

# City of London Investment Group PLC Shareholder Presentations

January 2017



CITY OF LONDON  
Investment Group PLC

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# Presentation Team



## **Barry Olliff, Chief Executive Officer and Chief Investment Officer**

Barry has spent over 50 years in the investment trust sector, starting as a market maker with Denny Brothers in 1964 and moving in 1979 to the investment trust department of Laing & Cruikshank, where he became a director in 1984. Barry founded Olliff & Partners, an investment trust stockbroker, in 1987, the business from which City of London was founded in 1991.



## **Mark Dwyer, Director and Chief Investment Officer, EM CEF Group**

Mark re-joined City of London in May 2012 and has over eighteen years investment experience. Prior to re-joining 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. Mark is now CIO of the EM CEF Group and is based in London. He holds a BA in economics and is a CFA Charterholder

## CLIG/CLIM Post BREXIT

- ▶ Virtually all CLIM income is USD based – our fees are sourced from US Institutions.
- ▶ No adverse effects on FUM since the referendum results
- ▶ Over 90% of CLIM income on a see through basis is effectively derived from the EM's.
- ▶ Approximately 40% of Group costs are in GBP.
- ▶ Only 2.5% of CLIM assets are UCIT'S – very little fall out from BREXIT

# Snapshot

## **An established specialist, growing fund management group with:**

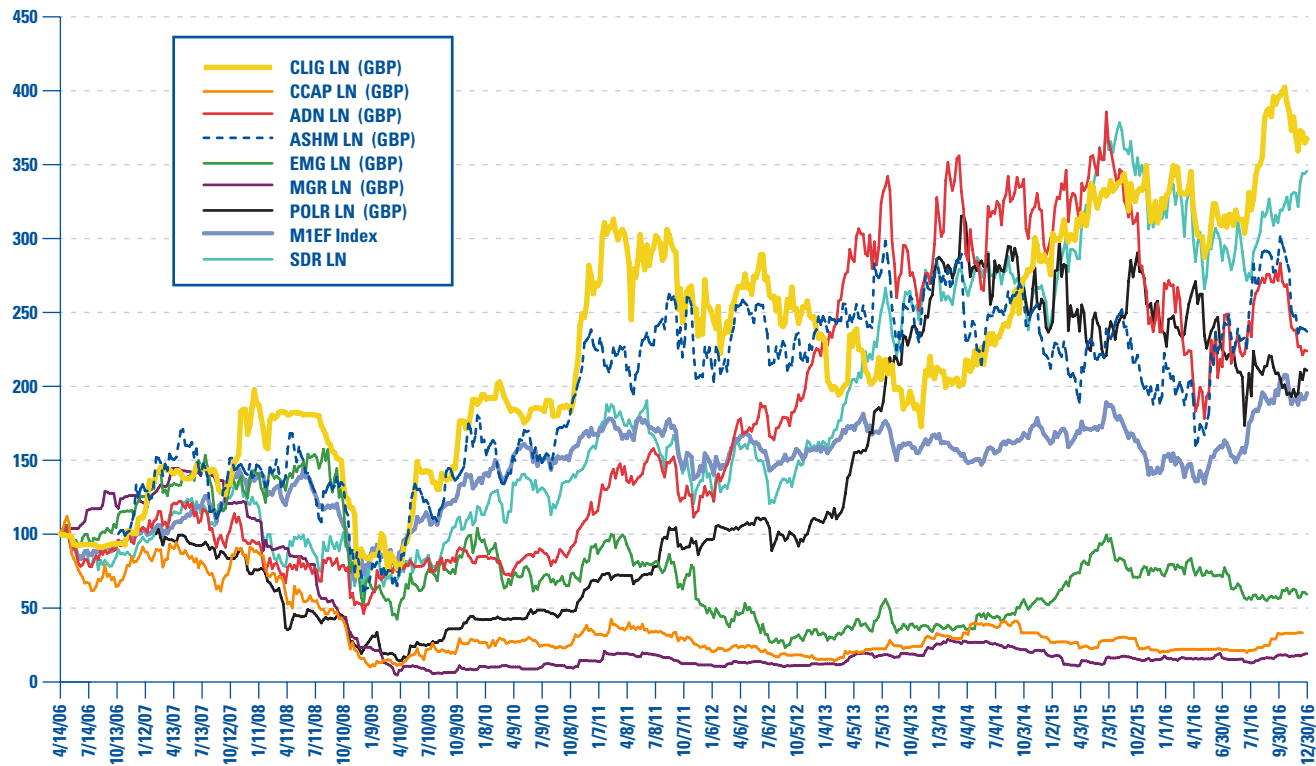
- ▶ \$4.1 billion (£3.3 billion) of funds under management at 31 December 2016, up 2.5% since 30 June 2016
  - MSCI Emerging Markets Net TR Index (US dollar based), up 4.5% over the same period
  - Assumptions for the increase in FuM in 2017/18 are \$125m for our EM CEF strategy and \$125m for the non-EM CEF strategies
  - A stable institutional client base
- ▶ Offices in the US (East Coast and West Coast), London, Singapore and Dubai
  - Managing money using a team approach
- ▶ A leading CEF asset manager with a track record of outperformance over multiple market cycles
- ▶ Growth plans based on geographical/product diversification and an aversion to risk

**... and an experienced, incentivised long-term team**

# Profitability

- ▶ Income accrues at a weighted average rate of c85 basis points, net of third party commissions
- ▶ Current run-rate for operating profit, before profit-share at 30%, is ~£1.4 million per month based upon current FuM and US\$/£ exchange (1.23)
- ▶ Estimated unaudited post-tax profit for the six months ended 31 December 2016 ~£4.3 million, which compares to £2.6 million for the equivalent period to 31 December 2015

# CLIG Share Performance Since Inception vs. Peer Group



Source: Bloomberg

# The Three Stakeholders

- ▶ We believe that both our strategy and our objective should be to support the three stakeholders in our business:



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



# Our Strategy and Objectives

- ▶ Increase FuM from long term institutional investors
  - City of London's client base is, and always has been, overwhelmingly institutional
- ▶ Outperformance
  - Our job as an active manager is to add value over and above a relevant benchmark through an investment cycle which we define as four to five years
- ▶ 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.
- ▶ Retain Staff
  - As shareholders would expect, in a firm that has always used a partnership approach, there is a very long term view taken regarding remuneration
- ▶ Remain open in our dealing with shareholders, available and accountable
  - We recognise that our shareholders (as well as our clients) have trusted us with their money.

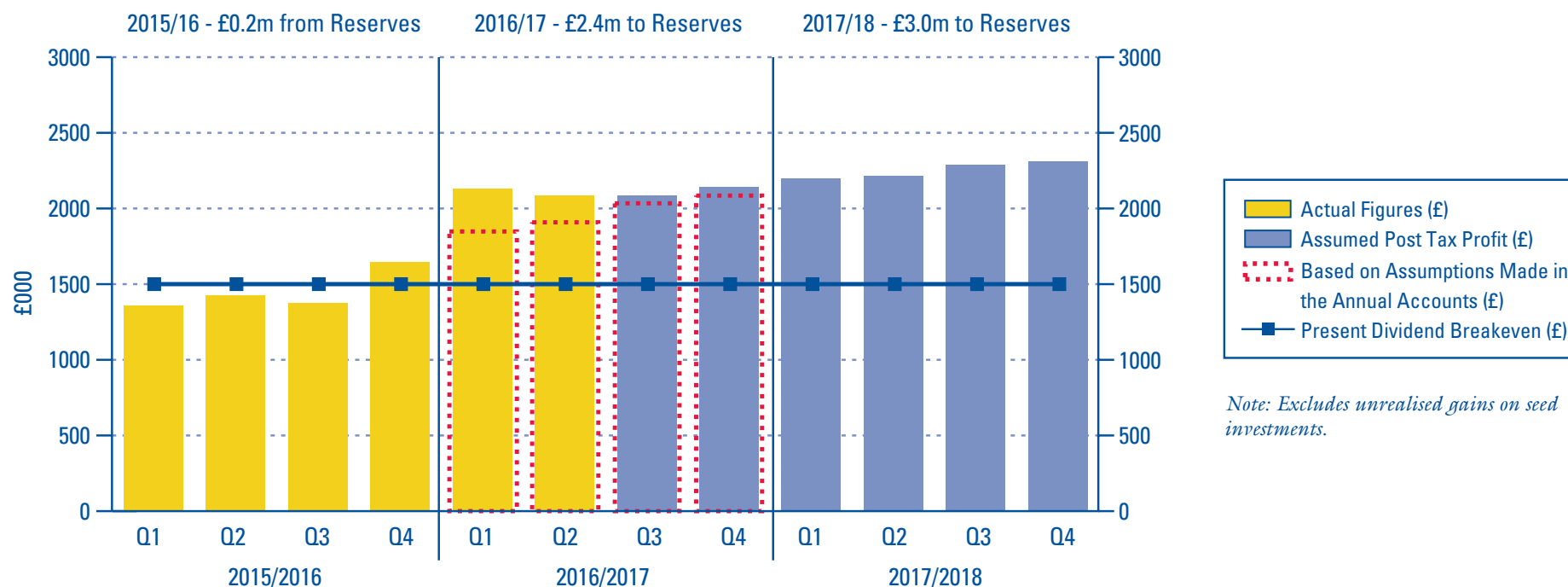
## Employee Incentive Plan (EIP)

- ▶ It is an all employee plan, consistent with CLIG's team approach
- ▶ Shares will be purchased in the market, no dilution
- ▶ It is linked to the Group's risk adjusted profitability, hence performance related
- ▶ Will result in variable pay of cash and deferred shares
- ▶ Participation capped at 20% of individual annual bonus (may increase to 30% if headroom)
- ▶ Company will match participation
- ▶ Company contribution capped at 5% of pre-bonus, pre-tax operating profit until 2019/2020\*
- ▶ Thereafter the awards will fall within the 30% profit-share limit
- ▶ Awards of Restricted Shares (RSAs) will be granted after final dividend for the year
- ▶ RSAs will vest 1/3 each year over a three year period
- ▶ Awards that vest attract a dividend equivalent payment related to vesting period
- ▶ Termination before normal vesting date:
  - ▶ RSAs funded by waived bonus to be repaid at the lower of: value at date of grant or date of forfeiture
  - ▶ Company funded shares are forfeited upon termination except "good leavers" receive a pro-rated amount
- ▶ Clawback the same as applicable to bonus

**\*Only in a year where the results support a minimum dividend payment of 24p**

# CLIM Template - Not a Specific Forecast\*

Dividend Cover – Actual and Assumed Over Three Financial Years



Note: Excludes unrealised gains on seed investments.

## Key Assumptions:

(June 2016 comparatives in *Italics*)

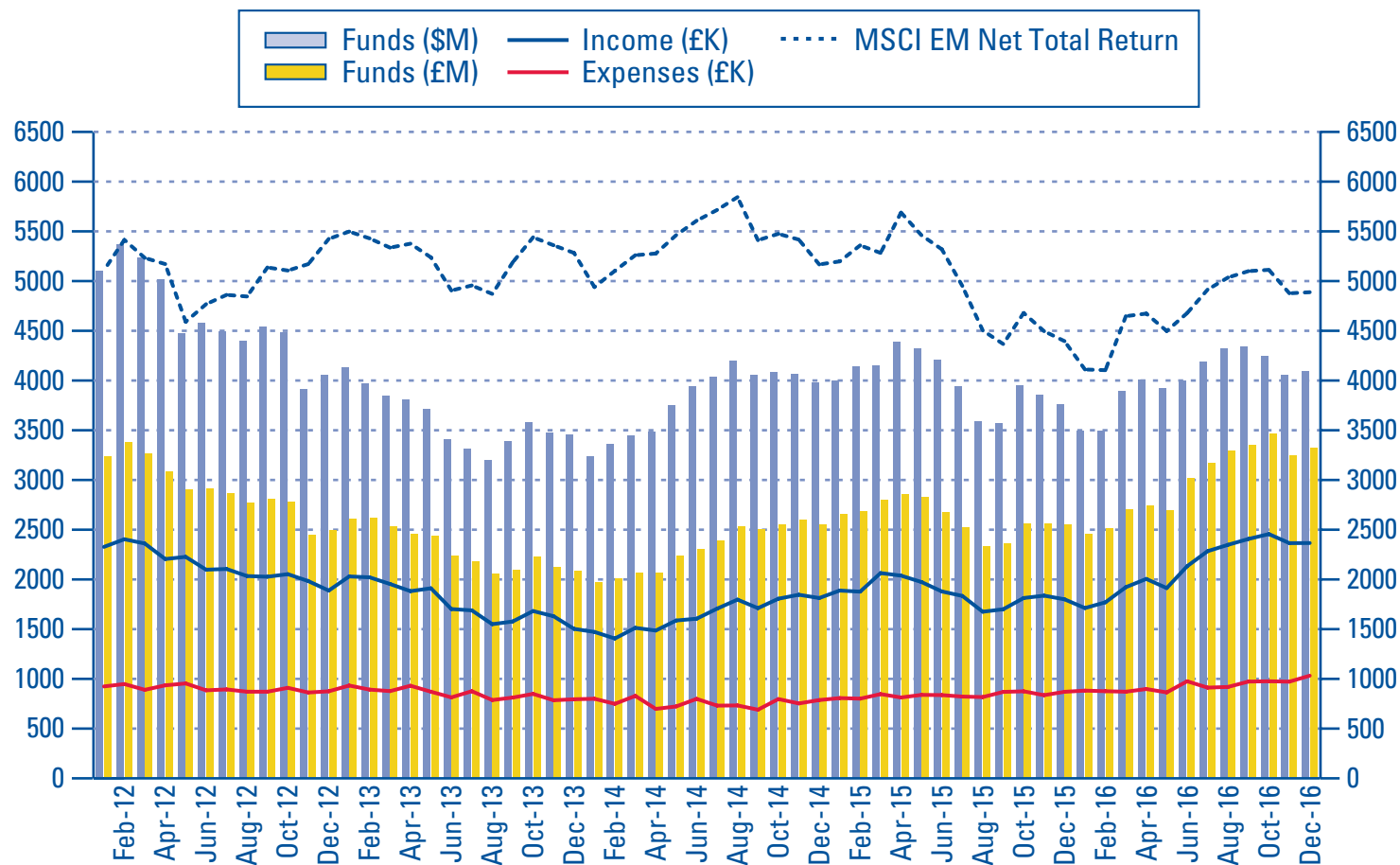
- Starting point Current FuM (end December 2016)
- Net increase for the remainder of this financial year (straight-lined to June 2017):
  - emerging market CEF strategy US\$125m (*US\$250m over full year*)
  - non-emerging market CEF strategies US\$125m (*US\$250m over the full year*)
- Net increase in 2017/2018 (straight-lined to June 2018):
  - emerging market CEF strategy US\$125m
  - non-emerging market CEF strategies US\$125m
- Operating margin adjusted monthly for change in product mix and commission run-off
- Market growth: 0%
- Overheads for 2016/17: +10% compared to 2015/16 (+5%)
- Overheads for 2017/18: +11% compared to 2015/16
- EIP charge for 2016/17: 0.5% of operating profit
- EIP charge for 2017/18: 2% of operating profit
- Corporation tax based on an estimated average rate of 26% (26%)
- Exchange rate assumed to be £1/\$1.23 for entire period (£1/US\$1.35)
- Number of CLIG Shares in issue (26.9m) less those held by the ESOP Trust (1.7m) as at 31 December (26.9 m CLIG shares in issue less 1.9m ESOP Trust holding)

\*Any forward-looking statements are based on certain factors and assumptions, 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.

# Relationship Between our Benchmark and FUM

## Rolling 60 Months Funds Under Management and Profitability

*(Excludes extraordinary items of income and expense)*



# Results Summary

	Full Year		Half Year	
	30.06.15	30.06.16	31.12.15 (6 Months)	31.12.16 (6 Months)
Funds under Management (at period end)	\$4.2bn	\$4.0bn	\$3.8bn	\$4.1bn
Turnover	£25.4m	£24.4m	£11.8m	£15.4m
Commissions payable	(£2.3m)	(£1.5m)	(£0.8m)	(£0.8m)
Administrative expenses	(£10.2m)	(£11.4m)	(£5.5m)	(£6.2m)
Interest income	£0.1m	£0.0m	£0.0m	£0.0m
Investment gains / (losses)	£0.1m	£0.2m	(£0.1m)	£0.1m
Profit-share	(£4.2m)	(£3.7m)	(£1.8m)	(£2.7m)
Profit before tax	£8.9m	£8.0m	£3.6m	£5.8m
Profit after tax	£6.6m	£5.9m	£2.7m	£4.3m
Profit attributable to:				
Non-controlling interests	£0.0m	£0.1m	£0.0m	(£0.1m)
Equity shareholders	£6.6m	£5.8m	£2.7m	£4.4m
EPS:				
Basic	26.4p	23.3p	10.8p	17.6p
Diluted	26.0p	23.1p	10.7p	17.5p
Dividend:				
Interim	8.0p	8.0p	8.0p	
Final	16.0p	16.0p		

Diluted earnings per share are adjusted for shares held by the ESOP Trust (currently 1.7m) upon which no dividends are paid.

*Note: Figures are unaudited*

# Dividend

- ▶ Our focus on costs has kept expenses down
- ▶ Maintaining the dividend was a focus of Management
- ▶ As a result of sustained investment performance and diversification our job is now to increase the dividend

# Dividends

	2010-11		2011-12		2012-13		2013-14		2014-15		2015-16	
	Per Share	Total (£ k)	Per Share	Total (£ k)	Per Share	Total (£ k)	Per Share	Total (£ k)	Per Share	Total (£ k)	Per Share	Total (£ k)
Interim	8p	2,047	8p	2,011	8p	1,996	8p	2,010	8p	1,985	8p	1,997
Final	16p	4,041	16p	4,050	16p	4,021	16p	3,975	16p	3,985	16p	4,021
Total	24p	6,088	24p	6,061	24p	6,017	24p	5,985	24p	5,970	24p	6,018
Profit attributable to shareholders		8,769		8,498		6,266		5,303		6,578		5,791
Cover Ratio		1.44		1.40		1.04		0.89		1.10		0.96

# Income Statement

£'000	13 months 2013-2014	Year 2014-2015	Year 2015 -2016	6 Months 2016-2017
Fee income	24,215	25,356	24,413	15,439
Interest income	97	58	40	15
Finder's commission	(3,068)	(2,275)	(1,515)	(765)
Custody & administration	(845)	(738)	(735)	(462)
<b>Total net income</b>	<b>20,399</b>	<b>22,401</b>	<b>22,203</b>	<b>14,227</b>
<b>Costs:</b>				
Human resources	6,559	6,250	6,896	3,739
Premises	671	634	680	350
Communications & IT	1,464	1,376	1,526	866
Business development	529	499	550	242
General	1,076	686	1,034	621
Total costs	10,299	9,445	10,686	5,818
<b>Operating profit</b>	<b>10,100</b>	<b>12,956</b>	<b>11,517</b>	<b>8,409</b>
Gain / (loss) on investments	321	147	172	107
Profit-share	(3,005)	(4,171)	(3,720)	(2,716)
<b>Pre-tax profit</b>	<b>7,416</b>	<b>8,932</b>	<b>7,969</b>	<b>5,800</b>
Tax	(2,062)	(2,318)	(2,116)	(1,528)
<b>Post-tax profit</b>	<b>5,354</b>	<b>6,614</b>	<b>5,853</b>	<b>4,272</b>
<b>Profit attributable to:</b>				
Non-controlling interest	51	36	62	(149)
<b>Owners of the Company</b>	<b>5,303</b>	<b>6,578</b>	<b>5,791</b>	<b>4,421</b>

← Please see page 16

← 30% of operating profits (plus taxes).  
Temporary reduction to 28% (plus taxes) in  
2013-2014

*Note: Figures are unaudited*



# Marketing Commission Run-Off

(Based on FuM at 30 November 2016)

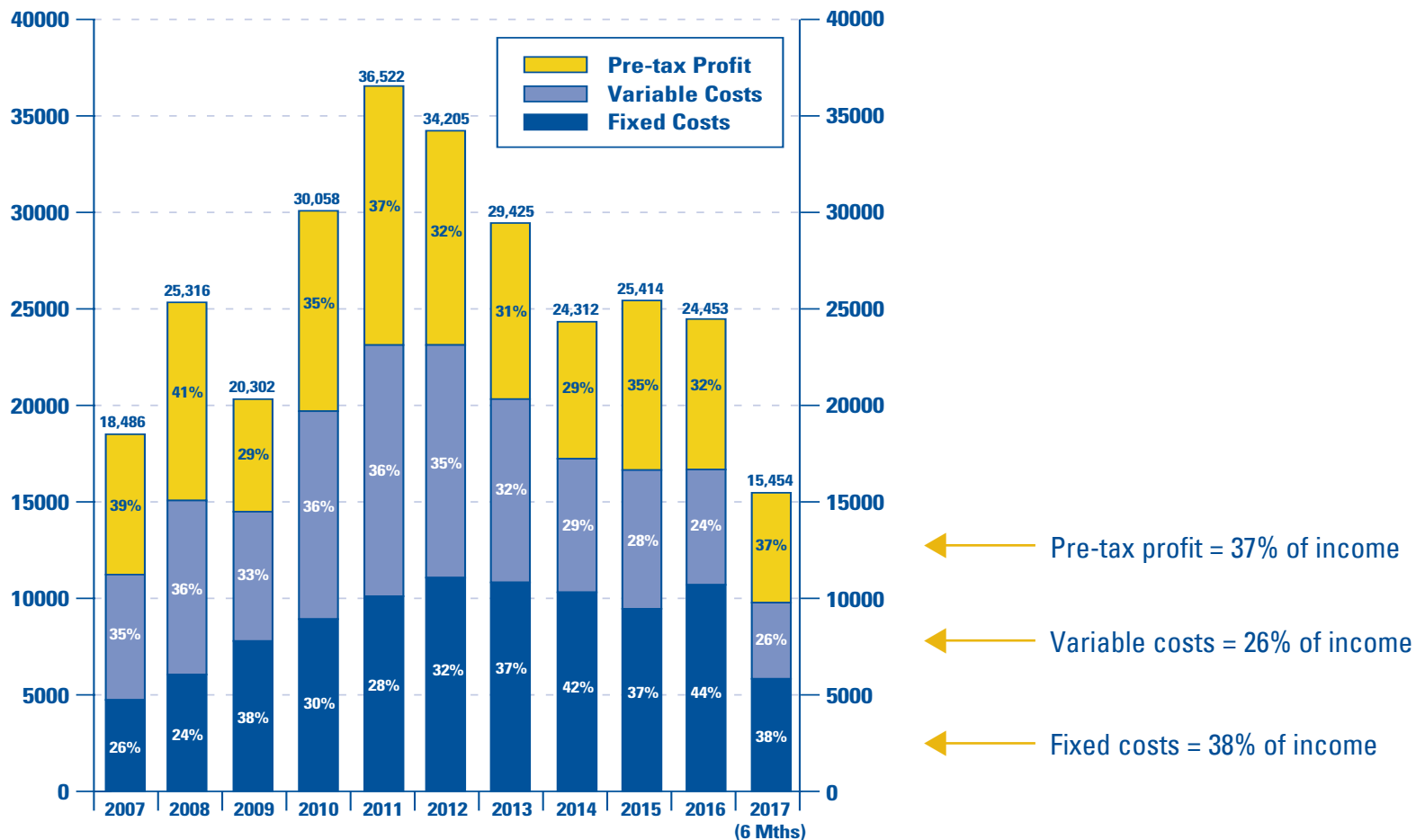
Financial Year	£ m
	( @ \$1.24 / £ 1 )
2016-17	1.5
2017-18	1.1
2018-19	0.8
2019-20	0.2

*Assumptions*

- No change in client holding
- Constant market level
- Indexed investment performance
- No change in management fees

*Source: City of London Investment Management*

# Fixed Versus Variable Costs



*Note: Excludes extraordinary items of income and expense*

# Balance Sheet

	30-Jun	31-Dec	30-Jun	31-Dec	
£'000	2015	2015	2016	2016	
Investments	2,076	2,074	2,200	1,864	← Principally seed investments in own funds (including NCI)
Fixed / Intangible assets	580	605	633	747	
Cash	10,227	8,382	10,151	10,419	← Significant cash balances and no borrowing
Debtors & prepayments	4,509	4,082	5,044	5,444	
Creditors & accruals	(2,610)	(2,012)	(3,122)	(3,154)	← Includes profit-share provision.
Current & deferred taxes	(535)	(339)	(785)	(868)	
<b>Net assets</b>	<b>14,247</b>	<b>12,792</b>	<b>14,121</b>	<b>14,452</b>	
Share capital/premium	2,387	2,386	2,525	2,525	
Retained earnings	16,128	14,417	15,594	16,166	
Capital redemption reserve	21	23	23	23	
FX Reserve	(8)	117	75	107	← Translation difference on US fixed/intangible assets
Fair value reserve	9	7	8	25	← Unrealised gain/(loss) on investments (Net of deferred tax)
	<b>18,537</b>	<b>16,950</b>	<b>18,225</b>	<b>18,846</b>	
ESOP investment	(5,692)	(5,608)	(5,299)	(4,931)	← Investment in own shares via loan to ESOP trust, which is repaid to the company as options are exercised
Share option reserve	807	854	563	537	
<b>Total shareholders' funds</b>	<b>13,652</b>	<b>12,195</b>	<b>13,489</b>	<b>14,452</b>	
Non-controlling interest	595	597	632	0	
<b>Total equity</b>	<b>14,247</b>	<b>12,792</b>	<b>14,121</b>	<b>14,452</b>	

*Note: Figures are unaudited*

# Cash Flow

£'000	2013-14	2014-15	2015-16	2016-17	
Pre-tax profit	7,416	8,932	7,969	5,800	
Less: Interest / investment income	(244)	(205)	(212)	(122)	
Adjustment for non-cash items	(1,818)	556	161	(240)	← Depreciation/option charge/ changes in debtor + creditor balances/fx translation
<b>Operating cash flow</b>	<b>5,354</b>	<b>9,283</b>	<b>7,918</b>	<b>5,438</b>	
Tax (paid) / recovered	(1,927)	(2,219)	(2,095)	(1,355)	
Dividends	(6,031)	(5,960)	(5,982)	(4,021)	
Tangible asset investment	(38)	(108)	(137)	(177)	
Exercise of options	43	246	533	368	
Interest income	97	58	40	15	
Seed investments - net	2,684	6	23	0	← Seed investments in own funds
Sale of other investments	0	0	0	0	
Purchase of shares for cancellation	0	(325)	(376)	0	
Purchase of shares for the ESOP	0	(997)	0	0	
<b>Increase/(decrease) in cash</b>	<b>182</b>	<b>(16)</b>	<b>(76)</b>	<b>268</b>	
Opening cash	10,061	10,243	10,227	10,151	
<b>Closing cash</b>	<b>10,243</b>	<b>10,227</b>	<b>10,151</b>	<b>10,419</b>	

*Note: Figures are unaudited*

# Financials - Exchange Rates

## Post-Tax Profit: Illustration of US\$/£ rate effect:

FUM \$bn:	3.0	3.5	4.0	4.5	5.0
US\$/£	Post-Tax, £m:				
1.10	5.3	7.3	9.3	11.4	13.4
1.15	5.0	6.9	8.8	10.7	12.6
1.20	4.7	6.5	8.3	10.2	12.0
1.25	4.4	6.1	7.9	9.6	11.4
1.30	4.1	5.8	7.5	9.2	10.9

### Assumes:

1. Average net fee 85 bps
2. Annual operating costs £5m plus \$8m plus S\$1m (£1 = S\$1.7)
3. Profit-share 30%
4. Average tax of 26%

*Note: The above table is intended to illustrate the approximate impact of movement in US\$/£, given an assumed set of trading conditions. It is not intended to be interpreted or used as a profit forecast.*

## Global View - Local Expertise

- ▶ Offices in London (1991), US (Coatesville, 1995 and Seattle, 2015), Singapore (2000) and Dubai (2007)
- ▶ Of an Investment Team totaling eighteen
  - Sixteen have been with CLIM for in excess of five years, of those ten have worked for CLIM for in excess of ten years
  - Fund managers have an average tenure of over 12 years
- ▶ Diverse staff - over 17 languages or dialects spoken
  - Afrikaans
  - Arabic (7 dialects)
  - English
  - German
  - French
  - Italian
  - Gujarati
  - Portuguese
  - Korean
  - Spanish
  - Mandarin
  - Punjabi
  - Swedish

# Strategic Positioning

- ▶ Most fund managers encourage the cult of the Individual. CoL fosters a Team Approach to Fund Management.
- ▶ Many fund managers focus on gathering assets. CoL focuses on Investment Performance.
- ▶ Certain fund managers charge performance fees. CoL does not.
- ▶ Some fund managers focus on Retail. CoL focuses on long term Institutional Investors.
- ▶ A few fund managers have encouraged hot money. CoL avoids it.

## Philosophy - The Six Drivers

- ▶ Focus on profits, margins, costs
- ▶ Investment performance drives our business
- ▶ Technology leverages our capabilities
- ▶ Aversion to risk in the management of our business
- ▶ Diversification based upon core competencies
- ▶ Proactive client servicing increases client retention



## Investment Performance – Key Strengths

- ▶ Excellent investment performance over 20 years
- ▶ Specialist investment expertise in Closed-End Funds – Emerging Markets, Developed Markets, Frontier Markets and Global Tactical Asset Allocation
- ▶ A proven risk averse culture and prudent investment process
- ▶ International presence and expertise
- ▶ Low turnover of staff and loyal client base
- ▶ Operational gearing
- ▶ All staff have equity participation

# Performance

## Global Emerging Markets SMA Composite

### ▶ Annual Returns<sup>†</sup>: Calendar Years

	2004*	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016**	Inception*
Global EM SMA	+19.59%	+37.81%	+34.01%	+50.81%	-54.36%	+79.27%	+23.20%	-20.56%	+17.89%	+2.05%	+1.77%	-10.67%	+7.78%	+214.40%
S&P Super BMI	+22.73%	+41.83%	+25.60%	+46.41%	-55.11%	+76.12%	+20.86%	-19.17%	+18.28%	+0.32%	-0.87%	-12.39%	+9.65%	+179.32%
Out/Underperformance	-3.14%	-4.02%	+8.41%	+4.40%	+0.75%	+3.15%	+2.34%	-1.39%	-0.39%	+1.73%	+2.64%	+1.72%	-1.87%	+35.08%

The Global Emerging Markets SMA Composite contains \$329.1 million in assets, representing 4 segregated portfolios and represents approximately 8.0% of the total assets under City of London's management as at December 31, 2016. Returns are time weighted and are net of fees on a trade date valuation basis. Returns are quoted in US dollar terms. The benchmark was changed from the S&P Emerging BMI Plus on January 1, 2009 to better reflect the investment strategy of the Fund. The S&P Emerging BMI Plus was the successor index to the S&P/IFC Global Composite Index, the benchmark for the Fund prior to September 1, 2008, which has been discontinued. The current benchmark is the S&P Emerging Frontier Super Composite Net Total Return BMI (S&P Super BMI).

\*Inception February 2004

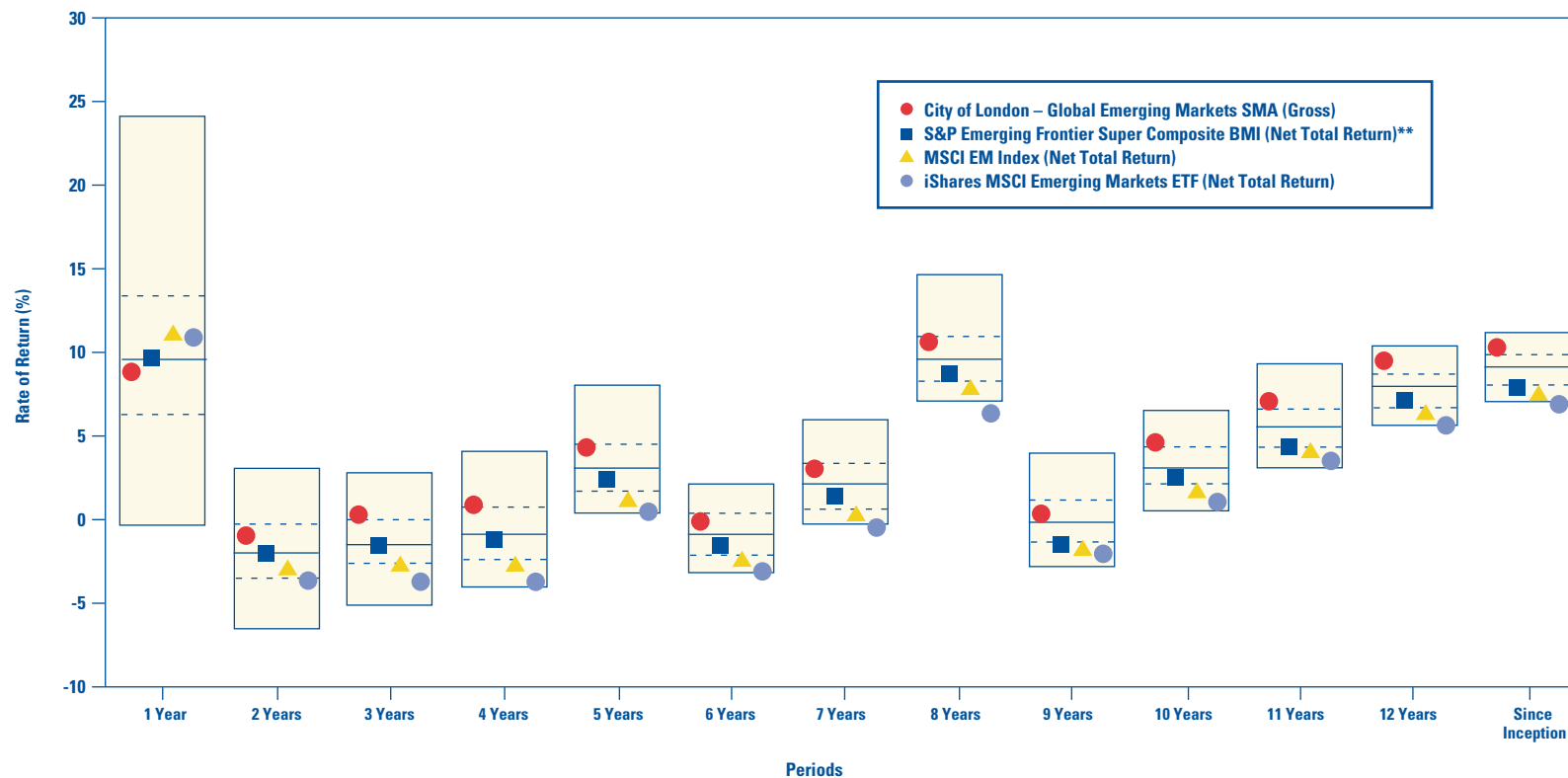
\*\*Values as at December 31, 2016.

†Net returns. Past performance is no guarantee of future results.

Source: City of London Investment Management, S&P

# Global Emerging Markets SMA Composite Ending December 31, 2016

According to Evestment Alliance\*



\*63.4% of the universe has been updated through Quarter 4, 2016. Inception February 2004.

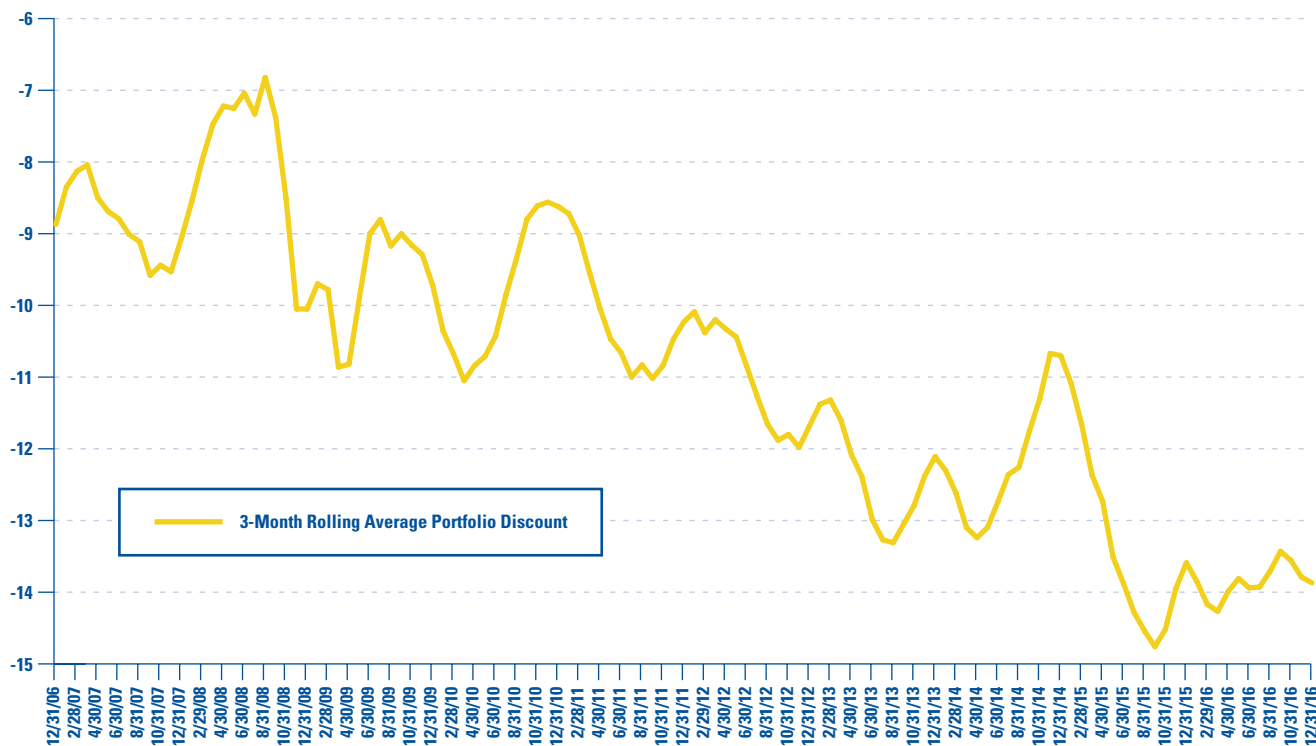
\*\*The benchmark was changed from the S&P Emerging BMI Plus on January 1, 2009 to better reflect the investment strategy of the Fund. The S&P Emerging BMI Plus was the successor index to the S&P/IFC Global Composite Index, the benchmark for the Fund prior to September 1, 2008, which has been discontinued. The current benchmark is the S&P Emerging Frontier Super Composite Net Total Return BMI (S&P Super BMI). The MSCI EM Net TR Index and iShares MSCI Emerging Markets ETF are shown for comparative purposes. Past performance is no guarantee of future results.

Source: eASE Analytics System, S&P, MSCI, Bloomberg

# Representative Account

## 3-Month Rolling Average Portfolio Discount

December 2006 to December 2016

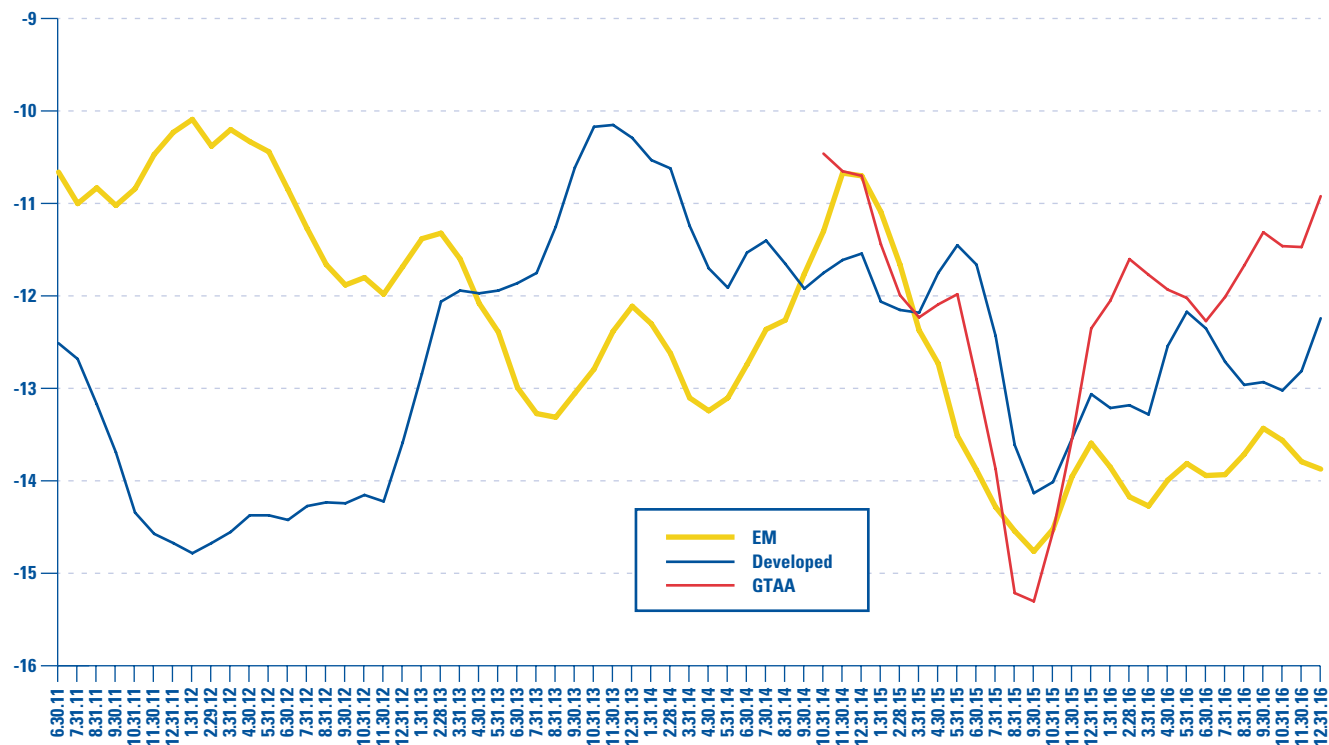


Source: City of London Investment Management

# Representative Accounts

## 3-Month Rolling Average Portfolio Discounts by Strategy

June 2011 - December 2016



Source: City of London Investment Management

# The Importance of Corporate Governance for Closed-End Funds

- ▶ Our long-standing views are captured in our “Statement on Corporate Governance and Voting Policy for Closed-End Funds”
  - First Published in 1999; currently in its Tenth Edition
  
- ▶ The Board of Directors is responsible for the investment company
  - The quality and independence of the Board is of key importance
  - The Board hires and evaluates the Investment Manager
  - Discount control management is the responsibility of the Board
  - Effective Corporate Governance leads to improved tracking by controlling discounts
  - Corporate activity protects Shareholder value
  
- ▶ Board initiatives over the last six years\* have returned significant value to investors
  - Open-Endings: \$10.1 billion
  - Tender Offers: \$3.5 billion
  - Capital Gains Distributions: \$904.5 million
  - Liquidations: \$751.1 million
  - **Total:** **\$15.3 billion**

*\* Includes transactions announced for 2017*

## The Importance of Corporate Governance for Closed-End Funds (Continued)

Fund	Date	Corporate Action	Universe Reduction (millions)
Yu Ze Fund	May-11	Open Ended	\$81.9
Greater China Fund	Jul-11	Tender Offer for 20% of shares outstanding at 98% of NAV	\$68.6
India Fund Inc	Aug-11	Tender Offer for 5% of shares outstanding at 98% of NAV	\$54.7
Ibero-America Fund Inc	Sep-11	Liquidation	\$60.7
Shelton Greater China Fund	Oct-11	Open Ended	\$62.6
MS Asia Pacific Fund	Nov-11	Tender Offer for 5% of shares outstanding at 98% of NAV	\$17.7
Central Europe Russia and Turkey Fund Inc	Dec-11	Open Market Buyback	\$16.6
Prosperity Voskhod	Dec-11	Tender Offer for 7.5% of shares outstanding at 98% of FAV	\$21.5
BlackRock Latin American Investment Trust*	Jan-12	Tender Offer for 5% of shares outstanding at 98% of NAV	\$18.5
Eastern European Trust*	Jan-12	Tender Offer for 7.5% of shares outstanding at 98% of FAV	\$14.0
Asia Tigers Fund Inc	Jan-12	Tender Offer for 5% of shares outstanding at 98% of NAV	\$2.2
Baring Emerging Europe*	Feb-12	Tender Offer for 20% of shares outstanding at 97% of NAV	\$65.0
Korea Equity Fund Inc	Feb-12	Tender Offer for 10% of shares outstanding at 98% of NAV	\$11.2
JPMorgan Asian Investment Trust	Feb-12	Tender Offer for 5% of shares outstanding at 98% of FAV	\$25.0
India Fund Inc (ii)	Mar-12	Tender Offer for 5% of shares outstanding at 98% of NAV	\$49.2
Singapore Fund Inc	Mar-12	Tender Offer for 25% of shares outstanding at 99% of NAV	\$35.2
Taiwan Fund Inc	Jun-12	Tender Offer for 50% of shares outstanding at 99% of NAV	\$144.0
Asia Tigers Fund Inc (ii)	Jul-12	Tender Offer for 5% of shares outstanding at 98.5% of NAV	\$2.7
Latin American Discovery Fund Inc	Jul-12	Tender Offer for 15% of shares outstanding at 98.5% of NAV	\$18.4
Morgan Stanley Eastern Europe Fund Inc	Jul-12	Tender Offer for 15% of shares outstanding at 98.5% of NAV	\$10.0
MS Emerging Markets Fund Inc	Jul-12	Tender Offer for 15% of shares outstanding at 98.5% of NAV	\$38.0
MS India Investment Fund Inc	Jul-12	Tender Offer for 15% of shares outstanding at 98.5% of NAV	\$56.0
Turkish Investment Fund Inc	Jul-12	Tender Offer for 15% of shares outstanding at 98.5% of NAV	\$17.0
China Fund Inc	Jul-12	Tender Offer for 25% of shares outstanding at 99% of NAV	\$130.0
Malaysia Fund Inc	Jul-12	Liquidation	\$67.0
Eastern European Trust (ii)*	Jul-12	Tender Offer for 7.5% of shares outstanding at 99% of FAV	\$14.0
Da Cheng Selective Fund	Jul-12	Open Ended	\$571.0
East Capital Explorer AB	Aug-12	Open Market Buyback	\$5.1
Renaissance Russia Infrastructure Equities	Aug-12	30% in-specie distribution	\$50.0
HSBC China Dragon Fund*	Sep-12	Tender Offer for 40% of shares outstanding at 99.8% of NAV and mandate change to 100% China A-share exposure	\$129.0
India Fund Inc (iii)	Sep-12	Tender Offer for 5% of shares outstanding at 98% of NAV	\$49.1
MS Frontier Emerging Markets Fund	Sep-12	Open Ended	\$85.8
Prosperity Voskhod (ii)	Sep-12	Tender Offer for 7.5% of shares outstanding at 98% NAV	\$20.0
Qatar Investment Fund*	Dec-12	Tender Offer for 20% of shares outstanding at 99% of FAV	\$43.0
JPMorgan Asian Investment Trust (ii)	Dec-12	Tender Offer for 25% of shares outstanding at NAV	\$129.0
EOS Russia	Jan-13	Open Market Buyback	\$61.0
East Capital Explorer AB (ii)	Jan-13	Tender Offer for 5% of shares outstanding at NAV	\$19.0
Asia Tigers Fund Inc (iii)	Jan-13	Tender Offer for 5% of shares outstanding at 98% of NAV	\$2.4
Greater China Fund (ii)	Feb-13	Tender Offer for 70% of shares outstanding at 99% of NAV	\$225.0
Central Europe Russia and Turkey Fund Inc (ii)	Mar-13	Tender Offer for 5% of shares outstanding at 98% of NAV	\$25.0
Henderson Asian Growth Trust	Mar-13	Tender Offer for 50% of shares outstanding at NAV	\$248.0
Advance Developing Markets Trust	Mar-13	Tender Offer for 15% of shares outstanding at 1% discount to FAV	\$58.0
CCB Principal Advance Power Fund	Mar-13	Open Ended	\$688.9
Kai Yuan Fund	Mar-13	Open Ended	\$295.5
Jin Tai Fund	Mar-13	Open Ended	\$288.5

\*Denotes security with conditional discount control mechanism. Roman numerals indicate more than one corporate governance event in the same security.

Source: City of London Investment Management

## The Importance of Corporate Governance for Closed-End Funds (Continued)

Fund	Date	Corporate Action	Universe Reduction (millions)
BlackRock Latin American Investment Trust (ii)*	Apr-13	Tender Offer for 5% of shares outstanding at 98% of NAV	\$13.0
India Fund Inc (iv)	Apr-13	Tender Offer for 5% of shares outstanding at 98% of NAV	\$46.9
Xing Hua Fund	Apr-13	Open Ended	\$320.1
An Xin Fund	Jun-13	Open Ended	\$339.3
JPMorgan Asian Investment Trust (iii)	Jun-13	Tender Offer of 5% of shares outstanding at 98% of FAV	\$18.7
Renaissance Russia Infrastructure Equities (ii)	Jun-13	Distribution of 90% of fund assets	\$95.0
Asia Tigers Fund Inc (iv)	Jul-13	Tender Offer for 5% of shares outstanding at 98% of NAV	\$2.5
Eastern European Trust (iii)*	Jul-13	Tender Offer for 7.5% of shares outstanding at 99% of FAV and adoption of 5 year fixed life	\$13.1
Yu Yang Fund	Jul-13	Open Ended	\$290.0
World Trust Fund	Aug-13	Tender Offer for 15% of shares outstanding at 98% of FAV	\$26.8
Impax Asia Environmental Markets	Aug-13	Liquidation	\$310.0
Invesco Asia Trust*	Aug-13	Tender Offer for 15% of shares outstanding at 98% of FAV	\$51.4
Thai Fund Inc	Sep-13	Tender Offer for 15% of shares outstanding at 98.5% of NAV	\$51.7
Central Europe Russia and Turkey Fund Inc (iii)	Sep-13	Tender Offer for 5% of shares outstanding at 98% of NAV	\$19.8
India Fund Inc (v)	Sep-13	Tender Offer for 5% of shares outstanding at 98% of NAV	\$41.9
Thai Capital Fund Inc	Sep-13	Liquidation	\$43.4
Prosperity Voskhod (iii)	Sep-13	Compulsory partial redemption of shares at NAV	\$54.0
BlackRock Latin American Investment Trust (iii)*	Sep-13	Tender Offer for outstanding convertible bonds at par less costs	\$64.0
Damille Investments Ltd	Oct-13	Liquidation	\$55.0
Turkish Investment Fund Inc (ii)	Nov-13	Tender Offer for 10% of shares outstanding at 98.5% of NAV	\$10.2
MS India Investment Fund Inc (ii)	Nov-13	Tender Offer for 10% of shares outstanding at 98.5% of NAV	\$33.8
Fondul Proprietatea*	Nov-13	Tender Offer for 4.4% of shares outstanding at 85% of NAV	\$180.0
JPMorgan Asian Investment Trust (iv)	Dec-13	Tender Offer for 5% of shares outstanding at 98% of FAV	\$19.0
Advance Developing Markets Trust (ii)	Dec-13	Tender Offer for 10% of shares outstanding at 99% of FAV	\$30.0
Pu Hui Fund	Dec-13	Open Ended	\$306.5
Qatar Investment Fund (ii)*	Jan-14	Tender Offer for 10% of shares outstanding at 99% of FAV	\$22.3
Asia Tigers Fund Inc (v)	Jan-14	Tender Offer for 5% of shares outstanding at 98% of NAV	\$2.3
Fubon Fund	Feb-14	Open Ended	\$156.0
Thai Fund Inc (ii)	Feb-14	Capital Gains Distribution of 39.5% of NAV	\$108.0
Aberdeen EM Smaller Cos. Opportunities Fund	Feb-14	Capital Gains Distribution of 38% of NAV	\$49.7
Central Europe Russia and Turkey Fund Inc (iv)	Mar-14	Tender Offer for 5% of shares outstanding at 98% of NAV	\$15.7
India Fund Inc (vi)	Apr-14	Tender Offer for 15% of shares outstanding at 98% of NAV	\$128.0
MS Asia Pacific Fund (ii)	Apr-14	Tender Offer for 20% of shares outstanding at 98.5% of NAV	\$63.4
Pacific Horizon Investment Trust*	Apr-14	Tender Offer for 5% of shares outstanding at 98% of FAV	\$6.9
Tong Yi Fund	Apr-14	Open Ended	\$324.9
Tai He Fund	Apr-14	Open Ended	\$338.5
Jing Hong Fund	Apr-14	Open Ended	\$290.5
Han Sheng Fund	Apr-14	Open Ended	\$323.5
Prosperity Voskhod (iv)	May-14	Compulsory partial redemption of shares at NAV	\$50.0
An Shun Fund	May-14	Open Ended	\$513.2
Xing He Fund	May-14	Open Ended	\$445.6
Thai Fund Inc (iii)	Jun-14	Capital Gains Distribution of 5.4% of NAV	\$9.1
DPF India Opportunities Fund	Jun-14	Open Ended	\$85.0
World Trust Fund (ii)	Jun-14	Tender Offer for 15% of shares outstanding at 98% of FAV	\$29.6

\*Denotes security with conditional discount control mechanism. Roman numerals indicate more than one corporate governance event in the same security.

Source: City of London Investment Management



## The Importance of Corporate Governance for Closed-End Funds (Continued)

Fund	Date	Corporate Action	Universe Reduction (millions)
Advance Developing Markets Trust (iii)	Jun-14	Tender Offer for 10% of shares outstanding at 99% of NAV	\$27.3
Yu Long Fund	Jun-14	Open Ended	\$403.9
Pu Feng Fund	Jun-14	Open Ended	\$392.0
Central Europe Russia and Turkey Fund Inc (v)	Jun-14	Tender Offer for 5% of shares outstanding at 98% of NAV	\$15.1
Tian Yuan Fund	Jul-14	Open Ended	\$456.0
Jin Xin Fund	Nov-14	Open Ended	\$546.4
Pacific Horizon Investment Trust (ii)*	Nov-14	Tender Offer for 5% of shares outstanding at 98% of FAV	\$10.7
Tong Sheng Fund	Dec-14	Open Ended	\$549.3
Fondul Proprietatea (ii)*	Dec-14	Tender Offer for 6% of shares outstanding at a fixed price equivalent to a 6.5% discount	\$234.0
Templeton Dragon Fund, Inc	Dec-14	Capital Gains Distribution of 15% of NAV	\$129.1
Han Xing Fund	Jan-15	Open Ended	\$490.8
Jing Fu Fund	Jan-15	Open Ended	\$506.3
Thai Fund Inc (iv)	Jan-15	Capital Gains Distribution of 26% of NAV	\$44.3
Pacific Alliance Asia Opportunity Fund	Jan-15	Share buyback at 5% discount to Dec month-end NAV	\$29.5
Henderson Value Trust	Jan-15	Tender Offer for 10% of shares outstanding at 98% of NAV	\$20.0
Prosperity Voskhod (iv)	Jan-15	Compulsory partial redemption of shares at NAV	\$25.5
Qatar Investment Fund (iii)*	Feb-15	Tender Offer for 10% of shares outstanding at 99% of FAV	\$23.0
Morgan Stanley Eastern Europe Fund Inc (ii)	Mar-15	Liquidated	\$51.1
Pacific Horizon Investment Trust (iii)*	Apr-15	Tender Offer for 5% of shares outstanding at 98% of FAV	\$11.1
Central Europe Russia and Turkey Fund Inc (vi)	Jul-15	Tender Offer for 5% of shares outstanding at 98% of NAV	\$9.4
Morgan Stanley China A Share Fund	Sep-15	Capital Gains Distribution of 15% of NAV	\$105.0
Templeton Dragon Fund (ii)	Sep-15	Capital Gains Distribution of 10% of NAV	\$80.5
Pacific Horizon Investment Trust (iv)*	Oct-15	Tender Offer for 5% of shares outstanding at 98% of FAV	\$9.0
Templeton Russia Fund	Nov-15	Liquidated	\$55.1
Templeton Dragon Fund (iii)	Dec-15	Capital Gains Distribution of 8% of NAV	\$60.2
Korea Fund Inc	Dec-15	Capital Gains Distribution of 10% of NAV	\$32.2
Morgan Stanley China A Share Fund (ii)	Dec-15	Capital Gains Distribution of 26% of NAV	\$186.4
Templeton Emerging Markets Fund	Dec-15	Capital Gains Distribution of 10% of NAV	\$23.0
China Fund Inc (ii)	Dec-15	Capital Gains Distribution of 9% of NAV	\$23.5
Qatar Investment Fund (iv)*	Dec-15	Tender Offer for 14% of shares outstanding at 99% of FAV	\$25.0
HSBC China Dragon Fund (iii)*	Feb-16	Tender Offer for 20% of shares outstanding at 99.6% of NAV	\$52.0
Pacific Horizon Investment Trust (v)*	Apr-16	Tender Offer for 5% of shares outstanding at 98% of FAV	\$8.1
Tong Qian Fund	Aug-16	Open Ended	\$281.4
HSBC China Dragon Fund (iii)*	Aug-16	Tender Offer for 20% of shares outstanding at 99.6% of NAV	\$44.0
Templeton Dragon Fund (iv)	Sep-16	Capital Gains Distribution of 6% of NAV	\$53.5
Pacific Horizon Investment Trust (vi)*	Oct-16	Tender Offer for 5% of shares outstanding at 98% of FAV	\$9.2
Lazard World Trust Fund (iii)	Oct-16	Tender Offer for 10% of shares outstanding at 98% of FAV	\$16.9
			<b>Total as of 10/1/16 (millions)</b>
			<b>\$14,533.0</b>
JPMorgan China Region Fund	Dec-16	Liquidation Proposal	\$108.8
Qatar Investment Fund (v)*	Dec-16	Tender Offer for 12% shares outstanding at 99% of FAV	\$17.0
Baring Emerging Europe	Dec-16	Announcement of Tender Offer at 97.5% of FAV to be paid in January 2017	\$16.0
Terra Capital	Dec-16	Announcement of 10% Tender Offer at 97% of FAV; date of payment TBA	\$7.0
Hong Yang Fund	Dec-16	Open Ended	\$291.1
Ke Rui Fund	Dec-16	Open Ended	\$367.5
			<b>Projected Total (millions)</b>
			<b>\$15,340.3</b>

\*Denotes security with conditional discount control mechanism. Roman numerals indicate more than one corporate governance event in the same security.

Source: City of London Investment Management

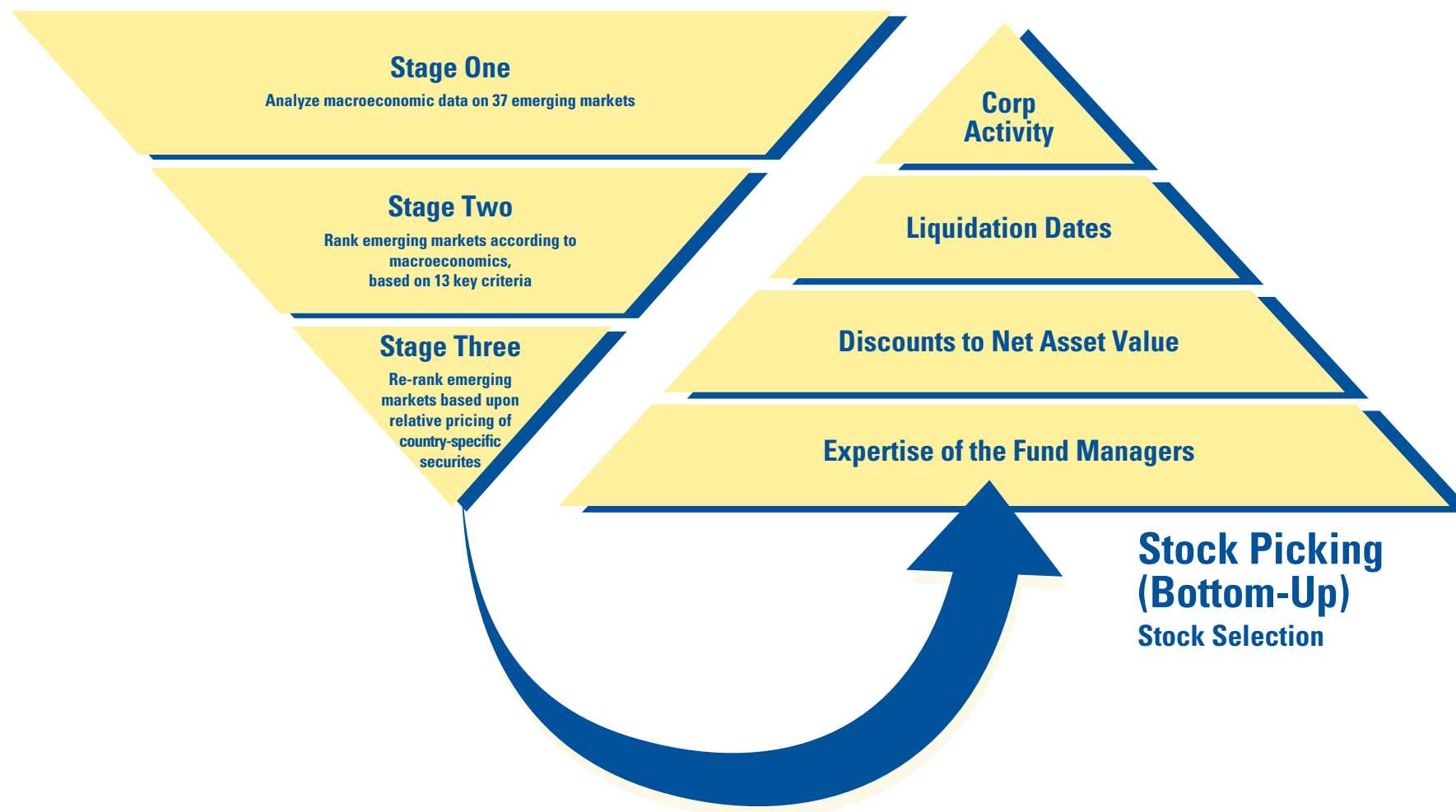
# Investment Performance - Process

- ▶ Monthly Macroeconomic overview
- 
- ▶ Analytical research on approximately 410 emerging market securities listed in 25 financial centres around the world
  - ▶ Real-time monitoring of estimated NAVs
  - ▶ Maintenance of proprietary database including fund performance data since inception
  - ▶ Extensive manager due diligence

# The Investment Process (CEFs)

## Macro Process (Top-Down)

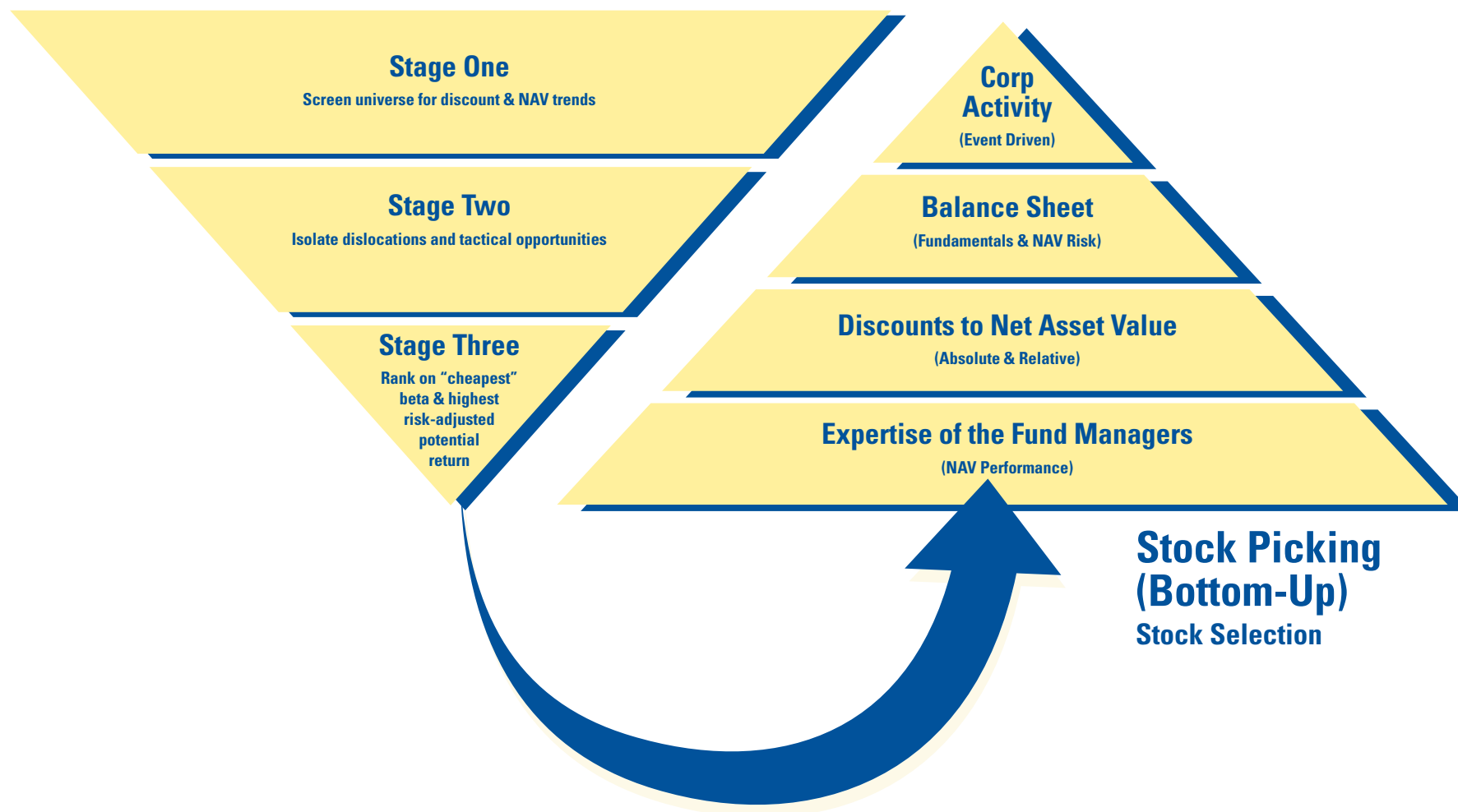
### Country Allocation



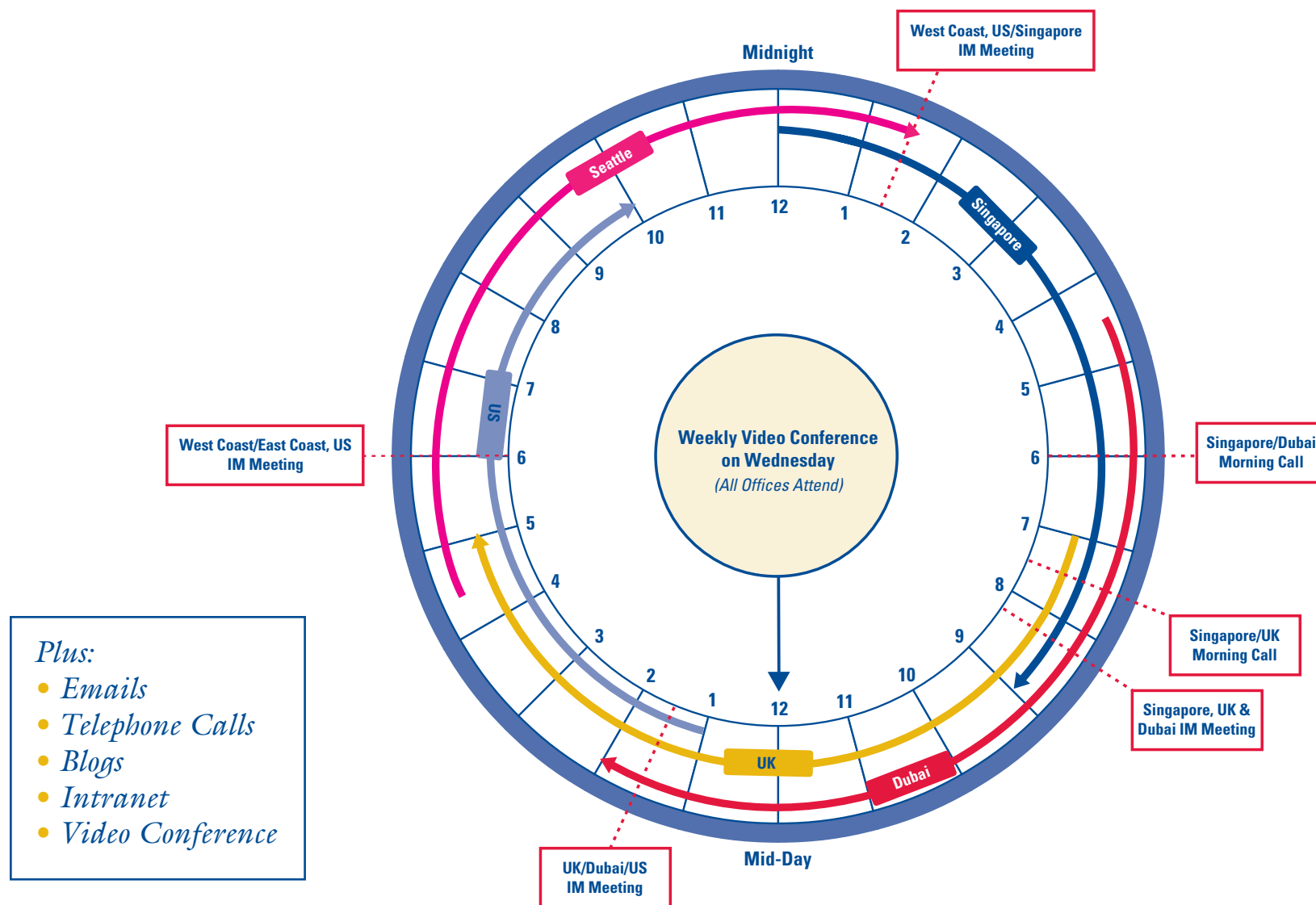
# The Investment Process (Customised CEF Solutions)

## Macro Process (Top-Down)

Dislocations & Opportunities



# Communication and the 24 Hour Trading and Management Clock (GMT)



## Factors that May Affect EM CEF's Flows

- ▶ US Institutions significantly underweight
- ▶ Wide SWAD
- ▶ Significant Corporate Activity
- ▶ Reduced correlation good for EM CEF NAV's
- ▶ Significant Dispersion between MXEF and other EM Benchmarks
  - S&P Super BMI – -4.8%: MSCI EM Index – -7.5%\*
- ▶ Expect rebalancing from Developed to EM

*\*As at 31 December 2016, 3 Year Rolling Cumulative Return*

*Source: MSCI, S&P*

# ESG - Environmental, Social and Governance

- ▶ CLIG is a signatory to Principles for Responsible Investment (PRI) and UK Stewardship Code
- ▶ For Shareholders
  - Environmental initiatives introduced with respect to carbon footprint, waste reduction, recycling and energy efficiency
  - Social sphere encompasses employee welfare and development and community support
  - Highest standards of Governance applied to all business dealings and employee conduct
  - Measurement and tracking via Annual Report
  - Objective is to apply ESG principles within existing CLIG framework
- ▶ For Clients
  - Using Sustainalytics research to incorporate ESG into the investment process
  - Measuring the ESG characteristics of CEF portfolios vs relevant benchmarks
  - Encourage better transparency of ESG characteristics from CEFs
  - CLIM's CEF portfolios score above average on all themes
  - Objective remains to deliver superior investment performance – no alteration to the CLIM investment process

## Investment Performance - Valuation Drivers

- ▶ China is rebalancing
- ▶ EMs have significant Foreign Exchange Reserves
- ▶ They trade at low (11.9x) forward (12 months) P/E's\*
- ▶ Currencies are generally not now pegged to the US\$
- ▶ Increasing intra regional trade
- ▶ Commodity prices have stabilised
- ▶ Politics and governance remain key

*\*Source: MSCI, Bloomberg (31 December 2016)*



# Use of Technology - Investment Management

- ▶ CoL has consistently sought to introduce integrated technology solutions:
  - DART – A recently released custom research database with improved performance and functionality from its predecessor
  - The use of Charles River allows for significant economies of scale
  - Development of internal programming capabilities
  
- ▶ This supports:
  - Focus on relative investment performance
  - Four centre team approach, which allows 24 hour trading, reduces risk and assists with disaster recovery
  - Consistent improvement in investment process via use of training and technology
  - Investment performance achieved with low volatility vs. benchmarks
  - Introduction of multiple dashboards used for review/analysis of data

# Use of Technology – Marketing/Client Servicing/Performance & Attribution

- ▶ This allows...
  - CRM database to track marketing opportunities with client prospects and consultants
  - Client servicing database – client data including performance
  - Proprietary attribution database
    - (country allocation / currency / NAV performance / discount moves)
  - Investment operations across international offices, 24 hours a day
  - FIX trade messaging

# Aversion to Risk

- ▶ Business
  - Relative-return fees provide more stable revenues than absolute-return performance fees
  - New offices need to become profit centres
- ▶ Counter Party
  - No stock lending
  - Comprehensive counter party review semi-annually
  - All trades cash against delivery
  - CLIM does not handle client monies (all CoL fund assets held by custodians and are audited)
  - No bad debts

...risk management needs to be part of a company's culture

# Growth Plans

- ▶ Increase range of investment markets to be covered, building upon our core expertise
  - ▶ Diversification products now 10% of AUM
    - Global Closed-End Funds
    - Customised CEF Solutions
    - Frontier Emerging Markets
    - Global Tactical Asset Allocation
  - ▶ Appointment of a US West Coast marketer (Seattle office)
    - Introducing our capabilities to Family Offices, outsourced CIO firms and additional consultants
  - ▶ Continue to pursue expansion of client base outside of the United States.
    - Europe
    - Far East
    - Middle East
  - ▶ Recruiting, encouraging and retaining team talent
  - ▶ Actively seeking acquisition opportunities
- ...while maintaining low risk profile and lean cost base

# Economies of Scale

## ► Macro Products

- Frontier Markets
- Developed Markets
- Emerging Markets

### Frontier Markets Semi-Annual Outlook

November 2016

**Overview**

**Adjusting to a 'New Normal'**

The global economic backdrop has been benign for frontier markets (FM) in H1, with developed market central banks keeping policy ease and expanding in further loosening, and commodity prices recovering (the CRU commodities index up to 17% and oil to 46% since the Q3 lows). All else equal, this would be positive for many FM economies.

However, it is not so equal. Many frontier economies are still adjusting to the lower oil price, which costed 60% down from the 2014 peak. For oil-dependent countries like Kuwait this has forced fiscal retrenchment and attempts to speed up the reform process in the form of privatisation and reducing subsidies. This current phase of adjustment could lead to the expedient of reform to reduce long-standing inefficiencies (e.g. overdependence on the oil and public sectors) and create conditions conducive to higher quality growth via better diversified economies and increased private sector involvement.

Meanwhile, oil importers such as Vietnam and Pakistan have benefited from the terms of trade shock. To some extent, this is a double-edged sword as the lower cost of living pushes up demand-led price pressures and consumer price rises have accelerated in these countries. However, in the cases of Vietnam and Pakistan, inflation is still low by historical standards and both economies are benefiting from reform implemented in the past few years. As a result, the improved growth prospects are structural of rather than cyclical.

Overall, growth has deteriorated markedly as the latest GDP figures there a weighted average growth for the FM index of 3.0% down from 4.5% a year ago and 3.9% two years ago (when the oil price ran at \$100/barrel). The oil price represents a 'new normal'. As a result, assuming a stabilisation in the oil price, 2016 could be the year that economic growth troughs in FM.

There are a number of reasons to believe this could be the case including: 1) the oil market appears to have found a better supply-demand balance as demand has declined by less than output, which led to 21,000 b/y in July; 2) many countries have allowed the exchange rate to absorb the pain of adjustment (Kazakhstan and, to some extent, Nigeria), with the resultant stable inflation likely to dissipate inflation; 3) reforms implemented this year should begin to feed through to improved output and growth prospects (Chile, Argentina) and 4) expansionary fiscal policy, with the weighted average budget deficit for FM forecast to rise to 3.1% of GDP this year from 2.7%.

**Strategy Changes, for Better or for Worse**

Oil-dependent countries made up around 27% of the FM index and while important, the dominance of the oil price and associated commodity prices in determining asset returns over the past two

### Developed Markets Quarterly Outlook

November 2016

**Overview**

**World Economy: Is Trumflation for Real?**

The election of Donald Trump to the US presidency has opened the economic and the political outlook for the world. While it stands for a reversion from contraction in both spaces, it remains to be seen where the dividing line between Trump's promises and his policies will fall. But interaction of a positive scenario under his presidency requires that his campaign statements not be taken both literally and seriously at the same time. In addition, it requires two more assumptions: 1) that Trump can carry the Republican Party, whose agenda differs from his in important respects, and 2) that the cabinet and circle of advisors he chooses bring the competence and experience to the office he lacks.

Under these assumptions, the combination of his policies of tax cuts, spending increases and trade protectionism imply a potential short term boost to growth, a likely large and permanent increase in the fiscal deficit and a significant build-up of public debt. Unless the expansion prompts an expansion of the labor force through previously out of work workers returning to the economy, it risks overheating, accelerating inflation.

While each of these policy planks has its own merits and deficiencies, it is their combination that makes them problematic. For example, the fiscal effect of large infrastructure expenditures is amplified by plans to cut taxes. Rising inequality is exacerbated by plans to lower taxes primarily on the wealthy while at the same time rolling back 'Obamacare'. The risk of overheating in markets would be the increased imposition of tariffs of up to 45%, which would boost the price of imported goods. Clashes on immigration would counteract rising wages, raising the cost of production. Protectionism disrupts global supply chains, which would stifle innovation and impede US job growth.

These risks aside, the ongoing recovery in the US economy and the fairly orderly market reaction to the election outcome leaves the Fed's tightening cycle intact for now. As such, a December hike remains likely at all times two additional hikes in 2017. Indeed, Donald Trump's intended pivot from monetary to fiscal stimulus comes at a time when the former has been under increased criticism, but for its declining marginal impact (as he fails to deliver at all as some argue) or the adverse collateral effect it has had on middle class wages.

This is more than a US perspective though. Ahead of price to the election, the market's and the political narrative had begun to tilt from near-neutral monetary accommodation towards a more activist fiscal stance. While this has been offset by political resistance in the US, in fact, and regulatory constraints almost everywhere else, the current wind of change may also finally shift the policy of the US. This transition is being accelerated by a belief that

### Emerging Markets Quarterly Outlook

October 2016

**Overview**

**Does Politics Really Trump Economics?**

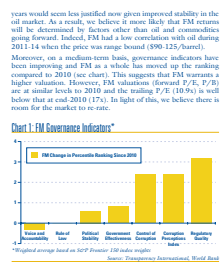
Over the past quarter, many observers focused on the unexpected impact of political developments on financial markets during the summer. Indeed, some of the biggest currency moves this year reflected dramatic political shifts, witness the dramatic decline of the pound, this year's worst currency performer, in the wake of the UK's Brexit vote, the rally of the real surrounding the ousting of Brazilian President Rousseff, the drop in the lira as Turkey experienced an attempted (but failed) military coup and a subsequent crackdown or the sell-off in the Mexican peso coincident with the unexpected polling success of Donald Trump in the run-up to the US election.

Yet, many of these political developments are not exogenous, but reflect economic results underway since the 2008 financial crisis. In particular, impurities with the slow pace of the recovery, low returns to savings on the back of accommodative central bank policies, an increasing dissent of political elites in the wake of costly bank bail-outs and a widening gap of inequality have given rise to a wave of popular discontent. Populist demagogues who offer seemingly simple solutions gain an easy hearing in such circumstances. Thus, while recent political changes certainly have the power to affect real economies, they are themselves the outward symptom of an underlying economic malaise.

One implication for economic policy is that the extraordinarily accommodative policies of G8 central banks are coming under increased scrutiny. Not only are the marginal returns of continued QE being viewed as diminishing, but voters discontent with the associated costs - undervalued currencies, low profitable banks and distorted markets - are increasingly making themselves heard. As a result, while the Fed complies its next rate hike, the ECB is taking its time to extend its own QE program which expires in March 2017 and has even been said to be considering tapering it. Meanwhile, the Bank of Japan shored its policy regime to incorporate 'yield curve targeting', thereby effectively abandoning quantitative money targets. As inflation edges up in places where output gaps are narrowing and which face gradually rising energy prices, such moves may become more prominent.

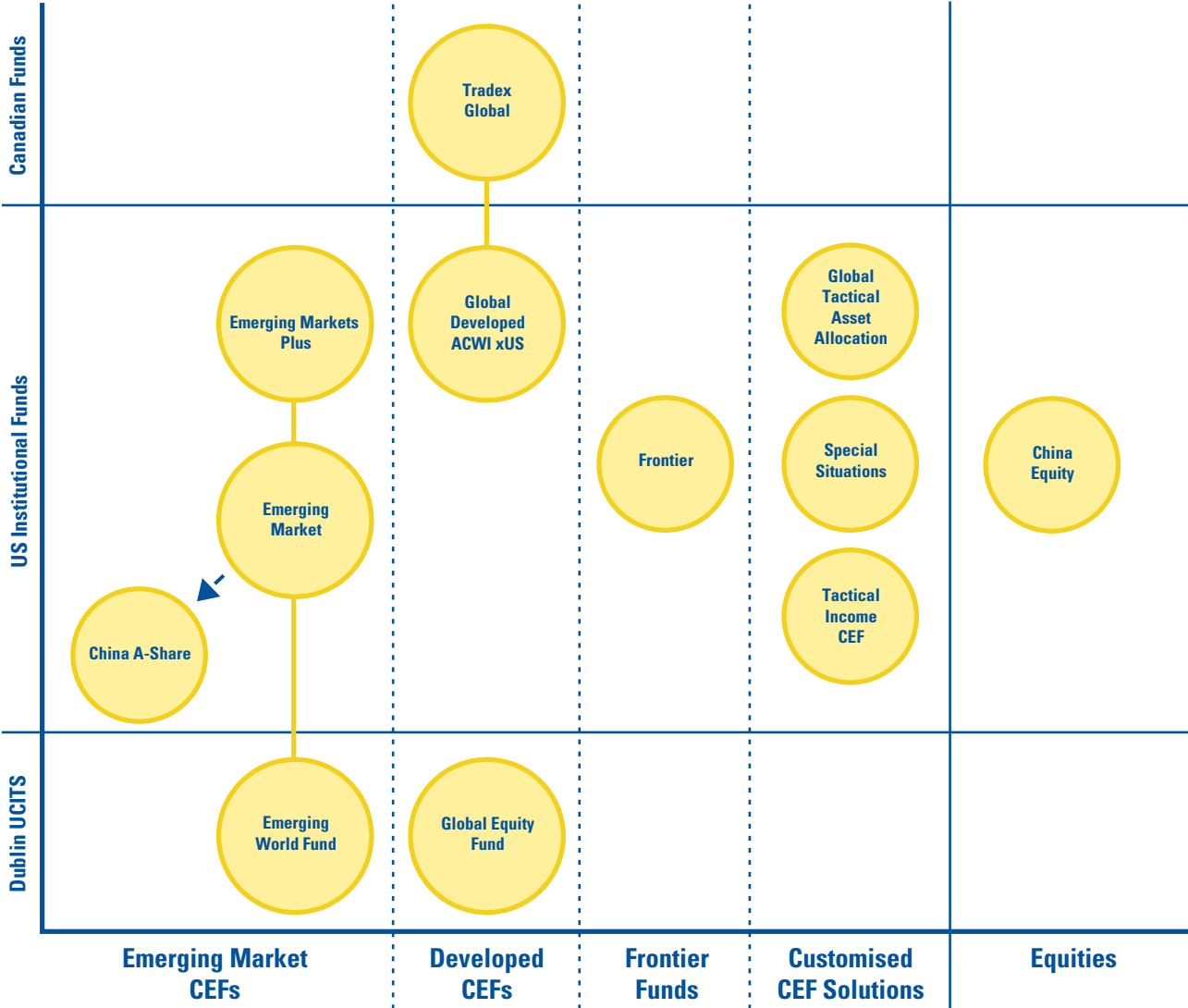
Against this backdrop, calls for 'baby-step drops of interest' prominent earlier in the year, have receded and policymakers are now looking to loosen the fiscal space in the multilateral market, with the experience of emerging markets (EM) differs in this respect from developed markets many of them remain ample room to ease both fiscal and monetary policy further.

Indeed, one trend observed across EMs is the front-loading of fiscal equalizations earlier in the year, in a bid to support growth. This has been the case in several countries in Asia, most notably



... Significant economies of scale.

# Business Diversification - Products Map

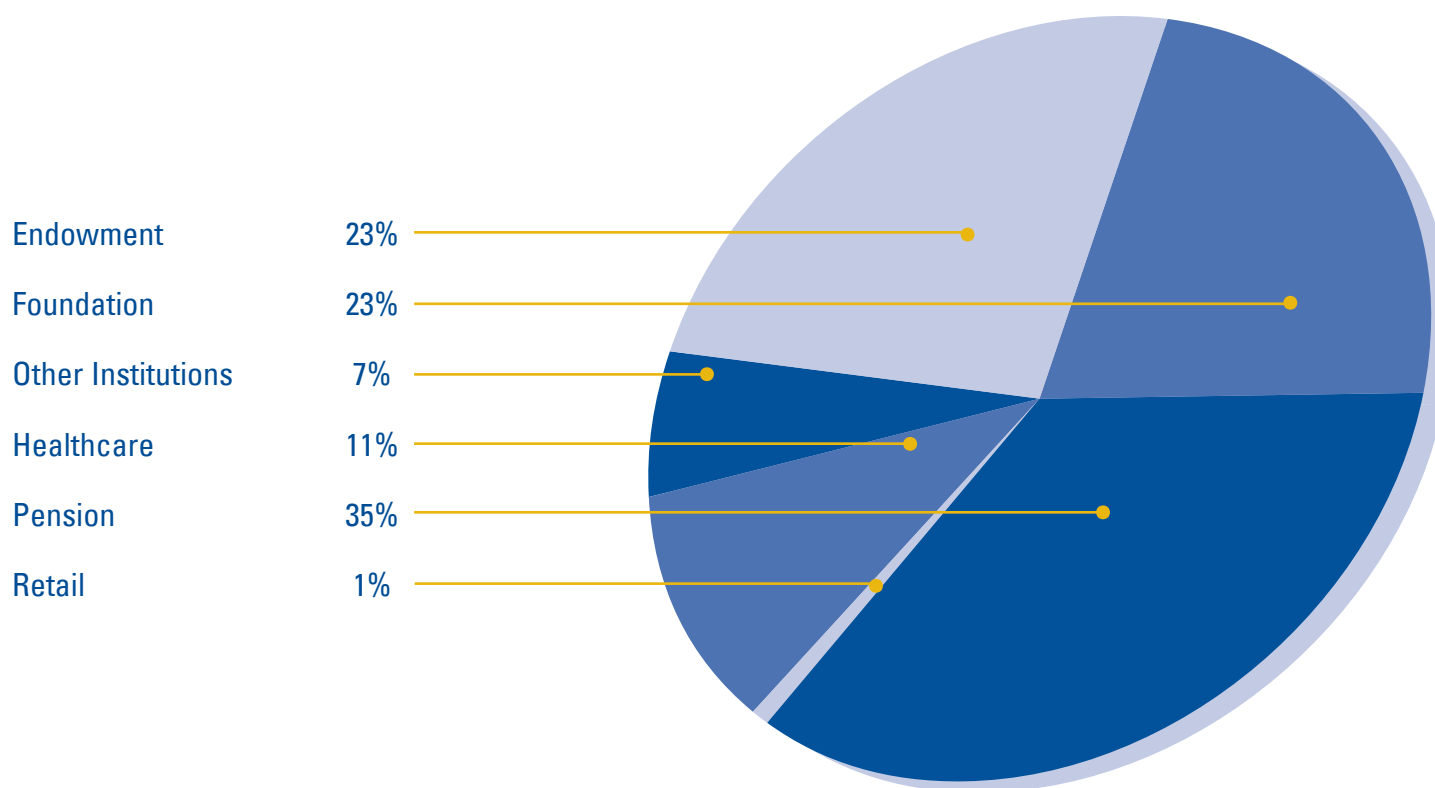


# Client Accounts

	31/5/2011 (\$m)	31/5/2012 (\$m)	31/5/2013 (\$m)	30/6/2014 (\$m)	30/6/2015 (\$m)	30/6/2016 (\$m)	30/9/2016 (\$m)	31/12/2016 (\$m)
<b>European Accounts:</b>								
World Markets Umbrella Fund	301	252	181	125	105	108	113	110
Segregated accounts	622	498	83	55	49	71	77	67
<b>Total</b>	<b>923</b>	<b>750</b>	<b>264</b>	<b>180</b>	<b>154</b>	<b>179</b>	<b>190</b>	<b>177</b>
<b>US Accounts:</b>								
Commingled products - EM CEFs	3,181	2,465	2,406	2,429	2,266	1,952	2,092	1,945
Segregated accounts - EM CEFs	1,444	1,045	769	991	1,168	1,230	1,354	1,295
Emerging Markets Plus	36	29	34	38	40	36	39	48
Natural Resources	20	31	14	5	2	0	0	0
Developed CEF	2	47	60	75	78	51	117	128
Other US Accounts (China, Frontier, GTAA, PE)	10	11	40	67	301	386	383	337
<b>Total</b>	<b>4,693</b>	<b>3,628</b>	<b>3,323</b>	<b>3,605</b>	<b>3,855</b>	<b>3,655</b>	<b>3,985</b>	<b>3,753</b>
<b>Other accounts:</b>	<b>206</b>	<b>101</b>	<b>126</b>	<b>159</b>	<b>202</b>	<b>171</b>	<b>173</b>	<b>167</b>
<b>Total FUM</b>	<b>5,822</b>	<b>4,479</b>	<b>3,713</b>	<b>3,944</b>	<b>4,211</b>	<b>4,005</b>	<b>4,348</b>	<b>4,097</b>

# Client Type\*

As a Percentage of Total Assets (%)

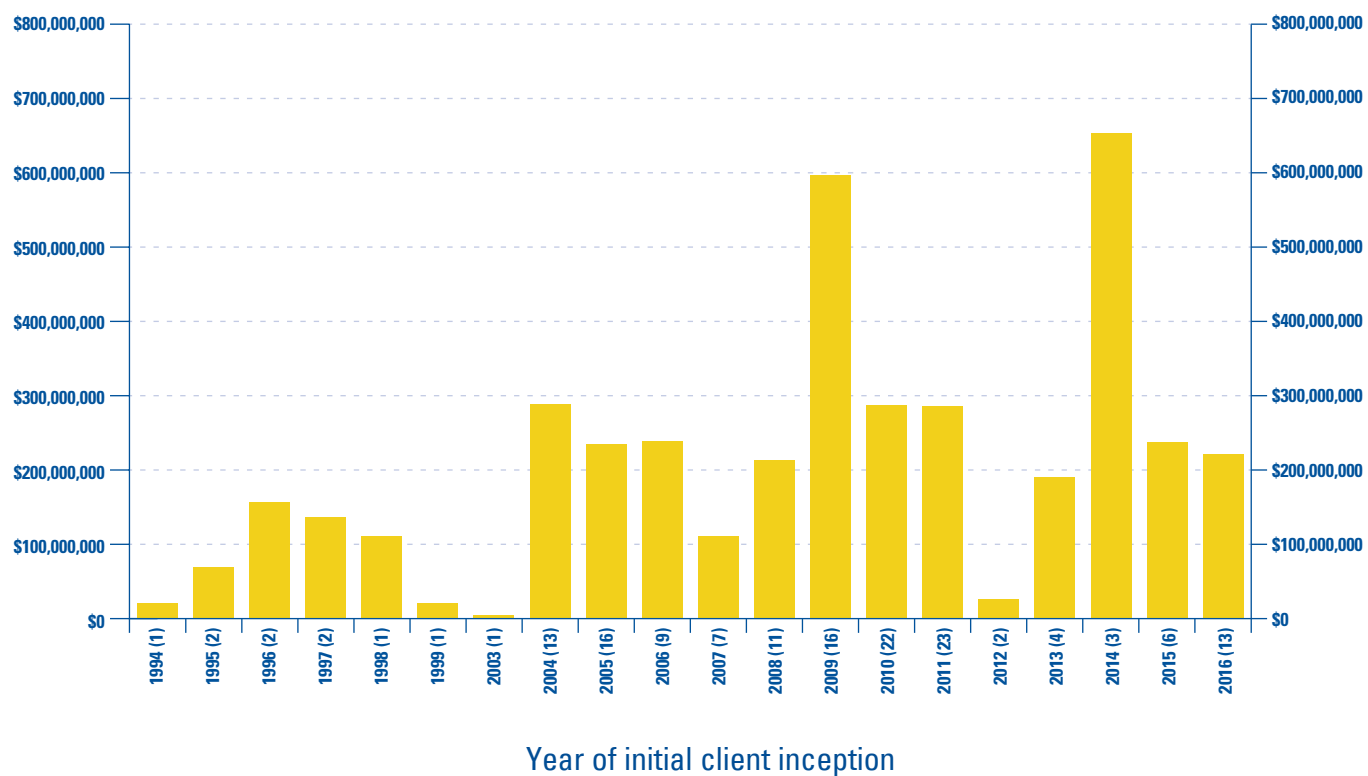


\*Estimates as at 31 December 2016



# Client Tenure\*

The graph below shows the length of time that clients have been invested with us.



\*As at 31 December 2016.

# Financial Calendar

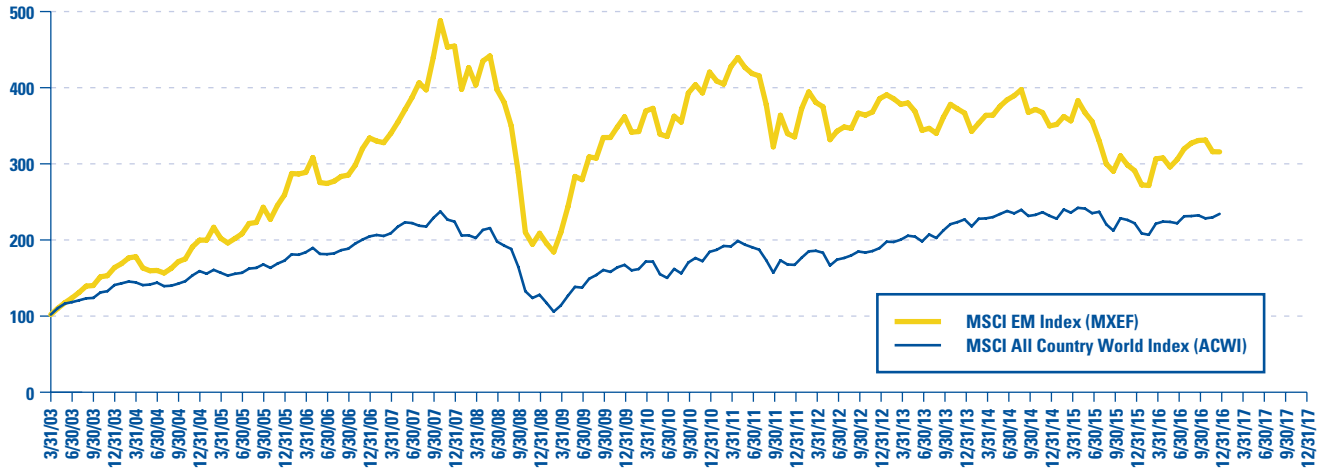
**2017**

▶ Half Year Results, Interim Dividend Announcement & End of Close Period .....	20-Feb-2017
▶ Interim Ex-Dividend Date .....	2-Mar-2017
▶ Interim Dividend Record Date .....	3-Mar-2017
▶ Interim Dividend Payment .....	17-Mar-2017
▶ Start of Close Period .....	28-Mar-2017
▶ 3rd Quarter FUM Announcement & End of Close Period .....	11-Apr-2017
▶ Year End .....	30-Jun-2017
▶ Start of Close Period .....	3-Jul-2017
▶ Pre-close Trading Update, Dividend Declaration & End of Close Period .....	17-Jul-2017
▶ Start of Close Period .....	20-Jul-2017
▶ Preliminary Results and End of Close Period .....	18-Sep-2017
▶ 1st Quarter FuM / Interim Management Statement and End of Close Period .....	9-Oct-2017
▶ Ex-dividend Date for Final Dividend .....	12-Oct-2017
▶ Final Dividend Record Date .....	13-Oct-2017
▶ AGM .....	23-Oct-2017
▶ Final Dividend Payment .....	31-Oct-2017

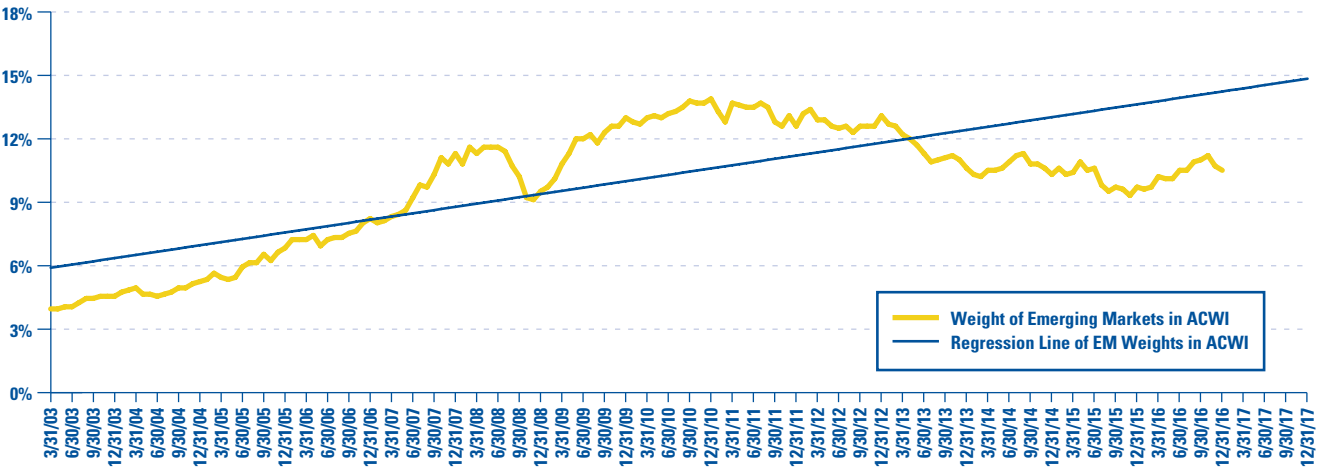
# History

- ▶ **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
- ▶ **1997** – Stockbroking activities discontinued
  - US office opened on East coast
- ▶ **2000** – Singapore office opened
- ▶ **2006** – Admission to AIM
- ▶ **2007** – Dubai office opened
- ▶ **2009** – Launch of Developed CEF Strategy
- ▶ **2010** – Admission to official list (premium segment)
- ▶ **2012** – Qualified Foreign Institutional Investors (QFII) scheme in China
- ▶ **2013** – Additional quota granted to Qualified Foreign Institutional Investors (QFII) scheme in China
- ▶ **2015** – Opened West Coast (US) office and appointed an additional marketer

# Relationship Between MSCI Emerging Markets Index & MSCI All Country World Index



Rebased to 100 as of March 2003



Source: City of London Investment Management, Bloomberg, MSCI

# Shareholders

**As at 31 December 2016**

	%
Barry Olliff	10.1%*
Other Directors, Staff & ESOP	9.5%
<b>Subtotal</b>	<b>19.6%</b>
BlackRock	10.0%
Hargreave Hale	4.9%
Polar Capital	3.3%
Slater Investments Ltd	3.0%
Other	59.2%
<b>Total</b>	<b>100.0%</b>

*\*Barry Olliff has announced his intention to sell 500,000 at each of £4.00 and £4.50  
On 12 October 2016, 50,000 shares were sold at £4.00*

#### **Important Notice**

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The Funds have not been, and will not be, registered under the Investment Company Act of 1940, as amended, and interests of the Funds have not been, and will not be, registered under the Securities Act of 1933, as amended, and may only be offered via private placement transactions. An investment in the Funds may be made only pursuant to the applicable offering documents. Shares in the sub-funds of The World Markets Umbrella Fund plc are not available for sale in any jurisdiction in which such sale would be prohibited. In particular, the fund has not been registered under the United States Securities Act of 1933.

Changes in currency exchange rates will affect the value of the investment. Discounts are calculated using estimated NAVs by City of London's Research Department.

# City of London Investment Group PLC

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