

FUNDS UNDER MANAGEMENT - Trading Update

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City of London Investment Group PLC
16 January 2019

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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 2018,
TRADING UPDATE

City of London (LSE: CLIG), a leading specialist asset management group offering a range of institutional products investing in closed-end funds, announces that as at 31 December 2018, FuM were US\$4.6 billion (£3.6 billion). This compares with US\$5.1 billion (£3.9 billion) at the Company's year-end on 30th June 2018. A breakdown by strategy follows:

	FuM (\$mn)			Net Flows	Strategy Index	
	Dec-18 (estimate)	Jun-18	% inc/dec			% inc/dec
EM	3,734	4,207	-11%	(157)	MSCI EM	-8%
DEV	495	481	3%	95	MSCI ACWI	-9%
Frontier	197	245	-20%	(21)	MSCI Frontier	-6%
Opportunistic Value	199	174	14%	41	ACWI/Barclays Global Agg	-4%
	<u>4,625</u>	<u>5,107</u>		<u>(42)</u>		

The EM strategy outperformed due to narrowing discounts and good country allocation over the period.

Negative relative investment performance was recorded across Developed, Opportunistic Value and Frontier strategies. Generally, a combination of NAV performance and discount widening, relating to year-end tax-loss selling in the US, affected relative performance.

During the period under review, the Developed and Opportunistic Value strategies recorded combined net inflows of \$136 million. The EM and Frontier strategies saw net outflows of \$157 million and \$21 million, respectively.

During the most recent period of volatility, we have to date received notification of \$125 million of net inflows in aggregate across all strategies, which we expect to be funded over the next quarter.

With regard to business development, the Group continues to maintain an active pipeline across all of its major CEF offerings, with increased interest continuing to be seen in the non-Emerging Market CEF strategies (i.e. Developed, Opportunistic Value).

Operations

The Group's income currently accrues at a weighted average rate of approximately 77 basis points of FuM, net of third party commissions. "Fixed" costs are c£1.1 million per month, and accordingly the current run-rate for operating profit, before profit-share of 30% and an estimated EIP charge of 5%, is approximately £1.2 million per month based upon current FuM and a US\$/£ exchange rate of US\$1.275 to £1 as at 31 December 2018.

The Group estimates the unaudited profit before taxation for the six months ended 31 December 2018 to be approximately

£5.2 million, which compares with £6.6 million for the equivalent period to 31 December 2017.

The Company is currently in a close period which will end with the publication of results for the six months ended 31 December 2018 on 18 February 2019.

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/1943N_1-2019-1-15.pdf

Key assumptions:

(June 2018 comparatives in Italics)

- Starting point Current FuM (end December 2018)
- Net increase for the remainder of this financial year (straight-lined to June 2019):
 - emerging market CEF strategy US\$50m (*zero*)
 - non-emerging market CEF strategies US\$50m (*US\$250m over the full year*)
- Net increase in 2019/2020 (straight-lined to June 2020):
 - emerging market CEF strategy US\$50m
 - non-emerging market CEF strategies US\$50m
- Operating margin adjusted monthly for change in product mix and commission run-off
- Market growth: 0%
- Overheads for 2018/19: +4% compared to 2017/18 (*+3%*)
- Overheads for 2019/20: +4% compared to 2017/18
- EIP cost for 2018/19: 5% of operating profit (*4%*)
- EIP cost for 2019/20: 5% of operating profit
- Corporation tax based on an estimated average rate of 20% (*20%*)
- Exchange rate assumed to be £1/\$1.275 for entire period (*£1/US\$1.32*)
- Number of CLIG Shares in issue (26.7m) less those held by the ESOP Trust (1.4m) as at 31 December (*26.9 m 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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