

D LawDebenture

June 2020

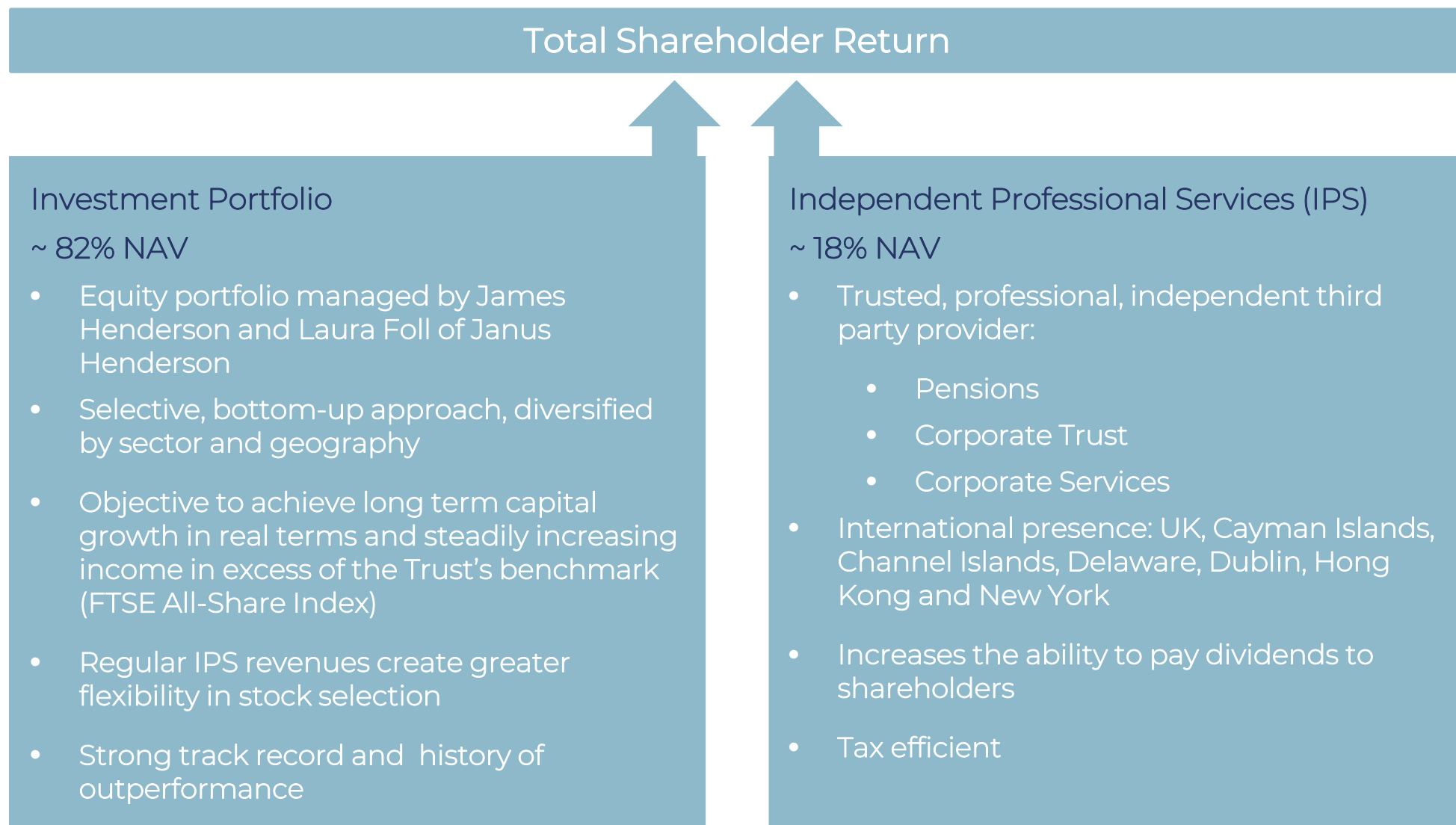


Agenda

1. The Law Debenture Model
2. Key Statistics
3. Independent Professional Services
4. Investment Portfolio
5. Conclusion



1. Law Debenture: A highly differentiated and unique business model





2. Summary: Dividend Update

- Moving to quarterly dividends, creating greater regularity and predictability around dividend payments
- Declaring a first interim dividend of 6.5 pence per ordinary share payable in July 2020
- Further interim dividends of 6.5 pence per ordinary share expected in October 2020 and in January 2021
- Board's current intention for the full year 2020 dividend to be at least equal to 2019 dividend of 26.0 pence per share, supported by opening retained earnings position of £62.5m¹ for 2020
- Based on current share price, that implies a dividend yield for Law Debenture shares of 4.9%²
- Research by Investec earlier in the year showed Law Debenture had the strongest reserves position of all trusts currently in the UK Equity Income Sector
- 35%³ of our dividends in the ten years to 31 December 2019 have been funded by our IPS business

¹ Retained earnings as at 31 December 2019 per audited balance sheet

² Based on closing share price of 531 pence as at 22 June 2020

³ Calculated based on dividends paid in respect of the financial years between 2010 and 2019



2. Summary: Five key differentiating areas

1. Its global independent professional services business offers regular (and visible) flow of income, which augments the dividend income from the equity portfolio
2. A well-diversified portfolio of quality listed companies actively managed by proven team of James Henderson and Laura Foll
3. A strong long term track record of dividend growth:
 - 41 years of increasing or maintaining dividends to shareholders
 - More than 100% increase in dividend over last ten years with annualised dividend growth of 7.9% over 10 years¹
 - In February 2020 Board increased the final dividend by 50% from 12.9p to 19.4p per share. 2019 FY DPS up 38% after 9.2% increase in 2018
4. Consistent long-term outperformance of benchmark
5. More than 130 years of value creation for shareholders
 - Targeting capital appreciation and a steadily increasing income
 - Dividend yield on 2019 DPS of 26.0p, 4.9% yield²
 - Low charges relative to peers: OCR of 0.48% versus a sector average of around 1.04%³

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

² Based on closing share price of 533 pence on 19th June 2020, compared to NAV cum income with debt at fair value of 568.14 pence per share at the same date

³ 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



3. Independent Professional Services (IPS) – Denis Jackson, Chief Executive Officer



3. IPS: Overview

Pensions

The longest established and largest provider of independent pension trustees in the UK

Corporate Trust

A leading independent corporate trustee across international capital markets

Corporate Services

Highly regarded range of outsourced solutions to corporates

- Trusted, professional and independent
- High quality reputation and brand strength in core markets
- Excellent record of customer retention
- Strong repeat revenues, around two thirds from on-going contractual commitments
- Cost base kept under control



3. IPS: Pensions

- Our trustee team now support in excess of 200 clients, with oversight of over £350bn of assets, providing pension benefits to more than three million families
- Following the launch of our outsourced administration service Pegasus in 2017, we have seen significant growth in the demand for these services
- Regulatory tailwinds remain in place to drive demand for our services
- Further growth in market expected to support our clients with ESG requirements/challenges
- Recruiting high quality individuals to support expansion, with a focus on diversity with a view to significant scaling over the next five years
- Use technology to create smarter working practices and maximise revenue



3. IPS: Corporate Trust

- Income is generated by a mixture of up-front acceptance fees on new business and long term, annual annuity fees on existing business
- Fought hard to maintain market share in a highly competitive market where capital market transaction volumes have fallen
- Long-term nature of appointments provides a highly desirable, stable and index linked source of revenue for the Group
- Positioning our offer around what customers want to buy rather than what we want to sell
- Engaging with boutique players to expand our customer base, including social housing and alternative assets
- Expanding escrow offering to provide clients with the possibility of return on cash



3. IPS: Corporate Services

- Our core corporate services business is performing well, winning clients and expanding the services to existing clients under difficult market conditions
- Safecall, our whistleblowing business continues to grow, albeit at a slower rate
- Service of Process has been impacted by a slow down in capital markets in Q2 which has resulted of lower transaction volumes
- Smart use of technology to increase automation and improve efficiency
- Further development of Safecall's product offering (including online training courses and development of digital distribution channels)
- New Head of Business Development started January 2020



3. IPS: In Summary

- IPS has very attractive financial characteristics:
 - High margins and high return on capital
 - Proven track record of delivery in 2018 and 2019 (c. 8-9% top and bottom line growth)
- Strong free cash flow offers bolt-on/cash reinvestment opportunities and supports the dividend
- On-going investment in technology/quality of service, people, reputation and clients
- Increased and more proactive promotion of our businesses and a focus on new products
- Continue to strengthen our team to support our growth objectives, with an eye always to the bottom line
- Pro-active in our engagement with our stakeholders, enhancing our communication and improving transparency to better tell the Law Debenture story



4. Investment Portfolio – James Henderson & Laura Foll, Janus Henderson



4. Investment Portfolio: Investment Approach

- Investment objective: long term capital growth in real terms and steadily increasing income
- Selective, bottom-up approach, deliberately diversified by sector and geography
- Valuation-driven process, aiming to identify high quality companies that are undervalued at the point of purchase
- Overseas stocks used selectively where there is no UK equivalent
- IPS revenues create greater flexibility in stock selection

4. Investment Portfolio: Long Term Performance as at 31 May 2020

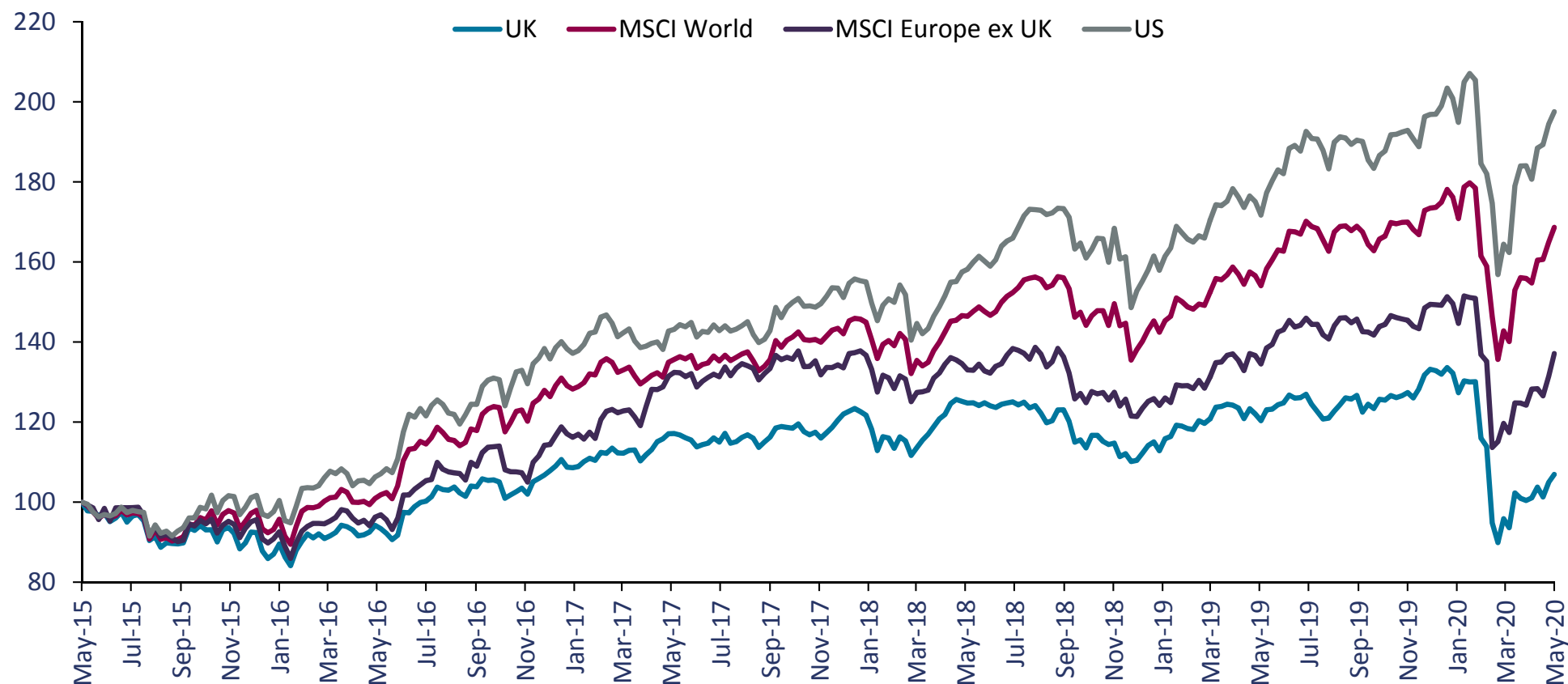


Strong performance track record – outperformance over 1, 3, 5, 10 years

	YTD	1 year	3 year	5 year	10 year
NAV TR (fair value)	-20.7	-11.8	-7.2	9.8	118.1
NAV TR (par)	-19.0	-9.7	-5.3	14.6	131.4
FTSE All-Share TR	-18.8	-11.2	-8.4	6.9	80.2

Source: Law Debenture Corporation as at 31st May 2020.

4. Investment Portfolio: UK has materially underperformed other global markets



Source: Datastream, as at 31 May 2020. Total return, GBP, rebased to 100 as at 31 May 2015. UK – FTSE All Share, Europe ex UK – MSCI Europe ex UK, World – MSCI World, US – S&P 500.

4. Investment Portfolio: UK valuations look attractive on almost any metric

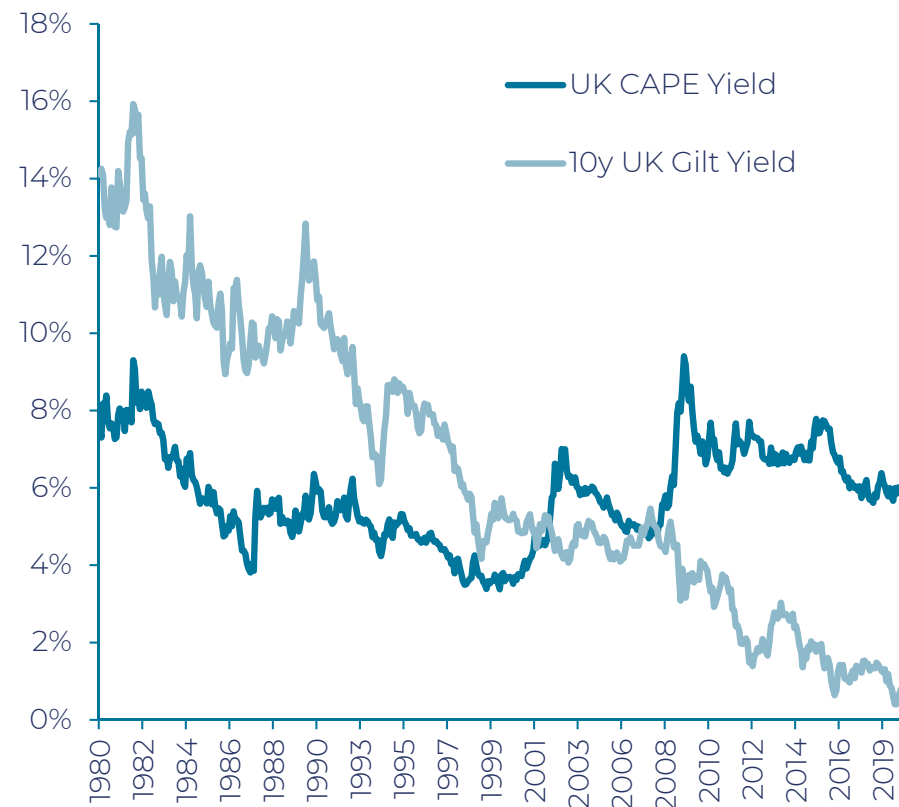


The UK looks lowly valued relative to other global equity markets

And relative to other asset classes...



Source: Credit Suisse, as at 8 June 2020

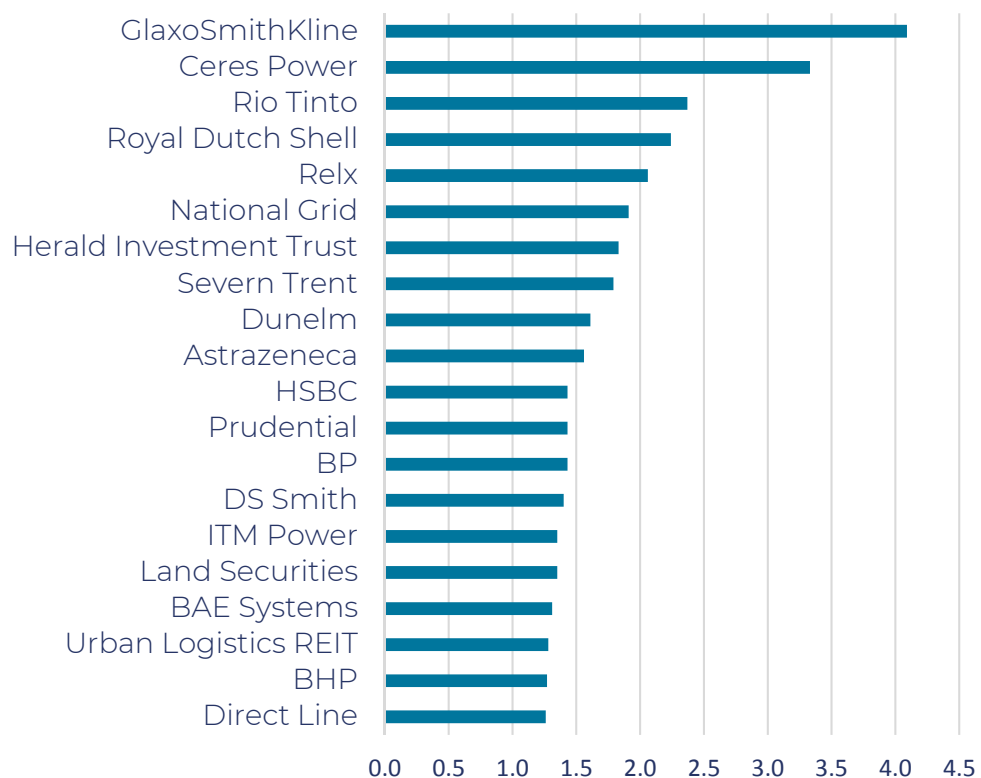


Source: Citigroup, as at 29 May 2020

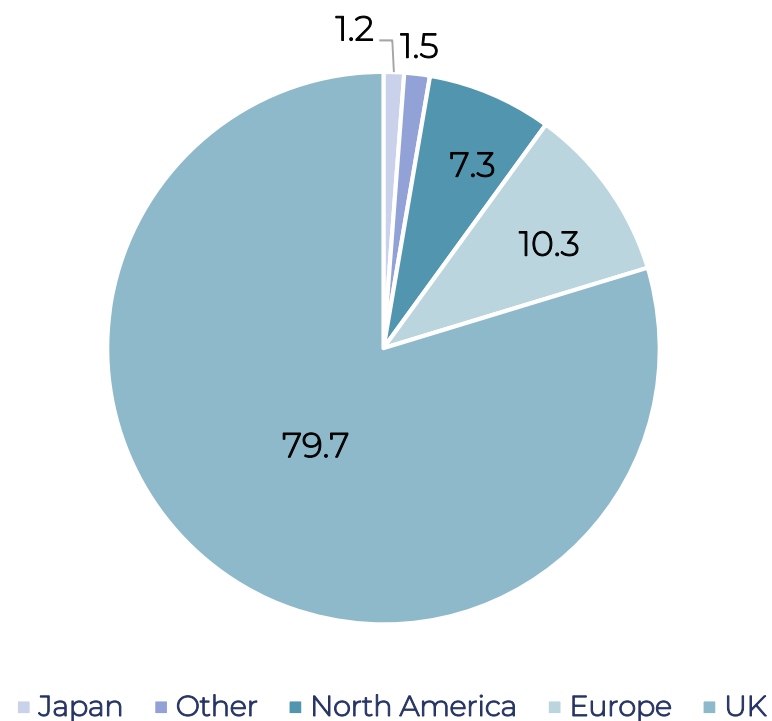


4. Investment Portfolio: UK valuations look attractive on almost any metric

Top 20 holdings (%)



Geographic weightings (%)



Source: Janus Henderson Investors, as at 31 May 2020



4. Investment Portfolio: Current Opportunities, what are we buying?

£36mn (net) has been invested calendar year to date, of which £41mn has been invested in the UK, £8mn invested in Europe and £13mn disinvested from North America (e.g. Microsoft, J&J)

Recent purchases include:

Anglo American (new position this year)

Marks & Spencer (new position this year)

Aviva (addition to existing position)

Land Securities (addition to existing position)

We think the best total return opportunity is predominantly in companies that have suspended dividends – this vehicle allows us to invest in those areas



4. Investment Portfolio: Year to Date Attribution

Largest contributors

1. Ceres Power
2. ITM Power
3. Microsoft
4. Flutter Entertainment
5. Herald Investment Trust

Largest detractors

1. Senior
2. Hammerson
3. International Personal Finance
4. Rolls-Royce
5. Hiscox

Source: Janus Henderson Investors, as at 31 May 2020. Only includes those actively held within the portfolio (not underweights versus the FTSE All-Share benchmark)



4. Investment Portfolio: Outlook

- Law Debenture is well positioned for a global economic recovery and the vehicle allows flexibility to invest in lower yielding areas, while maintaining an attractive dividend yield for shareholders
- The companies we hold have experienced management teams
- Balance sheets are (broadly) in a good place
- Cost levers are being pulled fast
- The drop through from sales to earnings when recovery comes will be significant

5. Conclusion: Consistent Outperformance over 3, 5 and 10 years



- Moving to quarterly dividends, creating greater regularity and predictability around dividend payments
- Current dividend yield for Law Debenture shares of 4.9%¹
- Unique model is a key value driver in achieving long-term capital growth and steadily increasing income – allows increased flexibility in portfolio construction, critical as other managers are increasingly forced to search for yield
- Investment Manager has a proven track record of identifying quality companies at a favourable valuation at an opportune point in the cycle
- On-going charges remain low at 0.48% compared to a sector average of 1.04%²
- Confident we can grow IPS considerably over time, supporting both income and capital growth objectives

¹ Based on closing share price of 531 pence as at 22 June 2020

² 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

Janus Henderson Investors

201 Bishopsgate, London EC2M 3AE
Tel: 020 7818 1818 Fax: 020 7818 1819

Before investing in an investment trust referred to in this document, you should satisfy yourself as to its suitability and the risks involved.

Past performance is not a guide to future performance. The value of an investment and the income from it can fall as well as rise and you may not get back the amount originally invested. Tax assumptions and reliefs depend upon an investor's particular circumstances and may change if those circumstances or the law change.

Nothing in this document is intended to or should be construed as advice. This document is not a recommendation to sell or purchase any investment. It does not form part of any contract for the sale or purchase of any investment.

Important information

Issued in the UK by Janus Henderson Investors. Janus Henderson Investors is the name under which investment products and services are provided by Janus Capital International Limited (reg. no. 3594615), Henderson Global Investors Limited (reg. no. 906355), Henderson Investment Funds Limited (reg. no. 2678531), AlphaGen Capital Limited (reg. no. 962757), Henderson Equity Partners Limited (reg. no. 2606646), (each registered in England and Wales at 201 Bishopsgate, London EC2M 3AE and regulated by the Financial Conduct Authority) and Henderson Management S.A. (reg. no. B22848 at 2 Rue de Bitbourg, L-1273, Luxembourg and regulated by the Commission de Surveillance du Secteur Financier).

Janus Henderson, Janus, Henderson, Perkins, Intech, AlphaGen, VelocityShares, Knowledge Shared and Knowledge Labs are trademarks of Janus Henderson Group plc or one of its subsidiaries. © Janus Henderson Group plc.