

THE CITY OF LONDON INVESTMENT TRUST PLC

**Report for the half year ended
31 December 2021**
(unaudited)

THE CITY OF LONDON INVESTMENT TRUST PLC

Unaudited Results for the Half-Year Ended 31 December 2021

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 2021	As at 30 June 2021
Net asset value ("NAV") per ordinary share	404.4p	387.6p
(Discount)/premium	(2.6%)	0.6%
Net asset value per ordinary share (debt at fair value)	400.8p	384.1p
(Discount)/premium (debt at fair value)	(1.7%)	1.5%
Ordinary share price	394.0p	390.0p
Gearing (debt at par value)	8.3%	6.9%

Dividend yields	As at 31 December 2021	As at 30 June 2021
The City of London Investment Trust plc	4.9%	4.9%
FTSE All-Share Index (Benchmark)	3.6%	3.1%
AIC UK Equity Income sector	4.3%	3.8%
IA UK Equity Income OEIC sector	3.7%	3.2%

Sources: Morningstar Direct, Bloomberg

Total return performance to 31 December 2021 (including dividends reinvested)	6 months %	1 year %	3 years %	5 years %	10 years %
Net asset value per ordinary share ¹	6.9	20.1	25.4	27.2	126.8
Ordinary share price ²	3.5	11.8	18.9	22.5	114.6
FTSE All-Share Index (Benchmark)	6.5	18.3	27.2	30.2	110.7
AIC UK Equity Income sector ³	6.0	19.2	31.3	34.7	140.6
IA UK Equity Income OEIC sector ⁴	5.6	18.4	26.7	26.3	115.4

Sources: Morningstar Direct, Janus Henderson, Refinitiv Datastream

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

2 Share price total return using mid-market closing price

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

4 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

Net Asset Value Total Return

The UK economy, benefiting from very accommodative monetary and fiscal policies, continued to recover from the damage caused mainly by the first lockdown of the pandemic. A similar picture was seen in overseas economies. Increasing global demand for energy, particularly for supply constrained oil, contributed to a rise in inflation, with additional pressure on prices coming from a tight labour market and shortages of materials. In December, the Bank of England, having earlier in the year considered the inflationary trends to be "transitory", raised the Bank Rate from 0.1% to 0.25%, the first increase in interest rates for over three years.

UK equities continued to benefit from the recovery in corporate profits and dividends and produced a total return of 6.5%, as measured by the FTSE All-Share Index. City of London's net asset value total return was 6.9%, slightly ahead of the index benchmark and the averages for the UK equity income investment trust and OEIC sectors.

Both stock selection and gearing contributed positively to this result, with a key factor being our position in the food retail sector through stakes in Tesco and Wm Morrison. While it was disappointing to see a good company like Wm Morrison leave the stock market, its takeover came after a bidding war between two private equity groups and at an exit price well ahead of what had prevailed before the first bid was announced. Other important stock contributors were our shareholdings in RELX (business and professional information provider), Microsoft (software and computer services) and St. James's Place (wealth management advice and services). M&G (life assurer and wealth manager) and La Française des Jeux (French national lottery operator), which had been among the best contributors in our last financial year, were the two biggest stock detractors over the six-month period.

Earnings and Dividends

It is pleasing to report revenue earnings per share of 8.94p, 23% ahead of last year and 4% better than the same period in 2019 (just before the start of the pandemic). A highlight has been the dividend increases from our holdings in mining companies, with Anglo American and Rio Tinto also paying special dividends. There has been a significant recovery in dividends from our holdings in banks (HSBC, Barclays and Lloyds), which were stopped from paying dividends by their regulator in the first stage of the pandemic, and also from oil companies (BP and Royal Dutch Shell), which have partially restored the disappointingly large cuts made in 2020. A total of £2.8 million of special dividends was received and accounted as income (representing 6.7% of gross revenue). A further £3.5 million special dividend (from Pennon, the water utility) was accounted as capital.

City of London has declared two interim dividends of 4.80p 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 to increase the dividend for the fifty-sixth consecutive year. The quarterly dividend rate will be reviewed by the Board before the third interim dividend is declared in April 2022.

Expenses

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

Material Events and Transactions during the Period

A total of 925,000 new shares, raising net proceeds of £3.6 million, were issued during the six months to 31 December 2021 at a premium to net asset value. The proceeds were invested across the portfolio. The Board is continuing its stated policy, subject to prevailing circumstances, of considering issuance of new shares and buybacks within a narrow band relative to net asset value. As at 31 December 2021, the Company's shares were trading at a discount of 1.7% to NAV (with debt at fair value). As at 16 February 2022 (the last practicable date before printing this report), the Company's share price was trading at a premium of 1.8% to NAV (with debt at fair value).

Two new holdings were acquired during the period. 3i is an investment company with stakes in private companies. Its largest investment is in Action, a discount retailer in Europe. 3i has a successful track record and provides City of London with exposure to a range of fast-growing private companies. The other new holding is in Holcim, the Swiss-headquartered, international building materials group. It should benefit from infrastructure spending in both developed and emerging markets.

Two companies left the portfolio as a result of takeover bids: Wm Morrison (food retailer) and Daily Mail & General (newspaper publisher and business information provider). Two other holdings, Go Ahead (transport operator) and Hammerson (shopping centre owner), were sold because of their respective poor performances in favour of better opportunities.

Outlook for the Six Months to 30 June 2022

The Omicron variant of Covid-19 appears to cause less severe illness than earlier variants, especially for those who are fully vaccinated. It is now increasingly unlikely that there will be a return to an economically damaging lockdown and the UK and other developed economies are expected fully to reopen during the next six months.

The monetary response to the pandemic currently remains largely in place, but is likely to be progressively withdrawn with rises in interest rates (albeit remaining low by historic standards) expected because inflation is proving to be more severe and persistent than had been hoped. Governments are moving to phase out the fiscal reliefs introduced in response to the pandemic and, as already proposed in the UK, to increase tax rates in order to restrain their borrowing requirements. The resulting reduction in liquidity may test equity valuations, especially at the more speculative end of the markets. International tensions are a further reason for caution, with the crisis in Eastern Europe causing particular concern.

At present, no more than a slowdown in economic growth is expected and therefore corporate profits and dividends during the rest of the current financial year should continue to increase. Households in aggregate still have a high level of enforced savings from the lockdowns to support consumption, although their discretionary real spending power may be reduced by inflation, tax increases and rising interest rates in the next financial year and beyond. The dividend yield from many high-quality UK equities remains attractive, with the continuing trend of takeovers demonstrating potential additional overall upside.

Sir Laurie Magnus CBE
Chairman
17 February 2022

FORTY LARGEST INVESTMENTS

Company	Market value 31 December 2021 £'000	Company	Market value 31 December 2021 £'000
Diageo	79,906	Anglo American	32,724
British American Tobacco	71,006	Persimmon	31,987
RELX	61,060	Direct Line Insurance	31,806
Royal Dutch Shell	54,519	Reckitt Benckiser	31,700
Tesco	50,153	Lloyds Banking	31,070
Unilever	48,721	Nestlé	30,980
Phoenix	46,794	Severn Trent	30,207
GlaxoSmithKline	46,029	IG	30,081
National Grid	45,147	Schroders	29,070
AstraZeneca	45,105	Ferguson	28,820
BAE Systems	44,809	Barclays	28,050
Rio Tinto	44,517	Verizon Communications	26,854
HSBC	44,411	Segro	25,839
M&G	44,189	3i Group	25,357
St. James's Place	43,350	Vodafone	24,680
Imperial Brands	42,837	Land Securities	23,274
BP	41,147	Taylor Wimpey	23,166
Legal & General	37,757	Munich Re	21,867
SSE	36,668	Microsoft	21,596
BHP	35,734	TotalEnergies	18,736

These investments total £1,511,723,000 or 77.3% 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

	%
Financials	24.7
Consumer Staples	19.9
Industrials	9.4
Consumer Discretionary	8.7
Basic Materials	7.7
Health Care	7.5
Utilities	6.8
Energy	5.8
Telecommunications	4.4
Real Estate	3.3
Technology	1.8
Total	100.0

SECTOR BREAKDOWN OF INVESTMENTS

	Valuation 31 December 2021 £'000		Valuation 31 December 2021 £'000
ENERGY		Industrial Support Services	
Oil, Gas and Coal		Ferguson	28,820
Royal Dutch Shell	54,519	PayPoint	10,640
BP	41,147		<u>39,460</u>
TotalEnergies ¹	18,736		
	<u>114,402</u>	Total Industrials	184,128
Total Energy	114,402		
BASIC MATERIALS		CONSUMER STAPLES	
Chemicals		Beverages	
Synthomer	13,979	Diageo	79,906
Croda International	11,598	Britvic	11,270
Victrex	7,814	Coca-Cola ¹	9,617
Johnson Matthey	4,604		<u>100,793</u>
	<u>37,995</u>	Food Producers	
Industrial Metals and Mining		Nestlé ¹	30,980
Rio Tinto	44,517	Tate & Lyle	11,905
BHP	35,734		<u>42,885</u>
Anglo American	32,724	Personal Care, Drug and Grocery Stores	
	<u>112,975</u>	Tesco	50,153
Total Basic Materials	150,970	Unilever	48,721
		Reckitt Benckiser	31,700
			<u>130,574</u>
INDUSTRIALS		Tobacco	
Aerospace & Defence		British American Tobacco	71,006
BAE Systems	44,809	Imperial Brands	42,837
	<u>44,809</u>		<u>113,843</u>
Construction and Materials		Total Consumer Staples	388,095
Ibstock	14,732		
Holcim ¹	12,246	HEALTH CARE	
Marshalls	6,440	Medical Equipment and Services	
	<u>33,418</u>	Smith & Nephew	9,575
Electronic and Electrical Equipment			<u>9,575</u>
IMI	16,214	Pharmaceuticals and Biotechnology	
XP Power	10,200	GlaxoSmithKline	46,029
Rotork	6,251	AstraZeneca	45,105
	<u>32,665</u>	Novartis ¹	17,109
General Industrials		Merck ¹	15,843
Siemens ¹	12,135	Johnson & Johnson ¹	13,132
Mondi	11,869		<u>137,218</u>
Smiths	5,528	Total Health Care	146,793
Swire Pacific ¹	4,244		
	<u>33,776</u>		

	Valuation 31 December 2021 £'000
CONSUMER DISCRETIONARY	
Retailers	
Kingfisher	14,538
Halfords	7,276
DFS	5,483
	<u>27,297</u>
Media	
RELX	61,060
	<u>61,060</u>
Household Goods and Home Construction	
Persimmon	31,987
Taylor Wimpey	23,166
Berkeley	10,363
	<u>65,516</u>
Travel and Leisure	
La Française des Jeux ¹	12,728
Young	2,995
	<u>15,723</u>
Total Consumer Discretionary	169,596
TELECOMMUNICATIONS	
Telecommunications Service Providers	
Verizon Communications ¹	26,854
Vodafone	24,680
Deutsche Telekom ¹	11,957
Orange ¹	10,667
	<u>74,158</u>
Telecommunications Equipment	
Cisco Systems ¹	11,695
	<u>11,695</u>
Total Telecommunications	85,853
UTILITIES	
Electricity	
SSE	36,668
	<u>36,668</u>
Gas, Water and Multi-utilities	
National Grid	45,147
Severn Trent	30,207
United Utilities	13,591
Pennon	7,715
	<u>96,660</u>
Total Utilities	133,328

	Valuation 31 December 2021 £'000
FINANCIALS	
Banks	
HSBC	44,411
Lloyds Banking	31,070
Barclays	28,050
Nationwide Building Society	
10.25% Var Perp CCDS	12,418
	<u>115,949</u>
Investment Banking and Brokerage Services	
M&G	44,189
St. James's Place	43,350
IG	30,081
Schroders	29,070
3i Group	25,357
Brewin Dolphin	16,928
	<u>188,975</u>
Life Insurance	
Phoenix	46,794
Legal & General	37,757
Prudential	16,568
	<u>101,119</u>
Non-life Insurance	
Direct Line Insurance	31,806
Munich Re ¹	21,867
Sabre Insurance	8,190
Beazley	7,924
Hiscox	6,886
	<u>76,673</u>
Total Financials	482,716
REAL ESTATE	
Real Estate Investment Trusts	
Segro	25,839
Land Securities	23,274
British Land	14,602
	<u>63,715</u>
Total Real Estate	63,715
TECHNOLOGY	
Software and Computer Services	
Microsoft ¹	21,596
Sage	13,352
	<u>34,948</u>
Total Technology	34,948
TOTAL INVESTMENTS	1,954,544

¹ 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:

- 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 2021. 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.

In addition, in the last Annual Report, the Board had identified as an emerging risk heightened political tensions in and among a number of countries around the world which had the potential to increase the risk of market volatility (geopolitical risk). On further review of current international tensions, the Board has upgraded geopolitical risk, including an increased risk to cyber security, from an emerging risk to a principal risk.

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
17 February 2022

INCOME STATEMENT

	(Unaudited) Half-year ended 31 December 2021			(Unaudited) Half-year ended 31 December 2020			(Audited) Year ended 30 June 2021		
	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	-	81,154	81,154	-	68,598	68,598	-	200,267	200,267
Income from investments held at fair value through profit or loss	42,134	-	42,134	32,496	-	32,496	77,626	-	77,626
Other interest receivable and similar income	75	-	75	154	-	154	263	-	263
Gross revenue and capital gains	42,209	81,154	123,363	32,650	68,598	101,248	77,889	200,267	278,156
Management fee	(854)	(1,993)	(2,847)	(685)	(1,599)	(2,284)	(1,493)	(3,484)	(4,977)
Other administrative expenses	(413)	-	(413)	(389)	-	(389)	(726)	(7)	(733)
Net return before finance costs and taxation	40,942	79,161	120,103	31,576	66,999	98,575	75,670	196,776	272,446
Finance costs	(706)	(1,464)	(2,170)	(984)	(2,112)	(3,096)	(1,696)	(3,589)	(5,285)
Net return before taxation	40,236	77,697	117,933	30,592	64,887	95,479	73,974	193,187	267,161
Taxation on net return	(333)	-	(333)	(341)	-	(341)	(1,165)	-	(1,165)
Net return after taxation	39,903	77,697	117,600	30,251	64,887	95,138	72,809	193,187	265,996
Return per ordinary share (note 2)	8.94p	17.40p	26.34p	7.25p	15.56p	22.81p	17.09p	45.36p	62.45p

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 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)
At 31 December 2021	111,637	858,991	2,707	797,745	34,602	1,805,682
Half-year ended 31 December 2020 (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 2020	104,101	752,967	2,707	526,861	45,623	1,432,259
Net return on ordinary activities after taxation	-	-	-	64,887	30,251	95,138
Buyback of 1,175,000 ordinary shares for treasury	-	-	-	(3,736)	-	(3,736)
Issue of 1,175,000 ordinary shares from treasury	-	124	-	3,736	-	3,860
Issue of 5,445,000 new ordinary shares	1,361	18,261	-	-	-	19,622
Dividends paid	-	-	-	-	(39,503)	(39,503)
At 31 December 2020	105,462	771,352	2,707	591,748	36,371	1,507,640
Year ended 30 June 2021 (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 2020	104,101	752,967	2,707	526,861	45,623	1,432,259
Net return on ordinary activities after taxation	-	-	-	193,187	72,809	265,996
Buyback of 1,175,000 ordinary shares for treasury	-	-	-	(3,736)	-	(3,736)
Issue of 1,175,000 ordinary shares from treasury	-	124	-	3,736	-	3,860
Issue of 29,220,000 new ordinary shares	7,305	102,506	-	-	-	109,811
Dividends paid	-	-	-	-	(80,865)	(80,865)
Unclaimed dividends over 12 years old	-	-	-	-	60	60
At 30 June 2021	111,406	855,597	2,707	720,048	37,567	1,727,325

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

STATEMENT OF FINANCIAL POSITION

	(Unaudited) 31 December 2021 £'000	(Unaudited) 31 December 2020 £'000	(Audited) 30 June 2021 £'000
Investments held at fair value through profit or loss (note 6)			
Listed at market value in the United Kingdom	1,703,138	1,414,556	1,618,973
Listed at market value overseas	251,406	223,058	227,701
Investment in subsidiary undertakings	347	347	347
	1,954,891	1,637,961	1,847,021
Current assets			
Debtors	8,290	8,253	10,157
	8,290	8,253	10,157
Creditors: amounts falling due within one year	(41,946)	(52,809)	(14,323)
Net current liabilities	(33,656)	(44,556)	(4,166)
Total assets less current liabilities	1,921,235	1,593,405	1,842,855
Creditors: amounts falling due after more than one year	(115,553)	(85,765)	(115,530)
Net assets	1,805,682	1,507,640	1,727,325
Capital and reserves			
Called-up share capital (note 3)	111,637	105,462	111,406
Share premium account	858,991	771,352	855,597
Capital redemption reserve	2,707	2,707	2,707
Other capital reserves (note 4)	797,745	591,748	720,048
Revenue reserve	34,602	36,371	37,567
Equity shareholders' funds	1,805,682	1,507,640	1,727,325
Net asset value per ordinary share - basic and diluted (note 5)	404.36p	357.38p	387.62p

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 2021. 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 2021 £’000	(Unaudited) Half-year ended 31 December 2020 £’000	(Audited) Year ended 30 June 2021 £’000
The return per ordinary share is based on the following figures:			
Revenue return	39,903	30,251	72,809
Capital return	77,697	64,887	193,187
Total	117,600	95,138	265,996
Weighted average number of ordinary shares in issue for each period			
	446,480,031	417,014,243	425,921,991
Revenue return per ordinary share	8.94p	7.25p	17.09p
Capital return per ordinary share	17.40p	15.56p	45.36p
Total return per ordinary share	26.34p	22.81p	62.45p

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 2021, 925,000 new ordinary shares were issued for total proceeds of £3,625,000 (half-year ended 31 December 2020: 1,175,000 ordinary shares bought back into treasury for a total cost of £3,736,000, these shares were then re-issued for total proceeds of £3,860,000 and a further 5,445,000 new ordinary shares were issued for total proceeds of £19,622,000; year ended 30 June 2021: 1,175,000 ordinary shares bought back into treasury for a total cost of £3,736,000, these shares were then re-issued for total proceeds of £3,860,000 and a further 29,220,000 new ordinary shares issued for total proceeds of £109,811,000). The number of ordinary shares in issue at 31 December 2021 was 446,549,868 (31 December 2020: 421,849,868; 30 June 2021: 445,624,868). There were no shares in treasury at 31 December 2021 (31 December 2020 and 30 June 2021: nil).

4. Other Capital Reserves

At 31 December 2021, the other capital reserves are made up of the capital reserve arising on investments sold which was £307,144,000 (31 December 2020: £300,424,000; 30 June 2021: £296,561,000) and is distributable and the capital reserve arising on revaluation of investments held which was £490,601,000 (31 December 2020: £291,324,000; 30 June 2021: £423,487,000) 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 £1,805,682,000 (31 December 2020: £1,507,640,000; 30 June 2021: £1,727,325,000) and on 446,549,868 ordinary shares (31 December 2020: 421,849,868; 30 June 2021: 445,624,868) 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 debenture stock, secured notes, preference stocks and preferred ordinary stock are carried in the Statement of Financial Position at par.

At 31 December 2021, the fair value of the debenture stock was £nil (31 December 2020: £30,150,000; 30 June 2021: £nil) and the aggregate fair value of the preferred and preference stocks was £2,635,000 (31 December 2020: £2,635,000; 30 June 2021: £2,635,000).

As at 31 December 2021, the fair value of the secured notes was estimated to be £128,941,000 (31 December 2020: £109,196,000; 30 June 2021: £128,494,000).

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 debenture stock, 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.

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 2021

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

Financial assets at fair value through profit or loss at 31 December 2020

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	1,637,614	-	347	1,637,961
Total	1,637,614	-	347	1,637,961

Financial assets at fair value through profit or loss at 30 June 2021

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	1,846,674	-	347	1,847,021
Total	1,846,674	-	347	1,847,021

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 2021.

7. Transaction Costs

Purchase transaction costs for the half-year ended 31 December 2021 were £473,000 (half-year ended 31 December 2020: £359,000; year ended 30 June 2021: £1,046,000). These comprise mainly stamp duty and commissions. Sale transaction costs for the half-year ended 31 December 2021 were £26,000 (half-year ended 31 December 2020: £34,000; year ended 30 June 2021: £51,000).

8. Dividends

A first interim dividend of 4.80p per ordinary share was paid on 30 November 2021. The second interim dividend of 4.80p per ordinary share (declared on 9 December 2021) will be paid on 28 February 2022 to shareholders on the register on 28 January 2022. The Company's shares went ex-dividend on 27 January 2022.

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 impact of Covid-19, 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 2021 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 (appointed on 1 September 2021).

The Corporate Secretary is Henderson Secretarial Services 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

13. Half-Year Report

An abbreviated version of the half-year report, the 'Update', will be posted to shareholders in early March 2022. The Update will also be available on the Company's website www.cityinvestmenttrust.com or in hard copy from the Company's registered office.