

Company Number: 670489

# **LOWLAND INVESTMENT COMPANY PLC**

## **HALF-YEAR REPORT (unaudited) for the half-year ended 31 March 2024**

# LOWLAND INVESTMENT COMPANY PLC

## Unaudited results for the half-year ended 31 March 2024

### 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.

### Investment policy

#### Asset Allocation

The Company invests in a combination of large, medium and smaller companies listed in the UK. We are not constrained by the weightings of any index; we limit risk by running a diversified portfolio, which is constructed on a bottom-up, stock-picking basis. In normal circumstances up to half the portfolio is invested in FTSE 100 companies; the remainder is divided between small and medium-sized companies. The Manager may also invest a maximum of 15% in other listed trusts.

#### Dividend

The Company aims to pay a progressive dividend, with each dividend equal to or greater than its previous equivalent.

#### Gearing

The Board believes that debt in a closed-end fund is a valuable source of long-term outperformance, and therefore the Company will usually be geared. At the point of drawing down debt, gearing will not exceed 30% of the portfolio valuation but generally will be around half that level. Borrowing will be a mixture of short and long-dated debt, depending on relative attractiveness of rates.

### Key data for the six months to 31 March 2024

Net Asset Value ('NAV') Total Return	7.5%
Benchmark <sup>1</sup> Total Return	6.9%
Dividend in respect of the period	3.20p

<sup>1</sup> FTSE All-Share Index

### Financial highlights

	Half-year ended 31 Mar 2024	Half-year ended 31 Mar 2023	Year ended 30 Sept 2023
NAV per ordinary share <sup>1</sup>	136.3p	131.9p	129.3p
Share price <sup>2</sup>	121.5p	124.3p	113.0p
Market capitalisation	£328m	£336m	£305m
Dividend per share	3.20p	3.05p	6.25p
Ongoing charge	0.7%	0.7%	0.6%
Dividend yield <sup>3</sup>	5.2%	4.9%	5.5%
Gearing	13.1%	14.1%	12.3%
Discount	10.9%	5.8%	14.2%

<sup>1</sup> NAV 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 month period

## Total return performance (including dividends reinvested and excluding transaction costs)

	6 months %	1 year %	3 years %	5 years %	10 years %	25 years %
NAV	7.5	8.5	18.8	23.1	45.9	634.8
Share Price <sup>1</sup>	8.9	1.8	14.4	17.1	29.5	769.0
Benchmark <sup>2</sup>	6.9	8.4	26.1	30.3	75.3	249.9

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

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

Sources: Morningstar Direct, Funddata, Factset and Janus Henderson

## Historical record – Year to 30 September

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	As at 31 Mar 2024 <sup>1</sup>
Net assets <sup>2</sup> (£m)	362	355	387	440	439	386	279	394	313	349	<b>368</b>
NAV <sup>3</sup>	134.6p	131.8p	143.2p	162.8p	162.5p	142.8p	103.1p	145.9p	115.9p	129.3p	<b>136.3p</b>
Share price*	135.5p	128.7p	133.7p	150.4p	151.5p	128.0p	91.4p	131.5p	104.5p	113.0p	<b>121.5p</b>
Net revenue*	3.94p	4.64p	4.77p	4.91p	5.86p	6.80p	3.38p	4.27p	6.10p	6.71p	<b>1.71p</b>
Net dividends paid per ordinary share*	3.70p	4.10p	4.50p	4.90p	5.40p	5.95p	6.00p	6.025p	6.10p	6.25p	<b>3.20p<sup>4</sup></b>

<sup>1</sup> Net revenue and net dividends paid are for the six month period ended 31 March 2024

<sup>2</sup> Attributable to ordinary shares

<sup>3</sup> NAV per ordinary share with debt at par value

<sup>4</sup> First interim dividend of 1.60p per ordinary share paid on 30 April 2024 and second interim dividend of 1.60p per ordinary share that will be paid on 31 July 2024.

\* Figures for 2014 to 2021 have been restated due to the sub-division of each ordinary share of 25p into ten ordinary shares of 2.5p each on 7 February 2022.

# INTERIM MANAGEMENT REPORT

## CHAIRMAN'S STATEMENT

### Overview

#### **Overview**

Lowland's Net Asset Value ('NAV') increased by 7.5% in the six months ended 31 March 2024, just above the 6.9% increase in the FTSE All-Share index, our benchmark (all figures on a total return basis). Shareholders are benefitting from a dividend yield in excess of 5%, in addition to modest capital appreciation. However, it is fair to say that the undervaluation of the UK market remains unrecognised in the main, other than in the number of take-over bids from outside the market, and by numerous commentators.

#### **Dividends**

Lowland's earnings are strongly weighted to the second half of its financial year. The decline in Earnings Per Share ('EPS') from 2.13p to 1.71p in the first half should be seen in this light, influenced as it is by small movements in quantum and timing. Nevertheless, there is a discernible trend in favour of share buy-backs to the detriment of dividend payments, particularly of special dividends. This does not impact on Lowland's overall strategy of growing capital and, with that, income. A second interim dividend of 1.6p has been declared today, meaning both interim dividends declared this year being 4.9% above their prior year equivalents. We expect to maintain our quarterly progressive dividend policy, so that the last two dividends in respect of the current year should be at least at this rate.

#### **Gearing**

Gearing has not varied greatly over the period, ending at 13.1%, up modestly from 12.3% at the financial year end. We see this level of gearing as being appropriate to position ourselves in an undervalued market.

#### **Share price and discount**

In common with almost all investment trusts, share price discounts have fluctuated significantly, in our case between 8.0% and 15.4%. Our share price rose by 8.9% over the half year, just above the increase in NAV, with the discount at which our shares trade narrowing slightly from 14.2% to 10.9%.

The Board believes that a discount control mechanism is not in shareholders' interests, for reasons set out in the Annual Report.

#### **Board**

As previously announced, Mark Lam joined the Board on 1 January this year. Also previously announced is that I am to step down at the AGM in January next year. I am delighted to announce that Helena Vinnicombe will succeed me as Chair. With a background in investment management, and having been on the board since 2021, Helena is very qualified for the role.

#### **Outlook**

Portfolio companies are making operational progress; there are tentative signs of improvement in the UK economy; and there are prospects for a reduction in interest rates. The UK economic environment is largely supportive, with a return to growth and fall in headline inflation, albeit that a reduction in interest rates may have to await further progress on underlying inflation. The UK market continues to be undervalued by comparison with other markets and historic norms. The Company maintains a progressive dividend policy and our shares yield 5.2%. Lowland's mildly contrarian portfolio trades at a discount to the UK market, and the shares at a discount to NAV. I can only conclude that the outlook is favourable for our shareholders.

At the time of writing, in the period from 31 March to close of business on 28 May, the NAV has increased by 8.5% and the share price by 7.6%, compared to a rise in the benchmark of 4.7%.

**Robert Robertson**  
**Chairman**  
**30 May 2024**

## Equity allocation

Sector Weightings	% as at 31 March 2024	
	Company	Benchmark <sup>1</sup>
Basic Materials	5.0	6.8
Consumer Discretionary	8.9	12.5
Consumer Staples	4.9	13.6
Energy	7.2	11.0
Financials	31.2	23.6
Health Care	3.3	11.4
Industrials	29.5	12.5
Real Estate	4.3	2.6
Technology	1.6	1.4
Telecommunications	1.9	1.1
Utilities	2.2	3.5
Total	100.0	100.0

<sup>1</sup> FTSE All-Share Index

Sector Weightings	% as at 30 September 2023	
	Company	Benchmark <sup>1</sup>
Basic Materials	5.1	7.4
Consumer Discretionary	9.2	11.8
Consumer Staples	3.7	14.7
Energy	9.3	12.0
Financials	34.2	23.2
Health Care	2.8	11.8
Industrials	26.7	10.8
Real Estate	2.9	2.4
Technology	1.7	1.2
Telecommunications	2.2	1.2
Utilities	2.2	3.5
Total	100.0	100.0

<sup>1</sup> FTSE All-Share Index

Market Cap Weightings	% as at 31 Mar 2024	
	Company	Benchmark <sup>1</sup>
FTSE 100	44.6	84.2
FTSE 250	22.9	13.7
FTSE Small-Cap	10.7	2.1
FTSE AIM	13.8	-
FTSE Fledgling	1.1	-
Overseas	4.5	-
Other	2.4	-
Total	100.0	100.0

<sup>1</sup> FTSE All-Share Index

## FUND MANAGERS' REPORT

### Performance review

During the six month period Lowland's net asset value modestly outperformed, rising 7.5% while the FTSE All-Share index benchmark rose 6.9% (both figures are total return). The drivers of performance did not change from the previous financial year, with recovery stories and takeovers leading the way. However, the performance is beginning to move down the market capitalisation scale.

The final column of the table below shows that the FTSE 250 index, representing mid-sized companies, outperformed indices for both large and small companies. The portfolio's holdings in the mid and large companies outperformed their relative benchmarks but the holdings in the small company indices underperformed. This was due to stock selection, particularly the holding in the unsecured lender Vanquis Banking Group, where profit forecasts fell substantially as a result of temporarily higher costs.

	Lowland weighting (%)	Lowland total return (%)	FTSE All-Share weighting (%)	Index return (%)
FTSE 100	44.6	11.8	84.2	6.4
FTSE 250	22.9	14.6	13.7	10.3
FTSE SmallCap	10.7	-9.1	2.1	6.5
FTSE AIM All-Share	13.8	2.2	-	3.3

The tables of absolute stock contributors and detractors during the six month period are shown below, with winners and losers to be found across the market. That investors have been reminded of the recovery potential of overly maligned stocks is a positive feature of the period.

### Ten largest absolute contributors

	Share price total return (%)	Contribution to return (%)
Rolls-Royce	93.2	1.5
Aviva	27.4	0.6
Clarkson	46.6	0.6
DS Smith	40.9	0.6
Wincanton	122.5	0.5
M&G	18.4	0.5
Hiscox	23.4	0.4
GSK	16.8	0.4
Springfield Properties	72.7	0.4
Morgan Advanced Materials	19.1	0.3

In a similar trend to the previous financial year, many of the best performers during the six months were companies subject to takeover offers such as logistics firm **Wincanton** and paper and packaging firm **DS Smith**. In addition, since the period end, BHP, the Australian based company, has made a withdrawn approach for **Anglo American**. In the previous annual report we spoke about the vulnerability of UK companies to takeover approaches given their valuation discount to overseas peers. This very much remains the case, although interestingly we are seeing some corporate activity within UK companies (such as within the housebuilding sector). Until we see UK valuation levels meaningfully improve relative to overseas, we expect to see this trend continue and indeed in the period since the half year end we have seen further corporate activity (a recommended offer for both **Hipgnosis Songs Fund** and **IDS**). Outside of corporate activity the most meaningful contributor to performance was engine manufacturer **Rolls-Royce**, which has seen a strong recovery in flying hours for its engines post Covid as well as substantial 'self help' in the form of cost reductions and price rises.

### Ten largest absolute detractors

	Share price total return (%)	Contribution to return (%)
Vanquis Banking Group	-58.2	-0.9
Serica Energy	-21.2	-0.5
Standard Chartered	-9.2	-0.4
International Personal Finance	-13.5	-0.3
Anglo American	-12.3	-0.3
BP	-4.4	-0.2
Headlam	-20.1	-0.2

Prudential	-15.1	-0.2
Halfords	-17.8	-0.2
Hipgnosis	-14.0	-0.2

Turning to detractors during the period, there are a few themes that can be drawn out:

- Consumer spending on bigger ticket areas has been slow to recover. The areas that were 'Covid winners', such as spending on the home and on, for example, cycling, have taken longer to normalise than expected, particularly in an environment where until recently there has been pressure on real wages. This has impacted **Headlam** (a carpet distributor) and retailer **Halfords**.
- Consumer lenders continue to face challenges around uncertain regulatory backdrops and unexpected costs. For example the regulatory backdrop for consumer lending remains uncertain in Poland which has impacted **International Personal Finance** and UK consumer lender **Vanquis** has experienced an unexpected jump in costs following a claims management company targeting their credit card business. While this is disappointing, under a new management team Vanquis has a much greater focus on returns, as well as ambitions for lending growth that can be funded from the existing balance sheet. We have therefore maintained the holding.
- Commodity price weakness continued to impact the earnings of some holdings including North Sea gas producer **Serica** and diversified miner **Anglo American**.

#### Activity

During the period we continued to refresh the portfolio, partly with the proceeds of the aforementioned takeover offers which led to full sales of positions including **Finsbury Food** and **Wincanton**. Other disposals included **BAE Systems** which, following good performance, trades on a much higher valuation than it has in the past.

New positions during the period were spread across the breadth of the UK market, and included global underwriter **Beazley**, defence services provider **Babcock**, property owners **Shaftesbury Capital** and **Workspace** and food retailer **Sainsbury**. There is little commonality to these businesses except for the fact they are making substantial operational progress that in our view is not reflected in the current valuation. Taking Sainsbury as an example, they are back winning market share in the UK following a period of adjusting their price competitiveness. More broadly for the listed food retailers (we own both Tesco and Sainsburys) the competitive dynamic has been improved with two substantial competitors now under private equity ownership with high levels of indebtedness.

At the end of the period gearing within the Company stood at 13.1%, up modestly from 12.3% at the financial year end. We continue to see the ability to gear as a key advantage of the investment trust structure and it is particularly advantageous at times such as now when we can see considerable value within the UK market.

#### Outlook

The UK is fast approaching the criteria required for an interest cut. Inflation is falling near to the desired level, wage pressure is moderating and the economy (while showing tentative signs of improvement) is more or less flat lining. There is certainly no 'irrational exuberance', in fact quite the reverse. There is a lack of investment going on by both companies with their capital spend programmes and with equity investors into shares. In some respects a cut in interest rates now could lower inflation by easing upward pressure on wages stimulated by the rise in the cost of living. A cut in interest rates might be the catalyst that is needed to stimulate the economy and interest in the market.

That UK stocks are undervalued is generally accepted and can be evidenced by the high level of takeovers. If economic growth is stimulated, and earnings upgrades start to come through, the low valuation on corporate earnings will look very stark. A cut in interest rates, and being the other side of the UK general election, could lead to a pick-up in capital spend as uncertainties ease. Some capital spend programmes have been put on hold and could be reactivated. The resulting pick-up in activity would feed through to profits as companies have controlled their cost bases well, reacting to the current difficult operating environment. Interest rate cuts, low valuations and earnings upgrades are a positive background for a UK stock market revival.

**James Henderson and Laura Foll**  
**Fund Managers**  
**30 May 2024**

## **Related party transactions**

The Company's current related parties are its Directors and Janus Henderson. There have been no material transactions between the Company and its Directors during the year and the only amounts paid to them were in respect of Directors' remuneration and expenses incurred on the Company's business, for which there were no outstanding amounts payable at the period end.

In relation to the provision of services by Janus Henderson, other than fees payable by the Company in the ordinary course of business and the provision of sales and marketing services, there have been no material transactions with Janus Henderson affecting the financial position of the Company during the year under review.

## **Principal risks and uncertainties**

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

Market, geopolitical, macroeconomic or environmental;  
Global pandemic;  
Investment activity and strategy;  
Portfolio and market price;  
Dividend income;  
Financial;  
Gearing;  
Tax and regulatory; and  
Operational.

Information on these risks and how they are managed is given in the Annual Report for the year ended 30 September 2023. The Board has completed a thorough review of the principal risks, and the uncertainties facing the Company. As a result of this review, the Board considers that the principal risks and uncertainties remain largely unchanged and that they are as applicable to the remaining six months of the financial year as they were to the six months under review.

## **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 2024 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 the Disclosure Guidance and Transparency Rule 4.2.8R (disclosure of related party transactions and changes therein).

## **On behalf of the Board**

**Robert Robertson**

**Chairman**

**30 May 2024**



## INVESTMENT PORTFOLIO

As at 31 March 2024

Company	Sector	Market value £'000	% of portfolio
BP	Oil and Gas	12,145	2.9
HSBC	Banks	10,397	2.5
Rolls-Royce	Aerospace and Defence	10,170	2.4
GSK	Pharmaceuticals and Biotechnology	9,978	2.4
Shell	Oil and Gas	9,844	2.4
Aviva	Life Insurance	9,779	2.4
Standard Chartered	Banks	8,922	2.1
M&G	Investment Banking and Brokerage Services	8,820	2.1
FBD (Ireland)	Non-Life Insurance	8,690	2.1
Irish Continental (Ireland)	Industrial Transportation	7,812	1.9
<b>10 largest</b>		<b>96,557</b>	<b>23.2</b>
Hiscox	Non-Life Insurance	7,335	1.8
Barclays	Banks	7,328	1.8
NatWest	Banks	7,147	1.7
Marks & Spencer	Personal Care, Drug and Grocery Stores	7,025	1.7
DS Smith	General Industrials	6,791	1.6
Morgan Advanced Materials	Electronic and Electrical Equipment	6,769	1.6
Phoenix	Life Insurance	6,737	1.6
Serica Energy <sup>1</sup>	Oil and Gas	6,594	1.6
Senior	Aerospace and Defence	6,546	1.6
Clarkson	Industrial Transportation	6,462	1.5
<b>20 largest</b>		<b>165,291</b>	<b>39.7</b>
Legal & General	Life Insurance	6,358	1.5
Rio Tinto	Industrial Metals and Mining	6,271	1.5
Conduit	Non-Life Insurance	6,204	1.5
IMI	Electronic and Electrical Equipment	5,963	1.4
Tesco	Personal Care, Drug and Grocery Stores	5,955	1.4
Direct Line	Non-Life Insurance	5,852	1.4
International Personal Finance	Finance and Credit Services	5,738	1.4
Land Securities	Real Estate Investment Trusts	5,593	1.4
National Grid	Gas Water and Multi-Utilities	5,505	1.3
Balfour Beatty	Construction and Materials	5,378	1.3
<b>30 largest</b>		<b>224,108</b>	<b>53.8</b>
Hill & Smith	Industrial Metals and Mining	5,318	1.3
Anglo American	Industrial Metals and Mining	5,270	1.3
Kingfisher	Retailers	4,797	1.2
Cranswick	Food Producers	4,627	1.1
Epwin <sup>1</sup>	Construction and Materials	4,623	1.1
Redde Northgate	Industrial Transportation	4,378	1.0
Marshalls	Construction and Materials	4,319	1.0
STV	Media	4,127	1.0
Henderson Opportunities Trust	Closed End Investments - Investment Trust focusing primarily on UK smaller companies	4,080	1.0
BT Group	Telecommunications Service Providers	4,057	1.0
<b>40 largest</b>		<b>269,704</b>	<b>64.8</b>
Vodafone	Telecommunications Service Providers	4,028	0.9
H&T Group <sup>1</sup>	Finance and Credit Services	4,011	0.9
Elementis	Chemicals	3,901	0.9
Somero Enterprises <sup>1</sup> (USA)	Industrial Engineering	3,752	0.9
Renold <sup>1</sup>	Industrial Engineering	3,724	0.9
Severn Trent	Gas Water and Multi-Utilities	3,703	0.9
TT Electronics	Technology Hardware and Equipment	3,702	0.9
Vertu Motors <sup>1</sup>	Retailers	3,702	0.9
Johnson Service <sup>1</sup>	Industrial Support Services	3,659	0.9
DCC (Ireland)	Industrial Support Services	3,570	0.9
<b>50 largest</b>		<b>307,456</b>	<b>73.8</b>

Chesnara	Life Insurance	3,570	0.9
Ibstock	Construction and Materials	3,470	0.8
Babcock International	Aerospace and Defence	3,460	0.8
Castings	Industrial Engineering	3,408	0.8
Prudential	Life Insurance	3,343	0.8
Springfield Properties <sup>1</sup>	Household Goods and Home Construction	3,278	0.8
Midwich <sup>1</sup>	Industrial Support Services	3,180	0.8
Sabre Insurance	Non-Life Insurance	3,164	0.8
Reach	Media	3,075	0.8
Palace Capital	Real Estate Investment Trusts	3,074	0.7
<b>60 largest</b>		<b>340,478</b>	<b>81.8</b>
Inchcape	Industrial Support Services	2,968	0.7
Halfords	Retailers	2,913	0.7
Tyman	Construction and Materials	2,895	0.7
Shaftesbury Capital	Real Estate Investment Trusts	2,886	0.7
Eleco <sup>1</sup>	Software and Computer Services	2,870	0.7
Hipgnosis	Closed End Investments - Investment Trust investing in song back catalogues	2,701	0.7
Bellway	Household Goods and Home Construction	2,664	0.6
Beazley	Non-life Insurance	2,662	0.6
Alpha Financial Markets <sup>1</sup>	Industrial Support Services	2,640	0.6
Workspace Group	Real Estate Investment Trusts	2,560	0.6
<b>70 largest</b>		<b>368,237</b>	<b>88.4</b>
Headlam	Household Goods and Home Construction	2,510	0.6
Churchill China <sup>1</sup>	Household Goods and Home Construction	2,343	0.6
Next 15 <sup>1</sup>	Media	2,307	0.6
J Sainsbury	Personal Care, Drug and Grocery Stores	2,298	0.6
Ricardo	Construction and Materials	2,242	0.5
Hammerson	Real Estate Investment Trusts	2,231	0.5
Vanquis Banking Group	Finance and Credit Services	2,192	0.5
IP Group	Investment Banking and Brokerage Services	2,095	0.5
FRP Advisory Group <sup>1</sup>	Industrial Support Services	1,995	0.5
Oxford Sciences Enterprises <sup>2</sup>	Pharmaceuticals and Biotechnology	1,933	0.5
<b>80 largest</b>		<b>390,383</b>	<b>93.8</b>
Smith & Nephew	Medical Equipment and Services	1,735	0.4
Strix <sup>1</sup>	Electronic and Electrical Equipment	1,703	0.4
Dunelm Group	Retailers	1,697	0.4
TP ICAP Group	Investment Banking and Brokerage Services	1,689	0.4
Keir Group	Construction and Materials	1,673	0.4
Videndum	Industrial Engineering	1,515	0.4
Speedy Hire	Industrial Support Services	1,509	0.4
International Distribution Services	Industrial Transportation	1,490	0.3
Helical	Real Estate Investment and Services	1,352	0.3
Airea <sup>1</sup>	Household Goods and Home Construction	1,320	0.3
<b>90 largest</b>		<b>406,066</b>	<b>97.5</b>
Ilika <sup>1</sup>	Electronic and Electrical Equipment	1,201	0.3
XPS Pensions Group	Investment Banking and Brokerage Services	1,150	0.3
DFS Furniture	Retailers	1,051	0.3
RWS Holdings <sup>1</sup>	Industrial Support Services	1,031	0.3
XP Power	Electronic and Electrical Equipment	940	0.2
Flowtech Fluidpower <sup>1</sup>	Electronic and Electrical Equipment	937	0.2
Watkin Jones <sup>1</sup>	Household Goods and Home Construction	916	0.2
Wynnstay <sup>1</sup>	Food Producers	586	0.1
I3 Energy <sup>1</sup>	Oil and Gas	518	0.1
Jadestone Energy <sup>1</sup>	Oil and Gas	338	0.1
<b>100 largest</b>		<b>414,734</b>	<b>99.6</b>

<sup>1</sup> AIM Stocks

<sup>2</sup> Unlisted Investments

Source: Janus Henderson

## CONDENSED INCOME STATEMENT

	(Unaudited) Half-year ended 31 March 2024			(Unaudited) Half-year ended 31 March 2023			(Audited) Year ended 30 September 2023		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Gains on investments held at fair value through profit or loss	-	23,883	23,883	-	46,791	46,791	-	36,546	36,546
Income from investments	5,849	-	5,849	6,980	-	6,980	20,669	-	20,669
Other interest receivable and similar income	68	-	68	43	-	43	107	-	107
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<b>Gross revenue and capital gains</b>	<b>5,917</b>	<b>23,883</b>	<b>29,800</b>	<b>7,023</b>	<b>46,791</b>	<b>53,814</b>	<b>20,776</b>	<b>36,546</b>	<b>57,322</b>
Management fee (note 2)	(430)	(430)	(860)	(440)	(440)	(880)	(856)	(857)	(1,713)
Other administrative expenses (note 2)	(360)	-	(360)	(367)	-	(367)	(686)	-	(686)
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<b>Net return before finance costs and taxation</b>	<b>5,127</b>	<b>23,453</b>	<b>28,580</b>	<b>6,216</b>	<b>46,351</b>	<b>52,567</b>	<b>19,324</b>	<b>35,689</b>	<b>54,923</b>
Finance costs	(517)	(517)	(1,034)	(447)	(446)	(893)	(1,027)	(1,027)	(2,054)
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<b>Net return before taxation</b>	<b>4,610</b>	<b>22,936</b>	<b>27,546</b>	<b>5,769</b>	<b>45,905</b>	<b>51,674</b>	<b>18,207</b>	<b>34,662</b>	<b>52,869</b>
Taxation on net return	-	-	-	(2)	-	(2)	(80)	-	(80)
	-----	-----	-----	-----	-----	-----	-----	-----	-----
<b>Net return after taxation</b>	<b>4,610</b>	<b>22,936</b>	<b>27,546</b>	<b>5,767</b>	<b>45,905</b>	<b>51,672</b>	<b>18,127</b>	<b>34,662</b>	<b>52,789</b>
	=====	=====	=====	=====	=====	=====	=====	=====	=====
<b>Return per ordinary share – basic and diluted (note 3)</b>	<b>1.71p</b>	<b>8.49p</b>	<b>10.20p</b>	<b>2.13p</b>	<b>16.99p</b>	<b>19.12p</b>	<b>6.71p</b>	<b>12.83p</b>	<b>19.54p</b>
	=====	=====	=====	=====	=====	=====	=====	=====	=====

The total columns of this statement represent the Income Statement of the Company, prepared in accordance with FRS 104. The revenue and capital columns are supplementary to this and are published under guidance from the Association of Investment Companies.

The Company has no recognised gains or losses other than those disclosed in the Income Statement and Statement of Changes in Equity.

All items in the above statement derive from continuing operations. No operations were acquired or discontinued during the period.

The accompanying notes are an integral part of the condensed financial statements.

## CONDENSED STATEMENT OF CHANGES IN EQUITY

	(Unaudited) Half-year ended 31 March 2024					Total £'000
	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	
At 1 October 2023	<b>6,755</b>	<b>61,619</b>	<b>1,007</b>	<b>270,051</b>	<b>9,913</b>	<b>349,345</b>
Net return after taxation	-	-	-	<b>22,936</b>	<b>4,610</b>	<b>27,546</b>
Third interim dividend (1.60p) for the year ended 30 September 2023	-	-	-	-	<b>(4,323)</b>	<b>(4,323)</b>
Final dividend (1.60p) for the year ended 30 September 2023	-	-	-	-	<b>(4,323)</b>	<b>(4,323)</b>
Return of unclaimed dividends	-	-	-	-	<b>8</b>	<b>8</b>
At 31 March 2024	<b>6,755</b>	<b>61,619</b>	<b>1,007</b>	<b>292,987</b>	<b>5,885</b>	<b>368,253</b>

	(Unaudited) Half-year ended 31 March 2023					Total £'000
	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	
At 1 October 2022	6,755	61,619	1,007	235,389	8,266	313,036
Net return after taxation	-	-	-	45,905	5,767	51,672
Third interim dividend (1.525p) for the year ended 30 September 2022	-	-	-	-	(4,120)	(4,120)
Final dividend (1.525p) for the year ended 30 September 2022	-	-	-	-	(4,120)	(4,120)
At 31 March 2023	6,755	61,619	1,007	281,294	5,793	356,468

	(Audited) Year ended 30 September 2023					Total £'000
	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	
At 1 October 2022	6,755	61,619	1,007	235,389	8,266	313,036
Net return after taxation	-	-	-	34,662	18,127	52,789
Third interim dividend (1.525p) for the year ended 30 September 2022	-	-	-	-	(4,120)	(4,120)
Final dividend (1.525p) for the year ended 30 September 2022	-	-	-	-	(4,120)	(4,120)
First interim dividend (1.525p) for the year ended 30 September 2023	-	-	-	-	(4,120)	(4,120)
Second interim dividend (1.525p) for the	-	-	-	-	-	-

year ended 30 September 2023	-	-	-	-	(4,120)	(4,120)
At 30 September 2023	<u>6,755</u>	<u>61,619</u>	<u>1,007</u>	<u>270,051</u>	<u>9,913</u>	<u>349,345</u>

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The accompanying notes form an integral part of these condensed financial statements.

## CONDENSED STATEMENT OF FINANCIAL POSITION

	(Unaudited) As at 31 March 2024 £'000	(Unaudited) As at 31 March 2023 £'000	(Audited) As at 30 September 2023 £'000
<b>Fixed assets</b>			
Investments held at fair value through profit or loss (note 4)	416,381	406,749	392,429
<b>Current assets</b>			
Debtors	2,713	6,110	2,805
Cash at bank	1,487	2,065	2,926
	4,200	8,175	5,731
<b>Creditors: amounts falling due within one year</b>	(22,510)	(28,650)	(19,003)
<b>Net current liabilities</b>	(18,310)	(20,475)	(13,272)
<b>Total assets less current liabilities</b>	398,071	386,274	379,157
<b>Creditors: amounts falling due after more than one year</b>	(29,818)	(29,806)	(29,812)
<b>Net assets</b>	368,253	356,468	349,345
<b>Capital and reserves</b>			
Called up share capital	6,755	6,755	6,755
Share premium account	61,619	61,619	61,619
Capital redemption reserve	1,007	1,007	1,007
Other capital reserves	292,987	281,294	270,051
Revenue reserve	5,885	5,793	9,913
<b>Total shareholders' funds</b>	368,253	356,468	349,345
<b>Net asset value per ordinary share – basic and diluted (note 7)</b>	136.3p	131.9p	129.3p

The accompanying notes form an integral part of these condensed financial statements.

## CONDENSED STATEMENT OF CASH FLOWS

	(Unaudited) Half-year ended 31 March 2024 £'000	(Unaudited) Half-year ended 31 March 2023 £'000	(Audited) Year ended 30 September 2023 £'000
<b>Cash flows from operating activities</b>			
Net gain before taxation	27,546	51,674	52,869
Add back: finance costs	1,034	893	2,054
Add: gains on investments held at fair value through profit or loss	(23,883)	(46,791)	(36,546)
Withholding tax on dividends deducted at source	54	(16)	41
Decrease/(increase) in debtors	39	(2,120)	(1,697)
Increase/(decrease) in creditors	48	(47)	(496)
	-----	-----	-----
<b>Net cash inflow from operating activities</b>	<b>4,838</b>	3,593	16,225
	-----	-----	-----
<b>Cash flows from investing activities</b>			
Purchase of investments	(38,942)	(33,928)	(56,075)
Sale of investments	38,828	24,505	52,572
	-----	-----	-----
<b>Net cash outflow from investing activities</b>	<b>(114)</b>	(9,423)	(3,503)
<b>Cash flows from financing activities</b>			
Equity dividends paid (net of refund of unclaimed distributions and reclaimed distributions)	(8,638)	(8,241)	(16,480)
Loans drawn down	71,282	41,096	55,092
Loans repaid	(67,782)	(33,532)	(55,796)
Interest paid	(1,022)	(837)	(1,996)
	-----	-----	-----
<b>Net cash outflow from financing activities</b>	<b>(6,160)</b>	(1,514)	(19,180)
<b>Net decrease in cash and cash equivalents</b>	<b>(1,436)</b>	(7,344)	(6,458)
Cash and cash equivalents at start of year	2,936	9,395	9,395
Effect of foreign exchange rates	(3)	14	(11)
	-----	-----	-----
<b>Cash and cash equivalents at end of year</b>	<b>1,487</b>	2,065	2,926
	=====	=====	=====
<b>Comprising:</b>			
Cash at bank	1,487	2,065	2,926
	=====	=====	=====

The accompanying notes are an integral part of these condensed financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

The half-year financial statements cover the period from 1 October 2023 to 31 March 2024 and have not been audited or reviewed by the Company's auditors.

### 1. Accounting policies – basis of preparation

The condensed set of financial statements has been prepared in accordance with FRS 104, Interim Financial Reporting, FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland, and the Statement of Recommended Practice for "Financial Statements of Investment Trust Companies and Venture Capital Trusts" which was issued by the Association of Investment Companies in July 2022.

The accounting policies applied are consistent with those of the most recent annual financial statements for the year ended 30 September 2023.

### 2. Expenses

Management fees and finance costs are charged 50% to revenue and 50% to capital. All other administrative expenses are charged wholly to revenue. Expenses which are incidental to the purchase or sale of an investment are included in the cost or deducted from the proceeds of sale of the investment.

### 3. Return per ordinary share – basic and diluted

	(Unaudited) Half-year ended 31 March 2024 £'000	(Unaudited) Half-year ended 31 March 2023 £'000	(Audited) Year ended 30 September 2023 £'000
The return per ordinary share is based on the following figures:			
Net revenue return	4,610	5,767	18,127
Net capital return	22,936	45,905	34,662
Net total return	<u>27,546</u>	<u>51,672</u>	<u>52,789</u>
Weighted average number of ordinary shares in issue for each period	270,185,650	270,185,650	270,185,650
Revenue return per ordinary share	1.71p	2.13p	6.71p
Capital return per ordinary share	8.49p	16.99p	12.83p
Total return per ordinary share	<u>10.20p</u>	<u>19.12p</u>	<u>19.54p</u>

The Company does not have any dilutive securities; therefore, basic and diluted returns per share are the same.

### 4. Fair value of financial assets and liabilities

The table below analyses fair value measurements for investments held at fair value through profit or loss. These fair value measurements are categorised into different levels in the fair value hierarchy based on the valuation techniques used and are defined as follows:

Level 1: valued using quoted prices in active markets for identical assets

Level 2: valued by reference to valuation techniques using observable inputs other than quoted prices included in Level 1



Level 3: valued by reference to valuation techniques using inputs that are not based on observable market data

<b>Investments held at fair value through profit or loss at 31 March 2024 (unaudited)</b>	<b>Level 1 £'000</b>	<b>Level 2 £'000</b>	<b>Level 3 £'000</b>	<b>Total £'000</b>
<b>Investments</b>	<b>414,153</b>	<b>-</b>	<b>2,228</b>	<b>416,381</b>
Investments held at fair value through profit or loss at 31 March 2023 (unaudited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments	403,775	-	2,974	406,749
Investments held at fair value through profit or loss at 30 September 2023 (audited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments	390,061	-	2,368	392,429

A reconciliation of movements within Level 3 is set out below:

	<b>2024 £'000</b>
Opening balance	<b>2,368</b>
Disposal proceeds	-
Transfers in	-
Total loss included in the Income Statement – on investments held	<b>(140)</b>
<b>Closing balance</b>	<b>2,228</b>

The valuation techniques used by the Company are explained in the accounting policies note in the Company's Annual Report for the year ended 30 September 2023.

The fair value of the senior unsecured loan notes at 31 March 2024 has been estimated to be £24,682,000 (31 March 2023: £25,318,000; 30 September 2023: £23,224,000). The fair value of the senior unsecured loan notes is calculated using a discount rate which reflects the yield on a UK Gilt of similar maturity plus a suitable credit spread.

The senior unsecured loan notes are categorised as level 3 in the fair value hierarchy.

## 5. Share capital

At 31 March 2024 there were 270,185,650 ordinary shares of 2.5p each in issue (31 March 2023: 270,185,650; 30 September 2023: 270,185,650). During the half-year ended 31 March 2024 no shares were issued or bought back (31 March 2023 and 30 September 2023: no shares were issued or bought back).

## 6. Transaction costs

Purchase transaction costs for the half-year ended 31 March 2024 were £147,000 (31 March 2023: £154,000; 30 September 2023: £232,000). Sale transaction costs for the half-year ended 31 March 2024 were £16,000 (31 March 2023: £8,000; 30 September 2023: £19,000). These comprise mainly stamp duty and commission.

## 7. Net asset value per ordinary share – basic and diluted

The net asset value per ordinary share of 136.3p (31 March 2023: 131.9p; 30 September 2023: 129.3p) is based on the net assets attributable to the ordinary shares of £368,253,000 (31 March 2023: £356,468,000; 30 September 2023: £349,345,000) and on 270,185,650 ordinary shares (31 March 2023 and 30 September 2023: 270,185,650), being the number of ordinary shares in issue at the end of each period.

## 8. Dividend

On 30 April 2024, a first interim dividend of 1.6p (2023: 1.525p) per ordinary share was paid in respect of the year ending 30 September 2024. A second interim dividend of 1.6p per ordinary share for the year ending 30 September 2024 has been declared and will be paid on 31 July 2024 to shareholders on the register of members at the close of business on 28 June 2024. The ex-dividend date will be 27 June 2024. Based on the number of shares in issue on 30 May 2024 of 270,185,650, the cost of the dividend will be £4,323,000 (second interim dividend for the year ended 30 September 2023: £4,120,000).

## 9. Going concern

The assets of the Company consist of securities that are readily realisable. The Directors have also considered the ongoing impact of the conflicts in Ukraine and Israel along with all other risks, including the impact on income and gearing, and 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.

## 10. Comparative Information

The financial information contained in this half-year report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The financial information for the half-years ended 31 March 2024 and 31 March 2023 has not been audited nor reviewed by the Company's auditor.

The figures and financial information for the year ended 30 September 2023 are extracted from the latest published accounts and do not constitute the statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included the report of the independent auditors, which was unqualified and did not include a statement under either section 498(2) or 498(3) of the Companies Act 2006.

A glossary of terms and details of alternative performance measures can be found in the Annual Report for the year ended 30 September 2023.

## 11. Manager

Janus Henderson Fund Management UK Limited ('JHFM') is appointed to act as the Company's Alternative Investment Fund Manager. JHFM delegates investment management services to Janus Henderson Investors UK Limited. References to Janus Henderson within these results refer to the services provided by both entities.

## 12. General information

### Company Status

The Company is a UK-domiciled investment trust company. The registered number is 670489.

The London Stock Exchange Daily Official List SEDOL number is BNXGHS2.

The ISIN number is GB00BNXGHS27.

The London Stock Exchange (TIDM) Code is LWI.

The Global Intermediary Identification Number (GIIN) is 2KBHLK.99999.SL.826.

The Legal Entity Identifier Number (LEI) is 2138008RHG5363FEHV19

### Directors

The Directors of the Company are Robert Robertson (Chairman), Gaynor Coley (Audit Committee Chairman), Duncan Budge, Mark Lam, Helena Vinnicombe and Thomas Walker.

### Corporate Secretary

Janus Henderson Secretarial Services UK Limited.

Email: [ITSecretariat@janushenderson.com](mailto:ITSecretariat@janushenderson.com)

### Registered Office

201 Bishopsgate, London EC2M 3AE.

**Website**

Details of the Company's share price and net asset value, together with general information about the Company, monthly factsheets and data, copies of announcements, reports and details of general meetings can be found at [www.lowlandinvestment.com](http://www.lowlandinvestment.com)

**13. Half-year report**

The half-year report will shortly be available on the Company's website or in hard copy from the Company's registered office. An abbreviated version of the half-year report, the 'Update', will be posted to shareholders in June 2024. The Update will also be available on the Company's website, and hard copies will be available at the Company's registered office, 201 Bishopsgate, London EC2M 3AE.

***Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks on the Company's website (or any other website) are incorporated into, or forms part of, this report.***