CITY OF LONDON
Investment Group PLC

2023 / 2024
HALF YEAR REPORT

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 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.

Karpus Investment Management (KIM) also utilises closed-end fund strategies extensively in its investment activities for individual and institutional clients.

www.clig.co.uk

HALF YEAR SUMMARY

Funds under Management (FuM) of $9.6 billion at 31st December 2023. This compares with $9.4 billion at the beginning of this financial year on 1st July 2023 and $9.2 billion at 31st December 2022

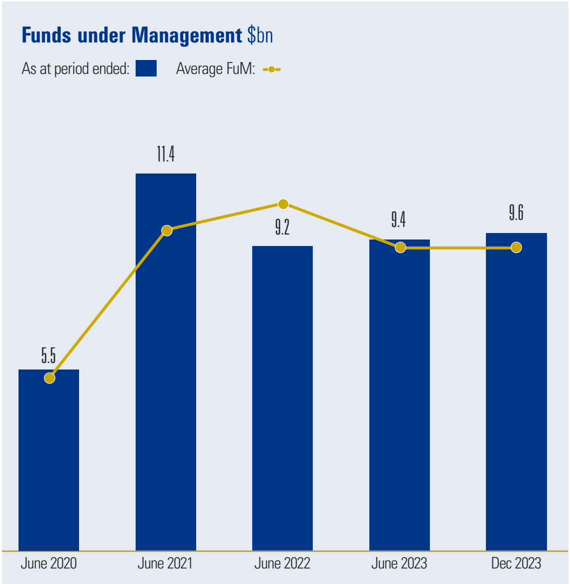
FuM at 31st January 2024 of $9.5 billion

Net fee income representing the Group's management fees on FuM was $32.6 million (31st December 2022: $31.9 million)

Underlying profit before tax† was $13.3 million (31st December 2022: $13.6 million). Profit before tax was $11.1 million (31st December 2022: $11.0 million)

Maintained interim dividend of 11p per share (31st December 2022: 11p) payable on 28th March 2024 to shareholders on the register on 1st March 2024

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



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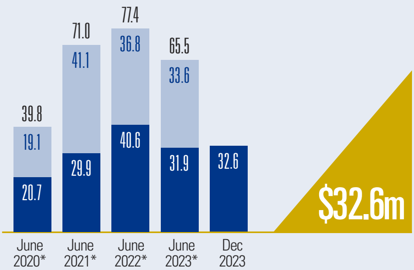
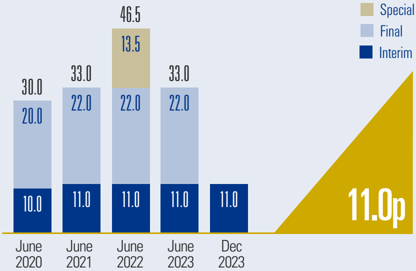
HALF YEAR SUMMARY
CONTINUED

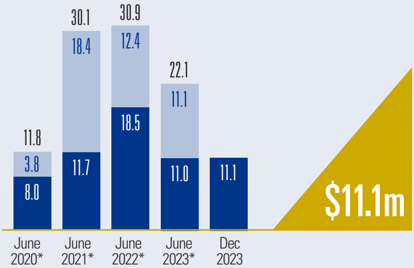
Net fee income $m



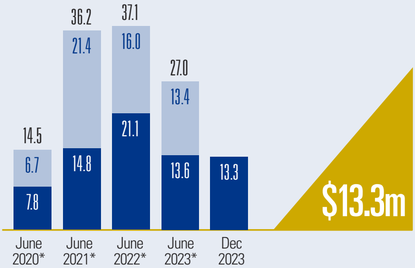
Dividends paid and proposed per share pence



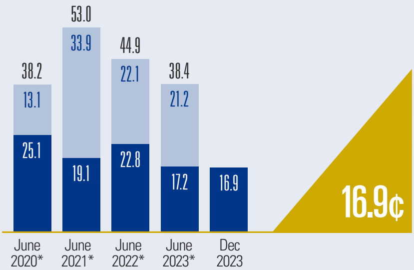
Profit before tax $m



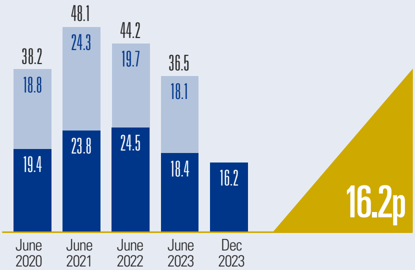
Underlying profit before tax† $m



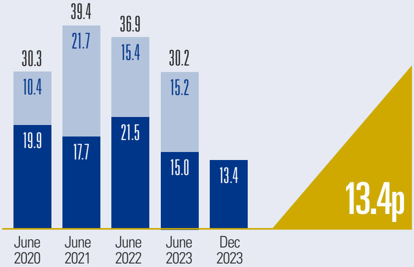
Basic earnings per share cents



Underlying earnings per share† pence



Basic earnings per share† pence



■ First half year ■ Second half year

* *Comparative period results have been restated to US dollars using the average exchange rates in the relevant period.*

† *This is an Alternative Performance Measure (APM). Please refer to page 12 for adjustments for amortisation of acquired intangibles and gain on investments and page 23 for calculation of earnings per share in pence.*

CHAIR'S STATEMENT

"Our teams are energised and we remain constructive on the outlook for performance at CLIG."

Rian Dartnell Chair

Introduction

This is my first report to shareholders since becoming Chair in October 2023. My goal is to work with our Board and management to ensure the conditions for CLIG to grow and maintain its strong track record and client focus. We will do this while maintaining the exacting fiduciary standards for which CLIG is known and respected. We continue to engage with shareholders and investors sharing how the strong teams and investment processes at CLIG drive performance. In its fourth decade, the Group continues to be financially strong and well-managed. As always, the team will pursue excellence in its investing and maintain a focus on long-term success.

Over my investment management career, I have been an avid observer of different investment cultures and have learned the importance of a contrarian and supportive attitude when managing investment teams. Many asset managers are pro-cyclical, meaning they invest and spend more when times are good. Conversely, in downturns pressures build and budgets are slashed. It is precisely to avoid this behaviour that CLIG maintains a conservative balance sheet (with net cash) and has never had debt. Discounts in closed-end funds (CEFs) tend to be widest during hard times. It is essential that we support our teams and lend a hand, but particularly so when markets are down. This calm and methodical orientation is key to our investment teams having the equanimity to invest with conviction when opportunities present themselves.

I joined the CLIG Board the day the merger with KIM was completed on 1st October 2020 and have observed your Group's management team making continuous organisational and systems improvements in the integration process. This past September, the Board and the teams from CLIM and KIM had their first Group Strategy Meeting since the merger. The meetings were very important in building camaraderie and gave everyone the opportunity to discuss CLIG's strategic priorities. Both CLIM and KIM are team-oriented firms and benefit from highly experienced employees, many of whom have worked together for decades. It is exciting to see the teams bonding and working so well together.

Assets and performance

Group Funds under Management (FuM) went up by $152 million, an increase of 2%, in the six months ended 31st December 2023 to $9.6 billion as compared to $9.4 billion as of 30th June 2023. CLIM's FuM increased by $54 million to $6.0 billion and KIM saw an increase of $98 million to $3.6 billion.

Over the six-month period, there were net outflows of $294 million across the Group's strategies, led by Emerging Markets (EM) redemptions at CLIM and outflows to meet individual expenses, taxes and required minimum distributions from retirement accounts at KIM.

Relative investment performance at CLIM was positive for the Opportunistic Value strategy, neutral for the International strategy and slightly negative for the EM strategy, whereas relative investment performance at KIM was positive for the Taxable Fixed Income strategy and Tax-sensitive Fixed Income strategy, while negative for US Equity and Conservative Balanced mandates over the six months ended December 2023.

Marketing and sales activity picked up significantly in January 2024 as clients and prospects review their investment allocations. The Group is focused on new mandates in a number of CLIG's asset classes with very good long-term performance as CEF discounts are at compelling levels. Our business development team is actively reaching out to clients and prospects to discuss the current opportunity-rich environment.

Reporting currency

As mentioned in the Annual Report for the year ended 30th June 2023, the Board decided to change the Group's financial reporting currency to US dollars with effect from 1st July 2023. This allows us to present a more transparent statement of comparative financial performance that neutralises currency fluctuations. This is the first time the Group's results are being reported in US dollars.

ESG

Historically, we have secured renewable energy for our London and Rochester NY offices. During the period, we worked with service providers to convert the energy that powers CLIM's West Chester, Pennsylvania office to a renewable source. This improvement will come into effect during February 2024.

Business travel increased during the period with growth in our marketing efforts as the team met clients and prospects. As mentioned above, we also held our first Group Strategy Meeting for all Group employees and our Board in September 2023 after a gap of four years. To offset the impact of increased business travel, the Group has implemented a carbon offset programme.

All employees have attended our ongoing training programme directed towards diversity, equity and inclusion. To reinforce awareness of their role in protecting our network infrastructure, all employees receive monthly training on the critical issue of cybersecurity.

Alongside adherence to CLIG's governance obligations at Board level, the Group is strongly committed to regular workforce engagement sessions to develop a closer relationship between employees and the Non-Executive Directors (NEDs) who are not involved in the business on a day-to-day basis. Importantly, these sessions are structured to encourage a rapport between the NEDs and employees. NEDs spent over two days on-site with employees in a mix of formal presentations, social and team building events during the Group Strategy Meeting.

Your Board

On behalf of the Board and CLIG's employees, I would like to thank Barry Aling, our excellent Chair of five years and a member of our Board since 2013, for his outstanding service. Barry's high standards and astute judgment have had a strong positive impact on CLIG. We look forward to maintaining close touch with Barry and wish him a joyful retirement. I am pleased to announce that Sarah Ing will be joining CLIG's Board as a Non-Executive Director as of 1st March 2024. Sarah is a highly effective and seasoned professional in the financial services industry and brings significant Board experience. Sarah's appointment follows a request by Jane Stabile to resign from the Board with effect from 29th February 2024 due to increasing commitments in her own business. On behalf of our Board, I would like to thank Jane for her important contributions to CLIG over the last five and a half years. We wish her well in her endeavours and look forward to maintaining close touch.

Dividends

Your Board is declaring an unchanged interim dividend of 11p per share, taking into account profits for the period. The Board continues to believe that the use of a dividend cover policy based on rolling five-year periods provides a prudent template that serves to protect shareholders from the market volatility that can affect profits of asset management companies. The Board applies this policy using Underlying Profits†. The interim dividend will be paid on 28th March 2024 to those shareholders registered at the close of business on 1st March 2024.

Shareholder engagement

Since our Annual General Meeting on 23rd October 2023, we have pursued a strategy of engagement with our largest shareholder and have had a series of constructive meetings. Discussions on strategy for CLIG's businesses have been ongoing. We are making progress on a series of shared priorities, including an enhanced focus on the management of our cash balances as well as maintaining our commitment to expense management. We have also been engaging with our other shareholders and, as always, plan to maintain transparency in our ongoing dialogue.

Outlook

The current very wide discounts in CEFs remind me of my early investing days. I first invested in an EM CEF in 1993, a very strong year for EM. During the year, that fund surged in value and moved to a 10% premium to net asset value at which point I sold it. When Alan Greenspan and the Fed began raising interest rates in early 1994, I was then able to invest in well-managed CEFs at 15-20% discounts at a time when emerging markets were in a severe correction. I called it buying a double-discount. Two years earlier, Barry Olliff founded CLIG to pursue a similar strategy. Little did I know then that savvy George Karpus had begun investing in discounted CEFs in the US starting in 1992. Our Founders Barry and George developed their investment processes and teams to buy low and sell high. Now in our fourth decade, this spirit of buying quality at discounts resonates strongly within the Group.

A talented investment manager we know describes his approach as investing under a cloud. He uses clouds (bad news and uncertainty) as markers for uncovering value below. Indeed, inflation, the ensuing interest tightening cycle and geopolitical headwinds are presenting opportunities. It is notable that emerging and international markets have substantially lagged the US market since the merger. Indeed, the S&P index has delivered a cumulative return of 49% in the 39-month period versus just 2% for EM and 23% for international markets. At the same time, rising interest rates have created opportunities for KIM's fixed income and municipals strategies. Relative valuations are much lower in the markets where the Group has the majority of its assets under management and discounts in our CEF portfolios are at compelling levels. Our teams are energised and we remain constructive on the outlook for performance at CLIG.

Thank you for your interest in City of London Investment Group.

Sincerely yours,

Rian Dartnell
Chair
22nd February 2024

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

CHIEF EXECUTIVE OFFICER'S REVIEW

"CEF discounts remain wide across multiple strategies. Despite a headwind versus a tailwind, the Group is positioned to go further together."

Tom Griffith Chief Executive Officer

Investor headwinds

Investors have been wrestling with a series of shocks over the past four years including the Covid-19 outbreak, the ensuing pandemic, post-Covid inflation, the Russia-Ukraine war and now a new conflict in the Middle East. In combination with the ongoing Russia-Ukraine conflict, the Israel-Hamas war has put further pressures on energy prices and exacerbated global supply chain difficulties.

Following eleven rate hikes since March 2022, the US Fed indicated no further rate hikes were expected at its September 2023 meeting. Just a few short weeks later, in early October, the Israel-Hamas war ignited, leading to instability in the Middle East that rattled global financial markets and sent investors scrambling to protect their portfolios from increased geopolitical risks.

In early November, market expectations were for the Fed to cut rates in 2024 supported further by the Fed's stance at their November meeting, reversing the market downturn seen in October. Clients that had remained invested during the recent market turbulence were rewarded with significant gains through year-end.

FuM & flows

As shareholders will have seen from our interim trading update (announced on 22nd January 2024) and the monthly release of data on our website, www.clig.co.uk, FuM have increased due to market rises over the six months to the end of the calendar year as shown in Figure 1.

Some individual clients, particularly those concerned about their retirement assets, reduced their portfolio's market exposure locking in losses during recent market downturns; instead choosing the safety of bank deposits and money market vehicles paying high rates of interest. Marketing for new mandates or additional investments becomes challenging, as the focus must shift to maintaining existing client relationships.

Broadly speaking, the psychology of US individual investors has been negatively impacted by rising interest rates and broad market losses in fixed income assets in 2022 and continuing into part of 2023. This is compounded by the aforementioned safety provided in bank deposits and money market funds, at a higher interest rate than at any time over the last twenty years. Finally, the ongoing drumbeat of geopolitical issues and risks add to the negative mindset of investors.

The table in Figure 2 shows flows into and out of our various business areas/strategies over the past four and a half years.

Client asset retention was good throughout the turbulence of the past six months relative to competitors and what industry statistics suggest.

The ongoing trend of outflows from active managers into passive managers continued in 2023, but with an additional twist, as flows into money market vehicles reached an all-time high for net inflows during calendar year 2023, as reflected in the chart in Figure 3. Finally, per Morningstar, after ten years of passive flows outpacing active flows, there are more assets in passive managed investment vehicles than active managed investment vehicles for the first time ever as illustrated in Figure 3.

Figure 1. CLIG – FuM by line of business ($m)

	30 June 2020		30 June 2021			30 June 2022			30 June 2023			31 Dec 2023		
CLIM	$m	% of CLIM total*	$m	% of CLIM total	% of CLIG total	$m	% of CLIM total	% of CLIG total	$m	% of CLIM total	% of CLIG total	$m	% of CLIM total	% of CLIG total
Emerging Markets	3,828	69%	5,393	72%	47%	3,703	64%	40%	3,580	61%	38%	3,578	60%	37%
International	1,244	23%	1,880	25%	17%	1,812	32%	20%	1,983	34%	21%	2,004	34%	21%
Opportunistic Value	256	5%	231	3%	2%	193	3%	2%	244	4%	3%	278	5%	3%
Frontier	175	3%	13	0%	0%	9	0%	0%	9	0%	0%	10	0%	0%
Other/REIT	9	0%	13	0%	0%	74	1%	1%	88	1%	1%	88	1%	1%
CLIM total	5,512	100%	7,530	100%	66%	5,791	100%	63%	5,904	100%	63%	5,958	100%	62%
	30 June 2020		**30 June 2021**			**30 June 2022**			**30 June 2023**			**31 Dec 2023**		
KIM	$m	% of KIM total*	$m	% of KIM total	% of CLIG total	$m	% of KIM total	% of CLIG total	$m	% of KIM total	% of CLIG total	$m	% of KIM total	% of CLIG total
Retail	2,401	69%	2,804	72%	24%	2,419	70%	26%	2,441	69%	26%	2,472	68%	26%
Institutional	1,087	31%	1,115	28%	10%	1,014	30%	11%	1,079	31%	11%	1,146	32%	12%
KIM total	3,488	100%	3,919	100%	34%	3,433	100%	37%	3,520	100%	37%	3,618	100%	38%
CLIG total			**11,449**		**100%**	**9,224**		**100%**	**9,424**		**100%**	**9,576**		**100%**

* Denotes pre-merger percentages.

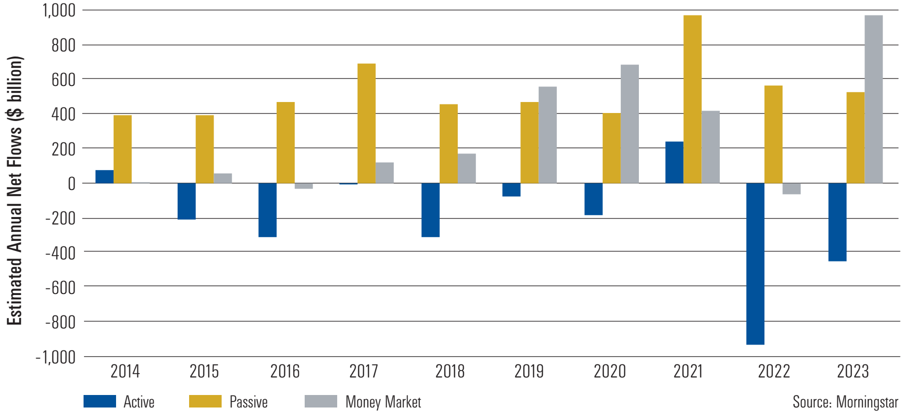
Figure 2. Net investment flows ($'000)

CLIM	FYE June 2020	FYE June 2021	FYE June 2022	FYE June 2023	FY 2024, as of Dec 2023
Emerging Markets	(279,459)	(275,493)	(315,770)	(205,924)	(171,151)
International	551,102	(14,145)	452,554	(50,824)	(89,815)
Opportunistic Value	45,914	(102,663)	617	34,942	15,015
Frontier	16,178	(168,843)	(4,748)	–	–
Other/REIT	4,600	–	79,133	(5,709)	(2,631)
CLIM total	338,335	(561,144)	211,786	(227,515)	(248,582)

KIM	FYE June 2020	FYE June 2021*	FYE June 2022	FYE June 2023	FY 2024, as of Dec 2023
Retail	26,323	(104,222)	(106,444)	(141,952)	(40,031)
Institutional	(67,087)	(130,911)	(3,302)	12,530	(5,688)
KIM total	(40,764)	(235,133)	(109,746)	(129,422)	(45,719)

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

Figure 3. Active and Passive vs MM Fund Flows



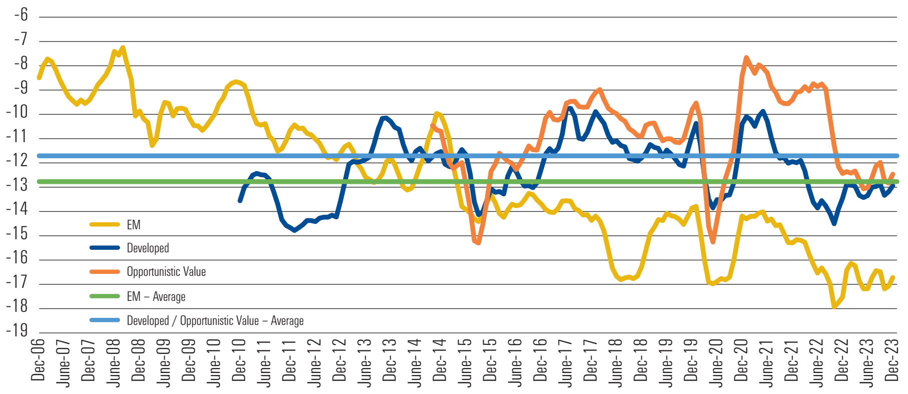
Source: Morningstar

Investors in the Group's CEF strategies have outperformed their relevant indices over the long term aided by the additional alpha contribution of buying securities at a discount to Net Asset Value (NAV). Marketing activity has picked up in January and we remain focused on our CEF strategies which have good long-term performance and ample capacity.

Size-Weighted Average Discount (SWAD)

Markets have been volatile for an extended period of time since the outset of the pandemic in early 2020 continuing into the latest quarter. Discounts are historically wide across the strategies indicating considerable value as illustrated in Figures 4 and 5.

Figure 4. Representative Accounts
3-Month Rolling Average Portfolio Discounts by Strategy
December 2006 – December 2023



*Since inception for Developed and Opportunistic Value

Source: CLIM

Figure 5. Tax-Sensitive Fixed income Closed-End Fund Discounts

Month-end average discount for the constituent funds within the First Trust Municipal Closed-End Fund Total Return Index as of 29/12/2023. The data represents the simple average of the discounts of the funds within the index and is as of month end for all funds in the index for either all or part of the defined period.

Currency exposure

Following the change in the Group's presentational currency with effect from 1st July 2023, the Group's interim results for the six-month period ended 31st December 2023, and all subsequent financial information, will be prepared using US dollars.

While fee income and the bulk of expenses will now be aligned in USD, c.33% of Group's overheads are incurred in GBP that are subject to USD/GBP currency rate fluctuations. Opposite to last year's six months interim report, on an average, USD weakened by c.7% against GBP to 1.256 for the six months ended 31st December 2023 from 1.1759 for the six months ended 31st December 2022.

Expenses

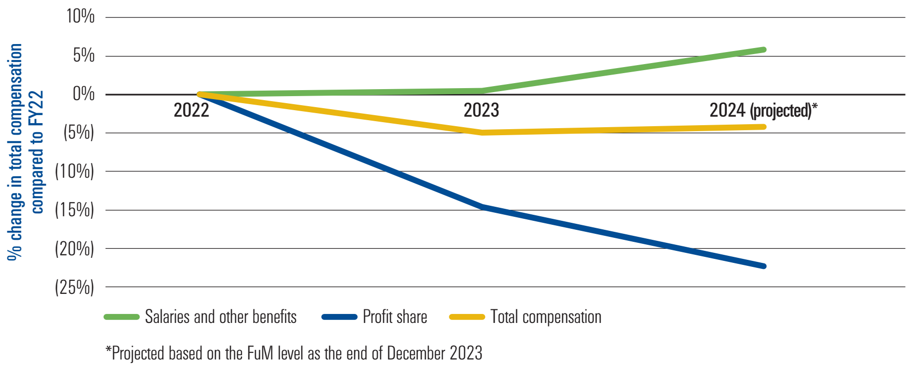
With reduced FuM we have made some reductions in expenses which will benefit the P&L, largely in FY2025 rather than FY2024. We will continue to reduce our costs by taking more aggressive action in the event that FuM falls as we move closer to the current financial year end.

Over the six-month period, further investment was made in IT infrastructure based on technology advancements allowing for significant monthly cost reductions going forward. Additional increases over the same six-month period in the prior financial year relate to salary and benefit costs along with Group costs denominated in GBP as a result of sterling strengthening c.7% over the period.

Total compensation for Group employees is comprised of salaries plus related benefits and profit sharing. Salary levels are moderate relative to our competitors as a result of the volatility of markets causing variability in our results. The modest increase in salary and benefit costs over the FY2024 interim period is a product of a tight labour market and continued inflationary pressures. The group has responded to these pressures focusing salary increases on key personnel and areas where the shortage of talent is most acute.

With this said, total compensation overall for Group employees has declined over the past two years reflecting declining FuM and the strong link between remuneration and profit.

Figure 6. Total compensation compared to FY22



As stated in the Remuneration report contained within our FY2023 Annual Report, rather than making large numbers of employees redundant during market downturns and negatively impacting the business, the variable component of compensation can take the brunt of reduced revenues. Maintaining a high ratio of variable pay for all employees underscores the message that we are a team and rewards should be reduced when the Group underperforms. Variable pay can be adjusted in line with profitability, and aligns employees with shareholders.

The chart in Figure 6 illustrates this approach in action by showing a decrease in total compensation post FY2022 when accounting for a 22% drop in the profit share component of compensation.

Financial results

Net fee income in the first six months of FY2024 of $32.6 million is slightly higher over the same period in FY2023 of $31.9 million (based on conversion of actual net fee income of £27.3 million at the average USD/GBP exchange rate). CLIM's diversification provides the ability to acquire and retain additional sources of FuM based revenues that otherwise would not have been possible – this includes new clients, but as importantly provides clients looking to diversify from EM with alternative options. Over the past ten years, we have seen a marked shift in "EM fatigue", which has been driven by geopolitical events, underperformance of EM equity relative to other regions, and an overall lack of growth.

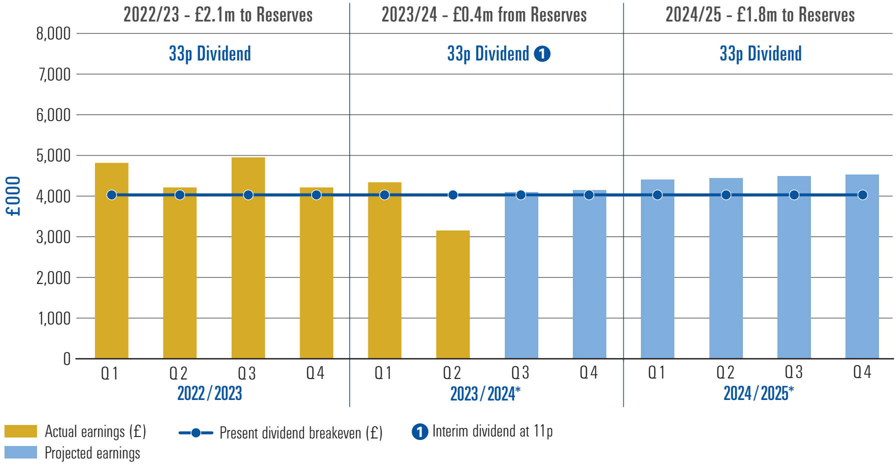
The Group's profit before tax increased slightly for the six months ended 31st December 2023 to $11.1 million as compared to $11.0 million for the six months ended 31st December 2022*. However, underlying profit before tax† for the six months ended 31st December 2023 fell by c.2% to $13.3 million from $13.6 million for the six months ended 31st December 2022 due to the adjustment of higher gains on investments of $0.6 million in the six months ended 31st December 2023 as compared to $0.2 million of gains in the six months ended 31st December 2022. EPS for the six months ended 31st December 2023 decreased by c.2% to 16.9¢ (13.4p†) per share from 17.2¢ (15.0p†) per share for the six months ended 31st December 2022. Underlying EPS† for the six months ended 31st December 2023 decreased by c.4% to 20.4¢ (16.2p) per share from 21.3¢ (18.4p) per share for the six months ended 31st December 2022.

* *Comparative period results have been restated in US dollars. Please refer to page 20 for details.*
† *This is an Alternative Performance Measure (APM). Please refer to page 12 for more details on APMs.*

Dividend cover chart

We have provided an illustrative framework (Figure 7) 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 2023, and the assumed post-tax profit for the six months ended 30th June 2024 and the next financial year based upon assumptions included in the chart.

Figure 7. Dividend Cover
CLIG Template – for guidance purposes only[1]



* Note: Actual and projected results have been converted into sterling using £:$ average rates.

Key assumptions:

- Number of CLIG Shares in issue (50.7m) less those held by the Employee Benefit Trust (1.8m) as at 31 Dec 2023
- Excludes unrealised loss/gains on seed and other investments
- Excludes amortisation of intangibles

	CLIM	KIM
• Starting FuM as at:	1-Jan-24	1-Jan-24
• Net increase in FuM for the remainder of this financial year (straight-lined to June 2024):	$250m over the full year	$50m over the full year
• Net increase in FuM in 2024/2025 (straight-lined to June 2025):	$250m	$50m
• Market growth:	0%	0%
• Overheads for 2023/24:	No change	No change
• Overheads for 2024/25:	-4% compared to 2023/24	-2% compared to 2023/24
• Corporation tax based on an estimated average rate (FY 24):	25%	24%
• Exchange rate assumed to be for entire period:	£1/$1.25	£1/$1.25

1 Any forward-looking statements are based on certain factors and assumptions that have not been independently verified, which may prove incorrect, and are subject to risks, uncertainties and assumptions relating to future events, the Group's operations, results of operations, growth strategy and liquidity.

	Six months ended 31st Dec 2023 $'000	Six months ended 31st Dec 2022* $'000	Year ended 30th June 2023* $'000
Profit before tax	11,069	10,965	22,127
Add back/(deduct):			
Gain on investments	(560)	(195)	(689)
Amortisation on acquired intangibles	2,799	2,800	5,599
Underlying profit before tax	13,308	13,570	27,037

* Comparative period results have been restated to US dollars. Please refer to page 20 for details.

Alternative Performance Measures

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

Earnings per share in pence – Earnings per share in US dollars as per the income statement is converted to sterling using the average exchange rate for the period. Refer to note 4 in the interim financial statements on page 23.

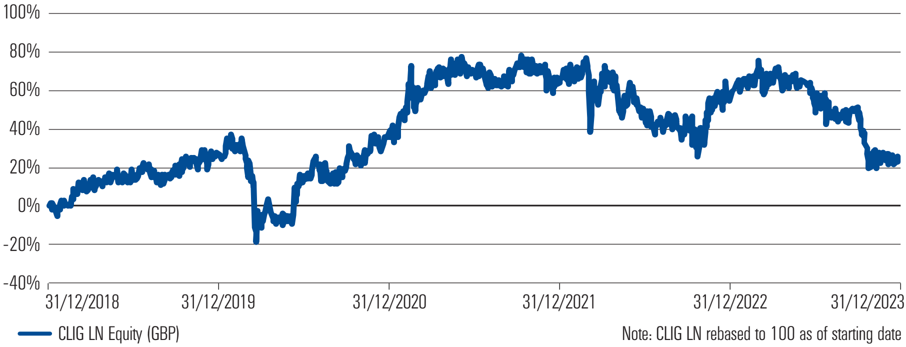
Underlying profit before tax – Profit before tax, adjusted for gain/loss on investments and amortisation of acquired intangibles. This provides a measure of the profitability of the Group for management's decision-making.

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

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

Figure 8. CLIG five-year graph of total return



Source: Bloomberg

to take undue levels of risk. For the five years ended 31st December 2023, CLIG's cumulative total return in GBP was 25.7%, or 4.7% annualised, this had recovered to 6.9% by 31st January 2024. CLIG's management team is monitoring this development, as the broad market declines in October precipitated this underperformance and will update shareholders in our June 2024 Annual Report and Accounts. Since listing in April 2006, the annualised return is 11.0%.

Corporate Governance and stakeholders

The preceding six months saw a passing of the Chair baton from Barry Aling to Rian Dartnell, as Barry retired after a ten-year tenure on the CLIG Board, including the last five as Chair. On behalf of my fellow Group Executive Committee (GEC), and CLIG employees overall, I want to say thank you to Barry for his support and leadership.

In Barry's final statement as Chair, he stated that CLIG is committed to meeting the standards of our UK listing although it has created a meaningful burden in terms of human and financial resources. To put this statement into historical perspective, CLIG moved from AIM to the main market listing of the LSE in October 2010, in order to meet the requirements of increased transparency on corporate governance initiatives from UK institutional investors. This successful transition to the main market was critical in broadening the pool of potential investors and increasing demand for Group shares. The stringent demands on the Group from the UK Corporate Governance Code help us in our role of acting as a steward of our shareholders' trust and remaining on the main market is important to the future of the Group in retaining a larger existing and prospective shareholder base. Recent announcements from the FCA that it will be reducing the regulatory burden on UK listed companies are a welcome development, and begin to address some of the concerns raised in Barry Aling's final statement as Chair.

Environmental reporting update

Employees and management of the Group are committed to protecting the environment in which we operate. We provide investment management services to our clients which have a relatively modest direct environmental impact. As noted within our FY2023 Annual Report and Accounts, we plan to reduce emissions where we can, and offset emissions where we cannot reduce. Below are descriptions of actions taken at the Group level to 1) reduce carbon emissions and 2) offset carbon emissions.

In terms of reducing carbon emissions, the electricity supplied to the London office is via contracts backed by renewable energy sources, while the Rochester office is primarily powered by wind power generated in New York State. From February 2024 onwards, our West Chester, Pennsylvania office will also be powered by renewable energy sources.

In terms of offsetting carbon emissions, in December 2023, we completed our first offset of carbon emissions. The Group purchased carbon credits for the carbon emitted from flights undertaken by Group employees during the current financial year. These credits were purchased via Gold Standard (www.goldstandard.org), in order to allay concerns about greenwashing or paying away money for minimal or unreportable short-term impact. Gold Standard's allocation methodology will fund projects that will save 173 tonnes of CO_2 emissions from being released into the atmosphere.

Cybersecurity update

In cybersecurity, employee education must be the priority for a company that takes cybersecurity seriously, as employees are the gatekeepers to the Group's network, files and data. We highlighted in our FY2023 Annual Report & Accounts that all CLIG employees were given a Security Awareness Proficiency Assessment, and that CLIG employees outperformed the industry average in all seven categories, as well as overall scoring. We used the metrics provided by the assessment to fine tune the focus of our cybersecurity training for the rest of calendar year 2023.

We provide employees with monthly cybersecurity training via a third-party portal, and participation is tracked to ensure that all Group employees complete the training. All new hires are provided cybersecurity training upon their start date.

Outside of the training provided to all employees, employees within the Group's information technology department continue to strengthen and protect our network infrastructure and remain vigilant in their analysis of potential threat vectors.

CLIG outlook

In my CLIG outlook from the FY2023 Annual Reports and Accounts, I used the phrase "with a following wind" to reference that the foundations for growth have been laid, and the Group was poised for growth pending an improvement in the overall market sentiment. The wind has not yet shifted, as CEF discounts remain wide across multiple strategies. Despite a headwind versus a tailwind, the Group is positioned to go further together, with thanks and appreciation to our colleagues for navigating the rough seas.

Tom Griffith
Chief Executive Officer
22nd February 2024

CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 31ST DECEMBER 2023

	Note	Six months ended 31st Dec 2023 (unaudited) $'000	Six months ended 31st Dec 2022 (restated) (unaudited) $'000	Year ended 30th June 2023 (restated) (audited) $'000
Revenue				
Gross fee income	2	34,210	33,514	68,725
Commissions payable		(876)	(926)	(1,823)
Custody fees payable		(725)	(695)	(1,422)
Net fee income		32,609	31,893	65,480
Administrative expenses				
Employee costs		14,991	14,093	29,762
Other administrative expenses		4,320	3,984	8,382
Depreciation and amortisation		3,284	3,174	6,434
		(22,595)	(21,251)	(44,578)
Operating profit		10,014	10,642	20,902
Finance income	3	1,257	408	1,389
Finance expense	3	(202)	(85)	(164)
Profit before taxation		11,069	10,965	22,127
Income tax expense		(2,854)	(2,541)	(4,630)
Profit for the period		8,215	8,424	17,497
Profit attributable to:				
Equity shareholders of the parent		8,215	8,424	17,497
Basic earnings per share (cents)	4	16.9	17.2	38.4
Diluted earnings per share (cents)	4	16.5	17.0	37.6

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31ST DECEMBER 2023

	Six months ended 31st Dec 2023 (unaudited) $'000	Six months ended 31st Dec 2022 (restated) (unaudited) $'000	Year ended 30th June 2023 (restated) (audited) $'000
Profit for the period	8,215	8,424	17,497
Other comprehensive income:			
Items that may be subsequently reclassified to income statement			
Foreign currency translation difference	1	–	–
Total comprehensive income for the period	8,216	8,424	17,497
Attributable to:			
Equity shareholders of the parent	8,216	8,424	17,497

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31ST DECEMBER 2023

	Note	31st Dec 2023 (unaudited) $'000	31st Dec 2022 (restated) (unaudited) $'000	30th June 2023 (restated) (audited) $'000
Non current assets				
Property and equipment	2	1,241	725	921
Right-of-use assets	2	5,196	2,763	2,524
Intangible assets	2,5	125,657	131,265	128,462
Other financial assets		5,396	9,199	10,020
Deferred tax asset		427	449	493
		137,917	144,401	142,420
Current assets				
Trade and other receivables		10,356	7,056	8,090
Current tax receivable		396	–	–
Cash and cash equivalents		25,912	23,053	28,569
		36,664	30,109	36,659
Current liabilities				
Trade and other payables		(9,014)	(8,569)	(10,733)
Lease liabilities		(421)	(327)	(251)
Current tax payable		–	(974)	(1,009)
Creditors, amounts falling due within one year		(9,435)	(9,870)	(11,993)
Net current assets		27,229	20,239	24,666
Total assets less current liabilities		165,146	164,640	167,086
Non current liabilities				
Lease liabilities		(5,263)	(2,585)	(2,498)
Deferred tax liability		(8,596)	(9,853)	(9,175)
Net assets		151,287	152,202	155,413
Capital and reserves				
Share capital		644	828	828
Share premium account		2,866	4,080	4,080
Merger relief reserve		128,984	131,188	131,188
Investment in own shares	6	(9,073)	(11,987)	(13,162)
Share option reserve		165	751	802
EIP share reserve		1,664	1,712	2,485
Foreign currency translation reserve		(1,199)	(8,272)	(7,179)
Capital redemption reserve		33	52	52
Retained earnings		27,203	33,850	36,319
Attributable to:				
Equity shareholders of the parent		151,287	152,202	155,413
Total equity		151,287	152,202	155,413

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31ST DECEMBER 2023

	Share capital $'000	Share premium account $'000	Merger relief reserve $'000	Investment in own shares $'000	Share option reserve $'000	EIP share reserve $'000	Foreign currency translation reserve $'000	Capital redemption reserve $'000	Retained earnings $'000	Total attributable to shareholders $'000
At 30th June 2023 (restated)	828	4,080	131,188	(13,162)	802	2,485	(7,179)	52	36,319	155,413
Effect of change in functional currency	(184)	(1,214)	(2,204)	2,861	(632)	(285)	5,980	(19)	(4,303)	–
At 1st July 2023	644	2,866	128,984	(10,301)	170	2,200	(1,199)	33	32,016	155,413
Profit for the period	–	–	–	–	–	–	–	–	8,215	8,215
Other comprehensive income	–	–	–	–	–	–	1	–	–	1
Total comprehensive income	–	–	–	–	–	–	1	–	8,215	8,216
Transactions with owners										
Share option exercise	–	–	–	154	(18)	–	–	–	18	154
Purchase of own shares	–	–	–	(1,112)	–	–	–	–	–	(1,112)
Share-based payment	–	–	–	–	22	567	–	–	–	589
EIP vesting/forfeiture	–	–	–	2,186	–	(1,103)	–	–	–	1,083
Deferred tax on share options	–	–	–	–	(9)	–	–	–	(24)	(33)
Current tax on share options	–	–	–	–	–	–	–	–	27	27
Foreign exchange translation	–	–	–	–	–	–	(1)	–	–	(1)
Dividends paid	–	–	–	–	–	–	–	–	(13,049)	(13,049)
Total transactions with owners	–	–	–	1,228	(5)	(536)	(1)	–	(13,028)	(12,342)
As at 31st December 2023	644	2,866	128,984	(9,073)	165	1,664	(1,199)	33	27,203	151,287

	Share capital $'000	Share premium account $'000	Merger relief reserve $'000	Investment in own shares $'000	Share option reserve $'000	EIP share reserve $'000	Foreign currency translation reserve $'000	Capital redemption reserve $'000	Retained earnings $'000	Total attributable to shareholders $'000
At 1st July 2022 (restated)	828	4,080	131,188	(11,883)	739	1,943	(8,129)	52	37,997	156,815
Profit for the period	–	–	–	–	–	–	–	–	8,424	8,424
Other comprehensive income	–	–	–	–	–	–	–	–	–	–
Total comprehensive income	–	–	–	–	–	–	–	–	8,424	8,424
Transactions with owners										
Purchase of own shares	–	–	–	(1,777)	–	–	–	–	–	(1,777)
Share-based payment	–	–	–	–	17	613	–	–	–	630
EIP vesting/forfeiture	–	–	–	1,673	–	(844)	–	–	–	829
Deferred tax on share options	–	–	–	–	(5)	–	–	–	–	(5)
Foreign exchange translation	–	–	–	–	–	–	(143)	–	(41)	(184)
Dividends paid	–	–	–	–	–	–	–	–	(12,530)	(12,530)
Total transactions with owners	–	–	–	(104)	12	(231)	(143)	–	(12,571)	(13,037)
As at 31st December 2022 (restated)	828	4,080	131,188	(11,987)	751	1,712	(8,272)	52	33,850	152,202

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONTINUED

	Share capital $'000	Share premium account $'000	Merger relief reserve $'000	Investment in own shares $'000	Share option reserve $'000	EIP share reserve $'000	Foreign currency translation reserve $'000	Capital redemption reserve $'000	Retained earnings $'000	Total attributable to shareholders $'000
As at 1st July 2022 (restated)	828	4,080	131,188	(11,883)	739	1,943	(8,129)	52	37,997	156,815
Profit for the period	–	–	–	–	–	–	–	–	17,497	17,497
Other comprehensive income	–	–	–	–	–	–	–	–	–	–
Total comprehensive income	–	–	–	–	–	–	–	–	17,497	17,497
Transactions with owners										
Share option exercise	–	–	–	88	(10)	–	–	–	10	88
Purchase of own shares	–	–	–	(3,078)	–	–	–	–	–	(3,078)
Share-based payment	–	–	–	–	36	1,174	–	–	–	1,210
EIP vesting/forfeiture	–	–	–	1,711	–	(871)	–	–	–	840
Deferred tax on share options	–	–	–	–	(17)	–	–	–	(1)	(18)
Current tax on share options	–	–	–	–	–	–	–	–	5	5
Foreign exchange translation	–	–	–	–	54	239	950	–	203	1,446
Dividends paid	–	–	–	–	–	–	–	–	(19,392)	(19,392)
Total transactions with owners	–	–	–	(1,279)	63	542	950	–	(19,175)	(18,899)
As at 30th June 2023 (restated)	828	4,080	131,188	(13,162)	802	2,485	(7,179)	52	36,319	155,413

CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 31ST DECEMBER 2023

	Note	Six months ended 31st Dec 2023 (unaudited) $'000	Six months ended 31st Dec 2022 (restated) (unaudited) $'000	Year ended 30th June 2023 (restated) (audited) $'000
Cash flow from operating activities				
Profit before taxation		11,069	10,965	22,127
Adjustments for:				
Depreciation of property and equipment		140	99	274
Depreciation of right-of-use assets		340	272	553
Amortisation of intangible assets	5	2,804	2,803	5,607
Loss on disposal of property and equipment		–	–	1
Share-based payment charge		22	18	36
EIP-related charge		1,044	662	1,267
Gain on investments	3	(560)	(195)	(689)
Interest receivable	3	(697)	(213)	(700)
Interest payable	3	17	–	–
Interest payable on lease liabilities	3	185	85	164
Translation adjustments		(142)	(71)	(314)
Cash generated from operations before changes in working capital		14,222	14,425	28,326
Decrease in trade and other receivables		498	751	154
Decrease in trade and other payables		(1,131)	(1,941)	(296)
Cash generated from operations		13,589	13,235	28,184
Interest received	3	697	213	700
Interest paid	3	(17)	–	–
Interest paid on leased assets	3	(185)	(85)	(164)
Taxation paid		(4,773)	(2,867)	(5,772)
Net cash generated from operating activities		9,311	10,496	22,948
Cash flow from investing activities				
Purchase of property and equipment and intangibles		(460)	(218)	(577)
Purchase of non-current financial assets		–	–	(1,356)
Proceeds from sale of non-current financial assets		2,536	–	1,356
Net cash generated from/(used in) investing activities		2,076	(218)	(577)
Cash flow from financing activities				
Ordinary dividends paid	7	(13,049)	(12,530)	(19,392)
Purchase of own shares by employee benefit trust		(1,112)	(1,777)	(3,078)
Proceeds from sale of own shares by employee benefit trust		154	–	88
Payment of lease liabilities		(80)	(249)	(476)
Net cash used in financing activities		(14,087)	(14,556)	(22,858)
Net decrease in cash and cash equivalents		(2,700)	(4,278)	(487)
Cash and cash equivalents at start of period		28,569	27,617	27,617
Cash held in funds*		–	50	77
Effect of exchange rate changes		43	(336)	1,362
Cash and cash equivalents at end of period		25,912	23,053	28,569

* 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 2023 has been extracted from the latest published audited accounts (refer details of changes in presentational and functional currency below) which have been 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 2023, 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 2023.

Group companies are regulated and perform annual capital adequacy and liquidity assessments, which incorporates stress testing based on loss of revenue on the Group's financial position over a three-year period. The Group has performed additional stress tests using several different scenario levels, over a three-year period on the Group's financial position from 31st December 2023.

The Group's financial projections, 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.

Changes in presentational and functional currency

With effect from 1st July 2023, the Group has changed its presentational currency from sterling to US dollars, to mirror the primary economic environment that it operates in. This change will provide investors and other stakeholders greater transparency of the Group's performance and reduced foreign exchange volatility on its income and costs.

The change in the Group's presentational currency to US dollars has resulted in a change in the parent company's primary economic environment. Dividend streams from its subsidiaries are now received and retained by the parent company in US dollars. Hence, all the parent company's income is now in US dollars and a large portion of its costs are also in US dollars. As a result, the parent company's functional currency has changed to US dollars with effect from 1st July 2023.

In accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, the change in presentational currency has been applied retrospectively, whereas the change in functional currency has been applied prospectively with effect from 1st July 2023.

Certain elements of historical financial information have been restated in US dollars and form the basis of the comparative financial information included in these interim financial statements for the six months ended 31st December 2023.

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES CONTINUED

In accordance with the provisions of IAS 21, the Effects of Changes in Foreign Exchange Rates, due to the change in presentational currency, financial information has been restated from sterling to US dollars as follows:

- assets and liabilities in non-US denominated currencies were translated into US dollars at the rate of exchange at the relevant balance sheet date;
- non-US dollar income statements and cash flows were translated into US dollars at average rates of exchange for the relevant period;
- share capital, share premium and all other equity items were translated at the historical rates prevailing on 1st June 2007, the date of transition to IFRS or the subsequent rates prevailing on the date of each relevant transaction or average rates as relevant; and
- the cumulative foreign exchange translation reserve was set to zero on 1st June 2007, the date of transition to IFRS, and this reserve has been restated on the basis that the Group has reported in US dollars since that date.

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 $'000	Canada $'000	UK $'000	Europe (ex UK) $'000	Other $'000	Total $'000
Six months to 31st Dec 2023						
Gross fee income	32,895	722	–	549	44	34,210
Non-current assets:						
Property and equipment	975	–	247	–	19	1,241
Right-of-use assets*	4,131	–	1,040	–	25	5,196
Intangible assets	125,633	–	24	–	–	125,657
Six months to 31st Dec 2022 (restated)						
Gross fee income	32,240	695	–	540	39	33,514
Non-current assets:						
Property and equipment	446	–	262	–	17	725
Right-of-use assets	1,481	–	1,203	–	79	2,763
Intangible assets	131,232	–	33	–	–	131,265
Year to 30th June 2023 (restated)						
Gross fee income	66,102	1,419	–	1,122	82	68,725
Non-current assets:						
Property and equipment	641	–	264	–	16	921
Right-of-use assets	1,319	–	1,152	–	53	2,524
Intangible assets	128,432	–	30	–	–	128,462

* During the period, the Group entered into a long-term lease for its new West Chester office which commenced on 1st July 2023.

3. FINANCE INCOME AND FINANCE EXPENSE

	Six months ended 31st Dec 2023 (unaudited) $'000	Six months ended 31st Dec 2022 (restated) (unaudited) $'000	Year ended 30th June 2023 (restated) (audited) $'000
Finance income:			
Interest on cash and cash equivalents	697	213	700
Unrealised gain on investments	44	195	305
Realised gain on investments	516	–	384
Total finance income	1,257	408	1,389
Finance expense:			
Interest payable on lease liabilities	(185)	(85)	(164)
Interest payable other	(17)	–	–
Total finance expense	(202)	(85)	(164)
Net finance income	1,055	323	1,225

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 2023.

As set out in note 6 the Employee Benefit Trust held 1,789,369 ordinary shares in the Company as at 31st December 2023. 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 2023.

4. EARNINGS PER SHARE CONTINUED

Reported earnings per share

	Six months ended 31st Dec 2023 (unaudited) $'000	Six months ended 31st Dec 2022 (restated) (unaudited) $'000	Year ended 30th June 2023 (restated) (audited) $'000
Profit attributable to the equity shareholders of the parent for basic earnings	8,215	8,424	17,497

	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	(1,939,759)	(1,839,546)	(1,842,182)
Weighted average shares in issue	48,739,336	48,839,549	48,836,913
Effect of movements in share options and EIP awards	953,028	823,114	892,422
Diluted weighted average shares in issue	49,692,364	49,662,663	49,729,335
Basic earnings per share (cents)	16.9	17.2	38.4
Diluted earnings per share (cents)	16.5	17.0	37.6
Basic earnings per share (pence)†	13.4	15.0	30.2
Diluted earnings per share (pence)†	13.2	14.7	29.6

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 and their related tax impact.

Underlying profit for calculating underlying earnings per share

	Six months ended 31st Dec 2023 (unaudited) $'000	Six months ended 31st Dec 2022 (restated) (unaudited) $'000	Year ended 30th June 2023 (restated) (audited) $'000
Profit before tax	11,069	10,965	22,127
Add back/(deduct):			
– Gain on investments	(560)	(195)	(689)
– Amortisation on acquired intangibles	2,799	2,800	5,599
Underlying profit before tax	13,308	13,570	27,037
Tax expense as per the consolidated income statement	(2,854)	(2,541)	(4,630)
Tax effect on fair value adjustments	141	41	145
Unwinding of deferred tax liability	(672)	(672)	(1,344)
Underlying profit after tax for the calculation of underlying earnings per share	9,923	10,398	21,208
Underlying earnings per share (cents)	20.4	21.3	43.4
Underlying diluted earnings per share (cents)	20.0	20.9	42.6
Underlying earnings per share (pence)†	16.2	18.4	36.5
Underlying diluted earnings per share (pence)†	15.9	18.1	35.8

† Converted to sterling using the average exchange rate for the relevant period.
* This is an Alternative Performance Measure (APM). Please refer to the CEO review for more details on APMs.

5. INTANGIBLE ASSETS

	31st December 2023							
	Goodwill $'000	Direct customer relationships $'000	Distribution channels $'000	Trade name $'000	Long-term software $'000	Total $'000	31st Dec 2022 Total (restated) $'000	30th Jun 2023 Total (restated) $'000
Cost								
At start of period	90,072	46,052	6,301	1,404	915	144,744	144,692	144,692
Additions	–	–	–	–	–	–	14	15
Currency translation	–	–	–	–	–	–	(7)	37
At close of period	90,072	46,052	6,301	1,404	915	144,744	144,699	144,744
Amortisation charge								
At start of period	–	12,664	2,476	258	885	16,283	10,639	10,639
Charge for the period	–	2,303	450	46	5	2,804	2,803	5,607
Currency translation	–	–	–	–	–	–	(8)	36
At close of period	–	14,967	2,926	304	890	19,087	13,434	16,282
Net book value	90,072	31,085	3,375	1,100	25	125,657	131,265	128,462

Goodwill, direct customer 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 2023 in relation to direct customer relationships, distribution channels and trade name, was $2,799k (year ended 30th June 2023 – $5,598k; six months ended 31st December 2022 – $2,800k).

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 2023 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'. No indications of impairment of individual intangible assets have been identified.

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 2023 the Trust held 593,236 ordinary 1p shares (30th June 2023 – 985,411; 31st December 2022 – 763,636), of which 241,000 ordinary 1p shares (30th June 2023 – 290,900; 31st December 2022 – 321,250) were subject to options in issue.

The Trust also held in custody 1,196,133 ordinary 1p shares (30th June 2023 – 1,003,944; 31st December 2022 – 1,009,622) 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 2023 – 1,789,369; 30th June 2023 – 1,989,355; 31st December 2022 – 1,773,258).

7. DIVIDENDS

A final dividend of 22p per share (2022 – 22p) (gross amount payable £11,149k; net amount paid £10,712k ($13,049k)*) in respect of the year ended 30th June 2023 was paid on 27th October 2023.

An interim dividend of 11p per share (2023 – 11p) (gross amount payable £5,575k; net amount payable £5,356k*) in respect of the year ending 30th June 2024 will be paid on 28th March 2024 to members registered at the close of business on 1st March 2024.

* 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 30 and 31 of the Annual Report and Accounts for the year ended 30th June 2023), 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 US dollars. However, exchange rate movements will impact the portion of Group expenses that are incurred in non-US dollars.

9. RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Company and its subsidiary undertakings carry out transactions with related parties as defined under IAS 24 Related Party Disclosures. Material transactions are set out below:

(i) Transactions with key management personnel

Key management personnel are defined as Directors (both Executive and Non-Executive) of City of London Investment Group PLC.

(a) The compensation paid to the Directors as well as their shareholdings in the Group and dividends paid, did not affect the financial position or the performance of the Group for the current reporting period. There were no changes to the type and nature of the related party transactions from those that were reported in the FY2023 Annual Report and Accounts.

(b) One of the Group's subsidiaries manages funds for one of its key management personnel, for which it receives a fee. All transactions between key management and their close family members and the Group's subsidiary are on terms that are available to all employees of that Company. The amount received in fees during the period was $211. There were no fees outstanding as at the period end.

(ii) Person with significant influence

One of the Group's subsidiaries manages funds for a person with significant influence based on his shareholding in the Group. The amount received in fees during the period was $39k.

10. 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.

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.

10. FINANCIAL INSTRUMENTS CONTINUED

31st December 2023	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets at fair value through profit or loss				
Investment in other non-current financial assets	5,348	48	–	5,396
Total	5,348	48	–	5,396

31st December 2022 (restated)	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets at fair value through profit or loss				
Investment in other non-current financial assets	6,891	2,308	–	9,199
Total	6,891	2,308	–	9,199
Financial liabilities at fair value through profit or loss				
Forward currency trades	–	441	–	441
Total	–	441	–	441

30th June 2023 (restated)	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets at fair value through profit or loss				
Investment in other non-current financial assets	7,589	2,431	–	10,020
Forward currency trades	–	99	–	99
Total	7,589	2,530	–	10,119

There were no financial liabilities at fair value at 31st December 2023 or 30th June 2023.

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

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 by the foreign exchange losses on other currency assets and liabilities held during the period and at the period end. The net profit reported for the period is $422k (30th June 2023: net profit $55k; 31st December 2022: net loss $214k).

10. GENERAL

The interim financial statements for the six months ended 31st December 2023 were approved by the Board on 22nd February 2024. These financial statements are unaudited, but they have been reviewed by the auditors, having regard to International Standard on Review Engagements (UK) 2410 (ISRE (UK) 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 2022-2023. A list of current Directors is maintained at www.clig.co.uk.

On behalf of the Board

Tom Griffith
Chief Executive Officer

22nd February 2024

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 2023 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 2023 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.

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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22nd February 2024

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