

Company Number: 34871

THE CITY OF LONDON INVESTMENT TRUST PLC

**REPORT
for the half year ended 31 December 2013
(unaudited)**

www.cityinvestmenttrust.com

THE CITY OF LONDON INVESTMENT TRUST PLC
Unaudited Results for the Half Year Ended 31 December 2013

Financial Highlights

Total Returns	Six Months to 31 December 2013	Year to 30 June 2013
Net asset value per ordinary share ("NAV") (1)	11.6%	23.8%
Average UK Growth & Income Investment Trust NAV (1) (3)	12.7%	26.0%
Relative NAV performance (percentage points)	(1.1)	(2.2)
Ordinary share price (1)	12.1%	21.5%
FTSE All-Share Index (2)	11.3%	17.9%

Dividend Yields	As at 31 December 2013	As at 30 June 2013
City of London (1)	3.8%	4.2%
Average UK Growth & Income Investment Trust (1) (3)	3.5%	3.8%
FTSE All-Share Index (2)	3.3%	3.5%
FTSE 350 Investment Companies Index (2)	2.4%	2.4%

	As at 31 December 2013	As at 30 June 2013
Ordinary share price	378.00p	344.00p
NAV per ordinary share	374.45p	343.58p
Premium	0.9%	0.1%
NAV per ordinary share (with debt at market value)	370.97p	339.12p
Premium (with debt at market value)	1.9%	1.4%
Gearing (at par value)	7.5%	7.9%

Net Asset Value Total Return	6 months %	3 years %	5 years %
The City of London Investment Trust plc (1)	11.6	51.2	117.3
Average UK Growth & Income Investment Trust (1) (3)	12.7	53.0	123.9
FTSE All-Share Index (2)	11.3	31.0	95.2
FTSE 350 Investment Companies Index (2)	8.3	20.4	96.3

Share Price Performance Total Return

Value of £1,000 with net income reinvested	6 months	3 years	5 years
The City of London Investment Trust plc (1)	1,121	1,478	2,289
Average UK Growth & Income Investment Trust (1) (3)	1,126	1,532	2,393
FTSE All-Share Index (2)	1,113	1,310	1,952
FTSE 350 Investment Companies Index (2)	1,083	1,204	1,963

Sources: (1) Statistics at Morningstar; (2) Datastream; (3) Size weighted average

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INTERIM MANAGEMENT REPORT

Chairman's Statement

Net Asset Value Total Return

UK economic growth accelerated during the six months helped by falling unemployment and a buoyant housing market. Overseas, the US economy continued to grow steadily, Europe improved but emerging markets were mixed. Against this background, the UK equity market, as measured by the FTSE All-Share Index, produced a return of 11.3% but British Government bonds, as measured by the Gilts-All Stock Index, produced a negative return of 0.9% as investors brought forward their expectations of a rise in UK interest rates.

City of London produced a net asset value total return of 11.6% which was 0.3 percentage points ahead of the FTSE All-Share Index. We were 1.1 percentage points behind the average for our investment trust sector mainly due to having less exposure to medium and small companies which have significantly outperformed. In addition, our gearing, which ranged between 6% and 8% and enhanced NAV performance, was less aggressive than some of our competitors.

Within the portfolio, there was particularly strong performance from holdings outside the FTSE 100 Index, such as Smiths News, Britvic and Greencore. On the other hand, the gas and electricity utilities, Centrica and SSE, were notable underperformers.

Earnings and Dividends

City of London's earnings per share increased by 5.7% to 5.95p reflecting the dividend growth from investments. So far this financial year, City of London has declared two interim dividends of 3.63p each. The quarterly rate will be reviewed by the Board before the third interim is declared at the end of March 2014.

Expenses

The ongoing charges ratio ("OCR"), which represents the investment management fee and other non-interest bearing expenses as a percentage of shareholders' funds, remains low compared with most other equity savings products. The OCR for the six months indicates a full year rate of 0.44% of net assets.

Material Events and Transactions During the Period

A total of 14,625,000 new shares were issued in the six months to 31 December 2013 at a premium to net asset value. A further 3,650,000 shares have been issued since the period end.

The Company also issued £35 million of fixed rate 15 year private placement notes (the "Notes") at an annualised coupon of 4.53%. The Notes provide City of London with better balance between its short and long-term debt and are expected to enhance long-term performance.

Additions were made to some existing holdings expected to benefit from the strengthening UK economy, such as Marks & Spencer and British Land, and a new holding was purchased in the housebuilder Berkeley Group. New holdings were also purchased in the IPO of Royal Mail and the issue of Nationwide Building Society equity instrument with an initial indicated yield of 10.25%. The holding in life insurer Aviva was sold.

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Interim Management Report (continued)

Chairman's Statement (continued)

Outlook for the six months to 30 June 2014

Some 70% of UK listed companies' profits are earned overseas and it is likely that the recent trends will continue with improving growth in most major economies. The momentum behind UK economic growth is encouraging but there may be doubts as to its sustainability given the large current account deficit and the rise in sterling which is unhelpful for exporters. Currently, wage growth is low and inflationary pressures are muted, but the point at which the base rate will have to rise has moved closer.

Share prices have risen faster than company profits over the last year and so the valuation of the market is less attractive than it was. However, equities should progress further as profits growth comes through. Moreover, dividend yields remain attractive relative to the alternatives in fixed interest and bank deposit rates and given dividend growth expected by consensus forecasts.

Philip Remnant
Chairman
19 February 2014

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Interim Management Report (continued)

Principal Risks and Uncertainties

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

- Investment activity and performance risk
- Financial risk
- Regulatory risk
- Operational risk

Information on these risks and how they are managed is given in the Annual Report and Financial Statements. In the view of the Board these principal risks and uncertainties 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:

- a) the condensed set of financial statements has been prepared in accordance with the Accounting Standards Board's statement "Half-Yearly Financial Reports";
- b) the interim management report includes a fair review of the information required by Disclosure and Transparency Rule 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- c) the interim management report includes a fair review of the information required by Disclosure and Transparency Rule 4.2.8R (disclosure of related party transactions and changes therein).

For and on behalf of the Board
Philip Remnant
Chairman
19 February 2014

THE CITY OF LONDON INVESTMENT TRUST PLC
Unaudited Results for the Half Year Ended 31 December 2013

Income Statement

for the half year ended 31 December 2013

	(Unaudited) Half year ended 31 December 2013			(Unaudited) Half year ended 31 December 2012			(Audited) Year ended 30 June 2013		
	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	-	87,313	87,313	-	52,137	52,137	-	126,310	126,310
Income from investments held at fair value through profit or loss	17,223	-	17,223	14,936	-	14,936	40,572	-	40,572
Other interest receivable and similar income	282	-	282	274	-	274	503	-	503
Gross revenue and capital gains	17,505	87,313	104,818	15,210	52,137	67,347	41,075	126,310	167,385
Management fees	(538)	(1,254)	(1,792)	(396)	(923)	(1,319)	(857)	(2,000)	(2,857)
Other administrative expenses	(358)	-	(358)	(331)	-	(331)	(629)	-	(629)
Net return on ordinary activities before finance charges and taxation	16,609	86,059	102,668	14,483	51,214	65,697	39,589	124,310	163,899
Finance charges	(789)	(1,657)	(2,446)	(763)	(1,598)	(2,361)	(1,549)	(3,247)	(4,796)
Net return on ordinary activities before taxation	15,820	84,402	100,222	13,720	49,616	63,336	38,040	121,063	159,103
Taxation on net return on ordinary activities	(68)	-	(68)	(78)	-	(78)	(331)	-	(331)
Net return on ordinary activities after taxation	15,752	84,402	100,154	13,642	49,616	63,258	37,709	121,063	158,772
Return per ordinary share - basic and diluted (note 2)	5.95p	31.86p	37.81p	5.63p	20.47p	26.10p	15.27p	49.02p	64.29p

The total columns of this statement represent the Income Statement of the Company. All revenue and capital items derive from continuing operations. No operations were acquired or discontinued during the year. The Company has no recognised gains or losses other than those recognised in the Income Statement and the Reconciliation of Movements in Shareholders' Funds.

The accompanying notes are an integral part of these financial statements

THE CITY OF LONDON INVESTMENT TRUST PLC
UNAUDITED RESULTS FOR THE HALF YEAR ENDED 31 DECEMBER 2013

Reconciliation of Movements in Shareholders' Funds

for the half year ended 31 December 2013

Half year ended 31 December 2013 (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 2013	64,496	172,471	2,707	615,689	31,034	886,397
Net return on ordinary activities after taxation	-	-	-	84,402	15,752	100,154
Issue of 14,625,000 new ordinary shares	3,656	49,712	-	-	-	53,368
Fourth interim dividend (3.63p per share) for year ended 30 June 2013 paid 31 August 2013	-	-	-	-	(9,423)	(9,423)
First interim dividend (3.63p per share) for year ended 30 June 2014 paid 30 November 2013	-	-	-	-	(9,713)	(9,713)
Unclaimed dividends over 12 years old	-	-	-	-	17	17
At 31 December 2013	68,152	222,183	2,707	700,091	27,667	1,020,800
Half year ended 31 December 2012 (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 2012	59,715	114,340	2,707	494,626	28,158	699,546
Net return on ordinary activities after taxation	-	-	-	49,616	13,642	63,258
Issue of 8,075,000 new ordinary shares	2,019	22,952	-	-	-	24,971
Fourth interim dividend (3.52p per share) for year ended 30 June 2012 paid 31 August 2012	-	-	-	-	(8,441)	(8,441)
First interim dividend (3.52p per share) for year ended 30 June 2013 paid 30 November 2012	-	-	-	-	(8,586)	(8,586)
Unclaimed dividends over 12 years old	-	-	-	-	138	138
At 31 December 2012	61,734	137,292	2,707	544,242	24,911	770,886
Year ended 30 June 2013 (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 2012	59,715	114,340	2,707	494,626	28,158	699,546
Net return on ordinary activities after taxation	-	-	-	121,063	37,709	158,772
Issue of 19,125,000 new ordinary shares	4,781	58,131	-	-	-	62,912
Fourth interim dividend (3.52p per share) for year ended 30 June 2012 paid 31 August 2012	-	-	-	-	(8,441)	(8,441)
First interim dividend (3.52p per share) for year ended 30 June 2013 paid 30 November 2012	-	-	-	-	(8,586)	(8,586)
Second interim dividend (3.52p per share) for year ended 30 June 2013 paid 28 February 2013	-	-	-	-	(8,735)	(8,735)
Third interim dividend (3.63p per share) for year ended 30 June 2013 paid 31 May 2013	-	-	-	-	(9,209)	(9,209)
Unclaimed dividends over 12 years old	-	-	-	-	138	138
At 30 June 2013	64,496	172,471	2,707	615,689	31,034	886,397

The accompanying notes are an integral part of these financial statements

THE CITY OF LONDON INVESTMENT TRUST PLC
UNAUDITED RESULTS FOR THE HALF YEAR ENDED 31 DECEMBER 2013

Balance Sheet

at 31 December 2013

	(Unaudited) 31 December 2013 £'000	(Unaudited) 31 December 2012 £'000	(Audited) 30 June 2013 £'000
Investments held at fair value through profit or loss			
Listed at market value in the United Kingdom	1,004,780	779,722	875,502
Listed at market value overseas	93,074	60,262	80,999
Investment in subsidiary undertakings	347	347	347
	-----	-----	-----
	1,098,201	840,331	956,848
	-----	-----	-----
Current assets			
Debtors	4,026	3,161	8,260
Cash at bank	-	-	179
	-----	-----	-----
	4,026	3,161	8,439
	-----	-----	-----
Creditors: amounts falling due within one year	(34,028)	(25,207)	(31,491)
	-----	-----	-----
Net current liabilities	(30,002)	(22,046)	(23,052)
	-----	-----	-----
Total assets less current liabilities	1,068,199	818,285	933,796
	-----	-----	-----
Creditors: amounts falling due after more than one year	(47,399)	(47,399)	(47,399)
	-----	-----	-----
Net assets	1,020,800	770,886	886,397
	=====	=====	=====
Capital and reserves			
Called-up share capital (note 3)	68,152	61,734	64,496
Share premium account	222,183	137,292	172,471
Capital redemption reserve	2,707	2,707	2,707
Other capital reserves	700,091	544,242	615,689
Revenue reserve	27,667	24,911	31,034
	-----	-----	-----
Equity shareholders' funds	1,020,800	770,886	886,397
	=====	=====	=====
Net asset value per ordinary share basic and diluted (note 4)	374.45p	312.18p	343.58p
	=====	=====	=====

The accompanying notes are an integral part of these financial statements

THE CITY OF LONDON INVESTMENT TRUST PLC
Unaudited Results for the Half Year Ended 31 December 2013

Cash Flow Statement

for the half year ended 31 December 2013

	(Unaudited) Half year ended 31 December 2013 £'000	(Unaudited) Half year ended 31 December 2012 £'000	(Audited) Year ended 30 June 2013 £'000
Net cash inflow from operating activities	18,021	15,564	36,042
Net cash outflow from servicing of finance	(2,403)	(2,370)	(4,805)
Net tax recovered	11	106	103
Net cash outflow from financial investment	(58,289)	(21,676)	(59,709)
Equity dividends paid	(19,119)	(16,889)	(34,833)
Net cash inflow from financing	55,087	25,409	61,631
	-----	-----	-----
(Decrease)/increase in net debt	(6,692)	144	(1,571)
	=====	=====	=====
Reconciliation of operating revenue to net cash inflow from operating activities			
Total return before finance costs and taxation	102,668	65,697	163,899
Less: capital return before finance charges and taxation	(86,059)	(51,214)	(124,310)
	-----	-----	-----
Net revenue return before finance charges and taxation	16,609	14,483	39,589
Decrease/(increase) in prepayments accrued income	2,587	1,988	(1,220)
Increase in other creditors	157	98	177
Management fees taken to capital	(1,254)	(923)	(2,000)
Overseas withholding tax	(78)	(82)	(504)
	-----	-----	-----
Net cash inflow from operating activities	18,021	15,564	36,042
	=====	=====	=====
Reconciliation of net cash flow to movement in net debt			
(Decrease)/increase in cash as above	(6,692)	144	(1,571)
Exchange movements	17	(23)	(175)
Net debt at beginning of the period	(71,856)	(70,110)	(70,110)
	-----	-----	-----
Net debt at end of the period	(78,531)	(69,989)	(71,856)
	=====	=====	=====
Represented by:			
Cash at bank and short term deposits less bank overdrafts	(31,132)	(22,590)	(24,457)
Debt falling due after more than one year	(47,399)	(47,399)	(47,399)
	-----	-----	-----
	(78,531)	(69,989)	(71,856)
	=====	=====	=====

The accompanying notes are an integral part of these financial statements

THE CITY OF LONDON INVESTMENT TRUST PLC
Unaudited Results for the Half Year Ended 31 December 2013

Notes

1. Accounting policy – Basis of preparation

The condensed set of financial statements has been prepared using the same accounting policies as are set out in the Company's Annual Report and Financial Statements for the year ended 30 June 2013.

The condensed set of financial statements has not been audited or reviewed by the Company's auditors.

2. Return per ordinary share

	(Unaudited) Half year ended 31 December 2013 £'000	(Unaudited) Half year ended 31 December 2012 £'000	(Audited) Year ended 30 June 2013 £'000
The return per ordinary share is based on the following figures:			
Revenue return	15,752	13,642	37,709
Capital return	84,402	49,616	121,063
	-----	-----	-----
Total	100,154	63,258	158,772
	=====	=====	=====
Weighted average number of ordinary shares in issue for each period	264,871,961	242,368,703	246,953,500
Revenue return per ordinary share	5.95p	5.63p	15.27p
Capital return per ordinary share	31.86p	20.47p	49.02p
	-----	-----	-----
Total return per Ordinary share	37.81p	26.10p	64.29p
	=====	=====	=====

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

3. Called-up share capital

During the half year ended 31 December 2013, 14,625,000 ordinary shares were issued for total proceeds of £53,368,000 (half year ended 31 December 2012: 8,075,000 ordinary shares issued for total proceeds of £24,971,000; year ended 30 June 2013: 19,125,000 ordinary shares issued for total proceeds of £62,912,000). The number of ordinary shares in issue at 31 December 2013 was 272,609,868.

4. 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 £1,020,800,000 (31 December 2012: £770,886,000; 30 June 2013: £886,397,000) and on 272,609,868 ordinary shares (31 December 2012: 246,934,868; 30 June 2013: 257,984,868) being the number of ordinary shares in issue at the end of the period.

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Unaudited Results for the Half Year Ended 31 December 2013

Notes (continued)

5. Transaction costs

Purchase transaction costs for the half year ended 31 December 2013 were £264,000 (half year ended 31 December 2012: £192,000; year ended 30 June 2013: £598,000). These comprise mainly stamp duty and commissions. Sale transaction costs for the half year ended 31 December 2013 were £25,000 (half year ended 31 December 2012: £36,000; year ended 30 June 2013: £93,000).

6. Dividend

A first interim dividend of 3.63p was paid on 30 November 2013. The second interim dividend of 3.63p (declared on 17 December 2013) will be paid on 28 February 2014 to shareholders on the register on 24 January 2014. The Company's shares went ex-dividend on 22 January 2014.

7. Related party transaction

The only related party arrangement currently in place is with Henderson Global Investors Limited for the provision of investment management, accounting, company secretarial and administration services. Other than fees payable in the ordinary course of business, there have been no material transactions with the related party affecting the financial position or performance of the Company during the six months.

8. Going concern

The directors believe that it is appropriate to adopt the going concern basis in preparing the financial statements. The assets of the Company consist mainly of securities that are readily realisable and, accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future.

9. Financial 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 2013 have been extracted from the latest published audited financial statements of the Company. Those financial statements have been delivered to the Registrar of Companies and included the report of the auditors, which was unqualified and did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006.

10.(a) 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 continues to recognise the importance of dividend income to shareholders.

(b) Company Status

The City of London Investment Trust plc is registered in England and Wales, No 34871, has its registered office at 201 Bishopsgate, London EC2M 3AE and is listed on the London and New Zealand Stock Exchanges. The SEDOL/ISIN number is GB0001990497.

(c) Directors and Secretary

The Directors of the Company are Philip Remnant (Chairman), Richard Hextall (Chairman of the Audit Committee), Simon Barratt, David Brief and Martin Morgan. The Secretary is Henderson Secretarial Services Limited, represented by David Rice ACIS.

(d) Details of the Company's share price and net asset value, together with general information about the Company, monthly fact sheets and data, copies of announcements, report and details of general meetings can be found at www.cityinvestmenttrust.com

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(e) Half year report

An update extracted from the Company's report for the half year ended 31 December 2013 will be posted to shareholders in February 2014. Copies of the half year announcement and the half year Update will be available on our website (www.cityinvestmenttrust.com) by the end of February 2014. Copies can also be requested thereafter from the Company Secretary at the Registered Office, 201 Bishopsgate, London EC2M 3AE.

Largest Investments

The 60 largest investments at 31 December 2013, convertibles and all classes of equity in any one company being treated as one investment, were as follows:

	Market value 31 December 2013 £'000		Market value 31 December 2013 £'000
Vodafone	59,250	British Sky Broadcasting	9,917
Royal Dutch Shell	58,163	Greene King	9,686
HSBC	54,648	Novartis	9,661
British American Tobacco	48,570	Marks and Spencer	9,482
GlaxoSmithKline	48,023	Provident Financial	8,932
Diageo	41,000	Hiscox	8,660
BP	40,020	Whitbread	8,440
Unilever	26,786	United Utilities	8,394
AstraZeneca	22,698	Smiths News	8,378
National Grid	20,488	Standard Life	8,091
Centrica	18,428	Tesco	8,024
Reed Elsevier	17,958	Severn Trent	7,673
Prudential	17,420	Nationwide Building Society	7,468
Rio Tinto	17,048	Next	7,358
BHP Billiton	16,821	Eni	7,275
Scottish & Southern Energy	16,783	Spirax-Sarco Engineering	7,198
Land Securities	14,934	Schroders	7,056
IMI	14,488	Sainsbury (J)	6,753
Legal & General	14,476	Segro	6,680
Pearson	14,416	Merck	6,649
Croda	12,899	Nestlé	6,645
Reckitt Benckiser	12,769	Daily Mail & General Trust	6,243
British Land	12,385	Direct Line	6,132
Imperial Tobacco	11,690	Munich Re	5,937
BAE Systems	11,528	Compass	5,808
BT	11,382	Cineworld	5,700
Barclays	11,150	Royal Mail	5,700
Phoenix Group	10,555	Siemens	5,381
Britvic	10,388	BBA	5,370
Amlin	10,096	Halma	5,130

These investments total £917,081,000 or 83.53% of the portfolio.

THE CITY OF LONDON INVESTMENT TRUST PLC
HALF YEAR REPORT
Unaudited Results for the Half Year Ended 31 December 2013

Sector Analysis of Portfolio as at 31 December 2013

	<u>%</u>
Financials	21.8
Consumer Goods	16.2
Consumer Services	12.5
Industrials	10.8
Oil & Gas	10.6
Health Care	7.9
Telecommunications	7.3
Utilities	7.2
Basic Materials	4.7
Technology	1.0

Total	100.0
	=====