

Baker Steel Resources Trust

New capital allocation policy announced

The board of Baker Steel Resources Trust (BSRT) has announced a new capital allocation policy targeting a 5% return of capital per year. This is intended to be delivered through an annual dividend equal to 3% of NAV (paid semi-annually out of capital and/or from net income after operating expenses), with the balance allocated to buybacks or further dividends. BSRT intends to declare an interim dividend commencing in September 2026 and then in April 2027 from FY26 audited results. The board expects the dividend to become progressive once royalty income streams from its portfolio commence. Furthermore, BSRT committed to allocate at least 50% of profits from significant asset realisations to return of capital, either through a tender offer (if BSRT's discount to NAV exceeds 25%, and subject to a sufficient cash level) or through enhanced share buybacks or dividends. The revised capital allocation policy is subject to the board's full discretion considering factors such as BSRT's discount to NAV (currently at 22%), the overall liquidity of BSRT's portfolio, as well as follow-on funding requirements of its portfolio companies.

BSRT's new capital allocation policy aims to reconcile differing investor preferences with respect to re-investments, dividends in the medium term and on-market buybacks or tender offers. In our [previous research](#), we highlighted that, upon full production ramp-up of its mature assets, BSRT's portfolio should generate significant royalty and dividend income. This is now gradually coming to fruition.

First, Futura Resources (19.6% of BSRT's end-March 2026 NAV), the owner of two coking coal mines in Australia (Fairhill and Wilton), fully refinanced and upsized its debt package via the issue of a Nordic bond to cover the remaining capital expenditures on mine infrastructure during the production ramp-up process, which is further aided by rebounding coking coal prices. Futura's near-term income potential comes primarily from BSRT's 1.5% gross revenue royalty, while dividends (BSRT has a 25.3% equity stake) are a more remote prospect as these are restricted by a covenant in Futura's new debt package. Second, the Moroccan cement producer Cemos Group (18.2% of end-March 2026 NAV) successfully commissioned its compact calcination unit to significantly reduce its production costs. Together with the completion of construction of its second grinding line (which BSRT's manager expects by end-2026) to double production from 2027 onwards, this should support Cemos's plans to introduce a progressive dividend policy.

Further medium-term income potential comes from Tungsten West (22.8% of end-March 2026 NAV), which targets full plant commissioning in Q127. Tungsten West estimates that at the recent tungsten prices, the mine should generate an EBITDA of \$294m per year once in full production. Moreover, BSRT holds a 1% net smelter royalty in the Bilboes gold project in Zimbabwe, where production is expected to start in H228 according to its owner, Caledonia Mining Corporation (CMCL, in which BSRT has an equity stake from which it receives regular dividend income).

BSRT's maturing portfolio (of which c 50% by value was in listed holdings at end-March 2026) also offers the prospect of potential realisations. In FY25, BSRT received c £8.5m in proceeds, largely from the sale of its net smelter royalty in the Prognost silver mine in Russia and partial sale of its CMCL and Metals Exploration shares. It recently made two new pre-IPO investments: \$2.0m in Chancery Royalty and \$1.5m in MacKay Gold and Silver.

Investment companies
Metals and mining

20 April 2026

Price **135.00p**
Market cap **£143m**

Shares in issue 105.7m
Code/ISIN BSRT/GG00B6686L20
Primary exchange LSE
AIC sector Commodities & Natural Resources
Financial year end 31 December
52-week high/low 127.5p 49.3p

Fund objective

Baker Steel Resources Trust is a closed-end investment company aiming to achieve long-term capital growth through investing in equity, loans and related instruments issued by private natural resources companies. It targets a global, concentrated portfolio of 10–20 investments. Its objective is to create value through driving the development of investee companies, as well as exploiting market inefficiencies and pricing anomalies.

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