CITY OF LONDON
INVESTMENT GROUP PLC

ANNUAL REPORT & ACCOUNTS 2019/2020

CITY OF LONDON
INVESTMENT GROUP PLC

City of London Investment Group PLC (CLIG) is an established asset management group which has built its reputation by specialising in Emerging Market closed-end fund investment, focused on institutional clients, offered through its wholly owned subsidiary City of London Investment Management Company Limited (CLIM).

Over the years CLIM has expanded its range to include International, Frontier and Opportunistic Value closed-end fund strategies. A Real Estate Investment Trust (REIT) strategy was launched in January 2019 that shares many similarities to the closed-end fund products.

Further CLIG diversification proposed via the Karpus Management Inc. (KMI) transaction announced on 12th June 2020 will add a second, separate investment management operating company under the CLIG holding company umbrella.

www.citlon.co.uk

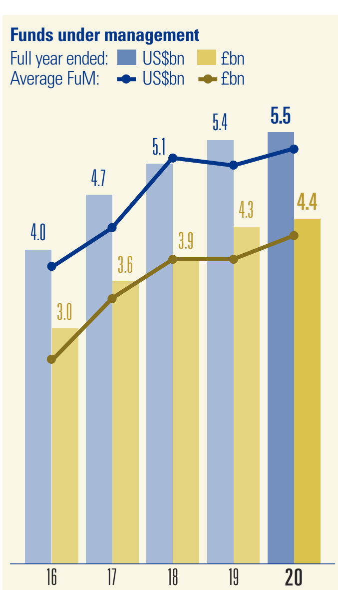
SUMMARY

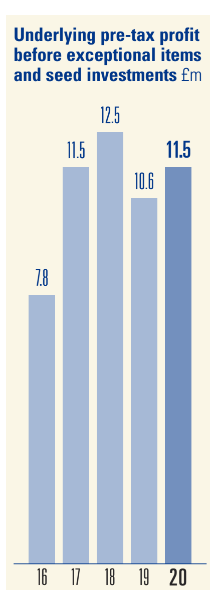
- Funds under management (FuM) at 30th June 2020 were US$5.5 billion (2019: US$5.4 billion), an increase of 2%. In sterling terms, FuM increased by 5% to £4.4 billion (2019: £4.3 billion).

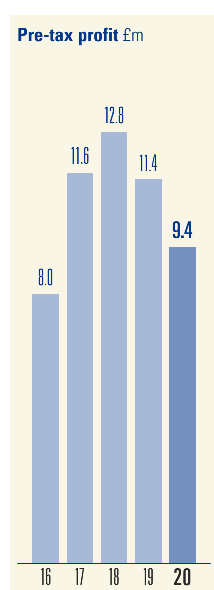
- Revenues, representing the Group's management charges on FuM, were £33.3 million (2019: £31.9 million). Underlying profit before tax and exceptional items was £10.7 million (2019: £11.4 million). Profit before tax was £9.4 million (2019: £11.4 million). Underlying profit before tax, exceptional items and losses/(gains) on seed investments in REIT funds was £11.5 million (2019: £10.6 million).

- Underlying basic earnings per share before exceptional items were 35.3p (2019: 34.9p). Basic earnings per share were 30.3p (2019: 34.9p) after an effective tax charge of 22% (2019: 21%) of pre-tax profits.

- A final dividend of 20p per share is recommended, payable on 30th October 2020 to shareholders on the register on 9th October 2020, making a total for the year of 30p (2019: 40.5p including special dividend of 13.5p).







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CHAIRMAN'S STATEMENT

"Our strategic objective was to achieve the "go-to" manager label within the global CEF universe and the merger with KMI takes us firmly in that direction."

If ever the CLIG business model needed to be stress-tested for its capacity to withstand extreme volatility, the events of the last few months provided a test like no other in our 28-year history. Just a few weeks after suggesting that the prospects for equity markets appeared "promising" in my half-year report to shareholders, the full economic implications of the worldwide lockdown from the COVID-19 pandemic emerged in early March causing a stampede for liquidity and exodus from global equities that was unprecedented and indiscriminate in scale. In just 27 trading days between February 19th and March 23rd, most global equity indices fell by more than 30%, with the MSCI Emerging Market Index (M1EF) falling 31% to levels not seen since 2016.

Since the March nadir, massive monetary intervention from the G7 central banks has prompted a V-shaped recovery in equities that left the M1EF within 15% of its January 2020 high point at 30th June, yet trading on a forward P/E ratio of just 12.3. The contrast with ratings in the developed markets, which have been the main beneficiaries of the liquidity injection, is stark with the S&P 500 trading on 21.7 times forward earnings. While the lower ratings for emerging markets should offer some protection against future volatility, the risk of a second wave pandemic has left all markets both apprehensive and brittle. Notably, and in contrast to the extreme volatility in equities, the quest for safe-haven assets throughout the recent turbulence resulted in a 9% positive total return from US treasuries over the year to 30th June 2020, as measured by the Bloomberg Barclays US Treasury index.

Inevitably and in tandem with market volatility, CLIG's FuM have gyrated significantly in recent months but, pleasingly, they rose by 2% over the full year to US$5.5 billion and now stand at US$6.0 billion as at 31st August 2020, within 4% of their all-time high. Our loyal client base and a dedicated effort from all of our employees in addressing a remote working environment over recent months, have combined to limit the impact of COVID-19 to a manageable level. Of equal importance is the further significant progress achieved in growing the diversified products, notably the International strategy, which increased FuM by 71% in the year to US$1.2 billion and which now accounts for 23% of total FuM. While caution at the pace of the recent recovery is vital and prudence in managing our clients' assets more important than ever, I believe there are solid grounds for optimism for CLIG shareholders going forward and this brings me on to the second major development of recent months:

Diversification

As I reported last year, a key strategic objective for the Group has been to diversify our revenue base away from undue reliance on a capacity-constrained emerging market universe. Alongside the organic development of our diversification products, which continues unabated despite the COVID-19 headwinds, we were also active for much of the last year in pursuing merger discussions with Karpus Management Inc. (KMI), a closed-end fund (CEF)-focused wealth manager, based in Rochester, New York with US$3.5 billion FuM. These discussions culminated in the Merger Agreement, which was announced on 9th June 2020 and explained in detail in the Prospectus sent to shareholders on 12th June 2020. I am pleased to report that shareholders have since voted overwhelmingly to approve the merger with 99% voting in favour.

Under the terms of the agreement, CLIG will acquire the entire issued capital of KMI in exchange for the issue of 24.1 million new CLIG shares, nearly doubling the size of your Company. With 60% of KMI's FuM invested in fixed income assets on behalf of a high net worth (HNW) client base, this merger will provide a highly complementary fit to City of London Investment Management Company Limited's (CLIM's) equity-focused, institutional client business model. While the two operating companies will be run independently, the scope for operational efficiencies to be developed across both platforms should ensure both enhanced and less volatile returns for CLIG shareholders going forward. Completion of the KMI merger formalities is scheduled for 1st October 2020, at which point Tom Griffith will assume CEO responsibilities for the combined entity, while KMI will have the right to nominate two Directors to the CLIG Board in due course. As a result of close interaction between members of your Board and KMI management during the course of merger negotiations, I can say without hesitation that the positive chemistry between the two teams has been pivotal in cementing the transaction. Accordingly, we very much look forward to welcoming KMI's 33 employees into the CLIG fold later this year.

Merger post-script

Throughout the extended negotiations with KMI over the last two years, financial advice to CLIG had been provided by Kevin Pakenham and his colleagues at Pakenham Partners and it was with huge sadness, therefore, that we learned of Kevin's sudden passing on 19th July 2020, less than six weeks after the successful conclusion of those negotiations. For over 20 years, Kevin provided the Group with invaluable advice on a range of potential opportunities, often preferring to dissuade rather than persuade and the fact that he will not see our transformative transaction concluded is a great disappointment to all at CLIG. Our sincerest condolences go to his family and colleagues for their loss.

Results

The dislocation from the COVID-19 pandemic, referred to above, had a marked impact on our results for the final quarter of the year ended 30th June 2020, although, as stated earlier, a sharp recovery in FuM towards the year-end mitigated the full impact somewhat. Exceptional costs associated with the KMI merger amounting to £4.0 million will straddle both the 2019/20 and 2020/21 financial years. Of this total amount, £1.2 million has been charged to the income statement in the year to 30th June 2020 with a further c.£0.5 million relating to share issue costs being carried on the balance sheet to be capitalised in FY21 on completion. Since these costs are exceptional and non-recurrent in nature, I propose to confine my comments to the underlying results excluding merger-related charges since these present a more accurate comparison of our operating performance year-on-year.

Profit before tax for the full year was £9.4 million (2019: £11.4 million). Underlying pre-tax profits for the full year of £10.7 million were down 7% on the previous year due mainly to unrealised losses of £0.9 million, arising on our seed investments in REIT funds, compared with a corresponding gain of £0.8 million in the previous year. Diluted EPS for the year was 29.5p per share (2019: 34.1p). Underlying fully diluted earnings per share (EPS) for the year were marginally up by 1% to 34.4p per share (2019: 34.1p). As shareholders will be aware, the practice of seeding new products is integral to the development of a track record and while this can impact the Group's financial performance in either direction, as the last two years demonstrate, your Board remains fully committed to both this practice and the REIT sector, as offering material long-term growth opportunities.

Year end FuM of US$5.5 billion were 2% ahead of the previous year's closing figure, of which 69% was attributable to the core Emerging Markets product, compared with 78% in 2018/19. Despite a slight reduction in our average revenue margin to 75bp for the year (c.74bp for the month of June 2020), net fee income rose by 6% to £31.7 million, while continued tight cost controls resulted in total operating expenses of £13.0 million (before profit share and EIP charges), consistent with the previous year if merger-related costs are excluded. Additional charges of £0.9 million incurred in respect of the Employee Incentive Plan (EIP) were 9% higher than the previous year, reflecting a growing level of employee participation in the Plan. The EIP allows employees to forego a proportion of their cash bonuses to participate in share awards, with matching employer contributions, and this year will be the last in which these additional EIP charges will be incurred. The Board attaches great importance to the concept of employee equity participation as a means of aligning the interests of shareholders and employees. Over each of the four years in which the Plan has operated, more than 60% of our workforce has participated and this continues to be a key factor in achieving high levels of employee tenure, standing currently at an average of c.10 years across the Group.

Dividends

The established policy of distributing a relatively high proportion of net profits by way of ordinary dividends has been well received by our shareholders over many years and the Board's objective is to maintain this policy notwithstanding a degree of profit volatility. In order to avoid undue swings in dividends and provide a relatively stable return to shareholders, the adoption of a 1.2:1 cover ratio is applied over rolling five-year periods, thereby providing an additional metric that helps smooth distributions notwithstanding year-on-year volatility. Despite recent volatility, our cover ratio has increased sufficiently in the current year for the Board to recommend an increase in the final dividend to 20p per share, making 30p for the full year, at which level the rolling five-year cover will be 1.25:1, after making full allowance for the exceptional merger costs referred to above. This final dividend of 20p will be paid on 30th October 2020 to those shareholders on the register at 9th October 2020. In parallel with the dividend policy, the Board has taken care over recent years to build meaningful cash reserves both to withstand negative shocks and fund potential exceptional costs such as those that have arisen in consummating the KMI merger. I hope shareholders will agree that our ability to increase dividends this year, despite the COVID-19 trauma and the exceptional KMI merger costs, amply justifies our ongoing policy of balance sheet prudence. As stated at the time of the announcement, this merger has the potential to be earnings accretive in the first year, thereby allowing CLIG to remain a debt-free company with sufficient positive cash flow to invest in both operating companies while rebuilding financial reserves.

Board

The changes among the executive members of the Board, which were highlighted in my interim statement, were fully implemented in the second half of the financial year. While Barry Olliff stepped down from an Executive to a Non-Executive (NED) role at the end of December, Carlos Yuste rejoined the Board at the same time as Head of Business Development. Together with Tom Griffith, Carlos has played a central role through much of this year in bringing the KMI negotiations to a successful conclusion, a feat made considerably more difficult by the COVID-related lockdown. Although the KMI merger has yet to be finally completed, I would like to extend my sincere appreciation to Tom and Carlos in advance of the merger closing date for their tireless efforts on behalf of the Group. As also noted at the interim stage, Tracy Rodrigues is now on leave of absence, having resigned from the Board at the end of March 2020.

Looking ahead to the year to 30th June 2021, the merger agreement with KMI includes the right to nominate two new Directors to the CLIG Board, one Executive and one Non-Executive, and a decision on those appointments will be made following completion in October. In tandem with these appointments, Barry Olliff has agreed to extend his tenure as a NED for an additional year to the 2021 Annual General Meeting. Through his long-standing professional contact with KMI's founder, George Karpus, Barry was instrumental in opening exploratory merger discussions in 2018 and has played an important role in the subsequent negotiations. Realising the gains from this merger will involve a very considerable effort over the course of next year and, given Barry's extensive experience at the CLIG helm, his wise counsel at the Board table through this period will prove invaluable. That apart, there were no changes among the NED members during the year but I would like to extend my warm thanks to them also for their unstinting support and advice through the exhaustive process of concluding the KMI merger.

Corporate Governance

The year to 30th June 2020 was the first year in which the 2018 UK Corporate Governance Code (Code), which places increasing emphasis on the need for corporate and social responsibility towards all stakeholders, took effect and over the course of this year we have devoted considerable attention to its implementation. For many years, we have strived to maintain high levels of transparency and ethical standards in the conduct of our business on behalf of shareholders, clients and employees and these efforts have continued this year as detailed later in this report. We are acutely aware that a strong corporate reputation and stakeholder loyalty can be lost in an instant through carelessness, risk or poor judgement, which is why your Board devotes considerable energy to monitoring these factors on a day-to-day basis. Nevertheless, while adhering closely to the concepts underlying good corporate governance, it is also our duty to highlight any areas where the Code, by which we are bound as a listed company, may not be fit for purpose and/or may clash with the CLIG ethos. In this regard, I would like to highlight executive remuneration.

The CLIG culture is rooted in a team-based approach from top to bottom, avoiding any hint of a star culture, which is common elsewhere in the asset management industry and which has led to some spectacular falls from on high. Rewards based solely on numerical performance can easily lead to undue risk-taking, as was so obviously the case in 2008 and just as we avoid performance-based fee structures for clients, we are also careful to avoid an overtly formulaic approach to measuring performance when rewarding employees. The simplicity of our business model is such that our financial results can be measured very accurately within days of each month end and, with no proprietary trading activities and a totally transparent allocation of profits to the employee bonus pool, we believe it is entirely appropriate to distribute executive bonuses in cash in a timely fashion, just as we pay shareholder dividends in cash and in a timely fashion. It is called alignment and this matches our culture and links rewards with shareholders expectations, and is in full accord with Principle 'P' of the Code. I strongly urge shareholders to read the Report of our Remuneration Committee on page 63 as this seeks to explain our approach to the issue of executive compensation in terms which we believe are demonstrably in the best interests of CLIG's owners, as evidenced by our track record on employee tenure and comparative compensation levels.

However, this policy is somewhat at variance with the Code strictures which have been tailored in a one-size-fits-all framework that, inter alia, mandate significant deferral provisions. Despite compensation levels at CLIG being generally below our peer group, in some cases materially so, our average employee tenure is c.10 years with very low turnover. A comparison of average pay levels for the CLIG Executive Directors with those of four non FTSE 100, UK-listed institutional asset managers reveals that total compensation at CLIG is slightly over half that of our peer group. Yet this fact seems to be less relevant to proxy advisers, when making voting recommendations to their shareholder clients, than the fact that there is no tick in the box marked “bonus deferral” on their Code check-list. It is your Board’s view that, given the levels of total compensation paid to executive management, any move towards compliance with the Code in respect of deferral would only serve to increase our aggregate levels of executive pay, thereby harming the interests of our shareholders.

The Code requires that at least half the Boards of listed companies, excluding the Chairman, should comprise independent non-executive directors. CLIG supports this stipulation which is designed to ensure good governance by protecting the interests of public shareholders. However, finding suitably qualified candidates to meet this threshold is a challenging process which can take many months, following which an exhaustive process of induction, training and familiarisation is necessary. CLIG will undergo significant transformation over the next two years as the merger with KMI progresses. The importance of a smooth transition and guidance from familiar, experienced and long standing Board members to senior management through this period will be vital. The Board believes that it is therefore appropriate to temporarily suspend the rigid application of the provision that the Board, excluding the Chairman, should comprise a majority of independent directors. Proxy advisors all too often disregard the Code’s provision for flexibility. Your Board is aware of its responsibility to use such flexibility wisely and will share in more detail our plans for strengthening the Board’s independence over the next twelve months.

In this report to shareholders, we have set out the actions taken this year to meet as far as possible the requirements of the Code and we remain fervent supporters of the UK’s leadership role in corporate governance initiatives. However, we hope that shareholders will recognise that, when viewed objectively, there are certain areas where their interests may not be best served by an overtly prescriptive, box-ticking approach to governance responsibilities.

Outlook

In the absence of any certainty as to the course of the COVID-19 pandemic, it is impossible to predict with any confidence the outlook for the global economy in the coming year. The fact that central banks appear determined to provide significant offsetting monetary stimulus will mitigate the impact of a possible “second wave” but volatility will surely remain the order of the day. For CLIG, the more immediate task is to consolidate the KMI business and capitalise on the broader revenue base that the merger brings to the financial results. As I said one year ago, our strategic objective was to achieve the “go-to” manager label within the global CEF universe and the merger with KMI takes us firmly in that direction. With hard work and patience, I am confident that this will provide the Group with opportunities for growth as well as better defences against possible market headwinds.

Barry Aling
Chairman

10th September 2020

CHIEF EXECUTIVE OFFICER'S STATEMENT

"Our focus on clients, employees, and shareholders will continue to be the way we look at our business. With the components of a sound business model, strong balance sheet and committed employees, CLIG continues to evolve as intended and is well positioned for the year to come."

This year marks significant milestones in the evolution of your Group as we continue to build upon the legacy created over the last 30 years. The first half of our financial year saw FuM reach US$6.0 billion at the end of December 2019. The business was then stress-tested by the global **COVID-19 pandemic** beginning in March 2020. Despite these uncertain times and extremes of market volatility, we have accomplished two of our long-standing diversification goals. The Group announced a corporate transaction in the form of its proposed merger with **Karpus Management Inc.** (**KMI**), and **City of London Investment Management Company Limited (CLIM) continued to diversify** through the growth of our non-emerging investment strategies which now represent more than a quarter of our FuM.

Our ability to accomplish these long standing objectives during this volatile period were as a result of a sound business model focused on long-term client relationships, a strong balance sheet, and committed employees. On reflection, the continued evolution of the business during this period of uncertainty has only been possible as a result of effective long-term planning and a team culture where, quoting the 19th century American writer Ralph Waldo Emerson, **"Patience and fortitude conquer all things"** resonates.

First and foremost in everyone's minds globally has been, and continues to be, the **COVID-19 pandemic**. The security, safety and well-being of our colleagues, their families, and our communities has been a priority since the beginning of the pandemic. Although FuM dropped significantly during the initial stages of the pandemic and the related market volatility, we did not reduce employee headcount or make significant decreases in compensation levels. While during a normal economic downturn of this magnitude we would have taken these steps to control costs, in this case our strong balance sheet allowed us to follow a different path. As in any relationship, there is give and take based on the facts at hand, and in this case it was in the best interest of clients, shareholders and employees that we remained fully able to respond to what would come.

We began planning for such a scenario, including the possibility of a pandemic, more than a decade ago while evaluating our traditional 'bricks and mortar' offsite solution. At the time, we chose to change course and work towards a distributed business continuity model with employees working securely from home. Frequent and consistent testing of secure remote access technologies has been of paramount importance to successfully transitioning employees to working remotely for an extended period of time. As regions around the globe implemented quarantine measures, we closed our offices and employees worked from home successfully from day one.

As many of you know from reading our reports over the years, we have continued to search for CLIG diversification opportunities, even whilst the non-EM, organic diversification efforts at the CLIM level have made significant progress over the past several years. The proposed KMI transaction announced in June adds a second, separate investment management operating company under the CLIG holding company umbrella. KMI brings like-minded people, a similar culture and a robust fund management business. As both KMI and CLIM share a focus on investment in CEFs, we have gotten to know the Company, and specifically their founder and largest shareholder, George Karpus, very well. KMI is an investment management business with a complementary client base focused on the US retail and HNW marketplace versus CLIM's institutional focus. We have had the opportunity to watch their business develop, get to know their core values, and monitor their performance and investment activity over multiple market cycles spanning more than ten years, which allowed us to see their commitment to their investment process and to their clients. Adding KMI will nearly double CLIG's market capitalisation and we believe it will reduce the volatility of the Group's earnings.

As New York City battled through increasing infection rates early in this pandemic, a news report reminded me of the previously mentioned Emerson quote when the report ended on an upbeat note with a focus on the two marble lions named **Patience and Fortitude** that stand watch outside the Beaux-Arts Public Library in Manhattan. The lions, initially commissioned in 1911, were renamed in the early 1930s by the city's mayor at the time to represent the qualities that he felt New Yorkers would need to survive the deep economic depression being experienced during that period. These symbols of strength and resilience to New Yorkers during difficult times are representative of the culture at CLIG that stood out during this period of pandemic, quarantines, and market turmoil. My colleagues were of resolute mind and purpose in successfully managing your business and our clients' assets.

Hard work is necessary, but not sufficient. Focus is necessary, but not sufficient. Grit is necessary, but not sufficient. A growth mindset is necessary, but not sufficient. Successfully navigating a growing business does not come from one singular thing, but rather a combination of many things over time. At the core must be sound planning, a patient company culture with the fortitude to keep calm and carry on when plans do not unfold as originally envisioned. I am proud to report that these core values shined through despite the global uncertainty, from both seasoned and newer colleagues, through to your Board of Directors.

Executive Director report

In this year's version of the Annual Report and Accounts you will find a statement from the Group Director and Chief Investment Officer of CLIM, Mark Dwyer. Mark's statement on page 11 reviews the longer-term investment performance of the Group's strategies and equity markets over the past year.

FuM flows and margin

The weighted average fee rate is c.74bp at FYE 2020, down from 76bp at FYE 2019, due mainly to the change in mix of assets in each strategy. Net inflows over twelve months in the International Equity CEF and Opportunistic Value (OV) strategies totalled c.US$600 million balanced by net outflows of US$275 million from the

Net flows across strategies (US$000's)

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Emerging Markets	150,116	(295,333)	(215,083)	(183,521)	(279,459)
Frontier	25,000	11,001	67,000	(21,336)	16,178
International	(20,000)	68,551	279,394	252,883	551,102
Opportunistic Value	(14,772)	(56,136)	54,251	48,236	45,914
REIT	–	–	–	6,000	4,600
Discontinued strategies	(2,038)	–	–	–	–
Group total	**138,306**	**(271,917)**	**185,562**	**102,262**	**338,335**

Note: Excludes internal asset transfers

FuM by strategy (US$m)

	30 June 2016	30 June 2017	30 June 2018	30 June 2019	30 June 2020
Emerging Markets	3,659	4,200	4,207	4,221	3,828
Frontier	127	172	245	206	175
International	71	179	480	729	1,244
Opportunistic Value	148	110	174	233	256
Other	–	–	1	7	9
Group total	**4,005**	**4,661**	**5,107**	**5,396**	**5,512**

Emerging Markets (EM) strategy. The International and OV strategies now represent approximately 27% of FuM compared to 18% at this time last year. Net inflows of US$250 million across strategies is our current projection for the next year.

The EM equity asset class remains out of favour, specifically in the United States, which is where c.94% of our clients reside (by FuM). The EM strategy has seen outflows over the fiscal year due to a combination of factors including clients' rebalancing after strong gains in EM over the second half of 2019. Some clients are also redeeming in order to meet operating expense obligations during the pandemic. The increasingly negative tone from the US government on the business practices of Chinese companies and the Chinese government overall is another factor putting pressure on the asset class.

The team managing the International strategy has seen steady inflows throughout the year, with net inflows received in eleven of the twelve months. Demand for International equity exposure by US-based investors is high, and the team has a compelling investment thesis and risk-adjusted performance.

The team managing the OV strategy thrives on volatile markets, and the March/April volatility provided this team with the ability to invest in historically wide discounts for our clients that are more "tactical" in nature. This strategy provides a nice diversifier to our business, as the clients are looking for a specific type of exposure, and return, usually over a defined time frame.

The Frontier CEF team had positive inflows during the year, but this has been muted by additional redemptions post-year end.

The REIT team continues to patiently build their return history, as most institutional investors want to see a five year return history before investing. The team did receive a subscription from an existing EM equity client who sought exposure to EM Real Estate.

As shown above, this is the fourth straight year of positive inflows for the International strategy. The strategy has gained momentum with support from multiple large consultants in the US, and strong relative performance on behalf of our clients.

CHIEF EXECUTIVE OFFICER'S STATEMENT

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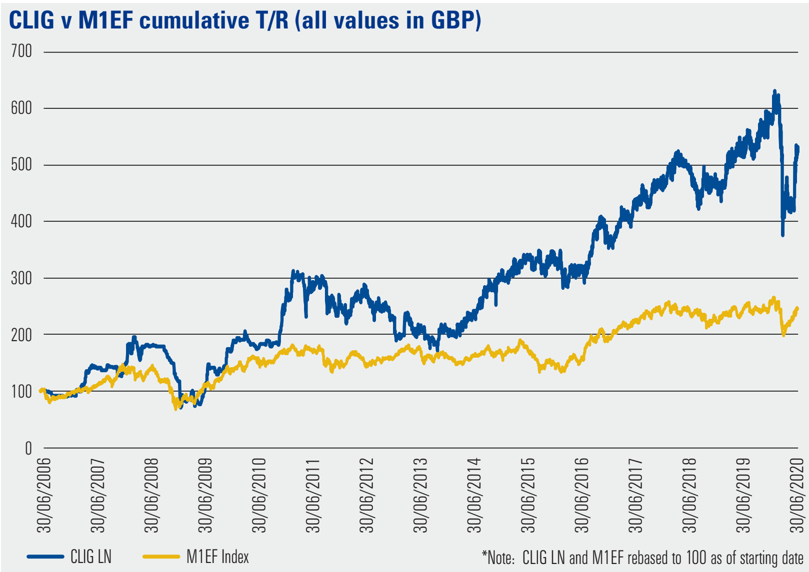


CLIG share price KPI

CLIG Management has adopted two Key Performance Indicators (KPIs) based on the total return of CLIG over a market cycle, which are designed to provide shareholders with an indication of the return they should expect from owning the CLIG business. The KPIs are:

- **Our share price to compound annually at between 7.5% to 12.5%**

  -- OR --

- **Our share price to double the cumulative return of the M1EF**

Our goal is to achieve one of the two over rolling five-year periods. These measures are meant to stretch the management team, without incentivising managers to take undue levels of risk.

For the five years ending 30th June 2020, CLIG's cumulative total return was 66.7% (10.8% per annum); this compares favorably with the 46.3% cumulative total return from M1EF. We therefore meet KPI #1, as the total return of 10.8% per annum is within the 7.5% to 12.5% target range. We do not meet KPI #2, as the total return did not double the cumulative return of M1EF, although it is outperforming M1EF over the five years.

For reference, since our listing in April 2006 on AIM through to 30th June 2020, CLIG's cumulative total return was 471.0% (13.0% per annum), which outpaced the target range in the first KPI. For the second KPI, M1EF's cumulative total return since CLIG's inception was 143.7%, so the second KPI has been achieved since inception. Refer page 26.

Karpus transaction

As summarised in the Prospectus released on 12th June 2020, the CLIG Board announced that it entered into a Merger Agreement to acquire the entire issued share capital of Karpus Management Inc. (KMI), a US based investment management business, on a debt free basis, to be satisfied through the issue of new CLIG shares. On 13th July 2020, CLIG shareholders were supportive of the deal, approving the transaction overwhelmingly. The deal is expected to close on 1st October 2020.

The Board believes that the merger will be of substantial strategic and financial benefit to the Group and for all shareholders. While CLIG and KMI share a focus on investment in CEFs for their respective clients, the two businesses operate in quite separate and distinct market segments. Your Board believes that the complementary nature of these two asset management businesses will serve to improve the stability of revenues and profits over time and thereby reduce CLIG share price volatility, and that the merger has the potential to be earnings accretive in the first full financial year following Completion. Importantly, however, the Group will remain a pure-play asset management business, and the Board believes that the performance of CLIM and KMI will have relatively low correlation in terms of earnings and asset class performance.

While we are confident that recent successes in achieving organic growth in the diversified products will continue, this transaction provides shareholders with the potential for a more stable and diverse source of income.

Group expenses and profitability

Operating profit grew by 9% to £11.6 million (2019: £10.5 million) as a result of increased net fee income of £1.8 million (6%) as compared to 2019. Profit before tax fell by 17% to £9.4 million (2019: £11.4 million) primarily due to unrealised losses on the Group's seed investments in its REIT funds of £0.9 million and acquisition-related costs of £1.2 million charged during the year. As explained further in the Financial Review on page 34, and as shown in the summary table below, total acquisition-related costs are estimated to be approximately £4.0 million. Of this total, £1.2 million has been charged to the current year's income statement, £1.8 million is estimated to be charged to the income statement in FY 2021 and the balance of £1.0 million will be capitalised as share issuance costs in FY 2021.

Summary of acquisition-related costs

	FY20 £m	FY21 £m	Total £m
Charged to Income Statement – as exceptional costs	1.2	1.8	3.0
Capitalised – share issuance costs	–	1.0	1.0
Total	**1.2**	**2.8**	**4.0**

Cash and dividends

We strive to be transparent in our approach to managing the balance between maintaining adequate cash reserves and, on the other hand, maintaining an attractive dividend stream for the benefit of our shareholders. We seek to maintain adequate cash reserves to weather exogenous shocks and to enable the Group to take advantage of transactional opportunities, both of which arose in the course of the fiscal year. We also aim to distribute dividends at a sustainable level, through market cycles in what we acknowledge is a potentially volatile (EM) asset class. While we take nothing for granted, we are grateful to have managed to navigate our way through the KMI transaction, sustain the market impact of the first few months of the COVID-19 pandemic, and to be prepared to distribute a dividend to shareholders that reflects the financial strength of the Group. As such, the Board is recommending a final dividend of 20p, which is an increase of 2p from last year's final dividend. This follows the 1p increase to the interim dividend.

Inclusive of our regulatory and statutory capital requirements, there is £14.6 million in the bank in addition to the seed investment of £3.8 million in the two REIT funds. The previously mentioned transaction to merge with KMI will be completed by issuing new shares, leaving a significant level of cash in the bank, exclusive of acquisition-related costs of £2.3 million to be paid in FY 2021. We project that this cash allows us to manage the enlarged business through downturns without letting the external forces of lower fee revenue impact our service to our clients, or a reduced dividend to our shareholders.

Just as employees were retained during the recent period of uncertainty in order to ensure continuity for clients, our dividend payment rewarding the shareholders should reflect consistency with our dividend cover policy. Our dividend cover policy of 1.2x cover over a rolling five year period remains ahead of the policy at 1.25x over the period and inclusive of the increased dividend. We will monitor, and report upon, the appropriateness of the 1.2x cover policy over the coming years, as we navigate the onboarding of the KMI business and cash flows.

Dividend cover template

On 12th June 2020, the Group published the combined circular and prospectus in relation to the share consideration to be issued to stockholders in KMI on completion of the merger. The prospectus remains live until admission of those consideration shares on completion, currently expected to occur on 1st October 2020. Whilst the prospectus remains live, the Company is prevented under the Prospectus Regulation from providing our normal dividend template without the approval and publication of a supplementary prospectus. We will address this matter after the completion of the transaction.

EIP

We continue to be pleased with the enthusiasm that employees demonstrate for the CLIG Employee Incentive Plan (EIP). This plan allows employees to allocate a portion of their profit share, which is matched by the company, to purchase shares of CLIG that vest over the following five years for the Executive Directors and over three years for the rest of the employees. 65% of employees participated in the plan for FY 2020. In 2016, when the plan started, shareholders had previously approved an additional 5% of the pre-tax, pre-bonus, operating profit to cover the charge of implementing the plan. Our financial year-end 30th June 2020 is the final year for this 5% allocation, and thereafter, these awards will fall within the 30% limit of the existing profit share pool allocated to employees. Refer page 66 for further details.

We anticipate that a similar plan will be created for KMI employees, to encourage ownership of CLIG shares.

Update on finance department

As announced on 31st December 2019, Tracy Rodrigues, Group Finance Director, requested a leave of absence for family reasons and stepped down from the Group Board on 31st March 2020. Deepranjan Agrawal was hired in January 2020, and became the Head of Finance as of 1st July 2020 reporting directly to me, and manages the established and stable Finance team.

Deep's experience includes over sixteen years with Deloitte and recently three years with RSM in their audit practice within the asset management industry. Deep has a wealth of relevant knowledge having served a range of clients in the asset management industry including large and small investment managers, Investment Trusts and UK authorised funds. Deep completed his Master of Commerce degree from the University of Pune, India and is a Chartered Accountant.

Corporate governance and stakeholders

In his Chairman's Statement, Barry Aling makes clear that we welcome the changes and increased disclosures in this Report that come as a result of the 2018 UK Corporate Governance Code. We address our increased reporting obligations under Section 172 of the 2006 Companies Act on page 44. You will also find increased disclosures on our remuneration policy, KPIs, and other corporate governance topics throughout this document.

We have always, from the issuance of the first Annual Report and Accounts after becoming a public company in 2006, explicitly recognised that the Group exists for the mutual benefit of our three primary stakeholders – clients, employees and shareholders (see page 18).

I echo the Chairman's comments regarding our Group's culture of transparency and disclosure, and am in full agreement with him that CLIG will not blindly follow guidance if it does not reflect the best way for our business to be managed on behalf of our clients, employees, and shareholders. We will always recognise and balance the interests of our various constituencies in the management of your Company.

CHIEF EXECUTIVE OFFICER'S STATEMENT

Barry Olliff intended share stake

After his retirement on 31st December 2019 on his 75th birthday, CLIG's Founder Barry Olliff agreed to the Board's request to complete his term as a Non-Executive Director. Now that the KMI transaction has been announced and is moving towards completion, the Board would like to extend Barry's role on the Board for a final year to maintain continuity and retain his insight and expertise.

Shareholders are reminded of Barry's previously-stated intention to sell 330,613 shares at 450p, which is the balance of his 500,000 planned sale at that level, and then 500,000 shares at each of 475p and 500p, subject to relevant restrictions. As per listing rules, any share sales will be announced to the market after execution.

Barry is supportive of the transaction with KMI, and reinforced that support with his announced purchases of CLIG shares on both 19th June and 30th June, following the announcement of the proposed transaction. Barry intends to remain a large shareholder in CLIG post-transaction, but will continue to sell shares at the aforementioned levels in order to achieve his personal estate planning goals.

CLIG outlook

In conclusion, the efforts and support of my CLIG colleagues must be acknowledged. Thank you for your patience and hard work during the unique circumstances driven by the pandemic. And, on my behalf, please extend a thank you to your spouses, family, roommates, and other relationships for any inconveniences caused by working remotely during the pandemic. We look forward to having you in our offices again when it is safe and acceptable.

Secondly, thank you to our shareholders for your overwhelming support of the KMI merger. The Board and management are excited about the future of the combined entity and believe that the two investment management Companies (CLIM & KMI) will create an enduring and well-balanced company. We look forward to integrating the strong-performing KMI team into the CLIG framework and supporting two growing businesses.

Our focus on clients, employees, and shareholders will continue to be the way we look at our business. Our culture has been created to recognise and consider all of our constituencies, and it extends to the families of employees, communities in which we do business, communities in which our employees live, as well as the regulations that impact our business. With the components of a sound business model, strong balance sheet and committed employees, CLIG continues to evolve as intended and is well positioned for the year to come.

Tom Griffith
Chief Executive Officer

10th September 2020

CHIEF INVESTMENT OFFICER'S STATEMENT

"A time tested and disciplined investment process, continued discount volatility amidst a healthy CEF universe combined with a well-resourced and highly experienced investment team will ensure we continue to meet our clients' performance expectations over time."

CLIM's investment teams have produced solid long-term investment results for our clients. This was reflected in net inflows over the year. As seen on page 7, total inflows were US$0.3 billion driven by a significant increase in the International Equity closed-end fund (CEF) strategy. Outflows were seen in the Emerging Markets (EM) Equity CEF strategy, a result of less active marketing and continued outflows from the EM equity asset class in general. Our objective is to keep the EM strategy assets around current levels (US$4 billion) whilst the International strategy has paused active marketing following a two-year period of very strong asset growth. We will reappraise capacity at year end 2020. The Opportunistic Value (OV) strategy has significant capacity with a good long-term track record and will remain the focus of marketing in the medium term. CLIM's two REIT strategies incepted in January 2019 have performed well. The EM REIT strategy has attracted small inflows from existing clients and we will be marketing these products more extensively as the track record builds. Our overriding objective when considering capacity and raising assets is our ability to generate alpha for our clients on a sustainable basis. In this regard we will not jeopardise long-term performance, and with it, long-term client relationships.

Performance

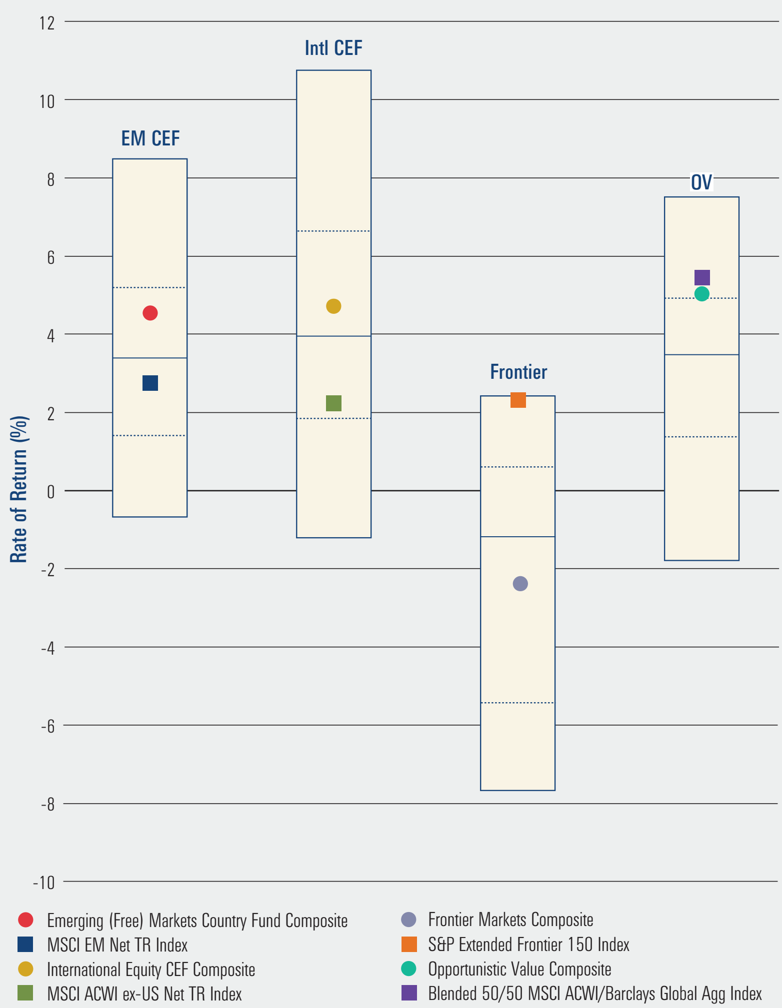
CLIM's process of buying cheap securities based on their discounts to NAV has stood the test of time for nearly three decades. Our investment horizon is five years (see chart overleaf), and over this period the International and EM strategies which comprise over 90% of FuM, are ahead of their benchmarks and their institutional peer-group averages. Over five years both strategies have benefitted from positive discount effects. Country allocation has been an important contributor for the EM strategy, less so for the International strategy however the latter has been influenced positively by strong NAV performance at the underlying CEFs. In the year to June 2020 both strategies had to contend with sharply wider discounts in Q1 2020, however they finished the period ahead of benchmark in gross terms. Both were assisted by good country allocation and the EM strategy in particular from strong NAV performance at the underlying CEFs. CLIM's OV and Frontier Equity strategies are behind benchmark on a five-year horizon due to recent underperformance. The benchmark agnostic OV strategy is an unconstrained approach that generates alpha via concentrated portfolios of CEFs across all asset classes. Performance was adversely affected by wider discounts in the high yield credit and alternatives positions in March 2020. It's pleasing to note however that despite these short-term headwinds the strategy remains well above the peer group average over five years.

The Frontier strategy had to contend with the outperformance of US listed, Argentine domiciled companies that we cannot access via closed-end funds. Our preferred investments in Argentine investment holding companies trade well below book value but their attractions, in our opinion, have yet to be fully recognised by the market.

CLIM's REIT team have continued to develop very satisfactory investment performance. Both strategies are outperforming since inception. Although the absolute performance of the asset class has been weak in 2020, the long-term outlook remains favourable. REITs are a tax advantaged wrapper of real assets that offer protection against potential inflation. They are supported in the meantime by attractive yields, relative to fixed income.

CHIEF INVESTMENT OFFICER'S STATEMENT

Five year peer group quartile chart



*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 EM Equity Universe. The International Equity CEF Composite and MSCI ACWI ex-US Net TR Index are shown against the eVestment All ACWI ex-US Equity Universe. The Frontier Markets Composite and the S&P Extended Frontier 150 Index are shown against the eVestment Frontier Markets Equity Universe. The Opportunistic Value Composite and the Blended 50/50 MSCI AWCI/Barclays Global Agg Index are shown against the eVestment All Global Balanced/TAA Universe. Data is as of 30 June 2020. Past performance is no guarantee of future results.

Source: eVestment Analytics System, BNY Mellon, City of London Investment Management, MSCI, S&P, Barclays

ESG

Best governance practice for CEFs helps to ensure that persistently wide discounts do not become entrenched so that NAV performance is better reflected in share prices. CLIM believes that fully independent boards are best able to take the necessary steps to achieve effective discount management. The cornerstone to our governance approach is therefore that boards should be fully independent from the investment manager. CLIM is also a firm advocate of conditional tender mechanisms in which poor long-term NAV performance automatically triggers an option for shareholders to sell a proportion of their shares back to the CEF at close to NAV. Conditional tenders neatly ensure that managers' and shareholders' interests are closely aligned over a longer term investment horizon.

Our clients' top priority is superior investment performance but environment, social and governance (ESG) is of growing interest to all investors and we strive to apply best practice to our CEF strategies. CLIM intends to become a signatory to the UK Stewardship Code 2020, having been an early signatory to its predecessor. We have also been a signatory to the PRI since 2015. In 1954 Peter Drucker famously wrote "what gets measured, gets managed". We cannot dictate to investment managers which securities they may or may not purchase but our approach, which is focused on disclosure and transparency, is a clear positive influence. For example several CEFs now disclose their estimated carbon footprint relative to the benchmark equivalent.

CLIM's manager due diligence process includes an ESG assessment, incorporating climate change. Where possible, we use Sustainalytics' data to focus on material ESG risk as the basis to challenge investment managers on their own ESG process. While we don't set ESG targets it's interesting to note that in aggregate, CLIM's portfolios typically exhibit ESG risk that is lower than their benchmarks.

CLIM incorporates ESG analysis into its investment process because effective stewardship in a CEF context implies lower discounts. In recent years, CLIM has published an Annual Stewardship Report which is available on our website. It sets out the principles underlying our approach to stewardship and highlights some of the significant outcomes of our stewardship activity.

CEF issuance

The closed-end fund universe continues to offer ample scope to generate alpha for our clients. New issuance, which will generally provide tomorrow's discount anomalies, was robust in 2019. Indeed we saw close to record capital raising in the UK with eight CEF IPOs and total capital raised including secondary issuance of over US$11 billion. Additionally, there were 10 new CEFs launched in the US and total new capital raised of US$5.6 billion. There was also significant new issuance in mainland China – over 20 new investable equity CEFs were launched raising approximately US$4 billion whilst significant issuance of fixed income CEFs also came to market. In Australia eight new funds raised over US$2 billion which was augmented by secondary issuance exceeding US$1 billion.

Outlook

The last twelve months will undoubtedly be remembered more for the business and economic disruption brought about by authorities' reaction to the pandemic via containment measures than the ultimate impact on global markets. Indeed with one year gains of 3.4% in the MSCI world index (equities) and 4.2% for the Barclays Global Aggregate index (bonds) one might reasonably question the relationship between risk assets and the real economy at all. In our opinion, there is a link, and a strong one over time. Currently however investors appear to be looking through the significant declines in earnings expected in 2020 (approximately 15%) and instead to the expected recovery in 2021. Confidence in such earnings recovery is based on:

1. the significant fiscal and monetary stimulus delivered by central banks and governments since March – this will "tide over" many businesses that may otherwise have turned insolvent this year;
2. a growing realisation that the pandemic and the damaging impact on business from containment measures will eventually pass; and
3. optimism that a healthcare solution in the form of a vaccine will be developed faster than the usual three to eight year cycle allowing consumer behaviour, given time, to fully recover.

Given that monetary authorities have and will likely continue to maintain interest rates at low levels so the rate at which future cash flows are being discounted today is lower than it was 12-18 months ago. The present value of those future cash flows is today, higher than it otherwise would have been. This is one reason why very long duration assets, from century government bonds to mega-capitalisation technology stocks have performed so well.

As time passes the pandemic will fade from memory, like the natural disasters, financial crises, terror attacks and wars of the past. Of course there will be changes in the way we live, there always are – the human race adapts quickly. Air travel changed forever after 9/11; nuclear power was deemphasized after Chernobyl and again after Fukushima. Russia remains sanctioned by the West over the Crimea annexation seven years on. The bloated levels of government debt taken on to keep businesses solvent through the containment will be reduced over time via a combination of (eventually) higher taxation and potentially greater than expected inflation on a three to five year view.

Equity valuations appear overextended in the US whilst fixed income markets with global government yields of 0.5% and corporate yields of 1.7% offer paltry real returns over any meaningful horizon. We are fortunate to be investing predominately in international ex-US equity markets where equity valuations are less stretched than in the US. In particular EM currently trade at a discount of approximately 30% to developed. EM also stand to benefit from the eventual cyclical recovery in economic growth driven by abundant stimulus. In our view they offer excellent potential for superior *real* returns on a 5-10 year horizon.

We do not have any particular insight into when the pandemic will eventually pass, albeit it will. Sino-US tensions are likely to survive the pandemic as the key driver of volatility in risk assets for many years, potentially decades to come. In this regard the risk from the conflict may intensify ahead of the US election which in itself may present challenges to risk assets in the short term. Fortunately we do not need to forecast with any significant degree of accuracy when these geopolitical or virus related hazards will pass. Continued significant retail participation in the CEF universe with sentiment predominately driven by entrenched behavioural biases will continue to have a measureable impact on discount volatility. More so whilst geopolitical and thus market uncertainty remains elevated. This is the key support to long term alpha generation across our strategies. CLIM's investment philosophy dictates that we remain more or less fully invested. Trying to time the overall direction of risk assets in the short term remains a fool's errand in our view. Our clients pay a management fee and expect outperformance of the benchmark index in return, predominately via our ability to exploit CEF discount anomalies. Our competitive edge is certainly not attempting to second guess when greed may turn to fear through a market cycle. A time tested and disciplined investment process, continued discount volatility amidst a healthy CEF universe combined with a well-resourced and highly experienced investment team will ensure we continue to meet our clients' performance expectations over time.

Mark Dwyer
Chief Investment Officer

10th September 2020

BUSINESS DEVELOPMENT REVIEW

Overview

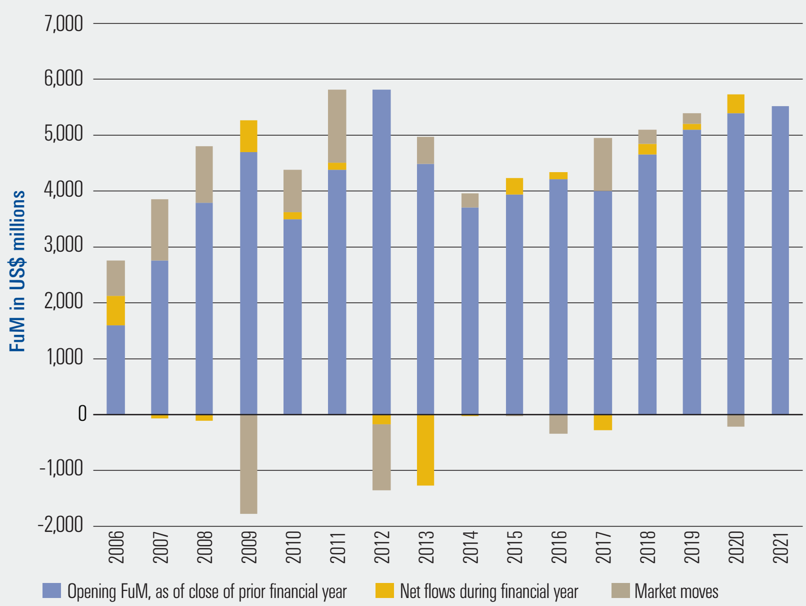
Long-term investment performance in the EM Equity CEF strategy remains strong, with first or second quartile results versus manager peers over the 3, 5 and 10-year rolling periods ending 30th June 2020.

There were net outflows of US$275 million in our core EM strategies, as clients rebalanced after strong gains in emerging markets over the second half of 2019.

Fundraising in the diversification products resulted in net inflows of US$551 million in International strategies, and US$46 million in Opportunistic Value strategies, while Frontier had US$16 million of net inflows. Refer page 7 for net flows across strategies.

Diversification products now represent circa 31% of Group FuM, compared with 22% last year. These additional assets will assist in efforts to raise the profile of our extension CEF products with institutional consultants and plan sponsors.

Total in flows – out flows



Years shown represent start of historical financial year data which reflects the previous year end FuM (30th June) as a starting point. Dates prior to 2014 reflect 31st May year end data. CLIG changed its financial year end to 30th June in 2014.

Products

Additional FuM into our International and Opportunistic Value CEF products resulted in assets growing in these strategies by 71% and 10%, respectively, over the year.

The International Equity CEF Strategy (INTL) utilises our experience with CEFs in our core EM strategy to provide exposure to global developed markets.

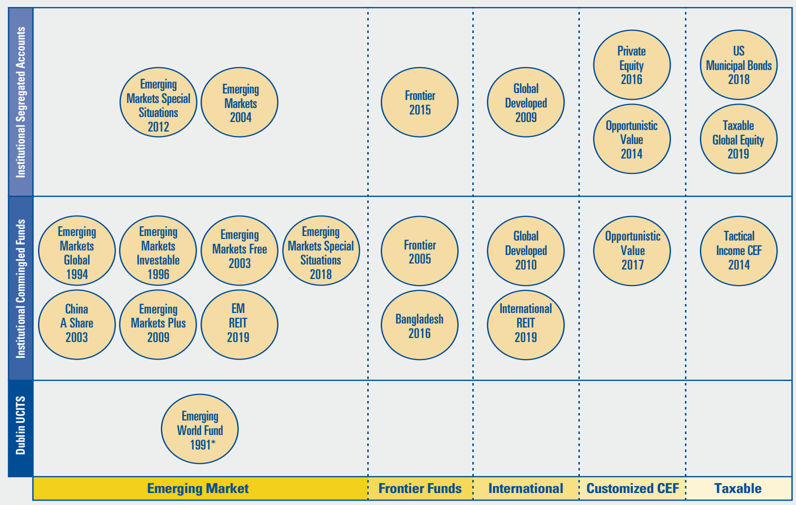
Opportunistic Value CEF Strategy (OV) encompasses a variety of asset classes via CEFs and adopts a go anywhere approach. While this is a separate team from the team managing client assets in the emerging markets, both teams use the same methodology and internal operational resources. Both taxable and tax-exempt products are available.

The Frontier EM CEF Strategy is an extension of the EM core equity product focusing on the smallest or pre-emerging markets with high growth potential.

The REIT Strategies, EM and International, are focused on finding value within the global universe of listed real estate investment trusts.

Business diversification

Products map



**Formerly Emerging Markets Country Trust*

Performance

The EM and INTL strategies outperformed over the year gross of fees, while the OV and Frontier strategies underperformed. Both the EM and INTL strategies benefitted from good country allocation. The Frontier strategy suffered from weak NAV performance, particularly impactful among Argentine holdings while the OV strategy suffered from negative allocation effects. In addition, as discounts widened significantly across CEF sectors, most notably in Q1 2020, all the strategies suffered to some extent from this factor over the twelve month period.

The Global Emerging Markets Composite net investment returns for the rolling one year ending 30th June 2020 were -3.6% vs. -3.7% for the S&P Emerging Frontier Super BMI Index in USD.

The International Equity CEF Composite net investment returns for the rolling one year ending 30th June 2020 were -5.4% vs. -4.8% for the MSCI ACWI ex US in USD.

The Frontier Markets Composite net investment returns for the rolling one year ending 30th June 2020 were -22.7% vs. -12.7% for the S&P Frontier EM 150 benchmark in USD.

The Opportunistic Value Composite net investment returns for the rolling one year ending 30th June 2020 were -10.6% vs. 4.1% for the 50/50 MSCI ACWI/Barclays Global Aggregate Bond benchmark in USD.

Outlook

Marketing efforts will continue to be targeted at investment consultants, foundations, endowments and pension funds. We will also continue to introduce our capabilities to family offices, outsourced CIO firms and alternative consultants. Our International and OV capabilities will be the focus of our product diversification and business development activities.

As previously announced, and subject to regulatory approvals and client consents, CLIG is scheduled to merge with KMI on 1st October 2020. Management believes the addition of KMI will bring added diversification benefits to CLIG due to the fixed income and developed equity strategies as well as a complementary wealth management client base. KMI will be run independently of CLIM by the existing management team, with no overlap of investment or relationship/client teams.

We look forward to updating on KMI business development in the February 2021 interim report.

OUR BUSINESS MODEL: WHAT WE DO

At City of London, we focus on designing products that reflect our expertise. Initially, and for many years since the Group was founded, that expertise was very specific to closed-end funds which offered emerging markets exposure.

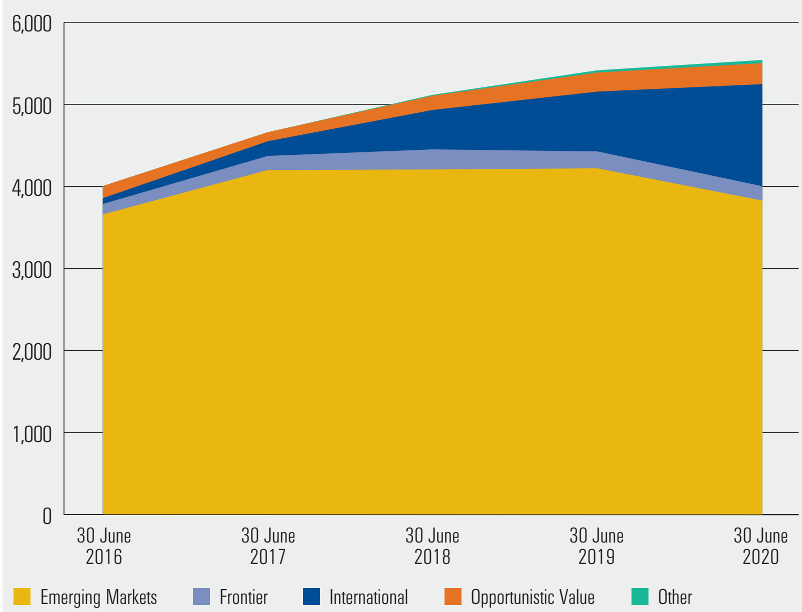
Next came dedicated access products such as the China A-share CEFs which invests in CEF listed in Shanghai and Shenzhen.

In addition, our global trading platform and knowledge of CEFs has been extended to meet client demand. We now manage funds applying our investment process to International markets, Frontier markets, Opportunistic Value and Private Equity via CEFs.

We added a REIT product in 2019 that focuses on EM and International REITs, a complementary area with similarities to CEFs.

So today, while we remain both proud and protective of our "boutique" status, we seek to meet client needs across a suite of products anchored by our core expertise in the global universe of CEFs.

FuM by strategy (US$m)



OUR BUSINESS MODEL: THE MANAGEMENT TEAM

The way in which we manage our business is different too. We are very risk-averse. Profits, margins and costs are carefully managed to provide our employees with appropriate remuneration and shareholders with significant, sustainable dividends.

We support teams. What this means is that we discourage the cult of the individual or "star" fund manager, believing that the risks associated with a star culture are detrimental to both shareholders and clients. The average tenure of our 12 fund managers is 14 years.

The present Senior Management team has an average tenure of 14 years. The members of the Senior Management team are the Executive Directors plus: Deepranjan Agrawal, Head of Finance; Ashleigh Simms, Head of Compliance; Michael Edmonds, Head of the International/Opportunistic Value Strategy; Jeff Gill, Head of the Frontier Strategy; Ted Sevick, Portfolio Manager – EM CEF; Alan Hoyt, Head of IT; Anthony Inverso, Chief Operating Officer; Courtney Short, Head of US Client Servicing; and Jennifer Kratzer, Head of Performance and Attribution.

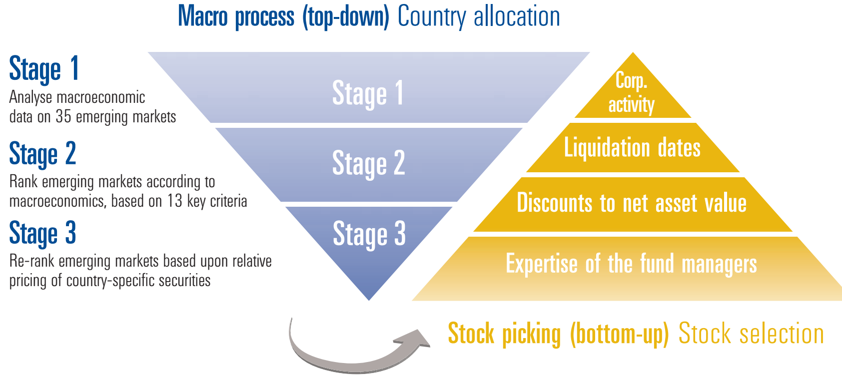
OUR BUSINESS MODEL: HOW WE DO IT

THE INVESTMENT PROCESS

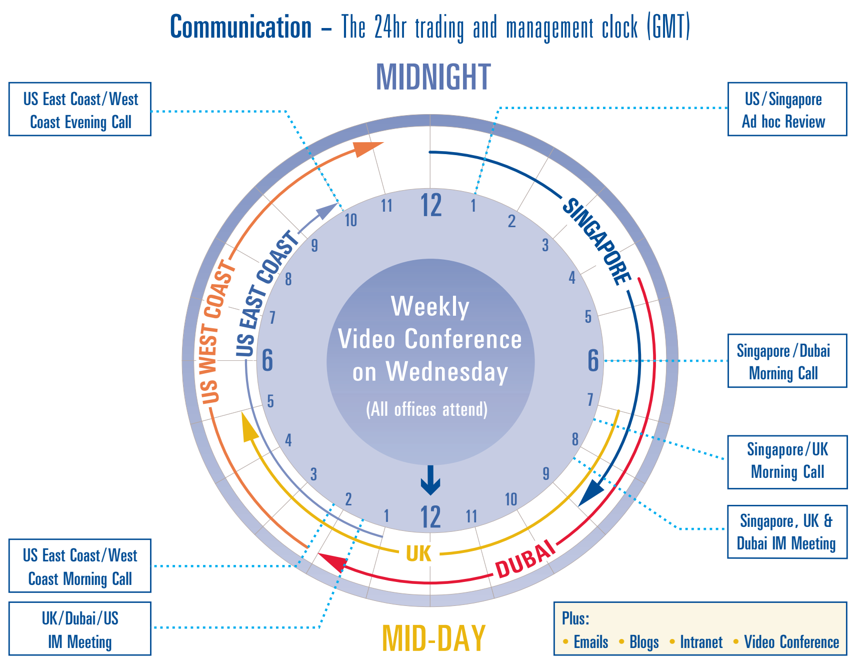
We have developed and nurtured a team investment process which does not rely on 'star' fund managers, but rather upon experienced fund managers using analytical procedures that can produce repeatable and sustainable first or second quartile performance versus our peers.

OUR COMPETITIVE ADVANTAGE

We believe that our approach and philosophy differs significantly from our peers. Our investment process identifies opportunities to capture pricing anomalies in securities trading at a discount to their net asset value. Our resolute focus is on generating consistent investment performance – over time and through economic cycles within a controlled risk environment.



Our process employs an array of proprietary tools for analysing and identifying value. These quantitative tools supplement both macroeconomic analysis and over 25 years of trading expertise. This process has delivered long-term relative outperformance combined with low volatility relative to our clients' benchmarks through both bull and bear markets.



We consider that there are many benefits of having offices strategically positioned around the world.

Our first office was in London in 1991. This was followed by our US East Coast office in 1995, Singapore in 2000, Dubai in 2007 and our US West Coast office in 2015. Via these offices we can research and trade all of the securities within our universe in their relevant time zone real-time. We consider this to be a significant competitive advantage – the alternative being placing orders with brokers, going to sleep and finding out the next morning the transaction price and relevant stock market and currency levels. Our five offices are also integrated in our disaster recovery / business continuity plans, mitigating the risk of an incident at a local level negatively impacting our ability to manage our client's assets.

Our process driven investment approach is applicable to all sectors represented by the global universe of CEFs, REITs and investment holding companies.

OUR STRATEGY AND OBJECTIVES

We believe that both our strategy and our objectives should be to support the three stakeholders in our business.

THE CLIENTS
(PAY THE BILLS)

Expect: Superior investment performance, Openness and accountability, Ethical treatment.

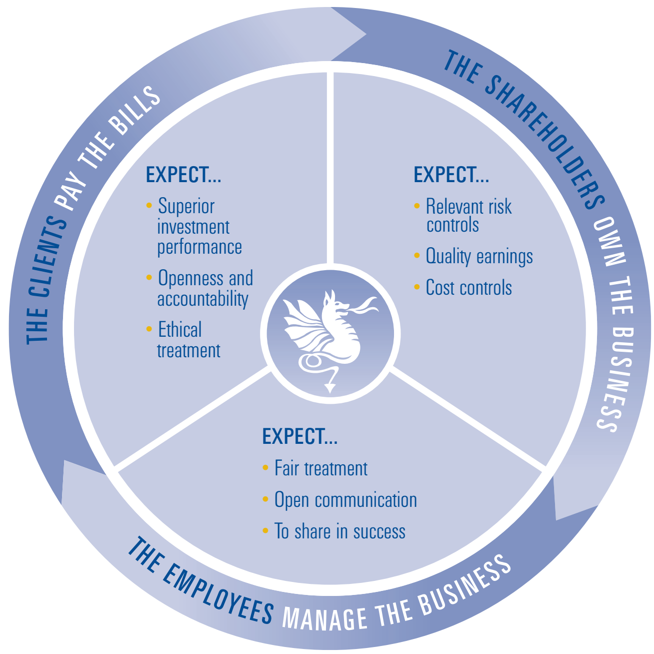
THE EMPLOYEES
(MANAGE THE BUSINESS)

Expect: Fair treatment, Open communications, To share in success.

THE SHAREHOLDERS
(OWN THE BUSINESS)

Expect: Relevant risk controls, Quality earnings, Cost controls.

Our responsibility is to keep these three stakeholders in balance (avoid conflicts) and to ensure that each of their interests is safeguarded.



What follows is background information regarding what we are attempting to achieve in terms of growth, how we can achieve this and how we deal with our shareholders.

We address this under the following headings:

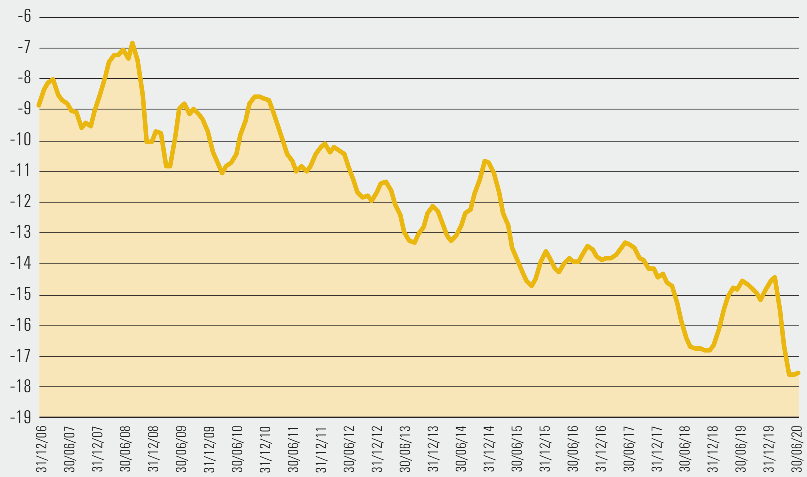
1. OUTPERFORM
2. RETAIN EMPLOYEES
3. INCREASE FUM FROM LONG-TERM INSTITUTIONAL INVESTORS
4. REMAIN OPEN IN OUR DEALINGS WITH SHAREHOLDERS, AVAILABLE AND ACCOUNTABLE
5. KEEP COSTS DOWN
6. CORPORATE CITIZENSHIP
7. CONTINUE TO DIVERSIFY OUR BUSINESS

1. Outperform

Our job as an active manager is to add value over and above a relevant benchmark through an investment cycle which we define as five years.

Size-Weighted Average Discount (SWAD) – Representative account*

3-Month rolling average portfolio discount December 2006 to June 2020



Source: City of London Investment Management

*Represents the largest segregated account managed against the S&P Emerging Frontier Super Composite Net TR BMI

As detailed in the Chief Investment Officer's statement on page 11, our investment horizon is five years, and over this period the International and EM Equity CEF strategies which comprise over 90% of FuM, are ahead of their benchmarks and their institutional peer-group averages. Over five years both strategies have benefitted from positive discount effects. Country allocation has been an important contributor for the EM Equity strategy, less so for the International strategy however the latter has been influenced positively by strong NAV performance at the underlying CEFs.

CLIM's OV and Frontier Equity strategies are behind benchmark on a five-year horizon due to recent underperformance. The benchmark agnostic OV strategy is an unconstrained approach that generates alpha via concentrated portfolios of CEFs across all asset classes. Performance was adversely affected by wider discounts in the high yield credit and alternatives positions in March 2020.

The Frontier Equity strategy had to contend with the outperformance of US listed, Argentine domiciled companies that we cannot access via CEFs.

CLIM's REIT team have continued to develop very satisfactory investment performance. Both strategies are outperforming since inception in January 2019.

OUR STRATEGY AND OBJECTIVES

CONTINUED

2. Retain employees

As shareholders would expect, in a Group that has always used a partnership approach, we take a very long-term view with regard to remuneration.

A testament to our team based approach is that our 12 fund managers have an average tenure of 14 years.

Our remuneration policy is stress-tested in a number of ways:

- We have to deal with very volatile cash flows, thus our need to keep salaries towards the lower end of market levels.
- With five offices (not all of which are in financial centres) in four countries we have to be aware of different pay scales, policies, costs of living and tax rates.

In the table below we show the relationship between employees' and Directors' salaries and bonuses, referred to as remuneration, from 2011 to 2020.

Other benefits, such as pension, share option awards, the Employee Incentive Plan and medical insurance have been excluded from this table.

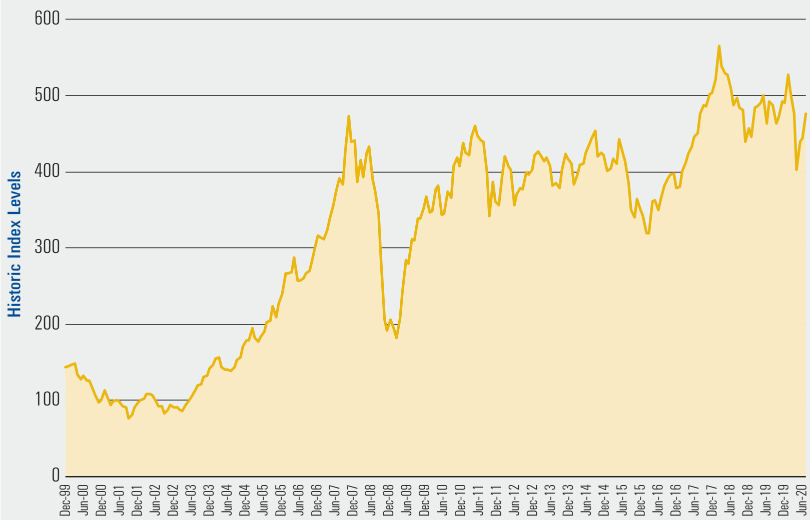
Remuneration costs for Directors and employees from 2011 to 2020

	2011 Total £'000	2012 Total £'000	11/12 % change	2013[8] Total £'000	12/13 % change	2014 Total £'000	13/14 % change	2015 Total £'000	14/15 % change	2016 Total £'000	15/16 % change	2017 Total £'000	16/17 % change	2018 Total £'000	17/18 % change	2019 Total £'000	18/19 % change	2020 Total £'000	19/20 % change
Executive																			
Barry Olliff[1][2]	1,178	981	-17%	548	-44%	660	20%	773	17%	729	-6%	999	37%	1,071	7%	904	-16%	474	-48%
D F Allison[3]	648	565	-13%	282	-50%	–	–	–	–	–	–	–	–	–	–	–	–	–	–
T W Griffith[1]	466	414	-11%	326	-21%	334	2%	459	37%	473	3%	653	38%	696	7%	601	-14%	648	8%
C M Yuste[1][4]	465	413	-11%	325	-21%	334	3%	458	37%	88	-81%	–	–	–	–	–	–	279	–
V S Tannahill[5]	–	–	–	69	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
M D Dwyer[6]	–	–	–	–	–	–	–	–	–	317	–	619	95%	670	8%	550	-18%	599	9%
T A Rodrigues[7]	–	–	–	–	–	–	–	–	–	178	–	474	166%	501	6%	439	-12%	310	-29%
Executive Directors	2,757	2,373	-14%	1,550	-35%	1,328	-14%	1,690	27%	1,785	6%	2,745	54%	2,938	7%	2,494	-15%	2,310	-7%
Employees	7,297	7,822	7%	6,845	-12%	6,504	-5%	7,006	8%	6,863	-2%	8,205	20%	8,535	4%	8,987	5%	9,981	11%
Total	10,054	10,195	1%	8,395	-18%	7,832	-7%	8,696	11%	8,648	-1%	10,950	27%	11,473	5%	11,481	0%	12,291	7%
Average head count																			
Executive Directors	4	4		4		3		3		4		4		4		4		4	
Employees	64	73		73		67		67		68		68		69		69		68	
Average FX rates	1.58	1.59		1.57		1.62		1.57		1.48		1.27		1.35		1.29		1.26	
Percentage of aggregate spend																			
Executive Directors	27%	23%		18%		17%		19%		21%		25%		26%		22%		19%	
Employees	73%	77%		82%		83%		81%		79%		75%		74%		78%		81%	
Director average	689	593	-14%	388	-35%	443	14%	563	27%	446	-21%	686	54%	735	7%	624	-15%	578	-7%
Employee average	114	107	-6%	93	-13%	97	4%	104	7%	100	-4%	120	20%	124	3%	130	5%	147	13%
Profit before tax (excl. NCI)	13,150	11,462	-13%	10,160	-11%	7,242	-29%	8,791	21%	7,796	-11%	11,590	49%	12,792	10%	11,151	-13%	9,600	-14%
Dividend per share	24.0p	24.0p	0%	24.0p	0%	24.0p	0%	24.0p	0%	24.0p	0%	25.0p	4%	27.0p	8%	40.5p[9]	50%	30.0p	-26%

(1) Remuneration paid in US dollars
(2) Resigned as Executive Director 31st December 2019 and became NED
(3) Resigned 15th April 2013
(4) Resigned 31st December 2015; re-appointed 1st January 2020
(5) Appointed 1st January 2013 and resigned 15th April 2013. Remuneration disclosed for this period only.
(6) Appointed to Board 19th October 2015. Remuneration disclosed from this date only.
(7) Appointed to Board 19th October 2015. Remuneration disclosed from this date only. Resigned 31st March 2020.
(8) Excludes loss of office payments
(9) Including special dividend of 13.5p in 2019

2. Retain employees
(continued)

MSCI emerging markets net total return index
US$ based



Source: City of London Investment Management

After looking at the graph above a shareholder might ask how we are able to keep employees.

Q. "When assets and your asset class move sideways, how do you keep employees?"

A. Those that have been with the Group for a significant period have benefited from previous "good times".

Q. "What about younger employees who have not been through a complete cycle?"

A. We will lose some, but our intention is to employ people who are prepared to take a long-term view. Improved technology also plays a part; this allows for improved productivity thus allowing the ability to reward employees progressively.

Q. "How do you motivate and keep employees for the long-term?"

A. While the remuneration packages we offer are competitive, they are not market leading, so we try to employ people who will buy into the philosophy of the Group. Where possible, we try to employ graduates or young people leaving education so they can grow with the Company and we can teach and mould them to be the best they can be. We feel this creates loyalty in employees and results in stable, contented teams that are consistently in place for lengthy periods.

Q. "What other areas do you find fulfil employees at the Group?"

A. Not all employees, even in financial service companies, are driven to extract maximum financial gain. There has been an increasingly noticeable trend amongst employees in terms of fulfilment also coming from lifestyle and environmental considerations. Community outreach, charity support along with support for the under privileged are additional means via which employees can be motivated within a corporate environment.

Q. "What is the percentage of employees that committed to purchase CLIG shares via the new EIP?"

A. We are pleased to say that c.65% of employees have elected to participate in both this financial year and in the year ending 30th June 2021.

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OUR STRATEGY AND OBJECTIVES

CONTINUED

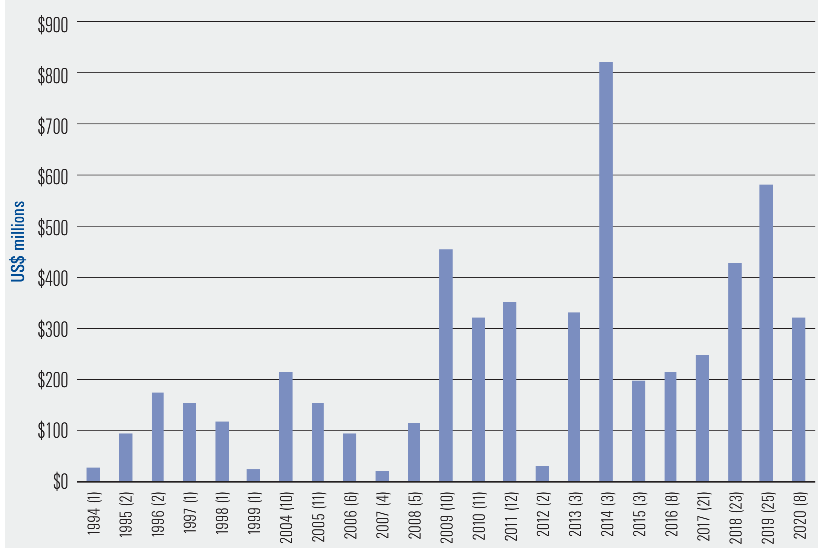
3. Increase FuM from long-term institutional investors

City of London's client base is, and always has been, overwhelmingly US based and institutional. Our clients include pension funds, foundations, endowments and other institutional money managers.

What our clients have in common is a desire to access the returns available in 'difficult' emerging markets. We have provided that access over many years and cycles and have generated long-term outperformance for our clients. This allows our clients to focus on their asset class allocation decisions.

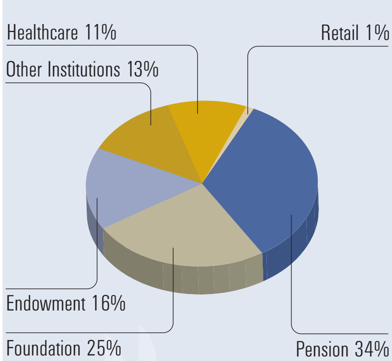
We have c.170 institutional clients, many of whom have been clients of the Group for many years. The graph below shows the length of time that clients have been invested with us.

Client market value as of 30th June 2020



Calendar year of initial client inception, along with number of accounts incepted

CLIENTS BY SECTOR



*As at 30 June 2020.
Client Type is a combination of segregated client mandates and fund investors.

Ten largest clients by market value

	Client type	Market value as at 30th June 2020	Inception date
1	Foundation	$723 million	May-2014
2	Public	$365 million	Sep-2009
3	Public	$276 million	Oct-2013
4	CIT and LP	$195 million	Jun-2020
5	Corporate	$161 million	Dec-2010
6	Endowment	$158 million	Nov-1996
7	Corporate	$156 million	Mar-1997
8	Corporate	$148 million	Apr-2011
9	Public	$143 million	Apr-2016
10	Public	$129 million	Feb-2015
	Total	**$2,454 million**	

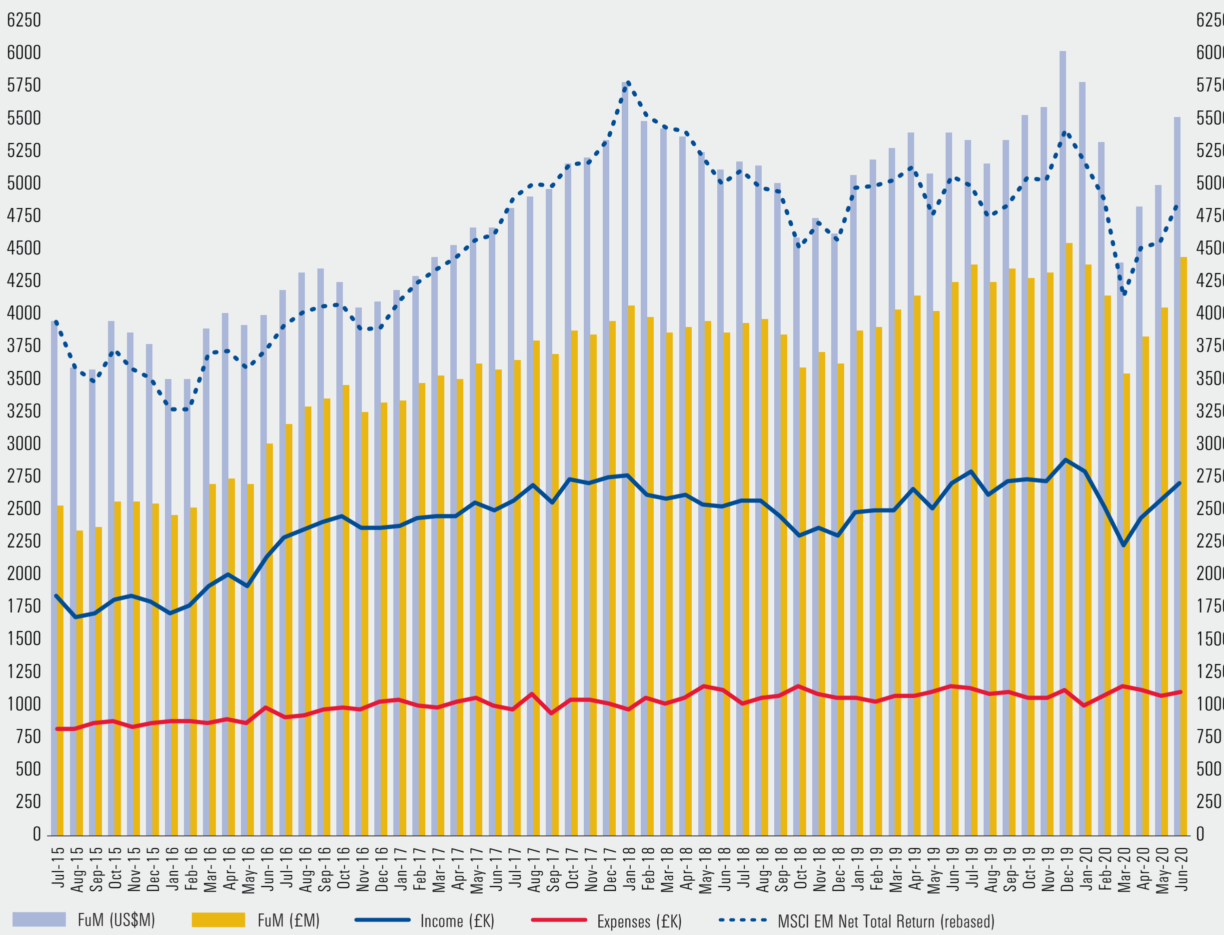
The ten largest clients are all North American.

4. Remain open in our dealings with shareholders, available and accountable

We take the opportunity to meet shareholders whenever possible. This might be at one-to-one meetings with our larger institutional holders or at group meetings with advisers and individual shareholders. We believe that our shareholders have a right to know what to expect from us. For this reason, we try to make all of our announcements clear and accessible. We also provide supplementary data such as the following graph from our management accounts, which is updated on our website after relevant announcements (www.citlon.co.uk).

Rolling 5 year Funds under Management and Profitability

Excludes extraordinary items of income and expenditure



OUR STRATEGY AND OBJECTIVES

CONTINUED

4. Remain open in our dealings with shareholders, available and accountable

(continued)

As mentioned in the CEO statement, on 12th June 2020 the Group published the combined circular and prospectus in relation to the share consideration to be issued to stockholders in KMI on completion of the merger. The prospectus remains live until admission of those consideration shares on completion, currently expected to occur on 1st October 2020. Whilst the prospectus remains live, the Company is prevented under the Prospectus Regulation from providing our normal dividend template without the approval and publication of a supplementary prospectus.

We have sought to make our dividend policy – the most direct way we have of rewarding shareholders – as clear as we can. We will continue to pay out the major part of post-tax profits in dividends. The Group's dividend policy is detailed below. This is going to be applied with flexibility, with approximately one third payable as an interim dividend and two thirds as a final.

Dividend policy

This policy was introduced in 2014 and was reviewed in 2019. No changes were proposed. It was designed to incorporate the required flexibility to deal with the potential volatility of CLIG's income. Details as follows:

- This is not a long-term policy. Rather it will be reviewed after five years and every five years thereafter.
- This policy specifically takes into account the implicit volatility in CLIG's earnings as a result of its significant present exposure to the emerging markets.
- This would imply a cover ratio of c.1.2 times (1.2x).
- While the cover is targeted as 1.2x this will continue to be applied flexibly and the annual dividend will approximate to this cover on a rolling five year average.
- The Board will take into account both the CLIG budget for the next year and market outlook when determining the current year's dividend.

5. Keep costs down

We keep costs down because we believe that the assets over which we provide stewardship are, by definition, not ours but are owned by CLIG shareholders.

As you will see on page 20, our number of employees have remained relatively static from 2014 to current date, despite our expanded product offerings. A stable workforce limits the cost of recruitment and other costs related to employee turnover.

We do not work in expensive offices and when we travel we do not stay in five star hotels.

We do not need expensive offices to undertake our work and most of the time we are in a hotel we are there to sleep rather than it be a part of our lifestyle.

Keeping the overhead down is good business practice as it provides more money for dividends, bonuses and reserves and thus assists with relative job security.

In addition, efforts are made to limit inter-office air travel. Internal meetings are almost exclusively conducted by video conferencing, which we have in all our offices.

6. Corporate citizenship

Over the past few years there has been a realisation that corporations have a responsibility both for and separately within the community.

With regard to CLIG's responsibility within the community, our awareness has been growing significantly over the past few years. Resourcing internal tools such as Group's intranet to communicate upcoming events and campaigns encourages employees to contribute to the community. Additionally, providing updates at CLIG's annual Strategy Meeting and highlighting accomplishments in COLeague News, an internal publication, further supports the recognition that the interests of the community are used as a measurement of success for the Group and are seen as a complement to how the business is run.

What are the targeted involvements within the community? We take a multi-pronged approach to allocating our human resources across the communities, as we 1) attempt to understand the greater needs of the communities we work in and 2) consider initiatives that are personal causes to individual employees. This means we can, and do, encourage employee participation in both local events of national and global charities, as well as local community specific events. Additionally, by the nature of our five office structure, this means that we are able to offer a wide array of community involvement events to employees, and we have found that a greater variety allows for greater participation throughout the year. In turn, this can also provide for meaningful results as some events will be chosen on a personal level and will have a greater impact for specific employees and their families. These efforts and services work hand in hand to protect cultures and customs not only within the community outreach programs but also within the workplace. Further details on community contributions are referenced within the Corporate and Social Responsibility Policy on page 38 of this annual report.

7. Continue to diversify our business

We see this as an important component of our strategy to make the business more robust, manage risk and enhance long-term shareholder return.

Having established ourselves as a Group with an institutional client focus, specialising in EM CEFs, we applied our extensive knowledge of the CEF industry to successfully develop a range of non-emerging market CEF products which at 30th June 2020 represented c.31% of FuM.

In addition, we launched two new REIT products in 2019 which we believe are a good fit with our investment process. As is common practice in our industry, we have seeded the new funds. This will be a long-term commitment, as with all new products, it takes many years for these new strategies to establish themselves and find a footing in the marketplace.

As explained in detail in the Prospectus released on 12th June 2020, the Group has entered into an agreement to acquire the entire share capital of Karpus Investment Management (KMI). We believe that the merger will be of substantial strategic and financial benefit to the Group and for all shareholders. While CLIM and KMI share a focus on investment in CEFs for their respective clients, the two businesses operate in quite separate and distinct market segments. With 60% of KMI's FuM invested in fixed income assets on behalf of a high net worth (HNW) client base, this merger will provide a highly complementary fit to CLIM's equity-focused, institutional client business model.

KEY PERFORMANCE INDICATORS

As our focus is to create shareholder value, we may revise the reporting of these KPIs as their level of importance changes through market cycles. Any changes will be explained.

Shareholders should bear in mind that we do not manufacture widgets, that is to say that whereas a widget manufacturer has a few variables to deal with, we have many. Specifically, we have many more than a typical fund manager, as exposure to the EM and their currencies provides significant additional volatility.

We are a relatively small Group and thus can be nimble in taking action.

We should also point out that we are not asset gatherers, preferring to focus on investment performance and client retention.

Furthermore, whilst we can talk about investment performance, long-term clients, stability of employees, levels of the stock market, business plans, budgets and cost savings, these influences do not necessarily automatically come through to the bottom line in terms of the measurement of shareholder value.

Total shareholder return

We continue to believe that the true measure of a management team is the long-term total return of the shares of the company that they manage. CLIG Management has adopted two Key Performance Indicators (KPIs) based on the total return of CLIG over a market cycle, which are designed to provide shareholders with an indication of the return they should expect from owning the CLIG business. The KPIs are:

- **Our share price to compound annually at between 7.5% to 12.5%**

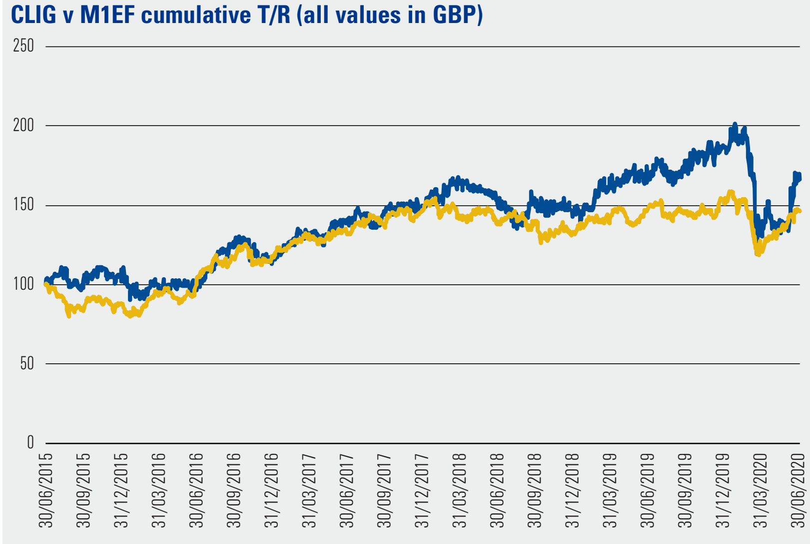
  -- OR --

- **Our share price to double the cumulative return of the MSCI Emerging Markets Total Return Net (‘M1EF’)**

Our goal is to achieve one of the two over rolling five-year periods. These measures are meant to stretch the management team, without incentivising managers to take undue levels of risk.

For the five years ending 30th June 2020, CLIG’s cumulative total return was 66.7% (10.8% per annum); this compares favourably with the 46.3% cumulative total return from M1EF. We therefore meet KPI #1, as the total return of 10.8% per annum is within the 7.5% to 12.5% target range. We do not meet KPI #2, as the total return did not double the cumulative return of M1EF, although it is outperforming M1EF over the five years.

CLIG v M1EF cumulative T/R (all values in GBP)

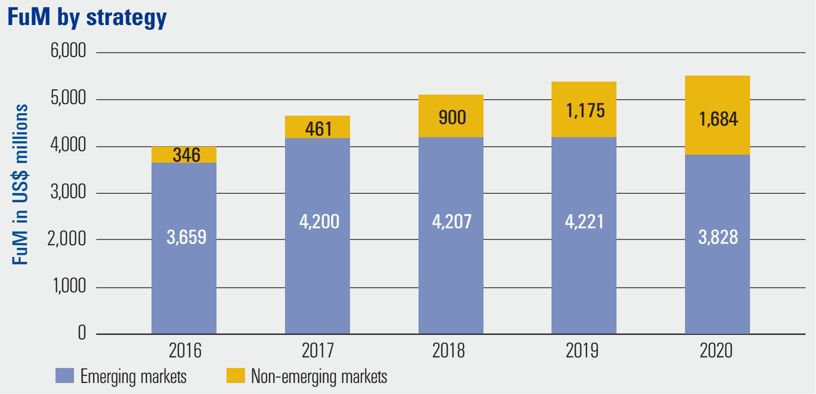


*Note: CLIG LN and M1EF rebased to 100 as of starting date

Separate from our share price, which we consider to be our main KPI, we have selected additional KPIs which we believe will enable shareholders to measure the future viability of CLIG. These are as follows:

1. FUM & DIVERSIFICATION

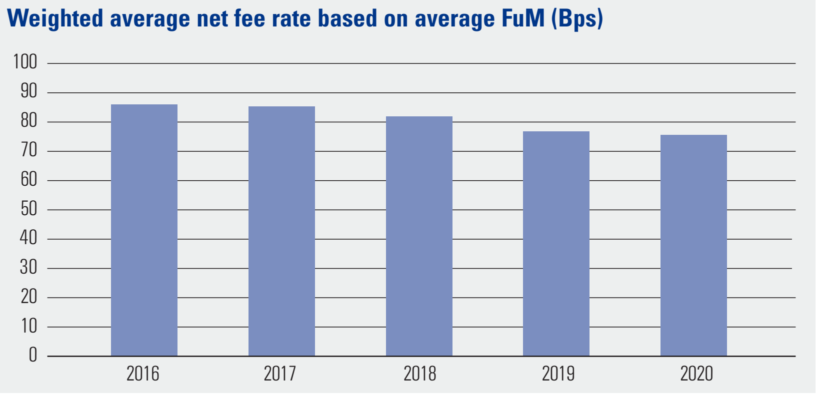
The level of FuM is a key driver in the Group's profitability. With a limit to the size / percentage of our EM investable universe that we can manage, our main business development strategy is to diversify our product range.



Overall FuM are up 2% this year principally due to an increase in the diversification strategies.

2. WEIGHTED AVERAGE NET FEE RATE

This is the weighted average net fee rate earned by the Group. Changes in fee rates, product and investor mix are the principal factors which impact the weighted average rate. In general, the EM strategy commands higher fees than the non-emerging market strategies (with the exception of Frontier).



The above chart shows the annual net fee income measured as a percentage of the average annual FuM.

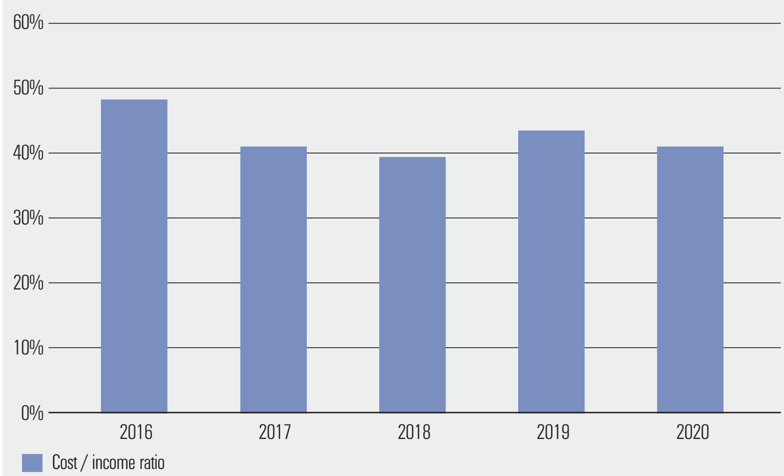
KEY PERFORMANCE INDICATORS

CONTINUED

3. COST / INCOME RATIO

We believe cost control is an important discipline for any business to be successful. We look to balance the cost of growth and development with stakeholder returns.

Cost / income ratio



The cost / income ratio is based on our fixed overhead to net fee income.

In absolute terms, overheads are consistent year-on-year and net fee income is up by c.6%.

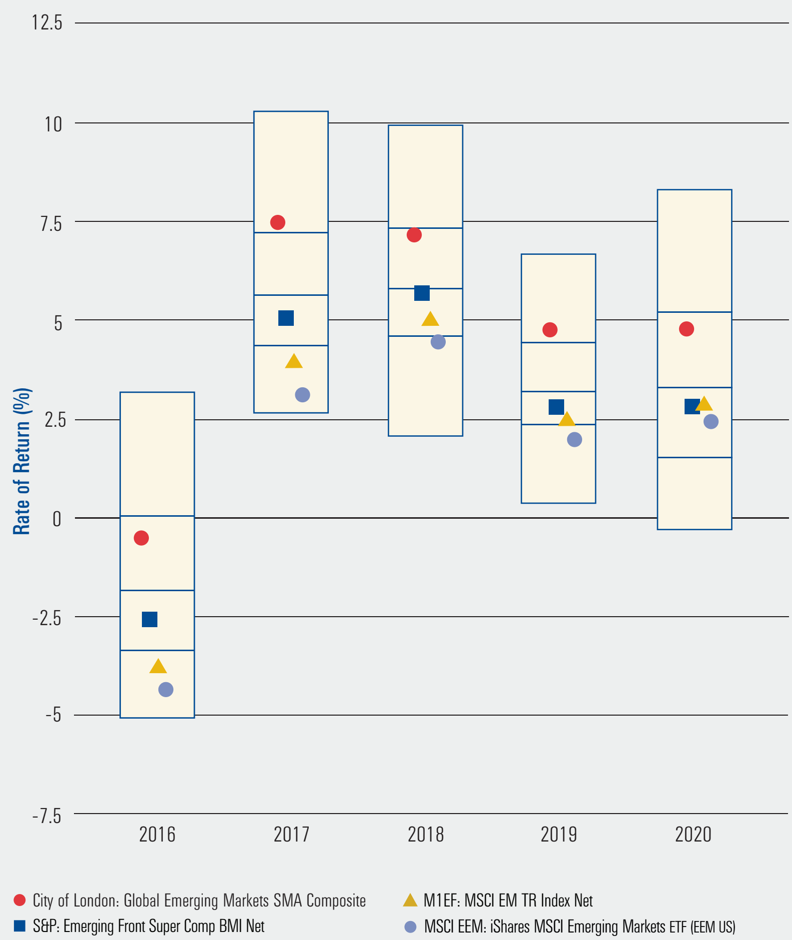
4. INVESTMENT PERFORMANCE

Our reputation depends on consistently strong investment performance versus both relevant benchmarks and peers. Outperformance drives client retention and provides the opportunity to expand our client base.

As detailed in the Chief Investment Officer's statement on page 11 the International and Emerging Market Equity CEF strategies which comprise over 90% of FuM, are ahead of their benchmarks and their institutional peer-group averages over five years.

Global Emerging Markets SMA Composite 5 year annualised returns

*According to eVestment Alliance**



*95.6% of the universe has been updated through to 30th June 2020

The current benchmark for the Global Emerging Markets SMA Composite is the S&P Emerging Frontier Super Composite Net Total Return BMI (S&P Super BMI). The MSCI EM Net TR Index and iShares MSCI Emerging Markets ETF are shown for comparative purposes.

Past performance is no guarantee of future results.

Source: eASE Analytics System, S&P, MSCI, Bloomberg

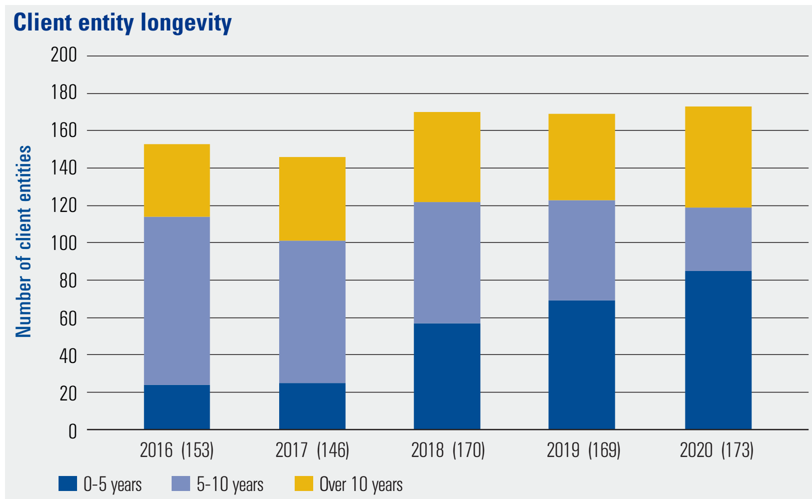
Note: Returns are gross of fees for relevant CLIM fund and peer group.

KEY PERFORMANCE INDICATORS

CONTINUED

5. CLIENT LONGEVITY

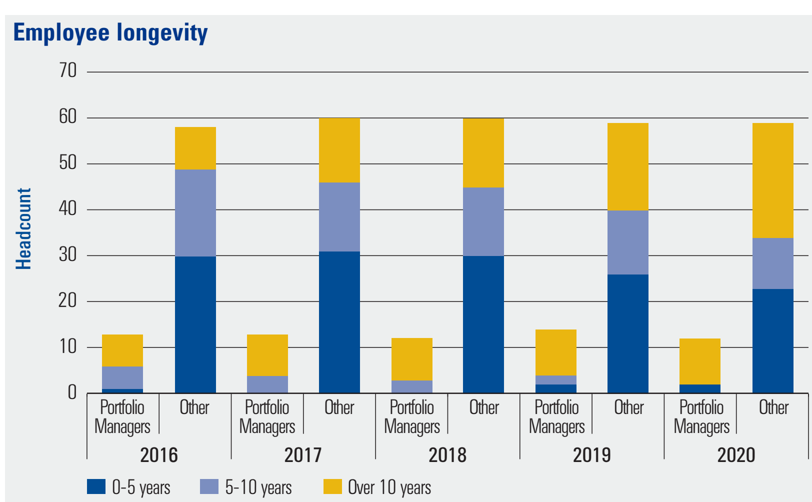
We find that stability of investment performance equates to stability of clients, but in addition there needs to be a belief amongst clients that both our investment process will be maintained and also that our employees will remain in place.



We have an active client retention programme in place which has both educated and ensured that our clients understand even more about our investment process. The increase in 0-5 year clients is due to the growth of the diversification products, particularly the International Equity strategies.

6. EMPLOYEE LONGEVITY

Our employees are a major asset. We spend time ensuring that we recruit, develop and retain the right people to complement the team, which in turn helps to create a stable working environment.



Except for the REIT team that joined in 2019, all our Portfolio Managers have been with the Group for five or more years, and 49% of all employees have been with the Group for over ten years.

RISK MANAGEMENT

In the course of conducting our business operations, we are exposed to a variety of risks including market, liquidity, operational and other current and emerging risks that may be material and require appropriate controls and on-going oversight.

The Board has established a Risk & Compliance Committee (the "RCC") which is chaired by the Head of Compliance. The other members of the RCC are the three Executive Directors, the US Chief Compliance Officer, the Head of Finance and a representative from US Corporate Governance. The purpose of the RCC is to assist the Board in the oversight, maintenance and development of the Group's current and emerging risks and compliance frameworks in adherence with its risk appetite.

Whilst the RCC has day-to-day operational oversight of the risk management process, the Board of Directors have ultimate responsibility for setting the risk framework for the Group, including discussing and agreeing what the Group's overall top risks are, which are reviewed by the Board at each scheduled board meeting.

The Group's risk management process requires on a semi-annual basis that each department/line of business, via a departmental risk assessment, review its current and emerging risks and the business processes that occur in each and these are assigned both an inherent and residual risk rating, as whilst we cannot eliminate all risk, our aim is to proactively identify and manage those risks that have been identified.

The RCC meets five to six times each financial year to provide the members with a regular forum at which to ensure any relevant issues are discussed and agreed upon. At its meetings, the RCC reviews management information such as breaches and errors, personal account dealing, other business interests, gifts and hospitality, complaints, AML updates including new clients on-boarded, on-going screenings, capital adequacy, employee training, outsourcing, as well as approving new or updated Group policies. Some of the key policies include: Code of Ethics, Global Anti-Money Laundering & Countering Terrorist Financing, Global Market Abuse Prevention, Global Anti-Bribery & Corruption Policy, Information Security, Conflicts of Interest, Compliance Manual, amongst others. All Group policies apply to all personnel, regardless of jurisdiction.

The RCC via the Head of Compliance reports to the Board on a quarterly basis and the Audit Committee at each meeting (currently three per financial year). In addition to reporting at these meetings, the Head of Compliance meets with the Chairman of the Group on a regular basis.

Internal control

The Group maintains a comprehensive system of internal control, including financial, operational and compliance/risk controls. Each department/line of business within the Group is subject to an annual review by senior management, who are required to identify and report on the key controls pertinent to their responsibilities (this is in addition to the departmental risk assessments that are completed every six months).

The Board reviews the effectiveness of the system of internal control on an ongoing basis and this process is subsequently evaluated by the Audit Committee.

The Board and the Audit Committee continue to consider the need for an internal audit function and have concluded that, given the size of the business, the nature of its activities, and the other control mechanisms that are in place, an internal audit function is currently unnecessary.

The Head of Compliance attends both the Board and Audit Committee meetings.

COVID-19

On 11th March 2020, the World Health Organisation announced that the outbreak of COVID-19 (commonly referred to as Coronavirus) had been declared a global pandemic. The long-term impacts of the outbreak are unknown and rapidly evolving. A widespread health crisis could adversely affect the global economy, resulting in a substantial decline in financial markets. The future development of the outbreak is highly uncertain and there is no assurance that the outbreak will not have a material adverse impact on the future results of the Group. The extent of the impact will depend on the geographical range of the virus, infection rates, the severity and mortality rates of the virus, the timing and efficacy of a vaccine, the steps taken nationally and globally to prevent the spread of the virus as well as fiscal and monetary stimuli offered by governments globally.

As described further in the paragraph below, the Group's profitability is directly linked to the level of FuM and a sustained fall in financial markets as a result of COVID-19 will directly affect the Group's FuM and profitability. CLIG's FuM fell from US$6.0 billion as at 31st December 2019 to US$4.4 billion as at 31st March 2020 reflecting the fall in markets in which the Group invests. However, it has since recovered sharply and FuM as at 30th June 2020 was US$5.5 billion and back to US$6.0 billion as at 31st August 2020.

Whilst the Group's financial performance have already been directly affected by and may continue to be adversely affected by the COVID-19 pandemic, the reaction by governments thereto and the negative reaction by global markets, the cumulative impact of the COVID-19 pandemic and its effect on the Group's funds under management is uncertain in the longer-term.

In mid-March, we activated our Disaster Recovery / Business Continuity Plan (BCP) in each of our offices with almost all of our employees working remotely and at the time of writing that remains the case. We follow health and safety guidance from local governments and have been keeping abreast of updates from the different regulatory bodies that regulate our business in each jurisdiction. As a result of the investment made in our infrastructure to support working remotely as our primary BCP, moving 70+ people to remote working was virtually seamless as the BCP had been continuously tested over the years.

We continue to manage our assets as if our employees were in the office, no changes have been made to the existing investment process and oversight of the investment teams and the business as a whole from Compliance has continued as Business As Usual, albeit remotely. For example, the scheduled refresher Market Abuse training that took place in March / April of this year, moved from in-person training to web-based training via video-link.

The Board has also considered carefully the impact of the COVID-19 crisis and has concluded that the strategic rationale for the merger with KMI remains sound and indeed may have been enhanced given the strong strategic fit of the two business, the diversification of the revenue base and risk mitigation which the Directors strongly believe will result from the merger. Furthermore, the Board believes that the funding of the merger by the issue of New Shares, will not only preserve the Group's current cash balance for future dividends but also lead to improved liquidity in the Company's shares in the medium to long-term due to the resulting larger market capitalisation.

Key risks

The Board has conducted a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. This assessment includes continuously monitoring of both internal and external environments to identify new and emerging risks, which in turn are analysed to determine how they can best be mitigated and managed. The primary risk is the potential for loss of FuM as a result of; poor investment performance, client redemptions, a breach of mandate guidelines or market volatility. The Group seeks to attract and retain clients through consistent outperformance supplemented by first class client servicing.

The risk of our FuM being attributed to one geographical sector has continued to reduce over the past year, with the diversification strategies – International, Frontier and Opportunistic Value accounting for circa 31% of the Group's total FuM as at 30th June 2020.

In addition to the above key business risk, the Group has outlined what it considers to be its other Key Risks, including the controls in place and any mitigating factors.

Principal risk	Controls / mitigation
Key person risk	
Risk that key employees across the business leave / significant reliance on a small number of key employees.	Team approach, internal procedures, knowledge sharing. Remuneration packages reviewed as needed to ensure talent / key employees are retained.
Technology, IT / cybersecurity and business continuity risks	
Risk that technology systems and support are inadequate or fail to adapt to changing requirements; systems are vulnerable to third-party penetration or that the business cannot continue in a disaster.	IT monitors developments in this area and ensures that systems are adequately protected. Additional IT spend has resulted in a number of ongoing systems vulnerability testing that has taken place on the network, along with ongoing monitoring of the network to reduce our vulnerabilities. The Group actively maintains a Disaster Recovery (DR) / Business Continuity plan. All offices maintain backups of all local servers, applications and data. The US replicates its backup to the UK and vice versa. Employees across its five offices are able to work remotely, accessing information and maintaining operations.
Material error / mandate breach	
Risk of a material error or investment mandate breach occurring.	Mandate guidelines are coded (where possible) into the order management system and monitored on a daily basis by Investment Management and Compliance.
Regulatory and legal risk	
Risk of legal or regulatory action resulting in fines, penalties, censure or legal action arising from failure to identify or meet regulatory and legislative requirements in the jurisdictions in which the Group operates, including those of being a listed entity on the London Stock Exchange. Risk that new regulation or changes to the interpretation of implementation of existing regulation affects the Group's operations and cost base.	Compliance monitors financial services regulatory developments – both new regulations as well as changes to existing regulations that impact the Group. Implementation is done as practicably as possible taking into account the size and nature of the business. The Head of Finance and the finance team keep abreast of any changes to listing rules, accounting and other standards that may have an impact on the Group. Both Compliance and Finance receive regular updates from a variety of external sources including regulators, law firms, consultancies etc.

In addition, there are a number of less significant financial risks outlined in note 27 on pages 114 to 116.

FINANCIAL REVIEW

Group income statement and statement of comprehensive income

The Group income statement is presented in line with International Financial Reporting Standards (IFRS) on page 86 but the financial information is reviewed by the management and the Board in a slightly different way, as in the table provided below. This makes it easier to understand the Group's results and clearly shows the profits to which the Group's profit-share provision and Employee Incentive Plan (EIP) cap apply.

The Group's gross revenue comprises management fees charged as a percentage of FuM. FuM at 30th June 2020 were US$5.5 billion compared with US$5.4 billion at the end of last year, as a result of net inflows of US$0.3 billion, offset by underperformance in the Opportunistic Value (OV) and Frontier strategies. Even though FuM ended the year only slightly higher than 2019, the average FuM for the current year increased by 5% from US$5.1 billion in 2019 to US$5.3 billion in 2020.

The Group's gross revenue has increased year-on-year by approximately 4% to £33.3 million (2019: £31.9 million). Increase in revenue is primarily due to higher FuM during the year as mentioned earlier along with a weaker sterling against the US dollar, with an average GBP/USD rate of 1.26 this year compared with 1.29 last year. The increase is however offset by a general fee erosion and the mix of business, with the non-Emerging Market strategies, which attract lower fees, now representing 31% of FuM (2019: 22%).

Commissions payable of £0.2 million (2019: £0.8 million) relates to fees due to third party marketing agents for the introduction of clients. The contract to which these commissions relate was due to expire in October 2020, however based on an agreement entered into with the agent in April 2020, the Group made an early payment and settled the contract at a small discount.

The Group's net fee income, after custody charges of £1.4 million (2019: £1.3 million), is £31.7 million (2019: £29.9 million), an increase of 6% on last year. As a weighted average percentage of FuM, net fee income as at the end of the current financial year is c.74bp compared to 76bp at the end of June 2019.

The overheads for the year remained consistent at £13.0 million (2019: £12.9 million), and due to the increase in net income for the year resulted in a cost-income ratio of 41% (2019: 43%), arrived at by comparison to net fee income. The largest component of overheads continues to be employee related at £8.6 million (2019: £8.4 million). The increase in employee costs is comprised of £0.1 million on account of salary increases and the balance of £0.1 million relates to sterling weakening against the US dollar.

Total net income less overheads resulted in a profit of £18.6 million (2019: £17.0 million) to which the 30% profit-share is applied, which including payroll related taxes amounted to £6.2 million (2019: £5.6 million).

The Employee Incentive Plan (EIP) charges amounted to £0.9 million (2019: £0.9 million) which is within the 5% (2019: 5%) of profit before bonus approved by shareholders. This 5% limit has been in place until the end of this financial year. Going forward the cost of the EIP will fall within the 30% profit-share pool.

Consolidated income for years ended 30th June

	2020 £'000	2019 £'000
Gross fee income	33,263	31,933
Finder's commission	(167)	(752)
Custody & administration	(1,425)	(1,327)
Net fee income	**31,671**	**29,854**
Interest	(57)	89
Total net income	**31,614**	**29,943**
Employee costs	8,572	8,358
Other administrative expenses	3,762	4,254
Depreciation and amortisation	633	307
Total overheads	**12,967**	**12,919**
Profit before bonus/EIP – operating profit	**18,647**	**17,024**
Profit-share	(6,180)	(5,580)
EIP	(925)	(851)
Investment (loss)/gain	(887)	804
Pre-tax profit before exceptional item	**10,655**	**11,397**
Acquisition – related costs	(1,248)	–
Pre-tax profit	**9,407**	**11,397**
Tax	(2,041)	(2,352)
Post-tax profit	**7,366**	**9,045**
Other comprehensive income	(48)	6
Total comprehensive income	**7,318**	**9,051**

Investment loss of £0.9 million (2019: £0.8 million gain) primarily relates to the unrealised (losses)/gains on the Group's seed investments in its two REIT funds, launched at the start of January 2019. It also includes the unrealised losses relating to minority third party interests in the REIT funds of £0.2 million (2019: £0.2 million gain).

Exceptional items are items of income or expenditure that are significant in size and which are not expected to recur. Such exceptional items have been separately presented by virtue of their nature to enable a better understanding of the Group's financial performance. Total acquisition-related costs in relation to our proposed merger with KMI are estimated to be approximately £4.0 million. Of this total, £1.2 million has been charged to the current year's income statement as an exceptional item, £1.8 million is estimated to be charged to the income statement in FY 2021 as an exceptional item and the balance of £1.0 million will be capitalised as share issuance costs in FY 2021.

The pre-tax profit of £9.4 million (2019: £11.4 million), after a corporation tax charge this year of £2.0 million (2019: £2.4 million), at an effective rate of 22% (2019: 21%), results in a post-tax profit of £7.4 million (2019: £9.0 million), of which £7.6 million (2019: £8.8 million) is attributable to equity shareholders of the Company.

Group statement of financial position

The Group's financial position continues to be strong and liquid with cash resources of £14.6 million accounting for 76% of net assets (2019: £13.8 million, 62%).

The Group had invested US$5 million (£3.9 million) in seeding its two REIT funds at the start of January 2019. By the end of June 2020 these investments were valued at £3.8 million (2019: £4.5 million), with the unrealised losses (2019: gains) taken to the income statement.

The Group is required to report under IFRS which outlines the basis of consolidation. Where the Group holds seed investments in funds that it manages there are a number of factors which determine if those investments should be consolidated or not. The Group's two new REIT funds were assessed to be under the Group's control and therefore consolidated as at the end of June 2019. During the year, external investment was received in the EM REIT fund and it was assessed to be no longer under the Group's control and thus it is not required to be consolidated in the Group's financial statements. The International REIT fund is still consolidated on a line by line basis in the statement of financial position and includes third party investments, collectively known as the non-controlling interest (NCI).

The adoption of IFRS 16 Leases has resulted in the identification and initial recognition of right-of-use assets of £2.2 million and lease liabilities of £2.1 million in relation to lease commitments for our office premises. There was also a small adjustment to the retained earnings amounting to £0.1 million as detailed in note 4 of the financial statements. Rental expense in relation to our offices of around £0.4 million in 2019 was included within other administrative expenses. From 2020, rental expense has been replaced with depreciation of right-of-use assets amounting to £0.3 million and interest expense on the lease liability amounting to £0.1 million.

FINANCIAL REVIEW

Other components of non-current assets are:

- Property and equipment of £0.5 million (2019: £0.7 million), capitalised software licences of £0.1 million (2019: 0.2 million). The reduction is on account of the depreciation charge for the year of £0.3 million; and
- A deferred tax asset of £0.3 million (2019: £0.4 million) which is an estimate of the future corporation tax savings to be derived from the exercise of share options in issue at the financial year end plus timing differences on when a deduction can be taken on the EIP awards granted in the US.

Liabilities include employee waived profit-share in respect of participation in the EIP, £0.7 million (2018: £0.6 million). These funds are held on account until such time the awards vest or are forfeited. On vesting they will offset the loan to the Employee Benefit Trust (EBT). On forfeiture the lower of the waived bonus or the market value of the deferred shares at that time will be paid to the employee. The EIP has had a consistently high level of participation each year since inception (>60% of Group employees), with the first tranche of awards vesting in October 2018. Only 16.5% (2019: 15%) of those shares that vested were sold in order to help cover the employees' resulting tax liabilities, leading to a very healthy 83.5% (2019: 85%) share retention within the Group.

Following the vesting in October 2019, £0.9 million (2019: £0.4 million) was offset against the loan to the EBT, funded equally by the employee waived profit-share account and the EIP share reserve account, the latter being the Company matching element.

In addition, Directors and employees exercised 108,875 (2019: 164,605) options over shares held by the EBT, raising £0.4 million (2019: £0.5 million) which was also used to pay down part of the loan to the EBT.

The EBT purchased 483,250 shares (2019: 307,982 shares) at a cost of £2.0 million (2019: £1.2 million) in preparation for the annual EIP awards due at the end of October 2020.

Dividends paid during the year totalled £7.0 million (2019: £10.2 million). The total dividend of 28p per share comprised: the 18p final dividend for 2018/19 and the 10p interim dividend for the current year (2019:18p final for 2017/18, 9p interim and special dividend of 13.5p per share). The Group's dividend policy is set out on page 24.

The Group is well capitalised and its regulated entities complied at all times with their local regulatory capital requirements. In the UK the Group's principal operating subsidiary, CLIM is regulated by the FCA. As required under the Capital Requirements Directive, the underlying risk management controls and capital position are disclosed on our website www.citlon.co.uk.

FX/Post-tax profit matrix

Illustration of US$/£ rate effect:

FuM US$bn	4.5	5.0	5.5	6.0	6.5
US$/£			Post-Tax, £m:		
1.20	8.1	9.8	11.5	13.2	14.9
1.25	7.7	9.3	10.9	12.6	14.2
1.30	7.3	8.8	10.4	12.0	13.6
1.35	6.9	8.4	9.9	11.4	12.9
1.40	6.5	8.0	9.4	10.9	12.4

Assumptions:

1 Average net fee 74 bp's

2 Annual operating costs £5m plus US$9m plus S$1m (£1 = S$1.75)

3 Profit-share (including EIP) 30%

4 Average tax of 21%

Note: The above table is intended to illustrate the approximate impact of movement in US$/£, given an assumed set of trading conditions.

It is not intended to be interpreted or used as a profit forecast.

Currency exposure

The Group's revenue is almost entirely US dollar based whilst its costs are incurred in US dollars, sterling and to a lesser degree Singapore dollars and UAE dirhams. The table presented on the left aims to illustrate the effect of a change in the US dollar/sterling exchange rate on the Group's post-tax profits at various FuM levels, based on the assumptions given, which are a close approximation of the Group's current operating parameters. You can see from the illustration that a change in exchange rate from 1.30 to 1.20 increases post-tax profits by £1.1 million from £10.4 million to £11.5 million on FuM of US$5.5 billion and vice-versa.

It is worth noting though that while the Group's fee income is assessed by reference to FuM expressed in US dollars, the underlying investments are primarily in emerging market related stock, and therefore the US dollar market value is sensitive to the movement in the US dollar rate against the currencies of the underlying countries.

To a degree this provides a natural hedge against the movement in the US dollar given that as the US dollar weakens (strengthens) against these underlying currencies the value of the FuM in US dollar terms rises (falls).

The Group's currency exposure also relates to its non-sterling assets and liabilities, which are again to a great extent in US dollars. The exchange rate differences arising on their translation into sterling for reporting purposes each month is recognised in the income statement. In order to minimise the foreign exchange impact the Group monitors its net currency position and offsets it by forward sales of US dollars for sterling. At 30th June 2020 these forward sales totalled US$5.0 million, with a weighted average exchange rate of US$1.24 to £1 (2019: US$6.8 million at a weighted average rate of US$1.30 to £1).

Viability statement

In accordance with the provisions of the UK Corporate Governance Code, the Directors have assessed the viability of the Group with reference to the COVID-19 pandemic, taking into account the Group's current position and prospects, Internal Capital Adequacy Assessment Process (ICAAP) and principal risks as detailed in the Risk Management report on pages 31 to 33.

The ICAAP is reviewed by the Board semi-annually and incorporates a series of stress tests on the Group's financial position over a three-year period. It is prepared to identify and quantify the Group's risks and level of capital which should be held to cover those risks. The level of scenarios included within the ICAAP are significantly more severe than the anticipated impact of COVID-19 pandemic.

Based on the results of this analysis, the Board confirms it has a reasonable expectation that the Company and the Group will be able to continue in operation and meet its liabilities as they fall due over the next three years.

While the Directors have no reason to believe that the Group will not be viable over a longer period, any future assessments are subject to a level of uncertainty that increases with time. The Board have therefore determined that a three-year period constitutes an appropriate timeframe for its viability assessment.

Given the above, the Directors also considered it appropriate to prepare the financial statements on the going concern basis as set out on page 50.

CORPORATE AND SOCIAL RESPONSIBILITY POLICY

City of London Investment Group plc (CLIG) recognises that, within its prime function of managing investment assets on behalf of its clients, the Group has an overriding obligation to meet the highest standards of corporate responsibility to all stakeholders, including clients, shareholders, employees and the communities in which the Company operates.

Group policies are focused on the following key areas:

1. WORKPLACE
2. ENVIRONMENT
3. ETHICS
4. COMMUNITY
5. RESPONSIBLE INVESTMENT

1. Workplace

2020	Female	Male
Directors (including NEDs)	2	6
Senior managers	4	6
All other employees	20	38
	26	50

Employee Welfare

In addition to the statutory obligations which apply to the Group's activities in each of its locations, CLIG is committed to maintaining transparent policies in respect of the following:

- Recognition of diversity through recruitment and promotion based on merit without regard to ethnicity, gender, religion, sexual orientation, physical ability or age.
- Strict adherence to and compliance with the regulatory requirements in force in each of our operating locations by all employees supported by clear guidelines that enable whistleblowing.
- Participation by employees in the Group's activities through share ownership arrangements that encourage employee retention and minimise turnover.
- Ensuring good practices and creating a workplace free of harassment and bullying and where everyone is treated with dignity and respect.

Under the new 2018 Corporate Governance Code, the Board is required to agree a mechanism to ensure ongoing engagement with the workforce. Barry Aling, Chairman, has been designated as the Non-Executive Director for employee engagement.

Health and Safety

CLIG is committed to maintain a high level of Health and Safety (H&S) by conducting internal H&S audits and risk assessments to improve ergonomics throughout its offices. All UK employees have access through our Group Income Protection policy to the Lifeworks Assistance programme, which offers confidential advice on personal and professional matters to employees and members of their immediate family.

Gender Diversity

As an employer, CLIG is committed to equality and valuing diversity within its workforce. As noted above, we believe that people should be appointed to their roles based on skills, merit and performance. We recognise that diversity adds value, but do not consider setting targets as appropriate in this regard. Our goal is to ensure that our commitments, reinforced by our values, are embedded in our day-to-day working practices.

At 30th June 2020 the gender ratio at Board level was 25% female to 75% male (2019: 38% to 62%).

Of our 71 employees, excluding Non-Executive Directors, 34% are female (2019: 34%), including 40% of senior management (2019: 33%), and 34% of the remaining employees (2019: 35%).

Work/Life Balance

As the Group continues to adapt with advancements in technology, changes in culture, and the changing family circumstances of our employees, we try to be fair and flexible while retaining teamwork as one of our core values. To that end we have a working from home policy which applies to all Group employees.

1. Workplace
(continued)

Human Rights
CLIG is committed to respecting all human rights. Our operations and practices relevant to the workplace and community are aligned with the United Nations Universal Declaration of Human Rights.

Learning and Development
Our employees are an asset to us. We recognise and support the importance of encouraging all employees to complete professional qualifications relevant to their role, in order to progress and realise their full potential. We partner with our employees and contribute towards their development by sponsoring their studies and providing study leave. This year we have sponsored employees for their CFA, CMT and IMC studies. This is in addition to the usual seminars and conferences our employees attend. Anti-money laundering and Code of Ethics training is provided annually to all employees. Employees also take responsibility for their development via our annual appraisal process, where they are able to discuss further training where they feel it is necessary.

We continue with the CLIG Security Education Programme (CSEP), which is a multi-faceted Cyber Security training programme which includes online courses and videos via a web-based portal to allow employees to complete their training from anywhere.

We recognise the value of cross-training across our offices and regularly transfer employees to other offices to obtain experience. We currently have an employee from Philadelphia in our Singapore office on a two-year Cyber Security assignment. Post year end, another employee from our Philadelphia office has been seconded to our Singapore office for a two-year assignment.

Internal training is available to all employees on all of our products. In addition, we offer awareness sessions on a regular basis to keep employees up to date with relevant aspects of the business. Our induction programme for new employees takes place over a period of weeks and is an ongoing process to ensure new employees settle well into the organisation and are confident carrying out the full scope of their duties.

2. Environment

Tom Griffith is the Executive Director responsible for the Group's environmental policy.

Environmental Policy Initiatives
CLIG is committed to protect the environment in which we operate. As mentioned on page 26, we do not manufacture a product/widget, but provide a service to our clients, and the Group's activities as an investment manager have a relatively modest direct environmental impact. We recognise that society's collective challenge to minimise environmental risks necessitates a pro-active stance to measure and, wherever commercially possible, improve the Group's overall environmental performance. The pandemic has presented opportunities to realise short-term improvements that we believe will translate to material, longer-term reductions in the Group's environmental impact. One tangible example is the proxy ballot for the upcoming Annual General Meeting, which will be fully electronic, and we are not providing paper ballots as part of the Annual Report and Accounts.

In addition to compliance with the regulations for listed UK companies to disclose their greenhouse gas emissions as set out in detail on page 41, the Group endeavours to limit its carbon footprint through a series of group-wide initiatives with an aim to reduce absolute levels of emissions and waste volumes primarily by utilising technology through the following initiatives:

- Maximise use of video-conferencing facilities, which exist in all office locations and which serve to limit inter-office air travel by employees. We anticipate that post-pandemic our clients will be much more receptive to video-conferencing which will translate to long-term improvements.
- Prior to the pandemic, we changed our video-conferencing vendor and solution to an outsourced, encrypted solution that did not require any hardware on site, reducing our need to maintain and replace the physical technology in our five offices.

CORPORATE AND SOCIAL RESPONSIBILITY POLICY

2. Environment

(continued)

- Increase use of electronic media across the Group in place of paper reports, including the ongoing adoption of electronic signatures and notarisations.
- Utilise virtual servers to reduce physical hardware required.
- Reduce the level of physical historical data sent offsite.
- Transition of fax machines to electronic fax servers was completed on one fax machine, and conversion of remaining fax machines is in progress, which will reduce paper usage.
- Shred and recycle all confidential waste. Recycle paper, cardboard, glass, printer toner cartridges, etc.
- Our "everyday paper" across the Group is exclusively paper certified by the Forest Stewardship Council.
- Comply with all relevant environmental legislation and regulations.
- Created a daily cross-department meeting to review the intersection of remote work capabilities, technology, and the environment, where we assess and identify areas for improvement.
- Communication of our environmental policies to all stakeholders.

Climate Change Risks

In 2019, the BoE's Prudential Regulation Authority said companies must make a senior manager responsible for identifying climate-related risks to their businesses. Ted Sevick is the Senior Manager responsible for the identification of climate-related risks. The climate change risks listed below are not related to the underlying specific investments managed by CLIM on behalf of their clients, but instead, at a Group level. On pages 12 and 43 we describe our approach to responsible investment and stewardship in our investment process. At a Group level, we monitor the risks from a "stakeholder" perspective, as our three main stakeholders (clients, employees, and shareholders) are intertwined. Risks related to climate change, include, but are not limited to:

- **Group's clients** are charged investment management fees based on asset levels managed on their behalf; if there are broad-based declines in the value of the companies due to the impact of climate change that would impact the FuM.
- **Group's employees** are located in five areas around the globe, each with their own local risks due to climate change. Our Singapore, Dubai, and Seattle offices are all subject to the projected rise in sea levels, which is a risk to our employees that live and work in those areas. Additional issues relevant to our employees include the impact on infrastructure, agriculture, water supplies/scarcity, wildfires, and tree disease.
- **Group's shareholders** are at risk of lower revenues, in the event of climate change negatively impacting the profitability of the companies on the equity markets on which the Group invests on behalf of our clients. This would mean lower fees charged to clients, due to lower market values of the underlying assets.

The following measures have been taken by the Group to mitigate climate-related risks to the environment:

- **Reduction in business travel** – The global pandemic has increased the willingness of our clients to participate in update meetings via videoconference facilities, instead of in person visits. If the trend of global acceptance of videoconferencing continues, this will significantly reduce the amount of our air travel from London to the Group's US-based clients in the future. This is already reflected in the ~40% decrease in CO_2e emissions on page 41 due to a reduction in business travel in this year.
- **Reduction in employee commuting** – Virtually all of the Group's employees were working remotely from the middle of March throughout the rest of the fiscal year which reduced our employees' footprint on the environment as they did not travel to the office. This trend may also continue. Normally, our employees use a multi-modal approach to travelling to their respective office, including public transport (subway/train), personal car, biking, and walking/running. The Group promotes, where safely achievable, employees biking/walking/running to the office thus reducing their environmental footprints.

2. Environment

(continued)

- **Reduction in energy usage in offices** – We continuously make necessary changes to reduce energy usage across our offices. For example, during the lockdown, in the Coatesville office, the air conditioning temperatures were set higher to minimise the amount of energy used by the HVAC unit without employees present. As per page 6 of the CEO Statement, we reduced our physical footprint by transitioning from a "bricks and mortar" offsite business continuity solution. These buildings required equipment and energy to maintain, and over a decade ago, we realised these were not optimal for our stakeholders.
- **Reduction in paper usage across the office** – Significant investment has been made in digital technologies to reduce usage of paper and printing for the long term, including use of digital signatures and notarisations. Further, with employees working from home due to the pandemic in the current year, projects have been implemented that will contribute to permanent reductions in paper usage across the offices, including effectively eliminating manual checks, implementation of electronic workflows for Expense Authorisations, and the aforementioned fax servers. We expect to see a significant ongoing reduction of paper usage even after employees are predominately working from their local offices.

The Group is deeply committed to using the lessons learned during the pandemic to ensure that we realise material, long-term improvements in reducing the risks to the environment presented by the Group's business operations.

Mandatory Carbon Reporting

Listed companies are required to report their annual greenhouse gas emissions. We have used the financial control approach and utilised the UK Government's Conversion Factors for Company Reporting and the International Energy Agency's international electricity conversion factors to calculate carbon dioxide emissions for all office locations. The intensity measurement used is tonnes of carbon dioxide equivalent (CO_2e) per average number of full-time equivalent (FTE) employees during the year.

Total CO_2e emissions

Operational scope	Greenhouse gas emission source	2020	2019	Units
Energy consumption	Electricity – UK	80	86	mWh
	Electricity – non-UK	212	233	mWh
Direct emissions (Scope 1)	Fuel combustion in owned sources	0	0	mWh
Indirect emissions (Scope 2)	Purchased electricity – UK	20	24	Tonnes CO_2e
	Purchased electricity – non-UK	96	108	Tonnes CO_2e
Indirect emissions (Scope 3)	Business travel: flights	255	449	Tonnes CO_2e
	Electricity transmission and distribution losses	8	8	Tonnes CO_2e
Total greenhouse gas emissions		379	589	Tonnes CO_2e
Intensity ratio		5.3	8.1	Tonnes CO_2e per FTE

Notes:
- Scope 1 emissions are direct emissions from sources owned or operated by the Group and have a mandatory reporting requirement.
- Scope 2 emissions are those associated with electricity consumption and are mandatory to report.
- Scope 3 emissions are voluntary to report but, as they are the largest source of our carbon emissions due to business air travel, we deem it important to report them here. In accordance with government guidelines, we have also included an estimate of transmission and distribution losses, common to all buyers of electricity, under Scope 3 emissions.

CORPORATE AND SOCIAL RESPONSIBILITY POLICY

3. Ethics

All CLIG employees are required to act in accordance with the Group's Code of Ethics (the "Code"). This lays out minimum standards of conduct to ensure that employees act ethically when dealing with our various stakeholders. It also seeks to ensure that all actual and potential conflicts of interest are identified, mitigated, and monitored on an ongoing basis. Any breaches of the Code are reported to the Board of Directors. All employees re-certify on a quarterly basis that they have read and understood the Code, and agree to act within the standards therein.

4. Community

City of London Investment Group seeks to encourage employees to regularly participate in community support activities across a wide spectrum of causes that encompass both monetary and non-monetary efforts to help raise awareness. In turn, this fosters a culture of leadership, teamwork and appreciation within our Group and community. Our long-term goals include:

- Encouraging employee volunteer work in community activities.
- Engaging in programmes that make communities better places to live and work.
- Using local suppliers to help support businesses within the community.
- COLeague News, an internal CLIG document which helps raise awareness, share efforts and spread participation across all our offices.

Illustrative list of employees' participation in 2019-2020 include:

- Food Bank donations to support underprivileged families in the local communities (US & UK).
- Salvation Army and Community, Youth and Women's Alliance gift giving and donations (US & Singapore).
- Ramadan Community Campaigns to support refugees (Dubai).
- Support those in need through local community projects over the Christmas period (UK).
- Blood Drive through American Red Cross (US & Dubai).
- Animal volunteer organizations supporting stray dogs and play areas (US & Singapore).
- Student backpacks and school supplies donation to support local schools with underprivileged students (US).
- Various runs and fundraisers to support causes such as Juvenile Diabetes Research Foundation, Hearing Loss Association of America, Children Support Charities and Cancer Research (US & UK).
- Local community COVID-19 support groups – shopping/running errands for vulnerable/shielding (UK).
- Government/NHS volunteers for assistance during the COVID-19 pandemic (UK).

As a matter of policy, CLIG does not make donations to any client related charity, event or activity, or to any political party or candidate.

5. Responsible investment

CLIG is committed to promoting responsible investment and effective stewardship, both as a means of advancing our clients' objective of superior long term investment performance and in respect of our wider corporate obligations to all stakeholders.

We do not screen investments but our objective is to increase environmental, social and governance (ESG) transparency in investment trusts and CEFs on the basis that "what gets measured gets managed". We firmly believe that businesses which adopt best practice in their ESG policies will ultimately earn superior returns and we therefore promote responsible investment in CEFs both directly to managers and via their boards.

Our investment teams use the ESG research from Sustainalytics, the leading independent responsible investment consultancy, as the basis of our engagement with investment managers. The process involves a detailed comparison of ESG characteristics of each closed-end fund versus its relevant benchmark and it provides valuable insights for our researchers as they conduct manager due diligence. It is encouraging that certain managers are being more explicit about how ESG considerations are incorporated into their investment processes and are providing their investors with more information such as the carbon footprint of their portfolios.

CLIG is a signatory to both the UN-supported Principles for Responsible Investment (PRI) and intends to apply to be a signatory to the UK Stewardship Code 2020. The new Stewardship Code calls for investors to explain how they have considered climate change in applying the Code's 12 Principles, which now forms an important element of our manager due diligence.

Our Annual Stewardship Report is available on our website https://www.citlon.com/reg-reports/StewardshipCode.pdf. It includes fuller disclosures in anticipation of our obligations as a signatory to the new Code. Our voting record is also disclosed on our website along with more detailed information about CLIG's own ESG credentials. This covers our commitment to conduct our business in an environmentally responsible manner, our responsibilities for the welfare and development of our employees, and the comprehensive policies that ensure our business is managed in accordance with the highest governance standards.

SECTION 172 (1) STATEMENT

Section 172 (1) of the Companies Act 2006 requires Directors to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole and, in so doing, have regard (amongst other matters) to:

- the likely consequences of any decisions in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly to all shareholders of the Company.

As part of its decision-making process, the Board considers a broad range of stakeholders however it is acknowledged that, in balancing different perspectives, it may not always be possible to deliver everyone's desired outcome.

The Board fulfils its duties in collaboration with the Senior Management team, who manage the day-to-day operations of the business along with the Executive Directors as detailed on page 16, the Company's extensive Corporate Responsibility activities as set out on pages 38 to 43 and through the application of the corporate governance framework as set out on in the Corporate Governance Report on pages 52 to 57.

The relationship with the three key stakeholders of our business (shareholders, clients, employees) has been expressly acknowledged by the Board since the Group first became a public company in 2006 and has been a key feature of every Annual Report ever since (see page 18). We welcome the opportunity, under the auspice of Section 172 of the Companies Act of 2006, to more explicitly and thoroughly present the stakeholders, with our key considerations and the details of our engagement.

Clients

We have never lost sight of the importance of clear communications with our clients and the need to constantly ensure that our investment products and services meet their needs. Over the decades that we have been providing such services to clients, we have developed a set of monthly, quarterly and annual reports, combined with personal meetings, which establish a regular, disciplined information flow. Our client servicing and marketing professionals are always available and are in constant contact with both clients and their professional investment consultants where applicable. Our clients are always welcome to visit any of our five global offices for a deeper due diligence visit into our operations and systems. Finally, our clients within commingled products receive their updated documents via a client-specific portal that is password protected to ensure their privacy.

Key considerations

- Ensure that clients' needs are understood and addressed.
- Ensure transparency on key issues related to investment products, including investment performance, regulatory requirements, ESG considerations, and any other issues raised on an ongoing basis.
- Continue the decades-long accomplishment of providing clear communications.

How we engaged

- Client meetings with key investment and client servicing executives.
- Clear written communications in monthly, quarterly and annual reports and custom client presentations.
- Regular face-to-face/video-conference meetings with clients.

Employees

The importance of employees, and the need to develop and retain their expertise, has always been a key component of the Group. Even before CLIG became a public company, our employees were a key stakeholder in the business by way of both ownership of shares and through sharing in Group profits. The steps taken since CLIG's initial listing have only served to strengthen the linkage between the success of the Group and the shared rewards to employees, shareholders and clients. An example is the EIP which aligns employee interests directly with shareholders' interests.

The Group continues to be successful in efforts to retain employees (refer to page 68 for further details on EIP and employee retention. The addition of a second investment management company, once the proposed merger with KMI is completed on 1st October 2020, affords the opportunity to broaden ongoing employee training and career development.

Key considerations

- Ensure that employees have an ongoing opportunity to share ideas and raise issues with Senior Management and the Board of Directors.
- Develop employee expertise and provide opportunities for advancement.
- Ensure that employees are supported in their lives outside their work in order to support their families' and communities' well-being.
- Refer page 38 for employee welfare policies.

How we engaged

- Employees from all offices convene for a multi-day Strategy Meeting attended by the full Board of Directors.
- The format is a combination of formal presentations on specific topics of interest and informal group activities and team-building exercises, where Directors and Senior Management are on teams with a full cross-section of employees.
- The multi-day Strategy Meeting allows for opportunities for engagement by the Directors with employees at all levels, as all employees are invited to attend in person, and if they are unable to attend in person, employees are able to participate via video-conference.
- Board of Directors meetings are held in company offices and interaction with employees is provided in formal meetings and in informal luncheons and other settings. Accessibility is a key objective in the scheduling and design of agendas, as this fulfills the Directors' requirement in the UK Corporate Governance Code, under Provision 2, that "The Board should assess and monitor culture".

Compliance with Provision 5 of the Code

Under the new 2018 Corporate Governance Code, the Board is required to agree a mechanism to ensure ongoing engagement with the workforce. Barry Aling, Chairman, has been designated as the Non-Executive Director for employee engagement.

Shareholders

Our Directors, including the Non-Executive Directors, and Senior Management engage directly with shareholders, which we regard as effective. The absence of a dedicated investor relations team is viewed internally as a strength. Queries/emails sent by investors or prospective investors via our website are received by a mix of employees across the business, including Compliance, Senior Management, and client servicing teams.

The management team engages via meetings with the largest shareholders and others that express an interest in doing so. The Group's website is kept up-to-date and includes recent shareholder presentations. The Senior Management team monitors analyst reports and general press coverage to ensure the Group receives regular and accurate coverage. Broadly, the Board is kept up-to-date with shareholder discussions and any significant issues raised.

Key considerations

- Ensure that shareholders' interests and concerns are understood and addressed.
- Ensure transparency on key issues related to business plans, current conditions, ESG considerations, other stakeholders' concerns, and any other issues raised on an ongoing basis.
- Provide clear communications.

How we engaged

- Annual General Meeting.
- Clear, forthright written communications in Annual Report and Accounts, Half-yearly Report, Announcements, and shareholder presentations.
- Regular face-to-face/video-conference meetings with shareholders.
- Refer page 51 for shareholder relations.

SECTION 172 (1) STATEMENT

CONTINUED

Vendors

The importance of long-term, stable relationships with various vendors is well-recognised within the Group. Our Group policy exists to manage these relationships which have broad implications encompassing ESG, data security, efficiency, quality, financial, and regulatory dimensions. Senior Management closely monitors the interactions with vendors and no agreements are entered into without an Executive Director's approval.

Key considerations

- Ensure that vendors adopt and execute data security practices consistent with internal Group policies.
- Ensure that arms-length relationships exist in order to protect clients' and shareholders' interests.
- Actively manage vendor relationships to ensure ongoing, consistent support for critical services.

How we engaged

- All vendor relationships are managed by Senior Management with responsibilities clearly enumerated.
- ESG considerations are applied to all vendors.
- All expense authorisations are approved by an Executive Director, after due consideration of the rationale for choosing a particular vendor.

Regulators

A dedicated internal Compliance team is focused on ensuring compliance with applicable international regulatory requirements. The Board has adopted a rigorous risk identification and mitigation regime. Refer to page 33 for further details on Group's key risks and controls.

Key considerations

- Ensure that the Group is in compliance with all relevant regulatory requirements.
- Proactively monitor changes in regulatory requirements and ensure the Group makes changes as required.

How we engaged

- The Compliance function is integral to all investment management and client functions and reports directly to the Board.

The environment

As noted under Responsible investment on page 43, our investment teams use the ESG research from Sustainalytics, the leading independent responsible investment consultancy, as the basis of our engagement with investment managers. Furthermore, the Group undertakes efforts to ensure its carbon footprint is as minimal as possible as outlined in Environment on page 39.

Key considerations

- The Group is dedicated to ensuring that the environment is protected.

How we engaged

- The Group endeavours to limit its carbon footprint through a series of group-wide initiatives with an aim to reduce absolute levels of emissions and waste volumes as detailed on page 41.
- We utilise Sustainalytics to ensure that the investment process supports ESG initiatives.

Our communities

As noted on page 42 under Community, the Group has an active community support programme. CLIG seeks to encourage employees to regularly participate in community support activities across a wide spectrum of causes that encompass both monetary and non-monetary efforts to help raise awareness.

Key considerations

- The Group is dedicated to ensuring that we are good citizens in the communities in which we have offices.

How we engaged

- Community outreach and support efforts are a key element of our ongoing business operations. Refer page 42 for further details.

Key decisions made and considerations

Key decisions	Considerations
Approved the proposed merger with KMI	As described in the CEO's statement, in June 2020 we approved the proposed merger with KMI. The proposed merger adds a second, separate investment management operating company under the CLIG holding company umbrella. KMI brings like-minded people, a similar culture and a robust IM process. KMI is an investment management business with a complementary client base focused on the US retail and high net worth marketplace versus CLIM's institutional focus. Adding KMI will nearly double CLIG's market capitalisation and we believe it will reduce the volatility of the Group's earnings. Refer page 8 of this Annual Report.
Approved the final dividend	As described in the CEO's statement, we aim to distribute dividends at a sustainable level, through market cycles in what we acknowledge is a potentially volatile (EM) asset class. While we take nothing for granted, we are grateful to have managed to navigate our way through the KMI transaction, sustain the market impact of the first few months of the COVID-19 pandemic, and to be prepared to distribute a dividend to shareholders that reflects the financial strength of the Group. As such, the Board is recommending a final dividend of 20p, which is an increase of 2p from the previous year's final dividend. Refer page 9 of this Annual Report.

Tom Griffith
Chief Executive Officer

10th September 2020

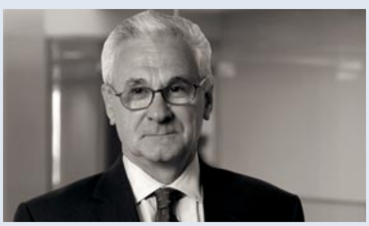
Should shareholders have any questions with regard to the content of this report, they are welcome to email us at investorrelations@citlon.co.uk, but we will obviously not be able to answer any questions of a price sensitive nature.

BOARD OF DIRECTORS

B. A. Aling NON-EXECUTIVE CHAIRMAN

Barry Aling has been involved in international equity markets throughout his 50-year career. Having lived and worked in Hong Kong, Japan, Singapore and South Africa, he has witnessed the development of many of the emerging markets from their earliest days of liberalisation, particularly in East Asia and the Indian sub-continent. Within the emerging market universe, Barry has held senior executive positions with W.I.Carr and Swiss Bank Corporation in Asia and the UK and more recently was a Director of Asset Management Investment Company plc, a listed investment trust specialising in the investment management industry and Gaffney Cline & Associates Limited, a leading petroleum consultancy, prior to its sale to Baker Hughes Inc. in 2007. Barry joined the Board in August 2013 and was independent upon appointment as the Chairman in October 2018. Barry has been designated as the Non-Executive Director for employee engagement.

Core skills and competencies: Financial and emerging markets knowledge; asset management; consultancy; Board and Chair experience.



B. M. Olliff FOUNDER AND NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Barry Olliff's career has spanned over 50 years within the investment trust (closed-end fund) sector. He began his career in 1964 with Denny Brothers, ultimately Pinchin Denny, as a market maker in the sector. In 1979 he moved to Laing & Cruickshank as a member of their investment trust department, and became a director in 1984. In 1987, he established Olliff & Partners, the stockbroker business from which City of London was founded in the early 1990's. Barry stepped down as CEO in March 2019.

Core skills and competencies: Founder; Strong leadership; financial and emerging markets knowledge; asset management; and extensive Board experience.

T. W. Griffith CHIEF EXECUTIVE OFFICER

Tom joined City of London Investment Group in 2000, and was appointed Chief Operating Officer and an Executive Director of the Group in June 2004. In February 2018, he was appointed Deputy CEO by the Board as part of the multi-year transition plan for the Group Founder, CEO, and CIO, Barry Olliff. Tom was appointed CEO of the Group on 1st March 2019, prior to Mr. Olliff's retirement on 31st December 2019. Prior to joining City of London Investment Group in 2000, Tom held various positions in the institutional client division of The Vanguard Group, including roles as both a Client Relationship Manager and a Marketing Executive. In 1986 he obtained a bachelor's degree in Corporate Finance and Investment Management from the University of Alabama.

Core skills and competencies: Strong leadership; asset management; proven track record of implementing successful business strategies; and Board experience.

M. D. Dwyer CHIEF INVESTMENT OFFICER

Mark was the EM CEF CIO of the Group before becoming Group CIO in March 2019. He rejoined City of London in May 2012 and has over 20 years investment experience. Prior to rejoining the Group, Mark spent eight years with Banco Commercial Portuguese as a Director in the Asset Management department. Mark initially joined City of London in 1995 and was a Portfolio Manager based in the UK, followed by the US office. He established City of London's Singapore Office in 2000 where he spent two years. He holds a BA in economics and is a CFA Charterholder.

Core skills and competencies: Extensive knowledge of international financial markets; leadership; asset management; and Board experience.

C. M. Yuste HEAD OF BUSINESS DEVELOPMENT (APPOINTED 1ST JANUARY 2020)

Carlos is the Head of Business Development based in the Philadelphia office. Carlos rejoined CLIM in 2018, after pursuing other interests in the asset management field. Carlos originally joined CLIM in 2000, and was responsible for Business Development until 2015. Between 1994 and 1998 he worked as a Project Officer at the International Development Research Centre, which specializes in emerging markets research. He holds an MBA (Finance) from the Schulich School of Business, York University, an MA in Political Economy from Carleton University, and a Bachelor of Social Sciences from the University of Ottawa.

Core skills and competencies: Extensive knowledge of asset management industry; leadership; and Board experience.

S. E. Nicklin SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Susannah Nicklin is an investment and financial services professional with 25 years of experience in executive roles at Goldman Sachs and Alliance Bernstein in the US, Australia and the UK. She has also worked in the social impact private equity sector with Bridges Ventures, the Global Impact Investing Network, and Impact Ventures UK. Susannah's work in this area of the investment industry provides insight into environmental, social and governance issues facing the company. This is relevant for all of our stakeholders, as is her knowledge of UK investors and the UK investment trust sector. Susannah is a CFA Charterholder, and the Senior Independent Director of Pantheon International plc and a Non-Executive Director of Amati AIM VCT plc, Baronsmead Venture Trust plc and The North American Income Trust plc. With effect from 9th September 2020, she will be a Non-Executive Director of Ecofin Global Utilities and Infrastructure Trust Plc. Susannah joined the Board in July 2017 and took over as Senior Independent Director in October 2018. She also serves as the Chair of the Nomination Committee.

Core skills and competencies: Extensive international experience of financial services industry; experience in ESG matters; wide ranging governance experience.

P. E. Roth INDEPENDENT NON-EXECUTIVE DIRECTOR

Peter E. Roth has more than 35 years of experience in the financial services industry. During his career, he has held senior executive positions with Fox-Pitt, Kelton and Keefe, Bruyette & Woods. Peter currently serves as Managing Partner of Rothpoint Group LLC, a New York based consulting firm focusing on the financial services industry. He also serves as a trustee of the Guggenheim Credit Income Fund and is chairman of the audit committee and a member of the nominating and governance committee and independent trustee committee. Peter's experience in the financial services industry is a benefit to the Board and shareholders, as it allows the Group to draw from his expertise in various areas, including but not limited to, audit, governance, and executive functions. Peter joined the Board in June 2019 and serves as the Chair of the Audit Committee.

Core skills and competencies: Experienced investor; extensive knowledge of financial services industry; Audit Committee Chair; and wide ranging governance experience.

J. M. Stabile INDEPENDENT NON-EXECUTIVE DIRECTOR

Jane Stabile is the president and founder of IMP Partners LLC, a FinTech consulting firm founded in 2004 that counts four of the top ten global asset managers amongst their clients. In addition to managing IMP Partners LLC, Jane provides advisory services to clients making strategic decisions on the use of technology within their firms. Jane has over 30 years of experience in the financial services industry. Jane joined the Board in July 2018 and serves as the Chair of the Remuneration Committee.

Core skills and competencies: Extensive knowledge of financial services industry; leadership; strategic consulting; and strong entrepreneurial skills.

DIRECTORS' REPORT

Principal activity

City of London Investment Group PLC is the holding company for a number of subsidiaries. The principal operating subsidiary is City of London Investment Management Company Limited, which acts as an investment manager on 47 accounts (2019: 44 accounts) with a total of US$5,511 million (£4,444 million), (2019: US$5,398 million (£4,250 million)) under management as at 30th June 2020. Accounts may be commingled or segregated. City of London Investment Management Company Ltd has a subsidiary in Singapore and a branch in Dubai.

Going concern

The Directors' report should be read in conjunction with the Chairman's statement and the Strategic report on pages 2 to 47, which together provide a commentary on the operations of the Group and include factors likely to affect its future development as well as relevant key performance indicators and principal risks, including consideration of the impact of COVID-19 pandemic, using the information available to the date of these financial statements.

During the year to 30th June 2020 the Group had no external borrowings and is wholly funded by equity. As at 30th June 2020, cash and cash equivalents were £14.6 million (2019: £13.8 million). Accordingly, the Directors are satisfied that the Group and Parent Company has adequate resources to meet its business needs for the foreseeable future, and the Financial Statements have therefore been prepared on the going concern basis, having considered the potential impact of COVID-19 on the Group's operations.

Results and dividend

The results of the Group for the year to 30th June 2020, together with details of amounts transferred to reserves, are set out on pages 86, 88 and 89. The Company has paid dividends of £6,993,095 during the period (2019: £10,218,828). The final dividend for the year to 30th June 2020 of 20p per share (2019:18p) has been proposed, payable on 30th October 2020, subject to shareholder approval, to shareholders who are on the register of members on 9th October 2020. Refer to page 24 for dividend policy and page 9 for explanation of dividend payments.

Annual General Meeting

The Company's AGM will be held at 11.30am on Monday 19th October 2020 at 77 Gracechurch Street, London EC3V 0AS. Due to mandatory measures imposed by the UK Government as a result of the spread of the COVID-19 virus in the United Kingdom, the Annual General Meeting will be convened as a closed meeting with the minimum quorum of shareholders present in order to conduct the business of the meeting. Physical attendance at the General Meeting will not be permitted. All resolutions will be taken on a poll and, accordingly, you are asked to vote by the means as set out in the Notes of the Notice of meeting.

Directors

The names and biographical details of the current Directors of the Company are given on pages 48 and 49. The Directors' interests are set out in the Directors' Remuneration report.

Directors' indemnity arrangements

The Company maintains appropriate Directors' and Officers' insurance. The Directors also have the benefit of the indemnity provisions in the Company's Articles of Association. These provisions, which are qualifying third party indemnity provisions as defined by S236 of the Companies Act 2006 were in force throughout the year and are currently in force.

Share capital

As at 30th June 2020 the issued share capital of the Company was 26,560,707 (2019: 26,560,707) fully paid ordinary shares of 1p each, carrying one vote per share and a right to dividends, amounting to £265,607 (2019: £265,607). The ordinary shares of the Company have a premium listing on the London Stock Exchange. There were no changes to the share capital during the year.

Own shares

The Company is, until the date of the next AGM, generally and unconditionally authorised to buy back up to 2,656,071 of its own ordinary shares of nominal value £0.01. In the year under review the Company purchased and cancelled nil shares (2019: 301,000). The Company is seeking a renewal of this authority at the 2020 AGM.

The number of own shares purchased by the Company's Employee Benefit Trust during the year was 483,250 (2019: 307,982). The number of own shares held by the Trust as at 30th June 2020 was 1,664,055 (2019: 908,348), of which 521,875 shares (2019: 630,750) were subject to options in issue. The Trust has waived its entitlement to receive dividends in respect of the shares held.

The Trust also holds 677,821 shares (2019: 624,200) in custody for employees under the terms of the Employee Incentive Plan, see the Directors' Remuneration Report for further details of the plan.

Substantial shareholdings

At 31st July 2020, the Company had been notified of the following interests of 3% or more in the Company's ordinary shares:

Interested party	Number of shares	Percentage of issued shares
B M Olliff	1,873,536	7.1
The City of London Employee Benefit Trust	1,664,055	6.3
APQ Global Limited	1,647,495	6.2
BlackRock Investment Management	1,441,498	5.4
Canaccord Genuity Group Inc	1,321,750	5.0
Eschaton Opportunities Fund Management LP	1,268,561	4.8
Polar Capital	795,518	3.0

There are no restrictions on the voting rights of shareholders.

Statement of Directors' responsibilities

The statement of Directors' responsibilities for preparing the Annual Report and Accounts is set out on page 81 and is deemed to form part of the Directors' report.

Corporate governance

The UK Corporate Governance Code (Code) is publicly available on the Financial Reporting Council's website. A report on the Group's corporate governance and compliance with the provisions of the Code is set out on pages 52 to 57.

Corporate responsibility

Details of the Group's employment practices and carbon emissions can be found in the Corporate and Social Responsibility section of the Strategic report on pages 38 to 43.

Conflict of interests

There are no potential conflicts of interest between any duties owed by the Directors or Senior Managers to the Company and their private interests and/or other duties; and no arrangements or understandings with any of the shareholders of the Company, clients, suppliers or others pursuant to which any Director or Senior Manager was selected to be a Director or Senior Manager. The Company tests regularly to ensure awareness of any future potential conflicts of interest and related party transactions.

Political donations

The Company did not make any political donations or incur any political expenditures to candidates or political campaigns during the period.

KMI transaction

As detailed in the Prospectus released on 12th June 2020, the CLIG Board entered into a Merger Agreement to acquire the entire issued share capital of Karpus Management Inc. (KMI), a US based investment management business, on a debt free basis, to be satisfied through the issue of 24.1 million new CLIG shares. On 13th July 2020, CLIG shareholders approved the merger with 99% voting in favour. The merger is expected to be completed on 1st October 2020. Refer to note 28 of the notes to the accounts.

Engagement with Employees Statement

The Company is exempted from some reporting requirements, as it has not employed more than 250 employees in the UK during the year under review.

Engagement with Stakeholders Statement

The Company adheres to best-in-class operating standards, with a strong focus on clients, employees, shareholders and the environment. This element of reporting is discussed in the s172 Statement on pages 44 to 47.

Auditors

The auditors for the financial year were RSM UK Audit LLP. Each of the persons who are Directors at the time when this report is approved has confirmed that:

(a) so far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

(b) each Director has taken all the steps that ought to have been taken as a Director, including making appropriate enquiries of fellow Directors and the Company's auditors for that purpose, in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

Internal control and risk management

The Risk and Compliance Committee oversees the maintenance and development of the Group's risk and compliance frameworks (including financial crime) in adherence with the regulatory requirements. The Committee agrees, formulates and prioritises actions to address any areas of development or concern and reports to the Board on a quarterly basis.

The Group also has a robust financial controls framework designed to provide assurance that proper accounting records are adequately maintained and that information used within the business and for external publication is reliable and free from material misstatement. This includes segregation of duties, balance sheet reconciliations, and quarterly compliance checks on revenue recognition.

The Board reviews the effectiveness of the system of internal control annually and this process is subsequently evaluated by the Audit Committee.

The Board is also responsible for the Internal Capital Adequacy Assessment Process (ICAAP), a process required by the UK regulator, which summarises the risk management framework and regulatory capital requirements of the Group.

A detailed description of the risk management framework and the principal risks identified is set out on pages 31 to 33.

Shareholder relations

Engagement with shareholders is of paramount importance to the Group. The Directors, including on occasions the Senior Independent Non-Executive Director and the Chairman, endeavour to meet with large shareholders at least twice annually, generally following interim and final results announcements. Following these meetings, the Directors report back to the Board. All of the Directors aim to attend the Annual General Meeting either in person or by video-conference.

Approved by the Board of Directors and signed on behalf of the Board.

Tom Griffith
Chief Executive Officer

10th September 2020

CORPORATE GOVERNANCE REPORT

The Company has adopted the revised 2018 UK Corporate Governance Code (the Code) that applied to the Group from 1st July 2019.

The Board is committed to high standards of corporate governance and considers that it has complied with the provisions of the revised Code throughout the year ended 30th June 2020, except in respect of a small number of provisions that the Board considers to be incompatible with the nature and size of the Company's operations, and these are described below.

On Provision 4 of the Code, we mentioned in our update to the 2019 Annual General Meeting concerning the significant votes (defined as above 20%) against special resolution 19, we publicly disclosed the results of that engagement with shareholders and proposed a cap inserted on the fees of Non-Executive Directors' in our Articles of Association of £310,000. Additionally, the Board is in compliance with Provision 12 (That the Board has a Senior Independent Director ("SID")) and plans to continue to comply with this when the current SID, Susannah Nicklin, resigns from the Board at the 2020 AGM and the Company will appoint a replacement for Ms. Nicklin in the near future.

The Company is currently not considering itself to be in compliance with the following Code Provisions and offers explanations on these points:

On Provision 11: *"At least half the board, excluding the chair, should be non-executive directors whom the board considers to be independent"* we are currently not in full compliance with the independence requirements of the Code due to the impending addition of non-independent Directors as a result of the merger between CLIG and KMI. We are actively engaged in a Board refreshment process, and will improve the independence profile of the Board, in due course.

Provision 36: *"Remuneration schemes should promote long-term shareholdings by executive directors that support alignment with long-term shareholder interests. Share awards granted for this purpose should be released for sale on a phased basis and be subject to a total vesting and holding period of five years or more..."* Currently, Restricted Share Awards (RSAs) under our Employee Incentive Plan (EIP) vest one third each year over the next three years for the awards made until October 2020 and one fifth each year over the next five years for awards to be made from October 2021 onwards for our Executive Directors. Although this policy is not in full compliance with the Code, it aligns the interests of all stakeholders as explained further below.

Remuneration Policy

The Company operates a bonus scheme for all employees, including the Executive Directors, that is linked to the Group's profitability, allocating a maximum of 30% of pre-bonus, pre-tax, operating profit for this purpose. In addition, in order to further align the interests of Executive Directors and shareholders, as well as to address the significant level of importance clients attach to employee share ownership, the Remuneration Committee implemented a new EIP in 2016. Details of the EIP can be found in the Directors' Remuneration Report.

Bonus awards are made by the Board following recommendations by the Remuneration Committee. Until the date of his retirement as an Executive Director, Barry Olliff was entitled under his service agreement to a bonus equal to 5% of the pre-tax profits of the Company, and payment of this entitlement was covered by Mr Olliff's allocation from the 30% bonus pool. Executive Director bonus awards are subject to satisfactory annual appraisal and clawback may be applied in the event of misstatement or misleading representation of performance, a significant risk failure or serious misconduct of an individual. The bonuses are also subject to individual limits as noted in the Directors' Remuneration Report and are paid in cash and, subject to the Director's participation in the Group's EIP, in RSAs. Under the EIP, RSAs are granted following the end of the financial year to which the award relates and they vest one third each year over the next three years for the awards made until October 2020 and one fifth each year over the next five years for awards to be made from October 2021 onwards. The EIP is optional and requires the Director to waive up to 20% (or up to 30% if there is headroom within the cap agreed by shareholders) of their cash bonus in return for RSAs worth twice the amount waived.

The Board believes that its Remuneration Policy, although not fully compliant with the revised Code, aligns the interests of all stakeholders and has worked well in motivating employees at all levels within the Group, and that this is demonstrated by the high employee retention rates experienced by the Group. Please see the Directors' Remuneration Report for a more detailed discussion of the Group's Remuneration Policy.

The Group's main operating subsidiary, City of London Investment Management Company Ltd (CLIM), is subject to, and adheres with, the FCA's Remuneration Code. Being a BIPRU firm, CLIM is classified as a "proportionality Level 3" firm. Proportionality Level 3 firms are considered to be the lowest category from a risk perspective and as such can disapply a number of the FCA's remuneration code requirements. Prior to doing so however, firms must first consider their individual circumstances and be satisfied that risks relating to remuneration are not unduly increased. The Group believes that its systems and processes relating to remuneration do not pose a risk to itself, the industry, or the regulator's objectives. In line with FCA guidance, and following its own assessment, CLIM has opted to disapply certain rules under the remuneration principles proportionality rule relating to deferral, payment in shares or other instruments and the ratio between fixed and variable remuneration.

The Employee Benefit Trust and share related awards

The Investment Association (IA) Guidelines recommend that dilutive share awards should be limited to 5% of the Company's issued share capital over a rolling 10 year period. As of 30th June 2020 there were no dilutive awards in issue (2019: nil). The Group's EIP has been designed to use existing shares in issue.

In addition, the IA Guidelines recommend that no more than 5% of a Company's issued share capital be held in an Employee Benefit Trust (EBT) without prior approval by shareholders. The EBT currently has shareholder permission to hold up to 10% and the Company will be seeking to renew that permission at the next AGM. The EBT holds both deferred shares and matching shares.

The sole purpose of the EBT is to hold sufficient shares to satisfy employee share based awards. For further details of the Group's share award plans see the Directors' Remuneration report.

The EBT will abstain from voting on resolutions that concern a change of control in the Company.

	Number of shares	Percentage of issued shares
Vested options	521,875	2.0%
Available for EIP awards in October 2020	464,359	1.7%
	986,234	**3.7%**
EIP awards granted – shares held in custody	677,821	2.6%
Total shares held by the EBT	**1,664,055**	**6.3%**

The Board

Currently, the Board is composed of eight members, consisting of the Non-Executive Chairman who was independent upon appointment, three Executive Directors and four Non-Executive Directors.

Barry Olliff retired from his Executive Director role on 31st December 2019 and agreed to the Board's request to stay on as a Non-Independent Non-Executive Director. Further, as detailed in the Chairman's statement, Tracy Rodrigues stepped down from the Board on 31st March 2020.

The Code recommends that the Board should appoint one of its independent Non-Executive Directors as Senior Independent Director and, Susannah Nicklin fills this role. Susannah is fully independent despite her small shareholding (see page 74) in the Company and we support her ownership as it puts her interests in alignment with the company shareholders. The Senior Independent Director is available to shareholders if they have concerns which contact through the normal channels of Chairman or Chief Executive have failed to resolve or for which such contact is inappropriate. Susannah Nicklin will not be standing for re-election to the Board this year, in order to focus on her other commitments. It is intended that the new Senior Independent Director will be confirmed before the end of the year.

The Company's Articles of Association currently dictate that all Directors shall stand for annual re-election. This is a recommendation of the Code for FTSE 350 companies, but is something the Company has adopted nonetheless. Brief details of all the Directors may be found on pages 48 and 49.

The revised Code recommends that the Board should include a balance of Executive and Non-Executive Directors (and in particular Independent Non-Executive Directors) such that no individual or small group of individuals can dominate the Board's decision making. As at the date of this report, we are temporarily out of balance and it is our intention to restore a sufficient representation of Independent Directors on the Board by our next AGM in 2021. As we have done previously, we intend to use a reputable external search firm to recruit any further independent Non-Executive Directors.

The independence of Non-Executive Directors is considered at least annually and is based on criteria suggested in the Code. The composition of the Board and balance between Executive and Non-Executive Directors is kept under review.

At the time of his appointment as Chairman, Barry Aling met the independence criteria set out in the Code, as do the other three Non-Executive Directors other than Barry Olliff who is a Non-Independent Non-Executive Director.

CORPORATE GOVERNANCE FRAMEWORK

Board of Directors

The Board is accountable to its shareholders and its core role is to promote the long-term sustainable success of the Group.

Chair – Barry Aling

Responsibilities include

- Setting and reviewing business strategy.
- Monitoring objectives and providing oversight of the implementation of these objectives by the management team.
- Ensuring that the Group's financial structure, resources, talent and culture will support long-term growth.

Board Secretary – Philippa Keith, Company Secretary

Nomination Committee

Comprised exclusively of three Independent Non-Executive Directors.

Chair – Susannah Nicklin

Responsibilities include

- Keeping the Board's size, structure, composition and diversity under review.
- Considering the skills, experience and knowledge required for a particular Board appointment.
- Conducting the search and selection process for new Directors.
- Considering candidates for board positions and recommending to the Board.
- Evaluating the Board's performance and succession planning.

See page 58 for Nomination Committee Report.

Committee Secretary – Ashleigh Simms, Head of Compliance

Audit Committee

Comprised exclusively of three Independent Non-Executive Directors.

Chair – Peter E. Roth

Responsibilities include

- Overseeing financial reporting and reviewing the integrity of the Group's financial reports.
- Overseeing, reviewing and reporting on Group's risk management and internal controls framework to the Board.
- Recommending to the Board the appointment of the external auditor and reviewing their effectiveness and independence.
- Assessing the need for an Internal Audit.

See page 60 for Audit Committee Report.

Committee Secretary – Deepranjan Agrawal, Head of Finance

Remuneration Committee

Comprised exclusively of three Independent Non-Executive Directors.

Chair – Jane Stabile

Responsibilities include

- Determining the Director's Remuneration policy and oversight of the Group's remuneration strategy.
- Approving the total annual compensation for Executive Directors and Remuneration Code employees including salary, profit share and EIP awards.
- Reviewing feedback from shareholders and overseeing the Group's engagement on Directors' remuneration and reporting.

See page 63 for Remuneration Committee Report.

Committee Secretary – Deepranjan Agrawal, Head of Finance

COMMUNICATION

COMMUNICATION

Board Roles

Chairman

- Leading the Board, ensuring its effectiveness and setting its agenda.
- Supporting the CEO in the execution of duties and providing constructive challenge.
- Promoting effective relationships between Executive and Non-Executive Board members, and creating a culture of open, robust and effective debate.
- Ensuring that the Board maintains effective communications with shareholders and other stakeholders.
- Ensuring interests of all stakeholders are taken into account in Board's decision making.

Chief Executive Officer

- Responsible for executive management of the Group and its subsidiaries.
- Formulating and recommending the Group Strategy for Board approval and executing the approved strategy.
- Running the business with appropriate delegated authorities, risk management and internal controls.
- Communicating and embedding a shared purpose and setting of business values and building management talent.
- Developing an effective relationship with the Chairman and leveraging the knowledge of Non-Executive Board members.

Executive Directors

- Have day-to-day authority for the management of the Group and its business.
- Managing the Group's business and its resources.
- Executing the approved Group strategy.
- Financial and operational control.

Senior Independent Director

- Sounding board for the Chairman and, where required, act as an intermediary for the other Directors and shareholders.
- Leading the annual performance evaluation of the Chairman.
- Leading the search for the appointment of new Directors.
- Available as an additional point of contact for shareholders and other stakeholders if they feel matters raised have not been appropriately dealt with by the Chairman or the CEO.

Non-Executive Directors

- Contributing and providing independent constructive challenge to the management in the development and implementation of Group's strategy.
- Contributing to the identification of principal business risks and the determination of risk appetite and monitoring the control framework.
- Monitoring the Group's compliance with the regulatory principles and requirements.
- Providing independent judgement to the Board.
- Keeping the Board composition and succession planning under review in light of changing business needs and recommending any changes considered necessary.

The Board reviews trading performance, ensures adequate financing, sets and monitors strategy, examines investment and acquisition opportunities and discusses reports to shareholders. There is a formal schedule of matters specifically reserved for the Board, which includes:

- Dividend policy
- Share buy-back policy
- Effectiveness of compliance
- Effectiveness of internal controls
- Annual budget
- Capital expenditure in excess of £100,000
- Board and committee appointments

The Company maintains appropriate Directors' and Officers' Liability Insurance.

Board performance evaluation

The Board has established a formal process, led by the Chairman and the Senior Independent Director, for an annual internal evaluation of the performance of the Board and its appointed committees. Individual performance evaluations are carried out for each Director to ensure that the Board, as a whole, and its committees are operating effectively and that each Director is contributing effectively and continues to demonstrate commitment to the role. The Senior Independent Director seeks input from the Directors with regard to appraisal of the Chairman.

Both the Chairman and the Senior Independent Director reported on the results of the annual evaluations at the July Board meeting. Refer to page 59 for the results of the assessment. In conclusion, the performance of the Chairman and the Board as a whole continues to be effective and that each Director continues to demonstrate commitment to their roles. We annually review the need for an external Board evaluation. Refer to page 58 for our considerations for conducting one in the near future.

Board diversity

There is a formal, rigorous and transparent process for the appointment of new Directors to the Board, led by the Nomination Committee. The Nomination Committee and the Board recognise that diversity in terms of gender, ethnicity and expertise are important elements to a responsible governance protocol and add value, but it does not consider setting targets as appropriate in this regard. While Board appointments are made on the basis of merit, every effort will be made to improve diversity when seeking new members.

Board training and induction

The Chairman ensures that new Directors receive a full, formal and tailored induction on joining the Board. This induction process includes meeting with the members of the Board and other senior executives, information from past meetings, a schedule of future meetings as well as a specific compliance briefing on the duties and obligations arising from the role of a director of a listed company.

Non-Executive Directors are also invited to attend the Group's annual strategy meeting which provides an opportunity to engage with employees at all levels, participate in Q&A sessions and generally acquire a more comprehensive / holistic view of the organisation.

Board Committees

The Board has established Nomination, Audit and Remuneration Committees, with formally delegated duties and responsibilities and written terms of reference. From time to time, separate committees may be set up by the Board to consider specific issues when the need arises. Each Committee and each Director has the authority to seek independent professional advice where necessary to discharge their duties, in each case at the Company's expense.

In addition, each Director and Committee has access to the advice of the Company Secretary, Philippa Keith.

The Board keeps the membership of its Committees under review to ensure gradual refreshing of skills and experience and is satisfied that all Directors have sufficient time to devote to their roles and that it is not placing undue reliance on key individuals.

A report from the Chair of each Committee follows this report.

Board and Committee attendance

The table below sets out the number of pre-scheduled meetings of the Board and its Committees and individual attendance by the Directors and Committee members respectively:

	Board	Nomination Committee	Remuneration Committee	Audit Committee
Total number of meetings between 1st July 2019 and 30th June 2020	6	2	4	3
Attendance:				
Barry Aling – Non-Executive and Chairman	6	–	–	–
Susannah Nicklin – Non-Executive	6	2	4	3
Jane Stabile – Non-Executive	6	2	4	3
Peter E. Roth – Non-Executive	6	2	4	3
Barry Olliff – Non-Executive Non-Independent*	6	–	–	–
Mark Dwyer – Executive	6	–	–	–
Tom Griffith – Executive	6	–	–	–
Carlos Yuste – Executive, joined 1st January 2020**	3			
Tracy Rodrigues – Executive, resigned 31st March 2020***	4	–	–	–

* Executive Director until 31st December 2019. Non-Executive Director with effect from 1st January 2020.
** The Director attended all scheduled meetings during his time on the Board.
*** The Director attended four out of five scheduled Board meetings during her time on the Board.

Although not committee members the Chairman and CEO accepted the invitation to attend the majority of the committee meetings during the year.

The Non-Executive Directors meet or confer as a group at least annually without the executives present. During the year, this meeting was held in January 2020.

Significant holdings

Details of significant holdings in the securities of the company can be found within the Directors report on page 50.

Barry Aling
Chairman

10th September 2020

NOMINATION COMMITTEE REPORT

We are pleased to present the report of the Nomination Committee (the Committee) for the financial year ended 30th June 2020.

The Committee has defined terms of reference, which are published on the Company's website (https://www.citlon.com/investor-relations/investor-reports/NC_TOR.pdf) and reviewed at least annually. We have updated them to align with all key governance documents, and amended sections regarding succession planning and diversity to ensure they meet increased expectations of transparency and are fit for purpose in the current climate. Our succession planning encompasses both planned and unplanned transitions within senior management and the Board. Underpinning this is also the ongoing training and development of our people across all business functions and levels, as evidenced by the low turnover of employees at the Group.

The Committee is cognisant of the goals and requirements of the Hampton-Alexander Review, the Parker Review, and other codes to promote diversity within the Boardroom, and we fully recognise the benefits that fresh perspectives and different life experiences bring to our business and stakeholders. As we recruit additional Directors in the future, we will be mindful of this and hope to expand the diversity of our Board in the coming years.

The Committee is required to meet formally at least twice a year and otherwise as required. During the past financial year, the Committee met formally on three occasions (two of which were pre-scheduled meetings), all with 100% attendance of members. We have also ensured that the Board conducted an effective internal Board evaluation and Directors' performance appraisal process. We annually review the need for an external Board evaluation, and we will consider conducting one in the near future, once the enlarged Board has settled in and such a process will be more meaningful.

The Committee is responsible for the formal process of reviewing the balance, effectiveness and diversity of the Board and for ensuring appropriate succession planning, identifying the skills and expertise needed to meet the future challenges and opportunities facing the Company and those individuals who might best provide them. In addition, we assess the time commitment required for each Board appointment and ensure that the existing Directors also have sufficient time to undertake their duties. Further, due consideration is given in advance to any new appointments that Directors may take on during the year. We are satisfied that all of our Directors have sufficient capacity, and are pleased to report that the attendance of Directors at all pre-scheduled Board and Committee meetings this year was 100%.

Board changes during the year

It has been a year of leadership transition for the Company, following the retirement of Barry Olliff and the appointment of Tom Griffith as CEO and Mark Dwyer as CIO in 2019, together with the appointment of Carlos Yuste (Head of Business Development) to the Board as an Executive Director on 1st January 2020 and the resignation from the Board of Tracy Rodrigues (Finance Director) at the end of March 2020. Peter E. Roth joined as a Non-Executive Director on 1st June 2019 and assumed the role of Chair of the Audit Committee from the start of this financial year.

We are pleased to report that it has been a smooth management transition, which has allowed the Company to continue to grow organically alongside pursuing and bringing to fruition the merger with Karpus Management Inc. (KMI). This is a transformative transaction for the Company, which could not have been completed without a common vision, effective teamwork, and complementary capabilities across the management team.

Forthcoming Board changes

One consequence of the merger will be an enlargement of the Board, to allow for representation from the KMI management team, and to harness their expertise and provide assistance in maintaining relationships and overseeing the ongoing success of that business. We look forward to welcoming a new Executive Director and a new Non-Executive Director, who could be appointed as per the terms of the merger agreement after the closing of the transaction later this year. We anticipate that these Directors will bring useful new skills to the enlarged group, such as expertise in the US retail and HNW markets, along with deep knowledge of the closed-end fund sector, including fixed income. Further details of the ongoing rights of nomination held by George Karpus have been outlined in the Prospectus. The new Directors will need to meet the requirements of our regulators, and will stand for re-election annually in keeping with the UK Corporate Governance Code (the "Code").

The Committee is also proposing the re-election of Barry Olliff to the Board as a Non-Independent, Non-Executive Director for another year, in order to benefit further from his expertise and insight and to provide continuity of culture as the companies join forces.

I will not be standing for re-election to the Board this year, in order to focus on other commitments. It has been a privilege to work with my colleagues at the Company and to serve our shareholders, and I am confident that the Company is well positioned for continued success. Barry Aling will assume the Chairmanship of the Nomination Committee, as per the arrangements laid out in our succession plans.

The Committee is cognisant of the Code's stipulations that at least half of the Board (excluding the Chair) is comprised of independent Directors, and our intention is to remain in compliance. However, with the anticipated addition of the two new Directors from KMI and the re-election of Mr Olliff, we may be temporarily out of balance for a period of time during the next financial year. We anticipate that the new Directors will bring valuable experience and provide important benefits to the enlarged group in its first year as a merged entity. Nevertheless, it is our intention to restore sufficient representation of independent Directors on your Board by our next AGM in 2021. As we have done previously, we intend to use a reputable external search firm to recruit any further independent Non-Executive Directors.

Committee activities during the year under review

The Committee took an active role in shaping the terms of the merger, and believes that the enlarged Board will have the right composition for successful stewardship of the combined businesses. One of the defining attractions of KMI was managements' aligned values, together with a time-tested commitment to teamwork, client service and laser-sharp strategic focus. We are confident the Board of the enlarged group will be well positioned to maintain and build on these traditional shared values, and that our stakeholders will be rewarded as the successful business models of both companies gain strength from coming together.

In light of the Board refreshment we have undertaken over the last three years, and the anticipated expansion of the Board, the Committee has also worked with an external firm to develop a robust on-boarding and on-going training programme for Directors, to ensure we are up to date in our knowledge of regulatory and governance requirements and in our understanding of our duties. The new Directors from KMI will take part in this programme before assuming their roles, and the programme will be available to all Directors on an on-going basis.

The Committee also considers and reviews the appointment of a Senior Independent Director, membership of the Board Committees, and the re-appointment of those Directors standing for re-election at AGMs. The performance of each committee is reviewed within the annual evaluation process, and I am pleased that the assessment was positive in each case. There were particular efforts made this year by the Remuneration Committee to balance increasingly prescriptive governance requirements with the long-standing and successful team-based practices of the Company. I would like to thank the Chair of the Remuneration Committee, Jane Stabile, for her leadership on these matters.

We are pleased to reconfirm the following committee Chairs:

Audit: Peter E. Roth
Remuneration: Jane Stabile

The Audit and Remuneration Committees are chaired by independent Directors, and it is intended that this will remain the case in the coming years. This also will provide ongoing independence with regards to key Board decision-making during the coming year, should the overall Board balance be temporarily out of compliance. It is intended that the Committee will confirm a new Senior Independent Director before the end of the year.

After a discussion of the merits of the Directors, the Committee also recommended that the following individuals be proposed for re-election to the Board:

Barry Aling
Mark Dwyer
Tom Griffith
Barry Olliff
Peter E. Roth
Jane Stabile

As Carlos Yuste's Board appointment was effective 1st January 2020, he has yet to receive shareholder approval, therefore he will also stand for re-appointment at the AGM in October.

Susannah Nicklin
Chair of the Nomination Committee

10th September 2020

AUDIT COMMITTEE REPORT

On behalf of the Audit Committee (the "AC"), I am pleased to present this report (the "Report") covering the financial year ending 30th June 2020. This Report is intended to provide you with an overview of the Committee's work during this time period monitoring and overseeing the integrity of the Group's financial statements as well as reviewing the adequacy and effectiveness of the internal controls and risk management systems.

The key responsibilities of the Committee did not change during the year. The COVID-19 pandemic, which resulted in changes in the way our business is conducted day-to-day (most notably remote working) was an additional item of note for the Committee to consider during the financial year.

The Group welcomes Deepranjan Agrawal as the Head of Finance during the financial year. Deep is a wonderful addition to the Group's management team and was a valuable resource for the Committee during the year.

Committee composition

The Committee is appointed by the Board and is comprised of three independent Non-Executive Directors in accordance with the 2018 UK Corporate Governance Code (Code). The members are familiar with the role of the Committee and the Group's financial activities. All members of the Committee have extensive and relevant knowledge of the asset management industry and the analytical tools used in the appraisal of company reports and accounts. I was appointed to the Board as a Non-Executive Director on 1st June 2019 and have experience serving on audit committees in the financial services industry and therefore satisfy the Code's requirement that at least one member of the Committee should have recent and relevant financial experience.

The biographies of the Committee members and their attendance records are set out on pages 49 and 57 of this Report.

Committee's key responsibilities

The purpose of the AC is to assist the Board in ensuring that the Group's financial statements and related shareholder communications provide a detailed, balanced and accurate view of financial performance and condition within a prudent control environment. The Committee's Terms of Reference are reviewed annually by the Board to ensure full compliance with the Code and are available on the Group website: www.citlon.co.uk/investor-relations/investor-reports/AC_TOR.pdf.

The AC's key responsibilities as described in our Terms of Reference include:

- Monitoring the financial statements, formal public disclosures, reporting issues and judgements contained therein as well as any matters communicated to it by the external auditor, to ensure that they conform to the Group's accounting policies and accurately reflect financial condition;
- Assessing the Group's liquidity position to ensure that adequate capital resources are available to meet its obligations;
- Reviewing the internal procedures in place to measure and control risk, paying particular attention to the detection of fraud, bribery, money-laundering and cybersecurity, as well as policies to mitigate such risks to the maximum extent possible;
- Review on a regular basis, and at least once annually, the Group's policy with regard to an internal audit function;
- Ensuring that adequate whistle-blowing protocols are in place and communicated to all employees, so that they may raise any issues of impropriety in confidence, in order that remedial action can be taken in a timely fashion;
- Making recommendations to the Board concerning the appointment of an external auditor, including the remuneration and terms of engagement;
- Ensuring that the external auditor remains effective and that the ongoing relationship meets the requirement of independence and objectivity;
- Reviewing the outcome of the external audit, paying particular attention to any major issues or errors identified in the process;
- Engaging with shareholders on significant matters related to the Committee's area of responsibility; and
- Compliance with the Code, Listing rules and any other regulatory requirements applicable to the Group.

Review of Committee activities during the year

The Committee has a predetermined agenda of items which it covers during the year. The agenda is developed for the Audit Chair, Head of Finance and Chief Executive Officer to ensure that the Committee covers all the items required by the Group's Terms of Reference and in accordance with regulatory requirements.

For the work covering the financial year ending 30th June 2020, the Committee met three times and its activities covered the following matters:

- Reviewing the annual financial statements for the year ending 30th June 2020 and the interim results for the period ending 31st December 2019 with a particular emphasis on their fair presentation and reasonableness of judgements made on the valuation of assets and liabilities;
- Understanding changes in accounting policies utilised in these reports including the implementation of IFRS 16 Leases;
- Considering the impact COVID-19 has had on the Group's financial position, risk controls and regulatory and reporting requirements;
- Reviewing the Compliance and Risk Report prepared by the Head of Compliance and challenging the various matters discussed in the reports;

- Meeting with the external auditors as part of the regular Audit Committee meetings commencing with a discussion of the audit plan for the year and concluding with the approval of the final audit report;
- Meeting with the external auditors twice in Executive Session in order to determine the effectiveness and cooperation of management in the preparation of the financial statements;
- Approving the use of RSM for non-audit related work in conjunction with the pending merger with KMI;
- Reviewing the Group's Audit Committee Terms of Reference and making updates as appropriate;
- Reviewing and discussing the need for an internal audit function; and
- Reviewing the performance of the external auditor during the year and recommending their retention for the next fiscal year.

COVID-19

The COVID-19 pandemic has created a global environment of uncertainty impacting virtually all businesses. The Committee has talked with management throughout the crisis to understand how the impact of the pandemic relates to the Group's risks and controls along with the integrity of our financial reporting. Virtually all our employees have been working remotely in recent months and management has successfully adapted our risk related policies and procedures to this new environment.

Financial statements and key accounting matters

In accordance with the Code, the AC reviews all financial statements prior to their discussion and approval by the Board and in light of their conformity with the appropriate accounting standards. As part of that review and confirmation that the policies set out in note 3 of the financial statements on page 93 to 96 are appropriate, the Committee consulted with RSM in their role as external auditors.

The key areas of estimation and judgement considered by the Committee are discussed below:

The calculation of share-based payment charges under the Group's Employee Share Option Plan and the Employee Incentive Plan. The Committee has sought and received confirmation from RSM throughout the audit process that such charges are reflected appropriately in the statements. Further details regarding such charges and the assumptions used can be found on page 91.

The Group adopted IFRS 16 Leases from 1st July 2019 onwards and as a consequence recognised a right of use asset and a corresponding liability for future lease payments related to the facilities it leases. The Committee considered the impact IFRS 16 Leases had on the Company's balance sheet and financial position and the related key judgements used to determine the amounts and agreed that these were appropriate.

In this year's financial statements, you will note acquisition-related costs associated with the proposed merger with KMI were charged amounting to £1.2 million. As explained further in the Financial Review on page 35, acquisition-related costs are estimated to be charged in FY 2021 as well and a portion of the total estimated acquisition-related costs will be capitalised as share issuance costs in FY 2021. The Committee has reviewed management's judgements used to allocate the various acquisition-related costs between share issuance and others costs and consider them to be reasonable.

The Committee is responsible for evaluating the carrying values of intangible assets, any charges for impairments and other charges that arise in respect of timing differences and it is satisfied that these have been satisfactorily reflected in this year's accounts or are immaterial in scale.

The Committee, having completed its review, recommended to the Board that, when taken as a whole, the FY 2020 Annual Report and Accounts is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's financial position, performance, business model and strategy.

Risk management and internal controls

The Committee has responsibility for assisting the Board in maintaining an effective internal control environment. In order to achieve this objective, the Committee receives regular reports on compliance and internal control procedures for managing the Company's risks. The Group maintains a Risk Register which is under constant review by Executive Directors in conjunction with the Risk Committee and the compliance and control team to identify any areas where there are perceived to be risk exposures.

As an asset management business, the Group's financial performance is inevitably related to the quality of the investment team and their performance as managers. Beyond these "front-office" roles however, there are a number of functions which constitute key areas of commercial risk and which are identified in the Risk Register. The wide spectrum of investment mandates managed on behalf of the Group's clients mean that great care is needed to ensure that no breaches occur and that all aspects of client confidentiality are strictly maintained. The monitoring of the controls necessary to comply with these mandates represents the core function of the compliance and control team, led by the Head of Compliance, who has extensive experience in the asset management industry and who attends AC meetings as a matter of course. All incidents require a "Breach and Error" report and the Group's policy is to ensure that no client, investor or fund is financially disadvantaged by any incident for which the Group is responsible. The Group's asset management activities are conducted on an agency basis with no direct control over client assets, which are held independently by third-party custodians.

Potential risks from system or hardware failure are also highlighted in the Risk Register and appropriate disaster recovery procedures are in place to ensure that there are no interruptions to full functionality across all five offices. In addition, increasing focus is required to monitor the Group's cyber-security protocols to ensure that vulnerability is minimised absolutely and to this end, all employees and Board members are required to undergo training to prevent or identify potential cyber threats as they arise.

Revenue is the most important line item in the Group's income statement. Management fees are accrued monthly based on data which is provided by third-party custodians and reconciled to the Group's own records. The Group has no performance-related fee income. Accordingly, the process of revenue recognition incorporates significant independent input and negligible scope for misstatement. Costs are tightly controlled and relatively predictable with variances to forward budgets analysed and reported monthly.

Since the Group has no debts and only immaterial levels of intangible assets, the scope for misstatement of the statement of financial position is very limited and as noted above, no variances have been identified in the current year.

For the year ending 30th June 2020, the Committee is satisfied that the Risk Register has been appropriately amended and maintained and that the training procedures in place adequately reflect such amendments and the remedies applied.

Internal audit

The Group does not have an internal audit function. The Committee reviewed this and discussed the work done by the Group's risk and controls committee and other management control mechanisms and felt that the objectives and activities covered by an internal audit function, were being addressed appropriately by these resources so that at this juncture, the Group does not need a separate internal audit function.

Going concern

The Committee has reviewed the Group's liquidity, cash flows, forecasts of regulatory capital needs and budgets for the year ahead. The Committee recommends the adoption of the going concern basis for the preparation of the annual financial statements and that the Group would be able to operate over a period of at least twelve months from the date of approving the financial statements. Refer to pages 32 and 37 for further details on our assessment of going concern.

External auditor

In order to comply with the revised European Audit requirements introduced in 2016 concerning auditor rotation, RSM were appointed as the external auditor to the Group and each of its subsidiaries for the year ending 30th June 2018. They have served as the Company's external auditor since then and the Board and Audit Committee are recommending that they are retained as external auditors for the year ending 30th June 2021.

Consistent with an overriding need to ensure independence and objectivity, the Committee exercises great care to minimise the use of the external auditor for non-audit services, following a policy of using third-party advisers wherever possible.

During the current year ending 30th June 2020, the Company, with the prior approval of the Audit Committee, utilized the services of RSM's affiliate, RSM Corporate Finance LLP (RSMCF) in conjunction with the proposed merger with KMI. Fees incurred by RSMCF were approximately £150,000 and were related to the preparation of the Pro Forma Financial Information for inclusion in the Offering Prospectus. The Audit Committee Chair met with RSM to discuss the non-audit services to ensure that an appropriate Chinese Wall was established between the two groups. The Committee believes the objectivity and independence of RSM for the external audit was maintained.

Committee performance and evaluation

During the year, an evaluation of the Committee was performed in conjunction with an overall evaluation of the Board. The findings of the evaluation were discussed at the June 2020 Board meeting. Overall, the Committee is considered to be performing well and to be effective in discharging its responsibilities.

Priorities for fiscal year ending 30th June 2021

In addition to the normal and customary activities discussed in this letter, the Committee will be focussing on the integration of KMI with the Group with a particular emphasis on the integration of their finance, compliance and risk management controls and reporting policies and procedures with the Group.

Peter E. Roth

Peter E. Roth
Chair of the Audit Committee

10th September 2020

DIRECTORS' REMUNERATION REPORT

CHAIR OF THE REMUNERATION COMMITTEE'S ANNUAL STATEMENT

Letter to Shareholders

There has been much discussion in the area of corporate governance and in particular around remuneration. Some of that discussion has focused on the ever-increasing complexity and length of remuneration reports, in contrast to some of the key elements of Code Provision 40. To that end, we have attempted to provide clarity and brevity whilst adhering to the requirements of the 2018 UK Corporate Governance Code (Code).

Refer pages 77 and 78 for a two page summary of the Group's Remuneration Policy for Directors.

Terms of reference

The Remuneration Committee, comprised solely of Independent Non-Executive Directors, approves and oversees the Group's remuneration policies. The Remuneration Committee has responsibility for setting the remuneration policy for all Executive Directors and the Company's chairman including pension rights and any compensation payments. In addition, the Committee has responsibility for approving the salaries and bonuses for any employee earning over £100,000 per annum, all Code employees (employees whose professional activities have a material impact on the Group's risk profile) and, for reasons of managing potential conflicts of interest, the Head of Compliance.

The Board itself or, where required by the Articles of Association, the shareholders should determine the remuneration of the Non-Executive Directors within the limits currently set in the Articles of Association. No Director or senior manager shall be involved in any decisions as to their own remuneration.

The Group's Remuneration Policy was reviewed in 2019. It articulates the Group's remuneration practices, how the Group adheres to regulatory requirements, and the remuneration hierarchy responsibilities within the Group. It also explains why the policy is appropriate to the size and investment focus of the Group and promotes sound and effective risk management.

The Committee's full terms of reference are available on our website, https://www.citlon.com/investor-relations/investor-reports/RC_TOR.pdf

Introduction of cap on Non-Executive Directors' fees

As mentioned in our update to the 2019 Annual General Meeting concerning the significant votes (defined as above 20%) against special resolution 19, we propose to insert a cap on Non-Executive Directors' fees in the Articles of Association of £310,000. The full update is available here: https://www.citlon.co.uk/investor-relations/investor-reports/IA-Public-Register-Announcement9Apr20.pdf. This fee cap in the Articles will be within the limits set by the Remuneration Policy approved in 2019 as is legally required. After the completion of the KMI transaction as mentioned in the CEO statement, we anticipate the Board will increase by two Directors from KMI. We believe that the proposed fee cap will be sufficient to accommodate the Director's fee of the anticipated new Non-Executive Directors.

Compensation and performance

In 2019, the Group continued to implement the succession plan for executive management. Barry Olliff, our founder, officially retired from his Executive position and the CLIM Board. After a year as the Deputy CEO, Tom Griffith became the CEO. Mark Dwyer, CIO of the EM strategy, became the Group CIO. Although the promotions became official as of 1st March 2019, both Tom and Mark voluntarily deferred their salary increases until 1st January 2020. For FY 2020, average employee remuneration increased by 13% as compared to a reduction of 7% for Directors.

For certain aspects of the policy regarding individual KPIs, we choose to explain why we instead use a Group KPI, and that explanation is detailed on the following page.

We have laid out the objectives of the Remuneration Policy and how they align with objectives of the Group and shareholders' interests. We respectfully request that shareholders view our policy in terms of its successful outcomes.

CHAIR OF THE REMUNERATION COMMITTEE'S ANNUAL STATEMENT CONTINUED

CLIG KPI's Relationship to our Remuneration Policy

Our Group's interplay between the legitimate needs of our various constituents is exemplified by the relationship between our KPIs and our Remuneration Policy. In order to understand our **corporate culture** and the **tone from the top,** one must understand this key relationship.

CLIG share price total return: *best measurement of management*

We continue to believe that a **key measure of the management team is the long-term total return of the shares of the company they manage.** Our business model is very simple. We receive fees for managing client assets against a benchmark index.

Volatility of earnings

Although the business is simple, a large part of the assets are in a volatile asset class – EM. As a result of this volatility our FuM and, therefore, our future **fee income are difficult to predict with any level of accuracy.**

Management Team KPIs
(See page 26 for further details)

This volatility is also why M1EF was selected as the KPI relative measurements against the total return of CLIG over a market cycle which is defined as a rolling five-year period. These **KPIs present a challenge** for the management team to achieve, **without incentivising managers to take undue risks.** We have a conservative approach to risk. We do not charge performance fees and there is no debt on our balance sheet.

As a specialist in CEFs, the universe of EM equity investment options are capacity constrained. To address this constraint we have added strategies by market segment that take advantage of our expertise in CEFs. This enables us to grow FuM for clients who support our investment philosophy, which drives increased fee revenues on a more predictable scale.

Main business driver: *outperformance*

As an active investment manager, our job is to beat the relevant benchmark through an investment cycle, which we define as five years. We believe that our approach and philosophy differs significantly from our peers. Our investment process identifies opportunities to capture pricing anomalies in securities trading at a discount to their net asset value. Our resolute focus is on generating consistent **investment performance** – over time and through economic cycles within a controlled risk environment.

Delivered through: *team approach*

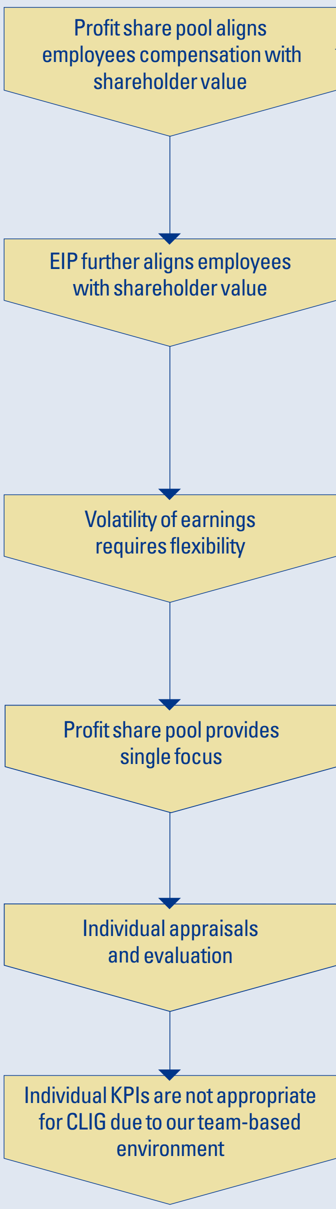
We have developed and nurtured a **team investment process** which does not rely on "star" fund managers, but rather upon experienced fund managers using a disciplined analytical process that can produce repeatable and sustainable first or second quartile performance versus our peers.

Business managed through: *team approach*

We support teams and a team approach across the organisation. What this means is that we discourage the cult of the individual, believing that the **risks associated with a star culture are detrimental to both shareholders and clients.** The average tenure of our 12 fund managers is 14 years. And, our management team has an average tenure of 14 years. The average tenure across the organisation is c.10 years.

Results in: *FuM, fee income and profitability*
Leads to: *dividends, retained earnings and share price*

If we do our job well, our **FuM and fee income can grow over time.** Proactively managing operating costs is the lever that allows us to maintain profitability levels. Profits lead to shareholder value through **dividends, retained earnings and the CLIG share price.**



Employees are compensated through a combination of salary and profit share. Salaries are a fixed cost and are managed to account for the volatility of earnings. **The profit share pool is fixed at 30% of operating profit and aligns employees' variable income component of total compensation with Group profitability and shareholder value.**

All employees are offered the opportunity to defer a portion of their annual profit share allocation to purchase CLIG shares through the Employee Incentive Plan (EIP). The company matches the employees' deferral 100%. As of FYE 2021, the employee deferral and company match components of the EIP allocation will be included within the 30% profit share pool. Both the employee deferral and company matching amounts vest over a three-year period in equal amounts each year. These amounts will vest over a five-year period for Executive Directors from FY2021. **Employees' purchases of shares and the vesting schedule further align them with long-term shareholder value.**

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, but in particular for Directors, 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.**

On balance, when markets are good, employees share in the increased profits of the Group. We accomplish this through the profit sharing plan. Ingrained in our culture is the belief that all employees contribute to the success of the Group. The Portfolio Manager may have made the right decision on the investment, but he or she was able to do so because the data was correct, the systems were running properly, compliance applied the correct constraints, and so on.

Allocation of profit share is a management responsibility. We operate in an open office environment. There are no offices, no doors, no cubicles or dividers. **While annual appraisals are completed,** the open office environment provides for daily, honest feedback through interactions between colleagues. This allows for an **ongoing, real-time evaluation of a number of variable factors that influence performance.**

Individual KPIs are not relevant to a business that employs a team-based approach to operating a business, which in many respects is similar to a partnership. In fact, individual KPIs would not only be divisive, but would introduce unnecessary risks. Our team approach to managing the business, with a profit share pool based on operating profit, aligns the constituents of our business, as summarised below:

Clients expect superior investment performance. Long-term investment performance drives FuM and revenue growth over time. The clients pay the bills.

Employees expect to share in the success of the Group as they provide the investment performance that generate the earnings, while managing risks and controlling costs to ensure their sustainability. Employees manage the business. Employees and Directors' compensation are in alignment with our corporate culture, and these are taken into account when setting the policy for Directors' compensation.

Shareholders expect appropriate risk and cost controls to help deliver quality earnings and dividends. The shareholders own the business.

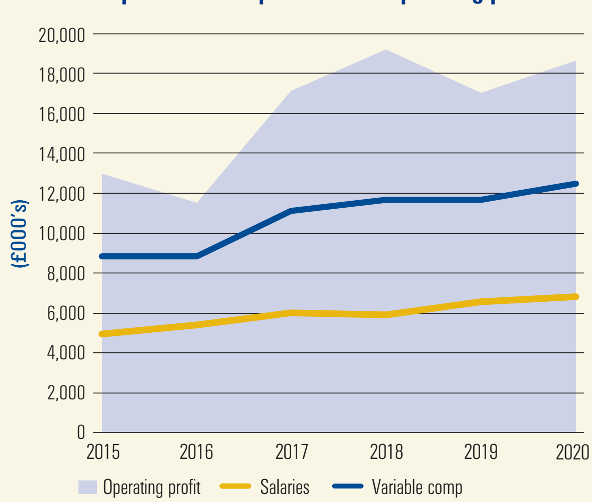
CHAIR OF THE REMUNERATION COMMITTEE'S ANNUAL STATEMENT CONTINUED

Policy overview

Compensation at the Group comprises salary and bonus. Salaries are kept at the lower end of what may be described as market average to allow the Group to manage fixed remuneration costs. This also allows the Group to trim variable remuneration in a timely fashion when market events threaten to impact profitability. Such was the case when the global pandemic began to impact markets worldwide in the first quarter of this calendar year.

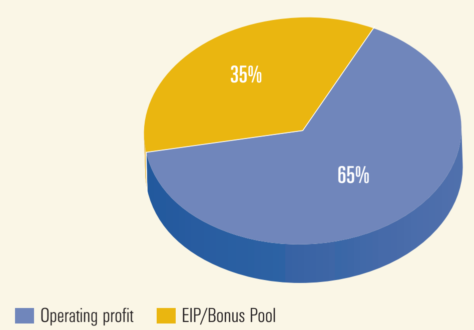
Profit share, or variable pay, is a significant component of compensation. This allows employees to participate in the upside of the Group, whilst maintaining an alignment with shareholders when profits are down. Executive Directors have a greater impact on the Group and thus hold themselves accountable at a greater level in downturns and vice-versa. Quarterly results for January 2020 to March 2020 were negatively impacted by the COVID-19 pandemic. In reaction, profit share was reduced by 15% for Executive Directors and 5% for all other employees. EIP participation for Executive Directors was also reduced and capped at 15%. As FuM recovered with final results showing a ~10% increase in pre-bonus, pre-tax, operating profit for the full FY 2020 compared to FY 2019, EIP participation was restored and capped at 20% for both Executive Directors and employees.

Relationship of total compensation to operating profit

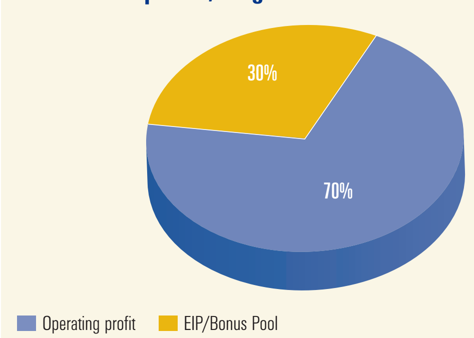


The Remuneration Policy approved by shareholders sets the bonus pool at 30% of pre-bonus, pre-tax, operating profit, and the remainder flow to shareholders. For the first three years of the EIP, shareholders had approved an additional 5% for the bonus pool, with this fiscal year-end being the last year. The pool available for employees includes cash and shares in the EIP, including the cost of the matched shares.

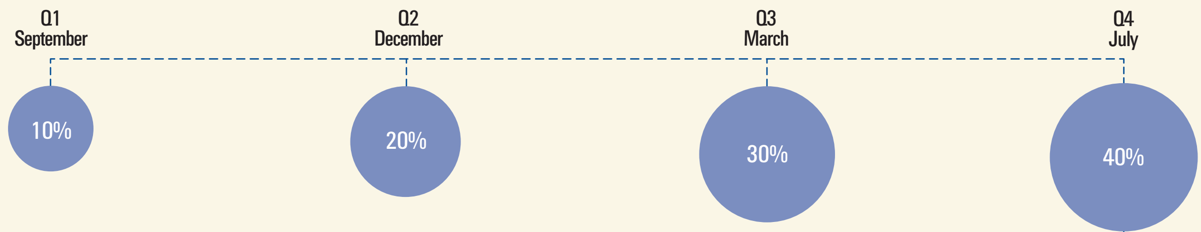
Allocation of profits until 2020



Allocation of profits, long-term



Bonus payment schedule – fiscal year 1st July 2020 – 30th June 2021



Fee income is received on both a monthly and quarterly basis.

Bonus payments during the year are based on **forecasted annual profit determined using quarterly results**. The fourth and largest payment is made once the final results are known. Percentage splits are therefore **approximate**.

For Executive Directors, 10% of this payment is deferred until September

The Remuneration Committee holds four meetings per year to review and discuss each quarter's profit-sharing allocations. The March 2020 meeting also included a review of the Terms of Reference, which have been updated in accordance with the requirements of the revised Code.

Meeting composition and attendance

Member	Role	Percent of meetings attended
Jane Stabile	Chair & Independent Non-Executive Director	100%
Susannah Nicklin	Senior Independent Non-Executive Director	100%
Peter E. Roth	Independent Non-Executive Director	100%

CHAIR OF THE REMUNERATION COMMITTEE'S ANNUAL STATEMENT CONTINUED

Performance evaluations

As described in our CEO's statement, we measure our Group-wide performance in terms of the total return of CLIG shares in comparison to the M1EF index, with CLIG comparing favorably at 66.7% cumulative return to the 46.3% cumulative return of the index. Refer page 26. Equally important is the Group's commitment to risk management, and the demonstrated ability to control risk is a key contributor to the assessment of each Executive Director's individual performance. As discussed in the Chairman's statement, further diversification of the business has long been a goal for the Group. This year the Executive Directors and other key employees completed the necessary work to support the merger with KMI.

Employee retention

Whilst our remuneration packages are competitive, they are not market-leading. We seek to hire those for whom monetary compensation is not the primary consideration in evaluating a new position, but rather the long-term prospects for career success. Core to the Group's retention policy is the cross-training of employees; this protects the Group from being exposed to the departure of a single subject matter expert. Equally important, it affords employees the ability to broaden their skills and prepare for increased responsibility. A focus on promoting from within wherever possible provides the opportunity to forge a long-term career path at the Group. The efficacy of this approach is demonstrated by the longevity of our employees. Refer page 30.

Increase FuM from long-term institutional investors

We owe our institutional investors our best thinking in terms of achieving returns within the guardrails of prudent risk management. Over the years, we have demonstrated our ability to outperform our market segment and simultaneously maintain a dedicated, top-quality team that is responsive to investors' goals. That dedication has been rewarded over time as institutional investors who originally invested in our EM funds have allocated funds to our other strategies as well.

Align employee and shareholder interests

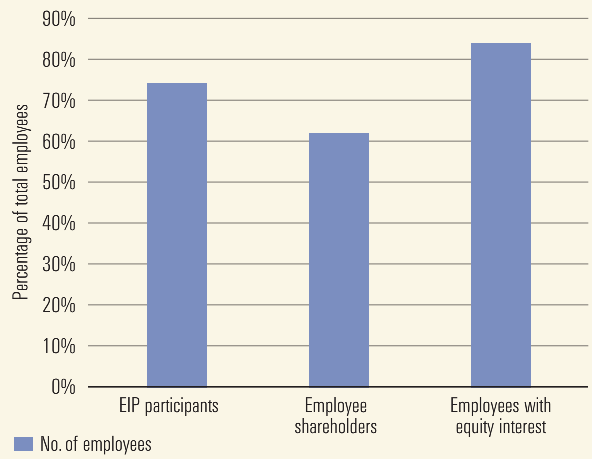
Implementing Group policies and training employees to act in the best interests of shareholders is a key deliverable for the business. However, alignment with shareholder values happens organically when employees are shareholders themselves. To encourage employee share ownership, the Group created an EIP in 2016 and for the first four years until 2020, the shareholders approved an additional 5% for the EIP pool to encourage employee ownership.

- **Shares in the EIP are purchased by the Employee Benefit Trust in the marketplace avoiding dilution.** Dividend equivalent is accrued on the EIP shares and is paid at the time of vesting.
- **EIP shares vest over a five-year period for Executive Directors effective from FY2021** and a three-year period for all other employees.
- **Employees must make an election to waive a percentage of their cash bonus prior to the start of the new year in order to obtain shares in the EIP.** They may elect to waive up to 20%, and an additional 10% if there is headroom in the plan (which can happen if other employees choose less than 20%).
- **Shares that are purchased with bonus waivers are matched 1-1 by the company.** This was done to maximise employee share ownership, so employees do think and act like "owners" versus "renters" and consider the long-term value of the Group at all times.

Minimum shareholding

Separate from employee share ownership through EIP, as updated in 2019, we have a target for Executive Directors to achieve a stated goal of share ownership of at least 200% of salary, to be achieved within a five year period.

Current levels of equity interest



Clawback

Clawback provisions apply to bonuses paid out in prior years in the event of: misstatement or misleading representation of performance; a significant failure of risk management and control; or serious misconduct. It is also applicable to the EIP.

Policy in practice

Any Remuneration Policy is only valid if in practice it achieves its twin goals of creating value for shareholders and rewarding employees for adhering to best practices. Whilst parts of our policy fall into the realm of "explain" rather than "comply," we believe our results demonstrate the efficacy of the policy and its implementation in daily business operations.

I would like to thank our shareholders and interested parties for reading this report and welcome your support for the 2020 Remuneration Report.

Jane Stabile
Chair of the Remuneration Committee

10th September 2020

ANNUAL REPORT ON REMUNERATION

The information provided in this part of the Directors' Remuneration Report is subject to audit and summarises the remuneration awarded to Directors during the financial period under review.

The Directors' remuneration policy as summarised in the future policy table on pages 77 to 78 will govern future remuneration to be awarded to Directors.

Single total figure of remuneration for each Director

2019/2020	Director fees £	Salary/ advisory fee £	Profit-share £	Waived profit-share £	*EIP share awards £	**Dividend equivalent EIP vesting £	Pension £	Taxable benefits^ £	Total 2019/2020 £
Non-Executive									
B A Aling	60,000	–	–	–	–	–	–	–	60,000
S E Nicklin	50,000	–	–	–	–	–	–	–	50,000
B M Olliff***	17,500	39,597	–	–	–	–	4,950	2,256	64,303
J Stabile	45,000	–	–	–	–	–	–	2,315	47,315
P E Roth	45,000	–	–	–	–	–	–	2,114	47,114
	217,500	39,597	–	–	–	–	4,950	6,685	268,732
Executive									
T W Griffith	23,333	226,344	398,244	(80,800)	161,600	20,126	28,293	5,622	782,762
M D Dwyer	23,333	200,835	375,000	(75,000)	150,000	19,392	25,104	3,261	721,925
B M Olliff***	5,833	65,582	402,639	–	–	–	8,198	1,441	483,693
C M Yuste†	17,500	91,939	169,072	(34,271)	68,542	–	11,492	3,084	327,358
T A Rodrigues‡	14,584	111,389	183,500	–	–	10,545	13,924	1,112	335,054
	84,583	696,089	1,528,455	(190,071)	380,142	50,063	87,011	14,520	2,650,792
Total	302,083	735,686	1,528,455	(190,071)	380,142	50,063	91,961	21,205	2,919,524

2018/2019	Director fees £	Salary £	Profit-share £	Waived profit-share £	*EIP share awards £	Dividend equivalent EIP vesting £	Pension £	Taxable benefits £	Total 2018/2019 £
Non-Executive									
D Cardale	17,702	–	–	–	–	–	–	–	17,702
B A Aling	53,487	–	–	–	–	–	–	–	53,487
M Driver	42,500	–	–	–	–	–	–	–	42,500
S E Nicklin	45,987	–	–	–	–	–	–	–	45,987
J Stabile	39,474	–	–	–	–	–	–	3,597	43,071
P E Roth	2,917	–	–	–	–	–	–	844	3,761
	202,067	–	–	–	–	–	–	4,441	206,508
Executive									
B M Olliff	–	278,257	625,983	–	–	–	34,782	2,809	941,831
T W Griffith	–	228,790	372,499	(56,652)	113,304	3,920	28,599	4,945	695,405
M D Dwyer	–	209,000	341,100	(51,165)	102,330	3,900	26,125	3,594	634,884
T A Rodrigues	–	180,000	259,000	(38,850)	77,700	2,266	22,500	1,664	504,280
	–	896,047	1,598,582	(146,667)	293,334	10,086	112,006	13,012	2,776,400
Total	202,067	896,047	1,598,582	(146,667)	293,334	10,086	112,006	17,453	2,982,908

* The EIP share awards relate to the current year's waived bonus which is matched by the Company. The combined amount is the value of the awards which will be awarded in October following the year end. For non-UK Directors the value is subject to movement as a result of currency translation.
** Unvested EIP awards accrue a cash equivalent of the dividend's declared during the vesting period and are paid when the shares vest.
*** Barry Olliff retired as an Executive Director on 31st December 2019 and from the CLIM Board on 30th November 2019. He became a Non-Independent Non-Executive Director from 1st January 2020. In addition to his Non-Executive Director's fee, Barry Olliff receives a corporate advisory fee of $100,000 per annum.
† Carlos Yuste joined the Board on 1st January 2020.
‡ Tracy Rodrigues resigned from the Board on 31st March 2020.
^ The regulations require us to disclose taxable benefits. Health insurance is offered to all employees but is not considered a taxable benefit in all countries. For comparative purposes we have based our calculations on all health insurance costs incurred, whether a taxable benefit or not.

Non-Executive Director fees

The following fee structure is applicable as at 30th June:

	2020 £	2019 £
Base fee for services as a Non-Executive Director	**35,000**	35,000
Supplemental fee for services as Chairman	**25,000**	25,000
Supplemental fee for services as Chairman of a Committee	**10,000**	10,000
Supplemental fee for services as Senior Independent Director	**5,000**	5,000

Executive Directors' salary

The year on year comparison of salaries in the single total figure table reflects movements which have arisen as follows:

1. T W Griffith, CEO – received a salary increase of 8% on 1st January 2020, therefore his 2020 salary reflects six months at the increased salary. Further, as approved in the 2019 AGM, a separate Director's fee has been carved out from the Executive Director's current salary to reflect their director/governance duties with effect from 1st November 2019, and has been shown separately. In addition, his salary is paid in US dollars and reported in sterling. The difference is due in part to a stronger US dollar to the pound this year as compared to last year.

2. M D Dwyer, CIO – received a salary increase of 12% on 1st January 2020. Further, as approved in the 2019 AGM, a separate Director's fee has been carved out from the Executive Director's current salary to reflect their director/governance duties with effect from 1st November 2019, and has been shown separately.

3. B M Olliff, Founder and Corporate Advisor – Barry's service agreement was amended with effect from 1st July 2019 which saw a reduction in his salary by 50%. After stepping down from the Executive Director role on 31st December 2019, Barry agreed to serve as a corporate advisor to the executive team at a salary of $100,000 per annum. Further, as approved in the 2019 AGM, a separate Director's fee has been carved out from the Executive Director's current salary to reflect their director/governance duties with effect from 1st November 2019, and has been shown separately. In addition, his salary is paid in US dollars and reported in sterling and thus the difference is also due to a stronger US dollar to the pound this year compared with last year.

4. C M Yuste, Head of Business Development – joined the Board on 1st January 2020 and his salary is reflected for six months whilst he was a Director.

5. T A Rodrigues, Finance Director – resigned from the Board on 31st March 2020, therefore her salary is reflected for nine months whilst she was a Director. Further, as approved in the 2019 AGM, a separate Director's fee has been carved out from the Executive Director's current salary to reflect their director/governance duties with effect from 1st November 2019. Five months of her Director's fee has been shown separately.

None of the Executive Directors received a salary increase in 2019.

Profit-share

The Company operates a bonus scheme for all employees, including the Executive Directors that is linked to the Group's profitability. We have allocated a maximum bonus of 30% of the pre-bonus, pre-tax, operating profit for this purpose. Such allocation may be reduced infrequently as a result of an assessment of the projected intermediate term financial performance of the Company, and consistent with our fundamental objective of an appropriate balance of the interests among all stakeholders: clients, employees and shareholders. Bonus awards are made by the Board following recommendations by the Remuneration Committee.

Barry Olliff was entitled under his service agreement to a bonus equal to 5% of the pre-tax profits of the Company, and payment of this entitlement is covered by Mr. Olliff's allocation from the maximum 30% bonus pool. Barry Olliff received 2.2% of pre-tax profits until the date of his retirement (2019: 3.7%). The 2.2% was the result of a voluntary agreement between Barry Olliff and the Remuneration Committee to give priority consideration to other stakeholders.

Deferred profit-share payments

The following amounts have been deferred and will be paid once the financial statements have been audited and approved.

	2020		2019	
	£	% of annual award	£	% of annual award
B M Olliff*	–	0%	26,422	4%
T W Griffith	14,386	4%	15,733	4%
C M Yuste**	14,136	8%	–	–
M D Dwyer	14,530	4%	14,187	4%
T A Rodrigues***	–	0%	10,780	4%

* Barry Olliff retired as an Executive Director on 31st December 2019.
** Carlos Yuste became a Director on 1st January 2020 so his bonus has been prorated. His deferred bonus as a % of his full year bonus award is 4%.
***Tracy Rodrigues resigned from the Board on 31st March 2020.

These amounts are included in the profit-share reported in the table on page 70.

Summary of Employee Incentive Plan (EIP) interests

The EIP was approved by shareholders at the October 2016 AGM and adopted by the Group in December 2016. It is open to employees of all Group companies, including Executive Directors. Participants are invited to waive up to 20% (or up to 30% if there is headroom within the cap agreed by shareholders) of their annual bonus in return for the right to participate in the EIP for the relevant financial year. Under the EIP, they are granted Restricted Share Awards (RSAs) over shares in the Company equal in value to two times the amount they have waived.

Due to the shareholder approved cap of the additional 5% of pre-bonus, pre-tax operating profit, and the high level of employee elections, participation had to be scaled back this year across the Group. In order to encourage maximum employee participation, and ownership of CLIG shares, the Directors elected to reduce their participation so that employees were not scaled down below 20%.

The RSAs in respect of the waived profit-share disclosed in the Directors' remuneration table on page 70 will be granted in October 2020. The number of shares is calculated based on the average share price over the 10 days preceding the grant date.

For Executive Directors, the RSAs vest one-third each year over a three year period for the awards made until October 2020 and one-fifth each year over a five year period for awards to be made from October 2021 onwards. These awards accrue an amount equal to the dividend that the Director would have received had they owned the shares from the date of grant. The dividend equivalent paid during the year is disclosed in the remuneration table on page 70.

The RSAs are subject to forfeiture upon termination. For further details see the future policy table on pages 77 to 78.

EIP Share awards

Director	Date of Award	Awards held 2019	Awarded during the year	Vested during the year	Awards held 2020	Mkt price on date of award £	Mkt price on date of vesting £	Vesting period* From	Vesting period* To
T W Griffith	26/10/2017	29,036	–	(14,518)	14,518	4.0731	4.205	26/10/2017	26/10/2020
	26/10/2018	76,492	–	(25,497)	50,995	3.8730	4.205	26/10/2018	26/10/2021
	26/10/2019	–	27,786	–	27,786	4.2580		26/10/2019	26/10/2022
		105,528	27,786	(40,015)	93,299				
M D Dwyer	26/10/2017	28,892	-	(14,446)	14,446	4.0731	4.205	26/10/2017	26/10/2020
	26/10/2018	71,418	-	(23,806)	47,612	3.8730	4.205	26/10/2018	26/10/2021
	26/10/2019	–	24,034	–	24,034	4.2580		26/10/2019	26/10/2022
		100,310	24,034	(38,252)	86,092				
C M Yuste	26/10/2019	–	27,274	–	27,274	4.2580		26/10/2019	26/10/2022
		–	27,274	–	27,274				

*One-third of the shares vest on the anniversary of the award date, over a three year vesting period for awards to be made until October 2020, thereafter one-fifth of the shares will vest on the anniversary of the award date, over a five year vesting period.

Pension

All employees, including Executive Directors, are entitled to membership of the Group's defined contribution pension arrangements. Contributions are capped at 12.5% of annual salary. Employer contributions in respect of all Executive Directors were 12.5% for the period under review. As part of his corporate advisory contract, Barry Olliff also receives pension contribution at 12.5%.

Taxable benefits

Taxable benefits relate to private medical insurance for Executive Directors and their dependants. It should be noted that although the Group offers private medical insurance to all employees it is not considered a taxable benefit for those resident in the US.

Taxable benefits for Non-Executive Directors relate to reimbursed accommodation expenses whilst attending UK Board and Committee meetings. The amounts shown are grossed up as the Group accounts for the tax due on these benefits. As part of his corporate advisory contract, Barry Olliff receives private medical insurance.

Payments to past Directors

No payment or transfer of assets was made during the financial period to any past Director of the Company.

Payments for loss of office

There were no termination payments made to any person who has served as a Director during the financial period.

Summary of share option plan interests

The Company operates an Employee Share Option Plan which is administered by the Remuneration Committee. The Plan is open to employees of all Group companies and Executive Directors (who are required to work more than 25 hours per week provided they do not have a material interest in the Company, that is to say the ability to control more than 25% of the ordinary share capital). Options were last granted to Executive Directors under the Plan in June 2015 and it is not intended that any new options will be granted in the future due to the introduction of the EIP.

	Number of options									
	Held 2019	Exercised during the period	Granted during the period	Held 2020	Exercise price £	Price at grant £	Face value at grant £	Vesting period	Vesting date	Expiry date
T W Griffith	12,500	(12,500)	–	–	3.14	3.14	–	3 yrs	18/1/13	18/1/20
	7,500	–	–	7,500	3.625	3.625	27,188	3 yrs	13/10/13	13/10/20
	5,000	–	–	5,000	4.03	4.03	20,150	3 yrs	5/4/14	5/4/21
	6,000	–	–	6,000	3.4875	3.4875	20,925	3 yrs	4/11/14	4/11/21
	17,000	–	–	17,000	2.55	2.5	42,500	3 yrs	30/1/17	30/1/24
	23,500	–	–	23,500	3.52	3.52	82,720	3 yrs	19/6/18	19/6/25
Total	71,500	(12,500)	–	59,000						
M D Dwyer	50,000	–	–	50,000	3.6	3.6	180,000	3 yrs	3/5/15	3/5/22
	5,500	–	–	5,500	2.55	2.5	13,750	3 yrs	30/1/17	30/1/24
	17,500	–	–	17,500	3.52	3.52	61,600	3 yrs	19/6/18	19/6/25
Total	73,000	–	–	73,000						

The closing market price of the Company's ordinary shares at 30th June 2020 was £3.83 (2019: £4.06) and the price moved during the year between a low of £2.75 to a high of £4.74 (2019: low £3.60 to a high of £4.30).

Beneficial interest of the Directors and their families in the shares of the company at the period end were as follows:

	Ordinary Shares of		Restricted Share Awards of	
	1p each 2020	1p each 2019	**1p each 2020**	1p each 2019
B M Olliff (Non-Executive)*	**1,873,536**	2,025,186	**–**	–
T W Griffith	**359,458**	306,943	**93,299**	105,528
B A Aling (Non-Executive)	**94,300**	94,300	**–**	–
M D Dwyer	**87,660**	49,408	**86,092**	100,310
C M Yuste**	**67,500**	n/a	**27,274**	n/a
S E Nicklin (Non-Executive)	**4,309**	1,951	**–**	–

Dividends received by Directors and their families from holdings of shares in the Company during the financial year were as follows:

	2020 £	2019 £
B M Olliff (Non-Executive)*	**550,113**	820,200
T W Griffith	**91,196**	118,459
T A Rodrigues***	**36,796**	48,755
B A Aling (Non-Executive)	**26,404**	38,192
M D Dwyer	**17,659**	17,410
C M Yuste**	**6,750**	–
S E Nicklin (Non-Executive)	**1,207**	539

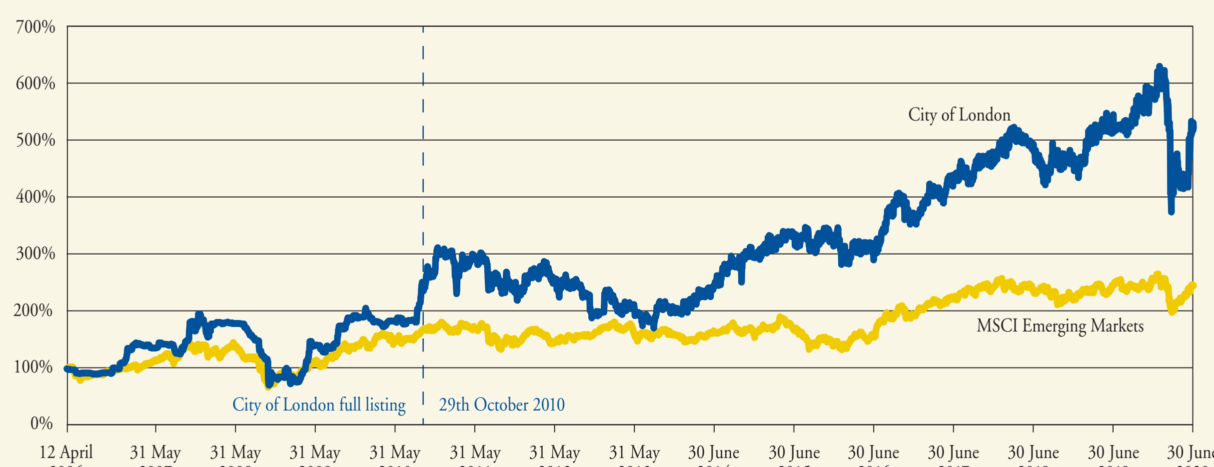
* Barry Olliff retired as an Executive Director on 31st December 2019 and became a Non-Executive Director on 1st January 2020.
** Carlos Yuste was appointed on 1st January 2020 so only dividends paid to him since then have been included.
*** Tracy Rodrigues resigned form the Board on 31st March 2020.

The information provided from this point forward in the Directors' Remuneration Report is not subject to audit.

Total shareholder return

The following graph illustrates the total shareholder return of a holding in the Company against an appropriate index. We have chosen the MSCI Emerging Markets T/R Net Index, the benchmark via which c.80% of our profits are achieved. The index is calculated on a total return basis, i.e. assuming reinvestment of dividends. The Regulations require this information to be provided for the last ten financial years or at least from the date that the Company's shares were traded publicly. It should be noted that the Company was admitted to AIM on 12th April 2006 and then moved on to the main market of the London Stock Exchange on 29th October 2010.

Total shareholder return (dividends reinvested) from date of listing on AIM to 30th June 2020 (GBP)



Source: *Bloomberg.*

Chief Executive Officer single figure

Barry Olliff stepped down as CEO on 1st March 2019. Tom Griffith was appointed CEO from this date, having previously served as Chief Operating Officer and Deputy CEO.

The following table shows the total remuneration of Barry Olliff (CEO1), for the last eight financial years and up until he stepped down as CEO. Tom Griffith's (CEO 2), total remuneration is shown from the date he took up his position as CEO.

	Year to 31st May 2011 £	Year to 31st May 2012 £	Year to 31st May 2013 £	13 months to 30th June 2014 £	Year to 30th June 2015 £	Year to 30th June 2016 £	Year to 30th June 2017 £	Year to 30th June 2018 £	Year to 30th June 2019 Prorated £	Year to 30th June 2020 £
Single figure remuneration										
CEO 1	1,210,763	1,012,801	580,922(1)	693,550	805,430	763,686	1,038,679	1,108,646	627,887	–
CEO 2	–	–	–	–	–	–	–	–	212,036	782,762
Actual bonus										
CEO 1	950,203	754,575	319,230	419,038	544,952	484,243	716,133	804,449	417,322	–
CEO 2	–	–	–	–	–	–	–	–	124,166	398,244
Annual bonus (as a % of current cap) (2)										
CEO 1	100%	92%	51%	84%	85%	84%	84%	84%	74%	–
CEO 2	–	–	–	–	–	–	–	–	88%	64%
LTIP – % of maximum opportunity (3)										
CEO 1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	–
CEO 2	–	–	–	–	–	–	–	–	100%	100%

Notes:

(1) Barry Olliff stepped down as CEO on 1st January 2013 and resumed the role on 15th April 2013. During this time he remained a Director and CIO on the same salary. Therefore his remuneration for the full year has been included in this table to provide a useful comparative.

(2) In 2015 the Directors Remuneration Policy was amended to include a cap on bonuses paid to Directors and Barry Olliff's cap was set at 5% of operating profits pre-bonus and EIP. For comparison purposes prior years' annual bonuses are shown as a percentage of 5% of operating profits pre-bonus and EIP. The cap on Tom Griffith's bonus was 2.5% of operating profit pre-bonus and EIP until 30th June 2019 and was changed to 250% of salary and base fee for the year ended 30th June 2020 onwards.

(3) As detailed in the Directors' Remuneration Report, EIP awards are made on the basis of the amount of the bonus that has been waived in the scheme year. One-third of the LTIP awards vest annually over a three year vesting period for the awards made until October 2020. Therefore, on vesting one-third of the awards would be deemed to be the maximum opportunity.

Percentage change in the remuneration of the CEO and employees

The table below shows the change in the Tom Griffith's FY 2020 salary, benefits and bonus against the weighted salary of CEO1 and CEO2 for FY 2019, in comparison with the Group's employees as a whole.

The average change for employees as a whole is given using a per capita figure based on the average number of employees for the period.

Comparison of percentage change in value from 2019 to 2020	CEO	Group employees
Salary/Director fees	-4%	6%
Health insurance	60%	14%
Annual bonus awards	-26%	17%

Note:
The regulations require us to disclose taxable benefits. Health insurance is offered to all employees but is not considered a taxable benefit in all countries. For comparative purposes we have based our calculations on all health insurance costs incurred, whether a taxable benefit or not.

Due to the change of CEO during the course of last year, 2019 salary and annual bonus awards were apportioned over the time spent in office by each CEO in 2019. Therefore, due to the disparity in earnings between the two CEO's this gives a negative percentage movement in the above table when comparing the blended remuneration for 2019 to the current CEOs full year remuneration in 2020.

The comparisons include the varying effects of currency exchange rates from one geographic location to another in conversion to sterling for the two comparative periods.

Relative importance of spend on pay

The table below shows the overall expenditure on employee remuneration and shareholder distributions and the percentage change between the current and previous period.

	2020 £	2019 £	% change
Total employee spend	15,677,364	14,789,754	6%
Average headcount	72	73	-1%
Profit after tax*	7,559,580	8,798,910	-14%
Dividends relating to the period**	7,464,349	10,181,954	-27%

* 2020 Profit after tax is after charging exceptional costs of £1.2million.

** The current period includes an estimate of the final dividend based on the number of qualifying shares as at 30th June 2020. The Board are recommending a final dividend of 20p per share (2019: 18p), which would make the total for the year 30p per share (2019: 40.5p including special dividend of 13.5p). This is subject to shareholder approval at the AGM in October. The prior period estimate has been restated to include actual final dividend paid.

A breakdown of the employee spend can be found in note 6 to the financial statements on page 98.

Remuneration Committee

During the period under review, the members of the Remuneration Committee were Jane Stabile (Chair of the Committee), Susannah Nicklin and Peter E. Roth. The Remuneration Committee meets formally at least four times a year and otherwise as required. During the year to 30th June 2020 the scheduled Committee meetings were principally to review and approve the quarterly assessment of the profit-share pool, and allocations therefrom to Executive Directors and senior employees, the semi-annual salary review including both the overall level of awards and individual awards to Executive Directors and senior employees, and a detailed review of the Remuneration Policy. In addition, the Committee reviewed the level of employee participation in the EIP to ensure it remained within the limits of the plan rules. Both the Chairman of the Company and the CEO are invited to attend the meetings to assist the Committee with its deliberations. The Head of Finance attends in his capacity as secretary to the Committee. None of the Executive Directors are in attendance during discussions regarding their own remuneration. No remuneration consultant has provided any advice to the Company during the year.

Details of attendance by members are set out on page 57.

Statement of voting at the last Annual General Meeting (AGM)

The resolution seeking approval of the Remuneration Policy and Annual Report at the AGM in October 2019 received the following votes.

	Policy		Annual report	
	Number of votes	Percentage of votes cast		
For*	10,875,656	83.8%	12,115,563	94.1%
Against	2,098,167	16.2%	763,447	5.9%
Total votes cast	12,973,823		12,879,010	
Votes withheld	8,141		102,954	

* Includes discretionary votes

DIRECTORS' REMUNERATION POLICY

The Group's Directors' Remuneration Policy (the "policy") was last put to a binding shareholder vote at the AGM in October 2019 and passed with a vote of 84% in favour. The policy will remain in force until the 2022 AGM unless material changes are proposed in the intervening period. For convenience, the following is an overview of the approved policy.

Future policy table

The following table sets out the principal components of the Group's Directors' Remuneration Policy.

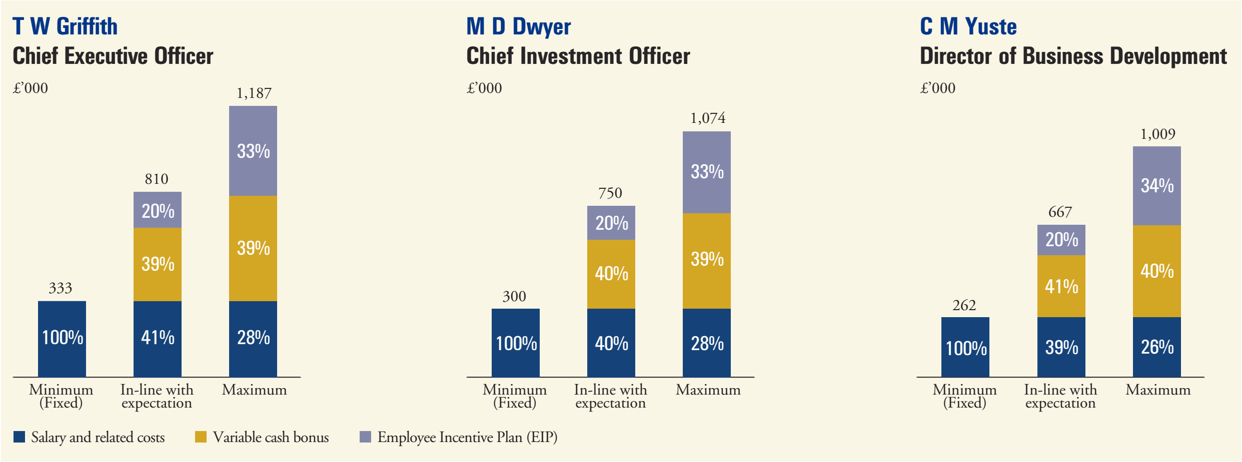
Component and purpose	Operation	Maximum opportunity	Performance measures and targets	Recovery
EXECUTIVE DIRECTORS				
Base salary (fixed pay)				
To pay a fair base salary, commensurate with the size of the business and the individual's role and experience.	Reviewed semi-annually, with changes, if any, generally effective 1st January and 1st July. The Committee considers salaries in the context of an overall package with regard to market data, Group performance and individual experience and performance.	The semi-annual pay review does not guarantee an increase. The Committee considers it important to keep fixed costs under tight control and as such salaries are at the lower end of what may be described as market average. There is no set maximum salary, however, the Committee is guided by market data/practice when setting pay awards.	Not applicable.	Not applicable.
Base fee (fixed pay)				
Provides a fee allocation to cover UK Director duties.	The fees are equivalent to the Non-Executive Directors' base fee. These are reviewed periodically with the last review in December 2018. There has been no decision as to when these fees will next be revised.	As this fee relates specifically to the Executive Directors' governance duties it is pegged to the Non-Executive Directors' base fee. The aggregate annual fees for Executive and Non-Executive Directors are limited to £450,000.	Not applicable.	Not applicable.
Pension (fixed pay)				
To provide defined contribution pension arrangements to assist with recruitment and retention.	Employer contributions are made to defined contribution pension arrangements or equivalent cash allowances are paid, subject to local practice in the relevant country.	The maximum defined pension contribution or cash equivalent is 12.5% per annum of base salary.	Not applicable.	Not applicable.
Other benefits (fixed pay)				
To provide market competitive fringe benefits.	Currently benefits offered include: life insurance, medical insurance (or a contribution towards the cost), disability insurance, sabbatical, paid holiday and travel season ticket loans. Additional benefits may be provided if required, for example to support international relocation.	These benefits represent a small element of the overall remuneration package and as such are not subject to a specific cap. Directors are entitled to 30 days paid holiday, in addition to public holidays.	Not applicable.	Benefits are provided up to termination of employment and any outstanding travel season ticket loan is repayable in full.
Bonus (variable pay)				
To incentivise and reward Directors for their contribution to the corporate goals outlined in the strategic report.	The Company operates a bonus plan for all employees, including the Executive Directors, that is linked to the Group's profitability, allocating a maximum of 30% of pre-bonus, pre-tax, operating profit for this purpose. Bonus awards are made by the Board following recommendations by the Remuneration Committee. Bonuses are paid quarterly in September (approximately 10% of the estimated annual bonus), December (20%), March (30%) and July (40%). A minimum of 10% of the July payment is deferred until September once the financial statements have been audited and approved.	The maximum payment to each Executive Director is capped at 2.5 times the aggregate of salary and fees, except Barry Olliff whose entitlement was capped at 5% of the pre-bonus/EIP, pre-tax operating profit of the Group, provided those profits exceed £500,000. Barry Olliff retired from his role of Executive Director with effect from 31st December 2019 and is no longer active and entitled for this contractual obligation due to his retirement.	Bonuses are not subject solely to individual performance conditions and are paid in cash. The Board believes that this bonus scheme has worked well in motivating employees at all levels within the Company and that this is demonstrated by the high employee retention rates experienced by the Group. See KPI/bonus relationship on page 65.	No profit-share shall be payable for any year in which employment is terminated or at any time after the Director has given or received notice of termination. This relates to all Executive Directors except Barry Olliff whose contract provided that he will be entitled to a proportion of the bonus to which he would have been entitled had he been employed for the whole year.
Clawback				
To ensure that bonus awards do not encourage excessive risk.	The Committee can seek to recover the annual bonus in the exceptional event of: misstatement or misleading representation of performance; a significant failure of risk management and control; or serious misconduct of an individual. Clawback is also applicable to the EIP.	The Committee has discretion to determine the amount of any award which it seeks to clawback.	Not applicable.	Up to 18 months after termination date.

Component and purpose	Operation	Maximum opportunity	Performance measures and targets	Recovery
EXECUTIVE DIRECTORS continued				
Employee Incentive Plan (Plan)				
To encourage and reward loyalty, and to align the long-term interests of Directors with that of shareholders and clients. The Plan is designed to work in line with the Group's current annual bonus policy.	The Plan is open to employees of all existing Group companies and Executive Directors. Participants will initially be invited to waive up to 20% of their annual bonus in return for the right to participate in the Plan for the financial year. Under the Plan, they will be granted Restricted Share Awards (RSAs) in the Company equal in value to 2 x the amount they have waived. The Plan is linked to the Group's profitability, and until 30th June 2020 is capped at 5% of pre-bonus, pre-tax, operating profit to cover the charge of matching shares. Thereafter, the Plan will fall within the 30% limit of the profit-share pool.	Depending on the level of participation, if there is headroom within the 5% of pre-bonus, pre-tax operating profit, employees and Executive Directors will be offered the opportunity to increase their participation up to 30% of their annual bonus. Awards held until they vest will receive a dividend equivalent payment, equal to the amount that they would have received had they been entitled to dividends from the date of grant. In the event of a change of control of the Company, the RSAs relating to the waived bonus will vest in full on an accelerated basis. Only a prorated number of the Company matching RSAs will vest on an accelerated basis according to the number of days elapsed since grant over the total vesting period.	Not applicable.	The RSAs will vest 1/3 each year over a three year period for the awards made until October 2020 and 1/5 each year over a five year period for awards to be made from October 2021 onwards. The RSAs are funded 50% by waived bonus and 50% by the Company. In the event of termination before the normal vesting date, the RSAs funded by the waived bonus, will be repaid at the lower of the value of those shares on the date of award and the date of forfeiture. The Company funded RSAs will be forfeited upon termination, except in the case of a good leaver (see ESOP section below), where there will be an entitlement to a pro-rated amount.
ESOP				
To encourage both Director and employee share ownership and align their long-term interests with that of shareholders.	The Board are no longer granting awards under the ESOP as this plan has effectively been replaced by the EIP. Details of the ESOP are provided here for information. The last award granted was in June 2015. The awards have a ten year life span.	The Employee Benefit Trust is currently permitted to hold up to 10% of the issued share capital of the Company. Executive Director annual awards are limited to 50% of base salary.	Option awards are made by the Board following recommendations by the Remuneration Committee.	Options held will lapse upon termination except for good leavers who may exercise their options within six months commencing from the date they ceased to be a Director. A good leaver is a Director who leaves due to ill health or disability, sale of the business, on retirement, through redundancy or in other special circumstances approved by the Remuneration Committee (acting fairly and reasonably). Under the rules of the new option scheme adopted in June 2015, options may be exercised up to 90 days after termination.
Minimum shareholding				
Guidance to encourage Director share ownership and ensure alignment of their long term interests with that of shareholders.	The Remuneration Committee will monitor the Executive Directors share ownership and participation in the EIP annually to ensure they are on track to meet the minimum shareholding requirement within the desired timeframe.	Not applicable.	The Remuneration Committee expects Executive Directors to build up a shareholding of at least 200% of salary within a five year period.	Not applicable.

NON-EXECUTIVE DIRECTORS				
Fees				
To pay a fair fee, commensurate with the skills, experience and time required to undertake the role.	Fees are reviewed periodically, with the last review having been taken in December 2018 and the recommended increments effective 1st January 2019. Fees are paid monthly or quarterly in arrears, depending on Director's preference. There has been no decision as to when these fees will next be revised.	The aggregate annual fees for Non-Executive Directors are limited to £310,000 in the Company's Articles of Association.	Not applicable.	Not applicable.
Expenses				
To enable the Non-Executive Directors to perform their duties.	All reasonable travelling, hotel and other expenses properly incurred in the performance of their duties as Directors, including any expenses incurred in attending meetings of the Board or any committee of the Board or general meetings or separate meetings of the shareholders.	Expenses are not subject to a specific cap but they must be reasonable and appropriate. The Company may settle any tax incurred.	Not applicable.	Not applicable.
Corporate Advisory Fees				
To pay a fair advisory fee, commensurate with individual's role and experience.				
Benefits				
There are no retirement or post retirement employment benefits to Non-Executive Directors nor do they participate in any of the Group's incentive arrangements.	Not applicable.	Not applicable.	Not applicable.	Not applicable.

Reward scenarios

The chart below illustrates the level of remuneration that would be received by each Director in accordance with the Group's Directors' Remuneration Policy in the first year to which it applies, the first full financial year being that ending 30th June 2021.



Assumptions:

1) Based on the 2020 results
2) Minimum – reflects salary as of 1st July 2020, and current pension and taxable benefits, as disclosed in the single figure remuneration table. Plus expected dividend equivalent payments due on vesting EIP awards. These costs are considered fixed pay i.e. are not linked to annual performance.
3) Carlos Yuste joined the board on 1st January 2020 and therefore his pension and benefits are extrapolated for the full year based on the single remuneration table.
4) In-line with expectation – reflects the minimum remuneration plus the profit share and total EIP awards as disclosed in the single figure remuneration table.
5) Maximum – reflects the minimum remuneration plus the maximum bonus opportunity as detailed in the future policy table. The maximum variable cash bonus has been adjusted by the maximum amount of the bonus that can be waived (30%), which in turn is matched by the Company and the total is shown as EIP.
6) Under the new Directors' remuneration policy, the EIP awards once awarded, will vest 20% per annum over a five year period.

The above reward scenario charts are not a projection and are being provided for guidance only. These charts are based on future remuneration scenarios for the year ending June 2021.

Share price impact

Directors' remuneration is not linked to performance targets or measures relating to more than one financial year. Hence no illustrations are shown in respect of the impact on the Directors' remuneration outcomes based on future share price movements.

Consideration of employment conditions elsewhere in the Group

The Group has always adopted a partnership approach so in essence this policy is consistent with that applied across the Group.

While employees were not directly consulted on the Directors' remuneration, the Group remuneration policy is provided to all employees and any feedback or concerns are welcomed.

Recruitment of new Directors

The structure of the package offered to new Directors mirrors that offered to current Directors detailed in the future policy table.

The Group does not normally award guaranteed annual bonuses, however if when recruiting the Committee believes it is necessary, a guaranteed bonus may be offered for the first twelve months of service only. In general, the bonus would not exceed one year's salary. However, the Remuneration Committee reserves the discretion to take into account exceptional circumstances in determining the appropriate application of this policy limit. Any deviation would be subject to the current limit for Executive Director bonuses of 250% of salary and would not be offered for a period longer than twelve months. The rationale for any such discretion would be explained to shareholders.

Payments for loss of office – Service contracts and letters of appointment

In line with general market practice, the Executive Director service contracts are based on a rolling twelve-month period. Termination of any service contract requires twelve months written notice by either party, and the Committee has the discretion to make a payment in lieu of notice. This would consist of one year's base salary only.

Non-Executive Directors do not have service contracts, but are engaged under letters of appointment. Their appointment can be terminated by serving six months' notice, except for Barry Olliff, whose appointment can be terminated by serving thirty days' notice, by either party and the Committee has the discretion to make a payment in lieu of notice.

Details of Directors' service contracts and letters of appointment are below:

Name	Date of contract/ letter of appointment	Notice period from Company	Notice period from Director	Provision of compensation for loss of office
Executive Directors				
Tom Griffith	31st March 2020	One year	One year	One year's salary
Mark Dwyer	19th October 2015	One year	One year	One year's salary
Carlos Yuste	30th March 2020	One year	One year	One year's salary
Non-Executive Directors				
Barry Aling	1st August 2013	Six months	Six months	Six months' fees
Susannah Nicklin	1st July 2017	Six months	Six months	Six months' fees
Barry Olliff	30th March 2020	Thirty days	Thirty days	Thirty days' fees
Jane Stabile	1st July 2018	Six months	Six months	Six months' fees
Peter E. Roth	1st June 2019	Six months	Six months	Six months' fees

All Directors' service contracts and letters of appointment are kept at the Company's registered office and will be available for inspection in electronic form on request.

Approved by the Board of Directors and signed on behalf of the Board

Jane Stabile

Chair of the Remuneration Committee

10th September 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Strategic Report, the Directors' Report, the Directors' Remuneration Report, the Separate Corporate Governance Statement and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. The Directors are required under the Listing Rules of the Financial Conduct Authority to prepare Group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and have elected under company law to prepare the Company financial statements in accordance with IFRS as adopted by the EU.

The financial statements are required by law and IFRS adopted by the EU to present fairly the financial position of the Group and the Company and the financial performance of the Group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing each of the Group and Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' statement pursuant to the Disclosure and Transparency Rules

Each of the Directors, whose names and positions are listed on pages 48 and 49 confirm that, to the best of each person's knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation taken as a whole;
- the strategic report and Director's report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the annual report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the City of London Investment Group's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

For and on behalf of the Board

Tom Griffith
Chief Executive Officer

10th September 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CITY OF LONDON INVESTMENT GROUP PLC

Opinion

We have audited the financial statements of City of London Investment Group plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30th June 2020 which comprise the Consolidated Income Statement, Consolidated and Company Statement of Comprehensive Income, Consolidated and Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated and Company Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30th June 2020 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS regulations.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on pages 31 to 33 that describe the principal risks and explain how they are being managed or mitigated;
- the Directors' confirmation set out on page 32 in the annual report that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity;
- the Directors' statement set out on page 50 in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the Directors' identification of any material uncertainties to the Group and the Parent Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the Directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the Directors' explanation set out on page 37 in the annual report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Summary of our audit approach

Key audit matters	**Group** • Accuracy and completeness of management fees • Breach of investment mandates • Regulatory requirements
Materiality	**Group** • Overall materiality: £532,000 (2019: £569,000) • Performance materiality: £399,000 (2019: £427,000) **Parent Company** • Overall materiality: £438,000 (2019: £544,000) • Performance materiality: £328,000 (2019: £408,000)
Scope	Our audit procedures covered 100% of revenue, 100% of total assets and 100% of profit before tax.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group and Parent Company financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the Group and Parent Company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accuracy and completeness of management fees

Key audit matter description	As described in the accounting policies on page 95 management fees are based on a percentage of funds under management in accordance with the respective management agreement. There is a risk of management fee income being inaccurate or incomplete if incorrect funds under management or incorrect percentages are used and is therefore determined to be a key audit matter.
How the matter was addressed in the audit	Our audit work included analytical review and substantive testing of a sample of management fees from the fund listing through the posting of the income in the general ledger detail. This testing included; obtaining third party confirmations of the relevant month-end Net Asset Value (NAV), reviewing the Investment Management Agreements (IMA) in place for key inputs into the management fee calculation and recalculating the expected management fee based on the NAV and % fee income documented in the IMA. Our work to review investment mandates also provided additional evidence of management control over fee income.
Key observations	From the sample tested no significant variances were identified between the income recognised by the Group and our recalculation of the expected income. Furthermore, third party confirmations received from fund administrators were in line with documentation held by the client.

Breach of investment mandates

Key audit matter description	The Group is responsible for managing assets in accordance with mandates specified by its clients. There is a risk of financial and reputational loss for the Group if it trades or invests outside the scope of the mandates and is therefore determined to be a key audit matter.
How the matter was addressed in the audit	Our audit work included review of the design and implementation of controls over reports generated by the Group's trade order management system. More specifically, for a sample of days during the year, we checked that the daily control sheets are being reviewed on a daily basis and that any breaches identified in respect of investment mandates are being properly recorded and addressed in a timely manner.
Key observations	From the sample of days tested, no issues were identified in respect of the controls in place around the review of breach of mandates. Furthermore, we confirmed any breaches identified by the controls are being properly addressed.

Regulatory requirements

Key audit matter description	The continued compliance of City of London Investment Management Company Limited with its FCA registration represents a key audit matter as it is a company regulated by the FCA.
How the matter was addressed in the audit	Our audit work included reviewing the controls in place to ensure ongoing compliance with the FCA including reporting to the Board. In addition, we completed work to review compliance with the FCA laws and regulations.
Key observations	Our testing did not identify any issues in respect of compliance with the City of London Investment Management Company's FCA registration.

Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

Group

Overall materiality	£532,000 (2019: £569,000)
Basis for determining overall materiality	5% of profit before tax and exceptional items
Rationale for benchmark applied	Profitability is considered to be a key benchmark monitored by management and the market.
Performance materiality	£399,000 (2019: £427,000)
Basis for determining performance materiality	75% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £10,000 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

Our application of materiality continued

Parent Company

Overall materiality	£438,000 (2019: £544,000)
Basis for determining overall materiality	5% of profit before tax and exceptional items
Rationale for benchmark applied	Profitability is considered to be a key benchmark monitored by management and the market.
Performance materiality	£328,000 (2019: £408,000)
Basis for determining performance materiality	75% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £10,000 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

The Group consists of 7 components, located in the following countries:

- United Kingdom;
- United States of America; and
- Singapore.

The coverage achieved by our audit procedures was:

	Number of components	Revenue	Total assets	Profit before tax
Full scope audit	4	100%	89%	100%
Specific audit procedures	3	0%	11%	0%
Total	7	100%	100%	100%

The Group's overseas subsidiary is based in Singapore and was subject to a full scope local statutory audit by a component audit firm. RSM UK Audit LLP carried out procedures on elements of the accounts included in the consolidated financial statements including reviewing information sent by the local audit firm.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report set out on pages 1 to 81 other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable set out on page 81** – the statement given by the Directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit committee reporting set out on pages 60 to 62** – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code set out on pages 52 to 57** – the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 81, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent 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 Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of our audit, we will consider the susceptibility of the Group and Parent Company to fraud and other irregularities, taking account of the business and control environment established and maintained by the Directors, as well as the nature of transactions, assets and liabilities recorded in the accounting records. Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs. However, the principal responsibility for ensuring that the financial statements are free from material misstatement, whether caused by fraud or error, rests with management who should not rely on the audit to discharge those functions.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

Following the recommendation of the audit committee, we were appointed by the Board on 23rd October 2017 to audit the financial statements for the year ending 30th June 2018 and subsequent financial periods.

The period of total uninterrupted engagement is 3 years, covering the years ending 30th June 2018 to 30th June 2020.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group and the Parent Company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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 and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Malcolm Pirouet (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

11th September 2020

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30TH JUNE 2020

	Note	Year to 30th June 2020 £	Year to 30th June 2019 £
Revenue			
Gross fee income	5	33,263,192	31,933,229
Commissions payable		(167,158)	(751,523)
Custody fees payable		(1,425,032)	(1,327,296)
Net fee income		31,671,002	29,854,410
Administrative expenses			
Employee costs	6(b)	15,677,364	14,789,754
Other administrative expenses*		3,762,170	4,254,383
Depreciation and amortisation*		633,083	306,445
		(20,072,617)	(19,350,582)
Operating profit	8	11,598,385	10,503,828
Interest (payable)/receivable and similar (losses)/gains*	9	(943,689)	893,731
Profit before tax and exceptional items		10,654,696	11,397,559
Exceptional item			
Acquisition-related costs		(1,248,195)	–
Profit before taxation		9,406,501	11,397,559
Income tax expense	10	(2,040,523)	(2,352,275)
Profit for the period		7,365,978	9,045,284
Profit attributable to:			
Non-controlling interests (NCI)		(193,602)	246,374
Equity shareholders of the parent		7,559,580	8,798,910
Basic earnings per share	11	30.3p	34.9p
Diluted earnings per share	11	29.5p	34.1p

* The Group has initially applied IFRS 16 Leases as at 1st July 2019. Under the transition method chosen, comparative information has not been restated.

CONSOLIDATED AND COMPANY STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30TH JUNE 2020

	Group		Company	
	Year to 30th June 2020 £	Year to 30th June 2019 £	Year to 30th June 2020 £	Year to 30th June 2019 £
Profit for the period	7,365,978	9,045,284	7,579,920	10,773,474
Other comprehensive income:				
Foreign currency translation difference	(48,494)	6,124	–	–
Total comprehensive income for the period	7,317,484	9,051,408	7,579,920	10,773,474
Attributable to:				
Equity shareholders of the parent	7,511,086	8,805,034	7,579,920	10,773,474
Non-controlling interests	(193,602)	246,374	–	–

CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION

30TH JUNE 2020

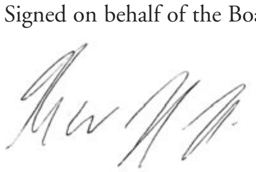
		Group		Company	
	Note	30th June 2020 £	30th June 2019 £	30th June 2020 £	30th June 2019 £
Non-current assets					
Property and equipment	12	542,918	670,048	341,087	414,555
Right-of-use assets*	4/13	1,933,411	–	1,441,916	–
Intangible assets	14	47,309	193,465	18,752	33,043
Other financial assets	15	3,994,727	7,699,491	5,025,382	5,168,562
Deferred tax asset	16	348,008	380,234	12,600	27,021
		6,866,373	8,943,238	6,839,737	5,643,181
Current assets					
Trade and other receivables	17	6,133,878	5,979,448	11,611,160	8,998,886
Other financial assets	18	–	126,754	–	126,754
Current tax receivable		–	–	905,406	2,121,430
Cash and cash equivalents		14,594,333	13,813,089	213,510	146,836
		20,728,211	19,919,291	12,730,076	11,393,906
Current liabilities					
Trade and other payables	19	(5,644,635)	(5,766,484)	(5,473,262)	(4,546,423)
Lease liabilities*	24	(406,179)	–	(168,367)	–
Current tax payable		(835,849)	(692,840)	–	–
Creditors, amounts falling due within one year		(6,886,663)	(6,459,324)	(5,641,629)	(4,546,423)
Net current assets		13,841,548	13,459,967	7,088,447	6,847,483
Total assets less current liabilities		20,707,921	22,403,205	13,928,184	12,490,664
Non-current liabilities					
Lease liabilities*	24	(1,552,219)	–	(1,279,729)	–
Deferred tax liability	20	(57,874)	(116,441)	(30,075)	(3,221)
Net assets		19,097,828	22,286,764	12,618,380	12,487,443
Capital and reserves					
Share capital	21	265,607	265,607	265,607	265,607
Share premium account	22	2,256,104	2,256,104	2,256,104	2,256,104
Investment in own shares	22	(5,765,993)	(5,029,063)	(5,765,993)	(5,029,063)
Share option reserve	22	241,467	299,011	241,467	299,011
EIP share reserve	22	1,232,064	1,015,316	1,232,064	1,015,316
Foreign exchange reserve	22	45,885	94,379	–	–
Capital redemption reserve	22	26,107	26,107	26,107	26,107
Retained earnings*		20,626,405	19,953,375	14,363,024	13,654,361
Shareholders interest		18,927,646	18,880,836	12,618,380	12,487,443
Non-controlling interest		170,182	3,405,928	–	–
Total equity		19,097,828	22,286,764	12,618,380	12,487,443

* The Group has initially applied IFRS 16 Leases as at 1st July 2019. Under the transition method chosen, comparative information has not been restated.

As permitted by section 408 of the Companies Act 2006, the income statement of the Parent Company is not presented as part of these financial statements. The Parent Company's profit for the financial period amounted to £7,579,920 (2019: £10,773,474).

The Board of Directors approve and authorise for issue these financial statements on 10th September 2020.

Signed on behalf of the Board of Directors of City of London Investment Group PLC, company number 2685257.



Tom Griffith
Chief Executive Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

30TH JUNE 2020

	Share capital £	Share premium account £	Investment in own shares £	Share option reserve £	EIP share reserve £	Foreign exchange reserve £	Capital redemption reserve £	Retained earnings £	Total attributable to shareholders £	Non-controlling interest £	Total £
At 1st July 2018	268,617	2,256,104	(4,699,115)	372,762	605,707	88,255	23,097	22,550,807	21,466,234	–	21,466,234
Profit for the period	–	–	–	–	–	–	–	8,798,910	8,798,910	246,374	9,045,284
Comprehensive income	–	–	–	–	–	6,124	–	–	6,124	–	6,124
Total comprehensive income	–	–	–	–	–	6,124	–	8,798,910	8,805,034	246,374	9,051,408
Transactions with owners											
NCI Investment	–	–	–	–	–	–	–	–	–	3,159,554	3,159,554
Share option exercise	–	–	515,187	(71,994)	–	–	–	71,994	515,187	–	515,187
Purchase of own shares	–	–	(1,234,621)	–	–	–	–	–	(1,234,621)	–	(1,234,621)
Share cancellation	(3,010)	–	–	–	–	–	3,010	(1,165,789)	(1,165,789)	–	(1,165,789)
Share-based payment	–	–	–	(1,757)	606,799	–	–	–	605,042	–	605,042
EIP vesting/forfeiture	–	–	389,486	–	(197,190)	–	–	–	192,296	–	192,296
Deferred tax on share options	–	–	–	–	–	–	–	(100,091)	(100,091)	–	(100,091)
Current tax on share options	–	–	–	–	–	–	–	16,372	16,372	–	16,372
Dividends paid	–	–	–	–	–	–	–	(10,218,828)	(10,218,828)	–	(10,218,828)
Total transactions with owners	(3,010)	–	(329,948)	(73,751)	409,609	–	3,010	(11,396,342)	(11,390,432)	3,159,554	(8,230,878)
At 30th June 2019 as previously reported	265,607	2,256,104	(5,029,063)	299,011	1,015,316	94,379	26,107	19,953,375	18,880,836	3,405,928	22,286,764
Adjustment on initial application of IFRS 16*	–	–	–	–	–	–	–	122,337	122,337	–	122,337
Adjusted balance at 1st July 2019	265,607	2,256,104	(5,029,063)	299,011	1,015,316	94,379	26,107	20,075,712	19,003,173	3,405,928	22,409,101
Profit for the period	–	–	–	–	–	–	–	7,559,580	7,559,580	(193,602)	7,365,978
Comprehensive income	–	–	–	–	–	(48,494)	–	–	(48,494)	–	(48,494)
Total comprehensive income	–	–	–	–	–	(48,494)	–	7,559,580	7,511,086	(193,602)	7,317,484
Transactions with owners											
Derecognisation of NCI investment	–	–	–	–	–	–	–	–	–	(2,767,519)	(2,767,519)
NCI investment/redemption	–	–	–	–	–	–	–	–	–	(274,625)	(274,625)
Share option exercise	–	–	359,431	(57,544)	–	–	–	57,544	359,431	–	359,431
Purchase of own shares	–	–	(2,044,150)	–	–	–	–	–	(2,044,150)	–	(2,044,150)
Share-based payment	–	–	–	–	695,099	–	–	–	695,099	–	695,099
EIP vesting/forfeiture	–	–	947,789	–	(478,351)	–	–	–	469,438	–	469,438
Deferred tax on share options	–	–	–	–	–	–	–	(79,409)	(79,409)	–	(79,409)
Current tax on share options	–	–	–	–	–	–	–	6,073	6,073	–	6,073
Dividends paid	–	–	–	–	–	–	–	(6,993,095)	(6,993,095)	–	(6,993,095)
Total transactions with owners	–	–	(736,930)	(57,544)	216,748	–	–	(7,008,887)	(7,586,613)	(3,042,144)	(10,628,757)
At 30th June 2020	**265,607**	**2,256,104**	**(5,765,993)**	**241,467**	**1,232,064**	**45,885**	**26,107**	**20,626,405**	**18,927,646**	**170,182**	**19,097,828**

* The Group has initially applied IFRS 16 Leases as at 1st July 2019. Under the transition method chosen, comparative information has not been restated.

COMPANY STATEMENT OF CHANGES IN EQUITY

30TH JUNE 2020

	Share capital £	Share premium account £	Investment in own shares £	Share option reserve £	EIP share reserve £	Capital redemption reserve £	Retained earnings £	Total attributable to shareholders £
At 1st July 2018	268,617	2,256,104	(4,699,115)	372,762	605,707	23,097	14,263,296	13,090,468
Profit for the period	–	–	–	–	–	–	10,773,474	10,773,474
Comprehensive income	–	–	–	–	–	–	–	–
Total comprehensive income	–	–	–	–	–	–	10,773,474	10,773,474
Transactions with owners								
Share option exercise	–	–	515,187	(71,994)	–	–	33,155	476,348
Purchase of own shares	–	–	(1,234,621)	–	–	–	–	(1,234,621)
Share cancellation	(3,010)	–	–	–	–	3,010	(1,165,789)	(1,165,789)
Share-based payment	–	–	–	(1,757)	606,799	–	–	605,042
EIP vesting/forfeiture	–	–	389,486	–	(197,190)	–	–	192,296
Deferred tax on share options	–	–	–	–	–	–	(35,460)	(35,460)
Current tax on share options	–	–	–	–	–	–	4,513	4,513
Dividends paid	–	–	–	–	–	–	(10,218,828)	(10,218,828)
Total transactions with owners	(3,010)	–	(329,948)	(73,751)	409,609	3,010	(11,382,409)	(11,376,499)
At 30th June 2019 as previously reported	265,607	2,256,104	(5,029,063)	299,011	1,015,316	26,107	13,654,361	12,487,443
Adjustment on initial application of IFRS 16*	–	–	–	–	–	–	122,337	122,337
Adjusted balance at 1st July 2019	265,607	2,256,104	(5,029,063)	299,011	1,015,316	26,107	13,776,698	12,609,780
Profit for the period	–	–	–	–	–	–	7,579,920	7,579,920
Comprehensive income	–	–	–	–	–	–	–	–
Total comprehensive income	–	–	–	–	–	–	7,579,920	7,579,920
Transactions with owners								
Share option exercise	–	–	359,431	(57,544)	–	–	24,465	326,352
Purchase of own shares	–	–	(2,044,150)	–	–	–	–	(2,044,150)
Share-based payment	–	–	–	–	695,099	–	–	695,099
EIP vesting/forfeiture	–	–	947,789	–	(478,351)	–	–	469,438
Deferred tax on share options	–	–	–	–	–	–	(27,021)	(27,021)
Current tax on share options	–	–	–	–	–	–	2,057	2,057
Dividends paid	–	–	–	–	–	–	(6,993,095)	(6,993,095)
Total transactions with owners	–	–	(736,930)	(57,544)	216,748	–	(6,993,594)	(7,571,320)
At 30th June 2020	**265,607**	**2,256,104**	**(5,765,993)**	**241,467**	**1,232,064**	**26,107**	**14,363,024**	**12,618,380**

* The Group has initially applied IFRS 16 Leases as at 1st July 2019. Under the transition method chosen, comparative information has not been restated.

CONSOLIDATED AND COMPANY CASH FLOW STATEMENT

FOR THE YEAR ENDED 30TH JUNE 2020

		Group		Company	
	Note	30th June 2020 £	30th June 2019 £	30th June 2020 £	30th June 2019 £
Cash flow from operating activities					
Operating profit		11,598,385	10,503,828	293,225	321,873
Adjustments for:					
Profit on disposal of assets		–	(240)	–	(240)
Depreciation of property and equipment		205,144	204,601	116,579	103,167
Depreciation of right-of-use assets		341,247	–	178,381	–
Amortisation of intangible assets		86,691	101,844	14,291	14,290
Share-based payment credit		–	(1,757)	–	(237)
EIP-related charge		685,606	793,036	329,187	396,111
Translation adjustments		(86,860)	(24,646)	(23,937)	(16,244)
Cash generated from operations before changes in working capital		12,830,213	11,576,666	907,726	818,720
(Increase)/decrease in trade and other receivables		(71,359)	(80,825)	125,026	5,398,380
Increase in trade and other payables		139,889	975,184	1,812,083	895,560
Cash generated from operations		12,898,743	12,471,025	2,844,835	7,112,660
Interest received		74,033	87,749	1,812	5
Interest paid on leased assets		(116,958)	–	(87,086)	–
Interest paid		(13,221)	1,118	–	–
Taxation paid		(2,035,690)	(2,252,111)	(1,474,279)	(1,415,000)
Net cash generated from operating activities		10,806,907	10,307,781	1,285,282	5,697,665
Cash flow from investing activities					
Dividends received from subsidiaries		–	–	8,800,000	10,600,000
Purchase of property and equipment and intangibles		(78,551)	(421,316)	(43,111)	(391,565)
Purchase of non-current financial assets		(1,218)	(7,088,847)	(1,218)	(3,920,338)
Purchase of current financial assets		–	(21,078)	–	(21,078)
Proceeds from sale of current financial assets		124,209	57,064	124,209	57,064
Acquisition-related costs		(1,248,195)	–	(1,248,195)	–
Net cash (used in)/generated from investing activities		(1,203,755)	(7,474,177)	7,631,685	6,324,083
Cash flow from financing activities					
Ordinary dividends paid	23	(6,993,095)	(10,218,828)	(6,993,095)	(10,218,828)
Purchase and cancellation of own shares		–	(1,165,789)	–	(1,165,789)
Purchase of own shares by employee share option trust		(2,044,150)	(1,234,621)	(2,044,150)	(1,234,621)
Proceeds from sale of own shares by employee share option trust		359,431	515,186	359,431	515,186
Payment of lease liabilities		(303,243)	–	(178,725)	–
Capital from non-controlling interest		–	3,150,599	–	–
Net cash used in financing activities		(8,981,057)	(8,953,453)	(8,856,539)	(12,104,052)
Net increase/(decrease) in cash and cash equivalents		622,095	(6,119,849)	60,428	(82,304)
Cash and cash equivalents at start of period		13,813,089	19,704,111	146,836	225,806
Cash held in funds*		53,819	217,091	–	–
Effect of exchange rate changes		105,330	11,736	6,246	3,334
Cash and cash equivalents at end of period		14,594,333	13,813,089	213,510	146,836

* Cash held in International REIT fund consolidated on a net asset basis

City of London Investment Group PLC (the "Company") is a public limited company which listed on the London Stock Exchange on 29th October 2010 and is domiciled and incorporated in the United Kingdom under the Companies Act 2006.

1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) as adopted by the European Union (EU) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The Group financial statements have been prepared under the historical cost convention, except for certain financial assets held by the Group that are reported at fair value. The Group and Company financial statement have been prepared on a going concern basis.

New or amended accounting standards and interpretations

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.

IFRS 16 Leases

The Group has adopted IFRS 16 Leases from 1st July 2019 which replaces IAS 17 Leases. This standard introduces a single lease accounting model that requires a lessee to recognise lease assets and liabilities, which were previously accounted for as operating leases, on the statement of financial position.

The right-of-use asset as shown in the statement of financial position represents the leased asset against which the lessee has an obligation to pay lease rentals for the right to use the asset. The obligation to pay is shown as a lease liability within the statement of the financial position.

On initial application of IFRS 16 Leases the Group has identified and recognised in its statement of financial position, both the discounted value of its total lease commitments as a lease liability and the corresponding asset as a right-of-use asset.

The resulting depreciation of the leased assets and interest due on the lease liabilities, over the term of the lease, is recognised within its income statement

Prior year comparatives have not been restated as the cumulative catch up approach has been applied. Any adjustments arising on transition are recognised in the opening equity as at 1st July 2019. As a result, the comparative information continues to be accounted for in accordance with the Group's previous accounting policy.

The impact on the financial position of the Group and the Company from the adoption of IFRS 16 Leases is detailed in note 4.

Accounting estimates and assumptions

The preparation of these financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Whilst estimates are based on management's best knowledge and judgement using information and financial data available to them, the actual outcome may differ from those estimates.

The most significant area of the financial statements that are subject to the use of estimates and assumptions are noted below:

Share-based payments

Share-based payments relate to equity settled awards and are based on the fair value of those awards at the date of grant. In order to calculate the charge for share-based compensation as required by IFRS 2 Share-based Payment, the Group is required to estimate the fair value of the EIP awards due to be granted in October 2020. This cost is estimated during the financial year and at the point when the actual award is made the share-based payment charge is re-calculated and any difference is taken to the profit or loss. Refer to 3 (vii) for accounting policy.

1 BASIS OF PREPARATION CONTINUED

Share issue costs

The Group has incurred combined transaction costs of £1.7 million in relation to its proposed merger, comprising of acquisition-related and share issuance costs. Based on discussions with our advisors and in our management judgement, we have allocated the various combined transaction costs between acquisition-related amounting to £1.2 million and share issuance costs amounting to £0.5 million on a rational and consistent basis as per IAS 32.38. Share issuance costs incurred to the reporting date amounting to £0.5 million have been included within "Other receivables" and will be deducted from equity as per IAS 32.37, once the new shares are issued on completion of the merger transaction. Refer to 3 (xiii) for accounting policy.

2 BASIS OF CONSOLIDATION

These financial statements consolidate the financial statements of the Company and all of its subsidiary undertakings. The Group's subsidiaries are those entities which it directly or indirectly controls. Control over an entity is evidenced by the Group's ability to exercise its power in order to affect any variable returns that the Group is exposed to through its involvement with the entity.

When assessing whether to consolidate an entity, the Group evaluates a range of control factors as defined under IFRS 10 Consolidated Financial Statements, namely:

- the purpose and design of the entity;
- the relevant activities and how these are determined;
- whether the Group's rights result in the ability to direct the relevant activities;
- whether the Group has exposure or rights to variable returns; and
- whether the Group has the ability to use its power to affect the amount of its returns.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are deconsolidated from the date that control ceases.

During the year the Group received a significant investment from a client into its EM REIT fund. This reduced the Company's holding to 21%, at which point the entity was deconsolidated.

The Group's subsidiary undertakings as at 30th June 2020 are detailed below:

City of London Investment Group PLC holds a controlling interest in the following:

Subsidiary undertakings	Activity	Controlling interest	Country of incorporation
City of London Investment Management Company Limited	Management of funds	100%	UK
City of London US Investments Limited	Holding company	100%	UK
International REIT Fund*	Delaware Statutory Trust Fund	100%**	USA
Snowball Merger Sub, Inc.	Holding company	100%	USA

City of London Investment Management Company Limited holds 100% of the ordinary shares in the following:

City of London Investment Management (Singapore) PTE Ltd	Management of funds	Singapore
City of London Latin America Limited	Dormant company	UK

City of London US Investments Limited holds 100% of the ordinary shares in the following:

City of London US Services Limited	Service company	UK

* International REIT fund has a year-end of 31st December. As this fund has a financial year end that differs from that of the Company, it is consolidated based on its net asset value as at 30th June 2020.
** Controlling interest is based on the interest held directly and with a related party.

The registered address of all the UK incorporated companies is 77 Gracechurch Street, London EC3V 0AS. The registered office for the International REIT fund is 4005 Kennett Pike, Suite 250, Greenville, DE 19807, USA. The registered address for Snowball Merger Sub, Inc. is: c/o Corporation Service Company, 80 State Street, Albany, NY 12207. The registered address of City of London Investment Management Company (Singapore) PTE Ltd is 20 Collyer Quay, #10-04, Singapore 049319.

2 BASIS OF CONSOLIDATION CONTINUED

City of London Latin America Limited is dormant and as such is not subject to audit.

The consolidated financial statements are prepared on the historical cost basis except for the revaluation of certain financial instruments as outlined in note 3 (iii).

3 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are set out below and have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

(i) Property and equipment

For all property and equipment depreciation is calculated to write off their cost to their estimated residual values by equal annual instalments over the period of their estimated useful lives, which are considered to be:

Short leasehold property improvements	–	over the remaining life of the lease
Furniture and equipment	–	4 to 10 years
Computer and telephone equipment	–	4 to 10 years

(ii) Intangible assets

Intangible assets are capitalised at cost and amortised on a straight line basis over the estimated useful life of the asset. The Group's only intangible assets are computer software licences, which are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. Costs include directly attributable overheads.

The estimated useful lives range from 4 to 10 years.

The assets are reviewed for impairment each year.

Software integral to a related item of hardware equipment is accounted for as property and equipment.

Costs associated with maintaining computer software programmes are recognised as an expense when they are incurred.

(iii) Financial instruments

Financial instruments are only recognised in the financial statements and measured at fair value when the Group becomes party to the contractual provisions of the instrument.

Under IFRS 9 Financial Instruments financial assets are classified as either:

- amortised at cost;
- at fair value through the profit or loss; or
- at fair value through other comprehensive income.

Financial liabilities must be classified at fair value through profit or loss or at amortised cost.

The Group's investments in securities and derivatives are classified as financial assets or liabilities at fair value through profit or loss. Such investments are initially recognised at fair value, and are subsequently remeasured at fair value, with any movement recognised in the income statement. The fair value of the Group's investments is determined as follows:

Shares	–	priced using the quoted market mid price*
Options	–	priced using the quoted market bid price
Forward currency trades	–	priced using the forward exchange bid rates from Bloomberg

* The funds managed by the Group are valued at the mid price in accordance with US GAAP. Therefore, where the Group has identified investments in those funds as subsidiaries, the fair value consolidated is the net asset values as provided by the administrator of the funds. The underlying investments in these funds are liquid companies with a small bid-ask spread.

3 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

The consolidated Group assesses and would recognise a loss allowance for expected credit losses on financial assets which are measured at amortised cost. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a twelve-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next twelve months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

Under the expected credit loss model, impairment losses are recorded if there is an expectation of credit losses, even in the absence of a default event. This model is applicable to assets amortised at cost or at fair value through other comprehensive income. The assets on the Group's balance sheet to which the expected loss applies to are fees receivable. At the end of each reporting period, the Group assesses whether the credit risk of these trade receivables has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

(iv) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and on-demand deposits with an original maturity of three months or less from inception, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(v) Trade payables

Trade payables are measured at initial recognition at fair value and subsequently measured at amortised cost.

(vi) Current and deferred taxation

The Group provides for current tax according to the tax regulations in each jurisdiction in which it operates, using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. However, deferred tax is not accounted for if it arises from goodwill or the initial recognition (other than in a business combination) of other assets or liabilities in a transaction that affects neither the accounting nor the taxable profit or loss.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. The tax rates used are those that have been enacted, or substantively enacted, by the end of the reporting period. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly as part of other comprehensive income, in which case the deferred tax is also dealt with as part of other comprehensive income. For share-based payments, where the estimated future tax deduction exceeds the amount of the related cumulative remuneration expense, the excess deferred tax is recognised directly in equity.

(vii) Share-based payments

The Company operates an Employee Incentive Plan (EIP) which is open to all employees in the Group. Awards are made to participating employees over shares under the EIP where they have duly waived an element of their annual profit-share before the required waiver date, in general before the start of the relevant financial year.

3 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

The awards are made up of two elements: Deferred Shares and Bonus Shares. The Deferred Shares represent the waived profit-share and the Bonus Shares represent the additional award made by the Company as a reward for participating in the EIP. Awards will vest (i.e. no longer be forfeitable) over a three-year period with one-third vesting each year.

The full cost of the Deferred Shares is recognised in the year to which the profit-share relates. The value of the Bonus Shares is expensed on a straight line basis over the period from the date the employees elect to participate to the date that the awards vest. This cost is estimated during the financial year and at the point when the actual award is made, the share-based payment charge is re-calculated and any difference is taken to the profit or loss.

Prior to the implementation of the EIP, the Company operated an Employee Share Option Plan. The fair value of the employee services received in exchange for share options is recognised as an expense. The fair value has been calculated using the Binomial pricing model, and has then been expensed on a straight line basis over the vesting period, based on the Company's estimate of the number of shares that will actually vest. At the end of the three-year period when the actual number of shares vesting is known, the share-based payment charge is re-calculated and any difference is taken to the profit or loss.

(viii) Revenue recognition

Revenue is recognised within the financial statements based on the services that are provided in accordance with current investment management agreements (IMAs). The fees are charged as a percentage of Funds under Management. The performance obligations encompassed within these agreements are based on daily/monthly asset management of funds. The Group has an enforceable right to the payment of these fees for services provided, in accordance with the underlying IMAs.

For each contract, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of services promised.

(ix) Commissions payable

A portion of the Group's revenue is subject to commissions payable under third party marketing agreements. Commissions payable are recognised in the same period as the revenue to which they relate.

(x) Foreign currency translation

Foreign currency transactions are translated using the exchange rates prevailing at the transaction date. Monetary assets held in a currency other than the functional currency are translated at the end of each financial period at the period end closing rates.

The functional currency of the Group's main trading subsidiaries, City of London Investment Management Company Limited and City of London US Services Limited, is US dollars. The functional currency of City of London Investment Group PLC (the "Company") is sterling. The Group uses sterling as the presentation currency. Under IAS 21 The Effects of Changes in Foreign Exchange Rates this means that exchange differences caused from translating the functional currency to presentational currency for the main trading subsidiaries would be recognised in equity. However, the Group operates a policy whereby it manages the exposure of foreign exchange positions of its subsidiaries monetary assets through its inter-company accounts. Any gains or losses are recognised within the Company's own income statement. Therefore, on consolidation there are no exchange differences arising from the translation of monetary items from the subsidiaries functional currency to its presentational currency. This means that all such exchange differences are included in the income statement and no split is required between other comprehensive income and the income statement. The subsidiaries translate the non-monetary assets at the period end rate and any movement is reflected in other comprehensive income.

(xi) Leases

Prior to the adoption of IFRS 16 Leases, all of the Group's leases were in relation to property and were considered to be operating leases. Payments made on operating leases (net of any incentives) were charged to the income statement in equal periodic instalments over the period of the lease.

From 1st July 2019, the total outstanding lease cost, discounted at the Group's weighted average incremental borrowing rate to its present value, is shown as a lease liability in the statement of financial position. The payment of the lease charge is allocated between the lease liability and an interest charge in the income statement.

3 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

On recognition of the lease liability the associated asset is shown as a right-of-use asset. This is further adjusted for any lease payments made prior to adoption and any future restoration costs as implicit within the lease contract. The resulting total value of the right-of-use asset is depreciated on a straight line basis over the term of the lease period.

Payments in relation to short term leases, those which are less than twelve months in duration continue to be treated as operating leases and the costs are expensed to the income statement on a straight line basis. At the end of the year all of the Group's leases were recognised as right-of-use assets.

(xii) Pensions

The Group operates defined contribution pension schemes covering the majority of its employees. The costs of the pension schemes are charged to the income statement as they are incurred. Any amounts unpaid at the end of the period are reflected in other creditors.

(xiii) Exceptional items

Exceptional items are significant items of non-recurring expenditure that have been separately presented by virtue of their nature to enable a better understanding of the Group's financial performance. Exceptional items relate to acquisition-related costs incurred by the Group in relation of its anticipated merger. Non-recurring exceptional items are presented after operating profit in the Income Statement.

4 IMPACT DUE TO CHANGES IN ACCOUNTING POLICIES

Adoption of IFRS 16 Leases

As explained in note 1, the Group has adopted IFRS 16 Leases as issued in January 2016. The Group has elected to apply the following practical expedients and exemptions as permitted within the standard:

- not to reassess the original lease contracts;
- leases which are due to expire within 12 months from adoption are treated as short-term leases and will continue to be accounted for as operating leases;
- not to apply the standard to low value lease assets; and
- use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

As at the date of transition, there was only one lease that had an expiry date of less than twelve months and continued to be accounted for as an operating lease.

Adjustments recognised on adoption of IFRS 16 Leases

The Group has recognised the total lease liability on those leases which were previously accounted for as operating leases, subject to certain practical expedients applied at transition and the exemption for short-term leases and low value assets.

The measurement of the lease liability is based on the total amount of outstanding lease payments, discounted to its present value based on the incremental borrowing rate. The Group's weighted average incremental borrowing rate as at 1st July 2019 was 6%.

	£ Group	£ Company
Operating lease commitments as disclosed 30th June 2019	1,124,323	850,595
Discounted present value of lease liability	1,102,925	845,519
Add: adjustment for different treatment of renewal options contained within the lease	1,022,089	706,199
Less: short-term operating leases less than twelve months	(49,527)	0
Lease liability recognised at 1st July 2019	2,075,487	1,551,718
of which:		
Current lease liabilities	419,086	256,134
Non-current lease liabilities	1,656,401	1,295,584
	2,075,487	1,551,718

4 IMPACT DUE TO CHANGES IN ACCOUNTING POLICIES CONTINUED

Right-of-use-assets

The right-of-use asset was measured at the present value of the lease liability, adjusted for any prepaid or accrued lease payments relating to the leases at the date of initial recognition and the impact of future restoration costs.

The right-of-use assets all relate to property leases.

	Group		Company	
	30th June 2020	1st July 2019	30th June 2020	1st July 2019
Property leases	**1,933,411**	2,165,661	**1,441,916**	1,620,297

This change in accounting policy has had the following impact on the Group and Company's balance sheet as at 1st July 2019.

	Group 1st July 2019	Company 1st July 2019
• Right-of-use assets increase by	2,165,661	1,620,297
• Lease liabilities increase by	2,075,487	1,551,718
• Prepayments decrease by	83,072	61,476
• Accruals decrease by	149,192	149,192
• Dilapidation provisions increase by	7,103	7,103
• Deferred tax liabilities increase by	26,855	26,855

The net impact on retained earnings for the Group as at 1st July 2019 was an increase of £122,337.

Due to the change in policy, the income statement is impacted by an increase in both depreciation and interest costs and a reduction in other administrative expenses.

The amounts recognised in the income statement after applying IFRS 16 Leases are as follows:

	Group 30th June 2020 £
Depreciation of right-of-use assets	**341,247**
Interest expense on lease liabilities	**116,958**

The cash flow statement will see movements within the financing activities in relation to lease payments made and operating activities in relation to depreciation and interest costs on the leased assets and liabilities.

The impact on earnings per share for the year ended 30th June 2020 was a decrease of £0.0029 due to the adoption of IFRS 16 Leases.

5 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 £	Canada £	UK £	Europe (ex UK) £	Other £	Total £
Year to 30th June 2020						
Gross fee income	**30,893,843**	**1,166,649**	**330,992**	**871,708**	**–**	**33,263,192**
Non-current assets:						
Property and equipment	**201,831**	**–**	**317,522**	**–**	**23,565**	**542,918**
Right-of-use assets	**323,813**	**–**	**1,441,916**	**–**	**167,682**	**1,933,411**
Intangible assets	**28,557**	**–**	**18,752**	**–**	**–**	**47,309**
Year to 30th June 2019						
Gross fee income	29,577,509	1,035,215	379,197	941,308	–	31,933,229
Non-current assets:						
Property and equipment	255,493	–	381,726	–	32,829	670,048
Intangible assets	160,422	–	33,043	–	–	193,465

The Group has classified its fee income based on the domicile of its clients and non-current assets based on where the assets are held. Included in revenues are fees of £4,392,106 (2019: £4,226,746) which arose from fee income from the Group's largest client. No other single client contributed 10 per cent or more to the Group's revenue in either of the reporting periods.

6 EMPLOYEES

	Group		Company	
(a) Average number of persons employed by the Group in the period:	**Year to 30th June 2020 Number**	Year to 30th June 2019 Number	**Year to 30th June 2020 Number**	Year to 30th June 2019 Number
Investment Management/Research	**28**	30	**17**	16
Performance and Attribution	**4**	4	**–**	–
Business Development/Marketing	**4**	4	**1**	1
Client Services	**7**	7	**2**	2
Administration, Accounts and Settlements	**29**	28	**8**	8
	72	73	**28**	27

	Group		Company	
(b) The aggregate employment costs of employees and Directors were:	**Year to 30th June 2020 £**	Year to 30th June 2019 £	**Year to 30th June 2020 £**	Year to 30th June 2019 £
Wages and salaries	**6,833,245**	6,571,672	**3,087,816**	2,869,671
Profit sharing payments	**5,654,202**	5,111,137	**2,452,134**	2,097,901
Social security costs	**1,163,021**	1,070,638	**813,318**	743,412
Defined contribution pension costs	**763,490**	762,836	**339,012**	332,821
EIP-related charges	**867,072**	800,069	**419,885**	393,875
Share options charge	**–**	(1,757)	**–**	(237)
Other employee costs	**396,334**	475,159	**154,113**	262,732
	15,677,364	14,789,754	**7,266,278**	6,700,175

7 DIRECTORS

Directors' emoluments comprise:	Year to 30th June 2020 £	Year to 30th June 2019 £
Emoluments (excluding pension contributions and awards under share option schemes)	2,376,153	2,550,029
EIP participation	190,071	146,667
Social security costs	223,270	181,696
Pension contributions	91,961	112,006
Other taxable benefits^	21,205	17,453
EIP-related charges	275,228	301,045
Gains on exercise of share options	12,635	24,725

	Year to 30th June 2020 Number	Year to 30th June 2019 Number
Number of Directors on whose behalf pension contributions were paid during the period	5	4
Number of Directors who exercised share options during the period	1	2

Highest paid Director's remuneration:	Year to 30th June 2020 £	Year to 30th June 2019 £
Emoluments (excluding pension contributions and awards under share option schemes)	567,121	904,240
EIP participation	80,800	–
Social security costs	18,154	20,652
Pension contributions	28,293	34,782
Other taxable benefits^	5,622	2,809
EIP-related charges	109,135	–
Gains on exercise of share options	12,635	–

^ The regulations require us to disclose taxable benefits. Health insurance is offered to all employees but is not considered a taxable benefit in all countries. For comparative purposes we have based our calculations on all health insurance costs incurred, whether a taxable benefit or not.

Further details relating to Directors' emoluments can be found in the Remuneration report on pages 63 to 80.

8 OPERATING PROFIT

The operating profit is arrived at after charging:	Year to 30th June 2020 £	Year to 30th June 2019 £
Depreciation of owned assets	205,144	204,601
Depreciation of right-of-use assets	341,247	–
Amortisation of intangible assets	86,691	101,844
Auditors' remuneration:		
– Statutory audit	90,115	88,016
– Audit related assurance services	10,630	9,050
– Under/(over)-accrual of prior year audit fees	274	(6,417)
– Non-audit services relating to KMI transaction*	150,608	–
Short-term lease expense	46,568	–
Operating lease rentals:		
– Land and buildings**	–	444,936

* £37,652 out of this amount is included in exceptional costs and the balance is included in other receivables as a cost to be capitalised for the share issuance in FY 2021, once the new shares are issued on completion of the merger transaction.

** With the adoption of IFRS 16 Leases operating lease rentals on land and buildings are no longer being charged to the consolidated income statement.

9 INTEREST (PAYABLE)/RECEIVABLE AND SIMILAR (LOSSES)/GAINS

	Year to 30th June 2020 £	Year to 30th June 2019 £
Interest on bank deposit	74,033	87,749
Unrealised (loss)/gain on investments	(886,256)	848,652
Loss on hedging investments	(1,287)	(43,788)
Interest payable on lease liabilities	(116,958)	–
Interest (payable)/receivable on restated US tax returns	(13,221)	1,118
	(943,689)	893,731

10 TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of tax charge on ordinary activities:	Year to 30th June 2020 £	Year to 30th June 2019 £
Tax at 19% (2019: 19%) based on the profit for the period	2,169,283	2,042,012
Double taxation relief	(497,843)	(677,912)
Deferred tax on share options and investments	(126,714)	52,798
Adjustments in respect of prior years	(58,985)	76,279
Domestic tax total	1,485,741	1,493,177
Foreign tax for the current period	659,394	902,276
Deferred Tax on EIP	(5,890)	(300,825)
Adjustments in respect of prior years	(98,722)	257,647
Foreign tax total	554,782	859,098
Total tax charge in income statement	2,040,523	2,352,275

(b) Factors affecting tax charge for the current period:

The tax assessed for the period is different to that resulting from applying the standard rate of corporation tax in the UK – 19% (prior year – 19%). The differences are explained below:

	Year to 30th June 2020 £	Year to 30th June 2019 £
Profit on ordinary activities before tax	9,406,501	11,397,559
Tax at 19% (2019: 19%) thereon	(1,787,235)	(2,165,536)
Effects of:		
Unrelieved overseas tax	(161,551)	(224,364)
Expenses not deductible for tax purposes	(236,574)	(6,732)
(Losses)/gains not eligible for tax	(122,206)	160,031
Capital allowances (less than)/more than depreciation	(27,774)	22,306
Prior period adjustments	157,707	(333,926)
Deferred tax on share based payments and financial assets	132,604	248,027
Other	4,506	(52,081)
Total tax charge in income statement	(2,040,523)	(2,352,275)

11 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 of £7,559,580 (2019: £8,798,910) divided by the weighted average number of ordinary shares in issue for the period ended 30th June 2020 of 24,964,841 (2019: 25,203,147).

As set out in the Directors' report on page 50, the Employee Benefit Trust held 1,664,055 ordinary shares in the Company as at 30th June 2020. 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 of £7,559,580 (2019: £8,798,910) divided by the diluted weighted average number of ordinary shares for the period ended 30th June 2020 of 25,623,092 (2019: 25,816,823).

Reconciliation of the figures used in calculating basic and diluted earnings per share:

	30th June 2020 Number of shares	30th June 2019 Number of shares
Weighted average number of shares – basic earnings per share	**24,964,841**	25,203,147
Effect of dilutive potential shares – share options	**68,082**	84,514
Effect of share awards under the EIP	**590,169**	529,162
Weighted average number of shares – diluted earnings per share	**25,623,092**	25,816,823

12 PROPERTY AND EQUIPMENT

	30th June 2020				30th June 2019			
	Furniture and equipment £	Computer and telephone equipment £	Short leasehold improve-ments £	Total £	Furniture and equipment £	Computer and telephone equipment £	Short leasehold improve-ments £	Total £
Group								
Cost								
At start of period	384,661	1,595,052	650,690	2,630,403	259,780	1,955,969	707,222	2,922,971
Currency translation	3,629	(15,907)	10,404	(1,874)	4,353	(11,984)	16,892	9,261
Additions	3,136	75,379	–	78,515	175,019	146,817	99,720	421,556
Disposals	–	(56,545)	–	(56,545)	(54,491)	(495,750)	(173,144)	(723,385)
At close of period	391,426	1,597,979	661,094	2,650,499	384,661	1,595,052	650,690	2,630,403
Accumulated depreciation								
At start of period	221,411	1,357,673	381,271	1,960,355	251,134	1,715,243	506,353	2,472,730
Currency translation	3,258	(17,069)	12,438	(1,373)	5,253	(14,271)	15,427	6,409
Charge for the period	21,325	148,980	34,839	205,144	19,515	152,451	32,635	204,601
Disposals	–	(56,545)	–	(56,545)	(54,491)	(495,750)	(173,144)	(723,385)
At close of period	245,994	1,433,039	428,548	2,107,581	221,411	1,357,673	381,271	1,960,355
Net book value								
At close of period	145,432	164,940	232,546	542,918	163,250	237,379	269,419	670,048
Company								
Cost								
At start of period	235,371	486,841	213,321	935,533	120,557	643,134	289,059	1,052,750
Additions	–	43,111	–	43,111	165,136	129,263	97,406	391,805
Disposals	–	(46,454)	–	(46,454)	(50,322)	(285,556)	(173,144)	(509,022)
At close of period	235,371	483,498	213,321	932,190	235,371	486,841	213,321	935,533
Accumulated depreciation								
At start of period	80,398	318,549	122,031	520,978	120,295	519,471	287,067	926,833
Charge for the period	17,317	89,119	10,143	116,579	10,425	84,634	8,108	103,167
Disposals	–	(46,454)	–	(46,454)	(50,322)	(285,556)	(173,144)	(509,022)
At close of period	97,715	361,214	132,174	591,103	80,398	318,549	122,031	520,978
Net book value								
At close of period	137,656	122,284	81,147	341,087	154,973	168,292	91,290	414,555

13 RIGHT-OF-USE ASSETS

	30th June 2020 Property leases £
Group	
Cost	
On adoption of IFRS 16	2,165,661
Currency translation	15,706
Additions	97,525
At close of period	2,278,892
Depreciation charge	
Currency translation	4,234
Charge for the period	341,247
At close of period	345,481
Net book value	
At close of period	1,933,411
Company	
Cost	
On adoption of IFRS 16	1,620,297
At close of period	1,620,297
Depreciation charge	
Charge for the period	178,381
At close of period	178,381
Net book value	
At close of period	1,441,916

As at the period end all of the Group's five right-of-use assets were in relation to property leases. The current lease periods range between 2 to 8 years with an average remaining term of 3.25 years.

Details of our leases and interest costs are shown in notes 4 and 24. Expenses in relation to short-term leases are shown in note 8. There were no short-term leases as at the end of the financial year.

14 INTANGIBLE ASSETS

	30th June 2020 Long-term software licences £	30th June 2019 Long-term software licences £
Group		
Cost		
At start of period	745,594	718,958
Currency translation	16,377	26,636
At close of period	761,971	745,594
Amortisation charge		
At start of period	552,129	426,921
Currency translation	75,842	23,364
Charge for the period	86,691	101,844
At close of period	714,662	552,129
Net book value		
At close of period	47,309	193,465
Company		
Cost		
At start of period	57,162	57,162
At close of period	57,162	57,162
Amortisation charge		
At start of period	24,119	9,829
Charge for the period	14,291	14,290
At close of period	38,410	24,119
Net book value		
At close of period	18,752	33,043

15 OTHER FINANCIAL ASSETS (NON-CURRENT)

	30th June 2020			30th June 2019		
Group	Unlisted investments £	Listed investments £	Total £	Unlisted investments £	Listed investments £	Total £
Cost						
At start of period	44,475	7,655,016	7,699,491	38,170	–	38,170
Additions	1,218	–	1,218	–	7,088,847	7,088,847
Disposals	–	(274,625)	(274,625)	–	–	–
Fair value gains/(losses)	106,839	(770,677)	(663,838)	6,305	566,169	572,474
Deconsolidation of EM REIT fund	1,629,209	(1,629,209)	–	–	–	–
Deconsolidation of NCI	–	(2,767,519)	(2,767,519)	–	–	–
At close of period	1,781,741	2,212,986	3,994,727	44,475	7,655,016	7,699,491

15 OTHER FINANCIAL ASSETS (NON-CURRENT) CONTINUED

Company	30th June 2020 Unlisted investments £	Investment in subsidiary undertakings £	Total £	30th June 2019 Unlisted investments £	Investment in subsidiary undertakings £	Total £
Cost						
At start of period	44,475	5,124,087	5,168,562	38,170	1,031,760	1,069,930
Additions	1,218	112,812	114,030	–	4,132,686	4,132,686
Disposals	–	(33,080)	(33,080)	–	(40,359)	(40,359)
Fair value (losses)/gains	(224,130)	–	(224,130)	6,305	–	6,305
Reclassification of EM REIT investment	1,960,169	(1,960,169)	–	–	–	–
At close of period	1,781,732	3,243,650	5,025,382	44,475	5,124,087	5,168,562

The additions and disposals in investments in subsidiary undertakings reflect the allocation of share-based payments from the Company to its subsidiaries under IFRS 2 Share-based Payment.

All Group companies are listed in note 2 on page 92.

16 DEFERRED TAX ASSET

	Share-based payments Group £	Company £
At 30th June 2018	119,078	40,011
Credit to income	361,247	22,470
Debit to equity	(100,091)	(35,460)
At 30th June 2019	380,234	27,021
Credit to income	47,183	12,600
Debit to equity	(79,409)	(27,021)
At 30th June 2020	**348,008**	**12,600**

17 TRADE AND OTHER RECEIVABLES

	Group		Company	
	30th June 2020 £	30th June 2019 £	30th June 2020 £	30th June 2019 £
Trade receivables	74,283	107,502	–	–
Accrued income	4,598,493	4,993,722	–	–
Amounts owed by Group undertakings	–	–	10,631,852	8,577,941
Other receivables	768,564	159,312	689,167	78,267
Prepayments	692,538	718,912	290,141	342,678
	6,133,878	5,979,448	11,611,160	8,998,886

18 OTHER FINANCIAL ASSETS (CURRENT)

Group and Company	30th June 2020 £	30th June 2019 £
Listed investments at market value		
At start of period	126,754	195,112
Additions	–	21,078
Disposals	(254,386)	(57,064)
Fair value gains/(losses)	127,632	(32,372)
At close of period	–	126,754
Listed investments at cost	–	256,931

19 TRADE AND OTHER PAYABLES

	Group		Company	
	30th June 2020 £	30th June 2019 £	30th June 2020 £	30th June 2019 £
Trade payables	1,743	15,407	–	–
Sundry payables	33,833	103,016	512	1,545
Amounts owed to Group undertakings	–	–	2,848,418	2,162,286
Other taxation and social security	153,880	131,808	106,972	108,155
Accruals and deferred income	5,455,179	5,516,253	2,517,360	2,274,437
	5,644,635	5,766,484	5,473,262	4,546,423

20 DEFERRED TAX LIABILITY

Group and Company	Group £	Company £
At 30th June 2018	3,221	3,221
Increase due to gain in fair value of other financial assets	113,220	–
At 30th June 2019	116,441	3,221
Decrease due to gain in fair value of other financial assets	(29,756)	–
Release due to re-classification of investment	(55,665)	–
IFRS 16 transitional adjustment as recognised in equity	26,854	26,854
At 30th June 2020	57,874	30,075

21 SHARE CAPITAL

Group and Company	30th June 2020 £	30th June 2019 £
Allotted, called up and fully paid		
At start of period 26,560,707 (2019: 26,861,707) Ordinary shares of 1p each	265,607	268,617
Shares repurchased and cancelled Nil (2019: 301,000)	–	(3,010)
At end of period 26,560,707 (2019: 26,560,707) Ordinary shares of 1p each	265,607	265,607

The share capital represents the nominal value of shares that have been issued. Fully paid ordinary shares carry one vote per share and carry a right to dividends.

22 RESERVES

Share premium account – used to record the issue of share capital at a premium to nominal value.

Investments in own shares – balance with trustees in relation to employee benefit schemes.

Share option reserve – provision for outstanding options in relation to employee share option scheme.

EIP share reserve – provision for Company contribution to EIP.

Foreign exchange reserve – records exchange differences arising from the translation of non-monetary assets.

Capital redemption reserve – created on the cancellation of share capital and reflects the value of share capital redeemed by the Company.

Retained earnings – includes all current and prior year retained profits and losses.

23 DIVIDEND

	30th June 2020 £	30th June 2019 £
Dividends paid:		
Interim dividend of 10p per share (2019: 9p)	2,488,116	2,270,070
Special dividend nil per share (2019: 13.5p)	–	3,405,105
Final dividend in respect of year ended:		
30th June 2019 of 18p per share (2018: 18p)	4,504,979	4,543,653
	6,993,095	10,218,828

A final dividend of 20p per share has been proposed, payable on 30th October 2020, subject to shareholder approval, to shareholders who are on the register of members on 9th October 2020.

24 LEASE LIABILITY AND COMMITMENTS

	Group Leasehold Property		Company Leasehold Property	
	30th June 2020 £	1st July 2019* £	30th June 2020 £	1st July 2019* £
Lease liabilities				
Current	406,179	419,086	168,367	256,134
Non-current	1,552,219	1,656,401	1,279,729	1,295,584
	1,958,398	2,075,487	1,448,096	1,551,718

* See note 4.

The following table shows the lease maturities as at the end of the current period:

	Group Leasehold Property		Company Leasehold Property	
	Present value of minimum lease payments £	Undiscounted minimum lease payments £	Present value of minimum lease payments £	Undiscounted minimum lease payments £
Lease liabilities				
Within one year	406,179	523,479	168,367	265,811
In the second to fifth year inclusive	789,964	1,015,538	517,474	732,801
After five years	762,255	749,005	762,255	749,005
	1,958,398	2,288,022	1,448,096	1,747,617

The total cash outflow in respect of lease liabilities for the period to 30th June 2020 was £420,529.

24 LEASE LIABILITY AND COMMITMENTS CONTINUED

As at 30th June 2019 the Group had the following commitments for future minimum lease payments under non-cancellable operating leases, in accordance with IAS 17:

	Group Leasehold property 30th June 2019 £	Company Leasehold property 30th June 2019 £
Within one year	423,153	212,649
In the second and fifth year inclusive	701,170	637,946
	1,124,323	850,595

25 SHARE-BASED PAYMENTS

(a) All share options granted are equity settled and fully vested. The number and weighted average exercise price of share options for each of the following groups is as follows:

	Year to 30th June 2020		Year to 30th June 2019	
	Number	Weighted average exercise price £	Number	Weighted average exercise price £
Outstanding at the beginning of the period	630,750	3.44	803,480	3.41
Forfeited during the period	–	–	8,125	2.81
Exercised during the period	108,875	3.30	164,605	3.13
Outstanding at the end of the period	521,875	3.47	630,750	3.44
Exercisable at the end of the period	521,875	3.47	630,750	3.44
The weighted average share price at the date of exercise for share options exercised during the period was		4.14		4.06

The total share-based payment for the period is nil (2019: credit of £1,757). For outstanding share options the exercise price ranged between £2.55 and £4.03 (2019: between £2.55 and £4.03), and their weighted average contractual life was 2.9 years (2019: 3.7 years).

(b) The Group introduced an Employee Incentive Plan (EIP) in 2016/17 which is open to employees of all Group companies and Executive Directors, details of the EIP can be found in the Directors' Remuneration Report on page 63.

Awards are made to participating employees over shares under the EIP where they have duly waived an element of their annual bonus before the required waiver date.

Awards under the EIP are made up of two elements: Deferred Shares and Bonus Shares. The Deferred Shares represent the waived bonus and the Bonus Shares represent the additional award made by the Company as a reward for participating in the EIP.

The Deferred Shares are treated as cash settled and the full cost is recognised in the income statement in the year of service. The Bonus Shares are treated as equity settled and as such their estimated fair value is spread over the period from the time the employee elects to participate, to when the award vests (i.e. no longer forfeitable). This will be recalculated when the awards are granted and any amount under or over the estimated value will be recognised through the income statement at that point in time. The estimated fair value of the Bonus Share awards is based on the cash equivalent at the time the employees elected to participate.

25 SHARE-BASED PAYMENTS CONTINUED

	Vesting date	Estimated charge £'000s	Actual charge £'000s	2016/17 £'000s	2017/18 £'000s	2018/19 £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	Total £'000s
Awards granted October 2017												
Bonus Shares tranche 1	Oct-18	177	194	49	111	34	–	–	–	–	–	194
Bonus Shares tranche 2	Oct-19	178	194	31	72	69	22	–	–	–	–	194
Bonus Shares tranche 3	Oct-20	177	193	22	53	51	51	16	–	–	–	193
		532	581	102	236	154	73	16	–	–	–	581
Awards granted October 2018												
Bonus Shares tranche 1	Oct-19	280	269	–	119	112	38	–	–	–	–	269
Bonus Shares tranche 2	Oct-20	280	269	–	84	78	81	26	–	–	–	269
Bonus Shares tranche 3	Oct-21	279	269	–	65	60	62	62	20	–	–	269
		839	807	–	268	250	181	88	20	–	–	807
Awards granted October 2019												
Bonus Shares tranche 1	Oct-20	212	215	–	–	91	94	30	–	–	–	215
Bonus Shares tranche 2	Oct-21	212	214	–	–	63	65	65	21	–	–	214
Bonus Shares tranche 3	Oct-22	212	215	–	–	49	50	50	50	16	–	215
		636	644	–	–	203	209	145	71	16	–	644
Awards expected to be granted October 2020												
Bonus Shares tranche 1	Oct-21	242		–	–	–	104	104	34	–	–	242
Bonus Shares tranche 2	Oct-22	242		–	–	–	72	73	73	24	–	242
Bonus Shares tranche 3	Oct-23	242		–	–	–	56	55	56	56	19	242
		726	–	–	–	–	232	232	163	80	19	726
Total share-based payment charge				102	504	607	695	481	254	96	19	2,758

26 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) Remuneration of key management personnel

The remuneration of the Directors who are the key management personnel of the Group is provided in the Remuneration report on page 70 and in note 7.

(ii) Summary of transactions and balances

During the period the Company received from its subsidiaries £9,475,698 (2019: £9,141,471) in respect of management service charges and dividends of £8,800,000 (2019: £10,600,000).

Amounts outstanding between the Company and its subsidiaries as at 30th June 2020 are given in notes 17 and 19.

M Dwyer, a Director of the Company, is also a Director of the World Markets Umbrella Fund plc, a fund managed by City of London Investment Management Company Ltd. The management fees earned by the Group during the year from this fund totalled £871,709 (2019: £941,307), with £81,757 (2019: £84,948) outstanding at the year end.

27 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.

(i) Financial instruments by category

The tables below show the Group and Company's financial assets and liabilities as classified under IFRS 9 Financial Instruments:

Group

30th June 2020 Assets as per statement of financial position	Financial assets at amortised cost £	Assets at fair value through profit or loss £	Total £
Other non-current financial assets	–	3,994,727	3,994,727
Trade and other receivables	5,441,340	–	5,441,340
Cash and cash equivalents	14,594,333	–	14,594,333
Total	20,035,673	3,994,727	24,030,400

Liabilities as per statement of financial position	Financial liabilities at amortised cost £	Liabilities at fair value through profit or loss £	Total £
Trade and other payables	5,472,692	18,063	5,490,755
Current lease liabilities	406,179	–	406,179
Non-current lease liabilities	1,552,219	–	1,552,219
Total	7,431,090	18,063	7,449,153

30th June 2019 Assets as per statement of financial position	Financial assets at amortised cost £	Assets at fair value through profit or loss £	Total £
Other financial assets	–	126,754	126,754
Other non-current financial assets	–	7,699,491	7,699,491
Trade and other receivables	5,260,536	–	5,260,536
Cash and cash equivalents	13,813,089	–	13,813,089
Total	19,073,625	7,826,245	26,899,870

Liabilities as per statement of financial position	Financial liabilities at amortised cost £	Liabilities at fair value through profit or loss £	Total £
Trade and other payables	5,538,759	95,917	5,634,676
Total	5,538,759	95,917	5,634,676

27 FINANCIAL INSTRUMENTS CONTINUED

Company

30th June 2020 Assets as per statement of financial position	Investment in subsidiaries £	Financial assets at amortised cost £	Assets at fair value through profit or loss £	Total £
Other financial assets	1,283,481	1,960,169	1,781,732	5,025,382
Trade and other receivables	–	11,321,019	–	11,321,019
Cash and cash equivalents	–	213,510	–	213,510
Total	1,283,481	13,494,698	1,781,732	16,559,911

Liabilities as per statement of financial position	Financial liabilities at amortised cost £	Liabilities at fair value through profit or loss £	Total £
Trade and other payables	5,366,290	–	5,366,290
Current lease liabilities	168,367	–	168,367
Other non-current liabilities	1,279,729	–	1,279,729
Total	6,814,386	–	6,814,386

30th June 2019 Assets as per statement of financial position	Investment in subsidiaries £	Financial assets at amortised cost £	Assets at fair value through profit or loss £	Total £
Other financial assets	1,203,749	3,964,813	126,754	5,295,316
Trade and other receivables	–	8,656,208	–	8,656,208
Cash and cash equivalents	–	146,836	–	146,836
Total	1,203,749	12,767,857	126,754	14,098,360

Liabilities as per statement of financial position	Financial liabilities at amortised cost £	Liabilities at fair value through profit or loss £	Total £
Trade and other payables	4,438,268	–	4,438,268
Total	4,438,268	–	4,438,268

(ii) 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.

27 FINANCIAL INSTRUMENTS CONTINUED

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.
- Unlisted equity securities are valued using the net assets of the underlying companies and are shown under Level 3.

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.

Group

30th June 2020	Level 1 £	Level 2 £	Level 3 £	Total £
Financial assets at fair value through profit or loss				
Investment in other non-current financial assets	2,212,986	1,781,741	–	3,994,727
Total	2,212,986	1,781,741	–	3,994,727
Financial liabilities at fair value through profit or loss				
Forward currency trades	–	18,063	–	18,063
Total	–	18,063	–	18,063

30th June 2019	Level 1 £	Level 2 £	Level 3 £	Total £
Financial assets at fair value through profit or loss				
Investment in other financial assets	126,754	–	–	126,754
Investment in other non-current financial assets	7,655,016	44,475	–	7,699,491
Total	7,781,770	44,475	–	7,826,245
Financial liabilities at fair value through profit or loss				
Forward currency trades	–	95,917	–	95,917
Total	–	95,917	–	95,917

27 FINANCIAL INSTRUMENTS CONTINUED

Company

30th June 2020	Level 1 £	Level 2 £	Level 3 £	Total £
Investment in own funds	–	1,781,741	–	1,781,741
Total	–	1,781,741	–	1,781,741

30th June 2019	Level 1 £	Level 2 £	Level 3 £	Total £
Financial assets at fair value through profit or loss				
Investment in other financial assets	126,754	–	–	126,754
Investment in own funds	–	3,964,813	–	3,964,813
Total	126,754	3,964,813	–	4,091,567

Level 3

Level 3 assets as at 30th June 2020 are nil (2019: nil).

The Fund establishes valuation processes and procedures to ensure that the valuation techniques for investments that are categorised within Level 3 of the fair value hierarchy are fair, consistent, and verifiable. The Group is responsible for overseeing the implementation of the valuation policies and procedures, which includes the valuation process of the Fund's Level 3 investments.

As the Group gained a significant investor in the EM REIT fund, this entity is not being consolidated in our books as at the year end. At the Group level this has the effect of changing the level in which we report this in the current year from Level 1 to Level 2, although still as a financial asset at fair value through profit or loss.

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 £29,935 (2019: net loss £143,082).

(iii) Foreign currency risk

Almost all of the Group's revenues, and a significant part of its expenses, are denominated in currencies other than sterling, principally US dollars. These revenues are derived from fee income which is based upon the net asset value of accounts managed, and have the benefit of a natural hedge by reference to the underlying currencies in which investments are held. Inevitably, debtor and creditor balances arise which in turn give rise to currency exposure.

The Group assesses its hedging requirements and executes forward foreign exchange transactions so as to substantially reduce the Group's exposure to currency market movements. The level of forward currency hedging is such as is judged by the Directors to be consistent with market conditions.

As at 30th June 2020, the Group had net asset balances of US$6,820,219 (2019: US$6,901,890), offset by forward sales totalling US$5,000,000 (2019: US$6,750,000). Other significant net asset balances were C$503,545 (2019: C$493,721), and net liability balances of AED110,217 (2019: net assets AED195,544), and SGD176,699 (2019: net assets SGD120,583).

27 FINANCIAL INSTRUMENTS CONTINUED

Had the US dollar strengthened or weakened against sterling as at 30th June 2020 by 10%, with all other variables held constant, the Group's net assets would have increased or decreased (respectively) by less than 3%, because the US dollar position is hedged by the forward sales.

(iv) Market risk

Changes in market prices, such as foreign exchange rates and equity prices will affect the Group's income and the value of its investments.

Where the Group holds investments in its own funds categorised as unlisted investments, the market price risk is managed through diversification of the portfolio. A 10% increase or decrease in the price level of the funds' relevant benchmarks, with all other variables held constant, would result in an increase or decrease of approximately £0.2 million in the value of the investments and profit before tax.

The Group's International REIT fund has been consolidated as a controlled entity, and therefore the securities held by the fund are reported in the consolidated statement of financial position under investments. At 30th June 2020, all those securities were listed on a recognised exchange. A 10% increase or decrease in the price level of the securities would result in a gain or loss respectively of approximately £0.2 million, of which 93% would be attributable to the Group and 7% to the non-controlling interest.

The Group is also exposed to market risk indirectly via its funds under management, from which its fee income is derived. To hedge against potential losses in fee income, the Group may look to invest in securities or derivatives that should increase in value in the event of a fall in the markets. The purchase and sale of these securities are subject to limits established by the Board and are monitored on a regular basis. The investment management and settlement functions are totally segregated.

The loss from hedging recognised in the Group income statement for the period is £1,287 (2019: £43,788).

(v) Credit risk

The majority of debtors relate to management fees due from funds and segregated account holders. As such the Group is able to assess the credit risk of these debtors as minimal. For other debtors a credit evaluation is undertaken on a case by case basis.

The Group has zero experience of bad or overdue debts.

The majority of cash and cash equivalents held by the Group are with leading UK banks. The credit risk is managed by carrying out regular reviews of each institution's credit rating and of their published financial position. Given their high credit ratings, management does not expect any counterparty to fail to meet its obligations.

(vi) Liquidity risk

The Group's liquidity risk is minimal because commission payable forms the major part of trade creditors, and payment is made only upon receipt of the related fee income plus the Group's strategy is to maximise its cash position. In addition, the Group's investments in funds that it manages can be liquidated immediately if required.

(vii) Interest rate risk

The Group has no borrowings, and therefore has no exposure to interest rate risk other than that which attaches to its interest earning cash balances and forward currency contracts. The Group's strategy is to maximise the amount of cash which is maintained in interest bearing accounts, and to ensure that those accounts attract a competitive interest rate. At 30th June 2020 the Group held £14,594,333 (2019: £13,813,089) in cash balances, of which £14,170,849 (2019: £13,548,359) was held in bank accounts which attract variable interest rates. The effect of a 100 basis points increase/decrease in interest rates on the Group's net assets would not be material.

27 FINANCIAL INSTRUMENTS CONTINUED

(viii) Capital risk management

The Group manages its capital to ensure that all entities within the Group are able to operate as going concerns and exceed any minimum externally imposed capital requirements. The capital of the Group and Company consists of equity attributable to the equity holders of the Parent Company, comprising issued share capital, share premium, retained earnings and other reserves as disclosed in the statement of changes in equity.

The Group's principal operating subsidiary company, City of London Investment Management Company Ltd is subject to the minimum capital requirements of the Financial Conduct Authority (FCA) in the UK. This subsidiary held surplus capital over its requirements throughout the period.

The Group is required to undertake an Internal Capital Adequacy Assessment Process (ICAAP), under which the Board quantifies the level of capital required to meet operational risks. The objective of this is to ensure that the Group has adequate capital to enable it to manage risks which are not adequately covered under the Pillar 1 requirements. This process includes stress testing for the effects of major risks, such as a significant market downturn, and includes an assessment of the Group's ability to mitigate the risks.

28. POST BALANCE SHEET EVENT

As detailed in the Prospectus released on 12th June 2020, the CLIG Board entered into a Merger Agreement to acquire the entire issued share capital of Karpus Management Inc. (KMI), a US based investment management business, on a debt free basis, to be satisfied through the issue of 24.1 million new CLIG shares. On 13th July 2020, CLIG shareholders approved the merger with 99% voting in favour. The merger is expected to be completed on 1st October 2020. Refer page 8 for further details on the merger.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of City of London Investment Group PLC (the "Company") will be held at 77 Gracechurch Street, London EC3V 0AS on Monday 19th October 2020 at 11.30 am to consider, and if thought fit, pass resolutions 1 to 14 as ordinary resolutions and resolutions 15 to 18 as special resolutions:

IMPORTANT INFORMATION – IMPACT OF THE COVID-19 PANDEMIC ON THE AGM
Due to mandatory measures imposed by the UK Government as a result of the spread of the COVID-19 virus in the United Kingdom, the Annual General Meeting will be convened as a closed meeting with the minimum quorum of shareholders present in order to conduct the business of the meeting. Physical attendance at the General Meeting will not be permitted. All resolutions will be taken on a poll and, accordingly, you are asked to vote by the means as set out in the Notes of the Notice of meeting as soon as possible and, in any event, so as to be received by the Registrar, Link Asset Services by not later than 11.30 am on 15th October 2020 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting). Alternatively, Shares held in uncertificated form (i.e. in CREST) may be voted through the CREST Proxy Voting Service in accordance with the procedures set out in the CREST manual on the Euroclear website (www.euroclear.com) by not later than 11.00 a.m. on 15th October 2020 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting). The results of the votes cast at the Annual General Meeting will be announced as soon as possible, once known, through a Regulatory Information Service, and on CLIG's website at www.citlon.co.uk

Members have a right under Section 319A of the Companies Act 2006 to require the Company to answer any question raised by a member at the Annual General Meeting, which relates to the business being dealt with at the meeting, although no answer need be given: (a) if to do so would interfere unduly with the preparation of the meeting or involve disclosure of confidential information; (b) if the answer has already been given on the Company's website; or (c) it is undesirable in the best interests of the Company or the good order of the meeting. Members wishing to raise any questions at the Annual General Meeting should do so by email to investorrelations@citlon.co.uk so as to be received by the Company no later than 11.30 a.m. on 15th October 2020. You may not use the email address to communicate with the Company for any purposes other than as expressly stated.

Ordinary business:

1. To receive and adopt the financial statements for the year ended 30th June 2020 together with the reports of the Directors and auditors thereon.
2. To approve the Annual report on remuneration for the year ended 30th June 2020.
3. To declare a final dividend of 20p per ordinary share for the year ended 30th June 2020 payable on 30th October 2020 to members on the register as at 9th October 2020.(1)
4. To re-elect, as a Director of the Company, Barry A Aling, who retires in accordance with the Articles of Association of the Company and offers himself for re-election.
5. To re-elect, as a Director of the Company, Mark D Dwyer, who retires in accordance with the Articles of Association of the Company and offers himself for re-election.
6. To re-elect, as a Director of the Company, Thomas W Griffith, who retires in accordance with the Articles of Association of the Company and offers himself for re-election.
7. To re-elect, as a Director of the Company, Barry M Olliff, who retires in accordance with the Articles of Association of the Company and offers himself for re-election.
8. To re-elect, as a Director of the Company, Peter E. Roth, who retires in accordance with the Articles of Association of the Company and offers himself for re-election.
9. To re-elect, as a Director of the Company, Jane M Stabile, who retires in accordance with the Articles of Association of the Company and offers herself for re-election.
10. To appoint, as a Director of the Company, Carlos M Yuste, who was appointed during the period and retires in accordance with the Company's Articles of Association and, being eligible, offers himself for re-appointment
11. To appoint RSM UK Audit LLP as auditors of the Company to hold office from the conclusion of the meeting until the conclusion of the next general meeting of the Company at which accounts are laid before the Company.
12. To authorise the Board to determine the auditors' remuneration.

(1) On 1 October 2020, it is expected that the Company's proposed merger with Karpus Management Inc ("KMI") will complete. Pursuant to the merger, the KMI stockholders shall receive shares in the Company which would be eligible for receiving dividends declared by the Company. However, the KMI Stockholders have agreed to waive their entitlement to receive this final dividend declared on the Company's shares in respect of the financial period to 30 June 2020 in respect of their entire holding of shares.

Special business:

13. THAT, in accordance with sections 551 of the Companies Act 2006, the Directors be generally and unconditionally authorised to exercise all powers conferred pursuant to Article 10 of the Company's Articles of Association to allot shares in the Company (which for this purpose includes grants of rights to subscribe for or to convert any security into shares) up to a maximum nominal amount of £88,536 (representing approximately one third of the Company's issued ordinary capital at the date of this notice), provided that this authority shall, unless renewed, varied or revoked by the Company, expire at the conclusion of the Company's next Annual General Meeting, or on 30th November 2021 (whichever is earlier), save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted (or rights to be granted) and the Directors may allot shares (or grant rights) in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

    This authority is in substitution for all previous authorities conferred on the Directors in accordance with section 551 of the Companies Act 2006.

14. THAT, the trustees from time to time of the City of London Employee Benefit Trust (the "EBT") be and are hereby authorised to hold ordinary shares in the capital of the Company, for and on behalf of the ESOP and Employee Incentive Plan, up to a maximum in aggregate equal to 10% of the issued ordinary share capital of the Company from time to time.

15. THAT, subject to the passing of resolution 13 and in accordance with section 570 and section 573 of the Companies Act 2006, the Directors be generally and unconditionally authorised to exercise all powers conferred pursuant to Article 10 of the Company's Articles of Association to allot equity securities (as defined in section 560 of the Companies Act 2006) pursuant to the authority conferred by resolution 13, as if the pre-emption provisions of section 561(1) of the Companies Act 2006 did not apply to such allotment, provided that this power shall be limited to the allotment of equity securities up to a maximum nominal amount of £13,280 (representing approximately 5% of the Company's issued ordinary capital at the date of this notice), provided that this authority shall, unless renewed, varied or revoked by the Company, expire at the conclusion of the Company's next Annual General Meeting, or on 30th November 2021 (whichever is earlier) save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted (or rights to be granted) and the Directors may allot shares (or grant rights) in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

16. THAT, in accordance with section 701 of the Companies Act 2006, the Company be generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of any of its ordinary shares of £0.01 (1p) provided that:

    (a) the maximum number of ordinary shares which may be purchased is 2,656,071 (representing approximately 10% of the Company's issued ordinary share capital at the date of this notice);

    (b) the minimum price which may be paid for each ordinary share is £0.01 (1p) which amount shall be exclusive of expenses, if any;

    (c) the maximum price, exclusive of any expenses, which may be paid for any ordinary share shall be higher of:
        (i) an amount equal to 105% of the average of the middle market quotations for the ordinary shares of the Company as derived from the Daily Official List of the London Stock Exchange plc for the five business days immediately preceding the date on which such ordinary share is contracted to be purchased; and
        (ii) the higher of the price quoted for
            (a) the last independent trade of; and
            (b) the highest current independent bid for, any number of ordinary shares on the trading venue where the purchase is carried out, and

    (d) unless previously renewed, revoked or varied, this authority shall expire at the conclusion of the Company's next Annual General Meeting, or on 30th November 2021 (whichever is earlier),

    under this authority the Company may make a contract to purchase ordinary shares which would or might be executed wholly or partly after the expiry of this authority and may make purchases of ordinary shares pursuant to it as if this authority had not expired.

17. THAT with effect from the conclusion of the meeting the articles of association of the Company be amended by deleting article 125 and replacing it with the following new article 125.

125. Any Director:

(a) who is appointed to any executive office may be paid remuneration, by way of salary, commission, bonus or otherwise as the Directors may determine (and such amounts will be inclusive of any amounts paid as Directors' fees);

(b) who serves on any committee or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director may be paid remuneration in addition to any amounts receivable under Article 156, by way of additional fee, salary, commission, bonus or otherwise (whether exclusive or inclusive of his remuneration (if any) under these Articles) as the Directors may determine.

18. THAT with effect from the conclusion of the meeting the articles of association of the Company be amended by deleting article 156 and replacing it with the following new article 156.

156. Without prejudice to Articles 125, 126 and 157, the Directors who do not hold executive office shall be entitled to receive by way of fees for their services as Directors (in addition to any amounts receivable under Article 125) such sum in aggregate as the Board may from time to time determine provided that such aggregate sum shall not exceed:

(a) £310,000; and

(b) any higher sum decided on by an ordinary resolution at a general meeting.

Such sum shall be divided among the Directors who do not hold executive office in such proportions and in such manner as the Board may determine, or in default of such determination, equally (except that in such event any such Director holding office for less than the whole of the relevant period in respect of which the fees are paid shall only rank in such division in proportion to the time during such period for which he holds office). Any fees payable pursuant to this Article shall be distinct from any salary, remuneration or other amounts payable to any Director pursuant to any other provisions of these Articles and shall accrue from day-to-day.

By order of the Board

P A Keith
Company Secretary

10th September 2020

Registered office: 77 Gracechurch Street, London EC3V 0AS
Registered in England and Wales No 2685257

NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

We are not sending out a Form of Proxy this year and shareholders are being encouraged to vote online by logging on to www.signalshares.com and following the instructions given. If you have not previously registered for electronic communications you will first be asked to register as a new user, for which you will require your investor code (which can be found on your share certificate). You may request a hard copy proxy form directly from the registrars, Link Asset Services, 34 Beckenham Road, Beckenham, BR3 4TU. The proxy appointment and instructions must be received electronically by the Company's Registrar not less than 48 hours before the time appointed for holding the AGM, no later than 11.30 am on 15th October 2020.

1. Given the current Coronavirus (COVID-19) situation, and to ensure adherence to current Government requirements, attendance in person at the meeting will not be possible this year. Shareholders are requested to appoint the Chairman of the meeting as his or her proxy as any other person so appointed will not be permitted to attend the meeting. The below notes are to be read subject to this COVID-19 related proviso.

2. Information about this meeting is available on the Company's website – www.citlon.co.uk

3. A Shareholder who is unable or does not wish to attend and vote at the Annual General Meeting (the "AGM") is entitled to appoint one or more proxies to exercise all or any of his/her rights to attend and speak and vote on his/her behalf at the meeting. A proxy need not be a Shareholder.

4. A Shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that Shareholder. To do this, that Shareholder can log on to www.signalshares.com and complete the online instructions. Alternatively, shareholders can request a Proxy Form from Link Asset Services as set out below at PXS 1, 34 Beckenham Road, Beckenham, BR3 4ZF. A Shareholder appointing more than one proxy should indicate the number of shares for which each proxy is authorised to act on his or her behalf.

5. You can vote either:
   - by logging on to www.signalshares.com and following the instructions;
   - you may request a hard copy form of proxy directly from the registrars, Link Asset Services, on Tel: 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 09:00 - 17:30, Monday to Friday excluding public holidays in England and Wales; or
   - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.

6. To be valid any Proxy vote must be received by Link Asset Services, The Registry, PXS 1, 34 Beckenham Road, Beckenham, BR3 4ZF, no later than 11:30 am on Thursday 15th October 2020.

7. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those Shareholders registered in the register of members of the Company at close of business on 15th October 2020 shall be entitled to attend or vote at the AGM in respect of the number of shares registered in their name at that time. If the meeting is adjourned, the Company specifies that only Shareholders entered on the Company's register of members not later than 48 hours before the time fixed for the adjourned meeting shall be entitled to attend and vote at the meeting.

8. In the case of a Shareholder which is a company, the Proxy Form must be executed either (i) under its common seal or (ii) signed on its behalf by a duly authorised officer, representative or attorney of the company, whose capacity should be stated.

9. Any power of attorney or any other authority under which the Proxy Form is signed (or a duly certified copy of such authority) must be included with the Proxy Form.

10. A "Vote withheld" is not a vote in law, which means that the vote will not be counted in the proportion of votes "For" and "Against" the Resolution. A Shareholder who does not give any voting instructions in relation to a Resolution should note that his/her proxy will have authority to vote or to withhold a vote on that Resolution as he/she thinks fit. A proxy will also have authority to vote or to withhold a vote on any other business (including amendments to resolutions) which properly comes before the AGM as he/she thinks fit.

11. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

12. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

13. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting (and any adjournment of the Meeting) by using the procedures described in the CREST Manual (available from www.euroclear.com/site/public/EUI). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

14. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID RA10) by 11.30 am on 15th October 2020. For this purpose, the time of receipt will be taken to mean the time (as determined by the timestamp applied to the message by the CREST application host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

15. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

16. The following documents are available for inspection between 10.00 am and 12.00 noon at the registered office of the Company on any weekday and will also be available for inspection in electronic form on request:

    (a) The register of interests of the Directors (and their families) in the share capital of the Company.

    (b) Copies of the Directors' contracts of service and letters of appointment of the Non-Executive Directors.

    (c) Terms of reference of the Audit, Remuneration and Nominations Committees.

    (d) Copies of the Company's articles of association.

17. At completion of the merger with KMI, the Company will enter into a relationship agreement with the Controlling Shareholder Group which will regulate the ongoing relationship between the Company and the Controlling Shareholder Group. The members of the Controlling Shareholder Group will agree to limit their voting rights at any shareholder meeting, including the Annual General Meeting, to the lower of: (i) the number of shares held by them; and (ii) 24.99 per cent. of the votes cast on any resolution by all shareholders.

EXPLANATION OF THE BUSINESS OF THE ANNUAL GENERAL MEETING

Report and accounts (Resolution 1)

The first item on the agenda requires that the Directors must present the accounts of the Company for the year ended 30th June 2020, together with the Directors' report and the independent auditors' report thereon.

Annual report on remuneration (Resolution 2)

In line with regulations relating to the preparation and approval of a Directors' remuneration report, resolution 2 is to be proposed at the AGM. The resolution will provide shareholders with the opportunity to comment on the remuneration, although shareholders should note that in accordance with the regulations the vote will be advisory in nature.

Declaration of final dividend (Resolution 3)

Your Directors are recommending a final dividend of 20p per ordinary share for the year ended 30th June 2020 which will be paid on 30th October 2020 to shareholders on the register at the close of business on 9th October 2020.

The Company's shares will trade ex-dividend from 8th October 2020 until the payment date.

On 1st October 2020, it is expected that the Company's proposed merger with Karpus Management Inc ("**KMI**") will complete. Pursuant to the merger, the KMI stockholders shall receive shares in the Company which would be eligible for receiving dividends declared by the Company. However, the KMI stockholders have agreed to waive their entitlement to receive this final dividend declared on the Company's shares in respect of the financial period to 30 June 2020 in respect of their entire holding of shares.

Re-election of Directors (Resolutions 4 – 10)

Article 138 of the Company's articles of association requires that a resolution for the appointment or re-appointment of two or more persons as Directors by a single resolution may not be moved unless a resolution that it shall be so moved has first been agreed to by the meeting without any vote being given against it. Consequently, separate resolutions will be put to the meeting. Susannah E M Nicklin who retires in accordance with the Articles of Association of the Company has decided not to offer herself for re-election.

Brief biographical details of all the Directors may be found on pages 48 to 49 of the annual report.

Independent Directors

Resolutions 4, 8 and 9 relate to the re-election of each of: Barry A Aling (Resolution 4), Peter E. Roth (Resolution 8) and Jane M Stabile (Resolution 9). These are the Directors that the Board has determined are independent directors for the purposes of the 2018 UK Corporate Governance Code (the "Independent Directors").

On 1st October 2020, it is expect that the Company's proposed merger with Karpus Management Inc ("**KMI**") will complete. Pursuant to the merger, the KMI stockholders shall receive shares in the Company which will be capable of being voted at the Annual General Meeting. Due to familial relationships, certain of the KMI stockholders will be regarded as a controlling shareholder group of the Company following completion of the merger, expected to hold, in aggregate, 19,145,222 shares being 37.78% of the Company's issued share capital: George W. Karpus, Karin Popham Anello. Katie Popham McCormick, William Popham, Alana Haehl, Nicholas Kuszlyk. Douglas Kuszlyk, Barbara Kuszlyk, Donald Haehl, Deborah Haehl, Alexandria Haehl, Dianna Kuszlyk and Rodd Riesenberger (the "**Controlling Shareholder Group**").

Under the Listing Rules, because the Controlling Shareholder Group together control in concert more than 30% of the voting rights of the Company (even though they have agreed to limit their voting rights as noted in note 18 above), the election or re-election of any Independent Director by shareholders must be approved by a majority vote of both:

(i) the shareholders of the Company; and

(ii) the independent shareholders of the Company (that is the shareholders of the Company entitled to vote on the election of Directors who are not part of the Controlling Shareholder Group).

Resolutions 4, 8 and 9 are therefore being proposed as ordinary resolutions which all shareholders may vote on, but in addition the Company will separately count the number of votes cast by independent shareholders in favour of the resolution (as a proportion of the total votes of independent shareholders cast on the resolution) to determine whether the second threshold referred to in (ii) above has been met. The Company will announce the results of the resolutions on this basis as well as announcing the results of the ordinary resolutions of all shareholders.

Under the Listing Rules, if a resolution to elect or re-elect an Independent Director is not approved by a majority vote of both the shareholders as a whole and the independent shareholders of the Company at the Annual General Meeting, a further resolution may be put forward to be approved by the shareholders as a whole at a meeting which must be held more than 90 days after the date of the first vote but within 120 days of the first vote. Accordingly, if any of Resolutions 4, 8 or 9 are not approved by a majority vote of the Company's independent shareholders at the Annual General Meeting, the relevant Director(s) will be treated as having been elected or re-elected only for the period from the date of the Annual General Meeting until the earlier of: (i) the close of any general meeting of the Company, convened for a date more than 90 days after the Annual General Meeting but within 120 days of the Annual General Meeting, to propose a further resolution to elect or re-elect him or her; (ii) the date which is 120 days after the Annual General Meeting; and (iii) the date of any announcement by the Board that it does not intend to hold a second vote.

In the event that the Director's election or re-election is approved by a majority vote of all shareholders at a second meeting, the Director will then be elected or re-elected until the next Annual General Meeting.

The Company is also required to provide details of:

(i) any previous or existing relationship, transaction or arrangement between an Independent Director and the Company, its Directors, any controlling shareholder or any associate of a controlling shareholder;

(ii) why the Company considers the proposed Independent Director will be an effective Director;

(iii) how the Company has determined that the proposed Director is an Independent Director; and

(iv) the process by which the Company has selected each Independent Director.

This is set out below:

Previous/existing relationships: The Company has received confirmation from each of the Independent Directors that, except as disclosed below, there is no existing or previous relationship, transaction or arrangement that the Independent Directors have or have had with the Company, its Directors, any controlling shareholder or any associate of a controlling shareholder.

Effectiveness: Biographical details of each of the Directors, who are all seeking election or re-election, appear on pages 48 to 49 of this document. The biographical details also set out each Independent Director's experience. The Board considers, following a formal Board performance evaluation, that each Director seeking re-election continues to contribute effectively and to demonstrate commitment to his or her role. This consideration of effectiveness is based on, amongst other things, the business skills, industry experience, business model experiences and other contributions individuals may make (including diversity considerations), both as an individual and also in contributing to the balance of skills, knowledge and capability of the Board as a whole, as well as the commitment of time for Board and Committee meetings and other duties.

Independence: Each Independent Director's independence was determined by reference to the relevant provisions of the 2018 UK Corporate Governance Code. The Board also considers that each of the Independent Directors is independent in character and judgment and that there are no relationships or circumstances which are likely to affect, or could appear to affect, their judgment.

Selection: For the selection of Independent Director's, recruitment consultants are engaged to assist in conducting a thorough search to identify suitable candidates. The selection process involves, amongst other things, giving the recruitment consultants a detailed brief of the desired candidate profile against objective criteria and a rigorous process of interviews and assessments is then carried out. The Nominations Committee is responsible in each case for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies.

Appointment of auditors (Resolution 11)

The Company is required at each general meeting at which its annual accounts and reports are laid before the shareholders (an "Accounts Meeting") to appoint auditors for the next financial year to hold office from the conclusion of that accounts meeting until the conclusion of the next accounts meeting. If resolution 11 is passed, RSM UK Audit LLP will be appointed as auditors to the Company for the financial year ending 30th June 2021.

Remuneration of auditors (Resolution 12)

In accordance with the Companies Act 2006, the remuneration of the auditors appointed by the shareholders may be fixed in such manner as the shareholders in general meeting may determine. It is normal practice for a company's Directors to be authorised to agree the auditors' fees. If this resolution is passed, the Audit Committee will review and approve the auditors' fees for recommendation to the Board.

Authority to allot shares (Resolution 13)

Resolution 13 will be proposed as an ordinary resolution in accordance with section 551 of the Companies Act 2006, to authorise the Directors generally to allot shares and rights over shares up to a maximum nominal amount of £88,536 representing approximately one third of the existing issued ordinary share capital as at the date of this notice.

Such authority will expire at the conclusion of the Company's next Annual General Meeting, or on 30th November 2021 (whichever is the earlier), unless renewed, varied or revoked by the Company prior to or on that date.

The City of London Employee Benefit Trust (the "EBT") (Resolution 14)

In accordance with the Association of British Insurers' Principles of Remuneration, the prior approval of shareholders should be obtained before 5% or more of the Company's issued share capital is held on behalf of the EBT.

Your Board of Directors therefore seeks the approval of shareholders by ordinary resolution to permit the trustees of the EBT to hold up to a maximum of 10% of the Company's issued ordinary share capital from time to time. Your Directors believe that granting such approval would be in the best interests of shareholders because it will offer the opportunity to align more closely the interests of employees and shareholders, will extend the Company's opportunities with respect to attracting new talent and will promote confidence in the stability of the Company's investment process from a client perspective.

EXPLANATION OF THE BUSINESS OF THE ANNUAL GENERAL MEETING
CONTINUED

Disapplication of pre-emption rights (Resolution 15)
Resolution 15 will be proposed as a special resolution in accordance with section 570 of the Companies Act 2006, to authorise the Directors of the Company to allot a limited number of shares for cash other than on a pre-emptive basis, up to an aggregate nominal value of £13,280 representing approximately 5% of the issued ordinary share capital al the date of this notice. This authority will expire at the conclusion of the Company's next Annual General Meeting, or on 30th November 2021 (whichever is earlier), unless renewed, varied or revoked by the Company prior to or on that date.

Purchase by the Company of its own shares (Resolution 16)
Under section 701 of the Companies Act 2006, the Directors of a company may make market purchases of that company's shares if authorised to do so. The Company's articles of association give a general authority to the Directors to purchase shares on the market, but that authority is subject to the approval of shareholders. Your Directors believe that granting such approval would be in the best interests of the shareholders in allowing Directors the flexibility to react promptly to circumstances requiring market purchases.

Accordingly, Resolution 16, which will be proposed as a special resolution, will give the Directors the authority to purchase issued shares of the Company under section 701 of the Companies Act 2006. The authority contained in this Resolution will be limited to an aggregate nominal value of £26,561 which represents approximately 10% of the issued ordinary share capital of the Company at the date of this notice. The price which may be paid for those shares is also restricted as set out in the Resolution. This authority will expire at the conclusion of the Company's next Annual General Meeting, or on 30th November 2021 (whichever is earlier).

The Board has no present intention of exercising this authority. However, this will be kept under review, and the Board will use this power only if and when, taking account of market conditions prevailing at the time, other investment opportunities, appropriate gearing levels and the overall financial position of the Group, they believe that the effect of such purchases will be in the best interests of shareholders generally and that they will result in an increase in earnings per share.

Shares purchased under this authority may be held as treasury shares. The Company may purchase and hold shares as treasury shares up to a maximum amount equal to 10% of the nominal value of the issued ordinary share capital at that time, rather than cancelling them. Shares held in treasury do not carry voting rights and no dividends will be paid on such shares. Shares held in treasury in this way can be sold for cash or cancelled. This would allow the Company to manage its capital base more effectively and to replenish its distributable reserves.

If and when the Board resolves to exercise its authority to make market purchases, it will at that time decide whether shares purchased are to be cancelled or held in treasury.

Alteration of Articles of Associations (Resolutions 17 and 18)
The Company is proposing to amend its articles of association by inserting a new article 125 in substitution for the existing article 125 and a new article 156 in substitution for the existing article 156. The changes introduced are to include a cap on fees payable to the Company's Non-Executive Directors. The amount of such cap would be subject to amendment by an ordinary resolution of the shareholders.

COMPANY INFORMATION

Financial adviser and broker
Zeus Capital
10 Old Burlington Street
London
W1S 3AG

Auditors
RSM UK Audit LLP
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

Bankers
The Royal Bank of Scotland plc
London City Office
62-63 Threadneedle Street
London
EC2R 8LA

Registrar
Link Asset Services
34 Beckenham Road
Beckenham
Kent
BR3 4TU

By phone on 0871 664 0300 from the UK and +44 371 664 0300 from overseas. *(Calls cost 12 pence per minute plus network extras. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open from 9am to 5:30pm Mon – Fri, excluding public holidays in England and Wales).*

By email:
enquiries@linkgroup.co.uk

Company registered office
City of London Investment Group PLC
77 Gracechurch Street
London
EC3V 0AS

Company registration number
2685257

Company Secretary
Philippa Keith

Financial calendar

First quarter Funds under Management (FuM) announcement	7th October 2020
Ex-dividend date for the final dividend	8th October 2020
Final dividend record date	9th October 2020
AGM	19th October 2020
Final dividend payment	30th October 2020
Second quarter FuM announcement	19th January 2021
Half year results and interim dividend announcement	15th February 2021
Ex-dividend date for the interim dividend	4th March 2021
Interim dividend record date	5th March 2021
Interim dividend payment	19th March 2021
Third quarter FuM announcement	20th April 2021
Year end	30th June 2021

For further information please see the shareholders page on our website www.citlon.co.uk

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