

Annual Report 2024

The City of London Investment Trust plc



58
YEARS
CONTINUOUS
DIVIDEND GROWTH



MANAGED BY

Janus Henderson
INVESTORS



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Strategic Report

A nighttime photograph of a city skyline, featuring the prominent, illuminated The Shard skyscraper. The lights from the buildings are reflected in the water in the foreground. The sky is dark with some clouds. The overall scene is vibrant and modern.

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.

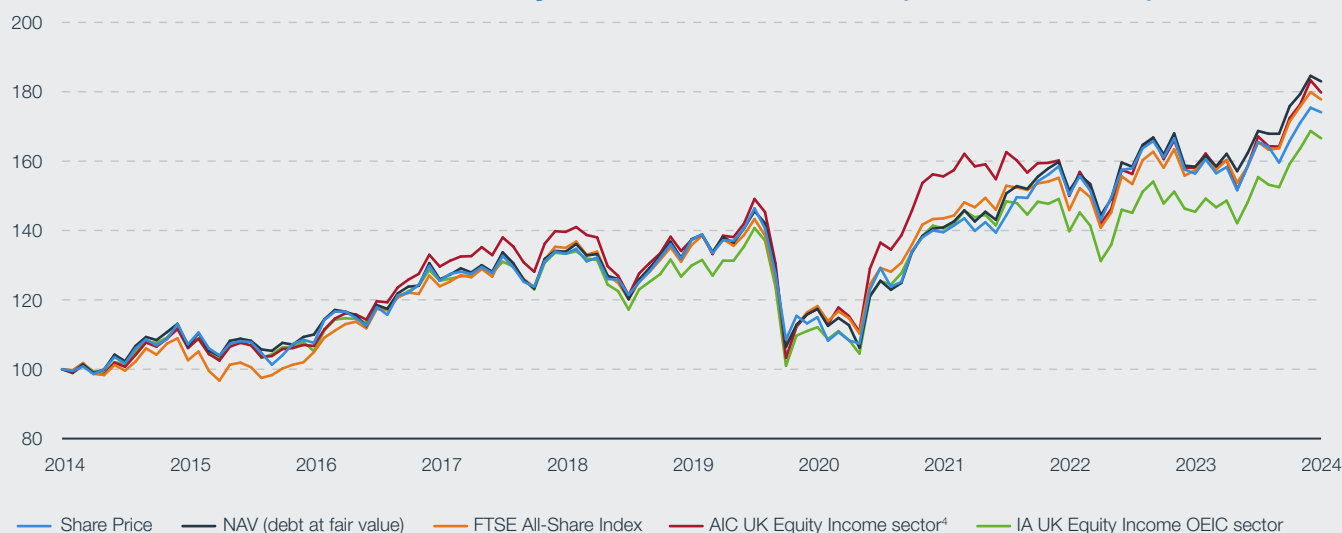


Performance at 30 June

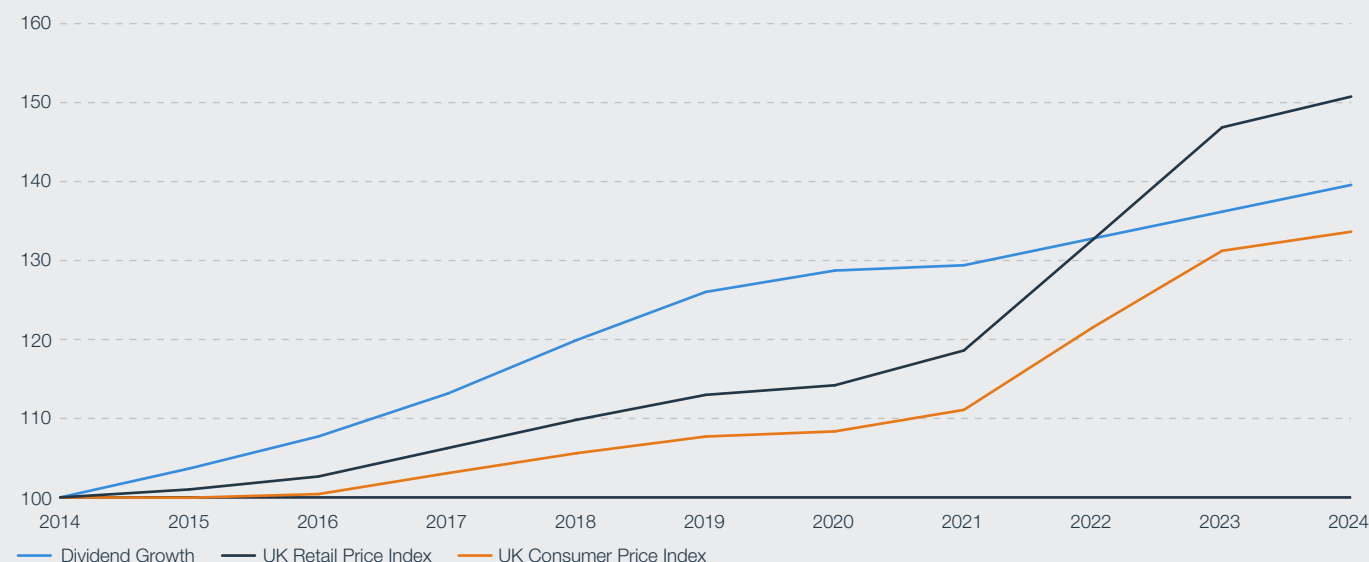
Total Return Performance for year to 30 June 2024

| | 2024 % | 2023 % |
|--|--------|--------|
| NAV ^{1,6} | 15.6 | 4.5 |
| Share price ^{2,6} | 11.3 | 4.1 |
| FTSE All-Share Index (Benchmark) | 13.0 | 7.9 |
| AIC UK Equity Income sector ³ | 12.6 | 8.1 |
| IA UK Equity Income OEIC sector | 14.6 | 4.0 |

Total Return Performance for 10 years to 30 June 2024 (rebased to 100)



Dividend Growth compared with the Retail Price Index (“RPI”) and Consumer Price Index (“CPI”) for the 10 years to 30 June 2024 (rebased to 100)





Performance at 30 June

NAV per share⁶

| | |
|---------------|---------------|
| 2024 | 2023 |
| 424.3p | 385.2p |

(Discount)/premium⁶

| | |
|---------------|-------------|
| 2024 | 2023 |
| (1.0)% | 3.1% |

NAV per share (debt at fair value)⁶

| | |
|---------------|---------------|
| 2024 | 2023 |
| 429.6p | 391.2p |

(Discount)/premium (debt at fair value)⁶

| | |
|---------------|-------------|
| 2024 | 2023 |
| (2.2)% | 1.5% |

Share price

| | |
|---------------|---------------|
| 2024 | 2023 |
| 420.0p | 397.0p |

Gearing at year end⁶

| | |
|-------------|-------------|
| 2024 | 2023 |
| 7.1% | 6.2% |

Revenue earnings per share

| | |
|--------------|--------------|
| 2024 | 2023 |
| 20.9p | 20.1p |

Dividends per share

| | |
|--------------|--------------|
| 2024 | 2023 |
| 20.6p | 20.1p |

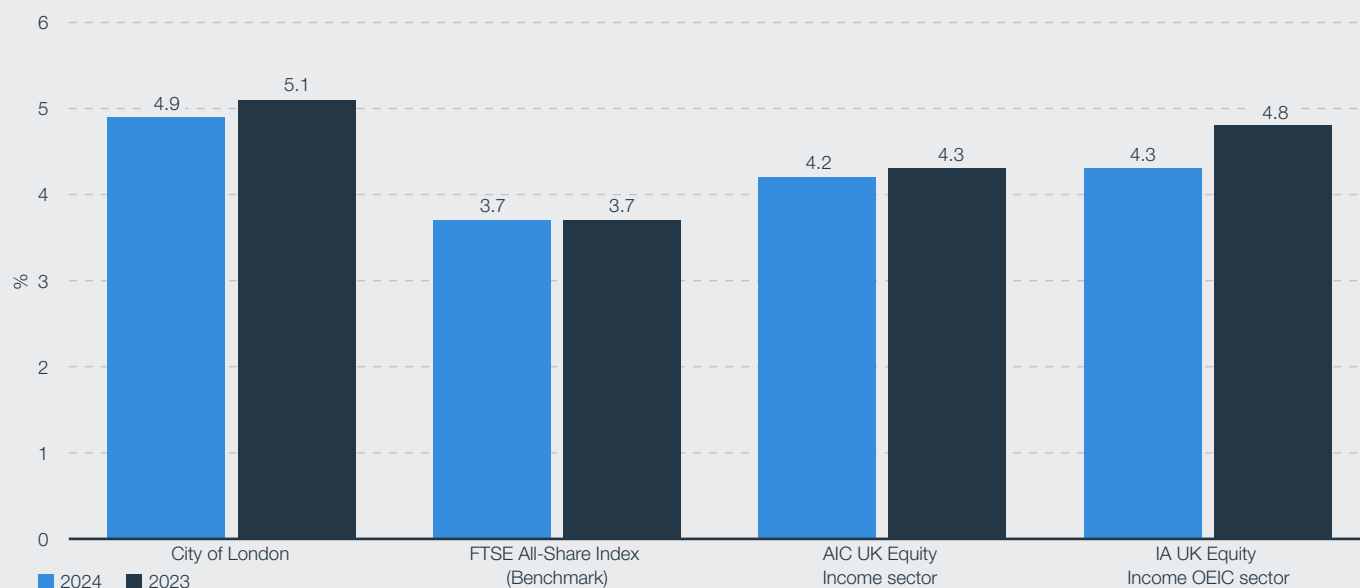
Ongoing charge for the year^{5,6}

| | |
|--------------|--------------|
| 2024 | 2023 |
| 0.37% | 0.37% |

Revenue reserve per share⁶

| | |
|-------------|-------------|
| 2024 | 2023 |
| 9.4p | 8.9p |

Dividend Yields



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 AIC UK Equity Income sector NAV total return calculated on a simple average basis
 5 Calculated using the methodology prescribed by the Association of Investment Companies ("AIC")
 6 Alternative Performance Measure

Sources: Morningstar Direct, Janus Henderson, Refinitiv Datastream

A glossary of terms is on page 91 and Alternative Performance Measures on pages 89 and 90

The City of London Story

A Brief History

The Company was formed as City of London Brewery Company in 1860 to acquire Calverts, a family brewing business at Upper Thames Street in the City of London, registering as a limited company in 1891. The brewery had extensive interests in the licensed premises trade.



Photo credit: Keith Osbourne

In 1932, the name was changed to The City of London Brewery and Investment Trust Limited, parts of the business having been sold and the proceeds invested in securities according to investment trust principles. In 1968, the remaining part of the brewery business was sold and the Company concentrated exclusively on investments in securities.

In 1970, the Company appointed Touche, Remnant & Co. as Investment Manager and in 1982 the name was changed to TR City of London Trust PLC. In 1992, Touche, Remnant & Co. was acquired by Henderson Administration Group plc. The name of the Company was changed to The City of London Investment Trust plc in October 1997.

The Company has grown significantly with a strong performance record. Invested mainly in UK equities with a bias towards large, multinational companies and a conservative approach to portfolio composition, it prioritises sustainable income and long-term capital growth.

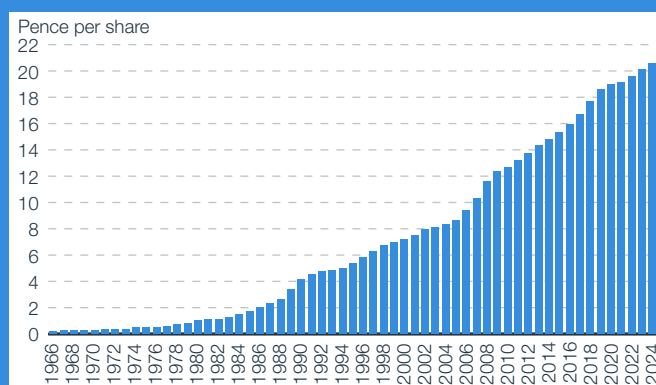


Photo credit: The Brewery History Society (custodians)

The Company has increased its dividend every year since 1966 and this 58 year record is the longest of any investment trust.

In May 2017, Henderson Group plc merged with Janus Capital Group Inc. to become Janus Henderson Group plc which is quoted on the New York and Australian Stock Exchanges.

City of London: 58 Years of Dividend Growth






Source: Janus Henderson

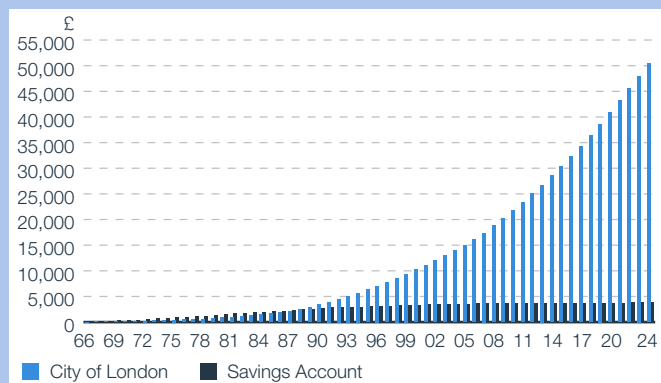
History of income growth

The summer of 1966 was significant for English football fans as it was the first (and most recent) time that England's mens team won the World Cup. It was also the start of City of London's dividend growth track record which has continued uninterrupted for 58 years.

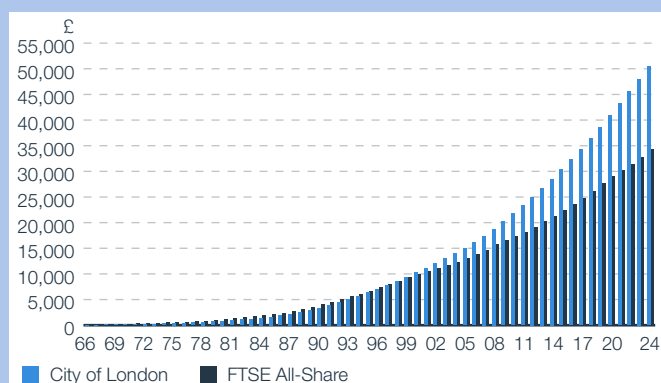
Over that time, an initial investment of:

-  **£1,000** in **CITY OF LONDON** has yielded investors **£50,500** in gross income, assuming that they had not reinvested their income.
-  This compares to just **£3,900** earned from a **SAVINGS ACCOUNT**, based on the Bank of England base rate, or
-  **£34,200** paid out by the **UK EQUITY MARKET**, as measured by the FTSE All-Share Index over the same period.

Cumulative income received from £1,000 initial investment



Source: Janus Henderson and Refinitiv Datastream

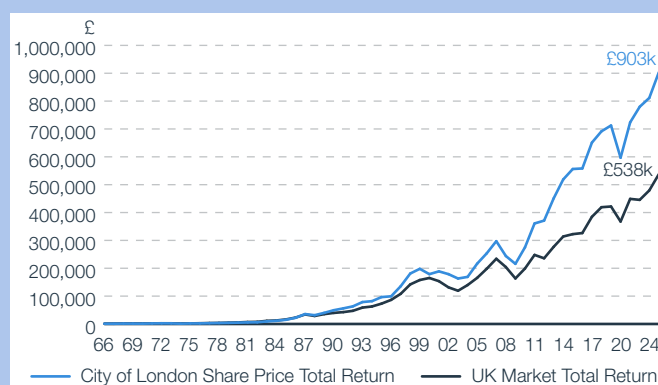


Source: Janus Henderson and Refinitiv Datastream

Compounding income and total return

While City of London has provided investors with a growing source of income, the Company has also delivered strong long-term capital growth on a total return basis. If investors had reinvested their dividends back into shares in the Company over the period since 1966, an initial investment of £1,000 would be worth £903,400 today. For comparison, an investment of £1,000 in the UK market, as measured by the Datastream UK Market Index (data for the FTSE All-Share Index total return only goes back to 1986) over 58 years would be worth £537,600 on a comparable total return basis. This comparison demonstrates a significant outperformance by City of London over the long term.

City of London total return from a £1,000 initial investment



Source: Janus Henderson and Refinitiv Datastream

Reserves

One of the main advantages of investment trusts is their ability to retain surplus income and create revenue reserves. These reserves can be added to in profitable years and paid out in the leaner years, thereby smoothing the level of dividend payments to shareholders where appropriate. While the investment process for City of London aims to avoid companies that cannot sustain dividend payments and the diversification of the portfolio limits the impact of any dividend cuts, the use of revenue reserves and the ability, also, to distribute capital reserves arising from gains realised from investments sold provide powerful protection for the dividend in challenging market conditions.

City of London's dividend growth track record and strong reserves position should give investors comfort over the long term.



Sir Laurie Magnus
Chairman

Chairman's Statement

“City of London’s total return of 15.6% outperformed the FTSE All-Share Index. The dividend was increased for the 58th consecutive year and fully covered by earnings per share.”

Chairman's Statement

City of London produced a net asset value ("NAV") total return of 15.6% outperforming the FTSE All-Share Index total return of 13.0%. City of London's NAV total return has exceeded the FTSE All-Share Index over 1, 3, 5 and 10 years. The dividend was increased for the 58th consecutive year and fully covered by earnings per share.

The Markets

Inflation fell in the main developed economies, but hopes that interest rates would be cut in the US and UK, in the first half of 2024, were disappointed. Central banks remained cautious given labour market strength and upward pressure on wages. The US economy, helped by its fiscal stimulus, showed stronger growth than the UK and Europe, but the outturn from China was weaker than expected. Despite the continuing war in Ukraine and rising tension in the Middle East, the prices of oil and other important commodities remained relatively stable.

Globally, stock markets were led higher by a small number of large US technology companies, especially those expected to benefit from the development of artificial intelligence ("AI"). The US S&P 500 Index returned 24.5% during the year, with a major element driven by AI considerations. The UK stock market, which has a relatively low exposure to technology stocks, produced a total return of 13.0%, as measured by the FTSE All-Share Index. The perceived low and therefore attractive valuation of UK equities, together with London's relatively open system for corporate control, prompted a number of takeovers from overseas buyers for UK companies. Merger and acquisition activity was particularly prevalent among medium-sized and small companies. The FTSE 250 Index of medium-sized companies, with a return of 13.9%, and the FTSE Small Cap Index, which returned 14.6%, slightly outperformed the FTSE 100 Index, comprising the largest companies, which returned 12.8%.

Performance

Earnings and Dividends

City of London's earnings per share increased by 3.6% to 20.9p. The growth in dividends from our holdings in bank shares was the most important positive contributor. Special dividends, accounted as revenue, amounted to £1.0 million, down from £1.9 million in the previous year and reflecting the corporate trend for effecting distributions through share buybacks rather than dividend payments.

City of London's annual dividend grew by 2.5% to 20.60p per share, slightly ahead of UK CPI inflation, and was covered by earnings per share. Over ten years, City of London's dividend has grown by 39.6% compared with a cumulative increase in UK CPI inflation of 33.8%. The Board fully understands the importance of growing the dividend in real terms through the economic cycle.

Expenses remained under tight control, with our ongoing charge of 0.37% being very competitive compared with other

actively managed funds. The Board agreed with the Company's Manager, Janus Henderson, to reduce the investment management fee rate from 0.325% to 0.300% with effect from 1 January 2024. The result of this lower management fee over 12 months is expected to reduce the ongoing charge in our current financial year.

The revenue reserve increased by £2.3 million to £46.6 million, with revenue reserves per share increasing by 5.8% to 9.43p. The Board considers that maintaining a revenue reserve surplus is important, particularly given the varied timing of dividend receipts throughout the year from investee companies. It is also mindful of the experience during the Covid pandemic when, in response to sudden dividend cuts and suspensions, it became necessary to draw on reserves to cover dividends paid to shareholders. It should be noted that the capital reserve arising from capital gains on investments sold, which could help fund dividend payments, rose by £1.7 million to £346.3 million.

NAV Total Return

City of London's NAV total return of 15.6% was 2.6% ahead of the FTSE All-Share Index. Gearing, which contributed positively by 0.25%, was financed mainly by our secured debt. The £30 million 2.67% secured notes (maturing in 2046) and the £50 million 2.94% secured notes (maturing in 2049) provide low-cost debt financing over the next quarter of a century for investment in equities.

Stock selection contributed by 2.6%. The biggest stock contributor to relative performance compared with the FTSE All-Share Index was 3i, the investor in private companies, whose biggest investment is in Action, a fast-growing discount retailer in Europe. The second biggest contributor was BAE Systems, the defence company, followed by NatWest, the bank. Wincanton, the logistics company, and Round Hill Music Royalties Fund, which were both taken over, were also notable contributors. The biggest detractor to relative performance was not owning Rolls Royce, the aero engine manufacturer which did not pay a dividend during the 12 months. The second biggest detractor was St. James's Place, which announced changes in the structure of its customer fees and a provision for compensation to those who had not had annual reviews. The third biggest detractor was Shell, where the portfolio was underweight relative to the Index.

During the year, taking account of the attraction of UK equities relative to comparable companies in other markets and as explained in more detail in the Fund Manager's Report, City of London's portfolio weighting in overseas listed stocks was reduced from 15% to 10%.

As mentioned in the introduction, City of London's NAV total return was ahead of the FTSE All-Share Index over 1, 3, 5 and 10 years. Against the AIC UK Equity Income sector average, City of London was ahead over 1, 3 and 5 years but behind over 10 years. Against the IA UK Equity Income OEIC average, City of London was ahead over 1, 3, 5 and 10 years.

Chairman's Statement (continued)

Share Issues and Buybacks

City of London's share price traded at a premium to NAV in the third quarter of 2023 and 5.3 million shares were issued for proceeds of £20.9 million. During the first half of 2024, City of London's shares traded at a discount to NAV and 8.3 million shares were bought back into treasury at a net cost of £34.4 million. Issuing shares at a premium and buying back at a discount enhances NAV. The Board's aim, subject to prevailing market conditions, is for the Company's share price to reflect closely its underlying net asset value while smoothing volatility and encouraging a liquid market in the shares. Over the past ten years, City of London has issued 218 million shares at a premium to NAV, increasing our share capital by 76%.

Environmental, Social and Governance

The Fund Manager and Deputy Fund Manager, supported by specialists at Janus Henderson, give careful consideration to environmental, social and governance ("ESG") related risks and opportunities when selecting stocks for the portfolio. The Board recognises that these risks are highly relevant to the long-term performance of City of London and of increasing concern to shareholders. An analysis by MSCI, a company widely used in the review of ESG factors, shows that City of London's portfolio as at 30 June 2024 had a lower weighted score for ESG risks than the FTSE All-Share Index. ESG related issues receive careful consideration at each Board meeting, including how shareholdings have been voted at investee company meetings. Further details of how ESG considerations are taken into account in the investment decision making process are provided on pages 32 to 35.

The Board

Having served nine years on the Board, Samantha Wren will retire at our Annual General Meeting on 31 October 2024. Samantha has been an outstanding Chair of the Audit and Risk Committee and I would like to thank her for her wise counsel. Sally Lake, who joined the Board on 1 August 2024, will succeed Samantha in this important role. Sally was Group Finance Director of Beazley plc, the FTSE 100 specialist insurance company, from 2019 to 2024.

Annual General Meeting

The 2024 Annual General Meeting ("AGM") will be held at the offices of Janus Henderson, 201 Bishopsgate, London EC2M 3AE on Thursday, 31 October 2024 at 2.00pm. The meeting will include a presentation by our Fund Manager, Job Curtis, and Deputy Fund Manager, David Smith. Any shareholder who is unable to travel is encouraged to join virtually by Zoom, the conference software provider. There will, as usual, be live voting for those physically present at the AGM, but we cannot offer live voting via Zoom because of technical restrictions. We therefore request all shareholders, and particularly those who cannot attend physically, to submit their votes by proxy to ensure their vote counts at the AGM.

Outlook

The US has been the engine of world economic growth over the last year, but there have been recent signs of weakness, for example in new jobs creation, which have introduced a degree of volatility into stock market confidence. There is scope for the US Federal Reserve to cut interest rates, but it is unclear how far the Federal government can maintain its current high expenditure funded from borrowings given that the fiscal deficit is already at record levels relative to GDP. Neither of the two US Presidential candidates seem likely to focus on cutting the deficit, but its continuing increase is only feasible if the dollar's status as the world's reserve currency continues.

UK economic growth has picked up during the second half of 2024 following a "technical" recession, with two quarters of declining GDP, in the second half of 2023. The recent General Election has ended a period of political uncertainty, delivering a majority government in contrast to the instability facing various European countries. The new government is aiming to increase economic growth, but will need to address major challenges which include static productivity and significant underinvestment in infrastructure. Recent public sector pay awards, which do not appear to be linked to productivity improvements, may in the short term make it more challenging to keep inflation at the 2% Bank of England target.

Geopolitical tensions remain heightened. The war in Ukraine continues and the conflict in the Middle East has the potential to escalate more widely. Relations between China and the western developed countries remain adversarial, with China's excess manufacturing capacity in areas such as electric vehicles becoming an increasing source of tension. The outcome of the US Presidential election in November, which clearly will have considerable implications for global markets, is currently very uncertain.

Although there has been some improvement in the performance of UK equities relative to their overseas equivalents, they continue to trade at a valuation discount. It is therefore not unreasonable to expect that the trend of takeover bids for UK companies by overseas buyers and private equity investors will continue.

The dividend yield from UK equities remains attractive relative to the main alternative investment options, particularly with UK bank deposit savings rates starting to decline. It is also notable that there have been satisfactory dividend increases announced during the recent half-year results season. Investors continue to be "paid to hold on" to UK equities.

City of London's portfolio is well diversified, with 64% of investee companies' revenues earned from overseas. The portfolio's core holdings include good quality and cash generative companies which can be expected to deliver reliable and competitive returns.

Sir Laurie Magnus CBE
Chairman
17 September 2024

Portfolio Snapshot

Forty Largest Investments as at 30 June 2024

The 40 largest investments, representing 80.68% of the portfolio, are listed below.

| Position | Company | Sector | Market value £'000 | Portfolio % |
|---------------|--------------------------|---|-----------------------|----------------|
| 1 | BAE Systems | Aerospace and Defence | 96,360 | 4.29 |
| 2 | Shell | Oil, Gas and Coal | 95,233 | 4.24 |
| 3 | RELX | Media | 92,836 | 4.13 |
| 4 | HSBC | Banks | 91,628 | 4.08 |
| 5 | Unilever | Personal Care, Drug and Grocery Stores | 81,451 | 3.63 |
| 6 | AstraZeneca | Pharmaceuticals and Biotechnology | 75,977 | 3.37 |
| 7 | 3i | Investment Banking and Brokerage Services | 74,351 | 3.31 |
| 8 | British American Tobacco | Tobacco | 64,395 | 2.87 |
| 9 | Tesco | Personal Care, Drug and Grocery Stores | 60,548 | 2.70 |
| 10 | BP | Oil, Gas and Coal | 59,875 | 2.67 |
| Top 10 | | | 792,654 | 35.29 |
| 11 | Imperial Brands | Tobacco | 58,161 | 2.59 |
| 12 | NatWest | Banks | 55,327 | 2.46 |
| 13 | Rio Tinto | Industrial Metals and Mining | 54,860 | 2.44 |
| 14 | Lloyds Banking | Banks | 51,456 | 2.29 |
| 15 | National Grid | Gas, Water and Multi-utilities | 49,922 | 2.22 |
| 16 | M&G | Investment Banking and Brokerage Services | 48,960 | 2.18 |
| 17 | Diageo | Beverages | 48,783 | 2.17 |
| 18 | Phoenix | Life Insurance | 45,110 | 2.01 |
| 19 | SSE | Electricity | 42,936 | 1.91 |
| 20 | GSK | Pharmaceuticals and Biotechnology | 41,679 | 1.86 |
| Top 20 | | | 1,289,848 | 57.42 |
| 21 | Barclays | Banks | 40,527 | 1.80 |
| 22 | Legal & General | Life Insurance | 38,573 | 1.72 |
| 23 | Aviva | Life Insurance | 35,745 | 1.59 |
| 24 | IG | Investment Banking and Brokerage Services | 35,196 | 1.57 |
| 25 | TotalEnergies | Oil, Gas and Coal | 31,708 | 1.41 |
| 26 | Land Securities | Real Estate Investment Trusts | 28,629 | 1.28 |
| 27 | Munich Re | Non-life Insurance | 28,496 | 1.27 |
| 28 | Glencore | Industrial Metals and Mining | 27,066 | 1.20 |
| 29 | Schroders | Investment Banking and Brokerage Services | 26,906 | 1.20 |
| 30 | Nestlé | Food Producers | 24,218 | 1.08 |
| Top 30 | | | 1,606,912 | 71.54 |
| 31 | Merck | Pharmaceuticals and Biotechnology | 23,983 | 1.07 |
| 32 | Severn Trent | Gas, Water and Multi-utilities | 23,790 | 1.06 |
| 33 | Novartis | Pharmaceuticals and Biotechnology | 22,254 | 0.99 |
| 34 | Anglo American | Industrial Metals and Mining | 21,267 | 0.94 |
| 35 | Swire Pacific | General Industrials | 20,973 | 0.93 |
| 36 | British Land | Real Estate Investment Trusts | 19,336 | 0.86 |
| 37 | Persimmon | Household Goods and Home Construction | 19,325 | 0.86 |
| 38 | Sage | Software and Computer Services | 18,605 | 0.83 |
| 39 | Taylor Wimpey | Household Goods and Home Construction | 18,260 | 0.81 |
| 40 | Britvic | Beverages | 17,716 | 0.79 |
| Top 40 | | | 1,812,421 | 80.68 |

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

Portfolio Snapshot (continued)

Classification of Investments and Portfolio Weighting as at 30 June 2024

| | | Portfolio % | FTSE All-Share Index % | Relative to the FTSE All-Share Index percentage points |
|-------------------------------|---|----------------|------------------------------|--|
| Energy | Oil, Gas and Coal | 8.8 | 11.1 | (2.3) |
| | | 8.8 | 11.1 | (2.3) |
| Basic Materials | Chemicals | 0.6 | 0.5 | 0.1 |
| | Industrial Metals and Mining | 4.6 | 6.3 | (1.7) |
| | Precious Metals and Mining | – | 0.3 | (0.3) |
| | | 5.2 | 7.1 | (1.9) |
| Industrials | Aerospace and Defence | 4.3 | 3.9 | 0.4 |
| | Automobiles and Parts | 0.3 | 0.1 | 0.2 |
| | Construction and Materials | 0.9 | 0.5 | 0.4 |
| | Electronic and Electrical Equipment | 1.6 | 1.1 | 0.5 |
| | General Industrials | 2.3 | 1.6 | 0.7 |
| | Industrial Engineering | 0.5 | 0.6 | (0.1) |
| | Industrial Support Services | 1.5 | 3.5 | (2.0) |
| | Industrial Transportation | – | 1.2 | (1.2) |
| | 11.4 | 12.5 | (1.1) | |
| Consumer Staples | Beverages | 3.5 | 2.7 | 0.8 |
| | Food Producers | 1.9 | 0.7 | 1.2 |
| | Personal Care, Drug and Grocery Stores | 7.3 | 7.3 | – |
| | Tobacco | 5.5 | 2.8 | 2.7 |
| | 18.2 | 13.5 | 4.7 | |
| Health Care | Medical Equipment and Services | 0.6 | 0.5 | 0.1 |
| | Pharmaceuticals and Biotechnology | 7.8 | 11.4 | (3.6) |
| | 8.4 | 11.9 | (3.5) | |
| Consumer Discretionary | Consumer Services | – | 1.4 | (1.4) |
| | Household Goods and Home Construction | 1.7 | 1.2 | 0.5 |
| | Leisure Goods | – | 0.2 | (0.2) |
| | Media | 4.1 | 4.2 | (0.1) |
| | Personal Goods | – | 0.2 | (0.2) |
| | Retailers | 0.8 | 1.6 | (0.8) |
| | Travel and Leisure | 0.1 | 1.9 | (1.8) |
| | 6.7 | 10.7 | (4.0) | |
| Telecommunications | Telecommunications Service Providers | 2.5 | 1.2 | 1.3 |
| | | 2.5 | 1.2 | 1.3 |
| Utilities | Electricity | 1.9 | 0.9 | 1.0 |
| | Gas, Water and Multi-utilities | 4.0 | 2.7 | 1.3 |
| | 5.9 | 3.6 | 2.3 | |
| Financials | Banks | 11.0 | 10.0 | 1.0 |
| | Closed End Investments | – | 6.2 | (6.2) |
| | Finance and Credit Services | – | 2.1 | (2.1) |
| | Investment Banking and Brokerage Services | 9.4 | 3.1 | 6.3 |
| | Life Insurance | 5.7 | 2.2 | 3.5 |
| | Non-life Insurance | 3.2 | 0.9 | 2.3 |
| | 29.3 | 24.5 | 4.8 | |
| Real Estate | Real Estate Investment Trusts | 2.8 | 2.2 | 0.6 |
| | Real Estate Investment and Services | – | 0.4 | (0.4) |
| | 2.8 | 2.6 | 0.2 | |
| Technology | Software and Computer Services | 0.8 | 1.3 | (0.5) |
| | | 0.8 | 1.3 | (0.5) |
| Total | | 100.0 | 100.0 | – |

Fund Manager's Report



Job Curtis
Fund Manager



David Smith
Deputy Fund Manager

“The portfolio is designed to continue growing City of London’s dividend and provide a competitive total return. We are encouraged by the quality of the companies and their prospects.”

Fund Manager's Report

Investment Background

The UK equity market, as measured by the FTSE All-Share Index, produced a total return of 13.0% over the 12 months. The UK economy entered a technical recession in the second half of 2023, with GDP declining for two quarters. The slowdown was mild, and the UK economy emerged at the beginning of 2024 to grow in line with Europe, but behind economic growth experienced in the US. Globally, two of the investment themes which most excited investors were artificial intelligence and weight-loss drugs. The narrow range of companies benefiting tended to be listed overseas with low or zero dividend yields.

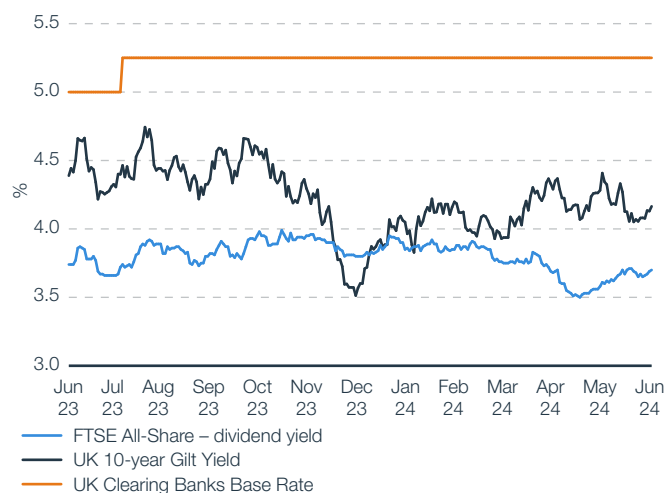
FTSE All-Share Index total return (rebased to 100)



Source: Refinitiv Datastream, as at 30 June 2024

The Bank of England increased the base rate to 5.25% in August 2023 when UK consumer price inflation stood at 6.7%. The base rate was unchanged for the rest of the 12-month period under review and inflation fell back to the 2% target in May 2024. The 10-year gilt yield, which fell to 3.6% at the end of December on premature hopes for interest rate cuts, ended the 12 months at 4.2%. The dividend yield of the FTSE All-Share Index was 3.7% at the end of June 2024, below the 10-year gilt yield and base rate, but with equities offering the prospect of dividend growth.

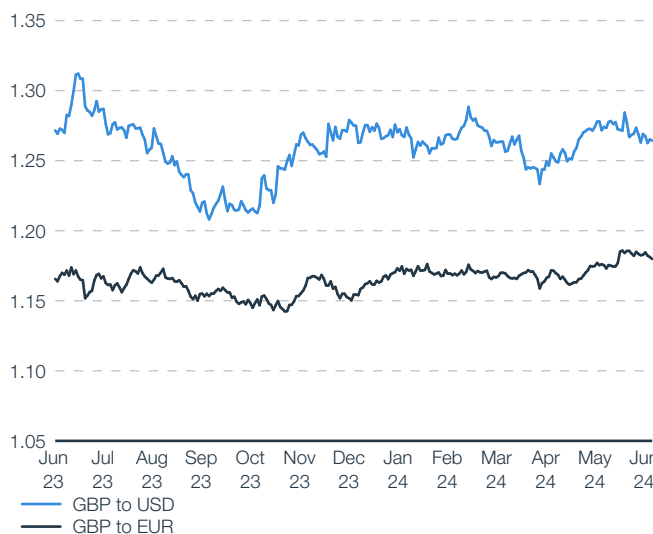
FTSE All-Share Index dividend yield, UK 10-year gilt yield and UK base rate



Source: Refinitiv Datastream, as at 30 June 2024

In recent years, during the period of exceptionally low interest rates, the Company was able to fix cheap rates of borrowing for long periods using the following secured notes: £35 million 4.53% 2029, £30 million 2.67% 2046 and £50 million 2.94% 2049. These borrowings remained almost completely invested in equities throughout the year. The HSBC overdraft facility, which is priced off the base rate, was either unutilised or drawn down by less than £10 million until February 2024, after which it was drawn down between £40 million to £45 million to take advantage of opportunities in equities.

UK £ vs US\$ and Euro



Source: Refinitiv Datastream, as at 30 June 2024

In contrast to the previous 12 months, when sterling fell to 1.07 against the US dollar during the short period when Liz Truss was Prime Minister, it was a quiet year on the foreign exchange market. Sterling's exchange rate against the US dollar started the 12 months at 1.27, fell to a low of 1.21 in October 2023 and recovered back to 1.26 by the end of June 2024. Against the euro, sterling was in a range of 1.14 to 1.19 over the 12 months.

Brent Crude Oil (ICE) US\$/bbl



Source: Refinitiv Datastream, as at 30 June 2024

Despite the continuing war in Ukraine and rising tensions in the Middle East, the oil price was in a range of \$73/bbl to \$97/bbl over the 12 months. Russia continued to export oil to some countries, such as China and India. Saudi Arabia restricted some of its output to prevent excess supply.

Fund Manager's Report (continued)

Performance Review

Estimated performance attribution (relative to FTSE All-Share Index total return)

| | 2024 % | 2023 % |
|-----------------------|--------|--------|
| Stock selection | +2.64 | -4.32 |
| Gearing | +0.25 | +1.13 |
| Expenses | -0.37 | -0.37 |
| Share issues/buybacks | +0.07 | +0.18 |
| Total | +2.59 | -3.38 |

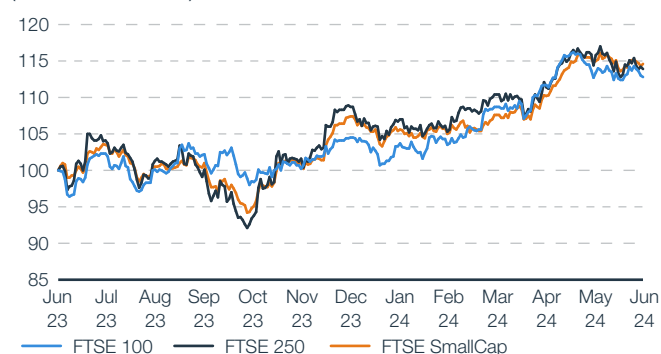
Source: Janus Henderson

The Company produced a net asset value total return of 15.57%, which was 2.59 percentage points (“pp”) better than the FTSE All-Share Index total return of 12.98%. Gearing contributed to performance by 0.25pp and stock selection by 2.64pp.

The biggest stock contributor to performance relative to the FTSE All-Share Index was 3i, the investor in private companies, which benefited from the outstanding growth of its investment in Action, a discount retailer in Europe. The second biggest contributor was BAE Systems, which is experiencing strong demand from many countries for defence equipment given the external threats. The third biggest contributor was NatWest, whose profitability was better than market expectations. The fourth and fifth biggest contributors were Wincanton and Round Hill Music Royalties, which were both taken over.

In contrast, the biggest stock detractor to performance relative to the FTSE All-Share Index was not holding Rolls Royce, the aero engine manufacturer, whose share price recovered well but still did not pay a dividend. The second biggest detractor was St. James's Place, which announced changes in the structure of its customer fees and a provision for compensation to those customers who had not had annual reviews. The third biggest detractor was being underweight in Shell, despite it ending the year as the second largest holding. The fourth and fifth biggest detractors were Schroders, the fund management company, and Nestlé, the food manufacturer.

FTSE 100, 250 and SmallCap Indices total return (rebased to 100)

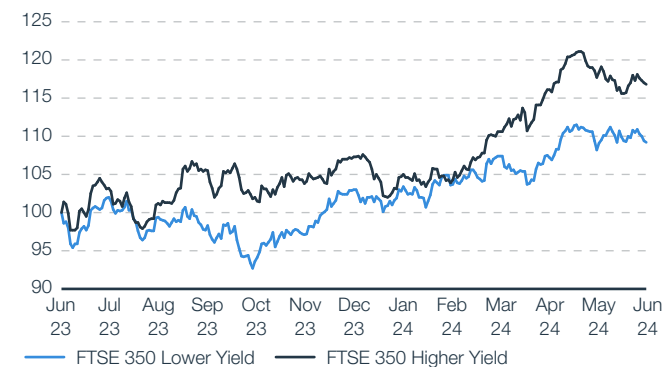


Source: Refinitiv Datastream, as at 30 June 2024

Large companies, as represented by the FTSE 100 Index, produced a total return of 12.8% over the 12 months, which

was slightly behind medium-sized companies, with the FTSE 250 returning 13.9%, and small companies, with the FTSE Small Cap returning 14.6%. A factor behind the outperformance of medium-sized and small companies was the large number of takeovers in this area of the market.

FTSE 350 Higher and Lower Yield (rebased to 100)



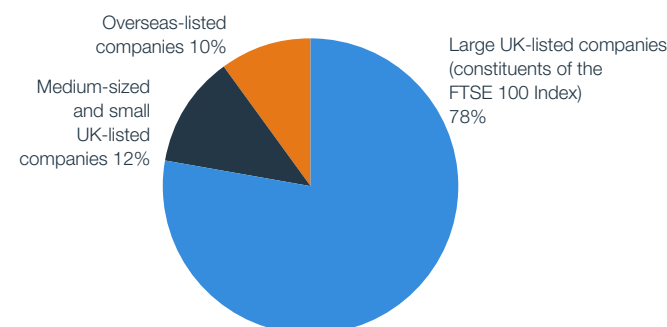
Source: Refinitiv Datastream, as at 30 June 2024

Higher yielding shares had a good year, as the chart above shows. The FTSE 350 Higher Yield Index (the higher dividend yielding half of the largest 350 companies listed in the UK) returned 16.8%. The FTSE 350 Lower Yield Index (the lower yielding half of the largest 350 shares listed in the UK) returned 9.2%. Notably outperforming sectors offering above average dividend yields included banks and oil and gas.

Portfolio Changes

In our view, UK shares were better value than overseas equivalents, possibly due to lack of demand from domestic institutional and retail investors. Some market strategists have estimated the UK valuation discount to have been around 20%. Evidence for this view could be seen in the large number of takeovers of UK companies from overseas corporates. Therefore, over the 12 months, the proportion of the portfolio invested in companies with their prime listing overseas was reduced from 15% to 10%. The proceeds were reinvested in UK equities, with the proportion in large UK-listed companies (included in the FTSE 100 Index) rising by three percentage points to 78%. The proportion in UK-listed medium-sized and small companies rose by two percentage points to 12%.

Distribution of the portfolio as at 30 June 2024



Source: Refinitiv Datastream, as at 30 June 2024

Fund Manager's Report (continued)

Financial companies (banks, insurers and financial services) remained the largest part of the portfolio and rose from 26.3% of the total to 29.3% over the 12 months. In the banks sector, significant additions were made to NatWest, where the share price valuation did not seem to discount our expectations of the level of profitability. In particular, structural hedges taken out when interest rates were low should be reset, when they mature, at higher interest rates supporting greater profits.

In the life insurance sector, a new holding was bought in Aviva, which is the largest general insurer and a leading life and pensions provider in the UK and the second largest general insurer in Canada. In our view, Aviva has scope to grow both volumes and margins in UK property and casualty insurance while its life insurance business provides a strong source of free cash flow as the required capital backing this business is released over time.

In the financial services sector (confusingly named in the index sector breakdown as "Investment Banking and Brokerage Services"), the holding in St. James's Place was reduced given the profit warnings and dividend cut. A smaller holding has been retained in the company, which is the UK's largest wealth manager, because it continues to have net inflows of new funds and may have significant share price recovery potential.

The portfolio's exposure to industrial companies was reduced over the year from 12.3% to 11.4%. The holding in Ferguson, the US building products distributor, was sold following its rerating after moving its prime listing from the London Stock Exchange to New York. We also sold Holcim, the building materials company listed in Switzerland, which rerated after it announced its intention to demerge and list its US operations on the New York Stock Exchange. A complete sale was made of Siemens, the industrial conglomerate, which in our view appeared fully valued, especially with the potential for a slowdown in demand from China. Wincanton, the logistics company, was sold after the agreed takeover from GXO of the US, following an earlier bid at a lower price from CME of France. A new holding was bought in Dowlais, which was spun out of Melrose, and is the former GKN auto components and powder metallurgy business. It is the world's leading supplier of drive systems, which transmit power to the wheels, required for both petrol and electric cars. In paper and packaging, DS Smith was bid for by Mondi before agreeing to be taken over by International Paper of the US. DS Smith and Mondi are both held in the portfolio.

In the oil and gas sector, a new holding was bought in ENI, which is headquartered in Italy, with global operations and, in our view, particularly good prospects for oil production growth. In contrast, the holding in Woodside was sold because of its focus on liquified natural gas where the market appeared well supplied, putting downward pressure on prices.

In the mining sector, the main development was a takeover approach for Anglo American, held in the portfolio, from BHP. Anglo American decided to focus on its own recovery plan rather than agree to a takeover from BHP, because it considered the structure of the bid to be flawed. The iron ore

price, which is dependent on demand from China and a key factor in profits for our holding in Rio Tinto, traded in a relatively narrow range over the 12 months.

Iron Ore (US\$/metric tonne)



Source: Refinitiv Datastream, as at 30 June 2024

In the telecommunications sector, a new holding was bought in BT, where strong free cash flow growth is expected as its fibre network is built up. Orange was sold given the potential for disruptive competition and price cutting in the French telecommunications market.

In the pharmaceuticals sector, the holding in Sanofi was sold after it downgraded profit expectations, possibly indicating previous underinvestment in research and development. The proceeds were reinvested in additions to the holdings in AstraZeneca and GSK.

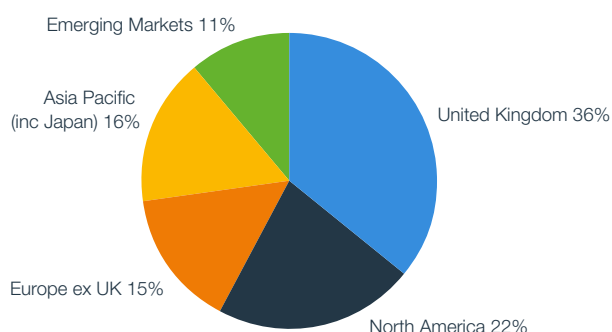
Three other new holdings were purchased. Hilton Food processes, packs and distributes meat and fish for food retailers. The business was started in the UK and now has operations in Continental Europe and Australasia. Hilton's supply chain expertise and category knowledge enables it to be cost competitive. Inchcape is a motor distributor in 40 countries with long-standing partnerships with some of the world's leading car manufacturers. It provides services such as logistics from port to showroom and distribution of parts. A small holding was bought in Burberry, the British fashion company, probably best known for its trench coats. The market for luxury fashion items has faced recent headwinds, especially with lower demand from Chinese customers. Burberry has made mistakes in its strategy of moving to higher priced products, but the brand has a long history. In our view, Burberry has significant recovery potential as its markets improve and the new management team develops a better strategy.

There were three other complete sales of holdings during the 12 months. La Française des Jeux, the French national lottery operator, was sold after it made a large acquisition of an online betting operator which, in our view, increased its risk profile. Cisco was sold on concern about a potential slowdown in sales to office campus networks. A complete sale was also made of Round Hill Music Royalties Fund following its agreed takeover, achieving a capital gain of 61% on a shareholding which was bought in June 2023.

Fund Manager's Report (continued)

Portfolio Outlook

Revenue exposure (%)



Source: Refinitiv Datastream, as at 30 June 2024

The portfolio remains well diversified with 64% of investee companies' revenues coming from overseas. The detailed split of revenue is UK 36%, North America 22%, Asia Pacific 16%, Europe 15% and Emerging Markets 11%.

Largest sector weightings

| | Portfolio % | FTSE All-Share Index % | Relative to the FTSE All-Share Index % |
|---|-------------|------------------------|--|
| Banks | 11.0 | 10.0 | +1.0 |
| Investment Banking and Brokerage Services | 9.4 | 3.1 | +6.3 |
| Oil, Gas and Coal | 8.8 | 11.1 | -2.3 |
| Pharmaceuticals and Biotechnology | 7.8 | 11.4 | -3.6 |
| Personal Care, Drug and Grocery Stores | 7.3 | 7.3 | - |
| Total | 44.3 | 42.9 | +1.4 |

Banks is the largest sector with a good flow of profits and dividends expected as they continue to benefit from the higher level of interest rates compared with most of the period since the global financial crisis of 2007 to 2009. Banks will always be vulnerable to economic shocks, but they have strengthened their capital ratios significantly over the last fifteen years. HSBC, where the majority of profits comes from Asia Pacific, is the largest bank holding and the fourth largest in the portfolio. In addition, NatWest (12th largest), Lloyds Banking (14th largest) and Barclays (21st largest) are also held.

The second largest sector is investment banking and brokerage services, which would be better described as financial services. The largest holding in this sector is 3i, the investor in private companies, which is the seventh largest holding in the portfolio. Its largest investment is in Action, the discount retailer in Europe, which has scope to continue opening new stores as well as lifting sales in existing stores. Also in this sector is M&G (16th largest), which is valued on a high dividend yield despite the cash generation from its life insurance business.

The third largest sector is oil and gas where the two largest holdings are Shell (second largest in the portfolio) and BP (10th largest). After the savage cuts in their dividends in 2020, both companies have grown their dividends from the reset lower bases and also bought back shares. They are also showing greater discipline in their investment in renewable energy. Key for both companies is the level and direction of the oil price. The world will still need oil for many years and natural gas will be an important transition fuel towards a lower carbon future. In the utilities sectors, National Grid (15th largest) and SSE (19th largest) are well placed to benefit from the electrification of energy infrastructure and the growth of renewable power.

Pharmaceuticals is the fourth largest sector, with AstraZeneca the sixth largest in the portfolio. AstraZeneca continues to be very successful in discovering and gaining approval for new medicines, especially for cancer. Its dividend yield is below average but has started to grow again. GSK is the 20th largest holding. It continues to be successful with vaccines and HIV medicines and has promising new drugs under development in other areas.

The fifth largest sector is personal care, drug and grocery stores where the largest holdings are Unilever (fifth largest in the portfolio) and Tesco (ninth largest). Unilever, the consumer products and food group, has a substantial presence in both developed and emerging markets. In recent years, it has divested some lower growth operations, improving its mix of businesses. Tesco, the UK's largest food retailer, is price competitive and a substantial cash generator.

The largest holding in the portfolio at the end of June 2024 was BAE Systems, the defence company. BAE's biggest market is the US followed by the UK and Saudi Arabia. It also has smaller but fast-growing sales with countries such as Japan, Australia and in Eastern Europe. Given the rising external threats, demand for the sophisticated products, equipment and systems made by BAE is likely to remain robust. RELX, the third largest holding, also enjoys structural growth characteristics as the provider of information and analytics for businesses, professionals and scientists. Both BAE and RELX are lower dividend yielding shares, which are balanced by the high yield and strong cash generation of British American Tobacco, which is pivoting to less harmful nicotine products.

Overall, the portfolio is designed to continue growing City of London's dividend and provide a competitive total return, including capital appreciation. It has a tilt towards stocks with an above average dividend yield, but some lower yielders are included within the mix for their growth potential. The portfolio is diversified both by geography and by sector. We are encouraged by the quality of the companies and their prospects.

Job Curtis
Fund Manager
17 September 2024

David Smith
Deputy Fund Manager

Portfolio Information

Sector Breakdown of Investments as at 30 June 2024

| | Valuation £'000 | | Valuation £'000 |
|--|--------------------|---|--------------------|
| ENERGY | | Industrial Support Services | |
| Oil, Gas and Coal | | PayPoint | 12,700 |
| Shell | 95,233 | Hays | 12,096 |
| BP | 59,875 | Inchcape | 8,185 |
| TotalEnergies ¹ | 31,708 | | 32,981 |
| ENI ¹ | 13,337 | | |
| | 200,153 | Total Industrials | 246,999 |
| Total Energy | 200,153 | | |
| BASIC MATERIALS | | CONSUMER STAPLES | |
| Chemicals | | Beverages | |
| Johnson Matthey | 8,770 | Diageo | 48,783 |
| Victrex | 3,997 | Britvic | 17,716 |
| | 12,767 | Coca-Cola ¹ | 11,076 |
| Industrial Metals and Mining | | | 77,575 |
| Rio Tinto | 54,860 | Food Producers | |
| Glencore | 27,066 | Nestlé ¹ | 24,218 |
| Anglo American | 21,267 | Hilton Food | 8,970 |
| | 103,193 | Tate & Lyle | 8,850 |
| Total Basic Materials | 115,960 | | 42,038 |
| INDUSTRIALS | | Personal Care, Drug and Grocery Stores | |
| Aerospace and Defence | | Unilever | 81,451 |
| BAE Systems | 96,360 | Tesco | 60,548 |
| | 96,360 | Reckitt Benckiser | 17,127 |
| Construction and Materials | | Burberry | 3,950 |
| lbstock | 12,693 | | 163,076 |
| Marshalls | 7,312 | Automobiles and Parts | |
| | 20,005 | Dowlais | 7,310 |
| Electronic and Electrical Equipment | | | 7,310 |
| Morgan | 12,824 | Tobacco | |
| IMI | 12,789 | British American Tobacco | 64,395 |
| Rotork | 5,891 | Imperial Brands | 58,161 |
| XP Power | 3,402 | | 122,556 |
| | 34,906 | Total Consumer Staples | 412,555 |
| General Industrials | | HEALTH CARE | |
| Swire Pacific ¹ | 20,973 | Medical Equipment and Services | |
| DS Smith | 12,420 | Smith & Nephew | 12,451 |
| Smiths | 10,224 | | 12,451 |
| Mondi | 7,592 | Pharmaceuticals and Biotechnology | |
| | 51,209 | AstraZeneca | 75,977 |
| Industrial Engineering | | GSK | 41,679 |
| Vesuvius | 11,538 | Merck ¹ | 23,983 |
| | 11,538 | Novartis ¹ | 22,254 |
| | | Johnson & Johnson ¹ | 12,020 |
| | | | 175,913 |
| | | Total Health Care | 188,364 |

¹ Overseas listed
All classes of equity in any one company are treated as one investment

Portfolio Information (continued)

| | Valuation £'000 | | Valuation £'000 |
|--|--------------------|--|--------------------|
| CONSUMER DISCRETIONARY | | FINANCIALS | |
| Retailers | | Banks | |
| Kingfisher | 11,311 | HSBC | 91,628 |
| Halfords | 4,212 | NatWest | 55,327 |
| DFS | 2,750 | Lloyds Banking | 51,456 |
| | 18,273 | Barclays | 40,527 |
| Media | | Nationwide Building Society 10.25% Var Perp CCDS | 8,523 |
| RELX | 92,836 | | 247,461 |
| | 92,836 | Investment Banking and Brokerage Services | |
| Household Goods and Home Construction | | 3i | 74,351 |
| Persimmon | 19,325 | M&G | 48,960 |
| Taylor Wimpey | 18,260 | IG | 35,196 |
| | 37,585 | Schroders | 26,906 |
| Travel and Leisure | | Rathbones | 15,120 |
| Young | 2,335 | St. James's Place | 12,285 |
| | 2,335 | | 212,818 |
| Total Consumer Discretionary | 151,029 | Life Insurance | |
| TELECOMMUNICATIONS | | Phoenix | 45,110 |
| Telecommunications Service Providers | | Legal & General | 38,573 |
| Deutsche Telekom ¹ | 16,424 | Aviva | 35,745 |
| Vodafone | 13,250 | Prudential | 8,618 |
| Verizon Communications ¹ | 13,056 | | 128,046 |
| BT | 12,627 | Non-life Insurance | |
| | 55,357 | Munich Re ¹ | 28,496 |
| Total Telecommunications | 55,357 | Beazley | 17,675 |
| UTILITIES | | Hiscox | 9,767 |
| Electricity | | Direct Line Insurance | 9,542 |
| SSE | 42,936 | Sabre Insurance | 7,135 |
| | 42,936 | | 72,615 |
| Gas, Water and Multi-utilities | | Total Financials | 660,940 |
| National Grid | 49,922 | REAL ESTATE | |
| Severn Trent | 23,790 | Real Estate Investment Trusts | |
| United Utilities | 11,791 | Land Securities | 28,629 |
| Pennon | 3,726 | British Land | 19,336 |
| | 89,229 | Segro | 16,153 |
| | 89,229 | | 64,118 |
| Total Utilities | 132,165 | Total Real Estate | 64,118 |
| TECHNOLOGY | | SOFTWARE AND COMPUTER SERVICES | |
| Software and Computer Services | | Sage | 18,605 |
| | 18,605 | | 18,605 |
| | 18,605 | Total Technology | 18,605 |
| | 18,605 | TOTAL INVESTMENTS | |
| | 18,605 | 2,246,245 | |

¹ Overseas listed

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

Historical Information

Total Return Performance to 30 June 2024

| | 1 year % | 3 years % | 5 years % | 10 years % |
|--|-------------|--------------|--------------|---------------|
| NAV per ordinary share ¹ | 15.6 | 29.9 | 33.1 | 83.0 |
| FTSE All-Share Index | 13.0 | 23.9 | 30.9 | 77.8 |
| AIC UK Equity Income sector average – NAV ² | 12.6 | 20.2 | 32.6 | 84.4 |
| IA UK Equity Income OEIC sector average | 14.6 | 18.5 | 28.3 | 66.6 |

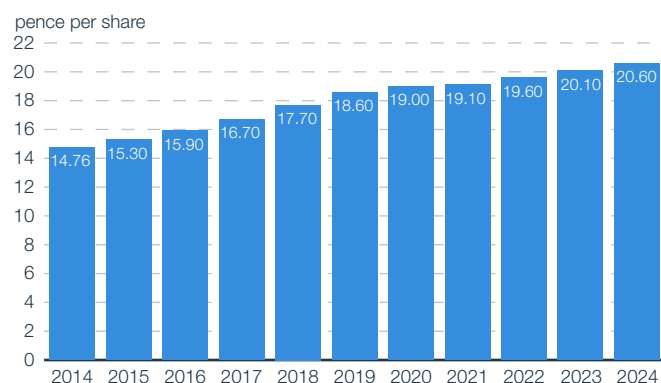
Share Price Performance Total Return to 30 June 2024

| Value of £1,000 with net income reinvested | 1 year £ | 3 years £ | 5 years £ | 10 years £ |
|--|-------------|--------------|--------------|---------------|
| The City of London Investment Trust plc ³ | 1,113.5 | 1,248.4 | 1,268.0 | 1,741.3 |
| FTSE All-Share Index | 1,129.8 | 1,239.0 | 1,309.3 | 1,778.2 |
| AIC UK Equity Income sector average | 1,098.7 | 1,156.1 | 1,291.6 | 1,757.9 |
| IA UK Equity Income OEIC sector average | 1,146.0 | 1,185.5 | 1,282.7 | 1,666.2 |

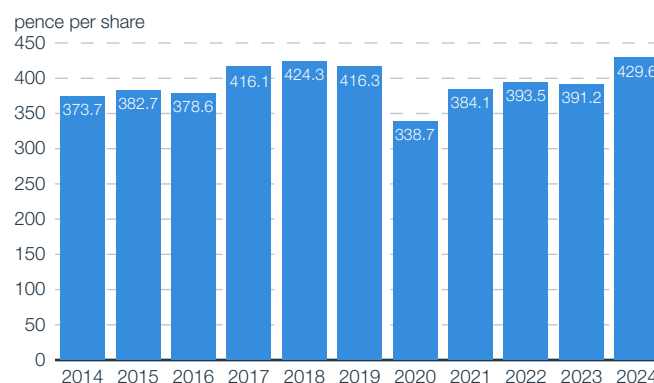
Ten Year Net Asset Value and Dividend Record

| Year ended | Net asset value per ordinary share (p) ⁴ | Net asset value per ordinary share (rebased) ⁵ | Net dividends per ordinary share (p) | Net dividends per ordinary share (rebased) ⁵ |
|---------------------|---|---|--------------------------------------|---|
| 30 June 2014 | 373.7 | 100.0 | 14.76 | 100.0 |
| 30 June 2015 | 382.7 | 102.4 | 15.30 | 103.7 |
| 30 June 2016 | 378.6 | 101.3 | 15.90 | 107.7 |
| 30 June 2017 | 416.1 | 111.3 | 16.70 | 113.1 |
| 30 June 2018 | 424.3 | 113.5 | 17.70 | 119.9 |
| 30 June 2019 | 416.3 | 111.4 | 18.60 | 126.0 |
| 30 June 2020 | 338.7 | 90.6 | 19.00 | 128.7 |
| 30 June 2021 | 384.1 | 102.8 | 19.10 | 129.4 |
| 30 June 2022 | 393.5 | 105.3 | 19.60 | 132.8 |
| 30 June 2023 | 391.2 | 104.7 | 20.10 | 136.2 |
| 30 June 2024 | 429.6 | 115.0 | 20.60 | 139.6 |

Historical dividend



Historical NAV⁴



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

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

3 Share price total return using mid-market closing price

4 Net asset value per ordinary share is calculated after deducting all prior charges, including the preference and preferred ordinary stocks, at fair value

5 Rebased to 100 at 30 June 2014

Sources: Morningstar Direct, Janus Henderson, Refinitiv Datastream

A glossary of Alternative Performance Measures is on pages 89 and 90

Business Review



Business Model

Our Purpose

The Company's purpose is to deliver growth in income and capital to shareholders by investing in equities listed on the London Stock Exchange. We do this by following a disciplined process of investment, by controlling costs and using borrowings to enhance returns.

Values and Culture

Good governance is at the heart of any company and is integral to ensuring its success and sustainability as a business. The Board aspires to follow high standards of governance, with a culture based upon openness, mutual respect, integrity, constructive challenge and trust. The Board seeks always to act in the best interests of shareholders and other stakeholders, making the most effective use possible of the diversity of skills and experience of the Directors. This culture of openness and constructive challenge extends to the Board's interaction with the Manager, being the Company's most important service provider. The Board expects the Manager and all of the Company's other service providers to hold values which align with the high standards promoted by the Board.

The Company has a number of policies and procedures in place to assist with maintaining a culture of good governance including those relating to Directors' conflicts of interest, Directors' dealings in the Company's shares, bribery (including the acceptance of gifts and hospitality) and tax evasion. The Board assesses and monitors compliance with these policies regularly through Board meetings and the annual evaluation process.

Structure

The Company operates as an investment company. Under this structure, the Board delegates operational matters to specialist third-party service providers. Their performance is monitored and challenged by an independent Board of Directors which retains oversight of the Company's operations.

The framework of delegation provides a cost-effective mechanism for delivering operations whilst allowing the Company to take advantage of the capital gains treatment afforded to investment trusts which are approved under Section 1158/9 of the Corporation Tax Act 2010 as amended ("Section 1158/9"). The closed-ended nature of the Company enables the Fund Manager to take a longer-term view on investments and supports a fully invested portfolio as the Company has no redemptions to meet. A significant advantage over other investment fund structures is the ability to use leverage to increase returns for shareholders.

The Board is accountable to shareholders, who have the ability to remove a Director from office where they deem it to be in the interests of the Company.

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.

Investment Policy

Asset allocation

While the Company will mainly invest in equities, there is the flexibility to invest in debt securities, such as convertibles, corporate bonds or government debt, if it is deemed that these will, at a particular time or for a particular period, enhance the performance of the Company in the pursuit of its objective.

The Company has a portfolio invested predominantly in larger companies. Typically at least 60% of the portfolio by value will be invested in large companies (being companies with a market capitalisation greater than £5 billion at the time of investment). The remainder of the portfolio will be invested in medium-sized and small companies. No more than 20% of the portfolio will be invested in overseas listed stocks.

There are no set limits on sector exposures, although the Board regularly monitors the Company's investments and the Manager's investment activity. The Manager primarily employs a bottom-up value-based investment process to identify suitable opportunities and pays particular regard to cash generation and dividends.

The portfolio yield will usually be between 10% and 30% above the average dividend yield for the UK equity market. There may be some holdings, selected for their above average growth potential, which have a dividend yield lower than the market.

Gearing

The Company will at times utilise limited gearing, both short and long term, in order to enhance performance. Other than in exceptional market conditions, gearing will not exceed 20% of net asset value at the time of draw down of the relevant borrowings. Up to 10% of the net assets can be held in cash.

Selling traded options where the underlying share is held in the portfolio can be used to generate income. Buying and selling FTSE 100 Index Futures can be used to increase or reduce gearing.

Diversification

The Company achieves an appropriate spread of investment risk principally through a broadly diversified portfolio.

The Company will not invest more than 15% of its portfolio in any single investment on acquisition, nor will it invest more than 15% of the portfolio in any other UK listed investment trusts or investment companies.

Any material change to the investment policy would require the prior approval of both shareholders and the FCA.

Business Model (continued)

The Company's Status

The Company is registered as a public limited company, founded in 1891, and is an investment company as defined in Section 833 of the Companies Act 2006 ("the Act"). The Company is not a close company. It operates as an investment trust in accordance with Section 1158/9 and has obtained approval from HMRC for its status. The Directors are of the opinion that the Company has conducted its affairs in compliance with Section 1158/9 since approval was granted and intends to continue to do so.

The Company is listed on the Main Market of the London Stock Exchange under the closed ended investment funds category and is subject to the UK Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules published by the Financial Conduct Authority ("FCA"). The Company was also listed on the New Zealand Stock Exchange until 21 March 2024, when the New Zealand shareholder register was transferred to the UK. The Company is a member of the Association of Investment Companies ("AIC").

The Company and the Board are governed by its Articles of Association, amendments to which must be approved by shareholders by way of a special resolution.

The Board

It is the Company's aim to have an appropriate level of diversity in the boardroom. The current Directors have a diverse range of experience and skills, bringing knowledge of investment management, financial markets, accounting and auditing, risk and governance, and marketing and distribution expertise to discussions on the Company's business. At the date of this report, the Board comprises six Directors, of which three are male and three are female.

The Nominations Committee considers diversity in its broadest sense when making recommendations for appointments to the Board. The Board's prime responsibility is the strength of the Board and its overriding aim in making any new appointments must always be to select the best candidate based on objective criteria and merit. See page 53 for further details of the Board's Diversity and Inclusion Policy and compliance with recommended diversity targets.

The Company has no employees and, therefore, has nothing further to report in respect of gender representation within the Company. Details of Janus Henderson's diversity and inclusion initiatives can be found on its website at www.janushenderson.com/corporate/who-we-are/diversity-equity-and-inclusion/.

Benefits

The Company's business model offers numerous advantages:

- it provides investors with access to a professionally and actively managed portfolio of assets;
- it offers investors exposure to large UK companies;
- it enables investors to spread the risks of investing;
- it enhances returns to investors by operating as an approved investment trust meaning no capital gains tax is paid on the realisation of investments;
- the closed end structure allows the Fund Manager to take a longer-term view on investments and remain fully invested;
- the ability to draw on revenue reserves to support the payment of dividends;
- the ability to use leverage to increase returns for investors; and
- oversight by a Board of Directors wholly independent of the Manager.

Arrangements with the Manager

The Company is an Alternative Investment Fund ("AIF") in accordance with the Alternative Investment Fund Manager Directive ("AIFMD"). The Board has appointed Janus Henderson Fund Management UK Limited ("JHFM") to act as its Alternative Investment Fund Manager. JHFM delegates investment management services to Janus Henderson Investors UK Limited. Both entities are authorised and regulated by the FCA, and form part of the Janus Henderson group of companies. References to "Janus Henderson" or the "Manager" refer to the services provided to the Company by the Manager's group.

The Manager is engaged under the terms of an agreement effective from 15 February 2024. The previous agreement dated July 2014 has been amended and restated to reflect current regulation and industry standards, with no changes to terms affecting the relationship with the Manager. The agreement is terminable by JHFM on six months' notice. The Company may terminate the agreement on three months' notice without compensation.

With effect from 1 January 2024, the management fee was changed to 0.3% per annum of net assets under management on the first £3 billion of assets and 0.275% on any excess over £3 billion of net assets under management. Prior to this, the management fee was 0.325% per annum of net assets under management. Fees are payable quarterly in arrears based on the level of net assets at the relevant quarter end. There is no performance fee arrangement in place.

Janus Henderson and its subsidiaries also provide accounting, company secretarial and general administrative services. Some of the administration and accounting services are carried out, on behalf of the Manager, by BNP Paribas.

Janus Henderson Secretarial Services UK Limited, a subsidiary of Janus Henderson Investors, acts as the Corporate Secretary. It has its own reporting lines and audited internal controls. There are processes and controls in place to ensure that there is a clear distinction between the Corporate Secretary and Janus Henderson, particularly when dealing with any conflicts or issues between the Company and Janus Henderson.

Business Model (continued)

Investment Approach

Our Fund Manager, Job Curtis, has managed the Company's portfolio since 1 July 1991. He is a member of Janus Henderson's Global Equity Income team and is assisted by David Smith, who has been Deputy Fund Manager since 2021. He manages the portfolio in a conservative way, focusing on companies with cash-generative businesses able to grow their dividends with attractive yields. The portfolio is well diversified. At 30 June 2024, 78% of the portfolio was in FTSE 100 companies (compared with 75% at 30 June 2023) and it remains biased towards companies with international exposure invested in economies likely to grow faster than the UK. In order to provide a stable and reliable income, the portfolio aims to provide shareholders with dividends between 10% and 30% higher than the FTSE All-Share Index.

The Fund Manager is committed to maintaining a diversified portfolio and has structured the portfolio so that shareholders stand to gain in the short term through quarterly dividends, while long-term capital appreciation is central to stock-picking decisions.

Liquidity and Discount Management

Our aim is for the Company's share price to reflect closely its underlying net asset value, and also to reduce volatility and encourage a liquid market in the shares. The ability to influence this meaningfully over the longer term is, of course, limited. However, the Board intends, subject always to the overall impact on the portfolio, the pricing of other investment companies and general market conditions, to consider issuance and buybacks within a narrow band relative to net asset value. We believe that flexibility is important and that it is not in shareholders' interests to have a specific issuance and buyback policy.

Borrowings

The Company has a borrowing facility of £120.0 million (2023: £120.0 million) with HSBC Bank plc, of which £41.0 million was drawn at the year end (2023: £9.0 million).

The Company has £114.3 million (2023: £114.2 million) of secured notes in issue (fair value of the loan notes: £87.1 million (2023: £83.3 million)).

The level of borrowing at 30 June 2024 was 7.5% of net asset value with debt at par (2023: 6.5%) and 6.2% with debt at fair value (2023: 4.9%).

Approval

The Strategic Report, set out on pages 1 to 35, has been approved by the Board.

On behalf of the Board

Sir Laurie Magnus CBE
Chairman
17 September 2024

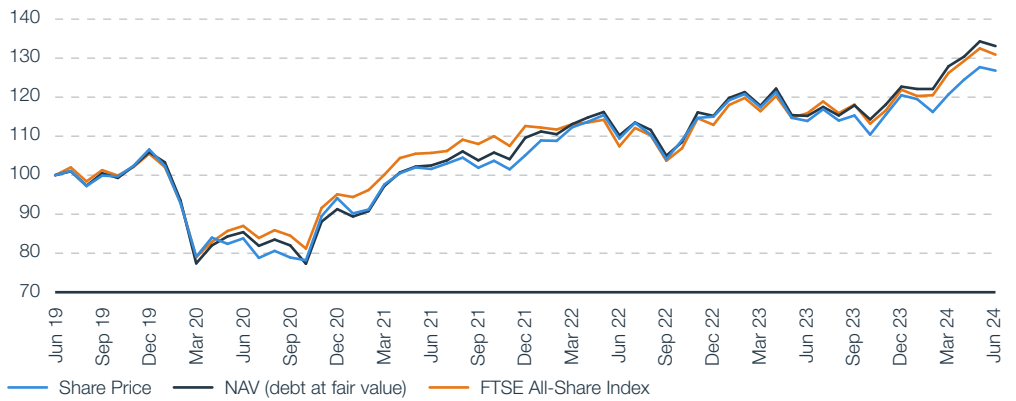
Key Performance Indicators

Measuring our Performance

In order to measure the success of the Company in meeting its objective and to evaluate the performance of the Manager, the Directors take into account the following Key Performance Indicators (“KPIs”):

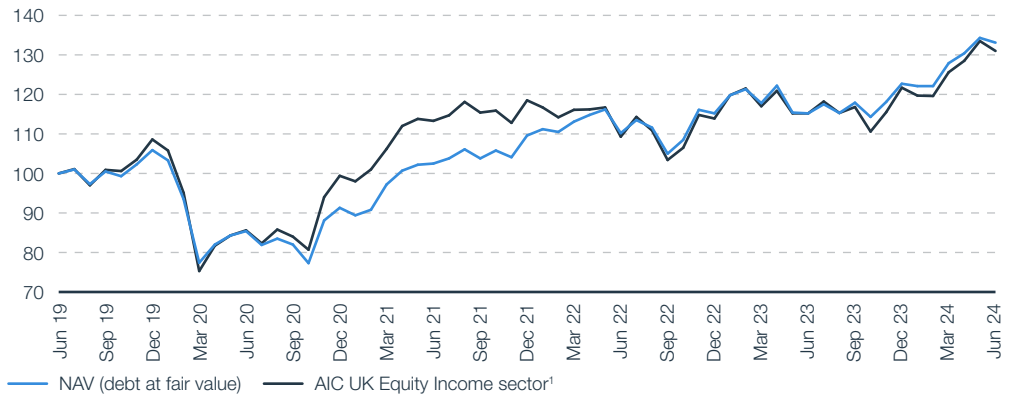
| KPI | Action |
|---|--|
| Performance against market indices | The Board reviews and compares, at each meeting, the performance of the portfolio as well as the net asset value and share price for the Company and the FTSE All-Share Index. |

During the year under review, the Company’s net asset value outperformed the Index by 2.6% (2023: underperformed by 3.4%) on a total return basis. Over five years, the Company’s net asset value has outperformed the Index by 2.2%.



Performance against the Company’s peer group

The Company is included in the AIC UK Equity Income sector. The Board considers the size-weighted average net asset value total return of its AIC peer group at each Board meeting. During the year under review, the Company outperformed the peer group by 3.0% (2023: underperformed by 3.6%). Over five years, the Company has outperformed the peer group by 0.5% (on a size weighted average basis).



1 AIC UK Equity Income sector NAV total return calculated on a simple average basis (see Glossary on page 91)

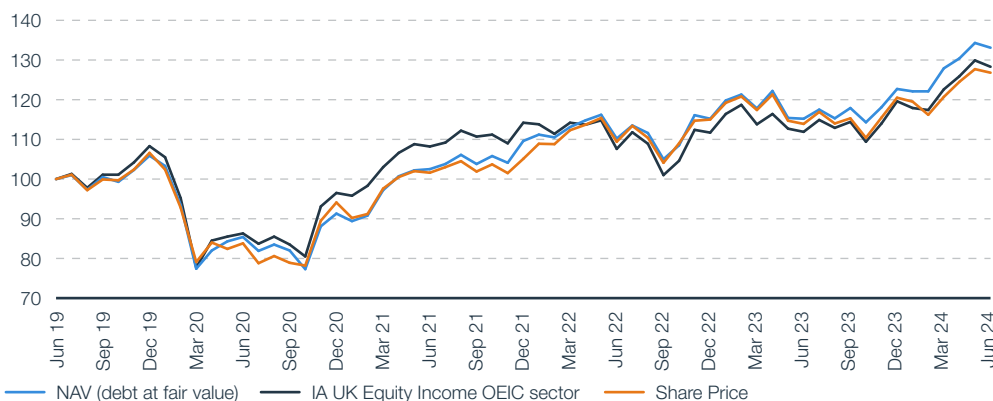
Key Performance Indicators (continued)

KPI

Action

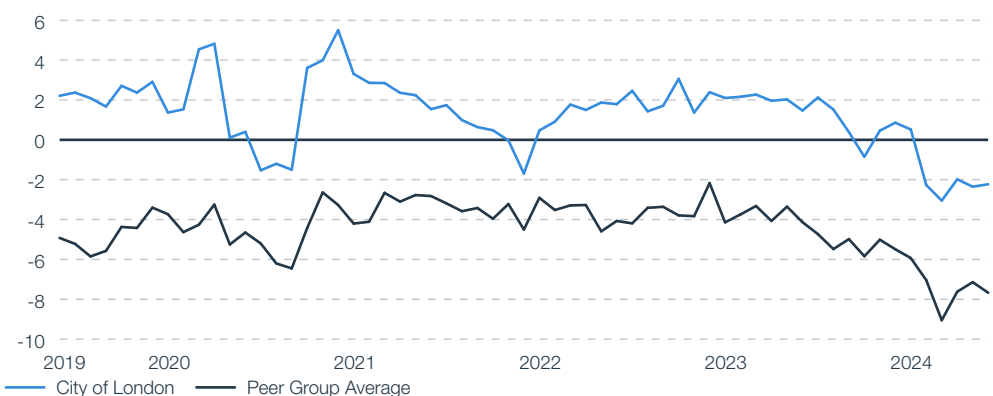
Performance against the OEIC sector

The Board considers the performance of the portfolio against the IA UK Equity Income OEIC sector. During the year under review, the Company outperformed the OEIC sector by 1.0% (2023: outperformed by 0.5%). Over five years, the Company has outperformed the OEIC sector by 4.8%.



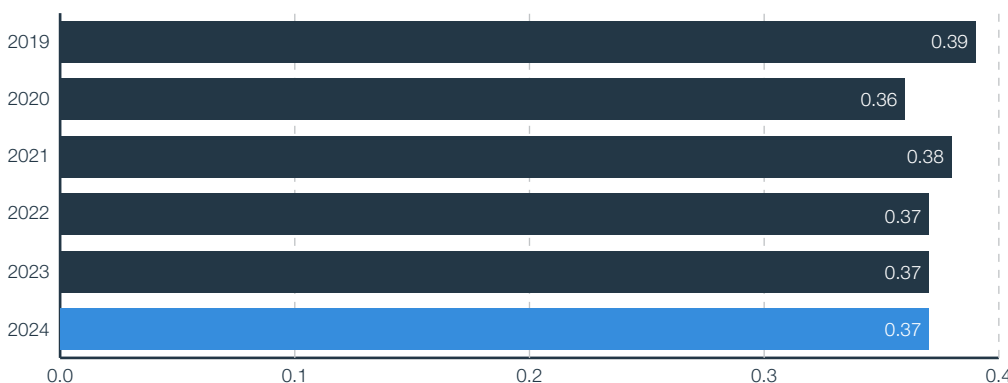
Premium/discount to net asset value

The Board’s aim is for the Company’s share price to reflect closely its underlying net asset value. At each meeting, the Board monitors the level of the Company’s premium/discount to NAV per share and reviews the average premium/discount for the Company’s AIC sector. At 30 June 2024, the Company’s shares were trading at a discount of 2.2% to NAV (2023: 1.5% premium) with debt at fair value.



Ongoing charge

The Board regularly reviews the ongoing charge and monitors Company’s expenses. For the year ended 30 June 2024, the ongoing charge as a percentage of average shareholders’ funds was 0.37% (2023: 0.37%).



The charts and data on pages 2 and 3 also on page 18 show how the Company has performed against these KPIs. A glossary of terms and Alternative Performance Measures is included on pages 89 to 91.

Promoting the Company’s Success

Section 172 Statement

The Board regards a well-governed business as essential for the successful delivery of its investment proposition. The Directors carry out their duties under Section 172 of the Act to act in good faith to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to the likely consequences of any decisions in the longer term, the need to foster the Company’s wider stakeholders, the impact of the Company’s operations on the community and the environment and the desirability of the Company maintaining a reputation for high standards of business conduct.

The Company has no employees, premises, assets other than financial assets, or operations. Core activities are conducted through the Manager (Janus Henderson), with whom the Board maintains a close working relationship, and the Board holds the Manager to account for the smooth running of the Company’s day-to-day business.

The Board retains responsibility for decisions over corporate strategy, corporate governance, risk and internal control assessment, investment performance monitoring and setting marketing budgets. It also determines the overall limits and restrictions for the portfolio, including gearing and asset allocation.

For more information about the responsibilities with which the Board and its Committees are charged, please refer to the Directors’ Report on pages 39 to 41, the Corporate Governance Report (pages 42 to 48), the Audit and Risk Committee Report (pages 49 to 51), the Nominations Committee Report (pages 52 and 53) and the Directors’ Remuneration Report (pages 54 to 57) in addition to the Strategic Report. The schedule of matters reserved for the Board as well as the terms of reference for each of the Committees of the Board can be found on the Company’s website.

Engagement with Stakeholders

Shareholders’ assets are managed taking account of the Company’s stakeholders and their interests. The Board has mapped who the stakeholders are to support it in identifying and understanding them and fostering the appropriate level and form of interaction. Interaction is facilitated through meetings (both face-to-face and via video conferencing and other electronic means), seminars, presentations, publications and the Company’s website. Set out below are examples of the way the Board and the Company engages with its key stakeholders.

| Stakeholders | How we engage | Target outcome |
|-----------------------------------|--|---|
| Shareholders and investors | <p>Shareholders rely on the Company to deliver sustainable and reliable returns on investment, with regular, ongoing income. The Board believes that its primary focus should be on providing an excellent service to its shareholders and it seeks to ensure that the Company is accessible and available.</p> <p>Regular updates on the Company and its activities are provided through:</p> <ul style="list-style-type: none"> • the Annual and Half Year Reports; • the Manager’s monthly factsheets; • Company announcements, including daily NAV announcements; • the Company’s website, which includes video interviews with the Company’s Fund Manager, regular market commentary and investment insights and other relevant information to enhance investors’ understanding of the Company and its portfolio and prospects; • providing regular market commentary; • use of social media channels (see page 95); and • research notes from Kepler Partners (paid for by the Company and available to all investors). | <p>Clear communication of the Company’s strategy and performance against its objective helps shareholders to make informed decisions about their investments, facilitating the retention of existing shareholders and attracting new ones.</p> <p>Close interaction with shareholders enables the Board to run the Company in line with shareholders’ interests as a whole and for the Company’s long-term success.</p> <p>The Board is committed to maintaining open channels of communication with shareholders. Shareholders can raise issues or concerns with the Directors at any time by writing to the Chairman at the registered office or by email to itsecretariat@janushenderson.com. The Senior Independent Director is also available to shareholders if they have concerns that have not been addressed through the normal channels. Correspondence from shareholders is shared with the Chairman immediately and with the Board at each meeting.</p> |

Promoting the Company's Success (continued)

| Stakeholders | How we engage | Target outcome |
|---|--|--|
| Shareholders and investors (continued) | <p>Shareholders are encouraged to attend and vote at the Company's general meetings, including the AGM, where they have the opportunity to address questions directly to the Directors and the Fund Manager. Shareholders who cannot attend the AGM in person are invited to attend and raise questions online.</p> <p>The Chairman, Senior Independent Director, other members of the Board and the Fund Manager are available to meet with shareholders. The Manager's sales and marketing team, the Broker and external marketing research provider (Kepler Partners) also meet with shareholders and analysts. The Fund Manager provides presentations to research analysts following the publication of the Company's annual financial results. Feedback from all meetings is shared with the Board.</p> <p>The Fund Manager promotes the Company with the support of the Manager's dedicated investment trust sales team and the Board makes additional spend available to support marketing activities aimed at raising the profile of the Company.</p> | <p>The Board is pleased to invite shareholders to attend the 2024 AGM. Further details are on page 40 and in the Notice of Meeting.</p> |
| Manager – Janus Henderson <ul style="list-style-type: none"> • Fund management • Sales and marketing • Company secretarial • Financial reporting • Internal controls functions • Investment accounting and administration (outsourced by Janus Henderson to BNP Paribas) • Oversight of third-party service providers | <p>The Board sets and oversees the parameters for the Manager's activities, including asset allocation, gearing and risk management. The Board seeks to engage with the Manager in a collaborative and collegiate manner, encouraging open and constructive discussion and debate, whilst also ensuring appropriate and regular challenge.</p> <p>The Board receives presentations from the Fund Manager and Deputy Fund Manager at each Board meeting and receives timely and accurate information from the Manager. There is continuous engagement and dialogue between Board meetings with the Fund Manager, Deputy Fund Manager and Corporate Secretary, as well as with other representatives, as and when necessary, with communication channels remaining open and information, ideas and advice flowing freely.</p> <p>The Board meets with other key representatives of the Manager throughout the year to develop strategy, assess internal controls and risk management, and to discuss the sales and marketing activities to promote the success of the Company and raise its profile.</p> <p>The Board, with the assistance of the Nominations Committee, formally reviews the performance and terms of appointment of the Manager at least annually (see pages 46, 47 and 53 further details).</p> | <p>Successful management of the Company's portfolio is essential for the Company to meet its strategic objectives and enable its long-term sustainable success, whilst effective provision of the ancillary services ensure the efficient running of the Company's day-to-day affairs.</p> <p>The Company is well managed and the Board places great value on the expertise and experience of the Fund Manager and Deputy Fund Manager to execute the investment objective and deliver returns for shareholders, and on the Manager's internal controls and risk management.</p> <p>The portfolio activities undertaken by the Manager and the impact of decisions are set out in the Fund Manager's Report on pages 12 to 15.</p> |

Promoting the Company's Success (continued)

| Stakeholders | How we engage | Target outcome |
|--|---|--|
| <p>Service providers</p> <p>Including:</p> <ul style="list-style-type: none"> • Depository and custodian • Fund accountant and administrator (outsourced by Janus Henderson to BNP Paribas) • Broker • Registrar • Auditor | <p>The Board is conscious of the need to foster good business relationships with its suppliers. As an investment company, all services are outsourced to third-party service providers. The Manager maintains the overall day-to-day relationship with the service providers and reports back to the Board on performance.</p> <p>Each service provider has an established track record and has in place suitable policies and procedures to ensure it maintains high standards of business conduct. The Board regularly considers the support provided by the service providers, including quality of service, succession planning, costs and any potential interruption of service or other risks to provision.</p> <p>The Board evaluates the terms of engagement and the control environments in place at each service provider and, through the Nominations Committee, formally assesses their appointment annually.</p> | <p>The Company is supported by experienced and capable third parties for all the services required to be a well-functioning company and the costs are commensurate with the services provided.</p> <p>The Board is confident that Janus Henderson has developed and maintains good working relationships with all of the Company's third-party suppliers.</p> |
| <p>Investee companies (listed on pages 16 and 17)</p> | <p>The Board sets the investment objective and discusses stock selection, asset allocation and engagement with investee companies with the Fund Manager and Deputy Fund Manager at each Board meeting.</p> | <p>The fund management team regularly conducts face-to-face and/or virtual meetings with portfolio companies' management teams to enable them to understand current trading and prospects for their businesses.</p> <p>The Manager is a responsible investor and has a dedicated Governance and Responsible Investment Team that the Fund Manager can utilise when making investment decisions and voting.</p> |
| <p>Communities and the environment</p> | <p>The Board mandates the Manager, supported by its governance function, to engage with investee companies at the appropriate time on ESG matters in line with good stewardship practices.</p> <p>The Board is also conscious of the importance of providing an investment product which meets the needs of its investors, including retail investors and pensioners.</p> | <p>The Board is conscious of the need to take appropriate account of broader ESG concerns and to act as a good corporate citizen.</p> <p>The Board believes the Company provides an accessible, affordable and reliable investment for retail and institutional investors. A reliable dividend stream from a prudently invested fund is particularly important in an era of great uncertainty and an increasing requirement on individuals to organise their own pensions and investments.</p> |

Promoting the Company's Success (continued)

Examples of stakeholder consideration

The Board is always mindful of the need to act in the best interests of stakeholders as a whole and to have regard to other applicable Section 172 factors and this forms part of the Board's decision-making process. Examples of this can be seen in the year under review as follows.

Marketing and promotion

The Board approved a significant increase in the Company's marketing budget in order to promote the Company to a wider audience, primarily through targeted digital advertising. Using a clear messaging framework, this was initiated in February 2024 and is intended, in conjunction with a redesign of the Company's website, to increase understanding of the Company among its stakeholders as well as raising awareness of the Company among potential new investors.

Issuing and buying back the Company's shares

As set out on page 22, the Board's aim is for the Company's share price to reflect closely its underlying net asset value, to reduce volatility and encourage a liquid market in its shares. The Board considers that it is in shareholders' interests for the Company to be able to issue shares while they are trading at a premium to NAV and to buy back shares at a discount to NAV, because by doing so, the NAV is enhanced and, in the case of share issues, some of the Company's costs are spread across a larger asset base. This approach was reconfirmed at the annual strategy meeting of the Board. During the year, the Company has both issued and bought back shares.

Dividends paid to shareholders

As set out in its investment objective, the Board recognises the importance of dividend income to its shareholders. One of the advantages of an investment trust is the ability to retain surplus income. The Company is able to draw on the revenue reserves built up over the years to ensure that there is no disruption to dividends for shareholders. The capital reserve arising on investments sold is also available to fund the dividend, if necessary. As a result, the Board has been able to maintain its policy of increasing the total dividend each year, even in years when the dividend per share has not been covered by revenue earnings per share. In the year to 30 June 2024, the annual dividend has been increased by 2.5%, the 58th year of continuous dividend growth, with £1.6 million transferred to the revenue reserve.

Management fee

The management fee was agreed with Janus Henderson in 2019 and since then the Company's net assets under management have grown significantly. The Board discussed the fee with Janus Henderson and agreement was reached to reduce the fee rate from 0.325% to 0.3% with effect from 1 January 2024. Furthermore, in the event that net assets under management exceed £3.0 billion, the management fee on any such excess will be reduced to 0.275%. The Board regularly reviews costs to ensure that the Company's ongoing charge remains low compared with other investment trusts and discretionary (non-tracker) managed equity investment products.

Delisting from the New Zealand Stock Exchange

During the year, the Board made the decision to de-list the Company's shares from the New Zealand Stock Exchange and the shares on the New Zealand register were transferred to the UK register. As reported at the half year, shareholdings on the New Zealand register only represented 1.2% of the Company's total shares in issue and the costs of maintaining the listing had been steadily increasing. The Board considered that these costs, together with the administrative and compliance burdens of maintaining the secondary listing in New Zealand, had become disproportionate to the benefits of maintaining that listing and relative to the percentage of shares involved. The delisting was effective from 21 March 2024.




The Board ensured that the New Zealand shareholders' rights were protected and that any inconvenience was kept to a minimum. Arrangements were made to provide local advice and support in New Zealand to shareholders during the de-listing process. A dividend currency alternative service has been made available to shareholders to enable them to receive dividends in New Zealand dollars.

Managing Our Risks

The Board, with the assistance of the Manager, has carried out a robust assessment of the principal and emerging risks and uncertainties facing the Company, including those that would threaten its business model, future performance, solvency or liquidity and reputation.

The Board regularly considers the principal and emerging risks facing the Company and has drawn up a register of these risks. The Board has also put in place a schedule of investment limits and restrictions, appropriate to the Company’s investment objective and policy. The principal risks which have been identified and the steps taken by the Board to mitigate these are set out in the table below. The principal financial risks are detailed in note 16 to the financial statements. Details of how the Board monitors the services provided by Janus Henderson and its other suppliers, and the key elements designed to provide effective internal control, are explained further in the internal controls section of the Corporate Governance Report on pages 47 and 48.

In addition to the principal risks facing the Company, the Board also regularly considers emerging risks, which are defined as potential trends, sudden events or changing risks which are characterised by a high degree of uncertainty in terms of the probability of them happening and the possible effects on the Company. Should an emerging risk become sufficiently clear, it may be moved to a significant risk.

| Principal risks | Trend | Mitigating measure |
|---|---|--|
| <p>Portfolio and market price</p> <p>Although the Company invests almost entirely in securities that are listed on recognised markets, share prices may move rapidly. The companies in which investments are made may operate unsuccessfully, or fail entirely. A fall in the market value of the Company’s portfolio would have an adverse effect on equity shareholders’ funds.</p> |  | <p>The Board reviews the portfolio at the seven Board meetings held each year and receives regular reports from the Company’s brokers. A detailed liquidity report is considered on a regular basis.</p> <p>The Fund Managers closely monitor the portfolio between meetings and mitigate this risk through diversification of investments. The Fund Managers periodically present the Company’s investment strategy in respect of current market conditions. Performance relative to the FTSE All-Share Index, other UK equity income trusts and IA UK Equity Income OEICs is also monitored.</p> <p>The majority of the Company’s investments are multi-national companies with operations in local markets.</p> |
| <p>Dividend income</p> <p>A reduction in dividend income from investee companies could adversely affect the Company’s ability to maintain its record of paying a growing dividend to shareholders each year.</p> |  | <p>The Board reviews income forecasts at each meeting. The Company has revenue reserves of £46.6 million (before payment of the fourth interim dividend) and distributable capital reserves of £346.3 million.</p> |
| <p>Investment activity, gearing and performance</p> <p>An inappropriate investment strategy (for example, in terms of asset allocation or the level of gearing) may result in underperformance against the Company’s benchmark.</p> <p>Investment performance could be affected over the longer term by the impact of sudden potentially catastrophic events, whether man-made (for example extreme political tensions, conflict, poor trade relations, wide scale financial markets disruption), or natural disasters, whether arising from climate change/adverse weather events or disease.</p> |  | <p>At each meeting, the Board reviews investment performance, the level of gearing, the level of premium/discount, income forecasts and a schedule of expenses. It also has an annual meeting focused on strategy at which these matters are considered in more depth.</p> |

Managing Our Risks (continued)

Principal risks

Trend Mitigating measure

Tax and regulatory

Changes in the tax and regulatory environment, including the Company failing to identify and implement any necessary regulatory change, could adversely affect the Company’s financial performance, including the return on equity. These may also include government measures which damage the market appeal of investment trusts for investors.

↔ The Manager provides its services, inter alia, through suitably qualified professionals and the Board receives internal control reports produced by the Manager on a quarterly basis, which confirm legal and regulatory compliance. The Fund Managers also consider tax and regulatory change in their monitoring of the Company’s underlying investments.

A breach of Section 1158/9 could lead to a loss of investment trust status, resulting in capital gains realised within the portfolio being subject to corporation tax. A breach of the UK Listing Rules could result in suspension of the Company’s shares, while a breach of the Companies Act 2006 could lead to criminal proceedings, or financial or reputational damage.

Operational

The disruption or failure of technology systems used by the Manager or its Administrator (BNP Paribas), whether through inter alia, cyber attacks, failed software updates or data breaches, could profoundly impact the accurate reporting and monitoring of the Company’s financial position. The Company is also exposed to the operational risk that one or more of its suppliers may not provide the required level of service.

↔ The Board monitors the services provided by the Manager and its other suppliers and receives reports on the key elements in place to provide effective internal control.

Cyber security is closely monitored and the Audit and Risk Committee receives regular presentations from Janus Henderson’s Chief Information Security Officer.

The Board considers the loss of the Fund Manager as a risk but this is mitigated by the experience of the team at Janus Henderson as detailed on page 38.

The Company's Viability

The AIC Code of Corporate Governance includes a requirement for the Board to assess the future prospects for the Company, and to report on the assessment within the Annual Report.

The Board considers that certain characteristics of the Company's business model and strategy are relevant to this assessment:

- The Board seeks to deliver long-term performance by the Company.
- The Company's investment objective, strategy and policy, which are subject to regular Board monitoring, mean that the Company is invested mainly in readily realisable, UK-listed securities and that the level of borrowings is restricted.
- The Company is a closed end investment company and therefore does not suffer from the liquidity issues arising from unexpected redemptions.
- The Company has an ongoing charge of 0.37%, which is lower than other comparable investment trusts.

Also relevant were a number of aspects of the Company's operational agreements:

- The Company retains title to all assets held by the Custodian under the terms of formal agreements with the Custodian and Depository.
- Long-term borrowing is in place, being 4.53% secured notes 2029, 2.94% secured notes 2049 and 2.67% secured notes 2046 which are subject to formal agreements, including financial covenants with which the Company complied in full during the year. The value of long-term borrowing is relatively small in comparison to the value of net assets, being 5.5%.
- Revenue and expenditure forecasts are reviewed by the Directors at each Board meeting. This includes stress testing of the forecast under different scenarios.
- Cash is held with approved banks.

Three model scenarios are considered which evaluate the impact on revenue reserves. These range from a worst case scenario which includes low consensus estimates, significant dividend cuts of up to 50% in specific sectors and specific investee companies, to a best case scenario with high consensus estimates, no dividend cuts in any specific sector and limited dividend cuts in specific investee companies. Increasing dividend payments to shareholders could continue under all three scenarios whether through revenue, or supported by distributable capital reserves. None of the results from the three scenarios would therefore threaten the viability of the Company.

Covenant limits are tested to ascertain the level that net assets would need to fall by to breach any covenant conditions. Net assets would need to fall by amounts in excess of £1.7 billion to breach covenants, with all other factors remaining constant. The Board considers this to be highly unlikely and therefore does not threaten the viability of the Company.

In addition, the Directors carried out a robust assessment of the principal risks and uncertainties which could threaten the Company's business model, including future performance, liquidity and solvency, and considered emerging risks that could have a future impact on the Company.

The principal risks identified as relevant to the viability assessment were those relating to investment portfolio performance, including climate change, and its effect on the net asset value, share price and dividends, and threats to security over the Company's assets. The Board took into account the liquidity of the Company's portfolio, the existence of the long-term fixed rate borrowings, the effects of any significant future falls in investment values and income receipts on the ability to repay and renegotiate borrowings, grow dividend payments and retain investors and the potential need for share buybacks to maintain a narrow share price discount.

The Directors assess viability over five-year rolling periods, taking account of foreseeable severe but plausible scenarios. In coming to this conclusion, the Directors have considered the current geopolitical and macroeconomic uncertainties and the potential for sudden catastrophic events such as pandemics, conflict and climate events, in particular the impact on income and the Company's ability to meet its investment objective. The Directors do not believe that they will have a terminal impact on the viability of the Company and its ability to continue in operation, notwithstanding the short-term uncertainty these events could cause in the markets and specific short-term issues, such as energy, supply chain disruption, inflation and labour shortages.

The Directors believe that a rolling five-year period best balances the Company's long-term objective, its financial flexibility and scope with the difficulty in forecasting economic conditions affecting the Company and its shareholders.

Based on their assessment, and in the context of the Company's business model, strategy and operational arrangements set out above, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five-year period.

ESG

How we integrate Environmental, Social and Governance considerations in our investment decisions

The Board believes that integrating ESG into investment decision-making and ownership practices is an important factor for delivering the investment outcomes our shareholders seek. ESG considerations are therefore a fully embedded component of the investment process employed by the Fund Manager, and the wider Janus Henderson investment teams. The Company integrates ESG but does not pursue a sustainable investment objective or otherwise take ESG factors into account in a binding manner. ESG integration is the practice of incorporating material environmental/social and governance information or insights in a non-binding manner alongside traditional measures into the investment decision process to improve long-term financial outcomes of portfolios. ESG related research is one of many factors considered within the investment process.

Defining ESG

Environmental factors include climate change, use of natural resources, pollution, waste management, water usage and deforestation.

Social factors include corporate culture, diversity, health and safety, community relations and supply chain management.

Governance factors include business ethics, board composition, remuneration and shareholder rights.

Investment considerations

Resilience of business models is crucial to the Company’s investment strategy. The Company’s investment philosophy is valuation driven, with a dividend yield considered the most important measure of value. As such, a considerable amount of time is spent by the Fund Manager identifying fundamental factors, including ESG factors which may impact profits, cash flow and dividends and ensuring that investee companies have robust policies and processes in place to manage these.

Whilst no company is specifically excluded based on ESG considerations, the Fund Manager would seek to avoid companies where ESG risks are not sufficiently considered or managed. As the Fund Manager strives to understand all drivers of company performance, he also strives to understand the risks. An evaluation of ESG factors is integral to this.

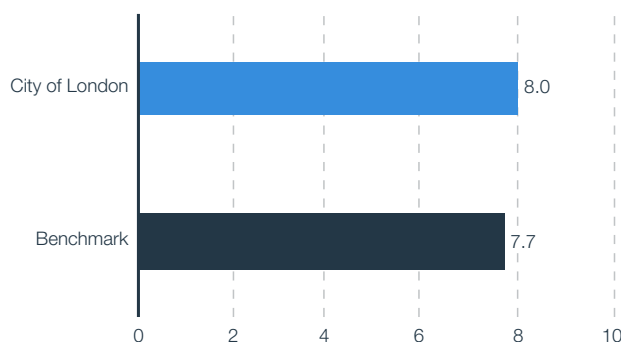
Governance is a key part of fundamental factor analysis with good corporate governance supportive of long-term decision-making and investment returns. The significance of environmental and social factors can vary depending on the sector and the region in which a company operates. Nonetheless, each ESG factor, in addition to the quantitative and qualitative assessments, is an important consideration when evaluating the opportunity in an equity investment.

Fundamental factors considered vary, but may include:

| | |
|-------------------------------|--|
| Financial Analysis | Dividend sustainability, free cash flow, operating margin, balance sheet strength, leverage, profitability, earnings growth. |
| Qualitative Evaluation | Competitive position, industry trends, business volatility, business model, barriers to entry, exposure to disruption. |
| Environmental | Pollution, carbon emissions, water usage, waste management, resource use, sustainable sourcing. |
| Social | Health and safety, employee relations, diversity and inclusion, employee development, data privacy, supply chain management. |
| Governance | Shareholder alignment, board independence, shareholder rights, business ethics, voting structure, remuneration, board experience, accounting standards. |
| Valuation | Dividend yield, free cash flow, price to earnings ratio (“P/E”), earnings per share (“EPS”), enterprise value/earnings before interest, tax, depreciation and amortisation (“EV/EBITDA”) and dividend cover. |

The Manager engages MSCI¹, a leading firm researching and rating ESG factors globally, to support investment research. MSCI can also be used to monitor the holdings within the Company and analyse its overall ESG risk exposure.

Weighted average ESG score

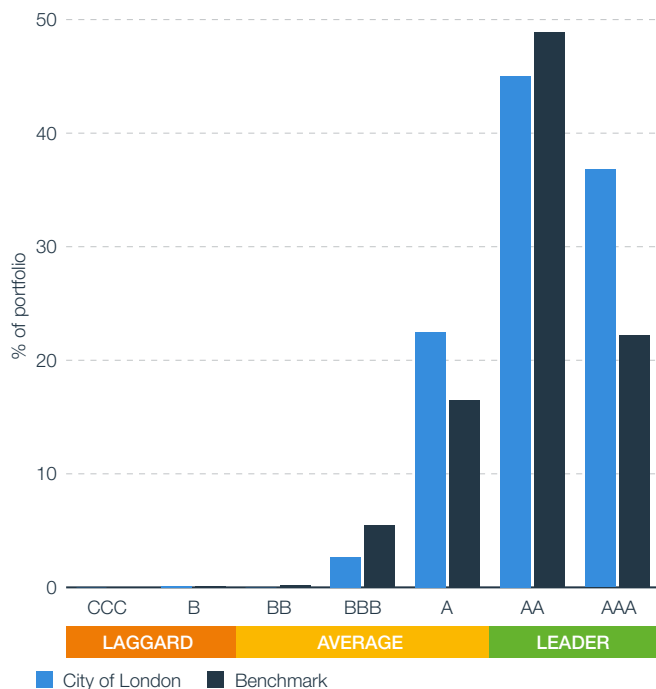


Source: MSCI, City of London and Index weights as at 30 June 2024
MSCI Risk data as at 30 June 2024

MSCI provides an ESG quality score which measures the ability of the underlying holdings to manage key medium to long-term risks and opportunities that arise from ESG factors. It is based on MSCI ESG ratings and is measured on a scale of 0 to 10 (0 being worst and 10 being best). For this metric the Company scores 8.0 and the benchmark 7.7. The risk ratings are aggregated for the Company’s portfolio and the benchmark, the FTSE All-Share Index. The Company’s ESG risk is 3.8% lower than the benchmark, as assessed by MSCI.

ESG (continued)

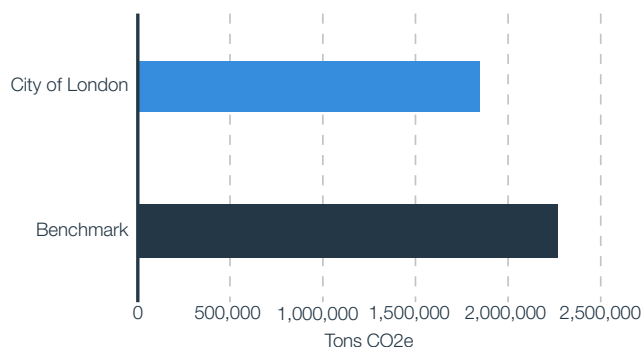
Distribution of MSCI ESG Fund Ratings Universe



Source: MSCI, City of London and Index weights as at 30 June 2024
MSCI Risk data as at 30 June 2024

MSCI’s ESG ratings are ranked using a seven-point AAA-CCC scale. Both the Company and the benchmark score AA ratings using this analysis. The Company has no exposure to companies with the lowest CCC scores, with more exposure to AAA rated stocks than the benchmark.

Carbon emissions



Source: MSCI, City of London and Index weights as at 30 June 2024
MSCI Risk data as at 30 June 2024

The above chart shows the direct and indirect carbon emissions of the holdings in both the Company and the benchmark. These emissions are based on the assets under management of the Company compared to an equivalent portfolio of assets under management invested in the benchmark. Scope 1 and 2 emissions are the direct emissions from a company’s operations and scope 3 emissions are indirect emissions. The Company’s direct and indirect carbon emissions are 18.1% lower than the benchmark.

Engagement and stewardship

Stewardship is a fundamental part of the Manager’s long-term, active approach to investment management. Strong ownership practices, including engagement with management and boards, can help protect and enhance long-term shareholder value. Janus Henderson supports the UK Stewardship Code and is a founding member of the UN Principles of Responsible Investment (“UN PRI”). Additionally, Janus Henderson is a supporter of a number of broader ESG initiatives such as the Access to Medicine Index which aims to improve availability of healthcare in developed and emerging markets and Climate Action 100+, an investor-led initiative to engage with heavily emitting companies to reduce their greenhouse gas emissions.

As a part of the research process, portfolio managers and analysts meet frequently with company management, senior executives and boards, with Janus Henderson conducting thousands of meetings per year. These meetings typically occur prior to initiating a position and throughout the holding period. The portfolio managers develop long-term relationships with the management of firms in which they invest. Should concerns arise over a firm’s practices or performance, they would seek to leverage these constructive relationships by engaging with company management or express their views through voting on management or shareholder proposals. Escalation of engagement activities depends upon a company’s individual circumstances.

Engagement Example

The Financial Conduct Authority has introduced Consumer Duty regulations with the aim of setting higher standards for retail financial services customers. The Duty came into force for closed book products (those financial products still in existence but no longer being sold) in July 2024.

Engagement between Job Curtis (Fund Manager), David Smith (Deputy Fund Manager), Olivia Jones (Janus Henderson Responsible Investment & Governance Analyst) and executives from investee companies with exposure to closed life insurance products, specifically Phoenix (19 April 2024), Aviva (29 April 2024) and M&G (3 May 2024), were held ahead of the Duty coming into force. The aim was to understand how they had been preparing for the deadline and assessing their products to ensure they aligned with the regulation. This entailed evaluating products on pricing as well on the clarity of communications with customers.

From this engagement we gained comfort that the large insurers were as best prepared as possible and could articulate clear frameworks for assessing their products and service levels with sufficient time frame for remediation.

ESG (continued)

Voting

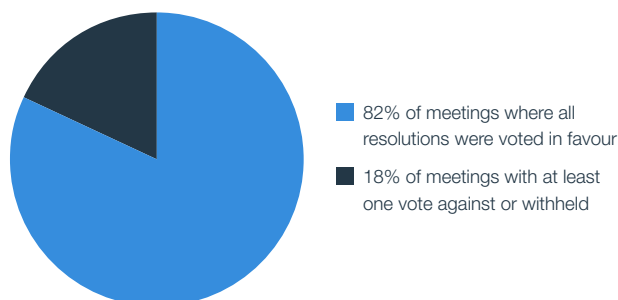
The Board believes that voting at general meetings is an important aspect of corporate stewardship, and a means of signalling shareholder views on board policy, practices and performance. The Board has delegated responsibility for voting the rights attached to the shares held in the Company’s portfolio to the Manager, who actively votes at shareholder meetings and engages with companies as part of the voting process.

Voting decisions are guided by the best interests of the investee companies’ shareholders and made in consultation with the Fund Manager, who has an in-depth understanding of the respective company’s operations. Voting decisions are taken in keeping with the provisions of the Manager’s Responsible Investment Policy, which set out the Manager’s approach to corporate governance, corporate responsibility and compliance with the Stewardship Code, and are publicly available on the Manager’s website at www.janushenderson.com. To retain oversight of the process, the Directors regularly receive reports on how the Manager has voted the shares held in the Company’s portfolio, and they review the Responsible Investment Policy at least annually.

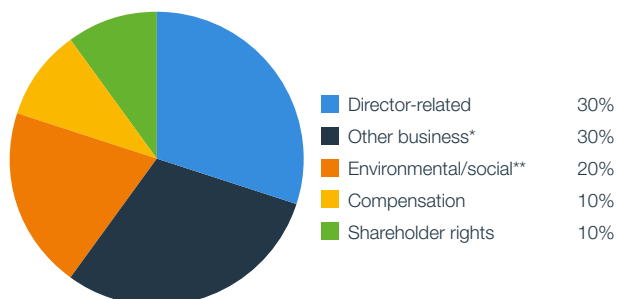
In the period under review, the shares in the Company’s portfolio were voted in respect of 89 meetings. The level of governance in leading global companies is generally of a high standard in terms of best practice, which meant support in favour of the resolutions proposed by management was warranted. However, in respect of 10 resolutions (<1% of the resolutions proposed), support was not warranted and, following discussion between the Fund Manager and Janus Henderson’s governance team, the shares were voted against the investee board recommendation. On occasion, the Fund Manager takes voting decisions after consultation with the Chairman on behalf of the Board.

As an active manager, Janus Henderson’s preference is to engage with management and boards to resolve issues of concern rather than to vote against shareholder meeting proposals. This approach is more likely to be effective in influencing company behaviour. The Fund Manager therefore actively seeks to engage with companies throughout the year and in the lead up to the annual shareholder meeting to discuss any potentially controversial agenda items. However, where he believes that proposals are not in shareholder interests or where engagement proves unsuccessful, he will vote against.

Voting record



In terms of resolutions not supported, these covered two main areas, director-related and other business*.



Source: Janus Henderson using Institutional Shareholder Services (“ISS”) categories

Note: Some meetings had more than one vote against management

* We routinely vote against proposals labelled ‘other business’. Many companies put forward proposals labelled ‘other business’. This is a request to allow the board and shareholders to raise other issues and discuss them at the meeting. It is often a routine request, however as it could potentially lead to subsequent approval of items without prior disclosure to minority shareholders, we routinely vote against these items

** Environmental/social voting relates to where an improvement in reporting and disclosures are needed by companies on environmental and/or social matters

The environment

As an investment company, the Company’s own direct environmental impact is minimal. The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors’ Reports) Regulations 2013. For the same reasons, the Company considers itself to be a low energy user under the Streamlined Energy & Carbon Reporting (“SECR”) regulations and therefore is not required to disclose energy and carbon information.

The Manager recognises the importance of managing its operational activities in a sustainable way and minimising any adverse impact on the environment.

In 2021 Janus Henderson reached its three-year target to reduce its carbon footprint by 15% per full-time employee (“FTE”) from 2018 levels. In 2022, using guidance from the Science-Based Target Initiative, Janus Henderson set ambitious new five-year reduction targets versus a 2019 baseline and per FTE:

ESG (continued)

- reduction target of 29.4% in Scope 1 (fuel) and Scope 2 (electricity) emissions;
- reduction target of 17.5% in Scope 3 (business travel, freight, paper, water, waste) emissions; and
- reduction target of 17.5% on water and waste consumption by FTEs.

In addition to this, Janus Henderson has maintained a CarbonNeutral® certification since 2007 and offsets all its operational Scope 1, Scope 2 and Scope 3 emissions each year. Through this process, Janus Henderson has invested in a variety of offset projects around the world, delivering financial support to essential renewable energy, forestry and resource conservation projects that support reductions in greenhouse gas emissions. All projects Janus Henderson supports have been classified as 'additional' by an independent third party, meaning that they would not happen without the sale of carbon credits.

Janus Henderson discloses its carbon emissions annually through regulatory and voluntary reporting frameworks, including SECR and the CDP (formerly the Carbon Disclosure Project), as well as in its 2023 Responsibility Report, which provides more information.

Janus Henderson produces product-level Task Force on Climate-Related Financial Disclosures ("TCFD") reports. These reports include an overview of the climate-related governance, strategy, risk management, and metrics and targets of Janus Henderson and its portfolios. Product-level metrics include absolute carbon emissions, carbon footprint, weighted average carbon intensity, implied temperature rise and climate scenario analysis (Climate Value at Risk). Janus Henderson's TCFD Report specific to City of London is available on the Company's website at www.cityinvestmenttrust.com.

Business ethics

As the Company's operations are delegated to third-party service providers, the Board seeks assurances, at least annually, from its suppliers that they comply with the provisions of the UK Modern Slavery Act 2015 and maintain adequate safeguards in keeping with the provisions of the Bribery Act 2010, Criminal Finances Act 2017 and the sanctions element of the Economic Crime Act (Transparency and Enforcement) 2022.

1 Certain information contained herein (the "Information") is sourced from/copyright of MSCI Inc, MSCI ESG Research LLC, or their affiliates ("MSCI"), or information providers (together the "MSCI Parties") and may have been used to calculate scores, signals, or other indicators. The Information is for internal use only and may not be reproduced or disseminated in whole or part without prior written permission. The Information may not be used for, nor does it constitute, an offer to buy or sell, or a promotion or recommendation of, any security, financial instrument or product, trading strategy, or index, nor should it be taken as an indication or guarantee of any future performance. Some funds may be based on or linked to MSCI indexes, and MSCI may be compensated based on the fund's assets under management or other measures. MSCI has established an information barrier between index research and certain Information. None of the Information in and of itself can be used to determine which securities to buy or sell or when to buy or sell them. The Information is provided "as is" and the user assumes the entire risk of any use it may make or permit to be made of the Information. No MSCI Party warrants or guarantees the originality, accuracy and/or completeness of the Information and each expressly disclaims all express or implied warranties. No MSCI Party shall have any liability for any errors or omissions in connection with any Information herein, or any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages

Governance



Directors and Fund Managers

Directors



Sir Laurie Magnus CBE

Position: Chairman of the Board and Nominations Committee

Date of Appointment:

1 March 2020 (Chairman on 27 October 2020)

Skills and Experience: Sir Laurie has over 45 years of experience in corporate finance markets and over 20 years as a member of investment supervisory bodies, including as a director of various investment trusts. He was Chairman of Pantheon International plc until October 2022. He has held senior positions at financial institutions including Samuel Montagu, Phoenix Securities, Donaldson Lufkin & Jenrette and Lexicon Partners (latterly as Chairman prior to its merger with Evercore). He is currently a non-executive adviser to Evercore's European business.

Current External Appointments:

Sir Laurie is the Prime Minister's Independent Adviser on Ministers' Interests. In the not for profit sector, he is Chairman of The Heritage of London Trust.



Samantha Wren

Position: Chair of the Audit and Risk Committee

Date of Appointment:

1 September 2015 (Chair of the Audit and Risk Committee on 7 July 2016)

Skills and Experience: Samantha has extensive accounting and auditing experience. She was formerly Chief Executive of IPGL Limited, a privately-owned investment company. Prior to this, she was the Group Chief Financial Officer and Group Chief Operating Officer of NEX Group plc, having previously held senior finance roles at its predecessor company, ICAP plc. Prior to ICAP plc, she held several senior finance roles at the gaming group, The Rank Group plc, where she was also a Director of the Rank Pension Plan Trustee Limited. She qualified as a Chartered Management Accountant at Rentokil Initial plc.

Current External Appointments:

Non-executive Director and Chair of the audit and risk committee of Schroder Japan Trust plc. Non-executive Director of Chapel Down Group plc, where she is also chair of the remuneration committee.

Samantha will be retiring from the Board at the Annual General Meeting.



Ominder Dhillon

Position: Director

Date of Appointment:

1 September 2021

Skills and Experience: Ominder brings to the Board strong investment knowledge across public and private markets, especially in regard to sustainable investing, sales and marketing expertise and a good understanding of governance and risk management. He was, until January 2020, Global Head of Institutional Distribution at M&G plc. Prior to that, from 2011 to 2015, he was Head of Distribution at Impax Asset Management. He was also formerly Head of UK and Ireland at Fidelity International, Director of Institutional Sales at Scottish Widows Investment Partnership and a trustee of UK charity Facing History and Ourselves.

Current External Appointments:

Non-executive Director of Fidelity Special Values PLC, Senior Adviser to The IC Research Institute and a Director of Ocris Partners SL.

All Directors are independent of Janus Henderson.

All Directors are members of the Nominations Committee.

The Audit and Risk Committee consists of Samantha Wren, Ominder Dhillon, Ted Holmes, Sally Lake and Clare Wardle.

Directors and Fund Managers (continued)



Robert Holmes (Ted)

Position: Director

Date of Appointment:

1 January 2018

Skills and Experience: Ted has a strong background in investment management. Ted joined the Board following a twenty-year career at UBS Asset Management. During that time, he worked as a managing director in both the Chicago office (previously Brinson Partners) and London office (previously Phillips and Drew) in a variety of positions, from analyst to European Head of Equities. Prior to UBS, he worked for Ernst & Young in Washington, D.C. He has an MBA from the University of Chicago Booth School of Business, is a Chartered Financial Analyst and is a Certified Public Accountant.

Current External Appointments:

Non-executive Director and Chair of the audit committee of River UK Micro Cap Limited and Director of Blue Ocean Investment Partners Limited.



Sally Lake

Position: Director

Date of Appointment:

1 August 2024

Skills and Experience: Sally is a fellow of the Institute of Actuaries, and has spent the majority of her career within non-life commercial insurance. During her time at Beazley plc, from 2006 to 2024, she held a variety of roles, including within both business units and the actuarial and finance functions.

In her final five years with Beazley, Sally served as group CFO during a period of significant change both within the business, within the finance and accounting function as well as the wider macro environment. As part of her role, she also was responsible for investments, investor relations, actuarial, corporate governance, compliance, finance change and modernisation as well as all aspects of finance. She was a member of the plc board until May 2024, as well as a number of subsidiaries.

Sally is a very proud and active DEI advocate. She was the executive sponsor for HM Treasury's Women in Finance Charter, as well as a supporter of a number of changes at Beazley to improve inclusion and representation for women, families and people of colour.

Current External Appointments:

None.



Clare Wardle

Position: Senior Independent Director

Date of Appointment:

1 November 2019

Skills and Experience: Clare brings to the Board considerable international experience in risk, governance, competition and compliance. She has played a leading role in the growth of CCEP from a \$15 billion market cap company operating in Europe to a \$33 billion market cap company operating in 30 countries. Previously she was Group General Counsel and Company Secretary of Kingfisher, Europe's largest home improvement group, Commercial Director, and before that General Counsel and Company Secretary of Tube Lines, had a number of senior roles in Royal Mail Group and worked at what is now Hogan Lovells. She is currently chair of a fundraising committee for Royal British Legion Industries. She was also formerly a non-executive Director of ViaCode Limited, Chair of Basketball England, Senior Independent Director of Modern Pentathlon GB and a trustee of the Friendly Almshouses.

Current External Appointments:

General Counsel and Company Secretary of Coca-Cola Europacific Partners plc, which she joined in May 2016.

Fund Manager



Job Curtis has been City of London's Fund Manager since 1 July 1991. After graduating from Oxford University in 1983 with a BA Hons in Philosophy, Politics and Economics, he joined Grieveson, Grant stockbrokers as a trainee. In 1985, he joined Cornhill Insurance as an assistant fund manager and then moved to Touche Remnant in 1987 where he became a fund manager. Touche Remnant was taken over by Henderson Group plc in 1992 and Job is currently a member of Janus Henderson's Global Equity Income team.

Deputy Fund Manager



David Smith is a Fund Manager on the Janus Henderson Global Equity Income team, a position he has held since 2008. David manages Henderson High Income Trust plc, the UK portfolio of The Bankers Investment Trust PLC and a number of UK equity institutional funds. He joined Janus Henderson in 2002, initially working in operations and progressing to the UK Equities team, and is now part of the Global Equity Income team. David graduated with a BSc degree (Hons) in Chemistry from Bristol University. He holds the Investment Management Certificate and the Chartered Financial Analyst designation.

Directors' Report

The Directors present their report and the audited financial statements for the year ended 30 June 2024.

The Investment Portfolio on pages 16 and 17, Corporate Governance Statement, Audit and Risk Committee Report and Nominations Committee Report on pages 42 to 53, Statement of Directors' Responsibilities on page 58 and Securities Financing Transactions, Alternative Performance Measures and other information on pages 87 to 95 form part of the Directors' Report.

Results and Dividends

The results for the year are set out in the financial statements. Two interim dividends of 5.05p each and two interim dividends of 5.25p each, totalling 20.60p per share, have been declared and paid in respect of the year to 30 June 2024, an increase of 2.5% over the previous year. See note 10 on page 76 for more information. No final dividend is being proposed.

A review of the year and the outlook for the forthcoming year can be found in the Strategic Report.

Directors

The Directors of the Company are listed on pages 37 and 38. All served throughout the period under review with the exception of Sally Lake, who was appointed as a non-executive Director on 1 August 2024.

Samantha Wren will be retiring from the Board at the forthcoming Annual General Meeting. In accordance with the recommendations of the AIC Code of Corporate Governance, Sally Lake will stand for election at the forthcoming Annual General Meeting and the remaining Directors will offer themselves for re-election.

The beneficial interests of the current Directors and their connected persons in the securities of the Company as at 30 June 2024 are set out in the Directors' Remuneration Report on page 56. Details of Directors' insurance and indemnification are set out on page 46.

Share Capital

There are no restrictions on the transfer of the Company's share capital and there are no shares or stock which carry specific rights with regards to control of the Company. The Company is not aware of any agreements or arrangements between holders of securities which would result in restrictions on the transfer of securities or voting rights.

The Company's equity and non-equity share capital comprises:

Ordinary shares of 25p nominal value each

The voting rights of the ordinary shares on a poll are one vote for every 15 shares held. At the beginning of the year, there were 497,354,868 ordinary shares in issue. During the year, 5,310,000 new ordinary shares with a nominal value of

£1,327,500 (representing 1.1% of the number of shares in issue at the beginning of the year) were issued to Cavendish Capital Markets Limited at a price range of 386.3p to 410.7p for total proceeds (net of commissions) of £20,890,000.

8,301,867 shares with a nominal value of £2,075,467 (representing 1.7% of the issued share capital at the beginning of the year) were bought back in the market and placed into treasury for a total net payment of £34,400,000.

At 30 June 2024, the number of ordinary shares in issue was 502,664,868, of which 8,301,867 shares were held in treasury. Accordingly, the number of shares in issue with voting rights was 494,363,001.

No shares have been issued since 30 June 2024 and up to 16 September 2024, being the last practicable date prior to publication of the Annual Report. 28,278 shares have been bought back since the year end.

Cumulative first preference stock

The voting rights of the first preference stock on a poll are one vote per £10 of stock held. At 1 July 2023 and at 30 June 2024 there was £301,982 of first preference stock in issue.

Non-cumulative second preference stock

Second preference stockholders have no rights to attend and vote at general meetings (except on the winding-up of the Company or if dividends are in arrears). At 1 July 2023 and at 30 June 2024 there was £507,202 of second preference stock in issue.

Non-cumulative preferred ordinary stock

The voting rights of the preferred ordinary stock on a poll are one vote per £20 of stock held. At 1 July 2023 and at 30 June 2024 there was £589,672 of preferred ordinary stock in issue.

Further details on the first and second preference stock and the preferred ordinary stock are contained in note 15 on pages 78 and 79.

Total voting rights

At 30 June 2024, the total voting rights in the Company were 33,017,215, comprising 32,957,533 ordinary share voting rights (99.8%), 30,198 first preference stock voting rights (0.1%) and 29,484 preferred ordinary stock voting rights (0.1%).

Shareholder authorities

The Directors seek annual authority from the shareholders to allot new ordinary shares, to dis-apply the pre-emption rights of existing shareholders and to buy back, for cancellation or to be held in treasury, the Company's ordinary shares. In addition, the Directors seek annual authority to buy back and cancel the Company's preferred and preference stocks.

At the AGM held on 31 October 2023, the Directors were granted authority to allot up to 50,266,484 ordinary shares (with an aggregate nominal amount of £12,566,621) for cash

Directors' Report (continued)

and to repurchase 75,349,463 ordinary shares (with a nominal value of £18,837,366) for cancellation or to be held in treasury. No shares have been issued and 8,330,145 shares have been bought back under these authorities. During the year and up to the date of this report, the Directors have not bought back any preferred or preference stocks.

The Directors will once again be seeking to renew the authorities to allot and repurchase the ordinary shares at the upcoming Annual General Meeting, when the existing authorities will expire.

The Board's aim is for the Company's share price to reflect closely its underlying net asset value and encourage a liquid market in the ordinary shares. For this reason, the Board has, when appropriate, sought to utilise the Company's ability to issue additional ordinary shares to satisfy investor appetite and reduce share price volatility by preventing the build-up of excessive demand for the ordinary shares. By issuing the shares at a premium to NAV, the Board seeks to protect the interests of existing shareholders so they benefit from an enhancement to NAV, to increase liquidity and to spread the fixed costs of the Company over a larger asset base. The Board also seeks to ensure that the price at which new ordinary shares are issued remains attractive to potential investors.

The Directors believe that, from time to time and subject to market conditions, it continues to be in the shareholders' interests to buy back the Company's shares when they are trading at a discount to the underlying net asset value per share. The Company may utilise the authority to purchase shares by either a single purchase or a series of purchases when market conditions allow, with the aim of maximising the benefit to shareholders. Authority will also be sought to renew the current authorities, which expire at the upcoming Annual General Meeting, to repurchase the preferred and preference stocks.

Holdings in the Company's Shares

There are no declarations of interests in the voting rights of the Company as at 30 June 2024 in accordance with the Disclosure Guidance and Transparency Rules of the FCA.

No changes have been notified in the period from 1 July 2024 to 16 September 2024.

Fund Manager's Interests

As at 30 June 2024, Job Curtis, the Fund Manager, has a beneficial interest in 313,306 shares and a non-beneficial interest in 21,527 shares.

Related Party Transactions

The Company's transactions with related parties in the year were with the Directors and the Manager. There were no material transactions between the Company and its Directors during the year and the only amounts paid to them were in

respect of expenses and remuneration for which there were no outstanding amounts payable at the year end. Directors' shareholdings are disclosed on page 56.

In relation to the provision of services by the Manager, other than fees payable by the Company in the ordinary course of business and the provision of marketing services, there were no material transactions with the Manager affecting the financial position of the Company during the year under review. More details on transactions with the Manager, including amounts outstanding at the year end, are given in note 23 on page 85.

Financial Risk Management

The principal risks and uncertainties facing the Company are set out on pages 29 and 30. The principal financial risks and the Company's policies and procedures for managing these risks are set out in note 16 to the financial statements on pages 79 to 83.

Greenhouse Gas Emissions

The Company's environmental statements are set out in the Strategic Report on pages 32 to 35.

Annual General Meeting

The Annual General Meeting will be held on 31 October 2024 at 2.00pm. The Board invites shareholders to attend the meeting at the registered office at 201 Bishopsgate, London EC2M 3AE, or via Zoom webinar connection if shareholders would prefer not to travel. The Fund Manager will present his review of the year and thoughts on the future.

There will be live voting for those physically present at the AGM. However, due to technical restrictions, the Company cannot offer live voting by Zoom, and the Board therefore requests all shareholders who cannot attend physically to submit their votes by completing a Form of Proxy. Shareholders with shares held in their own names will receive a Form of Proxy enabling them to vote; shareholders holding shares through nominee accounts, such as through a share dealing service or platform, should contact their provider directly and ask them to submit the proxy votes on their behalf.

Instructions for attending the Meeting and details of resolutions to be put to the Annual General Meeting are included in the Notice of Meeting sent with this Annual Report and are on the Company's website. If shareholders would like to submit any questions in advance of the Meeting, they are welcome to send these to the Corporate Secretary at itsecretariat@janushenderson.com.

Any change to the format of the Annual General Meeting will be notified to shareholders via a Regulatory Information Service announcement and the Company's website.

Directors' Report (continued)

Directors' Statement as to Disclosure of Information to Auditor

Each of the Directors who were members of the Board at the date of approval of this report confirms that, to the best of his or her knowledge and belief, there is no information relevant to the preparation of the Annual Report of which the Company's Auditor is unaware and he or she has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's Auditor is aware of that information.

Re-appointment of Auditor

Ernst & Young LLP ("EY") were appointed as Auditor at the Annual General Meeting on 31 October 2023. EY have indicated their willingness to continue in office as Auditor and resolutions proposing their re-appointment and authorising the Audit and Risk Committee to determine their remuneration for the ensuing year will be put to shareholders at the forthcoming Annual General Meeting. Further information in relation to their re-appointment can be found in the Audit and Risk Committee Report on pages 49 to 51.

UK Listing Rule 6.6.4

UK Listing Rule ("UKLR") 6.6.4 requires the Company to include certain information in a single identifiable section of the Annual Report or a cross reference table indicating where the information is set out. The Directors confirm that there are no disclosures to be made in this regard, other than in accordance with UKLR 6.6.1(6), the information for which is detailed on page 39 under Share Capital.

Securities Financing Transactions

As the Company undertakes securities lending, it is required to report on securities financing transactions (as defined in Article 3 of Regulation (EU) 2015/2365, securities financing transactions include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions). In accordance with Article 13 of the Regulation, the Company's involvement in and exposures related to securities lending for the accounting period ended 30 June 2024 are detailed on pages 87 and 88.

Approval

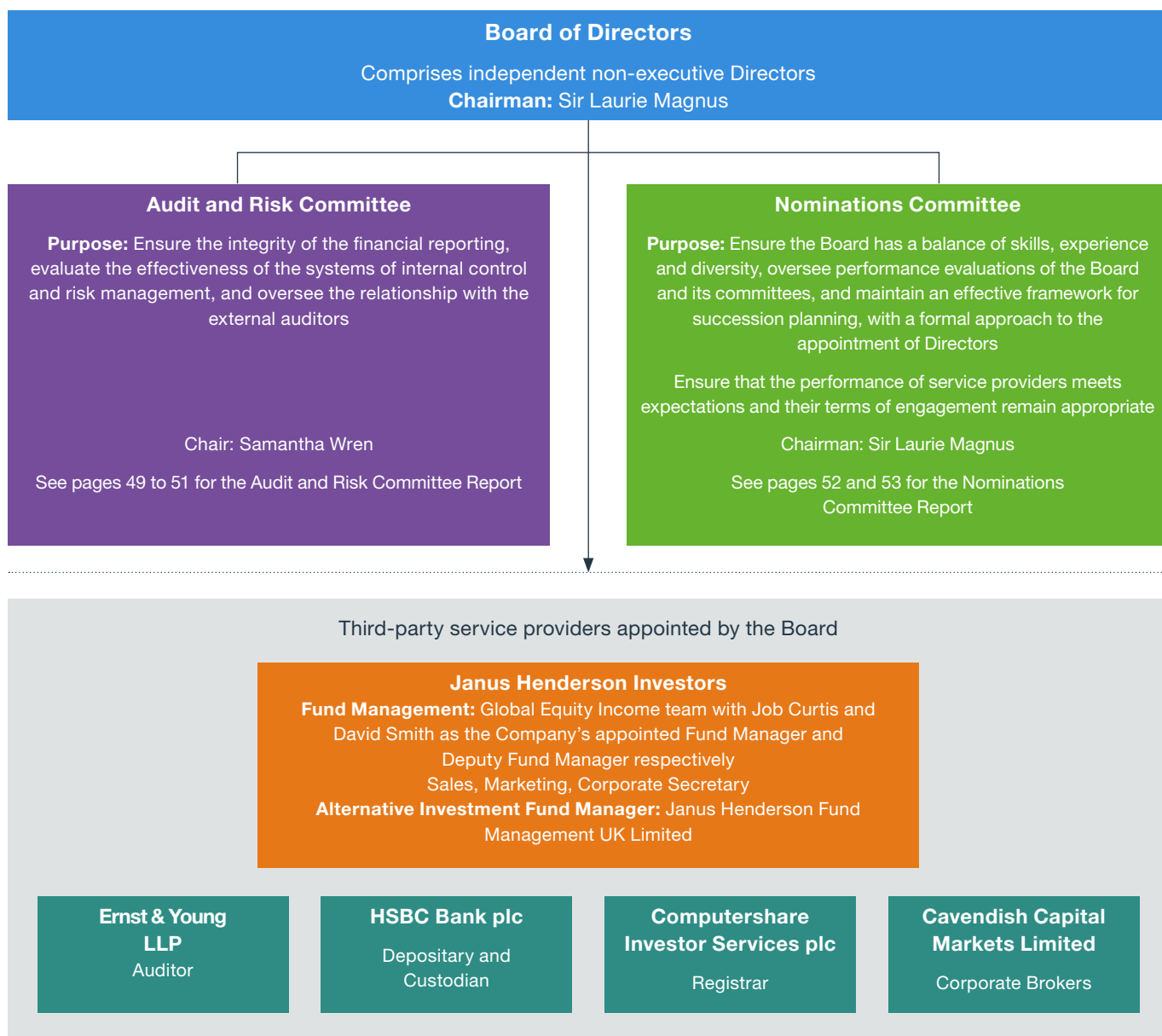
The Directors' Report has been approved by the Board.

By order of the Board

Janus Henderson Secretarial Services UK Limited
Corporate Secretary
17 September 2024

Corporate Governance Report

Governance Structure



The Company has also constituted an Insider Committee to assist the Board in its obligations under the Market Abuse Regulations.

Corporate Governance

The Board is accountable to shareholders for the governance of the Company’s day-to-day affairs and is pleased to report to shareholders on the Company’s governance arrangements and how the principles of the applicable codes have been applied during the year under review.

Applicable Corporate Governance Codes

By virtue of the Company’s listing on the London Stock Exchange, the Board is required to report on how the

principles of the 2018 UK Corporate Governance Code (“UK Code”) have been applied. Being an investment company, a number of the provisions of the UK Code are not applicable as the Company has no executive directors or internal operations and all day-to-day activities are outsourced to external service providers. The Board has therefore considered the principles and recommendations of the Code of Corporate Governance published by the Association of Investment Companies in February 2019 (“AIC Code”). The AIC Code addresses the principles set out in the UK Code as well as additional principles and recommendations on issues that are of specific relevance to investment companies. The Financial Reporting Council (“FRC”) has endorsed the AIC Code and confirmed that, by following it, the boards of investment companies should fully meet their obligations in relation to the UK Code and UK Listing Rule 6.6.6. The Board

Corporate Governance Report (continued)

considers that reporting against the principles and provisions of the AIC Code provides more relevant information to shareholders in terms of its governance arrangements.

The AIC Code and the UK Code can be found on the respective organisations' websites: www.theaic.co.uk and www.frc.org.uk. The AIC Code includes an explanation of how it adapts the principles and provisions set out in the UK Code to make them relevant for investment companies.

Statement of Compliance

The Company has complied with the principles and provisions of the 2019 AIC Code throughout the year to 30 June 2024 except as set out below.

The Company has no chief executive or other executive directors. It therefore has no need to consider the remuneration of executive directors and has not reported further in respect of these provisions. In addition, the Company does not have any internal operations and therefore does not maintain an internal audit function. However, the Audit and Risk Committee considers the need for such a function at least annually (see page 47 for further information).

As the Company has no employees and has a small Board of solely non-executive Directors, the Board has not established a separate remuneration committee. The remuneration of Directors is dealt with by the Board as a whole.

Given the business model operated by the Company and the importance of the role of the Manager in ensuring the

success of the Company, the Board believes that it remains its responsibility to keep under review the level of service provided by the Manager. It is assisted in this by the Nominations Committee, as set out in the Nominations Committee Report on pages 52 and 53. Accordingly, a separate Management Engagement Committee has not been formed.

The AIC Code includes two deviations from the UK Code permitting the Chairman of the Board to be a member of the Audit and Risk Committee and for his or her tenure to exceed nine years. The Company has not taken advantage of these provisions and continues to comply with the provisions of the UK Code in this respect.

Board Leadership and Purpose

The Board has overall responsibility for the Company's affairs and for promoting the long-term success of the Company. The Board is collectively responsible for providing leadership, setting the investment objective and policy, appointing the Company's third-party service providers, establishing a robust internal control and risk management system and monitoring the performance delivered by service providers within the established control framework. It is also responsible for setting the Company's standards and values and for ensuring that its obligations to its shareholders and other stakeholders are understood and met. Information relating to the Company's purpose and values can be found on page 20 and to the Board's engagement with stakeholders on pages 25 to 28.

Division of Responsibilities

| Role | Primary responsibilities |
|--|--|
| Shareholders/ investors | <ul style="list-style-type: none"> Approving material changes to the Company's investment policy. Making decisions regarding changes to the Company's constitution. Electing and re-electing Directors to the Board, or removing them from office if deemed appropriate. Determining the overall limit for Directors' remuneration. |
| Chairman | <ul style="list-style-type: none"> Leading and managing Board business and ensuring the timely flow of information from service providers to the Board. He facilitates open, honest and constructive debate among Directors. Leading the Nominations Committee in developing succession planning and the identification of potential candidates for appointment to the Board (except when considering his own succession). Leading the Board in determining its governance framework, culture and values. Leading the Board's relationship and engagement with shareholders and other stakeholders. Managing the relationship with the Manager. <p>The role description for the Chairman is available on the Company's website.</p> |
| Senior Independent Director | <ul style="list-style-type: none"> Fulfilling the role of sounding board for the Chairman and intermediary for the other Directors as necessary. Leading the performance evaluation of the Chairman. Acting as a channel of communication for shareholders in the event that contact through the Chairman is inappropriate. <p>The role description of the Senior Independent Director is available on the Company's website.</p> |

Corporate Governance Report (continued)

| Role | Primary responsibilities |
|--|--|
| Independent non-executive Directors | <ul style="list-style-type: none"> • Providing constructive and effective challenge, especially to the decisions of the Manager. • Scrutinising and holding to account the performance of the: <ul style="list-style-type: none"> – Fund Manager in meeting the investment objective. – Manager in the promotion of the Company and day-to-day smooth operations of the Company's business. • Providing strategic guidance and offering specialist advice. |
| Committee Chairs | <ul style="list-style-type: none"> • The leadership and governance of their Committee. • Maintaining the relationships with specialist service providers delivering services within the remit of their Committee. • Reporting on the activities of their Committee to the Board. • Seeking approval from the Board for the responsibilities set out in their respective terms of reference. |
| Manager (AIFM) | <ul style="list-style-type: none"> • Promoting the Company's investment proposition to professional and retail investors. • Making the necessary reporting to the FCA regarding the Company's status as an AIF. • Providing accounting, company secretarial and other administrative services to the Company ensuring compliance with the applicable statutory and regulatory provisions. • Coordinating the delivery of services provided by the Company's other third-party service providers. |
| Fund Manager | <ul style="list-style-type: none"> • Selecting the stocks held within the portfolio. • Diversification and risk management through stock selection and size of investment. • Determining the volume and timing of acquisitions and disposals. • Determining the frequency and level of gearing within the overall limits set by the Board. |

Operation of the Board

The Board meets formally at least seven times a year, with additional Board or Committee meetings arranged when required. The Directors have regular contact with the Manager between meetings. The Board has a formal schedule of matters specifically reserved for its decision, which includes setting strategy and oversight of performance, risk management and internal controls. All matters that are not delegated to the Manager under the management agreement are reserved for the Board's decision. A copy of the schedule of matters reserved is available on the Company's website.

At each meeting the Board reviews with the Manager the Company's investment performance and compliance with the approved investment policy, and also considers financial analyses and other reports of an operational nature. The Board monitors compliance with the Company's objective and is responsible for setting asset allocation, investment and gearing limits within which the Manager has discretion to act. The Board has responsibility for the approval of any investments in in-house funds managed or advised by the Manager. It also has adopted a procedure for Directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company.

The Board has engaged third-party service providers to deliver the operations of the Company. Management of the investment portfolio has been delegated contractually to Janus Henderson, which also provides the day-to-day accounting, company secretarial, administrative, sales and marketing activities. The Company has appointed a Depositary, HSBC Bank plc, which in turn appoints the Custodian which is responsible for the safe custody of the Company's assets. The Company has appointed a Registrar, Computershare Investor Services plc, to maintain the Register of Members and assist shareholders with queries about their holdings. Each of these principal contracts was entered into after full and proper consideration by the Board of the quality and cost of the services offered, including the control systems in operation in so far as they relate to the affairs of the Company. The Board and its Committees maintain oversight of the third-party service providers through regular and ad hoc reporting. The Board meets annually with representatives from the Depositary and Custodian to discuss amongst other matters performance, service levels, their value for money, information security and business continuity plans.

Full and timely management, financial, regulatory and other relevant information is provided to all Directors to allow them to discharge their responsibilities and to enable the Board (and its Committees) to function effectively. In particular, the Board receives and considers regular reports from the

Corporate Governance Report (continued)

Manager and ad hoc reports and information are supplied to the Board as required. In addition, the Chairman is able to attend meetings of all the chairmen of the investment trust companies managed by Janus Henderson which provide a forum to discuss industry matters which can then be reported to the Board.

The Manager takes decisions as to the purchase and sale of individual investments. The Manager also ensures that all Directors receive, in a timely manner, all relevant management, regulatory and financial information. Representatives of the Manager attend each Board meeting enabling the Directors to probe further on matters of concern.

The Directors have access to the advice and services of the Corporate Secretary through its appointed representative who is responsible to the Board for ensuring that Board and Committee procedures are followed and that applicable rules and regulations are complied with. The proceedings at all Board and Committee meetings are fully minuted, in a process that allows any Director's concerns to be recorded in the minutes.

The Corporate Secretary, Janus Henderson Secretarial Services UK Limited, is a subsidiary of Janus Henderson with its own reporting lines and audited internal controls. There are processes and controls in place to ensure that there is a clear distinction between the two entities, particularly when dealing with any conflicts or issues between the Company and Janus Henderson.

Any correspondence from shareholders addressed to the Chairman or the Board received at Janus Henderson's offices is forwarded to the Chairman in line with the established procedures in place. Any correspondence is submitted to the next Board meeting.

Janus Henderson and BNP Paribas, which is engaged by Janus Henderson, have arrangements in place by which their staff may, in confidence, raise concerns about possible improprieties in relation to financial reporting or other matters. These arrangements are reviewed at least annually by the Audit and Risk Committee.

The Board, the Manager and the Corporate Secretary operate in a supportive, co-operative and open environment.

The Board

Under the Company's Articles of Association, the total number of Directors shall not be less than three nor more than seven. As at the date of this report, the Board comprises six non-executive directors, whose biographies are included on pages 37 and 38. These biographies demonstrate the breadth of investment, financial, commercial and professional experience relevant to their positions as Directors.

Sir Laurie Magnus was appointed as Chairman of the Board on 27 October 2020, following the retirement of Philip Remnant. Sir Laurie was independent on appointment in

accordance with the criteria set out in the AIC Code and has no relationships that may create a conflict of interest between his interests and those of shareholders. Details of his other significant commitments can be found on page 37. Following review by the Nominations Committee as part of the performance evaluation, the Board is satisfied that Sir Laurie has sufficient time to devote to the Company.

The independence of the Directors is determined with reference to the AIC Code. The Nominations Committee considers the independence of each Director at least annually by reviewing their other appointments and commitments, as well as their tenure of service and any connection they may have with the Manager.

Following evaluation, the Nominations Committee determined that all Directors continued to be independent in character and judgement and that their individual skills, broad business experience and knowledge and understanding of the Company were of benefit to shareholders. All Directors are considered by the Board to be independent of the Manager and free of any relationship which could materially interfere with the exercise of their independent judgement.

There were no contracts subsisting during or at the end of the year in which any Director is or was materially interested and which is or was significant in relation to the Company's business. No Director has a contract of service with the Company and there are no agreements between the Company and its Directors concerning compensation for loss of office.

Director Appointment, Tenure and Training

Appointment and retirement

The Board may appoint Directors and any Director so appointed will stand for election by shareholders at the next annual general meeting following appointment, in accordance with the Articles of Association and the AIC Code. Each Director receives a letter of appointment that sets out, amongst other matters, what is expected of them in terms of time commitment.

In keeping with the provisions of the AIC Code, the Board has adopted a policy for all Directors to retire and stand for re-election annually at each annual general meeting.

Under the Articles of Association, shareholders may remove a Director before the end of his or her term by passing an ordinary resolution at a general meeting.

The Board considers a potential candidate's other commitments on appointment and then annually through the performance evaluation process to ensure that Directors have sufficient time to commit to the Company. A schedule of Directors' other commitments is reviewed at each Board

Corporate Governance Report (continued)

Meeting and Directors are required to seek the Chairman's approval prior to accepting further appointments.

Tenure

The Board's policy for Directors, including the Chairman, is that they serve for no more than nine years, other than in exceptional circumstances. This ensures the regular refreshment of the Board and its Committees and forms an integral part of the Board's succession planning.

In advance of each annual general meeting, the Nominations Committee will consider and make recommendations to the Board about whether it is appropriate for eligible Directors to be recommended for re-appointment, taking into account the results of the annual performance evaluation and the ongoing requirements of the AIC Code.

Professional development

Newly appointed Directors are offered a bespoke induction programme which covers the legal and regulatory framework for investment companies and the operations of the Manager, including the compliance and risk management frameworks, accounting, sales and marketing, and other administration services provided by the Manager.

Directors are also provided on a regular basis with key information on the Company's policies, regulatory and statutory requirements and internal controls. Changes affecting Directors' responsibilities are advised to the Board as they arise. Directors also regularly participate in relevant training and industry seminars and may do so at the expense of the Company.

Directors' individual training requirements are considered as part of the annual evaluation process which is led by the Chairman of the Board.

Directors' Conflicts of Interest

The Company's Articles of Association permit the Board to consider and, if it sees fit, to authorise situations where a Director has an interest that conflicts, or may possibly conflict, with the interests of the Company ("situational conflicts").

The Board has a formal system in place for Directors to declare situational conflicts to be considered for authorisation by those Directors who have no interest in the matter being considered. In deciding whether to authorise a situational conflict, the non-conflicted Directors must act honestly and in good faith with a view to the best interests of the Company and they may impose limits or conditions when giving the authorisation, or subsequently, if they think this is appropriate. Any situational conflicts considered, and any authorisations given, are recorded in the relevant meeting's minutes. The Board believes that the systems it has in place for reporting and considering situational conflicts continue to operate effectively. No situational conflicts of interest were considered during the year or up to the date of this report.

Directors' Insurance and Indemnification

Directors' and officers' liability insurance cover is in place in respect of the Directors. Under the Company's Articles of Association and subject to the provisions of UK legislation, a qualifying third-party indemnity may be provided to Directors in respect of costs which they may incur relating to the defence of any proceedings brought against them arising out of their positions as Directors, in which they are acquitted or judgement is given in their favour by the Court. No indemnity was given during the year or up to the date of this report.

Committees of the Board

The Board has two principal Committees: the Audit and Risk Committee and the Nominations Committee. The terms of reference for these committees are available on the Company's website. The Company has also constituted an Insider Committee to assist the Board in meeting its obligations under the Market Abuse Regulation.

Board Attendance

The table below sets out the number of scheduled formal Board and Committee meetings held during the year under review and the number of meetings attended by each Director. All Directors, except Sally Lake who joined the Board on 1 August 2024, attended the 2023 Annual General Meeting. The number in brackets denotes the number of meetings each Director was entitled to attend.

| | Audit and Risk Board | Committee | Nominations Committee |
|------------------------------|-------------------------|-----------|--------------------------|
| Number of scheduled meetings | 7 | 3 | 1 |
| Ominder Dhillon | 7 (7) | 3 (3) | 1 (1) |
| Ted Holmes | 7 (7) | 3 (3) | 1 (1) |
| Sir Laurie Magnus | 7 (7) | n/a | 1 (1) |
| Clare Wardle | 7 (7) | 3 (3) | 1 (1) |
| Samantha Wren | 7 (7) | 3 (3) | 1 (1) |

Notes:

Sir Laurie Magnus attended each of the Audit and Risk Committee meetings by invitation. Two additional meetings of the Audit and Risk Committee and three additional meetings of the Nominations Committee were held during the year to make a recommendation to the Board about the appointment of new auditors following the tender process, to approve the Auditor's engagement letter, to approve the appointment of a new Director and to consider the Board evaluation process respectively. The Insider Committee did not meet during the year.

Continued Appointment of the Manager

The Board monitors investment performance at each meeting, including information about performance relative to the benchmark and competitors in the AIC's UK Equity Income sector, receives updates in respect of professional sales and marketing activities carried out by the Manager for the Company twice annually and receives a formal

Corporate Governance Report (continued)

recommendation from the Nominations Committee in respect of the continued appropriateness of the terms of the management agreement at least annually.

The assessment of the Manager by the Nominations Committee included consideration of the quality of the team involved in all aspects of servicing the Company, including company secretarial, administration, sales and marketing, the Manager's use of gearing and management of the portfolio's risk profile, the stability of the management group, its business priorities and the adequacy of succession planning.

Following completion of the review, the Board was satisfied with the performance of the Manager and the services being provided and believes that the continued appointment of the Manager on the terms agreed is in the interests of the Company's shareholders as a whole.

Internal Control and Risk Management

The Board has overall responsibility for the Company's system of internal control and for reviewing its effectiveness, as set out in the chart on the following page. The Audit and Risk Committee supports the Board in the continuous monitoring of the internal control and risk management framework.

Details of the principal risks facing the Company, including emerging risks, and how these are mitigated are set out on pages 29 and 30.

The Board has established an ongoing process for identifying, evaluating and managing the principal and emerging risks faced by the Company. The process accords with the FRC's guidance on Risk Management, Internal Control and Related Business and Financial Reporting published in September 2014. The system was in operation throughout the period and up to the date of this report. The system is designed to meet the specific risks faced by the Company and takes account of the nature of the Company's reliance on its service providers and their internal controls. The system therefore manages rather than eliminates the risk of failure to achieve the Company's business objectives and provides reasonable, but not absolute, assurance against material misstatement or loss.

The key components of the internal control framework include:

- clearly defined investment criteria which specify levels of authority and exposure limits. The Board reviews reports on compliance with the criteria at each meeting;
- regular reporting which allows the Board to assess the Company's financial position. The management accounts and forecasts are reviewed by the Board at each meeting;
- the contractual agreements with the Manager and other third-party service providers. The Board reviews performance levels and adherence to relevant provisions

of the agreements on a regular basis. The Nominations Committee, which consists of all Board members, conducts a formal evaluation of the overall level of service provided at least annually (see Nominations Committee Report on pages 52 and 53);

- the review of controls (including financial, operational and compliance) at the Manager and other third-party service providers. The Board receives quarterly reporting from the Manager and Depositary, and reviews annual assurance reports on the effectiveness of the control environments at the Company's key service providers; and
- the review of additional reporting provided by:
 - the Manager's Operational Risk team on the control environment in operation at the Manager and their view of the control environments in place at the third-party service providers used by the Company; and
 - the Manager's Internal Audit team on areas of operation which are relevant to the Company.

The Board has carried out a review of the effectiveness of the Company's system of internal controls for the year ended 30 June 2024. During the course of its review the Board did not identify and was not advised of any failings or weaknesses relating to the Company's portfolio that have been determined as material.

Internal Audit Function

Systems are in operation to safeguard the Company's assets and shareholders' investments, to maintain proper accounting records and to ensure that financial information used within the business, or published, is reliable.

The Company is an investment company, has no employees and delegates all executive activities to third-party service providers, principally among them, the Manager. The Board places reliance on the Company's framework of internal control and the Audit and Risk Committee's view on reporting received from specific second and third line of defence teams at the Manager.

The Manager's Operational Risk team supports the Audit and Risk Committee in considering the independently audited reports on the effectiveness of internal controls in place at the Company's third-party service providers. The Manager's Internal Audit department provides regular reporting to the Board on the operations at the Manager and presents at least annually to the Audit and Risk Committee. The Board considers the need for its own internal audit function annually and continues to conclude that it is not necessary at the present time for the Company to have its own function.

Communication with Shareholders

Please see pages 25 and 26 for information about how the Company communicates with shareholders.

Corporate Governance Report (continued)

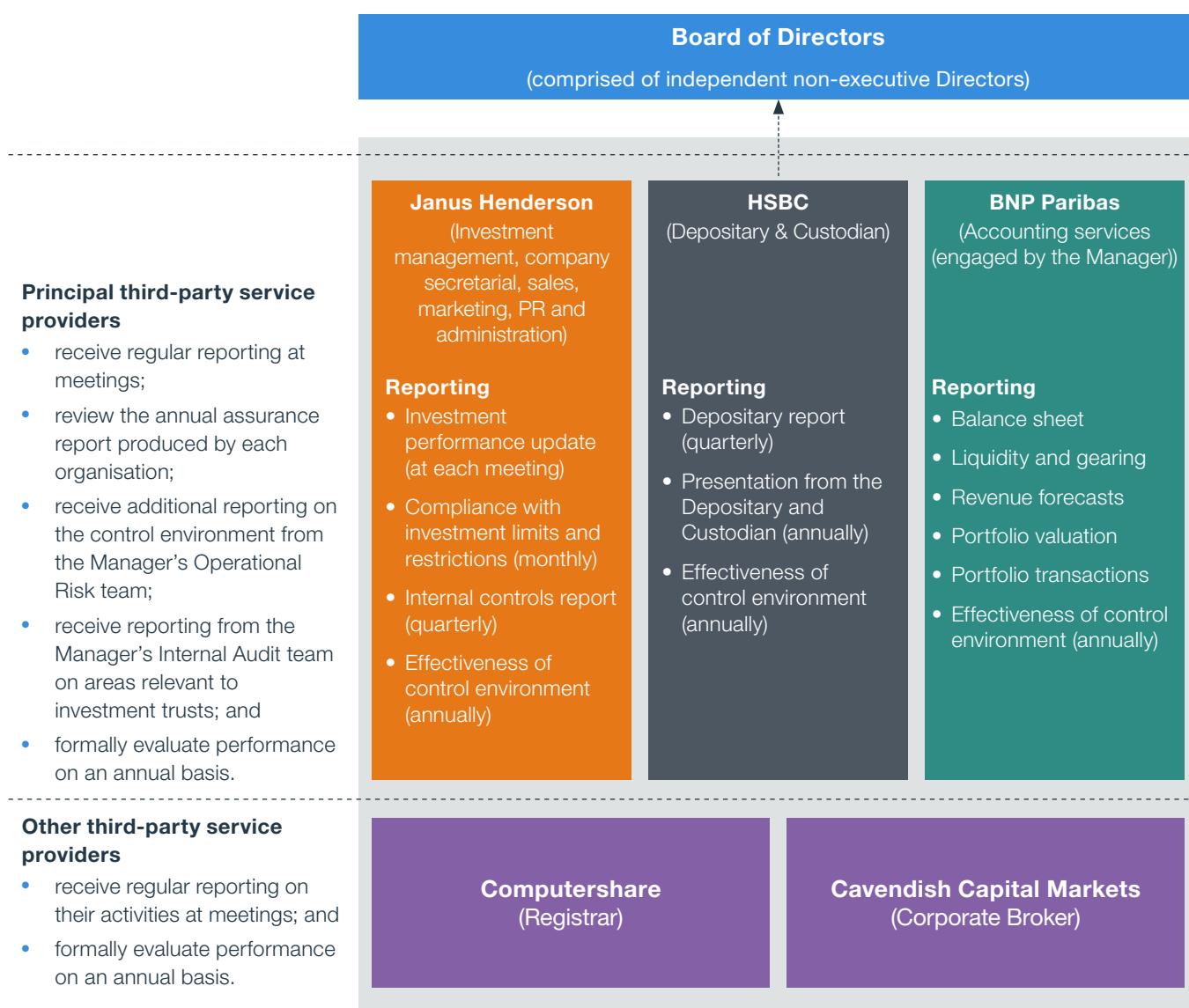
System of Internal Control

How the system of internal control operates

The Board delegates contractually to third-party service providers for all of the Company's operational requirements. It maintains oversight of these providers throughout the year by receiving regular reporting on their activities. All are considered key stakeholders.

The Nominations Committee formally evaluates the performance and service delivery of all third-party service providers at least annually.

The Audit and Risk Committee evaluates the performance of the Auditor on completion of each audit cycle.



Ernst & Young LLP have been appointed as the Company's Auditor.

Audit and Risk Committee Report

I am pleased to present the Audit and Risk Committee Report for the year ended 30 June 2024.

Membership

The members of the Audit and Risk Committee (“Committee”) during the year were Samantha Wren (Committee Chair), Ominder Dhillon, Ted Holmes and Clare Wardle. Sally Lake was appointed as a member of the Committee on her appointment as a Director. The Committee Chair is considered by the Board to have recent and relevant financial experience, and the Committee as a whole has competence relevant to the sector in which the Company operates and to the Company as an investment trust. Other Directors may attend meetings by invitation of the Chair.

Meetings

The Committee usually meets at least three times a year, to review the half-year results, the annual results and to review the Company’s internal controls. It met five times in the year under review, with additional meetings held in relation to the audit tender and the appointment of the new Auditor. The Company’s Auditor, the Fund Manager and the Manager’s Financial Reporting Senior Manager for Investment Trusts are invited to attend meetings of the Committee on a regular basis. Other representatives of the Manager and BNP Paribas may also be invited to attend if deemed necessary by the Committee.

Role and Responsibilities

The primary responsibilities of the Committee are to ensure the integrity of the Company’s financial reporting, including oversight of the preparation and audit of the annual financial statements; to monitor and review the effectiveness of the systems of internal control and risk management in place at the Manager and the Company’s other third-party service providers; and to monitor the effectiveness and objectivity of the external Auditor and make recommendations to the Board regarding their appointment, re-appointment or removal.

The Audit and Risk Committee reports to the Board after each meeting and its responsibilities are set out in formal terms of reference which are reviewed at least annually.

Activities during the Year

In the year under review, the Committee considered the following matters:

- The Committee terms of reference, including a change of name from “Audit Committee” to “Audit and Risk Committee” to reflect the Committee’s evolving risk mandate from the Board.

Annual and half-year reports

- The appropriateness of the Company’s accounting policies and of the quality and effectiveness of the

accounting records and management information maintained on behalf of the Company.

- The disclosures made in the reports in relation to internal controls and risk management, viability, going concern and related parties and consideration of whether the report is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company’s position and performance, business model and strategy in order to make recommendations to the Board.

Auditor

- The nature, scope and cost of the external audit and reviewing the Auditor’s findings in this respect.
- The appointment and evaluation of the independence, effectiveness and objectivity of the Auditor.

Internal controls and management of risk

- The principal risks facing the Company, including consideration of emerging risks, the risk management systems in place and the Company’s risk map.
- Reports on the effectiveness of the internal controls in place at Janus Henderson and the Company’s other principal third-party service providers.
- Compliance with the terms of the loan notes in issue.
- The need for the Company to have its own internal audit function.
- The whistleblowing arrangements in place at the Manager and other key service providers for their staff to raise concerns, in confidence, about possible improprieties, including in relation to the Company.
- The Manager’s policies in relation to information security and business continuity, meeting with representatives of Janus Henderson’s internal audit and risk departments periodically.
- The Company’s anti-bribery policy, approach to tax evasion and the confirmations received from third-party service providers as to whether they have appropriate procedures in place in these respects.
- The annual confirmation from the Company’s Depository in respect of the safe-keeping of the Company’s assets.

Appointment and Tenure of the Auditor

Regulations currently in force require the Company to rotate audit firms after a period of ten years, which may be extended where audit tenders are carried out or where more than one audit firm is appointed to carry out the audit, subject to a maximum appointment of 20 years.

As reported last year, an audit tender was carried out in 2023. The appointment of Ernst & Young LLP (“EY”) as Auditor was recommended to the Board, and their appointment was confirmed by shareholders at the 2023 AGM. The financial statements for the year ended 30 June 2024 will be the first to be audited by EY and the first year for the audit partner, Mike Gaylor.

Audit and Risk Committee Report (continued)

The Committee confirms that the Company is in compliance with the requirements of The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014. This order relates to the frequency and governance of tenders for the appointment of the external auditors and the setting of the policy on the provision of non-audit services.

Auditor's Independence

The Committee monitors the Auditor's independence through three aspects of its work:

- the approval of a policy regulating the non-audit services that may be provided by the Auditor to the Company;
- assessing the appropriateness of the fees paid to the Auditor for all work undertaken by them; and
- reviewing the information and assurances provided by the Auditor on their compliance with the relevant ethical standards. The Auditor provided no non-audit services during the year.

For the year ended 30 June 2024, EY confirmed that all of its partners and staff involved with the audit were independent of any links to the Company, and that these individuals had complied with their ethics and independence policies and procedures, which are fully consistent with the FRC's Ethical Standards. Having considered the above-mentioned aspects, the performance and behaviour of the Auditor during the audit process and the assurances received from EY, the Committee is satisfied that auditor independence and objectivity are safeguarded.

Audit Fees

The fees payable to the Auditor for audit services in respect of the year ended 30 June 2024 were £63,000 (2023: £53,000 payable to PricewaterhouseCoopers LLP) (inclusive of VAT).

Policy on Non-Audit Services

The Committee has approved, and keeps under regular review, the policy on the provision of non-audit services by the auditor. The policy sets out that the Company's auditor will not be considered for non-audit work where this is prohibited by the current regulations and where it appears to affect their independence and objectivity. In addition, the provision of any non-audit services by the auditor is not permitted to exceed 70% of the average annual statutory audit fee for the three consecutive financial periods preceding the financial period to which the cap applies. Such services require approval in advance by the Committee, or Audit and Risk Committee Chair, following due consideration of the proposed services.

No non-audit services were provided by EY in the year under review.

Audit for the Year ended 30 June 2024

In the year under review, EY challenged both the Manager's and the Board's judgements and exercised professional scepticism. The audit team required detailed evidence of all metrics, numbers and disclosures made within the Annual Report to support a robust assessment and evaluation of the financial information contained therein. As an example, the Manager provides the Committee and the Auditor with an analysis of special dividends and the rationale for whether these should be treated as income or capital. The Auditor's review included challenge to the Manager to provide additional justification or background to the dividends before confirming whether they concurred with the proposed treatment.

As an investment trust investing in listed equities, management has limited areas of judgement. Areas where the Committee would challenge the Manager include the determination of the fair market value of debt in order to confirm the appropriate basis for calculation, and stress testing of the revenue forecast to support the dividend payment policy and the assumptions in the viability statement.

The Committee did not consider it necessary to request the Auditor to look at any specific areas in addition to those already identified in the audit plan in relation to the audit for the year ended 30 June 2024.

The Committee is satisfied that the Annual Report for the year ended 30 June 2024, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Audit and Risk Committee Report (continued)

In relation to the Annual Report for the year ended 30 June 2024, the following significant issues were considered by the Committee:

| Significant issue | How the issue was addressed |
|---|---|
| Valuation and ownership of the Company's investments | <p>The Directors have appointed the Manager, who outsources some of the administration and accounting services to BNP Paribas, to perform the valuation of the assets of the Company in accordance with its responsibilities under the AIFMD rules. As required under the AIFMD rules, the Manager has adopted a written valuation policy, which may be modified from time to time. Actively traded investments are valued using stock exchange prices provided by third-party pricing vendors.</p> <p>Ownership of listed investments is verified by reconciliation to the Custodian's records and the Directors have received quarterly reports from the Depository, which has responsibility for overseeing the Company's operations, including verification of ownership and valuation.</p> |
| Recognition of income | <p>Income received, including special dividends, is accounted for in line with the Company's accounting policy (as set out on page 71). Special dividends, and their treatment as revenue or capital, have been reviewed by the Committee and the rationale agreed.</p> <p>The Board reviews revenue forecasts at each Board meeting in support of the Company's future dividends.</p> |
| Maintaining internal controls | <p>Information about the internal control and risk management framework adopted by the Company is set out in the Corporate Governance Statement on pages 47 and 48.</p> <p>The Committee receives regular reports on internal controls from Janus Henderson, BNP Paribas, HSBC Bank plc and Computershare Investor Services plc and has access to the relevant personnel of Janus Henderson who have a responsibility for risk management and internal audit. The assurance report for one of the Company's service providers was qualified by the respective service auditor. The Committee thoroughly reviewed the instances giving rise to the qualification and received confirmation that the exceptions identified had no impact on the Company.</p> <p>The Committee also meets annually with representatives from Janus Henderson and HSBC Bank plc to discuss and challenge their reports.</p> |
| Maintenance of investment trust status | <p>The Committee has considered regularly the controls in place to ensure that the regulations for ensuring investment trust status are observed at all times, receiving supporting documentation from Janus Henderson and BNP Paribas.</p> |

Effectiveness of the External Audit

The Committee carried out a post-audit assessment of the performance of the Auditor. The Committee reviewed and assessed the robustness of the audit, the level of challenge offered by the audit team, the quality of the audit team and the timeliness of delivering the tasks required for the audit and reporting for the Committee.

The Auditor attended two Committee meetings in the year, when the Committee was considering the audit plan and the annual results. The Committee Chair met with the Auditor to review the audit results prior to these being presented to the Committee and also attended the initial audit planning meeting between EY, the Fund Manager and the Manager's staff.

The Auditor presented and discussed the findings of the FRC's latest Audit Quality Inspection Report on EY to the Committee and reported on the progress made by the firm in addressing the areas identified for improvement in the prior year's report.

In assessing the effectiveness of the audit process, the Committee Chair invites views from the Directors, the Fund Manager and other members of the Manager's staff in

assessing the robustness of the audit, level of challenge offered by the audit team, the quality of the audit team and timeliness of delivering the tasks required for the audit and reporting to the Committee. The Committee also met privately with the Audit Partner to discuss how the audit operated from his perspective.

Overall, the Committee considers that the audit quality for the year ended 30 June 2024 has been high and that the Manager and EY have worked together effectively. Following completion of the assessment, the Committee remained satisfied with the effectiveness of the audit provided by EY. EY have indicated their willingness to continue in office and resolutions re-appointing them as Auditor to the Company and authorising the Committee to determine their remuneration will be proposed at the AGM.

Samantha Wren
Chair of the Audit and Risk Committee
17 September 2024

Nominations Committee Report

Membership

All Directors are members of the Committee. The Chairman of the Board is the Chairman of the Committee but would not chair meetings when the Committee is considering appointments for his successor.

Meetings

The Committee usually meets at least once a year. Three additional meetings were held in the year under review in relation to the appointment of a new Director and to agree the format for the annual Board evaluation.

Role and Responsibilities

The Committee advises the Board on the composition of the Board and its Committees, in making appointments to the Board and ensuring suitable succession plans are in place for the Directors and the Fund Manager. It also reviews and monitors the engagement and performance of the Manager and other third-party service providers.

Its principal responsibilities include: reviewing the structure, size and composition of the Board and its Committees and leading the search for suitable candidates to fill roles as required, taking into consideration the balance of skills, knowledge, experience and diversity on the Board; ensuring annual performance evaluations are carried out, discussing the outcomes from those evaluations and making recommendations to the Board; considering the proposed election and re-election of Directors ahead of each annual general meeting; and evaluating the overall performance and terms of engagement of the Manager and other third-party service providers.

Succession Planning and Recruitment

When considering succession planning, the Committee bears in mind the balance of skills, knowledge, experience and diversity existing on the Board. Once a decision is made to recruit an additional Director, a formal job description is drawn up. The Committee will engage external recruitment agencies to facilitate the search. The Committee will assess candidates against objective criteria and with due regard for the benefits of diversity on the Board (including gender, social and ethnic backgrounds, as well as cognitive and personal strengths), taking care that any candidates recommended for appointment will be able to allocate sufficient time to the Company to discharge their responsibilities fully and effectively.

New appointments to the Board are made on a staggered basis in line with the tenure policy, ensuring ongoing refreshment combined with the importance of maintaining continuity and corporate knowledge. As part of the evaluation process, the Committee reviews the tenure of the Board. At the date of this report, the Directors have been on the Board for between 0 and 9 years.

The Committee also reviews and recommends to the Board the Directors seeking re-election. Recommendation is not automatic and will follow a process of evaluation of each Director's performance and consideration of the Director's

independence. The Committee also takes into account the mix of skills and experience of the current Board members.

Appointment of Director

Samantha Wren has reached nine years of service as a Director and, in accordance with the Company's tenure policy, will be retiring at the 2024 AGM. A search has therefore taken place for a new non-executive Director. Following a review of a number of specialist recruitment agencies, Nurole Limited ("Nurole") was appointed to assist in the search. No open advertising was used as the Committee believes that targeted recruitment is the optimal way of recruiting. Nurole does not undertake any other services for the Company and has no connection with any of the Directors.

The new Director would succeed Mrs Wren as Chair of the Audit and Risk Committee. The specification was therefore for a candidate with strong board-level financial and accounting acumen, as well as a demonstrable understanding of UK-listed company governance. The Company's Diversity and Inclusion Policy was also considered and the Committee instructed Nurole to ensure that the long list took this policy fully into account.

Following discussion of the long list provided by Nurole, the preferred candidates were invited for interviews with the Chairman, Samantha Wren and Ominder Dhillon. A shortlist of two candidates was then put forward for follow up interviews with all Directors and also a meeting with the Fund Manager. The candidates' other commitments were considered as part of the process. Following the conclusion of the process, the Committee recommended to the Board the appointment of Sally Lake as a non-executive Director. Ms Lake was appointed with effect from 1 August 2024. Ms Lake is deemed to be independent of the Manager.

Directors' Performance Evaluation

Each year, the Committee assesses the composition of the Board and its performance, including that of individual Directors. An external review is conducted every three years, with the next external review due to be carried out in 2025. This year, the evaluation was undertaken internally, with all Directors completing a questionnaire and then meeting individually with the Chairman.

The areas considered included Board composition and dynamics, management of meetings and support from the Manager in this respect, the appropriateness of the investment strategy and performance, the quality of the Board's understanding of shareholders' views and the Manager's sales and marketing activities, succession planning and priorities for change. A review of the performance and effectiveness of the Board Committees was included as part of the evaluation process. The Committee has reviewed the independence of each Director and their time commitment. No areas of material weakness or concern were identified.

The appraisal of the Chairman was led by Clare Wardle as the Senior Independent Director. Mrs Wardle met with each Director to discuss the leadership and effectiveness of the Chairman.

Nominations Committee Report (continued)

Following completion of the review, the Committee concluded that the Board remained fit for purpose and worked in a harmonious, effective and collegiate manner. Directors gave an appropriate level of focus and discussion to the oversight of strategy and performance. There was a very good range of skills represented on the Board and a clear understanding of the risks facing the Company and the Board Committees were operating effectively. Mrs Wardle also reported that the Chairman provided effective leadership. The Committee accordingly recommended to the Board that it should support those Directors seeking re-election at the 2024 AGM.

Diversity and Inclusion

All Board appointments are subject to a formal, rigorous and transparent procedure. The Company seeks to ensure that any Board vacancies are filled by the most qualified candidates based on objective criteria and merit and in the context of the skills, knowledge and experience that are needed for the Board to be effective.

Whilst the Board does not feel that it would be appropriate to use specific diversity targets, given its small size, the Directors acknowledge that diversity is important to ensure that the Company can draw on a broad range of backgrounds, skills, knowledge, experience and perspectives to achieve effective stewardship of the Company. An integral part of the appointment process includes the consideration of diversity in its broadest sense and the Nominations Committee ensures that long lists of potential non-executive Directors include diverse candidates of appropriate experience and merit.

In all the Nominations Committee's activities, there will be no discrimination on the grounds of gender, race, ethnicity, religion, sexual orientation, age or physical ability.

As at 30 June 2024, two out of the five Directors (40%) were women and the two women Directors both held senior positions, one being the Senior Independent Director and the other the Audit and Risk Committee Chair. The Board was also meeting the recommendation that at least one Director is from an ethnic minority background.

The following tables set out the gender and ethnic diversity of the Board at 30 June 2024:

| Gender identity | Number of Board members | Percentage of the Board | Number of senior positions on the Board ¹ |
|-----------------|-------------------------|-------------------------|--|
| Men | 3 | 60 | 1 |
| Women | 2 | 40 | 2 |

| Ethnic background | Number of Board members | Percentage of the Board | Number of senior positions on the Board ¹ |
|--|-------------------------|-------------------------|--|
| White British or other White (including minority-white groups) | 4 | 80 | 3 |
| Asian/Asian British | 1 | 20 | – |

¹ Senior positions include Chairman, Senior Independent Director and Audit and Risk Committee Chair

As an investment trust company with solely independent, non-executive Directors, the Company does not have a Chief Executive or a Chief Financial Officer and has no employees. Accordingly, there are no disclosures about executive management positions to be included. The role of Audit and Risk Committee Chair is considered to be a senior position and has been included in the above tables. The information in the tables was provided by individual Directors in response to a request from the Company.

There have been no changes to the roles of Directors since 30 June 2024. A new Director, Sally Lake, was appointed on 1 August 2024, resulting in six directors, split 50% male and 50% female, on a temporary basis. Mrs Wren will be retiring at the AGM in October 2024 and will be replaced as Audit and Risk Committee Chair by Ms Lake.

Performance of Third-Party Service Providers

Each year, the Committee carries out an evaluation of the Manager and the Company's key third-party service providers and their respective terms of engagement.

The Committee's evaluation of the Manager includes assessing whether the contractual arrangements and remuneration structure in place remain appropriate and competitive and in the interests of shareholders as a whole. The Committee also considers the arrangements in place at Janus Henderson in terms of a short-term incapacity of the Fund Manager and succession planning for the Fund Manager over the longer term. The evaluation includes consideration of the quality of the team involved in all aspects of servicing the Company and a review of the stability of the management group and its business priorities.

Following its review, the Committee concluded that it was in the interests of shareholders as a whole to recommend to the Board that the appointment of the Manager should continue on the existing terms. The Committee also recommended the continuation of the appointment of the other key third-party service providers.

Sir Laurie Magnus CBE
Nominations Committee Chairman
17 September 2024

Directors' Remuneration Report

Remuneration Policy

The Remuneration Policy ("the Policy") sets out the principles applied in the remuneration of the Company's Directors. The Policy was last approved by shareholders at the AGM on 31 October 2023. It will continue in force until the AGM in 2026.

The Board has not established a separate remuneration committee and matters relating to Directors' remuneration are dealt with by the Board as a whole. Individual Directors do not participate in discussions relating to their own remuneration. The appropriateness and relevance of the Policy is reviewed at least annually, particularly in terms of whether the policy supports the Company's long-term sustainable success. In determining the Policy, the Board takes into account all factors which it deems necessary, including relevant legal and regulatory requirements, the provisions and recommendations of the UK Code and the AIC Code and fees paid to directors of comparable investment trusts.

The objective of the Policy is to attract, retain and motivate non-executive Directors of the quality required to manage the Company successfully. The Company's approach is that fees payable to the non-executive Directors should reflect the time spent on the Company's affairs, reflect the responsibilities borne by the Directors, and be sufficient to promote the long-term success of the Company.

Directors are remunerated in the form of fees payable to the Director personally quarterly in arrears. Fees are pro-rated where a change takes place during a financial year. The total annual aggregate fees payable to Directors shall not exceed £350,000.

The Chairman of the Board is paid a higher fee in recognition of his additional responsibilities, as is the Senior Independent Director and Chair of the Audit and Risk Committee. The Directors may be reimbursed for all reasonable and properly documented expenses incurred in the performance of their duties. The level of fees paid to each Director is reviewed annually, although such a review may not necessarily result in any change to the rates. The level of fees paid to the directors of other investment companies of a similar size and nature is taken into account when carrying out the review in order to avoid and manage conflicts of interest in determining remuneration levels. The Board may amend the level of remuneration paid to individual Directors within the parameters of the Policy.

No Director is eligible to receive bonuses, pension benefits, share options or other benefits and no long-term incentive schemes are in place.

The Policy, irrespective of any changes, is put to shareholders at intervals of not more than three years with the next approval due to be sought at the annual general meeting in 2026.

Letters of appointment

All Directors are non-executive and are appointed under a Letter of Appointment. No Director has a service contract with the Company. There are no set notice periods and a Director may resign by notice in writing to the Board at any time. No compensation is payable for loss of office.

Recruitment principles

All Directors, including any new appointments to the Board, are paid at the same rate. The Chairman of the Board, Senior Independent Director and Chair of the Audit and Risk Committee are paid higher fees in recognition of their additional responsibilities.

The Board will not pay any introductory fee or incentive to any person to encourage them to become a Director, but may pay the fees of search and selection specialists in connection with the appointment of any new non-executive Director.

The Company intends to appoint only non-executive Directors for the foreseeable future.

Views of shareholders

Any views expressed by shareholders on the fees being paid to Directors would be taken into consideration by the Board when reviewing levels of remuneration.

Annual Report on Remuneration

This report is submitted in accordance with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended (the "Regulations"). The report also meets the relevant requirements of the Companies Act 2006 (the "Act") and the UK Listing Rules of the FCA and describes how the Board has applied the principles relating to Directors' remuneration.

As required by the Act, an ordinary resolution to approve the Directors' Remuneration Report will be proposed at the forthcoming AGM.

Directors' Remuneration Report (continued)

The Company's Auditor is required to report on certain information contained within this report; where information set out below has been audited, it is indicated as such.

All Directors are non-executive and the Company has no chief executive officer or employees; as such some of the reporting requirements contained in the Regulations are not applicable and have not been reported on, including the requirement for a future policy table and an illustrative representation of the level of remuneration that could be received by each individual Director. It is believed that all relevant information is disclosed within this report in an appropriate format.

The Board has not been provided with advice or services by any person in respect of its consideration of the Directors' remuneration.

Statement from the Chairman

As the Company has no employees and the Board comprises entirely non-executive Directors, the Board has not established a separate Remuneration Committee. Directors' remuneration is reviewed annually and is determined by the Board as a whole within the parameters approved by shareholders.

The Board reviewed the fees paid by other investment companies in the AIC UK Equity Income Sector (the Company's peer group), fees paid to directors of other large investment trusts with assets of over £1 billion (excluding sector specialists) and those paid by the Janus Henderson managed investment trusts. The Board also took into consideration the prevailing rate of inflation, looking at RPI, CPI and wage inflation, as well as the increasing responsibilities and time commitment required of Directors. Following consideration, the Directors' fees were increased with effect from 1 January 2024 by 5.0% (rounded to the nearest £100), in line with inflation. The new rates are as set out in the table below. The increases were to ensure that the Directors are properly remunerated for their services to the Company and so that the Company can remain competitive when seeking new Directors. There have been no other major decisions on Directors' remuneration or any other changes to the remuneration paid to each individual Director in the year under review.

The Board is satisfied that the changes to the remuneration of the Directors are compliant with the Directors' Remuneration Policy approved by shareholders at the 2023 AGM. There will be no significant change in the way that the Remuneration Policy will be implemented in the course of the next financial year.

Directors' annual fees

The current fees for specific responsibilities are set out in the table below. Other than the Chair of the Audit and Risk Committee, no fees are payable for membership of the Board's Committees.

| Role | Rate at 30 June 2024 £ | Rate at 30 June 2023 £ |
|---------------------------------------|------------------------------|------------------------------|
| Chairman of the Board | 55,200 | 52,600 |
| Chair of the Audit and Risk Committee | 41,500 | 39,500 |
| Senior Independent Director | 38,000 | 36,200 |
| Other non-executive Directors | 34,500 | 32,900 |

Performance

The chart below illustrates the total shareholder return for a holding in the Company's shares over the ten-year period to 30 June 2024 as compared with the FTSE All-Share Index, which was adopted as the Company's benchmark index with effect from 1 July 2019.

Total return performance over the ten-year period to 30 June 2024



Directors' Remuneration Report (continued)

Directors' remuneration (audited)

The remuneration paid to the Directors who served during the year ended 30 June 2024 and 30 June 2023 was as follows:

| | Year ended 30 June 2024 Total salary and fees £ | Year ended 30 June 2023 Total salary and fees £ | Year ended 30 June 2024 Total expenses and taxable benefits £ | Year ended 30 June 2023 Total expenses and taxable benefits £ | Year ended 30 June 2024 Total £ | Year ended 30 June 2023 Total £ |
|--------------------------------|---|---|--|--|--|--|
| Ominder Dhillon | 33,700 | 32,100 | 815 | 47 | 34,515 | 32,147 |
| Ted Holmes | 33,700 | 32,100 | – | – | 33,700 | 32,100 |
| Sir Laurie Magnus ¹ | 53,900 | 51,350 | – | – | 53,900 | 51,350 |
| Clare Wardle | 37,000 | 35,350 | – | – | 37,000 | 35,350 |
| Samantha Wren ² | 40,500 | 38,550 | – | – | 40,500 | 38,550 |
| Total | 198,800 | 189,450 | 815 | 47 | 199,615 | 189,497 |

Notes:

The amounts paid by the Company to the Directors were for services as non-executive Directors. The table above omits other columns set out in the relevant regulations because no payments of other types such as performance-related pay and pension related payments were made. No variable pay was paid to any Director

1 Highest paid Director

2 Chair of the Audit and Risk Committee

No other remuneration or compensation was paid or payable by the Company during the year to any of the current or former Directors or third parties.

Annual change in Directors' remuneration

The table below sets out the annual percentage change in Directors' fees for the Directors for the last five years in respect of each Director that has served for a minimum of two financial years.

| Director | Year to 30 June 2024 % | Year to 30 June 2023 % | Year to 30 June 2022 % | Year to 30 June 2021 % | Year to 30 June 2020 % |
|--------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Ominder Dhillon ¹ | 5.0 | n/a | n/a | n/a | n/a |
| Ted Holmes | 5.0 | 4.4 | 2.5 | 1.9 | 2.6 |
| Sir Laurie Magnus ² | 5.0 | 4.4 | 16.3 ³ | n/a | n/a |
| Clare Wardle ⁴ | 4.7 | 7.5 ⁵ | 9.6 ⁵ | n/a | n/a |
| Samantha Wren | 5.1 | 4.5 | 2.6 | 2.0 | 2.7 |

1 Appointed a Director on 1 September 2021

2 Appointed a Director on 1 March 2020

3 Sir Laurie Magnus was appointed Chairman on 27 October 2020. The % increase reflects his change of role during the course of the year to 30 June 2021 and the additional fee that is associated with this position

4 Appointed a Director on 1 November 2019

5 Clare Wardle was appointed as Senior Independent Director on 28 October 2021. The % increase reflects her change of role during the course of the year to 30 June 2022

Directors' interests in shares (audited)

| Beneficial interest | Ordinary shares of 25p | |
|---------------------|------------------------|-------------|
| | 30 June 2024 | 1 July 2023 |
| Ominder Dhillon | 5,943 | 4,443 |
| Ted Holmes | 10,000 | 5,000 |
| Sir Laurie Magnus | 110,000 | 110,000 |
| Clare Wardle | 16,447 | 16,447 |
| Samantha Wren | 9,820 | 9,820 |

The interests of the Directors and their connected persons in the ordinary shares of the Company at the beginning and end of the financial year are shown in the preceding table. There have been no changes to any of the Directors' interests in the period from 1 July 2024 to the date of this report. Sally Lake does not hold any ordinary shares. No Director has any interests in the preference or preferred stock of the Company.

The Company does not have a shareholding requirement for Directors.

Directors' Remuneration Report (continued)

Relative importance of spend on pay

In order to show the relative importance of spend on pay, the table below sets out the total level of remuneration compared with the distributions to shareholders by way of dividends. In the year under review, 8,301,867 ordinary shares were bought back by the Company into Treasury. There were no other significant distributions, payments or other uses of the Company's net return or cash flow deemed to assist in the understanding of the relative importance of spend on pay.

| | 2024 £ | 2023 £ | Change £ | Change % |
|-------------------------------|-------------|------------|-------------|-------------|
| Total Directors' remuneration | 199,615 | 189,497 | 10,118 | 5.3 |
| Ordinary dividends paid | 102,343,736 | 95,520,287 | 6,823,449 | 7.1 |

Statement of voting at Annual General Meeting

At the AGM held on 31 October 2023, shareholders approved the Directors' Remuneration Policy and the Directors' Remuneration Report in respect of the year ended 30 June 2023. The following proxy votes were received on the resolutions:

| Resolution | For (including discretionary) | % of total votes ¹ | Against | % of total votes ¹ | Withheld |
|---------------------|----------------------------------|-------------------------------|---------|-------------------------------|----------|
| Remuneration Policy | 6,622,825 | 99.2 | 56,004 | 0.8 | 53,908 |
| Remuneration Report | 6,635,657 | 99.3 | 46,470 | 0.7 | 50,611 |

¹ Excluding votes withheld

Approval of the Annual Report on Remuneration

The Annual Report on Remuneration was approved by the Board on 17 September 2024.

On behalf of the Board

Sir Laurie Magnus CBE
Chairman
17 September 2024

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and the Republic of Ireland", and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the net return or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report and Statement of Corporate Governance that comply with that law and those regulations.

The Directors consider that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Directors' Responsibility Statement

Each of the Directors, who are listed on pages 37 and 38, confirms that, to the best of his or her knowledge:

- the Company's financial statements, which have been prepared in accordance with UK Accounting Standards on a going concern basis, give a true and fair view of the assets, liabilities, financial position and return of the Company; and
- the Strategic Report and financial statements include a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

On behalf of the Board

Sir Laurie Magnus CBE
Chairman
17 September 2024

The financial statements are published on the website www.cityinvestmenttrust.com.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The maintenance and integrity of the website is the responsibility of Janus Henderson; the work carried out by the Auditor does not involve consideration of these matters and, accordingly, the Auditor accepts no responsibility for any changes that may have occurred to the Annual Report since it was initially presented on the website.

Financial Statements



Independent Auditor's Report to the Members of The City of London Investment Trust plc

Opinion

We have audited the financial statements of The City of London Investment Trust plc (the "Company") for the year ended 30 June 2024 which comprise the Income Statement, the Statement of Changes in Equity and the Statement of Financial Position and the related notes 1 to 23, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 30 June 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting the audit.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Confirming our understanding of the Company's going concern assessment process by engaging with the Directors and the Corporate Secretary to determine if all key factors were considered in their assessment.
- Inspecting the Directors' assessment of going concern, including the revenue forecast, for the period to 17 September 2025 which is at least 12 months from the date these financial statements are authorised for issue. In preparing the revenue forecast, the Company has concluded that it is able to continue to meet its ongoing costs as they fall due.
- Reviewing the factors and assumptions, including the impact of the current economic environment and other significant events that could give rise to market volatility, as applied to the revenue forecast and the liquidity assessment of the investments. We considered the appropriateness of the methods used to calculate the revenue forecast and the liquidity assessment and determined, through testing of the methodology and calculations, that the methods, inputs and assumptions utilised were appropriate to be able to make an assessment for the Company.
- Considering the mitigating factors included in the revenue forecast that are within the control of the Company. We reviewed the Company's assessment of the liquidity of investments held and evaluated the Company's ability to sell those investments to cover the working capital requirements should revenue decline significantly.
- In relation to the Company's borrowing arrangements, inspecting the Directors' assessment of the level of gearing. We recalculated the Company's compliance with debt covenants and performed stress testing to assess the likelihood of the Company breaching the financial covenants as a result of a reduction in the value of the Company's portfolio.
- Reviewing the Company's going concern disclosures included in the Annual Report in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the period assessed by the Directors, being the period to 17 September 2025, which is at least 12 months from the date these financial statements are authorised for issue.

Independent Auditor's Report to the Members of The City of London Investment Trust plc (continued)

In relation to the Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Overview of our audit approach

| | |
|--------------------------|---|
| Key audit matters | <ul style="list-style-type: none"> • Risk of incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital items in the Income Statement. • Risk of incorrect valuation or ownership of the investment portfolio. |
| Materiality | <ul style="list-style-type: none"> • Overall materiality of £20.98m which represents 1% of shareholders' funds. |

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, the potential impact of climate change and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Climate change

There has been increasing interest from stakeholders as to how climate change will impact companies. The Company has determined that the impact of climate change could affect the Company's investments. This is explained in the principal and emerging risks and uncertainties section on page 29, which forms part of the "Other information", rather than the audited financial statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

Our audit effort in considering climate change was focused on the adequacy of the Company's disclosures in the financial statements as set out in note 1(a) and conclusion that there was no further impact of climate change to be taken into account as the investments are valued based on market pricing as required by FRS 102. We also challenged the Directors' considerations of climate change risks in their assessment of going concern and viability and associated disclosures.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report to the Members of The City of London Investment Trust plc (continued)

| Risk | Our response to the risk | Key observations communicated to the Audit and Risk Committee |
|--|---|--|
| <p>Incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital items in the Income Statement (as described on page 51 in the Audit and Risk Committee Report and as per the accounting policy set out on page 71).</p> <p>The total revenue for the year to 30 June 2024 is £109.71m (2023: £101.97m), consisting primarily of dividend income from listed equity investments.</p> <p>The Company received seven special dividends amounting to £6.46m, of which £1.04m (2023: £2.52m) was classified as revenue and £5.42m (2023: £nil) was classified as capital.</p> <p>There is a risk of incomplete or inaccurate recognition of revenue through the failure to recognise proper income entitlements or to apply an appropriate accounting treatment.</p> <p>The Directors may be required to exercise judgement in determining whether income receivable in the form of special dividends should be classified as 'revenue' or 'capital' in the Income Statement.</p> | <p>We performed the following procedures:</p> <p>We obtained an understanding of the processes and controls surrounding revenue recognition, including the classification of special dividends by performing walkthrough procedures.</p> <p>For 100% of dividends received and accrued, we recalculated the income by multiplying the investment holdings at the ex-dividend date, traced from the accounting records, by the dividend per share, which was agreed to an independent data vendor. We also agreed all exchange rates to an independent data vendor and agreed a sample of dividend receipts to bank statements.</p> <p>For 100% of dividends accrued, we reviewed the investee company announcement to assess whether the dividend entitlements arose prior to 30 June 2024.</p> <p>To test completeness of recorded income, we verified that expected dividends for each investee company held during the year had been recorded as income with reference to investee company announcements obtained from an independent data vendor.</p> <p>For all investments held during the year, we inspected the type of dividends paid with reference to an external data vendor to identify those which were special dividends. We identified seven special dividends received during the year, three classified as capital and four classified as revenue. For two special dividends above our testing threshold, and a sample of special dividends below our testing threshold, we assessed the appropriateness of management's classification as revenue or capital by reviewing the underlying rationale for the distributions.</p> | <p>The results of our procedures identified no material misstatement in relation to the risk of incomplete or inaccurate revenue recognition, including incorrect classification of special dividends as revenue or capital items in the Income Statement.</p> |

Independent Auditor's Report to the Members of The City of London Investment Trust plc (continued)

| Risk | Our response to the risk | Key observations communicated to the Audit and Risk Committee |
|---|---|---|
| <p>Incorrect valuation or ownership of the investment portfolio (as described on page 51 in the Audit and Risk Committee Report and as per the accounting policy set out on pages 70 and 71).</p> <p>The valuation of the investment portfolio at 30 June 2024 was £2,246.59m (2023: £2,034.65m) consisting primarily of listed investments.</p> <p>The valuation of the investments held by the Company is the key driver of the Company's net asset value and total return. Incorrect investment pricing, or a failure to maintain proper legal title of the assets held by the Company could have a significant impact on the net asset value and the return generated for shareholders.</p> <p>The fair value of listed investments is determined using quoted market bid prices at close of business on the reporting date.</p> | <p>We performed the following procedures:</p> <p>We obtained an understanding of the processes surrounding investment pricing and legal title of listed investments by performing walkthrough procedures.</p> <p>For 100% of investments in the portfolio, we verified the market prices and exchange rates applied to an independent pricing vendor and recalculated the investment valuations as at the year end.</p> <p>For all investments in the portfolio, we obtained the market prices from an independent pricing vendor for five business days pre and post the year end date and calculated the day-on-day movements to identify any stale prices. We verified that the listed prices are valid fair values through review of trading activity.</p> <p>We compared the Company's investment holdings as at 30 June 2024 to an independent confirmation received directly from the Company's Custodian and Depository.</p> | <p>The results of our procedures identified no material misstatement in relation to the risk of incorrect valuation or ownership of the investment portfolio.</p> |

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £20.98m, which is 1% of shareholders' funds. We believe that shareholders' funds provide us with materiality aligned to the key measurement of the Company's performance.

In the prior year, the predecessor auditors determined materiality for the Company to be £19.16m, which was 1% of net asset value.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 50% of our planning materiality, namely £10.49m. We have set performance materiality at this percentage due to this being our first year auditing the Company.

In the prior year, the predecessor auditors determined performance materiality for the Company to be £14.37m which was 75% of materiality.

Given the importance of the distinction between revenue and capital for investment trusts, we also applied a separate testing threshold for the revenue column of the Income Statement of £5.26m being 5% of the revenue net return before taxation.

Independent Auditor's Report to the Members of The City of London Investment Trust plc (continued)

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit and Risk Committee that we would report to them all uncorrected audit differences in excess of £1.05m, which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

In the prior year, the predecessor auditors determined the reporting threshold for the Company to be £0.96m which was 5% of materiality.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Corporate governance statement

We have reviewed the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the UK Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

Independent Auditor's Report to the Members of The City of London Investment Trust plc (continued)

- the Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 70;
- the Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 31;
- the Director's statement on whether they have a reasonable expectation that the Company will be able to continue in operation and meets its liabilities set out on page 31;
- the Directors' statement on fair, balanced and understandable set out on page 58;
- the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 29;
- the section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on page 47; and
- the section describing the work of the Audit and Risk Committee set out on page 49.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 58, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are UK GAAP, the Companies Act 2006, the UK Listing Rules, the UK Corporate Governance Code, the Statement of Recommended Practice for the Financial Statements of Investment Trust Companies as issued by the Association of Investment Companies, Section 1158 of the Corporation Tax Act 2010 and The Companies (Miscellaneous Reporting) Regulations 2018.
- We understood how the Company is complying with those frameworks through discussions with the Audit and Risk Committee and Corporate Secretary, review of Board and Committee minutes and review of papers provided to the Audit and Risk Committee.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. We identified a fraud risk with respect to the incomplete or inaccurate revenue recognition through incorrect classification of special dividends as revenue or capital items in the Income Statement. Further discussion of our approach is set out in the section on key audit matters above.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the Directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Company.

Independent Auditor's Report to the Members of The City of London Investment Trust plc (continued)

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Other matters we are required to address

- Following the recommendation from the Audit and Risk Committee, we were appointed by the Company on 31 October 2023 to audit the financial statements for the year ending 30 June 2024 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is one year, covering the year ended 30 June 2024.
- The audit opinion is consistent with the additional report to the Audit and Risk Committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mike Gaylor
For and on behalf of Ernst & Young LLP
Statutory Auditor
London
17 September 2024

Income Statement

| Notes | | Year ended 30 June 2024 | | | Year ended 30 June 2023 | | |
|-------|---|-------------------------|-------------------------|-----------------------|-------------------------|-------------------------|-----------------------|
| | | Revenue return £'000 | Capital return £'000 | Total return £'000 | Revenue return £'000 | Capital return £'000 | Total return £'000 |
| 2 | Gains/(losses) on investments held at fair value through profit or loss | – | 200,864 | 200,864 | – | (27,111) | (27,111) |
| 3 | Income from investments held at fair value through profit or loss | 109,335 | – | 109,335 | 101,747 | – | 101,747 |
| 4 | Other interest receivable and similar income | 371 | – | 371 | 224 | – | 224 |
| | Gross revenue and capital gains/(losses) | 109,706 | 200,864 | 310,570 | 101,971 | (27,111) | 74,860 |
| 5 | Management fee | (1,927) | (4,497) | (6,424) | (1,844) | (4,304) | (6,148) |
| 6 | Other administrative expenses | (1,009) | – | (1,009) | (860) | – | (860) |
| | Net return/(loss) before finance costs and taxation | 106,770 | 196,367 | 303,137 | 99,267 | (31,415) | 67,852 |
| 7 | Finance costs | (1,666) | (3,520) | (5,186) | (1,621) | (3,416) | (5,037) |
| | Net return/(loss) before taxation | 105,104 | 192,847 | 297,951 | 97,646 | (34,831) | 62,815 |
| 8 | Taxation | (533) | – | (533) | (1,406) | – | (1,406) |
| | Net return/(loss) after taxation | 104,571 | 192,847 | 297,418 | 96,240 | (34,831) | 61,409 |
| 9 | Return/(loss) per ordinary share – basic and diluted | 20.87p | 38.48p | 59.35p | 20.14p | (7.29p) | 12.85p |

The total columns of this statement represent the Company's Income Statement. The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies. All revenue and capital items in the above statement derive from continuing operations. The Company has no recognised gains or losses other than those recognised in the Income Statement.

Statement of Changes in Equity

| Notes | Year ended 30 June 2024 | 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 2023 | 124,339 | 1,053,061 | 2,707 | 691,463 | 44,322 | 1,915,892 |
| | Net return after taxation | – | – | – | 192,847 | 104,571 | 297,418 |
| 17, 18 | Buyback of 8,301,867 ordinary shares for treasury | – | – | – | (34,400) | – | (34,400) |
| 17, 18 | Issue of 5,310,000 new ordinary shares | 1,327 | 19,563 | – | – | – | 20,890 |
| 10 | Dividends paid | – | – | – | – | (102,272) | (102,272) |
| | At 30 June 2024 | 125,666 | 1,072,624 | 2,707 | 849,910 | 46,621 | 2,097,528 |

| Notes | Year ended 30 June 2023 | Called up share capital £'000 | Share premium account £'000 | Capital redemption reserve £'000 | Other capital reserves £'000 | Revenue reserve £'000 | Total £'000 |
|--------|---|----------------------------------|--------------------------------|-------------------------------------|---------------------------------|--------------------------|------------------|
| | At 1 July 2022 | 114,910 | 909,143 | 2,707 | 726,294 | 43,603 | 1,796,657 |
| | Net (loss)/return after taxation | – | – | – | (34,831) | 96,240 | 61,409 |
| 17, 18 | Issue of 37,715,000 new ordinary shares | 9,429 | 143,918 | – | – | – | 153,347 |
| 10 | Dividends paid | – | – | – | – | (95,521) | (95,521) |
| | At 30 June 2023 | 124,339 | 1,053,061 | 2,707 | 691,463 | 44,322 | 1,915,892 |

The notes on pages 70 to 85 form part of these financial statements

Statement of Financial Position

| Notes | | 30 June 2024 £'000 | 30 June 2023 £'000 |
|-------|--|-----------------------|-----------------------|
| | Fixed assets | | |
| 11 | Investments held at fair value through profit or loss | | |
| | Listed at market value in the United Kingdom ¹ | 1,657,638 | 1,653,748 |
| | Listed at market value overseas ¹ | 216,147 | 259,339 |
| | Investments on loan ¹ | 372,460 | 121,213 |
| 12 | Investment in subsidiary undertakings | 347 | 347 |
| | | 2,246,592 | 2,034,647 |
| | Current assets | | |
| 13 | Debtors | 12,911 | 10,823 |
| | | 12,911 | 10,823 |
| 14 | Creditors: amounts falling due within one year | (46,307) | (13,956) |
| | Net current liabilities | (33,396) | (3,133) |
| | Total assets less current liabilities | 2,213,196 | 2,031,514 |
| 15 | Creditors: amounts falling due after more than one year | (115,668) | (115,622) |
| | Net assets | 2,097,528 | 1,915,892 |
| | Capital and reserves | | |
| 17 | Called up share capital | 125,666 | 124,339 |
| 18 | Share premium account | 1,072,624 | 1,053,061 |
| 19 | Capital redemption reserve | 2,707 | 2,707 |
| 19 | Other capital reserves | 849,910 | 691,463 |
| 20 | Revenue reserve | 46,621 | 44,322 |
| 21 | Total shareholders' funds | 2,097,528 | 1,915,892 |
| 21 | Net asset value per ordinary share - basic and diluted | 424.29p | 385.22p |

¹ Prior year comparatives have been restated as explained further in note 1a)

The financial statements on pages 67 to 85 were approved by the Board of Directors on 17 September 2024 and signed on its behalf by:

Sir Laurie Magnus CBE
Chairman

Registration number: 34871

The notes on pages 70 to 85 form part of these financial statements

Notes to the Financial Statements

1 Accounting policies

(a) Basis of accounting

The Company is a registered investment company as defined in Section 833 of the Companies Act 2006 and is incorporated in the UK. It operates in the UK and is registered at the address on page 95.

The financial statements have been prepared in accordance with the Companies Act 2006, FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland, and with the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts ("the SORP") issued in July 2022 by the Association of Investment Companies.

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

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, substantially all of the entity's investments are carried at market value, and the entity provides a Statement of Changes in Equity. The Directors have assessed that the Company meets all of these conditions.

The financial statements have been prepared under the historical cost basis except for the measurement at fair value of investments. In applying FRS 102, financial instruments have been accounted for in accordance with Sections 11 and 12 of the standard. All of the Company's operations are of a continuing nature.

The financial statements of the Company's three subsidiaries have not been consolidated on the basis of immateriality and dormancy. Consequently, the financial statements present information about the Company as an individual entity. The Directors consider that the values of the subsidiary undertakings are not less than the amounts at which they are included in the financial statements.

The preparation of the Company's financial statements on occasion requires the Directors to make judgements, estimates and assumptions that affect the reported amounts in the primary financial statements and the accompanying disclosures. These assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in the current and future periods, depending on circumstance.

The decision to allocate special dividends as income or capital is a judgement but not deemed to be material. The allocation of expenses to income or capital is a judgement as well, but also is not deemed to be material. The Directors do not believe that any accounting judgements or estimates have been applied to this set of financial statements that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year. In line with UK GAAP, investments are valued at fair value which are quoted prices for the investments in active markets and therefore reflect participants' views of climate change risk.

The investment disclosures in the Statement of Financial Position previously included the value of investments on loan within the values of investments listed at market value in the United Kingdom (£80,947,000) and listed at market value overseas (£40,266,000). In the current year, the value of investments on loan has been disclosed separately and the prior year comparatives restated on the same basis. These changes in presentation have no impact on the Company's net assets or Income Statement.

(b) Going concern

The assets of the Company consist of securities that are readily realisable. As set out in the Viability Statement, the Directors consider three model scenarios that stress test the revenue reserves. None of the results from these scenarios would threaten the viability of the Company and its ability to continue as a going concern. 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 is able to meet its financial obligations, including the repayment of the bank overdraft, as they fall due for a period to 17 September 2025, which is at least 12 months from the date of approval of the financial statements. Having assessed these factors, the principal risks and other matters discussed in connection with the viability statement, the Board has determined that it is appropriate for the financial statements to be prepared on a going concern basis.

(c) Valuation of investments held at fair value through profit or loss

Listed investments are valued at fair value, which is deemed to be bid market prices or the last traded price depending on the convention of the exchange on which the investment is quoted.

The only unquoted investments are the Company's subsidiaries which are valued at the net asset value according to their latest financial statements and this is considered to be fair value.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

(c) Valuation of investments held at fair value through profit or loss (continued)

Changes in the fair value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Income Statement as “Gains/(losses) on investments held at fair value through profit or loss”. Transaction costs incurred on the purchase and disposal of investments are recognised as a capital item in the Income Statement. All purchases and sales are accounted for on a trade date basis.

(d) Foreign currency

The results and financial position of the Company are expressed in pounds sterling, which is the functional currency and presentational currency of the Company. Sterling is the functional currency because it is the currency of the primary economic environment in which the Company operates.

Transactions recorded in overseas currencies during the year are translated into sterling at the appropriate daily exchange rates. Assets and liabilities denominated in overseas currencies at the Statement of Financial Position date are translated into sterling at the exchange rates ruling at that date.

Any gains or losses on the translation of foreign currency balances, whether realised or unrealised, are taken to the capital or to the revenue return of the Income Statement, depending on whether the gain or loss is of a capital or revenue nature.

(e) Income

Dividends receivable from equity shares are taken to the revenue return on an ex-dividend basis except where, in the opinion of Directors, the dividend is capital in nature in which case it is taken to the capital return. Special dividends are recognised on an ex-dividend basis and treated as capital or revenue depending on the facts and circumstances of each dividend. Bank interest and stock lending revenue are accounted for on an accruals basis.

The ordinary element of scrip dividends received in lieu of cash dividends is recognised as revenue. Any enhancement above the cash dividend is treated as capital.

Where the Company enters into a commitment to underwrite an issue of securities in exchange for the receipt of commission, this creates a derivative financial instrument. Any such derivatives are recognised initially at fair value and are subsequently re-measured at fair value, with the related gains and losses being reflected in the Income Statement. Net losses arising from derivatives, where the actual or expected loss from taking up the securities underwritten exceeds the commission income, are allocated to the capital return. Net gains are allocated to the revenue return.

Fees earned from stock lending are accounted for on an accruals basis and shown in the revenue return based on amounts to which the Company is entitled. This is after deduction of amounts withheld by the counterparty arranging the stock lending facility. The stock lending accounting policy is set out in note 16.3.

(f) Management and other administrative expenses and finance costs

All expenses and finance costs are accounted for on an accruals basis. In accordance with the Board's expectation, over the long term, that investment returns will be attributable 70% to capital and 30% to revenue, the Company charges to capital 70% of the finance costs (excluding dividends payable on the preference and preferred ordinary stocks) and management fees with the remaining 30% being charged to revenue. Other administrative expenses are charged 100% to revenue except where they relate directly to a capital transaction.

(g) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using the effective tax rate of corporation tax for the accounting period.

The tax effect of different items of expenditure is allocated between the capital return and revenue return using the Company's effective rate of tax for the year. In line with the recommendations of the SORP, the allocation method used to calculate tax relief on expenses presented against capital returns in the supplementary information in the Income Statement is the “marginal basis”. Under this basis, if taxable income is capable of being offset entirely by expenses presented in the revenue return column of the Income Statement, then no tax relief is transferred to the capital return column.

Deferred taxation is provided on all timing differences that have originated but not reversed by the Statement of Financial Position date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of timing differences can be deducted. Any liability to deferred tax is provided at the average rate of tax expected to apply based on tax rates and laws that have been enacted or substantially enacted at the Statement of Financial Position date. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

(h) Borrowings

Overdrafts and secured notes are initially recorded at the value of the proceeds received, net of direct issue costs. They are subsequently measured at amortised cost. Finance costs, including interest payable, premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the Income Statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

(i) Preference stocks

The preference and preferred ordinary stocks have been assessed against the criteria set out in section 22.5 of FRS 102 and are deemed to be debt and are therefore classified as financial liabilities. The dividends associated with the preference and preferred ordinary stocks are fixed amounts paid in priority to dividends on ordinary shares and on a winding up are repaid in priority to ordinary shareholders. Dividends in respect of preference and preferred ordinary stocks are charged fully to the Company's revenue return within finance costs.

(j) Dividends payable to shareholders

Dividends payable to shareholders are recognised in the financial statements when they are paid, or in the case of final dividends, when they are approved by shareholders. Dividends are disclosed in the Statement of Changes in Equity.

(k) Issue and repurchase of ordinary shares and associated costs

The proceeds from the share issue of new ordinary shares (including those relating to the sale of shares out of treasury) and the aggregate cost of repurchasing ordinary shares (including those to be held in treasury) are taken directly to equity and dealt with in the Statement of Changes in Equity. Issue costs incurred in respect of shares sold out of treasury are offset against proceeds received and dealt with in other capital reserves. Share issues and repurchase transactions are accounted for on a trade date basis.

(l) Capital and reserves

Called up share capital represents the nominal value of ordinary shares issued.

The share premium account represents the premium above nominal value received by the Company on issuing shares net of issue costs.

The revenue reserve represents accumulated revenue profits retained by the Company that have not currently been distributed to shareholders as a dividend.

The capital redemption reserve represents the nominal value of ordinary shares, preference stock and preferred ordinary stock that have been repurchased and cancelled.

Other capital reserves are split into two components, the capital reserve arising on investments sold and the capital reserve arising on revaluation of investments held. The following analyses what is accounted for in each of these components.

Capital reserve arising on investments sold

The following are accounted for in this reserve: gains and losses on disposals of investments; expenses and finance costs allocated to capital net of tax relief; realised foreign exchange differences of a capital nature; and cost of repurchasing ordinary share capital.

Capital reserve arising on revaluation of investments held

The following are accounted for in this reserve: increases and decreases in the valuation of investments held at the year end; and unrealised foreign exchange differences of a capital nature.

(m) Distributable reserves

The Company's capital reserve arising on investments sold and revenue reserve may be distributed by way of a dividend. There may however, be other factors that restrict the value of reserves that can be distributed. In the case of the Company, there are small priority amounts that are payable to preference stock and preferred stockholders, which amount to less than 1% of distributable reserves at 30 June 2024. In addition, unrealised fair value losses on investments held would be deducted from distributable reserves, but at 30 June 2024, the Company had unrealised fair value gains of £503,622,000.

Notes to the Financial Statements (continued)

2 Gains/(losses) on investments held at fair value through profit or loss

| | 2024 £'000 | 2023 £'000 |
|--|----------------|-----------------|
| Gains on the sale of investments based on historical cost | 44,765 | 25,651 |
| Revaluation (gains)/losses recognised in previous years | (3,835) | 1,382 |
| Gains on investments sold in the year based on carrying value at the previous Statement of Financial Position date | 40,930 | 27,033 |
| Revaluation of investments held at 30 June | 160,581 | (54,215) |
| Exchange (losses)/gains | (647) | 71 |
| Total gains/(losses) on investments held at fair value through profit or loss | 200,864 | (27,111) |

3 Income from investments held at fair value through profit or loss

| | 2024 £'000 | 2023 £'000 |
|--|----------------|----------------|
| UK dividends: | | |
| Listed – ordinary dividends | 94,307 | 82,884 |
| Listed – special dividends | 985 | 1,949 |
| | 95,292 | 84,833 |
| Other dividends: | | |
| Dividend income – overseas investments | 10,678 | 13,727 |
| Dividend income – overseas special dividends | 59 | 568 |
| Dividend income – UK REIT | 3,306 | 2,619 |
| | 14,043 | 16,914 |
| | 109,335 | 101,747 |

4 Other interest receivable and similar income

| | 2024 £'000 | 2023 £'000 |
|---|---------------|---------------|
| Bank interest | 84 | – |
| Underwriting commission (allocated to revenue) ¹ | 45 | – |
| Stock lending revenue | 242 | 224 |
| | 371 | 224 |

¹ During the year the Company was not required to take up shares in respect of its underwriting (2023: none)

Stock lending revenue has been shown net of brokerage fees of £61,000 (2023: £56,000).

Notes to the Financial Statements (continued)

5 Management fee

| | 2024 | | | 2023 | | |
|----------------|-------------------------|-------------------------|-----------------------|-------------------------|-------------------------|-----------------------|
| | Revenue return £'000 | Capital return £'000 | Total return £'000 | Revenue return £'000 | Capital return £'000 | Total return £'000 |
| Management fee | 1,927 | 4,497 | 6,424 | 1,844 | 4,304 | 6,148 |

A summary of the terms of the Management Agreement is given on page 21 and in note 23 on page 85. Details of apportionment between revenue and capital can be found in note 1 on page 71.

6 Other administrative expenses

| | 2024 £'000 | 2023 £'000 |
|--|---------------|---------------|
| Directors' fees and expenses (see Directors' Remuneration Report on page 56) | 200 | 189 |
| Auditor's remuneration – for statutory audit services | 63 | 54 |
| Marketing | 172 | 88 |
| Bank charges (loan facility fees) | – | 10 |
| Annual and Half Year reports | 53 | 59 |
| Registrar's fees | 93 | 97 |
| AIC | 22 | 21 |
| Listing fees | 219 | 157 |
| Advisory and consultancy fees | 63 | 30 |
| Depositary fees | 58 | 59 |
| Other expenses | 66 | 96 |
| | 1,009 | 860 |

All transactions with Directors are disclosed in the Directors' Remuneration Report and are related party transactions.

7 Finance costs

| | 2024 | | | 2023 | | |
|---|-------------------------|-------------------------|-----------------------|-------------------------|-------------------------|-----------------------|
| | Revenue return £'000 | Capital return £'000 | Total return £'000 | Revenue return £'000 | Capital return £'000 | Total return £'000 |
| Interest on secured notes repayable wholly or partly | | | | | | |
| – after five years (includes amortisation of secured notes issue costs) | 1,171 | 2,733 | 3,904 | 1,171 | 2,733 | 3,904 |
| Bank overdraft interest | 338 | 787 | 1,125 | 293 | 683 | 976 |
| Dividends per share: | | | | | | |
| – cumulative first preference stock | 18 | – | 18 | 18 | – | 18 |
| – non-cumulative second preference stock | 21 | – | 21 | 21 | – | 21 |
| – non-cumulative preferred ordinary stock | 118 | – | 118 | 118 | – | 118 |
| | 1,666 | 3,520 | 5,186 | 1,621 | 3,416 | 5,037 |

Details of apportionment between revenue return and capital return can be found in note 1 on page 71.

Notes to the Financial Statements (continued)

8 Taxation

Analysis of tax charge for the year

| | 2024 | | | 2023 | | |
|--|-------------------------|-------------------------|-----------------------|-------------------------|-------------------------|-----------------------|
| | Revenue return £'000 | Capital return £'000 | Total return £'000 | Revenue return £'000 | Capital return £'000 | Total return £'000 |
| Analysis of tax charge for the year | | | | | | |
| Overseas withholding tax | 952 | – | 952 | 1,837 | – | 1,837 |
| Less: overseas withholding tax recoverable | (419) | – | (419) | (431) | – | (431) |
| | 533 | – | 533 | 1,406 | – | 1,406 |

The Company's profit for the accounting year is taxed at 25% (2023: an effective rate of 20.5%). The tax charge for the year is lower than the corporation tax rate. The differences are explained below:

Factors affecting the tax charge for the year

| | 2024 | | | 2023 | | |
|---|-------------------------|-------------------------|-----------------------|-------------------------|-------------------------|-----------------------|
| | Revenue return £'000 | Capital return £'000 | Total return £'000 | Revenue return £'000 | Capital return £'000 | Total return £'000 |
| Net return/(loss) before taxation | 105,104 | 192,847 | 297,951 | 97,646 | (34,831) | 62,815 |
| Corporation tax at 25% (2023: 20.5%) | 26,276 | 48,212 | 74,488 | 20,017 | (7,140) | 12,877 |
| Effects of: | | | | | | |
| Non-taxable UK dividends | (23,448) | – | (23,448) | (17,487) | – | (17,487) |
| Non-taxable overseas dividends | (3,060) | – | (3,060) | (2,930) | – | (2,930) |
| Overseas tax suffered | 533 | – | 533 | 1,406 | – | 1,406 |
| Expenses not deductible for tax purposes | 1 | – | 1 | 1 | – | 1 |
| Excess management expenses | 192 | 2,004 | 2,196 | 367 | 1,582 | 1,949 |
| Preference and preferred ordinary dividends not allowable for tax | 39 | – | 39 | 32 | – | 32 |
| Net capital (gains)/losses not subject to tax | – | (50,216) | (50,216) | – | 5,558 | 5,558 |
| | 533 | – | 533 | 1,406 | – | 1,406 |

Investment trusts are exempt from corporation tax on capital gains provided that the Company complies with tests under Section 1158 of the Corporation Tax Act 2010.

Deferred taxation

No provision for deferred taxation has been made in the current or prior accounting year. The Company has not provided for deferred tax on capital gains or losses arising on the revaluation and disposal of investments as it is exempt from tax on these items because of its investment trust status.

Factors that may affect future tax charges

The Company can offset management fees, other administrative expenses and interest costs against taxable income to eliminate any tax charge on such income. The tax legislation refers to these as management expenses (management fees and other administrative expenses) and non-trade loan relationship deficits (interest costs) and these are captured together under the heading "Excess management expenses" in the table above. Where these are not fully utilised, they can be carried forward to future years. As the Company is unlikely to generate future taxable profits to utilise these amounts, the Company cannot recognise an asset to reflect them, but must still disclose the deferred tax amount carried forward arising from any unutilised amounts.

Consequently, the Company has not recognised a deferred tax asset totalling £41,397,000 (2023: £39,944,000) arising as a result of having unutilised management expenses and unutilised non-trade loan relationship deficits totalling £165,588,000 (2023: £159,778,000). These expenses will only be utilised, to any material extent, if changes are made either to the tax treatment of the capital gains made by investment trusts or to the Company's investment profile which require them to be used.

Notes to the Financial Statements (continued)

9 Return per ordinary share – basic and diluted

The return per ordinary share is based on the net return attributable to the ordinary shares of £297,418,000 (2023: £61,409,000) and on 501,134,608 ordinary shares (2023: 477,932,402), being the weighted average number of ordinary shares in issue during the year.

The return per ordinary share is analysed between revenue and capital as below.

| | 2024 £'000 | 2023 £'000 |
|--|--------------------|--------------------|
| Net revenue return | 104,571 | 96,240 |
| Net capital return/(loss) | 192,847 | (34,831) |
| Net total return | 297,418 | 61,409 |
| Weighted average number of ordinary shares in issue during the year | 501,134,608 | 477,932,402 |

| | 2024 Pence | 2023 Pence |
|--|---------------|---------------|
| Revenue return per ordinary share | 20.87 | 20.14 |
| Capital return/(loss) per ordinary share | 38.48 | (7.29) |
| Total return per ordinary share | 59.35 | 12.85 |

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

10 Dividends paid on ordinary shares

| | Record date | Payment date | 2024 £'000 | 2023 £'000 |
|---|-----------------|------------------|----------------|---------------|
| Fourth interim dividend (5.00p) for the year ended 30 June 2022 | 04 August 2022 | 31 August 2022 | – | 23,140 |
| First interim dividend (5.00p) for the year ended 30 June 2023 | 27 October 2022 | 30 November 2022 | – | 23,518 |
| Second interim dividend (5.00p) for the year ended 30 June 2023 | 26 January 2023 | 28 February 2023 | – | 23,910 |
| Third interim dividend (5.05p) for the year ended 30 June 2023 | 27 April 2023 | 31 May 2023 | – | 24,953 |
| Fourth interim dividend (5.05p) for the year ended 30 June 2023 | 27 July 2023 | 31 August 2023 | 25,374 | – |
| First interim dividend (5.05p) for the year ended 30 June 2024 | 26 October 2023 | 30 November 2023 | 25,385 | – |
| Second interim dividend (5.05p) for the year ended 30 June 2024 | 25 January 2024 | 29 February 2024 | 25,385 | – |
| Third interim dividend (5.25p) for the year ended 30 June 2024 | 25 April 2024 | 31 May 2024 | 26,200 | – |
| Unclaimed dividends over 12 years old | | | (72) | – |
| | | | 102,272 | 95,521 |

In accordance with FRS 102, interim dividends payable to equity shareholders are recognised in the Statement of Changes in Equity when they have been paid to shareholders.

All dividends have been paid or will be paid out of revenue reserves or current year revenue profits and at no point during the year did the revenue reserve move to a negative position.

The total dividends payable in respect of the financial year which form the basis of the test under Section 1158 of the Corporation Tax Act 2010 are set out below.

| | 2024 £'000 | 2023 £'000 |
|--|---------------|----------------|
| Revenue available for distribution by way of dividend for the year | 104,571 | 96,240 |
| First interim dividend of 5.05p (2023: 5.00p) | (25,385) | (23,518) |
| Second interim dividend of 5.05p (2023: 5.00p) | (25,385) | (23,910) |
| Third interim dividend of 5.25p (2023: 5.05p) | (26,200) | (24,954) |
| Fourth interim dividend of 5.25p (2023: 5.05p) paid on 30 August 2024 ¹ | (25,953) | (25,374) |
| Transfer to/(from) revenue reserve² | 1,648 | (1,516) |

¹ Based on 494,334,723 ordinary shares in issue at 17 July 2024 (the ex-dividend date) (2023: 502,464,868)

² The surplus of £1,648,000 (2023: deficit of £1,516,000) has been taken to/(from) the revenue reserve

Since the year end, the Board has announced a first interim dividend of 5.25p per ordinary share, in respect of the year ending 30 June 2025. This will be paid on 29 November 2024 to holders registered at the close of business on 25 October 2024. The Company's shares will go ex-dividend on 24 October 2024.

Notes to the Financial Statements (continued)

11 Investments held at fair value through profit or loss

| | Investments in subsidiaries £'000 | Other investments £'000 | Total £'000 |
|--|--------------------------------------|----------------------------|------------------|
| 2024 | | | |
| Valuation at 1 July 2023 | 347 | 2,034,300 | 2,034,647 |
| Investment holding gains at 1 July 2023 | – | (346,877) | (346,877) |
| Cost at 1 July 2023 | 347 | 1,687,423 | 1,687,770 |
| Additions at cost | – | 211,630 | 211,630 |
| Disposals at cost | – | (156,430) | (156,430) |
| Cost at 30 June 2024 | 347 | 1,742,623 | 1,742,970 |
| Investment holding gains at 30 June 2024 | – | 503,622 | 503,622 |
| Valuation at 30 June 2024 | 347 | 2,246,245 | 2,246,592 |
| 2023 | | | |
| Valuation at 1 July 2022 | 347 | 1,923,270 | 1,923,617 |
| Investment holding gains at 1 July 2022 | – | (399,710) | (399,710) |
| Cost at 1 July 2022 | 347 | 1,523,560 | 1,523,907 |
| Additions at cost | – | 253,378 | 253,378 |
| Disposals at cost | – | (89,515) | (89,515) |
| Cost at 30 June 2023 | 347 | 1,687,423 | 1,687,770 |
| Investment holding gains at 30 June 2023 | – | 346,877 | 346,877 |
| Valuation at 30 June 2023 | 347 | 2,034,300 | 2,034,647 |

The portfolio valuation at 30 June 2024 of £2,246,245,000 (2023: £2,034,300,000) is shown on the Statement of Financial Position as investments held at fair value through profit or loss.

At 30 June 2024, the total value of securities on loan by the Company for stock lending purposes was £372,460,000 (2023: £121,213,000). The maximum aggregate value of securities on loan at any one time during the year ended 30 June 2024 was £393,436,000 (2023: £285,320,000). The Company's agent holds collateral at 30 June 2024, with a value of £393,377,000 (2023: £133,180,000) in respect of securities on loan, the value of which is reviewed on a daily basis and comprises CREST Delivery By Value ("DBVs") and Government Bonds with a market value of 106% (2023: 110%) of the market value of any securities on loan.

Purchase transaction costs for the year ended 30 June 2024 were £1,141,000 (2023: £1,105,000). These comprise mainly of stamp duty and commission. Sale transaction costs for the year ended 30 June 2024 were £71,000 (2023: £34,000).

The Company received £201,195,000 (2023: £115,166,000) from investments sold in the year. The book cost of these investments when they were purchased were £156,430,000 (2023: £89,515,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

12 Subsidiaries and related undertakings

The Company's related undertakings are its three wholly-owned subsidiary undertakings, all of which are registered in England and Wales: The City of London European Trust Limited, City of London Investments Limited and The City of London Finance Company Limited.

The financial statements of the three companies have not been consolidated on the basis of immateriality and dormancy. Consequently the financial statements present information about the Company as an individual entity. The Directors consider that the values of the subsidiary undertakings are not less than the amounts at which they are included in the financial statements. The subsidiaries are maintained in order to protect the company names.

- The City of London European Trust Limited was incorporated in 1899 as Patrick & McGregor Limited and is dormant, not having traded since 1968. Its registered office is 201 Bishopsgate, London, EC2M 3AE. The aggregate amount of the capital and reserves of The City of London European Trust Limited at 30 June 2024 was £347,000 (2023: £347,000). This Company has 10,000 issued ordinary shares of £1 each.
- City of London Investments Limited is a dormant company and has not traded since its incorporation in 1982. Its registered office is 201 Bishopsgate, London, EC2M 3AE. The aggregate amount of the capital and reserves of City of London Investments Limited at 30 June 2024 was £2 (2023: £2). This company has two issued ordinary shares of £1 each.

Notes to the Financial Statements (continued)

12 Subsidiaries and related undertakings (continued)

- The City of London Finance Company Limited was incorporated in 1978 as a share dealing company. It is a dormant company, having not traded since 2009. Its registered office is 201 Bishopsgate, London, EC2M 3AE. The aggregate amount of capital and reserves of The City of London Finance Company Limited at 30 June 2024 was £2 (2023: £2). This company has two issued ordinary shares of £1 each.

13 Debtors

| | 2024 £'000 | 2023 £'000 |
|--|---------------|---------------|
| Withholding and income tax recoverable | 2,589 | 2,775 |
| Sales for future settlement | 641 | – |
| Prepayments and accrued income | 9,681 | 8,048 |
| | 12,911 | 10,823 |

14 Creditors: amounts falling due within one year

| | 2024 £'000 | 2023 £'000 |
|---|---------------|---------------|
| Bank loans and overdraft | 41,035 | 9,048 |
| Amounts owed to subsidiary undertakings | 347 | 347 |
| Purchases for future settlement | 1,818 | – |
| Dividends payable on preference and preferred ordinary stocks | 79 | 79 |
| Accruals and deferred income | 3,028 | 4,482 |
| | 46,307 | 13,956 |

The Company has an uncommitted overdraft facility of £120,000,000 at 30 June 2024 (2023: £120,000,000) provided by its Custodian and has provided a floating charge over its assets in return. The overdraft may be withdrawn by the Custodian at any time and is repayable on demand. Interest on the overdraft was payable at a rate of HSBC base rate plus 1.25% at 30 June 2024 (2023: plus 1.25%). Covenants relating inter alia to a maximum level of borrowings apply to the Company's borrowing facility. A breach of these covenants may result in any overdraft drawn down becoming repayable immediately.

15 Creditors: amounts falling due after more than one year

| | 2024 £'000 | 2023 £'000 |
|--|----------------|----------------|
| 4.53% secured notes 2029 | 34,816 | 34,784 |
| 2.67% secured notes 2046 | 29,766 | 29,759 |
| 2.94% secured notes 2049 | 49,687 | 49,680 |
| £301,982 cumulative first preference stock | 302 | 302 |
| £507,202 non-cumulative second preference stock | 507 | 507 |
| £589,672 non-cumulative preferred ordinary stock | 590 | 590 |
| | 115,668 | 115,622 |

On 22 January 2014 the Company issued £35,000,000 (nominal) 4.53% secured notes due 2029, net of issue costs totalling £476,000. The issue costs will be amortised over the life of the secured notes.

On 17 November 2017 the Company issued £50,000,000 (nominal) 2.94% secured notes due 2049, net of issue costs totalling £360,000. The issue costs will be amortised over the life of the secured notes.

On 19 March 2021 the Company issued £30,000,000 (nominal) 2.67% secured notes due 2046, net of issue costs totalling £257,000. The issue costs will be amortised over the life of the secured notes.

The repayment terms of the secured notes are as follows:

- £35,000,000 4.53% secured notes 2029 redeemable at par on 22 January 2029.
- £30,000,000 2.67% secured notes 2046 redeemable at par on 19 March 2046.
- £50,000,000 2.94% secured notes 2049 redeemable at par on 17 November 2049.

The notes are secured by a first floating charge over the Company's assets.

Notes to the Financial Statements (continued)

15 Creditors: amounts falling due after more than one year (continued)

A summary of the rights that attach to each of the Preference and Preferred Ordinary Stocks, all of which are non-redeemable, is given below.

| | First Preference Stock | Second Preference Stock | Preferred Ordinary Stock |
|---|---|---|---|
| a) Rights to dividends | A fixed cumulative dividend of 6% per annum, of which 5.5% is payable in preference to the dividend on the second preference stock and 0.5% is payable after it. | A fixed non-cumulative dividend of 4.2% per annum, which is payable after the first 5.5% per annum entitlement on the first preference stock. | A fixed non-cumulative dividend of 20% per annum, which is payable after the entitlements on the first and second preference stocks. |
| b) Priority and amounts receivable on a winding-up | Repayment of capital in priority to payment to the other members of the Company. Any arrears of dividend are payable after the repayment of the capital on the second preference stock. | Repayment of capital after the repayment of the capital on the first preference stock. | Payment of £3.50 in respect of each £1 of capital, after the repayment of the entitlements on the first and second preference stocks. |
| c) Voting rights at general meetings | Right to attend and vote at general meetings. On a poll, voting rights are one vote per £10 of stock held. | No rights to attend or vote at general meetings (except on a winding-up of the Company or if dividends are in arrears). | Right to attend and vote at general meetings. On a poll, voting rights are one vote per £20 of stock held. |

Notes:

- i) The dividend entitlements of the first preference stock and the preferred ordinary stock reverted on 6 April 1999 to the rates which applied before 6 April 1973
- ii) In the event of a winding-up, the preferred ordinary stock would be repaid at £3.50 per £1 of stock. However, its share of equity shareholders' funds is included in the financial statements at par because no winding-up is envisaged

16 Risk management policies and procedures

The Directors manage investment risk principally through setting an investment policy (that is approved by shareholders) which incorporates risk parameters (see page 20), by contracting management of the Company's investments to an investment manager (Janus Henderson) under a contract which incorporates appropriate duties and restrictions and by monitoring performance in relation to these. Internal control and the Board's approach to risk is on pages 47 and 48. There have been no material changes to the management or nature of the Company's investment risks from the prior year.

The main risks arising from the Company's pursuit of its investment objective are market risk (comprising market price risk, currency risk and interest rate risk), credit risk and liquidity risk. The effects of these can also be increased by gearing.

The Board and Janus Henderson coordinate the Company's risk management and there are various risk management systems in place as detailed below.

- Straight-through processing via a deal order and management system ("OMS") is utilised for listed securities.
- Portfolio modelling and investment management functions (including order-raising, dealing and trade execution) are performed using one of, or a combination of, the following third-party software applications: Charles River Development OMS and/or Imagine.
- Fund pricing and accounting services are outsourced to a third-party administrator (currently BNP Paribas) which utilises HiPortfolio software.
- The IT tools to which the Janus Henderson risk, compliance and operations teams have access for independent monitoring and risk measurement purposes include:
 - Charles River Compliance module for investment restrictions monitoring;
 - SAI360 operational risk database;
 - RiskMetrics, UBS Delta, Style Research, Cognity and Barra for market risk measurement;
 - Bloomberg for market data and price-checking; and
 - HiPortfolio for portfolio holdings and valuations.

Notes to the Financial Statements (continued)

16 Risk management policies and procedures (continued)

16.1 Market risk

The fair value of a financial instrument held by the Company may fluctuate due to changes in market prices. This market risk comprises market price risk (see note 16.1.1), currency risk (see note 16.1.2) and interest rate risk (see note 16.1.3). The Fund Manager assesses the exposure to market risk when making each investment decision, and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis.

16.1.1 Market price risk

Market price risk (changes in market prices other than those arising from interest rate risk or currency risk) may affect the value of investments. The Company's investments are susceptible to market price risk arising from uncertainties about the future prices of the investments.

Management of the risk

The Board manages the risks inherent in the investment portfolio by ensuring full and timely access to relevant information from Janus Henderson. The Board meets regularly and at each meeting reviews investment performance. The Board monitors Janus Henderson's compliance with the Company's objectives, including investment strategy and asset allocation.

When appropriate, the Company may buy/sell put or call options or futures on indices and on equity investments in its portfolio to manage its exposure to price risk or to generate income. At 30 June 2024, the Company had no open positions (2023: nil).

Concentration of exposure to market price risk

An analysis of the Company's investment portfolio is shown on pages 16 and 17. This shows that the majority of the Company's investments are in UK-listed companies. Accordingly, there is a concentration of exposure to the UK, though it is recognised that an investment's country of domicile or of listing does not necessarily equate to its exposure to the economic conditions in that country.

Market price risk sensitivity

The sensitivity of (a) the return after taxation for the year and (b) the Company's net assets to an increase or decrease of 10% in the fair values of the Company's investments at each Statement of Financial Position date is shown below. This level of change is considered to be reasonably possible, based on observation of current market conditions.

The impact of a 10% increase in the value of the investments on the revenue return as at 30 June 2024 is a decrease of £202,000 (2023: £198,000) and on the capital return is an increase of £224,153,000 (2023: £202,967,000). The total impact on equity shareholders' funds would be an increase of £223,951,000 (2023: £202,769,000).

The impact of a 10% decrease in the value of the investments on the revenue return as at 30 June 2024 is an increase of £202,000 (2023: £198,000) and on the capital return is a decrease of £224,153,000 (2023: £202,967,000). The total impact on equity shareholders' funds would be a decrease of £223,951,000 (2023: £202,769,000).

16.1.2 Currency risk

The Company is not itself materially exposed to currency risk, although some of the investments will be in companies that have operations that involve currency risk and pay dividends in foreign currencies.

Management of the risk

Investment income denominated in foreign currencies is converted into sterling on receipt. The Company does not use financial instruments to mitigate the currency exposure in the period between the time that income is included in the financial statements and its receipt. However, the Company does sometimes hedge foreign currency exposure ahead of the declaration of dividends from companies in which it invests.

Foreign currency exposure

The fair values of the Company's monetary items that have foreign currency exposure at 30 June 2024 are £3,209,000 (2023: £3,391,000).

Foreign currency sensitivity

The Company's sensitivity to movements in exchange rates affecting its investment income, assuming a 10% movement in the sterling/US dollar rate, will be a loss of £1,577,000 (2023: £1,710,000) if sterling strengthens and a profit of £1,928,000 (2023: £2,090,000) if sterling weakens and, assuming a 10% movement in the sterling/euro rate, will be a loss of £592,000 (2023: £425,000) if sterling strengthens and a profit of £723,000 (2023: £519,000) if sterling weakens. The 10% movement has been based on average market volatility in exchange rates in the previous 12 months.

Notes to the Financial Statements (continued)

16 Risk management policies and procedures (continued)

16.1.3 Interest rate risk

Interest rate movements may affect:

- the level of income receivable from cash at bank and on deposit; and
- the interest payable on the Company's variable rate bank borrowings.

Management of the risk

The Company, generally, does not hold significant cash balances. The Company finances part of its activities through borrowings at levels approved and monitored by the Board. Derivative contracts have not been used during the year to hedge against the exposure to interest rate risk. There has been no hedging during the year.

Interest rate exposure

The Company's exposure at 30 June 2024 of financial liabilities to fixed interest rate risk can be found in note 15. The exposure to floating interest rates can be found on the Statement of Financial Position under cash at bank and under bank overdraft in note 14.

Interest receivable and finance costs are at the following rates:

- interest paid on borrowings under the overdraft facility provided by the Custodian is at a margin of 1.25% above the HSBC base rate (2023: same).

The table below analyses the Company's aggregated interest costs and principal amounts due over the life of the liabilities.

| | 2024 | | | 2023 | | |
|--|------------------------|--------------------------------|----------------------------|------------------------|--------------------------------|----------------------------|
| | Within 1 year £'000 | Between 1 and 5 years £'000 | More than 5 years £'000 | Within 1 year £'000 | Between 1 and 5 years £'000 | More than 5 years £'000 |
| Secured notes ¹ | 3,857 | 50,426 | 123,752 | 3,857 | 15,426 | 161,521 |
| Preference stock and preferred ordinary stock ² | 157 | 628 | 1,399 | 157 | 628 | 1,399 |
| Bank overdrafts and interest | 41,035 | – | – | 9,048 | – | – |
| Other creditors and accruals | 5,272 | – | – | 4,908 | – | – |
| | 50,321 | 51,054 | 125,151 | 17,970 | 16,054 | 162,920 |

1 The above figures show interest payable over the remaining term of the secured notes. The figure in the "between 1 and 5 years" column also includes the capital to be repaid on the 2029 secured notes. The figure in the "more than 5 years" column also include the capital to be repaid on the 2046 and 2049 secured notes. Details of repayment are set out on page 78 and interest payment dates on page 94

2 The figures in the "more than 5 years" columns are the repayments at par value of the preference and preferred ordinary stock. They do not include the ongoing annual finance cost of £157,000

Interest rate risk sensitivity

The Company is not materially exposed to changes in interest rates.

16.2 Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Management of the risk

Liquidity risk is not significant as the majority of the Company's assets is in investments in quoted equities that are readily realisable. For details of the Company's bank borrowing facility, see note 14.

The Board gives guidance to Janus Henderson as to the maximum amount of the Company's resources that should be invested in any one company. The policy is that the Company should remain fully invested in normal market conditions and that short-term borrowings should be used to fund short-term cash requirements.

Liquidity risk exposure

The remaining contractual maturities of the financial liabilities at 30 June 2024, based on the earliest date on which payment can be required, is given on page 78.

Notes to the Financial Statements (continued)

16 Risk management policies and procedures (continued)

16.3 Credit and counterparty risk

The failure of the counterparty to a transaction to discharge its obligations under that transaction could result in the Company suffering a loss.

Management of the risk

The risk is not significant and is managed as follows:

- investment transactions are carried out with a large number of brokers, whose credit standard is reviewed periodically by the Fund Manager, and limits are set on the amount that may be due from any one broker; and
- cash at bank and overdrafts is held only with reputable banks with high quality external credit ratings.

Stock lending transactions are carried out with a number of approved counterparties, whose credit rating is reviewed regularly by Janus Henderson and limits are set on the amount that may be lent to any one counterparty. Stock lending is the temporary transfer of securities by a lender to a borrower, with an agreement by the borrower to return equivalent securities to the lender at an agreed future date. Stock lending revenue is received for making the investments available to the borrower, which increases the returns on the portfolio. Securities lent are disclosed separately in the Statement of Financial Position. Details of the value of securities on loan at the year end, and the collateral held, can be found in note 11.

In summary, the Company only transacts with counterparties that it considers to be creditworthy. In addition to the stock lending exposure referred to above, the exposure to credit and counterparty risk at 30 June 2024 was to other debtors of £12,911,000 (2023: £10,823,000).

None of the Company's financial assets are past their due date or impaired.

16.4 Fair values of financial assets and financial liabilities

The financial assets and financial liabilities (other than long-term liabilities) are carried in the Statement of Financial Position at their fair value or at a reasonable approximation of their fair value (creditors falling due within one year). The secured notes, preference stocks and preferred ordinary stock are carried in the Statement of Financial Position at par.

At 30 June 2024, the fair value of the secured notes was estimated to be £87,069,000 (2023: £83,313,000). At 30 June 2024, the fair value of the preference and preferred ordinary stock was £2,469,000 (2023: £2,348,000). The valuation of the preference and preferred ordinary stock is from the Daily Official List quotations.

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

The preference stocks and preferred ordinary stock are categorised as Level 1 in the fair value hierarchy. The secured notes are categorised as Level 3 in the fair value hierarchy. These are not included in the values in note 16.5.

16.5 Fair value hierarchy disclosures

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

| Financial assets at fair value through profit or loss at 30 June 2024 | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Total £'000 |
|---|------------------|------------------|------------------|------------------|
| Equity investments | 2,246,245 | – | 347 | 2,246,592 |
| Total | 2,246,245 | – | 347 | 2,246,592 |

| Financial assets at fair value through profit or loss at 30 June 2023 | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Total £'000 |
|---|------------------|------------------|------------------|------------------|
| Equity investments | 2,034,300 | – | 347 | 2,034,647 |
| Total | 2,034,300 | – | 347 | 2,034,647 |

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 on pages 70 and 71.

Notes to the Financial Statements (continued)

16 Risk management policies and procedures (continued)

16.6 Capital management policies and procedures

The Company's capital management objectives are to ensure that it will be able to continue as a going concern, and to provide long-term growth in income and capital, principally by investment in UK equities.

The Company's total capital at 30 June 2024 was £2,254,231,000 (2023: £2,040,562,000) comprising £41,035,000 (2023: £9,048,000) of bank overdrafts, £114,269,000 (2023: £114,223,000) of secured notes, £1,399,000 (2023: £1,399,000) of preference and preferred ordinary stock and £2,097,528,000 (2023: £1,915,892,000) of equity share capital and reserves.

The Company is subject to several externally imposed capital requirements:

- borrowings under the overdraft facility are not to exceed the lower of £120,000,000 or 15% of the portfolio;
- as a public company, the Company has a minimum share capital of £50,000;
- in order to be able to pay dividends out of profits available for distribution by way of dividends, the Company has to be able to meet one of the two capital restriction tests imposed on investment companies by company law; and
- the terms of the secured notes include financial covenants in relation to the level of borrowings.

The Company has complied with these requirements.

Other than in exceptional market conditions, gearing will not exceed 20% of the net asset value at the time of the draw down of the relevant borrowings.

17 Called up share capital

| | Number of shares held in treasury | Number of shares entitled to dividend | Total number of shares in issue | Nominal value of total shares in issue £'000 |
|---|-----------------------------------|---------------------------------------|---------------------------------|--|
| Allotted and issued ordinary shares of 25p each | | | | |
| At 1 July 2023 | – | 497,354,868 | 497,354,868 | 124,339 |
| Buy back of shares for treasury | 8,301,867 | (8,301,867) | – | – |
| Issue of new ordinary shares | – | 5,310,000 | 5,310,000 | 1,327 |
| At 30 June 2024 | 8,301,867 | 494,363,001 | 502,664,868 | 125,666 |

| | Number of shares held in treasury | Number of shares entitled to dividend | Total number of shares in issue | Nominal value of total shares in issue £'000 |
|---|-----------------------------------|---------------------------------------|---------------------------------|--|
| Allotted and issued ordinary shares of 25p each | | | | |
| At 1 July 2022 | – | 459,639,868 | 459,639,868 | 114,910 |
| Issue of new ordinary shares | – | 37,715,000 | 37,715,000 | 9,429 |
| At 30 June 2023 | – | 497,354,868 | 497,354,868 | 124,339 |

The Company issued 5,310,000 (2023: 37,715,000) ordinary shares with total proceeds of £20,890,000 (2023: £153,347,000) after deduction of issue costs of £31,000 (2023: £393,000). The average price of the ordinary shares that were issued was 396.5p (2023: 407.7p). During the year 8,301,867 shares were bought back into treasury for a net payment of £34,400,000 (2023: no shares bought back).

Notes to the Financial Statements (continued)

18 Share premium account

| | 2024 £'000 | 2023 £'000 |
|-----------------------|------------------|------------------|
| At beginning of year | 1,053,061 | 909,143 |
| Issue of new shares | 19,594 | 144,311 |
| Less: issue costs | (31) | (393) |
| At end of year | 1,072,624 | 1,053,061 |

19 Other capital reserves

| | Capital redemption reserve £'000 | Capital reserve arising on revaluation of investments held £'000 | Capital reserve arising on investments sold £'000 | Total other capital reserves £'000 |
|---------------------------------------|-------------------------------------|---|--|---------------------------------------|
| At 1 July 2023 | 2,707 | 346,876 | 344,587 | 691,463 |
| Transfer on disposal of investments | – | (3,835) | 3,835 | – |
| Net gains on investments ¹ | – | 160,581 | 40,930 | 201,511 |
| Exchange losses | – | – | (647) | (647) |
| Buyback of shares to treasury | – | – | (34,400) | (34,400) |
| Management fees charged to capital | – | – | (4,497) | (4,497) |
| Finance costs charged to capital | – | – | (3,520) | (3,520) |
| At 30 June 2024 | 2,707 | 503,622 | 346,288 | 849,910 |

| | Capital redemption reserve £'000 | Capital reserve arising on revaluation of investments held £'000 | Capital reserve arising on investments sold £'000 | Total other capital reserves £'000 |
|--|-------------------------------------|---|--|---------------------------------------|
| At 1 July 2022 | 2,707 | 399,709 | 326,585 | 726,294 |
| Transfer on disposal of investments | – | 1,382 | (1,382) | – |
| Net (losses)/gains on investments ¹ | – | (54,215) | 27,033 | (27,182) |
| Exchange gains | – | – | 71 | 71 |
| Management fees charged to capital | – | – | (4,304) | (4,304) |
| Finance costs charged to capital | – | – | (3,416) | (3,416) |
| At 30 June 2023 | 2,707 | 346,876 | 344,587 | 691,463 |

¹ During the year the Company received special dividends totalling £5,425,000 (2023: no special dividends) which were deemed to be capital in nature and were taken to the capital reserve arising on investments sold. These dividends are available to be distributed to shareholders as part of realised capital profits

Notes to the Financial Statements (continued)

20 Revenue reserve

| | £'000 |
|--------------------------|---------------|
| At 1 July 2023 | 44,322 |
| Net return for the year | 104,571 |
| Dividends paid (note 10) | (102,272) |
| At 30 June 2024 | 46,621 |
| | £'000 |
| At 1 July 2022 | 43,603 |
| Net return for the year | 96,240 |
| Dividends paid (note 10) | (95,521) |
| At 30 June 2023 | 44,322 |

21 Net asset value per ordinary share – basic and diluted

The net asset value per ordinary share is based on the net assets attributable to the ordinary shares of £2,097,528,000 (2023: £1,915,892,000) and on 494,363,001 (2023: 497,354,868) shares in issue on 30 June 2024.

An alternative net asset value per ordinary share can be calculated by deducting from the total assets less current liabilities of the Company the preference and preferred ordinary stocks and secured notes at their market (or fair) values rather than at their par (or book) values. The net asset value per ordinary share at 30 June 2024 calculated on this basis was 429.57p (2023: 391.24p). See page 89 for further details of the Alternative Performance Measure and how it is calculated.

| The movements during the year of the assets attributable to the ordinary shares were as follows: | £'000 |
|--|------------------|
| Total net assets attributable to the ordinary shares at 30 June 2023 | 1,915,892 |
| Total net return after taxation | 297,418 |
| Dividends paid on ordinary shares in the year | (102,272) |
| Buyback of shares | (34,400) |
| Issue of shares | 20,890 |
| Total net assets attributable to the ordinary shares at 30 June 2024 | 2,097,528 |

The Company does not have any dilutive securities.

22 Capital commitments and contingent liabilities

Capital commitments

There were no capital commitments as at 30 June 2024 (2023: none).

Contingent liabilities

As at 30 June 2024, there were no contingent liabilities (2023: none).

23 Transactions with the Manager and related parties

The Company appointed subsidiaries of Janus Henderson Group plc to provide investment management, accounting, secretarial and administrative services under an agreement dated 22 July 2014. This agreement was updated and restated with effect from 15 February 2024. Janus Henderson has contracted BNP Paribas to provide accounting and administration services.

With effect from 1 January 2024, the management fee was changed to 0.3% per annum of net assets under management on the first £3 billion of assets and 0.275% thereafter. Prior to this, the management fee was 0.325% per annum of net assets under management. The total of management fees paid or payable to Janus Henderson under this agreement in respect of the year ended 30 June 2024 was £6,424,000 (2023: £6,148,000). The amount outstanding at 30 June 2024 was £1,561,000 (2023: £3,165,000).

In addition to the above services, Janus Henderson facilitates marketing activities with third parties which are recharged to the Company. The total fees paid or payable for these services for the year ended 30 June 2024 amounted to £209,000 including VAT (2023: £88,000) of which £30,000 was outstanding at 30 June 2024 (2023: £23,000).

Details of fees paid to Directors are included in the Directors' Remuneration Report on page 56 and in note 6 on page 74.

Additional Information



Securities Financing Transactions

The Company engages in Securities Financing Transactions (as defined in Article 3 of Regulation (EU) 2015-2365, securities financing transactions include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions and margin lending transactions). In accordance with Article 13 of the Regulation, the Company's involvement in and exposures related to securities lending for the year ended 30 June 2024 are detailed below.

Global Data

The amount of securities on loan as a proportion of total lendable assets and the Company's net assets as at 30 June 2024 are disclosed below:

| Stock lending 2024 | | |
|--|----------------------|------------------------------|
| Market value of securities on loan £'000 | % of lendable assets | % of assets under management |
| 372,460 | 16.58 | 17.76 |

Concentration Data

The ten largest collateral issuers across all the securities financing transactions as at 30 June 2024 are disclosed below:

| Issuer | Market value of collateral received £'000 |
|----------------------|---|
| Government of France | 36,438 |
| Nvidia | 22,459 |
| Apple | 15,357 |
| Exxon Mobile | 14,820 |
| WW Grainger | 14,738 |
| Goldman Sachs | 14,498 |
| Government of Japan | 14,159 |
| Freeport McMoran | 13,056 |
| AES Corp | 10,721 |
| McKesson | 8,269 |
| | 164,515 |

The top ten counterparties of each type of securities financing transactions as at 30 June 2024 are disclosed below:

| Counterparty | Market value of securities on loan £'000 |
|------------------------|--|
| Barclays | 144,931 |
| Goldman Sachs | 75,159 |
| Skandinaviska Enskilda | 74,732 |
| Merrill Lynch | 34,702 |
| Morgan Stanley | 31,602 |
| UBS | 5,065 |
| Bank of Nova Scotia | 4,584 |
| BNP Paribas | 1,001 |
| HSBC | 684 |
| | 372,460 |

All counterparties are shown.

Securities Financing Transactions (continued)

Aggregate Transaction Data

The following table discloses a summary of aggregate transaction data related to the collateral received from securities on loan as at 30 June 2024:

| Stock lending | | | | | | | Market value of collateral received |
|------------------------|--------------------------------|-----------------|---------------------|---------------------|------------------|-----------|-------------------------------------|
| Counterparty | Counterparty country of origin | Type | Quality | Collateral currency | Settlement basis | Custodian | £'000 |
| Barclays | London | Equity | Main Market Listing | GBP | Tri-party | HSBC | 27 |
| | | Equity | Main Market Listing | CHF | Tri-party | HSBC | 10 |
| | | Equity | Main Market Listing | USD | Tri-party | HSBC | 145,676 |
| | | Equity | Main Market Listing | EUR | Tri-party | HSBC | 5,435 |
| | | Government Debt | Investment Grade | JPY | Tri-party | HSBC | 2,457 |
| HSBC | Hong Kong | UK Gilts | Investment Grade | GBP | Tri-party | HSBC | 1 |
| | | Government Debt | Investment Grade | USD | Tri-party | HSBC | 362 |
| | | Equity | Main Market Listing | GBP | Tri-party | HSBC | 218 |
| | | Equity | Main Market Listing | EUR | Bilateral | HSBC | 73 |
| | | Equity | Main Market Listing | HKD | Bilateral | HSBC | 73 |
| BNP Paribas | France | Equity | Main Market Listing | EUR | Tri-party | HSBC | 744 |
| | | Equity | Main Market Listing | USD | Tri-party | HSBC | 318 |
| Morgan Stanley | US | Government Debt | Investment Grade | JPY | Tri-party | HSBC | 11,702 |
| | | Government Debt | Investment Grade | USD | Tri-party | HSBC | 21,481 |
| Merrill Lynch | US | Government Debt | Investment Grade | EUR | Tri-party | HSBC | 36,438 |
| Goldman Sachs | US | Government Debt | Investment Grade | USD | Tri-party | HSBC | 78,917 |
| Bank of Nova Scotia | Canada | Equity | Main Market Listing | GBP | Tri-party | HSBC | 2,730 |
| | | Equity | Main Market Listing | EUR | Tri-party | HSBC | 2,129 |
| UBS | Switzerland | Equity | Main Market Listing | USD | Tri-party | HSBC | 4,832 |
| | | Equity | Main Market Listing | GBP | Tri-party | HSBC | 537 |
| Skandinaviska Enskilda | Sweden | Equity | Main Market Listing | USD | Tri-party | HSBC | 48,334 |
| | | Equity | Main Market Listing | EUR | Tri-party | HSBC | 25,523 |
| | | Equity | Main Market Listing | JPY | Tri-party | HSBC | 5,360 |
| 393,377 | | | | | | | |

The lending and collateral transactions are on an open basis and can be recalled on demand.

Re-use of collateral

The Company does not engage in re-use of collateral.

Return and cost

The return and cost of engaging in securities lending by the Company and the securities lending agent in absolute terms and as a percentage of overall returns are disclosed below:

| Total gross amount of securities lending income | Direct and indirect costs and fees deducted by securities lending agent | % return of the securities lending agent | Net securities lending income retained by the Company | % return of the Company |
|---|---|--|---|-------------------------|
| £303,000 | £61,000 | 20 | £242,000 | 80 |

Alternative Performance Measures (unaudited)

The Company uses the following Alternative Performance Measures (“APMs”) throughout the annual report, financial statements and notes to the financial statements. The APMs are reconciled to the financial statements through the narrative below. The Board believes that each of the APMs, which are typically used within the investment trust sector, provide additional useful information to shareholders to help assess the Company’s performance against its peer group.

Discount or Premium

The amount by which the market price per share of an investment trust is either higher (premium) or lower (discount) than the NAV per share, expressed as a percentage of the NAV per ordinary share.

| | NAV with debt at fair value Pence | NAV with debt at par value Pence | Share price Pence | (Discount)/ premium to fair value NAV % | (Discount)/ premium to par value NAV % |
|-----------------|--------------------------------------|-------------------------------------|----------------------|---|--|
| At 30 June 2024 | 429.57 | 424.29 | 420.00 | (2.2) | (1.0) |
| At 30 June 2023 | 391.24 | 385.22 | 397.00 | 1.5 | 3.1 |

Gearing/(Net Cash)

Gearing means borrowing money to buy assets with the expectation that the return on investments bought will exceed the interest cost of the borrowings. The gearing percentage reflects the amount of borrowings (e.g. bank loans, overdrafts or secured notes) the Company has used to invest in the market, and is calculated by taking the difference between total investments (see note 11 on page 77) and total shareholders’ funds (see Statement of Financial Position), dividing this by total shareholders’ funds and multiplying by 100 as indicated below:

| | | 2024 | 2023 |
|---|-----|-----------|-----------|
| Investments held at fair value through profit or loss (page 77) (£’000) | (A) | 2,246,245 | 2,034,300 |
| Net assets (page 69) (£’000) | (B) | 2,097,528 | 1,915,892 |
| Gearing (C = A/B – 1) (%) | (C) | 7.1 | 6.2 |

The Company can also use synthetic gearing through derivatives and foreign exchange hedging.

NAV with Debt at Par and Fair Value

| | 2024 £’000 | 2023 £’000 |
|--|------------------|------------------|
| Investments held at fair value through profit or loss (see note 11) | 2,246,245 | 2,034,300 |
| Investment in subsidiary undertakings (see note 12) | 347 | 347 |
| Current assets (see page 69) | 12,911 | 10,823 |
| Creditors: amounts falling due within one year (see note 14) | (46,307) | (13,956) |
| Creditors: amounts falling due after one year (see note 15) | (115,668) | (115,622) |
| NAV with debt at par (A) | 2,097,528 | 1,915,892 |
| Less: fair value of preference and preferred ordinary stock and secured notes (see note 16.4) | (89,538) | (85,661) |
| Add back: par value of preference and preferred ordinary stock and amortised cost of secured notes | 115,668 | 115,622 |
| NAV with debt at fair value (B) | 2,123,658 | 1,945,853 |
| Ordinary shares in issue (see note 17) (C) (number) | 494,363,001 | 497,354,868 |
| NAV per ordinary share with debt at par (see page 69) (A/C x 100) (pence) | 424.29 | 385.22 |
| NAV per ordinary share with debt at fair value (B/C x 100) (pence) | 429.57 | 391.24 |

The aggregate NAV is also referred to as total shareholders’ funds in the Statement of Financial Position. The NAV per ordinary share is published daily and the year end NAV can be found on page 69 and further information is available on page 85 in note 21.

Alternative Performance Measures (unaudited) (continued)

Ongoing Charge

The ongoing charge ratio has been calculated in accordance with guidance issued by the AIC. It represents the total investment management fee and other administrative expenses expressed as a percentage of the average net asset values with debt at fair value throughout the year.

| | 2024 £'000 | 2023 £'000 |
|--|------------------|------------------|
| Management fee (see note 5) | 6,424 | 6,148 |
| Other administrative expenses (see note 6) | 1,009 | 860 |
| Less: non-recurring expenses | (65) | (9) |
| Ongoing charge | 7,368 | 6,999 |
| Average net assets¹ | 2,016,041 | 1,894,247 |
| Ongoing charge ratio | 0.37% | 0.37% |

¹ Calculated using the average daily net asset value with debt at fair value

The ongoing charge calculated above is different from ongoing costs provided in the Company's Key Information Document ("KID") which are calculated in line with the PRIIPs regulations. The ongoing costs in the KID include finance costs, stock lending fees and costs of holding other investment trusts within the Company's investment portfolio. The non-recurring expenses include those relating to Director recruitment, delisting from the New Zealand Stock Exchange, French dividend reclaims and the New Zealand climate change consultation (2023: external Board evaluation).

Revenue Earnings per Share

The revenue earnings per share is the revenue return for the year (see Income Statement) divided by the weighted average number of ordinary shares in issue during the year (see note 9 on page 76).

Revenue Reserve per Share

The revenue reserve per share is the revenue reserve (see Statement of Financial Position) at the year end divided by the number of shares in issue (see note 17 on page 83) at the year end date.

Total Return

The total return is the return on the share price or NAV with debt at fair value taking into account both the rise and fall of NAVs/share prices and dividends paid to shareholders. Any dividends received by a shareholder are assumed to have been reinvested in either additional shares (for share price total return) or the Company's assets (for NAV with debt at fair value total return). Dividends paid and payable are set out in note 10 on page 75.

| | NAV per share with debt at fair value | Share price |
|---|--|-------------|
| NAV/Share price per share at 30 June 2023 (pence) | 391.24 | 397.00 |
| NAV/Share price per share at 30 June 2024 (pence) | 429.57 | 420.00 |
| Change in the year (%) | 9.8 | 5.8 |
| Impact of dividends reinvested (%) | 5.3 | 5.3 |
| Total return for the year (%) | 15.6 | 11.3 |

Yield

The yield is the annual dividend expressed as a percentage of the year end share price.

| | | 30 June 2024 | 30 June 2023 |
|-------------------------|-----|-----------------|-----------------|
| Annual dividend (pence) | (A) | 20.6 | 20.1 |
| Share price (pence) | (B) | 420.0 | 397.0 |
| Yield (C = A/B) (%) | (C) | 4.9 | 5.1 |

Glossary

Alternative Investment Fund Managers Directive (“AIFMD”)

Agreed by the European Parliament and the Council of the European Union and transposed into UK legislation, the AIFMD classifies certain investment vehicles, including investment companies, as Alternative Investment Funds (“AIFs”) and requires them to appoint an Alternative Investment Fund Manager (“AIFM”) and depositary to manage and oversee the operations of the investment vehicle. The Board of Directors retains responsibility for strategy, operations and compliance and the Directors retain a fiduciary duty to shareholders.

Alternative Performance Measures

Details of alternative performance measures used by the Company can be found on pages 89 and 90.

Association of Investment Companies (“AIC”)

The Company is a member of the AIC which is the trade body for investment companies and represents the industry in relation to various matters which impact the regulation of such entities. The Company is a constituent of the UK Equity Income sector.

Benchmark

A measure against which performance is compared. For the Company this is the FTSE All-Share Index.

Custodian

The custodian is responsible for ensuring the safe custody of the Company’s assets and ensuring that all transactions in the underlying holdings are transacted in an accurate and timely manner.

Depositary

As an AIF, the Company is required to appoint a depositary who has responsibility for overseeing the operations of the Company including safekeeping, cash monitoring and verification of ownership and valuation. The Depositary is strictly liable for the loss of any investments or other assets in its custody unless it has notified that it has discharged its liability in certain markets. The Depositary has confirmed that it has not discharged liability in relation to any of the Company’s assets.

The Depositary has further confirmed that, in all material respects, the Company has been managed in accordance with the FCA’s Investment Funds Sourcebook, the Company’s Articles of Association and as required by the AIFMD.

Derivative

A contract between two or more parties in relation to an underlying security. The value of a derivative will fluctuate in accordance with the value of the security and is a form of gearing as the fluctuations in value are usually greater than

the fluctuations in the underlying security’s value. Examples of derivatives are put and call options, swap contracts, futures and contracts for difference. Foreign exchange, interest rates and commodities may also be traded using derivative contracts.

Dividend Dates

When declared or recommended, each dividend will have three key dates applied to it. The payment date is the date on which shareholders will receive their dividend, either by BACS transfer or by receipt of a dividend cheque. The record date applied to the dividend is used as a cut-off for the Company’s Registrar to know which shareholders should be paid a dividend. Only shareholders on the Register of Members at the close of business on the record date will receive the dividend. The ex-dividend date is the business day before the record date and is the date upon which the Company’s net asset value will be disclosed ex-dividend.

Investment Trusts

Investment trusts are public limited companies, listed on the London Stock Exchange, which provide shareholders with a professionally managed portfolio of investments. Investment trusts are exempt from tax on the capital gains arising on their investments subject to meeting certain criteria. Income, net of expenses and tax, is substantially distributed to shareholders. Investment trusts are also known as investment companies, although the tax legislation retains the reference to investment trusts.

Liquidity

In the context of the liquidity of shares in the stock market, this refers to the availability of buyers in the market for the share in question. Where the market in a particular share is described as liquid, that share will be in demand and holders wishing to sell their shares should find ready buyers. Conversely, where the market in a share is illiquid the difficulty of finding a buyer will tend to depress the price that might be negotiated for a sale.

Market Capitalisation

The market value of a company, calculated by multiplying the mid-market price per share by the number of shares in issue.

Ongoing Charge

The ongoing charge reflects those expenses of a type which are likely to recur in the foreseeable future, whether charged to revenue or capital, and which relate to the operation of the Company as a collective fund, excluding the costs of acquisition or disposal of investments, finance costs and gains or losses arising on investments. Details of the calculation of the ongoing charge can be found on page 90.

Simple versus weighted average

The simple average ignores the fund size and assigns an equal weight to all data points. Under the weighted average greater importance (weight) is assigned to funds of a larger size.

General Shareholder Information

AIFMD Disclosures and Remuneration

In accordance with the AIFMD, information in relation to the Company's leverage and remuneration of Janus Henderson Fund Management UK Limited, as the Company's AIFM are required to be made available to investors. These disclosures, including those on the AIFM's remuneration policy, are contained in an AIFMD Disclosure document which can be found on the Company's website.

BACS

Dividends and interest can be paid to shareholders and stockholders by means of BACS ("Bankers' Automated Clearing Services"); mandate forms for this purpose are available from the Registrar. Alternatively, shareholders can write to the Registrar to give their instructions; these must include the bank account number, the bank account title and the sort code of the bank to which payments are to be made.

Common Reporting Standard ("CRS")

Tax legislation requires the Company to provide personal information to HMRC on certain investors who purchase shares in investment trusts. This information is provided annually to the local tax authority of the tax residencies of a number of non-UK based certificated shareholders and corporate entities.

Equality Act 2010

This report and other documents issued by the Company are available from the Corporate Secretary. If needed, copies can be made available in a variety of formats, including Braille or larger type as appropriate.

A 'typetalk' operator (provided by the Royal National Institute for Deaf People) is available to support speech and hearing-impaired people to make telephone calls. Please dial 18001 followed by the number you wish to dial.

Foreign Account Tax Compliance ("FATCA")

FATCA is a United States federal law whose intent is to enforce the requirement for United States persons (including those living outside the US) to file yearly reports on their non-US financial accounts. Each year, investment trusts need to monitor the trading volume and frequency of their shares and securities to assess whether they have financial accounts. The Company makes an annual assessment to determine if the shares represent financial accounts and, where they do, will need to identify and report US reportable accounts to HMRC, as required.

General Data Protection Regulation ("GDPR")

A privacy statement can be found on the website www.janushenderson.com.

ISA

The Company intends to continue to manage its affairs in order to qualify as an eligible investment for a stocks and shares ISA.

Non-Mainstream Pooled Investments Status

The Company currently conducts its affairs so that its ordinary shares of 25p each can be recommended by IFAs to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future. The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

Packaged Retail and Insurance-based Investment Products Regulation ("PRIIPs")/Key Information Document ("KID")

Investors should be aware that PRIIPs requires the Manager, as the PRIIP manufacturer, to prepare a KID in respect of the Company. This KID must be made available by the Manager to retail investors prior to them making any investment decision and is available on the Company's website. The Company is not responsible for the information contained in the KID and investors should note that the procedures for calculating the risks, costs and potential returns are prescribed by the law. The figures in the KID may not reflect the expected returns for the Company and anticipated performance returns cannot be guaranteed.

General Shareholder Information (continued)

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.

To gain access to your details on the Computershare site you will need the holder reference number shown on your share certificate.

Taxonomy Regulation

Regulation (EU) 2020/852 establishes the basis for the EU taxonomy. The EU taxonomy is a classification system, establishing a list of environmentally sustainable economic activities to provide companies, investors and policymakers with appropriate definitions for which economic activities can be considered environmentally sustainable. In accordance with the Taxonomy Regulation, the Company confirms that the investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

FCA Share Fraud Warning

Investment and pension scams are often sophisticated and difficult to spot



Be a ScamSmart investor and spot the warning signs

Fraudsters will often:

- contact you out of the blue
- apply pressure to invest quickly
- downplay the risks to your money
- promise tempting returns that sound too good to be true
- say that they’re only making the offer available to you or even ask you to not tell anyone else about it



How to avoid investment and pension scams

If you’re suspicious, report it

- 1 Reject unexpected offers**
Scammers usually cold call, but contact can also come by email, post, word of mouth or at a seminar. If you’ve been offered an investment out of the blue, chances are it’s a high risk investment or a scam.
- 2 Check the FCA Warning List**
Use the FCA Warning List to check the risks of a potential investment – you can also search to see if the firm is known to be operating without our authorisation.
- 3 Get impartial advice**
Get impartial advice before investing – don’t use an adviser from the firm that contacted you.

You can report the firm or scam to us by contacting our **Consumer Helpline** on **0800 111 6768** or using our reporting form using the link below.

If you’ve lost money in a scam, contact Action Fraud on 0300 123 2040 or www.actionfraud.police.uk



Be ScamSmart and visit www.fca.org.uk/scamsmart

Dates of Dividend and Interest Payments

Financial Calendar

Annual results: September

Annual General Meeting: October

Half-year results: February

Dividends¹

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

Secured Notes Interest

4.53% secured notes 2029:

- payable on 22 January and 22 July
Redeemable at par on 22 January 2029

2.94% secured notes 2049:

- payable on 17 May and 17 November
Redeemable at par on 17 November 2049

2.67% secured notes 2046:

- payable on 19 March and 19 September
Redeemable at par on 19 March 2046

Corporate Information

Registered Office

201 Bishopsgate
London EC2M 3AE

Service Providers

Alternative Investment Fund Manager
Janus Henderson Fund Management UK Limited
201 Bishopsgate
London EC2M 3AE

Corporate Secretary
Janus Henderson Secretarial Services UK Limited
201 Bishopsgate
London EC2M 3AE
Telephone: 020 7818 1818
Email: support@janushenderson.com

Depository 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
Bridgwater Road
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 Auditor

Ernst & Young LLP
25 Churchill Place
London E14 5EY

Information Sources

For more information about The City of London Investment Trust plc, visit the website at www.cityinvestmenttrust.com. This includes factsheets, interviews, current information on the Company and up-to-date share price and net asset value details.

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Investing

Shares can be purchased in the market via a stockbroker or through share dealing platforms. They can also be held through share plans, ISAs or pensions and links to various providers are included on the website.

Potential investors are reminded that the value of investments and the income from them may go down as well as up and investors may not receive back the full amount invested. Tax benefits may vary as a result of statutory changes and their value will depend on individual circumstances.

The City of London Investment Trust plc
Registered as an investment company in England and Wales
Registration Number: 34871
Registered Office: 201 Bishopsgate, London EC2M 3AE

ISIN number/SEDOL: Ordinary Shares: GB0001990497/0199049
London Stock Exchange (TIDM) Code: CTY
Global Intermediary Identification Number (GIIN): S55HF7.99999.SL.826
Legal Entity Identifier (LEI): 213800F3NOTF47H6AO55

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