Lowland Investment Company plc

MANAGED BY
Janus Henderson
INVESTORS

Annual Report 2024

Lowland key dates

Final dividend (2024 financial year)	31 January 2025
First interim dividend	30 April 2025
Second interim dividend	31 July 2025
Third interim dividend	31 October 2025
Final dividend (2025 financial year)	30 January 2026
Half year results	Published June
Full year results	Published December
Annual General Meeting	January

Strategic Report

Corporate Report

Financial Statements

Notice of Annual General Meeting ('AGM')

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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 quarterly 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 20% of the portfolio valuation. Borrowing will be a mixture of short and long-dated debt, depending on relative attractiveness of rates.

Strategic Report: Key Data

Net Asset Value Total Return[1,8]

2024
16.3%

2023
17.2%

Benchmark Total Return[2]

2024
13.4%

2023
13.8%

Growth in Dividend

2024
2.8%

2023
2.5%

Dividend for the Year[3]

2024
6.425p

2023
6.25p

	Year ended 30 September 2024	Year ended 30 September 2023
NAV per share at year end (debt at par)[4]	144.2p	129.3p
NAV per share at year end (debt at fair value)[4,8]	146.1p	131.7p
Share price at year end[5]	127.0p	113.0p
Market Capitalisation	£343m	£305m
Dividend per share	6.425p	6.25p
Ongoing Charge[8]	0.66%	0.64%
Dividend Yield[6,8]	5.1%	5.5%
Gearing at year end[8]	11.0%	12.3%
Discount at year end[7,8]	13.1%	14.2%
AIC UK Equity Income Sector – Average Discount	5.0%	5.5%

1. Net asset value per share total return (including dividends reinvested) with debt at fair value
2. FTSE All-Share Index (including dividends reinvested)
3. Includes the final dividend of 1.625p per ordinary share for the year ended 30 September 2024 that will be put to shareholders for approval at the Annual General Meeting on Tuesday 28 January 2025
4. NAV per share for both figures is before deduction of the third interim dividend paid in October of each year
5. Mid-market closing price
6. Based on dividends paid and payable in respect of the financial year and the share price at year end
7. Calculated using year end fair value NAVs including current year revenue
8. Alternative Performance Measures ('APM')

Sources: Morningstar Direct, Janus Henderson, Factset

A glossary of terms including Alternative Performance Measures is included on pages 81 to 83

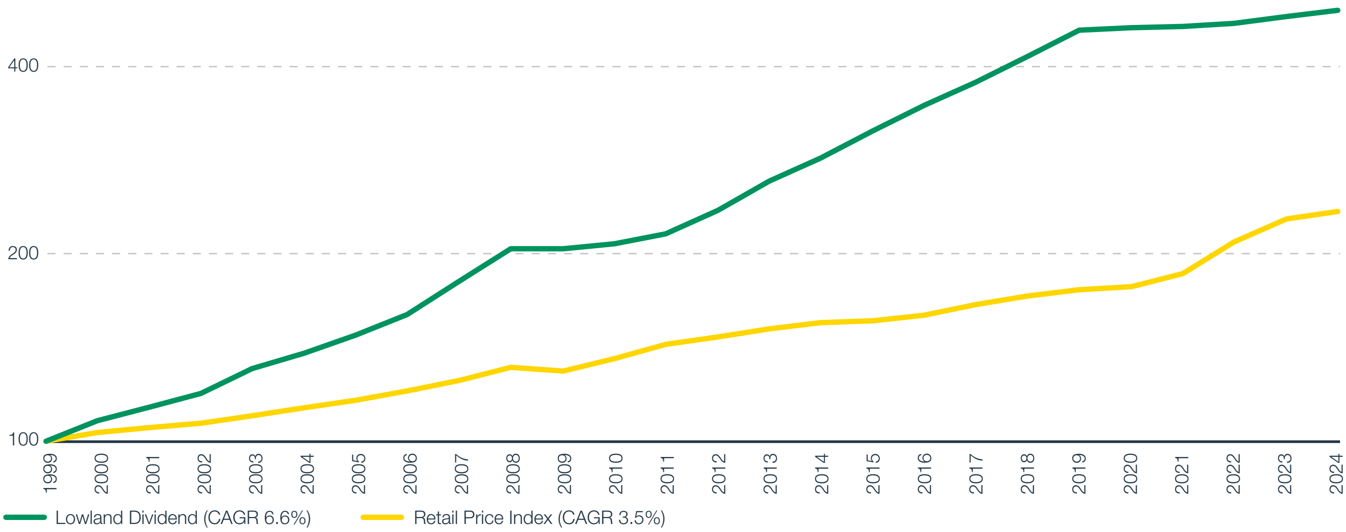
Strategic Report: Historical Performance[1]

Performance

	1 year %	3 years %	5 years %	10 years %	25 years %
Net asset value[3]	16.3	16.1	31.7	62.4	636.7
Share price[3]	18.3	12.7	30.3	46.1	696.6
FTSE All-Share	13.4	23.9	32.2	83.6	275.5

Source: Morningstar Direct, all performance on a total return basis

Lowland's Dividend Growth over the past 25 years as compared to the Retail Price Index



Total Return basis and shown on a logarithmic scale (30 September 1999 = 100)
Source: Janus Henderson

Historical Performance

Year ended 30 September	Dividend per ordinary share in pence[1]	Total return/(loss) per ordinary share in pence[1]	Net revenue return per ordinary share in pence[1]	Total net assets in £'000	Net asset value per ordinary share in pence[1]	Share price per ordinary share in pence[1]
2014	3.700	7.33	3.94	361,856	134.6	135.5
2015	4.100	1.18	4.64	354,563	131.8	128.7
2016	4.500	15.64	4.77	386,910	143.2	133.7
2017	4.900	24.32	4.91	439,896	162.8	150.4
2018	5.400	4.74	5.86	438,934	162.5	151.5
2019	5.950	(13.87)	6.80	385,904	142.8	128.0
2020	6.000	(33.69)	3.38	278,653	103.1	91.4
2021	6.025	48.79	4.27	394,285	145.9	131.5
2022	6.100	(24.00)	6.10	313,036	115.9	104.5
2023	6.250	19.54	6.71	349,345	129.3	113.0
2024	**6.425**[2]	**21.30**	**6.29**	**389,633**	**144.2**	**127.0**

1. Comparative numbers for 2014 to 2021 have been restated to reflect the ten for one share split which took place on 7 February 2022
2. Includes the final dividend of 1.625p per ordinary share for the year ended 30 September 2024 that will be put to shareholders for approval at the Annual General Meeting on Tuesday 28 January 2025
3. Alternative Performance Measures. Further details can be found on pages 82 to 83

Chairman's Statement

Robert Robertson
Chairman

Strategic Report: Chairman's Statement

Performance

I am pleased to report that, for the second successive year, Lowland achieved a strong return, both in absolute terms and compared with its benchmark. Net Asset Value per share ('NAV') rose 16.3% compared with a 13.4% increase in the FTSE All-Share index, very much in line with the numbers achieved in 2023. The share price increased by 18.3%. (All figures on a total return basis).

Last year I commented on the fact that the UK market was undervalued, most especially the mid/small cap space where Lowland is more invested than its benchmark. While there has been some improvement in UK valuations, this has not really affected the smaller sector or, to a major extent, those with a particular UK focus. The market continues to bear a substantial discount to international peers. The outperformance during the year is predominantly attributable to stock picking. Take-over activity was helpful, in itself emphasising the humble valuations prevailing in UK markets, and the Company also benefitted from gearing, one of the opportunities open to investment trusts. The Fund Managers explain the attribution of performance in more detail in their report.

The performance of the revenue account, which reflects the dividend income, was more muted. Earnings per share declined 6.3% to 6.29p, reflecting a number of factors. Lowland has chosen to prioritise longer term gains in growing capital, which will facilitate income growth in due course, and steadfastly declined to chase earnings. During this year a number of highly rewarding investments, such as Marks and Spencer and Rolls-Royce, had zero or lower dividend yields but were in this category. Timing was an issue with some major dividends being paid just after the year-end, and foreign exchange, interest rates and a trend to replace special dividends by share buy-backs were also factors.

Dividends

The Company is proposing a final dividend of 1.625p per share. If approved at the AGM, this will result in total dividends for the year of 6.425p, a 2.8% increase year-on-year. This dividend is not quite fully covered, but your Board has confidence that earnings will resume their upward trajectory, and is committed to maintaining its quarterly progressive dividend.

Gearing

Lowland has £30m of long-term debt notes, at a fixed 3.15% rate, due in 2037, as well as a £40m variable rate revolving credit facility. The benefit of having an element of fixed long-term debt has been evident during the year, as has been the overall gearing employed. Lowland does not tend to vary levels of gearing dramatically; it was little changed during the year, ending at 11.0% compared to 12.3% a year earlier.

Ongoing Charges

Ongoing Charges are in line with the prior year at 0.66%.

After the year end, the government and the FCA announced that the cost disclosures for the Key Information Document ('KID') would be changed and will now reflect Ongoing Charges, calculated in line with AIC methodology, rather than the potentially misleading disclosures which previously applied. This is an important win for common sense. Investment Trusts were at a significant disadvantage compared to open-ended funds in this regard. The management charge for Investment Trusts are generally lower than for their counterpart products in the open-ended space. It will be helpful if this is clearly shown when like-for-like comparisons are made.

Discount

During the year the discount varied between 8% and 15%, with an average of 12%. The Board believes that a discount control mechanism would not be in shareholders' interests, for the reasons set out on page 33.

Investment Trust discounts were volatile over the year, in response to which a number of trusts undertook programmes to buy-back their own shares. Nothing we have seen has encouraged us to change our view.

The Board

We welcomed Mark Lam to the Board during the year. Originally from Singapore, Mark brings a welcome diversity of experience from his career in technology and telecommunications.

Mark stands for election at the January AGM for the first time, and the Board will revert to its normal complement of five, with my retirement.

Helena Vinnicombe stands for election as Chair at the AGM. I am delighted to have such a talented successor.

I will have served as Chair for eight years when I retire. This has been a privilege. My chairmanship has coincided with events, not least Brexit, Covid and chaotic British politics, which have not been helpful to the performance of a company with our investment policy, I am confident that sticking to our investment policy has been the right thing to do, and will reward shareholders in the long term. I am grateful to a capable Board in helping steer this course, while providing robust challenge to the Fund Managers, who have embraced the opportunity for debate and consistently and diligently pursued shareholder interests. Finally, I am grateful to shareholders for their support and loyalty.

Strategic Report: Chairman's Statement (continued)

Contact with Shareholders

I and the Board are always pleased to hear from shareholders. Please contact me or my successor with comments or questions via **ITSecretariat@janushenderson.com** or sign up for updates on Lowland by using the QR code on the inside front cover of this report.

AGM

The AGM will be held at the Janus Henderson office on 28 January 2025. Full details of the business to be conducted at the meeting are set out in the Notice which this year is included at the end of this report. Our Fund Managers, James Henderson and Laura Foll, will be making a presentation to shareholders. The Board and Fund Managers always welcome the opportunity to hear from shareholders, and we encourage as many as possible to attend.

Outlook

A meaningful re-rating of the UK market, and smaller companies in particular, has not really happened. Lowland's portfolio is on a Price Earnings ratio of 10.2 times, or 8.9 on a 'look-though' basis, taking our discount into account. Reflecting the UK focus of our investee companies this is substantially below the UK market as a whole, and even more so, international markets. Thankfully, our shareholder's patience has been rewarded this year with an attractive growth in capital and a dividend yield of around 5%.

We had hoped that a decisive UK election result would remove the uncertainty inherent in a Conservative Government with a propensity to self-destruct, but the new Labour Government seems pre-occupied with painting an Armageddon-like picture of the economy it inherited. Ours is a bottom-up approach to investing, but the economic landscape in which our companies are operating is disappointing given initial optimism after the UK election. The long build-up to the budget, and its eventual content, were not helpful, with many facing substantial cost increases as a result of the increase in the minimum wage and National Insurance costs. The prospects for inflation and interest rates are less benign than they had appeared. Confidence, optimism and economic growth have suffered, and the uncertainties implicit in the result of the US election have not helped.

Despite this backdrop, we believe good, well managed UK companies will continue to prosper. A revaluation of the UK market, and particularly a portfolio such as ours, may be further deferred, but should come in time with a material capital uplift when the fundamentals of UK equities are more widely appreciated.

Robert Robertson
Chairman
4 December 2024

Fund Managers' Report

James Henderson
Fund Manager

Laura Foll
Fund Manager

Strategic Report: Fund Managers' Report

	1 year %	3 years %	5 years %	10 years %	25 years %
Lowland NAV	16.3	16.1	31.7	62.4	636.7
Lowland Share Price	18.3	12.7	30.3	46.1	696.6
FTSE All-Share	13.4	23.9	32.2	83.6	275.5

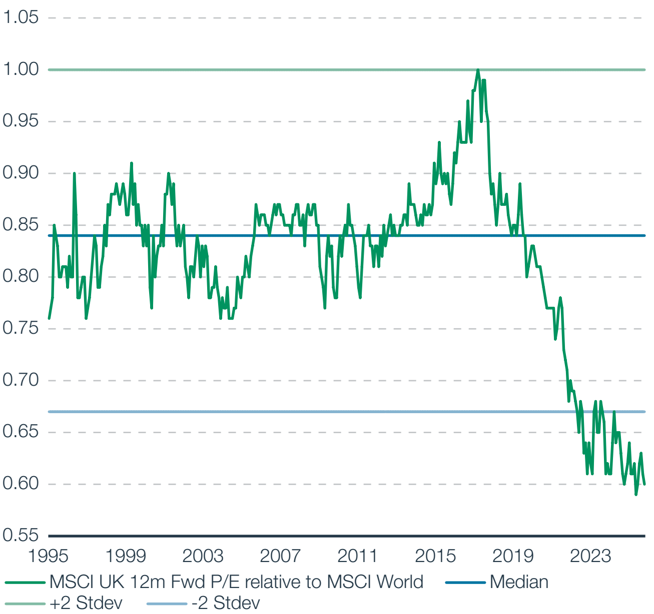
Source: Morningstar Direct, Janus Henderson Investors. All figures shown on a total return basis

Overview

We are pleased to report on a second successive year of outperformance relative to the Company's FTSE All-Share benchmark, as well as a good absolute return. The UK economy returned to growth in the second quarter of the financial year, inflation fell, interest rates started to come down and company directors began to feel more confident as shown by the high level of corporate takeover activity. The background was therefore helpful for Lowland's portfolio which has more of the earnings from the underlying companies coming from the UK economy than is the case with the benchmark index.

A new government with a large majority was elected during the summer and this has led to the hope that, after several years of policy turmoil, economic policy might be more stable. This is, as yet, unproven. A missing factor in the improving scenario has been that there has been little pick-up in investor confidence. The Investment Trust sector has seen substantial levels of disinvestment. There is a general pessimism about the UK economy which has resulted in money flowing into overseas markets and left UK stocks generally at a significant valuation discount to overseas ones:

UK equity valuations relative to Rest of World (Ratio)



Source: JP Morgan as at 31 July 2024

The companies in the Lowland portfolio are not a proxy for the UK economy but they are a collection of well managed businesses that we believe provide excellent products and services. The results they have generally reported this year are evidence of their strength.

Performance Attribution

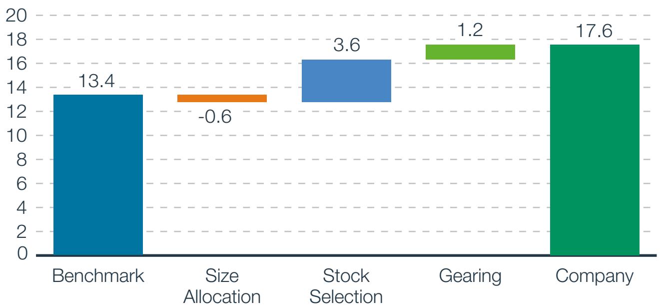
The Company's return during the financial year was driven predominantly by its FTSE 100 and FTSE 250 holdings, with positive stock selection in both indices (comparing the third and fifth columns in the table below). There was also positive stock selection within AIM portfolio holdings, although the underperformance of AIM more broadly compared to the main market meant that despite positive stock selection, our holdings in this area remained an overall detractor from relative returns. Within the FTSE SmallCap Index (which is now a relatively small index, outside of investment companies) stock selection was negative, driven by the holdings in **Vanquis Banking Group** and **TT Electronics**, on which we go into more detail later in this report.

	Lowland weighting (%)	Lowland total return (%)	FTSE All-Share weighting (%)	Index total return (%)
FTSE 100	44.9	21.6	84.5	12.4
FTSE 250	21.2	22.3	13.5	19.1
FTSE SmallCap	13.4	1.4	2.0	18.2
FTSE AIM All-Share	13.4	7.9	–	3.9

Weights for Lowland and the FTSE All-Share are shown as at financial year end. Note the weights for Lowland do not add up to 100, as there is a small % of the portfolio held overseas and held in the FTSE Fledgling Index. Lowland portfolio returns are calculated excluding cash

When viewed through a different lens, what can be seen is that size allocation of the portfolio (in other words the Company holding more than its benchmark in small and medium sized companies) was not a big driver of relative performance this year, and instead it was stock selection and to a lesser extent the use of gearing that drove the relative return. Note that in the below chart, the Company returns are shown with debt at par, and gross of management fees (this is why the return differs from the 16.3% NAV total return reported).

Attribution Returns (%)



Source: Janus Henderson Investors, Factset

Strategic Report: Fund Managers' Report (continued)

Within the FTSE 100, the good performance was driven predominantly by the holdings in **Rolls-Royce** and **Marks & Spencer**, as well as banks **NatWest** and **Barclays**. Rolls-Royce benefitted from a combination of favourable end markets and ongoing 'self-help' (such as cost cutting and a more commercial focus on pricing). The position was sold during the financial year as the valuation had recovered a long way at the same time as market expectations had become more realistic. The holding was a good reminder that non-dividend payers can serve a role within an income portfolio, as the capital growth from Rolls-Royce can now be reinvested. M&S continued its recent outperformance as a result of higher than forecast earnings as well as a higher valuation, as both sides of its business (food and clothing) performed well under the new team. We have recently reduced the holding as its turnaround is now better understood and reflected in valuations. The banks performed well in an environment of more 'normal' interest rates, where they can earn a healthier margin between what they charge for lending and what they pay out for deposits.

Marks & Spencer share price (pence) since first purchase (%)

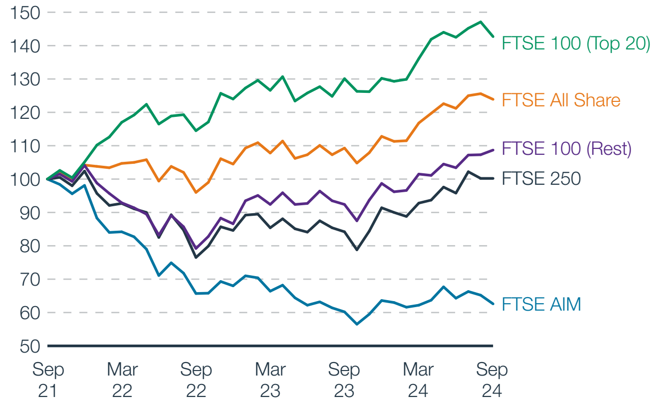
Source: Bloomberg as at 30 September 2024

Turning to the FTSE 250, the best performers included pork and poultry processor **Cranswick**, contractor **Balfour Beatty**, ship broker **Clarkson** and building products company **Marshalls**. While there would be no end market commonality to these businesses, each would be among the market leaders in their area with a path to further earnings growth. For example, in the case of Cranswick, they are already the market leader in pork and are now investing in chicken, while in the case of Marshalls there is a need to build more housing and with this will come greater demand for its products.

Within the FTSE SmallCap index, while there were positions (such as free-to-air broadcaster **STV**) that performed well, there were two key detractors – **Vanquis Banking** and **TT Electronics**. In the case of Vanquis (which is predominantly a provider of credit cards), profitability is currently minimal as the new management team work through a number of issues (such as higher than expected claims costs and the need to move prices up in some areas in order to generate a good return). With respect to the claim costs, higher claims were largely driven by external claims companies, and the uphold rate of the complaints has been low, but nevertheless there is a charge from the financial ombudsman for any complaint (regardless of whether it is upheld). The holding has been poor and the company has gone through several phases of restructuring over a number of years. The valuation is currently very low relative to the potential returns the company would earn if the new team do succeed in turning the business round. In the case of TT Electronics the company substantially lowered earnings guidance as a result of challenging industrial end markets. In the period after Covid, due to supply chain outages there was a period where customers built up stock levels to much higher than normal levels, in order to ensure they wouldn't be caught out by not having a particular component. What followed were several years of 'unwinding', as stock levels were steadily moved back to normal levels. At the same time higher interest rates have been depressing demand. For a company such as TT Electronics, if and when demand recovers, we would expect a substantial earnings recovery.

The performance of the AIM index overall has been disappointing and, as the chart below shows, it has materially underperformed other areas of the UK market. This has likely been due to a combination of outflows from the area, weak sentiment towards domestic UK (to which AIM is more exposed) and more recently tax uncertainty, both around the future of inheritance tax relief and for specific sectors such as companies operating in the North Sea. Within Lowland specifically, **Serica Energy** was the largest detractor from absolute returns over the year and this was primarily due to an extension of the energy profits levy as well as uncertainty surrounding the level of capital expenditure deductibility (in other words the extent to which capital spend can be used to reduce tax). This is not to say, however, that there have not been successes on AIM, and a position such as **Epwin** (a manufacturer of window and door frames) was among the best performers during the year as it delivered against conservatively managed expectations.

UK small and medium-sized companies have underperformed in recent years



Source: Bloomberg as at 30 September 2024. Total return, GBP, rebased to 100 at start date

Strategic Report: Fund Managers' Report (continued)

The top ten absolute contributors to performance at the stock level were:

	Company Name	Contribution to absolute return (%)	Share price total return (%)
1	Rolls-Royce	+1.5	+138.7
2	Marks & Spencer	+0.9	+59.1
3	NatWest	+0.8	+55.7
4	Barclays	+0.8	+47.7
5	Aviva	+0.8	+33.2
6	DS Smith	+0.7	+68.4
7	Epwin	+0.7	+58.5
8	Renold	+0.7	+76.3
9	Tesco	+0.7	+41.3
10	Kingfisher	+0.6	+51.6

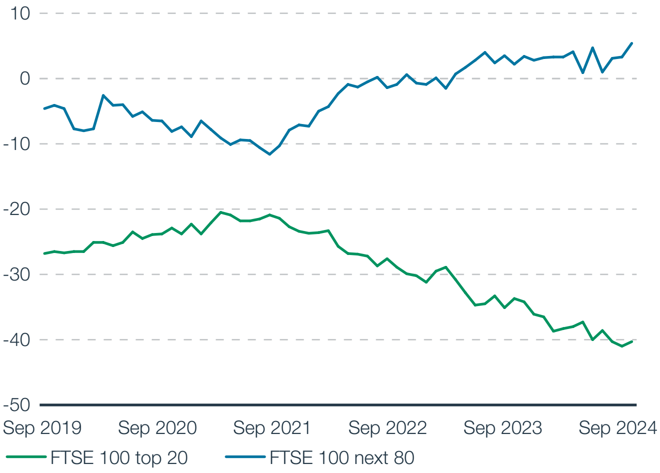
The top ten absolute detractors from performance at the stock level were:

	Company Name	Contribution to absolute return (%)	Share price total return (%)
1	Serica Energy	-1.0	-38.3
2	Vanquis	-0.9	-52.0
3	BP	-0.8	-22.4
4	TT Electronics	-0.5	-41.1
5	Headlam	-0.4	-36.9
6	Prudential	-0.2	-20.0
7	Halfords	-0.2	-20.2
8	Churchill China	-0.2	-26.9
9	Vertu Motors	-0.2	-16.8
10	Watkin Jones	-0.2	-35.9

Portfolio Activity

While we go into more detail on individual stock purchases and sales later in the report, at a top-down level the purchases during the year have almost entirely fallen outside of the FTSE 'top 20' (the largest 20 companies in the UK such as Shell and AstraZeneca). The reason we make this distinction is, as the chart in the attribution section shows, the FTSE top 20 has meaningfully outperformed in recent years. This means that the portfolio is increasingly 'underweight' the FTSE top 20, as the next chart shows, and we are now modestly 'overweight' the remainder of the FTSE 100, driven by purchases such as Sainsbury and Beazley. This deliberate, but gradual, re-positioning of the portfolio away from the largest UK companies is because, in our view, the best valuation opportunities fall outside of that area. Smaller businesses are, on average, more domestic and have therefore been more exposed to weaker sentiment towards the UK economy as well as outflows from UK equities. Third party equity investors are not the only buyers of these assets and the companies themselves are increasingly becoming their own 'net buyer' via share buybacks.

Lowland Active Weight (%) in FTSE 20 and FTSE 80



Source: Janus Henderson Investors. Active Weight is the Lowland portfolio weight minus the FTSE All-Share benchmark weight (so a negative number shown here for the FTSE 100 Top 20 active weight shows that Lowland holds much less than its benchmark in the largest 20 UK stocks by market cap)

Much of the selling activity during the year was driven by acquisitions, with seven companies (Alpha Financial Markets Consulting, Finsbury Food, Wincanton, IDS, Hipgnosis Songs Fund, Tyman and DS Smith) agreeing takeover offers from a mixture of private equity or competing firms. In addition the largest individual sale was the holding in **Rolls-Royce**, which was sold on valuation grounds following good performance.

Turning to purchases, within the FTSE 100, new positions included **Beazley**, **Sainsbury** and **Smith & Nephew**. In all cases they are among the market leaders in what they produce, whether in global cyber security insurance in the case of Beazley or wound care in the case of Smith & Nephew. In each case we think there is a strength to the business that is not currently reflected in the valuation; for example Sainsbury is now back regaining market share following a period of price re-setting.

Within small and medium-sized companies, new positions purchased included property owners **Shaftesbury Capital** and **Workspace**, as well as retailer **Dunelm** and corporate restructuring firm **FRP Advisory**. There is no end market commonality to these new holdings, but in all cases we can see a long pathway of future earnings growth, whether that is from rental growth in prime London property in the case of Shaftesbury or market share growth in homewares in the case of Dunelm.

Portfolio Valuation

While the UK equity market as a whole trades on a valuation discount relative to overseas, there remains a subset of UK shares that trade on a discount to the broader UK market. Domestic earners in particular have underperformed substantially since Brexit (although Brexit is not the only culprit – smaller businesses have also been impacted more by, for example, the growing desire for liquidity among fund managers).

Strategic Report: Fund Managers' Report (continued)

As Lowland invests across the breadth of the UK market (in small, medium and large companies) it has comparatively more exposure to these smaller, domestic businesses that have seen their valuations penalised. This means that the Lowland portfolio continues to trade at a valuation discount to the broad UK market:

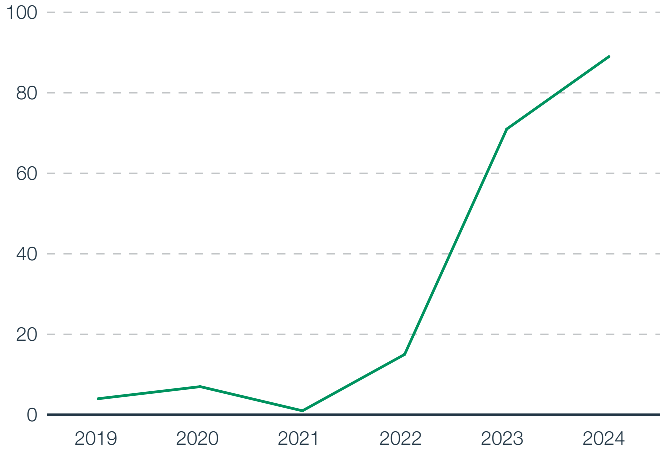
	Lowland	FTSE All-Share
12 month historic P/E	10.2x	12.5x

Source: Janus Henderson Investors as at 30 September 2024

Dividends

The earnings were held back by the strength of sterling in the second half of the financial year (as some dividends are paid in overseas currencies such as the US Dollar), as well as the delay of ex dividend dates to our 2024/25 financial year. It is also notable that some of our better performing holdings are lower yielding or are not yet back on the dividend list. An example of this amongst the larger company holdings would be Rolls-Royce and in the smaller, recovery stock, Renold. These holdings have provided capital growth and when that capital is recycled into dividend paying shares they help Lowland's income growth. It is capital growth that over time produces sustainable income growth. There is also a growing trend for companies to prefer share buybacks rather than special dividends if they believe they have excess cash and the graph below shows this increase in share buybacks reported over the past twenty years.

Number of buybacks reported by UK companies



Source: Panmure Gordon, Janus Henderson as at 30 September 2024, companies within the FTSE All-Share

Outlook

Satisfactory company results have been achieved over the past year despite a UK economy that has fluctuated between modest growth and modest recession (with a general election and Budget uncertainty thrown in). This is because the companies held are not a proxy for the UK economy, but rather a diverse collection of conservatively managed, often market leading businesses that remain on modest valuations. As we look to an equally uncertain year ahead for the UK (and global) economy, when we return to company fundamentals, especially at current valuation levels, we cannot help but feel optimistic.

James Henderson and Laura Foll
Fund Managers
4 December 2024

Strategic Report: Portfolio Analysis

Sector		United Kingdom %	Overseas %	**Total 30 September 2024 %**	FTSE All-Share Index 2024 %	Total 30 September 2023 %
Basic Materials	Chemicals	1.9	–	**1.9**	0.5	0.6
	Industrial Materials	–	–	–	–	–
	Industrial Metals and Mining	5.0	–	**5.0**	6.2	4.5
	Precious Metals and Mining	–	–	**-**	0.3	–
		6.9	**–**	**6.9**	**7.0**	**5.1**
Consumer Discretionary	Automobiles and Parts	0.6	–	**0.6**	0.1	–
	Consumer Services	–	–	–	1.7	–
	Household Goods and Home Construction	3.0	–	**3.0**	1.3	2.7
	Leisure Goods	–	–	–	0.2	–
	Media	2.3	–	**2.3**	4.1	1.6
	Personal Goods	–	–	–	0.1	–
	Retailers	4.4	–	**4.4**	1.8	4.8
	Travel and Leisure	0.1	–	**0.1**	2.0	0.1
		10.4	**–**	**10.4**	**11.3**	**9.2**
Consumer Staples	Beverages	–	–	–	2.8	–
	Food Producers	1.4	–	**1.4**	0.7	2.3
	Personal Care, Drug and Grocery Stores	5.8	–	**5.8**	8.1	1.4
	Tobacco	–	–	–	3.0	–
		7.2	**–**	**7.2**	**14.6**	**3.7**
Energy	Alternative Energy	–	–	**–**	–	–
	Oil and Gas	5.6	–	**5.6**	9.3	9.3
		5.6	**–**	**5.6**	**9.3**	**9.3**
Financials	Banks	8.6	–	**8.6**	10.0	10.1
	Closed End Investments	1.2	–	**1.2**	6.0	1.8
	Equity Investment Instruments	–	–	**–**	–	–
	Finance and Credit Services	3.4	–	**3.4**	2.3	4.2
	Investment Banking and Brokerage Services	3.3	–	**3.3**	3.3	4.4
	Life Insurance	6.9	–	**6.9**	2.1	6.8
	Non-Life Insurance	4.4	1.9	**6.3**	0.9	6.9
		27.8	**1.9**	**29.7**	**24.6**	**34.2**
Health Care	Health Care Providers	–	–	**–**	–	–
	Medical Equipment and Services	0.9	–	**0.9**	0.6	–
	Pharmaceuticals and Biotechnology	2.4	0.1	**2.5**	11.1	2.8
		3.3	**0.1**	**3.4**	**11.7**	**2.8**

Strategic Report: Portfolio Analysis (continued)

Sector		United Kingdom %	Overseas %	**Total 30 September 2024 %**	FTSE All-Share Index 2024 %	Total 30 September 2023 %
Industrials	Aerospace and Defence	2.3	–	**2.3**	4.0	4.2
	Construction and Materials	6.0	0.1	**6.1**	0.5	5.0
	Electronic and Electrical Equipment	4.0	–	**4.0**	1.0	3.7
	General Industrials	0.8	–	**0.8**	1.3	2.5
	Industrial Engineering	1.5	0.7	**2.2**	0.6	2.5
	Industrial Support Services	4.4	0.7	**5.1**	3.5	3.9
	Industrial Transportation	2.4	2.0	**4.4**	1.3	4.9
		21.4	**3.5**	**24.9**	**12.2**	**26.7**
Real Estate	Real Estate Investment and Services	0.4	–	**0.4**	0.4	–
	Real Estate Investment Trusts	4.4	–	**4.4**	2.4	2.9
		4.8	**–**	**4.8**	**2.8**	**2.9**
Technology	Software and Computer Services	0.9	–	**0.9**	1.3	0.7
	Technology Hardware and Equipment	0.6	–	**0.6**	–	1.0
		1.5	**–**	**1.5**	**1.3**	**1.7**
Telecommunications	Telecommunications Equipment	–	–	–	–	–
	Telecommunications Service Providers	2.6	–	2.6	1.2	2.2
		2.6	**–**	**2.6**	**1.2**	**2.2**
Utilities	Electricity	–	–	**–**	1.0	–
	Gas, Water and Multi-utilities	3.0	–	**3.0**	3.0	2.2
	Waste And Disposal Services	–	–	**–**	–	–
		3.0	**–**	**3.0**	**4.0**	**2.2**
	Total at 30 September 2024	**94.5**	**5.5**	**100.0**	**100.0**	**–**
	Total at 30 September 2023	**94.3**	**5.7**	**–**	**–**	**100.0**

Strategic Report: Twenty Largest Holdings

Twenty Largest Holdings as at 30 September 2024

The stocks in the portfolio are a diverse mix of businesses operating in a wide range of end markets.

Rank 2024 (2023)	Company	% of portfolio	Approximate market capitalisation	Valuation 2023 £'000	Purchases £'000	Sales £'000	Appreciation/ (depreciation) £'000	**Valuation 2024 £'000**
1 (3)	**HSBC** The global bank provides international banking and financial services. The diversity of the countries it operates in as well as its exposure to faster growing economies make it well placed.	2.6	£125.7bn	10,834	–	–	408	**11,242**
2 (4)	**Standard Chartered** A global bank providing international banking and financial services, with a particular focus on emerging markets. The position provides geographic diversification for the portfolio as well as being positively exposed to higher global interest rates.	2.4	£21.3bn	10,072	–	–	463	**10,535**
3 (2)	**BP** A vertically integrated oil and gas business. At the current oil price it remains highly cash generative, much of which is being returned to shareholders via an attractive dividend yield and ongoing share buyback.	2.2	£64.4bn	13,019	–	–	(3,424)	**9,595**
4 (8)	**Aviva** The company provides a wide range of insurance and financial services. Under a new CEO there is heightened focus on simplifying the business.	2.2	£12.5bn	7,679	–	–	1,846	**9,525**
5 (1)	**Shell** A vertically integrated oil & gas company. At the current oil price the company is capable of generating substantial amounts of free cash flow. This cash is being allocated partly to shareholders (via a growing dividend and share buybacks) and partly to investing in the necessary transition away from fossil fuels.	2.1	£156.0bn	14,333	–	(4,357)	(882)	**9,094**
6 (13)	**Barclays** The company has a strong retail and corporate lending franchise combined with an investment bank. Higher interest rates and improved returns in its investment bank could allow a period of better returns generation that in our view is not reflected in the current valuation.	2.1	£35.1bn	6,358	–	–	2,624	**8,982**
7 (15)	**Marks & Spencer** The company is a clothing and food retailer. Under a new management team it has refreshed its strategy, for example resetting prices lower and closing loss making stores. This has allowed it to gain market share on both sides of the business and upgrade earnings expectations.	2.1	£7.8bn	6,270	–	(748)	3,420	**8,942**

Strategic Report: Twenty Largest Holdings (continued)

Rank 2024 (2023)	Company	% of portfolio	Approximate market capitalisation	Valuation 2023 £'000	Purchases £'000	Sales £'000	Appreciation/ (depreciation) £'000	Valuation 2024 £'000
8 (5)	**GSK** A global pharmaceutical company, which is among the market leaders in areas such as HIV and vaccines. Shares have come under pressure in recent years due to concerns around legal costs (now largely resolved) as well as a lack of significant new product sales. The shares trade at a low valuation compared to the broader sector and over time we can see a route to substantial sales and earnings growth.	2.0	£60.2bn	8,712	–	–	144	**8,856**
9 (10)	**Irish Continental**[1] The group provides passenger transport, roll-on and roll-off freight transport and container services between Ireland, the United Kingdom and Continental Europe. It is a well managed business operating in a duopolistic industry.	2.0	£783.4m	7,306	–	–	1,316	**8,622**
10 (*)	**Tesco** The company is the largest food retailer in the UK. By using scale to its advantage and keeping prices competitive for the customer, it is successfully growing sales and earnings. The cash generative nature of the business allows an attractive dividend yield for shareholders as well as a share buyback.	2.0	£24.1bn	5,305	994	–	2,159	**8,458**
11 (6)	**M&G** The company is a financial services provider that was spun out of Prudential in 2019, providing insurance and asset management services. The capital generation of the group allows sizeable returns to shareholders via dividends and share buybacks.	1.9	£4.8bn	7,892	–	–	400	**8,292**
12 (7)	**FBD**[1] The company is an Irish insurer with a focus on insurance coverage for the agricultural sector. It is a disciplined underwriter with a history of good returns generation and pays an attractive dividend yield.	1.9	£374.3m	7,882	–	–	62	**7,944**
13 (11)	**International Personal Finance** The company provides consumer lending services in countries such as Mexico and Eastern Europe. It has successfully grown its lending in recent years while remaining disciplined on credit quality.	1.8	£294.4m	6,633	–	–	1,210	**7,843**

*Not in the top 20 largest investments last year

1. Overseas listed stock (Ireland)

Strategic Report: Twenty Largest Holdings (continued)

Rank 2024 (2023)	Company	% of portfolio	Approximate market capitalisation	Valuation 2023 £'000	Purchases £'000	Sales £'000	Appreciation/ (depreciation) £'000	**Valuation 2024 £'000**
14 (*)	**BT Group** The company is a provider of fixed and mobile communication services. Its ongoing roll-out of fibre to the home in the UK should allow substantial free cash flow growth over the long term, which in our view is not currently reflected in the shares.	1.6	£14.2bn	4,316	1,096	–	1,539	**6,951**
15 (*)	**National Grid** The company is a regulated utility providing electricity and gas distribution in the UK and US. It is investing heavily in the UK electricity network ahead of the energy transition, providing a route to future earnings growth as it generates a return on these investments. The shares pay an attractive dividend yield.	1.6	£49.0bn	5,063	972	–	839	**6,874**
16 (19)	**Phoenix** The company operates primarily in the UK and specialises in taking over and managing closed life insurance and pension funds.	1.6	£5.1bn	5,893	–	–	940	**6,833**
17 (18)	**Hiscox** The company is a global insurance provider that is growing well in markets such as US small business insurance.	1.6	£3.8bn	5,945	–	–	828	**6,773**
18 (12)	**Rio Tinto** The company is one of the world's largest mining businesses with a particular focus on iron ore, aluminium and copper. Its mines are well positioned on the cost curve, often at the lowest cost quartile globally, meaning that it can continue to be highly cash generative despite volatile commodity prices. This cash generation combined with a strong balance sheet has resulted in an attractive dividend yield.	1.5	£63.6bn	6,467	–	–	156	**6,623**
19 (16)	**Anglo American** A diversified mining company with exposure to commodities including copper, iron ore, diamonds and platinum. Its mix of commodity production means it could be well positioned to benefit from the need to decarbonise the global economy. For example, it is significantly exposed to copper where demand is likely to grow driven by its use in electric vehicles as well as renewable energy.	1.5	£32.9bn	6,117	–	–	440	**6,557**

*Not in the top 20 largest investments last year

Strategic Report: Twenty Largest Holdings (continued)

Rank 2024 (2023)	Company	% of portfolio	Approximate market capitalisation	Valuation 2023 £'000	Purchases £'000	Sales £'000	Appreciation/ (depreciation) £'000	**Valuation 2024 £'000**
20 (*)	**Morgan Advanced Materials** The company is a producer of specialist materials with specific properties (such as the ability to withstand high temperatures or high altitude), for use across a broad range of industries including transportation, renewable energy, healthcare and semiconductors. The company has in recent years improved its cost competitiveness, reduced its debt and invested in new technologies.	1.5	£722.0m	5,819	–	–	736	**6,555**
				151,915	**3,062**	**(5,105)**	**15,224**	**165,096**

At 30 September 2024 these investments totalled £165,096,000 or 38.2% of portfolio.

*Not in the top 20 largest investments last year

Strategic Report: Investment Portfolio

30 September 2024 Position	Investments	Sector	Market value £'000	% of Portfolio
1	HSBC	Banks	11,242	2.6
2	Standard Chartered	Banks	10,535	2.4
3	BP	Oil and Gas	9,595	2.2
4	Aviva	Life Insurance	9,525	2.2
5	Shell	Oil and Gas	9,094	2.1
6	Barclays	Banks	8,982	2.1
7	Marks & Spencer	Personal Care, Drug and Grocery Stores	8,942	2.1
8	GSK	Pharmaceuticals and Biotechnology	8,856	2.0
9	Irish Continental	Industrial Transportation (Ireland)	8,622	2.0
10	Tesco	Personal Care, Drug and Grocery Stores	8,458	2.0
10 largest			**93,851**	**21.7**
11	M&G	Investment Banking and Brokerage Services	8,292	1.9
12	FBD	Non-Life Insurance (Ireland)	7,944	1.9
13	International Personal Finance	Finance and Credit Services	7,843	1.8
14	BT Group	Telecommunications Service Providers	6,951	1.6
15	National Grid	Gas, Water and Multi-utilities	6,874	1.6
16	Phoenix	Life Insurance	6,833	1.6
17	Hiscox	Non-Life Insurance	6,773	1.6
18	Rio Tinto	Industrial Metals and Mining	6,623	1.5
19	Anglo American	Industrial Metals and Mining	6,557	1.5
20	Morgan Advanced Materials	Electronic and Electrical Equipment	6,555	1.5
20 largest			**165,096**	**38.2**
21	NatWest	Banks	6,510	1.5
22	Land Securities	Real Estate Investment Trusts	6,505	1.5
23	Epwin[1]	Construction and Materials	6,288	1.4
24	Conduit	Non-Life Insurance	6,228	1.4
25	Balfour Beatty	Construction and Materials	6,059	1.4
26	IMI	Electronic and Electrical Equipment	5,950	1.4
27	Senior	Aerospace and Defence	5,948	1.4
28	Clarkson	Industrial Transportation	5,929	1.4
29	J Sainsbury	Personal Care, Drug and Grocery Stores	5,908	1.4
30	Cranswick	Food Producers	5,673	1.3
30 largest			**226,094**	**52.3**
31	Legal & General	Life Insurance	5,655	1.3
32	Hill & Smith	Industrial Metals and Mining	5,565	1.3
33	Kingfisher	Retailers	5,390	1.2
34	Renold[1]	Industrial Engineering	5,243	1.2
35	STV	Media	5,096	1.2
36	Henderson Opportunities Trust	Closed End Investments– Investment Trust focusing primarily on UK smaller companies	4,824	1.1
37	Ibstock	Construction and Materials	4,743	1.1
38	Serica Energy[1]	Oil and Gas	4,669	1.1
39	ZIGUP (formerly Redde Northgate)	Industrial Transportation	4,418	1.0
40	Marshalls	Construction and Materials	4,412	1.0
40 largest			**276,109**	**63.8**

1. AIM stocks

Strategic Report: Investment Portfolio (continued)

30 September 2024 Position	Investments	Sector	Market value £'000	% of Portfolio
41	Severn Trent	Gas, Water and Multi-utilities	4,358	1.0
42	Johnson Service[1]	Industrial Support Services	4,345	1.0
43	Elementis	Chemicals	4,309	1.0
44	Vodafone	Telecommunications Service Providers	4,291	1.0
45	Workspace	Real Estate Investment Trusts	4,219	1.0
46	Prudential	Life Insurance	4,166	1.0
47	H&T Group[1]	Finance and Credit Services	4,140	1.0
48	Eleco[1]	Software and Computer Services	4,131	0.9
49	Springfield Properties[1]	Household Goods and Home Construction	4,028	0.9
50	Speedy Hire	Industrial Support Services	3,892	0.9
50 largest			**317,988**	**73.5**
51	Smith & Nephew	Medical Equipment and Services	3,762	0.9
52	FRP Advisory Group[1]	Industrial Support Services	3,737	0.9
53	Babcock	Aerospace and Defence	3,735	0.9
54	Johnson Matthey	Chemicals	3,726	0.9
55	Reach	Media	3,655	0.8
56	Chesnara	Life Insurance	3,461	0.8
57	Vertu Motors[1]	Retailers	3,311	0.8
58	Inchcape	Retailers	3,266	0.7
59	Somero Enterprises[1]	Industrial Engineering (USA)	3,226	0.7
60	Castings	Industrial Metals and Mining	3,176	0.7
60 largest			**353,043**	**81.6**
61	DCC	Industrial Support Services (Ireland)	3,156	0.7
62	Bellway	Household Goods and Home Construction	3,112	0.7
63	Beazley	Non-Life Insurance	3,044	0.7
64	Hammerson	Real Estate Investment Trusts	3,020	0.7
65	Shaftesbury Capital	Real Estate Investment Trusts	2,944	0.7
66	Sabre Insurance	Non-Life Insurance	2,794	0.7
67	Dowlais	Automobiles and Parts	2,769	0.6
68	Halfords	Retailers	2,726	0.6
69	Dunelm Group	Retailers	2,594	0.6
70	TT Electronics	Technology Hardware and Equipment	2,474	0.6
70 largest			**381,676**	**88.2**
71	Vanquis Banking Group	Finance and Credit Services	2,467	0.6
72	Midwich[1]	Industrial Support Services	2,400	0.6
73	Palace Capital	Real Estate Investment Trusts	2,258	0.5
74	Ricardo	Construction and Materials	2,187	0.5
75	IP Group	Investment Banking and Brokerage Services	2,183	0.5
76	TP ICAP Group	Investment Banking and Brokerage Services	2,124	0.5
77	Macfarlane	General Industrials	2,072	0.5
78	Smiths News	Industrial Support Services	2,016	0.5
79	Oxford Sciences Enterprises[2]	Pharmaceuticals and Biotechnology	1,960	0.4
80	Churchill China[1]	Household Goods and Home Construction	1,956	0.4
80 largest			**403,299**	**93.2**

1. AIM stocks
2. Unlisted investments

Strategic Report: Investment Portfolio (continued)

30 September 2024 Position	Investments	Sector	Market value £'000	% of Portfolio
81	Helical	Real Estate Investment and Services	1,908	0.4
82	Centrica	Gas, Water and Multi-utilities	1,806	0.4
83	RWS Holdings[1]	Industrial Support Services	1,780	0.4
84	Kier Group	Construction and Materials	1,749	0.4
85	Headlam	Household Goods and Home Construction	1,736	0.4
86	Strix[1]	Electronic and Electrical Equipment	1,705	0.4
87	XPS Pensions Group	Investment Banking and Brokerage Services	1,445	0.4
88	Next 15[1]	Media	1,359	0.3
89	Videndum	Industrial Engineering	1,326	0.3
90	XP Power	Electronic and Electrical Equipment	1,269	0.3
90 largest			**419,382**	**96.9**
91	PZ Cussons	Personal Care, Drug and Grocery Stores	1,248	0.3
92	Carclo	General Industrials	1,226	0.3
93	DFS Furniture	Retailers	1,150	0.3
94	Flowtech Fluidpower[1]	Electronic and Electrical Equipment	1,028	0.2
95	Ilika[1]	Electronic and Electrical Equipment	1,023	0.2
96	Airea[1]	Household Goods and Home Construction	990	0.2
97	Card Factory	Retailers	876	0.2
98	Ultimate Products	Household Goods and Home Construction	846	0.2
99	Severfield	Construction and Materials	748	0.2
100	Watkin Jones[1]	Household Goods and Home Construction	635	0.2
100 largest			**429,152**	**99.2**
101	I3 Energy[1]	Oil and Gas	548	0.1
102	Wynnstay[1]	Food Producers	528	0.1
103	River & Mercantile	Closed End Investments	435	0.1
104	Paypoint	Industrial Support Services	392	0.1
105	Jadestone Energy[1]	Oil and Gas	389	0.1
106	Quanex Building Products	Construction and Materials (USA)	325	0.1
107	Faron Pharmaceuticals[1]	Pharmaceuticals and Biotechnology (Finland)	224	0.1
108	Wadworth – Ordinary shares[2]	Travel and Leisure	182	0.1
109	Harbour Energy	Oil and Gas	166	–
110	Wadworth – Preference shares[2]	Travel and Leisure	126	–
110 largest			**432,467**	**100.0**
111	SIMEC Atlantis Energy[1]	Alternative Energy	101	–
112	Indus Gas[1]	Oil and Gas	39	–
113	Chamberlin[3]	Industrial Metals and Mining	9	–
114	Mercantile Ports & Logistics[1]	Industrial Transportation	1	–
115	Infrastructure India[2]	Closed End Investments	–	–
116	ACHP[3]	Non-Life Insurance	–	–
117	Esken[3]	Industrial Transportation	–	–
118	Interserve[3]	Industrial Support Services	–	–
119	Studio Retail[3]	Retailers	–	–
Total investments			**432,617**	**100.0**

1. AIM stocks
2. Unlisted investments
3. In administration

Environmental, Social and Governance Matters

Our Approach to Environmental, Social and Governance Matters

The Board believes that integrating environmental, social and governance (ESG) factors into the investment decision making and ownership practices is an important element in delivering the Company's investment objective. ESG considerations are a fully integrated component of the investment processes employed by the Fund Managers and the wider investment teams at Janus Henderson.

Defining ESG

- **Environmental** factors include climate change, energy efficiency, resource depletion and water and waste management.
- **Social** factors include employee and community relations, diversity, quality of life, enhancements in knowledge and advances in supportive technology.
- **Governance** factors include risks such as bribery and corruption, board diversity, executive pay, accounting standards and shareholder rights, and corporate behaviour.

Investment Considerations

Business longevity is at the core of the investment strategy of the Company which includes considerations on ESG issues. As with managing a business's operational and financial risks, those companies with good processes for managing ESG risk factors outperform. While no sector is specifically excluded from investment on ESG grounds, the Fund Managers seek to understand how a company is managing ESG risks through its policies and processes and where its investments are targeted to evolve its business models to remain viable over the longer term.

The analysis of ESG factors is integrated into the stock selection and monitoring process. As with understanding a company's fundamentals and financial health, the evaluation of ESG risks and opportunities is also integral to determine the value of a business.

Janus Henderson seeks to understand how investee companies are managing ESG risks, including climate change, through their policies and processes and where their investments are targeted to evolve their business models to remain resilient over the long term. Janus Henderson engages actively with companies and their management teams and uses a variety of sources to help identify and monitor material ESG risks, including research from their fund managers and analysts, input from the Janus Henderson Governance and Responsible Investment team ('GRI team') and third-party data providers.

These issues are important not only as a standalone objective in order to allocate the capital of the Company to the companies with the most responsible practices, but are also an integral part of the investment process.

The Fund Managers' core principles can be broken down into three main areas:

1. identifying investment opportunities
2. identifying material risks
3. active engagement and upholding strong governance standards.

JHI produces product-level Task Force on Climate-Related Financial Disclosures ('TCFD') reports. These reports include an overview of the climate-related governance, strategy, risk management, and metrics and targets of JHI and its portfolios. Product-level metrics include absolute carbon emissions, carbon footprint, weighted average carbon intensity, implied temperature rise and climate scenario analysis (Climate Value at Risk). JHI's TCFD Report specific to the Company is available at www.lowlandinvestment.com, ESG Disclosure, for further details on how these are applied.

Stewardship and Company Engagement

Stewardship is an integral and natural part of Janus Henderson's long-term, active approach to investment management. Strong ownership practices, such as management engagement and proxy voting, can help protect and enhance long-term shareholder value. Janus Henderson entities support a number of stewardship codes and broader initiatives around the world including being a founder signatory of the UN Principles for Responsible Investment. The intensive research of the portfolio managers and analysts involves conducting on an annual basis thousands of interviews with senior executives and chairmen of companies throughout the world. These teams naturally develop long-term relationships with the management of firms in which they invest. Should concerns arise over a firm's practices or performance, they seek to leverage these constructive relationships by engaging with company management or expressing their views through voting on management or shareholder proposals. Escalation of the engagement activities depends upon a company's individual circumstances.

Recent Examples of Engagement

Marks & Spencer Group

We engaged with senior management to discuss progress on supply chain management and specifically on human rights issues. This was a follow-up meeting to a call we had in November 2022 to check on progress in increasing monitoring of tier 2 suppliers. M&S provided excellent detail on progress made and showed a strong level of pro-active monitoring of suppliers across both clothing and food.

International Distribution Services

Following news of the takeover approach we engaged with the Chairman several times to fully understand the implications of the deal and any concerns among the relevant parties (for example the views of the regulator, the government and the trade union). We also worked with the Chair (alongside the

Environmental, Social and Governance Matters
(continued)

CEO) to better understand what reform to the universal service obligation could look like, which in turn helped us to better understand what the appropriate valuation of the UK business was within the scope of any takeover offer.

IP Group
We have met several times to discuss strategy. We encouraged them to abandon their dividend policy and said if they really wanted to return money to shareholders it would be better to buy back shares instead. The reason for this is that the shares trade on a 40% discount to NAV. This may seem strange given Lowland offers its own shareholders a steady income, but it is important not to be dogmatic and treat every case individually. They are not an appropriate vehicle from which to get regular dividends.

Voting
The Board believes that voting at general meetings is an important aspect of corporate stewardship and a means of signalling shareholder views on board policy, practices and performance. The Board has chosen to delegate responsibility to Janus Henderson for voting the rights attached to the shares held in the Company's equity portfolio and the Manager actively votes at shareholder meetings and engages with companies as part of the voting process.

Voting decisions are taken in keeping with the provisions of the Manager's ESG Investment Principles. These can be found on the Manager's website at **www.janushenderson.com**.

Corporate governance regimes vary significantly as a function of factors such as the relevant legal system, extent of shareholder rights and level of dispersed ownership. The voting and engagement activities vary according to the market and pay close attention to local market codes of best practice.

However, there are certain core principles that are universal:

- disclosure and transparency;
- board responsibilities;
- shareholder rights; and
- audit and internal controls.

A key element of the Board's approach to proxy voting is to support these principles and to foster the long-term interests of the Company's shareholders.

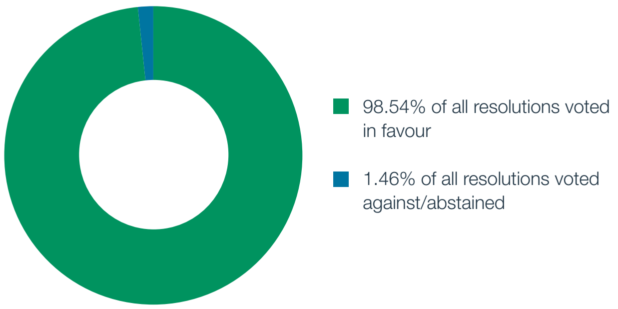
In order to retain oversight of the process, the Board receives an annual report on how the Manager has voted the shares held in the Company's equity portfolio and reviews, at least annually, the Manager's ESG Corporate Statement and ESG Investment Principles.

In the period under review, investee companies held 130 general meetings. The shares held in the Company's equity portfolio were voted in respect of 100% of these meetings.

The level of governance in leading global companies is generally of a high standard in terms of best practice which has meant that support in favour of the resolutions proposed by management was warranted. However, out of the 130 meetings held there were 14 where the Manager voted against or abstained from at least one resolution, following discussion between the Fund Managers and the GRI Team. On occasion, the Manager takes voting decisions after consultation with the Chairman on behalf of the Board.

In terms of the resolutions not supported, these related to executive remuneration policies, concerns over board independence, the structure of takeover or reconstruction terms, and transparency over audit appointments.

Voting record



The Environment
As an investment company, the Company's own direct environmental impact is minimal. The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. For the same reasons, the Company considers itself to be a low energy user under the Streamlined Energy & Carbon Reporting ('SECR') regulations and therefore is not required to disclose energy and carbon information.

Janus Henderson as Manager recognises the importance of managing its operational activities in a sustainable way and minimising any adverse impact on the environment. In 2021, JHI reached its three-year target to reduce its carbon footprint by 15% per full-time employee ('FTE') from 2018 levels. In 2022, using guidance from the Science-Based Target Initiative, JHI set ambitious new five-year reduction targets versus a 2019 baseline and per full-time employee:

- reduction target of 29.4% in Scope 1 (fuel) and Scope 2 (electricity) emissions;
- reduction target of 17.5% in Scope 3 (business travel, freight, paper, water, waste) emissions; and
- reduction target of 17.5% on water and waste consumption by FTEs.

Environmental, Social and Governance Matters
(continued)

In addition to this, JHI has maintained a CarbonNetural® certification since 2007 and offsets all its operational Scope 1, Scope 2 and Scope 3 operational emissions each year. Through this process, JHI has invested in a variety of offset projects around the world, delivering financial support to essential renewable energy, forestry and resource conservation projects that support reductions in greenhouse gas emissions. All projects JHI supports have been classified as 'additional' by an independent third party, meaning they would not happen without the sale of carbon credits.

JHI discloses its carbon emissions annually through regulatory and voluntary reporting frameworks, including SECR and the Carbon Disclosure Project ('CDP'), as well as in its **2023 Responsibility Report**, which provide more information.

Business Ethics

As the Company's operations are delegated to third-party service providers, the Board seeks assurances, at least annually, from its service providers that they comply with the provisions of the UK Modern Slavery Act 2015 and maintain adequate safeguards in keeping with the provisions of the Bribery Act 2010 and Criminal Finances Act 2017.

Strategic Report: Business Model

Purpose, Values and Culture

The Company's purpose is to deliver growth in income and capital for shareholders by investing in equities. We do this by following a disciplined process for investment and by controlling costs and using borrowings to enhance returns.

The Board aspires to follow high standards of governance, with a culture based on openness, mutual respect, integrity, constructive challenge and trust. The Board seeks always to act in the best interests of shareholders, making the most effective use possible of the diversity of skills and experience of its members. This culture of openness and constructive challenge extends to the Board's interaction with the Manager, being the Company's most important service provider. The Board expects the Manager and all of the Company's other service providers to hold values which align with the high standards promoted by the Board.

Our Strategy

We fulfil our purpose by operating as an investment company, enabling us to delegate operational matters to specialised third-party service providers. Their performance is monitored and challenged by a Board of Directors which retains oversight of the Company's operations.

The framework of delegation provides a cost-effective mechanism for delivering operations whilst allowing the Company to take advantage of the capital gains tax treatment afforded to investment trusts which are approved under section 1158/9 of the Corporation Tax Act 2010 as amended ('s.1158/9'). The closed-end nature of the Company enables the Fund Managers to take a longer term view of investments and supports a fully invested portfolio as the Company has no redemptions to meet. A significant advantage over other investment fund structures is the ability to use leverage to increase returns for shareholders.

The Board is comprised entirely of non-executive Directors accountable to shareholders, who have the ability to remove a Director from office where they deem it to be in the interests of the Company.

The Company's Status

The Company is registered as a public limited company, founded in 1960, and is an investment company as defined in Section 833 of the Companies Act 2006 ('the Act'). The Company is not a close company. It operates as an investment trust in accordance with s.1158/9 and has obtained approval from HMRC for its status. The Directors are of the opinion that the Company has conducted its affairs in compliance with s.1158/9 since approval was granted and intends to continue to do so.

The Company has a listing in the closed-ended investment funds category of the FCA's UK Listing Rules and trades on the main market of the London Stock Exchange. The Company must comply with the UK Listing, Prospectus and Disclosure Guidance and Transparency Rules of the FCA. The Company is a member of the Association of Investment Companies ('AIC').

The Company, and the Board, is governed by its Articles of Association, amendments to which must be approved by shareholders by way of special resolution.

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 quarterly 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 20% 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.

Promoting the Company's Success

Section 172 statement

The Directors' overarching duty is to promote the success of the Company for the benefit of investors, with consideration of stakeholders' interests, as set out in Section 172 of the Act. The Board regards a well governed business as essential for the successful delivery of its investment proposition.

Shareholders' assets are managed taking account of our stakeholders and their interests. The Board maintains a map of the Company's key stakeholders which supports it in understanding and fostering an appropriate level of interaction with them.

The Company has no employees, premises, assets other than financial assets or operations. The Board engages reputable third-party suppliers with established track records to deliver day-to-day operations. The most important of these is

Strategic Report: Business Model (continued)

the Manager, in particular the Fund Managers, who are responsible for the management of the Company's assets in line with the investment objective, the Corporate Secretary, the Head of Investment Trusts and the Financial Reporting Senior Manager for Investment Trusts. The Board maintains a close working relationship with the Manager and holds it to account for the smooth running of the Company's day-to-day business. There is continuous engagement and dialogue between Board meetings, with communication channels remaining open and information, ideas and advice flowing freely between the Board and the Manager.

The Board retains responsibility for decisions over corporate strategy, corporate governance, risk and internal control assessment, determining the overall limits and restrictions for the portfolio and in respect of gearing and asset allocation, investment performance monitoring and setting marketing budgets.

The Fund Managers promote the Company with the support of the Manager's dedicated investment trust sales team and the Board makes additional spend available to support marketing activities aimed at raising the profile of the Company among retail investors in the UK.

The Manager co-ordinates the delivery of services from the Company's third-party suppliers. The Board is confident that Janus Henderson has developed and maintains good working relationships with all of the Company's third-party suppliers. To ensure the chosen service providers continue to deliver the expected level of service, the Board receives regular reports from them, evaluates the control environments in place at each service provider and formally assesses their appointment annually. By doing so, the Board seeks to ensure that the key service providers continue to be appropriately remunerated to deliver the level of service that it demands of them.

The Directors carry out their duties under Section 172 of the Act to act in good faith to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to the likely consequences of any decisions in the long term, the need to foster the Company's business relationships with suppliers, customers and others, the impact of the Company's operations on the community and the environment and the desirability of the Company maintaining a reputation for high standards of business conduct.

The Directors are responsive to the views of shareholders and the Company's wider stakeholders. Shareholders may contact the Board via the Corporate Secretary (please refer to page 30 for contact details).

For more information about the responsibilities with which the Board and its Committees are charged, please refer to the Corporate Governance Statement (pages 42 to 48), the Audit Committee Report (pages 49 to 51), the Directors' Remuneration Report (pages 39 to 41) and the Report of the Directors (pages 36 to 37) in addition to the Strategic Report. The Schedule of Matters Reserved for the Board as well as the Terms of Reference for each of the Committees of the Board can be found on the Company's website.

Engagement with Stakeholders

The Company's main stakeholders are its shareholders and investors, the Manager and other third-party service providers and the companies in which it invests. Wider stakeholders include the Company's lenders and regulatory and legislative bodies. Interaction is facilitated through meetings (both face-to-face and via video conferencing and other electronic means), seminars, presentations, publications and the Company's website.

Example stakeholder considerations during the year.

The Board is always mindful of the need to act in the best interests of stakeholders as a whole and to have regard to other applicable s172 factors and this forms part of the Board's decision-making process. The following key decisions taken by the Board during the year ended 30 September 2024 are examples of this.

- Buying back the Company's shares: the Board continually monitors the discount to NAV at which the Company's shares trade, and considers whether share buy-backs should be undertaken. After careful discussions when deemed necessary, the Board decided not to undertake buy-backs during the year.
- Monitoring portfolio income and consideration of dividend policy: the Board is conscious that dividend income is important to shareholders, and has monitored carefully the level of portfolio income versus proposed dividends. This prudent approach has allowed the Company to increase the dividend to shareholders for every year since 2009, and to have at least maintained the dividend since the Company's inception.

Set out below are more general ways in which the Board and the Company interacts with its stakeholders and a list of the principal stakeholders.

Strategic Report: Business Model (continued)

Stakeholder	Engagement	Outcome
Shareholders and investors	The Board communicates with shareholders through the annual and half year reports, fact sheets, press releases, website and videos recorded by the Fund Managers. The Board meets with shareholders at the Annual General Meeting, which will be live-streamed and shareholders are therefore able to join the Meeting online if they cannot attend in person. The Annual General Meeting includes a Fund Manager presentation and Q&A session. The Chairman and Directors make themselves available to meet with the Company's shareholders. The Fund Managers, the Manager's sales and marketing team, the broker and external marketing research providers (Edison) also meet with shareholders and analysts.	Shareholders are able to make informed decisions about their investments. Correspondence from shareholders is shared with the Chairman immediately and with the Board at each meeting. The Board looks forward to meeting with shareholders at the Annual General Meeting each year. The presentation from the Fund Managers will also be available to watch on the Company website after the Annual General Meeting.
Manager	The Fund Managers attend Board meetings. The Board receives timely and accurate information from the Manager at meetings and engages with the Fund Managers and Corporate Secretary between meetings as well as with other representatives as and when it is deemed necessary. In addition to reporting at each meeting, the Board meets with key representatives of the Manager throughout the year to develop strategy and assess internal controls and risk management, e.g. sales and marketing activities, to promote the success of the Company and raise its profile. The Board also meets without the Manager present to ensure it retains its independence.	The Board places great value on the expertise and experience of the Fund Managers to execute the investment objective and deliver returns for shareholders, and on the Manager's internal controls and risk management.
Service providers	As an investment company, all services are outsourced to third-party service providers. The Board considers the Company's key service providers to be the Manager, Broker, Depositary, Registrar, Auditor and Administrator. The Board regularly considers the support provided by the service providers, including quality of service, succession planning and any potential interruption of service or other risks to provision. The Board is conscious of the need to foster good business relationships with its suppliers as well as its shareholders and others.	The Manager maintains the overall day-to-day relationship with the service providers and reports back to the Board on performance at least annually. The Board meets service suppliers as and when considered necessary or desirable.
Investee companies	The Board sets the investment objective and discusses stock selection and asset allocation with the Fund Managers regularly. On behalf of the Company, the Manager engages with the investee companies, exercising good stewardship practices, including a focus on ESG matters with an approach agreed with the Board.	The Manager has a dedicated Governance and Responsible Investment Team that the Fund Managers can use when making investment decisions and voting. Please also see the section 'Our approach to Environmental, Social and Governance Issues' on pages 21 to 23.
Lenders	The Company employs gearing to enhance returns to shareholders. The Company confirms compliance with the covenants of its long- and short-term gearing facilities on a monthly basis. The Board makes all material decisions in relation to this and is kept informed at Board meetings.	The Company maintains a good relationship with its lenders and is able to raise financing to operate effectively as an investment trust.

Strategic Report: Business Model (continued)

Stakeholder	Engagement	Outcome
Auditors	The Auditor attends at least one Audit Committee meeting each year. The Board considers a letter of engagement for the Auditor and subject to considering the Auditor's performance, asks shareholders at each AGM to appoint/re-appoint the Auditor depending on where it is in the audit tender cycle.	Shareholders, potential investors and the wider stakeholders who place reliance on the Company's audited Annual Report and financial statements have the assurance that the audit has been carried out by an appropriate auditor and that the Board have reviewed the audit findings.
The Association of Investment Companies ('AIC')	The Company is a member of the AIC which is an organisation that looks after the interests of investment trusts.	The Board chooses to report under the AIC Code of Corporate Governance as this better reflects the unique aspects of an investment trust in the context of good corporate governance.
Regulatory and legislative bodies	The Company is listed on the London Stock Exchange. The Board mandates compliance with relevant law and regulation and the Company Secretary supports the Board in effective management of all legal and compliance requirements including those of the FCA, HMRC and the UK government. The Board also considers necessary regulatory and compliance issues in making its decisions.	Compliance with law and regulation maintains the Company's licence to operate and helps to retain its reputation for high standards of business conduct.
Communities and the environment	The Board mandates the Manager, supported by its governance function, to engage with investee companies at the appropriate time on ESG matters in line with good stewardship practices, including a focus on ESG matters with an approach agreed with the Board. The Board is also conscious of the importance of providing an investment product which meets the needs of its investors, including retail investors.	An investment approach that meets the needs of investors provides a service valuable to the communities in which the Company operates. The Board is also conscious of the need to take appropriate account of broader ESG concerns and to act as a good corporate citizen.

Management

The Company qualifies as an Alternative Investment Fund ('AIF') in accordance with the Alternative Investment Fund Managers Directive ('AIFMD').

The Company has appointed Janus Henderson Fund Management UK Limited ('JHFM') to act as its Alternative Investment Fund Manager ('AIFM') in accordance with an agreement which was effective from 22 July 2014 and is terminable on six months' notice (or less, in which case compensation would be payable to the Manager). The Manager can terminate the agreement on twelve months' notice. JHFM delegates investment management services to Janus Henderson Investors UK Limited. Both entities are authorised and regulated by the FCA. References to Janus Henderson and the Manager within this report refer to the services provided by both entities.

The fund management team is James Henderson and Laura Foll. James has been Manager since 1990 and Laura has been co-Manager since 2016.

Janus Henderson and its subsidiaries provide accounting, company secretarial and general administrative services. Some of the administration and accounting services are carried out, on behalf of Janus Henderson, by BNP Paribas SA. Helena Harvey ACG acts as Company Secretary on behalf of the Corporate Secretary, Janus Henderson Secretarial Services UK Limited.

Management Fee Arrangements

The management fee is calculated on a tiered basis at the rate of 0.5% per annum of the first £325m of the average net chargeable assets with the balance above that charged at a reduced rate of 0.4% per annum for the financial year under review. Management fees are charged 50% to revenue and 50% to capital.

Net chargeable assets are defined as total assets less current liabilities and without limitation any borrowings at fair value, less the value of any investment in Janus Henderson Group plc and the value of any investment in any funds managed by Janus Henderson.

Strategic Report: Biographies

Back row, left to right, Tom Walker, Laura Foll, Duncan Budge, Gay Coley, Mark Lam.
Front row, Helena Vinnicombe, James Henderson.

All Directors are non-executive and considered independent of Janus Henderson and are members of the Audit (except the Chairman), Nominations, Management Engagement and Insider Committees.

Directors

Robert Robertson

Position: Chairman of the Board and of the Nominations and Management Engagement Committees (Chairman 24 January 2017)

Date of appointment: 1 May 2011

Skills and experience: Robert was previously chairman of West China Cement Limited, a director of BlackRock Smaller Companies Trust plc, Buro Happold Engineers Limited, Metallon Corporation plc and Mondi Europe and chief executive of Tarmac Group Limited and Anglo American's Industrial Minerals division. His early career was in finance, working in London, Paris, Johannesburg, New York and Rio de Janeiro. He brings over forty years' involvement in companies of all sizes, many sectors and geographies, and in executive and non-executive capacities as well as investment experience.

Robert has been Chairman of the Board since 2017. He has a deep knowledge of the Company and many years of leadership experience both within and outside the Company. He uses his commercial experience to bring a pragmatic and objective view to Board discussions.

Current External Appointments: Robert is a director of a number of private companies.

Duncan Budge

Position: Director

Date of appointment: 14 July 2014

Skills and Experience: Duncan has extensive experience within the investment trust sector. He was formerly a director and Chief Operating Officer of RIT Capital Partners plc, and a director of J. Rothschild Capital Management Limited (RIT's management company). Prior to this he spent six years at Lazard Brothers & Co. Limited.

Duncan brings extensive experience in the investment trust sector which adds strength and technical depth to Board discussions and allows him to challenge the Fund Managers on their investment decisions and views.

Current External Appointments: Duncan is Chairman of Dunedin Enterprise Investment Trust PLC and Artemis Alpha Trust plc. He is a non-executive director of Biopharma Credit plc and Asset Value Investors Ltd.

Strategic Report: Biographies (continued)

(Susan) Gaynor Coley

Position: Director and Chairman of the Audit Committee (Audit Chairman 24 January 2017)

Date of appointment: 1 November 2016

Skills and Experience: Gaynor was previously the Chairman of The Wave Group Ltd, Director of Public Programmes at the Royal Botanic Gardens Kew, Managing Director of the Eden Project in Cornwall, and Director of Finance at Plymouth University. A qualified chartered accountant, she has over 30 years of experience in private and public sector finance and governance.

Her broad commercial and finance experience allows her to consider the investment and financial performance of the Company with a broader perspective and she also brings a strong focus on marketing, particularly digital channels.

Current External Appointments: Gaynor is a non-executive director of Foresight Enterprise VCT plc and a partner in Coley Hill Consultancy.

Mark Lam

Position: Director

Appointed: 1 January 2024

Skills and Experience: Mark is a FTSE 250 chair and board director, with commercial experience across a range of market sectors, including digital, telecommunications, media, and gaming. He was Chief Technology and Information Officer of Openreach, responsible for the architecture of the UK's fibre network, and previously held senior executive positions at a number of major technology firms.

Current External Appointments: Mark is currently Chairman of Games Workshop Group plc and of Royal Free London, one of Europe's largest hospital chains.

Helena Vinnicombe

Position: Director

Appointed: 1 May 2021

Skills and Experience: Helena was formerly a senior partner at Smith & Williamson Investment Management, where she latterly chaired the Asset Allocation Committee as well as being a member of the Investment Strategy Group and Investment Process Committee.

Helena brings extensive experience of asset management, client relationships and sales, strategy and risk management, as well as strategic and operational experience in asset allocation, investment research and client management.

Current External Appointments: Helena is a director of The Lindsell Train Investment Trust plc, a Trustee for Child Health Research CIO and Nesta and a member of the Advisory Committee for the M&G Charibond, Charifund and Charity Multi Asset Fund. She also acts as an independent consultant to charities with Portfolio Review Services.

Thomas Walker

Position: Director

Date of appointment: 1 July 2019

Skills and Experience: Tom is a qualified chartered accountant and has broad international experience of managing funds, including investment trusts. He was formerly a Fund Manager with Martin Currie Investment Management, where latterly he headed up the global long-term unconstrained team and was also the manager of the global investment trust, Martin Currie Global Portfolio Trust plc.

His detailed knowledge of investment trusts brings scrutiny to the technical aspects of the management of the Company, as well as the ability to challenge the Fund Managers' views and decisions.

Current External Appointments: Tom is a non-executive director of JPMorgan Japanese Investment Trust plc.

Fund Managers

James Henderson

James Henderson is Director of UK Investment Trusts and a Fund Manager at Janus Henderson Investors, a position he has held as part of the Janus Henderson team since 2003. He joined Janus Henderson in 1983 as a trainee fund manager and, during his tenure with the firm, has been successfully managing a number of investment trusts, and Lowland since 1990. Prior to joining Janus Henderson he was an accountant trainee at Binder Hamlyn. James graduated with an MA (Hons) in economics from Cambridge University and has over 40 years of financial industry experience.

Laura Foll

Laura Foll is a Fund Manager at Janus Henderson Investors, a position she has held as part of the Janus Henderson team since 2014. Laura joined Janus Henderson in 2009 as part of the graduate scheme. She was subsequently named a global analyst on the value and income team and later an assistant fund manager for the global equity income team. Laura graduated from the London School of Economics with an honours degree in economic history with economics. She holds the Chartered Financial Analyst designation and has 15 years of financial industry experience.

Strategic Report: Corporate Information

Registered Office

201 Bishopsgate
London EC2M 3AE

Service Providers

Alternative Investment Fund Manager

Janus Henderson Fund Management UK Limited
201 Bishopsgate
London EC2M 3AE

Corporate Secretary

Janus Henderson Secretarial Services UK Limited
201 Bishopsgate
London EC2M 3AE
Telephone: 020 7818 1818
Email: **ITSecretariat@janushenderson.com**

Depositary and Custodian

HSBC Bank plc
8 Canada Square
London E14 5HQ

Stockbrokers

J.P. Morgan Cazenove
25 Bank Street
Canary Wharf
London E14 5JP

Registrar

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
Telephone: 0370 707 1057

Independent Auditor

Ernst & Young LLP
25 Churchill Place
London E14 5EY

Financial Calendar

Annual results	announced December 2024
Ex dividend date	24 December 2024
Dividend record date	27 December 2024
Annual General Meeting	28 January 2025
Final dividend payable on	31 January 2025
Half year results	announced May/June 2025

Information Sources

For more information about Lowland Investment Company plc, visit the website at **www.lowlandinvestment.com**.

To sign up for expert insights about investment trusts, updates from our fund managers as well as AGMs and Trust TV episodes please visit this page: **https://www.janushenderson.com/en-gb/investor/subscriptions**

Follow Janus Henderson Investment Trusts on LinkedIn

For alternative access to Janus Henderson's insight you can now follow on LinkedIn.

Investing

Shares can be purchased in the market via a stockbroker or through share dealing platforms. They can also be held through share plans, ISAs or pensions and links to various providers are included on the website.

Potential investors are reminded that the value of investments and the income from them may go down as well as up and investors may not receive back the full amount invested. Tax benefits may vary as a result of statutory changes and their value will depend on individual circumstances.

Nominee Share Code

Where notification has been provided in advance, the Company will arrange for copies of shareholder communications to be provided to the operators of nominee accounts. Nominee investors may attend General Meetings and speak at them when invited to do so by the Chairman.

Strategic Report: Corporate Information (continued)

Managing Risks

The Board, with the assistance of the Manager, has carried out a robust assessment of the principal risks and uncertainties, including emerging risks, facing the Company including those that would threaten its business model, future performance, solvency, liquidity and reputation. The Board regularly considers the principal risks facing the Company and has drawn up a matrix of risks. The Board has put in place a schedule of investment limits and restrictions, appropriate to the Company's investment objective and policy, in order to mitigate these risks as far as practicable. The principal risks which have been identified and the steps taken by the Board to mitigate these are set out in the table below. The principal financial risks are detailed in note 14 to the financial statements.

At the half year stage, the Board completed a thorough review of the principal risks and uncertainties facing the Company. It was not considered necessary to make changes to the principal risks and uncertainties as a result of this review.

Principal risks	Mitigating measure
Market, geopolitical, macroeconomic or environmental conditions cause a material fall in market value The wars in Ukraine and Israel and changes in the international political landscape have heightened tensions across the world, and significantly increased volatility in equity markets. Macroeconomic conditions in the UK, including political uncertainty and rising inflation have led to increased volatility in the UK equity market.	The Fund Managers maintain close oversight of the Company's portfolio, and in particular its gearing levels, and the performance of investee companies. Regular stress testing of the revenue account under different scenarios for dividends is carried out. The Board monitors volatility, and holds a regular dialogue with the Fund Managers to understand the impact on the Company's portfolio.
Global pandemic The potential impact of further global health crises on the Company's investments and its direct and indirect effects, including the effect on the global economy.	The Fund Managers maintain close oversight of the Company's portfolio, and in particular its gearing levels, and the performance of investee companies. Regular stress testing of the revenue account under different scenarios for dividends is carried out. The Board monitors the operations of the Company and its service providers to ensure that they continue to be appropriate, effective and properly resourced.
Investment activity and strategy risk An inappropriate investment strategy, failure to take account of climate risk impacts on the portfolio, or poor execution, for example, in terms of asset allocation or level of gearing, may result in underperformance against the Company's benchmark index and the companies in its peer group, and also in the Company's shares trading on a wider discount to the net asset value per share.	The Board manages these risks by ensuring a diversification of investments and a regular review of the extent of borrowings. Janus Henderson operates in accordance with investment limits and restrictions and policy determined by the Board, which includes limits on the extent to which borrowings may be employed. The Board reviews the investment limits and restrictions on a regular basis and the Manager confirms adherence to them every month. Janus Henderson provides the Board with management information, including performance data and reports and shareholder analyses. The Board monitors the implementation and results of the investment process with the Fund Managers at each Board meeting and monitors risk factors including ESG factors in relation to climate risk, in respect of the portfolio. Investment strategy is reviewed at each meeting.
Portfolio and market price Although the Company invests almost entirely in securities that are listed on recognised markets, share prices may move rapidly. The companies in which investments are made may operate unsuccessfully, or fail entirely. A fall in the market value of the Company's portfolio would have an adverse effect on equity shareholders' funds.	The Board reviews the portfolio at the five Board meetings held each year and receives regular reports from the Company's brokers. A detailed liquidity report is considered on a regular basis. The Fund Managers closely monitor the portfolio between meetings and mitigate this risk through diversification of investments. The Fund Managers periodically present the Company's investment strategy in respect of current market conditions. Performance relative to the FTSE All-Share Index, and other UK equity income trusts is also monitored.

Strategic Report: Corporate Information (continued)

Principal risks	Mitigating measure
Dividend income A reduction in dividend income could adversely affect the Company's dividend record.	The Board reviews income forecasts at each meeting. The Company has revenue reserves of £9.6 million (before payment of the third interim and final dividend) and distributable capital reserves of £292.1 million.
Financial risk The financial risks faced by the Company include market price risk, interest rate risk, liquidity risk, currency risk and credit and counterparty risk.	The Company minimises the risk of a counterparty failing to deliver securities or cash by dealing through organisations that have undergone rigorous due diligence by Janus Henderson. The Company holds its liquid funds almost entirely in interest bearing bank accounts in the UK or on short-term deposit. This, together with a diversified portfolio which comprises mainly investments in large and medium-sized listed companies mitigates the Company's exposure to liquidity risk. Currency risk is mitigated by the low exposure to overseas stocks. Please also see note 14 to the accounts.
Gearing risk In the event of a significant or prolonged fall in equity markets gearing would exacerbate the effect of the falling market on the Company's NAV per share and, consequently, its share price.	At the point of drawing down debt, gearing will not exceed 20% of the portfolio valuation. The Company minimises the risk by the regular monitoring of the levels of the Company's borrowings in accordance with the agreed limits. The Company confirms adherence to the covenants of the loan facilities on a monthly basis.
Tax and regulatory Changes in the tax and regulatory environment could adversely affect the Company's financial performance, including the return on equity. A breach of s.1158/9 could lead to a loss of investment trust status, resulting in capital gains realised within the portfolio being subject to corporation tax. A breach of the UK Listing Rules could result in suspension of the Company's shares, while a breach of the Companies Act 2006 could lead to criminal proceedings, or financial or reputational damage.	The Manager provides its services, inter alia, through suitably qualified professionals and the Board receives internal control reports produced by the Manager on a quarterly basis, which confirm legal and regulatory compliance. The Fund Managers also consider tax and regulatory change in their monitoring of the Company's underlying investments.
Operational Disruption to, or failure of, the Manager's or its administrator's (BNP Paribas) accounting, dealing or payment systems or the Depositary's records could prevent the accurate reporting and monitoring of the Company's financial position. Cyber crime could lead to loss of confidential data. The Company is also exposed to the operational risk that one or more of its suppliers may not provide the required level of service.	The Board monitors the services provided by the Manager and its other suppliers and receives reports on the key elements in place to provide effective internal control. Cyber security is closely monitored and the Audit Committee receives an annual presentation from Janus Henderson's Head of Information Security. Details of how the Board monitors the services provided by Janus Henderson and its other suppliers and the key elements designed to provide effective internal control are explained further in the Internal Controls section of the Corporate Governance Statement on page 43.

Emerging risks

In addition to the principal risks facing the Company, the Board also regularly considers potential emerging risks, which are defined as potential trends, sudden events or changing risks which are characterised by a high degree of uncertainty in terms of the probability of them happening and the possible effects on the Company. Should an emerging risk become sufficiently clear, it may be moved to a principal risk.

Viability Statement

The Company is a long-term investor; the Board believes it is appropriate to assess the Company's viability over a five-year period in recognition of our long-term horizon and what we believe to be investors' horizons, taking account of the Company's current position and the potential impact of the principal and emerging risks and uncertainties as documented above in this Strategic Report.

Strategic Report: Corporate Information (continued)

The assessment has considered the impact of the likelihood of the principal and emerging risks and uncertainties facing the Company, in particular investment strategy and performance against benchmark, whether from asset allocation or the level of gearing, and market risk, including climate risk, in severe but plausible scenarios, and the effectiveness of any mitigating controls in place.

The Board has reviewed three additional model scenarios which evaluate the impact on the revenue forecast and reserves. These range from a worst case scenario which includes a 10% reduction in income and net assets, through to a scenario where there is no income growth and no reduction in income or net assets. Increasing dividends to shareholders could continue under all three scenarios, although the Company would need to use its capital reserves in some cases. None of the results of the scenarios used would therefore threaten the viability of the Company.

The Board has taken into account the liquidity of the portfolio and the gearing in place when considering the viability of the Company over the next five years and its ability to meet liabilities as they fall due. This included consideration of the duration of the Company's loan facilities and how a breach of the loan facility covenants could impact on the Company's liquidity, net asset value and share price.

The Board does not expect there to be any significant change in the current principal risks and adequacy of the mitigating controls in place. Also the Directors do not envisage any change in strategy or objectives or any events that would prevent the Company from continuing to operate over that period as the Company's assets are liquid, its commitments are limited and the Company intends to continue to operate as an investment trust. Only a substantial financial crisis affecting the global economy could have an impact on this assessment.

In coming to this conclusion, the Directors have considered the ongoing impact of the wars in Ukraine and Israel and changes in the international political landscape in particular the impact on income and the Company's ability to meet its investment objective. The Board does not believe that these will have a long-term impact on the viability of the Company and its ability to continue in operation, notwithstanding the short-term uncertainty it has caused in the markets.

Based on this assessment, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next five-year period. The Directors have also concluded that the Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of these financial statements being 31 December 2025, and it is therefore appropriate to prepare these financial statements on a going concern basis.

Key Performance Indicators

In order to measure the success of the Company in meeting its objectives and to evaluate the performance of Janus Henderson, the Directors take into account the following key performance indicators:

Performance Measured against the Benchmark

The Board reviews and compares, at each meeting, the performance of the portfolio as well as the net asset value and share price for the Company and its benchmark, which is the FTSE All-Share Index Total Return.

Discount/Premium to Net Asset Value

At each Board meeting, the Board monitors the level of the Company's discount/premium to NAV and reviews the average discount/premium for the Company's relevant Association of Investment Companies ('AIC') sector (UK Equity Income).

The Board does not believe that a formal discount control mechanism is in the interests of shareholders. It would negate some of the benefits of a closed-end fund. It might force the Company to purchase its own shares at a time when it does not have spare cash; when it may be inopportune to realise investments; or when there are good buying opportunities in the market. Furthermore it could shrink the size of the Company, reducing the audience of potential investors, increase the ongoing charge ratio, and reduce liquidity in the Company's shares. The Board may agree to purchase Lowland shares opportunistically if it believes that the benefits in terms of NAV enhancement are sufficient.

The Board believes that the best way of reducing or eliminating the discount is to provide superior returns to shareholders, and to elucidate the attractions of investment in Lowland to as large and diverse an audience as possible.

The Board is prepared to issue shares at a premium, provided the transaction will enhance NAV; and provided that a premium has prevailed for sufficient time for current shareholders to have had the opportunity to sell shares at a premium. The Board would see the advantages as including NAV enhancement, reducing the bid/offer spread (the difference in price between which investors can buy and sell shares), reducing the ongoing charge ratio, growing the Company, and increasing liquidity in its shares. The Board believes that each of these five factors will be in the interests of Lowland's shareholders.

The Company publishes a NAV per share figure on a daily basis, through the official newswire of the London Stock Exchange. This figure is calculated in accordance with the AIC formula and includes current financial year revenue items.

Strategic Report: Corporate Information (continued)

Performance against the Company's Peer Group

The Company is included in the AIC UK Equity Income sector. In addition to comparison against the stated benchmark, the Board also considers the performance against its AIC peer group and against other metrics, such as blended indices, which more accurately reflect the composition of the Company's portfolio at each Board meeting.

Ongoing Charge

The Ongoing Charge is a measure of the recurring expenses incurred by the Company expressed as a percentage of the average shareholders' funds over the year calculated in accordance with AIC guidance. The Board regularly reviews the Ongoing Charge and monitors all Company expenses.

The charts and tables on pages 2 and 3 show how the Company has performed and the Chairman's Statement and Fund Managers' Report give more information on performance.

Borrowings

For the year ended 30 September 2024, the Company had a committed loan facility of up to £40m with BNP Paribas, London Branch, which allowed it to borrow as and when appropriate. The Company also had a conditional option to increase the facility by £20m. This facility, which bore interest based on the compounded risk-free rate, is due to expire on 27 October 2025.

The maximum amount drawn down in the year under review was £29.4m (2023: £28.1m), with borrowing costs for the year totalling £1,272,000 (2023: £1,098,000). £19.2m (2023: £17.8m) of the facility was in use at the year end.

The Company has in issue £30m fixed rate 20 year senior unsecured loan notes at a fixed sterling coupon rate of 3.15%.

Gearing at 30 September 2024 was 11.0% (2023: 12.3%) of net asset value.

Future Developments

The future performance of the Company is dependent on international financial markets which are subject to various external factors, including political and economic conditions. It is the Board's intention that the Company will continue to pursue its stated investment objective and policy. The Chairman's Statement and the Fund Managers' Report provide commentary on the outlook of the Company.

Board Diversity and Experience

The Company's affairs are overseen by a Board comprised of six non-executive Directors – two females and four males. The UK Listing Rules of the FCA now require companies to report on whether they have met certain targets on board diversity, which is included later in this report on page 47. The Directors are diverse in their experience, bringing knowledge of investment markets, banking and accounting and auditing expertise to discussions regarding the Company's business. The Directors regularly consider the leadership needs and specific skills required to achieve the Company's investment objective, and are cognisant of diversity when making appointments to the Board. The Board welcomes the recommendations from the Hampton-Alexander Review on gender diversity on boards and the Parker Review about ethnic representation. The Board complies with the recommendations of both, and considers all relevant recommendations when making new appointments. The Company has no employees and therefore has no further disclosures to make in respect of gender representation within the Company.

Approval

The Strategic Report has been approved by the Board.

Robert Robertson
Chairman
4 December 2024

Corporate Report

Report of the Directors

The Directors present their report and the audited financial statements of the Company for the year ended 30 September 2024.

Lowland Investment Company plc ('the Company') (registered in England & Wales with company registration number 670489) was active throughout the year under review and was not dormant.

Results and Dividends

The results for the year are set out in the financial statements. Three interim dividends of 1.600p each, totalling 4.800p per share, have been declared and/or paid in respect of the year to 30 September 2024. See note 10 on page 68 for more information. A final dividend of 1.625p per share is being proposed for consideration by shareholders at the forthcoming AGM.

Directors' Remuneration and Shareholdings

The Directors' Remuneration Report on pages 39 to 41 provides information on the remuneration and interests of the Directors.

Directors' Conflicts of Interest

The Company's Articles of Association permit the Board to consider, and, if it sees fit, to authorise situations where a Director has an interest that conflicts, or may possibly conflict, with the interests of the Company ('situational conflicts'). The Board has a formal system in place for Directors to declare situational conflicts to be considered for authorisation by those Directors who have no interest in the matter being considered. In deciding whether to authorise a situational conflict, the non-conflicted Directors must act honestly and in good faith with a view to the best interests of the Company and they may impose limits or conditions when giving the authorisation, or subsequently, if they think this is appropriate. Any situational conflicts considered, and any authorisations given, are recorded in the relevant meetings' minutes. The prescribed procedures have been followed in deciding whether, and on what terms, to authorise situational conflicts and the Board believes that the systems it has in place for reporting and considering situational conflicts continue to operate effectively.

Share Capital

The Company's share capital comprises ordinary shares with a nominal value of 2.5p each. The voting rights of the shares on a poll are one vote for every share held. There are no restrictions on the transfer of the Company's ordinary shares or voting rights, no shares which carry specific rights with regard to the control of the Company and no agreement which the Company is party to that affects its control following a takeover bid. To the extent that they exist, the revenue profits of the Company (including accumulated revenue reserves and realised capital gains) are available for distribution by way of dividends to the holders of the ordinary shares. Upon a winding-up, after meeting the liabilities of the Company, the surplus assets would be distributed to the shareholders pro rata to their holding of ordinary shares. As at 30 September 2024, there were 270,185,650 ordinary shares in issue (2023: 270,185,650). No shares were issued during the year or in the period up to the date of this report. At the AGM held in January 2024 the Directors were granted authority to buy-back 40,500,820 shares. At 30 September 2024 no shares had been bought back from this authority. The Directors have remaining authority to purchase 40,500,820 shares. This authority will expire at the conclusion of the 2025 AGM.

The Company will seek authority from its shareholders at the 2025 AGM to renew the authorisation to allot new shares, to dis-apply pre-emption rights and to buy-back shares for cancellation or to be held in Treasury. The main circumstances in which the Board may choose to exercise these authorities are set out in the section on Discount/Premium to Net Asset Value on page 33 (see the Notice of Meeting (included at the end of this Annual Report)) for more information.

Reappointment of Auditor

Ernst & Young LLP act as the Company's Auditor. Resolutions to reappoint Ernst & Young LLP as Auditor and to authorise the Audit Committee to determine the Auditor's remuneration will be put to the AGM.

Holdings in the Company's Shares

As at 30 September 2024, the Company has been notified that Saba Capital Management L.P. has an interest in 5.1% of the Company's issued share capital. There are no other declarations of interest as at 30 September 2024 in accordance with the Disclosure, Guidance and Transparency Rules.

No changes have been notified in the period 1 October 2024 to 3 December 2024.

Fund Managers' Interests

James Henderson, Fund Manager, has a beneficial interest in 924,900 ordinary shares of the Company (2023: 924,900). Laura Foll, Fund Manager, has a beneficial interest in 181,506 ordinary shares of the Company (2023: 114,406).

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. The fees and expenses paid to Directors are set out on page 41. There were no outstanding amounts payable at the year 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

Report of the Directors (continued)

services, there have been no material transactions with Janus Henderson affecting the financial position of the Company during the year under review. More details on transactions with Janus Henderson, including amounts outstanding at the year end, are given in note 20 on page 76.

Annual General Meeting ('AGM')

The AGM will be held on Tuesday 28 January 2025 at 12.30 p.m. The Notice of Meeting and details of the resolutions to be put at the AGM are set out on pages 85 to 86 of this report.

The meeting will be held at the offices of Janus Henderson at 201 Bishopsgate, London EC2M 3AE. It will also be broadcast live on the internet. If you are unable to attend in person, you can watch the meeting by visiting **www.janushenderson.com/lwi-agm**.

Corporate Governance

The Corporate Governance Statement set out on pages 42 to 48 forms part of the Report of the Directors.

Other Information

Information on future developments and financial risks are detailed in the Strategic Report and notes to the accounts.

Directors' Statement as to Disclosure of Information to the Auditor

Each of the Directors who were members of the Board at the date of approval of this report confirms that to the best of his or her knowledge and belief, there is no information relevant to the preparation of the Annual Report of which the Company's Auditor is unaware and he or she has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's Auditor is aware of that information.

UK Listing Rule 6.6.4

UK Listing Rule 6.6.4 requires the Company to include certain information in a single identifiable section of the Annual Report or a cross reference table indicating where the information is set out. The Directors confirm that there are no disclosures to be made in this regard.

Approval

The Directors' Report has been approved by the Board.

Janus Henderson Secretarial Services UK Limited
Corporate Secretary
4 December 2024

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice comprising FRS 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' (United Kingdom Accounting Standards) and applicable law. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the net return or loss of the Company for that year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors consider that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Directors' Responsibility Statement

Each of the Directors, who are listed on pages 28 and 29, confirms that, to the best of his/her knowledge:

- the Company's financial statements, which have been prepared in accordance with UK Accounting Standards and applicable law give a true and fair view of the assets, liabilities, financial position and return of the Company; and
- the Strategic Report, Report of the Directors and financial statements include a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

On behalf of the Board

Robert Robertson
Chairman
4 December 2024

The financial statements are published on the Company's website, www.lowlandinvestment.com.

The maintenance and integrity of the website is the responsibility of the Manager. The work carried out by the Auditor does not involve consideration of these matters and, accordingly, the Auditor accepts no responsibility for any changes that may have occurred to the Annual Report since it was initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' Remuneration Report

Remuneration Policy

The Remuneration Policy sets out the principles applied in the remuneration of the Company's Directors. An ordinary resolution to approve the Remuneration Policy was last put to shareholders at the AGM on 25 January 2023 and will next be put to them at the AGM in 2026. The Remuneration Policy has been reviewed to ensure that it meets the requirements of The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019. It is also available on the website: **www.lowlandinvestment.com**.

The Board's approach is that fees payable to the Directors should:

- reflect the time spent by them on the Company's affairs;
- reflect the responsibilities borne by them as Directors;
- be sufficient to promote the long-term success of the Company; and
- not exceed the aggregate limit of £250,000 per annum as established by the Articles of Association.

Directors are remunerated in the form of fees which are payable quarterly in arrears.

No Director is eligible to receive bonuses, pension benefits, share options or other benefits and no long-term incentive schemes are in place.

The Directors may be reimbursed for all reasonable and properly documented expenses incurred in the performance of their duties. The level of remuneration paid to each Director is reviewed annually, although such review will not necessarily result in a change to the rate.

All Directors, including any new appointments to the Board, are paid at the same rate. The Chairman of the Board and Chairman of the Audit Committee are paid a higher fee in recognition of their additional responsibilities.

The Remuneration Policy has been in place since 22 January 2014 and will remain in place unless it is amended by way of an ordinary resolution put to shareholders at a general meeting. The Remuneration Policy, irrespective of any changes, should be put to shareholders at intervals of not more than three years. The Board may amend the levels of remuneration paid to individual Directors within the parameters of the Remuneration Policy.

Shareholders' Views

Any feedback from shareholders on the fees paid to Directors would be taken into account by the Board when reviewing remuneration levels. None was received for the year under review.

Letters of Appointment

All Directors are non-executive and are appointed under a letter of appointment, which is an engagement for services and not a contract for employment. The appointment may be terminated at any time by written notice with no compensation payable. The Company has no executive directors or employees.

Annual Report on Remuneration

The Directors' Remuneration Report (the 'Report') is prepared in accordance with Schedule 8 of The Large and Medium-sized Companies and Group (Accounts and Reports) Regulations 2008 as amended in August 2013 (the 'Regulations').

A resolution to approve this Report will be put to shareholders at the AGM to be held on Tuesday 28 January 2025.

Statement from the Chairman

As the Company has no employees and the Board is comprised entirely of non-executive Directors, the Board has not established a separate Remuneration Committee. Directors' remuneration is determined by the Board as a whole, at its discretion, with an aggregate ceiling of £250,000 per annum.

Directors' fees for the year under review were £44,100 for the Chairman, £34,650 for the Chairman of the Audit Committee and £28,875 for the remaining Directors.

The last fee increase took effect from 1 October 2023. During 2024, the Board carried out a review of Directors' remuneration which included a comparative peer assessment of Directors' fees together with external data. The Board reviewed the assessment and decided to increase the fees payable. Neither the Chairman nor the Audit Committee Chairman took any part in the discussion of their own remuneration. As a result, Directors fees are as follows from 1 October 2024: Chairman; £45,000 (2.0% increase): Audit Committee Chairman; £35,500 (2.5% increase): Directors; £29,500 (2.2% increase). No changes have been made to the way in which the policy will be implemented in the next financial year.

Directors' Interests in Shares (audited)

The interests of the Directors in the ordinary shares of the Company at the beginning and end of the financial year under review are set out in the table below.

	Ordinary shares of 2.5p	
	30 September 2024	1 October 2023
Beneficial:		
Robert Robertson	**642,250**	592,250
Duncan Budge	**97,790**	97,790
Gaynor Coley	**10,450**	10,450
Mark Lam	**10,000**	n/a
Helena Vinnicombe	**10,000**	10,000
Thomas Walker	**80,000**	40,000
Non Beneficial:		
Robert Robertson	**120,000**	120,000

There have been no changes to any of the Directors' holdings in the period 1 October 2024 to the date of this report.

In accordance with the Company's Articles of Association no Director is required to hold any shares of the Company by way of qualification.

Directors' Remuneration Report (continued)

Relative importance of Spend on Pay

Annual percentage change in Directors' remuneration

The table below sets out the annual percentage change in fees for each Director who served during the year ended 30 September 2024:

Director	Year ended 30 September 2024 %	Year ended 30 September 2023 %	Year ended 30 September 2022 %	Year ended 30 September 2021 %	Year ended 30 September 2020 %
Robert Robertson	**5.0**	5.0	2.6	0.0	1.3
Duncan Budge	**5.0**	4.8	2.9	0.0	2.0
Gaynor Coley	**5.0**	4.8	3.3	0.0	1.7
Mark Lam[1]	**n/a**	n/a	n/a	n/a	n/a
Helena Vinnicombe[2]	**5.0**	4.8	2.9	n/a	n/a
Thomas Walker	**5.0**	4.8	2.9	0.0	2.0

1. Appointed 1 January 2024
2. Appointed 1 May 2021

Comparative percentages reflect changes to the salary which would have been payable for a full year

Expenditure by the Company on remuneration and distributions to shareholders

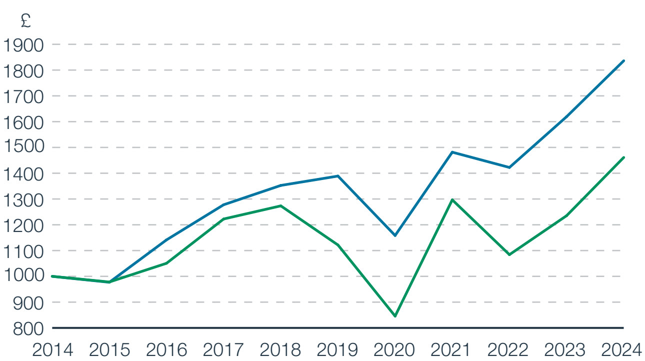
The table below compares the total level of remuneration paid to Directors to the distributions made to shareholders in each year.

	Year ended 30 September 2024 £	Year ended 30 September 2023 £	Change £	Change %
Total remuneration paid to Directors[1]	**187,031**	157,500	29,531	18.8
Distributions to shareholders:				
– Ordinary dividends	**17,291,881**	16,481,325	810,556	4.9
– Buyback of ordinary shares	**–**	–	–	–

1. Increases/(decreases) will fluctuate due to the number of Directors in any one year

Performance

The graph below compares the mid-market price of the Company's ordinary shares over the ten-year period ended 30 September 2024 with the return from the FTSE All-Share Index Total Return over the same period.



Source: Morningstar, Factset

Lowland Investment Company plc share price total return, assuming the investment of £1000 on 30 September 2014 and the reinvestment of all dividends (excluding dealing expenses)

FTSE All-Share Index Total Return, assuming the notional investment of £1000 on 30 September 2014 and the reinvestment of all income (excluding dealing expenses)

Directors' Remuneration Report (continued)

Directors' Fees and Expenses (audited)

The remuneration paid to the Directors who served during the years ended 30 September 2024 and 30 September 2023 was as follows:

	Year ended 30 September 2024 Total salary and fees £	Year ended 30 September 2023 Total salary and fees £	Year ended 30 September 2024 Taxable benefits £	Year ended 30 September 2023 Taxable benefits £	Year ended 30 September 2024 Total £	Year ended 30 September 2023 Total £
Robert Robertson[1]	44,100	42,000	–	–	44,100	42,000
Gaynor Coley[2]	34,650	33,000	3,205	1,326	37,855	34,326
Duncan Budge	28,875	27,500	–	–	28,875	27,500
Thomas Walker	28,875	27,500	523	1,646	29,398	29,146
Helena Vinnicombe	28,875	27,500	–	286	28,875	27,786
Mark Lam[3]	21,656	–	–	–	21,656	–
Total	**187,031**	**157,500**	**3,728**	**3,258**	**190,759**	**160,758**

Notes:
The table above omits other columns set out in the relevant regulations because no payments of other types such as performance related pay, vesting performance–related pay and pension–related benefits were made
1. Chairman and highest–paid Director 2. Chairman of the Audit Committee 3. Appointed 1 January 2024

HMRC view certain expenses incurred by Directors (primarily travel to/from Board meetings) as a taxable benefit. Directors' expenses in relation to travel to/from Board meetings are reimbursed as a 'grossed up' amount to compensate the affected Directors for the additional tax cost.

The fees paid to the Directors during the year were: Chairman £44,100, Audit Committee Chairman £34,650 and Directors £28,875.

No other remuneration or compensation was paid or payable by the Company during the year to any of the current or former Directors or third parties specified by any of them.

Statement of Voting at AGM

A binding ordinary resolution adopting the Directors' Remuneration Policy was approved at the AGM held on 25 January 2023. The votes cast by proxy were as follows:

	% of votes cast
For	99.15
Against	0.48
Discretionary	0.37
Votes withheld	281,318

A non-binding ordinary resolution adopting the Directors' Remuneration Report for the year ended 30 September 2023 was approved by shareholders at the AGM held on 24 January 2024. The votes cast by proxy were as follows:

	% of votes cast
For	99.29
Against	0.42
Discretionary	0.29
Votes withheld	548,269

The percentage of votes in the tables above excludes votes withheld.

On behalf of the Board

Robert Robertson
Chairman
4 December 2024

Corporate Governance Statement

The Corporate Governance Statement forms part of the Report of the Directors.

Applicable Corporate Governance Codes

The Company is required by the UK Listing Rules and the Disclosure Guidance and Transparency Rules issued by the FCA to disclose how it has applied the principles and complied with the provisions of the corporate governance code to which it, as an issuer is subject. The UK Corporate Governance Code (the 'UK Code') issued by the Financial Reporting Council ('FRC') in July 2018 is applicable, along with the related Code of Corporate Governance issued by the AIC (the 'AIC Code') in February 2019 (together the 'Governance Codes').

The AIC Code addresses all of the applicable principles set out in the UK Code, as well as principles and recommendations which are of specific relevance to investment trust companies. The FRC has confirmed that by following the AIC Code, the boards of investment companies will meet their obligations in relation to the UK Code and the disclosure requirements of the Disclosure Guidance and Transparency Rules.

Copies of the AIC Code and the UK Code can be found on the respective organisations' websites: **www.theaic.co.uk** and **www.frc.org.uk**.

Statement of Compliance

The Board has considered the principles and recommendations of the Governance Codes and believe the Company has complied with the applicable provisions throughout the period under review and up to the date of this report except as set out below.

The UK Code includes provisions relating to the role of the chief executive, executive directors' remuneration and the need for an internal audit function. For the reasons explained in the AIC Code, the Board considers these provisions are not relevant to the Company as it is an externally managed investment trust company. The Company has no executive directors, employees or internal operations and has therefore not reported further in these respects.

All the Directors are non-executive, and as there is a Chairman and a Chairman of the Audit Committee amongst them, the appointment of a Senior Independent Director is considered to be superfluous but the need for such an appointment is reviewed every year.

The Board

As at the date of this report, the Board comprises six non-executive Directors. During the year, there were six non-executive Directors, one of whom was appointed on 1 January 2024, and the rest of whom were in office throughout the period under review. Biographical details for each Director are set out on pages 28 and 29.

Responsibilities of the Board

Board leadership and purpose

The Board is collectively responsible for the success of the Company. Its role is to provide leadership within a framework of prudent and effective controls that enable risk to be assessed and managed. The Board is responsible for setting the Company's standards and values and for ensuring that its obligations to its shareholders and others are understood and met. The Board sets the Company's strategic aims, subject to the Company's articles of association, and to such approval by shareholders in general meeting as may be required from time to time, and ensures that the necessary resources are in place to enable the Company's objectives to be met. Information relating to the Company's purpose, values and culture can be found on page 24.

The Chairman, Robert Robertson, is responsible for leading the Board and ensuring that it addresses all aspects of its role, promoting a culture of openness, challenge and robust debate. Robert leads the Board's relationship and engagement with the Manager, shareholders and other stakeholders.

The Board meets formally at least five times a year, with additional Board or committee meetings arranged when required. The Directors have regular contact with the Fund Managers and other employees of the Manager in connection with the delivery of company secretarial, sales and marketing and other administrative services.

The Board has a formal schedule of matters specifically reserved for its decision, which includes setting strategy and providing oversight of performance against agreed measures. It approves any changes to the structure and capital arrangements for the Company, has oversight of financial reporting and assesses the effectiveness of the internal control framework. The Board approves communications with shareholders, the appointments of new Directors, oversees corporate governance matters and is responsible for determining the remuneration of Directors.

Each meeting follows an agenda agreed with the Chairman and includes a review of the Company's investment performance, financial position, compliance with the investment parameters, reporting from the Depositary, a review of shareholder movements along with any sales or marketing activities undertaken and any other relevant business matters in order to ensure that control is maintained over the Company's affairs.

The Board has delegated contractually to external third-party service providers the management of the investment portfolio, the custodial services (which encompasses the safeguarding of the Company's assets by the Depositary and, separately, the Custodian), the day-to-day accounting, company secretarial, administration and registration services.

Corporate Governance Statement (continued)

Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of the services offered, including the control systems in operation in so far as they relate to the affairs of the Company. The Board, and its committees, maintain oversight of the third-party service providers through regular and ad hoc reporting addressing any specific areas which the Board has requested.

The Manager ensures that the Directors receive all relevant management, regulatory and financial information. Employees of the Manager attend each Board meeting enabling the Directors to probe further on matters of concern. The Chairman is able to attend meetings of all the chairmen of the investment trust companies managed by Janus Henderson which provides a forum to discuss industry matters. The Directors have access to the advice and services of the Company Secretary through its designated representative who is responsible for ensuring that Board and committee procedures are followed and that the applicable rules and regulations are complied with. The proceedings of all Board and committee meetings are minuted, with any particular concerns raised by the Directors appropriately recorded. The Board and the Manager operate in a supportive, co-operative and open environment.

The Company has a procedure for Directors to take independent professional advice in the furtherance of their duties at the expense of the Company. In order to enable them to discharge their responsibilities, all Directors have full and timely access to relevant information.

Internal Controls

The Board has overall responsibility for the Company's system of internal control and for reviewing its effectiveness as set out on the chart on the following page. The Board has established an ongoing process for identifying, evaluating and managing the principal risks faced by the Company.

The process accords with the FRC's guidance on Risk Management, Internal Control and Related Business and Financial Reporting published in September 2014. The system was in operation throughout the year and up to the date of this report. The system is designed to meet the specific risks faced by the Company and takes account of the nature of the Company's reliance on its service providers and their internal controls. The system therefore manages rather than eliminates the risk of failure to achieve the Company's business objectives and provides reasonable, but not absolute assurance against material misstatement or loss.

The key components of the internal control framework include:

- Clearly defined investment criteria, specifying levels of authority and exposure limits. The Board reviews reports on investment performance against and compliance with the criteria at each meeting.
- Regular financial reporting which allows the Board to assess the Company's financial position. The management accounts and forecasts are reviewed by the Board at each meeting.
- Contractual agreements with the Manager and all other third party service providers. The Board reviews performance levels and adherence to relevant provisions in the agreements on a regular basis through reports it receives and conducts a formal evaluation of the overall level of service provided at least annually.
- The review of controls at the Manager and other third party service providers. The Board receives quarterly reporting from the Manager and Depositary, and reviews annual assurance reports on the effectiveness of the control environments at the Company's key service providers.
- Review of additional reporting provided by:
  - The Manager's Risk team on the control environment in operation at the Manager and their view of the control environments in place at the third party service providers used by the Company.
  - The Manager's Internal Audit team on areas of operation which are relevant to the Company.

The Audit Committee met with representatives of the Manager's risk team to discuss internal controls and risk management. The discussion included a detailed overview of the Manager's internal controls report and went on to provide a summary of the HSBC Bank, BNP Paribas and Computershare Investor Services (the Company's other main third-party service providers) internal controls reports that had also been reviewed by the Manager's risk team. The assurance report for one of the Company's service providers was qualified by the respective service auditor. The Audit Committee reviewed the instances giving rise to the qualification and received confirmation that appropriate action to address the issues identified in the report was being taken. The exceptions identified had no impact on the Company.

The Board has reviewed the effectiveness of the Company's system of internal controls for the year ended 30 September 2024. During the course of its review the Board has not identified or been advised of any failings or weaknesses that have been determined as significant.

In addition the Audit Committee has considered the cyber-attack safeguards its third party service providers have in place.

Internal Audit Function

Systems are in operation to safeguard the Company's assets and shareholders' investments, to maintain proper accounting records and to ensure that financial information used within the business, or published, is reliable. The Company's management functions are delegated to third parties and the Board monitors the controls in place with support from the Manager's internal audit department. As such the Board has determined that there is currently no need for the Company to have its own internal audit function.

Corporate Governance Statement (continued)

System of Internal Controls

How the system of internal control operates

The Board delegates contractually to third-party service providers for all of the Company's operational requirements. It maintains oversight of these providers throughout the year by receiving regular reporting on their activities. All are considered key stakeholders.

The Company's principal third-party service providers are the Manager (Janus Henderson); the Depositary/Custodian (HSBC Bank plc) and the accountants (BNP Paribas).

In respect of its principal providers, the Board receives quarterly reporting on compliance with the control environment and assesses the effectiveness of the control environment through review of the annual assurance reports from each organisation. This reporting is supplemented by the view of the Manager's Risk Team regarding the control environments in operation at the providers.

The Company's secondary service providers report regularly to the Board. A failing in their services is deemed to have a minimal impact on the Company's value and therefore less stringent reporting is required.

The Management Engagement Committee formally evaluates the performance and service delivery of all third-party service providers at least annually.

The Audit Committee evaluates the performance of the Auditors on completion of each audit cycle.

Board of Directors
(comprised entirely of non-executive Directors)

Ernst & Young LLP
(Independent Auditors)

Principal third-party service providers

- receive regular reporting at meetings;
- review the annual assurance report produced by each organisation;
- receive additional reporting on the control environment from the Manager's Risk Team;
- receive reporting from the Manager's Internal Audit Team on areas relevant to investment trusts; and
- formally evaluate performance on an annual basis.

Janus Henderson
(Investment management, company secretarial, sales, marketing, PR and administration)

Reporting
- Investment performance update (at each meeting)
- Compliance with investment limits and restrictions (monthly)
- Internal controls report (quarterly)
- Effectiveness of control environment (annually)

HSBC
(Depositary & Custodian)

Reporting
- Depositary report (quarterly)
- Presentation from the Depositary and Custodian (annually)
- Effectiveness of control environment (annually)

BNP Paribas
(Administration and Accounting services (engaged by the Manager))

Reporting
- Balance sheet
- Liquidity and gearing
- Revenue forecasts
- Portfolio valuation
- Portfolio transactions
- Effectiveness of control environment (annually)

Secondary third-party service providers

- receive regular reporting on their activities at meetings; and
- formally evaluate performance on an annual basis.

Computershare
(Registrar)

J. P. Morgan Cazenove
(Corporate Broker)

Corporate Governance Statement (continued)

Directors

Appointment, Retirement and Tenure

The Board may appoint Directors and any Director so appointed will stand for election by shareholders at the next annual general meeting following appointment, in accordance with the Articles of Association and the AIC Code. Each Director receives a letter of appointment that sets out, amongst other matters, what is expected of them in terms of time commitment.

In keeping with the provisions of the AIC Code, the Board has adopted a policy for all Directors to retire and stand for re-election annually at each annual general meeting.

Under the Articles of Association, shareholders may remove a Director before the end of his or her term by passing an ordinary resolution at a general meeting.

The Board is anxious to ensure that each Director has sufficient time to devote to his or her duties, whether in normal times or in times of crisis. To this end, each Director, actual or prospective, is required to provide to the Nominations Committee an account of time commitments to all his or her professional activities. This procedure is repeated if a Director seeks the Chairman's approval to take up an additional post.

With regard to tenure, the Board has a succession plan, which is reviewed each year to ensure it remains appropriate, and which intends that one Director be replaced on average every three years. The Board believes that a combination of directors with longer and shorter periods of service is of benefit to shareholders, since this brings the benefit of, on the one hand, experience of past vicissitudes and, on the other, fresh thought. It should also facilitate a pool of internal candidates from which the Chair may be chosen, which is the current intention. The AIC Code, which has been adopted by the Board, and with which is it compliant, permits a tenure longer than nine years, where the Chairman was independent on appointment, and has not held any position or relationship which would compromise his or her independence. These conditions apply to Mr Robertson, who will retire as Chairman at the AGM in 2025. Mrs Vinnicombe will succeed him as Chair.

Independence

The independence of the Directors is determined with reference to the AIC Code and is reviewed by the Nominations Committee at least annually. The Committee considers each of the Directors' other appointments and commitments, as well as their tenure of service and any connections they may have with the Manager. Following conclusion of the evaluation in September 2024, the Committee concluded that all Directors continued to be independent in character and judgement.

The Chairman and one other Director who served throughout the year have served longer than nine years as a Director. Their independence was considered as part of the Board evaluation. Following an extensive review of their respective contributions, time commitments and conduct, (the review of the Chairman was conducted by the Audit Chair separately from the Board evaluation), both were deemed independent.

There were no contracts subsisting during or at the end of the year in which a Director of the Company is or was materially interested and which is or was significant in relation to the Company's business. No Director has a contract of service with the Company and there are no agreements between the Company and its Directors concerning compensation for loss of office.

Induction and Ongoing Training

Newly appointed Directors are offered a bespoke induction programme which covers the legal and regulatory framework for investment trust companies and the operations of the Manager, including the compliance and risk management frameworks, accounting, sales and marketing, and other administrative services carried out by the Manager.

Directors are regularly provided with information on the Company's policies, regulatory and statutory requirements affecting the Company, as well as changes to the Directors' responsibilities as they arise.

Directors are encouraged to attend external training and industry seminars, and may do so at the expense of the Company.

Directors' Insurance and Indemnification

Directors' and officers' liability insurance cover is in place which indemnifies the Directors against certain liabilities arising from the carrying out of their duties. The Company's Articles and the provisions of English law, permit a qualifying third party provision indemnity to be provided to Directors in respect of costs which they may incur relating to the defence of any proceedings brought against them arising out of their positions as Directors, in which they are acquitted or judgement is given in their favour by the Court. No indemnity was given during the year or up until the date of this report.

Meeting Attendance

The attendance of each Director at scheduled meetings is set out in the table below:

	Board	AC	MEC	NC
Number of meetings	5	2	1	1
Robert Robertson[1]	5/5	2/2	1/1	1/1
Duncan Budge	5/5	2/2	1/1	1/1
Gaynor Coley	5/5	2/2	1/1	1/1
Helena Vinnicombe	5/5	2/2	1/1	1/1
Mark Lam[2]	4/4	1/1	1/1	1/1
Thomas Walker	5/5	2/2	1/1	1/1

1. Mr Robertson is not a member of the Audit Committee but attends its meetings by invitation
2. Mr Lam appointed 1 January 2024

There were no ad hoc Board meetings during the year, and an additional Committee of the Board meeting to approve various items of business including the Company's half-year results. There were two ad hoc meetings of the Nominations Committee to recommend the appointment of Mr Lam to the Board, and to consider the Chair's succession.

Corporate Governance Statement (continued)

The Board's committees

The Board has three principal committees: the Audit Committee, the Management Engagement Committee and the Nominations Committee.

Board of Directors

Comprised of six independent non-executive Directors

Audit Committee

Chairman: Gaynor Coley

Purpose: Ensure the integrity of the financial reporting, evaluate the effectiveness of the systems of internal control and risk management and oversee the relationship with the external auditors

Management Engagement Committee

Chairman: Robert Robertson

Purpose: Ensure that the performance of third-party service providers meets expectations and their terms of engagement remain appropriate

Nominations Committee

Chairman: Robert Robertson

Purpose: Ensure the Board has a balance of skills, experience and diversity, has a formal approach to the appointment of Directors and maintains an effective framework for succession planning

Contractually engages third-party service providers to deliver the Company's operations, principal among them being the Manager

Janus Henderson Investors

Fund Managers: James Henderson, Laura Foll

Performance Evaluation

The Board conducted a review of its own performance, together with that of its committees and each individual Director. The evaluation was carried out through the use of a questionnaire. The outcome concluded that the Board continued to have an appropriate balance of skills and experience and that each Director continued to make a significant contribution to the affairs of the Company.

Ms Coley led the performance evaluation of the Chairman who was not present for the discussion, taking feedback from all Directors after completion of a questionnaire. The review of the Chairman's performance concluded that he had displayed effective leadership during the year and remained independent of the Manager.

Committees of the Board

The terms of reference for the Audit, Management Engagement and Nominations committees are available on the website **www.lowlandinvestment.com**.

The Board has also constituted an Insider Committee which meets when required to assist the Board in discharging its responsibilities under the Market Abuse Regulation.

Audit Committee

The Audit Committee is responsible for ensuring the integrity of the Company's financial reporting, evaluating the effectiveness of the systems of internal control and risk management and monitoring the effectiveness and objectivity of the external Auditor.

The Committee is chaired by a qualified chartered accountant and all of the independent non-executive Directors (with the exception of the Chairman) are members of the Committee. The Board is satisfied that at least one member has recent and relevant experience and the Committee as a whole has competence relevant to the sector in which the Company operates.

The Audit Committee Report can be found on pages 49 to 51.

Nominations Committee

The Nominations Committee is responsible for ensuring the Board retains an appropriate balance of skills, experience and diversity, has a formal, rigorous and transparent approach to the appointment of Directors and maintains an effective framework for succession planning. In all the Nominations Committee's activities, consideration is given to diversity.

Corporate Governance Statement (continued)

The Committee is chaired by the Chairman of the Board. All of the independent non-executive Directors are members of the Committee. In discharging its duties over the course of the year, the Committee considered:

- The composition of the Board and each of its committees, taking account of the skills, experience and knowledge of each Director and whether the diversity of these continued to contribute to the success of the Company;
- The questionnaires completed by each Director and made conclusions as to the outcomes of the Board performance evaluation with a view as to whether adjustments should be made to the number of Directors or knowledge and skills represented on the Board;
- The tenure of each of the Directors, giving consideration as to whether the Board retained a sufficient balance of length of service without becoming ossified;
- The independence of the Directors taking account of the guidelines established by the AIC Code and the Directors' other commitments; the time commitment of the Directors and whether this had been sufficient over the course of the year;
- Succession planning for appointments to the Board taking account of the provisions of the Articles of Association regarding the retirement and rotation of Directors and the tenure of the current Directors;
- The criteria for the appointment of a new Director, and evaluation of recruitment consultants to assist with the recruitment process, none of whom were connected to the Company;
- Recommendation of the successful candidate to the Board;
- The succession of the Chair, taking account of existing time commitment and experience for the role; and
- The performance and contribution of the Directors standing for re-election at the 2025 AGM.

Following completion of its reviews, the Committee concluded that no changes to the composition of the Board were required at present and that each Director continued to commit sufficient time to fulfilling their duties. Taking account of the performance of individual Directors, the Committee recommended to the Board that it should support the appointment and re-appointment of each of the Directors, who are retiring and standing for election or re-election at the forthcoming AGM.

The UK Listing Rules now require companies to report on whether they have met the following targets on board diversity: that at least 40% of the individuals on the board are women, at least one of the senior positions on the board is held by a woman and at least one member of the Board is from a minority ethnic background. As at 30 September 2024, the Company had met two of these requirements. Two out of the six Directors (33%) are women and one of the women holds a senior position, being the Audit Committee Chair. There is one Director from a minority ethnic background.

All three targets will be met following the AGM provided the relevant resolutions are passed. As described above, the Board's overriding aim in making any new appointments is to select the best candidate based on objective criteria and merit, which it did at the time the current Directors were selected. The Board actively seeks diversity in candidates for the Board, whether cognitive, gender or ethnicity, believing that such diversity adds strength and depth to Board discussion, and will continue to do so. Mark Lam was appointed as a Director on 1 January 2024. Other than that, there have been no changes to the Board or the roles of Directors since 30 September 2024.

The following tables set out the gender and ethnic diversity of the Board:

Gender diversity	Number of Board members	Percentage of the Board	Number of senior positions on the Board[1]
Men	4	67	1
Women	2	33	1
Ethnic diversity			
White British	5	83.3	n/a
Asian/Asian British	1	16.7	n/a

1. Senior positions include Chairman and Audit Committee Chair

Management Engagement Committee

The Management Engagement Committee is responsible for formally evaluating the overall performance of the Manager and other third-party service providers engaged by the Company. The Committee is chaired by the Chairman of the Board. All of the independent non-executive Directors are members of the Committee. In discharging its duties over the course of the year, the Committee considered:

- The investment performance of the Company, taking account of the benchmark and performance of competitors in the AIC UK Equity Income sector, the share price, level of discount and gearing;
- The quality and experience of the team involved in managing all aspects of the Company's business;
- The fee structures of its closed-end competitors and other, similar sized investment trust companies;
- The key clauses of the investment management agreement, how the Manager had fulfilled these and whether these continued to be appropriate; and
- The performance and fees of the Company's other third-party service providers, including the Broker, Depositary, Registrar and sales, marketing and research providers.

Following completion of its reviews, the Committee concluded that the continued appointment of the Manager remained in the best interests of the Company and the shareholders, and therefore recommended to the Board the re-appointment of Janus Henderson for a further year.

Corporate Governance Statement (continued)

Bribery Act 2010

The Company has no employees. The Board has reviewed the implications of the Bribery Act 2010 and confirmed its zero tolerance to bribery and corruption in its business activities. It receives assurances from the Company's main contractors and suppliers that they will maintain adequate safeguards to protect against any potentially illegal behaviour by their employees and agents.

Criminal Finances Act 2017

The Board has also considered the changes made by the Criminal Finances Act 2017, which came into effect in September 2018, which introduced a corporate criminal offence of failing to take reasonable steps to prevent the facilitation of tax evasion. The Company has received assurances from the Company's main contractors and suppliers that they maintain a zero tolerance policy towards the provision of illegal services, including the facilitation of tax evasion.

Relations with Shareholders

Shareholder relations are given high priority by the Board. The prime medium by which the Company communicates with its shareholders is through the Annual Report and half year results which aim to provide shareholders with a clear understanding of the Company's activities and financial position. This information is supplemented by the daily calculation and publication of the NAV per share and a monthly fact sheet which is available on the website. The Manager provides information on the Company and videos of the Fund Managers on the Company's website. Shareholders can use the QR code printed on the inside front cover of this report to sign up for these insights directly.

The Board encourages shareholders to attend and participate in the AGM. Shareholders have the opportunity to address questions to the Chairman of the Board, the Fund Managers and all Directors. A summary of the proxy votes received on the resolutions proposed is displayed at the meeting and each substantial issue is dealt with in a separate resolution. It is the intention of the Board that the Annual Report and Notice of Meeting are issued to shareholders so as to provide at least 20 working days' notice of the meeting. These documents are also available on the Company's website.

Shareholders wishing to lodge questions in advance of the meeting, or raise issues or concerns at any time are invited to do so by contacting the Chairman at the registered office or by email at ITSecretariat@janushenderson.com. General presentations to both shareholders and analysts follow the publication of the annual results. All meetings between the Fund Managers and shareholders are reported to the Board.

Report of the Audit Committee

The Audit Committee is responsible for ensuring the integrity of the Company's financial reporting, evaluating the effectiveness of the systems of internal control and risk management and monitoring the effectiveness and objectivity of the external Auditor.

Membership

The Chairman of the Committee is Gaynor Coley who is an experienced chartered accountant.

All of the independent non-executive Directors are members of the Committee with the exception of the Chairman of the Board. The Chairman of the Board attends the Committee meetings in the ordinary course of business.

Meetings

The Committee met twice during the year under review and invited the Auditor to attend as appropriate. The Fund Managers and the Manager's designated Financial Reporting Senior Manager for the Company also attend meetings. Other representatives of the Manager and BNP Paribas may also be invited to attend if deemed necessary by the Committee.

Roles and Responsibilities

The primary responsibilities of the Audit Committee are to ensure the integrity of the Company's financial reporting, including oversight of the preparation and audit of the annual financial statements; to monitor and review the effectiveness of the systems of internal control and risk management in place at the Manager and the Company's other third-party service providers; and to monitor the effectiveness and objectivity of the external Auditors and make recommendations to the Board regarding their appointment, re-appointment or removal.

The Audit Committee reports to the Board after each meeting and its responsibilities are set out in formal terms of reference which are reviewed at least annually.

In the year under review, the Committee considered the following matters:

Annual and half-year reports

- The appropriateness of the Company's accounting policies and the quality and effectiveness of the accounting records and management information maintained on behalf of the Company.
- The areas of judgement in the financial statements, including the valuation of the Company's unquoted investments.
- The disclosures made in the reports in relation to internal controls and risk management, viability, going concern and related parties and consideration of whether the report is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy in order to make recommendations to the Board.

Independent Auditors

- The nature, scope and cost of the external audit and reviewing the Auditors' findings in this respect.
- The appointment and evaluation of the independence, effectiveness and objectivity of the Auditors.

Internal controls and management of risk

- The principal risks facing the Company, including consideration of emerging risks, the risk management systems in place and the Company's risk map.
- Reports on the effectiveness of the internal controls in place at Janus Henderson and the Company's other principal third-party service providers.
- The need for the Company to have its own internal audit function.
- The whistleblowing arrangements in place at the Manager and other key service providers for their staff to raise concerns, in confidence, about possible improprieties, including in relation to the Company.
- The Manager's policies in relation to information security and business continuity, meeting with representatives of Janus Henderson's internal audit and risk departments periodically.
- The Company's anti-bribery policy, approach to tax evasion and the confirmations received from third-party service providers as to whether they have appropriate procedures in place in these respects.
- The annual confirmation from the Company's Depositary in respect of the safe-keeping of the Company's assets.

Appointment and Tenure of the Auditors

As a Public Interest Entity listed on the London Stock Exchange, the Company is required to put its audit out to tender after a period of 10 years and to actually change auditor every 20 years. Ernst & Young LLP ('EY') were appointed by the Board following a formal tender process which concluded in 2016.

This is the third year the current audit partner, Mike Gaylor, has been in place.

The Audit Committee remains satisfied with the effectiveness of the audit provided by EY. On the basis of the Auditor's performance the Audit Committee recommended their continuing appointment to the Board. The Auditor has indicated their willingness to continue in office. Accordingly, resolutions to confirm the re-appointment of EY as Auditor to the Company and to authorise the Audit Committee to determine their remuneration will be proposed at the AGM.

The Committee discusses the audit process with the Auditor without representatives of Janus Henderson present and considers the effectiveness of the audit process after each audit. This is the eighth year EY has audited the Company's Annual Report.

Report of the Audit Committee (continued)

Audit Fees

The fees payable to the Auditor for audit services were £55,000 (2023: £52,000) (exclusive of VAT). Further detail can be found in note 6 on page 66.

Policy on Non-Audit Services

The Committee reviewed the policy on the provision of non-audit services by the Auditor.

The Company's Auditor will only be considered for non-audit work where these are not prohibited by the regulations and where they do not appear to affect the independence and objectivity of the Auditor. Such services require approval in advance by the Audit Committee, or Audit Committee Chairman, following due consideration of the proposed services. No non-audit services were provided by the Auditor during the year (2023: none).

Audit Independence

The Committee monitors the Auditor's independence through three aspects of its work: the approval of a policy regulating the non-audit services that may be provided by the Auditor to the Company; assessing the appropriateness of the fees paid to the Auditor for all work undertaken by it; and by reviewing the information and assurances provided by the Auditor on its compliance with the relevant ethical standards. The Auditor provided no non-audit services during the year.

EY confirmed that all of its partners and staff involved with the audit were independent of any links to the Company, and that these individuals had complied with their ethics and independence policies and procedures, which are fully consistent with the FRC's Ethical Standards. Having considered the above-mentioned aspects, the performance and behaviour of the Auditor during the audit process and the assurances received from EY, the Committee is satisfied that auditor independence and objectivity are safeguarded. The current audit partner, Mike Gaylor, is expected to serve until 2026.

Audit for the Year Ended 30 September 2024

In relation to the Annual Report for the year ended 30 September 2024 the following significant issues were considered by the Committee:

Significant issue	How the issue was addressed
Valuation and ownership of the Company's investments	The Directors have appointed Janus Henderson, who outsource some of the administration and accounting services to BNP Paribas, to perform the valuation of the assets of the Company in accordance with its responsibilities under the AIFMD rules. As required under the AIFMD rules, Janus Henderson has adopted a written valuation policy, which may be modified from time to time. Actively traded investments are valued using stock exchange prices provided by third party pricing vendors. Unlisted investments are valued either by periodically published net asset value or most recently traded price. Ownership of listed investments is verified by reconciliation to the Custodian's records and the Audit Committee has received quarterly reports of the Depositary who has responsibility for overseeing operations of the Company, including verification of ownership and valuation. For more information please refer to note 1(c) on page 63.
Recognition of income	Income received is accounted for in line with the Company's accounting policies (as set out in note 1(e)) on page 63 and is reviewed by the Committee at each meeting. The Committee also considers the treatment of income received from special dividends and the revenue forecast at each meeting.
Compliance with Section 1158/9 of the Corporation Tax Act 2010	The Committee regularly considers the controls in place to ensure that the regulations for ensuring investment trust status are observed at all times, receiving supporting documentation from Janus Henderson and BNP Paribas.
Assessment of management judgements	The Committee reviewed those areas where management applies judgements (which relate to the treatment of special dividends and the valuation of unlisted investments). These are reviewed at every Audit Committee meeting. The Committee also assessed whether there were areas in which the Auditors challenged management's judgements. It concluded that there were few areas where such judgement was applied, and where it did apply, the Auditor appropriately challenged and evidenced the outcome.
Maintaining internal controls	The Committee receives regular reports on internal controls from Janus Henderson, BNP Paribas and HSBC and its delegates and has access to the relevant personnel of Janus Henderson who have a responsibility for risk management and internal audit. The Audit Committee noted that there were no qualifications from the service auditor in respect of the assurance report of Janus Henderson. The Audit Committee was satisfied that the exceptions noted across the assurance reports were not considered to have a material impact on the Company.

Report of the Audit Committee (continued)

Effectiveness of the External Audit

The Committee's process for evaluating the effectiveness of the external audit comprises two components: consideration is given to the findings of the FRC's Audit Quality Inspection Report and a post-audit assessment is carried out led by the Committee Chairman.

The Auditor is able to present and discuss the findings of the latest Audit Quality Inspection Report and report on the progress made by the firm in addressing the areas identified for improvement in the prior year's report.

The Auditor attended two Audit Committee meetings in the year, when the Committee was considering the half year and the annual results. The Committee Chair also met with the Auditor to review the audit results prior to these being presented to the Audit Committee.

In assessing the effectiveness of the audit process, the Committee Chairman invites views from the Directors, the Fund Managers and other members of the Manager's staff in assessing the robustness of the audit, level of challenge offered by the audit team, the quality of the audit team and timeliness of delivering the tasks required for the audit and reporting to the Committee. The Committee also met privately with the Audit Partner to discuss how the audit operated from his perspective. Overall, the Committee considers that the audit quality for the year ended 30 September 2024 has been high and that the Manager and EY have worked together to enhance and improve reporting to shareholders.

Following completion of the assessment, the Committee remained satisfied with the effectiveness of the audit provided by EY and therefore recommended to the Board its continuing appointment. The Auditor has indicated its willingness to continue in office. Accordingly, resolutions reappointing EY as Auditor to the Company and authorising the Committee to determine its remuneration will be proposed at the upcoming Annual General Meeting.

Annual Report for the year ended 30 September 2024

The Audit Committee in conclusion recommended to the Board that the Annual Report, taken as a whole, was fair, balanced and understandable and provided the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Gaynor Coley
Audit Committee Chairman
4 December 2024

Independent Auditor's Report to the Members of Lowland Investment Company plc

Opinion

We have audited the financial statements of Lowland Investment Company plc ('the Company') for the year ended 30 September 2024 which comprise the Income Statement, Statement of Changes in Equity, Statement of Financial Position and Statement of Cash Flows and the related notes 1 to 20, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 30 September 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting the audit.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included the following procedures:

- We confirmed our understanding of the Company's going concern assessment process and engaged with the Directors and the Company Secretary to determine if all key factors that we have become aware of during our audit were considered in their assessment.
- We inspected the Directors' assessment of going concern, including the revenue forecast. In preparing the revenue forecast, the Company has concluded that it is able to continue to meet its ongoing costs as they fall due.
- We have reviewed the factors and assumptions, including the impact of the current economic environment, as applied to the revenue forecast and the liquidity assessment of the investments. We considered the appropriateness of the methods used to calculate the revenue forecast and the liquidity assessment and determined, through testing of the methodology and calculations, that the methods, inputs and assumptions utilised were appropriate to be able to make an assessment of the Company.
- We assessed the risk of breaching the debt covenants applicable to the Company's debt arrangements as a result of a reduction in the value of the Company's investment portfolio. We calculated the Company's compliance with debt covenants and performed reverse stress testing in order to identify what factors would lead to the Company breaching those covenants.
- We considered the mitigating factors included in the revenue forecasts and covenant calculations that are within the control of the Company. We reviewed the Company's assessment of the liquidity of investments held and evaluated the Company's ability to sell those investments in order to cover working capital requirements should revenue decline significantly.
- We reviewed the Company's going concern disclosures included in the annual report in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern to 31 December 2025, which is a period of at least twelve months from the date the financial statements were authorised for issue.

In relation to the Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors have considered it appropriate to adopt the going concern basis of accounting.

Independent Auditor's Report to the Members of Lowland Investment Company plc (continued)

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Overview of our audit approach

Key audit matters	• Risk of incomplete or inaccurate revenue recognition, including classification of special dividends as revenue or capital items in the Income Statement. • Risk of incorrect valuation or ownership of the investment portfolio.
Materiality	• Overall materiality of £3.89m which represents 1% of net assets.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, the potential impact of climate change and changes in the business environment when assessing the level of work to be performed.

Climate change

Stakeholders are increasingly interested in how climate change will impact the Company. The Company has determined that the most significant future impacts from climate change on its operations will be from how climate change could affect the Company's investments and overall investment process. This is explained on page 31 in the principal risks and uncertainties. This disclosure forms part of the 'Other information,' rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on 'Other information'.

Our audit effort in considering climate change was focused on the adequacy of the Company's disclosures in the financial statements as set out in Note 1(l) and conclusion that there was no further impact of climate change to be taken into account as the investments are valued based on market pricing as required by United Kingdom Generally Accepted Accounting Practice. We also challenged the Directors' considerations of climate change in their assessment of viability and associated disclosures.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report to the Members of Lowland Investment Company plc (continued)

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital items in the Income Statement *(as described on page 50 in the Report of the Audit Committee and as per the accounting policy set out on page 63).* The total revenue for the year to 30 September 2024 was £19.83m (2023: £20.78m), consisting primarily of dividend income from listed equity investments. The investment income receivable by the Company during the year directly affects the Company's revenue return. There is therefore a risk of incomplete or inaccurate recognition of revenue through the failure to recognise proper income entitlements or to apply an appropriate accounting treatment. In addition to the above, the Directors may be required to exercise judgement in determining whether income receivable in the form of special dividends should be classified as 'revenue' or 'capital' in the Income Statement.	**We have performed the following procedures:** • We obtained an understanding of the processes and controls surrounding revenue recognition, including the classification of special dividends, by performing walkthrough procedures. • For 100% of dividends received and accrued, we recalculated the income by multiplying the investment holdings at the ex-dividend date, traced from the accounting records, by the dividend per share, which was agreed to an independent data vendor. We also agreed a sample of dividends received and accrued to bank statements. • Where dividends were received or accrued in foreign currency, we translated the amount into the reporting currency of the Company using exchange rates sourced from an independent data vendor. • For all dividends accrued, we reviewed the investee company announcements to assess whether the dividend entitlements arose prior to 30 September 2024. • To test completeness of recorded income, we verified that expected dividends for each investee company held during the year had been recorded as income with reference to investee company announcements obtained from an independent data vendor. • For all investments held during the year, we reviewed the type of dividends paid with reference to an external data vendor to identify those which were special. Based on the work performed, we identified seven special dividends received during the year, five classed as revenue and two classed as capital. For three special dividends above our testing threshold, we assessed the appropriateness of management's classification as revenue or capital by reviewing the underlying rationale for the distribution.	The results of our procedures identified no material misstatement in relation to incomplete or inaccurate revenue recognition, including incorrect classification of special dividends as revenue or capital items in the Income Statement.

Independent Auditor's Report to the Members of Lowland Investment Company plc (continued)

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Incorrect valuation or ownership of the investment portfolio *(as described on page 50 in the Report of the Audit Committee and as per the accounting policy set out on page 63).* The valuation of the investment portfolio at 30 September 2024 was £432.62m (2023: £392.43m) primarily consisting of listed investments. The fair value of quoted investments is determined by reference to stock exchange quoted market bid prices at the close of business on the reporting date. The fair value of unquoted investments is determined by the Directors using primary valuation techniques such as recent transactions and net assets. The valuation of the assets held in the investment portfolio is the primary driver of the Company's net asset value and total return. Incorrect investment pricing, or a failure to maintain proper legal title of the assets held by the Company could have a significant impact on the portfolio valuation and the return generated for shareholders.	**We have performed the following procedures:** • We obtained an understanding of the processes and controls surrounding investment valuation and legal title of investments by performing walkthrough procedures. • For all investments in the portfolio, we compared the market prices and exchange rates applied to an independent pricing vendor and recalculated the investment valuations as at the year end. • For all investments in the portfolio, we obtained the market prices from an independent pricing vendor for five business days pre and post the year end date and calculated the day-on-day movements to identify any stale prices. We verified that the listed prices are valid fair values through review of trading activity. • The two unquoted investments are individually and in aggregate, below our materiality levels. We reviewed the valuation methodology and calculation, agreeing the inputs to underlying source data. • We compared the Company's investment holdings at 30 September 2024 to an independent confirmation received directly from the Company's Custodian and Depositary.	The results of our procedures identified no material misstatement in relation to the risk of incorrect valuation or ownership of the investment portfolio.

There have been no changes to the areas of audit focus raised in the above risk table from the prior year.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £3.89m (2023: £3.49m), which is 1% (2023: 1%) of net assets. We believe that net assets provides us with a materiality aligned to the key measure of the Company's performance.

During the course of our audit, we reassessed initial materiality and found no reason to alter the basis of calculation at year end.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2023: 75%) of our planning materiality, namely £2.92m (2023: £2.62m).

Given the importance of the distinction between revenue and capital for investment trusts, we have also applied a separate testing threshold for the revenue column of the Income Statement of £0.85m (2023: £0.91m) being 5% (2024: 5%) of the revenue profit before taxation.

Independent Auditor's Report to the Members of Lowland Investment Company plc (continued)

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.19m (2023: £0.17m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Corporate Governance Statement

We have reviewed the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the UK Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 38;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate, set out on pages 32 to 33;
- Directors' statement on whether it has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities, set out on page 63;
- Directors' statement on fair, balanced and understandable set out on page 38;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 31;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 43; and
- The section describing the work of the audit committee set out on page 49.

Independent Auditor's Report to the Members of Lowland Investment Company plc (continued)

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 38, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are United Kingdom Generally Accepted Accounting Practice, the Companies Act 2006, the UK Listing Rules, UK Corporate Governance Code, the Associate of Investment Companies' Code and Statement of Recommended Practice, Section 1158 of the Corporation Tax Act 2010 and the Companies (Miscellaneous Reporting) Regulations 2018.
- We understood how the Company is complying with those frameworks through discussions with the Audit Committee and the Company Secretary and review of Board minutes and the Company's documented policies and procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. We identified a fraud risk with respect to the incomplete or inaccurate revenue recognition through the incorrect classification of special dividends in the Income Statement. Further discussion of our approach is set out in the section on key audit matters above.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the Directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Company.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at **https://www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditor's report.

Other matters we are required to address

- Following the recommendation from the audit committee, we were appointed by the Company on 24 January 2017 to audit the financial statements for the year ending 30 September 2017 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is 8 years, covering the years ending 30 September 2017 to 30 September 2024.
- The audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mike Gaylor (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
4 December 2024

Financial Statements

Income Statement

Notes		Year ended 30 September 2024 Revenue return £'000	Year ended 30 September 2024 Capital return £'000	Year ended 30 September 2024 Total £'000	Year ended 30 September 2023 Revenue return £'000	Year ended 30 September 2023 Capital return £'000	Year ended 30 September 2023 Total £'000
2	Gains on investments held at fair value through profit or loss	–	42,550	42,550	–	36,546	36,546
3	Income from investments	19,666	–	19,666	20,669	–	20,669
4	Other interest receivable and similar income	160	–	160	107	–	107
	Gross revenue and capital gains	**19,826**	**42,550**	**62,376**	**20,776**	**36,546**	**57,322**
5	Management fee	(867)	(868)	(1,735)	(856)	(857)	(1,713)
6	Administrative expenses	(802)	–	(802)	(686)	–	(686)
	Net return before finance costs and taxation	**18,157**	**41,682**	**59,839**	**19,234**	**35,689**	**54,923**
7	Finance costs	(1,115)	(1,115)	(2,230)	(1,027)	(1,027)	(2,054)
	Net return before taxation	**17,042**	**40,567**	**57,609**	**18,207**	**34,662**	**52,869**
8	Taxation on net return	(37)	–	(37)	(80)	–	(80)
	Net return after taxation	**17,005**	**40,567**	**57,572**	**18,127**	**34,662**	**52,789**
9	Return per ordinary share – basic and diluted	6.29p	15.01p	21.30p	6.71p	12.83p	19.54p

The total columns of this statement represent the Profit and Loss Account of the Company. The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies. All revenue and capital items in the above statement derive from continuing operations. The Company had no other comprehensive income. The net return is both the profit for the year and the total comprehensive income.

The notes on pages 63 to 76 form part of these financial statements

Statement of Changes in Equity

Notes	Year ended 30 September 2024	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total shareholders' funds £'000
	At 1 October 2023	6,755	61,619	1,007	270,051	9,913	349,345
	Net return after taxation	–	–	–	40,567	17,005	57,572
10	Third interim dividend (1.6p) for the year ended 30 September 2023 paid 31 October 2023	–	–	–	–	(4,323)	(4,323)
10	Final dividend (1.6p) for the year ended 30 September 2023 paid 31 January 2024	–	–	–	–	(4,323)	(4,323)
10	First interim dividend (1.6p) for the year ended 30 September 2024 paid 30 April 2024	–	–	–	–	(4,323)	(4,323)
10	Second interim dividend (1.6p) for the year ended 30 September 2024 paid 31 July 2024	–	–	–	–	(4,323)	(4,323)
10	Return of unclaimed dividends	–	–	–	–	8	8
	At 30 September 2024	**6,755**	**61,619**	**1,007**	**310,618**	**9,634**	**389,633**

Notes	Year ended 30 September 2023	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total shareholders' funds £'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
10	Third interim dividend (1.525p) for the year ended 30 September 2022 paid 31 October 2022	–	–	–	–	(4,120)	(4,120)
10	Final dividend (1.525p) for the year ended 30 September 2022 paid 31 January 2023	–	–	–	–	(4,120)	(4,120)
10	First interim dividend (1.525p) for the year ended 30 September 2023 paid 28 April 2023	–	–	–	–	(4,120)	(4,120)
10	Second interim dividend (1.525p) for the year ended 30 September 2023 paid 31 July 2023	–	–	–	–	(4,120)	(4,120)
	At 30 September 2023	**6,755**	**61,619**	**1,007**	**270,051**	**9,913**	**349,345**

The notes on pages 63 to 76 form part of these financial statements

Statement of Financial Position

Notes		As at 30 September 2024 £'000	As at 30 September 2023 £'000
	Fixed assets		
11	**Investments held at fair value through profit or loss:**		
	Listed at market value on the main market	318,802	294,983
	Listed at market value on AIM	55,176	52,186
	Listed at market value overseas	19,969	15,484
	Unlisted	2,277	2,368
	Investments on loan	36,393	27,408
		432,617	**392,429**
	Current assets		
12	Debtors	2,428	2,805
	Cash at bank	5,161	2,926
		7,589	**5,731**
13	**Creditors: amounts falling due within one year**	(20,749)	(19,003)
	Net current liabilities	**(13,160)**	**(13,272)**
	Total assets less current liabilities	**419,457**	**379,157**
13	**Creditors: amounts falling due after one year**	(29,824)	(29,812)
	Net assets	**389,633**	**349,345**
	Capital and reserves		
15	Called up share capital	6,755	6,755
	Share premium account	61,619	61,619
	Capital redemption reserve	1,007	1,007
16	Other capital reserves	310,618	270,051
	Revenue reserve	9,634	9,913
	Total shareholders' funds	**389,633**	**349,345**
17	**Net asset value per ordinary share – basic and diluted**	**144.2p**	**129.3p**

The financial statements on pages 59 to 76 were approved and authorised for issue by the Board of Directors on 4 December 2024 and signed on their behalf by:

Robert Robertson
Chairman

The notes on pages 63 to 76 form part of these financial statements

Statement of Cash Flows

	Year ended 30 September 2024 £'000	Year ended 30 September 2023 £'000
Cash flows from operating activities		
Net return before taxation	57,609	52,869
Add back: finance costs	2,230	2,054
Add: gains on investments held at fair value through profit or loss	(42,550)	(36,546)
Withholding tax on dividends reclaimed	16	41
Decrease/(increase) in other debtors	324	(1,697)
Increase/(decrease) in other creditors	541	(496)
Net cash inflow from operating activities	**18,170**	**16,225**
Cash flows from investing activities		
Purchase of investments	(78,497)	(56,075)
Sale of investments	80,668	52,572
Net cash inflow/(outflow) from investing activities	**2,171**	**(3,503)**
Cash flows from financing activities		
Equity dividends paid (net of refund of unclaimed distributions and reclaimed distributions)	(17,284)	(16,480)
Loans drawn down	37,736	55,092
Loans repaid	(36,378)	(55,796)
Interest paid	(2,177)	(1,996)
Net cash outflow from financing activities	**(18,103)**	**(19,180)**
Net increase/(decrease) in cash and cash equivalents	2,238	(6,458)
Cash and cash equivalents at start of year	2,926	9,395
Effect of foreign exchange rates	(3)	(11)
Cash and cash equivalents at end of year	**5,161**	**2,926**
Comprising:		
Cash at bank	5,161	2,926
	5,161	**2,926**

Cash inflow from dividends net of taxation was £19,961,000 (2023: £18,934,000) and interest received was £75,000 (2023: £62,000)

The notes on pages 63 to 76 form part of these financial statements

Notes to the Financial Statements

1 Accounting Policies

a) Basis of preparation

The company is a registered investment company as defined in section 833 of the Companies Act 2006 and is incorporated in the United Kingdom. It operates in the United Kingdom and is registered at the address on page 30.

The financial statements have been prepared in accordance with the Companies Act 2006, FRS 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland and with the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts ('the SORP') issued in July 2022 by the Association of Investment Companies.

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

The Financial Statements have been prepared under the historical cost basis except for the measurement of fair value of investments. In applying FRS102, financial instruments have been accounted for in accordance with Section 11 and 12 of the standard. All of the Company's operations are of a continuing nature.

b) Going Concern

The Directors have considered the liquidity of the portfolio and concluded that the assets of the Company consist of securities that are readily realisable. They have also considered the impact of the war in Ukraine and Israel and changes in the international political landscape including revenue forecasting, and a review of covenant compliance including the headroom above the most restrictive covenants. They have concluded that they are able to meet their financial obligations as they fall due until 31 December 2025, which is a period of at least twelve months from the date of approval of these financial statements. Having assessed these factors, the principal risks and other matters discussed in connection with the viability statement, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

c) Investments held at Fair Value through Profit or Loss

Listed investments, including AIM stocks are held at fair value through profit or loss and accordingly are valued at fair value, deemed to be the quoted bid price or the last trade price depending on the convention of the exchange on which the investment is quoted.

Unlisted investments have also been classified as held at fair value through profit or loss and are valued by the Directors using primary valuation techniques such as recent transactions and net assets.

Changes in the fair value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Income Statement as 'gains or losses on investments held at fair value through profit or loss'. Also included in this are transaction costs incurred on the purchase and disposal of investments. All purchases and sales are accounted for on a trade date basis.

d) Foreign Currency

The results and financial position of the Company are expressed in pounds sterling, which is the functional and presentational currency of the Company. Sterling is the functional currency because it is the currency of the primary economic environment in which the Company operates.

Transactions recorded in overseas currencies during the year are translated into sterling at the appropriate daily exchange rates. Monetary assets and liabilities and equity investments held at fair value through profit or loss which are denominated in foreign currencies at the Statement of Financial Position date are translated into sterling at the exchange rates ruling at that date.

Any gains or losses on the translation of foreign currency balances, whether realised or unrealised, are taken to the capital or to the revenue return of the Income Statement, depending on whether the gain or loss is of a capital or revenue nature.

e) Income

Dividends receivable on equity shares are taken to the revenue return on an ex-dividend basis except where, in the opinion of Directors, the dividend is capital in nature in which case it is taken to the 'gains/(losses) on investments' in the capital return column. The ordinary element of scrip dividends received in lieu of cash dividends is recognised as revenue. Any enhancement above the cash dividend is treated as capital. Income distributions from UK Real Estate Investment Trusts will be split into two parts: a Property Income Distribution ('PID') made up of rental revenue; and a non-PID element, consisting of non-rental revenue. The PID element is subject to corporation tax as schedule A revenue, while the non-PID element will be treated as franked revenue.

Notes to the Financial Statements (continued)

1 Accounting Policies (continued)

e) Income (continued)

Bank interest is accounted for monthly on an accruals basis and shown in the revenue return based on amounts to which the Company is entitled.

Fees earned from stock lending are accounted for monthly on an accruals basis and shown in the revenue return after deduction of amounts withheld by the counterparty arranging the stock lending facility.

f) Management Fees, Administrative Expenses and Finance Costs

All expenses and finance costs are accounted for on an accruals basis. All administrative expenses except the management fee and finance costs are charged to the revenue return of the Income Statement. The management fee and finance costs are charged 50% to the capital return of the Income Statement and 50% to the revenue return of the Income Statement.

g) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from return before taxation as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using the applicable rate of corporation tax for the accounting period.

In line with the recommendations of the AIC SORP, the allocation method used to calculate tax relief on expenses presented against capital returns in the supplementary information in the Income Statement is the 'marginal basis'. Under this basis, if taxable income is capable of being offset entirely by expenses presented in the revenue return column of the Income Statement, then no tax relief is transferred to the capital return column.

Deferred taxation is provided on all timing differences that have originated but not reversed by the Statement of Financial Position date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of timing differences can be deducted. Any liability to deferred tax is provided at the average rate of tax expected to apply based on tax rates and laws that have been enacted or substantively enacted at the Statement of Financial Position date. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

h) Borrowings

Interest bearing bank loans and overdrafts are recorded initially at fair value, being the proceeds received, less direct issue costs. They are subsequently re-measured at amortised cost. Finance costs including interest payable, premiums on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the Income Statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Senior unsecured notes are recorded initially at proceeds received, less direct issue costs. They are subsequently re-measured at amortised cost. The issue costs will be amortised over the life of the loan notes. Finance costs, including interest payable, are accounted for on an accruals basis in the Income Statement using the effective interest rate method.

i) Dividends Payable to Shareholders

Dividends payable to shareholders are recognised in the financial statements when they are paid, or in the case of final dividends, when they are approved by shareholders. Dividends are dealt with in the Statement of Changes in Equity.

j) Capital and Reserves

Called up share capital represents the nominal value of ordinary shares issued.

The share premium account represents the premium above nominal value received by the Company on issuing shares net of issue costs.

The revenue reserve represents accumulated revenue profits retained by the Company that have not currently been distributed to shareholders as a dividend.

The capital redemption reserve represents the nominal value of ordinary shares that have been repurchased and cancelled.

Other capital reserves are split into two components, the capital reserve arising on investments sold and the capital reserve arising on investments held. The following analyses what is accounted for in each of these components.

Notes to the Financial Statements (continued)

1 Accounting Policies (continued)

j) Capital and Reserves (continued)

Capital reserve arising on investments sold
The following are accounted for in this reserve:

- gains and losses on the disposals of investments;
- realised foreign exchange differences of a capital nature;
- cost of repurchasing ordinary share capital; and
- expenses and finance costs allocated to capital net of tax relief.

Capital reserve arising on revaluation of investments held
The following are accounted for in this reserve:

- increases and decreases in the valuation of investments held at the year end; and
- unrealised foreign exchange differences of a capital nature.

k) Distributable Reserves

The Company's capital reserve arising on investments sold (which may be restricted by unrealised losses on investments held) and revenue reserve may be distributed by way of a dividend.

l) Significant Accounting Judgements and Estimates

The preparation of the Company's financial statements on occasion requires the Directors to make judgements, estimates and assumptions that affect the reported amounts in the primary financial statements and the accompanying disclosures.

These assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in the next financial year.

The Directors do not believe that any accounting judgements or estimates have been applied to this set of financial statements that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities. Nor do they believe that there are any estimates that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year. In line with UK GAAP investments are valued at fair value which are predominantly quoted prices for the investments in active markets and therefore reflect participants' views of climate change risk.

2 Gains on investments held at fair value through profit or loss

	2024 £'000	2023 £'000
Gains on the sale of investments based on historical cost	8,158	7,085
Less: revaluation (losses)/gains recognised in previous years	(5,289)	3,499
Gains on investments sold in the year based on carrying value at previous Statement of Financial Position date	**2,869**	**10,584**
Revaluation gains on investments held at 30 September	39,684	25,973
Exchange losses	(3)	(11)
	42,550	**36,546**

Notes to the Financial Statements (continued)

3 Income from Investments

	2024 £'000	2023 £'000
UK dividends:		
Listed investments	16,441	17,210
Unlisted	–	13
Property income dividends	731	615
	17,172	**17,838**
Non UK dividends:		
Overseas dividend income	2,494	2,831
	2,494	**2,831**
	19,666	**20,669**

4 Other Interest Receivable and Similar Income

	2024 £'000	2023 £'000
Stock lending commission	74	42
Income from underwriting	8	–
Bank interest	78	65
	160	**107**

Stock lending commission has been shown net of brokerage fees of £19,000 (2023: £11,000).

5 Management fees

	2024			2023		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Management fee	867	868	1,735	856	857	1,713

A description of the basis for calculating the management fee is given in the Strategic Report on page 27 and further detailed in note 20 on page 76.

6 Administrative Expenses

	2024 £'000	2023 £'000
Directors' fees and expenses (see Directors' Remuneration Report on page 41)[1]	191	161
Auditors' remuneration – for audit services	55	52
AIC subscriptions	21	21
Directors' and Officers' liability insurance	28	28
Listing fees (Stock Exchange, newspapers and internet)	38	39
Safe custody and bank charges	22	22
Loan facility fees	91	106
Printing and postage	22	27
Registrar's fees	21	20
General expenses and marketing expenses payable to Janus Henderson	137	56
Depositary fees	32	31
Other expenses	76	71
Irrecoverable VAT	68	52
	802	**686**

1. All transactions with Directors, as disclosed in the Directors' Remuneration Report, are related party transactions

Notes to the Financial Statements (continued)

7 Finance Costs

	2024			2023		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
On bank loans and overdrafts repayable within one year	636	636	1,272	549	549	1,098
On senior unsecured loan notes	479	479	958	478	478	956
	1,115	**1,115**	**2,230**	**1,027**	**1,027**	**2,054**

The allocation between revenue return and capital return is explained in note 1(f) on page 64.

8 Taxation on Net Return

Analysis of tax charge for the year

	2024			2023		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Overseas tax suffered	37	–	37	80	–	80
Total taxation for the year	**37**	**–**	**37**	**80**	**–**	**80**

Factors affecting the tax charge for the year

	2024			2023		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Net return before taxation	17,042	40,567	57,609	18,207	34,662	52,869
Corporation tax at effective rate of 25%[1]	4,261	10,142	14,403	4,006	7,626	11,632
Effects of:						
Non-taxable UK dividends	(4,110)	–	(4,110)	(3,789)	–	(3,789)
Other non-taxable income	(624)	–	(624)	(623)	–	(623)
Overseas tax suffered	37	–	37	80	–	80
Excess management expenses	442	466	908	406	414	820
Corporate interest restriction	31	29	60	–	–	–
Currency losses	–	1	1	–	2	2
Non-taxable/deductable capital gains	–	(10,638)	(10,638)	–	(8,042)	(8,042)
Total tax charge	**37**	**–**	**37**	**80**	**–**	**80**

1. The UK corporation tax rate is 25% (2023: effective rate of 22%). The tax charge for the year is lower than the corporation tax rate

No provision for deferred taxation has been made in the current or prior accounting year. The Company has not provided deferred tax on capital gains or losses arising on the revaluation and disposal of investments as it is exempt from tax on these items because of its investment trust status. The Company can offset management fees, other administrative expenses and interest costs against taxable income to eliminate any tax charge on such income. The tax legislation refers to these as management expenses (management fees and other administrative expenses) and non-trade loan relationship deficits (interest costs) and these are captured together under the heading 'Excess management expenses' in the table above. Where these are not fully utilised, they can be carried forward to future years. As the Company is unlikely to generate future taxable profits to utilise these amounts, the Company cannot recognise an asset to reflect them, but must still disclose the deferred tax amount carried forward arising from utilised amounts. Consequently, the Company has not recognised a deferred tax asset totalling £18,397,000 (2023: £17,488,000) arising as a result of having unutilised management expenses and unutilised non-trade loan relationship deficits totalling £73,587,000 (2023: £69,954,000), and based on a prospective tax rate of 25% (2023: 25%).

Notes to the Financial Statements (continued)

9 Return per Ordinary Share – Basic and Diluted

The return per ordinary share is based on the net return attributable to the ordinary shares of £57,572,000 (2023: net return of £52,789,000) and on 270,185,650 ordinary shares (2023: 270,185,650) being the weighted average number of ordinary shares in issue during the year. The return per ordinary share can be further analysed between revenue and capital, as below.

	2024 £'000	2023 £'000
Net revenue return	17,005	18,127
Net capital return	40,567	34,662
Net total return	**57,572**	**52,789**
Weighted average number of ordinary shares in issue during the year	**270,185,650**	**270,185,650**

	2024 Pence	2023 Pence
Revenue return per ordinary share	6.29	6.71
Capital return per ordinary share	15.01	12.83
Total return per ordinary share	**21.30**	**19.54**

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

10 Dividends Paid and Payable on the Ordinary Shares

Dividends on ordinary shares	Record date	Payment date	2024 £'000	2023 £'000
Third interim dividend (1.525p) for the year ended 30 September 2022	30 September 2022	31 October 2022	–	4,120
Final dividend (1.525p) for the year ended 30 September 2022	30 December 2022	31 January 2023	–	4,120
First interim dividend (1.525p) for the year ended 30 September 2023	31 March 2023	28 April 2023	–	4,120
Second interim dividend (1.525p) for the year ended 30 September 2023	30 June 2023	31 July 2023	–	4,120
Third interim dividend (1.6p) for the year ended 30 September 2023	28 September 2023	31 October 2023	4,323	–
Final dividend (1.6p) for the year ended 30 September 2023	28 December 2023	31 January 2024	4,323	–
First interim dividend (1.6p) for the year ended 30 September 2024	11 April 2024	30 April 2024	4,323	–
Second interim dividend (1.6p) for the year ended 30 September 2024	27 June 2024	31 July 2024	4,323	–
Return of unclaimed dividends			(8)	–
			17,284	**16,480**

The third interim dividend and the final dividend for the year ended 30 September 2024 have not been included as a liability in these financial statements. The total dividends payable in respect of the financial year, which form the basis of the retention test under Section 1158 of the Corporation Tax Act 2010, are set out below.

	2024 £'000
Revenue available for distribution by way of dividends for the year	17,005
First interim dividend (1.6p) for the year ended 30 September 2024	(4,323)
Second interim dividend (1.6p) for the year ended 30 September 2024	(4,323)
Third interim dividend (1.6p) for the year ended 30 September 2024	(4,323)
Final dividend 1.625p for the year ended 30 September 2024 (based on 270,185,650,000 ordinary shares in issue at 3 December 2024)	(4,391)
Transfer from reserves	**(355)**[1]

1. The residual will be transferred from the revenue reserve (2023: £1,241,000 transferred to the revenue reserve)

Notes to the Financial Statements (continued)

11 Investments held at Fair Value through Profit or Loss

	2024 £'000	2023 £'000
Cost at start of year	**408,325**	**397,448**
Investment holding losses at start of year	(15,896)	(45,367)
Valuation at start of year	392,429	352,081
Analysis of transactions made during the year		
Additions at cost	78,304	56,363
Disposal proceeds received	(80,668)	(52,572)
Unrealised gains on investments	34,394	29,472
Realised gains on investments	8,158	7,085
Valuation at end of year	**432,617**	**392,429**
Cost at end of year	414,118	408,325
Investment holding gains/(losses) at end of year	18,499	(15,896)
Valuation at end of year	**432,617**	**392,429**

Included in the total investments are unlisted investments shown at the Directors fair value of £2,268,000 (2023: £2,368,000).

At 30 September 2024 the total value of securities on loan by the Company for stock lending purposes was £36,393,000 (2023: £27,408,000). The maximum aggregate value of securities on loan at any time during the year ended 30 September 2024 was £42,921,000 (2023: £45,900,000). The Company's agent holds collateral comprising FTSE 100 stocks, gilts, overseas equities and overseas government bonds with a collateral value of £38,477,000 (2023: £28,864,000) amounting to a minimum of 106% (2023: 105%) of the market value of any securities on loan.

Purchase transaction costs for the year ended 30 September 2024 were £337,000 (2023: £232,000). These comprise mainly stamp duty and commission. Sale transaction costs for the year ended 30 September 2024 were £32,000 (2023: £19,000).

The Company received £80,668,000 (2023: £52,572,000) from investments sold in the year. The book cost of these investments when they were purchased was £72,510,000 (2023: £45,487,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

As at 30 September 2024, the Company holds 3% or more of any class of capital in 11 investee companies (2023: 11). Within the 11, there were 6 whose valuation represented more than 1% of the value of the total investment portfolio held by the Company, which are:

	2024 Valuation £'000	2024 % of share capital	2023 Valuation £'000	2023 % of share capital
Eleco	**4,131**	**3.8**	–	–
Epwin	**6,288**	**4.4**	**4,007**	**4.2**
Henderson Opportunities Trust	**4,824**	**5.7**	**3,760**	**5.1**
Renold	**5,243**	**4.4**	–	–
Springfield	**4,028**	**3.2**	–	–
STV Group	**5,096**	**4.5**	–	–

12 Debtors

	2024 £'000	2023 £'000
Prepayments and accrued income	2,415	2,739
Taxation recoverable	13	66
	2,428	**2,805**

Notes to the Financial Statements (continued)

13 Creditors

Amounts falling due within one year

	2024 £'000	2023 £'000
Unsecured sterling bank loans	19,176	17,818
Purchases for future settlement	95	288
Other creditors	1,478	897
	20,749	**19,003**

The Company entered into a three year revolving loan facility of up to £40m with BNP Paribas (London Branch) on 27 October 2022. As at 30 September 2024 £19.2m (2023: £17.8m) repayable in October and December 2024 of the facility was drawn down. This facility is due to expire on 27 October 2025.

Amounts falling due after more than one year

	2024 £'000	2023 £'000
3.15% senior unsecured loan notes 2037	29,824	29,812

On 5 January 2017 the Company issued £30m 3.15% senior unsecured notes due 2037, net of costs totalling £255,000. The issue costs will be amortised over the life of the notes.

The £30m senior unsecured notes are redeemable at par on 5 January 2037.

14 Financial Risk Management Policies and Procedures

As an investment trust, the Company invests in equities and other investments for the long-term so as to secure its investment objective and policy as stated on page 24. In pursuing its investment objective and policy, the Company is exposed to a variety of financial risks that could result in either a reduction in the Company's net assets or a reduction in the profits available for distribution by way of dividends.

These financial risks, including market risk (comprising market price risk, currency risk and interest rate risk), liquidity risk and credit and counterparty risk, and the Directors' approach to the management of these risks, are set out below and have not changed from the previous accounting period. The Board and Janus Henderson co-ordinate the Company's risk management and there are various risk management systems in place as detailed below:

- straight-through processing via a deal order and management system ('OMS') is utilised for securities, with connectivity to third-party affirmation and trade repository services;
- portfolio modelling and investment management functions (including order-raising, dealing and trade execution) are performed using one of, or a combination of, the following third-party software applications: Charles River Development, OMS and/or Imagine;
- fund pricing and accounting services are outsourced to a third-party administrator (currently BNP Paribas) which utilises HiPortfolio software; and
- the IT tools to which the Janus Henderson risk, compliance and operations teams have access for independent monitoring and risk measurement purposes include:
  - Charles River Compliance module for investment restrictions monitoring;
  - SAI Global Bwise operational risk database;
  - Riskmetrics, UBS Delta, Style Research, Cognity and Barra for market risk measurement;
  - Bloomberg for market data and price-checking; and
  - HiPortfolio for portfolio holdings and valuations.

These are supplemented by in-house developments: derivatives risk and compliance database ('DRAC') and counterparty exposure ('CER') reports.

14.1 Market Risk

The fair value of a financial instrument held by the Company may fluctuate due to changes in market prices. This market risk comprises market price risk (see note 14.1.1), currency risk (see note 14.1.2) and interest rate risk (see note 14.1.3). The Board reviews and agrees policies for managing these risks. Janus Henderson assesses the exposure to market risk when making each investment decision, and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis.

Notes to the Financial Statements (continued)

14 Financial Risk Management Policies and Procedures (continued)

14.1.1 Market Price Risk

Market price risk (i.e. changes in market prices other than those arising from interest rate risk or currency risk) may affect the fair value of listed and unlisted investments.

The Company's exposure to market price risk at 30 September 2024 is represented by its investments held on the Statement of Financial Position under the heading 'Investments held at fair value through profit or loss' on page 61.

Management of the Risk

The Board manages the risks inherent in the investment portfolio by ensuring full and timely access to relevant information from Janus Henderson. The Board meets regularly and at each meeting reviews investment performance. The Board monitors Janus Henderson's compliance with the Company's objectives, and is directly responsible for investment strategy and asset allocation.

Concentration of Exposure to Market Price Risks

An analysis of the Company's investment portfolio is shown on pages 12 to 20. This shows that the majority of the investments' value is in UK listed companies. Accordingly, there is a concentration of exposure to market price risk, though it is recognised that an investment's country of domicile or of listing does not necessarily equate to its exposure to the economic conditions in that country.

Market Price Risk Sensitivity

The following table illustrates the sensitivity of the total return after taxation for the year and the net assets to an increase or decrease of 20% (2023: 20%) in the fair values of the Company's investments including the impact on the management fee. This level of change is considered to be reasonably possible based on observation of market behaviour in the last few years.

Sensitivity analysis – Market prices if prices change by 20%

	2024		2023	
	If prices go up £'000	**If prices go down £'000**	If prices go up £'000	If prices go down £'000
Investments at year end	432,617	432,617	392,429	392,429
Impact on income statement:				
Revenue return	(173)	173	(157)	157
Capital return	86,350	(86,350)	78,329	(78,329)
Impact on net assets and total return (excluding gearing)	**86,177**	**(86,177)**	**78,172**	**(78,172)**

14.1.2 Currency Risk

A proportion of the Company's assets, liabilities and income are denominated in currencies other than sterling (the Company's functional currency and presentational currency). As a result, movements in exchange rates may affect the sterling value of those items. As the Company's investments are predominantly in sterling denominated securities its exposure to currency risk is not considered material and no sensitivity analysis has been presented. Investments held in currencies other than sterling were £16,891,000 (2023: £15,188,000) representing 3.9% (2023: 3.9%) of the total investments of the Company.

Management of the Risk

Janus Henderson monitors the Company's exposure to foreign currencies on a daily basis and reports to the Board at each Board meeting. Janus Henderson measures the risk to the Company of the foreign currency exposure by considering the effect on the Company's net asset value and total return of a movement in the exchange rates to which the Company's assets, liabilities, income and expenses are exposed.

Investment income denominated in foreign currencies is converted into sterling on receipt. The Company does not use financial instruments to mitigate the currency exposure in the period between the time that income is included in the financial statements and its receipt.

Notes to the Financial Statements (continued)

14 Financial Risk Management Policies and Procedures (continued)

14.1.3 Interest Rate Risk

Interest rate movements may affect:

- the fair value of investments in fixed interest securities;
- the level of income receivable from interest-bearing securities and cash at bank and on deposit; and
- the interest payable on the Company's variable rate borrowings.

Management of the Risk

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions and borrowing under the loan facility. The Company, generally, does not hold significant cash balances, with short term borrowings being used when required. The Company finances part of its activities through borrowings at levels approved and monitored by the Board. Derivative contracts have not been used during the year to hedge against the exposure to interest rate risk.

Interest Rate Exposure

The Company's exposure to floating interest rates can be found on the Statement of Financial Position under the heading 'Cash at bank' and in note 13 under the heading 'Unsecured sterling bank loans'.

Interest receivable and finance costs are at the following rates:

- Interest received on cash balances, or paid on bank overdrafts, is at a margin linked to SONIA; and
- Interest paid on borrowings under the loan facility is at a margin over SONIA for the type of loan. The weighted average interest rate of these is 6.21% as at 30 September 2024 (2023: 6.29%).

The Company had fixed interest rate asset exposure at 30 September 2024 on the holding in Wadworth at £126,000 (2023: £126,000). The Company also had fixed interest rate liability exposure through the senior unsecured loan notes.

Interest Rate Risk Sensitivity

The Company is primarily exposed to interest rate risk through its loan facility. From 27 October 2022 this was with BNP Paribas London Branch (previously, Industrial and Commercial Bank of China (London branch)). The sensitivity is as follows:

- Borrowings vary throughout the year as a result of the Board's borrowing policy. Borrowings (net of cash) at the year end were £14,015,000 (2023: £14,892,000) and if that level of borrowing was maintained for a full year, then a 200 basis points change in SONIA (up or down) would decrease or increase net revenue and total net return after taxation by approximately £280,000 (2023: £298,000).

14.2 Liquidity Risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Management of the Risk

Liquidity risk is not significant as the majority of the Company's assets are investments in quoted securities that are readily realisable. The Company had unsecured sterling loan facilities totalling £60,000,000 (2023: £60,000,000) and an overdraft facility with the custodian, the extent of which is determined by the custodian on a regular basis by reference to the value of the securities held by it on behalf of the Company. The facilities are subject to regular review.

The Board gives guidance to Janus Henderson as to the maximum amount of the Company's resources that should be invested in any one company. The policy is that the Company should generally remain fully invested and that short-term borrowings be used to manage short-term cash requirements.

The contractual maturities of the financial liabilities at 30 September based on the earliest date on which payment can be required are as follows:

At 30 September 2024	Due within 1 year £'000	Due within 1-5 years £'000	Due after 5 years £'000
Bank loans[1]	19,379	–	–
Senior unsecured notes[2]	945	3,780	37,088
Other creditors	1,215	–	–
	21,539	**3,780**	**37,088**

Notes to the Financial Statements (continued)

14 Financial Risk Management Policies and Procedures (continued)

At 30 September 2023	Due within 1 year £'000	Due within 1-5 years £'000	Due after 5 years £'000
Bank loans[1]	17,989	–	–
Senior unsecured notes[2]	945	3,780	38,033
Other creditors	867	–	–
	19,801	**3,780**	**38,033**

1. Includes the interest payable to maturity
2. The above figures show interest payable over the remaining term of the senior unsecured notes. The figures in the 'due after 5 years' column also include the capital to be repaid. Details of the repayment are set out on page 70

14.3 Credit and Counterparty Risk

The failure of the counterparty to a transaction to discharge its obligations under that transaction could result in the Company suffering a loss.

Management of the Risk

The risk is managed as follows:

- Investment transactions are carried out with a large number of brokers, whose credit standard is reviewed periodically by Janus Henderson, and limits are set on the amount that may be due from any one broker; and
- Cash at bank is held only with reputable banks with high quality external credit ratings.

The table below summarises the credit risk exposure of the Company at year end.

	2024 £'000	2023 £'000
Fixed interest securities	126	126
Cash	5,161	2,926
Debtors:		
– prepayments and accrued income	2,369	2,701
	7,656	**5,753**

14.4 Fair Values of Financial Assets and Financial Liabilities

Except as noted below, the financial assets and financial liabilities are either carried in the Statement of Financial Position at their fair value (investments) or the Statement of Financial Position amount is a reasonable approximation of fair value (due from brokers, dividends and interest receivable, due to brokers, accruals, cash at bank, bank overdrafts and amounts due under the loan facilities). The senior unsecured loan notes are carried in the Statement of Financial Position at amortised cost.

At 30 September 2024, the fair value of the senior unsecured loan notes was estimated to be £24,672,000 (2023: £23,224,000). The fair value of the senior unsecured loan notes is calculated using a discounted rate which reflects the yield on a UK Gilt of similar maturity plus a suitable credit spread.

14.5 Fair Value Hierarchy Disclosures

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 under FRS 102:

Notes to the Financial Statements (continued)

14 Financial Risk Management Policies and Procedures (continued)

14.5 Fair Value Hierarchy Disclosures (continued)

Categorisation within the hierarchy has been determined on the basis of the lowest level of input that is significant to the fair value measurement of the relevant asset 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 within Level 1.

Level 3 – valued by reference to valuation techniques using inputs that are not observed on observable market data.

Financial assets at fair value through profit or loss at 30 September 2024	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Investments	430,340	–	2,277	432,617

Financial assets at fair value through profit or loss at 30 September 2023	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments	390,061	–	2,368	392,429

Chamberlin has transferred from level 1 to level 3 after it entered administration and its shares were suspended from trading.

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

	2024 £'000	2023 £'000
Opening balance	2,368	2,908
Transfers in	9	–
Total loss included in the Income Statement – on investments held	(100)	(540)
Closing balance	**2,277**	**2,368**

The Company's holdings in Oxford Sciences Enterprises and Wadworth were revalued downward during the year (2023: Oxford Science Enterprises and Wadworth downward).

14.6 Capital Management Policies and Procedures

The Company's capital management objectives are to ensure that it will be able to continue as a going concern and to maximise the revenue and capital return to its equity shareholders. This is achieved through an appropriate balance of equity capital and debt.

The Company's capital at 30 September 2024 comprises its equity share capital, reserves and loans that are shown in the Statement of Financial Position at a total of £438,633,000 (2023: £396,975,000).

The Board, with the assistance of Janus Henderson, monitors and reviews the structure of the Company's capital on an ongoing basis. This review includes the planned level of gearing.

The Company is subject to several externally imposed capital requirements:

- borrowings under the bank facility are not to exceed 30% of the adjusted net asset value;
- net asset value not to be less than £150,000,000;
- total borrowings not to exceed 35% of the net asset value;
- as a public company, the Company has a minimum share capital of £50,000; and
- in order to be able to pay dividends out of profits available for distribution by way of dividends, the Company has to be able to meet the capital restriction tests imposed on investment companies by company law.

The Company has complied with these requirements.

Notes to the Financial Statements (continued)

15 Called Up Share Capital

	Number of shares entitled to dividend	Total number of shares	Nominal value of shares £'000
At 30 September 2024 and 2023	270,185,650	270,185,650	6,755

No shares were allotted or bought back during the year (2023: nil).

16 Other Capital Reserves

	Capital reserve arising on revaluation of investments held £'000	**Capital reserve arising on investments sold £'000**	**Other capital reserves total £'000**
At 1 October 2023	(15,918)	285,969	270,051
Transfer on disposal of investments	(5,289)	5,289	–
Net gains on investments	39,684	2,869	42,553
Expenses and finance costs allocated to capital	–	(1,983)	(1,983)
Exchange differences	–	(3)	(3)
At 30 September 2024	**18,477**	**292,141**	**310,618**

The capital reserve arising on revaluation of investments held at 30 September 2024 includes a gain of £884,000 (2023: £984,000) based on historical book cost, in respect of the revaluation of unlisted investments.

	Capital reserve arising on revaluation of investments held £'000	Capital reserve arising on investments sold £'000	Other capital reserves total £'000
At 1 October 2022	(45,390)	280,779	235,389
Transfer on disposal of investments	3,499	(3,499)	–
Net gains on investments	25,973	10,584	36,557
Expenses and finance costs allocated to capital	–	(1,884)	(1,884)
Exchange differences	–	(11)	(11)
At 30 September 2023	**(15,918)**	**285,969**	**270,051**

17 Net Asset Value per Ordinary Share

The net asset value per ordinary share of 144.2p (2023: 129.3p) is based on the net assets attributable to the ordinary shares of £389,633,000 (2023: £349,345,000) and on 270,185,650 (2023: 270,185,650) shares in issue on 30 September 2024.

The movements during the year of the assets attributable to the ordinary shares were as follows:

	2024 £'000	2023 £'000
Total net assets at start of year	349,345	313,036
Total net return after taxation	57,572	52,789
Net dividends paid in the year:		
Ordinary shares	(17,284)	(16,480)
Net assets attributable to the ordinary shares at 30 September	**389,633**	**349,345**

Notes to the Financial Statements (continued)

18 Net Debt Reconciliation

	Cash and cash equivalents £'000	Bank loans and overdraft repayable within one year £'000	Other debt repayable after more than one year £'000	Total £'000
Net debt at 1 October 2023	2,926	(17,818)	(29,812)	(44,704)
Cash flows	2,238	(1,358)	–	880
Exchange movements	(3)	–	–	(3)
Non cash flow:				
Amortisation of issue costs	–	–	(12)	(12)
Net debt at 30 September 2024	**5,161**	**(19,176)**	**(29,824)**	**(43,839)**

	Cash and cash equivalents £'000	Bank loans and overdraft repayable within one year £'000	Other debt repayable after more than one year £'000	Total £'000
Net debt at 1 October 2022	9,395	(18,522)	(29,802)	(38,929)
Cash flows	(6,458)	704	–	(5,754)
Exchange movements	(11)	–	–	(11)
Non cash flow:				
Amortisation of issue costs	–	–	(10)	(10)
Net debt at 30 September 2023	**2,926**	**(17,818)**	**(29,812)**	**(44,704)**

19 Capital Commitments and Contingent Liabilities

Capital Commitments

There were no capital commitments as at 30 September 2024 (2023: £nil).

Contingent Liabilities

There were no contingent liabilities as at 30 September 2024 (2023: £nil).

20 Transactions with the Manager and related parties

Under the terms of an agreement effective from 22 July 2014, the Company has appointed Janus Henderson to provide investment management, accounting, administrative and secretarial services. Janus Henderson has contracted with BNP Paribas to provide accounting and administration services.

The management fee is calculated on a tiered basis at the rate of 0.5% per annum of the first £325m of the average net chargeable assets with the balance above that charged at a reduced rate of 0.4% per annum for the financial year under review and are invoiced on a quarterly basis. Further details of the fee arrangements for these services including the definition of net chargeable assets are given in the Strategic Report on page 27. The total of the management fees paid or payable to Janus Henderson under this agreement in respect of the year ended 30 September 2024 was £1,735,000 (2023: £1,713,000). The amount outstanding at 30 September 2024 was £876,000 (2023: £411,000).

In addition to the above services, Janus Henderson facilitates marketing activities with third parties which are recharged to the Company. Janus Henderson also provided sales and marketing services. The total amounts paid to Janus Henderson in respect of marketing for the year ended 30 September 2024 amounted to £137,000 (2023: £56,000).

Details of fees paid to Directors are included in the Directors' Remuneration Report on page 41 and in note 6 on page 66.

Securities Financing Transactions

The Company engages in Securities Financing Transactions (as defined in Article 3 of Regulation (EU) 2015. Securities financing transactions include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions). In accordance with Article 13 of the Regulation, the Company's involvement in and exposures related to securities lending for the year ended 30 September 2024 are detailed below.

Global Data

The amount of securities on loan as a proportion of total lendable assets and the Company's net assets as at 30 September are disclosed below:

	Stock lending 2024	
Market value of securities on loan £'000	% of lendable assets	% of assets under management
36,393	8.41	9.34

Concentration Data

The ten largest collateral issuers across all the securities financing transactions as at 30 September are disclosed below:

Issuer	2024 Market value of collateral received £'000
US Treasury	9,993
Philips	1,112
Sanofi	1,112
Zurich	1,112
Kirin	1,112
LVMH	1,111
Bridgestone	1,111
Japan Tobacco	1,110
Canon	1,110
Kao	1,110
	19,993

The top nine counterparties of each type of securities financing transactions as at 30 September are disclosed below:

Counterparty	2024 Market value of securities on loan £'000
Natixis	10,489
Morgan Stanley	9,310
Bank of Nova Scotia	9,211
Barclays	5,523
BNP Paribas	1,144
HSBC	451
JP Morgan	150
Citigroup	95
UBS	20
	36,393

All counterparties have been included.

Securities Financing Transactions (continued)

Aggregate Transaction Data

The following table discloses a summary of aggregate transaction data related to the collateral received from securities on loan as at 30 September:

Stock lending 2024

Counterparty	Counterparty country of origin	Type	Quality	Collateral currency	Settlement basis	Custodian	Market value of collateral received £'000
Natixis	France	Equity	Main Market Listing	JPY	Tri-party	HSBC	6,673
		Equity	Main Market Listing	EUR	Tri-party	HSBC	3,335
		Equity	Main Market Listing	CHF	Tri-party	HSBC	1,111
Morgan Stanley	United States	Government Debt	Investment Grade	USD	Tri-party	HSBC	9,675
		Equity	Main Market Listing	SGD	Tri-party	HSBC	103
Bank of Nova Scotia	Canada	Equity	Main Market Listing	GBP	Tri-party	HSBC	7,328
		Equity	Main Market Listing	USD	Tri-party	HSBC	1,253
		Government Debt	Investment Grade	GBP	Tri-party	HSBC	1,072
		Equity	Main Market Listing	EUR	Tri-party	HSBC	85
		Equity	Main Market Listing	CAD	Tri-party	HSBC	16
Barclays	United Kingdom	Equity	Main Market Listing	JPY	Tri-party	HSBC	5,621
		Government Debt	Investment Grade	USD	Tri-party	HSBC	219
		Government Debt	Investment Grade	JPY	Tri-party	HSBC	13
BNP Paribas	France	Equity	Main Market Listing	EUR	Tri-party	HSBC	478
		Equity	Main Market Listing	GBP	Tri-party	HSBC	467
		Equity	Main Market Listing	HKD	Tri-party	HSBC	148
		Equity	Main Market Listing	USD	Tri-party	HSBC	121
HSBC	Hong Kong	Equity	Main Market Listing	USD	Tri-party	HSBC	306
		Equity	Main Market Listing	GBP	Tri-party	HSBC	132
		Equity	Main Market Listing	GBP	Bilateral	HSBC	36
		Government Debt	Investment Grade	GBP	Tri-party	HSBC	4
JP Morgan	United States	Equity	Main Market Listing	GBP	Tri-party	HSBC	134
		Equity	Main Market Listing	EUR	Tri-party	HSBC	26
Citi	United States	Government Debt	Investment Grade	USD	Tri-party	HSBC	100
UBS	Switzerland	Equity	Main Market Listing	SGD	Tri-party	HSBC	14
		Equity	Main Market Listing	GBP	Tri-party	HSBC	3
		Equity	Main Market Listing	JPY	Tri-party	HSBC	2
		Equity	Main Market Listing	USD	Tri-party	HSBC	2
							38,477

Re-use of Collateral

The Company does not engage in any re-use of collateral.

Return and Cost

The return and cost of engaging in securities lending by the Company and the securities lending agent in absolute terms and as a percentage of overall returns are disclosed below:

Total gross amount of securities lending income	Direct and indirect costs and fees deducted by securities lending agent	% return of the securities lending agent	Net securities lending income received by the Company	% return of the Company
£93,000	£19,000	20%	£74,000	80%

General Shareholder Information

AIFMD Disclosures

In accordance with the Alternative Investment Fund Managers Directive ('AIFMD'), information in relation to the Company's leverage (leverage is considered in terms of the Company's overall exposure to financial or synthetic gearing and includes any method by which its exposure is increased whether through borrowing of cash or securities, foreign currency holdings, leverage embedded in derivative positions or by any other means) and remuneration of Janus Henderson Fund Management UK Limited, as the Company's Alternative Investment Fund Manager ('AIFM') are required to be made available to investors. These disclosures, including those on the AIFM's remuneration policy, are contained in a separate document called 'AIFMD Disclosures' which can be found on the Company's website.

BACS

Dividends can be paid to shareholders by means of BACS (Bankers' Automated Clearing Services); mandate forms for this purpose are available from the Registrar, Computershare Investor Services PLC. Alternatively, shareholders can write to the Registrar (the address is given on page 30) to give their instructions; these must include the bank account number, the bank account title and the sort code of the bank to which payments are to be made.

Common Reporting Standard

With effect from 1 January 2016 tax legislation under The Organisation for Economic Co-operation and Development Common Reporting Standard for Automatic Exchange of Financial Account Information was introduced. The legislation requires the Company to provide personal information to HMRC on certain investors who purchase shares in investment trusts. This information will have to be provided annually to the local tax authority of the tax residencies of a number of non-UK based certificated shareholders and corporate entities.

Equality Act

Copies of this report and other documents issued by the Company are available from the Company Secretary. If needed, copies can be made available in a variety of formats, including Braille or larger type as appropriate.

You may also go through a 'typetalk' operator (provided by the Royal National Institute for Deaf People) dial 18001 followed by the number you wish to dial.

General Data Protection Regulation ('GDPR')

The General Data Protection Regulation ('GDPR') came into force on 25 May 2018. It aims to protect and empower individual data privacy and reshape the way organisations approach data privacy. A privacy statement can be found on the website **www.janushenderson.com**.

ISA

The Company intends to continue to manage its affairs in order to qualify as an eligible investment for a stocks and shares ISA.

Key Information Document

Information in relation to the Company is contained in a 'Key Information Document' which can be found on the Company's website.

Non-Mainstream Pooled Investment ('NMPI') Status

The Company currently conducts its affairs so that its ordinary shares of 2.5p each can be recommended by IFAs to ordinary retail investors in accordance with the FCA Rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future. The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

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**. 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**.

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.

General Shareholder Information (continued)

Taxonomy Regulation

Regulation (EU) 2020/852 establishes the basis for the EU taxonomy. The EU taxonomy is a classification system, establishing a list of environmentally sustainable economic activities to provide companies, investors and policymakers with appropriate definitions for which economic activities can be considered environmentally sustainable. In accordance with the Taxonomy Regulation, the Company confirms that the investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Voting at shareholder meetings

If you hold your shares in your own name, you will receive notices of shareholder meetings with details of how to vote. If you hold shares via a nominee or platform, please see the helpful information on the AIC website on how you can vote your shares, **https://www.theaic.co.uk/how-to-vote-your-shares**.

Warning to Shareholders

Many companies are aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based 'brokers' who target UK shareholders offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. They can be very persistent and extremely persuasive. Shareholders are therefore advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports.

Please note that it is very unlikely that either the Company or the Company's Registrar, Computershare Investor Services PLC, would make unsolicited telephone calls to shareholders and that any such calls would relate only to official documentation already circulated to shareholders and never in respect of investment 'advice'.

If you are in any doubt about the veracity of an unsolicited phone call, please call the Company Secretary at the number provided on page 30.

Glossary

Alternative Investment Fund Managers Directive ('AIFMD')

Agreed by the European Parliament and the Council of the European Union and transposed into UK legislation, the AIFMD classifies certain investment vehicles, including investment companies, as Alternative Investment Funds ('AIFs') and requires them to appoint an Alternative Investment Fund Manager ('AIFM') and Depositary to manage and oversee the operations of the investment vehicle. The Board of the Company retains responsibility for strategy, operations and compliance and the Directors retain a fiduciary duty to shareholders.

Association of Investment Companies ('AIC')

The Company is a member of the AIC which is the trade body for investment companies and represents the industry in relation to various matters which impact the regulation of such entities.

Benchmark

An index against which performance is compared. For the Company this is the FTSE All-Share Index Total Return.

Custodian

The Custodian is responsible for ensuring the safe custody of the Company's assets and that all transactions in the underlying holdings are transacted in an accurate and timely manner.

Depositary

With effect from 22 July 2014 all AIFs were required to appoint a Depositary which has responsibility for overseeing the operations of the Company including safekeeping, cash monitoring and verification of ownership and valuation of the underlying holdings. The Depositary is strictly liable for the loss of any investments or other assets in its custody unless it has notified that it has discharged its liability in certain markets. The Depositary has confirmed that it has not discharged liability in relation to any of the Company's assets.

Derivative

A contract between two or more parties in relation to an underlying security. The value of a derivative will fluctuate in accordance with the value of the security and is a form of gearing as the fluctuations in value are usually greater than the fluctuations in the underlying security's value. Examples of derivatives are put and call options, swap contracts, futures and contracts for difference. Foreign exchange, interest rates and commodities may also be traded using derivative contracts. The Company did not use derivatives in the year under review.

Dividend Dates

When declared or recommended, each dividend will have three key dates applied to it. The payment date is the date on which shareholders will receive their dividend, either by BACS transfer or by receipt of a dividend cheque. The record date applied to the dividend is used as a cut-off for the Company's registrars to know which shareholders should be paid a dividend. Only shareholders on the register of members at the close of business on the record date will receive the dividend. The ex-dividend date is the business day before the record date and is the date upon which the Company's net asset value will be disclosed ex-dividend.

Investment Trusts

Investment trusts are public limited companies, listed on the London Stock Exchange, which provide shareholders with a professionally managed portfolio of investments. Investment trusts are exempt from tax on the capital gains arising on their investments subject to meeting certain criteria. Income, net of expenses and tax, is substantially distributed to shareholders. Investment trusts are also known as investment companies, although the tax legislation retains the reference to investment trusts.

Initial Public Offering ('IPO')

The first time that the stock of a private company is offered to the public.

Liquidity

In the context of the liquidity of shares in the stock market, this refers to the availability of buyers in the market for the share in question. Where the market in a particular share is described as liquid, that share will be in demand and holders wishing to sell their shares should find ready buyers. Conversely, where the market in a share is illiquid the difficulty of finding a buyer will tend to depress the price that might be negotiated for a sale.

Market Capitalisation ('Market Cap')

The market value of a company, calculated by multiplying the mid-market price per share by the number of shares in issue.

Retail Price Index

An inflationary indicator that measures the change in the cost of a fixed basket of retail goods.

Alternative Performance Measures

The Company uses the following alternative performance measures ('APMs') throughout the Annual Report, financial statements and notes to the financial statements. The APMs are reconciled to the financial statements through the narrative below. The Board believes that each of the APMs, which are typically used within the investment trust sector, provide additional useful information to shareholders to help assess the Company's performance against its peer group.

Capital Return per Ordinary Share

The capital return per share is the capital profit/(loss) for the year (see Income Statement) divided by the weighted average number of ordinary shares in issue during the year (see note 9 on pages 67 to 68).

Discount or Premium

The amount by which the market price per share of an investment trust is either higher (premium) or lower (discount) than the NAV per share, expressed as a percentage of the NAV per share.

	NAV with Debt at fair value	NAV with Debt at par	Share price	(Discount)/ premium to fair value NAV	(Discount)/ premium to par value NAV
At 30 September 2024	**146.1p**	**144.2p**	**127.0p**	**(13.1%)**	**(11.9%)**
At 30 September 2023	131.7p	129.3p	113.0p	(14.2%)	(12.6%)

NAV with debt at par and fair value

	2024 £'000	2023 £'000
Investments held at fair value through profit or loss (see note 11)	432,617	392,429
Current assets (see page 61)	7,589	5,731
Creditors amounts falling due within one year (see note 13)	(20,749)	(19,003)
Creditors amounts falling due after one year (see note 13)	(29,824)	(29,812)
NAV with debt at par (A)	**389,633**	**349,345**
Less: fair value of senior unsecured notes (see note 14.4)	(24,672)	(23,224)
Add back: amortised cost of senior unsecured notes	29,824	29,812
NAV with debt at fair value (B)	**394,785**	**355,933**
Ordinary shares in issue (see note 15) (C)	**270,185,650**	**270,185,650**
NAV per ordinary share with debt at par (see page 61) (A/C x 100) (p)	**144.2**	**129.3**
NAV per ordinary share with debt at fair value (B/C x 100) (p)	**146.1**	**131.7**

The aggregate NAV is also referred to as Total shareholders' funds in the Statement of Financial Position. The NAV per ordinary share is published daily and the year end NAV can be found on page 3 and further information is available on page 75 in note 17 within the notes to the financial statements.

Gearing/(Net Cash)

Gearing represents the excess amount above shareholders' funds of total investments, expressed as a percentage of the shareholders' funds. If the amount calculated is negative, this is a 'net cash' position and there is no gearing.

		2024	2023
Investments held at fair value through profit or loss (page 61) (£'000)	(A)	432,617	392,429
Net assets (page 61) (£'000)	(B)	389,633	349,345
Gearing (C = A/B -1) (%)	(C)	11.0	12.3

Alternative Performance Measures (continued)

Ongoing Charge

The ongoing charge ratio has been calculated in accordance with the guidance issued by the AIC as the total investment management fees and administrative expenses and expressed as a percentage of the average daily net asset values throughout the year.

	2024 £'000	2023 £'000
Management fee (Note 5)	1,735	1,713
Other administrative expenses (note 6)	802	686
Less: non-recurring expenses	(94)	(127)
Ongoing charges	**2,443**	**2,272**
Average net assets[1]	**372,669**	**355,221**
Ongoing charge ratio	**0.66%**	**0.64%**

1. Calculated using the average daily net asset value

Revenue Return per Ordinary Share

The revenue return per ordinary share is the revenue return for the year (see Income Statement) divided by the weighted average number of ordinary shares in issue during the year (see note 9 on pages 67 to 68).

Total Return

The return on the share price or NAV with debt at fair value taking into account both the rise and fall of NAV/share prices and dividends paid to shareholders. Any dividends received by a shareholder are assumed to have been reinvested in either additional shares (for share price total return) or the Company's assets (for NAV total return). Dividends paid and payable are set out in note 10 on page 68.

	NAV per share	**Share price**
NAV/Share price per ordinary share at 30 September 2023 (pence)	131.7	113.0
NAV/Share price per ordinary share at 30 September 2024 (pence)	146.1	127.0
Change in the year (%)	10.9	12.4
Impact of dividends reinvested (%)	4.7	5.3
Total return for the year	**16.3**	**18.3**

Yield

The yield is the annual dividend expressed as a percentage of the year end share price.

		30 September 2024	30 September 2023
Annual dividend (pence)	(A)	6.425	6.250
Share price (pence)	(B)	127.0	113.0
Yield (C = A/B) (%)	(C)	5.1	5.5

Notice of Annual General Meeting

Lowland Investment Company plc

(an investment company within the meaning of section 833 of the Companies Act 2006, incorporated in England and Wales with registered number 670489).

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Lowland Investment Company plc (the 'Company') will be held on **Tuesday 28 January 2025 at 12.30pm** to consider and, if thought fit, pass the following resolutions:

Ordinary resolutions

1 To receive the Annual Report and audited financial statements for the year ended 30 September 2024.

2 To approve the Directors' Remuneration Report for the year ended 30 September 2024.

3 To approve the final dividend of 1.625p.

4 To elect Mark Lam as a Director.

5 To re-elect Duncan Budge as a Director.

6 To re-elect Susan Gaynor Coley as a Director.

7 To re-elect Helena Vinnicombe as a Director.

8 To re-elect Thomas Walker as a Director.

9 To re-appoint Ernst & Young LLP as Statutory Auditor to the Company.

10 To authorise the Directors to determine the Auditor's Remuneration.

11 THAT in substitution for all existing authorities the Directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 ('the Act') to exercise all the powers of the Company to allot ordinary shares in the capital of the Company ('ordinary shares') and to grant rights to subscribe for, or to convert any security into, ordinary shares up to an aggregate nominal amount of £675,464 (or such other amount as shall be equivalent to 10% of the issued share capital at the date of passing of the resolution) for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) on the earlier of the date falling 15 months after the passing of this resolution and at the conclusion of the Annual General Meeting of the Company in 2026, but that the Directors may make an offer or agreement which would or might require relevant securities to be allotted or rights to be granted after expiry of this authority and the Directors may allot relevant securities in pursuance of that offer or agreement as if the authority conferred hereby had not expired.

Special resolutions:

12 THAT in substitution for all existing authorities and subject to the passing of resolution 11 the Directors be empowered pursuant to section 570 and/or section 573 of the Companies Act 2006 ('the Act') to allot ordinary shares for cash pursuant to the authority conferred by resolution 11 and to sell ordinary shares held by the Company immediately before the sale as Treasury shares for cash as if section 561(1) of the Act did not apply, provided that this power shall be limited:

(a) to the allotment of equity securities whether by way of a rights issue, open offer or otherwise to ordinary members and/or holders of any other securities in accordance with the rights of those securities where the equity securities respectively attributable to the interests of all ordinary members and/or such holders are proportionate (or as nearly as may be) to the respective numbers of ordinary shares and such equity securities held by them (or are otherwise allotted in accordance with the rights attaching to such equity securities) subject in either case to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or local or practical problems under the laws of, or the requirements of, any regulatory body or any stock exchange in any territory or otherwise howsoever;

(b) to the allotment or sale (otherwise than pursuant to sub-paragraph (a) above) of ordinary shares up to a maximum aggregate nominal value of £675,464 (or such other amount as shall be equivalent to 10% of the issued ordinary share capital at the date of passing of the resolution); and

(c) to the allotment or sale of equity securities at a price not less than the Net Asset Value per share;

and shall expire on the earlier of the date falling 15 months after the passing of this resolution and at the conclusion of the Annual General Meeting of the Company in 2026 (unless previously renewed, varied or revoked, by the Company in general meeting), save that the Directors may before such expiry make an offer or agreement which would or might require ordinary shares to be allotted or sold after such expiry and the Directors may allot ordinary shares in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

13 THAT in substitution for all existing authorities the Company be and is hereby generally and unconditionally authorised in accordance with section 701 of the Companies Act 2006 ('the Act') to make market purchases (within the meaning of section 693 (4) of the Act) of ordinary shares in the capital of the Company on such terms and in

Notice of Annual General Meeting (continued)

such manner as the Directors may from time to time determine provided that:

(a) the maximum number of ordinary shares which may be purchased is 14.99% of the Company's issued ordinary share capital at the date of the passing of this resolution (equivalent to £1,012,520 nominal value at the date of this Notice);

(b) the maximum price (exclusive of expenses) which may be paid for an ordinary share shall not exceed the higher of:

  (i) 105% of the average of the middle market quotations for an ordinary share as taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the date of purchase; and

  (ii) the higher of the last independent trade and the highest current independent bid on the London Stock Exchange.

(c) the minimum price (exclusive of expenses) which may be paid for a share shall be the nominal value per ordinary share;

(d) the authority hereby conferred shall expire on the earlier of the date falling 15 months after the passing of this resolution and the conclusion of the Annual General Meeting of the Company in 2026 unless previously renewed, varied or revoked, by the Company in general meeting;

(e) the Company may make a contract to purchase ordinary shares under the authority hereby conferred which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of ordinary shares pursuant to any such contract; and

(f) any ordinary shares so purchased shall be cancelled or, if the Directors so determine, be held, sold, transferred or otherwise dealt with as Treasury shares in accordance with the provisions of the Act.

14 THAT a general meeting other than an Annual General Meeting may be called on not less than 14 clear days' notice, such authority to expire at the conclusion of the Annual General Meeting in 2026.

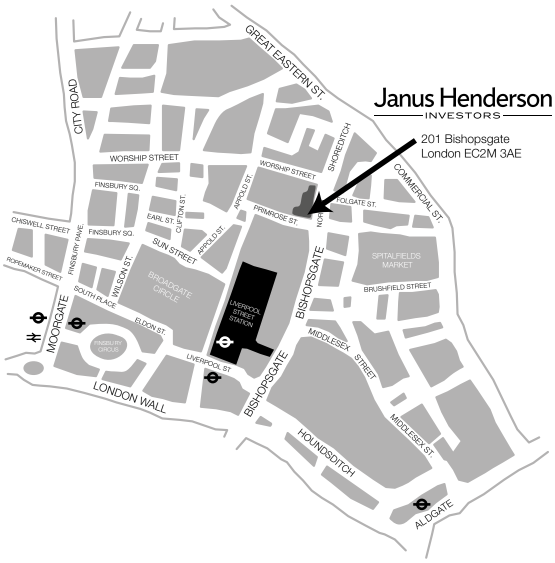
15 THAT the Board be authorised to convene a general meeting of the Company via electronic or hybrid means.

By Order of the Board

Janus Henderson Secretarial Services UK Limited
Corporate Secretary
4 December 2024

Registered Office:
201 Bishopsgate London EC2M 3AE

Annual General Meeting venue



The 2025 AGM will be held at 201 Bishopsgate, London EC2M 3AE. It is a few minutes' walk from Liverpool Street Station and from Moorgate Station.

Notice of Annual General Meeting (continued)

Explanation of the Resolutions:

The information set out below is an explanation of the business to be considered at the 2025 Annual General Meeting ('AGM').

Resolutions 1 to 11 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 12 to 15 are proposed as special resolutions. This means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

Resolution 1: Annual Report and audited financial statements (ordinary resolution)

The Directors are required to present to the meeting the Annual Report and audited financial statements, including the Strategic Report, Directors' Report, Independent Auditor's Report and the Directors' Remuneration Report in respect of the financial year ended 30 September 2024. Shareholders will be given an opportunity at the Meeting to ask questions on these items. At the end of the discussion members will be invited to receive the Annual Report and audited financial statements.

Resolution 2: Approval of the Directors' Remuneration Report (ordinary resolution)

Shareholders are asked to approve the Directors' Remuneration Report which is set out on pages 39 to 41 of the Annual Report. The vote on this resolution is advisory and does not affect the remuneration payable to any individual Director. However, the Board will take feedback from shareholders regarding remuneration and incorporate this into any future remuneration discussions.

Resolution 3: Approval of Final Dividend (ordinary resolution)

A final dividend of 1.625p per ordinary share will, if approved by shareholders at the AGM, be paid on 31 January 2025 to those shareholders on the Register of Members on 27 December 2024.

Resolutions 4 to 8: Election and re-election of Directors (ordinary resolutions)

Under the AIC Code of Corporate Governance, as endorsed by the Financial Reporting Council, directors are expected to stand for election (first) or re-election (subsequent) AGMs annually. At its meeting in September 2024, the Nomination Committee reviewed the performance, contribution and time commitment of the members of the Board and concluded that each Director standing for election or re-election brought extensive, current and relevant business experience that allows each to contribute effectively to the leadership of the Company.

The biographies of each Director, including their skills, experience and qualifications relevant for the sustainable success of the Company are set out on pages 28 to 29 of the Annual Report. Mark Lam was appointed on 1 January 2024. All other Directors standing for re-election held office throughout the year under review.

Resolutions 9 and 10: Appointment and Remuneration of the Auditor (ordinary resolutions)

In accordance with Sections 489 and 492 of the Companies Act 2006, shareholders are required to approve the appointment of the Company's Auditor each year. Under the Act, Directors are authorised to determine the Auditor's remuneration. Ernst & Young LLP have expressed their willingness to continue as Auditor to the Company.

Resolution 11: Authority to Allot Shares (ordinary resolution)

On 24 January 2024 the Directors were granted authority to allot ordinary shares up to an aggregate nominal value of £675,464. No shares have been allotted under this authority, which will expire at the forthcoming AGM in January 2025.

An ordinary resolution to renew this authority will be proposed at the AGM, which will allow the Directors to allot shares up to a maximum of 10% of the issued share capital at the date of the AGM, which at the date of this notice was 27,018,565 shares having an aggregate nominal value of £675,464. The resolution is set out in full in the Notice on page 85. If renewed, the authority will expire at the earlier of the date falling 15 months after the passing of the resolution and the conclusion of the AGM in 2026. New shares would not be issued at a discount to net asset value. No shares were held in Treasury at the date of this Notice.

Resolution 12: Power to Disapply Pre-Emption Rights (special resolution)

At the AGM on 24 January 2024, the Directors were also empowered to allot securities of a limited value for cash without first offering them to existing shareholders in accordance with statutory pre-emption procedures. The Directors have not allotted any shares using this authority, which will expire at the forthcoming AGM in January 2025.

Resolution 12 will give the Directors power to allot or sell shares out of Treasury for cash on a non pre-emptive basis up to a maximum aggregate nominal amount of 10% of the issued share capital at the date of the AGM, which at the date of this notice was £675,464 (or 27,018,565 shares).

The resolution is set out in full in the Notice on page 85 to 86. If renewed, the power will expire on the earlier of the date falling 15 months after the passing of this resolution and at the conclusion of the AGM in 2026.

The Directors do not intend to allot or sell shares pursuant to resolutions 11 and 12 other than to take advantage of opportunities in the market as they arise and only if they believe it to be advantageous to the Company's existing shareholders to do so and when it would not result in any dilution of net asset value per share (i.e. shares will only be issued or sold when there is unfulfilled demand and at a premium to net asset value).

Notice of Annual General Meeting (continued)

Resolution 13: Repurchase of the Company's Ordinary Shares (special resolution)

On 24 January 2024 the Directors were granted authority to repurchase 40,500,820 ordinary shares (with a nominal value of £1,012,520) for cancellation or to be held in Treasury. The Directors have not bought back any shares under this authority and therefore at the date of this Notice of AGM the Directors have remaining authority to repurchase 40,500,820 shares.

Resolution 13 seeks to renew the Company's authority to buy back shares. The authority under this resolution is limited to the purchase of a maximum of 14.99% of the ordinary shares in issue at the date of the passing of this resolution.

The Company may cancel or hold in Treasury any shares bought back under this authority. No shares were held in Treasury at the date of this Notice.

The Company may use the authority to purchase shares by either a single purchase or a series of purchases when market conditions allow, with the aim of maximising the benefit to shareholders. This proposal does not indicate that the Company will purchase shares at any particular time or price, nor imply any opinion on the part of the Directors as to the market or other value of the Company's shares.

The Directors believe that, from time to time and subject to market conditions, it will continue to be in the shareholders' interests to have the ability to buy back the Company's shares when they are trading at a discount to the underlying net asset value per share. The authority being sought provides an additional source of potential demand for the Company's shares.

This authority was last used by the Company over twenty years ago, however it is market consensus that an investment trust should have within its corporate powers the ability to buy back shares. Shares would be bought, in line with the Company's stated policy, when the Board deems it to offer sufficient value to shareholders and is demonstrably in shareholders' best interests.

This authority will expire at the earlier of the date falling 15 months after the passing of this resolution and the conclusion of the AGM in 2026 and it is the present intention of the Directors to seek a similar authority annually.

Resolution 14: Notice of General Meetings (special resolution)

Changes made to the Companies Act 2006 by the Shareholders' Rights Regulations increase the notice period required for general meetings of the Company to 21 clear days 'unless shareholders approve a shorter notice period, which cannot however be less than 14 clear days'. (AGMs will continue to be held on at least 21 clear days' notice).

The Companies Act 2006 ('the Act') and the Company's articles of association provide that all general meetings (other than AGMs) can be convened on 14 clear days' notice. However, one of the requirements of the Shareholder Rights Directive is that all general meetings must be held on 21 clear days' notice, unless shareholders agree to a shorter notice period. The Board is of the view that it is in the Company's interest to have a shorter notice period which complies with the provisions of the Act and the Company's articles allow all general meetings (other than an annual general meeting) to be called on not less than 14 clear days' notice. The passing of resolution 14 would constitute shareholders' agreement for the purposes of the Shareholder Rights Directive (which agreement is required annually) and would therefore preserve the Company's ability to call general meetings (other than an annual general meeting) on 14 clear days' notice. The Board would use this authority to provide flexibility when merited and would not use it as a matter of routine. The Board intends to seek a renewal of such authority at subsequent annual general meetings.

Resolution 15: The holding of virtual or hybrid meetings (special resolution)

During the restrictions imposed by the Covid pandemic, many companies realised that they did not have sufficient powers in their articles of association to hold virtual or hybrid meetings (virtual meetings are those held by electronic means, hybrid means a combination of the traditional shareholder meeting with some electronic participation). At the AGM in 2021, the Company put a proposal to shareholders to change the articles so that the Company was able to offer shareholders this flexibility going forward. In order to maintain high standards of corporate governance and shareholder engagement, the changes stipulated that the ability to hold such meetings would be subject to an annual shareholder vote of approval each year. This resolution seeks such authority. The Company's intention is always to hold a physical meeting when possible, and virtual meetings would only be held when it is impracticable to hold a physical meeting.

Notes to the Notice of Annual General Meeting

1. Voting Record Date

Only members registered in the Register of Members of the Company at close of business on 24 January 2025 shall be entitled to attend and vote at the AGM in respect of the number of voting rights registered in their name at that time. Changes to entries on the Register of Members after close of business on 24 January 2025 shall be disregarded in determining the rights of any person to attend and vote at the meeting.

Notice of Annual General Meeting (continued)

If the AGM is adjourned then the voting record date will be the close of business on the day which is two days (excluding non-working days) before the day of the adjourned meeting or, if the Company gives notice of the adjourned meeting, at any time specified in that notice.

2. Rights to Attend and Vote

Members are entitled to attend, speak and vote at the forthcoming Annual General Meeting or at any adjournment(s) thereof.

On a poll each member has one vote for every one share held.

In the case of joint holders of a voting right, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the Register of Members in respect of the joint holding.

3. Right to Appoint Proxies

Pursuant to section 324 of the Companies Act 2006, a member entitled to attend and vote at the meeting may appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to different shares held by him. A proxy need not be a member of the Company.

A Form of Proxy is enclosed. The completion of the Form of Proxy or any CREST proxy instruction (as described in Note 6) will not preclude a shareholder from attending and voting in person at the Meeting.

If the total number of voting rights that the Chairman will be able to vote (taking into account any proxy appointments from shareholders over which he is given discretion and any voting rights in respect of his own shares) is such that he will have a notifiable obligation under the Financial Conduct Authority's Disclosure Guidance and Transparency Rules, the Chairman will make the necessary notifications to the Company and to the Financial Conduct Authority. Therefore, any Member holding 3% or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure

Guidance and Transparency Rules, need not make a separate notification to the Company and to the Financial Conduct Authority. However, any Member holding 3% or more of the voting rights in the Company who appoints a person other than the Chairman as proxy will need to ensure that both the Member and the proxy comply with their respective disclosure obligations under the Disclosure Guidance and Transparency Rules.

Section 324 does not apply to persons nominated to receive information rights pursuant to section 146 of the Companies Act 2006. Persons nominated to receive information rights under section 146 of the Companies Act 2006 have been sent this Notice of Meeting and are hereby informed, in accordance with section 149(2) of the Companies Act 2006, that they may have the right under an agreement with the registered member by whom they are nominated to be appointed, or to have someone else appointed, as a proxy for this meeting. If they have no such right or do not wish to exercise it, they may have a right under such an agreement to give instructions to the Member as to the exercise of voting rights.

Nominated persons should contact the registered member by whom they were nominated in respect of these arrangements.

The statement of rights of shareholders in relation to the appointment of proxies in this paragraph does not apply to nominated persons.

4. Proxies' rights to vote at the Meeting

On a vote on a show of hands, each Member or proxy has one vote.

If a proxy is appointed by more than one Member and all such Members have instructed the proxy to vote in the same way, the proxy will only be entitled on a show of hands to vote 'for' or 'against' as applicable. If a proxy is appointed by more than one Member, but such Members have given different voting instructions, the proxy may on a show of hands vote both 'for' and 'against' in order to reflect the different voting instructions.

On a poll all or any of the voting rights of the Member may be exercised by one or more duly appointed proxies. However, where a Member appoints more than one proxy, Section 285(4) of the Act does not permit the exercise by the proxies taken together of more extensive voting rights than could be exercised by the member in person.

5. Voting by Corporate Representatives

Corporate representatives are entitled to attend, speak and vote on behalf of the corporate member in accordance with section 323 of the Companies Act 2006.

6. Receipt and Termination of Proxies

A Form of Proxy is enclosed and to be valid must be lodged with the Company's Registrars before 12.30pm on 24 January 2025.

A member may terminate a proxy's authority at any time before the commencement of the meeting. Termination must be provided in writing and submitted to the Company's Registrar.

In accordance with the Company's Articles of Association, in determining the time for delivery of proxies, no account shall be taken of any part of a day that is not a working day.

Notice of Annual General Meeting (continued)

7. Communication with the Company

Members may not use any electronic address provided either in the Notice or any related documents (including the form of proxy) to communicate with the Company for any purpose other than those expressly stated.

8. Electronic Receipt of Proxies

To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise via the CREST system), CREST messages must be received by the Company's agent (ID number 3RA50) no later than the deadline specified in Note 6. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Instructions on how to vote through CREST can be found on the website **www.euroclear.com/CREST**.

9. Questions at the Annual General Meeting

Section 319A of the Companies Act 2006 requires the Directors to answer any question raised at the AGM which relates to the business of the meeting, although no answer need be given:

(a) if to do so would interfere unduly with the preparation of the meeting or involve disclosure of confidential information;

(b) if the answer has already been given on the Company's website; or

(c) if it is undesirable in the best interests of the Company or the good order of the meeting that the question be answered.

10. Website

Members satisfying the thresholds in section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to:

(a) the audit of the Company's accounts (including the Auditor's Report and the conduct of the audit) that are to be laid before the meeting; or

(b) any circumstances connected with an Auditor of the Company ceasing to hold office since the last Annual General Meeting, that the members propose to raise at the meeting.

The Company cannot require the members requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the Company's auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required to publish on its website.

The Company's Annual Report, which contains this Notice of the Annual General Meeting, including these explanatory notes, is included on the Company's website, **www.lowlandinvestment.com**.

11. Documents Available for Inspection

Copies of the Directors' letters of appointment (no Director has a contract of service with the Company) may be inspected at the registered office of the Company during normal business hours on any day (Saturdays, Sundays and public holidays excepted) and will be available at the AGM from 15 minutes prior to the commencement of the Meeting until its conclusion.

12. Total Voting Rights at Date of Notice

As at 3 December 2024 (being the latest practicable date prior to the publication of this Notice) the total number of voting rights in the Company is 270,185,650.

Lowland Investment Company plc
Registered as an investment company in England and Wales with registration number 670489
Registered office: 201 Bishopsgate, London EC2M 3AE

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MANAGED BY Janus Henderson INVESTORS

The Association of Investment Companies

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