



# Lowland Investment Company plc

Update for the Half-Year Ended  
31 March 2019

MANAGED BY  
**Janus Henderson**  
—INVESTORS—

## Investment Objective

The Company aims to give shareholders a higher than average return with growth of both capital and income over the medium to long-term by investing in a broad spread of predominantly UK companies. The Company measures its performance against the FTSE All-Share Index Total Return.

# Key Data\*

**Net Asset  
Value Total  
Return**  
**-10.6%**

**Benchmark  
Total Return**  
**-1.8%**

**Growth in  
Dividend**  
**13.5%**

**Dividend**  
**29.5p**

\* For the six months to 31 March 2019

## Financial Highlights

|  | Half-Year Ended<br>31 Mar 2019 | Half-Year Ended<br>31 Mar 2018 | Year Ended<br>30 Sept 2018 |
|--|--------------------------------|--------------------------------|----------------------------|
| NAV Per Ordinary Share <sup>1</sup>      | 1,431p                         | 1,553p                         | 1,625p                     |
| Share Price <sup>2</sup>                 | 1,340p                         | 1,485p                         | 1,515p                     |
| Market Capitalisation                    | £362m                          | £401m                          | £409m                      |
| Dividend Per Share                       | 29.5p                          | 26.0p                          | 54.0p                      |
| Ongoing Charge Including Performance Fee | 0.6%                           | 0.6%                           | 0.6%                       |
| Ongoing Charge Excluding Performance Fee | 0.6%                           | 0.6%                           | 0.6%                       |
| Dividend Yield <sup>3</sup>              | 4.3%                           | 3.4%                           | 3.6%                       |
| Gearing                                  | 11.9%                          | 14.2%                          | 12.2%                      |
| Discount                                 | 6.4%                           | 4.4%                           | 6.8%                       |

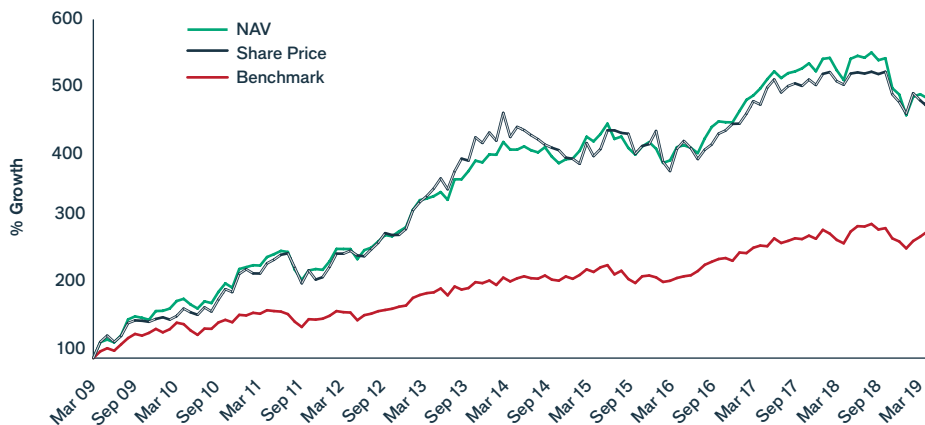
<sup>1</sup> NAV (Net Asset Value Total Return) with debt at par value

<sup>2</sup> Using mid-market closing price

<sup>3</sup> Based on dividends paid and declared in respect of the previous twelve months

# Historical Performance

## Total Return Performance (including dividends reinvested and excluding transaction costs)



Sources: Morningstar, Funddata, Datastream and Janus Henderson

|                          | 6 months<br>% | 1 year<br>% | 3 years<br>% | 5 years<br>% | 10 years<br>% |
|--------------------------|---------------|-------------|--------------|--------------|---------------|
| Net Asset Value          | -10.6         | -4.8        | 17.7         | 18.5         | 379.8         |
| Share Price <sup>1</sup> | -9.8          | -6.3        | 15.3         | 10.6         | 372.3         |
| Benchmark <sup>2</sup>   | -1.8          | 6.4         | 31.3         | 34.5         | 186.8         |

<sup>1</sup> Using mid-market closing price

<sup>2</sup> FTSE All-Share Index

Sources: Morningstar, Funddata, Datastream and Janus Henderson

## Historical Record

| Year to 30 Sept              | 2009  | 2010  | 2011  | 2012   | 2013   | 2014   | 2015   | 2016   | 2017   | 2018   | As at<br>31 Mar<br>2019 |
|------------------------------|-------|-------|-------|--------|--------|--------|--------|--------|--------|--------|-------------------------|
| Net Assets <sup>1</sup> (£m) | 174   | 204   | 214   | 266    | 347    | 362    | 355    | 387    | 440    | 439    | 387                     |
| Per Ordinary Share           |       |       |       |        |        |        |        |        |        |        |                         |
| Net Asset Value <sup>2</sup> | 657p  | 770p  | 811p  | 1,008p | 1,307p | 1,346p | 1,318p | 1,432p | 1,628p | 1,625p | 1,431p                  |
| Share Price                  | 610p  | 700p  | 763p  | 992p   | 1,325p | 1,355p | 1,287p | 1,337p | 1,504p | 1,515p | 1,340p                  |
| Net Revenue                  | 22.7p | 22.5p | 28.8p | 31.1p  | 36.7p  | 39.4p  | 46.4p  | 47.7p  | 49.1p  | 58.6p  | 22.2p                   |
| Net Dividends Paid           | 26.5p | 27.0p | 28.0p | 30.5p  | 34.0p  | 37.0p  | 41.0p  | 45.0p  | 49.0p  | 54.0p  | 29.5p <sup>3</sup>      |

<sup>1</sup> Attributable to Ordinary Shares

<sup>2</sup> NAV with debt at par value

<sup>3</sup> First Interim Dividend of 14.5p per Ordinary Share paid on 30 April 2019 and Second Interim Dividend of 15.0p per Ordinary Share that will be paid on 31 July 2019

Sources: Morningstar, Funddata, Datastream and Janus Henderson

# Chairman's Statement

## Overview

Lowland's Net Asset Value ("NAV") fell 10.6%, compared with a decline of 1.8% in our benchmark, the FTSE All-Share Index. This disappointing performance is analysed by the Fund Managers in their report, which also covers activity in the portfolio.

Lowland has always been characterised by periods of outperformance and underperformance. Over the longer term, performance has been strong, with an increase in NAV (total return) of 380% over the last ten years, against 187% in our benchmark. The Company's investment style, with a distinct bias away from the largest stocks in the index, gives rise both to the periods of underperformance and the long-term outperformance.

Small companies have added substantial value to the portfolio over the long-term and they will again. The portfolio also has a bias to industrial companies, which over the six months were weak overall, as uncertainty over trade wars dominated investor sentiment.

## Dividend

Underlying earnings have performed well and, helped by the change in accounting policy announced last year, earnings per share rose to 22.2p from 18.4p. The first interim dividend was 14.5p and the Board has today declared a second interim dividend of 15.0p. The total distribution at the half-year stage therefore amounts to 29.5p, compared with 26.0p at this time last year. Lowland started paying quarterly dividends in 2013 and since then each quarter's dividend has been greater than that paid in the same quarter in the previous year. It is the ambition to maintain this practice. Barring unforeseen circumstances, the Board intends to pay total dividends of 59.5p this year, extending to seven years the period in which our annual dividends have grown at 10%.

## Dividend Payments

| Year ended<br>30 Sep | 1st<br>interim | 2nd<br>interim | 3rd<br>interim | Final  |
|----------------------|----------------|----------------|----------------|--------|
| 2015                 | 10.0p          | 10.0p          | 10.0p          | 11.0p  |
| 2016                 | 11.0p          | 11.0p          | 11.0p          | 12.0p  |
| 2017                 | 12.0p          | 12.0p          | 12.0p          | 13.0p  |
| 2018                 | 13.0p          | 13.0p          | 14.0p          | 14.0p  |
| 2019                 | 14.5p          | 15.0p          | 15.0p*         | 15.0p* |

\* Intention barring unforeseen circumstances.

## Gearing

During the half-year, gearing was fairly constant at around 12%. It has increased to 13% on 4 June 2019 (the latest practicable date prior to publication of this report), and we would expect it to increase moderately from this level.

## Share price discount

During the period the share price discount (on a total return basis) fluctuated between 2.2% and 6.4%. At the period-end it was 6.4% and it stood at 4.6% as at 4 June 2019. The Board does not operate a formal discount control mechanism. The policy with regard to discount is set out in last year's Chairman's Statement.

## Board

I advised at the year-end that Kevin Carter had indicated his desire to retire, and this he will do at the end of this month. The Board's thanks to Kevin for his first-class service to the Company bear repeating. I am delighted to advise that following a search and selection process, the Board has agreed that Tom Walker be appointed to the Board with effect from 1 July 2019. Tom was formerly a Fund Manager with Martin Currie Investment Management, and brings valuable experience from his career. He is a director of EP Global Opportunities Trust plc and will be appointed as a director of JPMorgan Japan Smaller Companies Trust plc with effect from 29 July 2019.

# Chairman's Statement

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## Outlook

In times of uncertainty, opportunities for profitable investment occur. The Fund Managers are becoming increasingly confident that stock prices are discounting most of the problems facing the economy. Value is evident and therefore borrowings are being increased. We are net buyers of equities, utilising current uncertainties to refresh the portfolio with good-quality companies on reasonable valuations.

On a final note, we value contact with our shareholders and I would be delighted to be contacted at the Company Secretary's email address (as shown on the inside back cover) should you have any matters you wish to raise with me.

**Robert Robertson**  
**Chairman**  
**7 June 2019**

# Performance as at 31 March 2019

The tables below show the top five active contributors to and the top five active detractors from the Company's total return performance over the six months under review.

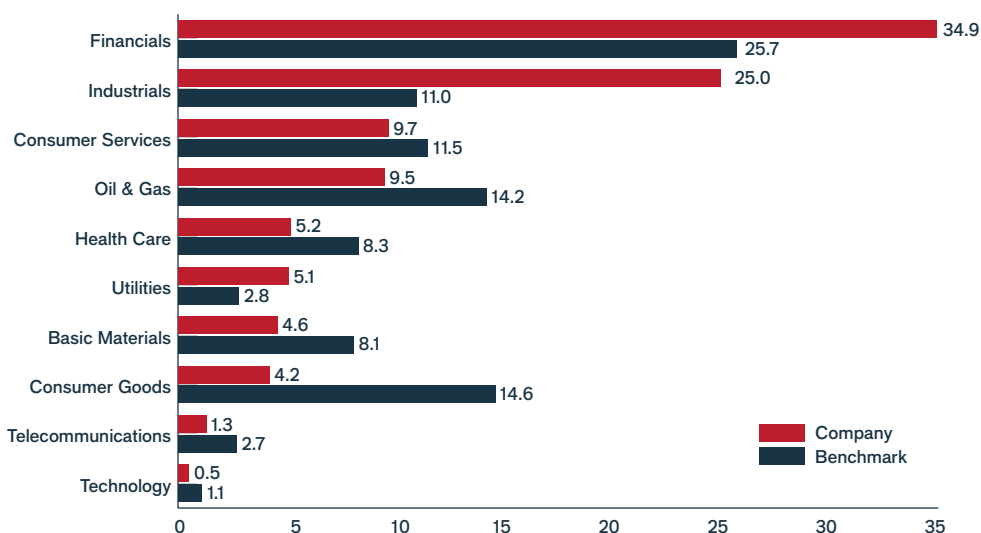
## Top 5 Contributors

| Company         | Sector                              | Contribution % |
|-----------------|-------------------------------------|----------------|
| Greene King     | Travel & Leisure                    | 0.39           |
| Marshalls       | Construction & Materials            | 0.37           |
| Churchill China | Household Goods & Home Construction | 0.34           |
| Shoe Zone       | General Retailers                   | 0.33           |
| Hill & Smith    | Industrial Engineering              | 0.23           |

## Top 5 Detractors

| Company     | Sector                    | Contribution % |
|-------------|---------------------------|----------------|
| Senior      | Aerospace & Defence       | -1.01          |
| Royal Mail  | Industrial Transportation | -0.65          |
| Carclo      | Chemicals                 | -0.51          |
| Stobart     | Industrial Transportation | -0.49          |
| Low & Bonar | General Industrials       | -0.44          |

## Sector Analysis



# Fund Managers' Statement

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## Performance review

Lowland's performance in the six months to the end of March was disappointing. The NAV fell 10.6% relative to a 1.8% fall in the FTSE All-Share (both figures on a total return basis). The fall in NAV was concentrated in the fourth quarter of 2018, when the NAV fell 14.9%. The NAV has recovered by 3.5% calendar year to date.

There are two key elements to the underperformance. The first is size, as small and medium-sized companies underperformed during the six month period:

| Total return for the 6 months to 31 March 2019 (%) |       |
|--|-------|
| FTSE All-Share                                     | -1.8  |
| FTSE 100   | -1.0  |
| FTSE 250   | -4.9  |
| FTSE AIM All-Share                                 | -16.0 |

Lowland continues to invest in small and medium-sized companies, with 55% of the portfolio invested outside of the FTSE 100 as at the end of March. The best sales and earnings growth will, over time, come from this portion of the portfolio and it has been the largest source of outperformance for the Company over the long term. Small and medium-sized companies are, however, more tied into the domestic economic cycle and therefore they are more vulnerable to underperformance at times when there are concerns about the UK economy.

The second element of the underperformance was sector allocation, specifically the industrials weighting, which as at the end of March was 25% of the portfolio. In the fourth quarter of 2018, US economic data showed signs of weakening at a time when Europe and China were already exhibiting signs of a slowdown. This led to reduced (although still positive) expectations for 2019 global economic growth. For the industrials sector this resulted in sharp and fairly indiscriminate underperformance which, in our view, did not adequately reflect the diversity of end markets to which the industrials held in the portfolio are exposed.

As an example, the largest industrial company held is Senior, an engineering company that produces predominantly aerospace components. The civil

aerospace market continues to grow well. Passenger miles flown per year are growing considerably above global economic growth, driven by emerging market demand. This trend is unlikely to change, leading to greater demand for new planes to which Senior is well exposed. Senior is winning considerable amounts of new civil aerospace work which is pressuring short-term margins. We see this work being won as a positive – it will lead to higher sales and earnings growth in future. The market, however, is sceptical that they will make a good return on this investment and as a result the shares fell 30% on a total return basis during the six months to the end of March, making it the largest individual detractor from performance. We continue to hold the position as in our view the shares are not reflecting the potential for future sales and earnings growth.

The top five active contributors to performance relative to the benchmark were:

- 1. Greene King** – a UK pub and brewery. Shares recovered well from a low valuation as sales growth proved encouraging and a peer (Fuller's) sold their brewery asset at a high valuation.
- 2. Marshalls** – a building materials company, primarily paving stones. Shares have performed well as a result of ongoing good organic growth. We have reduced the position on valuation grounds.
- 3. Churchill China** – a crockery company based in Stoke-on-Trent. Management have done well to position the company as selling primarily to the restaurant industry where repeat sales are of greater importance and they have successfully grown market share.
- 4. Shoe Zone** – a UK shoe retailer positioned at the 'value' end of the market. The management team have done an excellent job of reducing costs (such as rent) and we think the company can begin to grow sales via their website and a new, larger store format.
- 5. Hill & Smith** – an industrial company that makes products including road crash barriers and messaging signs for roads. The shares recovered well following a difficult first half of 2018 as extremely cold weather delayed road building programmes.



# Fund Managers' Statement (continued)

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The top five active detractors from performance relative to the benchmark were:

1. **Senior** – a predominantly aerospace components supplier. Earnings are under short-term pressure but they have good prospects to grow sales and earnings over the longer term.
2. **Royal Mail** – the largest deliverer of letters and parcels in the UK. Letter volumes have declined more steeply than anticipated as spending by businesses on direct marketing mail has decreased in the face of economic uncertainty. It is difficult to offset this reduced volume in the short term via cost reductions, as simplistically it means that each postman is delivering less volume but still has to do the same daily route. The position continues to be held as, in our view, the shares are factoring in a permanent deterioration in margins which we think is unlikely to materialise.
3. **Carclo** – a manufacturer of technical plastics for use in medical devices and LED lighting for high-end cars. Production problems in their LED lighting division have led to material cost increases and the balance sheet is heavily indebted. This position has been a mistake. It is a small position in the overall portfolio (0.3% as at 31 March 2019).
4. **Stobart Group** – a conglomerate which owns Southend airport and supplies biomass facilities in the UK. During the period the dividend was cut in order to reinvest in the business and this caused the shares to perform poorly. The position continues to be held as the company has excellent potential for earnings growth driven by more passengers travelling through Southend airport.
5. **Low & Bonar** – a buildings material manufacturer that had a high level of indebtedness and as a result needed to raise money from shareholders in order to strengthen the balance sheet (we participated in the equity raise). Under a new management team the business is becoming more focused on its core product areas, where they continue to make good operating margins.

## Activity

The largest purchase during the period was a new position in Royal Bank of Scotland. Its legacy issues (such as PPI) are largely resolved and it has retreated to its core competency of commercial and personal lending in the UK. The primary reason for the purchase is their potential to return capital to shareholders via dividends and share buy-backs, which we think is underappreciated by the market.

The largest individual sale during the period was a reduction in the holding in Royal Dutch Shell. This continues to be the largest position in the portfolio (5.7% as at the end of March 2019). The position was added to in 2015 and 2016 during a period of severe oil price weakness. At the trough in the share price, the dividend yield rose to over 8% due to question marks about the dividend's sustainability. The company has since done an excellent job of reducing capital expenditure and operating costs and as a result their ability to generate enough cash flow to cover the dividend has greatly improved. As a result the shares have re-rated and as at the time of writing are yielding below 6%. As and when we find more exciting value opportunities elsewhere we expect to reduce the position further.

The outlook for the global economy remains uncertain, with much greater divergence than usual among economic growth forecasts. This is partly as a result of the US and Chinese trade war, in which there is no clarity regarding the level or duration of tariffs. Aside from economic uncertainty, there is ongoing political uncertainty, with the result of Brexit still unclear and the possibility of a general election. However, the most likely outcome is that the global economy will continue to grow (albeit at a reduced pace) and domestically focused equities are already trading at a considerable valuation discount.

In the context of very low bond yields, equities continue to look excellent value – the forecast yield on the portfolio over the next twelve months is currently 4.8% with scope for dividends to grow modestly while the 10-year gilt yield is under 1%. While there is considerable uncertainty, it is the cash returns available to shareholders that give us confidence in the outlook for equities and for this reason we expect to be net investors over the upcoming period.

**James Henderson and Laura Foll**  
**Fund Managers**  
**7 June 2019**

# Financial Summary

| Extract from the<br>Condensed Income<br>Statement               | Unaudited<br>Half-Year Ended                 |  |                                  |  |  |                                  |
|---|--|--|----------------------------------|--|--|----------------------------------|
|   | 31 Mar<br>2019<br>Revenue<br>Return<br>£'000 | 31 Mar<br>2019<br>Capital<br>Return<br>£'000 | 31 Mar<br>2019<br>Total<br>£'000 | 31 Mar<br>2018<br>Revenue<br>Return<br>£'000 | 31 Mar<br>2018<br>Capital<br>Return<br>£'000 | 31 Mar<br>2018<br>Total<br>£'000 |
| Losses on investments held at fair value through profit or loss | -  | (49,907)                                     | (49,907)                         | -  | (18,550)                                     | (18,550)                         |
| Income from investments   | 7,117  | -  | 7,117                            | 6,888  | -  | 6,888                            |
| Other interest receivable and similar income                    | 51   | -  | 51                               | 93   | -  | 93                               |
| <b>Gross revenue and capital gains</b>                          | <b>7,168</b>                                 | <b>(49,907)</b>                              | <b>(42,739)</b>                  | <b>6,981</b>                                 | <b>(18,550)</b>                              | <b>(11,569)</b>                  |
| Expenses, finance costs and taxation                            | (1,165)                                      | (812)  | (1,977)                          | (2,006)                                      | -  | (2,006)                          |
| <b>Net return on ordinary activities after taxation</b>         | <b>6,003</b>                                 | <b>(50,719)</b>                              | <b>(44,716)</b>                  | <b>4,975</b>                                 | <b>(18,550)</b>                              | <b>(13,575)</b>                  |
| <b>Return per ordinary share – basic and diluted</b>            | <b>22.2p</b>                                 | <b>(187.7p)</b>                              | <b>(165.5p)</b>                  | <b>18.4p</b>                                 | <b>(68.7p)</b>                               | <b>(50.3p)</b>                   |

| Extract from the Condensed Statement<br>of Financial Position | Unaudited                     |                               | Audited                       |
|---|-------------------------------|-------------------------------|-------------------------------|
|   | as at<br>31 Mar 2019<br>£'000 | as at 31<br>Mar 2018<br>£'000 | as at<br>30 Sep 2018<br>£'000 |
| Investments held at fair value through profit or loss         | 432,493                       | 479,143                       | 492,659                       |
| Net liabilities   | (45,840)                      | (59,576)                      | (53,725)                      |
| Net assets  | 386,653                       | 419,567                       | 438,934                       |
| <b>Net asset value per ordinary share – basic and diluted</b> | <b>1,431.1p</b>               | <b>1,552.9p</b>               | <b>1,624.6p</b>               |

## Dividend

On 30 April 2019, a first interim dividend of 14.5p (2018: 13.0p) per ordinary share was paid in respect of the year ending 30 September 2019. A second interim dividend of 15.0p per ordinary share for the year ending 30 September 2019 has been declared and will be paid on 31 July 2019 to shareholders on the register of members at the close of business on 5 July 2019. The ex-dividend date is 4 July 2019. Based on the number of shares in issue on 5 June 2019 of 27,018,565, the cost of the dividend will be £4,053,000 (2018: £3,513,000).

# Financial Summary (continued)

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## Going Concern

The assets of the Company consist of securities that are readily realisable and, accordingly, the Directors believe that the Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. Having assessed these factors and the principal risks, the Board has determined that it is appropriate for the financial statements to be prepared on a going concern basis.

## Principal Risks and Uncertainties

The principal risks and uncertainties associated with the Company's business can be divided into various areas:

- Investment Activity and Strategy;
- Portfolio and Market Price;
- Financial;
- Gearing;
- Operational; and
- Accounting, Legal and Regulatory.

## Statement of Directors' Responsibilities

The Directors confirm that, to the best of their knowledge:

- (a) the set of financial statements for the half-year to 31 March 2019 has been prepared in accordance with "FRS 104 Interim Financial Reporting";
- (b) the Interim Management Report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- (c) the Interim Management Report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.8R (disclosure of related party transactions and changes therein).

**For and on behalf of the Board**  
**Robert Robertson**  
**Chairman**  
**7 June 2019**

# Investment Portfolio as at 31 March 2019

| Company                               | Sector                              | Market Value<br>£'000 | % of Portfolio |
|---------------------------------------|-------------------------------------|-----------------------|----------------|
| Royal Dutch Shell                     | Oil & Gas Producers                 | 24,786                | 5.7            |
| HSBC                                  | Banks                               | 11,874                | 2.8            |
| Phoenix                               | Life Insurance                      | 11,330                | 2.6            |
| Senior                                | Aerospace & Defence                 | 10,910                | 2.5            |
| Hiscox                                | Non-Life Insurance                  | 10,629                | 2.5            |
| Prudential                            | Life Insurance                      | 9,994                 | 2.3            |
| GlaxoSmithKline                       | Pharmaceuticals & Biotechnology     | 9,980                 | 2.3            |
| Severn Trent                          | Gas Water & Multiutilities          | 8,398                 | 1.9            |
| BP                                    | Oil & Gas Producers                 | 8,098                 | 1.9            |
| Irish Continental (Ireland)           | Travel & Leisure                    | 7,890                 | 1.8            |
| <b>10 Largest</b>                     |                                     | <b>113,889</b>        | <b>26.3</b>    |
| Standard Chartered                    | Banks                               | 7,857                 | 1.8            |
| Rolls-Royce                           | Aerospace & Defence                 | 7,451                 | 1.7            |
| Relx                                  | Media                               | 7,387                 | 1.7            |
| Direct Line Insurance                 | Non-Life Insurance                  | 7,237                 | 1.7            |
| Johnson Service <sup>1</sup>          | Support Services                    | 7,011                 | 1.6            |
| National Grid                         | Gas Water & Multiutilities          | 6,948                 | 1.6            |
| Aviva                                 | Life Insurance                      | 6,392                 | 1.5            |
| International Personal Finance        | Financial Services                  | 6,160                 | 1.5            |
| Churchill China <sup>1</sup>          | Household Goods & Home Construction | 6,089                 | 1.4            |
| Greene King                           | Travel & Leisure                    | 5,989                 | 1.4            |
| <b>20 Largest</b>                     |                                     | <b>182,410</b>        | <b>42.2</b>    |
| Avon Rubber                           | Aerospace & Defence                 | 5,980                 | 1.4            |
| Rio Tinto                             | Mining                              | 5,806                 | 1.3            |
| Henderson Opportunities Trust         | Equity Investment Instruments       | 5,742                 | 1.3            |
| Vodafone                              | Mobile Telecommunications           | 5,687                 | 1.3            |
| Land Securities                       | Real Estate Investment Trusts       | 5,480                 | 1.3            |
| Ten Entertainment                     | Travel & Leisure                    | 5,395                 | 1.2            |
| Randall & Quilter <sup>1</sup>        | Non-Life Insurance                  | 5,146                 | 1.2            |
| Croda                                 | Chemicals                           | 5,038                 | 1.2            |
| Headlam                               | Household Goods & Home Construction | 5,017                 | 1.2            |
| Somero Enterprises <sup>1</sup> (USA) | Industrial Engineering              | 4,860                 | 1.1            |
| <b>30 Largest</b>                     |                                     | <b>236,561</b>        | <b>54.7</b>    |
| Shoe Zone <sup>1</sup>                | General Retailers                   | 4,733                 | 1.1            |
| St Modwen Properties                  | Real Estate Investment Services     | 4,728                 | 1.1            |
| FBD (Ireland)                         | Non-Life Insurance                  | 4,591                 | 1.0            |
| Royal Bank of Scotland                | Banks                               | 4,446                 | 1.0            |
| Hill & Smith                          | Industrial Engineering              | 4,369                 | 1.0            |
| BAE Systems                           | Aerospace & Defence                 | 4,342                 | 1.0            |
| Mondi                                 | Forestry & Paper                    | 4,245                 | 1.0            |
| Standard Life Aberdeen                | Financial Services                  | 4,199                 | 1.0            |
| Park <sup>1</sup>                     | Financial Services                  | 4,163                 | 1.0            |
| Provident Financial                   | Financial Services                  | 4,014                 | 0.9            |
| <b>40 Largest</b>                     |                                     | <b>280,391</b>        | <b>64.8</b>    |

# Investment Portfolio as at 31 March 2019 (continued)

| Company                             | Sector                            | Market Value<br>£'000 | % of Portfolio |
|-------------------------------------|-----------------------------------|-----------------------|----------------|
| Morgan Advanced Materials           | Electronic & Electrical Equipment | 4,010                 | 0.9            |
| Babcock                             | Support Services                  | 3,948                 | 0.9            |
| AstraZeneca                         | Pharmaceuticals & Biotechnology   | 3,926                 | 0.9            |
| DS Smith                            | General Industrials               | 3,909                 | 0.9            |
| Consort Medical                     | Health Care Equipment & Services  | 3,860                 | 0.9            |
| Clarkson                            | Industrial Transportation         | 3,832                 | 0.9            |
| TT Electronics                      | Electronic & Electrical Equipment | 3,806                 | 0.9            |
| Castings                            | Industrial Engineering            | 3,749                 | 0.9            |
| Pennon                              | Gas Water & Multiutilities        | 3,718                 | 0.9            |
| Royal Mail                          | Industrial Transportation         | 3,694                 | 0.9            |
| <b>50 Largest</b>                   |                                   | <b>318,843</b>        | <b>73.8</b>    |
| Balfour Beatty                      | Construction & Materials          | 3,688                 | 0.9            |
| H&T <sup>1</sup>                    | Financial Services                | 3,688                 | 0.9            |
| Sabre Insurance                     | Non-Life Insurance                | 3,642                 | 0.8            |
| Chesnara                            | Life Insurance                    | 3,618                 | 0.8            |
| International Consolidated Airlines | Travel & Leisure                  | 3,584                 | 0.8            |
| Stobart                             | Industrial Transportation         | 3,572                 | 0.8            |
| Anexo <sup>1</sup>                  | Support Services                  | 3,510                 | 0.8            |
| Redde <sup>1</sup>                  | Financial Services                | 3,391                 | 0.8            |
| Gibson Energy (Canada)              | Oil & Gas Producers               | 3,216                 | 0.7            |
| Palace Capital                      | Real Estate Investment Services   | 3,179                 | 0.7            |
| <b>60 Largest</b>                   |                                   | <b>353,931</b>        | <b>81.8</b>    |
| Elementis                           | Chemicals                         | 3,169                 | 0.7            |
| IMI                                 | Industrial Engineering            | 3,148                 | 0.7            |
| Centrica                            | Gas Water & Multiutilities        | 3,140                 | 0.7            |
| XP Power                            | Electronic & Electrical Equipment | 3,125                 | 0.7            |
| HICL Infrastructure                 | Equity Investment Instruments     | 3,118                 | 0.7            |
| Daily Mail & General Trust          | Media                             | 3,068                 | 0.7            |
| Epwin <sup>1</sup>                  | Construction & Materials          | 3,066                 | 0.7            |
| Marshalls                           | Construction & Materials          | 2,969                 | 0.7            |
| Numis <sup>1</sup>                  | Financial Services                | 2,937                 | 0.7            |
| K3 Capital <sup>1</sup>             | Financial Services                | 2,683                 | 0.7            |
| <b>70 Largest</b>                   |                                   | <b>384,354</b>        | <b>88.8</b>    |
| Airea <sup>1</sup>                  | Personal Goods                    | 2,681                 | 0.6            |
| Renold                              | Industrial Engineering            | 2,661                 | 0.6            |
| Low & Bonar                         | General Industrials               | 2,626                 | 0.6            |
| A & J Mucklow                       | Real Estate Investment Trusts     | 2,620                 | 0.6            |
| Gordon Dadds <sup>1</sup>           | Support Services                  | 2,567                 | 0.6            |
| Helical                             | Real Estate Investment Services   | 2,479                 | 0.6            |
| Findel                              | General Retailers                 | 2,366                 | 0.6            |
| Elecosoft <sup>1</sup>              | Technology                        | 2,365                 | 0.6            |
| Herald Investment Trust             | Equity Investment Instruments     | 2,242                 | 0.5            |
| Ibstock                             | Construction & Materials          | 2,225                 | 0.5            |
| <b>80 Largest</b>                   |                                   | <b>409,186</b>        | <b>94.6</b>    |

# Investment Portfolio as at 31 March 2019 (continued)

| Company                                     | Sector                              | Market Value<br>£'000 | % of<br>Portfolio |
|---|-------------------------------------|-----------------------|-------------------|
| 4D Pharma <sup>1</sup>                      | Pharmaceuticals & Biotechnology     | 2,207                 | 0.5               |
| IP Group                                    | Financial Services                  | 2,067                 | 0.5               |
| Oxford Sciences Innovation <sup>2</sup>     | Pharmaceuticals & Biotechnology     | 1,548                 | 0.4               |
| Bellway                                     | Household Goods & Home Construction | 1,523                 | 0.3               |
| Iluka <sup>1</sup>                          | Alternative Energy                  | 1,406                 | 0.3               |
| Carr's Group                                | Food Producers                      | 1,365                 | 0.3               |
| Indus Gas <sup>1</sup>                      | Oil & Gas Producers                 | 1,257                 | 0.3               |
| Taylor Wimpey                               | Household Goods & Home Construction | 1,228                 | 0.3               |
| Hammerson                                   | Real Estate Investment Trusts       | 1,175                 | 0.3               |
| Premier Oil                                 | Oil & Gas Producers                 | 1,174                 | 0.3               |
| <b>90 Largest</b>                           |                                     | <b>424,136</b>        | <b>98.1</b>       |
| Carclo                                      | Chemicals                           | 1,165                 | 0.3               |
| Renewi                                      | Support Services                    | 1,116                 | 0.2               |
| Wadworth - Ordinary shares <sup>2</sup>     | Travel & Leisure                    | 723                   | 0.2               |
| Horizon Discovery <sup>1</sup>              | Pharmaceuticals & Biotechnology     | 721                   | 0.2               |
| SIMEC Atlantis Energy <sup>1</sup>          | Alternative Energy                  | 689                   | 0.1               |
| Moss Bros                                   | General Retailers                   | 573                   | 0.1               |
| Flowtech Fluidpower <sup>1</sup>            | Industrial Engineering              | 512                   | 0.1               |
| Modern Water <sup>1</sup>                   | Gas Water & Multiutilities          | 424                   | 0.1               |
| Providence Resources <sup>1</sup> (Ireland) | Oil & Gas Producers                 | 386                   | 0.1               |
| Velocys <sup>1</sup>                        | Chemicals                           | 371                   | 0.1               |
| <b>100 Largest</b>                          |                                     | <b>430,816</b>        | <b>99.6</b>       |

<sup>1</sup> AIM Stocks

<sup>2</sup> Unlisted Investments

Source: Janus Henderson

# Directors and other information

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## Directors

Robert Robertson (Chairman)  
Duncan Budge  
Kevin Carter  
Gaynor Coley  
Karl Sternberg

All of the Directors are non-executive and members of the Audit Committee, Management Engagement Committee and Nominations Committee.

The Management Engagement Committee and the Nominations Committee are chaired by Robert Robertson and the Audit Committee by Gaynor Coley.

## Investment Manager

Henderson Investment Funds Limited, authorised and regulated by the Financial Conduct Authority.  
Tel: 020 7818 1818

## Fund Managers

James Henderson  
Laura Foll

## Corporate Secretary

Henderson Secretarial Services Limited  
Email: [ITSecretariat@janushenderson.com](mailto:ITSecretariat@janushenderson.com)

## Performance Details/Share Price Information

Details of the Company's share price and NAV can be found on the website. The address is [www.lowlandinvestment.com](http://www.lowlandinvestment.com). The Company's NAV is published daily.

## Shareholder Details

Shareholders who hold their shares in certificated form can check their shareholding with the Registrar, Computershare Investor Services PLC, via [www.computershare.com](http://www.computershare.com). Please note that to gain access to your details on the Computershare site you will need the holder reference number shown on your share certificate.

## Share Price Listings

The market price of the Company's ordinary shares is published daily in The Financial Times. The Financial Times also shows figures for the estimated NAV and the discount. The market price of the Company's shares can be found in the London Stock Exchange Daily Official List.

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MANAGED BY

**Janus Henderson**  
— INVESTORS —

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