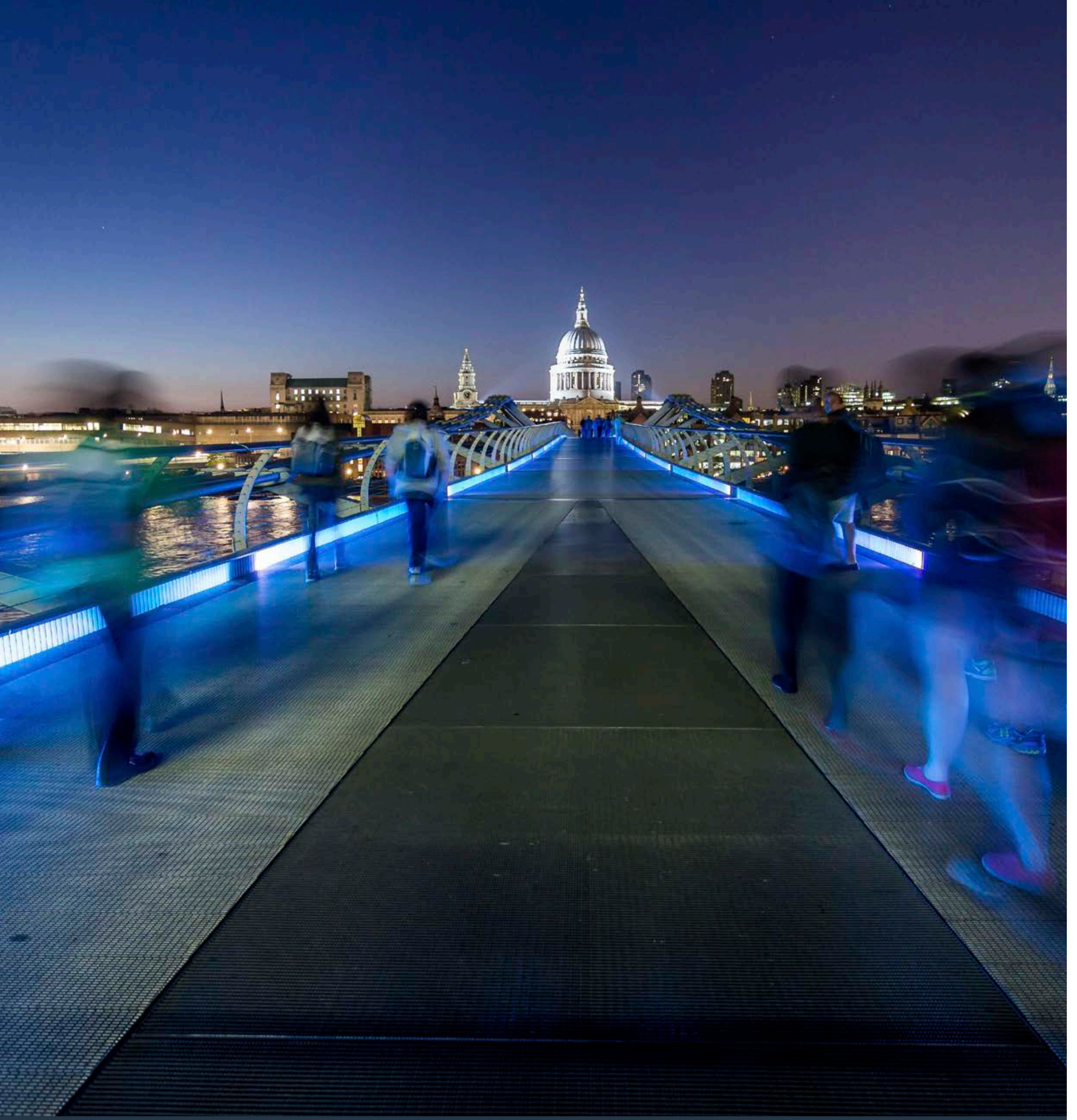
Annual Report 2023

The City of London Investment Trust plc

57 YEARS CONTINUOUS DIVIDEND GROWTH

aic DIVIDEND HERO

MANAGED BY
Janus Henderson
INVESTORS



Strategic Report

Objective

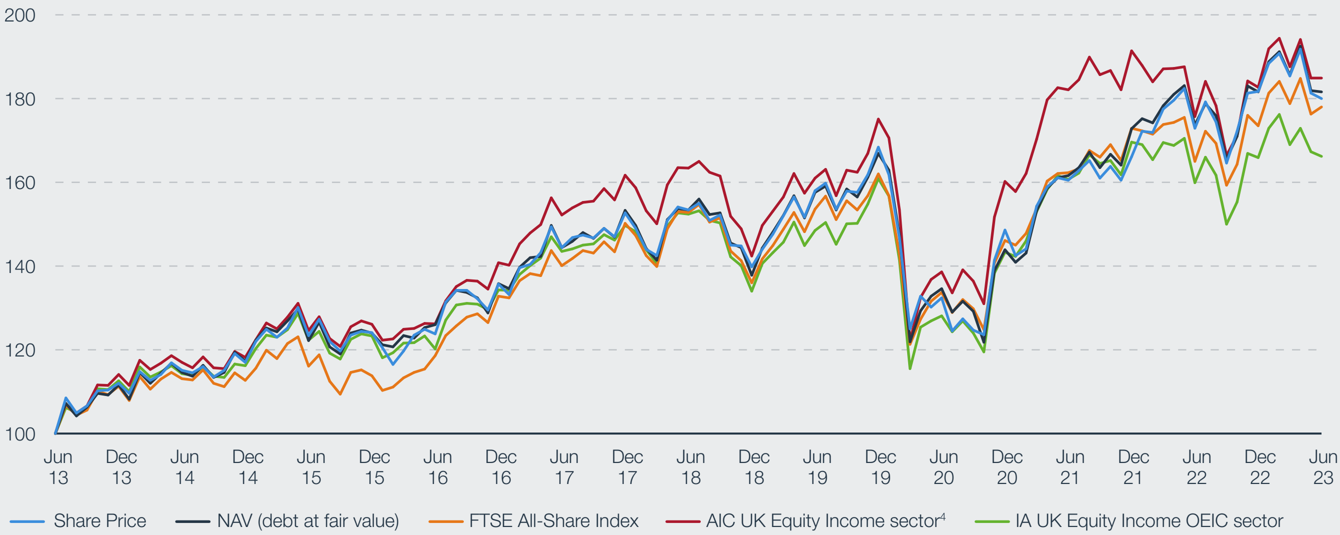
The Company's objective is to provide long-term growth in income and capital, principally by investment in equities listed on the London Stock Exchange. The Board fully recognises the importance of dividend income to shareholders.

Performance at 30 June

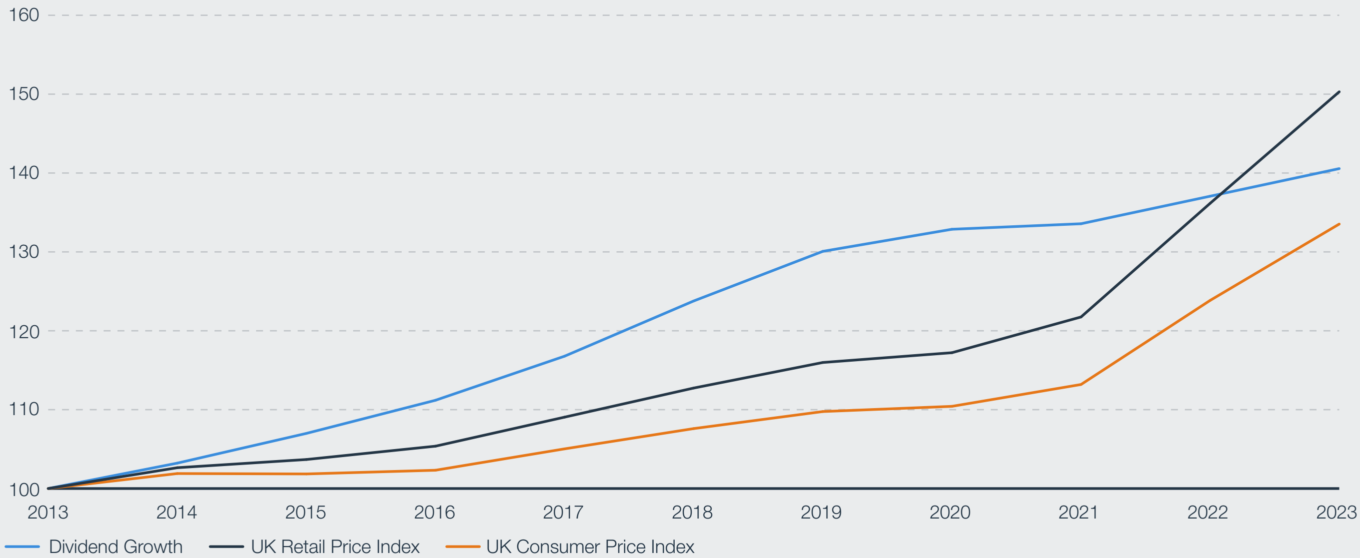
Total Return Performance for year to 30 June 2023

	2023 %	2022 %
NAV[1]	4.5	7.5
Share price[2]	4.1	7.7
FTSE All-Share Index (Benchmark)	7.9	1.6
AIC UK Equity Income sector[3]	8.1	-1.5
IA UK Equity Income OEIC sector	4.0	-0.5

Total Return Performance for 10 years to 30 June 2023 (rebased to 100)



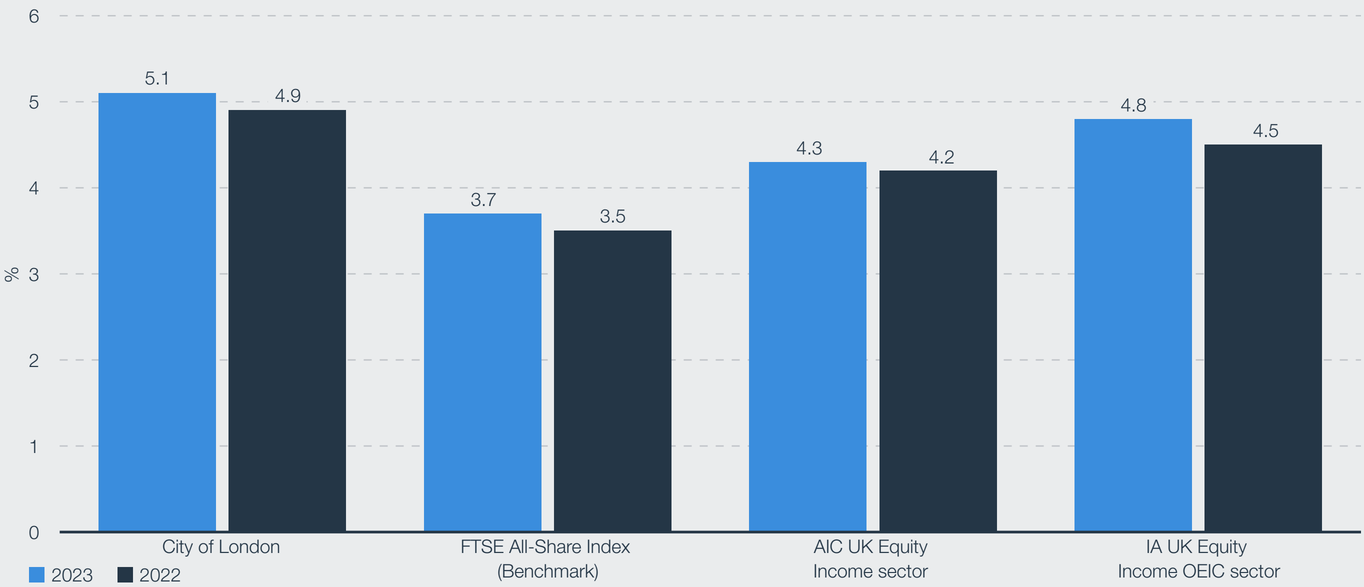
Dividend Growth compared with the Retail Price Index ("RPI") and Consumer Price Index ("CPI") for the 10 years to 30 June 2023 (rebased to 100)



Performance at 30 June

	2023	2022
NAV per share	385.2p	390.9p
Premium	3.1%	2.5%
NAV per share (debt at fair value)	391.2p	393.5p
Premium (debt at fair value)	1.5%	1.8%
Share price	397.0p	400.5p
Gearing at year end	6.2%	7.1%
Revenue earnings per share	20.1p	20.7p
Dividends per share	20.1p	19.6p
Ongoing charge for the year[5]	0.37%	0.37%
Revenue reserve per share	8.9p	9.5p

Dividend Yields



1 Net asset value ("NAV") per ordinary share total return with debt at fair value (including dividends reinvested)
2 Share price total return using mid-market closing price
3 AIC UK Equity Income sector size weighted average NAV total return (shareholders' funds)
4 AIC UK Equity Income sector NAV total return calculated on a simple average basis
5 Calculated using the methodology prescribed by the Association of Investment Companies ("AIC")

Sources: Morningstar Direct, Janus Henderson, Refinitiv Datastream

A glossary of terms is on page 89 and Alternative Performance Measures on pages 87 and 88

The City of London Story

A Brief History

The Company was formed as City of London Brewery Company in 1860 to acquire Calverts, a family brewing business at Upper Thames Street in the City of London, registering as a limited company in 1891. The brewery had extensive interests in the licensed premises trade.

Photo credit: Keith Osbourne

In 1932, the name was changed to The City of London Brewery and Investment Trust Limited, parts of the business having been sold and the proceeds invested in securities according to investment trust principles. In 1968, the remaining part of the brewery business was sold and the Company concentrated exclusively on investments in securities.

In 1970, the Company appointed Touche, Remnant & Co. as Investment Manager and in 1982 the name was changed to TR City of London Trust PLC. In 1992, Touche, Remnant & Co. was acquired by Henderson Administration Group plc. The name of the Company was changed to The City of London Investment Trust plc in October 1997.

The Company has grown significantly with a strong performance record. Invested mainly in UK equities with a bias towards large, multinational companies and a conservative approach to portfolio composition, it prioritises sustainable income and long-term capital growth.

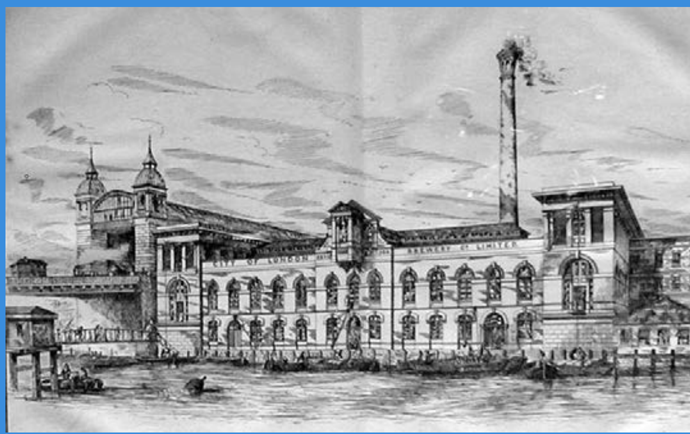
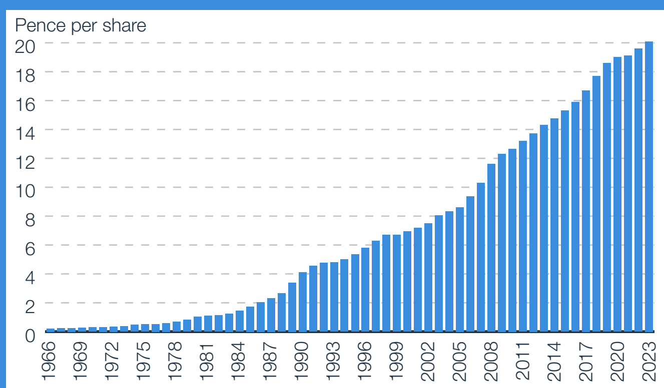


Photo credit: The Brewery History Society (custodians)

The Company has increased its dividend every year since 1966 and this 57 year record is the longest of any investment trust.

In May 2017, Henderson Group plc merged with Janus Capital Group Inc. to become Janus Henderson Group plc which is quoted on the New York and Australian Stock Exchanges.

City of London: 57 Years of Dividend Growth



Source: Janus Henderson

History of income growth

The summer of 1966 was significant for English football fans as it was the first (and most recent) time that England's mens team won the World Cup. It was also the start of City of London's dividend growth track record which has continued uninterrupted for 57 years.

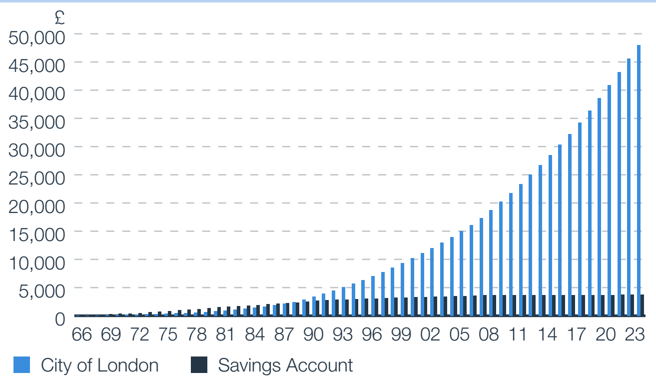
Over that time, an initial investment of:

£1,000 in **CITY OF LONDON** has yielded investors **£48,000** in gross income, assuming that they had not reinvested their income.

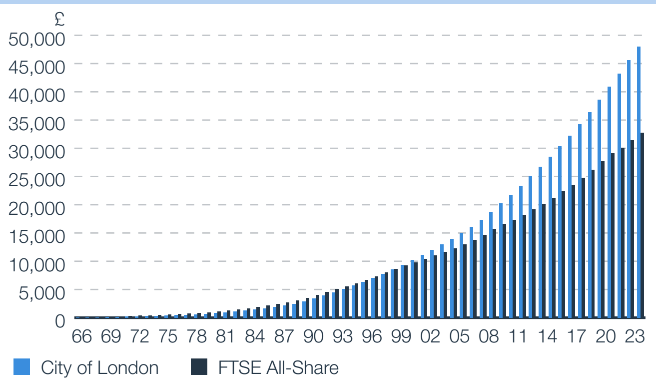
This compares to just **£3,800** earned from a **SAVINGS ACCOUNT**, based on the Bank of England base rate, or

£32,800 paid out by the **UK EQUITY MARKET**, as measured by the FTSE All-Share Index over the same period.

Cumulative income received from £1,000 initial investment



Source: Janus Henderson and Refinitiv Datastream

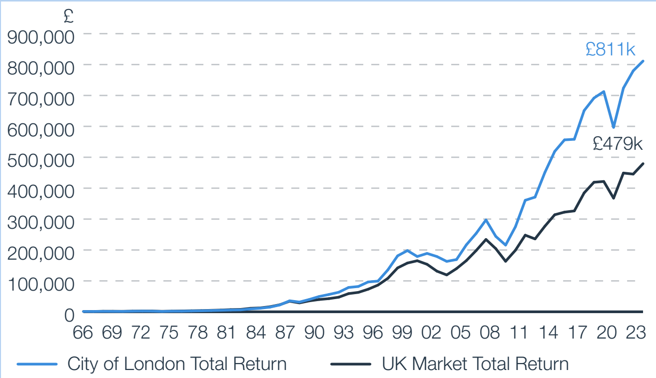


Source: Janus Henderson and Refinitiv Datastream

Compounding income and total return

While City of London has provided investors with a growing source of income, the Company has also delivered strong long-term capital growth on a total return basis. If investors had reinvested their dividends back into shares in the Company over the period since 1966, an initial investment of £1,000 would be worth £811,000 today. For comparison, an investment of £1,000 in the UK market, as measured by the Datastream UK Market Index (data for the FTSE All-Share Index total return only goes back to 1986) over 57 years would be worth £479,000 on a comparable total return basis. This comparison demonstrates a significant outperformance by City of London over the long term.

City of London total return from a £1,000 initial investment



Source: Janus Henderson and Refinitiv Datastream

Reserves

One of the main advantages of investment trusts is their ability to retain surplus income and create revenue reserves. These reserves can be added to in profitable years and paid out in the leaner years, thereby smoothing the level of dividend payments to shareholders where appropriate. While the investment process for City of London aims to avoid companies that cannot sustain dividend payments and the diversification of the portfolio limits the impact of any dividend cuts, the use of revenue reserves and the ability, also, to distribute capital reserves arising from gains realised from investments sold provide powerful protection for the dividend in challenging market conditions.

City of London's dividend growth track record and strong reserves position should give investors comfort over the long term.

Chairman's Statement

Sir Laurie Magnus
Chairman

"City of London's total return of 4.5%, whilst underperforming the FTSE All-Share Index, should be considered in the light of its longer-term outperformance and its consistent 57-year record of annual dividend increases."

Chairman's Statement

City of London produced a net asset value ("NAV") total return of 4.5%, which compares with a total return of 7.9% for the FTSE All-Share Index. Although this most recent underperformance is disappointing, City of London's portfolio is managed for the long term and its NAV total return has exceeded the FTSE All-Share Index over 3, 5 and 10 years. The dividend was increased for the 57th year and covered by earnings per share.

The Markets

Financial markets throughout the year have remained challenging for investors, with the war in Ukraine and tensions in Asia causing fluctuations in the cost of raw materials and energy. The fight against inflation took centre stage in developed economies, with the Federal Reserve, the European Central Bank and the Bank of England all increasing interest rates (the latter by a factor of 4 times from 1.25% to 5.0% during the 12 months). UK inflation was more persistent and elevated than inflation in the US and Continental Europe, but the UK economy narrowly avoided a recession.

The UK stock market produced a total return of 7.9%, as measured by the FTSE All-Share Index. Large companies outperformed, with the FTSE 100 Index (comprising the largest UK listed companies) returning 9.2% helped by its heavy weighting in oil companies and banks. Oil company shares outperformed despite the oil price moving down over the 12 months. Banks benefited from the positive effect of rising interest rates on their net interest margins while impairments remained at a low level. The FTSE 250 Index of medium-sized companies and the FTSE SmallCap Index underperformed, with respective returns of 1.9% and 1.2%, weighed down by their greater bias towards UK domestic cyclicals.

Performance

Earnings and Dividends

City of London's revenue earnings per share declined by 2.8% to 20.14p. This compares with an increase in revenue earnings per share of 21.2% in the previous year, when we benefited from large dividends from our investments in mining companies. Special dividends, accounted as income, declined by £3.8 million to £2.5 million, reflecting the non-recurrence of these special dividends from Anglo American, BHP and Rio Tinto. Elsewhere in the portfolio, there was significant dividend growth from oil companies and banks, continuing the recovery from the dividend cuts and suspensions during the pandemic.

Although our dividend increase was considerably lower than inflation over the 12 months, City of London has increased its dividend by 40.6% over the last 10 years compared with a cumulative increase in UK CPI inflation of 33.5%. The Board fully understands the importance of growing the dividend in real terms through the economic cycle.

Expenses remained under tight control, with our ongoing charge of 0.37% being very competitive when compared with other actively managed funds. Our revenue reserve increased by £0.7 million to £44.3 million, but revenue reserves per share declined by 0.6p to 8.9p due to the increase in the number of shares in issue. The Board considers that maintaining a revenue reserve surplus is important, particularly given the varied timing of dividend receipts throughout the year from investee companies and the experience during the pandemic when, in response to sudden dividend cuts and suspensions, it was necessary to draw on revenue reserves to cover dividends paid to shareholders. It should be noted that the capital reserve arising from capital gains on investments sold, which could help fund dividend payments, rose by £18.0 million to £344.6 million.

NAV Total Return

City of London's NAV total return of 4.5% was 3.4 percentage points behind the FTSE All-Share Index. Gearing contributed positively by 1.1 percentage points due to the decline in fair value of our secured debt. The £30 million 2.67% secured notes maturing in 2046 and the £50 million 2.94% secured notes maturing in 2049 provide low-cost debt financing over the next quarter of a century for investment in equities.

Stock selection detracted by 4.3 percentage points. The biggest stock detractor was Direct Line Insurance followed by Persimmon, the housebuilder. At a sector level, our underweight position in travel & leisure was the biggest detractor and not holding Flutter Entertainment, the betting company, the third biggest stock detractor. The stake in Verizon Communications, the US telecommunications provider, was also a notable stock detractor. On a more positive note, 3i, the investor in private companies, was the biggest stock contributor, followed by Munich Re, the reinsurer.

City of London's NAV total return was behind the FTSE All-Share Index over 1 year but, as mentioned in the introduction, ahead over 3, 5 and 10 years. Against the AIC UK Equity Income sector average, City of London was behind over 1 and 10 years but ahead over 3 and 5 years. Against the IA UK Equity Income OEIC sector average, City of London was ahead over 1, 3, 5 and 10 years.

Share Issues

City of London's ordinary shares have again been in strong demand during the year and continued to trade at a premium. 38 million shares were issued at a premium to NAV for proceeds of £153.3 million. Issuing shares at a premium enhances NAV and spreads costs across a larger asset base. Over the past ten years, City of London has issued 240 million shares at a premium to NAV, increasing our share capital by 93%.

Chairman's Statement (continued)

Environmental, Social and Governance

The Fund Manager and Deputy Fund Manager give careful consideration to environmental, social and governance ("ESG") related risks and opportunities when selecting stocks for the portfolio. An analysis by MSCI, a company widely used in ESG analytics, shows that City of London's portfolio continues to rate slightly better for ESG risks compared with the FTSE All-Share Index. ESG matters are reported on at each Board meeting, including how shareholdings have been voted on resolutions at investee company meetings. Please see pages 30 to 33 for more details of the analysis by MSCI and a description of how ESG considerations feature in the investment decision making process.

Annual General Meeting

The 2023 Annual General Meeting ("AGM") will be held at the offices of Janus Henderson, 201 Bishopsgate, London EC2M 3AE on Tuesday, 31 October 2023 at 2.30pm. The meeting will include a presentation by our Fund Manager, Job Curtis, and Deputy Fund Manager, David Smith. Any shareholder who is unable to travel is encouraged to join virtually by Zoom, the conference software provider. There will, as usual, be live voting for those physically present at the AGM but we cannot offer live voting via Zoom because of technical restrictions. We therefore request all shareholders, and particularly those who cannot attend physically, to submit their votes by proxy to ensure their vote counts at the AGM.

Outlook

Over two-thirds of revenues earned by the companies in City of London's portfolio comes from overseas. Whilst this diversification is helpful given the relative economic weakness of the UK, prospects for the global economy remain very uncertain. The war in Ukraine has no end in sight, there is continuing tension with China, the outcome of the increasingly fractious US election campaign remains in doubt and recent climatic events across the world have demonstrated the severe risks of climate change.

A further uncertainty arises from the coordinated actions by central banks to use the levers of monetary policy, and most directly higher interest rates, to curb inflation. The implications of this will take some time to show their effect, but it is already clear that a return to the cheap lending rates that have prevailed for the last 15 years will not recur. Households will experience a significant increase in interest costs as their fixed rate mortgages are rolled over, as will businesses when their existing debt matures. Over time, although the rate of inflation should continue to fall as increases in energy prices drop out of the annual calculation, this will affect the behaviour of consumers, with consequences for corporate profits and investment.

UK listed shares in general continue to trade at lower valuations relative to comparable businesses overseas. The reasons for this include continuing investor scepticism concerning the benefits of Brexit, the preponderance of "value" stocks (such as banks and energy companies) relative to "growth" stocks (such as technology including AI), the lack of domestic support because many UK investment institutions favour fixed interest in their asset allocations and the prospect of a more interventionist Labour government. These lower comparable valuations, however, offer potential rewards for City of London as both private equity firms and overseas businesses take advantage of opportunities to use the UK's open markets to secure attractive acquisitions. It remains the case that UK equities offer compelling dividend yields relative to the main alternative equity markets and, on this basis, UK investors can reasonably take the view that they are being "paid to hold on" until valuations improve.

City of London has grown its dividend for 57 years during periods of high and low inflation and, at times, political instability in the UK and overseas. Our portfolio has, at its core, good quality and cash generative companies that are well placed to deliver reliable and competitive returns.

Sir Laurie Magnus CBE
Chairman
19 September 2023

Portfolio Snapshot

Forty Largest Investments as at 30 June 2023

The 40 largest investments, representing 78.22% of the portfolio, are listed below.

Position	Company	Sector	Market value £'000	Portfolio %
1	Shell	Oil, Gas and Coal	78,731	3.87
2	BAE Systems	Aerospace and Defence	71,843	3.53
3	HSBC	Banks	69,941	3.44
4	Unilever	Personal Care, Drug and Grocery Stores	68,019	3.34
5	British American Tobacco	Tobacco	67,795	3.33
6	RELX	Media	66,830	3.28
7	Diageo	Beverages	66,219	3.26
8	AstraZeneca	Pharmaceuticals and Biotechnology	60,327	2.97
9	BP	Oil, Gas and Coal	57,752	2.84
10	Imperial Brands	Tobacco	49,967	2.46
Top 10			**657,424**	**32.32**
11	3i	Investment Banking and Brokerage Services	49,623	2.44
12	Tesco	Personal Care, Drug and Grocery Stores	49,183	2.42
13	Rio Tinto	Industrial Metals and Mining	46,360	2.28
14	Phoenix	Life Insurance	46,001	2.26
15	M&G	Investment Banking and Brokerage Services	45,936	2.25
16	National Grid	Gas, Water and Multi-utilities	45,552	2.24
17	SSE	Electricity	44,552	2.19
18	Legal & General	Life Insurance	38,624	1.90
19	St. James's Place	Investment Banking and Brokerage Services	38,062	1.87
20	Lloyds Banking	Banks	36,616	1.80
Top 20			**1,097,933**	**53.97**
21	Glencore	Industrial Metals and Mining	35,560	1.75
22	Schroders	Investment Banking and Brokerage Services	32,353	1.59
23	GlaxoSmithKline	Pharmaceuticals and Biotechnology	31,831	1.56
24	Reckitt Benckiser	Personal Care, Drug and Grocery Stores	29,560	1.45
25	Nestlé	Food Producers	28,375	1.39
26	IG	Investment Banking and Brokerage Services	28,007	1.38
27	TotalEnergies	Oil, Gas and Coal	27,058	1.33
28	Severn Trent	Gas, Water and Multi-utilities	26,943	1.32
29	Land Securities	Real Estate Investment Trusts	26,547	1.30
30	NatWest	Banks	25,755	1.27
Top 30			**1,389,922**	**68.31**
31	Merck	Pharmaceuticals and Biotechnology	24,493	1.20
32	Barclays	Banks	24,157	1.19
33	Anglo American	Industrial Metals and Mining	23,112	1.14
34	Munich Re	Non-life Insurance	21,230	1.04
35	Novartis	Pharmaceuticals and Biotechnology	20,808	1.02
36	Holcim	Construction and Materials	19,312	0.95
37	Swire Pacific	General Industrials	18,067	0.89
38	Ferguson	Industrial Support Services	17,994	0.88
39	Rathbones	Investment Banking and Brokerage Services	16,740	0.82
40	Sage	Software and Computer Services	15,814	0.78
Top 40			**1,591,649**	**78.22**

Convertibles and all classes of equity in any one company are treated as one investment.

Portfolio Snapshot (continued)

Classification of Investments and Portfolio Weighting as at 30 June 2023

		Portfolio %	FTSE All-Share Index %	Relative to the FTSE All-Share Index percentage points
Energy	Oil, Gas and Coal	8.7	10.7	(2.0)
		8.7	10.7	(2.0)
Basic Materials	Chemicals	0.5	0.6	(0.1)
	Industrial Metals and Mining	5.2	6.3	(1.1)
	Precious Metals and Mining	–	0.3	(0.3)
		5.7	7.2	(1.5)
Industrials	Aerospace and Defence	3.5	2.3	1.2
	Automobiles and Parts	–	0.1	(0.1)
	Construction and Materials	1.8	1.7	0.1
	Electronic and Electrical Equipment	1.5	1.1	0.4
	General Industrials	2.6	1.5	1.1
	Industrial Engineering	0.5	0.6	(0.1)
	Industrial Support Services	2.1	3.5	(1.4)
	Industrial Transportation	0.3	1.2	(0.9)
		12.3	12.0	0.3
Consumer Staples	Beverages	4.3	3.6	0.7
	Food Producers	1.9	0.6	1.3
	Personal Care, Drug and Grocery Stores	7.2	7.6	(0.4)
	Tobacco	5.8	3.2	2.6
		19.2	15.0	4.2
Health Care	Health Care Providers	–	–	–
	Medical Equipment and Services	0.5	0.6	(0.1)
	Pharmaceuticals and Biotechnology	8.1	11.0	(2.9)
		8.6	11.6	(3.0)
Consumer Discretionary	Consumer Services	–	1.7	(1.7)
	Household Goods and Home Construction	1.4	1.0	0.4
	Leisure Goods	–	0.2	(0.2)
	Media	3.3	3.5	(0.2)
	Personal Goods	–	0.4	(0.4)
	Retailers	1.0	1.7	(0.7)
	Travel and Leisure	0.6	3.4	(2.8)
		6.3	11.9	(5.6)
Telecommunications	Telecommunications Service Providers	2.6	1.2	1.4
	Telecommuncations Equipment	0.5	–	0.5
		3.1	1.2	1.9
Utilities	Electricity	2.2	1.0	1.2
	Gas, Water and Multi–utilities	4.4	2.6	1.8
	Waste and Disposal Services	–	–	–
		6.6	3.6	3.0
Financials	Banks	8.1	9.4	(1.3)
	Closed End Investments	0.3	6.1	(5.8)
	Finance and Credit Services	–	1.8	(1.8)
	Investment Banking and Brokerage Services	10.3	2.7	7.6
	Life Insurance	4.9	2.6	2.3
	Non–life Insurance	2.7	0.7	2.0
		26.3	23.3	3.0
Real Estate	Real Estate Investment Trusts	2.4	1.9	0.5
	Real Estate Investment and Services	–	0.4	(0.4)
		2.4	2.3	0.1
Technology	Software and Computer Services	0.8	1.2	(0.4)
		0.8	1.2	(0.4)
Total		**100.0**	**100.0**	**–**

Fund Manager's Report

Job Curtis
Fund Manager

David Smith
Deputy Fund Manager

"The quality of the companies in the portfolio, some leading global businesses and others with strong market positions in the UK, gives confidence for the future."

Fund Manager's Report

Investment Background

The UK equity market, as measured by the FTSE All-Share Index, traded in a relatively narrow range during the 12-month period and produced a total return of 7.9%. Economic growth was better than some had feared and the economy avoided recession. UK CPI inflation reached a 40-year high of 11.1% in October 2022. The monetary and fiscal stimulus and supply chain disruptions during the pandemic followed by shocks to oil and other commodity prices from the Russian invasion of Ukraine were the initial causes of inflation. The tight labour market and accelerating wage increases kept inflation at elevated levels. The Bank of England increased its base rate eight times, from 1.25% to 5.0%. In the US, the Federal Reserve also increased interest rates in response to inflation as did the European Central Bank.

FTSE All-Share Index total return (rebased to 100)

Source: Refinitiv Datastream, as at 30 June 2023

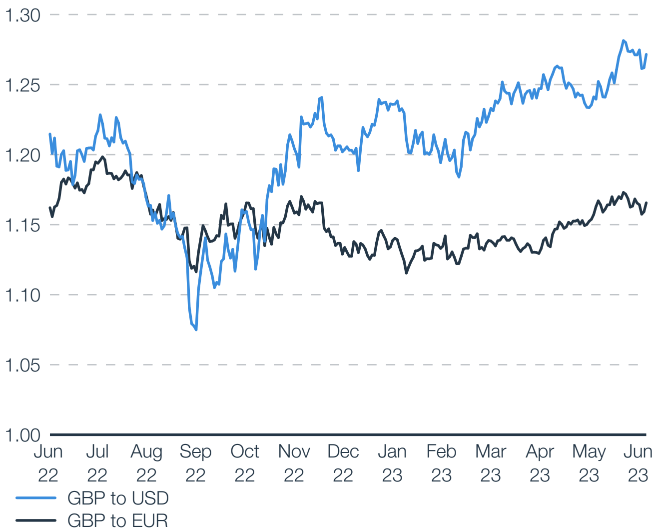
From June 2022, the oil price declined. Despite the Ukraine war, Russian supply proved more resilient than expected to countries such as China and India, who took advantage of discounted Russian oil. Concerns about shortages gave way to worries over demand weakening as global economic growth slowed. Europe was able to substitute Russian natural gas with imports of liquified natural gas from the US and the Middle East.

London Brent Crude Oil Index (ICE) US$/bbl

Source: Refinitiv Datastream, as at 30 June 2023

Sterling fell to an exchange rate of 1.07 against the US dollar during the short-lived Premiership of Liz Truss, when unfunded tax cuts were proposed. By the end of June 2023, sterling had recovered to 1.27, achieving a 5% gain against the US dollar over the 12 months. Against the euro, sterling made a small gain of 0.9%.

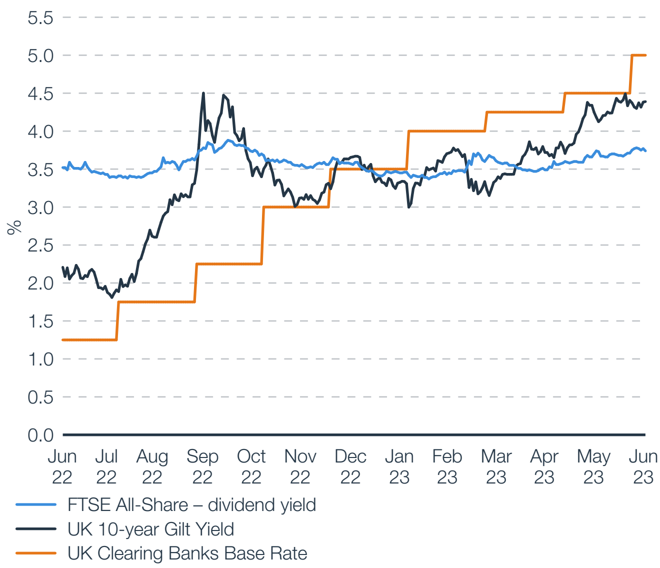
UK £ vs Euro and US$



Source: Refinitiv Datastream, as at 30 June 2023

Against a backdrop of inflation and the Bank of England raising the base rate to 5%, gilt yields also rose. By the end of June, the 10-year gilt yield was 4.4%, around the same as the peak reached during the Truss Premiership, and above the FTSE All-Share dividend yield of 3.7%. In recent years, during the period of exceptionally low interest rates, the Company was able to fix cheap rates of borrowing for long periods through issuing the following secured notes: £35 million 4.53% 2029, £30 million 2.67% 2046 and £50 million 2.94% 2049. These borrowings remained fully invested in equities throughout the year but the HSBC facility, which is priced off the base rate, was only modestly drawn down. Gearing, which was 7.1% at the start of the 12 months, declined slightly to 6.2% at the end of June 2023.

FTSE All-Share Index dividend yield, UK 10-year gilt yield and UK base rate



Source: Refinitiv Datastream, as at 30 June 2023

Fund Manager's Report (continued)

Performance Review

Estimated performance attribution (relative to FTSE All-Share Index total return)

	2023 %	2022 %
Stock selection	-4.32	+4.69
Gearing	+1.13	+1.53
Expenses	-0.37	-0.37
Share issues	+0.18	+0.04
Total	-3.38	+5.89

Source: Janus Henderson

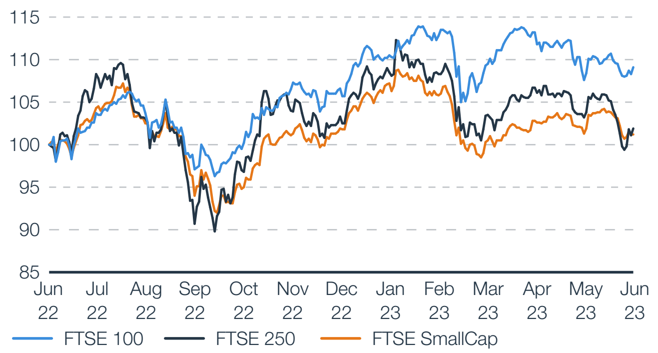
The Company produced a net asset value total return of 4.51%, which was 3.38 percentage points behind the FTSE All-Share total return of 7.89%. Gearing contributed to performance by 1.13 percentage points as the fair value of our secured notes declined. Stock selection detracted by 4.32 percentage points. The biggest stock detractor was Direct Line Insurance, which suffered from premium income not keeping pace with the rising cost of claims. In contrast, Munich Re, the reinsurer, was the second biggest stock contributor, benefiting from strong rate increases for reinsurance.

Persimmon, the house builder, was the second biggest stock detractor, as its share price reacted to the slowdown in the UK housing market. In the building materials, merchants and equipment rental sectors, not holding CRH and Ashtead were notable detractors, partly compensated by our stakes in Holcim and Ferguson, which were among the best contributors.

Other notable stock detractors were not holding, in the travel & leisure sector, Flutter Entertainment, the betting company, and Compass, the contract caterer. In contrast, 3i, the investor in private companies, was the biggest stock contributor, driven by outstanding growth from its investment in Action, the European discount retailer.

The underperformance of 3.38 percentage points in 2023 contrasted with the outperformance of 5.89 percentage points in 2022.

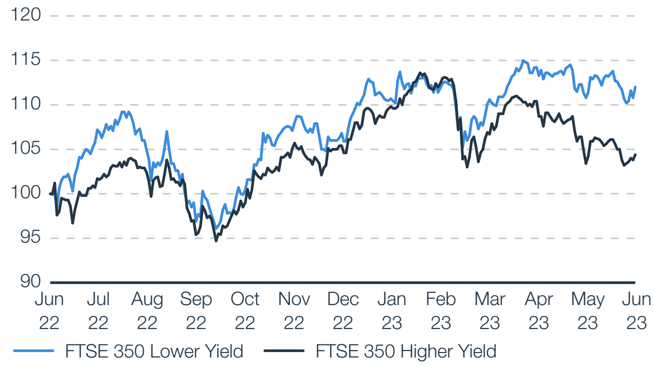
FTSE 100, 250 and SmallCap Indices total return (rebased to 100)



Source: Refinitiv Datastream, as at 30 June 2023

As can be seen from the chart, it was a relatively good year for large companies, with the FTSE 100 Index of the largest companies returning 9.2% compared with 1.9% for the FTSE 250 Index of medium-sized companies and 1.2% for the FTSE SmallCap Index. The FTSE 100 Index was helped by the outperformance of the banks and oil sectors, where the Company was underweight.

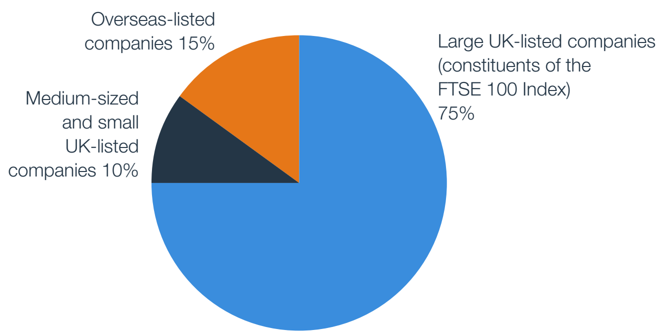
FTSE 350 Higher and Lower Yield (rebased to 100)



Source: Refinitiv Datastream, as at 30 June 2023

Lower yielding shares also had a good year, as the chart shows. It compares the performance of the FTSE 350 Higher Yield Index (the higher dividend yielding half of the largest 350 shares listed in the UK) with the FTSE 350 Lower Yield Index (the lower dividend yielding half of the largest 350 shares listed in the UK). Telecommunications service providers was a notably underperforming higher yielding sector. Although the portfolio avoided the underperformance of BT, Verizon Communications of the US was a notable stock detractor.

Distribution of the portfolio as at 30 June 2023



Source: Refinitiv Datastream, as at 30 June 2023

Over the 12 months, the proportion of the portfolio invested in companies with their prime listing overseas declined from 17% to 15%, with profits taken in Microsoft (of the US) and BHP (of Australia), after exceptional long-term performance and with the proceeds reinvested in shares that appeared to offer better value in the UK equity market. The proportion invested in large, UK-listed companies (included in the FTSE 100 Index) rose by four percentage points to 75%. The proportion invested in medium-sized and small companies fell by two percentage points to 10%, partly reflecting the takeover of Brewin Dolphin and the promotion to the FTSE 100 of Beazley and IMI.

Fund Manager's Report (continued)

Portfolio Changes

Six new holdings were bought over the 12 months. In the mining sector, Glencore was purchased, financed by the sale of BHP. Glencore is well placed in metals which are needed for the transition to cleaner energy, such as copper, which accounts for 37% of profits. It is planning to run down its coal assets for cash with the aim of the group to be net carbon zero by 2050. It also has a world leading commodity trading business, accounting for 20% of profits. On the other hand, 55% of BHP's profits comes from iron ore. The iron ore price ended the 12-month period at a similar level to where it had started.

Iron Ore (US$/metric tonne)

Source: Refinitiv Datastream, as at 30 June 2023

The iron ore price is heavily dependent for demand from Chinese steelmakers, where the outlook is uncertain. BHP had also rerated against the UK-listed mining companies after its move from being 50% listed in London to 100% in Australia. In addition to Glencore, Rio Tinto and Anglo American continue to be held in the portfolio.

Three new holdings of UK-listed industrial companies were purchased. Although having cyclical elements to their businesses, the three companies appeared modestly rated relative to their prospects and leadership positions. DS Smith is a provider of corrugated packaging, which is supported by recycling and paper making operations. Its packaging is largely made from recycled materials and is used for fast moving consumer goods and industrial products. It has a strong track record of innovation in packaging. Its sales are predominantly in Europe (including the UK) where it is the second largest corrugated packaging producer.

Morgan Advanced Materials, where a new stake was also bought, is a global leader in making ceramic and other materials that need precision in highly challenging operating environments, such as extreme temperatures, for a range of industries. Its business is backed by strong technology and is well spread geographically with 40% of sales in North America, 30% Asia Pacific and 28% Europe (including UK). The third industrial stock bought was Vesuvius. Its business is split into two divisions: firstly, products and systems which regulate and protect the flow of molten steel during steel manufacturing; and secondly, consumable products for the foundry casting process. Vesuvius is the global leader in these businesses with revenues split 31% Americas, 39% EMEA (Europe, the Middle East and Africa) and 30% Asia Pacific.

Financial conditions were supportive for the banks over the 12 months with rising interest rates helpful for the net interest margins they earn, the difference between the rate at which they pay depositors and charge borrowers. A new holding was bought in NatWest on a discount to its tangible book value despite its guidance of 14-16% return on tangible equity for 2023. Overall, banks delivered strong dividend growth over the year and additions were made to our stakes in HSBC, where profits predominantly come from Asia Pacific, and Lloyds Banking. The position in Barclays was maintained.

A new holding was bought in Round Hill Music Royalties Fund ("RHM"), an investment company, which owns 51 catalogues with some 120,000 songs. 60% of RHM's income comes from publishing rights, which refers to the actual musical composition i.e. the notes, melodies and lyrics. 31% of income comes from music rights, which refers to the sound recording of the written song or piece of music. RHM is a beneficiary of the growth of streaming through platforms, such as Spotify. RHM has an "evergreen" portfolio with 71% of its songs pre-2000. RHM was purchased at a deep discount to its net asset value.

Disposals were made of the holdings in two companies that have been very successful investments but where share price valuations seemed expensive relative to prospects and other opportunities. Microsoft, which entered the portfolio in 2011, has benefited in recent years from its leading position in cloud computing. During 2023, investors became very excited about its prospects in artificial intelligence leading to a further rerating of its shares. At the time of the final sale of the portfolio's holding in Microsoft, its market capitalisation was almost equal to all of the stocks in the FTSE 100 Index combined.

Chemical company, Croda, had been held in the portfolio for over two decades, during which time its share price rating had been transformed from a high to low dividend yield as it delivered consistent growth from products made from natural oils. However, it is not immune from cyclical pressures and had to downgrade profit expectations in the first half of 2023. The holding was sold given the high share price valuation. Also in the chemical sector, Synthomer was sold after a profits warning and the suspension of its dividend.

Private client wealth manager, Brewin Dolphin, was sold after its takeover by Royal Bank of Canada. Part of the proceeds were invested in additions to the stake in Rathbones, another leading private client wealth manager, who subsequently announced a merger with Investec Wealth & Investment. The holding in the non-voting shares of Schroders, the asset manager, was enfranchised on attractive terms, converting into voting shares.

Fund Manager's Report (continued)

Portfolio Outlook

Two oil and gas companies are in the top ten investments: Shell, the largest investment, and BP, ninth largest. In addition, TotalEnergies and Woodside Energy are also held in the portfolio for a total oil and gas sector exposure of 8.7% compared with 10.7% for the FTSE All-Share Index. The companies owned have a relatively low cost of production, providing some security for their dividends. Oil and gas currently play a crucial role in the global economy and although the transition to a clean energy future will continue, our investee companies are preparing for it with significant capital investment being spent on the development of renewable and low carbon energy sources.

Consumer staples companies, which make and sell everyday products, constitute 19.2% of the portfolio and include in the top ten investments: Unilever (fourth largest), British American Tobacco (fifth largest), Diageo (seventh largest) and Imperial Brands (10th largest). These companies form a sound core to the portfolio as their dividends are relatively dependable given consistent profitability and the global spread of their operations. Unilever has a significant presence in both developed and emerging markets with its beauty, personal care, food and homecare products. British American Tobacco ("BAT") and Imperial Brands are strong cash generators and good dividend payers. Of the two companies, BAT is more advanced in pivoting its operations towards less harmful nicotine products than cigarettes. Diageo is the world's largest spirits company (outside China) and the largest in the US, as well as owning Guinness beer. Its leading spirits brands include Johnnie Walker (Scotch whisky), Tanqueray (gin) and Don Julio (tequila).

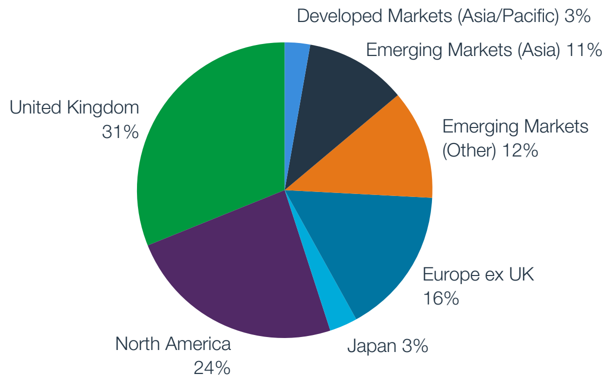
HSBC is the third largest investment in the portfolio and the largest bank shareholding. The next largest bank holding is Lloyds Banking, which is twentieth. 8.1% of the portfolio is held in the banks sector, which compares with the FTSE All-Share weighting of 9.4%. Overall, the profitability of banks should continue to benefit from the higher level of interest rates and its effect on their net interest margins. Share price valuations for the banks are attractive compared with consensus expectations of their profitability. But banks always remain vulnerable to economic shocks although their capital ratios are much stronger than they were before the global financial crisis of 2007 to 2009.

AstraZeneca is the eighth largest investment in the portfolio and the largest pharmaceutical sector holding, but the position is underweight relative to its FTSE All-Share weighting. AstraZeneca's share price has been a strong performer in recent years, reflecting its success in discovering new medicines, especially in the immunotherapy area of cancer. Unusually for a UK listed company, it is relatively highly rated compared with overseas listed peers. 8.6% of the portfolio is invested in healthcare, which is a defensive area of the economy, with spending well protected given its importance to individuals and usually backed by government spending or private insurance. The overseas listed pharmaceutical stocks held in the portfolio (Johnson & Johnson, Merck, Novartis and Sanofi) have produced better dividend growth than the UK listed holdings (AstraZeneca and GlaxoSmithKline).

The outlook for the portfolio's second largest holding, BAE Systems, remains positive. Defence spending has moved on from the post-Cold War "peace dividend" period to an era when many countries want to spend more on defence to give protection against external threats. In addition to its core markets in the US and UK, BAE has significant opportunities in many other countries and areas, such as Australia, Japan, Eastern Europe and the Middle East. RELX, the sixth largest holding in the portfolio, continues to produce consistent growth from providing essential information and analytics for businesses, professionals and scientists. In addition, it is benefiting from the recovery of its business exhibitions division.

There are significant investments in life assurers Phoenix (14th largest investment) and Legal & General (18th largest) and fund manager and life assurer M&G (15th largest.) These companies offer, in our view, highly attractive dividend yields and should have opportunities for new business growth in bulk annuities given the levels of interest rates and bond yields. National Grid and SSE, which are respectively the 16th and 17th largest investments in the portfolio, will grow their asset bases significantly given the global economy's need to decarbonise and generate more electricity from renewable sources going forward. Both companies own electricity transmission and distribution networks and SSE is the UK's leading generator of renewable energy, through wind and hydro.

Revenue exposure (%)



Source: Refinitiv Datastream, as at 30 June 2023

The portfolio remains well diversified with a bias towards large, international companies and shares with above average dividend yield. 69% of investee companies' revenues comes from overseas, which is slightly up from a year ago when it was 67%. The aim is to be invested in those companies that can support their dividends through profits and cash generation and invest enough for growth. The quality of the companies in the portfolio, some leading global businesses and others with strong market positions in the UK, gives confidence for the future.

Job Curtis
Fund Manager
19 September 2023

David Smith
Deputy Fund Manager

Portfolio Information

Sector Breakdown of Investments as at 30 June 2023

	Valuation £'000
ENERGY	
Oil, Gas and Coal	
Shell	78,731
BP	57,752
TotalEnergies[1]	27,058
Woodside Energy[1]	12,726
	176,267
Total Energy	**176,267**
BASIC MATERIALS	
Chemicals	
Johnson Matthey	5,238
Victrex	4,868
	10,106
Industrial Metals and Mining	
Rio Tinto	46,360
Glencore	35,560
Anglo American	23,112
	105,032
Total Basic Materials	**115,138**
INDUSTRIALS	
Aerospace and Defence	
BAE Systems	71,843
	71,843
Construction and Materials	
Holcim[1]	19,312
Ibstock	11,464
Marshalls	6,015
	36,791
Electronic and Electrical Equipment	
IMI	13,931
Morgan Advanced Materials	8,494
Rotork	5,330
XP Power	3,932
	31,687
General Industrials	
Swire Pacific[1]	18,067
Siemens[1]	14,414
DS Smith	7,746
Mondi	7,194
Smiths	6,165
	53,586
Industrial Engineering	
Vesuvius	9,960
	9,960

	Valuation £'000
Industrial Support Services	
Ferguson[1]	17,994
Hays	13,082
PayPoint	10,977
	42,053
Industrial Transportation	
Wincanton	6,665
	6,665
Total Industrials	**252,585**
CONSUMER STAPLES	
Beverages	
Diageo	66,219
Britvic	11,984
Coca-Cola[1]	10,419
	88,622
Food Producers	
Nestlé[1]	28,375
Tate & Lyle	11,201
	39,576
Personal Care, Drug and Grocery Stores	
Unilever	68,019
Tesco	49,183
Reckitt Benckiser	29,560
	146,762
Tobacco	
British American Tobacco	67,795
Imperial Brands	49,967
	117,762
Total Consumer Staples	**392,722**
HEALTH CARE	
Medical Equipment and Services	
Smith & Nephew	9,404
	9,404
Pharmaceuticals and Biotechnology	
AstraZeneca	60,327
GlaxoSmithKline	31,831
Merck[1]	24,493
Novartis[1]	20,808
Johnson & Johnson[1]	13,531
Sanofi[1]	13,483
	164,473
Total Health Care	**173,877**

[1] Overseas listed
All classes of equity in any one company are treated as one investment

Portfolio Information (continued)

	Valuation £'000
CONSUMER DISCRETIONARY	
Retailers	
Kingfisher	10,542
Halfords	6,462
DFS	2,700
	19,704
Media	
RELX	66,830
	66,830
Household Goods and Home Construction	
Persimmon	14,665
Taylor Wimpey	13,203
	27,868
Travel and Leisure	
La Française des Jeux[1]	9,279
Young	3,096
	12,375
Total Consumer Discretionary	**126,777**
TELECOMMUNICATIONS	
Telecommunications Service Providers	
Deutsche Telekom[1]	14,148
Vodafone	14,052
Orange[1]	12,398
Verizon Communications[1]	11,701
	52,299
Telecommunications Equipment	
Cisco Systems[1]	10,169
	10,169
Total Telecommunications	**62,468**
UTILITIES	
Electricity	
SSE	44,552
	44,552
Gas, Water and Multi-utilities	
National Grid	45,552
Severn Trent	26,943
United Utilities	12,001
Pennon	5,471
	89,967
Total Utilities	**134,519**

	Valuation £'000
FINANCIALS	
Banks	
HSBC	69,941
Lloyds Banking	36,616
NatWest	25,755
Barclays	24,157
Nationwide Building Society 10.25% Var Perp CCDS	7,463
	163,932
Closed-End Investments	
Round Hill Music Royalty Fund	6,694
	6,694
Investment Banking and Brokerage Services	
3i	49,623
M&G	45,936
St. James's Place	38,062
Schroders	32,353
IG	28,007
Rathbones	16,740
	210,721
Life Insurance	
Phoenix	46,001
Legal & General	38,624
Prudential	14,410
	99,035
Non-life Insurance	
Munich Re[1]	21,230
Beazley	10,593
Hiscox	9,265
Sabre Insurance	6,770
Direct Line Insurance	6,458
	54,316
Total Financials	**534,698**
REAL ESTATE	
Real Estate Investment Trusts	
Land Securities	26,547
Segro	12,899
British Land	9,989
	49,435
Total Real Estate	**49,435**
TECHNOLOGY	
Software and Computer Services	
Sage	15,814
	15,814
Total Technology	**15,814**
TOTAL INVESTMENTS	**2,034,300**

[1] Overseas listed
All classes of equity in any one company are treated as one investment

Historical Information

Total Return Performance to 30 June 2023

	1 year %	3 years %	5 years %	10 years %
NAV per ordinary share[1]	4.5	34.9	18.3	81.6
FTSE All-Share Index	7.9	33.2	16.5	78.0
AIC UK Equity Income sector average – NAV[2]	8.1	34.8	17.3	86.1
UK Equity Income OEIC sector average	4.0	29.7	9.1	66.2

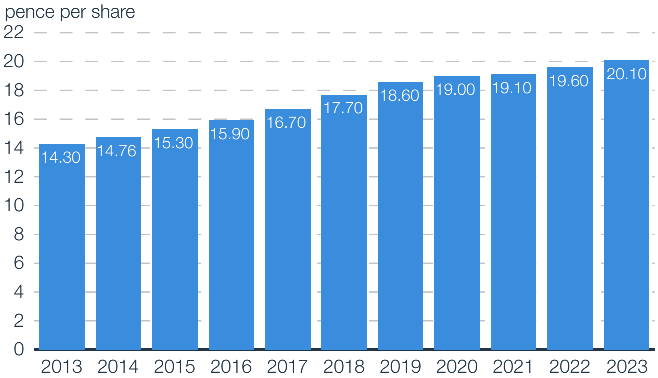
Share Price Performance Total Return to 30 June 2023

Value of £1,000 with net income reinvested	1 year £	3 years £	5 years £	10 years £
The City of London Investment Trust plc[3]	1,040.6	1,359.4	1,173.1	1,799.7
FTSE All-Share Index	1,078.9	1,331.9	1,165.4	1,780.3
AIC UK Equity Income sector average	1,069.4	1,346.6	1,182.5	1,790.3
UK Equity Income OEIC sector average	1,039.8	1,297.4	1,091.1	1,662.3

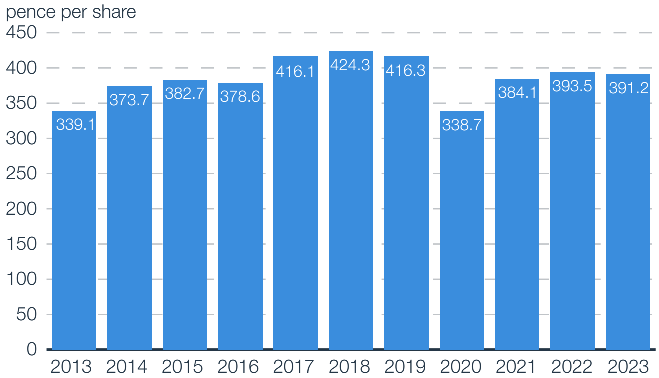
Ten Year Net Asset Value and Dividend Record

Year ended	Net asset value per ordinary share (p)[4]	Net asset value per ordinary share (rebased)[5]	Net dividends per ordinary share (p)	Net dividends per ordinary share (rebased)[5]
30 June 2013	339.1	100.0	14.30	100.0
30 June 2014	373.7	110.2	14.76	103.2
30 June 2015	382.7	112.9	15.30	107.0
30 June 2016	378.6	111.6	15.90	111.2
30 June 2017	416.1	122.7	16.70	116.8
30 June 2018	424.3	125.1	17.70	123.8
30 June 2019	416.3	122.8	18.60	130.1
30 June 2020	338.7	99.9	19.00	132.9
30 June 2021	384.1	113.3	19.10	133.6
30 June 2022	393.5	116.0	19.60	137.1
30 June 2023	**391.2**	**115.4**	**20.10**	**140.6**

Historical dividend

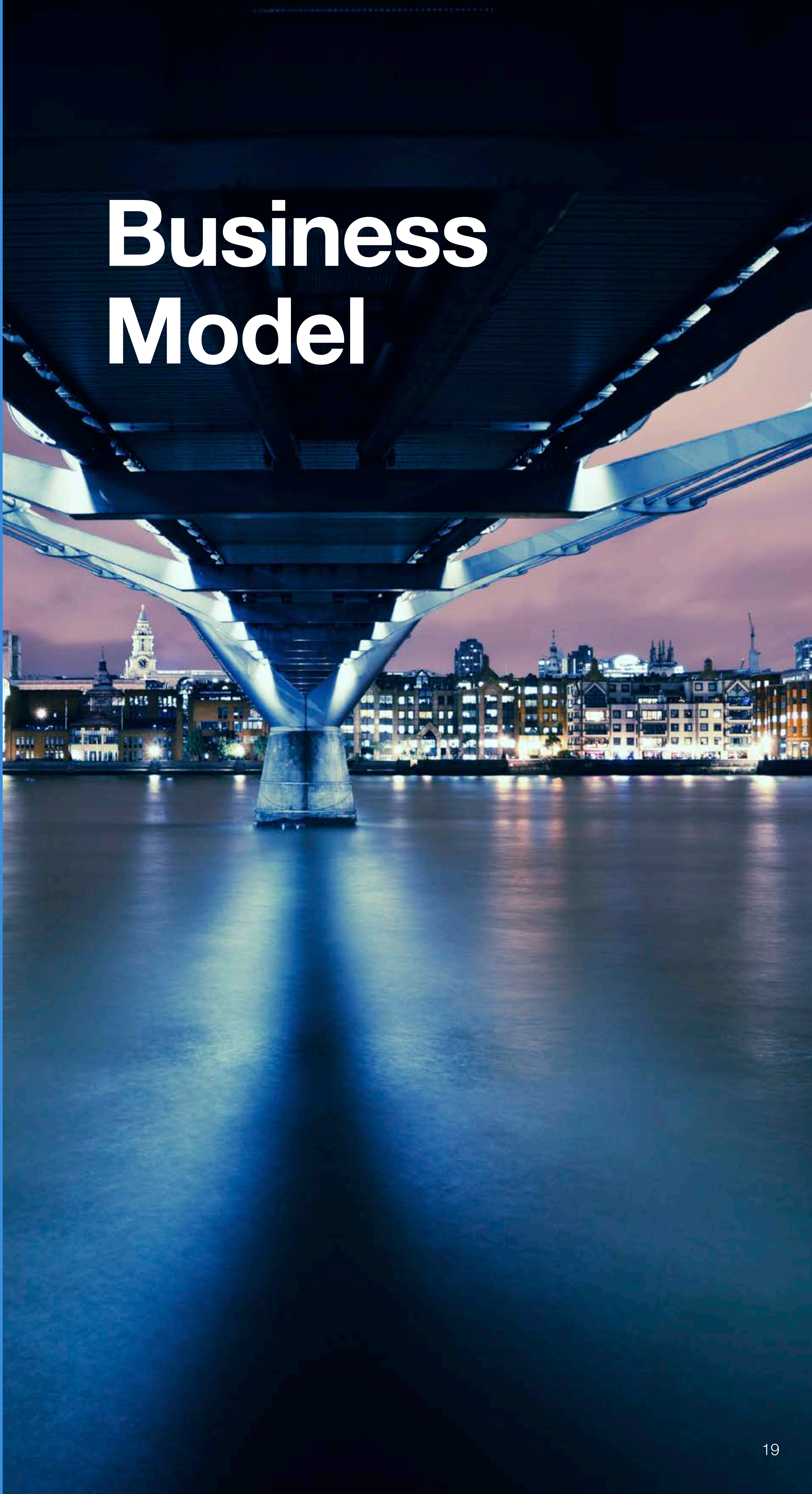


Historical NAV[4]



1 Net asset value per share total return with debt at fair value (including dividends reinvested)
2 AIC UK Equity Income sector size weighted average NAV total return (shareholders' funds)
3 Share price total return using mid-market closing price
4 Net asset value per ordinary share is calculated after deducting all prior charges, including the preference and preferred ordinary stocks, at fair value
5 Rebased to 100 at 30 June 2013
Sources: Morningstar Direct, Janus Henderson, Refinitiv Datastream
A glossary of Alternative Performance Measures is on pages 87 and 88

Business Model



Business Model

Our Purpose, Values and Culture

The Company's purpose is to deliver growth in income and capital to shareholders by investing in equities listed on the London Stock Exchange. We do this by following a disciplined process of investment, by controlling costs and using borrowings to enhance returns.

Good governance is at the heart of any company and is integral to ensuring its success and sustainability as a business. The Board aspires to follow high standards of governance, with a culture based upon openness, mutual respect, integrity, constructive challenge and trust. The Board seeks always to act in the best interests of shareholders and other stakeholders, making the most effective use possible of the diversity of skills and experience of the Directors. This culture of openness and constructive challenge extends to the Board's interaction with the Manager, being the Company's most important service provider. The Board expects the Manager and all of the Company's other service providers to hold values which align with the high standards promoted by the Board.

The Company has a number of policies and procedures in place to assist with maintaining a culture of good governance including those relating to Directors' conflicts of interest, Directors' dealings in the Company's shares, bribery (including the acceptance of gifts and hospitality) and tax evasion. The Board assesses and monitors compliance with these policies regularly through Board meetings and the annual evaluation process.

Structure

The Company operates as an investment company. Under this structure, the Board delegates operational matters to specialist third-party service providers. Their performance is monitored and challenged by an independent Board of Directors which retains oversight of the Company's operations.

The framework of delegation provides a cost-effective mechanism for delivering operations whilst allowing the Company to take advantage of the capital gains treatment afforded to investment trusts which are approved under Section 1158/9 of the Corporation Tax Act 2010 as amended ("s.1158/9"). The closed-ended nature of the Company enables the Fund Manager to take a longer-term view on investments and supports a fully invested portfolio as the Company has no redemptions to meet. A significant advantage over other investment fund structures is the ability to use leverage to increase returns for shareholders.

The Board is accountable to shareholders, who have the ability to remove a Director from office where they deem it to be in the interests of the Company.

The Company's Status

The Company is registered as a public limited company, founded in 1891, and is an investment company as defined in Section 833 of the Companies Act 2006 ("the Act").

The Company is not a close company. It operates as an investment trust in accordance with s.1158/9 and has obtained approval from HMRC for its status. The Directors are of the opinion that the Company has conducted its affairs in compliance with s.1158/9 since approval was granted and intends to continue to do so.

The Company is listed on the Main Market of the London Stock Exchange and is subject to the Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules published by the Financial Conduct Authority ("FCA"). The Company is also listed on the Main Board of the New Zealand Stock Exchange and is subject to the NZX Listing Rules. The Company is a member of the Association of Investment Companies ("AIC").

The Company and the Board are governed by its Articles of Association, amendments to which must be approved by shareholders by way of a special resolution.

Investment Objective

The Company's objective is to provide long-term growth in income and capital, principally by investment in equities listed on the London Stock Exchange. The Board fully recognises the importance of dividend income to shareholders.

Investment Policy

Asset allocation

While the Company will mainly invest in equities, there is the flexibility to invest in debt securities, such as convertibles, corporate bonds or government debt, if it is deemed that these will, at a particular time or for a particular period, enhance the performance of the Company in the pursuit of its objective.

The Company has a portfolio invested predominantly in larger companies. Typically at least 60% of the portfolio by value will be invested in large companies (being companies with a market capitalisation greater than £5 billion at the time of investment). The remainder of the portfolio will be invested in medium-sized and small companies. No more than 20% of the portfolio will be invested in overseas listed stocks.

There are no set limits on sector exposures, although the Board regularly monitors the Company's investments and the Manager's investment activity. The Manager primarily employs a bottom-up value-based investment process to identify suitable opportunities and pays particular regard to cash generation and dividends.

The portfolio yield will usually be between 10% and 30% above the average dividend yield for the UK equity market. There may be some holdings, selected for their above average growth potential, which have a dividend yield lower than the market.

Gearing

The Company will at times utilise limited gearing, both short and long term, in order to enhance performance. Other than in exceptional market conditions, gearing will not exceed 20%

Business Model (continued)

of net asset value at the time of draw down of the relevant borrowings. Up to 10% of the net assets can be held in cash.

Selling traded options where the underlying share is held in the portfolio can be used to generate income. Buying and selling FTSE 100 Index Futures can be used to increase or reduce gearing.

Diversification

The Company achieves an appropriate spread of investment risk principally through a broadly diversified portfolio.

The Company will not invest more than 15% of its portfolio in any single investment on acquisition, nor will it invest more than 15% of the portfolio in any other UK listed investment trusts or investment companies.

Any material change to the investment policy would require the prior approval of both shareholders and the FCA.

Benefits

The Company's business model offers numerous advantages:

- it provides investors with access to a professionally and actively managed portfolio of assets;
- it offers investors exposure to large UK companies;
- it enables investors to spread the risks of investing;
- it enhances returns to investors by operating as an approved investment trust meaning no capital gains tax is paid on the realisation of investments;
- the closed end structure allows the Fund Manager to take a longer-term view on investments and remain fully invested;
- the ability to draw on revenue reserves to support the payment of dividends;
- the ability to use leverage to increase returns for investors; and
- oversight by a Board of Directors wholly independent of the Manager.

Arrangements with the Manager

The Company qualifies as an Alternative Investment Fund ("AIF") in accordance with the Alternative Investment Fund Manager Directive ("AIFMD"). The Board has appointed Janus Henderson Fund Management UK Limited ("JHFM") to act as its Alternative Investment Fund Manager. JHFM delegates investment management services to Janus Henderson Investors UK Limited in accordance with an agreement which was effective from July 2014 and can be terminated on six months' notice. Both entities are authorised and regulated by the Financial Conduct Authority, and form part of the Janus Henderson group of companies. References to "Janus Henderson" or the "Manager" refer to the services provided to the Company by the Manager's group.

The management fee is 0.325% per annum of net assets under management. Fees are payable quarterly in arrears based on the level of net assets at the relevant quarter end. There is no performance fee arrangement in place.

Janus Henderson and its subsidiaries also provide accounting, company secretarial and general administrative services. Some of the administration and accounting services are carried out, on behalf of the Manager, by BNP Paribas. Janus Henderson Secretarial Services UK Limited acts as the Corporate Secretary.

Investment Approach

Our Fund Manager, Job Curtis, has managed the Company's portfolio since 1 July 1991. He is a member of Janus Henderson's Global Equity Income team and is assisted by David Smith, Deputy Fund Manager. He manages the portfolio in a conservative way, focusing on companies with cash-generative businesses able to grow their dividends with attractive yields. The portfolio is well diversified, with some 75% invested in well-known blue chip UK-listed companies at the year end, but it remains biased towards companies with international exposure invested in economies likely to grow faster than the UK. In order to provide a stable and reliable income, the portfolio aims to provide shareholders with dividends between 10% and 30% higher than the FTSE All-Share Index.

The Fund Manager is committed to maintaining a diversified portfolio and has structured the portfolio so that shareholders stand to gain in the short term through quarterly dividends, while long-term capital appreciation is central to stock-picking decisions.

Liquidity and Discount Management

Our aim is for the Company's share price to reflect closely its underlying net asset value, and also to reduce volatility and have a liquid market in the shares. The ability to influence this meaningfully over the longer term is, of course, limited. However, the Board intends, subject always to the overall impact on the portfolio, the pricing of other investment companies and general market conditions, to consider issuance and buybacks within a narrow band relative to net asset value. We believe that flexibility is important and that it is not in shareholders' interests to have a specific issuance and buyback policy.

Borrowings

The Company has a borrowing facility of £120.0 million (2022: £120.0 million) with HSBC Bank plc, of which £9.0 million was drawn at the year end (2022: £16.3 million).

The Company has £114.2 million (2022: £114.2 million) (par value) of secured notes in issue (fair value of the loan notes: £83.3 million (2022: £101.1 million)).

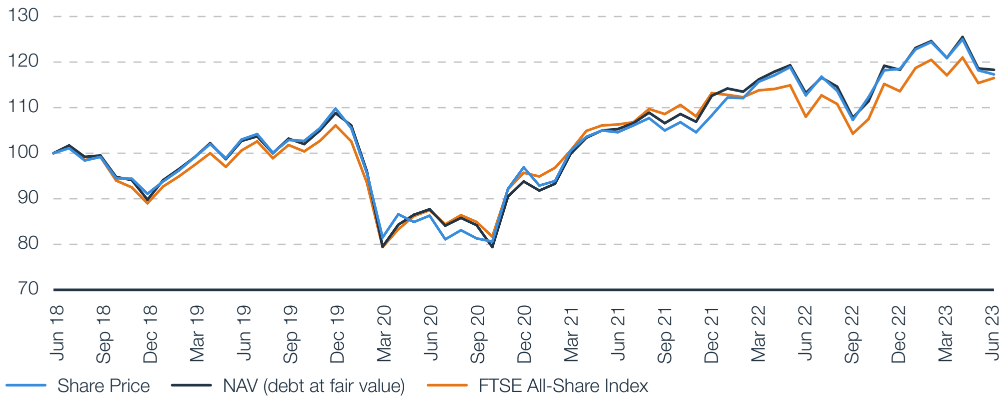
The level of gearing at 30 June 2023 was 6.2% of net asset value with debt at par (2022: 7.1%) and 4.5% with debt at fair value (2022: 6.4%).

Business Model (continued)

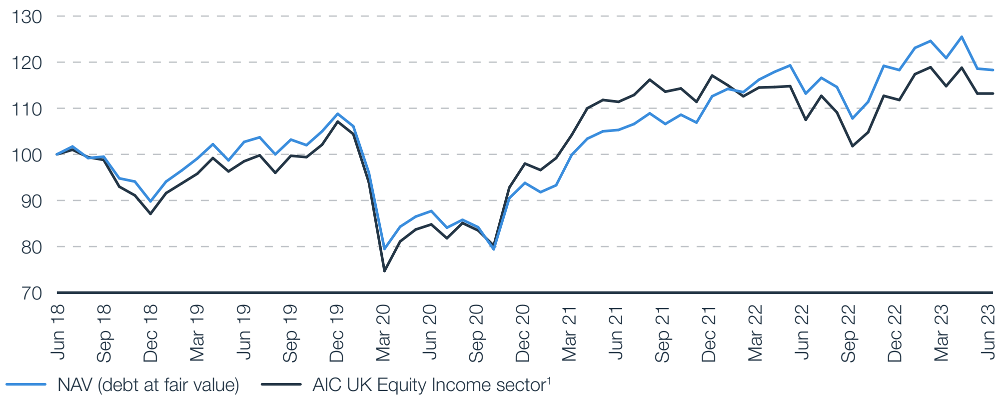
Measuring our Performance

In order to measure the success of the Company in meeting its objective and to evaluate the performance of the Manager, the Directors take into account the following Key Performance Indicators ("KPIs"):

KPI	Action
Performance against market indices	The Board reviews and compares, at each meeting, the performance of the portfolio as well as the net asset value and share price for the Company and the FTSE All-Share Index. During the year under review, the Company's net asset value underperformed the Index by 3.4% (2022: outperformed by 5.9%) on a total return basis. Over five years, the Company's net asset value has outperformed the Index by 1.8%.



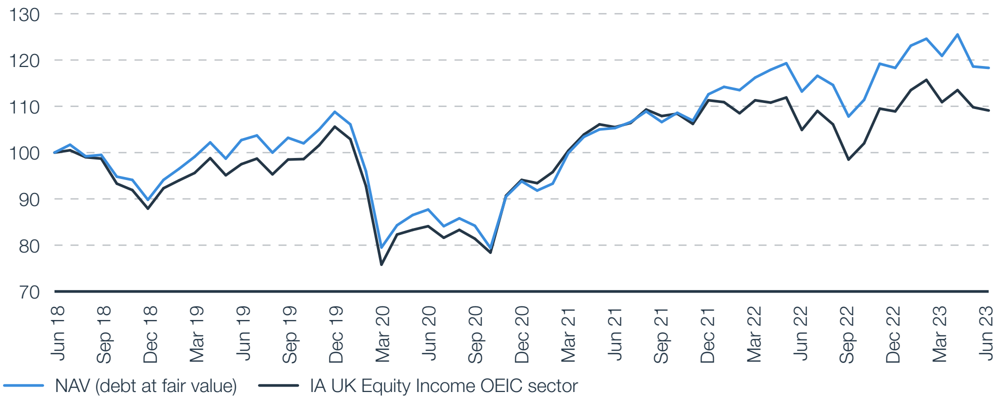
KPI	Action
Performance against the Company's peer group	The Company is included in the AIC UK Equity Income sector. The Board considers the size-weighted average net asset value total return of its AIC peer group at each Board meeting. During the year under review, the Company underperformed the peer group by 3.6% (2022: outperformed by 9.0%). Over five years, the Company has outperformed the peer group by 1.0% (on a size weighted average basis).



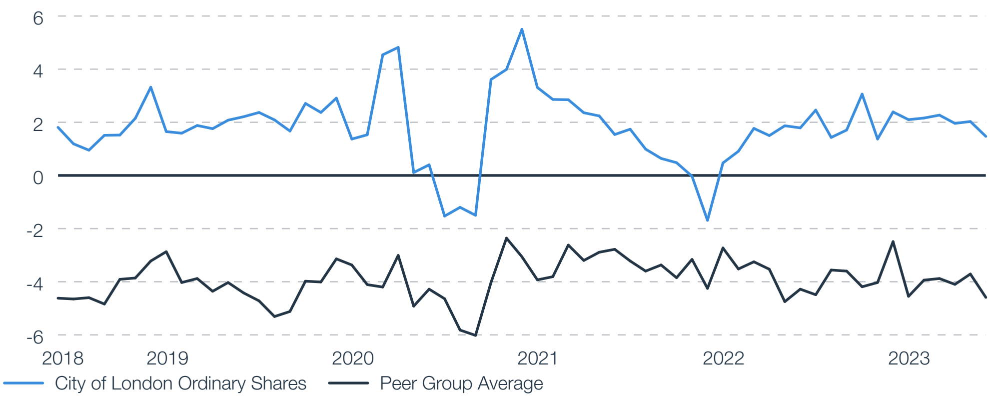
1 AIC UK Equity Income sector NAV total return calculated on a simple average basis (see Glossary on page 89)

Business Model (continued)

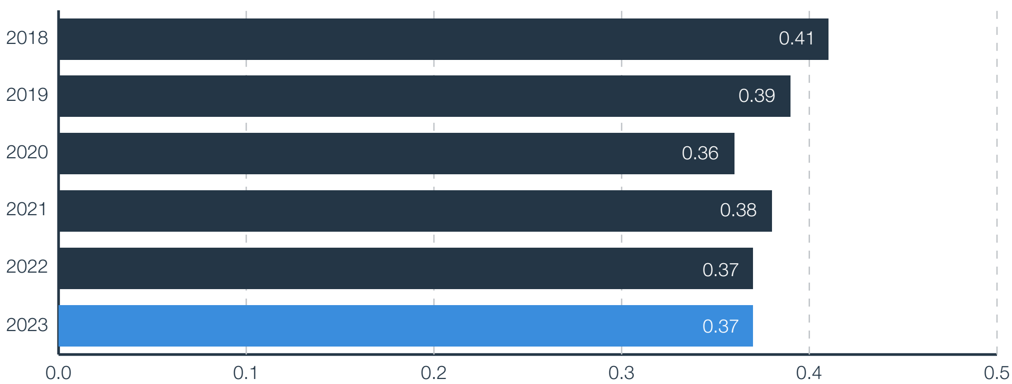
KPI	Action
Performance against the OEIC sector	The Board considers the performance of the portfolio against the IA UK Equity Income OEIC sector. During the year under review, the Company outperformed the OEIC sector by 0.5% (2022: outperformed by 8.0%). Over five years, the Company has outperformed the OEIC sector by 9.2%.



KPI	Action
Premium/discount to net asset value	The Board's aim is for the Company's share price to reflect closely its underlying net asset value. At each meeting, the Board monitors the level of the Company's premium/discount to NAV per share and reviews the average premium/discount for the Company's AIC sector. At 30 June 2023, the Company's shares were trading at a premium of 1.5% to NAV (2022: 1.8% premium) with debt at fair value.



KPI	Action
Ongoing charge	The Board regularly reviews the ongoing charge and monitors Company's expenses. For the year ended 30 June 2023, the ongoing charge as a percentage of shareholders' funds was 0.37% (2022: 0.37%).



The charts and data on pages 2 and 3 also on page 18 show how the Company has performed against these KPIs. A glossary of terms and Alternative Performance Measures is included on pages 87 to 89.

Business Model (continued)

Diversity

It is the Company's aim to have an appropriate level of diversity in the boardroom. The current Directors have a diverse range of experience and skills, bringing knowledge of investment management, financial markets, accounting and auditing, risk and governance, and marketing and distribution expertise to discussions on the Company's business. At the date of this report, the Board comprises five Directors, of which three are male and two are female.

The Nominations Committee considers diversity in its broadest sense when making recommendations for appointments to the Board. The Board's prime responsibility is the strength of the Board and its overriding aim in making any new appointments must always be to select the best candidate based on objective criteria and merit. See pages 50 and 51 for further details of the Board's diversity policy and compliance with recommended diversity targets.

The Company has no employees and, therefore, has nothing further to report in respect of gender representation within the Company. Details of Janus Henderson's diversity and inclusion initiatives can be found on its website at **www.janushenderson.com/corporate/who-we-are/diversity-equity-and-inclusion/**.

Promoting the Company's Success

Section 172 statement

The Board regards a well-governed business as essential for the successful delivery of its investment proposition. The Directors carry out their duties under Section 172 of the Act to act in good faith to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to the likely consequences of any decisions in the longer term, the need to foster the Company's wider stakeholders, the impact of the Company's operations on the community and the environment and the desirability of the Company maintaining a reputation for high standards of business conduct.

The Company has no employees, premises, assets other than financial assets, or operations. Core activities are conducted through the Manager (Janus Henderson), with whom the Board maintains a close working relationship, and the Board holds the Manager to account for the smooth running of the Company's day-to-day business.

The Board retains responsibility for decisions over corporate strategy, corporate governance, risk and internal control assessment, investment performance monitoring and setting marketing budgets. It also determines the overall limits and restrictions for the portfolio, including gearing and asset allocation.

As an externally-managed investment company, the Board considers the Company's key stakeholders to be its shareholders and investors, the Manager and other third-party service providers and the companies in which it invests. Wider stakeholders include the Company's lenders and regulatory and legislative bodies. Engagement with the Company's key stakeholders enables the Company to fulfil its purpose and the Directors to promote the long-term sustainable success of the Company for the benefit of shareholders as a whole.

For more information about the responsibilities with which the Board and its Committees are charged, please refer to the Corporate Governance Report (pages 40 to 46), the Audit Committee Report (pages 47 to 49), the Nominations Committee Report (pages 50 and 51), the Directors' Remuneration Report (pages 52 to 55) and the Directors' Report (pages 37 to 39) in addition to the Strategic Report. The schedule of matters reserved for the Board as well as the terms of reference for each of the Committees of the Board can be found on the Company's website.

Business Model (continued)

Engagement with Key Stakeholders

Shareholders' assets are managed taking account of the Company's stakeholders and their interests. The Board has mapped who the stakeholders are to support it in identifying and understanding them and fostering the appropriate level and form of interaction with them. Interaction is facilitated through meetings (both face-to-face and via video conferencing and other electronic means), seminars, presentations, publications and the Company's website. Set out below are examples of the way the Board and the Company interacts with its stakeholders.

Stakeholders	Engagement	Target outcome
Shareholders and investors	Shareholders rely on the Company to deliver sustainable and reliable returns on investment, with regular, ongoing income. The Board believes that its primary focus should be on providing an excellent service to its shareholders and it seeks to ensure that the Company is accessible and available. Regular updates on the Company and its activities are provided through: • the Annual and Half Year Reports; • the Manager's monthly factsheets; • Company announcements, including daily NAV announcements; • the Company's website, which includes video interviews with the Company's Fund Manager, regular market commentary and investment insights and other relevant information to enhance investors' understanding of the Company and its portfolio and prospects; • providing regular market commentary; • use of social media channels (see page 93); and • research notes from Kepler Partners (paid for by the Company and available to all investors). Shareholders are encouraged to attend and vote at the Company's general meetings, including the AGM, where they have the opportunity to address questions directly to the Directors and the Fund Manager. Shareholders who cannot attend the AGM in person are invited to attend and raise questions online. The Chairman, Senior Independent Director, other members of the Board and the Fund Manager are available to meet with shareholders. The Manager's sales and marketing team, the Broker and external marketing research provider (Kepler Partners) also meet with shareholders and analysts. The Fund Manager provides presentations to research analysts following the publication of the Company's annual financial results. Feedback from all meetings is shared with the Board. The Fund Manager promotes the Company with the support of the Manager's dedicated investment trust sales team and the Board makes additional spend available to support marketing activities aimed at raising the profile of the Company.	Clear communication of the Company's strategy and performance against its objective helps shareholders to make informed decisions about their investments, facilitating the retention of existing shareholders and attracting new ones. Close interaction with shareholders enables the Board to run the Company in line with shareholders' interests as a whole and for the Company's long-term success. The Board is committed to maintaining open channels of communication with shareholders. Shareholders can raise issues or concerns with the Directors at any time by writing to the Chairman at the registered office or by email to **itsecretariat@janushenderson.com**. The Senior Independent Director is also available to shareholders if they have concerns that have not been addressed through the normal channels. Correspondence from shareholders is shared with the Chairman immediately and with the Board at each meeting. The Board is pleased to invite shareholders to attend the 2023 AGM. Further details are on page 38 and in the Notice of Meeting.

Business Model (continued)

Stakeholders	Engagement	Target outcome
Manager – Janus Henderson • Fund management • Sales and marketing • Company secretarial • Financial reporting • Internal controls functions • Investment accounting and administration (outsourced by Janus Henderson to BNP Paribas) • Oversight of third-party service providers	The Board sets and oversees the parameters for the Manager's activities, including asset allocation, gearing and risk management. The Board seeks to engage with the Manager in a collaborative and collegiate manner, encouraging open and constructive discussion and debate, whilst also ensuring appropriate and regular challenge. The Board receives presentations from the Fund Manager and Deputy Fund Manager at each Board meeting and receives timely and accurate information from the Manager. There is continuous engagement and dialogue between Board meetings with the Fund Manager, Deputy Fund Manager and Corporate Secretary, as well as with other representatives, as and when necessary, with communication channels remaining open and information, ideas and advice flowing freely. The Board meets with other key representatives of the Manager throughout the year to develop strategy, assess internal controls and risk management, and to discuss the sales and marketing activities to promote the success of the Company and raise its profile. The Board, with the assistance of the Nominations Committee, formally reviews the performance and terms of appointment of the Manager at least annually (see pages 44, 45 and 51 further details).	Successful management of the Company's portfolio is essential for the Company to meet its strategic objectives and enable its long-term sustainable success, whilst effective provision of the ancillary services ensure the efficient running of the Company's day-to-day affairs. The Company is well managed and the Board places great value on the expertise and experience of the Fund Manager and Deputy Fund Manager to execute the investment objective and deliver returns for shareholders, and on the Manager's internal controls and risk management. The portfolio activities undertaken by the Manager and the impact of decisions are set out in the Fund Manager's Report on pages 11 to 15.
Service providers Including: • Depositary and custodian • Fund accountant and administrator (outsourced by Janus Henderson to BNP Paribas) • Broker • Registrar • Auditor	The Board is conscious of the need to foster good business relationships with its suppliers. As an investment company, all services are outsourced to third-party service providers. The Manager maintains the overall day-to-day relationship with the service providers and reports back to the Board on performance. Each service provider has an established track record and has in place suitable policies and procedures to ensure it maintains high standards of business conduct. The Board regularly considers the support provided by the service providers, including quality of service, succession planning, costs and any potential interruption of service or other risks to provision. The Board evaluates the terms of engagement and the control environments in place at each service provider and, through the Nominations Committee, formally assesses their appointment annually.	The Company is supported by experienced and capable third parties for all the services required to be a well-functioning company and the costs are commensurate with the services provided. The Board is confident that Janus Henderson has developed and maintains good working relationships with all of the Company's third-party suppliers.

Business Model (continued)

Stakeholders	Engagement	Target outcome
Investee companies (listed on pages 16 and 17)	The Board sets the investment objective and discusses stock selection, asset allocation and engagement with investee companies with the Fund Manager and Deputy Fund Manager at each Board meeting.	The fund management team regularly conducts face-to-face and/or virtual meetings with portfolio companies' management teams to enable them to understand current trading and prospects for their businesses. The Manager is a responsible investor and has a dedicated Governance and Responsible Investment Team that the Fund Manager can utilise when making investment decisions and voting.
Communities and the environment	The Board mandates the Manager, supported by its governance function, to engage with investee companies at the appropriate time on ESG matters in line with good stewardship practices. The Board is also conscious of the importance of providing an investment product which meets the needs of its investors, including retail investors and pensioners.	The Board is conscious of the need to take appropriate account of broader ESG concerns and to act as a good corporate citizen. The Board believes the Company provides an accessible, affordable and reliable investment for retail and institutional investors. A reliable dividend stream from a prudently invested fund is particularly important in an era of great uncertainty and an increasing requirement on individuals to organise their own pensions and investments.

Examples of stakeholder consideration

The Board is always mindful of the need to act in the best interests of stakeholders as a whole and to have regard to other applicable Section 172 factors and this forms part of the Board's decision-making process. Examples of this can be seen in the year under review as follows.

Geopolitical tensions

Geopolitical tensions remain high with the war in Ukraine, the continuing threats from China towards Taiwan and considerable political discord in the USA. Besides rising inflation caused by disrupted supply lines, particularly for energy, there are also greater risks associated with more extreme weather. The Board and Manager remain alert to these tensions and the potential implications for investee companies.

Issuing and buying back the Company's shares

As set out on page 21, the Board's aim is for the Company's share price to reflect closely its underlying net asset value, and also to reduce volatility and have a liquid market in the shares. The Board considers that it is in shareholders' interests for the Company to be able to issue shares while they are trading at a premium to NAV and to buy back shares at a discount to NAV, because by doing so, the NAV is enhanced and some of the Company's costs are spread across a larger asset base. This approach was reconfirmed at the annual strategy meeting of the Board. During the year, the Company has continued to issue shares, whilst no shares have been bought back.

Dividends paid to shareholders

As set out in its investment objective, the Board recognises the importance of dividend income to its shareholders. One of the advantages of an investment trust is the ability to retain surplus income. The Company is able to draw on the revenue reserves built up over the years to ensure that there is no disruption to dividends for shareholders. The capital reserve arising on investments sold is also available to fund the dividend, if necessary. As a result, the Board has been able to maintain its policy of increasing the total dividend each year, even in years when the dividend per share has not been covered by revenue earnings per share. In the year to 30 June 2023, the annual dividend has been increased by 2.6%.
The timing of the Company's receipt of revenues from investee companies throughout each financial year does not generally coincide with payments of dividends by the Company to its shareholders. Accordingly, as at the time of declaring each interim dividend, the Company may not have received sufficient revenues from investee companies to cover the relevant interim dividend payment and will therefore be reliant on drawing down funds from revenue reserves to cover payment of such declared interim dividend. The Board would normally expect, however, that subsequent receipts of revenues from investee companies prior to the relevant payment date will make any such drawdowns unnecessary. For the year to 30 June 2023, net revenue was £1.5 million less than dividends declared in respect of the year, as set out in note 10 to the financial statements, although further income was recognised and received by the time the dividend payment was made.

New Zealand listing

The Company's ordinary shares have a secondary listing on the New Zealand Stock Exchange. New Zealand has recently introduced new regulations and disclosure requirements in relation to climate reporting. This had the potential to be extremely onerous and expensive for the Company to comply

Business Model (continued)

with. The New Zealand regulatory authority announced a consultation for a potential exemption from these requirements for foreign investment companies like City of London with a secondary listing. In conjunction with the other JHI-managed investment trusts with a New Zealand listing, the Board took the decision to engage local lawyers to respond to the consultation and to seek such an exemption. The regulatory authority has now announced its agreement in principle to a five-year exemption.

Managing our Risks

The Board, with the assistance of the Manager, has carried out a robust assessment of the principal risks and uncertainties facing the Company, including those that would threaten its business model, future performance, solvency or liquidity and reputation.

The Board regularly considers the principal risks facing the Company and has drawn up a register of these risks. The Board has also put in place a schedule of investment limits and restrictions, appropriate to the Company's investment objective and policy. The principal risks which have been identified and the steps taken by the Board to mitigate these are set out in the table below. The principal financial risks are detailed in note 16 to the financial statements. Details of how the Board monitors the services provided by Janus Henderson and its other suppliers, and the key elements designed to provide effective internal control, are explained further in the internal controls section of the Corporate Governance Report on pages 45 and 46.

Principal risks	Trend	Mitigating measure
Geopolitical Heightened political tensions in and among a number of countries around the world have potential impacts, including increasing market volatility, risks to cyber security and on the supply of commodities, including oil and gas, and manufacturing components.	↑	The Fund Managers keep the global political and economic picture under review as part of the investment process.
Global pandemics The impact that a global pandemic or some future major health crisis could have on the Company's investments and its direct and indirect effects, including the effect on the global economy.	↓	The Fund Managers maintain close oversight of the Company's portfolio, and in particular the dividend strategies of investee companies. Regular stress testing of the revenue account under different scenarios for dividends is carried out. The Board also maintains close oversight of the third-party service providers which assist in the administration of the Company.
Portfolio and market price Although the Company invests almost entirely in securities that are listed on recognised markets, share prices may move rapidly. The companies in which investments are made may operate unsuccessfully, or fail entirely. A fall in the market value of the Company's portfolio would have an adverse effect on equity shareholders' funds. The wider consequences of Brexit on employment and regulation together with resultant, adverse trade negotiations may impact the Company's investments.	↔	The Board reviews the portfolio at the seven Board meetings held each year and receives regular reports from the Company's brokers. A detailed liquidity report is considered on a regular basis. The Fund Managers closely monitor the portfolio between meetings and mitigate this risk through diversification of investments. The Fund Managers periodically present the Company's investment strategy in respect of current market conditions. Performance relative to the FTSE All-Share Index, other UK equity income trusts and IA UK Equity Income OEICs is also monitored. The majority of the Company's investments are multi-national companies with operations in local markets.
Dividend income A reduction in dividend income could adversely affect the Company's dividend record.	↔	The Board reviews income forecasts at each meeting. The Company has revenue reserves of £44.3 million (before payment of the fourth interim dividend) and distributable capital reserves of £344.6 million.
Investment activity, gearing and performance An inappropriate investment strategy (for example, in terms of asset allocation or the level of gearing) may result in underperformance against the Company's benchmark.	↔	At each meeting, the Board reviews investment performance, the level of gearing, the level of premium/discount, income forecasts and a schedule of expenses. It also has an annual meeting focused on strategy at which these matters are considered in more depth.

Business Model (continued)

Principal risks	Trend	Mitigating measure
Tax and regulatory Changes in the tax and regulatory environment could adversely affect the Company's financial performance, including the return on equity. A breach of s.1158/9 could lead to a loss of investment trust status, resulting in capital gains realised within the portfolio being subject to corporation tax. A breach of the Listing Rules could result in suspension of the Company's shares, while a breach of the Companies Act 2006 could lead to criminal proceedings, or financial or reputational damage. The Company must also ensure compliance with the Listing Rules of the New Zealand Stock Exchange.	↔	The Manager provides its services, inter alia, through suitably qualified professionals and the Board receives internal control reports produced by the Manager on a quarterly basis, which confirm legal and regulatory compliance. The Fund Managers also consider tax and regulatory change in their monitoring of the Company's underlying investments.
Operational Disruption to, or failure of, the Manager's or its Administrator's (BNP Paribas) accounting, dealing or payment systems or the Depositary's records could prevent the accurate reporting and monitoring of the Company's financial position. Cyber crime could lead to loss of confidential data. The Company is also exposed to the operational risk that one or more of its suppliers may not provide the required level of service.	↔	The Board monitors the services provided by the Manager and its other suppliers and receives reports on the key elements in place to provide effective internal control. Cyber security is closely monitored and the Audit Committee receives regular presentations from Janus Henderson's Chief Information Security Officer. The Board considers the loss of the Fund Manager as a risk but this is mitigated by the experience of the team at Janus Henderson as detailed on page 36.

Emerging risks

In addition to the principal risks facing the Company, the Board also regularly considers emerging risks, which are defined as potential trends, sudden events or changing risks which are characterised by a high degree of uncertainty in terms of the probability of them happening and the possible effects on the Company. Should an emerging risk become sufficiently clear, it may be moved to a significant risk.

The Company's Viability

The AIC Code of Corporate Governance includes a requirement for the Board to assess the future prospects for the Company, and to report on the assessment within the Annual Report.

The Board considers that certain characteristics of the Company's business model and strategy are relevant to this assessment:

- The Board seeks to deliver long-term performance by the Company.
- The Company's investment objective, strategy and policy, which are subject to regular Board monitoring, mean that the Company is invested mainly in readily realisable, UK-listed securities and that the level of borrowings is restricted.
- The Company is a closed end investment company and therefore does not suffer from the liquidity issues arising from unexpected redemptions.
- The Company has an ongoing charge of 0.37%, which is lower than other comparable investment trusts.

Also relevant were a number of aspects of the Company's operational agreements:

- The Company retains title to all assets held by the Custodian under the terms of formal agreements with the Custodian and Depositary.
- Long-term borrowing is in place, being 4.53% secured notes 2029, 2.94% secured notes 2049 and 2.67% secured notes 2046 which are subject to formal agreements, including financial covenants with which the Company complied in full during the year. The value of long-term borrowing is relatively small in comparison to the value of net assets, being 6.0%.
- Revenue and expenditure forecasts are reviewed by the Directors at each Board meeting. This includes stress testing of the forecast under different scenarios.
- Cash is held with approved banks.

Three model scenarios are considered which evaluate the impact on revenue reserves. These range from a worst case scenario which includes low consensus estimates, significant dividend cuts of up to 50% in specific sectors and specific investee companies, to a best case scenario with high consensus estimates, no dividend cuts in any specific sector and limited dividend cuts in specific investee companies. Increasing dividend payments to shareholders could continue under all three scenarios whether through revenue, or supported by distributable capital reserves. None of the results from the three scenarios would therefore threaten the viability of the Company.

Business Model (continued)

Covenant limits are tested to ascertain the level that net assets would need to fall by to breach any covenant conditions. Net assets would need to fall by amounts in excess of £1.5 billion to breach covenants, with all other factors remaining constant. The Board considers this to be highly unlikely and therefore does not threaten the viability of the Company.

In addition, the Directors carried out a robust assessment of the principal risks and uncertainties which could threaten the Company's business model, including future performance, liquidity and solvency, and considered emerging risks that could have a future impact on the Company.

The principal risks identified as relevant to the viability assessment were those relating to investment portfolio performance and its effect on the net asset value, share price and dividends, and threats to security over the Company's assets. The Board took into account the liquidity of the Company's portfolio, the existence of the long-term fixed rate borrowings, the effects of any significant future falls in investment values and income receipts on the ability to repay and renegotiate borrowings, grow dividend payments and retain investors and the potential need for share buybacks to maintain a narrow share price discount.

The Directors assess viability over five-year rolling periods, taking account of foreseeable severe but plausible scenarios. In coming to this conclusion, the Directors have considered the aftermath of the Covid-19 pandemic and heightened macroeconomic uncertainty following Russia's invasion of Ukraine, in particular the impact on income and the Company's ability to meet its investment objective. The Directors do not believe that they will have a long-term impact on the viability of the Company and its ability to continue in operation, notwithstanding the short-term uncertainty these events have caused in the markets and specific short-term issues, such as energy, supply chain disruption, inflation and labour shortages.

The Directors believe that a rolling five-year period best balances the Company's long-term objective, its financial flexibility and scope with the difficulty in forecasting economic conditions affecting the Company and its shareholders.

Based on their assessment, and in the context of the Company's business model, strategy and operational arrangements set out above, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five-year period to June 2028.

Environmental, Social and Governance Matters ("ESG")

How we integrate Environmental, Social and Governance considerations in our investment decisions

The Board believes that integrating ESG into investment decision-making and ownership practices is an important factor for delivering the investment outcomes our shareholders seek. ESG considerations are therefore a fully embedded component of the investment process employed by the Fund Manager, and the wider Janus Henderson investment teams.

Defining ESG

Environmental factors include climate change, use of natural resources, pollution, waste management, water usage and deforestation.

Social factors include corporate culture, diversity, health and safety, community relations and supply chain management.

Governance factors include business ethics, board composition, remuneration and shareholder rights.

Investment considerations

Sustainability of business models is crucial to the Company's investment strategy. The Company's investment philosophy is valuation driven, with a dividend yield considered the most important measure of value. As such, a considerable amount of time is spent by the Fund Manager identifying fundamental factors, including ESG factors which may impact profits, cash flow and dividends and ensuring that investee companies have robust policies and processes in place to manage these.

Whilst no company is specifically excluded based on ESG considerations, the Fund Manager would seek to avoid companies where ESG risks are not sufficiently considered or managed. As the Fund Manager strives to understand all drivers of company performance, he also strives to understand the risks. An evaluation of ESG factors is integral to this.

Governance is a key part of fundamental factor analysis with good corporate governance supportive of long-term decision-making and investment returns. The significance of environmental and social factors can vary depending on the sector and the region in which a company operates. Nonetheless, each ESG factor, in addition to the quantitative and qualitative assessments, is an important consideration when evaluating the opportunity in an equity investment.

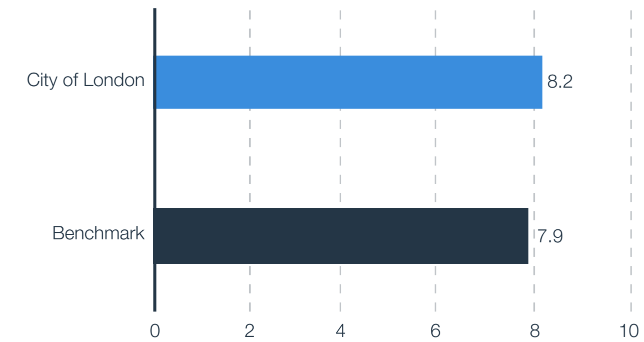
Business Model (continued)

Fundamental factors considered vary, but may include:

Financial Analysis	Dividend sustainability, free cash flow, operating margin, balance sheet strength, leverage, profitability, earnings growth.
Qualitative Evaluation	Competitive position, industry trends, business volatility, business model, barriers to entry, exposure to disruption.
Environmental	Pollution, carbon emissions, water usage, waste management, resource use, sustainable sourcing.
Social	Health and safety, employee relations, diversity and inclusion, employee development, data privacy, supply chain management.
Governance	Shareholder alignment, board independence, shareholder rights, business ethics, voting structure, remuneration, board experience, accounting standards.
Valuation	Dividend yield, free cash flow, price to earnings ratio (“P/E”), earnings per share (“EPS”), enterprise value/earnings before interest, tax, depreciation and amortisation (“EV/EBITDA”) and dividend cover.

The Manager engages MSCI, a leading firm researching and rating ESG factors globally, to support investment research. MSCI can also be used to monitor the holdings within the Company and analyse its overall ESG risk exposure.

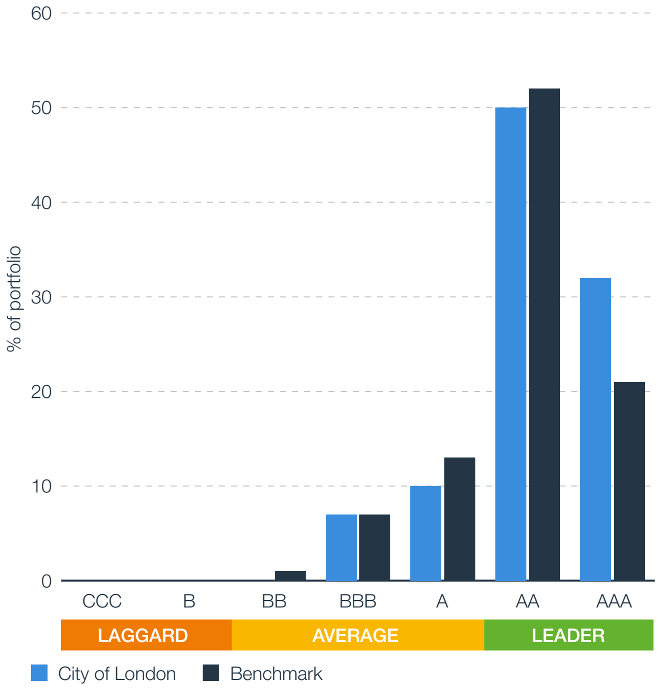
Weighted average ESG score



Source: MSCI, City of London and Index weights as at 30 June 2023
MSCI Risk data as at 8 August 2023

MSCI provides an ESG quality score which measures the ability of the underlying holdings to manage key medium to long-term risks and opportunities that arise from ESG factors. It is based on MSCI ESG ratings and is measured on a scale of 0 to 10 (0 being worst and 10 being best). For this metric the Company scores 8.2 and the benchmark 7.9. The risk ratings are aggregated for the Company’s portfolio and the benchmark, the FTSE All-Share Index. The Company’s ESG risk is 3.4% lower than the benchmark, as assessed by MSCI.

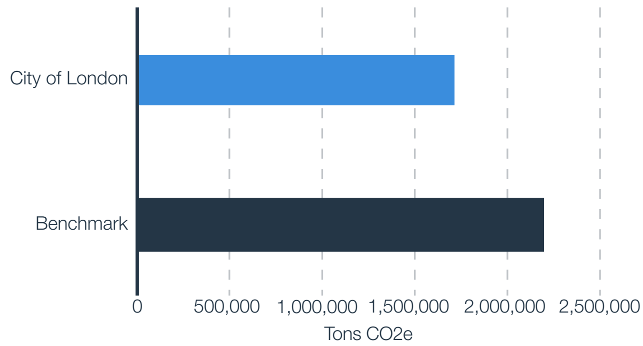
Distribution of MSCI ESG Fund Ratings Universe



Source: MSCI, City of London and Index weighs as at 30 June 2023
MSCI Risk data as at 8 August 2023

MSCI’s ESG ratings are ranked using a seven-point AAA-CCC scale. Both the Company and the benchmark score AA ratings using this analysis. The Company has no exposure to companies with the lowest CCC-BB scores, with more exposure to AAA rated stocks than the benchmark.

Carbon emissions



Source: MSCI, City of London and Index weights as at 30 June 2023
MSCI Risk data as at 8 August 2023

The above chart shows the direct and indirect carbon emissions of the holdings in both the Company and the benchmark. These emissions are based on the assets under management of the Company compared to an equivalent portfolio of assets under management invested in the benchmark. Scope 1 and 2 emissions are the direct emissions from a company’s operations and scope 3 emissions are indirect emissions. The Company’s direct and indirect carbon emissions are 22% lower than the benchmark.

Business Model (continued)

Engagement and stewardship

Stewardship is a fundamental part of the Manager's long-term, active approach to investment management. Strong ownership practices, including engagement with management and boards, can help protect and enhance long-term shareholder value. Janus Henderson supports the UK Stewardship Code and is a founding member of the UN Principles of Responsible Investment ("UN PRI"). Additionally, Janus Henderson is a supporter of a number of broader ESG initiatives such as the Access to Medicine Index which aims to improve availability of healthcare in developed and emerging markets and Climate Action 100+, an investor-led initiative to engage with heavily emitting companies to reduce their greenhouse gas emissions.

As a part of the research process, portfolio managers and analysts meet frequently with company management, senior executives and boards, with Janus Henderson conducting thousands of meetings per year. These meetings typically occur prior to initiating a position and throughout the holding period. The portfolio managers develop long-term relationships with the management of firms in which they invest. Should concerns arise over a firm's practices or performance, they would seek to leverage these constructive relationships by engaging with company management or express their views through voting on management or shareholder proposals. Escalation of engagement activities depends upon a company's individual circumstances.

Engagement Example

ESG engagement with British American Tobacco ("BAT")
Meetings held with executives of BAT and Job Curtis (Fund Manager), David Smith (Deputy Fund Manager) and Charlotte Nesbitt (Janus Henderson Responsible Investment & Governance Analyst)

19 April 2023
Review of BAT's strategy and progress with Next Generation Products ("NGPs"), waste and recycling of NGPs and supply chain disclosure of tobacco operations.

23 May 2023
Review of BAT's controls and practices on compliance and governance that are now in place, for countries deemed high risk, to prevent any breach of sanctions, as had happened between 2007 and 2017 in North Korea, leading to a $635 million fine from the US Department of Justice.

Voting

The Board believes that voting at general meetings is an important aspect of corporate stewardship, and a means of signalling shareholder views on board policy, practices and performance. The Board has delegated responsibility for voting the rights attached to the shares held in the Company's portfolio to the Manager, who actively votes at shareholder meetings and engages with companies as part of the voting process.

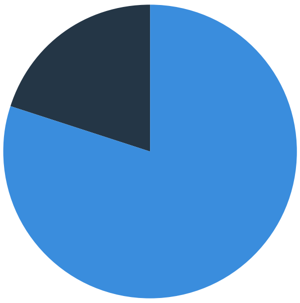
Voting decisions are guided by the best interests of the investee companies' shareholders and made in consultation with the Fund Manager, who has an in-depth understanding of the respective company's operations. Voting decisions are taken in keeping with the provisions of the Manager's ESG Investment Principles, which set out the Manager's approach to corporate governance, corporate responsibility and compliance with the Stewardship Code, and are publicly available on the Manager's website at **www.janushenderson.com**. To retain oversight of the process, the Directors regularly receive reports on how the Manager has voted the shares held in the Company's portfolio, and they review the ESG Investment Principles at least annually.

In the period under review, the shares in the Company's portfolio were voted in respect of 93 meetings. The level of governance in leading global companies is generally of a high standard in terms of best practice, which meant support in favour of the resolutions proposed by management was warranted. However, in respect of 13 resolutions (<1% of the resolutions proposed), support was not warranted and, following discussion between the Fund Manager and Janus Henderson's governance team, the shares were voted against the investee board recommendation. On occasion, the Fund Manager takes voting decisions after consultation with the Chairman on behalf of the Board.

As an active manager, Janus Henderson's preference is to engage with management and boards to resolve issues of concern rather than to vote against shareholder meeting proposals. This approach is more likely to be effective in influencing company behaviour. The Fund Manager therefore actively seeks to engage with companies throughout the year and in the lead up to the annual shareholder meeting to discuss any potentially controversial agenda items. However, where he believes that proposals are not in shareholder interests or where engagement proves unsuccessful, he will vote against.

Business Model (continued)

Voting record



In terms of resolutions not supported, these covered two main areas, compensation and director-related.

Source: Janus Henderson using Institutional Shareholder Services ("ISS") categories
Note: Some meetings had more than one vote against management
* We routinely vote against proposals labelled 'other business'. Many companies put forward proposals labelled 'other business'. This is a request to allow the board and shareholders to raise other issues and discuss them at the meeting. It is often a routine request, however as it could potentially lead to subsequent approval of items without prior disclosure to minority shareholders, we routinely vote against these items

The environment

As an investment company, the Company's own direct environmental impact is minimal. The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. For the same reasons, the Company considers itself to be a low energy user under the Streamlined Energy & Carbon Reporting ("SECR") regulations and therefore is not required to disclose energy and carbon information.

The Manager recognises the importance of managing its operational activities in a sustainable way and minimising any adverse impact on the environment.

In 2021 Janus Henderson reached its three-year target to reduce its carbon footprint by 15% per full-time employee ("FTE") from 2018 levels. In 2022, using guidance from the Science-Based Target Initiative, Janus Henderson set ambitious new five-year reduction targets:

- reduction target of 29.4% in Scope 1 (fuel) and Scope 2 (electricity) emissions;
- reduction target of 17.5% in Scope 3 (business travel, freight, paper, water, waste) emissions; and
- reduction target of 17.5% on water and waste consumption by FTEs.

In addition to this, Janus Henderson has maintained a CarbonNeutral® certification since 2007 and offsets all its operational Scope 1, Scope 2 and Scope 3 emissions each year. Through this process, Janus Henderson has invested in a variety of offset projects around the world, delivering financial support to essential renewable energy, forestry and resource conservation projects that support reductions in greenhouse gas emissions. All projects Janus Henderson supports have been classified as 'additional' by an independent third party, meaning that they would not happen without the sale of carbon credits.

Janus Henderson discloses its carbon emissions annually through regulatory and voluntary reporting frameworks, including SECR and the Carbon Disclosure Project ("CDP"), as well as in its annual report and 2022 Impact Report, which provide more information.

Business ethics

As the Company's operations are delegated to third-party service providers, the Board seeks assurances, at least annually, from its suppliers that they comply with the provisions of the UK Modern Slavery Act 2015 and maintain adequate safeguards in keeping with the provisions of the Bribery Act 2010 and Criminal Finances Act 2017.

Approval

The Strategic Report has been approved by the Board.

On behalf of the Board

Sir Laurie Magnus CBE
Chairman
19 September 2023

Governance

Directors and Fund Managers

Directors

Sir Laurie Magnus CBE

Position: Chairman of the Board and Nominations Committee

Date of Appointment:
1 March 2020 (Chairman on 27 October 2020)

Skills and Experience: Sir Laurie has over 40 years of experience in corporate finance markets and over 15 years as a member of investment supervisory bodies, including as a director of various investment trusts. He was Chairman of Pantheon International plc until October 2022. He has held senior positions at financial institutions including Samuel Montagu, Phoenix Securities, Donaldson Lufkin & Jenrette and Lexicon Partners (latterly as Chairman prior to its merger with Evercore). He is currently a non-executive adviser to Evercore's European business.

Current External Appointments:
Sir Laurie is the Prime Minister's Independent Adviser on Ministers' Interests. In the not for profit sector, he is Chairman of The Heritage of London Trust.

Samantha Wren

Position: Chair of the Audit Committee

Date of Appointment:
1 September 2015 (Chair of the Audit Committee on 7 July 2016)

Skills and Experience: Samantha has extensive accounting and auditing experience. She was formerly Chief Executive of IPGL Limited, a privately-owned investment company. Prior to this, she was the Group Chief Financial Officer and Group Chief Operating Officer of NEX Group plc, having previously held senior finance roles at its predecessor company, ICAP plc. Prior to ICAP plc, she held several senior finance roles at the gaming group, The Rank Group plc, where she was also a Director of the Rank Pension Plan Trustee Limited. She qualified as a Chartered Management Accountant at Rentokil Initial plc.

Current External Appointments:
Non-executive Director of Chapel Down Group plc, where she is also chair of the remuneration committee.

Robert Holmes (Ted)

Position: Director

Date of Appointment:
1 January 2018

Skills and Experience: Ted has a strong background in investment management. Ted joined the Board following a twenty-year career at UBS Asset Management. During that time, he worked as a managing director in both the Chicago office (previously Brinson Partners) and London office (previously Phillips and Drew) in a variety of positions, from analyst to European Head of Equities. Prior to UBS, he worked for Ernst & Young in Washington, D.C. He has an MBA from the University of Chicago Booth School of Business, is a Chartered Financial Analyst and is a Certified Public Accountant.

Current External Appointments:
Director of Blue Ocean Investment Partners Limited.

All Directors are independent of Janus Henderson.
All Directors are members of the Nominations Committee.
The Audit Committee consists of Samantha Wren, Ted Holmes, Clare Wardle and Ominder Dhillon.

Directors and Fund Managers (continued)

Clare Wardle

Position: Senior Independent Director

Date of Appointment:
1 November 2019

Skills and Experience: Clare brings to the Board considerable international experience in risk, governance, competition and compliance. Between 2010 and May 2016, Clare played a leading role in many development and expansion projects as Group General Counsel at Kingfisher – Europe's largest home improvement retail group. She is the Senior Independent Director of Modern Pentathlon GB. Before joining Kingfisher, Clare was Company Secretary and General Counsel of Tube Lines Limited and prior to this she was Head of Post Office Ltd Legal. She was also formerly a non-executive Director of ViaCode Limited, Chair of Basketball England and a trustee of the Friendly Almshouses. Clare was called to the bar in 1984, joined Lovells in 1986 and moved to the Post Office in 1996.

Current External Appointments:
General Counsel and Company Secretary of Coca-Cola Europacific Partners plc, which she joined in May 2016.

Ominder Dhillon

Position: Director

Date of Appointment:
1 September 2021

Skills and Experience: Ominder brings to the Board strong investment knowledge across public and private markets, especially in regard to sustainable investing, sales and marketing expertise and a good understanding of governance and risk management. He was, until January 2020, Global Head of Institutional Distribution at M&G plc. Prior to that, from 2011 to 2015, he was Head of Distribution at Impax Asset Management. He was also formerly Head of UK and Ireland at Fidelity International, Director of Institutional Sales at Scottish Widows Investment Partnership and a trustee of UK charity Facing History and Ourselves.

Current External Appointments:
Non-executive Director of Fidelity Special Values PLC, Senior Adviser to The IC Research Institute and a Director of Ocris Partners SL.

Fund Manager

Job Curtis has been City of London's Fund Manager since 1 July 1991. After graduating from Oxford University in 1983 with a BA Hons in Philosophy, Politics and Economics, he joined Grieveson, Grant stockbrokers as a trainee. In 1985, he joined Cornhill Insurance as an assistant fund manager and then moved to Touche Remnant in 1987 where he became a fund manager. Touche Remnant was taken over by Henderson Group plc in 1992 and Job is currently a member of Janus Henderson's Global Equity Income team.

Deputy Fund Manager

David Smith is a Fund Manager on the Janus Henderson Global Equity Income team, a position he has held since 2008. David manages Henderson High Income Trust plc, the UK portfolio of The Bankers Investment Trust PLC and a number of UK equity institutional funds. He joined Janus Henderson in 2002, initially working in operations and progressing to the UK Equities team, and is now part of the Global Equity Income team. David graduated with a BSc degree (Hons) in Chemistry from Bristol University. He holds the Investment Management Certificate and the Chartered Financial Analyst designation.

Directors' Report

The Directors present their report and the audited financial statements for the year ended 30 June 2023.

The Investment Portfolio on pages 16 and 17, Corporate Governance Statement, Audit Committee Report and Nominations Committee Report on pages 40 to 51, Statement of Directors' Responsibilities on page 56 and Securities Financing Transactions, Alternative Performance Measures and other information on pages 85 to 93 form part of the Directors' Report.

Results and Dividends

The results for the year are set out in the financial statements. Two interim dividends of 5.00p each and two interim dividends of 5.05p each, totalling 20.10p per share, have been declared and paid in respect of the year to 30 June 2023, an increase of 2.6% over the previous year. See note 10 on page 74 for more information. No final dividend is being proposed.

A review of the year and the outlook for the forthcoming year can be found in the Strategic Report.

Directors

The Directors of the Company are listed on pages 35 and 36. All served throughout the period under review.

In accordance with the recommendations of the AIC Code of Corporate Governance, all Directors of the Board will offer themselves for re-election at the forthcoming Annual General Meeting.

The beneficial interests of the current Directors and their connected persons in the securities of the Company as at 30 June 2023 are set out in the Directors' Remuneration Report on page 54. Details of Directors' insurance and indemnification are set out on page 44.

Share Capital

There are no restrictions on the transfer of the Company's share capital and there are no shares or stock which carry specific rights with regards to control of the Company. The Company is not aware of any agreements or arrangements between holders of securities which would result in restrictions on the transfer of securities or voting rights.

The Company's equity and non-equity share capital comprises:

Ordinary shares of 25p nominal value each

The voting rights of the ordinary shares on a poll are one vote for every 15 shares held. At the beginning of the year, there were 459,639,868 ordinary shares in issue. During the year, 37,715,000 new ordinary shares with a nominal value of £9,428,750 (representing 8.2% of the number of shares in issue at the beginning of the year) were issued to Cenkos Securities plc at a price range of 373.0p to 429.5p for total proceeds (net of commissions) of £153,347,000. No shares were bought back during the year.

At 30 June 2023, the number of ordinary shares in issue (with voting rights) was 497,354,868. There are no shares in treasury.

5,310,000 new shares have been issued since 30 June 2023 and up to 15 September 2023, being the last practicable date prior to publication of the Annual Report. No shares have been bought back since the year end.

Cumulative first preference stock

The voting rights of the first preference stock on a poll are one vote per £10 of stock held. At 1 July 2022 and at 30 June 2023 there was £301,982 of first preference stock in issue.

Non-cumulative second preference stock

Second preference stockholders have no rights to attend and vote at general meetings (except on the winding-up of the Company or if dividends are in arrears). At 1 July 2022 and at 30 June 2023 there was £507,202 of second preference stock in issue.

Non-cumulative preferred ordinary stock

The voting rights of the preferred ordinary stock on a poll are one vote per £20 of stock held. At 1 July 2022 and at 30 June 2023 there was £589,672 of preferred ordinary stock in issue.

Further details on the first and second preference stock and the preferred ordinary stock are contained in note 15 on pages 76 and 77.

Total voting rights

At 30 June 2023, the total voting rights in the Company were 33,216,673, comprising 33,156,991 ordinary share voting rights (99.8%), 30,198 first preference stock voting rights (0.1%) and 29,484 preferred ordinary stock voting rights (0.1%).

Shareholder authorities

The Directors seek annual authority from the shareholders to allot new ordinary shares, to dis-apply the pre-emption rights of existing shareholders and to buy back, for cancellation or to be held in treasury, the Company's ordinary shares. In addition, the Directors seek annual authority to buy back and cancel the Company's preferred and preference stocks.

At the AGM held on 27 October 2022, the Directors were granted authority to allot up to 47,035,484 ordinary shares (with an aggregate nominal amount of £11,758,871) for cash and to repurchase 70,506,194 ordinary shares (with a nominal value of £17,626,548) for cancellation or to be held in treasury. 32,310,000 shares have been issued under this authority. During the year and up to the date of this report, the Directors have not bought back any ordinary shares or preferred or preference stocks.

The Directors will once again be seeking to renew the authorities to allot and repurchase the ordinary shares at the upcoming Annual General Meeting, when the existing authorities will expire.

The Board's aim is for the Company's share price to reflect closely its underlying net asset value and have a liquid market

Directors' Report (continued)

in the ordinary shares. For this reason, the Board has, when appropriate, sought to utilise the Company's ability to issue additional ordinary shares to satisfy investor appetite and smooth share price volatility by preventing the build-up of excessive demand for the ordinary shares. By issuing the shares at a premium to NAV, the Board seeks to protect the interests of existing shareholders so they benefit from an enhancement to NAV, to increase liquidity and to spread the fixed costs of the Company over a larger asset base. The Board also seeks to ensure that the price at which new ordinary shares are issued remains attractive to potential investors.

The Directors believe that, from time to time and subject to market conditions, it continues to be in the shareholders' interests to buy back the Company's shares when they are trading at a discount to the underlying net asset value per share. The Company may utilise the authority to purchase shares by either a single purchase or a series of purchases when market conditions allow, with the aim of maximising the benefit to shareholders. Authority will also be sought to renew the current authorities, which expire at the upcoming Annual General Meeting, to repurchase the preferred and preference stocks.

Holdings in the Company's Shares

There are no declarations of interests in the voting rights of the Company as at 30 June 2023 in accordance with the Disclosure Guidance and Transparency Rules of the FCA.

No changes have been notified in the period from 1 July 2023 to 15 September 2023.

Fund Manager's Interests

Job Curtis, the Fund Manager, has a beneficial interest in 311,607 shares and a non-beneficial interest in 21,527 shares.

Related Party Transactions

The Company's transactions with related parties in the year were with the Directors and the Manager. There were no material transactions between the Company and its Directors during the year and the only amounts paid to them were in respect of expenses and remuneration for which there were no outstanding amounts payable at the year end. Directors' shareholdings are disclosed on page 54.

In relation to the provision of services by the Manager, other than fees payable by the Company in the ordinary course of business and the provision of marketing services, there were no material transactions with the Manager affecting the financial position of the Company during the year under review. More details on transactions with the Manager, including amounts outstanding at the year end, are given in note 23 on page 83.

Financial Risk Management

The principal risks and uncertainties facing the Company are set out on pages 28 and 29. The principal financial risks and the Company's policies and procedures for managing these risks are set out in note 16 to the financial statements on pages 77 to 81.

Greenhouse Gas Emissions

The Company's environmental statements are set out in the Strategic Report on pages 30 to 33.

Annual General Meeting

The Annual General Meeting will be held on 31 October 2023 at 2.30pm. The Board invites shareholders to attend the meeting at the registered office at 201 Bishopsgate, London EC2A 3AE, or via Zoom webinar connection if shareholders would prefer not to travel. The Fund Manager will present his review of the year and thoughts on the future.

There will be live voting for those physically present at the AGM. However, due to technical restrictions, the Company cannot offer live voting by Zoom, and the Board therefore requests all shareholders who cannot attend physically to submit their votes by completing a Form of Proxy. Shareholders with shares held in their own names will receive a Form of Proxy enabling them to vote; shareholders holding shares through nominee accounts, such as through a share dealing service or platform, should contact their provider directly and ask them to submit the proxy votes on their behalf.

Instructions for attending the Meeting and details of resolutions to be put to the Annual General Meeting are included in the Notice of Meeting sent with this Annual Report and are on the Company's website. If shareholders would like to submit any questions in advance of the Meeting, they are welcome to send these to the Corporate Secretary at **itsecretariat@janushenderson.com**.

Any change to the format of the Annual General Meeting will be notified to shareholders via a Regulatory Information Service announcement and the Company's website.

Directors' Statement as to Disclosure of Information to Auditors

Each of the Directors who were members of the Board at the date of approval of this report confirms that, to the best of his or her knowledge and belief, there is no information relevant to the preparation of the Annual Report of which the Company's Auditors are unaware and he or she has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's Auditors are aware of that information.

Directors' Report (continued)

Appointment of Auditors

PricewaterhouseCoopers LLP ("PwC") have been Auditors to the Company since 2009. A competitive audit tender process has been carried out and the Board, on the recommendation of the Audit Committee, is recommending that Ernst & Young LLP be appointed as Auditors. Further information about the tender process can be found in the Audit Committee Report on pages 47 and 48. As a result, PwC will not be seeking re-appointment as Auditors at the AGM and a copy of their statement of the circumstances of their ceasing to hold office is enclosed with this report. A resolution to appoint Ernst & Young LLP as auditors to the Company will be proposed at the AGM and, if passed, will be effective immediately following that meeting.

Listing Rule 9.8.4

Listing Rule ("LR") 9.8.4 requires the Company to include certain information in a single identifiable section of the Annual Report or a cross reference table indicating where the information is set out. The Directors confirm that there are no disclosures to be made in this regard, other than in accordance with LR 9.8.4(7), the information for which is detailed on page 37 under Share Capital.

Securities Financing Transactions

As the Company undertakes securities lending, it is required to report on securities financing transactions (as defined in Article 3 of Regulation (EU) 2015/2365, securities financing transactions include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions). In accordance with Article 13 of the Regulation, the Company's involvement in and exposures related to securities lending for the accounting period ended 30 June 2023 are detailed on pages 85 and 86.

Approval

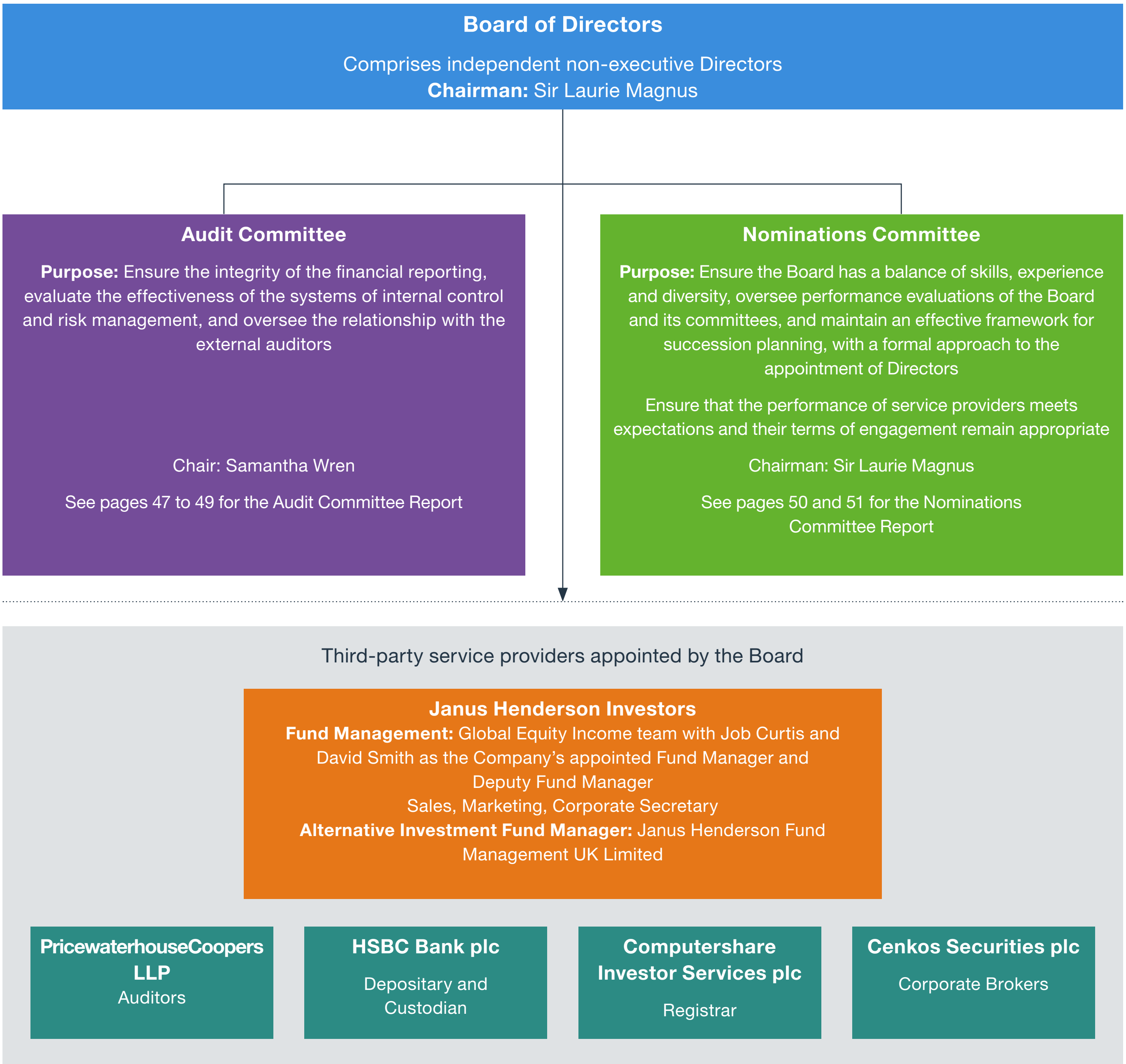
The Directors' Report has been approved by the Board.

By order of the Board

Janus Henderson Secretarial Services UK Limited
Corporate Secretary
19 September 2023

Corporate Governance Report

Governance Structure



Corporate Governance

The Board is accountable to shareholders for the governance of the Company's day-to-day affairs and is pleased to report to shareholders on the Company's governance arrangements and how the principles of the applicable codes have been applied during the year under review.

Applicable Corporate Governance Codes

The Company maintains a premium listing on the London Stock Exchange and is therefore required to report on how the principles of the 2018 UK Corporate Governance Code ("UK Code") have been applied. Being an investment company, a number of the provisions of the UK Code are not applicable as the Company has no executive directors or internal operations and all day-to-day activities are outsourced to external service providers. The Board has therefore considered the principles and recommendations of the Code of Corporate Governance published by the Association of Investment Companies in February 2019 ("AIC Code"). The AIC Code addresses the principles set out in the UK Code as well as additional principles and recommendations on issues that are of specific relevance to investment companies.
The Financial Reporting Council ("FRC") has endorsed the AIC Code and confirmed that, by following it, the boards of

Corporate Governance Report (continued)

investment companies should fully meet their obligations in relation to the UK Code and paragraph 9.8.6 of the Listing Rules. The Board considers that reporting against the principles and provisions of the AIC Code provides more relevant information to shareholders in terms of its governance arrangements.

The Company also maintains a listing on the New Zealand Stock Exchange ("NZX") where it is classified as a Foreign Exempt Issuer. The Listing Rules of the NZX require the Company to comply with the provisions applicable to its Home Exchange, being the London Stock Exchange, at all times, notifying the NZX of any changes pertinent to the listing on the Home Exchange and ensuring that any announcements made to the Home Exchange are simultaneously released to the market in New Zealand. Accordingly, the Company reports against its compliance with the AIC Code, rather than the NZX Corporate Governance Code.

The AIC Code and the UK Code can be found on the respective organisations' websites: **www.theaic.co.uk** and **www.frc.org.uk**. The AIC Code includes an explanation of how it adapts the principles and provisions set out in the UK Code to make them relevant for investment companies.

Statement of Compliance

The Company has complied with the principles and provisions of the 2019 AIC Code throughout the year to 30 June 2023 except as set out below.

The Company has no chief executive or other executive directors. It therefore has no need to consider the remuneration of executive directors and has not reported further in respect of these provisions. In addition, the Company does not have any internal operations and therefore does not maintain an internal audit function. However, the Audit Committee considers the need for such a function at least annually (see page 45 for further information).

As the Company has no employees and has a small Board of solely non-executive Directors, the Board has not established a separate remuneration committee. The remuneration of Directors is dealt with by the Board as a whole.

Given the business model operated by the Company and the importance of the role of the Manager in ensuring the success of the Company, the Board believes that it remains its responsibility to keep under review the level of service provided by the Manager. It is assisted in this by the Nominations Committee, as set out in the Nominations Committee Report on pages 50 and 51. Accordingly, a separate Management Engagement Committee has not been formed.

The AIC Code includes two deviations from the UK Code permitting the Chairman of the Board to be a member of the Audit Committee and for his or her tenure to exceed nine years. The Company has not taken advantage of these provisions and continues to comply with the provisions of the UK Code in this respect.

Board Leadership and Purpose

The Board has overall responsibility for the Company's affairs and for promoting the long-term success of the Company. The Board is collectively responsible for providing leadership, setting the investment objective and policy, appointing the Company's third-party service providers, establishing a robust internal control and risk management system and monitoring the performance delivered by service providers within the established control framework. It is also responsible for setting the Company's standards and values and for ensuring that its obligations to its shareholders and other stakeholders are understood and met. Information relating to the Company's purpose and values can be found on page 20 and to the Board's engagement with stakeholders on pages 24 to 28.

Division of Responsibilities

Role	Primary responsibilities
Shareholders/ investors	• Approving material changes to the Company's investment policy. • Making decisions regarding changes to the Company's constitution. • Electing and re-electing Directors to the Board, or removing them from office if deemed appropriate. • Determining the overall limit for Directors' remuneration.
Chairman	• Leading and managing Board business and ensuring the timely flow of information from service providers to the Board. He facilitates open, honest and constructive debate among Directors. • Leading the Nominations Committee in developing succession planning and the identification of potential candidates for appointment to the Board (except when considering his own succession). • Leading the Board in determining its governance framework, culture and values. • Leading the Board's relationship and engagement with shareholders and other stakeholders. • Managing the relationship with the Manager. The role description for the Chairman is available on the Company's website.

Corporate Governance Report (continued)

Role	Primary responsibilities
Senior Independent Director	• Fulfilling the role of sounding board for the Chairman and intermediary for the other Directors as necessary. • Leading the performance evaluation of the Chairman. • Acting as a channel of communication for shareholders in the event that contact through the Chairman is inappropriate. The role description of the Senior Independent Director is available on the Company's website.
Independent non-executive Directors	• Providing constructive and effective challenge, especially to the decisions of the Manager. • Scrutinising and holding to account the performance of the: – Fund Manager in meeting the investment objective. – Manager in the promotion of the Company and day-to-day smooth operations of the Company's business. • Providing strategic guidance and offering specialist advice.
Committee Chairs	• The leadership and governance of their Committee. • Maintaining the relationships with specialist service providers delivering services within the remit of their Committee. • Reporting on the activities of their Committee to the Board. • Seeking approval from the Board for the responsibilities set out in their respective terms of reference.
Manager (AIFM)	• Promoting the Company's investment proposition to professional and retail investors. • Making the necessary reporting to the FCA regarding the Company's status as an AIF. • Providing accounting, company secretarial and other administrative services to the Company ensuring compliance with the applicable statutory and regulatory provisions. • Coordinating the delivery of services provided by the Company's other third-party service providers.
Fund Manager	• Selecting the stocks held within the portfolio. • Diversification and risk management through stock selection and size of investment. • Determining the volume and timing of acquisitions and disposals. • Determining the frequency and level of gearing within the overall limits set by the Board.

Operation of the Board

The Board meets formally at least seven times a year, with additional Board or Committee meetings arranged when required. The Directors have regular contact with the Manager between meetings. The Board has a formal schedule of matters specifically reserved for its decision, which includes setting strategy and oversight of performance, risk management and internal controls. All matters that are not delegated to the Manager under the management agreement are reserved for the Board's decision. A copy of the schedule of matters reserved is available on the Company's website.

At each meeting the Board reviews with the Manager the Company's investment performance and compliance with the approved investment policy, and also considers financial analyses and other reports of an operational nature. The Board monitors compliance with the Company's objective and is responsible for setting asset allocation, investment and gearing limits within which the Manager has discretion to act. The Board has responsibility for the approval of any investments in in-house funds managed or advised by the Manager. It also has adopted a procedure for Directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company.

The Board has engaged third-party service providers to deliver the operations of the Company. Management of the investment portfolio has been delegated contractually to Janus Henderson, which also provides the day-to-day accounting, company secretarial, administrative, sales and marketing activities. The Company has appointed a Depositary, HSBC Bank plc, which in turn appoints the Custodian which is responsible for the safe custody of the Company's assets. The Company has appointed a Registrar, Computershare Investor Services plc, to maintain the Register of Members and assist shareholders with queries about their holdings. Each of these principal contracts was entered into after full and proper consideration by the Board of the quality and cost of the services offered, including the control systems in operation in so far as they relate to the affairs of the Company. The Board and its Committees maintain

Corporate Governance Report (continued)

oversight of the third-party service providers through regular and ad hoc reporting. The Board meets annually with representatives from the Depositary and Custodian to discuss amongst other matters performance, service levels, their value for money, information security and business continuity plans.

Full and timely management, financial, regulatory and other relevant information is provided to all Directors to allow them to discharge their responsibilities and to enable the Board (and its Committees) to function effectively. In particular, the Board receives and considers regular reports from the Manager and ad hoc reports and information are supplied to the Board as required. In addition, the Chairman is able to attend meetings of all the chairmen of the investment trust companies managed by Janus Henderson which provide a forum to discuss industry matters which would then be reported to the Board.

The Manager takes decisions as to the purchase and sale of individual investments. The Manager also ensures that all Directors receive, in a timely manner, all relevant management, regulatory and financial information. Representatives of the Manager attend each Board meeting enabling the Directors to probe further on matters of concern.

The Directors have access to the advice and services of the Corporate Secretary through its appointed representative who is responsible to the Board for ensuring that Board and Committee procedures are followed and that applicable rules and regulations are complied with. The proceedings at all Board and Committee meetings are fully minuted, in a process that allows any Director's concerns to be recorded in the minutes.

The Corporate Secretary, Janus Henderson Secretarial Services UK Limited, is a subsidiary of Janus Henderson with its own reporting lines and audited internal controls. There are processes and controls in place to ensure that there is a clear distinction between the two entities, particularly when dealing with any conflicts or issues between the Company and Janus Henderson. Any correspondence from shareholders addressed to the Chairman or the Board received at Janus Henderson's offices is forwarded to the Chairman in line with the established procedures in place. Any correspondence is submitted to the next Board meeting.

Janus Henderson and BNP Paribas, which is engaged by Janus Henderson, have arrangements in place by which their staff may, in confidence, raise concerns about possible improprieties in relation to financial reporting or other matters. These arrangements are reviewed at least annually by the Audit Committee.

The Board, the Manager and the Corporate Secretary operate in a supportive, co-operative and open environment.

The Board

Under the Company's Articles of Association, the total number of Directors shall not be less than three nor more than seven. As at the date of this report, the Board comprises five non-executive directors, whose biographies are included on pages 35 and 36. These biographies demonstrate the breadth of investment, financial, commercial and professional experience relevant to their positions as Directors.

Sir Laurie Magnus was appointed as Chairman of the Board on 27 October 2020, following the retirement of Philip Remnant. Sir Laurie was independent on appointment in accordance with the criteria set out in the AIC Code and has no relationships that may create a conflict of interest between his interests and those of shareholders. Details of his other significant commitments can be found on page 35. Following review by the Nominations Committee as part of the performance evaluation, the Board is satisfied that Sir Laurie has sufficient time to devote to the Company.

The independence of the Directors is determined with reference to the AIC Code. The Nominations Committee considers the independence of each Director at least annually by reviewing their other appointments and commitments, as well as their tenure of service and any connection they may have with the Manager.

Following evaluation, the Nominations Committee determined that all Directors continued to be independent in character and judgement and that their individual skills, broad business experience and knowledge and understanding of the Company were of benefit to shareholders. All Directors are considered by the Board to be independent of the Manager and free of any relationship which could materially interfere with the exercise of their independent judgement.

There were no contracts subsisting during or at the end of the year in which any Director is or was materially interested and which is or was significant in relation to the Company's business. No Director has a contract of service with the Company and there are no agreements between the Company and its Directors concerning compensation for loss of office.

Director Appointment, Tenure and Training

Appointment and retirement

The Board may appoint Directors and any Director so appointed will stand for election by shareholders at the next annual general meeting following appointment, in accordance with the Articles of Association and the AIC Code. Each director receives a letter of appointment that sets out, amongst other matters, what is expected of them in terms of time commitment.

In keeping with the provisions of the AIC Code, the Board has adopted a policy for all Directors to retire and stand for re-election annually at each annual general meeting.

Under the Articles of Association, shareholders may remove a Director before the end of his or her term by passing an ordinary resolution at a general meeting.

Corporate Governance Report (continued)

The Board considers a potential candidate's other commitments on appointment and then annually through the performance evaluation process to ensure that Directors have sufficient time to commit to the Company. A schedule of Directors' other commitments is reviewed at each Board Meeting and Directors are required to seek the Chairman's approval prior to accepting further appointments.

Tenure

The Board's policy for Directors, including the Chairman, is that they serve for no more than nine years, other than in exceptional circumstances. This ensures the regular refreshment of the Board and its Committees and forms an integral part of the Board's succession planning.

In advance of each annual general meeting, the Nominations Committee will consider and make recommendations to the Board about whether it is appropriate for eligible Directors to be recommended for re-appointment, taking into account the results of the annual performance evaluation and the ongoing requirements of the AIC Code.

Professional development

Newly appointed Directors are offered a bespoke induction programme which covers the legal and regulatory framework for investment companies and the operations of the Manager, including the compliance and risk management frameworks, accounting, sales and marketing, and other administration services provided by the Manager.

Directors are also provided on a regular basis with key information on the Company's policies, regulatory and statutory requirements and internal controls. Changes affecting Directors' responsibilities are advised to the Board as they arise. Directors also regularly participate in relevant training and industry seminars and may do so at the expense of the Company.

Directors' individual training requirements are considered as part of the annual evaluation process which is led by the Chairman of the Board.

Directors' Conflicts of Interest

The Company's Articles of Association permit the Board to consider and, if it sees fit, to authorise situations where a Director has an interest that conflicts, or may possibly conflict, with the interests of the Company ("situational conflicts"). The Board has a formal system in place for Directors to declare situational conflicts to be considered for authorisation by those Directors who have no interest in the matter being considered. In deciding whether to authorise a situational conflict, the non-conflicted Directors must act honestly and in good faith with a view to the best interests of the Company and they may impose limits or conditions when giving the authorisation, or subsequently, if they think this is appropriate. Any situational conflicts considered, and any authorisations given, are recorded in the relevant meeting's minutes.

The Board believes that the systems it has in place for reporting and considering situational conflicts continue to operate effectively. No situational conflicts of interest were considered during the year or up to the date of this report.

Directors' Insurance and Indemnification

Directors' and officers' liability insurance cover is in place in respect of the Directors. Under the Company's Articles of Association and subject to the provisions of UK legislation, a qualifying third-party indemnity may be provided to Directors in respect of costs which they may incur relating to the defence of any proceedings brought against them arising out of their positions as Directors, in which they are acquitted or judgement is given in their favour by the Court. No indemnity was given during the year or up to the date of this report.

Committees of the Board

The Board has two principal Committees: the Audit Committee and the Nominations Committee. The terms of reference for these committees are available on the Company's website. The Company has also constituted an Insider Committee to assist the Board in meeting its obligations under the Market Abuse Regulation.

Board Attendance

The table below sets out the number of scheduled formal Board and Committee meetings held during the year under review and the number of meetings attended by each Director. All Directors attended the 2022 Annual General Meeting. The number in brackets denotes the number of meetings each Director was entitled to attend.

	Board	Audit Committee	Nominations Committee
Number of scheduled meetings	7	3	1
Ominder Dhillon	7 (7)	3 (3)	1 (1)
Ted Holmes	7 (7)	3 (3)	1 (1)
Sir Laurie Magnus	7 (7)	n/a	1 (1)
Clare Wardle	7 (7)	3 (3)	1 (1)
Samantha Wren	7 (7)	3 (3)	1 (1)

Notes:

Sir Laurie Magnus attended each of the Audit Committee meetings by invitation. An additional meeting of each of the Board, Audit Committee and Nominations Committee were held during the year to approve a new blocklisting for the ordinary shares, receive presentations from audit firms in relation to the audit tender and consider the Board evaluation process respectively. The Insider Committee did not meet during the year

Continued Appointment of the Manager

The Board monitors investment performance at each meeting, including information about performance relative to the benchmark and competitors in the AIC's UK Equity Income sector, receives updates in respect of professional sales

Corporate Governance Report (continued)

and marketing activities carried out by the Manager for the Company twice annually and receives a formal recommendation from the Nominations Committee in respect of the continued appropriateness of the terms of the management agreement at least annually.

The assessment of the Manager by the Nominations Committee included consideration of the quality of the team involved in all aspects of servicing the Company, including company secretarial, administration, sales and marketing, the Manager's use of gearing and management of the portfolio's risk profile, the stability of the management group, its business priorities and the adequacy of succession planning.

Following completion of the review, the Board was satisfied with the performance of the Manager and the services being provided and believes that the continued appointment of the Manager on the terms agreed is in the interests of the Company's shareholders as a whole.

Internal Control and Risk Management

The Board has overall responsibility for the Company's system of internal control and for reviewing its effectiveness, as set out in the chart on the following page. The Audit Committee supports the Board in the continuous monitoring of the internal control and risk management framework. Details of the principal risks facing the Company, including emerging risks, and how these are mitigated are set out on pages 28 and 29.

The Board has established an ongoing process for identifying, evaluating and managing the principal risks faced by the Company. The process accords with the FRC's guidance on Risk Management, Internal Control and Related Business and Financial Reporting published in September 2014. The system was in operation throughout the period and up to the date of this report. The system is designed to meet the specific risks faced by the Company and takes account of the nature of the Company's reliance on its service providers and their internal controls. The system therefore manages rather than eliminates the risk of failure to achieve the Company's business objectives and provides reasonable, but not absolute, assurance against material misstatement or loss.

The key components of the internal control framework include:

- clearly defined investment criteria which specify levels of authority and exposure limits. The Board reviews reports on compliance with the criteria at each meeting;
- regular reporting which allows the Board to assess the Company's financial position. The management accounts and forecasts are reviewed by the Board at each meeting;
- the contractual agreements with the Manager and other third-party service providers. The Board reviews performance levels and adherence to relevant provisions of the agreements on a regular basis. The Nominations Committee, which consists of all Board members, conducts a formal evaluation of the overall level of service provided at least annually (see Nominations Committee Report on pages 50 and 51);
- the review of controls (including financial, operational and compliance) at the Manager and other third-party service providers. The Board receives quarterly reporting from the Manager and Depositary, and reviews annual assurance reports on the effectiveness of the control environments at the Company's key service providers; and
- the review of additional reporting provided by:
  - the Manager's Operational Risk team on the control environment in operation at the Manager and their view of the control environments in place at the third-party service providers used by the Company; and
  - the Manager's Internal Audit team on areas of operation which are relevant to the Company.

The Board has carried out a review of the effectiveness of the Company's system of internal controls for the year ended 30 June 2023. During the course of its review the Board did not identify and was not advised of any failings or weaknesses relating to the Company's portfolio that have been determined as material.

Internal Audit Function

Systems are in operation to safeguard the Company's assets and shareholders' investments, to maintain proper accounting records and to ensure that financial information used within the business, or published, is reliable.

The Company is an investment company, has no employees and delegates all executive activities to third-party service providers, principally among them, the Manager. The Board places reliance on the Company's framework of internal control and the Audit Committee's view on reporting received from specific second and third line of defence teams at the Manager.

The Manager's Operational Risk team supports the Audit Committee in considering the independently audited reports on the effectiveness of internal controls in place at the Company's third-party service providers. The Manager's Internal Audit department provides regular reporting to the Board on the operations at the Manager and presents at least annually to the Audit Committee. The Board considers this annually and continues to conclude that it is not necessary at the present time for the Company to have its own internal audit function.

Communication with Shareholders

Please see page 25 for information about how the Company communicates with shareholders.

Corporate Governance Report (continued)

System of Internal Control

How the system of internal control operates

The Board delegates contractually to third-party service providers for all of the Company's operational requirements. It maintains oversight of these providers throughout the year by receiving regular reporting on their activities. All are considered key stakeholders.

The Nominations Committee formally evaluates the performance and service delivery of all third-party service providers at least annually.

The Audit Committee evaluates the performance of the Auditors on completion of each audit cycle.

Board of Directors

(comprised of independent non-executive Directors)

Principal third-party service providers

- receive regular reporting at meetings;
- review the annual assurance report produced by each organisation;
- receive additional reporting on the control environment from the Manager's Operational Risk team;
- receive reporting from the Manager's Internal Audit team on areas relevant to investment trusts; and
- formally evaluate performance on an annual basis.

Janus Henderson
(Investment management, company secretarial, sales, marketing, PR and administration)

Reporting
- Investment performance update (at each meeting)
- Compliance with investment limits and restrictions (monthly)
- Internal controls report (quarterly)
- Effectiveness of control environment (annually)

HSBC
(Depositary & Custodian)

Reporting
- Depositary report (quarterly)
- Presentation from the Depositary and Custodian (annually)
- Effectiveness of control environment (annually)

BNP Paribas
(Accounting services (engaged by the Manager))

Reporting
- Balance sheet
- Liquidity and gearing
- Revenue forecasts
- Portfolio valuation
- Portfolio transactions
- Effectiveness of control environment (annually)

Other third-party service providers

- receive regular reporting on their activities at meetings; and
- formally evaluate performance on an annual basis.

Computershare
(Registrar)

Cenkos Securities
(Corporate Broker)

PricewaterhouseCoopers LLP have been appointed as the Company's Auditors.

Audit Committee Report

I am pleased to present the Audit Committee Report for the year ended 30 June 2023.

Membership

The members of the Audit Committee ("Committee") during the year were Samantha Wren (Committee Chair), Ominder Dhillon, Ted Holmes and Clare Wardle. The Committee Chair is considered by the Board to have recent and relevant financial experience, and the Committee as a whole has competence relevant to the sector in which the Company operates and to the Company as an investment trust. Other Directors may attend meetings by invitation of the Chair.

Meetings

The Committee usually meets at least three times a year, to review the half-year results, the annual results and to review the Company's internal controls. It met three times in the year under review. The Company's Auditors, the Fund Manager and the Manager's Financial Reporting Manager for Investment Trusts are invited to attend meetings of the Committee on a regular basis. Other representatives of the Manager and BNP Paribas may also be invited to attend if deemed necessary by the Committee.

Role and Responsibilities

The primary responsibilities of the Audit Committee are to ensure the integrity of the Company's financial reporting, including oversight of the preparation and audit of the annual financial statements; to monitor and review the effectiveness of the systems of internal control and risk management in place at the Manager and the Company's other third-party service providers; and to monitor the effectiveness and objectivity of the external Auditors and make recommendations to the Board regarding their appointment, re-appointment or removal.

The Audit Committee reports to the Board after each meeting and its responsibilities are set out in formal terms of reference which are reviewed at least annually.

Activities during the Year

In the year under review, the Committee considered the following matters:

Annual and half-year reports

- The appropriateness of the Company's accounting policies and of the quality and effectiveness of the accounting records and management information maintained on behalf of the Company.
- The disclosures made in the reports in relation to internal controls and risk management, viability, going concern and related parties and consideration of whether the report is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy in order to make recommendations to the Board.

Independent Auditors

- The nature, scope and cost of the external audit and reviewing the Auditors' findings in this respect.
- The appointment and evaluation of the independence, effectiveness and objectivity of the Auditors.
- The requirements for an audit tender and the process to be undertaken.

Internal controls and management of risk

- The principal risks facing the Company, including consideration of emerging risks, the risk management systems in place and the Company's risk map.
- Reports on the effectiveness of the internal controls in place at Janus Henderson and the Company's other principal third-party service providers.
- Compliance with the terms of the loan notes in issue.
- The need for the Company to have its own internal audit function.
- The whistleblowing arrangements in place at the Manager and other key service providers for their staff to raise concerns, in confidence, about possible improprieties, including in relation to the Company.
- The Manager's policies in relation to information security and business continuity, meeting with representatives of Janus Henderson's internal audit and risk departments periodically.
- The Company's anti-bribery policy, approach to tax evasion and the confirmations received from third-party service providers as to whether they have appropriate procedures in place in these respects.
- The annual confirmation from the Company's Depositary in respect of the safe-keeping of the Company's assets.

Appointment and Tenure of the Auditors

The Company's external Auditors were initially appointed in 2009 and were re-appointed in 2014 following an audit tender process. Regulations currently in force require the Company to rotate audit firms after a period of ten years, which may be extended where audit tenders are carried out or where more than one audit firm is appointed to carry out the audit, subject to a maximum appointment of 20 years.

As indicated in last year's report, a tender for audit services has been carried out. Four audit firms were invited to tender, including two 'Big Four' and two 'Challenger' firms. The incumbent Auditors, PwC, were not invited to tender due to their length of service. Proposals were received from two audit firms, with no response being received from the other two. The Committee considered each of the tender submissions in detail and received presentations from both audit firms. The Committee found the proposals to be of high quality. For each firm and proposed audit team, the Committee considered their experience as auditors of investment trusts and also of FTSE 250 companies. The most recent Audit Quality Inspection Reports published by the FRC were considered and discussed with each firm as part of the

Audit Committee Report (continued)

process. Proposed fees were also compared. The Audit Committee Chair then sought telephone references from other investment trusts who had appointed these firms.

Following conclusion of the audit tender process, the Committee recommended to the Board the appointment of Ernst & Young LLP as external Auditors. A resolution to that effect is included in the Notice of AGM. Subject to shareholder approval, the new Auditors will be in place to carry out the statutory audit for the financial year ending 30 June 2024. The audit fee for the year ending 30 June 2024 will be £63,000 (inclusive of VAT). Whilst this is higher than the fee of the incumbent Auditors, the new fee is reflective of current market rates for the audit of an investment trust.

The Committee thanks PwC for their audit work and assistance to the Company during their tenure as Auditors.

The Committee confirms that the Company is in compliance with the requirements of The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014. This order relates to the frequency and governance of tenders for the appointment of the external auditors and the setting of the policy on the provision of non-audit services.

Auditors' Independence

The Committee monitors the Auditors' independence through three aspects of its work:

- the approval of a policy regulating the non-audit services that may be provided by the Auditors to the Company;
- assessing the appropriateness of the fees paid to the Auditors for all work undertaken by them; and
- reviewing the information and assurances provided by the Auditors on their compliance with the relevant ethical standards. The Auditors provided no non-audit services during the year.

For the year ended 30 June 2023, PwC confirmed that all of its partners and staff involved with the audit were independent of any links to the Company, and that these individuals had complied with their ethics and independence policies and procedures, which are fully consistent with the FRC's Ethical Standards. Having considered the above-mentioned aspects, the performance and behaviour of the Auditors during the audit process and the assurances received from PwC, the Committee is satisfied that auditor independence and objectivity are safeguarded.

Audit Fees

The fees payable to the Auditors for audit services in respect of the year ended 30 June 2023 were £53,000 (2022: £46,000) (inclusive of VAT).

Policy on Non-Audit Services

The Committee has approved, and keeps under regular review, the policy on the provision of non-audit services by the auditors. The policy sets out that the Company's auditors will not be considered for non-audit work where this is prohibited by the current regulations and where it appears to affect their independence and objectivity. In addition, the provision of any non-audit services by the auditors is not permitted to exceed 70% of the average annual statutory audit fee for the three consecutive financial periods preceding the financial period to which the cap applies. Such services require approval in advance by the Audit Committee, or Audit Committee Chair, following due consideration of the proposed services.

Since the appointment of PwC in 2009, the Company has only engaged them on one occasion, in 2010, to undertake non-audit services, and no such services were provided in the year under review.

Audit for the Year ended 30 June 2023

In the year under review, PwC challenged both the Manager's and the Board's judgements and exercised professional scepticism. The audit team required detailed evidence of all metrics, numbers and disclosures made within the Annual Report to support a robust assessment and evaluation of the financial information contained therein. As an example, the Manager provides the Committee and the Auditors with an analysis of special dividends and the rationale for whether these should be treated as income or capital. The Auditors' review included challenge to the Manager to provide additional justification or background to the dividends before confirming whether they concurred with the proposed treatment.

As an investment trust investing in listed equities, management has limited areas of judgement. Areas where the Audit Committee would challenge the Manager include the determination of the fair market value of debt in order to confirm the appropriate basis for calculation, and stress testing of the revenue forecast to support the dividend payment policy and the assumptions in the viability statement.

The Committee did not consider it necessary to request the Auditors to look at any specific areas in relation to the audit for the year ended 30 June 2023.

The Committee is satisfied that the Annual Report for the year ended 30 June 2023, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Audit Committee Report (continued)

In relation to the Annual Report for the year ended 30 June 2023, the following significant issues were considered by the Committee:

Significant issue	How the issue was addressed
Valuation and ownership of the Company's investments	The Directors have appointed the Manager, who outsources some of the administration and accounting services to BNP Paribas, to perform the valuation of the assets of the Company in accordance with its responsibilities under the AIFMD rules. As required under the AIFMD rules, the Manager has adopted a written valuation policy, which may be modified from time to time. Actively traded investments are valued using stock exchange prices provided by third-party pricing vendors. Ownership of listed investments is verified by reconciliation to the Custodian's records and the Directors have received quarterly reports from the Depositary, which has responsibility for overseeing the Company's operations, including verification of ownership and valuation.
Recognition of income	Income received, including special dividends, is accounted for in line with the Company's accounting policy (as set out on page 69). Special dividends, and their treatment as revenue or capital, have been reviewed by the Committee and the rationale agreed. The Board reviews revenue forecasts at each Board meeting in support of the Company's future dividends.
Maintaining internal controls	Information about the internal control and risk management framework adopted by the Company is set out in the Corporate Governance Statement on pages 45 and 46. The Committee receives regular reports on internal controls from Janus Henderson, BNP Paribas, HSBC Bank plc and Computershare Investor Services plc and has access to the relevant personnel of Janus Henderson who have a responsibility for risk management and internal audit. The assurance report for one of the Company's service providers was qualified by the respective service auditor. The Committee thoroughly reviewed the instances giving rise to the qualification and received confirmation that the exceptions identified had no impact on the Company. The Committee also meets annually with representatives from Janus Henderson and HSBC Bank plc to discuss and challenge their reports.
Maintenance of investment trust status	The Committee has considered regularly the controls in place to ensure that the regulations for ensuring investment trust status are observed at all times, receiving supporting documentation from Janus Henderson and BNP Paribas.

Effectiveness of the External Audit

The Committee's process for evaluating the effectiveness of the external audit comprises two components: consideration is given to the findings of the FRC's Audit Quality Inspection Report and a post-audit assessment is carried out led by the Committee Chair.

The Auditors attended two Audit Committee meetings in the year, when the Committee was considering the audit plan and the annual results. The Committee Chair also met with the Auditor to review the audit results prior to these being presented to the Audit Committee.

The Auditors presented and discussed the findings of the latest Audit Quality Inspection Report to the Committee and reported on the progress made by the firm in addressing the areas identified for improvement in the prior year's report.

In assessing the effectiveness of the audit process, the Committee Chair invites views from the Directors, the Fund Manager and other members of the Manager's staff in assessing the robustness of the audit, level of challenge offered by the audit team, the quality of the audit team and timeliness of delivering the tasks required for the audit and reporting to the Committee. The Committee also met privately with the Audit Partner to discuss how the audit operated from his perspective.

Overall, the Committee considers that the audit quality for the year ended 30 June 2023 has been high and that the Manager and PwC have worked together effectively. Following completion of the assessment, the Committee remained satisfied with the effectiveness of the audit provided by PwC.

Samantha Wren
Chair of the Audit Committee
19 September 2023

Nominations Committee Report

Membership

All Directors are members of the Committee. The Chairman of the Board is the Chairman of the Committee but would not chair meetings when the Committee is considering appointments for his successor.

Meetings

The Committee met twice during the year and once following the year end.

Role and Responsibilities

The Committee advises the Board on the composition of the Board and its Committees, in making appointments to the Board and ensuring suitable succession plans are in place for the Directors and the Fund Manager. It also reviews and monitors the engagement and performance of the Manager and other third-party service providers.

Its principal responsibilities include: reviewing the structure, size and composition of the Board and its Committees and leading the search for suitable candidates to fill roles as required, taking into consideration the balance of skills, knowledge, experience and diversity on the Board; ensuring annual performance evaluations are carried out, discussing the outcomes from those evaluations and making recommendations to the Board; considering the proposed election and re-election of Directors ahead of each annual general meeting; and evaluating the overall performance and terms of engagement of the Manager and other third-party service providers.

Succession Planning and Recruitment

When considering succession planning, the Committee bears in mind the balance of skills, knowledge, experience and diversity existing on the Board. Once a decision is made to recruit an additional Director, a formal job description is drawn up. The Committee will engage external recruitment agencies to facilitate the search. The Committee will assess candidates against objective criteria and with due regard for the benefits of diversity on the Board (including gender, social and ethnic backgrounds, as well as cognitive and personal strengths), taking care that any candidates recommended for appointment will be able to allocate sufficient time to the Company to discharge their responsibilities fully and effectively.

New appointments to the Board are made on a staggered basis in line with the tenure policy, ensuring ongoing refreshment combined with the importance of maintaining continuity and corporate knowledge. As part of the evaluation process, the Committee reviewed the tenure of the Board. The Directors have been on the Board for between 2 and 8 years. In the normal course of events, Mrs Wren, the Audit Committee Chair, is due to retire at the 2024 AGM. The Committee has commenced steps to recruit a successor to Mrs Wren to ensure the new Director is provided with sufficient time for a full handover.

The Committee also reviews and recommends to the Board the Directors seeking re-election. Recommendation is not automatic and will follow a process of evaluation of each Director's performance and consideration of the Director's independence. The Committee also takes into account the mix of skills and experience of the current Board members.

Directors' Performance Evaluation

Each year, the Committee assesses the composition of the Board and its performance, including that of individual Directors. An external review is conducted every three years, with the next external review due to be carried out in 2025. This year, the evaluation was undertaken internally, with the Chairman meeting individually with each Director. He also met with the Fund Manager and the Deputy Fund Manager to seek their views on the operation of the Board.

The areas considered included Board composition and dynamics, management of meetings and support from the Manager in this respect, the appropriateness of the investment strategy and performance, the quality of the Board's understanding of shareholders' views and the Manager's sales and marketing activities, succession planning and priorities for change. A review of the performance and effectiveness of the Board Committees was included as part of the evaluation process. The Committee has reviewed the independence of each Director and their time commitment. No areas of material weakness or concern were identified.

The appraisal of the Chairman was led by Clare Wardle as the Senior Independent Director. Mrs Wardle met with each Director and also with the Fund Manager and the Company Secretary to discuss the leadership and effectiveness of the Chairman.

Following completion of the review, the Committee concluded that the Board remained fit for purpose and worked in a harmonious, effective and collegiate manner. Directors gave an appropriate level of focus and discussion to the oversight of strategy and performance. There was a very good range of skills represented on the Board and a clear understanding of the risks facing the Company and the Board Committees were operating effectively. Mrs Wardle also reported that the Chairman provided effective leadership. The Committee accordingly recommended to the Board that it should support the re-election of each of the Directors at the 2023 AGM.

Diversity

All Board appointments are subject to a formal, rigorous and transparent procedure. The Company seeks to ensure that any Board vacancies are filled by the most qualified candidates based on objective criteria and merit and in the context of the skills, knowledge and experience that are needed for the Board to be effective.

Nominations Committee Report (continued)

Whilst the Board does not feel that it would be appropriate to use specific diversity targets, given its small size, the Directors acknowledge that diversity is important to ensure that the Company can draw on a broad range of backgrounds, skills, knowledge, experience and perspectives to achieve effective stewardship of the Company. An integral part of the appointment process includes the consideration of diversity in its broadest sense and the Nominations Committee ensures that long lists of potential non-executive Directors include diverse candidates of appropriate experience and merit.

In all the Nominations Committee's activities, there will be no discrimination on the grounds of gender, race, ethnicity, religion, sexual orientation, age or physical ability.

As at 30 June 2023, two out of the five Directors (40%) are women and the two women Directors both have senior positions, one being the Senior Independent Director and the other the Audit Committee Chair. The Board is also meeting the recommendation that at least one Director is from an ethnic minority background. There have been no changes to the Board or the roles of Directors since 30 June 2023. The Board is conscious that the retirement of Mrs Wren in 2024 will affect the gender diversity of the Board and this will be a consideration in the appointment of Mrs Wren's successor.

The following tables set out the gender and ethnic diversity of the Board:

Gender diversity	Number of Board members	Percentage of the Board	Number of senior positions on the Board[1]
Men	3	60	1
Women	2	40	2
Ethnic background			
White British or other White (including minority-white groups)	4	80	3
Asian/Asian British	1	20	–

1 Senior positions include Chairman, Senior Independent Director and Audit Committee Chair

As an investment trust company with solely independent, non-executive Directors, the Company does not have a Chief Executive or a Chief Financial Officer and has no employees. Accordingly, there are no disclosures about executive management positions to be included. The role of Audit Committee Chair is considered to be a senior position and has been included in the above tables. The information in the tables was provided by individual Directors in response to a request from the Company.

Performance of Third-Party Service Providers

Each year, the Committee carries out an evaluation of the Manager and the Company's key third-party service providers and their respective terms of engagement.

The Committee's evaluation of the Manager includes assessing whether the contractual arrangements and remuneration structure in place remain appropriate and competitive and in the interests of shareholders as a whole. The Committee also considers the arrangements in place at Janus Henderson in terms of a short-term incapacity of the Fund Manager and succession planning for the Fund Manager over the longer term. The evaluation includes consideration of the quality of the team involved in all aspects of servicing the Company and a review of the stability of the management group and its business priorities.

Following its review, the Committee concluded that it was in the interests of shareholders as a whole to recommend to the Board that the appointment of the Manager should continue on the existing terms. The Committee also recommended the continuation of the appointment of the other key third-party service providers.

Sir Laurie Magnus CBE
Nominations Committee Chairman
19 September 2023

Directors' Remuneration Report

Remuneration Policy

The Remuneration Policy ("the Policy") sets out the principles applied in the remuneration of the Company's Directors. The Policy was last approved by shareholders at the AGM on 27 October 2020. Shareholders will be asked to re-approve the Policy at the 2023 AGM; if approved, it will continue in force until the AGM in 2026.

The Board has not established a separate remuneration committee and matters relating to Directors' remuneration are dealt with by the Board as a whole. Individual Directors do not participate in discussions relating to their own remuneration. The appropriateness and relevance of the Policy is reviewed at least annually, particularly in terms of whether the policy supports the Company's long-term sustainable success. In determining the Policy, the Board takes into account all factors which it deems necessary, including relevant legal and regulatory requirements, the provisions and recommendations of the UK Code and the AIC Code and fees paid to directors of comparable investment trusts.

The objective of the Policy is to attract, retain and motivate non-executive Directors of the quality required to manage the Company successfully. The Company's approach is that fees payable to the non-executive Directors should reflect the time spent on the Company's affairs, reflect the responsibilities borne by the Directors, and be sufficient to promote the long-term success of the Company.

Directors are remunerated in the form of fees payable to the Director personally quarterly in arrears. Fees are pro-rated where a change takes place during a financial year. The total annual aggregate fees payable to Directors shall not exceed £350,000.

The Chairman of the Board is paid a higher fee in recognition of his additional responsibilities, as is the Senior Independent Director and Chair of the Audit Committee. The Directors may be reimbursed for all reasonable and properly documented expenses incurred in the performance of their duties. The level of fees paid to each Director is reviewed annually, although such a review may not necessarily result in any change to the rates. The level of fees paid to the directors of other investment companies of a similar size and nature is taken into account when carrying out the review in order to avoid and manage conflicts of interest in determining remuneration levels. The Board may amend the level of remuneration paid to individual Directors within the parameters of the Policy.

No Director is eligible to receive bonuses, pension benefits, share options or other benefits and no long-term incentive schemes are in place.

The Policy, irrespective of any changes, is put to shareholders at intervals of not more than three years with the next approval due to be sought at the annual general meeting in 2023.

Letters of appointment

All Directors are non-executive and are appointed under a Letter of Appointment. No Director has a service contract with the Company. There are no set notice periods and a Director may resign by notice in writing to the Board at any time. No compensation is payable for loss of office.

Recruitment principles

All Directors, including any new appointments to the Board, are paid at the same rate. The Chairman of the Board, Senior Independent Director and Chair of the Audit Committee are paid higher fees in recognition of their additional responsibilities.

The Board will not pay any introductory fee or incentive to any person to encourage them to become a Director, but may pay the fees of search and selection specialists in connection with the appointment of any new non-executive Director.

The Company intends to appoint only non-executive Directors for the foreseeable future.

Views of shareholders

Any views expressed by shareholders on the fees being paid to Directors would be taken into consideration by the Board when reviewing levels of remuneration.

Annual Report on Remuneration

This report is submitted in accordance with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended (the "Regulations"). The report also meets the relevant requirements of the Companies Act 2006 (the "Act") and the Listing Rules of the FCA and describes how the Board has applied the principles relating to Directors' remuneration.

As required by the Act, an ordinary resolution to approve the Directors' Remuneration Report will be proposed at the forthcoming AGM.

Directors' Remuneration Report (continued)

The Company's Auditors are required to report on certain information contained within this report; where information set out below has been audited, it is indicated as such.

All Directors are non-executive and the Company has no chief executive officer or employees; as such some of the reporting requirements contained in the Regulations are not applicable and have not been reported on, including the requirement for a future policy table and an illustrative representation of the level of remuneration that could be received by each individual Director. It is believed that all relevant information is disclosed within this report in an appropriate format.

The Board has not been provided with advice or services by any person in respect of its consideration of the Directors' remuneration.

Statement from the Chairman

As the Company has no employees and the Board comprises entirely non-executive Directors, the Board has not established a separate Remuneration Committee. Directors' remuneration is reviewed annually and is determined by the Board as a whole within the parameters approved by shareholders.

The Board reviewed the fees paid by other investment companies in the AIC UK Equity Income Sector (the Company's peer group), fees paid to directors of other large investment trusts with assets of over £1 billion (excluding sector specialists) and those paid by the Janus Henderson managed investment trusts. The Board also took into consideration the prevailing rate of inflation, looking at RPI, CPI and wage inflation, as well as the increasing responsibilities and time commitment required of Directors. Following consideration, the Directors' fees were increased with effect from 1 January 2023 by 5.0% (rounded to the nearest £100), in line with inflation. The new rates are as set out in the table below. The increases were to ensure that the Directors are properly remunerated for their services to the Company and so that the Company can remain competitive when seeking new Directors. There have been no other major decisions on Directors' remuneration or any other changes to the remuneration paid to each individual Director in the year under review.

The Board is satisfied that the changes to the remuneration of the Directors are compliant with the Directors' Remuneration Policy approved by shareholders at the 2020 annual general meeting. There will be no significant change in the way that the Remuneration Policy will be implemented in the course of the next financial year.

Directors' annual fees

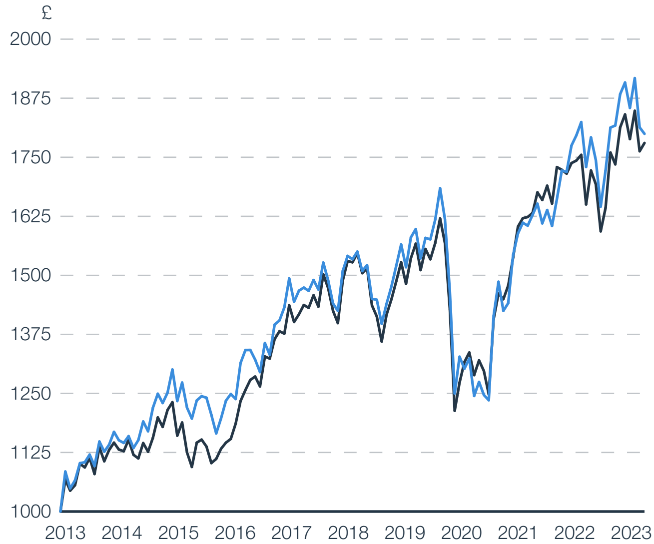
The current fees for specific responsibilities are set out in the table below. Other than the Chair of the Audit Committee, no fees are payable for membership of the Board's Committees.

Role	**Rate at 30 June 2023 £**	Rate at 30 June 2022 £
Chairman of the Board	**52,600**	50,100
Chair of the Audit Committee	**39,500**	37,600
Senior Independent Director	**36,200**	34,500
Other non-executive Directors	**32,900**	31,300

Performance

The chart below illustrates the total shareholder return for a holding in the Company's shares over the ten-year period to 30 June 2023 as compared with the FTSE All-Share Index, which was adopted as the Company's benchmark index with effect from 1 July 2019.

Total return performance over the ten-year period to 30 June 2023



City of London share price total return, assuming the investment of £1,000 on 30 June 2013 and the reinvestment of all dividends (excluding dealing expenses)

FTSE All-Share Index total return, assuming the notional investment of £1,000 on 30 June 2013 and the reinvestment of all income (excluding dealing expenses)

Sources: Morningstar Direct and Refinitiv Datastream

Directors' Remuneration Report (continued)

Directors' remuneration (audited)

The remuneration paid to the Directors who served during the year ended 30 June 2023 and 30 June 2022 was as follows:

	Year ended 30 June 2023 Total salary and fees £	Year ended 30 June 2022 Total salary and fees £	**Year ended 30 June 2023 Total expenses and taxable benefits £**	Year ended 30 June 2022 Total expenses and taxable benefits £	**Year ended 30 June 2023 Total £**	Year ended 30 June 2022 Total £
Ted Holmes	32,100	30,750	–	–	32,100	30,750
Sir Laurie Magnus[1]	51,350	49,200	–	–	51,350	49,200
Martin Morgan[2]	–	10,826	–	239	–	11,065
Ominder Dhillon[3]	32,100	25,662	47	256	32,147	25,918
Clare Wardle[4]	35,350	32,880	–	–	35,350	32,880
Samantha Wren[5]	38,550	36,900	–	–	38,550	36,900
Total	**189,450**	**186,218**	**47**	**495**	**189,497**	**186,713**

Notes:

The amounts paid by the Company to the Directors were for services as non-executive Directors. The table above omits other columns set out in the relevant regulations because no payments of other types such as performance-related pay and pension related payments were made. No variable pay was paid to any Director

1 Highest paid Director
2 Ceased to be a Director on 28 October 2021
3 Appointed a director on 1 September 2021
4 Appointed as Senior Independent Director on 28 October 2021
5 Chair of the Audit Committee

No other remuneration or compensation was paid or payable by the Company during the year to any of the current or former Directors or third parties.

Annual change in Directors' remuneration

The table below sets out the annual percentage change in Directors' fees for the Directors for the last four years in respect of each Director that has served for a minimum of two financial years.

Director	**Year to 30 June 2023 %**	Year to 30 June 2022 %	Year to 30 June 2021 %	Year to 30 June 2020 %
Ted Holmes	**4.4**	2.5	1.9	2.6
Sir Laurie Magnus	**4.4**	16.3[1]	n/a	n/a
Ominder Dhillon[2]	**n/a**	n/a	n/a	n/a
Clare Wardle	**7.5**[3]	9.6[3]	n/a	n/a
Samantha Wren	**4.5**	2.6	2.0	2.7

1 Sir Laurie Magnus was appointed Chairman on 27 October 2020. The % increase reflects his change of role during the course of the year to 30 June 2021 and the additional fee that is associated with this position
2 Appointed a Director on 1 September 2021
3 Clare Wardle was appointed as Senior Independent Director on 28 October 2021. The % increase reflects her change of role during the course of the year to 30 June 2022

Directors' interests in shares (audited)

Beneficial interest	Ordinary shares of 25p **30 June 2023**	1 July 2022
Ominder Dhillon	**4,443**	3,000
Ted Holmes	**5,000**	5,000
Sir Laurie Magnus	**110,000**	110,000
Clare Wardle	**16,447**	16,447
Samantha Wren	**9,820**	9,597

The interests of the Directors and their connected persons in the ordinary shares of the Company at the beginning and end of the financial year are shown in the preceding table. There have been no changes to any of the Directors' interests in the period from 1 July 2023 to the date of this report. No Director has any interests in the preference or preferred stock of the Company.

The Company does not have a shareholding requirement for Directors.

Directors' Remuneration Report (continued)

Relative importance of spend on pay

In order to show the relative importance of spend on pay, the table below sets out the total level of remuneration compared with the distributions to shareholders by way of dividends. There were no other significant distributions, payments or other uses of the Company's net return or cash flow deemed to assist in the understanding of the relative importance of spend on pay.

	2023 £	2022 £	Change £	Change %
Total Directors' remuneration	189,497	186,713	2,784	1.5
Ordinary dividends paid	95,520,287	86,985,924	8,534,363	9.8

Statement of voting at Annual General Meeting

At the Company's last AGM held on 27 October 2022, shareholders approved the Directors' Remuneration Report in respect of the year ended 30 June 2022. Shareholders approved the Directors' Remuneration Policy at the AGM on 27 October 2020. The following votes were received on the resolutions:

Resolution	For (including discretionary)	% of total votes[1]	Against	% of total votes[1]	Withheld
Remuneration Policy (poll votes at the 2020 AGM)	6,313,349	99.2	48,506	0.8	58,263
Remuneration Report (proxy votes at the 2022 AGM)	6,059,739	99.4	37,731	0.6	35,137

1 Excluding votes withheld

Approval of the Annual Report on Remuneration

The Annual Report on Remuneration was approved by the Board on 19 September 2023.

On behalf of the Board

Sir Laurie Magnus CBE
Chairman
19 September 2023

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and the Republic of Ireland", and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the net return or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report and Statement of Corporate Governance that comply with that law and those regulations.

The Directors consider that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Directors' Responsibility Statement

Each of the Directors, who are listed on pages 35 and 36, confirms that, to the best of his or her knowledge:

- the Company's financial statements, which have been prepared in accordance with UK Accounting Standards on a going concern basis, give a true and fair view of the assets, liabilities, financial position and return of the Company; and
- the Strategic Report and financial statements include a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

On behalf of the Board

Sir Laurie Magnus CBE
Chairman
19 September 2023

The financial statements are published on the website **www.cityinvestmenttrust.com**.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The maintenance and integrity of the website is the responsibility of Janus Henderson; the work carried out by the Auditors does not involve consideration of these matters and, accordingly, the Auditors accept no responsibility for any changes that may have occurred to the Annual Report since it was initially presented on the website.

Financial Statements

Independent Auditors' Report to the Members of The City of London Investment Trust plc

Report on the audit of the financial statements

Opinion

In our opinion, The City of London Investment Trust plc's financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2023 and of its net return for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Statement of Financial Position as at 30 June 2023; the Income Statement; the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the Company in the period under audit.

Our audit approach

Overview

Audit scope	• Overall materiality: £19.2 million, based on 1% of net assets • The Company is a standalone Investment Trust Company and engages Janus Henderson Fund Management UK Limited (the "Manager") to manage its assets. • We conducted our audit of the financial statements using information from BNP Paribas (the "Administrator") to whom the Manager has, with the consent of the Directors, delegated the provision of certain administrative functions. • We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the Company operates. • We obtained an understanding of the control environment in place at both the Manager and the Administrator, identified and tested those controls on which we wished to place reliance and then performed substantive testing using reports obtained from the Administrator.
Key audit matters	• Valuation and existence of investments. • Accuracy, occurrence and completeness of income from investments.
Materiality	• Overall materiality: £19,158,924 (2022: £17,966,572) based on 1% of net asset value. • Performance materiality: £14,369,193 (2022: £13,474,929).

Independent Auditors' Report to the Members of The City of London Investment Trust plc (continued)

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Valuation and existence of investments Refer to page 49 (Audit Committee Report), page 68 (Accounting Policies) and page 75 (Notes to the Financial Statements). The investment portfolio at the year end comprised listed equity investments valued at £2,034 million. We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed on the Statement of Financial Position in the financial statements.	We tested the valuation of the listed equity investments by agreeing the prices used in the valuation to independent third-party sources. No material misstatements were identified. We tested the existence of the investment portfolio by agreeing investment holdings to an independent custodian confirmation. No material misstatements were identified. We assessed the accounting policy for investments held at fair value through profit or loss for compliance with accounting standards and performed testing to check that investments are accounted for in accordance with the stated accounting policy. We did not identify any material matters to report.
Accuracy, occurrence and completeness of income from investments Refer to page 49 (Audit Committee Report), page 69 (Accounting Policies) and page 71 (Notes to the Financial Statements). Income from investments comprised dividend income. We focused on the accuracy, completeness and occurrence of investment income recognition as incomplete or inaccurate income could have a material impact on the Company's net asset value and dividend cover. We also focused on the accounting policy for investment income recognition and the presentation of investment income in the Income Statement for compliance with the requirements of The Association of Investment Companies Statement of Recommended Practice (the "AIC SORP"), as incorrect application could indicate a misstatement in income recognition.	We assessed the accounting policy for investment income recognition for compliance with accounting standards and the AIC SORP and performed testing to check that income from investments had been accounted for in accordance with this stated accounting policy. We found that the accounting policies implemented were in accordance with accounting standards and the AIC SORP, and that income from investments has been accounted for in accordance with the stated accounting policy. We tested accuracy of dividend receipts by agreeing the dividend rates from investments to independent market data. To test for completeness, we tested, for all investment holdings in the portfolio, that all dividends declared in the market for investment holdings had been recorded. We also tested the allocation and presentation of dividend income between the revenue and capital return columns of the Income Statement in line with the requirements set out in the AIC SORP by determining reasons behind dividend distributions. Our procedures did not identify any misstatements.

Independent Auditors' Report to the Members of The City of London Investment Trust plc (continued)

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which it operates.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

The impact of climate risk on our audit

In planning our audit, we made enquiries of the Directors and Manager to understand the extent of the potential impact of climate change risk on the Company's financial statements.

In conducting our audit, we made enquiries of the Directors and Manager to understand the extent of the potential impact of the climate change risk on the Company's financial statements. Both concluded that the impact on the measurement and disclosures within the financial statements is not material because the Company's investment portfolio is made up of Level 1 quoted securities which are valued at fair value based on market prices. We found this to be consistent with our understanding of the Company's investment activities.

We also considered the consistency of the climate change disclosures included in the Strategic Report with the financial statements and our knowledge from our audit.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall Company materiality	£19,158,924 (2022: £17,966,572).
How we determined it	1% of net asset value.
Rationale for benchmark applied	We have applied this benchmark, which is a generally accepted auditing practice for investment trust audits.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022: 75%) of overall materiality, amounting to £14,369,193 (2022: £13,474,929) for the Company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £957,946 (2022: £898,329) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Independent Auditors' Report to the Members of The City of London Investment Trust plc (continued)

Conclusions relating to going concern

Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- evaluating the Directors' updated risk assessment and considering whether it addressed relevant threats;
- evaluating the Directors' assessment of potential operational impacts, considering their consistency with other available information and our understanding of the business and assessed the potential impact on the financial statements;
- reviewing the Directors' assessment of the Company's financial position in the context of its ability to meet future expected operating expenses, their assessment of liquidity as well as their review of the operational resilience of the Company and oversight of key third-party service providers; and
- assessing the implications of significant reductions in net asset value as a result of market performance on the ongoing ability of the Company to operate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

In relation to the Directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 June 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Independent Auditors' Report to the Members of The City of London Investment Trust plc (continued)

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the Directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement, included within the Strategic Report is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- the disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- the Directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- the Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate; and
- the Directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the Directors' statement regarding the longer-term viability of the Company was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Company and its environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the Directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Company's position, performance, business model and strategy;
- the section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- the section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 56, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' Report to the Members of The City of London Investment Trust plc (continued)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the ongoing qualification as an Investment Trust under the Corporation Tax Act 2010, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries to increase income or to overstate the value of investments and increase the net asset value of the Company. Audit procedures performed by the engagement team included:

- discussions with the Directors, the Manager and the Administrator, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- evaluation of the controls implemented by the Manager and the Administrator designed to prevent and detect irregularities;
- assessment of the Company's compliance with the requirements of Section 1158 of the Corporation Tax Act 2010, including recalculation of numerical aspects of the eligibility conditions;
- identifying and testing journal entries, in particular a sample of journals posted as part of the financial year end close process; and
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent Auditors' Report to the Members of The City of London Investment Trust plc (continued)

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members in 2009 to audit the financial statements for the year ended 30 June 2009 and subsequent financial periods. The period of total uninterrupted engagement is 15 years, covering the years ended 30 June 2009 to 30 June 2023.

Allan McGrath (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
19 September 2023

Income Statement

Notes		Year ended 30 June 2023 Revenue return £'000	Year ended 30 June 2023 Capital return £'000	Year ended 30 June 2023 Total return £'000	Year ended 30 June 2022 Revenue return £'000	Year ended 30 June 2022 Capital return £'000	Year ended 30 June 2022 Total return £'000
2	(Losses)/gains on investments held at fair value through profit or loss	–	(27,111)	(27,111)	–	13,394	13,394
3	Income from investments held at fair value through profit or loss	101,747	–	101,747	98,028	–	98,028
4	Other interest receivable and similar income	224	–	224	190	–	190
	Gross revenue and capital (losses)/gains	**101,971**	**(27,111)**	**74,860**	**98,218**	**13,394**	**111,612**
5	Management fee	(1,844)	(4,304)	(6,148)	(1,746)	(4,073)	(5,819)
6	Other administrative expenses	(860)	–	(860)	(774)	–	(774)
	Net return/(loss) before finance costs and taxation	**99,267**	**(31,415)**	**67,852**	**95,698**	**9,321**	**105,019**
7	Finance costs	(1,621)	(3,416)	(5,037)	(1,474)	(3,075)	(4,549)
	Net return/(loss) before taxation	**97,646**	**(34,831)**	**62,815**	**94,224**	**6,246**	**100,470**
8	Taxation	(1,406)	–	(1,406)	(1,236)	–	(1,236)
	Net return/(loss) after taxation	**96,240**	**(34,831)**	**61,409**	**92,988**	**6,246**	**99,234**
9	**Return/(loss) per ordinary share basic and diluted**	**20.14p**	**(7.29p)**	**12.85p**	**20.72p**	**1.39p**	**22.11p**

The total columns of this statement represent the Company's Income Statement. The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies. All revenue and capital items in the above statement derive from continuing operations. The Company has no recognised gains or losses other than those recognised in the Income Statement.

The notes on pages 68 to 83 form part of these financial statements

Statement of Changes in Equity

Notes	**Year ended 30 June 2023**	**Called up share capital £'000**	**Share premium account £'000**	**Capital redemption reserve £'000**	**Other capital reserves £'000**	**Revenue reserve £'000**	**Total £'000**
	At 1 July 2022	114,910	909,143	2,707	726,294	43,603	1,796,657
	Net (loss)/return after taxation	–	–	–	(34,831)	96,240	61,409
17, 18	Issue of 37,715,000 new ordinary shares	9,429	143,918	–	–	–	153,347
10	Dividends paid	–	–	–	–	(95,521)	(95,521)
	At 30 June 2023	**124,339**	**1,053,061**	**2,707**	**691,463**	**44,322**	**1,915,892**

Notes	Year ended 30 June 2022	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
	At 1 July 2021	111,406	855,597	2,707	720,048	37,567	1,727,325
	Net return after taxation	–	–	–	6,246	92,988	99,234
17, 18	Issue of 14,015,000 new ordinary shares	3,504	53,546	–	–	–	57,050
10	Dividends paid	–	–	–	–	(86,952)	(86,952)
	At 30 June 2022	**114,910**	**909,143**	**2,707**	**726,294**	**43,603**	**1,796,657**

The notes on pages 68 to 83 form part of these financial statements

Statement of Financial Position

Notes		30 June 2023 £'000	30 June 2022 £'000
	Fixed assets		
11	**Investments held at fair value through profit or loss**		
	Listed at market value in the United Kingdom	1,734,695	1,642,199
	Listed at market value overseas	299,605	281,071
12	Investment in subsidiary undertakings	347	347
		2,034,647	**1,923,617**
	Current assets		
13	Debtors	10,823	11,451
		10,823	11,451
14	**Creditors:** amounts falling due within one year	(13,956)	(22,835)
	Net current liabilities	**(3,133)**	**(11,384)**
	Total assets less current liabilities	**2,031,514**	**1,912,233**
15	**Creditors:** amounts falling due after more than one year	(115,622)	(115,576)
	Net assets	**1,915,892**	**1,796,657**
	Capital and reserves		
17	Called up share capital	124,339	114,910
18	Share premium account	1,053,061	909,143
19	Capital redemption reserve	2,707	2,707
19	Other capital reserves	691,463	726,294
20	Revenue reserve	44,322	43,603
21	**Total shareholders' funds**	**1,915,892**	**1,796,657**
21	**Net asset value per ordinary share – basic and diluted**	**385.22p**	**390.88p**

The financial statements on pages 65 to 83 were approved by the Board of Directors on 19 September 2023 and signed on its behalf by:

Sir Laurie Magnus CBE
Chairman

Registration number: 34871

The notes on pages 68 to 83 form part of these financial statements

Notes to the Financial Statements

1 Accounting policies

(a) Basis of accounting

The Company is a registered investment company as defined in Section 833 of the Companies Act 2006 and is incorporated in the UK. It operates in the UK and is registered at the address on page 93.

The financial statements have been prepared in accordance with the Companies Act 2006, FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland, and with the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts ("the SORP") issued in July 2022 by the Association of Investment Companies.

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

As an investment fund the Company has the option, which it has taken, not to present a cash flow statement. A cash flow statement is not required when an investment fund meets all the following conditions: substantially all of the entity's investments are highly liquid, substantially all of the entity's investments are carried at market value, and the entity provides a Statement of Changes in Equity. The Directors have assessed that the Company meets all of these conditions.

The financial statements have been prepared under the historical cost basis except for the measurement at fair value of investments. In applying FRS 102, financial instruments have been accounted for in accordance with Sections 11 and 12 of the standard. All of the Company's operations are of a continuing nature.

The financial statements of the Company's three subsidiaries have not been consolidated on the basis of immateriality and dormancy. Consequently, the financial statements present information about the Company as an individual entity. The Directors consider that the values of the subsidiary undertakings are not less than the amounts at which they are included in the financial statements.

The preparation of the Company's financial statements on occasion requires the Directors to make judgements, estimates and assumptions that affect the reported amounts in the primary financial statements and the accompanying disclosures. These assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in the current and future periods, depending on circumstance.

The decision to allocate special dividends as income or capital is a judgement but not deemed to be material. The allocation of expenses to income or capital is a judgement as well, but also is not deemed to be material. The Directors do not believe that any accounting judgements or estimates have been applied to this set of financial statements that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year.

(b) Going concern

The assets of the Company consist of securities that are readily realisable and, accordingly, the Directors believe that the Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. The Directors have also considered the aftermath of the Covid-19 pandemic and the risks arising from the wider ramifications of the conflict between Russia and Ukraine, including cash flow forecasting, a review of covenant compliance including the headroom above the most restrictive covenants and an assessment of the liquidity of the portfolio. They have concluded that the Company is able to meet its financial obligations, including the repayment of the bank overdraft, as they fall due for a period of at least twelve months from the date of approval of the financial statements. Having assessed these factors, the principal risks and other matters discussed in connection with the viability statement, the Board has determined that it is appropriate for the financial statements to be prepared on a going concern basis.

(c) Valuation of investments held at fair value through profit or loss

Listed investments are valued at fair value, which is deemed to be bid market prices or the last traded price depending on the convention of the exchange on which the investment is quoted.

The only unquoted investments are the Company's subsidiaries which are valued at the net asset value according to their latest financial statements and this is considered to be fair value.

Changes in the fair value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Income Statement as "(Losses)/gains on investments held at fair value through profit or loss". Transaction costs incurred on the purchase and disposal of investments are recognised as a capital item in the Income Statement. All purchases and sales are accounted for on a trade date basis.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

(d) Foreign currency

The results and financial position of the Company are expressed in pounds sterling, which is the functional currency and presentational currency of the Company. Sterling is the functional currency because it is the currency of the primary economic environment in which the Company operates.

Transactions recorded in overseas currencies during the year are translated into sterling at the appropriate daily exchange rates. Assets and liabilities denominated in overseas currencies at the Statement of Financial Position date are translated into sterling at the exchange rates ruling at that date.

Any gains or losses on the translation of foreign currency balances, whether realised or unrealised, are taken to the capital or to the revenue return of the Income Statement, depending on whether the gain or loss is of a capital or revenue nature.

(e) Income

Dividends receivable from equity shares are taken to the revenue return on an ex-dividend basis except where, in the opinion of Directors, the dividend is capital in nature, in which case it is taken to the capital return. Special dividends are recognised on an ex-dividend basis and treated as capital or revenue depending on the facts and circumstances of each dividend. Bank interest and stock lending revenue are accounted for on an accruals basis.

The ordinary element of scrip dividends received in lieu of cash dividends is recognised as revenue. Any enhancement above the cash dividend is treated as capital.

Where the Company enters into a commitment to underwrite an issue of securities in exchange for the receipt of commission, this creates a derivative financial instrument. Any such derivatives are recognised initially at fair value and are subsequently re-measured at fair value, with the related gains and losses being reflected in the Income Statement. Net losses arising from derivatives, where the actual or expected loss from taking up the securities underwritten exceeds the commission income, are allocated to the capital return. Net gains are allocated to the revenue return.

Fees earned from stock lending are accounted for on an accruals basis and shown in the revenue return based on amounts to which the Company is entitled. This is after deduction of amounts withheld by the counterparty arranging the stock lending facility. The stock lending accounting policy is set out in note 16.3.

The accounting for option premium income is dealt with on pages 70 and 71, under 'Derivative financial instruments'.

(f) Management and other administrative expenses and finance costs

All expenses and finance costs are accounted for on an accruals basis. In accordance with the Board's expectation, over the long term, that investment returns will be attributable 70% to capital and 30% to revenue, the Company charges to capital 70% of the finance costs (excluding dividends payable on the preference and preferred ordinary stocks) and management fees with the remaining 30% being charged to revenue. Other administrative expenses are charged 100% to revenue except where they relate directly to a capital transaction.

(g) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using the effective tax rate of corporation tax for the accounting period.

The tax effect of different items of expenditure is allocated between the capital return and revenue return using the Company's effective rate of tax for the year. In line with the recommendations of the SORP, the allocation method used to calculate tax relief on expenses presented against capital returns in the supplementary information in the Income Statement is the "marginal basis". Under this basis, if taxable income is capable of being offset entirely by expenses presented in the revenue return column of the Income Statement, then no tax relief is transferred to the capital return column.

Deferred taxation is provided on all timing differences that have originated but not reversed by the Statement of Financial Position date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of timing differences can be deducted. Any liability to deferred tax is provided at the average rate of tax expected to apply based on tax rates and laws that have been enacted or substantially enacted at the Statement of Financial Position date. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

(h) Borrowings

Overdrafts and secured notes are initially recorded at the value of the proceeds received, net of direct issue costs. They are subsequently measured at amortised cost. Finance costs, including interest payable, premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the Income Statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

(i) Preference stocks

Under Section 22.5 of FRS 102, preference and preferred ordinary stocks are classified as financial liabilities. The dividends associated with the preference and preferred ordinary stocks are charged fully to the Company's revenue return within finance costs.

(j) Dividends payable to shareholders

Dividends payable to shareholders are recognised in the financial statements when they are paid, or in the case of final dividends, when they are approved by shareholders. Dividends are dealt with in the Statement of Changes in Equity.

(k) Issue and repurchase of ordinary shares and associated costs

The proceeds from the share issue of new ordinary shares (including those relating to the sale of shares out of treasury) and the aggregate cost of repurchasing ordinary shares (including those to be held in treasury) are taken directly to equity and dealt with in the Statement of Changes in Equity. Issue costs incurred in respect of shares sold out of treasury are offset against proceeds received and dealt with in other capital reserves. Share issues and repurchase transactions are accounted for on a trade date basis.

(l) Capital and reserves

Called up share capital represents the nominal value of ordinary shares issued.

The share premium account represents the premium above nominal value received by the Company on issuing shares net of issue costs.

The revenue reserve represents accumulated revenue profits retained by the Company that have not currently been distributed to shareholders as a dividend.

The capital redemption reserve represents the nominal value of ordinary shares, preference stock and preferred ordinary stock that have been repurchased and cancelled.

Other capital reserves are split into two components, the capital reserve arising on investments sold and the capital reserve arising on revaluation of investments held. The following analyses what is accounted for in each of these components.

Capital reserve arising on investments sold

The following are accounted for in this reserve: gains and losses on disposals of investments; expenses and finance costs allocated to capital net of tax relief; realised foreign exchange differences of a capital nature; and cost of repurchasing ordinary share capital.

Capital reserve arising on revaluation of investments held

The following are accounted for in this reserve: increases and decreases in the valuation of investments held at the year end; and unrealised foreign exchange differences of a capital nature.

(m) Distributable reserves

The Company's capital reserve arising on investments sold and revenue reserve may be distributed by way of a dividend. There may, however, be other factors that restrict the value of reserves that can be distributed. In the case of the Company, there are small priority amounts that are payable to preference and preferred stockholders, which amount to less than 1% of distributable reserves at 30 June 2023. In addition, unrealised fair value losses on investments held would be deducted from distributable reserves, but at 30 June 2023, the Company had unrealised fair value gains of £346,876,000.

(n) Derivative financial instruments

Derivative transactions which the Company may enter into comprise forward exchange contracts (the purpose of which is to hedge foreign currency exposure) and futures contracts on indices appropriate to sections of the portfolio (one purpose for which may be to provide protection against falls in the capital values of the holdings). The Company may also write options on shares represented in the portfolio where such options are priced attractively relative to Janus Henderson's expectations for the relevant share prices and to generate additional return for shareholders. The Company does not use derivative financial instruments for speculative purposes.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

(n) Derivative financial instruments (continued)

The use of financial derivatives is governed by the Company's policies as approved by the Board.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the Income Statement as they arise. If capital in nature, the associated change in value is presented as a capital item in the Income Statement.

Where options are written for the purpose of generating revenue, applicable premiums are recognised evenly over the life of the option and shown in the revenue return, with the appropriate amount shown as capital return such that the total return reflects the overall change in the fair value of the option. No options were transacted during the year nor held at 30 June 2023 (2022: none).

2 (Losses)/gains on investments held at fair value through profit or loss

	2023 £'000	2022 £'000
Gains on the sale of investments based on historical cost	25,651	37,060
Revaluation gains/(losses) recognised in previous years	1,382	(25,770)
Gains on investments sold in the year based on carrying value at the previous Statement of Financial Position date	27,033	11,290
Revaluation of investments held at 30 June	(54,215)	1,992
Exchange gains	71	112
Total (losses)/gains on investments held at fair value through profit or loss	**(27,111)**	**13,394**

3 Income from investments held at fair value through profit or loss

	2023 £'000	2022 £'000
UK dividends:		
Listed – ordinary dividends	82,884	79,682
Listed – special dividends	1,949	5,702
	84,833	85,384
Other dividends:		
Dividend income – overseas investments	13,727	10,041
Dividend income – overseas special dividends	568	586
Dividend income – UK REIT	2,619	2,017
	16,914	12,644
Total	**101,747**	**98,028**

4 Other interest receivable and similar income

	2023 £'000	2022 £'000
Stock lending revenue	224	190
	224	**190**

At 30 June 2023, the total value of securities on loan by the Company for stock lending purposes was £121,213,000 (2022: £177,048,000). The maximum aggregate value of securities on loan at any one time during the year ended 30 June 2023 was £285,320,000 (2022: £288,549,000). The Company's agent holds collateral at 30 June 2023, with a value of £133,180,000 (2022: £192,321,000) in respect of securities on loan, the value of which is reviewed on a daily basis and comprises CREST Delivery By Value ("DBVs") and Government Bonds with a market value of 110% (2022: 109%) of the market value of any securities on loan.

Notes to the Financial Statements (continued)

5 Management fee

	2023			2022		
	Revenue return £'000	**Capital return £'000**	**Total return £'000**	Revenue return £'000	Capital return £'000	Total return £'000
Management fee	**1,844**	**4,304**	**6,148**	**1,746**	**4,073**	**5,819**

A summary of the terms of the Management Agreement is given on page 21. Details of apportionment between revenue and capital can be found in note 1 on page 69.

6 Other administrative expenses

	2023 £'000	2022 £'000
Directors' fees and expenses (see Directors' Remuneration Report on page 54)	189	187
Auditors' remuneration - for statutory audit services	53	46
Marketing	88	88
Bank charges (loan facility fees)	10	11
Annual and Half Year reports	59	45
Registrar's fees	97	84
AIC	21	21
Listing fees	157	124
Advisory and consultancy fees	39	45
Depositary fees	59	58
Other expenses	88	65
	860	**774**

All transactions with Directors are disclosed in the Directors' Remuneration Report and are related party transactions.

7 Finance costs

	2023			2022		
	Revenue return £'000	**Capital return £'000**	**Total return £'000**	Revenue return £'000	Capital return £'000	Total return £'000
Interest on secured notes repayable wholly or partly:						
– after five years (includes amortisation of secured notes issue costs)	1,171	2,733	3,904	1,167	2,724	3,891
Bank overdraft interest	293	683	976	150	351	501
Dividends per share:						
– cumulative first preference stock	18	–	18	18	–	18
– non-cumulative second preference stock	21	–	21	21	–	21
– non-cumulative preferred ordinary stock	118	–	118	118	–	118
	1,621	**3,416**	**5,037**	**1,474**	**3,075**	**4,549**

Details of apportionment between revenue and capital can be found in note 1 on page 69.

Notes to the Financial Statements (continued)

8 Taxation

Analysis of tax charge for the year

	2023			2022		
	Revenue return £'000	**Capital return £'000**	**Total return £'000**	Revenue return £'000	Capital return £'000	Total return £'000
Overseas withholding tax	1,837	–	1,837	1,562	–	1,562
Less: overseas withholding tax recoverable	(431)	–	(431)	(326)	–	(326)
	1,406	**–**	**1,406**	**1,236**	**–**	**1,236**

The Company's profit for the accounting year is taxed at an effective rate of 20.5% (2022: 19%). The tax charge for the year is lower (2022: lower) than the corporation tax rate. The differences are explained below:

Factors affecting the tax charge for the year

	2023			2022		
	Revenue return £'000	**Capital return £'000**	**Total return £'000**	Revenue return £'000	Capital return £'000	Total return £'000
Return/(loss) before taxation	97,646	(34,831)	62,815	94,224	6,246	100,470
Corporation tax at 20.5% (2022: 19%)	20,017	(7,140)	12,877	17,902	1,187	19,089
Effects of:						
Non–taxable UK dividends	(17,487)	–	(17,487)	(16,223)	–	(16,223)
Non–taxable overseas dividends	(2,930)	–	(2,930)	(2,019)	–	(2,019)
Overseas tax suffered	1,406	–	1,406	1,236	–	1,236
Expenses not deductible for tax purposes	1	–	1	1	–	1
Excess management expenses	367	1,582	1,949	309	1,358	1,667
Preference and preferred ordinary dividends not allowable for tax	32	–	32	30	–	30
Net capital losses/(gains) not subject to tax	–	5,558	5,558	–	(2,545)	(2,545)
	1,406	**–**	**1,406**	**1,236**	**–**	**1,236**

Investment trusts are exempt from corporation tax on capital gains provided that the Company complies with tests under Section 1158 of the Corporation Tax Act 2010.

Deferred taxation

No provision for deferred taxation has been made in the current or prior accounting year. The Company has not provided for deferred tax on capital gains or losses arising on the revaluation and disposal of investments as it is exempt from tax on these items because of its investment trust status.

Factors that may affect future tax charges

The Company can offset management fees, other administrative expenses and interest costs against taxable income to eliminate any tax charge on such income. The tax legislation refers to these as management expenses (management fees and other administrative expenses) and non-trade loan relationship deficits (interest costs) and these are captured together under the heading "Excess management expenses" in the table above. Where these are not fully utilised, they can be carried forward to future years. As the Company is unlikely to generate future taxable profits to utilise these amounts, the Company cannot recognise an asset to reflect them, but must still disclose the deferred tax amount carried forward arising from any unutilised amounts.

Consequently, the Company has not recognised a deferred tax asset totalling £39,944,000 (2022: £38,319,000) arising as a result of having unutilised management expenses and unutilised non-trade loan relationship deficits. These expenses will only be utilised, to any material extent, if changes are made either to the tax treatment of the capital gains made by investment trusts or to the Company's investment profile which require them to be used.

Notes to the Financial Statements (continued)

9 Return/(loss) per ordinary share – basic and diluted

The return per ordinary share is based on the net return attributable to the ordinary shares of £61,409,000 (2022: gain of £99,234,000) and on 477,932,402 ordinary shares (2022: 448,747,183), being the weighted average number of ordinary shares in issue during the year.

The return per ordinary share is analysed between revenue and capital as below.

	2023 £'000	2022 £'000
Net revenue return	96,240	92,988
Net capital (loss)/return	(34,831)	6,246
Net total return	**61,409**	**99,234**
Weighted average number of ordinary shares in issue during the year	**477,932,402**	**448,747,183**

	2023 Pence	2022 Pence
Revenue return per ordinary share	20.14	20.72
Capital (loss)/return per ordinary share	(7.29)	1.39
Total return per ordinary share	**12.85**	**22.11**

The Company does not have any dilutive securities, therefore the basic and diluted returns per share are the same.

10 Dividends paid on ordinary shares

	Record date	Payment date	**2023 £'000**	2022 £'000
Fourth interim dividend (4.80p) for the year ended 30 June 2021	6 August 2021	31 August 2021	–	21,434
First interim dividend (4.80p) for the year ended 30 June 2022	29 October 2021	30 November 2021	–	21,434
Second interim dividend (4.80p) for the year ended 30 June 2022	28 January 2022	28 February 2022	–	21,434
Third interim dividend (5.00p) for the year ended 30 June 2022	28 April 2022	31 May 2022	–	22,684
Fourth interim dividend (5.00p) for the year ended 30 June 2022	4 August 2022	31 August 2022	23,139	–
First interim dividend (5.00p) for the year ended 30 June 2023	27 October 2022	30 November 2022	23,518	–
Second interim dividend (5.00p) for the year ended 30 June 2023	26 January 2023	28 February 2023	23,910	–
Third interim dividend (5.05p) for the year ended 30 June 2023	27 April 2023	31 May 2023	24,954	–
Unclaimed dividends over 12 years old			–	(34)
			95,521	**86,952**

In accordance with FRS 102, interim dividends payable to equity shareholders are recognised in the Statement of Changes in Equity when they have been paid to shareholders.

All dividends have been or will be paid out of revenue reserves or current year revenue profits and at no point during the year did the revenue reserve move to a negative position.

The total dividends payable in respect of the financial year which form the basis of the test under Section 1158 of the Corporation Tax Act 2010 are set out below.

	2023 £'000	2022 £'000
Revenue available for distribution by way of dividend for the year	96,240	92,988
First interim dividend of 5.00p (2022: 4.80p)	(23,518)	(21,434)
Second interim dividend of 5.00p (2022: 4.80p)	(23,910)	(21,434)
Third interim dividend of 5.05p (2022: 5.00p)	(24,954)	(22,684)
Fourth interim dividend of 5.05p (2022: 5.00p) paid on 31 August 2023[1]	(25,374)	(23,139)
Transfer (from)/to revenue reserve[2]	**(1,516)**	**4,297**

1 Based on 502,464,868 ordinary shares in issue at 27 July 2023 (the ex-dividend date) (2022: 462,789,868)
2 The deficit of £1,516,000 (2022: surplus of £4,297,000) has been taken from the revenue reserve

Since the year end, the Board has announced a first interim dividend of 5.05p per ordinary share, in respect of the year ending 30 June 2024. This will be paid on 30 November 2023 to holders registered at the close of business on 27 October 2023. The Company's shares will go ex-dividend on 26 October 2023.

Notes to the Financial Statements (continued)

11 Investments held at fair value through profit or loss

2023	**Investments in subsidiaries £'000**	**Other investments £'000**	**Total £'000**
Valuation at 1 July 2022	347	1,923,270	1,923,617
Investment holding gains at 1 July 2022	–	(399,710)	(399,710)
Cost at 1 July 2022	**347**	**1,523,560**	**1,523,907**
Additions at cost	–	253,378	253,378
Disposals at cost	–	(89,515)	(89,515)
Cost at 30 June 2023	**347**	**1,687,423**	**1,687,770**
Investment holding gains at 30 June 2023	–	346,877	346,877
Valuation at 30 June 2023	**347**	**2,034,300**	**2,034,647**

2022	Investments in subsidiaries £'000	Other investments £'000	Total £'000
Valuation at 1 July 2021	347	1,846,674	1,847,021
Investment holding gains at 1 July 2021	–	(423,489)	(423,489)
Cost at 1 July 2021	**347**	**1,423,185**	**1,423,532**
Additions at cost	–	195,569	195,569
Disposals at cost	–	(95,194)	(95,194)
Cost at 30 June 2022	**347**	**1,523,560**	**1,523,907**
Investment holding gains at 30 June 2022	–	399,710	399,710
Valuation at 30 June 2022	**347**	**1,923,270**	**1,923,617**

The portfolio valuation at 30 June 2023 of £2,034,300,000 (2022: £1,923,270,000) is shown on the Statement of Financial Position as investments held at fair value through profit or loss.

Purchase transaction costs for the year ended 30 June 2023 were £1,105,000 (2022: £922,000). These comprise mainly of stamp duty and commission. Sale transaction costs for the year ended 30 June 2023 were £34,000 (2022: £46,000).

The Company received £115,166,000 (2022: £132,254,000) from investments sold in the year. The book cost of these investments when they were purchased were £89,515,000 (2022: £95,194,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

12 Subsidiaries and related undertakings

The Company's related undertakings are its three wholly-owned subsidiary undertakings, all of which are registered in England and Wales: The City of London European Trust Limited, City of London Investments Limited and The City of London Finance Company Limited.

The financial statements of the three companies have not been consolidated on the basis of immateriality and dormancy. Consequently the financial statements present information about the Company as an individual entity. The Directors consider that the values of the subsidiary undertakings are not less than the amounts at which they are included in the financial statements. The subsidiaries are maintained in order to protect the company names.

- The City of London European Trust Limited was incorporated in 1899 as Patrick & McGregor Limited and is dormant, not having traded since 1968. Its registered office is 201 Bishopsgate, London, EC2M 3AE. The aggregate amount of the capital and reserves of The City of London European Trust Limited at 30 June 2023 was £347,000 (2022: £347,000). This company has 10,000 issued ordinary shares of £1 each.
- City of London Investments Limited is a dormant company and has not traded since its incorporation in 1982. Its registered office is 201 Bishopsgate, London, EC2M 3AE. The aggregate amount of the capital and reserves of City of London Investments Limited at 30 June 2023 was £2 (2022: £2). This company has two issued ordinary shares of £1 each.
- The City of London Finance Company Limited was incorporated in 1978 as a share dealing company. It is a dormant company, having not traded since 2009. Its registered office is 201 Bishopsgate, London, EC2M 3AE. The aggregate amount of capital and reserves of The City of London Finance Company Limited at 30 June 2023 was £2 (2022: £2). This company has two issued ordinary shares of £1 each.

Notes to the Financial Statements (continued)

13 Debtors

	2023 £'000	2022 £'000
Withholding and income tax recoverable	2,775	2,278
Outstanding share issues	–	482
Prepayments and accrued income	8,048	8,691
	10,823	**11,451**

14 Creditors: amounts falling due within one year

	2023 £'000	2022 £'000
Bank loans and overdraft	9,048	16,270
Amounts owed to subsidiary undertakings	347	347
Purchases for future settlement	–	479
Dividends payable on preference and preferred ordinary stocks	79	79
Accruals and deferred income	4,482	5,660
	13,956	**22,835**

The Company has an uncommitted overdraft facility of £120,000,000 at 30 June 2023 (2022: £120,000,000) provided by its Custodian and has provided a floating charge over its assets in return. The overdraft may be withdrawn by the Custodian at any time and is repayable on demand. Interest on the overdraft was payable at a rate of HSBC base rate plus 1.25% at 30 June 2023 (2022: plus 1.25%). Covenants relating inter alia to a maximum level of borrowings apply to the Company's borrowing facility. A breach of these covenants may result in any overdraft drawn down becoming repayable immediately.

15 Creditors: amounts falling due after more than one year

	2023 £'000	2022 £'000
4.53% secured notes 2029	34,784	34,752
2.67% secured notes 2046	29,759	29,752
2.94% secured notes 2049	49,680	49,673
£301,982 cumulative first preference stock	302	302
£507,202 non-cumulative second preference stock	507	507
£589,672 non-cumulative preferred stock	590	590
	115,622	**115,576**

On 22 January 2014 the Company issued £35,000,000 (nominal) 4.53% secured notes due 2029, net of issue costs totalling £476,000. The issue costs will be amortised over the life of the secured notes.

On 17 November 2017 the Company issued £50,000,000 (nominal) 2.94% secured notes due 2049, net of issue costs totalling £360,000. The issue costs will be amortised over the life of the secured notes.

On 19 March 2021 the Company issued £30,000,000 (nominal) 2.67% secured notes due 2046, net of issue costs totalling £257,000. The issue costs will be amortised over the life of the secured notes.

The repayment terms of the secured notes are as follows:

- £35,000,000 4.53% secured notes 2029 redeemable at par on 22 January 2029.
- £30,000,000 2.67% secured notes 2046 redeemable at par on 19 March 2046.
- £50,000,000 2.94% secured notes 2049 redeemable at par on 17 November 2049.

The notes are secured by a first floating charge over the Company's assets.

Notes to the Financial Statements (continued)

15 Creditors: amounts falling due after more than one year (continued)

A summary of the rights that attach to each of the preference and preferred ordinary stocks, all of which are non-redeemable, is given below.

	First Preference Stock	Second Preference Stock	Preferred Ordinary Stock
a) Rights to dividends	A fixed cumulative dividend of 6% per annum, of which 5.5% is payable in preference to the dividend on the second preference stock and 0.5% is payable after it.	A fixed non-cumulative dividend of 4.2% per annum, which is payable after the first 5.5% per annum entitlement on the first preference stock.	A fixed non-cumulative dividend of 20% per annum, which is payable after the entitlements on the first and second preference stocks.
b) Priority and amounts receivable on a winding-up	Repayment of capital in priority to payment to the other members of the Company. Any arrears of dividend are payable after the repayment of the capital on the second preference stock.	Repayment of capital after the repayment of the capital on the first preference stock.	Payment of £3.50 in respect of each £1 of capital, after the repayment of the entitlements on the first and second preference stocks.
c) Voting rights at general meetings	Right to attend and vote at general meetings. On a poll, voting rights are one vote per £10 of stock held.	No rights to attend or vote at general meetings (except on a winding-up of the Company or if dividends are in arrears).	Right to attend and vote at general meetings. On a poll, voting rights are one vote per £20 of stock held.

Notes:
i) The dividend entitlements of the first preference stock and the preferred ordinary stock reverted on 6 April 1999 to the rates which applied before 6 April 1973
ii) In the event of a winding-up, the preferred ordinary stock would be repaid at £3.50 per £1 of stock. However, its share of equity shareholders' funds is included in the financial statements at par because no winding-up is envisaged

16 Risk management policies and procedures

The Directors manage investment risk principally through setting an investment policy (that is approved by shareholders) which incorporates risk parameters (see pages 20 and 21), by contracting management of the Company's investments to an investment manager (Janus Henderson) under a contract which incorporates appropriate duties and restrictions and by monitoring performance in relation to these. Internal control and the Board's approach to risk is on pages 45 and 46. There have been no material changes to the management or nature of the Company's investment risks from the prior year.

The main risks arising from the Company's pursuit of its investment objective are market risk (comprising market price risk, currency risk and interest rate risk), credit risk and liquidity risk. The effects of these can also be increased by gearing.

The Board and Janus Henderson coordinate the Company's risk management and there are various risk management systems in place as detailed below.

- Straight-through processing via a deal order and management system ("OMS") is utilised for listed securities.
- Portfolio modelling and investment management functions (including order-raising, dealing and trade execution) are performed using one of, or a combination of, the following third-party software applications: Charles River Development OMS and/or Imagine.
- Fund pricing and accounting services are outsourced to a third-party administrator (currently BNP Paribas) which utilises HiPortfolio software.
- The IT tools to which the Janus Henderson risk, compliance and operations teams have access for independent monitoring and risk measurement purposes include:
  - Charles River Compliance module for investment restrictions monitoring;
  - SAI360 operational risk database;
  - RiskMetrics, UBS Delta, Style Research, Cognity and Barra for market risk measurement;
  - Bloomberg for market data and price-checking; and
  - HiPortfolio for portfolio holdings and valuations.

Notes to the Financial Statements (continued)

16 Risk management policies and procedures (continued)

16.1 Market risk

The fair value of a financial instrument held by the Company may fluctuate due to changes in market prices. This market risk comprises market price risk (see note 16.1.1), currency risk (see note 16.1.2) and interest rate risk (see note 16.1.3). The Fund Manager assesses the exposure to market risk when making each investment decision, and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis.

16.1.1 Market price risk

Market price risk (changes in market prices other than those arising from interest rate risk or currency risk) may affect the value of investments. The Company's investments are susceptible to market price risk arising from uncertainties about the future prices of the investments.

Management of the risk

The Board manages the risks inherent in the investment portfolio by ensuring full and timely access to relevant information from Janus Henderson. The Board meets regularly and at each meeting reviews investment performance. The Board monitors Janus Henderson's compliance with the Company's objectives, including investment strategy and asset allocation.

When appropriate, the Company may buy/sell put or call options or futures on indices and on equity investments in its portfolio to manage its exposure to price risk or to generate income. At 30 June 2023, the Company had no open positions (2022: nil).

Concentration of exposure to market price risk

An analysis of the Company's investment portfolio is shown on pages 16 and 17. This shows that the majority of the Company's investments are in UK-listed companies. Accordingly, there is a concentration of exposure to the UK, though it is recognised that an investment's country of domicile or of listing does not necessarily equate to its exposure to the economic conditions in that country.

Market price risk sensitivity

The sensitivity of (a) the return after taxation for the year and (b) the Company's net assets to an increase or decrease of 10% in the fair values of the Company's investments at each Statement of Financial Position date is shown below. This level of change is considered to be reasonably possible, based on observation of current market conditions.

The impact of a 10% increase in the value of the investments on the revenue return as at 30 June 2023 is a decrease of £198,000 (2022: £188,000 and on the capital return is an increase of £202,967,000 (2022: £191,890,000). The total impact on equity shareholders' funds would be an increase of £202,769,000 (2022: £191,702,000).

The impact of a 10% decrease in the value of the investments on the revenue return as at 30 June 2023 is an increase of £198,000 (2022: £188,000) and on the capital return is a decrease of £202,967,000 (2022: £191,890,000). The total impact on equity shareholders' funds would be a decrease of £202,769,000 (2022: £191,702,000).

16.1.2 Currency risk

The Company is not itself materially exposed to currency risk, although some of the investments will be in companies that have operations that involve currency risk and pay dividends in foreign currencies.

Management of the risk

Investment income denominated in foreign currencies is converted into sterling on receipt. The Company does not use financial instruments to mitigate the currency exposure in the period between the time that income is included in the financial statements and its receipt. However, the Company does sometimes hedge foreign currency exposure ahead of the declaration of dividends from companies in which it invests.

Foreign currency exposure

The fair values of the Company's monetary items that have foreign currency exposure at 30 June 2023 are £3,391,000 (2022: £2,845,000).

Foreign currency sensitivity

The Company's sensitivity to movements in exchange rates affecting its investment income, assuming a 10% movement in the sterling/US dollar rate, will be a loss of £1,710,000 (2022: £1,230,000) if sterling strengthens and a profit of £2,090,000 (2022: £1,879,000) if sterling weakens and, assuming a 10% movement in the sterling/euro rate, will be a loss of £425,000 (2022: £333,000) if sterling strengthens and a profit of £519,000 (2022: £782,000) if sterling weakens. The 10% movement has been based on average market volatility in exchange rates in the previous 12 months.

Notes to the Financial Statements (continued)

16 Risk management policies and procedures (continued)

16.1.3 Interest rate risk

Interest rate movements may affect:

- the level of income receivable from cash at bank and on deposit; and
- the interest payable on the Company's variable rate bank borrowings.

Management of the risk

The Company, generally, does not hold significant cash balances. The Company finances part of its activities through borrowings at levels approved and monitored by the Board. Derivative contracts have not been used during the year to hedge against the exposure to interest rate risk. There has been no hedging during the year.

Interest rate exposure

The Company's exposure at 30 June 2023 of financial assets and financial liabilities to fixed interest rate risk can be found in note 15. The exposure to floating interest rates can be found on the Statement of Financial Position under cash at bank and under bank overdraft in note 14.

Interest receivable and finance costs are at the following rates:

- interest received on cash balances is at a margin over the HSBC base rate; and
- interest paid on borrowings under the overdraft facility provided by the Custodian is at a margin of 1.25% above the HSBC base rate (2022: 1.25%).

The table below analyses the Company's contractual liabilities.

	2023			2022		
	Within 1 year £'000	**Between 1 and 5 years £'000**	**More than 5 years £'000**	Within 1 year £'000	Between 1 and 5 years £'000	More than 5 years £'000
Secured notes[1]	3,857	15,426	161,521	3,857	15,426	165,377
Preference stock and preferred ordinary stock[2]	157	628	1,399	157	628	1,399
Bank overdrafts and interest	9,048	–	–	16,270	–	–
Other creditors and accruals	4,908	–	–	6,565	–	–
	17,970	**16,054**	**162,920**	**26,849**	**16,054**	**166,776**

1 The above figures show interest payable over the remaining term of the secured notes. The figures in the "more than 5 years" column also include the capital to be repaid. Details of repayment are set out on page 76 and interest payment dates on page 92

2 The figures in the "more than 5 years" columns do not include the ongoing annual finance cost of £157,000

Interest rate risk sensitivity

The Company is not materially exposed to changes in interest rates.

16.2 Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Management of the risk

Liquidity risk is not significant as the majority of the Company's assets is in investments in quoted equities that are readily realisable. For details of the Company's bank borrowing facility, see note 14.

The Board gives guidance to Janus Henderson as to the maximum amount of the Company's resources that should be invested in any one company. The policy is that the Company should remain fully invested in normal market conditions and that short-term borrowings should be used to fund short-term cash requirements.

Liquidity risk exposure

The remaining contractual maturities of the financial liabilities at 30 June 2023, based on the earliest date on which payment can be required, is given on page 76.

Notes to the Financial Statements (continued)

16 Risk management policies and procedures (continued)

16.3 Credit and counterparty risk

The failure of the counterparty to a transaction to discharge its obligations under that transaction could result in the Company suffering a loss.

Management of the risk

The risk is not significant and is managed as follows:

- investment transactions are carried out with a large number of brokers, whose credit standard is reviewed periodically by the Fund Manager, and limits are set on the amount that may be due from any one broker; and
- cash at bank and overdrafts is held only with reputable banks with high quality external credit ratings.

Stock lending transactions are carried out with a number of approved counterparties, whose credit rating is reviewed regularly by Janus Henderson and limits are set on the amount that may be lent to any one counterparty. Stock lending is the temporary transfer of securities by a lender to a borrower, with an agreement by the borrower to return equivalent securities to the lender at an agreed future date. Stock lending revenue is received for making the investments available to the borrower, which increases the returns on the portfolio. In all cases, securities lent continue to be recognised in the Statement of Financial Position. Details of the value of securities on loan at the year end, and the collateral held, can be found in note 4.

In summary, the Company only transacts with counterparties that it considers to be credit worthy. The exposure to credit and counterparty risk at 30 June 2023 was to debtors of £10,823,000 (2022: £11,451,000).

None of the Company's financial assets are past their due date or impaired.

16.4 Fair values of financial assets and financial liabilities

The financial assets and financial liabilities are either carried in the Statement of Financial Position at their fair value or the Statement of Financial Position amount is a reasonable approximation of fair value (creditors falling due within one year). The secured notes, preference stocks and preferred ordinary stock are carried in the Statement of Financial Position at par.

At 30 June 2023, the fair value of the secured notes was estimated to be £83,313,000 (2022: £101,131,000). At 30 June 2023, the fair value of the preferred and preference stock was £2,635,000 (2022: £2,635,000). The valuation of the preferred and preference stock is from the Daily Official List quotations.

The fair value of the secured notes is calculated using a discount rate which reflects the yield of a UK Gilt of similar maturity plus a suitable credit spread.

The preference stocks and preferred ordinary stock are categorised as Level 1 in the fair value hierarchy. The secured notes are categorised as Level 3 in the fair value hierarchy.

16.5 Fair value hierarchy disclosures

The table below sets out fair value measurements using FRS 102 fair value hierarchy.

Financial assets at fair value through profit or loss at 30 June 2023	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Equity investments	2,034,300	–	347	2,034,647
Total	**2,034,300**	**–**	**347**	**2,034,647**

Financial assets at fair value through profit or loss at 30 June 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	1,923,270	–	347	1,923,617
Total	**1,923,270**	**–**	**347**	**1,923,617**

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows:

Level 1 – the unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date;

Level 2 – inputs other than quoted prices included within Level 1 that are observable (i.e., developed using market data) for the asset or liability, either directly or indirectly; and

Level 3 – inputs are unobservable (i.e., for which market data is unavailable) for the asset or liability.

Notes to the Financial Statements (continued)

16 Risk management policies and procedures (continued)

16.5 Fair value hierarchy disclosures (continued)

The valuation techniques used by the Company are explained in the accounting policies note on page 68.

There have not been any transfers during the year between any of the levels. A reconciliation of fair value movements within Level 3 is set out below.

Reconciliation of Level 3 fair value measurement of financial assets	£'000
Opening and closing fair value	347

16.6 Capital management policies and procedures

The Company's capital management objectives are to ensure that it will be able to continue as a going concern, and to provide long-term growth in income and capital, principally by investment in UK equities.

The Company's total capital at 30 June 2023 was £2,040,562,000 (2022: £1,928,503,000) comprising £9,048,000 (2022: £16,270,000) of bank overdrafts, £114,223,000 (2022: £114,177,000) of secured notes, £1,399,000 (2022: £1,399,000) of preference and preferred stock and £1,915,892,000 (2022: £1,796,657,000) of equity share capital and reserves.

The Company is subject to several externally imposed capital requirements:

- borrowings under the overdraft facility are not to exceed the lower of £120,000,000 or 15% of the portfolio;
- as a public company, the Company has a minimum share capital of £50,000;
- in order to be able to pay dividends out of profits available for distribution by way of dividends, the Company has to be able to meet one of the two capital restriction tests imposed on investment companies by company law; and
- the terms of the secured notes include financial covenants in relation to the level of borrowings.

The Company has complied with these requirements.

Other than in exceptional market conditions, gearing will not exceed 20% of the net asset value at the time of the draw down of the relevant borrowings.

17 Called up share capital

	Shares in issue	Nominal value of total shares in issue £'000
Allotted and issued ordinary shares of 25p each		
At 1 July 2022	459,639,868	114,910
Issue of new ordinary shares	37,715,000	9,429
At 30 June 2023	**497,354,868**	**124,339**

	Shares in issue	Nominal value of total shares in issue £'000
Allotted and issued ordinary shares of 25p each		
At 1 July 2021	445,624,868	111,406
Issue of new ordinary shares	14,015,000	3,504
At 30 June 2022	**459,639,868**	**114,910**

The Company issued 37,715,000 (2022: 14,015,000) ordinary shares with total proceeds of £153,347,000 (2022: £57,050,000) after deduction of issue costs of £393,000 (2022: £291,000). The average price of the ordinary shares that were issued was 407.7p (2022: 408.6p). During the year there were no shares re-purchased by the Company (2022: there were no shares repurchased).

Notes to the Financial Statements (continued)

18 Share premium account

	2023 £'000	2022 £'000
At beginning of year	909,143	855,597
Issue of new shares	144,311	53,837
Less: issue costs	(393)	(291)
At end of year	**1,053,061**	**909,143**

19 Other capital reserves

	Capital redemption reserve £'000	Capital reserve arising on revaluation of investments held £'000	Capital reserve arising on investments sold £'000	Other capital reserves £'000
At 1 July 2022	2,707	399,709	326,585	726,294
Transfer on disposal of investments	–	1,382	(1,382)	–
Net (losses)/gains on investments[1]	–	(54,215)	27,033	(27,182)
Exchange gains	–	–	71	71
Management fees charged to capital	–	–	(4,304)	(4,304)
Finance costs charged to capital	–	–	(3,416)	(3,416)
At 30 June 2023	**2,707**	**346,876**	**344,587**	**691,463**

1 During the year the Company did not receive any special dividends which were deemed to be capital in nature

	Capital redemption reserve £'000	Capital reserve arising on revaluation of investments held £'000	Capital reserve arising on investments sold £'000	Other capital reserves £'000
At 1 July 2021	2,707	423,487	296,561	720,048
Transfer on disposal of investments	–	(25,770)	25,770	–
Net gains on investments[1]	–	1,992	11,290	13,282
Exchange gains	–	–	112	112
Management fees charged to capital	–	–	(4,073)	(4,073)
Finance costs charged to capital	–	–	(3,075)	(3,075)
At 30 June 2022	**2,707**	**399,709**	**326,585**	**726,294**

1 During the year the Company received special dividends totalling £7,160,000 which were deemed to be capital in nature and were taken to the capital reserve arising on investments sold. These dividends are available to be distributed to shareholders as part of realised capital profits

Notes to the Financial Statements (continued)

20 Revenue reserve

	£'000
At 1 July 2022	43,603
Net return for the year	96,240
Dividends paid (note 10)	(95,521)
At 30 June 2023	**44,322**

	£'000
At 1 July 2021	37,567
Net return for the year	92,988
Dividends paid (note 10)	(86,952)
At 30 June 2022	**43,603**

21 Net asset value per ordinary share – basic and diluted

The net asset value per ordinary share is based on the net assets attributable to the ordinary shares of £1,915,892,000 (2022: £1,796,657,000) and on 497,354,868 (2022: 459,639,868) shares in issue on 30 June 2023.

An alternative net asset value per ordinary share can be calculated by deducting from the total assets less current liabilities of the Company the preference and preferred ordinary stocks and secured notes at their market (or fair) values rather than at their par (or book) values. The net asset value per ordinary share at 30 June 2023 calculated on this basis was 391.24p (2022: 393.45p). See page 87 for further details of the Alternative Performance Measure and how it is calculated.

The movements during the year of the assets attributable to the ordinary shares were as follows:	£'000
Total net assets attributable to the ordinary shares at 30 June 2022	1,796,657
Total net return after taxation	61,409
Dividends paid on ordinary shares in the year	(95,521)
Issue of shares	153,347
Total net assets attributable to the ordinary shares at 30 June 2023	**1,915,892**

The Company does not have any dilutive securities.

22 Capital commitments and contingent liabilities

Capital commitments

There were no capital commitments as at 30 June 2023 (2022: none).

Contingent liabilities

As at 30 June 2023, there were no contingent liabilities (2022: none).

23 Transactions with the Manager and related parties

Under the terms of an agreement effective from 22 July 2014 the Company has appointed subsidiaries of Janus Henderson Group plc to provide investment management, accounting, secretarial and administrative services. Janus Henderson has contracted BNP Paribas to provide accounting and administration services.

Details of the fee arrangements for these services are given on page 21. The total of management fees paid or payable to Janus Henderson under this agreement in respect of the year ended 30 June 2023 was £6,148,000 (2022: £5,819,000). The amount outstanding at 30 June 2023 was £3,165,000 (2022: £4,357,000).

In addition to the above services, Janus Henderson facilitates marketing activities with third parties which are recharged to the Company. The total fees paid or payable for these services for the year ended 30 June 2023 amounted to £88,000 including VAT (2022: £79,000) of which £23,000 was outstanding at 30 June 2023 (2022: £24,000).

Details of fees paid to Directors are included in the Directors' Remuneration Report on page 54 and in note 6 on page 72.

Additional Information

Securities Financing Transactions

The Company engages in Securities Financing Transactions (as defined in Article 3 of Regulation (EU) 2015-2365, securities financing transactions include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions and margin lending transactions). In accordance with Article 13 of the Regulation, the Company's involvement in and exposures related to securities lending for the year ended 30 June 2023 are detailed below.

Global Data

The amount of securities on loan as a proportion of total lendable assets and the Company's net assets as at 30 June 2023 are disclosed below:

	Stock lending 2023	
Market value of securities on loan £'000	% of lendable assets	% of assets under management
121,213	5.96	6.33

Concentration Data

The ten largest collateral issuers across all the securities financing transactions as at 30 June 2023 are disclosed below:

Issuer	Market value of collateral received £'000
Government of Japan	75,895
UK Treasury	15,125
Government of United States	11,039
Government of Belgium	2,796
BP	1,367
Shell	1,367
Informa	1,367
RWE	1,367
Compass Group	1,367
British American Tobacco	1,367
	113,057

The top ten counterparties of each type of securities financing transactions as at 30 June 2023 are disclosed below:

Counterparty	Market value of securities on loan £'000
Barclays	62,667
HSBC	20,721
Morgan Stanley	13,434
Merrill Lynch	12,024
Bank of Nova Scotia	5,595
Goldman Sachs	5,363
BNP Paribas	1,409
	121,213

All counterparties are shown.

Securities Financing Transactions (continued)

Aggregate Transaction Data

The following table discloses a summary of aggregate transaction data related to the collateral received from securities on loan as at 30 June 2023:

Stock lending

Counterparty	Counterparty country of origin	Type	Quality	Collateral currency	Settlement basis	Custodian	Market value of collateral received £'000
Barclays	London	Equity	Main Market Listing	GBP	Tri-party	HSBC	11,689
		Equity	Main Market Listing	USD	Tri-party	HSBC	323
		Equity	Main Market Listing	EUR	Tri-party	HSBC	1,985
		Government Debt	Investment Grade	JPY	Tri-party	HSBC	51,955
HSBC	Hong Kong	UK Gilts	Investment Grade	GBP	Tri-party	HSBC	1
		Government Debt	Investment Grade	USD	Tri-party	HSBC	11,039
		Equity	Main Market Listing	GBP	Tri-party	HSBC	1,238
		UK Gilts	Investment Grade	GBP	Bilateral	HSBC	9,492
BNP Paribas	France	Equity	Main Market Listing	EUR	Tri-party	HSBC	1,195
		Equity	Main Market Listing	USD	Tri-party	HSBC	299
Morgan Stanley	US	Government Debt	Investment Grade	JPY	Tri-party	HSBC	11,311
		Government Debt	Investment Grade	EUR	Tri-party	HSBC	2,796
Merrill Lynch	US	Government Debt	Investment Grade	JPY	Tri-party	HSBC	12,574
		Equity	Main Market Listing	EUR	Tri-party	HSBC	52
Goldman Sachs	US	UK Gilts	Investment Grade	USD	Tri-party	HSBC	5,632
Bank of Nova Scotia	Canada	Equity	Main Market Listing	CAD	Tri-party	HSBC	1,185
		Equity	Main Market Listing	GBP	Tri-party	HSBC	3,746
		Equity	Main Market Listing	EUR	Tri-party	HSBC	645
		Government Debt	Investment Grade	EUR	Tri-party	HSBC	297
		Government Debt	Investment Grade	JPY	Tri-party	HSBC	55
UBS	Switzerland	Equity	Main Market Listing	USD	Tri-party	HSBC	1,116
		Equity	Main Market Listing	CAD	Tri-party	HSBC	1,429
		Equity	Main Market Listing	JPY	Tri-party	HSBC	932
		Equity	Main Market Listing	HKD	Tri-party	HSBC	1,266
		Equity	Main Market Listing	NOK	Tri-party	HSBC	370
		Equity	Main Market Listing	EUR	Tri-party	HSBC	558
							133,180

The lending and collateral transactions are on an open basis and can be recalled on demand.

Re-use of collateral

The Company does not engage in any re-use of collateral.

Return and cost

The return and cost of engaging in securities lending by the Company and the securities lending agent in absolute terms and as a percentage of overall returns are disclosed below:

Total gross amount of securities lending income	Direct and indirect costs and fees deducted by securities lending agent	% return of the securities lending agent	Net securities lending income retained by the Company	% return of the Company
£280,000	£56,000	20	£224,000	80

Alternative Performance Measures (unaudited)

The Company uses the following Alternative Performance Measures ("APMs") throughout the annual report, financial statements and notes to the financial statements. The APMs are reconciled to the financial statements through the narrative below. The Board believes that each of the APMs, which are typically used within the investment trust sector, provide additional useful information to shareholders to help assess the Company's performance against its peer group.

Discount or Premium

The amount by which the market price per share of an investment trust is either higher (premium) or lower (discount) than the NAV per share, expressed as a percentage of the NAV per ordinary share.

	NAV with debt at fair value Pence	NAV with debt at par value Pence	Share price Pence	Premium to fair value NAV %	Premium to par value NAV %
At 30 June 2023	391.24	385.22	397.00	1.5	3.1
At 30 June 2022	393.45	390.88	400.50	1.8	2.5

Gearing/(Net Cash)

Gearing means borrowing money to buy assets with the expectation that the return on investments bought will exceed the interest cost of the borrowings. The gearing percentage reflects the amount of borrowings (e.g. bank loans, overdrafts or secured notes) the Company has used to invest in the market, and is calculated by taking the difference between total investments (see note 11 on page 75) and total shareholders' funds (see Statement of Financial Position), dividing this by total shareholders' funds and multiplying by 100 as indicated below:

		2023	2022
Investments held at fair value through profit or loss (page 74) (£'000)	(A)	2,034,300	1,923,270
Net assets (page 67) (£'000)	(B)	1,915,892	1,796,657
Gearing (C = A/B – 1) (%)	(C)	6.2	7.1

The Company can also use synthetic gearing through derivatives and foreign exchange hedging.

NAV with Debt at Par and Fair Value

	2023 £'000	2022 £'000
Investments held at fair value through profit or loss (see note 11)	2,034,300	1,923,270
Investment in subsidiary undertakings (see note 12)	347	347
Current assets (see page 67)	10,823	11,451
Creditors: amounts falling due within one year (see note 14)	(13,956)	(22,835)
Creditors: amounts falling due after one year (see note 15)	(115,622)	(115,576)
NAV with debt at par (A)	**1,915,892**	**1,796,657**
Less: fair value of preference and preferred stock and secured notes (see note 16.4)	(85,661)	(103,766)
Add back: par value of preference and preferred stock and amortised cost of secured notes	115,622	115,576
NAV with debt at fair value (B)	**1,945,853**	**1,808,467**
Ordinary shares in issue (see note 17) (C) (number)	497,354,868	459,639,868
NAV per ordinary share with debt at par (see page 67) (A/C x 100) (pence)	**385.22**	**390.88**
NAV per ordinary share with debt at fair value (B/C x 100) (pence)	**391.24**	**393.45**

The aggregate NAV is also referred to as total shareholders' funds in the Statement of Financial Position. The NAV per ordinary share is published daily and the year end NAV can be found on page 67 and further information is available on page 83 in note 21.

Alternative Performance Measures (unaudited) (continued)

Ongoing Charge

The ongoing charge ratio has been calculated in accordance with guidance issued by the AIC. It represents the total investment management fee and other administrative expenses expressed as a percentage of the average net asset values with debt at fair value throughout the year.

	2023 £'000	2022 £'000
Management fee (see note 5)	6,148	5,819
Other administrative expenses (see note 6)	860	774
Less: non-recurring expenses	(9)	(28)
Ongoing charge	**6,999**	**6,565**
Average net assets[1]	**1,894,247**	**1,777,338**
Ongoing charge ratio	**0.37%**	**0.37%**

1 Calculated using the average daily net asset value with debt at fair value

The ongoing charge calculated above is different from ongoing costs provided in the Company's Key Information Document ("KID") which are calculated in line with the PRIIPs regulations. The ongoing costs in the KID include finance costs, stock lending fees and costs of holding other investment trusts within the Company's investment portfolio. The non-recurring expenses include external Board evaluation (2022: Director recruitment and certain legal fees).

Revenue Earnings per Share

The revenue earnings per share is the revenue return for the year (see Income Statement) divided by the weighted average number of ordinary shares in issue during the year (see note 9 on page 74).

Revenue Reserve per Share

The revenue reserve per share is the revenue reserve (see Statement of Financial Position) at the year end divided by the number of shares in issue (see note 17 on page 81) at the year end date.

Total Return

The total return is the return on the share price or NAV with debt at fair value taking into account both the rise and fall of NAVs/share prices and dividends paid to shareholders. Any dividends received by a shareholder are assumed to have been reinvested in either additional shares (for share price total return) or the Company's assets (for NAV with debt at fair value total return). Dividends paid and payable are set out in note 10 on page 74.

	NAV per share with debt at fair value	Share price
NAV/Share price per share at 30 June 2022 (pence)	393.45	400.50
NAV/Share price per share at 30 June 2023 (pence)	391.24	397.00
Change in the year (%)	(0.6)	(0.9)
Impact of dividends reinvested (%)	5.1	5.0
Total return for the year (%)	**4.5**	**4.1**

Yield

The yield is the annual dividend expressed as a percentage of the year end share price.

		30 June 2023	30 June 2022
Annual dividend (pence)	(A)	20.1	19.6
Share price (pence)	(B)	397.0	400.5
Yield (C = A/B) (%)	(C)	5.1	4.9

Glossary

Alternative Investment Fund Managers Directive ("AIFMD")

Agreed by the European Parliament and the Council of the European Union and transposed into UK legislation, the AIFMD classifies certain investment vehicles, including investment companies, as Alternative Investment Funds ("AIFs") and requires them to appoint an Alternative Investment Fund Manager ("AIFM") and depositary to manage and oversee the operations of the investment vehicle. The Board of Directors retains responsibility for strategy, operations and compliance and the Directors retain a fiduciary duty to shareholders.

Alternative Performance Measures

Details of alternative performance measures used by the Company can be found on pages 87 and 88.

Association of Investment Companies ("AIC")

The Company is a member of the AIC which is the trade body for investment companies and represents the industry in relation to various matters which impact the regulation of such entities. The Company is a constituent of the UK Equity Income sector.

Benchmark

A measure against which performance is compared. For the Company this is the FTSE All-Share Index.

Custodian

The custodian is responsible for ensuring the safe custody of the Company's assets and ensuring that all transactions in the underlying holdings are transacted in an accurate and timely manner.

Depositary

As an AIF, the Company is required to appoint a depositary who has responsibility for overseeing the operations of the Company including safekeeping, cash monitoring and verification of ownership and valuation. The Depositary is strictly liable for the loss of any investments or other assets in its custody unless it has notified that it has discharged its liability in certain markets. The Depositary has confirmed that it has not discharged liability in relation to any of the Company's assets.

The Depositary has further confirmed that, in all material respects, the Company has been managed in accordance with the FCA's Investment Funds Sourcebook, the Company's Articles of Association and as required by the AIFMD.

Derivative

A contract between two or more parties in relation to an underlying security. The value of a derivative will fluctuate in accordance with the value of the security and is a form of gearing as the fluctuations in value are usually greater than the fluctuations in the underlying security's value. Examples of derivatives are put and call options, swap contracts, futures and contracts for difference. Foreign exchange, interest rates and commodities may also be traded using derivative contracts.

Dividend Dates

When declared or recommended, each dividend will have three key dates applied to it. The payment date is the date on which shareholders will receive their dividend, either by BACS transfer or by receipt of a dividend cheque. The record date applied to the dividend is used as a cut-off for the Company's Registrar to know which shareholders should be paid a dividend. Only shareholders on the Register of Members at the close of business on the record date will receive the dividend. The ex-dividend date is the business day before the record date and is the date upon which the Company's net asset value will be disclosed ex-dividend.

Investment Trusts

Investment trusts are public limited companies, listed on the London Stock Exchange, which provide shareholders with a professionally managed portfolio of investments. Investment trusts are exempt from tax on the capital gains arising on their investments subject to meeting certain criteria. Income, net of expenses and tax, is substantially distributed to shareholders. Investment trusts are also known as investment companies, although the tax legislation retains the reference to investment trusts.

Liquidity

In the context of the liquidity of shares in the stock market, this refers to the availability of buyers in the market for the share in question. Where the market in a particular share is described as liquid, that share will be in demand and holders wishing to sell their shares should find ready buyers. Conversely, where the market in a share is illiquid the difficulty of finding a buyer will tend to depress the price that might be negotiated for a sale.

Market Capitalisation

The market value of a company, calculated by multiplying the mid-market price per share by the number of shares in issue.

Ongoing Charge

The ongoing charge reflects those expenses of a type which are likely to recur in the foreseeable future, whether charged to revenue or capital, and which relate to the operation of the Company as a collective fund, excluding the costs of acquisition or disposal of investments, finance costs and gains or losses arising on investments. Details of the calculation of the ongoing charge can be found on page 88.

Simple versus weighted average

The simple average ignores the fund size and assigns an equal weight to all data points. Under the weighted average greater importance (weight) is assigned to funds of a larger size.

General Shareholder Information

AIFMD Disclosures

In accordance with the AIFMD, information in relation to the Company's leverage and remuneration of Janus Henderson Fund Management UK Limited, as the Company's AIFM are required to be made available to investors. These disclosures, including those on the AIFM's remuneration policy, are contained in an AIFMD Disclosure document which can be found on the Company's website.

BACS

Dividends and interest can be paid to shareholders and stockholders by means of BACS ("Bankers' Automated Clearing Services"); mandate forms for this purpose are available from the Registrar. Alternatively, shareholders can write to the Registrar to give their instructions; these must include the bank account number, the bank account title and the sort code of the bank to which payments are to be made.

Common Reporting Standard ("CRS")

Tax legislation requires the Company to provide personal information to HMRC on certain investors who purchase shares in investment trusts. This information is provided annually to the local tax authority of the tax residencies of a number of non-UK based certificated shareholders and corporate entities.

Equality Act 2010

This report and other documents issued by the Company are available from the Corporate Secretary. If needed, copies can be made available in a variety of formats, including Braille or larger type as appropriate.

You can contact the Registrar, Computershare Investor Services PLC, which has installed textphones to allow speech and hearing impaired people who have their own textphone to contact them directly, without the need for an intermediate operator by dialling 0370 702 0005. Specially trained operators are available during normal business hours to answer queries via this service.

Alternatively, if you prefer to go through a 'typetalk' operator (provided by the Royal National Institute for Deaf People) dial 18001 followed by the number you wish to dial.

Foreign Account Tax Compliance ("FATCA")

FATCA is a United States federal law whose intent is to enforce the requirement for United States persons (including those living outside the US) to file yearly reports on their non-US financial accounts. Each year, investment trusts need to monitor the trading volume and frequency of their shares and securities to assess whether they have financial accounts.

The Company makes an annual assessment to determine if the shares represent financial accounts and, where they do, will need to identify and report US reportable accounts to HMRC, as required.

General Data Protection Regulation ("GDPR")

A privacy statement can be found on the website **www.janushenderson.com**.

ISA

The Company intends to continue to manage its affairs in order to qualify as an eligible investment for a stocks and shares ISA.

Non-Mainstream Pooled Investments Status

The Company currently conducts its affairs so that its ordinary shares of 25p each can be recommended by IFAs to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future. The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

Packaged Retail and Insurance-based Investment Products Regulation ("PRIIPs")/Key Information Document ("KID")

Investors should be aware that PRIIPs requires the Manager, as the PRIIP manufacturer, to prepare a KID in respect of the Company. This KID must be made available by the Manager to retail investors prior to them making any investment decision and is available on the Company's website. The Company is not responsible for the information contained in the KID and investors should note that the procedures for calculating the risks, costs and potential returns are prescribed by the law. The figures in the KID may not reflect the expected returns for the Company and anticipated performance returns cannot be guaranteed.

General Shareholder Information (continued)

Performance Details/Share Price Information

Details of the Company's share price and NAV can be found on the Company's website, **www.cityinvestmenttrust.com** and in the London Stock Exchange Daily Official List. The Company's NAV is published daily.

The market price of the Company's ordinary shares is published daily in The Financial Times and other leading newspapers. The Financial Times also shows figures for the estimated NAV and the premium/discount.

Shareholder Details

Shareholders who hold their shares in certificated form can check their shareholding with the Registrar, Computershare Investor Services PLC, via **www.investorcentre.co.uk**.

To gain access to your details on the Computershare site you will need the holder reference number shown on your share certificate.

Taxonomy Regulation

Regulation (EU) 2020/852 establishes the basis for the EU taxonomy. The EU taxonomy is a classification system, establishing a list of environmentally sustainable economic activities to provide companies, investors and policymakers with appropriate definitions for which economic activities can be considered environmentally sustainable. In accordance with the Taxonomy Regulation, the Company confirms that the investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

FCA Share Fraud Warning

Investment and pension scams are often sophisticated and difficult to spot

FCA FINANCIAL CONDUCT AUTHORITY

Be a **ScamSmart** Investor

Be a ScamSmart investor and spot the warning signs

Fraudsters will often:

- contact you out of the blue
- apply pressure to invest quickly
- downplay the risks to your money
- promise tempting returns that sound too good to be true
- say that they're only making the offer available to you or even ask you to not tell anyone else about it

How to avoid investment and pension scams

1. **Reject unexpected offers**
   Scammers usually cold call, but contact can also come by email, post, word of mouth or at a seminar. If you've been offered an investment out of the blue, chances are it's a high risk investment or a scam.
2. **Check the FCA Warning List**
   Use the FCA Warning List to check the risks of a potential investment – you can also search to see if the firm is known to be operating without our authorisation.
3. **Get impartial advice**
   Get impartial advice before investing – don't use an adviser from the firm that contacted you.

If you're suspicious, report it

You can report the firm or scam to us by contacting our **Consumer Helpline** on **0800 111 6768** or using our reporting form using the link below.

If you've lost money in a scam, contact Action Fraud on 0300 123 2040 or www.actionfraud.police.uk

Be ScamSmart and visit www.fca.org.uk/scamsmart

Dates of Dividend and Interest Payments

Financial Calendar

Annual results: September

Annual General Meeting: October

Half-year results: February

Dividends[1]

Ordinary shares:

- first interim payable on 30 November
- second interim payable on 28 February
- third interim payable on 31 May
- fourth interim payable on 31 August

Preference and preferred ordinary stocks:

- payable on 28 February and 31 August

1 Payments are made on the nearest working day prior to the dates indicated above

Secured Notes Interest

4.53% secured notes 2029:

- payable on 22 January and 22 July
  Redeemable at par on 22 January 2029

2.94% secured notes 2049:

- payable on 17 May and 17 November
  Redeemable at par on 17 November 2049

2.67% secured notes 2046:

- payable on 19 March and 19 September
  Redeemable at par on 19 March 2046

Corporate Information

Registered Office

201 Bishopsgate
London EC2M 3AE

Service Providers

Alternative Investment Fund Manager

Janus Henderson Fund Management UK Limited
201 Bishopsgate
London EC2M 3AE

Corporate Secretary

Janus Henderson Secretarial Services UK Limited
201 Bishopsgate
London EC2M 3AE
Telephone: 020 7818 1818
Email: support@janushenderson.com

Depositary and Custodian

HSBC Bank plc
8 Canada Square
London E14 5HQ

UK

Stockbrokers

Cenkos Securities plc
6-8 Tokenhouse Yard
London EC2R 7AS

Registrar

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
Telephone: 0370 889 3296
Email: WebCorres@computershare.co.uk

Investors with share certificates (i.e. not those with a share plan or ISA) can check their holding at **www.investorcentre.co.uk**

New Zealand

Stockbrokers

Jarden Securities Limited
Level 20, ANZ Centre
23-29 Albert Street
PO Box 5333
Auckland
New Zealand

Registrar

Computershare Investor Services Limited
PO Box 92119
Auckland 1142
New Zealand
Telephone (New Zealand): (64) 09 488 8777

Independent Auditors

PricewaterhouseCoopers LLP
Atria One
144 Morrison Street
Edinburgh EH3 8EX

Information Sources

For more information about The City of London Investment Trust plc, visit the website at **www.cityinvestmenttrust.com** This includes factsheets, interviews, current information on the Company and up-to-date share price and net asset value details.

To sign up for expert insights about investment trusts, updates from our fund managers as well as AGMs and Trust TV episodes, please visit this page:
www.janushenderson.com/en-gb/investor/subscriptions

Follow the Janus Henderson Investment Trusts on LinkedIn – Janus Henderson Investment Trusts, UK

Investing

Shares can be purchased in the market via a stockbroker or through share dealing platforms. They can also be held through share plans, ISAs or pensions and links to various providers are included on the website.

Potential investors are reminded that the value of investments and the income from them may go down as well as up and investors may not receive back the full amount invested. Tax benefits may vary as a result of statutory changes and their value will depend on individual circumstances.

Nominee Share Code

Where notification has been provided in advance, the Company will arrange for copies of shareholder communications to be provided to the operators of nominee accounts. Nominee investors may attend general meetings and speak at them when invited to do so by the Chairman.

The City of London Investment Trust plc
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Legal Entity Identifier (LEI): 213800F3NOTF47H6AO55

Telephone: **0800 832 832**
Email: **support@janushenderson.com**

www.cityinvestmenttrust.com

MANAGED BY Janus Henderson INVESTORS

aic The Association of Investment Companies

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