

The Law Debenture Corporation p.l.c. today published its results for the year ended 31 December 2019.

Strong overall Group performance in 2019 with 50% increase in final dividend

## Group Highlights:

- 50% increase in proposed final dividend from 12.9 to 19.4 pence per share, a step change
- Dividend yield increased from 3.5% at the end of 2019 to 4.4%<sup>1</sup>
- Moving to quarterly dividends, creating greater regularity and predictability around dividend payments
- Share price total return for 2019 of 24.5%, generating more than £150m of value for our shareholders
- Continued strong growth from the Independent Professional Services (IPS) business underpinned by initiatives from new management continues to support growing dividend
- On-going charges remain low at 0.48% compared to the industry average of 1.04%<sup>2</sup>
- £10,000 invested in Law Debenture ten years ago would be worth £31,780 as at 31 December 2019<sup>3</sup>

## Investment Trust Highlights:

- NAV total return for the year with debt at par of 19.4%, compared to 19.2% returned by the benchmark FTSE All Share Index. This follows the portfolio being protected from around 40% of the overall benchmark decline in 2018
- The trust has consistently outperformed its benchmark on longer term performance measures (3, 5 and 10 year outperformance):

	1 year	3 years	5 years	10 years
NAV total return debt at par <sup>4</sup>	19.4%	27.6%	52.4%	192.4%
NAV total return debt at fair value <sup>4</sup>	17.9%	27.6%	49.4%	181.5%
Share price total return	24.5%	34.6%	43.5%	217.8%
FTSE Actuaries All-Share Index <sup>5</sup>	19.2%	22.0%	43.8%	118.3%

- Investment portfolio appreciated by over £100m in 2019
- Net investment of £102m into UK stocks during the year to take advantage of comparatively low valuations
- Revenue return for the investment portfolio increased by 67.6%, following change in expense allocation policy between income and capital, alongside significant additional portfolio dividend receipts

## Independent Professional Services (IPS) Highlights:

- Leading wholly owned independent provider of professional services which helps support dividend growth, a key differentiator to other investment trusts
- Revenue increase of 7.5% (net of cost of sales) and earnings per share are up 8.5% on prior period, reflecting consistent growth under new management team, funding a third of the increased 2019 full year dividend

- Each of the three divisions continues to grow revenue, with particularly strong growth performance from Pensions and Safecall, the whistle blowing business
- Fair value of the IPS business increased by 21% in 2019<sup>6</sup>

## **Longer Term Track Record:**

- More than 130 years of value creation for shareholders
- More than 40 years of increased or maintained dividends
- More than 100% increase in dividend over last ten years
- Annualised dividend growth of 7.9%<sup>7</sup>

## **Commenting, Robert Hingley, Chairman, said:**

*“Law Debenture seeks to combine long term capital growth and steadily increasing income. We moved to the AIC’s UK Equity Income sector in 2019 and are proposing a 50% increase in the final dividend for 2019. This significant uplift reflects the strong profit growth in both IPS and our investment portfolio in 2019 and the strong reserves position.*

*Long term income sustainability is a key priority; the Group’s aim is to continue to deliver gradually increasing dividend payments in excess of inflation over time. Our differentiated business model allows increased flexibility in portfolio construction. We are confident that the proposed increase in dividend will not restrict Janus Henderson’s investment approach.”*

## **Commenting, Denis Jackson, Chief Executive Officer, said:**

*“2019 was a very successful year for Law Debenture with a share price total return of 24.5%. The proposed step change in dividend has increased the trust to an attractive 4.4% dividend yield.*

*Both the long and short-term performance of our investment portfolio remains strong. We have an excellent investment management team, who the Board is confident are well placed to continue to position the equity portfolio for future longer-term growth.*

*We are encouraged that IPS has delivered on its ambitions with a second year of consistent high single digit profit growth, despite a challenging backdrop for capital market activity. Reflecting these improved earnings and growth prospects, the valuation of our IPS business increased by 21% in 2019.*

*We remain in the early stages of a re-invigorated growth cycle and continue to see opportunities to grow revenue and earnings significantly over time. IPS has very attractive financial characteristics and we continue to invest in talent and technology to take advantage of material market share opportunities. We are also alert to opportunities presented by acquisitions, where we believe we could utilise our balance sheet to accelerate growth in returns for our shareholders.”*

## Company History :

From its origins in 1889, Law Debenture has diversified to become a group with a unique range of activities in the financial and professional services sectors. The group has two distinct areas of business.

## Investment Portfolio:

Our portfolio of investments is managed by James Henderson and Laura Foll of Janus Henderson Investors.

Our objective is to achieve long term capital growth in real terms and steadily increasing income. The aim is to achieve a higher rate of total return than the FTSE Actuaries All-Share Index Total Return through investing in a diversified portfolio of stocks.

## Independent Professional Services:

We are a leading provider of independent professional services, built on three excellent foundations: our Pension, Corporate Trust and Corporate Services businesses. We operate globally, with offices in the UK, New York, Ireland, Hong Kong, Delaware and the Channel Islands.

Companies, agencies, organisations and individuals throughout the world rely upon Law Debenture to carry out our duties with the independence and professionalism upon which our reputation is built.

### The Law Debenture Corporation

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<sup>1</sup> Dividend yield of 4.4% based on share price of 592 pence closing price on 25 February 2020 and total proposed dividend for 2019 of 26.0 pence per share

<sup>2</sup> Ongoing charges are for the year ended 31 December 2019. Law Debenture ongoing charges have been calculated based on data held by Law Debenture. Industry average data was sourced from The Association of Investment Companies (AIC) industry (excluding 3i) as at 31 December 2019.

<sup>3</sup> Calculated on a total return basis assuming dividend re-investment between 31 December 2009 and 31 December 2019

<sup>4</sup> NAV is calculated in accordance with AIC methodology based on performance data held by Law Debenture including the fair value of the IPS business and long-term borrowings. NAV is shown with both debt measured at par and at fair value

<sup>5</sup> Source: Bloomberg

<sup>6</sup> Increase in annual valuation of IPS business, excluding change in surplus net assets

<sup>7</sup> Calculated on an annualised basis on dividend payments in respect of accounting years between 1 January 2010 and 31 December 2019