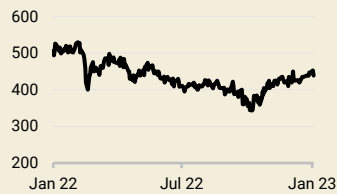


Price	453p
Market Cap	£229.6m
Shares in Issue	50.7m
12m Trading Range	322p – 526p
Free Float	59%
Next Event	Interims - 22 February

Price performance



Source: Fidessa

Financial forecasts

Yr end June (£'m)	2021A	2022A	2023E
Revenue, net	52.5	58.2	51.8
yoy growth (%)	57.7	10.9	(11.0)
Operating profit	35.6	38.4	32.3
Profit margin (%)	67.8	66.0	62.4
Adj. PBT #	26.7	27.9	23.6
PAT	17.0	18.1	15.1
Adj. EPS (p)	48.1	44.2	37.4
DPS (p)	33.0	46.5	33.0
Net cash/(debt)	25.5	22.7	27.9
P/E	9.4	10.2	12.1
Div yield (%)	7.3	10.3	7.3
On 30 June £1=	1.38	1.21	1.23

Source: Audited accounts and Zeus estimates

* City of London Investment Group is a broker client of Zeus

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City of London Investment Group

CLIG LN- Financial Services

Six-month trading update

CLIG's half-year pre close trading update reveals \$9.15bn of Funds Under Management (FUM): up in 2Q, but down 1% since 30 June. CLIG's run-rate profit remains at levels reported in the 1Q IMS; the interim DPS remains at 11p.

- ◆ **FUM at 31 December 2022 was \$9.15bn** (up 7.6% from US\$ 8.5bn at 30 Sept 2022, but down 1% from \$9.2bn at 30 June 2022), with diversification strategies increasing share of FUM:
 - CLIM's diversification strategies FUM rose 5.9% to \$2.2 bn (24% of Group FUM), with \$61m of net inflows in the six-month period, reflecting business development
 - CLIM's Emerging Market FUM fell by 3.6% to \$3.6bn (39% of FUM), with \$65m of net outflows in the six-month period led by redemptions
 - KIM client FUM fell by 1.9% to \$3.4 bn (37% of Group FUM), with \$103m of net outflows reflecting minimum distributions
- n.b. \$ = US dollars, which against sterling strengthened in 1Q but weakened in 2Q
- ◆ **Revenue margins unchanged at 73bps** net of third-party commissions
- ◆ **Run-rate for operating profit before profit-share is approx. £2.7m/month** (1Q: £2.7m/month), based on current FUM and exchange rates
- ◆ **1H unaudited profit before amortisation and tax estimated at £11.9m** (1H last year: £15.5m)
- ◆ **Cash & equivalents at 31 December 2022 was £19.1m** (June 2022: £22.7m)
- ◆ **The Board has declared an interim dividend of 11p a share** (1H last year: 11p)

Outlook: "Business development will focus on EM, International, and Opportunistic Value strategies, and KIM balanced mandates, where additional capacity is now available for prospects."

Zeus view: CLIG benefits from rising markets, but US dollar weakness reduces the impact in translation. Financial markets have risen in recent months. In the last 3 months of 2022, M1EF Emerging Market index rose 9.7% in \$-terms. In £-terms, the increase was only 0.9%, reflecting dollar weakness.

This trading update is in line with our expectations with the profit run rate remaining at £2.7m a month. We leave our forecasts for the year to June 2023 unchanged.

In 2023 YTD, the M1EF index is up 7.7% in \$-terms and 5.6% in £-terms. US equity and bond markets have also performed well.

We will revisit our forecasts when CLIG presents its full interims on 22 February.

Valuation: At 453p cum 11p interim dividend, CLIG shares have 52p per share of net cash and investments, and are trading on 12x PER, with a 7.3% dividend yield. Given CLIG's excellent dividend record this yield is attractive.

CLIG shares go ex-dividend of 11p interim payment on 2 March.

Zeus precis of CLIG trading update

CLIG announces that as at 31 December 2022, FuM were \$9.2 bn (£7.6 bn). This compares with \$9.2 bn (£7.6 bn) at the Group’s year end on 30 June 2022. FUM by strategy is:

Exhibit 1: CLIG FuM by strategy

	FuM (\$ million)			Net Flows	Strategy Index	% increase/ (decrease)
	Dec-22 (estimate)	Jun-22	% increase/ (decrease)			
EM	3,570	3,703	(4%)	(65)	MSCI EM Net TR	(3.0%)
KIM	3,369	3,433	(2%)	(103)	Not applicable	
INTL	1,894	1,812	5%	13	MSCI ACWI ex US	3.0%
OV	240	193	25%	48	ACWI/Barclays Global Agg	(0.1%)
Other*	77	83	(7%)	-		
	9,150	9,224		(107)		

Note: * includes Frontier, REIT and seed investments
Source: RNS

Solid relative performance across CLIG’s investment strategies resulted from good NAV performance at the underlying closed-end funds.

Over the period, there were inflows of circa \$295m, outpaced by outflows resulting in net outflows of circa \$107m across the Group’s strategies, led by EM redemptions and required minimum distributions for Karpus Investment Management (“KIM”) strategies at year end.

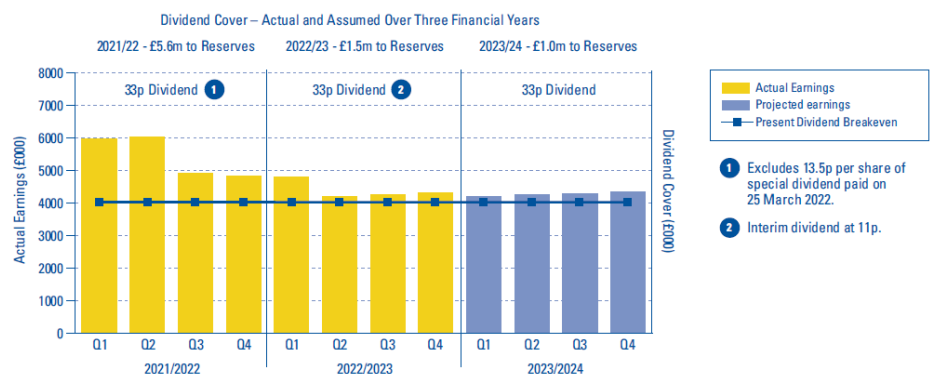
Business development will focus on EM, International, and Opportunistic Value strategies, and KIM balanced mandates, where additional capacity is now available for prospects.

Income currently accrues at weighted average rate of c. 73 basis points of FUM, net of third-party commissions. "Fixed" costs are c. £1.9m per month, so current run-rate for operating profit before profit-share is c. £2.7m per month based upon current FUM and \$/£ exchange rate of \$1.21 to £1. 1H unaudited EBTA estimated to be c. £11.9m (1H last year: £15.5m).

Inclusive of regulatory and statutory capital requirements, cash and cash equivalents stood at £19.1m at end 2022 (30 June 2022: £22.7m), in addition to seed investments of £7.6m. The Board declared 11p interim dividend per share: payable on 31 March (ex div on 2 March).

Exhibit 2: Dividend cover

CLIG Template – For Guidance Purposes Only*



Key Assumptions:

- Number of CLIG Shares in issue (50.7m) less those held by the Employee Benefit Trust (1.8m) as at 31 Dec 2022
- Excludes unrealised loss/gains on seed and other investments
- Excludes amortisation of any intangibles arising on the merger
- Starting FuM as at:
- Net increase in FuM in 2023/2024 (straight-lined to June 2024):
- Market growth:
- Overheads for 2022/23:
- Overheads for 2023/24:
- Corporation tax based on an estimated average rate (FY 23)
- Corporation tax based on an estimated average rate (FY 24)
- Exchange rate assumed to be for entire period:

	CLIM 1-Jan-23	KIM 1-Jan-23
US\$250m over the full year	0%	US\$50m over the full year
no change	0%	no change
+3% compared to 2022/23	+3% compared to 2022/23	+3% compared to 2022/23
22%	24%	
25%	24%	
£1/\$1.25	£1/\$1.25	

*Any forward-looking statements are based on certain factors and assumptions that have not been independently verified, which may prove incorrect, and are subject to risks, uncertainties and assumptions relating to future events, the Group’s operations, results of operations, growth strategy and liquidity.

Note: This chart is attached to the RNS
Source: Company

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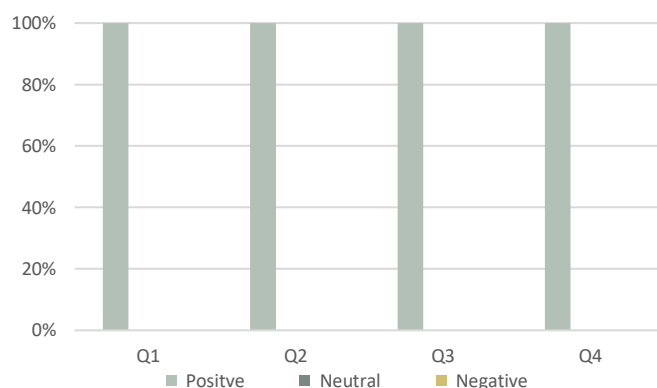
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12 Month Recommendation History



Recommendation distribution at 31 December 2022 Source: Zeus

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Joint Broker	6
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