

City of London Investment Group PLC Shareholder Presentation

January 2023



CITY OF LONDON
Investment Group PLC

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Presentation Team



Mark Dwyer, Chief Investment Officer of CLIM

Mark was the EM CEF CIO before becoming CLIM CIO in March 2019. He rejoined City of London in May 2012 and has over 20 years investment experience. Prior to rejoining the Group, Mark spent eight years with Banco Commercial Portuguese as a Director in the Asset Management department. Mark initially joined City of London in 1995 and was a Portfolio Manager based in the UK, followed by the US office. He established City of London's Singapore Office in 2000 where he spent two years. He holds a BA in economics and is a CFA Charterholder.



Deepranjan Agrawal, Chief Financial Officer

Deep is the Chief Financial Officer based in our London office. Deep joined the firm in January 2020 after spending over sixteen years with Deloitte and three years with RSM in their audit practice within the asset management industry. Deep has a wealth of relevant knowledge having served a range of audit clients in the asset management industry including large and small investment managers, Investment Trusts and UK authorised funds. Deep completed his Master of Commerce degree from the University of Pune, India and is a Chartered Accountant.

Snapshot as of 31st December 2022

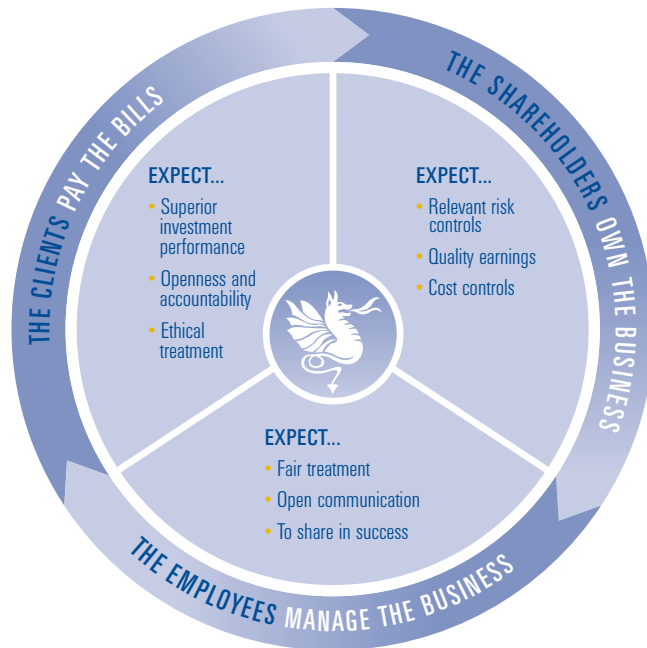
An established and growing pure-play asset management business:

- ▶ \$9.2b (£7.6b) of Funds Under Management
 - Stable client base with a mix of Institutional and High Net Worth (“HNW”) clients
- ▶ CLIM and KIM focus on investing via closed-end funds (CEFs)
 - Track record of outperformance over multiple market cycles
 - Team approach to investing
 - CLIM’s client base institutional and primarily equity focused
 - KIM’s client base primarily HNW and fixed-income / balanced focused



City of London Investment Group PLC is defined as “CLIG”, City of London Investment Management Company Limited is defined as “CLIM” and Karpus Management Inc., DBA Karpus Investment Management is defined as “KIM”.

Our Strategy and Objectives



Our responsibility is to keep these three stakeholders in balance (avoid conflicts) and to ensure that each of their interests is safeguarded:

- 1) The Shareholders, who own the business*
- 2) The Employees, who manage the business*
- 3) The Clients, who pay the bills*

- ▶ **Outperform** - Add value over and above a relevant benchmark, through an investment cycle (5 years)
- ▶ **Retain Employees** - Long-term view with regard to remuneration
- ▶ **Increase FuM** - CLIM has an institutional focus, KIM has a HNW focus
- ▶ **Open Shareholder Dealings** - Remain available and accountable to our owners
- ▶ **Control Costs** - Maintain a strict cost structure
- ▶ **Business Diversification** - Make the business more robust, manage risk, and enhance long-term shareholder return
- ▶ **Corporate Citizenship** - Corporations have a responsibility for and within the community

Dividend Policy & History

- ▶ Established policy of distributing a proportion of net profits by way of ordinary dividends
- ▶ Adoption of a 1.20 coverage ratio over a rolling five-year period

	2018-19		2019-20		2020-21		2021-22		2022-23	
	Per Share	Total (£ k)	Per Share	Total (£ k)	Per Share	Total (£ k)	Per Share	Total (£ k)	Per Share	Total (£ k)
Interim	9.0p	2,270	10.0p	2,488	11.0p	4,763	11.0p	5,394	11.0p	5,380
Final	18p	4,505	20p	4,979	22.0p	9,473	22.0p	10,773		
Total	27.0p	6,775	30.0p	7,467	33.0p	14,236	33.0p	16,167		
GAAP Profit attributable to shareholders		8,799		7560*		16,971**		18,091		
Rolling 5yr average coverage ratio (GAAP basis)		1.26		1.24		1.29		1.22		
Underlying Profit attributable to shareholders		8,799		7560*		20,747**		21,704		
Rolling 5yr average coverage ratio (underlying basis)		1.26		1.24		1.34		1.32		
Special dividend	13.5p	3,405					13.5p	6,620		

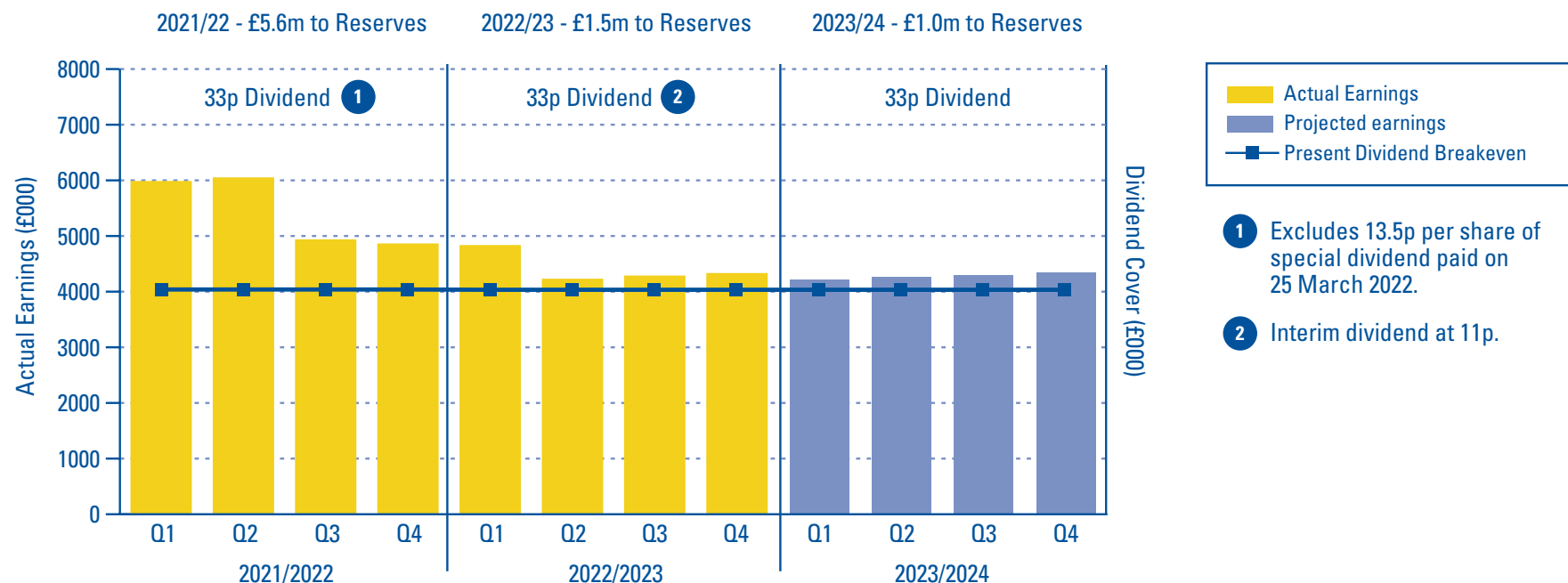
*Profits attributable to shareholders are after charging exceptional costs of £1.2m in relation to KIM acquisition-related costs.

**Profits attributable to shareholders are after charging exceptional costs of £1.7m in relation to KIM acquisition-related costs.

Dividend Cover

CLIG Template – For Guidance Purposes Only*

Dividend Cover – Actual and Assumed Over Three Financial Years



- 1 Excludes 13.5p per share of special dividend paid on 25 March 2022.
- 2 Interim dividend at 11p.

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

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

Karpus Management Inc (“KIM”) Merger

- ▶ KIM is now a 100% wholly owned subsidiary of CLIG
- ▶ Merger completed on 1st October, 2020
- ▶ Reinforces Group’s presence in US and offers client & asset class diversification
- ▶ Group dividend policy unchanged
- ▶ Integration Status
 - Management structure in place at KIM
 - IT and Finance function integration well advanced
 - Investment Management teams remain independent and regulated separately

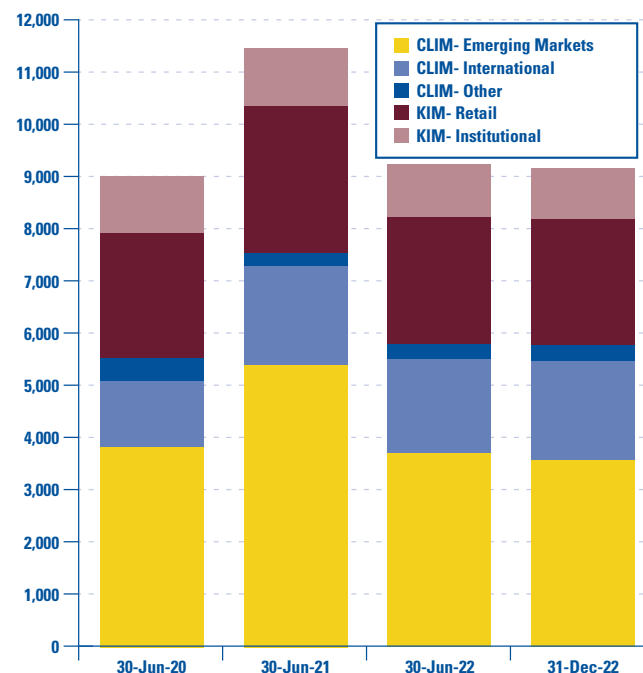
CLIG - FuM by Line of Business

CLIM	30-Jun-20		30-Jun-21			30-Jun-22			31-Dec-22		
	US\$m	% of CLIM Total**	US\$m	% of CLIM Total	% of CLIG Total	US\$m	% of CLIM Total	% of CLIG Total	US\$m	% of CLIM Total	% of CLIG Total
Emerging Markets	3,828	69%	5,393	72%	47%	3,703	64%	40%	3,571	62%	39%
International	1,244	23%	1,880	25%	17%	1,812	31%	20%	1,894	33%	21%
Other*	440	8%	257	3%	2%	276	5%	3%	317	5%	3%
CLIM Total	5,512	100%	7,530	100%	66%	5,791	100%	63%	5,782	100%	63%

KIM	30-Jun-20		30-Jun-21			30-Jun-22			31-Dec-22		
	US\$m	% of KIM Total**	US\$m	% of KIM Total	% of CLIG Total	US\$m	% of KIM Total	% of CLIG Total	US\$m	% of KIM Total	% of CLIG Total
Retail	2,401	69%	2,804	72%	24%	2,419	70%	26%	2,395	71%	26%
Institutional	1,087	31%	1,115	28%	10%	1,014	30%	11%	974	29%	11%
KIM Total	3,488	100%	3,919	100%	34%	3,433	100%	37%	3,369	100%	37%
CLIG Total			11,449		100%	9,224		100%	9,151		100%

*Includes OV, Frontier, REIT and others.

**Denotes pre-merger percentages



Net Investment Flows

(US\$000's)	FYE 2020	FYE 2021	FYE 2022	FYE 2023 as of December 2022
Emerging Markets	(279,459)	(275,493)	(315,770)	(65,501)
International	551,102	(14,145)	452,554	13,323
Other*	66,692	(271,506)	75,002	47,362
CLIM total	338,335	(561,144)	211,786	(4,816)

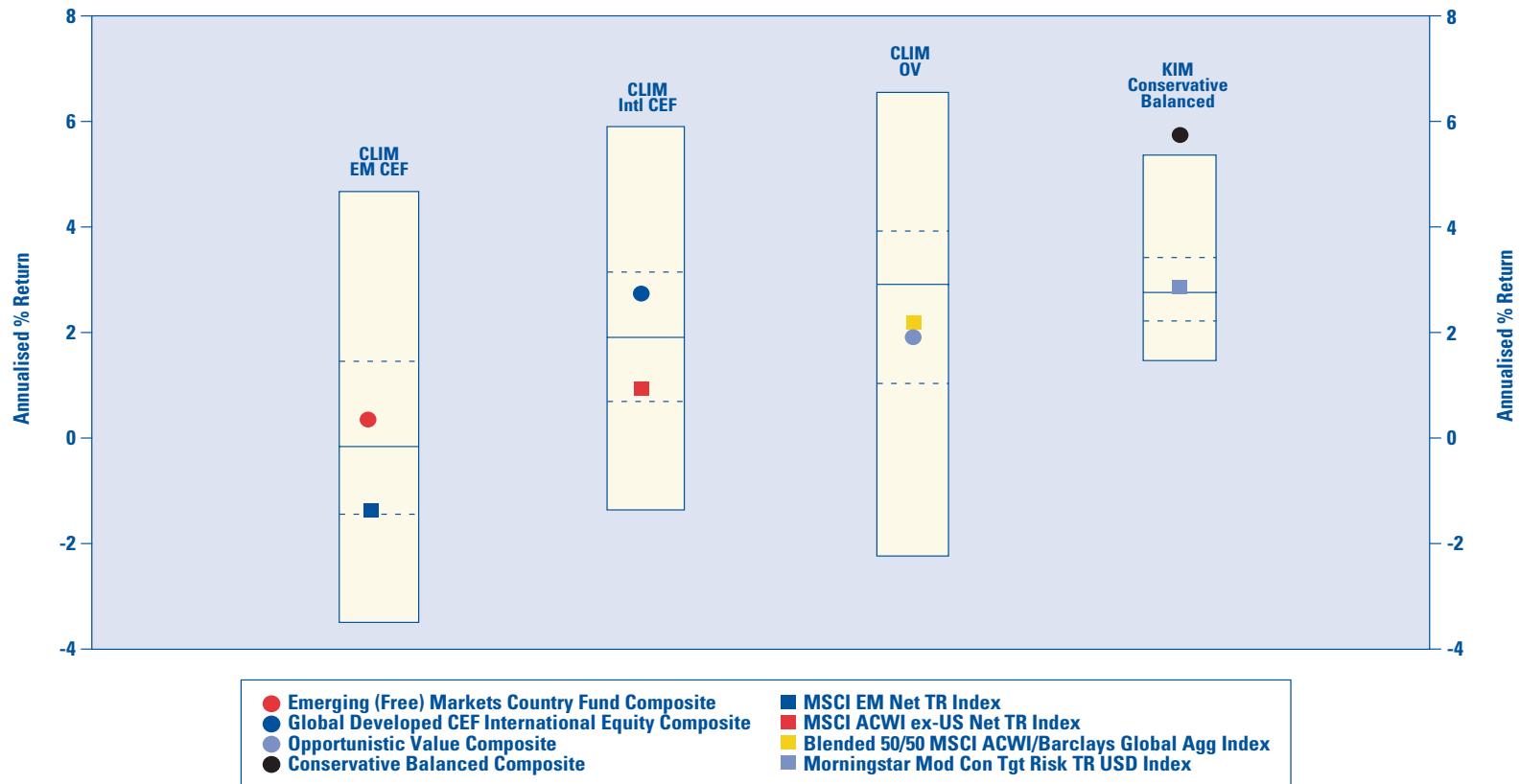
(US\$000's)	FYE 2020	FYE 2021**	FYE 2022	FYE 2023 as of December 2022
Retail	26,323	(104,222)	(106,444)	(109,943)
Institutional	(67,087)	(130,911)	(3,302)	7,356
KIM total	(40,764)	(235,133)	(109,746)	(102,587)

*Includes OV, Frontier, REIT and others.

**Includes net investment flows for Retail (24,407) and Institutional (20,264) pertaining to period before 1st October (pre-merger).

Five Year Peer Group* Quartile Chart

► CLIG's subsidiary investment teams have produced above average long-term investment results for clients



*CLIM and KIM returns are compared to their respective eVestment and Morningstar universes.

The above returns are annualized and presented as gross of fees performance figures, which do not reflect the deduction of investment management fees. The Emerging (Free) Markets Country Fund Composite and MSCI EM Net TR Index are shown against the eVestment Global Emerging Markets Equity Universe of which 76.4% has been updated. The Global Developed CEF International Equity Composite and MSCI ACWI ex-US Net TR Index are shown against the eVestment All ACWI ex-US Equity Universe of which 81.8% has been updated. The Opportunistic Value Composite and the Blended 50/50 MSCI ACWI/Bloomberg Global Agg Index are shown against the eVestment All Global Balanced/TAA Universe of which 66.2% has been updated. The KIM Conservative Balanced Composite and Morningstar Mod Con Tgt Risk TR USD Index are shown against the Morningstar Separate Accounts - U.S. - Allocation-30% to 50% Equity Universe.

Data is as of 31 December 2022. Past performance is no guarantee of future results.

Source: eVestment Analytics System, BNY Mellon, CLIM, MSCI, Bloomberg, Morningstar, KIM

Growth Plans

- ▶ CLIM International and Opportunistic Value CEF Strategies c.\$2bn capacity; CLIM Emerging CEF Strategy c.\$300m capacity
 - All three strategies remain competitively positioned over market cycle
 - Closed end fund discounts at multi-year wide levels
 - Growth focus in 2022/23

- ▶ Increase range of covered investment markets, building on core expertise
 - CLIM hired experienced REIT team – EM & Intl REIT strategies seeded Jan 2019
 - EM REITs are a pocket of extreme value within global equity universe
 - Marketing focus in 2022/23

- ▶ KIM new marketing resources focussed on HNW individuals and the RIA channel in the US

- ▶ Recruiting, encouraging and retaining team talent

...while maintaining low risk profile and lean cost base

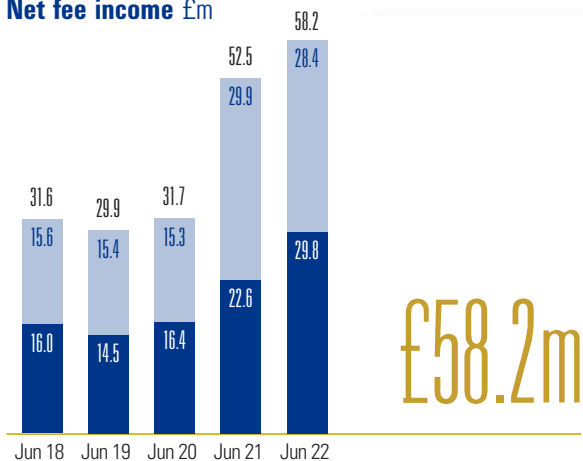
Consolidated Income for Years Ended 30th June

	2022	2021*	
Funds under Management (at period end)	\$9.2b	\$11.4b	
Year end exchange rate USD/GBP	1.2178	1.3831	
	£'000	£'000	
Gross fee income	61,294	55,123	
Finder's commission	(1,599)	(1,101)	
Custody & administration	(1,492)	(1,572)	
Net fee income	58,203	52,450	
Interest	(121)	(117)	
Total net income	58,082	52,333	
Total overheads	(19,706)	(16,712)	
Operating profit	38,376	35,621	
Profit-share	(9,162)	(7,923)	
EIP/ share option	(1,332)	(996)	
Pre-tax profit before Investment (loss) / gain and exceptional item	27,882	26,702	
Investment (loss) / gain	(659)	540	
Acquisition - related costs	0	(1,743)	
Amortisation of intangibles	(4,051)	(3,250)	
Pre-tax profit	23,172	22,249	
Tax	(5,081)	(5,259)	
Post-tax profit	18,091	16,990	
Profit attributable to:	Non- controlling interests	0	19
	Equity shareholders	18,091	16,971
EPS	Basic	36.9p	39.4p
	Diluted	36.4p	38.8p
Dividend	Interim	11.0p	11.0p
	Special	13.5p	
	Final	22.0p	22.0p

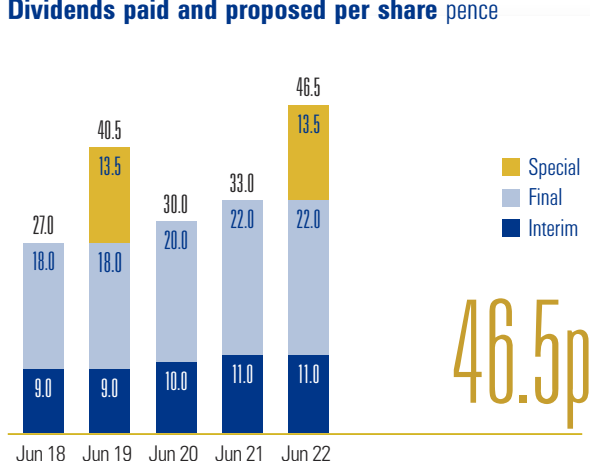
*Figures include 9 months of KIM's results following the merger on 1st October 2020.

Financial Highlights

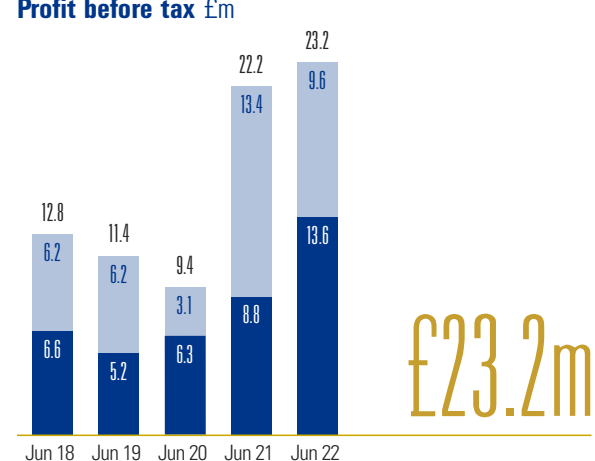
Net fee income £m



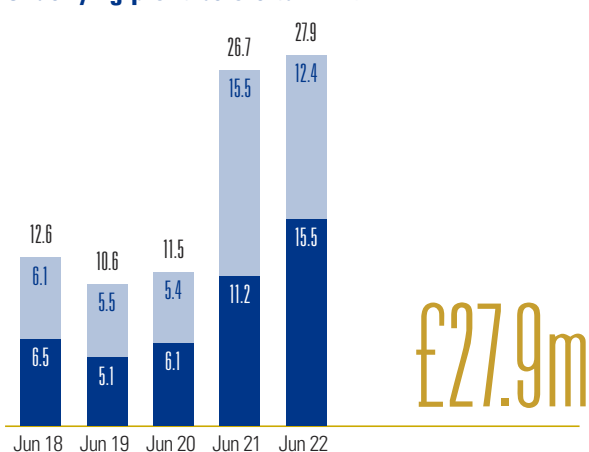
Dividends paid and proposed per share pence



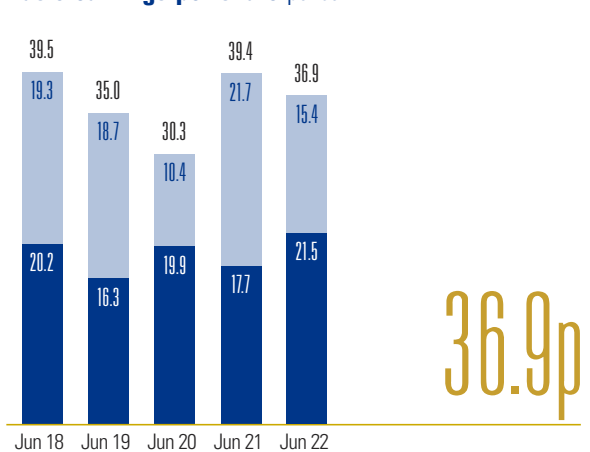
Profit before tax £m



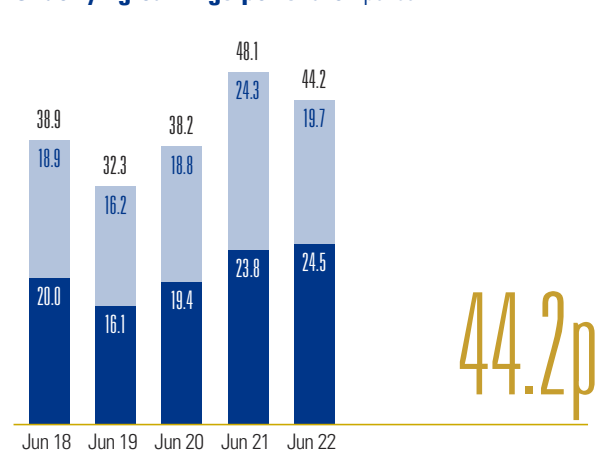
Underlying profit before tax* £m



Basic earnings per share pence

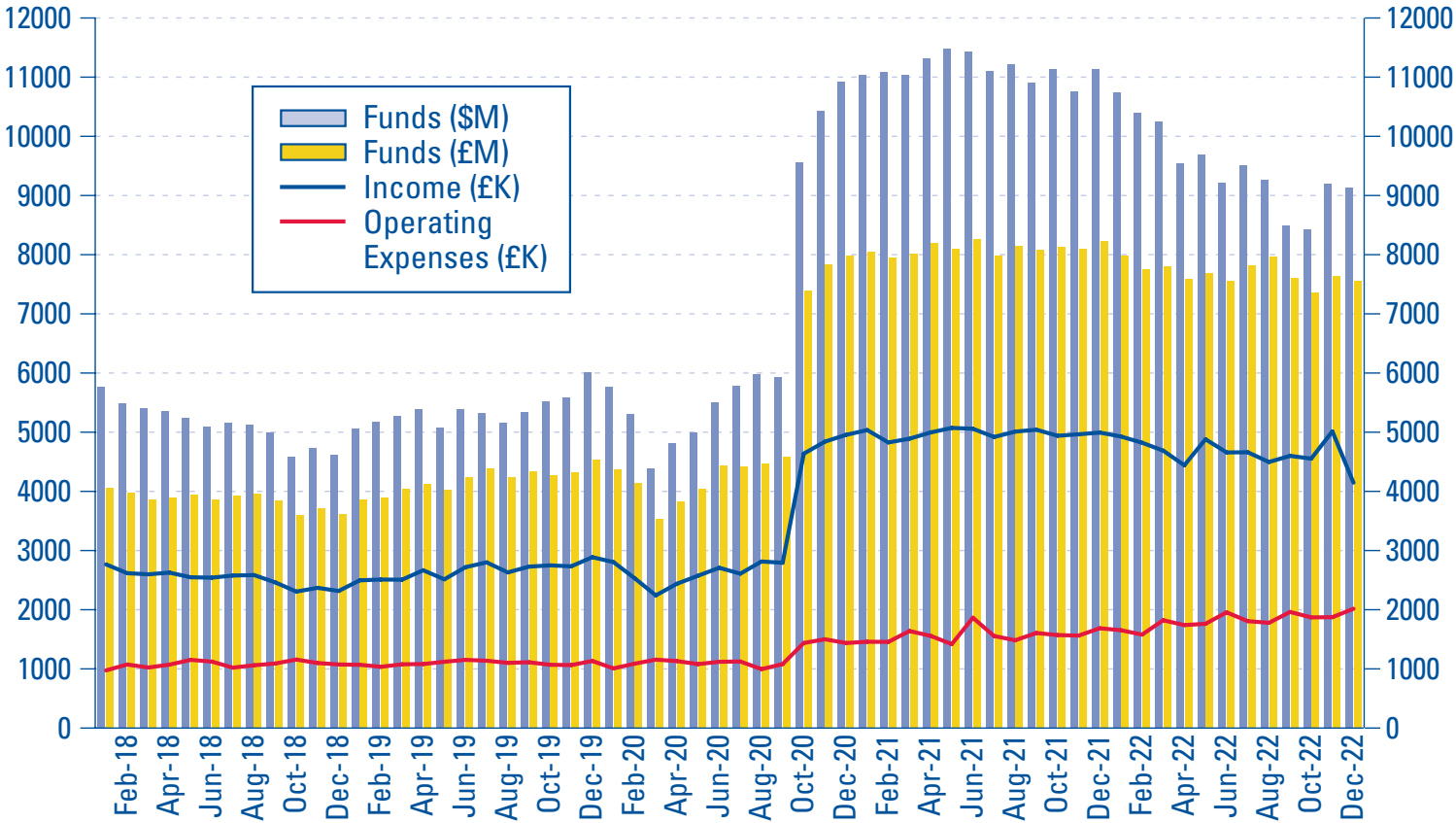


Underlying earnings per share* pence



*This is an Alternative Performance Measure (APM). ■ First half year ■ Second half year

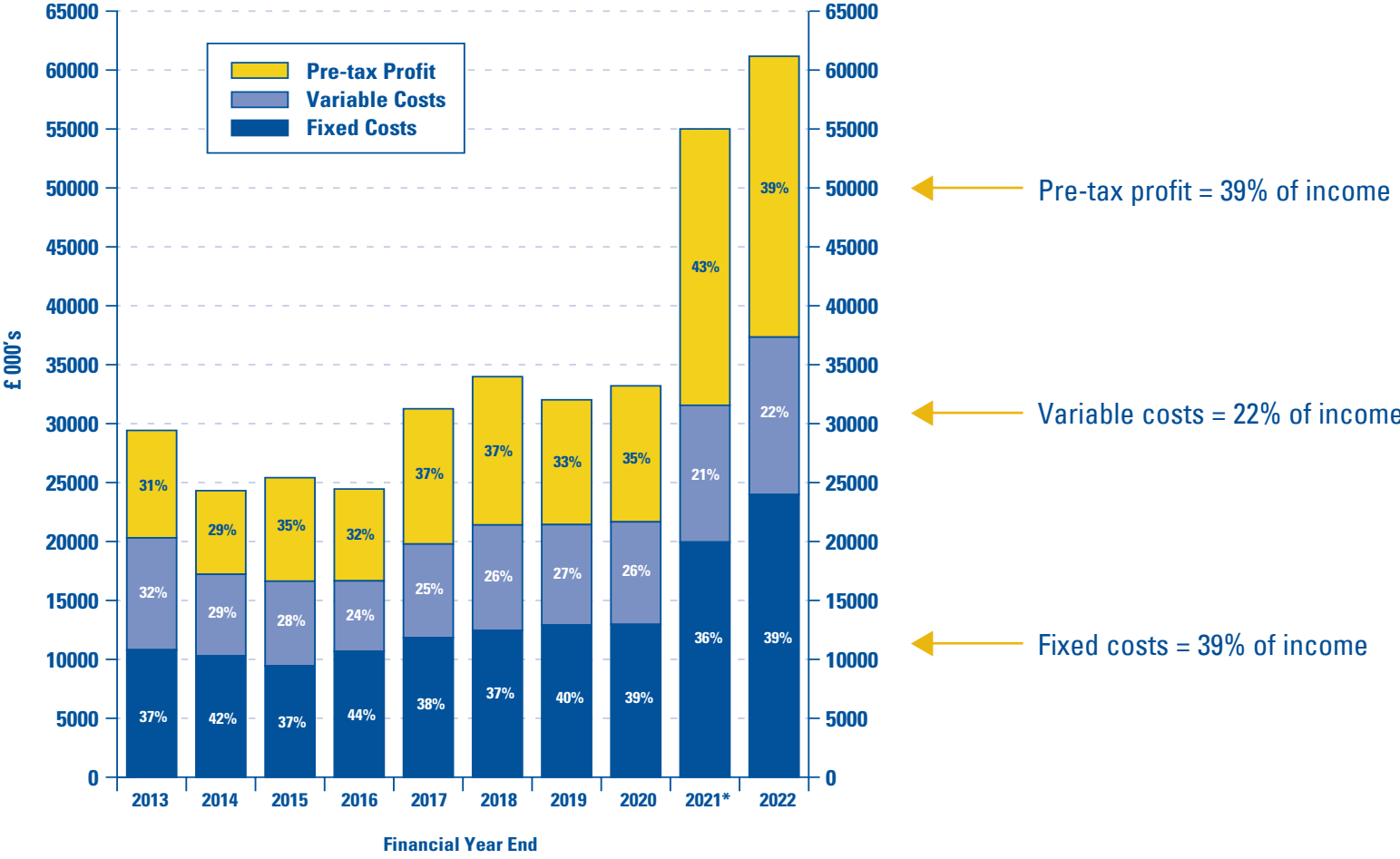
Rolling 60 Months Funds Under Management & Operating Profitability*



*Beginning October 2020, CLIG Funds Under Management ("FUM") reflects CLIM FUM + KIM FUM.

Source: CLIG

Fixed Versus Variable Costs



*Includes 9 months of post-merger KIM costs.

Note: Excludes extraordinary items of income and expense (including acquisition-related costs of £1.2m in 2020 and £1.7m in 2021)

ESG at CLIG

Environment

- Focus on acquiring renewable energy for all our offices. London office already powered by renewable energy.
- Signed up for the local “Catch the Wind” program in Rochester office - Energy supplied is via wind farms.
- Appointed an ESG consultant to help CLIG in its journey to net zero.
- In 2022, closed two offices – Seattle & Dubai.
- Investment in further enhancement of our technology solutions to promote regular video conferencing.
- Continued DocuSign implementation across the Group.

Social

- Group-wide hybrid WFH policy enacted after feedback from all employees in July 2022 remains in effect.
- Employees have received 2 focused diversity, equity and inclusion trainings so far in FY23. Topics covered: Unconscious bias and how words matter when speaking about individuals with disabilities.
- Continued focus on cybersecurity training.

Governance

- Group Executive Committee (GEC) created comprising of 5 members - CEO, CFO, CIO of CLIM, CIO & President of KIM and Head of Business Development.
- Principal duty of the GEC is the day-to-day management of the Group.
- GEC meets at least weekly. Senior managers and other functional experts are brought in to provide insights on specific areas.
- In-person & virtual workforce engagement with the Board
- Enhanced reporting in Annual Report and Group website.
- Risk management – Internal controls, regulatory compliance and data protection and privacy.

Shareholders

As at 31 December 2022

	%
George Karpus	31.5%
Hargreaves Lansdown	7.6%
Aberforth Partners	7.1%
Interactive Investor	5.8%
Rochester Area Community Foundation	2.8%
AJ Bell Securities	2.3%
Halifax Share Dealing	2.2%
Barry Olliff	2.1%
Invesco	1.8%
Other Directors, Staff & EBT	9.8%
Subtotal	73.0%
Other	27.0%
Total	100.0%

The total number of ordinary shares in issue is 50,679,095.

Source: Bloomberg for shareholder name. Shareholding % as per company's share register.

Disclosures

City of London Investment Group plc (CLIG) (registered in England and Wales No. 2685257). City of London Investment Management Company Limited (CLIM) (registered in England and Wales No. 2851236) is a wholly owned subsidiary of CLIG. Both CLIM and CLIG have their registered office at 77 Gracechurch Street, London, EC3V 0AS, United Kingdom. CLIM is authorised and regulated by the Financial Conduct Authority (FCA) and registered as an Investment Advisor with the Securities and Exchange Commission (SEC). Karpus Management Inc. (KIM) (registered in the State of New York No. 1136419) is registered as an Investment Advisor with the SEC and is a wholly owned subsidiary of CLIG.

All reasonable care has been taken in the preparation of this information. No responsibility can be accepted under any circumstances for errors of fact or omission. Values may fall as well as rise and you may not get back the amount invested. CLIG's financial statements and calculations have been audited by an independent accounting firm up to and including 30th June, 2022.

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