

This document has been issued by The Law Debenture Corporation p.l.c. (the **Company**) solely in order to make particular information available to investors in the Company before they invest, in accordance with the requirements of the Financial Conduct Authority (**FCA**) Rules implementing the AIFMD (as defined below). This document is being made available to investors in the Company at <https://www.lawdebenture.com>.

Potential investors in the Company's shares should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser before investing in the Company.

THE LAW DEBENTURE CORPORATION P.L.C.

INVESTOR DISCLOSURE DOCUMENT

IMPORTANT INFORMATION

Regulatory status of the Company

The Law Debenture Corporation p.l.c. is an 'alternative investment fund' (**AIF**) for the purposes of the EU Alternative Investment Fund Managers Directive (Directive 2011/61/EU) (as it forms part of the UK domestic law pursuant to the European Union (Withdrawal) Act 2018, the Alternative Investment Fund Managers (Amendment) (EU Exit) Regulations 2019 or as otherwise adopted under, or given effect to in, UK legislation or the UK regulatory regime) (the **AIFM Directive**). Under the AIFM Directive the Company is required to appoint an Alternative Investment Fund Manager (**AIFM**), which must be appropriately regulated by the FCA. The Company is authorised and regulated by the FCA as an internally managed AIFM. Any reference to "AIFM" in this document is in reference to the Company acting in its capacity as AIFM.

The Company's shares are listed on the premium segment of the Official List of the UK Listing Authority and are admitted to trading on the main market of the London Stock Exchange. The Company is subject to its Articles of Association (**Articles**), the Listing Rules, the Disclosure and Transparency Rules, the UK Corporate Governance Code, the AIC Code on Corporate Governance and the Companies Act 2006.

The provisions of the Company's Articles are binding on the Company and its shareholders. The Articles set out the respective rights and restrictions attaching to the Company's shares. These rights and restrictions apply equally to all shareholders. All shareholders are entitled to the benefit of, and are bound by and are deemed to have notice of, the Company's Articles.

Limited purpose of this document

This document is issued solely in order to make required regulatory disclosures to investors and, to the fullest extent permitted under applicable law and regulations, the Company and its Directors will not be responsible to persons other than the Company's shareholders for their use of this document, nor will they be responsible to any person (including the Company's shareholders) for any use which they may make of this document.

This document does not constitute, and may not be used for the purposes of, an offer or solicitation to buy or sell, or otherwise undertake investment activity in relation to, the Company's shares.

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This document is not a prospectus and it is not intended to be an invitation or inducement to any person to engage in any investment activity. This document is not intended to include all the information which investors and their professional advisers may require for the purpose of making an informed decision in relation to an investment in the Company.

No advice given

The Company and its Directors are not advising any person in relation to any investment or other transaction involving shares in the Company. Recipients must not treat the contents of this document or any subsequent communications from the Company, or any of its affiliates, officers, Directors, employees or agents, as advice relating to financial, investment, taxation, accounting, legal, regulatory or any other matters. Prospective investors must rely on their own professional advisers, including their own legal advisers and accountants, as to legal, tax, accounting, regulatory, investment or any other related matters concerning the Company and an investment in its shares.

Overseas investors

The distribution of this document in certain jurisdictions may be restricted and accordingly persons into whose possession this document comes are required to inform themselves about and to observe such restrictions. The shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or under any of the relevant securities laws of Canada, Australia or Japan. Accordingly, the shares may not (unless an exemption from such Act or such laws is available) be offered, sold or delivered, directly or indirectly, in or into the USA, Canada, Australia or Japan. The Company is not registered under the United States Investment Company Act of 1940 (as amended) and investors are not entitled to the benefits of such Act.

Prospective investors must inform themselves as to (a) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of shares.

THE COMPANY

Background

The Company is a UK investment trust whose shares are traded on the London Stock Exchange. It was launched and listed on the London Stock Exchange on 12 December 1889. The Company's registered office is at 8th Floor, 100 Bishopsgate, London, EC2N 4AG. The Company was established in England with company number 30397 and its Articles of Association are governed by the Companies Acts of the United Kingdom.

Investment objective

The investment objective of the Company 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 through investing in a diversified portfolio of stocks (**Portfolio**).

Board of Directors

It is the responsibility of the Board of Directors to ensure that there is effective stewardship of the Company's affairs. The Board of Directors comprise Mr R Hingley (Chair), Mr D Jackson, Ms T Houston, Mr P Purewal, Mrs C Finn, Mrs C Askem and Mr M Slendebroek. Further details of the Directors can be obtained in the Company's most recent Annual Report.

Investment managers

The Company has appointed Janus Henderson as its investment manager (the **Investment Manager**) and its managers are James Henderson and Laura Foll (each a **Manager**).

Investment policy and restrictions

The Board sets the investment strategy and actively monitors both the Investment Managers' and Executive Leadership team's adherence through a series of guidelines and parameters in each scheduled Board meeting. The strategy is reviewed periodically to ensure that the investment trust delivers on its objective.

Investments	Permitted types of investments are:	Restrictions:
	<ul style="list-style-type: none"> • Equity Shares 	<ul style="list-style-type: none"> • Trading is not permitted in suspended shares or short positions
	<ul style="list-style-type: none"> • Cash/Liquid Assets 	<ul style="list-style-type: none"> • No more than 15% of gross assets will be invested in other UK listed investment trusts
		<ul style="list-style-type: none"> • No more than 175 stocks • No investment may be made which raises the aggregate value of the largest 20 holdings, excluding holdings in collective investment vehicles that give exposure to Japan, Asia/Pacific or emerging market regions, to more than 40% of the Portfolio, including gilts and cash
		<ul style="list-style-type: none"> • The value of a new acquisition in any one holding may not exceed 5% of the total Portfolio value (including cash) at the time the investment is made • Further additions shall not cause a single holding to exceed 5%, and Executive approval must be sought (to be reported at the next Board meeting), to retain a holding should its value increase above the 5% limit

				<ul style="list-style-type: none"> No investment in any investment vehicle managed or advised by Janus Henderson shall be made without prior Board approval
				<ul style="list-style-type: none"> No investment other than in equity shares quoted on a major international Stock Exchange (including AIM for the avoidance of doubt) or instruments convertible into the same may be made without prior Executive approval
				<ul style="list-style-type: none"> The Company may not make investments in unlimited liability companies
	The current regional parameters are:			
		Minimum	Maximum	
		%	%	
	United Kingdom	55	100	
	North America	0	20	
	Continental Europe	0	20	
	Japan	0	10	
	Asia/Pacific	0	10	
	Other (including South America)	0	10	
Derivatives	May be used with prior authorisation of the Board			

Hedging	Currency hedges may be put in place with Board approval to protect against foreign exchange movements on the capital and income accounts	
Stock-lending	Up to 30% of the market value of the Portfolio may be lent	
Gearing	A ceiling on net gearing of 50% is applied. Typically net gearing, (i.e. gearing net of cash), is between 10% and 20% of the total Trust value. The Board retains the ability to reduce equity exposure so that net cash is above 10% if deemed appropriate	
Daily dealing limit	Net purchases in any dealing day are to be limited to £30 million unless prior Executive approval is obtained	
Underwriting	Permitted capital at risk up to 5% of the value of the Portfolio	
Corporate approval	Where indicated, the Investment Manager must obtain prior approval to exceed permitted limits either through Board or Executive approval. Executive approval shall be the approval of either the Board Chair or the Chief Executive Officer. The Board may make non-material adjustments or changes to the investment policy from time to time. Any changes to the investment policy, which the Board deem to be material, require prior shareholder approval	

Gearing and leverage

The Company is permitted to use borrowings to increase the exposure of the Portfolio. This is known as “gearing”. The Board is responsible for determining the parameters for leverage. When considered appropriate, leverage is used tactically in order to enhance returns.

The Company may raise debt (either short or long-term) to generate funds for further investment. These funds can be used to increase the size of the Portfolio. Alternatively, assets from within the Portfolio can be sold to reduce debt and the Portfolio can even be ‘negatively geared’. This means selling assets to hold cash so that less than 100% of the Company’s assets are invested in equities. As at 31 December 2023, the Company's gearing was 13% (2022: 12%).

The AIFMD also requires the Company to report on "leverage". This is slightly different from gearing, leverage being any method of borrowing that increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its NAV and must be calculated on a 'gross' and a 'commitment' method. Under the gross method, exposure represents the sum of the Company's positions after the deduction of sterling cash balances, without taking into account any hedging and netting arrangements. Under the commitment method, exposure is calculated without the deduction of sterling cash balances and after certain hedging and netting positions are offset against each other. As at 31 December 2023, the leverage calculated under the gross method was 0.98, and under the commitment method was 1.01.

Changes to leverage

The total amount of leverage currently available to the Company is represented by (1) a £50 million unsecured *overdraft facility with HSBC Bank plc, 8 Canada Square, London E14 5HQ (HSBC) and (2) long term borrowing comprising of four debentures:

Maturity Date	PAR Value	Interest
2034	£40m	6.125%
2041	£20m	2.54%
2045	£75m	3.77%
2050	£30m	2.53%
Total	£165m	Weighted Average: 3.96%

*Whilst available, the overdraft facility with HSBC is currently not in use but provides further mitigation of any liquidity risk.

Any changes to this maximum level of leverage that the Company may employ will only be implemented after consultation with the Board. Any material changes to the maximum level of leverage will require the approval of shareholders by passing an ordinary resolution.

Investment strategy and investment techniques

The Company's investment strategy is centred around the unique combination of the Portfolio and the independent professional services (IPS) business. Whilst overseen by the Board, the IPS business operates independently from the Portfolio.

With respect to the Portfolio, companies are analysed using questions that aim to assess: strength of management, competitive position, customer perspective, prospects for sales and margins, current and potential valuation, how the market and our view differs and what will happen after five years.

The IPS business provides a reliable source of revenue to the investment trust. This supports the dividend and ensures our Investment Managers are not constrained to choosing stocks solely based on yield. Instead, the Investment Managers benefit from increased flexibility in stock selection supporting the delivery of long-term capital growth.

The structure is also tax efficient as some tax relief, arising from excess costs and interest payments which would otherwise be unutilised, can be passed from the investment trust to the IPS business reducing the tax liability for the Law Debenture Group and increasing shareholder returns.

The Board sets the investment strategy and actively monitors both the Managers' and Executive Leadership team's adherence through a series of guidelines and parameters in each scheduled Board meeting. The strategy is reviewed periodically to ensure that the investment trust delivers on its objective.

Changes to Investment Policy

As a closed-ended investment fund whose shares are admitted to the Official List under Chapter 15 of the Listing Rules, the Company is required to obtain the prior approval of its shareholders for any material change to its published investment policy. The Company's published investment policy is set out in the section entitled 'Investment policy and restrictions' above.

Any change in investment strategy or investment policy which does not amount to a material change to the published investment policy may be made without shareholder approval.

ADMINISTRATION AND MANAGEMENT OF THE COMPANY

The Alternative Investment Fund Manager (AIFM)

The duties of the AIFM

The Company has elected to be its own AIFM. The AIFM is required to provide portfolio management, risk management, administration, accounting and company secretarial services to the Company. All of these functions, barring portfolio management which continues to be delegated to the Investment Manager, are undertaken by the Company. As noted above, the Company has appointed Janus Henderson as its Investment Manager and its Managers are James Henderson and Laura Foll.

Fees payable to the Investment Manager by the Company

Since the Company is its own AIFM it does not receive an annual management fee. The management fee is paid to the Investment Manager quarterly in arrears by the Company. It is equal to 0.30% per annum of the net assets of the Company (excluding net assets of IPS) calculated on the basis adopted in the audited financial statements, and ongoing charges of 0.49%. No performance fee is paid to the Investment Manager.

The Depositary

The Depositary is NatWest Trustee and Depositary Services Limited, a public limited company incorporated in England & Wales having its registered office at 250 Bishopsgate, London EC2M 4AA and whose ultimate parent company is NatWest Group plc.

The duties of the Depositary

The Company appointed the Depositary, as required by the AIFM Directive, to undertake various functions including safekeeping of assets and the monitoring of cashflows, changes in issued share capital and the valuation of assets.

Delegation by the Depositary

With the consent of the Company, the Depositary has delegated the safekeeping of assets to HSBC.

The liability of the Depositary

The Depositary has not entered into any arrangement contractually to discharge itself of liability, in accordance with Article 21(13) of the AIFM Directive. The Company will notify shareholders of any changes with respect to the discharge by the Depositary of its liability in accordance with Article 21(13) of the AIFM Directive through a Regulatory Information Service.

The fees payable to the Depositary by the Company

The Depositary receives annual fees, payable quarterly in arrears, equal to 0.0225% of the Company's calculated monthly net asset value (NAV).

The Auditor

Deloitte LLP, chartered accountants, of 110 Queen Street, Glasgow, G1 3BX has been appointed as the Company's external auditor.

The duties of the Auditor

The Auditor reviews and expresses an independent opinion on the financial statements of the Company.

The fees payable to the Auditor by the Company

The fees charged by the Auditor are agreed in advance based on an estimate of the time to be spent by the Auditors on the affairs of the Company. The Auditor's fees amounted to £746,000 (plus VAT) in respect of the year ended 31 December 2023.

The Registrar

The Registrar is Computershare Investor Services PLC based at The Pavilions, Bridgwater Road, Bristol BS99 6ZZ.

The duties of the Registrar

The Registrar maintains the share register of the Company, provides general meeting support and is responsible for dividend payments. All administrative enquiries concerning shareholdings, dividend payments, change of address or lost certificates should be submitted to the Company's Registrar at webcorres@computershare.co.uk.

The fees payable to the Registrar by the Company

The fees payable to the Registrar are as agreed from time to time by contractual agreement.

Delegation of functions by the AIFM

The AIFM has delegated its portfolio management to the Investment Manager. On a fully discretionary basis, the Managers are responsible for implementing the Company's investment strategy. The contract in place is terminable by either side on six months' notice.

The Company Secretary

The duties of the Company Secretary

The Company Secretary is Law Debenture Corporate Services Limited. The Company Secretary is responsible for dealing with all administrative matters, regulatory filings and notifications on behalf of the Board and the Company.

SHAREHOLDER INFORMATION

Key Information Document

A Key Information Document is available on the Company's website at <https://www.lawdebenture.com>.

Annual Reports and Accounts

Copies of the Company's latest Annual and Interim Reports are available on the Company's website at <https://www.lawdebenture.com>.

Publication of NAV

The latest NAV of the Company may be accessed on the Company's website at <https://www.lawdebenture.com>.

Valuation policy

The assets of the Company are valued in accordance with UK generally accepted accounting practice and the AIC's Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts. In summary, investments are valued at their fair value, which, for quoted investments is typically represented by the quoted bid price. Any unquoted investments are valued at the Board's estimate of fair value.

The fair value of the IPS business relates to all of the wholly owned subsidiaries of the Company, with the exception of Law Debenture Finance p.l.c. The fair valuation of IPS is based upon the historic earnings before interest, taxation, depreciation and amortisation (EBITDA), an appropriate multiple and the surplus net assets of the business at their underlying fair value. The multiple applied in valuing IPS is from comparable companies sourced from market data, with appropriate adjustments to reflect the difference between the comparable companies and IPS in respect of growth, margin, size and liquidity.

Further detail of the bases of valuation of the Company's assets and its accounting for investments are included in the most recent Annual Report of the Company which is available on the Company's website at <https://www.lawdebenture.com>.

Historical performance of the Company

Details of the Company's historical financial performance are provided in the Company's Annual Reports and Accounts and Monthly Factsheets, which are available via the Company's website at <https://www.lawdebenture.com>.

Investors should note that past performance of the Company is not necessarily indicative of future performance. Capital may be at risk as the value of investments may go down as well as up and is not guaranteed; therefore investors may not get back the amount originally invested.

There can be no guarantee that the investment objective of the Company will be achieved or provide the returns sought by the Company or its investors.

Purchases and sales of shares by investors

The Company's shares are admitted to trading on the main market of the London Stock Exchange where they may be purchased or sold.

New shares are issued by the Company under its Employee Sharesave Scheme or non-pre-emptively where there is market demand, provided it is within the authority approved by shareholders and shares are trading at a premium to net asset value. The Company's shares are not redeemable. While the Company will typically have shareholder authority to buy back shares, shareholders do not have the right to have their shares purchased by the Company.

Fair treatment of investors

The legal and regulatory regime to which the Company and the Directors are subject ensures the fair treatment of investors. As a company listed on the FCA's Official List, the Company is required under the premium Listing Principles to treat all shareholders of a given class of shares equally. The Company has a single class of shares in issue and the shares rank *pari passu* with each other.

In particular, the Directors of the Company have certain statutory duties under the Companies Act 2006 with which they must comply. These include a duty upon each Director to act in the way she or he considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole.

The FCA has determined that the Company is subject to the Consumer Duty, which in broad terms is designed to ensure in scope companies deliver good outcomes for retail customers. Whilst the Board already actively seeks to do this pursuant to its obligations under section 172(1) of the Companies Act 2006, a review on whether any additional actions were required was conducted during 2023. Further details can be found on page 63 of the most recent Annual Report.

No investor has a right to obtain preferential treatment in relation to their investment in the Company and the Company does not give preferential treatment to any investors.

RISK FACTORS

The risk factors referred to below are the risks which are currently considered by the Company to be material, but they are not the only risk factors relating to the Company or its shares. Additional risks and uncertainties relating to the Company or its shares that are not currently known to the Company or that the Company do not currently consider to be material may also have a material adverse effect on the Company. Potential investors in the Company's shares should review these risk factors carefully and consult their stockbroker, bank manager, solicitor, accountant or other financial adviser before investing in the Company.

- (i) **Investment policy/performance risk** – The Company's investment policy and strategy exposes the Portfolio to share price movements. The performance of the Portfolio typically differs from the performance of the benchmark and is influenced by stock selection, liquidity and market risk (see (ii) below). Investment in small companies is generally perceived to carry more risk than investment in large companies. While this is reasonable when comparing individual companies, it is much less so when comparing the risks inherent in diversified portfolios of small and large companies. The Board monitors performance against the investment objective over the long term by ensuring the Portfolio is managed appropriately, in accordance with the investment policy and strategy. The Board has outsourced portfolio management to its experienced Investment Manager with a clearly defined investment philosophy and investment process. The Board receives regular and detailed reports on investment performance including detailed portfolio analysis, risk profile and attribution analysis. Senior representatives of the Company attend each Board meeting. Peer group performance is also regularly monitored by the Board. The Investment Managers' Review in the Annual Report contains information on portfolio investment performance and risk.

- (ii) **Market risk** – investment performance is impacted by external risk factors, including those creating uncertainty about future price movements of investments. The Board delegates consideration of market risk to the Managers to be carried out as part of the investment process. The Managers regularly assess the exposure to market risk when making investment decisions and the Board monitors the results via the Managers' quarterly and other reporting. The Board and Managers closely monitor economic and political developments and, in particular, are mindful of the continuing uncertainty following the departure of the UK from the EU and government responses and the potential effects of climate change. During the year the Managers reported on market risks including

inflation and supply-chain pressures and other geopolitical issues referred to in the Managers' Report contained in the Annual Report.

- (iii) **Share price discount** – the Company has often traded at a premium, but it is important to note that investment trusts can also trade at a discount (where the share price is lower than the combined value (NAV) of the underlying assets), or at a premium (where the share price trades at a higher level than the underlying NAV). Investment trust investors need to understand these concepts as well as examine the underlying Portfolio and the way in which it is managed, to decide whether or not an investment trust share represents “good value”.
- (iv) **Gearing risk** – in rising markets, gearing will enhance returns; however, in falling markets the gearing effect will adversely affect returns to Shareholders. The Board and the Managers consider the gearing strategy and associated risk on a regular basis. One of the key risks is that when the money is repaid by the Company, the value of the investments may not be enough to cover the borrowing and interest costs, and the Company will make a loss. If the Company's investments fall in value, any borrowings will increase the amount of this loss.
- (v) **Reputational risk** – the reputation of the Company is important in maintaining the confidence of shareholders. The Board and the Managers monitor external factors outside of the Company's control affecting the reputation of the Company and/or the key service providers and take action if appropriate.
- (vi) **Regulatory risk** – failure to comply with applicable legal and regulatory requirements could lead to suspension of the Company's share price listing, financial penalties or a qualified audit report. A breach of Section 1158 of the Corporation Tax Act 2010 could lead to the Company losing investment trust status and, as a consequence, any capital gains would then be subject to capital gains tax. The Board also receives quarterly reports from the General Counsel and the Group Company Secretary regarding compliance with rules and regulations, together with information on future developments.

RISK MANAGEMENT

Risk profile

The Group's risk management and internal control framework is embedded in everyday operations and subject to regular enhancements in a continuous risk management process to ensure that risks are effectively managed and monitored. Top-down Board-level oversight for the Portfolio and IPS business is provided by the Audit and Risk Committee, who review principal risks to the Group and the adequacy of the controls in place. Consideration is also given to emerging risks to ensure that the risk management framework is updated to protect the business. The Board recognises that there are certain risks which are inherent in the Group, such as market risk with respect to its Portfolio, and the controls to mitigate against such risks are paramount to the delivery of our objectives.

Risk management systems

The Company has established an on-going process for identifying, evaluating and managing the principal risks faced by the Company.

The principal risks identified by the Company are summarised in the Company's Annual Report and Accounts together with an explanation of the approach taken in managing these risks. Copies of the Annual Report and Accounts can be obtained on the Company's website at <https://www.lawdebenture.com>.

Liquidity risk management

The Company has a liquidity management policy in relation to the Company which is intended to ensure that the Company's Portfolio maintains a level of liquidity which is appropriate to the Company's obligations. This policy involves an assessment by the Company of portfolio construction including individual stock weightings, index dispersion and the impact of target trades. This analysis takes into account the sensitivity of particular assets to particular market risks and other relevant factors.

Shares in the Company are not redeemable and shareholders do not have the right to require their shares to be purchased by the Company. Accordingly, the liquidity management policy ensures that the Company's Portfolio is sufficiently liquid to meet the following principal obligations:

- the Company's operating and financing expenses: in practice, these expenses are typically covered by dividends received from the Company's investments; and
- the possible need to repay borrowings at short notice, which would require to be met by the sale of assets.

The liquidity management policy requires the Company to identify and monitor its investment in assets which are considered to be relatively illiquid. All of the Company's Portfolio is invested in securities of companies listed on the London Stock Exchange. The liquidity of the holdings is monitored on an ongoing basis to ensure that the Portfolio is adequately diversified.

The liquidity management policy is reviewed and updated, as required, on at least an annual basis. The Board's strategy largely limits investments to equities and fixed interest securities quoted in major financial markets. In addition, cash balances are maintained commensurate with likely future settlements. The interest on borrowings is paid bi-annually in March and September for the 2045 secured senior notes, April and October for the 2034 secured bonds and May and November for the 2041 and 2050 senior secured notes.

Investors will be notified, by way of a disclosure on the Company's website and in the Company's Interim and Annual Reports, in the event of any material changes being made to the liquidity management systems and procedures or where any new arrangements for managing the Company's liquidity are introduced.

To minimise liquidity risk, the Board's strategy largely limits investments to equities and fixed interest securities quoted in major financial markets. In addition, cash balances are maintained commensurate with likely future settlements. The maturity of the Company's existing borrowings is set out in the Annual Report.

Professional negligence liability risks

In addition to maintaining sufficient own funds at an appropriate level, the Company also maintains professional indemnity insurance with a reputable insurer for a reasonable amount having regard to its responsibilities as the AIFM. The Company maintains sufficient capital to meet its regulatory obligations in this regard.

Amendment of this document

The information in this document will be reviewed and updated (as necessary) at least annually. Any changes made to this document will be notified to investors by way of disclosure on the Company's website.

Issued 21 March 2024 and updated on 4 April 2024