

## THE CITY OF LONDON INVESTMENT TRUST PLC

### Unaudited Results for the Half-Year Ended 31 December 2022

This announcement contains regulated information

#### INVESTMENT OBJECTIVE

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

#### PERFORMANCE

	As at 31 December 2022	As at 30 June 2022
Net asset value ("NAV") per ordinary share	395.4p	390.9p
Premium	3.8%	2.5%
Net asset value per ordinary share (debt at fair value)	400.9p	393.5p
Premium (debt at fair value)	2.4%	1.8%
Ordinary share price	410.5p	400.5p
Gearing (debt at par value)	7.2%	7.1%

<b>Dividend yields</b>	As at 31 December 2022	As at 30 June 2022
The City of London Investment Trust plc	4.8%	4.9%
FTSE All-Share Index (Benchmark)	3.6%	3.5%
AIC UK Equity Income sector	4.5%	4.2%
IA UK Equity Income OEIC sector	4.5%	4.2%

Sources: Morningstar Direct, Bloomberg

<b>Total return performance to 31 December 2022</b>	6 months %	1 year %	3 years %	5 years %	10 years %
NAV <sup>1</sup>	4.5	5.1	8.8	18.4	105.1
Share price <sup>2</sup>	5.1	9.4	7.9	19.0	101.3
FTSE All-Share Index (Benchmark)	5.1	0.3	7.1	15.5	88.2
AIC UK Equity Income sector <sup>3</sup>	5.1	-2.4	5.8	16.2	108.6
IA UK Equity Income OEIC sector <sup>4</sup>	3.8	-2.2	3.1	10.8	84.5

Sources: Morningstar Direct, Janus Henderson, Refinitiv Datastream

<sup>1</sup> Net asset value per ordinary share total return with debt at fair value (including dividends reinvested)

<sup>2</sup> Share price total return using mid-market closing price

<sup>3</sup> AIC UK Equity Income sector size weighted average NAV total return (shareholders' funds)

<sup>4</sup> The Investment Association ("IA") peer group average is based on mid-day NAV whereas the returns of the investment trust are calculated using close of business NAV

# INTERIM MANAGEMENT REPORT

## CHAIRMAN'S STATEMENT

### Introduction

City of London is reporting a 4.5% net asset value total return for the six months to 31 December 2022 despite continuing turbulence in global markets and a brief period of unprecedented political volatility in the UK.

### The Markets

During the six months under review, UK inflation reached a 40-year high, driven by spiralling energy prices. The UK base rate, which was 1.25% at the end of June, was increased four times by the Bank of England, ending at 3.5% in December and with a further rise to 4.0% in the New Year. The 10-year Gilt yield, which was 2.2% in June, rose to 4.5% in September, partly due to rising inflation but also the unfunded tax cuts which were announced by the Truss government. The situation was made worse by a steep depreciation in the value of sterling and by selling from some pension funds to pay margin calls on derivative products. By the end of December, the 10-year Gilt yield had fallen back to 3.7% and the fall in sterling had reversed, with the new Sunak administration pursuing a more conventional fiscal policy. The trend of increasing inflation and tightening monetary policy also prevailed overseas with, for example, the US 10-Year Treasury yield rising from 2.9% to 3.9%. In contrast, UK equities were resilient, producing a return of 5.1%, as measured by the FTSE All-Share Index, helped by a strong performance from the mining sector (in anticipation of the reopening of the Chinese economy) and the oil and gas sector.

### Net Asset Value Total Return

City of London's net asset value total return was 4.5%, slightly behind the FTSE All-Share and the AIC UK Equity Income average, but ahead of the IA UK Equity Income OEIC sector average. In terms of attribution, gearing contributed positively by 95 basis points (bps) due to the beneficial effect of the rise in Gilt yields on the fair value of the secured notes we have issued in recent years. The £30 million 2.67% 2046 and £50 million 2.94% 2049 notes provide borrowings at fixed low interest rates for City of London, for the next quarter of a century, to finance investment in equities.

Stock and sector selection detracted by 147 bps, with being underweight in mining the largest sector detractor and not owning Glencore, the mining company, the biggest stock detractor. The next biggest stock detractors were our stakes in Persimmon, the housebuilder, and Verizon, the US telecommunications company. The best stock contributor was Munich Re, the reinsurer, followed by TotalEnergies, the oil company, and Swire Pacific, the Hong Kong-based conglomerate.

### Earnings and Dividends

Earnings per share fell by 1.7%, compared with the same six month period last year, from 8.94p to 8.79p. A principal reason was the reduction in dividends from our stakes in mining companies Rio Tinto, Anglo American and BHP, reflecting lower prices of some commodities, such as iron ore. On the other hand, there were pleasing increases from the banks and oil companies in the portfolio, including special dividends from NatWest and TotalEnergies. In total, special dividends of £2.4 million were received and accounted as income, representing 5.5% of gross revenue.

City of London has declared two interim dividends of 5.00p each so far during this financial year. The Company's diverse portfolio, strong cash flow and revenue reserve give the Board confidence that it will be able, in line with its objective to provide shareholders with long-term income and capital growth, to increase the total annual dividend for the fifty-seventh consecutive year. The quarterly dividend rate will be reviewed by the Board before the third interim is declared in March 2023.

### Expenses

The ongoing charge, which represents the investment management fee and other administrative non-interest bearing expenses as a percentage of shareholder funds, remains low compared with most other equity investment products. The ongoing charge for the six months indicates a full year rate remaining at approximately 0.38% of net assets.

### Material Events and Transactions during the Period

A total of 16,560,000 new shares, raising net proceeds of £65.5 million, were issued during the six months to 31 December 2022. The proceeds were invested across the portfolio. The Board is continuing its stated policy, subject to prevailing circumstances, of considering issuance of new shares within a narrow band relative to net asset value. As at 31 December 2022, the Company's shares were trading at a premium of 2.4% to NAV (with debt at fair value). As at 14 February 2023 (the last practicable date before printing this report), the Company's share price was trading at a premium of 1.7% to NAV (with debt at fair value).

Three new holdings were acquired during the period. DS Smith is a leading paper and packaging producer in the UK and Europe with an emphasis on recycling. Morgan Advanced Materials develops, manufactures and markets technological materials and components across international markets. NatWest is focused on the UK, where it is one of the leading banks and financial services groups. These purchases were partly financed by the sales of Brewin Dolphin, the private client wealth manager taken over by Royal Bank of Canada, and Synthomer, the chemicals company, after profit warnings and the suspension of its dividend.

#### **Outlook for the Six Months to 30 June 2023**

Inflation should fall over the next six months as the sharp upward movements in oil and gas prices at the start of the Ukraine war are timed out of the 12-month inflation calculation. The combination of a continuing tight labour market, higher wage settlements and strikes in various sectors of the economy is likely to keep inflation above the Bank of England's 2% target for some time. This will result in continuing elevated interest rates when compared with recent years since 2009, albeit remaining below the higher rates prevailing before the financial crisis in 2008.

The reopening of the Chinese economy, after its Covid lockdown finally ended, is positive for global growth, while lower oil and gas prices are helpful for consumers in the UK and overseas. The dividend yield premium of UK equities over bank deposits and 10-year Gilts has narrowed, but equities offer the prospect of dividend growth and can therefore provide some element of hedge against inflation.

**Sir Laurie Magnus CBE**  
**Chairman**  
**16 February 2023**

## FORTY LARGEST INVESTMENTS

<b>Company</b>	<b>Market value 31 December 2022 £'000</b>	<b>Company</b>	<b>Market value 31 December 2022 £'000</b>
British American Tobacco	85,319	Legal & General	33,433
Shell	78,176	GlaxoSmithKline	32,950
Diageo	70,810	IG	32,375
BAE Systems	66,340	Lloyds Banking	32,241
Unilever	60,639	Nestlé	28,881
AstraZeneca	60,016	Reckitt Benckiser	28,770
BP	59,837	Schroders	28,340
RELX	58,439	Severn Trent	27,836
Imperial Brands	57,988	Merck	25,824
Rio Tinto	52,762	Direct Line Insurance	25,217
HSBC	51,560	Barclays	23,778
National Grid	43,686	BHP	23,773
Phoenix	43,612	NatWest	22,542
M&G	42,642	Land Securities	21,438
Tesco	42,598	Novartis	19,754
SSE	41,418	Munich Re	19,381
St. James's Place	35,861	Rathbones	18,315
Anglo American	35,078	Ferguson	17,740
3i	34,183	Persimmon	17,403
TotalEnergies	33,824	Microsoft	16,946

These investments total £1,551,725,000 or 76.9% of the portfolio.

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

## SECTOR EXPOSURE

As a percentage of the investment portfolio excluding cash

	<b>%</b>
Financials	24.4
Consumer Staples	20.2
Industrials	11.4
Energy	9.2
Health Care	8.7
Utilities	6.6
Basic Materials	6.4
Consumer Discretionary	6.0
Telecommunications	3.3
Real Estate	2.3
Technology	1.5
<b>Total</b>	<b>100.0</b>

Source: Janus Henderson

## SECTOR BREAKDOWN OF INVESTMENTS

	Valuation 31 December 2022 £'000	Valuation 31 December 2022 £'000
<b>ENERGY</b>		
<b>Oil, Gas and Coal</b>		
Shell	78,176	
BP	59,837	
TotalEnergies <sup>1</sup>	33,824	
Woodside Energy <sup>1</sup>	13,832	
	<u>185,669</u>	
<b>Total Energy</b>	<b>185,669</b>	
<b>BASIC MATERIALS</b>		
<b>Chemicals</b>		
Croda International	7,595	
Johnson Matthey	5,637	
Victrex	5,107	
	<u>18,339</u>	
<b>Industrial Metals and Mining</b>		
Rio Tinto	52,762	
Anglo American	35,078	
BHP	23,773	
	<u>111,613</u>	
<b>Total Basic Materials</b>	<b>129,952</b>	
<b>INDUSTRIALS</b>		
<b>Aerospace and Defence</b>		
BAE Systems	66,340	
	<u>66,340</u>	
<b>Construction and Materials</b>		
Holcim <sup>1</sup>	13,982	
Ibstock	12,677	
Marshalls	6,420	
	<u>33,079</u>	
<b>Electronic and Electrical Equipment</b>		
IMI	12,030	
Morgan Advanced Materials	7,863	
Rotork	5,366	
XP Power	4,060	
	<u>29,319</u>	
<b>General Industrials</b>		
Swire Pacific <sup>1</sup>	15,664	
Siemens <sup>1</sup>	12,625	
Mondi	9,162	
DS Smith	9,134	
Smiths Group	5,595	
	<u>52,180</u>	
<b>Industrial Transportation</b>		
Wincanton	8,004	
	<u>8,004</u>	
<b>Industrial Support Services</b>		
Ferguson	17,740	
Hays	14,810	
PayPoint	9,162	
	<u>41,712</u>	
<b>Total Industrials</b>	<b>230,634</b>	
<b>CONSUMER STAPLES</b>		
<b>Beverages</b>		
Diageo	70,810	
Coca-Cola <sup>1</sup>	11,634	
Britvic	10,878	
	<u>93,322</u>	
<b>Food Producers</b>		
Nestlé <sup>1</sup>	28,881	
Tate & Lyle	10,973	
	<u>39,854</u>	
<b>Personal Care, Drug and Grocery Stores</b>		
Unilever	60,639	
Tesco	42,598	
Reckitt Benckiser	28,770	
	<u>132,007</u>	
<b>Tobacco</b>		
British American Tobacco	85,319	
Imperial Brands	57,988	
	<u>143,307</u>	
<b>Total Consumer Staples</b>	<b>408,490</b>	
<b>HEALTH CARE</b>		
<b>Medical Equipment and Services</b>		
Smith & Nephew	8,217	
	<u>8,217</u>	
<b>Pharmaceuticals and Biotechnology</b>		
AstraZeneca	60,016	
GlaxoSmithKline	32,950	
Merck <sup>1</sup>	25,824	
Novartis <sup>1</sup>	19,754	
Johnson & Johnson <sup>1</sup>	15,274	
Sanofi <sup>1</sup>	12,753	
	<u>166,571</u>	
<b>Total Health Care</b>	<b>174,788</b>	

	Valuation 31 December 2022 £'000
<b>CONSUMER DISCRETIONARY</b>	
<b>Retailers</b>	
Kingfisher	10,743
Halfords	5,813
DFS	3,855
	<u>20,411</u>
<b>Media</b>	
RELX	58,439
	<u>58,439</u>
<b>Household Goods and Home Construction</b>	
Persimmon	17,403
Taylor Wimpey	13,062
	<u>30,465</u>
<b>Travel and Leisure</b>	
La Française des Jeux <sup>1</sup>	10,003
Young	2,366
	<u>12,369</u>
<b>Total Consumer Discretionary</b>	<b>121,684</b>
<b>TELECOMMUNICATIONS</b>	
<b>Telecommunications Service Providers</b>	
Vodafone	16,006
Verizon Communications <sup>1</sup>	15,558
Deutsche Telekom <sup>1</sup>	13,676
Orange <sup>1</sup>	11,116
	<u>56,356</u>
<b>Telecommunications Equipment</b>	
Cisco Systems <sup>1</sup>	9,901
	<u>9,901</u>
<b>Total Telecommunications</b>	<b>66,257</b>
<b>UTILITIES</b>	
<b>Electricity</b>	
SSE	41,418
	<u>41,418</u>
<b>Gas, Water and Multi-utilities</b>	
National Grid	43,686
Severn Trent	27,836
United Utilities	12,373
Pennon	6,841
	<u>90,736</u>
<b>Total Utilities</b>	<b>132,154</b>

	Valuation 31 December 2022 £'000
<b>FINANCIALS</b>	
<b>Banks</b>	
HSBC	51,560
Lloyds Banking	32,241
Barclays	23,778
NatWest	22,542
Nationwide Building Society	
10.25% Var Perp CCDS	8,128
	<u>138,249</u>
<b>Investment Banking and Brokerage Services</b>	
M&G	42,642
St. James's Place	35,861
3i	34,183
IG	32,375
Schroders	28,340
Rathbones	18,315
	<u>191,716</u>
<b>Life Insurance</b>	
Phoenix	43,612
Legal & General	33,433
Prudential	14,658
	<u>91,703</u>
<b>Non-life Insurance</b>	
Direct Line Insurance	25,217
Munich Re <sup>1</sup>	19,381
Beazley	12,213
Hiscox	9,261
Sabre Insurance	5,320
	<u>71,392</u>
<b>Total Financials</b>	<b>493,060</b>
<b>REAL ESTATE</b>	
<b>Real Estate Investment Trusts</b>	
Land Securities	21,438
Segro	13,741
British Land	10,865
	<u>46,044</u>
<b>Total Real Estate</b>	<b>46,044</b>
<b>TECHNOLOGY</b>	
<b>Software and Computer Services</b>	
Microsoft <sup>1</sup>	16,946
Sage	12,750
	<u>29,696</u>
<b>Total Technology</b>	<b>29,696</b>
<b>TOTAL INVESTMENTS</b>	<b>2,018,428</b>

<sup>1</sup> Overseas listed

All classes of equity in any one company are treated as one investment.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risks and uncertainties associated with the Company's business can be divided into the following main areas:

- Geopolitical and cyber
- Global pandemic
- Portfolio and market price
- Dividend income
- Investment activity, gearing and performance
- Tax and regulatory
- Operational

Information on these risks and how they are managed are given in the Annual Report for the year ended 30 June 2022. In the view of the Board, these principal risks and uncertainties at the year end remain and are as applicable to the remaining six months of the financial year as they were to the six months under review.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors confirm that, to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with FRS 104 "Interim Financial Reporting";
- the Interim Management Report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.7R (indication of important events during the first six months and description of the principal risks and uncertainties for the remaining six months of the year); and
- the Interim Management Report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.8R (disclosure of related party transactions and changes therein).

**On behalf of the Board**

**Sir Laurie Magnus CBE**  
**Chairman**  
**16 February 2023**

## INCOME STATEMENT

	(Unaudited) Half-year ended 31 December 2022			(Unaudited) Half-year ended 31 December 2021			(Audited) Year ended 30 June 2022		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Gains on investments held at fair value through profit or loss	-	29,737	29,737	-	81,154	81,154	-	13,394	13,394
Income from investments held at fair value through profit or loss	43,544	-	43,544	42,134	-	42,134	98,028	-	98,028
Other interest receivable and similar income	129	-	129	75	-	75	190	-	190
<b>Gross revenue and capital gains</b>	<b>43,673</b>	<b>29,737</b>	<b>73,410</b>	42,209	81,154	123,363	98,218	13,394	111,612
Management fee	(886)	(2,068)	(2,954)	(854)	(1,993)	(2,847)	(1,746)	(4,073)	(5,819)
Other administrative expenses	(459)	-	(459)	(413)	-	(413)	(774)	-	(774)
<b>Net return before finance costs and taxation</b>	<b>42,328</b>	<b>27,669</b>	<b>69,997</b>	40,942	79,161	120,103	95,698	9,321	105,019
Finance costs	(766)	(1,604)	(2,370)	(706)	(1,464)	(2,170)	(1,474)	(3,075)	(4,549)
<b>Net return before taxation</b>	<b>41,562</b>	<b>26,065</b>	<b>67,627</b>	40,236	77,697	117,933	94,224	6,246	100,470
Taxation on net return	(427)	-	(427)	(333)	-	(333)	(1,236)	-	(1,236)
<b>Net return after taxation</b>	<b>41,135</b>	<b>26,065</b>	<b>67,200</b>	39,903	77,697	117,600	92,988	6,246	99,234
<b>Return per ordinary share (note 2)</b>	<b>8.79p</b>	<b>5.57p</b>	<b>14.36p</b>	8.94p	17.40p	26.34p	20.72p	1.39p	22.11p

The total columns of this statement represent the Company's Income Statement, prepared in accordance with FRS 104. The revenue and capital columns are supplementary to this and are published under guidance from the Association of Investment Companies.

The Company has no recognised gains or losses other than those disclosed in the Income Statement and Statement of Changes in Equity. All items in the above statement derive from continuing operations. No operations were acquired or discontinued during the period.

The accompanying notes are an integral part of these financial statements.



## STATEMENT OF CHANGES IN EQUITY

Half-year ended 31 December 2022 (unaudited)	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
At 1 July 2022	114,910	909,143	2,707	726,294	43,603	1,796,657
Net return on ordinary activities after taxation	-	-	-	26,065	41,135	67,200
Issue of 16,560,000 new ordinary shares	4,140	61,342	-	-	-	65,482
Dividends paid	-	-	-	-	(46,657)	(46,657)
<b>At 31 December 2022</b>	<b>119,050</b>	<b>970,485</b>	<b>2,707</b>	<b>752,359</b>	<b>38,081</b>	<b>1,882,682</b>
Half-year ended 31 December 2021 (unaudited)	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
At 1 July 2021	111,406	855,597	2,707	720,048	37,567	1,727,325
Net return on ordinary activities after taxation	-	-	-	77,697	39,903	117,600
Issue of 925,000 new ordinary shares	231	3,394	-	-	-	3,625
Dividends paid	-	-	-	-	(42,868)	(42,868)
<b>At 31 December 2021</b>	<b>111,637</b>	<b>858,991</b>	<b>2,707</b>	<b>797,745</b>	<b>34,602</b>	<b>1,805,682</b>
Year ended 30 June 2022 (audited)	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
At 1 July 2021	111,406	855,597	2,707	720,048	37,567	1,727,325
Net return after taxation	-	-	-	6,246	92,988	99,234
Issue of 14,015,000 new ordinary shares	3,504	53,546	-	-	-	57,050
Dividends paid	-	-	-	-	(86,952)	(86,952)
<b>At 30 June 2022</b>	<b>114,910</b>	<b>909,143</b>	<b>2,707</b>	<b>726,294</b>	<b>43,603</b>	<b>1,796,657</b>

The accompanying notes are an integral part of these financial statements.

## STATEMENT OF FINANCIAL POSITION

	(Unaudited) 31 December 2022 £'000	(Unaudited) 31 December 2021 £'000	(Audited) 30 June 2022 £'000
<b>Investments held at fair value through profit or loss</b> (note 6)			
Listed at market value in the United Kingdom	1,717,798	1,703,138	1,642,199
Listed at market value overseas	300,628	251,406	281,071
Investment in subsidiary undertakings	347	347	347
	<b>2,018,773</b>	1,954,891	1,923,617
<b>Current assets</b>			
Debtors	8,664	8,290	11,451
	<b>8,664</b>	8,290	11,451
<b>Creditors:</b> amounts falling due within one year	<b>(29,172)</b>	(41,946)	(22,835)
<b>Net current liabilities</b>	<b>(20,508)</b>	(33,656)	(11,384)
<b>Total assets less current liabilities</b>	<b>1,998,265</b>	1,921,235	1,912,233
<b>Creditors:</b> amounts falling due after more than one year	<b>(115,583)</b>	(115,553)	(115,576)
<b>Net assets</b>	<b>1,882,682</b>	1,805,682	1,796,657
<b>Capital and reserves</b>			
Called-up share capital (note 3)	119,050	111,637	114,910
Share premium account	970,485	858,991	909,143
Capital redemption reserve	2,707	2,707	2,707
Other capital reserves (note 4)	752,359	797,745	726,294
Revenue reserve	38,081	34,602	43,603
<b>Equity shareholders' funds</b>	<b>1,882,682</b>	1,805,682	1,796,657
<b>Net asset value per ordinary share - basic and diluted</b> (note 5)	<b>395.36p</b>	404.36p	390.88p

The accompanying notes are an integral part of these financial statements.

## NOTES

### 1. Accounting Policy – Basis of Preparation

The condensed set of financial statements has been prepared in accordance with FRS 104, Interim Financial Reporting, FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland and the Statement of Recommended Practice for “Financial Statements of Investment Trust Companies and Venture Capital Trusts”, issued in April 2021.

For the period under review, the Company’s accounting policies have not varied from those described in the Annual Report for the year ended 30 June 2022. These financial statements have been neither audited nor reviewed by the Company’s auditors.

As an investment fund, the Company has the option, which it has taken, not to present a cash flow statement. A cash flow statement is not required when an investment fund meets all the following conditions: substantially all of the entity’s investments are highly liquid and are carried at market value; and where a statement of changes in equity is provided.

### 2. Return per Ordinary Share

	(Unaudited) Half-year ended 31 December 2022 £'000	(Unaudited) Half-year ended 31 December 2021 £'000	(Audited) Year ended 30 June 2022 £'000
The return per ordinary share is based on the following figures:			
Revenue return	41,135	39,903	92,988
Capital return	26,065	77,697	6,246
<b>Total</b>	<b>67,200</b>	117,600	99,234
Weighted average number of ordinary shares in issue for each period			
	467,917,477	446,480,031	448,747,183
Revenue return per ordinary share	8.79p	8.94p	20.72p
Capital return per ordinary share	5.57p	17.40p	1.39p
<b>Total return per ordinary share</b>	<b>14.36p</b>	26.34p	22.11p

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

### 3. Share Capital

During the half-year ended 31 December 2022, 16,560,000 new ordinary shares were issued for total proceeds of £65,482,000 (half-year ended 31 December 2021: 925,000 new ordinary shares issued for total proceeds of £3,625,000; year ended 30 June 2022: 14,015,000 new ordinary shares issued for total proceeds of £57,050,000). The number of ordinary shares in issue at 31 December 2022 was 476,199,868 (31 December 2021: 446,549,868; 30 June 2022: 459,639,868). There were no shares in treasury at 31 December 2022 (31 December 2021 and 30 June 2022: nil).

### 4. Other Capital Reserves

At 31 December 2022, the other capital reserves are made up of the capital reserve arising on investments sold which was £316,480,000 (31 December 2021: £307,144,000; 30 June 2022: £326,585,000) and is distributable and the capital reserve arising on revaluation of investments held which was £435,879,000 (31 December 2021: £490,601,000; 30 June 2022: £399,709,000) which is not distributable.

### 5. Net Asset Value per Ordinary Share

The net asset value per ordinary share is based on the net assets attributable to the ordinary shares of £1,882,682,000 (31 December 2021: £1,805,682,000; 30 June 2022: £1,796,657,000) and on 476,199,868 ordinary shares (31 December 2021: 446,549,868; 30 June 2022: 459,639,868) being the number of ordinary shares at the period end.

## 6. Financial Instruments

The financial assets and financial liabilities are either carried in the Statement of Financial Position at their fair value or the Statement of Financial Position amount is a reasonable approximation of fair value (debtors and creditors falling due within one year).

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

### Financial assets at fair value through profit or loss at 31 December 2022

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	2,018,426	-	347	2,018,773
<b>Total</b>	<b>2,018,426</b>	<b>-</b>	<b>347</b>	<b>2,018,773</b>

### Financial assets at fair value through profit or loss at 31 December 2021

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	1,954,544	-	347	1,954,891
<b>Total</b>	<b>1,954,544</b>	<b>-</b>	<b>347</b>	<b>1,954,891</b>

### Financial assets at fair value through profit or loss at 30 June 2022

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	1,923,270	-	347	1,923,617
<b>Total</b>	<b>1,923,270</b>	<b>-</b>	<b>347</b>	<b>1,923,617</b>

### Financial liabilities

The secured notes, preference stocks and preferred ordinary stock are carried in the Statement of Financial Position at par.

At 31 December 2022, the aggregate fair value of the preferred and preference stock was £2,635,000 (31 December 2021: £2,635,000; 30 June 2022: £2,635,000).

At 31 December 2022, the fair value of the secured notes was estimated to be £86,591,000 (31 December 2021: £128,941,000; 30 June 2022: £101,131,000).

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

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

### Fair value hierarchy categories

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

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

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

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

The valuation techniques used by the Company are explained in the accounting policies note 1 in the Company's Annual Report for the year ended 30 June 2022.

## 7. Transaction Costs

Purchase transaction costs for the half-year ended 31 December 2022 were £538,000 (half-year ended 31 December 2021: £473,000; year ended 30 June 2022: £922,000). These comprise mainly stamp duty and commissions. Sale transaction costs for the half-year ended 31 December 2022 were £17,000 (half-year ended 31 December 2021: £26,000; year ended 30 June 2022: £46,000).

## 8. Dividends

A first interim dividend of 5.00p per ordinary share was paid on 30 November 2022. The second interim dividend of 5.00p per ordinary share (declared on 14 December 2022) will be paid on 28 February 2023 to shareholders on the register on 27 January 2023. The Company's shares went ex-dividend on 26 January 2023.

## 9. Related Party Transactions

Other than the relationship between the Company and its Directors, the provision of services by Janus Henderson is the only related party arrangement currently in place. Other than fees payable by the Company in the ordinary course of business and the provision of marketing services, there have been no material transactions with this related party affecting the financial position of the Company during the period under review.

## 10. Going Concern

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

## 11. Comparative Information

The financial information contained in this half-year report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The figures and financial information for the year ended 30 June 2022 are extracted from the latest published accounts and do not constitute the statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included the Report of the Independent Auditors, which was unqualified and did not include a statement under either section 498(2) or 498(3) of the Companies Act 2006.

## 12. General Information

### Company Status

The City of London Investment Trust plc is a UK domiciled investment trust company.

ISIN number / SEDOL: ordinary shares: GB0001990497 / 0199049

London Stock Exchange (TIDM) Code: CTY

New Zealand Stock Exchange Code: TCL

Global Intermediary Identification Number (GIIN): S55HF7.99999.SL.826

Legal Entity Identifier number (LEI): 213800F3NOTF47H6AO55

### Company Registration Number

**UK:** 34871

**New Zealand:** 1215729

### Registered Office

201 Bishopsgate, London EC2M 3AE

### Directors and Secretary

The Directors of the Company are Sir Laurie Magnus CBE (Chairman), Samantha Wren (Audit Committee Chair), Clare Wardle (Senior Independent Director), Robert Edward (Ted) Holmes and Ominder Dhillon.

The Corporate Secretary is Janus Henderson Secretarial Services UK Limited, represented by Sally Porter, ACG.

**Website**

Details of the Company's share price and net asset value, together with general information about the Company, monthly factsheets and data, copies of announcements, reports and details of general meetings can be found at [www.cityinvestmenttrust.com](http://www.cityinvestmenttrust.com).

**13. Half-Year Report**

An abbreviated version of the half-year report, the 'Update', will be posted to shareholders in early March 2023. The Update will also be available on the Company's website [www.cityinvestmenttrust.com](http://www.cityinvestmenttrust.com) or in hard copy from the Company's registered office.

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*Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks on the Company's website (or any other website) is incorporated into, or forms part of, this announcement.*