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INTERNATIONAL

City Natural Resources Growth and Income

Investment companies | Update | 9 November 2026

A new home for a proven approach?

City Natural Resources Growth and Income (CYN) transferred its management contract to Tufton Investment Management in September 2026. The move retains longstanding portfolio managers Keith Watson and Robert Crayfourd, while potentially providing access to Tufton's energy and shipping expertise.

CYN has delivered positive returns, with its NAV rising 28.8% and its share price 37.2%, both on a total return basis, over the year to 31 October 2026. The managers appear to have benefitted from their exposure to precious metals miners before rotating towards energy as they considered relative valuations to have become more attractive.

Alongside its performance, the measures introduced in 2025 appear to have attracted shareholders to the share register and helped narrow CYN's discount. The shares have recently traded close to NAV and occasionally at a premium, which enabled CYN to issue stock. CYN continues to offer a combination of specialist natural resources exposure, capital growth potential and income.

Capital growth and income from mining & resources

CYN aims to provide investors with capital growth and income by investing in a portfolio that predominantly comprises mining and resource equities, as well as mining, resource and industrial fixed-interest securities.

Year ended	Share price TR (%)	NAV total return (%)	MSCI World Metals & Mining TR (%)	MSCI World Energy TR (%)	MSCI World TR (%)
31/10/22	26.1	21.8	12.3	71.0	(2.3)
31/10/23	(14.8)	(9.4)	8.3	(2.9)	4.9
31/10/24	20.7	10.4	10.9	1.3	26.9
31/10/25	57.0	48.7	24.2	6.1	20.0
31/10/26	37.2	28.8	24.2	56.0	10.4

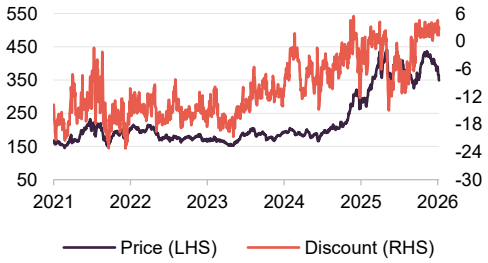
Source: Bloomberg, Marten & Co

Sector	Commodities and natural resources
Ticker	CYN LN
Base currency	GBP
Price	349.00p
NAV	340.17p
Premium/(discount)	2.6%
Yield[1]	8.6%

Note: 1) Yield is based on TTM ordinary dividends of 30.16p per share. CYN's dividend policy is to target an annual dividend of approximately 8% of its net asset value (NAV), paid in quarterly instalments.

Share price and discount

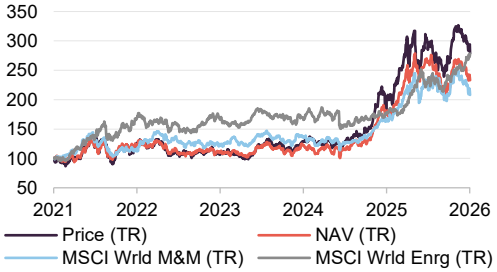
Time period 31/10/2021 to 04/11/2026



Source: Bloomberg, Marten & Co

Performance over five years

Time period 31/10/2021 to 31/10/2026



Source: Bloomberg, Marten & Co

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Domicile	**United Kingdom**
Inception date	**7 October 1994**
Manager	**Tufton Investment Management**
Portfolio managers	**Keith Watson and Robert Crayfourd**
Market cap	**141.5m**
Shares outstanding (exc. treasury shares)	**40.5m**
Daily vol. (1-yr. avg.)	**200.7k shares**
Net gearing[1]	**1.8%**

Note: 1) net gearing as at 30 September 2026.

Click for our January 2025 Saba flash note

Click for updated CYN factsheet

Click for CYN's peer group analysis

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Preserving the managers' expertise

Watson and Crayfourd resumed responsibility for the portfolio in September

City Natural Resources Growth and Income (CYN) transferred its investment management mandate from Manulife | CQS to Tufton Investment Management on 14 September 2026, following the departure of its longstanding portfolio managers, Keith Watson and Robert Crayfourd, from CQS. The board believes its decision to follow the managers to Tufton preserves the expertise, investment approach and stock-picking philosophy that have underpinned the trust's long-term performance. Watson and Crayfourd, who have managed CYN since 2013, resumed responsibility for the portfolio in September. The trust was subsequently renamed City Natural Resources Growth and Income, although its ticker (CYN) remains unchanged.

Tufton states that it provides a complementary source of specialist research

Tufton believes its expertise in energy and shipping provides a complementary source of specialist research, industry contacts and market intelligence that could enhance the managers' ability to identify opportunities across the natural resources universe. This is relevant given CYN's exposure to oil and gas and its growing interest in shipping companies, where Tufton believes its sector knowledge could provide a competitive advantage.

Manager's view

Outlook for natural resources dominated by geopolitical tensions

CYN's managers believe that the outlook for natural resources continues to be dominated by geopolitical tensions, particularly the conflict in the Middle East and its impact on global energy supplies. Although some oil shipments through the Strait of Hormuz have resumed, attacks on shipping and energy infrastructure continue to disrupt supply chains.

There is a shortage of refined products, notably diesel, where refining margins have risen. The managers believe that these disruptions could prove more persistent than markets anticipate, citing this view in support of their exposure to oil and gas producers. They are also positive on shipping companies, including Frontline and BW LPG, which they believe are benefitting from longer shipping routes, reduced vessel availability and higher freight rates.

Precious metals remain a key area of conviction for the managers. Although higher energy prices appear to have increased inflationary pressures and pushed up interest rate expectations, potentially creating near-term headwinds for gold, the managers believe that the longer-term investment case remains compelling. High government indebtedness, currency debasement concerns and geopolitical uncertainty may support demand for gold, while producers appear to benefit from historically elevated margins. The managers favour gold mining equities, which they consider attractively-valued despite their strong performance and inherent volatility. They also believe these companies are better placed to absorb rising energy costs than many industrial miners.

By contrast, the managers remain cautious on copper and other base metals, where they believe demand is more exposed to a slowing global economy, particularly China. Although the expansion of AI data centres may provide an additional source

of copper demand, they regard its contribution as relatively small compared with traditional uses such as construction and manufacturing. The portfolio remains positioned principally towards precious metals, energy and shipping, with relatively limited exposure to more economically sensitive commodities.

Asset allocation

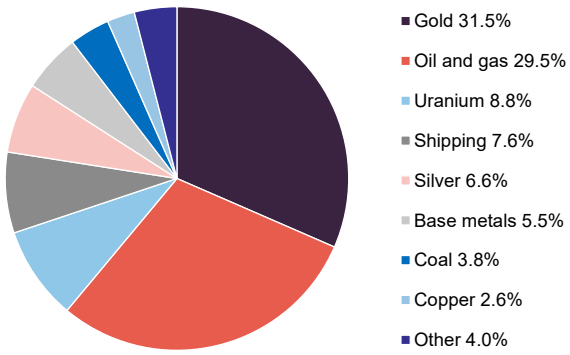
Diversified portfolio that is biased to mid-caps and producers

As illustrated in Figures 1 and 2, CYN provides investors with natural resources exposure. The portfolio has a bias towards mid-cap stocks, but with limited exposure to exploration. CYN's managers prefer companies that are cash-flow-generative and that they believe can sustain themselves through the cycle.

CYN's portfolio has a bias towards mid-cap stocks and away from explorers.

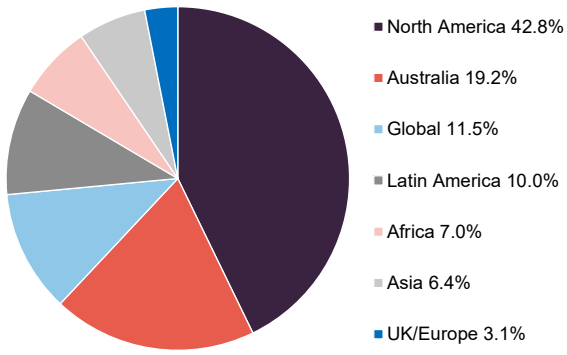
The names of CYN's top 10 holdings (see Figure 3) may be familiar to regular followers of the trust, which would seem to reflect the managers' long-term approach to portfolio turnover (typically around 50% per annum, but much of this may involve trimming stocks which are approaching their target price, and adding to holdings where the managers see a better risk-reward).

Figure 1: Sectoral allocation as at 30 September 2026[1]



Source: City Natural Resources Growth and Income, Marten & Co.
Note: 1) as a proportion of gross assets.

Figure 2: Geographic allocation as at 30 September 2026[1,2]



Source: City Natural Resources Growth and Income, Marten & Co.
Note: 1) as a proportion of gross assets. 2) Reflects the location of a company's principal operations.

Over the past six months, sectoral allocation changes were +2.5% for shipping; -2.0% for oil and gas; and -2.4% for uranium. The main geographical allocation changes – reflecting the location of a company's principal operations – were +4.0% to global; +0.8% to Asia; +1.8% to Australia; -4.9% to Africa; -1.1% to UK/Europe; and -0.7% to Latin America.

Top 10 holdings

Figure 3 shows CYN's top 10 holdings as at 30 September 2026 and how these have changed over the previous six months. There are five holdings that have moved up into the top 10: PDI Gold, Talon Metals, Ora Banda, West African

Resources and Frontline, while Core Natural Resources, Robex Resources, Transocean, Greatland Resources and Equinox Gold have all moved out.

Figure 3: Top 10 holdings as at 30 September 2026

Holding	Sector	Country	Allocation 30 September 2026 (%)	Allocation 31 March 2026 (%)	Percentage point change
Tamboran Resources	Oil & gas	Australia	4.7	6.0	(1.3)
NexGen Energy	Uranium	Canada	4.6	5.8	(1.2)
BW LPG	Gas shipping	Global	4.0	3.1	0.9
Emerald Resources	Precious metals	Australia	4.0	3.1	0.9
Spartan Delta	Oil & gas	Canada	3.9	4.1	(0.2)
PDI Gold[1]	Precious metals	West Africa	3.7	3.0	0.7
Talon Metals	Base metals	United States	3.2	2.3	0.9
Ora Banda	Precious metals	Australia	2.9	2.2	0.7
West African Resources	Precious metals	Burkina Faso	2.8	2.5	0.3
Frontline	Crude oil shipping	Global	2.6	1.3	1.3
Total of top 10[3]			36.4	36.6	(0.2)
Total of top 20[3]			59.0	58.0	1.0

Source: City Natural Resources Growth and Income, Marten & Co. Note: 1) Robex Resources merged with Predictive Discovery in April 2026 and subsequently renamed to PDI Gold in September 2026. 3) Total of the top 10 and top 20 holdings as at 31 March 2026 reflect CYN's largest holdings at that date. and not the specific holdings in the table due to portfolio moves.

Tamboran Resources (4.7%) has reached a milestone in developing Australia's Beetaloo Basin, delivering its first gas into the Northern Territory market in September 2026. The Shenandoah South pilot project is now being commissioned, while further drilling and testing may help establish the commercial potential of the resource. The company also completed its acquisition of Falcon Oil & Gas in May, expanding its position in the basin.

NexGen Energy (4.6%) made progress towards developing its high-grade Rook I uranium project in Saskatchewan, Canada, when the Canadian Nuclear Safety Commission granted a site preparation and construction licence in March 2026. This may reduce regulatory uncertainty and allow the project to progress towards construction. Rook I may provide exposure to the longer-term demand outlook for nuclear fuel, although development and financing risks remain.

BW LPG (4.0%) has likely benefitted from freight market conditions as disruption to Middle Eastern shipping routes may have tightened vessel availability. Second-quarter 2026 shipping earnings averaged $74,000 per available day, with approximately 92% of third-quarter capacity fixed at an average rate of $88,000 per day. The company declared a $0.95 quarterly dividend.

Emerald Resources (4.0%) continues to generate cash flow from its Okvau gold mine in Cambodia, producing 20,280 ounces during the September quarter. The company has maintained FY2027 production guidance of 100,000–115,000 ounces and is progressing developments at Dingo Range in Australia and Memot in

Cambodia. These projects may support its ambition to become a multi-mine producer of more than 300,000 ounces annually.

Spartan Delta Corp (3.9%), the Canadian oil and gas producer, continues to expand its production base, particularly through its Duvernay assets in Alberta. Second-quarter 2026 production increased 37% year-on-year to 52,818 barrels of oil equivalent per day, alongside an increase in full-year guidance. The company considers its growing liquids exposure particularly attractive in the current energy market, although natural gas prices may influence earnings.

PDI Gold (3.7%), formerly Predictive Discovery, completed its April 2026 merger with Robex Resources. The combination brings together the producing Kiniéro and Nampala gold mines with PDI's Bankan development project in Guinea. The enlarged group reported total gold ore reserves of 4.8 million ounces in September. Securing the necessary approvals to develop Bankan remains outstanding.

Talon Metals Corp (3.2%) is advancing its Tamarack nickel-copper-cobalt project in Minnesota, which could become a domestic source of critical minerals for the US. Recent drilling has identified high-grade intersections, while the company has selected the Humboldt Mill in Michigan as its proposed processing location. Environmental assessment work is progressing, but the project remains pre-production and exposed to permitting and financing risks.

Ora Banda Mining (2.9%) is pursuing an expansion of its Davyhurst gold operations in Western Australia. The company produced 33,305 ounces during the September quarter, although weather disruption and mill downtime may have contributed to higher costs. Development of the Waihi underground mine has commenced, while construction of a new three-million-tonne-per-annum processing plant is progressing. The company considers both central to its longer-term production growth plans.

West African Resources (2.8%) continues to increase production from its Sanbrado and Kiaka gold operations in Burkina Faso. September-quarter output reached a record 127,950 ounces, taking production for the first nine months of 2026 to 360,857 ounces. The company appears on course to achieve its full-year guidance of 430,000–490,000 ounces, although explosives availability at Kiaka appears to remain an operational constraint.

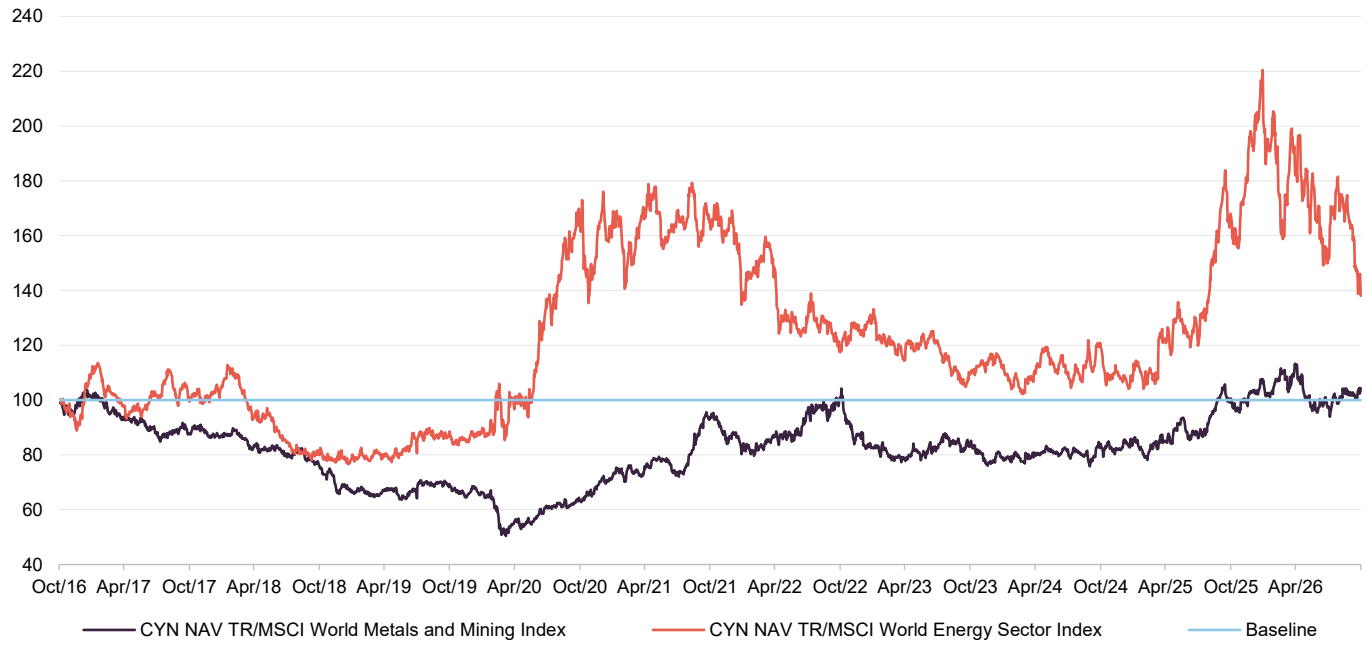
Frontline (2.6%), the crude oil tanker operator, appears to have benefited from the disruption to global shipping routes associated with the Middle Eastern conflict. It reported record second-quarter 2026 net profit of $659.2m, with its largest tankers earning average spot rates of $152,700 per day. The company declared a $2.61 quarterly dividend, reflecting its cash generation, although tanker earnings remain cyclical.

Performance

As discussed in previous notes, CYN's managers tactically adjust the allocations to different resource areas depending on their expectations of how these may perform, while expressing them through allocating to their preferred ideas on a bottom-up basis. CYN's managers consider this process to have been successful over the long term, with CYN's NAV and share price outperforming the commodities indices, and

global equities more generally, for most of the longer-term periods of three years and above.

Figure 4: CYN NAV/MSCI World Metals and Mining and CYN NAV/MSCI World Energy Sector – rebased to 100 over 10 years to 31 October 2026



Source: Bloomberg, Marten & Co

Looking at more recent performance, CYN's managers describe its performance between March 2025 and March 2026 as particularly strong, attributing this principally to its substantial exposure to precious metals miners, which they believe benefitted from an environment characterised by geopolitical uncertainty, concerns over government indebtedness, persistent inflationary pressures and growing demand for gold as a safe-haven asset. CYN's managers favoured gold mining equities over the physical metal, which may have allowed the trust to capture the operational leverage that rising gold prices could provide to producers' earnings and cash flows.

Click here for a live comparison of the commodities and natural resources peer group.

This contrasted with an apparently more challenging backdrop for industrial commodities and conventional energy, where the managers maintained a lower exposure. CYN appears to have benefitted as weakness in China's property market and concerns over global economic growth may have weighed on demand expectations for base metals, while increasing OPEC production may have dampened the outlook for oil. Whilst the managers initially recycled capital within the gold mining portfolio – seemingly taking profits in companies that have rerated and reinvesting in smaller, less well-researched businesses where they see greater upside – from December 2025 through to March 2026, they reduced the trust's exposure to gold and silver miners, reflecting these sectors' performance, and increased exposure to energy where they saw more attractive valuations. This timing may have benefitted the trust, given the change in the energy price following

the outbreak of war in Iran and the subsequent fall in the gold price as the market appeared to factor in higher interest rates.

Figure 5: Cumulative total return performance over periods ending 31 October 2026[1]

	1 month (%)	3 months (%)	6 months (%)	1 year (%)	3 years (%)	5 years (%)	10 years (%)
CYN NAV	(6.6)	6.1	(11.3)	28.8	111.3	133.2	288.4
CYN share price	(9.2)	6.1	(3.9)	37.2	159.9	179.1	402.4
MSCI World Metals & Mining[2]	(8.7)	(0.7)	(4.3)	24.2	71.1	108.1	272.4
MSCI World Energy Sector[2]	11.8	16.2	17.0	56.0	67.6	178.4	181.4
MSCI World	(1.7)	1.3	6.6	10.4	68.2	72.3	225.5

Source: Bloomberg, Marten & Co. Note: 1) All in sterling terms. 2) CYN does not have a formal benchmark but uses the MSCI World Metals and Mining and MSCI World Energy Sector indices for comparison purposes, although it should be noted that CYN's portfolio is not constructed with reference to these indices, or to any other index.

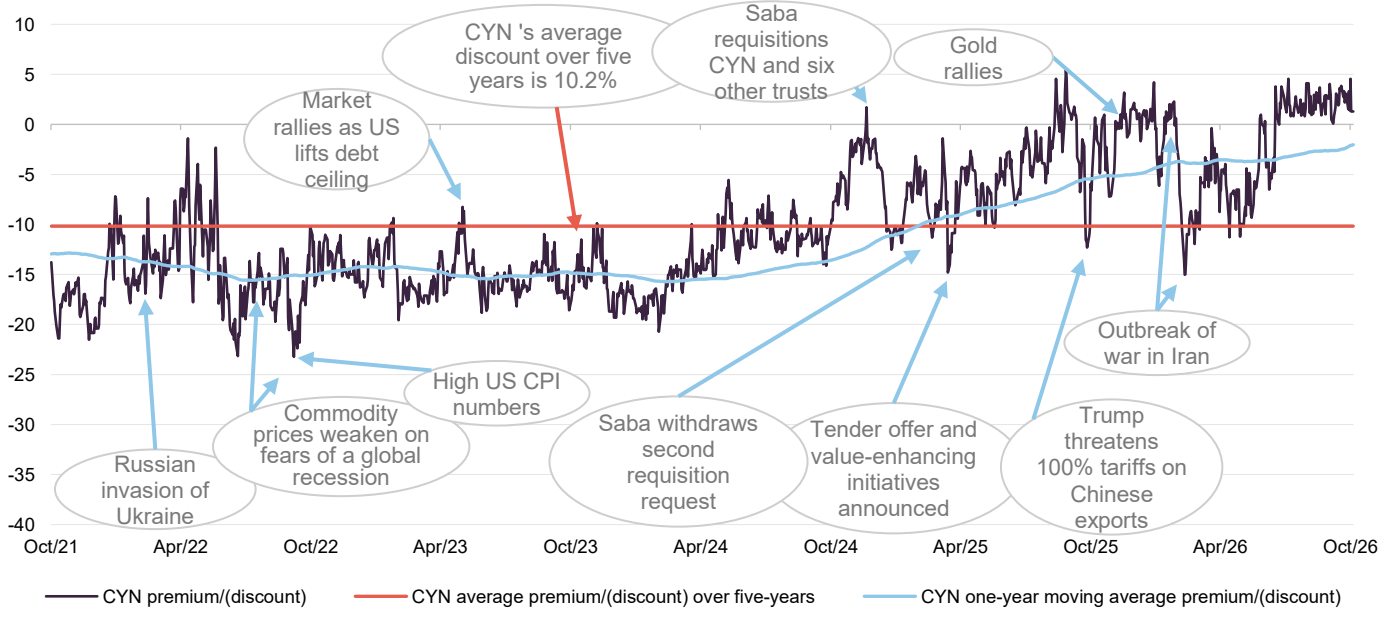
Quarterly dividend payments – 8% of NAV annually

CYN targets a dividend of c.8% of NAV annually, paid in quarterly instalments.

CYN targets a dividend of around 8% of NAV annually, by paying 2% of the preceding quarter-end NAV per share. There was no alteration to the investment policy to accommodate the shift to this dividend when it was announced in May 2025, and CYN uses capital reserves where necessary to pay the dividend.

Premium/(discount)

Figure 6: CYN Premium/(discount) over five years



Source: Bloomberg, Marten & Co

Figure 6 shows that the market appeared to respond positively to CYN's announcement of its 100% tender offer and accompanying measures (including a reduced management fee and increased annual dividend noted above) announced in May 2025, albeit with volatility as CYN and markets appear to have been affected by macro events (many commodities may be sensitive to these). Volatility aside, CYN appears to have experienced a step change in its discount. Following the 100% tender, CYN appears to have a share register of investors who understand its proposition and its revised dividend policy. With CYN recently trading at a premium, the trust has been reissuing stock.

Over the past 12 months, CYN has traded between a 15.0% discount and a 4.6% premium, with an average discount of 2.1%. As at 4 November 2026, CYN was trading at a discount of 2.6%.

Fund profile

Diversified natural resources exposure

Further information can be found at: https://citynats.com/.

CYN seeks to deliver both capital growth and income from a portfolio focused predominantly on mining and resource equities, complemented by selected mining, resource and industrial fixed income securities. The managers target companies that they believe are undervalued by the market and capable of generating attractive income relative to risk, potentially providing scope for capital appreciation over time. The portfolio has a mid-cap bias, which the managers believe offers more idiosyncratic exposure than large-cap-focused peers and a differentiated profile versus major resource indices and sector ETFs.

Previous publications

Figure 7: QuotedData's previously published notes on CYN

Title	Note type	Date
Strong recovery potential?	Initiation	11 June 2019
Recovery on-hold, hold on	Update	23 June 2020
Burnished copper	Annual overview	14 April 2021
Poised for the starting gun	Annual overview	8 May 2024
Protect your investment – get out and vote	Flash note	9 January 2025

Source: Marten & Co

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