

Investor Report

30 August 2024

CQS Natural Resources Growth and Income PLC (the “Company”)

Key Facts¹

Portfolio Managers	Ian ‘Franco’ Francis Keith Watson Robert Crayfourd
Launch Date	August 2003
Total Gross Assets	£145.1m
Reference Currency	GBP
Ordinary Shares	Net Asset Value: 200.47p Mid-Market Price: 177.50p
Dividend Yield (est.)	3.8%
Net gearing ⁴	10.8%
Discount	(11.5%)
Ordinary Shares in Issue	65,265,301
Annual Management Fee	1.2% p.a. on net assets up to £150 million 1.1% p.a. on net assets over £150 million and up to £200 million 1.0% p.a. on net assets over £200 million and up to £250 million 0.9% p.a. on net assets greater than £250 million
Bloomberg	CYN LN
Reuters	CYN.L
Sedol	0035392
Year End	30 June
Contact Information	CQSClientservices @cqsm.com
Company Broker	Cavendish Capital Markets Limited 020 7220 0500
AGM	December
Dividend Information 2023/24	1.26p interim paid 27 Nov 2023 1.26p interim paid 23 Feb 2024 1.26p interim paid 28 May 2024 1.82p interim payable 2 Sep 2024 1.00 special interim payable 2 Sep 2024
Fiscal Year-End	30 June
Previous Dividend Information	2012/13 Total 5.50p 2013/14 Total 5.60p 2014/15 Total 5.60p 2015/16 Total 5.60p 2016/17 Total 5.60p 2017/18 Total 5.60p 2018/19 Total 5.60p 2019/20 Total 5.60p 2020/21 Total 5.60p 2021/22 Total 5.60p 2022/23 Total 8.60p 2023/24 Total 6.60p
Investor Report	Monthly Factsheet
Annual Report & Accounts Published:	October
Results Announced	Finals: October Interims: March



Portfolio Managers

Ian Francis, Keith Watson and Robert Crayfourd

Description

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

Key Advantages for the Investor

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

Ordinary Share and NAV Performance²

	1 Month (%)	3 Months (%)	6 Months (%)	1 Year (%)	3 Year (%)	5 Year (%)	Since Inception (%)
NAV	(3.3%)	(10.4%)	9.9%	(0.5%)	29.6%	109.9%	614.4%
Share Price	(2.3%)	(8.5%)	19.4%	6.2%	46.8%	163.2%	604.2%
MSCI World Energy Sector Index ³	(2.9%)	(3.8%)	5.0%	4.8%	102.1%	69.4%	524.0%
MSCI World Metals & Mining Index ³	(2.4%)	(7.8%)	7.0%	5.2%	23.2%	77.9%	465.6%

Commentary⁴

Including a 1.82p final quarter dividend and a 1p special, the Fund’s total return was (3.3%) over August. As market sentiment turned more pessimistic about the outlook for broader economic demand, evidenced by manufacturing PMI data in many regions, most commodities were pressured over the month.

Gold was a notable exception. Prices ended August around 7% higher as investment allocations remained positive. This was illustrated by the continued additions to physically backed ETF holdings, which grew for a third consecutive month. Financial sector interest may have an important influence on gold pricing ahead of an anticipated US Fed rate-cutting cycle as inflationary pressures ease and employment markets cool. Uncertainties around US elections add to the supportive backdrop for safe-haven assets.

Related equities performed well. Positive earnings trends were evident during the second quarter reporting season, as producers showed improved cost management and margin expansion. Higher gold prices and easing cost inflation pressures fed through.

The Fund continues to be weighted towards precious metal miners due to their attractive valuations and improved earnings outlook.

Iron ore, in which the fund has zero weight, fell by over 8%, weighed down by ongoing market pressures, as reported by major steel producer China Baowu Group and miner BHP. Both companies highlighted a weak demand outlook from China’s soft property market alongside regulatory changes, which have tightened the specification of some products such as rebar, used in construction, with disposal of such obsolete inventory further pressuring the market’s already poor pricing conditions. Implied Chinese steel mill margins remain negative, suggesting that iron ore demand will remain subdued. Policies to ease China’s property crisis latterly focused on converting excess housing inventory into social housing, are proving ineffective as evidenced by limited local government uptake of finance made available for this purpose which is hampered by poor returns limiting their motivation to participate in social housing programmes.

Base metals slipped to a lesser degree, with London Metal Exchange copper prices ending the month at around 4% lower.

Crude oil dropped over the month, with Brent and WTI benchmarks losing nearly 12% and 9% respectively. Despite ongoing Middle Eastern tension as truce talks between Israel and Palestine broke down and with Hezbollah stepping up attacks on Israel following the assassination of high-level Hamas commanders, soft Chinese demand concerns weighed on the oil market.

Sources: 1 Manulife | CQS Investment Management as at the last business day of the month indicated at the top of this investor report. 2 Total return performance net of fees and expenses as at the last business day of the month indicated at the top of this investor report. 3 Source: MSCI is total return. 4 All market data sourced from Bloomberg unless otherwise stated. All returns quoted in local currency unless otherwise stated. The Company may since have exited some or all of the positions detailed in the commentary.

Monthly Investor Report – CQS Natural Resources Growth and Income PLC – August 2024

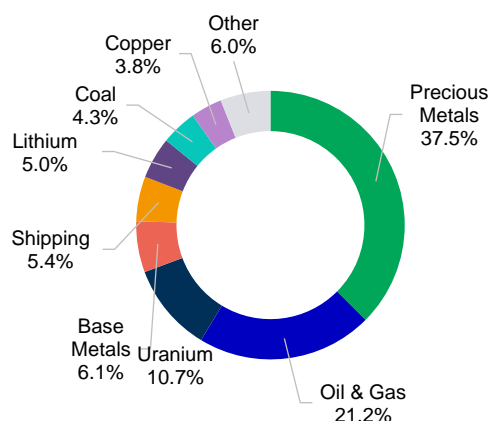
Commentary (continued)

Regional gas markets showed a sharp divergence in price moves. Despite EU gas storage reaching over 90% capacity, well ahead of the regulated November deadline for the coming winter, Ukraine's incursion into the Kursk region of Russia nevertheless helped drive European Liquid Natural Gas (LNG) prices up by 17% during the month. With increased competition for seaborne cargos, Asian LNG prices rose over 12% during the month. This contrasted with US benchmark prices which fell an equivalent amount through with warm weather and high by-product output from record Permian basin activity, weighing on the Henry Hub benchmark price.

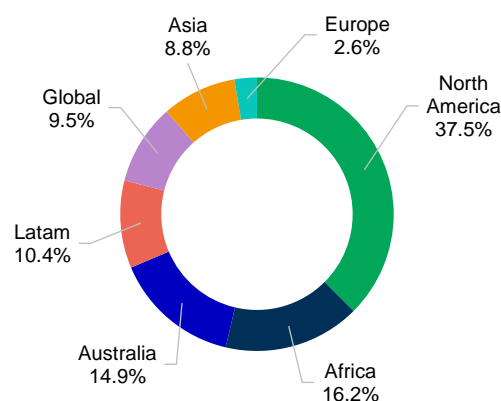
Australian Gold producer Ora Banda saw strong gains as it expanded production, gaining nearly 32% over the month. Completion of Westgold's merger with Karora, alongside positive operational updates, helped drive a 16% rise in the share price of the enlarged group aided by wider index inclusion. These contributions were offset by declines registered by offshore rig leaser Transocean, US gas producer and aggregator Diversified Energy and uranium mine developer Nexgen whose share prices declined 13%, 19% and 30% respectively during August.

Portfolio Analysis^{2,3}

Sector



Region



Top 20 Holdings (% of MV)^{2,3}

Name	(% of MV)
NEXGEN ENERGY NPV	6.2
EMERALD RESOURCES NPV	5.6
ORA BANDA MINING NPV	4.4
WEST AFRICAN RESOURCES NPV	3.8
WESTGOLD RESOURCES NPV	3.6
REA HLDGS 9% CUM PREF GBP1	3.2
TRANSOCEAN USD0.01	3.2
BW LPG LTD USD 0.0100	3.2
TAMBORAN RESOURCES CORP CDI NPV	3.0
UR ENERGY NPV	2.8
Top 10 Holdings Represent	39.0

Name	(% of MV)
CALIBRE MINING CORP NPV	2.5
DIAMONDBACK ENERGY USD0.01	2.5
VERMILION ENERGY COM NPV	2.4
EOG RESOURCES USD0.01	2.4
LEO LITHIUM NPV	2.2
WHEATON PRECIOUS METALS CORP	2.2
DIVERSIFIED EN CO GBP 0.2	2.0
FORAN MINING CORP NPV	1.9
FRONTLINE USD1.0000	1.9
LYNAS RARE EARTHS NPV	1.9
Top 20 Holdings Represent	60.9

0

AIFMD Leverage Limit Report (% of NAV)

	Gross Leverage (%) ⁴	Commitment Leverage (%) ⁵
CQS Natural Resources Growth and Income	113	113

Sources: 1 All market data sourced from Bloomberg unless otherwise stated. All returns quoted in local currency unless otherwise stated. The Company may since have exited some or all of the positions detailed in the commentary. 2 Manulife | CQS Investment Management as at the last business day of the month indicated at the top of this investor report. 3 All holdings data are rounded to one decimal place. Totals may therefore differ to sum of constituents. 4 Manulife | CQS Investment Management, as at the last business day of the month indicated at the top of this investor report. For methodology details see Article 4(3) of Directive 2011/61/EU (AIFMD) and Articles 6, 7, 9 and 10 of Delegated Regulation 231/2013. 5 Manulife | CQS Investment Management as at the last business day of the month indicated at the top of this investor report. For methodology details see Article 4(3) of Directive 2011/61/EU (AIFMD) and Articles 6, 8, 9, 10 and 11 of Delegated Regulation 231/2013. These include historic returns and past performance is not a reliable indicator of future results. The value of investments can go down as well as up. Please read the important legal notice at the end of this document.

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