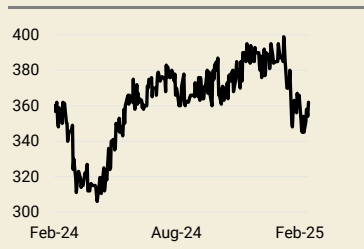


Corporate

Share Price	360p
Market Cap	£182.4m
Shares in Issue	50.7m
12m Trading Range	302p – 400p
Free Float	59%
Next Event	Ex 11p interim DPS on 6 March

Price performance (p)



Source: FactSet

Financial forecasts

YE, Jun (US\$m)	2023A	2024A	2025E	2026E
FuM opening	9,224	9,424	10,241	10,196
Revenue (net fee)	65.5	66.2	67.2	69.0
yoy growth (%)	(15.4)	1.1	1.5	2.7
Pre profit share	38.5	38.3	40.4	40.7
EBITDA	27.3	27.0	28.3	28.6
Adj. PBT	27.0	27.1	28.1	28.3
Adj. PAT	21.1	20.6	21.1	21.3
Exchange rate #	1.27	1.26	1.26	1.26
Adj EPS (p)	36.5	33.5	34.3	34.5
DPS (p)	33.0	33.0	33.0	33.0
Net cash (p)	45.1	52.8	58.2	63.1
P/E	9.9	10.7	10.5	10.4
EV/EBITDA	5.6	5.6	5.2	5.1
Op. cashflow/PAT	1.09	1.05	1.00	1.00
FCF yield (%)	11.0	9.8	9.5	9.6
Dividend yield (%)	9.2	9.2	9.2	9.2

Source: Audited accounts and Zeus estimates

City of London Investment Group is a broker client of Zeus

Number of shares used to calculate adj EPS is 48.9m, which is 50.7m shares in issue less 1.8m shares held in treasury; cash conversion = operating cashflow post tax / adj PAT

n.b. CLIG shares are traded in pence per share but its accounts are prepared in US\$.

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# City of London Investment Group

## CLIG LN - Financial Services

### Interims meet & beat expectations

CLIG's interim results are ahead of its trading update, published on 20 January, as average FUM was higher than we had expected, enabling revenue, profit and cashflow to beat our expectations for the first half. Confident in our forecasts for the years to June 2025 and 2026, we maintain our expectation of a 33p full year dividend. CLIG, cum-11p interim DPS, is trading on a 9.3% yield.

Key metrics in the interim results are:

- ◆ Funds under Management "FuM" at end December 2024 were \$9.9 billion (as in the trading update); at end January 2025, FUM was \$10.1bn (Zeus expects current FUM is over \$10.2bn; in February 2025 Emerging Market are up 5-7% & International up 7-8%).
- ◆ Average FuM of \$10.3bn rose 12% yoy (Zeus expected \$9.9bn).
- ◆ Net fee income of \$35.3m (5% above Zeus forecast of \$33.6m) grew 10% yoy
- ◆ Underlying profit before tax of \$15.2m (7.0% above Zeus forecast of \$14.2m) rose 14% yoy
- ◆ Cash conversion (i.e. net cash from operating activities/underlying PAT) was strong at 101%
- ◆ Cash and equivalents rose 17% yoy to \$30.2m
- ◆ CLIG's interim dividend was maintained at 11.0p per share (ex date is 6 March)

**Outlook:** Tom Griffith CLIG's CEO commented "As an active investment manager, our priority of delivering investment outperformance against relevant benchmark ... is paramount. Throughout ... 2024, our investment teams delivered outperformance for clients, which sets the stage for marketing and client servicing efforts in calendar year 2025. CEF discounts remain wide ...

"CLIG continues to position our investment teams in a manner to take advantage of client demand in various asset classes, including listed private equity investment trusts in the UK, listed international CEFs, and municipal CEFs in the US. We have been patiently waiting for the US-centric investment focus to wane, which may be driven by further monetary easing and/or the shift that may come from the second Trump administration.

"Success rarely occurs in a straight line, particularly in the volatile asset management business. While client flows during the previous quarter did not meet our expectations, management and our colleagues are committed to growth in FuM through the continued performance of our underlying strategies."

**Zeus view:** We are pleased to see CLIG beat our forecasts for average AUM, revenue, profits and cashflows. Management has also confirmed it is "on track to reduce [CLIG's] costs by c. \$3m on an annualised basis." We are confident CLIG is on track to beat our full year expectations and will review our forecasts (set on 20 February 2025) after the 3Q trading update in April.

**Valuation:** CLIG's dividend track record is as impressive as its investment track records (see Zeus research note dated 20 February 2025). Relative to other fund management stocks and to itself, CLIG has good dividend cover. These interims confirm CLIG strong cash generation.

We are very confident in our dividend expectation of 33p per share paid 11p on 3 April and 22p paid after the finals: this dividend is well covered by net cash and earnings.

CLIG is well positioned for the reallocation of clients' funds to its strategies and away from "US-centric investment, when it wanes".

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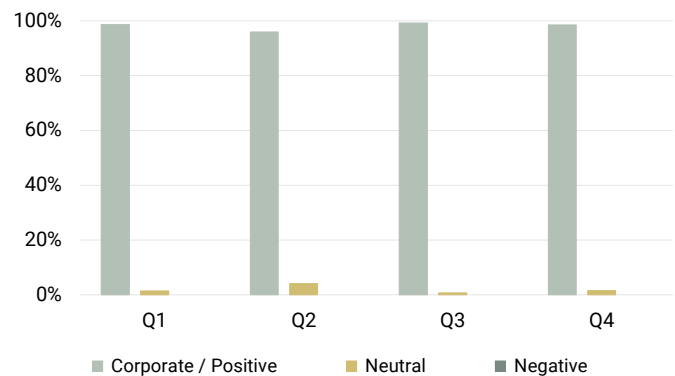
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Recommendation distribution at 31 December 2024 Source: Zeus

### Corporate Relationships

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Nomad & Joint Broker	25
Nomad	3
Broker	14
Joint Broker	29
Financial Adviser & Broker	4
Financial Adviser	1
Research client	11

At 31 December 2024 Source: Zeus

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We are a highly entrepreneurial firm with a strong track record working with ambitious founders, innovators and their teams to realise the potential of their businesses.

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