

City of London Investment Group PLC Shareholder Presentation

February 2021



CITY OF LONDON
Investment Group PLC

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Presentation Team



Thomas Griffith, Chief Executive Officer

Tom joined City of London Investment Group in 2000, and was appointed Chief Operating Officer and an Executive Director of the Group in June 2004. In February 2018, he was appointed Deputy CEO by the Board as part of the multi-year transition plan for the Group Founder, CEO, and CIO, Barry Olliff. Tom was appointed CEO of the Group on 1st March 2019, prior to Mr. Olliff's retirement on 31st December 2019. Prior to joining City of London Investment Group in 2000, Tom held various positions in the institutional client division of The Vanguard Group, including roles as both a Client Relationship Manager and a Marketing Executive. In 1986 he obtained a bachelor's degree in Corporate Finance and Investment Management from the University of Alabama.



Mark Dwyer, Group Director & Chief Investment Officer of CLIM

Mark was the EM CEF CIO of the Group before becoming Group CIO in March 2019. He rejoined City of London in May 2012 and has over 20 years investment experience. Prior to rejoining the Group, Mark spent eight years with Banco Commercial Portuguese as a Director in the Asset Management department. Mark initially joined City of London in 1995 and was a Portfolio Manager based in the UK, followed by the US office. He established City of London's Singapore Office in 2000 where he spent two years. He holds a BA in economics and is a CFA Charterholder.



Carlos Yuste, Head of Business Development

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



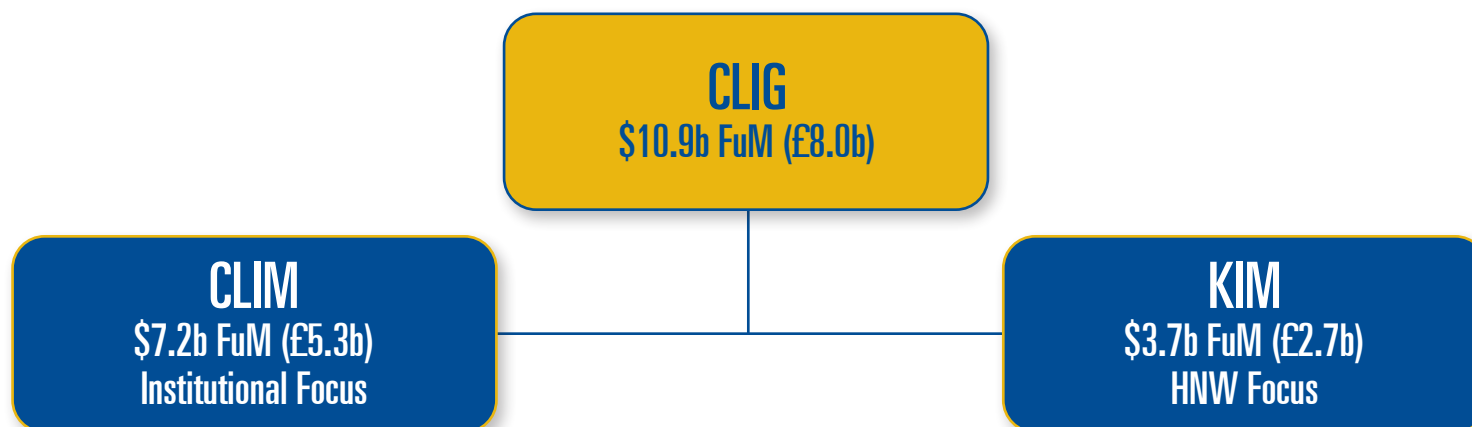
Deepranjan Agrawal, Head of Finance

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

Snapshot as of 31st December 2020

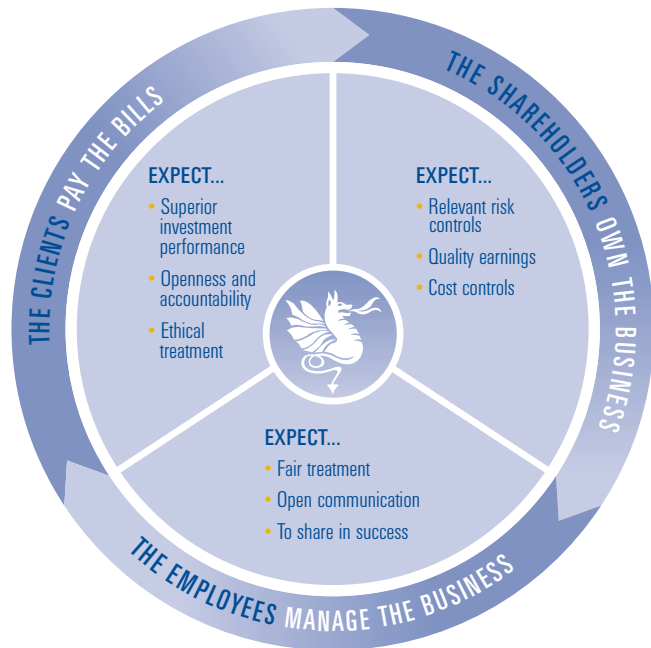
An established and growing pure-play asset management business:

- ▶ \$10.9b (£8.0b) of Funds Under Management
 - Stable client base with a mix of Institutional and High Net Worth (“HNW”) clients
- ▶ CLIM and KIM* focus on investing via closed-end funds (CEFs)
 - Track record of outperformance over multiple market cycles
 - Team approach to investing
 - CLIM’s client base institutional and primarily equity focused
 - KIM’s client base primarily HNW and fixed-income / balanced focused



**City of London Investment Management Company Limited is defined as “CLIM” and Karpus Management Inc., DBA Karpus Investment Management is defined as “KIM”*

Our Strategy and Objectives



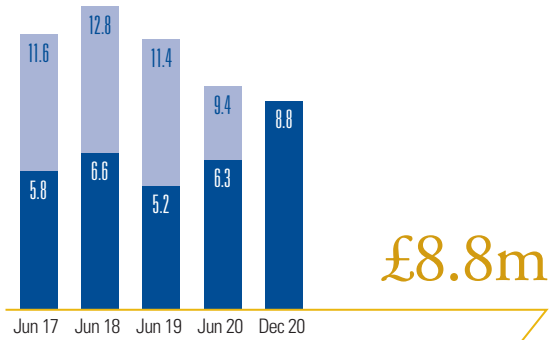
Our strategy and objectives are to support the three stakeholders in our business:

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

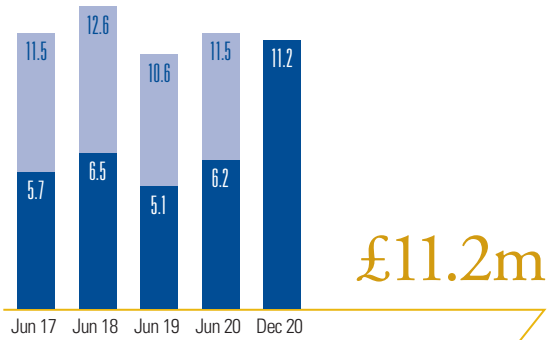
- ▶ **Outperform** - Add value through an investment cycle (5 years)
- ▶ **Retain Employees** - Long-term view with regard to remuneration
- ▶ **Increase FUM** - CLIM has an institutional focus, KIM has a HNW focus
- ▶ **Open Shareholder Dealings** - Remain available and accountable to our owners
- ▶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

Financial Highlights

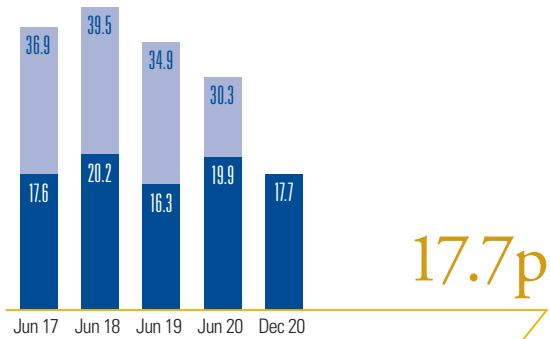
Profit before tax £m



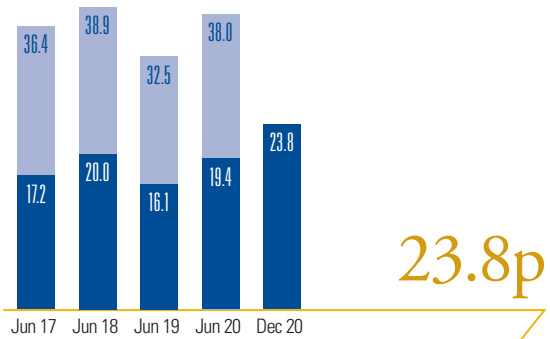
Underlying profit before tax* £m



Basic earnings per share pence



Underlying earnings per share* pence



■ First half year ■ Second half year

* This is an Alternative Performance Measure (APM).

Dividend Policy & History

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

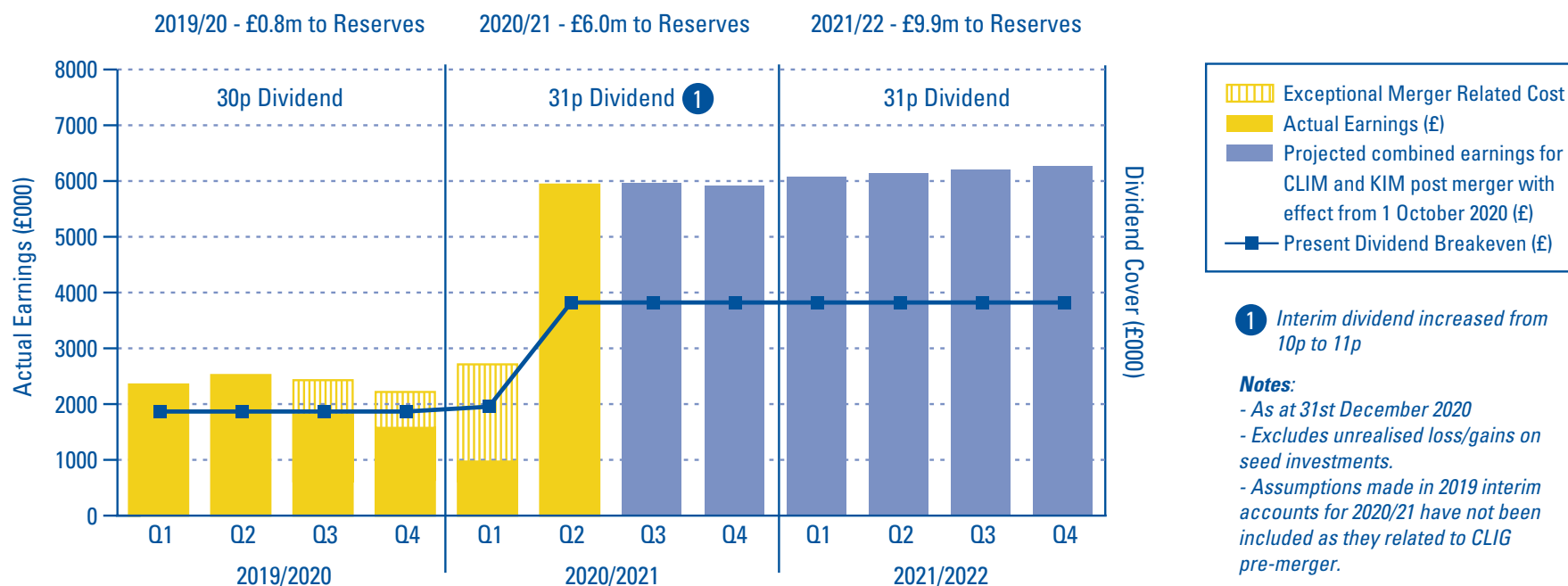
	2016-17		2017-18		2018-19		2019-20		2020-21	
	Per Share	Total (£ k)	Per Share	Total (£ k)	Per Share	Total (£ k)	Per Share	Total (£ k)	Per Share	Total (£ k)
Interim	8p	2,027	9p	2,295	9p	2,270	10p	2,488	11p	4,762
Final	17p	4,331	18p	4,544	18p	4,505	20p	4,980		
Total	25p	6,358	27p	6,839	27p	6,775	30p	7,468		
Profit attributable to shareholders		9,290		10,060		8,799		7,560*		
Rolling 5 year average coverage ratio		1.09		1.17		1.26		1.24		
Special Dividend					13.5p	3,405				

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

Dividend Cover

CLIG Template – For Guidance Purposes Only*

Dividend Cover – Actual and Assumed Over Three Financial Years



Key Assumptions:

- Number of CLIG Shares in issue (26.6m) less those held by the Employee Benefit Trust (1.7m) as at 30 Sep 2020
- Number of CLIG Shares in issue (50.7m) less those held by the Employee Benefit Trust (1.4m) as at 31 Dec 2020
- Excludes unrealised loss/gains on seed investments
- Excludes amortisation of any intangibles arising on the merger

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

	CLIM 1-Jan-21	KIM 1-Jan-21
	zero	zero
	US\$250m	US\$135m
	0%	0%
	no change	no change
	+3% compared to 2020/21	no change
	21%	24%
	£1/\$1.37	£1/\$1.37

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

Karpus Management Inc (“KIM”) Merger

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

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

***Voting rights limited to 24.99%*

KIM Merger - Integration Status

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

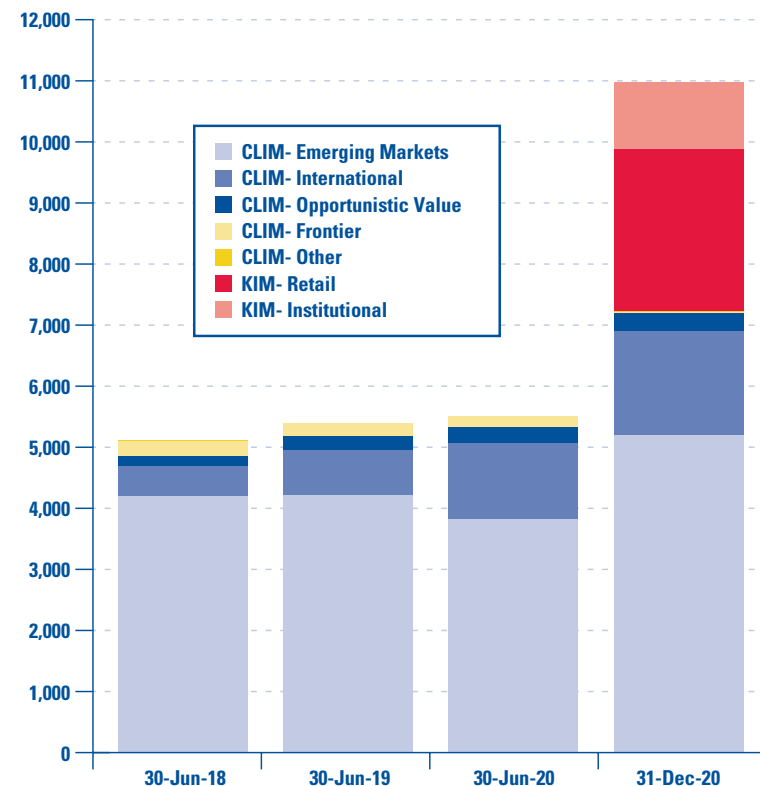
CLIG - FuM by Line of Business

CLIM (\$m)	30-Jun-18		30-Jun-19		30-Jun-20		31-Dec-20	
	% of CLIM		% of CLIM		% of CLIM		% of CLIG	
	US\$m	Total*	US\$m	Total*	US\$m	Total*	US\$m	Total
Emerging Markets	4,207	83%	4,221	78%	3,828	69%	5,196	47%
International	480	9%	729	14%	1,244	23%	1,700	16%
Opportunistic Value	174	3%	233	4%	256	5%	306	3%
Frontier	245	5%	206	4%	175	3%	14	0%
Other / REIT	1	0%	7	0%	9	0%	13	0%
CLIM Total	5,107	100%	5,396	100%	5,512	100%	7,229	66%

KIM (\$m)	30-Jun-18		30-Jun-19		30-Jun-20		31-Dec-20	
	% of KIM		% of KIM		% of KIM		% of CLIG	
	US\$m	Total*	US\$m	Total*	US\$m	Total*	US\$m	Total
Retail	2,098	67%	2,291	67%	2,401	69%	2,630	24%
Institutional	1,019	33%	1,105	33%	1,087	31%	1,077	10%
KIM Total	3,117	100%	3,396	100%	3,488	100%	3,707	34%

CLIG Total **10,936** **100%**

*Denotes pre-merger percentages.



Net Investment Flows

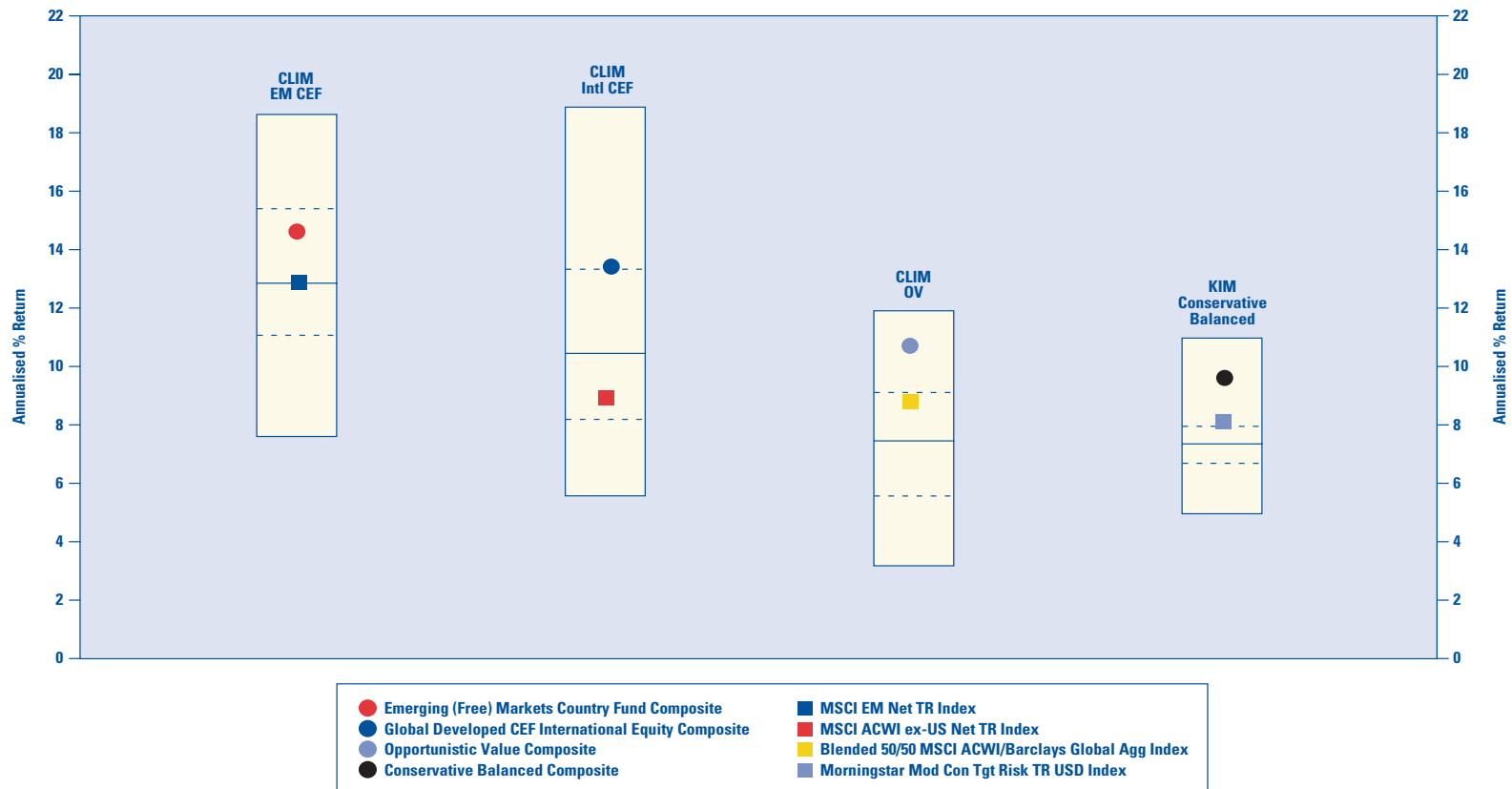
(US\$000's)	FYE June 2018	FYE June 2019	FYE June 2020	FY 2021, as of December 2020
Emerging Markets	(215,083)	(183,521)	(279,459)	(46,600)
International	279,394	252,883	551,102	(11,867)
Opportunistic Value	54,251	48,236	45,914	(5,015)
Frontier	67,000	(21,336)	16,178	(169,443)
REIT	-	6,000	4,600	-
CLIM Total	185,562	102,262	338,335	(232,925)

(US\$000's)	FYE June 2018	FYE June 2019	FYE June 2020	FY 2021, as of December 2020*
Retail	46,550	33,701	26,323	(62,441)
Institutional	(107,410)	9,050	(67,087)	(99,245)
KIM Total	(60,860)	42,751	(40,764)	(161,686)

*Includes net investment flows for Retail – (24,407) and Institutional – (20,264) pertaining to period before 1 October 2020 (pre-merger)

Five Year Peer Group* Quartile Chart

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



*CLIM and KIM returns are compared to their respective eVestment and Morningstar universes. The above returns are annualized and presented as gross of fees performance figures, which do not reflect the deduction of investment management fees. The Emerging (Free) Markets Country Fund Composite and MSCI EM Net TR Index are shown against the eVestment Global Emerging Markets Equity Universe of which 85.4% 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 92.8% has been updated. The Opportunistic Value Composite and the Blended 50/50 MSCI ACWI/Barclays Global Agg Index are shown against the eVestment All Global Balanced/TAA Universe of which 79.2% 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. - Allocation--30% to 50% Equity Universe. Data is as of 31 December 2020. Past performance is no guarantee of future results.

Source: eVestment Analytics System, BNY Mellon, CLIM, MSCI, S&P, Barclays, Morningstar, KIM

Growth Plans

- ▶ CLIM International and Opportunistic Value CEF Strategies ~\$2bn
 - Both strategies have achieved excellent performance
 - Growth focus in 2021

- ▶ Increase Range of covered investment markets, building on core expertise
 - CLIM hired experienced REIT team – EM & Intl REIT strategies seeded Jan 2019
 - Marketing focus in 2021/22

- ▶ KIM new marketing resources focussed on HNW individuals and the RIA channel in the US

- ▶ Recruiting, encouraging and retaining team talent

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

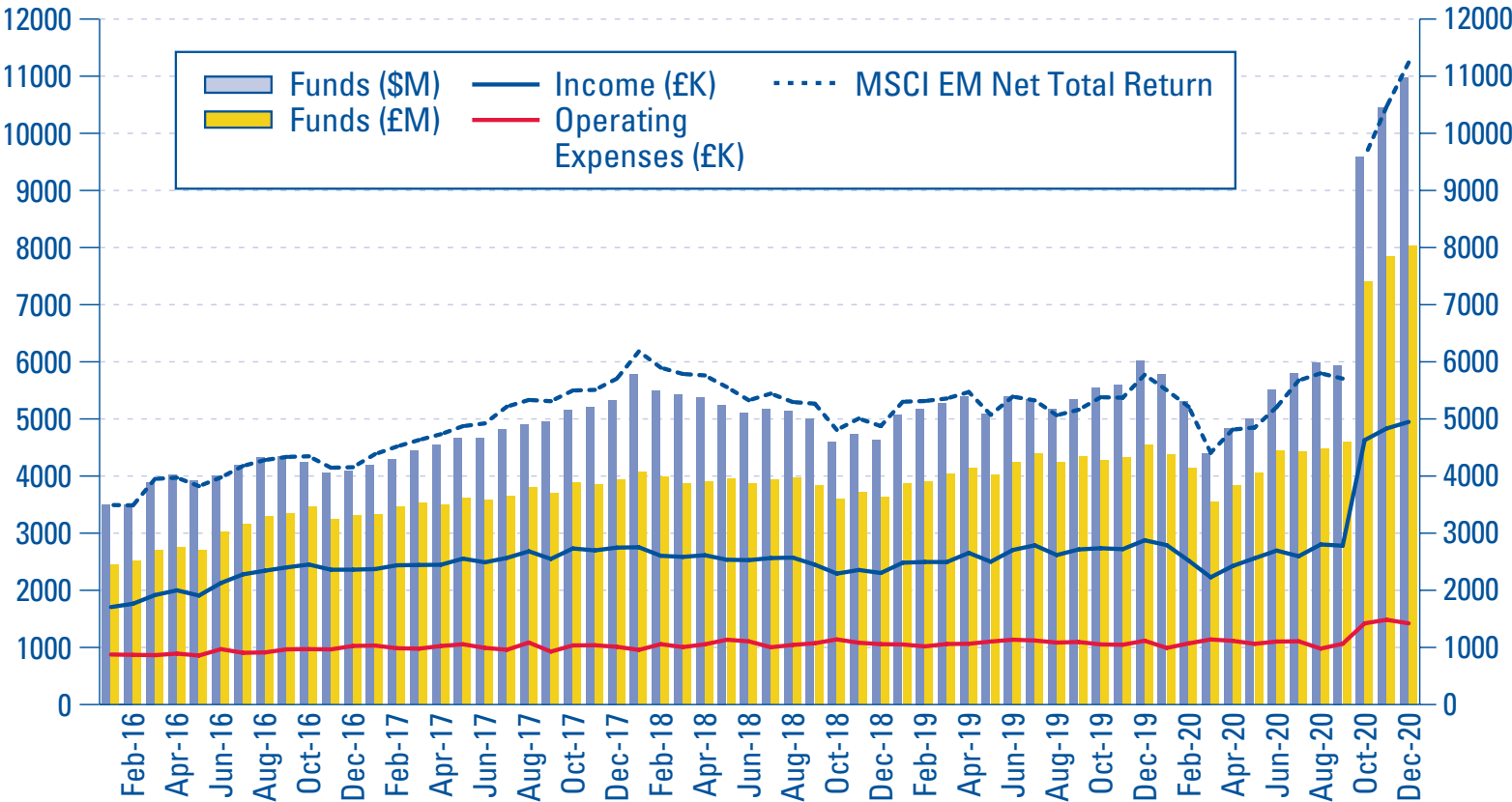
Consolidated Income for Six Months to 31st December

	Half Year Ending		Full Year Ending		
	Dec-20	Dec-19	Jun-20	Jun-19	
Funds under Management (at period end)	\$10.9b	\$6.0b	\$5.5b	\$5.4b	
Year end exchange rate USD/GBP	1.367	1.3257	1.2401	1.2696	
	£'000	£'000	£'000	£'000	
Gross fee income	23,734	17,318	33,263	31,933	
Finder's commission	(359)	(153)	(167)	(752)	
Custody & administration	(775)	(723)	(1,425)	(1,327)	
Net fee income	22,600	16,442	31,671	29,854	
Interest	(54)	(40)	(57)	89	
Total net income	22,546	16,402	31,614	29,943	
Total overheads	8,510	6,514	12,967	12,919	
Operating profit	14,036	9,888	18,647	17,024	
Profit-share	(3,423)	(3,256)	(6,180)	(5,580)	
EIP	(507)	(496)	(925)	(851)	
Pre-tax profit before Investment (loss) / gain and exceptional item	10,106	6,136	11,542	10,593	
Investment (loss) / gain	454	197	(887)	804	
Exceptional item: acquisition - related costs	(1,743)	0	(1,248)	0	
Pre-tax profit	8,817	6,333	9,407	11,397	
Tax	(2,242)	(1,276)	(2,041)	(2,352)	
Post-tax profit	6,575	5,057	7,366	9,045	
Profit attributable to:	Non- controlling interests	12	62	(194)	246
	Equity shareholders	6,563	4,995	7,560	8,799
EPS	Basic	17.7p	19.9p	30.3p	34.9p
	Diluted	17.4p	19.4p	29.5p	34.1p
Dividend	Interim	11.0p	10.0p	10.0p	9.0p
	Special	-	-	-	13.5p
	Final	-	-	20.0p	18.0p

Relationship Between CLIG's Benchmark and FUM*

Rolling 60 Months Funds Under Management and Operating Profitability

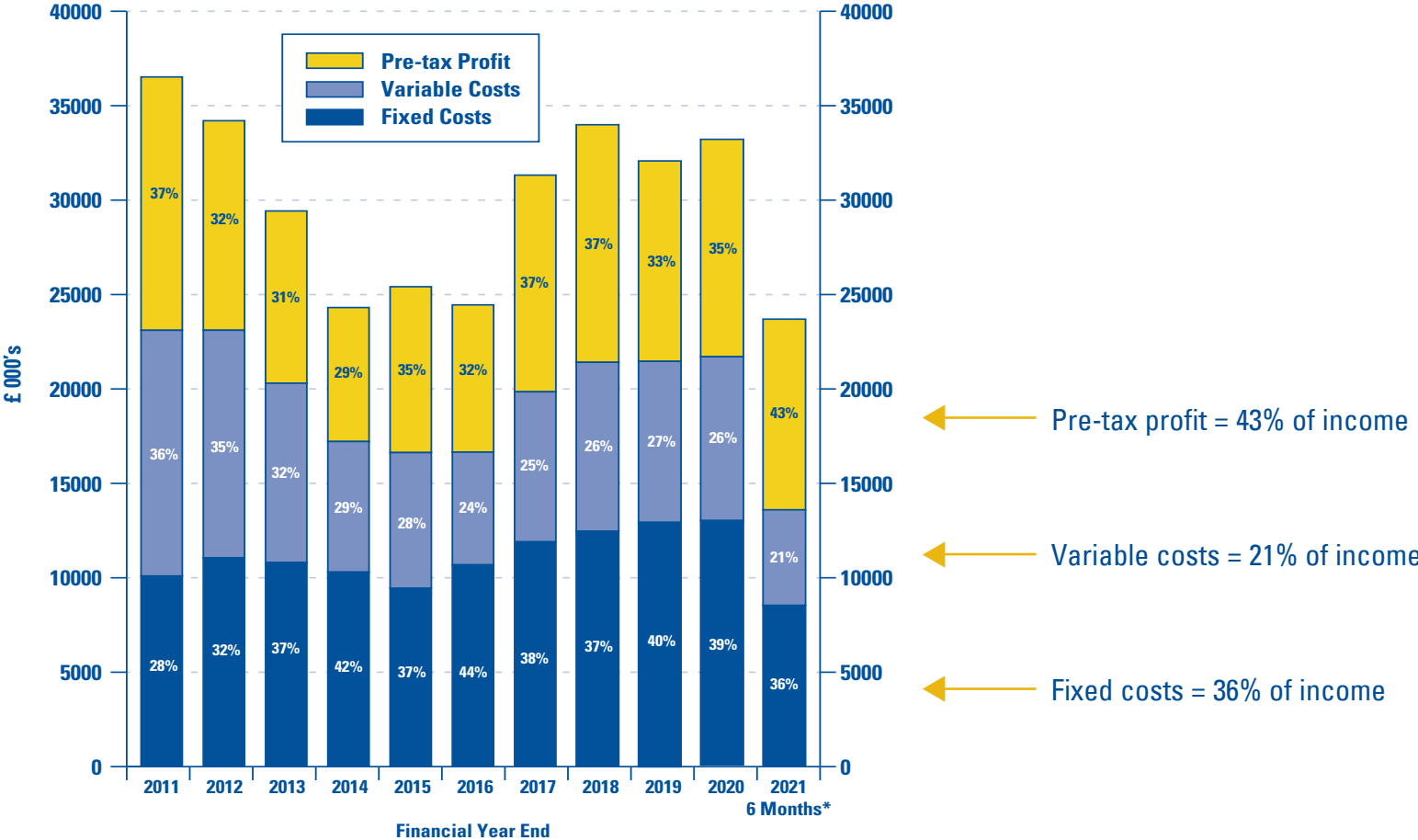
(Excludes extraordinary items of income and expense)



*Beginning October 2020 consolidated FUM (CLIM-KIM) are shown and Index is rebased. Past performance is no guarantee of future results.

Source: CLIM, KIM, MSCI

Fixed Versus Variable Costs



*Includes 3 months of post-merger KIM costs

Note: Excludes extraordinary items of income and expense (including acquisition-related costs of £1.2m in 2020 and £1.7m in 2021)

History

- ▶ **1989** – Established as part of Olliff & Partners, stockbrokers
- ▶ **1991** – Launched first fund, Emerging Markets Country Trust, a UK unit trust
- ▶ **1995** – Launched first US fund – The Emerging Markets Country Fund
 - US office opened on East Coast
- ▶ **1997** – Stockbroking activities discontinued
- ▶ **2000** – Singapore office opened
- ▶ **2006** – Group admitted to AIM
- ▶ **2007** – Dubai office opened
- ▶ **2009** – Launch of International CEF Strategy
- ▶ **2010** – Group admitted to Official List (Premium Segment)
- ▶ **2012 & 2013** – Granted Qualified Foreign Institutional Investors (QFII) scheme in China
- ▶ **2015** – Opened West Coast (US) office
- ▶ **2019** – Launch of EM and International REIT funds
- ▶ **2020** – Completed transaction with KIM for 100% ownership

Shareholders

As at 31 December 2020

	%
George Karpus*	31.5%
Hargreaves Lansdown	6.4%
Aberforth Partners	3.9%
Barry Olliff	3.7%
BlackRock Inc.	2.9%
Interactive Investor	2.8%
Rochester Area Community Foundation*	2.8%
St Lawrence University*	2.0%
A J Bell Securities	1.7%
Other Directors, Staff & EBT	11.7%
Subtotal	69.4%
Other	30.6%
Total	100.0%

The total number of ordinary shares in issue is 50,679,095.

**Denotes concert party shareholder, as disclosed on Slide 8.*

Source: Bloomberg for shareholder name. Shareholding % as per company's share register.

Important Notice

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