

<b>Price</b>	<b>318p</b>
Market Cap	£161.2m
Shares in Issue	50.7m
12m Trading Range	300p to 475p
Free Float	59%
Next Event	Preclose: July

### Price performance (p)



Source: FactSet

### Financial forecasts

YE, Jun (US\$m)	2022A	2023A	2024E	2025E
Revenue (net fee)	77.4	65.5	64.5	64.3
yoy growth (%)	nc	(15.4)	(1.5)	(0.2)
Profit pre profit share	51.3	38.5	37.5	38.5
EBIT	37.3	26.5	28.3	27.7
Adj. PBT	37.2	27.0	27.7	29.0
Adj. PAT	29.1	21.1	20.8	21.7
Exchange rate #	1.218	1.270	1.250	1.250
Adj diluted EPS (p)	43.7	35.8	33.4	34.8
DPS (p)	46.5	33.0	33.0	33.0
Cash per share (p)	45.5	45.1	45.0	45.0
P/E	7.3	8.9	9.5	9.1
EV/EBIT	8.0	11.2	11.5	11.8
Div yield (%)	14.6	10.4	10.4	10.4

Note: CLIG reports its financial statements in US\$, however, CLIG share price, net cash per share, EPS and DPS are expressed in pence.

Enterprise Value used to calculate "EV/EBIT" is US\$346m, based on £1=US\$1.24 and net cash per share of 45p

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

### 3Q IMS: return to growth

CLIG's 3Q IMS reveals 5.5% rise in FuM in the first three months to March 2024 to US\$10.1 billion. In the quarter performance added US\$302m and group net inflows were US\$224m.

**Investment performance:** over the period "most Emerging Market and Fixed Income strategies outperformed, while Opportunistic Value and International Equity strategies underperformed".

CLIG's investment teams at CLIM and KIM "continue to find value in the closed-end fund (CEF) universe as discounts remain historically wide".

#### Net inflows of US\$224m were 2.3% of opening FUM.

CLIM's International Equity strategies (23% of group FUM; previously 21%) enjoyed US\$213m of net inflows, this was 10.6% opening value; market and performance added a further 3.4% (benchmark: 4.5%).

KIM's Municipal Bond strategies also attracted net inflows; overall net inflow of US\$54m added 1.5% to KIM's FUM (38% of Group FUM); market and performance added a further 4.3%.

CLIM's Opportunistic Value strategy (3% of Group FUM) attracted US\$16m of new inflows, which was 5.8% of opening value; market added 2.8% which was close to its benchmark.

CLIM's Emerging Markets strategies (36% of Group FUM) experienced US\$49m net outflow, which was 1.4% of opening value; market performance added 2.0%, which was close to its benchmark.

**Marketing:** sales activity continues to gain momentum, focusing on asset classes which have:

- ♦ very good long-term performance
- ♦ historically wide discounts
- ♦ significant capacity

**Zeus view:** We are encouraged to see net inflows and investment performance increasing Group FUM by 5.5%. This is marginally positive for current year revenue and profitability.

More importantly, CLIG's sales activity is gaining "momentum". We summarise overleaf track records for CLIG's Emerging Market, International, Opportunistic Value and KIM Conservative Balanced strategies, all of which have "produced above average long-term investment results for clients".

Management see US\$4.5 bn of surplus capacity (i.e. scope to grow c 45%).

The US dollar has weakened relative to Sterling (now £1=US\$1.24). While this is positive, we make no changes to our forecasts.

**Valuation:** CLIG has a strong balance sheet, is now growing its FUM across a number of its strategies and is trading on a dividend yield of over 10%.

CLIG's investment performance and track record of generating inflows compare favourably against other listed fund managers.

Investors and data collection agencies should note that CLIG now reports its financial statements in US\$. CLIG's share price, net cash per share, EPS and DPS are expressed in pence.

## CLIG's FUM by strategy

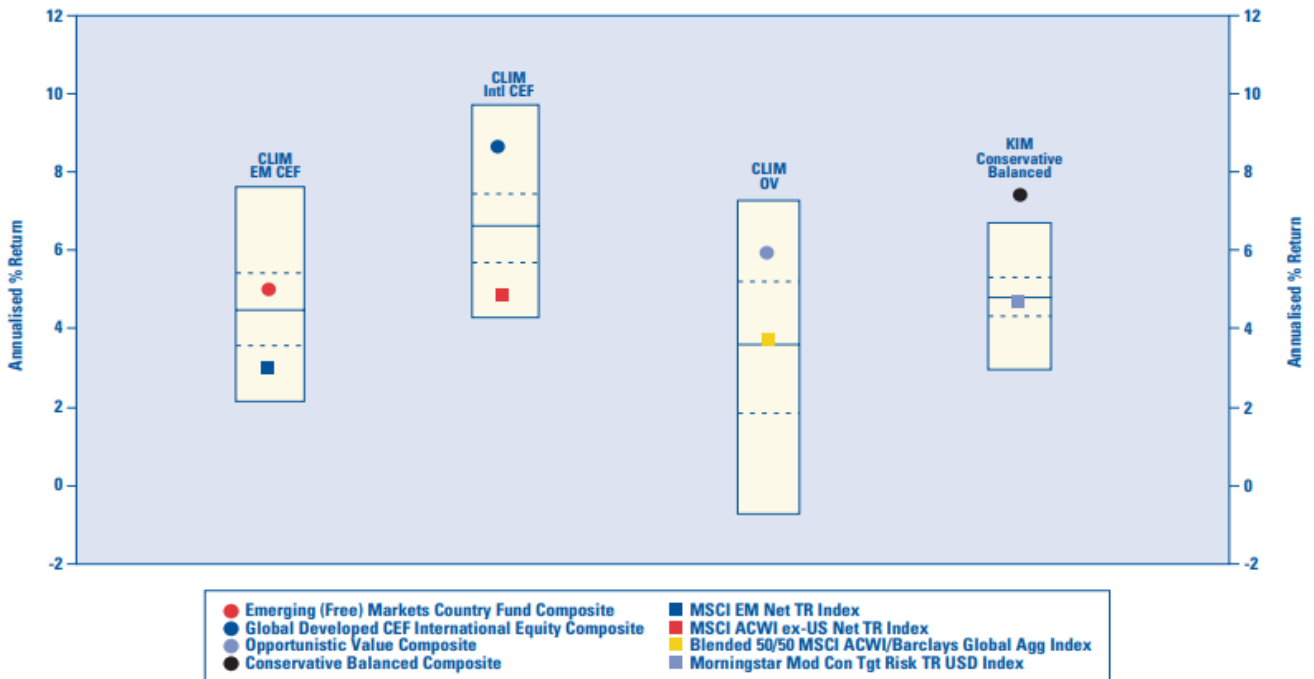
Exhibit 1: CLIG FUM by strategy, US\$m

	Dec-23, \$m	Mar-24, \$m	inc/dec (%)	Net flows, \$m	Strategy Index	inc/dec (%)
EM	3,578	3,601	0.6	(49)	MSCI EM Net TR	2.1
KIM	3,618	3,827	5.8	54	Not applicable	
INTL	2,004	2,285	14.0	213	MSCI ACWI ex US	4.5
OV	278	302	8.6	16	ACWI/Barclays Global Agg	2.9
Other*	98	87	(11.2)	(10)		
	<b>9,576</b>	<b>10,102</b>	<b>5.5</b>	<b>224</b>		

Note: \* includes Frontier and seed investments. Funds under Management figures are rounded  
Source: CLIG 3Q IMS

CLIG's sales activity is focusing on asset classes which have: very good long-term performance, historically wide discounts and significant capacity. We set out below CLIG's performance by strategy in the ten years to June 2023.

Exhibit 2: CLIG's ten year Peer Group\* Quartile Chart to June 2023



Note: \*CLIM and KIM returns are compared to their respective eVestment and Morningstar universes. The Opportunistic Value Composite is shown since the strategy's inception on 1 September 2014. 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 93.1% 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 95.8% has been updated. The Opportunistic Value Composite and the Blended 50/50 MSCI AWCI/Bloomberg Global Agg Index are shown against the eVestment All Global Balanced/TAA Universe of which 86.2% 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. - Moderately Conservative Allocation Universe. Data is as of 30 June 2023. Past performance is no guarantee of future results  
Source: Source: eVestment Analytics System, BNY Mellon, CLIM, MSCI, Bloomberg, Morningstar, KIM <https://clig.com/wp-content/uploads/2023/10/IP68.pdf>

Management identifies \$4.5 billion of surplus capacity in the following strategies:

- ◆ CLIM International and Opportunistic Value CEF Strategies c.\$2 billion;
- ◆ CLIM Emerging CEF Strategy c.\$300m
- ◆ KIM Municipal Bond CEF strategies c. \$1 billion;
- ◆ KIM US Fixed Income, and US Equity CEF strategies c. \$1.2 billion

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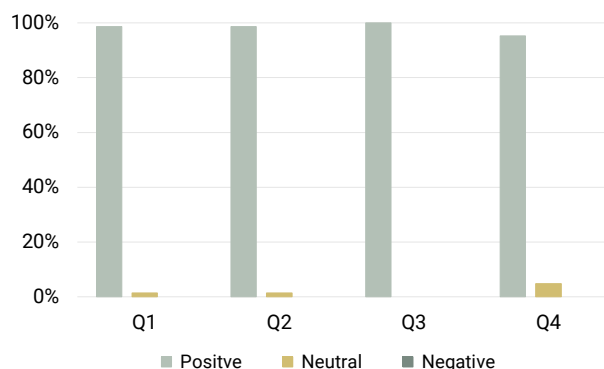
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Recommendation distribution at 31 March 2024 Source: Zeus

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