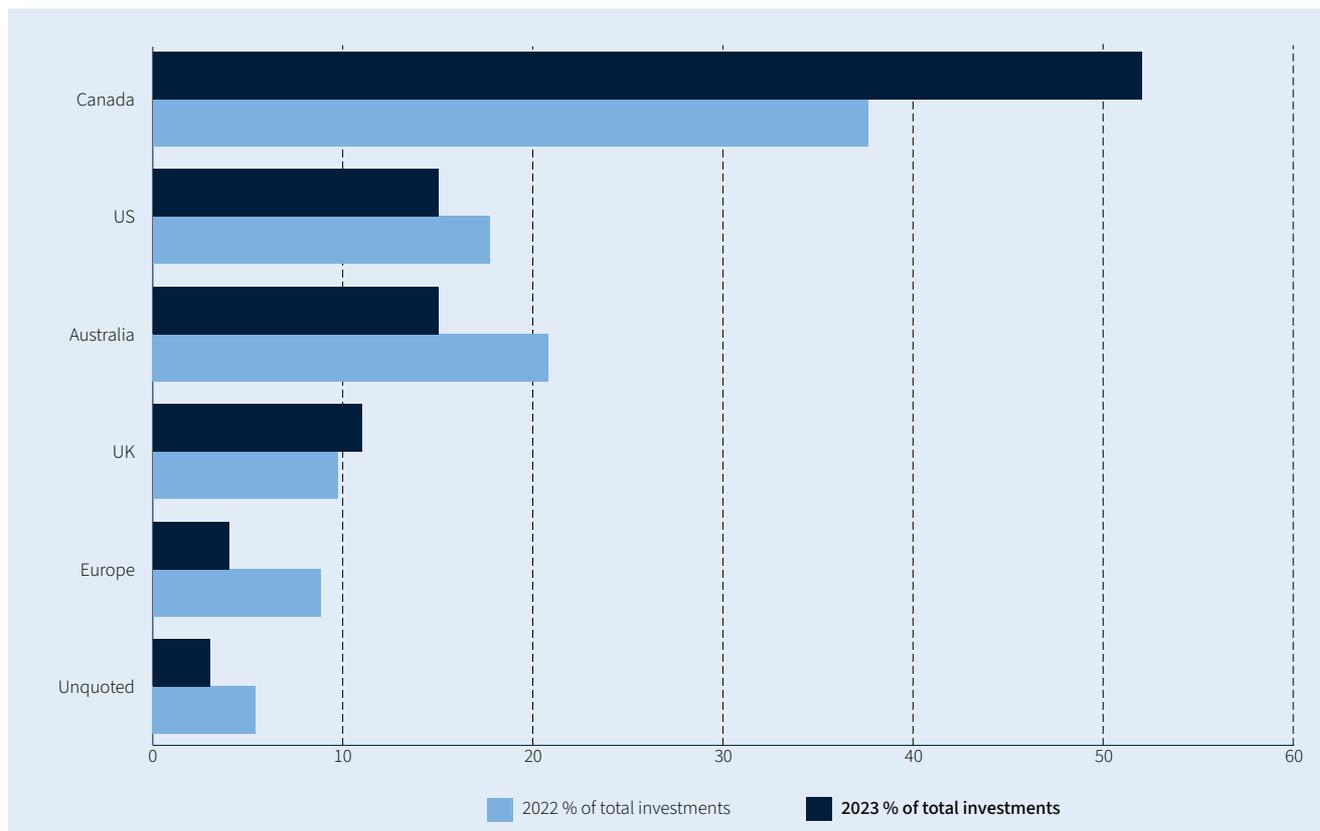
** Based on an annualised dividend of 5.60 pence per share (31 December 2022: 5.60 pence per share).

Portfolio at a glance

By commodity



By location of listing



Investment Manager's Review



Ian (Franco) Francis



Keith Watson



Robert Crayfourd

“Over the medium term, valuations appear attractive as supply remains constrained.”

Economic and Market Summary

Inflation pressures notably eased during the period under review, supporting a market consensus for a broader soft landing in the global economy. We have taken a more cautious tone as we see a number of potential risks that are increasingly difficult to ignore. The year-on-year comparisons on inflation are flattered by the peak inflation numbers in late 2022, which, whilst easing, means that prices are still substantially above where they were, even if the rate of growth has slowed. This has led to higher wage demands from a tight workforce adding some permanence to inflation.

The reopening of China's economy has stalled over the past six months as the ongoing property crisis continues to dampen sentiment and confidence, thus weighing on the demand for commodities. The Chinese stock markets remain weak, indicative of broader concerns, whilst the Chinese central bank is easing monetary conditions to add support.

The ongoing Russian / Ukrainian war has had remarkably little impact on commodities, as Russian commodities have circumvented restrictions and sanctions. Russian oil has consistently traded above the \$60 per barrel price cap.

The Israel / Hamas conflict has also seen little direct impact on commodities. Iran remains involved in most Middle East regional incidents and continues to enrich uranium to weapons grade, suggesting an increasing probability of escalation or at a minimum a stricter enforcement of sanctions, which would be supportive for oil prices.

Positioning

Commodities continue to offer good protection against inflation risk, but with a worsening outlook for China we continued to focus the portfolio on commodities that are less tied to Chinese economic growth. This has led to a zero weighting in iron ore and a low weighting in base metals, that are intrinsically tied to Chinese property and white goods. The pace of the energy transition theme has also softened, and the valuations are generally quite stretched. Over the medium term, valuations appear attractive as supply remains constrained. We will be looking to add back to the sector on any material pull backs.

We increased the weighting in the precious metal miners, however, sentiment towards this sub sector remained poor, with discounted valuations despite the gold price making a new all time high at the end of 2023. Gold has held above \$2,000 per oz. despite weak financial market demand from exchange-traded funds (“ETFs”) and soft retail demand. The primary driver has been strong Central Bank demand, which we expect to continue over the coming years. There are many reasons we believe steady ETFs selling of physical gold may shift to buying in 2024, which may be the catalyst to more convincingly break the all-time highs that are currently creating significant resistance.

The portfolio continues to be overweight in energy, noting energy demand is fairly insensitive to slowdowns as people still drive to work, heat homes, require goods to be delivered to supermarkets etc. Supply growth is also constrained, but after OPEC cuts of 3 million barrels of oil per day, there is still spare production capacity that can fill projected global demand growth for 2024.

Although discord in OPEC is flagging, the Saudis are less willing to bear further cuts for the group, which lessens one supportive mechanism. However, other than this spare capacity, it is not clear where any meaningful sources of supply will come from. The US shale sector is now maturing. There have been a number of large-scale mergers, discipline has increased, rig counts have dropped and US shale growth looks close to plateauing, despite headlines flagging record US shale production. We will see increasingly less flexibility in the system through 2024, leaving the market vulnerable to any supply shocks.

2023 was marked by very few energy supply disruptions, as Russian supply managed to circumvent sanctions and the price cap via the shadow fleet of older crude ships they acquired, but the lack of oil field services will begin to weigh on domestic production. The US also eased sanctions on Iranian oil exports, leading to an increase in supply, despite Iran appearing to have a hand in multiple points of tension in the Middle East. Going in to 2024, at the time of writing, Trump is leading in the polls. He would be likely to take a much tougher stance on Iran, whilst even under Biden, application of sanctions would probably toughen which could add to a tightening of spare capacity in the global oil market.

The portfolio's shipping weighting remains at 9%, dominated by holdings in crude shipper, Frontline, and propane shipper, BW LPG. The order books for shipping in general are at record lows, as a lack of clarity on future propulsion regulation has made financing new vessels difficult. This has pushed up the values of the existing fleets and is leading to strong day rates as shipping fleet utilisation levels increase. This has led to strong earnings for the sector.

The Company's weighting in uranium miners increased to 10.4%, in part due to strong performance from the likes of NexGen but also through some additions. The market dynamics for uranium look increasingly positive as a structural tightly supplied market is being met by an increase in demand. This is driven by an extension of reactor lives in the West following global climate commitments to reduce emissions. China continues to build 8-10 reactors a year and is pushing both spot uranium prices and contract prices significantly higher.

Outlook

The outlook for commodities looks more varied than we have seen in prior stages of the cycle in our view. Energy and precious metals offer an attractive risk reward on a top-down and bottom-up view, hence the large positioning. Commodities should prove more defensive in a slowing economic backdrop, whilst the bottom-up valuations lead to strong returns for the underlying companies held.

Uranium miners are seeing an exciting fundamental backdrop as a tightening supply demand balance is seeing stronger pricing. Unlike other commodities, higher prices have little impact on demand for Uranium as it is such a small proportion of the overall cost of power production. The political support for this zero-carbon form of baseload power will lead to a further build out of the global reactor fleet, supporting demand and thus prices received by the miners. This demand will remain regardless of the global economy so also offers defensive characteristics.

We see demand risks in base metals in the near term primarily driven by a Chinese slow down hence the zero weight in iron ore and reduced weight in base metals, but we like the long-term structural deficits some years out, especially in copper. Valuation remains hugely important in our allocation, which for now leaves copper miners looking relatively expensive. We will add back to these names on weakness or where we see outlying value opportunities.

Ian Francis, Keith Watson, Rob Crayfourd

New City Investment Managers

27 March 2024

Investment Portfolio

As at 31 December 2023

Company	Sector	Valuation £'000	Total Investments %
NexGen Energy	Uranium	10,848	7.4
BW LPG	Shipping	7,530	5.1
Emerald Resources	Gold	7,371	5.0
Transocean	Oil & Gas	6,451	4.4
Frontline ¹	Oil & Gas	5,024	3.4
Diamondback Energy	Oil & Gas	4,708	3.2
Precision Drilling	Oil & Gas	4,379	3.0
Vermilion Energy	Oil & Gas	4,370	3.0
REA Holdings ²	Palm Oil	4,236	2.9
EOG Resources	Oil & Gas	4,041	2.8
Top ten investments		58,958	40.2
Karora Resources	Base metals	3,875	2.6
Diversified Gas & Oil	Oil & Gas	3,654	2.5
West African Resources	Gold	3,555	2.4
Tamboran Resources	Oil & Gas	3,497	2.4
Leo Lithium	Lithium	3,340	2.3
Foran Mining	Copper	3,315	2.3
Lynas Corporation	Rare Earth	2,872	2.0
Thungela Resources	Coal	2,578	1.8
Calidus	Gold	2,571	1.8
Sigma Lithium Resources	Lithium	2,548	1.7
Top twenty investments		90,763	61.9
Peabody Energy	Coal	2,479	1.7
Ora Banda Mining	Gold	2,448	1.7
Calibre Mining	Gold	2,065	1.4
Coronado Global Resources	Coal	2,027	1.4
Ur-Energy	Uranium	2,023	1.4
Wheaton Precious Metals	Gold	1,935	1.3
Talon Metals	Nickel	1,819	1.2
Osisko	Gold	1,776	1.2
Pioneer Natural Resources	Oil & Gas	1,765	1.2
2020 Bulkers	Shipping	1,760	1.2
Top thirty investments		110,860	75.6

Company	Sector	Valuation £'000	Total Investments %
Galena Mining	Base metals	1,749	1.2
Peyto Exploration & Development	Oil & Gas	1,716	1.2
Shelf Drilling	Oil & Gas	1,539	1.0
Adventus Mining Corporation	Copper	1,525	1.0
New Hope	Coal	1,432	1.0
Fission Uranium	Uranium	1,428	1.0
Ero Copper	Copper	1,305	0.9
NorAm Drilling	Oil & Gas	1,244	0.8
Tamboran Resources	Oil & Gas	1,097	0.7
Fortuna Silver Mines	Silver	1,078	0.7
Top forty investments		124,973	85.2
Ascendant Resources ³	Base metals	1,061	0.7
Metals X	Base metals	940	0.6
Westgold Resources	Gold	929	0.6
TDG Gold	Gold	845	0.6
Central Asia Metals	Copper	775	0.5
MAG Silver	Silver	758	0.5
Richmond Vanadium	Diversified Minerals	749	0.5
Mawson Gold	Gold	738	0.5
Rex Minerals	Gold	731	0.5
Rupert Resources	Gold	690	0.5
Top fifty investments		133,189	90.9
B2Gold Corp	Gold	678	0.5
Reunion Gold	Gold	602	0.4
Afentra	Oil & Gas	592	0.4
Patriot Battery Metals	Lithium	589	0.4
Integra Resources	Gold	586	0.4
Vizsla Silver	Silver	557	0.4
PetroTal Corp	Oil & Gas	552	0.4
Collective Mining	Copper	494	0.3
Trident Royalties	Zinc	479	0.3
Firefinch	Lithium	475	0.3
Top sixty investments		138,793	94.7

Investment Portfolio continued

Company	Sector	Valuation £'000	Total Investments %
Palladium One Mining	Platinum	467	0.3
Euronav	Shipping	451	0.3
Cosa Resources	Copper	451	0.3
First Quantum Minerals	Copper	450	0.3
Silver Mountain Resources	Silver	445	0.3
New World Resources	Gold	445	0.3
Odyssey Gold	Gold	433	0.3
Denison Mines	Uranium	429	0.3
Newcore Gold	Gold	422	0.3
Platinum Group Metals	Platinum	381	0.3
Top seventy investments		143,167	97.7
Other investments		3,432	2.3
Total		146,599	100.0

¹ Includes Frontline USD valued at £3,883,000 and Frontline NOK valued at £1,141,000.

² Includes REA Holdings 9% preference shares valued at £3,670,000, REA Finance 8.75% 31/08/25 valued at £425,000, REA Holdings valued at £138,000 and REA Holdings warrants valued at £3,000.

³ Includes Ascendant Resources valued at £911,000 and Ascendant Resources warrants valued at £150,000.

Top ten largest holdings

NexGen Energy

A tier 1 uranium development asset in the established Athabasca Basin uranium mining district in Saskatchewan, Canada has the potential to be the lowest cost uranium mine globally. As a zero-carbon source of energy, civil nuclear power generation and hence uranium, may gain further traction in global energy mix.

£'000

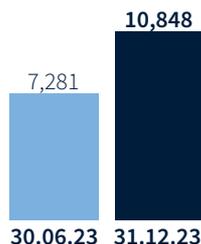
3,567
Appreciation

Sales

-

Purchases

-



BW LPG

The world's largest independent LPG shipper, predominantly sending propane from the US and Middle East to Asia. Propane is a by-product of shale production, so benefits from increased activity in the US. Naphtha switching at refiners and displacing wood for propane as fuel in the likes of India are major drivers of demand growth. The company has a strong capital returns policy, primarily through dividends.

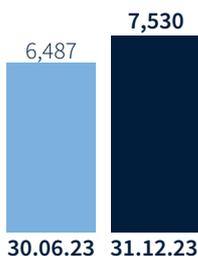
£'000

3,065
Appreciation

Sales
(2,022)

Purchases

-



Emerald Resources

An Australian listed gold producer, with a producing mine in Cambodia and development asset in Australia. The company has successfully commissioned its low cost Okvau gold mine in Cambodia on time and budget. This strong management team has a long history of delivering mines on time and budget and are self-funded for the future growth profile.

£'000

2,542
Appreciation

Sales
(331)

Purchases

-



Top ten largest holdings continued

Transocean

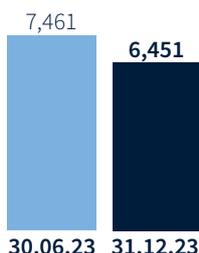
A leading international provider of offshore contract drilling services for oil and gas wells. The group is well placed to benefit from an improvement in offshore rig day rates. The offshore rig market looks attractive as spending from global oil and gas increases, whilst the availability of rigs remains constrained given the large capital requirement and long lead times for new builds.

£'000

(620)
Depreciation

Sales
(390)

Purchases
-



Frontline

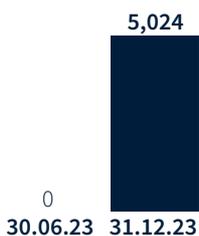
A leading listed seaborne transporter of crude oil and refined products. The company owns and operates one of the largest and most modern fleets in the industry, consisting of VLCCs, Suezmax tankers and LR2 / Aframax tankers. Due to Frontline's brand, financial flexibility, and significant scale, it holds a unique position among its peers.

£'000

648
Appreciation

Sales
(50)

Purchases
4,426



Diamondback Energy

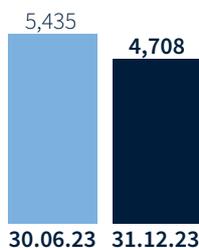
A large US oil shale producer, in the Permian basin, in Texas. They have high quality acreage and management, so are well placed to benefit from current stronger energy pricing. The implied oil price of \$60/bbl. is materially below current spot markets.

£'000

983
Appreciation

Sales
(1,710)

Purchases
-



Precision Drilling

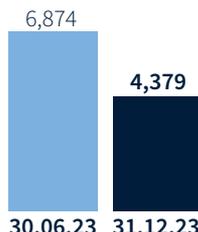
Precision Drilling owns a fleet of land rigs for oil and gas shale, in the US, Canada and Middle East. They are well placed to benefit from tightening fundamentals in the rig market, as producer activity picks up due to stronger energy pricing. Despite a cautious stance from oil and gas re adding production in North America, the rig market is already tight, seeing strong day rates for Precision.

£'000

1,271
Appreciation

Sales
(3,766)

Purchases
-



Vermilion Energy

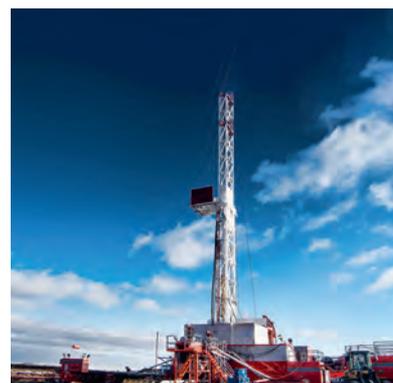
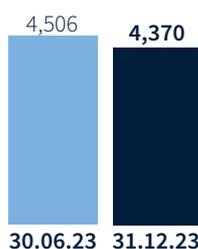
A Canadian listed European and Canadian oil and gas producer. Two-thirds of their production is North American, but also with sizeable European gas exposure at a higher margin, the company is well placed to benefit from current tight gas market in Europe due to the loss of Russian gas, as windfall taxes have discouraged new investment into supply. With strong free cash flow and significant scope for growth, the company has focused on share buybacks so far and will increase this as they reduce debt levels further.

£'000

(136)
Depreciation

Sales
-

Purchases
-



REA Holdings

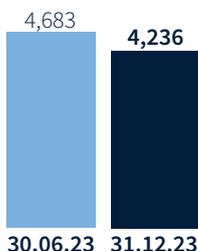
A leading contributor to responsible palm oil production globally. REA has a commitment to produce sustainably and has also received RSPO certification. Following substantial cost cutting measures the group is well placed to benefit from the recent recovery in the crude palm oil price.

£'000

(447)
Depreciation

Sales
-

Purchases
-



Top ten largest holdings continued

EOG Resources

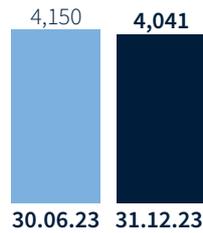
A top tier US shale oil producer. The company explores for, develops, produces, and markets crude oil, natural gas liquids (“NGLs”) and natural gas primarily in major producing basins in the US. It also has offshore operations in Republic of Trinidad and Tobago.

£'000

257
Appreciation

Sales
(366)

Purchases
-



	Valuation 30 June 2023 £'000	Purchases £'000	Sales £'000	Appreciation/ (depreciation) £'000	Total £'000
Top ten investments	52,037	4,426	(8,635)	11,130	58,958

At 31 December 2023, these investments totalled £58,958,000 or 40.2% of the investment portfolio.

Condensed Income Statement

	Notes	Six months ended 31 December 2023 (unaudited)			Six months ended 31 December 2022 (unaudited)		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments held at fair value through profit or loss	2	–	2,567	2,567	–	20,502	20,502
Exchange gains		–	226	226	–	16	16
Income	3	3,078	341	3,419	4,428	–	4,428
Investment management fee		(209)	(628)	(837)	(230)	(691)	(921)
Other expenses		(523)	(2)	(525)	(356)	–	(356)
Net return before finance costs and taxation		2,346	2,504	4,850	3,842	19,827	23,669
Interest payable and similar charges		(126)	(367)	(493)	(78)	(233)	(311)
Net return before taxation		2,220	2,137	4,357	3,764	19,594	23,358
Taxation		(174)	–	(174)	(247)	–	(247)
Net return after tax for the period		2,046	2,137	4,183	3,517	19,594	23,111
Basic and diluted return per share		3.06p	3.19p	6.25p	5.26p	29.29p	34.55p

The 'Total' column of this statement represents the Company's profit and loss account, prepared in accordance with UK GAAP.

All revenue and capital items in this statement derive from continuing operations.

There is no other comprehensive income, and therefore the net return after tax for the period is also the total comprehensive income.

The accompanying notes are an integral part of the financial statements.

Condensed Balance Sheet

	Notes	As at 31 December 2023 (unaudited) £'000	As at 30 June 2023 (audited) £'000
Fixed assets			
Investments at fair value through profit or loss		146,599	149,465
Current assets			
Debtors		374	257
Cash at bank		4,234	3,857
		4,608	4,114
Creditors: amounts falling due within one year			
Other payables		(531)	(1,019)
Loan: amount falling due within one year	8	(14,000)	(16,000)
		(14,531)	(17,019)
Net current liabilities		(9,923)	(12,905)
Net assets		136,676	136,560
Capital and reserves			
Called-up share capital		16,722	16,722
Special distributable reserve		28,309	28,571
Share premium		4,851	4,851
Capital reserve		85,591	83,454
Revenue reserve		1,203	2,962
Equity shareholders' funds	7	136,676	136,560
Net asset value per share	7	204.33p	204.16p

The accompanying notes are an integral part of the financial statements.

Condensed Statement of Changes in Equity

	Share Capital £'000	Share premium account £'000	Special distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
For the six months ended 31 December 2023 (unaudited)						
Balance at 30 June 2023	16,722	4,851	28,571	83,454	2,962	136,560
Return after tax for the period	–	–	–	2,137	2,046	4,183
Dividends paid	–	–	(262)	–	(3,805)	(4,067)
Balance at 31 December 2023	16,722	4,851	28,309	85,591	1,203	136,676
For the six months ended 31 December 2022 (unaudited)						
Balance at 30 June 2022	16,722	4,851	28,571	84,928	–	135,072
Return after tax for the period	–	–	–	19,594	3,517	23,111
Dividends paid	–	–	–	–	(2,060)	(2,060)
Balance at 31 December 2022	16,722	4,851	28,571	104,522	1,457	156,123

The special distributable reserve and the revenue reserve represent the amount of the Company's reserves distributable by way of dividend.

The accompanying notes are an integral part of the financial statements.

Condensed Cash Flow Statement

	Six months ended 31 December 2023 (unaudited) £'000	Six months ended 31 December 2022 (unaudited) £'000
Operating activities		
Investment income received	2,767	3,302
Deposit interest received	46	33
Investment management fees paid	(702)	(896)
Other payments	(562)	(345)
Net cash inflow from operating activities	1,549	2,094
Investing activities		
Purchases of investments	(10,569)	(40,090)
Disposals of investments	15,724	40,934
Net cash inflow from investing activities	5,155	844
Financing activities		
Dividends paid	(4,067)	(2,060)
Loan repayment	(2,000)	(3,000)
Loan interest paid	(486)	(302)
Net cash outflow from financing activities	(6,553)	(5,362)
Increase/(decrease) in net cash	151	(2,424)
Exchange movements	226	16
Opening net cash at 1 July	3,857	6,111
Closing net cash at 31 December	4,234	3,703

The accompanying notes are an integral part of the financial statements.

Notes to the Condensed Financial Statements

for the Half Year ended 31 December 2023

1 Accounting Policies – Basis of Preparation

The condensed interim financial statements have been prepared in accordance with Financial Reporting Standard 104 (Interim Financial Reporting) and with the Statement of Recommended Practice for 'Financial Statements of Investment Trust Companies and Venture Capital Trusts'. They have also been prepared on a going concern basis and on the assumption that approval as an investment trust will continue to be granted.

The condensed interim financial statements have been prepared using the same accounting policies as the preceding annual financial statements, which were prepared under Financial Reporting Standard 102.

2 Gains on Investments

Included within gains on investments for the period ended 31 December 2023 are realised £1,993,000 (31 December 2022: £13,610,000) and unrealised gains of £574,000 (31 December 2022: £6,892,000).

3 Income

The breakdown of income for the six months to 31 December 2023 and 31 December 2022 is as follows:

	Six months ended 31 December 2023 (unaudited) £'000	Six months ended 31 December 2022 (unaudited) £'000
Income from investments:		
UK dividend income	39	66
Preference share dividend income	–	714
Overseas dividend income	2,890	3,469
Overseas fixed interest	103	126
	3,032	4,375
Other income		
Deposit interest	46	53
Total income	3,078	4,428

Notes to the Condensed Financial Statements continued

for the Half Year ended 31 December 2023

4 Return per Share

Return per share attributable to shareholders reflects the overall performance of the Company in the period. Net revenue recognised in the first six months is not necessarily indicative of the total likely to be received in the full accounting year.

	Six months ended 31 December 2023 (unaudited) £'000	Six months ended 31 December 2022 (unaudited) £'000
Revenue return	2,046	3,517
Capital return	2,137	19,594
Total return	4,183	23,111

	Six months ended 31 December 2023 (unaudited) £'000	Six months ended 31 December 2022 (unaudited) £'000
Revenue return per share	3.06	5.26
Capital return per share	3.19	29.29
Total return per share	6.25	34.55

The weighted average number of shares in issue during the six months ended 31 December 2023 was 66,888,509 (Six months ended 31 December 2022: 66,888,509).

There are no dilutive instruments issued by the Company.

5 Dividends

During the six months to 31 December 2023, the Company paid a fourth interim dividend of 1.82 pence per share and a special interim dividend of 3.00 pence per share in relation to the financial year ended 30 June 2023, and a first interim dividend of 1.26 pence per share in relation to the six months ended 31 December 2023.

A second interim dividend 2024 of 1.26 pence per share was declared after 31 December 2023 and paid on 23 February 2024. This was not recognised in the Condensed Income Statement in this Half-Yearly Report.

6 Share Capital

At 31 December 2023 there were 66,888,509 ordinary shares in issue (30 June 2023: 66,888,509).

During the six months ended 31 December 2023 the Company did not issue or repurchase for cancellation any ordinary shares (Six months ended 31 December 2022: none).

7 Net Asset Value per Share

	As at 31 December 2023 (unaudited)	As at 31 December 2022 (unaudited)
Net asset value per share	204.33p	204.16p
Net assets	£136.7m	£136.6m
Ordinary shares of 25p each in issue	66,888,509	66,888,509

There are no dilutive instruments issued by the Company.

8 Bank Loan Facility

	As at 31 December 2023 (unaudited) £'000	As at 31 December 2022 (unaudited) £'000
Amount drawn from the bank loan facility	14,000	16,000

The Company has an unsecured loan facility with Scotiabank Europe Plc (“Scotiabank”). The facility expired on 17 September 2023 and has been renewed for a further year expiring on 15 September 2024.

As at 31 December 2023, the unsecured loan facility had a limit of £25 million, of which £14 million was drawn down at an estimated interest rate of 6.2855%.

During the period the covenants of the loan facility have been met. The following are the covenants for the facility:

- the borrower shall not permit the adjusted asset coverage to be less than 3.5 to 1; and
- the borrower shall not permit the net asset value to be less than £45,000,000.

The loan facility is rolled over every three months and can be cancelled at any time.

9 Going Concern

After making enquiries and having considered the Company’s investment objective, nature of the investment portfolio, bank facility and expenditure projections, the Directors consider that the Company has adequate resources to continue in operation for the foreseeable future. For this reason, the Directors are satisfied that it is appropriate to adopt the going concern basis in preparing this report.

10 Comparative Information

The condensed financial statements contained in this Half-Yearly Report do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The financial information for the six months to 31 December 2023 and 31 December 2022 has not been audited or reviewed by the Company’s external auditor.

The information for the year ended 30 June 2023 has been extracted from the latest published audited financial statements. Those statutory financial statements have been filed with the Registrar of Companies and included the report of the auditor, which was unqualified and did not contain a statement under Sections 498(2) or (3) of the Companies Act 2006.

Earnings for the first six months should not be taken as a guide to the results for the full year.

Notes to the Condensed Financial Statements continued

for the Half Year ended 31 December 2023

11 Related Parties

The following are considered related parties: the Board of Directors (“the Board”) and CQS (UK) LLP (“the Investment Manager”). On 15 November 2023, the Company was advised that CQS (UK) LLP was being acquired by Manulife Investment Management, a leading international financial services group. The transaction is expected to close in Spring 2024.

All transactions with related parties are carried out on an arm’s length basis.

There are no other transactions with the Board other than aggregated remuneration and reimbursement of expenses for services as Directors. The balance due to Directors for fees at the period end was £17,000.

The Investment Manager’s management fee is 1.2 per cent on net assets up to £150m; 1.1 per cent on net assets above £150m and up to £200m; 1.0 per cent on net assets above £200m and up to £250m; and 0.9 per cent on net assets above £250m.

The amount incurred in respect of investment management fees during the period was £837,000 (2022: £921,000), of which £273,000 (2022: £320,000) was outstanding as at 31 December 2023.

Interim Management Report and Responsibility Statement

The Chair's Statement beginning on page 2 and the Investment Manager's Review beginning on page 6 give details of the important events which have occurred during the period and their impact on the financial statements.

Principal Risks and Uncertainties

The Company's assets consist principally of listed equities and fixed interest securities and its principal risks are therefore market related.

The Company is also exposed to currency risk in respect of the markets in which it invests. Other key risks faced by the Company relate to investment and strategy, market, sector, financial, earnings and dividend, gearing, operational and key person, regulatory, cyber and political. These risks, and the way in which they are managed, are described in more detail under the heading 'Principal Risks, Uncertainties and Mitigation' within the Strategic Review contained within the Company's Annual Report for the year ended 30 June 2023. The Company's principal risks and uncertainties have not changed materially since the date of the report and are not expected to change materially for the rest of the Company's financial year.

Related Parties Transactions

During the first six months of the current financial year, no transactions with related parties have taken place which have materially affected the financial position or the performance of the Company.

Going Concern

The Directors, having considered the Company's investment objective, the nature and liquidity of the portfolio and the income and expenditure projections, consider that the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future and is financially sound. For these reasons, they consider there is reasonable evidence to continue to adopt the going concern basis in preparing the financial statements.

Statement of Directors' Responsibilities in respect of the Interim Report

The Board of Directors confirms that, to the best of its knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 "Interim Financial Reporting" and gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- the interim management report includes a fair review of the information required by the Disclosure and Transparency Rules ("DTR") 4.2.7R, being an indication of important events that have occurred during the first six months of the financial year and their impact on the financial statements;
- the Directors' Statement of Principal Risks and Uncertainties shown above is a fair review of the information required by DTR 4.2.7R; and
- the interim management statement and condensed set of financial statements include a fair review of the information required by DTR 4.2.8R, being related party transactions that have taken place in the first six months of the financial year and that have materially affected the financial position or performance of the Company during the period, and any changes in the related party transactions described in the last Annual Report that could do so.

On behalf of the Board

Helen Green

Chair
27 March 2024

Corporate Information

Registered Number

02978531

Registered in England & Wales

Registered Office

25 Southampton Buildings
London WC2A 1AL

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Carole Cable

Paul Cahill

Christopher Casey (Chair, Audit Committee)

Alun Evans

AIFM and Investment Manager

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Company Secretary and Administrator

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Financial Adviser and Corporate Broker

Cavendish Capital Markets

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Scotiabank Europe Plc

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Custodian and Depository

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Please use the country code when calling from outside the UK. Calls from outside the UK will be charged at international rates. Other telephone provider costs may vary. Lines are open 8.30am to 5.30pm, Monday to Friday (excluding public holidays in England and Wales).

For deaf and speech impaired customers, calls are welcomed via Relay UK. Please see www.relayuk.bt.com for more information.

Notifications of changes of address and enquiries regarding share certificates or dividend cheques should be made in writing to the Registrars quoting your shareholder reference number. Registered shareholders can obtain further details of their holdings on the internet by visiting www.shareview.co.uk

Solicitors

Dentons UK and Middle East LLP

One Fleet Place

London EC4M 7WS

Shareholder Information

Net Asset Value/Share Price

The net asset value of the Company's ordinary shares may be obtained by contacting CQS on 0207 201 6900, by email at clientservice@cqsm.com or alternatively by visiting the Company's website at www.ncim.co.uk/cqs-natural-resources-growth-and-income-plc/.

Website

General Information about the Company, monthly factsheets and data, reports and details of general meetings can be found at www.ncim.co.uk/cqs-natural-resources-growth-and-income-plc/.

Unsolicited approaches for shares:

Many companies have become aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based 'brokers' who target UK shareholders offering to sell them what often turn out to be worthless or high-risk shares in US or UK investments. They can be very persistent and extremely persuasive. Shareholders are therefore advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports.

Please note that it is very unlikely that either the Company or the Company's Registrar, Equiniti Limited, would make unsolicited telephone calls to shareholders and that any such calls would relate only to official documentation already circulated to shareholders and never in respect of investment 'advice'.

Shareholders who suspect they may have been approached by fraudsters should advise the Financial Conduct Authority ("FCA") using the share fraud report form at www.fca.org.uk/scams or call the FCA Customer Helpline on 0800 111 6768. You may also wish to call either the Company Secretary or the Registrar whose contact details can be found on page 24.



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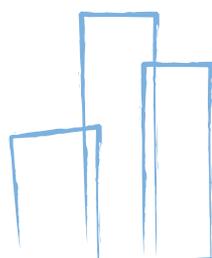
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CQS Natural
Resources Growth
and Income PLC