

Trading Update

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City of London Investment Group PLC
17 July 2018

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The information contained within this announcement is deemed by the Group to constitute inside information stipulated under the Market Abuse Regulation (EU) No. 596/2014. Upon the publication of this announcement via the Regulatory Information Service, this inside information is now considered to be in the public domain.

CITY OF LONDON INVESTMENT GROUP PLC
("City of London" or "the Group")

PRE-CLOSE TRADING UPDATE for the year to 30 June 2018

City of London (LSE: CLIG), a leading specialist asset management group focused on emerging markets and closed-end funds, provides a pre-close trading update for its financial year ended 30 June 2018. The numbers that follow are all unaudited.

Funds under management were US\$5.1 billion (£3.9 billion) at 30 June 2018 (2017: US\$4.7 billion or £3.6 billion), representing a 10% increase in US\$ terms for the year. A breakdown by strategy follows:

	FuM (\$mn)			Net Flows	Strategy Index	
	Jun-18 (estimate)	Jun-17	% inc/dec			% inc/dec
EM	4,207	4,202	0%	(215)	MSCI EM	8%
DEV	481	179	169%	279	MSCI ACWI	11%
OV*	174	110	58%	54	ACWI/Barclays Global Agg	6%
Frontier	245	172	42%	67	MSCI Frontier	2%
	5,107	4,663		185		

*Opportunistic Value formerly Global Tactical Asset Allocation, GTAA

The core EM strategy underperformed (by approximately 330bps, net of fees) for the full year as discounts widened (cost approximately 200bps) and an underweight to China, specifically the IT sector detracted from performance. The Developed, Opportunistic Value (formerly GTAA) and Frontier strategies all recorded positive relative performance due to a combination of positive discount and allocation effects.

The Group's overhead for the year to 30 June 2018 is expected to be £12.5 million (2017: £11.9 million) and the current monthly run-rate is c £1.1m.

For the year to 30 June 2018, the Group expects that pre-tax profits will be approximately £12.8 million (2017: £11.6 million), and that profits after an anticipated tax charge of £2.7 million (21% of pre-tax profits) will be approximately £10.1 million (2017: profits of £9.1 million after a tax charge of £2.5 million, representing 22% of pre-tax profit). Basic and fully diluted earnings per share are expected to be 39.5p and 39.3p respectively (2017: 36.9p and 36.7p).

The Board is recommending an increased final dividend of 18p per share (2017: 17p). This would bring the total for the year to 27p (2017: 25p), for dividend cover of 1.47 times (2017: 1.46 times).

The Board confirms the final dividend timetable for the year to 30 June 2018:

- ex-dividend date: 11 October 2018
- dividend record date: 12 October 2018
- payable: 30 October 2018

City of London expects to announce final results alongside publication of its Accounts for the year to 30 June 2018 on 17 September 2018. The Group's Annual General Meeting will be held on 22 October 2018.

Template

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

http://www.rns-pdf.londonstockexchange.com/rns/8098U_1-2018-7-16.pdf

Assumptions:

- Starting point Current FuM (end June 2018)
- Net increase in FuM in 2018/2019 (straight-lined to June 2019):
 - emerging market strategies zero
 - diversification strategies \$250m
- Operating margin adjusted monthly for change in product mix and commission run-off
- Market growth: 0%
- Increase in overheads: 3%
- EIP charge: 4%
- Corporation tax based on an estimated average rate of 20%
- Exchange rate assumed to be £1/\$1.32 for entire period
- Number of CLIG Shares in issue (26.9m) less those held by the Employee Benefit Trust (1.5m) as at 30 June 2018

This can also be found on our website at:

<https://www.citlon.com/investor-relations/dividend-cover.php>

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

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This release includes forward-looking statements, which may differ from actual results. Any forward-looking statements are based on certain factors and assumptions, which may prove incorrect, and are subject to risks, uncertainties and assumptions relating to future events, the Group's operations, results of operations, growth strategy and liquidity.

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