CITY OF LONDON
Investment Group PLC

ANNUAL REPORT & ACCOUNTS

2022 / 2023

CITY OF LONDON
Investment Group PLC

CITY OF LONDON
Investment Management Company Limited

KARPUS
INVESTMENT
MANAGEMENT

Our Purpose

The Group exists for the mutual benefit of our three primary stakeholders: Clients, Employees and Shareholders

Corporate statement

City of London Investment Group PLC (CLIG) is an established asset management group which has built its reputation by specialising in global closed-end fund investments, via City of London Investment Management Company Limited (CLIM), with an institutional client focus.

The Group expanded its range by merging with Karpus Investment Management (KIM) in 2020 to provide closed-end fund strategies to wealth management clients.

SUMMARY

Funds under Management (FuM) of US$9.4 billion (£7.4 billion) at 30th June 2023. This compares with US$9.2 billion (£7.6 billion) at the beginning of this financial year on 1st July 2022

Net fee income was £54.6 million (2022: £58.2 million)

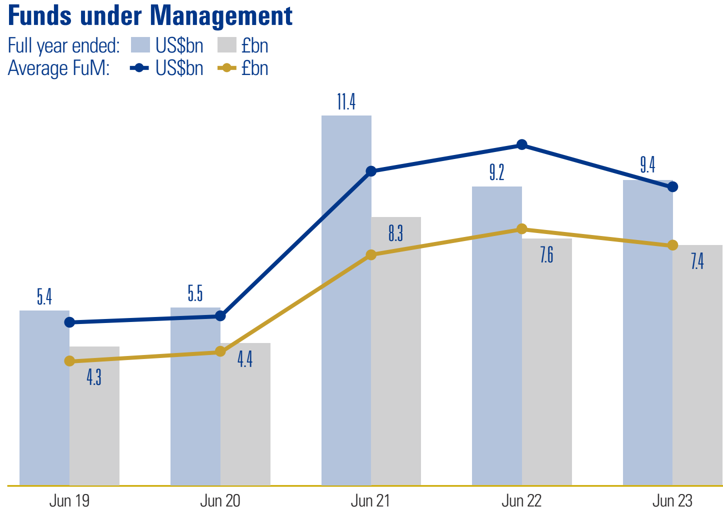
Underlying profit before tax* was £22.7 million (2022: £27.9 million). Profit before tax was £18.6 million (2022: £23.2 million)

Underlying basic earnings per share* were 36.5p (2022: 44.2p). Basic earnings per share were 30.2p (2022: 36.9p) after an effective tax charge of 21% (2022: 22%) of profit before taxation

Recommended final dividend of 22p per share (2022: 22p) payable on 27th October 2023 to shareholders on the register on 29th September 2023, making a total for the year of 33p (2022: 46.5p, including a special dividend of 13.5p).

*This is an Alternative Performance Measure (APM). Please refer to page 35 for more details on APMs.

Funds under Management



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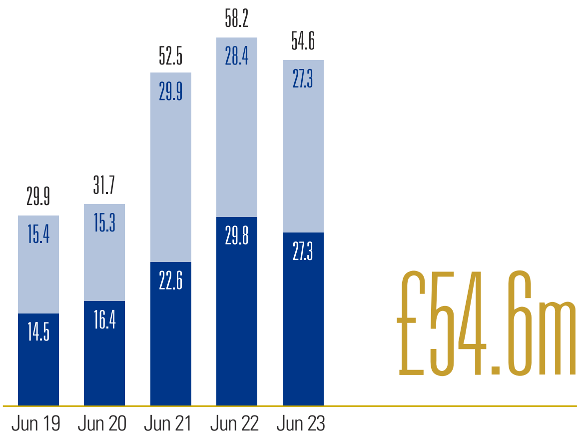
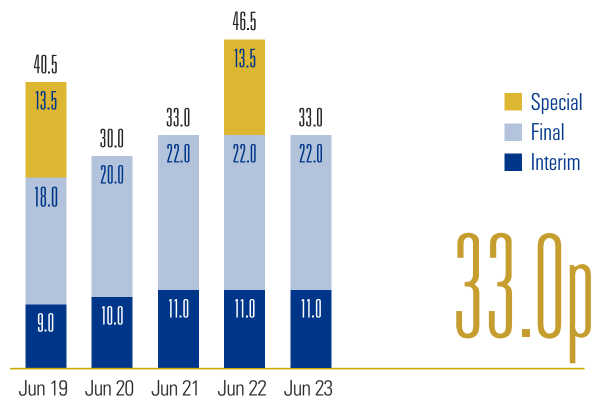
FINANCIAL HIGHLIGHTS

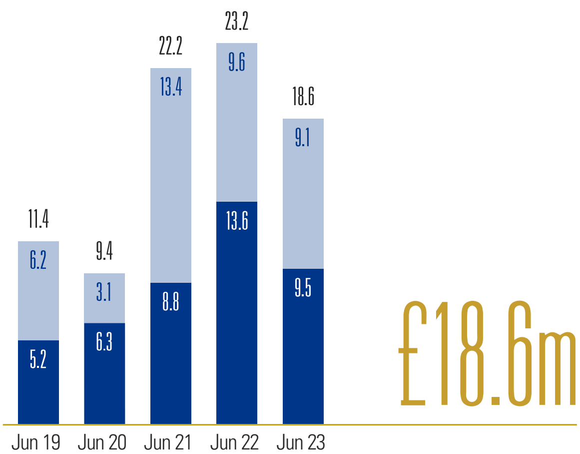
Net fee income £m



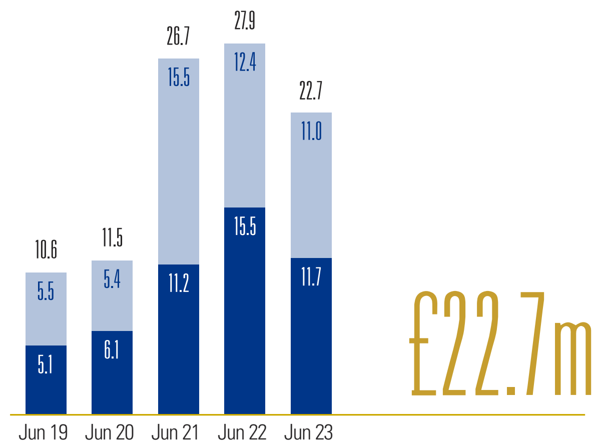
Dividends paid and proposed per share pence



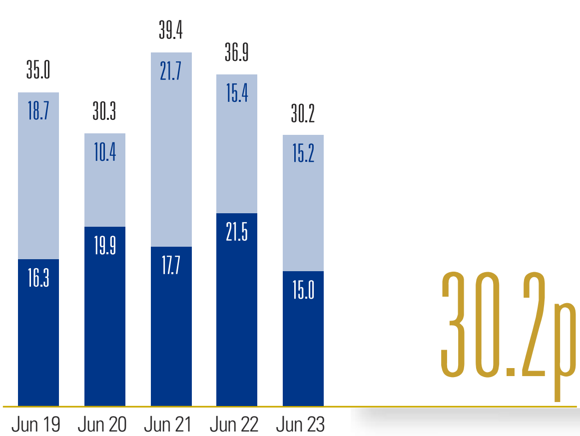
Profit before tax £m



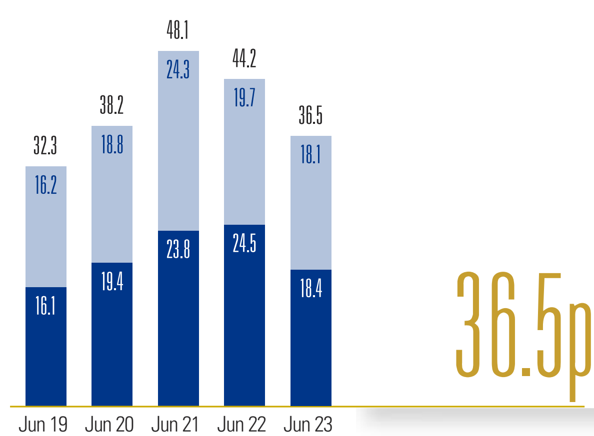
Underlying profit before tax* £m



Basic earnings per share pence



Underlying earnings per share* pence



First half year Second half year

* This is an Alternative Performance Measure (APM). Please refer to page 35 for more details on APMs.

AT A GLANCE

City of London Investment Group PLC (CLIG) is an established asset management group listed on the London Stock Exchange, consisting of two wholly owned subsidiaries that invest primarily in closed-end funds for the benefit of their respective clients

CITY OF LONDON
Investment Management Company Limited

City of London Investment Management Company Limited (CLIM) historically specialised in Emerging Markets and has expanded its range to include International, Opportunistic Value, Frontier, and Real Estate Investment Trust (REIT) strategies, primarily for institutional clients.

KARPUS
INVESTMENT
MANAGEMENT

Karpus Investment Management (KIM) provides closed-end fund strategies across all asset classes to wealth management clients in the United States.

CLIG

$9.4b FuM (£7.4b)

CLIM

$5.9b FuM (£4.6b)

KIM

$3.5b FuM (£2.8b)

CHAIR'S STATEMENT

"The fact that most strategies have achieved positive relative performance is encouraging and, with discounts now at comparatively high levels, the ability to capitalise on the inherent value in CEFs, in terms of both investment performance and business development opportunities, should improve as we approach 2024."

Barry Aling Chair

In 1989 it was claimed that on the basis of Tokyo land prices at the time, the 284-acre Japanese Imperial Palace was worth more than the entire state of California while frothy valuations drove the Nikkei 225 index to nearly 39,000, a level to which it has not returned in the 34 years since. That episode demonstrated that, while markets generally behave in a rational way, occasionally they do not. Fast forward to today and we find that the "magnificent-seven" stocks*are valued at US$11 trillion or twice the level of the entire Japanese stock market and more than 20% of the entire US stock market. Whether or not this has taken this handful of companies into unsustainable "bubble" territory is for others to decide but in the six months to 30th June 2023, they accounted for more than 70% of the rise in the S&P 500 index, underlining the degree to which the recent strength in US equities has been driven by a narrow and powerful "Artificial Intelligence (AI)-bandwagon".

In contrast, international equity markets have been more muted, particularly in the emerging market (EM) universe, with the MXEF EM index rising by just 2.1% for the year to 30th June 2023. While the relatively high exposure of EM economies to energy and raw materials prices has been a factor, given that many have fallen below pre-Ukraine war levels, it is the sluggish performance of Chinese equities that has been the main contributor. Having been slow to re-open the economy post-Covid, Chinese growth since has been relatively weak despite central bank efforts to stimulate activity. Important questions have also emerged on the country's future growth trajectory as several of China's major trading partners move to diversify supply chains in an era of growing trade and geopolitical friction.

Although much of the initial economic dislocation brought on by the Ukraine war has now dissipated, with supply chains gradually being re-configured, global inflation has remained stubbornly high with tight labour markets continuing to exert upward pressure on wages. Despite some recent signs of a downward trend in prices, the fact that central bank guidance remains relatively hawkish suggests that equities could remain subdued in the coming months (bubbles aside) as investors tap into more attractive fixed income returns. Beyond the immediate horizon, however, the prospect of a more accommodative monetary stance as electoral cycles beckon suggests that, in the absence of geopolitical surprises, 2024 should offer equity investors more opportunities for capital appreciation. Given the relative cheapness of international equities (vs. their US counterparts), the time for a long-awaited "catch-up" may not be far off.

Assets and performance

In the year to 30th June 2023, CLIG's Funds under Management (FuM) rose by 2% to US$9.4 billion and by 3% in the most recent six-month period. Each of the two operating companies, CLIM and KIM, saw modest net outflows over the year of US$228 million and US$129 million respectively but these were more than offset by positive investment performance across all strategies in absolute terms. Relative investment performance in CLIM's EM and Opportunistic Value (OV) strategies was ahead of the respective benchmarks and slightly behind the benchmark in the International (INTL) strategy. KIM continued to record excellent relative performance in the core fixed income strategies, which represent more than 60% of KIM's FuM, with SPACs once again providing additional momentum.

Equity and fixed income markets have faced considerable headwinds over the course of the last eighteen months with sharply rising interest rates and conflict causing closed-end fund (CEF) discounts to widen universally and prompting the need for a relatively defensive investment posture. The fact that most strategies have achieved positive relative performance is therefore encouraging and, with discounts now at comparatively high levels, the ability to capitalise on the inherent value in CEFs, in terms of both investment performance and business development opportunities, should improve as we approach 2024.

Results

Group statutory pre-tax profits fell by 20% to £18.6 million in the year to 30th June 2023 (2022: £23.2 million) while underlying pre-tax profits, which excludes amortisation and gains/(losses) on investments fell by 19% to £22.7 million (2022: £27.9 million). Fully diluted statutory earnings per share (EPS) fell by 19% to 29.6p (2022: 36.4p) while underlying fully diluted EPS also fell by

*Apple, Microsoft, Alphabet, Amazon, Nvidia, Tesla, Meta

18% to 35.8p (43.7p). The Group's overall weighted average net fee rate declined slightly over the year from 73bps to 72bps, reflecting a marginal reduction in the proportion of CLIM's assets in the EM strategy to 61%, which is 38% of Group FuM (2022: 64% of CLIM FuM; 40% of Group FuM).

While year-end FuM rose by 2% year-on-year (YOY), as previously noted, revenue metrics are driven by the average FuM across the year as a whole and on this measure, FuM fell by c.12% in US dollar terms YOY due to the more buoyant market conditions that preceded the Ukraine war in February 2022. Partially offsetting this decline in US dollar revenues was a c.9% fall in the average £/US$ exchange rate over the year to 30th June 2023 so that on translation into sterling, net fee income was only 6% lower at £54.6 million (2022: £58.2 million). Total overheads before profit share, EIP, share option charge and investments gains/(losses)* for the year to 30th June 2023 rose by 14% to £22.5 million (2022: £19.7 million), reflecting higher business development spending in comparison with the previous year, when Covid-related travel constraints limited outlays on marketing initiatives, together with ongoing investment in the Group's IT infrastructure and inflation-related increases in payroll costs. Although cost inflation remains a concern, it is anticipated that the rate of growth in the Group's cost base will moderate in the coming year.

Dividends and reporting currency

A clarification of the Group's dividend policy was included in my interim statement to shareholders in February 2023 so I do not propose to repeat the details in this statement. However, as emphasised at the time, your Board believes that the use of a dividend cover policy based on rolling five-year periods provides a prudent template that serves to protect shareholders from the market volatility that can affect profits of asset management companies. The beneficial effects of this policy are illustrated clearly in the year to 30th June 2023 when underlying fully diluted EPS have fallen by 18%. On the basis of unchanged dividend payments totalling 33p for the year as a whole, the cover ratio for the single year is 1.09, whereas the rolling five-year cover ratio, at 1.24, will remain marginally ahead of the 1.2 target level. Accordingly, your Board is recommending the payment of a final dividend of 22p per share, to be paid on 27th October 2023 to those shareholders on the register at 29th September 2023. This brings total distributions for the year to 33p, the same level as the previous year, excluding the 13.5p special dividend paid in March 2022.

Shareholders will be familiar with the fact that volatility in the £/US$ exchange rate can distort the presentation of the Group's financial performance considerably, as evidenced in the past year with the rate fluctuating between an intraday low of £1/US$1.03 in September 2022 and a June 2023 high of £1/US$1.27. Variations on this scale have a magnified impact on CLIG given that we report to shareholders in sterling while virtually all revenues and the majority of costs arise in US dollars. In order to present a more transparent statement of comparative financial performance that effectively neutralises currency fluctuations, the Board has decided to change the Group's financial reporting currency to US dollars with effect from 1st July 2023. However, as a UK-listed entity, dividends will continue to be declared in sterling while shareholders will continue to be given the option to receive distributions in US dollars as is the case at present.

Board

Board composition in UK-listed companies forms an important element in the regulatory oversight of corporate governance, particularly in regard to independence and diversity, and the new rules published by the Financial Conduct Authority (FCA) in April 2022, specifically in relation to diversity ratios, will need to be addressed. Going forward, companies will need to demonstrate a commitment to diversity both at Board level as well as the senior management tier and while it is understood that a degree of leeway will be necessary in terms of the time needed to achieve the regulator's objectives, Boards will need to show an appropriate direction of travel. Jane Stabile, as Chair of the Nomination Committee, together with her Committee colleagues are engaged in creating a succession road map designed to meet these new rules over time and I urge shareholders to read her report on page 64.

Other than Barry Olliff stepping down from the Board in July 2022, no changes were made to the Board over the last financial year. Two changes will occur in the current year, namely my retirement in October 2023 and the recent retirement of George Karpus. Subject to shareholder approval, Rian Dartnell will replace me as Board Chair. These changes will also require changes to the composition of the Board Committees, the details of which will be notified to shareholders in due course.

As founder of Karpus Investment Management, George Karpus decided to retire from the Board with effect from 31st July 2023, having served as a CLIG director since the 2020 merger and, on behalf of shareholders and my Board colleagues, I would like to pay a special tribute to George's invaluable contribution in ensuring the success of the merger and helping to steer the Group through the critical post-merger process.

George's career spans a period of more than fifty years, during which time he rose from an early induction into Wall Street through a career in banking to build his own asset management business, specialising in cash management and conservative balanced products for high net worth clients. It was apparent from early discussions between George and CLIG several years ago that he shared many of the core values that had been developed by Barry Olliff since CLIG's inception in the 1990s and this "cultural fit" has been a central factor in the success of the merger on a number of levels.

In tandem with George's achievements in building Karpus over a 35-year period, he has established his own not-for-profit foundation to promote education and help for those in need to live a productive life as well as supporting animal welfare causes. While these philanthropic activities will assume increasing importance for George in his retirement, he remains a significant and valued shareholder of CLIG and on behalf of the Board, I would like to thank him for his ongoing support and wish him well in his retirement.

*Refer to page 32 for the financial review.

CHAIR'S STATEMENT
CONTINUED

ESG
I reported to shareholders last year on the series of initiatives that were being put in place to improve the Group's track record on environmental policies and I am pleased to be able to update shareholders on the further progress made this year in realising those objectives. The mandated travel policy introduced during the Covid pandemic, which prioritised the use of video conferencing for both internal and external meetings, has become a permanent feature across all Group offices. We have also engaged an external consultant to enhance future reporting on environmental risks and opportunities with the goal of net zero by 2050. This year, we have produced a stand-alone report on the Task force for Climate-related Financial Disclosures (TCFD) and climate risks, explaining in more detail the Group's plans for progressive improvements in our environmental record. Our disclosures for the current financial year have been prepared with the assistance of our external environmental consultant and start on page 39. By way of example, the Rochester office has now been converted to being primarily powered by the State-sponsored "Catch-the-Wind" programme. Two of our four offices now have a reduced carbon footprint, with Rochester NY and London having procured green energy electricity contracts.

Efforts to enhance social awareness in the workplace continued this year and all employees received two training sessions focusing on diversity, equity and inclusion. Subjects addressed in these sessions were "disrupting our unconscious bias" and "your words matter about disabilities" and similar initiatives will remain an important factor in the Group's commitment to encourage community participation by employees. More recently, a new Pennsylvania office has been commissioned to replace the Barn, which has been our US home for the past 25+ years and, in decommissioning the Barn, a third-party vendor was employed to redeploy the used office furniture within their network of local charities.

Interaction between your Board and Group employees is an important factor for all parties as it allows employees the opportunity to understand better the strategic priorities under discussion at Board level while giving Directors feedback directly from the workplace, whether positive or negative. To that end, Board meetings are now held in London, Rochester NY and Pennsylvania each year to facilitate both formal and informal discussion. In addition to these meetings, video conference engagement sessions are held annually with all employees and the independent Directors in an open forum that are designed to promote two-way exchanges. In terms of working practices post-pandemic, further refinements are being made to the hybrid WFH policy that was introduced in 2022.

Farewell
I shall be stepping down from the CLIG Board in October after serving as a Non-Executive Director for ten years and Chair for the last five. While there have been major changes in the global, political and economic landscape over that decade, it has also been one of significant evolution at CLIG and I am proud to have been a part of a development process which, I believe, will continue to serve shareholders well in the coming years. Chief among these changes was the 2020 merger with Karpus Investment Management, which expanded significantly the Group's geographical and client footprint in the US while enhancing profitability and helping to reduce revenue volatility. In tandem with the merger, we have navigated the management transition of both operating companies from their original founders to a unified executive management group in the midst of stresses imposed by the Covid-19 pandemic.

Subject to shareholder approval, Rian Dartnell will be appointed as my successor in October and I am very confident that he and his Board colleagues will continue to develop CLIG as a profitable asset management business that delivers shareholder value while serving the interests of both clients and employees in a prudent fashion. Rian has been associated with CLIG over many years and brings to the Board a wealth of investment management experience. Together with his Board colleagues and an executive management team led by Tom Griffith, the foundations are in place for the Group to prosper and grow. I wish them well in their endeavours and would like to thank our shareholders, clients, my Board colleagues and all the CLIG employees for their support during my time with the Group.

Before I depart, I would like to add a personal note on a subject that has attracted widespread debate among public market practitioners in the UK in the latter part of my time at CLIG and this relates to corporate governance. Non-Executive Directors have an important role to play in representing the interests of external shareholders in public companies and the UK is leading the way in formulating high standards of corporate governance (ESG) for small and large companies alike. While CLIG is firmly committed to meeting these standards, our UK listing has created a meaningful burden in terms of human and financial resources, as evidenced by the 150 pages that now comprise this annual report to shareholders. The successful development of the UK's public markets needs to be viewed in the context of competing providers of risk capital, whether it is stock exchanges in other jurisdictions or private equity sources.
In this regard, I am concerned that both the direction and pace of travel in UK governance policy may result in the relative demise of London as a leading global market for capital. To that end, I would urge regulators, investors and related advisers to exercise due care in the future development of governance policy to ensure that an appropriate balance is maintained between a "one-size-fits-all" ESG regime and the overriding need for stewards of public companies to enhance shareholder value. Throughout my career, the UK has been a prime mover in the development of globalised financial markets but the challenge of retaining that position and the significant economic benefits that go with it demand that the fabric of those markets remains competitive.

Barry Aling
Chair

15th September 2023

OUR ESG INITIATIVES

Environment

- Engaged with a third-party environmental consultant to enhance our climate-related disclosures on environmental risks and opportunities
- Produced a stand-alone supplemental TCFD/GHG status report and published on CLIG's website
- Converted Rochester office to primarily being powered by wind power generated in New York State

Please refer to page 37 for the Group's environmental policy initiatives.

Social

- Continue to refine and adjust the Group's hybrid WFH policy as employees return to offices
- All employees received two focused diversity, equity, and inclusion trainings in the financial year – 1) Disrupting our unconscious bias and 2) Your words matter about disabilities
- For the decommissioning of the Coatesville office, worked with a third-party vendor to redeploy used office furniture within their network of local charities

Please refer to page 38 for the Group's social initiatives.

Governance

- Focused approach on diversity among the Board and senior management
- Held Board meetings in London, Rochester, and Pennsylvania during the financial year, and events were held with local office employees to encourage interactions
- In-person/via video workforce engagement sessions with the Board

Please refer to page 48 for our section 172 statement.

CHIEF EXECUTIVE OFFICER'S STATEMENT

"There are a number of opportunities identified across the organisation that we expect to benefit the Group over the next financial year."

Tom Griffith Chief Executive Officer

Glass half empty or glass half full?

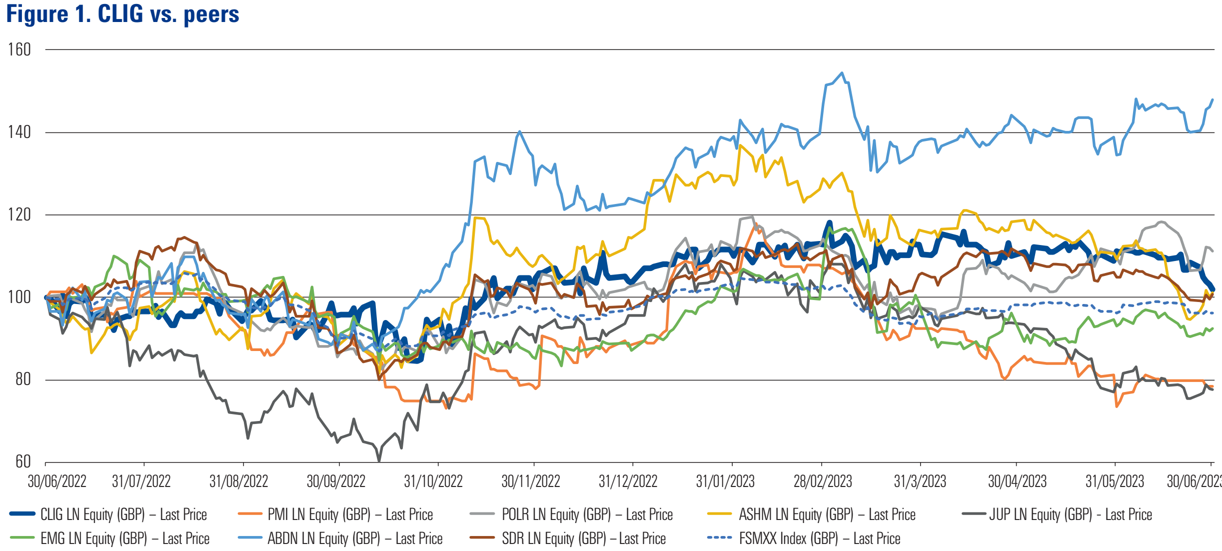
In both the June 2022 Annual Report and the December 2022 Interim Report, we outlined headwinds that confronted the Group over the preceding eighteen months. These included labour shortages, supply chain disruptions, and the war in Ukraine which led to steep declines in global stock and bond markets in 2022. More recently, the impact of higher interest rates and a weakening US commercial real estate market contributed to bank failures and credit rating downgrades of a number of US regional banks.

Despite this economic backdrop, US stocks rose 19.6% for the year ended 30th June 2023 as measured by the S&P 500, driven mainly by the "magnificent-seven" technology stocks. While never the same, there are parallels with the early 2000s, when US markets had performed very well vs. Emerging Markets (EM) which had fallen out of favour with US institutional clients. This is especially true of many pension funds who are de-risking portfolios as their funding positions improve.

Attempting to curb inflation, the US Federal Reserve has raised rates eleven times since March 2022, and in July 2023 raised interest rates to the highest level in 22 years, to a range of 5.25-5.5%. With the volatility and negative twelve-month returns of 3.6% and 9.7% on ten and thirty-year US Treasuries respectively, many US consumers have chosen safety and flexibility earning 4%-5% on money market accounts insured up to US$250,000 by the US Federal Deposit Insurance Corporation (FDIC).

The rise in deposit rates has affected marketing efforts as investors are wary of taking market risk, whether via equity or bonds. This is an industry-wide issue affecting other asset managers, regardless of whether they are publicly listed or privately owned and the Group's share price has fared well relative to listed peers (Figure 1 CLIG vs. peers and the FTSE Small Cap Index – FSMXX). We are disappointed that inflows have not matched outflows over the period but are optimistic that green shoots are visible.

Figure 1. CLIG vs. peers



Do we see the glass as half empty or half full? Answering this question is a fool's game. We view ourselves as entrepreneurial realists seeking to capitalise on inefficiencies created during periods of dislocation. Said another way, when times are difficult, we seek to find the silver lining. To successfully harness these opportunities requires conviction, patience and a great deal of fortitude – qualities that are inherent in our Group culture:

- From the investment approach at KIM and CLIM to the overall development of the business, our colleagues approach opportunities with **conviction**.
- The Group's culture compels us to operate in team environments, trusting in each other, and having the **patience** for objectives to be realised.
- Our colleagues are experienced, and they have the internal **fortitude** to remain calm and focused during market turmoil.

There are no short-cuts, and it takes persistence and hard work from all of our colleagues to achieve success for our Clients, Employees and Shareholders.

Silver linings

There are a number of opportunities identified across the organisation that we expect should begin to benefit the Group over the next financial year. These include:

CLIG opportunities

The integration of KIM is now complete. What remains is to leverage the strengths of the Group in order to raise new FuM across the Group. In this regard, we created a new position – Head of Corporate Partnerships – to deepen our existing client relationships, particularly as baby boomers transfer wealth to the next generation, and build new partnerships with professional organisations. This individual, who has over twenty years of experience in the field, is also responsible for branding opportunities, unique client experiences, and increasing the profile for the Group.

As a result of technology improvements over the past few years, our IT infrastructure network and phone systems have been modified to reduce complexity and improve scalability and security while lowering reliance on third party support and providing ongoing cost savings.

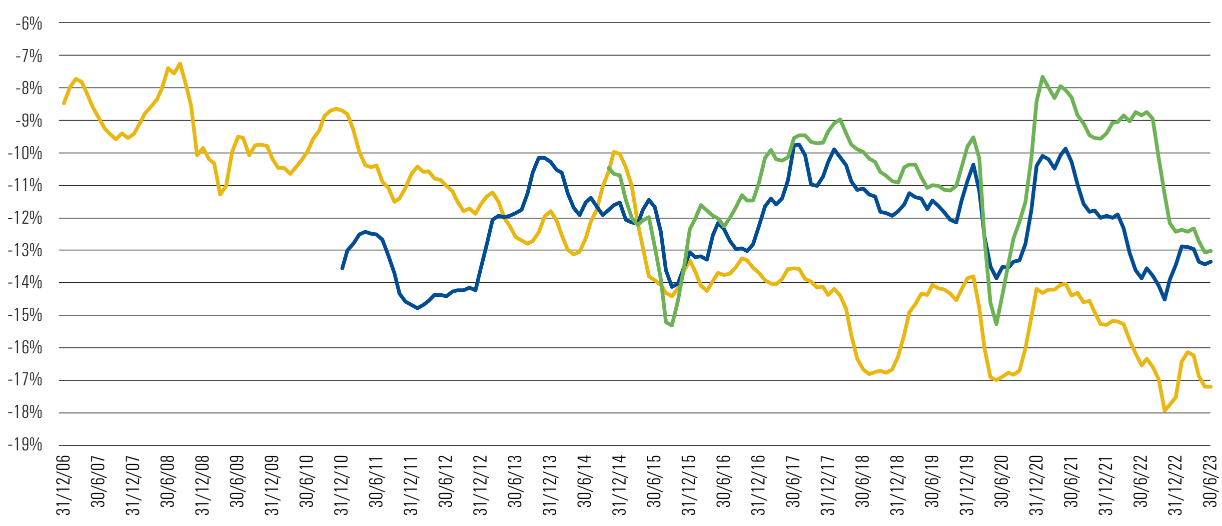
The Group's revenue is almost entirely US dollar based whilst its costs are incurred in US dollars, sterling and to a lesser degree Singapore dollars. Presentation of the Group's financial statements in sterling results in volatility in the income statement because of sterling/US dollar exchange rate movements. The functional currency of the Company and the presentational currency of the Group has changed to US dollars with effect from 1st July 2023. The Board believes that this change will provide investors and other stakeholders with greater transparency of the Group's performance and reduced reported foreign exchange volatility.

CLIM opportunities

Institutional client demand for alternative asset classes and attractive discounts has provided new business opportunities in closed-end funds (CEFs) offering listed alternatives exposure.

EM returns now lag US equities over two decades causing "EM fatigue" resulting in fewer new institutional mandates generated in the US. Historically wide discounts within CLIM's EM strategy, as illustrated in Figure 2, provides significant value to

Figure 2. Representative accounts
Three-month rolling average portfolio discounts by strategy
December 2006 – June 2023



Source: CLIM

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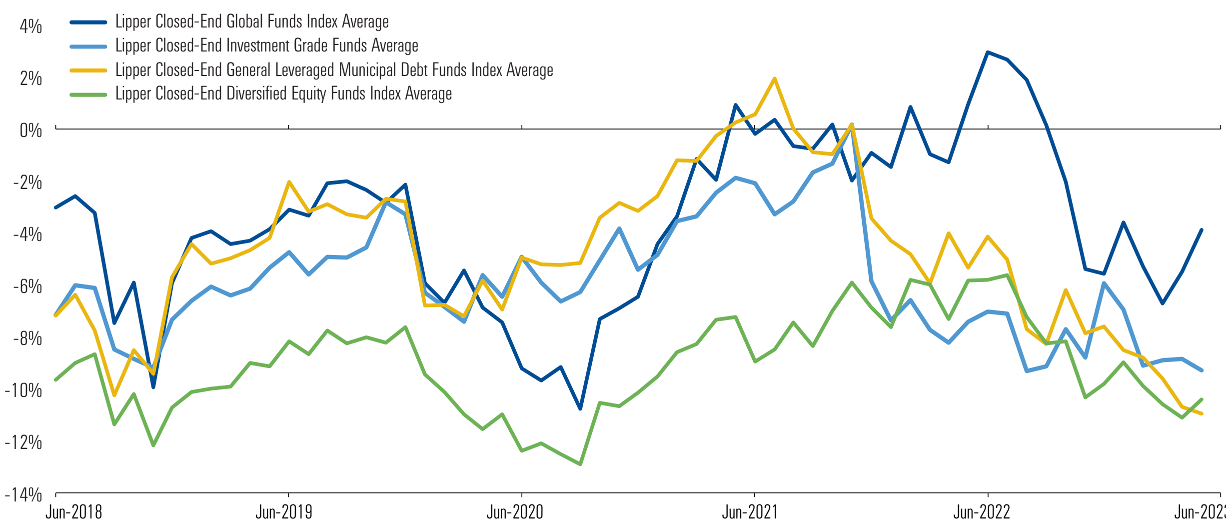
CHIEF EXECUTIVE OFFICER'S STATEMENT
CONTINUED

Figure 3. Average US listed Closed-End Fund discount



The data represents the simple average of the funds within each index as categorised by "All Refinitiv Lipper Index Components" as of 31/12/2022.
Data is month end for all funds in each index for either all or part of the defined period.

clients should the asset class perform well. Similarly, CLIM's International (INTL) and Opportunistic Value (OV) strategies have faced discount widening headwinds creating significant value.

We capitalised on a weakening commercial office real estate market in the US by moving CLIM's US office from a more rural setting into the borough of West Chester, Pennsylvania. Our new accommodations are located in a small-town environment with a multitude of amenities within walking distance. The new location is more desirable for our colleagues, and from a recruitment perspective there is a university in town that should provide a pipeline for talent.

KIM opportunities

The KIM CEF strategy provides the investment team with flexibility to vary the percentage weighting of CEFs in client portfolios. CEF exposure has increased significantly over the past year, particularly in municipal bond CEFs that are at an extreme of historical discount. Figure 3 reflects the overall widening of CEF discounts within various investment strategies managed at KIM. The aforementioned municipal debt funds are represented by the yellow-coloured line, which shows the discounts widening over the two years since July 2021 when the average CEF was trading at or around par.

We invested in the KIM business from a Human Resource perspective during the year by realigning existing employees and adding new employees, to build the platform for future growth. A marketing support team was set up to coordinate relationships with investment platforms and assist with onboarding clients from new relationships. A dedicated manager of the Relationship Management team was hired to build a more effective system of oversight and reporting on activities. Two experienced Relationship Managers were hired to develop new client opportunities, including those related to generational wealth strategies.

FuM and flows

With risk-free rates increasing, exposure to riskier asset classes are naturally being reduced by institutions. This is especially the case with EM and INTL, which are much further up the risk scale compared to US fixed income. In the 2022 Annual Report, I highlighted the ten-year underperformance of EM Equity (measured by MXEF) compared to both 1) the US Equity Market and 2) the World ex-US Market. This underperformance continued in the 2022/2023 financial year. In this environment, asset allocators are understandably wary to commit new capital to an asset class that has underperformed US equities for over two full market cycles. That said, the first half of calendar year 2023 saw a return to normalised uplift in asset prices, with a strong 11.7% increase in MSCI World Ex US Index (MXWOU) as a proxy for international equities.

During the year, there were net outflows at CLIM across the EM and INTL strategies. The OV strategy saw net inflows, bolstered by a new segregated account that funded in July 2022. In this environment, the OV strategy allows CLIM's institutional clients to take advantage of dislocations in specific markets and/or asset classes via discounted CEFs.

At KIM, flows in the Institutional business were flat. On the Retail side, ongoing outflows occurred via lost accounts to attractive deposit rates that are FDIC-insured, individual expenses, taxes and required minimum distributions from retirement accounts.

The diversification offered by the KIM business has been proven this year, as that business provides primarily exposure to US domestic equity and fixed income markets. As mentioned earlier, the strength of the US equity market has been significant relative to EM.

Group financial results

The Group's average net fee margin for the year was 72bps (2022: 73bps). The Group's net fee income over the period was £54.6 million as compared to £58.2 million in the prior year. The decrease in net fee income was due to lower average FuM during the year offset by a stronger US dollar against sterling, with an average GBP/US$ rate of 1.21 in FY 2023 as compared with 1.33 in FY 2022, an increase of c.9% over last year's average rate.

The Group's business has always been relatively simple. Pre-merger with KIM, c.49% of our expenses were in non-US dollar currencies (sterling, Singapore dollars and Dubai dirhams) and c.51% of our expenses were in US dollars. Post-merger with KIM, this ratio has changed significantly and now c.65% of our expenses are incurred in US dollars and almost all of our income is in US dollars. This change in the composition of expenses from non-US dollar currencies to US dollars has had the effect of magnifying moves in the sterling/US dollar exchange rate.

Figure 4. Asset class returns

Index	Index name	Exposure	2H 2022 Return	1H 2023 Return	12 Month Return
MXEF	MSCI EM Index	Emerging	-2.8%	5.0%	2.1%
MXWO	MSCI World Index	Global	3.2%	15.4%	19.1%
MXWOU	MSCI World Ex US Index	International	5.7%	11.7%	18.0%
SPX	S&P 500 Index	Domestic US	2.3%	16.9%	19.6%
VBINX	Vanguard Balanced Index ETF	Balanced	0.2%	10.4%	10.6%
LEGATRUU	Bloomberg Global-Agg Total Return Index	Global Bond	-2.7%	1.4%	-1.3%
LBUSTRUU	Bloomberg US Aggregate Bond Index	US Bond	-3.0%	2.1%	-0.9%
LMBITR	Bloomberg Muni Bond Total Return Index	Municipal Bond	0.5%	2.7%	3.2%

[Source: Bloomberg, US$ returns]

Figure 5. CLIG – FuM by line of business (US$m)

	30 June 2019		30 June 2020		30 June 2021			30 June 2022			30 June 2023		
CLIM	US$m	% of CLIM total*	US$m	% of CLIM total*	US$m	% of CLIM total*	% of CLIG total	US$m	% of CLIM US$m	% of CLIG total	US$m	% of CLIM US$m	% of CLIG total
Emerging Markets	4,221	78%	3,828	69%	5,393	72%	47%	3,703	64%	40%	3,580	61%	38%
International	729	14%	1,244	23%	1,880	25%	17%	1,812	32%	20%	1,983	34%	21%
Opportunistic Value	233	4%	256	5%	231	3%	2%	193	3%	2%	244	4%	3%
Frontier	206	4%	175	3%	13	0%	0%	9	0%	0%	9	0%	0%
Other/REIT	7	0%	9	0%	13	0%	0%	74	1%	1%	88	1%	1%
CLIM total	**5,396**	**100%**	**5,512**	**100%**	**7,530**	**100%**	**66%**	**5,791**	**100%**	**63%**	**5,904**	**100%**	**63%**
	30 June 2019		30 June 2020		30 June 2021			30 June 2022			30 June 2023		
KIM	US$m	% of KIM total*	US$m	% of KIM total*	US$m	% of KIM total*	% of CLIG US$m	US$m	% of KIM total	% of CLIG total	US$m	% of KIM total	% of CLIG total
Retail	2,291	67%	2,401	69%	2,804	72%	24%	2,419	70%	26%	2,441	69%	26%
Institutional	1,105	33%	1,087	31%	1,115	28%	10%	1,014	30%	11%	1,079	31%	11%
KIM total	**3,396**	**100%**	**3,488**	**100%**	**3,919**	**100%**	**34%**	**3,433**	**100%**	**37%**	**3,520**	**100%**	**37%**
CLIG total					**11,449**		**100%**	**9,224**		**100%**	**9,424**		**100%**

* Denotes pre-merger percentages.

Figure 6. Net investment flows (US$000's)

CLIM	FY 2020	FY 2021	FY 2022	FY 2023
Emerging Markets	(279,459)	(275,493)	(315,770)	(205,924)
International	551,102	(14,145)	452,554	(50,824)
Opportunistic Value	45,914	(102,663)	617	34,942
Frontier	16,178	(168,843)	(4,748)	–
Other/REIT	4,600	–	79,133	(5,709)
CLIM total	**338,335**	**(561,144)**	**211,786**	**(227,515)**

KIM	FY 2020	FY 2021*	FY 2022	FY 2023
Retail	26,323	(104,222)	(106,444)	(141,952)
Institutional	(67,087)	(130,911)	(3,302)	12,530
KIM total	**(40,764)**	**(235,133)**	**(109,746)**	**(129,422)**

* Includes net investment flows for Retail (24,407) and Institutional (20,264) pertaining to period before 1st October (pre-merger).

CHIEF EXECUTIVE OFFICER'S STATEMENT
CONTINUED

Figure 7. Comparison of CLIG's operating profit GBP vs. US$

	Year to 30th June 2023 £	Year to 30th June 2022 £	Change £	Change %	Year to 30th June 2023* $	Year to 30th June 2022* $	Change $	Change %
Net fee income	54,622,286	58,203,284	(3,580,998)	-6.2%	65,480,095	77,439,355	(11,959,260)	-15.4%
Employee costs	24,756,241	23,532,973	1,223,268	5.2%	29,761,921	31,306,147	**(1,544,226)**	**-4.9%**
Other administrative expenses	6,947,901	5,970,527	977,374	16.4%	8,382,266	7,928,529	453,737	5.7%
Depreciation and amortisation	5,336,767	4,747,116	589,651	12.4%	6,434,400	6,284,244	150,156	2.4%
Operating expenses	37,040,909	34,250,616	2,790,293	8.1%	44,578,587	45,518,920	**(940,333)**	**-2.1%**
Operating profit	17,581,377	23,952,668	(6,371,291)	-26.6%	20,901,508	31,920,435	(11,018,927)	-34.5%

* Translated into US dollars at average GBP/US$ rates of exchange of 1.33 in FY 2022 and 1.21 in FY 2023. Refer to Note 26 of the financial statements on page 136 for further details.

As illustrated in Figure 7, the strengthening US dollar had a major impact on the Group's expenses in sterling, but US dollar employee costs and total operating expenses actually fell over the year by 4.9% and 2.1% respectively. The move to US dollars as the Group's reporting currency in the new financial year will help provide shareholders with a clearer picture of our income and expenses without the distorting impact of FX translation.

Compounding the issues mentioned above has been the fall in average FuM from US$10.5 billion in FY 2022 to US$9.2 billion in FY 2023, leading to a c.15.4% reduction in net fee income in US dollar terms.

CLIG profitability, cash and dividends

Operating profit before profit-share, EIP, share option charge and investment gains/(losses)* of £32.6 million was lower by 15% (2022: £38.4 million) (as set out on page 32) primarily because of US dollar strengthening and a combination of lower average FuM, higher employee-related, travel and marketing and IT costs in FY 2023. Profit before tax decreased to £18.6 million (2022: £23.2 million). Please refer to the Financial Review on page 32 for additional financial results.

The Board has recommended a final dividend of 22p per share (2022: 22p), subject to approval by shareholders at the Company's Annual General Meeting (AGM) to be held on 23rd October 2023. This would bring the total dividend payment for the year to 33p (2022: 46.5p, including a special dividend of 13.5p). Rolling five-year dividend cover based on underlying profits*, excluding the special dividend equates to 1.24 times (2022: 1.32 times) in line with our target. Please refer to page 24 for the dividend cover chart, which provides an overview of our dividend policy.

Inclusive of our regulatory and statutory capital requirements, cash and cash equivalents were £22.5 million as at 30th June 2023 as compared to £22.7 million at 30th June 2022, in addition to the seed and other own investments of £7.9 million (2022: £7.4 million). Our cash reserves will allow us to continue managing the business conservatively through volatile markets while following our dividend policy. The CLIG Board continues to review the appropriate cash reserves needed to run the larger, but more diversified, business and assesses variables such as the impact of future revenue projections in case of a broad retreat in underlying asset prices.

A review of CLIG's Share Price KPI can be found on page 25. Over the past five years, the average annualised return to shareholders is 8.0%, within the 7.5%-12.5% target range.

EIP

The Employee Incentive Plan (EIP) continues to be an integral part of our remuneration package. Employees are able to set aside a portion of their variable compensation, which to incentivise employees is matched by the Company, in order to purchase shares that vest over the following three years (five years for an Executive Director). There is ongoing take-up by employees across the Group, who continue to benefit from being a part of, and owning, a public company.

Cybersecurity update

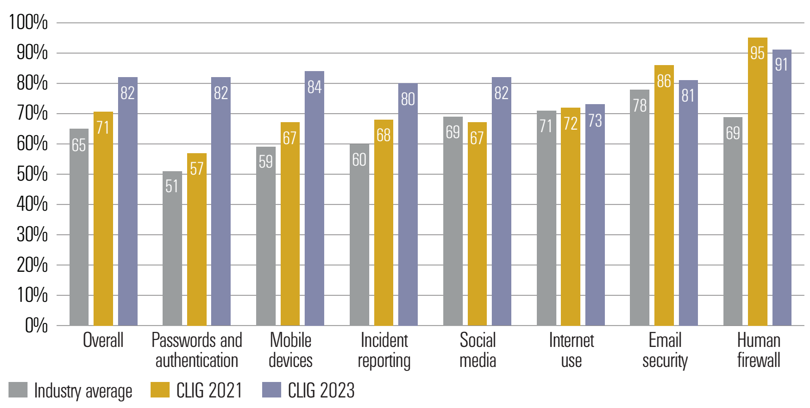
In April 2023, all CLIG employees were given a Security Awareness Proficiency Assessment. This is similar to an assessment taken by employees in 2021. The assessment covered multiple topics that employees received training on, such as internet use, email security, password management and incident reporting.

Our goal was to uncover what cybersecurity areas we should focus our upcoming training sessions on for the rest of the calendar year 2023. We also received benchmarking against the average score of financial industry employees.

As you can see in Figure 8, CLIG employees outperformed the industry average in each category. Relative to 2021, CLIG employees scored higher in six of the eight categories. This is exactly what we were hoping to see as the results show that our training approach has led to constant improvement of our employees' information security awareness.

*Refer to page 32 for financial review.

Figure 8. KnowBe4 security awareness proficiency assessment



Environmental reporting update

In the 2022 annual report and accounts (ARA), we committed to:

- Continue to develop our understanding of climate-related risk at Board level and across the employee base;
- Identify and review the tools to enhance our understanding of how climate-related risks impact our business;
- Continue to develop our path to a net zero transition; and
- Make a commitment to reach net zero by a particular date.

During the financial year, we engaged with ECO3 Partnership Limited ("ECO3"), an environmental consulting firm based in Edinburgh, to assist us with providing additional and improved disclosures to shareholders, and to meet our commitments from the 2022 ARA.

On 3rd August 2023, we released a Supplemental TCFD/GHG Status Report, produced in collaboration with ECO3. This supplemental report includes information on Governance, Strategy, Risk Management, and Metrics and Targets, and provides further insight into how CLIG is responding to the risks and opportunities from climate change.

Additional actions taken during the financial year include:

- CLIG's Audit & Risk Committee committing to net zero emissions by 2050, at the latest;
- CLIG undergoing a review of obtaining energy for the local offices via renewable sources.

Please see pages 39-47 for additional information on these important initiatives, and the supplemental report mentioned above can be found at **https://clig.com/wp-content/uploads/2023/09/2022-CLIG-TCFD-Supplemental-Report-August-2023.pdf**.

Corporate governance and stakeholders

As announced, Barry Aling will retire from the Board in October of 2023. I will miss Barry's counsel and advice, and overall, his "steady hand on the tiller". Barry was invaluable in guiding the Board through the pandemic and the merger with KIM and I am certain shareholders will join me in thanking him for his many and frequent contributions to the Group over the years.

Pending shareholder approval at the AGM in October, Rian Dartnell will succeed Barry as CLIG's new Chair. I look forward to working with Rian in his new role, albeit after many years as a CLIG Non-Executive Director, he needs no introduction to the Group and is well-placed to lead the Board into the future. His immense experience in the investment management industry as both a CEO and CIO will be invaluable as we move forward.

On a day-to-day basis, the Group is led by the Group Executive Committee (GEC), which consists of Carlos Yuste, Dan Lippincott, Deepranjan Agrawal, Mark Dwyer, and me. The GEC regularly receives presentations or updates from leaders or managers at CLIM and KIM. Recent presentations have been provided by members of Investment Management, Operations, Performance & Attribution, Relationship Management, and Information Technology. These presentations keep the GEC focused on, as Barry Olliff used to say, "the risk at the coal face".

Retirement of George Karpus, KIM Founder and CLIG Director

As mentioned in the 26th May 2023 announcement, George Karpus, Non-Executive Director and KIM Founder, has retired from the Board of Directors effective 31st July 2023. George has had a storied investing career and he built Karpus Investment Management into one of the pre-eminent CEF houses. His foresight, tenacity and vision created a lasting legacy in the CEF investment industry. The Board and employees wish him the very best in his retirement.

CLIG outlook

Despite a challenging year, we believe the work done over the past twelve months has laid the foundation for growth. With a following wind, we are optimistic that the Group is well positioned to go further together given the complementary strengths of CLIM and KIM, attractive CEF discounts, and value in a number of asset classes managed by the Group. I would like to thank my colleagues for their contributions over the past year and look forward to working with them to grow the business for our clients and shareholders.

Tom Griffith
Chief Executive Officer

15th September 2023

INVESTMENT REVIEW – CLIM

In combination with the rich absolute value available in CEF discounts and their persistent volatility, our portfolios are well positioned as the headwinds of the last twelve months abate.

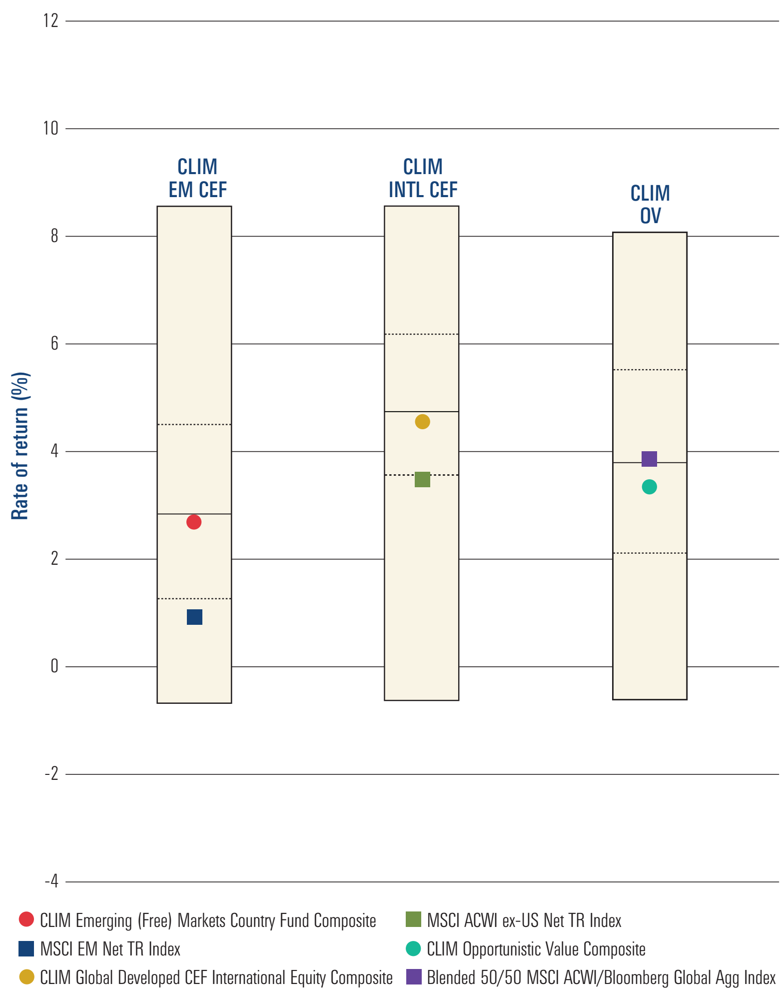
Risk assets gained over the twelve-month period ending 30th June 2023. Investor pessimism from mid-2022 dissipated and higher multiples on resilient earnings pushed equity prices higher. Fixed income lagged equity as long-term rates rose, taking their cue from continued central bank tightening.

CLIM's core Emerging Market (EM) strategy outperformed by 0.1% net of fees. NAV performance was favourable, particularly in H2 2022, led by Asian securities. Discounts widened meaningfully over the period, as retail investors, typically the marginal CEF buyer, reduced risk, preferring the safety of risk-free deposit rates topping 5%. CLIM's International (INTL) CEF strategy underperformed by 0.7% net of fees as net asset values underperformed and discounts widened. Good top-down country allocation, specifically an overweight to Japan, underweight to Canada and some modest US exposure were positive. CLIM's smaller strategies had a mixed year. Opportunistic Value (OV) outperformed by 2.1% net of fees, benefitting from its flexible mandate to generate alpha across multiple CEF sectors. The Frontier strategy underperformed due to weak country allocation. Both REIT strategies significantly outperformed their benchmark indices driven by good stock selection.

Discounts have recently expanded in a highly correlated way close to the widest in twenty years excluding the market volatility of 2008/09. Despite these challenging conditions for our CEF strategies a significant majority of CLIM's assets remain ahead of benchmark and in line with peers over the five years ended June 2023 (see Figure 1).

Net flows at CLIM were negative over the year. There have been several pressure points: firstly, many US-based pension fund clients have benefitted from strong asset returns. As funding positions improve so risk is dialled back. Secondly, government bond yields moving closer to mid-single digit levels provide a further incentive to de-risk. Thirdly, "EM fatigue" and geopolitical uncertainty regarding China

Figure 1. CLIM peer group performance five years ending June 2023



*The above returns are annualized and presented as gross of fees performance figures, which do not reflect the deduction of investment management fees. The Emerging (Free) Markets Country Fund Composite and MSCI EM Net TR Index are shown against the eVestment Global Emerging Markets Equity Universe. The Global Developed CEF International Equity Composite and MSCI ACWI ex-US Net TR Index are shown against the eVestment All ACWI ex-US Equity Universe. The Frontier Markets Composite and the S&P Extended Frontier 150 Index are shown against the eVestment Frontier Markets Equity Universe. The Opportunistic Value Composite and the Blended 50/50 MSCI AWCI/Bloomberg Global Agg Index are shown against the eVestment All Global Balanced/TAA Universe. Data is as of 30 June 2023. Past performance is no guarantee of future results.

Source: eVestment Analytics System, BNY Mellon, City of London Investment Management, MSCI, S&P, Bloomberg continues to influence asset allocation decisions. EM returns now lag US equities over two decades and the relative CAPE P/E ratios between the world market, international equities (ex-US) and EM equities since 2006 are highlighted in Figure 2. Predicting market direction based on these metrics is difficult, however history consistently shows better returns accrue to cheaper markets in the long run.

CEF issuance was sharply lower in the twelve months ending June 2023. Approximately US$3 billion was issued globally as the IPO market slowed considerably compared with the US$30 billion issued in the previous twelve months. Stake building by value investors has prompted an uptick in corporate actions as Boards attempt to address their discounts and performance concerns. Hitherto, "hot" CEF sectors including technology and public fixed income in the US, listed alternatives and private equity in the UK have seen significant discount widening, providing CLIM with new business opportunities. The INTL, Global, OV and EM REIT strategies have significant capacity and remain the focus for marketing.

CEF discounts are the overriding consideration in CLIM's investment process, but our manager due diligence does include a review of how ESG risk is managed by the underlying managers. We undertake this work to encourage managers to improve their ESG disclosures and also to keep our clients better informed about their portfolios. We believe that improved transparency will result in better management of ESG risks by CEF managers and ultimately in better returns for our clients. The raw scores for MSCI ACWI suggest that companies are improving their ESG performance. In addition, based on Sustainalytics' analysis, CLIM's CEF portfolios have slightly lower overall ESG risk than their benchmarks on average, though this is not a targeted outcome. Our detailed annual stewardship report is available here: **https://citlon.com/wp-content/uploads/2023/04/AnnualStewardshipReport3-23.pdf**

Figure 2. Relative CAPE P/E ratios: EM and Intl (ex-US) v Global Equities 2006-2023

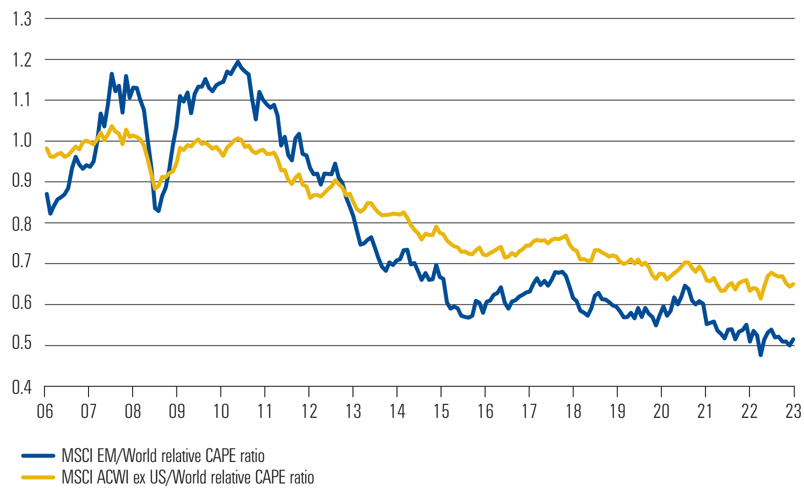


Figure 3. All equity discounts – US, Australia, UK listed CEFs 2003-2023

Global equity markets have performed well considering the headwinds: inflation and associated monetary tightening; geopolitical strains from Taiwan to Ukraine and weaker Chinese growth. Typically, strong equity performance would be reflected in greater investor confidence and tighter discounts. In fact, the opposite has occurred in the key CEF markets of UK, US and Australia. We believe this is unlikely to persist. Figure 3 shows that average discounts are exceptionally wide and, importantly for our strategies, discount volatility remains elevated. Finally, non-US equity markets which comprise the bulk of CLIM's assets offer good value; again Figure 3 puts this into perspective. The upward move in risk-free rates correlates with the de-rating in CEFs – this move is likely nearer the end than the beginning. In combination with the rich absolute value available in CEF discounts and their persistent volatility, our portfolios are well positioned as the headwinds of the last twelve months abate.

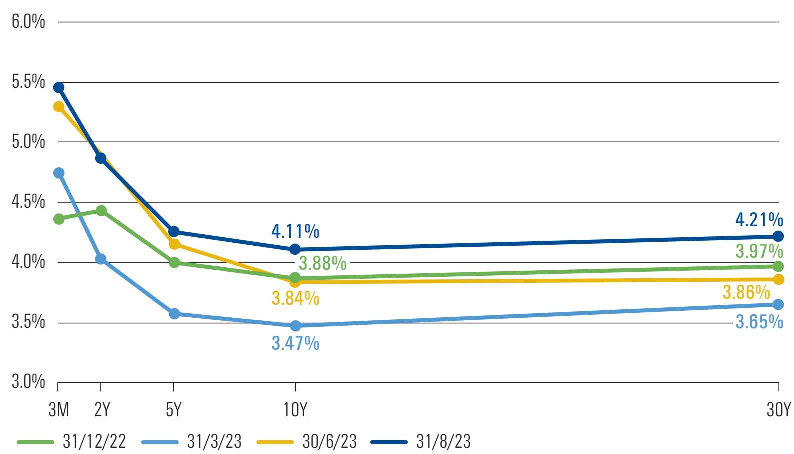
INVESTMENT REVIEW – KIM

Investors remain uncertain about the trajectory of inflation and U.S. Federal Reserve policy. The U.S. Federal Reserve continues to face a balancing act of reducing inflation toward their goal without pushing rates so high they hamper economic growth.

Recap and outlook

- Most central banks around the world have significantly tightened monetary policy, highlighted by the US Federal Reserve hiking rates from 0-0.25% to 5-5.25% while decreasing its balance sheet by US$550 billion during the twelve months ended 30th June 2023.
- In the US, several bank failures spooked investors, however the US Federal Reserve took swift and decisive measures to provide liquidity and restore confidence in the banking system.
- US stock market has been very strong, up 19.6% as measured by the S&P 500. However, breadth has been exceptionally narrow with a small number of stocks contributing the bulk of the returns. The equal weight S&P 500 index only returned 13.8% over the past twelve months.
- US Treasuries were volatile and negative over the past twelve months, with the ten-year and thirty-year Treasuries returning -3.6% and -9.7% respectively.
- Looking ahead, major concerns include the lagged effects of unprecedented monetary tightening, growth, inflation, and stretched valuations in many stocks.

The U.S. Treasury yield curve



Bloomberg Finance L.P., U.S. Treasury Actives Curve as of 31/8/2023

Performance

KIM's strategies experienced mixed performance over the past twelve months as our fixed income, conservative balance, and special purpose acquisition companies (pre-acquisition) (SPACs) strategies outperformed, while equity and growth balanced lagged indices.

Our discipline calls for us to increase our exposure to closed-end funds (CEFs) when discounts widen. This is exactly what we have done over the past twelve months as we have increased our CEF exposure by over US$1.3 billion.

SPACs produced solid returns over the twelve months and continue to offer compelling returns, however, we have reduced our exposure in favour of Municipal CEFs as we believe they offer better go-forward returns.

Despite solid short and long-term performance, flows were net negative as high net worth clients withdrew funds for required minimum distributions and institutional clients sought to rebalance. While markets have been challenging, we feel that our strategy has held up very well. With volatility comes opportunity and we feel our strategy is positioned well to capitalise on market inefficiencies.

BUSINESS DEVELOPMENT REVIEW

CLIG's FuM were US$9.4 billion (£7.4 billion) as at 30th June 2023. This compares with US$9.2 billion (£7.6 billion) as at 30th June 2022. Historical inflows/outflows are noted in the chart below.

Performance

Despite wider discounts for all CEF strategies, investment performance was ahead of benchmark for the bulk of CLIM's assets for the year ended 30th June 2023 due to strong NAV performance in the Emerging Market (EM) strategy. The International (INTL) strategy was slightly behind benchmark over the period while the Opportunistic Value (OV) strategy outperformed. KIM's taxable fixed income, conservative balanced and SPAC strategies outperformed their market indices over the period, while equity strategies lagged their benchmarks.

The Global EM Composite net investment returns for the rolling one year ended 30th June 2023 were +2.5% vs. +1.7% for the MSCI EM Index in US$.

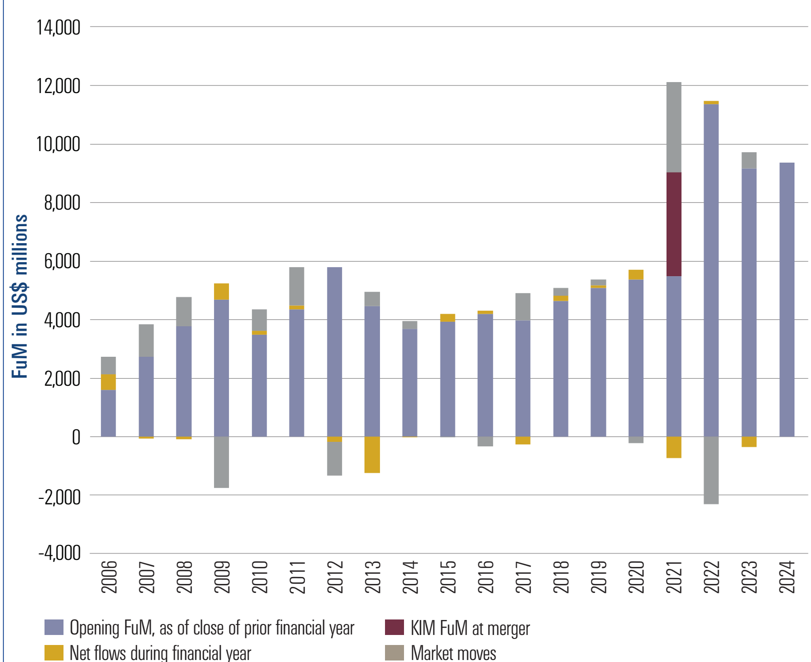
The KIM Conservative Balanced Composite net investment returns for the rolling one year ended 30th June 2023 were 6.65% vs. 5.03% for the Morningstar US Fund Allocation – 30% to 50% Equity Category in US$.

The KIM Taxable Fixed Income Composite net investment returns for the rolling one year ended 30th June 2023 were 2.52% vs. 0.78% for the Morningstar Average General Bond Fund Category in US$.

The International CEF Composite net investment returns for the rolling one year ended 30th June 2023 were +11.7% vs. +12.7% for the MSCI ACWI ex US in US$.

The Opportunistic Value Composite net investment returns for the rolling one year ended 30th June 2023 were +9.3% vs. +7.5% for the 50/50 MSCI ACWI/Barclays Global Aggregate Bond benchmark in US$.

Total in flows – out flows



Years shown represent start of historical financial year data which reflects the previous year end FuM as a starting point.

PRODUCTS

The Emerging Markets CEF strategy utilises CEFs to provide exposure to global emerging markets.

The Conservative Balanced strategy utilises a combination of CEFs and other securities, providing exposure to fixed income and equities in US and global markets.

The International Equity CEF strategy utilises our experience with CEFs in our core EM strategy to provide exposure to global developed markets.

The Opportunistic Value CEF strategy provides exposure to a variety of asset classes via CEFs with a go anywhere approach. While this is a separate team from the team managing client assets in the EM, both teams use the same methodology and internal operational resources. Both taxable and tax-exempt products are available.

The Frontier Emerging Markets CEF strategy is an extension of the EM core equity product focusing on the smallest or pre-emerging markets with high growth potential.

The REIT strategies, EM and International, are focused on finding value within the global universe of listed real estate investment trusts.

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Strategic report
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BUSINESS DEVELOPMENT REVIEW

CONTINUED

Business diversification – Products map

Emerging Market	International / Global	Opportunistic Value	KIM Balanced	REITs
• Global Emerging Markets – 1991 • China A Share – 2003 • Frontier – 2005 • Special Situations – 2012 • Private Equity – 2016	• International Equity – 2009 • Taxable International Equity – 2019 • Global Equity – 2021	• Opportunistic Value – 2014 • Tactical Income – 2014 • US Municipal Bonds – 2018	• Taxable Fixed Income – 1993 • Tax-sensitive Fixed Income – 1993 • Equities – 1993 • Short-term Fixed Income – 1993 • Growth Balanced – 2004 • Conservative Balanced – 2004	• EM REIT – 2019 • International REIT – 2019

The Frontier Markets Composite net investment returns for the rolling one year ended 30th June 2023 were +7.5% vs. +12.4% for the S&P Frontier EM 150 benchmark in US$.

Outlook

All investment strategies are open and have capacity at a time when attractive discounts across the closed-end fund universe are the focus of marketing efforts to consultants, institutional and wealth management clients.

We are pleased to note that institutional clients have been particularly interested in private assets, including listed private equity, REITs and listed infrastructure and that our offering continues to develop in this regard.

Investment platforms are a new area of business development for wealth management strategies, including taxable fixed income which has benefitted from strong performance over the period.

Opportunities to cross-sell strategies to qualified institutional or wealth management clients are also being explored.

OUR BUSINESS MODEL

WHAT WE DO: For many years since the Group was founded, CLIM's expertise was very specific to closed-end funds which offered emerging markets exposure. Over time, CLIM has diversified into a multi-strategy fund manager. KIM became part of the CLIG Group with effect from 1st October 2020.

While we remain both proud and protective of our 'boutique' status, we seek to meet client needs across a suite of products anchored by our core expertise in the global universe of CEFs.

CLIM (INSTITUTIONAL FOCUS)

- Emerging Markets
- International
- Opportunistic Value
- Frontier
- REITs

KIM (HNW FOCUS)

- Taxable Fixed Income
- Tax-Sensitive Fixed Income
- Equities
- Growth Balanced
- Conservative Balanced
- Short-Term Fixed Income

HOW WE MANAGE: The way in which we manage our business is different too. We are very risk-averse. Profits, margins and costs are carefully managed to provide our employees with appropriate remuneration and shareholders with significant, sustainable dividends.

We support teams. What this means is that we discourage the cult of the individual or 'star' fund manager, believing that the risks associated with a star culture are detrimental to both shareholders and clients.

CLIM (INSTITUTIONAL FOCUS)

- Management team of 13 senior managers
- Average tenure of 16 portfolio managers is 14 years

KIM (HNW FOCUS)

- Management team of 4 senior managers
- Average tenure of 8 portfolio managers is 15 years

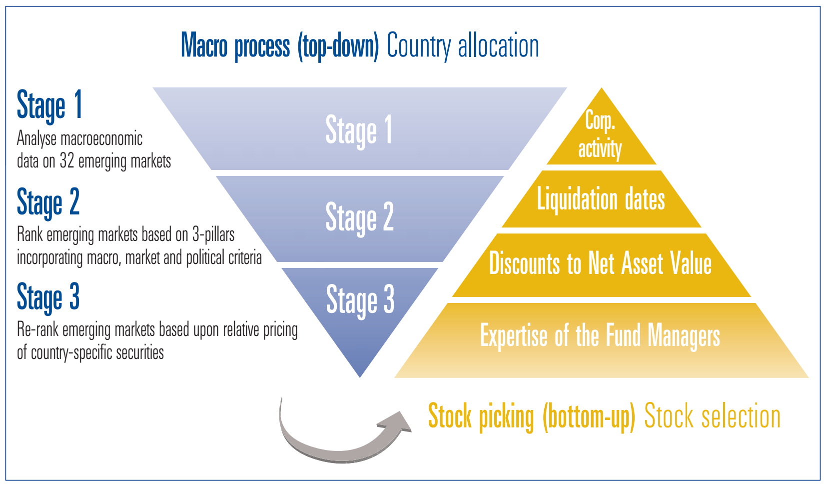
OUR BUSINESS MODEL

CONTINUED

HOW WE DO IT: At **CLIM**, we have developed and nurtured a team investment process that does not rely on 'star' fund managers, but rather upon experienced fund managers using analytical procedures that can produce repeatable and sustainable first or second quartile performance versus our peers.

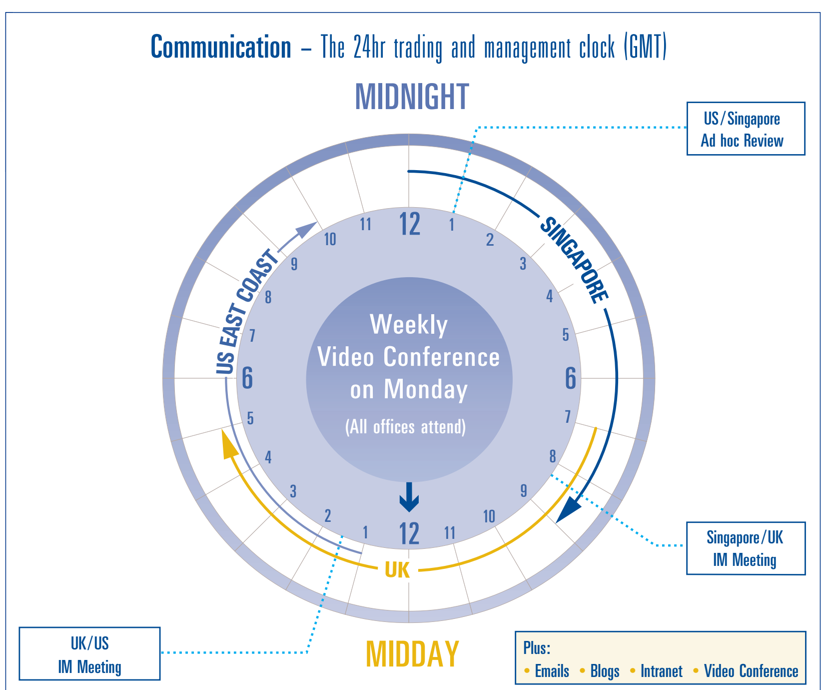
CLIM'S INVESTMENT PROCESS

Our process employs an array of proprietary tools for analysing and identifying value. These quantitative tools supplement both macroeconomic analysis and over thirty years of trading expertise. This process has delivered long-term relative outperformance combined with low volatility relative to our clients' benchmarks through both bull and bear markets.



CLIM'S COMPETITIVE ADVANTAGE

We believe that our approach and philosophy differs significantly from our peers. Our investment process identifies opportunities to capture pricing anomalies in securities trading at a discount to their net asset value. Our resolute focus is on generating consistent investment performance – over time and through economic cycles within a controlled risk environment.



KIM has been an active investment manager since the Company's inception in 1986. With the focus of managing risk, our Investment Committee formulates our economic overview by reviewing the economic cycle, analysing historical valuations, analysing growth and policy prospects, and analysing liquidity and economic momentum.

KIM'S INVESTMENT PROCESS

Once an overview is established, a target investment matrix is then created. Sector weightings, yield curve positioning, and duration targets are guided by this research. Analysts continuously conduct a security-by-security analysis to identify and capitalise on market inefficiencies.

Our focus is on the advantages offered by purchasing securities, particularly CEFs, at a discount. However, we also utilise index-based securities if CEFs are not trading at what we believe are attractive discounts. Once purchased, holdings are analysed on an ongoing basis. KIM continuously monitors key investment variables, as well as corporate governance attributes to assess whether shareholder value is being maximised.

KIM'S COMPETITIVE ADVANTAGE

IN-HOUSE RESEARCH

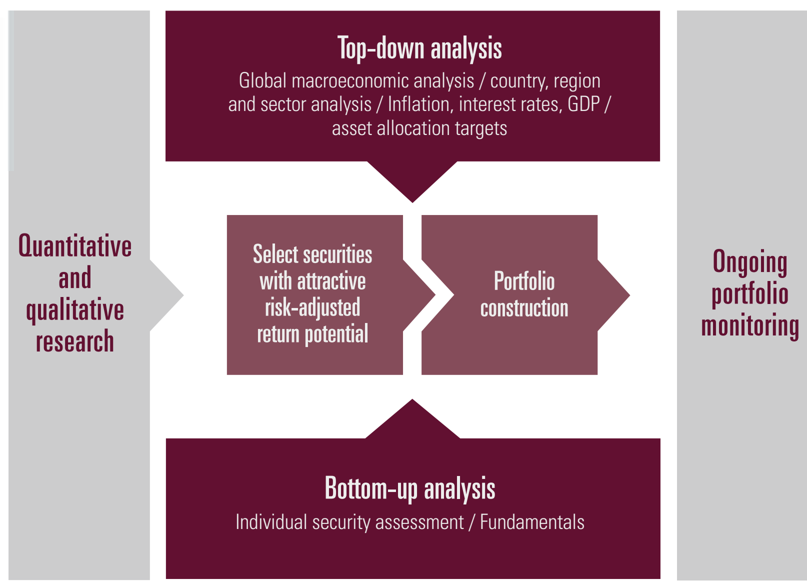
By conducting our own proprietary, in-house research, our strategists, analysts, portfolio managers, and traders work together to generate independent and unbiased ideas.

EXTENSIVE EXPERIENCE

Our insight and extensive experience in closed-end funds identifies opportunities others may miss. It also allows us to avoid pitfalls that others may not be aware of.

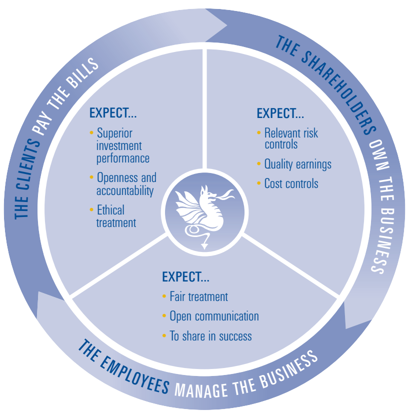
AGILITY

Our Company's size also allows us to capitalise on fundamentally attractive market inefficiencies as they arise.



OUR STRATEGY AND OBJECTIVES

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



THE CLIENTS: PAY THE BILLS

Expect: Superior investment performance, Openness and accountability, Ethical treatment.

THE EMPLOYEES: MANAGE THE BUSINESS

Expect: Fair treatment, Open communication, To share in success.

THE SHAREHOLDERS: OWN THE BUSINESS

Expect: Relevant risk controls, Quality earnings, Cost controls.

OUR STRATEGIC GOAL	WHY IT IS IMPORTANT
Outperform	CLIG's two operating subsidiaries are active managers, and their job is to add value over and above a relevant benchmark through an investment cycle which we define as five years.
Retain employees	As shareholders would expect, in a Group that has always used a partnership approach, we take a very long-term view with regard to remuneration.
Increase FuM from long-term investors	The client base of CLIG's two operating subsidiaries is long-term and US based, and includes pension funds, foundations, endowments and other institutional money managers.
Remain open in our dealings with shareholders, available and accountable	We believe that our shareholders have a right to know what to expect from us.
Keep costs down	We keep costs down because we believe that the assets over which we provide stewardship are, by definition, not ours but are owned by CLIG shareholders.
Corporate citizenship	Over the past few years there has been a realisation that corporations have a responsibility both for, and separately within, the community.
Continue to diversify our business	We see this as an important component of our strategy to make the business more robust, manage risk and enhance long-term shareholder return.

HOW WE ARE DOING	LINK TO ADDITIONAL KPIs
CLIM • Our investment horizon is five years, and over this period the three strategies that make up ~99% of CLIM's Funds under Management are all outperforming their peers and benchmark. **KIM** • Long and short-term performance remains solid, with the KIM investment process continuing to add value on behalf of clients in the face of volatile markets.	Investment performance page 26.
Our remuneration policy is stress-tested in a number of ways: • We have to deal with very volatile cash flows, thus our need to keep salaries towards the lower end of market levels. • With four offices (not all of which are in financial centres) in three countries, we have to be aware of different pay scales, policies, costs of living and tax rates.	Employee longevity page 27.
We have always taken great pride in our client retention outreach programme, and remain open and accountable.	Client entity longevity page 27.
We take the opportunity to meet shareholders whenever possible. This might be at one-to-one meetings with our larger institutional holders or at group meetings with advisers and individual shareholders. We try to make all of our announcements clear and accessible. Refer to page 24 for our dividend cover chart and dividend policy.	Dividend paid and proposed per share page 2.
A stable workforce limits the cost of recruitment and other costs related to employee turnover. We do not work in expensive offices and when we travel we do not stay in five star hotels. Keeping overheads down is good business practice as it provides more money for dividends, bonuses and reserves, and thus assists with relative job security. In addition, efforts are made to limit inter-office air travel. Internal meetings are almost exclusively conducted by video conferencing.	Weighted average net fee rate page 28. Cost/Income ratio page 28.
We encourage employee participation in both local events of national and global charities, as well as local community specific events. Additionally, by the nature of our four-office structure, we are able to offer a wide array of community involvement events to employees, and we have found that a greater variety allows for greater participation throughout the year. In turn, this can also provide for meaningful results as some events will be chosen on a personal level and will have a greater impact for specific employees and their families. These efforts and services work hand in hand to protect cultures and customs not only within the community outreach programmes but also within the workplace.	Refer to details on community contributions referenced within the corporate and social responsibility policy page 38.
The corporate goal of diversifying the Group's income by building strategies complementary to the flagship Emerging Markets (EM) CEF strategy was, and continues to be, a priority. The merger with KIM has allowed that diversification to occur more quickly, as the EM strategy at CLIM has been reduced to 38% of the combined entity as of 30th June 2023. Marketing efforts remain focused on all strategies to grow the business.	FuM and diversification page 29.

*Refer to pages 26 to 29 of explanation of additional KPIs.

OUR STRATEGY AND OBJECTIVES
CONTINUED

Dividend cover chart
We have provided an illustrative framework which we update twice a year to enable interested parties to calculate our post-tax profits based upon some key assumptions. The dividend cover chart shows the quarterly estimated cost of a maintained dividend against actual post-tax profits for last year, the current year and the assumed post-tax profit for next financial year based upon assumptions included in the chart.

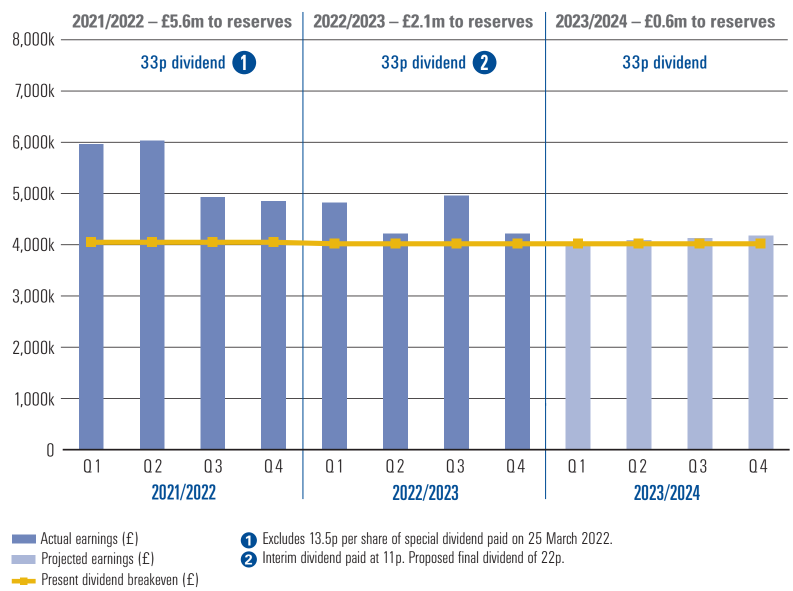
Dividends
We have communicated and maintained a policy of distributing a proportion of net profits to shareholders by way of ordinary dividends with a target of 1.2 times (1.2x) coverage ratio over a rolling five-year period based on underlying profits*. This coverage ratio allows for the needs of the three primary stakeholders to be balanced.

SHAREHOLDERS
Receive a predictable and consistent income stream at an attractive yield that drives demand for the shares in the marketplace.

MANAGEMENT/EMPLOYEES
Retain a conservative amount of cash at the corporate level to weather shocks due to the volatility of underlying assets. This allows for management to take advantage of opportunities that arise during periods of market dislocations when competitors and the marketplace are stressed.

CLIENTS
Have confidence that the underlying business which they are investing in will be an ongoing entity with stable ownership/governance/employees.

Dividend cover chart



Key assumptions
- Number of CLIG Shares in issue (50.7m) less those held by the Employee Benefit Trust (2.0m) as at 30th June 2023.
- Excludes unrealised gains/losses on seed investments.
- Excludes amortisation of intangibles.

	CLIM	KIM
• Starting FuM as at	1-Jul-23	1-Jul-23
• Net increase in FuM in 2023/2024 (straight-lined to June 2024)	US$250m	US$50m
• Market growth:	0%	0%
• Corporation tax based on an estimated average rate	25%	24%
• Exchange rate assumed to be for entire period	£1/$1.25	£1/$1.25

We have sought to make our dividend policy – the most direct way we have of rewarding shareholders – as clear as we can. We will continue to pay out the major part of post-tax profits in dividends. The Group's dividend policy is detailed below. This is going to be applied with flexibility, with approximately one-third payable as an interim dividend and two-thirds as a final.

Dividend policy
This policy was introduced in 2014 and was reviewed in 2019. No changes were proposed. It was designed to incorporate the required flexibility to deal with the potential volatility of CLIG's income.

Details as follows:

- This is not a long-term policy. Rather, it will be reviewed after five years and every five years thereafter.
- This policy specifically takes into account CLIG's earnings as a result of its significant present exposure to the emerging markets.
- This would imply a cover ratio of 1.2x.
- While the cover is targeted as 1.2x, this will continue to be applied flexibly and the annual dividend will approximate to this cover on a rolling five-year average.
- The Board will take into account both the CLIG budget for the next year and market outlook when determining the current year's dividend.

*This is an Alternative Performance Measure (APM). Please refer to page 35 for more details on APMs.

KEY PERFORMANCE INDICATORS

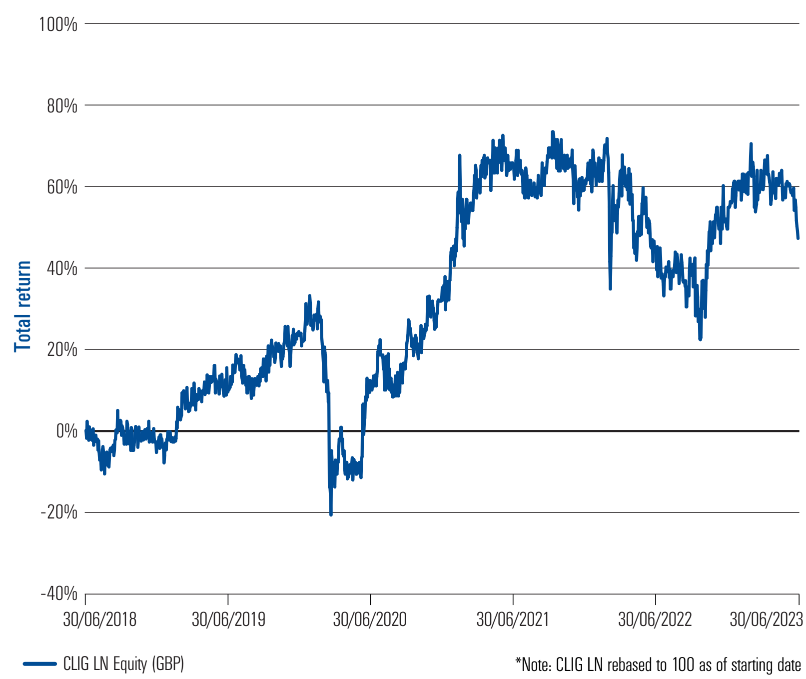
Our focus is to create shareholder value.

We retain the share price KPI to show the total return of CLIG over a market cycle.

The goal of this KPI is for the total return (share price plus dividends) to compound annually in a range of 7.5% to 12.5% over a five-year period. This KPI is meant to stretch the management team, without incentivising managers to take undue levels of risk.

For the five years ended 30th June 2023, CLIG's cumulative total return was 47.3% (8.0% annualised). We therefore met the Share Price KPI as the annualised total return was within the 7.5%-12.5% target range.

CLIG five-year graph



Overview | Strategic report | Governance | Financial statements | Shareholder information

KEY PERFORMANCE INDICATORS

CONTINUED

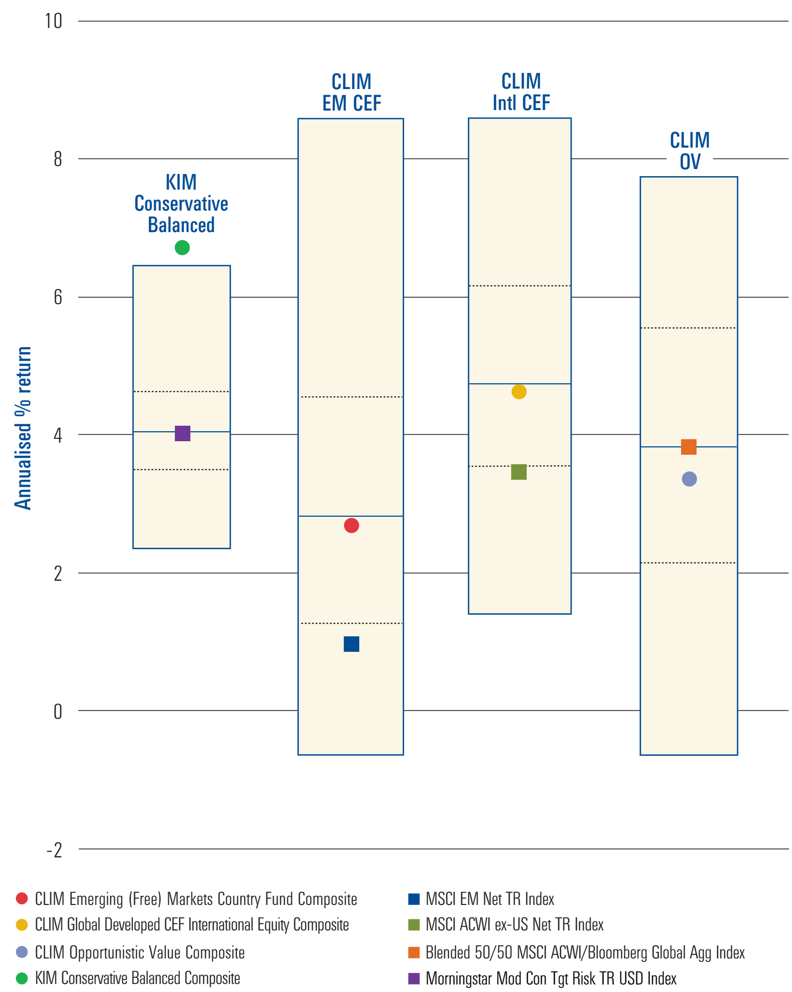
Separate from our main KPI of CLIG's total return (share price plus dividends) over a market cycle, we have selected additional KPIs that we believe will enable shareholders to measure the future viability of CLIG. These are as follows:

1. INVESTMENT PERFORMANCE

Our reputation depends on consistently strong investment performance versus both relevant benchmarks and peers. Outperformance drives client retention and provides the opportunity to expand our client base.

As detailed in the investment reviews, a significant majority of the Group's assets remain ahead of benchmark and in line with peers over the five years.

Five-year peer group* quartile chart



*CLIM and KIM returns are compared to their respective eVestment and Morningstar universes.

The above returns are annualised and presented as gross of fees performance figures, which do not reflect the deduction of investment management fees. The Emerging (Free) Markets Country Fund Composite and MSCI EM Net TR Index are shown against the eVestment Global Emerging Markets Equity Universe of which 90.2% has been updated. The Global Developed CEF International Equity Composite and MSCI ACWI ex-US Net TR Index are shown against the eVestment All ACWI ex-US Equity Universe of which 93.1% has been updated. The Opportunistic Value Composite and the Blended 50/50 MSCI AWCI/Bloomberg Global Agg Index are shown against the eVestment All Global Balanced/TAA Universe of which 80.3% has been updated. The KIM Conservative Balanced Composite and Morningstar Mod Con Tgt Risk TR USD Index are shown against the Morningstar Separate Accounts – U.S. – Moderately Conservative Allocation Universe.

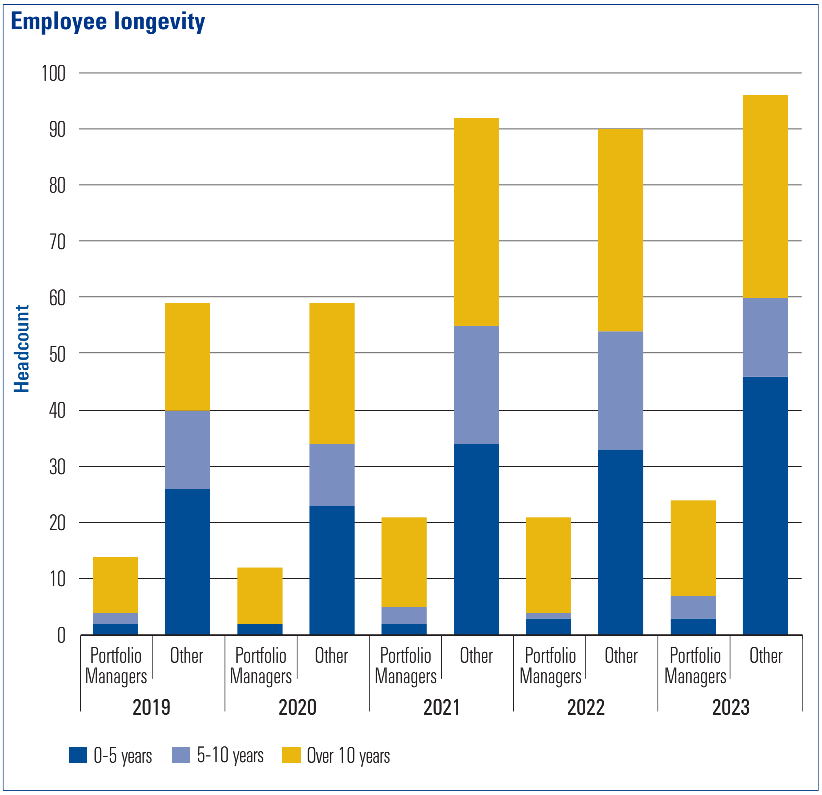
Data is as of 30th June 2023. Past performance is no guarantee of future results.

Source: eVestment Analytics System, BNY Mellon, City of London Investment Management Company Limited, MSCI, Bloomberg, Morningstar, KIM

2. EMPLOYEE LONGEVITY

Our employees are a major asset. We spend time ensuring that we recruit, develop and retain the right people to complement the team, which in turn helps to create a stable working environment.

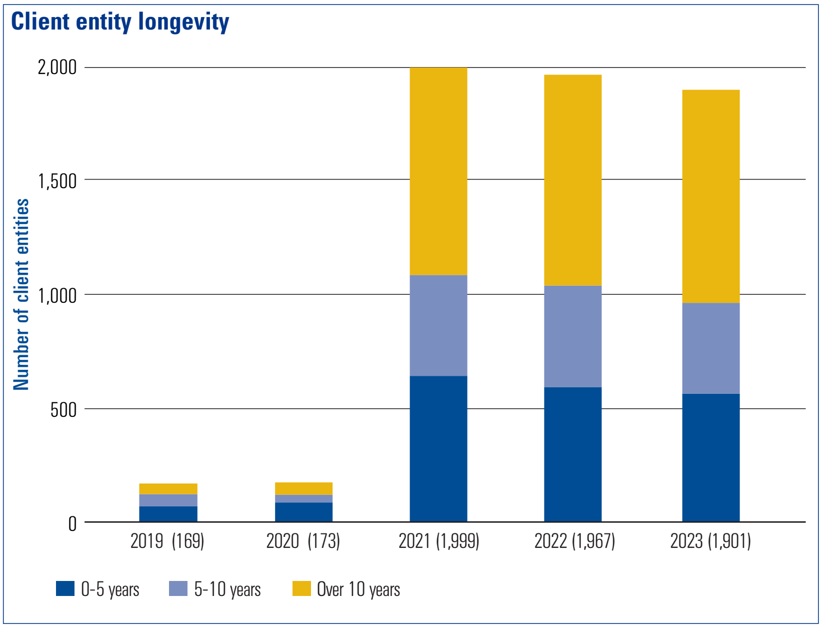
88% of our 24 portfolio managers have worked for Group subsidiary companies for five or more years, and 44% of all employees have worked for Group subsidiary companies for over ten years.



3. CLIENT ENTITY LONGEVITY

We find that stability of investment performance equates to stability of clients, but in addition there needs to be a belief amongst clients that both our investment process will be maintained and that our employees will remain in place.

We have an active client retention programme in place which has both educated and ensured that our clients understand even more about our investment process. As at 30th June 2023, the Group had 938 client entities in the over 10 years category (2022: 926), 400 in 5-10 years (2022: 448) and 563 in 0-5 years (2022: 593).



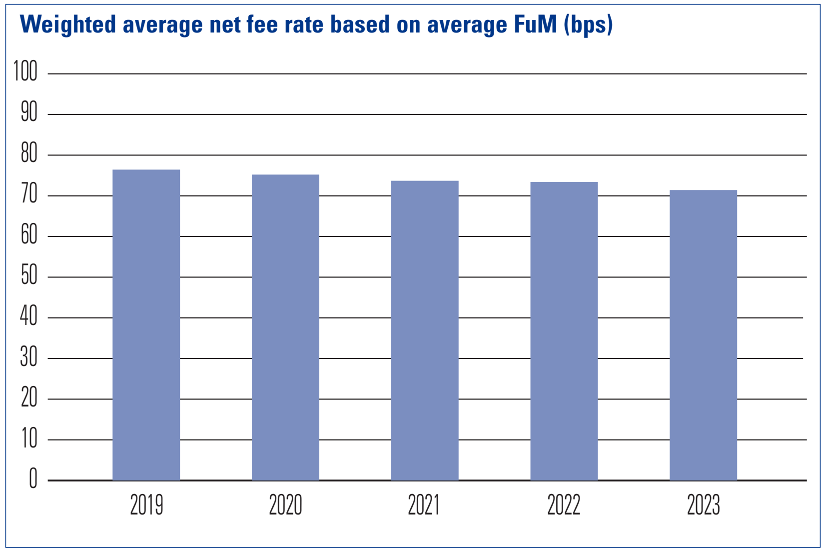
KEY PERFORMANCE INDICATORS

CONTINUED

4. WEIGHTED AVERAGE NET FEE RATE

This is the weighted average net fee rate earned by the Group. Changes in fee rates, product and investor mix are the principal factors that impact the weighted average rate. In general, the change is on account of a marginal reduction in the proportion of CLIM's assets in the EM strategy from 64% in 2022 to 61% in 2023.

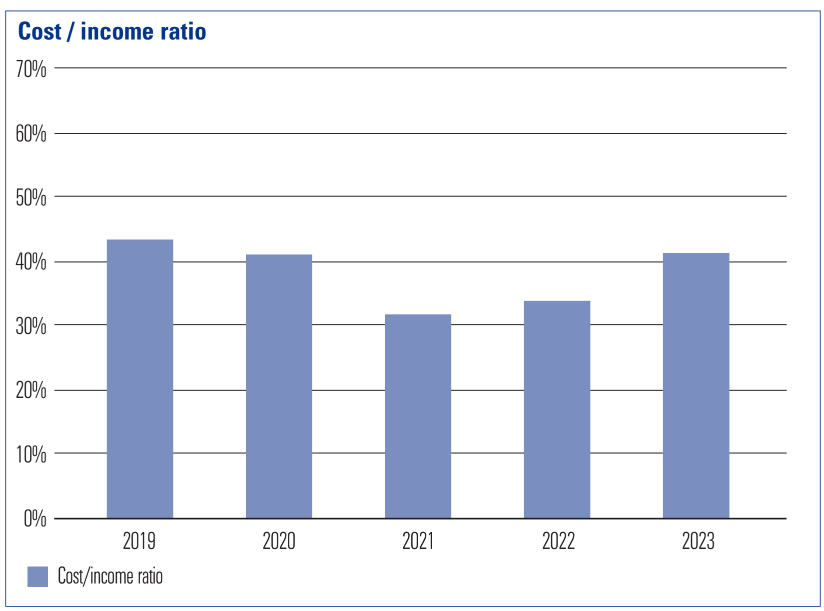
The chart opposite shows the annual net fee income measured as a percentage of the average annual FuM.



5. COST / INCOME RATIO

We believe cost control is an important discipline for any business to be successful. We look to balance the cost of growth and development with stakeholder returns.

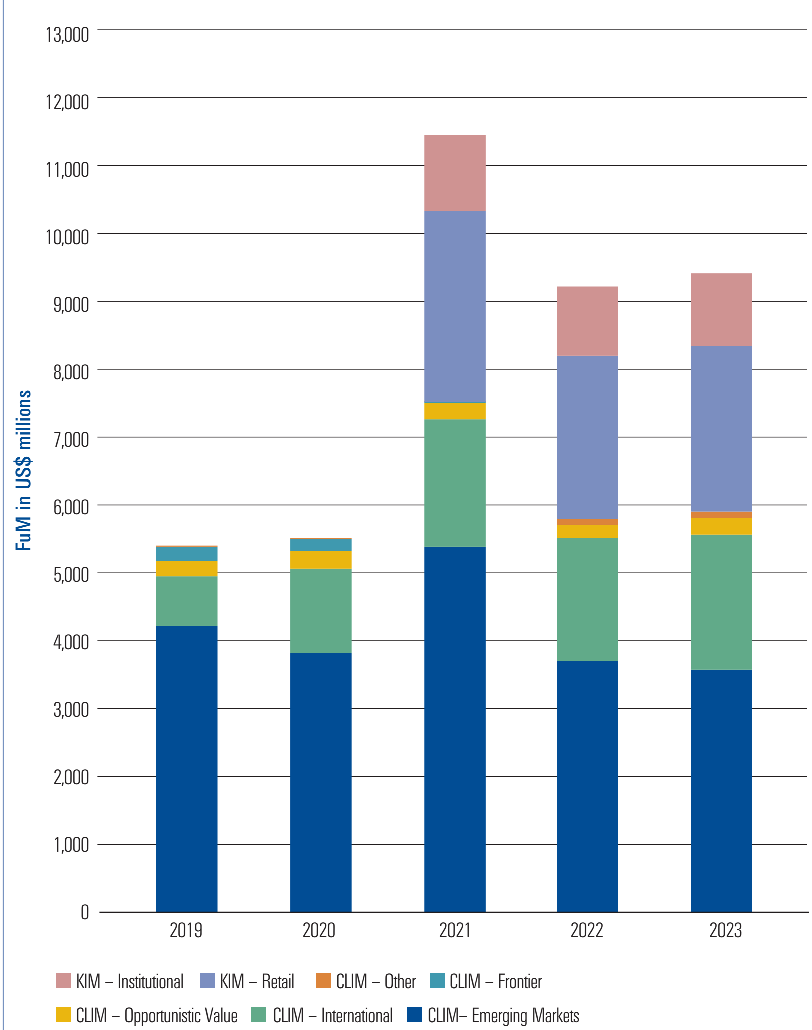
The cost/income ratio for the Group is based on our total overheads to net fee income (as set out on page 32) and was 41% in FY 2023 as compared to 34% in FY 2022. This was primarily because of US dollar strengthening and a combination of lower average FuM, higher employee-related, travel and marketing and IT costs in FY 2023.



6. FuM AND DIVERSIFICATION

The level of FuM is a key driver in the Group's profitability. Our main business development strategy is to diversify our product range. The merger with KIM in FY 2021 has allowed that diversification to accelerate. Refer to page 18 for our business development outlook.

FuM by strategy



RISK MANAGEMENT

In the course of conducting our business operations, we are exposed to a variety of risks, including market, liquidity, operational and other current and emerging risks that may be material and require appropriate controls and ongoing oversight.

Group's risk management framework

The CLIG Board has the ultimate responsibility for setting the risk management framework for the Group, including discussing and agreeing what the Group's overall top risks are, which are reviewed by the Board at each scheduled Board meeting.

A Group-level risk register has been established which identifies principal current and emerging risks. The risk register provides a measure of the principal risks and a Red, Amber, Green (RAG) status based on the level of risk, frequency and mitigating controls in place.

CLIM's Risk & Compliance Committee (RCC) and KIM's Compliance Committee have the responsibility of the day-to-day oversight of the risk management process at the respective operating subsidiaries.

CLIM

CLIM's Board has established an RCC, which is co-chaired by CLIM's Head of Compliance and US Chief Compliance Officer. The other members of the RCC are the Executive Directors of CLIM and CLIG's General Counsel. The purpose of the RCC is to assist the CLIM Board in the oversight, maintenance and development of CLIM's current and emerging risks and compliance frameworks in adherence with its risk appetite.

CLIM's risk management process requires, on a semi-annual basis, that each department/line of business, via a departmental risk assessment, review its current and emerging risks and the business processes that occur in each and assign both an inherent and residual risk rating, as whilst we cannot eliminate all risk, our aim is to proactively identify and manage those risks that have been identified.

The RCC meets quarterly to provide the members with a regular forum at which to ensure any relevant issues are discussed and agreed upon. At its meetings, the RCC reviews management information such as the CLIM risk register, breaches and errors, personal account dealing, other business interests, gifts and hospitality, complaints, AML updates including new clients on-boarded, ongoing screenings, capital adequacy, liquidity, employee training, outsourcing and key regulatory updates, as well as approving new or updated CLIM policies.

The RCC via CLIM's Head of Compliance and US Chief Compliance Officer reports to the CLIG Audit & Risk Committee at each of its four scheduled meetings.

KIM

The KIM Board has established a Compliance Committee which is chaired by KIM's Chief Compliance Officer (KIM CCO) and includes three other members: KIM's Chief Financial Officer; Senior Vice President and Director of Operations; and KIM's Chief Investment Officer/President.

The Committee's purpose is to review and assess the Company's investment adviser compliance programme in the following manner: assist the KIM CCO with administering the investment adviser compliance programme; evaluate the Company's compliance with federal securities laws; monitor compliance with the Company's policies and procedures as set forth in the Compliance Manual and Code of Ethics; oversee and assess the Company's Information Security policy and Business Continuity and Disaster Recovery Plan; oversee and assess the Company's Identity Theft Prevention Programme; and address other matters that the Management Committee deems appropriate.

The Committee meets as often as it may be deemed necessary or appropriate in its judgement, either in person or remotely, and at such times and places as the Committee shall determine; provided, however, that the Committee shall meet at least quarterly in the discharge of its duties. The Committee, via the KIM CCO, reports to CLIG's Audit & Risk Committee at each of its four scheduled meetings.

Internal controls

The Group maintains a comprehensive system of internal controls, including financial, operational and compliance/risk controls.

As mentioned earlier, on a six-monthly basis each department of business within CLIM is required to review and update their individual risk assessment. Additionally, each department of business within CLIM is subject to an annual review by senior management, who are required to identify and report on the key controls pertinent to their responsibilities. The senior management team at KIM is responsible for ensuring adequate internal controls within KIM.

The Audit & Risk Committee reviews the effectiveness of the system of internal controls on an ongoing basis. The Board and the Audit & Risk Committee continue to consider the need for an internal audit function and have concluded that, given the size of the business, the nature of its activities, and the other control mechanisms that are in place, an internal audit function was not required during the year.

Key risks

The Board has conducted a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. This assessment includes continuous monitoring of both internal and external environments to identify new and emerging risks, which in turn are analysed to determine how they can best be mitigated and managed. The primary risk is the potential for loss of FuM as a result of poor investment performance, client redemptions, a breach of mandate guidelines or market volatility. The Group seeks to attract and retain clients through consistent outperformance supplemented by first class client servicing.

In addition to the above key business risk, the Group has outlined what it considers to be its other principal risks, including the controls in place and any mitigating factors.

	PRINCIPAL RISK	CONTROLS / MITIGATION
Key person risk	Risk that key employees across the business leave/significant reliance on a small number of key employees.	Team approach, internal procedures, knowledge sharing. Remuneration packages reviewed as needed to ensure talent/key employees are retained. In addition, the Nomination Committee regularly reviews talent and succession plans for both Board and key senior management positions.
Technology, IT/ cybersecurity and business continuity risks	Risk that technology systems and support are inadequate or fail to adapt to changing requirements; systems are vulnerable to third party penetration or that the business cannot continue in a disaster.	IT monitors developments in this area and ensures that systems are adequately protected. Additional IT spend has resulted in a number of ongoing systems vulnerability testing that has taken place on the network, along with ongoing monitoring of the network to reduce our vulnerabilities. The Group actively maintains a Disaster Recovery/ Business Continuity plan. All offices maintain backups of all local servers, applications and data. The US replicates its backup to the UK cloud provider and vice versa. Employees across its four offices are able to work remotely, accessing information and maintaining operations.
Material error/ mandate breach	Risk of a material error or investment mandate breach occurring.	Mandate guidelines are coded (where possible) into the order management system by the Investment Management/Compliance teams of each operating subsidiary.
Regulatory and legal risk	Risk of legal or regulatory action resulting in fines, penalties, censure or legal action arising from failure to identify or meet regulatory and legislative requirements in the jurisdictions in which the Group and its operating subsidiaries operate, including those as a result of being a listed entity on the London Stock Exchange. Risk that new regulation or changes to the interpretation of existing regulation affects the Group's operations and cost base.	Compliance teams of each subsidiary monitor relevant regulatory developments – both new regulations as well as changes to existing regulations that impact their respective subsidiary. Implementation is done as practicably as possible taking into account the size and nature of the business. The finance team keeps abreast of any changes to Listing Rules, accounting and other standards that may have an impact on the Group. Finance and both the compliance teams receive regular updates from a variety of external sources including regulators, law firms, consultancies etc.

In addition, there are a number of less significant financial risks outlined in note 24 on pages 134 to 135.

FINANCIAL REVIEW

The Group income statement is presented in line with UK-adopted International Accounting Standards on page 104 but the financial information is reviewed by the management and the Board in a slightly different way, as in the table provided below. This makes it easier to understand the Group's operating results and shows the profits which is used to calculate Group's profit-share provision.

Consolidated income for financial years ended 30th June

	2023 £'000	2022 £'000
Gross fee income	57,326	61,294
Commissions	(1,522)	(1,599)
Custody fees	(1,182)	(1,492)
Net fee income	54,622	58,203
Interest	444	(121)
Total net income	55,066	58,082
Employee costs	(14,809)	(13,229)
Other administrative expenses	(6,948)	(5,781)
Depreciation and amortisation	(696)	(696)
Total overheads	(22,453)	(19,706)
Profit before bonus/EIP – operating profit	32,613	38,376
Profit-share	(8,656)	(9,162)
EIP	(1,261)	(1,298)
Share option charge	(30)	(34)
Investment gain/(loss)	573	(659)
Pre-tax profit before amortisation of intangibles arising on acquisition	23,239	27,223
Amortisation of intangibles	(4,641)	(4,051)
Pre-tax profit	18,598	23,172
Tax	(3,859)	(5,081)
Post-tax profit	14,739	18,091

FuM

FuM at 30th June 2023 were US$9.4 billion compared with US$9.2 billion at the end of the prior financial year. The small increase was due to a combination of investment flows, market movements and performance. Refer to Figure 5 FuM by line of business table within the CEO statement for more detail. However, average FuM for the year decreased by 12% from US$10.5 billion in FY 2022 to US$9.2 billion in FY 2023.

Revenue

The Group's gross revenue comprises of management fees charged as a percentage of FuM. The Group's gross revenue decreased YoY by 7% to £57.3 million (2022: £61.3 million). The decrease in revenue is primarily due to lower average FuM during the year offset by a stronger US dollar against sterling, with an average £/US$ rate of 1.21 in FY 2023 as compared with 1.33 in FY 2022, an increase of c.9% over last year's average rate.

Commissions payable of £1.5 million (2022: £1.6 million) relate to fees due to US registered investment advisers for the introduction of wealth management clients. The marginal decrease is due to slightly lower activity in FY 2023.

The Group's net fee income, after custody charges of £1.2 million (2022: £1.5 million), is £54.6 million (2022: £58.2 million), a reduction of c.6% as compared to last year. The Group's average net fee margin for FY 2023 was 72bps as compared to 73bps for FY 2022.

Net interest income is made up of interest earned on bank deposits and short term investments in treasury money market instruments offset by interest paid on lease obligations. Refer to page 114 for our lease accounting policy and page 117 for details of net interest earned.

Costs

Total overheads before profit share, EIP, share option charge and investments gains/(losses) for FY 2023 totalling £22.5 million (2022: £19.7 million) were 14% higher than FY 2022, out of which c.6% was due to a stronger US dollar during the year. The US dollar strengthened by an average of 9% during the year as compared to sterling and c.65% of the Group's overheads are incurred in US dollars.

The Group's cost/income ratio, arrived at by comparing total overheads before profit share, EIP, share option charge and investments gains/(losses) with net fee income, was 41% in FY 2023 (2022: 34%).

The largest component of overheads continues to be employee-related at £14.8 million (2022: £13.2 million), an increase of c.12% over last year, out of which c.6% is due to the impact of a stronger average US dollar during the year and salary and related pension cost increases with effect from 1st July 2022. Additionally, employee-related costs increased during the year due to the full year cost of replacing relationship managers and assistants, primarily due to retirements, for the purpose of transitioning client accounts and the full year impact of restoring employee health care benefits at KIM.

Other administrative expenses increased by c.20% to £6.9 million (2022: £5.8 million), out of which c.6% was due to the impact of a stronger average US dollar during the year and the impact of additional spend on travel and marketing. FY 2023 was the first full year post-pandemic after two years in which only limited travel was possible due to Covid restrictions. Board travel to attend meetings and employee engagement sessions as well as employee travel for client meetings, entertainment and briefings resumed during the year.

Other administrative expenses were also impacted by additional IT spend during the year, mainly on infrastructure and network consulting, which will provide additional protection from a cybersecurity perspective, as well as provide opportunities for future savings after implementation across all offices. Additional expenditure increases are from development expenses on improving existing systems, upgrading the core Microsoft applications to the Office 365 SaaS solution, and cost increases by vendors.

Total net fee income less overheads resulted in a profit before profit-share/EIP/share options charge and investment gain/(losses) of £32.6 million (2022: £38.4 million).

The total variable profit-share for FY 2023 decreased by 5% to £8.7 million as compared with £9.2 million in FY 2022 as a result of lower operating profit for the year.

The Group's Employee Incentive Plan (EIP) charge for FY 2023 amounted to £1.3 million (FY 2022: £1.3 million).

Investment gains/(losses)

Gains of £0.6 million (2022: loss of £0.7 million) relate to the realised and unrealised gains/(losses) on the Group's seed investments and other investments in Special Purpose Acquisition Companies (SPACs).

Amortisation of intangibles

Intangible assets relating to direct customer relationships, distribution channels and KIM's trade name recognised on the merger with KIM are being amortised over seven to fifteen years (refer to note 1.6 of the financial statements) and have resulted in an amortisation charge of £4.6 million for the year (2022: £4.1 million). Deferred tax liability on these intangibles as at 30th June 2023 amounted to £7.2 million (2022: £8.7 million) based on the relevant tax rate, which will unwind over the useful economic life of the associated assets. Goodwill amounting to £69.7 million was also initially recognised on the completion of the merger. Foreign currency translation differences on the closing balances of intangibles have been recognised in other comprehensive income. Refer to note 12 of the financial statements for more details.

Taxation

The pre-tax profit of £18.6 million (2022: £23.2 million), after a corporation tax charge of £3.9 million in FY 2023 (2022: £5.1 million), at an effective rate of 21% (2022: 22%), resulted in a post-tax profit of £14.7 million (2022: £18.1 million), which is all attributable to the equity shareholders of the Company.

Group statement of financial position

The Group's financial position continues to be strong and liquid, with cash resources of £22.5 million as at 30th June 2023 as compared with £22.7 million as at 30th June 2022. As at 30th June 2023, c.52% of the Group's shareholders are based in North America. Although the Group continues to declare dividends in sterling, we have provided the option for shareholders to receive dividends either in sterling or US dollars, at a pre-determined exchange rate. Further, c.66% of Group's total expenses are incurred in non-sterling currencies. In order to pay the anticipated US dollar dividends and non-sterling expenses, c.58% of the Group's cash resources are held in US dollars as at 30th June 2023.

The Group had invested US$5 million (£3.9 million) in seeding its two REIT funds at the start of January 2019. By the end of June 2023, these investments were valued at £3.8 million (2022: £3.8 million), with the small unrealised gain (2022: loss) taken to the income statement.

The Group had also invested US$2.5 million (£1.9 million) in seeding the Global Equity CEF in December 2021 and US$2.5 million (£1.9 million) in SPACs in March 2022. By the end of June 2023, these investments were valued at £4.1 million (2022: £3.6 million), with the realised gain of £0.3 million and unrealised gain of £0.2 million (2022: unrealised loss of £0.2 million) taken to the income statement.

The International REIT and Global Equity CEF funds are assessed to be under the Group's control and are thus consolidated using accounts drawn up as of 30th June 2023. There were no third party investors, collectively known as the non-controlling interest (NCI) in these funds as at 30th June 2023 (2022: nil).

FINANCIAL REVIEW

CONTINUED

The Group's right-of-use assets (net of depreciation) amounted to £2.0 million as at 30th June 2023 as compared with £2.4 million as at 30th June 2022. There were no additions to the right-of-use assets during the year other than the impact of currency translations.

The Employee Benefit Trust (EBT) purchased 622,746 shares (2022: 552,730 shares) at a cost of £2.6 million (2022: £2.7 million) in preparation for the annual EIP awards due at the end of October 2023.

The EIP has had a consistently high level of participation each year since inception (>60% of Group employees), with the first tranche of awards vesting in October 2018. Only 26.2% (2022: 23.5%) of the shares vesting during the year were sold in order to help cover the employees' resulting tax liabilities, leading to a very healthy 73.8% (2022: 76.5%) share retention within the Group.

In addition, Directors and employees exercised 23,350 (2022: 92,000) options over shares held by the EBT, raising £0.1 million (2022: £0.3 million) which was used to pay down part of the loan to the EBT.

Dividends paid during the year totalled £16.1 million (2022: £21.5 million). The total dividend of 33p per share comprised: the 22p per share final dividend for 2021/22 and the 11p per share interim dividend for the current year (2022: 22p per share final for 2020/21, 11p per share interim and a special dividend of 13.5p per share). The Group's dividend policy is set out on page 24.

The Group is well capitalised and its regulated entities complied at all times with their local regulatory capital requirements. In the UK, the Group's principal operating subsidiary, CLIM, is regulated by the FCA. As required under the Capital Requirements Directive, the underlying risk management controls and capital position are disclosed on CLIM's website **www.citlon.com**.

Currency exposure

The Group's revenue is almost entirely US dollar based whilst its costs are incurred in US dollars, sterling and to a lesser degree Singapore dollars. The Group's currency exposure also relates to its subsidiaries' non-sterling assets and liabilities, which are again to a great extent in US dollars. For the UK incorporated entities, the exchange rate differences arising on their translation into sterling for reporting purposes each month is recognised in the income statement. In order to minimise the foreign exchange impact, the Group monitors its net currency position and offsets it by forward sales of US dollars for sterling. At 30th June 2023, these forward sales totalled US$24.8 million, with a weighted average exchange rate of US$1.26 to £1 (2022: US$24.5 million at a weighted average rate of US$1.29 to £1).

The exchange rate differences arising from translating functional currency to presentation currency for KIM are recognised in the Group's other comprehensive income.

Functional and reporting currency change

The functional currency of the Company and the presentational currency of the Group changed to US dollars with effect from 1st July 2023. The Board believes that this change will provide investors and other stakeholders with greater transparency of the Group's performance and reduced foreign exchange volatility.

There will be no change in the Group's dividend policy, and dividends will continue to be declared in sterling with an option for shareholders based in the US to elect to receive dividends in US$.

Following the change in the Group's presentational currency with effect from 1st July 2023, the Group's interim results for the six-month period ended 31st December 2023, and all subsequent financial information, will be prepared using US dollars as the presentational currency. Comparative information will also be provided in US dollars as required by the relevant Accounting Standards. Refer to note 26 on page 136 for further information.

Viability statement

In accordance with the provisions of the UK Corporate Governance Code, the Directors have assessed the viability of the Group over a three-year period, taking into account the Group's current position and prospects, Internal Capital Adequacy and Risk Assessment (ICARA) and the potential impact of principal risks and how they are managed as detailed in the risk management report on pages 30 to 31.

Period of assessment

While the Directors have no reason to believe that the Group will not be viable over a longer period, given the uncertainties still associated with the global economic and political factors and their potential impact on financial markets, any longer time horizon assessments are subject to more uncertainty due to external factors.

Taking into account the recommendations of the Financial Reporting Council in their 2021 thematic review publication, the Board has therefore determined that a three-year period to 30th June 2026 constitutes an appropriate and prudent timeframe for its viability assessment. This three-year view is also more aligned to the Group's detailed stress testing.

Assessment of viability

As part of its viability statement, the Board has conducted a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. This assessment includes continuous monitoring of both internal and external environments to identify new and emerging risks, which in turn are analysed to determine how they can best be mitigated and managed.

The primary risk is the potential for loss of FuM as a result of poor investment performance, client redemptions, breach of mandate guidelines or market volatility. The Directors review the principal risks regularly and consider the options available to the Group to mitigate these risks so as to ensure the ongoing viability of the Group is sustained.

The ICARA is reviewed by the Board and incorporates stress testing based on loss of revenue on the Group's financial position over a three-year period. The Group has performed additional stress tests using several different scenario levels, over a three-year period which are significantly more severe than our acceptable risk appetite, which include:

- a significant fall in FuM;
- a significant fall in net fee margin; and
- combined stress (significant falls both in FuM and net fee margin).

Having reviewed the results of the stress tests, the Directors have concluded that the Group would have sufficient resources in the stressed scenarios and that the Group's ongoing viability would be sustained. The stress scenario assumptions would be reassessed if necessary over the longer term. An example of a mitigating action in such scenarios would be a reduction in costs along with a reduction in dividend.

Based on the results of this analysis, the Board confirms it has a reasonable expectation that the Company and the Group will be able to continue in operation and meet their liabilities as they fall due over the next three years.

On that basis, the Directors also considered it appropriate to prepare the financial statements on the going concern basis as set out on page 94.

Alternative Performance Measures

Underlying profit and profit before tax	Jun 23 £	Jun 22 £
Net fee income	54,622,286	58,203,284
Administrative expenses	(32,399,825)	(30,199,393)
Net interest received/(paid)*	444,163	(121,054)
Underlying profit before tax	22,666,624	27,882,837
Add back/(deduct):		
Gain/(loss) on investments	572,807	(659,231)
Amortisation of acquired intangibles	(4,641,084)	(4,051,223)
Profit before tax	18,598,347	23,172,383

* Net interest received/(paid) is made up of interest earned on short-term bank deposits, treasuries and money market funds offset by interest paid on lease obligations. Refer to page 114 for our lease accounting policy and page 117 for details of net interest paid.

Alternative Performance Measures

The Directors use the following Alternative Performance Measures (APMs) to evaluate the performance of the Group as a whole:

Underlying profit before tax – Profit before tax, adjusted for gain/(loss) on investments and amortisation of acquired intangibles. This provides a measure of the profitability of the Group for management's decision-making.

Underlying earnings per share – Underlying profit before tax, adjusted for tax as per income statement and tax effect of adjustments, divided by the weighted average number of shares in issue as at the period end. Refer to note 8 in the financial statements for reconciliation on page 119.

CORPORATE AND SOCIAL RESPONSIBILITY POLICY

CLIG is committed to maintaining transparent policies regarding the Group's Corporate and Social Responsibilities, and remaining an engaged member of our greater communities.

1. WORKPLACE

Employee welfare

In addition to the statutory obligations, CLIG is committed to maintaining transparent policies in respect of the following:

- recognition of diversity through recruitment and promotion based on merit without regard to ethnicity, gender, religion, sexual orientation, disability, family or marital status, language, national origin, political affiliation, race, age, or any other characteristic protected by law;
- strict adherence to and compliance with the regulatory requirements in force by all employees supported by clear guidelines that enable whistleblowing;
- participation by employees in the Group's activities through share ownership arrangements that encourage employee retention and minimise turnover; and
- ensuring good practices and creating a workplace free of harassment and bullying and in which all individuals are treated with dignity and respect.

Under the UK Corporate Governance Code 2018 (the Code), the Board is required to agree a mechanism to ensure ongoing engagement with the workforce. Barry Aling, Chair, has been designated as the Non-Executive Director for employee engagement.

Health and Safety

CLIG is committed to maintaining a high level of Health and Safety (H&S). Internal H&S audits and risk assessments are conducted to improve ergonomics throughout its offices. All UK employees have access through our Group Income Protection policy to an Employee Assistance programme, which offers confidential advice on personal and professional matters to employees and members of their immediate family.

Gender diversity

As an employer, CLIG is committed to equality and valuing diversity within its workforce. As noted above, we believe that people should be appointed to their roles based on skills, merit and performance. We recognise that diversity adds value, and our goal is to ensure that our commitments, reinforced by our values, are embedded in our day-to-day working practices.

Post retirement of George Karpus on 31st July 2023, the gender ratio at Board level as at 31st July 2023 was 33% female to 67% male (31st July 2022: 29% to 71%).

Of our 120 employees, excluding Non-Executive Directors, 35% are female (2022: 37%), including 25% of senior management including Executive Directors (2022: 35%), and 37% of the remaining employees (2022: 37%).

2023	Female	Male	Total
Executive Director	0	1	1
Senior managers	4	12	16
All other employees	38	65	103
	42	78	120
NEDs*	2	3	5
	44	**81**	**125**

* as of 31st July 2023 post George Karpus' retirement on 31st July 2023.

Work/life balance

As the Group continues to adapt with advancements in technology, changes in culture, and the changing family circumstances of our employees, we try to be fair and flexible while retaining teamwork as one of our core values.

Our management team and the Board continued to engage, ensuring open discussion with the wider workforce. As a result of this, we implemented a new hybrid Work from Home (WFH) policy with effect from 1st July 2022 that better achieved the necessary balance of employee flexibility with respect to work/life balance along with the benefits of employees working together in the office. For the next financial year, effective 1st October 2023, we have increased our in-person days in the office to four per week, while providing more flexibility via a bank of optional WFH days for employees.

Human rights

CLIG is committed to respecting all human rights. Our operations and practices relevant to the workplace and community are aligned with the United Nations (UN) Universal Declaration of Human Rights.

Learning and development

Our employees are an asset to us. We recognise and support the importance of encouraging all employees to complete professional qualifications relevant to their role, in order to progress and realise their full potential. We partner with our employees and contribute towards their development by sponsoring their studies and providing study leave. This year we have sponsored employees for their CFA and CMT studies, as well as contributing towards an employee's Masters Degree.

This is in addition to the usual seminars and conferences our employees attend. Mandatory anti-money laundering and Code of Ethics training is provided annually to all employees. Employees also take responsibility for their own development via our annual appraisal process, where they are able to discuss further training where they feel it is necessary. Finally, we created a pilot "New Hire Mentor" programme at one Group office, as we attempt to find solutions to better integrate new hires into our subsidiaries, to hopefully reduce new hire turnover. If successful, we will extend this programme to the other offices within the Group.

We continue with the CLIG Security Education Programme (CSEP), which is a multi-faceted cyber security training programme that includes online courses and videos via a web-based portal. As mentioned on page 12 of the CEO Statement, we assessed our employee's retention of the trainings via an Assessment during the financial year, and we are proud of our employees' abilities to keep our data safe. Additionally, we use this web-based portal to provide training on diversity, equity, and inclusion topics twice during each financial year. In this financial year, the titles of the two trainings were "Disrupting our Unconscious Bias" and "Your Words Matter About Disabilities".

In addition, we provide the below to all employees:

- internal training on our investment management services;
- awareness sessions on a regular basis to keep employees up to date with relevant aspects of the business; and
- induction programme to all new employees over a period of weeks. It is an ongoing process to ensure new employees settle well into the Group and are confident carrying out the full scope of their duties.

We have Group-wide policies on a range of social issues, including Diversity, Equity & Inclusion, Anti-Slavery & Human Trafficking, Anti-Corruption & Bribery and Whistleblowing.

CLIG's Diversity Working Group which includes the CEO and other employees (including HR) is responsible for:

- reporting and assisting in the implementation of diversity, equity and inclusion-related initiatives;
- researching best practices, discussing issues raised by employees and implementing solutions across the Group;
- reiterating with external recruitment firms the importance of receiving diverse pool of candidates; and
- identifying training needs for employees and distributing them via a web-based portal.

Ethics

All CLIG employees are required to act in accordance with applicable Code of Ethics. This lays out minimum standards of conduct to ensure that employees act ethically when dealing with our various stakeholders. It also seeks to ensure that all actual and potential conflicts of interest are identified, mitigated and monitored on an ongoing basis. Any breaches of the Code are reported to the Board of Directors.

2. ENVIRONMENT

Tom Griffith is the Executive Director responsible for the Group's environmental policy.

Environmental policy initiatives

Employees and management of the Group are committed to protect the environment in which we operate. We provide investment management services to our clients which have a relatively modest direct environmental impact. The Group recognises that we must first acknowledge, then measure, and then minimise environmental risks and, wherever commercially possible, improve the Group's overall environmental performance.

During the year, the Group engaged with a third-party environmental consultant – ECO3 Partnership Limited (ECO3) to review and enhance our reporting on environmental risks and opportunities. In collaboration with ECO3, the group produced a 2022 TCFD Supplemental Report which was published in August 2023. ECO3 has also helped the Group to produce a detailed Scope 1-3 GHG assessment and SECR summary, which is available on our website.

A representative list of initiatives completed during the year to help reduce the environmental impact of our activities, is as follows:

- Supplied electricity through contracts backed by renewable energy sources for our London office.
- Converted the Rochester office to primarily being powered by wind power generated in New York State.
- Investment in further enhancement of our technology solutions to promote regular video conferencing, thereby reducing business travel, where possible.

We support the work undertaken by the TCFD and have produced our detailed response in alignment with its recommendations. To meet the listing requirements under LR 9.8.6, we have included the climate-related financial disclosures consistent with the TCFD recommendation on pages 39 to 47.

CORPORATE AND SOCIAL RESPONSIBILITY POLICY

CONTINUED

3. COMMUNITY

CLIG seeks to encourage employees to regularly participate in community support activities across a wide spectrum of causes that encompass both monetary and non-monetary efforts to help raise awareness. In turn, this fosters a culture of leadership, teamwork and appreciation within our Group and community.
Our long-term goals include:

- encouraging employee volunteer work in community activities;
- engaging in programmes that make communities better places to live and work;
- using local suppliers to help support businesses within the community; and
- raising awareness, sharing efforts and encouraging participation via COLeague news, our internal newsletter.

4. RESPONSIBLE INVESTMENT

Illustrative list of employees' participation in FY 2023 include:

- Backpack Donations and Diaper Drive to support families within the local communities (US);
- Coat Drive and household donations for those in need (US);
- Food Bank and baking donations to support shelters in the local communities (US and UK);
- Salvation Army and Community, Youth and Women's Alliance Toy Drive (US);
- Red Cross Blood Drive (US); and
- various athletic achievements and fundraisers to support various causes (US and UK).

CEF GOVERNANCE

INDEPENDENT BOARD

CREDIBLE DISCOUNT CONTROL

UNDERLYING PORTFOLIO: OVERALL ESG RISK

EXPOSURE TO ESG ISSUES VS. BENCHMARK	MANAGEMENT OF ESG RISKS VS. RELEVANT BENCHMARK

As a matter of policy, CLIG does not make donations to any client-related charity, event or activity, or to any political party or candidate.

Both of CLIG's operating subsidiaries invest primarily in closed-end funds (CEFs). CLIM and KIM are committed to promoting responsible investment.

CLIM's investment process prioritises good governance but it also includes an assessment of the environmental and social policies of the CEFs' underlying securities. We define ESG in the context of stewardship policies by which we are committed to responsible allocation, management and oversight of capital to create long-term value. In the context of a CEF strategy, we have a two-pronged approach to responsible investment:

- We promote effective governance at the CEFs in which our clients are invested, both via their Boards and by engaging with the relevant regulators and policy makers.
- We promote greater transparency from the CEFs of the ESG characteristics of their underlying portfolios.

CLIM is a signatory to the UN-supported Principles for Responsible Investment (PRI). CLIM has partnered with Sustainalytics, a leading independent provider of ESG research. This partnership allows CLIM to receive data to monitor the underlying portfolio of the CEF, and allows CLIM to question the CEF investment manager on their portfolio and stance on ESG issues. We believe good disclosure requirements by the Board to the Investment Manager results in more effective management of ESG risks and therefore better outcomes for our clients.

CLIM's Proxy Voting Record and Annual Stewardship Report are available on our website at: **https://citlon.com/esg-clients/**.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

We are committed to improving our climate-related reporting. The following pages summarise developments made in period to our Streamlined Energy and Carbon Reporting disclosure and our Task Force for Climate Related Financial Disclosure (TCFD), in line with the listing requirement of LR 9.8.6 for the financial year ended 30th June 2023.

1. EXECUTIVE SUMMARY

We have produced two additional reports to complement our position:

1. **2022 TCFD Supplemental Report, published in August 2023.** https://clig.com/wp-content/uploads/2023/09/2022-CLIG-TCFD-Supplemental-Report-August-2023.pdf
2. **Scopes 1-3 GHG assessment and SECR summary, published in September 2023.** https://clig.com/wp-content/uploads/2023/09/2023-CLIG-Scopes-1-3-GHG-Emissions-SECR-summary.pdf

Our Annual Report summarises the key output from these documents, as well as progress made during the period.

We continue to embed TCFD recommendations into our business. We are committed to optimising our consideration of climate risks and opportunities. We have provided an update on the targets and metrics associated with our developing greenhouse gas (GHG) reduction strategy, noting that adaptation to climate change is widely recognised as an equally important and complementary response to the mitigation of our own GHG emissions.

Both CLIM and KIM primarily invest in closed-end funds (CEFs) on behalf of their clients and look to exploit discount efficiencies to achieve capital growth and generate outperformance against relevant benchmark indices. CLIM and KIM have separate investment teams with different investment processes to achieve this goal. CLIM is a UK based investment management company that primarily has a US institutional client-base, while KIM is a US based Registered Investment Advisor that primarily has a US retail client-base.

As a listed company, we disclose environmental initiatives at the Group level in our Annual Report and Accounts. Our current initiative is to move, where possible, the energy sources of the offices of our two operating subsidiaries (CLIM and KIM) to renewable sources. As of the time of this document, KIM's Rochester office and CLIM's UK office have procured green energy electricity contracts. The Group's other offices will transition to renewable energy tariffs in the financial year ending 30th June 2024. Our business model is to implement an investment strategy that exploits discount volatility in CEFs on behalf of our clients. Improving CEF governance has been a key objective for us since our business was founded, but neither CLIM nor KIM select CEFs solely based on their ESG characteristics.

That being said, we appreciate that climate risk may materialise over the short and medium term and continue to develop our investment process into the future considering climate risks and opportunities.

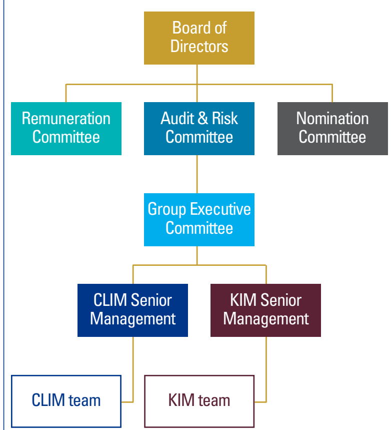
2. GOVERNANCE

2.1. Board oversight

The CLIG Board recognise the importance of good corporate practice and is committed to maintaining high standards of corporate governance throughout the group.

The structure of our Governance Committees is shown in Figure 2.1.

Figure 2.1. Corporate Governance – Climate risk management



With respect to overseeing our approach to climate change, Board oversight is structured as follows:

- **The CLIG Board of Directors** has the ultimate responsibility for identification and management of climate risk.
- **The Audit & Risk Committee** (ARC) has oversight of the reporting of climate risk. The ARC is also responsible for monitoring the quality of internal control, ensuring that the financial performance of the company is properly measured and reported on, meeting with the auditors and reviewing reports from the auditors relating to accounting and internal controls.
- **The Group Executive Committee** (GEC) has the responsibility to bring climate matters to the ARC and Board. The GEC is comprised of the following staff:
  - CEO
  - CFO
  - CIO-CLIM
  - CIO and President – KIM
  - Head of Business Development

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

CONTINUED

Our approach to climate-related risks and reporting is summarised within our Audit & Risk Committee Terms of Reference **https://clig.com/wp-content/uploads/2023/05/AuditRisk-Com-2-23.pdf**. The frequency of our meetings is referenced within our Supplemental Report.

2.2. Management oversight

Senior management in KIM and CLIM support the assessment of climate-related risks and opportunities. Senior management includes CLIM's portfolio managers who are responsible for implementing stewardship for their respective strategies with the assistance of a UK based governance and ESG specialist. This ensures a coordinated response where an asset is held across multiple strategies within CLIM.

CLIM's research teams further support management by conducting annual due diligence on the investment manager of each CEF investment. ESG issues are considered as part of this process, with the assistance of Sustainalytics ESG Risk Ratings. This work is undertaken in order to understand better the sustainability performance of the underlying CEF portfolios.

Our profit share scheme is based on overall operating profits and includes all employees. It does not target specific KPIs such as stewardship integration, but improved ESG, particularly CEF governance, is a factor in this value chain where it results in better outcomes for client portfolios.

3. STRATEGY

3.1. Identification of climate risks and opportunities

At investment management level

CLIM and KIM invest primarily in CEFs on behalf of their clients. Their business models are to implement investment strategies that exploit discount volatility in CEFs to achieve capital growth and outperform relevant benchmark indices.

Improving CEF governance has been a key objective since the business was founded, but neither CLIM nor KIM select CEFs solely based on their ESG characteristics.

With respect to investment strategy, transparency is a key mantra because of the belief that this results in narrower discounts, as market participants will inherently gravitate towards investments where they have access to more underlying data.

- CLIM conducts annual due diligence on CEF managers in order to understand their investment process, including the extent to which ESG analysis is incorporated into their process.
- CLIM requests NAV disclosures daily and full schedules of underlying portfolios monthly. This principle of promoting greater transparency is extended to the ESG characteristics of the underlying portfolios. Certain CEFs have responded by providing their shareholders with a detailed overview of portfolio ESG characteristics, including ESG materiality scores vs. index, carbon footprint disclosures and an engagement summary.
- CLIM evaluates portfolio ESG scores each year using Sustainalytics data to analyse the ESG characteristics of the underlying CEF investments, and as a basis to promote ESG awareness to CEF boards and their investment managers. This information forms the basis of our discussion with investment managers regarding their ESG credentials at annual due diligence meetings.
- A summary of ESG scores is included within CLIM's annual Stewardship Report. **https://citlon.com/wp-content/uploads/2023/04/AnnualStewardshipReport3-23.pdf**.

CLIM's investment process is driven predominately by capitalising on CEF discount inefficiencies. The ESG characteristics of the underlying CEF portfolios are not the primary reason for selection. However, we appreciate that ESG ratings require consideration, and we therefore encourage CEFs to be more explicit regarding the integration of ESG factors into their investment process.

At CLIG corporate level

Recognising that climate risk manifests through the physical effects of changing weather patterns and by efforts to reduce and eliminate the GHG emissions that drive those physical risks, we have identified a series of risks, and their associated drivers, across three time horizons – 1) **Short Term**, which is 0-5 years, 2) **Medium Term**, which is 5-10 years, and 3) **Long Term**, which is 10+ years.

- **Physical risks** resulting from climate events and hazards can be subdivided into acute and chronic risks.
  - **Acute physical** risks include weather related or exacerbated events that are increasing with climate change, such as floods, hurricanes, and wildfires.
  - **Chronic risks** consider gradual, long-term trends such as rising average temperatures and sea levels. The climate modelling of Intergovernmental Panel on Climate Change (IPCC) forecasts increases to both of these categories, which could create physical hazards to business property and other assets in the built and natural environment, as well as indirect impacts from supply chain disruption. Financial performance could also be affected by changes in water availability, extreme temperature changes affecting our premises and operations, as well as the transport needs and safety of our employees.
- **Transition risks** manifest from the transition to a lower-carbon economy. They entail extensive policy, legal and technology risks as well as changes in consumer pressures/preferences to address the mitigation and adaptation requirements to combat climate change.

Transition risks and opportunities are particularly important in the near term, whilst **physical risks** are increasingly important over longer time horizons, although these will vary by asset class and risk type.

We have commenced a review of potential climate risk exposures, including risk drivers and how they could translate to CLIG across three initial time horizons. A summary of key risks, their drivers and potential transmission routes are illustrated in Figure 3.1.

We continue to consider climate related transitional opportunities, which are summarised in Figure 3.2.

Figure 3.2. Climate opportunities – initial review

Opportunity category	Climate related opportunities
Market and offering	• Potential medium to long-term access to new markets • Ability to diversify business activities • Shift in consumer preferences
Resilience	• Participation in renewable energy programs (market-based) and adoption of energy efficiency measures • On site renewable energy generation
Reputational	• Reputational benefits resulting in increased demand for goods/services, and own approach towards GHG mitigation
Operational efficiency	• Move to more efficient buildings or refurbishment of existing • Reduced operational usage and consumption- water, materials and waste • Transportation policy changes and humanitarian offsetting of necessary flights for business travel

Figure 3.1. Climate risks and drivers – initial review

Risk Category	Sub-category	Risk drivers	Risk driver description	Potential method of transmission to CLIG	Short Term (0-5yrs)	Medium Term (5-10 yrs)	Long Term (10+ yrs)
Financial risks	Market	Physical & Transitional risks	• Particular market/asset sectoral declines • Market adjustments to pricing of climate risks • Climate event impacts on clients	• Investment product supply and demand shift • Climate risks & opportunities that could impact the value of assets • Reduced revenue from decreased demand for goods/services			
	Interest Rates	Physical & Transitional risks	• Inflationary pressure could be created by increasing carbon prices & increasing investment demand from climate change	• Potential to increase differentials between geographical zones, and or general interest rate environment • Policy uncertainty could lead to higher investment premiums			
	Credit	Physical & Transitional risks	• More stringent criteria resultant from climate drivers	• Climate risk could impact client creditworthiness or collateral/assets held by CLIG			
	Liquidity	Physical & Transitional risks	• Market condition changes impacting access to stable sources of funding • Drop in deposits from climate impact to BAU models	• Climate disruption could impact client access to capital, creating potential constraints to access capital and/or resulting in declines in their wider asset bases and lower investment • Early exit potential could increase			
Business risks	Strategic	Physical & Transitional risks	• Future sustainability drivers or concerns of our clients • Pace of development of green products	• Potential for client sentiment to change over time • Focus on discount volatility may not leverage new investor profiles (consumer generational preference/product shift)			
	Operational	Physical & Transitional risks	• Climate resilience of operations	• Increasing frequency or magnitude of climate events may disrupt our operations, increasing potential for operational loss or error • Abrupt and unexpected shifts in energy costs			
	Technology & resilience	Physical & Transitional risks	• Acute and chronic physical risks	• Costs to adopt/deploy new practices and processes • The increasing severity of climate events could disrupt operations, our assets and supporting infrastructure • R&D expenditure in new technologies			
	Regulatory compliance	Physical & Transitional risks	• Concerns around own or products' GHG footprint, or compliance disclosures	• Increasing legal and regulatory compliance risk associated with climate-sensitive investments and businesses • Potential legal liabilities or litigation increase related to product-based disclosures			
	Reputational	Physical & Transitional risks	• Defining and meeting climate commitments • Green product disclosures & labelling • Climate strategy variance across geographical regions	• Changing customer or employee perceptions of our contribution to or detraction from the transition to a lower-carbon economy			

High impact Medium impact Low impact

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES
CONTINUED

3.2. Impact of climate risks and opportunities

We acknowledge that the gradual change potential in physical risks is happening now and will only increase over the coming decades.

Transition risk is more time pressing and will likely have a higher impact on CLIG's operations in the short and medium term.

We continue to enhance our processes linking the impact of climate related risks and opportunities, presented in Figure 3.3, to our strategy and financial planning, and will provide further commentary in our next annual report.

3.3. Scenario analysis

We plan to develop our scenario analysis in the coming year. We are considering the most appropriate scenarios. Those under consideration at present include:

- **Network for Greening the Financial System (NGFS)** climate scenarios (Orderly, Disorderly, Hot house world, Too little, too late scenarios).
- **International Energy Agency (IEA)** WO-2021 scenarios (Stated policies, Announced pledges, Sustainable development, Net Zero scenarios).
- **Intergovernmental Panel on Climate Change (IPCC)** AR6 scenarios (Most optimistic, Next Best, Middle of the road, Dangerous, Avoid at all costs).

All scenarios generally consider pathways ranging from a positive scenario where climate policies, investment and action are introduced early, and become gradually more stringent through to failure, through to more pessimistic scenarios, i.e., a late transition fails to limit physical risks.

Business-as-usual scenarios, i.e., currently implemented policies, are estimated to lead to a world that is at least 3°C hotter. The key focus in the industry however is to reach net-zero emissions by around 2050, limiting global warming to 1.5°C above pre-industrial levels.

Figure 3.3. Financial impacts and opportunities from climate risk

Risk category	Financial impacts	Financial opportunities
Market	• Reduced demand for services due to shift in consumer preferences • Further abrupt and unexpected shifts in energy costs • Change in revenue mix and sources, resulting in decreased revenues • Re-pricing of underlying assets (e.g., land and fund valuations)	• Increased revenues through access to new markets
Operational	• Increased operating costs (e.g., from higher compliance costs or increased insurance premiums & costs to reduce emissions trajectory) • Write-offs, asset impairment, or early retirement of assets due to policy changes	• Reduced operating costs (e.g., payback through energy efficiency measures and reduced operational demand/consumption) • Benefits from optimised workforce management and planning (e.g., improved health and safety, employee satisfaction) resulting in lower costs
Reputational	• Reduced revenue from decreased demand for services • Reduced revenue from negative impacts on workforce management and planning (e.g., employee attraction and retention) • Reduction in capital availability	• Reputational benefits resulting in increased demand for our services

Our scenario analysis will be qualitative and focused on:

- Assessing the materiality of climate related risk and where we believe our strategies may be affected by potential climate related risks and opportunities.
- Identifying and defining the range of scenarios considered and associated time horizons.
- Evaluating business impacts.
- Identifying our potential responses to support our clients, employees, and shareholders, to address potential risks and opportunities.

We will consider a transition to a lower-carbon economy consistent with a 2°C or lower scenario and where applicable to CLIG, scenarios consistent with increased physical climate-related risks. Scenario analysis will be appropriate to the nature of the CEFs we invest in on behalf of our clients.

4. RISK MANAGEMENT

4.1. Identifying and assessing climate risks

We have reviewed key risks outlined within the Carbon Disclosure Project (CDP) and within the TCFD documentation. We continue to develop our materiality determination processes and will provide further detail in our next annual report.

A list of applicable risks to CLIG have been defined and codified to support further assessment on an ongoing basis. Further detail is presented within our Supplemental Report.

4.2. Managing climate related risks

We are developing our approach to help integrate climate-related risk into our decision process.

From an operational perspective, we have reduced our global footprint by closing our Seattle and Dubai offices in 2022. The operational reductions resultant from these office closures is shown within our energy and GHG assessment. Further detail on how we have and are planning to manage our operational climate risk is detailed in section 5.

4.3. Integration into risk management processes

We will consider reviewing the manner in which we have introduced the management of climate risk into our Group level risk management framework.

Consideration will be given as to whether we could enhance our risk management processes with the integration of specific climate risk training, strategic planning or processes and controls. Any material climate risks and opportunities identified will be actioned as necessary on an ongoing basis.

We have a fiduciary duty to oversee our client's assets which they have entrusted us to manage.

ESG is considered at the level of both the CEF corporate and the underlying CEF portfolio. CLIM is a large investor in CEFs and at the corporate level prioritises governance factors over underlying portfolio ESG issues when assessing a potential holding prior to purchase.

In respect of the underlying CEF portfolio, CLIM's research teams undertake due diligence annually on CEF investment managers which includes their processes for incorporating ESG and for mitigating climate change risks.

Overall ESG risk for all CLIM portfolios as at end December 2022, using Sustainalytics, was 1.4% lower than their respective benchmarks. By strategy, overall ESG risk for the EM strategy was 1.3% below benchmark and for the International Equity and Opportunistic Value strategies it was 1.6% lower. CLIM does not set targets for these measures.

In 2022, 64 CEF portfolios were analysed (71 in 2021) using Sustainalytics data, representing 72% of CLIM's FuM at the calendar year end (vs. 70%). In those CEF portfolios that were analysed, Sustainalytics covers 92% of the underlying securities on a size weighted basis.

Sustainalytics does not cover unlisted companies and has limited small cap coverage. CLIM's CEF portfolios are typically overweight smaller and mid cap securities.

Figure 4.1 shows the distribution of securities held in client portfolios as at the end of 2022, according to their overall ESG risk compared to their specific benchmark.

Please also refer to our Responsible Investment Statement on page 38 and further detail of our own risk management approach on page 30.

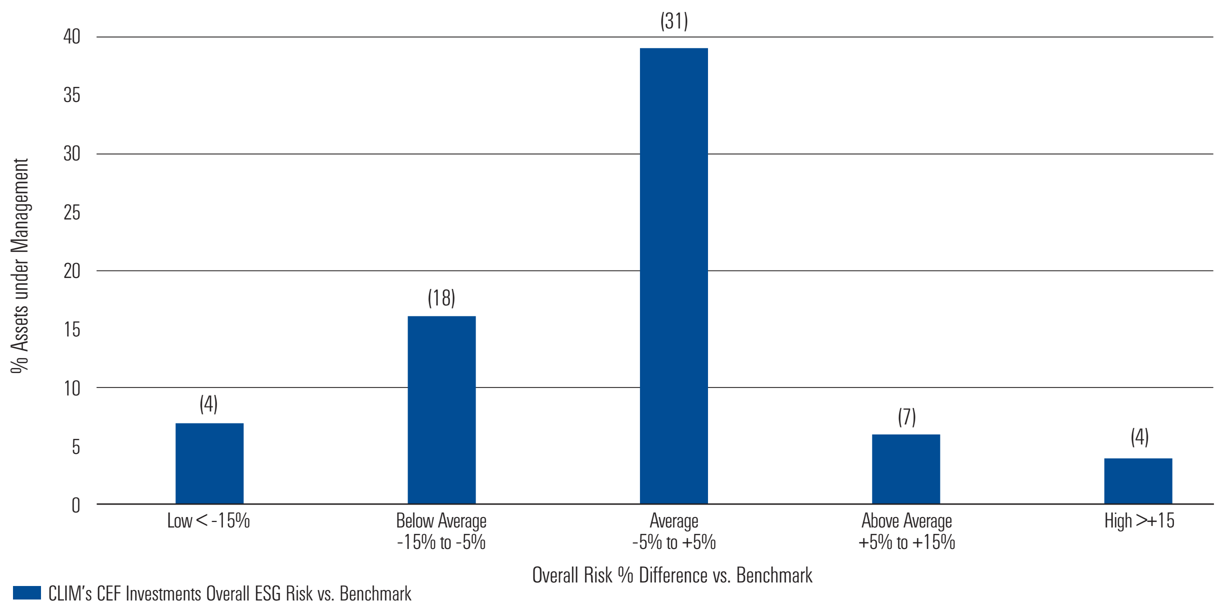
5. METRICS AND TARGETS

5.1. Alignment with strategy and risk management

The following section relates to our own operational footprint.

In addition to our commitment to develop our understanding of climate-related risks and our GHG reduction pathway, we have been focusing on acquiring green (renewable energy) electricity contracts for all of our offices.

Figure 4.1. CLIM's CEF investments overall ESG risk vs. benchmark



TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES
CONTINUED

A summary of progress made to date is shown below:

- **London** – our office is supplied electricity through contracts backed by renewable energy sources.
- **Rochester** – we have signed up for the local 'Catch the Wind' energy procurement program, which leverages wind power generated by turbines in New York State, to provide a proportion of the demand for the office.
- **For our remaining offices,** we are researching renewable electricity procurement options. Where possible, we will also consider offset programmes.
- The benefits and emissions reductions from these programmes, where implemented, can be seen within our Scope 2 market-based emissions.
- We will continue to review and optimise our utilities procurement strategy.

Additional actions and energy efficiency measures in the period include:

- A reduction in our operational footprint and emissions through the closure of our Dubai and Seattle offices.
- Continued emphasis remains on the utilisation of video conferencing for both internal and client meetings to minimise our carbon footprint.
- In July 2022, we adopted a group-wide hybrid working from home (WFH) policy following employee feedback. This has reduced our operational emissions, i.e., our Scope 1 & 2 emissions. As a result of this policy, we have assessed Scope 3 category 7 for the first time, which includes employee commuting and teleworking (WFH).

5.2. Footprint and SECR disclosure

As promised, we have extended the breadth and depth of our GHG emissions assessment across our business.

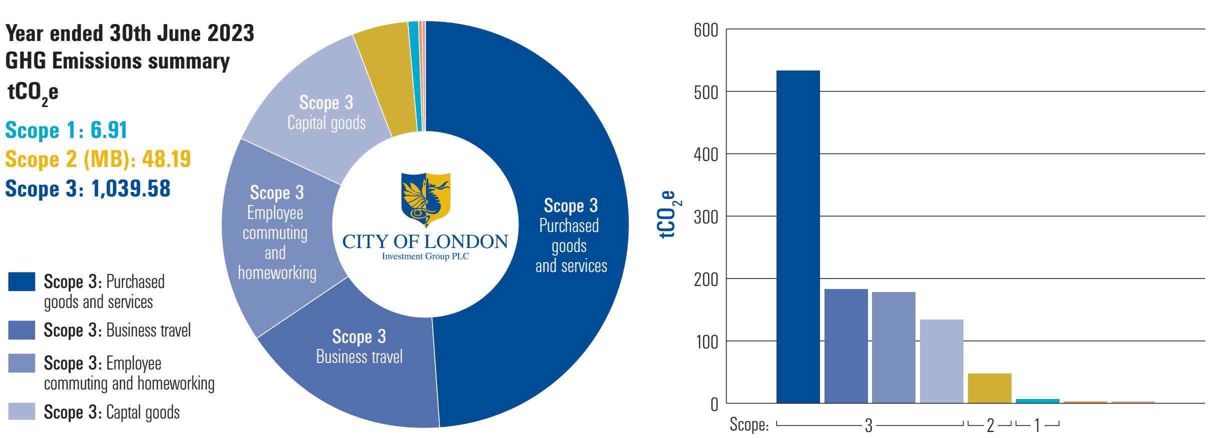
As expected, **95%** of our estimated emissions (scopes 1-3) come from scope 3. Our top three emissions are:

- **Purchased goods and services**
- **Business travel**
- **Employee commuting and homeworking**

Our Scope 1 & 2 emissions have decreased by 50 tCO_2e since our previous reporting period (using a market-based methodology), resultant from the closure of our Dubai and Seattle offices, continuation of hybrid working and through the purchase of green energy contracts/credits.

A summary of our assessed emissions is shown in Figure 5.1.

Figure 5.1. City of London Investment Group PLC – Scopes 1-3 GHG emissions summary



Scope	Emissions type	Scope 3 category	Indicator name	Year ended 30th June 2023	Year ended 30th June 2022
Scope 1 – Total direct GHG emissions			**Scope 1 sub-Total (tCO_2e Global)**	6.91	N/A
Scope 1	Direct	N/A	Company facilities – Stationary Combustion (gas)* (Non-UK only)	6.91	N/A
	Direct	N/A	Company vehicles	–	–
	Direct	N/A	Fugitive Emissions*	–	–
Scope 2 – Indirect energy related emissions			**Scope 2 (market-based) sub-total (tCO_2e Global)**	48.19	105.00
Scope 2	Indirect	N/A	Purchased electricity for own use (location-based) (UK)	16.55	19.00
	Indirect	N/A	Purchased electricity for own use (location-based) (Non-UK)	55.93	86.00
	Indirect	N/A	Purchased electricity for own use (market-based*) (UK)	0.00	–
	Indirect	N/A	Purchased electricity for own use (market-based*) (Non-UK)	48.19	–
Scopes 1 & 2			**Scopes 1 & 2 (market-based) sub-total (tCO_2e Global)**	55.10	105.00
Scope 3			**Scope 3 sub-total (tCO_2e Global)**	1,039.58	137.00
Scope 3	Upstream	1	Purchased goods and services*	533.27	N/A
	Upstream	2	Capital goods*	134.65	N/A
	Upstream	3	Fuel & energy related activities (not included in scope 1 and scope 2)**	3.80	6.00
	Upstream	5	Water & Waste generated in operations*	6.25	N/A
	Upstream	6	Business travel**	183.01	131.00
	Upstream	7	Employee commuting & homeworking*	178.61	N/A

* New category in period. ** Extended assessment. NA – not assessed

5.2.1. Organisational boundary

We have used a financial control boundary. Our assessment covers our four offices and the value chain supporting CLIG, CLIM and KIM. In terms of our Streamlined Energy and Carbon Requirement, as a listed company, we also comply with two of the three key requirements as follows:

- at least 250 employees – **Do not qualify. Full-time equivalent** (FTE) **in period was 116.**
- an annual turnover greater than £36m – **Qualified.**
- an annual balance sheet total greater than £18m – **Qualified.**

5.2.2. Energy consumption

The energy consumption used to calculate emissions for **Scopes 1 & 2 was 388,589 kWh.** A comparison of our electricity consumption, the main driver for our operational scope 1 & 2 emissions, with the previous year, is shown in Figure 5.2.

There has been a reduction in our electricity consumption of 18% in the period.

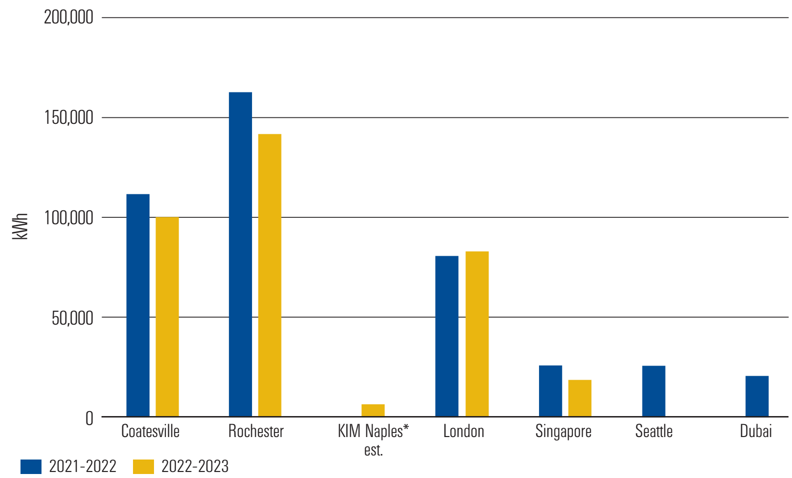
5.2.3. Scope 1 & 2 Comparison with base year

Our Scope 1 & 2 market-based emissions have reduced by 50 tCO_2e from last year (year ended 30th June 2022), primarily through the following measures:

- **Procurement of a green electricity contract for our London office.**
- **Purchase of wind energy credits for our Rochester office** (US).
- **Closure of our Dubai and Seattle offices.**

Our associated Scope 1 & 2 intensity ratio has reduced from **0.91 tonnes CO_2e/FTE** in our base year, to **0.47 tonnes CO_2e/FTE** this year, with a reference value of 116 FTE in the period.

Figure 5.2. CLIG – Year on year comparison of electricity consumption across all sites



*KIM Naples is a rented shared office workspace

Figure 5.3. CLIG – Year on year comparison of Scopes 1 & 2 combined (tCO_2e)

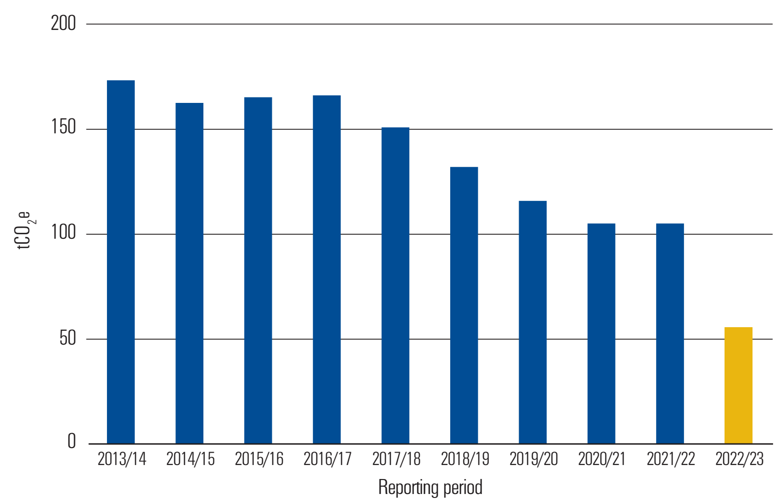
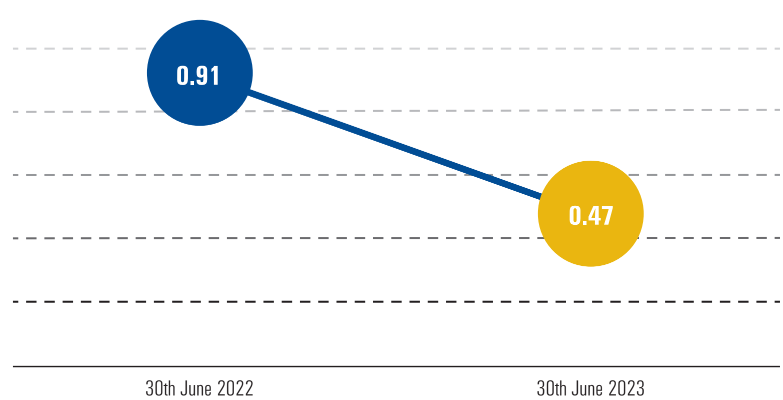


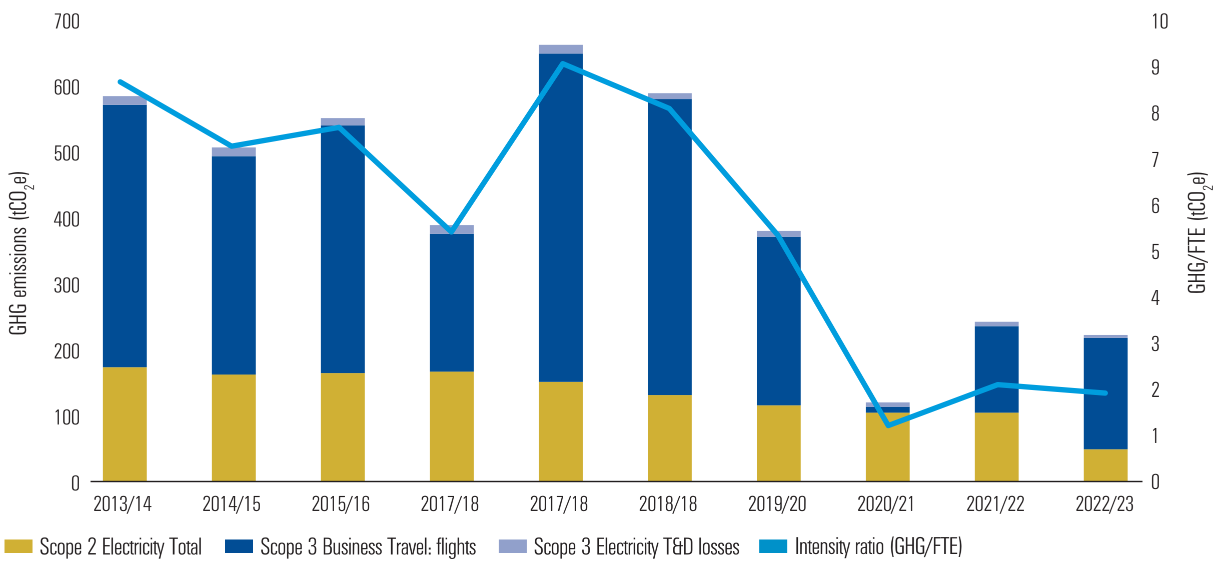
Figure 5.4. CLIG- Year on year comparison of Scopes 1 & 2 intensity (tCO_2e/FTE)



TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

CONTINUED

Figure 5.5. CLIG GHG emissions history (selected emissions for comparative assessment)



5.2.4. Footprint commentary

Further details are presented within our GHG report, published on our website. Given that this is the first year where we have expanded our scope 3 assessment, we have undertaken a comparison with previous years to assess trends on a like for like basis, i.e., Scopes 1 & 2, plus Scope 3 business travel (flights) and transmission and distribution losses from the electricity delivered to our offices.

What is interesting to note is that our total emissions, within the context in Figure 5.5, show a softening of our post-Covid rebound, largely through the displacement of additional travel with office closures and optimisation of our electricity procurement. We do however anticipate a further increase in business travel in our next financial year to support our strategy meeting. Please refer to targets and future actions.

Further details on our methodology, assumptions and assessment is provided within our GHG Scopes 1-3 report.

5.3. Targets and future actions

Our targets are now under review following the extension of our GHG assessment during the period. We will consider implementing KPIs and annual reductions in scopes 1-3 emissions. This may include the volume and quantity of our operational waste, material usage and water consumption.

At present, we are targeting operational net zero by 2050. This date remains under review. CLIG is a public limited company which listed on the London Stock Exchange on 29th October 2010 and is domiciled and incorporated in the United Kingdom under the Companies Act 2006. Our net zero target considers alignment with the UK's legally binding requirement to have reduced its greenhouse gas emissions by 100% from its 1990 levels. The net zero target for the UK was defined in the Climate Change Act 2008 (2050 Target Amendment) Order 2019.

Some arguments persist over the most appropriate means and timeline for reducing and/or eliminating emissions to mitigate climate change. However, increasing numbers of governments are converging on a goal of net-zero emissions by 2050. This is in line with recommendations of the Intergovernmental Panel on Climate Change (IPCC), and the goals of the Paris Agreement in 2015 to keep the average global temperature rise 'well below 2°C above pre-industrial levels' and to 'pursue efforts' to limit the rise to 1.5°C.

In the short/medium term, as noted above, we plan to reduce what we can, and offset what we can't. Once approved, our interim ambition to become carbon neutral will be verified and certified to the requirements of PAS 2060:2014 and supported by the development of a Qualifying Explanatory Statement.

For business flights, due to our geographical spread and client base, we are reviewing our policies. Our approach will consider reducing what we can first and then offsetting necessary business travel through approved schemes, which may include:

- **Verified, humanitarian offset projects,** such as:
  - Solar lighting
  - High impact reforestation projects
  - Clean energy projects
  - Cleaner safer/water production in areas where further support is required.
  - Cooking stove provision for the world's poorest who lack access to clean cooking facilities.

In addition to company temperature alignment for Scope 1 and 2 targets, we are keen to extend this to include Scope 3 targets when practical, following our first extended Scope 3 baseline this year. We appreciate that his will require a level of engagement with our supply/value chain.

A brief summary of key activities under review is provided below:

Utilities procurement strategy – we will review and expand our strategy to consider and secure contracts underpinned with Renewable Energy Guarantees of Origin (REGO) at all sites.

On site renewable energy technologies – We are actively considering the role of appropriate and practicable Low and Zero Carbon technologies (LZCs) at our sites to support the reduction of our Scope 1 & 2 emissions.

Scope 3 – We will review the results of our extended Scope 3 emissions assessment. This will allow us to understand the impacts of our value chain. Understanding the Scope 3 emissions attached to our business will help us to assess and manage our exposure to climate-related risk, and to consider and action opportunities arising from the transition to a low carbon economy.

Working with others in our value chain to reduce these emissions will support our stewardship role in promoting sustainability throughout our business operations, and where appropriate, within the investment life cycle of the assets under our management.

Energy efficiency actions are being reviewed for implementation moving forwards, alongside a review of our Corporate and Social Responsibility (CSR) policy and development of tangible targets and milestones towards net zero.

SECTION 172 (1) STATEMENT

Section 172 (1) of the Companies Act 2006 requires Directors to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole and, in so doing, have regard (amongst other matters) to:

- the likely consequences of any decisions in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly to all shareholders of the Company.

As part of its decision-making process, the Board considers a broad range of stakeholders however it is acknowledged that, in balancing different perspectives, it may not always be possible to deliver everyone's desired outcome. Refer to pages 60 to 61 for our engagement with various stakeholders.

The Board fulfils its duties in collaboration with the senior management teams of its two operating subsidiaries as detailed on page 19, who manage the day-to-day operations of the business along with the Executive Director and the Group Executive Committee, the Company's extensive corporate responsibility activities as set out on pages 36 to 38 and through the application of the corporate governance framework as set out in the governance report on page 62.

The relationship with the three key stakeholders of our business (Clients, Employees, Shareholders) has been expressly acknowledged by the Board since CLIG first became a public company in 2006 and has been a key feature of every Annual Report ever since (see page 22).

Signed on behalf of the Board of Directors of City of London Investment Group PLC.

Tom Griffith
Chief Executive Officer

15th September 2023

Should shareholders have any questions with regard to the content of this report, they are welcome to email us at ***investorrelations@citlon.co.uk****, but we will obviously not be able to answer any questions of a price-sensitive nature.*

GOVERNANCE

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CHAIR'S INTRODUCTION

"We have now transitioned the Group's governance architecture from two founder-driven companies to a diverse asset management business that can look to the future with confidence."

Barry Aling Chair

On behalf of the Board I am pleased to introduce the Company's corporate governance report for this year which sets out our corporate governance framework and how we have complied with the UK Corporate Governance Code.

It is now three years since CLIG's merger with Karpus Investment Management and shareholders will need no reminding that during this period, a pandemic, an inflationary spiral and geopolitical tensions have created significant and unforeseen challenges. Despite these headwinds, I believe we have now transitioned the Group's governance architecture from two founder-driven companies to a diverse asset management business that can look to the future with confidence. In that vein, the most recent year has been one of consolidation in governance terms, of embedding the reporting relationship between the Group Executive Committee and the Board and preparing for further changes to the Board's composition, including plans for an orderly succession of my role.

Board composition

As we reported last year, on 31st July 2022, Barry Olliff, the Company's founder, retired from the Board after more than thirty years' service.

Although there have been no new appointments to the Board during the last year, the Nomination Committee has spent much of its time in the last year on succession planning. In April we announced that I would be retiring from the Board with effect from this year's Annual General Meeting (AGM) on 23rd October 2023 and that Rian Dartnell, an existing Non-Executive Director, would succeed me as Chair of the Board, subject to his re-election as a Director by shareholders at the AGM. In line with best practice, the Company confirms that I was not involved in the appointment of Rian as my successor.

Diversity and inclusion

The Board and Nomination Committee are actively considering measures to comply with the new Listing Rules requirements relating to diversity. Whilst we are committed to having a Board that is diverse in all respects, we are also clear-eyed about some of the challenges of finding a diverse pool of candidates who have the skills and experience in our business sector. To counter this, we have been looking afresh at our Board role specifications to ensure we are able to draw on as wide a pool of talent as possible.

We know we have more work to do to be able to meet the Listing Rules requirements in respect of gender diversity, both in regard to senior Board positions and female representation in the executive management team.

It remains our firm intention to comply fully with best practice in respect of independence, diversity and inclusion both on the Board and throughout the Group, although as we reported last year, the goal of full compliance will need to be achieved in a way that ensures an appropriate level of continuity, rather than within an arbitrary deadline.

Our Board Diversity Policy and our detailed statement on diversity can be found in the Nomination Committee report.

Succession planning

The Nomination Committee has worked to develop our succession plans, with a necessary focus on upcoming near-term changes. Further detail on succession planning can be found in the Nomination Committee report on page 65.

UK Corporate Governance Code

During the year, the Group was fully compliant with the provisions of the UK Corporate Governance Code.

Please refer to pages 56 and 57 for more information.

Board performance

Delaying the timing of our 2022 Board evaluation means that we have substantially completed two reviews of the effectiveness of the Board and its committees in the last year. Both evaluations were carried out internally.

An update on the outcomes from the 2022 Board evaluation and some commentary about the 2023 process can be found on page 63.

Culture, purpose, values and strategy

The Board is responsible for setting the Group's purpose, values and strategy and strives to set a positive tone from the top, leading by example and acting with integrity. During the year the Board has visited the Group's offices in the UK and US. We greatly value being able to engage with employees in this way as it provides a valuable opportunity for us to gauge the culture of the Group in a more practical and direct way, in addition to the regular monitoring of key performance indicators at Board meetings. Further details on the Group's culture, purpose and values can be found on page 59 and detail on the Group's strategy can be found on pages 22 to 24.

Looking ahead

Good governance processes are well-embedded throughout the Group and we continue to enhance our arrangements where we identify opportunities to do so.

Despite this, there is still work to do in making our Board more diverse. Current macro-economic and geo-political situations are creating a challenging business environment which we as a Board need to navigate carefully; however I believe that we have a Board structure which will enable us to focus on and address those challenges in the interests of all of our stakeholders.

I am grateful to my Board colleagues for their commitment over the past year as we have continued to navigate carefully through a business environment that has remained challenging.

I would also like to extend my personal thanks to colleagues in the wider business for their hard work during my time with the Group.

When I step down from the Board next month, I know I will be leaving a Group in a strong position with an experienced Board and leadership team.

Barry Aling
Chair of the Board
15th September 2023

BOARD OF DIRECTORS

CHAIR

Barry Aling
CHAIR OF THE BOARD

Date of appointment:
1st August 2013
Tenure: >10 years

Experience
Barry Aling has worked extensively in international equity markets over a 40-year period. Within the emerging market universe, Barry has held senior executive positions with W.I.Carr and Swiss Bank Corporation in Asia and the UK, and was a Director of Asset Management Investment Company plc, a listed investment trust specialising in the investment management industry and Gaffney Cline & Associates Limited, a leading petroleum consultancy, prior to its sale to Baker Hughes Inc. in 2007.

External listed directorships: none

Contributes to the Board: financial and emerging markets knowledge; asset management; consultancy; Board and Chair experience.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Peter Roth
SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

A N R

Date of appointment:
1st June 2019
Tenure: >4 years

Experience
Peter Roth has more than 35 years of experience in the financial services industry. He has held senior executive positions with Fox-Pitt, Kelton and Keefe, Bruyette & Woods. Peter currently serves as Managing Partner of Rothpoint Group LLC, a New York based consulting firm focusing on the financial services industry. He also serves as a trustee of the Guggenheim Credit Income Fund and is chairman of the audit committee and a member of the nominating and governance committee and independent trustee committee. Peter is also a Director of the Stone Point Credit Corporation and is the Chairman of the audit committee and member of the nomination and governance committee. He also serves on the Board of St Mary's Healthcare System for Children where he chairs the finance committee and serves on the executive, nomination and development committees.

External listed directorships: none

Contributes to the Board: experienced investor; extensive knowledge of financial services industry; Audit Committee Chair experience; and wide-ranging governance experience.

Jane Stabile
INDEPENDENT NON-EXECUTIVE DIRECTOR

N R

Date of appointment:
2nd July 2018
Tenure: >5 years

Experience
Jane Stabile is the president and founder of IMP Partners LLC, a FinTech consulting firm founded in 2004 that counts four of the top ten global asset managers amongst their clients. In addition to managing IMP Partners LLC, Jane provides advisory services to clients making strategic decisions on the use of technology within their firms. Jane has over 30 years of experience in the financial services industry.

External listed directorships: none

Contributes to the Board: extensive knowledge of financial services industry; leadership; strategic consulting; and strong entrepreneurial skills.

A Audit & Risk Committee
N Nomination Committee
R Remuneration Committee
Committee Chair

INDEPENDENT NON-EXECUTIVE DIRECTORS

Rian Dartnell

INDEPENDENT NON-EXECUTIVE DIRECTOR

R A

Date of appointment:
1st October 2020
Aggregate tenure: *>8 years*

Experience
Rian Dartnell is the Managing Partner of PAXIS Key Holdings and works with endowment, foundation and family relationships to identify and monitor exceptional managers and investments. He also serves as a Trustee, Adviser, or Investment member for high quality family, endowment and institutional investors. Rian served as a Non-Executive Director on the Group Board from June 2011 to July 2016.

External listed directorships: *none*

Contributes to the Board: *strong leadership; extensive experience of asset management industry; experienced investor; and financial and emerging markets knowledge.*

Tazim Essani

INDEPENDENT NON-EXECUTIVE DIRECTOR

A N R

Date of appointment:
1st February 2021
Tenure: *>2 years*

Experience
Tazim Essani has over 30 years of experience in executive roles at Close Brothers Group plc, Santander UK plc and GE Capital. She has a significant track record in strategy and M&A in financial services in the UK and internationally covering integration, management transition and realization of synergy benefits. She also serves as a Non-Executive Director on the Board of Quilter plc where she sits on the Audit and Remuneration Committees. In addition, Tazim has responsibility for employee engagement focusing particularly on diversity and inclusion. Tazim is also a Trustee (Council member) of the Royal Horticultural Society and an executive coach at The Alliance.

External listed directorships: *Non-Executive Director Quilter plc*

Contributes to the Board: *extensive knowledge of financial services industry; leadership; strategic consulting; and strong entrepreneurial skills.*

EXECUTIVE DIRECTOR

Tom Griffith

CHIEF EXECUTIVE OFFICER

Date of appointment:
1st June 2004
Aggregate tenure: *>19 years*

Experience
Tom was the Deputy Chief Executive Officer and COO of the firm before becoming CEO in March 2019. Prior to joining City of London Group in 2000, Tom held various positions in the institutional client division of The Vanguard Group including roles as both a Client Relationship Manager and a Marketing Executive. In 1986, he obtained a bachelor's degree in Corporate Finance and Investment Management from the University of Alabama.

External listed directorships: *none*

Contributes to the Board: *strong entrepreneurial leadership; asset management experience; proven track record implementing successful business strategies; and Board experience.*

Note: George Karpus retired on 31st July 2023.

BOARD ACTIVITIES

BOARD AND COMMITTEE MEETING AND ATTENDANCE

	Board	Audit & Risk Committee	Nomination Committee	Remuneration Committee
Number of scheduled meetings	6	4	2	4
Current Directors				
Executive Directors				
Tom Griffith	6/6	–	–	–
Non-Executive Directors				
Barry Olliff (1)	1/1	–	–	–
George Karpus (2)	6/6	–	–	–
Barry Aling	6/6	–	–	–
Peter Roth	6/6	4/4	2/2	4/4
Jane Stabile	6/6	–	2/2	3/4
Rian Dartnell	6/6	4/4	–	3/4
Tazim Essani	6/6	4/4	1/2 (3)	3/4

Notes:
- Includes scheduled meeting dates that have taken place up until the financial year ended 30th June 2023.

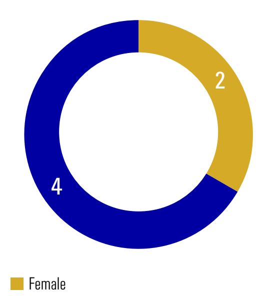
1) Barry Olliff retired from the Board on 31st July 2022.
2) George Karpus retired from the Board on 31st July 2023.
3) Tazim Essani was unable to attend the Nomination Committee meeting held in May 2023 due to a pre-existing commitment. The meeting had to be moved from the originally agreed date of 8th May, which was subsequently announced as a bank holiday in the UK for the coronation of King Charles III.

TOTAL BOARD AND COMMITTEE MEETINGS

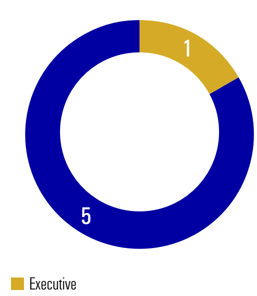
Board	6
Audit & Risk Committee	4
Nomination Committee	2
Remuneration Committee	4

BOARD STATISTICS*

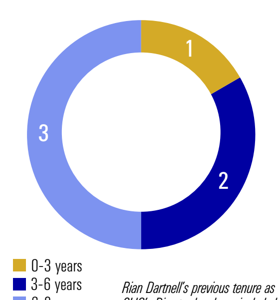
Gender balance



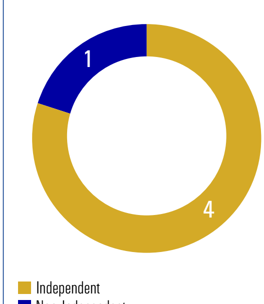
Executive vs. Non-Executive



Tenure



Independent vs. Non-Independent
(excluding Chair)



*As at the date of signing of the Annual Report - excluding Barry Olliff and George Karpus who resigned from the Board on 31st July 2022 and 31st July 2023 respectively.

CORPORATE GOVERNANCE ARRANGEMENTS

Compliance with the UK Corporate Governance Code

The Board applies and reports against the UK Corporate Governance Code (the Code), a copy of which can be found at www.frc.org.uk.

This report has been structured to assist shareholders and other stakeholders in interpreting the Company's application of the Code principles. Appropriate cross-references are made where relevant information is disclosed outside of the corporate governance report.

Throughout the financial year and to the date of this report, the Company has complied with all provisions of the Code.

The role of the Board

The Board is responsible for promoting the Company's long-term success. It achieves this by setting the Group's strategy and monitoring delivery against it. Further details can be found on pages 22 to 24. Group strategy is guided by the Company's purpose and values, further details of which can be found on page 59.

Matters reserved to the Board

The Board operates a policy of matters formally reserved for its decision, which includes items that are material in delivering on the Group's strategy and purpose. These matters include:

- Setting the Company's values and standards and monitoring progress against them.
- Approval of strategic aims and objectives.
- Approval of budgets, capital expenditure and changes to the Group's capital structure.
- Ensuring a sound system of internal controls and risk management.
- Approval of financial results and trading updates.
- Approval of dividends and review of dividend policy.
- Approval of workforce policies.

The full schedule of matters reserved can be found on the Company's website: www.clig.co.uk.

Board meetings

The Group Chief Financial Officer prepares an agenda for each Board meeting in conjunction with the Company Secretary, Chief Executive Officer and Chair of the Board. Agendas are structured to allow sufficient time for discussion and debate, and to ensure that the Board covers all items it needs to in order to discharge its duties.

Conflicts of interest

On appointment, Directors are required to disclose conflicts of interest to the Company. Details of existing conflicts of interest are tabled at each Board meeting and Directors are asked to provide updates where required. Conflicts of interest are also verified as part of year-end reporting.

Director time commitment and external appointments

Director time commitments are assessed annually by the Nomination Committee. Directors are required to disclose any significant commitments upon appointment and all external appointments must be approved by the Board before they are accepted.

BOARD ACTIVITIES
CONTINUED

Application of Code Principles

The table below provides an explanation of how the Board has applied the Code Principles during the year ended 30th June 2023.

CODE PRINCIPLE	SUMMARY
BOARD LEADERSHIP AND COMPANY PURPOSE	
A	A successful Company is led by an effective and entrepreneurial Board, whose role is to promote the long-term sustainable success of the Company, generating value for shareholders and contributing to wider society. *The role of the Board is set out on page 55. The section 172 (1) statement on page 48 explains how the Directors carry out their duty to promote the long-term success of the Company, taking into account the outcome of engagement with key stakeholders.*
B	The Board should establish the Company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All Directors must act with integrity, lead by example and promote the desired culture. *Please see page 59 for a summary of the Group's culture, purpose, values and pages 22 to 23 for strategy.*
C	The Board should ensure that the necessary resources are in place for the Company to meet its objectives, and measure performance against them. The Board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed. *The Board's role in ensuring the Group has the necessary resources is stated on page 62. The Audit & Risk Committee report on pages 69 to 72 includes a description of the Group's approach to risk management and internal control.*
D	In order for the Company to meet its responsibilities to shareholders and stakeholders, the Board should ensure effective engagement with, and encourage participation from, these parties. *Commentary about stakeholder engagement can be found on pages 60 to 61.*
E	The Board should ensure that workforce policies and practices are consistent with the Company's values and support its long-term sustainable success. The workforce should be able to raise any matters of concern. *The approval of workforce policies is a matter reserved to the Board. Please see page 60 for more details on the Board's role in relation to workforce policies and whistleblowing.*
DIVISION OF RESPONSIBILITIES	
F	The Chair leads the Board and is responsible for its overall effectiveness in directing the Company. He or she should demonstrate effective judgement throughout their tenure and promote a culture of openness and debate. In addition, the Chair facilitates constructive Board relations and the effective contribution of all Non-Executive Directors, and ensures that Directors receive accurate, timely and clear information. *Information about the Company's Board performance evaluation can be found on page 63.*
G	The Board should include an appropriate combination of Executive and Non-Executive (and in particular, Independent Non-Executive) Directors, such that no one individual or small group of individuals dominates the Board's decision-making. There should be a division of responsibilities between the leadership of the Board and the executive leadership of the Company's business. *The composition of the Board is kept under review. A description of the division of responsibilities between the Board and the Group Executive Committee can be found on page 62.*
H	Non-Executive Directors should have sufficient time to meet their Board responsibilities. They should provide constructive challenge and strategic guidance, offer specialist advice, and hold management to account. *Expectations about time commitment and the duties of the role are set on appointment and the Chair of the Board provides support to the Non-Executive Directors as necessary thereafter. Please see pages 55 and 63 for additional commentary.*
I	The Board, supported by the Company Secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently. *Information about the Company's Board performance evaluation, which includes a review of Board processes, can be found on page 63.*

CODE PRINCIPLE	SUMMARY
COMPOSITION, SUCCESSION AND EVALUATION	
J	Appointments to the Board should be subject to a formal, rigorous and transparent procedure and an effective succession plan should be maintained for Board and senior management. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths. *The approach to Board appointments and succession planning and the Board Diversity policy are described on pages 65 to 66.*
K	The Board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the Board as a whole and membership regularly refreshed. *The Board reviews the balance of skills and experience needed as part of its discussions on succession planning. See page 65 for more information.*
L	Annual evaluation of the Board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each Director continues to contribute effectively. *Information about the annual Board evaluation and the individual evaluation of Directors can be found on page 63.*
AUDIT, RISK AND INTERNAL CONTROL	
M	The Board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions and satisfy itself on the integrity of financial and narrative statements. *The Board monitors the need for an internal audit function and the policies and processes in place to ensure the independence and effectiveness of the external auditor. Further details can be found in the Audit & Risk Committee Report on pages 69 to 72.*
N	The Board should present a fair, balanced and understandable assessment of the Company's position and prospects. *The Audit & Risk Committee and the Board consider whether the annual report is fair, balanced and understandable and the appropriate statement is included on page 70.*
O	The Board should establish procedures to manage risk, oversee the internal control framework and determine the nature and extent of the principal risks the Company is willing to take in order to achieve its long-term strategic objectives. *Disclosures on the Company's internal control and risk management systems are included in the Audit & Risk Committee Report on pages 69 to 72 and in the Directors' Report on page 95.*
REMUNERATION	
P	Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success. Executive remuneration should be aligned to Company purpose and values, and be clearly linked to the successful delivery of the Company's long-term strategy. *The Remuneration Committee considers the alignment of rewards policies with long-term strategy. Refer to page 73.*
Q	A formal and transparent procedure for developing policy on executive remuneration and determining Director and senior management remuneration should be established. No Director should be involved in deciding their own remuneration outcome. *Details about the operation of the Remuneration Committee are included in the Chair of the Remuneration Committee's Annual Statement and the Annual Report on Remuneration on pages 73 to 88.*
R	Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of Company and individual performance, and wider circumstances. *The Remuneration Committee exercises appropriate discretion when authorising remuneration outcomes, as described in the Annual Report on Remuneration on pages 78 to 88.*

BOARD ACTIVITIES
CONTINUED

The Board discharges its duties through an annual programme of meetings. Some key areas of focus during the financial year are shown below.

STRATEGY AND PERFORMANCE

- Received and discussed regular reports from the Executive Director and senior management on performance.
- Reviewed and approved Group strategy and KPIs, as set out on pages 22 to 29.
- Reviewed culture, purpose and values and alignment with culture.

FINANCIAL OVERSIGHT

Dividends
- Reviewed the Company's dividend policy.
- Considered and declared an interim dividend of 11p per share for payment on 31st March 2023.
- Considered and recommended a final dividend of 22p per share for payment on 27th October 2023.

External reporting
- Upon the recommendation of the Audit & Risk Committee, reviewed and approved full and half year results and the Annual Report and Accounts.
- Reviewed and approved quarterly trading statements.

Budget and financial resource
- Reviewed and approved the 2022/2023 Group budget.

AUDIT, RISK AND INTERNAL CONTROL

- Reviewed and approved the Internal Capital and Risk Assessment (ICARA).
- Reviewed systems of risk management and internal control.
- Approved the going concern statement and assessment of viability.
- Carried out a robust assessment of the Company's principal and emerging risks.

LEGAL AND GOVERNANCE

Succession and appointments
- The Board considered proposals from the Nomination Committee for transition of the Chair's role.

Annual General Meeting
- Held an AGM.

Governance
- Considered reports from the Committee Chairs.
- Approved various Group policies.
- Assessed the Group's compliance with corporate governance guidelines and regulation.

The Board is responsible for setting the Company's purpose, values and strategy, and for satisfying itself that these and its culture are aligned.

The Board reviewed its purpose, values and methods for assessing and monitoring culture in September 2023.

PURPOSE

The Group exists for the mutual benefit of our three primary stakeholders: Clients, Employees and Shareholders.

VALUES

- **The Clients pay the bills** – Clients expect superior investment performance, openness and accountability, and ethical treatment.
- **The Employees manage the business** – Employees expect fair treatment, open communication and to share in the success of the Group.
- **The Shareholders own the business** – Shareholders expect relevant risk and cost controls, quality earnings and within the bounds of prudential balance sheet management, regular dividend distributions.

CULTURE

The Board is responsible for setting the cultural tone of the Group by way of clear policies, procedures and codes which set out, and aim to ensure attainment of, stakeholder expectations. By setting an appropriate cultural framework the Board's goal is to empower employees to deliver consistently and sustainably against the strategy it sets.

New employees receive an induction including coaching on the Company's Code of Ethics, which covers behavioural expectations around topics such as bribery and corruption, conflicts of interest, insider dealing, confidentiality, personal securities account dealing, inclusion, gifts and hospitality and delegated levels of authority.

The Board receives updates on employee retention, an important indicator that the Board has succeeded in embedding a positive culture. The Group boasts a very low level of employee turnover with high levels of reported employee satisfaction. Employee retention remains a key cornerstone of the Group's strategy and is one of the Group's additional key performance indicators. Further details on strategy can be found on pages 22 to 24 and additional key performance indicators can be found on pages 26 to 29.

The Board receives regular updates from CLIM's Head of Compliance and KIM's Chief Compliance Officer, which contain details of policy breaches, including in relation to the Code of Ethics. The Board monitors such breaches closely with a view to taking action should the reported issues indicate a trend as opposed to an exception.

The Board also reviews and assesses the Group's culture by directly engaging with the employees at both operating subsidiaries. The following are some examples of such engagement that have taken place during the financial year and up to the date of the Annual Report:

October 2022 AGM and Board meetings in London
- Board visit to London office
- Board's informal interaction with all employees

April 2023 Board meeting in Coatesville, PA
- CLIM employee presentations to Board
- Formal NED and Employee Engagement Sessions held by video conference with CLIM and KIM employees across all offices on 25th April 2023
- Board's informal interaction with all CLIM's US employees

July 2023 Board meeting in Rochester, NY
- KIM employee presentations to Board
- Board's informal interaction with all KIM employees

Refer to pages 60 to 61 for details of the Board's engagement with various stakeholders.

STAKEHOLDER ENGAGEMENT

The Board must act in a way that promotes the success of the Company for the benefit of shareholders, whilst having due regard to its wider stakeholders.

Details of the Board and wider Group's engagement with its stakeholders are set out below and the s172 (1) statement can be found on page 48.

CLIENTS

Key considerations

- Ensure client needs are understood and met.
- Ensure transparency on key issues related to investment products, including investment performance, regulatory requirements and ESG considerations.
- Clear communication.

How the Board engaged

- Received regular reports providing updates on client relationships, including details of client calls and engagement.

SHAREHOLDERS

Key considerations

- Ensure that shareholder interests and concerns are understood and addressed.
- Ensure transparency on key issues and provide clear communications.

How the Board engaged

- Annual General Meeting.
- Regular in-person/video conference meetings with shareholders.

How the business engaged

- Video conference presentations and in-person/virtual roadshows around results announcements.

EMPLOYEES

Key considerations

- Ensure employees have an ongoing opportunity to share ideas and raise issues with senior management and the Board of Directors.
- Develop employee expertise and provide opportunities for advancement.
- Ensure that employees are supported in their lives outside of their work in order to support their families' and communities' well-being (see page 36 for further detail on employee welfare).

How the Board engaged

- Board meetings are held at Company offices to provide employees with the opportunity for informal interaction with the Board.
- Regular site visits take place.
- Formal NED and Employee Engagement Sessions were held by video conference with CLIM and KIM employees across all offices in April 2023.
- Board's informal interaction with employees from various offices in October 2022, April 2023 and July 2023.
- The Board keeps workforce policies under review to ensure they are consistent with the Group's values and support the Company's long-term success.

How the business engaged

- Refer to page 36 for employee welfare policies.

Workforce engagement

Provision 5 of the UK Corporate Governance Code

The Board is required to agree a mechanism for ensuring ongoing engagement with the workforce and has designated Barry Aling, the Chair of the Board, as the Non-Executive Director in charge of employee engagement. This role entails championing strength of communication between the Board and employees, and ensuring appropriate opportunities are created for employees to give feedback.

Whistleblowing

Provision 6 of the UK Corporate Governance Code

The Company's whistleblowing mechanism enables the workforce to report concerns anonymously. The Board receives details about reports received pursuant to this mechanism at each scheduled meeting and ensures that a proportionate and independent investigation and follow up action is taken in relation to all reports.

THE ENVIRONMENT

Key considerations
- The Group is dedicated to ensuring that the environment is protected.

How the Board engaged
- Receives reports regarding the Group's carbon footprint and sustainability data.
- Refer to disclosures recommended by TCFD on pages 39 to 47.

How the business engaged
- Engaged with a third-party environment consultant to enhance our climate-related disclosures on environmental risks and opportunities.
- The Group endeavours to limit its carbon footprint through a series of Group-wide initiatives with an aim to reduce absolute levels of emissions and waste volumes as detailed on pages 37 and 43 to 44.
- We utilise Sustainalytics to ensure that the investment process supports ESG initiatives. Refer to page 38 in relation to responsible investment.
- Refer to disclosures recommended by TCFD on pages 39 to 47.

OUR COMMUNITIES

Key considerations
- The Group is dedicated to ensuring that we are good citizens in the communities in which we have offices.

How the Board engaged
- The Board spearheaded an initiative to increase the level of applications being received from candidates from diverse backgrounds by consulting with recruiters.

How the business engaged
- Community outreach and support efforts are a key element of our ongoing business operations. Further details can be found on page 38.

REGULATORS

Key considerations
- Ensure that the Group complies with all relevant regulatory requirements.
- Proactively monitor changes in regulatory requirements and ensure the Group makes changes as required.

How the Board engaged
- Received and challenged regular reports from finance and compliance.

How the business engaged
- Each operating subsidiary has a compliance function which is integral to investment management and client functions and reports to the Board.

VENDORS

Key considerations
- Ensure that vendors adopt and execute data security practices consistent with internal Group policies.
- Ensure that arms-length relationships exist in order to protect client and shareholder interests.

How the Board engaged
- Received and challenged regular reports from operations.

How the business engaged
- Vendor relationships are managed by senior management with responsibilities clearly enumerated.
- ESG considerations are applied to all vendors.
- Expense authorisations are approved by an Executive Director, after considering the rationale for choosing a vendor.

CONSIDERATION OF STAKEHOLDERS IN DECISION-MAKING

Key considerations
Dividends

The Board approved an interim dividend of 11p which was paid on 31st March 2023 and is recommending a final dividend of 22p, making a total of 33p for the year.

CORPORATE GOVERNANCE FRAMEWORK

There is a clear division of responsibilities between the Board and its Committees. Each role is clearly defined and distinct.

BOARD OF DIRECTORS

Chaired by Barry Aling

Roles and responsibilities

- Establishes the Company's purpose, values and strategy, satisfying itself that these and its culture are aligned.
- Ensures that the Group's financial structure, resources, talent and culture support its objectives and long-term success.
- Oversees the framework for risk management and internal control.
- Maintains engagement with stakeholders.

GROUP EXECUTIVE COMMITTEE (GEC)

Chaired by Tom Griffith

Comprised of five members – Carlos Yuste, Dan Lippincott, Deepranjan Agrawal, Mark Duyer and Tom Griffith.

Roles and responsibilities

- Provides executive oversight of the Group's operating businesses and day-to-day management of the Group.

AUDIT & RISK COMMITTEE

Chaired by Peter Roth

Comprised exclusively of three Independent Non-Executive Directors.

Roles and responsibilities

- Oversees financial reporting, audit and risk.

See page 69 for the Audit & Risk Committee report.

NOMINATION COMMITTEE

Chaired by Jane Stabile

Comprised exclusively of three Independent Non-Executive Directors.

Roles and responsibilities

- Oversees Board composition, succession planning and governance matters.

See page 64 for the Nomination Committee report.

REMUNERATION COMMITTEE

Chaired by Rian Dartnell

Comprised exclusively of four Independent Non-Executive Directors.

Roles and responsibilities

- Oversees Group remuneration policy and strategy ensuring there is an appropriate linkage between strategy and reward.

See page 73 for the Remuneration Committee report.

BOARD ROLES

Chair

- Leads the Board and ensures its effectiveness.
- Supports the CEO in the execution of duties and providing constructive challenge.
- Works closely with Executive and Non-Executive Directors, and facilitates a culture of open, robust and effective debate.
- Ensures that the Board maintains effective communications with shareholders and other stakeholders.
- Ensures stakeholder interests are considered in Board's decision-making.

Chief Executive Officer

- Responsible for executive management of the Group.
- Formulates and recommends Group strategy for Board approval and responsible for execution of approved strategy.
- Runs the business within appropriate delegated authorities, risk management and internal controls.
- Communicates and embeds a shared purpose, sets business values and builds management talent.
- Develops an effective relationship with the Chair and leverages the knowledge of Non-Executive Directors.

Senior Independent Director

- Provides a sounding board for the Chair and, if required, acts as an intermediary between Directors and shareholders.
- Leads the annual evaluation of the Chair's performance.
- Leads the search for the appointment of a successor to the roles of Chair of the Board and Chair of the Nomination Committee, where required.
- Available as an additional point of contact for shareholders and other stakeholders if they feel matters raised have not been appropriately dealt with by the Chair and CEO.

BOARD EVALUATION

UPDATE ON 2022 EVALUATION PROCESS

The Board continues to review its own effectiveness and that of its Committees and individual Directors on an annual basis. The 2022 effectiveness review was sponsored by Jane Stabile, Chair of the Nomination Committee, and facilitated by the Company Secretary during September and October 2022.

The 2022 review was again conducted by way of a questionnaire. The questions remained broadly similar to those used in the 2021 review to allow comparison of results over time. Each Director was asked to complete the questionnaire and the responses were collated into a report by the Company Secretary for review by the Board.

As the Company is not a constituent of the FTSE 350, the Board determined that it would not undertake an externally facilitated Board evaluation in 2022 but the need for a periodic external perspective will remain under review by the Board.

Overall, the results of the 2022 evaluation were positive and showed that the Board continued to perform effectively.

Questionnaire topics included:

- Strategy
- The Board and stakeholders
- Board discussion and processes
- Risk, internal control and the Audit & Risk Committee
- Succession and the work of the Nomination Committee
- The Remuneration Committee
- The role of the Chair

OUTCOMES

The outcomes of the 2022 Board effectiveness review were discussed by the Board at its meetings in October 2022 and January 2023. As a result of reviewing common themes in the feedback Directors provided, three priority areas were agreed: the strategy for growth, succession planning and further refinement of management's reporting to the Board.

2022 EFFECTIVENESS REVIEW OUTCOMES	ACTIONS UNDERTAKEN
Strategy for Growth	• In January 2023 the Board received and considered a paper from the Executive Director which gave a high level overview of the strategy for growth • A strategy discussion was held in April 2023
Succession planning	• A significant amount of work has been undertaken during the current financial year in relation to succession planning, for the Board and its Committees and in relation to senior executives
Board reporting	• The formatting of Board papers has again been reviewed and refined so that management's reporting is more concise and focused to support Board discussion • Positive feedback on the new format of Board reporting was provided by Directors in the 2023 evaluation

2023 Evaluation Process

The 2023 evaluation process followed a similar approach to that used in 2022 and was again internally facilitated by the Company Secretary. Jane Stabile continued to be the sponsor of the process. A questionnaire was sent to each Director for completion by mid-June and the responses were collated into a report for consideration by the Nomination Committee at its August 2023 meeting. An update on the outcomes from the 2023 review will be provided in the 2023/2024 annual report.

Individual Directors

The individual skills, time commitment and independence of each Director are assessed annually and the Board confirmed that each Director continues to contribute effectively to the Board both within and outside of Board meetings.

Chair of the Board

The Non-Executive Directors met in April 2023 without Barry Aling, Chair of the Board present to discuss his performance. It was concluded that the Chair had continued to lead the Board well, facilitating open dialogue and encouraging the participation of all Directors. The Non-Executive Directors were also appreciative of Mr. Aling's contribution to the Board as its Chair over the past five years.

NOMINATION COMMITTEE REPORT

"We have attempted to strike a balance between refreshing the Board and preserving continuity of experience."

Jane Stabile Chair of the Nomination Committee

COMMITTEE MEMBERSHIP

Jane Stabile (Chair)
Tazim Essani
Peter Roth

I am pleased to present the Nomination Committee report for the year ended 30th June 2023.

It has been another busy year for the Committee, with our work focused mainly on Non-Executive Director succession planning. The Committee reviewed succession plans in light of the significant changes to the Board that took place in 2022 and the forthcoming changes in last year's annual report, namely, the planned retirements of George Karpus and Barry Aling.

George Karpus retired as a Non-Executive Director at the end of July 2023. Barry Aling will be retiring in October after five years as Chair and more than ten years on the Board. As we noted last year, Barry's tenure was extended beyond the usual nine years to enable him to see through to completion the Board restructure that was announced in April 2022. We are very grateful to Barry for his invaluable contribution to the Company during this time.

Rian Dartnell has agreed to succeed Barry Aling as Chair. The Committee considered the merits of seeking an external candidate for the role of Chair, but recommended Mr. Dartnell as the preferred candidate based on his long connection with the Group and his deep understanding of the business itself and the industry in which it operates.

We have attempted to strike a balance between refreshing the Board and preserving continuity of experience. We are confident that this appointment and our ongoing work on succession planning mean that the Board will continue to have the right combination of skills and experience to support the Company in delivery of its current strategy.

Succession planning has been identified as a priority area in the 2022 and 2023 Board effectiveness reviews and our attention as a Committee will now turn to developing our longer-term succession plans.

To this end, the Committee has considered the composition of the Board and its Committees, taking into account the skills, experience and knowledge of the existing Directors. Following this review, in August 2023 the Committee recommended commencing a search process for an additional independent Non-Executive Director with the assistance of Sapphire Partners, an executive search firm with a focus on diversity.

I am grateful to my colleagues on the Committee, to other Board members and to all those who have supported the Committee in its work during the year.

Jane Stabile
Chair of the Nomination Committee

15th September 2023

KEY ROLES AND RESPONSIBILITIES

- Monitor the structure, size and composition of the Board and its principal Committees.
- Oversee succession planning for Board and senior management roles.
- Identify and nominate candidates to fill Board vacancies.
- Review time commitment for Non-Executive Directors.
- Approve Directors for re-appointment at the end of their terms and at Annual General Meetings.
- Review results of annual Board effectiveness reviews.
- Approve Directors' external appointments.

Full terms of reference of the Committee can be found on the Company's website: **www.clig.co.uk**.

Committee composition and attendance

The Committee held two scheduled meetings during the year. Attendance details for scheduled meetings can be found on page 54. The Committee comprises of three Independent Non-Executive Directors. At the invitation of the Committee, meetings are regularly attended by the Chair of the Board, the Executive Director and other Non-Executive Directors. Other members of senior management are invited to attend and present at meetings from time to time. The Company Secretary is secretary to the Committee.

COMMITTEE ACTIVITIES

Terms of reference

The Committee reviewed its terms of reference in May 2023 and recommended minor changes.

Succession planning

The Committee reviewed and developed Board and senior management succession plans during the year.

Succession and contingency plans are formulated to cover the following scenarios:

- Emergencies.
- Unplanned departures.
- Planned departures.

To support sound succession planning at the Board level, the Committee mapped out the current and remaining tenure of each Non-Executive Director through the year 2030, in order to plan for the succession in terms of diversity, experience and skills. To support this evaluation, we created a skills and experience matrix to evaluate how the composition of the Board might change with any new Non-Executive Director appointed.

This year we have begun a search for an independent Non-Executive Director to replace Rian Dartnell as he becomes Chair of the Board. To aid in our search, we have retained a professional recruiting firm and have shared with them our short-term needs, such as the ability to serve on the Audit & Risk Committee, along with our ongoing desire to maintain an active and diverse board.

Board and Committee evaluation

During the year, the Committee reviewed the process for the annual Board effectiveness evaluation. It was agreed that the questionnaire-based approach used in September and October 2022 had worked well and would again form the basis of the Board effectiveness evaluation in 2023. Full details of the Board evaluation process can be found on page 63.

Director induction and ongoing training

A formal induction process is in place for new Directors, which aims to:

- familiarise Directors with the Group's business, departments and processes;
- cover the role, duties and responsibilities of Directors of a UK listed company; and
- facilitate engagement with employees.

Comprehensive and tailored programmes are formulated for each Director, depending on their individual background and experience. New Directors meet members of the Board, including the Chair, as well as Heads of Departments from around the business. They are given documentation providing key information related to the Group, including financial performance, Board policies and procedures and governance matters. These documents remain available to Directors as a continuing point of reference.

The ongoing training needs of Directors are kept under review and training sessions are planned as necessary.

Board size and composition

As discussed in last year's report, we reduced the size of the Board to be in-line with the size of the firm, with three independent Non-Executive Directors, one non-independent Non-Executive Director, one Executive Director who is also the CEO and our Chair of the Board.

We feel that the size of the Board has been effective and appropriate and intend to keep the Board at the same level, with the exception of recruiting an independent Non-Executive Director for our new opening. With George Karpus's retirement, all Non-Executive Directors are independent.

NOMINATION COMMITTEE REPORT
CONTINUED

Appointment of Directors

A formal, rigorous and transparent process is in place for the recruitment of new Directors. Appointments are made on merit against objective criteria, with due regard to the importance of promoting diversity of gender, social and ethnic backgrounds, and cognitive and personal strengths. The Company endeavours to use open advertising and/or a search consultant to recruit for Board positions.

All Directors are subject to annual re-election by shareholders at the Company's Annual General Meeting. The Committee makes recommendations to the Board regarding Director re-appointment by reference to the results of the annual Board evaluation and an assessment of Directors' time commitments and tenures.

Diversity and inclusion

The Board is committed to ensuring that its membership reflects diversity in its broadest sense, with a diverse range of demographics, skills, experience, race, age, gender, educational and professional backgrounds and other relevant personal attributes being reflected on the Board. The Company's Board Diversity Policy is regularly reviewed. Following review by the Committee in May 2023, the current policy was approved by the Board in July 2023. A summary of the Policy and its objectives can be found on page 67.

It remains a key area of focus for the Committee to consider the Company's approach to diversity among the Board and senior management. The introduction of new Listing Rules require the Company to report on whether it has met specified diversity targets. There are currently two female Directors on the Board, representing 29%* of the composition of our Board. Details of the gender breakdown across the Group can be found in the Strategic Report on page 36.

The Company remains committed to fostering diversity when making future Board appointments.

APPOINTMENT PROCESS FOR NEW DIRECTORS

- Draw up an initial list of role requirements
- Appoint an executive search agency, where necessary
- Draw up long- and short-lists of candidates with support from the search consultant to conduct screening interviews and take up references
- Short-listed candidates interviewed by a number of Directors and discussion had as to which candidates to take forward
- Feedback gained from candidates and second interviews undertaken
- Review undertaken of actual or potential conflicts of interest and assessment of the proposed Directors' existing commitments
- Recommendation made to the Board regarding appointment

*As at 30th June 2023 before considering George Karpus' resignation from the Board on 31st July 2023.

BOARD AND COMMITTEE DIVERSITY POLICY

Purpose

The purpose of this policy is to set out the Board's approach to diversity which applies to the Group's Board, the Audit & Risk Committee, the Nomination Committee and the Remuneration Committee (the 'Committees').

Policy

The Board believes in the benefits of having a diverse and inclusive culture and is committed to ensuring that it and its Committees reflect a variety of perspectives, experience, skills, age, tenure, geographical expertise, educational, professional and socio-economic backgrounds, genders, ethnicities, disability, sexual orientation and other distinctions.

All appointments are made on merit against objective criteria within the context of the required balance of skills and background the Board and its Committees require to function effectively.

Objectives

The Board is committed to the following objectives:

- considering all aspects of diversity when reviewing the composition of, and succession planning for, the Board and its Committees and executive management recruitment;
- ensuring that all searches conducted in relation to Board appointments, whether by the Company or external search firms, identify and present an appropriately diverse range of candidates for the vacancy;
- giving preference, where appropriate, to using executive search firms that are accredited under the Standard and Enhanced Codes of Conduct for Executive Search Firms;
- aiming to meet the targets for Board diversity set by the FCA in the Listing Rules, Disclosure Guidance and Transparency rules, FTSE Women Leaders Review, and Parker Review. The Company acknowledges it will need to work towards compliance over a period of time and recognises that periods of change in Board composition and the need to ensure the Board has the appropriate sectoral expertise may result in further periods of time when these objectives are not achieved; and
- disclosing data on gender identity or sex and ethnic diversity of members of the Board and executive management to the extent that local data protection laws do not prevent this.

Monitoring and reporting

The Nomination Committee has the principal responsibility for monitoring and reporting on diversity on behalf of the Board.

The Nomination Committee is responsible for reviewing, updating and monitoring succession plans in line with good governance practice and any new regulatory requirements with the aim of creating a diverse pool of talent for appointments to the Board, its Committees and executive management.

In its annual report, the Committee will present:

- a summary of this Policy and progress made against its objectives;
- the process used in relation to Board appointments;
- its approach to succession planning and the development of a diverse pipeline of candidates for Board, Committee and executive management roles; and
- any diversity information it is required to report on by law or regulation.

The Board monitors developments in law, regulation and good governance practice in relation to diversity (among other things) and the Remuneration Committee considers the elements of reward that can support diversity.

NEW STATEMENT ON DIVERSITY

The Listing Rules were updated during the year to include specific diversity targets to ensure that at least 40% of the Board are women, at least one of the senior Board positions (Chair, CEO, CFO and SID) is a woman and that at least one Director is from a minority ethnic background, requiring companies to report on a 'comply or explain' basis. As at 30th June 2023 and at the date of publication of this report, and excluding George Karpus who retired on 31st July 2023, the Company has met one of these targets as one director is from a minority ethnic group. Currently the Board has 33.3% female representation and no senior Board position is held by a woman.

NOMINATION COMMITTEE REPORT

CONTINUED

The Directors are aware of the changes to the Listing Rules but have had limited opportunities to make changes which would have enabled the targets to be met for this reporting year. Whilst there have been a number of changes to the composition of the Board in 2022 and 2023 as a result of the planned resignations that were necessary to create the Group Executive Committee and due to subsequent retirements, no new Board appointments have been made since that of Tazim Essani, who joined the Board in February 2021.

Plans are in progress for the recruitment of a new Non-Executive Director and diversity is an important factor for the Nomination Committee to consider when shaping future Board recruitment plans. The Nomination Committee has not yet formally set any diversity targets but is mindful of the target set by the FTSE Women Leaders Review to achieve 40% female representation by 2025. As part of our planning, we are engaging with business communities that will help broaden our pool of candidates in the future, such as the Women Presidents Organization and 100 Women in Finance.

The tables below report our data on the gender identity and ethnic diversity of the Board, senior Board positions and executive management, based on the data we collect from individuals when joining the Company.

Gender representation data

	Number of Board Members[1]	Percentage of Board Members[1]	Number of Senior Positions on Board (CEO, CFO[2], SID & Chair)	Number in executive management[3]	Percentage of executive management[3]
Men	4	66.7%	3	5	100%
Women	2	33.3%	0	0	0

Ethnicity representation data

	Number of Board Members[1]	Percentage of Board Members[1]	Number of Senior Positions on Board[2]	Number in executive management[3]	Percentage of executive management[3]
White British or other White (including minority-white groups)	5	83.3%	3	4	100%
Asian/Asian British	1	16.7%	0	1	20%

1 Excluding George Karpus who retired on 31st July 2023.

2 The CFO is not a Board Director but is a member of executive management.

3 We regard our Group Executive Committee as executive management for the purposes of LR 9.8.6. CEO is a member of the Group Executive Committee.

AUDIT & RISK COMMITTEE REPORT

"The Committee has taken a keen interest in climate-related risk and reporting and oversight of additional ESG disclosures, and has also been considering proposals for realistic longer-term commitments to reaching net zero."

Peter Roth Chair of the Audit & Risk Committee

COMMITTEE MEMBERSHIP

Peter Roth (Chair)
Tazim Essani
Rian Dartnell

I am pleased to present the report of the Audit & Risk Committee (the Committee) for the year ended 30th June 2023, setting out how the Committee has discharged its duties.

A key area of focus for the Committee has been the annual impairment review in relation to goodwill and intangible assets challenging the assumptions and methodology of valuation. The Committee also worked closely with the CFO on the selection of a new third-party provider to assist with the review process.

The Committee has also taken a keen interest in climate-related risk and reporting and oversight of additional ESG disclosures, and has also been considering proposals for realistic longer-term commitments to reaching net zero.

As highlighted last year, the year to 30th June 2023 has been the first year of the Committee working with a new audit partner due to the requirement of external auditors to rotate their lead audit partner every five years. The Committee has worked with RSM to ensure that the transition has been a smooth one.

The functional currency of the Company and the presentational currency of the Group has changed to US dollars with effect from 1st July 2023. The Group's revenue is almost entirely US dollar based and the Committee believes that this change will provide investors and other stakeholders with greater transparency of the Group's performance and reduced foreign exchange volatility.

There will be no change in the Group's dividend policy, and dividends will continue to be declared in sterling with an option for shareholders based in the US to elect to receive dividends in US$.

Following the change in the Group's presentational currency, the Group's interim results for the six-month period ended 31st December 2023, and all subsequent financial information, will be prepared using US dollars as the presentational currency. Comparative information will also be provided in US dollars as required by the relevant Accounting Standards.

My thanks go to my fellow Committee members for their continued insight and support in what has been a busy year for the Committee.

Peter Roth
Chair of the Audit & Risk Committee
15th September 2023

KEY ROLES AND RESPONSIBILITIES

Financial and narrative reporting

- Monitor the integrity of the financial statements of the Company and report to the Board on significant financial reporting issues and judgements.
- Review the content of the Annual Report and Accounts and advise the Board on whether, taken as a whole, it is fair, balanced and understandable.

External audit

- Make recommendations to the Board regarding the re-appointment of the external auditor.
- Oversee the relationship with the external auditor.
- Assess the external auditor's independence and objectivity, including oversight of the policy on non-audit services.
- Assess the effectiveness of the external audit.

Risk management and internal control

- Review the adequacy and effectiveness of the Company's systems of risk management and internal control.
- Review and approve statements to be included in the annual report regarding risk management and internal control, principal and emerging risks and the viability statement.
- Consider the need for an internal audit function.

Compliance, speaking up and fraud

- Review the adequacy and security of the Company's whistleblowing arrangements, and procedures related to fraud, bribery and money laundering.

Full terms of reference of the Committee can be found on the Company's website: www.clig.co.uk.

AUDIT & RISK COMMITTEE REPORT

CONTINUED

Committee composition and attendance

Four Committee meetings were held during the year, all of which were fully attended by all Committee members. The Committee comprises three Independent Non-Executive Directors. All members have extensive knowledge of the asset management industry and the analytical tools used in the appraisal of Company reports and accounts. The Chair of the Committee, Peter Roth, has recent and relevant experience serving on audit committees in the financial services industry. At the invitation of the Committee, meetings are regularly attended by the Chair of the Board, the Executive Director, other Non-Executive Directors, the Chief Financial Officer and the external auditor. Other members of senior management are invited to attend and present at meetings from time to time.

FINANCIAL AND NARRATIVE REPORTING

The Committee reviews the Group financial statements, including half and full year results and the Annual Report and Accounts, and makes recommendations to the Board for approval. The Committee is responsible for reviewing the significant financial judgements, key assumptions and estimates employed by management, an analysis of which can be found in the table below. As part of the review, the Committee satisfies itself that the policies set out in note 1 of the financial statements on pages 109 to 115 are appropriate.

Task-Force on Climate-Related Financial Discloures (TCFD)

The Committee increased scrutiny and challenge around the increasing disclosure requirements relating to climate change and publication of our TCFD report. An external environmental consultant ECO3 was appointed during the year to help the Group in preparing its 2022 supplemental TCFD report (available on Group's website) and 2023 TCFD report (included within this Annual Report).

Fair, balanced and understandable

The Committee reviewed the Annual Report and Accounts for the year ended 30th June 2023 and concluded that they are representative of the year and present a fair, balanced and understandable overview, providing the necessary information for shareholders to assess the Group's position, performance, business model and strategy.

Viability and going concern

The Committee concluded that a three-year assessment period continued to be appropriate and recommended the viability statement to the Board for approval (Refer to page 34 for viability statement). The Committee also reviewed the going concern disclosure (see page 94) and recommended to the Board that the Group had adequate resources to continue in operational existence for the foreseeable future and that it was appropriate for the financial statements to be prepared on a going concern basis.

Significant financial judgements, key assumptions and estimates

The following table sets out the key accounting issues and judgements reviewed and monitored by the Committee during the year in accordance with UK Corporate Governance Code provision 26

SIGNIFICANT JUDGEMENTS, KEY ASSUMPTIONS AND ESTIMATES	COMMITTEE ACTIONS
Goodwill Goodwill for the Group's cash generating unit is tested for impairment at least annually by assessing that its recoverable amount is not less than its carrying value. Recoverable amount of an asset is the greater of its 'fair value less cost of disposal' or its 'value in use'. This requires estimates concerning future cash flows, financial multiples, growth rates and associated discount rates.	The Company appointed Kroll Advisory Limited ('Kroll') during the year to perform an assessment of impairment as of 30th April 2023. The Committee considered Kroll's report outlining the methodology for the impairment assessment and challenged the assumptions underpinning the goodwill valuation model including cash flow projections, multiples, discount rates and any other inputs. The Committee also considered whether there were any significant changes or indicators of impairment in the period from the assessment date to 30th June 2023. Further details can be found in note 11 of the financial statements on page 123.
Nature of interest in EM REIT fund The Company holds a seed investment in the above fund. Judgement is required to be exercised in assessing whether the Company has significant influence over the fund.	The Committee reviewed management's assessment and agreed with the conclusion that the Company does not have significant influence over the EM REIT fund. Further details can be found in note 1.3 of the financial statements on page 109.

OTHER

Terms of reference

The Committee reviewed its terms of reference in February 2023 and recommended some minor changes.

Committee evaluation

An internal Board and Committee evaluation exercise was carried out in May and June 2023. This was by way of a questionnaire issued to each Board member, a section of which was devoted to the performance of the Audit & Risk Committee. Full details of the Board evaluation process can be found on page 63.

RISK MANAGEMENT AND INTERNAL CONTROL

Audit and Risk Committee

The Committee is responsible for assisting the Board in maintaining an effective internal control environment. To achieve this objective, the Committee receives regular reports on compliance and internal control procedures from CLIG's General Counsel, the US Chief Compliance Officer, CLIM's Head of Compliance, KIM's Chief Compliance Officer and CLIG's management. The Group maintains a Group risk register which is kept under review by the Group Executive Committee.

CLIM's Risk & Compliance Committee (RCC) and KIM's Compliance Committee have responsibility for the day-to- day oversight of the risk management process at the respective operating subsidiaries. They are also tasked with identifying any areas of perceived risk exposure for their respective subsidiaries.

For the year ended 30th June 2023, the Committee is satisfied that the risk register has been appropriately amended and maintained.

Internal audit function

The Committee has discussed the need for an internal audit function. It is satisfied that the objectives and activities of an internal audit function are sufficiently fulfilled by the Group's current systems of risk management and internal control, as described above, and that a stand-alone function was not required during the year.

The Committee will continue to keep the need for an internal audit function under review and to appropriately challenge and debate the topic.

EXTERNAL AUDIT

RSM UK Audit LLP (RSM) is the Company's appointed external auditor. RSM attended each scheduled meeting of the Committee during the year and reported on the status of the Group external audit process. The Committee met privately with the external auditor at each meeting to allow for any concerns to be flagged by the external auditor. No such concerns were flagged during the year.

Rotation

The Statutory EU Audit Directive (the Directive) sets out rules for public interest entities audit firm tenure and rotation and the provision of non-audit services.

The Company last undertook an audit tender in 2017, with the Company's current external auditor, RSM, being appointed for the year ended 30th June 2018. RSM has therefore served for six consecutive years. In order to comply with the Directive, the Company intends to undertake an audit tender at least every ten years. There are no contractual obligations that restrict the Committee's choice of external auditor.

In line with rules which require external auditors to rotate their lead partner every five years, a new lead audit partner was appointed with effect from the financial year ended 30th June 2023. The Committee is satisfied that RSM has adequately managed the handover to ensure a smooth transition.

Assessment of external audit effectiveness

The Committee makes an annual assessment of the performance of the external auditor and the effectiveness of the audit process. This assessment is based on the Committee's interactions with, and observations of, the external auditor. The Committee concluded that the effectiveness of the external audit process carried out by RSM was satisfactory and that their independence and objectivity were sufficiently maintained. Therefore, the Committee recommended to the Board the re-appointment of RSM at the Company's next Annual General Meeting.

The disclosures provided within this report constitute the Company's statement of 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.

AUDIT & RISK COMMITTEE REPORT
CONTINUED

Independence and objectivity
Both the Committee and the external auditor have policies and procedures designed to protect the independence and objectivity of the external auditor. During the year, the Committee was provided with a number of assurances by the external auditor regarding the checks and balances in place to safeguard independence and objectivity. Overall, the Committee has concluded that RSM remains independent.

Non-audit services policy
The Company's non-audit services policy sets out a list of non-audit services that the external auditor is either permitted or prohibited from providing to the Group. The policy places a requirement for all non-audit services that the external auditor is engaged for to be approved in advance as follows:

Value of non-audit service	Approver
Up to £25,000	Chair of the Audit & Risk Committee
£25,001 and above	Audit & Risk Committee

The policy further mandates that the total fees for non-audit services provided by the external auditor to the Group shall be limited to no more than 70% of the average of the statutory audit fee for the Company, of its controlled undertakings and of the consolidated financial statements paid to the external auditor in the last three consecutive financial years.

Pursuant to the policy, the Committee undertakes to seek annually from the external auditor information about policies and processes for maintaining independence and monitoring compliance with relevant requirements, including those regarding the rotation of audit partners and staff.

External auditor fee
During the year, the Committee reviewed and approved the external auditor's fee. Refer to note 5 of the financial statements on page 117 for fees paid to RSM in the years ended 30th June 2023 and 2022.

CHAIR OF THE REMUNERATION COMMITTEE'S ANNUAL STATEMENT

"Our Remuneration Policy aims to maintain a consistent and balanced approach to compensation that recognises individual and team contributions that support CLIG's goals and objectives."

Rian Dartnell Chair of the Remuneration Committee

COMMITTEE MEMBERSHIP

Rian Dartnell (Chair)

Tazim Essani

Peter Roth

Jane Stabile

KEY ROLES AND RESPONSIBILITIES

- Determine policy for Directors' remuneration and set remuneration for the Chair, Executive Directors and senior management.
- Establish remuneration schemes aligning Executive Directors with shareholder interests.
- Review workforce remuneration and related policies.

Full terms of reference of the Committee can be found on the Company's website: **www.clig.co.uk**.

On behalf of our Board and the Remuneration Committee, I am pleased to present our report for the year ended 30th June 2023.

The Remuneration Committee completed its most recent review of our three-year Group Directors' Remuneration Policy (the Remuneration Policy) in October of 2022. During that review, the Company incorporated post-employment shareholding requirements within the policy, to comply with the Code and align with investor expectations. The Company also extended the vesting period for awards made to the Executive Director under the Employee Incentive Plan (EIP) so that RSAs will vest one-third each year after the third, fourth and fifth anniversaries of grant, applicable to awards to be granted from October 2024 onwards. These changes were incorporated into the Company's Remuneration Policy that was approved by shareholders.

Our Remuneration Policy aims to maintain a consistent and balanced approach to compensation that recognises individual and team contributions that support CLIG's goals and objectives. As always, the Company aims to maintain a long-term focus on its remuneration to ensure an equitable and sustainable plan. This Remuneration Report has three parts: this Annual Statement, the Remuneration Overview which explains our policy and our Annual Report on Remuneration which sets out how the policy has been applied during the year.

The business climate this year was characterised by continued tight employment conditions, but thankfully a gradual cooling of the intense inflationary pressures witnessed over the prior year. As described earlier in this Annual Report, many financial markets retreated in 2022, impacted by multiple factors, including tighter monetary policy and continued geopolitical tensions.

Code compliance

Our Remuneration Policy and arrangements comply with the requirements of the UK Corporate Governance Code (Code). The statement of compliance with the UK Corporate Governance Code is set out on page 55.

Group key performance indicator

Our Group key performance indicator (KPI) of CLIG's total return (share price plus dividends) over a market cycle applies to employees and the Executive Director alike and is a key cornerstone of our inclusive and team-based culture, helping to create a common goal for the Group. We continue to endorse this approach and its ability to help us fulfil the requirements of provision 40 of the Code (which we discuss in more detail on page 88). For further detail regarding our rationale for using the Group KPI and its link to remuneration outcomes shown please refer to the flow chart on pages 76 to 77.

Remuneration outcomes

An overview of Executive Director remuneration outcomes and the single total figure of remuneration are shown on pages 75 and 78 respectively.

CHAIR OF THE REMUNERATION COMMITTEE'S ANNUAL STATEMENT

CONTINUED

Update on 2022 Remuneration Policy review

We wrote at some length in last year's annual report about the process followed and considerations the Committee took into account when reviewing our Directors' Remuneration Policy, which was proposed to shareholders for approval at the AGM in October 2022. We were pleased that the revised policy received overwhelming support from shareholders, with 97.7% voting in favour of the resolution to approve it. Support for our Annual Remuneration Report was also strong at the 2022 AGM, with over 92% of the shareholders who voted to endorse it.

And finally…

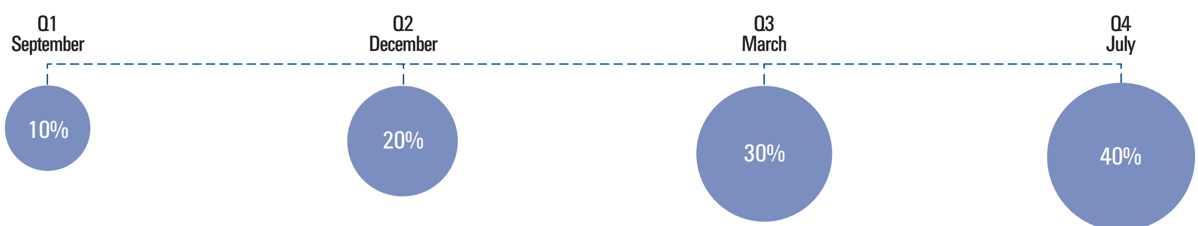
The Committee believes that our approach to executive remuneration remains appropriate, supports the Company's culture and circumstances and aligns well with shareholder interests.

We are always happy to discuss our approach to remuneration with shareholders and would be happy to answer any shareholder questions about the work of the Committee.

Rian Dartnell
Chair of the Remuneration Committee

15th September 2023

Profit-share payment schedule – financial year 1st July 2022 – 30th June 2023



For Executive Directors, 10% of this payment is deferred until September

Fee income is received on both a monthly and quarterly basis.

Profit-share payments during the year are based on **forecasted annual profit determined using quarterly results**.
The fourth and largest payment is made once the final results are known.
Percentage splits are therefore **approximate**.

REMUNERATION OVERVIEW

REMUNERATION OVERVIEW

Executive Director remuneration components

	Remuneration	2022 Remuneration Policy
Fixed	Base salary	Aligns with pay adjustments for the wider employee population
	Fees	Market competitive
	Benefits	Market competitive
	Pension	No higher than workforce contribution
Variable	Bonus	2.5 times aggregate salary and fees maximum, based on profit share
	Employee Incentive Plan	One times match on bonus waived (up to 30% of bonus earned)
	Share options	No further ESOP awards will be granted to Executive Directors
Governance	Share ownership guidelines	200% of salary (in and post-employment)
	Malus and clawback	Bonus and EIP up to 24 months after payment/vesting date

Executive Director remuneration outcomes

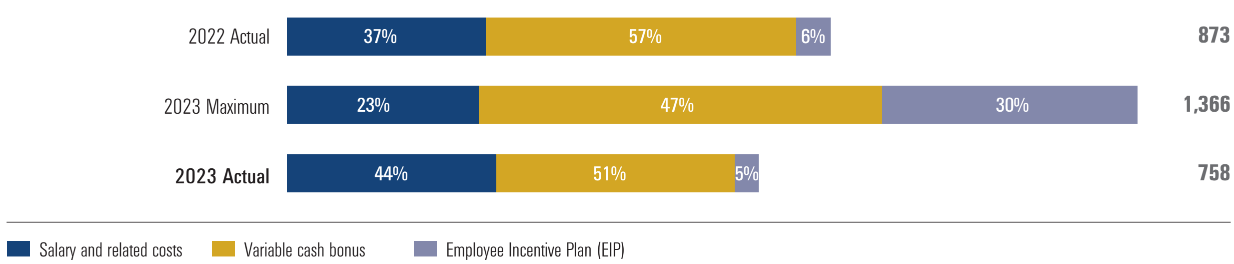
Executive Directors' single total remuneration figures

The chart below compares the single total remuneration figures for FY 2023 for the CEO with the maximum total remuneration that could be awarded under the Directors' Remuneration Policy as per 30th June 2022 illustrative reward scenario and the single total remuneration figures for FY 2022.

Single total remuneration figures

Executive Director | Single total remuneration figure (£'000)

Tom Griffith
Chief Executive Officer



Assumptions:

1) Based on FY 2022 and FY 2023 actual results.
2) 2023 maximum is the level of remuneration that could have been received in FY 2023 in accordance with Group's Director's remuneration policy as included in FY 2022's illustrative reward scenario. This reflects the minimum remuneration plus the maximum bonus opportunity as detailed in the future policy table. The maximum variable cash bonus has been adjusted by the maximum amount of the bonus that can be waived, which in turn is matched by the Company and the total is shown as EIP.
3) Under the Directors' remuneration policy, the EIP awards once awarded, will vest one-fifth per annum over a five-year period, and from October 2024 onwards one-third vesting each year for the third, fourth and fifth anniversaries following grant.

REMUNERATION OVERVIEW

CONTINUED

CLIG KPI'S RELATIONSHIP TO OUR DIRECTORS' REMUNERATION POLICY

Our Group's interplay between the legitimate needs of our various constituents is exemplified by the relationship between our KPI and our Directors' Remuneration Policy. In order to understand our corporate culture and the tone from the top, one must understand this key relationship.

CLIG share price total return: *best measurement of management*

We continue to believe that a **key measure of the management team is the long-term total return of the shares of the Company they manage.** Our business model is very simple. We receive fees for managing client assets against a benchmark index.

Volatility of earnings

Although the business is simple, a large part of the assets are in a volatile asset class – EM. As a result of this volatility our FuM and, therefore, our future **fee income are difficult to predict with any level of accuracy.**

Management team KPI
(See page 25 for further details)

This volatility is also why total return of CLIG over a market cycle which is defined as a rolling five-year period has been selected as the KPI. This **KPI presents a challenge** for the management team to achieve, **without incentivising managers to take undue risks.** We have a conservative approach to risk. We do not charge performance fees and there is no debt on our balance sheet.

As a specialist in CEFs, the universe of EM equity investment options is capacity constrained. To address this constraint we have added strategies by market segment that take advantage of our expertise in CEFs. This enables us to grow FuM for clients who support our investment philosophy, which drives increased fee revenues on a more predictable scale.

Main business driver: *outperformance*

As an active investment manager, our job is to beat the relevant benchmark through an investment cycle, which we define as five years. We believe that our approach and philosophy differs significantly from our peers. Our investment process identifies opportunities to capture pricing anomalies in securities trading at a discount to their net asset value. Our resolute focus is on generating consistent **investment performance** – over time and through economic cycles within a controlled risk environment.

Delivered through: *team approach*

We have developed and nurtured a **team investment process** which does not rely on "star" fund managers, but rather upon experienced fund managers using a disciplined analytical process that can produce repeatable and sustainable first or second quartile performance versus our peers.

Business managed through: *team approach*

We support teams and a team approach across the Group. What this means is that we discourage the cult of the individual, believing that the **risks associated with a star culture are detrimental to both shareholders and clients.**

Results in: *FuM, fee income and profitability*
Leads to: *dividends, retained earnings and share price*

If we do our job well, our **FuM and fee income can grow over time.** Proactively managing operating costs is the lever that allows us to maintain profitability levels. Profits lead to shareholder value **through dividends, retained earnings and the CLIG share price increases.**

CLIG KPI'S RELATIONSHIP TO OUR DIRECTORS' REMUNERATION POLICY CONTINUED

Profit-share pool aligns employees compensation with shareholder value	Employees are compensated through a combination of salary and profit-share. Salaries are a fixed cost and are managed to account for the volatility of earnings. **The profit-share pool is fixed at a maximum of up to 30% of operating profit of the Group and aligns employees' variable income component of total compensation with Group profitability and shareholder value.**
EIP further aligns employees with shareholder value	All employees are offered the opportunity to defer a portion of their annual profit-share allocation to purchase CLIG shares through the Employee Incentive Plan (EIP). The Company matches the employees' deferral 100%. Both the employee deferral and Company matching amounts vest over a three-year period in equal amounts each year. These amounts vest annually over a five-year period for Executive Directors from FY 2021. As per the current Directors' Remuneration Policy, for the Executive Director, these amounts will vest one-third each year after the 3rd, 4th and 5th anniversaries of grant from FY 2023. **Employee share purchases and the vesting schedule further align them with long-term shareholder value.**
Volatility of earnings requires flexibility	Rather than making large numbers of employees redundant during market downturns and negatively impacting the business, the variable component of compensation can take the brunt of reduced revenues. Maintaining a high ratio of variable pay for all employees, but in particular for Directors, underscores the message that we are a team and rewards should be reduced when the Group underperforms. **Variable pay can be adjusted in line with profitability.**
Profit-share pool provides single focus	On balance, when markets are good, employees share in the increased profits of the Group. We accomplish this through profit sharing. Ingrained in our culture is the belief that all employees contribute to the success of the Group. The Portfolio Manager may have made the right decision on the investment, but he or she was able to do so because the data was correct, the systems were running properly, compliance applied the correct constraints, and so on.
Individual appraisals and evaluation	Allocation of profit-share is a management responsibility. We operate in an open office environment. **While annual appraisals are completed,** the open office environment provides for daily, honest feedback through interactions between colleagues. This allows for an **ongoing, real-time evaluation of a number of variable factors that influence performance.**
Individual KPIs are not appropriate for CLIG due to our team-based environment	Individual KPIs are not relevant to a business that employs a team-based approach to operating a business, which in many respects is similar to a partnership. In fact, individual KPIs would not only be divisive, but would introduce unnecessary risks. Our team approach to managing the business, with a profit-share pool based on operating profit, aligns the constituents of our business, as summarised below:

Clients expect superior investment performance. Long-term investment performance drives FuM and revenue growth over time. The clients pay the bills.

Employees expect to share in the success of the Group as they provide the investment performance that generates the earnings, while managing risks and controlling costs to ensure their sustainability. Employees manage the business. Employees' and Directors' compensation are in alignment with our corporate culture, and these are taken into account when setting the policy for Directors' compensation.

Shareholders expect appropriate risk and cost controls to help deliver quality earnings and dividends. The shareholders own the business.

ANNUAL REPORT ON REMUNERATION

The information provided within the Annual Report on Remuneration has been audited where indicated and summarises how the Directors' remuneration policy was implemented during the financial period under review, as well as setting out total remuneration figures and rationales.

Committee composition and attendance

The Committee comprises of four Independent Non-Executive Directors: Jane Stabile, Peter Roth, Tazim Essani and Rian Dartnell serving as Chair. The Committee is focused on maintaining the entrepreneurial can-do team-based culture of the Group, while at the same time continuing to deepen its processes. Our goal is to be a balanced Group, managing investment mandates with consistent long-term outperformance while empowering a culture of inclusion and an atmosphere in which colleagues strive to do their best work.

The Committee held four meetings during the year. Committee Members' attendance details can be found on page 54. Meetings are regularly attended by the Chair of the Board, Executive Directors, other Non-Executive Directors and the Chief Financial Officer, at the Committee's invitation. Other members of senior management are invited to attend and present at meetings from time to time. No executives participate in any discussion regarding their own remuneration.

This section of the Report is made up of four parts:
1) Single total figure of remuneration
2) Future implementation
3) Further remuneration disclosures
4) Governance disclosures

The Directors' Remuneration Policy is summarised in the future Policy table on pages 89 to 91 and will govern all future remuneration to be awarded to Directors.

1) SINGLE TOTAL FIGURE OF REMUNERATION (AUDITED)

The table below shows the single total figure of remuneration for the Executive Director in relation to the financial year ending 30th June 2023 (2023) relative to the previous financial year ended 30th June 2022 (2022).

	2022/2023	Director fees £	Salary/ advisory fee £	Pension £	(1) Taxable benefits £	Profit-share £	Waived profit-share £	(2) EIP share awards £	(3) Dividend equivalent EIP vesting £	Total £	Total fixed £	Total variable £
Current Directors												
Executive Director												
Tom Griffith	2023	35,000	240,463	30,058	9,864	402,047	(19,409)	38,818	20,822	757,663	315,385	442,278
	2022	35,000	214,874	26,859	5,557	526,308	(27,594)	55,188	36,639	872,831	282,290	590,541
Non-Executive Directors												
Barry Aling	2023	79,500	–	–	–	–	–	–	–	79,500	79,500	–
	2022	75,000	–	–	–	–	–	–	–	75,000	75,000	–
Rian Dartnell	2023	53,250	–	–	187	–	–	–	–	53,437	53,437	–
	2022	50,000	–	–	–	–	–	–	–	50,000	50,000	–
Tazim Essani	2023	42,000	–	–	–	–	–	–	–	42,000	42,000	–
	2022	40,000	–	–	–	–	–	–	–	40,000	40,000	–
George Karpus (4)	2023	42,000	21,798	–	1,049	–	–	–	–	64,847	64,847	–
	2022	40,000	77,180	–	2,958	–	–	–	–	120,138	120,138	–
Peter Roth	2023	59,500	–	–	10,080	–	–	–	–	69,580	69,580	–
	2022	55,000	–	–	–	–	–	–	–	55,000	55,000	–
Jane Stabile	2023	53,250	–	–	–	–	–	–	–	53,250	53,250	–
	2022	50,000	–	–	933	–	–	–	–	50,933	50,933	–
Past Directors												
Mark Dwyer (5)	2023	–	–	–	–	–	–	–	–	–	–	–
	2022	35,000	210,000	26,250	3,336	535,000	(107,000)	214,000	33,782	950,368	274,586	675,782
Daniel Lippincott (5)	2023	–	–	–	–	–	–	–	–	–	–	–
	2022	35,000	172,702	29,697	6,018	289,712	(30,142)	60,284	–	563,271	243,417	319,854
Carlos Yuste (5)	2023	–	–	–	–	–	–	–	–	–	–	–
	2022	35,000	185,301	23,163	6,707	448,634	(93,951)	187,902	9,471	802,227	250,171	552,056
Barry Olliff (6)	2023	3,333	–	–	–	–	–	–	–	3,333	3,333	–
	2022	40,000	36,749	4,594	5,056	–	–	–	–	86,399	86,399	–
Total	**2023**	**367,833**	**262,261**	**30,058**	**21,180**	**402,047**	**(19,409)**	**38,818**	**20,822**	**1,123,610**	**681,332**	**442,278**
	2022	490,000	896,805	110,563	30,566	1,799,654	(258,687)	517,374	79,892	3,666,167	1,527,934	2,138,233

Notes:
1) Health insurance is offered to all employees but is not considered a taxable benefit in all countries. For comparative purposes we have based our calculations on all health insurance costs incurred, whether a taxable benefit or not. Taxable benefits for Non-Executive Directors relate to reimbursed accommodation expenses whilst attending UK Board and Committee meetings. The amounts shown are grossed up as the Group accounts for the tax due on these benefits.
2) The EIP share awards relate to the current year's waived bonus plus the 100% match by the Company. The combined amount is the value of the awards that will be awarded in October following the year end. For non-UK Directors, the value is subject to movement as a result of currency translation.
3) This represents dividend equivalent on EIP shares vested during the year.
4) In addition to his Non-Executive Director's fee, George Karpus received a corporate advisory fee of $100,000 per annum until 30th September 2022.
5) Mark Dwyer, Daniel Lippincott and Carlos Yuste ceased to be a Director of the Company with effect from 30th June 2022.
6) Barry Olliff ceased to be a Director of the Company with effect from 31st July 2022.

1) SINGLE TOTAL FIGURE OF REMUNERATION (AUDITED) CONTINUED

Non-Executive Director fees

	[(1)]2023 £	2022 £
Base fee for services as a Non-Executive Director	44,000	40,000
Supplemental fee for services as Chair of the Board	40,000	35,000
Supplemental fee for services as Chair of a Committee	12,500	10,000
Supplemental fee for services as Senior Independent Director	7,500	5,000

(1) Base fees and supplemental fees for services as Chair of the Board and Committees and the Senior Independent Director were increased with effect from 1st January 2023. The increase reflects the time undertaken in fulfilling their roles.

Commentary on single total figure table

The Remuneration Committee satisfied itself that the single total figures of remuneration for each Director are appropriate.

A commentary on each element of the Directors' fixed and variable remuneration is set out below.

a) Fixed pay

Salary/advisory fee

The Executive Director's salary is kept at the lower end of what may be described as market average to allow the Group to manage fixed remuneration costs. A high proportion of total remuneration is provided by way of variable pay, allowing for remuneration to be trimmed in a timely fashion if market events threaten to impact profitability.

Tom Griffith's CEO salary (including Director's fee) was US$332,500 (FY 2022: US$332,500) and he did not receive a pay rise during the year (no pay rise in FY 2022 either). His salary is paid in US dollars and reported in sterling. The difference is due in part to a stronger US dollar to the pound this year as compared with last year.

Further, as approved at the 2019 AGM, a separate Director's fee has been carved out from the CEO's current salary to reflect his Director/governance duties. In both FY 2022 and FY 2023 this was £35,000 per annum.

Benefits

Taxable benefits relate to private medical insurance for the Executive Director and his dependants. It should be noted that although the Group offers private medical insurance to all employees it is not considered a taxable benefit for those resident in the US.

Taxable benefits for Non-Executive Directors relate to reimbursed accommodation expenses whilst attending UK Board and Committee meetings. The amounts shown are grossed up in the Group accounts for the tax due on these benefits.

Pension

All employees*, including the Executive Director, are entitled to membership of the Group's defined contribution pension arrangements. Contributions are capped at 12.5% of annual salary. Employer contributions in respect of all Executive Directors were 12.5% for the period under review. As part of his corporate advisory contract, Barry Olliff also received pension contributions at 12.5% in FY 2022.

* As per the merger agreement, compensation and benefits for KIM employees remain consistent with pre-merger practices of KIM.

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1) SINGLE TOTAL FIGURE OF REMUNERATION (AUDITED) CONTINUED

b) Variable pay

Profit-share

The Company operates a profit-share plan for all employees, including the Executive Director, that is linked to Group profitability. Profit-share constitutes a large part of employee and Executive Director remuneration – being variable, it can be adjusted in line with profitability and can therefore account for inherent volatility in earnings. We have allocated a maximum profit-share of up to 30% of the pre-profit-share, pre-tax, operating profit for this purpose. Such allocation may be reduced infrequently as a result of an assessment of the projected intermediate term financial performance of the Group, and consistent with our fundamental objective of an appropriate balance of interests among all stakeholders, including clients, employees and shareholders.

Measuring performance

We are focused on fostering a team approach across the Group, discouraging the 'cult of the individual' and the risks associated with a star culture. The Group therefore takes the view that individual KPIs are not appropriate for a business that employs a team-based approach, and that individual KPIs could prove divisive and introduce unnecessary risk. Refer to pages 76 to 77 for information about the relationship of the overall CLIG KPI to our remuneration policy.

The profit-share pool aligns employees and the Executive Director's variable income with Group profitability. Both employees and the Executive Director are therefore incentivised to drive Group profitability. Driving Group profit leads to shareholder value by way of dividends, retained earnings and Company share price increases.

The Executive Director's performance is appraised annually and, in keeping with the Group's team-based approach, derives partly from daily, honest feedback solicited from the open office environment in which the Group operates. Discretion is applied appropriately, with bonus awards being adjusted upwards or downwards depending on the outcome of the annual performance appraisal.

In the case of market downturns due to extenuating circumstances not linked to poor individual performance, the Committee can use its discretion to reduce profit-share awards for employees and the Executive Director. Being the more accountable parties, the Executive Director and Group Executive Committee members take a larger proportion of the reduction in comparison with other employees.

See 'Executive Director remuneration outcomes' on page 75 for details of profit-share awards for FY 2023 compared with the illustrative reward scenario disclosed in the FY 2022 Annual report on remuneration.

Deferred profit-share payments

Profit-share awards in the fourth quarter of each financial year are calculated based upon an estimate of full year operating profits, thus there is the possibility that actual performance could be below expectation. The Executive Director therefore has up to 10% of his annual profit-share award in the fourth quarter deferred to the following quarter in order that the award can be adjusted based upon the final figures (that are not available in the fourth quarter). The table below sets out the amount deferred for payment once the financial statements have been audited and approved.

	2023		2022	
Deferred profit-share payments	£	% of annual award	£	% of annual award
Tom Griffith	16,571	4%	25,675	5%

This amount is included in the profit-share reported in the single total figure of remuneration table on page 78.

1) SINGLE TOTAL FIGURE OF REMUNERATION (AUDITED) CONTINUED

Employee Incentive Plan

Summary of Employee Incentive Plan (EIP) interests

The EIP was approved by shareholders at the October 2016 AGM and adopted by the Group in December 2016. It is open to employees of all Group companies, including the Executive Director. Participants are invited to waive up to 20% (or up to 30% if there is headroom within the cap agreed by shareholders) of their annual profit-share in return for the right to participate in the EIP for the relevant financial year. Under the EIP, they are granted Restricted Share Awards (RSAs) over shares in the Company equal in value to two times the amount they have waived.

Due to high level of employee elections, participation had to be scaled back this year across the Group. In order to encourage maximum employee participation, and ownership of CLIG shares, the Executive Director elected to reduce his participation so that employees were not scaled down below 20%. In respect of bonus earned for FY 2023, the CEO restricted his participation in the EIP to 5% of bonus earned. A 100% match was provided by the Company on the amount waived.

The RSAs in respect of the waived profit-share disclosed in the single total figure of remuneration table on page 78 will be granted in October 2023. The number of shares is calculated based on the average share price over the ten days preceding the grant date.

For the Executive Director, the RSAs vest one-third each year over a three-year period following grant for the awards made up until October 2020 and one-fifth each year over a five-year period following grant for awards made from October 2021 onwards. As per the 2022 Remuneration Policy, for the awards to be made in October 2024 and onwards, the RSAs for Executive Director will vest in equal instalments after the third, fourth and fifth anniversaries following grant.

These awards accrue an amount equal to the dividend that the Director would have received had they owned the shares from the date of grant. The dividend equivalent paid on shares vested during the year is disclosed in the single total figure of remuneration table on page 78.

The RSAs are subject to forfeiture upon termination. For further details see the future policy table on pages 89 to 91.

EIP Restricted Share Awards

Director	Date of Award	Awards held 30th June 2022	Awarded during the year	Vested during the year	Awards held 30th June 2023	Market price on date of award £	Market price on date of vesting £	Vesting period From	Vesting period To
T Griffith	26/10/2019	9,262	–	(9,262)	–	4.2580	3.45	26/10/19	26/10/22
	26/10/2020	26,747	–	(13,374)	13,373	4.0280	3.45	26/10/20	26/10/23
	26/10/2021	9,168	–	(1,834)	7,334	5.2450	3.45	26/10/21	26/10/26
	26/10/2022	–	15,352	–	15,352	3.5950	–	26/10/22	26/10/27
		45,177	15,352	(24,470)	36,059				

1) The number of shares awarded is calculated using the ten day average share price on the day prior to award.

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1) SINGLE TOTAL FIGURE OF REMUNERATION (AUDITED) CONTINUED

Summary of share option plan interests

The Company operates an Employee Share Option Plan which is open to employees of all Group companies and which, prior to changes made to the Company's Directors' Remuneration Policy at the 2022 AGM, was open to Executive Directors who worked more than 25 hours per week, provided they did not have a material interest in the Company, that is to say the ability to control more than 25% of the ordinary share capital. During the year, no options over ordinary shares of the Company were granted to any employees.

	Number of options										
	Held 2022	Exercised during the period	Lapsed during the period	Granted during the period	Held 2023	Exercise price £	Price at grant £	Face value at grant £	Vesting period	Vesting date	Expiry date
Tom Griffith	17,000	–		–	17,000	2.55	2.50	42,500	3 yrs	30/1/17	30/1/24
	23,500	–		–	23,500	3.52	3.52	82,720	3 yrs	19/6/18	19/6/25
Total	40,500	–	–	–	40,500						

The closing market price of the Company's ordinary shares at 30th June 2023 was £4.04 (2022: £4.29) and the price moved during the year between a low of £3.44 to a high of £4.70 (2022: low £4.00 high £5.50).

2) FUTURE IMPLEMENTATION

The Directors' Remuneration Policy on pages 89 to 93 was approved by shareholders at the 2022 AGM and will also apply for the next financial year.

The Executive Director will continue to receive fixed elements of salary, Director fee, taxable benefits and pension, and the variable element of the profit-share plan.

The base salary (including Director's fee) with effect from 1st July 2023 for Tom Griffith is US$332,500. There is no change in Tom's base salary as compared to last year. The annual bonus will have a maximum value of 250% of base salary (including Director's fee). The maximum cash bonus will be adjusted by the maximum amount of bonus that can be waived (30%), which in turn is matched by the Company.

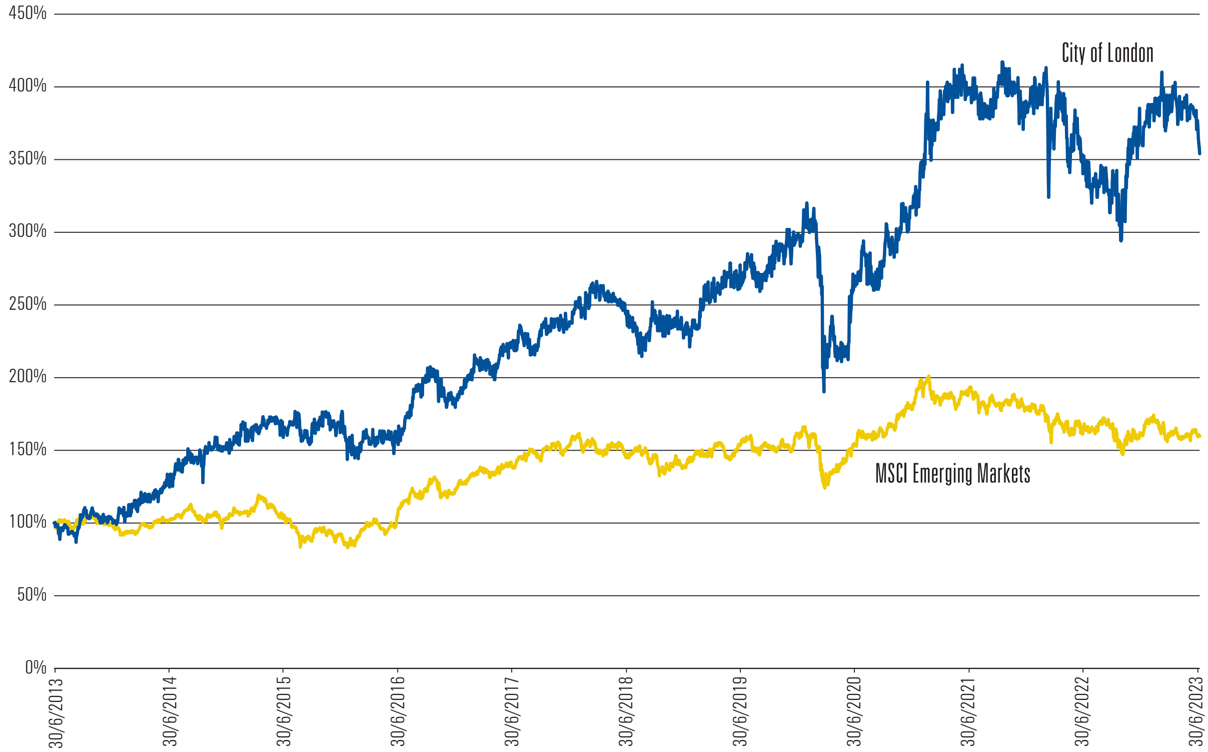
The fee arrangements for Non-Executive Directors for FY 2024 are shown on page 79, with the 2023 fee having been set during the biennial fee review process, which is next due to occur on 1st January 2025.

3) FURTHER REMUNERATION DISCLOSURES

Total shareholder return

The following graph illustrates the total shareholder return of a holding in the Company against an appropriate index for the ten years to 30th June 2023. We have chosen the MSCI Emerging Markets T/R Net Index which is calculated on a total return basis, i.e. assuming reinvestment of dividends.

Total shareholder return (dividends reinvested) for ten years to 30th June 2023 (GBP)



Source: *Bloomberg.*

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3) FURTHER REMUNERATION DISCLOSURES CONTINUED

Chief Executive Officer single figure of remuneration

The following table shows the change in total remuneration for the Chief Executive Officers, Barry Olliff (CEO 1) and Tom Griffith (CEO 2) during the ten years to 30th June 2023. This table is included for the purpose of comparison against total shareholder return as detailed above.

	13 months to 30th June 2014 £	Year to 30th June 2015 £	Year to 30th June 2016 £	Year to 30th June 2017 £	Year to 30th June 2018 £	Year to 30th June 2019 Prorated(1) £	Year to 30th June 2020 £	Year to 30th June 2021 £	Year to 30th June 2022 £	Year to 30th June 2023 £
Single total figure										
CEO 1	693,550	805,430	763,686	1,038,679	1,108,646	627,887	–	–	–	–
CEO 2	–	–	–	–	–	212,036	782,762	824,046	872,831	757,663
Annual bonus (as % of current cap) (2)										
CEO 1	84%	85%	84%	84%	84%	74%	–	–	–	–
CEO 2	–	–	–	–	–	88%	64%	79%	84%	58%
EIP – % of maximum opportunity (3)										
CEO 1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
CEO 2	–	–	–	–	–	100%	100%	100%	100%	100%

Notes:

1) Barry Olliff stepped down as CEO on 1st March 2019, being replaced by Tom Griffith. Barry Olliff remained on the Board, serving as Non-Independent Non-Executive Director until his retirement from the Board on 31st July 2022. His total remuneration received in accordance with this role is not detailed here but can instead be found in the total single figure of remuneration table on page 78.
2) In 2015, the Directors' Remuneration Policy was amended to include a cap on bonuses paid to Directors and Barry Olliff 's cap was set at 5% of operating profits pre-profit-share and EIP. For comparison purposes prior years' annual bonuses are shown as a percentage of 5% of operating profits pre-profit-share and EIP. The cap on Tom Griffith's bonus was 2.5% of operating profit pre-bonus and EIP until 30th June 2019, when it was changed to 250% of salary and base fee for the year ended 30th June 2020 onwards.
3) As detailed in the single total figure commentary on page 78, EIP awards are made on the basis of the amount of the bonus that has been waived in the scheme year. These awards vest based on continued service and therefore have been shown at 100% in the table.

3) FURTHER REMUNERATION DISCLOSURES CONTINUED

Annual percentage change in the remuneration of Directors and employees

The table below shows the change in Director and employee salary/fees, benefits and profit-share over the preceding two years.

The average change for employees as a whole is given using a per capita figure based on the average number of employees for the period.

	Salary/fees %			Benefits %			Bonus %		
	2023 (1) %	2022(2) %	2021(3) %	2023 (1) %	2022(2) %	2021(3) %	2023 (1) %	2022(2) %	2021(3) %
Employees (4)	16%	8%	5%	21%	6%	25%	8%	3%	7%
Executive Directors									
Tom Griffith (5)	0%	1%	6%	11%	-3%	3%	-27%	1%	33%
Non-Executive Directors (6)									
Barry Aling	6%	6%	18%	n/a	n/a	n/a	n/a	n/a	n/a
Rian Dartnell (7)	6%	47%	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Tazim Essani (7)	5%	135%	n/a	n/a	n/a	n/a	n/a	n/a	n/a
George Karpus (8)	-45%	43%	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Barry Olliff (9)	-96%	-33%	-7%	-100%	3%	-19%	n/a	n/a	-100%
Peter Roth	8%	8%	13%	n/a	n/a	-100%	n/a	n/a	n/a
Jane Stabile	6%	6%	4%	n/a	n/a	-100%	n/a	n/a	n/a

Notes:
1) 2023 – June 2023 month end exchange rate has been applied to USD payments for the two accounting periods 2022 to 2023 to eliminate the impact of FX movements.
2) 2022 – June 2022 month end exchange rate has been applied to USD payments for the two accounting periods 2021 to 2022 to eliminate the impact of FX movements.
3) 2021 – June 2021 month end exchange rate has been applied to USD payments for all two accounting periods 2020 to 2021 to eliminate the impact of FX movements.
4) Based on average cost per employee. The increases during the year are due to full year cost of replacing relationship managers and assistants, primarily due to retirements, and the full year impact of restoring employee health care benefits at KIM.
5) % increase in FY 2022 reflects the full impact of the mid-year salary increase on 1st January 2021 in FY 2021. There was no change in salary in FY 2023.
6) Base fee for Non-Executive Directors was increased by 14% and supplemental fee for services as the Chair of the Board was increased by 40% with effect from 1st January 2023. FY 2022 % increase reflects full year impact of mid-year base fee increase for Non-Executive Directors with effect from 1st January 2021.
7) Rian Dartnell and Tazim Essani joined the Board part way in FY 2021 and 2022 % increase reflects full year impact of their base fee.
8) George Karpus joined the Board part way in FY 2021 and 2022 % increase reflects full year impact of his base and corporate advisory fee. George Karpus ceased to receive the corporate advisory fee from 30th September 2022.
9) Barry Olliff ceased to be a Director with effect from 31st July 2022.

Relative importance of spend on pay

The table below shows the overall expenditure on employee remuneration and shareholder distributions and the percentage change between the current and previous period.

	2023 £	2022 £	Change £
Total employee spend	24,756,241	23,532,973	5%
Average headcount (number)	116	114	2%
Profit after tax	14,738,736	18,091,151	-19%
Dividends relating to the period (1)	16,092,909	22,744,670	-29%

Note:
1) The current period includes an estimate of the final dividend based on the number of qualifying shares as at 30th June 2023 excluding those held in the employee benefit trust. The Board are recommending a final dividend of 22p per share (2022: 22p), which would make the total for the year 33p per share (2022: 33p, special dividend: 13.5p). This is subject to shareholder approval at the AGM in October. The prior period estimate has been restated to include the actual final dividend paid.

A breakdown of the employee spend can be found in note 3 to the financial statements on pages 115 and 116.

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4) GOVERNANCE DISCLOSURES

Payments to past Directors
No payment or transfer of assets was made during the financial period to any past Director of the Company.

Payments for loss of office
There were no termination payments made to any person who has served as a Director during the financial period.

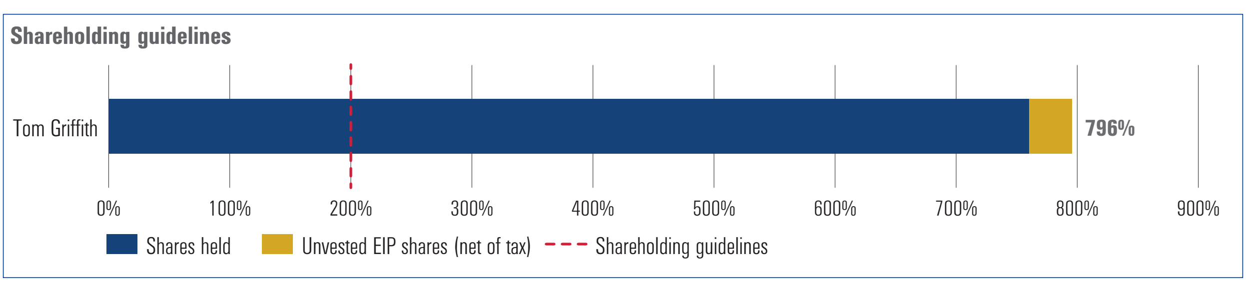
Directors' interests
Beneficial interest of the Directors and their families in the shares of the Company at the period end were as follows:

	Ordinary shares of 1p each		Restricted share awards of 1p each	
	2023	2022	2023	2022
Executive Directors				
Tom Griffith	492,338	467,868	36,059	45,177
Non-Executive Directors				
Barry Aling	184,300	184,300	–	–
Rian Dartnell	50,000	50,000	–	–
Tazim Essani	5,350	5,350	–	–
George Karpus (1)	18,371,205	18,371,205	–	–
Barry Olliff (2)	n/a	1,268,410	–	–
Peter Roth	5,000	5,000	–	–
Jane Stabile	5,000	5,000	–	–

Notes:
1) George Karpus ceased to be a Director on 31st July 2023.
2) Barry Olliff ceased to be a Director on 31st July 2022.

Executive Director shareholding guidelines
The Executive Director is required to hold shares equivalent in value to 200% of salary within a five-year period from date of appointment. The below illustration shows the Executive Director's share ownership against this target as at 30th June 2023.

To reduce the impact of share price volatility on this calculation, the closing share price of £4.04 for the financial year ended 30th June 2023 has been used.



4) GOVERNANCE DISCLOSURES CONTINUED

Remuneration Committee

The Executive Director does not attend during discussions regarding his own remuneration.

Details of attendance by members of the Remuneration Committee are set out on page 54.

Dividends received by Directors and their families from holdings of shares in the Company during the financial year were as follows:

	2023 £	2022 £
Executive Director		
Tom Griffith	157,088	206,969
Non-Executive Directors		
Barry Aling	60,819	74,700
Rian Dartnell	16,500	23,250
Tazim Essani	1,766	2,488
George Karpus	6,062,498	7,532,194
Barry Olliff	n/a	570,723
Peter Roth	1,650	2,325
Jane Stabile	1,650	–

Notes: Dividends paid have been included only from the date of appointment until the date of resignation from the Board.
Barry Olliff retired from the Board on 31st July 2022 and George Karpus retired from the Board on 31st July 2023.

Statement of voting at the last Annual General Meeting (AGM)

The table below shows the votes on the Directors' Remuneration Report, and Policy, at the AGM held on 31st October 2022.

	Votes For*	% For	Votes Against	% Against	Total Votes**
Directors' Remuneration Report 2022	15,511,689	92.79	1,205,297	7.21	16,716,986
Directors' Remuneration Policy 2022	16,231,003	97.67	387,513	2.33	16,818,516

* Includes discretionary votes.
** Excludes votes withheld.

Consideration of employment conditions elsewhere in the Group

The Group has always adopted a partnership approach so in essence this policy is consistent with that applied across the Group.

While employees were not directly consulted on the Directors' remuneration, the Group remuneration policy is available to all employees and any feedback or concerns are welcomed.

Terms of reference

The Committee reviewed its terms of reference in March 2023 and recommended minor administrative changes to the Board for approval.

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4) GOVERNANCE DISCLOSURES CONTINUED

Compliance with Provision 40 of the UK Corporate Governance Code

CLARITY	
Remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.	Executive Director remuneration is aligned to employee remuneration, meaning that both parties have common goals and incentives. The Group remuneration policy is available to all employees and any feedback or concerns are welcomed. The simplicity of Directors' remuneration assists in effective engagement with shareholders.

SIMPLICITY	
Remuneration structures should avoid complexity and their rationale and operation should be easy to understand.	The Policy for Executive Director remuneration is extremely simple and straightforward, with fixed remuneration consisting of salary, Director fees, taxable benefits and pensions, and variable pay consisting of the profit-share plan and Employee Incentive Plan. There are no complex individual KPIs – Executive Directors simply share in the operating profit that their performance helps to generate over the course of the financial year.

RISK	
Remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated.	There are no individual KPIs that introduce the behavioural risks that can arise from target-based forms of incentive. The appropriate risk and cost controls necessary to deliver high quality earnings and dividends, and thus increased the profit-share pool, robustly aligns the interests of Executive Directors, employees and shareholders.

PREDICTABILITY	
The range of possible values of rewards to individual Directors and any other limits or discretions should be identified and explained at the time of approving the policy.	Due to its simplicity, both fixed and variable Executive Director remuneration is very predictable. See page 75 for 2023 remuneration outcomes for Executive Directors, plus a forecast for 2023, on page 92.

PROPORTIONALITY	
The link between individual awards, the delivery of strategy and the long-term performance of the Company should be clear. Outcomes should not reward poor performance.	The Group's simple approach to remunerating its Directors means that it is impossible for poor performance to be rewarded. If the Company's operating profit is down, then so is the pool from which Director profit-share are paid and Employee Incentive Plan shares are matched. Executive Directors have a greater impact on the Group than other employees, therefore hold themselves more accountable in instances of market downturns, and therefore have their profit-share participation adjusted accordingly.

ALIGNMENT TO CULTURE	
Incentive schemes should drive behaviours consistent with Company purpose, values and strategy.	The Group has an inclusive and team-based culture. The Executive Director and employees have a common KPI tied to their variable remuneration, being operating profit, a metric that shareholders value due to its potential to provide increased distributions and Company share price. This alignment of interests is consistent with the Group's purpose, to exist for the mutual benefit of its three primary stakeholders: clients, employees and shareholders, as well as its values. Further detail on Group culture, purpose and values can be found on page 59.

DIRECTORS' REMUNERATION POLICY

The Directors' Remuneration Policy (the Policy) was last put to a binding shareholder vote at the AGM in October 2022 and passed with a vote of 97.7% in favour. The policy will remain in force until the 2025 AGM unless material changes are proposed in the intervening period. An overview of the Policy is provided below.

Policy table

The following table sets out the principal components of the Policy.

Component and purpose	Operation	Maximum opportunity	Performance measures and targets	Recovery
EXECUTIVE DIRECTORS				
Base salary (fixed pay)				
To pay a fair base salary, commensurate with the size of the business and the individual's role and experience.	Reviewed annually, with changes, if any, generally effective 1st January or 1st July. The Committee considers salaries in the context of an overall package with regard to market data, Group performance and individual experience and performance. Adjustments may be made at other times to reflect a change of responsibility.	The annual pay review does not guarantee an increase. The Committee considers it important to keep fixed costs under tight control and as such salaries are at the lower end of what may be described as market average. There is no set maximum salary, however, the Committee is guided by market data/practice when setting pay awards and the average level of increase across the workforce.	Not applicable.	Not applicable.
Base fee (fixed pay)				
Provides a fee allocation to cover UK Director duties.	The fees are equivalent to the Non-Executive Directors' base fee. These are reviewed periodically with the last review effective from January 2021. It is Company's intention to review these fees every two years.	As this fee relates specifically to the Executive Directors' governance duties, it is capped at no more than the Non-Executive Directors' base fee. The aggregate annual fees for Executive and Non-Executive Directors are limited to £450,000.	Not applicable.	Not applicable.
Pension (fixed pay)				
To provide defined contribution pension arrangements to assist with recruitment and retention.	Employer contributions are made to defined contribution pension arrangements or equivalent cash allowances are paid, subject to local practice in the relevant country.	The maximum defined pension contribution or cash equivalent is 12.5% per annum of base salary. It is no higher than the defined pension contribution level of the wider employee workforce.	Not applicable.	Not applicable.
Other benefits (fixed pay)				
To provide market competitive fringe benefits.	Currently benefits offered include: life insurance, medical insurance (or a contribution towards the cost), disability insurance, sabbatical, paid holiday and travel season ticket loans. Executives will be eligible for any other benefits which are introduced for the wider workforce on broadly similar terms. Additional benefits may be provided if required, for example to support international relocation.	These benefits represent a small element of the overall remuneration package and as such are not subject to a specific cap. Directors are entitled to 30 days paid holiday, in addition to public holidays.	Not applicable.	Benefits are provided up to termination of employment and any outstanding travel season ticket loan is repayable in full.
Bonus (variable pay)				
To incentivise and reward Directors for their contribution to the corporate goals outlined in the strategic report.	The Company operates a bonus plan for all employees, including the Executive Directors, which is linked to the Group's profitability, allocating a maximum of up to 30% of pre-bonus, pre-tax, operating profit for this purpose. Bonus awards are made by the Board following recommendations by the Remuneration Committee. Bonuses are paid quarterly in September (approximately 10% of the estimated annual bonus), December (20%), March (30%) and July (40%). A minimum of 10% of the July payment is deferred until September once the financial statements have been audited and approved.	The maximum payment for an Executive Director is capped at 2.5 times the aggregate of salary and fees.	Bonuses are not subject solely to individual performance conditions and are paid in cash. The Board believes that this bonus scheme has worked well in motivating employees at all levels within the Company and that this is demonstrated by the high employee retention rates experienced by the Group.	See malus and clawback section below.

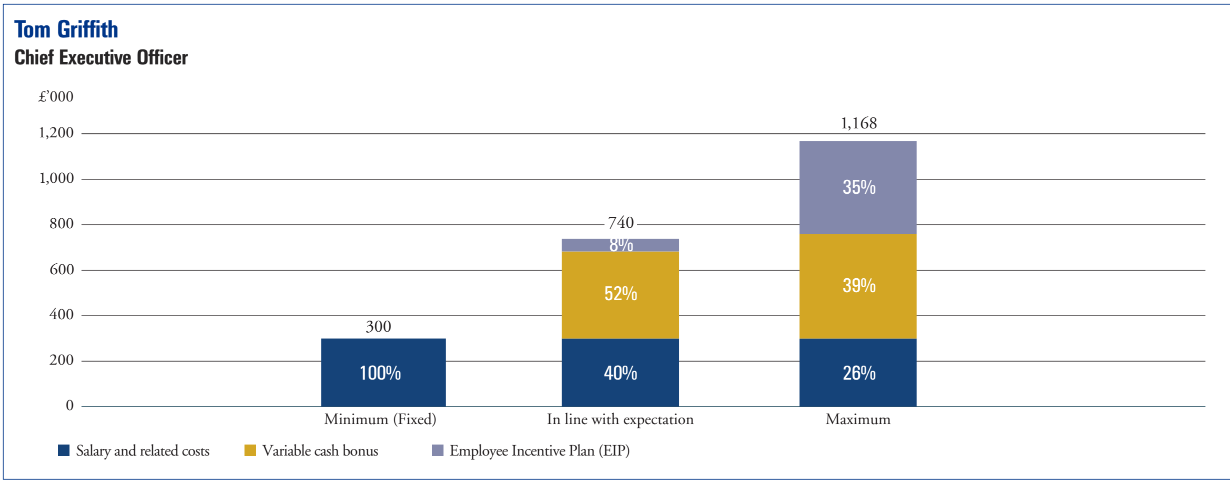
DIRECTORS' REMUNERATION POLICY
CONTINUED

Component and purpose	Operation	Maximum opportunity	Performance measures and targets	Recovery
EXECUTIVE DIRECTORS continued				
Employee Incentive Plan (Plan)				
To encourage and reward loyalty, and to align the long-term interests of Directors with that of shareholders and clients. The Plan is designed to work in line with the Group's current annual bonus policy.	The Plan is open to employees of all existing Group companies and Executive Directors. Participants will initially be invited to waive up to 20% of their annual bonus in return for the right to participate in the Plan for the financial year. Under the Plan, they will be granted Restricted Share Awards (RSAs) in the Company equal in value to two times the amount they have waived. The RSAs for Executive Directors will vest in equal instalments after the 3rd, 4th and 5th anniversaries following grant. As the current Executive Director had already elected to participate under the previous policy for FY 2023, the revised vesting period only takes effect from the June 2023 round of elections which will relate to the awards to be made in October 2024. The RSAs are funded 50% by waived bonus and 50% by the Company.	Depending on the level of participation, if there is headroom, employees and Executive Directors will be offered the opportunity to increase their participation up to 30% of their annual bonus. Awards held until they vest will receive a dividend equivalent payment, equal to the amount that they would have received has they been entitled to dividends from the date of grant. In the event of a change of control of the Company, the RSAs relating to the waived bonus will vest in full on an accelerated basis. Only a prorated number of the Company matching RSAs will vest on an accelerated basis according to the number of days elapsed since grant over the total vesting period.	Not applicable.	See malus and clawback section.
Malus and clawback				
To provide a way of recovering payments where there have been exceptional negative events.	The Committee can seek to recover the annual bonus and EIP in the exceptional event of: misstatement or misleading representation of performance; a material error; a significant failure of risk management and control; reputational damage; or serious misconduct of an individual.	The Committee has discretion to determine the amount of any award which it seeks for malus and/or clawback.	Not applicable.	Up to 24 months after payment/vesting.
Minimum shareholding				
Guidance to encourage Director share ownership and ensure alignment of their long-term interests with that of shareholders.	The Committee will monitor the Executive Directors' share ownership and participation in the EIP annually to ensure they are on track to meet the minimum shareholding requirement within the desired timeframe. Shares that count towards these guidelines include shares that are owned outright, vested and unvested EIP shares (on a net of tax basis). In addition a post-employment shareholding requirement applies. Executive Directors are required to hold the lower of 200% of their base salary or the value of shares held by the Executive Director at the date of termination of employment. Only awards granted and shares vested thereof after the introduction of this policy in September 2021 will count against the post cessation guideline. All awards granted or vested or shares acquired before the implementation of the policy (September 2021) are excluded. The Committee retains discretion to allow for the sale of shares by Executive Directors before the second anniversary of termination of employment in the event of exceptional circumstances.	The Committee expects Executive Directors to build up a shareholding of at least 200% of salary within a five-year period.	Not applicable.	Not applicable.

Component and purpose	Operation	Maximum opportunity	Performance measures and targets	Recovery
NON-EXECUTIVE DIRECTORS				
Fees				
To pay a fair fee, commensurate with the skills, experience and time required to undertake the role.	Fees are normally reviewed every two years taking into account factors such as the time commitment and contribution of the role and market levels in companies of a comparable size and complexity. Adjustments may be made at other times to reflect a change of responsibility. Fees for Non-Executive Directors may include a base fee and additional fees for further responsibilities (for example chair-ship of Board committees or holding the office of Senior Independent Director or taking up significant additional responsibility). Fees are paid monthly or quarterly in arrears, depending on the Director's preference.	The aggregate annual fees for Non-Executive Directors are limited to £310,000 in the Company's Articles of Association.	Not applicable.	Not applicable.
Expenses				
To enable the Non-Executive Directors to perform their duties.	All reasonable travelling, hotel and other expenses properly incurred in the performance of their duties as Directors, including any expenses incurred in attending meetings of the Board or any committee of the Board or general meetings or separate meetings of the shareholders may be repaid.	Expenses are not subject to a specific cap but they must be reasonable and appropriate. The Company may settle any tax incurred.	Not applicable.	Not applicable.

DIRECTORS' REMUNERATION POLICY
CONTINUED

Reward scenarios
The chart below illustrates the level of remuneration that would be received by the Director in accordance with the Group Directors' remuneration policy in the year ending 30th June 2024, provided all components of remuneration remain the same as they currently are.



Assumptions:
1) Based on FY 2023 results.
2) Minimum – reflects salary as of 1st July 2023, and current pension and taxable benefits, as disclosed in the single figure remuneration table.
3) In line with expectation – reflects the minimum remuneration plus bonus and total EIP awards as disclosed in the single figure remuneration table. It includes expected dividend equivalent payments due on vesting EIP awards.
4) Maximum – reflects the minimum remuneration plus the maximum bonus opportunity as detailed in the future policy table on pages 89 to 91. The maximum variable cash bonus has been adjusted by the maximum amount of bonus that can be waived (30%), which in turn is matched by the Company and the total is shown as EIP. It includes expected dividend equivalent payments due on vesting EIP awards.
5) Under the current remuneration Policy, the EIP awards once awarded, will vest one-third per annum from the end of the third year after participation. This means that RSAs will not vest in years one and two. RSAs will vest one-third each in years three, four and five.

The above reward scenario chart is not a projection and is being provided for guidance only. This chart is based on future remuneration scenarios for the year ending June 2024.

Share price impact
Directors' remuneration is not linked to performance targets or measures relating to more than one financial year. Hence no illustrations are shown in respect of the impact on the Director's remuneration outcomes based on future share price movements.

Consideration of employment conditions elsewhere in the Group
The Company has always adopted a partnership approach so in essence this policy is consistent with that applied across the Group.

While employees were not directly consulted on the Directors' remuneration, the Group remuneration policy is provided to all staff and any feedback or concerns are welcomed.

Recruitment of new Directors
The structure of the package offered to new Directors mirrors that offered to current Directors under the Directors' remuneration policy as detailed in the future policy table. The base salary positioning will take into consideration a number of factors including external market forces, the nature of the role, and the experience, calibre and background of the new Director. Pension contributions, bonus and EIP participation will not exceed the levels set out in the Policy table.

In addition, the Group may pay compensation to new Directors for remuneration the individual has forfeited in order to take up the role at CLIG. The Committee may offer additional cash and/or share-based buyout awards when it considers these to be in the best interests of the Company (and therefore shareholders) to take account of remuneration given up at the individual's former employer.

This includes the use of awards made under 9.4.2 of the Listing Rules. Such awards would be capped at a reasonable estimate of the value foregone and would reflect, as far as possible, the delivery mechanism, time horizons and whether performance requirements are attached to that remuneration. Shareholders will be informed of any such payments at the time of appointment and/or in the next published Annual Report. For internal appointments, any outstanding share awards held may continue to vest on their original terms.

For external and internal appointments, the Committee may agree that the Company will meet appropriate relocation and/or incidental expenses as appropriate.

For the appointment of a new Chair or Non-Executive Director, the fee arrangement would be set in accordance with the approved Remuneration Policy.

Service contracts and letters of appointment and policy on payments for loss of office

Executive Directors

In line with general market practice, the Executive Director's service contract is based on a rolling twelve-month period. Termination of any service contract requires twelve months written notice by either party, and the Company may terminate the contract with immediate effect with or without cause by making a payment in lieu of notice, typically in monthly instalments equal to the value of one year's base salary only.

No bonus shall be payable for any time after the Director has given or received notice of termination.

In respect of the EIP, in the event of termination before the normal vesting date, the RSAs funded by the waived bonus will be repaid at the lower of the value of those shares on the date of award and the date of forfeiture. The Company-funded RSAs will be forfeited upon termination, except in the case of a good leaver, where there will be an entitlement to a prorated amount. A good leaver is a Director who leaves due to ill health or disability, sale of the business, on retirement, through redundancy or in other special circumstances approved by the Remuneration Committee (acting fairly and reasonably).

Non-Executive Directors

Non-Executive Directors do not have service contracts, but are engaged under letters of appointment. As with the Executive Director, they are required to stand for re-election annually in accordance with the UK Corporate Governance Code.

Details of service contracts and letters of appointment are below:

Name	Date of appointment	Notice period from Company	Notice period from Director	Provision of compensation
Executive Director				
Tom Griffith	31st March 2020	One year	One year	One year's salary
Non-Executive Directors				
Barry Aling	1st August 2013	Six months	Six months	Six months' fees
Rian Dartnell	30th September 2020	Six months	Six months	Six months' fees
Tazim Essani	20th January 2021	Six months	Six months	Six months' fees
Peter Roth	1st June 2019	Six months	Six months	Six months' fees
Jane Stabile	1st June 2018	Six months	Six months	Six months' fees

Consideration of shareholders' views

The Committee greatly values and has considered the views of shareholders and proxy advisers in developing this Remuneration Policy.

DIRECTORS' REPORT

The information contained in the sections of this Annual Report and Accounts identified below forms part of this Directors' report:

- Strategic report set out on pages 4 to 48;
- Corporate governance section set out on pages 50 to 93; and
- Statement of Directors' responsibilities set out on page 96.

Principal activity

City of London Investment Group PLC is the holding company for its two principal operating subsidiaries: City of London Investment Management Company Limited (CLIM) and Karpus Investment Management (KIM). Both CLIM and KIM act as investment managers with a total of US$9.4 billion (£7.4 billion) (2022: US$9.2 billion (£7.6 billion)) under management as at 30th June 2023.

Going concern

The Directors' report should be read in conjunction with the governance report on pages 50 to 93 and the strategic report on pages 4 to 48, which together provide a commentary on the operations of the Group and include factors likely to affect its future development as well as relevant key performance indicators and principal risks and how they are managed, using the information available to the date of these financial statements.

During the year to 30th June 2023, the Group had no external borrowings and is wholly funded by equity. As at 30th June 2023, cash and cash equivalents were £22.5 million (2022: £22.7 million). Accordingly, the Directors are satisfied that the Group and Parent Company have adequate resources to meet their business needs for the foreseeable future, and the Financial Statements have therefore been prepared on the going concern basis. Please see page 34 for the viability statement.

Results and dividend

The results of the Group for the year to 30th June 2023, together with details of amounts transferred to reserves, are set out on pages 104, 106 and 107. The Company has paid dividends of £16,111,122 during the period (2022: £21,484,909). The final dividend for the year to 30th June 2023 of 22p per share (2022: 22p) has been proposed, payable on 27th October 2023, subject to shareholder approval, to shareholders who are on the register of members on 29th September 2023. Refer to page 24 for dividend policy.

Annual General Meeting

The Company's AGM will be held at 11.30am on 23rd October 2023 at 77 Gracechurch Street, London EC3V 0AS. All resolutions will be taken on a poll and, accordingly, you are asked to vote by the means as set out in the Notes of the Notice of meeting.

Directors

The names and biographical details of the current Directors of the Company are given on 52 to 53. The Directors' interests are set out in the Directors' remuneration report on page 86.

Directors' indemnity arrangements

The Company maintains appropriate Directors' and Officers' insurance. The Directors also have the benefit of the indemnity provisions in the Company's Articles of Association. These provisions, which are qualifying third party indemnity provisions as defined by s236 of the Companies Act 2006 were in force throughout the year and are currently in force.

Powers of Directors

Subject to the Company's Articles, UK legislation and any Directions given by special resolution, the business of the Company is managed by the Directors and they may exercise all the powers of the Company. Provisions relating to the issuing of shares are included in the Articles and shareholders are asked each year at the Company's AGM to renew the Directors' authorities to issue shares.

Share capital

As at 30th June 2023, the issued share capital of the Company was 50,679,095 (2022: 50,679,095) fully paid ordinary shares of 1p each, carrying one vote per share and a right to dividends, amounting to £506,791 (2022: £506,791). The ordinary shares of the Company have a premium listing on the London Stock Exchange. There are no restrictions on the transfer of shares.

Following completion of the merger with KIM, the Company entered a relationship agreement with the 'Controlling Shareholder Group' which regulates the ongoing relationship between the Company and the Controlling Shareholder Group. The members of the Controlling Shareholder Group agreed to limit their voting rights at any shareholder meeting, including the Annual General Meeting, to the lower of: (i) the number of shares held by them; and (ii) 24.99% of the votes cast on any resolution by all shareholders.

Own shares

The Company is, until the date of the next AGM on 23rd October 2023, generally and unconditionally authorised to buy back up to 5,067,910 of its own ordinary shares of nominal value £0.01, representing approximately 10% of the Company's issued share capital as at the date of the 2022 Notice of AGM. In the year under review, the Company purchased and cancelled nil shares (2022: nil). The Company is seeking a renewal of this authority at the 2023 AGM.

The number of own shares purchased by the Company's Employee Benefit Trust during the year was 622,746 (2022: 552,730). The number of own shares held by the Trust as at 30th June 2023 was 1,989,355 (2022: 1,708,763), of which 290,900 shares (2022: 328,750) were subject to options in issue. The Trust has waived its entitlement to receive dividends in respect of the shares held. The trust will abstain from voting on resolutions that concern a change of control in the Company.

The Trust also holds 1,003,944 shares (2022: 682,437) in custody for employees under the terms of the Employee Incentive Plan, see the Directors' remuneration report on page 81 for further details of the plan.

Substantial shareholdings

At 31st August 2023, the Company had been notified of the following interests of 3% or more in the Company's ordinary shares:

Name of shareholder	Number of voting rights	% of total voting rights held
Aberforth Partners LLP	2,560,745	5.1
George Karpus	15,948,201	31.5

Statement of Directors' responsibilities

The statement of Directors' responsibilities for preparing the Annual Report and Accounts is set out on page 96 and is deemed to form part of the Directors' report.

Corporate governance

The UK Corporate Governance Code (Code) is publicly available on the Financial Reporting Council's website: **www.frc.org.uk**. The governance section on pages 50 to 93 gives details of the Group's corporate governance arrangements. A full statement of compliance with the Code can be found on page 55.

Corporate responsibility

Details of the Group's employment practices and carbon emissions can be found in the Corporate and Social Responsibility section of the Strategic report on pages 36 to 38.

Conflict of interests

There are no potential conflicts of interest between any duties owed by the Directors or senior managers to the Company and their private interests and/or other duties; and no arrangements or understandings with any of the shareholders of the Company, clients, suppliers or others pursuant to which any Director or senior manager was selected to be a Director or senior manager. The Company tests regularly to ensure awareness of any future potential conflicts of interest and related party transactions.

Political donations

The Company did not make any political donations or incur any political expenditures to candidates or political campaigns during the period.

Greenhouse gas emissions

Information regarding the Group's greenhouse gas emissions can be found on page 44.

Engagement with Employees Statement

The Company is exempted from some reporting requirements, as it has not employed more than 250 employees in the UK during the year under review.

Engagement with Stakeholders Statement

The Company adheres to best-in-class operating standards, with a strong focus on clients, employees, shareholders and the environment. This element of reporting is discussed in the s172 (1) Statement on page 48.

Auditors

The auditors for the financial year were RSM UK Audit LLP. Each of the persons who are Directors at the time when this report is approved has confirmed that:

(a) so far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

(b) each Director has taken all the steps that ought to have been taken as a Director, including making appropriate enquiries of fellow Directors and the Company's auditors for that purpose, in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

Internal control and risk management

The Audit & Risk Committee has responsibility for overseeing the framework for risk management and internal control and ensuring it functions appropriately.

The Group also has a robust financial controls framework designed to provide assurance that proper accounting records are adequately maintained and that information used within the business and for external publication is reliable and free from material misstatement. This includes segregation of duties, balance sheet reconciliations, and quarterly compliance checks on revenue recognition.

The Board reviews the effectiveness of the system of internal control annually and this process is subsequently evaluated by the Audit & Risk Committee.

The Board is also responsible for the Internal Capital and Risk Assessment (ICARA) document, as required by the UK regulator, which summarises the Group's risk management framework and regulatory capital requirements. The Group produced its first ICARA in January 2023.

A detailed description of the risk management framework and the principal risks identified is set out on pages 30 to 31.

Shareholder relations

Engagement with shareholders is of paramount importance to the Group. The Directors, including on occasions the Senior Independent Non-Executive Director and the Chair of the Board, endeavour to meet with large shareholders at least twice annually, generally following interim and final results announcements. Following these meetings, the Directors report back to the Board. All of the Directors aim to attend the Annual General Meeting either in person or by video conference.

Approved by the Board of Directors and signed on behalf of the Board

Tom Griffith
Chief Executive Officer
15th September 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Strategic report, the Directors' report, the Directors' remuneration report and the Financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. The Directors have elected under Company law and are required under the Listing Rules of the Financial Conduct Authority to prepare Group financial statements in accordance with UK-adopted International Accounting Standards. The Directors have elected under Company law to prepare the Company financial statements in accordance with UK-adopted International Accounting Standards.

The Group and Company financial statements are required by law and UK-adopted International Accounting Standards to present fairly the financial position of the Group and the Company and the financial performance of the Group; the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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 Group and the Company and of the profit or loss of the Group for that period.

In preparing each of the Group and Company 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 they have been prepared in accordance with UK-adopted International Accounting Standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' statement pursuant to the Disclosure and Transparency Rules

Each of the Directors, whose names and functions are listed on pages 52 and 53 confirm that, to the best of each person's knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report and Directors' report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the City of London Investment Group's website.

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

For and on behalf of the Board

Tom Griffith
Chief Executive Officer
15th September 2023

FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CITY OF LONDON INVESTMENT GROUP PLC

Opinion

We have audited the financial statements of City of London Investment Group plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 June 2023 which comprise the Consolidated Income Statement, Consolidated and Company Statement of Comprehensive Income, Consolidated and Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated and Company Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK-adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and UK-adopted International Accounting Standards and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30th June 2023 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- the Parent Company financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards and as applied in accordance with the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	**Group** • Accuracy and completeness of management fees • Impairment of goodwill and intangible assets
Materiality	**Group** • Overall materiality: £937,000 (2022: £1,150,000) • Performance materiality: £703,000 (2022: £868,000) **Parent Company** • Overall materiality: £528,500 (2022: £795,000) • Performance materiality: £396,000 (2022: £596,000)
Scope	Our audit procedures covered 100% of revenue, 100% of total assets and 100% of profit before tax.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group and Parent Company financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, 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 were addressed in the context of our audit of the Group and Parent Company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accuracy and completeness of management fees

Key audit matter description	As described in the accounting policies on page 113 management fees of £57,326,109 (note 2) are based on a percentage of Funds under Management in accordance with the respective management agreements. There is a risk of management fee income being inaccurate or incomplete if incorrect Funds under Management or incorrect percentages are used in the calculation of fees. Whilst the computation of fees is not inherently complex or judgemental, revenue is material in the context of the financial statements as a whole and it is therefore determined to be a key audit matter.
How the matter was addressed in the audit	Our audit work included analytical review of the total revenue and substantive testing of a sample of management fees from the fund listing through to the posting of the income in the general ledger detail. This testing included: • obtaining third party custodian records of the relevant month-end Net Asset Value (NAV), and checking that the correct fund values had been used to calculate the fee; and • reviewing the Investment Management Agreements (IMA) in place for key inputs into the management fee calculation and recalculating the expected management fee based on the NAV and % fee income documented in the IMA. In addition, our work included consideration of the design and implementation of controls over the inputs and calculation of management fee income with a sample tested to evidence review and approval of the management fee calculation. We used data analytics software to test the revenue cycle for all external revenue transactions, investigating a sample of outliers identified and performed a targeted review of a sample of manual journal entries in respect of revenue.
Key observations	No significant variances were identified between the income recognised by the Group and our recalculation of the expected income. Satisfactory explanations were obtained for a sample of outliers identified in our data analytics testing. Net asset values from the fund administrator records were in line with documentation held by the client. No unusual or unexpected manual journal entries were identified in our testing.

Impairment of goodwill and intangible assets

Key audit matter description	Goodwill of £70,906,110 and intangible assets, including customer relationships, distribution channels and trade name, arising on acquisition of £30,197,845 as set out in note 11 are included in the consolidated Statement of Financial Position at 30th June 2023. Management are required by IAS 36 'Impairment of assets' to perform an annual impairment review for goodwill and for finite-life intangible assets where there are indicators of impairment. The test for impairment compares the carrying value of the cash generating unit to which the assets are allocated to their recoverable amount which is the higher of their fair value less costs of disposal or value in use. Calculating the recoverable amount requires management judgement as set out in the accounting policies in note 1.3 and the disclosures in note 11. The headroom in the impairment assessment is sensitive to changes in key assumptions (see note 11) and thus we consider this to represent a key audit matter.
How the matter was addressed in the audit	Our work on the impairment of goodwill and intangible assets included: • Considering management's assessment of the allocation of goodwill and intangible assets to a cash generating unit. • Testing the fair value less costs of disposal ("FVLCD") calculations for mechanical accuracy and consistency with the requirements of IAS 36. • Assessing the reasonableness of comparable companies used in the market comparable approach. • Challenging management on key assumptions in the fair value model including selected AUM and EBITDA multiples, calibration to original transaction date and comparison against market comparables. • Working with our internal valuation specialists to determine the appropriateness of the impairment assessment and accuracy of supporting data used in the fair value estimate. • Evaluating the sensitivity analysis prepared by management. • Considering the qualifications, credentials and independence of the valuation expert engaged by management. • Assessing the completeness and accuracy of disclosures within the financial statements.
Key observations	Following our work, we are satisfied that the impairment review has been carried out in accordance with the requirements of IAS 36 and with the disclosures that have been made.

INDEPENDENT AUDITOR'S REPORT
CONTINUED

Our application of materiality
When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

Group

Overall materiality	£937,000 (2022: £1,150,000)
Basis for determining overall materiality	5% of profit before tax (2022: 5% of profit before tax).
Rationale for benchmark applied	Profitability is considered to be a key benchmark monitored by management and investors.
Performance materiality	£703,000 (2022: £868,000)
Basis for determining performance materiality	75% of overall materiality.
Reporting of misstatements to the Audit Committee	Misstatements in excess of £46,800 (2022: £10,000) and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

Parent Company

Overall materiality	£528,500 (2022: £795,000)
Basis for determining overall materiality	0.44% of net assets (2022: 5% of profit before tax adjusted for average dividend income)*
Rationale for benchmark applied	Net assets is considered to be a key benchmark as the entity primarily exists to hold and manage its investments in trading subsidiaries.
Performance materiality	£396,000 (2022: £596,000)
Basis for determining performance materiality	75% of overall materiality.
Reporting of misstatements to the Audit Committee	Misstatements in excess of £26,425 (2022: £10,000) and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

*We revisited the benchmark used for calculating overall materiality for the Parent Company for the year ended 30 June 2023 and determined that, as the Parent Company acts predominantly as a holding company for its investments in subsidiaries and does not publish its solus income statement, net assets is a more appropriate benchmark.

An overview of the scope of our audit
The Group consists of 8 components, located in the following countries:

- United Kingdom;
- United States of America; and
- Singapore

The coverage achieved by our audit procedures was:

	Number of components	Revenue	Total assets	Profit before tax
Full scope audit	5	100%	96%	95%
Specific audit procedures	2	0%	3%	2%
Total	**7**	**100%**	**99%**	**97%**

The Group's trading subsidiary in the United States of America was subject to a full scope audit to component overall materiality because the component was assessed as significant to the Group based on its individual financial significance and the nature of the significant risks identified.

RSM UK Audit LLP carried out analytical procedures at Group level on the overseas subsidiary based in Singapore.

Conclusions relating to going concern
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. Our evaluation of the Directors' assessment of the Group's and Parent Company's ability to continue to adopt the going concern basis of accounting included review of financial forecasts for a period of at least twelve months from approval of the financial statements including evaluation of downside scenarios and stress testing for the assessment period.

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 Group's or the Parent 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 relation to the entity 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.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Corporate governance statement

We have reviewed the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Parent Company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

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:

- Directors' statement with regard to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 94;
- Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on pages 34 to 35;
- Director's statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities set out on page 35;
- Directors' statement on fair, balanced and understandable set out on page 70;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 30;
- Section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 69; and,
- Section describing the work of the audit committee set out on pages 69 to 72.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 96, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors 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 Group's and the Parent 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 Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT
CONTINUED

Auditor's 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 auditor's 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the Group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the Group and Parent Company operate in and how the Group and Parent Company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud having obtained an understanding of the effectiveness of the control environment.

The most significant laws and regulations were determined as follows:

Legislation/Regulation	Additional audit procedures performed by the Group audit engagement team included:
UK-adopted International Accounting Standards and Companies Act 2006	Review of the financial statement disclosures and testing to supporting documentation. Completion of disclosure checklists to identify areas of non-compliance.
Tax compliance regulations	Inspection of correspondence with local tax authorities and external advisers.
FCA and SEC regulations	Review of controls in place to ensure compliance with the regulations. Review of breaches register and other compliance related matters maintained by the Group. Consultation with specialist on SEC compliance matters. Consideration of whether any matter identified during the audit required reporting to an appropriate authority outside the entity.

The areas that we identified as being susceptible to material misstatement due to fraud were:

Risk	Audit procedures performed by the audit engagement team:
Management override of controls	Testing the appropriateness of journal entries and other adjustments; Assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

Other matters which we are required to address

Following the recommendation of the audit committee, we were appointed by the Board on 23rd October 2017 to audit the financial statements for the year ending 30th June 2018 and subsequent financial periods.

The period of total uninterrupted consecutive appointments is six years, covering the years ending 30th June 2018 to 30th June 2023.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group and the Parent Company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee in accordance with ISAs (UK).

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In due course, as required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.14R, these financial statements form part of the European Single Electronic Format (ESEF) prepared Annual Financial Report filed on the National Storage Mechanism of the UK FCA in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditor's report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

Geoff Wightwick (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

15th September 2023

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30TH JUNE 2023

	Note	Year to 30th June 2023 £	Year to 30th June 2022 £
Revenue			
Gross fee income	2	57,326,109	61,293,627
Commissions payable		(1,521,652)	(1,598,421)
Custody fees payable		(1,182,171)	(1,491,922)
Net fee income		54,622,286	58,203,284
Administrative expenses			
Employee costs	3(b)	24,756,241	23,532,973
Other administrative expenses		6,947,901	5,970,527
Depreciation and amortisation		5,336,767	4,747,116
		(37,040,909)	(34,250,616)
Operating profit	5	17,581,377	23,952,668
Finance income	6	1,153,653	32,136
Finance expense	6	(136,683)	(812,421)
Profit before taxation		18,598,347	23,172,383
Income tax expense	7	(3,859,611)	(5,081,232)
Profit for the period		14,738,736	18,091,151
Profit attributable to:			
Equity shareholders of the parent		14,738,736	18,091,151
Basic earnings per share	8	30.2p	36.9p
Diluted earnings per share	8	29.6p	36.4p

CONSOLIDATED AND COMPANY STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30TH JUNE 2023

	Group		Company	
	Year to 30th June 2023 £	Year to 30th June 2022 £	Year to 30th June 2023 £	Year to 30th June 2022 £
Profit for the period	14,738,736	18,091,151	18,917,257	26,303,606
Other comprehensive income:				
Foreign currency translation differences	(4,261,592)	12,826,714	–	–
Total comprehensive income for the period	10,477,144	30,917,865	18,917,257	26,303,606
Attributable to:				
Equity shareholders of the parent	10,477,144	30,917,865	18,917,257	26,303,606

CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION

30TH JUNE 2023

	Note	Group		Company	
		30th June 2023 £	30th June 2022 £	30th June 2023 £	30th June 2022 £
Non-current assets					
Property and equipment	9	724,842	511,208	220,055	247,832
Right-of-use assets	10	1,986,893	2,418,745	906,772	1,085,153
Intangible assets	11	101,127,243	110,078,091	23,288	17,867
Other financial assets	12	7,887,575	7,434,586	109,174,428	108,912,203
Deferred tax asset	13	388,499	394,831	5,692	5,066
		112,115,052	120,837,461	110,330,235	110,268,121
Current assets					
Trade and other receivables	14	6,371,417	6,498,019	3,038,669	5,180,722
Current tax receivable		–	–	771,879	1,132,209
Cash and cash equivalents	15	22,489,858	22,677,893	11,634,613	6,919,935
		28,861,275	29,175,912	15,445,161	13,232,866
Current liabilities					
Trade and other payables	16	(8,452,440)	(9,461,606)	(4,124,497)	(3,749,598)
Lease liabilities	17	(197,331)	(388,986)	(34,586)	(121,573)
Current tax payable		(794,263)	(538,158)	–	–
Creditors, amounts falling due within one year		(9,444,034)	(10,388,750)	(4,159,083)	(3,871,171)
Net current assets		19,417,241	18,787,162	11,286,078	9,361,695
Total assets less current liabilities		131,532,293	139,624,623	121,616,313	119,629,816
Non-current liabilities					
Lease liabilities	17	(1,966,651)	(2,213,854)	(989,477)	(1,026,248)
Deferred tax liability	18	(7,222,616)	(8,642,208)	(18,215)	(21,178)
Net assets		122,343,026	128,768,561	120,608,621	118,582,390
Capital and reserves					
Share capital	19	506,791	506,791	506,791	506,791
Share premium account	20	2,256,104	2,256,104	2,256,104	2,256,104
Merger relief reserve	19	101,538,413	101,538,413	101,538,413	101,538,413
Investment in own shares	20	(8,109,300)	(7,045,817)	(8,109,300)	(7,045,817)
Share option reserve	20	133,796	126,181	127,051	105,513
EIP share reserve	20	1,732,981	1,481,107	1,732,981	1,481,107
Foreign currency translation reserve	20	1,935,871	6,197,463	–	–
Capital redemption reserve	20	26,107	26,107	26,107	26,107
Retained earnings	20	22,322,263	23,682,212	22,530,474	19,714,172
Attributable to:					
Equity shareholders of the parent		122,343,026	128,768,561	120,608,621	118,582,390
Total equity		122,343,026	128,768,561	120,608,621	118,582,390

As permitted by section 408 of the Companies Act 2006, the income statement of the Parent Company is not presented as part of these financial statements. The Parent Company's profit for the financial period amounted to £18,917,257 (2022: £26,303,606).

The Board of Directors approve and authorise for issue these financial statements on 15th September 2023.

Signed on behalf of the Board of Directors of City of London Investment Group PLC, company number 2685257.

Tom Griffith
Chief Executive Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

30TH JUNE 2023

	Share capital £	Share premium account £	Merger relief reserve £	Investment in own shares £	Share option reserve £	EIP share reserve £	Foreign currency translation reserve £	Capital redemption reserve £	Retained earnings £	Total attributable to shareholders £	NCI £	Total £
As at 30th June 2021	506,791	2,256,104	101,538,413	(6,068,431)	195,436	1,282,884	(6,629,251)	26,107	27,019,584	120,127,637	189,467	120,317,104
Profit for the period	–	–	–	–	–	–	–	–	18,091,151	18,091,151	–	18,091,151
Other comprehensive income	–	–	–	–	–	–	12,826,714	–	–	12,826,714	–	12,826,714
Total comprehensive income	–	–	–	–	–	–	12,826,714	–	18,091,151	30,917,865	–	30,917,865
Transactions with owners												
Derecognition of NCI holding	–	–	–	–	–	–	–	–	–	–	(189,467)	(189,467)
Share option exercise	–	–	–	320,193	(38,435)	–	–	–	38,435	320,193	–	320,193
Purchase of own shares	–	–	–	(2,665,042)	–	–	–	–	–	(2,665,042)	–	(2,665,042)
Share-based payment	–	–	–	–	34,291	884,265	–	–	–	918,556	–	918,556
EIP vesting/forfeiture	–	–	–	1,367,463	–	(686,042)	–	–	–	681,421	–	681,421
Deferred tax on share options	–	–	–	–	(65,111)	–	–	–	(7,902)	(73,013)	–	(73,013)
Current tax on share options	–	–	–	–	–	–	–	–	25,853	25,853	–	25,853
Dividends paid	–	–	–	–	–	–	–	–	(21,484,909)	(21,484,909)	–	(21,484,909)
Total transactions with owners	–	–	–	(977,386)	(69,255)	198,223	–	–	(21,428,523)	(22,276,941)	(189,467)	(22,466,408)
As at 30th June 2022	506,791	2,256,104	101,538,413	(7,045,817)	126,181	1,481,107	6,197,463	26,107	23,682,212	128,768,561	–	128,768,561
Profit for the period	–	–	–	–	–	–	–	–	14,738,736	14,738,736	–	14,738,736
Other comprehensive income	–	–	–	–	–	–	(4,261,592)	–	–	(4,261,592)	–	(4,261,592)
Total comprehensive income	–	–	–	–	–	–	(4,261,592)	–	14,738,736	10,477,144	–	10,477,144
Transactions with owners												
Share option exercise	–	–	–	73,269	(8,290)	–	–	–	8,290	73,269	–	73,269
Purchase of own shares	–	–	–	(2,559,537)	–	–	–	–	–	(2,559,537)	–	(2,559,537)
Share-based payment	–	–	–	–	29,828	975,847	–	–	–	1,005,675	–	1,005,675
EIP vesting/forfeiture	–	–	–	1,422,785	–	(723,973)	–	–	–	698,812	–	698,812
Deferred tax on share options	–	–	–	–	(13,923)	–	–	–	(435)	(14,358)	–	(14,358)
Current tax on share options	–	–	–	–	–	–	–	–	4,582	4,582	–	4,582
Dividends paid	–	–	–	–	–	–	–	–	(16,111,122)	(16,111,122)	–	(16,111,122)
Total transactions with owners	–	–	–	(1,063,483)	7,615	251,874	–	–	(16,098,685)	(16,902,679)	–	(16,902,679)
As at 30th June 2023	506,791	2,256,104	101,538,413	(8,109,300)	133,796	1,732,981	1,935,871	26,107	22,322,263	122,343,026	–	122,343,026

COMPANY STATEMENT OF CHANGES IN EQUITY

30TH JUNE 2023

	Share capital £	Share premium account £	Merger reserve £	Investment in own shares £	Share option reserve £	EIP share reserve £	Capital redemption reserve £	Retained earnings £	Total attributable to shareholders £
As at 30th June 2021	506,791	2,256,104	101,538,413	(6,068,431)	109,657	1,282,884	26,107	14,859,780	114,511,305
Profit for the period	–	–	–	–	–	–	–	26,303,606	26,303,606
Other comprehensive income	–	–	–	–	–	–	–	–	–
Total comprehensive income	–	–	–	–	–	–	–	26,303,606	26,303,606
Transactions with owners									
Share option exercise	–	–	–	320,193	(38,435)	–	–	26,587	308,345
Purchase of own shares	–	–	–	(2,665,042)	–	–	–	–	(2,665,042)
Share-based payment	–	–	–	–	34,291	884,265	–	–	918,556
EIP vesting/forfeiture	–	–	–	1,367,463	–	(686,042)	–	–	681,421
Deferred tax on share options	–	–	–	–	–	–	–	(5,052)	(5,052)
Current tax on share options	–	–	–	–	–	–	–	14,160	14,160
Dividends paid	–	–	–	–	–	–	–	(21,484,909)	(21,484,909)
Total transactions with owners	–	–	–	(977,386)	(4,144)	198,223	–	(21,449,214)	(22,232,521)
As at 30th June 2022	506,791	2,256,104	101,538,413	(7,045,817)	105,513	1,481,107	26,107	19,714,172	118,582,390
Profit for the period	–	–	–	–	–	–	–	18,917,257	18,917,257
Other comprehensive income	–	–	–	–	–	–	–	–	–
Total comprehensive income	–	–	–	–	–	–	–	18,917,257	18,917,257
Transactions with owners									
Share option exercise	–	–	–	73,269	(8,290)	–	–	7,371	72,350
Purchase of own shares	–	–	–	(2,559,537)	–	–	–	–	(2,559,537)
Share-based payment	–	–	–	–	29,828	975,847	–	–	1,005,675
EIP vesting/forfeiture	–	–	–	1,422,785	–	(723,973)	–	–	698,812
Deferred tax on share options	–	–	–	–	–	–	–	(243)	(243)
Current tax on share options	–	–	–	–	–	–	–	3,039	3,039
Dividends paid	–	–	–	–	–	–	–	(16,111,122)	(16,111,122)
Total transactions with owners	–	–	–	(1,063,483)	21,538	251,874	–	(16,100,955)	(16,891,026)
As at 30th June 2023	506,791	2,256,104	101,538,413	(8,109,300)	127,051	1,732,981	26,107	22,530,474	120,608,621

CONSOLIDATED AND COMPANY CASH FLOW STATEMENT

FOR THE YEAR ENDED 30TH JUNE 2023

	Note	Group		Company	
		30th June 2023 £	30th June 2022 £	30th June 2023 £	30th June 2022 £
Cash flow from operating activities					
Profit before taxation		18,598,347	23,172,383	644,891	181,843
Adjustments for:					
Depreciation of property and equipment	9	228,235	191,149	76,939	99,157
Depreciation of right-of-use assets	10	460,617	496,367	178,381	178,381
Amortisation of intangible assets	11	4,647,915	4,059,600	6,831	8,377
Loss on disposal of property and equipment		488	4,296	142	4,296
Share-based payment charge	3b	29,828	33,440	3,474	3,474
EIP-related charge		1,053,754	892,097	456,805	392,458
(Gain)/loss on investments	6	(572,807)	659,231	(95,457)	47,963
Interest receivable	6	(580,846)	(32,136)	(209,178)	(8,539)
Interest payable on leased assets	6	136,683	153,190	76,147	87,111
Translation adjustments		(460,656)	98,684	19,029	(141,847)
Cash generated from operations before changes in working capital		23,541,558	29,728,301	1,158,004	852,674
Decrease in trade and other receivables		127,833	458,199	3,044,935	1,868,752
(Decrease)/increase in trade and other payables		(246,315)	1,886,245	2,354,209	1,156,028
Cash generated from operations		23,423,076	32,072,745	6,557,148	3,877,454
Interest received	6	580,846	32,136	209,178	8,539
Interest paid on leased assets	6	(136,683)	(153,190)	(76,147)	(87,111)
Taxation paid		(4,799,115)	(7,004,074)	(1,560,000)	(154,496)
Net cash generated from operating activities		19,068,124	24,947,617	5,130,179	3,644,386
Cash flow from investing activities					
Dividends received from subsidiaries		–	–	18,399,871	26,160,323
Purchase of property and equipment and intangibles	9/11	(479,757)	(258,852)	(61,556)	(89,557)
Purchase of non-current financial assets	12	(1,127,748)	(3,877,446)	–	(1,889,216)
Proceeds from sale of current financial assets		1,127,748	8,442	–	8,442
Net cash (used in)/generated from investing activities		(479,757)	(4,127,856)	18,338,315	24,189,992
Cash flow from financing activities					
Ordinary dividends paid	21	(16,111,122)	(21,484,909)	(16,111,122)	(21,484,909)
Purchase of own shares by employee share option trust		(2,559,537)	(2,665,042)	(2,559,537)	(2,665,042)
Proceeds from sale of own shares by employee benefit trust		73,269	320,193	73,269	320,193
Payment of lease liabilities	17(c)	(396,617)	(407,772)	(123,758)	(131,908)
Net cash used in financing activities		(18,994,007)	(24,237,530)	(18,721,148)	(23,961,666)
Net (decrease)/increase in cash and cash equivalents		(405,640)	(3,417,769)	4,747,346	3,872,712
Cash and cash equivalents at start of period		22,677,893	25,514,619	6,919,935	2,905,184
Cash held in funds*		60,996	40,936	–	–
Effect of exchange rate changes		156,609	540,107	(32,668)	142,039
Cash and cash equivalents at end of period		22,489,858	22,677,893	11,634,613	6,919,935

Note:

* Cash held in International REIT and Global Equity CEF funds are consolidated using accounts drawn up as of 30th June.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2023

1. SIGNIFICANT ACCOUNTING POLICIES

City of London Investment Group PLC (the Company) is a public limited company which listed on the London Stock Exchange on 29th October 2010 and is domiciled and incorporated in the United Kingdom under the Companies Act 2006.

1.1 Basis of preparation

The financial statements have been prepared in accordance with UK-adopted International Accounting Standards.

The Group financial statements have been prepared under the historical cost convention, except for certain financial assets held by the Group that are reported at fair value. The Group and Company financial statements have been prepared on a going concern basis.

The principal accounting policies adopted are set out below and have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.2 New or amended accounting standards and interpretations

The Group has adopted all the new or amended accounting standards and interpretations issued by the International Accounting Standards Board (IASB) that are mandatory for the current reporting period. Any new or amended accounting standards that are not mandatory have not been early adopted.

The following amendments to standards have been adopted in the current period and have not had a material impact on the Group's financial statements:

- IAS 16 (amendments) – Property, Plant and Equipment – Proceeds before Intended Use
- Annual Improvements 2018-2020 Cycle – Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 4)
- IAS 37 (amendments) – Onerous Contracts – Cost of Fulfilling a Contract

The following amended standards and interpretations are in issue but not yet effective:

- IFRS 17 Insurance contracts (effective 1 January 2023)
- IAS 1 (amendments) – Disclosure of Accounting Policies (effective 1 January 2023)
- IAS 1 (amendments) – Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current and Classification of Liabilities as Current or Non-Current – Deferral of Effect Date (effective 1 January 2024)
- IAS 8 (amendments) – Definition of Accounting Estimates (effective 1 January 2023)
- IAS 12 (amendments) – Deferred Tax related to Assets and Liabilities arising from a single transaction (effective 1 January 2023)

The Directors do not expect the adoption of these standards and amendments to have a material impact on the Financial Statements.

1.3 Accounting estimates and assumptions

The preparation of these financial statements in conformity with UK-adopted International Accounting Standards requires management to make estimates and judgments that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Whilst estimates are based on management's best knowledge and judgement using information and financial data available to them, the actual outcome may differ from those estimates.

The most significant areas of the financial statements that are subject to the use of estimates and judgments are noted below:

(i) EM REIT fund

The Company has a c.20% ownership interest in the EM REIT fund. However, it does not have any voting powers and its decision-making powers are held in the capacity of an agent of the investors as a group. The Company has exercised judgement and have concluded that it does not control or have significant influence over this fund.

(ii) Impairment of Goodwill

The recognition of goodwill in a business combination and subsequent impairment assessments are based on significant accounting estimates. Note 11 details our estimates and assumptions in relation to the impairment assessment of goodwill.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.4 Basis of consolidation

The consolidated financial statements are based on the financial statements of the Company and all of its subsidiary undertakings. The Group's subsidiaries are those entities which it directly or indirectly controls. Control over an entity is evidenced by the Group's ability to exercise its power in order to affect any variable returns that the Group is exposed to through its involvement with the entity. The consolidated financial statements also incorporate the results of the business combination using the acquisition method. The acquiree's identifiable net assets are initially recognised at their fair values at the acquisition date. The results of the acquired business are included in the consolidated statement of comprehensive income from the date on which control is obtained.

When assessing whether to consolidate an entity, the Group evaluates a range of control factors as defined under IFRS 10 Consolidated financial statements, namely:

- the purpose and design of the entity;
- the relevant activities and how these are determined;
- whether the Group's rights result in the ability to direct the relevant activities;
- whether the Group has exposure or rights to variable returns; and
- whether the Group has the ability to use its power to affect the amount of its returns.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are deconsolidated from the date that control ceases.

The Group's subsidiary undertakings as at 30th June 2023 are detailed below:

City of London Investment Group PLC holds a controlling interest in the following:

Subsidiary undertakings	Activity	Controlling interest	Country of incorporation
City of London Investment Management Company Limited	Management of funds	100%	UK
City of London US Investments Limited	Holding company	100%	UK
Karpus Management Inc.	Management of funds	100%	USA
International REIT Fund *	Delaware Statutory Trust Fund	100%	USA
Global Equity CEF Fund	Delaware Statutory Trust Fund	100%	USA

City of London Investment Management Company Limited holds 100% of the ordinary shares in the following:

City of London Investment Management (Singapore) PTE Ltd	Management of funds	Singapore
City of London Latin America Limited	Dormant company	UK

City of London US Investments Limited holds 100% of the ordinary shares in the following:

City of London US Services Limited	Service company	UK

* International REIT fund has a year-end of 31st December. As this fund has a financial year end that differs from that of the Company, it is consolidated using accounts drawn up as of 30th June.

The registered addresses of the subsidiary companies are as follows:

City of London Investment Management Company Limited City of London US Investments Limited City of London US Services Limited City of London Latin America Limited	77 Gracechurch Street, London EC3V 0AS, UK
City of London Investment Management Company (Singapore) PTE Ltd	20 Collyer Quay, #10-04, Singapore 049319
Karpus Management Inc.	183 Sully's Trail, Pittsford, New York 14534, USA
International REIT fund Global Equity CEF fund	4005 Kennett Pike, Suite 250, Greenville, DE 19807, USA

City of London Latin America Limited is dormant and as such is not subject to audit.

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.5 Property and equipment

For all property and equipment depreciation is calculated to write off their cost to their estimated residual values by equal annual instalments over the period of their estimated useful lives, which are considered to be:

Leasehold property improvements	–	over the remaining life of the lease
Furniture and equipment	–	four to ten years
Computer and telephone equipment	–	four to ten years

1.6 Intangible assets

Intangible assets acquired separately are initially recognised at cost. Intangible assets acquired through a business combination other than goodwill, are initially measured at fair value at the date of the acquisition.

(i) Goodwill

Goodwill arises through a business combination. Goodwill represents the excess of the purchase consideration paid over the fair value of the identifiable assets, liabilities and contingent liabilities of the business at the date of the acquisition.

Goodwill is measured at cost less accumulated impairment losses. Goodwill on acquisition is allocated to a cash generating unit (CGU) that is expected to benefit from the acquisition, for the purpose of impairment testing. The CGU to which goodwill is allocated represents the lowest level at which goodwill is monitored for internal management purposes. A CGU is identified as a group of assets generating cash inflows which are independent from cash inflows from other Group cash generating assets and are not larger than the Group's operating segments.

(ii) Direct customer relationships and distribution channels

The fair values of direct customer relationships and distribution channels acquired in the business combination have been measured using a multi-period excess earnings method. These are amortised on a straight line basis over the period of their expected benefit, being a finite life of ten years for direct customer relationships and a finite life of seven years for distribution channels.

(iii) Trade name

The fair value of the trade name acquired in the business combination has been measured using a relief from royalty method. This is amortised on a straight line basis over the period of its expected benefit, being a finite life of fifteen years.

(iv) Software licences

Software licences are capitalised at cost and amortised on a straight line basis over the useful life of the asset. Costs are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. Costs also include directly attributable overheads. The estimated useful life over which the software is depreciated is between four to ten years. Software integral to a related item of hardware equipment is accounted for as property and equipment. Costs associated with maintaining computer software programs are expensed to the income statement as incurred.

1.7 Impairment of goodwill and other assets

Goodwill arising on acquisition is not subject to annual amortisation and is tested annually for impairment, or more frequently if changes in circumstances indicate a possible impairment. The Group annually reviews the carrying value of its CGU to ensure that those assets have not suffered from any impairment loss. The review compares the recoverable amount of the CGU to which goodwill is allocated against its carrying amount. Where the recoverable amount is higher than the carrying amount, no impairment is required. The recoverable amount is defined as the higher of (a) fair value less costs to sell or (b) value in use, which is based on the present value of future cash flows expected to derive from the CGU.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Other assets are tested for impairment whenever management identifies any indicators of impairment.

Any impairment loss is recognised immediately through the income statement.

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.8 Business Combinations

The Group accounts for business combinations using the acquisition method. A business combination is determined where in a transaction, the asset acquired and the liabilities assumed constitute a business.

The consideration transferred on the date of the transaction is measured at fair value as are the identifiable assets acquired and liabilities assumed. Intangible assets are recognised separately from goodwill at the acquisition date only when they are identifiable.

1.9 Financial instruments

Financial instruments are only recognised in the financial statements and measured at fair value when the Group becomes party to the contractual provisions of the instrument.

Under IFRS 9 Financial Instruments, financial assets are classified as either:

- amortised at cost;
- at fair value through the profit or loss; or
- at fair value through other comprehensive income.

Financial liabilities must be classified at fair value through profit or loss or at amortised cost.

The Group's investments in securities and derivatives are classified as financial assets or liabilities at fair value through profit or loss. Such investments are initially recognised at fair value, and are subsequently re-measured at fair value, with any movement recognised in the income statement. The fair value of the Group's investments is determined as follows:

Shares	– priced using the quoted market mid-price*
Options	– priced using the quoted market bid price
Forward currency trades	– priced using the forward exchange bid rates from Bloomberg

* The majority of the funds managed by the Group are valued at the mid-price, the exception being the REIT funds which are valued using the official closing price, in accordance with US GAAP. Therefore, where the Group has identified investments in those funds as subsidiaries, the fair value consolidated is the net asset values as provided by the administrator of the funds. The underlying investments in these funds are liquid companies with a small bid-ask spread.

The consolidated Group assesses and would recognise a loss allowance for expected credit losses on financial assets which are measured at amortised cost. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a twelve-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next twelve months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

Under the expected credit loss model, impairment losses are recorded if there is an expectation of credit losses, even in the absence of a default event. This model is applicable to assets amortised at cost or at fair value through other comprehensive income. The assets on the Group's balance sheet to which the expected loss applies to are fees receivable. At the end of each reporting period, the Group assesses whether the credit risk of these trade receivables has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

1.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and on-demand deposits with an original maturity of three months or less from inception, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

1.11 Trade payables

Trade payables are measured at initial recognition at fair value and subsequently measured at amortised cost.

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.12 Current and deferred taxation

The Group provides for current tax according to the tax regulations in each jurisdiction in which it operates, using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. However, deferred tax is not accounted for if it arises from goodwill or the initial recognition (other than in a business combination) of other assets or liabilities in a transaction that affects neither the accounting nor the taxable profit or loss.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. The tax rates used are those that have been enacted, or substantively enacted, by the end of the reporting period. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly as part of other comprehensive income, in which case the deferred tax is also dealt with as part of other comprehensive income. For share-based payments, where the estimated future tax deduction exceeds the amount of the related cumulative remuneration expense, the excess deferred tax is recognised directly in equity.

1.13 Share-based payments

The Company operates an Employee Incentive Plan (EIP) which is open to all employees in the Group. Awards are made to participating employees over shares under the EIP where they have duly waived an element of their annual profit-share before the required waiver date, in general before the start of the relevant financial year.

The awards are made up of two elements: Deferred Shares and Bonus Shares. The Deferred Shares represent the waived profit-share and the Bonus Shares represent the additional award made by the Company as a reward for participating in the EIP. Awards will vest (i.e. no longer be forfeitable) over a three-year period with one-third vesting each year for all employees, other than Executive Directors of CLIG. Awards granted from October 2021 onwards for the Executive Directors of CLIG will vest (i.e. no longer be forfeitable) over a five-year period with one-fifth vesting each year, and from October 2024 onwards over a five-year period with one-third vesting each year for the third, fourth and fifth anniversaries following grant.

The full cost of the Deferred Shares is recognised in the year to which the profit-share relates. The value of the Bonus Shares is expensed on a straight line basis over the period from the date the employees elect to participate to the date that the awards vest. This cost is estimated during the financial year and at the point when the actual award is made, the share-based payment charge is re-calculated and any difference is taken to the profit or loss.

The Company operates an Employee Share Option Plan. The fair value of the employee services received in exchange for share options is recognised as an expense. The fair value has been calculated using the Black-Scholes pricing model, and is being expensed on a straight line basis over the vesting period, based on the Company's estimate of the number of shares that will actually vest. At the end of the three-year period when the actual number of shares vesting is known, the share-based payment charge is re-calculated and any difference is taken to the profit or loss.

1.14 Revenue recognition

Revenue is recognised within the financial statements based on the services that are provided in accordance with current investment management agreements (IMAs). The fees are charged as a percentage of Funds under Management. The performance obligations encompassed within these agreements are based on daily/monthly asset management of funds. Payment terms are monthly/quarterly in advance or in arrears. The Group has an enforceable right to the payment of these fees for services provided, in accordance with the underlying IMAs.

For each contract, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of services promised.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.15 Commissions payable
A portion of the Group's revenue is subject to commissions payable under third party marketing agreements. Commissions payable are recognised in the same period as the revenue to which they relate.

1.16 Foreign currency translation
Foreign currency transactions are translated using the exchange rates prevailing at the transaction date. Monetary assets held in a currency other than the functional currency are translated at the end of each financial period at the period end closing rates.

The functional currency of the Group's subsidiaries, City of London Investment Management Company Limited, Karpus Investment Management and City of London US Services Limited, is US dollars.

The functional currency of City of London Investment Group PLC (the Company) is sterling. The Group uses sterling as the presentation currency and under IAS 21 'The Effects of Changes in Foreign Exchange Rates', exchange rate differences arising from translating a subsidiary company's functional currency to presentation currency have to be recognised in the Group's other comprehensive income.

Accordingly, on consolidation, exchange rate differences arising from translating functional currency to presentation currency for Karpus Investment Management are recognised in the Group's other comprehensive income.

However, for its other subsidiaries, the Group operates a policy whereby it manages foreign exchange exposure of subsidiary monetary assets through its inter-company accounts. Any gains or losses are recognised within the Company's own income statement. Therefore, on consolidation, there are no exchange differences arising from the translation of monetary items from the subsidiary functional currency to its presentational currency. This means that all such exchange differences are included in the income statement and no split is required between other comprehensive income and the income statement.

The subsidiaries translate the non-monetary assets at the period end rate and any exchange differences are reflected in other comprehensive income.

1.17 Leases
The total outstanding lease cost, discounted at the Group's weighted average incremental borrowing rate to its present value, is shown as a lease liability in the statement of financial position. The payment of the lease charge is allocated between the lease liability and an interest charge in the income statement.

On recognition of the lease liability, the associated asset is shown as a right-of-use asset. This is further adjusted for any lease payments made prior to adoption and any future restoration costs as implicit within the lease contract. The resulting total value of the right-of-use asset is depreciated on a straight line basis over the term of the lease period.

The Group re-measures the lease liability whenever:

- there is a change in the lease term;
- there is a change in the lease payments; and
- a lease contract is modified and the lease modification is not accounted for as a separate lease.

Where there is a change in the lease term or lease payments, the lease liability is re-measured by discounting the revised lease payments at the current or revised discount rate depending on the nature of the event. Where the lease liability is re-measured, a corresponding adjustment is made to the right-of-use assets.

Where extension/termination options exists within a lease, the Group would assess at the lease commencement date as to whether it is reasonably certain that it will exercise these options. The Group would reassess these option if there was a significant event or significant change in circumstances within its control, which would warrant the Group with reasonable certainty to exercise these options.

Payments in relation to short-term leases, those that are less than twelve months in duration continue to be expensed to the income statement on a straight line basis. At the end of the year, all of the Group's leases were recognised as right-of-use assets.

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.18 Pensions

The Group operates defined contribution pension schemes covering the majority of its employees. The costs of the pension schemes are charged to the income statement as they are incurred. Any amounts unpaid at the end of the period are reflected in other creditors.

2. SEGMENTAL ANALYSIS

The Directors consider that the Group has only one reportable segment, namely asset management, and hence only analysis by geographical location is given.

	USA £	Canada £	UK £	Europe (ex UK) £	Other £	Total £
Year to 30th June 2023						
Gross fee income	55,144,954	1,179,606	–	935,016	66,533	57,326,109
Non-current assets:						
Property and equipment	504,787	–	207,752	–	12,303	724,842
Right-of-use assets	1,038,062	–	906,772	–	42,059	1,986,893
Intangible assets	101,103,955	–	23,288	–	–	101,127,243
Year to 30th June 2022						
Gross fee income	58,502,020	1,400,160	279,802	1,082,660	28,985	61,293,627
Non-current assets:						
Property and equipment	263,376	–	233,693	–	14,139	511,208
Right-of-use assets	1,245,649	–	1,085,153	–	87,943	2,418,745
Intangible assets	110,060,224	–	17,867	–	–	110,078,091

The Group has classified its fee income based on the domicile of its clients and non-current assets based on where the assets are held. Included in revenues are fees of £5,402,756 (2022: £5,825,226) which arose from fee income from the Group's largest client. No other single client contributed 10% or more to the Group's revenue in either of the reporting periods.

3. EMPLOYEES

	Group		Company	
(a) Average number of persons employed by the Group in the period:	Year to 30th June 2023 Number	Year to 30th June 2022 Number	Year to 30th June 2023 Number	Year to 30th June 2022 Number
Investment Management/Research	40	40	19	19
Performance and Attribution	5	4	–	–
Business Development/Marketing	14	16	1	1
Client Services	15	11	2	2
Administration, Accounts and Settlements	42	43	8	8
	116	114	30	30

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

3. EMPLOYEES CONTINUED

(b) The aggregate employment costs of employees and Directors:	Group Year to 30th June 2023 £	Group Year to 30th June 2022 £	Company Year to 30th June 2023 £	Company Year to 30th June 2022 £
Wages and salaries	11,589,852	10,180,500	3,573,028	3,522,720
Profit sharing payments	7,868,971	8,374,697	2,565,780	3,041,723
Social security costs	1,543,803	1,526,894	830,166	917,297
Defined contribution pension costs	1,575,050	1,325,245	381,133	364,448
EIP-related charges	1,216,676	1,201,452	568,130	559,383
Share options charge	29,828	33,440	3,474	3,474
Other staff costs	932,061	890,745	233,573	250,081
	24,756,241	23,532,973	8,155,284	8,659,126

4. DIRECTORS

Directors' emoluments comprise:	Year to 30th June 2023 £	Year to 30th June 2022 £
Emoluments (excluding pension contributions and awards under share option schemes)	1,012,732	2,927,773
EIP participation	19,409	258,687
Pension contributions	30,058	110,563
EIP-related charges	40,217	272,299
Gains on exercise of share options	–	97,575
Other taxable benefits ^	21,180	30,565
	1,123,596	3,697,462
Social security costs	33,230	205,256
	1,156,826	3,902,718

	Year to 30th June 2023 Number	Year to 30th June 2022 Number
Number of Directors on whose behalf pension contributions were paid during the period	1	5
Number of Directors who exercised share options during the period	–	2

Highest paid Director's remuneration:	Year to 30th June 2023 £	Year to 30th June 2022 £
Emoluments (excluding pension contributions and awards under share option schemes)	658,101	673,000
EIP participation	19,409	107,000
Pension contributions	30,058	26,250
EIP-related charges	40,217	104,645
Gains on exercise of share options	–	87,000
Other taxable benefits ^	9,864	3,336
	757,649	1,001,231
Social security costs	18,570	135,007
	776,219	1,136,238

(^) The regulations require us to disclose taxable benefits. Health insurance is offered to all employees but is not considered a taxable benefit in all countries. For comparative purposes, we have based our calculations on all health insurance costs incurred, whether a taxable benefit or not.

Further details relating to Directors' emoluments can be found in the Remuneration report on pages 73 to 93.

5. OPERATING PROFIT

The operating profit is arrived at after charging:	Year to 30th June 2023 £	Year to 30th June 2022 £
Depreciation of property and equipment	228,235	191,149
Depreciation of right-of-use assets	460,617	496,367
Amortisation of intangible assets	4,647,915	4,059,600
Auditor's remuneration:		
– Statutory audit of the parent and consolidated financial statements	110,000	89,415
– Statutory audit of subsidiaries of the Company	83,100	57,712
– Audit related assurance services	30,000	25,000
Short-term lease expense	15,032	13,196

6. FINANCE INCOME AND FINANCE EXPENSE

	Year to 30th June 2023 £	Year to 30th June 2022 £
Finance income:		
Interest on cash and cash equivalents	580,846	32,136
Unrealised gain on investments	253,834	–
Realised gain on investments	318,973	–
Total finance income	1,153,653	32,136
Finance expense:		
Unrealised loss on investments	–	(659,231)
Interest payable on lease liabilities	(136,683)	(153,190)
Total finance expense	(136,683)	(812,421)
Net finance income/(expense)	1,016,970	(780,285)

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

7. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of tax charge on ordinary activities:	Year to 30th June 2023 £	Year to 30th June 2022 £
Current tax:		
UK corporation tax at 19% (2022: 19%) based on the profit for the period	3,550,909	4,533,109
Double taxation relief	(892,646)	(909,780)
Change in tax rate to 25%	130,388	–
Adjustments in respect of prior years	87,945	(53,810)
UK tax total	2,876,596	3,569,519
Foreign tax	2,607,671	2,720,112
Adjustments in respect of prior years	(485,989)	(54,854)
Foreign tax total	2,121,682	2,665,258
Total current tax charge	4,998,278	6,234,777
Deferred tax:		
UK – origination and reversal of temporary differences	(4,588)	(119,105)
Foreign – origination and reversal of temporary differences	(1,134,079)	(1,034,440)
Total deferred tax credit	(1,138,667)	(1,153,545)
Total tax charge in income statement	3,859,611	5,081,232

(b) Factors affecting tax charge for the current period:

The tax charge on profit for the year is different to that resulting from applying the standard rate of corporation tax in the UK – 19% (prior year – 19%). The differences are explained below:

	Year to 30th June 2023 £	Year to 30th June 2022 £
Profit on ordinary activities before tax	18,598,347	23,172,383
Tax on profit from ordinary activities at the standard rate	(3,533,686)	(4,402,753)
Effects of:		
Unrelieved overseas tax	(2,850,516)	(3,614,710)
Foreign profits taxed at rates different to those of the UK	2,016,613	2,574,111
Expenses not deductible for tax purposes	(885,267)	(774,538)
Gains/(losses) not eligible for tax	9,585	(115,481)
Capital allowances less than depreciation	(21,947)	(14,177)
Prior period adjustments	398,044	108,664
Deferred tax originating from timing differences	1,138,667	1,153,545
Change in tax rate to 25%	(130,388)	–
Other	(716)	4,107
Total tax charge in income statement	(3,859,611)	(5,081,232)

8. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit for the period attributable to the equity shareholders of the parent divided by the weighted average number of ordinary shares in issue for the period ended 30th June 2023.

As set out in the Directors' report on page 94 the Employee Benefit Trust held 1,989,355 (2022: 1,708,763) ordinary shares in the Company as at 30th June 2023. The Trustees of the Trust have waived all rights to dividends associated with these shares. In accordance with IAS 33 Earnings per share, the ordinary shares held by the Employee Benefit Trust have been excluded from the calculation of the weighted average number of ordinary shares in issue.

The calculation of diluted earnings per share is based on the profit for the period attributable to the equity shareholders of the parent divided by the diluted weighted average number of ordinary shares in issue for the period ended 30th June 2023.

Reported earnings per share

	Year to 30th June 2023 £	Year to 30th June 2022 £
Profit attributable to the equity shareholders of the parent for basic earnings	14,738,736	18,091,151

	Number of shares	Number of shares
Issued ordinary shares as at 1st July	50,679,095	50,679,095
Effect of own shares held by EBT	(1,842,182)	(1,614,063)
Weighted average shares in issue	48,836,913	49,065,032
Effect of movements in share options and EIP awards	892,422	647,134
Diluted weighted average shares in issue	49,729,335	49,712,166
Basic earnings per share (pence)	30.2	36.9
Diluted earnings per share (pence)	29.6	36.4

Underlying earnings per share*

Underlying earnings per share is based on the underlying profit after tax*, where profit after tax is adjusted for gain/loss on investments, amortisation of acquired intangibles and their relating tax impact.

Underlying profit for calculating underlying earnings per share

	Year to 30th June 2023 £	Year to 30th June 2022 £
Profit before tax	18,598,347	23,172,383
Add back/(deduct):		
– (Gain)/loss on investments	(572,807)	659,231
– Amortisation on acquired intangibles	4,641,084	4,051,223
Underlying profit before tax	22,666,624	27,882,837
Tax expense as per the consolidated income statement	(3,859,611)	(5,081,232)
Tax effect of fair value adjustments	120,289	(125,253)
Unwinding of deferred tax liability	(1,113,860)	(972,294)
Underlying profit after tax for the calculation of underlying earnings per share	17,813,442	21,704,058
Underlying earnings per share (pence)	36.5	44.2
Underlying diluted earnings per share (pence)	35.8	43.7

* This is an Alternative Performance Measure (APM). Please refer to the Financial Review for more details on APMs.

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9. PROPERTY AND EQUIPMENT

	30th June 2023				30th June 2022			
	Furniture and equipment £	Computer and telephone equipment £	Short leasehold improve-ments £	Total £	Furniture and equipment £	Computer and telephone equipment £	Short leasehold improve-ments £	Total £
Group								
Cost								
At start of period	398,579	1,778,564	629,782	2,806,925	383,871	1,534,800	627,654	2,546,325
Currency translation	(38,022)	(181,103)	(112,582)	(331,707)	20,579	80,289	63,280	164,148
Additions*	134,300	171,556	161,649	467,505	6,487	214,393	19,105	239,985
Disposals	(112,951)	(202,182)	(1,463)	(316,596)	(12,358)	(50,918)	(80,257)	(143,533)
At close of period	381,906	1,566,835	677,386	2,626,127	398,579	1,778,564	629,782	2,806,925
Accumulated depreciation								
At start of period	286,649	1,555,339	453,729	2,295,717	254,766	1,393,522	442,054	2,090,342
Currency translation	(36,928)	(178,151)	(91,480)	(306,559)	19,893	78,620	54,949	153,462
Charge for the period	23,253	120,888	84,094	228,235	24,348	129,818	36,983	191,149
Disposals	(112,596)	(202,050)	(1,462)	(316,108)	(12,358)	(46,621)	(80,257)	(139,236)
At close of period	160,378	1,296,026	444,881	1,901,285	286,649	1,555,339	453,729	2,295,717
Net book value								
At close of period	221,528	270,809	232,505	724,842	111,930	223,225	176,053	511,208
Company								
Cost								
At start of period	223,783	512,564	133,064	869,411	236,141	492,792	213,321	942,254
Additions	–	46,429	2,875	49,304	–	70,690	–	70,690
Disposals	–	(47,080)	(1,463)	(48,543)	(12,358)	(50,918)	(80,257)	(143,533)
At close of period	223,783	511,913	134,476	870,172	223,783	512,564	133,064	869,411
Accumulated depreciation								
At start of period	120,377	428,998	72,204	621,579	115,225	404,116	142,317	661,658
Charge for the period	17,363	49,172	10,404	76,939	17,510	71,503	10,144	99,157
Disposals	–	(46,939)	(1,462)	(48,401)	(12,358)	(46,621)	(80,257)	(139,236)
At close of period	137,740	431,231	81,146	650,117	120,377	428,998	72,204	621,579
Net book value								
At close of period	86,043	80,682	53,330	220,055	103,406	83,566	60,860	247,832

* The Group entered into a long-term lease for its new US office. Upon inception of the lease the Group paid £118,311 to the landlord towards the cost of leasehold improvements, and there were also purchases of furniture for the new office of £125,682 and computer equipment of £69,618. All of these costs have been capitalised and are shown as additions. Depreciation on these will begin from 1st July 2023 being the commencement date of the lease which is considered to be the date when assets are first in use.

10. RIGHT-OF-USE ASSETS

	30th June 2023			30th June 2022		
	Property leases £	Office equipment leases £	Total £	Property leases £	Office equipment leases £	Total £
Group						
Cost						
At start of period	3,433,470	67,593	3,501,063	3,529,441	59,515	3,588,956
Currency translation	88,242	(2,793)	85,449	9,208	8,078	17,286
Effect of modification of lease term	–	–	–	90,567	–	90,567
Disposals	–	–	–	(195,746)	–	(195,746)
At close of period	3,521,712	64,800	3,586,512	3,433,470	67,593	3,501,063
Depreciation charge						
At start of period	1,051,122	31,196	1,082,318	822,621	9,156	831,777
Currency translation	59,221	(2,537)	56,684	(53,053)	2,973	(50,080)
Charge for the period	439,431	21,186	460,617	477,300	19,067	496,367
Disposals	–	–	–	(195,746)	–	(195,746)
At close of period	1,549,774	49,845	1,599,619	1,051,122	31,196	1,082,318
Net book value						
At close of period	1,971,938	14,955	1,986,893	2,382,348	36,397	2,418,745
Company						
Cost						
At start of period	1,620,297	–	1,620,297	1,620,297	–	1,620,297
At close of period	1,620,297	–	1,620,297	1,620,297	–	1,620,297
Depreciation charge						
At start of period	535,144	–	535,144	356,763	–	356,763
Charge for the period	178,381	–	178,381	178,381	–	178,381
At close of period	713,525	–	713,525	535,144	–	535,144
Net book value						
At close of period	906,772	–	906,772	1,085,153	–	1,085,153

As at the period end, the Group's right-of-use assets consisted of four property leases and one office equipment lease. The current lease periods range between less than one year and ten years, with the average remaining term being 3.6 years. Expenses in relation to short-term leases are shown in note 5. During the period, the Group has entered into a long-term lease for its new West Chester office which will commence from 1st July 2023 (refer note 25). On commencement date, the Group will recognise a right-of-use asset of £2.4 million and a corresponding lease liability.

Details of lease liabilities are shown in note 17.

NOTES TO THE FINANCIAL STATEMENTS
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11. INTANGIBLE ASSETS

	30th June 2023						30th June 2022
	Goodwill £	Direct customer relationships £	Distribution channels £	Trade name £	Long-term software £	Total £	Total £
Group							
Cost							
At start of period	73,962,910	37,815,773	5,174,153	1,153,230	707,967	118,814,033	104,893,900
Additions	–	–	–	–	12,252	12,252	18,867
Currency translation	(3,056,800)	(1,562,882)	(213,841)	(47,661)	–	(4,881,184)	13,901,266
At close of period	70,906,110	36,252,891	4,960,312	1,105,569	720,219	113,945,101	118,814,033
Amortisation charge							
At start of period	–	6,617,761	1,293,538	134,543	690,100	8,735,942	3,931,908
Currency translation	–	(465,539)	(90,996)	(9,464)	–	(565,999)	744,434
Charge for the period	–	3,817,323	746,152	77,609	6,831	4,647,915	4,059,600
At close of period	–	9,969,545	1,948,694	202,688	696,931	12,817,858	8,735,942
Net book value:							
At close of period	70,906,110	26,283,346	3,011,618	902,881	23,288	101,127,243	110,078,091
Company							
Cost							
At start of period	–	–	–	–	76,029	76,029	57,162
Additions	–	–	–	–	12,252	12,252	18,867
At close of period	–	–	–	–	88,281	88,281	76,029
Amortisation charge							
At start of period	–	–	–	–	58,162	58,162	49,785
Charge for the period	–	–	–	–	6,831	6,831	8,377
At close of period	–	–	–	–	64,993	64,993	58,162
Net book value	–	–	–	–	23,288	23,288	17,867

Goodwill, direct customer relationships, distribution channels and trade name acquired through business combination relate to the merger with KIM on 1st October 2020.

The fair values of KIM's direct customer relationships and the distribution channels have been measured using a multi-period excess earnings method. The model uses estimates of annual attrition driving revenue from existing customers to derive a forecast series of cash flows, which are discounted to a present value to determine the fair values of KIM's direct customer relationships and the distribution channels.

The fair value of KIM's trade name has been measured using a relief from royalty method. The model uses estimates of royalty rate and percentage of revenue attributable to trade name to derive a forecast series of cash flows, which are discounted to a present value to determine the fair value of KIM's trade name.

The total amortisation charged to the income statement during the financial year in relation to direct client relationships, distribution channels and trade name was £4,641,084 (2022: £4,051,223).

11. INTANGIBLE ASSETS CONTINUED

Impairment

Goodwill acquired through the business combination is in relation to the merger with KIM and relates to the acquired workforce and future expected growth of the cash generating unit (CGU).

The Group has carried out an annual review of the carrying value of the CGU to which the goodwill is allocated to see if it has suffered any impairment. Management also considered whether there were any indicators of impairment of other intangible assets. The Group had assessed the recoverable amount of the CGU by its value in use, as in the prior period, and found that it was less than the carrying value owing to a higher discount rate and reduced growth forecasts due to changes in market conditions. The Group thus reassessed the recoverable amount by its fair value (Fair Value) less cost of disposal (FVLCOD), which exceeds the carrying value. The Fair Value is based on the Market Comparable Method (or "Comparable Company Analysis") that indicates the value of KIM by comparing it to publicly traded companies in a similar line of business. An analysis of the trading multiples of comparable companies yields insight into investor perceptions and, therefore, the value of the subject company i.e., the value of KIM.

FuM and EBITDA multiples were selected and applied to the historical and forecasted metrics of KIM. The multiples were evaluated and selected based on the relative growth potential, operating margins and risk profile of KIM vis-a-vis the publicly traded comparable companies and also to reflect the degree of control and lack of marketability of the interest held in KIM. As such, FuM multiple of 4.0% and EBITDA multiples of 8.8x and 9.0x (calendar year 2022 and 2023, respectively) were selected based on the Comparable Company Analysis prior to concluding the Fair Value of KIM on a weighted average basis. This Fair Value is classified within Level 3 of IFRS 13 fair value hierarchy.

The Group's forecasts are based on its most recent and current trading activity and on current financial budgets for twelve months that are approved by the Board. The key assumptions underlying the budgets are based on the most recent trading activity with built in organic growth, revenue and cost margins. The annual growth rate used for extrapolating revenue forecasts was 1.5% and for direct costs was 3.0% based on the Group's expectation of future growth of the business.

The goodwill impairment assessment date of 30th April 2023 was different to the current reporting date. The performance of the CGU is reviewed for the period between the assessment date and the reporting date to determine whether any changes in circumstances or impairment indicators have occurred since the assessment date. Following our review, it was determined that there were no changes in circumstances or impairment indicators that would require the CGU to be impaired at the reporting date.

The recoverable amount of the CGU exceeded the carrying amount of the CGU at 30th April 2023 by £4,534,000 (2022: £1,392,000).

Sensitivity analysis was applied to the selected multiples to measure the impact on the headroom in existence under the current impairment review. The following table shows the extent to which each of the selected multiples will be required to be changed in isolation for the recoverable amount of this CGU to be equal to its carrying amount. This highlights that further adverse movements in the selected multiples would be required before an impairment would be recognised. The below sensitivities make no allowance for mitigating actions that management would take if such market conditions persisted.

	2023	
	From	To
December 2022 FuM Multiple	4.0%	3.3%
Average FY 24 FuM Multiple	4.0%	3.4%
Average FY 23 EBITDA Multiple	8.8x	7.3x
Average FY 24 EBITDA Multiple	9.0x	7.4x

The Directors and management have considered and assessed possible changes to other key assumptions and have not identified any instances that could cause the carrying amount of the CGU to exceed its recoverable amount.

The Group's forecasted FuM and EBITDA are most sensitive to the movements in the global financial markets because they have a direct impact on the CGU's results. The potential impact of the current uncertainties on global financial markets cannot be reliably estimated and if these result in a sustained period of weakness in financial markets this could result in a future impairment.

Based on the recoverable amount, using the fair value model, no impairment was required at 30th June 2023.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

12. OTHER FINANCIAL ASSETS (NON-CURRENT)

Group	30th June 2023 Unlisted investments £	30th June 2023 Listed investments £	30th June 2023 Total £	30th June 2022 Unlisted investments £	30th June 2022 Listed investments £	30th June 2022 Total £
At start of period	1,818,167	5,616,419	7,434,586	1,874,766	2,498,719	4,373,485
Additions	–	1,127,748	1,127,748	–	3,877,446	3,877,446
Disposals	–	(808,775)	(808,775)	(13,647)	–	(13,647)
Fair value gains/(losses)	95,450	38,566	134,016	(42,952)	(570,279)	(613,231)
Deconsolidation of NCI	–	–	–	–	(189,467)	(189,467)
At close of period	1,913,617	5,973,958	7,887,575	1,818,167	5,616,419	7,434,586

1) Differences to unrealised gain/(loss) on investments shown in note 5 are on account of net assets (cash, receivable and payables) of consolidated International REIT and Global Equity CEF funds being included within the respective balance sheet line and the impact of currency translation on unlisted investments.

Company	30th June 2023 Unlisted investments £	30th June 2023 Investment in subsidiary undertakings £	30th June 2023 Total £	30th June 2022 Unlisted investments £	30th June 2022 Investment in subsidiary undertakings £	30th June 2022 Total £
At start of period	1,818,167	107,094,036	108,912,203	1,874,766	105,087,374	106,962,140
Additions	–	177,778	177,778	–	2,020,942	2,020,942
Disposals	–	(11,003)	(11,003)	–	(14,280)	(14,280)
Fair value gains/(losses)	95,450	–	95,450	(56,599)	–	(56,599)
At close of period	1,913,617	107,260,811	109,174,428	1,818,167	107,094,036	108,912,203

The additions and disposals in investments in subsidiary undertakings include the allocation of share-based payments from the Company to its subsidiaries under IFRS 2 Share-based payments.

All Group companies are listed in note 1.4.

13. DEFERRED TAX ASSET

Group	Share-based payments £	Other £	Total £
At 30th June 2021	339,169	27,236	366,405
Credited to income statement	62,806	–	62,806
Charged to equity	(73,013)	–	(73,013)
Currency translation	35,353	3,280	38,633
At 30th June 2022	364,315	30,516	394,831
Credited/(charged) to income statement	50,959	(29,871)	21,088
Charged to equity	(14,358)	–	(14,358)
Currency translation	(12,417)	(645)	(13,062)
At 30th June 2023	388,499	–	388,499

Company	Share-based payments £	Other £	Total £
At 30th June 2021	9,458	–	9,458
Credited to income statement	660	–	660
Charged to equity	(5,052)	–	(5,052)
At 30th June 2022	5,066	–	5,066
Credited to income statement	869	–	869
Charged to equity	(243)	–	(243)
At 30th June 2023	5,692	–	5,692

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	30th June 2023 £	30th June 2022 £	30th June 2023 £	30th June 2022 £
Trade receivables	84,702	191,444	–	–
Accrued income	4,595,574	4,852,186	–	–
Amounts owed by Group undertakings	–	–	2,483,246	4,682,983
Other receivables	327,532	166,534	185,102	81,502
Prepayments	1,363,609	1,287,855	370,321	416,237
	6,371,417	6,498,019	3,038,669	5,180,722

15. CASH AND CASH EQUIVALENTS

	Group		Company	
	30th June 2023 £	30th June 2022 £	30th June 2023 £	30th June 2022 £
Cash held with banks	2,123,127	7,128,857	390,025	3,454,617
Short-term notice deposits	8,369,777	15,508,100	1,500,000	3,465,318
Short-term treasuries/money market funds	11,935,958	–	9,744,588	–
Cash held by consolidated entities	60,996	40,936	–	–
	22,489,858	22,677,893	11,634,613	6,919,935

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

16. TRADE AND OTHER PAYABLES

	Group		Company	
	30th June 2023 £	30th June 2022 £	30th June 2023 £	30th June 2022 £
Trade payables	17,369	3,267	–	–
Sundry payables	71,252	1,000,645	46	76,242
Amounts owed to Group undertakings	–	–	901,179	463,546
Other taxation and social security	157,972	165,432	140,671	142,720
Accruals and deferred income	8,205,847	8,292,262	3,082,601	3,067,090
	8,452,440	9,461,606	4,124,497	3,749,598

17. LEASE LIABILITIES AND COMMITMENTS

	Group		Company	
a) Lease liabilities	30th June 2023 £	30th June 2022 £	30th June 2023 £	30th June 2022 £
Lease liabilities				
Current	197,331	388,986	34,586	121,573
Non-current	1,966,651	2,213,854	989,477	1,026,248
	2,163,982	2,602,840	1,024,063	1,147,821

	Group		Company	
b) Lease maturities	Present value of minimum lease payments £	Undiscounted minimum lease payments £	Present value of minimum lease payments £	Undiscounted minimum lease payments £
Within one year	197,331	260,700	34,586	50,249
In the second to fifth year inclusive	1,469,450	1,630,156	989,477	1,014,816
After five years	497,201	536,618	–	–
	2,163,982	2,427,474	1,024,063	1,065,065

The total cash outflow in respect of lease liabilities for the period to 30th June 2023 was £533,300 (2022: £560,962).

c) Liabilities from financing activities	Group £	Company £
Net debt as at 30th June 2021	2,741,055	1,279,729
Cash flows	(407,772)	(131,908)
New and modified leases	90,567	–
Currency translations	178,990	–
Net debt as at 30th June 2022	2,602,840	1,147,821
Cash flows	(396,617)	(123,758)
Currency translations	(42,241)	–
Net debt as at 30th June 2023	2,163,982	1,024,063

18. DEFERRED TAX LIABILITY

Group	Right-of-use assets £	Intangible assets £	Other financial assets £	Total £
At 30th June 2021	20,920	8,599,516	76,377	8,696,813
Credited to income	(2,963)	(972,293)	(115,482)	(1,090,738)
Charged to equity – currency translation	–	1,036,133	–	1,036,133
At 30th June 2022	17,957	8,663,356	(39,105)	8,642,208
Credited to income	(2,963)	(1,113,860)	(756)	(1,117,579)
Credited to equity – currency translation	–	(302,013)	–	(302,013)
At 30th June 2023	**14,994**	**7,247,483**	**(39,861)**	**7,222,616**

Company	Right-of-use assets £	Intangible assets £	Other financial assets £	Total £
At 30th June 2021	20,920	–	3,221	24,141
Credited to income	(2,963)	–	–	(2,963)
At 30th June 2022	17,957	–	3,221	21,178
Credited to income	(2,963)	–	–	(2,963)
At 30th June 2023	**14,994**	**–**	**3,221**	**18,215**

19. SHARE CAPITAL AND MERGER RELIEF RESERVE

Group and Company	Share capital £	Merger relief reserve £
At start and end of period 50,679,095 ordinary shares of 1p each	**506,791**	**101,538,413**

20. RESERVES

Share premium account – used to record the issue of share capital at a premium to nominal value.

Merger relief reserve – created on the business combination.

Investments in own shares – balance with trustees in relation to employee benefit schemes.

Share option reserve – provision for outstanding options in relation to employee share option scheme.

EIP share reserve – provision for Company contribution to EIP employee benefit scheme.

Foreign currency differences reserve – records exchange differences arising from the translation of non-monetary assets and consolidation of foreign subsidiary.

Capital redemption reserve – created on the cancellation of share capital and reflects the value of share capital redeemed by the Company.

Retained earnings – includes all current and prior year retained profits and losses.

NOTES TO THE FINANCIAL STATEMENTS

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21. DIVIDEND

	30th June 2023 £	30th June 2022 £
Dividends paid:		
Interim dividend of 11p per share (2022: 11p)	5,381,166	5,394,361
Special dividend of nil per share (2022: 13.5p)	–	6,620,352
30th June 2022 of 22p per share (2021: 22p)	10,729,956	9,470,196
	16,111,122	21,484,909

A final dividend of 22p per share (gross amount payable £11,149,401; net amount payable £10,711,743) has been proposed, payable on 27th October 2023, subject to shareholder approval, to shareholders who are on the register of members on 29th September 2023.

*Difference between gross and net amounts is due to shares held at EBT that do not receive dividend.

22. SHARE-BASED PAYMENTS

(a) The estimated fair value of options which fall under IFRS 2, and the inputs used in the Black-Scholes model to calculate those values at fair value, are as follows:

Date of grant	Expiry date	Expected life (yrs)	Risk-free rate	Share price at grant (£)	Exercise price (£)	Volatility	Dividend yield	Estimated Fair value (£)	Number originally granted
16/03/2021	16/03/2031	6.5	0.5264%	5.04	5.04	35.9225%	6.19%	0.8111	154,000
31/03/2022	31/03/2032	6.5	1.4678%	4.86	4.795	35.7981%	6.79%	0.8037	18,500

The expected share price volatility is based on historical volatility over the past 6.5 years. The expected life of the options has been assumed to be 6.5 years based upon the empirical evidence available.

The risk-free rate has been assumed to be represented by the yield to maturity at the date of grant of a UK Gilt Strip, with term to maturity equal to the expected life of the option.

(b) All share options granted are equity settled. The number and weighted average exercise price of share options for each of the following groups is as follows:

	Year to 30th June 2023		Year to 30th June 2022	
	Number	Weighted average exercise price £	Number	Weighted average exercise price £
Outstanding at the beginning of the period	328,750	4.11	405,750	3.94
Granted during the period	–	–	18,500	4.80
Forfeited during the period	14,500	5.04	3,500	5.04
Exercised during the period	23,350	3.04	92,000	3.46
Outstanding at the end of the period	290,900	4.15	328,750	4.11
Exercisable at the end of the period	136,400	3.18	159,750	3.16
The weighted average share price at the date of exercise for share options exercised during the period was		4.34		5.29

The total share-based payment for the period is a charge of £29,828 (2022: charge of £33,440). For outstanding share options the exercise price ranged between £2.55 and £5.04 (2022: between £2.55 and £5.04), and their weighted average contractual life was 4.9 years (2022: 5.7 years).

22. SHARE-BASED PAYMENTS CONTINUED

(c) The Group introduced an Employee Incentive Plan (EIP) in 2016/17 which is open to employees of all Group companies and Executive Directors, details of the EIP can be found in the Directors' Remuneration Report.

Awards are made to participating employees over shares under the EIP where they have duly waived an element of their annual profit-share before the required waiver date.

Awards under the EIP are made up of two elements: Deferred Shares and Bonus Shares. The Deferred Shares represent the waived profit-share and the Bonus Shares represent the additional award made by the Company as a reward for participating in the EIP.

The Deferred Shares are treated as cash settled and the full cost is recognised in the income statement in the year of service. The Bonus Shares are treated as equity settled and as such their estimated fair value is spread over the period from the time the employee elects to participate, to when the award vests (i.e. no longer forfeitable). This will be re-calculated when the awards are granted and any amount under or over the estimated value will be recognised through the income statement at that point in time. The estimated fair value of the Bonus Share awards is based on the cash equivalent at the time of award.

	Vesting date	Estimated charge £'000s	Actual charge £'000s	2018/19 £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	2024/25 £'000s	2025/26 £'000s	2026/27 £'000s	2027/28 £'000s	2028/29 £'000s	Total £'000s
Awards granted October 2018															
Bonus Shares tranche 1	Oct-20	212	215	91	94	30	–	–	–	–	–	–	–	–	215
Bonus Shares tranche 2	Oct-21	212	214	63	65	65	21	–	–	–	–	–	–	–	214
Bonus Shares tranche 3	Oct-22	212	215	49	50	50	50	16	–	–	–	–	–	–	215
		636	644	203	209	145	71	16	–	–	–	–	–	–	644
Awards granted October 2020															
Bonus Shares tranche 1	Oct-21	242	241	–	103	103	35	–	–	–	–	–	–	–	241
Bonus Shares tranche 2	Oct-22	242	240	–	72	72	72	24	–	–	–	–	–	–	240
Bonus Shares tranche 3	Oct-23	242	240	–	55	55	56	56	18	–	–	–	–	–	240
		726	721	–	230	230	163	80	18	–	–	–	–	–	721
Awards granted October 2021															
Bonus Shares tranche 1	Oct-22	289	281	–	–	88	154	39	–	–	–	–	–	–	281
Bonus Shares tranche 2	Oct-23	289	281	–	–	88	81	85	27	–	–	–	–	–	281
Bonus Shares tranche 3	Oct-24	289	281	–	–	88	41	65	66	21	–	–	–	–	281
Bonus Shares tranche 4	Oct-25	33	32	–	–	8	4	6	6	6	2	–	–	–	32
Bonus Shares tranche 5	Oct-26	33	32	–	–	9	2	8	4	4	4	1	–	–	32
		933	907	–	–	281	282	203	103	31	6	1	–	–	907
Awards granted October 2022															
Bonus Shares tranche 1	Oct-23	360	360	–	–	–	112	197	51	–	–	–	–	–	360
Bonus Shares tranche 2	Oct-24	360	361	–	–	–	113	105	108	35	–	–	–	–	361
Bonus Shares tranche 3	Oct-25	360	361	–	–	–	111	55	85	83	27	–	–	–	361
Bonus Shares tranche 4	Oct-26	52	52	–	–	–	13	6	10	10	10	3	–	–	52
Bonus Shares tranche 5	Oct-27	52	52	–	–	–	14	3	8	8	8	8	3	–	52
		1,184	1,186	–	–	–	363	366	262	136	45	11	3	–	1,186
Awards expected to be granted October 2023															
Bonus Shares tranche 1	Oct-24	338	–	–	–	–	–	145	145	48	–	–	–	–	338
Bonus Shares tranche 2	Oct-25	338	–	–	–	–	–	102	101	102	33	–	–	–	338
Bonus Shares tranche 3	Oct-26	338	–	–	–	–	–	78	78	78	78	26	–	–	338
Bonus Shares tranche 4	Oct-27	5	–	–	–	–	–	1	–	1	1	1	1	–	5
Bonus Shares tranche 5	Oct-28	4		–	–	–	–	1	–	–	1	–	1	1	4
		1,023	–	–	–	–	–	327	324	229	113	27	2	1	1,023
Total share-based payment charge				203	439	656	879	992	707	396	164	39	5	1	4,481

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

23. RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Company and its subsidiary undertakings carry out transactions with related parties as defined under IAS 24 Related Party Disclosures. Material transactions are set out below:

(i) Transactions with key management personnel

Key management personnel are defined as Directors (both Executive and Non-Executive) of City of London Investment Group PLC.

(a) Details of compensation paid to the Directors as well as their shareholdings in the Group and dividends paid are provided in the Remuneration report on pages 78, 86 and 87 and in note 4.

(b) One of the Group's subsidiaries manages funds for some of its key management personnel, for which it receives a fee. All transactions between key management and their close family members and the Group's subsidiary are on terms that are available to all employees of that Company. The amount received in fees during the year was £62,371 (2022: £58,232). There were no fees outstanding as at the year end.

(ii) Summary of transactions and balances

During the period, the Company received from its subsidiaries £10,950,859 (2022: £11,840,471) in respect of management service charges and dividends of £18,399,871 (2022: £26,160,323).

Amounts outstanding between the Company and its subsidiaries as at 30th June 2023 are given in notes 14 and 16.

24. FINANCIAL INSTRUMENTS

The Group's financial assets include cash and cash equivalents, investments and other receivables. Its financial liabilities include accruals, lease liabilities and other payables. The fair value of the Group's financial assets and liabilities is materially the same as the book value.

(i) Financial instruments by category

The tables below show the Group and Company's financial assets and liabilities as classified under IFRS 9 Financial Instruments:

Group

30th June 2023 Assets as per statement of financial position	Financial assets at amortised cost £	Assets at fair value through profit or loss £	Total £
Other non-current financial assets	–	7,887,575	7,887,575
Trade and other receivables	4,929,743	78,065	5,007,808
Cash and cash equivalents	22,489,858	–	22,489,858
Total	27,419,601	7,965,640	35,385,241

24. FINANCIAL INSTRUMENTS CONTINUED

Liabilities as per statement of financial position	Financial liabilities at amortised cost £	Liabilities at fair value through profit or loss £	Total £
Trade and other payables	8,141,466	–	8,141,466
Current lease liabilities	197,331	–	197,331
Non-current lease liabilities	1,966,651	–	1,966,651
Total	10,305,448	–	10,305,448

30th June 2022 Assets as per statement of financial position	Financial assets at amortised cost £	Assets at fair value through profit or loss £	Total £
Other non-current financial assets	–	7,434,586	7,434,586
Trade and other receivables	5,210,164	–	5,210,164
Cash and cash equivalents	22,677,893	–	22,677,893
Total	27,888,057	7,434,586	35,322,643

Liabilities as per statement of financial position	Financial liabilities at amortised cost £	Liabilities at fair value through profit or loss £	Total £
Trade and other payables	8,350,276	945,898	9,296,174
Current lease liabilities	388,986	–	388,986
Non-current lease liabilities	2,213,854	–	2,213,854
Total	10,953,116	945,898	11,899,014

Company

30th June 2023 Assets as per statement of financial position	Investment in subsidiaries £	Financial assets at amortised cost £	Assets at fair value through profit or loss £	Total £
Other non-current financial assets	103,411,426	3,849,385	1,913,617	109,174,428
Trade and other receivables	–	2,597,455	70,893	2,668,348
Cash and cash equivalents	–	11,634,613	–	11,634,613
Total	103,411,426	18,081,453	1,984,510	123,477,389

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

24. FINANCIAL INSTRUMENTS CONTINUED

Liabilities as per statement of financial position	Financial liabilities at amortised cost £	Liabilities at fair value through profit or loss £	Total £
Trade and other payables	3,983,826	–	3,983,826
Current lease liabilities	34,586	–	34,586
Non-current lease liabilities	989,477	–	989,477
Total	5,007,889	–	5,007,889

30th June 2022 Assets as per statement of financial position	Investment in subsidiaries £	Financial assets at amortised cost £	Assets at fair value through profit or loss £	Total £
Other non-current financial assets	103,244,651	3,849,385	1,818,167	108,912,203
Trade and other receivables	–	4,764,485	–	4,764,485
Cash and cash equivalents	–	6,919,935	–	6,919,935
Total	103,244,651	15,533,805	1,818,167	120,596,623

Liabilities as per statement of financial position	Financial liabilities at amortised cost £	Liabilities at fair value through profit or loss £	Total £
Trade and other payables	3,530,682	76,196	3,606,878
Current lease liabilities	121,573	–	121,573
Non-current lease liabilities	1,026,248	–	1,026,248
Total	4,678,503	76,196	4,754,699

(ii) Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

- **Level 1:** fair value derived from quoted prices (unadjusted) in active markets for identical assets and liabilities.
- **Level 2:** fair value derived from inputs other than quoted prices included within level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** fair value derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

24. FINANCIAL INSTRUMENTS CONTINUED

The fair values of the financial instruments are determined as follows:

- Investments for hedging purposes are valued using the quoted bid price and shown under level 1.
- Investments in own funds are determined with reference to the net asset value (NAV) of the fund. Where the NAV is a quoted price the fair value is shown under level 1, where the NAV is not a quoted price the fair value is shown under level 2.
- Forward currency trades are valued using the forward exchange bid rates and are shown under level 2.
- Unlisted equity securities are valued using the net assets of the underlying companies and are shown under level 3.

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

Group

30th June 2023	Level 1 £	Level 2 £	Level 3 £	Total £
Financial assets at fair value through profit or loss				
Investment in other non-current financial assets	5,973,958	1,913,617	–	7,887,575
Forward currency trades	–	78,065	–	78,065
Total	5,973,958	1,991,682	–	7,965,640
Financial liabilities at fair value through profit or loss				
Forward currency trades	–	–	–	-
Total	–	–	–	–

30th June 2022	Level 1 £	Level 2 £	Level 3 £	Total £
Financial assets at fair value through profit or loss				
Investment in other non-current financial assets	5,616,419	1,818,167	–	7,434,586
Total	5,616,419	1,818,167	–	7,434,586
Financial liabilities at fair value through profit or loss				
Forward currency trades	–	945,898	–	945,898
Total	–	945,898	–	945,898

Company

30th June 2023	Level 1 £	Level 2 £	Level 3 £	Total £
Investment in other non-current financial assets	–	1,913,617	–	1,913,617
Forward currency trades	–	70,893	–	70,893
Total	–	1,984,510	–	1,984,510

30th June 2022	Level 1 £	Level 2 £	Level 3 £	Total £
Investment in other non-current financial assets	–	1,818,167	–	1,818,167
Total	–	1,818,167	–	1,818,167

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

24. FINANCIAL INSTRUMENTS CONTINUED

Level 3
Level 3 assets as at 30th June 2023 are nil (2022: nil).

Where there is an impairment in the investment in own funds, the loss is reported in the income statement. No impairment was recognised during the period or the preceding year.

The fair value gain on the forward currency trades is offset in the income statement by the foreign exchange losses on other currency assets and liabilities held during the period and at the period end. The net profit reported for the period is £45,986 (2022: net loss £519,633).

(iii) Foreign currency risk
Almost all of the Group's revenues, and a significant part of its expenses, are denominated in currencies other than sterling, principally US dollars. These revenues are derived from fee income which is based upon the net asset value of accounts managed, and have the benefit of a natural hedge by reference to the underlying currencies in which investments are held. Inevitably, debtor and creditor balances arise which in turn give rise to currency exposure.

The Group assesses its hedging requirements and executes forward foreign exchange transactions so as to substantially reduce the Group's exposure to currency market movements. The level of forward currency hedging is such as is judged by the Directors to be consistent with market conditions.

As at 30th June 2023, the Group had net asset balances of US$24,741,597 (2022: US$23,917,936), offset by forward sales totalling US$24,750,000 (2022: US$24,500,000). Other significant net asset balances were C$493,899 (2022: C$499,036), and SGD1,913,025 (2022: SGD1,736,510).

Had the US dollar strengthened or weakened against sterling as at 30th June 2023 by 10%, with all other variables held constant, the Group's net assets would have increased or decreased (respectively) by less than 1%, because the US dollar position is hedged by the forward sales.

(iv) Market risk
Changes in market prices, such as foreign exchange rates and equity prices will affect the Group's income and the value of its investments.

Where the Group holds investments in its own funds categorised as unlisted investments, the market price risk is managed through diversification of the portfolio. A 10% increase or decrease in the price level of the funds' relevant benchmarks, with all other variables held constant, would result in an increase or decrease of approximately £0.2 million (2022: £0.3 million) in the value of the investments and profit before tax.

The Group's International REIT and Global Equity CEF funds have been consolidated as controlled entities, and therefore the securities held by the funds are reported in the consolidated statement of financial position under investments. At 30th June 2023, all those securities were listed on a recognised exchange. A 10% increase or decrease in the price level of the securities would result in a gain or loss respectively of approximately £0.4 million (2022: £0.4 million) to the Group.

The Group is also exposed to market risk indirectly via its Funds under Management, from which its fee income is derived. To hedge against potential losses in fee income, the Group may look to invest in securities or derivatives that should increase in value in the event of a fall in the markets. The purchase and sale of these securities are subject to limits established by the Board and are monitored on a regular basis. The investment management and settlement functions are totally segregated.

The profit from hedging recognised in the Group income statement for the period is £nil (2022: £nil).

24. FINANCIAL INSTRUMENTS CONTINUED

(v) Credit risk

The majority of debtors relate to management fees due from funds and segregated account holders. As such, the Group is able to assess the credit risk of these debtors as minimal. For other debtors a credit evaluation is undertaken on a case by case basis.

The Group has zero experience of bad or overdue debts.

The majority of cash and cash equivalents held by the Group are with leading UK and US banks. The credit risk is managed by carrying out regular reviews of each institution's credit rating and of their published financial position. Given their high credit ratings, management does not expect any counterparty to fail to meet its obligations.

(vi) Liquidity risk

The Group's liquidity risk is minimal because commissions payable forms the major part of trade creditors, and payment is made only upon receipt of the related fee income plus the Group's strategy is to maximise its cash position. In addition, the Group's investments in funds that it manages can be liquidated immediately if required.

(vii) Interest rate risk

The Group has no borrowings, and therefore has no exposure to interest rate risk other than that which attaches to its interest earning cash balances and forward currency contracts. The Group's strategy is to maximise the amount of cash which is maintained in interest bearing accounts, and to ensure that those accounts attract a competitive interest rate. At 30th June 2023, the Group held £22,489,858 (2022: £22,677,893) in cash balances, of which £21,660,495 (2022: £19,381,084) was held in bank accounts, short-term deposits and short-term treasuries/money market funds, which attract variable interest rates. The effect of a 100 basis points increase/decrease in interest rates on the Group's net assets would not be material.

(viii) Capital risk management

The Group manages its capital to ensure that all entities within the Group are able to operate as going concerns and exceed any minimum externally imposed capital requirements. The capital of the Group and Company consists of equity attributable to the equity holders of the Parent Company, comprising issued share capital, share premium, retained earnings and other reserves as disclosed in the statement of changes in equity.

The Group's operating subsidiary company in the UK, City of London Investment Management Company Ltd is subject to the minimum capital requirements of the Financial Conduct Authority (FCA) in the UK. This subsidiary held surplus capital over its requirements throughout the period.

The Group is required to undertake an Internal Capital and Risk Assessment, which is approved by the Board. The objective of this is to ensure that the Group has adequate capital to enable it to manage risks which are not adequately covered under the Pillar 1 requirements. This process includes stress testing for the effects of major risks, such as a significant market downturn, and includes an assessment of the Group's ability to mitigate the risks.

25. POST BALANCE SHEET EVENTS

As from 1st July 2023 the Group took occupancy of the US office at 17 E. Market Street, West Chester, PA 19382 USA.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

26. CHANGE IN PRESENTATIONAL AND FUNCTIONAL CURRENCY

As from 1st July 2023, the Group has changed its presentational currency from sterling to US dollars, to mirror the primary economic environment that it operates in. This will enable both investors and other stakeholders to have more transparency of the Group's performance and reduce foreign exchange volatility on its income and costs. Currently almost all of the Group's revenue and a large portion of its costs are incurred in US dollars. Therefore, for the year ending 30th June 2024 the Group will present its consolidated financial statements in US dollars.

The change in the Group's presentational currency to US dollars will result in a change in the parent company's primary economic environment. Future dividend streams from its subsidiaries will be received and retained by the parent company in US dollars. Hence, this would mean that all the parent company's future income will be in US dollars and a large portion of its costs would also be in US dollars. As a result, the parent company's functional currency will change to US dollars with effect from 1st July 2023.

In accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, the change in presentational currency will have to be applied retrospectively, whereas a change in functional currency will be applied prospectively with effect from 1st July 2023.

Certain elements of historical financial information have been restated in US dollars and will form the basis of the comparative financial information to be included in the Group's Annual Report and Accounts for the year ended 30th June 2024 and all published financial information for periods from 1st July 2023.

In accordance with the provisions of IAS 21, the Effects of Changes in Foreign Exchange Rates, due to the change in presentational currency, financial information has been restated from sterling to US dollars as follows:

- assets and liabilities in non-US denominated currencies were translated into US dollars at the rate of exchange at the relevant balance sheet date;
- non-US dollar income statements and cash flows were translated into US dollars at average rates of exchange for the relevant period;
- share capital, share premium and all other equity items were translated at the historical rates prevailing on 1st June 2007, the date of transition to IFRS or the subsequent rates prevailing on the date of each relevant transaction or average rates as relevant; and
- the cumulative foreign exchange translation reserve was set to zero on 1st June 2007, the date of transition to IFRS, and this reserve has been restated on the basis that the Group has reported in US dollars since that date.

The relevant year-end exchange rates used for the conversion to US dollars from sterling were:

	30th June 2023	30th June 2022
Average for the year	**1.2028**	1.3313
Year-end closing	**1.2703**	1.2178

26. CHANGE IN PRESENTATIONAL AND FUNCTIONAL CURRENCY CONTINUED

Restated consolidated income statement

	Year to 30th June 2023 $	Year to 30th June 2022 $
Revenue		
Gross fee income	68,725,000	81,548,485
Commissions payable	(1,823,015)	(2,122,985)
Custody fees payable	(1,421,890)	(1,986,145)
Net fee income	65,480,095	77,439,355
Administrative expenses		
Employee costs	29,761,921	31,306,147
Other administrative expenses	8,382,266	7,928,529
Depreciation and amortisation	6,434,400	6,284,244
	(44,578,587)	(45,518,920)
Operating profit	20,901,508	31,920,435
Finance income	1,388,993	42,603
Finance expense	(163,935)	(1,081,223)
Profit before taxation	22,126,566	30,881,815
Income tax expense	(4,629,574)	(6,775,237)
Profit for the period	17,496,992	24,106,578
Profit attributable to:		
Equity shareholders of the parent	17,496,992	24,106,578
Basic earnings per share (cents)	38.4c	44.9c
Diluted earnings per share (cents)	37.6c	44.3c

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

26. CHANGE IN PRESENTATIONAL AND FUNCTIONAL CURRENCY CONTINUED

Restated consolidated and company statement of financial position

	Group		Company	
	30th June 2023 $	30th June 2022 $	30th June 2023 $	30th June 2022 $
Non-current assets				
Property and equipment	920,766	622,550	279,536	301,810
Right-of-use assets	2,523,950	2,945,547	1,151,872	1,321,499
Intangible assets	128,461,936	134,053,099	29,583	21,758
Other financial assets	10,019,586	9,053,838	139,150,571	133,328,023
Deferred tax asset	493,510	480,825	7,231	6,170
	142,419,748	147,155,859	140,618,793	134,979,260
Current assets				
Trade and other receivables	8,089,959	7,913,288	3,860,021	6,309,083
Current tax receivable	–	–	980,518	1,378,804
Cash and cash equivalents	28,568,867	27,617,138	14,779,449	8,427,097
	36,658,826	35,530,426	19,619,988	16,114,984
Current liabilities				
Trade and other payables	(10,733,481)	(11,522,347)	(5,239,348)	(4,566,260)
Lease liabilities	(250,670)	(484,189)	(43,935)	(148,052)
Current tax payable	(1,008,952)	(655,368)	–	–
Creditors, amounts falling due within one year	(11,993,103)	(12,661,904)	(5,283,283)	(4,714,312)
Net current assets	24,665,723	22,868,522	14,336,705	11,400,672
Total assets less current liabilities	167,085,471	170,024,381	154,955,498	146,379,932
Non-current liabilities				
Lease liabilities	(2,498,237)	(2,685,548)	(1,256,932)	(1,249,764)
Deferred tax liability	(9,174,888)	(10,524,480)	(23,139)	(25,791)
Net assets	155,412,346	156,814,353	153,675,427	145,104,377
Capital and reserves				
Share capital	827,501	827,501	827,501	827,501
Share premium account	4,080,175	4,080,175	4,080,175	4,080,175
Merger relief reserve	131,187,630	131,187,630	131,187,630	131,187,630
Investment in own shares	(13,162,265)	(11,883,130)	(13,162,265)	(11,883,130)
Share option reserve	801,994	739,323	740,059	714,153
EIP share reserve	2,485,541	1,943,599	2,246,547	1,943,599
Capital redemption reserve	51,687	51,687	51,687	51,687
Retained earnings	36,318,793	37,996,595	32,436,070	29,048,698
Cumulative foreign exchange translation differences	(7,178,710)	(8,129,027)	(4,731,977)	(10,865,936)
Attributable to:				
Equity shareholders of the parent	155,412,346	156,814,353	153.675,427	145,104,377
Total equity	155,412,346	156,814,353	153,675,427	145,104,377

26. CHANGE IN PRESENTATIONAL AND FUNCTIONAL CURRENCY CONTINUED

Restated consolidated and company cash flow statement

	Group		Company	
	30th June 2023 $	30th June 2022 $	30th June 2023 $	30th June 2022 $
Cash flow from operating activities				
Profit before taxation	22,126,566	30,881,815	775,661	242,081
Adjustments for:				
Depreciation of property and equipment	274,521	254,477	92,542	132,008
Depreciation of right-of-use assets	554,030	660,813	214,557	237,479
Amortisation of intangible assets	5,590,512	5,404,546	8,216	11,152
Loss on disposal of fixed assets	587	5,719	171	5,719
Share-based payment charge	35,877	44,519	4,179	4,625
EIP-related charge	1,267,456	1,187,649	549,445	522,479
(Gain)/loss on disposal of investments	(688,972)	877,634	(114,816)	63,853
Interest receivable	(698,642)	(42,783)	(251,599)	(11,368)
Interest payable	164,402	203,942	91,590	115,971
Translation adjustments	(296,580)	(84,187)	36,873	(371,977)
Cash generated from operations before changes in working capital	28,329,757	39,394,144	1,406,819	952,022
Decrease in trade and other receivables	153,758	610,000	3,662,448	2,756,850
(Decrease)/increase in trade and other payables	(296,268)	2,511,158	2,831,643	1,270,040
Cash generated from operating activities	28,187,247	42,515,302	7,900,910	4,978,912
Interest received	698,642	42,783	251,599	11,368
Interest paid on leased assets	(164,402)	(203,942)	(91,590)	(115,971)
Taxation paid	(5,772,376)	(9,324,524)	(1,876,368)	(205,681)
Net cash generated from operating activities	22,949,111	33,029,619	6,184,551	4,668,628
Cash flow from investing activities				
Dividends received from subsidiaries	–	–	22,131,365	34,827,238
Purchase of property and equipment and intangibles	(577,052)	(344,610)	(74,040)	(119,227)
Purchase of non-current financial assets	(1,356,455)	(5,162,044)	–	(2,515,114)
Proceeds from sale of current investments	1,356,455	11,239	–	11,239
Net cash (used in)/generated from investing activities	(577,052)	(5,495,415)	22,057,325	32,204,136
Cash flow from financing activities				
Ordinary dividends paid	(19,392,429)	(28,419,716)	(19,392,429)	(28,419,716)
Purchase of own shares by employee share option trust	(3,078,611)	(3,547,970)	(3,078,611)	(3,547,970)
Proceeds from sale of own shares by employee share option trust	88,128	426,273	88,128	426,273
Payment of lease liabilities	(477,051)	(542,867)	(148,856)	(175,609)
Net cash used in financing activities	(22,859,963)	(32,084,280)	(22,531,768)	(31,717,022)
Net (decrease)/increase in cash and cash equivalents	(487,904)	(4,550,076)	5,710,108	5,155,742
Cash and cash equivalents at start of period	27,617,138	35,289,270	8,427,097	4,018,160
Cash held in funds	77,483	49,852	–	–
Effect of exchange rate changes	1,362,150	(3,171,908)	642,244	(746,805)
Cash and cash equivalents at end of period	28,568,867	27,617,138	14,779,449	8,427,097

SHAREHOLDER INFORMATION

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the AGM of the Company will be held on Monday 23rd October 2023 at 77 Gracechurch Street, London EC3V 0AS at 11:30am (British Summer Time) to consider and, if thought appropriate, pass the following resolutions, of which resolutions 1 to 11 will be proposed as ordinary resolutions and resolutions 12 to 16 will be proposed as special resolutions.

Voting

In order to save paper we no longer post hard copy Proxy Forms, and encourage shareholders to vote online by logging on to **www.signalshares.com** and following the instructions given. CREST members may also use the CREST electronic proxy appointment service to submit their proxy appointment in respect of the AGM. Full details regarding voting can be found in the Further Notes to the Notice of the AGM on pages 148 to 150.

Please note that all Proxy Forms and appointments must be received by 11:30am on Thursday 19th October 2023.

Voting on the business of the meeting will be conducted by way of a poll. The results of voting on the resolutions will be posted on the Company's website as soon as practicable after the AGM.

Ordinary Resolutions

Reports and Accounts

1. To receive the Directors' report and the accounts of the Company for the year ended 30th June 2023.

Directors' remuneration report

2. To approve the Directors' Remuneration Report for the year ended 30th June 2023, set out on pages 78 to 88 of the Annual Report and Accounts for the year ended 30th June 2023.

Dividend

3. To declare a final dividend of 22p per Ordinary Share of 1p each in the Company (Ordinary Share) for the year ended 30th June 2023, payable on 27th October 2023 to members on the register as at 29th September 2023.

Directors

4. To re-elect Thomas Griffith as a Director.
5. To re-elect Rian Dartnell as a Director.
6. To re-elect Tazim Essani as a Director.
7. To re-elect Peter Roth as a Director.
8. To re-elect Jane Stabile as a Director.

Auditors

9. To re-appoint RSM UK Audit LLP as auditors of the Company, to hold office from the conclusion of this AGM until the conclusion of the next AGM at which accounts are laid before the Company.

10. To authorise the Audit & Risk Committee of the Company to fix the remuneration of the auditors.

NOTICE OF ANNUAL GENERAL MEETING

CONTINUED

Directors' authority to allot shares

11. To generally and unconditionally authorise the Directors, pursuant to and in accordance with Section 551 of the Companies Act 2006 (the 2006 Act), to exercise all the powers of the Company to allot shares or grant rights to subscribe for or to convert any security into shares in the Company:

    (a) up to an aggregate nominal amount of £168,930; and

    (b) comprising equity securities (as defined in Section 560(1) of the 2006 Act) up to a further aggregate nominal amount of £168,930 in connection with an offer by way of a rights issue;

    such authorities to apply in substitution for all previous authorities pursuant to Section 551 of the 2006 Act and to expire at the end of the next Annual General Meeting or on 31st October 2024, whichever is the earlier, but in each case so that the Company may make offers and enter into agreements during the relevant period which would, or might, require shares to be allotted or rights to subscribe for or to convert any security into shares to be granted after the authority ends.

    For the purposes of this resolution, 'rights issue' means an offer to:

    (i) ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

    (ii) holders of other equity securities, if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities, to subscribe for further securities by means of the issue of a renounceable letter (or other negotiable document) which may be traded for a period before payment for the securities is due, but subject in both cases to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in, or under the laws of, any territory.

Special Resolutions

Employee benefit trust

12. That the trustees of City of London Employee Benefit Trust (the EBT) be and are hereby authorised to hold ordinary shares in the capital of the Company from time to time, for and on behalf of the Employee Share Ownership Plan and Employee Incentive Plan, up to a maximum in aggregate equal to 10% of the issued Ordinary Share capital of the Company.

Disapplication of pre-emption rights

13. That, if resolution 11 is passed, the Directors be authorised to allot equity securities (as defined in the 2006 Act) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the 2006 Act did not apply to any such allotment or sale, such authority to be limited:

    (a) to allotments for rights issues and other pre-emptive issues; and

    (b) to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (a) above) up to a nominal amount of £50,679:

    such authority to expire at the end of the next AGM of the Company or, if earlier, at the close of business on 31st October 2024 but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

14. That, if resolution 11 is passed, the Directors be authorised, in addition to any authority granted under resolution 13, to allot equity securities (as defined in the 2006 Act) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash, as if section 561 of the 2006 Act did not apply to any such allotment or sale, such authority to be:

    (a) limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £50,679; and

    (b) used only for the purposes of financing (or refinancing, if the authority is to be used within 12 months after the original transaction) a transaction which the Directors of the Company determine to be an acquisition or a specified capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-emption Group prior to the date of this Notice of AGM,

    such authority to expire at the end of the next AGM of the Company or, if earlier, at the close of business on 31st October 2024 but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

Authority to purchase own shares

15. To unconditionally and generally authorise the Company for the purpose of Section 701 of the 2006 Act to make market purchases (as defined in Section 693(4) of the 2006 Act) of ordinary shares, provided that:

    (a) the maximum number of ordinary shares that may be purchased is 5,067,910;

    (b) the minimum price that may be paid for each ordinary share is £0.01;

    (c) the maximum price that may be paid for an ordinary share is an amount equal to the higher of (i) 105% of the average of the closing price of the Company's ordinary shares, as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such ordinary share is contracted to be purchased, and (ii) an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share as derived from the London Stock Exchange Trading System; and

    (d) this authority shall expire at the conclusion of the Company's next AGM or, if earlier, 31st October 2024 (except in relation to the purchase of ordinary shares, the contract for which was concluded before the expiry of such authority and which might be executed wholly or partly after such expiry), unless such authority is renewed prior to such time.

Notice of general meetings

16. To authorise the Directors to call a general meeting, other than an Annual General Meeting, on not less than 14 clear days' notice.

By order of the Board

Prism Cosec Limited
Company Secretary

15th September 2023

Registered in England and Wales No. 02685257
Registered Office: 77 Gracechurch Street, London EC3V 0AS

EXPLANATORY NOTES TO THE NOTICE OF AGM

The notes on the following pages give an explanation of the proposed resolutions

Resolutions 1 to 11 are proposed as ordinary resolutions. For each of these resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 12 to 16 are proposed as special resolutions. For each of these resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

Resolution 1: Report and Accounts

The first item of business is the receipt by the shareholders of the Directors' report and the accounts of the Company for the year ended 30th June 2023. The Directors' report, the accounts, and the Report of the Company's auditors on the accounts and on those parts of the Directors' remuneration report that are capable of being audited, are contained within the 2023 Annual Report.

Resolution 2: Directors' remuneration report

Resolution 2 seeks shareholder approval of the Directors' remuneration report for the year ended 30th June 2023, which is set out on pages 78 to 88 of the 2023 Annual Report. The Company's auditors, RSM UK Audit LLP, have audited those parts of the Directors' remuneration report that are required to be audited and their report may be found on pages 98 to 103 of the 2023 Annual Report. The vote on this resolution is advisory in nature and Directors' remuneration is not conditional on the passing of this resolution.

Resolution 3: Dividend

Resolution 3 seeks approval for a final dividend of 22p per ordinary share for the year ended 30th June 2023 (Final Dividend). If approved by shareholders, the Final Dividend will be paid on 27th October 2023 to all shareholders on the register at the close of business on 29th September 2023.

Resolutions 4 to 8: Re-appointment of Directors

The Company's Articles of Association (Articles) require all Directors to stand for re-appointment at each AGM. Therefore, and in line with provision 18 of the UK Corporate Governance Code, all Directors are submitting themselves for re-appointment by shareholders.

The Board carries out a review of the independence of its Directors on an annual basis. In considering the independence of the Independent Non-Executive Directors proposed for re-appointment, the Board has taken into consideration the guidance provided by the UK Corporate Governance Code. Accordingly, the Board considers Rian Dartnell, Tazim Essani, Peter Roth and Jane Stabile to be independent (the Independent Directors).

On 1st October 2020, the Company completed its merger with Karpus Management Inc. (KIM). Pursuant to the merger, the KIM stockholders received shares in the Company capable of being voted at meetings of the shareholders of the Company.

Due to familial relationships, certain of the KIM stockholders are regarded as controlling shareholders and form part of a Controlling Shareholder Group holding, in aggregate, 19,145,215 shares, being 37.8% of the Company's issued share capital, and consisting of: George W. Karpus, Karin Popham Anello, Katie Popham McCormick, William Popham, Alana Heahl, Nicholas Kuszlyk, Douglas Kuszlyk, Barbara Kuszlyk, Donald Heahl, Deborah Haehl, Alexandria Haehl, Dianna Kuszlyk and Rodd Riesenberger (the 'Controlling Shareholder Group').

Under the Listing Rules, because the Controlling Shareholder Group together control in concert more than 30% of the voting rights of the Company (even though they have agreed to limit their voting rights as noted in note 21 of Further Notes to this Notice of AGM), the appointment or re-election of any Independent Director by shareholders must be approved by a majority vote of both:

(i) the shareholders of the Company; and

(ii) the independent shareholders of the Company (that is the shareholders of the Company entitled to vote on the election of Directors who are not part of the Controlling Shareholder Group).

Resolutions 5 to 8 are therefore being proposed as ordinary resolutions which all shareholders may vote on, but in addition the Company will separately count the number of votes cast by independent shareholders in favour of the resolution (as a proportion of the total votes of independent shareholders cast on the resolution) to determine whether the second threshold referred to in (ii) above has been met. The Company will announce the results of the resolutions on this basis as well as announcing the results of the ordinary resolutions of all shareholders.

Under the Listing Rules, if a resolution to re-appoint an Independent Director is not approved by a majority vote of both the shareholders as a whole and the independent shareholders of the Company at the AGM, a further resolution may be put forward to be approved by the shareholders as a whole at a meeting which must be held more than 90 days after the date of the first vote but within 120 days of the first vote. Accordingly, if any of resolutions 5 to 8 are not approved by a majority vote of the Company's independent shareholders at the AGM, the relevant Director(s) will be treated as having been re-appointed only for the period from the date of the AGM until the earlier of: (i) the close of any general meeting of the Company, convened for a date more than 90 days after the AGM but within 120 days of the AGM, to propose a further resolution to re-appoint him or her; (ii) the date that is 120 days after the AGM; and (iii) the date of any announcement by the Board that it does not intend to hold a second vote.

In the event that the Director's re-appointment is approved by a majority vote of all shareholders at a second meeting, the Director will then be re-appointed until the next AGM. The Company is also required to provide details of:

(i) any previous or existing relationship, transaction or arrangement between an Independent Director and the Company, its Directors, any controlling shareholder or any associate of a controlling shareholder;

(ii) why the Company considers the proposed Independent Director will be an effective Director;

(iii) how the Company has determined that the proposed Director is an Independent Director; and

(iv) the process by which the Company has selected each Independent Director.

This is set out below:

Previous/existing relationships: The Company has received confirmation from each of the Independent Directors that, except as disclosed below, there is no existing or previous relationship, transaction or arrangement that the Independent Directors have or have had with the Company, its Directors, any controlling shareholder or any associate of a controlling shareholder.

Effectiveness: Biographical details of each Director seeking re-appointment, appear on pages 52 to 53 of this document. The biographical details also set out each Independent Director's experience. The Board considers, following a formal Board performance evaluation, that each Director seeking re-appointment continues to contribute effectively and to demonstrate commitment to his or her role.

This consideration of effectiveness is based on, amongst other things, the business skills, industry experience, business model experiences and other contributions individuals may make (including diversity considerations), both as an individual and also in contributing to the balance of skills, knowledge and capability of the Board as a whole, as well as the commitment of time for Board and Committee meetings and other duties.

Independence: As previously stated, each Independent Director's independence was determined by reference to the relevant provisions of the 2018 UK Corporate Governance Code. The Board also considers that each of the Independent Directors is independent in character and judgement and that there are no relationships or circumstances which are likely to affect, or could appear to affect, their judgement.

Selection: For the selection of Independent Directors, recruitment consultants are engaged to assist in conducting a thorough search to identify suitable candidates. The selection process involves, amongst other things, giving the recruitment consultants a detailed brief of the desired candidate profile against objective criteria and a rigorous process of interviews and assessments is then carried out. The Nomination Committee is responsible in each case for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies.

Resolution 9: Re-appointment of auditors

The auditors of a company must be appointed or re-appointed at each general meeting at which the accounts are laid. Resolution 9 proposes, on the recommendation of the Audit & Risk Committee, the re-appointment of RSM UK Audit LLP as the Company's auditors, until the conclusion of the next general meeting of the Company at which accounts are laid.

Resolution 10: Remuneration of auditors

This resolution seeks shareholder consent for the Company's Audit & Risk Committee to set the remuneration of the auditors.

Resolution 11: Directors' authority to allot

The purpose of this resolution is to renew the Directors' power to allot shares. The authority in paragraph (a) will allow the Directors to allot new shares and grant rights to subscribe for, or convert other securities into, shares up to approximately one- third (33.33%) of the Company's total issued ordinary share capital (exclusive of treasury shares) which, as at 15th September 2023, being the Latest Practicable Date prior to publication of this Notice of AGM (Latest Practicable Date), is equivalent to a nominal value of £168,930.

The authority in paragraph (b) of the resolution will allow the Directors to allot new shares and grant rights to subscribe for, or convert other securities into, shares only in connection with a rights issue up to a further nominal value of £168,930, which is equivalent to approximately one-third (33.3%) of the total issued ordinary share capital of the Company (exclusive of treasury shares) as at the Latest Practicable Date. The Company currently holds no shares in treasury.

There are no present plans to undertake a rights issue, or to allot new shares. The Directors consider it desirable to have the maximum flexibility permitted by corporate governance guidelines to respond to market developments and to enable allotments to take place to finance business opportunities as they arise.

If the resolution is passed, the authority will expire on the earlier of 31st October 2024 or the end of the AGM in 2024.

EXPLANATORY NOTES TO THE NOTICE OF AGM

CONTINUED

Resolution 12: Employee Benefit Trust (EBT)

In accordance with the Investment Association's Principles of Remuneration, the prior approval of shareholders should be obtained before 5% or more of the Company's issued share capital is held on behalf of the EBT.

Your Board of Directors therefore seeks the approval of shareholders by ordinary resolution to permit the trustees of the EBT to hold a maximum of 10% of the Company's issued ordinary share capital from time to time. Your Directors believe that granting such approval would be in the best interests of shareholders because it will offer the opportunity to align more closely the interests of employees and shareholders, will extend the Company's opportunities with respect to attracting new talent and will promote confidence in the stability of the Company's investment process from a client perspective.

Resolutions 13 and 14: Disapplication of pre-emption rights

If the Directors wish to allot new shares and other equity securities, or sell treasury shares, for cash (other than in connection with an employee share scheme), company law requires that these shares are offered first to shareholders in proportion to their existing holdings.

Resolution 13 deals with the authority of the Directors to allot new shares or other equity securities pursuant to the authority given by resolution 11, or sell treasury shares, for cash without the shares or other equity securities first being offered to shareholders in proportion to their existing holdings. Such authority shall only be used in connection with a pre-emptive offer or, otherwise, up to an aggregate nominal amount of £50,679, being approximately 10% of the total issued ordinary share capital of the Company as at the Latest Practicable Date. The Company does not hold any treasury shares as at the Latest Practicable Date.

The Pre-emption Group Statement of Principles supports the annual disapplication of pre-emption rights in respect of allotments of shares and other equity securities (and sales of treasury shares for cash) representing no more than an additional 10% of issued ordinary share capital (exclusive of treasury shares), to be used only in connection with an acquisition or specified capital investment. The Pre-emption Group Statement of Principles defines 'specified capital investment' as meaning one or more specific capital investment related uses for the proceeds of an issuance of equity securities, in respect of which sufficient information regarding the effect of the transaction on the company, the assets the subject of the transaction and (where appropriate) the profits attributable to them is made available to shareholders to enable them to reach an assessment of the potential return.

Accordingly, and in line with the template resolutions published by the Pre-emption Group, resolution 14 seeks to authorise the Directors to allot new shares and other equity securities pursuant to the authority given by resolution 11, or sell treasury shares, for cash up to a further nominal amount of £50,679, being approximately 10% of the total issued Ordinary Share capital of the Company as at the Latest Practicable Date, only in connection with an acquisition or specified capital investment which is announced contemporaneously with the allotment, or which has taken place in the preceding twelve-month period and is disclosed in the announcement of the issue.

If the authority given in resolution 14 is used, the Company will publish details of the placing in its next annual report.

If these resolutions are passed, the authorities will expire on 31st October 2024 or at the end of the next AGM, whichever is the earlier.

The Board considers the authorities in resolutions 13 and 14 to be appropriate in order to allow the Company flexibility to finance business opportunities or to conduct a rights issue or other pre-emptive offer without the need to comply with the strict requirements of the statutory pre-emption provisions.

Resolution 15: Purchase of own shares

The effect of resolution 15 is to grant authority to the Company to purchase its own ordinary shares, up to a maximum of 5,067,910 ordinary shares, until the AGM in 2024 or 31st October 2024, whichever is the earlier. This represents 10% of the Company's ordinary share capital in issue (excluding shares held in treasury) as at the Latest Practicable Date. The Company's exercise of this authority is subject to the stated upper and lower limits on the price payable.

Pursuant to the 2006 Act, the Company can hold any shares which are repurchased as treasury shares and either re-sell them for cash, cancel them, either immediately or at a point in the future, or use them for the purposes of its employee share schemes. Holding the repurchased shares as treasury shares will give the Company the ability to re-sell or transfer them in the future and will provide the Company with additional flexibility in the management of its capital base. No dividends will be paid on, and no voting rights will be exercised in respect of, treasury shares. Shares held as treasury shares will not automatically be cancelled and will not be taken into account in future calculations of earnings per share (unless they are subsequently re-sold or transferred out of treasury).

The Directors consider it desirable and in the Company's interests for shareholders to grant this authority. The Directors have no present intention to exercise this authority and will only do so if and when conditions are favourable with a view to enhancing net asset value per share.

The Company will not, save in accordance with a predetermined, irrevocable and non-discretionary programme, repurchase shares in the period immediately preceding the preliminary announcement of its annual or interim results as dictated by the Listing Rules or Market Abuse Regulation (as applicable in the UK) (UK MAR) or, if shorter, between the end of the financial period concerned and the time of a relevant announcement or, except in accordance with the Listing Rules and UK MAR, at any other time when the Directors would be prohibited from dealing in shares.

Resolution 16: Notice of general meetings

Under the 2006 Act, as amended, the notice period required for all general meetings of the Company is 21 days, although shareholders can approve a shorter notice period for general meetings that are not Annual General Meetings, which cannot however be less than 14 clear days. Annual General Meetings will continue to be held on at least 21 clear days' notice. The shorter notice period for which shareholder approval is sought under resolution 16 would not be used as a matter of routine for such meetings, but only where the flexibility is merited by the business of the meeting and is thought to be to the advantage of shareholders as a whole. In the event that a general meeting is called on less than 21 days' notice, the Company will meet the requirements for electronic voting under The Companies (Shareholders' Rights) Regulations 2009. Shareholder approval will be effective until the Company's next AGM, when it is intended that a similar resolution will be approved.

FURTHER NOTES

Entitlement to attend and vote

1. Only those shareholders registered in the Company's register of members as at close of business on 19th October 2023, or, if this meeting is adjourned, at close of business on the day which is two business days prior to the adjourned meeting, shall be entitled to attend and vote at the meeting. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

Entry to the AGM, security arrangements and conduct of proceedings

2. If any shareholders or their proxies intend to attend the meeting in person, we request that they advise the Company at least 48 hours in advance of the meeting by email to **investorrelations@citlon.co.uk**.

   Our website, **www.clig.com**, contains the latest information for shareholders and will be updated before the AGM should there be any changes to the arrangements set out above. Where appropriate, we will notify shareholders of the change via a Regulatory Information Service announcement as early as is possible before the date of the meeting.

Website giving information regarding the meeting

3. A copy of this Notice of AGM and other information regarding the meeting, including the information required by section 311A of the 2006 Act, can be found at **www.clig.com**. Shareholders may not use any electronic address provided in either this Notice of AGM or any related documents (including the Proxy Form) to communicate with the Company for any purposes other than those expressly stated.

Appointment of proxies

4. Hard copy Proxy Forms are not being issued this year to save paper, however shareholders can request a hard copy directly from the registrar, Link Group, on +44 (0)371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday, excluding public holidays in England and Wales.

5. Although shareholders are entitled to appoint another person as their proxy to exercise all or any of their rights to attend and to speak and vote at the AGM, shareholders are encouraged to appoint the Chair of the meeting as their proxy. A proxy need not be a shareholder of the Company. A shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder.

   The appointment of a proxy does not preclude a shareholder from attending and voting in person at the AGM.

6. In the case of joint holders, any one holder may vote. If more than one holder is present at the meeting, only the vote of the senior will be accepted, seniority being determined in the order in which the names appear on the register. A space has been included in the Proxy Form to allow members to specify the number of shares in respect of which that proxy is appointed. Shareholders who return the Proxy Form duly executed but leave this space blank will be deemed to have appointed the proxy in respect of all of their shares. Where appointing multiple proxies, shareholders should indicate on each Proxy Form the name of the proxy they wish to appoint and the number of Ordinary Shares in respect of which the proxy is appointed. All Proxy Forms should be returned together.

   Shareholders can also appoint multiple proxies by logging on to **www.signalshares.com** and completing the online instructions.

7. To appoint a proxy, either: (a) deposit the Proxy Forms, and any power of attorney or other authority under which it is executed (or a duly certified copy of any such power or authority), with the Company's Registrar, Link Group, PXS1, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL; or (b) lodge the proxy appointment using the CREST Proxy Voting Service in accordance with note 12 below; or (c) lodge online proxies, in accordance with note 10 below, in each case so as to be received no later than 48 hours (excluding non-working days) before the time of the holding of the AGM or any adjournment thereof.

   Please note that all Proxy Forms and appointments, whether postal or electronic, must be received by 11:30am on 19th October 2023.

Corporate representatives

8. A corporation that is a shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a shareholder provided that no more than one corporate representative exercises powers over the same share. Corporate shareholders are encouraged to complete and return a Proxy Form appointing the Chair of the meeting to ensure their votes are included in the poll.

Nominated persons

9. The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with section 146 of the 2006 Act (Nominated Persons). Nominated Persons may have a right under an agreement with the member who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if Nominated Persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.

Voting

10. The website address for online voting is **www.signalshares.com**. You will need your Shareholder Reference Number to log in and follow the instructions to lodge your votes.

    You can vote either:

    - by logging on to **www.signalshares.com** and following the instructions;
    - requesting a hard copy form of proxy directly from the registrars, Link Group, on Tel: 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate. We are open between 09:00 – 17:30, Monday to Friday, excluding public holidays in England and Wales; or
    - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.

Total voting rights

11. The total number of issued ordinary shares in the Company on the Latest Practicable Date, is 50,679,095. As described in note 21, the Controlling Shareholder Group's voting is capped at the lower of (i) the number of shares held by them; and (ii) 24.99% of the votes cast on any resolution by all shareholders. Therefore, the total number of votes exercisable as at the Latest Practicable Date is 42,039,568.

CREST proxy instructions

12. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting (and any adjournments thereof) by following the procedures described in the CREST Manual (available via **www.euroclear.com**). CREST Personal Members or other CREST sponsored members (and those CREST members who have appointed a voting service provider) should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.

13. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message (regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy) must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by the latest time(s) for receipt of proxy appointments specified in note 7, above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

14. CREST members (and, where applicable, their CREST sponsors or voting service providers) should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that their CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members (and, where applicable, their CREST sponsors or voting service providers) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

    The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Proxy appointment via Proxymity

15. If you are an institutional investor you may be able to appoint a proxy electronically via the Proxymity platform. For further information regarding Proxymity, please go to **www.proxymity.io**. Your proxy must be lodged 48 hours prior to the time appointed for the Meeting in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.

Automatic poll voting

16. Each of the resolutions to be put to the meeting will be voted on by poll and not by show of hands. A poll reflects the number of voting rights exercisable by each member and so the Board considers it a more democratic method of voting. Members and proxies will be asked to complete a poll card to indicate how they wish to cast their votes. These cards will be collected at the end of the meeting. The results of the poll will be published on the Company's website and notified to the London Stock Exchange once the votes have been counted and verified.

FURTHER NOTES

CONTINUED

Publication of audit concerns

17. Under section 527 of the 2006 Act, members meeting the threshold requirements set out in that section have the right to require the Company to publish, on a website, a statement setting out any matter relating to: (a) the audit of the Company's accounts (including the auditors' report and the conduct of the audit) that are to be laid before the AGM; or (b) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 the 2006 Act. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the 2006 Act. Where the Company is required to place a statement on a website under section 527 of the 2006 Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the 2006 Act to publish on a website.

Right to request circulation or resolutions

18. Under section 338 and section 338A of the Companies Act 2006, members meeting the threshold requirements in those sections have the right to require the Company: (i) to give, to members of the Company entitled to receive notice of the meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting; and/or (ii) to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may be properly included in the business. A resolution may properly be moved or a matter may properly be included in the business unless (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise), (b) it is defamatory of any person, or (c) it is frivolous or vexatious. Such a request may be in hard copy form or in electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than the date which is six clear weeks before the AGM, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.

Questions

19. All shareholders will have the opportunity to ask questions at the AGM.

Documents on display

20. Copies of Directors' service contracts or letters of appointment are available for inspection at the Company's registered office during usual business hours on any weekday (Saturdays, Sundays and public holidays excluded) and at the AGM until the end of the meeting.

Controlling Shareholder Group

21. Following completion of the merger with KIM, the Company entered into a relationship agreement with the Controlling Shareholder Group which regulates the ongoing relationship between the Company and the Controlling Shareholder Group. The members of the Controlling Shareholder Group agreed to limit their voting rights at any shareholder meeting, including the Annual General Meeting, to the lower of: (i) the number of shares held by them; and (ii) 24.99% of the votes cast on any resolution by all shareholders.

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By phone on 0871 664 0300 from the UK and +44 371 664 0300 from overseas. *(Calls cost 12 pence per minute plus network extras. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open from 9am to 5:30pm Mon – Fri, excluding public holidays in England and Wales).*

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Company registration number
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Company Secretary
Prism Cosec Ltd
enquiries@prismcosec.com

Financial calendar

Ex-dividend date for the final dividend	28th September 2023
Final dividend record date	29th September 2023
First quarter FuM announcement	13th October 2023
AGM	23rd October 2023
Final dividend payment	27th October 2023
Second quarter FuM announcement	22nd January 2024
Half year results and interim dividend announcement	23rd February 2024
Ex-dividend date for the interim dividend	29th February 2024
Interim dividend record date	1st March 2024
Interim dividend payment	29th March 2024
Third quarter FuM announcement	22nd April 2024
Year end	30th June 2024

For further information, please visit our website **www.clig.co.uk**

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