

Trading Update

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RNS Number : 0648C
City of London Investment Group PLC
17 January 2018

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CITY OF LONDON INVESTMENT GROUP PLC
("City of London", "the Group" or "the Company")
FUNDS UNDER MANAGEMENT AS AT 31 December 2017,
TRADING UPDATE

City of London (LSE: CLIG) announces that total funds under management (FuM) at the Group's half year on 31 December 2017 were US\$5.3 billion (£3.9 billion). This compares with US\$4.7 billion (£3.6 billion) at the Company's year-end on 30 June 2017. A breakdown by strategy follows:

	FuM (\$mn)			Net Flows	Strategy Index	
	Jun-17	Dec-17 (estimate)	% inc / dec			% inc / dec
EM	4,202	4,660	11%	(89)	MSCI EM	16%
DEV	179	337	88%	129	MSCI ACWI	11%
GTAA	110	139	26%	20	ACWI/Barclays Global Agg	7%
Frontier	172	193	12%	2	MSCI Frontier	12%
	4,663	5,329		62		

Positive relative investment performance was recorded across Developed, GTAA and Frontier strategies. Generally, a combination of strong NAV performance, discount narrowing and opportunistic participation in event driven US situations drove relative performance. The EM strategy underperformed due to widening discounts and an underweight to the Chinese IT sector which posted very strong returns. Net flows were positive in aggregate over the period, particularly in the Developed strategy which continues to benefit from a focused marketing strategy and excellent long term investment results.

In addition, we have to date received notification of \$110 million net inflows in aggregate across all strategies, which we expect to fund over the next quarter.

With regards to business development, the Group continues to maintain an active pipeline across all of its major CEF offerings with an increased interest in the diversification CEF strategies. In total the active pipeline is in excess of US\$400 million, these include opportunities that are spread across Emerging and Developed Markets, Global Tactical Asset Allocation, Tactical Income, and Frontier CEF strategies.

Operations

The Group's income currently accrues at a weighted average rate of approximately 82 basis points of FuM, net of third party commissions. "Fixed" costs are c£1.0 million per month, and accordingly the current run-rate for operating profit, before profit-share of 30% and an estimated EIP charge of 2%, is approximately £1.7 million per month based upon current FuM and a US\$/£ exchange rate of US\$1.35 to £1 as at 31 December 2017.

The Group estimates the unaudited profit before taxation for the six months ended 31 December 2017 to be approximately £6.6 million, which compares with £5.8 million for the equivalent period to 31 December 2016.

The Company is currently in a close period which will end with the publication of results for the six months ended 31 December 2017 on 19 February 2018.

Dividend

The Board has decided to declare an interim dividend of 9 pence (2017: 8 pence). The dividend will be paid on 16 March 2018 to shareholders registered at the close of business on 2 March 2018.

Template

Please see the attached graph which is based on the following assumptions and includes the estimated quarterly cost of a maintained dividend:

http://www.rns-pdf.londonstockexchange.com/rns/0648C_1-2018-1-16.pdf

Key assumptions:

(June 2017 comparatives in Italics)

- Starting point Current FuM (end December 2017)
- Net increase for the remainder of this financial year (straight-lined to June 2018):
 - emerging market CEF strategy US\$100m (US\$250m over full year)
 - non-emerging market CEF strategies US\$125 (US\$250m over full year)
- Net increase in 2018/2019 (straight-lined to June 2019):
 - emerging market CEF strategy US\$100m
 - non-emerging market CEF strategies US\$250m
- Operating margin adjusted monthly for change in product mix and commission run-off
- Market growth: 0%
- Overheads for 2017/18: +4% compared to 2016/17 (+3%)
- Overheads for 2018/19: +7% compared to 2016/17
- EIP cost for 2017/18: 2% of operating profit (2%)
- EIP cost for 2018/19: 4% of operating profit
- Corporation tax based on an estimated average rate of 23% (23%)
- Exchange rate assumed to be £1/\$1.35 for entire period (£1/US\$1.30)
- Number of CLIG Shares in issue (26.9m) less those held by the ESOP Trust (1.4m) as at 31 December (26.9m CLIG shares in issue less 1.5m ESOP Trust holding)

For further information, please visit <http://www.citlon.co.uk/> or contact:

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