

CQS Natural Resources Growth and Income

KEY FUND FACTS¹

Fund Managers

Ian 'Franco' Francis
Keith Watson
Robert Crayford

Launch Date

August 2003

Total Gross Assets

£117.74m

Reference Currency

GBP

Ordinary Shares

Net Asset Value: 152.11p
Mid-Market Price: 142.25p

Yield (estimated)

3.9%

Gearing

13.6%

Discount

(9.86%)

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

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 Crayford (L to R)

Portfolio Managers CQS Natural Resources Growth and Income



Fund Management

Founded in 1999, CQS is a \$21.0bn² global multi-strategy asset management firm. The Fund is managed by Ian 'Franco' Francis, Keith Watson and Robert Crayford. 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	0.4	8.9	41.7	132.0	29.4	75.0	383.6
Share Price	0.5	15.8	57.2	180.7	51.1	110.5	392.0
Benchmark	5.6	2.3	20.1	61.7	58.7	144.3	485.1

Investment Commentary⁴

Commodity price moves were mixed over March. The drag from dollar strength, rising treasury yields and slow European vaccine roll out weighed was offset by US president Joe Biden's \$1.9tn pandemic stimulus plan being approved by the house, stronger-than-expected US Manufacturing ISM and Chinese Manufacturing PMI data. Biden is also looking to enact an infrastructure investment plan in excess of US\$2tn, which may further add to a positive outlook for commodities more broadly. The world is currently split into two groups; those emerging from Covid-19 (US, UK, China) and those seeing increasing cases and probable further lockdowns. This is muddying the demand outlook, but it should be noted that China still represents ~50% of demand for most commodities.

Gold prices continue to be influenced by outflows from physical ETFs, the largest marginal swing demand driver, although the precious metal miners now screen very attractively on a valuation basis at spot.

Copper supply disruptions continue, with union issues being experienced in Peru, Chile closing its borders due to Covid-19 and also considering increases to mining royalties. The International Copper Study Group (ICSG) flagged that the copper market deficit widened to 559kt in 2020, versus a deficit of 383kt in 2019. A similar sized shortfall is expected in 2021.

China has long been deflationary for commodity production, so an increased environmental focus in the region is positive, especially for commodities for which China is a major producer. Tightened environmental restrictions curbing activity in China's steel producing region of Tangshan is supporting the premium for high grade iron ore, due to the relative environmental benefits of its use.

Oil was little changed over the month despite volatility resulting from OPEC headlines and extended investor positioning. Oil initially saw gains on the news that OPEC would roll over restricted production quotas from March to April 2021, though subsequently announced that the cartel will relax production cuts by 2M bopd from May through to the end of July 2021. Higher prices are encouraging a return of US shale production, with a pick-up of activity showing in drilling and fracking data.

Nickel saw a sell-off after one of the world's largest stainless steel producers, Tsingshan, announcing much larger-than-expected nickel output forecasts for 2022 and 2023 while also emphasizing a shift towards nickel matte which can be processed into EV battery-grade nickel chemicals. Additionally, Norilsk, the world's largest producer of refined nickel, reported progress in restoring operations that were shut due to water inflows in February.

During the month, the Fund added to three Australian listed gold miners: Calidus Resources, West African resources, and also the new name Red 5.

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

AIFMD Leverage Limit Report (% NAV)

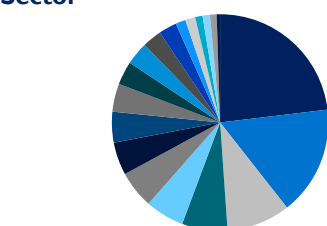
	Gross Leverage (%) ⁵	Commitment Leverage(%) ⁶
CQS Natural Resources Growth and Income	115	115

⁵Source: CQS, as at 31 March 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.

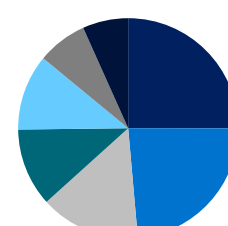
⁶Source: CQS, as at 31 March 2021. For methodology details see Article 4(3) of Directive 2011/61/EU (AIFMD) and Articles 6, 8, 9, 10 and 11 of Delegated Regulation 231/2013.

Portfolio Analysis¹

Sector



Region



■ Copper 23.1%	■ Gold 16.3%	■ North America 25.0%	■ Latam 23.6%
■ Shipping 9.5%	■ Fixed Interest Securities 6.8%	■ Africa 14.7%	■ Australia 11.5%
■ Base metals 5.8%	■ Oil & Gas 5.6%	■ Global 11.2%	■ Europe 7.3%
■ Uranium 4.9%	■ Lithium 4.6%	■ Asia 6.7%	
■ Nickel 4.2%	■ Palm Oil 3.5%		
■ Zinc 3.4%	■ Silver 2.9%		
■ Rare Earth 2.7%	■ Platinum 1.5%		
■ Property 1.5%	■ Iron 1.1%		
■ Mineral Sands 1.1%	■ Coal 1.0%		
■ Other 0.5%			

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

Name	(% of MV)
First Quantum Minerals ⁸	8.8
Sigma Lithium	4.6
Ero Copper	4.4
West African Resources	4.3
Talon Metals ⁹	4.2
Rea Holdings ¹⁰	3.8
Foran Mining	3.6
NexGen Energy	3.3
Euronav Luxembourg ¹¹	3.1
BW LPG	3.0
Top 10 Holdings Represent	43.1
Lynas Rare Earths	2.9
Capstone Mining	2.7
2020 Bulkers	2.6
Metals X	2.6
Trevali Mining ¹¹	2.5
Americas Gold and Silver ¹²	2.1
Emerald Resources	2.0
Central Asia Metals Capstone Mining	1.9
Diversified Oil & Gas	1.8
Odyssey Gold	1.6
Top 20 Holdings Represent	65.8
<i>The Company has exposure to 98 issues.</i>	

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

IMPORTANT INFORMATION:

Source: ¹CQS, as at 31 March 2021. ²CQS, as at 31 March 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 Ltd Common NPV equity valued at £9,469,447.25 and First Quantum Minerals 7.5% 01/04/2025 equity valued at £746,992.1. ⁹Includes Talon Metals Corporation Common NPV values at £4,837,893.95 and Talon Metals Corp C/WTS 18/03/22 valued at £8,581.07. ¹⁰Includes Rea Holdings Preferred equity valued at £3,866,828.36, Rea Finance 8.75% 31/08/2025 equity valued at £452,500, R.E.A. Holdings Plc Ordinary 25p equity valued at £115,000.00 and R.E.A Holdings GBp1.26 Warrants 15/07/2025 equity valued at £6,749.21. ¹¹Euronav NV Common NPV equity valued at £2,598,408.77, Euronav Luxembourg SA 7.5% 31/05/2022 equity valued at £603,029.64 and Euronav NV Common NPV £371,385.08. ¹²Trevalli Mining Corp equity valued at £2,679,633.53 and Trevalli Mining Corp C/WTS Cad. ¹³Includes Americas Gold and Silver Corporation Common NPV equity valued at £1,882,444.09, Americas Gold and Silver Corporation Comm (USD) equity valued at £486,245.92, Americas Gold and Silver CAD 0.39 09/06/2021 Wts equity valued at £13,157.31 and Americas Gold and Silver CAD 0.39 16/06/2021 Wts equity valued at £4,453.12.

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L21-175 / 04.21

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