The City of London Investment Trust plc

Update for the half-year ended 31 December 2024



MANAGED BY
Janus Henderson
INVESTORS

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.

This update contains material extracted from the unaudited half-year results of the Company for the six months ended 31 December 2024. The unabridged results for the half year are available on the Company's website:

www.cityinvestmenttrust.com

Performance

NAV per share

31 Dec 2024	30 June 2024
425.1p	424.3p

NAV per share (debt at fair value)

31 Dec 2024	30 June 2024
430.8p	429.6p

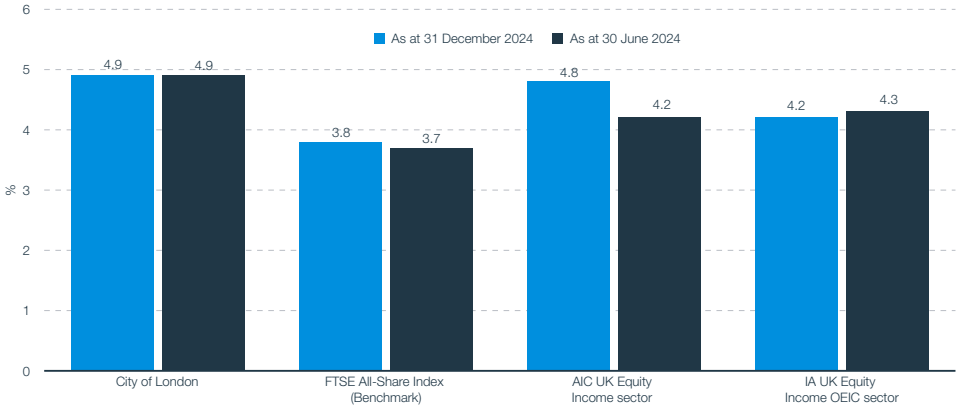
Share price

31 Dec 2024	30 June 2024
431.0p	420.0p

Dividends per share

31 Dec 2024	31 Dec 2023
10.5p	10.1p

Dividend Yields



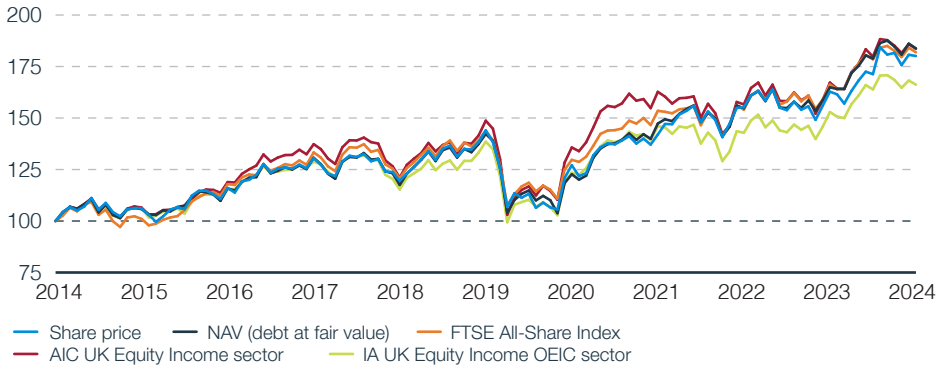
Sources: Morningstar Direct, Janus Henderson, LSEG Datastream

Performance

Total Return Performance to 31 December 2024

	6 months %	1 year %	3 years %	5 years %	10 years %
NAV[1]	2.8	11.5	24.8	29.2	83.8
Share price[2]	5.1	10.6	26.8	25.1	80.1
FTSE All-Share Index (Benchmark)	1.9	9.5	18.5	26.5	81.9
AIC UK Equity Income sector[3]	2.7	10.1	16.6	26.9	88.2
IA UK Equity Income OEIC sector[4]	1.4	8.7	13.8	20.0	66.2

Total Return Performance for 10 years to 31 December 2024 (rebased to 100)



Sources: Morningstar Direct, Janus Henderson, LSEG Datastream

1 Net asset value ("NAV") 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

Chairman's Statement

Introduction

City of London achieved a 2.8% net asset value total return during the six months to 31 December 2024 against a backdrop of political change in the UK and USA, uncertain economic prospects globally and cuts in interest rates.

The Markets

Following July's general election, the new Labour government introduced a Budget in October which raised public spending, increased the employer's national insurance tax rate and signalled the removal of the Inheritance Tax exemption for personal pension funds. Growth in the UK economy slowed from the pace of the first half of the year, whilst the Bank of England lowered the base rate to 4.75% through two cuts of 25 basis points. The UK 10-year gilt yield rose from 4.2% to 4.6% during the six months, reflecting concerns about the stickiness of inflation and the prudent sustainability of government finances. Growth in Europe was also weak, with the European Central Bank reducing its deposit rate to 3.0%. Economic growth in the US, in contrast, remained relatively robust, with the US Federal Reserve making three cuts in interest rates to 4.5%.

The UK equity market returned 1.9%, as measured by the FTSE All-Share Index, with medium-sized and small companies slightly outperforming larger peers. The banking sector was a notable outperformer, with banks benefitting through rolling over structural hedges of funds on better terms than had prevailed during the period of ultra-low interest rates. The oil sector, however, was weak with the Brent oil price falling by 7% to $75 per barrel during the six months, reflecting reduced global demand.

Net Asset Value Total Return

City of London's net asset value total return was 2.8%, exceeding the FTSE All-Share Index (1.9%), the AIC UK Equity Income sector average (2.7%) and the IA UK Equity Income OEIC sector average (1.4%). Stock and sector selection contributed to relative outperformance against the Index by 93 basis points. The biggest sector contributor was tobacco, where corporate earnings and dividends were resilient. Imperial Brands was the second biggest stock contributor. The biggest stock contributor was our underweight position in AstraZeneca. The third biggest contributor was NatWest, whose share price rose by 29% during the six months. The biggest detracting sector was aerospace and defence, where Rolls Royce, which we do not hold, continued to perform well despite not paying a dividend, and was our biggest stock detractor. In addition, our holding in BAE Systems gave back some gains, having been a very strong performer over the previous three years.

Earnings and Dividends

Earnings per share declined from 8.8p to 8.4p, compared with the same six-month period last year, mainly due to the change in timing of dividend payments from some investee companies. Another factor was the absence of any special dividends compared with £0.9 million received during the same period last year. This reflected an increasing trend by UK listed companies to substitute dividend distributions with share buy backs to fund shareholder returns, particularly in relation to exceptional profits.

The Board continues to control expenses tightly. City of London's ongoing charge, which represents the investment management fee and other administrative non-interest expenses as a percentage of shareholder funds, is expected to remain around 0.37% during this financial year. This is low compared with almost all other investment trusts and (non-tracker) managed equity investment products.

City of London has declared two interim dividends to date of 5.25p each in respect of this financial year. The Company's diverse portfolio, strong cash flow and revenue reserve give the Board confidence that in line with its objective to provide long-term income and capital growth, it will be able to

Chairman's Statement (continued)

increase the total annual dividend for the 59th consecutive year. The quarterly dividend rate will be reviewed by the Board before the third interim dividend is declared in April 2025.

Material Events and Transactions during the Period

The Board continued with its stated policy, subject to prevailing conditions, of issuing and buying back shares within a narrow band relative to net asset value. During the six-month period, the Company's shares traded close to net asset value and ended the period with the share price equal to net asset value (valuing debt at fair value) and at a 1.4% premium to net asset value (valuing debt at par value). 28,278 shares were bought back, costing £119,000, at a small discount and no shares were issued.

A new holding was bought in TP ICAP, a leading intermediary in global financial markets. Notable additions were made to Shell, the oil and gas company, and to the diversified Real Estate Investment Trusts, British Land and Land Securities. DS Smith, the paper and packaging company in the process of being taken over by the US company, International Paper, was sold. Pennon, the water utility, was sold ahead of the final determination of the regulatory review of UK water companies. In a tough backdrop for consumer spending, Burberry and DFS Furniture omitted their dividends and were sold. A significant profit was realised with the sale of half the holding in 3i following a very strong share price performance. Some profits were also taken in BAE Systems.

Outlook for the Six Months to 30 June 2025

The UK economy is struggling to grow, with business confidence adversely affected by a combination of the rise in employer's national insurance, the prospect of tighter labour regulations and the well-above inflation increase in the National Minimum Wage from April 2025. Although it seems likely that there will be further interest rate cuts from the current level of 4.5%, the Bank of England's decision is made harder by the ripple effect of government induced cost pressures on inflation. Cuts in interest rates could be well received by investors, who will anticipate an improvement in corporate profits and consumer spending. The outlook for growth in Europe is also weak, with considerable political uncertainty in both France and Germany. The European Central Bank is expected to make further cuts in interest rates which may improve sentiment. Prospects for economic growth are stronger in the US, with its technology sector continuing to generate impressive returns. The policies of the Trump administration, such as in relation to tariffs, currently remain uncertain and the judgement of the potential impact of such policies will feature materially in the Federal Reserve's determination of future interest rates.

Many domestic UK stocks remain on relatively depressed valuations, both absolutely and relatively when compared with their peers in overseas markets. The diversified Real Estate Investment Trusts exemplify this valuation discrepancy, trading on discounts to net asset value of 30% and dividend yields of 6%. It is important to recognise, however, that City of London's portfolio is biased towards companies with overseas sales. At 31 December 2024, some 63% of the underlying sales of investee companies were made overseas. They are therefore well placed to benefit from global growth trends. It is also worth noting the possible signs of a lessening of geo-political tensions, such as the ceasefire in Gaza, and President Trump's proactive engagement in efforts to end the war in Ukraine.

Given the relative attraction of UK equities to their equivalents in overseas markets, especially with regard to dividend yield, it remains the case that investors in UK equities "are paid to hold on". It is encouraging to see many companies taking advantage of their low valuations to buy back their shares "on the cheap". Imperial Brands, City of

Chairman's Statement (continued)

London's seventh largest holding, has demonstrated the benefits of this approach with its share buy backs over the last two years having been significantly accretive to earnings per share.

More takeovers can be expected from overseas companies and private equity firms while this low relative value of UK equities persists. The dividend yield of UK equities will also become increasingly attractive relative to bank deposit rates as interest rates decline.

Sir Laurie Magnus CBE
Chairman
20 February 2025

Financial Summary

Extract from Income Statement (Unaudited)	Half year ended 31 December 2024 Revenue return £'000	31 December 2024 Capital return £'000	31 December 2024 Total £'000	31 December 2023 Total £'000
Gains on investments	-	18,690	18,690	92,532
Income from investments	44,017	-	44,017	46,388
Other income	111	-	111	185
Gross revenue and capital gains	**44,128**	**18,690**	**62,818**	**139,105**
Expenses, finance costs and taxation	(2,646)	(4,237)	(6,883)	(6,144)
Net return after taxation	**41,482**	**14,453**	**55,935**	**132,961**
Return per ordinary share	**8.39p**	**2.93p**	**11.32p**	**26.47p**

Extract from Statement of Financial Position (Unaudited except June 2024 figures)	31 December 2024 £'000	31 December 2023 £'000	30 June 2024 £'000
Investments held at fair value through profit or loss	2,260,918	2,126,723	2,246,592
Net liabilities	(159,479)	(107,738)	(149,064)
Net assets	**2,101,439**	**2,018,985**	**2,097,528**
Net asset value per ordinary share	**425.10p**	**401.66p**	**424.29p**

Dividends

A first interim dividend of 5.25p per ordinary share was paid on 29 November 2024. The second interim dividend of 5.25p per ordinary share (declared on 5 December 2024) will be paid on 28 February 2025 to shareholders on the register on 24 January 2025. The Company's shares went ex-dividend on 23 January 2025.

Share Capital and Reserves

During the half-year ended 31 December 2024, 28,278 ordinary shares were bought back into treasury for a net payment of £119,000 (half-year ended 31 December 2023: 5,310,000 new ordinary shares issued for total proceeds of £20,890,000; year ended 30 June 2024: 5,310,000 new ordinary shares issued for total proceeds of £20,890,000 and 8,301,867 ordinary shares bought back into treasury for a net payment of £34,400,000). The number of ordinary shares in issue (excluding shares held in treasury) at 31 December 2024 was 494,334,723 (31 December 2023: 502,664,868; 30 June 2024: 494,363,001). There were 8,330,145 shares in treasury at 31 December 2024 (31 December 2023: nil and 30 June 2024: 8,301,867). Since 31 December 2024 to 19 February 2025, a further 10,191,050 shares have been bought back for treasury.

At 31 December 2024, the Company's revenue reserve was £36,198,000 (31 December 2023: £37,769,000; 30 June 2024: £46,621,000), capital reserve arising on investments sold was £378,509,000 (31 December 2023: £362,881,000; 30 June 2024: £346,288,000), both of which are distributable; and the capital reserve arising on revaluation of investments held was £485,735,000 (31 December 2023: £417,337,000; 30 June 2024: £503,622,000), which is not distributable.

Portfolio Information at 31 December 2024

Forty Largest Investments

Company	Market value 31 December 2024 £'000
HSBC	105,230
Shell	97,802
RELX	92,175
Unilever	85,256
British American Tobacco	76,293
BAE Systems	73,759
Imperial Brands	73,399
Tesco	72,923
NatWest	71,373
AstraZeneca	64,354
National Grid	53,701
Barclays	52,021
Lloyds Banking	51,493
Rio Tinto	51,481
M&G	51,389
Diageo	49,725
BP	49,512
Phoenix	44,028
Legal & General	43,662
Land Securities	40,880

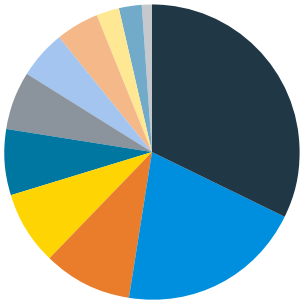
Company	Market value 31 December 2024 £'000
Aviva	40,777
GSK	40,380
IG	39,620
3i	35,640
British Land	30,797
Munich Re	28,985
Severn Trent	28,842
Reckitt Benckiser	26,576
SSE	26,466
TotalEnergies	26,465
Schroders	23,872
Sage	21,760
Swire Pacific	21,725
Glencore	21,204
Beazley	20,413
Anglo American	20,094
Deutsche Telekom	19,651
Britvic	19,620
St. James's Place	19,519
Novartis	18,752

These investments total £1,831,614,000 or 81.0% 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



Source: Janus Henderson

Portfolio Information (continued)

Sector Breakdown of Investments

	Valuation 31 December 2024 £'000
ENERGY	
Oil, Gas and Coal	
BP	97,802
Shell	49,512
TotalEnergies[1]	26,465
ENI[1]	9,673
	183,452
Total Energy	**183,452**
BASIC MATERIALS	
Chemicals	
Victrex	8,308
Johnson Matthey	6,014
	14,322
Industrial Metals and Mining	
Rio Tinto	51,481
Glencore	21,204
Anglo American	20,094
	92,779
Total Basic Materials	**107,101**
INDUSTRIALS	
Aerospace and Defence	
BAE Systems	73,759
	73,759
Construction and Materials	
Ibstock	14,432
Marshalls	7,338
	21,770
Electronic and Electrical Equipment	
IMI	13,202
Morgan	11,288
Rotork	5,962
XP Power	2,974
	33,426
General Industrials	
Swire Pacific[1]	21,725
Smiths	13,720
Mondi	11,319
	46,764
Industrial Engineering	
Vesuvius	11,196
	11,196
Industrial Support Services	
PayPoint	15,600
Hays	10,285
Inchcape	9,619
	35,504
Total Industrials	**222,419**
CONSUMER STAPLES	
Beverages	
Diageo	49,725
Britvic	19,620
Coca-Cola[1]	10,940
	80,285
Food Producers	
Nestlé[1]	17,803
Hilton Food	9,050
Tate & Lyle	8,638
	35,491
Personal Care, Drug and Grocery Stores	
Unilever	85,256
Tesco	72,923
Reckitt Benckiser	26,576
	184,755
Automobiles and Parts	
Dowlais	6,740
	6,740

Portfolio Information (continued)

Sector Breakdown of Investments (continued)

	Valuation 31 December 2024 £'000
Tobacco	
British American Tobacco	76,293
Imperial Brands	73,399
	149,692
Total Consumer Staples	**456,963**
HEALTH CARE	
Medical Equipment and Services	
Smith & Nephew	12,586
	12,586
Pharmaceuticals and Biotechnology	
AstraZeneca	64,354
GSK	40,380
Novartis[1]	18,752
Merck[1]	16,285
Johnson & Johnson[1]	12,010
	151,781
Total Health Care	**164,367**
CONSUMER DISCRETIONARY	
Retailers	
Kingfisher	11,311
Halfords	3,930
	15,241
Media	
RELX	92,175
	92,175
Household Goods and Home Construction	
Persimmon	17,103
Taylor Wimpey	15,690
	32,793
Travel and Leisure	
Young	2,475
	2,475
Total Consumer Discretionary	**142,684**

	Valuation 31 December 2024 £'000
TELECOMMUNICATIONS	
Telecommunications Service Providers	
Deutsche Telekom[1]	19,651
BT	14,045
Vodafone	12,973
Verizon Communications[1]	12,782
	59,451
Total Telecommunications	**59,451**
UTILITIES	
Electricity	
SSE	26,466
	26,466
Gas, Water and Multi-utilities	
National Grid	53,701
Severn Trent	28,842
United Utilities	10,515
	93,058
Total Utilities	**119,524**
FINANCIALS	
Banks	
HSBC	105,230
NatWest	71,373
Barclays	52,021
Lloyds Banking	51,493
Nationwide Building Society	
10.25% Var Perp CCDS	8,483
	288,600
Investment Banking and Brokerage Services	
M&G	51,389
IG	39,620
3i	35,640
Schroders	23,872
St. James's Place	19,519
Rathbones	14,940
TP ICAP	11,610
	196,590

Portfolio Information (continued)

Sector Breakdown of Investments (continued)

	Valuation 31 December 2024 £'000
Life Insurance	
Phoenix	44,028
Legal & General	43,662
Aviva	40,777
Prudential	7,642
	136,109
Non-life Insurance	
Munich Re[1]	28,985
Beazley	20,413
Direct Line Insurance	12,118
Hiscox	9,189
Sabre Insurance	6,555
	77,260
Total Financials	**698,559**
REAL ESTATE	
Real Estate Investment Trusts	
Land Securities	40,880
British Land	30,797
Segro	12,614
	84,291
Total Real Estate	**84,291**
TECHNOLOGY	
Software and Computer Services	
Sage	21,760
	21,760
Total Technology	**21,760**
TOTAL INVESTMENTS	**2,260,571**
UK investments	2,065,500
Overseas investments	195,071
TOTAL INVESTMENTS	**2,260,571**

1 Overseas listed

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

Additional Information

Principal Risks and Uncertainties

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

- Portfolio and market price
- Dividend income
- Investment activity, gearing and performance
- Tax and regulatory
- Operational

Information on these risks and how they are managed is given in the Annual Report for the year ended 30 June 2024. 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.

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.

Going Concern

The assets of the Company consist of securities that are readily realisable. The Directors have also considered the current geopolitical and macroeconomic uncertainties and the potential for sudden catastrophic events such as pandemics, conflict and climate events, 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.

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
20 February 2025

General Shareholder Information

Performance Details/Share Price Information

Details of the Company's share price and NAV can be found on the Company's website, www.cityinvestmenttrust.com and in the London Stock Exchange Daily Official List. The Company's NAV is published daily.

The market price of the Company's ordinary shares is published daily in The Financial Times and other leading newspapers. The Financial Times also shows figures for the estimated NAV and the premium/discount.

Shareholder Details

Shareholders who hold their shares in certificated form can check their shareholding with the Registrar, Computershare Investor Services PLC, via www.investorcentre.co.uk.

Financial Calendar

Annual results: September

Annual General Meeting: October

Half-year results: February

Dividends[1]

Ordinary shares:

- first interim payable on 30 November
- second interim payable on 28 February
- third interim payable on 31 May
- fourth interim payable on 31 August

Preference and preferred ordinary stocks:

- payable on 28 February and 31 August

[1] *Payments are made on the nearest working day prior to the dates indicated above*

Corporate Information

Registered Office

201 Bishopsgate
London EC2M 3AE

Service Providers

Alternative Investment Fund Manager

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201 Bishopsgate
London EC2M 3AE

Corporate Secretary

Janus Henderson Secretarial Services UK Limited
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London EC2M 3AE
Telephone: 020 7818 1818
Email: itsecretariat@janushenderson.com

Depositary and Custodian

HSBC Bank plc
8 Canada Square
London E14 5HQ

Stockbrokers

Cavendish Capital Markets Limited
1 Bartholomew Close
London EC1A 7BL

Registrar

Computershare Investor Services PLC
The Pavilions
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Bristol BS99 6ZZ
Telephone: 0370 889 3296
Email: WebCorres@computershare.co.uk

Investors with share certificates (i.e. not those with a share plan or ISA) can check their holding at www.investorcentre.co.uk

Independent Auditors

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25 Churchill Place
London E14 5EY

The City of London Investment Trust plc
201 Bishopsgate London EC2M 3AE

MANAGED BY
Janus Henderson
INVESTORS

58 YEARS
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