CQS Natural Resources Growth and Income PLC




Annual Report
30 June 2022

FY 2022 - Highlights

Providing shareholders with capital growth and income predominantly from a portfolio of mining and resource equities and of mining, resource and industrial fixed income securities.

+20.6%
Net asset value
Total return

+17.1%
Net asset value
Capital return

+14.7%
Share price
Total return

+9.0%
Share price
Capital return

+1.0%
Composite benchmark
Total return

3.2%
Dividend yield

CQS Natural Resources Growth and Income PLC

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.

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Why Invest?

Investment 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.

Investment approach

The Company actively invests in global energy and mining companies, with a focus on total return, but it also pays a healthy 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 ETF's. The nature of this focus results in the Company holding a large proportion 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 producers, 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 or Australia.

Investment Management Team

The managers have considerable experience in the sector. Keith Watson, having studied applied physics, has focused on resources since 1992, whilst Robert Crayfourd, a geologist, has invested in the sector since 2004. Ian Francis has many years of experience in investing in the high-yield fixed interest sector.

The Investment Process

The investment process involves leveraging the macro understanding from being at CQS, a $17.7bn asset manager, supporting commodity allocation decisions with hundreds of meetings a year with respective companies, as well as extensive historical knowledge on assets globally, steering the bottom up stock picking. This allows them to pick the most attractive names that fit in to the macro overlay.

Benchmark Index

We aim over the medium term to outperform our benchmark index Composite index of 80 per cent EMIX Global Mining Index (sterling adjusted) and 20 per cent Credit Suisse High Yield Index (sterling adjusted). Our portfolio and performance will diverge from the returns obtained simply by investing in the index. Over the past year to 30 June 2022, the Company's net asset value has outperformed the benchmark by 19.6% and over five years it has outperformed by 9.5%.

Gearing

We selectively employ gearing with the aim of enhancing returns. The Company utilises a gearing facility of £25 million from Scotiabank.

Dividend

The Board considers that the dividend policy is very attractive to shareholders and therefore provides 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 in addition to capital growth.

The Company currently pays quarterly dividends which this year have totalled 5.6p per share, equalling the previous year.

A member of the Association of Investment Companies.

Financial Highlights

Total Return*	Year to 30 June 2022	Year to 30 June 2021	Period 1 July 2017 to 30 June 2022
Net asset value	**20.6%**	83.1%	90.1%
Ordinary share price	**14.7%**	109.6%	107.8%
Composite index	**1.0%**	27.5%	80.6%
EMIX Global Mining Index (sterling adjusted)	**1.2%**	32.5%	99.8%
Credit Suisse High Yield Index (sterling adjusted)	**0.0%**	3.5%	17.9%

Capital Values	30 June 2022	30 June 2021	% change period
Net asset value per share (pence)	**201.94p**	172.40p	17.13%
Ordinary share price (mid market) (pence)	**175.00p**	160.50p	9.03%

Revenue and Dividends	30 June 2022	30 June 2021	% change period
Revenue earnings per ordinary share	**5.2p**	3.1p	66.45%
Dividends per ordinary share	**5.6p**	5.6p	-%
Dividend Yield*	**3.2%**	3.5%	
Discount* (difference between share price and fully diluted net asset value)	**13.3%**	6.9%	
Gearing*			
Gearing provided by bank loan	**8.1%**	11.4%	
Ongoing charges* (as a percentage of average shareholders' funds)	**1.7%**	1.8%	

Period's Highs/Lows	Year to 30 June 2022 High	Year to 30 June 2022 Low
Net asset value per share (pence)	**253.42p**	154.90p
Ordinary share price (mid market) (pence)	**230.50p**	128.25p
Discount	**23.67%**	0.95%

Dividend History	Rate	xd date	Record date	Payment date
Fourth interim 2022	**1.82p**	**28 July 2022**	**29 July 2022**	**26 August 2022**
Third interim 2022	**1.26p**	**28 April 2022**	**29 April 2022**	**27 May 2022**
Second interim 2022	**1.26p**	**27 January 2022**	**28 January 2022**	**25 February 2022**
First interim 2022	**1.26p**	**28 October 2021**	**29 October 2021**	**30 November 2021**
Total for year ending 2022	**5.60p**			
Fourth interim 2021	1.82p	29 July 2021	30 July 2021	31 August 2021
Third interim 2021	1.26p	29 April 2021	30 April 2021	28 May 2021
Second interim 2021	1.26p	21 January 2021	22 January 2021	26 February 2021
First interim 2021	1.26p	22 October 2020	23 October 2020	30 November 2020
Total for year ending 2021	**5.60p**			

* A glossary of the terms, including alternative performance measures, used can be found on page 61.
An alternative performance measure is 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.

Chairman's Statement

Highlights

- Net asset value total return of +20.6%
- Ordinary share price total return of +14.7%
- Dividend yield of 3.2%

Overview

This is my first report as Chairman of your Company and I would firstly like to thank my predecessor, Richard Prickett, for his wise counsel, excellent leadership and commitment to the Company over his tenure.

When we last wrote to Shareholders in early March of this year the invasion of Ukraine by Russian forces had just begun and this together with inflation fears and supply chain issues emerging from the pandemic were pushing the prices of many commodities to high levels. Since then, inflationary fears have continued, and markets are now concerned over the fear of a global recession as interest rates rise. As energy commodities such as oil and gas continued to be strong, we saw industrial metals such as iron ore, copper and steel give up most of their gains on slowdown fears. Although the Company was not immune to these falls, the investment managers made a timely switch in early 2022 by substantially reducing copper weightings and increasing the exposure to energy names. The result was that the Company managed to have a positive total return for the first six months of 2022, which is to be commended in the face of such a volatile market.

Shareholder and NAV returns for the year to 30 June 2022 were positive and substantially ahead of our benchmark index. The Investment Managers Review on pages 7 to 8 provides a good summary of the factors influencing their decisions and both the team and the Board believe there is a good prospect of further growth in natural resources markets.

The Board

Paul Cahill was appointed as a Director of the Company on 23 June 2022 after the Board utilised an external search consultant to select and review appropriate candidates. Paul brings a wealth of experience in the natural resource sector to our deliberations.

Investment, Share Performance and Discount

The NAV total return to 30 June 2022 was a positive return of 20.6% which compares to an increase in the composite benchmark of 1.0%.

The Company's shares also had a positive return with the share price rising from 160.5p as at 30 June 2021 to 175.0p at the end of June this year. With dividends reinvested this results in a total return of 14.7%.

The discount between NAV and the share price widened during the year as at 30 June 2022, the Company's shares were trading at a discount of 13.3%.

Dividends and Income

Income and dividends have always been a focus of the Company and are now 2.8 times the amount paid per share in 2004.

The Board considers that the dividend policy is very attractive to shareholders and therefore provides an element of share price stability especially whilst other companies have been forced to cut dividends. Therefore, for the year to 30 June 2022, we decided to continue to pay quarterly dividends this year totalling 5.6p per share, equalling the previous year.

Since the Manager is focused on generating both capital growth and income from the portfolio, the dividend may not always be completely covered by income. One of the benefits of having a closed ended structure is that, in those circumstances, the Board is able to use distributable reserves to meet any shortfall.

In the year to 30 June 2022 earnings per share were 5.16p which was significantly better than the figure from 2021 which was 3.10p per share. This meant that 0.44p of dividends were covered by the Company's distributable reserves.

The yield on the Company's shares was 3.2% as at 30 June 2022.

Gearing

As at 30 June 2022 the gearing was 8.1% and the amount drawdown under the Scotiabank facility was £17 million. The facility amount is £25 million and runs until September 2023.

Annual General Meeting

The business of the AGM is summarised in the Directors' Report on pages 62 to 63. The AGM will be held at One Fleet Street Place, London, EC4M 7WS at 11.00am on Thursday 15 December 2022. 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

The economic and political environment is particularly uncertain at present and unlikely to become less so in the immediate future. Growth prospects have been stymied as many major economies that do not have the benefit of a strong domestic energy production sector are having to pay much increased prices to secure energy supply. Your Company has benefitted this year with some well-timed sector adjustments from our investment managers and at the time of writing the portfolio is exposed primarily to the energy sector which we believe is well placed. With inflation still high we have also maintained our investment in the precious metals sector which should afford a degree of protection from volatile markets.

I look forward to seeing Shareholders at the forthcoming Annual General Meeting.

Helen Green

Chair

28 October 2022

Investment Manager's Review

Summary

The overall NAV total return for the year to 30th June 2022 was a positive 20.6% which compares to an increase in the composite benchmark of 1.0%. The composite benchmark is made up of an 80% weighting to the EMIX Global Mining Index which returned 1.2% and a 20% weighting to the Credit Suisse High Yield Index which ended the financial year unchanged.

When we last reported to Shareholders in the early part of 2022, we advised that the first six months of the Company's financial year to 30 June 2022 had seen a backdrop of recovering economic growth coupled with supply constraints. This sustained strong commodity price momentum and Company performance with returns rising 15.2% over the interim period to end-December. Russia's subsequent invasion of Ukraine has played a pivotal role on markets and Company returns. Driving further strong impetus to price rises of energy, which represents the most significant Company exposure, returns rose nearly 33% in the March quarter.

Since then, however, the quantum of energy price moves across the energy complex has been such that the knock-on effect of broader demand destruction has become a dominant driver of investor sentiment. Notwithstanding ongoing geopolitical risks, the situation has been further complicated by the start of a rate tightening cycle as central banks attempt to quell rising inflation. Against this backdrop, the Company returned a more modest 4.8% gain in the second half of the year to the end of June.

Behind these figures the composition of performance has changed significantly. Strong gains by metals exposed to energy transition such as copper together with lithium and rare earth metal miners in the first half of the year latterly shifted more in favour of traditional sources of energy. Since the start of calendar 2022, and despite the pull-back from recent peaks, the strongest commodities price gains were all in the energy sector. At the time of writing crude prices are up 14% year-to-date while gas prices in Europe, the US and Asia are up 80%, 79% and 31% respectively. Still more impressive is the huge 250% rise in previously shunned thermal coal prices as regions have scrambled for energy in any form. As a store of energy, battery grade lithium prices have remained strong too, with Asian prices more than doubling in the calendar year-to-date. This contrasts with industrial metals such as copper whose price has fallen almost 25% over the same timeframe.

Markets at the mercy of energy

Since the end of June access to energy is having wider repercussions. While spot prices have attracted much attention, energy and power price rises 1 and 2 years ahead have risen just as dramatically. In addition, the immediate pain of higher prices is being spread out, particularly for domestic consumers. As a result, inflation pressures are set to remain "higher for longer"; a message now echoed in central bank policy.

While energy transition policies are adapting to a more realistic pace of change and accepting the need to use fossil fuels, a supply response will take time to deliver. Meaningful gas supply is not expected until 2024 when new projects in Qatar and Australia begin to come on stream. In the crude oil sector commercial producers remain focussed on shareholder returns and, in the face of mooted windfall taxes, are understandably reluctant to invest in growth. OPEC, led by Saudi Arabia, remains disciplined in pursuing margin rather than market share. Output from Russia, the next largest crude oil producer behind the US, appears challenged by technical difficulties and recent data showed production declines are being experienced from the region. The prospect of a wind-down of inventory sales from the US Strategic Petroleum Reserve should also remove a factor which has weighed on oil prices. Oil is currently one of the cheapest forms of energy trading at around one sixth the level of natural gas on an energy equivalent basis. Expansion in coal production is also taking time with rising Mongolian output dependent on completion of rail infrastructure connecting it to China expected later next year.

Against continued supply side restraint, the primary mechanism for rebalancing the energy market is via a slowdown in aggregate demand. Reminiscent of the 1970's, the extreme moves in energy prices have more recently started to hobble growth expectations with monetary policy tightening acting as a further drag.

Nations self-sufficient in energy supplies, particularly the US and other petro-economies including Saudi Arabia and even Russia are significantly better placed to withstand the resultant pressures. This contrasts sharply with the "have not" energy importers, most notably Europe but also key Asian economies, which face a self-reinforcing inflationary spiral of worsening balance of payments weighing on exchange rates, fuelling a need for even firmer action on monetary policy. In such an environment, the most energy poor economies are likely to bear the brunt of the slowdown and risk of recession.

Further exchange rate weakness remains a risk among these nations as they compete for a shrinking piece of the pie. The UK is a prime case in point, with the government's recent mini budget seemingly a first step down this path. Notably exchange rates have acted as a tailwind for shareholders: sterling weakened 12% against the US dollar in the financial year to end-June and has slipped another 8% since.

Energy bias still preferred

Despite slower growth the energy sector continues to offer strong return prospects and representing over 60% of Company assets energy exposure is still preferred over more discretionary industrial miners for the time being. Indeed, a broad theme of the recent reporting season was earnings misses from miners, whose earnings are being squeezed by significant cost pressures against a backdrop of softer revenue guidance. As an illustration Rio Tinto, whose earnings are dominated by iron ore, flagged 15% cost inflation in the Pilbara region and also cut their dividend, a move followed by Anglo American. In contrast, energy company results have generally exceeded expectations, been able to absorb cost increases and provided positive guidance.

A similar situation is evident with coal mining equities many of which may be able to sustain extremely attractive free cash flow to support a longer period of strong dividends. As an example, coal producer Thungela recently announced a quarterly dividend of 302p per share, equivalent to the price at which the position was initiated in 2021. Despite rerating to nearly £16 at the time of writing, the shares still offer a prospective dividend yield of approximately 20%.

At almost 7 % of assets at the time of writing, the largest individual Company position is a holding in Precision Drilling. The investment is highly geared to the increase in E&P activity as oil and gas producers seek to replace output from depleting wells to simply maintain production rates. Importantly, rising rig deployments and utilisation are beginning to feed through to rig lease rates and earnings would benefit further should commercial producers shift tack and seek to grow production.

The Fund is also positioned indirectly in other energy activity related sectors, notably crude and gas shipping which represented

Investment Manager's Review (continued)

approximately 10% of NAV at the end of June. Limited new vessel builds are acting to constrain capacity while ship values have risen sharply with rising construction costs. Transportation needed to deliver energy to regions in deficit is beginning to benefit charter rates driving a substantial re-rating of the sector. Having traded at a significant discount to the value of vessels last year stocks now stand on reasonable premiums to their upgraded values. This rerating has recently been accompanied by some M&A activity and crude shipper Euronav, the largest holding in this sector, is currently in the process of being acquired by competitor Frontline.

Clean energy delivering

Despite the rush for traditional energy the most notable single contributor to returns over the year to end-June was Sigma Lithium whose share price doubled in the financial year to end-June year and which has risen another 80% since. Despite this, Sigma remains very attractively valued.

Elsewhere the energy crisis has also spurred a sea change in sentiment to similarly shunned nuclear power as governments recognise the benefits of a more balanced power generation mix. Japan's announcement to accelerate its restart programme alongside much improved local community backing, China's accelerated reactor build out and the US investment in domestically sourced fuel typify the shift in perceptions towards this sector. With much improved confidence in fuel demand and a requirement for higher prices to incentivise a significant increase in output needed to address the supply deficit projected towards the end of this decade, this clean energy sector which represented some 7% of assets, remains extremely well placed to deliver further gains.

Portfolio insurance premium, via gold equities, still cheap

Given increased economic sensitivity to monetary policy, central banks face a balancing act in their response to tame inflation. Potentially reflecting this, prospective mid-single digit interest rates remain below the levels necessary to quell inflation which are running at nearly double this level. As a result, the risk of more ingrained inflation or even stagflation has risen markedly.

Centred around energy security, geopolitical tensions remain high and international relations are especially strained with Russia and the Middle East. Signs of a US-China détente during the recent economic slowdown, have receded after US representative Nancy Pelosi agitated relations with her visit to Taiwan. US sanctions on Iran further aggravates increasingly fragile Middle East and Chinese relations. Such a situation raises the risk of central bank policy missteps. Gold remains a useful diversifier for investors, especially those in the UK where the sterling denominated price has latterly performed well.

Based on spot prices, gold equities trade at some of the lowest historical P/NAV valuations and continues to offer cheap portfolio insurance against such risks and further fiat depreciation. For this reason the Fund retains a healthy exposure to precious metals equities which accounted for around nearly 17% of assets at the end of June.

Exposure to base metals remains at historically low levels

Stymied by regional lockdowns resulting from a zero-covid stance China is also contending with problems in its over-leveraged property development sector which has also experienced a more protracted decline. This together with has rising costs, which have more recently pressured dividends from the main producers, has meant that there is little support for iron ore developers and producers and the Fund continues to avoid exposure to this sector.

For the reasons outlined above there has been considerable de-emphasis in the Fund's base metal exposure, particularly copper exposure, which currently stands at a modest 8% of assets. While we believe limited mine development from this sector will present very attractive opportunities to add back to positions in the future, in the absence of a more positive backdrop for demand, relative valuations need to be significantly more attractive to justify a shift back into these equities.

Outlook

The Portfolio's switch in emphasis towards traditional forms of energy and a subsequent move away from industrial miners has proved timely. Encompassing oil, gas, coal, clean energy sectors and shipping, overall energy exposure now exceeds 60%. This is clearly reflected by changes in the Company's top holdings with First Quantum replaced by Precision Drilling and Sigma Lithium coming in second.

The outlook for sustained shareholder returns from this sector, as evidenced by improving dividend pay-outs from a number of holdings remains supportive for investors. At the time of writing returns have risen another 14% since the end of June despite some deterioration in broader demand which high energy prices have brought about.

Ian Francis, Keith Watson, Rob Crayfourd

New City Investment Managers

28 October 2022

Top Ten Largest Holdings

	Valuation 30 June 2021 £'000	Purchases £'000	Sales £'000	Appreciation/ (depreciation) £'000	Valuation 30 June 2022 £'000
Precision Drilling US and Canadian land driller of shale oil and gas. Operationally and financially geared to increased activity by North American shale producers. Utilisation rates of rigs are already high, so further activity should see higher rates.	2,704	3,498	-	4,499	10,701
West African Resources The company has transitioned into a gold producer having brought its Sanbrado discovery in Burkina Faso into production under budget and on schedule.	6,282	-	-	1,807	8,089
Sigma Lithium Resources Soon to be lithium producer in Brazil for the electric vehicle industry. The Company has offtake agreements with major global battery manufacturers.	6,961	-	(10,689)	11,250	7,522
Diamondback Energy Large US shale oil producer focused in the Permian basin in Texas. High quality acreage and management, with a solid balance sheet, well placed to benefit from tighter energy conditions. Strong capital returns program.	-	6,253	-	394	6,647
BW LPG A large propane shipper. Propane, produced as a by-product in US shale production is super cooled and shipped globally. Much of this propane ends up in Asia. The arbitrage between this pricing drives day rates, whilst the company has a strong dividend policy.	3,247	1,628	-	1,466	6,341
REA Holding (note 1) The company cultivates oil palms and produces crude oil palm and other palm products. The group's core plantations are located in Indonesia.	4,492	-	-	1,314	5,806
NexGen Energy The Company is a uranium exploration and development company with a portfolio of projects that span the Athabasca Basin in Saskatchewan, Canada.	4,387	1,518	-	(129)	5,776
Vermilion Energy European and Canadian oil and gas producer. With sizeable European gas exposure, the company is well placed to benefit from current tight gas market in Europe due to the loss of Russian gas, with significant scope for growth and dividends.	-	4,947	-	509	5,456
Lynas Corporation Rare Earths producer with a mine in Australia and process facility in Malaysia. Rare earths are used in super magnets, key for EV's and wind turbines as well as broad consumer products.	3,098	1,163	(1,482)	2,148	4,927
Euronav (note 2) The world's largest independent crude oil tanker company	4,847	968	(649)	(263)	4,903
Top ten investments	**36,018**	**19,975**	**(12,820)**	**22,995**	**66,168**

Note 1 - Includes REA Holdings 9% preference shares valued at £5,024,000, REA Finance 8.75% 31/08/2025 ** valued at £496,000, R.E.A. Holdings valued at £252,000 and REA Holdings warrants*** valued at £34,000 value of REA holding updated above.

Note 2 - Includes Euronav valued at £4,429,000 and Euronav Luxembourg SA 6.25% 14/06/26 ** valued at £474,000.

** Denotes a Level 2 security
*** Denotes a Level 3 security

Top Ten Largest Holdings (continued)

Precision Drilling

Precision Drilling owns a fleet of land rigs for oil and gas shale, in the US, Canada and Middle East. They are well placed to benefit from tightening fundamentals in the rig market, as producer activity picks up due to stronger energy pricing. Despite a cautious stance from E&P's re adding production in North America, the rig market is already tight, seeing strong day rates for Precision. Any further tightening from here should support higher day rates and an accelerated pay down of their debt. Beyond this the company will focus on capital returns.

West African Resources

West African Resources has de-risked significantly since bringing its core mine into production. The group is unhedged and with a low cost of production will allow rapid payback on its project debt. The group recently acquired some neighbouring exploration properties from B2Gold. With 1.1 Moz of resource within trucking distance of the new Sanbrado mine, the acquisition has significant potential to add shareholder value. The group is benefitting from improved liquidity and we believe the group's producer status can deliver further rerating relative to peers.

Sigma Lithium Resources

Sigma Lithium Resources is developing a lithium mine in Brazil, with a very high grade product and scope for material expansion. This product will be very suitable for the electric vehicle industry. Sigma Lithium has a strategic alliance with Mitsui, for offtake of its product, adding support through financing of the mine. First production will be in mid 2022, whilst its ESG focus and hydro power source of energy, will provide the best environmental credentials in the industry. It is listed in Canada, but looking to add a further listing on the US Nasdaq exchange.

Diamondback Energy

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

BW LPG

BW LPG is the worlds 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. Naptha switching at refiners and displacing wood for propane as fuel in the likes of India are major drivers of demand growth. The company has a strong capital returns policy, primarily through dividends.

REA Holdings

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

NexGen Energy

NexGen Energy's 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. Given the low production cost and scalable output the Rook I deposit has significant strategic value with potential to influence market pricing, as evident from the recent feasibility study. As a zero carbon source of energy, civil nuclear power generation and hence uranium, may gain further traction in global energy mix.

Vermilion Energy

European and Canadian oil and gas producer. With sizeable European gas exposure, the company is well placed to benefit from current tight gas market in Europe due to the loss of Russian gas, with significant scope for growth and dividends.

Lynas Corporation

Rare earths producer with a mine in Australia and process facility in Malaysia. Rare earths are used in super magnets, key for EV's and wind turbines as well as broad consumer products.

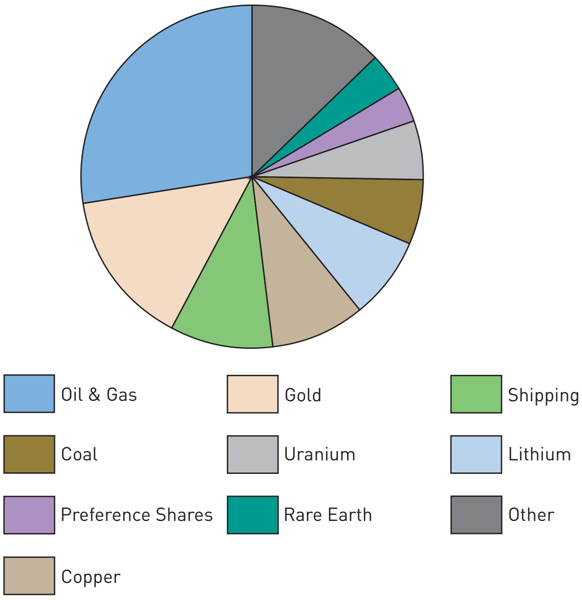
Euronav NV

Crude oil shipper, with one of the largest fleets of the biggest class of Very Large Crude Carrier ('VLCC') ships. They are a key beneficiary of trade war related disruptions as it forces longer shipping routes and increases day rates. Similarly which, if OPEC removes restricted production quotas, or Iran and Venezuela ever see operations improve, this would lead to a further improvement in day rates. Strong cash generation from current day rates should result in a sizeable dividend as evidenced by strong prior payout ratios. Its current valuation is around 0.8x P/NAV, which means it could accretively sell a vessel and buy back stock.

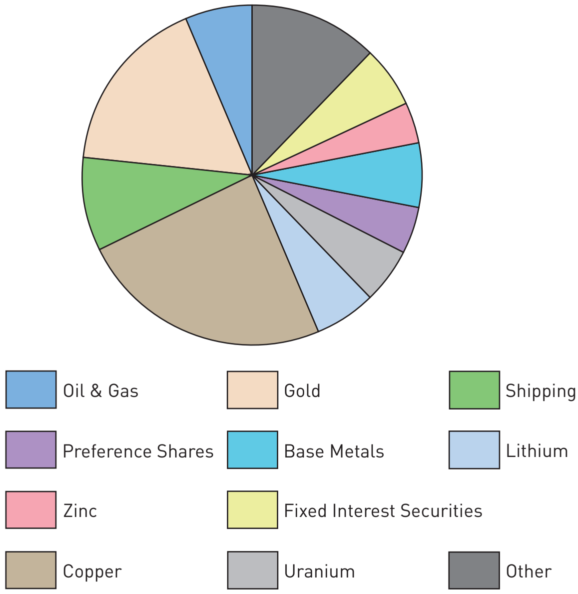
Classification of Investment Portfolio

Classification by Sector

2022 % of total investments

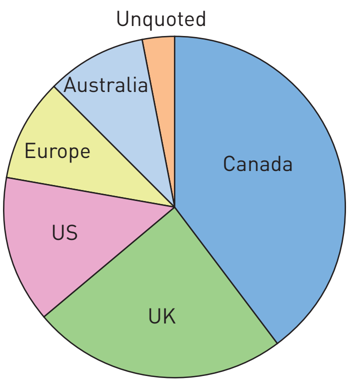


2021 % of total investments

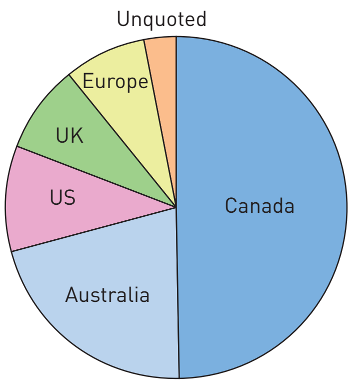


Classification by Stock Market Quotation

2022 % of total investments



2021 % of total investments



Investment Portfolio

Company	Sector	Valuation £'000	Total Investments %
Precision Drilling	Oil & Gas	10,701	7.3
West African Resources	Gold	8,089	5.5
Sigma Lithium Resources	Lithium	7,522	5.1
Diamondback Energy	Oil & Gas	6,647	4.5
BW LPG	Shipping	6,341	4.3
REA Holding (note 1)	Palm Oil	5,806	4.0
NexGen Energy	Uranium	5,776	3.9
Vermilion Energy	Oil & Gas	5,456	3.7
Lynas Corporation	Rare Earth	4,927	3.4
Euronav (note 2)	Shipping	4,903	3.3
Top ten investments		**66,168**	**45.0**
Talon Metals	Nickel	4,144	2.8
Diversified Gas & Oil	Oil & Gas	4,113	2.8
Foran Mining	Copper	3,552	2.4
Emerald Resources	Gold	3,252	2.2
EOG Resources	Oil & Gas	3,101	2.1
Ero Copper	Copper	2,867	2.0
First Quantum Minerals	Copper	2,730	1.9
Ascendant Resources	Zinc	2,708	1.9
Transocean	Oil & Gas	2,564	1.8
Thungela Resources	Coal	2,324	1.6
Top twenty investments		**97,523**	**66.5**
Peabody Energy	Coal	2,282	1.6
Galena Mining	Base Metals	2,244	1.5
Whitehaven Coal	Coal	2,148	1.5
Firefinch***	Lithium	1,891	1.3
Peyto Exploration & Development	Oil & Gas	1,843	1.3
Pioneer Natural Resources	Oil & Gas	1,837	1.3
2020 Bulkers	Shipping	1,759	1.2
Fortuna Silver Mines	Silver	1,645	1.1
Central Asia Metals	Copper	1,637	1.1
Leo Lithium	Lithium	1,607	1.1
Top thirty investments		**116,416**	**79.5**
MAG Silver	Silver	1,501	1.0
Adventus Mining	Copper	1,501	1.0
Pure Gold Mining	Gold	1,495	1.0
Goodbulk**	Shipping	1,455	1.0
New Hope	Coal	1,408	1.0
PetroTal Corp	Oil & Gas	1,394	1.0
Calidus	Gold	1,212	0.8

Company	Sector	Valuation £'000	Total Investments %
Metals X	Base Metals	1,169	0.8
Ur-Energy	Uranium	1,146	0.8
Coronado Global Resources	Coal	1,091	0.7
Top forty investments		**129,788**	**88.6**
Calibre Mining	Gold	1,062	0.7
Frontline	Oil & Gas	1,028	0.7
Red 5	Gold	977	0.7
Sabina Gold & Silver	Gold	904	0.6
Base Resources	Mineral Sands	898	0.6
Fission Uranium	Uranium	808	0.6
Oceanagold	Gold	761	0.5
Palladium One Mining	Platinum	754	0.5
Trevali Mining	Zinc	718	0.5
Integra Resources	Gold	676	0.5
Top fifty investments		**138,374**	**94.5**
Westgold Resources	Gold	665	0.5
Fenix Resources	Iron	623	0.4
Americas Gold and Silver	Silver	603	0.4
Odyssey Energy	Oil & Gas	599	0.4
Vintage Energy	Oil & Gas	576	0.4
Capstone Copper	Copper	471	0.3
Platinum Gold	Platinum	464	0.3
Gold Resource	Gold	419	0.3
Oklo Resources	Gold	403	0.3
Stavely Minerals	Gold	389	0.3
Top sixty investments		**143,586**	**98.1**
Castile Resources Property	Gold	361	0.2
Tharisa	Platinum	358	0.2
Peregrine Gold	Gold	317	0.2
Los Andes Copper	Copper	288	0.2
Denison Mines	Uranium	250	0.2
Nico Resources	Oil & Gas	234	0.2
Bluestone Resources	Gold	204	0.1
Galiano Gold	Gold	146	0.1
NT Rig Holdco PTE 7.5% 31/12/23***	Finance	112	0.1
Winsome Resources	Lithium	110	0.1
Top seventy investments		**145,966**	**99.7**
Other investments		**407**	**0.3**
Total		**146,373**	**100.0**

Notes to the Investment Portfolio are on page 9.

Investment Portfolio (continued)

Principal Risks and Uncertainties and Mitigation

Risks are inherent in the investment process, but it is important that their nature and magnitude are understood so that risks can be identified and controlled to the extent possible. The Board 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.

Principal risks and mitigations are discussed regularly at Board meetings and the summarized conclusions of such a meeting held on 6 October 2022 are set out below.

Risk	Description	Controls
Investment and Strategy Risk	The Board is responsible for deciding the investment strategy to fulfil the Company's objectives and monitoring the performance of the Investment Manager. Inappropriate strategy, including country and sector allocation, stock selection and the use of gearing, could lead to poor returns for shareholders.	To manage this risk the Board requires the Investment Manager to provide an explanation of significant stock selection decisions and the rationale for the composition of the investment portfolio at each Board meeting, when gearing levels are also reviewed. The Board monitors the spread of investments to ensure that it is adequate to minimise the risk associated with particular countries or factors specific to particular sectors. The Investment Manager also provides the Board and shareholders with monthly factsheets which include an investment commentary.
Market risk leading to a loss of share value	The Company's assets consist principally of listed fixed interest securities and equities. Its greatest risks are consequently market related, with exposure to movements in the prices of the Company's investments and the loss that the Company might suffer through holding investments in the face of negative market movements.	The Board relies upon the research capabilities of the Investment Manager to build a portfolio, utilising diversification, to mitigate market risk. The Board monitors the implementation of the investment strategy and reviews the performance of the portfolio on an ongoing basis. The Investment Manager provides a detailed presentation on a quarterly basis which records both realised and unrealised gains and losses. The Company's share price discount to NAV is discussed with the Investment Manager and Broker on a regular basis with a view to taking action if considered appropriate. The Investment Manager and Broker hold regular shareholder meetings through which investor sentiment can be assessed.
Sector Risk	The largest part of the Company's assets consist of equity-related investments in companies, usually mid and small cap companies, with a wide range of commodity exposures. The prices of the underlying commodities are often volatile and the companies can be located in countries at risk of political instability.	The liquidity in the shares of the investee companies is often restricted, meaning that it can be difficult to buy or sell volumes of shares at the quoted price. The Board seeks to mitigate this risk through the processes described in the paragraph above on Investment and Strategy Risk. In addition, the closed-ended 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.
Political risk	Political developments could affect the environment in which the Company operates and negatively impact the value of the Company's investments and/or demand for its shares. The conflict in Ukraine is having a major impact on the global economy and has increased volatility in the natural resources sector.	Political developments are closely monitored and considered by the Board. 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 that emerge.
Financial risk	The Company's investment activities expose it to a variety of financial risks that include market price risk, foreign currency risk, interest rate risk, liquidity risk and credit risk.	Further details of these risks and the ways in which they are managed are disclosed in notes of the financial statements.

Risk	Description	Controls
Market Demand	Demand for shares in the Company declines due to failure to meet investors' objectives.	The Investment Manager regularly meets with investors to discuss their objectives and some of those meetings are attended by the Chair of the Board. The Board also receives frequent feedback from the Company's Broker on their interactions with investors. The Board monitors the share price and any signs of demand reduction are discussed so that appropriate action can be taken. Periodically the Board holds a strategy meeting at which the investment objectives and strategy are discussed.
Key person risk	Performance of the Company may be negatively affected by a change in the fund management team.	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. 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. The Management Engagement Committee of the Company formally reviews the performance of the Investment Manager annually.
Dividend and earnings risk	The earnings that underpin the amount of dividends declared and future dividend growth are generated by the Company's underlying portfolio. One or more of the following factors could adversely affect the Company's earnings and, thereby, its ability to declare a dividend: • A contraction of available investment opportunities suitable for the Company, given its investment objective and its policy. • The persistence of adverse market conditions or government intervention during a macro-economic crisis resulting in cuts to dividend income. • Adverse changes to the tax treatments applicable to the Company's stream of investment and dividend income. This risk is heightened by the ongoing economic impact of the conflict in Ukraine.	The Board has engaged with CQS, the Investment Manager, to manage the Company's portfolio and therefore depends upon the Investment Manager to construct an appropriate portfolio that will produce income allowing the Company to meet its dividend target. The Board monitors the implementation of the investment strategy, reviewing the performance of the Investment Manager on an ongoing basis and receiving a formal presentation from the Investment Manager on a quarterly basis. The Board receives and reviews detailed income forecasts prepared by the Investment Manager and Administrator at each Board meeting and when the quarterly dividends are declared.
Gearing risk	The impact of a fall in the value of the underlying investments on the NAV of the Company's shares could be exacerbated by the Company's level of gearing. It could also result in a breach of loan covenants.	Gearing levels and compliance with loan covenants are monitored by the Administrator and the Investment Manager on a monthly basis. The Board reviews compliance with the gearing levels and loan covenant compliance at regular Board meetings. The Board sets the gearing limits. Gearing will not exceed 25% of Shareholders' funds at the time of borrowing.
Regulatory risk	A breach of regulatory rules could lead to a suspension of the Company's stock exchange listing or financial penalties.	The Company Secretary monitors the Company's compliance with the Listing Rules of the UK Listing Authority. Compliance with the Listing Rules is reviewed by the Directors at each Board meeting and the Board receives a quarterly report from the Investment Manager's Compliance Officer.

Investment Portfolio (continued)

Risk	Description	Controls
Operational risk	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. Failures at these third parties could adversely impact the security and maintenance of, inter alia, the Company's assets, dealing and settlement procedures, and accounting records .	The operating effectiveness of third party service providers is regularly tested and monitored and reported on at each Board meeting. The Audit Committee receives ISAE 3402 reports on the description of controls placed in operation, their design and operating effectiveness on BNP's Fund Administration and Global and Local Custody services. 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.
Cyber risk	Cyber risk has previously been monitored as an element of operational risk, but, given the heightened risk to information security as cyber criminals become more sophisticated, and increasing reliance on electronic communication and storage of data, the Board now consider cyber risk and data security as a principal risk in its own right.	Due to the structure of our business model, all cyber risk rests with our service providers. Our service providers are highly regulated entities, nevertheless we have increased monitoring and request annual confirmations that cyber risk is appropriately controlled, and no significant incidents impacting the Company have occurred.

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 continued rise of inflation and the ongoing conflict in Ukraine. The Board regularly discusses these matters with the Investment Manager, and receives feedback based on the Investment Manager's research, and discussions with Shareholders and the Broker. The Board discussions include longer term impacts of climate change on the Company's portfolio and returns. The Investment Manager's ESG policy has been updated following CQS becoming a signatory of the UK Stewardship Code. The Board will continue to assess these emerging risks on a regular basis.

Strategic Review

Introduction

The Company operates under the guidelines for UK-listed Companies' Annual Reports in accordance with The Companies Act 2006. This Strategic Review is designed to provide information primarily about the Company's business and results for the year ended 30 June 2022. It should be read in conjunction with the Chairman's Statement on page 6, and the Investment Manager's Review on pages 7 to 8, which give a detailed review of the investment activities for the year and look to the future.

This year, we also discuss our approach to our stakeholder responsibilities and the Board's review of the Company's purpose, culture and values during the year for the first time, and in more detail, on pages 22 and 23. We also discuss our approach to people, social and governance matters and the environment in the Directors' Report on page 20.

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 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 4 and 5. The primary KPI against which shareholders' returns are measured is a composite benchmark weighted 80 per cent to the EMIX Global Mining Index (sterling adjusted) and 20 per cent to the Credit Suisse High Yield Index (sterling adjusted).

Viability Statement

In accordance with the provisions of the AIC Code, the Directors have assessed the viability of the Company over a period longer than the 12 months required by the 'Going Concern' provision. The Board conducted this viability review for a period of three years, such 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 taking into account the impact of uncertainties in the markets.

As discussed throughout the Strategic Review and this Annual Report as a whole, the Directors monitor and discuss any effects of the conflict in Ukraine, inflation rises and any longstanding implications of the Covid-19 pandemic on the Company's investment strategy, outlook and financial position. This monitoring has considerably informed the Directors' viability assessment and statement this year.

However, the Directors do not 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.

This is based on 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 Board also considers the annual continuation vote should not be a factor to affect the three year period given the ongoing support of major shareholders.

In making this statement the Board: (i) considered the continuation vote to be proposed at the Annual General Meeting which the Board considers will be voted in favour of by shareholders; and (ii) carried out a robust assessment of the principal risks facing the Company. These risks and their mitigations are set out on pages 14 to 16. 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 reasonable scenarios, taking into account the controls in place and mitigating actions that could be taken.

Strategic Review (continued)

When considering the risk of under-performance, the Board carried out 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 re-pay and re-negotiate borrowings, potential breaches of loan covenants and the maintenance of dividend payments. The Company has a loan facility in place to provide gearing until September 2023. The Board believes that the Company will be able to renew the facility at that time. Should the facility not be able to be refinanced the Board believes any outstanding amount can be repaid in an orderly fashion through liquidating investments without significant investor detriment.

The Board considered the Company's portfolio and concluded 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 Board also considered the impact of potential regulatory change and the controls in place surrounding significant third party providers, including the fund 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 83.4%.

The Scotiabank loan had expired on 17 September 2021 but new terms have been agreed for a further two years until 17 September 2023.

Based on 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 for a period of three years from the date of approval of this Report.

Performance Measurement and Key Performance Indicators ("KPI's")

The Board uses a number of performance measures to assess the Company's success in meeting its objectives. The tables and data on page 5 show how the Company has performed against those KPIs, and a glossary of terms and alternative performance measures is included on page 61. The KPI's used to measure progress and performance over time, and which are comparable to those reported by other investment trusts are as follows:

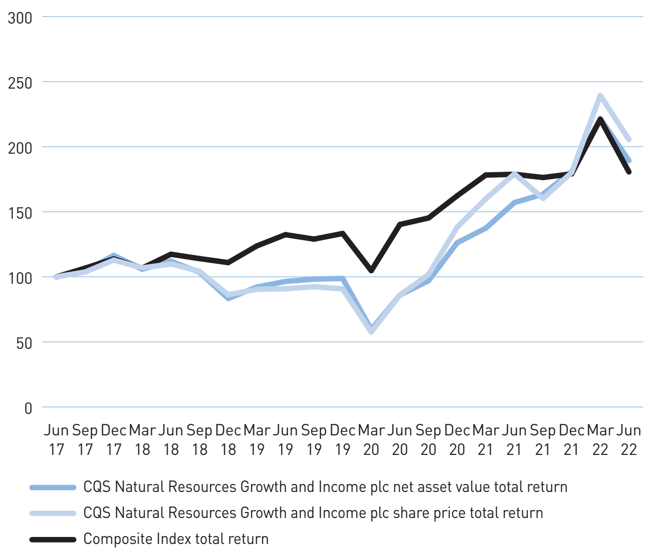
Investment Performance

To assess investment performance, the Board monitors the net asset value (NAV) performance of the ordinary shares relative to that of its benchmark index. 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. After investigation the Board has concluded that there are no indices truly representative of the Company's diversified small and mid-cap commodities equity focus or its high-yielding securities portfolio. It has therefore chosen an approximate composite proxy, 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). Given that only a very small proportion of the Company's portfolio overlaps with the composite benchmark, Shareholders should expect a significant degree of convergence away from the benchmark return.

The performance of the NAV and composite benchmark are shown in the graphs on page 4 with statistics also shown on page 5.

NAV and Share Price Performance

Net Asset Value Total Return and Share Price Total Return v Composite Index



Source: BNP Paribas S.A., Jersey Branch

- **Dividends per share**
  The Board currently intends to at least 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. During the year under review dividends per share totalling 5.60 pence per share were declared (2021: 5.60 pence).
- **Ongoing charges**
  The ongoing charges are 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 Company expenses. For the year under review ongoing charges were 1.7% (2021: 1.8%).

These KPIs fall within the definition of "Alternative Performance Measures" (APMs) under guidance issued by the European Securities and Markets Authority (ESMA) and additional information explaining how these are calculated is set out in the Glossary on page 61.

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 Chairman's Statement and Investment Manager's Review.

Future Prospects

The Chairman's Statement on page 6 and the Investment Manager's Review on pages 7 to 8 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.

Social, Community, Employee Responsibilities and Environmental Policy

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, has in turn stated that they view environmental, social and governance ("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 as signatory to the internationally recognised Principles for Responsible Investment ("PRI"), fully supporting all of the PRIs.

As an investment trust with its current structure the Company has no direct social, community, employee or environmental responsibilities of its own.

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.

Board Diversity

Details of the Directors of the Company on 30 June 2022, all of whom (with the exception of Paul Cahill) held office throughout the year are set out on page 24.

The Board consists of three male Directors and two female Directors, which represents a gender diversity ratio of 40% and means composition of the Board already exceeds the expectations of Lord Davies's 'Women on Boards' review.

The Board acknowledges that diversity in the Boardroom and the workplace is also an increasingly important area of focus today for UK business, and also a key theme of the latest update of the Code. Whilst the current composition of the Board, which is stable, is very diverse in terms of experience and background, it is not ethnically diverse. The Board is committed to keeping this under review when considering future board appointments, whilst always basing any recruitment on merit. The Company has no directly employed staff, however, the Board is kept informed of and monitors diversity based policies at each of its principal third party advisors.

By order of the Board

Helen Green

Chair

28 October 2022

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 ("CQS") as its investment manager. The Board of Directors confirms that the Company places the highest regard to ESG factors in the investment decision making process and this focus plays a key role in the execution of its investment strategy. The Board recognises the importance to society and shareholders the need to invest in companies that are environmentally and socially responsible with clear governance structures. The Board believes the integration of ESG factors in the investment process provides enhanced financial returns for shareholders through deeper, more informed investment decisions. The Board has reviewed and agreed the ESG approach adopted by CQS and a summary of this approach is set out below.

CQS Responsible Investment Policy incorporating our ESG Statement

CQS is committed to operating in a responsible manner embedding strong and clear governance, and conducting our business in a sustainable way. In our role as an investment manager, we view ESG factors as key drivers influencing financing costs, risk assessment valuations and performance, while also acting as a lever to shape and influence the world for generations to come.

The assessment, integration and engagement of ESG factors is a crucial part of the Responsible Investment commitment across the CQS investment platform, both in public and privately held companies, and a key factor in our decision-making. By embedding Responsible Investment into our investment process we enhance our ability to identify value, investment opportunity, risk and, critically, to generate the best possible returns and outcomes for our clients.

Our ESG process specifically looks at ESG factors through integration in our sector research process, including modelling and internal ratings with ESG methodologies applied to both public and private debt. Methodologies include analysing the relative importance and risk posed by any identified ESG issue. Research notes are stored in accessible form and available for use across the Front Office. Discussion and debate is encouraged during the ESG internal analysis, both within the CQS Research team and with Portfolio Managers.

Portfolio Managers are required to consider (to an appropriate degree having regard to their investment strategy) ESG risks as part of their investment decision making. This includes, but is not limited to

- Environmental: Climate Change, Water Stress, Biodiversity and Land Use, Toxic Emissions and Waste and Environment Opportunities and other relevant sustainability risks or opportunities
- Social: Labour management, Health and Safety, Privacy and Data Security, Stakeholder Opposition and Social Opportunities, Diversity and relevant sustainability risks.
- Governance: Corporate Governance and Corporate Behaviour including Ethics, Corruption, Instability, Diversity and Remuneration.

Five-Stage ESG Investment Process

Environmental, Social and Governance (ESG) Policy applies to all strategies across the CQS platform

1 Incorporate
Incorporation of third-party ESG metrics and data into CQS' systems

2 Evaluate
Evaluation of ESG factors in our sector research process includes modelling, analysis, internal ratings and deployment into our front office systems. We demonstrate to companies whom we research that CQS is serious about ESG

3 Decide
Portfolio Managers consider research analysis as part of investment decision making

4 Engage
Changing corporate behaviour towards identified ESG risks and issues may involve proxy voting, influence or control positions, and ultimately making a decision to not trade, change exposure or exit a position altogether

5 Monitor
Periodic research re-assessments

A watching brief across news wires for developing ESG considerations

Weekly proprietary fund-level ESG risk reporting for our portfolio management and research teams

Standards and Codes

CQS is a signatory to and/or supporter of the following:

- United Nations: Principles for Responsible Investment ("UN PRI")
- Task Force on Climate-Related Financial Disclosures ("TCFD")
- CDP ("CDP", formerly Carbon Disclosure Project)
- Standards Board for Alternative Investments ("SBAI", formerly HFSB)
- Climate Action 100+
- UK stewardship code

Specific Statement from the CQS Investment Managers with regard to the Company

Natural resources companies are exposed to ESG risk given the nature of their business. Companies that demonstrate social value creation and good governance – through responsible and active ESG management – go some way in mitigating that risk. Moreover, they are more likely to attract capital which will differentiate them from their peers on a relative valuation basis, a trend that we expect to continue today and over the long term.

It is our responsibility to effectively analyse and monitor investee companies' financial and non¬financial (ESG) performance. ESG disclosure is an important consideration when analysing investment opportunities and we are committed to evolving our approach in support of our ESG principles. We follow the CQS firm-wide five-stage ESG investment integration process but are also guided by the following principals which have been agreed with the Board of the Company.

- to engage directly in dialogue with companies to understand their ESG approach, their ambition and disclosure, and to table questions or concerns;
- to specifically question Human Rights including Indigenous Peoples;
- to use internal and third party data and ratings providers;
- to vote at shareholder meetings; and
- only as a last resort, exclude companies from our investment universe.

At the time of writing 64% of the Company's portfolio is covered by MSCI for their ESG rating service. MSCI have a minimum 65% threshold before we are able to provide a meaningful MSCI ESG rating for the portfolio. We monitor this closely and engage to try and increase the percentage of the portfolio covered.

Company Specific Example : In the next section, we highlight one of our recent engagements that we have had with a portfolio company to provide a flavour of how active engagement can create positive outcomes.

Portfolio Example

Global Copper Company

MSCI ESG Rating BBB

The Investment Manager believes that copper is the preferred metal of the green economy. The Fund has an investment in a company that owns and operates a global portfolio of copper assets. Together with CQS's ESG team the Investment Manager identified a number of issues that they addressed with company management over a number of meetings. The details of the engagement are set out below and we believe that the implementation of proposed changes will allow the company to improve its MSCI ESG rating and attract new shareholders.

Identified Issues	Engagement Objectives	E, S or G	Progress
A Coal Fired Power Plant as the main source of power at a new major operation.	Better understand management's decision-making process during planning of construction.	E	The company provided additional disclosure that gave context to acquisition of the asset, decisions made by prior ownership, and suitability of other power sources at the time of construction. The Company has now outlined plans to convert half the power to renewables by 2025 and fully convert to a mixture of natural gas and renewables by 2030. The conversion is expected to be funded by cash flow. All future brownfield projects will be 100% powered by renewable energy.
While environmental measures such as emissions, energy usage, and water stress are tracked annually, there are no set targets to reduce them from current or historical levels.	Requesting the company set TCFD-aligned emissions targets, as well as energy usage, and water stress which are standardized to output to allow for growing production volumes.	E	In January 2022, the company formally published absolute emissions reduction targets of 30% reduction by 2025 and 50% by 2030. Their plans for all future brownfield projects to use renewable energy, as well as initiatives within mining operations such as trolley assist to reduce fuel usage, will help them to achieve this. They now send their head of ESG to investor conferences, another sign that they are taking this very seriously.
Company does not incorporate ESG objectives into incentive based compensation for management.	Using the targets mentioned in point (2) as a first step in incorporating ESG goals into incentive compensation.	G	Now decarbonisation targets have been set, a next step is to incorporate these targets into executive remuneration.
Board Structure has been highlighted by MSCI as needing additional independence.	Conduct additional diligence of the board concerns with MSCI, and if needed suggesting the company consider adding board seats for independent directors and consideration of term limits.	G	Conversations with MSCI led us to believe that Board concerns were formulaic regarding age and tenor, and did not warrant a request to the company to change board composition. We have alerted the Company to MSCI's standards, so they can better consider future board decisions.

Stakeholder Interests (s. 172 statement)

Stakeholder	Activity or mitigation in year
Shareholders	• the Board operates an investment strategy designed to deliver outperformance over the medium to longer term, based on exposure to valuable commodity markets; • 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; and • shareholders are given opportunities to attend meetings with the Board and also to attend, ask questions and vote at the Annual General Meeting of the Company.
Suppliers	The Board regularly evaluates the performance of its key panel of third party professional service providers.
Community & Environment	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. These areas are further discussed on page 20.
Other Stakeholders	• the Board seeks to maintain the highest levels of corporate governance through compliance with the principles and provisions of both the AIC Code and, to the maximum extent practicable, the UK Code; and • the Board is committed to responding promptly and transparently to any reputational or regulatory matter that might arise affecting the Company, its future prospects or its investment activities.

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.

As a listed investment trust, the Directors consider the following as supporting its approach to those key areas of these statutory responsibilities:

Principal decisions

Set out below is the principal decision taken during the year which the Board considers have had 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.

Decision	Stakeholder interests
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.

Relations with Shareholders

The Directors place a great deal of importance on communication with shareholders. The Annual Report and Financial Statements are 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 26. The Notice of the Annual General Meeting ('AGM') included within the Annual Report and Accounts 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 teas and coffees will be offered to shareholders if the meeting is not closed due to pandemic restrictions. The Company Secretary is available to answer general shareholder queries at any time throughout the year.

Purpose, Values and Culture

The Board and the Investment Manager have taken time during the year to consider the expectations of the Code in the new areas of corporate purpose, values and culture. Whilst of the opinion that the Code's requirements in these areas apply more stringently to premium listed companies with their own operations, rather than investment companies with limited operations, the Board have 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 to create an environment conducive to effect 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.

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 that the investment strategy focuses on, 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.

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 30 to 37 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

28 October 2022

Board of Directors and Investment Manager

All of the Directors are non-executive and all are considered by the Board to be independent of the Investment Manager. The Board fulfils the function of the Audit, Nomination and Management Engagement Committees.

Helen Green

Director and Chair of the Board

Length of service: 7 years – appointed a Director on 1 September 2015 and appointed Chair of the Board on 1 April 2022.

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

Committee membership: Management Engagement Committee, Nomination Committee

Remuneration: £33,000 per annum

All other public company directorships:

abrdn China Investment Company Limited

JPMorgan Global Core Real Assets Limited

Landore Resources Limited

Shared Directorships with any other Trust Directors: None

Shareholding in Company: 5,500 ordinary shares

Paul Cahill

Director

Length of service: 0 years – appointed 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.

Committee membership: Audit Committee, Management Engagement Committee, Nomination Committee

Remuneration: £25,000 per annum

All other public company directorships:

Ironbark Zinc Limited

Shared Directorships with any other Trust Directors: None

Shareholding in Company: None

Carole Cable

Director

Length of service: 5 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 global mining and multi metals business, and the Chair of Women in Mining UK.

Committee membership: Audit Committee, Management Engagement Committee, Nomination Committee

Remuneration: £25,000 per annum

All other public company directorships:

Nyrstar N.V.

Shared Directorships with any other Trust Directors: None

Shareholding in Company: None

Christopher Casey

Director and Chair of the Audit Committee

Length of service: 5 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 a director of Black Rock North American Income Trust PLC, 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.

Committee membership: Audit Committee – Chair, Management Engagement Committee, Nomination Committee

Remuneration: £28,500 per annum

All other public company directorships:

European Smaller Companies Trust plc

BlackRock North American Income Trust Plc

Mobius Investment Trust plc

Life Settlement Assets PLC

Shared Directorships with any other Trust Directors: None

Shareholding in Company: 6,500 ordinary

Alun Evans

Director

Length of service: 8 years – appointed a Director on 26 September 2014.

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.

Committee membership: Audit Committee; Management Engagement Committee; Nomination Committee

Remuneration: £25,000 per annum

All other public company directorships:

None

Shared Directorships with any other Trust Directors: None

Shareholding in Company: 10,540 ordinary shares

Investment Manager

CQS Cayman Limited Partnership ("CQS") was appointed as the Company's Investment Manager in 2007 and with the agreement of the Board, since then the function has been delegated to CQS (UK) LLP, trading as NCIM.

NCIM, is part of the CQS Group, a global diversified asset manager, running multiple strategies with, as at 31 August 2022, assets of US$17.7 billion under management.

With effect from 19 May 2019, the Company entered into a new investment management agreement to appoint CQS (UK) LLP as its Investment Manager. The previous investment management agreement with CQS was terminated.

Ian Francis, Keith Watson and Rob Crayfourd have day-to-day responsibility for managing the Company's portfolio.

Ian Francis joined the NCIM 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 joined the NCIM team in 2013 from Mirabaud Securities where he was a Senior Natural Resource Analyst. Prior to Mirabaud, Keith was Director of Mining Research at Evolution Securities. Previous to this, he was a top-ranked business services analyst at Dresdner Kleinwort Wasserstein, Commerzbank and Credit Suisse/BZW. Keith began his career in 1992 as a portfolio manager and research analyst at Scottish Amicable Investment Managers. Keith has a BSc (Hons) in Applied Physics from Durham University.

Robert Crayfourd joined the NCIM team in 2011. He holds a BSc in Geological Sciences from the University of Leeds and is a CFA holder with over 13 years' experience, having previously worked for the Universities Super Annuation Scheme and HSBC Global Asset Management where he focused on the resource sector.

Alternative Investment Fund Managers Directive (AIFMD)

The Company has appointed CQS (UK) LLP, a subsidiary of CQS, as the Company's alternative investment fund manager ("AIFM"). The AIFM has received its approval from the FCA to act as AIFM of the Company. A requirement of the AIFMD is for the Company to appoint a depositary, which will oversee the custody and cash arrangements and other AIFMD required depositary responsibilities. The Board appointed BNP Paribas on 15 September 2020 to act as the Company's depositary.

As part of the process the investment management agreement was updated and builds in the regulatory requirements arising as a result of the appointment of the AIFM.

Further AIFMD disclosures are shown on page 65.

The Directors present their Annual Report and the audited financial statements for the year ended 30 June 2022. The financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, and the relevant provisions of the Companies Act, 2006.

Corporate Governance

The Statement of Corporate Governance is set out on pages 31 to 33 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 (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 intends to continue to do so.

The Company has a premium listing on 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 Alternative Investment Fund Managers Directive ("AIFMD"). Further details are provided in the AIFMD Disclosures on page 65.

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

Directors' Report

Results and Dividends

Details of the Company's results and dividends paid are shown on page 37 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 Annual General Meeting ('AGM').

Directors

Biographical details of the Directors, all of whom are non-executive, can be found on page 24.

Mr R Prickett resigned from the Board effective on the 31 March 2022 with Mrs H Green assuming the position of Chair of the Board and Mr C Casey taking over the role of Audit Chair. Mr P Cahill was subsequently appointed to the Board on 23 June 2022 following an extensive recruitment process undertaken using an independent recruitment agency.

As explained in more detail under Corporate Governance on pages 31 to 33, the Board has agreed that all Directors will retire annually. Mrs H Green, Ms C Cable, Mr P Cahill, Mr C Casey, Mr A Evans, will retire at the Annual General Meeting and, being eligible, offer themselves for re-election for a further year.

The Directors believe that each of the Directors brings a significant range of business, financial and management skills and experience to the Company and enable 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 page 31 the performance of each of these 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 re-elected.

None of the Directors is entitled to compensation for loss of office on the takeover of the Company. 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 page 30.

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. For more information see note 4.

Conflicts of Interest

The Board has a procedure for identifying, reporting and addressing conflicts of interest, or potential conflicts. It considers that the procedure has worked effectively during the year under review and intends to continue to review all notified situations on an annual basis.

Directors' Remuneration Policy and Report

The Directors' Remuneration Report is set out on pages 36 and 37. 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 will continue to apply for the next financial year to 30 June 2023.

Directors' responsibilities

The Directors' responsibilities in preparing these financial statements are stated on page 30.

Capital Structure

As at 30 June 2022 there were 66,888,509 ordinary shares of 25 pence each in issue. 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.

Substantial Interests in the Company's Shares

In accordance with the FCA's Disclosure and Transparency Rule 5.1.2R as at 30 June 2022, the Company had received the following notifications of interests in 3% or more of the voting rights attached to the Company's issued share capital.

The Company has not been advised of any changes to these notified interests between 30 June 2022 and the date of this report.

Substantial Interests

Ordinary shares	Number held	% held
Hargreaves Lansdown Asset Mgt	14,672,409	21.94
Interactive Investor	11,121,210	16.63
A J Bell Securities	6,004,616	8.98
Charles Stanley	4,164,232	6.23
Armstrong Investments	4,125,000	6.17
HSDL, stockbrokers	2,238,319	3.35
Barclays Smart Investor	2,143,139	3.20

Management and Management Fees

As part of its strategy for achieving its objectives, the Board has delegated the management of the investment portfolio to CQS (UK) LLP, trading as New City Investment Managers (NCIM), with Ian Francis, Keith Watson and Rob Crayfourd as the portfolio managers.

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.

Since 3 April 2018 the Company's annual management fee has been 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 has been delegated to BNP Paribas S.A., Jersey Branch. Equiniti act as the Company's share registrar.

Change of Control

There are no agreements which the Company is party to 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.

Principal risks

The key risks faced by the Company are set out in the Strategic Review on pages 14 to 16. The Board and Audit Committee regularly review the Company's emerging and principal risks and consider related changes in the Company's risk profile.

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.

Such a resolution has been proposed as Resolution 11 within the notice of Annual General Meeting on pages 62 to 63. The Directors recommend that shareholders vote in favour of continuation, as they intend to do so in respect of their own beneficial shareholdings. Discussions with the Company's significant shareholders also suggest their support for the continuation vote, as in previous years. If the resolution is not passed, the Board will put forward proposals to liquidate, open-end or otherwise reconstruct the Company.

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. 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 that the Company is subject to an annual continuation vote as described above.

In forming this opinion, the Directors spent considerable time during the financial year, together with the Investment Manager, reviewing the conflict in Ukraine, inflation rises and any longstanding implications of the Covid-19 pandemic for the Company's financial position, liquidity, investment strategy and dividend policy. The Investment Manager also kept the Board regularly updated as to the implications for the portfolio investee companies where these had been disclosed.

These regular reviews established that 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. The Company's dividend income streams have improved over the last 12 months and the Board believes that the Company is well placed to withstand the wider economic effects of the Ukraine conflict and any ongoing effects of the pandemic. The Board were therefore comfortable to declare the fourth quarterly interim dividend payment, to be drawn from the Company's strong reserves, and also firmly feel it is appropriate to adopt the going concern basis as at 30 June 2022.

The Company has renewed its unsecured loan facility with Scotiabank Europe Plc ("Scotiabank") for a further two years following its expiry on the 17 September 2021.

Directors' Report (continued)

Financial Statements

The Directors' responsibilities regarding the financial statements and safeguarding of assets are set out on page 30.

Streamlined Energy and Carbon Reporting

The Company is categorised as a lower energy user under the HMRC Environmental Reporting Guidelines March 2019 and is therefore not required to make the detailed disclosures of energy and carbon information set out within the guidelines. The Company's energy and carbon information is therefore not disclosed in this report.

Global Greenhouse Gas Emissions

The Company has no greenhouse gas emissions to report from its operations for the year ended 30 June 2022 (as per the prior year), 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 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 32.

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 62 to 64.

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 11, as an Ordinary Resolution.

Resolutions relating to the following items of special business will also be proposed at the forthcoming AGM.

Directors' Authority to Allot Shares

The Directors are seeking authority to allot shares. Resolution 12 will, if passed, authorise the Directors to allot new shares up to an aggregate nominal amount of £1,672,000 per annum being 10 per cent of the total issued shares as at the date of the Notice of the Annual General Meeting.

In response to the shareholder vote at the 2021 AGM, the Board clarifies and reconfirms 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 13, 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 13 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 £836,100 which is equivalent to 3,344,405 ordinary shares and represents 5% of the Company's ordinary share capital as at the date of the Notice of Annual General Meeting.

These authorities will continue in effect until the conclusion of the Annual General Meeting in 2023. The Directors do not have any immediate plans to issue further ordinary shares in the Company.

Directors' Authority to Buy Back Shares

The Company did not purchase any shares for cancellation during the year.

Resolution 14, 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 10,026,525 ordinary shares being approximately 14.99 per cent of the issued ordinary shares of the Company in issue as at the date of the Annual General Meeting.

The price paid for the shares will not be less than the nominal value of 25p 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 price of the last independent trade or (iii) 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 be cancelled immediately on completion of the purchase or held in treasury. The Directors have no current intention of utilising this authority. This authority will expire at the conclusion of the Annual General Meeting of the Company in 2023.

Notice of Meeting

Resolution 15, which is a Special Resolution, will be proposed to authorise the Directors to call general meetings of the Company (other than Annual General Meetings), on 14 clear days' notice.

The Company will also need to meet the Companies Act 2006 requirements for electronic voting before it may call a general meeting on 14 clear days' notice. The Directors confirm that, in the event that a general meeting is called, they will give as much notice as is practicable and will only utilise the authority granted by Resolution 15 in limited and time sensitive circumstances.

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.

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 auditors are 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 auditors are aware of that information.

Independent Auditors

The Auditor, BDO LLP is willing to continue in office as the Auditor and a resolution to reappoint BDO LLP and authorise the Directors 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

28 October 2022

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- prepare a directors' report, a strategic report and a directors' remuneration report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for 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.The Directors are responsible for 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.

Website publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the UK governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Directors' confirmations

The Annual Report includes a fair review of the development and performance of the business and the financial position of the Company, together with a description of the principal risks and uncertainties that they face.

The Directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

In the case of each Director in office at the date the Director's Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

On behalf of the Board

Helen Green

Chair

28 October 2022

Statement of Corporate Governance

Introduction

The UK Listing Authority requires all listed companies to describe how they have complied with the principles of the UK Corporate Governance Code published in 2018 ("the UK Code"), which is available on the Financial Reporting Council's website: www.frc.org.uk. The UK Code covers in particular the annual reappointment of Directors, Board diversity, external evaluation, the Board's responsibilities in relation to risk, and a clear explanation of business model and strategy.

The Association of Investment Companies also published a Code of Corporate Governance ("AIC Code"), in February 2019, and a Corporate Governance Guide for Investment Companies ("AIC Guide") which are available on the AIC's website: www.theaic.co.uk. The AIC Code, as explained by the AIC Guide, addresses all of the principles set out in Section 1 of the UK Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to investment companies.

The Company has reported performance against the 2018 version of the Code and the 2019 version of the AIC Code, which considerably focus board's governance considerations on their company's purpose, culture, values, people where applicable, diversity and the integration of each of these thematic principles.

Statement of Compliance

The Board has considered the principles and recommendations of both the UK Code and the AIC Code and believes that the Company has complied with the applicable provisions throughout the year under review and up to the date of this report except as below.

The UK Code includes provisions relating to:

- The role of the chief executive;
- Executive directors' remuneration, including formation of a separate board committee and appointment of a remuneration consultant;
- The need for an internal audit function, including controls framework; 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. The directors, having regularly reviewed the Company's compliance, are therefore comfortable that the Company applies in full with both the UK Code and the AIC Code. This report further describes how this compliance is achieved.

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 felt 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.

New Directors receive an induction from the Company Secretary in good time after joining the Board, and all Directors receive other relevant training as necessary on an ongoing basis.

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.

During the year ended 30 June 2022 the Board met seven times. In addition, there were four Audit Committee meetings, two Management Engagement Committee meetings, and two Nomination Committee meetings. Between meetings the Board maintains regular contact with the Investment Manager. Two additional meetings were held where a committee was formed for the signing of loan documents and signing of the accounts.

Directors have attended Board and Committee meetings during the year ended 30 June 2022 as follows (with their eligibility to attend the meeting in brackets).

	Audit Committee	Management Engagement Committee	Nomination Committee	Board Meeting
R Pricket[1]	–	1(1)	1(1)	2(3)
Helen Green[2]	3 (3)	2(2)	2(2)	7(7)
C Cable	4 (4)	2(2)	2(2)	7(7)
P Cahill[3*]	–	–	–	–
C Casey	4(4)	2(2)	2(2)	7(7)
A Evans	4(4)	2(2)	2(2)	6(7)

[1] Retired 31 March 2022.
[2] Appointed as Chair 31 March 2022.
[3] Appointed to the Board 23 June 2022.
[4] Appointed as Chair of the Audit Committee 31 March 2022.
[*] Attended as a spectator.

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.

The Board has put in place necessary procedures to conduct, on an annual basis, an appraisal of the Chairman of the Board as well as a performance evaluation of the Board as a whole, the individual Directors and the Board Committees. This was conducted through a questionnaire and discussions based assessment process. The Chairman regularly reviews and agrees with each Director their training and development needs. The annual evaluation of the Board and the Directors has been completed and the Directors have concluded that the Board continues to function effectively and individually.

The Board has reviewed the Chairman's and Directors' other commitments and is satisfied that the Chairman and other Directors are capable of devoting sufficient time to the Company.

There is an agreed procedure for Directors to take independent professional advice if necessary and at the Company's expense. This is in addition to the access which every Director has to the advice and services of the Company Secretary, BNP Paribas S.A., Jersey Branch, which is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

The Board has reviewed the Company's internal controls and principal risks and uncertainties. These are described in the Strategic Report on pages 14 to 16.

Statement of Corporate Governance (continued)

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.

A separate remuneration committee has not been established as the Board consists 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 36, 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 Christopher Casey. Further details are provided in the Report of the Audit Committee on pages 34 and 35.

Management Engagement Committee

A separate Management Engagement Committee, which is chaired by Mrs Green and comprises the full Board, has been established. The Management Engagement Committee annually reviews matters concerning the management contract which exists between the Company and the Investment Manager. Details of the Management Agreement are shown in note 3 to the financial statements.

Nomination Committee

The Nomination Committee is chaired by Mrs Green and comprises the full Board. Possible new Directors are identified against the requirements of the Company's business and the need to have a balanced Board. The Terms of Reference of the Nomination Committee are available on request. External search consultants may be used to assist in the appointment of new Directors.

Every Director is entitled to receive appropriate training as deemed necessary. 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. In 2011, the Board decided that all Directors would retire annually and, if appropriate, seek re-election.

Stewardship Code

The Financial Reporting Council ("FRC") published "The UK Stewardship Code" ("Code") for institutional shareholders in September 2012. The purpose of the 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 is encouraging institutional investors to make a statement of their commitment to the Code. The Board has delegated responsibility for actively monitoring the activities of investee companies to the Investment Manager. 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 20. The Investment Manager, in the absence of explicit instruction from the Board, 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 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 take 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 principal decisions set out on page 22 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.

Relations with Shareholders

The Directors place a great deal of importance on communication with shareholders. The Annual Report and Financial Statements are 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 26.

The Notice of the Annual General Meeting ('AGM') included within the Annual Report and Accounts is sent out at least 20 working days in advance of the meeting. 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 teas and coffees will be offered to shareholders if the meeting is not closed due to pandemic restrictions. The Company Secretary is available to answer general shareholder queries at any time throughout the year.

Purpose, Values and Culture

The Board and the Investment Manager have taken time during the year to consider the expectations of the Code in the new areas of corporate purpose, values and culture. Whilst of the opinion that the Code's requirements in these areas apply more stringently to premium listed companies with their own operations, rather than investment companies with limited operations, the Board have 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 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 to create an environment conducive to effect 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.

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 that the investment strategy focuses on, 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.

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 26 to 28 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

28 October 2022

Report of the Audit Committee

Composition of the Audit Committee

An Audit Committee has been established with written terms of reference and comprises four non-executive Directors, Mr C Casey (Chair), Ms C Cable, Mr P Cahill and Mr A Evans. 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. Further copies are available on request.

Role of the Audit Committee

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

- 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;
- 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 meet with the external Auditor, BDO LLP ("BDO") to review their proposed audit programme of work and their findings. The Board shall also use this as an opportunity to assess the effectiveness of the audit process;
- to develop and implement the policy on the engagement of the external Auditor to supply non-audit services;
- 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;
- 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; and,
- to monitor and review annually the external Auditor's independence, objectivity, effectiveness, resources and qualification.

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

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 2022. 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 38 to 42.

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. KPMG provided tax services for the Company during the year, independently of BDO as the Auditor.

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, from direct observation and enquiry of the Investment Manager and Administrator, is satisfied that BDO provides effective independent challenge in carrying out its responsibilities.

Following professional guidelines, the audit partner rotates after five years. The audit partner is in his first year of appointment.

Significant issues considered regarding the Annual Report and Financial Statements

During the year, the Audit Committee considered a number of significant issues 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 that 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. The table below sets out the key areas of risk identified and also explains how these were addressed.

Significant issue	How the issue was addressed
The accuracy of the valuation of the investment portfolio	Listed investments are valued using stock exchange prices provided by third party pricing vendors. Unquoted or illiquid investments, if any, are valued by the Directors based on recommendations from the CQS Valuation Committee. The Board reviews detailed portfolio valuations at each of its Board meetings and receives confirmation from the Administrator that the pricing basis is appropriate, in line with relevant accounting standards as adopted by the Company and that the carrying values are materially correct. The Board also relies on the Administrator's controls which are documented in an annual internal controls report which is reviewed by the Audit Committee.

Significant issue	How the issue was addressed
The risk of misappropriation of assets and unsecured ownership of investments	The Depositary is responsible for the financial instruments held in its custody. The Depositary reports to the Committee twice a year. The Committee reviews reports from its service providers on key controls over the assets of the Company and will take action to address any significant issues that are identified in these reports, which may include direct discussions with representatives of the relevant service providers to obtain more detailed information surrounding any matters of concern and gaining assurance that appropriate remediation action has been taken. Any significant issues are reported by the Manager to the Committee. The Manager has put in place procedures to ensure that investments can only be made to the extent that the appropriate contractual and legal arrangements are in place to protect the Company's assets. The Depositary is responsible for financial restitution for the loss of financial instruments held in custody.
The risk that income is overstated, incomplete or inaccurate through failure to recognise proper income entitlements or to apply the appropriate accounting treatment for recognition of income	The Board reviews income forecasts, including special dividends, and receives explanations from the Manager for any variations or significant movements from previous forecasts and prior year figures. The Committee also reviews the facts and circumstances of all special dividends to determine the revenue/capital treatment. The Committee also reviews an ISAE 3402 Report from the Company's Administrator and Custodian, BNP Paribas SA. These reports include information on the control processes in place to ensure the accurate recording of income, and any exceptions are highlighted to the Committee and will be investigated further to ensure that appropriate remediation action has been taken where relevant.
The risk that the Company's continuation vote is not passed at the AGM in December 2022.	The Company's Broker and Investment Manager meet with institutional holders on a regular basis and have received no indication that these investors will vote against continuation. Approximately 50.9% of the Company's shares are held through execution only platforms; the Board and the Broker have received no indication that these investors will vote against continuation.

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:

- BNP Paribas S.A., Jersey Branch as 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;
- as a matter of course the Investment Manager's compliance department continually 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;
- 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 to the Board for consideration and approval, challenging the Investment Manager's assumptions to ensure a robust internal risk management process.

The Audit Committee formally reviewed the updated risk matrix during the year and will continue to do so on an annual basis. Regular reports will be provided to the Audit Committee highlighting material changes to risk ratings.

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 mis-statement and loss.

Christopher Casey

Chair of the Audit Committee

28 October 2022

Directors' Remuneration Report

The Board presents the Directors' Remuneration Report for the year ended 30 June 2022 which has been prepared in accordance with sections 420-422 of the Companies Act 2006.

Statement by the Chair

The remuneration of the Directors has been set in order to attract individuals of a calibre appropriate to the future development of the Company. The Company's policy on Directors' remuneration, together with details of the remuneration of each Director, is shown below.

An ordinary resolution for the approval of this Report will be put to the members at the forthcoming Annual General Meeting.

Remuneration Committee

The full Board acts as the Remuneration Committee whose Chair is the Chair of the Company. The determination of the Directors' fees is a matter dealt with by the whole Board.

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 to 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 properly the Company 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.

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 £175,000 per annum in aggregate and the approval of shareholders in a general meeting would be required to further increase this limit. At the prevailing level of Directors' fees the aggregate amount paid to the Company's Directors during the year to 30 June 2022 was £130,951.92.

Non-executive Directors are not eligible for bonuses, pension benefits, share options, long¬term incentive schemes or other benefits. It is the Board's policy that Directors do not have service contracts, but new Directors are provided with a letter of appointment which are kept on the Company Secretary's system.

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 himself for re-election annually. However, the Board has agreed that 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.

Director	Date of Initial Appointment	Due date for Re-election
R Prickett	30 November 2006	n/a
C Cable	1 October 2017	AGM 2022
P Cahill	23 June 2022	AGM 2022
C Casey	1 October 2017	AGM 2022
A Evans	26 September 2014	AGM 2022
H Green	1 September 2015	AGM 2022

Annual Report on Directors' Remuneration

Directors' Emoluments (audited)

The Directors who served in the year received the following fees:

	2022 £'000	2021 £'000
R Prickett[2, 4]	**24**	32
C Cable	**25**	24
P Cahill[5]	**1**	n/a
C Casey[1]	**26**	24
H Green[3]	**30**	27
A Evans	**25**	24
Totals	**131**	**131**

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

1 Chair of the Audit Committee.
2 Fees paid to European Sales Company Ltd.
3 Fees paid to Saffery Champness Management International Limited.
4 Retired from the Board 31 March 2022.
5 Appointed to the Board 23 June 2022.

For the year ended 30 June 2022, the annual remuneration payable was as follows:

	£
Chair	**33,000**
Chair of the Audit Committee	**28,500**
Director	**25,000**

2020 £'000	2021 £'000	% Increase	2022 £'000	% Increase
125	131	4.8	**131**	**–**

The Committee has agreed that no changes will be made to the Board's remuneration with effect from 1 July 2022.

Relative Importance of Spend on Pay

The table below sets out, in respect of the financial year ended 30 June 2022 and the preceding financial year:

a) the remuneration paid to the Directors; and
b) the distribution made to shareholders by way of dividend.

	Year ended 30 June 2022 £	Year ended 30 June 2021 £	% Change
Total remuneration	**131,000**	131,000	–
Dividend	**3,746,000**	3,746,000	–

Directors' Interests (audited)

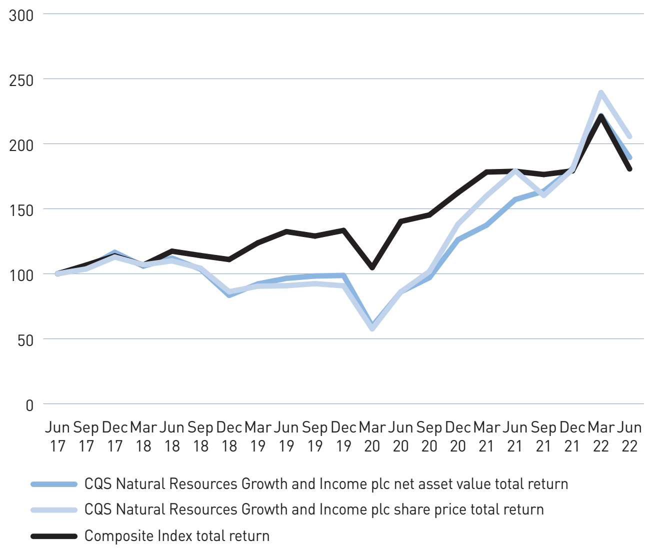
Biographies of the Directors are shown on page 24. The interests (all of which were beneficial) of the Directors who held office at the year-end in the shares of the Company were as follows: All of the Directors holdings are beneficial. No changes to these holdings have been reported up to the date of this report.

	Ordinary shares 2022	Ordinary shares 2021
C Cable	**–**	–
P Cahill	**–**	n/a
C Casey	**6,500**	6,500
A Evans	**10,540**	10,540
H Green	**5,500**	5,500

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 Directors' Report on page 25.

The following graph compares for the ten years to 30 June 2022 the share price total return (assuming all dividends are reinvested) to ordinary shareholders compared to the total shareholder return on a notional investment made up of shares of the same kinds and number as those by reference to which a composite index, weighted as to 80 percent EMIX Global Mining Index (sterling adjusted) and 20 percent Credit Suisse High Yield Index (sterling adjusted), is calculated. This composite index was chosen as it represents a comparable mix of mining and resource equities and fixed interest securities.



Source: BNP Paribas S.A., Jersey Branch.

Voting at Annual General Meeting

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 on 9 December 2021, with 99.48% of votes cast (including votes cast at the Chair's discretion) in favour and 0.39% votes cast against. It is the Board's intention that the remuneration policy will be put forward for approval at the next Annual General Meeting scheduled to take place on the 15 December 2022.

The Directors' Remuneration report was last approved by shareholders at the AGM held on 14 December 2021 with 98.38% of the votes cast (including votes cast at the Chair's discretion) in favour and 1.62% 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 on pages 36 to 37 was approved by the Board of Directors and signed on its behalf on 28 October 2022.

Helen Green

Chair

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 2022 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 2022 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and notes to the financial statements, including a summary of significant 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 years. In respect of the year ended 30 June 2022 we were reappointed as auditor by the members of the Company at the annual general meeting held on 14 December 2021. The period of total uninterrupted engagement including retenders and reappointments is six years, covering the years ending 30 June 2017 to 30 June 2022. 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:

- Evaluating the appropriateness of the Directors' method of assessing the going concern in light of market volatility and the present uncertainties in economic recovery created by the Covid-19 pandemic and geo-political unrest by reviewing the information used by the Directors in completing their assessment including the liquidity of the investment portfolio;
- Challenging management's assumptions and judgements made by performing an independent liquidity analysis of the investment portfolio; and
- Assessing whether the Company can meet its short-term obligations using management's forecasted expenditure as a base;
- Corroborating key inputs into management's assessment to source documentation;
- Challenging management's assessment of the likelihood of the continuation vote passing by considering, specifically:
  - o Historic record on the annual vote and the percentage by which it passed recently (98.5% in the prior year) as well as relative stability of the shareholder register;
  - o Continued performance of the company relative to benchmark and previous years in which the vote had passed; and
  - o Correspondence with the company's broker which references their discussions with major shareholders and the vote is likely to pass.
- Assessing the reasonability of the 12-month period covered by management's review in conjunction with the expected upcoming continuation vote; and
- Reviewed the appropriateness of disclosures in the financial statements.

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 twelve 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

		2022	2021
Key audit matters	Valuation and ownership of investments	✓	✓
	Revenue Recognition	✓	✓
Materiality	*Company financial statements as a whole*		
	£1,350,000 (2021: £1,150,000) based on 1% (2021: 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.

Key audit matter	How the scope of our audit addressed the key audit matter
Valuation and ownership of investments **Note 1(d) and note 9** We consider the valuation and ownership of investments (note 9) to be the most significant audit area as investments represent the most significant balance in the financial statements and underpin the principal activity of the Company. The valuation of investments is a key accounting estimate where there is an inherent risk of management override arising from the investment valuations. The risk is reduced for the quoted investments which are valued by the administrator. However, the level 2 and level 3 valuations are prepared by CQS (UK) LLP, who receive a fee based on the net asset value of the Company increasing the risk of management override. Furthermore, the valuation of level 2 and level 3 investments is subject to the Investment Manager's judgement.	In respect of each of the quoted investment valuations (£144,030k) of total investment portfolio) we have: • Checked the year end valuation to externally quoted prices from independent sources. • Considered contra indicators of value which suggest that the year-end price is not the most appropriate indication of fair value such as potential liquidity issues; • Confirmed the investment holdings to independently received third party confirmation from the custodian; and • Recalculated the investment value as at year end by multiplying the independently confirmed holdings with external bid prices. In respect of each of the fixed income and preference share valuations (£1,875k) of the total investment portfolio) we have: • Checked the year end valuation to externally quoted prices from independent sources; • Considered contra indicators of value which suggest that the year-end price is not the most appropriate indication of fair value such as potential liquidity issues; • Considered the impact on the valuation of any non-performance of the investment and/or defaults on interest payments; and • Confirmed the investment holdings to independently received third party confirmation from the custodian. In respect of each of the derivative (Warrant) investments (£468k) of the total investment portfolio we have: • Challenged whether the valuation methodology was the most appropriate in the circumstances under the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines; • Confirmed the investment holdings to independently received third party confirmation from the custodian; and • Recalculated the investment value as at year end for arithmetic accuracy. **Key observations** Based on our procedures performed we did not identify any matters to suggest that the valuation and ownership of investments was not appropriate.

Independent Auditor's Report (continued)

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	
	2022	**2021**
Materiality	£1,350,000	£1,150,000
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	£1,012,500	£862,500
Basis for determining performance materiality	75% of materiality	
Rationale for performance materiality	• Number of unadjusted audit differences in prior year. • Number of accounts subject to estimation.	

Specific materiality

We also determined that for those items impacting Revenue return before tax, a misstatement of less than materiality for the financial statements as a whole, specific materiality, could influence the economic decisions of users as it is a measure of the Company's performance of income generated from its investments after expenses. As a result, we determined materiality for these items to be £138,000 (2021: £217,500), based on 5% of total expenditure (2021: 10% Revenue return before tax). We further applied a performance materiality level of 75% (2021: 75%) of specific materiality to ensure that the risk of errors exceeding specific materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £67,500 (2021: £57,500). 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	• The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 18; 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 page 18.
Other Code provisions	• Directors' statement on fair, balanced and understandable set out on page 31; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 28; • The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 35; and • The section describing the work of the audit committee set out on page 35.

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	In our opinion, based on the work undertaken in the course of the audit: • 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. 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.
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	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: • 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:

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to be the Companies Act 2006, sections 1158 and 1159 of the Corporation Tax Act, the UK Listing rules, the DTR rules, the applicable accounting framework, VAT and other tax legislation.

Our procedures included:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management and those charged with governance relating to the existence of any non-compliance with laws and regulations;
- review of minutes of Board meetings throughout the period for any instances of non-compliance with laws and regulations;
- obtaining an understanding of the control environment in monitoring 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 its Investment Trust Status.

We assessed the susceptibility of the financial statement to material misstatement including fraud and considered the fraud risk area to be management override of controls including the risk of bias in the judgements and assumptions made in the valuation of investments.

Our audit approach included a blend of substantive testing, predictive analytics and re-performance, which is well-placed to detect errors arising from inappropriate journals or other transactions which could be indicative of material fraud or management override. Our procedures included:

- Reviewing the general ledger for large or unusual journals outside of expectations and judgements made in the preparation of the financial statements;
- Reviewing estimates and judgements, including those applied in relation to the recoverability of long outstanding debtors and in relation to the valuation of unquoted investments and warrants to assess their appropriateness and the existence of any systematic bias; Reviewing the unadjusted audit differences for indications of bias or deliberate misstatement.
- Agreement of the financial statement disclosures to underlying supporting documentation;
- Enquiry of the Administrator, Alternative Investment Fund Manager (AIFM) and those Charged With Governance regarding any known or suspected non-compliance with applicable laws and regulations;
- Testing of journal postings made during the year to supporting documentation to identify potential management override of controls;
- Review of minutes or Board meeting minutes throughout the period for known or suspected instances of fraud; and
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

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

28 October 2022

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

Statement of Comprehensive Income

		Year ended 30 June 2022			Year ended 30 June 2021		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments held at fair value through profit or loss	9	–	21,435	21,435	–	52,048	52,048
Exchange gains/(losses)		–	70	70	–	(25)	(25)
Income	2	4,765	–	4,765	3,080	–	3,080
Investment management fee	3	(405)	(1,214)	(1,619)	(285)	(854)	(1,139)
Other expenses	4	(626)	–	(626)	(563)	–	(563)
Net return before finance costs and taxation		**3,734**	**20,291**	**24,025**	**2,232**	**51,169**	**53,401**
Interest payable and similar charges	5	(83)	(241)	(324)	(51)	(152)	(203)
Net return on ordinary activities before taxation		**3,651**	**20,050**	**23,701**	**2,181**	**51,017**	**53,198**
Tax on ordinary activities	6	(202)	–	(202)	(110)	–	(110)
Net return attributable to equity shareholders		**3,449**	**20,050**	**23,499**	**2,071**	**51,017**	**53,088**
Return per ordinary share (pence)	8	**5.16p**	**29.98p**	**35.14p**	**3.10p**	**76.27p**	**79.37p**

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

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

A statement of other comprehensive income is not presented as all gains and losses of the Company have been reflected in the above Statement of Comprehensive Income.

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

Balance Sheet

	Notes	As at 30 June 2022 £'000	As at 30 June 2021 £'000
Fixed assets			
Investments at fair value through profit or loss	9	146,373	129,353
Current assets			
Debtors	10	103	475
Cash at bank		6,111	2,887
		6,214	**3,362**
Creditors: amounts falling due within one year	11	(515)	(1,396)
Loan: amount falling due within one year	12	(17,000)	(16,000)
Current liabilities		**(17,515)**	**(17,396)**
Net assets		**135,072**	**115,319**
Capital and reserves			
Called-up share capital	13	16,722	16,722
Special distributable reserve		28,571	28,868
Share premium		4,851	4,851
Capital reserve		84,928	64,878
Revenue reserve		–	–
Equity shareholders' funds		**135,072**	**115,319**
Net asset value per share	14	**201.94p**	**172.40p**

Company number: 02978531

These financial statements on pages 43 to 60 were approved by the Board of Directors and authorised for issue on 28 October 2022 and were signed on its behalf by:

Helen Green

Chair

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

Statement of Changes in Equity

For the year ended 30 June 2022

	Notes	Share Capital £'000	Share premium account £'000	Special distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 30 June 2021		16,722	4,851	28,868	64,878	–	115,319
Return on ordinary activities after taxation		–	–	–	20,050	3,449	23,499
Dividends paid	7	–	–	(297)	–	(3,449)	(3,746)
Balance at 30 June 2022		**16,722**	**4,851**	**28,571**	**84,928**	**–**	**135,072**

For the year ended 30 June 2021

	Notes	Share Capital £'000	Share premium account £'000	Special distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 30 June 2020		16,722	4,851	30,386	13,861	157	65,977
Return on ordinary activities after taxation		–	–	–	51,017	2,071	53,088
Dividends paid	7	–	–	(1,518)	–	(2,228)	(3,746)
Balance at 30 June 2021		**16,722**	**4,851**	**28,868**	**64,878**	**–**	**115,319**

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

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

Cash Flow Statement

	Notes	Year ended 30 June 2022 £'000	Year ended 30 June 2021 £'000
Operating activities			
Investment income received		4,559	3,022
Deposit interest received		4	–
Investment management fees paid		(1,438)	(1,138)
Other payments		(695)	(428)
Net cash inflow from operating activities		2,430	1,456
Investing activities			
Purchases of investments		(64,641)	(20,484)
Disposals of investments		68,425	20,862
Net cash inflow from investing activities		3,784	378
Financing activities			
Equity dividends paid		(3,746)	(3,746)
Loan funding	12	1,000	4,000
Loan interest		(314)	(203)
Net cash (outflow)/inflow from financing activities		(3,060)	51
Increase in net cash		**3,154**	**1,885**
Reconciliation of net cash flow movement to movement in net cash			
Increase in cash in the year		3,154	1,885
Exchange gains/(losses)		70	(25)
Movement in net cash in the year		**3,224**	**1,860**
Opening cash at 1 July		2,887	1,027
Closing cash at 30 June		**6,111**	**2,887**

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

Notes to the Financial Statements

for the year ended 30 June 2022

1 Accounting policies

CQS Natural Resources Growth and Income PLC is a public company limited by shares, it was incorporated in accordance with the Laws of England and Wales, details of the registered office are included on page 67.

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

(a) Basis of accounting

The financial statements have been prepared in accordance with Financial Reporting Standard 102 and the Statement of Recommended Practice (SORP) for "Financial Statements of Investment Trust Companies and Venture Capital Trusts" issued by the Association of Investment Companies dated April 2021. They have also been prepared on a going concern basis and on the assumption that approval as an investment trust will continue to be granted.

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of these financial statements. Further detail is included in the Directors' Report on page 27.

(b) Financial assets

All financial assets are initially recognised at fair value net of transactions costs incurred. All financial assets are recorded at the date on which the Company became party to the contractual requirements of the financial asset. Subsequently, they are measured at fair value through profit or loss.

Cash and cash equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to insignificant risk of change in value.

(c) Financial liabilities

All financial liabilities are initially recognised at fair value net of transaction costs incurred. All financial liabilities are recorded on the date on which the Company becomes party to the contractual requirements of the financial liability.

Non-derivative financial liabilities such as loan equivalents, trade and other payables with fixed and determinable payments and not quoted in an active market, are initially recognised at fair value (which is equivalent to cost) plus transaction costs that are directly attributable to the acquisition and are subsequently carried at amortised cost. Bank loans are recognised at cost, being the fair value of the consideration received.

Any issue costs will be charged in the year in which they are incurred. The amounts falling due for repayment within one year are included under "Loan: amount falling due within one year" in the Statement of Financial Position and amounts falling due after one year are included under "Loan: amount falling due after more than one year" in the Statement of Financial Position.

(d) Fixed asset investments

Financial assets which comprise equity shares, convertible bonds and fixed income securities, are classified as held at fair value through profit or loss as the financial assets are managed and their performance 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 Statement of Comprehensive Income. 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, adjusted or accrued. 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 (IPEV) valuation guidance.

Unquoted financial assets are valued by the Directors 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. For convertible bonds this also includes consideration of their discounted cash flows and underlying equity value based on information provided by the Investment Manager.

(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.

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.

Notes to the Financial Statements (continued)

(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 Statement of Comprehensive Income 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.

(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. 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 in capital reserves. The functional currency of the Company, being its statutory reporting currency, is 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) 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. The reserve is non-distributable.

(d) Special distributable reserve – created from the Court cancellation of the share premium account which had arisen from premiums paid at launch. Available as distributable profits.
(e) Revenue reserve – the net profit/(loss) arising in the revenue column of the Statement of Comprehensive Income is added to or deducted from this reserve. Available for paying dividends.

(l) Single segmental reporting

The company is engaged in a Single Segment of business, being investment business, consequently no business segmental analysis is provided.

(m) Critical accounting estimates and judgements

The preparation of the financial statements necessarily requires the exercise of judgement both in application of accounting policies which are set out above and in the selection of assumptions used in the calculation of estimates. These estimates and judgements are reviewed on an ongoing basis and are continually evaluated based on historical experience and other factors.

However, actual results may differ from these estimates. The only significant accounting estimate and judgement is the valuation of the unquoted and level 2 investments which is described in note 1(d) above.

The main judgements and estimates used in calculating the price of the Warrants are:

Firstly, the derivative valuation model used to value the warrants. The Investment Manager has selected the Black Scholes Model to value the unlisted warrants as this is a widely accepted warrant valuation model to use.

Secondly, the inputs into the Black-Scholes model as outlined below.

For any unlisted securities the time to maturity to estimate the historic volatility required in the calculations underpinning the Black Scholes Pricing Model is used. The volatility of the underlying equity is obtained, and if this is not available or is not reflective, due to a lack of liquidity etc., then the Company will look to use the volatility of the parent company or an appropriate proxy.

For any securities 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 days 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.

In determining the risk free rate, the swap price discount curve is used for the relevant currency which is derived from data retrieved from Bloomberg.

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.
- 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 the current portfolio as there is a wide range of time-to-maturities.
- 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 contain Warrants listed and traded in a range of currencies.

2 Income

	2022 £'000	2021 £'000
Income from investments*		
UK dividend income	**160**	176
Preference share dividend income	**492**	169
Overseas dividend income	**3,751**	2,102
Overseas fixed interest	**358**	633
	4,761	3,080
Other income†		
Deposit interest	**4**	–
	4	–
Total income	**4,765**	3,080
Total income comprises:		
Dividends	**4,403**	2,447
Fixed interest securities	**358**	633
Deposit interest	**4**	–
	4,765	3,080

* All investment income arises on investments valued at fair value through profit or loss.
† Other income on financial assets not valued at fair value through profit or loss.

Notes to the Financial Statements (continued)

3 Investment Management Fees

	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000
Investment management fee	**405**	**1,214**	**1,619**	285	854	1,139

The Company's Investment Manager is CQS which in turn has delegated this function to NCIM. 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 £296,000 (2021: £115,000) as per the Investment Management Agreement.

Investment management fees have been allocated 75% to capital and 25% to revenue (2021: 75% capital, and 25% revenue).

4 Other Expenses (including irrecoverable VAT)

	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000
Secretarial and administration fees	**141**	**–**	**141**	124	–	124
Directors' fees	**131**	**–**	**131**	131	–	131
Employer's National Insurance contributions	**3**	**–**	**3**	2	–	2
Auditor remuneration: – fees payable for the audit of the annual accounts	**65**	**–**	**65**	35	–	35
Tax advisor remuneration for tax services	**10**	**–**	**10**	10	–	10
Directors' and Officers' liability insurance	**11**	**–**	**11**	7	–	7
Registrar fees	**19**	**–**	**19**	19	–	19
Custody fees	**32**	**–**	**32**	38	–	38
Depositary fees	**50**	**–**	**50**	46	–	46
Promotional activities	**40**	**–**	**40**	34	–	34
Stock exchange fees	**22**	**–**	**22**	18	–	18
Advisory and legal fees	**76**	**–**	**76**	76	–	76
Irrecoverable VAT	**–**	**–**	**–**	18	–	18
Other	**26**	**–**	**26**	5	–	5
	626	**–**	**626**	563	–	563

No pension contributions were payable in respect of any of the Directors.

The Company does not have any employees.

5 Interest Payable

	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000
Interest on bank loan	**83**	**241**	**324**	51	152	203

Interest payable on the bank loan has been allocated 75% to capital and 25% to revenue (2021: 75% capital, and 25% revenue).

6 Tax on Ordinary Activities

	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000
Corporation tax	**(163)**	**–**	**(163)**	–	–	–
Overseas taxation	**365**	**–**	**365**	110	–	110
	202	**–**	**202**	110	–	110

Reconciliation of Tax Charge

The tax assessed for the year is the current standard rate of corporation tax in the UK. A reconciliation of the total tax charge is set out below:

	2022 Total £'000	2021 Total £'000
Return on ordinary activities before taxation	**23,701**	53,198
Corporation tax at 19% (2021: 19%)	**4,503**	10,108
Effects of:		
Non taxable income	**(837)**	(465)
Non taxable gains	**(4,073)**	(9,889)
Overseas withholding tax	**365**	110
Excess management expenses (deferred tax not recognised)	**420**	241
Non taxable exchange(gains)/losses	**(13)**	5
Corporation tax	**(163)**	–
Current year tax charge	**202**	110

Due to the Company's status as an Investment Trust, and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided for deferred tax on capital gains and losses arising on the revaluation or disposal of investments.

At 30 June 2022 the Company had surplus management expenses of £11,440,000 (2021: £9,508,000) on which no deferred tax asset has been recognised.

7 Dividends

	2022 Revenue £'000	2021 Revenue £'000
Amounts recognised as distributions to equity holders in the year:		
Fourth interim dividend for the year ended 30 June 2021 of 1.82p (2020 – 1.82p) per ordinary share	**1,217**	1,217
First interim dividend for the year ended 30 June 2022 of 1.26p (2021 – 1.26p) per ordinary share	**843**	843
Second interim dividend for the year ended 30 June 2022 of 1.26p (2021 – 1.26p) per ordinary share	**843**	843
Third interim dividend for the year ended 30 June 2022 of 1.26p (2021 – 1.26p) per ordinary share	**843**	843
	3,746	3,746
Amounts relating to the year but not paid at the year end:		
Fourth interim dividend for the year ended 30 June 2022 of 1.82p (2021 – 1.82p) per ordinary share	**1,217**	1,217

In accordance with FRS 102 the fourth interim dividend has not been included as a liability in these accounts and will be recognised in the period in which it is paid.

Notes to the Financial Statements (continued)

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 2022 £'000	Year ended 30 June 2021 £'000
Revenue return	**3,449**	2,071
Capital return	**20,050**	51,017
Total return	**23,499**	53,088
	Number	**Number**
Weighted average number of ordinary shares in issue	**66,888,509**	66,888,509
Revenue return per ordinary share (pence)	**5.16**	3.10
Capital return per ordinary share (pence)	**29.98**	76.27
Total return per ordinary share (pence)	**35.14**	79.37

For the years ended 30 June 2022 and 30 June 2021 there was no dilution to the revenue return per ordinary share. Additionally, for the year ended 30 June 2022 and 30 June 2021 there was no dilution to the capital return per ordinary share.

9 Investments

	2022 £'000	2021 £'000
Equity shares	**139,005**	115,513
Fixed income securities	**1,875**	7,770
Preference shares	**5,024**	5,652
Warrants	**469**	418
	146,373	129,353

Included above are unquoted investments of value £60,000 (2021: £53,000).

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. However, the Company may continue to hold securities that cease to be quoted or listed if the Investment Manager considers this to be appropriate.

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

If the market value of the Level 3 investments fell by 5 per cent, the impact on the profit or loss and the net asset value would have been negative £0.12 million (2021: negative £0.01 million). If the value of the Level 3 investments rose by the same amount, the effect would have been equal and opposite. 5% has been selected as this level of change is considered to be reasonable based on observations of current market conditions.

As at 30 June 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss				
Quoted equities	135,599	1,455	1,891	138,945
Quoted preference shares	5,024	–	–	5,024
Quoted bonds	–	1,763	112	1,875
Quoted warrants	47	–	–	47
Unquoted equities	–	–	60	60
Unquoted warrants	–	–	422	422
Total	**140,670**	**3,218**	**2,485**	**146,373**

As at 30 June 2021	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss				
Quoted equities	114,313	1,147	–	115,460
Quoted preference shares	5,652	–	–	5,652
Quoted bonds	–	7,770	–	7,770
Quoted warrants	72	62	–	134
Unquoted equities	–	–	53	53
Unquoted warrants	–	–	284	284
Total	**120,037**	**8,979**	**337**	**129,353**

In line with the revised SORP issued in April 2021, 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 47.

The company received £68,289,000 (2021: £20,862,000) from investments sold in the year. The book cost of these investments when they were purchased was £64,590,000 (2021: £15,090,000).

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.

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 % holding in the company. The respective interests in these holdings are detailed above.

These securities are priced using evaluated prices from a third party vendor, together with a price comparison made to 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 – recognising that 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.

The gains and losses included in the above table have all been recognised within gains/(losses) on investments in the Statement of Comprehensive Income on page 43. The Directors believe that the use of reasonable possible alternative assumptions for its Level 3 holdings would not result in a valuation significantly different from the valuation included in these financial statements.

Gains/(losses) on investments	2022 £'000	2021 £'000
Realised gains on sale	**31,722**	4,878
Unrealised (losses)/gains on investments	**(10,287)**	47,170
Gains on investments	**21,435**	52,048

During the year the Company incurred transaction costs on the purchases of £65,000 (2021: £14,000) and transaction costs on sales of £58,000 (2021: £15,000).

Notes to the Financial Statements (continued)

10 Debtors

	2022 £'000	2021 £'000
Amounts due from brokers	**–**	136
Prepayments and accrued income	**69**	175
Overseas tax recoverable	**22**	153
VAT recoverable	**12**	11
	103	475

11 Creditors: Amounts Falling Due Within One Year

	2022 £'000	2021 £'000
Amounts due to brokers	**52**	897
Corporation tax	**–**	163
Other creditors	**463**	336
	515	1,396

Included within other creditors is £296,000 (2021: £115,000) due to CQS in respect of management fees.

12 Bank Loan Facility

	2022 £'000	2021 £'000
Bank loan facility	**17,000**	16,000

The Company has an unsecured loan facility with Scotiabank Europe Plc ("Scotiabank"). The facility expired on 17 September 2021 and has been renewed for a further two years expiring on the 17 September 2023.

As at the year end the unsecured loan facility had a limit of £25 million of which £17 million was drawn down at the year end, £12 million at a rate of 2.39% fixed until 19 September 2022 and £5 million at a rate of 2.64% fixed until 26 September 2022.

At the date this Report was approved £17 million was drawn down under this facility at a rate of 3.14% fixed until 20 December 2022.

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

- the borrower shall not permit the adjusted asset coverage to be less than 3.5 to 1;
- the borrower shall not permit the net asset value to be less than £45,000,000; and
- the loan facility is rolled over every three months and can be cancelled at any time.

13 Share Capital

	2022 Shares	2022 £'000
Allotted, called up and fully-paid		
Total issued ordinary shares of 25p each as at 1 July 2021	**66,888,509**	16,722
Total issued ordinary shares of 25p each as at 30 June 2022	**66,888,509**	16,722

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, maximum gearing during the course of the year was 15.7% and was 8.1% at 30 June 2022.

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.

The capital of the Company is managed in accordance with its investment policy detailed in the Strategic Review on page 17.

14 Net Asset Value per Ordinary Share

The net asset value per ordinary share is based on net assets of £135,072,000 (2021: £115,319,000) and on 66,888,509 (2021: 66,888,509) ordinary shares, being the number of ordinary shares in issue at the year end.

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 cash equivalent and other payables is represented by their carrying value in the Balance Sheet shown on page 44. 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:

(i) 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;
(ii) interest rate risk, being the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates;
(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 re-payment of a loan or that the Company may not be able to quickly liquidate its investments.

Notes to the Financial Statements (continued)

	2022 £'000	2021 £'000
Financial assets		
Investment portfolio	**146,373**	129,353
Cash at bank and on deposit	**6,111**	2,887
Amounts due from brokers	**–**	136
Accrued income	**53**	164
Other debtors	**50**	175
Financial liabilities		
Loan	**17,000**	16,000
Amounts due to brokers	**52**	897
Other creditors	**463**	336

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 12 to 13.

If the investment portfolio valuation fell by 5% at 30 June 2022 (5 per cent 2021), the impact on the profit or loss and the net asset value would have been negative £7.3 million (2021: negative £6.5 million). If the investment portfolio valuation rose by 5 per cent the impact would have been 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.

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

Interest rate risk

Financial assets

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 to 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 had increased by 0.5 per cent, the impact on the profit or loss would have been a loss of £54,000 (2021: £66,000). If the bank base rate had decreased by 0.5 per cent, the impact on the profit or loss would have been 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 the bank facility to meet any liabilities due. The Company has borrowed in sterling at a variable rate based on the UK bank base 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 has fixed interest liabilities. The fixed interest liabilities are disclosed in note 12.

	2022 £'000	2022 Weighted average interest rate(%)*	2022 Weighted average period for which the rate is fixed (years)	2021 £'000	2021 Weighted average interest rate(%)*	2021 Weighted average period for which the rate is fixed (years)
Assets:						
Fixed income and convertible securities	1,875	7.5	2.0	7,770	8.4	5.0

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

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 pounds 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. Foreign currency exposure at 30 June 2022 was as follows:

30 June 2022

	Investments £'000	Cash £'000	Net current assets £'000	Total £'000	Sensitivity Impact 5% £'000	Sensitivity Impact -5% £'000
Canadian Dollar	60,651	–	(28)	60,623	3,031	(3,031)
US Dollar	21,767	141	85	21,993	1,100	(1,100)
Australian Dollar	35,404	3	–	35,407	1,770	(1,770)
Norwegian Krone	10,582	–	–	10,582	529	(529)
European Euro	3,732	–	111	3,843	192	(192)
Brazilian Real	–	16	–	16	1	(1)
	132,136	**160**	**168**	**132,464**	**6,623**	**(6,623)**

30 June 2021

	Investments £'000	Cash £'000	Net current assets £'000	Total £'000	Sensitivity Impact 5% £'000	Sensitivity Impact -5% £'000
Canadian Dollar	64,221	5	4	64,230	3,212	(3,212)
US Dollar	12,877	59	197	13,133	657	(657)
Australian Dollar	30,310	815	(795)	30,330	1,517	(1,517)
Norwegian Krone	7,530	70	–	7,600	380	(380)
European Euro	3,752	21	115	3,888	194	(194)
Brazilian Real	–	5	–	5	–	–
	118,690	**975**	**(479)**	**119,186**	**5,960**	**(5,960)**

Notes to the Financial Statements (continued)

If the value of the currencies had strengthened against the pound in the portfolio by 5 per cent, the impact on the profit or loss and the net asset value would have been negative £6.6 million (2021: negative £6.0 million). If the value of sterling had strengthened by the same amount the effect would have been equal and opposite. 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.

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:

	2022 £'000	**2021 £'000**
Fixed interest investments	**1,875**	7,770
Cash and cash equivalents	**6,111**	2,887
Balances due from brokers	**–**	136
Interest, dividends and other receivables	**103**	339
	8,089	11,132

As at 30 June 2022 and as at 28 October 2022 there were no debtors that were past due.

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.

BNP Paribas is rated A+ by Standard & Poor's (04/2022), AA- by Fitch (09/2022) and Aa3 rated by Moody's (07/2022).

There were no significant concentrations of credit risk to counterparties as at 30 June 2022 and as at 30 June 2021. No individual investment exceeded 7.3 per cent of net assets as at 30 June 2022 (2021: 8.2 per cent).

As at 30 June 2022, for equity investments representing >1% of the total investments, the Company held 3 per cent or more of issued share capital of the following companies:

	Value per CQS £'000	**Percentage held**
REA Holdings 9% 31/12/49	5,024	6.84%
Galena Mining	2,244	5.20%
Ascendant Resources Inc	1,826	14.53%
Adventus Mining	1,501	3.90%

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:

30 June 2022

	Three months or less £'000	More than three months but less than one year £'000	More than one year £'000	Total £'000
Current liabilities	515	–	–	515
Loan	–	–	17,000	17,000
	515	–	17,000	17,515

30 June 2021

	Three months or less £'000	More than three months but less than one year £'000	More than one year £'000	Total £'000
Current liabilities	1,233	–	163	1,396
Loan	16,000	–	–	16,000
	17,233	–	163	17,396

16 Net debt reconciliation

	As at 30 June 2021 £'000	Currency differences £'000	Cash flows £'000	As at 30 June 2022 £'000
Cash and cash equivalents	2,887	70	3,154	6,111
Bank loan repayable within one year	(16,000)	-	(1,000)	(17,000)
	(13,113)	70	2,154	(10,889)

	As at 30 June 2020 £'000	Currency differences £'000	Cash flows £'000	As at 30 June 2021 £'000
Cash and cash equivalents	1,027	(25)	1,885	2,887
Bank loan repayable within one year	(12,000)	-	(4,000)	(16,000)
	(10,973)	(25)	(2,115)	(13,113)

Notes to the Financial Statements (continued)

17 Related Party Transactions

The following are considered related parties: the Board of Directors ('the Board') and CQS/New City Investment Managers ('the Investment Manager').

Details of the fee arrangement with the Investment Manager is included within the Directors' Report under the heading Management and Management Fees and is disclosed 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 36 and 37, 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 37.

The balance due to Directors for fees at the year end was £10,000 (2021: £16,000).

18 Post Balance Sheet Events

The Board has evaluated subsequent events for the Company through to 28 October 2022, the date the financial statements were available to be issued, and has concluded that the material events listed below do not require adjustment of the financial statements.

Dividend declaration

The fourth interim dividend of 1.82 pence per share was announced on 13 July 2022 and paid on 26 August 2022 to Shareholders on the register on 29 July 2022, having an ex-dividend date of 28 July 2022.

Glossary of Terms and Definitions

Gearing	Total assets (as below) less all cash (including UK Treasury Stock) divided by shareholders' funds.
Asset Cover	The value of a company's net assets available to repay a certain security. Asset cover is usually expressed as a multiple and calculated by dividing the net assets available by the amount required to repay the specific security.
Discount/Premium	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.
Dividend Cover	Earnings per share (per the revenue column) divided by dividends per share expressed as a ratio.
Dividend Yield	The annual dividend expressed as a percentage of the share price.
Net Asset Value or NAV	The value of total assets less liabilities. Liabilities for this purpose included current and long-term liabilities. To calculate the net asset value per Ordinary share the net asset value is divided by the number of shares in issue.
Ongoing Charges Ratio	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.
Price/Earnings Ratio	The ratio is calculated by dividing the middle-market price per share by the earnings per share. The calculation assumes no change in earnings but in practice the multiple reflects the stock market's view of a company's prospects and profit growth potential.
Prior Charges	The name given to all borrowings including debentures, loan and short term loans and overdrafts that are to be used for investment purposes, reciprocal foreign currency loans, currency facilities to the extent that they are drawn down, index-linked securities, and all types of preference or preferred capital and the income shares of split capital trusts, irrespective of the time until repayment.
Redemption Yield	The measure of the annualised total return on the current price of a security up to the date of its repayment. The calculation is based on aggregated income and capital returns, no account being taken of taxation.
Total Assets	Total assets less current liabilities (excluding prior charges as defined above).
Total Return	The share total return involves reinvesting the net dividend in the month that the share price goes xd. The NAV total return involves investing the same net dividend in the NAV of the trust on the date to which that dividend was earned, eg quarter end, half year or year end date.

Notice of Annual General Meeting

Notice is hereby given that the 27th Annual General Meeting of CQS Natural Resources Growth and Income PLC will be held at One Fleet Place, London EC4M 7WS on 15 December 2022 at 11.00am to consider the following resolutions.

Ordinary Business

As ordinary business, to consider and, if thought fit, pass the following resolutions which will be proposed as Ordinary Resolutions:

1. To receive and adopt the Directors' report and financial statements for the year ended 30 June 2022, together with the auditor's report thereon.
2. To approve the Company's Dividend Policy.
3. To approve the Directors' Remuneration Report for the year ended 30 June 2022.
4. To re-elect Mrs H F Green , who retires annually, as a Director.
5. To re-elect Mrs C Cable, who retires annually, as a Director.
6. To re-elect Mr P R Cahill, who retires annually, as a Director.
7. To re-elect Mr C M Casey, who retires annually, as a Director.
8. To re-elect Mr A G Evans, who retires annually, as a Director.
9. To re-appoint BDO LLP as Independent Auditor of the Company.
10. To authorise the Directors to determine their remuneration.

Special Business

As special business, to consider and if thought fit, pass the following resolutions, which will be proposed as Ordinary Resolutions:

11. That the Company continues as an investment trust pursuant to the undertaking given by the Board in 2003.
12. 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 ("the Act"), 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 £1,672,000, such authorisation to expire at the conclusion of the next annual general meeting of the Company to be held in 2023, 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.

    As special business, to consider and if thought fit, pass the following resolutions which will be proposed as Special Resolutions:

13. That, subject to the passing of resolution 12 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 12, 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 £836,100 (representing approximately 5 per cent of the present issued share capital of the Company); 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);

    such power to expire at the conclusion of the next annual general meeting of the Company to be held in 2023 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.

14. 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 and to cancel or hold in treasury such shares 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 of the Company as at the date of the passing of this resolution;

    (ii) the minimum price which may be paid for an ordinary share is 25p;

(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 2023 or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2023 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.

15. That, a general meeting other than an Annual General Meeting may be called on not less than 14 clear days' notice.

BNP Paribas S.A., Jersey Branch

Secretary

10 Harewood Avenue

London, NW1 6AA

28 October 2022

Notes

1. Information about this meeting is available from the Investment Manager's website www.ncim.co.uk/city-natural-resources-high-yield-trust/
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 his 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 hoped that by the date of the AGM restrictions due to Covid-19 will have eased. However, should this not be the case the AGM may have to be held as a closed meeting. In this eventuality shareholders, their proxies and corporate representatives will not be admitted to the meeting and it is recommended that shareholders exercise their votes by means of registering them with the Company's registrar ahead of the meeting, online or by completing paper proxy forms, and appoint 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 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 13 December 2022. Changes to entries on the register after that time should be disregarded in determining the rights of any member to attend and vote at the meeting.
5. As at 9.00 am on 27 October 2022, the Company's issued share capital comprised 66,888,509 ordinary shares of 25 pence each. 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 9.00 am on 27 October 2022 is 66,888,509.
6. As a member, you 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 & Ireland Limited's ("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.

Notice of Annual General Meeting (continued)

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 his 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).

    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 am. on Tuesday 13 December 2022 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.

13. No Director has a service contract with the Company but copies of Directors' letters of appointment will, if possible, be available inspection for at least 15 minutes prior to the meeting and during the meeting.

14. 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.

15. 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.

16. 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 www.ncim.co.uk.

17. 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.

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

City Natural Resources Growth and Income PLC

For the year ended 30 June 2022

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 employs risk management disciplines which monitor the Company's portfolio and to 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.

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

No material changes.

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 2021 and therefore coincides with the financial year of the Company.

The remuneration process is overseen by the 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.

The below information provides the total remuneration paid by the AIFM (and any delegates) for the year ending, December 31, 2021 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 $92.9m for the year ending December 31, 2021 to 248 individuals (full time equivalent), $34.5m has been paid as fixed remuneration determined based upon the FCA guidance with the remainder being paid as variable remuneration.

The AIFM has assessed the members of staff whom it determines to be code staff in line with AIFMD as reflected in SYSC 19b.3.4R. Senior management and staff engaged in the control functions are identified based upon their roles and responsibilities within the AIFM and the delegates. With respect to investment professionals, in determining whether such staff are code staff, due consideration is taken of the allocated capital and trading limits that apply to the funds managed and whether the individuals report into and seek consent for investment decisions from others who are themselves code staff. There are 16.6 individuals (full time equivalent) who meet this definition and these individuals have collectively been compensated $45.1m.

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.

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Corporate Information

Registered Number

02978531

Registered in England & Wales

Registered Office

10 Harewood Avenue
London
NW1 6AA

Directors

Helen Green (Chairman)

Carole Cable

Paul R Cahill

Christopher M Casey (Chair, Audit Committee)

Alun G Evans

Investment Manager

CQS (UK) LLP
4th Floor
One Strand
London WC2N 5HR

Secretary and Administrator

BNP Paribas S.A, Jersey Branch
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The Esplanade
St Helier
Jersey
JE1 5BP

Solicitors

Dentons UK and Middle East LLP
One Fleet Place
London EC4M 7WS

Financial Adviser and Corporate Broker

finnCap
1 Bartholomew Close
London
EC1A 7BL

Bankers

BNP Paribas
10 Harewood Avenue
London NW1 6AA

Scotiabank
201 Bishopsgate
London EC2M 3NS

Custodian and Depositary

BNP Paribas
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

AIFM

CQS (UK) LLP
4th Floor
One Strand
London WC2N 5HR

Registrars

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

Shareholder helpline UK: 0371 384 2030**

Shareholder helpline overseas: +44 121 415 7047

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 web site at www.ncim.co.uk.

Website

www.ncim.co.uk

** Calls from outside the UK will be charged at international rates. Other telephone provider costs may vary. Lines open 8.30am to 5.30pm, Monday to Friday.

CQS Natural
Resources Growth
and Income PLC