

Law Debenture

Factsheet 31 May 2017

Fair value of independent fiduciary services business (IFS)

Performance data and trust statistics include the fair value of the IFS, which uplifted the NAV by 62.4p per share.

Fund objective

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 All-Share Index through investing in a portfolio diversified both geographically and by industry.

Fund managers' comments



James Henderson

May was a good month for the Trust in absolute terms although it underperformed the broader market. The net asset value rose 3.0% on a total return basis (with debt at fair value) relative to the FTSE All-Share which rose 4.4%. Within this the fall in government bond yields meant that fair valuing the debt was a marginal detractor from returns – at par value the net asset value rose 3.1%.

Among the best performers during the month was US semiconductor equipment manufacturer Applied Materials. This is seeing very strong demand for its equipment and as a result is seeing earnings upgrades. We have reduced the holding in small size this year as we are wary of the volatility in demand in semiconductors. Insurer Hiscox also performed well as the growth in their retail business (in both the UK and internationally) is allowing them to better withstand a tough pricing environment in other areas of the insurance market.

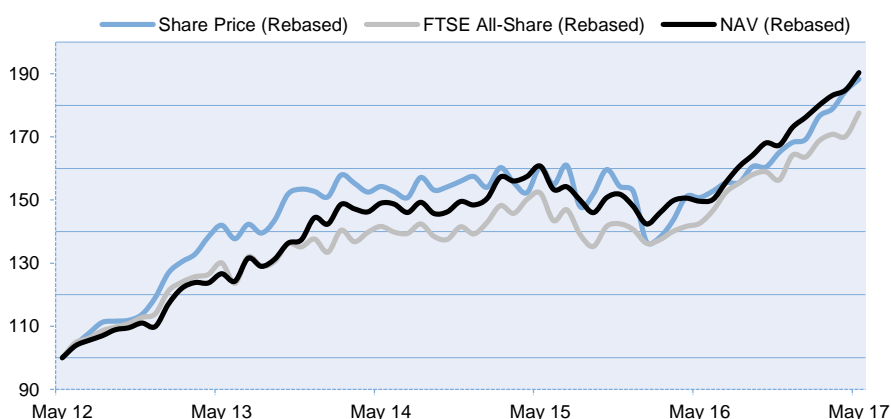
The largest active detractors included industrials Morgan Advanced Materials and Spectris. In both cases the shares had performed well ahead of the results and there were high expectations that organic growth would show signs of acceleration. In both cases the revenue growth looked more muted than expected (but still positive). What we have found during first quarter results is that end markets are mixed – some of the US industrial holdings such as Cummins have seen a very notable uptick in demand whereas the UK industrials tended to be more mixed.

During the month we reduced a number of holdings where we felt it was prudent to take profits, including Rio Tinto, IAG (which owns British Airways), XP Power and Marshalls. We added to existing holdings where we feel valuations are attractive including specialist support services company Babcock, contractor Carillion and Land Securities.

*Performance over	1yr	3yrs	5yrs	10yrs
Share price (total return)	24.9%	22.0%	88.3%	120.4%
Net asset value (total return)	27.2%	27.8%	90.4%	129.7%
FTSE All-Share (total return)	24.5%	25.4%	77.6%	71.4%

*Performance source: Morningstar (1 yr, 3 yrs & 5 yrs based on debt at fair value and including fair value of IFS businesses).

Performance (May 2012 = 100)



*Trust statistics

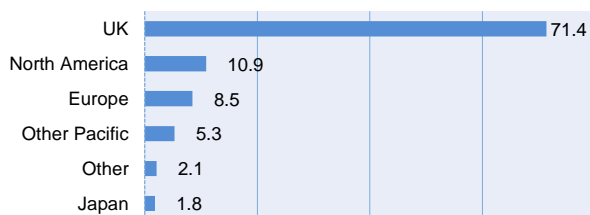
NAV (debt at fair value)			
NAV per ordinary share (cum income)	641.0p	Gross total assets	£904m
NAV per ordinary share (ex income)	632.3p	Group gearing – AIC (net)	8.0%
Share price (code LWDB)	581.0p	Yield	2.9%
Premium/(discount) (cum income)	-9.4%	Ongoing charges	0.45%

*Trust statistics are based on debt at fair value and including fair value of IFS business.

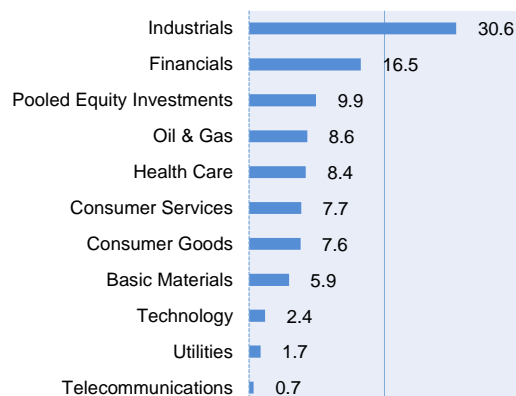
Please remember that past performance is not a guide to future performance. The value of an investment and the income from it can rise as well as fall as a result of market and currency fluctuations, and you may not get back the amount originally invested.

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Geographic breakdown (%)



Sector Breakdown (%)



Pooled Equity Investments include (%):

Baillie Gifford Pacific	2.3%
Stewart Investors Asia Pacific	2.0%
Templeton Emerging Markets Investment Trust	1.4%

Top Ten Equity Holdings (excluding Pooled Equity Investments)

Royal Dutch Shell	3.1%	Senior	1.8%
HSBC	2.3%	Hill & Smith	1.8%
Rolls Royce	2.3%	GlaxoSmithKline	1.7%
GKN	2.1%	Prudential	1.7%
BP	2.0%	Relx	1.6%

Trust information

Sector	Global Growth	Dividend payment	April, September
Benchmark	FTSE All-Share index	Last ex div date	16 March 2017
Trust type	Conventional (Ords)	Management fee (based on NAV)	0.30%
Launch date	December 1889	Performance Fee	No
Financial year end	31 December		

Company History

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

Firstly, we are a global investment trust, listed on the London Stock Exchange. Our portfolio of investments is managed by Henderson Global Investors Limited under a contract terminable by either side on six months' notice.

Secondly, we are a leading provider of independent fiduciary services. Our activities are corporate trusts, pension trusts, corporate services (including agent for service of process), governance services and whistle blowing services.

We have offices in London, the Channel Islands, Delaware, Hong Kong, Ireland, New York, and Sunderland.

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Important information

The Law Debenture Corporation p.l.c. currently conducts its affairs so that its ordinary shares are capable of being recommended by independent financial advisors to ordinary retail investors in accordance with relevant FCA rules. Our ordinary shares are, we consider, mainstream investment products because they are shares in an investment trust. The Corporation intends to continue conducting its affairs for the foreseeable future so that the ordinary shares can continue to be categorised as mainstream.

Tax assumptions may change if the law changes, and the value of tax relief will depend upon your individual circumstances. The views, information and data in this publication should not be deemed as a financial promotion or recommendation. The Law Debenture Corporation p.l.c. is not authorised to give financial advice and nothing in this Factsheet is intended to be an inducement to buy, sell or hold our shares. This factsheet is not, and is not intended to be, a financial promotion.