CITY OF LONDON
Investment Group PLC

HALF YEAR REPORT

2022/2023

CITY OF LONDON
Investment Group PLC

CITY OF LONDON
Investment Management Company Limited

KARPUS
INVESTMENT
MANAGEMENT

Our Purpose

The Group exists for the mutual benefit of our three primary stakeholders: Clients, Employees and Shareholders

Corporate statement

City of London Investment Group PLC (CLIG) is an established asset management group which has built its reputation by specialising in global closed-end fund investments, via City of London Investment Management Company Limited (CLIM), with an institutional client focus.

The Group expanded its range by merging with Karpus Investment Management (KIM) to provide closed-end fund strategies to wealth management clients.

www.clig.co.uk

HALF YEAR SUMMARY

Funds under Management (FuM) of US$9.2 billion (£7.6 billion) at 31st December 2022. This compares with US$9.2 billion (£7.6 billion) at the beginning of this financial year on 1st July 2022 and US$11.1 billion (£8.2 billion) at 31st December 2021

FuM at 31st January 2023 of US$9.8 billion (£8.0 billion)

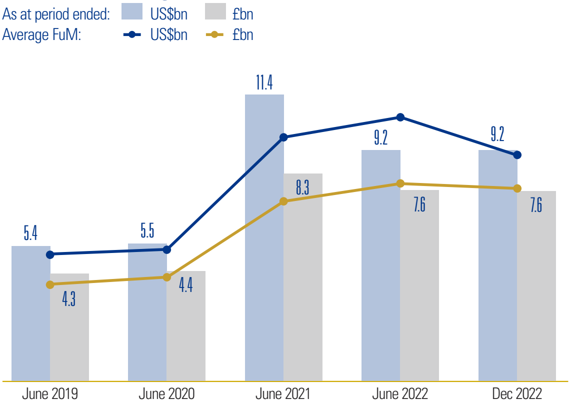
Net fee income representing the Group's management fees on FuM was £27.3 million (31st December 2021: £29.8 million)

Underlying profit before tax* was £11.7 million (31st December 2021: £15.5 million). Profit before tax was £9.5 million (31st December 2021: £13.6 million)

Maintained interim dividend of 11p per share (31st December 2021: 11p) payable on 31st March 2023 to shareholders on the register on 3rd March 2023

*This is an Alternative Performance Measure (APM). Please refer to page 12 for more details on APMs.

Funds under Management



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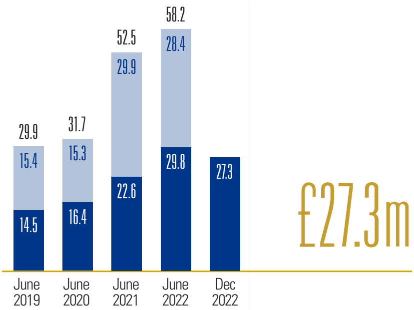
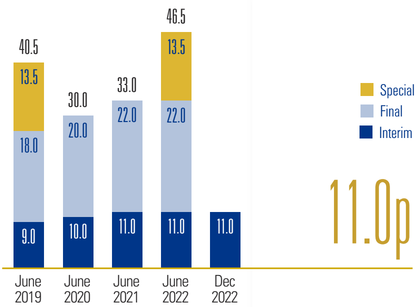
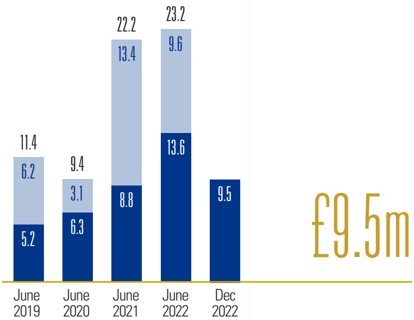
Net fee income £m



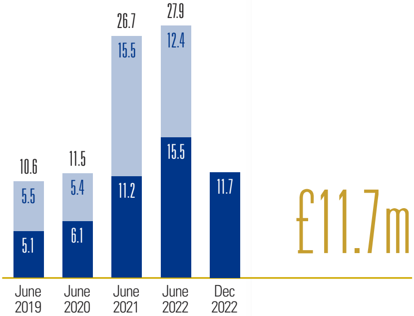
Dividends paid and proposed per share pence



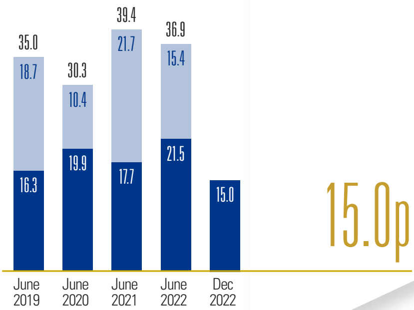
Profit before tax £m



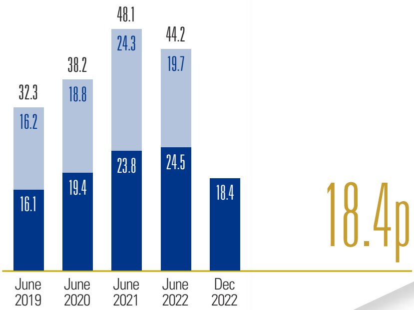
Underlying profit before tax* £m



Basic earnings per share pence



Underlying earnings per share* pence



First half year   Second half year

** This is an Alternative Performance Measure (APM). Please refer to page 12 for more details on APMs.*

CHAIR'S STATEMENT

"While it may be premature to voice optimism for the year ahead, there are sufficient green shoots to suggest that the significant dislocation to the global economy, which was the feature of 2022, will prove transitory."

Barry Aling Chair

There can be no sugar-coating the fact that the second half of calendar year 2022 was a challenging time for the global economy with the combination of rising interest rates, COVID-related disruption in China and supply-chain bottlenecks elsewhere each having a negative impact. However, the relaxation of China's restrictive COVID policies in December and something of a winter stalemate in the Ukrainian conflict helped calm markets towards year-end, recovering all the ground lost in the August-October 2022 period. More recently, the milder winter weather in Europe and reduced dependence on Russian gas supplies have allowed energy prices to fall sharply from their autumn highs back towards longer term pricing trends.

A strong upward move in the US dollar that accompanied the US Federal Reserve's tighter monetary stance exerted particular pressure on the emerging markets (EM) in the late summer/autumn period with the MXEF falling 16% between the end of June 2022 to its 24th October 2022 low of 843. While developed and debt markets were less affected, the fact that EM assets still account for nearly 39% of the Group's total Funds under Management (FuM) had an inevitable impact on revenues for part of the six-month period, as outlined in the following pages. Once again, however, the greater diversity of clients and assets that derive from KIM enabled the Group to manage these headwinds with greater confidence than would have been the case in previous years.

In times of choppy markets, such as those witnessed in 2022, it is vital that maximum effort is devoted to "looking after the shop", namely our stakeholders. To that end, I am pleased to report that we have maintained very strong client and employee retention across both operating entities despite the challenges of volatile markets and remote working. It is to the credit of Tom Griffith and the teams across all our offices that this is the case and on behalf of the Board and our shareholders I would like to thank them.

Assets and performance

Group FuM fell by US$73 million, or slightly less than 1%, in the six months ended 31st December 2022 to US$9.2 billion. CLIM's FuM was barely changed at US$5.8 billion while KIM saw net outflows of US$102.6 million. The neutral movement in CLIM's FuM over the period masks the encouraging gross inflows into each of CLIM's strategies. Given the market falls of 2022, all of CLIM's strategies have the capacity to take additional funds and with face-to-face meetings now possible, the marketing effort in the institutional space will be given renewed impetus in the coming months. New business development at KIM remains a high priority and, as CEO Tom Griffith will explain later in this report, additional resources have been mobilised with the objective of winning new business in the wealth management space in 2023.

The key driver in attracting additional assets across all strategies is performance and results for the most recent six-month period across both operating entities were highly encouraging. Each of CLIM's core strategies registered relative outperformance against their respective benchmarks while all but two of KIM's seven strategies registered both positive returns and relative outperformance against their benchmarks, maintaining an excellent record through the full cycle of rising and falling markets of recent years. Of particular note once again was the strong returns generated in KIM's fixed income assets despite a widening of discounts in closed-end funds (CEFs) through most of 2022.

Results

In contrast to the modest movements in FuM during the last six months, comparison of the financial results year-on-year (YoY) present a quite different picture due to lower equity markets in 2022 (vs. 2021) and sharp swings in the sterling/US dollar (£/US$) exchange rate. Profit before tax for the six months to 31st December 2022 was £9.5 million (31st December 2021: £13.6 million), representing a fall of 30%. Using the preferred Alternative Performance Measure (APM)*, underlying profit before tax fell by c.25% to £11.7 million in the first half (31st December 2021: £15.5 million). While net fee income fell by a modest c.8% YoY to £27.3 million, administrative expenses rose by c.12% to £18.1 million, reflecting a combination of higher payroll costs, ongoing investment in IT systems and business development. It is important to note, however, that c.64% of Group overheads arise in US dollars so the average 14% fall in the £/US$ exchange rate YoY translates to correspondingly higher costs when expressed in sterling terms.

Statutory fully diluted earnings per share for the six months to 31st December 2022 were 14.7p (31st December 2021: 21.2p), while underlying fully diluted earnings per share were 18.1p (31st December 2021: 24.1p) (Refer note 4 on page 22). While a degree of uncertainty continues to weigh on capital markets in the early weeks of 2023, the expectation that both inflation and interest rates will stabilise in the nearer term is gaining traction among forecasters. Equally important for CLIG is the fact that, following the sharp swings in the £/US$ rate towards the end of 2022, a degree of calm appears to have returned.

Dividends

While it is prudent to retain a cautious approach to the coming year, the more stable conditions of recent weeks provide a degree of encouragement and it is with this in mind that your Board is declaring an unchanged interim dividend of 11p per share, despite lower profits for the period. Dividend policy over a number of years has been predicated on the objective of providing shareholders with a relatively stable pattern to distributions, while avoiding an undue build up in excess capital. Shareholders will appreciate that this can be a challenging goal from time to time, given the underlying volatility in the markets in which we are invested and, to that end, payouts are calibrated over rolling five-year periods rather than any single year. This can result in quite wide variations in the payout ratio between single years, as demonstrated in these results when underlying profits have fallen by c.25%. Whereas the results in the six months to 31st December 2021 gave considerable "headroom" between earnings and dividends, the most recent results show that headroom to be much reduced.

By adopting a five-year rolling policy, shareholders enjoy a degree of insulation from market volatility, which we believe is in the best interests of shareholder value over the longer term. However, it is important to clarify how this policy is applied since the 2020 merger with KIM. Whereas our Generally Accepted Accounting Principles (GAAP) results include amortisation of intangibles arising from acquisition and gains or losses from investments, underlying profits* exclude these non-cash items and, in the view of your Board, provide a more

** This is an Alternative Performance Measure (APM). Please refer to page 12 for more details on APMs.*

accurate presentation of financial performance. By way of clarification, the Board applies the rolling five-year dividend cover policy using the latter metric, namely underlying profit*. The interim dividend will be paid on 31st March 2023 to those shareholders registered at the close of business on 3rd March 2023.

ESG

The focus of the Group's "green" initiatives is to secure renewable energy for all our offices, a goal which has already been achieved in London. In the US, we have signed up for a local "catch the wind" programme in Rochester while plans are in place to contract a renewable energy provider for CLIM's US office. Continued emphasis to use video conferencing for both internal and client meetings will also help minimise the Group's carbon footprint and we have appointed a third party ESG consultant to perform a gap analysis on the journey towards net zero.

In July 2022, CLIG adopted a group-wide hybrid "work from home" (WFH) policy following employee feedback while all employees have attended training programmes directed towards diversity, equity and inclusion, which will be ongoing in nature. With regard to the critical issue of cybersecurity, all employees receive monthly training to reinforce awareness of the growing threats emanating from online crime.

Alongside adherence to the Group's governance obligations at Board level, which are discussed below, the Group is strongly committed to regular workforce engagement sessions to develop a closer relationship between employees and the independent Directors who are not involved in the business on a day-to-day basis. Importantly, these sessions are structured so as to encourage a rapport between the independent Directors and employees.

The Board

Following the Board changes which I outlined in my report to shareholders in September 2022, the Group believes it is now fully compliant with the UK Corporate Governance Code (the Code) and no further changes to its composition are expected in the current financial year. At the same time, close attention is being devoted to the issue of succession planning in light of the changes that will arise in the medium term as Directors reach the end of their tenure. Jane Stabile and her colleagues on the Nomination Committee will be addressing this question in detail in the coming months with a view to formalising selection criteria that embrace the Code's objectives, particularly in respect of diversity and inclusion.

Outlook

While I may have been a little premature in my September statement to shareholders in expressing a degree of optimism that supply bottlenecks might ease "in the coming months" the most recent data suggests that, as we pass the first anniversary of the Ukraine conflict, YoY inflation numbers will moderate progressively. Although Ukraine remains a concern for markets, the initial economic disruption which arose in 2022 appears unlikely to recur in the absence of the conflict proliferating beyond Ukraine's borders. If, as indicated in recent weeks, inflation subsides in the coming months, policy makers are likely to be more willing to rein back from further monetary tightening, thereby easing the growing wage inflation pressures that otherwise threaten a return to trend growth in 2023. Thus, while it may be premature to voice optimism for the year ahead, there are sufficient green shoots to suggest that the significant dislocation to the global economy, which was the feature of 2022, will prove transitory.

Barry Aling
Chair
21st February 2023

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CHIEF EXECUTIVE OFFICER'S REVIEW

"Your management team is focused on supporting the Group and building on the strong foundation created by the merger."

Tom Griffith Chief Executive Officer

Change is the only constant

A number of forces were set in motion during the COVID-19 pandemic and ensuing global quarantines: technology use accelerated, workforce expectations changed, while historically low unemployment and supply chain disruptions created shortages that manifested in inflation. Each of these impacted your Company during the interim period.

Advancements in the technology industry became necessary during the pandemic for a number of reasons, from an increased volume of consumers ordering goods online to business communications. Late adopters of solutions like video conferencing were pushed to adapt, resulting in an influx of end users forcing providers of these technology solutions to upgrade their offerings. These provider upgrades impacted not just the end user applications but also the devices and networks used to deliver these solutions. To meet the demand, upgrades were initiated over the interim period that will simplify the operation and maintenance of our network and related devices while lowering the ongoing costs significantly.

Expectations about how and where work is undertaken changed in the post-pandemic period and has continued to impact both employees returning to the office and hiring, creating the need for "compromise" solutions. Whether this is a transitory period of modified working habits or a paradigm shift to a new normal is an ongoing debate that will only resolve in the months and years ahead. In the shorter term, the rate of unemployment in the US remained at historically low levels resulting in fewer candidates for open positions. That, along with inflationary pressures, had an impact on increased salary levels. All of this uncertainty transpired during a market downturn, which impacted revenues for financial services companies.

Internally, employee longevity is a factor impacting the business. As indicated in our June 2022 Annual Report & Accounts (ARA), 68% of our employees have been with the Group for more than ten years, with 15% exceeding twenty years. Ultimately, successful employee retention results in retirements, particularly for firms established in 1986 and 1991 as with KIM and CLIM respectively. As with Founders, the retirement of senior executives requires significant time for succession planning to achieve a smooth transition period generating short-term overlaps. A number of retirements have successfully occurred over the interim period along with planning for pending retirements.

We have taken the opportunity in these six months to continue to invest in our two subsidiaries, CLIM and KIM at a time in the market cycle when other, less-conservatively run companies, may be under pressure. We have hired talented individuals at both Companies to support investment management, business development, and marketing. We are investing in system improvements and upgrades, operations employees, and software engineers in order to help the businesses run more smoothly with increased capabilities.

We continue to run your Group in a fiscally conservative manner, with no debt and a strong balance sheet. We are structured to take advantage of opportunities as they arise for the benefit of our shareholders. While our operating environment has evolved, as explained above, our patient and conservative approach allows us to capitalise on opportunities when presented.

Market commentary and client performance

We highlighted the negative annual returns of various equity and fixed income asset classes over the previous year in the June 2022 ARA, along with highlights of the headwinds confronted by your Company during the financial year, including geopolitical events, labour shortages and supply chain disruptions. The table below provides an update on the returns of those asset classes over the past six months. As shown, the sharp declines during the first half of the calendar year were not replicated in the second half.

The point-to-point returns don't tell the whole story though and could use some additional context. Emerging Market (EM) equity fell the furthest relative to the other asset classes and rebounded later. While CLIG's diversification efforts have been significant, CLIG shareholders remain significantly exposed to the EM asset class comprising circa 39% of CLIG's Funds under Management (FuM). These further falls, and delay in the rebound, had a negative impact on CLIG's revenue whilst changes in our operating environment created short-term increases in labour and technology expenses.

During the interim period ended 31st December 2022, all CLIM strategies with material external assets outperformed their respective benchmarks. The outperformance was led by the NAV performances of the underlying closed-end funds (CEFs), whilst discounts remained wide. At KIM, the Balanced and Fixed Income strategies, which consist of the majority of KIM's FuM, outperformed their respective benchmarks over the six-month period. The outperformance was led by increased exposure to municipal fixed income CEFs.

FuM & flows

FuM as at 31st December 2022 was US$9.2 billion, which is a 0.8% decrease from the beginning of the financial year. The percentage breakdown between the various lines of business shown in the chart on page 8 remain relatively unchanged from the financial year-end.

Asset class returns

Index	Index Name	Strategy	1H 2022 Return	2H 2022 Return	2022 Return
MXEF	MSCI EM Index	Emerging	-17.5%	-2.9%	-20.0%
MXWO	MSCI World Index	International	-20.3%	3.2%	-17.8%
MXWOU	MSCI World Ex US Index	Global	-18.4%	5.7%	-13.8%
LMBITR	Bloomberg Muni Bond Total Return Index	Municipal Bond	-9.0%	0.5%	-8.6%
VBINX	Vanguard Balanced Index ETF	Balanced	-17.1%	0.2%	-17.0%
LEGATRUU	Bloomberg Global-Agg Total Return Index	Global Bond	-13.9%	-2.7%	-16.3%
LBUSTRUU	Bloomberg US Aggregate Bond Index	US Bond	-10.4%	-3.0%	-13.0%
SPX	S&P 500 Index	Domestic US	-20.0%	2.3%	-18.1%

Source: Bloomberg, US$ returns

CLIG – FuM by line of business (US$m)

CLIM	30 June 2019 US$m	30 June 2019 % of CLIM total*	30 June 2020 US$m	30 June 2020 % of CLIM total*	30 June 2021 US$m	30 June 2021 % of CLIM total	30 June 2021 % of CLIG total	30 June 2022 US$m	30 June 2022 % of CLIM total	30 June 2022 % of CLIG total	31 Dec 2022 US$m	31 Dec 2022 % of CLIM total	31 Dec 2022 % of CLIG total
Emerging Markets	4,221	78%	3,828	69%	5,393	72%	47%	3,703	64%	40%	3,571	62%	39%
International	729	14%	1,244	23%	1,880	25%	17%	1,812	32%	20%	1,894	33%	21%
Opportunistic Value	233	4%	256	5%	231	3%	2%	193	3%	2%	240	4%	2%
Frontier	206	4%	175	3%	13	0%	0%	9	0%	0%	8	0%	0%
Other/REIT	7	0%	9	0%	13	0%	0%	74	1%	1%	69	1%	1%
CLIM total	**5,396**	**100%**	**5,512**	**100%**	**7,530**	**100%**	**66%**	**5,791**	**100%**	**63%**	**5,782**	**100%**	**63%**

KIM	30 June 2019 US$m	30 June 2019 % of KIM total*	30 June 2020 US$m	30 June 2020 % of KIM total*	30 June 2021 US$m	30 June 2021 % of KIM total	30 June 2021 % of CLIG total	30 June 2022 US$m	30 June 2022 % of KIM total	30 June 2022 % of CLIG total	31 Dec 2022 US$m	31 Dec 2022 % of KIM total	31 Dec 2022 % of CLIG total
Retail	2,291	67%	2,401	69%	2,804	72%	24%	2,419	70%	26%	2,341	69%	26%
Institutional	1,105	33%	1,087	31%	1,115	28%	10%	1,014	30%	11%	1,028	31%	11%
KIM total	**3,396**	**100%**	**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%**

* Denotes pre-merger percentages.

Net investment flows (US$000's)

CLIM	FYE June 2019	FYE June 2020	FYE June 2021	FYE June 2022	FY 2023, as of Dec 2022
Emerging Markets	(183,521)	(279,459)	(275,493)	(315,770)	(65,501)
International	252,883	551,102	(14,145)	452,554	13,323
Opportunistic Value	48,236	45,914	(102,663)	617	47,362
Frontier	(21,336)	16,178	(168,843)	(4,748)	–
Other/REIT	6,000	4,600	–	79,133	–
CLIM total	**102,262**	**338,335**	**(561,144)**	**211,786**	**(4,816)**

KIM	FYE June 2019	FYE June 2020	FYE June 2021*	FYE June 2022	FY 2023, as of Dec 2022
Retail	33,701	26,323	(104,222)	(106,444)	(108,514)
Institutional	9,050	(67,087)	(130,911)	(3,302)	5,927
KIM total	**42,751**	**(40,764)**	**(235,133)**	**(109,746)**	**(102,587)**

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

CLIM's International (INTL) and Opportunistic Value (OV) strategies experienced net inflows over the interim period. While there were net outflows in the EM business driven by asset class rebalancing and pension plan de-risking, the magnitude of outflows reduced. At KIM, outflows were particularly focused on retail investors, who can be susceptible to different drivers versus institutional. In particular, loss aversion is higher in retail investors, which can trigger greater redemptions in uncertain times, such as experienced in 2022.

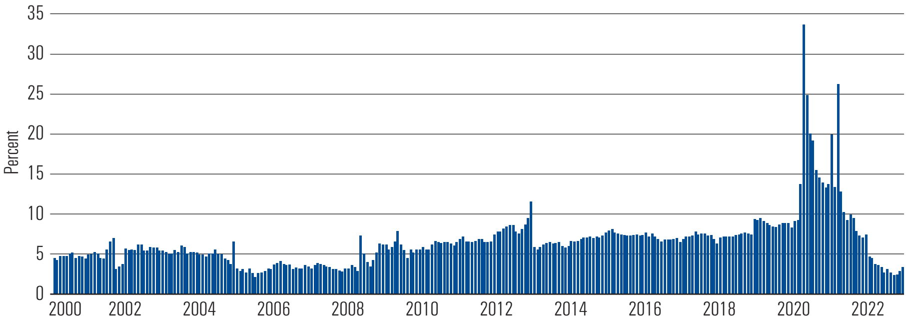
Don't miss the wood for the trees

While we recognise that CLIG's financial results in our interim report are based on quarterly and half-yearly results, we resist the inherent conflict with long-term objectives that can yield lasting results. By way of an example, if we had focused only on short-term results we may never have launched or continued the INTL strategy at CLIM. After c.8 years with marginal success, our persistence paid off with a diversified revenue stream for our Shareholders, career advancement and jobs for Employees and a product benefiting Clients. Investment flows at KIM are another example of the need to remain focused on our long-term goals.

While this is an interim report, the calendar year 2022 flows are relevant in evaluating progress. Snapshots can be useful if the results are evaluated in the context of trends and long-term planning. To this end, we have provided the actual flows, by quarter, for the 2022 calendar year in addition to the net flows normally reported.

During a challenging year of declining asset values, rising inflation and concerns of a pending recession, US households saved less in 2022 relative to previous years, per the US Bureau of Economic Analysis (see chart below). Against this backdrop, the KIM team had a successful year raising assets of US$233.5 million. This is a trend that we expect to continue into 2023.

Personal savings rate



Source: US Bureau of Economic Analysis, fredstlouisfed.org

Quarterly flows

	CLIM			KIM			CLIG total		
Flows (US$m)	Inflows	Outflows	Net Flows	Inflows	Outflows	Net Flows	Inflows	Outflows	Net Flows
01-Jan-22 to 31-Mar-22	204.1	(43.6)	160.5	58.2	(74.1)	(15.9)	262.3	(117.7)	144.6
01-Apr-22 to 30-Jun-22	224.2	(114.2)	110.0	67.6	(109.5)	(41.9)	291.8	(223.7)	68.1
01-Jul-22 to 30-Sep-22	105.5	(59.1)	46.4	74.6	(80.7)	(6.1)	180.1	(139.8)	40.3
01-Oct-22 to 31-Dec-22	84.5	(135.7)	(51.2)	33.1	(129.6)	(96.5)	117.6	(265.3)	(147.7)
Total for calendar year 2022:	618.3	(352.6)	265.7	233.5	(393.9)	(160.4)	851.8	(746.5)	105.3

CHIEF EXECUTIVE OFFICER'S REVIEW

CONTINUED

New business development remains a high priority for the KIM team in 2023 as mentioned in the Chair's statement. A number of seasoned professionals have been added to the client-facing area of the firm who can leverage the improved systems and reporting capabilities that have been a focus of the integration post-merger. Client communications have been upgraded, along with a redesigned website, to improve KIM's ability to share its story. KIM's investment performance continues to be excellent and thus a compelling story for existing and potential new clients. Consultant databases used by potential clients to screen managers are now fully populated and returns are Global Investment Performance Standards® (GIPS)** compliant, resulting in greater search visibility and inbound enquiries.

Despite reporting net outflows for the financial year to date through 31st December 2022, CLIG (via the CLIM and KIM operating subsidiaries) generated inflows of US$851.8 million during calendar year 2022. We believe this is a strong indicator that our marketing and new business efforts are progressing. For calendar year 2022, CLIG's operating subsidiaries had net inflows of US$105.3 million as shown in the table on page 9. Clearly more effort is required on client retention – this remains a Group-wide priority.

The outflows at KIM over the past twelve months were not outside the norms relative to other US investment managers. Morningstar reported "US funds suffered their first calendar year of outflows since Morningstar started tracking, a total of US$370 billion", with the data starting in 1993*. Additionally, per Morningstar, actively managed fixed income funds saw elevated redemptions, which occurred during a rising interest rate environment.

KIM will traditionally have increased withdrawals at calendar year ends due to the timing of US Government required minimum distributions from retirement accounts of US retail investors. Additionally, due to the increase in interest rates in the US, financial institutions can offer Certificates of Deposit directly to retail investors at higher interest rates compared to recent history.

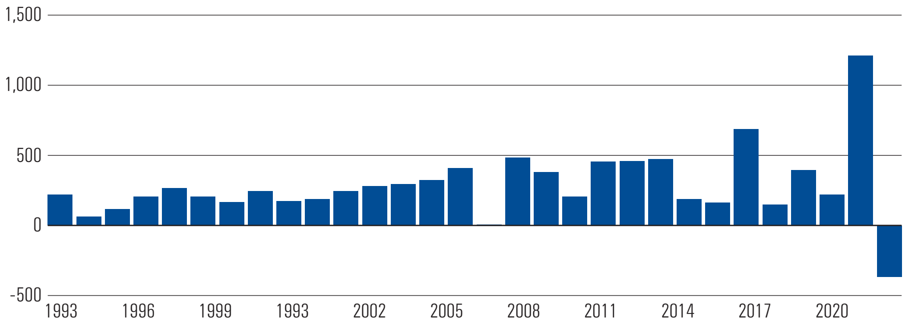
Business integration update

Your management team continues to make incremental improvements within the two subsidiaries. The primary focus of the integration has been via projects in finance, operations, information technology, and marketing. Specifically, during the past six months, we have upgraded our accounting software and implemented it groupwide to improve financial reporting and productivity.

Financial results

Net fee income currently accrues at a weighted average rate of approximately 73 basis points (31st December 2021: 74 basis points) of FuM. The Group's net fee income for the six months ended 31st December 2022 decreased by c.8% to

Annual long-term US Fund Flows (US$bn)



*Source: https://www.morningstar.com/articles/1129741/us-fund-flows-net-redemptions-in-november

*** GIPS is a registered trademark owned by the CFA Institute.*

£27.3 million (31st December 2021: £29.8 million). The decrease in net revenue is primarily due to lower average FuM offset by a stronger US dollar against sterling during the period, with an average GBP/USD rate of 1.18 during the six months ended 31st December 2022 compared with 1.36 for the same period last year, an increase of c.14% over last year's average rate.

Administrative expenses during the six months ended 31st December 2022 were c.12% higher than last year primarily due to the impact of a stronger US dollar against sterling, compensation related to current market conditions, one-off integration costs, infrastructure investment and increased business travel during this period.

As a result, profit before tax for the six months ended 31st December 2022 reduced by c.30% to £9.5 million (31st December 2021: £13.6 million). Underlying profit before tax* for the six months ended 31st December 2022 reduced by c.25% to £11.7 million (31st December 2021: £15.5 million). EPS decreased by c.30% to 15p per share for the six months ended 31st December 2022 from 21.5p per share for the six months ended 31st December 2021. Underlying EPS* also decreased by c.25% to 18.4p per share for the six months ended 31st December 2022 from 24.5p per share for the six months ended 31st December 2021.

Currency exposure

The Group's revenue is almost entirely US dollar based, whilst its costs are incurred in US dollars, sterling, and to a much lesser extent, Singapore dollars. The following table aims to illustrate the effect of a change in the US dollar/sterling exchange rate on the Group's post-tax profits at various FuM levels, based on the assumptions given, which are a close approximation of the Group's current operating parameters. It is evident that a stronger US dollar increases sterling post-tax profits, whilst a weaker US dollar causes the opposite. During the six months ended 31st December 2022, the average FX rate was 1.1759, with a closing FX rate of 1.2083 as compared to the average FX rate of 1.3612 for the six months ended 31st December 2021 and a closing FX rate of 1.3532 as at 31st December 2021.

FX/Post-tax profit matrix
Illustration of US$/£ rate effect:

FuM US$bn:	8.1	8.6	9.2	9.7	10.4
US$/£			Post-tax, £m		
1.12	12.5	14.1	16.1	18.0	20.2
1.16	11.8	13.3	15.2	17.1	19.2
1.21	11.0	12.5	14.3	16.1	18.1
1.24	10.5	12.0	13.8	15.6	17.5
1.28	10.0	11.4	13.1	14.8	16.7

Assumptions:	CLIM	KIM
1. Average net fee	71bps	76bps
2. Annual operating costs	£7m plus US$9.6m plus S$1.0m (£1 = S$1.62)	US$7.9m
3. Average tax	22%	24%
4. Amortisation of Intangible £3.6m per annum		

Note: The above table is intended to illustrate the approximate impact of movement in US$/£, given an assumed set of trading conditions.

It is not intended to be interpreted or used as a profit forecast.

Dividends

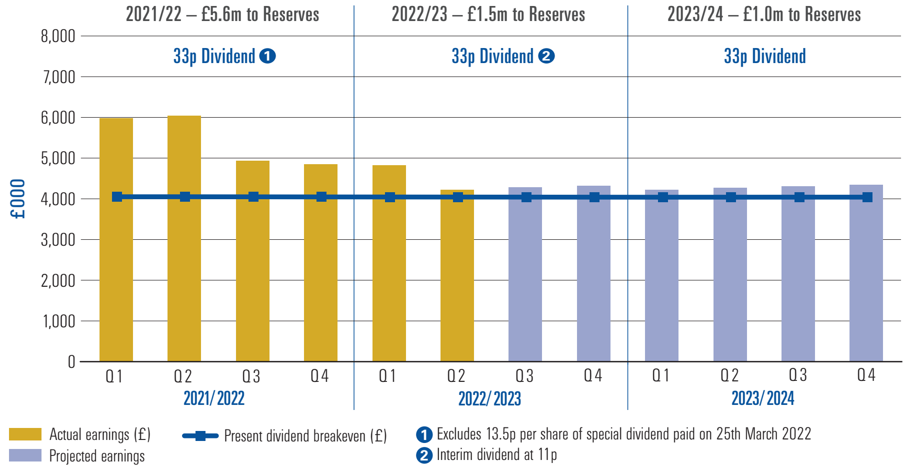
The CLIG Board reviews its cash position and overall distribution policy on a regular basis and believes that our policy of a rolling five-year dividend cover of 1.2x remains appropriate. As explained in the Chair's statement, in light of the merger with KIM in 2020, the Board applies the rolling five-year dividend cover policy using the underlying profits*. The Board has announced an interim dividend of 11p per share in line with last year amounting to c.£5.4 million. After the payment of the interim dividend, and inclusive of seed investments, the Group exceeds regulatory and statutory requirements.

During the last financial year, the CLIG Board recommended a 13.5p special dividend, in addition to the interim dividend of 11p per share. This was the second special dividend in CLIG's history, coming three years after our initial special dividend in March 2019. The short time between these distributions was due to the strong cash generation supported by the merger, along with the internal diversification efforts.

** This is an Alternative Performance Measure (APM). Refer to note 4 on page 23.*

Dividend cover chart

We have provided an illustrative framework to enable shareholders and other interested parties to calculate our post-tax profits based upon some key assumptions. The dividend cover chart shows the quarterly estimated cost of a maintained dividend against actual post-tax profits for last year, the current six months ended 31st December 2022 and the assumed post-tax profit for the six months ended 30th June 2023 and the next financial year based upon assumptions included in the chart.



Key assumptions:

- Number of CLIG Shares in issue (50.7m) less those held by the Employee Benefit Trust (1.8m) as at 31st Dec 2022
- Excludes unrealised loss/gains on seed and other investments
- Excludes amortisation of any intangibles arising on the merger

	CLIM	KIM
• Starting FuM as at:	1-Jan-23	1-Jan-23
• Net increase in FuM for the remainder of this financial year (straight-lined to June 2023):	US$250m over the full year	US$50m over the full year
• Net increase in FuM in 2023/2024 (straight-lined to June 2024):	US$250m	US$50m
• Market growth:	0%	0%
• Overheads for 2022/23:	No change	No change
• Overheads for 2023/24:	+3% compared to 2022/23	+3% compared to 2022/23
• Corporation tax based on an estimated average rate (FY 22):	22%	24%
• Corporation tax based on an estimated average rate (FY 23):	25%	24%
• Exchange rate assumed to be for entire period:	£1/US$1.25	£1/US$1.25

Alternative Performance Measures

The Directors use the following Alternative Performance Measures (APMs) to evaluate the performance of the Group as a whole:

Underlying profit before tax – Profit before tax, adjusted for gain/loss on investments and amortisation of acquired intangibles. This provides a measure of the profitability of the Group for management's decision-making.

Underlying earnings per share – Underlying profit before tax, adjusted for tax as per income statement, tax effect of adjustments and non-controlling interest, divided by the weighted average number of shares in issue as at the period end. Refer to note 4 in the interim financial statements for reconciliation on page 23.

Underlying profit and profit before tax	Six months ended 31st Dec 2022 £	Six months ended 31st Dec 2021 £	Year ended 30th June 2022 £
Net fee income	27,305,523	29,839,500	58,203,284
Administrative expenses	(15,722,562)	(14,282,692)	(30,199,393)
Net interest earned/(paid)	109,221	(72,107)	(121,054)
Underlying profit before tax	11,692,182	15,484,701	27,882,837
Add back:			
Gain/(loss) on investments	165,734	(33,142)	(659,231)
Amortisation on acquired intangibles	(2,382,447)	(1,876,979)	(4,051,223)
Profit before tax	9,475,469	13,574,580	23,172,383

CLIG KPI

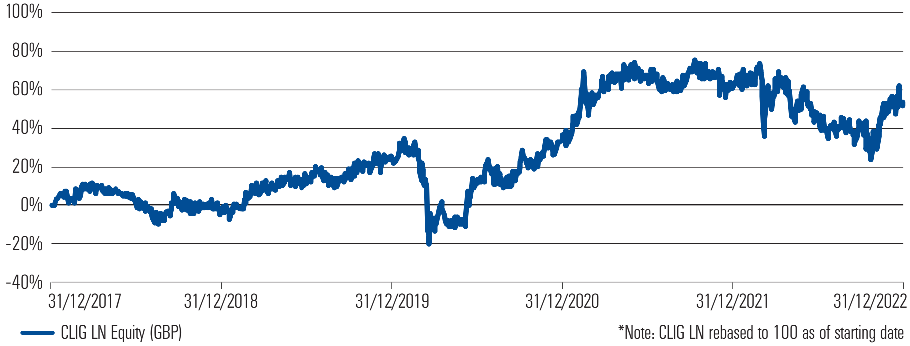
CLIG's management team has a share price Key Performance Indicator (KPI), which is for the total return (share price plus dividends) of a CLIG share to compound annually in a range of 7.5% to 12.5% over a rolling five-year period. This KPI is meant to stretch the management team, without incentivising managers to take undue levels of risk. For the five years ended 31st December 2022, CLIG's cumulative total return in GBP was 51.0%, or 8.6% annualised. Since listing in April 2006, the annualised return is 13.0%.

Corporate Governance and Stakeholders

As detailed in the June 2022 Annual Report and Accounts, the CLIG Board was restructured at the end of the last financial year. The CLIG Board created the Group Executive Committee (GEC) to provide executive oversight of the Group's operating businesses, CLIM and KIM.

The GEC is comprised of myself as CEO, Carlos Yuste (Head of Business Development), Deepranjan Agrawal (Group Chief Financial Officer), Mark Dwyer (Chief Investment Officer- CLIM) and Dan Lippincott (President & Chief Investment Officer- KIM). Each member of the GEC is responsible for reporting directly to the CLIG Board and may participate in any Board discussions or presentations as necessary and/or requested. There has been no change to the GEC members since it was created in April 2022, and there has been no change in the management or oversight of the Group's operating

CLIG five-year graph



Source: Bloomberg

activities. The GEC regularly receives input from department heads on their business units.

Environmental reporting update

The June 2022 ARA included our climate-related financial disclosures consistent with the Taskforce on Climate-Related Financial Disclosures (TCFD) recommendations. We committed to develop our understanding of climate-related risks and our path towards a net zero transition in financial year 2023. We will provide an update on this in our June 2023 ARA.

In the meantime, as an update on our environmental priorities over the past six months, we have been focusing on acquiring renewable energy for all our offices. London is powered by renewable energy sources, and the landlord has provided us a certificate as confirmation. For our Rochester office, we signed up for the local "Catch the Wind" program, which leverages the wind power generated by turbines in New York State, to source all energy for the office. For our remaining offices, we are researching options and timing for converting to renewable energy. Recently, we have appointed an environmental consultant to help CLIG on our journey to net zero.

As a reminder, CLIG closed its Dubai and Seattle offices in our last financial year, reducing our overall carbon footprint.

Cybersecurity update

We continue to focus on providing training to our employees on cybersecurity threats. As we attempt to push back against the training becoming stale, this year we introduced a new "Netflix-styled" series on cybersecurity to our programme, where employees will watch a new episode every month. We will also test our employees with a Security Awareness Proficiency Assessment twice in 2023. This is the same assessment provided in July 2021, and we are looking forward to seeing both where our employees are strongest in their defence against cyber criminals, but also where we can improve our training in calendar year 2024.

CLIG outlook

The Group's two operating subsidiaries, CLIM and KIM, have similar histories as entrepreneurial businesses run by founders. Your management team is focused on supporting the Group and building on the strong foundation created by the merger. We will also continue to evaluate external business opportunities that may appear in the aftermath of a challenging 2022 for many investment advisers.

In closing, I would like to thank our colleagues for continuing to work closely with our clients to meet their needs in a challenging market environment.

Tom Griffith
Chief Executive Officer
21st February 2023

CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 31ST DECEMBER 2022

	Note	Six months ended 31st Dec 2022 (unaudited) £	Six months ended 31st Dec 2021 (unaudited) £	Year ended 30th June 2022 (audited) £
Revenue				
Gross fee income	2	28,677,395	31,444,729	61,293,627
Commissions payable		(780,820)	(782,728)	(1,598,421)
Custody fees payable		(591,052)	(822,501)	(1,491,922)
Net fee income		27,305,523	29,839,500	58,203,284
Administrative expenses				
Employee costs		12,005,268	11,162,624	23,532,973
Other administrative expenses		3,397,828	2,767,044	5,970,527
Depreciation and amortisation		2,701,913	2,230,003	4,747,116
		(18,105,009)	(16,159,671)	(34,250,616)
Operating profit		9,200,514	13,679,829	23,952,668
Finance income	3	347,528	8,295	32,136
Finance expense	3	(72,573)	(113,544)	(812,421)
Profit before taxation		9,475,469	13,574,580	23,172,383
Income tax expense		(2,161,865)	(3,021,473)	(5,081,232)
Profit for the period		7,313,604	10,553,107	18,091,151
Profit attributable to:				
Non-controlling interests		–	(4,093)	–
Equity shareholders of the parent		7,313,604	10,557,200	18,091,151
Basic earnings per share	4	15.0p	21.5p	36.9p
Diluted earnings per share	4	14.7p	21.2p	36.4p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31ST DECEMBER 2022

	Six months ended 31st Dec 2022 (unaudited) £	Six months ended 31st Dec 2021 (unaudited) £	Year ended 30th June 2022 (audited) £
Profit for the period	7,313,604	10,553,107	18,091,151
Other comprehensive income:			
Items that may be subsequently reclassified to income statement			
Foreign currency translation difference	892,599	2,064,275	12,826,714
Total comprehensive income for the period	8,206,203	12,617,382	30,917,865
Attributable to:			
Equity shareholders of the parent	8,206,203	12,621,475	30,917,865
Non-controlling interests	–	(4,093)	–

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31ST DECEMBER 2022

	Note	31st Dec 2022 (unaudited) £	31st Dec 2021 (unaudited) £	30th June 2022 (audited) £
Non current assets				
Property and equipment	2	599,758	541,920	511,208
Right-of-use assets	2	2,287,037	2,483,666	2,418,745
Intangible assets	2,5	108,635,842	101,119,637	110,078,091
Other financial assets		7,613,462	6,210,092	7,434,586
Deferred tax asset		371,755	370,265	394,831
		119,507,854	110,725,580	120,837,461
Current assets				
Trade and other receivables		5,846,338	6,484,325	6,498,019
Cash and cash equivalents		19,078,489	24,506,056	22,677,893
		24,924,827	30,990,381	29,175,912
Current liabilities				
Trade and other payables		(7,091,602)	(7,031,598)	(9,461,606)
Lease liabilities		(270,263)	(402,151)	(388,986)
Current tax payable		(806,057)	(1,374,356)	(538,158)
Creditors, amounts falling due within one year		(8,167,922)	(8,808,105)	(10,388,750)
Net current assets		16,756,905	22,182,276	18,787,162
Total assets less current liabilities		136,264,759	132,907,856	139,624,623
Non current liabilities				
Lease liabilities		(2,139,653)	(2,126,921)	(2,213,854)
Deferred tax liability		(8,154,423)	(8,389,334)	(8,642,208)
Net assets		125,970,683	122,391,601	128,768,561
Capital and reserves				
Share capital		506,791	506,791	506,791
Share premium account		2,256,104	2,256,104	2,256,104
Merger relief reserve		101,538,413	101,538,413	101,538,413
Investment in own shares	6	(7,133,894)	(6,926,039)	(7,045,817)
Share option reserve		136,704	168,935	126,181
EIP share reserve		1,284,536	1,071,618	1,481,107
Foreign currency translation reserve		7,090,062	(4,564,976)	6,197,463
Capital redemption reserve		26,107	26,107	26,107
Retained earnings		20,265,860	28,129,274	23,682,212
Attributable to:				
Equity shareholders of the parent		125,970,683	122,206,227	128,768,561
Non-controlling interests		–	185,374	–
Total equity		125,970,683	122,391,601	128,768,561

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31ST DECEMBER 2022

	Share capital £	Share premium account £	Merger relief reserve £	Investment in own shares £	Share option reserve £	EIP share reserve £	Foreign currency translation reserve £	Capital redemption reserve £	Retained earnings £	Total attributable to shareholders £	NCI £	Total £
At 1st July 2022	506,791	2,256,104	101,538,413	(7,045,817)	126,181	1,481,107	6,197,463	26,107	23,682,212	128,768,561	–	128,768,561
Profit for the period	–	–	–	–	–	–	–	–	7,313,604	7,313,604	–	7,313,604
Other comprehensive income	–	–	–	–	–	–	892,599	–	–	892,599	–	892,599
Total comprehensive income	–	–	–	–	–	–	892,599	–	7,313,604	8,206,203	–	8,206,203
Purchase of own shares	–	–	–	(1,510,862)	–	–	–	–	–	(1,510,862)	–	(1,510,862)
Share-based payment	–	–	–	–	14,904	521,534	–	–	–	536,438	–	536,438
EIP vesting/forfeiture	–	–	–	1,422,785	–	(718,105)	–	–	–	704,680	–	704,680
Deferred tax on share options	–	–	–	–	(4,381)	–	–	–	–	(4,381)	–	(4,381)
Dividends paid	–	–	–	–	–	–	–	–	(10,729,956)	(10,729,956)	–	(10,729,956)
Total transactions with owners	–	–	–	(88,077)	10,523	(196,571)	–	–	(10,729,956)	(11,004,081)	–	(11,004,081)
As at 31st December 2022	506,791	2,256,104	101,538,413	(7,133,894)	136,704	1,284,536	7,090,062	26,107	20,265,860	125,970,683	–	125,970,683

	Share capital £	Share premium account £	Merger relief reserve £	Investment in own shares £	Share option reserve £	EIP share reserve £	Foreign currency translation reserve £	Capital redemption reserve £	Retained earnings £	Total attributable to shareholders £	NCI £	Total £
At 1st July 2021	506,791	2,256,104	101,538,413	(6,068,431)	195,436	1,282,884	(6,629,251)	26,107	27,019,584	120,127,637	189,467	120,317,104
Profit for the period	–	–	–	–	–	–	–	–	10,557,200	10,557,200	(4,093)	10,553,107
Other comprehensive income	–	–	–	–	–	–	2,064,275	–	–	2,064,275	–	2,064,275
Total comprehensive income	–	–	–	–	–	–	2,064,275	–	10,557,200	12,621,475	(4,093)	12,617,382
Transactions with owners												
Share option exercise	–	–	–	124,250	(12,787)	–	–	–	12,787	124,250	–	124,250
Purchase of own shares	–	–	–	(2,349,321)	–	–	–	–	–	(2,349,321)	–	(2,349,321)
Share-based payment	–	–	–	–	17,285	465,900	–	–	–	483,185	–	483,185
EIP vesting/forfeiture	–	–	–	1,367,463	–	(677,166)	–	–	–	690,297	–	690,297
Deferred tax on share options	–	–	–	–	(30,999)	–	–	–	(2,992)	(33,991)	–	(33,991)
Current tax on share options	–	–	–	–	–	–	–	–	12,890	12,890	–	12,890
Dividends paid	–	–	–	–	–	–	–	–	(9,470,195)	(9,470,195)	–	(9,470,195)
Total transactions with owners	–	–	–	(857,608)	(26,501)	(211,266)	–	–	(9,447,510)	(10,542,885)	–	(10,542,885)
As at 31st December 2021	506,791	2,256,104	101,538,413	(6,926,039)	168,935	1,071,618	(4,564,976)	26,107	28,129,274	122,206,227	185,374	122,391,601

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
CONTINUED

	Share capital £	Share premium account £	Merger relief reserve £	Investment in own shares £	Share option reserve £	EIP share reserve £	Foreign currency translation reserve £	Capital redemption reserve £	Retained earnings £	Total attributable to shareholders £	NCI £	Total £
As at 1st July 2021	506,791	2,256,104	101,538,413	(6,068,431)	195,436	1,282,884	(6,629,251)	26,107	27,019,584	120,127,637	189,467	120,317,104
Profit for the period	–	–	–	–	–	–	–	–	18,091,151	18,091,151	–	18,091,151
Other comprehensive income	–	–	–	–	–	–	12,826,714	–	–	12,826,714	–	12,826,714
Total comprehensive income	–	–	–	–	–	–	12,826,714	–	18,091,151	30,917,865	–	30,917,865
Transactions with owners												
Derecognisation of NCI holding	–	–	–	–	–	–	–	–	–	–	(189,467)	(189,467)
Share option exercise	–	–	–	320,193	(38,435)	–	–	–	38,435	320,193	–	320,193
Purchase of own shares	–	–	–	(2,665,042)	–	–	–	–	–	(2,665,042)	–	(2,665,042)
Share-based payment	–	–	–	–	34,291	884,265	–	–	–	918,556	–	918,556
EIP vesting/forfeiture	–	–	–	1,367,463	–	(686,042)	–	–	–	681,421	–	681,421
Deferred tax on share options	–	–	–	–	(65,111)	–	–	–	(7,902)	(73,013)	–	(73,013)
Current tax on share options	–	–	–	–	–	–	–	–	25,853	25,853	–	25,853
Dividends paid	–	–	–	–	–	–	–	–	(21,484,909)	(21,484,909)	–	(21,484,909)
Total transactions with owners	–	–	–	(977,386)	(69,255)	198,223	–	–	(21,428,523)	(22,276,941)	(189,467)	(22,466,408)
As at 30th June 2022	506,791	2,256,104	101,538,413	(7,045,817)	126,181	1,481,107	6,197,463	26,107	23,682,212	128,768,561	–	128,768,561

CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 31ST DECEMBER 2022

	Note	Six months ended 31st Dec 2022 (unaudited) £	Six months ended 31st Dec 2021 (unaudited) £	Year ended 30th June 2022 (audited) £
Cash flow from operating activities				
Profit before taxation		9,475,469	13,574,580	23,172,383
Adjustments for:				
Depreciation of property and equipment		83,857	89,650	191,149
Depreciation of right-of-use assets		232,668	259,144	496,367
Amortisation of intangible assets	5	2,385,388	1,881,209	4,059,600
Loss on disposal of property and equipment		–	–	4,296
Share-based payment charge		14,904	17,285	33,440
EIP-related charge		563,268	466,945	892,097
(Gain)/loss on investments	3	(165,734)	33,142	659,231
Interest receivable	3	(181,794)	(4,926)	(32,136)
Interest payable on lease liabilities	3	72,573	77,033	153,190
Translation adjustments		(140,366)	185,970	98,684
Cash generated from operations before changes in working capital		12,340,233	16,580,032	29,728,301
Decrease in trade and other receivables		639,054	469,138	458,199
(Decrease)/increase in trade and other payables		(1,650,394)	(540,999)	1,886,245
Cash generated from operations		11,328,893	16,508,171	32,072,745
Interest received	3	181,794	4,926	32,136
Interest paid on leased assets	3	(72,573)	(77,033)	(153,190)
Taxation paid		(2,438,335)	(3,496,583)	(7,004,074)
Net cash generated from operating activities		8,999,779	12,939,481	24,947,617
Cash flow from investing activities				
Purchase of property and equipment and intangibles		(185,168)	(173,807)	(258,852)
Purchase of non-current financial assets		–	(1,889,216)	(3,877,446)
Proceeds from sale of non-current financial assets		–	7,080	8,442
Net cash used in investing activities		(185,168)	(2,055,943)	(4,127,856)
Cash flow from financing activities				
Ordinary dividends paid	7	(10,729,956)	(9,470,195)	(21,484,909)
Purchase of own shares by employee benefit trust		(1,510,862)	(2,349,321)	(2,665,042)
Proceeds from sale of own shares by employee benefit trust		–	124,250	320,193
Payment of lease liabilities		(211,931)	(243,459)	(407,772)
Net cash used in financing activities		(12,452,749)	(11,938,725)	(24,237,530)
Net decrease in cash and cash equivalents		(3,638,138)	(1,055,187)	(3,417,769)
Cash and cash equivalents at start of period		22,677,893	25,514,619	25,514,619
Cash held in funds*		41,284	41,574	40,936
Effect of exchange rate changes		(2,550)	5,050	540,107
Cash and cash equivalents at end of period		19,078,489	24,506,056	22,677,893

* Cash held in funds was consolidated using accounts drawn up as at end of period.

NOTES

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The financial information contained herein is unaudited and does not comprise statutory financial information within the meaning of section 434 of the Companies Act 2006. The information for the year ended 30th June 2022 has been extracted from the latest published audited accounts and delivered to the Registrar of Companies. The report of the independent auditor on those financial statements contained no qualification or statement under s498(2) or (3) of the Companies Act 2006.

These interim financial statements have been prepared in accordance with the International Accounting Standard 34, "Interim Financial Reporting" as contained in UK-adopted International Accounting Standards and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority. The accounting policies adopted and the estimates and judgements used in the preparation of the unaudited consolidated financial statements are consistent with those set out and applied in the statutory accounts of the Group for the year ended 30th June 2022, which were prepared in accordance with UK-adopted International Accounting Standards.

The consolidated financial information contained within this report incorporates the results, cash flows and financial position of the Company and its subsidiaries for the period to 31st December 2022.

Group companies are regulated and perform annual capital adequacy and liquidity assessments, which incorporate a series of stress tests on the Group's financial position over a three-year period from 31st December 2022.

The Group's financial projections and the capital adequacy and liquidity assessments provide comfort that the Group has adequate financial and regulatory resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis of accounting in preparing the interim financial statements.

New or amended accounting standards and interpretations adopted

The Group has adopted all the new or amended accounting standards and interpretations issued by the International Accounting Standards Board (IASB) that are mandatory for the current reporting period. Any new or amended accounting standards that are not mandatory have not been early adopted. None of the standards not yet effective are expected to have a material impact on the Group's financial statements.

2. SEGMENTAL ANALYSIS

The Directors consider that the Group has only one reportable segment, namely asset management, and hence only analysis by geographical location is given.

	USA £	Canada £	UK £	Europe (ex UK) £	Other £	Total £
Six months to 31st Dec 2022						
Gross fee income	27,593,625	590,975	–	459,243	33,552	28,677,395
Non-current assets:						
Property and equipment	368,638	–	217,067	–	14,053	599,758
Right-of-use assets	1,226,074	–	995,962	–	65,001	2,287,037
Intangible assets	108,608,663	–	27,179	–	–	108,635,842
Six months to 31st Dec 2021						
Gross fee income	29,950,594	739,166	160,150	594,819	–	31,444,729
Non-current assets:						
Property and equipment	262,246	–	255,745	–	23,929	541,920
Right-of-use assets	1,278,965	–	1,174,344	–	30,357	2,483,666
Intangible assets	101,116,490	–	3,147	–	–	101,119,637
Year to 30th June 2022						
Gross fee income	58,502,020	1,400,160	279,802	1,082,660	28,985	61,293,627
Non-current assets:						
Property and equipment	263,376	–	233,693	–	14,139	511,208
Right-of-use assets	1,245,649	–	1,085,153	–	87,943	2,418,745
Intangible assets	110,060,224	–	17,867	–	–	110,078,091

During the period, the Group has entered into a long-term lease for its new West Chester office which will commence from 1st March 2023. On commencement date, the Group will recognise a right-of-use asset and a corresponding lease liability.

The Group has classified gross fee income based on the domicile of its clients and non-current assets based on where the assets are held. Included in revenues are fees of £2,711,686 (year to 30th June 2022 – £5,825,226; six months to 31st December 2021 – £2,966,412) which arose from fee income from the Group's largest client. No other single client contributed 10% or more to the Group's revenue in any of the reporting periods.

3. FINANCE INCOME AND FINANCE EXPENSE

	Six months ended 31st Dec 2022 (unaudited) £	Six months ended 31st Dec 2021 (unaudited) £	Year ended 30th June 2022 (audited) £
Finance income:			
Interest on bank deposits	181,794	4,926	32,136
Unrealised gain on investments	165,734	–	–
Realised gain on investments	–	3,369	–
Total finance income	347,528	8,295	32,136
Finance expense:			
Unrealised loss on investments	–	(36,511)	(659,231)
Interest payable on lease liabilities	(72,573)	(77,033)	(153,190)
Total finance expense	(72,573)	(113,544)	(812,421)
Net finance income/(expense)	274,955	(105,249)	(780,285)

4. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit for the period attributable to the equity shareholders of the parent divided by the weighted average number of ordinary shares in issue for the six months ended 31st December 2022.

As set out in note 6 the Employee Benefit Trust held 1,773,258 ordinary shares in the Company as at 31st December 2022. The Trustees of the Trust have waived all rights to dividends associated with these shares. In accordance with IAS 33 “Earnings per share”, the ordinary shares held by the Employee Benefit Trust have been excluded from the calculation of the weighted average number of ordinary shares in issue.

The calculation of diluted earnings per share is based on the profit for the period attributable to the equity shareholders of the parent divided by the diluted weighted average number of ordinary shares in issue for the six months ended 31st December 2022.

4. EARNINGS PER SHARE CONTINUED

Reported earnings per share

	Six months ended 31st Dec 2022 (unaudited) £	Six months ended 31st Dec 2021 (unaudited) £	Year ended 30th June 2022 (audited) £
Profit attributable to the equity shareholders of the parent for basic earnings	7,313,604	10,557,200	18,091,151

	Number of shares	Number of shares	Number of shares
Issued ordinary shares as at 1st July	50,679,095	50,679,095	50,679,095
Effect of own shares held by EBT	(1,839,546)	(1,558,012)	(1,614,063)
Weighted average shares in issue	48,839,549	49,121,083	49,065,032
Effect of movements in share options and EIP awards	823,114	636,718	647,134
Diluted weighted average shares in issue	49,662,663	49,757,801	49,712,166
Basic earnings per share (pence)	15.0	21.5	36.9
Diluted earnings per share (pence)	14.7	21.2	36.4

Underlying earnings per share*

Underlying earnings per share is based on the underlying profit after tax*, where profit after tax is adjusted for gain/loss on investments, amortisation of acquired intangibles, their related tax impact and non-controlling interest.

Underlying profit for calculating underlying earnings per share

	Six months ended 31st Dec 2022 (unaudited) £	Six months ended 31st Dec 2021 (unaudited) £	Year ended 30th June 2022 (audited) £
Profit before tax	9,475,469	13,574,580	23,172,383
Add back/(deduct):			
– (Gain)/loss on investments	(165,734)	33,142	659,231
– Amortisation on acquired intangibles	2,382,447	1,876,979	4,051,223
Underlying profit before tax	11,692,182	15,484,701	27,882,837
Tax expense as per the consolidated income statement	(2,161,865)	(3,021,473)	(5,081,232)
Tax effect on fair value adjustment	35,136	(6,330)	(125,253)
Unwinding of deferred tax liability	(571,787)	(450,475)	(972,294)
Adjustment for NCI	–	4,093	–
Underlying profit after tax for the calculation of underlying earnings per share	8,993,666	12,010,516	21,704,058
Underlying earnings per share (pence)	18.4	24.5	44.2
Underlying diluted earnings per share (pence)	18.1	24.1	43.7

* This is an Alternative Performance Measure (APM). Please refer to the CEO review for more details on APMs.

5. INTANGIBLE ASSETS

	31st December 2022							
	Goodwill £	Direct customer relationships £	Distribution channels £	Trade name £	Long-term software £	Total £	31st Dec 2021 Total £	30th Jun 2022 Total £
Cost								
At start of period	73,962,910	37,815,773	5,174,153	1,153,230	707,967	118,814,033	104,893,900	104,893,900
Additions	–	–	–	–	12,253	12,253	–	18,867
Currency translation	581,517	297,319	40,681	9,067	–	928,584	2,078,812	13,901,266
At close of period	74,544,427	38,113,092	5,214,834	1,162,297	720,220	119,754,870	106,972,712	118,814,033
Amortisation charge								
At start of period	–	6,617,761	1,293,538	134,543	690,100	8,735,942	3,931,908	3,931,908
Charge for the period	–	1,959,579	383,028	39,840	2,941	2,385,388	1,881,209	4,059,600
Currency translation	–	(1,894)	(370)	(38)	–	(2,302)	39,958	744,434
At close of period	–	8,575,446	1,676,196	174,345	693,041	11,119,028	5,853,075	8,735,942
Net book value	74,544,427	29,537,646	3,538,638	987,952	27,179	108,635,842	101,119,637	110,078,091

Goodwill, direct client relationships, distribution channels and trade name acquired through a business combination relate to the merger with KIM on 1st October 2020.

The fair values of KIM's direct customer relationships and the distribution channels have been measured using a multi-period excess earnings method. The model uses estimates of annual attrition driving revenue from existing customers to derive a forecast series of cash flows, which are discounted to a present value to determine the fair values of KIM's direct customer relationships and the distribution channels.

The fair value of KIM's trade name has been measured using a relief from royalty method. The model uses estimates of royalty rate and percentage of revenue attributable to the trade name to derive a forecast series of cash flows, which are discounted to a present value to determine the fair value of KIM's trade name.

The total amortisation charged to the income statement for the six months ended 31st December 2022 in relation to direct client relationships, distribution channels and trade name, was £2,382,447 (year ended 30th June 2022 – £4,051,223; six months ended 31st December 2021 – £1,876,979).

Impairment

Goodwill acquired through business combination is in relation to the merger with KIM and relates to the acquired workforce and future expected growth of the Cash Generating Unit (CGU).

The Group's policy is to test goodwill arising on acquisition for impairment annually, or more frequently if changes in circumstances indicate a possible impairment. The Group has considered whether there have been any indicators of impairment during the six months ended 31st December 2022, which would require an impairment review to be performed. The Group has considered indicators of impairment with regard to a number of factors, including those outlined in IAS 36 'Impairment of assets'.

5. INTANGIBLE ASSETS CONTINUED

A higher discount rate and the CGU's actual results being slightly behind the forecast, due to the unexpected reduction of FuM as a result of a decline in global financial markets, have been considered as potential indicators of impairment as at 31st December 2022 and thus the Group has reassessed the recoverable amount of the CGU as at 31st December 2022.

The Group has calculated the recoverable amount of the CGU based on fair value less costs of disposal (FVLCD). FVLCD was calculated using a revenue multiple model based on trailing twelve months net revenue and is therefore considered a level 3 measurement. The revenue multiple was estimated based on the implied multiple of KIM's acquisition as at 1st October 2020 judgementally adjusted down for potential changes in the market conditions since the acquisition. The revenue multiple used is within the industry expected multiple range and thus was considerate appropriate.

Level 3 measurements are based on inputs which are normally unobservable to market participants. Costs of disposal have been assumed to be US$2 million based on the relevant actual costs incurred at the time of KIM's acquisition.

The recoverable amount as at 31st December 2022 exceeded the carrying amount of the CGU by £2,438,083 (30 June 2022: £1,391,854) and therefore the Group has not revised its value in use calculation and no impairment was required at 31st December 2022.

Sensitivity analysis was applied to the key assumption of revenue multiple to measure the impact on the headroom in existence under the current impairment review. Following the sensitivity review, the recoverable amount of the CGU would equal its carrying amount if the revenue multiple was to change from 4.7x to 4.6x.

Current economic circumstances are uncertain due to events outside the control of the business. The potential impact on global markets cannot be reliably estimated and if they result in a sustained period of weakness in financial markets this could result in a future impairment.

6. INVESTMENT IN OWN SHARES

Investment in own shares relates to City of London Investment Group PLC shares held by an Employee Benefit Trust on behalf of City of London Investment Group PLC.

At 31st December 2022 the Trust held 763,636 ordinary 1p shares (30th June 2022 – 1,026,326; 31st December 2021 – 1,001,315), of which 321,250 ordinary 1p shares (30th June 2022 – 328,750; 31st December 2021 – 366,750) were subject to options in issue.

The Trust also held in custody 1,009,622 ordinary 1p shares (30th June 2022 – 682,437; 31st December 2021 – 688,113) for employees in relation to restricted share awards granted under the Group's Employee Incentive Plan (EIP).

The Trust has waived its entitlement to receive dividends in respect of the total shares held (31st December 2022 – 1,773,258; 30th June 2022 – 1,708,763; 31st December 2021 – 1,689,428).

7. DIVIDENDS

A final dividend of 22p per share (2021 – 22p) (gross amount payable £11,149,401; net amount paid £10,729,956*) in respect of the year ended 30th June 2022 was paid on 4th November 2022.

An interim dividend of 11p per share (2022 – 11p) (gross amount payable £5,574,700; net amount payable £5,379,642*) in respect of the year ending 30th June 2023 will be paid on 31st March 2023 to members registered at the close of business on 3rd March 2023.

* Difference between gross and net amounts is due to shares held at EBT that do not receive dividend.

8. PRINCIPAL RISKS AND UNCERTAINTIES

In the course of conducting its business operations, the Group is exposed to a variety of risks including market, liquidity, operational and other risks that may be material and require appropriate controls and on-going oversight.

The principal risks to which the Group will be exposed in the second half of the financial year are substantially the same as those described in the last annual report (see page 28 and 29 of the Annual Report and Accounts for the year ended 30th June 2022), being the potential for loss of FuM as a result of poor investment performance, client redemptions, breach of mandate guidelines or material error, loss of key personnel, Technology/IT, cybersecurity and business continuity and legal and regulatory risks.

Changes in market prices, such as foreign exchange rates and equity prices will affect the Group's income and the value of its investments.

Most of the Group's revenues, and a significant part of its expenses, are denominated in currencies other than sterling, principally US dollars. These revenues are derived from fee income which is based upon the net asset value of accounts managed, and have the benefit of a natural hedge by reference to the underlying currencies in which investments are held. Inevitably, receivables and payables balances arise which in turn give rise to currency exposures.

9. FINANCIAL INSTRUMENTS

The Group's financial assets include cash and cash equivalents, investments and other receivables.

Its financial liabilities include accruals and other payables. The fair value of the Group's financial assets and liabilities is materially the same as the book value.

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- **Level 1:** fair value derived from quoted prices (unadjusted) in active markets for identical assets and liabilities.
- **Level 2:** fair value derived from inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** fair value derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The fair values of the financial instruments are determined as follows:

- Investments for hedging purposes are valued using the quoted bid price and shown under Level 1.
- Investments in own funds are determined with reference to the net asset value (NAV) of the fund. Where the NAV is a quoted price the fair value is shown under Level 1, where the NAV is not a quoted price the fair value is shown under Level 2.
- Forward currency trades are valued using the forward exchange bid rates and are shown under Level 2.

9. FINANCIAL INSTRUMENTS CONTINUED

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

31st December 2022	Level 1 £	Level 2 £	Level 3 £	Total £
Financial assets at fair value through profit or loss				
Investment in other non-current financial assets	5,703,421	1,910,041	–	7,613,462
Total	5,703,421	1,910,041	–	7,613,462
Financial liabilities at fair value through profit or loss				
Forward currency trades	–	364,723	–	364,723
Total	–	364,723	–	364,723

31st December 2021	Level 1 £	Level 2 £	Level 3 £	Total £
Financial assets at fair value through profit or loss				
Investment in other non-current financial assets	4,366,296	1,843,796	–	6,210,092
Forward currency trades	–	37,650	–	37,650
Total	4,366,296	1,881,446	–	6,247,742

There were no financial liabilities at fair value at 31st December 2021.

30th June 2022	Level 1 £	Level 2 £	Level 3 £	Total £
Financial assets at fair value through profit or loss				
Investment in other non-current financial assets	5,616,419	1,818,167	–	7,434,586
Total	5,616,419	1,818,167	–	7,434,586
Financial liabilities at fair value through profit or loss				
Forward currency trades	–	945,898	–	945,898
Total	–	945,898	–	945,898

There were no transfers between any of the levels in the reporting period.

9. FINANCIAL INSTRUMENTS CONTINUED

All fair value gains and losses included in the income statement relate to the investment in own funds.

Where there is an impairment in the investment in own funds, the loss is reported in the income statement. No impairment was recognised during the period or the preceding year.

The fair value gain on the forward currency trades is offset in the income statement (within gross fee income) by the foreign exchange losses on other currency assets and liabilities held during the period and at the period end. The net loss reported for the period is £181,809 (30th June 2022: net loss £519,633; 31st December 2021: net loss £19,116).

10. GENERAL

The interim financial statements for the six months ended 31st December 2022 were approved by the Board on 21st February 2023. These financial statements are unaudited, but they have been reviewed by the auditors, having regard to International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board.

Copies of this statement are available on our website www.clig.co.uk.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors confirm that to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS34 Interim Financial Reporting as adopted by the UK; and
- The Half Year Report includes a fair review of the information required by:
  - DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Group during that period; and any changes in the related party transactions described in the last annual report that could do so.

The Directors of City of London Investment Group PLC are as listed in the Annual Report and Accounts 2021-2022. A list of current Directors is maintained at www.clig.co.uk.

On behalf of the Board

Tom Griffith
Chief Executive Officer

21st February 2023

INDEPENDENT REVIEW REPORT TO CITY OF LONDON INVESTMENT GROUP PLC

Conclusion

We have been engaged by City of London Investment Group PLC ('the Company') to review the condensed set of financial statements of the Company and its subsidiaries (the 'Group') in the half-yearly financial report for the six months ended 31 December 2022 which comprises the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent material misstatements of fact or material inconsistencies with the information in the condensed set of financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2022 is not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting" as contained in UK-adopted International Accounting Standards, and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ('ISRE (UK) 2410') issued for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with UK-adopted International Accounting Standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" as contained in UK-adopted International Accounting Standards.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that management has inappropriately adopted the going concern basis of accounting or that management has identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410, however future events or conditions may cause the Group and the Company to cease to continue as a going concern.

INDEPENDENT REVIEW REPORT TO CITY OF LONDON INVESTMENT GROUP PLC

Responsibilities of Directors

The half-yearly financial report, is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with International Accounting Standard 34, "Interim Financial Reporting" as contained in UK-adopted International Accounting Standards and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the review of the financial information

In reviewing the half-yearly financial report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK) 2410 "Review of Interim Financial Information performed by the Independent Auditor of the Entity". Our review work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

RSM UK Audit LLP
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25 Farringdon Street
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21st February 2023

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