



Law Debenture

Annual Results 2017

Annual General Meeting

11 April 2018

Presented by

Law Debenture

Janus Henderson
INVESTORS

Denis Jackson
Chief Executive Officer

James Henderson
Investment Manager

Charlotte Greville
Analyst

Highlights

Our primary shareholder return objective is to achieve long term capital growth in real terms and steadily increasing income

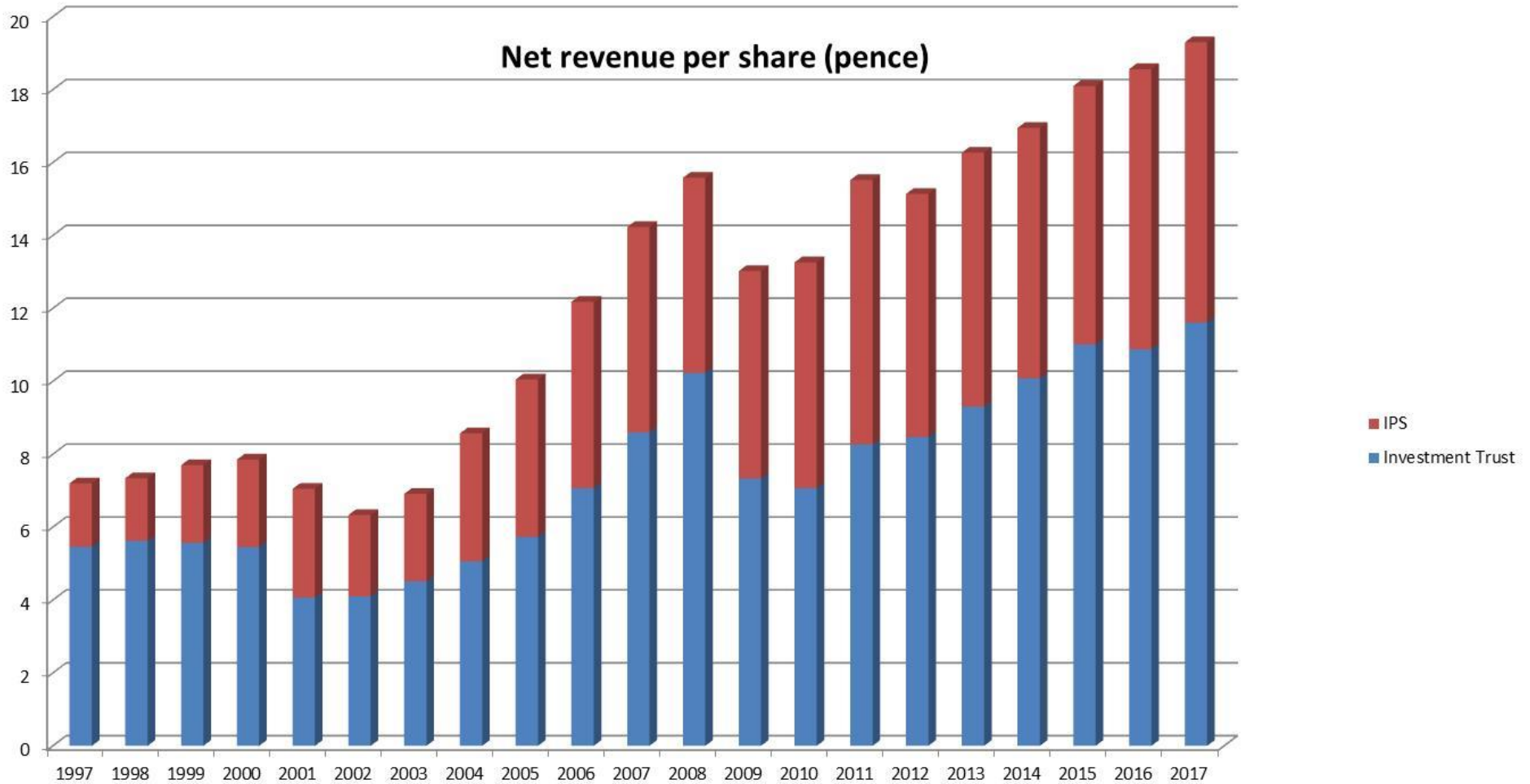


Notes:

* Benchmark is FTSE Actuaries All-Share Index total return

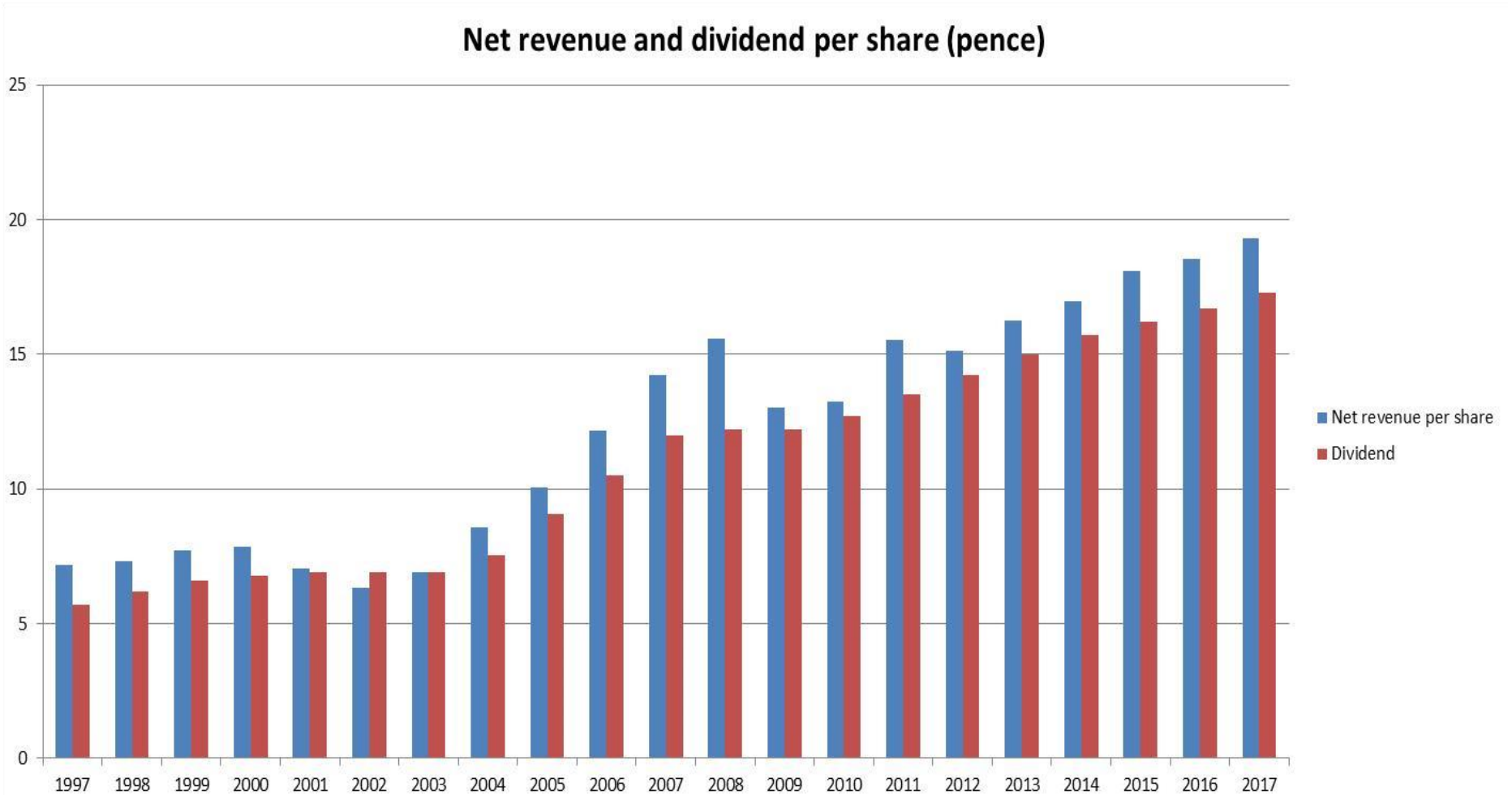
** Normalised excluding exceptional items (2.4p investment gain in 2017 : -2.6p provision in 2016)

Long Term Performance – Return per share



* Normalised excluding exceptional items (2.4p investment gain in 2017 : -2.6p provision in 2016)

Return and dividend per share



* Normalised excluding exceptional items (2.4p investment gain in 2017 : -2.6p provision in 2016)

IPS Overview

- Very strong brand in the traditional markets where we choose to operate. High quality services. High level of client satisfaction.
- Extremely well known in traditional markets, but relatively unknown in emerging sectors.
- Looking to extend the client base, extend the range of services and extend the range of jurisdictions being provided.
- 2017 opened a new office in Dublin, good opportunities, access to new services and a way of keeping a foot in the EU.
- Focus is clearly on organic growth and relationship management, but will consider acquisitions where they make sense.

Overarching goal:

Drive steady growth in IPS net earnings following seven years of broadly flat returns, while maintaining the quality of product and client outcomes.

IPS: 2017 Results – A year in transition

- Underlying income increased 1.2%.
- Costs maintained at same level as 2016.
- Underlying profit before tax up 2.8% from 2016.
- Underlying revenue per share flat compared to 2016 (7.69p in 2017 excluding the exceptional investment gain vs 7.68p in 2016).

Corporate Trust and Agency

The Corporate Trust team act as the bridge between the borrower/issuer and the lender/note holders of a loan or bond and protects the interests of the lender/note holders.

Our income is generated by a mixture of up-front acceptance fees on new business and long term, annual annuity fees on existing business.

We also earn significant special fees for subsequent issues with transactions, such as restructurings, ratings down-grades and other actions required by the trust deed.

We see opportunities in developing additional agency services in multiple locations.

Growth initiatives:

- New leadership
- Incremental sales resource
- Mining existing relationships
- Establishing relationships with non traditional buyers
- New services (e.g. loan agency)
- Optimising existing Law Debenture global network

Corporate Services

The Corporate Services teams help clients establish and maintain legal entities through the provision of company secretarial, governance, accounting and administrative services.

Our service of process business is a single global business based in London, Jersey, Dublin, New York, Delaware and Hong Kong.

Growth initiatives:

- New leadership
- Incremental sales resource
- Mining existing relationships
- Establishing relationships with non traditional buyers
- Solving for evolving client/product need (e.g. aircraft and real estate)

Pension trustee and governance services

The Pension Trustee team is the longest established and largest provider of independent pension trustees in the UK.

Our clients pension schemes have over 2 million members with over £250 billion of assets invested on their behalf.

Our traditional market has been large, defined benefit schemes.

We charge fees by the hour.

Growth initiatives:

- DC (e.g. independent governance committees)
- Sole trustee
- Scheme secretarial
- Incremental revenue generating resource
- Referral partnerships

Safecall

Safecall helps international companies create a culture of integrity and openness by providing ethics telephone hotlines and online reporting systems.

Notable appointments in 2017 included Euroclear, Hays, Kier, Laing O'Rourke and NATS.

We see opportunity in organic growth and are targeting multiple client segments.

Growth initiatives:

- Incremental sales resource
- New web site
- Upgrade of web portal and client reporting functionality/management information
- Mining of existing relationships
- Leveraging relationships across Law Debenture group.

IPS: Focus for the future

- The focus on growth will take some time and investment.
- We are focusing on our strengths – quality of our service, our people, our reputation and our clients – with increased and more proactive promotion of our businesses and a focus on new products.
- We are focusing on growth by refreshing and expanding our team to focus each business on safe and controlled growth.
- We are focusing on our clients and contacts by expanding our relationship management and cross referral programs.
- Technology:
 - Changing from cost centre to revenue driver
 - Enhanced control
 - Increased efficiency = Increased capacity = Ability to scale
 - Preference for small investments with frequent ability to validate progress with clients

Investment trust

	2017 £000	2016 £000	Change %
Revenue			
UK dividends	17,760	17,299	2.7
Overseas dividends	3,703	3,178	16.5
Other	95	74	
	21,558	20,551	
Expenses	(3,274)	(2,739)	19.5
	18,284	17,812	
Interest	(415)	(165)	
Debenture interest	(5,277)	(5,277)	
Utilisation of onerous provision	1,131	-	
Inter-company interest	-	478	
	13,723	12,848	
Tax	-	-	
Total	13,723	12,848	6.8
Return per ordinary share	11.61p	10.88p	6.7

Investment portfolio

- Aim to achieve a better return than the FTSE All Share.
- Stock picking valuation based approach.
- Overseas holdings bring exposure to opportunities that cannot be found in the UK stock market.
- The equity portfolio is expected to provide good dividend growth over long term.
- Gearing 1% at 31 December 2017 (31 Dec 2016, 8%).

2017 geographic allocation as at 31 December

	Asset breakdown (%)	Portfolio return (%)	Local index return (%)	Over/Under performance (%)
UK	72.4	12.4	13.1	(0.7)
North America	9.4	22.7	11.3	11.4
Europe	8.3	18.2	17.5	0.7
Japan	2.1	10.3	14.4	(4.1)
Pacific	5.4	26.0	20.3	5.7
Other	2.4	25.6	25.8	(0.2)
Total	100.0	14.8	13.9	0.9

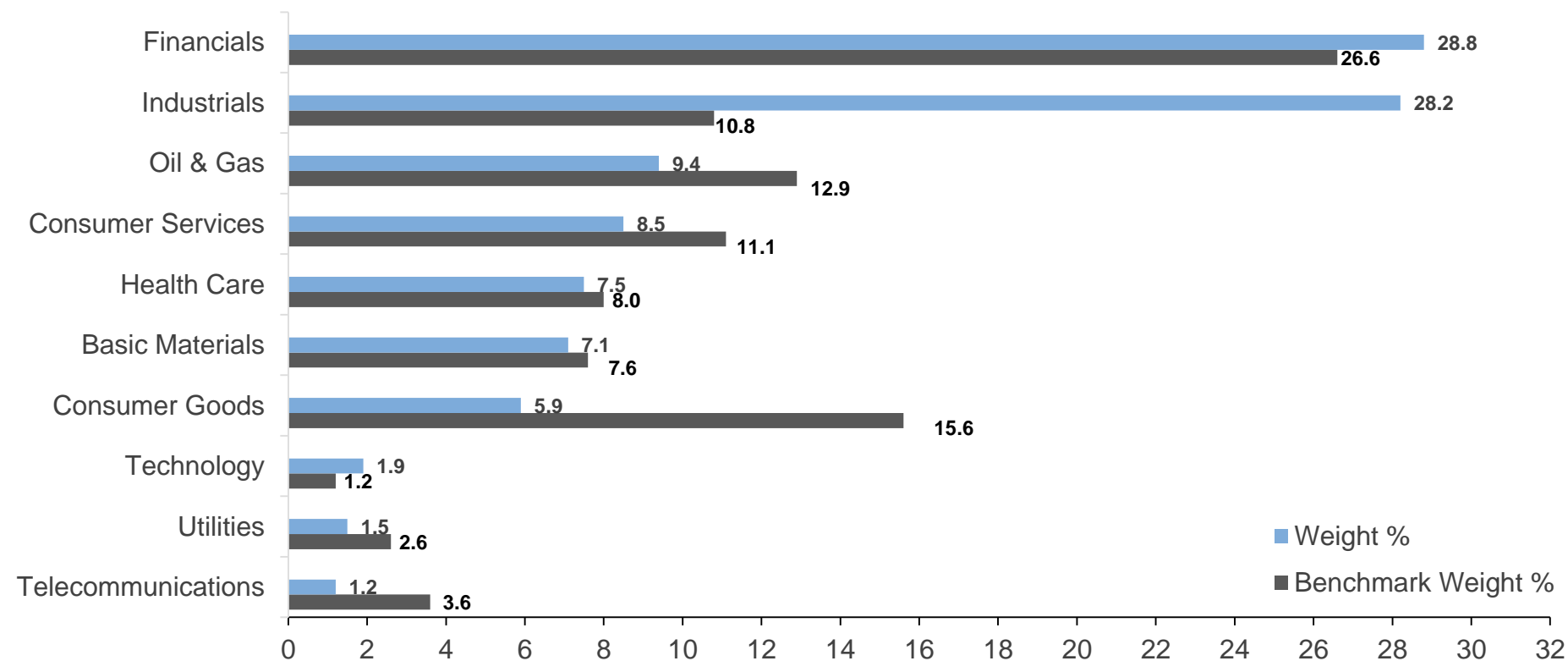
Net Gearing 1.0

Global Champions



Portfolio Sector breakdown at: 31 December 2017

Sector weightings (%)

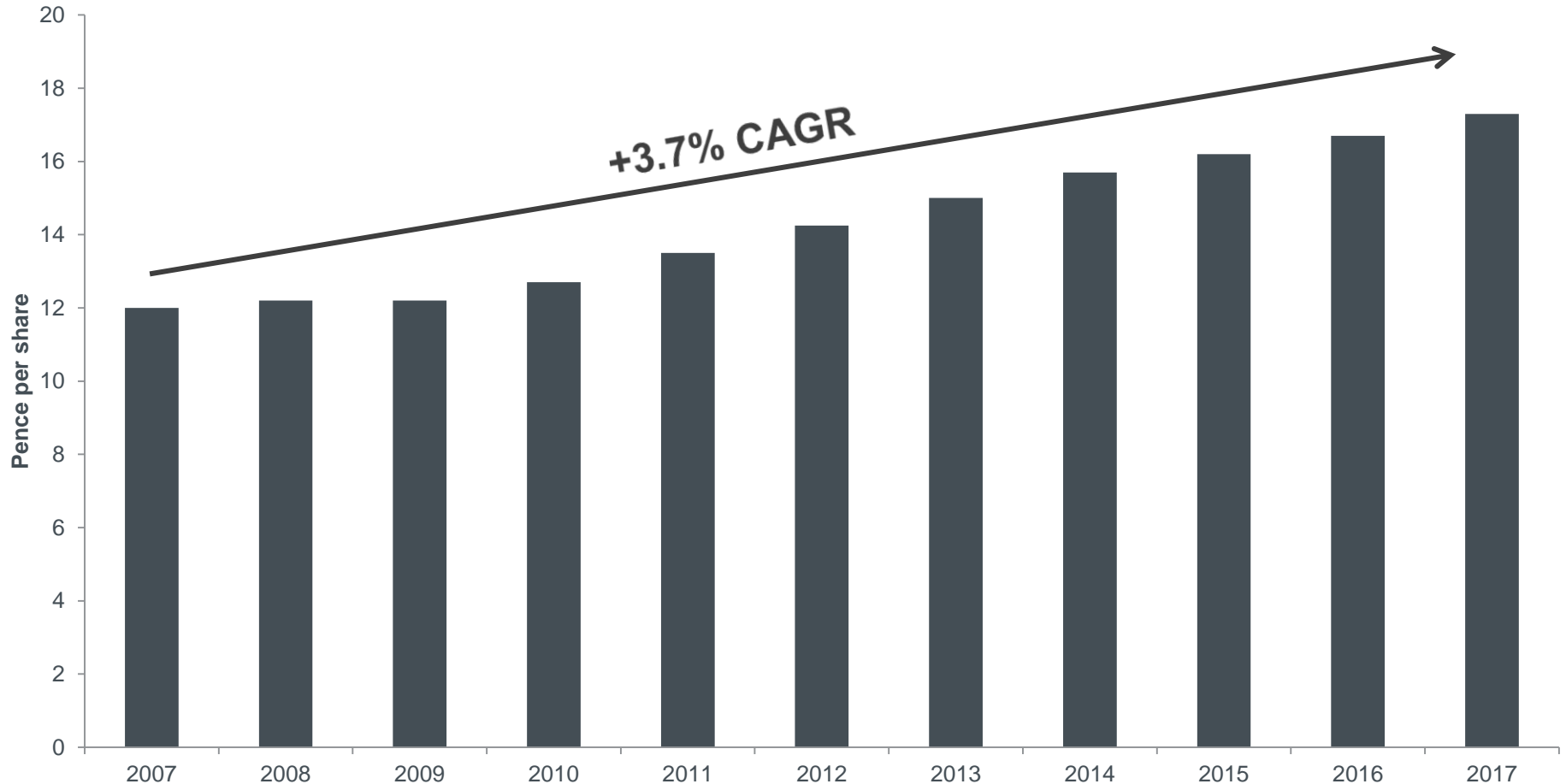


Source: Janus Henderson Investors, as at 31 December 2017

Note: Figures exclude cash

Law Debenture dividend yield 2.7% vs. global trust sector of 1.4%

Law Debenture Dividend per Share – 10 years



Portfolio

Top 15 holdings at: 31 December 2017

		%
1	Royal Dutch Shell	4.3
2	HSBC	2.7
3	BP	2.3
4	Senior	2.0
5	Rio Tinto	2.0
6	GKN	2.0
7	Rolls Royce	1.9
8	Prudential	1.9
9	GlaxoSmithKline	1.9
10	Relx	1.8
11	Johnson Service	1.8
12	Hiscox	1.6
13	Smith (DS)	1.6
14	Spectris	1.4
15	BAE Systems	1.4

Investment outlook

- The UK is generally out of favour. This will lead to opportunities
- Dividend growth is coming through from a good starting level
- Law Debenture has distinct advantages for a manager over other Trusts

Janus Henderson Investors

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