

City of London Investment Group PLC Shareholder Presentations

July 2019



CITY OF LONDON
Investment Group PLC

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Presentation Team



Thomas Griffith, Chief Executive Officer

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.



Mark Dwyer, Chief Investment Officer

Mark was the EM CEF CIO of the firm before becoming Group CIO in March 2019. He re-joined City of London in May 2012 and has over twenty 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. He holds a BA in economics and is a CFA Charterholder.



Carlos Yuste, Head of Business Development

Carlos is the Head of Business Development based in the Philadelphia office. Carlos rejoined CLIM in 2018, after pursuing other interests in the asset management field. Carlos originally joined CLIM in 2000, and was responsible for Business Development until 2015. Between 1994 and 1998 he worked as a Project Officer at the International Development Research Centre, which specializes in emerging markets research. He holds an MBA (Finance) from the Schulich School of Business, York University, an MA in Political Economy from Carleton University, and a Bachelor of Social Sciences from the University of Ottawa.

Snapshot

An established specialist, growing fund management group with:

- ▶ \$5.4 billion (£4.2 billion) of funds under management at 30 June 2019
 - 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 c76 basis points of FuM annually, net of third party commissions
- ▶ Current run-rate for operating profit, before profit-share at 30% and an estimated EIP charge at 5%, is ~£1.6 million per month based upon current FuM and US\$/£ exchange (1.27)
- ▶ Estimated unaudited post-tax profit for the year ended 30th June 2019 ~£9.0 million (NCI's £0.2m) which compares to £10.1million (NCI's £nil) for the equivalent period to 30th June 2018

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

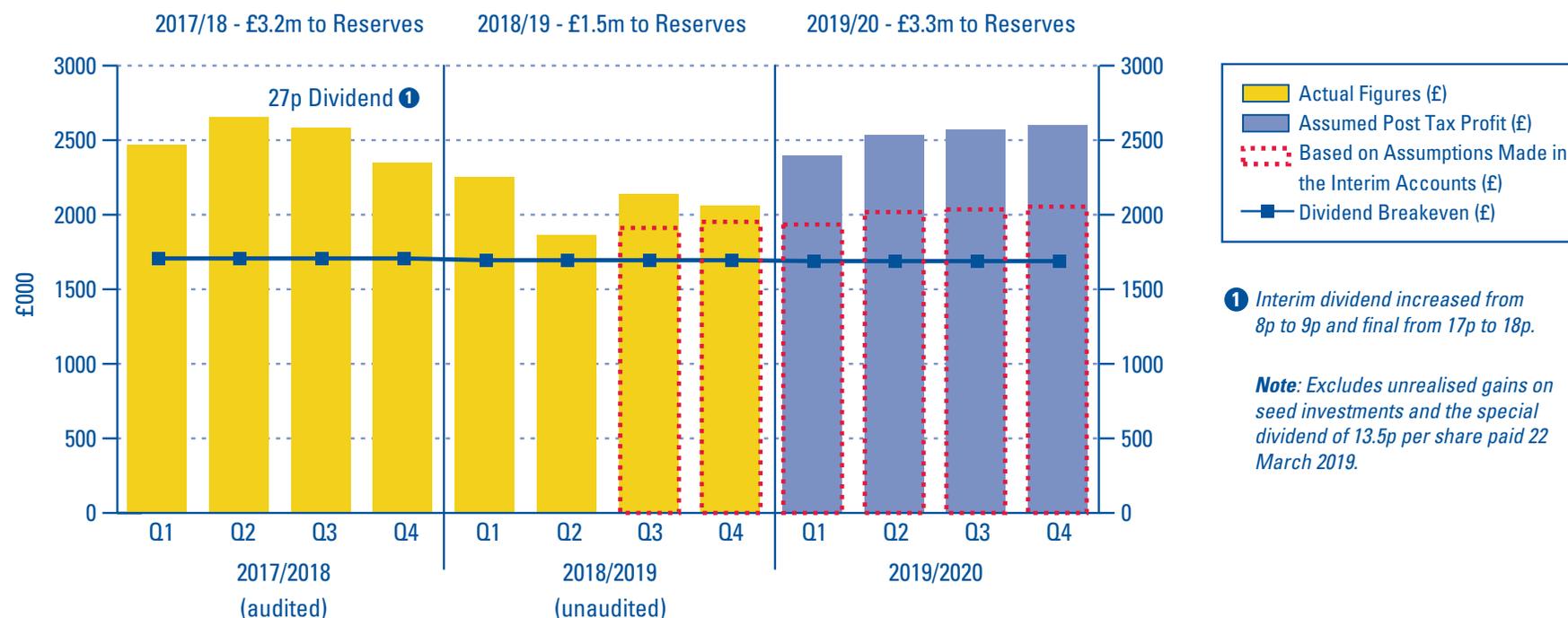
Employee Incentive Plan (EIP)

- ▶ 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:

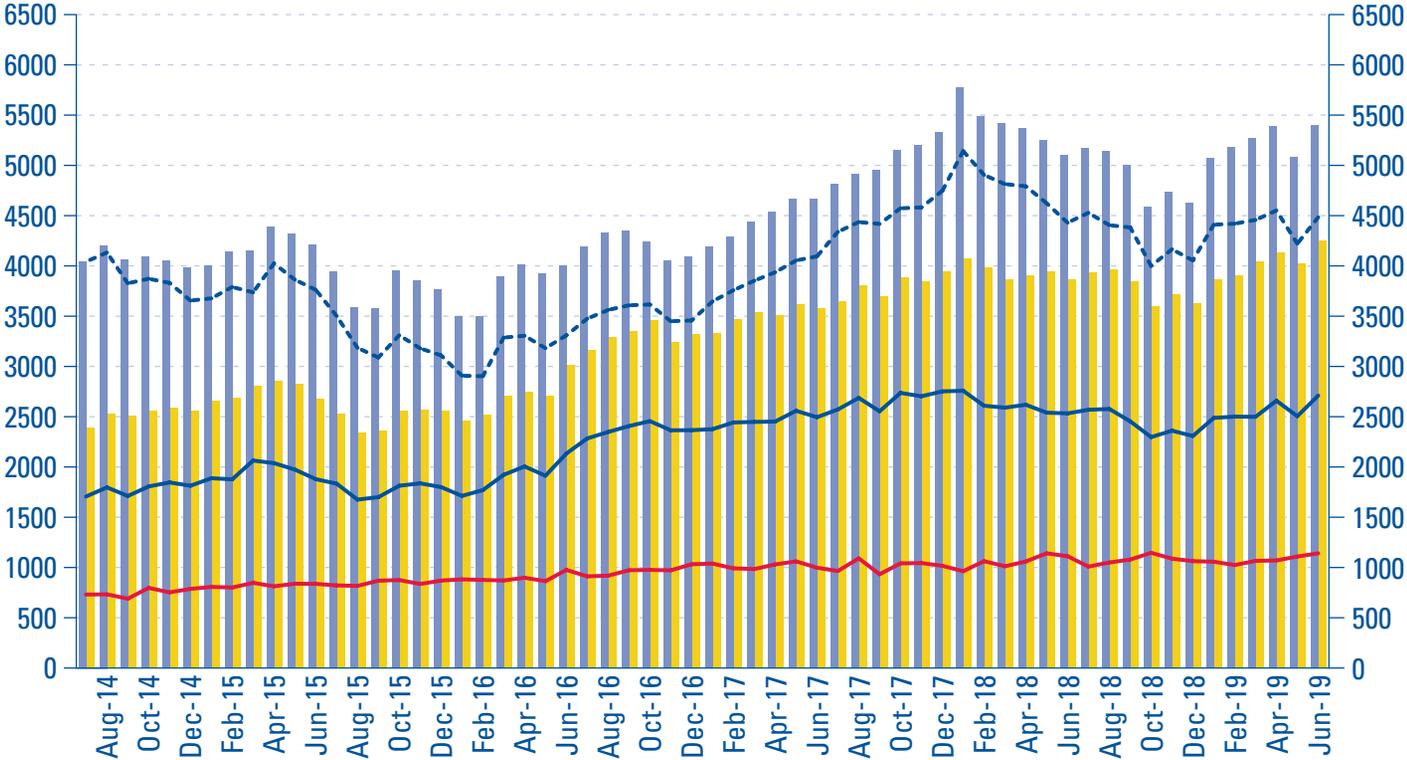
- Starting point Current FuM (June 2019)
- Net increase in 2019/2020 (straight-lined to June 2020):
 - emerging market CEF strategy zero
 - non-emerging market CEF strategies US\$250m
- Operating margin adjusted monthly for change in product mix and commission run-off
- Market growth: 0%
- Increase in overheads : 0%
- Increased “financing” cost due to IFRS16, net of interest income, £0.1m
- EIP charge: 5% of operating profit (final year)
- Corporation tax based on an estimated average rate of 21%
- Exchange rate assumed to be £1/\$1.27 for entire period
- Number of CLIG Shares in issue (26.6m) less those held by the Employee Benefit Trust (1.5m) as at 30 June 2019

*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

	30.06.18	31.12.18 (6 Months)	30.06.19*
Funds under Management (at period end)	\$5.1bn	\$4.6bn	\$5.4bn
Turnover	£33.9m	£15.6m	£31.9m
Commissions payable	(£1.2m)	(£0.4m)	(£0.8m)
Administrative expenses	(£13.6m)	(£7.1m)	(£14.2m)
Interest income	£0.1m	£0.1m	£0.1m
Investment gains	£0.2m	£0.0m	£0.8m
Profit-share	(£6.1m)	(£2.6m)	(£5.6m)
EIP charge	(£0.5m)	(£0.4m)	(£0.8m)
Profit before tax	£12.8m	£5.2m	£11.4m
Profit after tax	£10.1m	£4.1m	£9.0m
Profit attributable to:			
Non-controlling interests	-	-	£0.2m
Equity shareholders	£10.1m	£4.1m	£8.8m
EPS:			
Basic	39.5p	16.3p	34.9p
Diluted	39.3p	15.9p	34.1p
Dividend:			
Interim	9.0p		9.0p
Special			13.5p
Final	18.0p		18.0p**

*Figures are unaudited.

**The final dividend for 2019 is subject to approval.

Dividend History

	2013-14		2014-15		2015-16		2016-17		2017-18		2018-19*	
	Per Share	Total (£ k)										
Interim	8p	2,010	8p	1,985	8p	1,997	8p	2,027	9p	2,295	9p	2,270
Final	16p	3,975	16p	3,985	16p	4,021	17p	4,331	18p	4,544	18p	4,505
Total	24p	5,985	24p	5,970	24p	6,018	25p	6,358	27p	6,839	27p	6,775
Profit attributable to shareholders		5,303		6,578		5,791		9,290		10,060		8,799
Cover Ratio		0.89		1.10		0.96		1.46		1.47		1.30
Special Dividend											13.5p	3,405

The final dividend to be paid in October 2019 is subject to approval and therefore the cost is estimated, based upon the share register at 30 June.

**Figures are unaudited*

Income Statement

£'000	Year 2016-2017	Year 2017-2018	Year 2018-2019*
Fee income	31,294	33,931	31,933
Net interest (payable) / receivable	(34)	55	89
Finder's commission	(1,445)	(1,160)	(752)
Custody & administration	(881)	(1,164)	(1,327)
Total net income	28,934	31,662	29,943
Costs:			
Human resources	7,547	7,476	8,385
Premises	735	754	761
Communications & IT	1,881	1,953	1,990
Business development	518	578	583
General	1,159	1,704	1,200
Total costs	11,840	12,465	12,919
Operating profit	17,094	19,197	17,024
Gain on investments	116	209	805
Profit-share	(5,519)	(6,094)	(5,581)
EIP charge	(101)	(520)	(851)
Pre-tax profit	11,590	12,792	11,397
Tax	(2,449)	(2,732)	(2,352)
Post-tax profit	9,141	10,060	9,045
Profit attributable to:			
Non-controlling interest	(149)	0	246
Owners of the Company	9,290	10,060	8,799

Principally seed investments in own funds (including NCl's)

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%)

*Figures are unaudited

Balance Sheet

£'000	30-Jun 2017	30-Jun 2018	30-Jun 2019*	
Investments	1,086	233	7,826	← Principally seed investments in own funds (including NCIs)
Fixed / Intangible assets	921	742	864	
Cash	13,937	19,704	13,813	← Significant cash balances and no borrowing.
Debtors & prepayments	5,858	5,833	5,979	
Creditors & accruals	(3,403)	(4,801)	(5,766)	← Includes profit-share and EIP employee deductions
Current & deferred taxes	(318)	(245)	(429)	
Net assets	18,081	21,466	22,287	
Share capital/premium	2,525	2,525	2,522	
Retained earnings	19,070	22,537	19,954	
Capital redemption reserve	23	23	26	
FX reserve	109	88	94	← Translation difference on US fixed/intangible assets
Fair value reserve	166	13	0	← Unrealised gain on investments (now recognised through P&L due to adoption of IFRS9 1-Jul-18)
	21,893	25,186	22,596	
EBT investment	(4,356)	(4,699)	(5,029)	← 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	373	299	
EIP reserve	101	606	1,015	
Total shareholders' funds	18,081	21,466	18,881	
Non-controlling interest	0	0	3,406	
Total equity	18,081	21,466	22,287	

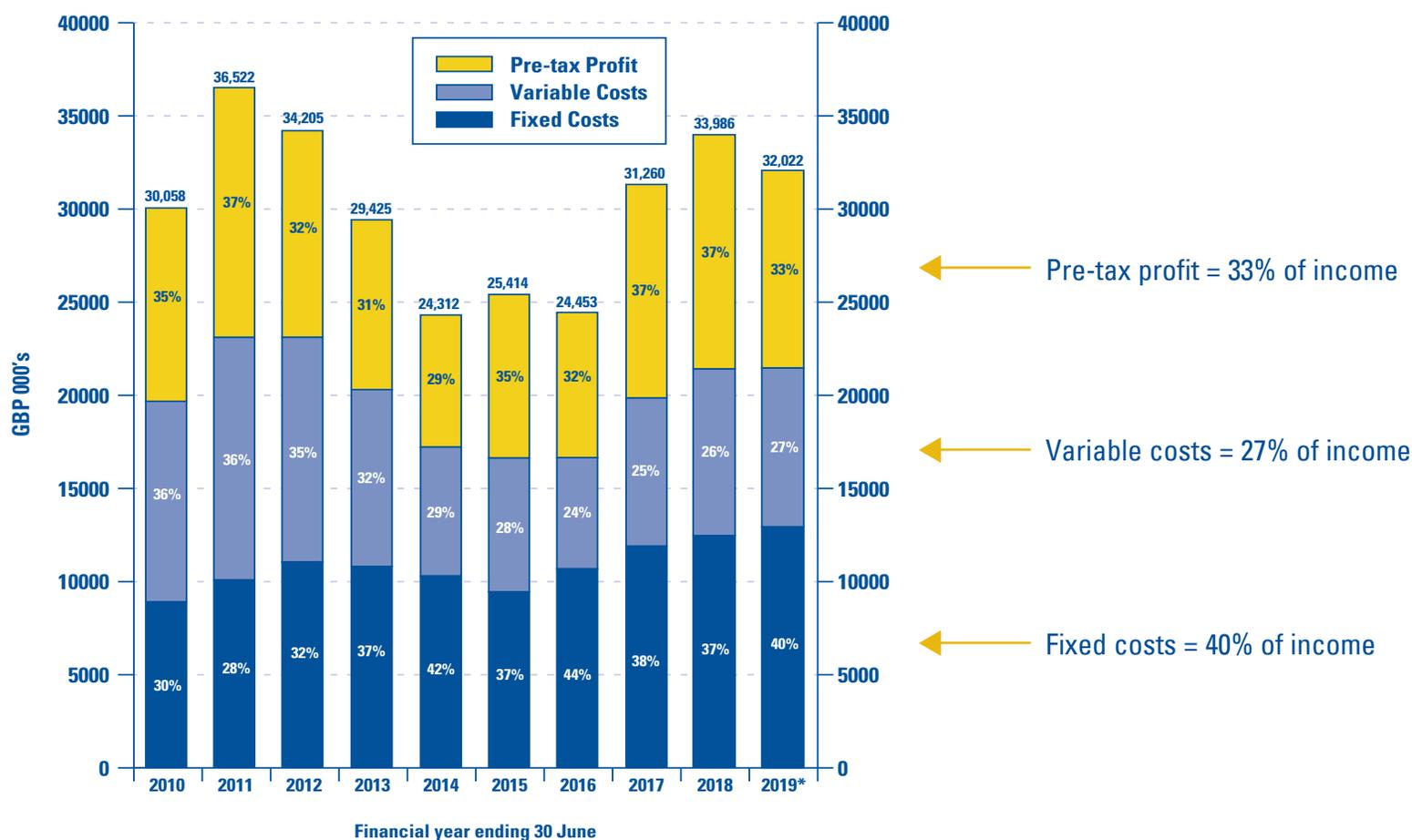
*Figures are unaudited

Cash Flow

£'000	Year 2016-17	Year 2017-18	Year 2018-19*	
Pre-tax profit	11,590	12,792	11,397	
Less: Interest / investment income	(82)	(264)	(894)	
Adjustment for non-cash items	(124)	2,283	1,942	← Depreciation/EIP charge/changes in debtor & creditor balances/FX translation
Operating cash flow	11,384	14,811	12,445	
Tax (paid) / recovered	(2,764)	(2,819)	(2,252)	
Dividends	(6,048)	(6,626)	(10,219)	
Tangible asset investment	(485)	(137)	(421)	
Exercise of options	1,133	638	515	
Net interest income	(35)	55	89	
Seed investments - net	1,075	978	(3,626)	← Seed investments in own funds
Purchase of other investments	(156)	(152)	(21)	
Purchase of shares for cancellation	(128)	0	(1,166)	
Purchase of shares for the EBT	(190)	(981)	(1,235)	
Increase/(decrease) in cash	3,786	5,767	(5,891)	
Opening cash	10,151	13,937	19,704	
Closing cash	13,937	19,704	13,813	

**Figures are unaudited*

Fixed Versus Variable Costs



**Figures are unaudited*

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	6.3	7.9	9.6	11.2	12.8
1.25	5.9	7.5	9.1	10.6	12.2
1.30	5.6	7.1	8.6	10.1	11.6
1.35	5.3	6.7	8.2	9.6	11.1
1.40	5.0	6.4	7.8	9.2	10.6

Assumptions:

1. Weighted average net fee 76 bps annually
2. Annual operating costs £5m plus US\$9m plus S\$1m (£1 = S\$1.8)
3. Profit-share 30%
4. EIP 5%
5. Average tax of 21%

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
- ▶ c80% 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 fifteen have worked for CLIM for in excess of ten years
 - Fund managers have an average tenure of over sixteen years
- ▶ Diverse staff - over 20 languages or dialects spoken
 - Afrikaans
 - Arabic (7 dialects)
 - Cantonese
 - English
 - French
 - German
 - Gujarati
 - Italian
 - Korean
 - Mandarin
 - Montenegrin
 - Portuguese
 - Punjabi
 - Spanish
 - Swedish

Performance

Global Emerging Markets SMA Composite

▶ Annual Returns[†]: Calendar Years

	2004*	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019**	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%	+12.81%	+312.32%
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%	+10.66%	+259.82%
Out/Underperformance	-3.14%	-4.02%	+8.41%	+4.40%	+0.75%	+3.15%	+2.34%	-1.39%	-0.39%	+1.73%	+2.64%	+1.72%	-1.87%	-1.06%	+0.55%	+2.15%	+52.50%

The Global Emerging Markets SMA Composite contains \$173.4 million in assets, representing 2 segregated portfolios and represents approximately 3.2% of the total assets under City of London's management as at June 30, 2019. 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

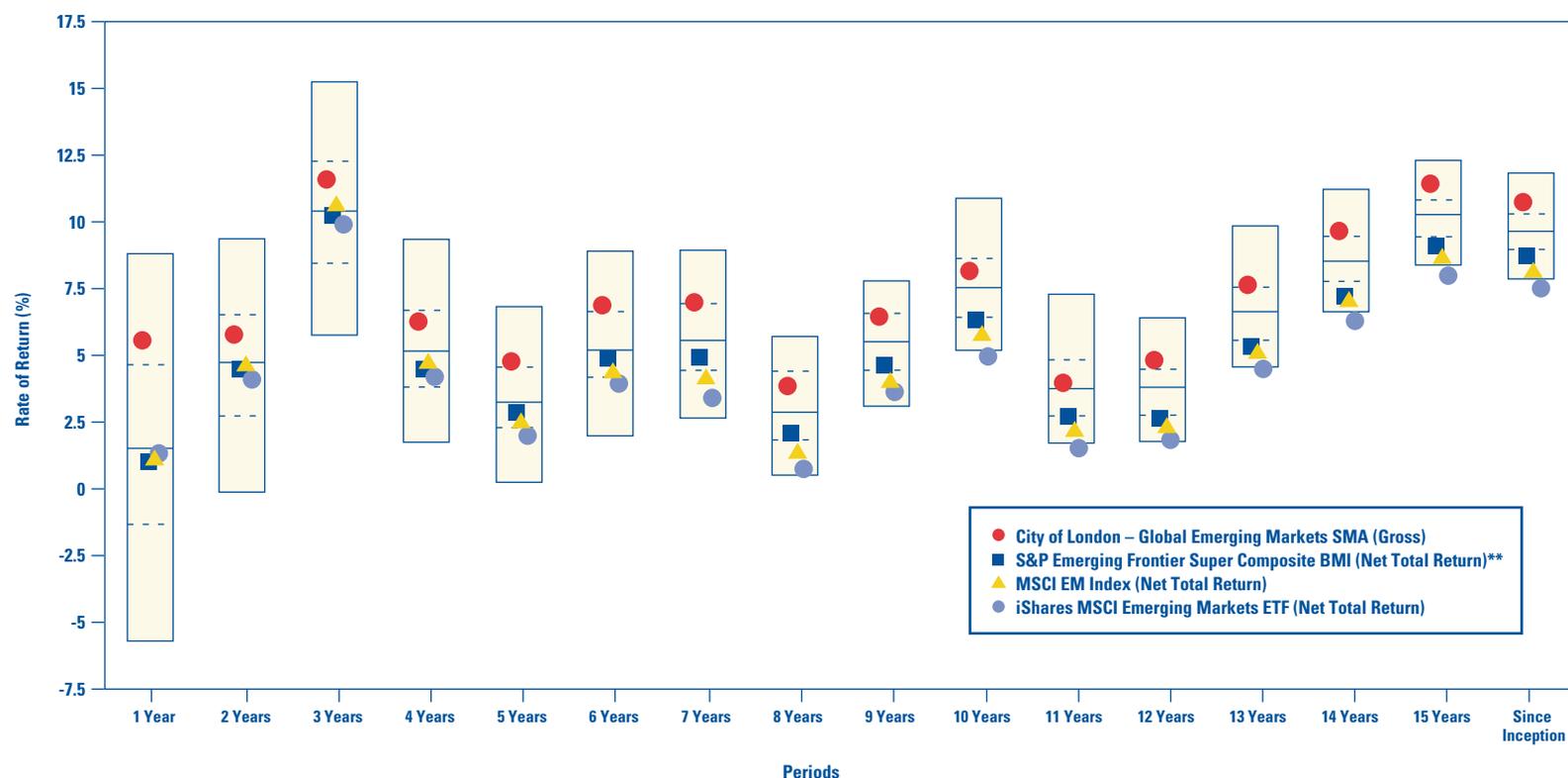
**Values as at June 30, 2019.

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

Source: City of London Investment Management, S&P

Global Emerging Markets SMA Composite Ending June 30, 2019

According to Evestment Alliance*



*64.6% of the universe has been updated through Quarter 2 2019. Inception February 2004.

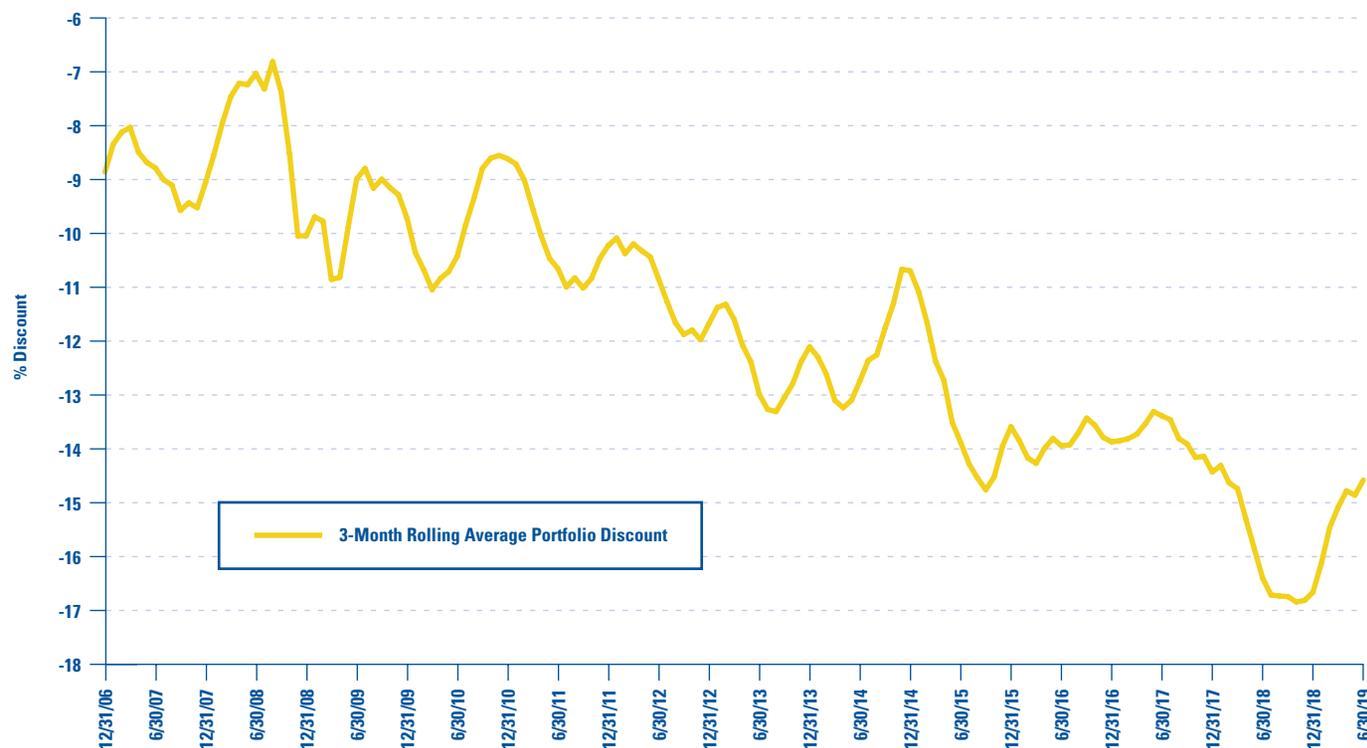
**The benchmark was changed from the S&P Emerging BMI Plus on January 1, 2009 to better reflect the investment strategy of the Funds. The S&P Emerging BMI Plus was the successor index to the S&P/IFC Global Composite Index, the benchmark for the Funds prior to September 1, 2008, which has been discontinued. 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 June 2019

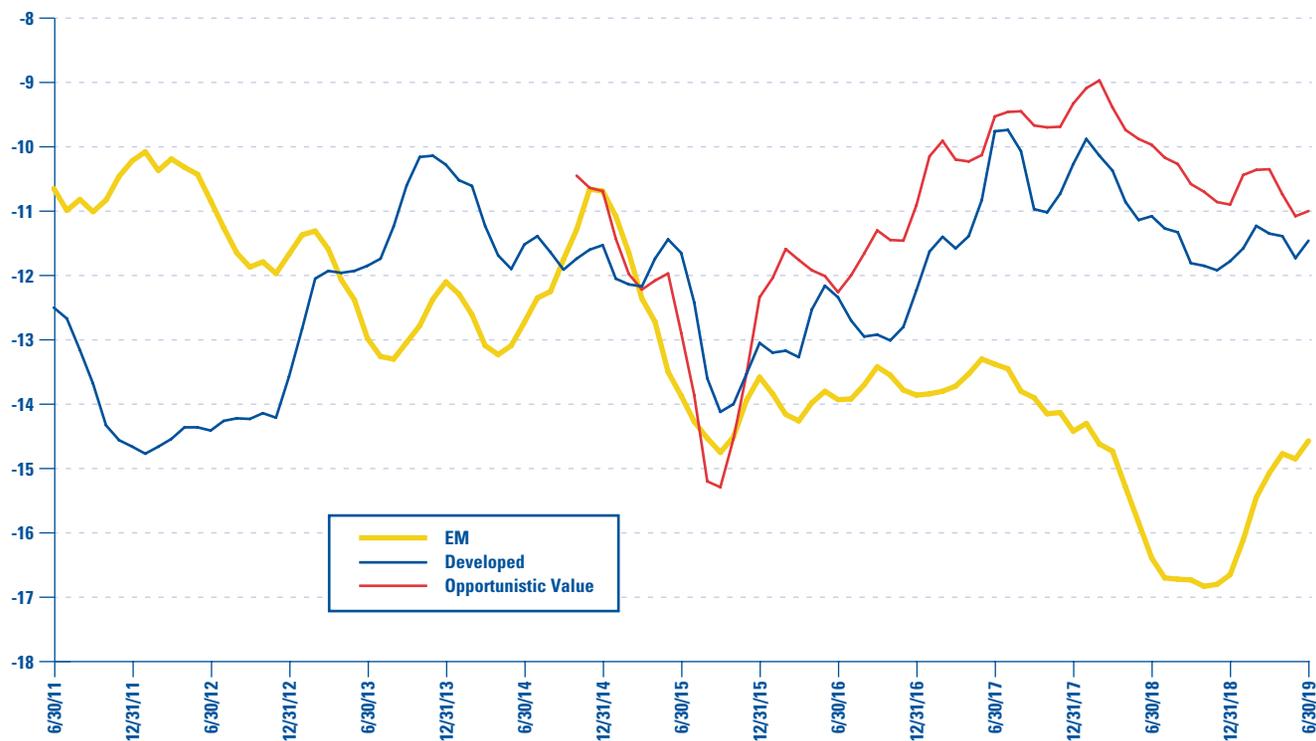


Source: City of London Investment Management

Representative Accounts

3-Month Rolling Average Portfolio Discounts by Strategy

June 2011 - June 2019



Source: City of London Investment Management

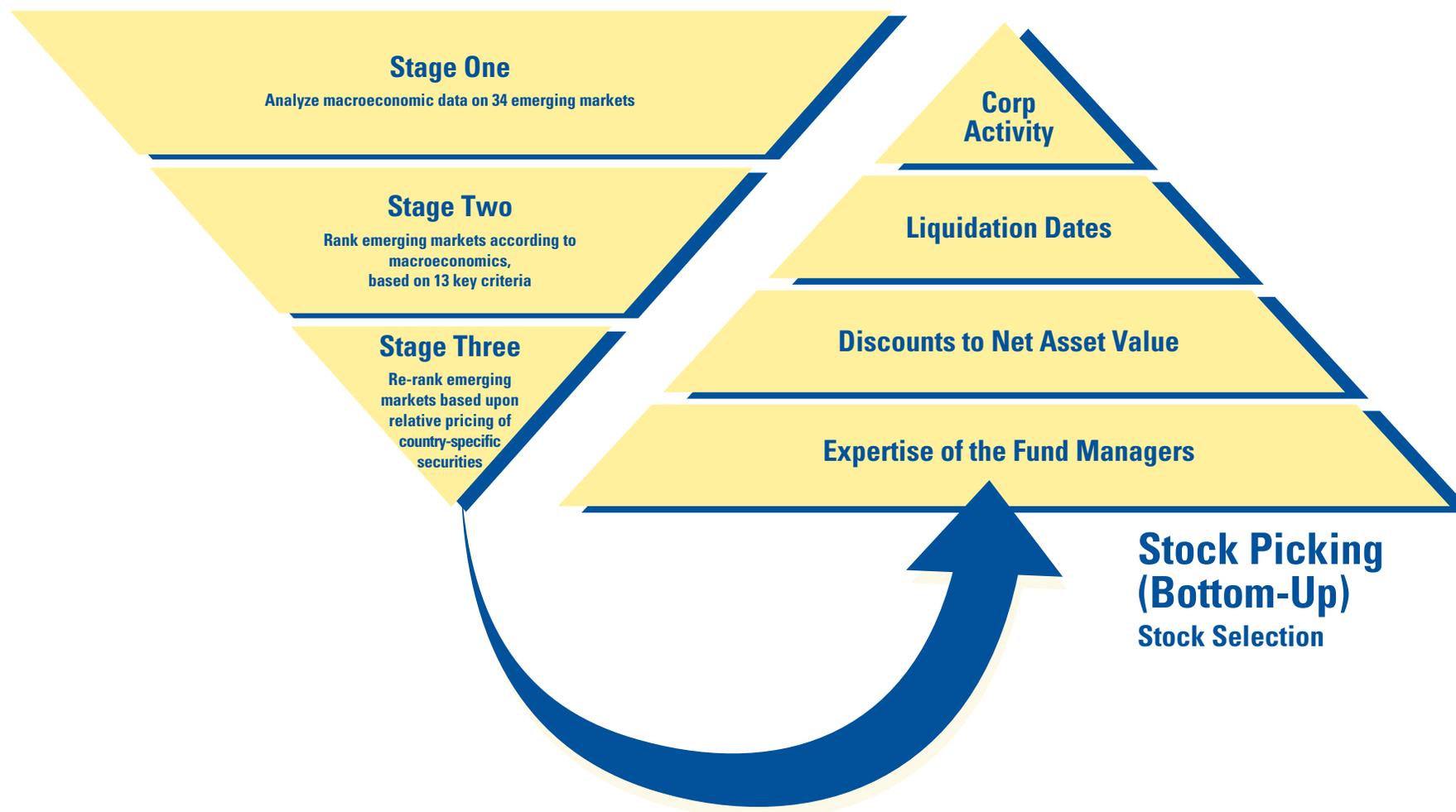
Investment Performance - Process

- ▶ Monthly Macroeconomic overview
-
- ▶ Analytical research on approximately 370 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)

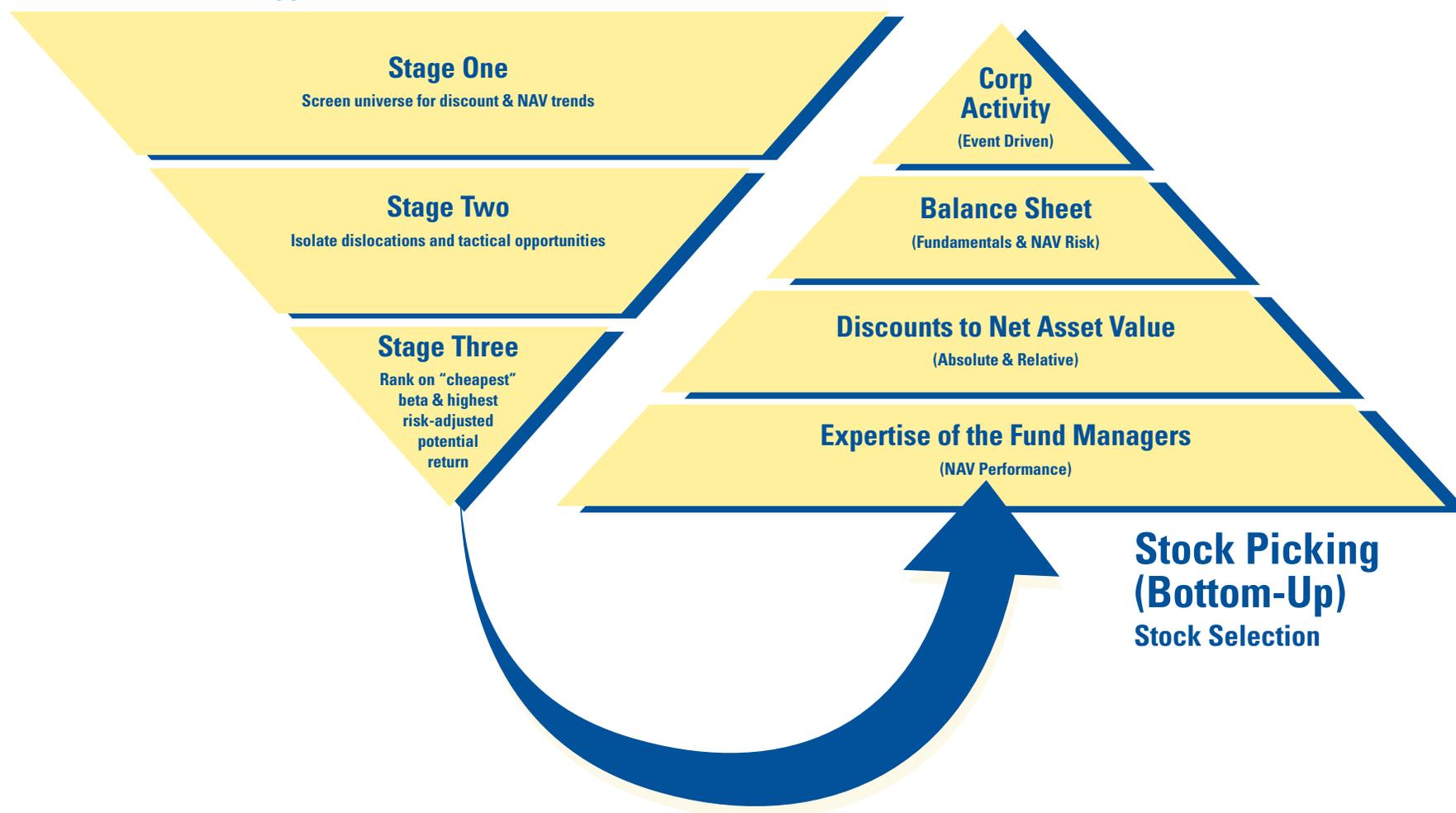
Country Allocation



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: \$8.8 billion
 - Tender Offers: \$3.1 billion
 - Capital Gains Distributions: \$1.7 billion
 - Liquidations: \$1.3 billion
 - **Total: \$14.9 billion**

* Includes transactions announced for 2019

Source: City of London Investment Management

The Importance of Corporate Governance for Closed-End Funds

Fund	Date	Corporate Action	Universe Reduction (millions)
Yu Yang Fund	Jul-13	Open Ended	\$290.0
Impax Asia Environmental Markets	Aug-13	Liquidated	\$310.0
Invesco Asia Trust*	Aug-13	Tender Offer for 15% of shares outstanding at 98% of FAV	\$51.4
Lazard World Trust Fund	Aug-13	Tender Offer for 15% of shares outstanding at 98% of FAV	\$26.8
Thai Capital Fund Inc	Sep-13	Liquidated	\$43.4
Thai Fund Inc	Sep-13	Tender Offer for 15% of shares outstanding at 98.5% of NAV	\$51.7
India Fund Inc	Sep-13	Tender Offer for 5% of shares outstanding at 98% of NAV	\$41.9
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	Liquidated	\$55.0
MS India Investment Fund Inc	Nov-13	Tender Offer for 10% of shares outstanding at 98.5% of NAV	\$33.8
Fondul Propriateea*	Nov-13	Tender Offer for 4.4% of shares outstanding at 85% of NAV	\$180.0
Pu Hui Fund	Dec-13	Open Ended	\$306.5
Advance Developing Markets Trust	Dec-13	Tender Offer for 10% of shares outstanding at 99% of FAV	\$30.0
Aberdeen EM Smaller Cos. Opportunities Fund	Feb-14	Capital Gains Distribution of 38% of NAV	\$49.7
Thai Fund Inc	Feb-14	Capital Gains Distribution of 39.5% of NAV	\$108.0
Fubon Fund	Feb-14	Open Ended	\$156.0
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
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
DPF India Opportunities Fund	Jun-14	Open Ended	\$85.0
Advance Developing Markets Trust	Jun-14	Tender Offer for 10% of shares outstanding at 99% of NAV	\$27.3
Lazard World Trust Fund	Jun-14	Tender Offer for 15% of shares outstanding at 98% of FAV	\$29.6
Yu Long Fund	Jun-14	Open Ended	\$403.9
Pu Feng Fund	Jun-14	Open Ended	\$392.0
Tian Yuan Fund	Jul-14	Open Ended	\$456.0
Jin Xin Fund	Nov-14	Open Ended	\$546.4
Tong Sheng Fund	Dec-14	Open Ended	\$549.3
Fondul Propriateea*	Dec-14	Tender Offer for 6% of shares outstanding at a fixed price equivalent to a 6.5% discount	\$234.0

*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)
Templeton Dragon Fund Inc	Dec-14	Capital Gains Distribution of 15% of NAV	\$129.1
Prosperity Voskhod	Jan-15	Compulsory partial redemption of shares at NAV	\$25.5
Han Xing Fund	Jan-15	Open Ended	\$490.8
Jing Fu Fund	Jan-15	Open Ended	\$506.3
Pacific Alliance Asia Opportunity Fund	Jan-15	Share buyback at 5% discount to Dec month-end NAV	\$29.5
Thai Fund Inc	Jan-15	Capital Gains Distribution of 26% of NAV	\$44.3
Morgan Stanley Eastern Europe Fund Inc	Mar-15	Liquidated	\$51.1
Templeton Dragon Fund	Sep-15	Capital Gains Distribution of 10% of NAV	\$80.5
Morgan Stanley China A Share Fund	Sep-15	Capital Gains Distribution of 15% of NAV	\$105.0
Templeton Russia Fund	Nov-15	Liquidated	\$55.1
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 Dragon Fund	Dec-15	Capital Gains Distribution of 8% of NAV	\$60.2
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
Fondul Proprietatea*	Jul-16	Tender Offer for 5.2% of shares outstanding at RON 0.842 per share	\$121.0
HSBC China Dragon Fund*	Aug-16	Tender Offer for 20% of shares outstanding at 99.6% of NAV	\$44.0
Tong Qian Fund	Aug-16	Open Ended	\$281.4
Templeton Dragon Fund	Sep-16	Capital Gains Distribution of 6% of NAV	\$53.5
Fenghe Fund	Mar-17	Open Ended	\$438.9
Great Wall Jiujiia Fund	Mar-17	Open Ended	\$279.2
Fondul Proprietatea*	Mar-17	Special dividend paid at RON 0.05 per share	\$120.0
Fondul Proprietatea*	Mar-17	Tender Offer for 6.4% of shares outstanding at RON 0.91 per share	\$150.8
Hong Yang Fund	Mar-17	Open Ended	\$291.1
Ke Rui Fund	Mar-17	Open Ended	\$367.5
HSBC China Dragon Fund*	Apr-17	Tender offer for 20% of shares outstanding at 99.8% of NAV	\$39.0
JPMorgan China Region Fund	May-17	Liquidated	\$108.8
Korea Equity Fund	May-17	Liquidated	\$86.4
Korea Fund Inc	May-17	Tender offer for 10% of shares outstanding at 98% of NAV	\$28.3
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
MS India Investment Fund	Dec-17	Capital Gains Distribution of 10% of NAV	\$61.7
MS China A Share Fund	Dec-17	Capital Gains Distribution of 4.2% of NAV	\$25.9
India Fund Inc	Dec-17	Capital Gains Distribution of 8.9% of NAV	\$79.6

*Denotes security with conditional discount control mechanism.

Source: City of London Investment Management

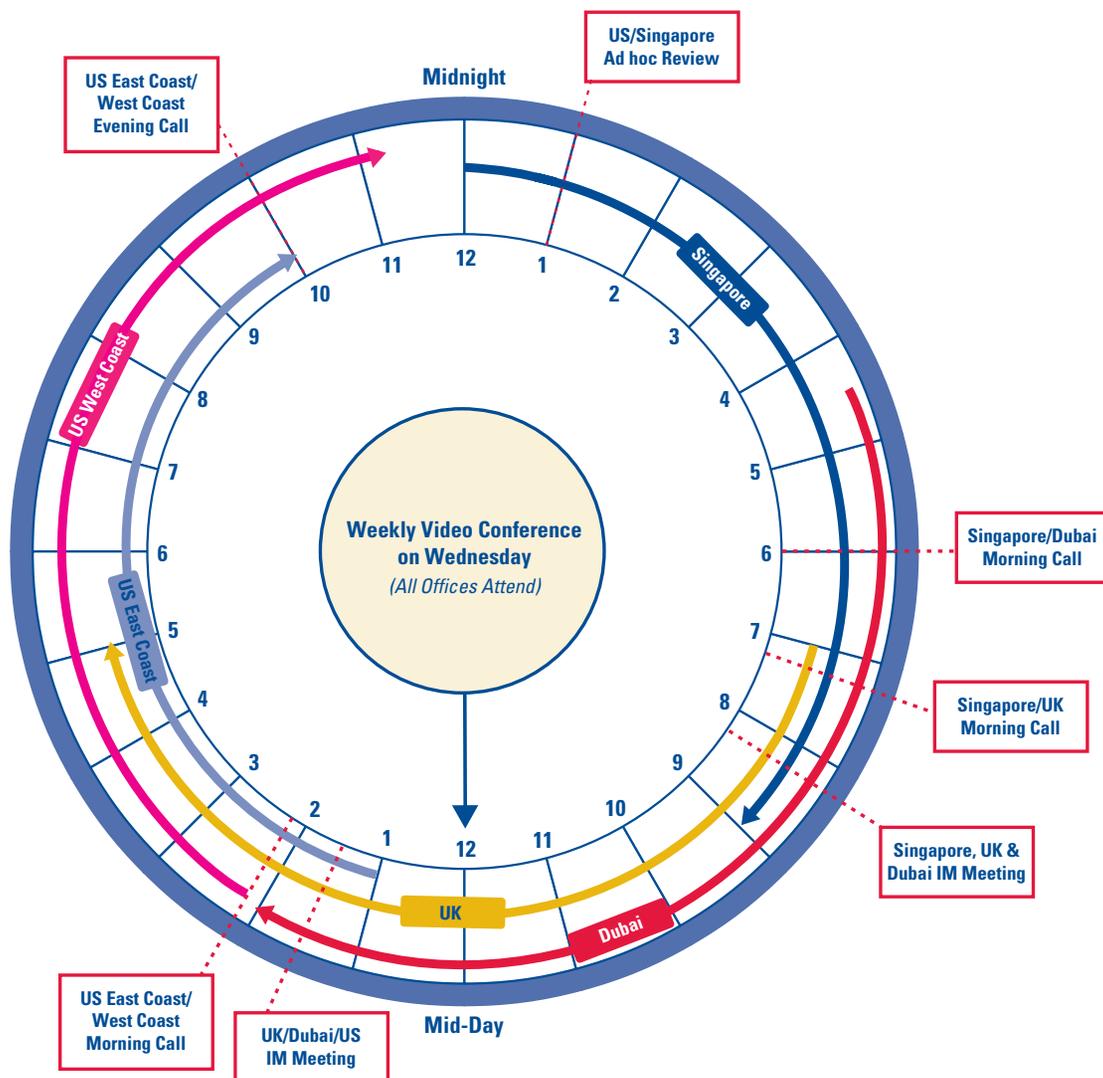
The Importance of Corporate Governance for Closed-End Funds (Continued)

Fund	Date	Corporate Action	Universe Reduction (millions)
Turkish Investment Fund	Dec-17	Liquidated	\$39.7
HSBC China Dragon Fund*	Jan-18	Tender offer for 20% of shares outstanding at 99.7% of NAV	\$36.1
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
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
Aberdeen Emerging Markets Equity Income Fund	Jun-18	Capital Gains & Special Cash Distributions of 9% of NAV	\$97.2
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
HSBC China Dragon Fund*	Jul-18	Tender offer for 20% of shares outstanding at 99.8% of NAV	\$26.0
Templeton Dragon Fund	Aug-18	Capital Gains Distribution of 6% of NAV	\$47.5
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 India Investment Fund	Dec-18	Capital Gains Distribution of 18% of NAV	\$52.2
India Fund Inc	Dec-18	Capital Gains Distribution of 7% of NAV	\$45.9
BlackRock Emerging Europe	Dec-18	Liquidated	\$104.3
MS Asia Pacific Fund	Dec-18	Open Ended	\$220.3
Vietnam Holding Ltd	Dec-18	Tender offer for 15% of shares outstanding at 98% of FAV	\$27.5
Edinburgh Dragon Trust	Jan-19	Tender offer for 30% of shares outstanding at 98% of FAV	\$288.0
China Fund Inc	Jan-19	Tender offer for 30% of shares outstanding at 99% of NAV	\$89.3
Asia Pacific Fund	Feb-19	Liquidated	\$136.4
Yinhua Mingze Fund	Feb-19	Open Ended	\$52.3
MS Emerging Markets Fund Inc	Mar-19	Open Ended	\$232.0
Lazard World Trust Fund	Mar-19	Liquidated	\$135.0
Aberdeen Emerging Markets Equity Income Fund	Jun-19	Tender offer for 15% of shares outstanding at 98% of NAV	\$70.0
Other		Multiple transactions < \$25m between Jul 2013 - Jun 2019	\$525.1
			Total as of 30-Jun-2019 (millions)
			\$14,882
Terra Capital*	2019	Liquidation	\$60.0
			Projected Total (millions)
			\$14,942

*Denotes security with conditional discount control mechanism.

Source: City of London Investment Management

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



Plus:

- Emails
- Blogs
- Intranet
- Video Conference

Factors that May Affect EM CEF's Flows

- ▶ US Institutions significantly underweight
- ▶ Wide SWAD (size weighted average discount)
- ▶ Significant Corporate Activity
- ▶ Reduced correlation good for EM CEF NAVs
- ▶ Significant Dispersion between MXEF and other EM Benchmarks
 - S&P Super BMI – +14.7%: MSCI EM Index – +13.1%*

**As at 30 June 2019, 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 CLIM 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 (12.1x) 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 (30 June 2019)*

Use of Technology - Investment Management

- ▶ CoL has consistently sought to introduce integrated technology solutions:
 - DART – A 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
- ▶ Counterparty
 - No stock lending
 - Comprehensive counterparty 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

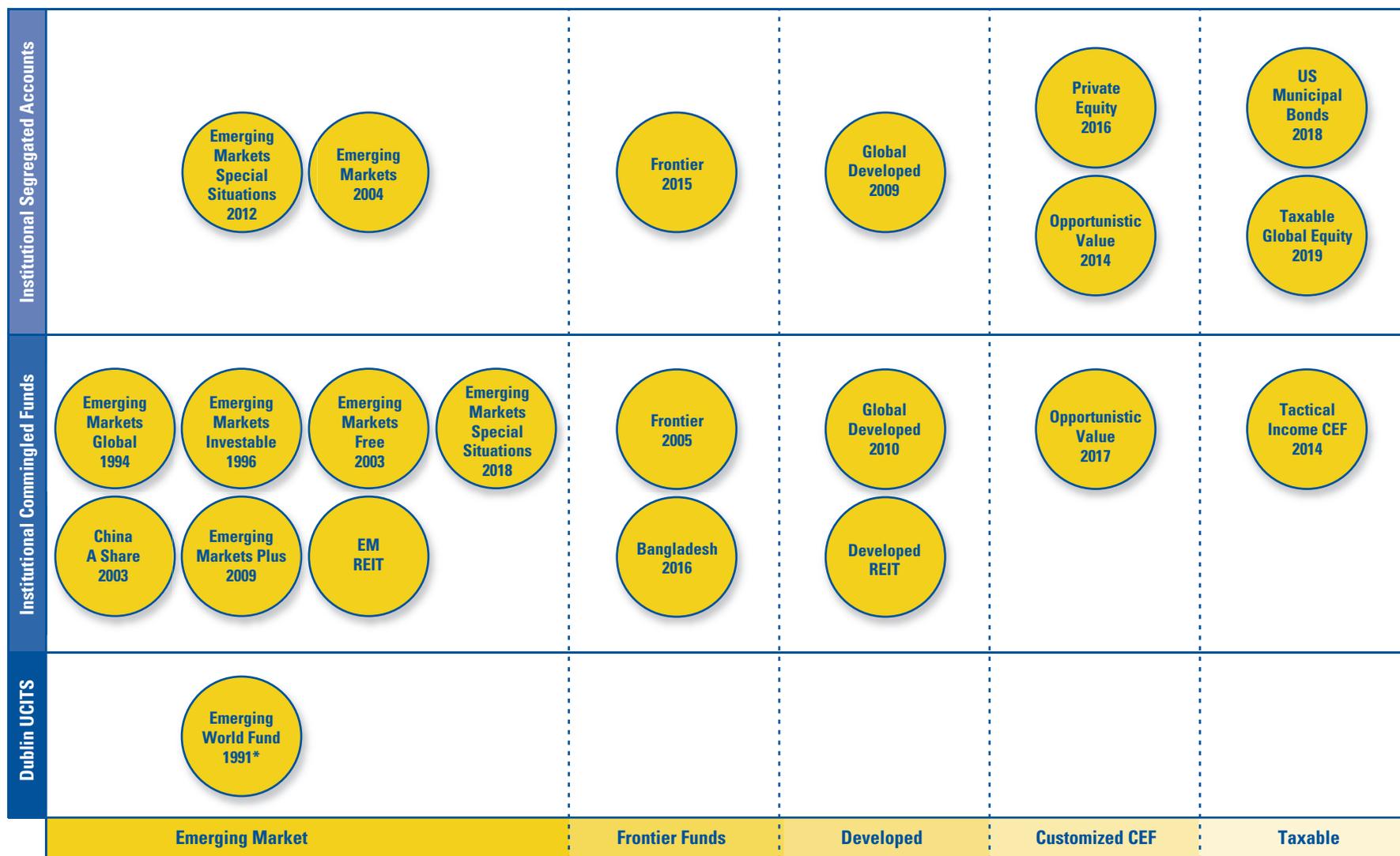
...risk management needs to be part of a company's culture

Growth Plans

- ▶ Increase range of investment markets to be covered, building upon our core expertise
- ▶ Diversification products now approximately 22% 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

Business Diversification Product Map as of June 2019



*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)	31/3/2019 (\$m)	30/6/2019 (\$m)
European Accounts:							
World Markets Umbrella Fund	125	105	108	145	150	127	127
Segregated accounts	55	49	71	69	60	61	63
Total	180	154	179	214	210	188	190
US Accounts:							
Commingled products - EM CEFs	2,429	2,266	1,952	2,160	2,264	2,308	2,312
Segregated accounts - EM CEFs	991	1,168	1,230	1,560	1,494	1,374	1,405
Emerging Markets Plus	38	40	36	68	61	62	63
Developed CEF	75	78	51	154	437	632	729
Frontier Markets	4	103	127	172	245	201	206
Opportunistic Value	11	104	121	110	174	227	233
Other US Accounts (China, PE, REIT)	57	96	138	62	63	109	105
Total	3,605	3,855	3,655	4,287	4,738	4,913	5,024
Other accounts:	159	202	171	160	159	173	154
Total FUM	3,944	4,211	4,005	4,661	5,107	5,275	5,396

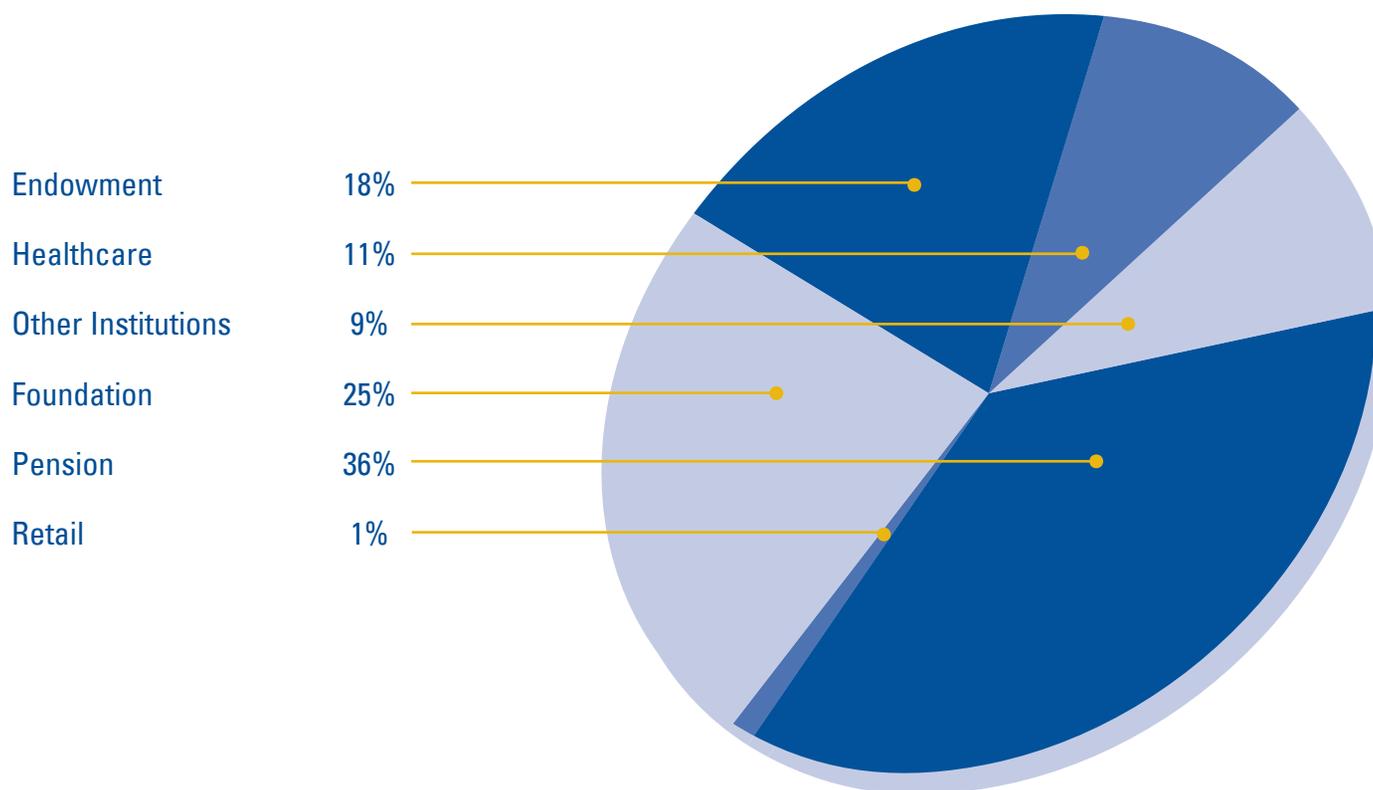
Assets by Strategy

	Funds Under Management (\$mn)				Strategy Index	
	Jun-19 (estimate)	Jun-18	% inc / dec	Net Flows		% inc / dec
Emerging	4,221	4,207	0%	(184)	MSCI EM	1%
Developed	729	481	52%	253	MSCI ACWI	6%
Opportunistic Value	233	174	34%	48	ACWI/Barclays Global Agg	6%
Frontier	206	245	-16%	(21)	MSCI Frontier	5%
Total FUM*	5,389	5,107		96		

*Excludes seed investments.

Client Type*

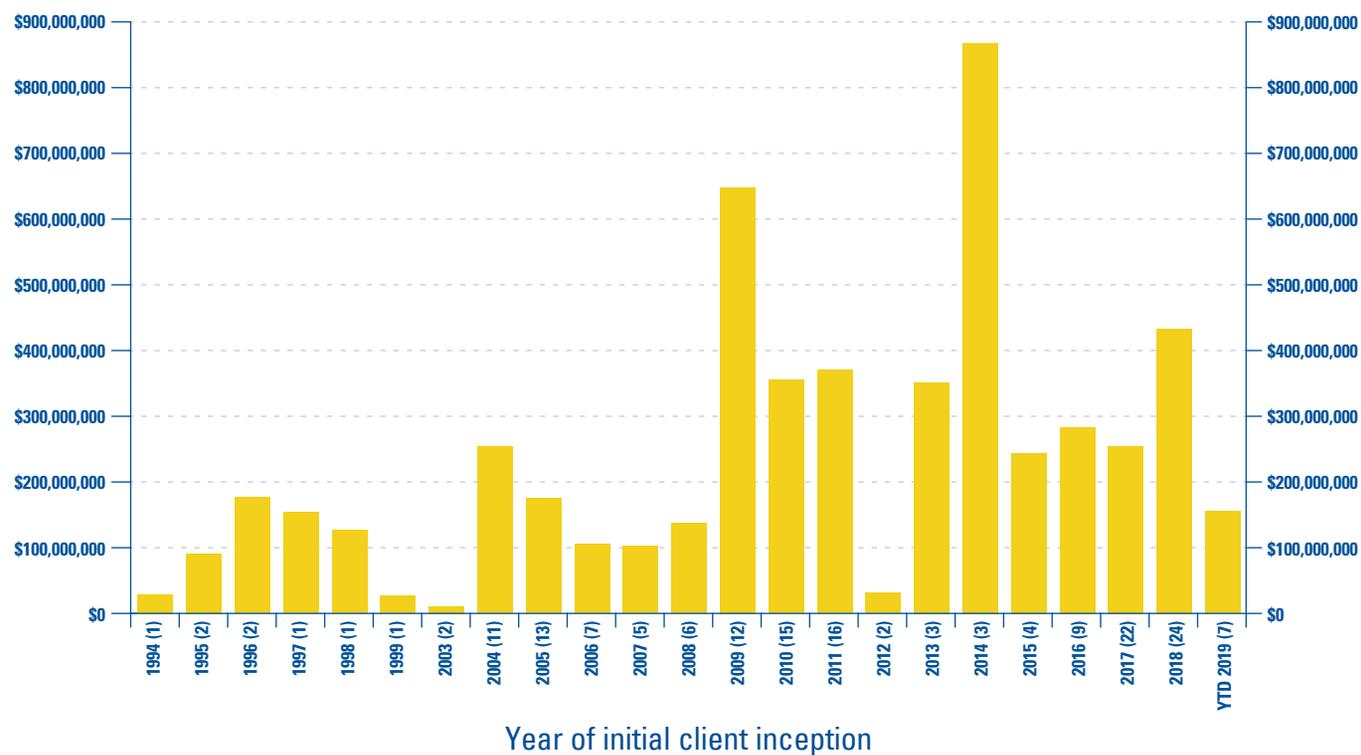
As a Percentage of Total Assets (%)



**As at 30 June 2019*

Client Tenure*

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



*As at 30 June 2019

Financial Calendar

2019-20

- ▶ Pre-close Trading Update and End of Close Period 16-Jul-2019
- ▶ Start of Close Period17-Aug-2019
- ▶ Preliminary Results and End of Close Period16-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
- ▶ Start of Close Period 2-Jan-2020
- ▶ 2nd Quarter FUM Announcement14-Jan-2020
- ▶ Half Year Results, Interim Dividend Announcement & End of Close Period 17-Feb-2020

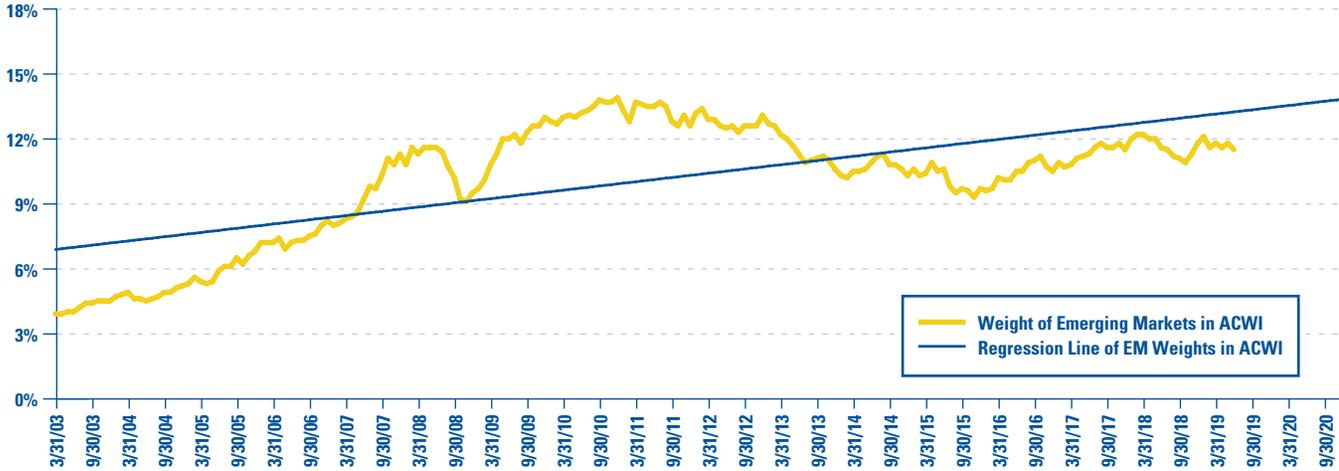
History

- ▶ **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 International REIT funds

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



Rebased to 100 as of March 2003



*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 30 June 2019

	%
Barry Olliff	7.6%
Other Directors, Staff & EBT	9.6%
Subtotal	17.2%
BlackRock	10.1%
Canaccord Genuity Group Inc	8.0%
Eschaton Opportunities Fund Management LP	4.8%
Polar Capital	4.1%
Other	55.8%
Total	100.0%

Important Notice

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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.

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