CITY OF LONDON
Investment Group PLC

2021/2022

ANNUAL REPORT & ACCOUNTS

CITY OF LONDON
Investment Group PLC

CITY OF LONDON
Investment Management Company Limited

KARPUS INVESTMENT MANAGEMENT

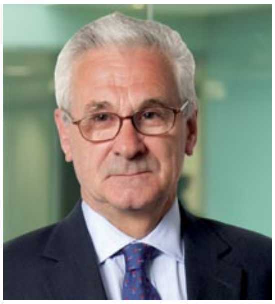
Our Purpose

The Group exists for the mutual benefit of our three primary stakeholders: Clients, Employees and Shareholders

Corporate statement

City of London Investment Group PLC (CLIG) is an established asset management group which has built its reputation by specialising in global closed-end fund investments, via City of London Investment Management Company Limited (CLIM), with an institutional client focus.

The Group has expanded its range by merging with Karpus Investment Management (KIM) to provide closed-end fund strategies to wealth management clients.



A tribute to Barry Olliff

Barry's career spanned over 50 years within the investment trust (closed-end fund) sector. Barry was the architect and driving force in the development of the business for many years and leaves a legacy of high standards of corporate transparency which is written into the CLIG DNA.

He retired as the CEO of CLIG at the end of 2019, and remained on the CLIG Board as a Non-Executive Director until his retirement in July 2022.

On behalf of the Board, employees and all our shareholders, we would like to say a heartfelt thank you to Barry and wish him the very best in his well-deserved retirement.

SUMMARY

Funds under Management (FuM) of US$9.2 billion (£7.6 billion) at 30th June 2022. This compares with US$11.4 billion (£8.3 billion) at the beginning of this financial year on 1st July 2021

Net fee income was £58.2 million (2021: £52.5 million)

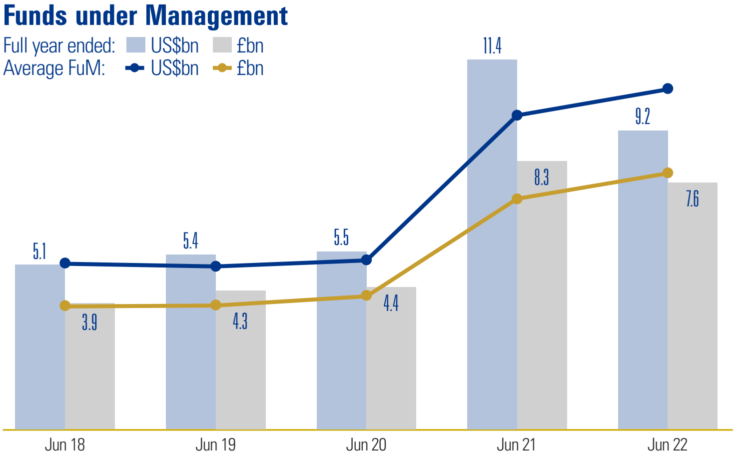
Underlying profit before tax* was £27.9 million (2021: £26.7 million). Profit before tax was £23.2 million (2021: £22.2 million)

Underlying basic earnings per share* were 44.2p (2021: 48.1p). Basic earnings per share were 36.9p (2021: 39.4p) after an effective tax charge of 22% (2021: 24%) of profit before taxation

Recommended final dividend of 22p per share (2021: 22p) payable on 4th November 2022 to shareholders on the register on 30th September 2022, making a total for the year of 46.5p (2021: 33p), including the special dividend of 13.5p paid on 25th March 2022 (2021: nil)

*This is an Alternative Performance Measure (APM). Please refer to page 33 for more details on APMs.

Funds under Management



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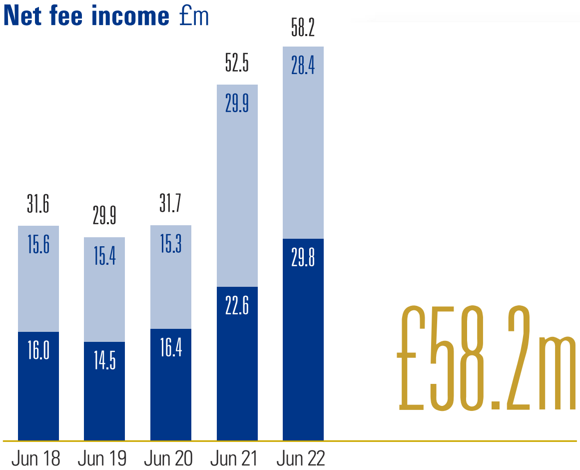
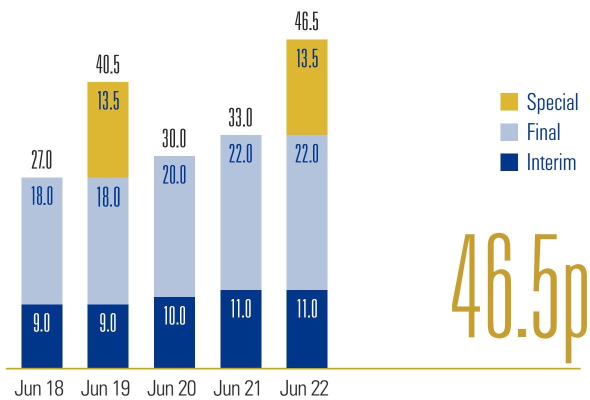
FINANCIAL HIGHLIGHTS

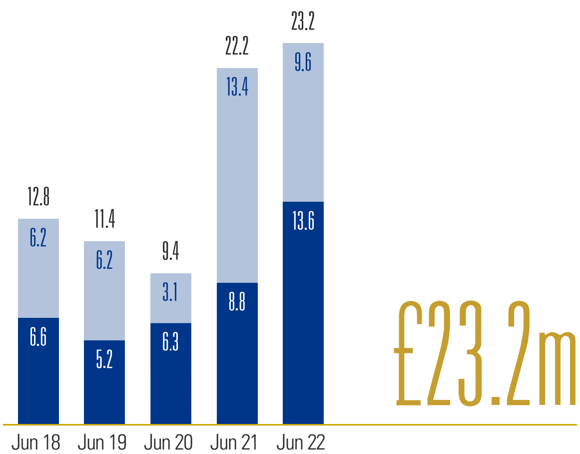
Net fee income £m



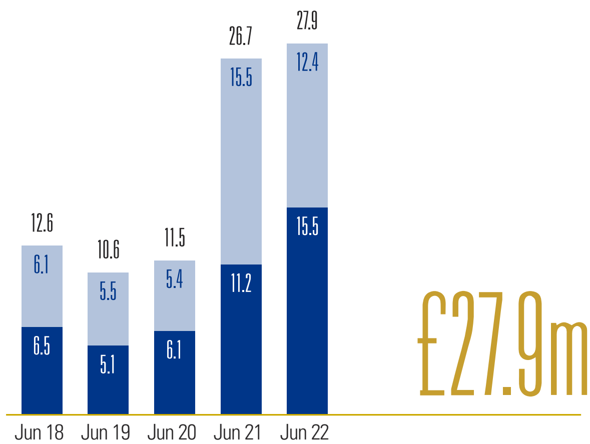
Dividends paid and proposed per share pence



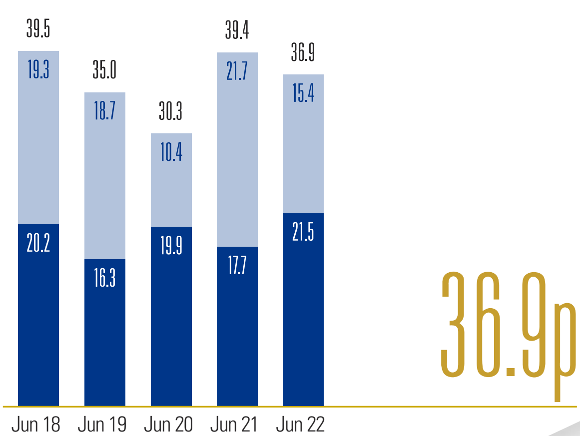
Profit before tax £m



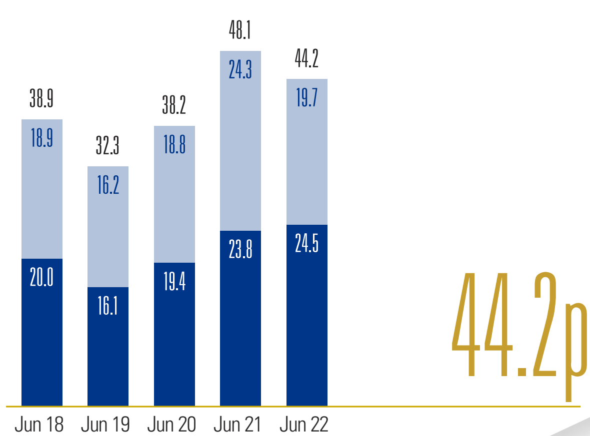
Underlying profit before tax* £m



Basic earnings per share pence



Underlying earnings per share* pence



First half year Second half year

* This is an Alternative Performance Measure (APM). Please refer to page 33 for more details on APMs.

AT A GLANCE

City of London Investment Group PLC (CLIG) is an established asset management group listed on the London Stock Exchange, consisting of two wholly owned subsidiaries that invest primarily in closed-end funds for the benefit of their respective clients

CITY OF LONDON
Investment Management Company Limited

City of London Investment Management Company Limited (CLIM), historically specialised in Emerging Markets, but now has expanded its range to include International, Opportunistic Value, Frontier, and Real Estate Investment Trust (REIT) strategies, primarily for institutional clients.

KARPUS
INVESTMENT
MANAGEMENT

Karpus Investment Management (KIM) provides closed-end fund strategies across all asset classes to wealth management clients in the United States.

CLIG
$9.2b FuM (£7.6b)

CLIM
$5.8b FuM (£4.8b)

KIM
$3.4b FuM (£2.8b)

Overview
Strategic report
Governance
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Shareholder information

CHAIR'S STATEMENT

"Irrespective of the macro-economic outlook, the CLIG business model, focused on value-orientated CEFs and encompassing a mix of institutional and wealth management clients, is stronger than in previous periods of difficult markets."

Barry Aling Chair

At the start of 2022, it was already clear that global markets faced challenges from tightening monetary policy and simmering tensions in Eastern Europe, as noted in my 17th February 2022 interim statement. However, the Russian invasion of Ukraine just one week later served to magnify dramatically these headwinds in terms of both intensity and time-scale. The emergence of open warfare in Eastern Europe and rising geopolitical tensions elsewhere is prompting a fundamental re-think of strategic planning both in terms of security and defence arrangements as well as supply patterns of strategic materials, including energy and food. Arguably, it is the monetary and inflationary consequences of supply disruptions, rather than overt conflict that have most troubled global markets in 2022, as evidenced by the 20%+ falls in most developed markets in the first half of the year. Although the MSCI emerging market index (MXEF) fell by less than 20% in the period, it has now fallen by more than 30% since its 2021 high, placing it firmly in bear market territory. A paradigm shift in US monetary policy in response to the inflation surge has meant that fixed income markets have provided limited shelter with the US 10-year Treasury benchmark falling 12% and the 30-year Treasury by no less than 21% in the year to June 2022.

Despite this plethora of negative news, corporate balance sheets are relatively healthy as evidenced by the rising level of shareholder distributions and buy-backs. Should supply bottlenecks ease in the coming months, there are grounds for a degree of optimism that the surge in price inflation and monetary tightening will prove to be of limited duration. Once again, the high level of market volatility has illustrated the benefits gained from the Karpus merger in 2020 in terms of the diversified revenue base derived from the transaction and, as always, we view the defensive qualities of closed-end funds (CEFs) across each of the CLIG strategies as an effective means to participate in a recovery in markets in due course.

Assets and performance

Inevitably, the marked falls across all market segments have reduced CLIG's Funds under Management (FuM) with a 19% fall in the year as a whole, nearly all of which occurred in the second half of the year. Within these figures, CLIM's FuM fell 23% to US$5.8 billion while KIM's FuM fell by 12% to US$3.4 billion, underlining the defensive nature of KIM's higher exposure to fixed income markets. Shareholders will appreciate that these figures are due in large part to matters beyond our control and are mirrored across the asset management industry as a whole. Importantly, it was pleasing to note that fund flows improved markedly in the second half of the year as a number of CLIM's institutional clients chose to increase equity exposure, in contrast to the withdrawals that occurred during the more buoyant conditions of 2021. Particularly strong inflows to the International CEF strategy in the second half of the year mean that this product now accounts for more than 30% of CLIM's FuM. Across the year as a whole, net Group inflows totalled US$102 million, compared with net outflows of US$752 million in the previous year and with a resumption of more active marketing opportunities in the post-pandemic world, we are hopeful that the healthy pipeline will translate into further inflows in the months ahead.

Relative performance of the main CLIM strategies was impacted in the immediate aftermath of the Ukraine invasion following a mandatory write-down of all Russian exposure and a widening of discounts in the CEF universe. More recently, however, some recovery in relative performance has been achieved as market volatility returns to more typical levels and we expect that, over time, strict adherence to our investment process will enable a resumption of the long-term track record of outperformance. Relative performance at KIM has again been outstanding with strong outperformance across six of the seven strategies. Reduced weightings to CEFs at a time of widening discounts, allied to a shift to the more defensive shorter maturities at a time of rising interest rates proved key to maintaining KIM's excellent long-term track record.

Results

Group statutory pre-tax profits rose by 4% in the year ended 30th June 2022 to £23.2 million (2021: £22.2 million) while underlying pre-tax profits*, which exclude exceptional or non-recurrent items, also rose by 4% to £27.9 million (2021: £26.7 million). Since results for the prior year included only a nine-month contribution from KIM, a more accurate year-on-year (YoY) comparison is provided by earnings per share (EPS). On this basis, fully diluted statutory EPS fell 6% to 36.4p (2021: 38.8p) and underlying fully-diluted EPS* fell by 7% to 43.7p (2021: 47.4p). Despite the ongoing competitive pressure on fees in the institutional market-place, the Group's average revenue margin declined slightly to 73bp (2021: 74bp).

In parallel to the "Ukraine" impact on equity and fixed income markets, the conflict has also prompted strong capital flows into US dollars, due to its traditional safe-haven characteristics. The fact that 100% of CLIG's revenues are earned in US dollars, therefore, provides a significant cushion to revenues and profits when translated into sterling and represents a useful hedge against sterling weakness. The benefit of this "hedge" has been reduced somewhat by the Karpus acquisition, with non-sterling costs rising from 56% to 66% of total operating expenses. Nevertheless an 8% reduction in average monthly US$ revenues between the three-month period leading up to the conflict and the three-month period thereafter, was reduced to just a 3% decline when expressed in sterling terms.

Dividends

Shareholders will have noted from my interim statement a note of prudence with regard to normal distributions (i.e. excluding special dividends) notwithstanding a buoyant result for the first half of the financial year. While a build-up of surplus cash allowed the payment of a 13.5p special dividend in March, it was already clear at the interim stage that the second half of the year would be more challenging and events since have certainly vindicated the earlier caution. In light of this, the Board has declared an unchanged final dividend of 22p to be paid on 4th November 2022 to those shareholders on the register at 30th September 2022. Taken together with the interim payment of 11p, total dividends of 33p for the year (excluding the special dividend) will be covered 1.13 times by this year's post-tax earnings or 1.22 times on a rolling five-year average basis, slightly ahead of the Group's five-year dividend cover policy of 1.2 times.

Board

Shareholders were informed at the interim stage that a full review of Board composition was underway with a view to meeting (as far as possible) the requirements of the UK Corporate Governance Code (the Code) in terms of both independence and diversity. Following this review, led by the Chair of the Nomination Committee, Jane Stabile, a reorganisation of the Board was agreed, to take effect from the close of the financial year on 30th June 2022, involving the resignation of three Executive Directors, Carlos Yuste, Dan Lippincott and Mark Dwyer, who have joined the new Group Executive Committee (GEC) to oversee the day-to-day running of both operating companies. CEO Tom Griffith's report in later pages will provide shareholders with additional detail regarding the GEC's functions while Jane's Nomination Committee Report will also address these changes and the ongoing plans for diversity and inclusion but I am pleased to be able to report to shareholders this significant progress in our governance architecture less than two years after the transformative Karpus merger.

I am very grateful to the three Executive Directors for their invaluable contributions to the Board's deliberations over a number of years as well as their agreement to a corporate restructuring, which will facilitate our compliance with the Code in a timely fashion. The devolution of operational management to the GEC will help streamline decision-making on a day-to-day basis, while providing clearer demarcation between executive management and an independent Board.

I am sure that all shareholders will wish to join me in offering a special thank you to Barry Olliff, CLIG's founder and architect over more than thirty years. As I said in our April announcement, Barry's laser-like focus on value to both shareholders and clients lies at the core of CLIG's culture and permeates everything we do for all stakeholders. Barry's willingness to challenge entrenched orthodoxy in the investment universe is well recognised and represents a hugely positive long-term legacy. The issue of founder succession is fraught with challenges and can often be a disruptive process but thanks to Barry's support throughout the management transition, I am pleased to report that it has been seamless. On behalf of the Board and all our shareholders, I would like to say a heartfelt thank you to Barry and wish him the very best in his well-deserved retirement.

ESG

One of the positives arising from the COVID-19 pandemic was the acceleration in the use of technology to drive reductions in the environmental impact of business and CLIG has been active in capitalising on the gains to be realised in this important area. Inevitably, a network of six offices across three continents meant that, historically, air travel was a significant component of CLIG's otherwise low carbon footprint. The decision to streamline CLIG's office network this year, therefore, with the closure of the Seattle and Dubai offices, has helped reduce CLIG's carbon footprint materially. Similarly, an increase in client briefings via video conferences and additional investment in technology solutions has enabled greater use of video conferencing for internal communication and meetings.

* This is an Alternative Performance Measure (APM). Please refer to page 33 for more details on APMs.

CHAIR'S STATEMENT
CONTINUED

A concerted effort to reduce paper usage using web-based alternatives for the Annual Report, portfolio reports and other research-based publications is helping reduce the Group's waste output and the Group remains committed to further reductions in our environmental impact wherever possible.

Many commercial businesses have had to adjust to new working practices in the post-COVID world and CLIG is no exception. The necessity of remote working during the pandemic provided a template for potential longer term solutions and to that end, a hybrid "work-from-home" (WFH) policy for all employees has been implemented. Group-wide policies have also been established on a range of social issues, including anti-slavery, human trafficking, anti-corruption, bribery and health and safety, while all employees will receive two training sessions on diversity, equity and inclusion (D/E/I) in the course of calendar year 2022. We regard these initiatives as central to the goal of good corporate citizenship and will continue to encourage the widest possible level of employee awareness in the social dimension.

Since the appointment of Prism Cosec Ltd as Corporate Secretary in 2021 and the formation of the Corporate Governance Working Group (CGWG), a series of changes have been made to CLIG's working practices and these are detailed in the Governance section of this report on pages 42 to 86. Alongside the measures taken for Board-level Code compliance detailed earlier, a programme of regular engagement with employees has been established with video conference meetings across all offices. These meetings provide employees with the opportunity to raise any issues with Board members but they also give Independent Non-Executive Directors the ability to gain greater insight into the organisation at all levels, thereby assisting them in their oversight role.

Outlook

Over the course of the last two years, we have witnessed extreme volatility in capital markets and with the threat of long-term conflict in Europe and double-digit inflation ever present, it would be foolish to paint too optimistic a picture for the year ahead. Nevertheless, at the risk of sounding "glass-half-full", I believe there are some early signs of a more stable market environment. The economic dislocation created by reduced energy and food supplies together with supply bottlenecks in industry will take time to be fully resolved but, just as the pandemic forced technological change in a condensed time-frame, so economies and companies will develop alternative trade patterns over time. While it appears unlikely that we will see the "V-shaped" bounce that followed the 2020 COVID-19 lockdowns, central bankers and businesses alike can see that the current constraints are largely supply-driven and not permanent in nature. Since markets look well beyond the near horizon, and provided geopolitical friction does not proliferate beyond the existing conflict, there are grounds to support the view that the July 2022 "mini-bounce" may not be a flash in the pan.

Irrespective of the macro-economic outlook, the CLIG business model, focused on value-orientated CEFs and encompassing a mix of institutional and wealth management clients, is stronger than in previous periods of difficult markets. Furthermore, bear markets also bring opportunities, be it in the investment universe or the asset management industry more generally and, with this in mind, we continue to view the future with cautious optimism. Finally and most importantly, I would like to thank all of our employees for their continued and sustained efforts in helping us navigate another challenging year with typical dedication, loyalty and commitment.

Barry Aling
Chair

15th September 2022

OUR ESG INITIATIVES

Environment

- Reduction of two offices – Seattle & Dubai – which will reduce future carbon emissions
- Investment in further enhancement of our technology solutions to promote regular video conferencing
- Continued DocuSign implementation across the Group
- Client briefings conducted via video conferencing
- Further reduction in printing of annual reports/periodical portfolio reports and other research-based publications

Please refer to page 35 for the Group's environmental policy initiatives.

Social

- Introduction of a hybrid WFH policy for all employees
- Established Group level Anti-Slavery and Human Trafficking Policy, Anti-Corruption and Bribery Policy and reviewed our Health & Safety Policy
- All UK employees received training on the UK Equality Act 2010 in April 2022
- All employees will receive two focused diversity, equity and inclusion training sessions during calendar year 2022

Please refer to page 34 for the Group's social initiatives.

Governance

- Board size has been reduced to meet the UK Corporate Governance Code requirements of a majority independent Board
- In-person & virtual workforce engagement with the Board
- Enhanced reporting in Annual Report and on Group website
- Risk management – Internal controls, regulatory compliance and data protection and privacy

Please refer to page 40 for our section 172 (1) statement.

CHIEF EXECUTIVE OFFICER'S STATEMENT

"We will continue to strengthen the operational and investment capabilities of the Group by building out the distribution pipeline for institutional investment and wealth management products."

Tom Griffith Chief Executive Officer

Stronger together

The past year was a successful one for your Company in the face of the macroeconomic headwinds outlined in Barry Aling's comprehensive Chair's Statement. This success resulted from the combined strength of the merged entity for reasons which will be detailed below. We enter the new financial year focused on delivering continued growth driven by strong investment performance and the high quality of services supporting our institutional and high net worth (HNW) clients.

A number of headwinds confronted us during the past year. In addition to pandemic-related quarantines, labour shortages and supply-chain disruptions, the outbreak of war in Ukraine in February 2022 led to steep declines in global stock and bond markets while causing the US dollar to soar as a haven asset.

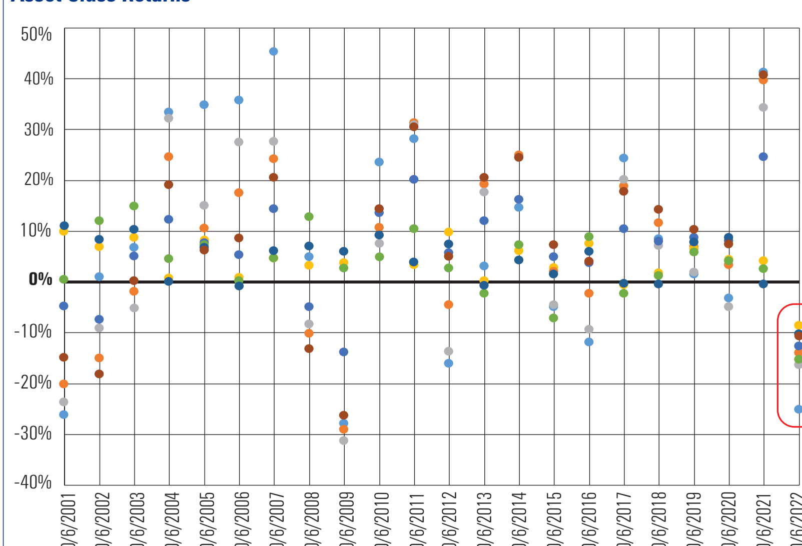
To illustrate the extent of the market falls over the year ending 30th June 2022, the US bond market, as measured by the Bloomberg US Aggregate Bond Index, had its worst twelve-month period since 1976, as shown in the table on the right.

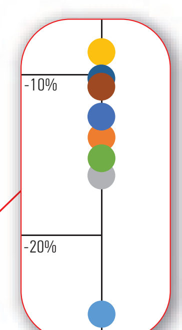
Further, and for the first time in over 20 years, all eight main asset categories managed at the Group's two subsidiaries delivered negative annual returns, as illustrated in the asset class returns chart below.

Bloomberg US Aggregate Bond Index
Rolling 12 Month Returns
1976 to 2022 (US$)

Worst 12 Months	
End Date	Returns
30/6/2022	-10.29%
31/3/1980	-9.20%
29/4/2022	-8.51%
29/2/1980	-8.34%
31/5/2022	-8.22%
30/6/1981	-5.15%
31/7/1981	-5.01%

Asset Class Returns





Index	Index Name	Strategy
MXEF	MSCI EM Index	Emerging
MXWO	MSCI World Index	International
MXWOU	MSCI World Ex US Index	Global
LMBITR	Bloomberg Muni Bond Total Return Index	Municipal Bond
VBINX	Vanguard Balanced Index ETF	Balanced
LEGATRUU	Bloomberg Global-Agg Total Return Index	Global Bond
LBUSTRUU	Bloomberg US Aggregate Bond Index	US Bond
SPX	S&P 500 Index	Domestic US

Source: Bloomberg, Annual periods ending 30th June. (US$) terms

As a result of the Karpus Investment Management (KIM) merger your Company now demonstrates a dramatically more diversified asset base, with 40% of Funds under Management (FuM) in Emerging Markets (EM), down from 69% at the point of the merger, along with significantly reduced volatility in the earnings stream. The reduction of EM-specific risk to shareholders is a significant benefit of the merger and supports the dividend policy of the Company.

Through the merger, our commitment to our Clients and their Consultants was that the investment teams would not be impacted by corporate changes in order to safeguard our well-honed investment processes. This stability of people and process is critical to both institutional investors and HNW clients.

Equally importantly, our expanded group of colleagues at CLIG see opportunities for career growth within the Group as new opportunities arise. We anticipate that more such opportunities will arise as we continue to conservatively build upon sharing services across the subsidiary companies.

The past financial year demonstrates why diversification has been prioritised. Executive management will continue to evaluate opportunities for consideration by your Board.

Net investment flows (US$000's)

CLIM	FYE 2019	FYE 2020	FYE 2021	FYE 2022
Emerging Markets	(183,521)	(279,459)	(275,493)	(315,770)
International	252,883	551,102	(14,145)	452,554
Opportunistic Value	48,236	45,914	(102,663)	617
Frontier	(21,336)	16,178	(168,843)	(4,748)
Other/REIT	6,000	4,600	–	79,133
CLIM total	**102,262**	**338,335**	**(561,144)**	**211,786**

KIM	FYE 2019	FYE 2020	FYE 2021*	FYE 2022
Retail	33,701	26,323	(104,222)	(106,444)
Institutional	9,050	(67,087)	(130,911)	(3,302)
KIM total	**42,751**	**(40,764)**	**(235,133)**	**(109,746)**

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

CLIG – FuM by line of business (US$m)

	30 June 2019		30 June 2020		30 June 2021			30 June 2022		
CLIM	US$m	% of CLIM total*	US$m	% of CLIM total*	US$m	% of CLIM total*	% of CLIG total	US$m	% of CLIM US$m	% of CLIG total
Emerging Markets	4,221	78%	3,828	69%	5,393	72%	47%	3,703	64%	40%
International	729	14%	1,244	23%	1,880	25%	17%	1,812	32%	20%
Opportunistic Value	233	4%	256	5%	231	3%	2%	193	3%	2%
Frontier	206	4%	175	3%	13	0%	0%	9	0%	0%
Other/REIT	7	0%	9	0%	13	0%	0%	74	1%	1%
CLIM total	**5,396**	**100%**	**5,512**	**100%**	**7,530**	**100%**	**66%**	**5,791**	**100%**	**63%**

	30 June 2019		30 June 2020		30 June 2021			30 June 2022		
KIM	US$m	% of KIM total*	US$m	% of KIM total*	US$m	% of KIM total*	% of CLIG US$m	US$m	% of KIM total	% of CLIG total
Retail	2,291	67%	2,401	69%	2,804	72%	24%	2,419	70%	26%
Institutional	1,105	33%	1,087	31%	1,115	28%	10%	1,014	30%	11%
KIM total	**3,396**	**100%**	**3,488**	**100%**	**3,919**	**100%**	**34%**	**3,433**	**100%**	**37%**
CLIG total					**11,449**		**100%**	**9,224**		**100%**

* Denotes pre-merger percentages.

FuM & flows

FuM as at 30th June 2022 was US$9.2 billion, which is a 19.4% decrease over the financial year, reflecting weakness in the underlying asset classes.

While it is difficult to tout the importance of diversification after a year when both fixed income and equity markets fell, the smaller decline in fixed income relative to EM equities is a good reminder that diversification remains beneficial, and that CLIG shareholders receive exposure to a broad variety of asset classes. This broad asset class exposure was achieved after years of organic growth within City of London Investment Management (CLIM), and bolstered by the KIM merger in October 2020, as shown in the table above.

CLIG had net inflows during the financial year, despite a challenging market environment. At CLIM, the International (INTL) strategy has been the main driver of inflows during this financial year after re-opening to new clients earlier in 2022. The INTL strategy has now seen net inflows for five of the last six financial years.

KIM had net outflows for the financial year, as their primarily HNW client base reduced exposure to markets given the higher volatility, especially in the second half of the financial year.

Net outflows at CLIM's flagship EM strategy continued. As the table above shows, CLIM's EM strategy has now had net outflows for each of the last four financial years, despite strong relative performance for the majority of this period. The geopolitical concerns that have arisen in EM countries, including Russia/Ukraine, North Korea/South Korea, and China/Taiwan, have given some investors pause, despite attractive valuations and wide discounts. The underperformance of EM vs Developed equities over the past ten years, shown in the chart on the following page, has also had a negative effect on investor sentiment towards the asset class. EM equities as shown by the MSCI EM Index have significantly lagged two widely used proxies of Developed Market equities: 1) The US market, as shown by the S&P

CHIEF EXECUTIVE OFFICER'S STATEMENT
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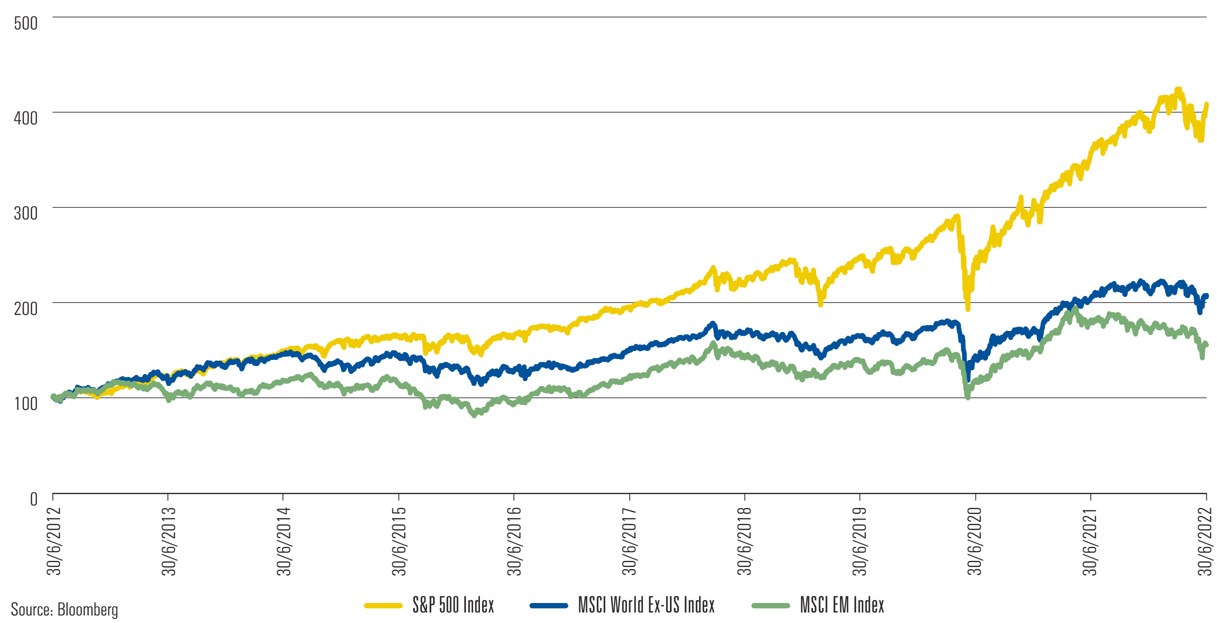
10 Year Underperformance of Emerging Markets Equities (US$, re-based to 100)



Source: Bloomberg

500 Index, and 2) Non-US Developed Markets, as shown by the MSCI World Ex-US Index. While the US market has driven overall Developed market outperformance, non-US markets have also outperformed their EM peers.

The investment and business development reviews on pages 12 to 16 further explain factors impacting global equity and fixed income markets over the period.

Business integration update

Your management team spent the past financial year continuing the integration of the KIM business via projects in Finance, Operations, Information Technology, and Marketing. An updated version of KIM's website was rolled out in October 2021 to improve the client experience. The Group is benefiting directly from sharing services across Finance and Information Technology departments. We intend to continue to develop synergies as appropriate.

Group's financial results

The Group's average net fee margin for the year was 73bp (2021: 74bp). The Group's net fee income over the period was £58.2 million. Coupled with the US dollar strengthening versus sterling throughout the year from 1.39 to 1.21, Group earnings were buoyed by a full year of KIM fee income which is 100% US dollar denominated.

CLIG profitability, cash and dividends

Operating profit before profit-share, EIP, share option (charge)/credit and investment gains/(losses) grew by 7.7% to £38.4 million (2021: £35.6 million) (as set out on page 30) primarily as a result of full year results for KIM in FY 2022 as against nine months (since merger) in FY 2021. Profit before tax increased to £23.2 million (2021: £22.2 million). Please refer to the Financial Review on page 30 for additional financial results.

The Board has recommended a final dividend of 22p per share (2021: 22p), subject to approval by shareholders at the Company's Annual General Meeting to be held on 31st October 2022. This would bring the total dividend payment for the year to 46.5p, including the special dividend of 13.5p paid in March 2022 (2021: 33p, special dividend nil). Rolling five-year dividend cover, excluding the special dividend equates to 1.22 times (2021: 1.29 times) in line with our target. Please refer to page 22 for the dividend cover chart, which provides an overview of our dividend policy.

Inclusive of our regulatory and statutory capital requirements, cash in the bank was £22.7 million as at 30th June 2022 as compared to £25.5 million at 30th June 2021, in addition to the seed and other own investments of US$9.1 million (£7.4 million) (2021: US$5.8 million (£4.4 million)). Our cash reserves will allow us to continue managing the business conservatively through volatile markets while following our dividend policy. The CLIG Board continues to review the appropriate cash reserves needed to run the larger, but more diversified business, and assesses variables such as the impact of future revenue projections in case of a broad retreat in underlying asset prices.

A review of CLIG's Share Price KPI can be found on page 23. Over the past five years, the average annualised return to shareholders is 9.2%, within the 7.5% – 12.5% target range.

EIP

The Employee Incentive Plan (EIP) continues to be an integral part of our remuneration package in order to align employee and shareholder interests. This is highlighted by the ongoing take-up by employees across the Group who continue to benefit from 1) being part of, and 2) owning, a public company. As at 30th June 2022, CLIG employees owned 7% (2021: 6.4%) of CLIG's issued share capital.

Corporate Governance & Stakeholders

As Barry Aling stated in his Chair's statement, on 26th April 2022 our Board announced the restructure of the CLIG Board, and the creation of the Group Executive Committee (GEC) to provide executive oversight of the Group's operating businesses, CLIM and KIM.

The GEC is comprised of myself, as CEO, Carlos Yuste (Head of Business Development), Mark Dwyer (Chief Investment Officer – CLIM), Dan Lippincott (Chief Investment Officer – KIM), and Deepranjan Agrawal (Group Chief Financial Officer). Simply stated, the GEC is responsible for the management and oversight of Group operating activities, including the executive management of CLIG's subsidiary companies. Each member of the GEC is responsible for reporting directly to the CLIG Board, and may participate in CLIG Board presentations and discussions as necessary. One of our goals over the past two financial years was to determine how to best become compliant with Provision 11 of the UK Corporate Governance Code, and this restructuring allows us to achieve that objective.

The CLIG Board was helped directly from the skills, expertise, and on-the-ground oversight by the Executive Directors during the pandemic, when travel and in-person engagement was limited. With pandemic-related restrictions lifting, we have more recently benefited from opportunities for Board members to meet CLIG employees in-person in London (October 2021), Coatesville (April 2022), and Rochester (July 2022) at off-site events. You can find additional details on the Board's engagement with stakeholders in our Section 172 (1) statement, on page 40.

Cybersecurity update

Information Security remains a critical area of concern within the financial services industry. In the US, the Securities Exchange Commission (SEC) is increasingly focused on data issues, recently proposing new regulations governing cybersecurity and data privacy and protection designed to improve the industry's ability to respond to threats. Each year, the number of cybersecurity attacks and breaches increases.

To best position CLIG's defences against potential threats, the Group undertook an assessment with a leading organisation in the Information Security industry to gauge our overall cybersecurity framework. This follows an ongoing multi-year effort to bolster our internal systems, controls and procedures, inclusive of penetration testing, employee training, and threat detection.

We received an above average assessment of our programme based on the size of our organisation within the financial services industry. We also received several suggestions to further strengthen our defences mainly based on reporting and incident response protocols. Efforts are underway to implement changes designed to further strengthen the Group's programme. We are focused on constant improvement, and we are committed in our approach to safeguarding the Group's data and infrastructure from criminal attacks.

Retirement of CTO

CLIG's Chief Technology Officer, Alan Hoyt, retired on 30th June 2022. Over his tenure at CLIG, Alan guided the development of our global infrastructure and the related implementation of systems, applications and data sharing necessary in a continuously evolving technology environment. Alan's transition includes a six-month post-retirement consultancy arrangement with CLIG. We wish Alan the best of luck in his retirement, and extend our gratitude for his work on CLIG's IT and Cybersecurity efforts over the past 12+ years. Matt Szoke was promoted to the Head of IT role on 1st July 2022.

Environmental reporting update

The Taskforce on Climate-Related Financial Disclosures (TCFD) developed guidance in relation to consistent climate-related financial disclosures. CLIG welcomes the TCFD recommendations and have included our report on page 38 in alignment with them.

Retirement of Barry Olliff, CLIG Founder

Finally, with CLIG Founder Barry Olliff's retirement from the Board on 31st July 2022, I'd like to extend my thanks and appreciation for his work on behalf of all stakeholders. Specifically, Barry's counsel as the Founder and long-time CEO has been invaluable during the management transition. Barry's passion for the business, and clear eye towards the future growth opportunities via diversification, are woven into the culture of CLIG, and will continue into the future.

CLIG outlook

CLIG remains well-positioned in the current market environment. Our conservative management style will not change, nor will our investment-led approach with a view to ensuring strong investment performance for our clients. We will continue to strengthen the operational and investment capabilities of the Group by building out the distribution pipeline for institutional investment and wealth management products. We will also continue to be selective in identifying potential acquisitions, which we believe will inevitably appear given the difficult market conditions of the past year.

Tom Griffith
Chief Executive Officer

15th September 2022

INVESTMENT REVIEW – CLIM

Our focus on exploiting discount volatility has served clients well for over thirty years in both bull and bear markets.

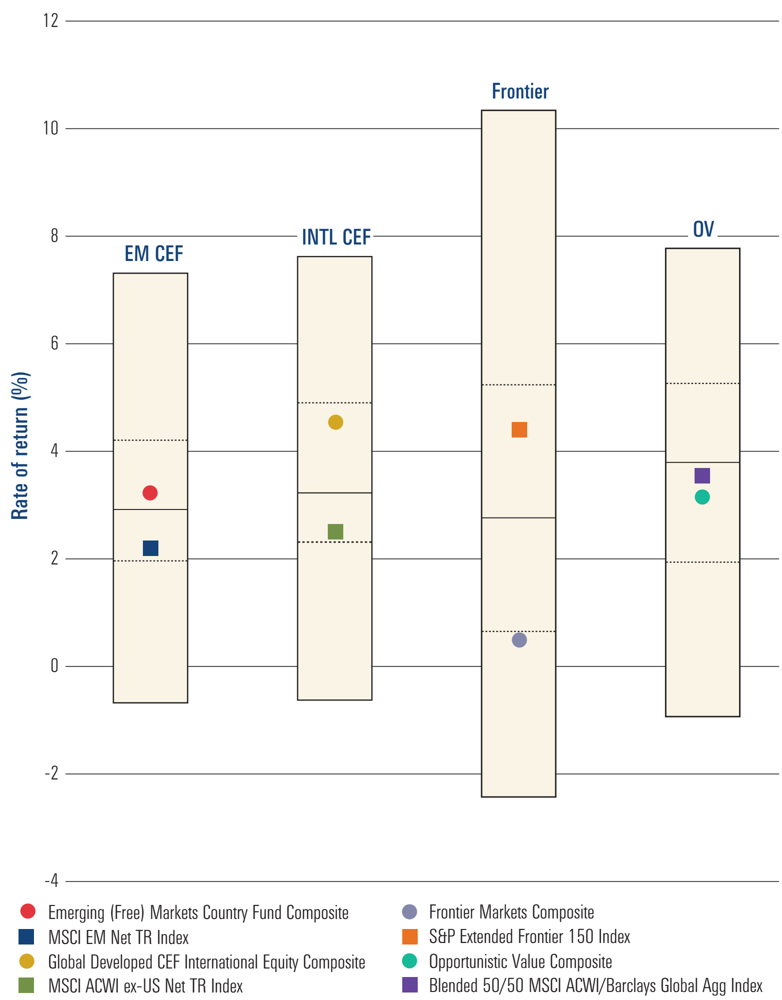
Risk assets fell over the twelve-month period ending 30th June 2022 as elevated US valuations met sharply higher interest rates, reducing the value of future cash flows. Most risk assets declined in a relatively correlated manner, reducing the benefits of diversification.

Active equity managers generally struggled to outperform over the period. In CLIM's case this was noticeable through weaker net asset value (NAV) performance at the underlying closed-end funds (CEFs) – and particularly visible in the International (INTL) CEF Strategy (underperformed by 4.2%) as the funds we own in aggregate had a bias to smaller, higher growth equities. In the core Emerging Market (EM) strategy (underperformed by 2.4%) a modest, long held overweight to Russia was negative as Russian equities were marked to zero. Discounts generally widened over the period, particularly for the INTL CEF strategy as retail investors, typically the marginal CEF buyer, turned cautious after a decade of strong returns. CLIM's smaller strategies Opportunistic Value (OV) and Frontier had a mixed year – OV suffered from the same NAV underperformance trend as the INTL strategy and ended the year 2.6% behind benchmark. The Frontier strategy outperformed by 8.2% with good returns from country allocation and NAV performance.

CLIM's REIT team delivered another year of solid relative performance. The strategy, which incepted in January 2019, ended the period with a strong three-year track record which bodes well for asset growth in the medium term. Unfortunately the EM REIT asset class remains out of favour with allocators given the long-term absolute performance. Indeed EM REITs, with a total return of minus 23% over the ten years ending June 2022, have proved the exception to the "Everything Rally" of the past decade. Although this weak performance does not imply imminent mean reversion the value characteristics of the asset class – a dividend yield of 5.4%, price to book value of 0.7x and P/E ratio of 7.8x – speak for themselves.

Despite the relative underperformance over the period, over 95% of CLIM's assets remain ahead of benchmark and peer group over the five years ended June 2022 (see CLIM Composite Returns chart below).

CLIM Composite Returns – Five years ending June 2022



*The above returns are annualized and presented as gross of fees performance figures, which do not reflect the deduction of investment management fees. The Emerging (Free) Markets Country Fund Composite and MSCI EM Net TR Index are shown against the eVestment Global Emerging Markets Equity Universe. The Global Developed CEF International Equity Composite and MSCI ACWI ex-US Net TR Index are shown against the eVestment All ACWI ex-US Equity Universe. 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/Bloomberg Global Agg Index are shown against the eVestment All Global Balanced/TAA Universe. Data is as of 30th June 2022. Past performance is no guarantee of future results.

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

Net flows were positive over the year following the reopening of the INTL CEF strategy in December 2020. Outflows continued in the EM CEF strategy as the ten-year downtrend in relative performance between developed market and EM equities remained in place. On a positive note outflows slowed markedly in H2 coincident with a reversal in this trend.

Robust new CEF issuance increased the universe by over US$30 billion in the twelve months ending June 2022. An enlarged universe of global CEFs (funds that invest in world markets including the USA) and US equity focused CEFs encouraged CLIG to seed a Global CEF strategy. This product invests in global equity markets including the USA (in contrast to the INTL CEF strategy which excludes the USA) and fills a niche for US institutions that prefer a "one stop shop" solution for their global equity exposure. The INTL, Global, OV and EM REIT strategies have significant capacity and will remain a focus for marketing.

CLIM continues to develop proprietary solutions to enhance and refine the investment process; typically this involves further development of our research database to improve productivity and client outcomes. The ability to fully look through CLIM's portfolios to the underlying securities was an important development in 2020/21. Subsequently we have partnered with StyleAnalytics to better understand style factors and ESG risks in CLIM's portfolios.

CEF discounts are the overriding consideration in CLIM's investment process but our manager due diligence does include a review of how ESG risk is managed by the underlying managers. We undertake this work in order to encourage managers to improve their ESG disclosures and also to keep our clients better informed about their portfolios. We believe that improved transparency will result in better management of ESG risks by CEF managers and ultimately in better returns for our clients. The raw scores for MSCI ACWI suggest that companies are improving their ESG performance. In addition, based on Sustainalytics' analysis, CLIM's CEF portfolios have slightly lower overall ESG risk than their benchmarks on average, though this is not a targeted outcome. Our detailed annual stewardship report is available here: **https://www.citlon.com/esg-reports/AnnualStewardshipReport3_22.pdf**

The direction of equity markets is important for fund management companies. Additionally, for CLIM, higher markets in a bullish environment typically result in tighter discounts which benefits performance – the same can also be true in reverse. That said the factors that have negatively impacted our investment performance over the last six months – widespread active manager underperformance and significant geopolitically driven asset dislocations – are fortunately rare events. Our focus on exploiting discount volatility has served clients well for over thirty years in both bull and bear markets. Wide discounts and persistent discount volatility give us confidence that our CEF strategies will continue to meet our clients' longer term performance expectations.

INVESTMENT REVIEW – KIM

The war in Ukraine, global inflationary concerns, and global economic growth prospects are three major conditions that have rattled both the stock and bond markets so far this year.

Recap and outlook

On 13th June 2022 the S&P 500 Index close marked a greater than 20% decline from the recent peak on 3rd January 2022 and the Bloomberg US Government/Credit Bond Index and Bloomberg Municipal Bond Index both continued losses from the first quarter at a historic pace rarely seen.

Aggregate supply continues to be restricted (largely due to COVID and global pressures tied to Ukraine) and demand has been elevated (due to improved personal balance sheets and pent up demand post-COVID reopening). The US Federal Reserve (Fed) was also extremely accommodative since the pandemic and heading into this year, with low borrowing costs aiding both consumers and businesses.

Coupled with other government aid and borrowing, some fear that the Fed may have waited too long to steer the US economy toward a soft landing (i.e. away from a recession). Nevertheless, the Fed has thus far raised rates by 2.25% and markets expect the Fed funds rate to peak at 3.5% by year-end. The Fed has also begun to unwind its balance sheet by allowing some of the proceeds of maturing bonds to roll-off. In addition to this, balance sheet reductions were announced to scale up to US$95 billion each month by the end of September 2022.

Two consecutive quarters of negative GDP in the US coupled with an inverted yield curve are signalling that a recession is likely on the horizon. At the forefront for investors is whether the Fed will continue on its quest to quell inflation or whether it will pivot at any sign of market stress and turn dovish. Either way, we foresee returns below historic norms and anticipate continued volatility.

Performance

KIM's strategies performed well over the past twelve months driven in large part by our tactical reduction of closed-end funds (CEFs) and our significant allocation to special purpose acquisition companies (pre-acquisition) (SPACs) trading at discounts to trust value.

Our discipline calls for us to lower our exposure to CEFs when discounts are narrow. This allows us to lock in the added value and affords us "dry powder" to purchase CEFs when discounts widen. Our approach worked well as CEF discounts widened significantly year over year. Additionally, CEF net asset value performance was generally poor throughout the year.

Where applicable, we opportunistically allocated a significant portion of our fixed income and balanced accounts to SPACs. Our conservative approach is based on utilising SPACs as a short-term fixed income alternative. Among other reasons, we like SPACs because they can trade at a premium or discount to the cash value of the trust account (similar to CEFs). By purchasing shares below the cash value of the trust account, we view our approach as buying cash at a discount. Moreover, if the SPAC management company finds what the market perceives to be an attractive acquisition, shares of the SPAC could trade above cash value.

Clients benefited from our allocation to SPACs as they were one of the few asset classes that produced positive returns over the twelve months ended 30th June 2022. With all of this said, we continue to favour the risk/reward proposition offered by SPACs.

Despite solid short and long-term performance, flows were net negative as high net worth clients withdrew funds to pay taxes and institutional clients sought to rebalance. While markets have been challenging, we feel that our strategy has held up very well. With volatility comes opportunity and we feel our strategy is positioned well to capitalise on market inefficiencies.

BUSINESS DEVELOPMENT REVIEW

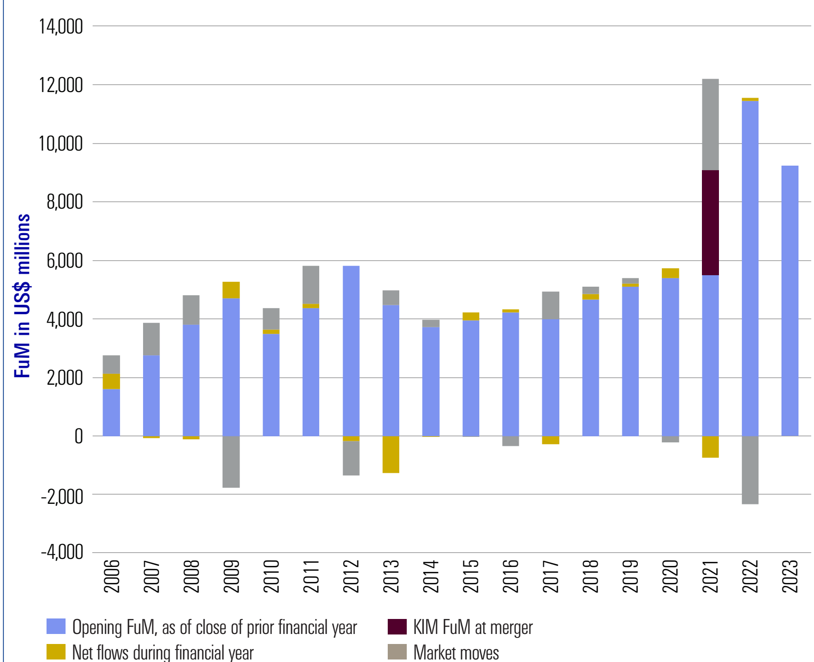
CLIG's FuM were US$9.2 billion (£7.6 billion) as at 30th June 2022. This compares with US$11.4 billion (£8.3 billion) as at 30th June 2021.

Despite volatile asset markets, net investment flows were US$102 million for the Group over the period, with City of London Investment Management (CLIM) posting net gains, while Karpus Investment Management (KIM) saw net outflows as clients reduced exposure to markets in the second half of the year. After a pause in 2020, recently renewed marketing emphasis for the International closed-end fund (CEF) strategy was rewarded, in combination with the excellent long-term track record.

A key reason for the merger was to diversify FuM, with Emerging Market (EM) CEF strategies now accounting for 40% of Group FuM at 30th June 2022, as compared to 47% at 30th June 2021. KIM provides balanced mandates for high net worth and wealth management clients in the US, with both equity and fixed income investments. At 30th June 2022, KIM strategies comprised 37% of Group FuM, while International CEF strategies totalled 20% of Group FuM.

With regard to business development, the Group continues to develop an active pipeline across all of its major CEF offerings.

Total in flows – out flows



Years shown represent start of historical financial year data which reflects the previous year end FuM as a starting point.

PRODUCTS

The Emerging Markets CEF strategy (EM) utilises CEFs to provide exposure to global emerging markets.

The Conservative Balanced strategy utilises a combination of CEFs and other securities, providing exposure to fixed income and equities in US and global markets.

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

The Opportunistic Value CEF strategy (OV) provides exposure to a variety of asset classes via CEFs with a go anywhere approach. While this is a separate team from the team managing client assets in the EM, both teams use the same methodology and internal operational resources. Both taxable and tax-exempt products are available.

The Frontier Emerging Markets 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 DEVELOPMENT REVIEW

CONTINUED

Business diversification – Products map

Emerging Market	International / Global	Opportunistic Value	KIM Balanced	REITs
• Global Emerging Markets – 1991 • China A Share – 2003 • Frontier – 2005 • Special Situations – 2012 • Private Equity – 2016	• International Equity – 2009 • Taxable International Equity – 2019 • Global Equity – 2021	• Opportunistic Value – 2014 • Tactical Income – 2014 • US Municipal Bonds – 2018	• Taxable Fixed Income – 1993 • Tax-sensitive Fixed Income – 1993 • Equities – 1993 • Short-term Fixed Income – 1993 • Growth Balanced – 2004 • Conservative Balanced – 2004	• EM REIT – 2019 • International REIT – 2019

Performance

Long-term investment performance across the EM and INTL CEF strategy, as well as Conservative Balanced mandates, remains strong, with first or second quartile results versus manager peers over the three, five and ten-year rolling periods ending 30th June 2022.

For the year ended 30th June 2022, investment performance was behind relevant benchmarks for the bulk of CLIM's assets due to a combination of country allocation in the EM strategy and NAV performance at the underlying CEFs in the INTL and OV strategies. KIM's equity and fixed-income strategies outperformed their market indices over the period, while US equity lagged its benchmark.

The Global Emerging Markets Composite net investment returns for the rolling one year ended 30th June 2022 were -27.9% vs. -25.3% for the MSCI Emerging Markets Index in USD, and -24.6% for the S&P Emerging Frontier Super BMI Index in USD.

The KIM Conservative Balanced Composite net investment returns for the rolling one year ended 30th June 2022 were -9.7% vs. -11.3% for the Morningstar US Fund Allocation – 30% to 50% Equity Category in USD.

The International CEF Composite net investment returns for the rolling one year ended 30th June 2022 were -23.7% vs. -19.4% for the MSCI ACWI ex US in USD.

The Frontier Markets Composite net investment returns for the rolling one year ended 30th June 2022 were -8.6% vs. -15.6% for the S&P Frontier EM 150 benchmark in USD.

The Opportunistic Value Composite net investment returns for the rolling one year ended 30th June 2022 were -18% vs. -15.2% 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 CEF, Balanced mandates, Opportunistic Value capabilities and REIT strategies will be the focus of our product diversification and business development activities.

OUR BUSINESS MODEL

WHAT WE DO: For many years since the Group was founded, CLIM's expertise was very specific to closed-end funds which offered emerging markets exposure. Over time, CLIM has diversified into a multi-strategy fund manager. KIM became part of the CLIG Group with effect from 1st October 2020.

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.

CLIM (INSTITUTIONAL FOCUS)

- Emerging Markets
- International
- Opportunistic Value
- Frontier
- REITS

KIM (HNW FOCUS)

- Taxable Fixed Income
- Tax-Sensitive Fixed Income
- Equities
- Growth Balanced
- Conservative Balanced
- Short-Term Fixed Income

HOW WE MANAGE: 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.

CLIM (INSTITUTIONAL FOCUS)

- Management team of 12 senior managers
- Average tenure of 13 portfolio managers is 15 years

KIM (HNW FOCUS)

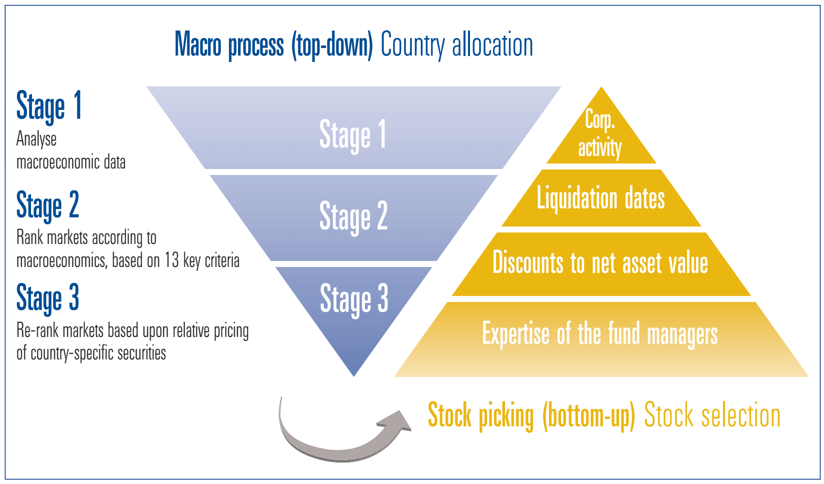
- Management team of 5 senior managers
- Average tenure of 8 portfolio managers is 15 years

OUR BUSINESS MODEL
CONTINUED

HOW WE DO IT: At **CLIM**, we have developed and nurtured a team investment process that 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.

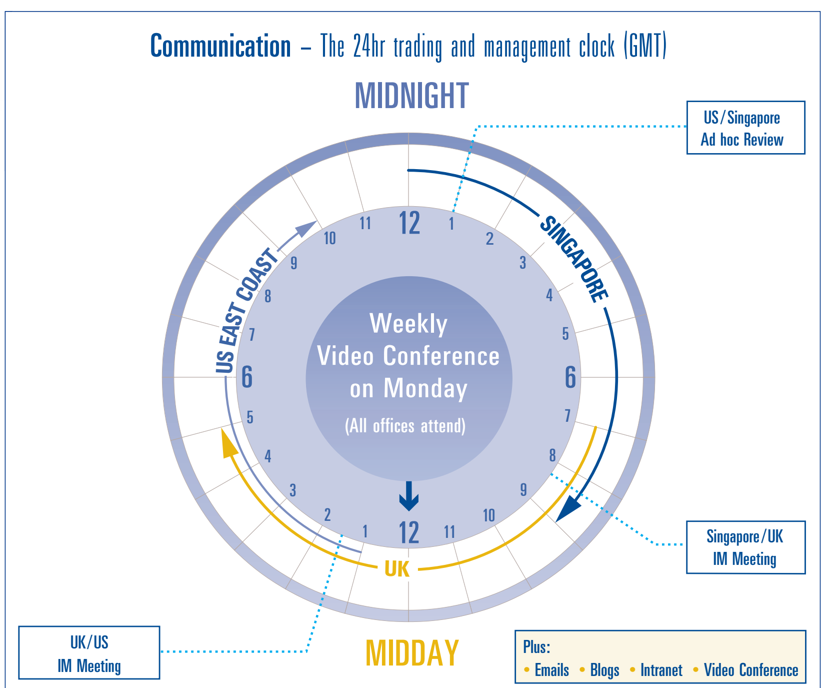
CLIM'S INVESTMENT PROCESS

Our process employs an array of proprietary tools for analysing and identifying value. These quantitative tools supplement both macroeconomic analysis and over thirty 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.



CLIM'S 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.



KIM has been an active investment manager since the Company's inception in 1986. With the focus of managing risk, our Investment Committee formulates our economic overview by reviewing the economic cycle, analysing historical valuations, analysing growth and policy prospects, and analysing liquidity and economic momentum.

KIM'S INVESTMENT PROCESS

Once an overview is established, a target investment matrix is then created. Sector weightings, yield curve positioning, and duration targets are guided by this research. Analysts continuously conduct a security-by-security analysis to identify and capitalise on market inefficiencies.

Our focus is on the advantages offered by purchasing securities, particularly CEFs, at a discount. However, we also utilise index-based securities if CEFs are not trading at what we believe are attractive discounts. Once purchased, holdings are analysed on an ongoing basis. KIM continuously monitors key investment variables, as well as corporate governance attributes to assess whether shareholder value is being maximised.

KIM'S COMPETITIVE ADVANTAGE

IN-HOUSE RESEARCH

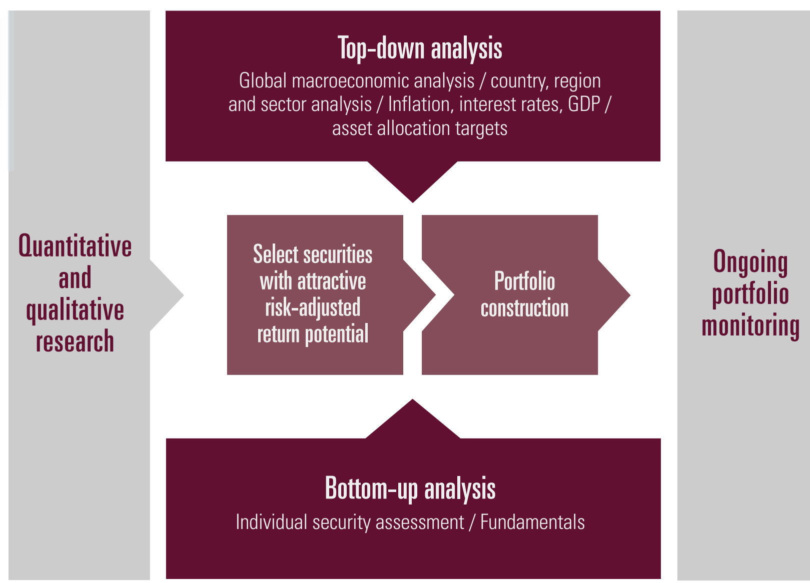
By conducting our own proprietary, in-house research, our strategists, analysts, portfolio managers, and traders work together to generate independent and unbiased ideas.

EXTENSIVE EXPERIENCE

Our insight and extensive experience in closed-end funds identifies opportunities others may miss. It also allows us to avoid pitfalls that others may not be aware of.

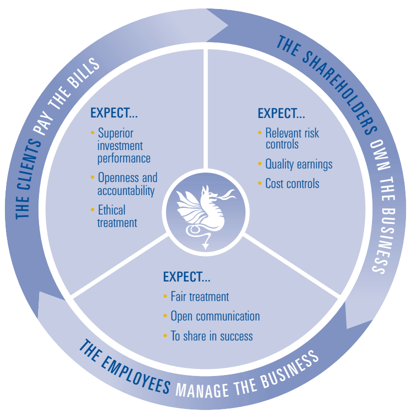
AGILITY

Our Company's size also allows us to capitalise on fundamentally attractive market inefficiencies as they arise.



OUR STRATEGY AND OBJECTIVES

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



THE CLIENTS: PAY THE BILLS

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

THE EMPLOYEES: MANAGE THE BUSINESS

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

THE SHAREHOLDERS: OWN THE BUSINESS

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

OUR STRATEGIC GOAL	WHY IT IS IMPORTANT
Outperform	CLIG's two operating subsidiaries are active managers, and their job is to add value over and above a relevant benchmark through an investment cycle which we define as five years.
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.
Increase FuM from long-term investors	The client base of CLIG's two operating subsidiaries is long-term and US based, and include pension funds, foundations, endowments and other institutional money managers.
Remain open in our dealings with shareholders, available and accountable	We believe that our shareholders have a right to know what to expect from us.
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.
Corporate citizenship	Over the past few years there has been a realisation that corporations have a responsibility both for, and separately within, the community.
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.

HOW WE ARE DOING	LINK TO ADDITIONAL KPIs
CLIM • Our investment horizon is five years, and over this period the three strategies that make up ~99% of CLIM's Funds under Management are all outperforming their peers and benchmark. **KIM** • Long and short-term performance remains solid, with the KIM investment process continuing to add value on behalf of clients in the face of volatile markets.	Investment performance page 24.
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 four offices (not all of which are in financial centres) in three countries, we have to be aware of different pay scales, policies, costs of living and tax rates.	Employee longevity page 25.
We have always taken great pride in our client retention outreach programme, and remain open and accountable.	Client entity longevity page 25.
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 try to make all of our announcements clear and accessible. Refer to page 22 for our dividend cover chart and dividend policy.	Dividend paid and proposed per share page 2.
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. Keeping overheads 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.	Weighted average net fee rate page 26. Cost/Income ratio page 26.
We 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 four-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 programmes but also within the workplace.	Refer to details on community contributions referenced within the corporate and social responsibility policy page 36.
The corporate goal of diversifying the Group's income by building strategies complementary to the flagship Emerging Markets (EM) CEF strategy was, and continues to be, a priority. The merger with KIM has allowed that diversification to occur more quickly, as the EM strategy at CLIM has been reduced to 40% of the combined entity as of 30th June 2022. Marketing efforts remain focused on all strategies to grow the business.	FuM & diversification page 27.

*Refer to pages 24 to 27 of explanation of additional KPIs.

OUR STRATEGY AND OBJECTIVES

CONTINUED

Dividend cover chart

We have provided an illustrative framework which we update twice a year to enable interested parties to calculate our post-tax profits based upon some key assumptions. The dividend cover chart shows the quarterly estimated cost of a maintained dividend against actual post-tax profits for last year, the current year and the assumed post-tax profit for next financial year based upon assumptions included in the chart.

Dividends

We have communicated and maintained a policy of distributing a proportion of net profits to shareholders by way of ordinary dividends with a target of 1.2 times (1.2x) coverage ratio over a rolling five-year period. This coverage ratio allows for the needs of the three primary stakeholders to be balanced.

SHAREHOLDERS

Receive a predictable and consistent income stream at an attractive yield that drives demand for the shares in the marketplace.

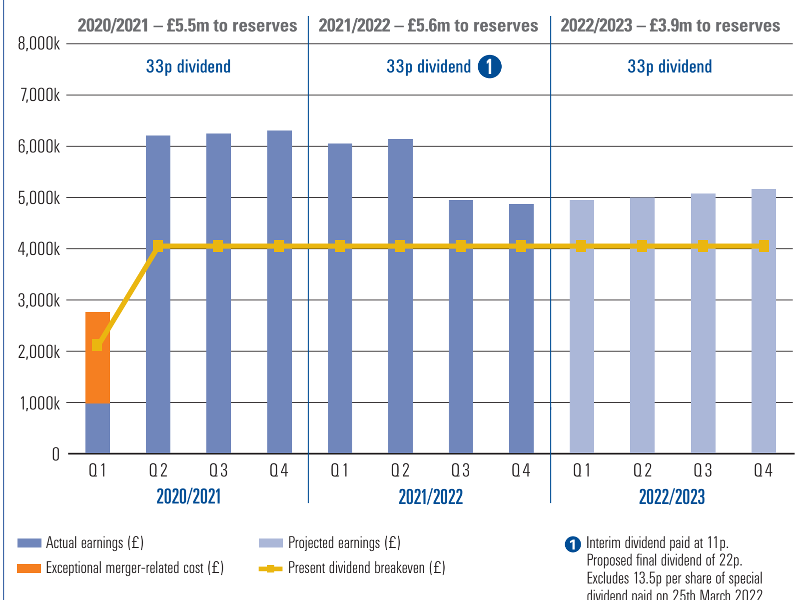
MANAGEMENT/EMPLOYEES

Retain a conservative amount of cash at the corporate level to weather shocks due to the volatility of underlying assets. This allows for management to take advantage of opportunities that arise during periods of market dislocations when competitors and the marketplace are stressed.

CLIENTS

Have confidence that the underlying business which they are investing in will be an ongoing entity with stable ownership/governance/employees.

Dividend cover chart



Key assumptions

- Number of CLIG Shares in issue (50.7m) less those held by the Employee Benefit Trust (1.7m) as at 30th June 2022.
- Excludes unrealised loss/gains on seed investments.
- Excludes amortisation of intangibles arising on the merger.

	CLIM	KIM
• Starting FuM as at	1-Jul-22	1-Jul-22
• Net increase in FuM in 2022/2023 (straight-lined to June 2023)	US$250m	US$135m
• Market growth:	0%	0%
• Corporation tax based on an estimated average rate	22%	24%
• Exchange rate assumed to be for entire period	£1/$1.25	£1/$1.25

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 CLIG's earnings as a result of its significant present exposure to the emerging markets.
- This would imply a cover ratio of 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.

KEY PERFORMANCE INDICATORS

Our focus is to create shareholder value.

Due to the continued diversification of CLIG's business away from CLIM's core EM strategy, the comparison to MXEF (MSCI EM Index) as a Key Performance Indicator (KPI) is no longer relevant.

We retain the share price KPI to show the total return of CLIG over a market cycle.

The goal of this KPI is for the total return (share price plus dividends) to compound annually in a range of 7.5% to 12.5% over a five-year period. This KPI is meant to stretch the management team, without incentivising managers to take undue levels of risk.

For the five years ended 30th June 2022, CLIG's cumulative total return was 55% (9.2% annualised). We therefore met the Share Price KPI as the annualised total return was within the 7.5%-12.5% target range.

CLIG five-year graph

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KEY PERFORMANCE INDICATORS
CONTINUED

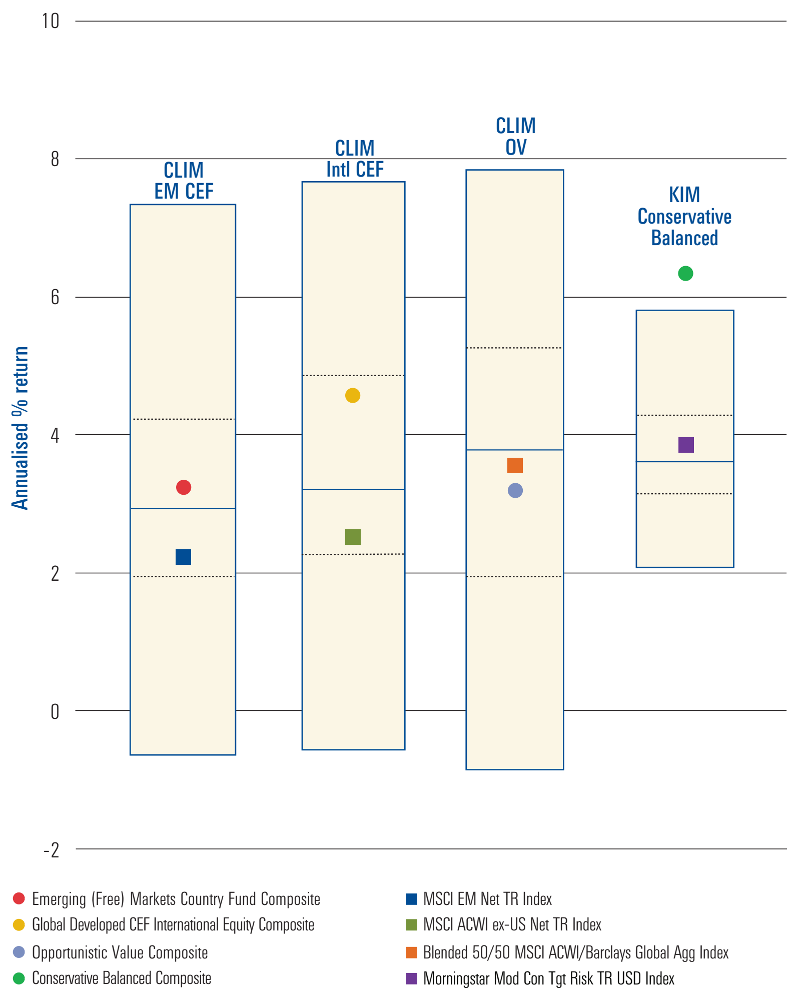
Separate from our main KPI of CLIG's total return (share price plus dividends) over a market cycle, we have selected additional KPIs that we believe will enable shareholders to measure the future viability of CLIG. These are as follows:

1 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 investment reviews, over 95% of the underlying strategies managed by CLIM and KIM are ahead of benchmark and peer group averages over five years.

Five-year peer group* quartile chart



*CLIM and KIM returns are compared to their respective eVestment and Morningstar universes.

The above returns are annualized and presented as gross of fees performance figures, which do not reflect the deduction of investment management fees. The Emerging (Free) Markets Country Fund Composite and MSCI EM Net TR Index are shown against the eVestment Global Emerging Markets Equity Universe of which 90.3% has been updated. The Global Developed CEF International Equity Composite and MSCI ACWI ex-US Net TR Index are shown against the eVestment All ACWI ex-US Equity Universe of which 93.6% has been updated. The Opportunistic Value Composite and the Blended 50/50 MSCI AWCI/Bloomberg Global Agg Index are shown against the eVestment All Global Balanced/TAA Universe of which 81.8% has been updated. The KIM Conservative Balanced Composite and Morningstar Mod Con Tgt Risk TR USD Index are shown against the Morningstar Separate Accounts - U.S. - Allocation--30% to 50% Equity Universe.

Data is as of 30th June 2022. Past performance is no guarantee of future results.

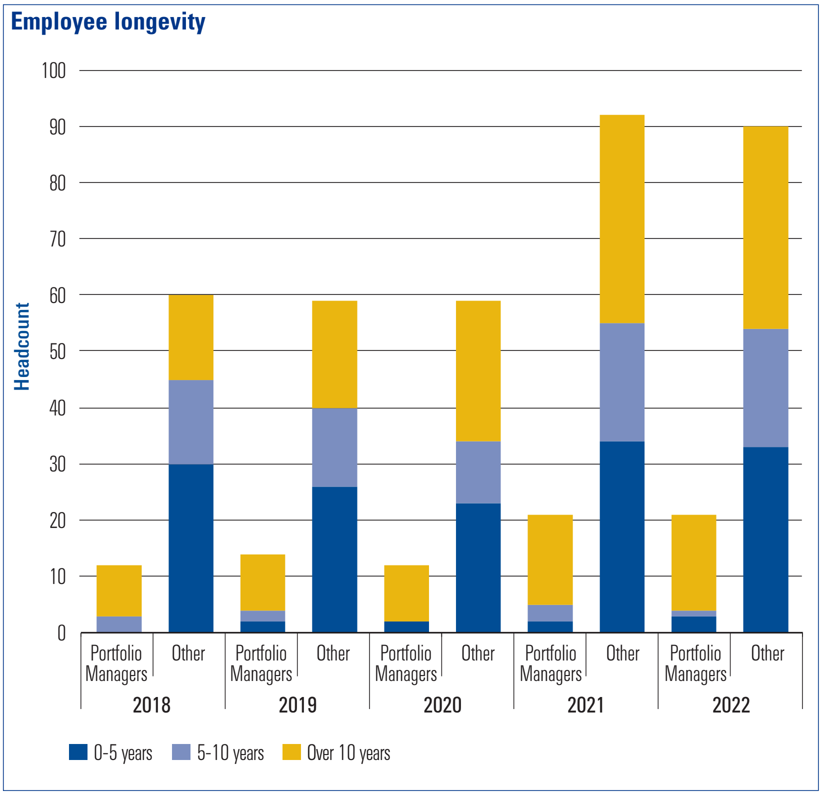
Source: Vestment Analytics System, BNY Mellon, City of London Investment Management Company Limited, MSCI, Bloomberg, Morningstar, KIM

2. 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.

86% of our 21 portfolio managers have been with the Group* for five or more years, and 48% of all employees have been with the Group* for over ten years.

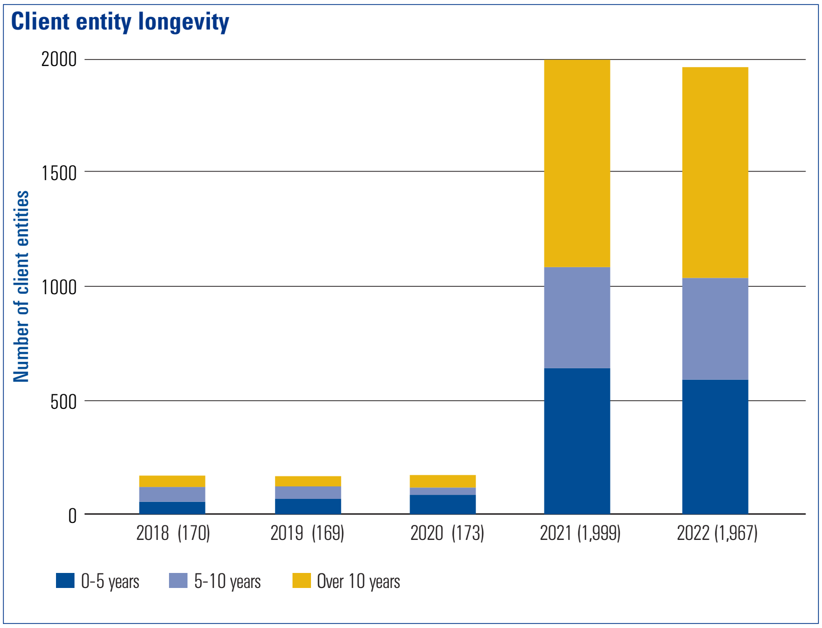
** or with KIM pre-merger*



3. CLIENT ENTITY 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 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. As at 30th June 2022, the Group had 926 client entities in the over 10 years category (2021: 911), 448 in 5-10 years (2021: 446) and 593 in 0-5 years (2021: 642).



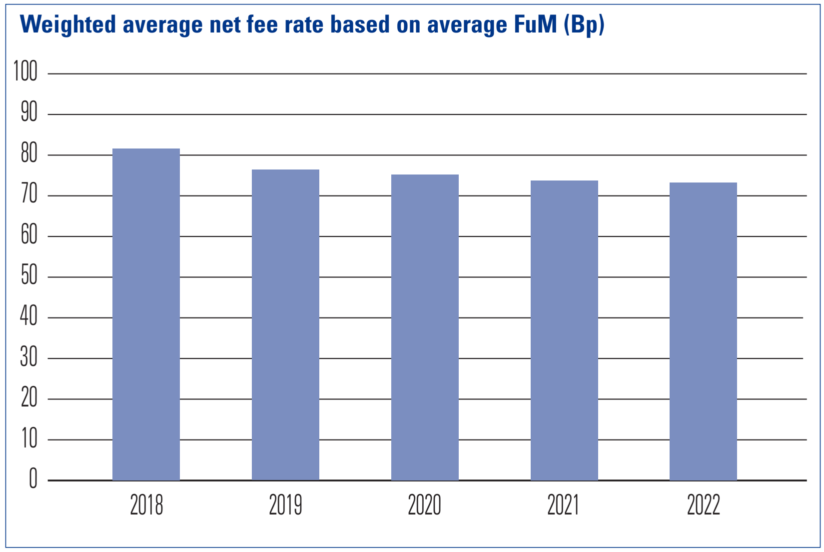
KEY PERFORMANCE INDICATORS

CONTINUED

4 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 that impact the weighted average rate.

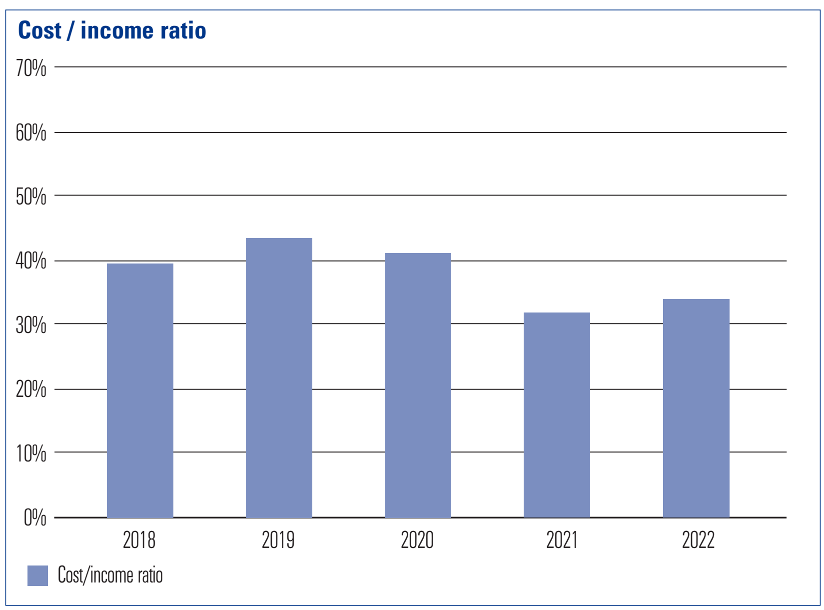
The chart opposite shows the annual net fee income measured as a percentage of the average annual FuM.



5 COST / INCOME RATIO

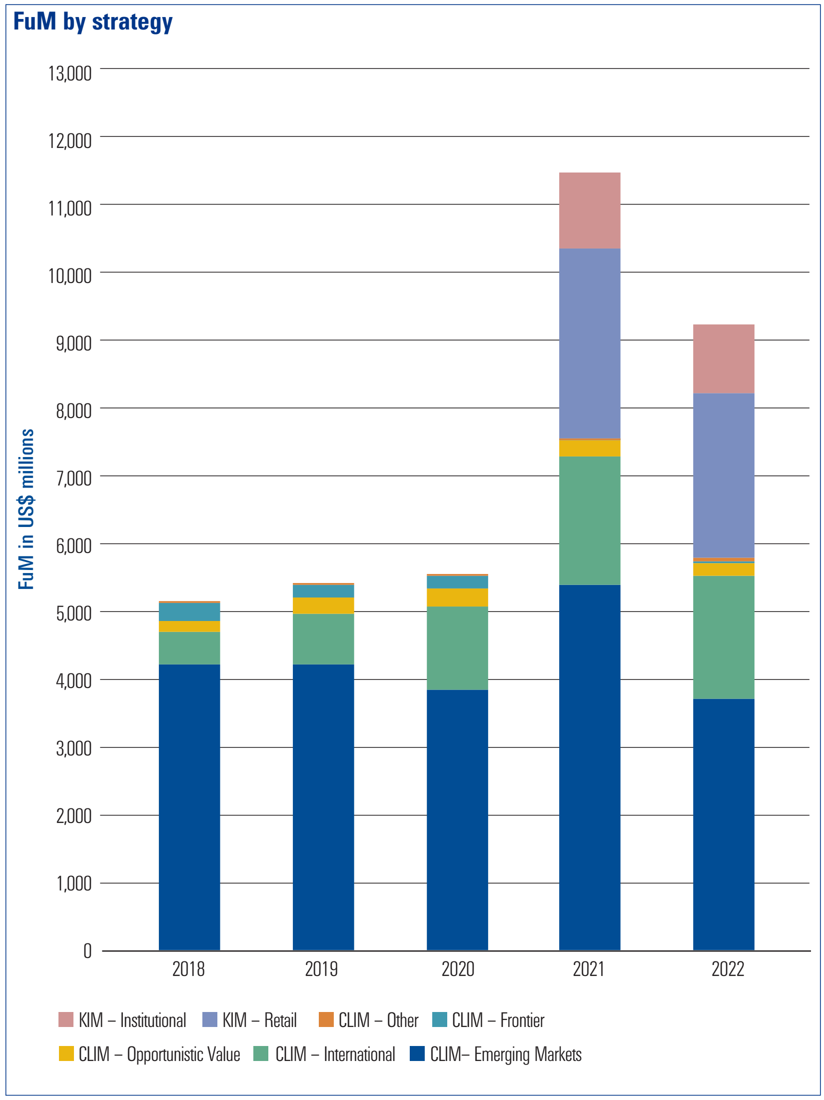
We believe cost control is an important discipline for any business to be successful. We look to balance the cost of growth and development with stakeholder returns.

The cost/income ratio for the Group is based on our total overheads to net fee income (as set out on page 30) and was 34% in FY 2022 as compared to 32% in FY 2021.



6. FuM AND DIVERSIFICATION

The level of FuM is a key driver in the Group's profitability. Our main business development strategy is to diversify our product range. The merger with KIM in FY 2021 has allowed that diversification to accelerate.



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 ongoing oversight.

Group's risk management framework

The CLIG Board has the ultimate responsibility for setting the risk management 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.

A Group-level risk register has been established which identifies principal current and emerging risks. The risk register provides a measure of the principal risks and a Red, Amber, Green (RAG) status based on the level of risk, frequency and mitigating controls in place.

CLIM's Risk & Compliance Committee (RCC) and KIM's Compliance Committee have the responsibility of the day-to-day oversight of the risk management process at the respective operating subsidiaries.

CLIM

CLIM's Board has established an RCC, which is chaired by CLIM's Head of Compliance. The other members of the RCC are the Executive Directors of CLIM, the US Chief Compliance Officer and CLIG's Internal Counsel. The purpose of the RCC is to assist the CLIM Board in the oversight, maintenance and development of CLIM's current and emerging risks and compliance frameworks in adherence with its risk appetite.

CLIM'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 assign 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 quarterly 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 the CLIM risk register, breaches and errors, personal account dealing, other business interests, gifts and hospitality, complaints, AML updates including new clients on-boarded, ongoing screenings, capital adequacy, liquidity, employee training, outsourcing and key regulatory updates, as well as approving new or updated CLIM policies.

The RCC via CLIM's Head of Compliance reports to the CLIG Board on a quarterly basis and CLIG's Audit & Risk Committee at each of its three scheduled meetings.

KIM

The KIM Board has established a Compliance Committee which is chaired by KIM's Chief Compliance Officer (KIM CCO) and includes three other members: KIM's Chief Financial Officer; Senior Vice President & Director of Operations; and KIM's Chief Investment Officer/President.

The Committee's purpose is to review and assess the Company's investment adviser compliance programme in the following manner: assist the KIM CCO with administering the investment adviser compliance programme; evaluate the Company's compliance with federal securities laws; monitor compliance with the Company's policies and procedures as set forth in the Compliance Manual and Code of Ethics; oversee and assess the Company's Information Security policy and Business Continuity and Disaster Recovery Plan; oversee and assess the Company's Identity Theft Prevention Programme; and address other matters that the Management Committee deems appropriate.

The Committee meets as often as it may be deemed necessary or appropriate in its judgement, either in person or remotely, and at such times and places as the Committee shall determine; provided, however, that the Committee shall meet at least quarterly in the discharge of its duties. The Committee, via the KIM CCO, reports to the CLIG Board on a quarterly basis and CLIG's Audit & Risk Committee at each of its three scheduled meetings.

Internal controls

The Group maintains a comprehensive system of internal controls, including financial, operational and compliance/risk controls.

As mentioned earlier, on a six-monthly basis each department of business within CLIM is required to review and update their individual risk assessment. Additionally, each department of business within CLIM is subject to an annual review by senior management, who are required to identify and report on the key controls pertinent to their responsibilities. The senior management team at KIM is responsible for ensuring adequate internal controls within KIM.

The Board reviews the effectiveness of the system of internal controls on an ongoing basis and this process is subsequently evaluated by the Audit & Risk Committee. The Board and the Audit & Risk 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 was not required during the year.

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 continuous 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.

In addition to the above key business risk, the Group has outlined what it considers to be its other principal 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/ Business Continuity plan. All offices maintain backups of all local servers, applications and data. The US replicates its backup to the UK cloud provider and vice versa. Employees across its four 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 by the Investment Management/Compliance teams of each operating subsidiary.
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 and its operating subsidiaries operate, including those as a result of being a listed entity on the London Stock Exchange. Risk that new regulation or changes to the interpretation of existing regulation affects the Group's operations and cost base.	Compliance teams of each subsidiary monitor relevant regulatory developments – both new regulations as well as changes to existing regulations that impact their respective subsidiary. Implementation is done as practicably as possible taking into account the size and nature of the business. The finance team keeps abreast of any changes to Listing Rules, accounting and other standards that may have an impact on the Group. Finance and both the compliance teams 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 24 on pages 124 to 125.

FINANCIAL REVIEW

The Group income statement is presented in line with UK-adopted International Accounting Standards on page 94 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 operating results and shows the profits to which the Group's profit-share provision applies.

Consolidated income for financial years ended 30th June

	2022 £'000	2021 £'000
Gross fee income	61,294	55,123
Commissions	(1,599)	(1,101)
Custody fees	(1,492)	(1,572)
Net fee income	58,203	52,450
Interest	(121)	(117)
Total net income	58,082	52,333
Employee costs	(13,229)	(11,126)
Other administrative expenses	(5,781)	(4,867)
Depreciation and amortisation	(696)	(719)
Total overheads	(19,706)	(16,712)
Profit before bonus/EIP – operating profit	38,376	35,621
Profit-share	(9,162)	(7,923)
EIP	(1,298)	(1,008)
Share option (charge)/credit	(34)	12
Investment (loss)/gain	(659)	540
Pre-tax profit before exceptional item and amortisation of intangibles acquired on acquisition	27,223	27,242
Acquisition – related costs	–	(1,743)
Amortisation of intangibles	(4,051)	(3,250)
Pre-tax profit	23,172	22,249
Tax	(5,081)	(5,259)
Post-tax profit	18,091	16,990

Group income statement and statement of comprehensive income

For the first time the financial results for KIM for the full twelve-month period have been included in the consolidated income statement ended 30th June 2022. The merger with KIM was completed on 1st October 2020 and thus the consolidated income statement for the year ended 30th June 2021 only included the results for KIM over the nine-month period.

FuM

FuM at 30th June 2022 were US$9.2 billion compared with US$11.4 billion at the end of the prior financial year. The decrease was due to a combination of investment flows, market movements and performance. Refer to the FuM by line of business table on page 9 within the CEO statement. Average FuM for the year increased by 9% from US$9.7 billion in FY 2021 to US$10.5 billion in FY 2022.

Revenue

The Group's gross revenue comprises management fees charged as a percentage of FuM. The Group's gross revenue has increased YoY by 11% to £61.3 million (2021: £55.1 million). The increase in revenue is primarily due to a full year of revenue for KIM in FY 2022 (nine months in 2021), higher average FuM during the year and by a stronger US dollar against sterling, with an average GBP/USD rate of 1.33 this year compared with 1.35 last year, an increase of c.2% over last year's average rate.

Commission payable of £1.6 million (2021: £1.1 million) relates to fees due to US registered investment advisers for the introduction of wealth management clients. The increase is primarily due to a full year of results for KIM being included in FY 2022.

The Group's net fee income, after custody charges of £1.5 million (2021: £1.6 million), is £58.2 million (2021: £52.5 million), an increase of 11% on last year. The Group's average net fee margin for the year was 73bp as compared to 74bp for the year ended June 2021.

Net interest paid is made up of interest earned on bank deposits offset by interest paid on lease obligations. Refer to page 104 for our lease accounting policy and page 107 for details of net interest paid.

Costs

Total overheads before profit share, EIP, share option charge and investments (losses)/gains for the year totalling £19.7 million (2021: £16.7 million) were 18% higher than 2021, which was primarily on account of the inclusion of full year results for KIM.

The Group's cost/income ratio, arrived at by comparing total overheads with net fee income, was 34% in FY 2022 (2021: 32%).

The largest component of overheads continues to be employee-related at £13.2 million (2021: £11.1 million), an increase of 19% over last year. This is mainly on account of the full year of KIM employee costs in FY 2022 (as compared to nine months of costs in FY 2021) and a stronger US dollar during the second half of FY 2022. Average headcount in FY 2022 was 114 as compared to 99 in FY 2021. Other administrative overheads have increased by a similar 19% to £5.8 million (2021: £4.9 million) mainly due to a full year of KIM costs included in FY 2022, a stronger US dollar during the second half of FY 2022 as well as an increase in travel and marketing costs post-COVID.

Total net fee income less overheads resulted in a profit before profit-share/ EIP/share options charge and investment (losses)/gain of £38.4 million (2021: £35.6 million).

The total variable profit-share amounted to £9.2 million as compared with £7.9 million in 2021, an increase of 15.6% mainly on account of the full year of KIM costs included in FY 2022 as well as the impact of a stronger US dollar during the second half of FY 2022.

The Group's Employee Incentive Plan (EIP) charges amounted to £1.3 million (2021: £1.0 million), the increase is a result of the impact of a stronger US dollar during the second half of FY 2022 and KIM employees' full year participation in the current year's plan. The Group's EIP was offered to KIM employees from 1st January 2021 and thus FY 2021 only included a charge for six months.

Investment (losses)/gains

Investment losses of £0.7 million (2021: gain of £0.5 million) relate to the unrealised (losses)/gains on the Group's seed and other investments.

Amortisation of intangibles

Intangible assets relating to direct customer relationships, distribution channels and KIM's trade name recognised on the merger with KIM are being amortised over 7-15 years (refer to note 1.6 of the financial statements) and have resulted in an amortisation charge of £4.1 million for the year (2021: £3.3 million). Deferred tax liability as at 30th June 2022 amounted to £8.6 million based on the relevant tax rate, which will unwind over the useful economic life to the associated assets. Goodwill amounting to £69.7 million was also recognised on the completion of the merger. Foreign currency translation differences on the closing balances of intangibles have been recognised in other comprehensive income. Refer to note 12 of the financial statements for more details.

Taxation

The pre-tax profit of £23.2 million (2021: £22.2 million), after a corporation tax charge of £5.1 million in FY 2022 (2021: £5.3 million), at an effective rate of 22% (2021: 24%), results in a post-tax profit of £18.1 million (2021: £17.0 million), which is all attributable to the 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 £22.7 million as at 30th June 2022 as compared with £25.5 million as at 30th June 2021. As a result of the merger with KIM in October 2020, as at 30th June 2022, c.53% of the Group's shareholders are now based in North America. Although the Group continues to declare dividends in sterling, from October 2022, we have provided the option for shareholders to receive dividends either in sterling or US dollars, at a pre-determined exchange rate. Further, post-merger c.66% of Group's operating expenses are incurred in non-sterling currencies. In order to pay the anticipated US dollar dividends and non-sterling expenses, c.58% of the Group's cash resources are held in US dollars as at 30th June 2022.

The Group invested US$5 million (£3.9 million) in seeding its two REIT funds at the start of January 2019. By the end of June 2022, these investments were valued at £3.8 million (2021: £4.2 million), with the unrealised loss (2021: gains) taken to the income statement.

During the year the Group has invested US$2.5 million (£1.9 million) in seeding a new Global Equity CEF Fund in December 2021 and US$2.5 million (£1.9 million) in a Special Purpose Acquisition Company (SPAC) strategy in March 2022. By the end of June 2022, these investments were valued at £3.6 million (2021: nil), with the unrealised loss of £0.2m (2021: nil) taken to the income statement.

The International REIT and Global Equity CEF funds are assessed to be under the Group's control and are thus consolidated using accounts drawn up as of 30th June 2022. There were no third party investments, collectively known as the non-controlling interest (NCI) in these funds as at 30th June 2022 (2021: £0.2 million).

The Group's right-of-use assets (net of amortisation) amounted to £2.4 million as at 30th June 2022 as compared with £2.8 million as at 30th June 2021. Additions to the right-of-use assets during the year are on account of the Singapore office lease being modified and extended during the period.

FINANCIAL REVIEW

CONTINUED

The EBT purchased 552,730 shares (2021: 496,354 shares) at a cost of £2.7 million (2021: £2.5 million) in preparation for the annual EIP awards due at the end of October 2022.

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 23.5% (2021: 21.1%) of the shares vesting during the year were sold in order to help cover the employees' resulting tax liabilities, leading to a very healthy 76.5% (2021: 78.9%) share retention within the Group.

In addition, Directors and employees exercised 92,000 (2021: 226,875) options over shares held by the EBT, raising £0.3 million (2021: £0.8 million) which was used to pay down part of the loan to the EBT.

Dividends paid during the year totalled £21.5 million (2021: £9.7 million). The total dividend of 46.5p per share comprised: the 22p per share final dividend for 2020/21, 11p per share interim dividend for the current year and a special dividend of 13.5p per share paid on 25th March 2022 (2021: 20p per share final for 2019/20 and 11p per share interim). The Group's dividend policy is set out on page 22.

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 CLIM's website www.citlon.co.uk.

FX/Post-tax profit matrix

Illustration of US$/£ rate effect:

FuM US$bn	8.2	9.2	9.4	9.9	10.4
US$/£	Post-tax, £m:				
1.16	13.2	16.5	17.4	19.0	20.7
1.20	12.5	15.8	16.6	18.2	19.7
1.25	11.7	14.8	15.6	17.1	18.7
1.28	11.3	14.3	15.1	16.6	18.1
1.32	10.7	13.7	14.4	15.9	17.3

Assumptions:	CLIM	KIM
1 Average net fee	71 bp's	76 bp's
2 Annual operating costs	£6.7m plus US$9.4m plus S$0.8m (£1 = S$1.68)	US$7.9m
3 Average tax	22%	24%
4 Amortisation of Intangible £3.4m per annum		

Note: This 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. The table presented above 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 1.25 to 1.16 increases post-tax profits by £1.8 million from £15.6 million to £17.4 million on FuM of US$9.4 billion.

It is worth noting though that while the Group's fee income is assessed by reference to FuM expressed in US dollars, almost 40% of the underlying investments are primarily in emerging market-related stocks, 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 subsidiaries' non-sterling assets and liabilities, which are again to a great extent in US dollars. For the UK incorporated entities, 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 2022, these forward sales totalled US$24.5 million, with a weighted average exchange rate of US$1.29 to £1 (2021: US$8.3 million at a weighted average rate of US$1.40 to £1).

The exchange rate differences arising from translating functional currency to presentation currency for KIM are recognised in the Group's other comprehensive income.

Viability statement

In accordance with the provisions of the UK Corporate Governance Code, the Directors have assessed the viability of the Group over a three-year period, taking into account the Group's current position and prospects, Internal Capital Adequacy Assessment Process (ICAAP) and the potential impact of principal risks and how they are managed as detailed in the risk management report on pages 28 to 29. The Group will produce its first Internal Capital and Risk Assessment (ICARA) in FY 2023.

Period of assessment

While the Directors have no reason to believe that the Group will not be viable over a longer period, given the uncertainties still associated with the global pandemic, as well as economic and political factors and their potential impact on financial markets, any longer time horizon assessments are subject to a level of more uncertainty due to external factors.

Taking into account the recommendations of the Financial Reporting Council in their 2021 thematic review publication, the Board has therefore determined that a three-year period to 30th June 2025 constitutes an appropriate and prudent timeframe for its viability assessment. This three year view is also more aligned to the Group's detailed stress testing.

Assessment of viability

As part of its viability statement, 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 continuous 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, breach of mandate guidelines or market volatility. The Directors review the principal risks regularly and consider the options available to the Group to mitigate these risks so as to ensure the ongoing viability of the Group is sustained.

The ICAAP is reviewed by the Board and incorporates a series of stress tests on the Group's financial position over a three-year period. The level of scenarios included within the ICAAP are significantly more severe than our risk appetite, which include:

- significant fall in FuM
- significant fall in net fee margin
- combined stress (significant fall both in FuM and net fee margin)

Having reviewed the results of the stress tests, the Directors have concluded that the Group would have sufficient resources in the stressed scenario and that the Group's ongoing viability would be sustained. The stress scenario assumptions would be reassessed if necessary over the longer term. An example of a mitigating action in such scenarios would be a reduction in costs along with a reduction in dividend.

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 their liabilities as they fall due over the next three years.

On that basis, the Directors also considered it appropriate to prepare the financial statements on the going concern basis as set out on page 84.

Alternative Performance Measures

Underlying profit and profit before tax	Jun 22 £	Jun 21 £
Net fee income	58,203,284	52,450,936
Administrative expenses	(30,199,393)	(25,631,432)
Net interest paid*	(121,054)	(117,063)
Underlying profit before tax	**27,882,837**	**26,702,441**
Deduct/add back:		
(Loss)/gain on investments	(659,231)	540,172
Acquisition-related costs	–	(1,743,424)
Amortisation of acquired intangibles	(4,051,223)	(3,250,185)
Profit before tax	**23,172,383**	**22,249,004**

* Net interest paid is made up of interest earned on bank deposits offset by interest paid on lease obligations. Refer to page 104 for our lease accounting policy and page 107 for details of net interest paid.

Alternative Performance Measures

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

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

Underlying earnings per share – Underlying profit before tax, adjusted for tax as per income statement, tax effect of adjustments and non-controlling interest, divided by the weighted average number of shares in issue as at the period end. Refer to note 9 in the financial statements for reconciliation on page 109.

CORPORATE AND SOCIAL RESPONSIBILITY POLICY

CLIG recognises that, within the prime function of managing investment assets on behalf of its clients, it 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 Group operates.

1. WORKPLACE

Employee welfare

In addition to the statutory obligations, 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, disability, family or marital status, language, national origin, political affiliation, race, age, or any other characteristic protected by law.
- Strict adherence to and compliance with the regulatory requirements in force 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 in which all individuals are treated with dignity and respect.

Under the 2018 Corporate Governance Code (the Code), the Board is required to agree a mechanism to ensure ongoing engagement with the workforce. Barry Aling, Chair, 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). Internal H&S audits and risk assessments are conducted 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 and our goal is to ensure that our commitments, reinforced by our values, are embedded in our day-to-day working practices.

Post restructure of the Board on 30th June 2022 and after the retirement of Barry Olliff on 31st July 2022, the gender ratio at Board level as at 31st July 2022 was 29% female to 71% male (30th June 2021: 18% to 82%).

Of our 111 employees, excluding Non-Executive Directors, 37% are female (2021: 36%), including 33% of senior management including Executive Directors (2021: 31%), and 38% of the remaining employees (2021: 37%).

2022	Female	Male	Total
Executive Directors*	0	1	1
Senior managers	6	11	17
All other employees	35	58	93
	41	70	111
NEDs*	2	4	6
	43	**74**	**117**

* as of 31st July 2022 post restructure of the Board on 30th June 2022 and Barry Olliff's retirement on 31st July 2022.

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. CLIG employees faced another challenging year and our priority continued to be ensuring their safety and well-being. Accordingly, during FY 2022, employees were provided flexibility to work from home (WFH) up to a certain number of days.

Our management team and the Board continued to engage ensuring open discussion with the wider workforce and implemented a new hybrid WFH policy with effect from 1st July 2022. We believe this better achieves the necessary balance of employee flexibility with respect to work/life balance whilst maintaining the benefits of employees working together in the office.

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 (UN) 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 studies. This is in addition to the usual seminars and conferences our employees attend. Mandatory anti-money laundering and Code of Ethics training is provided annually to all employees. Employees also take responsibility for their own 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 that includes online courses and videos via a web-based portal. We have further increased the use of this web-based portal to disseminate a number of training modules including in relation to diversity, equity and inclusion as noted below.

In addition, the following training sessions are provided to all employees:

- Internal training on our investment management services.
- Awareness sessions on a regular basis to keep employees up to date with relevant aspects of the business.
- Induction programme to all new employees over a period of several weeks. It is an ongoing process to ensure new employees settle well into the Group and are confident in carrying out the full scope of their duties.

Group wide policies have been established on a range of social issues, including Diversity, Equity & Inclusion, Anti-Slavery & Human Trafficking, Anti-Corruption & Bribery and Whistleblowing.

CLIG's Diversity Working Group which includes Executive Directors and other employees (including HR) is responsible for:

- Reporting and assisting in the implementation of diversity, equity & inclusion-related initiatives.
- Researching best practices, discussing issues raised by employees and implementing solutions across the Group.
- Reiterating with external recruitment firms the importance of receiving a diverse pool of candidates.
- Identifying training needs for employees and distributing them via a web-based portal. Specific trainings provided during the year included UK Equality Act 2010 and a wide-ranging review of the terms 'Diversity, Equity, and Inclusion'.

Ethics

All CLIG employees are required to act in accordance with applicable Code of Ethics. 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.

2. ENVIRONMENT

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

Environmental policy initiatives

Employees and management of the Group are committed to protect the environment in which we operate. We provide investment management service to our clients which has a relatively modest direct environmental impact. The Group recognises that we must first acknowledge, then measure, and then minimise environmental risks and, wherever commercially possible, improve the Group's overall environmental performance.

For the last almost two years, our overarching theme was to use the (unfortunate) catalyst of the pandemic to help the business's environmental profile. We believe these small improvements will translate into material, longer-term reductions in the environmental footprint of the Group.

A representative list of initiatives completed during the year to help reduce the environmental impact of our activities, is as follows:

- Reduction of two offices – Seattle & Dubai – which will reduce future carbon emissions.
- Investment in further enhancement of our technology solutions to promote regular video conferencing, thereby reducing business travel.
- Continued DocuSign implementation across the Group, thereby reducing the need for signatures of hard copy documents.
- Where possible, client briefings conducted via video conferencing, thereby reducing business travel.
- Further reduction in printing of annual reports/periodical portfolio reports and other research-based publications, thereby reducing paper usage.

Climate-related risks

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:

- **The Group's clients** will potentially be impacted by negative investment performance of their portfolios if there are broad-based declines in the value of the companies or investment vehicles due to the impact of climate change;
- **The Group's employees** are located in four offices around the globe, each with their own local risks due to climate change. Pervasive risks relevant to our employees include health & safety risks due to extreme heat, impact on infrastructure, agriculture, water supplies/scarcity, wildfires and tree disease; and
- **The Group's shareholders** are at risk of lower returns from their investment in CLIG due to lower assets under management as a result of climate change and the resultant lower profitability.

The Group is 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.

CLIM's investment process prioritises good governance but it also includes an assessment of the environmental and social policies of the CEFs' underlying securities. We promote greater transparency from the CEFs of the ESG characteristics of their underlying portfolios.

CORPORATE AND SOCIAL RESPONSIBILITY POLICY

CONTINUED

We support the work undertaken by the TCFD and have produced our first response in alignment with its recommendations. To meet the listing requirements under LR 9.8.6, we have included the climate-related financial disclosures consistent with the TCFD recommendations on pages 38 to 39. We will evolve this through our work in FY 2023 and improve alignment in our future disclosures.

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 GHG Conversion Factors for Company Reporting. For international electricity conversion factors this year we have used the US EPA (eGrid) and Singapore EMA for the first time and so have restated our prior year emissions for overseas offices for comparative purposes. The intensity measurement used is tonnes of carbon dioxide equivalent (CO_2e) per average number of full-time equivalent (FTE) employees during the year.

Our indirect emissions (Scope 3) increased due to the increase in business travel following the easing of pandemic related restrictions during the year. While this is a significant increase in business travel from the previous year, it is well below the pre-pandemic levels.

Total CO_2e emissions

Operational scope	Greenhouse gas emission source	2022	2021*	Units
Energy consumption	Electricity – UK	81	79	mWh
	Electricity – non-UK	348	323	mWh
Direct emissions (Scope 1)	Fuel combustion in owned sources	0	0	mWh
Indirect emissions (Scope 2)	Purchased electricity – UK	17	19	Tonnes CO_2e
	Purchased electricity – non-UK	88	86	Tonnes CO_2e
Indirect emissions (Scope 3)	Business travel: flights	131	9	Tonnes CO_2e
	Electricity transmission and distribution losses	6	6	Tonnes CO_2e
Total greenhouse gas emissions		242	120	Tonnes CO_2e
Intensity ratio		2.1	1.2	Tonnes CO_2e per FTE

* restated using US EPA (eGrid) and Singapore EMA conversion factors.

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.

3. COMMUNITY

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. 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.
- Raising awareness, sharing efforts and encouraging participation via COLeague news, our internal newsletter.

During FY 2022, CLIG has partnered with at least three vendors that are female-led, which provide services across a variety of sectors including document production, website design and company secretarial services. We chose these companies because they offer best-in-class services and products. We are also aware of the benefit of diversity of thought and leadership provided by female-led companies, and will continue to include the gender and ethnic characteristics of the leadership teams in the consideration process for any vendors we look to partner with.

Illustrative list of employees' participation in FY 2022 include:

- DEC Ukraine Humanitarian Appeal (UK) & United Ukrainian American Relief Committee (US).
- The Elephant Reintegration Trust (UK).
- One Warm Coat (US).
- Food Bank donations to support underprivileged families and local shelters in the local communities (US & UK).
- Salvation Army, a "Socktober" event, and Community, Youth and Women's Alliance gift giving and donations (US & Singapore).
- Various athletic achievements and fundraisers to support various causes (US & 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.

4. RESPONSIBLE INVESTMENT

Both of CLIG's operating subsidiaries invest primarily in closed-end funds (CEFs). CLIM and KIM are committed to promoting responsible investment.

CLIM's investment process prioritises good governance but it also includes an assessment of the environmental and social policies of the CEFs' underlying securities. We define ESG in the context of stewardship policies by which we are committed to responsible allocation, management and oversight of capital to create long-term value. In the context of a CEF strategy, we have a two-pronged approach to responsible investment:

- We promote effective governance at the CEFs in which our clients are invested, both via their Boards and by engaging with the relevant regulators and policy makers.
- We promote greater transparency from the CEFs of the ESG characteristics of their underlying portfolios.

CEF GOVERNANCE

INDEPENDENT BOARD

CREDIBLE DISCOUNT CONTROL

UNDERLYING PORTFOLIO: OVERALL ESG RISK

EXPOSURE TO ESG ISSUES VS. BENCHMARK

MANAGEMENT OF ESG RISKS VS. RELEVANT BENCHMARK

CLIM is a signatory to the UN-supported Principles for Responsible Investment (PRI). CLIM has partnered with Sustainalytics, a leading independent provider of ESG research. This partnership allows CLIM to receive data to monitor the underlying portfolio of the CEF, and allows CLIM to question the CEF investment manager on their portfolio and stance on ESG issues. We believe good disclosure requirements by the Board to the Investment Manager results in more effective management of ESG risks and therefore better outcomes for our clients.

CLIM's Proxy Voting Record and Annual Stewardship Report are available on our website at: **https://www.citlon.com/esg-clients.php**.

PRI Principles for Responsible Investment

SUSTAINALYTICS

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

We are committed to improving our climate-related reporting. We have complied with the requirements of LR 9.8.6 during the financial year ended 30th June 2022. These pages explain how we applied the 11 principles of the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations.

GOVERNANCE

1. BOARD OVERSIGHT

2. MANAGEMENT OVERSIGHT

The Group is exposed to a variety of current and emerging risks which require appropriate controls and ongoing oversight. We believe that every employee including Directors of our Group have a role to play in reducing risks.

The CLIG Board has the ultimate responsibility for identification and management of climate risk.

The Audit & Risk Committee has oversight of our reporting of climate risk including the TCFD report.

The Executive Directors have the responsibility to bring climate matters to the Audit & Risk Committee and Board. Going forward the Group Executive Committee will be responsible for bringing climate matters to the Audit & Risk Committee and Board.

Senior managers within the firm are directly responsible for the management of climate-related risks and their associated consequences.

STRATEGY

3. IDENTIFICATION OF CLIMATE RISKS AND OPPORTUNITIES

4. IMPACT OF CLIMATE RISKS AND OPPORTUNITIES

5. SCENARIO ANALYSIS

Climate change is one of the biggest challenges of our time.

Climate-related risks are identified and monitored from a stakeholder perspective, which are detailed below:

- **The Group's clients** will potentially be impacted by negative investment performance of their portfolios if there are broad-based declines in the value of the companies or investment vehicles due to the impact of climate change. This is a risk over the short, medium, and long-term.
- **The Group's employees** are located in four offices around the globe, each with their own local risks and initiatives due to climate change. Pervasive risks relevant to our employees include health & safety risks due to extreme heat, impact on infrastructure, agriculture, water supplies/scarcity, wildfires and tree disease.
  - The Mayor of London has set targets for London to become a zero carbon city by 2050 (www.london.gov.uk) to limit future climate change.
  - Our Singapore office is subject to the projected rise in sea levels, which is a risk for our Singapore employees. In Singapore, the Ministry of Sustainability and the Environment is responsible for 1) protecting Singapore against the impacts of climate change 2) cooperating with international partners and 3) educating Singaporeans about climate change (www.mse.gov.sg/policies/climate-change).
  - The city of Rochester, New York, USA, where our KIM business is located, has published a 'Climate Change Resilience Plan' (https://www.cityofrochester.gov/CCRP/) for residents "to better prepare our community to adapt to climate change impacts". In the United States, there are various initiatives between the states, cities, and overall government, to reduce greenhouse gas pollution by 2030 (www.whitehouse.gov – Statement from April 22, 2021).
- **The Group's shareholders** are at risk of lower returns from their investment in CLIG due to lower assets under management as a result of climate change and the resultant lower profitability.

CLIG will start conducting a scenario analysis in FY 2023 on various climate-related risks and opportunities.

RISK MANAGEMENT

6. IDENTIFYING AND ASSESSING CLIMATE RISKS

7. MANAGING CLIMATE RELATED RISKS

8. INTEGRATION INTO OUR RISK MANAGEMENT PROCESSES

We acknowledge that our multiple offices are a significant driver of our resource use, including carbon and other fossil fuels. We have reduced two offices in FY 2022 – Seattle & Dubai – which will reduce future carbon emissions.

We have a fiduciary duty to oversee our client's assets which they have entrusted us to manage. To address climate-related risks in our investments, CLIM's investment process includes an assessment of the environmental and social policies of the CEFs' underlying securities. CLIM's investment process promotes greater transparency from the CEFs of the ESG characteristics of their underlying portfolios.

See page 37 for our Responsible Investment Statement.

CLIG's risk management of its own risk is included on pages 28 to 29.

METRICS AND TARGETS

9. ALIGNMENT WITH OUR STRATEGY AND RISK MANAGEMENT

10. OUR FOOTPRINT

11. OUR TARGETS

We are focused on reducing the emissions of our operations, however, as an asset manager, the emissions of our investments make up the majority of our carbon footprint and have the greatest impact on the environment.

We are committed to play a positive role in the transition to a net zero economy and align our strategy to the Paris Agreement goal.

We continue to assess our environmental impact. Refer to page 36 for disclosure of our carbon emissions.

In FY 2023, we will:

- Continue to develop our understanding of climate-related risk at Board level and across the employee base.
- Review and identify the tools to enhance our understanding of how climate-related risks impact our business.
- Continue to develop our path towards a net zero transition.
- Make a commitment to reach net zero by a particular date.

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. Refer to pages 52 to 53 for our engagement with various stakeholders.

The Board fulfils its duties in collaboration with the senior management teams of its two operating subsidiaries as detailed on page 17, who manage the day-to-day operations of the business along with the Executive Directors, the Company's extensive corporate responsibility activities as set out on pages 46 to 51 and through the application of the corporate governance framework as set out in the governance report on page 54.

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 20).

Signed on behalf of the Board of Directors of City of London Investment Group PLC.

Tom Griffith
Chief Executive Officer

15th September 2022

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.*

GOVERNANCE

Contents

CHAIR'S INTRODUCTION

"We believe that the Board has made some positive and significant steps forward this year in establishing an appropriate governance framework for the Group."

Barry Aling Chair

On behalf of the Board I am pleased to introduce the Company's corporate governance report for this year.

The past year has been a period of evolution in the Company's governance framework as we have reflected on the role of the Board going forward and worked through the implications of the merger with KIM. While we have made good progress with this, we are not complacent and recognise that further progress will be necessary to meet the evolving standards of the UK Corporate Governance Code (the Code).

Board composition

Last year, I referred to plans that we were developing with regards to Board composition and I am pleased to report that we were able to announce those plans in April 2022. The changes included the formation of a Group Executive Committee (GEC), chaired by our Chief Executive Officer, Tom Griffith, which now consists of Tom and our senior executives – Carlos Yuste, Dan Lippincott, Deepranjan Agrawal and Mark Dwyer. The creation of the GEC provided an opportunity to restructure the Board as a result of which Carlos, Dan and Mark resigned from the Board on 30th June 2022. We believe that the new structure is more efficient for ensuring that executive matters at subsidiary level are given the right level of focus whilst freeing up the Board to oversee the strategic development of the Group.

On 31st July 2022, Barry Olliff the Company's Founder retired from the Board after more than thirty years' service. As I said when we announced his retirement, Barry was the architect and driving force in the development of the business for many years and he leaves a legacy of high standards of corporate transparency which are written into the CLIG DNA. His contribution to the Board's discussions will be greatly missed.

Last year, we approved the appointments to the Board of Rian Dartnell and Tazim Essani as Independent Non-Executive Directors. As a result, we now comply with Provision 11 of the Code in relation to Board composition, which was an objective we set ourselves last year.

Looking forward, I have entered my tenth year on the Board as of 1st August 2022 and we have begun the process of identifying who will succeed me as Chair. In order to give my Board colleagues time to undertake this process in a robust and considered manner, I will offer myself for re-election to the Board at the 2022 Annual General Meeting (AGM) for one further year with the intention that I will not seek re-election at the 2023 AGM.

Diversity and inclusion

In addition to the level of independent representation on the Board, we are also cognisant of the requirements of the Hampton-Alexander Review and the new consultation paper from the FCA on changes to the Listing Rules, both regarding the level of representation of those from diverse backgrounds on the Board and in senior management positions. Board changes during the year have helped us move towards compliance with the expectations now set and we have begun to consider how we will comply with recent updates to the Listing Rules in this regard.

It is our firm intention to comply fully with best practice in respect of independence, diversity and inclusion both on the Board and throughout the Group, although shareholders will appreciate that this needs to be planned over time to ensure appropriate continuity in serving our clients' best interests.

During the year, the Board implemented a Board diversity policy, details of which can be found in the Nomination Committee report on page 58.

Succession planning

The Nomination Committee has continued in its work of reinforcing and elaborating upon our succession plans, with focus placed on thoroughly planning out our response in relation to planned, unplanned and emergency departures. Further detail on succession planning can be found in the Nomination Committee report on page 57.

Remuneration Policy

As required by the Companies Act, we will be submitting our Directors' Remuneration Policy for shareholder approval at the 2022 AGM. The Remuneration Committee has undertaken a review of the current policy with two objectives in mind: (i) to ensure that it remains appropriate as a means of incentivising our senior executive team, especially in the light of the merger with KIM; and (ii) to ensure we are clear about our investors' expectations in designing the new policy. To assist the Remuneration Committee in this task, FIT Remuneration Consultants were engaged as an adviser to the Remuneration Committee and their guidance has been valuable in helping us shape the updated policy which I commend to shareholders for approval.

UK Corporate Governance Code

During the year, the Group complied with the spirit of all principles of the Code, and with all provisions with the exception of provision 11 regarding the composition and independence of the Board. As a result of the changes in the membership of the Board which have occurred during the year, we now expect to comply with provision 11 in future years.

Board performance

We delayed our annual assessment of the effectiveness of the Board and its committees by a few months to give members some time to assess how the Board – in its new format – is operating. An internal assessment is currently under way using questionnaires to be completed by each Director.

Full details on the Board evaluation process can be found on page 55.

Culture, purpose, values and strategy

The Board is responsible for setting the Group's purpose, values and strategy and strives to set a positive tone from the top, leading by example and acting with integrity. We were pleased to be able to resume our visits to the Company's offices both in the UK and US. These are always valuable opportunities to help us monitor and assess the culture of the Group in person, in addition to our regular reviews of the key performance indicators related to employee retention. Further details on the Group's culture, purpose and values can be found on page 51 and detail on the Group's strategy can be found on pages 20 to 22.

Looking ahead

We believe that the Board has made some positive and significant steps forward this year in establishing an appropriate governance framework for the Group. There is still work to do, not least in making our Board more diverse. Current macro-economic and geo-political situations are creating a challenging business environment which we as a Board need to navigate carefully; however I believe that we have a Board structure which will enable us to focus on and address those challenges in the interests of all of our stakeholders.

Barry Aling
Chair of the Board

15th September 2022

BOARD OF DIRECTORS

CHAIR

Barry Aling

CHAIR OF THE BOARD

Date of appointment:
1st August 2013
Tenure: >8 years

Experience
Barry Aling has worked extensively in international equity markets over a 40-year period. 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.

External listed directorships:
none

Contributes to the Board:
financial and emerging markets knowledge; asset management; consultancy; Board and Chair experience.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Peter Roth

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

A N R

Date of appointment:
1st June 2019
Tenure: >3 years

Experience
Peter 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 is also a Director of the Stone Point Credit Corporation and is the Chairman of the audit committee and member of the nomination and governance committee. Finally, he also serves on the Board of St Mary's Healthcare System for Children where he Chairs the finance committee and serves on the executive, nomination and development committees.

External listed directorships:
none

Contributes to the Board:
experienced investor; extensive knowledge of financial services industry; Audit Committee Chair experience; and wide-ranging governance experience.

Jane Stabile

INDEPENDENT NON-EXECUTIVE DIRECTOR

N R

Date of appointment:
2nd July 2018
Tenure: >4 years

Experience
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.

External listed directorships:
none

Contributes to the Board:
extensive knowledge of financial services industry; leadership; strategic consulting; and strong entrepreneurial skills.

Rian Dartnell

INDEPENDENT NON-EXECUTIVE DIRECTOR

R A

Date of appointment:
1st October 2020
Aggregate tenure: >7 years

Experience
Rian Dartnell is the Managing Partner of PAXIS Key Holdings and works with endowment, foundation and family relationships to identify and monitor exceptional managers and investments. He also serves as a Trustee, Adviser, or Investment member for high quality family, endowment and institutional investors. Rian served as a Non-Executive Director on the Group Board from June 2011 to July 2016.

External listed directorships:
none

Contributes to the Board:
strong leadership; extensive experience of asset management industry; experienced investor; and financial and emerging markets knowledge.

A Audit & Risk Committee
N Nomination Committee
R Remuneration Committee
Committee Chair

a) Mark Dwyer, Carlos Yuste and Daniel Lippincott resigned on 30th June 2022
b) Barry Olliff retired on 31st July 2022

INDEPENDENT NON-EXECUTIVE DIRECTOR

Tazim Essani
INDEPENDENT NON-EXECUTIVE DIRECTOR

A N R

Date of appointment:
1st February 2021
Tenure: *<2 years*

Experience
Tazim Essani has over 30 years of experience in executive roles at Close Brothers Group plc, Santander UK plc and GE Capital. She has a significant track record in strategy and M&A in financial services in the UK and internationally covering integration, management transition and realisation of synergy benefits. She also serves as a Non-Executive Director on the Board of Quilter plc where she sits on the Audit and Remuneration Committees. In addition, Tazim has responsibility for employee engagement focusing particularly on diversity and inclusion. Tazim is also a Trustee (Council member) of the Royal Horticultural Society and member of the remuneration committee of Sovereign Housing.

External listed directorships:
Non-Executive Director
Quilter plc

Contributes to the Board:
extensive knowledge of financial services industry; leadership; strategic consulting; and strong entrepreneurial skills.

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

George Karpus
KIM FOUNDER AND NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Date of appointment:
19th October 2020
Tenure: *<2 years*

Experience
George Karpus founded KIM in 1986 to improve how client value is defined and delivered in the investment industry. For 18 years prior to 1986, George held key positions at two brokerage firms, a regional bank and another investment advisory firm. George earned his BSc. (Physics) from St. Lawrence University and attended Rensselaer Polytechnic Institute for the MSc. Programme.

External listed directorships:
none

Contributes to the Board:
founder; strong leadership; extensive experience of asset management industry; experienced investor; and financial and emerging markets knowledge.

EXECUTIVE DIRECTOR

Tom Griffith
CHIEF EXECUTIVE OFFICER

Date of appointment:
1st June 2004
Aggregate tenure: *>18 years*

Experience
Tom was the Deputy Chief Executive Officer and COO of the firm before becoming the CEO in March 2019. Prior to joining City of London 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.

External listed directorships:
none

Contributes to the Board:
strong entrepreneurial leadership; asset management experience; proven track record implementing successful business strategies; and Board experience.

BOARD ACTIVITIES

BOARD AND COMMITTEE MEETING AND ATTENDANCE

	Board	Audit & Risk Committee	Nomination Committee	Remuneration Committee
Number of scheduled meetings	6	3	3	4
Current Directors				
Executive Directors				
Tom Griffith	6/6	–	–	–
Mark Dwyer (1)	6/6	–	–	–
Carlos Yuste (1)	6/6	–	–	–
Daniel Lippincott (1)	6/6	–	–	–
Non-Executive Directors				
Barry Olliff (2)	6/6	–	–	–
George Karpus	6/6	–	–	–
Barry Aling	6/6	–	–	–
Peter Roth	6/6	3/3	3/3	4/4
Jane Stabile	6/6	–	3/3	4/4
Rian Dartnell	6/6	3/3	–	4/4
Tazim Essani	6/6	3/3	3/3	4/4

Notes:
- Includes scheduled meeting dates that have taken place up until the financial year ended 30th June 2022.

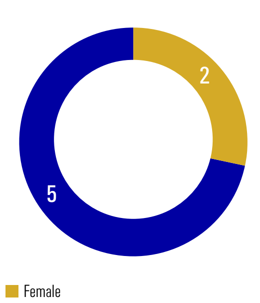
1) Mark Dwyer, Carlos Yuste and Daniel Lippincott resigned from the Board on 30th June 2022.
2) Barry Olliff retired from the Board on 31st July 2022.

TOTAL BOARD AND COMMITTEE MEETINGS

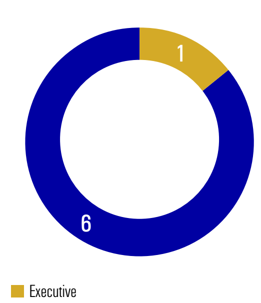
Board	6
Audit & Risk Committee	3
Nomination Committee	3
Remuneration Committee	4

BOARD STATISTICS*

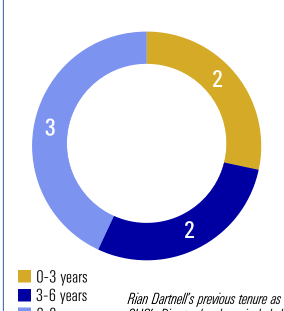
Gender balance



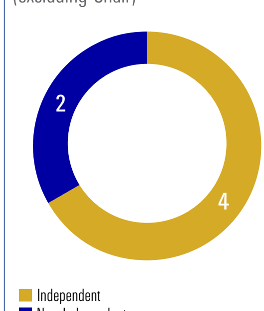
Executive vs Non-Executive



Tenure



Independent vs. Non-Independent
(excluding Chair)



*As at the date of signing of the Annual Report – excluding Mark Dwyer, Carlos Yuste and Daniel Lippincott, who resigned from the Board on 30th June 2022 and Barry Olliff, who retired from the Board on 31st July 2022.

CORPORATE GOVERNANCE ARRANGEMENTS

Compliance with the UK Corporate Governance Code

The Board applies and reports against the UK Corporate Governance Code (the Code), a copy of which can be found at www.frc.org.uk.

This report has been structured to assist shareholders and other stakeholders in interpreting the Company's application of the Code principles. Appropriate cross-references are made where relevant information is disclosed outside of the corporate governance report.

Throughout the financial year and to the date of this report, the Company has complied with all provisions of the Code with the exception of the following:

Provision 11 – Board independence

The Board did not have a majority of independent Directors throughout the financial year but, as reported in the 2021 Annual Report, the Company has been progressing plans to achieve full compliance. Following changes to the Board composition which were announced in April 2022 and which took effect during June and July 2022 the Board now comprises of seven Directors, five of whom are independent.

Please refer to pages 5 and 11 for additional commentary in relation to Board independence.

The role of the Board

The Board is responsible for promoting the Company's long-term success. It achieves this by setting the Group's strategy and monitoring delivery against it. Further details can be found on pages 20 to 22. Group strategy is guided by the Company's purpose and values, further details of which can be found on page 51.

Matters reserved to the Board

The Board operates a policy of matters formally reserved for its decision, which includes items that are material in delivering on the Group's strategy and purpose. These matters include:

- Setting the Company's values and standards and monitoring progress against them.
- Approval of strategic aims and objectives.
- Approval of budgets, capital expenditure and changes to the Group's capital structure.
- Ensuring a sound system of internal controls and risk management.
- Approval of financial results and trading updates.
- Approval of dividends and review of dividend policy.
- Approval of workforce policies.

The full schedule of matters reserved can be found on the Company's website: **www.clig.co.uk**.

Board meetings

The Group Chief Financial Officer prepares an agenda for each Board meeting in conjunction with the Company Secretary, Chief Executive Officer and Chair of the Board. Agendas are structured to allow sufficient time for discussion and debate, and to ensure that the Board covers all items it needs to in order to discharge its duties.

Conflicts of interest

On appointment, Directors are required to disclose conflicts of interest to the Company. Details of existing conflicts of interest are tabled at each Board meeting and Directors are asked to flag updates where required. Conflicts of interest are also verified as part of year-end reporting.

Director time commitment and external appointments

Director time commitments are assessed annually by the Nomination Committee. Directors are required to disclose any significant commitments upon appointment and all external appointments must be approved by the Board before they are accepted.

BOARD ACTIVITIES
CONTINUED

Application of Code Principles
The table below provides an explanation of how the Board has applied the Code Principles during the year ended 30th June 2022.

CODE PRINCIPLE	SUMMARY
BOARD LEADERSHIP AND COMPANY PURPOSE	
A	A successful Company is led by an effective and entrepreneurial Board, whose role is to promote the long-term sustainable success of the Company, generating value for shareholders and contributing to wider society. *The role of the Board is set out on page 47. The section 172 (1) statement on page 40 explains how the Directors carry out their duty to promote the long-term success of the Company, taking into account the outcome of engagement with key stakeholders.*
B	The Board should establish the Company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All Directors must act with integrity, lead by example and promote the desired culture. *Please see page 51 for a summary of the Group's culture, purpose, values and pages 20 to 22 for strategy.*
C	The Board should ensure that the necessary resources are in place for the Company to meet its objectives, and measure performance against them. The Board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed. *The Board's role in ensuring the Group has the necessary resources is stated on page 54. The Audit & Risk Committee report on pages 59 to 62 includes a description of the Group's approach to risk management and internal control.*
D	In order for the Company to meet its responsibilities to shareholders and stakeholders, the Board should ensure effective engagement with, and encourage participation from, these parties. *Commentary about stakeholder engagement can be found on pages 52 to 53.*
E	The Board should ensure that workforce policies and practices are consistent with the Company's values and support its long-term sustainable success. The workforce should be able to raise any matters of concern. *The approval of workforce policies is a matter reserved to the Board. Please see page 52 for more details on the Board's role in relation to workforce policies and whistleblowing.*
DIVISION OF RESPONSIBILITIES	
F	The Chair leads the Board and is responsible for its overall effectiveness in directing the Company. He or she should demonstrate effective judgement throughout their tenure and promote a culture of openness and debate. In addition, the Chair facilitates constructive Board relations and the effective contribution of all Non-Executive Directors, and ensures that Directors receive accurate, timely and clear information. *Information about the Company's Board performance evaluation can be found on page 55.*
G	The Board should include an appropriate combination of Executive and Non-Executive (and in particular, Independent Non-Executive) Directors, such that no one individual or small group of individuals dominates the Board's decision-making. There should be a division of responsibilities between the leadership of the Board and the executive leadership of the Company's business. *The composition of the Board is kept under review. A description of the division of responsibilities between the Board and the Group Executive Committee can be found on page 54.*
H	Non-Executive Directors should have sufficient time to meet their Board responsibilities. They should provide constructive challenge and strategic guidance, offer specialist advice, and hold management to account. *Expectations about time commitment and the duties of the role are set on appointment and the Chair of the Board provides support to the Non-Executive Directors as necessary thereafter. Please see pages 47 and 57 for additional commentary.*
I	The Board, supported by the Company Secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently. *Information about the Company's Board performance evaluation, which includes a review of Board processes, can be found on page 55.*

CODE PRINCIPLE	SUMMARY
COMPOSITION, SUCCESSION AND EVALUATION	
J	Appointments to the Board should be subject to a formal, rigorous and transparent procedure and an effective succession plan should be maintained for Board and senior management. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths. *The approach to Board appointments and succession planning and the Board Diversity policy are described on pages 57 to 58.*
K	The Board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the Board as a whole and membership regularly refreshed. *The Board reviews the balance of skills and experience needed as part of its discussions on succession planning. See page 57 for more information.*
L	Annual evaluation of the Board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each Director continues to contribute effectively. *Information about the annual Board evaluation and the individual evaluation of Directors can be found on page 55.*
AUDIT, RISK AND INTERNAL CONTROL	
M	The Board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions and satisfy itself on the integrity of financial and narrative statements. *The Board monitors the need for an internal audit function and the policies and processes in place to ensure the independence and effectiveness of the external auditor. Further details can be found in the Audit & Risk Committee Report on pages 59 to 62.*
N	The Board should present a fair, balanced and understandable assessment of the Company's position and prospects. *The Audit & Risk Committee and the Board consider whether the annual report is fair, balanced and understandable and the appropriate statement is included on page 60.*
O	The Board should establish procedures to manage risk, oversee the internal control framework and determine the nature and extent of the principal risks the Company is willing to take in order to achieve its long-term strategic objectives. *Disclosures on the Company's internal control and risk management systems are included in the Audit & Risk Committee Report on pages 59 to 62 and in the Directors' Report on page 85.*
REMUNERATION	
P	Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success. Executive remuneration should be aligned to Company purpose and values, and be clearly linked to the successful delivery of the Company's long-term strategy. *The Remuneration Committee considers the alignment of rewards policies with long-term strategy. Refer page 63.*
Q	A formal and transparent procedure for developing policy on executive remuneration and determining Director and senior management remuneration should be established. No Director should be involved in deciding their own remuneration outcome. *Details about the operation of the Remuneration Committee are included in the Chair of the Remuneration Committee's Annual Statement and the Annual Report on Remuneration on pages 63 to 72.*
R	Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of Company and individual performance, and wider circumstances. *The Remuneration Committee exercises appropriate discretion when authorising remuneration outcomes, as described in the Annual Report on Remuneration on pages 68 to 72.*

BOARD ACTIVITIES
CONTINUED

The Board discharges its duties through an annual programme of meetings. Some key areas of focus during the financial year are shown below.

STRATEGY AND PERFORMANCE

- Received and discussed regular reports from the Executive Directors and senior management on performance.
- Reviewed and approved Group strategy and KPIs, as set out on pages 20 to 27.
- Reviewed culture, purpose and values and alignment with culture.

FINANCIAL OVERSIGHT

Dividends

- Reviewed the Group's dividend policy.
- Considered and declared an interim dividend of 11p per share and a special dividend of 13.5p per share for payment on 25th March 2022.
- Considered and recommended a final dividend of 22p per share for payment on 4th November 2022.

External reporting

- Upon the recommendation of the Audit & Risk Committee, reviewed and approved full and half year results and the Annual Report and Accounts.
- Reviewed and approved quarterly trading statements.

Budget and financial resource

- Reviewed and approved the 2021/2022 Group budget.

AUDIT, RISK AND INTERNAL CONTROL

- Reviewed and approved the Internal Capital Adequacy Assessment Process (ICAAP). The Group will produce its first Internal Capital and Risk Assessment (ICARA) in FY 2023.
- Reviewed systems of risk management and internal control.
- Approved the going concern statement and assessment of viability.
- Carried out a robust assessment of the Company's principal and emerging risks.

LEGAL AND GOVERNANCE

Succession and appointments

- The Board progressed plans for changes to its composition and structure.

Annual General Meeting

- Held an AGM which shareholders were once again able to attend in person following the lifting of COVID restrictions.

Governance

- Considered reports from the Committee Chairs.
- Approved proposed updates to Group policies.
- Group's compliance with corporate governance guidelines and regulations considered.

The Board is responsible for setting the Company's purpose, values and strategy, and for satisfying itself that these and its culture are aligned.

The Board reviewed its purpose, values and methods for assessing and monitoring culture in September 2022.

PURPOSE

The Group exists for the mutual benefit of our three primary stakeholders: Clients, Employees and Shareholders.

VALUES

- **The Clients pay the bills** – Clients expect superior investment performance, openness and accountability, and ethical treatment.
- **The Employees manage the business** – Employees expect fair treatment, open communication and to share in the success of the Group.
- **The Shareholders own the business** – Shareholders expect relevant risk and cost controls, quality earnings and within the bounds of prudential balance sheet management, regular dividend distributions.

CULTURE

The Board is responsible for setting the cultural tone of the Group by way of clear policies, procedures and codes designed to set out, and ensure, attainment of stakeholder expectations. The Board's goal is to empower employees through the setting of an appropriate cultural framework to deliver consistently and sustainably against the strategy it sets.

New employees receive an induction including coaching on the Company's Code of Ethics, which covers behavioural expectations around topics such as bribery and corruption, conflicts of interest, insider dealing, confidentiality, personal securities account dealing, inclusion, gifts and hospitality and delegated levels of authority.

The Board receives updates on employee retention, an important indicator that the Board has succeeded in embedding a positive culture. The Group boasts a very low level of employee turnover with high levels of employee satisfaction reported. Employee retention not only remains a key cornerstone of the Group's strategy, but is also one of the Group's additional key performance indicators. Further details on strategy can be found on pages 20 to 22 and additional key performance indicators can be found on pages 24 to 27.

The Board receives regular updates from CLIM's Head of Compliance and KIM's Chief Compliance Officer, which contain details of policy breaches, including in relation to the Code of Ethics. The Board monitors such breaches closely with a view to taking action should the reported issues indicate a trend as opposed to an exception.

The Board also reviews and assesses the Company's culture by directly engaging with the employees at both operating subsidiaries. The following are some examples of such engagement that have taken place during the financial year and up to the date of the Annual Report:

October 2021 AGM & Board meetings in London
- Board visit to London office (limited attendance due to COVID)
- Board's informal interaction with all employees

April 2022 Board meeting in Coatesville, PA
- CLIM employee presentations to Board
- Visit by some Board members to Coatesville office
- Formal NED & Employee Engagement Sessions held by video conference with CLIM and KIM employees across all offices on 26th April 2022
- Board's informal interaction with all CLIM's US employees

July 2022 Board meeting in Rochester, NY
- KIM employee presentations to Board
- Board's informal interaction with all KIM employees

STAKEHOLDER ENGAGEMENT

The Board must act in a way that promotes the success of the Company for the benefit of shareholders, whilst having due regard to its wider stakeholders.

Details of the Board and wider Group's engagement with its stakeholders are set out below and the s172 (1) statement can be found on page 40.

CLIENTS

Key considerations
- Ensure client needs are understood and met.
- Ensure transparency on key issues related to investment products, including investment performance, regulatory requirements and ESG considerations.
- Clear communication.

How the Board engaged
- Received regular reports providing updates on client relationships, including details of client calls and engagement.

SHAREHOLDERS

Key considerations
- Ensure that shareholder interests and concerns are understood and addressed.
- Ensure transparency on key issues and provide clear communications.

How the Board engaged
- Annual General Meeting.
- Regular in-person/video conference meetings with shareholders.

How the business engaged
- Video conference presentations and in-person/virtual roadshows around results announcements.

EMPLOYEES

Key considerations
- Ensure 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 of their work in order to support their families' and communities' well-being (see page 34 for further detail on employee welfare).

How the Board engaged
- Board meetings are held at Company offices to provide employees with the opportunity for informal interaction with the Board.
- An annual strategy day is held, with all employees and members of the Board invited to attend.
- Regular site visits take place.
- Formal NED & Employee Engagement Sessions were held by video conference with CLIM and KIM employees across all offices in April 2022.
- Board's informal interaction with employees from various offices in October 2021, April 2022 and July 2022.
- The Board keeps workforce policies under review to ensure they are consistent with the Group's values and support the long-term success of the Company.

How the business engaged
- Refer to page 34 for employee welfare policies.

Workforce engagement
Provision 5 of the UK Corporate Governance Code

The Board is required to agree a mechanism for ensuring ongoing engagement with the workforce and has designated Barry Aling, the Chair of the Board, as the Non-Executive Director in charge of employee engagement. This role entails championing strength of communication between the Board and employees, and ensuring appropriate opportunities are created to elicit employee feedback.

Whistleblowing
Provision 6 of the UK Corporate Governance Code

The Company's whistleblowing mechanism enables the workforce to report concerns anonymously. The Board receives details about reports received pursuant to this mechanism at each scheduled meeting and ensures that a proportionate and independent investigation and follow up action is taken in relation to all reports.

THE ENVIRONMENT

Key considerations

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

How the Board engaged

- Receives reports regarding the Group's carbon footprint and sustainability data.
- Refer to disclosures recommended by TCFD on page 38.

How the business 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 35.
- We utilise Sustainalytics to ensure that the investment process supports ESG initiatives. Refer to page 37 in relation to responsible investment.
- Refer to disclosures recommended by TCFD on page 38.

OUR COMMUNITIES

Key considerations

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

How the Board engaged

- The Board spearheaded an initiative to increase the level of applications being received from candidates from diverse backgrounds by consulting with recruiters and working with Universities to recruit directly.

How the business engaged

- Community outreach and support efforts are a key element of our ongoing business operations. Further details can be found on page 36.

REGULATORS

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 the Board engaged

- Receive and challenge regular reports from finance and compliance.

How the business engaged

- The compliance function at each operating subsidiary is integral to investment management and client functions and reports to the Board.

VENDORS

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 client and shareholder interests.

How the Board engaged

- Receive and challenge regular reports from operations.

How the Board 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.

CONSIDERATION OF STAKEHOLDERS IN DECISION-MAKING

Key considerations

Approved special dividend
In addition to the interim dividend of 11p, the Board approved a special dividend of 13.5p which was paid on 25th March 2022.

Approved the final dividend
As described in the CEO's statement, the Board is recommending a final dividend of 22p, making a total of 46.5p for the year, including the special dividend of 13.5p. Refer to page 10.

CORPORATE GOVERNANCE FRAMEWORK

There is a clear division of responsibilities between the Board and its Committees. Each role is clearly defined and distinct.

BOARD OF DIRECTORS

Chaired by Barry Aling

Roles and responsibilities

- Establishes the Company's purpose, values and strategy, satisfying itself that these and its culture are aligned.
- Ensures that the Group's financial structure, resources, talent and culture support its objectives and long-term success.
- Oversees the framework for risk management and internal control.
- Maintains engagement with stakeholders.

GROUP EXECUTIVE COMMITTEE (GEC)

Chaired by Tom Griffith

Comprised of five members – Carlos Yuste, Dan Lippincott, Deepranjan Agrawal, Mark Dwyer and Tom Griffith.

Roles and responsibilities

- Provides executive oversight of the Group's operating businesses and day-to-day management of the Group.

AUDIT & RISK COMMITTEE

Chaired by Peter Roth

Comprised exclusively of three Independent Non-Executive Directors.

Roles and responsibilities

- Oversees financial reporting, audit and risk.

See page 59 for the Audit & Risk Committee report.

NOMINATION COMMITTEE

Chaired by Jane Stabile

Comprised exclusively of three Independent Non-Executive Directors.

Roles and responsibilities

- Oversees Board composition, succession planning and governance matters.

See page 56 for the Nomination Committee report.

REMUNERATION COMMITTEE

Chaired by Rian Dartnell

Comprised exclusively of four Independent Non-Executive Directors.

Roles and responsibilities

- Oversees Group remuneration policy and strategy ensuring there is an appropriate linkage between strategy and reward.

See page 63 for the Remuneration Committee report.

BOARD ROLES

Chair

- Leads the Board and ensures its effectiveness.
- Supports the CEO in the execution of duties and providing constructive challenge.
- Works closely with Executive and Non-Executive Directors, and facilitates a culture of open, robust and effective debate.
- Ensures that the Board maintains effective communications with shareholders and other stakeholders.
- Ensures stakeholder interests are considered in Board's decision-making.

Chief Executive Officer

- Responsible for executive management of the Group.
- Formulates and recommends Group strategy for Board approval and responsible for execution of approved strategy.
- Runs the business within appropriate delegated authorities, risk management and internal controls.
- Communicates and embeds a shared purpose, sets business values and builds management talent.
- Develops an effective relationship with the Chair and leverages the knowledge of Non-Executive Directors.

Senior Independent Director

- Provides a sounding board for the Chair and, if required, acts as an intermediary between Directors and shareholders.
- Leads the annual evaluation of the Chair's performance.
- Leads the search for the appointment of a successor to the roles of Chair of the Board and Chair of the Nomination Committee, where required.
- 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 Chair and CEO.

BOARD EVALUATION

EVALUATION PROCESS

A review of the effectiveness of the Board, its Committees and individual Directors is conducted on an annual basis. The 2021 effectiveness review generated an in-depth discussion about the governance structure of the Group and the optimal composition of the Board. This culminated in the Board re-structure that was announced in April 2022 and took effect in June 2022. Elements of the Board process e.g. the format of the Board papers and running of the meetings, have also been reviewed in tandem with the Board re-structure. As a result of this change, it was decided to delay the timing of the 2022 Board effectiveness review for a few weeks in order to allow the Board to settle into its new structure and process. The 2022 effectiveness review is currently in progress, and again has been facilitated by the Company Secretary using questionnaires based on but updated from the questionnaires used in the 2021 effectiveness review. Jane Stabile, Chair of Nomination Committee, has been the Board sponsor for the 2022 review. As the Company is not a constituent of the FTSE 350 and given the recent changes, the Board determined that it would not undertake an externally facilitated Board evaluation in 2022. The need to undertake an external evaluation will remain under review by the Board.

Questionnaire topics included:

- Strategy
- The Board and stakeholders
- Board discussion and processes
- Risk, internal control and the Audit & Risk Committee
- Succession and the work of the Nomination Committee
- The Remuneration Committee
- Chairship

OUTCOMES

As at the date of this report, the outcomes of the 2022 Board effectiveness review have not been finalised. It is anticipated that the findings of the review will be discussed at the Board meeting in December 2022 and reported in the 2022-2023 annual report.

2021 EFFECTIVENESS REVIEW OUTCOMES	ACTIONS UNDERTAKEN
Board's engagement with the Group's strategy focused on growth	• Two strategy sessions held by the Board in October 2021 and April 2022
Develop the Board programme and agenda to allow more time for key strategic and operational matters	• The format of the Board papers has been reviewed and revamped • More non-Group matters – especially in relation to compliance – are now reviewed at subsidiary Board level or at the Audit & Risk Committee • Board directly engaged with the employees across the four offices on multiple occasions during the year with employee presentations directly to the Board
Continue to develop ESG strategy in line with market expectations	• Recommendations of the Task Force on Climate-Related Financial Disclosures discussed at the Board and Audit and Risk Committee meeting • Group wide policies established on a range of social issues, including anti-slavery, human trafficking, anti-corruption, bribery and health and safety • Training to all employees in relation to diversity, equity and inclusion
Opportunity for Board to engage with the work done in relation to risk and internal controls	• Focused discussion on risk and internal controls at each of the three Audit and Risk Committee meetings
Development of Board and senior management succession plan taking account of the size, composition and diversity of the Board and the management pipeline	• Board re-structure announced in April 2022 and took effect in June 2022 • Group Executive Committee (GEC) established to provide executive oversight of Group's operating businesses

Individual Directors

The individual skills, time commitment and independence of each Director, are assessed annually and the Board confirmed that each Director continues to contribute effectively to the Board both within and outside of Board meetings.

Chair of the Board

The Non-Executive Directors met in April 2022 without the Chair of the Board, Barry Aling, present to discuss his performance. It was concluded unanimously that the Chair of the Board had performed strongly during the year, demonstrating a keen understanding of the business and listening well, offering appropriate challenges to the executive team where necessary. He continues to maintain a culture of open communication and foster active participation in meetings.

NOMINATION COMMITTEE REPORT

> "The creation of the Group Executive Committee allowed us to consolidate the membership of the Board and bring the Board composition into line with the requirements of the UK Corporate Governance Code."

Jane Stabile Chair of the Nomination Committee

COMMITTEE MEMBERSHIP

Jane Stabile (Chair)

Tazim Essani

Peter Roth

I am pleased to present the report of the Nomination Committee (the Committee) for the year ended 30th June 2022.

Given that the past twelve months have been a period during which there have not been any new appointments to the Board, it has been a surprisingly busy period for the Nomination Committee as it has sought to work through a Board development and succession plan. We had expanded the Board in 2020-2021 following the merger with KIM to ensure a smooth transition. Following the successful completion of the merger, it became clear that a different structure would be more appropriate. As a consequence and following much discussion, the creation of the Group Executive Committee allowed us to consolidate the membership of the Board and bring the Board composition into line with the requirements of the UK Corporate Governance Code.

In tandem, Board succession has been a topic to which we have devoted much time during the year. Our aim has been to allow the Group to prepare for the future whilst optimising the considerable benefits that the Company derives from the individuals who have brought the Group to the place it has reached today. CLIG's Founder, Barry Olliff, retired from the Board in July 2022 with our gratitude for his sage guidance over these many years. Our current Chair, Barry Aling, has indicated that he will serve one more year as Chair before standing down at the 2023 Annual General Meeting. George Karpus will continue to serve on the Board for the 2022-2023 financial year and we will provide an update prior to next year's AGM regarding his future plans. Each of these changes has been agreed following much discussion, and we still have work to do to see these succession plans through.

In 2021, our annual Board Evaluation review was immensely useful to the Committee and the Board in establishing some of the priorities for change that have culminated in a number of steps that we and the Board have taken during the year.

The 2022 review is currently in progress and we are looking forward to using that exercise to reflect on what has gone well and to identify areas for further attention.

I am grateful to my colleagues on the Nomination Committee for their support and efforts during the year as well as the considerable input that we receive from other Board colleagues, in particular our Chair of the Board and Chief Executive Officer.

Jane Stabile
Chair of the Nomination Committee

15th September 2022

KEY ROLES AND RESPONSIBILITIES

- Monitor the structure, size and composition of the Board and its principal Committees.
- Oversee succession planning for Board and senior management roles.
- Identify and nominate candidates to fill Board vacancies.
- Review time commitment for Non-Executive Directors.
- Approve Directors for re-appointment at the end of their terms and at Annual General Meetings.
- Review results of annual Board effectiveness reviews.
- Approve Directors' external appointments.

Full terms of reference of the Committee can be found on the Company's website: **www.clig.co.uk**.

Committee composition and attendance

The Committee held three scheduled meetings during the year, all of which were attended by all Committee members. Full attendance details can be found on page 46. The Committee comprises of three Independent Non-Executive Directors. At the invitation of the Committee, meetings are regularly attended by the Chair of the Board, Executive Directors and other Non-Executive Directors. Other members of senior management are invited to attend and present at meetings from time to time. The Company Secretary is secretary to the Committee.

COMMITTEE ACTIVITIES

Terms of reference

The Committee reviewed its terms of reference in May 2022, approving minor administrative changes.

Succession planning

The Committee reviewed Board and senior management succession plans during the year and concluded that no material changes to plans were required.

Succession and contingency plans are formulated to cover the following scenarios:

- Emergencies.
- Unplanned departures.
- Planned departures.

Succession plans take into account the need to maintain an appropriate combination of skills and experience on the Board. This informs the succession planning process and helps the Committee to ensure that any gaps identified in Director skills and experience are addressed.

Where possible, potential successors are identified and, in doing so, diversity of backgrounds of candidates in relation to gender and ethnicity are considered. Further details of the Board's approach to diversity and inclusion is set out on page 58.

Board and Committee evaluation

During the year, the Committee reviewed the process for the annual Board effectiveness evaluation, which consists of a questionnaire issued to each Board member and questions related to the Board and each of its Committees. Given the priority for bringing the Company into compliance with the UK Corporate Governance Code with regards to Board size and composition, the results of the evaluation were prioritised for full discussion by the Board in July 2021. Full details of the Board evaluation process can be found on page 55.

Director induction and ongoing training

A formal induction process is in place for new Directors, which aims to:

- familiarise Directors with the Group's business, departments and processes;
- cover the role, duties and responsibilities of Directors of a UK listed company; and
- facilitate engagement with employees.

Comprehensive and tailored programmes are formulated for each Director, depending on their individual background and experience. New Directors meet members of the Board, including the Chair, as well as Heads of Departments from around the business. They are given documentation providing key information related to the Group, including financial performance, Board policies and procedures and governance matters. These documents remain available to Directors as a continuing point of reference.

The ongoing training needs of Directors are kept under review and training sessions are planned as necessary.

Board size and composition

The Committee keeps under review the size and composition of the Board and its Committees, making recommendations for change to the Board as necessary. Following a review of the Group's governance arrangements, a series of Board-level discussions were held regarding the composition of the Board, and a restructure of the Board was announced. Key elements of the restructure included streamlining the Board by creating a Group Executive Committee (GEC). Carlos Yuste, Mark Dwyer and Dan Lippincott stepped down from the Board on 30th June 2022 and became members of the GEC.

In addition, on 31st July 2022, Barry Olliff, the Company's Founder, retired as a Director of the Company. The Board has placed on record its sincere appreciation for Barry's years of service to the Group and the Board.

The size of the Board is now more appropriate to the size of the Company, and the proportion of Independent Directors is now compliant with Provision 11 of the Code.

Appointment of Directors

A formal, rigorous and transparent process is in place for the recruitment of new Directors. Appointments are made on merit against objective criteria, with due regard to the importance of promoting diversity of gender, social and ethnic backgrounds, and cognitive and personal strengths. The Company endeavours to use open advertising and/or a search consultant to recruit for Board positions.

All Directors are subject to annual re-election by shareholders at the Company's Annual General Meeting. The Committee makes recommendations to the Board regarding Director re-appointment by reference to the results of the annual Board evaluation and an assessment of Directors' time commitments and tenures.

NOMINATION COMMITTEE REPORT

CONTINUED

Diversity and inclusion

The Board is committed to ensuring that its membership reflects diversity in its broadest sense, with a diverse range of demographics, skills, experience, race, age, gender, educational and professional backgrounds and other relevant personal attributes being reflected on the Board. The Company's Board diversity policy (Policy) was reviewed and approved by the whole Board in July 2022. A summary of the Policy and its objectives can be found below.

With the restructure complete, a key area of focus for the Committee will be to consider the Company's approach to diversity among the Board and senior management. The introduction of new Listing Rules will require the Company to report on whether it has met specified diversity targets. There are currently two female Directors on the Board, representing 29% of the composition of our Board. Details of the gender breakdown across the Group can be found in the Strategic Report on page 34.

The Company remains committed to fostering diversity when making future Board appointments.

BOARD DIVERSITY POLICY

Policy statement

The Board endorses the benefits of representation of a diversity of backgrounds, including in relation to age, gender, ethnicity and educational or professional background, and is committed to ensuring that the Board reflects a wide range of skills, knowledge, experience, backgrounds and perspectives. All appointments will be made on merit against objective criteria within the context of the required balance of skills and background the Board requires to function effectively.

Objectives

To agree measurable objectives for achieving gender, ethnic and cultural diversity on the Board.

To ensure that all searches conducted in relation to Board appointments, whether by the Company or external search firms, identify and present an appropriately diverse range of candidates for the relevant vacancy.

Monitoring and reporting

The Nomination Committee will present annually in its Committee report:

- a summary of this policy and progress made against its objectives;
- the process used in relation to Board appointments;
- its approach to succession planning and the development of a diverse pipeline of candidates;
- how diversity helps the Company meet its strategic objectives; and
- the gender balance of senior managers and their direct reports.

APPOINTMENT PROCESS FOR NEW DIRECTORS

1. Draw up an initial list of role requirements
2. Appoint an executive search agency, where necessary
3. Draw up long- and short-lists of candidates with support from the search consultant to conduct screening interviews and take up references
4. Short-listed candidates interviewed by a number of Directors and discussion had as to which candidates to take forward
5. Feedback gained from candidates and second interviews undertaken
6. Review undertaken of actual or potential conflicts of interest and assessment of the proposed Directors' existing commitments
7. Recommendation made to the Board regarding appointment

AUDIT & RISK COMMITTEE REPORT

> "The Committee has continued to focus on the integration of KIM into the Group and monitor the development of processes and procedures in line with the Group's size and complexity."
>
> **Peter Roth** Chair of the Audit & Risk Committee

COMMITTEE MEMBERSHIP

Peter Roth (Chair)

Tazim Essani

Rian Dartnell

I am pleased to present the report of the Audit & Risk Committee (the Committee) for the year ended 30th June 2022, setting out how the Committee has discharged its duties.

As the Group moved into the second year following the KIM merger, the Committee has continued to focus on the integration of KIM into the Group and monitor the development of processes and procedures in line with the Group's size and complexity. Overall, this transition has been a smooth one, well supported by the finance and compliance teams across the Group. The Committee has also received regular reports from the external auditor, RSM, which also indicated a satisfactory conclusion in extending their audit procedures to the new wider Group.

During the year, the Committee focused particularly on the accounting for impairment and goodwill, including a review of work undertaken by BDO US. Overall, the Committee is satisfied that the Company is adopting the appropriate accounting judgements in both cases.

The Committee also spent time during the second half of the year to understand the implications of climate-related risk for the Company's financial reporting. The Committee has now undertaken responsibility for the Company's reporting in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures.

The many macro-economic and geo-political challenges currently impacting on the business environment necessitates the Committee is careful in its judgement and assessment of risk over the coming months and this will be an important priority. With a change in Audit Partner in the next year due to partner rotation, we will be working with RSM to ensure the external audit process is a smooth and timely one.

Peter Roth
Chair of the Audit & Risk Committee
15th September 2022

KEY ROLES AND RESPONSIBILITIES

Financial and narrative reporting

- Monitor the integrity of the financial statements of the Company and report to the Board on significant financial reporting issues and judgements.
- Review the content of the Annual Report and Accounts and advise the Board on whether, taken as a whole, it is fair, balanced and understandable.

External audit

- Make recommendations to the Board regarding the re-appointment of the external auditor.
- Oversee the relationship with the external auditor.
- Assess the external auditor's independence and objectivity, including oversight of the policy on non-audit services.
- Assess the effectiveness of the external audit.

Risk management and internal control

- Review the adequacy and effectiveness of the Company's systems of risk management and internal control.
- Review and approve statements to be included in the annual report regarding risk management and internal control, principal and emerging risks and the viability statement.
- Consider the need for an internal audit function.

Compliance, speaking up and fraud

- Review the adequacy and security of the Company's whistleblowing arrangements, and procedures related to fraud, bribery and money laundering.

Full terms of reference of the Committee can be found on the Company's website: www.clig.co.uk.

AUDIT & RISK COMMITTEE REPORT

CONTINUED

Committee composition and attendance

The Committee held three meetings during the year, all of which were fully attended by all Committee members. The Committee is composed of three Independent Non-Executive Directors. All members have extensive knowledge of the asset management industry and the analytical tools used in the appraisal of Company reports and accounts. The Chair of the Committee, Peter Roth, has recent and relevant experience serving on audit committees in the financial services industry. At the invitation of the Committee, meetings are regularly attended by the Chair of the Board, Executive Directors, other Non-Executive Directors, the Chief Financial Officer and the external auditor. Other members of senior management are invited to attend and present at meetings from time to time.

FINANCIAL AND NARRATIVE REPORTING

The Committee reviews the Group financial statements, including half and full year results and the Annual Report and Accounts, and makes recommendations to the Board for approval. The Committee is responsible for reviewing the significant financial judgements, key assumptions and estimates employed by management, an analysis of which can be found in the table below. As part of the review, the Committee satisfies itself that the policies set out in note 1 of the financial statements on pages 99 to 105 are appropriate.

Fair, balanced and understandable

The Committee reviewed and concluded that the Annual Report and Accounts for the year ended 30th June 2022 are representative of the year and present a fair, balanced and understandable overview, providing the necessary information for shareholders to assess the Group's position, performance, business model and strategy.

Viability and going concern

The Committee concluded that a three-year assessment period continued to be appropriate and recommended the viability statement (found on page 33) to the Board for approval. The Committee also reviewed the going concern disclosure (see page 84) and recommended to the Board that the Group had adequate resources to continue in operational existence for the foreseeable future and that it was appropriate for the financial statements to be prepared on a going concern basis.

Significant financial judgements, key assumptions and estimates

The following table sets out the key accounting issues and judgements reviewed and monitored by the Committee during the year in accordance with UK Corporate Governance Code provision 26.

SIGNIFICANT JUDGEMENTS, KEY ASSUMPTIONS AND ESTIMATES	COMMITTEE ACTIONS
Share-based payments The calculation of share-based payment charges under the Group's Employee Share Option Plan and the Employee Incentive Plan.	The Committee has reviewed management's assumptions in relation to the calculation of share options and EIP charge and is satisfied that such charges are reflected appropriately in the financial statements. Further details on share-based payments can be found in note 22 of the financial statements on page 118.
Goodwill Goodwill for the Group's cash generating unit is tested for impairment at least annually through the application of a 'value in use' model. This requires estimates concerning future cash flows, growth rates and associated discount rates to be taken into account.	The services of an independent valuation consultant, BDO USA, LLP (BDO), were retained during the year to perform an assessment of impairment as at 30th April 2022. The Committee considered BDO's report outlining the methodology for the impairment assessment and challenged the assumptions underpinning the goodwill valuation model including cash flow projections, discount rates and any other inputs. The Committee also considered whether there were any significant changes or indicators of impairment in the period from the assessment date to 30th June 2022. Further details can be found in note 12 of the financial statements on page 113.
Nature of interest in EM REIT fund The Company holds a seed investment in the above fund. Judgement is required to be exercised in assessing whether the Company has significant influence over the fund.	The Committee reviewed management's assessment and agreed with the conclusion that the Company does not have significant influence over the EM REIT fund. Further details can be found in note 1.3 of the financial statements on page 99.

OTHER

Terms of reference

The Committee reviewed its terms of reference in February 2022 and no changes were made.

Committee evaluation

An internal Board and Committee evaluation exercise is currently in progress, which consisted of a questionnaire issued to each Board member containing questions on a variety of topics. A section of the questionnaire focusses on the topic of the Audit & Risk Committee. Full details of the Board evaluation process can be found on page 55.

RISK MANAGEMENT AND INTERNAL CONTROL

Audit and Risk Committee

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 from CLIM's Head of Compliance, KIM's Chief Compliance Officer and CLIG's management for managing the Company's risks. The Group maintains a Group risk register which is under constant review by the Group's Executive Directors.

CLIM's Risk & Compliance Committee (RCC) and KIM's Compliance Committee have the responsibility of the day-to-day oversight of the risk management process at the respective operating subsidiaries. They are also tasked to identify any areas where there are perceived to be risk exposures for their respective subsidiaries.

For the year ended 30th June 2022, the Committee is satisfied that the risk register has been appropriately amended and maintained.

Internal audit function

The Committee has discussed the need for an internal audit function extensively throughout the year. It is satisfied that the objectives and activities of an internal audit function are sufficiently fulfilled by the Group's current systems of risk management and internal control, as described above, and that a stand-alone function was not required during the year. In addition, Prism Cosec Ltd as the Company Secretary reinforces the Company's corporate governance arrangements.

The Committee will continue to keep the need for an internal audit function under review and to appropriately challenge and debate the topic.

EXTERNAL AUDIT

RSM UK Audit LLP (RSM) is the Company's appointed external auditor. RSM attended each scheduled meeting of the Committee during the year and reported on the status of the Group external audit process. The Committee met privately with the external auditor at each meeting to allow for any concerns to be flagged by the external auditor. No such concerns were flagged during the year.

Rotation and re-appointment

The Statutory EU Audit Directive (the Directive) sets out rules for public interest entities audit firm tenure and rotation and the provision of non-audit services.

The Company last undertook an audit tender in 2017, with the Company's current external auditor, RSM, being appointed for the year ended 30th June 2018. RSM has therefore served for five consecutive years. In order to comply with the Directive, the Company intends to undertake an audit tender at least every ten years. There are no contractual obligations that restrict the Committee's choice of external auditor.

Malcolm Pirouet completed his fifth year as lead external audit partner for the year ended 30th June 2022. External auditors are required to rotate their lead partner every five years. Therefore, the Company will have a new lead audit partner appointed for the year ending 30th June 2023.

The Committee concluded that the effectiveness of the external audit process carried out by RSM was satisfactory and that their independence and objectivity were sufficiently maintained. Therefore, the Committee recommended to the Board the re-appointment of RSM at the Company's next Annual General Meeting.

The disclosures provided within this report constitute the Company's statement of compliance with the requirements of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

Assessment of external audit effectiveness

During the year, the Committee reviewed the external auditor's effectiveness in carrying out the year end audit and concluded that the audit process had been carried out effectively.

AUDIT & RISK COMMITTEE REPORT
CONTINUED

Independence and objectivity
Both the Committee and the external auditor have policies and procedures designed to protect the independence and objectivity of the external auditor. During the year, the Committee was provided with a number of assurances by the external auditor regarding the checks and balances in place to safeguard independence and objectivity. Overall, the Committee has concluded that RSM remain independent.

Non-audit services policy
The Company's non-audit services policy sets out a list of non-audit services that the external auditor is either permitted or prohibited from providing to the Group. The policy places a requirement for all non-audit services that the external auditor is engaged for to be approved in advance as follows:

Value of non-audit service	Approver
Up to £25,000	Chair of the Audit & Risk Committee
£25,001 and above	Audit & Risk Committee

The policy further mandates that the total fees for non-audit services provided by the external auditor to the Group shall be limited to no more than 70% of the average of the statutory audit fee for the Company, of its controlled undertakings and of the consolidated financial statements paid to the external auditor in the last three consecutive financial years.

Pursuant to the policy, the Committee undertakes to seek annually from the external auditor information about policies and processes for maintaining independence and monitoring compliance with relevant requirements, including those regarding the rotation of audit partners and staff.

External auditor fee
During the year, the Committee reviewed and approved the external auditor's fee. Refer note 5 for fees paid to RSM in the years ended 30th June 2022 and 2021.

CHAIR OF THE REMUNERATION COMMITTEE'S ANNUAL STATEMENT

"There is a growing sense of empowerment and excitement among the teams at CLIM & KIM and a clearer vision of the budding opportunities in the larger Group."

Rian Dartnell Chair of the Remuneration Committee

COMMITTEE MEMBERSHIP

Rian Dartnell (Chair)
Tazim Essani
Peter Roth
Jane Stabile

On behalf of our Board and the Remuneration Committee, I am pleased to present our report for the year ended 30th June 2022.

For those of you who have followed us for many years, you will know of City of London Investment Group's disciplined, performance-oriented culture and our collegial team-based approach. There is a growing sense of empowerment and excitement among the teams at CLIM & KIM and a clearer vision of the budding opportunities in the larger Group. The integration of the two firms has been hard work, yet its success enhances management's confidence to continue to diversify and grow.

As Tom Griffith mentions in his CEO report, employment conditions have been tight and inflation has been an added complication. Overall, the management team has remained fair and pragmatic, while managing to keep salary increases under control.

Following the re-structure announced in April 2022, there is now only one Executive Director (our Chief Executive Officer, Tom Griffith) on the Board of Directors of the Company (the Board). This report discusses the remuneration of our Executive Directors which, given the team-based approach that is part of the Group's culture and ethos, are largely aligned with the principles and practices guiding compensation for the team as a whole. As a consequence, the changes in Board structure have not required the Remuneration Committee to change its approach to executive remuneration more generally. This has enabled the Committee to focus on the future and, in particular, think ahead to the renewal of the Group's Directors' Remuneration Policy (the Remuneration Policy) which we reviewed extensively this past year and needs to be approved by shareholders at the Company's Annual General Meeting (the AGM) in October 2022.

KEY ROLES AND RESPONSIBILITIES

- Determine policy for Directors' remuneration and set remuneration for the Chair, Executive Directors and senior management.
- Establish remuneration schemes aligning Executive Directors with shareholder interests.
- Review workforce remuneration and related policies.

Full terms of reference of the Committee can be found on the Company's website: **www.clig.co.uk**.

Code compliance

Recognising that the Company had not previously complied with provision 36 of the UK Corporate Governance Code (the Code), the Committee implemented a two year post-employment holding period policy in September 2021, bringing it into compliance with provision 36 shortly after the end of the 2021 financial year. The Company also extended the vesting period for awards made to Executive Directors under the Employee Incentive Plan (EIP) from three years to five years, applicable to awards granted from 2021 onwards. These changes have also been incorporated into the proposed 2022 Remuneration Policy.

The full statement of compliance with the Code is set out on page 47.

Group key performance indicator

Our Group's key performance indicator (KPI) of CLIG's total return (share price plus dividends) over a market cycle underpins our approach to rewarding employees and Executive Directors alike and is a key cornerstone of our inclusive and team-based culture, helping to create a common goal for the Group. We continue to endorse this approach and its ability to help us fulfil the requirements of provision 40 of the Code (which we discuss in more detail on page 78). Further detail regarding our rationale for using the Group KPI and its link to remuneration outcomes is shown in the flow chart on pages 66 to 67.

CHAIR OF THE REMUNERATION COMMITTEE'S ANNUAL STATEMENT
CONTINUED

Remuneration outcomes
An overview of Executive Director remuneration outcomes and the single total figures of remuneration for all Directors are shown on pages 65 and 68 respectively.

2022 Remuneration Policy review
We continue to believe our Remuneration Policy is structured in an appropriate way given the size, function and culture of the Group and thus it supports us in delivering our strategy. The Committee was pleased to note that shareholders have continued to support the Company's approach to executive remuneration with over 92% of the shareholders who voted at the 2021 AGM endorsing our Remuneration Report. Given this level of support, we have not been inclined to make any substantial changes to the Remuneration Policy when it is proposed to shareholders for approval at the 2022 AGM.

Nevertheless, we wanted to ensure that the Remuneration Policy remains appropriate given our Company's context and is aligned with the expectations of our shareholders. To assist us in this task, we engaged FIT Remuneration Consultants as the Committee's independent adviser on executive remuneration. As a consequence of our discussions with FIT and other advisers, we have concluded that some amendments to the Remuneration Policy would be beneficial whilst retaining the existing structure and its alignment with sustained long-term positive outcomes produced. The Remuneration Policy that we are putting to shareholders for approval at the 2022 AGM will be substantially the same as the current one.

Proposed changes to our Remuneration Policy
Base salary/fees – Base salaries and fees will be reviewed annually rather than every six months.

Pension – Clarification that the maximum pension contribution rate is no more than the level for the wider workforce.

Employee Incentive Plan – The RSAs for Executive Directors will vest one-third each year over a three-year period from the end of the third year after participation. This means that RSAs will vest one-third each after three, four and five years.

ESOP – No further share option awards will be granted to Executive Directors under this scheme.

Malus and clawback – Material error and reputational damage have been added to the list of exceptional events which could lead to malus and/or clawback. The malus and/or clawback period has been extended from 18 months to 24 months following payment or vesting.

Shareholding guidelines – Post-employment shareholding requirements have been incorporated in the policy.

The Committee intends to undertake a further review of Executive Directors and employee pay arrangements over the forthcoming year and, if it concludes that changes are required, we will consult with leading shareholders in advance.

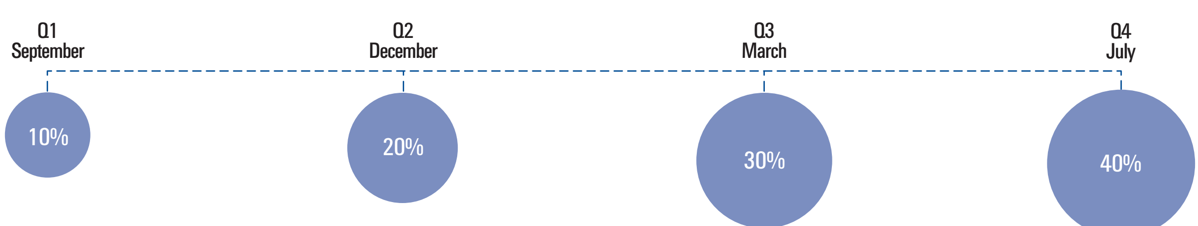
And finally…
In conclusion, we continue to believe that the Committee's approach to executive remuneration incentivises the right priorities for our executive team in a way that aligns well with the culture of our organisation and the interests of our shareholders. I hope that you will agree and give your support to the new Remuneration Policy at the forthcoming AGM.

I am always happy to discuss our approach to remuneration with shareholders and would be happy to answer any shareholder questions about the work of the Committee.

Rian Dartnell
Chair of the Remuneration Committee

15th September 2022

Profit-share payment schedule – financial year 1st July 2021 – 30th June 2022



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

Profit-share 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

REMUNERATION OVERVIEW

REMUNERATION OVERVIEW

Executive Director remuneration components

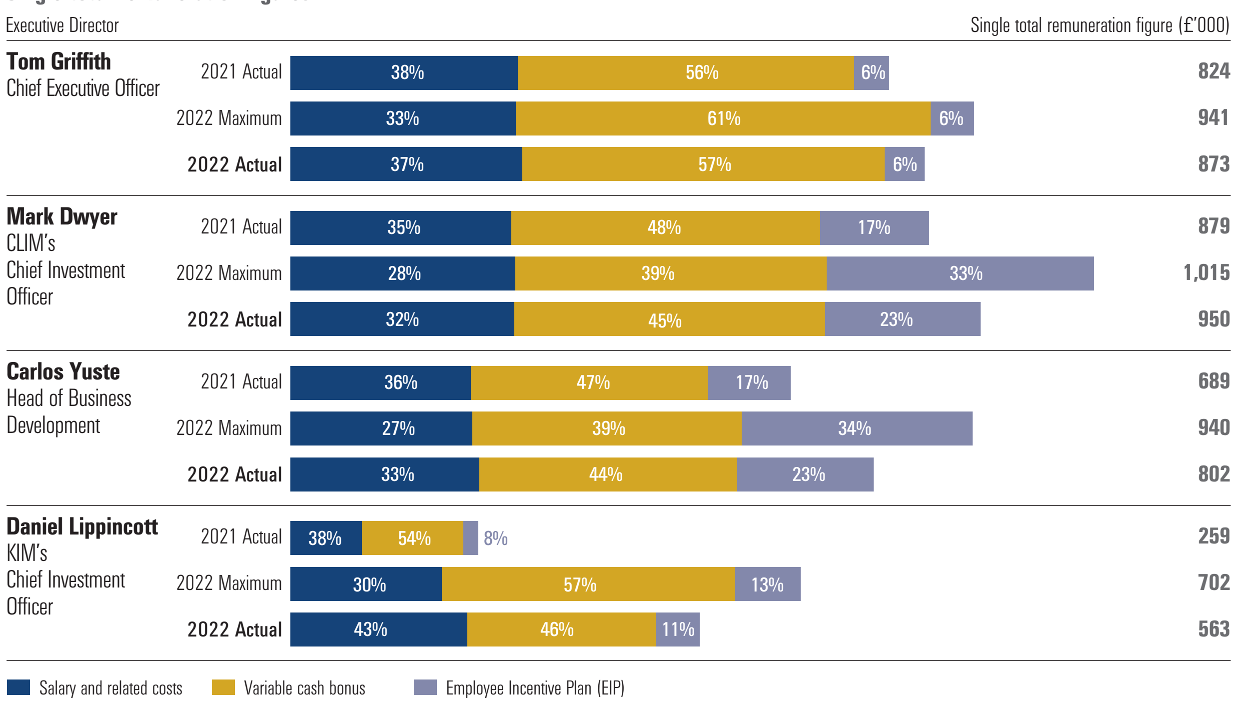
	Remuneration	Maximum under the current Remuneration Policy	Maximum under the proposed 2022 Remuneration Policy
Fixed	Base salary	Aligns with pay adjustments for the wider employee population	Aligns with pay adjustments for the wider employee population
	Fees	Market competitive	Market competitive
	Benefits	Market competitive	Market competitive
	Pension		No higher than workforce contribution
Variable	Bonus	2.5 times aggregate salary and fees	2.5 times aggregate salary and fees
	Employee Incentive Plan	One times match on bonus waived	One times match on bonus waived
	Share options		No further ESOP awards will be granted to Executive Directors
Governance	Share ownership guidelines	200% of salary	200% of salary (in and post-employment)
	Malus and clawback	Profit-share and EIP up to 18 months after termination date	Profit-share and EIP up to 24 months after payment/vesting date

Executive Director remuneration outcomes

Executive Directors' single total remuneration figures

The chart below compares the single total remuneration figures for FY 2022 for each Executive Director with the maximum total remuneration that could be awarded under the Directors' remuneration policy as per 30th June 2021 illustrative reward scenario and the single total remuneration figures for FY 2021.

Single total remuneration figures



Assumptions:

1) Based on the FY 2021 and FY 2022 actual results.
2) 2022 maximum is the level of remuneration that could have been received in FY 2022 in accordance with Group's Director's remuneration policy as included in FY 2021's illustrative reward scenario. This 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, which in turn is matched by the Company and the total is shown as EIP.
3) Daniel Lippincott joined the Board on 19th October 2020 and his remuneration for 2021 is reflected for the period for which he was a Director.
4) Under the Directors' remuneration policy, the EIP awards once awarded, will vest one-fifth per annum over a five-year period.

REMUNERATION OVERVIEW

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 KPI 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 KPI (See page 23 for further details)	This volatility is also why total return of CLIG over a market cycle which is defined as a rolling five-year period has been selected as the KPI. This **KPI presents 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 is 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 Group.** 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.**
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 increases.**

CLIG KPI'S RELATIONSHIP TO OUR REMUNERATION POLICY CONTINUED

Profit-share pool aligns employees compensation with shareholder value

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 a maximum of up to 30% of operating profit of the Group and aligns employees' variable income component of total compensation with Group profitability and shareholder value.**

EIP further aligns employees with 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%. Both the employee deferral and Company matching amounts vest over a three-year period in equal amounts each year. These amounts vest annually over a five-year period for Executive Directors from FY2021. As per the proposed 2022 Remuneration Policy, for Executive Directors, these amounts will vest one-third each year after the 3rd, 4th and 5th anniversaries of grant from FY2023. **Employee share purchases and the vesting schedule further align them with long-term shareholder value.**

Volatility of earnings requires flexibility

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.**

Profit-share pool provides single focus

On balance, when markets are good, employees share in the increased profits of the Group. We accomplish this through profit sharing. 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.

Individual appraisals and evaluation

Allocation of profit-share is a management responsibility. We operate in an open office environment. **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 appropriate for CLIG due to our team-based environment

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.

ANNUAL REPORT ON REMUNERATION

The information provided within the Annual Report on Remuneration has been audited where indicated and summarises how the Directors' remuneration policy was implemented during the financial period under review, as well as setting out total remuneration figures and rationales.

Committee composition and attendance

The Committee comprises of four Independent Non-Executive Directors: Jane Stabile, Peter Roth, Tazim Essani and Rian Dartnell serving as Chair. The Committee is focused on maintaining the entrepreneurial can-do team-based culture of the Group, while at the same time continuing to deepen its processes. Our goal is to be a balanced Group, managing investment mandates with consistent long-term outperformance while empowering a culture of inclusion and an atmosphere in which colleagues strive to do their best work.

The Committee held four meetings during the year, all of which were attended by all of the Committee members. At the invitation of the Committee, meetings are regularly attended by the Chair of the Board, Executive Directors, other Non-Executive Directors and the Chief Financial Officer. Other members of senior management are invited to attend and present at meetings from time to time.

This section of the Report is made up of four parts:
1) Single total figure of remuneration
2) Future implementation
3) Further remuneration disclosures
4) Governance disclosures

The proposed Director's Remuneration Policy is summarised in the future Policy table on pages 79 to 81 and will govern all future remuneration to be awarded to Directors.

1) SINGLE TOTAL FIGURE OF REMUNERATION (AUDITED)

The table below shows the single total figure of remuneration for each Director in relation to the financial year ending 30th June 2022 (2022) relative to the previous financial year ended 30th June 2021 (2021).

		Director fees £	Salary/ advisory fee £	Pension £	(1) Taxable benefits £	Total fixed £	Profit-share £	Waived profit-share £	(2) EIP share awards £	(3) Dividend equivalent EIP vesting £	Total variable £	Total £
Current Directors												
Executive Directors												
Mark Dwyer	2022	35,000	210,000	26,250	3,336	274,586	535,000	(107,000)	214,000	33,782	675,782	950,368
	2021	35,000	206,500	25,813	3,541	270,854	500,000	(75,000)	150,000	33,272	608,272	879,126
Tom Griffith	2022	35,000	214,874	26,859	5,557	282,290	526,308	(27,594)	55,188	36,639	590,541	872,831
	2021	35,000	211,104	26,388	6,046	278,538	486,559	(24,040)	48,080	34,909	545,508	824,046
Daniel Lippincott (4)	2022	35,000	172,702	29,697	6,018	243,417	289,712	(30,142)	60,284	–	319,854	563,271
	2021	24,680	47,250	26,270	349	98,549	149,858	(10,696)	21,392	–	160,554	259,103
Carlos Yuste	2022	35,000	185,301	23,163	6,707	250,171	448,634	(93,951)	187,902	9,471	552,056	802,227
	2021	35,000	181,500	22,688	6,046	245,234	384,268	(56,937)	113,874	2,728	443,933	689,167
Non-Executive Directors												
Barry Aling (5)	2022	75,000	–	–	–	75,000	–	–	–	–	–	75,000
	2021	105,538	–	–	–	105,538	–	–	–	–	–	105,538
Rian Dartnell (6)	2022	50,000	–	–	–	50,000	–	–	–	–	–	50,000
	2021	33,750	–	–	–	33,750	–	–	–	–	–	33,750
Tazim Essani (7)	2022	40,000	–	–	–	40,000	–	–	–	–	–	40,000
	2021	16,667	–	–	–	16,667	–	–	–	–	–	16,667
George Karpus (8)	2022	40,000	77,180	–	2,958	120,138	–	–	–	–	–	120,138
	2021	27,179	54,400	–	–	81,579	–	–	–	–	–	81,579
Barry Olliff (9)	2022	40,000	36,749	4,594	5,056	86,399	–	–	–	–	–	86,399
	2021	37,500	73,872	9,234	3,377	123,983	–	–	–	–	–	123,983
Peter Roth	2022	55,000	–	–	–	55,000	–	–	–	–	–	55,000
	2021	51,250	–	–	–	51,250	–	–	–	–	–	51,250
Jane Stabile	2022	50,000	–	–	933	50,933	–	–	–	–	–	50,933
	2021	47,500	–	–	–	47,500	–	–	–	–	–	47,500
Past Directors												
Susannah Nicklin (10)	2022	–	–	–	–	–	–	–	–	–	–	–
	2021	40,449	–	–	–	40,449	–	–	–	–	–	40,449
Total	2022	490,000	896,806	110,563	30,565	1,527,934	1,799,654	(258,687)	517,374	79,892	2,138,233	3,666,167
	2021	489,513	774,626	110,393	19,359	1,393,891	1,520,685	(166,673)	333,346	70,909	1,758,267	3,152,158

Notes:
1) 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.
2) The EIP share awards relate to the current year's waived bonus plus the 100% match by the Company. The combined amount is the value of the awards that 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.
3) This represents dividend equivalent on EIP shares vested during the year.
4) Daniel Lippincott was appointed as Director of the Company with effect from 19th October 2020.
5) One-off payment of £35,000 was made to Barry Aling in 2021 in relation to his work on the KIM merger.
6) Rian Dartnell was appointed as Director of the Company with effect from 1st October 2020.
7) Tazim Essani was appointed as Director of the Company with effect from 1st February 2021.
8) George Karpus was appointed as Director of the Company with effect from 19th October 2020. George Karpus receives a corporate advisory fee of $100,000 per annum.
9) In addition to his Non-Executive Director's fee, Barry Olliff received a corporate advisory fee of $100,000 per annum until 31st December 2021.
10) Susannah Nicklin ceased to be a Director of the Company with effect from 10th September 2020.

1) SINGLE TOTAL FIGURE OF REMUNERATION (AUDITED) CONTINUED

Non-Executive Director fees

	2022 £	2021 £
Base fee for services as a Non-Executive Director	40,000	40,000
Supplemental fee for services as Chair of the Board	35,000	35,000
Supplemental fee for services as Chair of a Committee	10,000	10,000
Supplemental fee for services as Senior Independent Director	5,000	5,000

Commentary on single total figure table

The Remuneration Committee satisfied itself that the single total figures of remuneration for each Director are appropriate. A commentary on each element of Directors' fixed and variable remuneration is set out below. As previously noted, the Directors' remuneration policy will be put to a binding shareholder vote at the Annual General Meeting in 2022.

a) Fixed pay

Salary/advisory fee

Executive Director salaries are kept at the lower end of what may be described as market average to allow the Group to manage fixed remuneration costs. A high proportion of total remuneration is provided by way of variable pay, allowing for remuneration to be trimmed in a timely fashion if market events threaten to impact profitability.

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

1) Tom Griffith, CEO – did not receive a pay rise during the year (2% on 1st January 2021). 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 with last year.

2) Mark Dwyer, CLIM's CIO – did not receive a pay rise during the year (3% on 1st January 2021).

3) Carlos Yuste, Head of Business Development – did not receive a pay rise during the year (4% on 1st July 2020 and a further 3% increase on 1st January 2021). 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 with last year.

4) Daniel Lippincott, KIM's CIO – Daniel's salary was increased to US$200,000 per annum on 1st July 2021 and then by a further US$50,000 per annum on 1st January 2022 to bring it in line with his role and responsibilities as the CIO and President of KIM and as a Director of KIM and CLIG. His salary is paid in US dollars and reported in sterling. The difference is also due in part to a stronger US dollar to the pound this year as compared with last year.

Further, as approved at the 2019 AGM, a separate Director's fee has been carved out from all the Executive Director's current salaries to reflect their Director/governance duties with effect from 1st November 2019, and has been shown separately. Daniel Lippincott received a Director's fee of £35,000 per annum in addition to his salary from the date of his appointment on the CLIG Board with effect from 19th October 2020.

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 received private medical insurance in FY 2021.

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 received pension contribution at 12.5%.

* As per the merger agreement, compensation and benefits for KIM employees remain consistent with pre-merger practices of KIM.

ANNUAL REPORT ON REMUNERATION

CONTINUED

1) SINGLE TOTAL FIGURE OF REMUNERATION (AUDITED) CONTINUED

b) Variable pay

Profit-share

The Company operates a profit-share plan for all employees, including the Executive Directors, that is linked to Group profitability. Profit-share constitutes a large part of employee and Executive Director remuneration – being variable, it can be adjusted in line with profitability and can therefore account for inherent volatility in earnings. We have allocated a maximum profit-share of up to 30% of the pre-profit-share, 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 Group, and consistent with our fundamental objective of an appropriate balance of interests among all stakeholders, including clients, employees and shareholders.

Measuring performance

We are focused on fostering a team approach across the Group, discouraging the 'cult of the individual' and the risks associated with a star culture. The Group therefore takes the view that individual KPIs are not appropriate for a business that employs a team-based approach, and that individual KPIs could prove divisive and introduce unnecessary risk. Refer to pages 66 to 67 for CLIG's KPI's relationship to our remuneration policy.

The profit-share pool aligns employees and Executive Directors variable income with Group profitability. Both employees and Executive Directors are therefore incentivised to drive Group profitability. Driving Group profit leads to shareholder value by way of dividends, retained earnings and Company share price increases.

Executive Director performance appraisals are conducted on an annual basis and, in-keeping with the Group's team-based approach, are partly deduced from daily, honest feedback solicited from the open office environment in which the Group operates. Discretion is applied appropriately, with bonus awards being adjusted upwards or downwards depending on the outcome of annual performance appraisals.

In the case of market downturns due to extenuating circumstances not linked to poor individual performance, the Committee can use its discretion to reduce profit-share awards for employees and Executive Directors. Being the more accountable parties, Executive Directors take a larger proportion of the reduction in comparison with employees.

See 'Executive Director remuneration outcomes' on page 65 for details of profit-share awards for FY2022 compared with the illustrative reward scenario disclosed in the FY 2021 Annual report on remuneration.

Deferred profit-share payments

Profit-share awards in the fourth quarter of each financial year are calculated based upon an estimate of full year operating profits, thus there is the possibility that actual performance could be below expectation. Executive Directors therefore have up to 10% of their annual profit-share awards in the fourth quarter deferred to the following quarter in order that the awards can be adjusted based upon the final figures (that are not available in the fourth quarter). The table below sets out the amounts deferred for payment once the financial statements have been audited and approved.

	2022		2021	
Deferred profit-share payments	£	% of annual award	£	% of annual award
Mark Dwyer	25,000	5%	21,500	4%
Tom Griffith	25,675	5%	22,009	5%
Daniel Lippincott(1)	15,657	5%	16,044	11%
Carlos Yuste	22,390	5%	16,268	4%

Note:

1) Daniel Lippincott became a Director on 19th October 2020 so only his profit-share paid from that date is included.

These amounts are included in the profit-share reported in the table on page 68.

1) SINGLE TOTAL FIGURE OF REMUNERATION (AUDITED) CONTINUED

Employee Incentive Plan

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 profit-share 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 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%. In respect of bonus earned for FY 2022, Executive Directors restricted their participation in the EIP to between 5% and 20% of bonus earned. A 100% match was provided by the Company on the amount waived.

The RSAs in respect of the waived profit-share disclosed in the single total figure of remuneration table on page 68 will be granted in October 2022. The number of shares is calculated based on the average share price over the ten days preceding the grant date.

For Executive Directors, the RSAs vest one-third each year over a three-year period following grant for the awards made up until October 2020 and one-fifth each year over a five-year period following grant for awards made from October 2021 onwards. As Executive Directors have already elected to participate under the current policy for FY 2023, the revised vesting period as per the proposed Director's Remuneration Policy (on page 80) will only take effect from the next round of elections, which will be in June 2023 and relate to the awards to be made in October 2024.

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 on shares vested during the year is disclosed in the single total figure of remuneration table on page 68.

The RSAs are subject to forfeiture upon termination. For further details see the future policy table on pages 79 to 81.

EIP Restricted Share Awards

Director	Date of Award	Awards held 30th June 2021	Awarded during the year	Vested during the year	Awards held 30th June 2022	Share price used for award £ (1)	Market price on date of vesting £	Vesting period From	Vesting period To
M Dwyer	26/10/2018	23,806	–	(23,806)	–	3.873	5.10	26/10/18	26/10/21
	26/10/2019	16,022	–	(8,011)	8,011	4.258	5.10	26/10/19	26/10/22
	26/10/2020	37,240	–	(12,413)	24,827	4.028	5.10	26/10/20	26/10/23
	26/10/2021	–	28,600	–	28,600	5.245		26/10/21	26/10/26
		77,068	28,600	(44,230)	61,438				
T Griffith	26/10/2018	25,498	–	(25,498)	–	3.873	5.10	26/10/18	26/10/21
	26/10/2019	18,524	–	(9,262)	9,262	4.258	5.10	26/10/19	26/10/22
	26/10/2020	40,120	–	(13,373)	26,747	4.028	5.10	26/10/20	26/10/23
	26/10/2021	–	9,168	–	9,168	5.245		26/10/21	26/10/26
		84,142	9,168	(48,133)	45,177				
C Yuste	26/10/2019	18,182	–	(9,091)	9,091	4.258	5.10	26/10/19	26/10/22
	26/10/2020	34,036	–	(11,345)	22,691	4.028	5.10	26/10/20	26/10/23
	26/10/2021	–	21,712	–	21,712	5.245		26/10/21	26/10/26
		52,218	21,712	(20,436)	53,494				
D Lippincott	26/10/2021	–	4,080	–	4,080	5.245		26/10/21	26/10/26
		–	4,080	–	4,080				
		213,428	63,560	(112,799)	164,189				

1) The number of shares awarded is calculated based on ten day average share price on the day prior to award.

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1) SINGLE TOTAL FIGURE OF REMUNERATION (AUDITED) CONTINUED

Summary of share option plan interests

The Company operates an Employee Share Option Plan which is open to employees of all Group companies and Executive Directors who 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. During the year, options over ordinary shares of the Company were granted to some employees.

	Number of options										
	Held 2021	Exercised during the period	Lapsed during the period	Granted during the period	Held 2022	Exercise price £	Price at grant £	Face value at grant £	Vesting period	Vesting date	Expiry date
Tom Griffith	6,000	(6,000)	–	–	–	3.4875	3.4875	–	3 yrs	04/11/14	04/11/21
	17,000	–	–	–	17,000	2.55	2.5	42,500	3 yrs	30/01/17	30/01/24
	23,500	–	–	–	23,500	3.52	3.52	82,720	3 yrs	19/06/18	19/06/25
Total	46,500	(6,000)	–	–	40,500						
Mark Dwyer	50,000	(50,000)	–	–	–	3.6	3.6	–	3 yrs	03/05/15	03/05/22
	5,500	–	–	–	5,500	2.55	2.5	13,750	3 yrs	30/01/17	30/01/24
	17,500	–	–	–	17,500	3.52	3.52	61,600	3 yrs	19/06/18	19/06/25
Total	73,000	(50,000)	–	–	23,000						
Carlos Yuste	46,000	–	–	–	46,000	5.04	5.04	231,840	3 yrs	16/03/24	16/03/31
Total	46,000	–	–	–	46,000						
Daniel Lippincott	20,000	–	–	–	20,000	5.04	5.04	100,800	3 yrs	16/03/24	16/03/31
Total	20,000	–	–	–	20,000						

The closing market price of the Company's ordinary shares at 30th June 2022 was £4.29 (2021: £5.36) and the price moved during the year between a low of £4.00 to a high of £5.50 (2021: low £3.76 high £5.60).

2) FUTURE IMPLEMENTATION

The Committee will table a new Directors' remuneration policy at the AGM in 2022. Subject to being approved by shareholders at the 2022 AGM, the Remuneration Policy on pages 79 to 83 will apply.

The core aspects of Director remuneration will remain the same, with Executive Directors receiving fixed elements of salary, Director fee, taxable benefits and pension, and the variable element of the profit-share plan.

The base salary (including Director's fee) with effect from 1st July 2022 for Tom Griffith is US$332,500. The annual bonus will have a maximum value of 250% of base salary (including Director's fee). The maximum cash bonus will be adjusted by the maximum amount of bonus that can be waived (30%), which in turn is matched by the Company.

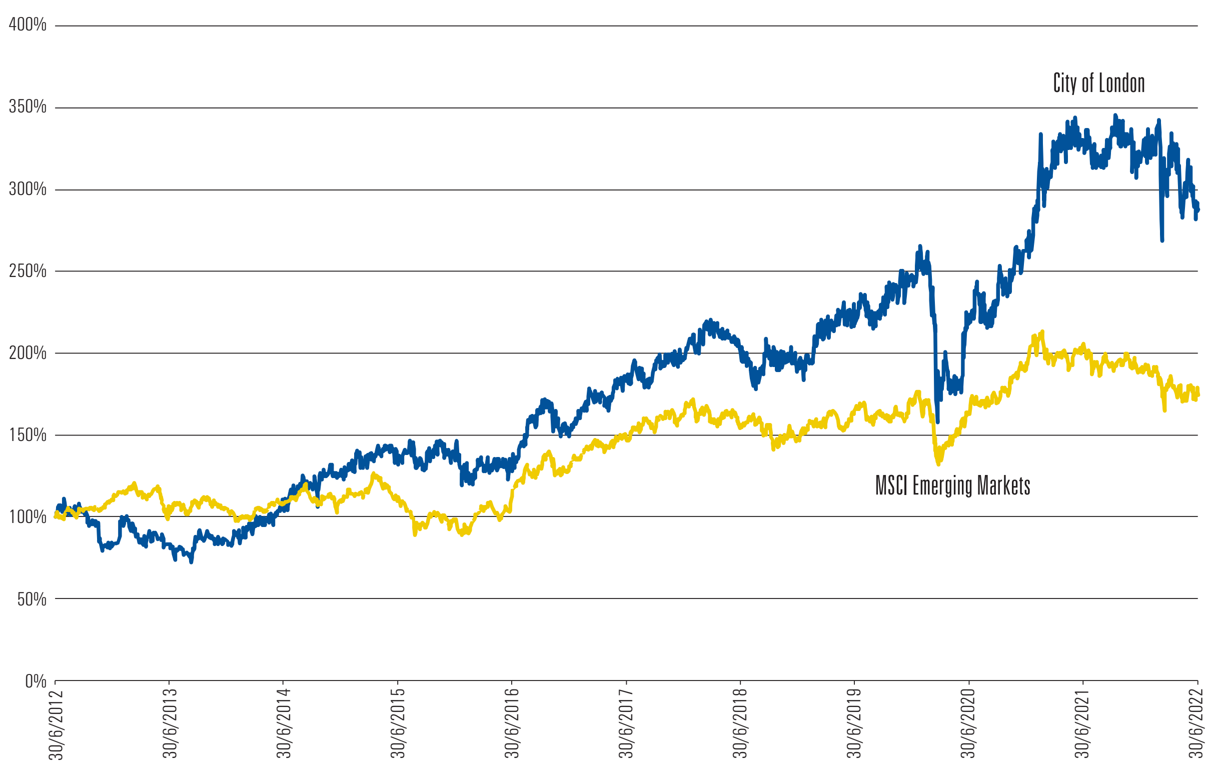
The fee arrangements for Non-Executive Directors for FY 2023 will remain the same as listed on page 69, subject to the two-year review on 1st January 2023.

3) FURTHER REMUNERATION DISCLOSURES

Total shareholder return

The following graph illustrates the total shareholder return of a holding in the Company against an appropriate index for the 10 years to 30th June 2022. We have chosen the MSCI Emerging Markets T/R Net Index which is calculated on a total return basis, i.e. assuming reinvestment of dividends.

Total shareholder return (dividends reinvested) for ten years to 30th June 2022 (GBP)



Source: *Bloomberg.*

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3) FURTHER REMUNERATION DISCLOSURES CONTINUED

Chief Executive Officer single figure of remuneration

The following table shows the change in total remuneration for the Chief Executive Officers, Barry Olliff (CEO 1) and Tom Griffith (CEO 2) during the ten years to 30th June 2022. This table is included for the purpose of comparison against total shareholder return as detailed above.

	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 £	Year to 30th June 2021 £	Year to 30th June 2022 £
Single total figure										
CEO 1	580,922	693,550	805,430	763,686	1,038,679	1,108,646	627,887	–	–	–
CEO 2	–	–	–	–	–	–	212,036	782,762	824,046	872,831
Annual bonus (as % of current cap) (2)										
CEO 1	51%	84%	85%	84%	84%	84%	74%	–	–	–
CEO 2	–	–	–	–	–	–	88%	64%	79%	84%
EIP – % of maximum opportunity (3)										
CEO 1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
CEO 2	–	–	–	–	–	–	100%	100%	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 Chief Investment Officer on the same salary. Therefore, his remuneration for the full year has been included in this table to provide a useful comparative.
Barry Olliff subsequently stepped down as CEO on 1st March 2019, being replaced by Tom Griffith. Barry Olliff remained on the Board, serving as Non-Independent Non-Executive Director until his retirement from the Board on 31st July 2022. His total remuneration incurred in accordance with this role is not detailed here but can instead be found in the total single figure of remuneration table on page 68.
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-profit-share and EIP. For comparison purposes prior years' annual bonuses are shown as a percentage of 5% of operating profits pre-profit-share and EIP. The cap on Tom Griffith's bonus was 2.5% of operating profit pre-bonus and EIP until 30th June 2019, when it was changed to 250% of salary and base fee for the year ended 30th June 2020 onwards.
3) As detailed in the single total figure commentary on page 68, EIP awards are made on the basis of the amount of the bonus that has been waived in the scheme year. These awards vest based on continued service and therefore have been shown at 100% in the table.

3) FURTHER REMUNERATION DISCLOSURES CONTINUED

Annual percentage change in the remuneration of Directors and employees

The table below shows the change in Director and employee salary/fees, benefits and profit-share over the preceding two years.

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.

	Salary/fees %		Benefits %		Bonus %	
	2022 (1) %	2021 (2) %	2022 (1) %	2021 (2) %	2022 (1) %	2021 (2) %
Employees (3)	8%	5%	6% (3)	25%	3%	7%
Executive Directors						
Mark Dwyer (4)	2%	8%	-1%	7%	7%	33%
Tom Griffith (4)	1%	6%	-3%	3%	1%	33%
Daniel Lippincott (5)	184%	n/a	31%	n/a	77%	n/a
Carlos Yuste (4)	2%	4%	2%	5%	9%	23%
Non-Executive Directors						
Barry Aling (6)	6%	18%	n/a	n/a	n/a	n/a
Rian Dartnell (7)	47%	n/a	n/a	n/a	n/a	n/a
Tazim Essani (7)	135%	n/a	n/a	n/a	n/a	n/a
George Karpus (8)	43%	n/a	n/a	n/a	n/a	n/a
Barry Olliff (9)	-33%	-7%	3%	-19%	n/a	-100%
Peter Roth (6)	8%	13%	n/a	-100%	n/a	n/a
Jane Stabile (6)	6%	4%	n/a	-100%	n/a	n/a

Notes:
1) 2022 – June 2022 month end exchange rate has been applied to USD payments for the two accounting periods 2021 to 2022 to eliminate the impact of FX movements.
2) 2021 – June 2021 month end exchange rate has been applied to USD payments for all two accounting periods 2020 to 2021 to eliminate the impact of FX movements.
3) Based on average cost per employee.
4) % increase in 2022 reflects full impact of mid-year salary increase on 1st January 2021 in FY 2021. There was no change in salary in 2022.
5) Daniel Lippincott joined the Board part way during FY2021 on 19th October 2020. He also received salary increases of 123% on 1st July 2021 and a further 25% on 1 January 2022 to bring it in line with his role and responsibilities.
6) Base fee for Non-Executive Directors was increased by 14% and supplemental fee for services as the Chair of the Board was increased by 40% with effect from 1st January 2021. Barry Aling's one-off payment of £35,000 in FY 2021 for his work on the KIM merger has been excluded for this analysis. 2022 % increase reflects full year impact of mid-year base fee increase for Non-Executive Directors. There was no change in Non-Executive Director fee in 2022.
7) Rian Dartnell and Tazim Essani joined the Board part way FY 2021 and 2022 % increase reflects full year impact of their base fee.
8) George Karpus joined the Board part way in FY 2021 on 19th October 2020. 2022 % increase reflects full year impact of his base and corporate advisory fee.
9) Barry Olliff ceased to receive the corporate advisory fee from 31st December 2021.

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.

	2022 £	2021 £	Change £
Total employee spend	23,532,973	20,045,406	17%
Average headcount (number)	114	99	15%
Profit after tax	18,091,151	16,971,233	7%
Dividends relating to the period (1)	22,788,187	14,233,013	60%

Note:
1) The current period includes an estimate of the final dividend based on the number of qualifying shares as at 30th June 2022 excluding those held in the employee benefit trust. The Board are recommending a final dividend of 22p per share (2021: 22p), which would make the total for the year 46.5p per share which includes a special dividend of 13.5p (2021: 33p, special dividend : nil). This is subject to shareholder approval at the AGM in October. The prior period estimate has been restated to include the actual final dividend paid.

A breakdown of the employee spend can be found in note 3 to the financial statements on page 106.

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4) GOVERNANCE DISCLOSURES

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.

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

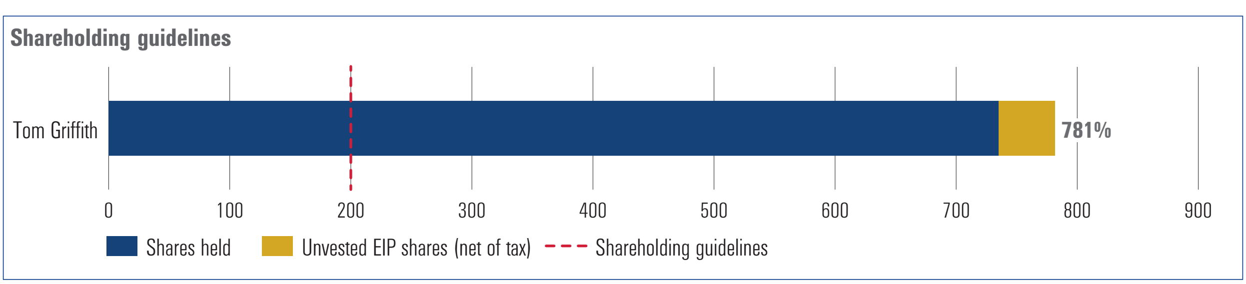
	Ordinary shares of 1p each		Restricted share awards of 1p each	
	2022	2021	2022	2021
Executive Directors				
Mark Dwyer	215,654	133,924	61,438	77,068
Tom Griffith	467,868	413,735	45,177	84,142
Daniel Lippincott (1)	249,347	249,347	4,080	–
Carlos Yuste	147,028	76,592	53,494	52,218
Non-Executive Directors				
Barry Aling	184,300	134,300	–	–
Rian Dartnell (2)	50,000	50,000	–	–
Tazim Essani (3)	5,350	5,350	–	–
George Karpus (4)	18,371,205	18,371,205	–	–
Barry Olliff	1,268,410	1,228,018	–	–
Peter Roth	5,000	5,000	–	–
Jane Stabile	5,000	–	–	–

Notes:
1) Daniel Lippincott was appointed as Director of the Company with effect from 19th October 2020.
2) Rian Dartnell was appointed as Director of the Company with effect from 1st October 2020.
3) Tazim Essani was appointed as Director of the Company with effect from 1st February 2021.
4) George Karpus was appointed as Director of the Company with effect from 19th October 2020.

Executive Director shareholding guidelines

All Executive Directors are required to hold shares equivalent in value to 200% of salary within a five-year period from their date of appointment. The below illustration shows the Executive Director's share ownership against this target as at 30th June 2022.

To reduce the impact of share price volatility on this calculation, the closing share price of £4.29 for the financial year ended 30th June 2022 has been used.



4) GOVERNANCE DISCLOSURES CONTINUED

Remuneration Committee

None of the Executive Directors are in attendance during discussions regarding their own remuneration.

Details of attendance by members of the Remuneration Committee are set out on page 46.

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

	2022 £	2021 £
Executive Directors		
Mark Dwyer	82,299	32,264
Tom Griffith	206,969	116,852
Daniel Lippincott	102,232	20,571
Carlos Yuste	52,872	21,925
Non-Executive Directors		
Barry Aling	74,700	33,633
Rian Dartnell	23,250	5,500
Tazim Essani	2,488	589
George Karpus	7,532,194	1,515,624
Barry Olliff	570,723	514,519
Peter Roth	2,325	–

Note: Dividends paid have been included only from the date of appointment until the date of resignation from the Board.

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

The resolution seeking approval of the Annual report on remuneration at the AGM in October 2021 received the following votes.

	Remuneration report October 2021	
	Number of votes	Percentage of votes cast
For*	22,968,627	92.9%
Against	1,757,125	7.1%
Total votes cast**	24,725,752	
Votes withheld	17,339	

* Includes discretionary votes.
** Excludes withheld votes.

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 available to all employees and any feedback or concerns are welcomed.

Terms of reference

The Committee reviewed its terms of reference in May 2022, approving minor administrative changes.

ANNUAL REPORT ON REMUNERATION

CONTINUED

4) GOVERNANCE DISCLOSURES CONTINUED

Compliance with Provision 40 of the UK Corporate Governance Code

CLARITY	
Remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.	Executive Director remuneration is aligned to employee remuneration, meaning that both parties have common goals and incentives. The Group remuneration policy is available to all employees and any feedback or concerns are welcomed. The simplicity of Directors' remuneration assists in effective engagement with shareholders.

SIMPLICITY	
Remuneration structures should avoid complexity and their rationale and operation should be easy to understand.	The Policy for Executive Director remuneration is extremely simple and straightforward, with fixed remuneration consisting of salary, Director fees, taxable benefits and pensions, and variable pay consisting of the profit-share plan and Employee Incentive Plan. There are no complex individual KPIs – Executive Directors simply share in the operating profit that their performance helps to generate over the course of the financial year.

RISK	
Remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated.	There are no individual KPIs that introduce the behavioural risks that can arise from target-based forms of incentive. The appropriate risk and cost controls necessary to deliver high quality earnings and dividends, and thus increased the profit-share pool, robustly aligns the interests of Executive Directors, employees and shareholders.

PREDICTABILITY	
The range of possible values of rewards to individual Directors and any other limits or discretions should be identified and explained at the time of approving the policy.	Due to its simplicity, both fixed and variable Executive Director remuneration is very predictable. See page 65 for 2022 remuneration outcomes for Executive Directors, plus a forecast for 2023, on page 82.

PROPORTIONALITY	
The link between individual awards, the delivery of strategy and the long-term performance of the Company should be clear. Outcomes should not reward poor performance.	The Group's simple approach to remunerating its Directors means that it is impossible for poor performance to be rewarded. If the Company's operating profit is down, then so is the pool from which Director profit-share are paid and Employee Incentive Plan shares are matched. Executive Directors have a greater impact on the Group than other employees, therefore hold themselves more accountable in instances of market downturns, and therefore have their profit-share participation adjusted accordingly.

ALIGNMENT TO CULTURE	
Incentive schemes should drive behaviours consistent with Company purpose, values and strategy.	The Group has an inclusive and team-based culture. Executive Directors and employees have a common KPI tied to their variable remuneration, being operating profit, a metric that shareholders value due to its potential to provide increased distributions and Company share price. This alignment of interests is consistent with the Group's purpose, to exist for the mutual benefit of its three primary stakeholders: client, employees and shareholders, as well as its values. Further detail on Group culture, purpose and values can be found on page 51.

DIRECTORS' REMUNERATION POLICY

The 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 must be presented to shareholders for approval at least every three years. Following a review this year and taking into account feedback from the Company's largest shareholders and their main representative bodies, the Remuneration Committee proposes the following minor changes:

Remuneration element	Proposed changes to the Policy	Rationale for change
Base salary/fees	Base salaries and fees will be reviewed annually rather than every six months.	To align with investor and typical market practice.
Pension	Clarification that the Executive Director pension contribution rate is no more than the level for the wider workforce.	To align with investor expectations.
Employee Incentive Plan	The vesting period for RSAs has been extended so that RSAs for Executive Directors will vest one-third each year after the 3rd, 4th and 5th anniversaries of grant. Previously, RSAs vested one-fifth each year over five years after the 1st, 2nd, 3rd, 4th and 5th anniversaries of grant.	Consolidating changes which comply with the Code and investor expectations.
Employee Stock Ownership Plan (ESOP)	Removed participation in the ESOP as there will be no further grants to Executive Directors under this scheme.	Simplification of pay arrangements.
Malus and clawback	Material error and reputational damage have been added to the list of exceptional events which could lead to malus and/or clawback. The malus and/or clawback period has been extended from 18 months to 24 months.	To align with investor expectations.
Shareholding guidelines	Post-employment shareholding requirements have been incorporated in the policy.	Consolidating changes which comply with the Code and align with investor expectations.

Future Policy table

The following table sets out the principal components of the new policy which will be put to shareholders for approval and, if approved, be effective from the conclusion of the AGM on 31st October 2022.

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 annually, with changes, if any, generally effective 1st January or 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. Adjustments may be made at other times to reflect a change of responsibility.	The 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 and the average level of increase across the workforce.	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 effective from January 2021. It is Company's intention to review these fees every two years.	As this fee relates specifically to the Executive Directors' governance duties, it is capped at no more than 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. It is no higher than the defined pension contribution level of the wider employee workforce.	Not applicable.	Not applicable.

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DIRECTORS' REMUNERATION POLICY

CONTINUED

Component and purpose	Operation	Maximum opportunity	Performance measures and targets	Recovery
EXECUTIVE DIRECTORS continued				
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. Executives will be eligible for any other benefits which are introduced for the wider workforce on broadly similar terms. 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, which is linked to the Group's profitability, allocating a maximum of up to 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 for an Executive Director is capped at 2.5 times the aggregate of salary and fees.	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 malus and clawback section below
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 two times the amount they have waived. The RSAs for Executive Directors will vest in equal instalments after the 3rd, 4th and 5th anniversaries following grant. As the Executive Directors have already elected to participate under the current policy for FY 2023, the revised vesting period will only take effect from the next round of elections, which will be in June 2023 and relate to the awards to be made in October 2024. The RSAs are funded 50% by waived bonus and 50% by the Company.	Depending on the level of participation, if there is headroom, 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.	See malus and clawback section below.
Malus and clawback				
To provide a way of recovering payments where there have been exceptional negative events	The Committee can seek to recover the annual bonus and EIP in the exceptional event of: misstatement or misleading representation of performance; a material error; a significant failure of risk management and control; reputational damage; or serious misconduct of an individual.	The Committee has discretion to determine the amount of any award which it seeks for malus and/or clawback.	Not applicable.	Up to 24 months after payment/vesting.

Component and purpose	Operation	Maximum opportunity	Performance measures and targets	Recovery
EXECUTIVE DIRECTORS continued				
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. Shares that count towards these guidelines include shares that are owned outright, vested and unvested EIP shares (on a net of tax basis). In addition a post-employment shareholding requirement applies. Executive Directors are required to hold lower of 200% of such Executive Director's basic salary or the value of shares held by the Executive Director at the date of termination of employment. Only awards granted and shares vested thereof after the introduction of this policy in September 2021 will count against the post cessation guideline. All awards granted or vested or shares acquired before the implementation of the policy (September 2021) are excluded. The Committee retains discretion to allow for the sale of shares by Executive Directors before the second anniversary of termination of employment in the event of exceptional circumstances.	The Remuneration Committee expects Executive Directors to build up a shareholding of at least 200% of salary within a five-year period.	Not applicable.	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 normally reviewed every two years taking into account factors such as the time commitment and contribution of the role and market levels in companies of a comparable size and complexity. Adjustments may be made at other times to reflect a change of responsibility. Fees for Non-Executive Directors may include a base fee and additional fees for further responsibilities (for example, chair-ship of Board committees or holding the office of Senior Independent Director or taking up significant additional responsibility). Fees are paid monthly or quarterly in arrears, depending on Director's preference.	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 may be repaid.	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.

DIRECTORS' REMUNERATION POLICY

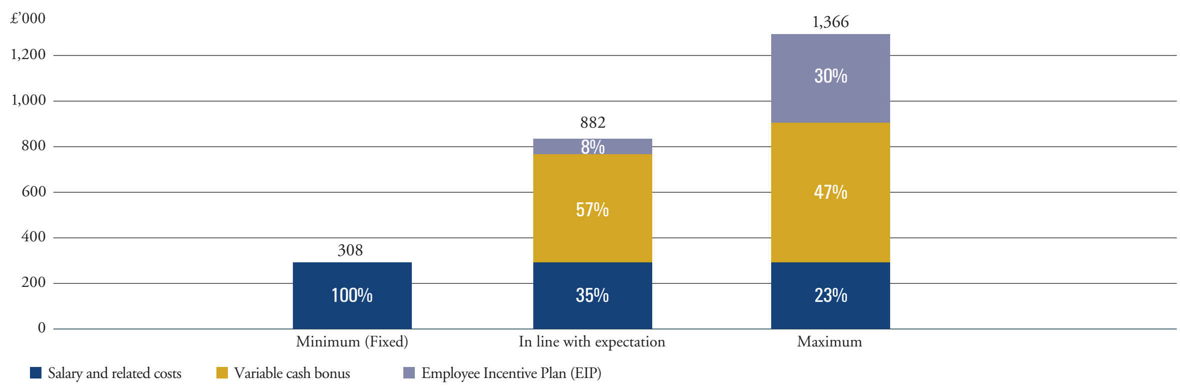
CONTINUED

Reward scenarios

The chart below illustrates the level of remuneration that would be received by the Director in accordance with the Group Directors' remuneration policy in the first year to which it applies, the first full financial year being that ending 30th June 2023, provided all components of remuneration remain the same as they currently are.

Tom Griffith

Chief Executive Officer



Assumptions:

1) Based on FY 2022 results.

2) Minimum – reflects salary as of 1st July 2022, and current pension and taxable benefits, as disclosed in the single figure remuneration table.

3) In line with expectation – reflects the minimum remuneration plus bonus and total EIP awards as disclosed in the single figure remuneration table. It includes expected dividend equivalent payments due on vesting EIP awards.

4) Maximum – reflects the minimum remuneration plus the maximum bonus opportunity as detailed in the future policy table on pages 79 to 81. The maximum variable cash bonus has been adjusted by the maximum amount of bonus that can be waived (30%), which in turn is matched by the Company and the total is shown as EIP. It includes expected dividend equivalent payments due on vesting EIP awards.

5) Under the new Director's remuneration Policy, the EIP awards once awarded, will vest one-third per annum from the end of the third year after participation. This means that RSAs will not vest in years 1 and 2. RSAs will vest one-third each in years 3, 4 & 5.

The above reward scenario chart is not a projection and is being provided for guidance only. This chart is based on future remuneration scenarios for the year ending June 2023.

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 Company 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 staff 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 under the new Director's remuneration policy as detailed in the future policy table. The base salary positioning will take into consideration a number of factors including external market forces, the nature of the role, and the experience, calibre and background of the new Director. Pension contributions, bonus and EIP participation will not exceed the levels set out in the Policy table.

In addition, the Group may pay compensation to new Directors for remuneration the individual has forfeited in order to take up the role at CLIG. The Committee may offer additional cash and/or share-based buyout awards when it considers these to be in the best interests of the Company (and therefore shareholders) to take account of remuneration given up at the individual's former employer.

This includes the use of awards made under 9.4.2 of the Listing Rules. Such awards would be capped at a reasonable estimate of the value foregone and would reflect, as far as possible, the delivery mechanism, time horizons and whether performance requirements are attached to that remuneration. Shareholders will be informed of any such payments at the time of appointment and/or in the next published Annual Report. For internal appointments, any outstanding share awards held may continue to vest on their original terms.

For external and internal appointments, the Committee may agree that the Company will meet appropriate relocation and/or incidental expenses as appropriate.

For the appointment of a new Chair or Non-Executive Director, the fee arrangement would be set in accordance with the approved Remuneration Policy.

Service contracts and letters of appointment and policy on payments for loss of office

Executive Directors

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 Company may terminate the contract with immediate effect with or without cause by making a payment in lieu of notice, typically in monthly instalments equal to the value of one year's base salary only.

No bonus shall be payable for any time after the Director has given or received notice of termination.

In respect of the EIP, 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, where there will be an entitlement to a prorated amount. 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).

Non-Executive Directors

Non-Executive Directors do not have service contracts, but are engaged under letters of appointment. As with all other Directors, they are required to stand for re-election annually in accordance with the UK Corporate Governance Code.

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

Name	Date of appointment	Notice period from Company	Notice period from Director	Provision of compensation
Executive Director				
Tom Griffith	31st 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
Rian Dartnell	30th September 2020	Six months	Six months	Six months' fees
Tazim Essani	20th January 2021	Six months	Six months	Six months' fees
George Karpus	13th October 2020	N/A	N/A	N/A
Peter Roth	1st June 2019	Six months	Six months	Six months' fees
Jane Stabile	1st June 2018	Six months	Six months	Six months' fees

Consideration of shareholders views

The Committee greatly values and have considered the views of shareholders and proxy advisers in developing this Remuneration Policy.

DIRECTORS' REPORT

The information contained in the sections of this Annual Report and Accounts identified below forms part of this Directors' report:

- Strategic report set out on pages 4 to 40;
- Corporate governance section set out on pages 42 to 83; and
- Statement of Directors' responsibilities set out on page 86.

Principal activity

City of London Investment Group PLC is the holding company for its two principal operating subsidiaries: City of London Investment Management Company Limited (CLIM) and Karpus Investment Management (KIM). Both CLIM and KIM act as investment managers with a total of US$9.2 billion (£7.6 billion) (2021: US$11.4 billion (£8.3 billion)) under management as at 30th June 2022.

Branches

CLIM has a subsidiary in Singapore.

Going concern

The Directors' report should be read in conjunction with the governance report on pages 42 to 83 and the strategic report on pages 4 to 40, 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 and how they are managed, using the information available to the date of these financial statements.

During the year to 30th June 2022, the Group had no external borrowings and is wholly funded by equity. As at 30th June 2022, cash and cash equivalents were £22.7 million (2021: £25.5 million). Accordingly, the Directors are satisfied that the Group and Parent Company have adequate resources to meet their business needs for the foreseeable future, and the Financial Statements have therefore been prepared on the going concern basis. Please see page 33 for the viability statement.

Results and dividend

The results of the Group for the year to 30th June 2022, together with details of amounts transferred to reserves, are set out on pages 94, 96 and 97. The Company has paid dividends of £21,484,909 during the period (2021: £9,743,124). The final dividend for the year to 30th June 2022 of 22p per share (2021: 22p) has been proposed, payable on 4th November 2022, subject to shareholder approval, to shareholders who are on the register of members on 30th September 2022. Refer to page 22 for dividend policy.

Annual General Meeting

The Company's AGM will be held at 11:30am on 31st October 2022 at 77 Gracechurch Street, London EC3V 0AS. 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 44 to 45. The Directors' interests are set out in the Directors' remuneration report on page 76.

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.

Powers of Directors

Subject to the Company's Articles. UK legislation and any Directions given by special resolution, the business of the Company is managed by the Directors and they may exercise all the powers of the Company. Provisions relating to the issuing of shares are included in the Articles and shareholders are asked each year at the Company's AGM to renew the Directors' authorities to issue shares.

Share capital

As at 30th June 2022, the issued share capital of the Company was 50,679,095 (2021: 50,679,095) fully paid ordinary shares of 1p each, carrying one vote per share and a right to dividends, amounting to £506,791 (2021: £506,791). The ordinary shares of the Company have a premium listing on the London Stock Exchange. There are no restrictions on the transfer of shares.

Following completion of the merger with KIM, the Company entered a relationship agreement with the 'Controlling Shareholder Group' which regulates the ongoing relationship between the Company and the Controlling Shareholder Group. The members of the Controlling Shareholder Group agreed 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% of the votes cast on any resolution by all shareholders.

Own shares

The Company is, until the date of the next AGM on 31st October 2022, generally and unconditionally authorised to buy back up to 5,067,910 of its own ordinary shares of nominal value £0.01, representing approximately 10% of the Company's issued share capital as at the date of the 2021 Notice of AGM. In the year under review, the Company purchased and cancelled nil shares (2021: nil). The Company is seeking a renewal of this authority at the 2022 AGM.

The number of own shares purchased by the Company's Employee Benefit Trust during the year was 552,730 (2021: 496,354). The number of own shares held by the Trust as at 30th June 2022 was 1,708,763 (2021: 1,591,158), of which 328,750 shares (2021: 405,750) were subject to options in issue. The Trust has waived its entitlement to receive dividends in respect of the shares held. The trust will abstain from voting on resolutions that concern a change of control in the Company.

The Trust also holds 682,437 shares (2021: 678,120) in custody for employees under the terms of the Employee Incentive Plan, see the Directors' remuneration report on page 71 for further details of the plan.

Substantial shareholdings

At 31st August 2022, the Company had been notified of the following interests of 3% or more in the Company's ordinary shares:

Name of shareholder	Number of voting rights	% of total voting rights held
Aberforth Partners LLP	2,560,745	5.05
George Karpus	15,948,201	31.5

Statement of Directors' responsibilities

The statement of Directors' responsibilities for preparing the Annual Report and Accounts is set out on page 86 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: www.frc.org.uk. Refer to the governance report, as set out on pages 42 to 83, for detail regarding the Group's corporate governance arrangements. A full statement of compliance with the Code can be found on page 47.

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 34 to 37.

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.

Greenhouse gas emissions

Information regarding the Group's greenhouse gas emissions can be found on page 36.

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 (1) Statement on pages 40.

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 Audit & Risk Committee has responsibility for overseeing the framework for risk management and internal control and ensuring it functions appropriately.

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 & Risk 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. The Group will produce its first Internal Capital and Risk Assessment (ICARA) in FY 2023.

A detailed description of the risk management framework and the principal risks identified is set out on pages 28 to 29.

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 Chair of the Board, 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
15th September 2022

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 have elected under Company law and are required under the Listing Rules of the Financial Conduct Authority to prepare Group financial statements in accordance with UK-adopted International Accounting Standards. The Directors have elected under Company law to prepare the Company financial statements in accordance with UK-adopted International Accounting Standards.

The Group and Company financial statements are required by law and UK-adopted International Accounting Standards 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 UK-adopted International Accounting Standards; 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. 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 functions are listed on pages 44 and 45 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; and
- the Strategic Report and Directors' 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.

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

15th September 2022

FINANCIAL STATEMENTS

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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 2022 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 significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK-adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and UK-adopted International Accounting Standards and 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 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- the Parent Company financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards 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.

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.

Summary of our audit approach

Key audit matters	**Group** • Accuracy and completeness of management fees • Breach of investment mandates • Regulatory requirements • Impairment of goodwill and intangible assets
Materiality	**Group** • Overall materiality: £1,150,000 (2021: £1,190,000) • Performance materiality: £868,000 (2021: £899,000) **Parent Company** • Overall materiality: £795,000 (2021: £652,000) • Performance materiality: £596,000 (2021: £489,000)
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 103 management fees of £61,293,627 (note 2) are based on a percentage of Funds under Management in accordance with the respective management agreements. 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 of the total revenue and substantive testing of a sample of management fees from the fund listing through to the posting of the income in the general ledger detail. This testing included: obtaining third party custodian records 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. In addition, our work included consideration of the design and implementation of controls over the inputs and calculation of management fee income with a sample tested to evidence review and approval of the management fee calculation. Our review of investment mandates also provided additional evidence of the operation of management controls over fee income.
Key observations	No significant variances were identified between the income recognised by the Group and our recalculation of the expected income. Furthermore, net asset values from the fund administrator records 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 agreed with 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 this is therefore determined to be a key audit matter.
How the matter was addressed in the audit	Our audit work included review and testing of the design and implementation of controls over reports generated by the Group's trade order management system. 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 were properly recorded and addressed in a timely manner. For parts of the Group where specific mandates are not applicable, we tested a sample of management fee transactions and confirmed that the fees were calculated in accordance with the investment management agreements.
Key observations	No issues were identified from review and testing of the design and implementation of the controls over reports generated by the Group's trade order management system and review of breach of mandates. Furthermore, we confirmed that any breaches identified by the controls for a sample of days during the period are being properly addressed.

Regulatory requirements

Key audit matter description	The continued compliance of City of London Investment Management Company Limited ("CLIM") with its FCA registration and Karpus Management Inc ("KIM") with its SEC regulatory requirements represents a key audit matter as there is a risk associated with non-compliance with either regulatory body.
How the matter was addressed in the audit	Our audit work included reviewing the controls in place to ensure ongoing compliance with the FCA regulatory requirements including reporting to the Board. In addition, we completed work to review compliance with the FCA laws and regulations. Our audit work in respect of KIM's compliance with the SEC regulatory requirements included holding discussions with US colleagues, KIM's Chief Compliance Officer and review of compliance documentation prepared by both management and an external consultant, including the outcome of an SEC regulatory examination.
Key observations	Our testing did not identify any issues in respect of non-compliance with CLIM's FCA registration or KIM's SEC registration.

INDEPENDENT AUDITOR'S REPORT
CONTINUED

Impairment of goodwill and intangible assets

Key audit matter description	Goodwill of £73,962,910 and intangible assets arising on acquisition of £36,097,314 as set out in note 12 are included in the consolidated Statement of Financial Position at 30th June 2022. Management are required by IAS 36 'Impairment of assets' to perform an annual impairment review for goodwill and for finite-life intangible assets where there are indicators of impairment. The test for impairment compares the carrying value of the cash generating unit to which the assets are allocated to their recoverable amount which is the higher of their fair value less costs to sell or value in use. Calculating the value in use requires management judgement as set out in the accounting policies in note 1.3 and the disclosures in note 12. The headroom in the impairment assessment is sensitive to changes in key assumptions (see note 12) and thus we consider this to represent a key audit matter.
How the matter was addressed in the audit	Our work on the impairment of goodwill and intangible assets included: • Considering management's assessment of the allocation of goodwill and intangible assets to a cash generating unit. • Testing the value in use calculations for mechanical accuracy and consistency with the requirements of IAS 36. • Assessing the length of the forecast period and long-term growth rates. • Challenging management on key assumptions in the forecast model including revenue and AUM growth and EBITDA margins. • Retrospective review of the accuracy of management's forecasts from the prior year. • Working with our internal valuation specialists to determine the appropriateness of the value in use calculation and accuracy of the discount rate calculation and basis. • Evaluating the sensitivity analysis prepared by management. • Considering the qualifications, credentials and independence of the valuation expert engaged by management to assist with the impairment assessment. • Assessing the completeness and accuracy of disclosures within the financial statements.
Key observations	Following our work we are satisfied that the impairment review has been carried out in accordance with the requirements of IAS 36 and with the disclosures that have been made.

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	£1,150,000 (2021: £1,190,000)
Basis for determining overall materiality	5% of profit before tax (2021: 5% of profit before tax and exceptional items).
Rationale for benchmark applied	Profitability is considered to be a key benchmark monitored by management and investors.
Performance materiality	£868,000 (2021: £899,000)
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.

Parent Company

Overall materiality	£795,000 (2021: £652,000)
Basis for determining overall materiality	5% of profit before tax, adjusted for average dividend income (2021: 5% of profit before tax and exceptional items).
Rationale for benchmark applied	Profitability is considered to be a key benchmark monitored by management and investors.
Performance materiality	£596,000 (2021: £489,000)
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 8 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	5	100%	97%	94%
Specific audit procedures	3	0%	3%	6%
Total	**8**	**100%**	**100%**	**100%**

The Group's trading subsidiary in the United States of America was subject to a full scope audit to component materiality because the component was assessed as significant to the Group based on its individual financial significance and the nature of the significant risks identified.

RSM UK Audit LLP carried out analytical procedures at Group level on the overseas subsidiary based in Singapore and specific audit procedures for the International REIT Fund and Global Equity CEF Fund, based in the United States of America.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group's and Parent Company's ability to continue to adopt the going concern basis of accounting included review of financial forecasts for a period of at least twelve months from approval of the financial statements including evaluation of downside scenarios and stress testing for the assessment period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the entity reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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.

INDEPENDENT AUDITOR'S REPORT

CONTINUED

Corporate governance statement

We have reviewed the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Parent Company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 84;
- Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 33;
- Director's statement on whether they have a reasonable expectation that the Group will be able to continue in operation and meets its liabilities set out on page 33;
- Directors' statement on fair, balanced and understandable set out on page 60;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 28;
- Section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 61; and,
- Section describing the work of the audit committee set out on pages 59 to 62.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 86, 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the Group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the Group and Parent Company operate in and how the Group and Parent Company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud; and
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud having obtained an understanding of the effectiveness of the control environment.

The most significant laws and regulations were determined as follows:

Legislation/Regulation	Additional audit procedures performed by the Group audit engagement team included:
UK-adopted International Accounting Standards and Companies Act 2006	Review of the financial statement disclosures and testing to supporting documentation. Completion of disclosure checklists to identify areas of non-compliance.
Tax compliance regulations	Inspection of correspondence with local tax authorities. Consideration of whether any matter identified during the audit required reporting to an appropriate authority outside the entity.
FCA and SEC regulations	Refer to the Key Audit Matter in respect of regulatory requirements for details of the audit procedures performed.

The areas that we identified as being susceptible to material misstatement due to fraud were:

Risk	Audit procedures performed by the audit engagement team:
Management override of controls	Testing the appropriateness of journal entries and other adjustments; Assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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 consecutive appointments is five years, covering the years ending 30th June 2018 to 30th June 2022.

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 in accordance with ISAs (UK).

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.

In due course, as required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.14R, these financial statements will form part of the European Single Electronic Format (ESEF) prepared Annual Financial Report filed on the National Storage Mechanism of the UK FCA in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditor's report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

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

16th September 2022

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30TH JUNE 2022

	Note	Year to 30th June 2022 £	Year to 30th June 2021 £
Revenue			
Gross fee income	2	61,293,627	55,123,274
Commissions payable		(1,598,421)	(1,100,708)
Custody fees payable		(1,491,922)	(1,571,630)
Net fee income		58,203,284	52,450,936
Administrative expenses			
Employee costs	3(b)	23,532,973	20,045,406
Other administrative expenses		5,970,527	4,866,625
Depreciation and amortisation		4,747,116	3,969,586
		(34,250,616)	(28,881,617)
Underlying operating profit	5	23,952,668	23,569,319
Exceptional item			
Acquisition-related costs		–	(1,743,424)
Operating profit	5	23,952,668	21,825,895
Finance income	7	32,136	557,861
Finance expense	7	(812,421)	(134,752)
Profit before taxation		23,172,383	22,249,004
Income tax expense	8	(5,081,232)	(5,258,486)
Profit for the period		18,091,151	16,990,518
Profit attributable to:			
Non-controlling interests (NCI)		–	19,285
Equity shareholders of the parent		18,091,151	16,971,233
Basic earnings per share	9	36.9p	39.4p
Diluted earnings per share	9	36.4p	38.8p

CONSOLIDATED AND COMPANY STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30TH JUNE 2022

	Group		Company	
	Year to 30th June 2022 £	Year to 30th June 2021 £	Year to 30th June 2022 £	Year to 30th June 2021 £
Profit for the period	18,091,151	16,990,518	26,303,606	11,157,096
Other comprehensive income:				
Foreign currency translation differences	12,826,714	(6,675,136)	–	–
Total comprehensive income for the period	30,917,865	10,315,382	26,303,606	11,157,096
Attributable to:				
Equity shareholders of the parent	30,917,865	10,296,097	26,303,606	11,157,096
Non-controlling interests	–	19,285	–	–

CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION

30TH JUNE 2022

		Group		Company	
	Note	30th June 2022 £	30th June 2021 £	30th June 2022 £	30th June 2021 £
Non-current assets					
Property and equipment	10	511,208	455,983	247,832	280,596
Right-of-use assets	11	2,418,745	2,757,179	1,085,153	1,263,534
Intangible assets	12	110,078,091	100,961,992	17,867	7,377
Other financial assets	13	7,434,586	4,373,485	108,912,203	106,962,140
Deferred tax asset	14	394,831	366,405	5,066	9,458
		120,837,461	108,915,044	110,268,121	108,523,105
Current assets					
Trade and other receivables	15	6,498,019	6,953,470	5,180,722	6,662,266
Current tax receivable		–	–	1,132,209	1,005,736
Cash and cash equivalents		22,677,893	25,514,619	6,919,935	2,905,184
		29,175,912	32,468,089	13,232,866	10,573,186
Current liabilities					
Trade and other payables	16	(9,461,606)	(8,260,597)	(3,749,598)	(3,281,116)
Lease liabilities	17	(388,986)	(392,954)	(121,573)	(131,180)
Current tax payable		(538,158)	(1,367,564)	–	–
Creditors, amounts falling due within one year		(10,388,750)	(10,021,115)	(3,871,171)	(3,412,296)
Net current assets		18,787,162	22,446,974	9,361,695	7,160,890
Total assets less current liabilities		139,624,623	131,362,018	119,629,816	115,683,995
Non-current liabilities					
Lease liabilities	17	(2,213,854)	(2,348,101)	(1,026,248)	(1,148,549)
Deferred tax liability	18	(8,642,208)	(8,696,813)	(21,178)	(24,141)
Net assets		128,768,561	120,317,104	118,582,390	114,511,305
Capital and reserves					
Share capital	19	506,791	506,791	506,791	506,791
Share premium account	20	2,256,104	2,256,104	2,256,104	2,256,104
Merger relief reserve	19	101,538,413	101,538,413	101,538,413	101,538,413
Investment in own shares	20	(7,045,817)	(6,068,431)	(7,045,817)	(6,068,431)
Share option reserve	20	126,181	195,436	105,513	109,657
EIP share reserve	20	1,481,107	1,282,884	1,481,107	1,282,884
Foreign currency differences reserve	20	6,197,463	(6,629,251)	–	–
Capital redemption reserve	20	26,107	26,107	26,107	26,107
Retained earnings	20	23,682,212	27,019,584	19,714,172	14,859,780
Attributable to:					
Equity shareholders of the parent		128,768,561	120,127,637	118,582,390	114,511,305
Non-controlling interests		–	189,467	–	–
Total equity		128,768,561	120,317,104	118,582,390	114,511,305

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 £26,303,606 (2021: £11,157,096).

The Board of Directors approve and authorise for issue these financial statements on 15th September 2022.

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 2022

	Share capital £	Share premium account £	Merger relief reserve £	Investment in own shares £	Share option reserve £	EIP share reserve £	Foreign exchange reserve £	Capital redemption reserve £	Retained earnings £	Total attributable to shareholders £	NCI £	Total £
As 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
Profit for the period	–	–	–	–	–	–	–	–	16,971,233	16,971,233	19,285	16,990,518
Other comprehensive income	–	–	–	–	–	–	(6,675,136)	–	–	(6,675,136)	–	(6,675,136)
Total comprehensive income	–	–	–	–	–	–	(6,675,136)	–	16,971,233	10,296,097	19,285	10,315,382
Transactions with owners												
Issue of ordinary shares on merger	241,184	–	101,538,413	–	–	–	–	–	–	101,779,597	–	101,779,597
Share issue costs	–	–	–	–	–	–	–	–	(967,881)	(967,881)	–	(967,881)
Share option exercise	–	–	–	830,819	(119,787)	–	–	–	119,787	830,819	–	830,819
Purchase of own shares	–	–	–	(2,503,244)	–	–	–	–	–	(2,503,244)	–	(2,503,244)
Share-based payment	–	–	–	–	(12,023)	760,645	–	–	–	748,622	–	748,622
EIP vesting/forfeiture	–	–	–	1,369,987	–	(709,825)	–	–	–	660,162	–	660,162
Deferred tax on share options	–	–	–	–	85,779	–	–	–	(20,574)	65,205	–	65,205
Current tax on share options	–	–	–	–	–	–	–	–	33,738	33,738	–	33,738
Dividends paid	–	–	–	–	–	–	–	–	(9,743,124)	(9,743,124)	–	(9,743,124)
Total transactions with owners	241,184	–	101,538,413	(302,438)	(46,031)	50,820	–	–	(10,578,054)	90,903,894	–	90,903,894
As at 30th June 2021	506,791	2,256,104	101,538,413	(6,068,431)	195,436	1,282,884	(6,629,251)	26,107	27,019,584	120,127,637	189,467	120,317,104
Profit for the period	–	–	–	–	–	–	–	–	18,091,151	18,091,151	–	18,091,151
Other comprehensive income	–	–	–	–	–	–	12,826,714	–	–	12,826,714	–	12,826,714
Total comprehensive income	–	–	–	–	–	–	12,826,714	–	18,091,151	30,917,865	–	30,917,865
Transactions with owners												
Derecognisation of NCI holding	–	–	–	–	–	–	–	–	–	–	(189,467)	(189,467)
Share option exercise	–	–	–	320,193	(38,435)	–	–	–	38,435	320,193	–	320,193
Purchase of own shares	–	–	–	(2,665,042)	–	–	–	–	–	(2,665,042)	–	(2,665,042)
Share-based payment	–	–	–	–	34,291	884,265	–	–	–	918,556	–	918,556
EIP vesting/forfeiture	–	–	–	1,367,463	–	(686,042)	–	–	–	681,421	–	681,421
Deferred tax on share options	–	–	–	–	(65,111)	–	–	–	(7,902)	(73,013)	–	(73,013)
Current tax on share options	–	–	–	–	–	–	–	–	25,853	25,853	–	25,853
Dividends paid	–	–	–	–	–	–	–	–	(21,484,909)	(21,484,909)	–	(21,484,909)
Total transactions with owners	–	–	–	(977,386)	(69,255)	198,223	–	–	(21,428,523)	(22,276,941)	(189,467)	(22,466,408)
As at 30th June 2022	506,791	2,256,104	101,538,413	(7,045,817)	126,181	1,481,107	6,197,463	26,107	23,682,212	128,768,561	–	128,768,561

COMPANY STATEMENT OF CHANGES IN EQUITY

30TH JUNE 2022

	Share capital £	Share premium account £	Merger reserve £	Investment in own shares £	Share option reserve £	EIP share reserve £	Capital redemption reserve £	Retained earnings £	Total attributable to shareholders £
As 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
Profit for the period	–	–	–	–	–	–	–	11,157,096	11,157,096
Other comprehensive income	–	–	–	–	–	–	–	–	–
Total comprehensive income	–	–	–	–	–	–	–	11,157,096	11,157,096
Transactions with owners									
Issue of ordinary shares on merger	241,184	–	101,538,413	–	–	–	–	–	101,779,597
Share issue costs	–	–	–	–	–	–	–	(967,881)	(967,881)
Share option exercise	–	–	–	830,819	(119,787)	–	–	43,546	754,578
Purchase of own shares	–	–	–	(2,503,244)	–	–	–	–	(2,503,244)
Share-based payment	–	–	–	–	(12,023)	760,645	–	–	748,622
EIP vesting/forfeiture	–	–	–	1,369,987	–	(709,825)	–	–	660,162
Deferred tax on share options	–	–	–	–	–	–	–	(3,142)	(3,142)
Current tax on share options	–	–	–	–	–	–	–	10,261	10,261
Dividends paid	–	–	–	–	–	–	–	(9,743,124)	(9,743,124)
Total transactions with owners	241,184	–	101,538,413	(302,438)	(131,810)	50,820	–	(10,660,340)	90,735,829
As at 30th June 2021	506,791	2,256,104	101,538,413	(6,068,431)	109,657	1,282,884	26,107	14,859,780	114,511,305
Profit for the period	–	–	–	–	–	–	–	26,303,606	26,303,606
Other comprehensive income	–	–	–	–	–	–	–	–	–
Total comprehensive income	–	–	–	–	–	–	–	26,303,606	26,303,606
Transactions with owners									
Share option exercise	–	–	–	320,193	(38,435)	–	–	26,587	308,345
Purchase of own shares	–	–	–	(2,665,042)	–	–	–	–	(2,665,042)
Share-based payment	–	–	–	–	34,291	884,265	–	–	918,556
EIP vesting/forfeiture	–	–	–	1,367,463	–	(686,042)	–	–	681,421
Deferred tax on share options	–	–	–	–	–	–	–	(5,052)	(5,052)
Current tax on share options	–	–	–	–	–	–	–	14,160	14,160
Dividends paid	–	–	–	–	–	–	–	(21,484,909)	(21,484,909)
Total transactions with owners	–	–	–	(977,386)	(4,144)	198,223	–	(21,449,214)	(22,232,521)
As at 30th June 2022	506,791	2,256,104	101,538,413	(7,045,817)	105,513	1,481,107	26,107	19,714,172	118,582,390

CONSOLIDATED AND COMPANY CASH FLOW STATEMENT

FOR THE YEAR ENDED 30TH JUNE 2022

		Group		Company	
	Note	30th June 2022 £	30th June 2021 £	30th June 2022 £	30th June 2021 £
Cash flow from operating activities					
Profit/(Loss) before taxation		23,172,383	22,249,004	181,843	(888,940)
Adjustments for:					
Depreciation of property and equipment	10	191,149	187,714	99,157	107,667
Depreciation of right-of-use assets	11	496,367	492,730	178,381	178,382
Amortisation of intangible assets	12	4,059,600	3,289,142	8,377	11,375
Loss on disposal of fixed assets		4,296	–	4,296	–
Share-based payment charge/(credit)	3b	33,440	(12,023)	3,474	(697)
EIP-related charge		892,097	802,314	392,458	325,971
Unrealised loss/(gain) on investments	7	659,231	(540,172)	47,963	(282,169)
Interest receivable	7	(32,136)	(17,689)	(8,539)	(253)
Interest payable on leased assets	7	153,190	133,827	87,111	97,444
Interest payable	7	–	925	–	–
Translation adjustments		98,684	33,529	(141,847)	184,313
Cash generated from/(used in) operations before changes in working capital		29,728,301	26,619,301	852,674	(266,907)
Decrease/(increase) in trade and other receivables		458,199	(439,607)	1,868,752	556,716
Increase in trade and other payables		1,886,245	2,800,465	1,156,028	3,251,325
Cash generated from operations		32,072,745	28,980,159	3,877,454	3,541,134
Interest received	7	32,136	17,689	8,539	253
Interest paid on leased assets	7	(153,190)	(133,827)	(87,111)	(97,444)
Interest paid	7	–	(925)	–	–
Taxation paid		(7,004,074)	(5,841,493)	(154,496)	(240,142)
Net cash generated from operating activities		24,947,617	23,021,603	3,644,386	3,203,801
Cash flow from investing activities					
Dividends received from subsidiaries		–	–	26,160,323	12,200,000
Purchase of property and equipment and intangibles	10/12	(258,852)	(93,342)	(89,557)	(47,176)
Purchase of non-current financial assets	13	(3,877,446)	(715)	(1,889,216)	(724)
Proceeds from sale of current financial assets		8,442	–	8,442	–
Cash consideration paid on merger net of cash acquired		–	946,773	–	(107,943)
Net cash (used in)/generated from investing activities		(4,127,856)	852,716	24,189,992	12,044,157
Cash flow from financing activities					
Ordinary dividends paid	21	(21,484,909)	(9,743,124)	(21,484,909)	(9,743,124)
Purchase of own shares by employee share option trust		(2,665,042)	(2,503,244)	(2,665,042)	(2,503,244)
Proceeds from sale of own shares by employee share option trust		320,193	830,819	320,193	830,819
Payment of lease liabilities	17(c)	(407,772)	(486,680)	(131,908)	(168,367)
Share issue costs		–	(967,881)	–	(967,881)
Net cash used in financing activities		(24,237,530)	(12,870,110)	(23,961,666)	(12,551,797)
Net (decrease)/increase in cash and cash equivalents		(3,417,769)	11,004,209	3,872,712	2,696,161
Cash and cash equivalents at start of period		25,514,619	14,594,333	2,905,184	213,510
Cash held in funds*		40,936	20,357	–	–
Effect of exchange rate changes		540,107	(104,280)	142,039	(4,487)
Cash and cash equivalents at end of period		22,677,893	25,514,619	6,919,935	2,905,184

Note:
* Cash held in International REIT and Global Equity CEF funds was consolidated using accounts drawn up as of 30th June.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2022

1. SIGNIFICANT ACCOUNTING POLICIES

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.

1.1 Basis of preparation

The financial statements have been prepared in accordance with UK-adopted International Accounting Standards.

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 statements have been prepared on a going concern basis.

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.

1.2 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.

The following amendments to standards have been adopted in the current period and have not had a material impact on the Group's financial statements:

- IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reforms
- IFRS 16 – COVID-19 Related rent concessions

The following amended standards and interpretations are in issue but not yet effective:

- IAS 16 (amendments) – Property, Plant and Equipment – Proceeds before Intended Use (effective 1 January 2022)
- Annual Improvements 2018-2020 Cycle – Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 4) (effective 1 January 2022)
- IFRS 3 (amendments) – Reference to the Conceptual Framework (effective 1 January 2022)
- IAS 37 (amendments) – Onerous Contracts – Cost of Fulfilling a Contract (effective 1 January 2022)
- IAS 1 (amendments) – Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current and Classification of Liabilities as Current or Non-Current – Deferral of Effect Date (effective 1 January 2024)

The Directors do not expect the adoption of these standards and amendments to have a material impact on the Financial Statements.

1.3 Accounting estimates and judgments

The preparation of these financial statements in conformity with UK-adopted International Accounting Standards requires management to make estimates and judgments 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 areas of the financial statements that are subject to the use of estimates and judgments are noted below:

(i) 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 payments, the Group is required to estimate the fair value of the Employee Incentive Plan (EIP) awards due to be granted in October 2022. 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 note 1.13 for accounting policy.

(ii) EM REIT fund

The Company has a c.20% ownership interest in the EM REIT fund. However, it does not have any voting powers and its decision-making powers are held in the capacity of an agent of the investors as a group. The Company has exercised judgement and have concluded that it does not control or have significant influence over this fund.

(iii) Impairment of Goodwill

The recognition of goodwill in a business combination and subsequent impairment assessments are based on significant accounting estimates. Note 12 details our estimates and assumptions in relation to the impairment assessment of goodwill.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.4 Basis of consolidation
The consolidated financial statements are based on 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. The consolidated financial statements also incorporate the results of the business combination using the acquisition method. The acquiree's identifiable net assets are initially recognised at their fair values at the acquisition date. The results of the acquired business are included in the consolidated statement of comprehensive income from the date on which control is obtained.

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.

The Group's subsidiary undertakings as at 30th June 2022 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
Karpus Management Inc.	Management of funds	100%	USA
International REIT Fund *	Delaware Statutory Trust Fund	100%	USA
Global Equity CEF Fund	Delaware Statutory Trust Fund	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 using accounts drawn up as of 30th June.

The registered addresses of the subsidiary companies are as follows:

City of London Investment Management Company Limited City of London US Investments Limited City of London US Services Limited City of London Latin America Limited	77 Gracechurch Street, London EC3V 0AS, UK
City of London Investment Management Company (Singapore) PTE Ltd	20 Collyer Quay, #10-04, Singapore 049319
Karpus Management Inc.	183 Sully's Trail, Pittsford, New York 14534, USA
International REIT fund Global Equity CEF fund	4005 Kennett Pike, Suite 250, Greenville, DE 19807, USA

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

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.5 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

1.6 Intangible assets

Intangible assets acquired separately are initially recognised at cost. Intangible assets acquired through a business combination other than goodwill, are initially measured at fair value at the date of the acquisition.

(i) Goodwill

Goodwill arises through a business combination. Goodwill represents the excess of the purchase consideration paid over the fair value of the identifiable assets, liabilities and contingent liabilities of the business at the date of the acquisition.

Goodwill is measured at cost less accumulated impairment losses. Goodwill on acquisition is allocated to a cash generating unit (CGU) that is expected to benefit from the acquisition, for the purpose of impairment testing. The CGU to which goodwill is allocated represents the lowest level at which goodwill is monitored for internal management purposes. A CGU is identified as a group of assets generating cash inflows which are independent from cash inflows from other Group cash generating assets and are not larger than the Group's operating segments.

(ii) Direct customer relationships and distribution channels

The fair values of direct customer relationships and distribution channels acquired in the business combination have been measured using a multi-period excess earnings method. These are amortised on a straight line basis over the period of their expected benefit, being a finite life of 10 years for direct customer relationships and a finite life of 7 years for distribution channels.

(iii) Trade name

The fair value of the trade name acquired in the business combination has been measured using a relief from royalty method. This is amortised on a straight line basis over the period of its expected benefit, being a finite life of 15 years.

(iv) Software licences

Software licences are capitalised at cost and amortised on a straight line basis over the useful life of the asset. Costs are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. Costs also include directly attributable overheads. The estimated useful life over which the software is depreciated is between 4 to 10 years. Software integral to a related item of hardware equipment is accounted for as property and equipment. Costs associated with maintaining computer software programs are expensed to the income statement as incurred.

1.7 Impairment of goodwill and other assets

Goodwill arising on acquisition is not subject to annual amortisation and other assets listed in 1.6 (ii) and (iii) above which are amortised on a straight line basis are tested annually for impairment, or more frequently if changes in circumstances indicate a possible impairment. The Group annually reviews the carrying value of its CGU to ensure that those assets have not suffered from any impairment loss. The review compares the recoverable amount of the CGU to which goodwill is allocated against its carrying amount. Where the recoverable amount is higher than the carrying amount, no impairment is required. The recoverable amount is defined as the higher of (a) fair value less costs to sell or (b) value in use, which is based on the present value of future cash flows expected to derive from the CGU.

Any impairment loss is recognised immediately through the income statement.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.8 Business combinations

The Group accounts for business combinations using the acquisition method. A business combination is determined where in a transaction, the asset acquired and the liabilities assumed constitute a business.

The consideration transferred on the date of the transaction is measured at fair value as are the identifiable assets acquired and liabilities assumed. Intangible assets are recognised separately from goodwill at the acquisition date only when they are identifiable.

1.9 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 re-measured 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.

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.

1.10 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.

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.11 Trade payables

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

1.12 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.

1.13 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.

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 for all employees, other than Executive Directors of CLIG. Awards granted from October 2021 onwards will vest (i.e. no longer be forfeitable) over a five-year period with one-fifth vesting each year for the Executive Directors of CLIG.

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.

The Company operates 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 Black-Scholes pricing model, and is being 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.

1.14 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. Payment terms are monthly/quarterly in advance or in arrears. 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.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.15 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.

1.16 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 subsidiaries, City of London Investment Management Company Limited, Karpus Investment Management 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 and under IAS 21 'The Effects of Changes in Foreign Exchange Rates', exchange rate differences arising from translating a subsidiary company's functional currency to presentation currency have to be recognised in the Group's other comprehensive income.

Accordingly, on consolidation, exchange rate differences arising from translating functional currency to presentation currency for Karpus Investment Management are recognised in the Group's other comprehensive income.

However, for its other subsidiaries, the Group operates a policy whereby it manages foreign exchange exposure of subsidiary 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 subsidiary 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.

1.17 Leases
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.

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.

The Group re-measures the lease liability whenever:

- there is a change in the lease term;
- there is a change in the lease payments; and
- a lease contract is modified and the lease modification is not accounted for as a separate lease.

Where there is a change in the lease term or lease payments, the lease liability is re-measured by discounting the revised lease payments at the current or revised discount rate depending on the nature of the event. Where the lease liability is re-measured, a corresponding adjustment is made to the right-of-use assets.

Where extension/termination options exists within a lease, the Group would assess at the lease commencement date as to whether it is reasonably certain that it will exercise these options. The Group would reassess these option if there was a significant event or significant change in circumstances within its control, which would warrant the Group with reasonable certainty to exercise these options.

Payments in relation to short-term leases, those that are less than twelve months in duration continue to be 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.

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.18 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.

1.19 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 to its merger. There were no exceptional items in the current financial year.

2. SEGMENTAL ANALYSIS

The Directors consider that the Group has only one reportable segment, namely asset management, and hence only analysis by geographical location is given.

	USA £	Canada £	UK £	Europe (ex UK) £	Other £	Total £
Year to 30th June 2022						
Gross fee income	58,502,020	1,400,160	279,802	1,082,660	28,985	61,293,627
Non-current assets:						
Property and equipment	263,376	–	233,693	–	14,139	511,208
Right-of-use assets	1,245,649	–	1,085,153	–	87,943	2,418,745
Intangible assets	110,060,224	–	17,867	–	–	110,078,091
Year to 30th June 2021						
Gross fee income	52,215,280	1,458,957	356,462	1,092,575	–	55,123,274
Non-current assets:						
Property and equipment	175,387	–	254,197	–	26,399	455,983
Right-of-use assets	1,421,279	–	1,263,534	–	72,366	2,757,179
Intangible assets	100,954,615	–	7,377	–	–	100,961,992

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 £5,825,226 (2021: £5,470,051) which arose from fee income from the Group's largest client. No other single client contributed 10% or more to the Group's revenue in either of the reporting periods.

3. EMPLOYEES

	Group		Company	
(a) Average number of persons employed by the Group in the period:	Year to 30th June 2022 Number	Year to 30th June 2021 Number	Year to 30th June 2022 Number	Year to 30th June 2021 Number
Investment Management/Research	40	37	19	17
Performance and Attribution	4	4	–	–
Business Development/Marketing	16	12	1	1
Client Services	11	10	2	2
Administration, Accounts and Settlements	43	36	8	8
	114	99	30	28

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3. EMPLOYEES CONTINUED

(b) The aggregate employment costs of employees and Directors:	Group Year to 30th June 2022 £	Group Year to 30th June 2021 £	Company Year to 30th June 2022 £	Company Year to 30th June 2021 £
Wages and salaries	10,180,500	8,695,066	3,522,720	3,396,654
Profit sharing payments	8,374,697	7,426,912	3,041,723	3,158,650
Social security costs	1,526,894	1,283,227	917,297	796,720
Defined contribution pension costs	1,325,245	1,169,045	364,448	349,649
EIP-related charges	1,201,452	950,705	559,383	460,833
Share options charge/(credit)	33,440	(12,023)	3,474	(697)
Other staff costs	890,745	532,474	250,081	149,896
	23,532,973	20,045,406	8,659,126	8,311,705

4. DIRECTORS

Directors' emoluments comprise:	Year to 30th June 2022 £	Year to 30th June 2021 £
Emoluments (excluding pension contributions and awards under share option schemes)	2,927,773	2,618,151
EIP participation	258,687	166,673
Pension contributions	110,563	110,393
EIP-related charges	272,299	250,770
Gains on exercise of share options	97,575	5,750
Other taxable benefits ^	30,565	19,359
	3,697,462	3,171,096
Social security costs	205,256	174,144
	3,902,718	3,345,240

	Year to 30th June 2022 Number	Year to 30th June 2021 Number
Number of Directors on whose behalf pension contributions were paid during the period	5	5
Number of Directors who exercised share options during the period	2	1

Highest paid Director's remuneration:	Year to 30th June 2022 £	Year to 30th June 2021 £
Emoluments (excluding pension contributions and awards under share option schemes)	673,000	708,623
EIP participation	107,000	24,040
Pension contributions	26,250	26,388
EIP-related charges	104,645	91,011
Gains on exercise of share options	87,000	5,750
Other taxable benefits ^	3,336	6,046
	1,001,231	861,858
Social security costs	135,007	17,618
	1,136,238	879,476

(^) 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 83.

5. OPERATING PROFIT

The operating profit is arrived at after charging:	Year to 30th June 2022 £	Year to 30th June 2021 £
Depreciation of property and equipment	191,149	187,714
Depreciation of right-of-use assets	496,367	492,730
Amortisation of intangible assets	4,059,600	3,289,142
Auditor's remuneration:		
– Statutory audit	141,984	122,318
– Audit related assurance services	25,000	20,297
– Under/(over) accrual of prior year audit fees	5,143	(168)
Short-term lease expense	13,196	7,891

6. BUSINESS COMBINATIONS

On 1st October 2020, City of London Investment Group PLC completed the merger of Snowball Merger Sub, Inc. with and into Karpus Management Inc. doing business as Karpus Investment Management (KIM), a US-based investment management business, on a debt-free basis, by way of a scheme of arrangement in accordance with the New York Business Corporation Law, with KIM being the surviving entity in the merger. CLIG acquired 100% of voting equity interest in KIM and the merger was satisfied by issue of new ordinary shares and cash for a total consideration of £101,887,540. KIM uses closed-end funds (CEFs) amongst other securities as a means to gain exposure for its client base comprising of US high net worth clients and corporate accounts. It qualifies as a business as defined in IFRS 3 "Business Combinations". The merger is considered to be of substantial strategic and financial benefit to the Group and its shareholders.

Details of the net assets acquired, goodwill and purchase consideration are detailed in note 6 on pages 107 and 108 of the Annual Report and Accounts for the year ended 30th June 2021.

7. FINANCE INCOME AND FINANCE EXPENSE

	Year to 30th June 2022 £	Year to 30th June 2021 £
Finance income:		
Interest on bank deposits	32,136	17,689
Unrealised gain on investments	–	540,172
Total finance income	32,136	557,861
Finance expense:		
Unrealised loss on investments	(659,231)	–
Interest payable on lease liabilities	(153,190)	(133,827)
Other interest payable	–	(925)
Total finance expense	(812,421)	(134,752)
Net finance (expense)/income	(780,285)	423,109

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8. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of tax charge on ordinary activities:	Year to 30th June 2022 £	Year to 30th June 2021 £
Current tax:		
UK corporation tax at 19% (2021: 19%) based on the profit for the period	4,533,109	4,510,249
Double taxation relief	(909,780)	(947,061)
Adjustments in respect of prior years	(53,810)	35,246
UK tax total	3,569,519	3,598,434
Foreign tax	2,720,112	2,435,832
Adjustments in respect of prior years	(54,854)	(81,966)
Foreign tax total	2,665,258	2,353,866
Total current tax charge	6,234,777	5,952,300
Deferred tax:		
UK – origination and reversal of temporary differences	(119,105)	39,423
Foreign – origination and reversal of temporary differences	(1,034,440)	(733,237)
Total deferred tax credit	(1,153,545)	(693,814)
Total tax charge in income statement	5,081,232	5,258,486

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

The tax charge on profit for the year 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 2022 £	Year to 30th June 2021 £
Profit on ordinary activities before tax	23,172,383	22,249,004
Tax on profit from ordinary activities at the standard rate	(4,402,753)	(4,227,311)
Effects of:		
Unrelieved overseas tax	(3,614,710)	(2,793,433)
Foreign profits taxed at rates different to those of the UK	2,574,111	1,922,253
Expenses not deductible for tax purposes	(774,538)	(947,021)
(Losses)/gains not eligible for tax	(115,481)	49,022
Capital allowances less than depreciation	(14,177)	(19,255)
Prior period adjustments	108,664	46,720
Deferred tax originating from timing differences	1,153,545	693,814
Other	4,107	16,725
Total tax charge in income statement	(5,081,232)	(5,258,486)

9. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit for the period attributable to the equity shareholders of the parent divided by the weighted average number of ordinary shares in issue for the period ended 30th June 2022.

As set out in the Directors' report on page 84 the Employee Benefit Trust held 1,708,763 (2021: 1,591,158) ordinary shares in the Company as at 30th June 2022. The Trustees of the Trust have waived all rights to dividends associated with these shares. In accordance with IAS 33 Earnings per share, the ordinary shares held by the Employee Benefit Trust have been excluded from the calculation of the weighted average number of ordinary shares in issue.

The calculation of diluted earnings per share is based on the profit for the period attributable to the equity shareholders of the parent divided by the diluted weighted average number of ordinary shares in issue for the period ended 30th June 2022.

Reported earnings per share

	Year to 30th June 2022 £	Year to 30th June 2021 £
Profit attributable to the equity shareholders of the parent for basic earnings	18,091,151	16,971,233

	Number of shares	Number of shares
Issued ordinary shares as at 1st July	50,679,095	26,560,707
Effect of own shares held by EBT	(1,614,063)	(1,502,266)
Effect of shares issued in the period	–	18,039,233
Weighted average shares in issue	49,065,032	43,097,674
Effect of movements in share options and EIP awards	647,134	677,739
Diluted weighted average shares in issue	49,712,166	43,775,413
Basic earnings per share (pence)	36.9	39.4
Diluted earnings per share (pence)	36.4	38.8

Underlying earnings per share*

Underlying earnings per share is based on the underlying profit after tax*, where profit after tax is adjusted for gain/loss on investments, acquisition-related costs, amortisation of acquired intangibles, their relating tax impact and non-controlling interest.

Underlying profit for calculating underlying earnings per share

	Year to 30th June 2022 £	Year to 30th June 2021 £
Profit before tax	23,172,383	22,249,004
Add back:		
– Loss/(gain) on investments	659,231	(540,172)
– Acquisition-related costs	–	1,743,424
– Amortisation on acquired intangibles	4,051,223	3,250,185
Underlying profit before tax	27,882,837	26,702,441
Tax expense as per the consolidated income statement	(5,081,232)	(5,258,486)
Tax effect of fair value adjustments	(125,253)	102,633
Unwinding of deferred tax liability	(972,294)	(780,045)
Adjustment for NCI	–	(19,285)
Underlying profit after tax for the calculation of underlying earnings per share	21,704,058	20,747,258
Underlying earnings per share (pence)	44.2	48.1
Underlying diluted earnings per share (pence)	43.7	47.4

* This is an Alternative Performance Measure (APM). Please refer to page 33 for more details on APMs.

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10. PROPERTY AND EQUIPMENT

	30th June 2022				30th June 2021			
	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	383,871	1,534,800	627,654	2,546,325	391,426	1,597,979	661,094	2,650,499
Acquired on acquisition	–	–	–	–	7,480	9,075	15,005	31,560
Currency translation	20,579	80,289	63,280	164,148	(16,945)	(81,259)	(48,445)	(146,649)
Additions	6,487	214,393	19,105	239,985	1,910	91,432	–	93,342
Disposals	(12,358)	(50,918)	(80,257)	(143,533)	–	(82,427)	–	(82,427)
At close of period	398,579	1,778,564	629,782	2,806,925	383,871	1,534,800	627,654	2,546,325
Accumulated depreciation								
At start of period	254,766	1,393,522	442,054	2,090,342	245,994	1,433,039	428,548	2,107,581
Currency translation	19,893	78,620	54,949	153,462	(15,976)	(77,711)	(28,839)	(122,526)
Charge for the period	24,348	129,818	36,983	191,149	24,748	120,621	42,345	187,714
Disposals	(12,358)	(46,621)	(80,257)	(139,236)	–	(82,427)	–	(82,427)
At close of period	286,649	1,555,339	453,729	2,295,717	254,766	1,393,522	442,054	2,090,342
Net book value								
At close of period	111,930	223,225	176,053	511,208	129,105	141,278	185,600	455,983
Company								
Cost								
At start of period	236,141	492,792	213,321	942,254	235,371	483,498	213,321	932,190
Additions	–	70,690	–	70,690	770	46,406	–	47,176
Disposals	(12,358)	(50,918)	(80,257)	(143,533)	–	(37,112)	–	(37,112)
At close of period	223,783	512,564	133,064	869,411	236,141	492,792	213,321	942,254
Accumulated depreciation								
At start of period	115,225	404,116	142,317	661,658	97,715	361,214	132,174	591,103
Charge for the period	17,510	71,503	10,144	99,157	17,510	80,014	10,143	107,667
Disposals	(12,358)	(46,621)	(80,257)	(139,236)	–	(37,112)	–	(37,112)
At close of period	120,377	428,998	72,204	621,579	115,225	404,116	142,317	661,658
Net book value								
At close of period	103,406	83,566	60,860	247,832	120,916	88,676	71,004	280,596

11. RIGHT-OF-USE ASSETS

	30th June 2022			30th June 2021		
	Property leases £	Office equipment leases £	Total £	Property leases £	Office equipment leases £	Total £
Group						
Cost						
At start of period	3,529,441	59,515	3,588,956	2,278,892	–	2,278,892
Acquired on acquisition	–	–	–	156,405	–	156,405
Currency translation	9,208	8,078	17,286	(12,240)	–	(12,240)
Additions	–	–	–	–	59,515	59,515
Effect of modification of lease term	90,567	–	90,567	1,106,384	–	1,106,384
Disposals	(195,746)	–	(195,746)	–	–	–
At close of period	3,433,470	67,593	3,501,063	3,529,441	59,515	3,588,956
Depreciation charge						
At start of period	822,621	9,156	831,777	345,481	–	345,481
Currency translation	(53,053)	2,973	(50,080)	(6,588)	154	(6,434)
Charge for the period	477,300	19,067	496,367	483,728	9,002	492,730
Disposals	(195,746)	–	(195,746)	–	–	–
At close of period	1,051,122	31,196	1,082,318	822,621	9,156	831,777
Net book value						
At close of period	2,382,348	36,397	2,418,745	2,706,820	50,359	2,757,179
Company						
Cost						
At start of period	1,620,297	–	1,620,297	1,620,297	–	1,620,297
At close of period	1,620,297	–	1,620,297	1,620,297	–	1,620,297
Depreciation charge						
At start of period	356,763	–	356,763	178,381	–	178,381
Charge for the period	178,381	–	178,381	178,382	–	178,382
At close of period	535,144	–	535,144	356,763	–	356,763
Net book value						
At close of period	1,085,153	–	1,085,153	1,263,534	–	1,263,534

As at the period end, the Group's right-of-use assets consisted of four property leases and one office equipment lease. The current lease periods range between less than one year and ten years, with the average remaining term being 5.4 years. Expenses in relation to short-term leases are shown in note 5.

Details of lease liabilities are shown in note 17.

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12. INTANGIBLE ASSETS

	30th June 2022						30th June 2021
	Goodwill £	Direct customer relationships £	Distribution channels £	Trade name £	Long-term software £	Total £	Total £
Group							
Cost							
At start of period	65,123,297	33,472,334	4,590,186	1,018,983	689,100	104,893,900	761,971
Acquired on acquisition	–	–	–	–	–	–	111,323,195
Additions	–	–	–	–	18,867	18,867	–
Currency translation	8,839,613	4,343,439	583,967	134,247	–	13,901,266	(7,191,266)
At close of period	73,962,910	37,815,773	5,174,153	1,153,230	707,967	118,814,033	104,893,900
Amortisation charge							
At start of period	–	2,673,300	522,535	54,350	681,723	3,931,908	714,662
Currency translation	–	612,302	119,684	12,448	–	744,434	(71,896)
Charge for the period	–	3,332,159	651,319	67,745	8,377	4,059,600	3,289,142
At close of period	–	6,617,761	1,293,538	134,543	690,100	8,735,942	3,931,908
Net book value:							
At close of period	73,962,910	31,198,012	3,880,615	1,018,687	17,867	110,078,091	100,961,992
Company							
Cost							
At start of period	–	–	–	–	57,162	57,162	57,162
Additions	–	–	–	–	18,867	18,867	–
At close of period	–	–	–	–	76,029	76,029	57,162
Amortisation charge							
At start of period	–	–	–	–	49,785	49,785	38,410
Charge for the period	–	–	–	–	8,377	8,377	11,375
At close of period	–	–	–	–	58,162	58,162	49,785
Net book value	–	–	–	–	17,867	17,867	7,377

Goodwill, direct customer relationships, distribution channels and trade name acquired through business combination relate to the merger with KIM on 1st October 2020.

The fair values of KIM's direct customer relationships and the distribution channels have been measured using a multi-period excess earnings method. The model uses estimates of annual attrition driving revenue from existing customers to derive a forecast series of cash flows, which are discounted to a present value to determine the fair values of KIM's direct customer relationships and the distribution channels.

The fair value of KIM's trade name has been measured using a relief from royalty method. The model uses estimates of royalty rate and percentage of revenue attributable to trade name to derive a forecast series of cash flows, which are discounted to a present value to determine the fair value of KIM's trade name.

The total amortisation charged to the income statement during the financial year in relation to direct client relationships, distribution channels and trade name was £4,051,223 (2021: £3,250,185).

12. INTANGIBLE ASSETS CONTINUED

Impairment

Goodwill acquired through the business combination is in relation to the merger with KIM and relates to the acquired workforce and future expected growth of the CGU.

The Group has carried out an annual review of the carrying value of the CGU to which the goodwill is allocated to see if it has suffered any impairment. The recoverable amount of the CGU is determined by its value in use. This income-based approach model is based on the estimates of future cash flows, over a four-year period plus a terminal value, discounted to its present value.

The Group's cash flow forecasts are based on its most recent and current trading activity and on current financial budgets for twelve months that are approved by the Board. The key assumptions underlying the budgets are based on the most recent trading activity with built in organic growth, revenue and cost margins. The Board approved budget is extrapolated for a total of three years and then a terminal value is calculated. The annual growth rate used for extrapolating revenue forecasts was 4.1% and for direct costs was 3.0% based on the Group's expectation of future growth of the business.

A Gordon growth model was applied to estimate the terminal value based on a long-term growth rate of 3.0% and is based on both economic and industry growth outlooks. The pre-tax discount rate used to measure the value in use of the cash generating unit was 17.4% which reflects specific risks relating to the CGU and is based on the risk adjusted weighted average cost of capital.

The goodwill impairment assessment date of 30th April 2022 was different to the current reporting date. The performance of the CGU is reviewed for the period between the assessment date and the reporting date to determine whether any changes in circumstances or impairment indicators have occurred since the assessment date. Following our review, it was determined that there were no changes in circumstances or impairment indicators that would require the CGU to be impaired at the reporting date.

The recoverable amount of the CGU exceeded the carrying amount of the CGU at 30th April 2022 by £1,391,854 (2021: £6,745,000).

Sensitivity analysis was applied to the key assumptions to measure the impact on the headroom in existence under the current impairment review. The areas where the sensitivity analysis was tested related to discount rates used, movements in FuM, and impact on margins.

Following the sensitivity review, the recoverable amount of this CGU would equal its carrying amount if the key assumptions were to change as follows:

	2022	
	From	To
Pre-tax discount rate	17.4%	17.6%
Average FuM growth rate	2.5%	1.5%
Average EBIT margin	54.5%	54%

The Directors and management have considered and assessed possible changes to other key assumptions and have not identified any instances that could cause the carrying amount of the CGU to exceed its recoverable amount. Current economic circumstances have become more uncertain due to events outside the control of the business such as the impact of the war in Ukraine. The potential impact on global markets cannot be reliably estimated and if these result in a sustained period of weakness in financial markets this could result in a future impairment.

Based on the recoverable amount, using the value in use model, no impairment was required at 30th June 2022.

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13. OTHER FINANCIAL ASSETS (NON-CURRENT)

Group	30th June 2022 Unlisted investments £	30th June 2022 Listed investments £	30th June 2022 Total £	30th June 2021 Unlisted investments £	30th June 2021 Listed investments £	30th June 2021 Total £
At start of period	1,874,766	2,498,719	4,373,485	1,781,741	2,212,986	3,994,727
Additions	–	3,877,446	3,877,446	715	–	715
Disposals	(13,647)	–	(13,647)	–	–	–
Fair value (losses)/gains	(42,952)	(570,279)	(613,231)	92,310	285,733	378,043
Deconsolidation of NCI*	–	(189,467)	(189,467)	–	–	–
At close of period	1,818,167	5,616,419	7,434,586	1,874,766	2,498,719	4,373,485

* The Group's external investor liquidated its holding in the International REIT fund during the year and thus there is no NCI at the year end.

1) Differences to unrealised gain/(loss) on investments shown in note 7 are on account of net assets (cash, receivable and payables) of consolidated International REIT and Global Equity CEF funds being included within the respective balance sheet line and the impact of currency translation on unlisted investments.

Company	30th June 2022 Unlisted investments £	30th June 2022 Investment in subsidiary undertakings £	30th June 2022 Total £	30th June 2021 Unlisted investments £	30th June 2021 Investment in subsidiary undertakings £	30th June 2021 Total £
At start of period	1,874,766	105,087,374	106,962,140	1,781,732	3,243,650	5,025,382
Acquired on acquisition	–	–	–	–	101,887,540	101,887,540
Additions	–	2,020,942	2,020,942	724	53,100	53,824
Disposals	–	(14,280)	(14,280)	–	(96,916)	(96,916)
Fair value gains/(losses)	(56,599)	–	(56,599)	92,310	–	92,310
At close of period	1,818,167	107,094,036	108,912,203	1,874,766	105,087,374	106,962,140

The additions and disposals in investments in subsidiary undertakings include the allocation of share-based payments from the Company to its subsidiaries under IFRS 2 Share-based payment and investment in the new seed fund 'Global Equity CEF Fund'.

All Group companies are listed in note 1.4.

14. DEFERRED TAX ASSET

Group	Share-based payments £	Other £	Total £
At 30th June 2020	348,008	–	348,008
(Charged)/credited to income	(74,044)	27,236	(46,808)
Credited to equity	65,205	–	65,205
At 30th June 2021	339,169	27,236	366,405
Credited to income	62,806	–	62,806
Charged to equity	(73,013)	–	(73,013)
Currency translation	35,353	3,280	38,633
At 30th June 2022	**364,315**	**30,516**	**394,831**

Company	Share-based payments £	Other £	Total £
At 30th June 2020	12,600	–	12,600
Charged to equity	(3,142)	–	(3,142)
At 30th June 2021	9,458	–	9,458
Credited to income	660	–	660
Charged to equity	(5,052)	–	(5,052)
At 30th June 2022	**5,066**	**–**	**5,066**

15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	30th June 2022 £	30th June 2021 £	30th June 2022 £	30th June 2021 £
Trade receivables	191,444	110,293	–	–
Accrued income	4,852,186	5,618,878	–	–
Amounts owed by Group undertakings	–	–	4,682,983	6,239,676
Other receivables	166,534	142,560	81,502	82,787
Prepayments	1,287,855	1,081,739	416,237	339,803
	6,498,019	6,953,470	5,180,722	6,662,266

NOTES TO THE FINANCIAL STATEMENTS

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16. TRADE AND OTHER PAYABLES

	Group		Company	
	30th June 2022 £	30th June 2021 £	30th June 2022 £	30th June 2021 £
Trade payables	3,267	98,486	–	–
Sundry payables	1,000,645	92,565	76,242	151
Amounts owed to Group undertakings	–	–	463,546	261,503
Other taxation and social security	165,432	150,363	142,720	131,442
Accruals and deferred income	8,292,262	7,919,183	3,067,090	2,888,020
	9,461,606	8,260,597	3,749,598	3,281,116

17. LEASE LIABILITIES AND COMMITMENTS

	Group		Company	
a) Lease liabilities	30th June 2022 £	30th June 2021 £	30th June 2022 £	30th June 2021 £
Lease liabilities				
Current	388,986	392,954	121,573	131,180
Non-current	2,213,854	2,348,101	1,026,248	1,148,549
	2,602,840	2,741,055	1,147,821	1,279,729

	Group		Company	
b) Lease maturities	Present value of minimum lease payments £	Undiscounted minimum lease payments £	Present value of minimum lease payments £	Undiscounted minimum lease payments £
Within one year	388,986	525,006	121,573	198,448
In the second to fifth year inclusive	1,271,352	1,544,191	739,221	847,682
After five years	942,502	940,681	287,027	217,383
	2,602,840	3,009,878	1,147,821	1,263,513

The total cash outflow in respect of lease liabilities for the period to 30th June 2022 was £560,962 (2021: £620,507).

c) Liabilities from financing activities	Group £	Company £
Net debt as at 30th June 2020	1,958,398	1,448,096
Cash flows	(486,680)	(168,367)
New and modified leases	1,326,857	–
Currency translations	(57,520)	–
Net debt as at 30th June 2021	2,741,055	1,279,729
Cash flows	(407,772)	(131,908)
New and modified leases	90,567	–
Currency translations	178,990	–
Net debt as at 30th June 2022	2,602,840	1,147,821

18. DEFERRED TAX LIABILITY

Group	Right-of-use assets £	Intangible assets £	Other financial assets £	Total £
At 30th June 2020	26,854	–	31,020	57,874
Arising upon acquisition	–	9,985,920	–	9,985,920
(Credited)/charged to income	(5,934)	(780,045)	45,357	(740,622)
Credited to equity – currency translation	–	(606,359)	–	(606,359)
At 30th June 2021	20,920	8,599,516	76,377	8,696,813
Credited to income	(2,963)	(972,293)	(115,482)	(1,090,738)
Charged to equity – currency translation	–	1,036,133	–	1,036,133
At 30th June 2022	17,957	8,663,356	(39,105)	8,642,208

Company	Right-of-use assets £	Intangible assets £	Other financial assets £	Total £
At 30th June 2020	26,854	–	3,221	30,075
Credited to income	(5,934)	–	–	(5,934)
At 30th June 2021	20,920	–	3,221	24,141
Credited to income	(2,963)	–	–	(2,963)
At 30th June 2022	17,957	–	3,221	21,178

19. SHARE CAPITAL AND MERGER RELIEF RESERVE

Group and Company	Share capital £	Merger relief reserve £
At start and end of period 50,679,095 ordinary shares of 1p each	506,791	101,538,413

20. RESERVES

Share premium account – used to record the issue of share capital at a premium to nominal value.

Merger relief reserve – created on the business combination (see note 19).

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 employee benefit scheme.

Foreign currency differences reserve – records exchange differences arising from the translation of non-monetary assets and consolidation of foreign subsidiary.

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.

NOTES TO THE FINANCIAL STATEMENTS
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21. DIVIDEND

	30th June 2022 £	30th June 2021 £
Dividends paid:		
Interim dividend of 11p per share (2021: 11p)	5,394,361	4,762,818
Special dividend of 13.5p per share (2021: nil)	6,620,352	–
30th June 2021 of 22p per share (2020: 20p)	9,470,196	4,980,306
	21,484,909	9,743,124

A final dividend of 22p per share (gross amount payable £11,149,401; net amount payable £10,773,473) has been proposed, payable on 4th November 2022, subject to shareholder approval, to shareholders who are on the register of members on 30th September 2022.

*Difference between gross and net amounts is due to shares held at EBT that do not receive dividend.

22. SHARE-BASED PAYMENTS

(a) The estimated fair value of options which fall under IFRS 2, and the inputs used in the Black-Scholes model to calculate those values at fair value, are as follows:

Date of grant	Expiry date	Expected life (yrs)	Risk-free rate	Share price at grant (£)	Exercise price (£)	Volatility	Dividend yield	Estimated Fair value (£)	Number originally granted
16/03/2021	16/03/2031	6.5	0.5264%	5.04	5.04	35.9225%	6.19%	0.8111	154,000
31/03/2022	31/03/2032	6.5	1.4678%	4.86	4.795	35.7981%	6.79%	0.8037	18,500

The expected share price volatility is based on historical volatility over the past 6.5 years. The expected life of the options has been assumed to be 6.5 years based upon the empirical evidence available.

The risk-free rate has been assumed to be represented by the yield to maturity at the date of grant of a UK Gilt Strip, with term to maturity equal to the expected life of the option.

(b) All share options granted are equity settled. The number and weighted average exercise price of share options for each of the following groups is as follows:

	Year to 30th June 2022		Year to 30th June 2021	
	Number	Weighted average exercise price £	Number	Weighted average exercise price £
Outstanding at the beginning of the period	405,750	3.94	521,875	3.47
Granted during the period	18,500	4.80	154,000	5.04
Forfeited during the period	3,500	5.04	43,250	3.60
Exercised during the period	92,000	3.46	226,875	3.66
Outstanding at the end of the period	328,750	4.11	405,750	3.94
Exercisable at the end of the period	159,750	3.16	251,750	3.27
The weighted average share price at the date of exercise for share options exercised during the period was		5.29		4.92

The total share-based payment for the period is a charge of £33,440 (2021: credit of £12,023). For outstanding share options the exercise price ranged between £2.55 and £5.04 (2021: between £2.55 and £5.04), and their weighted average contractual life was 5.7 years (2021: 5.3 years).

22. SHARE-BASED PAYMENTS CONTINUED

(c) 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.

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.

Awards under the EIP 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.

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 re-calculated 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 of award.

	Vesting date	Estimated charge £'000s	Actual charge £'000s	2017/18 £'000s	2018/19 £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	2024/25 £'000s	2025/26 £'000s	2026/27 £'000s	2027/28 £'000s	Total £'000s
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 granted October 2020															
Bonus Shares tranche 1	Oct-21	242	241	–	–	103	103	35	–	–	–	–	–	–	241
Bonus Shares tranche 2	Oct-22	242	240	–	–	72	72	72	24	–	–	–	–	–	240
Bonus Shares tranche 3	Oct-23	242	240	–	–	55	55	56	56	18	–	–	–	–	240
		726	721	–	–	230	230	163	80	18	–	–	–	–	721
Awards granted October 2021															
Bonus Shares tranche 1	Oct-22	289	281	–	–	–	88	154	39	–	–	–	–	–	281
Bonus Shares tranche 2	Oct-23	289	281	–	–	–	88	81	85	27	–	–	–		281
Bonus Shares tranche 3	Oct-24	289	281	–	–	–	88	41	65	66	21	–	–		281
Bonus Shares tranche 4	Oct-25	33	32	–	–	–	8	4	6	6	6	2	–		32
Bonus Shares tranche 5	Oct-26	33	32	–	–	–	9	2	8	4	4	4	1		32
		933	907	–	–	–	281	282	203	103	31	6	1	–	907
Awards expected to be granted October 2022															
Bonus Shares tranche 1	Oct-23	360	–	–	–	–	–	155	155	50	–	–	–	–	360
Bonus Shares tranche 2	Oct-24	360	–	–	–	–	–	108	108	108	36	–	–	–	360
Bonus Shares tranche 3	Oct-25	360	–	–	–	–	–	83	83	82	83	29	–	–	360
Bonus Shares tranche 4	Oct-26	52	–	–	–	–	–	10	10	10	10	9	3	–	52
Bonus Shares tranche 5	Oct-27	52	–	–	–	–	–	9	8	8	8	8	8	3	52
		1,184	–	–	–	–	–	365	364	258	137	46	11	3	1,184
Total share-based payment charge				268	453	620	744	901	663	379	168	52	12	3	4,263

NOTES TO THE FINANCIAL STATEMENTS

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23. RELATED PARTY TRANSACTIONS

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

(i) Transactions with key management personnel

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

(a) Details of compensation paid to the Directors as well as their shareholdings in the Group and dividends paid are provided in the Remuneration report on pages 68, 76 and 77 and in note 4.

(b) One of the Group's subsidiaries manages funds for some of its key management personnel, for which it receives a fee. All transactions between key management and their close family members and the Group's subsidiary are on terms that are available to all employees of that Company. The amount received in fees during the year was £58,232 (2021: £39,300). There were no fees outstanding as at the year end.

(ii) Summary of transactions and balances

During the period, the Company received from its subsidiaries £11,840,471 (2021: £11,154,306) in respect of management service charges and dividends of £26,160,323 (2021: £12,200,000).

Amounts outstanding between the Company and its subsidiaries as at 30th June 2022 are given in notes 15 and 16.

M Dwyer, a Director of the Company until 30th June 2022, 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 £1,082,662 (2021: £1,092,575), with £92,295 (2021: £117,128) outstanding at the year end.

24. FINANCIAL INSTRUMENTS

The Group's financial assets include cash and cash equivalents, investments and other receivables. Its financial liabilities include accruals, lease liabilities 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 2022 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	–	7,434,586	7,434,586
Trade and other receivables	5,210,164	–	5,210,164
Cash and cash equivalents	22,677,893	–	22,677,893
Total	27,888,057	7,434,586	35,322,643

24. FINANCIAL INSTRUMENTS CONTINUED

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	8,350,276	945,898	9,296,174
Current lease liabilities	388,986	–	388,986
Non-current lease liabilities	2,213,854	–	2,213,854
Total	10,953,116	945,898	11,899,014

30th June 2021 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	–	4,373,485	4,373,485
Trade and other receivables	5,871,731	–	5,871,731
Cash and cash equivalents	25,514,619	–	25,514,619
Total	31,386,350	4,373,485	35,759,835

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	8,040,676	69,558	8,110,234
Current lease liabilities	392,954	–	392,954
Non-current lease liabilities	2,348,101	–	2,348,101
Total	10,781,731	69,558	10,851,289

Company

30th June 2022 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 non-current financial assets	103,244,651	3,849,385	1,818,167	108,912,203
Trade and other receivables	–	4,764,485	–	4,764,485
Cash and cash equivalents	–	6,919,935	–	6,919,935
Total	103,244,651	15,533,805	1,818,167	120,596,623

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

24. FINANCIAL INSTRUMENTS CONTINUED

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	3,530,682	76,196	3,606,878
Current lease liabilities	121,573	–	121,573
Non-current lease liabilities	1,026,248	–	1,026,248
Total	4,678,503	76,196	4,754,699

30th June 2021 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 non-current financial assets	103,127,205	1,960,169	1,874,766	106,962,140
Trade and other receivables	–	6,322,463	–	6,322,463
Cash and cash equivalents	–	2,905,184	–	2,905,184
Total	103,127,205	11,187,816	1,874,766	116,189,787

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	3,149,674	–	3,149,674
Current lease liabilities	131,180	–	131,180
Non-current lease liabilities	1,148,549	–	1,148,549
Total	4,429,403	–	4,429,403

(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.

24. 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 2022	Level 1 £	Level 2 £	Level 3 £	Total £
Financial assets at fair value through profit or loss				
Investment in other non-current financial assets	5,616,419	1,818,167	–	7,434,586
Total	5,616,419	1,818,167	–	7,434,586
Financial liabilities at fair value through profit or loss				
Forward currency trades	–	945,898	–	945,898
Total	–	945,898	–	945,898

30th June 2021	Level 1 £	Level 2 £	Level 3 £	Total £
Financial assets at fair value through profit or loss				
Investment in other non-current financial assets	2,498,719	1,874,766	–	4,373,485
Total	2,498,719	1,874,766	–	4,373,485
Financial liabilities at fair value through profit or loss				
Forward currency trades	–	69,558	–	69,558
Total	–	69,558	–	69,558

Company

30th June 2022	Level 1 £	Level 2 £	Level 3 £	Total £
Investment in other non-current financial assets	–	1,818,167	–	1,818,167
Total	–	1,818,167	–	1,818,167

30th June 2021	Level 1 £	Level 2 £	Level 3 £	Total £
Investment in other non-current financial assets	–	1,874,766	–	1,874,766
Total	–	1,874,766	–	1,874,766

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

24. FINANCIAL INSTRUMENTS CONTINUED

Level 3
Level 3 assets as at 30th June 2022 are nil (2021: nil).

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 loss reported for the period is £519,633 (2021: net loss £60,607).

(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 2022, the Group had net asset balances of US$23,917,936 (2021: US$9,211,328), offset by forward sales totalling US$24,500,000 (2021: US$8,300,000). Other significant net asset balances were C$499,036 (2021: C$648,301), and SGD1,736,510 (2021: SGD1,924,212).

Had the US dollar strengthened or weakened against sterling as at 30th June 2022 by 10%, with all other variables held constant, the Group's net assets would have increased or decreased (respectively) by less than 1%, 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, and in other listed 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 £0.3 million in the value of the investments and profit before tax.

The Group's International REIT and Global Equity CEF funds have been consolidated as controlled entities, and therefore the securities held by the funds are reported in the consolidated statement of financial position under investments. At 30th June 2022, 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 £0.4 million to the Group.

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 profit from hedging recognised in the Group income statement for the period is £nil (2021: £nil).

24. FINANCIAL INSTRUMENTS CONTINUED

(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 and US 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 2022, the Group held £22,677,893 (2021: £25,514,619) in cash balances, of which £19,381,084 (2021: £23,911,707) 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.

(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 operating subsidiary company in the UK, 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 Group will produce its first Internal Capital and Risk Assessment (ICARA) in FY 2023. 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.

25. POST BALANCE SHEET EVENTS

There have been no material events occurring between the balance sheet date and the date of signing this report.

SHAREHOLDER INFORMATION

Contents

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the AGM of the Company will be held on Monday 31st October 2022 at 77 Gracechurch Street, London EC3V 0AS at 11:30am (Greenwich Mean Time) to consider and, if thought appropriate, pass the following resolutions, of which resolutions 1 to 14 will be proposed as ordinary resolutions and resolutions 15 to 19 will be proposed as special resolutions.

Voting

In order to save paper we no longer post hard copy Proxy Forms, and encourage shareholders to vote online by logging on to www.signalshares.com and follow the instructions given. CREST members may also use the CREST electronic proxy appointment service to submit their proxy appointment in respect of the AGM. Full details regarding voting can be found in the Further Notes to the Notice of the AGM on pages 134 to 136.

Please note that all proxy and appointments must be received by 11:30am on Thursday 27th October 2022.

Voting on the business of the meeting will be conducted by way of a poll. The results of voting on the resolutions will be posted on the Company's website as soon as practicable after the AGM.

Ordinary Resolutions

Reports and Accounts

1. To receive the Directors' report and the accounts of the Company for the year ended 30th June 2022.

Directors' remuneration report

2. To approve the Directors' remuneration report for the year ended 30th June 2022, set out on pages 68 to 78 of the Annual Report and Accounts for the year ended 30th June 2022.

3. To approve the remuneration policy, as set out in the remuneration policy report in the Annual Report and Accounts for the year ended 30th June 2022.

Dividend

4. To declare a final dividend of 22p per Ordinary Share of 1p each in the Company (Ordinary Share) for the year ended 30th June 2022, payable on 4th November 2022 to members on the register as at 30th September 2022.

Directors

5. To re-appoint Barry Aling as a Director
6. To re-appoint Thomas Griffith as a Director.
7. To re-appoint Rian Dartnell as a Director.
8. To re-appoint Tazim Essani as a Director.
9. To re-appoint George Karpus as a Director.
10. To re-appoint Peter Roth as a Director.
11. To re-appoint Jane Stabile as a Director.

Auditors

12. To re-appoint RSM UK Audit LLP as auditors of the Company, to hold office from the conclusion of this AGM until the conclusion of the next AGM at which accounts are laid before the Company.

13. To authorise the Audit & Risk Committee of the Company to fix the remuneration of the auditors.

NOTICE OF ANNUAL GENERAL MEETING

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Directors' authority to allot shares

14. To generally and unconditionally authorise the Directors, pursuant to and in accordance with Section 551 of the Companies Act 2006 (the 2006 Act), to exercise all the powers of the Company to allot shares or grant rights to subscribe for or to convert any security into shares in the Company:

    (a) up to an aggregate nominal amount of £168,930; and

    (b) comprising equity securities (as defined in Section 560(1) of the 2006 Act) up to a further aggregate nominal amount of £168,930 in connection with an offer by way of a rights issue;

    such authorities to apply in substitution for all previous authorities pursuant to Section 551 of the 2006 Act and to expire at the end of the next Annual General Meeting or on 31st October 2023, whichever is the earlier, but in each case so that the Company may make offers and enter into agreements during the relevant period which would, or might, require shares to be allotted or rights to subscribe for or to convert any security into shares to be granted after the authority ends.

    For the purposes of this resolution, 'rights issue' means an offer to:

    (i) ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

    (ii) holders of other equity securities, if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities, to subscribe for further securities by means of the issue of a renounceable letter (or other negotiable document) which may be traded for a period before payment for the securities is due, but subject in both cases to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in, or under the laws of, any territory.

Special Resolutions

Employee benefit trust

15. That the trustees of City of London Employee Benefit Trust (the EBT) be and are hereby authorised to hold ordinary shares in the capital of the Company from time to time, for and on behalf of the Employee Share Ownership Plan and Employee Incentive Plan, up to a maximum in aggregate equal to 10% of the issued Ordinary Share capital of the Company.

Disapplication of pre-emption rights

16. That, if resolution 14 is passed, the Directors be authorised to allot equity securities (as defined in the 2006 Act) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the 2006 Act did not apply to any such allotment or sale, such authority to be limited:

    (a) to allotments for rights issues and other pre-emptive issues; and

    (b) to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (a) above) up to a nominal amount of £25,339:

    such authority to expire at the end of the next AGM of the Company or, if earlier, at the close of business on 31st October 2023 but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

17. That, if resolution 14 is passed, the Directors be authorised, in addition to any authority granted under resolution 16, to allot equity securities (as defined in the 2006 Act) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash, as if section 561 of the 2006 Act did not apply to any such allotment or sale, such authority to be:

    (a) limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £25,339; and

    (b) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Directors of the Company determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-emption Group prior to the date of this Notice of AGM,

    such authority to expire at the end of the next AGM of the Company or, if earlier, at the close of business on 31st October 2023 but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

Authority to purchase own shares

18. To unconditionally and generally authorise the Company for the purpose of Section 701 of the 2006 Act to make market purchases (as defined in Section 693(4) of the 2006 Act) of ordinary shares, provided that:

    (a) the maximum number of ordinary shares that may be purchased is 5,067,910;

    (b) the minimum price that may be paid for each ordinary share is £0.01;

    (c) the maximum price that may be paid for an ordinary share is an amount equal to the higher of (i) 105% of the average of the closing price of the Company's ordinary shares, as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such ordinary share is contracted to be purchased, and (ii) an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share as derived from the London Stock Exchange Trading System; and

    (d) this authority shall expire at the conclusion of the Company's next AGM or, if earlier, 31st October 2023 (except in relation to the purchase of ordinary shares, the contract for which was concluded before the expiry of such authority and which might be executed wholly or partly after such expiry), unless such authority is renewed prior to such time.

Notice of general meetings

19. To authorise the Directors to call a general meeting, other than an Annual General Meeting, on not less than 14 clear days' notice.

By order of the Board

Prism Cosec Limited
Company Secretary

15th September 2022

Registered in England and Wales No. 02685257
Registered Office: 77 Gracechurch Street, London EC3V 0AS

EXPLANATORY NOTES TO THE NOTICE OF AGM

The notes on the following pages give an explanation of the proposed resolutions

Resolutions 1 to 14 are proposed as ordinary resolutions. For each of these resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 15 to 19 are proposed as special resolutions. For each of these resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

Resolution 1: Report and Accounts

The first item of business is the receipt by the shareholders of the Directors' report and the accounts of the Company for the year ended 30th June 2022. The Directors' report, the accounts, and the Report of the Company's auditors on the accounts and on those parts of the Directors' remuneration report that are capable of being audited, are contained within the 2022 Annual Report.

Resolution 2: Directors' remuneration report

Resolution 2 seeks shareholder approval of the Directors' remuneration report for the year ended 30th June 2022, which is set out on pages 68 to 78 of the 2022 Annual Report. The Company's auditors, RSM UK Audit LLP, have audited those parts of the Directors' remuneration report that are required to be audited and their report may be found on pages 88 to 93 of the 2021 Annual Report. The vote on this resolution is advisory in nature and Directors' remuneration is not conditional on the passing of this resolution.

Resolution 3: Directors' remuneration policy

Resolution 3 seeks shareholder approval of the Company's remuneration policy. This policy will replace the policy previously approved by shareholders at the AGM on 21st October 2019. No substantive changes have been made to the policy but it has been generally refreshed and streamlined. The policy can be found in the 2022 Annual Report on pages 79 to 83 together with a summary of the changes proposed. Once the policy is approved, the Company will not be able to make a remuneration payment to a current or future Director or a payment for loss of office to a current or past Director unless that payment is consistent with the policy or has been approved by shareholders.

Resolution 4: Dividend

Resolution 4 seeks approval for a final dividend of 22p per ordinary share for the year ended 30th June 2022 (Final Dividend). If approved by shareholders, the Final Dividend will be paid on 4th November 2022 to all shareholders on the register at the close of business on 30th September 2022.

Resolutions 5 to 11: Re-appointment of Directors

The Company's Articles of Association (Articles) require all Directors to stand for re-appointment at each AGM. Therefore, and in line with provision 18 of the UK Corporate Governance Code, all Directors are submitting themselves for re-appointment by shareholders.

The Board carries out a review of the independence of its Directors on an annual basis. In considering the independence of the Independent Non-Executive Directors proposed for re-appointment, the Board has taken into consideration the guidance provided by the UK Corporate Governance Code. Accordingly, the Board considers Barry Aling, Rian Dartnell, Tazim Essani, Peter Roth and Jane Stabile to be independent (the Independent Directors).

All Directors submit themselves for annual re-appointment by shareholders in accordance with the Articles and the UK Corporate Governance Code. Chair of the Board, Barry Aling, will have served as a Non-Executive Director for a little over 9 years at the date of publication of this Notice of AGM. Typically, a Non-Executive Director would step down after that period of time in line with UK corporate governance best practice. However, the Board believed it to be in the best interests of shareholders to extend Barry Aling's tenure for a further, limited period that would take his beyond the usual 9 years to enable him to see through to completion the Board restructure that was announced in April 2022.

On 1st October 2020, the Company completed its merger with Karpus Management Inc. (KIM). Pursuant to the merger, the KIM stockholders received shares in the Company capable of being voted at meetings of the shareholders of the Company. Due to familial relationships, certain of the KIM stockholders are regarded as controlling shareholders and form part of a Controlling Shareholder Group holding, in aggregate, 19,145,215 shares, being 37.8% of the Company's issued share capital, and consisting of: George W. Karpus, Karin Popham Anello, Katie Popham McCormick, William Popham, Alana Heahl, Nicholas Kuszlyk, Douglas Kuszlyk, Barbara Kuszlyk, Donald Heahl, 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 21 of Further Notes to this Notice of AGM), the appointment or re-appointment 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 5, 7, 8, 10 and 11 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 re-appoint and 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 AGM, 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 5, 7, 8, 10 and 11 are not approved by a majority vote of the Company's independent shareholders at the AGM, the relevant Director(s) will be treated as having been re-appointed only for the period from the date of the AGM until the earlier of: (i) the close of any general meeting of the Company, convened for a date more than 90 days after the AGM but within 120 days of the AGM, to propose a further resolution to re-appoint him or her; (ii) the date that is 120 days after the AGM; 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 re-appointment is approved by a majority vote of all shareholders at a second meeting, the Director will then be re-appointed until the next AGM. 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 Director seeking re-appointment, appear on pages 44 to 45 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-appointment 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: As previously stated, 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 judgement and that there are no relationships or circumstances which are likely to affect, or could appear to affect, their judgement.

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 Nomination Committee is responsible in each case for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies.

Resolution 12: Re-appointment of auditors

The auditors of a company must be appointed or re-appointed at each general meeting at which the accounts are laid. Resolution 12 proposes, on the recommendation of the Audit & Risk Committee, the re-appointment of RSM UK Audit LLP as the Company's auditors, until the conclusion of the next general meeting of the Company at which accounts are laid.

Resolution 13: Remuneration of auditors

This resolution seeks shareholder consent for the Company's Audit & Risk Committee to set the remuneration of the auditors.

Resolution 14: Directors' authority to allot

The purpose of this resolution is to renew the Directors' power to allot shares. The authority in paragraph (a) will allow the Directors to allot new shares and grant rights to subscribe for, or convert other securities into, shares up to approximately one-third (33.33%) of the Company's total issued ordinary share capital (exclusive of treasury shares) which, as at 15th September 2022, being the Latest Practicable Date prior to publication of this Notice of AGM (Latest Practicable Date), is equivalent to a nominal value of £168,930.

EXPLANATORY NOTES TO THE NOTICE OF AGM

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The authority in paragraph (b) will allow the Directors to allot new shares and grant rights to subscribe for, or convert other securities into, shares only in connection with a rights issue up to a further nominal value of £168,930, which is equivalent to approximately one-third (33.3%) of the total issued ordinary share capital of the Company (exclusive of treasury shares) as at the Latest Practicable Date. The Company currently holds no shares in treasury.

There are no present plans to undertake a rights issue, or to allot new shares. The Directors consider it desirable to have the maximum flexibility permitted by corporate governance guidelines to respond to market developments and to enable allotments to take place to finance business opportunities as they arise.

If the resolution is passed, the authority will expire on the earlier of 31st October 2023 or the end of the AGM in 2023.

Resolution 15: Employee Benefit Trust (EBT)

In accordance with the Investment Association's 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 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.

Resolutions 16 and 17: Disapplication of pre-emption rights

If the Directors wish to allot new shares and other equity securities, or sell treasury shares, for cash (other than in connection with an employee share scheme), Company law requires that these shares are offered first to shareholders in proportion to their existing holdings.

Resolution 16 deals with the authority of the Directors to allot new shares or other equity securities pursuant to the authority given by resolution 14, or sell treasury shares, for cash without the shares or other equity securities first being offered to shareholders in proportion to their existing holdings. Such authority shall only be used in connection with a pre-emptive offer or, otherwise, up to an aggregate nominal amount of £25,339, being approximately 5% of the total issued ordinary share capital of the Company as at the Latest Practicable Date. The Company does not hold any treasury shares as at the Latest Practicable Date.

The Pre-emption Group Statement of Principles supports the annual disapplication of pre-emption rights in respect of allotments of shares and other equity securities (and sales of treasury shares for cash) representing no more than an additional 5% of issued ordinary share capital (exclusive of treasury shares), to be used only in connection with an acquisition or specified capital investment. The Pre-emption Group's Statement of Principles defines 'specified capital investment' as meaning one or more specific capital investment related uses for the proceeds of an issuance of equity securities, in respect of which sufficient information regarding the effect of the transaction on the Company, the assets the subject of the transaction and (where appropriate) the profits attributable to them is made available to shareholders to enable them to reach an assessment of the potential return.

Accordingly, and in line with the template resolutions published by the Pre-emption Group, resolution 17 seeks to authorise the Directors to allot new shares and other equity securities pursuant to the authority given by resolution 14, or sell treasury shares, for cash up to a further nominal amount of £25,339, being approximately 5% of the total issued Ordinary Share capital of the Company as at the Latest Practicable Date, only in connection with an acquisition or specified capital investment which is announced contemporaneously with the allotment, or which has taken place in the preceding six-month period and is disclosed in the announcement of the issue.

If the authority given in resolution 17 is used, the Company will publish details of the placing in its next annual report.

If these resolutions are passed, the authorities will expire at the end of the next AGM, or on 31st October 2023, whichever is the earlier.

The Board considers the authorities in resolutions 16 and 17 to be appropriate in order to allow the Company flexibility to finance business opportunities or to conduct a rights issue or other pre-emptive offer without the need to comply with the strict requirements of the statutory pre-emption provisions.

The Board intends to adhere to the provisions in the Pre-emption Group's Statement of Principles not to allot shares for cash on a non-pre-emptive basis (other than pursuant to a rights issue or pre-emptive offer) in excess of an amount equal to 7.5% of the total issued ordinary share capital of the Company within a rolling three-year period other than: (i) after prior consultation with shareholders; or (ii) in connection with an acquisition or specified capital investment which is announced contemporaneously with the allotment or which has taken place in the preceding six-month period and is disclosed in the announcement of the allotment.

Resolution 18: Purchase of own shares

The effect of resolution 18 is to grant authority to the Company to purchase its own ordinary shares, up to a maximum of 5,067,910 ordinary shares, until the AGM in 2023 or 31st October 2023, whichever is the earlier. This represents 10% of the Company's ordinary share capital in issue (excluding shares held in treasury) as at the Latest Practicable Date. The Company's exercise of this authority is subject to the stated upper and lower limits on the price payable.

Pursuant to the 2006 Act, the Company can hold any shares which are repurchased as treasury shares and either re-sell them for cash, cancel them, either immediately or at a point in the future, or use them for the purposes of its employee share schemes. Holding the repurchased shares as treasury shares will give the Company the ability to re-sell or transfer them in the future and will provide the Company with additional flexibility in the management of its capital base. No dividends will be paid on, and no voting rights will be exercised in respect of, treasury shares. Shares held as treasury shares will not automatically be cancelled and will not be taken into account in future calculations of earnings per share (unless they are subsequently re-sold or transferred out of treasury).

The Directors consider it desirable and in the Company's interests for shareholders to grant this authority. The Directors have no present intention to exercise this authority and will only do so if and when conditions are favourable with a view to enhancing net asset value per share.

The Company will not, save in accordance with a predetermined, irrevocable and non-discretionary programme, repurchase shares in the period immediately preceding the preliminary announcement of its annual or interim results as dictated by the Listing Rules or Market Abuse Regulation (as applicable in the UK) (UK MAR) or, if shorter, between the end of the financial period concerned and the time of a relevant announcement or, except in accordance with the Listing Rules and UK MAR, at any other time when the Directors would be prohibited from dealing in shares.

Resolution 19: Notice of General Meetings

Under the 2006 Act, as amended, the notice period required for all general meetings of the Company is 21 days, although shareholders can approve a shorter notice period for general meetings that are not Annual General Meetings, which cannot however be less than 14 clear days. Annual General Meetings will continue to be held on at least 21 clear days' notice. The shorter notice period for which shareholder approval is sought under resolution 19 would not be used as a matter of routine for such meetings, but only where the flexibility is merited by the business of the meeting and is thought to be to the advantage of shareholders as a whole. In the event that a general meeting is called on less than 21 days' notice, the Company will meet the requirements for electronic voting under The companies (Shareholders' Rights) Regulations 2009. Shareholder approval will be effective until the Company's next AGM, when it is intended that a similar resolution will be approved.

FURTHER NOTES

Entitlement to attend and vote

1. Only those shareholders registered in the Company's register of members as at close of business on 27th October 2022, or, if this meeting is adjourned, at close of business on the day which is two business days' prior to the adjourned meeting, shall be entitled to attend and vote at the meeting. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

Entry to the AGM, security arrangements and conduct of proceedings

2. If any shareholders or their proxies intend to attend the meeting in person, we request that they advise the Company at least 48 hours in advance of the meeting by email to **investorrelations@citlon.co.uk**. We will continue to closely monitor any developments in public health guidance in relation to COVID-19.

   Our website, **www.clig.co.uk**, contains the latest information for shareholders and will be updated before the AGM should there be any changes to the arrangements set out above. Where appropriate, we will notify shareholders of the change via a Regulatory Information Service announcement as early as is possible before the date of the meeting.

Website giving information regarding the meeting

3. A copy of this Notice of AGM and other information regarding the meeting, including the information required by section 311A of the 2006 Act, can be found at **www.clig.co.uk**. Shareholders may not use any electronic address provided in either this Notice of AGM or any related documents (including the Proxy Form) to communicate with the Company for any purposes other than those expressly stated.

Appointment of proxies

4. Hard copy Proxy Forms are not being issued this year to save paper, however shareholders can request a hard copy directly from the registrar, Link Group, on +44 (0)371 664 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. Lines are open between 09:00 – 17:30, Monday to Friday, excluding public holidays in England and Wales.

5. Although shareholders are entitled to appoint another person as their proxy to exercise all or any of their rights to attend and to speak and vote at the AGM, **shareholders are encouraged to appoint the Chair of the meeting as their proxy as the appointment of any proxy other than the Chair of the meeting could result in your vote not being cast if the proxy is unable to attend the meeting due to pandemic-related restrictions.** A proxy need not be a shareholder of the Company. 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.

   The appointment of a proxy does not preclude a shareholder from attending and voting in person at the AGM.

6. In the case of joint holders, any one holder may vote. If more than one holder is present at the meeting, only the vote of the senior will be accepted, seniority being determined in the order in which the names appear on the register. A space has been included in the Proxy Form to allow members to specify the number of shares in respect of which that proxy is appointed. Shareholders who return the Proxy Form duly executed but leave this space blank will be deemed to have appointed the proxy in respect of all of their shares. Where appointing multiple proxies, shareholders should indicate on each Proxy Form the name of the proxy they wish to appoint and the number of Ordinary Shares in respect of which the proxy is appointed. All Proxy Forms should be returned together.

   Shareholders can also appoint multiple proxies by logging on to **www.signalshares.com** and completing the online instructions.

7. To appoint a proxy, either: (a) deposit the Proxy Form, and any power of attorney or other authority under which it is executed (or a duly certified copy of any such power or authority), with the Company's Registrar, Link Group, PXS1, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL; or (b) lodge the proxy appointment using the CREST Proxy Voting Service in accordance with note 12 below; or (c) lodge online proxies, in accordance with note 10 below, in each case so as to be received no later than 48 hours (excluding non-working days) before the time of the holding of the AGM or any adjournment thereof.

   Please note that all Proxy Forms and appointments, whether postal or electronic, must be received by 11:30am on 27th October 2022.

Corporate representatives

8. A corporation that is a shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a shareholder provided that no more than one corporate representative exercises powers over the same share. Under the current circumstances, corporate shareholders are strongly encouraged to complete and return a Proxy Form appointing the Chair of the meeting to ensure their votes are included in the poll.

Nominated persons

9. The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with section 146 of the 2006 Act (Nominated Persons). Nominated Persons may have a right under an agreement with the member who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if Nominated Persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.

Voting

10. The website address for online voting is **www.signalshares.com**. You will need your Shareholder Reference Number to log in and follow the instructions to lodge your votes.

    You can vote either:

    - by logging on to **www.signalshares.com** and following the instructions;
    - requesting a hard copy form of proxy directly from the registrars, Link Group, 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.

Total voting rights

11. The total number of issued ordinary shares in the Company on the Latest Practicable Date, is 50,679,095. As described in note 21, the Controlling Shareholder Group's voting is capped at the lower of (i) the number of shares held by them; and (ii) 24.99% of the votes cast on any resolution by all shareholders. Therefore, the total number of votes exercisable as at the Latest Practicable Date is 42,039,568.

CREST proxy instructions

12. 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 adjournments thereof) by following the procedures described in the CREST Manual (available via **www.euroclear.com**). CREST Personal Members or other CREST sponsored members (and those CREST members who have appointed a voting service provider) should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.

13. 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's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message (regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy) must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by the latest time(s) for receipt of proxy appointments specified in note 7, above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications 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.

14. CREST members (and, where applicable, their CREST sponsors or voting service providers) should note that Euroclear does not make available special procedures in CREST for any particular messages. 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, to procure that their CREST sponsor or voting service provider takes) 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 service 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.

FURTHER NOTES
CONTINUED

Proxy appointment via Proxymity

15. If you are an institutional investor you may be able to appoint a proxy electronically via the Proxymity platform. For further information regarding Proxymity, please go to **www.proxymity.io**. Your proxy must be lodged 48 hours prior to the time appointed for the Meeting in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.

Automatic poll voting

16. Each of the resolutions to be put to the meeting will be voted on by poll and not by show of hands. A poll reflects the number of voting rights exercisable by each member and so the Board considers it a more democratic method of voting. Members and proxies will be asked to complete a poll card to indicate how they wish to cast their votes. These cards will be collected at the end of the meeting. The results of the poll will be published on the Company's website and notified to the London Stock Exchange once the votes have been counted and verified.

Publication of audit concerns

17. Under section 527 of the 2006 Act, members meeting the threshold requirements set out in that section have the right to require the Company to publish, on a website, a statement setting out any matter relating to: (a) the audit of the Company's accounts (including the auditors' report and the conduct of the audit) that are to be laid before the AGM; or (b) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 the 2006 Act. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the 2006 Act. Where the Company is required to place a statement on a website under section 527 of the 2006 Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the 2006 Act to publish on a website.

Right to request circulation or resolutions

18. Under section 338 and section 338A of the Companies Act 2006, members meeting the threshold requirements in those sections have the right to require the Company: (i) to give, to members of the Company entitled to receive notice of the meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting; and/or (ii) to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may be properly included in the business. A resolution may properly be moved or a matter may properly be included in the business unless (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise), (b) it is defamatory of any person, or (c) it is frivolous or vexatious. Such a request may be in hard copy form or in electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than the date which is six clear weeks before the AGM, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.

Questions

19. All shareholders will have the opportunity to ask questions at the AGM.

Documents on display

20. Copies of Directors' service contracts or letters of appointment will be available upon request during usual business hours on any weekday (Saturdays, Sundays and public holidays excluded) until the date of the AGM.

Controlling Shareholder Group

21. Following completion of the merger with KIM, the Company entered into a relationship agreement with the Controlling Shareholder Group which regulates the ongoing relationship between the Company and the Controlling Shareholder Group. The members of the Controlling Shareholder Group agreed 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% of the votes cast on any resolution by all 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 Group
10th Floor, Central Square
29 Wellington Street
Leeds
LS1 4DL

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
Prism Cosec Ltd
enquiries@prismcosec.com

Financial calendar

Ex-dividend date for the final dividend	29th September 2022
Final dividend record date	30th September 2022
First quarter FuM announcement	17th October 2022
AGM	31st October 2022
Final dividend payment	4th November 2022
Second quarter FuM announcement	18th January 2023
Half year results and interim dividend announcement	17th February 2023
Ex-dividend date for the interim dividend	23rd February 2023
Interim dividend record date	24th February 2023
Interim dividend payment	24th March 2023
Third quarter FuM announcement	25th April 2023
Year end	30th June 2023

For further information, please visit our website **www.clig.co.uk**

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www.clig.co.uk

CLIG office locations

London
77 Gracechurch Street
London
EC3V 0AS
United Kingdom

Telephone: + 44 (0) 207 711 0771

US
The Barn
1125 Airport Road
Coatesville, PA 19320
United States

Telephone: + 1 610 380 2110

Karpus Investment Management
183 Sully's Trail
Pittsford
NY 14534

Telephone: + 1 866 527 7871

Singapore
20 Collyer Quay
#10-04
Singapore 049319

Telephone: + 65 6236 9136