

City of London Investment Group PLC Shareholder Presentation

November 2020



CITY OF LONDON
Investment Group PLC

Table of Contents

▶ Presentation Team	2
▶ Snapshot	3
▶ Our Strategies & Objectives	4
▶ Consolidated Income	5
▶ Dividend Policy & History	6
▶ Karpus Management Inc (“KMI”) Merger	7
▶ KMI Merger – Integration Status	8
▶ CLIG Template	9
▶ CLIG – FuM by Line of Business	10
▶ Five Year Peer Group Quartile Chart	11
▶ Net Investment Flows	12
▶ CLIG – Client Diversification	13
▶ Growth Plans	14
▶ Appendices	15-18
▶ Disclosures	19

Presentation Team



Thomas Griffith, Chief Executive Officer

Tom joined City of London Investment Group in 2000, and was appointed Chief Operating Officer and an Executive Director of the Group in June 2004. In February 2018, he was appointed Deputy CEO by the Board as part of the multi-year transition plan for the Group Founder, CEO, and CIO, Barry Olliff. Tom was appointed CEO of the Group on 1st March 2019, prior to Mr. Olliff's retirement on 31st December 2019. Prior to joining City of London Investment 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, Group Director & Chief Investment Officer of CLIM

Mark was the EM CEF CIO of the Group before becoming Group CIO in March 2019. He rejoined City of London in May 2012 and has over 20 years investment experience. Prior to rejoining 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.



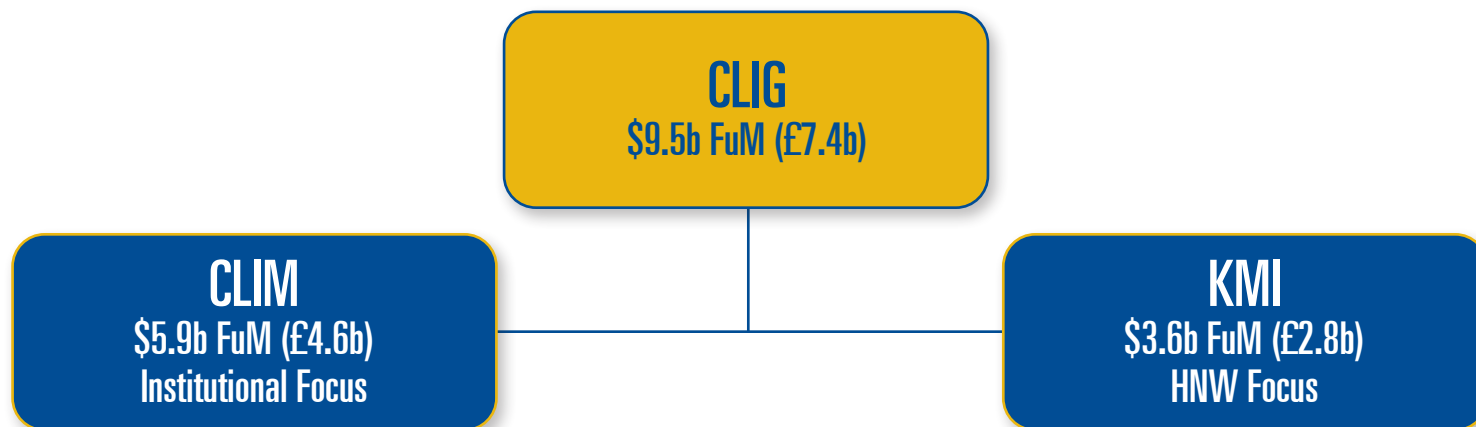
Deepranjan Agrawal, Head of Finance

Deep is the Head of Finance based in our London office. Deep joined the firm in January 2020 after spending over sixteen years with Deloitte and recently three years with RSM in their audit practice within the asset management industry. Deep has a wealth of relevant knowledge having served a range of audit clients in the asset management industry including large and small investment managers, Investment Trusts and UK authorised funds. Deep completed his Master of Commerce degree from the University of Pune, India and is a Chartered Accountant.

Snapshot, as of 1st October 2020*

An established and growing pure-play asset management business:

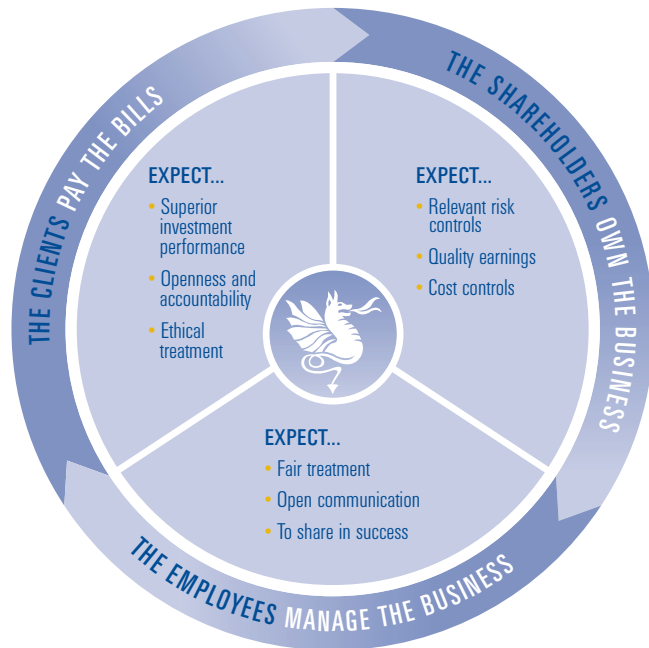
- ▶ \$9.5b (£7.4b) of Funds Under Management
 - Stable client base with a mix of Institutional and High Net Worth (“HNW”) clients
- ▶ CLIM and KMI** focus on investing via closed-end funds (CEFs)
 - Track record of outperformance over multiple market cycles
 - Team approach to investing
 - CLIM’s client base institutional and primarily equity focused
 - KMI’s client base primarily HNW and fixed-income / balanced focused



*Date of KMI acquisition

**CLIM is defined as City of London Investment Management Company Limited, and KMI is defined as Karpus Management Inc.

Our Strategy and Objectives



Our strategy and objectives are to support the three stakeholders in our business:

- 1) The Shareholders, who own the business*
- 2) The Employees, who manage the business*
- 3) The Clients, who pay the bills*

- ▶ **Outperform** - Add value through an investment cycle (5 years)
- ▶ **Retain Employees** - Long-term view with regard to remuneration
- ▶ **Increase FUM** - CLIM has an institutional focus, KMI has a HNW focus
- ▶ **Open Shareholder Dealings** - Remain available and accountable to our owners
- ▶ **Control Costs** - Maintain a strict cost structure
- ▶ **Business Growth & Diversification** - Enhance long-term value to shareholders
- ▶ **Corporate Citizenship** - Corporations have a responsibility for and within, the community

Consolidated Income for Years Ended 30th June

	2020	2019	
Funds under Management (at period end)	\$5.5b	\$5.4b	
Year end exchange rate USD/GBP	1.2401	1.2696	
	£'000	£'000	
Gross fee income	33,263	31,933	
Finder's commission	(167)	(752)	
Custody & administration	(1,425)	(1,327)	
Net fee income	31,671	29,854	
Interest	(57)	89	
Total net income	31,614	29,943	
Total overheads	12,967	12,919	
Operating profit	18,647	17,024	
Profit-share	(6,180)	(5,580)	
EIP	(925)	(851)	
Pre-tax profit before Investment (loss) / gain and exceptional item	11,542	10,593	
Investment (loss) / gain	(887)	804	
Acquisition - related costs	(1,248)	0	
Pre-tax profit	9,407	11,397	
Tax	(2,041)	(2,352)	
Post-tax profit	7,366	9,045	
Profit attributable to:	Non- controlling interests	(194)	246
	Equity shareholders	7,560	8,799
EPS	Basic	30.3p	34.9p
	Diluted	29.5p	34.1p
Dividend	Interim	10.0p	9.0p
	Special	-	13.5p
	Final	20.0p	18.0p

Dividend Policy & History

- ▶ Established policy of distributing a proportion of net profits by way of ordinary dividends
- ▶ Adoption of a 1.20 coverage ratio over a rolling five-year period

	2015-16		2016-17		2017-18		2018-19		2019-20	
	Per Share	Total (£ k)	Per Share	Total (£ k)	Per Share	Total (£ k)	Per Share	Total (£ k)	Per Share	Total (£ k)
Interim	8p	1,997	8p	2,027	9p	2,295	9p	2,270	10p	2,488
Final	16p	4,021	17p	4,331	18p	4,544	18p	4,505	20p	4,979
Total	24p	6,018	25p	6,358	27p	6,839	27p	6,775	30p	7,467
Profit attributable to shareholders		5,791		9,290		10,060		8,799		7,560*
Rolling 5 year average coverage ratio		1.07		1.09		1.17		1.26		1.24
Special Dividend							13.5p	3,405		

**Profit attributable to shareholders are after charging exceptional costs of £1.2m in relation to KMI acquisition-related costs.*

Karpus Management Inc (“KMI”) Merger

- ▶ KMI well known to CLIG management for several years
- ▶ KMI is now a 100% wholly owned subsidiary of CLIG
 - All share transaction, equated to total consideration of £102m / \$132m*
 - KMI shareholders own 48% of CLIG via issuance of 24.1m new shares
 - George Karpus and concert party shareholders own c.38%** of CLIG
 - Lock-up agreement for 12 months hard (plus 12 months soft)
- ▶ Merger completed on 1st October, 2020
- ▶ Reinforces Group’s presence in US and offers client & asset class diversification
- ▶ Potential to be earnings enhancing for first full financial year following completion
- ▶ Group dividend policy unchanged

**Based on closing share price on 30th September, 2020 of £4.22, used for completion of Merger on 1st October, 2020.*

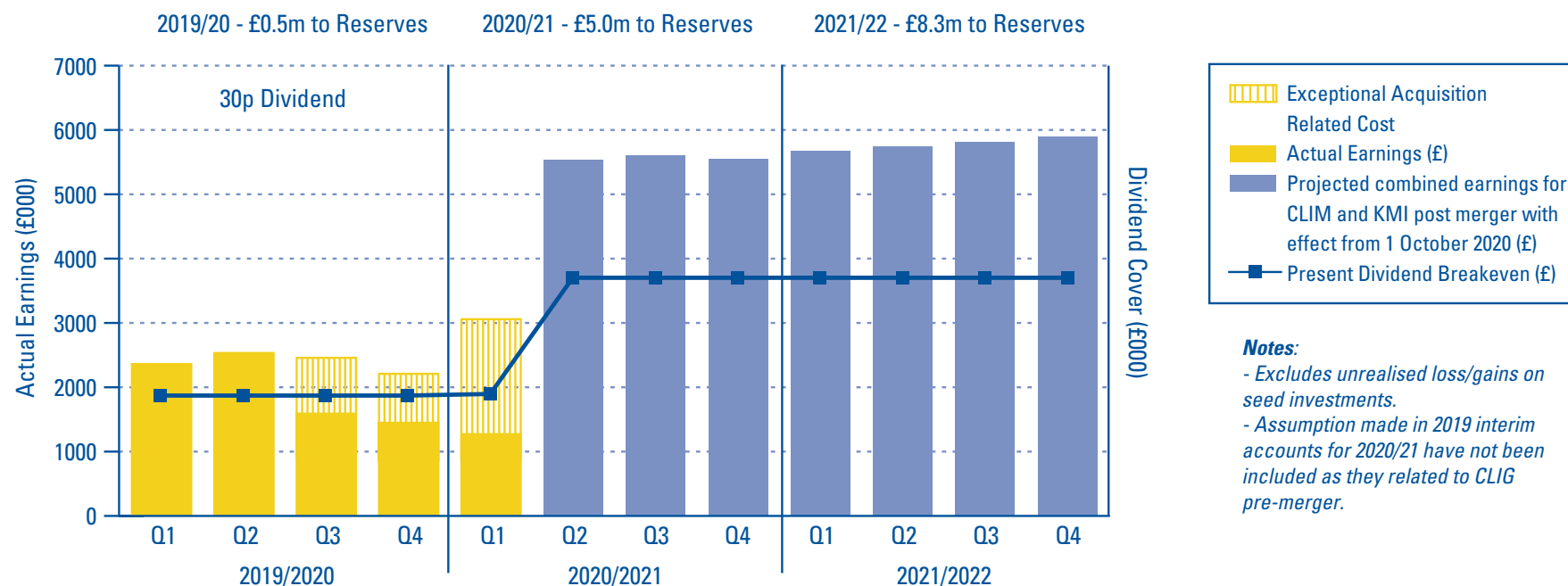
***Voting rights limited to 24.99%*

KMI Merger - Integration Status

- ▶ Tom Griffith and Carlos Yuste appointed to KMI Board
- ▶ George Karpus retired as an executive at KMI on 30th September, 2020
- ▶ Management structure in place at KMI
- ▶ IT and Finance function integration in progress
- ▶ Investment Management teams remain independent and regulated separately
- ▶ CLIG Board appointed 2 Directors from KMI:
 - George Karpus - Non-Independent, Non-Executive Director
 - Dan Lippincott - Executive Director

CLIG Template – For Guidance Purposes Only*

Dividend Cover – Actual and Assumed Over Three Financial Years



Notes:

- Excludes unrealised loss/gains on seed investments.
- Assumption made in 2019 interim accounts for 2020/21 have not been included as they related to CLIG pre-merger.

Key Assumptions:

- Number of CLIG Shares in issue (26.6m) less those held by the Employee Benefit Trust (1.7m) as at 30 Sep 2020
- Number of CLIG Shares in issue (50.7m) less those held by the Employee Benefit Trust (1.7m) as at 01 Oct 2020
- Excludes unrealised loss/gains on seed investments.
- Excludes amortisation of any intangibles arising on the merger

- Starting FuM as at:
- Net increase in FuM for the remainder of this financial year (straight-lined to June 2021):
- Net increase in FuM in 2021/2022 (straight-lined to June 2022):
- Market growth:
- Overheads for 2020/21:
- Overheads for 2021/22:
- Corporation tax based on an estimated average rate
- Exchange rate assumed to be for entire period

	CLIM	KMI
1-Oct-20	1-Oct-20	1-Oct-20
	zero	zero
	US\$250m	US\$135m
	0%	0%
	no change	no change
	+3% compared to 2020/21	no change
	21%	24%
	£1/\$1.27	£1/\$1.27

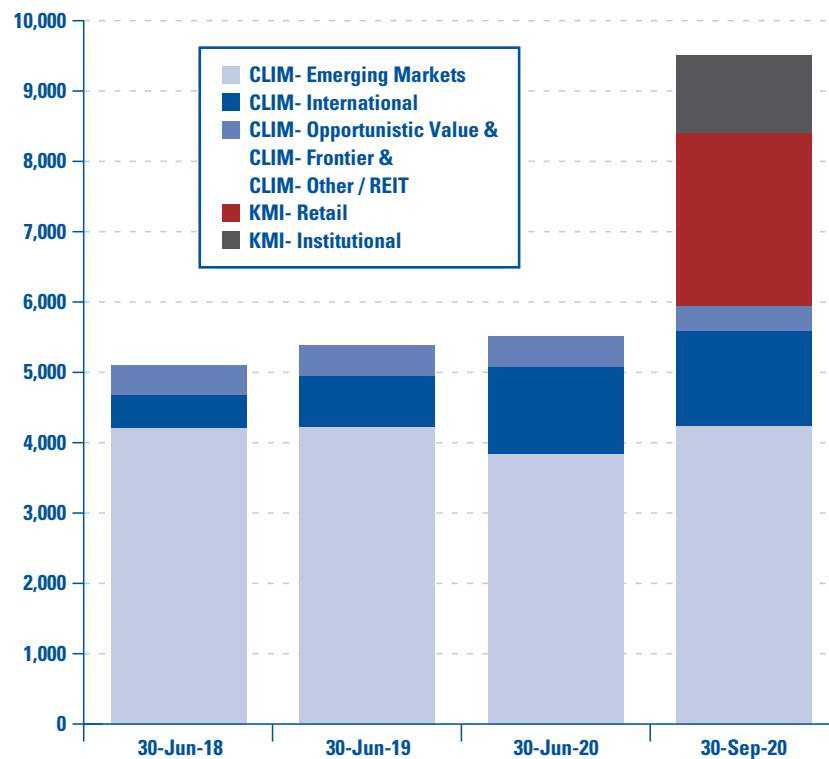
*Any forward-looking statements are based on certain factors and assumptions that have not been independently verified, which may prove incorrect, and are subject to risks, uncertainties and assumptions relating to future events, the Group's operations, results of operations, growth strategy and liquidity.

CLIG - FuM by Line of Business

CLIM (\$m)	30-Jun-18	30-Jun-19	30-Jun-20	30-Sep-20
Emerging Markets	4,207	4,221	3,828	4,235
International	480	729	1,244	1,355
Opportunistic Value	174	233	256	268
Frontier	245	206	175	72
Other / REIT	1	7	9	10
CLIM Total	5,107	5,396	5,512	5,940

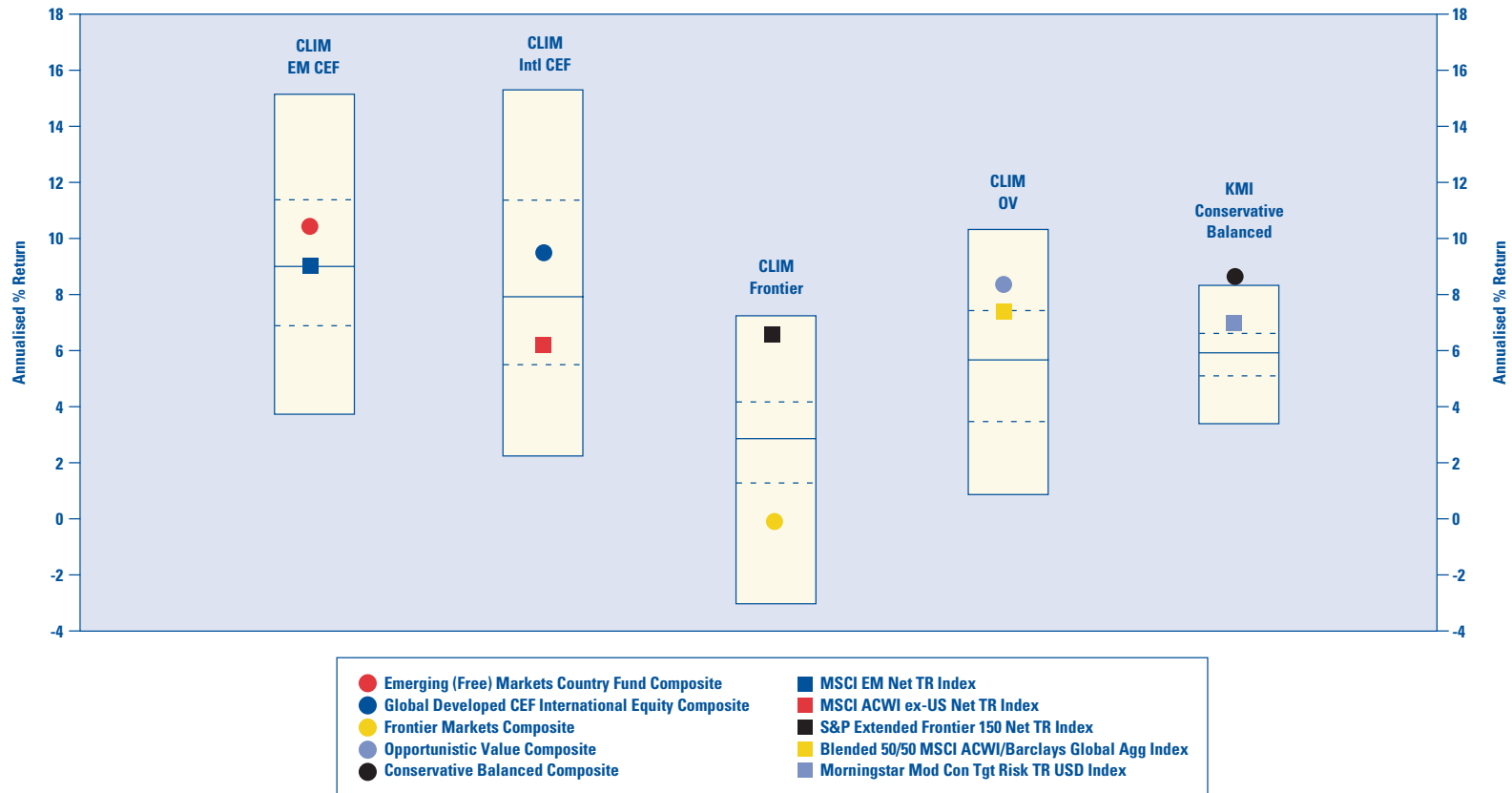
KMI (\$m)	30-Jun-18	30-Jun-19	30-Jun-20	30-Sep-20
Retail	2,098	2,291	2,401	2,469
Institutional	1,019	1,105	1,087	1,109
KMI Total	3,117	3,395	3,488	3,578

Combined Total (\$m) **9,518**



Five Year Peer Group* Quartile Chart

► CLIG's investment teams have produced solid long-term investment results for our clients



*CLIM and KMI returns are compared to their respective eVestment and Morningstar universes. The above returns are annualized and presented as gross of fees performance figures, which do not reflect the deduction of investment management fees. The Emerging (Free) Markets Country Fund Composite and MSCI EM Net TR Index are shown against the eVestment Global Emerging Markets Equity Universe of which 93.7% has been updated. The Global Developed CEF International Equity Composite and MSCI ACWI ex-US Net TR Index are shown against the eVestment All ACWI ex-US Equity Universe of which 96.6% has been updated. The Frontier Markets Composite and the S&P Extended Frontier 150 Net TR Index are shown against the eVestment Frontier Markets Equity Universe of which 94.5% has been updated. The Opportunistic Value Composite and the Blended 50/50 MSCI ACWI/Barclays Global Agg Index are shown against the eVestment All Global Balanced/TAA Universe of which 90.3% has been updated. The KMI Conservative Balanced Composite and Morningstar Mod Con Tgt Risk TR USD Index are shown against the Morningstar Separate Accounts - U.S. - Allocation--30% to 50% Equity Universe. Data is as of 30 September 2020. Past performance is no guarantee of future results.

Source: eVestment Analytics System, BNY Mellon, City of London Investment Management Company Limited, MSCI, S&P, Barclays, Morningstar, Karpus Management Inc.

Net Investment Flows

(US\$000's)	FYE June 2018	FYE June 2019	FYE June 2020	FY 2021, as of September 2020
Emerging Markets	(215,083)	(183,521)	(279,459)	38,518
International	279,394	252,883	551,102	(9,825)
Opportunistic Value	54,251	48,236	45,914	(5,015)
Frontier	67,000	(21,336)	16,178	(107,000)
REIT	-	6,000	4,600	-
CLIM Total	185,562	102,262	338,335	(83,322)

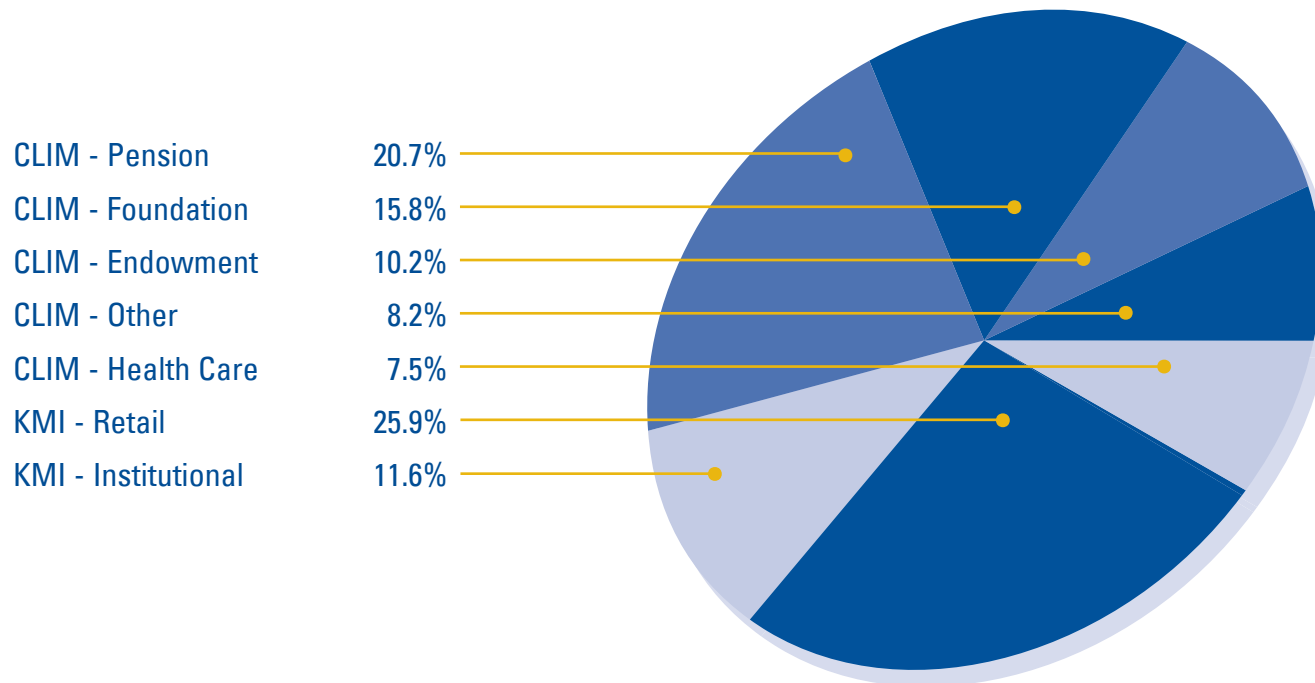
(US\$000's)	FYE June 2018	FYE June 2019	FYE June 2020	FY 2021, as of September 2020
Retail	46,550	33,701	26,323	(24,407)
Institutional	(107,410)	9,050	(67,087)	(20,264)
KMI Total	(60,860)	42,751	(40,764)	(44,671)

CLIG - Client Diversification

- ▶ CLIM's client base is primarily US based and institutional
- ▶ KMI's client base is primarily HNW individuals

Client Type*

As a Percentage of Total Assets (%)



*As at 30 September 2020. *Client Type is a combination of segregated and fund mandates*

Growth Plans

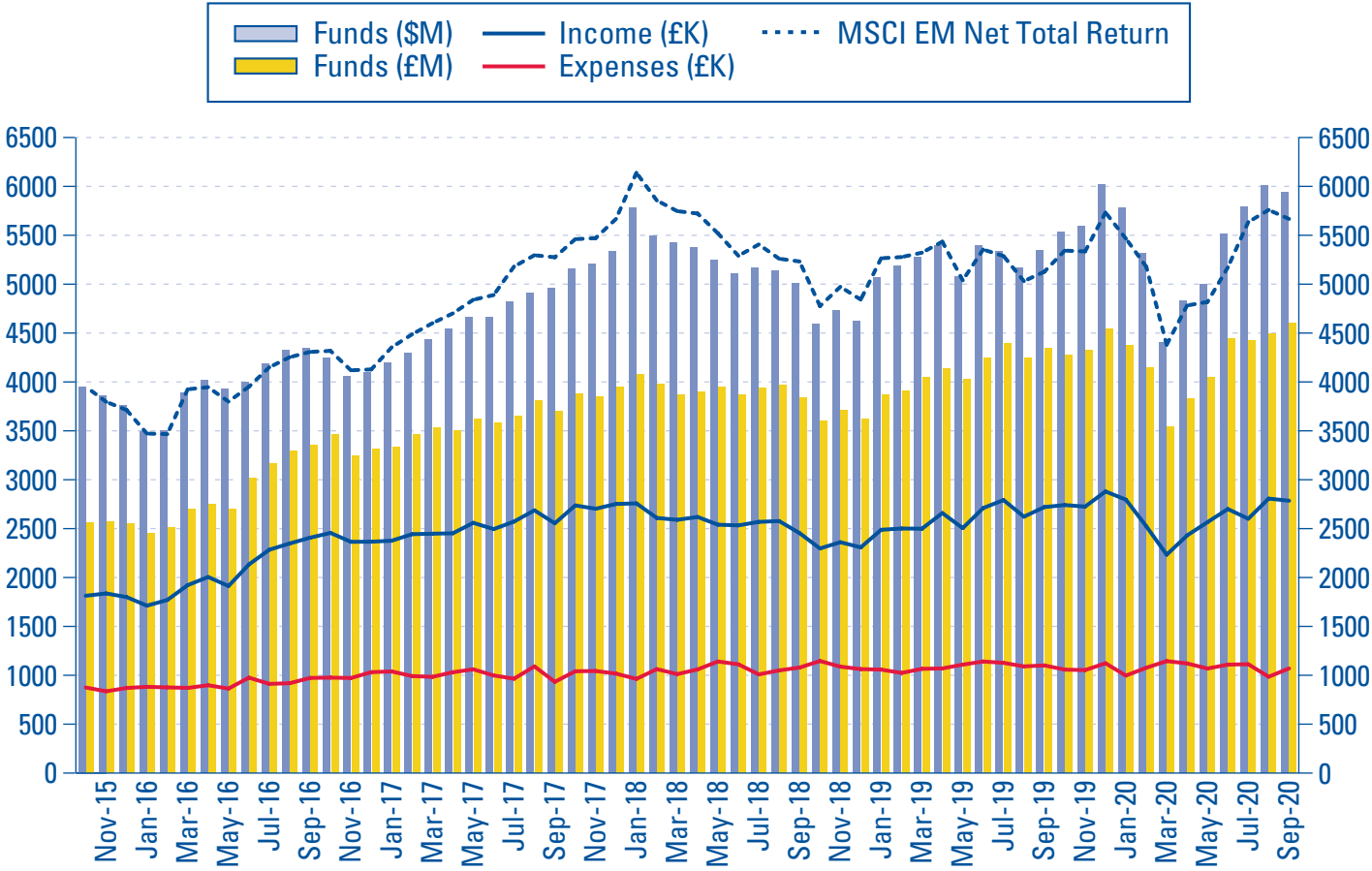
- ▶ Increase range of investment markets to be covered, building upon our core expertise
- ▶ CLIM International Markets and Opportunistic Value Strategies now approximately \$1.6b of FUM
- ▶ CLIM hired an experienced REIT team- EM & International REIT Funds launched in January 2019
- ▶ KMI marketing focused on HNW individuals and the Registered Investment Advisor channel in the US
- ▶ Recruiting, encouraging and retaining team talent

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

Relationship Between CLIM's Benchmark and FUM

Rolling 60 Months Funds Under Management and Profitability Pre-Merger

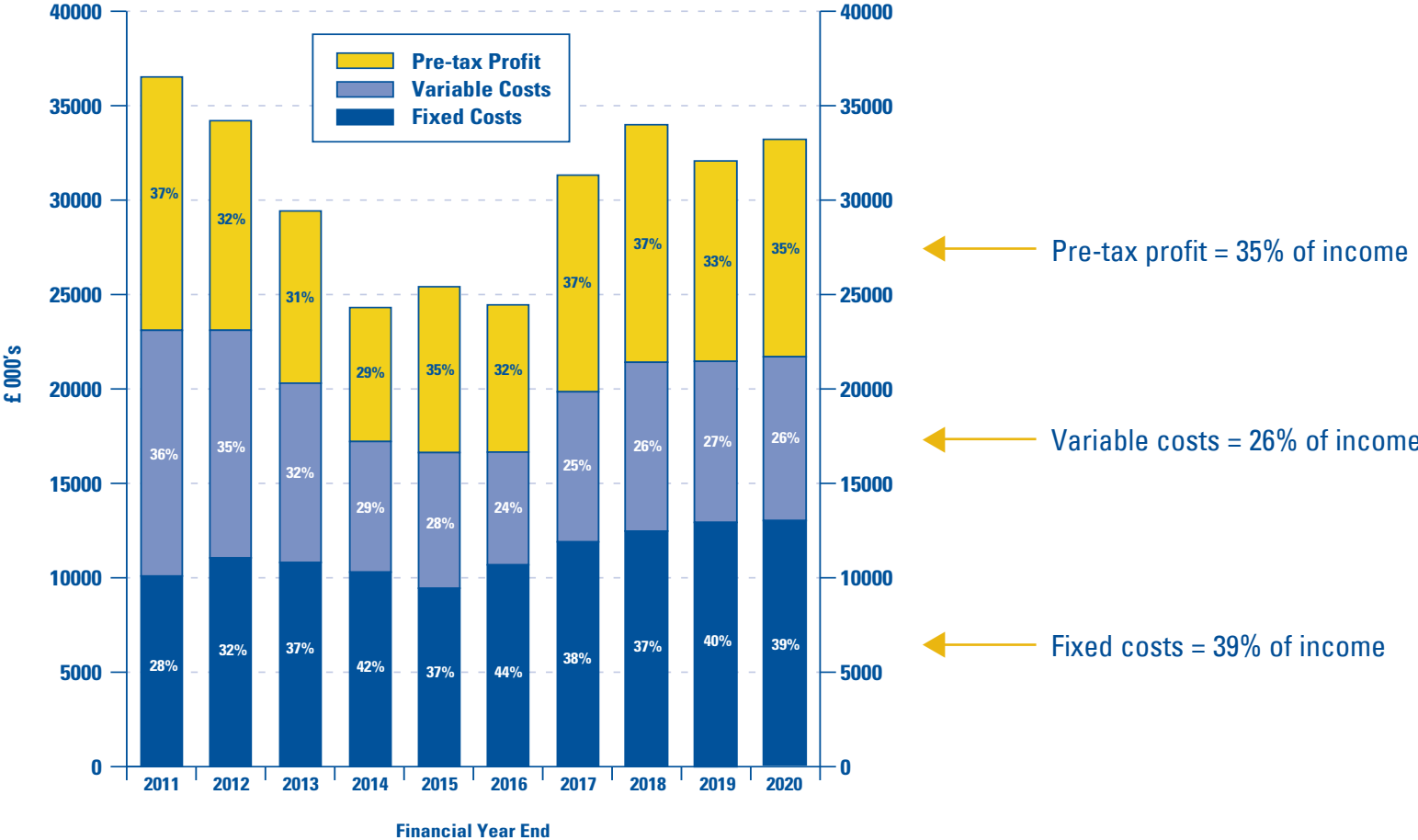
(Excludes extraordinary items of income and expense)



Past performance is no guarantee of future results.

Source: City of London Investment Management, MSCI

Fixed Versus Variable Costs Pre-Merger



Note: Excludes extraordinary items of income and expense, including £1.2m acquisition-related costs in 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** – Group admitted to AIM
- ▶ **2007** – Dubai office opened
- ▶ **2009** – Launch of International CEF Strategy
- ▶ **2010** – Group admitted to Official List (Premium Segment)
- ▶ **2012 & 2013** – Granted Qualified Foreign Institutional Investors (QFII) scheme in China
- ▶ **2015** – Opened West Coast (US) office
- ▶ **2019** – Launch of EM and International REIT funds
- ▶ **2020** – Completes transaction with Karpus Management Inc for 100% ownership

Shareholders

As at 30 October 2020

	%
George Karpus	31.5%
Barry Olliff	3.7%
Other Directors, Staff & EBT	12.6%
Subtotal	47.8%
APQ Global Limited	3.3%
Other	48.9%
Total	100.0%

Important Notice

City of London Investment Group plc (CLIG) (registered in England and Wales No. 2685257). City of London Investment Management Company Limited (CLIM) (registered in England and Wales No. 2851236) is a wholly owned subsidiary of CLIG. Both CLIM and CLIG have their registered office at 77 Gracechurch Street, London, EC3V 0AS, United Kingdom. CLIM is authorised and regulated by the Financial Conduct Authority (FCA), registered as an Investment Advisor with the Securities and Exchange Commission (SEC) and regulated by the Dubai Financial Services Authority (DFSA). Karpus Management Inc. (KMI) (registered in the State of New York No. 1136419) is registered as an Investment Advisor with the SEC and is a wholly owned subsidiary of CLIG.

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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Changes in currency exchange rates will affect the value of the investment. Past performance is no guarantee of future results.

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