Corporate

Share Price	365p
Market Cap	£185m
Shares in Issue	50.7m
12m Trading Range	310p to 420p
Free Float	59%
Next Event	1Q IMS

Price performance (p)

Source: FactSet

Financial forecasts

YE, Jun (US$'m)	2023A	2024A	2025A	2026E
FuM opening	9,224	9,424	10,241	10,814
Revenue (net fee)	65.5	66.2	69.8	73.2
yoy growth (%)	*-15.4*	*1.1*	*5.4*	*4.9*
Pre profit share	38.5	39.3	42.9	43.5
EBITDA	27.3	27.0	30.8	30.6
Adj. PBT	27.0	27.1	30.8	30.3
Adj. PAT	21.1	20.6	23.4	22.8
Exchange rate #	1.27	1.26	1.28	1.30
Adj EPS (p)	35.8	33.5	36.7	34.6
DPS (p)	33.0	33.0	33.0	33.0
Net cash (p)	45.1	52.8	51.5	51.5
P/E	10.2	10.9	9.9	10.5
EV/EBITDA	5.8	5.9	5.2	5.2
Cash conversion	1.09	1.05	1.03	1.00
FCF yield (%)	*9.8*	*9.2*	*10.1*	*9.5*
Dividend yield (%)	*9.0*	*9.0*	*9.0*	*9.0*

average exchange rate used to convert US dollar profit to earnings in pence per share

Source: Audited accounts and Zeus estimates

City of London Investment Group is a broker client of Zeus

Analyst

Robin Savage
+44 (0) 7879 848 885
robin.savage@zeuscapital.co.uk

Zeus Contacts

Emma Ayton	+44 20 3829 5622
Simon Johnson	+44 20 3829 5631
Dominic King	+44 20 3829 5607
Fraser Marshall	+44 20 3829 5624
Ben Robertson	+44 20 3829 5625
Nick Searle	+44 20 3829 5633
Rupert Woolfenden	+44 20 3829 5623

Email: firstname.surname@zeuscapital.co.uk

City of London Investment Group

CLIG LN - Financial Services

1Q IMS reveals FuM growth

CLIG's 1Q IMS confirms its funds under management grew to $11.2bn, as most strategies beat benchmarks.

Highlights

- **Funds under Management "FuM" on 30 September 2025 totalled $11,256m:** up 4.9% yoy and up 4.1% in last three months
- **Market & investment performance added 8.0%**, with 6 out of 10 strategies outperforming;
  - the underperformers represent 9% of FUM and average underperformance 67bps;
  - the average outperformance of 81% of FUM was 189bps
- **Net outflows for the quarter totalled $419m**, with $140m inflows and $559m outflows
  - this quarter was *"characterised by client rebalancing"*

Current trading and outlook: New mandates included $46m in the Emerging Markets strategy. Inflows of circa $66m combined across the EM, International and Opportunistic Value strategies, while inflows of $74m were recorded in the various Balanced and Fixed income strategies.

Persistent discount volatility and strong outperformance of the Group's strategies continue to be the focus of marketing efforts with allocators**.**

Leadership Update: As previously announced, CLIG's Chairman, Rian Dartnell, is "*working closely with the Board to evaluate CEO candidates*" and has "*made considerable progress*".

Zeus view: With Group FuM up 4% since year end, we conclude our revenue and profit forecast for 2026 is prudent. We see scope to increase revenue and profits, when net inflows reflect CLIG's investment track records.

We leave adj EPS and DPS forecasts, unchanged.

We are encouraged by CLIG's investment performance and by commentary about current market conditions. Performance and persistent discount volatility should impress asset allocators.

Valuation: With CLIG's strategies outperforming, shareholders should feel comfortable with expectations that the dividend can be maintained, even in the absence of net inflows.

We set an October 2026 target price based on a 7.6% dividend yield (*i.e. 125% above the current yield on the FT All Share as well as being the average yield of peers: Brooks Macdonald 4.86%, Liontrust 6.64%, Premier Miton 10.34% and Polar Capital 8.61%*), which would value CLIG at 434p a share: 19% upside from the current price of 365p.

Disclosures in 1Q IMS

Quarterly Performance Summary

City of London Investment Management (CLIM)

Emerging Markets

Emerging Markets equities outperformed global averages, led by a 20.7% USD return from China (MSCI China Index). CLIM's EM strategy significantly beat its benchmark, driven by strategic country allocations—overweights in Mexico and South Korea, underweights in India, and exposure to Vietnam. Chinese small-cap and tech holdings also contributed. South Korean governance reforms supported local holdings, while discount catalysts and volatility added value.

A robust pipeline of corporate events is expected to sustain long-term outperformance.

Listed Private Equities

The Listed Private Equity strategy delivered a 13.7% return, with most holdings posting positive single-digit gains. Two corporate event announcements, including one from the largest holding, drove returns above 30% USD.

This strategy is attractive for investors seeking liquid private market exposure or managing J-Curve effects.

International Equity

International Equity rose 7.0%, slightly beating its benchmark. Gains came from overweight positions in China, Emerging Asia, and Japan, and underweights in Europe ex-UK. However, small-cap exposure in the UK and Europe ex-UK underperformed.

Discount volatility and upcoming corporate opportunities remain supportive to this strategy.

Opportunistic Value

The Opportunistic Value strategy rose 2.2% but lagged on a relative basis. Its bias toward alternative, event-driven situations with lower equity beta impacted relative performance amid strong equity markets.

Exhibit 1: Investment Management Performance for 1Q

CLIM strategies	Performance (%)	Benchmark (%)	Difference (bps)
Emerging Markets	13.80	9.60	+420
International Equity	7.00	6.90	+10
Opportunistic Value	2.20	4.10	(190)
Listed Private Equity	13.70	1.90	+1180
KIM strategies	**Performance (%)**	**Benchmark (%)**	**Difference (bps)**
Growth Balanced	5.41	5.37	+4
Conservative Balanced	4.28	4.21	+7
Tax-Sensitive Fixed Income	2.95	3.00	(5)
Taxable Fixed Income	2.09	1.91	+18
Cash Management	1.04	1.12	(8)
Equities	6.91	7.73	(82)

Source: RNS

Karpus Investment Management (KIM)

Fixed Income Commentary

During the quarter, US Treasury and AAA municipal bond yields declined modestly. Municipal bond closed-end funds (CEFs) led performance, supported by NAV gains and narrowing discounts. Preferred securities and senior notes from CEFs and BDCs also contributed positively. Pre-acquisition SPACs underperformed due to shorter duration. Additional gains came from tender offers near NAV and CEF liquidations.

Over five years, KIM's Taxable and Tax-Sensitive Fixed Income strategies have outperformed their benchmarks by 6.24% and 3.49% annually, respectively.

Equity Commentary

US equities rose 8.16% and international equities 6.88% for the quarter. Equity CEFs slightly underperformed due to widening discounts and weaker NAV performance.

Exhibit 2: Movement in Funds under Management, by strategy

$m FUM	Jun-25	Inflows	Outflows	Net Flows	Market & investment performance	Sept-25E
CLIM						
Emerging Markets	3,674	50	(247)	(197)	476	3,953
International Equity	2,486	13	(158	(145)	160	2,501
Opportunistic Value	309	3	(6)	(3)	5	311
Listed Private Equity	218	-	-	-	27	245
Other	150	-	-	-	34	184
CLIM subtotal	**6,837**	**66**	**(411)**	**(345)**	**702**	**7,194**
KIM						
Growth Balanced	1,419	25	(63)	(38)	72	1,453
Conservative Balanced	1,143	11	(29)	(18)	51	1,176
Tax-Sensitive Fixed Income	528	22	(13)	9	14	551
Taxable Fixed Income	707	14	(34)	(20)	16	703
Cash Management	101	2	(8)	(6)	-	95
Equities	79	-	(1)	(1)	6	84
KIM subtotal	**3,977**	**74**	**(148)**	**(74)**	**159**	**4,062**
Group total	**10,814**	**140**	**(559)**	**(419)**	**861**	**11,256**

Source: RNS

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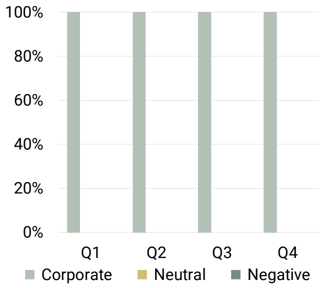

Recommendation distribution at 30 September 2025 Source: Zeus

Corporate Relationships

Nomad & Broker	42
Nomad & Joint Broker	24
Broker	12
Joint Broker	27
Financial Adviser & Broker	3
Financial Adviser	1
Research client	8

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London	125 Old Broad Street London, EC2N 1AR Tel: +44 20 3829 5000
Manchester	82 King Street Manchester, M2 4WQ Tel: +44 161 831 1512
Bristol	St. Brandon's House, 29 Great George Street, Bristol, BS1 5QT
Leeds	Royal House, 28 Sovereign Street, Leeds LS1 4BJ

info@zeuscapital.co.uk
https://zeuscapital.co.uk