



**CQS Natural
Resources**
GROWTH AND INCOME PLC

Focused on the future,
delivering value today



Annual Report
for the year ended 30 June 2024

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.



IFC Our Objective

Strategic Report

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Key Metrics

for the year ended 30 June:

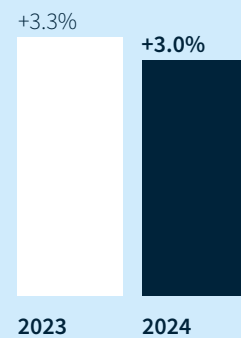
Share price capital return¹



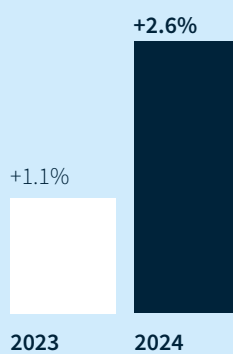
Share price total return¹



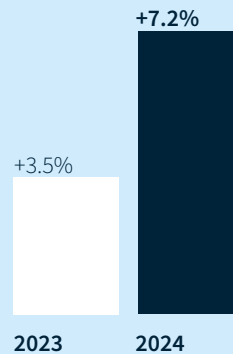
Dividend yield^{1,2}



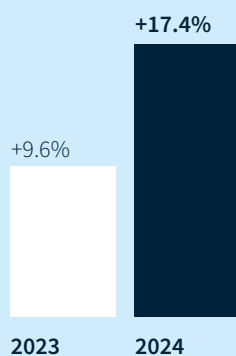
Net asset value capital return¹



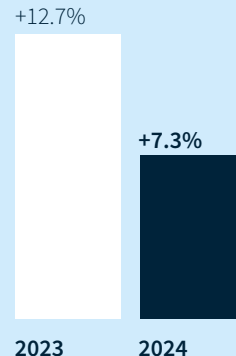
Net asset value total return¹



MSCI World Energy Index total return (sterling adjusted)³



MSCI World Metals and Mining Index total return (sterling adjusted)³



1 Alternative Performance Measure ("APM").

2 Based on an annualised dividend of 6.60 pence per share (2023: annualised dividend of 8.60 pence per share).

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

For full results see [page 4](#)



Why invest?

The Company:

- provides exposure to value focused, under-researched global energy and resources equities, aided by the investment trust closed end structure;
- has unconstrained flexibility to invest in energy, mining or related service industries which assists in levelling the effect of cyclical impacts;
- is well positioned to benefit from potentially higher prices and profits for natural resources companies, following years of producer under-investment and subsequent supply constraint;
- has direct exposure to global growth and the energy transition to drive long-term demand; and
- aims to pay dividends supported by strong income dynamics of the sector depending on the cycles.



Investment approach

The Company actively invests in global energy and mining companies, with a focus on total return. It also pays a regular quarterly dividend. The flexible mandate allows the Company to shift its portfolio weighting between energy and mining, with the aim of maximising returns depending on the point in the cycle, whilst providing relative value opportunities.

The closed end structure is well suited to allowing the investment management team to focus on the best returns profile, rather than liquidity as is the case with Exchange Traded Funds (“ETFs”). The nature of this focus results in the Company holding a large proportion of its holdings in names that fall just below major index or ETF inclusion, adding additional upside potential should they become

included. The portfolio is invested mostly in developers, producers and providers in the natural resources sector with strong earnings profiles and market caps around £300m to £2bn, although also below and above this range.

The majority of holdings are listed in North America, Australia or the UK.

The investment management team at CQS (UK) LLP (“CQS”) (trading as Manulife | CQS Investment Management)

Ian Francis, Keith Watson and Robert Crayford have day-to-day responsibility for managing the Company’s portfolio.



Ian (Franco) Francis has many years of experience in investing in the high-yield fixed interest sector.

Ian Francis joined the CQS team in 2007. He has over 40 years’ investment experience, primarily in the fixed interest and convertible spheres, and his career has included Collins Stewart, West LB Panmure, James Capel and Hoare Govett.



Keith Watson, having studied applied physics, has over 30 years’ experience focused on resources.

Keith Watson joined the CQS team in 2013. Prior to this he held senior analyst, research and portfolio manager roles across Mirabaud Securities, Evolution Securities, Dresdner Kleinwort Wasserstein, Commerzbank and Credit Suisse/BZW. Keith began his career in 1992 at Scottish Amicable Investment Managers and has a BSc (Hons) in Applied Physics from Durham University.



Robert Crayford, a geologist, has managed natural resources funds since 2004.

Robert Crayford joined the CQS team in 2011. He holds a BSc in Geological Sciences from the University of Leeds and is a CFA holder with over 15 years’ experience, having previously worked for the Universities Superannuation Scheme and HSBC Global Asset Management where he focused on the resource sector.

The investment process

The investment process involves leveraging the macro understanding from being at CQS, a \$14.6bn asset manager, supporting commodity allocation decisions with hundreds of meetings a year with prospective companies, as well as extensive historical knowledge of assets globally, steering the bottom-up stock picking. This allows the Investment Manager to focus on the key themes they believe will generate the best chances at any particular point in the cycle.

Comparative indices

Following the cessation of publication of the EMIX Global Mining Index (sterling adjusted) in July 2023, the Board considered replacing the benchmark index but after investigation with the Company’s broker and Investment Manager did not identify a suitable comparable index to benchmark against the Company’s performance. It was therefore determined that the Company should no longer utilise a formal benchmark but rather should publish its net asset value performance alongside two comparative indices: the MSCI World Metals and Mining Index (sterling adjusted) and the MSCI World Energy Index (sterling adjusted) as these best reflect the potential returns.

Gearing

We selectively employ gearing with the aim of enhancing returns. As at the year end, the Company utilised a gearing facility with £17 million drawn down from a £25 million facility with Scotiabank. Following the year end, the Company’s gearing facility was renewed with BNP Paribas, S.A, and £17 million has been drawn down as at 21 October 2024, the latest practicable date prior to the publication of this report.

Dividend

The Board considers that the dividend policy is very attractive to shareholders and this policy contributes an element of share price stability. The mix of fixed interest securities and growth stocks enables us to meet our commitment to pay regular quarterly dividends alongside providing the potential for capital growth.

The Company currently pays quarterly dividends which, this year, have totalled 5.60 pence per share, equalling the previous year. In addition, for the financial year to 30 June 2024 the Company paid a special dividend of 1 penny per share (2023: 3.00 pence per share).

Performance Record

	Year ended 30 June 2024	Year ended 30 June 2023	Five years ended 30 June 2024
Total Return			
Net asset value per share ¹	7.2%	3.5%	118.7%
Ordinary share price (mid market) ¹	17.1%	(0.2)%	167.0%
MSCI World Energy Index (sterling adjusted) ²	17.4%	9.6%	64.0%
MSCI World Metals and Mining Index (sterling adjusted) ²	7.3%	12.7%	73.0%

	As at 30 June 2024	As at 30 June 2023	% change
Capital Values			
Net asset value per share ¹	209.44p	204.16p	2.6%
Ordinary share price (mid market)	189.00p	169.50p	11.5%
Share price discount to NAV per share ¹	9.8%	16.98%	
Gearing ¹	10.1%	8.9%	

	Year ended 30 June 2024	Year ended 30 June 2023	% change
Revenue Earnings and Dividends			
Earnings per ordinary share	6.39p	10.03p	(36.3)%
Dividends per ordinary share ³	6.60p	8.60p	(23.3)%
Dividend yield ¹	3.0%	3.3%	
Ongoing charges ratio ¹	1.9%	1.8%	

- 1 Alternative Performance Measure (“APM”). A glossary of the terms used, including alternative performance measures, can be found on pages 86 to 88.
- 2 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 Index (sterling adjusted) and MSCI World Metals and Mining Index (sterling adjusted) as comparator indices, not formal benchmarks, for its performance.
- 3 Including a special interim dividend of 1 penny which was paid on 2 September 2024 (2023: including a special interim dividend of 3.00 pence which was paid on 16 October 2023).

	Highest	Lowest
Highs and Lows during the year ended 30 June 2024		
Net asset value per share	229.91p	183.53p
Ordinary share price (mid market)	202.50p	152.25p
Discount	19.4%	6.3%

	Dividend per share	Ex-dividend date	Record date	Payment date
Dividend History				
Special interim dividend 2024	1.00p	1 August 2024	2 August 2024	2 September 2024
Fourth interim dividend 2024	1.82p	1 August 2024	2 August 2024	2 September 2024
Third interim dividend 2024	1.26p	25 April 2024	26 April 2024	28 May 2024
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 for year ended 30 June 2024	6.60p			
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	26 October 2022	27 October 2022	25 November 2022
Total for year ended 30 June 2023	8.60p			

Chair's Statement



Unearthing opportunities to deliver value

Helen Green

In my last year as Chair of your Company, I am pleased that it continues to be well positioned and has the investment flexibility needed to deliver robust returns for shareholders, despite the challenging macro environment.



Overview

The year to 30 June 2024 has seen your Company navigate a challenging market backdrop. Geopolitical conflicts provided an impetus for energy prices and energy companies, with shipping companies being beneficiaries, as the threat to shipping in and around the Straits of Hormuz resulted in lengthy alternative routes for much of the world's crude oil.

Elsewhere, growth, and in particular industrial growth, which is a key driver for much commodity demand, has been muted in developed markets. The emerging market powerhouses of India and China are both expected to see their recent growth rates subside. This has provided a headwind for industrial metal prices that shows little immediate chance of abating.

Precious metals prices, and as a result, producer share prices, performed well particularly in the latter part of the financial year as their 'safe harbour' status proved attractive in the face of a potential loosening of monetary policies around the world and the growing influence of nationalistic inward-looking politics across the world.

Finally, we are pleased that our exposure to uranium has again proved of benefit to your Company. There is growing consensus about the key role nuclear power will play in the move to a low-carbon future. This evolution of opinion has provided support for uranium prices, particularly as nations play catch-up following a period of sustained under-investment in this essential provider of low emissions baseload power, which will be needed to support the down time associated with wind, solar and hydro energies.



Your Company delivered a robust 17.1% share price total return, narrowing the discount from 16.98% to 9.8% at the year end, enhancing NAV and improving liquidity.

The flexibility to invest in these key growth sectors is a material advantage and a crucial aspect of our overall investment case. The Investment Manager's Review on pages 9 to 12 provides greater detail on the overarching themes driving the markets, and factors influencing their investment decisions over the course of the last year.

Performance and discount

During the year to 30 June 2024, the Company's total net asset value ("NAV") increased from £136.6 million to £138.6 million and the share price increased from 169.50 pence to 189.00 pence per share. The Company's NAV per share delivered a total return in the year under review of 7.2%. This is similar to the return of 7.3% produced by the MSCI World Metals and Mining Index (sterling adjusted) but lagged the 17.4% return from the MSCI World Energy Index (sterling adjusted). Although the Company's short-term returns have been volatile, over the longer term, the Company's NAV per share returned 118.7% for the five years to 30 June 2024, compared with NAV returns of 73% for the MSCI World Metals and Mining Index and 64% for the MSCI World Energy Index.

I am pleased to report, however, that shareholders have experienced a share price return over the year of 17.1%. This reflected the effect of a material reduction in the discount to net assets at which the Company's shares trade, which tightened from 16.98% at the end of the previous financial year to 9.8% at the year end. This discount tightening comes against a background which has seen discounts across the investment trust sector widen materially.

Share buybacks

A key contributor to this discount narrowing has been the Board's decision for the Company to begin buying back its own shares. During the year under review the Company bought back a total of 728,557 shares (1.1% of the shares in issue) into treasury at a cost of approximately £1.4 million and at an average discount of 13.5%. Over the course of the year the Company's discount averaged 15%.

While the Board had previously expressed concerns that the relatively small size of the Company stood in the way of buying back shares, it became apparent, as the discount widened, that the benefit to existing shareholders in terms of NAV enhancement and the improvement in liquidity offered by buying back shares outweighed this concern.

Discounts across the investment trust sector have widened in recent years leading many investment trusts to buyback shares in an effort to improve shareholder value. Investment trust buybacks have reached record levels with £3.7 billion of shares bought back in the first half of 2024 alone, close to the £4.0 billion for the whole of 2023.

Highlights

+7.2%

Net asset value per share total return

+17.1%

Ordinary share price total return

3.0%

Dividend yield



As at the close of the UK market on 21 October 2024, the discount was 12.8%. Since the year end, a further 1,823,322 shares were bought back into treasury at a cost of £3.3 million. As at 21 October 2024, the Company had 64,336,630 shares in issue (excluding 2,551,879 shares held in treasury).

Dividends and income

Your Company has continued to maintain its dividend and has paid three interim dividends of 1.26 pence per share and a fourth interim dividend of 1.82 pence per share in respect of the year. Further to this, given strong revenue income from the Company's portfolio, the Board was pleased to announce an additional special interim dividend of 1 penny per share. This has resulted in total dividends for the year of 6.60 pence per share. This compares with 8.60 pence per share paid in respect of the year ended 30 June 2023.

Gearing

As at 30 June 2024 gearing was 10.1% (2023: 8.9%) and the amount drawn down under the £25 million Scotiabank revolving credit facility was £17 million (2023: £16 million).

The facility with Scotiabank expired after a one-year term on 13 September 2024. Following the Board's review of alternative credit facility providers, the Company has now entered into a two-year agreement with BNP Paribas for the provision of a £25 million secured revolving credit facility. Further details can be found within Note 12 to the Financial Statements.

Chair's Statement continued

Board changes

During the year the Board undertook a detailed review of its Succession Plan and announced planned changes to the Board's composition in July. This plan comprises two key components:

- Firstly, we were delighted to announce the appointment of Louise Hall and Seema Paterson as non-executive directors with effect from 1 August 2024. Louise and Seema have also been appointed to the Audit Committee, Management Engagement Committee and Nomination Committee. They will offer themselves for election by shareholders at the Annual General Meeting ("AGM") to be held in December 2024.
- Secondly, Alun Evans and I will be retiring as non-executive directors at the conclusion of the forthcoming AGM and will therefore not seek re-election. Following my retirement, Chris Casey will succeed me as Chair of the Board and Seema will succeed Chris as Chair of the Audit Committee. Additionally, following Alun's retirement, Carole Cable will succeed him as Chair of the Management Engagement Committee.

It has been an honour being Chair of your Company since April 2022 and a director for nine years. I have thoroughly enjoyed my time serving on the Board and have huge respect for the experience and expertise of the Investment Managers and Board of Directors with whom I have worked over this period. I am very happy to be handing over to Chris who has chaired the Audit Committee so well and wish him and the Board all the best for the future.

In anticipation of Alun's retirement, I would also like to extend our gratitude for his dedicated service to the Company. Throughout his 10-year tenure, his expertise, wealth of knowledge and insightful guidance have been invaluable to the Board, and we wish him all the best for the future.

Investment Management Company

In October 2023, CQS (UK) LLP, the Company's Investment Manager, advised that it was being acquired by Manulife Investment Management, a major asset manager and insurer headquartered in Canada. This transaction completed in April 2024. The Investment Manager is now trading as Manulife | CQS Investment Management but at present the name of the Company is not expected to change.

Half Year Report and Accounts

In common with many other companies, the Company aims to do what it can to reduce its carbon footprint. As part of this strategy, and also to produce cost savings for shareholders, the Company will no longer be preparing printed copies of its half year report and accounts. This document will, however, continue to be published on the Company's website. The Company's annual report will continue to be available in print.

Annual General Meeting

The business of the AGM is summarised in the Directors' Report on pages 40 and 41 and the Notice of Meeting beginning on page 89. The AGM will be held at One Fleet Street Place, London, EC4M 7WS at 11.00 am on Tuesday, 10 December 2024.

As well as the formal proceedings, this will be an opportunity to meet the Board and to receive a presentation from our portfolio managers and we hope as many shareholders as possible will attend. Shareholders can submit questions in advance by writing to the Company Secretary, Frostrow Capital LLP ("Frostrow"), at cosec@frostrow.com.

The Board encourages all shareholders to exercise their right to vote at the AGM and, where possible, to do so in respect of the meeting online in advance. Registering your vote in advance will not restrict you from attending and voting at the meeting in person should you wish to do so, but as the past few years have shown, unforeseen extraordinary events can make attendance difficult or impossible.

The Board recommends that shareholders vote in favour of all resolutions as each of the Directors intends to do in respect of their own shares.

Outlook

Against a backdrop of global tensions, the Company has continued to perform well since the Company's year end and remains strongly positioned to benefit from demand in resources, energy, and shipping. The Investment Managers have maintained a significant weighting in precious metals and energy, supported by ongoing demand, as well as diversification across a broad range of sectors and geographies, remaining nimble enough to capitalise on evolving macro drivers.

The Board and I would like to thank shareholders for their continuing support of the Company, and we look forward to seeing you at the forthcoming AGM.

Helen Green

Chair
23 October 2024

Investment Manager's Review



Ian (Franco) Francis



Keith Watson



Robert Crayford

Strategic positioning delivers value and returns

Summary

The financial year ended 30 June 2024 has been one of strategic positioning and measured performance for the Company. Despite navigating a complex global landscape marked by geopolitical tensions, trade frictions, and subdued industrial growth, the Company delivered a NAV per share total return of 7.2%, bolstered by a dividend payout totalling 6.60 pence per share (of which 1 penny was a special interim dividend). The portfolio's focus on energy markets, where demand is more resilient, coupled with a strategic exposure to precious metals, proved advantageous in an otherwise challenging commodity environment. The Company remains well-positioned for long-term growth, supported by disciplined portfolio management and a cautious approach to industrial metals.

The Company's total return was in-line with the sterling return registered by the MSCI World Metals and Mining Index (7.3%) but behind the 17.4% MSCI World Energy Index return. The primary contributions to performance for the year came from the portfolio's energy allocation with an additional contribution coming from the performance of precious metal equities in the latter part of the financial year. Over the longer term, the Company's NAV per share returned 118.7% for the five years to 30 June 2024, compared with NAV returns of 73% for the MSCI World Metals and Mining Index and 64% for the MSCI World Energy Sector Index.

Review

Expectations of only limited supply growth across broader commodity markets remained little changed over the year and, against this backdrop, the outlook for demand has become a more important driver of commodity markets. Unfortunately,

and despite significant government spending, aggregate global growth remains challenging, particularly in industrial sectors with significant regional variations evident.

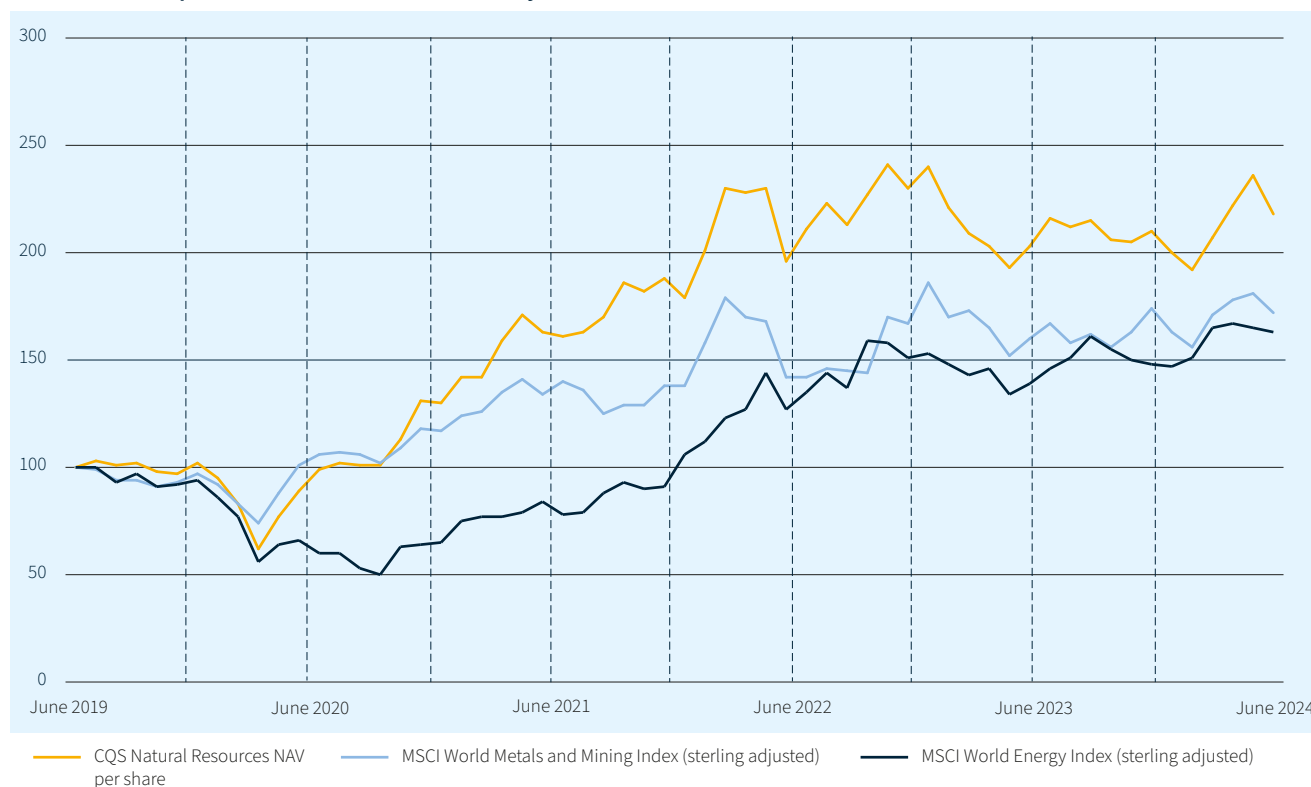
We prefer that the portfolio has exposure to energy markets, where demand is less discretionary, rather than industrial metals for which the outlook for incremental demand, and therefore prices, is more subdued, impacting pricing, given slower than expected growth in key markets, India and China. Both exploration & production ("E&P") and energy shippers have performed well with the latter having delivered useful dividends alongside share price performance. E&P, crude shipping and coal stocks represent a combined 30% of the Company's assets versus nearly 9% for industrial metals.

Against a backdrop of extreme fiscal deficit spending which has yet to stimulate meaningful economic growth and in an environment of increasingly inward looking, nationalistic political behaviour, the attractively valued precious metals sector remains the most significant exposure, representing over 30% of the Company's portfolio. Despite a recent pullback in share prices, exposure to energy transition remains an important investment theme and represents approximately 17% of the Company's portfolio, principally focused on uranium, used in nuclear power generation, which has received huge international endorsement, and lithium.

Such positioning has delivered meaningful total returns over the last six months of the financial year allowing distribution of an additional 1 penny per share special dividend to shareholders post year end.

Investment Manager's Review continued

Net asset value per share total return over the 5 years to 30 June 2024



Source: Frostrow Capital LLP

A focus on energy, gold, shipping and uranium has delivered improved total return

The energy sector was lifted by a rise in crude price premium resulting from Middle East tensions, particularly after the Hamas-Israel conflict began in October 2023 and in which Iran has a significant hand. While this helped drive performance of E&P investments, even more notable was the performance of energy shippers which have seen a marked improvement in day rates as they undertake lengthier routes to avoid hot spots such as the Strait of Hormuz that in the first 10 months of 2023 accounted for around 30% of seaborne crude oil traffic.

Against a backdrop of still sluggish GDP growth and rising international trade friction, exposure to less discretionary energy remains preferred over industrial metals which we feel will stay subdued. The energy sector appears to have absorbed the prospect of rising OPEC+ output, as production quota restrictions unwind, while the potential for more meaningful replenishment of the US Strategic Petroleum Reserve may offer support for incremental demand in future.

In a broader context, alternative energy, including nuclear power which has seen a wholesale shift in government and public opinion, also offers significant recovery potential. Its low carbon credentials have seen it brought back into the fold and embraced as a core part of global energy transition ambitions, as illustrated by the widespread international backing at COP28 at which a tripling of nuclear power generating capacity was targeted. After a decade of underinvestment in new developments, this sector continues to offer huge leverage to a sustainable increase in uranium prices. Representing only a small proportion of electricity generating costs, utility demand is largely insensitive

to price moves. Despite the recent jump in prices, the outlook remains very positive for related mining equities, with Tier 1 development asset NexGen Energy remaining a top portfolio holding.

Exposure to precious metal mining stocks has risen as a result of recent performance and also incremental investment. The attractively valued equities remain a preferred sector for investment allocations as a beneficiary of ongoing geopolitical friction, together with unproductive and irresponsible fiscal spending. In an environment of inward looking, nationalistic government, policy geopolitical risks are, if anything, rising. Against a backdrop of limited aggregate demand, disinflation trends have also been evident to varying degrees and a synchronised cycle of monetary easing appears to be approaching. This factor may encourage investment by physically-backed funds which have typically been an important indicator of metal prices as they transition from seller to buyer.

This contrasts with industrial metals which will have to contend with moderate growth prospects, especially as China continues to struggle with a weak property sector. In addition, industrial metal mining equities, to an extent, already discount an improved metal pricing environment arising from fiscal spending.

The Company's gearing has also been somewhat pared and, as at 21 October 2024, stands at 9.8%, providing flexibility to take advantage of any potential opportunities that arise. For example, despite a cautious view on near-term copper prices, copper development projects have increasingly moved into focus, appearing hugely discounted in comparison to the high ratings currently ascribed to copper producers.

Reflecting the above, the largest individual performance contributors were LPG shipper, BW LPG, followed by gold producer, Emerald Resources, and uranium mine developer, NextGen, in joint second place. The most significant detractors to performance were developer, Leo Lithium, followed by lead producer, Galena Mining, both of which have been suspended from trading: the former following a Mali coup which has subsequently seen control of the asset pass to the Chinese joint venture partner, Gangfeng, and the latter which is attempting to arrange a financial restructuring.

Demand growth has become more challenging

The engine of global growth remains the large emerging markets of China and India which have recently clocked annual GDP growth of over 6% and 10% respectively. Perhaps unsurprisingly, these are also economies that have access to sources of discounted energy, notably from Russia which has been sanctioned by most western governments. Nevertheless, the outlook for both regions is for a deceleration in growth. Indian growth is expected to remain relatively resilient at over 8% over the next couple of years, though in the case of China, GDP is anticipated to ease back below 4.5% in real terms over the same timeframe. Furthermore, beneath China's headline GDP growth and despite its advantageous access to cheap sources of energy, the region's industrial sector has largely contracted over the last two years, as measured by official manufacturing Purchasing Managers' Index ("PMI") data. In this context ebbing industrial demand is increasingly concerning.

Outside these economies, growth in other major economic blocs is tepid with Organisation for Economic Co-operation and Development ("OECD") GDP growth estimated to have slipped below 1% in 2023. Stripping out the contribution from the 2.5% growth registered by the US, which represents a near 40% share of this figure, growth elsewhere is clearly anaemic. As in China, despite the advantage of relatively low domestic energy prices and a boost from the Inflation Reduction Act, manufacturing in the US remains challenged with PMIs also remaining in contraction.

Despite the lack of new supply, it is increasingly difficult to ignore slowing demand for metals which is becoming increasingly dependent on India's ability to sustain both internal demand and its role as an entrepôt for the re-export of Chinese and Russian products. This latter point too is receiving greater scrutiny from western markets where governments, keen to ensure tariff income is captured (perhaps a better motivational mechanism to control trade than blanket sanctions which do not generate government income), are consequently focused on ensuring "proof of origin" in an effort to prevent circumvention.

Trade friction a drag

Chinese authorities' attempts to transition their economy's growth dependence from infrastructure/construction towards the consumer has thus far had very limited success. As a result of declining domestic demand, particularly from its property sector (a significant consumer of metals not just during construction



but in subsequent fit out which requires wiring, aircon and white goods), China is increasingly reliant on export markets. Recent headlines also indicate another push on Belt and Road infrastructure initiatives such as its recent trilateral agreement to construct a 500km rail link with Kyrgyzstan and Uzbekistan (providing an alternate trade route with important Middle East markets).

China's export 'release valve' has been most obviously used by its steel industry. Monthly steel exports for March 2024 totalled nearly 10 million tonnes (an increase of 30% year on year), rising almost to prior peak levels of a decade ago prior to Trump's 2016 election. With Chinese steel products estimated to have a near \$100 per tonne cost advantage over the US, this has only served to reignite Western-Sino frictions with developed economies looking to reimpose tariffs on cheaper Chinese imports as they seek to protect domestic production. Latterly, tariffs have extended beyond steel to include 'strategic' industries central to policies such as energy transition. While barriers may act to hold prices up in protectionist western economies, potentially resulting in more gentle disinflationary trends, China, which is finding it more difficult to export, is now having to contend with deflationary pressures and the prospect of a self-reinforcing downward deflation spiral which, in real terms, increases debt service costs, crimps consumer spending/demand and accentuates regional price differences of trade goods.

Importantly, alongside the decline in Chinese property prices, recent official data (for May 2024) showed floor space completions (important for base metals consumption) 18.4% lower year on year, while floor space of new starts (important for iron ore) fell by 22.6% year on year. Against the backdrop of retreating new starts and lagging effect on property completions, the demand outlook for metals such as iron ore remains subdued while the effect will also detract from copper consumption.

Indeed, as illustrated by the retreat in iron ore prices back below \$100 per tonne over the last six months, a recent surge in speculative copper buying in the first quarter of 2024 (which

Investment Manager's Review continued

followed a short squeeze) is also unwinding, alongside which the Chinese copper premium has similarly disappeared in the second quarter of 2024. Both appear indicative of easing regional demand.

Overall, this relatively more challenging near-term industrial demand backdrop continues to be reflected by the Company's lower exposure to related metals: as previously stated, the Company has no direct iron ore investments and exposure to copper miners and other base metals is historically low. Longer term, however, there remains a lack of investment in new greenfield projects (a function of ESG compliance requirements and latterly higher capex costs) and the increasingly deep value evident in such assets is becoming difficult to ignore. Indeed, within the relatively limited exposure to base metals the Company has more recently established positions in equities such as Solaris and Solgold that both own assets located in Ecuador.

Discounts appear to have prompted some modest consolidation with M&A occurring. Strategic metals such as copper and uranium have seen relatively more activity and the Company has benefited as copper-gold developer, Adventus, and uranium developer, Fission Energy, have been the subject of takeovers. Furthermore, gold producer, Korora Resources, was taken over by Westgold Resources.

Outlook

The Company's 2024 performance highlights the strength of the energy-focused strategy, which yielded strong returns in a year marked by sluggish global growth and geopolitical uncertainties. Energy equities, particularly E&P companies and energy shippers, alongside precious metals, were the key contributors to performance, with limited exposure to industrial metals reflecting a cautious outlook for near-term demand. At the time of writing and since the year end, your portfolio managers have increased the portfolio weighting to precious metal miners due to attractive fundamentals, reducing the energy and shipping exposure, whilst remaining cautious on base metal miners as we see broader global economic risks. This active rotation between commodities looks to maximise returns and minimise risks through the cycle. Strategic adjustments, including a special dividend distribution and careful gearing, position the Company to capitalise on emerging opportunities in the evolving market landscape.

Ian (Franco) Francis, Keith Watson and Robert Crayfourd

Manulife | CQS Investment Management

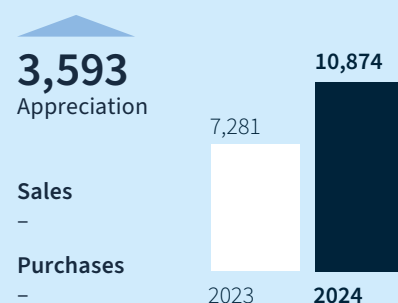
23 October 2024

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.

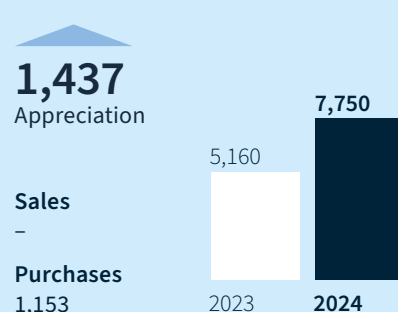
£'000



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.

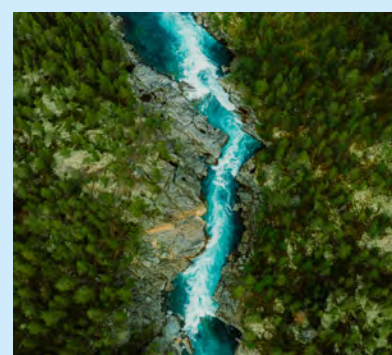
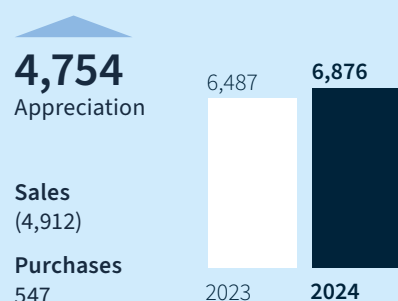
£'000



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 countries such as India are major drivers of demand growth. The company has a strong capital returns policy, primarily through dividends.

£'000

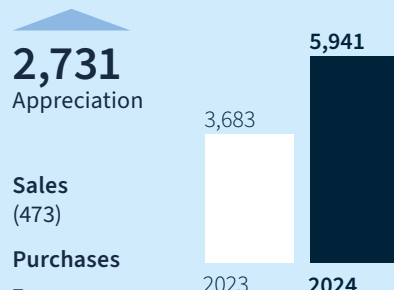


Top ten largest holdings

West African Resources

An Australian listed emerging mid-tier gold producer based in the West African region. The company acquires, explores and develops resource projects, and serves customers in West Africa and Australia.

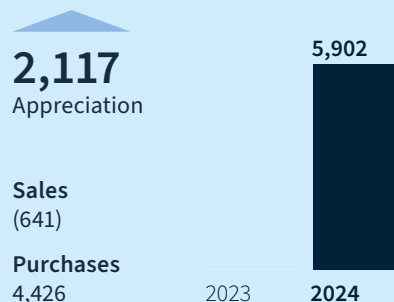
£'000



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.

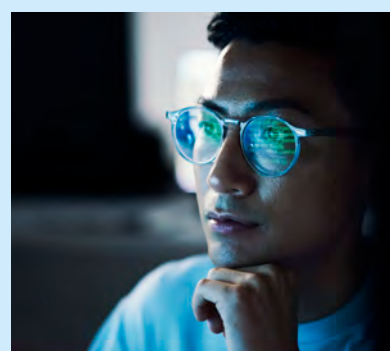
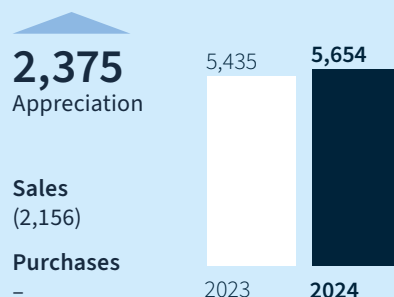
£'000



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 per barrel is materially below current spot markets.

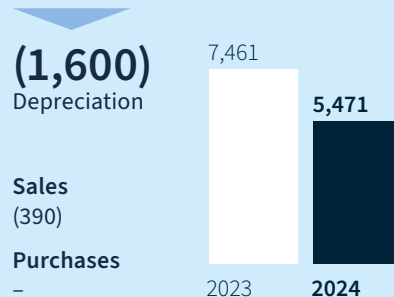
£'000



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



Tamboran Resources

A US listed natural gas exploration and production company, which specialises in the transition to cleaner energy and supports the energy transition by developing commercial production of natural gas with net zero equity scope 1 and 2 emissions. Tamboran Resources conducts its business in Australia.

£'000

(209)

Depreciation

Sales

-

Purchases

2,581

2,799

2023

5,171

2024



Karora Resources

A US listed multi-asset mineral resource company, focused primarily on the acquisition, exploration, evaluation, and development of precious metal properties. The company's vision is to become the next sustainable high-quality mid-tier producer and serves customers worldwide. Karora Resources was acquired by Westgold Resources on 1 August 2024.

£'000

1,374

Appreciation

Sales

-

Purchases

1,299

2,193

2023

4,866

2024



REA Holdings

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

£'000

(203)

Depreciation

Sales

-

Purchases

201

4,683

2023

4,681

2024

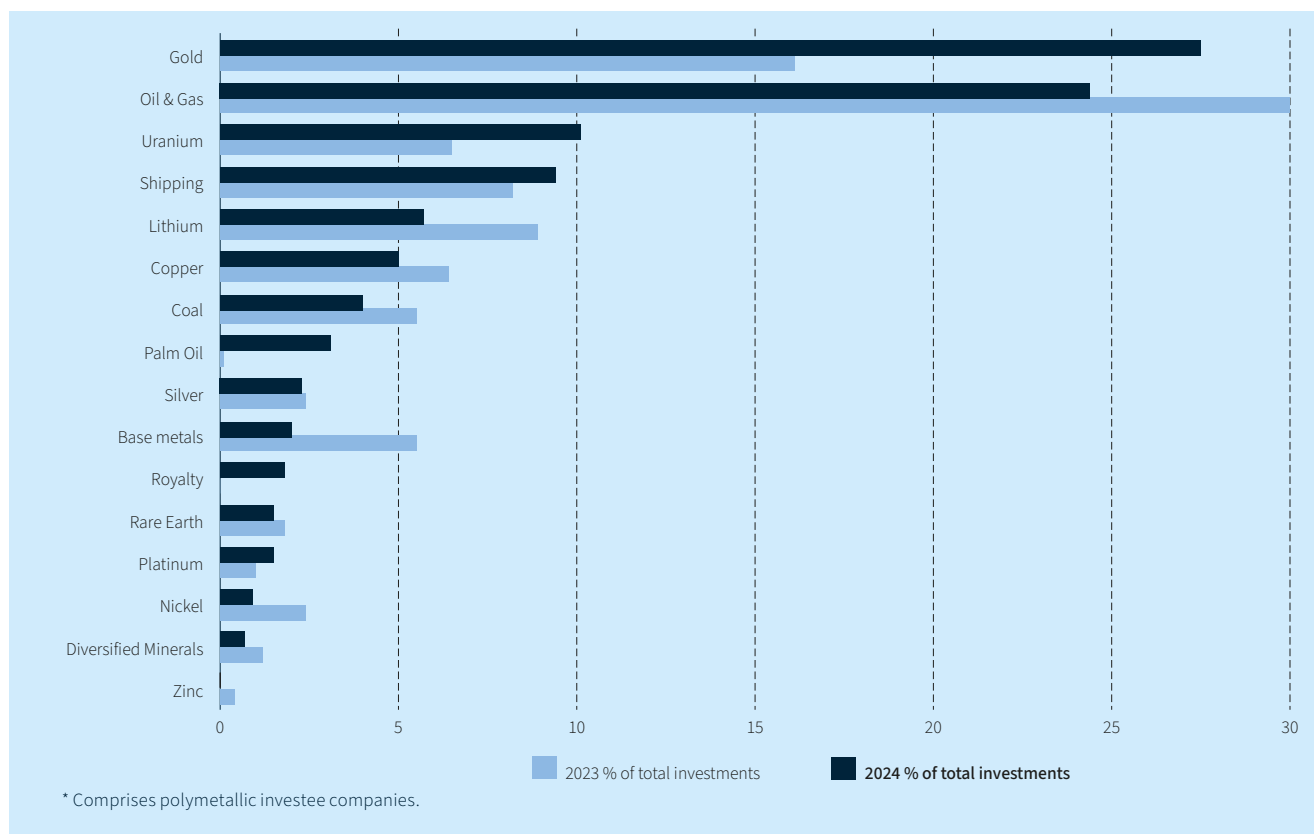


To see a full breakdown of our investments see [pages 17 to 19](#)

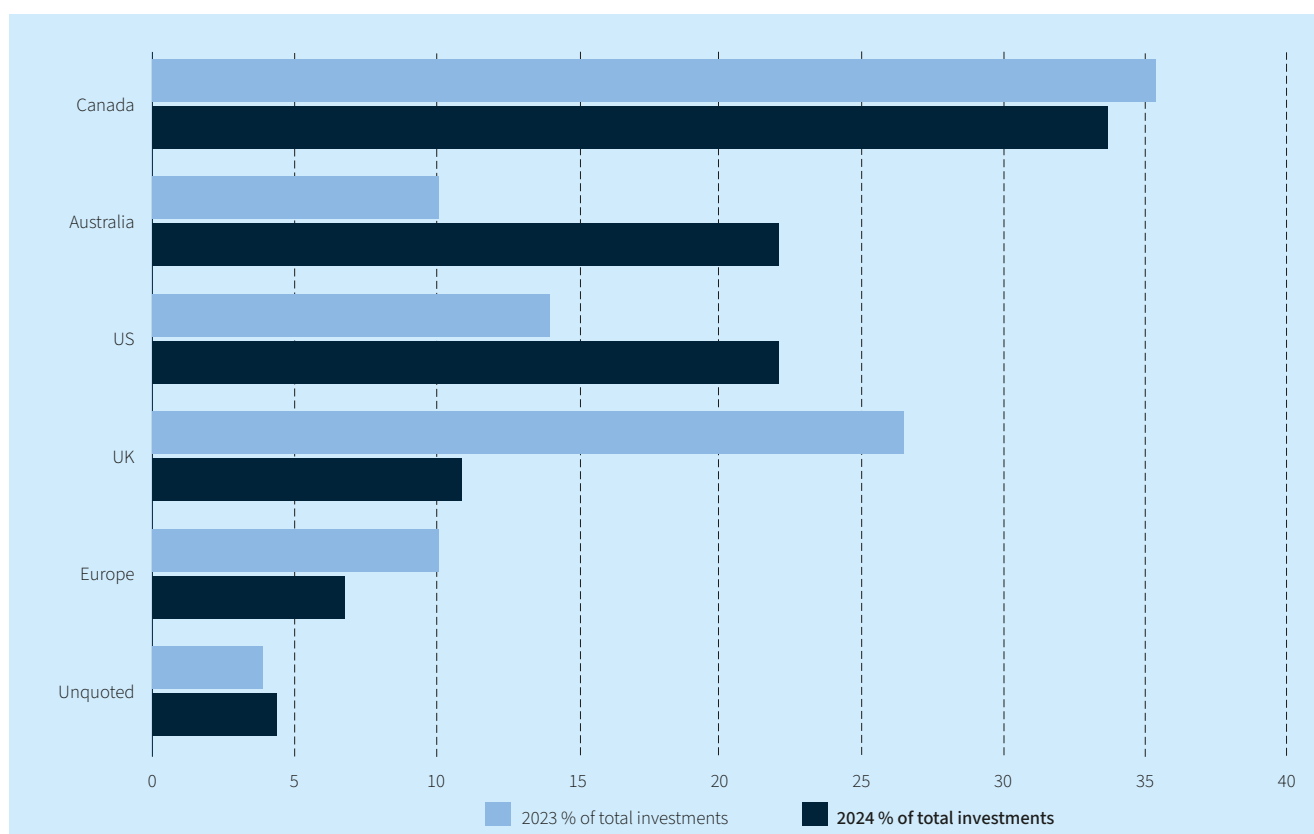


Portfolio at a glance

By commodity



By location of listing



Investment Portfolio

as at 30 June 2024

Company	Sector	Valuation £'000	% of total investments
NexGen Energy	Uranium	10,874	7.1
Emerald Resources	Gold	7,750	5.1
BW LPG	Shipping	6,876	4.5
West African Resources	Gold	5,941	3.9
Frontline	Shipping	5,902	3.9
Diamondback Energy	Oil & Gas	5,654	3.7
Transocean	Oil & Gas	5,471	3.6
Tamboran Resources	Oil & Gas	5,171	3.4
Karora Resources	Gold	4,866	3.2
REA Holdings ¹	Palm Oil	4,681	3.1
Top ten investments		63,186	41.5
EOG Resources	Oil & Gas	4,243	2.8
Vermilion Energy	Oil & Gas	3,994	2.6
Diversified Energy	Oil & Gas	3,961	2.6
Ora Banda Mining	Gold	3,948	2.6
Leo Lithium	Lithium	3,297	2.2
Calibre Mining	Gold	3,004	2.0
Sigma Lithium Resources	Lithium	3,001	2.0
Foran Mining	Copper	2,824	1.9
Thungela Resources	Coal	2,543	1.7
Lynas Corporation	Rare Earth	2,347	1.5
Top twenty investments		96,348	63.4
Peabody Energy	Coal	2,276	1.5
Precision Drilling	Oil & Gas	2,219	1.5
Wheaton Precious Metals	Royalty	2,073	1.3
Peyto Exploration & Development	Oil & Gas	2,015	1.3
Ur-Energy	Uranium	1,997	1.3
Equinox	Gold	1,994	1.3
Robex Resources	Gold	1,934	1.3
Fission Uranium	Uranium	1,529	1.0
Solaris Resources	Gold	1,528	1.0
Coppertino Metals	Copper	1,445	0.9
Top thirty investments		115,358	75.8

¹ Includes REA Holdings 9% preference shares valued at £4,063,000 (2023: £4,064,000), REA Finance 8.75% 31/08/2025 valued at £460,000 (2023: £481,000), REA Holdings valued at £153,000 (2023: £134,000) and REA Holdings warrants valued at £4,000 (2023: £4,000).

Investment Portfolio continued as at 30 June 2024

Company	Sector	Valuation £'000	% of total investments
Reunion Gold	Gold	1,394	0.9
Metals X	Base metals	1,368	0.9
Patriot Battery Metals	Lithium	1,355	0.9
Coronado Global Resources	Coal	1,343	0.9
Talon Metals	Nickel	1,326	0.9
Osisko	Gold	1,317	0.9
Mawson Gold	Gold	1,262	0.8
Fortuna Silver Mines	Silver	1,241	0.8
Afentra	Oil & Gas	1,191	0.8
Shelf Drilling	Oil & Gas	1,162	0.8
Top forty investments		128,317	84.4
NorAm Drilling	Oil & Gas	1,140	0.7
Sylvania Platinum	Platinum	1,129	0.7
2020 Bulklers	Shipping	1,128	0.7
Newcore Gold	Gold	1,031	0.7
Rex Minerals	Gold	962	0.6
Solgold	Copper	957	0.6
Ero Copper	Copper	895	0.5
Calidus	Gold	883	0.5
Vizsla Silver	Silver	801	0.5
Central Asia Metals	Copper	763	0.5
Top fifty investments		138,006	90.4
Rupert Resources	Gold	748	0.5
Trident Royalties	Royalty	713	0.5
Galena Mining	Base metals	707	0.5
Spartan Delta	Oil & Gas	695	0.5
Richmond Vanadium	Diversified Minerals	634	0.4
Galiano Gold	Gold	630	0.4
Platinum Group Metals	Platinum	573	0.4
Winsome Resources	Lithium	571	0.4
Polymetals Resources	Gold	555	0.4
Ascendant Resources	Base metals	550	0.4
Top sixty investments		144,382	94.8

Company	Sector	Valuation £'000	% of total investments
Integra Resources	Gold	532	0.3
MAG Silver	Silver	516	0.3
Denison Mines	Uranium	497	0.3
Firefinch	Lithium	468	0.3
Cosa Resources	Uranium	463	0.3
Euronav	Shipping	456	0.3
Westgold Resources	Gold	438	0.3
ISOEnergy	Base metals	428	0.3
TDG Gold	Gold	414	0.2
Silver Mountain Resources	Silver	413	0.2
Top seventy investments		149,007	97.6
Other investments		3,620	2.4
Total		152,627	100.0

Further details on the Company's top ten largest holdings within its Investment Portfolio are on pages 13 to 15.

Principal Risks, Uncertainties and Mitigations

Risks are inherent in the investment process and it is important that their nature and magnitude are understood so that they can be identified and can be controlled to the extent possible. The Board is responsible for managing risks faced by the Company and, through delegation to the Audit Committee, has established a detailed framework to manage the key risks to which the business is exposed with associated policies and processes devised to mitigate those risks.


A risk management process has been established to identify and assess risks, their likelihood and the possible severity of impact. For each risk identified, during the year the Audit Committee considers both the likelihood and impact of the risk and then assigns an inherent risk score. The scoring of the risk is then reconsidered once the respective key mitigations are applied, and a residual risk score is assigned.



Principal risks and mitigations are discussed regularly at Audit Committee meetings and the summarised conclusions of such meetings held during the year are set out below.

Risk trend and levels



Change in inherent risk assessment over the last financial year:

 Increasing
  Stable
  Decreasing

Risk and trend	Principal Risks and Uncertainties	Controls and mitigations
<p>Market, Sector and Geopolitical Risk</p> <p>Trend: 2024: </p>	<p>By the nature of its investing activities, the Company's portfolio is exposed to fluctuations in market prices (both individual security prices and foreign exchange) and also to risks associated with the specific sectors in which its portfolio companies operate, such as inflation, interest rates, commodity and energy prices.</p> <p>Geopolitical developments and regional conflicts could affect the environment in which the Company operates, resulting in volatilities in prices, foreign exchange rates and interest rates, which can negatively impact the value of the Company's investments and/or demand for its shares.</p> <p>Geopolitical developments could also provide opportunity in the Company's investment strategy.</p>	<p>The Board reviews the Company's performance against comparator indices on an ongoing basis and receives a formal report from the Investment Manager at quarterly meetings.</p> <p>The closed-end structure of the Company is an essential part of the Board's management of this risk, ensuring that parts of the portfolio do not have to be sold to raise liquidity to fund redemptions at short notice, as would be the case with alternative structures.</p> <p>The Board considers asset allocation and concentration of the portfolio to minimise the risk associated with particular sector and/or geopolitical exposures.</p> <p>Geopolitical risk forms part of the Investment Manager's investment process and decisions. The Board has a regular dialogue with the Investment Manager to assess the impact of geopolitical events and to evaluate both the risks and opportunities.</p> <p>The Investment Manager reports sector risks arising from the general market and/or specific geopolitical environments to the Board at each quarterly meeting.</p> <p>Limits and restrictions set out in the Company's Investment Policy are intended to mitigate the Company's specific risk exposures. The Company's Administrator produces a monthly compliance report, confirming the Company's compliance with its published Investment Policy and restrictions, or reporting any breaches or issues.</p>

Risk and trend	Principal Risks and Uncertainties	Controls and mitigations
		<p>The Company does not hedge against any foreign currency movements, but income received from foreign investee companies is converted into Pounds Sterling.</p> <p>Reports and updates on the Company's investment portfolio, including currency exposures and recent transactions are prepared by the Company's Administrator for the Board's review regularly and at each quarterly meeting.</p> <p>Further details of these risks and related sensitivity analysis are disclosed in Notes to the Financial Statements.</p>
<p>Demand for the Company's shares</p> <p>Trend: 2024: </p>	<p>Demand for shares in the Company could decline due to failure to promote the Company, meet investors' objectives, and/or poor communication with shareholders, resulting in falling share prices and widening of discount, and/or reputational damages.</p> <p>Arbitrageurs may acquire large stakes in the Company which could threaten the viability of the Company.</p>	<p>A range of marketing activities is carried out by the Investment Manager, the broker, the Company Secretary and Administrator's Investor Relations team and a specialist PR company, and the Board receives regular feedback on their interactions with investors. Shareholder registers and key shareholder activities are provided by the broker for review by the Board at quarterly meetings.</p> <p>The Board monitors the share price and any signs of demand reduction are discussed so that appropriate action can be taken, including buying back of the Company's shares.</p> <p>Periodically the Board holds a strategy meeting at which the investment objectives and strategy are discussed.</p> <p>The Company offers shareholders a continuation vote every year.</p>
<p>Key person risk</p> <p>Trend: 2024: </p>	<p>Performance of the Company may be negatively affected by a change in the fund management team.</p>	<p>There are three fund managers who are responsible for day-to-day portfolio management which reduces the risk of any one fund manager's departure.</p> <p>The Investment Manager reports to the Board regularly on developments in their team and succession planning, where appropriate, and any key personnel changes are immediately reported to the Board.</p> <p>Furthermore, an Investment Committee at the Investment Manager oversees key stock selection and could support the Company in the event of a period of change.</p> <p>The Board meets with senior management at the investment manager to assess the stability of the management team and to reaffirm their commitment to and support of the fund management team and the Company.</p>

Principal Risks, Uncertainties and Mitigations continued

Risk and trend	Principal Risks and Uncertainties	Controls and mitigations
<p>Regulatory risk</p> <p>Trend:</p> <p>2024: </p>	<p>A breach of regulatory rules could lead to a suspension of the Company's stock exchange listing, loss of its investment trust status and/or financial penalties.</p>	<p>The Company Secretary and Administrator performs ongoing monitoring activities for the Company's compliance with the Listing Rules of the UK Listing Authority, the Companies Act, Market Abuse Regulations and other relevant and applicable legal and tax regulations.</p> <p>The Board reviews regulatory compliance regularly and at each Board meeting through reports from the Investment Manager's Compliance Officer and the Company Secretary and Administrator.</p>
<p>Operational risk:</p> <p>2024: </p>	<p>The Company relies upon the services provided by third parties and is reliant on the internal control systems of the Investment Manager and the Company's other service providers.</p> <p>Failures at these third parties, including cyber security, could adversely impact the security and maintenance of, inter alia, the Company's assets, dealing and settlement procedures, and accounting records.</p>	<p>The operating effectiveness of third party service providers is regularly tested and monitored and reported on at each Board meeting. The Audit Committee receives assurance reports such as IASE3402 and AAF01/20 from all key service providers. These reports detail key controls in operation at service providers and the effectiveness of their design and implementation and are independently reviewed by third party professional services firms.</p> <p>The Investment Manager delivers a risk based internal audit plan which covers different areas of its operations that are subject to internal audit, including front, middle and infrastructure audits. Any areas of concern relevant to the Company are discussed with the Audit Committee.</p>

Emerging risks

During Board discussions on principal risks and uncertainties, the Board considered any risks that were not an immediate threat but could arise in the longer term and have significant impact on the ability of the Company to continue to meet its objectives.

Focus areas have been the further escalation of emerging geopolitical tensions in the Middle East and elsewhere, and the wide share price discount to NAV per share across the board in the investment trust sector. The Board will continue to assess newly emerging risks on a regular basis to ensure that the implications for the Company are properly assessed and mitigating controls introduced where necessary.

Strategic Review

Introduction

This Strategic Review is designed to provide information primarily about the Company's business and results for the year ended 30 June 2024. It should be read in conjunction with the Chair's Statement on pages 6 to 8, and the Investment Manager's Review on pages 9 to 12, which give a detailed review of the investment activities for the year and look to the future.

Within the Strategic Review we discuss our approach to our stakeholder responsibilities within our S. 172 Statement beginning on page 28 and the Board's review of the Company's purpose, culture and values during the year. We also discuss our approach to people, social and governance matters and the environment on page 35.

Business model

The business model of the Company is described in more detail below.

Investment objective

The Company seeks 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.

Investment policy

The Company invests predominantly in mining and resource equities and mining, resource and industrial fixed interest securities (including, but not limited to, preference shares, loan stocks and corporate bonds, which may be convertible and/or redeemable). The Company may invest in companies regardless of country, sector or size and the Company's portfolio is constructed without reference to the composition of any stock market index or benchmark. Exposure to higher yielding securities may also be obtained by investing in other sectors, including closed-end investment companies and open-ended collective investment schemes.

The Company may, but is not obliged to, invest in derivatives, financial instruments, money market instruments and currencies for the purpose of efficient portfolio management.

The Company may acquire securities that are unquoted at the time of investment but which are about to be, or are immediately convertible at the option of the Company into securities which are, listed or traded on a stock exchange, and may continue to hold securities that cease to be quoted or listed if the Investment Manager considers this appropriate. In addition, the Company may invest up to 10 per cent of its gross assets in other securities that are unlisted or unquoted at the time of investment.

The Company will not invest more than 15 per cent in aggregate of the value of its total assets (measured at the time of investment) in other investment trusts or investment companies which are listed on the Official List except that this restriction does not apply to investments in other investment trusts or investment companies which themselves have published investment policies to invest no more than 15 per cent of their

total assets in other investment trusts or investment companies which are listed on the Official List.

The Company may borrow an amount up to 25 per cent of shareholders' funds (measured at the time of drawdown).

The Investment Manager expects that the Company will normally be fully invested. However, during periods in which changes in economic circumstances, market conditions or other factors so warrant, the Company may reduce its exposure to securities and increase its position in cash, money market instruments and derivative instruments in order to seek protection from stock market falls.

The Company's performance in meeting its objectives is measured against key performance indicators ("KPIs") as set out on pages 25 and 26.

Purpose, values and culture

The Board and the Investment Manager have taken time during the year to consider the expectations of the AIC Code of Corporate Governance (the "AIC Code") in the areas of corporate purpose, values and culture. The Board has identified the following for each on behalf of the Company:

Purpose – The Company's purpose is defined as the Board working collaboratively with the Investment Manager to deliver its agreed investment approach within its chosen natural resource and mining sectors of the global economy to generate capital growth and income for investors, whilst cognisant of its regulatory, stakeholder and societal responsibilities.

Values – Given the Company's status as a listed investment trust, and lack of direct employees, the Company's values are essentially those of the Board and its interactions with its key third party advisers, which are defined by trust, rigorous review, and foresight amongst others.

Culture – The Board emphasises open collaboration between directors and the Company's third-party advisers, including the Investment Manager, to create an environment conducive to effective decision-making. This also facilitates prompt and appropriate response to material issues by the Board. Where necessary, the Board challenges to ensure that performance is maintained on behalf of investors and stakeholders.

Investment Manager and management fees

The Company's investments are managed by CQS (UK) LLP, which was acquired by Manulife Investment Management in April 2024 and now trades as Manulife | CQS Investment Management. Ian Francis, Keith Watson and Robert Crayfound are the responsible portfolio managers. Further detail on the managers can be found on page 3.

CQS (UK) LLP is a global diversified asset manager, running multiple strategies with, as at 30 June 2024, assets of US\$14.6 billion under management.

Strategic Review continued

The Board keeps under review the appropriateness of the Investment Manager's appointment. In doing so the Management Engagement Committee considers the investment performance of the Company and the capability and resources of the Investment Manager to deliver satisfactory investment performance. It also considers the length of the notice period of the investment management contract and the fees payable to the Investment Manager, together with the standard of the other services provided. The Directors are satisfied with the Investment Manager's ability to deliver satisfactory investment performance, and the quality of other services provided. It is therefore their opinion that the continuing appointment of the Investment Manager on the terms agreed is in the interests of shareholders as a whole.

Under the investment management agreement with the Company, CQS (UK) LLP receives a management fee of 1.2 per cent on net assets up to £150 million; 1.1 per cent on net assets above £150 million and up to £200 million; 1.0 per cent on net assets above £200 million and up to £250 million; and, 0.9 per cent on net assets above £250 million.

The administration of the Company was delegated to BNP Paribas S.A., Jersey Branch until 21 November 2023. Frostrow Capital LLP was appointed as Company Secretary and Administrator on 22 November 2023. Equiniti Limited is appointed as the Company's share registrar.

UK Alternative Investment Fund Managers Directive ("UK AIFMD")

The Company has appointed CQS (UK) LLP, trading as Manulife | CQS Investment Management, as the Company's alternative investment fund manager ("AIFM"). The AIFM has been approved by the FCA to act as AIFM of the Company. A requirement of the UK AIFMD is for the Company to appoint a depositary to oversee the custody and cash arrangements and undertake other UK AIFMD required depositary responsibilities. The Board appointed BNP Paribas as the Company's depositary.

Further UK AIFMD disclosures are shown on pages 95 and 96.

Long-term viability statement

In accordance with the provisions of the AIC Code, the Directors have assessed the viability of the Company over a period of three years, which reflects the long-term nature of its investment objective, and the longer-term view adopted by the Investment Manager when making investment decisions and delivering total returns to shareholders.

The Board has reviewed the Company's financial position and its ability to liquidate its portfolio and meet its expenses as they fall due and, in doing so, noted the following:

- the assumption that the loan facility is rolled over annually rather than repaid. The Company had an unsecured loan facility with Scotiabank Europe Plc ("Scotiabank") which expired on 13 September 2024, however, a new secured facility was agreed with BNP Paribas on 13 September 2024 for a two-year period. In order to assess the impact of underperformance of the portfolio on the loan, the Board reviewed a series of stress tests and detailed financial modelling including in particular the effects of any substantial future falls in investment value on the ability to repay and re-negotiate borrowings, potential breaches of loan covenants and the maintenance of dividend payments. All tests concluded that there was no uncertainty over the Company's financial viability over the assessment period;
- Directors monitor and discuss the effects of any risks such as geopolitical events, inflation levels and adverse market conditions on the Company's investment strategy, outlook and financial position. The global pandemic now has a reduced impact on the Company's portfolio of investee companies, many of which have now restarted production after previous restrictions. Underlying core revenue income from the Company's portfolio continues to be strong and the Board believes that the Company is well placed to withstand the wider economic effects of the ongoing geopolitical events. The Board was therefore comfortable to declare a fourth quarterly interim dividend and special interim dividend payment, to be drawn from the Company's strong reserves, and also firmly consider it is appropriate to adopt the going concern basis as at 30 June 2024;
- that the annual continuation vote should not be a factor to affect the three-year period given the ongoing support of major shareholders. Since 2004, shareholders have been given the opportunity to vote on an Ordinary Resolution to continue the Company as an investment trust at each annual general meeting of the Company and the Company's significant shareholders have supported the continuation vote in previous years. If the resolution is not passed, the Board will put forward proposals to liquidate, open-end or otherwise reconstruct the Company;
- that the diverse nature of investments held gives stability and liquidity along with flexibility to be able to react positively to market and political forces outside of the Board's control;
- the assumption that there are no significant changes in market conditions or the tax and regulatory environment that could not reasonably have been foreseen;
- the impact of potential regulatory change and the controls in place surrounding significant third-party providers, including the Investment Manager. The Board also noted the liquidity risk in the portfolio where the percentage of Level 1 listed investments held at the year end was 95% (2023: 98%);
- the Company's processes for monitoring investment revenue and costs, with the use of frequent revenue forecasts, and the Investment Manager's compliance with the investment objective and policies. The Directors have concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due;

- Directors do not currently expect there to be any significant change to the current principal risks facing the Company. Furthermore, the Directors do not envisage any change in strategy which would prevent the Company from operating over the three-year period; and
- Directors have carried out a robust assessment of the principal risks facing the Company. These risks and their mitigations are set out on pages 20 to 22. The principal risks identified as most relevant to the assessment of the viability of the Company were those relating to a future macro-event likely to have a material impact on the financial position of the Company and the potential under-performance of the portfolio and its effect on the ability to pay dividends. When assessing these risks, the Directors have considered the risks and uncertainties facing the Company in severe but plausible scenarios, taking into account the controls in place and mitigating actions that could be taken.

After making enquiries of the Company's Investment Manager, and having considered the Company's investment objective, nature of the investment portfolio and expenditure projections, the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. The Board has considered a detailed assessment of the Company's ability to meet its liabilities as they fall due, in the context of the Company's investment objective, nature of the investment portfolio and expenditure projections, and is satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, and in light of the Company's long-term investment record, the Directors are satisfied that it is appropriate to adopt the going concern basis in preparing the accounts, notwithstanding the fact that the Company is subject to an annual continuation vote as described above.

Based on the results of its review and taking into account the long-term nature of the Company and its financing, the Board has a reasonable expectation that the Company will be able to continue its operations and meet its expenses and liabilities as they fall due for the foreseeable future, taken to mean at least the next three years. The Board has chosen this period as the timeframe being deemed most appropriate to the cycles within which the Company's investee companies operate and the sectors of the economy in which the portfolio is concentrated. The Board continues to consider that this period also reflects the long-term objectives of the Company, being a Company with no fixed life, whilst considering the impact of uncertainties in the markets.

Performance Measurement and Key Performance Indicators ("KPIs")

The Board uses a number of performance measures to assess the Company's success in meeting its objectives. The tables and data on page 4 show how the Company has performed against those KPIs, and a glossary of terms and alternative performance measures is included on pages 86 to 88.

The KPIs, which are used to measure progress and performance over time and which are comparable with those reported by other investment trusts are as follows:

- **Investment Performance**

To assess investment performance, the Board monitors the NAV per share performance relative to that of two comparator indices: the MSCI World Metals and Mining Index (sterling adjusted) and the MSCI World Energy Index (sterling adjusted).

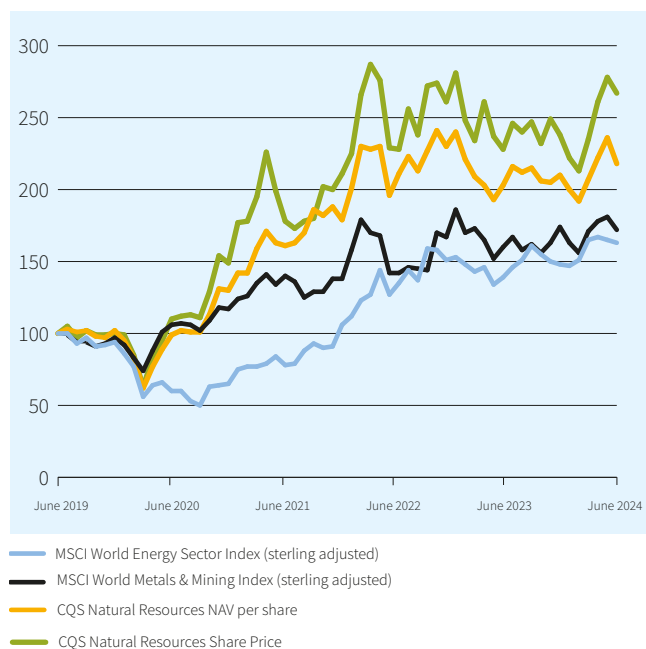
The Company invests principally in equity-related investments in companies, usually mid and small cap companies, with a wide range of commodity exposures as well as a number of fixed interest securities. Until July 2023, the Company had chosen an approximate composite proxy index, being 80 per cent of the EMIX Global Mining Index (sterling adjusted) and 20 per cent of the Credit Suisse High Yield Index (sterling adjusted). However, following the cessation of publication of the EMIX Global Mining Index (sterling adjusted), the Board considered replacing the benchmark index but, after investigation with the Company's broker and Investment Manager, did not find a suitable comparable index to be used as a key performance indicator. The Company therefore does not utilise a formal benchmark but has published its NAV per share performance alongside the two comparative indices as these best reflect the potential returns.

The performance of the NAV and comparative indices are shown in the graphs on page 1 with statistics also shown on page 4. Over a five year period, the Company's share price and NAV total returns have both outperformed its comparator indices, as shown by the graph overleaf.

Refer to the Chair's Statement on pages 6 to 8 for the Chair's commentary on the Company's development and performance during the year as well as position of the Company's business as at the year end.

Strategic Review continued

NAV per share and Share Price Performance vs. Comparator Indices over the 5 years to 30 June 2024



Source: Frostrow Capital LLP

• Dividend per share

The Board currently intends at least to maintain the level of dividend paid by the Company in recent years in future years. The continuing ability of the Company to do so is monitored on a quarterly basis. In respect of the year under review, four interim dividends per share totalling 5.60 pence per share were declared (2023: 5.60 pence per share). The Company has also declared a 1 penny per share special interim dividend due to strong underlying core revenue income from the Company's portfolio (2023: 3.00 pence per share).

• Ongoing charges ratio

The ongoing charges ratio is a measure of the total expenses incurred by the Company expressed as a percentage of the average shareholders' funds over the year. The Board regularly reviews the ongoing charges and monitors all expenses. For the year under review the ongoing charges ratio is 1.9% (2023: 1.8%).

Dividend per share and ongoing charges ratio fall within the definition of "Alternative Performance Measures" ("APMs") under guidance issued by the European Securities and Markets Authority ("ESMA"). Additional information explaining how these are calculated is set out in the Glossary beginning on page 86.

The Directors have carefully selected these KPIs as in their view these combine to provide the most appropriate measures of performance, both in terms of managing the business and presentation to shareholders and stakeholders. The Board is satisfied that performance against each measure has been satisfactory in the context of the events in the financial year. Further information regarding forward looking assessments for the KPIs can be found in the Chair's Statement and Investment Manager's Review.

Future prospects

The Chair's Statement beginning on page 6 and the Investment Manager's Review beginning on page 9 include a review of developments during the year as well as information on investment activity within the Company's portfolio and the factors likely to affect the future performance of the Company.

Employees, Social, Human Rights and Environmental matters

As a UK listed investment trust, the Company has no direct employees and accordingly it has no direct social or community impact and very limited environmental impact from its operations. Nevertheless, the Board determines that, given the profile of the natural resource sectors on which the investment strategy focuses, it is important that the Investment Manager monitors performance across these areas, specifically including human rights and health and safety performance, in finalising investment decisions. The investment portfolio is also increasingly focusing on low greenhouse gas businesses, commodities and solutions.

The Directors recognise that their first duty is to act in the best financial interests of the Company's shareholders and to achieve good financial returns against acceptable levels of risk, in accordance with the objectives of the Company.

In asking the Company's Investment Manager to deliver against these objectives, the Directors have also requested that the Investment Manager take into account the broader social, ethical and environmental issues of all companies within the Company's portfolio, acknowledging that companies failing to manage these issues adequately run a long-term risk to the sustainability of their businesses.

More specifically, to access capital they now expect companies to demonstrate ethical conduct, effective management of their stakeholder relationships, responsible management and mitigation of social and environmental impacts, as well as due regard for wider societal issues. The Investment Manager is increasingly expected to engage with investee companies around these themes, in line with the expectations of the UK Stewardship Code.

The Company's Investment Manager, CQS (UK) LLP (trading as Manulife | CQS Investment Management), has in turn stated that they view ESG factors as a key driver of financing costs, valuations and performance, while also being capable of acting as a lever to shape and influence the world for generations to come. The integration and assessment of ESG factors is a crucial part of this commitment, and a key factor in their decision-making. Through embedding ESG into the investment process, the Investment Manager seeks to enhance their ability to identify value, investment opportunities and, critically, to generate the best possible returns for their clients. CQS (UK) LLP is a signatory to the internationally recognised Principles for Responsible Investment ("PRI"), fully supporting all the PRIs.

Stakeholder Interests (S. 172 statement)

The following 'Section 172' disclosure, which is required by the Companies Act 2006 and the AIC Code, as explained on pages 28 to 34, describes how the directors have had regard to the views of the Company's stakeholders in their decision-making. The Board regularly reviews its responsibilities vis-à-vis Section 172 of the Companies Act 2006, in conjunction with the Company Secretary. The key areas, being only those relevant to the Company as a listed investment trust, are applied to all relevant board decision-making:

- (a) the likely consequences of any decision in the longer term;
- (b) the need to foster the Company's business relationships with suppliers, customers and others;
- (c) the impact of the Company's operations on the community and the environment;
- (d) the desirability of the Company maintaining a reputation for high standards of business conduct; and
- (e) the need to act fairly between members of the Company.

The Board considers the factors outlined under Section 172 and the wider interests of stakeholders as a whole in all decisions it takes on behalf of the Company.

Who? – Stakeholder group: Shareholders

Why?

The benefit of engagement with the Company's stakeholders

Clear communication of the Company's strategy and the performance against the Company's objective can help the share price trade closer to its NAV per share which benefits shareholders.

New shares may be issued to meet demand without net asset value per share dilution to existing shareholders. Increasing the size of the Company can benefit liquidity as well as spread costs.

The Board operates an investment strategy designed to deliver strong performance over the medium to longer term, based on exposure to valuable commodity markets.

How?

How the Board and the Company's service providers have engaged with the Company's stakeholders

The AIFM and the Investment Manager, on behalf of the Board, complete a programme of investor relations throughout the year.

An analysis of the Company's shareholder register is provided to the Directors at each Board meeting along with investor relations and marketing reports from the Company Secretary and Administrator. The Board reviews and considers the marketing plans on a regular basis. Reports from the Company's broker are submitted to the Board on investor sentiment and industry issues.

What?

The key areas of engagement

Ongoing dialogue with shareholders concerning the strategy of the Company, performance and the portfolio.

Key mechanisms of engagement include:

- The Annual General Meeting, whereby shareholders are invited to attend, ask questions and vote
- The Chair and non-executive directors make themselves available to engage with shareholders
- The Company's website hosts reports, video interviews with the Investment Manager and monthly factsheets
- One-on-one investor meetings facilitated by the Company Secretary and Administrator who actively engage with professional investors, typically discretionary wealth managers, some institutions and a range of execution-only platforms. Regular engagement helps to attract new investors and retain existing shareholders, and over time results in a stable share register made up of diverse, long-term holders

Outcomes and Actions

The actions, principal decisions and outcomes

Shareholders are provided with performance updates via the Company's website as well as the annual and half-year financial reports and monthly factsheets. The Investment Manager and the Company Secretary and Administrator meet regularly with shareholders and potential investors to discuss the Company's strategy, performance and portfolio. Both the Investment Manager and the Company Secretary and Administrator also engage with the Press on the Company's behalf.

Information on how to vote your Company shares on a selection of major platforms can be found by following the link within the Notice of Meeting on page 94.

Stakeholder Interests (S. 172 statement) continued

Who? – Stakeholder group: Shareholders continued

Why?

The benefit of engagement with the Company's stakeholders

While share buybacks will not necessarily prevent the discount from widening further, particularly in times of market volatility, they may, to a limited extent, mitigate a widening trend. In addition, buybacks enhance the net asset value per share for remaining shareholders, provide some additional liquidity and help to dampen discount volatility which can damage shareholder returns.

The Board recognises the importance shareholders place on the Company's dividend policy and is cognisant of the need to ensure the viability of the dividend.

How?

How the Board and the Company's service providers have engaged with the Company's stakeholders

At each meeting the Board reviews movements in the Company's shareholder register. There are regular interactions and engagement with shareholders (including at the AGM). Regular feedback from shareholders is received from the Company's broker.

Shareholders' rights are protected under the Company's Articles of Association which require any proposal that may materially change those rights to be subject to prior approval by a majority of shareholders in general meeting.

Who? – Stakeholder group: AIFM and Investment Manager

Why?

The benefit of engagement with the Company's stakeholders

Engagement with the Company's Investment Manager is necessary to:

- evaluate their performance against the Company's stated strategy and to understand any risks or opportunities this may present; and
- better understand the internal controls in place at CQS.

The Board ensures that the Investment Manager's ESG approach meets standards set by the Board.

How?

How the Board and the Company's service providers have engaged with the Company's stakeholders

Representatives of the AIFM attend each quarterly Board meeting and present a report on investment performance and other related matters. Between meetings the Board maintains regular contact with the Investment Manager.

The Audit Committee annually review reports from the AIFM's Money Laundering Reporting Officer and Compliance Officer to assess the adequacy and effectiveness of both functions.

What?**The key areas of engagement**

In the event of any significant (defined as 20% or more of those voting) vote against any of the resolutions put to shareholders at the AGM, the Board will explain in its announcement of the results of the AGM the actions it intends to take to consult shareholders in order to understand the reasons behind any significant votes against resolutions. Following the consultation, an update will be published no later than six months after the AGM and the annual report will detail the impact the shareholder feedback has had on any decisions the Board has taken and any actions or resolutions proposed.

The Company's Dividend Policy.

Outcomes and Actions**The actions, principal decisions and outcomes**

The Board reviews the Company's share price discount/premium on a daily basis and in April 2024, following discussion with advisers, the Board agreed a limited programme of purchases of its own shares.

The Company's discount tightened from 16.98% at the end of the previous financial year to 9.8% as at 30 June 2024.

Further detail is set out in the Chair's Statement beginning on page 6.

It was agreed it was in the best interests of the Company and shareholders to maintain the interim dividend in the year under review, as well as declare an additional special interim dividend due to continued strong underlying core revenue income.

What?**The key areas of engagement**

Portfolio composition, performance, ESG matters, outlook, and business updates.

The integration of ESG into the Investment Manager's investment processes.

Outcomes and Actions**The actions, principal decisions and outcomes**

The Board's appointed Investment Manager is committed to integrating environmental, social and governance themes into both its research engagement and investment activities. CQS is also a signatory to the Principles for Responsible Investment, amongst other initiatives. Further details of the Investment Manager's ESG related activities and reports can be found on page 35.

Stakeholder Interests (S. 172 statement) continued

Who? – Stakeholder group: Service Providers

Why?

The benefit of engagement with the Company's stakeholders

As an externally managed investment company, the Company does not have employees. Its main stakeholders therefore comprise its shareholders and a small number of service providers. The Board has delegated a wide range of activities to external agents, in addition to the Investment Manager.

The Company contracts with third parties for other services including: depositary, investment accounting & administration as well as company secretarial and registrars. The Company ensures that the third parties to whom the services have been outsourced complete their roles in line with their service level agreements and are able to continue to provide these services, thereby supporting the Company in its success and ensuring compliance with its obligations.

How?

How the Board and the Company's service providers have engaged with the Company's stakeholders

Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of the services offered, including the control systems in operation in so far as they relate to the affairs of the Company.

The Directors have frequent engagement with the Company's other service providers through the annual cycle of reporting and due diligence meetings or site visits by the Company Secretary and Administrator. This engagement is completed with the aim of maintaining an effective working relationship and oversight of the services provided.

The Board regularly evaluates the performance of its third-party service providers.

Who? – Stakeholder group: The Company's Lender

Why?

The benefit of engagement with the Company's stakeholders

Investment companies have the ability to borrow with a view to enhancing long-term returns to shareholders. Engagement with the Company's lender ensures that it fully understands the nature of the Company's business, the strategy adopted by the Investment Manager and the extent to which the Company complies with its loan covenants.

How?

How the Board and the Company's service providers have engaged with the Company's stakeholders

Regular reporting to the lender with respect to adherence with loan covenants and ad hoc meetings with the AIFM.

The AIFM engaged with the provider of the Company's previous loan facility in advance of expiry in September 2024.

What?**The key areas of engagement**

The Board met regularly with representatives of the Company Secretary and Administrator which attend every Board meeting to provide updates on risk management, accounting, administration and corporate governance matters.

In August 2024, representatives of the Company Secretary and Administrator conducted an oversight visit to the Company's registrar, Equiniti, on the Board's behalf. An industry update, presentations on cyber security, dividend payment processes, the shareholder register and online shareholder engagement were received.

Outcomes and Actions**The actions, principal decisions and outcomes**

All service providers engaged and supplied requested information for the due diligence exercise to be completed.

Reviews of the Company's service providers in June 2024 were positive, and the Directors believe their continued appointment is in the best interests of the Company. Following the review undertaken in June 2023, the Board undertook to assess alternative administration and company secretarial providers, which resulted in the appointment of Frostrow in November 2023.

The Audit Committee met with BDO LLP to review the audit plan for the year, agree their remuneration, review the outcome of the annual audit and to assess the quality and effectiveness of the audit process. Please refer to the Audit Committee Report beginning on page 52 for further information.

What?**The key areas of engagement**

Continued compliance with covenants set out within the loan agreement between the Company and the lender.

The AIFM sought quotations from the previous and alternative lenders.

Outcomes and Actions**The actions, principal decisions and outcomes**

The Board ensures compliance with loan covenants throughout the year.

As detailed on page 7, the Company entered into a two-year agreement with BNP Paribas with improved commercial terms on 13 September 2024.

Stakeholder Interests (S. 172 statement) continued

Relations with shareholders

The Directors place a great deal of importance on communication with shareholders. The annual report is widely distributed to other parties who have an interest in the Company's performance. Shareholders and investors may obtain up to date information on the Company through the Investment Manager's website. The Company responds to letters from shareholders on a wide range of issues.

A regular dialogue is maintained with the Company's institutional shareholders and with private client asset managers. Reference to significant holdings in the Company's ordinary shares can be found under "Substantial Interests in the Company's Shares" on page 39. The Notice of the annual general meeting included within the annual report and financial statements is sent out at least 20 working days in advance of the AGM. All shareholders have the opportunity to put questions to the Board or Investment Manager, either formally at the Company's AGM or subsequent to the meeting when light refreshments will be offered to shareholders.

Disclosure and transparency rules

Other information required to be disclosed pursuant to the Disclosure Guidance and Transparency Rules has been placed in the Directors' Report on pages 38 to 41 because it is information which refers to events that have taken place during the course of the year.

By order of the Board

Helen Green

Chair

23 October 2024

Environmental, Social and Governance (“ESG”) Statement

Introduction

CQS Natural Resources Growth and Income PLC (“the Company”) is a UK listed investment company whose objective is to provide shareholders with capital growth and income from a portfolio of mining and resource equities and mining, resource, industrial and other fixed interest securities. The Company has appointed CQS (UK) LLP, trading as Manulife | CQS Investment Management (“CQS”) as its Investment Manager.

The Board fully supports the growing importance placed on ESG factors when asking the Company’s Investment Manager to deliver against the Company’s objectives. The Board has requested that the Investment Manager take into account the broader social, ethical and environmental issues of companies within the Company’s portfolio, acknowledging that companies failing to manage these issues adequately run a long-term risk to the sustainability of their businesses.

CQS Responsible Investment Policy incorporating our ESG Statement

CQS views ESG factors as significant drivers influencing financing costs, risk assessment valuations and performance. The assessment, integration and engagement of ESG factors is a crucial part of the Investment Manager’s responsible investment commitment. By embedding responsible investment into its investment process, the Investment Manager seeks to enhance its ability to identify value, investment opportunity, risk and, critically, to generate the best possible returns and outcomes for its clients.

The Investment Manager is a signatory to the United Nations Principles for Responsible Investment (“PRI”), the UK Stewardship Code, the Net Zero Asset Managers’ (“NZAM”) initiative and is a member of the Institutional Investors Group on Climate Change.

The Task Force on Climate-related Financial Disclosures (“TCFD”) is a global initiative to promote consistent and transparent reporting of climate-related risks and opportunities by companies and financial institutions. Beginning in 2024, the Investment Manager publishes climate related financial disclosures in respect of the Company, which enables investors to make informed choices based on consistent and comparable information about the climate impact of the Company.

The Company’s Climate-related Financial Disclosures report can be accessed via the Investment Manager’s website.

The Investment Manager has a three-pronged approach to engagement:

- targeted Engagement Programmes which map key objectives for priority companies to the UN Sustainable Development Goals;
- day-to-day engagement as part of the research process; and
- collaborative engagements.

Key engagements are monitored and discussed at quarterly Engagement Group meetings and cover environmental, social and governance topics. Further detail can be found within CQS’ Engagement Policy on their website.

An example of this engagement for the Company over the reporting period was the Investment Manager’s participation in the 2023 CDP (Carbon Disclosure Project) Non-Disclosure Campaign. The campaign was a collaboration of 287 financial institutions directly engaging with 1,590 of the highest impact companies not currently disclosing environmental data through CDP. The Investment Manager led on four engagements and co-signed all other letters as part of the campaign. As a result of the campaign, 317 companies in the campaign made disclosures on at least one of the key environmental issues including climate, water and forests.

Further detail can be found within CQS’ Responsible Investment Policy on their website.

Board of Directors

All of the Directors are non-executive and all are considered by the Board to be independent of the Investment Manager. Details on Directors' remuneration and shareholdings in the Company can be found on pages 49 and 50 respectively. No Directors have any shared directorships with any other Company Directors.

Key to membership of Board Committees:

- Audit Committee
- Management Engagement Committee
- Nomination Committee
- Chair of Committee



Helen Green
Director and Chair of the Board



Length of service:

9 years – appointed as a director on 1 September 2015 and appointed Chair of the Board on 1 April 2022. Helen intends to retire as a director at the conclusion of the AGM on 10 December 2024.

Experience:

Helen is a Chartered Accountant and a director of Saffery Trust in Guernsey. She joined Saffery Champness in London in 1984, relocating to Guernsey in 2000.

All other public company directorships:

- JPMorgan Global Core Real Assets Limited
- Landore Resources Limited



Carole Cable
Director



Length of service:

7 years – appointed a Director on 1 October 2017

Experience:

Carole is a partner and co-head of the Energy and Resources division at Brunswick Group LLP, where she advises clients in the mining and oil/gas sector. Carole has had a 25-year career connected to the mining and commodities sector, initially on the sell side at JP Morgan and Credit Suisse. Carole is also a non-executive director of Nyrstar NV the former holding entity of a global mining and multi metals business.

All other public company directorships:

- Nyrstar N.V.



Christopher Casey
Director and Chair of the Audit Committee



Length of service:

7 years – appointed a Director on 1 October 2017; appointed Chair of the Audit Committee on 1 April 2022.

Experience:

Christopher is currently chairman of European Smaller Companies Trust PLC, and chair of the audit committees of Mobius Investment Trust plc and Life Settlement Assets PLC. Christopher was a KPMG partner until 2010. Since then, he has carried out a number of non-executive board roles including chairman of China Polymetallic Mining Ltd.

All other public company directorships:

- European Smaller Companies Trust plc
- Mobius Investment Trust plc
- Life Settlement Assets PLC



Paul Cahill
Director



Length of service:

2 years – appointed as a director on 23 June 2022.

Experience:

Paul is chairman of the Advisory Board of Bacchus Capital Advisers (an independent investment and merchant banking platform focused on metals and mining); a non-executive director of ASX-listed Ironbark Zinc Limited; and a Senior Adviser, Mineral Resources for Mitsubishi Corporation. Paul has over 30 years of experience in the natural resources sector, most of which with the Anglo American Group in various senior roles including Group Head of Business Development.

All other public company directorships:

- Ironbark Zinc Limited



Alun Evans

Director



Length of service:

10 years – appointed as a director on 26 September 2014. Alun intends to retire as a director at the conclusion of the AGM on 10 December 2024.

Experience:

Alun has worked in the investment management industry for nearly 40 years. He began his career at Capel-Cure Myers moving to Carr Sheppards Crosthwaite in 1990, where he became an executive director in 1998. He joined Cheviot in 2009 as Business Development Director, from which he retired in August 2017.

All other public company directorships:

None



Louise Hall

Director



Length of service:

2 months – appointed as a director on 1 August 2024.

Experience:

Louise spent over 30 years as an investment manager at Investec Wealth and Investment, a private client wealth management firm, ultimately sitting as an Executive Director on their board and running their largest office. Since retiring from full time work, Louise has sat on the Save the Children Investment Committee and been Chair of Governors at a girls' school in Dorset. More recently, Louise has become an independent non-executive Director at wealth management firm, JM Finn.

All other public company directorships:

None



Seema Paterson

Director



Length of service:

2 months – appointed as a director on 1 August 2024.

Experience:

Seema is a chartered accountant, having qualified in 1999 with Arthur Andersen in London. Seema has also worked in mergers and acquisitions at Société Générale and in corporate finance at Collins Stewart. She is currently chief financial officer and board director of This Works Products Limited, a private equity owned wellness and beauty brand with operations across the world. Seema also serves on the board of Resurgo Trust, a youth employment charity based in London.

All other public company directorships:

None

Directors' Report

The Directors present the Annual Report on the affairs of the Company, together with the audited Financial Statements and the Independent Auditor's Report for the year ended 30 June 2024.

In accordance with the requirement for the Directors to prepare a Strategic Report and an enhanced Directors' Remuneration Report for the year ended 30 June 2024, the following information is set out in the Strategic Report:

- a review of the Company including details about its objective, strategy and business model;
- future developments, details of the principal risks and uncertainties associated with the Company's activities (including the Company's financial risk management objectives and policies); and
- information regarding community, social, employee, human rights and environmental issues.

Information about Directors' interests in the Company's ordinary shares is included within the Directors' Remuneration Report on page 50.

The Statement of Corporate Governance is set out on pages 42 to 47 and forms part of this Report.

Principal Activity and Status

The Company is registered as a public limited company in terms of the Companies Act 2006 (company number: 02978531). It is an investment company as defined by Section 833 of the Companies Act 2006. It carries on the business of an investment trust and has been approved under Sections 1158 and 1159 of the Corporation Tax Act 2010 by HM Revenue and Customs as such, subject to continuing to meet eligibility requirements. The Directors are of the opinion that the Company has conducted its affairs in a manner compliant with the conditions for continued approval and intend that it should continue to do so.

The Company is listed on the Main Market of the London Stock Exchange, within the Financial Services sector, and is identified by the TIDM or ticker symbol 'CYN'. The Company's ISIN is GB0000353929 and SEDOL is 0035392.

As an investment company that is managed and marketed in the United Kingdom, the Company is an Alternative Investment Fund ("AIF") falling within the scope of, and subject to the requirements of, the UK Alternative Investment Fund Managers Directive ("UK AIFMD"). Further details are provided in the UK AIFMD Disclosures on pages 95 and 96.

The Company's shares are eligible for inclusion in an Individual Savings Account ("ISA"). The Company is a member of the Association of Investment Companies ("AIC").

Results and Dividends

Details of the Company's results and dividends paid are shown on pages 4 and 5 of this Report.

Dividend Policy

Subject to market conditions and the Company's performance, financial position and financial outlook, it is the Directors' intention to pay an attractive level of dividend income to shareholders on a quarterly basis.

The Company intends to continue to pay all dividends as interim dividends. A resolution to approve this dividend policy will be proposed at the AGM.

Directors

Biographical details of the current Directors of the Company can be found on pages 36 and 37. All members of the Board are non-executive. None of the Directors has any other connection with the Investment Manager or is employed by or is an officer of any of the companies in which the Company holds an investment or any of the Company's service providers.

As explained in more detail within the Statement of Corporate Governance, the Board has agreed that all Directors will retire and, where appropriate, offer themselves for re-election annually. As announced by the Board on 22 July 2024, Mrs Green and Mr Evans will retire at the conclusion of the AGM. Ms Cable, Mr Cahill and Mr Casey will offer themselves for re-election and Mrs Hall and Mrs Paterson, who were appointed on 1 August 2024, will seek election by shareholders. Additionally, Mr Casey will succeed to the role of Chair of the Board, Mrs Paterson will succeed to the role of Chair of the Audit Committee and Ms Cable will succeed to the role of Chair of the Management Engagement Committee.

The Directors believe that each of the Directors brings a significant range of business, financial and management skills and experience to the Company and enables the Board to provide effective strategic leadership and proper guidance of the Company. The Board confirms that, following the annual evaluation process set out in the Corporate Governance Statement on pages 45 and 46, the performance of each of the Directors continues to be effective and demonstrates commitment to the role. The Board therefore believes that it is in the interests of shareholders that these Directors are elected or re-elected, as appropriate.

None of the Directors is entitled to compensation for loss of office. None of the Directors has a service contract with the Company.

The Directors exercise the powers conferred by the Company's Articles of Association and UK Company Law to manage the Company's interest for the benefit of shareholders and stakeholders. Further information regarding the proposed changes to those authorities this year can be found on pages 40 and 41.

Directors' and Officers' Insurance

The Company has a Directors' and Officers' insurance policy in respect of liabilities that may attach to them in their capacity as Directors of the Company. This covers any liabilities that may arise to a third party for negligence, default or breach of trust or duty. This policy has been in force throughout the year under review and remains in place as at the date of this report.

Directors' Indemnity

Following the year end, deeds of indemnity were implemented between the Company and each of its Directors under which the Company has agreed to indemnify each Director, to the extent permitted by law, in respect of certain liabilities incurred as a result of carrying out their role as a Director of the Company. The Directors are also indemnified against the costs of defending any criminal or civil proceedings or any claim by the Company or a regulator as they are incurred. Where the defence is unsuccessful the Director must repay those defence costs to the Company. The indemnities are qualifying third party indemnity provisions for the purposes of the Companies Act 2006. A copy of each deed of indemnity is available for inspection at the Company Secretary's offices during normal business hours and will be available at the Annual General Meeting.

Conflicts of Interest

The Board has a procedure for identifying, reporting and addressing conflicts of interest, or potential conflicts. Directors report on actual or potential conflicts of interest at each Board meeting. Any Director with a conflict would be excluded from any related discussion. The Board considers that the procedure has worked effectively during the year under review and intends to continue to review all notified situations at each meeting.

Directors' Remuneration Report

The Directors' Remuneration Report is set out on pages 49 and 50. An advisory ordinary resolution to approve the report will be put to shareholders at the Company's AGM. The Company is also required to put the Directors' Remuneration Policy to a binding shareholder vote on a triennial basis. The Remuneration Policy was approved by shareholders at the AGM held in 2021 and has continued to apply for the financial year to 30 June 2024. The Remuneration Policy, as set out on page 51, will be put to shareholders at the AGM to be held on 10 December 2024. The Board does not propose any change to the current Policy.

Directors' Responsibilities

The Directors' responsibilities in preparing these Financial Statements are stated on page 48.

Capital Structure

The Company's capital structure is composed solely of Ordinary Shares. As at 30 June 2024 there were 66,888,509 Ordinary shares of 25 pence each in issue, of which 728,557 were shares held in treasury. These shares do not carry voting rights or the right to receive dividends and thus the number of voting rights was 66,159,952 on a poll. Since the year end, a further 1,823,322 shares have been bought back and as at 21 October 2024 there were 66,888,509 shares in issue of which 2,551,879 were held in treasury. The voting rights of the shares on a poll are one vote for every share held. The ordinary shares give shareholders the entitlement to all of the capital growth in the Company's net assets and to all the Company's income that is resolved to be distributed.

The Company's Articles of Association permit the Company to purchase its own shares and to fund such purchases from its

accumulated realised capital profits. At the AGM on 15 December 2023 a special resolution was passed giving the Company authority, until the conclusion of the AGM in 2025, to make market purchases to be held in treasury of the Company's ordinary shares up to a maximum of 10,026,587 shares, being 14.99% of the issued ordinary share capital as at 15 December 2023. The Company has bought back 2,551,879 shares between the date of the last AGM and 21 October 2024.

The Board is seeking to renew its powers at the forthcoming AGM to buy shares into treasury, for possible reissuance when the shares trade at a premium. The Company makes use of share buybacks, purchasing shares to be held in treasury with the objective of achieving a sustainable low discount (or a premium) to net asset value. Shares are not bought back unless the result is an increase in the net asset value per ordinary share. Shares will only be re-sold from treasury at, or at a premium to, the net asset value per ordinary share.

There are no restrictions concerning the transfer of securities in the Company; no special rights with regard to control attached to securities; no agreements between holders of securities regarding their transfer which are known to the Company; and no agreements to which the Company is party that might affect its control following a successful takeover bid.

Substantial Interests in the Company's Shares

As at 30 June 2024, the Company had been notified of the following substantial interests in the Company's voting rights.

Person subject to the notification obligation	% of voting rights
Saba Capital Management, L.P.	14.05
Charles Stanley Group plc	4.91
Jefferies Financial Group Inc.	4.69

Following the year end, and to 21 October 2024, being the latest practicable date prior to the production of this Report, the Company received the following new notifications:

Person subject to the notification obligation	% of voting rights
Saba Capital Management, L.P.	17.18%
Jefferies Financial Group Inc.	4.81%

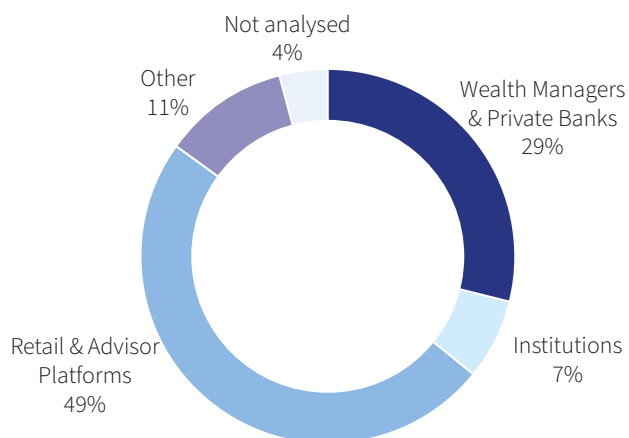
As at 21 October 2024 there were 64,336,630 shares with voting rights, excluding 2,551,879 shares held in treasury.

These tables reflect those shareholders who have notified the Company of a substantial interest in its shares when they have crossed certain thresholds and may not reflect their current holding. The tables do not reflect the full range of investors in the Company. The shareholder register is principally comprised of private wealth managers and retail investors owning their shares

Directors' Report continued

through a variety of online platforms. A profile of the Company's ownership is shown below.

Profile of the Company's ownership of shares held as at 30 June 2024



Source: Equiniti RD:IR

Change of Control

There are no agreements to which the Company is party that might be affected by a change of control of the Company.

Exercise of Voting Powers

The Investment Manager, in the absence of explicit instruction from the Board, is empowered to exercise discretion in the use of the Company's voting rights in respect of investee companies. The underlying aim of exercising such voting rights is to protect the return from an investment.

Financial Statements

The Directors' responsibilities regarding the financial statements and safeguarding of assets are set out on page 48.

Global Greenhouse Gas ("GHG") emissions for the year ended 30 June 2024

The Company is an investment company, with neither employees nor premises, nor has it any financial or operational control of the assets which it owns. Consequently, the Company consumed less than 40,000 kWh of energy during the year in respect of which the Directors' Report is prepared and therefore is exempt from the disclosures required under the Streamlined Energy and Carbon Reporting criteria. It has no GHG emissions to report from its operations nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013, including those within the Company's underlying investment portfolio.

The Company's approach with regard to the environmental standards and performance of investee companies is discussed in more detail in the section headed Stewardship Code on page 47.

Taskforce for Climate Related Financial Disclosures ("TCFD")

The Company notes the TCFD recommendations on climate related financial disclosures. The Company is an investment company and, as such, it is exempt from the Listing Rules requirement to report against the TCFD framework. However, the Investment Manager has prepared a Climate-related Financial Disclosures report which can be accessed via the Investment Manager's website.

Modern Slavery Act 2015

As an investment vehicle the Company does not provide goods or services in the normal course of business and does not have customers. Accordingly, the Directors consider that the Company does not fall within the scope of the Modern Slavery Act 2015 and is not, therefore, obliged to make a slavery and human trafficking statement.

Listing Rule 9.8.4

Listing Rule 9.8.4 requires the Company to include certain information in a single identifiable section of the annual report or a cross-reference table indicating where the information is set out. The Directors confirm that there were no disclosures to be made in this regard.

Annual General Meeting

The Notice of the Annual General Meeting is contained on pages 89 to 94. As well as resolutions relating to the Financial Statements, election/re-election of Directors, and the Company's auditor, resolutions relating to the following items of business will be proposed at the forthcoming Annual General Meeting.

Continuation Vote

The Directors are required to propose an Ordinary Resolution at the forthcoming Annual General Meeting that the Company shall continue in being an investment trust. Accordingly, the Directors are proposing Resolution 12, as an Ordinary Resolution.

Directors' Authority to Allot Shares

The Directors are seeking authority to allot shares. Resolution 13 will, if passed, authorise the Directors to allot new shares up to an aggregate nominal amount of £1,608,415.75 per annum being 10 per cent of the total issued shares, excluding shares held in treasury, as at 21 October 2024, the latest practicable date prior to the publication of this Report or, if changed, the number representing 10 per cent of the total issued shares at the date at which the resolution is passed.

In response to the shareholder vote at the 2023 AGM, the Board confirms that it would not, under any ordinary circumstance, seek to issue shares at a discount to net asset value per share. In the unlikely circumstance that the Directors consider such an action to be in the interests of shareholders, it would seek a specific enabling, or ratifying, authority to do so from shareholders.

Authority to Disapply Pre-Emption Rights

Resolution 14, which is a Special Resolution, will, if passed, renew the Directors' existing authority to make allotments of shares or sell shares from treasury for cash without first offering them to existing holders in proportion to their existing holdings.

Resolution 14 authorises the Directors to allot new ordinary shares for cash or to sell shares held by the Company in treasury, otherwise than to existing shareholders on a pro rata basis up to an aggregate nominal amount of £804,207.75 which is equivalent to 3,216,831 ordinary shares and represents 5 per cent of the Company's ordinary share capital, excluding shares held in treasury, as at 21 October 2024, being the latest practicable date prior to the publication of this Report or, if changed, the number representing 5 per cent of the total issued shares, excluding shares held in treasury, at the date at which the resolution is passed.

These authorities, if passed, will continue in effect until the conclusion of the Annual General Meeting in 2025. The Directors do not have any immediate plans to issue further ordinary shares in the Company.

Directors' Authority to Buy Back shares

Resolution 15, as set out in the Notice of the Annual General Meeting, seeks renewal of the Company's authority to purchase its own shares. The renewed authority to make market purchases will be in respect of 9,644,060 ordinary shares being approximately 14.99 per cent of the issued ordinary shares of the Company in issue, excluding shares held in treasury, as at 21 October 2024, being the latest practicable date prior to the publication of this Report or, if changed, the number representing 14.99 per cent of the total issued, excluding shares held in treasury, shares at the date at which the resolution is passed.

The price paid for the shares will not be less than the nominal value of 25 pence per share nor more than the higher of (i) 105 per cent of the average middle market quotations taken from and calculated by reference to the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary Share is contracted to be purchased or (ii) the higher of the price of the last independent trade and the highest current independent bid.

This power will only be exercised if, in the opinion of the Directors, a purchase would result in an increase in net asset value per share and be in the interests of the shareholders as a whole. Any shares purchased under this authority will, as the Directors of the Company may from time to time determine, be cancelled immediately on completion of the purchase or held in treasury for possible reissuance when the shares trade at a premium. This authority will expire at the conclusion of the Annual General Meeting of the Company in 2025.

Recommendation

Your Board considers the passing of the resolutions to be proposed at the Annual General Meeting is likely to promote the success of the Company for the benefit of its members as a whole and are in the best interests of the Company and its shareholders as a whole.

Accordingly, the Directors unanimously recommend that shareholders should vote in favour of the resolutions, as they intend to do in respect of their own beneficial shareholdings of 45,889.

Disclosure of Information to the Auditor

As required by Section 418 of the Companies Act 2006 each of the Directors who held office at the date of approval of this Directors' Report confirm that, so far as each of the Directors is aware, there is no relevant information of which the Company's Auditor is unaware and the Directors have taken all the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Independent Auditor

The Auditor, BDO LLP, is willing to continue in office as the Auditor and a resolution to reappoint BDO LLP and authorise the Audit Committee to determine the Auditor's remuneration for the ensuing year, will be proposed at the Annual General Meeting.

By Order of the Board

Helen Green

Chair
23 October 2024

Statement of Corporate Governance

Introduction

The Board has considered the principles and recommendations of the AIC Code of Corporate Governance (the “AIC Code”). The AIC Code addresses all the principles set out in the UK Corporate Governance Code issued by the Financial Reporting Council (“FRC”) (the “UK Code”), as well as setting out additional principles and recommendations on issues that are of specific relevance to investment companies.

The Board considers that reporting against the principles and recommendations of the AIC Code will provide the best information to shareholders and the FRC has confirmed that by following the AIC Code, boards of investment companies will meet their obligations in relation to the UK Corporate Governance Code and associated disclosure requirements under paragraph 9.8.6 of the UK Listing Rules. The Corporate Governance Code can be viewed at www.frc.org.uk. The AIC Code is available on the AIC website (www.theaic.co.uk). It includes an explanation of how the AIC Code adapts the Principles and Provisions set out in the Corporate Governance Code to make them relevant for investment companies.

Statement of Compliance

The Board has considered the principles and recommendations of both the UK Code and the AIC Code and confirms that the Company has complied with the applicable provisions throughout the year under review and up to the date of this report, except the UK Code provisions relating to:

- The role of the chief executive;
- Executive directors’ remuneration, including formation of a separate board remuneration committee and appointment of any remuneration consultant;
- The need for an internal audit function; and
- The appointment of a Senior Independent Director.

As the AIC Code acknowledges in setting out additional provisions relevant to the industry, the above exceptions are not believed to be automatically relevant to externally managed investment companies. In particular, all of the Company’s day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations. As discussed in the Report of the Audit Committee, it was concluded that no internal audit function was required. Therefore, the Company has not reported further in respect of these provisions. The directors, having regularly reviewed the Company’s compliance, are therefore comfortable that the Company complies as appropriate with both the UK Code and the AIC Code. This report further describes how this compliance is achieved.

Committees of the Board

The Board has three principal committees: the Audit Committee, the Management Engagement Committee and the Nomination Committee. The terms of reference for these committees are available via the Company Secretary and via the Company’s website.

A separate remuneration committee has not been established as the Board would ordinarily, except in transitional periods to assist smooth succession planning, consist of only five non-executive directors. The whole Board is responsible for setting directors’ fees in accordance with the Remuneration Policy set out on page 51, which is subject to periodic shareholder approval.

Audit Committee

The Audit Committee comprises all directors, with the exception of the Chair of the Board, and is chaired by Mr Casey (to be succeeded by Mrs Paterson with effect from 10 December 2024). Further details are provided in the Report of the Audit Committee on pages 52 to 54.

Management Engagement Committee

The Management Engagement Committee is chaired by Mr Evans (to be succeeded by Ms Cable with effect from 10 December 2024) and comprises the full Board. The Management Engagement Committee annually reviews matters concerning the management contract which exists between the Company and the Investment Manager and the Company’s contracts with other service providers. Details of the Management Agreement are shown in Note 3 to the Financial Statements.

Nomination Committee

The Nomination Committee is chaired by Mr Cahill and comprises the full Board. The Committee’s role is to regularly review the Board’s structure and composition and to make recommendations for any changes or new appointments and oversee any Board recruitment processes. Possible new Directors are identified against the requirements of the Company’s business and the need to have a balanced Board. External search consultants may be used to assist in the appointment of new Directors.

Board Meetings

During the year ended 30 June 2024 the Board met quarterly and on three additional occasions to consider the Company’s dividend, a total of seven meetings. In addition, there were three Audit Committee meetings, one Management Engagement Committee meeting, and three Nomination Committee meetings. Four additional meetings were held where a committee was formed for the signing of loan documents, approval of the Company’s half year and annual reports and discussion of the Company’s share buyback activity. Between meetings the Board maintains regular contact with the Investment Manager.

Directors have attended Board and Committee meetings during the year ended 30 June 2024 as follows:

	Audit Committee	Management Engagement Committee	Nomination Committee	Board
Helen Green	3*	1	3	7
Carole Cable	3	1	3	6
Paul Cahill	3	1	3	7
Christopher Casey	3	1	3	7
Alun Evans	3	1	3	7

* Not a member of the Committee but in attendance by invitation for all or part of the meetings.

The Board

The Chair is responsible for the leadership of the Board and ensuring its effectiveness on all aspects of its role. Given the size and composition of the Board it is not considered necessary to appoint a Senior Independent Director. All Directors are considered by the Board to be independent of the Investment Manager. Each of the Directors is independent in character and judgement and there are no relationships, or circumstances which the Board considers likely to affect the judgement of the independent Directors. The Board takes the view that independence is not compromised by length of tenure and that experience and continuity can add significantly to the Board's strength.

The Board has a schedule of matters reserved to it for decision and the requirement for Board approval on these matters is communicated directly to the senior staff of the Investment Manager. Such matters include strategy, borrowings, treasury and dividend policy. Full and timely information is provided to the Board to enable the Directors to function effectively and to discharge their responsibilities. The Board also reviews the financial statements, performance and revenue budgets.

Policy on Director Tenure

The Company is strongly committed to striking the correct balance between the benefits of continuity, experience and knowledge and those that come from the introduction of new perspectives and skills to the Board. It is the intention of the Board that each Director will retire after no longer than nine years in the role, however, it is acknowledged that in some circumstances an extension of that time period could be beneficial to the Company. A comprehensive explanation will be provided for the extension where applicable.

The terms of Directors' appointments and the Company's Articles of Association provide that Directors should retire and be subject to election at the first Annual General Meeting after their appointment. Directors are obliged to retire by rotation, and to offer themselves for re-election by shareholders at least every three years after that. Any Director who has served on

the Board for more than nine years will offer themselves for re-election annually. However, in 2011 the Board agreed that, as recommended by the AIC Code, all Directors will retire annually and, if appropriate, seek re-election. There is no notice period and no provision for compensation upon early termination of appointment.

Appointments to the Board

A Director appointed during the year is required, under the provisions of the Company's Articles of Association, to retire and seek election by shareholders at the next Annual General Meeting.

As part of the process to appoint Mrs Hall and Mrs Paterson, who were appointed on 1 August 2024, the Board engaged the services of specialist recruitment consultants, Fletcher Jones Ltd, who prepared a list of potential candidates for consideration by the Board. A short list was then arrived at, the candidates were interviewed, and Louise and Seema were subsequently appointed.

Fletcher Jones Ltd is a signatory of The Standard Voluntary Code of Conduct for Executive Search Firms published by The Department for Business, Energy & Industrial Strategy ("BEIS"). The Code of Conduct aims to broaden ethnic diversity and gender balance on boards through executive search firms' commitment throughout their recruitment processes, such as initial planning stages, long/short listing and candidate support.

As described on page 45, Fletcher Jones Ltd were also appointed by the Board to conduct an external independent Board evaluation in Autumn 2023. Fletcher Jones Ltd has no other connection with the Company or the individual directors.

Induction/Development

New appointments to the Board are provided with a full induction programme. The programme covers the Company's investment strategy, policies and practices. New Directors are also given key information on the Company's regulatory and statutory requirements as they arise including information

Statement of Corporate Governance continued

on the role of the Board, matters reserved for its decision, the terms of reference for the Board committees, the Company's corporate governance practices and procedures and the latest financial information. Following their appointment, Directors are encouraged to participate in training courses where appropriate.

Directors' Other Commitments

Each of the Directors has assessed the overall time commitment of their external appointments and it was concluded that they have sufficient time to discharge their duties. When appointing new Directors, the Board takes into account other demands on the Directors' time. Any additional external appointments are only undertaken with prior approval of the Board.

Diversity Policy

The Board supports the principle of boardroom diversity and therefore the Company's Diversity Policy applies to both the Board and its committees. The Company's policy is that the Board and its committees should be comprised of directors with a diverse range of skills, knowledge and experience and that appointments to the Board should be made on merit, against objective criteria, including diversity in its broadest sense.

The objective of the policy is to have a broad range of approaches, backgrounds, skills, knowledge and experience represented on the Board. To this end, achieving a diversity of perspectives and backgrounds on the Board is a key consideration in any director search process and the Board encourages any recruitment agencies it engages to find a diverse range of candidates that meet the criteria agreed for each appointment.

The Board will give due regard to diversity-based targets, namely The Parker Review, FTSE Women Leaders Review and the Listing Rules, but will not discriminate on the grounds of age, gender, sexual orientation, disability or socio-economic background in considering the appointment of Directors.

Board Diversity

Details of the Directors of the Company are set out on pages 36 and 37.

The Board is supportive of the FCA's Listing Rules (LR 9.8.6R(9)) to encourage greater diversity on listed company boards and has implemented the FCA's disclosure requirements.

The Board had previously chosen to align its diversity reporting reference date with the Company's financial year end, however, following detailed consideration of the Board's succession plan and likely timing of recruitment processes, the reporting reference date is now 30 September 2024. The Board proposes to maintain this alignment for future reporting periods.

The Company has met the three targets on board diversity as at its chosen reference date, 30 September 2024:

- (i) at least 40% of the individuals on its board of directors are women;
- (ii) at least one of the following senior positions on its board of directors is held by a woman:
 - (A) the chair;
 - (B) the chief executive;
 - (C) the senior independent director; or
 - (D) the chief financial officer; and
- (iii) at least one individual on its board of directors is from a minority ethnic background.

The relatively small size of the Company's Board, and therefore more infrequent vacancies and opportunities for recruitment, make achieving diversity on the Board a more challenging process. As succession planning of the Board progresses over future years, the Company will continue to strive for increased diversity on its Board of which gender and ethnicity are two important aspects. Further details on the Company's appointment process can be found under 'Appointments to the Board' on the prior page. This includes engaging recruitment agencies that sign up to recognised codes of conduct, which include principles on diversity with the aim of increasing board diversity integrated through their search processes.

As required under LR 9.8.6R(10), further detail in respect of the three targets outlined above as at 30 September 2024 is disclosed in the following tables.

Number of Board members	Number of Board members	Percentage of the Board	Senior positions on the Board*
Men	3	43%	1
Women	4	57%	1
Not specified/prefer not to say	–	–	–

Number of Board members	Number of Board members	Percentage of the Board	Senior positions on the Board*
White British or other White (including minority-white groups)	6	86%	2
Mixed/Multiple Ethnic Groups	–	–	–
Asian/Asian British	1	14%	–
Black/African/ Caribbean/Black British	–	–	–
Other ethnic group, including Arab	–	–	–
Not specified/prefer not to say	–	–	–

* As an externally managed investment company, the Company has no executive directors, employees or internal operations. The Board has therefore excluded the columns relating to executive management from the tables above. In addition, the senior positions on the Company's Board of (B) the chief executive, (C) the senior independent director and (D) the chief financial officer are not applicable to the Company. In the absence of the aforementioned roles, the Board considers the chair of the audit committee to also be a senior position on the Board.

In order to collect the data required to fulfil the disclosures in the tables above, the Board agreed that self-reporting by the individuals concerned was the most appropriate method. The data was collected anonymously by the Company Secretary using a web-based survey where the following two questions were posed, and individuals were reminded that 'Not specified / prefer not to say' could be recorded in response:

1. For the purposes of the Listing Rules disclosures, how should you be categorised; and
2. Please advise your ethnicity.

There have been no changes in Board composition that have occurred between the reference date and the date on which the Annual Report was approved.

The Board continues to investigate setting up a board apprenticeship scheme to provide personal development opportunities for those having full time roles in the natural resources sector.

Board Evaluation

The Board has put in place necessary procedures to conduct, on an annual basis, an appraisal of the Chair of the Board as well as a performance evaluation of the Board as a whole, the individual Directors and the Board Committees. The Chair regularly reviews and agrees with each Director their training and development needs.

During Autumn 2023 an external independent review of the Board, its committees and individual Directors was carried out by an independent third party, Fletcher Jones Ltd. Fletcher Jones Ltd conducts board evaluation exercises in line with The Chartered Governance Institute's recently updated Code of Practice for board reviewers.

The Board reviewed the report from Fletcher Jones Ltd in December 2023 and the Chair has since led on implementation of changes recommended by the report that the Board considered should be made. The recommendations included:

- the reallocation of committee chair responsibilities away from the Chair of the Board, which resulted in Mr Evans being appointed as Chair of the Management Engagement Committee and to be succeeded by Ms Cable following his forthcoming retirement; and Mr Cahill being appointed as Chair of the Nomination Committee. The change in chair responsibility for the Nomination Committee helped to ensure that, as per the AIC Code's recommendation, the Chair of the Board did not chair the Nomination Committee when it was dealing with the appointment of their successor. Mr Cahill led the project on behalf of the Board and acted as a liaison between the Board and the recruitment consultant;
- a review of the Company's succession plan and the development of a formal and structured induction process for new directors. This encouraged Board discussion on the matter, particularly in relation to succession planning following the retirement of Mr Evans and Mrs Green, and ultimately led to the appointment of Mrs Hall and Mrs Paterson in August 2024. Mrs Hall and Mrs Paterson undertook a comprehensive induction programme during September 2024; and
- suggestions on promoting director engagement during meetings with the Investment Manager and with shareholders which have been taken on board.

Statement of Corporate Governance continued

The review concluded that the Board operated well with skill and focus on all areas of importance. The review highlighted the Board operated in a collegiate, efficient and effective manner and did not identify any material weaknesses or concerns.

As described on page 43, Fletcher Jones Ltd were also appointed by the Board to lead the recruitment process of two new non-executive directors, resulting in the appointment of Mrs Hall and Mrs Paterson on 1 August 2024. The Board were satisfied that the appointment of Fletcher Jones would not result in any conflicts of interest and that their team's existing knowledge of the Board dynamics and Directors would be valuable during a recruitment exercise. However, the Board have agreed that an alternative provider would be sought for the next external board evaluation undertaken, which, following industry best practice, would take place in 2026. Fletcher Jones Ltd has no other connection with the Company or the individual Directors.

Following the year end, the performance of the Board, its committees and individual Directors was evaluated through a formal interview-based assessment process led by the Chair. The performance of the Chair was evaluated by the other Directors under the leadership of Mr Casey as Chair Designate.

It was concluded that in leading the Board, the Chair had promoted a collaborative culture and facilitated effective decision making. The Chair is satisfied that the structure and operation of the Board continues to be effective and that there is a satisfactory mix of skills, experience, length of service and knowledge of the Company. The Board has considered the position of all of the Directors as part of the evaluation process and believes that it would be in the Company's best interests to propose those standing for election and re-election. The Board has reviewed the Chair's and Directors' other commitments and is satisfied that the Chair and other Directors are capable of devoting sufficient time to the Company.

Directors' Interests

The beneficial interests of the Directors in the Company are set out on page 50.

Company Secretary

The Directors have access to the advice and services of a specialist investment trust company secretary, who is responsible for advising the Board on all governance matters. The Company Secretary ensures governance procedures are followed and that the Company complies with applicable statutory and regulatory requirements.

Independent Professional Advice

The Board has formalised arrangements under which the Directors, in the furtherance of their duties, may seek independent professional advice at the Company's expense.

Principal Risks

The Board has reviewed the Company's internal controls and principal risks and uncertainties, and the key risks faced by the Company are set out in the Strategic Report on pages 20 to 22. The Board and Audit Committee regularly review the Company's emerging and principal risks and consider related changes in the Company's risk profile.

Stewardship Code

The Financial Reporting Council (“FRC”) published The UK Stewardship Code 2020 (“Stewardship Code”) for institutional shareholders in October 2019. The purpose of the Stewardship Code is to enhance the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders and the efficient exercise of governance responsibilities.

The FRC encourages institutional investors to make a statement of their commitment to the Stewardship Code. The Board has delegated responsibility for actively monitoring the activities of investee companies to the Investment Manager, who has been a signatory to the Stewardship Code since 2021. The Investment Manager is responsible for reviewing, on a regular basis, the annual reports, circulars and other publications produced by the investee companies, and for attending company meetings. This includes environmental, social and governance matters, as further discussed on page 35. In the absence of explicit instruction from the Board, the Investment Manager is empowered to use discretion in the exercise of the Company’s voting rights.

The Investment Manager’s policy is to assess each voting opportunity individually and to vote only in cases where it is believed that the Company’s best interests need to be protected. The Board has reviewed, and endorses, the Investment Manager’s Statement of Compliance with the Stewardship Code, which appears on the Investment Manager’s website, at www.ncim.co.uk.

The Board receives reports from the Investment Manager on the exercise by the Investment Manager of the Company’s voting rights.

Bribery Prevention

The Board confirms it has zero tolerance to bribery and corruption in its business activities and takes its responsibility to prevent bribery very seriously.

Criminal Finances Act 2017

In line with the requirements of The Criminal Finances Act 2017, the Directors confirm that the Company has a commitment to zero tolerance towards the criminal facilitation of tax evasion.

Principal Decisions

The Section 172 statement set out on pages 28 to 34 outlines decisions taken during the year which the Board considers have the greatest impact on the Company’s long-term success. The Board considers the factors outlined under Section 172 and the wider interests of stakeholders as a whole in all decisions it takes on behalf of the Company.

Review of Dividend Policy

The Board recognises the importance shareholders place on the Company’s dividend policy and is cognisant of the need to ensure the viability of the dividend. It was agreed it was in the best interests of the Company and shareholders to maintain the dividend in the year under review. Further detail on the Board’s consideration of dividends during the year can be found within the Section 172 statement beginning on page 28.

Relations with Shareholders

The AIC Code requires directors to explain their statutory duties as stated in Sections 171–177 of the Companies Act 2006. Under Section 172, directors have a duty to promote the success of the Company for the benefit of its members as a whole and in doing so have regard to the consequences of any decisions in the long term, as well as having regard to the Company’s stakeholders amongst other considerations. The Board’s report on its compliance with Section 172 of the Companies Act 2006 is contained within the Strategic Report on pages 28 to 34.

By Order of the Board

Helen Green

Chair
23 October 2024

Statement of Directors' Responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company Law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under Company Law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are also responsible for:

- safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities;
- keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006;
- preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with relevant laws and regulations; and
- the maintenance and integrity of the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility Statement

The Directors consider that the Annual Report and Financial Statements, taken as a whole, are fair, balanced, understandable and provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the 'Board of Directors' section on pages 36 and 37 confirms that, to the best of their knowledge:

- the Company's Financial Statements, which have been prepared in accordance with United Kingdom Accounting Standards give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

On behalf of the Board

Helen Green

Chair
23 October 2024

Note to those who access this document by electronic means:

The Annual Report for the year ended 30 June 2024 has been approved by the Board of CQS Natural Resources Growth and Income PLC. Copies of the Company's annual report and half year report are circulated to shareholders and, where possible to potential investors. It is also made available in electronic format for the convenience of readers. Printed copies are available from the Company Secretary's office in London.

Directors' Remuneration Report

The Board presents the Directors' Remuneration Report for the year ended 30 June 2024 which has been prepared in accordance with Sections 420-422 of the Companies Act 2006. The Companies Act 2006 requires the auditor to report to shareholders on certain parts of the Directors' Remuneration Report and to state whether, in their opinion, those parts of the report have been properly prepared in accordance with the Regulations. The parts of the annual report on remuneration that are subject to audit are indicated in the Report.

The Company's policy on Directors' remuneration, together with details of the remuneration of each Director, is shown on this page.

The full Board fulfils the role of a remuneration committee within its meetings under the leadership of the Chair of the Company. The determination of the Directors' fees is a matter dealt with by the whole Board. No advice from remuneration consultants was received during the year under review although a review of remuneration of the Company's peer group of investment companies was undertaken along with research by Nurole Limited and Trust Associates Limited, which indicated that the Company's remuneration levels are in line with the market. Therefore, no changes were made to the Board's remuneration.

Annual Report on Directors' Remuneration

Single Total Figure of Remuneration (audited):

Director	30 June 2024 £	30 June 2023 £
Helen Green ¹	39,694 ¹	33,000
Carole Cable	28,500	25,000
Paul Cahill	28,500	25,000
Christopher Casey	33,500	28,500
Alun Evans	28,500	25,000
Totals	158,694	136,500

The amounts paid by the Company to the Directors were for services as non-executive Directors.

¹ includes £1,694 in expenses.

For the year ended 30 June 2024, the annual remuneration payable was as follows:

	£
Chair	38,000
Chair of the Audit Committee	33,500
Director	28,500

Changes in Directors' remuneration (unaudited):

Fee rates:	2024 £'000	Change %	2023 £'000	Change %	2022 £'000	Change %	2021 £'000	Change %	2020 £'000	Change %
Chair	38	15.2	33	-	33	3.1	32	6.7	30	11.1
Chair of the Audit Committee	33.5	17.5	28.5	-	28.5	5.6	27	3.9	26	18.2
Director	28.5	14	25	-	25	4.2	24	4.4	23	15

Directors' Remuneration Report continued

Relative Importance of Spend on Pay

The table below sets out, in respect of the financial year ended 30 June 2024 and the preceding financial year:

- the remuneration paid to the Directors; and
- the distribution made to shareholders by way of dividend.

	Year ended 30 June 2024 £	Year ended 30 June 2023 £	% change
Total remuneration	158,694	136,500	16.26
Dividend ¹	4,383,836	5,753,000	(23.80)
Share buyback	1,368,000	–	n/a

¹ Includes the Fourth Interim Dividend 2024 of 1.82 pence per share and Special Interim Dividend 2024 of 1 penny per share relating to the year ended 30 June 2024 but paid on 2 September 2024 (2023: includes the Fourth Interim Dividend 2023 of 1.82 pence per share paid on 31 August 2024 and Special Interim Dividend 2024 of 3.00 pence per share relating to the year ended 30 June 2023 paid on 16 October 2023).

Directors' Interests (audited)

Biographies of the Directors are shown on pages 36 and 37. The interests (all of which were beneficial) of the Directors who held office at the year end in the shares of the Company were as below:

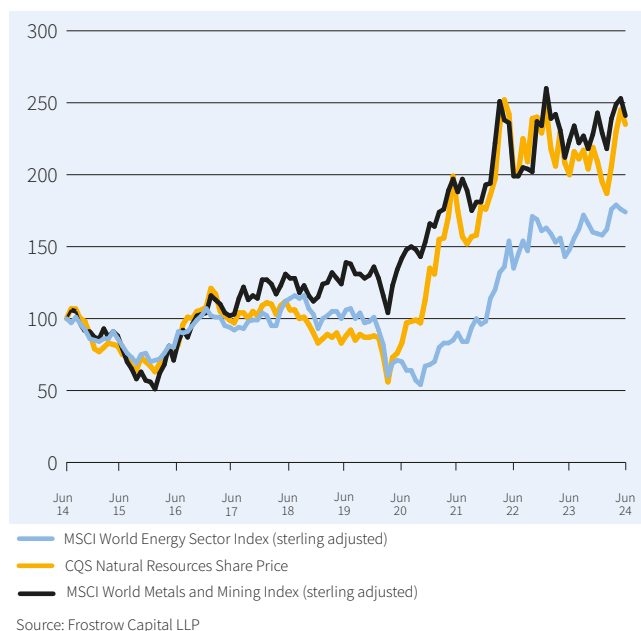
	Ordinary shares held as at 30 June 2024	Ordinary shares held as at 30 June 2023
Carole Cable	–	–
Paul Cahill	14,749	–
Christopher Casey	6,500	6,500
Alun Evans	13,440	10,540
Helen Green	11,200	5,500

No changes to these holdings have been reported up to the date of this report.

Company Performance

The Board is responsible for the Company's investment strategy and performance, although the management of the Company's investment portfolio is delegated to the Investment Manager through the investment management agreement, as referred to in the Strategic Review on pages 23 and 24.

The following graph compares the Company's share price total return (assuming all dividends are reinvested) to ordinary shareholders with its comparator indices, the MSCI World Energy Index (sterling adjusted) and MSCI World Metals and Mining Index (sterling adjusted) for the ten years to 30 June 2024.



Voting at Annual General Meeting

The Directors' Remuneration Report was last approved by shareholders at the AGM held on 15 December 2023 with 98.85% of the votes cast (including votes cast at the Chair's discretion) in favour and 1.15% votes cast against. An ordinary resolution for the approval of the Annual Report on Directors' Remuneration will be put to an advisory shareholder vote at the forthcoming AGM.

Approval

The Directors' Remuneration Report was approved by the Board of Directors and signed on its behalf on 23 October 2024.

Helen Green
Chair

Directors' Remuneration Policy

The Board's policy is that the remuneration of Directors should reflect the experience of the Board as a whole, be fair and comparable with that of other relevant investment trusts that are similar in size and have similar investment objectives and structures. Furthermore, the level of remuneration should be sufficient to attract and retain the Directors needed to oversee the Company properly and to reflect the specific circumstances of the Company, the duties and responsibilities of the Directors and the value and amount of time committed to the Company's affairs.

In accordance with the Companies Act 2006, the Company is required to seek shareholder approval of its remuneration policy on a triennial basis. An ordinary resolution for the approval of the remuneration policy was approved by shareholders at the AGM held in December 2021, with 99.71% of votes cast (including votes cast at the Chair's discretion) in favour and 0.39% votes cast against. The Remuneration Policy will be put to shareholders at the AGM to be held on 10 December 2024: no changes to the current Policy are proposed. Any feedback received from shareholders is considered as part of the Board's annual review of remuneration. In respect of the year under review no feedback has been received from shareholders in relation to remuneration.

The fees for the non-executive Directors are determined within the limits set out in the Company's Articles of Association. The present limit is £200,000 per annum in aggregate and the approval of shareholders in a general meeting would be required to increase this limit. The aggregate amount in fees paid to the Company's Directors during the year to 30 June 2024 and the projected Directors' fees for the year ending 30 June 2025 are shown in the table below.

Director	Date of Initial Appointment	Projected fees year ending 30 June 2025	Current fees year ended 30 June 2024
Carole Cable	1 October 2017	£28,500	£28,500
Paul Cahill	23 June 2022	£28,500	£28,500
Christopher Casey ¹	1 October 2017	£35,990	£33,500
Alun Evans ²	26 September 2014	£12,727	£28,500
Helen Green ²	1 September 2015	£16,970	£38,000
Louise Hall ³	1 August 2024	£26,079	–
Seema Paterson ⁴	1 August 2024	£28,847	–
Total		£177,614	£157,000

1 Expected to succeed to the role of Chair of the Board following the conclusion of the Annual General Meeting to be held on 10 December 2024.

2 Expected to retire at the conclusion of the Annual General Meeting to be held on 10 December 2024.

3 Appointed on 1 August 2024.

4 Appointed on 1 August 2024 and expected to succeed to the role of Chair of the Audit Committee following the conclusion of the Annual General Meeting to be held on 10 December 2024.

The current level of Directors' fees will not be reviewed until at least June 2025. Any new Director being appointed to the Board who has not been appointed as either Chair of the Board or as the Chair of the Audit Committee will, under the current level of fees, receive £28,500 per annum.

Non-executive Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits. Directors are entitled to claim reasonable expenses from the Company in relation to the performance of their duties. It is the Board's policy that Directors do not have service contracts, but the terms and conditions of the Directors' appointments are set out in formal letters of appointment which are available for review on request from the Company Secretary at cosec@frostrow.com and will be available for 15 minutes before, and during, the forthcoming AGM.

Report of the Audit Committee

Composition of the Audit Committee

An Audit Committee has been established with written terms of reference and comprises all non-executive Directors, except the Chair of the Board, who is invited to attend meetings of the Committee. The Audit Committee members have recent and relevant financial experience, and the Audit Committee as a whole has competence relevant to the sector in which the Company operates. The terms of reference of the Audit Committee are reviewed and reassessed for their adequacy on an annual basis and are disclosed on the Company's website.

Role of the Audit Committee

A summary of the Committee's main audit review functions is shown below:

- to monitor the integrity of the half year report and annual report of the Company by reviewing, and challenging where necessary, the actions and judgements of the Investment Manager and Administrators;
- to make recommendations in relation to the appointment of the external Auditor and to approve the remuneration and terms of engagement of the external Auditor;
- to meet with the external Auditor to review their proposed audit programme of work and their findings. The Board also use this as an opportunity to assess the effectiveness of the audit process;
- to monitor and review annually the external Auditor's independence, objectivity, effectiveness, resources and qualification;
- to develop and implement the policy on the engagement of the external Auditor to supply non-audit services;
- to review and monitor the internal control systems and risk management systems on which the Company is reliant;
- to consider annually whether there is a need for the Company to have its own internal audit function; and
- to review an annual statement from the Investment Manager and Administrator detailing the arrangements in place whereby the staff of the Investment Manager and of the Administrator may, in confidence, escalate concerns about possible improprieties in matters of financial reporting or other matters.

Half Year Report and Annual Report

The Board of Directors are responsible for preparing the half year report and annual report. The Audit Committee advises the Board on the form and content of the annual report and financial statements, any issues which may arise and any specific areas which require judgement.

Auditor

BDO LLP ("BDO") was appointed as statutory auditor in 2017. In accordance with the current legislation, the Company is required to re-tender for new auditors at least every ten years and has to change its auditor after 20 years. Accordingly, the Committee will re-tender the audit no later than 2027. Following professional guidelines, the audit partner rotates after five years. The audit partner is in their third year of appointment.

As part of its review of the scope and results of the audit, during the year the Audit Committee considered and approved BDO's plan for the audit of the Financial Statements for the year ended 30 June 2024. At the conclusion of the audit, BDO did not highlight any issues to the Audit Committee which would cause it to qualify its audit report. BDO issued an unqualified audit report which is included on pages 56 to 63.

Non-Audit Services

The Committee has previously agreed that non-audit fees cannot be more than 70% of the average audit fees for the last three years. The Company's policy on non-audit services was updated in 2020 to comply with the FRC Revised Ethical Standard 2019 and most recently revised following review by the Audit Committee in June 2024.

It has been agreed that all non-audit work to be carried out by BDO must be approved in advance by the Audit Committee and any special projects must also be approved in advance.

As part of the review of auditor independence and effectiveness, BDO has confirmed that it is independent of the Company and has complied with relevant auditing standards. In evaluating BDO, the Audit Committee has taken into consideration the standing, skills and experience of the firm and the audit team. The Audit Committee is satisfied from direct observation and enquiry of the Investment Manager and Administrator that BDO provides effective independent challenge in carrying out its responsibilities.

No non-audit services have been provided by BDO during the year.

Significant matters considered regarding the Annual Report and Financial Statements

During the year, the Audit Committee considered a number of significant matters and areas of key audit risk in respect of the Annual Report and Financial Statements. The Audit Committee reviewed the external audit plan and concluded that the appropriate areas of audit risk relevant to the Company had been identified by the Auditor. The Committee also discussed the audit procedures and plan with the Auditor and whether suitable control procedures had been put in place to obtain reasonable assurance that the Financial Statements as a whole would be free of material misstatements.

During the audit planning process, the Auditor identified management override of controls as a significant risk for the Company, along with five other risks considered less significant: valuation of investments; ownership of investments; revenue recognition; compliance with investment trust tax legislation; and investment management fees.

The Committee noted that they did not view management override of controls as a likely risk nor was it considered one of the Company's principal risks, but one that was mandated by audit standards.

Significant Matters Considered by the Audit Committee and the Board

Significant issue	How the issue was addressed
Review of the Committee's Terms of Reference	<p>Each of the Board's Committees reviews its terms of reference on an annual basis. In June 2024, the Committee considered and recommended to the Board, proposed changes to the Terms of Reference, including:</p> <ul style="list-style-type: none"> • Reflecting that the Chair of the Committee should be an independent non-executive director (and not the Chair of the Board, who shall be invited to attend all or part of any meetings as and when appropriate); and • That the Committee shall annually review reports from the Investment Manager's Money Laundering Reporting Officer and Compliance Officer to assess the adequacy and effectiveness of both functions.
Review of the Company's Risk Register	<p>Following the change in the Company's company secretarial provider, a thorough review of the Company's Risk Register was undertaken by the Committee in conjunction with representatives of the Investment Manager and the Company Secretary and Administrator.</p> <p>The review aimed to give consideration to inappropriately highly scored risks, as highlighted by the risk register 'heat map' and eliminate overlap and duplication within risks. Risks with common controls and mitigations were consolidated and a new risk was added, reflecting the risk in transition of service provider. Further detail can be found on pages 20 to 22.</p>
Changes to legislative and governance requirements	<p>At each meeting the Board consider developments to legislation and governance requirements affecting the Company.</p> <p>The Committee has not had to consider any new audit regulations in the past year. It has, however, taken note of reporting guidance and thematic reviews published by the FRC and determined how to apply any relevant best practice to the Company's reporting.</p> <p>The Committee has noted, in particular, the publication by the FRC of the Audit Committees and the External Audit: Minimum Standard (the "Minimum Standard"), the revised UK Corporate Governance Code and subsequent revisions to the AIC Corporate Governance Code.</p> <p>The Minimum Standard will apply to the Company on a comply or explain basis as it is included by reference in the new UK Corporate Governance Code. The Committee will seek to comply with the Minimum Standard as far as it is appropriate for an externally-managed investment company to do so.</p>

Report of the Audit Committee continued

Significant issue	How the issue was addressed
The Company's Audit Tender	<p>In June 2024, the Committee considered the anticipated timeline in respect of the Company's next audit tender. The audit for the year ending 30 June 2026 would be the fifth undertaken by the current audit partner, Mr Chris Meyrick, and the tenth undertaken by BDO, and the Company would be required to go out to tender after that audit.</p> <p>The Committee also noted that the approaching audit tender would be a consideration during the interview process for the role of audit chair designate.</p>
UK Corporate Governance Code 2018, Provision 25: necessity of an Internal Audit function	In light of the relative simplicity of the operations and the use of external service providers, who report directly to the Committee, to advise on regulatory compliance and adherence to internal procedures, it was concluded that no internal audit function was required.

Internal Controls

The Board is ultimately responsible for the Company's system of internal control and for reviewing its effectiveness. Following publication of the Financial Reporting Council's "Internal Control: Revised Guidance for Directors on the Combined Code" (the "FRC guidance") the Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. This process has been in place for the year under review and up to the date of approval of this Annual Report and is regularly reviewed by the Board and accords with the FRC Guidance.

The key components designed to provide effective internal control are outlined below:

- The Company Secretary and Administrator together with the Investment Manager prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its performance;
- the Board and Investment Manager have agreed clearly defined investment criteria, specified levels of authority and exposure limits. Reports on these issues, including performance statistics and investment valuations, are regularly submitted to the Board and there are meetings with the Investment Manager as appropriate;
- the Investment Manager's compliance department regularly reviews the Investment Manager's operations and reports to the Board on a quarterly basis;
- written agreements are in place which specifically define the roles and responsibilities of the Investment Manager, Administrator and other third party service providers; and
- the Board has considered the need for an internal audit function but, because of the compliance and internal control systems in place at the Investment Manager and the Administrator, has decided to place reliance on the Investment Manager's and the Administrator's systems and their internal audit procedures.

The Audit Committee has established a set of ongoing processes designed to meet the particular needs of the Company in managing the risks to which it is exposed. The process is one whereby the Investment Manager has identified the key risks to which the Company is exposed and recorded them on a risk matrix together with the controls employed to mitigate these risks. A residual risk rating has been applied to each risk. The Audit Committee is responsible for reviewing the risk matrix and associated controls before recommending the matrix to the Board for consideration and approval, challenging the Investment Manager's assumptions to ensure a robust internal risk management process.

As detailed above, the Audit Committee formally reviewed and updated the Company's risk matrix during the year and will continue to do so on at least an annual basis.

During the year, the Audit Committee also discussed and reviewed the internal controls frameworks in place at the Investment Manager and the Administrator. Discussions focused on three lines of defence: assurances at operational level; internal oversight; and independent objective assurance. The Audit Committee concluded that these frameworks were appropriate for the identification, assessment, management and monitoring of financial and regulatory risks, with particular regard to the protection of the interests of the Company's shareholders.

Internal control systems are designed to meet the Company's particular needs and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and by their nature can only provide reasonable and not absolute assurance against misstatement and loss. Further details of the Company's internal controls are set out within the structure diagram on the next page.

Christopher Casey
Chair of the Audit Committee
23 October 2024

INTERNAL CONTROLS STRUCTURE

The Board has a responsibility for establishing and assessing internal controls to ensure the Company operates effectively, efficiently and within the risk appetites set by the Board. As the Company relies on third-party service providers for all of its operations, it obtains regular reports from these counterparties on the nature and effectiveness of controls within these organisations.

The Company's principal service providers are the Investment Manager and AIFM, Company Secretary and Administrator, the custodian and depository, and the registrar. The Board receives regular reporting on compliance with the control environment and assesses the effectiveness of the internal controls through review of the assurance reports from each of these organisations.

In addition, the Company retains a number of secondary providers who report regularly to the Board. These include the Company's legal adviser and the corporate stockbroker.

The Management Engagement Committee formally evaluates the performance and service delivery of all third-party service providers at least annually and the Audit Committee evaluates the performance of the Company's external auditor annually, following the completion of the annual audit process.

Principal third-party service providers

The Directors:

- receive regular reporting at meetings;
- review the assurance report produced by each organisation;
- receive additional reporting on the control environment from each of the principal third-party service providers; and
- formally evaluate their performance on an annual basis.

Secondary third-party service providers

The Directors:

- receive regular reporting on their activities at meetings; and
- formally evaluate their performance on an annual basis.

Board of Directors

Entirely independent non-executive

Committees:

- Audit Committee
- Management Engagement Committee
- Nomination Committee

Frostrow Capital LLP (Company Secretary, Administrator)

Reporting

- Balance sheet
- Liquidity and gearing
- Income forecasts
- Portfolio valuation
- Portfolio transactions
- Investment limits and restrictions (monthly)
- Compliance with investment policy and guidelines (monthly)
- Compliance report (semi-annually)
- Effectiveness of control environment (annually)

Manulife | CQS Investment Management (AIFM and Portfolio Management)

Reporting

- Portfolio performance update at each meeting
- Compliance report (annually)
- Effectiveness of control environment (annually)
- Presentations on subjects of interest (as required)

BNP Paribas S.A. (Depository and Custodian)

Reporting

- Depository's report (semi-annually)
- Effectiveness of control environment (annually)
- Presentations on subjects of interest (as required)

Equiniti Limited (Registrar)

Reporting

- Effectiveness of control environment (annually)
- Presentations on subjects of interest (as required)

Dentons UK and Middle East LLP (Legal Adviser)

Cavendish Capital Markets Limited (Corporate Broker)

Independent Auditor's Report to the Members of CQS Natural Resources Growth and Income PLC

Opinion on the Financial Statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the Financial Statements of CQS Natural Resources Growth and Income PLC (the "Company") for the year ended 30 June 2024 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and Notes to the Financial Statements, including a summary of principal accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the Audit Committee.

Independence

Following the recommendation of the Audit Committee, we were appointed by the Board of Directors on 23 May 2017 to audit the financial statements for the year ended 30 June 2017 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is eight years, covering the years ended 30 June 2017 to 30 June 2024. We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

Conclusions relating to going concern

In auditing the Financial Statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Assessment of the Directors' cash flow forecasts, which covered a period of at least 12 months from the date of approval of these Financial Statements by corroborating key input data such as cash flows based on agreements to supporting documentation taking into account historical actuals and reviewing the current period and post year end results against forecasts. We challenged the forecasts, including performing additional sensitivity and scenario analysis as well as reverse stress testing;
- Challenging the Directors' assumptions and judgements made by performing an independent liquidity analysis of the investment portfolio as well as considering the availability of cash;
- Challenging the renewal of the debt facility to September 2026 with BNP Paribas which matured September 2024 and the degree to which the Company depends on this funding operationally or is able to repay from realising liquid assets as required; and
- Challenging the Directors' assessment of the likelihood of the continuation vote passing by considering, specifically:
 - Historic record on the annual vote and the percentage by which it passed recently as well as relative stability of the shareholder register;
 - Continued performance of the Company and previous years in which the vote had passed; and
 - Correspondence with the Company's broker which references their discussions with major shareholders that the vote is likely to pass.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the Financial Statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

		2024	2023
Key audit matters	Valuation and ownership of investments	✓	✓
Materiality	<i>Company financial statements as a whole</i> £1.38m (2023: £1.365m) based on 1% (2023: 1%) of net assets.		

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report continued

Key audit matter	How the scope of our audit addressed the key audit matter	
<p>Valuation and ownership of investments</p> <p>Note 1(d) and Note 9</p>	<p>The investment portfolio at the year end comprised of quoted equity investments, unquoted investments and fixed income investments held at fair value through profit or loss.</p> <p>We considered the valuation and ownership of investments to be a significant audit area as investments represent the most significant balance in the financial statements and underpins the principal activity of the entity.</p> <p>Whilst we do not consider the valuation of the quoted equity investments to be subject to a significant degree of estimation or judgement, there is a risk that the prices used by the Company are not reflective of the fair value of those investments as at year end.</p> <p>There is also a risk of errors in the recording of investment holdings such that those recording do not appropriately reflect the investments owned by the Company.</p> <p>For these reasons and the materiality to the Financial Statements as a whole, they are considered to be a key area of our overall audit strategy and allocation of our resources and hence a Key Audit Matter.</p>	<p>We responded to this matter by testing the valuation and ownership of the whole portfolio of quoted investments. We performed the following procedures:</p> <p>In respect of each of the level 1 quoted investment valuations, we:</p> <ul style="list-style-type: none"> • Confirmed the year-end bid price was used by agreeing to externally quoted prices from independent sources; • Assessed if there were contra indicators, such as liquidity considerations, to suggest bid price is not the most appropriate indication of fair value by considering the realisation period for individual holdings; • Recalculated the valuation by multiplying the number of shares held per the statement obtained from the custodian by the valuation per share; and • Obtained direct confirmation of the number of shares held per equity investment from the custodian regarding all investments held at the balance sheet date. <p>In respect of a selection of material level 3 equity instruments we:</p> <ul style="list-style-type: none"> • Assessed the appropriateness of management's valuation methodology applied in line with IPEV guidelines; • Assessed judgemental inputs into the valuation for reasonability, including against publicly available market data where appropriate;

Key audit matter	How the scope of our audit addressed the key audit matter
<p>Valuation and ownership of investments</p> <p>Note 1(d) and Note 9 continued</p>	<ul style="list-style-type: none"> • Verified the status of the equity instrument through independent research on the stock exchange for announcement of delisting or suspension of trade; and • Obtained direct confirmation of the number of shares held per equity investment from the custodian regarding all investments held at the balance sheet date. <p>Key observations: Based on our procedures performed we did not identify any matters to suggest the valuation or ownership of the quoted equity investments were not appropriate.</p>

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the

extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the Financial Statements as a whole and performance materiality as follows:

	Company financial statements	
	2024	2023
Materiality	£1,380,000	£1,365,000
Basis for determining materiality	1% of net assets	
Rationale for the benchmark applied	As an investment trust, the net asset value is the key measure of performance for users of the financial statements.	
Performance materiality	£1,035,000	£1,024,000
Basis for determining performance materiality	75% of materiality	
Rationale for the percentage applied for performance materiality	<ul style="list-style-type: none"> • Number of unadjusted audit differences in prior year. • Nature, complexity and volume of transactions. • Number of accounts subject to estimation. 	

Independent Auditor's Report continued

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £69,000 (2023: £68,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report other than the Financial Statements and our auditor's report thereon. Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements, or our knowledge obtained during the audit.

Going concern and longer-term viability	<ul style="list-style-type: none">• The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on pages 24 and 25; and• The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on pages 24 and 25.
Other Code provisions	<ul style="list-style-type: none">• The Directors' statement on fair, balanced and understandable set out on page 48;• The Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 20 to 22;• The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on page 54; and• The section describing the work of the Audit Committee set out on pages 52 to 54.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic Report and Directors' Report	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"> the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the Financial Statements; and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements. <p>In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.</p>
Directors' remuneration	<p>In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.</p>
Corporate governance statement	<p>In our opinion, based on the work undertaken in the course of the audit, the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Guidance and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.</p> <p>In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in this information.</p> <p>In our opinion, based on the work undertaken in the course of the audit, information about the Company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.</p> <p>We have nothing to report arising from our responsibility to report if a corporate governance statement has not been prepared by the Company.</p>
Matters on which we are required to report by exception	<p>We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:</p> <ul style="list-style-type: none"> adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or the Financial Statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or certain disclosures of Directors' remuneration specified by law are not made; or we have not received all the information and explanations we require for our audit.

Independent Auditor's Report continued

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Company and the industry in which it operates;
- Discussion with the Investment Manager, Administrator and those charged with governance; and
- Obtaining and understanding of the Company's policies and procedures regarding compliance with laws and regulations,

we considered the significant laws and regulations to be Companies Act 2006, the FCA listing and DTR rules, the principles of the AIC Code of Corporate Governance, industry practice represented by the AIC SORP, Financial Reporting Standard 102, and qualification as an Investment Trust under UK tax legislation as any non-compliance of this would lead to the Company losing various deductions and exemptions from corporation tax.

Our procedures in respect of the above included:

- Agreement of the Financial Statement disclosures to underlying supporting documentation;
- Enquiries of the Investment Manager and those charged with governance relating to the existence of any non-compliance with laws and regulations;
- Review of a selection of legal invoices to look for potential non-compliance with laws and regulations or undisclosed contingencies and commitments;
- Reviewing minutes of meetings of those charged with governance throughout the period for instances of non-compliance with laws and regulations; and
- Reviewing the calculation in relation to Investment Trust compliance to check that the Company was meeting its requirements to retain their Investment Trust status.

Fraud

We assessed the susceptibility of the financial statement to material misstatement including fraud.

Our risk assessment procedures included:

- Enquiry with the Investment Manager and those charged with governance regarding any known or suspected instances of fraud;
- Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

Based on our risk assessment, we considered the area most susceptible to be management override of controls.

Our procedures in respect of the above included:

- In addressing the risk of management override of controls, we:
 - Performed a review of estimates and judgements including those applied in relation to the valuation of unquoted investments to assess their appropriateness and the existence of any systematic bias;
 - Considered the opportunity and incentive to manipulate accounting entries and assessed the reasonableness of relevant adjustments made in the period end financial reporting process;
 - Reviewed for significant transactions outside the normal course of business;
 - Incorporated an element of unpredictability in the nature, timing and extent of audit procedures; and
 - Performed a review of unadjusted audit differences, if any, for indications of bias or deliberate misstatement.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, who were deemed to have the appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Chris Meyrick (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, United Kingdom

23 October 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Income Statement

	Notes	Year ended 30 June 2024			Year ended 30 June 2023		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments held at fair value through profit or loss	9	–	6,095	6,095	–	(423)	(423)
Exchange gains on foreign currencies		–	14	14	–	–	–
Income	2	6,426	768	7,194	8,542	878	9,420
Investment management fee	3	(416)	(1,248)	(1,664)	(445)	(1,336)	(1,781)
Other expenses	4	(976)	–	(976)	(698)	(8)	(706)
Net return before finance costs and tax		5,034	5,629	10,663	7,399	(889)	6,510
Finance costs	5,11	(311)	(734)	(1,045)	(197)	(585)	(782)
Net return before tax		4,723	4,895	9,618	7,202	(1,474)	5,728
Taxation	6,11	(454)	(38)	(492)	(494)	–	(494)
Net return for the year		4,269	4,857	9,126	6,708	(1,474)	5,234
Basic and diluted return per ordinary share (pence)		6.39p	7.27p	13.66p	10.03p	(2.20)p	7.83p

The “total” column of this statement is the Income Statement of the Company, prepared in accordance with Financial Reporting Standard 102 (“FRS 102”). The supplementary revenue and capital columns are presented in accordance with the Statement of Recommended Practice issued by the AIC (“AIC SORP”).

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued during the period.

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

The Notes on pages 68 to 85 form part of these Financial Statements.

Balance Sheet

	Notes	As at 30 June 2024 £'000	As at 30 June 2023 £'000
Fixed assets			
Investments at fair value through profit or loss	9	152,627	149,465
Current assets			
Debtors	10	645	257
Cash		2,952	3,857
		3,597	4,114
Current liabilities			
Creditors: amounts falling due within one year	11	(658)	(1,019)
Bank loan	12	(17,000)	(16,000)
Net current liabilities		(14,061)	(12,905)
Net assets		138,566	136,560
Capital and reserves			
Called-up share capital	13	16,722	16,722
Treasury shares	13	(182)	–
Special distributable reserve		27,127	28,571
Share premium		4,851	4,851
Capital reserve		88,307	83,454
Revenue reserve		1,741	2,962
Equity shareholders' funds		138,566	136,560
Net asset value per ordinary share	14	209.44p	204.16p

Company number: 02978531

These Financial Statements on pages 64 to 85 were approved by the Board of Directors and authorised for issue on 23 October 2024 and were signed on its behalf by:

Helen Green
Chair

The Notes on pages 68 to 85 form part of these Financial Statements.

Statement of Changes in Equity

	Notes	Share capital £'000	Treasury shares £'000	Share premium £'000	Special distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
For the year ended 30 June 2024								
Balance at 30 June 2023		16,722	–	4,851	28,571	83,454	2,962	136,560
Net return for the year		–	–	–	–	4,857	4,269	9,126
Shares bought back into treasury		–	(182)	–	(1,182)	(4)	–	(1,368)
Dividends paid	7	–	–	–	(262)	–	(5,490)	(5,752)
Balance at 30 June 2024		16,722	(182)	4,851	27,127	88,307	1,741	138,566
For the year ended 30 June 2023								
Balance at 30 June 2022		16,722	–	4,851	28,571	84,928	–	135,072
Net return for the year		–	–	–	–	(1,474)	6,708	5,234
Dividends paid	7	–	–	–	–	–	(3,746)	(3,746)
Balance at 30 June 2023		16,722	–	4,851	28,571	83,454	2,962	136,560

The special distributable reserve, capital reserve (excluding the unrealised gains on Level 2 and Level 3 investments detailed in Note 9) and the revenue reserve are distributable by way of dividend.

The Notes on pages 68 to 85 form part of these Financial Statements.

Cash Flow Statement

	Notes	Year ended 30 June 2024 £'000	Restated Year ended 30 June 2023 £'000
Operating activities			
Investment income received ¹		6,366	7,814
Deposit interest received		112	95
Investment management fees paid		(1,662)	(1,939)
Other expenses		(911)	(642)
Net cash inflow from operating activities		3,905	5,328
Investing activities			
Purchases of investments		(35,310)	(49,058) ²
Disposals of investments		37,587	46,980 ²
Net cash inflow/(outflow) from investing activities		2,277	(2,078)
Financing activities			
Equity dividends paid		(5,752)	(3,746)
Shares bought back into treasury		(1,368)	–
Drawdown from/(repayment of) credit facility	12	1,000	(1,000)
Loan interest paid		(981)	(758)
Net cash outflow from financing activities		(7,101)	(5,504)
Decrease in net cash		(919)	(2,254)
Reconciliation of net cash flow movement to movement in net cash			
Decrease in net cash during the year		(919)	(2,254)
Foreign exchange gains on cash		14	–
Movement in net cash during the year		(905)	(2,254)
Opening cash balance at 1 July		3,857	6,111
Closing cash balance at 30 June		2,952	3,857

¹ Net of withholding tax.

² Cash flows on purchases and disposals of investments for the year ended 30 June 2023 have been restated to correct the gross up impact of £13,871,000 due to non-cash movements. There was no impact on the net cash outflow from investing activities balance in the Cash Flow Statement or on any other primary statements reported in 2023.

The Notes on pages 68 to 85 form part of these Financial Statements.

Notes to the Financial Statements

for the year ended 30 June 2024

1 Accounting policies

CQS Natural Resources Growth and Income PLC is a public company limited by shares, incorporated in accordance with the Laws of England and Wales. Details of the registered office are included on page 97.

A summary of the principal accounting policies adopted is set out below.

(a) Basis of accounting

The financial statements are prepared on a going concern basis, in accordance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Principles (“UK GAAP”) including FRS102 ‘The Financial Reporting Standard applicable in the UK and Ireland’ and the Statement of Recommended Practice regarding the Financial Statements of Investment Trust Companies and Venture Capital Trusts (“SORP”) issued by the Association of Investment Companies in July 2022.

The Company’s financial statements are presented in sterling, being the functional and presentational currency of the Company. All values are rounded to the nearest thousand pounds (£’000) except where otherwise indicated.

Having considered the Company’s investment objective, nature of the investment portfolio, loan facility, expenditure projections, suitable stress testing and the impact of the current geopolitical and market uncertainty, the Directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the Financial Statements, notwithstanding that the Company is subject to an annual continuation vote.

(b) Financial assets

All financial assets are initially recognised at fair value, recorded at the date on which the Company became party to the contractual requirements of the financial asset, with the related transaction costs expensed under the capital column of the Income Statement. Subsequently, they are measured at fair value through profit or loss.

Cash

Cash comprises cash at bank and demand deposits and carried at amortised cost.

(c) Financial liabilities

All financial liabilities are initially recognised at fair value net of transaction costs incurred, recorded on the date on which the Company becomes party to the contractual requirements of the financial liability, and subsequently carried at amortised cost with the exception of bank loans, which are measured at cost, being the fair value of the consideration received.

(d) Fixed asset investments

Financial assets which comprise equity shares, preference shares, fixed income securities and warrants, are classified as held at fair value through profit or loss as the financial assets are managed and their performance is evaluated on a fair value basis in accordance with the Company’s investment strategy and this is also the basis on which information about investments is provided internally to the Board.

Purchases or sales of financial assets are recognised/derecognised on the date the Company trades the investments. On initial recognition investments are classified as fair value through profit or loss with any resultant gain or loss, including any gain or loss arising from a change in exchange rates, recognised in the Income Statement. For listed securities this is either the bid price or last traded price, depending on the convention of the exchange on which the investment is listed.

Financial assets which are not listed or where trading in the securities of an investee company is suspended are valued at the Board’s estimate of fair value in accordance with International Private Equity and Venture Capital Valuation (“IPEV”) guidance. Unquoted financial assets are valued on the basis of all the information available to them at the time of valuation. This includes a review of the financial and trading information of the Company, covenant compliance, ability to pay the interest due and cash held. Valuation methodologies for the Company’s unquoted investments include:

- the last published net asset value or traded share price of the security, after adjustment for factors that the AIFM and Board believe would affect the amount of cash that the Company would receive if the security were realised as at the reporting date; or
- the estimated, discounted cash distribution based on information provided by the management or liquidators of the security. The discount applied will take account of various factors, including expected timings of the cash flow and the level of certainty on the estimate; or

1 Accounting policies continued

- in the case of warrants, a widely accepted valuation model, such as the Black-Scholes model.

Changes in fair value and gains or losses on disposal are included in the Income Statement as a capital item.

(e) Income

Dividends receivable on equity shares are recognised as income on the date that the related investments are marked ex-dividend. Dividends receivable on equity shares where no ex-dividend date is quoted are recognised as income when the Company's right to receive payment is established. Dividend income is recognised through the revenue or capital column of the Income Statement based on the nature of the distributions.

Fixed interest returns on non-equity shares are recognised on a time apportioned basis so as, if material, to reflect the effective interest rate on those instruments. Any difference between acquisition cost and maturity value is recognised as revenue over the life of the security using the effective yield basis of calculating amortisation. Other returns on non-equity shares are recognised when the right to the return is established. The fixed return on a debt security is recognised on a time apportioned basis so as to reflect the effective interest rate on each such security. Income from deposit interest and underwriting commission is recognised on an accruals basis.

(f) Taxation

The charge for taxation is based on net revenue for the year. The tax effect of different items of income/gain and expenditure/loss is allocated between capital and revenue on the same basis as the particular item to which it relates.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Because the Company intends each year to qualify as an investment trust under Chapter 4 of Part 24 of the Corporation Tax Act 2010 (previously S842 of the Income and Corporation Taxes Act 1988), no provision is made for deferred taxation in respect of the capital gains that have been realised, or are expected in the future to be realised, on the sale of fixed asset investments.

(g) Expenses

All expenses are accounted for on an accruals basis. Expenses are charged through the Income Statement as a revenue item except the following which are charged to capital:

- expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds of the investment; and
- the Company charges 75 per cent of investment management fees to capital, in line with the Board's expected long-term return in the form of capital gains and income respectively from the investment portfolio of the Company. This split has been reassessed annually and remains appropriate. For further details refer to Note 3.

(h) Dividend payments

Dividends paid by the Company on its shares are recognised in the financial statements in the period in which they are paid and are shown in the Statement of Changes in Equity. Shares held in treasury carry no entitlement to dividends.

(i) Foreign currency

Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates at the date of the transaction. Overseas assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end. Instruments held at fair value are translated at the rate prevailing at the time the fair value is determined.

Notes to the Financial Statements continued

for the year ended 30 June 2024

1 Accounting policies continued

Any gain or loss arising from a change in exchange rates subsequent to the date of a transaction and before the settlement date is included as an exchange gain or loss. The functional currency of the Company, being its statutory reporting currency, is Pounds Sterling.

(j) Finance costs

Finance costs are accounted for on an accruals basis. Finance costs of debt, insofar as they relate to the financing of the Company's investments or to financing activities aimed at maintaining or enhancing the value of the Company's investments, are allocated between revenue and capital in accordance with the Board's expected long-term split of returns, in the form of income and capital gains respectively, from the Company's investment portfolio. For further details refer to Note 5.

(k) Capital and reserves

- (a) Share capital – represents the nominal value of authorised and allocated, called-up and fully paid shares issued. The reserve is non-distributable.
- (b) Share premium – the surplus of net proceeds received from the issuance of new shares over their par value is credited to this account and the related issue costs are deducted from this account. The reserve is non-distributable.
- (c) Capital reserve – The following are accounted for in this reserve:
- gains and losses on the realisation of investments;
 - realised and unrealised exchange differences on transactions of a capital nature;
 - capitalised expenses and finance costs, together with the related taxation effect; and
 - increases and decreases in the valuation of investments held.
- This reserve, excluding the unrealised gains on Level 2 and Level 3 investments detailed in Note 9, is distributable by way of dividends.
- (d) Special distributable reserve – created from the Court cancellation of the share premium account which had arisen from premiums paid at launch. This reserve is distributable by way of dividends.
- (e) Revenue reserve – the net profit/(loss) arising in the revenue column of the Income Statement is added to or deducted from this reserve. This reserve is distributable by way of dividends.
- (f) Treasury shares – shares that have been repurchased by the Company but not cancelled. These shares are held in a treasury account and remain part of the Company's share capital but do not carry any rights to receive dividends or vote at general meetings. This reserve is non-distributable.

(l) Single segmental reporting

The Company is engaged in a single segment of business, being an investment business, consequently no segmental analysis is provided.

(m) Critical accounting estimates and judgements

The only significant accounting estimate and judgement is the valuation of the unquoted investments which is described in Note 1(d) above.

The Company does not intend to acquire securities that are unquoted or unlisted at the time of investment with the exception of securities which, at the time of acquisition, are intending to list on a stock exchange or securities which are convertible into quoted securities.

The Board delegates to a formal Valuation Committee, which sits within the Company's AIFM and meets on a monthly basis to review developments in relation to unquoted investments in the portfolio and assess whether adjustments are required to reflect the latest fair value of those investments.

1 Accounting policies continued

The valuation methodologies for unquoted investments are dependent on the type of instruments in the portfolio. For securities that have been delisted, fair value may be determined based on the expected future cash flow or the last price traded immediately prior to delisting, with appropriate illiquidity or similar discounts applied. Derivative instruments are fair valued using well established and commonly accepted techniques and models with inputs and assumptions determined by the VC. The Company uses the Black Scholes model for the valuation of warrants.

As illustrated above, the Company's valuation process for unquoted equities involved significant judgements and estimates, which could have a material impact on the reported balances at the year end.

As at 30 June 2024, the Company held £7,525,000 or 4.9% of the portfolio, in Level 3 investments, of which £6,830,000 or 4.5% of the portfolio relate to unquoted equity investments and the remaining £694,000 or 0.4% relate to unquoted warrants. Further details on valuation methodologies and sensitivity analysis can be found in Note 9.

2 Income

	2024 Revenue £'000	2024 Capital £'000	2024 Total £'000	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000
Income from investments						
UK dividend income	450	–	450	128	–	128
Preference share dividend income	799	–	799	985	–	985
Overseas dividend income	4,874	768	5,642	7,146	878	8,024
Overseas fixed interest	191	–	191	188	–	188
	6,314	768	7,082	8,447	878	9,325
Other income						
Bank interest	112	–	112	95	–	95
	112	–	112	95	–	95
Total income	6,426	768	7,194	8,542	878	9,420

3 Investment Management Fees

	2024 Revenue £'000	2024 Capital £'000	2024 Total £'000	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000
Investment management fee	416	1,248	1,664	445	1,336	1,781

The Company's Investment Manager is CQS (UK) LLP (trading as Manulife | CQS Investment Management). The contract between the Company and CQS may be terminated by either party giving not less than six months' notice of termination.

The Company's annual 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 balance due to CQS for management fees at the year end was £140,000 (2023: £138,000).

Investment management fees have been allocated 75% to capital and 25% to revenue (2023: 75% capital and 25% revenue) in the Income Statement. This capital and revenue split is reviewed by the Board annually.

Notes to the Financial Statements continued

for the year ended 30 June 2024

4 Other Expenses

	2024 Revenue £'000	2024 Capital £'000	2024 Total £'000	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000
Secretarial and administration fees	201	–	201*	154	–	154
Directors' fees	157	–	157	137	–	137
Employer's National Insurance contributions	6	–	6	4	–	4
Auditor's remuneration for the audit of the Company's financial statements	73	–	73	60	–	60
Tax advisor remuneration for tax services	31	–	31	15	–	15
Directors' and Officers' liability insurance	15	–	15	13	–	13
Registrar fees	23	–	23	21	–	21
Custody and depositary fees	79	–	79	84	–	84
Public relations	84	–	84	50	–	50
Broker fees	50	–	50	45	–	45
Stock exchange fees	22	–	22	20	–	20
Legal and professional fees	178	–	178**	35	–	35
Other	57	–	57	60	8	68
	976	–	976	698	8	706

* Frostrow Capital LLP was appointed on 22 November 2023 to provide the Company with administration and Company Secretary services, as well as serve as the Company's investor relations and marketing adviser. All service provisions from Frostrow are included in a single fee figure. The total balance for the current year includes £90,000 charge from the previous administration and company secretarial firm, BNP Paribas.

** Includes £78,000 in relation to the renewal of the Company's loan facility (2023: £nil, as the facility was renewed during 2022), £33,000 in relation to the appointment of two non-executive directors and £15,000 in relation to the transition of the Company's Administrator and Company Secretary.

The Company does not have any employees and no pension contributions were payable in respect of any of the Directors.

5 Finance Costs

	2024 Revenue £'000	2024 Capital £'000	2024 Total £'000	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000
Interest on bank loan	245	734	979	197	585	782
Other interest (Note 11)	66	–	66	–	–	–
	311	734	1,045	197	585	782

Interest on the bank loan has been allocated 75% to capital and 25% to revenue (2023: 75% capital and 25% revenue) in the Income Statement. This capital and revenue split is reviewed by the Board annually.

6 Taxation

	2024 Revenue £'000	2024 Capital £'000	2024 Total £'000	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000
Corporation tax (Note 11)	122	–	122	–	–	–
Overseas withholding tax	332	38	370	494	–	494
	454	38	492	494	–	494

Reconciliation of Tax Charge

The tax in the Income Statement for the year is lower than the current standard rate of corporation tax in the UK of 25% (2023: 25%). A reconciliation of the total tax charge is set out below:

	2024 Total £'000	2023 Total £'000
Return on ordinary activities before taxation	9,618	5,728
Corporation tax at 25% (2023: 20.5%*)	2,405	1,174
Effects of:		
Non-taxable income	(1,594)	(1,693)
Non-taxable gains	(1,652)	(93)
Overseas withholding tax	370	494
Excess management expenses (deferred tax not recognised)	845	610
Non-taxable exchange gains	(4)	2
Corporation tax – prior year adjustment (Note 11)	122	–
Current year tax charge	492	494

* The Corporation tax rate increased from 19% to 25% with effect from 1 April 2023, therefore the theoretical tax rate in the year to 30 June 2023 was 20.5%.

The Company has not provided for deferred tax on capital gains or losses arising on the revaluation and disposal of investments as it is exempt from tax due to its investment trust status. The Company can offset excess management expenses (management fees, other administrative expenses, and interest costs) against taxable income to eliminate any tax charge on such income, but it is unlikely to generate future taxable profits to utilise these amounts. The unrecognised deferred tax assets as at 30 June 2024 totalled £4,449,000 (2023: £3,604,000) arising as a result of having excess management expenses of £17,798,000 (2023: £14,417,000) and based on a prospective tax rate of 25% (2023: 25%).

7 Dividends

	2024 Revenue £'000	2023 Revenue £'000
Amounts recognised as distributions to equity holders in the year:		
Fourth interim dividend for the year ended 30 June 2023 of 1.82p (2022: 1.82p) per share	1,217	1,217
Special interim dividend for the year ended 30 June 2023 of 3.00p (2022: nil) per share	2,007	–
First interim dividend for the year ended 30 June 2024 of 1.26p (2023: 1.26p) per share	843	843
Second interim dividend for the year ended 30 June 2024 of 1.26p (2023: 1.26p) per share	843	843
Third interim dividend for the year ended 30 June 2024 of 1.26p (2023: 1.26p) per share	842	843
	5,752	3,746

Notes to the Financial Statements continued

for the year ended 30 June 2024

7 Dividends continued

Amounts relating to the year but not paid at the year end:

Fourth interim dividend for the year ended 30 June 2024 of 1.82p (2023: 1.82p) per share	1,198*	1,217
Special interim dividend for the year ended 30 June 2024 of 1.00p (2023: 3.00p) per share.	658*	2,007
Total	1,856	3,224

* Calculated using the number of voting shares (excluding shares held in treasury) in issuance of 65,809,800 as at the record date of 2 August 2024.

In accordance with FRS 102, the fourth and special interim dividends have not been included as a liability in these accounts and will be recognised in the period in which they are paid.

8 Return per Ordinary Share

Return per ordinary share attributable to shareholders reflects the overall performance of the Company in the year.

	Year ended 30 June 2024 £'000	Year ended 30 June 2023 £'000
Revenue return	4,269	6,708
Capital return	4,857	(1,474)
Total Return	9,126	5,234

Weighted average number of ordinary shares in issue	66,817,536	66,888,509
Revenue return per share (pence)	6.39	10.03
Capital return per share (pence)	7.27	(2.20)
Total return per share (pence)	13.66	7.83

There were no dilutive instruments issued by the Company for the years ended 30 June 2024 and 30 June 2023.

9 Investments

	2024 £'000	2023 £'000
Equity shares	146,952	143,740
Preference shares	4,063	4,064
Fixed income securities	929	1,416
Warrants	683	246
	152,627	149,466

9 Investments continued

All investments are designated at fair value through profit or loss at initial recognition, therefore all gains and losses arising on investments are designated at fair value through profit or loss.

FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland requires an analysis of investments valued at fair value based on the reliability and significance of information used to measure their fair value. The level is determined by the lowest (that is the least reliable or independently observable) level of input that is significant to the fair value measurement for the individual investment in its entirety as follows:

- Level 1 – investments quoted in an active market;
- Level 2 – investments whose fair value is based directly on observable current market prices or indirectly being derived from market prices; and
- Level 3 – investments whose fair value is determined using a valuation technique based on assumptions that are not supported by observable current market prices or based on observable market data.

As at 30 June 2024	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments at fair value through profit or loss				
Quoted equities	140,121	–	–	140,121
Unquoted equities	–	–	6,831	6,831
Quoted preference shares	4,063	–	–	4,063
Fixed income securities	–	918	11	929
Unquoted warrants	–	–	683	683
Total	144,184	918	7,525	152,627

As at 30 June 2023	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments at fair value through profit or loss				
Quoted equities	141,858	–	–	141,858
Unquoted equities	–	–	1,882	1,882
Quoted preference shares	4,064	–	–	4,064
Fixed income securities	–	1,406	10	1,416
Quoted warrants	–	21	68	89
Unquoted warrants	–	–	157	157
Total	145,922	1,427	2,117	149,466

Notes to the Financial Statements continued

for the year ended 30 June 2024

9 Investments continued

Level 2 investments are priced using evaluated prices from a third-party vendor, together with a price comparison made with secondary and tertiary evaluated third party sources. Evaluated prices are in turn based on a variety of sources, including broker quotes and benchmarks. As a result, these investments are disclosed as Level 2 as the fair values of these investments are not as visible as quoted equity investments and their higher inherent pricing risk. However, this does not mean that the fair values shown in the portfolio valuation are not achievable at point of sale.

There has been no transfer of financial assets between Levels 1 and 2 during the year (2023: none).

The Level 3 investments at the year end, along with the respective valuation methods utilised, are as follows:

The fair value of Level 3 financial assets has been determined by reference to valuation techniques described in Note 1(d) of these Financial Statements. Judgement has been exercised in each of these valuations in determining the most appropriate valuation methodology and inputs into the valuation models used.

Unquoted equity investments:

The majority (82.4%) of the unquoted equity valuation relates to three investments, respectively Leo Lithium, whose share trading on the Australian Securities Exchange (ASX) has been suspended since September 2023; an equity placement, in mid May 2024, into Coppernico Metals, whose shares commenced trading on the Toronto Stock Exchange in August 2024; and Calidus Resources, whose share trading on the ASX was suspended on 1 July 2024.

The valuation of Leo Lithium (£3,297,000) is based on its last traded share price immediately prior to the trading suspension with an illiquidity discount of 10% applied. A 10% increase on the discount rate applied to arrive at the fair value of Leo Lithium would result in a £330,000 negative impact on the Company's net return for the year and NAV as at the year end, and a 10% decrease on the discount rate applied would result in an equal but opposite effect on the Company's net return for the year and NAV as at year end.

As the Company's holding in Coppernico Metals was acquired shortly before the year end, the investment is valued at the cost of equity placement of £1,445,000. A 10% increase on the discount rate applied to arrive at the fair value of Coppernico Metals would result in a £145,000 negative impact on the Company's net return for the year and NAV as at the year end, and a 10% decrease on the discount rate applied would result in an equal but opposite effect on the Company's net return for the year and NAV as at year end.

Calidus shares had been listed and actively traded on the Australian Stock Exchange ("ASX"), but close to the Company's year end, unexpectedly announced that voluntary administrators were appointed and the company was placed in receivership with its shares suspended from trading with immediate effect. The value of the Company's equity holding in Calidus was £1,766,000 based on the market price quoted on the ASX. However, in light of the unexpected announcement and absence of detailed reasoning, a 50% discount was applied, therefore valuing Calidus at £883,000 as at 30 June 2024. If the fair value decreased by a further 30%, the impact on the Company's net return for the year and NAV as at the year end would be a reduction of £265,000 and if fair value recovered by 30%, the impact would be the equal opposite.

10% sensitivity thresholds for Leo Lithium and Coppernico and 30% for Calidus are considered to be reasonable based on observations of current market conditions.

Unquoted warrants:

The Company's investments in unquoted warrants are valued using the Black Scholes Model and the inputs into the model require judgements and estimates, which are detailed as follows:

- Volatility and time to maturity: for any warrants with a maturity greater than 1 year, the 90-day volatility is used and for any securities with a maturity less than 1 year, the 60-day volatility is used. These have been deemed appropriate periods to use, as often using the time to expiry has captured market or firm events that have artificially inflated the volatility which has in turn inflated the valuation. If the period used still yields an unreflective level of volatility, then the volatility period used is overridden. When appropriate to extend the period the time to maturity is used, up to a maximum of 400 days, which is in line with Bloomberg's option and warrant valuation model assumptions; and
- Risk free rate: in determining the risk free rate, the swap price discount curve is used for the relevant currencies. The swap curve in the warrant currency is deemed an appropriate method for approximating the yield curve for the following reasons:
 - there is sufficient liquidity and depth of pricing to provide reliable valuations for the Swap curves for the points and currencies that the Company currently requires;

9 Investments continued

- using Swaps allows for the same discount rate methodology to be used across the range of maturities of the Warrant portfolio, whereas using other instruments to construct a yield curve would typically be more limited across different tenors. This is relevant to the current portfolio as there is a wide range of time-to-maturities; and
- using Swaps allows for the same discount rate methodology to be used across different currencies, which is applicable to the Company's current portfolio which contains warrants listed and traded in a range of currencies.

If the market value of the warrants were to fall by 10 per cent, the impact on the net return and the net asset value of the Company would be a reduction of £68,000 (2023: a reduction of £23,000). If the value of the Level 3 warrants were to rise by the same percentage, the effect would be equal and opposite.

All other Level 3 securities have been priced at nil, in the absence of any indicators of higher value. There are normal voting rights attached to all Level 3 equity holdings which are directly proportionate to the percentage holding in the company.

In line with the revised AIC SORP issued in July 2022, the presentations of gains and losses arising from disposals of investments and gains and losses on revaluation of investments have now been combined. Please see Accounting Policies Note 1(a) on page 68. The gains and losses included in the table below have all been recognised within gains on investments held at fair value in the Income Statement on page 64.

	2024 £'000	2023 £'000
Gains/(losses) on investments		
Realised gains on sales of investments	8,397	21,767
Unrealised losses on investments	(2,302)	(22,190)
Gains/(losses) on investments	6,095	(423)

During the year the Company purchased £35,310,000 (2023 restated: £49,058,000) of investments and incurred a total transaction cost of £33,000 (2023: £43,000). Disposals of investments amounted to £37,621,000 (2023 restated: £46,980,000) with a total transaction cost of £34,000 (2023: £42,000). As at 30 June 2024, £34,000 of the disposal proceeds were receivable (2023: £nil). Cash flows on purchases and disposals of investments for the year ended 30 June 2023 have been restated to correct the gross up impact of £13,871,000 due to non-cash movements. There was no impact on the net cash outflow from investing activities balance in the Cash Flow Statement or on any other primary statements reported in 2023.

10 Debtors

	2024 £'000	2023 £'000
Prepayments and accrued income	331	64
Overseas withholding tax recoverable	254	175
Other debtors	34	10
VAT recoverable	26	8
	645	257

Notes to the Financial Statements continued

for the year ended 30 June 2024

11 Creditors: Amounts Falling Due Within One Year

	2024 £'000	2023 £'000
Amounts due to brokers	116	620
Other creditors	420	399
Corporation tax	122	–
	658	1,019

Included within other creditors is £140,000 (2023: £138,000) due to the Investment Manager in respect of management fees.

Corporation tax liability relates to certain overseas dividend income recognised during the year ended 30 June 2009, which was treated as exempt for corporation tax following the ruling of the HMRC's First Tier Tribunal in December 2021. The ruling was reversed by the Upper Tribunal in January 2024 and consequently the Company has recognised a tax liability of £122,000. An interest charge of £66,000 has been provided in respect of this tax liability. The actual amount is subject to HMRC confirmation, however, the Company believes that the interest exposure provided for is a conservative estimate and may not materialise.

12 Bank Loan

	2024 £'000	2023 £'000
Bank loan	17,000	16,000

The Company had an unsecured loan facility with Scotiabank Europe Plc ("Scotiabank"), on which drawdowns attract an interest rate of Sterling Overnight Index Average ("SONIA") plus 1.10%. As at 30 June 2024, £17 million was drawn down at an indicative rate of 6.3% fixed until 13 September 2024 (2023: £16 million was drawn down at an indicative rate of 5.878% fixed until 15 September 2023).

During the year and since the year end to 13 September 2024, the covenants of the loan facility have been met. The following are the covenants for the facility:

- borrower shall not permit the adjusted asset coverage to be less than 3.5 to 1;
- the borrower shall not permit the net asset value to be less than £45 million;
- maximum loan to value ratio of 30%; and
- minimum coverage ratio (total adjusted total assets value over debt) of 1.

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

The facility with Scotiabank expired on 13 September 2024 and a new secured facility with a two-year tenure has been agreed with BNP Paribas until September 2026. Drawdowns from the new facility attracts an interest rate of SONIA plus 1.35% and a commitment fee of 0.45%. The credit facility with Scotiabank had a floating charge covering all the property or undertaking of the Company. The floating charge was satisfied upon repayment and expiration of the facility with Scotiabank, and replaced by a floating charge, with the same coverage of assets, under the new facility agreement with BNP Paribas.

As at the date this Report was approved, £17 million was drawn down under this facility at an indicative rate of 6.3% fixed until 12 December 2024.

13 Share Capital

	2024 £'000	2023 £'000
Allotted, called up and fully-paid:		
66,159,952 (2023: 66,888,509) ordinary shares of 25p each	16,540	16,722
728,557 (2023: nil) ordinary shares held in treasury	182	–
66,888,509 (2023: 66,888,509) total ordinary shares of 25p each	16,722	16,722

No shares were issued by the Company during the year (2023: nil).

During the year, the Company bought back 728,557 shares to be held in treasury at a cost of £1,368,000 (2023: nil). Between 1 July 2024 and 21 October 2024, the Company bought back a further 1,823,322 shares into treasury at a cost of £3,287,000.

Capital management policies and procedures

The Company's capital management objectives are:

- to ensure that the Company will be able to continue as a going concern; and
- to maximise the capital return to its equity shareholders through an appropriate balance of equity capital and debt. The Board normally seeks to limit gearing to 25% of net assets. The maximum gearing during the course of the year was 12.6% and it was 10.1% at 30 June 2024.

The capital of the Company is managed in accordance with its investment policy detailed in the Strategic Review on page 23.

The Board monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes the nature and planned level of gearing, which takes account of the Investment Manager's views on the market, and the extent to which revenue in excess of that which is required to be distributed should be retained. The Company has no externally imposed capital requirements.

14 Net Asset Value per Ordinary Share

The net asset value per ordinary share is based on net assets of £138,565,000 (2023: £136,560,000) and on 66,159,952 (2023: 66,888,509) ordinary shares, being the number of ordinary shares in issue, excluding shares held in treasury, at the year end.

There were no dilutive instruments issued by the Company for the years ended 30 June 2024 and 30 June 2023.

15 Financial Instruments

The Company's financial instruments comprise its investment portfolio, cash balances, bank facilities and debtors and creditors that arise directly from its operations. As an investment trust the Company holds a portfolio of financial assets in pursuit of its investment objective. The Company can make use of flexible borrowings for short-term purposes to achieve improved performance in rising markets and to seek to enhance the returns to shareholders, when considered appropriate by the Investment Manager. The downside risk of borrowings may be reduced by raising the level of cash balances held.

Financial assets designated at fair value through profit or loss (see Note 9) are held at fair value. For listed securities trading actively, fair value is considered to be equivalent to the most available recent bid price. Where listed securities are not trading actively, multiple broker quotes are referencing to estimate fair value. For unlisted securities, this is determined by the Board using valuation techniques based on unobservable inputs. The fair value of other receivables, cash, and other payables is represented by their carrying value in the Balance Sheet shown on page 65. These are short-term financial assets and liabilities whose carrying value approximate fair value.

The main risks that the Company faces arising from its financial instruments are:

- market price risk, being the risk that the value of investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or currency rate movements;
- interest rate risk, being the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates;

Notes to the Financial Statements continued

for the year ended 30 June 2024

15 Financial Instruments continued

- (iii) foreign currency risk, being the risk that the value of investment holdings, investment purchases, investment sales and income will fluctuate because of movements in currency rates;
- (iv) credit risk, being the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company; and
- (v) liquidity risk, being the risk that the bank may demand repayment of a loan or that the Company may not be able to quickly liquidate its investments.

Financial assets and liabilities

The financial assets and liabilities of the Company are as follows:

	2024 £'000	2023 £'000
Financial assets		
Investments	152,627	149,465
Cash	2,952	3,857
Accrued income	308	38
Other debtors	337	219
Financial liabilities		
Bank loan	17,000	16,000
Amounts due to brokers	116	620
Other creditors	543	399

Market price risk

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Company might suffer through holding market positions in the face of price movements. To mitigate the risk the Board's investment strategy is to select investments for their fundamental value. Stock selection is therefore based on disciplined accounting, market and sector analysis, with the emphasis on long-term investments. An appropriate spread of investments is held in the portfolio in order to reduce both the statistical risk and the risk arising from factors specific to a country or sector. The Investment Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to consider investment strategy.

Investment and portfolio performance are discussed in more detail in the Investment Manager's Review and further information on the investment portfolio is set out on pages 17 to 19.

If the investment portfolio valuation were to fall by 5% at 30 June 2024 (2023: 5%), the impact on the profit or loss and the net asset value would be a reduction of £7,631,000 (2023: a reduction of £7,473,000). If the investment portfolio valuation were to rise by 5% the impact would be equal and opposite. The calculations are based on the portfolio valuation as at the respective balance sheet dates and are not representative of the year as a whole and may not be reflective of future market conditions. A 5% sensitivity has been selected as this level of change is considered to be reasonable based on observations of post year end performance of the portfolio investments.

Interest rate risk

Financial assets

Fixed, floating rate and preference share yields and their prices are determined by market perception as to the appropriate level of yields given the economic background. Key determinants include economic growth prospects, inflation, the Government's fiscal position, short-term interest rates and international market comparisons. The Investment Manager takes all these factors into account when making any investment decisions as well as considering the financial standing of the potential investee company.

Interest rates on fixed income instruments are fixed at the time of purchase, as the fixed coupon payments are known, as are the final redemption proceeds. Consequentially, if a fixed income instrument is held until its redemption date, the total return achieved is unaltered from its purchase date. However, over the life of a fixed income instrument the market price at any given time will depend on the market environment at that time. Therefore, a fixed income instrument sold before its redemption date is likely to have a different price from its purchase level and a profit or loss may be incurred.

15 Financial Instruments continued

Interest rates on floating rate instruments vary throughout the life of the instrument based on movements in the applicable underlying base rate. Consequentially, the total return achieved on these positions changes throughout the life of position. In addition, over the life of the financial instrument, the market price of such instruments will depend on the market environment at that time. Therefore, a floating rate instrument sold before its redemption date is likely to have a different price from its purchase level and a profit or loss may be incurred.

Interest rates on floating rate instruments vary throughout the life of the instrument based on movements in the applicable underlying base rate. Consequentially, the total return achieved on these positions changes throughout the life of position. In addition, over the life of the financial instrument, the market price of such instruments will depend on the market environment at that time. Therefore, a floating rate instrument sold before its redemption date is likely to have a different price from its purchase level and a profit or loss may be incurred. Bond yields, and their prices, are determined by market perception as to the appropriate level of yields given the economic background. Key determinants include economic growth prospects, inflation, the Government's fiscal position, short-term interest rates and international market comparisons. The Investment Manager takes all these factors into account when making any investment decisions as well as considering the financial standing of the potential investee company.

Returns from bonds are fixed at the time of purchase, as the fixed coupon payments are known, as are the final redemption proceeds.

Consequentially, if a bond is held until its redemption date, the total return achieved is unaltered from its purchase date. However, over the life of a bond the market price at any given time will depend on the market environment at that time. Therefore, a bond sold before its redemption date is likely to have a different price from its purchase level and a profit or loss may be incurred.

The Company's exposure to floating interest rates gives rise to cash flow interest rate risk and its exposure to fixed interest rates gives rise to fair value interest rate risk. Interest rate risk on fixed rate interest instruments is considered to be part of market price risk as disclosed above.

If the bank base rate were to increase by 1%, the impact on the Company's net return would be a reduction of £140,000 (2023: a reduction of £122,000). If the bank base rate were to decrease by 1%, the impact on the profit or loss would be equal and opposite. The calculations are based on borrowings as at the respective balance sheet dates and are not representative of the year as a whole.

Floating rate

When the Company retains cash balances they are held in floating rate deposit accounts. The benchmark rate which determines the interest payments received on cash balances is the bank base rate for the relevant currency for each deposit.

Financial liabilities

The Company may utilise drawdowns from the credit facility, which provides borrowings in Pounds Sterling at a variable rate based on the SONIA rate. The Board sets borrowing limits to ensure gearing levels are appropriate to market conditions and reviews these on a regular basis.

Fixed rate

The Company holds fixed interest investments and the interest rate profiles are as follows:

	2024 £'000	2024 Weighted average interest rate (%)*	2024 Weighted average period for which the rate is fixed (years)	2023 £'000	2023 Weighted average interest rate (%)*	2023 Weighted average period for which the rate is fixed (years)
Assets:						
Fixed income securities	929	7.6	1.7	1,416	7.6	2.3

* The "weighted average interest rate" is based on the current yield of each asset, weighted by their market value.

Notes to the Financial Statements continued

for the year ended 30 June 2024

15 Financial Instruments continued

Foreign currency risk

The Company invests in overseas securities and may hold foreign currency cash balances which give rise to currency risks. The Company does not hedge its currency exposure and as a result the movement of exchange rates between Pound Sterling and the other currencies in which the Company's investments are denominated may have a material effect, unfavourable or favourable, on the returns otherwise experienced on the investments made by the Company. Although the Investment Manager may seek to manage all or part of the Company's foreign exchange exposure, there is no assurance that this can be performed effectively.

The Company's foreign currency exposure as at 30 June 2024 and 30 June 2023 were as follows:

	Investments £'000	Cash £'000	Net current assets £'000	Total £'000	Sensitivity Impact Sterling weakens by 5% £'000	Sensitivity Impact Sterling strengthens by 5% £'000
30 June 2024						
Canadian Dollar	53,683	205	41	53,929	2,838	(2,568)
Australian Dollar	36,464	81	7	36,552	1,924	(1,741)
US Dollar	34,730	95	147	34,972	1,841	(1,665)
Norwegian Krone	11,175	423	–	11,598	610	(552)
Euro	–	8	145	153	8	(7)
Brazilian Real	–	26	–	26	1	(1)
	136,052	838	340	137,230	7,222	(6,534)

	Investments £'000	Cash £'000	Net current assets £'000	Total £'000	Sensitivity Impact Sterling weakens by 5% £'000	Sensitivity Impact Sterling strengthens by 5% £'000
30 June 2023						
Canadian Dollar	52,937	9	38	52,984	2,649	(2,649)
US Dollar	27,138	194	8	27,340	1,367	(1,367)
Australian Dollar	39,652	(1)	(620)	39,031	1,952	(1,952)
Norwegian Krone	10,755	29	–	10,784	539	(539)
Euro	3,931	9	35	3,975	199	(199)
Brazilian Real	–	23	–	23	1	(1)
	134,413	263	(539)	134,137	6,707	(6,707)

If the value of Pounds Sterling were to strengthen against the foreign currencies the portfolio is exposed to by 5%, the impact on the Company's net return and the net asset value would be a reduction of £6,534,000 (2023: a reduction of £6,707,000). If the value of Pounds Sterling were to weaken by the same amount, the impact on the Company's net return and the net asset value would have been an increase of £7,222,000 (2023: an increase of £6,707,000). The calculations are based on the portfolio valuation, cash balances and net current assets/(liabilities) as at the respective balance sheet dates and are not representative of the year as a whole and may not be reflective of future market conditions.

15 Financial Instruments continued

A 5% sensitivity has been selected as this level of change is considered to be reasonable based on observations of current market conditions.

The Investment Manager does not intend to hedge the Company's foreign currency exposure at the present time.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The Investment Manager has in place a monitoring procedure in respect of counterparty risk which is reviewed on an ongoing basis. The carrying amounts of financial assets best represent the maximum credit risk exposure at the balance sheet date.

At the reporting date, the Company's financial assets exposed to credit risk amounted to the following:

	2024 £'000	2023 £'000
Fixed interest investments	929	1,416
Cash	2,952	3,857
Interest, dividends and other receivables	645	257
	4,526	5,530

As at 30 June 2024 and as at 30 June 2023 there were no debtors that were overdue.

Credit risk arising on transactions with brokers relates to transactions awaiting settlement. Risk relating to unsettled transactions is considered to be small due to the short settlement period involved and the high credit quality of the brokers used. The Board monitors the quality of service provided by the brokers used to further mitigate this risk.

The cash held by the Company and all the assets of the Company which are traded on a recognised exchange are held by BNP Paribas, the Company's custodian. Bankruptcy or insolvency of the custodian may cause the Company's rights with respect to securities held by the custodian to be delayed or limited. The Board monitors the Company's risk by reviewing the custodian's internal control reports. Should the credit quality or the financial position of BNP Paribas deteriorate significantly the Investment Manager will move the cash holdings to another bank.

The latest credit ratings for BNP Paribas are: A+ by Standard & Poor's, AA- by Fitch and A2 rated by Moody's.

There were no significant concentrations of credit risk to counterparties as at 30 June 2024 and as at 30 June 2023. The Company's largest single holding represented 7.1% of its total investments as at 30 June 2024 (2023: 5.2%).

Liquidity risk

The Company's liquidity risk is managed on an ongoing basis by the Investment Manager in accordance with policies and procedures in place as described in the Directors' Report. The Company's overall liquidity risks are monitored on a quarterly basis by the Board. The Company maintains sufficient cash and readily realisable securities to pay accounts payable and accrued expenses.

The contractual maturities of the financial liabilities at each Balance Sheet date, based on the earliest date on which payment can be required, were as follows:

	Three months or less £'000	More than three months but less than one year £'000	More than one year £'000	Total £'000
30 June 2024				
Current liabilities	543	–	–	543
Bank loan	17,000	–	–	17,000
	17,543	–	–	17,543

Notes to the Financial Statements continued

for the year ended 30 June 2024

15 Financial Instruments continued

30 June 2023	Three months or less £'000	More than three months but less than one year £'000	More than one year £'000	Total £'000
Current liabilities	1,019	–	–	1,019
Bank loan	16,000	–	–	16,000
	17,019	–	–	17,019

16 Net Debt Reconciliation

	As at 30 June 2023 £'000	Currency differences £'000	Cash flows £'000	As at 30 June 2024 £'000
Cash	3,857	14	(919)	2,952
Bank loan	(16,000)	–	(1,000)	(17,000)
	(12,143)	14	(1,919)	(14,048)

	As at 30 June 2022 £'000	Currency differences £'000	Cash flows £'000	As at 30 June 2023 £'000
Cash	6,111	–	(2,254)	3,857
Bank loan	(17,000)	–	1,000	(16,000)
	(10,889)	–	(1,254)	(12,143)

17 Significant Interests

Investments as at 30 June 2024	Valuation £'000	Ownership %
REA Holdings 9% 31/12/49	4,063	7.2%
Calidus Resources	1,690	3.6%
Newcore Gold	1,031	3.2%
Galena Mining	707	7.1%
Ascendant Resources	550	12.7%
TDG Gold	414	5.0%
GT Resources	295	3.3%
Castile Resources	288	3.1%
Odyssey Gold	263	3.5%

17 Significant Interests continued

Investments as at 30 June 2023	Valuation £'000	Ownership %
REA Holdings 9% 31/12/49	4,683	4.42%
Galena Mining	3,084	6.52%
Ascendant Resources	2,002	14.97%
Calidus Resources	1,996	3.64%

18 Related Party Transactions and Transactions with the Investment Manager

The following are considered related parties: the Board of Directors (“the Board”) and CQS (UK) LLP (trading as Manulife | CQS Investment Management) (“the Investment Manager”).

Details of the fee arrangement with the Investment Manager are included in Note 3.

There are no other transactions with the Board other than aggregated remuneration for services as Directors as disclosed in the Directors’ Remuneration Report on pages 49 and 50, and as set out in the Note 4 to the accounts. The beneficial interests of the Directors in the ordinary shares of the Company are disclosed on page 50.

The balance due to Directors for fees at the year end was £nil (2023: £8,000).

19 Post Balance Sheet Events

Dividend declaration

The fourth interim dividend of 1.82 pence per share and special interim dividend of 1 penny per share in relation to the year ended 30 June 2024 were announced on 22 July 2024 and paid on 2 September 2024 to shareholders on the register on 2 August 2024, having an ex-dividend date of 1 August 2024.

A first interim dividend of 1.26 pence per share was announced on 15 October 2024 payable on 22 November 2024 to shareholders on the register on 25 October 2024, having an ex-dividend date of 24 October 2024.

Renewal of the Company’s credit facility

The Company’s one-year unsecured credit facility with Scotiabank expired on 13 September 2024 and a new secured facility with BNP Paribas was agreed on the same date, with a two-year tenure, until September 2026. Refer to Note 12 for further details of the new facility.

There are no other post balance sheet events which would require adjustment of or disclosure in the Financial Statements.

Glossary of Terms and Definitions

AIC	Association of Investment Companies. The AIC represents a broad range of investment companies, investment trusts, VCTs and other closed-ended funds.																		
UK Alternative Investment Fund Managers Directive (“UK AIFMD”)	Agreed by the European Parliament and the Council of the European Union and transposed into UK legislation, the AIFMD classifies certain investment vehicles, including investment companies, as Alternative Investment Funds (“AIF”s) and requires them to appoint an Alternative Investment Fund Manager (“AIFM”) and depositary to manage and oversee the operations of the investment vehicle. The Board of the Company retains responsibility for strategy, operations and compliance and the Directors retain a fiduciary duty to shareholders.																		
Alternative Performance Measure (“APM”)	A financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework.																		
Dividend Yield (APM)	<p>The annual dividend expressed as a percentage of the share price.</p> <table border="1"> <thead> <tr> <th></th> <th>Year ended 30 June 2024</th> <th>Year ended 30 June 2023</th> </tr> </thead> <tbody> <tr> <td>Total non-special interim dividends paid and declared (pence)</td> <td>5.60</td> <td>5.60</td> </tr> <tr> <td>Closing share price (pence)</td> <td>189.00</td> <td>169.50</td> </tr> <tr> <td>Dividend yield</td> <td>3.0%</td> <td>3.3%</td> </tr> </tbody> </table>		Year ended 30 June 2024	Year ended 30 June 2023	Total non-special interim dividends paid and declared (pence)	5.60	5.60	Closing share price (pence)	189.00	169.50	Dividend yield	3.0%	3.3%						
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Gearing (APM)	<p>Net debt (bank loan net of cash) as a percentage of net asset value.</p> <p>Gearing amplifies the impact of gains or losses on the net asset value of the Company. It can be positive for a company’s performance, although it can have negative effects on performance when underlying assets fall in value. It is the Company’s policy to determine the adequate level of gearing appropriate to its own risk profile.</p> <p>The Company may borrow an amount up to 25 per cent of shareholders’ funds (measured at the time of drawdown).</p> <p>Gearing is calculated in accordance with guidance from the AIC as follows:</p> <table border="1"> <thead> <tr> <th></th> <th>Year ended 30 June 2024 £’000</th> <th>Year ended 30 June 2023 £’000</th> </tr> </thead> <tbody> <tr> <td>Cash</td> <td>2,952</td> <td>3,857</td> </tr> <tr> <td>Bank loan</td> <td>(17,000)</td> <td>(16,000)</td> </tr> <tr> <td>Net debt</td> <td>(14,048)</td> <td>(12,143)</td> </tr> <tr> <td>Net asset value</td> <td>138,566</td> <td>136,560</td> </tr> <tr> <td>Gearing</td> <td>10.1%</td> <td>8.9%</td> </tr> </tbody> </table>		Year ended 30 June 2024 £’000	Year ended 30 June 2023 £’000	Cash	2,952	3,857	Bank loan	(17,000)	(16,000)	Net debt	(14,048)	(12,143)	Net asset value	138,566	136,560	Gearing	10.1%	8.9%
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Gearing	10.1%	8.9%																	
Net Asset Value (“NAV”)	The value of total assets less all liabilities of the Company. Liabilities for this purpose include current and long-term liabilities.																		
NAV per share (APM)	NAV per ordinary share is calculated by dividing total net asset value by the total number of ordinary shares in issue (excluding shares held in treasury).																		
NAV per share Capital Return (APM)	The movement between opening NAV per share (204.16p) and closing NAV per share (209.44p), which shows the capital return element (without the impact of dividend reinvestment) of the Company’s NAV per share during the year.																		

<p>NAV per share Total Return (APM)</p>	<p>The theoretical total return on an investment over a specified period assuming dividends paid to shareholders are reinvested at net asset value per share at the time the shares were quoted ex-dividend. This is a way of measuring investment management performance of investment companies which is not affected by movements in discounts or premiums. The Directors regard the Company's net asset value total return per share as being the overall measure of value delivered to shareholders over the long term.</p> <table border="1" data-bbox="635 645 1487 947"> <thead> <tr> <th></th> <th>Year ended 30 June 2024</th> <th>Year ended 30 June 2023</th> <th>5 years ended 30 June 2024</th> </tr> </thead> <tbody> <tr> <td>Opening NAV per share (pence)</td> <td>204.16</td> <td>201.94</td> <td>116.24</td> </tr> <tr> <td>Closing NAV per share (pence)</td> <td>209.44</td> <td>204.16</td> <td>209.44</td> </tr> <tr> <td>Percentage change in NAV per share</td> <td>2.6%</td> <td>1.1%</td> <td>80.2%</td> </tr> <tr> <td>Impact of dividend reinvestment</td> <td>4.6%</td> <td>2.4%</td> <td>38.5%</td> </tr> <tr> <td>NAV per share total return</td> <td>7.2%</td> <td>3.5%</td> <td>118.7%</td> </tr> </tbody> </table>		Year ended 30 June 2024	Year ended 30 June 2023	5 years ended 30 June 2024	Opening NAV per share (pence)	204.16	201.94	116.24	Closing NAV per share (pence)	209.44	204.16	209.44	Percentage change in NAV per share	2.6%	1.1%	80.2%	Impact of dividend reinvestment	4.6%	2.4%	38.5%	NAV per share total return	7.2%	3.5%	118.7%
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<p>Ongoing Charges Ratio (APM)</p>	<p>A measure of all operating costs incurred in the reporting period, calculated as a percentage of average net assets in that year. Operating costs exclude costs suffered within underlying investee funds, costs of buying and selling investments, interest costs, taxation and the costs of buying back or issuing ordinary shares.</p> <table border="1" data-bbox="635 1137 1487 1350"> <thead> <tr> <th></th> <th>Year ended 30 June 2024</th> <th>Year ended 30 June 2023</th> </tr> </thead> <tbody> <tr> <td>Total expenses (per Note 3 and 4) (£'000)</td> <td>2,640</td> <td>2,487</td> </tr> <tr> <td>Average net assets value (£'000)</td> <td>136,919</td> <td>138,167</td> </tr> <tr> <td>Ongoing charges ratio</td> <td>1.9%</td> <td>1.8%</td> </tr> </tbody> </table>		Year ended 30 June 2024	Year ended 30 June 2023	Total expenses (per Note 3 and 4) (£'000)	2,640	2,487	Average net assets value (£'000)	136,919	138,167	Ongoing charges ratio	1.9%	1.8%												
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<p>Share Price Capital Return</p>	<p>The movement between opening share price (169.50p) and closing share price (189.00p), which shows the capital return element (without the impact of dividend reinvestment) of the Company's share price during the year.</p>																								
<p>Share Price Total Return (APM)</p>	<p>The change in capital value of a company's shares over a given time period, plus dividends paid to shareholders, expressed as a percentage of the opening value. The assumption is that dividends paid to shareholders are re-invested in the shares at the time the shares are quoted ex-dividend. The Directors regard the Company's share price total return to be a key indicator of performance. This reflects share price growth of the Company which the Board recognises is important to investors.</p> <table border="1" data-bbox="635 1709 1487 2011"> <thead> <tr> <th></th> <th>Year ended 30 June 2024</th> <th>Year ended 30 June 2023</th> <th>5 years ended 30 June 2024</th> </tr> </thead> <tbody> <tr> <td>Opening share price (pence)</td> <td>169.50</td> <td>175.00</td> <td>89.30</td> </tr> <tr> <td>Closing share price (pence)</td> <td>189.00</td> <td>169.50</td> <td>189.00</td> </tr> <tr> <td>Percentage change in share price</td> <td>11.5%</td> <td>(3.1)%</td> <td>111.6%</td> </tr> <tr> <td>Impact of dividend reinvestment</td> <td>5.6%</td> <td>2.9%</td> <td>55.4%</td> </tr> <tr> <td>Share price total return</td> <td>17.1%</td> <td>(0.2)%</td> <td>167.0%</td> </tr> </tbody> </table>		Year ended 30 June 2024	Year ended 30 June 2023	5 years ended 30 June 2024	Opening share price (pence)	169.50	175.00	89.30	Closing share price (pence)	189.00	169.50	189.00	Percentage change in share price	11.5%	(3.1)%	111.6%	Impact of dividend reinvestment	5.6%	2.9%	55.4%	Share price total return	17.1%	(0.2)%	167.0%
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Glossary of Terms and Definitions continued

<p>Share Price Discount or Premium to NAV per share (APM)</p>	<p>The amount by which the market price per share of an investment trust is lower or higher than the net asset value per share. The discount or premium is normally expressed as a percentage of the net asset value per share. If the share price is higher than the net asset value per share the result is a premium. If the share price is lower than the net asset value per share, the shares are trading at a discount.</p> <p>The Board regularly reviews the level of the discount/premium of the Company's share price to the net asset value per share and considers ways in which share price performance may be enhanced, including the effectiveness of share buybacks, where appropriate.</p> <table border="1" data-bbox="576 703 1426 913"> <thead> <tr> <th></th> <th>Year ended 30 June 2024</th> <th>Year ended 30 June 2023</th> </tr> </thead> <tbody> <tr> <td>Closing NAV per share (pence)</td> <td>209.44</td> <td>204.16</td> </tr> <tr> <td>Closing share price (pence)</td> <td>189.00</td> <td>169.50</td> </tr> <tr> <td>Share price discount to NAV per share</td> <td>9.8%</td> <td>16.98%</td> </tr> </tbody> </table>		Year ended 30 June 2024	Year ended 30 June 2023	Closing NAV per share (pence)	209.44	204.16	Closing share price (pence)	189.00	169.50	Share price discount to NAV per share	9.8%	16.98%
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<p>TCFD</p>	<p>The Financial Stability Board created the Task Force on Climate-related Financial Disclosures ("TCFD") to improve and increase reporting of climate-related financial information.</p>												
<p>Treasury shares</p>	<p>Shares previously issued by a company that have been bought back from shareholders to be held by the company for potential re-issuance or cancellation at a later date. Shares held in treasury do not carry voting rights or rights to dividends.</p>												

Notice of Annual General Meeting

Notice is hereby given that the 29th Annual General Meeting of CQS Natural Resources Growth and Income PLC will be held at One Fleet Place, London EC4M 7WS on Tuesday, 10 December 2024 at 11.00 am to consider the following resolutions.

To consider and, if thought fit, pass the following resolutions which will be proposed as ordinary resolutions:

1. To receive the Directors' Report and Financial Statements for the year ended 30 June 2024, together with the Auditor's report thereon.
2. To approve the Company's Dividend Policy as set out on page 38 of the Company's Annual Report for the year ended 30 June 2024.
3. To approve the Directors' Remuneration Report for the year ended 30 June 2024, other than the part containing the Directors' Remuneration Policy.
4. To approve the Directors' Remuneration Policy as set out on page 51 of the Company's Annual Report for the year ended 30 June 2024.
5. To elect Louise Hall as a Director of the Company.
6. To elect Seema Paterson as a Director of the Company.
7. To re-elect Carole Cable, who retires annually, as a Director of the Company.
8. To re-elect Paul Cahill, who retires annually, as a Director of the Company.
9. To re-elect Christopher Casey, who retires annually, as a Director of the Company.
10. To re-appoint BDO LLP as Independent Auditor of the Company to hold office from the conclusion of the Annual General meeting of the Company until the conclusion of the next general meeting at which financial statements are laid before the Company.
11. To authorise the Audit Committee to determine the remuneration of the Auditor of the Company.
12. That the Company continues as an investment trust pursuant to the undertaking given by the Board in 2003.
13. That, in substitution for any existing authority, but without prejudice to the exercise of any such authorisation prior to the date of this resolution, the Directors of the Company be and they are hereby generally and unconditionally authorised, in accordance with Section 551 of the Companies Act 2006, to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company (together being "relevant securities"), up to an

aggregate nominal amount of £1,608,415.75 being 10 per cent of the total issued shares (excluding shares held in treasury) as at 21 October 2024, being the latest practicable date prior to the publication of this Notice or, if changed, the number representing 10 per cent of the total issued shares (excluding shares held in treasury) at the date at which the resolution is passed, such authorisation to expire at the conclusion of the annual general meeting of the Company to be held in 2025, unless previously revoked, varied or renewed by the Company in general meeting, save that the Company may, at any time prior to the expiry of such authorisation, make an offer or enter into an agreement which would or might require relevant securities to be allotted or granted after the expiry of such authority and the Directors of the Company may allot or grant relevant securities in pursuance of such an offer or agreement as if such authorisation had not expired.

To consider and if thought fit, pass the following resolutions which will be proposed as Special Resolutions:

14. That, subject to the passing of resolution 13 above, and in substitution for any existing power but without prejudice to the exercise of any such power prior to the date of this resolution, the Directors of the Company be and they are hereby empowered, in accordance with Sections 570 and 573 of the Companies Act 2006 (the "Act"), to allot equity securities (as defined in Section 560 of the Act) either pursuant to the authorisation under Section 551 of the Act conferred on the Directors of the Company by such resolution numbered 13, or by way of a sale of treasury shares, in each case for cash, as if Section 561(1) of the Act did not apply to any such allotment:
 - (i) other than pursuant to sub-paragraph (ii) below, up to an aggregate nominal amount of £804,207.75 (representing approximately 5 per cent of the issued share capital of the Company (excluding shares held in treasury) as at 21 October 2024, being the latest practicable date prior to the publication of this Notice or, if changed, the number representing 5 per cent of the total issued shares (excluding shares held in treasury) at the date at which the resolution is passed); or
 - (ii) in connection with an offer of equity securities open for acceptance for a period fixed by the Directors of the Company to the holders of ordinary shares in the share capital of the Company on a fixed record date in proportion (or as nearly as practicable) to their respective holdings of ordinary shares (but subject to such exclusions or other arrangements as the Directors of the Company may consider necessary or expedient to deal with any legal problems under or resulting from the application or apparent application of the laws of any territory or the requirements of any regulatory body or any stock exchange in any territory or in connection with fractional entitlements or otherwise howsoever);

Notice of Annual General Meeting continued

such power to expire at the conclusion of the annual general meeting of the Company to be held in 2025 unless previously revoked, varied or renewed by the Company in general meeting, save that the Company may, at any time prior to the expiry of such power, make an offer or enter into an agreement which would or might require equity securities to be allotted after the expiry of such power and the Directors of the Company may allot equity securities in pursuance of such an offer or agreement as if such power had not expired.

15. That, in substitution for any existing authority but without prejudice to the exercise of any such authority prior to the date of this resolution, the Company be and is hereby authorised in accordance with Section 701 of the Companies Act 2006 (the "Act") to make market purchases (within the meaning of Section 693 of the Act) of ordinary shares of 25p each in the capital of the Company on such terms and in such manner as the directors of the Company may from time to time determine (either for cancellation or for retention as treasury shares for future re-issue, resale, transfer or cancellation), provided that:

- (i) the maximum number of ordinary shares hereby authorised to be purchased shall be 14.99 per cent of the issued share capital (excluding shares held in treasury) of the Company as at the date of the passing of this resolution;
- (ii) the minimum price (exclusive of expenses) which may be paid for an ordinary share is 25p (being the nominal value of an ordinary share);
- (iii) the maximum price (exclusive of expenses) which may be paid for an ordinary share shall not be more than the higher of (i) 5 per cent above the average of the middle market quotations for an ordinary share on the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which any such purchase is made and (ii) the higher of the last independent trade and the highest current bid on the London Stock Exchange;
- (iv) the authority hereby conferred shall expire on 31 December 2025 or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2025 unless such authority is renewed, varied or revoked by the Company in general meeting prior to such time; and
- (v) the Company may make a contract to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of ordinary shares pursuant to any such contract.

16. That a general meeting of the Company (other than the annual general meeting) may be called on not less than 14 clear days' notice, provided that this authority shall expire at the conclusion of the next annual general meeting of the Company.

Frostrow Capital LLP
Company Secretary
25 Southampton Buildings,
London WC2A 1AL
23 October 2024

Notes

1. Information about this meeting is available from the Investment Manager's website.
2. A member entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend, speak and vote in their stead. Where more than one proxy is appointed, each proxy must be appointed to exercise the rights attached to a different share or shares. A proxy need not be a member of the Company. It is recommended that shareholders exercise their votes by means of registering them with the Company's registrar ahead of the meeting, by completing paper proxy forms, and appointing the Chair of the meeting as their proxy.
3. A form of proxy is enclosed for use at the above meeting. Completion and return of the form of proxy will not prevent a member from attending the meeting and voting in person. To be effective, the form of proxy, duly executed, must be lodged at the address shown on the form of proxy not later than 11.00 am on Friday 6 December 2024, 48 hours (excluding non-working days) before the time of the meeting.
4. The right to vote at the meeting is determined by reference to the Company's register of members as at 6.30 pm on 6 December 2024. Changes to entries on the register after that time shall be disregarded in determining the rights of any member to attend and vote at the meeting.
5. As at 21 October 2024, the latest practicable date prior to the publication of this Notice, the Company's issued share capital comprised 66,888,509 ordinary shares of 25 pence each, including 2,551,879 shares held in treasury. Each ordinary share carries the right to one vote at a general meeting of the Company, and therefore, the total number of voting rights in the Company as at 21 October 2024 was 64,336,630.
6. Shareholders have the right to put questions at the meeting relating to the business being dealt with at the meeting.
7. Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between them and the member by whom they were nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, they may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.
8. The statement of the rights of members in relation to the appointment of proxies in notes 2 and 3 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by members of the Company.
9. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual which can be viewed at www.euroclear.com. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
10. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & International Limited ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID RA19) by the latest time for the receipt of proxy appointments specified in note 3 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
11. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that their CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
12. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended).
13. Institutional investors may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. Further information regarding Proxymity can be found on www.proxymity.io. Proxies must be lodged by 11.00 am on Friday 6 December 2024 in order to be considered valid. Before appointing a proxy via this process investors will need to have agreed to Proxymity's associated terms and conditions. It is important to read these carefully as investors will be bound by them and they will govern the electronic appointment of proxies.

Notice of Annual General Meeting continued

14. No Director has a service contract with the Company. Copies of Directors' letters of appointment will be available for inspection for at least 15 minutes prior to the meeting and during the meeting.
15. Under Section 338 of the Companies Act 2006, members may require the Company to give to members of the Company entitled to receive this notice of meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting. Under Section 338A of that Act, members may request the Company to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may properly be included in the business.
16. It is possible that, pursuant to requests made by members of the Company under Section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the meeting or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the Companies Act 2006. The Company may not require the members requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website.
17. In accordance with Section 311A of the Companies Act 2006, the contents of this notice of meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the AGM and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website.
18. You may not use any electronic address provided either in this Notice of Meeting or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.

Explanation of the Resolutions

The following information is an explanation of the business to be considered at the Annual General Meeting to be held on Tuesday, 10 December 2024 at 11.00 am at One Fleet Place, London EC4M 7WS.

Annual Report (Resolution 1) (ordinary resolution)

The directors are required to lay before the Annual General Meeting the Annual Report, including the Directors' Report and the Independent Auditor's Report on the audited Financial Statements for the year ended 30 June 2024. Shareholders are asked to receive the Annual Report.

Dividend Policy (Resolution 2) (ordinary resolution)

Resolution 2 relates to the approval of the Company's dividend policy which is as follows: Subject to market conditions and the Company's performance, financial position and financial outlook, it is the Directors' intention to pay an attractive level of dividend income to shareholders on a quarterly basis.

Directors' Remuneration Report and Remuneration Policy (Resolutions 3 and 4) (ordinary resolutions)

Listed companies are required to put their Report on Directors' Remuneration to an advisory shareholder vote each year and their Remuneration Policy to a binding shareholder vote at least every three years. The Report on Directors' Remuneration is set out in full in the Annual Report on pages 49 and 50 and the Directors' Remuneration Policy is set out in full in the Annual Report on page 51. The Remuneration Policy was approved by shareholders at the Annual General Meeting in 2021 and consequently, the Policy is required to be approved by shareholders this year, although no significant changes are proposed to the existing Policy. The Policy is expected to remain in effect until the Annual General Meeting in 2027 when the Company will next be required to submit the Directors' Remuneration Policy to its shareholders.

Directors (Resolutions 5 to 9) (ordinary resolutions)

In accordance with the UK Corporate Governance Code, all directors stand for re-election annually. Directors appointed since the last Annual General Meeting also stand for election.

The directors have reviewed the performance and commitment of the directors standing for election and re-election and consider that each of them should continue to serve on the Board as they bring wide, current and relevant business experience that allows them to contribute effectively to the leadership of the Company. Biographies of each of the current Directors can be found on pages 36 and 37.

Auditor (Resolutions 10 and 11) (ordinary resolutions)

There is a requirement to appoint an auditor at each general meeting at which accounts are laid before the Company, with the expectation that the auditor will then hold office until the next such meeting. In accordance with Sections 489 and 492 of the Companies Act 2006 (the "Act"), shareholders are required to approve the appointment of the Company's auditor each year and to determine or authorise the Audit Committee to determine the auditor's remuneration. Following the implementation of the Competition and Markets Authority Order on Statutory Audit Services, only the Audit Committee may negotiate and agree the terms of the auditor's service agreement. Resolution 10

covers the re-appointment of BDO LLP who were first appointed as auditor in 2017, and Resolution 11 authorises the Audit Committee to determine their remuneration (details of which are set out in Note 4 on page 72 of the Annual Report).

Continuation Vote (Resolution 12) (ordinary resolution)

Since 2004, shareholders have been given the opportunity at each annual general meeting of the Company to vote on an Ordinary Resolution to continue the Company as an investment trust. Accordingly, Resolution 12 proposes that the Company shall continue in being an investment trust. If the resolution is not passed, the Board will put forward proposals to liquidate, open-end or otherwise reconstruct the Company.

Authority to Allot Shares (Resolution 13) (ordinary resolution)

Resolution 13 will give the Company the authority to allot ordinary share capital up to an aggregate nominal amount of 10% of the Company's existing issued ordinary share capital (excluding shares held in treasury) as at the date of the Annual General Meeting (equivalent to such number of ordinary shares with an aggregate nominal value of £1,608,415.75 if there is no change in the issued ordinary share capital between now and the date of the Annual General Meeting). Such authority will expire on the date of the next annual general meeting or after a period of 15 months from the date of the passing of the resolution, whichever is earlier. This means that the authority will have to be renewed at the next annual general meeting.

Disapplication of Pre-emption Rights (Resolution 14) (special resolution)

When shares are to be allotted for cash, Section 561 of the Act provides that existing shareholders have pre-emption rights and that the new shares must be offered first to such shareholders in proportion to their existing holding of shares. However, shareholders can, by special resolution, authorise the directors to allot shares otherwise than by a pro rata issue to existing shareholders.

Resolution 14 will, if passed, give the directors power to allot for cash equity securities representing up to 5% of the Company's existing issued ordinary share capital (excluding shares held in treasury) as at the date of the Annual General Meeting (equivalent to such number of ordinary shares with an aggregate nominal value of £804,207.75 if there is no change in the issued ordinary share capital between now and the date of the Annual General Meeting), as if Section 561 of the Act does not apply. This authority will also expire on the date of the next annual general meeting or after a period of 15 months, whichever is earlier. This authority will not be used in connection with a rights issue by the Company.

Under Section 724 of the Act the Company is permitted to buy back and hold shares in treasury and then sell them at a later date for cash, rather than cancelling them. It is a requirement of Section 561 of the Act that such sale be on a pre-emptive, pro rata, basis to existing shareholders unless shareholders agree by special resolution to disapply such pre-emption rights.

Accordingly, in addition to giving the directors power to allot ordinary share capital on a non pre-emptive basis (subject to the same combined 5% cap), Resolution 14, if passed, will also give the directors authority to sell shares held in treasury on a non pre-emptive basis (subject to the same combined 5% cap). The benefit of the ability to hold treasury shares is that such shares may be resold. This should give the Company greater flexibility in managing its share capital and improve liquidity in its shares. It is the intention of the Board that sales from treasury would only take place when the Board believes that to do so would assist in the provision of liquidity to the market.

As at 21 October 2024 (being the latest practicable date prior to the publication of this Notice), the Company held 2,551,879 ordinary shares of 25p each in treasury, representing 4% of the total ordinary shares in issue (excluding treasury shares). The directors intend to use the authority given by Resolutions 13 and 14 to allot shares and disapply pre-emption rights only in circumstances where this will be clearly beneficial to shareholders as a whole. The issue proceeds would be available for investment in line with the Company's investment policy. No issue of shares will be made which would effectively alter the control of the Company without the prior approval of shareholders in general meeting. Any such issue of shares or resale of treasury shares will take place only at, or at a premium to, the prevailing net asset value per share.

Share Buyback Facility (Resolution 15) (special resolution)

The Company's Articles of Association permit the Company to purchase its own shares and to fund such purchases from its accumulated realised capital reserves. The directors believe that buying back the Company's own shares in the market, at appropriate times and prices, is in the best interests of shareholders generally. Therefore, the Board considers that the Company should continue to have authority to buy back its own ordinary shares. Shares bought back may be cancelled immediately upon completion of the purchase or held, sold, transferred or otherwise dealt with as treasury shares (see above).

Share buybacks are used as a means of helping to balance the supply and demand for the Company's shares in the market. In respect of the ordinary shares, buybacks seek to reduce the volatility of the discount to the underlying net asset value per share at which the ordinary shares trade. Ordinary shares are bought back only when the immediate outcome is an increase in the net asset value per share attributable to the remaining ordinary shares.

Resolution 15 authorises the Company to make market purchases (for cancellation or to be held, sold, transferred or otherwise dealt with as treasury shares) of up to 14.99% of the issued ordinary share capital (excluding shares held in treasury) as at the date of the Annual General Meeting. Under the Listing Rules of the Financial Conduct Authority, this is the maximum percentage of its equity share capital that a company may purchase through the market pursuant to such authority. The Company will make purchases within guidelines set from time to time by the Board,

Notice of Annual General Meeting continued

and if or when market conditions are suitable, with the aim of maximising the benefit to the remaining shareholders. The directors will not use this authority unless to do so would result in an increase in the net asset value per ordinary share. Ordinary shares will not be bought back at a price that is less than their nominal value or more than the higher of: (i) 5 per cent above the average middle market price of the ordinary shares over the preceding five business days; and (ii) the higher of the price of the last independent trade and the highest current independent bid for an ordinary share on the trading venue where the market purchases will be carried out. The directors intend to seek a fresh authority at the annual general meeting in 2025. There are no warrants or options to subscribe for ordinary shares that are outstanding as at 21 October 2024 (the latest practicable date prior to publication of this Notice).

Notice of General Meetings (Resolution 16) (special resolution)

The notice period for general meetings of the Company is 21 clear days unless shareholders approve a shorter notice period, which cannot be less than 14 clear days. Resolution 16 seeks this authority from shareholders. Annual general meetings will continue to require 21 clear days' notice.

In order to call a general meeting on less than 21 clear days' notice the Company must make a means of electronic voting available to all shareholders for that meeting.

Recommendation

The Board considers that the resolutions relating to the above items are in the best interests of shareholders as a whole. Accordingly, the Board unanimously recommends to the shareholders that they vote in favour of the above resolutions to be proposed at the forthcoming Annual General Meeting as the Directors intend to do in respect of their own beneficial holdings totalling 45,889 shares.

The results of the proxy votes will be published following the conclusion of the AGM by way of a stock exchange announcement and on the Company's website. Details of how shareholders who hold their shares on retail platforms can vote is set out on the AIC's website: <https://www.theaic.co.uk/how-to-vote-your-shares>

Report of the UK Investment Adviser Relating to Matters under the Alternative Investment Fund Managers' Directive (Unaudited)

CQS Natural Resources Growth and Income PLC

For the year ended 30 June 2024

Risk management systems

The Company's Annual Report and Pre-investment Disclosure Document sets out the risks to which the Company is exposed. The UK Investment Manager (CQS (UK) LLP) employs risk management disciplines which monitor the Company's portfolio and quantify and manage the associated market and other risks. A permanent independent department has been established by the UK Investment Manager to perform the risk management function. The Risk Management and Performance Analysis team ("RMPA") is led by the Chief Risk Officer and is functionally and hierarchically separate from the operating units of the portfolio managers of the Company.

RMPA is a dedicated control function over the operating units of the Investment Manager and is not involved in the performance activities of the Company. RMPA has designed, documented and implemented effective risk management policies, processes and procedures in order to identify, quantify, analyse, monitor, report on and manage all material risks relevant to the Company's investment strategy. The systems include third party vendor applications such as Tradar, Sungard Front Arena and MSCI Risk Metrics, complemented with a number of proprietary applications.

Leverage

For the purposes of the AIFM Directive, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a percentage of the Company's exposure to its net asset value and is calculated on a gross and commitment method. Under the gross method, exposure represents the sum of the Company's positions after deduction of cash balances, without taking account of any hedging or netting arrangements. Under the commitment method, exposure is calculated without the deduction of cash balances and after certain hedging and netting positions are offset against each other. The leverage limits are set by the AIFM and approved by the Board. The AIFM is also required to comply with the gearing parameters set by the Board in relation to borrowings. The Company's maximum limits and actual leverage levels are shown below:

Leverage exposure	Gross method	Commitment method
Maximum limit (AIFM)	200%	200%
Maximum limit (Board)	200%	200%
Actual as at 30 June 2024	112%	112%

Material changes to information required to be made available to investors of the Company

No material changes since 31 December 2023.

Assets of the Company subject to special arrangements arising from their illiquid nature

There are no assets of the Company which are subject to special arrangements arising from their illiquid nature.

Remuneration

The AIFM has adopted a remuneration policy which meets the requirements of the Directive and has been in place for the current financial year of the Company. The variable remuneration period of the AIFM ended on 31 December 2023.

The AIFM's remuneration process is overseen by the AIFM's remuneration committee (comprised predominately of independent non-executive parties). An internal working group encompassing senior management is responsible for gathering relevant information (both quantitative and qualitative) to evaluate the performance (both short- and long-term) of individuals, teams and the AIFM as a whole, against external market benchmarks and to utilise this to develop proposals for fixed and variable remuneration for all staff. The remuneration committee receives these proposals and the supporting information and is responsible for independently reviewing and scrutinising the proposals and evidence provided in line with the AIFM's stated objectives and developing its final recommendations for delivery to the governing body of the AIFM and other entities associated with the AIFM.

The variable remuneration of all staff in excess of a threshold, which includes those individuals categorised as remuneration code staff ("code staff"), is subject to the following:

- deferred payment of up to 50% of the variable remuneration for a period of 3 years;
- deferred remuneration is linked to funds managed by the AIFM;
- the breaching of certain covenants may lead to forfeiture of deferred remuneration; and
- a claw-back provision of deferred remuneration in certain circumstances including future performance issues by the individuals.

Report of the UK Investment Adviser Relating to Matters under the Alternative Investment Fund Managers' Directive (Unaudited) continued

The below information provides the total remuneration paid by the AIFM (and any delegates) for the year ended 31 December 2023. This has been presented in line with the information available to the Company.

There is no allocation made by the AIFM to each AIF and as such the disclosure reflects the remuneration paid to individuals who are partly or fully involved in the AIF, as well as staff of any delegate to which the firm has delegated portfolio management and/or risk management responsibilities in relation to the AIF. Of the total AIFM remuneration paid of \$43.6m for the year ended 31 December 2023 to 164 individuals (full time equivalent), \$26.2m has been paid as fixed remuneration determined with the remainder being paid as variable remuneration.

The AIFM has assessed the members of staff whom it determines to be code staff in accordance with the requirements of SYSC 19.B of the FCA Handbook (the AIFM Remuneration Code). There are 12 individuals (full time equivalent) who meet this definition and these individuals have collectively been compensated \$14.1m. Not all individuals are directly remunerated by the AIFM due to the structure of the AIFM entity, however, in the interests of meeting the underlying requirement of this disclosure, all staff involved have been assessed as if directly remunerated by the AIFM.

Corporate Information

Registered Number

02978531

The Company is an investment company in England and Wales as defined under Section 833 of the Companies Act 2006.

Registered Office

25 Southampton Buildings
London
WC2A 1AL

Directors

Helen Green (Chair)
Carole Cable
Paul Cahill (Chair, Nomination Committee)
Christopher Casey (Chair, Audit Committee)
Alun Evans (Chair, Management Engagement Committee)
Louise Hall (appointed 1 August 2024)
Seema Paterson (appointed 1 August 2024)

AIFM and Investment Manager

CQS (UK) LLP (trading as Manulife | CQS Investment Management)

4th Floor
One Strand
London
WC2N 5HR
Telephone: +44 (0)207 201 6900
Email: contactNCIM@cqsm.com

Company Secretary and Administrator

Frostrow Capital LLP
25 Southampton Buildings
London
WC2A 1AL
Telephone: +44 (0)203 008 4910
Email: cosec@frostrow.com

Financial Adviser and Corporate Broker

Cavendish Capital Markets Limited
1 Bartholomew Close
London
EC1A 7BL

Bankers

BNP Paribas S.A. (from 13 September 2024)
10 Harewood Avenue
London
NW1 6AA

Scotiabank Europe Plc (until 13 September 2024)

201 Bishopsgate
London
EC2M 3NS

Custodian and Depository

BNP Paribas S.A.
10 Harewood Avenue
London
NW1 6AA

Auditor

BDO LLP
55 Baker Street
London
W1U 7EU

Tax Advisor

KPMG LLP
20 Castle Street
Edinburgh
EH1 2EG

Registrars

Equiniti Limited
Aspect House
Spencer Road, Lancing
West Sussex BN99 6DA

Shareholder helpline: +44 (0)371 384 2410

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).

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 or 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/

The Company is a member of the Association of Investment Companies.



Corporate Information continued

Disability Act

Copies of this Annual Report and other documents issued by CQS Natural Resources Growth and Income PLC are available from the Company Secretary. If needed, copies can be made available in a variety of formats, including Braille, audio tape or larger type as appropriate.

For deaf and speech impaired customers, calls are welcomed to the Company's Registrar, Equiniti Limited, via Relay UK. Please see www.relayuk.bt.com for more information.

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 97.



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