

Price	450p
Market Cap	£227.8m
Shares in Issue	50.7m
12m Trading Range	322p – 526p
Free Float	59%
Next Event	Ex 11p DPS on 2 March

Price performance (p)



Source: Bloomberg

Financial forecasts

Yr end June (£'m)	2021A	2022A	2023E
Revenue, net	52.5	58.2	51.8
yoy growth (%)	57.7	10.9	(11.0)
Operating profit	35.6	38.4	32.3
Profit margin (%)	67.8	66.0	62.4
Adj. PBT #	26.7	27.9	23.6
PAT	17.0	18.1	15.1
Adj. EPS (p)	48.1	44.2	37.4
DPS (p)	33.0	46.5	33.0
Net cash/(debt)	25.5	22.7	27.9
P/E	9.4	10.2	12.0
Div yield (%)	7.3	10.3	7.3
On 30 June £1=	1.38	1.21	1.23

#excludes amortisation of intangibles, £1.7m KIM deal costs in FY21, and investment gains

Source: Audited accounts and Zeus estimates

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

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City of London Investment Group

CLIG LN- Financial Services

Interims in line with pre-close

CLIG's interims are in line with its detailed pre-close update, which revealed: \$9.15bn of Funds Under Management (FUM); revenue margins unchanged at 73bps net of third party commissions; CLIG's run-rate profit remains at £2.7m a month; cash & equivalents at end 2022 was £19.1m; interim DPS remains at 11p.

Interims also reveal:

- ◆ **FUM at 31 January 2023 was \$9.8 bn** (up 7% in US\$; up 5% in £ to £8.0bn)
 - n.b. sterling strengthened 2% in January 2023 and weakened <2% in February 2023
- ◆ **Net fee income fell 8% to £27.3m**, which is in line with our expectations
- ◆ **1H profit before amortisation and tax fell 25% to £11.7m** (1H last year: £15.5m), in line with our expectations
- ◆ **Underlying fully diluted EPS fell 25% to 18.1p** (1H last year: 24.1p), in line with our expectations

The CEO review "provides the actual flows, by quarter, for the 2022 calendar year in addition to the net flows normally reported." This additional data provides evidence of green shoots. The review continues:

"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 above. Clearly more effort is required on client retention – this remains a Group-wide priority."

Zeus view: CLIG benefits from rising markets, but US dollar weakness reduces the impact in translation.

In 2023, MSCI Emerging Markets Index (Index Ticker, M1EF) are up 5.1% in \$ and 5.6% in sterling. This is encouraging.

These interims are in line with our expectations following the pre-close published on 20 January 2023 (e.g. profit run rate remains at £2.7m a month).

We leave our forecasts for the year to June 2023 unchanged.

Valuation: At 450p cum 11p interim dividend, CLIG shares have 52p per share of net cash and investments, and are trading on 12x PER, and a 7.3% dividend yield.

Given CLIG's excellent dividend record this yield is attractive.

CLIG shares go ex 11p dividend on 2 March 2023.

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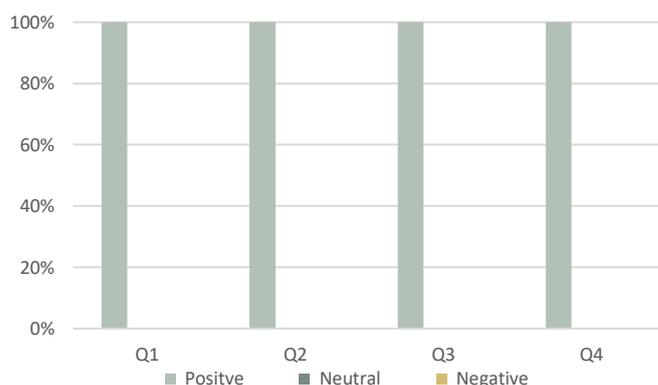
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12 Month Recommendation History



Recommendation distribution at 31 December 2022 Source: Zeus

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Nomad & Joint Broker	12
Broker	1
Joint Broker	6
Financial Adviser & Broker	1
Research client	7

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