Investor Report

30 April 2024

CQS Natural Resources Growth and Income Fund

Key Fund Facts[1]

Fund Managers	Ian 'Franco' Francis Keith Watson Robert Crayfourd
Launch Date	August 2003
Total Gross Assets	£154.2m
Reference Currency	GBP
Ordinary Shares	Net Asset Value: 213.78 Mid-Market Price: 185.00p
Dividend Yield (estimated)	3.7%
Net gearing[4]	8.0%
Discount	(13.5%)
Ordinary Shares in Issue	66,775,259
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 paid 23 February 2024 1.26p interim payable 28 May 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 Performance[2]

	1 Month (%)	3 Months (%)	6 Months (%)	1 Year (%)	3 Year (%)	5 Year (%)	Since Inception (%)
NAV	7.2	10.9	7.9	9.6	39.8	133.2	651.3
Share Price	8.6	17.9	12.8	9.5	33.9	156.2	622.9

Commentary[3]

Including the 1.26p interim dividend, the Fund's total return was 7.2% for the month which we believe compared favourably to broader declines across global equity and bond markets. Though commodity prices proved relatively firm in April, some strong individual stock contributions helped drive this performance. Economic data was, on balance, better than generally expected which helped support raw material markets. Year-on-year growth in China's Q1 GDP and March industrial production figures, which came in at 5.3% and 6.0% respectively, were ahead of expectations. While this contrasted with slightly softer-than-expected US Q1 GDP growth, consumer price inflation appeared sticky, prompting US 10 year treasury yields to rise nearly half a point to 4.7% over the month. There is now only one interest rate cut expected towards the end of the calendar year, which fed through to broader market profit taking.

Commodities proved relatively resilient. Improving manufacturing activity helped boost sentiment towards industrial metals which performed well; China's manufacturing activity expanded in March for the first time in six months according to the official National Bureau of Statistics manufacturing PMI reading. The US ISM Manufacturing Index also rose to expandatory territory at 50.3 for March. This was versus expectations for another negative reading and ending 16 consecutive months of contraction. Meanwhile, Europe emerged from its technical recession. Also supportive were comments from China's Politburo that it would provide further fiscal and monetary support to its economy which would include renewed efforts to tackle stress in its troubled property sector.

Against this backdrop London Metal Exchange (LME) copper prices rose 11% over the month. Lifted by the prospect of Chinese government support for its troubled property sector, benchmark iron ore prices rose nearly 12%, recovering a significant proportion of the 30% decline experienced during Q1 2024. However, much of China's recent economic improvement has been driven by rising exports of products such as steel. Given weak internal demand and soft domestic steel prices, much of China's steel is finding its way into recovering overseas markets with monthly steel exports for March at 9.9Mt (+25% year-on-year), the strongest since 2016. China's rising export trade has come alongside US authorities imposing substantially higher import tariffs on China's subsidised industries including steel, aluminium and lithium battery production. China's success in stimulating its domestic consumption will be key to allaying risks from rising international trade tensions but there appeared to be little sign of dampening investor enthusiasm towards metal prices during April. Anticipating that China's stimulus policies will be focussed towards encouraging improved domestic consumer industries rather than propping up the property sector, we remain cautious over iron ore markets. As a result, the Fund sold out of the 2020 Bulkers position following its 16% share price rise to an all-time-high. This was driven largely by strong dry bulk day rates that have benefitted from Chinese rising steel export trade.

Despite the headwind presented by the strong US dollar, gold rose 1.5% in April. Latest World Gold Council data showed continued central bank buying, led by China. Chinese regional prices ended the month at a $58/oz premium to the West, while the overhang of selling by physically backed ETFs slowed to virtually zero. Middle Eastern and international trade risks, together with the reappraisal for slower US FED rate cuts, coincided with a correction in broader markets which may also have contributed to the performance of safe-haven precious metal equities. Some equities which have lagged the recent rise in gold prices contributed significantly to NAV performance, notably Emerald Resources, Calidus Resources and Ora Banda, whose share prices all rose between 20-21%.

Sources: [1]CQS as at the last business day of the month indicated at the top of this investor report. [2]Total return performance net of fees and expenses as at the last business day of the month indicated at the top of this investor report. [3]All 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.

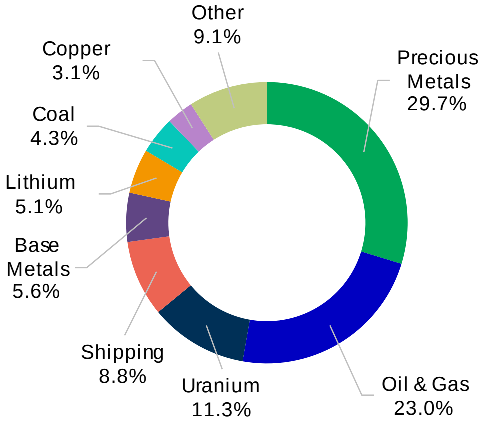
Commentary (continued)[1]

Energy prices appeared to react little to the escalation in Middle East tensions with Brent ending April unchanged and US WTI futures slipping around 2% over the month. Regional gas price moves showed some marked variation; the US Henry Hub benchmark declined 4%, European gas prices rose 4% while Asian Liquid Natural Gas (LNG) gained over 8% on the month. Another significant performance contributor was shipper BWLPG whose share price rose nearly 30% in April. This was helped by the positive day rate outlook given attractive pricing of US-sourced Liquid Petroleum Gas (LPG) as a substitute for naphtha gas, together with the company's listing and commencement of trading on the New York Stock Exchange (NYSE). BWLPG's contribution more than offset the drag resulting from a 16% share price decline experienced by offshore rig leasing company Transocean. Elsewhere, thermal coal prices rose nearly 7% (FOB Australia) as China followed through on its safety-related clamp down, announcing plans to cut coal output in its top producing region, Shanxi province, following a series of fatal mining accidents.

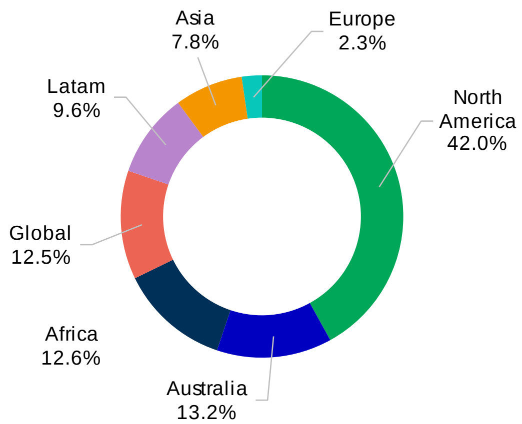
Fund trading picked up slightly during the month. In addition to selling 2020 Bulkers, the Fund reduced its position in Adventus which rose 30% in April having received an all-share takeover offer from SilverCorp. Some proceeds from this sale, together with some profits taken in ERO Copper and Central Asian Metals, were reinvested into copper and gold explorers Solgold and Coppernico. The Fund took profits in BWLPG and also sold its position in Exxon, following the latter's all-paper acquisition of Pioneer with some proceeds recycled into producer Sigma Lithium. Positions in ASX-listed Silver Lake and Emerald Resources were reduced with some these proceeds reinvested into a discounted placement by Equinox Gold. Equinox Gold has the potential to rerate as their new Greenstone asset moves into production, lowering the group's overall production cost per ounce. In addition, the Fund added to its existing holding in Reunion following a bid from G-Mining. G-Mining's experienced mine build team which, having constructed a number of other mines across the Guyanan Shield, has the potential to combine Reunion's development asset with its own asset that is nearing production.

Portfolio Analysis[2,3]

Sector



Region



Top 20 Holdings (% of MV) [2,3]

Name	(% of MV)
NEXGEN ENERGY NPV	7.8
EMERALD RESOURCES NPV	4.9
BW LPG USD0.01	4.3
DIAMONDBACK ENERGY USD0.01	4.0
TRANSOCEAN USD0.01	3.5
WEST AFRICAN RESOURCES NPV	3.1
FRONTLINE USD1.0000	3.0
EOG RESOURCES USD0.01	2.9
KARORA RESOURCES NPV	2.8
DIVERSIFIED EN CO GBP 0.2	2.8
Top 10 Holdings Represent	**39.1**

Name	(% of MV)
VERMILION ENERGY COM NPV	2.8%
ORA BANDA MINING NPV	2.6%
REA HLDGS 9% CUM PREF GBP1	2.5%
FORAN MINING CORP NPV	2.3%
TAMBORAN RESOURCES CORP CDI NPV	2.2%
LEO LITHIUM NPV	2.1%
CALIBRE MINING CORP NPV	2.1%
THUNGELA RESOURCES NPV	1.9%
LYNAS RARE EARTHS NPV	1.6%
UR ENERGY NPV	1.6%
Top 20 Holdings Represent	**61.1**

AIFMD Leverage Limit Report (% of NAV)

	Gross Leverage (%)[4]	Commitment Leverage (%)[5]
CQS Natural Resources Growth and Income	109	109

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