CQS Natural
Resources Growth
and Income PLC




Half-Yearly Financial Report

for the six months ended
31 December 2022

Financial Highlights

For the six months ended 31 December 2022

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

+17.2%
Net asset value
Total return

+15.6%
Net asset value
Capital return

+13.9%
Share price
Total return

+12.3%
Share price
Capital return

+13.9%
Composite benchmark
Total return

2.8%
Dividend yield*

* based on an annualised dividend of 5.60p per share

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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Financial Highlights

Total Return	Six months ended 31 December 2022	Six months ended 31 December 2021	Year to 30 June 2022	Period from 31 December 2017 to 31 December 2022
Net asset value	17.2%	15.2%	20.6%	91.0%
Ordinary share price	14.1%	0.6%	14.7%	109.9%
Composite index*	13.9%	0.2%	1.0%	80.8%

Capital Values	31 December 2022	30 June 2022	% change period
Net asset value per share	**233.41p**	201.94p	15.58%
Ordinary share price (mid market)	**196.50p**	175.00p	12.29%

Revenue and Dividends	Six months ended 31 December 2022	Six months ended 31 December 2021
Earnings per ordinary share	**5.26p**	2.45p
Dividends per ordinary share	**2.52p**	2.52p
Dividend Yield**	**2.8%**	3.6%
Discount (difference between share price and fully diluted net asset value)	**15.8%**	20.3%
Gearing		
Gearing	**8.2%**	10.9%
Ongoing charges (as a percentage of average shareholders' funds)	**1.6%**	1.7%

Period's Highs/Lows	Six months ended 31 December 2022 High	Six months ended 31 December 2022 Low
Net asset value	**248.8p**	188.1p
Ordinary share price (mid market)	**215.0p**	150.8p
Discount	**22.8%**	10.0%

Dividend History	Rate	xd date	Record date	Payment date
Second interim dividend 2023	**1.26p**	**26 January 2023**	**27 January 2023**	**28 February 2023**
First interim dividend 2023	**1.26p**	**27 October 2022**	**28 October 2022**	**25 November 2022**
Total	**2.52p**			
Fourth interim dividend 2022	1.82p	28 July 2022	29 July 2022	26 August 2022
Third interim dividend 2022	1.26p	28 April 2022	29 April 2022	27 May 2022
Second interim dividend 2022	1.26p	27 January 2022	28 January 2022	25 February 2022
First interim dividend 2022	1.26p	28 October 2021	29 October 2021	30 November 2021
Total	5.60p			

* The Company's investment benchmark is 80 per cent EMIX Global Mining Index (sterling adjusted) and 20 per cent Credit Suisse High Yield Index (sterling adjusted).
** based on an annualised dividend of 5.60p (31 December 2021: 5.60p).

Chairman's Statement

Overview

Firstly, I would like to congratulate the team on being awarded Investment Week's award for Investment Company of the Year in the Commodities and Natural Resources category during the period under review, recognising the consistently strong performance delivered by the Fund's managers. This is well deserved recognition given the continued high level of volatility in global equity and bond markets over the last six months to 31 December 2022.

Market uncertainty was driven primarily by the continuation of the war in Ukraine, weak global economic indicators, inflation and the resultant interest rate hikes. In fact, according to Goldman Sachs, calendar 2022 as a whole was measured as the sixth-most volatile year for global markets since the Great Depression. Within this volatile macro environment and with commodity prices remaining historically high, the Fund's positions in mining and energy resulted in further strong growth and out-performance of the composite benchmark index.

The energy crisis expected last year eased somewhat, due to one of the warmest winters on record. That left gas-starved Europe with full inventories and awash with previously contracted liquified natural gas (LNG) imports, causing gas prices to fall 80% from their mid 2022 peak. However that is still 300% higher than the price at the end of 2019.

The Fund's managers believe the supply of global commodities looks wholly under prepared for even moderate demand growth. In oil markets for example, OPEC has limited spare capacity and the usual quick to respond shale producers are simply not ramping up activity significantly. In copper, there is barely enough investment to maintain production, never mind meet the large deficit expected over the next decade.

During the period under review, the Fund's revenue account increased significantly to 5.26p per share from 2.45p per share in the prior half, and the Company paid two quarterly dividends of 1.26p per share. The dividend yield currently stands at 3.3% and the third quarter dividend is expected to be announced in April 2023 according to the dividend policy and normal dividend cycle.

Investment, Share Performance and Discount

The NAV total return for the six months to 31 December 2022 was +17.2% which compares to an increase in the composite benchmark of 13.9%. As noted above, the Fund benefited from good asset allocation from its overweight positions in energy, mining, services and shipping companies. On the individual stock positions, we saw excellent returns from Transocean and Precision Drilling as well as some coal mining names.

The Company's share price total return was +13.9% for the six months to 31 December 2022. The discount to NAV at which the shares traded widened slightly from 13.3% at the end of June 2022 to 15.8% as at 31 December 2022.

Dividends and Income

The Board considers that the dividend policy is very attractive to shareholders and therefore provides an element of share price stability. The Company has continued to maintain its dividend and has paid two quarterly dividends of 1.26p each per share during the year to date. The revenue account has seen a marked improvement so far this year as earnings per share have increased from 2.45p which was earned in the first six months of 2022 to 5.26p for the first six months of this financial year. Along with a return to dividend payments from a number of companies within our portfolio that had previously ceased their payments, we saw several special dividends which enhanced our returns. We will be monitoring the revenue account closely over the next few months to ascertain the normal level of annualised earnings. The yield on the Company's shares is 3.3% as at 22 March 2023.

Gearing

As at 31 December 2022 the gearing was 8.2%. The Company has access to a £25 million facility from Scotiabank and the amount drawn down under the Scotiabank facility is currently £18 million.

Outlook

Although markets are still grappling with an uncertain global economic and political environment, your Board has been pleased to see the continuing outperformance of the Fund as it seeks to provide shareholders with exposure to a broad portfolio of mining, energy and other resource-focused equities, aiming to deliver both steady dividend income and capital growth. While the IMF expects global growth in 2023 to remain weak by historical standards, as the fight against inflation and Russia's war in Ukraine weigh on activity, its outlook was recently improved from a rather gloomy October forecast and, according to the IMF, we could be at a turning point, with low growth rates bottoming out and inflation declining.

Any global recovery is likely to mean that energy demand tracks this growth and therefore energy prices, particularly for oil, gas and coal, could remain strong given they continue to comprise a major part of global energy supply, despite efforts underway in the transition to greener energy sources. Commodity cycles are driven by shifts in the balance of supply and demand and we continue to see constrained supply growth as producers maintain disciplined capital allocation in part due to shareholder pressure for dividends and buybacks, but also given increased environmental, social and governance (ESG) pressures and regulatory burdens from host nations. In addition, the macro environment is providing periods of uncertainty which is further deferring investment decisions.

Your Fund is well positioned for a prolonged high commodities price environment supported by constrained supply which is expected to be reflected in enhanced producers' returns over the next decade.

Helen Green

Chairman

22 March 2023

Investment Manager's Review

Summary

The Fund saw strong performance over the second half of 2022, gaining 17.2%, supported by mining, a rotation to energy, and shipping. This momentum has so far continued into 2023 as China reopening from its zero covid policy provides a supportive back drop. Despite volatility in sterling, it was flat over the period and was not a big contributor to performance.

The Fund performed broadly in line with peers and benchmark over the last six months of the year despite energy prices pulling back as the energy crisis eased, driven by an unusually warm winter in the northern hemisphere. This helped Europe avoid the worst of an energy crisis catastrophe, as gas prices pulled back, leading to softer coal prices and contributing to a weaker oil price. Despite this pull back the energy sector still performed well as many of the stocks were already implying lower commodity prices.

Positioning and weighting

The Fund retains a larger than historic energy weighting, noting the causes of the energy crisis have not gone away, nor has the less discretionary nature of energy versus, say, copper which is consumed in white goods and electric vehicles.

China finally abandoned its zero covid policy, in the face of growing unrest against restrictions, leading to a broader reopening with the global economy. Policy statements by the People's Republic of China show a renewed focus on economic growth, which is expected to lead to looser monetary conditions and further stimulus measures.

We believe energy, with a weighting of approximately 50% of the Fund, remains the best way of expressing the Chinese reopening as air travel, general movement and industrial activity should increase oil, gas and coal demand, against very attractive valuations and strong balance sheets. This can be seen in the top 10 investments, with the largest position being the North American on shore oil and gas driller Precision Drilling which we expect to be a key beneficiary of increased activity from shale producers.

Elsewhere, nuclear power is in somewhat of a renaissance with global capacity increasing steadily. Most reactors on order or planned are in the Asian region, although there is significant further capacity being created by upgrading the plants in the west. Plant lifetimes are also being extended to maintain capacity, particularly in the US. The Fund continues to hold 6% in uranium miners which has delivered good performance.

We remain cautious on the Chinese property sector, given heavy indebtedness of the property developers. Elevated property prices still look unsustainable and, following a mortgage payment strike across the country, the supportive government policy has been directed to completing unfinished apartments rather than new construction. We hold no iron ore exposure as a result.

Inflation and interest rates remain the biggest question mark for the direction of commodities. Inflation has remained stubbornly high, despite the initial primary driver of energy pulling back. This leaves central banks pressured to further raise interest rates and ultimately keep them high until inflation pressures ease.

Inflation has notably softened over the last few months (post period end), driven by certain aspects such as the vehicle and energy price spike unwinding adding to a bullish sentiment towards commodities. Whether the inflation genie is fully back in the bottle is unclear, so central banks are likely to remain cautious on easing too soon, especially if labour markets remain strong. A quick return to the low-rate environment of the prior 15 years may prove optimistic.

Precious metals, 15% of the Fund, remain an important diversifier. Gold has been pressured by a strong US dollar, although with peak rates now assumed to be close, the US dollar has eased back versus global currencies. This is allowing the broader supportive drivers of high global debt levels, recession predictions for the global economy, heightened tensions with China and continuing war on Europe's borders to aid supportive flows. Central bank demand remains strong and the physical ETF's have reduced their pace of selling. China's reopening should be supportive for driving stronger jewellery demand, whilst emerging markets currency crises add to demand drivers. Gold in US dollars is at very healthy levels for the producers, only 10% from the all-time high, but when you look at gold in other currencies it is at or close to all-time highs. This is not a fact that is implied by the miners on depressed multiples of earnings and general lacklustre sentiment to the sector overall. We believe precious metals and their respective miners can perform well in 2023.

The Fund retains its weighting in crude and gas shipping which represented 8% of NAV at the end of December. Ship building capacity is still severely constrained and charter rates in the sector are benefitting.

In August 2022, the US approved the $370bn Inflation Reduction Act (IRA) with the aim of curbing inflation by reducing the deficit, lowering prescription drug prices, and investing into domestic energy production while promoting clean energy. The IRA represents the largest investment into addressing climate change in United States history. This, coupled with the 2021 $550bn Bipartisan Infrastructure Law incentivises investment in clean energy projects in the US while providing a supportive permitting environment. For example, Talon Metals, a holding in the Fund (up 23.2% during the period under review), received a $114m grant from the US Department of Energy to aid building a plant in North Dakota, which would cover 27% of their capital expenditure. Lynas Rare Earths, another holding, is in talks with the DOE regarding building a rare earth separation plant in the US, a key input for electric vehicles.

The rotation from copper to energy in early calendar 2022 was initially a driver of the outperformance, although over the period under review, it has since given some back. We continue to have near term caution on copper demand in the event of a global recession due to its more discretionary nature, but we acknowledge the importance copper will play in the energy transition over the medium and long term. Also, the current valuations of the copper producers are rich, so, for the valuations to be justified, the copper price would need to be at a level that would incentivise new projects or drive an M&A cycle, thereby offering greater upside potential than we see now. Hence our pure copper exposure is well below energy, gold and shipping.

Outlook

We remain positive on the resource sector overall primarily due to the continued lack of investment in new supply, but also due to the commodity intensive nature of the energy transition. Building wind and solar farms, electric vehicles, charging points, and battery storage requires significant amounts of metals such as iron ore, copper, nickel, lithium, cobalt and rare earths. According to S&P Global, an electric vehicle requires 2.5 times as much copper as an internal combustion engine vehicle, and solar and offshore wind need two times and five times, respectively, more copper per megawatt of installed capacity than power generated using natural gas or coal.

Supply remains constrained across energy, mining and shipping, in part due to an increased ESG focus, as shareholders pressure corporates to reduce emissions rather than add supply. In addition, previous boom and bust cycles have led to shareholder pressure for conservatism from corporate management teams, who are now focused on dividends and buybacks. This can be seen at the majors such as Rio Tinto & Shell but is being felt more widely through the sector as a whole.

Energy is likely to be a beneficiary in the near term as supply is being restricted to a greater extent than demand is adjusting. Global government policy has been woeful in its response to the energy crisis and the energy transition. This has resulted in conflicting decisions such as Germany shutting down its low emission nuclear industry while increasing the burning of lignite, or brown, coal which has the highest emissions of all coal types. Emerging markets, which have been priced out of gas and are concerned about energy security, have responded by burning more coal.

The UK and European Union have added tax uncertainty to energy producers from the region by introducing windfall taxes which are likely to result in discouraging investment and taking cash away from those companies best placed to provide a solution.

In these times of uncertainty, investing in unencumbered real assets through the equities that hold them, we believe is good protection. The Fund's allocation and weighting is expected to benefit from an eventual global reopening of economies, and the longer-term energy transition.

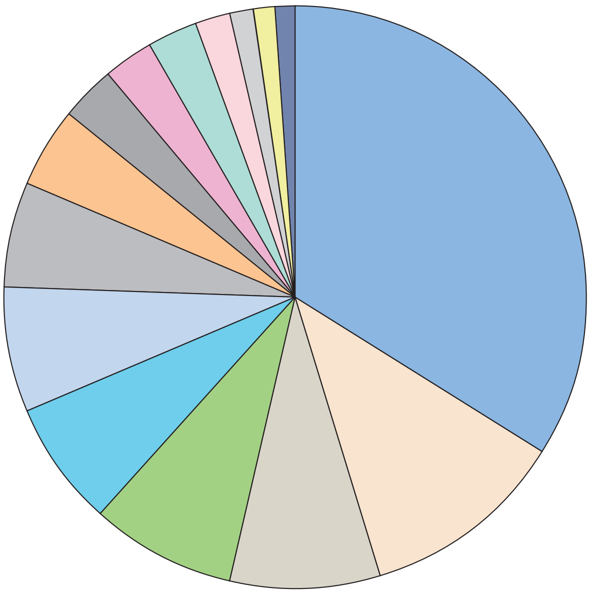
Ian Francis, Keith Watson, Rob Crayfourd

New City Investment Managers

22 March 2023

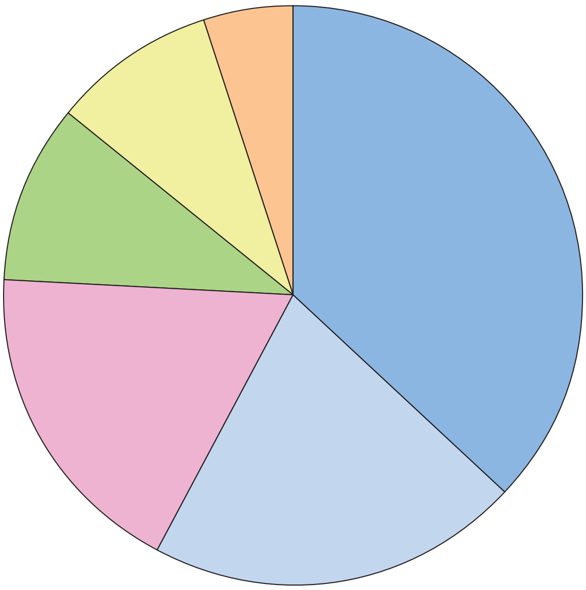
Classification of Investment Portfolio

By sector



	As at 31 December 2022 % of total investments
Oil & Gas	34
Gold	12
Coal	8
Shipping	8
Base metals	7
Lithium	7
Uranium	6
Copper	4
Nickel	3
Palm Oil	3
Silver	3
Rare Earth	2
Platinum	1
Fixed Interest Securities	1
Others	1

By stockmarket quotation



	As at 31 December 2022 % of total investments
Canada	37
Australia	21
US	18
UK	10
Europe	9
Unquoted	5

Investment Portfolio

As at 31 December 2022

Company	Sector	Valuation £'000	Total Investments %
Precision Drilling	Oil & Gas	13,900	8.4
Diamondback Energy	Oil & Gas	7,571	4.6
NexGen Energy	Uranium	7,200	4.3
Vermilion Energy	Oil & Gas	6,757	4.1
BW LPG	Shipping	6,671	4.0
West African Resources	Gold	5,949	3.6
Sigma Lithium Resources	Lithium	5,862	3.5
Diversified Gas & Oil	Oil & Gas	5,457	3.3
REA Holdings (Note 1)	Palm Oil	5,286	3.2
Transocean	Oil & Gas	5,137	3.1
Top ten investments		**69,790**	**42.1**
Talon Metals	Nickel	5,106	3.1
EOG Resources	Oil & Gas	4,964	3.0
Galena Mining	Base Metals	4,747	2.9
Euronav (Note 2)	Shipping	4,725	2.8
Whitehaven Coal	Coal	4,179	2.5
Leo Lithium	Lithium	3,796	2.3
Emerald Resources	Gold	3,789	2.3
Lynas Corporation	Rare Earth	3,321	2.0
Tamboran Resources	Oil & Gas	3,087	1.9
Ascendant Resources (Note 3)	Zinc	2,978	1.8
Top twenty investments		**110,482**	**66.7**
First Quantum Minerals (Note 4)	Copper	2,972	1.8
Peabody Energy	Coal	2,855	1.7
Thungela Resources	Coal	2,730	1.6
Foran Mining	Copper	2,693	1.6
New Hope	Coal	2,584	1.5
NorAm Drilling	Oil & Gas	2,263	1.4
MAG Silver	Silver	2,137	1.3
Peyto Exploration & Development	Oil & Gas	2,039	1.2
Pioneer Natural Resources	Oil & Gas	1,899	1.1
Fortuna Silver Mines	Silver	1,867	1.1
Top thirty investments		**134,521**	**81.0**
Wheaton Precious Metals	Base Metals	1,624	1.0
Central Asia Metals	Copper	1,612	1.0
Adventus Mining	Copper	1,568	0.9
2020 Bulkers	Shipping	1,467	0.9
Calibre Mining	Gold	1,362	0.8
Ero Copper	Copper	1,310	0.8
Metals X	Base Metals	1,303	0.8
Coronado Global Resources	Coal	1,299	0.8
Ur-Energy	Uranium	1,257	0.8
PetroTal Corp	Oil & Gas	1,210	0.7
Top forty investments		**148,533**	**89.5**

Company	Sector	Valuation £'000	Total Investments %
Red 5	Gold	1,111	0.7
Fission Uranium	Uranium	1,077	0.7
Firefinch	Lithium	941	0.6
Sabina Gold & Silver	Gold	909	0.5
Goodbulk	Shipping	896	0.5
Palladium One Mining	Platinum	877	0.5
Vintage Energy	Oil & Gas	729	0.4
Odyssey Gold	Gold	719	0.4
Base Resources	Mineral Sands	719	0.4
Winsome Resources	Lithium	694	0.4
Top fifty investments		**157,205**	**94.6**
Other investments		**8,833**	**5.4**
Total		**166,038**	**100.0**

Note 1 - Includes REA Holdings 9% preference shares valued at £4,581,000, REA Finance 8.75% 31/08/25 valued at £495,000, REA Holdings valued at £200,000 and REA Holdings warrants valued at £10,000.

Note 2 - Includes Euronav valued at £4,240,000 and Euronav Luxembourg 6.25% 14/09/26 valued at £485,000.

Note 3 - Includes Ascendant Resources valued at £2,943,000 and Ascendant Resources warrants valued at £35,000.

Note 4 - Includes First Quantum Minerals valued at £2,163,000 and First Quantum Minerals 7.5% 01/04/25 valued at £809,000.

Top Ten Investments

	Valuation 30 June 2022 £'000	Purchases £'000	Sales £'000	Appreciation/ (depreciation) £'000	Valuation 31 December 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.	10,701	660	-	2,539	13,900
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.	6,647	-	-	924	7,571
NexGen Energy A uranium exploration and development company with a portfolio of projects that span Athabasca in Saskatchewan, Canada.	5,776	-	-	1,424	7,200
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.	5,456	1,886	-	(585)	6,757
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.	6,341	-	-	330	6,671
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.	8,089	-	560	(2,700)	5,949
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.	7,522	-	393	(2,053)	5,862
Diversified Gas & Oil An independent energy company focused on acquiring and enhancing primarily natural gas producing assets with current operations in the United States of America.	4,113	1,177	-	167	5,457
REA Holdings The company cultivates oil palms and produces crude oil palm and other palm products. The group's core plantations are located in Indonesia.	5,806	-	-	(520)	5,286
Transocean A leading international provider of offshore contract drilling services for oil and gas wells.	2,564	5,551	4,514	(7,492)	5,137
Top ten investments	63,015	9,274	5,467	(7,966)	69,790

At 31 December 2022, these investments totalled £69,790,000 or 42.1% of the investment portfolio.

Condensed Income Statement

	Notes	Six months ended 31 December 2022 (unaudited) Revenue £'000	Capital £'000	Total £'000	Six months ended 31 December 2021 (unaudited) Revenue £'000	Capital £'000	Total £'000	Year ended 30 June 2022 (audited) Revenue £'000	Capital £'000	Total £'000
Gains on investments held at fair value through profit or loss	2	-	20,502	20,502	-	16,331	16,331	-	21,435	21,435
Exchange gains		-	16	16	-	1	1	-	70	70
Income	3	4,428	-	4,428	2,195	-	2,195	4,765	-	4,765
Investment management fee		(230)	(691)	(921)	(185)	(555)	(740)	(405)	(1,214)	(1,619)
Other expenses		(356)	-	(356)	(284)	-	(284)	(626)	-	(626)
Net return before finance costs and taxation		**3,842**	**19,827**	**23,669**	**1,726**	**15,777**	**17,503**	**3,734**	**20,291**	**24,025**
Interest payable and similar charges		(78)	(233)	(311)	(30)	(84)	(114)	(83)	(241)	(324)
Net return on ordinary activities before taxation		**3,764**	**19,594**	**23,358**	**1,696**	**15,693**	**17,389**	**3,651**	**20,050**	**23,701**
Tax on ordinary activities		(247)	-	(247)	(55)	-	(55)	(202)	-	(202)
Net return attributable to equity shareholders	4	**3,517**	**19,594**	**23,111**	**1,641**	**15,693**	**17,334**	**3,449**	**20,050**	**23,499**
Return per ordinary share		**5.26p**	**29.29p**	**34.55p**	**2.45p**	**23.46p**	**25.91p**	**5.16p**	**29.98**	**35.14**

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 Condensed Income Statement.

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

Condensed Balance Sheet

	Notes	As at 31 December 2022 (unaudited) £'000	As at 31 December 2021 (unaudited) £'000	As at 30 June 2022 (audited) £'000
Fixed assets				
Investments held at fair value through profit or loss		166,038	143,274	146,373
Current assets				
Debtors		891	234	103
Cash at bank		3,703	3,686	6,111
		4,594	**3,920**	**6,214**
Creditors: amounts falling due within one year				
Other payables		(509)	(601)	(515)
Loan: amount falling due within one year	8	(14,000)	(16,000)	(17,000)
		(14,509)	**(16,601)**	**(17,515)**
Net current liabilities		**(9,915)**	**(12,681)**	**(11,301)**
Net assets		**156,123**	**130,593**	**135,072**
Capital and reserves				
Called-up share capital		16,722	16,722	16,722
Special distributable reserve		28,571	28,449	28,571
Share premium		4,851	4,851	4,851
Capital reserve		104,522	80,571	84,928
Revenue reserve		1,457	-	-
Equity shareholders' funds	7	**156,123**	**130,593**	**135,072**
Net asset value per share	7	**233.41p**	**195.24p**	**201.94p**

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

Condensed Statement of Changes in Equity

For the six months ended 31 December 2022 (unaudited)

	Share capital £'000	Share premium account £'000	Special distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 30 June 2022	16,722	4,851	28,571	84,928	-	135,072
Return on ordinary activities after taxation	-	-	-	19,594	3,517	23,111
Dividends paid	-	-	-	-	(2,060)	(2,060)
Balance at 31 December 2022	**16,722**	**4,851**	**28,571**	**104,522**	**1,457**	**156,123**

For the six months ended 31 December 2021 (unaudited)

	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	-	-	-	15,693	1,641	17,334
Transfer from special distributable reserve	-	-	(419)	-	419	-
Dividends paid	-	-	-	-	(2,060)	(2,060)
Balance at 31 December 2021	**16,722**	**4,851**	**28,449**	**80,571**	**-**	**130,593**

For the year ended 30 June 2022 (audited)

	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	-	-	(297)	-	(3,449)	(3,746)
Balance at 30 June 2022	**16,722**	**4,851**	**28,571**	**84,928**	**-**	**135,072**

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.

Condensed Cash Flow Statement

	Six months ended 31 December 2022 (unaudited) £'000	Six months ended 31 December 2021 (unaudited) £'000	Year ended 30 June 2022 (audited) £'000
Operating activities			
Investment income received	3,302	2,251	4,559
Deposit interest received	33	-	4
Investment management fees paid	(896)	(595)	(1,438)
Other payments	(345)	(319)	(695)
Net cash inflow from operating activities	2,094	1,337	2,430
Investing activities			
Purchase of investments	(40,090)	(21,002)	(64,641)
Disposal of investments	40,934	22,635	68,425
Net cash inflow from investing activities	844	1,633	3,784
Financing activities			
Equity dividends paid	(2,060)	(2,060)	(3,746)
Loan (repayment)/funding	(3,000)	-	1,000
Loan interest	(302)	(112)	(314)
Net cash outflow from financing activities	(5,362)	(2,172)	(3,060)
(Decrease)/increase in net cash	**(2,424)**	**798**	**3,154**
Reconciliation of net cash flow to movement in net cash			
(Decrease)/increase in cash in the period	(2,424)	798	3,154
Exchange movements	16	1	70
Movement in net cash in the period	**(2,408)**	**799**	**3,224**
Opening net cash at 1 July	6,111	2,887	2,887
Closing net cash at 31 December / 30 June	**3,703**	**3,686**	**6,111**

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

Notes to the Accounts

1. Accounting policies – Basis of preparation

The condensed interim financial statements have been prepared in accordance with Financial Reporting Standard 104 (Interim Financial Reporting) and with the Statement of Recommended Practice for 'Financial Statements of Investment Trust Companies and Venture Capital Trusts'. 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. Annual financial statements are prepared under Financial Reporting Standard 102.

The condensed interim financial statements have been prepared using the same accounting policies as the preceding annual financial statements.

2. Gains on Investments

Included within gains on investments for the period ended 31 December 2022 are realised gains of £13,610,000 and unrealised gains of £6,892,000.

3. Income

The breakdown of income for the six months to 31 December 2022, 31 December 2021 and 30 June 2022 was as follows:

	Six months ended 31 December 2022 £'000	Six months ended 31 December 2021 £'000	Year ended 30 June 2022 £'000
Income from investments:			
UK dividend income	66	257	160
Preference share dividend income	714	85	492
Overseas dividend income	3,469	1,663	3,751
Overseas fixed interest	126	190	358
	4,375	**2,195**	**4,761**
Other income			
Deposit interest	53	-	4
Total income	**4,428**	**2,195**	**4,765**

4. Return per ordinary share

Return per ordinary share attributable to shareholders reflects the overall performance of the Company in the period. Net revenue recognised in the first six months is not necessarily indicative of the total likely to be received in the full accounting year.

	Six months ended 31 December 2022 £'000	Six months ended 31 December 2021 £'000	Year ended 30 June 2022 £'000
Revenue return	3,517	1,641	3,449
Capital return	19,594	15,693	20,050
Total return	**23,111**	**17,334**	**23,499**

	Six months ended 31 December 2022 p	Six months ended 31 December 2021 p	Year ended 30 June 2022 p
Revenue return per ordinary share	5.26	2.45	5.16
Capital return per ordinary share	29.29	23.46	29.98
Total return per ordinary share	**34.55**	**25.91**	**35.14**

	Number	Number	Number
Weighted average ordinary shares in issue	66,888,509	66,888,509	66,888,509

5. Dividends

A first interim dividend of 1.26p per share was paid on 25 November 2022 and a second interim of 1.26p was paid on 28 February 2023.

6. **Share Capital**

At 31 December 2022 there were 66,888,509 ordinary shares in issue (31 December 2021 and 30 June 2022: 66,888,509).

During the half year ended 31 December 2022 the Company did not issue or repurchase for cancellation any ordinary shares (31 December 2021 and 30 June 2022: same).

7. **Net asset value per ordinary share**

	31 December 2022	31 December 2021	30 June 2022
Net asset value per share	**233.41p**	195.24p	201.94p
Net assets attributable at end of period	**£156.1m**	£130.6m	£135.1m
Ordinary shares of 25p each in issue at end of period	**66,888,509**	66,888,509	66,888,509

8. **Bank loan facility**

	31 December 2022 £'000	31 December 2021 £'000	30 June 2022 £'000
Bank loan facility	**14,000**	16,000	17,000

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 31 December 2022 the unsecured loan facility had a limit of £25 million of which £14 million was drawn down at the period end at an estimated interest rate of 4.3787%.

During the period 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.

9. **Management Agreement**

With effect from 19 May 2019, CQS (UK) LLP, trading as New City Investment Managers, became the Company's Investment Manager.

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. During the period investment management fees of £921,000 were incurred, of which £320,000 was payable at the period end.

10. **Going Concern**

After making enquiries and having considered the Company's investment objective, nature of the investment portfolio, bank facility and expenditure projections, the Directors consider that the Company has adequate resources to continue in operation for the foreseeable future. For this reason, the Directors are satisfied that it is appropriate to adopt the going concern basis in preparing this report.

11. **Comparative Information**

The results for six months ended 31 December 2022 and 31 December 2021, which have not been reviewed by the Company's auditors have been prepared pursuant to the Auditing Practices Board guidance on "Review of Interim Financial Information" and constitute non-statutory accounts in terms of Section 434 of the Companies Act 2006. The latest published accounts which have been delivered to the Registrar of Companies are for the year ended 30 June 2022; the report of the auditors thereon was unqualified and did not contain a statement under Section 498 of the Companies Act 2006. The abridged financial statements shown above for the year ended 30 June 2022 are an extract from those accounts.

12. **Related Parties**

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

All transactions with related parties are carried out on an arms length basis.

There are no other transactions with the Board other than aggregated remuneration and reimbursement of expenses for services as Directors. The balance due to Directors for fees at the period end was £8,000.

Details of the fee arrangement with the Investment Manager are disclosed in note 9.

13. **Half Year Report**

The report and financial statements for the six months ended 31 December 2022 will be posted to shareholders and made available on the website.

Interim Management Report and Responsibility Statement

The Chairman's Statement on page 3 and the Investment Manager's Review on pages 4 to 5 give details of the important events which have occurred during the period and their impact on the financial statements.

Principal Risks and Uncertainties

The Company's assets consist principally of listed equities and fixed interest securities and its principal risks are therefore market related.

The Company is also exposed to currency risk in respect of the markets in which it invests. Other key risks faced by the Company relate to investment and strategy, market, sector, financial, earnings and dividend, operational, regulatory and political. These risks, and the way in which they are managed, are described in more detail under the heading 'Principal risks and risk mitigation' within the Strategic Review contained within the Company's annual report and accounts for the year ended 30 June 2022. The Company's principal risks and uncertainties have not changed materially since the date of the report and are not expected to change materially for the rest of the Company's financial year.

Related Parties Transactions

During the first six months of the current financial year, no transactions with related parties have taken place which have materially affected the financial position or the performance of the Company.

Going Concern

The Directors, having considered the Company's investment objective, the nature and liquidity of the portfolio and the income and expenditure projections, consider that the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future and is financially sound. For these reasons, they consider there is reasonable evidence to continue to adopt the going concern basis in preparing the financial statements.

Statement of Directors' Responsibilities in Respect of the Interim Report

The Board of Directors confirms that, to the best of its knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 "Interim Financial Reporting" and gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;

- the interim management report includes a fair review of the information required by the Disclosure and Transparency Rules ("DTR") 4.2.7R, being an indication of important events that have occurred during the first six months of the financial year and their impact on the financial statements;

- the Directors' Statement of Principal Risks and Uncertainties shown above is a fair review of the information required by DTR 4.2.7R; and

- the interim management statement and condensed set of financial statements include a fair review of the information required by DTR 4.2.8R, being related party transactions that have taken place in the first six months of the financial year and that have materially affected the financial position or performance of the Company during the period, and any changes in the related party transactions described in the last Annual Report that could do so.

On behalf of the Board

Helen Green
Chairman

22 March 2023

Corporate Information

Registered Number

02978531
Registered in England & Wales

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Carole Cable
Paul Cahill
Christopher Casey (Chair, Audit Committee)
Alun Evans

Investment Manager

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aic
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Shareholder Information

Net Asset Value/Share Price

The share price 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

General Information about the Company, monthly factsheets and data, reports and details of general meetings can be found at: 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.

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