

Funds Under Management - Trading Update

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City of London Investment Group PLC
17 January 2017

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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 2016,
TRADING UPDATE

City of London (LSE: CLIG) announces that total funds under management (FuM) at the Group's half year end on 31 December 2016 were US\$4.1 billion (£3.3 billion). This compares with US\$4.0 billion (£3.0 billion) at the Company's year-end on 30 June 2016.

This rise in FuM of 2.5% compares with a gain of 4.5% in the MSCI Emerging Markets TR Index (NDUEEGF) over the six month period to 31 December 2016. Investment performance in the Emerging closed-end fund (CEF) strategy over the short term has been challenging. Our country allocation in 2016 was weak and this was compounded by poor net asset value (NAV) performances of the underlying CEFs. Discounts remain wide across the sector, with the current size-weighted average discount (SWAD) at c. 13%-14%, indicating significant value in the strategy.

With regards to business development, the Group continues to maintain an active pipeline across all of its major CEF offerings and has seen an increased interest in the diversification CEF strategies over the past 12 months. In total, the active pipeline is in excess of US\$400 million, which includes opportunities that are spread across Emerging and Developed Markets, Global Tactical Asset Allocation, Tactical Income, and Frontier CEF strategies.

Operations

As of the end of December the monthly "run-rate" for operating profit, before profit-share of c.30%, is approximately £1.4 million per month based upon current FuM. The Group estimates the unaudited profit before taxation for the six months ended 31 December 2016 to be approximately £5.8 million, which compares with £3.6 million for the equivalent period to 31 December 2015.

The Company is currently in a close period which will end with the publication of results for the six months ended 31 December 2016 on 20 February 2017.

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/2882U_-2017-1-16.pdf

Key assumptions:

(June 2016 comparatives in *Italics*)

- Starting point Current FuM (end December 2016)
- Net increase for the remainder of this financial year (straight-lined to June 2017):
 - emerging market CEF strategy US\$125m (*US\$250m over full year*)
 - non-emerging market CEF strategies US\$125m (*US\$250m over the full year*)
- Net increase in 2017/2018 (straight-lined to June 2018):
 - emerging market CEF strategy US\$125m
 - non-emerging market CEF strategies US\$125m
- Operating margin adjusted monthly for change in product mix and commission run-off
- Market growth: 0%
- Overheads for 2016/17: +10% compared to 2015/16 (*+5%*)
- Overheads for 2017/18: +11% compared to 2015/16
- EIP cost for 2016/17: 0.5% of operating profit
- EIP cost for 2017/18: 2% of operating profit
- Corporation tax based on an estimated average rate of 26% (*26%*)

- Exchange rate assumed to be £1/\$1.23 for entire period (*£1/US\$1.35*)
- Number of CLIG Shares in issue (26.9m) less those held by the ESOP Trust (1.7m) as at 31 December 2016 (*26.9 m CLIG shares in issue less 1.9m ESOP Trust holding*)

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

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