THE CITY OF LONDON INVESTMENT TRUST PLC

HALF-YEAR REPORT
(unaudited)
for the half-year ended 31 December 2018
THE CITY OF LONDON INVESTMENT TRUST PLC

Unaudited Results for the Half-Year Ended 31 December 2018

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.

PERFORMANCE HIGHLIGHTS

<table>
<thead>
<tr>
<th></th>
<th>As at 31 December 2018</th>
<th>As at 30 June 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net asset value per ordinary share</td>
<td>376.6p</td>
<td>429.2p</td>
</tr>
<tr>
<td>Premium</td>
<td>2.2%</td>
<td>0.7%</td>
</tr>
<tr>
<td>Net asset value per ordinary share (debt at fair value)</td>
<td>372.6p</td>
<td>424.3p</td>
</tr>
<tr>
<td>Premium (debt at fair value)</td>
<td>3.3%</td>
<td>1.8%</td>
</tr>
<tr>
<td>Ordinary share price</td>
<td>385.0p</td>
<td>432.0p</td>
</tr>
<tr>
<td>Gearing (at par value)</td>
<td>11.9%</td>
<td>7.7%</td>
</tr>
</tbody>
</table>

Dividend yields

<table>
<thead>
<tr>
<th></th>
<th>As at 31 December 2018</th>
<th>As at 30 June 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>The City of London Investment Trust plc</td>
<td>4.7%</td>
<td>4.1%</td>
</tr>
<tr>
<td>AIC UK Equity Income Sector (Benchmark)</td>
<td>4.2%</td>
<td>3.7%</td>
</tr>
<tr>
<td>FTSE All-Share Index</td>
<td>4.5%</td>
<td>3.6%</td>
</tr>
<tr>
<td>UK Equity Income OEIC Sector</td>
<td>4.8%</td>
<td>4.1%</td>
</tr>
</tbody>
</table>

Sources: Morningstar for the AIC, Datastream

Total return performance to 31 December 2018

<table>
<thead>
<tr>
<th></th>
<th>6 months</th>
<th>1 year</th>
<th>3 years</th>
<th>5 years</th>
<th>10 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net asset value per ordinary share¹</td>
<td>-10.2</td>
<td>-10.1</td>
<td>11.1</td>
<td>23.5</td>
<td>167.9</td>
</tr>
<tr>
<td>AIC UK Equity Income sector average – net asset value²</td>
<td>-11.8</td>
<td>-10.5</td>
<td>10.9</td>
<td>21.8</td>
<td>168.4</td>
</tr>
<tr>
<td>Ordinary share price</td>
<td>-8.9</td>
<td>-8.5</td>
<td>12.6</td>
<td>24.7</td>
<td>185.2</td>
</tr>
<tr>
<td>FTSE All-Share Index</td>
<td>-11.0</td>
<td>-9.5</td>
<td>19.5</td>
<td>22.1</td>
<td>138.4</td>
</tr>
<tr>
<td>UK Equity Income OEIC sector average³</td>
<td>-12.1</td>
<td>-10.5</td>
<td>8.6</td>
<td>18.9</td>
<td>132.9</td>
</tr>
</tbody>
</table>

Sources: Morningstar for the AIC, Janus Henderson, Datastream

1. Using cum income fair value NAV
2. AIC UK Equity Income sector size weighted average NAV total return (shareholders’ funds)
3. The 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

Net Asset Value Total Return
The second half of 2018 was a difficult six months for equities with tightening monetary conditions globally leading to slower economic growth. In the UK, the Bank of England increased the Base Rate from 0.5% to 0.75%. Continuing uncertainty about the outcome of the negotiations to exit the European Union adversely affected investor confidence.

City of London produced a negative NAV total return of 10.2% but we did outperform the FTSE All-Share Index (negative 11.0%), the AIC UK Equity Income sector average (negative 11.8%) and the IA UK Equity OEIC sector average (negative 12.1%). Stock selection contributed positively by 2.2 percentage points to City of London’s performance relative to the FTSE All-Share Index but gearing detracted by 1.2 percentage points.

The biggest sector contributor was fixed line telecommunications with our holding of Verizon Communications being particularly beneficial. In the pharmaceutical sector, our stakes in Merck and Novartis were strong contributors balanced by the adverse effect of being under represented in AstraZeneca and not holding Shire. In general, international defensive stocks outperformed and our holdings in Nestlé, RELX and Coca-Cola were significant contributors. By contrast, our stakes in housebuilders and Real Estate Investment Trusts (REITs) were notable detractors over the six months.

Earnings and Dividends
City of London’s revenue earnings per share rose by 10.8% compared with the same period last year. So far this financial year, City of London has declared two interim dividends of 4.55p each. City of London’s diverse portfolio, strong cash flow and revenue reserve give the Board confidence that it will be able to increase the dividend for a fifty-third consecutive year. The quarterly rate will be reviewed by the Board before the third interim is declared in April 2019.

Expenses
A new management fee rate has been negotiated with our manager, Janus Henderson Investors. With effect from 1 January 2019, the fee rate has been reduced to 0.325% per annum of net assets. On the current level of assets, this equates to a reduction of around 10% from the previous fee arrangements which were 0.365% for the first £1 billion of net assets and 0.35% for net assets above £1 billion. As a result of the change in the management fee rate, the ongoing charge for the year to 30 June 2019 is expected to be lower than the previous financial year when it was 0.41%.

Material events and transactions during the period
A total of 6,825,000 new shares were issued in the six months to 31 December 2018 at a premium to net asset value.

The proceeds were invested in a mixture of additions to existing holdings as well as two new holdings. Notable additions were made in the mining sector to Rio Tinto and BHP which ended the period as our eleventh and twelfth largest holdings. Both companies are generating significant cash flow, being disciplined on capital expenditure and paying attractive dividends. The new holdings were St James’s Place, which provides financial services and advice, and Ferguson, which is UK listed with most of its business in the US where it is a leading distributor of building products. There were five complete disposals of holdings: the industrial groups Melrose and Low & Bonar, Swisscom (telecommunications), N Brown (retailer) and Supermarket Income REIT.

Since the period end, a further 6,225,000 shares have been issued.

Gearing increased during the period from 7.7% to 11.9% as advantage was taken of improved share price valuations with the overall weakness in the equity market. At 31 December 2018, all the fixed rate borrowings were fully invested and £38 million of the £120 million bank facility was drawn down.

Outlook for the six months to 30 June 2019
The world economy is still growing, albeit at a slower pace than many predicted a year ago. As a result, the trajectory of US interest rate increases has flattened significantly which is positive for investor sentiment. The lower oil price will also be helpful for consumers.
There is still considerable uncertainty about the outcome of the UK’s negotiations to exit the European Union. If there is a disorderly departure, it is likely that sterling will fall which would be beneficial for the many UK listed companies with overseas operations.

Equity valuations reflect the uncertainty about both Brexit and the global economic outlook. Dividends across City of London’s portfolio are expected on average to continue to grow at a satisfactory rate, yet the dividend yield of our portfolio remains considerably in excess of the yield in most areas of fixed interest and on bank deposit rates.

Philip Remnant CBE
Chairman
14 February 2019

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
- 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 2018. 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:

- 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).

For and on behalf of the Board
Philip Remnant CBE
Chairman
14 February 2019

For further information please contact:

Job Curtis  
Fund Manager  
The City of London Investment Trust plc  
Telephone: 020 7818 4367

Laura Thomas  
Investment Trust PR Manager  
Janus Henderson Investors  
Tel: 020 7818 2636

James de Sausmarez  
Director and Head of Investment Trusts  
Janus Henderson Investors  
Telephone: 020 7818 3349
INCOME STATEMENT

<table>
<thead>
<tr>
<th></th>
<th>Half-year ended 31 December 2018</th>
<th>(Unaudited)</th>
<th>Half-year ended 31 December 2017</th>
<th>(Unaudited)</th>
<th>Year ended 30 June 2018</th>
<th>(Audited)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Revenue return £’000</td>
<td>Capital return £’000</td>
<td>Total £’000</td>
<td>Revenue return £’000</td>
<td>Capital return £’000</td>
<td>Total £’000</td>
</tr>
<tr>
<td>(Losses)/gains on investments held at fair value through profit or loss</td>
<td>-</td>
<td>(180,861)</td>
<td>(180,861)</td>
<td>-</td>
<td>68,500</td>
<td>68,500</td>
</tr>
<tr>
<td>Income from investments held at fair value through profit or loss</td>
<td>31,871</td>
<td>-</td>
<td>31,871</td>
<td>27,774</td>
<td>-</td>
<td>27,774</td>
</tr>
<tr>
<td>Other interest receivable and similar income</td>
<td>131</td>
<td>-</td>
<td>131</td>
<td>90</td>
<td>-</td>
<td>90</td>
</tr>
<tr>
<td>Gross revenue and capital gains/(losses)</td>
<td>32,002</td>
<td>(180,861)</td>
<td>(148,859)</td>
<td>27,864</td>
<td>68,500</td>
<td>96,364</td>
</tr>
<tr>
<td>Management fees</td>
<td>(767)</td>
<td>(1,790)</td>
<td>(2,557)</td>
<td>(791)</td>
<td>(1,846)</td>
<td>(2,637)</td>
</tr>
<tr>
<td>Other administrative expenses</td>
<td>(389)</td>
<td>-</td>
<td>(389)</td>
<td>(406)</td>
<td>-</td>
<td>(406)</td>
</tr>
<tr>
<td>Net return/(loss) before finance costs and taxation</td>
<td>30,846</td>
<td>(182,651)</td>
<td>(151,805)</td>
<td>26,667</td>
<td>66,654</td>
<td>93,321</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(1,158)</td>
<td>(2,517)</td>
<td>(3,675)</td>
<td>(967)</td>
<td>(2,072)</td>
<td>(3,039)</td>
</tr>
<tr>
<td>Net return/(loss) before taxation</td>
<td>29,688</td>
<td>(185,168)</td>
<td>(155,480)</td>
<td>25,700</td>
<td>64,582</td>
<td>90,282</td>
</tr>
<tr>
<td>Taxation on net (loss)/return</td>
<td>(381)</td>
<td>-</td>
<td>(381)</td>
<td>(331)</td>
<td>-</td>
<td>(331)</td>
</tr>
<tr>
<td>Net return/(loss) after taxation</td>
<td>29,307</td>
<td>(185,168)</td>
<td>(155,861)</td>
<td>25,369</td>
<td>64,582</td>
<td>89,951</td>
</tr>
<tr>
<td>Return/(loss) per ordinary share (note 2)</td>
<td>8.20p</td>
<td>(51.79p)</td>
<td>(43.59p)</td>
<td>7.40p</td>
<td>18.84p</td>
<td>26.24p</td>
</tr>
</tbody>
</table>

The columns of this statement headed “Total” 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.
<table>
<thead>
<tr>
<th>Half-year ended 31 December 2018 (unaudited)</th>
<th>Called-up share capital £'000</th>
<th>Share premium account £'000</th>
<th>Capital redemption reserve £'000</th>
<th>Other capital reserves £'000</th>
<th>Revenue reserve £'000</th>
<th>Total £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 July 2018</td>
<td>88,603</td>
<td>520,701</td>
<td>2,707</td>
<td>855,851</td>
<td>53,135</td>
<td>1,520,997</td>
</tr>
<tr>
<td>Net (loss)/return after taxation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Issue of 6,825,000 new ordinary shares</td>
<td>1,706</td>
<td>26,007</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>27,713</td>
</tr>
<tr>
<td>Fourth interim dividend (4.55p per share) for year ended 30 June 2018 paid</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>31 August 2018</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>First interim dividend (4.55p per share) for year ended 30 June 2019 paid</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>30 November 2018</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>At 31 December 2018</td>
<td>90,309</td>
<td>546,708</td>
<td>2,707</td>
<td>670,683</td>
<td>49,948</td>
<td>1,360,355</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Half-year ended 31 December 2017 (Unaudited)</th>
<th>Called-up share capital £'000</th>
<th>Share premium account £'000</th>
<th>Capital redemption reserve £'000</th>
<th>Other capital reserves £'000</th>
<th>Revenue reserve £'000</th>
<th>Total £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 July 2017</td>
<td>84,853</td>
<td>461,753</td>
<td>2,707</td>
<td>832,011</td>
<td>48,598</td>
<td>1,429,922</td>
</tr>
<tr>
<td>Net return after taxation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Issue of 5,375,000 new ordinary shares</td>
<td>1,344</td>
<td>21,554</td>
<td>-</td>
<td>64,582</td>
<td>25,369</td>
<td>89,951</td>
</tr>
<tr>
<td>Fourth interim dividend (4.30p per share) for year ended 30 June 2017 paid 31 August 2017</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>First interim dividend (4.30p per share) for year ended 30 June 2018 paid 30 November 2017</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>At 31 December 2017</td>
<td>86,197</td>
<td>483,307</td>
<td>2,707</td>
<td>896,593</td>
<td>44,523</td>
<td>1,513,327</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year ended 30 June 2018 (Audited)</th>
<th>Called-up share capital £'000</th>
<th>Share premium account £'000</th>
<th>Capital redemption reserve £'000</th>
<th>Other capital reserves £'000</th>
<th>Revenue reserve £'000</th>
<th>Total £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 July 2017</td>
<td>84,853</td>
<td>461,753</td>
<td>2,707</td>
<td>832,011</td>
<td>48,598</td>
<td>1,429,922</td>
</tr>
<tr>
<td>Net return after taxation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Issue of 15,000,000 new ordinary shares</td>
<td>3,750</td>
<td>58,948</td>
<td>-</td>
<td>23,840</td>
<td>64,679</td>
<td>88,519</td>
</tr>
<tr>
<td>Fourth interim dividend (4.30p per share) for year ended 30 June 2017 paid 31 August 2017</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>First interim dividend (4.30p per share) for year ended 30 June 2018 paid 30 November 2017</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Second interim dividend (4.30p per share) for year ended 30 June 2018 paid 28 February 2018</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Third interim dividend (4.55p per share) for year ended 30 June 2018 paid 31 May 2018</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Unclaimed dividends over 12 years old</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>144</td>
<td>144</td>
</tr>
<tr>
<td>At 30 June 2018</td>
<td>88,603</td>
<td>520,701</td>
<td>2,707</td>
<td>855,851</td>
<td>53,135</td>
<td>1,520,997</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
**STATEMENT OF FINANCIAL POSITION**

<table>
<thead>
<tr>
<th></th>
<th>(Unaudited) 2018</th>
<th>(Unaudited) 2017</th>
<th>(Audited) 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Investments held at fair value through profit or loss (note 5)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Listed at market value in the United Kingdom</td>
<td>1,375,669</td>
<td>1,447,500</td>
<td>1,454,876</td>
</tr>
<tr>
<td>Listed at market value overseas</td>
<td>146,760</td>
<td>182,956</td>
<td>183,031</td>
</tr>
<tr>
<td>Investment in subsidiary undertakings</td>
<td>347</td>
<td>347</td>
<td>347</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,522,776</strong></td>
<td><strong>1,630,803</strong></td>
<td><strong>1,638,254</strong></td>
</tr>
</tbody>
</table>

|                        |                  |                  |                |
| **Current assets**     |                  |                  |                |
| Debtors                | 6,391            | 5,684            | 14,493         |
| Cash at bank           | -                | 8,226            | 68             |
| **Total**              | **6,391**        | **13,910**       | **14,561**     |

|                        | (43,087)         | (5,702)          | (6,105)        |
| **Creditors: amounts falling due within one year** |                  |                  |                |

|                        |                  |                  |                |
| **Net current (liabilities)/assets** | (36,696)         | 8,208            | 8,456          |

|                        |                  |                  |                |
| **Total assets less current liabilities** | **1,486,080**    | **1,639,011**    | **1,646,710**  |

|                        |                  |                  |                |
| **Creditors: amounts falling due after more than one year** | (125,725)        | (125,684)        | (125,713)      |

|                        |                  |                  |                |
| **Net assets**         | **1,360,355**    | **1,513,327**    | **1,520,997**  |

|                        |                  |                  |                |
| **Capital and reserves** |                  |                  |                |
| Called-up share capital (note 3) | 90,309           | 86,197           | 88,603         |
| Share premium account   | 546,708          | 483,307          | 520,701        |
| Capital redemption reserve | 2,707            | 2,707            | 2,707          |
| Other capital reserves  | 670,683          | 896,593          | 855,851        |
| Revenue reserve         | 49,948           | 44,523           | 53,135         |
| **Total**               | **1,360,355**    | **1,513,327**    | **1,520,997**  |

|                        |                  |                  |                |
| **Equity shareholders’ funds** |                  |                  |                |
| **Total**               | **1,360,355**    | **1,513,327**    | **1,520,997**  |

|                        |                  |                  |                |
| **Net asset value per ordinary share - basic and diluted (note 4)** | **376.6p**       | **438.9p**       | **429.2p**     |

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”, which was updated by the Association of Investment Companies in February 2018 with consequential amendments.

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 2018. 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

<table>
<thead>
<tr>
<th></th>
<th>(Unaudited)</th>
<th>(Unaudited)</th>
<th>(Audited)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Half-year</td>
<td>Half-year</td>
<td>Year ended</td>
</tr>
<tr>
<td></td>
<td>ended</td>
<td>ended</td>
<td></td>
</tr>
<tr>
<td>31 December 2018</td>
<td>31 December 2017</td>
<td>30 June 2018</td>
<td></td>
</tr>
<tr>
<td>£’000</td>
<td>£’000</td>
<td>£’000</td>
<td></td>
</tr>
</tbody>
</table>

The return per ordinary share is based on the following figures:

- **Revenue return**: £29,307 (£25,369; £64,679)
- **Capital (loss)/return**: (£185,168) (£64,582; 23,840)
- **Total**: (£155,861) (£89,951; 88,519)

- **Weighted average number of ordinary shares in issue for each period**
  - 357,545,059 (£342,759,597; £346,003,431)

- **Revenue return per ordinary share**: 8.20p (7.40p; 18.69p)
- **Capital (loss)/return per ordinary share**: (51.79p) (18.84p; 6.89p)
- **Total (loss)/return per ordinary share**: (43.59p) (26.24p; 25.58p)

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 2018, 6,825,000 ordinary shares were issued for total proceeds of £27,713,000 (half-year ended 31 December 2017: 5,375,000 ordinary shares issued for total proceeds of £22,898,000; year ended 30 June 2018: 15,000,000 ordinary shares issued for total proceeds of £62,698,000). The number of ordinary shares in issue at 31 December 2018 was 361,234,868.

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 £1,360,355,000 (31 December 2017: £1,513,327,000; 30 June 2018: £1,520,997,000) and on 361,234,868 ordinary shares (31 December 2017: 344,784,868; 30 June 2018: 354,409,868) being the number of ordinary shares at the period end.

5. 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 stock and preferred ordinary stock are carried in the statement of financial position at par.

At 31 December 2018, the fair value of the debenture stocks was £44,651,000 (31 December 2017: £47,510,000; 30 June 2018: £46,104,000).

The aggregate fair value of the preferred and preference stock was £2,630,000 (31 December 2017: £2,732,000; 30 June 2018: £2,717,000).

---

**Return per Ordinary Share**

<table>
<thead>
<tr>
<th></th>
<th>(Unaudited)</th>
<th>(Unaudited)</th>
<th>(Audited)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Half-year</td>
<td>Half-year</td>
<td>Year ended</td>
</tr>
<tr>
<td></td>
<td>ended</td>
<td>ended</td>
<td></td>
</tr>
<tr>
<td>31 December 2018</td>
<td>31 December 2017</td>
<td>30 June 2018</td>
<td></td>
</tr>
<tr>
<td>£’000</td>
<td>£’000</td>
<td>£’000</td>
<td></td>
</tr>
</tbody>
</table>
As at 31 December 2018, the fair value of the secured notes was estimated to be £92,803,000 (31 December 2017: £95,702,000; 30 June 2018: £94,033,000).

The valuations of the debenture stocks are obtained from brokers based on market prices. The valuations of the preferred and preference stock are from the Daily Official List quotations. The valuation of the secured loan 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 stock 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. 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.

### Financial assets at fair value through profit or loss at 31 December 2018

<table>
<thead>
<tr>
<th></th>
<th>Level 1 £'000</th>
<th>Level 2 £'000</th>
<th>Level 3 £'000</th>
<th>Total £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity investments</td>
<td>1,522,429</td>
<td>-</td>
<td>347</td>
<td>1,522,776</td>
</tr>
<tr>
<td>Total</td>
<td>1,522,429</td>
<td>-</td>
<td>347</td>
<td>1,522,776</td>
</tr>
</tbody>
</table>

### Financial assets at fair value through profit or loss at 31 December 2017

<table>
<thead>
<tr>
<th></th>
<th>Level 1 £'000</th>
<th>Level 2 £'000</th>
<th>Level 3 £'000</th>
<th>Total £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity investments</td>
<td>1,630,456</td>
<td>-</td>
<td>347</td>
<td>1,630,803</td>
</tr>
<tr>
<td>Total financial assets carried at fair value</td>
<td>1,630,456</td>
<td>-</td>
<td>347</td>
<td>1,630,803</td>
</tr>
</tbody>
</table>

### Financial assets at fair value through profit or loss at 30 June 2018

<table>
<thead>
<tr>
<th></th>
<th>Level 1 £'000</th>
<th>Level 2 £'000</th>
<th>Level 3 £'000</th>
<th>Total £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity investments</td>
<td>1,637,907</td>
<td>-</td>
<td>347</td>
<td>1,638,254</td>
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<tr>
<td>Total financial assets carried at fair value</td>
<td>1,637,907</td>
<td>-</td>
<td>347</td>
<td>1,638,254</td>
</tr>
</tbody>
</table>

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 2018.

6. **Transaction Costs**

Purchase transaction costs for the half-year ended 31 December 2018 were £484,000 (half-year ended 31 December 2017: £545,000; year ended 30 June 2018: £1,167,000). These comprise mainly stamp duty and commissions. Sale transaction costs for the half-year ended 31 December 2018 were £20,000 (half-year ended 31 December 2017: £35,000; year ended 30 June 2018: £75,000).

7. **Dividends**

A first interim dividend of 4.55p per ordinary share was paid on 30 November 2018. The second interim dividend of 4.55p per ordinary share (declared on 18 December 2018) will be paid on 28 February 2019 to shareholders on the register on 25 January 2019. The Company’s shares went ex-dividend on 24 January 2019.
8. 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.

9. Going Concern
The assets of the Company consist of securities that are readily realisable and, accordingly, the Directors believe that the Company has adequate resources to continue in operational existence for at least 12 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.

10. 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 2018 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.

11. General information
Company Status
The City of London Investment Trust plc is UK domiciled investment trust company.

The SEDOL/ISIN number is GB0001990497. The London Stock Exchange (TIDM) Code is CTY.

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

Legal Entity Identifier number (LEI) is 213800F3NOTF47H6AO55.

Company Registration Number
UK: 00034871
New Zealand: 1215729

Registered Office
201 Bishopsgate, London EC2M 3AE

Directors and Secretary
The Directors of the Company are Philip Remnant CBE (Chairman), Samantha Wren (Audit Committee Chair), Simon Barratt (Senior Independent Director), Robert Edward (Ted) Holmes and Martin Morgan.

The Corporate Secretary is Henderson Secretarial Services Limited, represented by Alix Nicholson ACIS.

Website
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, reports and details of general meetings can be found at www.cityinvestmenttrust.com

12. Half-Year Report
An abbreviated version of the half-year report, the 'Update', will be posted to shareholders in February 2019. The Update will also be available on the Company's website www.cityinvestmenttrust.com or in hard copy from the Company's registered office.
## FORTY LARGEST INVESTMENTS

<table>
<thead>
<tr>
<th>Company</th>
<th>Market value £'000</th>
<th>Company</th>
<th>Market value £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Royal Dutch Shell</td>
<td>99,548</td>
<td>Reckitt Benckiser</td>
<td>21,877</td>
</tr>
<tr>
<td>HSBC</td>
<td>67,994</td>
<td>Croda International</td>
<td>21,534</td>
</tr>
<tr>
<td>BP</td>
<td>57,391</td>
<td>Schroders</td>
<td>19,305</td>
</tr>
<tr>
<td>Diageo</td>
<td>55,336</td>
<td>Compass</td>
<td>19,010</td>
</tr>
<tr>
<td>Unilever</td>
<td>47,751</td>
<td>Hiscox</td>
<td>18,341</td>
</tr>
<tr>
<td>RELX</td>
<td>47,274</td>
<td>Carnival</td>
<td>18,251</td>
</tr>
<tr>
<td>Prudential</td>
<td>40,713</td>
<td>Imperial Brands</td>
<td>17,879</td>
</tr>
<tr>
<td>Lloyds Banking</td>
<td>39,302</td>
<td>St James’s Place</td>
<td>17,650</td>
</tr>
<tr>
<td>British American Tobacco</td>
<td>37,900</td>
<td>Nestlé</td>
<td>16,286</td>
</tr>
<tr>
<td>GlaxoSmithKline</td>
<td>37,727</td>
<td>SSE</td>
<td>16,222</td>
</tr>
<tr>
<td>Rio Tinto</td>
<td>30,158</td>
<td>BT</td>
<td>16,123</td>
</tr>
<tr>
<td>BHP</td>
<td>27,792</td>
<td>Merck</td>
<td>15,775</td>
</tr>
<tr>
<td>Verizon Communications</td>
<td>26,481</td>
<td>Persimmon</td>
<td>15,608</td>
</tr>
<tr>
<td>Vodafone</td>
<td>25,764</td>
<td>British Land</td>
<td>14,663</td>
</tr>
<tr>
<td>AstraZeneca</td>
<td>24,870</td>
<td>Barclays</td>
<td>14,074</td>
</tr>
<tr>
<td>Taylor Wimpey</td>
<td>24,525</td>
<td>Novartis</td>
<td>13,920</td>
</tr>
<tr>
<td>Land Securities</td>
<td>24,132</td>
<td>Anglo American</td>
<td>13,818</td>
</tr>
<tr>
<td>National Grid</td>
<td>23,943</td>
<td>Direct Line Insurance</td>
<td>13,528</td>
</tr>
<tr>
<td>BAE Systems</td>
<td>23,659</td>
<td>Spirax-Sarco Engineering</td>
<td>12,613</td>
</tr>
<tr>
<td>Phoenix</td>
<td>23,041</td>
<td>Whitbread</td>
<td>12,482</td>
</tr>
</tbody>
</table>

These investments total £1,114,260,000 or 73.2% 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

<table>
<thead>
<tr>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financials</td>
</tr>
<tr>
<td>Consumer Goods</td>
</tr>
<tr>
<td>Consumer Services</td>
</tr>
<tr>
<td>Oil &amp; Gas</td>
</tr>
<tr>
<td>Industrials</td>
</tr>
<tr>
<td>Health Care</td>
</tr>
<tr>
<td>Basic Materials</td>
</tr>
<tr>
<td>Telecommunications</td>
</tr>
<tr>
<td>Utilities</td>
</tr>
<tr>
<td>Technology</td>
</tr>
</tbody>
</table>

Total | 100.0 |

Source: Janus Henderson
## INVESTMENTS

<table>
<thead>
<tr>
<th>Company</th>
<th>31 December 2018 Market Value £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OIL &amp; GAS</strong></td>
<td></td>
</tr>
<tr>
<td>Oil &amp; Gas Producers</td>
<td></td>
</tr>
<tr>
<td>Royal Dutch Shell</td>
<td>99,548</td>
</tr>
<tr>
<td>BP</td>
<td>57,391</td>
</tr>
<tr>
<td></td>
<td><strong>Total Oil &amp; Gas</strong></td>
</tr>
<tr>
<td></td>
<td>156,939</td>
</tr>
</tbody>
</table>

| **BASIC MATERIALS**              |                                  |
| Chemicals                       |                                  |
| Croda International              | 21,534                           |
| Johnson Matthey                 | 5,658                            |
| Victrex                         | 5,344                            |
|                                  | **Total Basic Materials**        |
|                                  | 104,304                          |

| **INDUSTRIALS**                  |                                  |
| Aerospace & Defence             |                                  |
| BAE Systems                     | 23,659                           |
| Meggitt                          | 9,086                            |
|                                  | **Total INDUSTRIALS**            |
|                                  | 69,824                           |

| **Construction & Materials**     |                                  |
| Ibstock                          | 10,041                           |
| Marshalls                        | 4,570                            |
|                                  | **Total Construction & Materials**|
|                                  | 14,611                           |

| **Electronic & Electrical Equipment** | |
| Halma                             | 11,998                           |
| Renishaw                          | 8,776                            |
| XP Power                          | 3,157                            |
|                                  | **Total Electronic & Electrical Equipment** |
|                                  | 23,931                           |

| **General Industries**           |                                  |
| Swire Pacific¹                   | 8,376                            |
| Siemens¹                         | 7,424                            |
| Smiths                           | 6,893                            |
|                                  | **Total General Industries**     |
|                                  | 22,693                           |

| **Industrial Engineering**       |                                  |
| Spirax-Sarco Engineering         | 12,613                           |
| IMI                              | 8,587                            |
| Rotork                           | 3,962                            |
|                                  | **Total Industrial Engineering** |
|                                  | 25,162                           |

| **Industrial Transportation**    |                                  |
| Royal Mail                       | 6,738                            |
|                                  | **Total Health Care**            |
|                                  | 108,878                          |

| Support Services                 |                                  |
| Ferguson                         | 10,451                           |
| Paypoint                         | 4,045                            |
| De La Rue                        | 3,934                            |
| Connect                          | 2,137                            |
|                                  | **Total Support Services**       |
|                                  | 20,567                           |

| **CONSUMER GOODS**               |                                  |
| Beverages                        |                                  |
| Diageo                           | 55,336                           |
| Coca-Cola¹                       | 11,831                           |
| Britvic                          | 11,410                           |
|                                  | **Total CONSUMER GOODS**         |
|                                  | 78,577                           |

| **Household Goods & Home Construction** |                       |
| Taylor Wimpey                    | 24,525                          |
| Reckitt Benckiser                | 21,877                          |
| Persimmon                        | 15,608                          |
| Berkeley                         | 10,026                          |
|                                  | **Total Household Goods & Home Construction** |
|                                  | 72,036                          |

| **PERSONAL GOODS**               |                                  |
| Unilever                         | 47,751                           |
|                                  | **Total PERSONAL GOODS**         |
|                                  | 47,751                           |

| **Tobacco**                      |                                  |
| British American Tobacco         | 37,900                           |
| Imperial Brands                  | 17,879                           |
|                                  | **Total Tobacco**                |
|                                  | 55,779                           |

| **HEALTH CARE**                  |                                  |
| Health Care Equipment & Services |                                  |
| Smith & Nephew                   | 9,617                            |
|                                  | **Total HEALTH CARE**            |
|                                  | 9,617                            |

<p>| Pharmaceuticals &amp; Biotechnology  |                                  |
| GlaxoSmithKline                  | 37,727                           |
| AstraZeneca                      | 24,870                           |
| Merck¹                           | 15,775                           |
| Novartis¹                        | 13,920                           |
| Johnson &amp; Johnson¹               | 6,969                            |
|                                  | <strong>Total Pharmaceuticals &amp; Biotechnology</strong> |
|                                  | 99,261                           |</p>
<table>
<thead>
<tr>
<th>Company</th>
<th>31 December 2018</th>
<th>Market Value £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CONSUMER SERVICES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food &amp; Drug Retailers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>J Sainsbury</td>
<td>10,110</td>
<td></td>
</tr>
<tr>
<td>Greggs</td>
<td>6,397</td>
<td>16,507</td>
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<tr>
<td><strong>General Retailers</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marks &amp; Spencer</td>
<td>7,416</td>
<td></td>
</tr>
<tr>
<td>Kingfisher</td>
<td>5,926</td>
<td></td>
</tr>
<tr>
<td>Halfords</td>
<td>3,820</td>
<td></td>
</tr>
<tr>
<td>DFS</td>
<td>2,182</td>
<td>20,919</td>
</tr>
<tr>
<td>Pendragon</td>
<td>1,575</td>
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</tr>
<tr>
<td><strong>Total Utilities</strong></td>
<td></td>
<td>65,049</td>
</tr>
<tr>
<td><strong>Media</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RELX</td>
<td>47,274</td>
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</tr>
<tr>
<td>ITV</td>
<td>4,732</td>
<td></td>
</tr>
<tr>
<td>Daily Mail &amp; General</td>
<td>3,163</td>
<td>55,169</td>
</tr>
<tr>
<td><strong>Travel &amp; Leisure</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compass</td>
<td>19,010</td>
<td></td>
</tr>
<tr>
<td>Carnival</td>
<td>18,251</td>
<td></td>
</tr>
<tr>
<td>Whitbread</td>
<td>12,482</td>
<td></td>
</tr>
<tr>
<td>TUI</td>
<td>12,099</td>
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</tr>
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<td>Greene King</td>
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<tr>
<td>Cineworld</td>
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<tr>
<td>Go-Ahead</td>
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<tr>
<td>Ten Entertainment</td>
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<td>Young</td>
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</tr>
<tr>
<td>William Hill</td>
<td>1,958</td>
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<tr>
<td><strong>Total Consumer Services</strong></td>
<td></td>
<td>187,249</td>
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<tr>
<td><strong>TELECOMMUNICATIONS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed Line Telecommunications</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Verizon Communications¹</td>
<td>26,481</td>
<td></td>
</tr>
<tr>
<td>BT</td>
<td>16,123</td>
<td></td>
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<tr>
<td>Orange¹</td>
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<td></td>
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<td>Manx Telecom</td>
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<td><strong>Mobile Telecommunications</strong></td>
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<tr>
<td>Vodafone</td>
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<tr>
<td>Deutsche Telekom¹</td>
<td>10,501</td>
<td>36,265</td>
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<td><strong>Total Telecommunications</strong></td>
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<tr>
<td><strong>UTILITIES</strong></td>
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<tr>
<td>Electricity</td>
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<tr>
<td>SSE</td>
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<td>16,222</td>
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<tr>
<td><strong>Total Technology</strong></td>
<td></td>
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<tr>
<td><strong>FINANCIALS</strong></td>
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</tr>
<tr>
<td>Banks</td>
<td></td>
<td></td>
</tr>
<tr>
<td>HSBC</td>
<td>67,994</td>
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</tr>
<tr>
<td>Lloyds Banking</td>
<td>39,302</td>
<td></td>
</tr>
<tr>
<td>Barclays</td>
<td>14,074</td>
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</tr>
<tr>
<td>Nationwide Building Society</td>
<td>9,113</td>
<td>130,483</td>
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<tr>
<td>10.25%</td>
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<tr>
<td><strong>Total Financials</strong></td>
<td></td>
<td>364,792</td>
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<tr>
<td><strong>TECHNOLOGY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Software &amp; Computer Services</td>
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<td></td>
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<tr>
<td>Sage</td>
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<tr>
<td>Microsoft¹</td>
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<tr>
<td><strong>Total Technology</strong></td>
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<td>19,166</td>
</tr>
<tr>
<td><strong>TOTAL INVESTMENTS</strong></td>
<td></td>
<td>1,522,429</td>
</tr>
</tbody>
</table>

¹ Overseas listed
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.