

# City of London Investment Group PLC Shareholder Presentations

January 2019



CITY OF LONDON  
Investment Group PLC

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# Presentation Team



## **Barry Olliff, Chief Executive Officer and Chief Investment Officer**

Barry has spent over 50 years in the investment trust sector, starting as a market maker with Denny Brothers in 1964 and moving in 1979 to the investment trust department of Laing & Cruikshank, where he became a director in 1984. Barry founded Olliff & Partners, an investment trust stockbroker, in 1987, the business from which City of London was founded in 1991.



## **Mark Dwyer, Director and Chief Investment Officer, EM CEF Group**

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



## **Thomas Griffith, Chief Operating Officer and Deputy CEO**

Prior to joining City of London Group in 2000, Thomas Griffith 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.



## **Susannah Nicklin – Senior Independent Non-Executive Director**

Susannah Nicklin is an investment and financial services professional with 20 years of experience in executive roles at Goldman Sachs and Alliance Bernstein in the US, Australia and the UK. She has also worked in the social impact private equity sector with Bridges Ventures, the Global Impact Investing Network, and Impact Ventures UK. Susannah is the Senior Independent Director of Pantheon International plc and a Non-Executive Director of Amati AIM VCT plc, Baronsmead Venture Trust plc and The North American Income Trust plc.

# Snapshot

## **An established specialist, growing fund management group with:**

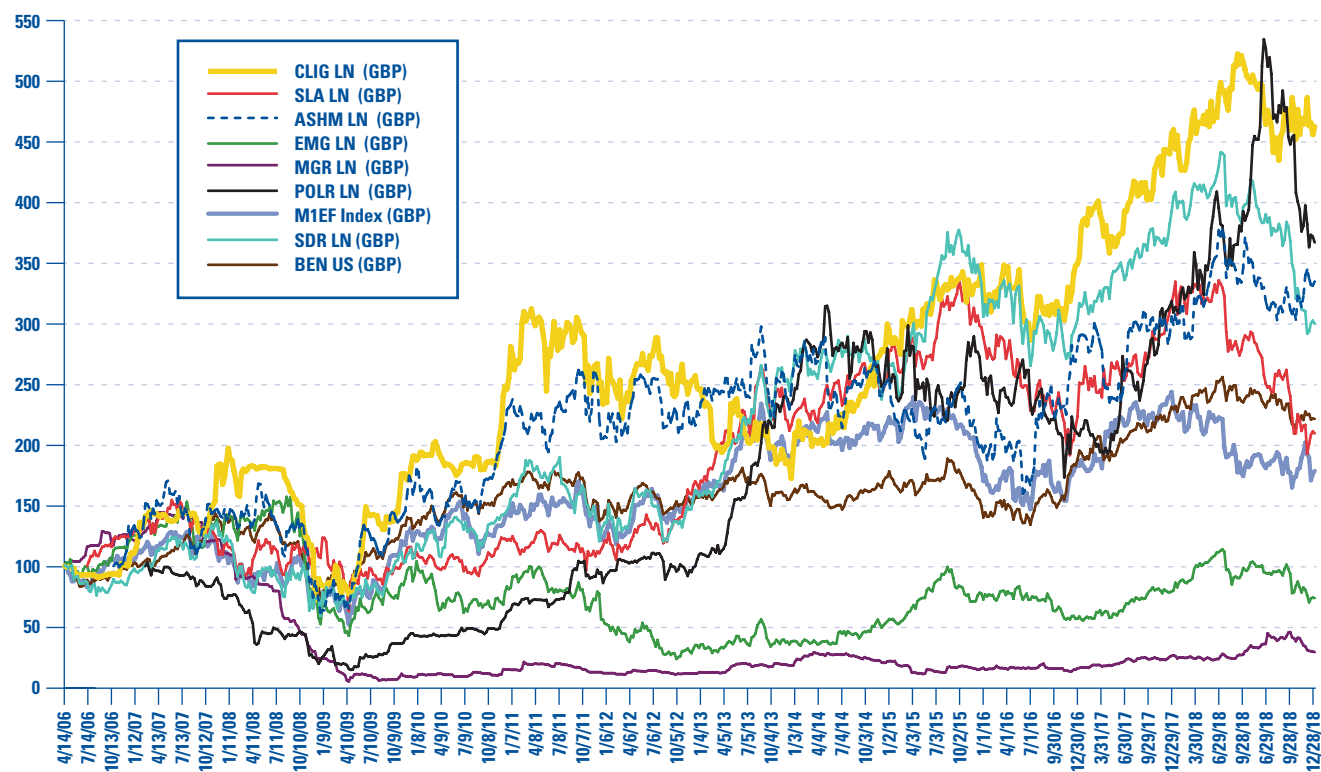
- ▶ \$4.6 billion (£3.6 billion) of funds under management at 31 December 2018
  - A stable institutional client base
- ▶ Offices in the US (East Coast and West Coast), London, Singapore and Dubai
  - Managing money using a team approach
- ▶ A leading CEF asset manager with a track record of outperformance over multiple market cycles
- ▶ Growth plans based on geographical/product diversification and an aversion to risk

**. . . and an experienced, incentivised long-term team**

# Profitability

- ▶ Income currently accrues at a weighted average rate of c77 basis points, net of third party commissions
- ▶ Current run-rate for operating profit, before profit-share at 30% and an estimated EIP charge at 5%, is ~£1.2 million per month based upon current FuM and US\$/£ exchange (1.275)
- ▶ Estimated unaudited post-tax profit for the six months ended 31 December 2018 ~£4.1 million, which compares to £5.1 million for the equivalent period to 31 December 2017

# CLIG Share Performance Since Listing vs. Peer Group



Past performance is no guarantee of future results.

Source: Bloomberg

# The Three Stakeholders

- ▶ We believe that both our strategy and our objective should be to support the three stakeholders in our business:



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

# Our Strategy and Objectives

- ▶ Increase FuM from long term institutional investors
  - City of London's client base is, and always has been, overwhelmingly institutional
- ▶ Outperformance
  - Our job as an active manager is to add value over and above a relevant benchmark through an investment cycle which we define as four to five years
- ▶ 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
- ▶ Retain Staff
  - As shareholders would expect, in a firm that has always used a partnership approach, there is a very long term view taken regarding remuneration
- ▶ Remain open in our dealing with shareholders, available and accountable
  - We recognise that our shareholders (as well as our clients) have trusted us with their money

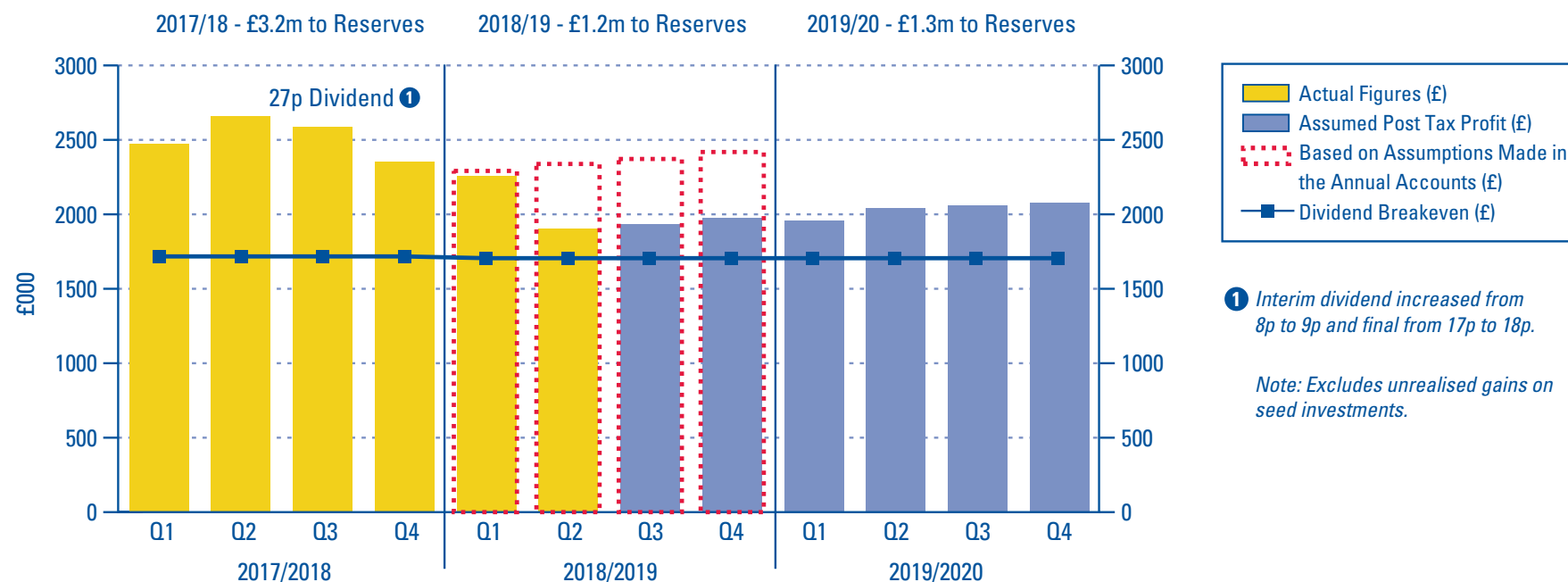
## Employee Incentive Plan (EIP)

- ▶ It is an all employee plan, consistent with CLIG's team approach
- ▶ Strong employee take up, ~60%
- ▶ Shares will be purchased in the market, no dilution
- ▶ It is linked to the Group's risk adjusted profitability, hence performance related
- ▶ Will result in variable pay of cash and deferred shares
- ▶ Participation capped at 20% of individual annual bonus (may increase to 30% if headroom)
- ▶ Company will match participation
- ▶ Company contribution capped at 5% of pre-bonus, pre-tax operating profit until 2019/2020\*
- ▶ Thereafter the awards will fall within the 30% profit-share limit
- ▶ Awards of Restricted Shares (RSAs) will be granted after final dividend for the year
- ▶ RSAs will vest 1/3 each year over a three year period
- ▶ Awards that vest attract a dividend equivalent payment related to vesting period
- ▶ Termination before normal vesting date:
  - RSAs funded by waived bonus to be repaid at the lower of: value at date of grant or date of forfeiture
  - Company funded shares are forfeited upon termination except "good leavers" receive a pro-rated amount
- ▶ Clawback the same as applicable to bonus

**\*Only in a year where the results support a minimum dividend payment of 24p**

# CLIM Template – Not a Specific Forecast\*

Dividend Cover – Actual and Assumed Over Three Financial Years



## Key Assumptions:

(June 2018 comparatives in italics)

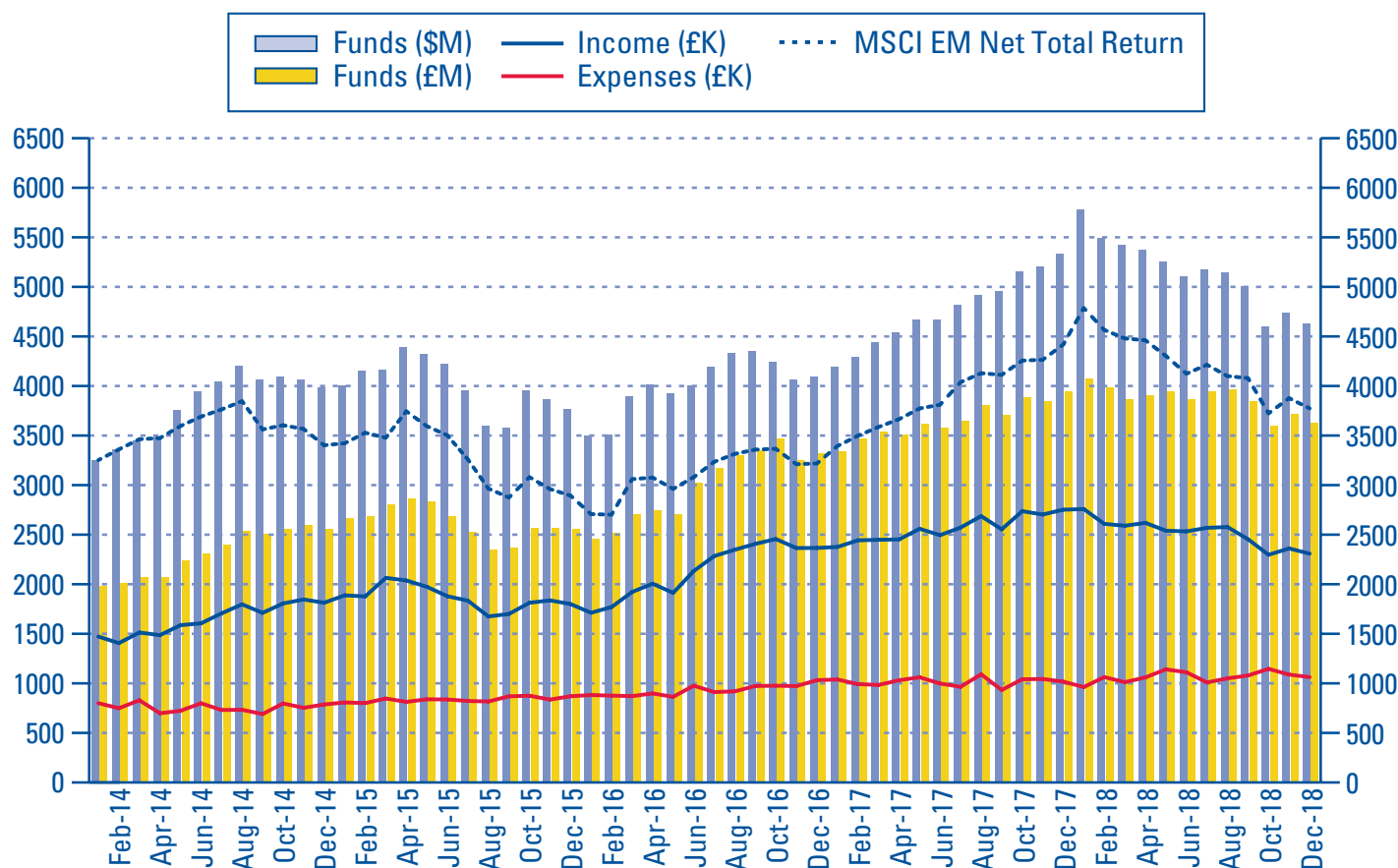
- Starting point Current FuM (Dec 2018)
- Net increase for the remainder of this financial year (straight-lined to June 2019):
  - emerging market CEF strategy US\$50m (zero)
  - non-emerging market CEF strategies US\$50m (US\$250m over the full year)
- Net increase in 2019/2020 (straight-lined to June 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 charge for 2018/19: 5% of operating profit (4%)
- EIP charge 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 Employee Benefit Trust (1.4m) as at 31 December 2018

\*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.

# Relationship Between our Benchmark and FUM

## Rolling 60 Months Funds Under Management and Profitability

*(Excludes extraordinary items of income and expense)*



*Past performance is no guarantee of future results.*

*Source: City of London Investment Management, MSCI*

# Results Summary

		Full Year		Half Year	
		30.06.17	30.06.18	31.12.17 (6 Months)	31.12.18 (6 Months)
Funds under Management (at period end)		\$4.7bn	\$5.1bn	\$5.3bn	\$4.6bn
Turnover		£31.3m	£33.9m	£17.1m	£15.6m
Commissions payable		(£1.4m)	(£1.2m)	(£0.6m)	(£0.4m)
Administrative expenses		(£12.8m)	(£13.6m)	(£6.6m)	(£7.1m)
Interest income		£0.0m	£0.1m	£0.0m	£0.1m
Investment gains		£0.1m	£0.2m	£0.1m	£0.0m
Profit-share		(£5.5m)	(£6.1m)	(£3.1m)	(£2.6m)
EIP charge		(£0.1m)	(£0.5m)	(£0.3m)	(£0.4m)
Profit before tax		£11.6m	£12.8m	£6.6m	£5.2m
Profit after tax		£9.1m	£10.1m	£5.1m	£4.1m
Profit attributable to:	Non-controlling interests	(£0.2m)	-	-	-
	Equity shareholders	£9.3m	£10.1m	£5.1m	£4.1m
EPS:	Basic	36.9p	39.5p	20.2p	16.3p
	Diluted	36.7p	39.3p	20.0p	16.2p
Dividend:	Interim	8.0p	9.0p		
	Final	17.0p	18.0p		

Diluted earnings per share are adjusted for shares held by the Employee Benefit Trust (31.12.18: 1.4m) upon which no dividends are paid.

*Note: Figures are unaudited*

# Dividend History

	2012-13		2013-14		2014-15		2015-16		2016-17		2017-18	
	Per Share	Total (£ k)	Per Share	Total (£ k)	Per Share	Total (£ k)	Per Share	Total (£ k)	Per Share	Total (£ k)	Per Share	Total (£ k)
Interim	8p	1,996	8p	2,010	8p	1,985	8p	1,997	8p	2,027	9p	2,295
Final	16p	4,021	16p	3,975	16p	3,985	16p	4,021	17p	4,331	18p	4,544
Total	24p	6,017	24p	5,985	24p	5,970	24p	6,018	25p	6,358	27p	6,839
Profit attributable to shareholders		6,266		5,303		6,578		5,791		9,290		10,060
Cover Ratio		1.04		0.89		1.10		0.96		1.46		1.47

*Note: Figures are unaudited*

# Income Statement

£'000	Year 2015-2016	Year 2016-2017	Year 2017-2018	6 Months 2018-2019
Fee income	24,413	31,294	33,931	15,562
Net interest receivable / (payable)	40	(34)	55	60
Finder's commission	(1,515)	(1,445)	(1,160)	(430)
Custody & administration	(735)	(881)	(1,164)	(612)
<b>Total net income</b>	<b>22,203</b>	<b>28,934</b>	<b>31,662</b>	<b>14,580</b>
<b>Costs:</b>				
Human resources	6,896	7,547	7,476	4,140
Premises	680	735	754	376
Communications & IT	1,526	1,881	1,953	984
Business development	550	518	578	310
General	1,034	1,159	1,704	639
<b>Total costs</b>	<b>10,686</b>	<b>11,840</b>	<b>12,465</b>	<b>6,449</b>
<b>Operating profit</b>	<b>11,517</b>	<b>17,094</b>	<b>19,197</b>	<b>8,131</b>
Gain on investments	172	116	209	36
Profit-share	(3,720)	(5,519)	(6,094)	(2,604)
EIP charge	0	(101)	(520)	(401)
<b>Pre-tax profit</b>	<b>7,969</b>	<b>11,590</b>	<b>12,792</b>	<b>5,162</b>
Tax	(2,116)	(2,449)	(2,732)	(1,058)
<b>Post-tax profit</b>	<b>5,853</b>	<b>9,141</b>	<b>10,060</b>	<b>4,104</b>
<b>Profit attributable to:</b>				
Non-controlling interest	62	(149)	0	0
<b>Owners of the Company</b>	<b>5,791</b>	<b>9,290</b>	<b>10,060</b>	<b>4,104</b>

30% of operating profits (plus taxes).  
 New share scheme introduced 2016/17.  
 Maximum cost per annum capped at 5% of  
 operating profit. This year < 5% (2017/18: <3%)

*Note: Figures are unaudited*

# Balance Sheet

£'000	30-Jun 2017	31-Dec 2017	30-Jun 2018	31-Dec 2018	
Investments	1,086	790	233	224	← Principally seed investments in own funds
Fixed / Intangible assets	921	802	742	1,002	
Cash	13,937	15,621	19,704	14,779	← Significant cash balances and no borrowing
Debtors & prepayments	5,858	6,111	5,833	9,259	← Includes £3.9m set aside for seed investments which settles 2-Jan-19
Creditors & accruals	(3,403)	(3,544)	(4,801)	(4,654)	← Includes profit-share
Current & deferred taxes	(318)	(385)	(245)	10	
<b>Net assets</b>	<b>18,081</b>	<b>19,395</b>	<b>21,466</b>	<b>20,620</b>	
Share capital/premium	2,525	2,525	2,525	2,523	
Retained earnings	19,070	19,928	22,537	21,442	
Capital redemption reserve	23	23	23	25	
FX reserve	109	78	88	103	← Translation difference on US fixed/intangible assets
Fair value reserve	166	144	13	0	← Unrealised gain/(loss) on investments (Net of deferred tax)
	<b>21,893</b>	<b>22,698</b>	<b>25,186</b>	<b>24,093</b>	
EBT investment	(4,356)	(4,066)	(4,699)	(4,570)	← Investment in own shares via loan to Employee Benefit Trust, which is repaid to the company as options are exercised and EIPs vest
Share option reserve	443	410	373	345	
EIP reserve	101	353	606	752	
<b>Total shareholders' funds</b>	<b>18,081</b>	<b>19,395</b>	<b>21,466</b>	<b>20,620</b>	
Non-controlling interest	0	0	0	0	
<b>Total equity</b>	<b>18,081</b>	<b>19,395</b>	<b>21,466</b>	<b>20,620</b>	

*Note: Figures are unaudited*

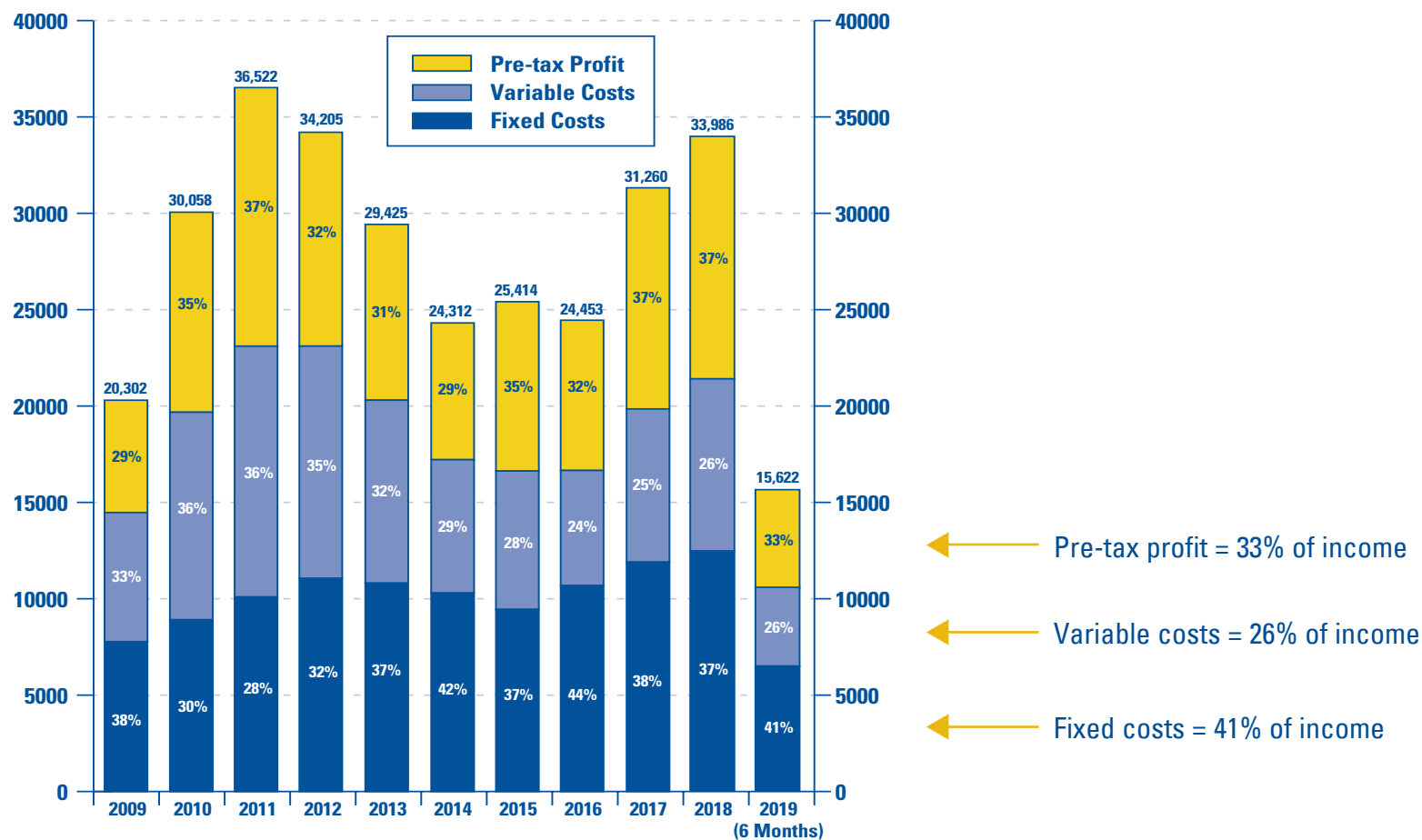
# Cash Flow

£'000	2015-16	2016-17	2017-18	2018-19	
Pre-tax profit	7,969	11,590	12,792	5,162	
Less: Interest / investment income	(212)	(82)	(264)	(96)	
Adjustment for non-cash items	161	(124)	2,283	(3,295)*	← Depreciation/EIP charge/changes in debtor & creditor balances/fx translation
<b>Operating cash flow</b>	<b>7,918</b>	<b>11,384</b>	<b>14,811</b>	<b>1,771</b>	
Tax (paid) / recovered	(2,095)	(2,764)	(2,819)	(1,361)	
Dividends	(5,982)	(6,048)	(6,626)	(4,544)	
Tangible asset investment	(137)	(485)	(137)	(389)	
Exercise of options	533	1,133	638	595	
Net interest income	40	(35)	55	60	
Seed investments - net	23	1,075	978	57	← Seed investments in own funds
(Purchase)/Sale of other investments	0	(156)	(152)	0	
Purchase of shares for cancellation	(376)	(128)	0	(649)	
Purchase of shares for the EBT	0	(190)	(981)	(465)	
<b>Increase/(decrease) in cash</b>	<b>(76)</b>	<b>3,786</b>	<b>5,767</b>	<b>(4,925)</b>	
Opening cash	10,227	10,151	13,937	19,704	
<b>Closing cash</b>	<b>10,151</b>	<b>13,937</b>	<b>19,704</b>	<b>14,779</b>	

\*non-cash items includes a £3.9m debtor re seed investment which settles 2-Jan-19

*Note: Figures are unaudited*

# Fixed Versus Variable Costs



*Note: Excludes extraordinary items of income and expense*

# Financials – Exchange Rates

## Post-Tax Profit: Illustration of US\$/£ rate effect:

FUM \$bn:	4.0	4.5	5.0	5.5	6.0
US\$/£	Post-Tax, £m:				
1.20	6.6	8.2	9.9	11.6	13.2
1.25	6.2	7.8	9.4	11.0	12.6
1.30	5.8	7.4	8.9	10.5	12.0
1.35	5.5	7.0	8.5	10.0	11.4
1.40	5.2	6.6	8.1	9.5	10.9

### Assumptions:

1. Average net fee 77 bps
2. Annual operating costs £5.0m (UK) plus \$9.0m (US) plus S\$1m (SG) (£1 = S\$1.8)
3. Profit-share 30%
4. EIP 5%
5. Average tax of 20%

*Note: The above table is intended to illustrate the approximate impact of movement in US\$/£, given an assumed set of trading conditions. It is not intended to be interpreted or used as a profit forecast.*

# Strategic Positioning

- ▶ Most fund managers encourage the cult of the Individual. CoL fosters a Team Approach to Fund Management.
- ▶ Many fund managers focus on gathering assets. CoL focuses on Investment Performance.
- ▶ Certain fund managers charge performance fees. CoL does not.
- ▶ Some fund managers focus on Retail. CoL focuses on long term Institutional Investors.
- ▶ A few fund managers have encouraged hot money. CoL avoids it.

# Philosophy - The Six Drivers

- ▶ Focus on profits, margins, costs
- ▶ Investment performance drives our business
- ▶ Technology leverages our capabilities
- ▶ Aversion to risk in the management of our business
- ▶ Diversification based upon core competencies
- ▶ Proactive client servicing increases client retention

## Investment Performance – Key Strengths

- ▶ Excellent investment performance over 25 years
- ▶ Specialist investment expertise in Closed-End Funds – Emerging Markets, Developed Markets, Frontier Markets and Opportunistic Value
- ▶ A proven risk averse culture and prudent investment process
- ▶ International presence and expertise
- ▶ Low turnover of staff and loyal client base
- ▶ Operational gearing
- ▶ Over 80% of staff have an equity interest (shareholding/ESOP/EIP)

## Global View - Local Expertise

- ▶ Offices in London (1991), US (Coatesville, 1995 and Seattle, 2015), Singapore (2000) and Dubai (2007)
- ▶ Of an Investment Team totaling eighteen
  - Seventeen have been with CLIM for in excess of five years, of those fourteen have worked for CLIM for in excess of ten years
  - Fund managers have an average tenure of sixteen years
- ▶ Diverse staff - over 17 languages or dialects spoken
  - Afrikaans
  - Arabic (7 dialects)
  - English
  - French
  - German
  - Gujarati
  - Italian
  - Korean
  - Mandarin
  - Portuguese
  - Punjabi
  - Spanish
  - Swedish

# Performance

## Global Emerging Markets SMA Composite

### ▶ Annual Returns<sup>†</sup>: Calendar Years

	2004*	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018**	Inception*
Global EM SMA	+19.59%	+37.81%	+34.01%	+50.81%	-54.36%	+79.27%	+23.20%	-20.56%	+17.89%	+2.05%	+1.77%	-10.67%	+7.78%	+35.34%	-14.10%	+265.51%
S&P Super BMI	+22.73%	+41.83%	+25.60%	+46.41%	-55.11%	+76.12%	+20.86%	-19.17%	+18.28%	+0.32%	-0.87%	-12.39%	+9.65%	+36.40%	-14.65%	+225.16%
<b>Out/Underperformance</b>	<b>-3.14%</b>	<b>-4.02%</b>	<b>+8.41%</b>	<b>+4.40%</b>	<b>+0.75%</b>	<b>+3.15%</b>	<b>+2.34%</b>	<b>-1.39%</b>	<b>-0.39%</b>	<b>+1.73%</b>	<b>+2.64%</b>	<b>+1.72%</b>	<b>-1.87%</b>	<b>-1.06%</b>	<b>+0.55%</b>	<b>+40.35%</b>

The Global Emerging Markets SMA Composite contains \$157.3 million in assets, representing 2 segregated portfolios and represents approximately 3.4% of the total assets under City of London's management as at December 31, 2018. Returns are time weighted and are net of fees on a trade date valuation basis. Returns are quoted in US dollar terms. The benchmark was changed from the S&P Emerging BMI Plus on January 1, 2009 to better reflect the investment strategy of the Funds. The S&P Emerging BMI Plus was the successor index to the S&P/IFC Global Composite Index, the benchmark for the Funds prior to September 1, 2008, which has been discontinued. The current benchmark is the S&P Emerging Frontier Super Composite Net Total Return BMI (S&P Super BMI).

\*Inception February 2004

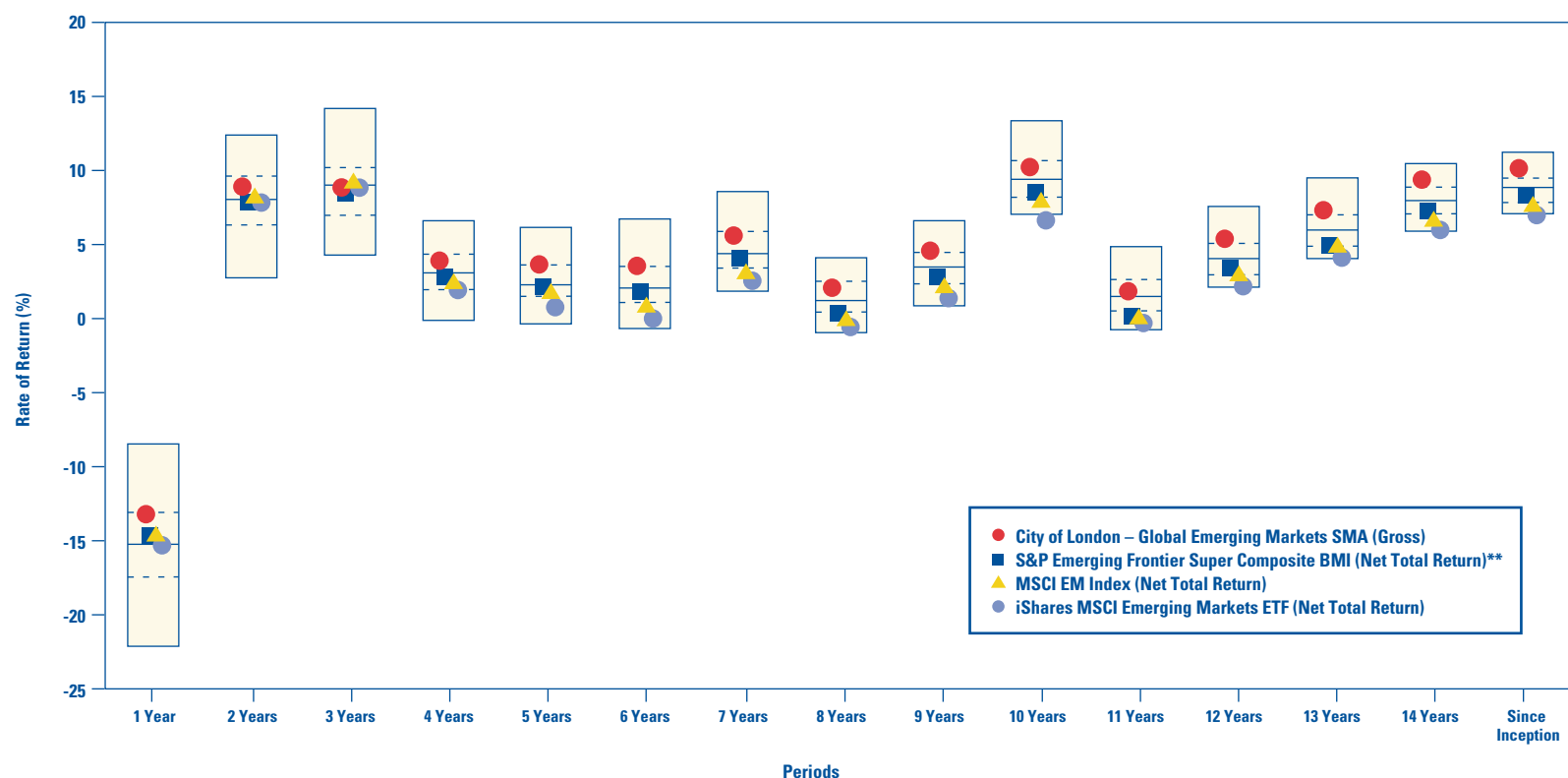
\*\*Values as at December 31, 2018.

†Net returns. Past performance is no guarantee of future results.

Source: City of London Investment Management, S&P

# Global Emerging Markets SMA Composite Ending December 31, 2018

According to Evestment Alliance\*



\*67.4% of the universe has been updated through Quarter 4 2018. Inception February 2004.

\*\*The benchmark was changed from the S&P Emerging BMI Plus on January 1, 2009 to better reflect the investment strategy of the Funds. The S&P Emerging BMI Plus was the successor index to the S&P/IFC Global Composite Index, the benchmark for the Funds prior to September 1, 2008, which has been discontinued. The current benchmark is the S&P Emerging Frontier Super Composite Net Total Return BMI (S&P Super BMI). The MSCI EM Net TR Index and iShares MSCI Emerging Markets ETF are shown for comparative purposes.

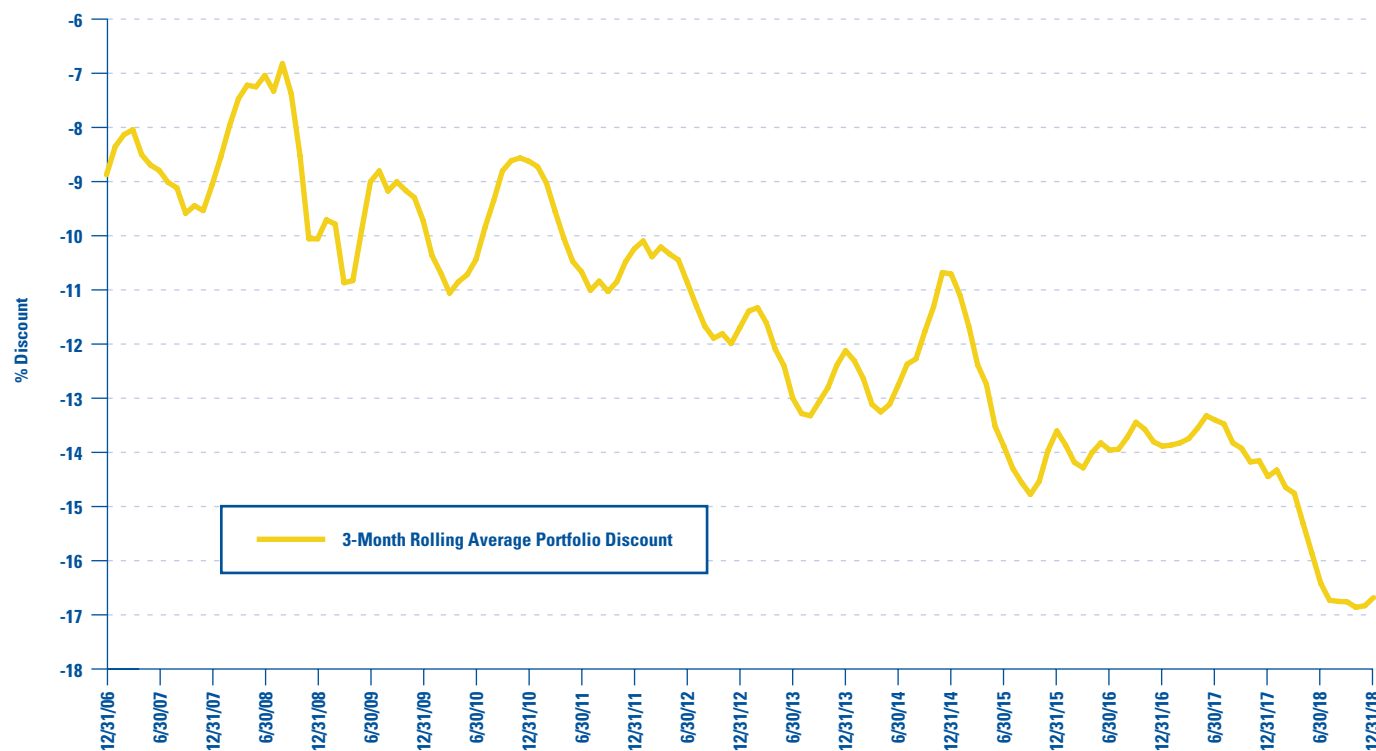
Past performance is no guarantee of future results.

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

# Representative Account

## 3-Month Rolling Average Portfolio Discount

December 2006 to December 2018

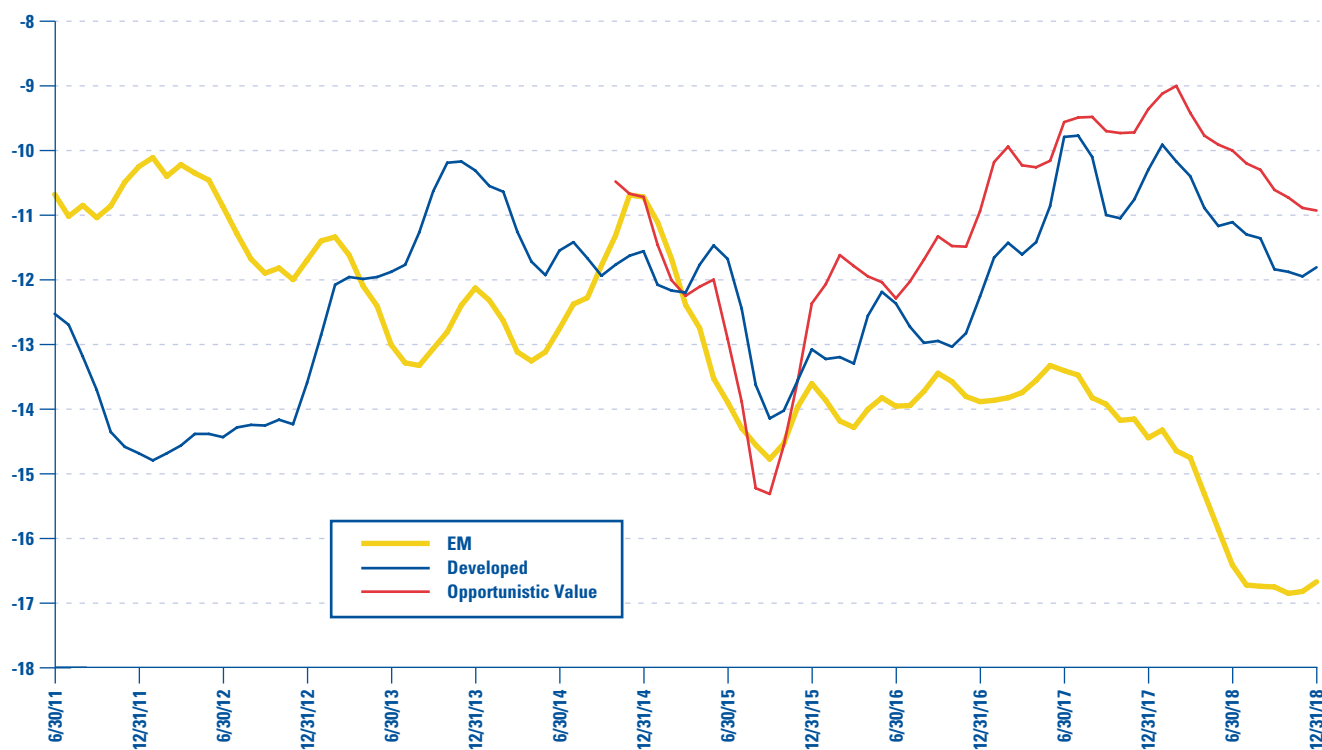


Source: City of London Investment Management

# Representative Accounts

## 3-Month Rolling Average Portfolio Discounts by Strategy

June 2011 - December 2018



Source: City of London Investment Management

# Investment Performance – Process

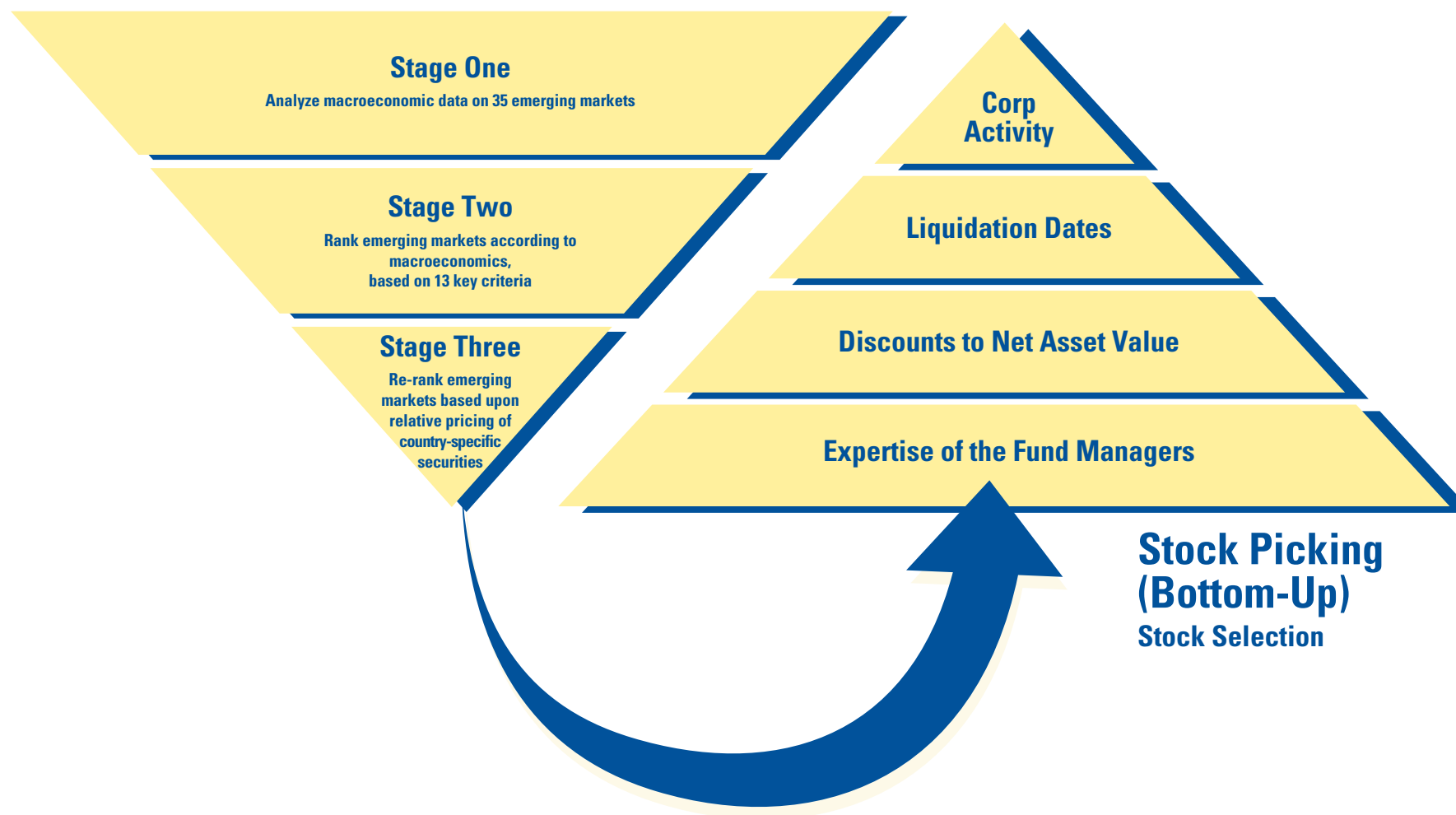
- ▶ Monthly Macroeconomic overview
- 

- ▶ Analytical research on approximately 400 emerging market securities listed in 30 financial centres around the world
- ▶ Real-time monitoring of estimated NAVs
- ▶ Maintenance of proprietary database including fund performance data since inception
- ▶ Extensive manager due diligence

# The Investment Process (CEFs)

## Macro Process (Top-Down)

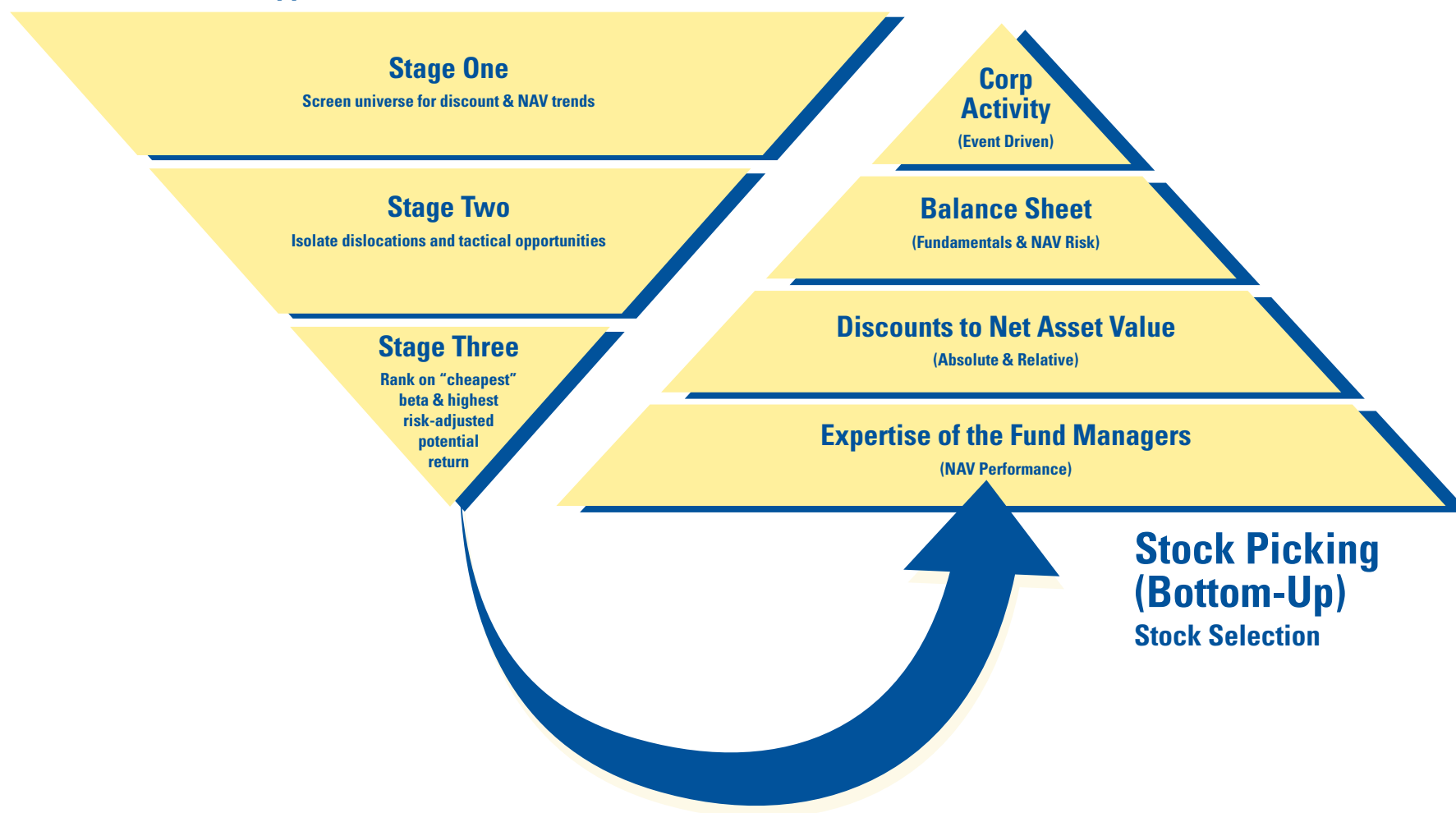
### Country Allocation



# The Investment Process (Customised CEF Solutions)

## Macro Process (Top-Down)

Dislocations & Opportunities



# The Importance of Corporate Governance for Closed-End Funds

- ▶ Our long-standing views are captured in our “Statement on Corporate Governance and Voting Policy for Closed-End Funds”
  - First Published in 1999; currently in its Tenth Edition
- ▶ The Board of Directors is responsible for the investment company
  - The quality and independence of the Board is of key importance
  - The Board hires and evaluates the Investment Manager
  - Discount control management is the responsibility of the Board
  - Effective Corporate Governance leads to improved tracking by controlling discounts
  - Corporate activity protects Shareholder value
- ▶ Board initiatives over the last six years\* have returned significant value to investors
 

• Open-Endings:	\$10.7 billion
• Tender Offers:	\$3.6 billion
• Capital Gains Distributions:	\$1.7 billion
• Liquidations:	\$1.6 billion
<b>• Total:</b>	<b>\$17.6 billion</b>

*\* Includes transactions announced for 2019*

# The Importance of Corporate Governance for Closed-End Funds

Fund	Date	Corporate Action	Universe Reduction (millions)
EOS Russia	Jan-13	Open Market Buyback	\$61.0
East Capital Explorer AB	Jan-13	Tender Offer for 5% of shares outstanding at NAV	\$19.0
Asia Tigers Fund Inc	Jan-13	Tender Offer for 5% of shares outstanding at 98% of NAV	\$2.4
Greater China Fund	Feb-13	Tender Offer for 70% of shares outstanding at 99% of NAV	\$225.0
Central Europe Russia and Turkey Fund Inc	Mar-13	Tender Offer for 5% of shares outstanding at 98% of NAV	\$25.0
Henderson Asian Growth Trust	Mar-13	Tender Offer for 50% of shares outstanding at NAV	\$248.0
Advance Developing Markets Trust	Mar-13	Tender Offer for 15% of shares outstanding at 1% discount to FAV	\$58.0
CCB Principal Advance Power Fund	Mar-13	Open Ended	\$688.9
Kai Yuan Fund	Mar-13	Open Ended	\$295.5
Jin Tai Fund	Mar-13	Open Ended	\$288.5
BlackRock Latin American Investment Trust*	Apr-13	Tender Offer for 5% of shares outstanding at 98% of NAV	\$13.0
India Fund Inc	Apr-13	Tender Offer for 5% of shares outstanding at 98% of NAV	\$46.9
Xing Hua Fund	Apr-13	Open Ended	\$320.1
An Xin Fund	Jun-13	Open Ended	\$339.3
JPMorgan Asian Investment Trust	Jun-13	Tender Offer for 5% of shares outstanding at 98% of FAV	\$18.7
Renaissance Russia Infrastructure Equities	Jun-13	Distribution of 90% of fund assets	\$95.0
Asia Tigers Fund Inc'	Jul-13	Tender Offer for 5% of shares outstanding at 98% of NAV	\$2.5
Eastern European Trust*	Jul-13	Tender Offer for 7.5% of shares outstanding at 99% of FAV and adoption of 5 year fixed life	\$13.1
Yu Yang Fund	Jul-13	Open Ended	\$290.0
Lazard World Trust Fund	Aug-13	Tender Offer for 15% of shares outstanding at 98% of FAV	\$26.8
Impax Asia Environmental Markets	Aug-13	Liquidation	\$310.0
Invesco Asia Trust*	Aug-13	Tender Offer for 15% of shares outstanding at 98% of FAV	\$51.4
Thai Fund Inc	Sep-13	Tender Offer for 15% of shares outstanding at 98.5% of NAV	\$51.7
Central Europe Russia and Turkey Fund Inc	Sep-13	Tender Offer for 5% of shares outstanding at 98% of NAV	\$19.8
India Fund Inc	Sep-13	Tender Offer for 5% of shares outstanding at 98% of NAV	\$41.9
Thai Capital Fund Inc	Sep-13	Liquidation	\$43.4
Prosperity Voskhod	Sep-13	Compulsory partial redemption of shares at NAV	\$54.0
BlackRock Latin American Investment Trust*	Sep-13	Tender Offer for outstanding convertible bonds at par less costs	\$64.0
Damille Investments Ltd	Oct-13	Liquidation	\$55.0
Turkish Investment Fund Inc	Nov-13	Tender Offer for 10% of shares outstanding at 98.5% of NAV	\$10.2
MS India Investment Fund Inc	Nov-13	Tender Offer for 10% of shares outstanding at 98.5% of NAV	\$33.8
Fondul Proprietatea*	Nov-13	Tender Offer for 4.4% of shares outstanding at 85% of NAV	\$180.0
JPMorgan Asian Investment Trust	Dec-13	Tender Offer for 5% of shares outstanding at 98% of FAV	\$19.0
Advance Developing Markets Trust	Dec-13	Tender Offer for 10% of shares outstanding at 99% of FAV	\$30.0
Pu Hui Fund	Dec-13	Open Ended	\$306.5
Qatar Investment Fund*	Jan-14	Tender Offer for 10% of shares outstanding at 99% of FAV	\$22.3
Asia Tigers Fund Inc	Jan-14	Tender Offer for 5% of shares outstanding at 98% of NAV	\$2.3
Fubon Fund	Feb-14	Open Ended	\$156.0
Thai Fund Inc	Feb-14	Capital Gains Distribution of 39.5% of NAV	\$108.0
Aberdeen EM Smaller Cos. Opportunities Fund	Feb-14	Capital Gains Distribution of 38% of NAV	\$49.7
Central Europe Russia and Turkey Fund Inc	Mar-14	Tender Offer for 5% of shares outstanding at 98% of NAV	\$15.7

\*Denotes security with conditional discount control mechanism.

Source: City of London Investment Management

# The Importance of Corporate Governance for Closed-End Funds (Continued)

Fund	Date	Corporate Action	Universe Reduction (millions)
India Fund Inc	Apr-14	Tender Offer for 15% of shares outstanding at 98% of NAV	\$128.0
MS Asia Pacific Fund	Apr-14	Tender Offer for 20% of shares outstanding at 98.5% of NAV	\$63.4
Pacific Horizon Investment Trust*	Apr-14	Tender Offer for 5% of shares outstanding at 98% of FAV	\$6.9
Tong Yi Fund	Apr-14	Open Ended	\$324.9
Tai He Fund	Apr-14	Open Ended	\$338.5
Jing Hong Fund	Apr-14	Open Ended	\$290.5
Han Sheng Fund	Apr-14	Open Ended	\$323.5
Prosperity Voskhod	May-14	Compulsory partial redemption of shares at NAV	\$50.0
An Shun Fund	May-14	Open Ended	\$513.2
Xing He Fund	May-14	Open Ended	\$445.6
Thai Fund Inc	Jun-14	Capital Gains Distribution of 5.4% of NAV	\$9.1
DPF India Opportunities Fund	Jun-14	Open Ended	\$85.0
Lazard World Trust Fund	Jun-14	Tender Offer for 15% of shares outstanding at 98% of FAV	\$29.6
Advance Developing Markets Trust	Jun-14	Tender Offer for 10% of shares outstanding at 99% of NAV	\$27.3
Yu Long Fund	Jun-14	Open Ended	\$403.9
Pu Feng Fund	Jun-14	Open Ended	\$392.0
Central Europe Russia and Turkey Fund Inc	Jun-14	Tender Offer for 5% of shares outstanding at 98% of NAV	\$15.1
Tian Yuan Fund	Jul-14	Open Ended	\$456.0
Jin Xin Fund	Nov-14	Open Ended	\$546.4
Pacific Horizon Investment Trust*	Nov-14	Tender Offer for 5% of shares outstanding at 98% of FAV	\$10.7
Tong Sheng Fund	Dec-14	Open Ended	\$549.3
Fondul Proprietatea*	Dec-14	Tender Offer for 6% of shares outstanding at a fixed price equivalent to a 6.5% discount	\$234.0
Templeton Dragon Fund, Inc	Dec-14	Capital Gains Distribution of 15% of NAV	\$129.1
Han Xing Fund	Jan-15	Open Ended	\$490.8
Jing Fu Fund	Jan-15	Open Ended	\$506.3
Thai Fund Inc	Jan-15	Capital Gains Distribution of 26% of NAV	\$44.3
Pacific Alliance Asia Opportunity Fund	Jan-15	Share buyback at 5% discount to Dec month-end NAV	\$29.5
Henderson Value Trust	Jan-15	Tender Offer for 10% of shares outstanding at 98% of NAV	\$20.0
Prosperity Voskhod	Jan-15	Compulsory partial redemption of shares at NAV	\$25.5
Qatar Investment Fund*	Feb-15	Tender Offer for 10% of shares outstanding at 99% of FAV	\$23.0
Morgan Stanley Eastern Europe Fund Inc	Mar-15	Liquidated	\$51.1
Pacific Horizon Investment Trust*	Apr-15	Tender Offer for 5% of shares outstanding at 98% of FAV	\$11.1
Central Europe Russia and Turkey Fund Inc	Jul-15	Tender Offer for 5% of shares outstanding at 98% of NAV	\$9.4
Morgan Stanley China A Share Fund	Sep-15	Capital Gains Distribution of 15% of NAV	\$105.0
Templeton Dragon Fund	Sep-15	Capital Gains Distribution of 10% of NAV	\$80.5
Pacific Horizon Investment Trust*	Oct-15	Tender Offer for 5% of shares outstanding at 98% of FAV	\$9.0
Templeton Russia Fund	Nov-15	Liquidated	\$55.1
Templeton Dragon Fund	Dec-15	Capital Gains Distribution of 8% of NAV	\$60.2
Korea Fund Inc	Dec-15	Capital Gains Distribution of 10% of NAV	\$32.2
Morgan Stanley China A Share Fund	Dec-15	Capital Gains Distribution of 26% of NAV	\$186.4
Templeton Emerging Markets Fund	Dec-15	Capital Gains Distribution of 10% of NAV	\$23.0

\*Denotes security with conditional discount control mechanism.

Source: City of London Investment Management

# The Importance of Corporate Governance for Closed-End Funds (Continued)

Fund	Date	Corporate Action	Universe Reduction (millions)
China Fund Inc	Dec-15	Capital Gains Distribution of 9% of NAV	\$23.5
Qatar Investment Fund*	Dec-15	Tender Offer for 14% of shares outstanding at 99% of FAV	\$25.0
HSBC China Dragon Fund*	Feb-16	Tender Offer for 20% of shares outstanding at 99.6% of NAV	\$52.0
Pacific Horizon Investment Trust*	Apr-16	Tender Offer for 5% of shares outstanding at 98% of FAV	\$8.1
Fondul Proprietatea*	Jul-16	Tender Offer for 5.2% of shares outstanding at RON 0.842 per share	\$121.0
Tong Qian Fund	Aug-16	Open Ended	\$281.4
HSBC China Dragon Fund*	Aug-16	Tender Offer for 20% of shares outstanding at 99.6% of NAV	\$44.0
Templeton Dragon Fund	Sep-16	Capital Gains Distribution of 6% of NAV	\$53.5
Pacific Horizon Investment Trust*	Oct-16	Tender Offer for 5% of shares outstanding at 98% of FAV	\$9.2
Lazard World Trust Fund	Oct-16	Tender Offer for 10% of shares outstanding at 98% of FAV	\$16.9
Baring Emerging Europe*	Jan-17	Tender Offer for 10% share outstanding at 97.5% of FAV	\$16.0
Hong Yang Fund	Mar-17	Open Ended	\$291.1
Ke Rui Fund	Mar-17	Open Ended	\$367.5
Fenghe Fund	Mar-17	Open Ended	\$438.9
Qatar Investment Fund*	Mar-17	Tender Offer for 12% shares outstanding at 99% of FAV	\$17.0
Terra Capital*	Mar-17	Tender Offer for 10% of shares outstanding at 97% of FAV	\$6.1
Fondul Proprietatea*	Mar-17	Tender Offer for 6.4% of shares outstanding at RON 0.91 per share	\$150.8
Fondul Proprietatea*	Mar-17	Special dividend paid at RON 0.05 per share	\$120.0
Great Wall Jiujiia Fund	Mar-17	Open Ended	\$279.2
HSBC China Dragon Fund*	Apr-17	Tender offer for 20% of shares outstanding at 99.8% of NAV	\$39.0
Korea Fund Inc.	May-17	Tender offer for 10% of shares outstanding at 98% of NAV	\$28.3
JPMorgan China Region Fund	May-17	Liquidated	\$108.8
Korea Equity Fund	May-17	Liquidated	\$86.4
MS India Investment Fund Inc	Jun-17	Capital Gains Distribution of 2% of NAV	\$10.4
Invesco Asia Trust*	Aug-17	Tender offer for 15% of shares outstanding at 98% of FAV	\$48.0
Templeton Dragon Fund	Sep-17	Capital Gains Distribution of 7.5% of NAV	\$58.5
Qatar Investment Fund*	Dec-17	Tender Offer for 10% shares outstanding at 99% of FAV	\$10.2
Asia Pacific Fund	Dec-17	Capital Gains Distribution of 2.1% of NAV	\$3.3
Asia Tigers Fund	Dec-17	Capital Gains Distribution of 2.3% of NAV	\$1.1
Chile Fund Inc	Dec-17	Capital Gains Distribution of 2.1% of NAV	\$2.0
India Fund Inc	Dec-17	Capital Gains Distribution of 8.9% of NAV	\$79.6
Korea Fund Inc	Dec-17	Capital Gains Distribution of 7.7% of NAV	\$21.3
MS China A Share Fund	Dec-17	Capital Gains Distribution of 4.2% of NAV	\$25.9
MS India Investment Fund	Dec-17	Capital Gains Distribution of 10% of NAV	\$61.7
Templeton Emerging Markets Fund	Dec-17	Capital Gains Distribution of 4.5% of NAV	\$15.2
Thai Fund, Inc.	Dec-17	Capital Gains Distribution of 3.7% of NAV	\$4.9
First Trust/Aberdeen Emerging Opportunity Fund	Dec-17	Capital Gains Distribution of 2% of NAV	\$1.8
Aberdeen Israel Fund	Dec-17	Capital Gains Distribution of 2.2% of NAV	\$1.9
Turkish Investment Fund	Dec-17	Liquidated	\$39.7
Mexico Fund	Dec-18	Return of Capital Distribution of 0.7% of NAV	\$2.0
HSBC China Dragon Fund*	Jan-18	Tender offer for 20% of shares outstanding at 99.7% of NAV	\$36.1

\*Denotes security with conditional discount control mechanism.

Source: City of London Investment Management

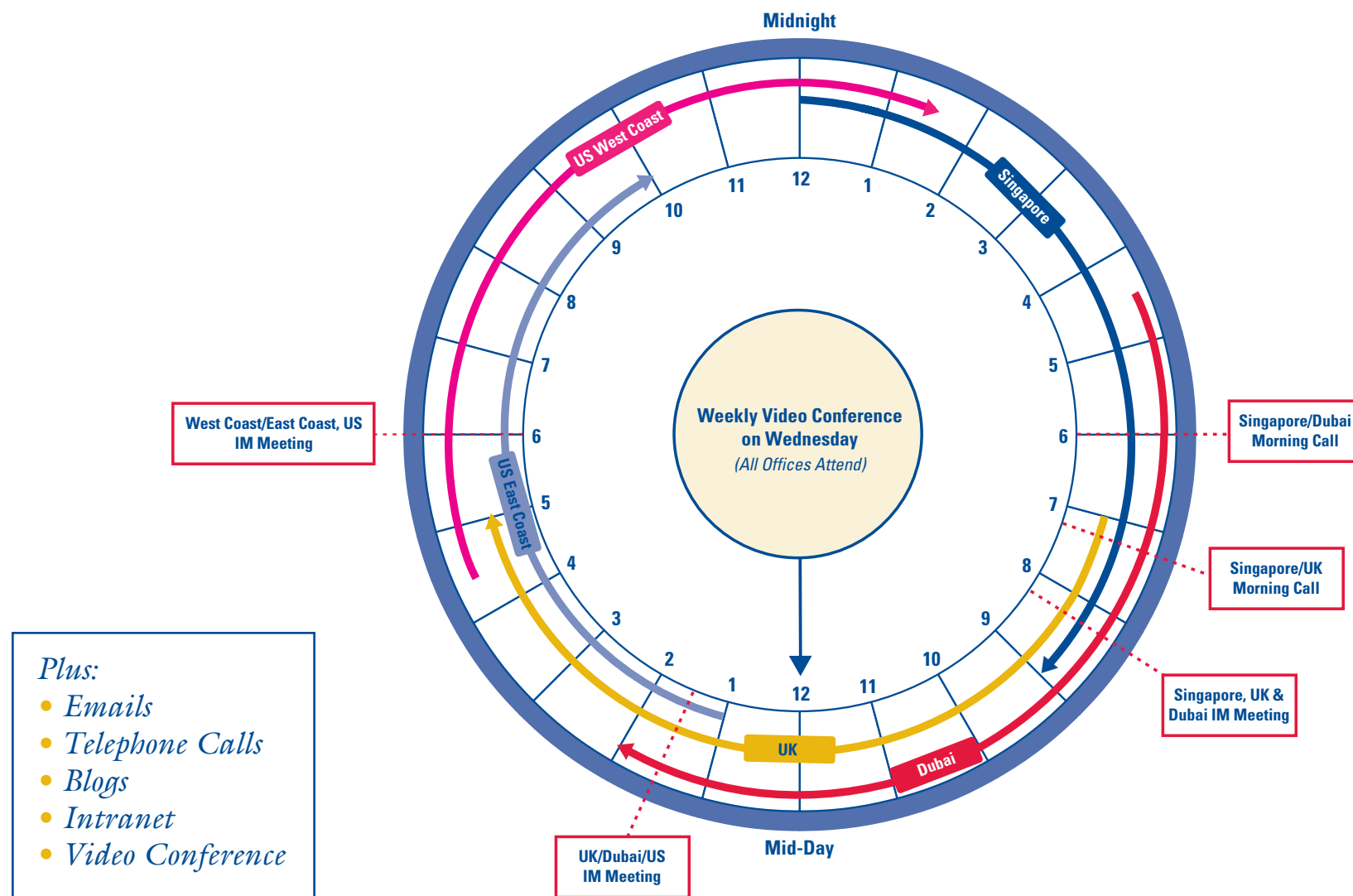
# The Importance of Corporate Governance for Closed-End Funds (Continued)

Fund	Date	Corporate Action	Universe Reduction (millions)
Thai Fund Inc	Jan-18	Liquidated	\$126.0
Fondul Proprietatea*	Feb-18	Tender offer for 13% of shares outstanding at RON 0.935 per share	\$225.0
Mexico Fund	Mar-18	Return of Capital Distribution of 0.8% of NAV	\$2.3
Huaan Zhizeng Selected Flexible Mixed Fund	Mar-18	Open Ended	\$185.0
Aberdeen Emerging Markets Investment Company	Apr-18	Tender offer for 10% of shares outstanding at 96.5% of NAV	\$42.3
MS India Investment Fund	Jun-18	Capital Gains Distribution of 7% of NAV	\$31.2
Aberdeen Emerging Markets Equity Income Fund	Jun-18	Tender Offer for 32% of NAV	\$224.9
Aberdeen Emerging Markets Equity Income Fund	Jun-18	Capital Gains & Special Cash Distributions of 9% of NAV	\$97.2
HSBC China Dragon Fund*	Jul-18	Tender offer for 20% of shares outstanding at 99.8% of NAV	\$26.0
Terra Capital*	Jul-18	Shareholders approve liquidation	\$60.0
Asia Pacific Fund	Aug-18	Proposed Liquidation	\$136.4
Templeton Dragon Fund	Aug-18	Capital Gains Distribution of 6% of NAV	\$47.5
Mexico Fund	Sep-18	Return of Capital Distribution of 0.6% of NAV	\$1.0
Genesis Emerging Markets Fund	Sep-18	Tender offer for 10% of shares outstanding at 96.5% of NAV	\$133.0
Latin American Discovery Fund	Sep-18	Liquidated	\$80.0
MS Emerging Markets Fund Inc	Oct-18	Proposed Open Ending	\$232.0
BlackRock Emerging Europe	Dec-18	Liquidation	\$104.3
Vietnam Holding Ltd	Dec-18	Tender offer for 15% of shares outstanding at 98% of FAV	\$27.5
MS Asia Pacific Fund	Dec-18	Proposed Open Ending	\$220.3
Taiwan Fund	Dec-18	Capital Gains Distribution of 10% of NAV	\$13.7
Korea Fund	Dec-18	Capital Gains Distribution of 15% of NAV	\$24.2
India Fund Inc	Dec-18	Capital Gains Distribution of 7% of NAV	\$45.9
MS India Investment Fund	Dec-18	Capital Gains Distribution of 18% of NAV	\$52.2
MS China A Share Fund	Dec-18	Capital Gains Distribution of 4% of NAV	\$17.8
Templeton Dragon Fund	Dec-18	Capital Gains Distribution of 2% of NAV	\$17.0
Asia Pacific Fund	Dec-18	Capital Gains Distribution of 5% of NAV	\$6.4
MS Asia Pacific Fund	Dec-18	Capital Gains Distribution of 1% of NAV	\$2.0
Mexico Fund Inc	Dec-18	Capital Gains Distribution of 1% of NAV	\$3.2
Aberdeen Emerging Markets Equity Income Fund	Dec-18	Capital Gains Distribution of 1% of NAV	\$6.2
Templeton Emerging Markets Fund	Dec-18	Capital Gains Distribution of 4% of NAV	\$9.7
China Fund Inc	Dec-18	Capital Gains Distribution of 3% of NAV	\$8.5
			<b>Total as of 31-Dec-2018 (millions)</b>
			<b>\$17,052</b>
Edinburgh Dragon Trust	Jan-19	Tender offer for 30% of shares outstanding at 98% of FAV	\$288.0
Lazard World Trust Fund	Jan-19	Proposed Liquidation	\$135.0
China Fund Inc	Jan-19	Tender offer for 30% of shares outstanding at 99% of NAV	\$89.3
			<b>Projected Total (millions)</b>
			<b>\$17,564</b>

\*Denotes security with conditional discount control mechanism.

Source: City of London Investment Management

# Communication and the 24 Hour Trading and Management Clock (GMT)



## Factors that May Affect EM CEF's Flows

- ▶ US Institutions significantly underweight
- ▶ Wide SWAD
- ▶ Significant Corporate Activity
- ▶ Reduced correlation good for EM CEF NAVs
- ▶ Significant Dispersion between MXEF and other EM Benchmarks
  - S&P Super BMI – +10.9%: MSCI EM Index – +8.5%\*

*\*As at 31 December 2018, 5 Year Rolling Cumulative Return*

*Source: MSCI, S&P*

# ESG – Environmental, Social and Governance

- ▶ CLIM is a signatory to Principles for Responsible Investment (PRI) and UK Stewardship Code
- ▶ For Shareholders
  - Environmental initiatives introduced with respect to carbon footprint, waste reduction, recycling and energy efficiency
  - Social sphere encompasses employee welfare and development and community support
  - Highest standards of Governance applied to all business dealings and employee conduct
  - Measurement and tracking via Annual Report
  - Objective is to apply ESG principles within existing CLIG framework
- ▶ For Clients
  - Using Sustainalytics research to incorporate ESG into the investment process
  - Measuring the ESG characteristics of CEF portfolios vs relevant benchmarks
  - Encourage better transparency of ESG characteristics from CEFs
  - Objective remains to deliver superior investment performance – no alteration to the CLIM investment process

# Investment Performance – Valuation Drivers

- ▶ China is rebalancing
- ▶ EMs have significant Foreign Exchange Reserves
- ▶ They trade at low (10.5x) forward (12 months) P/Es\*
- ▶ Currencies are generally not now pegged to the US\$
- ▶ Increasing intra EM trade
- ▶ Commodity prices have stabilised
- ▶ Politics and Protectionism remain key

*\*Source: MSCI, Bloomberg (31 December 2018)*

# Use of Technology – Investment Management

- ▶ CoL has consistently sought to introduce integrated technology solutions:
  - DART – A recently released custom research database with improved performance and functionality from its predecessor
  - The use of Charles River allows for significant economies of scale
  - Development of internal programming capabilities
- ▶ This supports:
  - Focus on relative investment performance
  - Five centre team approach, which allows 24 hour trading, reduces risk and assists with disaster recovery
  - Consistent improvement in investment process via use of training and technology
  - Investment performance achieved with low volatility vs. benchmarks
  - Introduction of multiple dashboards used for review/analysis of data

# Use of Technology – Marketing/Client Servicing/Performance & Attribution

- ▶ This allows...
  - CRM database to track marketing opportunities with client prospects and consultants
  - Client servicing database – client data including performance
  - Proprietary attribution database
    - (country allocation / currency / NAV performance / discount moves)
  - Investment operations across international offices, 24 hours a day
  - FIX trade messaging

# Aversion to Risk

- ▶ Business
  - Relative-return fees provide more stable revenues than absolute-return performance fees
  - New offices need to become profit centres
- ▶ Counter Party
  - No stock lending
  - Comprehensive counter party review semi-annually
  - All trades cash against delivery
  - CLIM does not handle client monies (all CoL fund assets held by custodians and are audited)
  - No bad debts

...risk management needs to be part of a company's culture

# Growth Plans

- ▶ Increase range of investment markets to be covered, building upon our core expertise
- ▶ Diversification products now approximately 19% of AUM
  - Developed Closed-End Funds
  - Customised CEF Solutions
  - Frontier Markets
  - Opportunistic Value
- ▶ Hired an experienced REIT team. EM and International REIT Funds launched January 2019.
- ▶ Continue to pursue expansion of client base outside of the United States.
  - Europe
  - Far East
  - Middle East
- ▶ Recruiting, encouraging and retaining team talent
- ▶ Actively seeking acquisition opportunities

...while maintaining low risk profile and lean cost base

# Economies of Scale

## Macro Products

- Frontier Markets
- Developed Markets
- Emerging Markets
- Cross Assets

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... Significant economies of scale.

# Business Diversification Product Map as of January 2019

Institutional Segregated Accounts	Emerging Markets 2004	Frontier 2015	Global Developed 2009	US Municipal Bonds 2018 Special Situations 2012 Opportunistic Value 2014 Private Equity 2016
	Emerging Markets Global 1994 Emerging Markets Investable 1996 Emerging Markets Free 2003 China A Share 2003 Emerging Markets Plus 2009 EM REIT	Frontier 2005 Bangladesh 2016	Global Developed 2010 Developed REIT	Special Situations 2018 Opportunistic Value 2017 Tactical Income CEF 2014
	Emerging World Fund 1991*			
	Emerging Market	Frontier Funds	Developed	Customized CEF Solutions

\*Formerly Emerging Markets Country Trust

# Client Accounts

	30/6/2014 (\$m)	30/6/2015 (\$m)	30/6/2016 (\$m)	30/6/2017 (\$m)	30/6/2018 (\$m)	31/12/2018 (\$m)
<b>European Accounts:</b>						
World Markets Umbrella Fund	125	105	108	145	150	115
Segregated accounts	55	49	71	69	60	56
<b>Total</b>	<b>180</b>	<b>154</b>	<b>179</b>	<b>214</b>	<b>210</b>	<b>171</b>
<b>US Accounts:</b>						
Commingled products - EM CEFs	2,429	2,266	1,952	2,160	2,264	2,046
Segregated accounts - EM CEFs	991	1,168	1,230	1,560	1,494	1,241
Emerging Markets Plus	38	40	36	68	61	56
Natural Resources*	5	2	0	0	0	0
Developed CEF	75	78	51	154	437	471
Other US Accounts (China, Frontier, Opportunistic Value, PE)	67	301	386	345	482	471
<b>Total</b>	<b>3,605</b>	<b>3,855</b>	<b>3,655</b>	<b>4,287</b>	<b>4,738</b>	<b>4,285</b>
<b>Other accounts:</b>	<b>159</b>	<b>202</b>	<b>171</b>	<b>160</b>	<b>159</b>	<b>169</b>
<b>Total FUM</b>	<b>3,944</b>	<b>4,211</b>	<b>4,005</b>	<b>4,661</b>	<b>5,107</b>	<b>4,625</b>

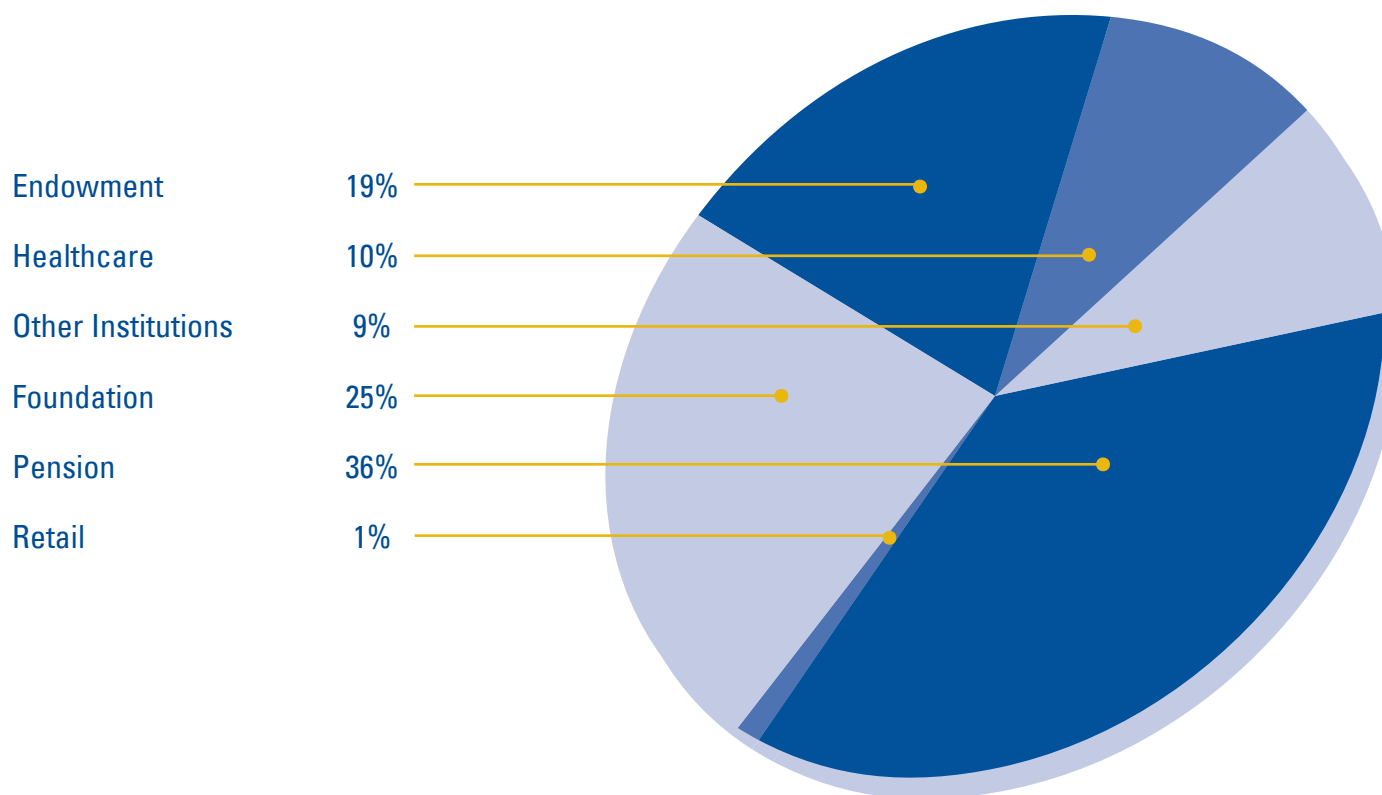
\*The Natural Resources Fund closed on February 29, 2016.

# Assets by Strategy

	Funds Under Management (\$mn)				Strategy Index	
	Dec-18 (estimate)	Jun-18	% inc / dec	Net Flows		% inc / dec
EM	3,734	4,207	-11%	(157)	MSCI EM (NDUEEGF)	-8.5%
DEV	495	481	3%	95	MSCI ACWI (NDUEACWF)	-9.0%
Frontier	197	245	-20%	(21)	MSCI Frontier (MSEUFMSN)	-6.2%
Opportunistic Value	199	174	14%	41	ACWI/Barclays Global Agg	-4.3%
<b>Total FUM</b>	<b>4,625</b>	<b>5,107</b>		<b>(42)</b>		

# Client Type\*

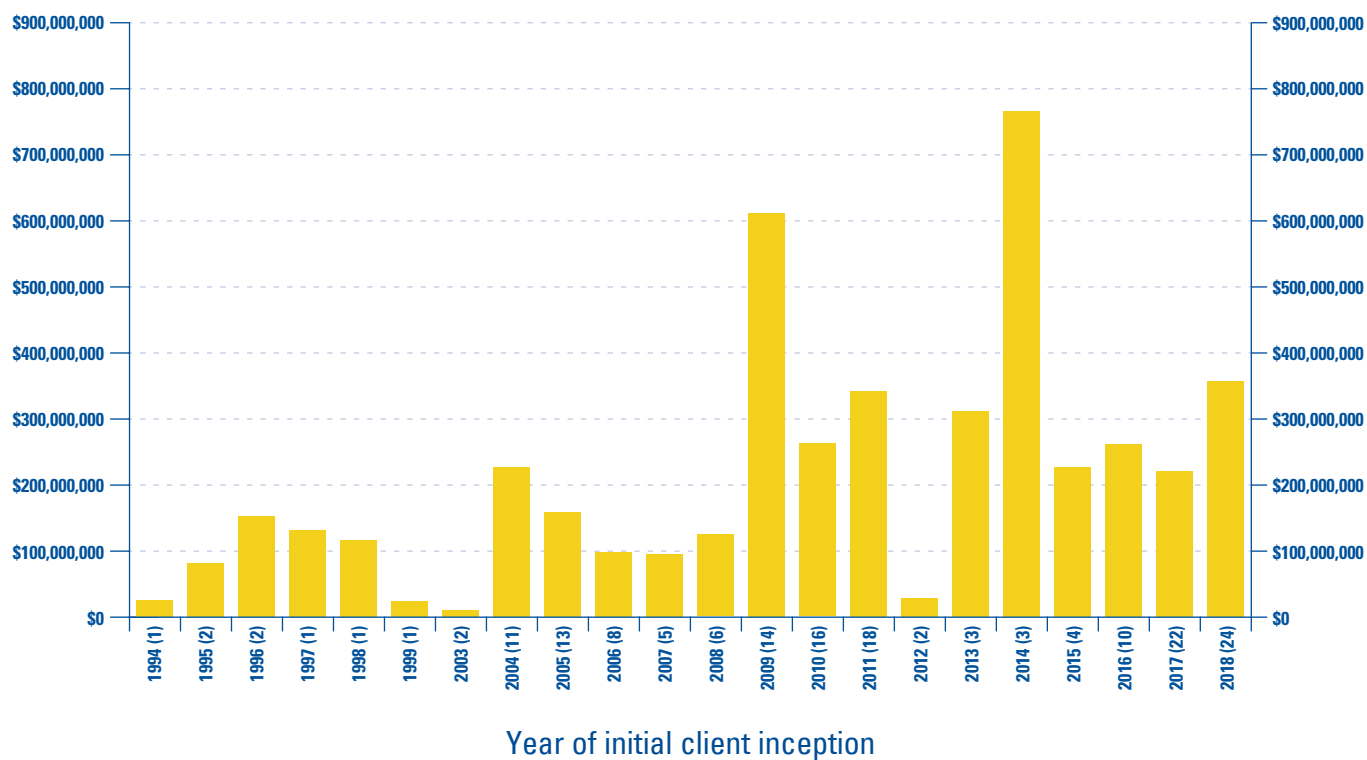
As a Percentage of Total Assets (%)



*\*As at 31 December 2018*

# Client Tenure\*

The graph below shows the length of time that clients have been invested with us.



\*As at 31 December 2018.

# Financial Calendar

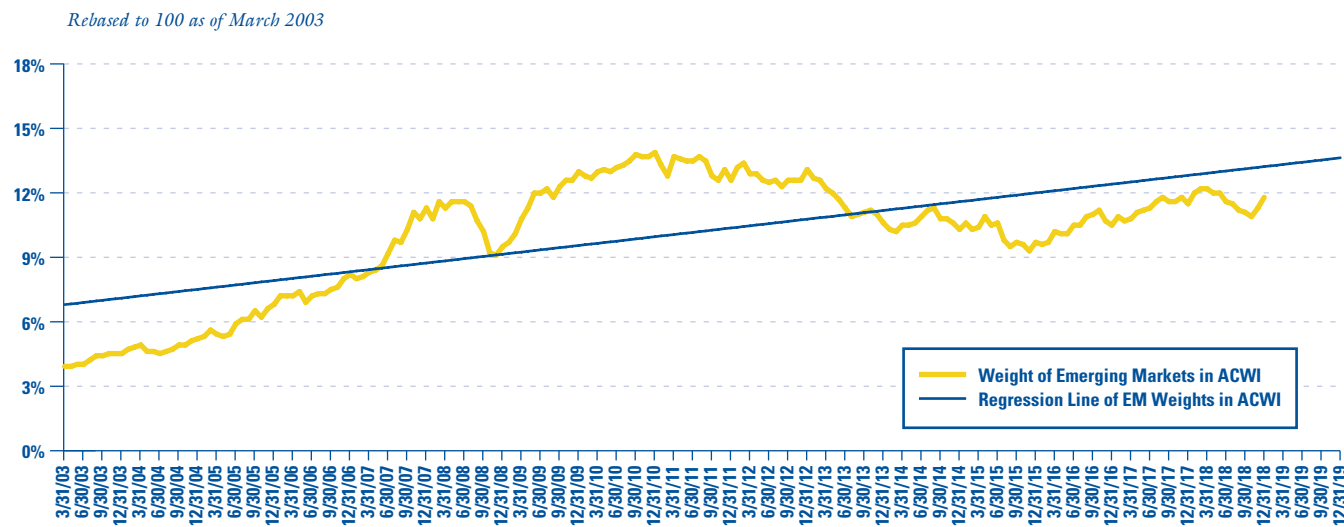
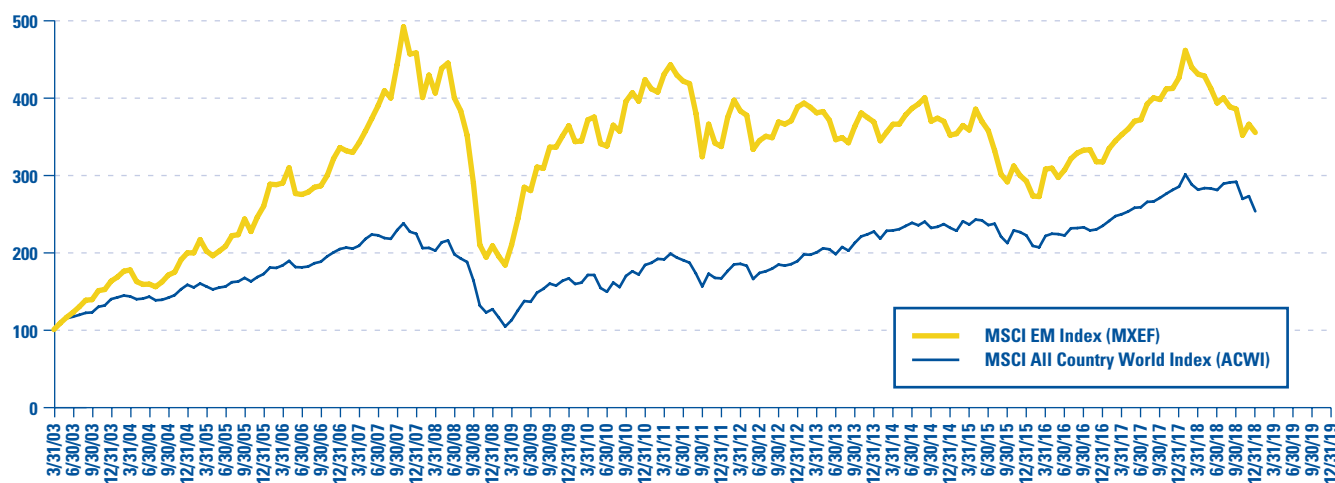
## 2019

▶ 2nd Quarter FUM Announcement .....	16-Jan-2019
▶ Half Year Results, Interim Dividend Announcement & End of Close Period .....	18-Feb-2019
▶ Interim Ex-Dividend Date .....	7-Mar-2019
▶ Interim Dividend Record Date .....	8-Mar-2019
▶ Interim Dividend Payment .....	22-Mar-2019
▶ 3rd Quarter FUM Announcement .....	16-Apr-2019
▶ Year End .....	30-Jun-2019
▶ Start of Close Period .....	1-Jul-2019
▶ Pre-close Trading Update and End of Close Period .....	16-Jul-2019
▶ Start of Close Period .....	17-Aug-2019
▶ Preliminary Results and End of Close Period .....	16-Sep-2019
▶ 1st Quarter FUM / Interim Management Statement .....	9-Oct-2019
▶ Ex-dividend Date for Final Dividend .....	10-Oct-2019
▶ Final Dividend Record Date .....	11-Oct-2019
▶ AGM .....	21-Oct-2019
▶ Final Dividend Payment .....	29-Oct-2019

# History

- ▶ **1989** – Established as part of Olliff & Partners, stockbrokers
- ▶ **1991** – Launched first fund, Emerging Markets Country Trust, a UK unit trust
- ▶ **1995** – Launched first US fund – The Emerging Markets Country Fund
  - US office opened on East coast
- ▶ **1997** – Stockbroking activities discontinued
- ▶ **2000** – Singapore office opened
- ▶ **2006** – Admission to AIM
- ▶ **2007** – Dubai office opened
- ▶ **2009** – Launch of Developed CEF Strategy
- ▶ **2010** – Admission to official list (premium segment)
- ▶ **2012** – Qualified Foreign Institutional Investors (QFII) scheme in China
- ▶ **2013** – Additional quota granted to Qualified Foreign Institutional Investors (QFII) scheme in China
- ▶ **2015** – Opened West Coast (US) office and appointed an additional marketer
- ▶ **2019** – Launch of EM and DM REIT funds

# Relationship Between MSCI Emerging Markets Index & MSCI All Country World Index\*



\*Index returns subject to change due to restatements by index vendors in the historical index levels.

Source: City of London Investment Management, Bloomberg, MSCI

# Shareholders

**As at 31 December 2018**

	%
Barry Olliff	7.6%
Other Directors, Staff & EBT	9.1%
<b>Subtotal</b>	<b>16.7%</b>
BlackRock	10.0%
Canaccord Genuity Group Inc	8.0%
Eschaton Opportunities Fund Management LP	4.8%
Polar Capital	4.1%
Other	56.4%
<b>Total</b>	<b>100.0%</b>

#### **Important Notice**

City of London Investment Management Company Limited is authorised and regulated by the Financial Conduct Authority, registered as an Investment Advisor with the Securities and Exchange Commission (SEC) and regulated by the Dubai Financial Services Authority (DFSA). The Company acts as Investment Manager to the World Markets Umbrella Fund plc which is authorised by the Central Bank of Ireland (CBI). All reasonable care has been taken in the preparation of this information. No responsibility can be accepted under any circumstances for errors of fact or omission. Values may fall as well as rise and you may not get back the amount invested.

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The Funds have not been, and will not be, registered under the Investment Company Act of 1940, as amended, and interests of the Funds have not been, and will not be, registered under the Securities Act of 1933, as amended, and may only be offered via private placement transactions. An investment in the Funds may be made only pursuant to the applicable offering documents. Shares in the sub-funds of The World Markets Umbrella Fund plc are not available for sale in any jurisdiction in which such sale would be prohibited. In particular, the fund has not been registered under the United States Securities Act of 1933.

Changes in currency exchange rates will affect the value of the investment. Discounts are calculated using estimated NAVs by City of London's Research Department. Past performance is no guarantee of future results.

# City of London Investment Group PLC

[www.citlon.co.uk](http://www.citlon.co.uk)



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