

Company Number: 670489

LOWLAND INVESTMENT COMPANY PLC

**HALF-YEAR REPORT
(unaudited)
for the half-year ended 31 March 2022**

JANUS HENDERSON FUND MANAGEMENT UK LIMITED

LOWLAND INVESTMENT COMPANY PLC

Legal Entity Identifier: 2138008RHG5363FEHV19

18 May 2022

LOWLAND INVESTMENT COMPANY PLC

Unaudited results for the half-year ended 31 March 2022

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 will invest in a combination of large, medium and smaller companies listed in the UK. We are not constrained by the weightings of any index; we focus instead on controlling absolute risk by diversifying on the basis of underlying company characteristics such as size, industry, economic sensitivity, clients and management. In normal circumstances up to half the portfolio will be invested in FTSE 100 companies; the remainder will be divided between small- and medium-sized companies. On occasions the Manager will buy shares listed overseas. The Manager may also invest a maximum of 15% in other listed trusts.

Dividend

The Company aims to provide shareholders with better-than-average dividend growth.

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 never exceed 29.99% of the portfolio valuation. Borrowing will be a mixture of short and long-dated debt, depending on relative attractiveness of rates.

Key data for the six months to 31 March 2022

| | |
|--------------------------------------|--------|
| Net Asset Value ('NAV') Total Return | (0.7%) |
| Benchmark ¹ Total Return | 4.7% |
| Growth in dividend | 1.7% |
| Dividend in respect of the period | 3.05p |

¹ FTSE All-Share Index

Financial highlights

| | Half-Year Ended 31 Mar 2022 | Half-Year Ended 31 Mar 2021 | Year Ended 30 Sept 2021 |
|--------------------------------------|--------------------------------|--------------------------------|----------------------------|
| NAV per ordinary share ^{1*} | 141.1p | 135.0p | 145.9p |
| Share price ^{2*} | 133.0p | 123.5p | 131.5p |
| Market capitalisation | £359m | £334m | £355m |
| Dividend per share* | 3.05p | 3.0p | 6.025p |
| Ongoing charge | 0.6% | 0.6% | 0.6% |
| Dividend yield ³ | 4.5% | 4.9% | 4.6% |
| Gearing | 13.1% | 13.0% | 13.8% |
| Discount | 5.7% | 8.5% | 9.1% |

¹ NAV with debt at par value

² Using mid-market closing price

³ Based on dividends paid and declared in respect of the previous twelve month period

* Current period and prior period figures have been restated due to the sub-division of each ordinary share of 25p into ten ordinary shares of 2.5p each on 7 February 2022.

Total return performance (including dividends reinvested and excluding transaction costs)¹

| | 6 months % | 1 year % | 3 years % | 5 years % | 10 years % | 25 years % |
|--------------------------|---------------|-------------|--------------|--------------|---------------|---------------|
| NAV | (0.7) | 9.9 | 13.9 | 11.3 | 109.5 | 679.2 |
| Share Price ² | 3.5 | 14.1 | 16.8 | 16.2 | 116.8 | 797.3 |
| Benchmark ³ | 4.7 | 13.0 | 16.8 | 25.8 | 99.6 | 289.3 |

¹ All performance periods are to period ending 31 March 2022 and reflect the market volatility at the onset of the COVID-19 pandemic

² Using mid-market closing price

³ FTSE All-Share Index

Sources: Morningstar Direct, Funddata, Refinitiv Datastream and Janus Henderson

Historical record – Year to 30 September

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | As at 31 Mar 2022 ¹ |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------------------------------------|
| Net assets ² (£m) | 266 | 347 | 362 | 355 | 387 | 440 | 439 | 386 | 279 | 394 | 381 |
| NAV ³ | 100.8p | 130.7p | 134.6p | 131.8p | 143.2p | 162.8p | 162.5p | 142.8p | 103.1p | 145.9p | 141.1p |
| Share price* | 99.2p | 132.5p | 135.5p | 128.7p | 133.7p | 150.4p | 151.5p | 128.0p | 91.4p | 131.5p | 133.0p |
| Net revenue* | 3.11p | 3.67p | 3.94p | 4.64p | 4.77p | 4.91p | 5.86p | 6.80p | 3.38p | 4.27p | 1.72p |
| Net dividends paid per ordinary share* | 3.05p | 3.40p | 3.70p | 4.10p | 4.50p | 4.90p | 5.40p | 5.95p | 6.00p | 6.025p | 3.05p ⁴ |

¹ Net revenue and net dividends paid are for the six month period ended 31 March 2022

² Attributable to ordinary shares

³ NAV per ordinary share with debt at par value

⁴ First interim dividend of 1.525p per ordinary share paid on 29 April 2022 and second interim dividend of 1.525p per ordinary share that will be paid on 29 July 2022.

* Figures for 2012 to 2021 have been restated due to the sub-division of each ordinary share of 25p into ten ordinary shares of 2.5p each on 7 February 2022.

INTERIM MANAGEMENT REPORT

CHAIRMAN'S STATEMENT

Overview

Lowland recorded a 0.7% decline in Net Asset Value ('NAV') over the six months ended 31 March, compared with an increase of 4.7% in the FTSE All-Share index, which is the Company's benchmark. This performance is very substantially due to the portfolio being much more weighted to medium and small companies than is the index. The Fund Managers go into further detail on performance by sector, commodities and defensive stocks being the engine of growth of the FTSE 100 Index.

Investors are clearly aware of the multi-cap approach which Lowland has always held. Smaller and medium sized companies generally have more scope for growth, and out-perform over time. However, in periods of profound uncertainty, such as the present, the smaller end of the scale is invariably hit hardest. We hardly need reminding of these uncertainties, but the worrying rise in inflation and the dreadful war in Ukraine have been unwelcome additions to the remaining worries over COVID-19.

Following approval at the AGM, our shares underwent a ten for one share split. We hope that investors will find this more convenient, particularly those who invest relatively small amounts on a regular basis. Our share price, adjusting for the split, increased by 3.5% during the period.

Dividends

Recovery in income continued during the half year with Earnings per Share rising to 1.72p, against a comparable 1.28p. This is still below the 2019 pre-pandemic level of 2.22p. Several companies have declared special dividends and others have resumed dividends for the first time since the pandemic.

The Board decided when the pandemic hit that it would seek to stick by the progressive quarterly dividend policy, dipping into revenue reserves, and in a limited fashion, capital reserves. We have today declared our second interim dividend of 1.525p, bringing the total for the year so far to 3.05p, compared with 3.00p last year adjusting for the split.

Gearing

The Board and Fund Managers have vigilantly watched the level of gearing in the volatile markets which have prevailed. The Company has been a modest net seller over the period and gearing has marginally decreased from 13.8% to 13.1%.

Share Price Discount

The discount on the Company's share price narrowed from 9.1% to 5.7%.

Outlook

The three worries to which I have referred have not gone away. COVID-19 is likely to cause economic as well as human problems for some time to come, the most evident current manifestation being the consequences of the Chinese Government's COVID-19 policies on their economic growth. Russia's behaviour will remain a worry, potentially on a massive scale, but most certainly in its effect on inflation, which was a concern before the Putin Government's brutality came to the fore. Stagflation - an unhappy combination of high inflation and low growth - is a real threat to the recovery of earnings and dividends.

We tend to the view that these difficult circumstances are well understood by the market, and largely 'priced in'. The forward Price to Earnings ratio on our portfolio is around 10x, which is very cheap compared with historical measures. We are confident that the right UK companies will show resilience and reward the patient investor.

Robert Robertson
Chairman
18 May 2022

Equity allocation

| Sector Weightings | % as at 31 March 2022 | |
|------------------------|-----------------------|------------------------|
| | Company | Benchmark ¹ |
| Basic Materials | 5.8 | 8.8 |
| Consumer Discretionary | 9.2 | 10.8 |
| Consumer Staples | 3.1 | 14.6 |
| Energy | 8.1 | 9.9 |
| Financials | 31.4 | 22.6 |
| Health Care | 5.3 | 10.9 |
| Industrials | 23.5 | 12.0 |
| Real Estate | 2.7 | 3.3 |
| Technology | 1.8 | 1.4 |
| Telecommunications | 3.4 | 2.1 |
| Utilities | 5.7 | 3.6 |
| Total | 100.0 | 100.0 |

¹ FTSE All-Share Index

| Sector Weightings | % as at 30 September 2021 | |
|------------------------|---------------------------|------------------------|
| | Company | Benchmark ¹ |
| Basic Materials | 4.9 | 9.0 |
| Consumer Discretionary | 11.8 | 12.5 |
| Consumer Staples | 2.5 | 15.0 |
| Energy | 6.1 | 8.4 |
| Financials | 31.7 | 22.5 |
| Health Care | 4.7 | 9.8 |
| Industrials | 26.3 | 13.1 |
| Real Estate | 2.4 | 3.2 |
| Technology | 2.0 | 1.6 |
| Telecommunications | 3.0 | 2.0 |
| Utilities | 4.6 | 2.9 |
| Total | 100.0 | 100.0 |

¹ FTSE All-Share Index

Market Cap Weightings (%)

| | As at 31 Mar 2022 | |
|----------------|-------------------|------------------------|
| | Company | Benchmark ¹ |
| FTSE 100 | 47.4 | 81.5 |
| FTSE 250 | 19.8 | 15.4 |
| FTSE Small-Cap | 11.0 | 3.1 |
| FTSE AIM | 15.7 | - |
| FTSE Fledgling | 1.4 | - |
| Overseas | 3.5 | - |
| Other | 1.2 | - |
| Total | 100.0 | 100.0 |

¹ FTSE All-Share Index

FUND MANAGERS' REPORT

Performance review

The six months to the end of March saw a disappointing 0.7% fall in Lowland's NAV. This compares to the FTSE All-Share benchmark which rose 4.7%, in a period in which small and medium sized companies materially underperformed large companies. After the strong economic recovery in 2021 (a year in which the UK economy grew over 7% in real terms), rising inflation towards the end of that year and into early 2022 began to suppress household real disposable incomes. This led to concerns that 2022 may see slower than expected economic growth as consumers seek to curtail discretionary spending. The awful war in Ukraine will put further strain on UK household budgets, as it is likely to result in some commodity prices remaining higher for longer (impacting household fuel and energy bills), while also increasing the cost of food.

Against this backdrop, it is understandable that the shape of the UK equity market reflected greater uncertainty about the prospects for economic growth. The best performing sectors were either directly positively exposed to rising commodity prices (basic materials and energy) or sectors perceived to be defensive such as utilities and health care. In contrast the worst performing sector was consumer discretionary as the market sought to 'price in' earnings pressure in sectors such as retail.

This pattern of sector performance also influenced what size of company performed well. During the six months the FTSE 100 Index, as a result of its relatively high weighting in commodities and defensive sectors such as utilities, performed well (index performance can be seen in the far right column of the table below). In sharp contrast the more domestic and on average more cyclical FTSE 250 and AIM indices fell materially.

The table below illustrates the weighting by size of Lowland's portfolio compared with the benchmark, and its effect on returns. The proportion of the portfolio invested in the FTSE 100 Index was 47.4% compared with the benchmark's 81.5%. At the other end of the scale, the Company had 15.7% invested in AIM companies, and AIM does not form part of the benchmark.

| | Lowland weighting (%) | Lowland total return (%) | FTSE All-Share weighting (%) | Index return (%) |
|--------------------|-----------------------|--------------------------|------------------------------|------------------|
| FTSE 100 | 47.4 | 11.7 | 81.5 | 7.8 |
| FTSE 250 | 19.8 | -8.7 | 15.4 | -7.3 |
| FTSE Small-Cap | 11.0 | -14.4 | 3.1 | -5.6 |
| FTSE AIM All-Share | 15.7 | -5.6 | N/A | -15.8 |

Lowland has always invested across all sizes of UK business, with normally not more than half of the portfolio held in the largest 100 UK companies. It is our view that over the long term these smaller companies have greater potential for sales and earnings growth, as they are at an earlier stage of their life cycle with a longer pathway of growth ahead of them. At times of nervousness about the economic outlook, however, smaller and (on average) more cyclical businesses tend to underperform and the last six months have been no exception.

What the table above demonstrates is that the Company's underperformance relative to the FTSE All-Share Index over the last six months has in large part been driven by the above benchmark position in smaller companies. The Company's FTSE 100 and AIM holdings, for example, outperformed their relevant indices while it was only the FTSE Small-Cap holdings (where a number of the most domestic and cyclical holdings sit) that materially underperformed. We go into more detail on the stock specific drivers of performance below.

The five best performers (on an absolute basis) during the six months are listed below:

| | Share price total return (%) | Contribution to return (%) |
|----------------|------------------------------|----------------------------|
| Anglo American | 56.8 | 1.0 |
| Shell | 29.9 | 0.9 |
| Serica Energy | 72.1 | 0.8 |
| HSBC | 38.6 | 0.7 |

National Grid 34.9 0.6

Examining these in turn:

- **Anglo American, Shell and Serica Energy** all directly benefit from rising commodity prices.
- **HSBC** should be well placed to benefit from rising interest rates.
- **National Grid** should have earnings that are relatively well insulated from an economic downturn.

The largest five (absolute) detractors from performance were:

| | Share price total return (%) | Contribution to return (%) |
|---------------|------------------------------|----------------------------|
| Studio Retail | -100.0 | -1.1 |
| Reach | -47.6 | -0.6 |
| K3 Capital | -24.0 | -0.6 |
| Senior | -25.9 | -0.5 |
| IP Group | -35.7 | -0.5 |

Examining each in turn:

- Online value retailer **Studio Retail** was written down to zero. This was a very disappointing outcome and followed a year in which the business generated substantial profits. Supply chain issues have been a recurring problem across retailers since the pandemic began and in this case they led to a dislocation between inventory arriving and the peak Christmas selling season. This led to working capital issues that ultimately proved unresolvable as the company failed to secure additional funding from its banks.
- **Reach, K3 Capital** and **Senior** had all performed well in the six months prior to this period (with share prices rising 66%, 24% and 56% respectively), therefore the falls in this period reflect a reversal of sentiment with economic growth expectations being revised downwards.
- **IP Group** has had a number of portfolio successes in recent months including the UK IPO of gene sequencer Oxford Nanopore. The share price fall, however, was likely due to read across from falling valuations of high growth (often NASDAQ listed) peer companies.

Income review

Earnings per share during the first half were 1.72p, compared to 1.28p during the previous year (and 2.22p in 2019 to provide a pre-pandemic comparison). Dividends have come in at the upper end of our expectations, with several companies (such as flooring distributor Headlam) announcing special dividends as well as some companies returning to dividend payments for the first time since the pandemic began (including baked goods producer Finsbury Food and Irish insurer FBD).

Alongside better than expected dividends there has also been a trend for companies announcing share buybacks. It has been our view for a number of years that UK equities are undervalued relative to overseas peers and company boards have in some cases reached the same conclusion, choosing to use some of their surplus cash to buy back shares.

Activity

We were modest net sellers during the period, selling £28.8m in total and buying £19.8m. The largest individual sale was exiting the position in housebuilder **Bellway** in January. This was sold due to concerns around housing affordability relative to average earnings, particularly at a time of rising interest rates. In contrast a small new position was purchased in Scottish housebuilder **Springfield Properties**. Scotland has not experienced the same level of house price growth as has much of England, therefore affordability looks less stretched. Springfield also has a sizeable land bank that should give it a pathway to volume growth ahead of many listed peers.

Within larger companies new positions were established in **Kingfisher** (owner of brands including Screwfix and B&Q) and consumer goods company **Reckitt Benckiser**. Both companies had, to an extent, seen an earnings benefit from the pandemic – Kingfisher benefitted from people spending more time at home and therefore increasing their spending on home improvements while Reckitt Benckiser's cleaning products saw higher demand. In both cases, however, the earnings boost from the pandemic has masked more structural

improvements. Kingfisher has steadily improved its French business and continued to roll out Screwfix stores, while Reckitt's has invested in sales, marketing and product development in order to improve its organic growth. In our view these self-help measures will become more evident as consumer demand normalises following the pandemic.

Outlook

Investors have plenty of concerns at a macro level. Stagflation, where inflation is high and economic growth is low, is being talked about. However, it is because it is being talked about that expectations for future returns from equities are low. Share prices are already reflecting to a large degree the very real problems. Valuations for many companies are at reduced levels using a historic perspective, yet many of the companies in the portfolio are well managed with strong balance sheets and good operating margins.

Lowland's portfolio is not a proxy for the UK economy, it is a collection of individual company holdings that to a degree control their own destiny. The management teams will react to the circumstances they find and if their product or service is good enough they will in time prosper. Many of the management teams we regularly meet are upbeat about their business prospects. The earnings outlook for many of the companies held is reasonably robust; cost increases are being pushed through and margins defended. Cash generation is underpinning the recovery in dividends. It will be dividend increases inspired by the earnings growth that reawaken interest in UK equities despite the concerns around the global backdrop. The well chronicled problems facing the economy are currently the focus of investor attention - the surprise may be how well many UK companies cope with these challenges.

James Henderson and Laura Foll
Fund Managers
18 May 2022

Related party transactions

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

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

Principal risks and uncertainties

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

Geopolitical risks;
Global pandemic;
Investment activity and strategy;
Portfolio and market price;
Dividend income;
Financial;
Gearing;
Tax and regulatory; and
Operational.

Information on these risks and how they are managed is given in the Annual Report for the year ended 30 September 2021. The Board has completed a thorough review of the principal risks, and the uncertainties facing the Company. As a result of this, they have been updated and include geopolitical risks due to the Russian invasion of Ukraine which has increased the volatility in European markets; other risks remain largely unchanged. The Board anticipates that these risks are as applicable to the remaining six months of the financial year as they were to the six months under review.

Statement of Directors' Responsibilities

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

- (a) the set of financial statements for the half-year to 31 March 2022 has been prepared in accordance with "FRS 104 Interim Financial Reporting";
- (b) the Interim Management Report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- (c) the Interim Management Report includes a fair review of the information required by the Disclosure Guidance and Transparency Rule 4.2.8R (disclosure of related party transactions and changes therein).

On behalf of the Board

Robert Robertson

Chairman

18 May 2022

INVESTMENT PORTFOLIO

As at 31 March 2022

| Company | Sector | Market value £'000 | % of portfolio |
|---------------------------------------|---|-----------------------|-------------------|
| Shell | Oil and Gas | 14,759 | 3.4 |
| GlaxoSmithKline | Pharmaceuticals and Biotechnology | 12,025 | 2.8 |
| Anglo American | Industrial Metals and Mining | 10,726 | 2.5 |
| Direct Line | Non-Life Insurance | 10,454 | 2.5 |
| Severn Trent | Gas Water and Multi-utilities | 10,000 | 2.3 |
| National Grid | Gas Water and Multi-utilities | 9,573 | 2.2 |
| BP | Oil and Gas | 9,195 | 2.1 |
| Aviva | Life Insurance | 9,036 | 2.1 |
| HSBC | Banks | 8,826 | 2.1 |
| Phoenix | Life Insurance | 8,733 | 2.0 |
| 10 Largest | | 103,327 | 24.0 |
| Vodafone | Telecommunications Service Providers | 8,387 | 1.8 |
| Rio Tinto | Industrial Metals and Mining | 7,601 | 1.8 |
| M&G | Investment Banking and Brokerage Services | 7,521 | 1.7 |
| Relx | Media | 7,384 | 1.7 |
| Morgan Advanced Materials | Electronic and Electrical Equipment | 7,363 | 1.7 |
| Serica Energy ¹ | Oil and Gas | 7,155 | 1.7 |
| K3 Capital ¹ | Investment Banking and Brokerage Services | 6,890 | 1.6 |
| Redde Northgate | Industrial Transportation | 6,822 | 1.6 |
| Standard Chartered | Banks | 6,777 | 1.6 |
| BT Group | Telecommunications Service Providers | 6,740 | 1.6 |
| 20 Largest | | 175,967 | 40.8 |
| BAE Systems | Aerospace and Defence | 6,456 | 1.5 |
| FBD (Ireland) | Non-Life Insurance | 6,455 | 1.5 |
| Ilika ¹ | Electronic and Electrical Equipment | 6,319 | 1.5 |
| Natwest | Banks | 6,261 | 1.5 |
| Lloyds Banking | Banks | 6,234 | 1.4 |
| Irish Continental (Ireland) | Industrial Transportation | 6,146 | 1.4 |
| Clarkson | Industrial Transportation | 5,961 | 1.4 |
| Tesco | Personal Care, Drug and Grocery Stores | 5,956 | 1.4 |
| Hiscox | Non-Life Insurance | 5,815 | 1.3 |
| Land Securities | Real Estate Investment Trusts | 5,499 | 1.3 |
| 30 Largest | | 237,069 | 55.0 |
| Somero Enterprises ¹ (USA) | Industrial Engineering | 5,376 | 1.2 |
| AstraZeneca | Pharmaceuticals and Biotechnology | 5,218 | 1.2 |
| Prudential | Life Insurance | 5,101 | 1.2 |
| Barclays | Banks | 5,042 | 1.2 |
| Centrica | Gas Water and Multi-utilities | 5,005 | 1.2 |
| Henderson Opportunities Trust | Closed End Investments - Investment Trust focusing primarily on UK smaller companies | 5,000 | 1.2 |
| Headlam | Household Goods and Home Construction | 4,770 | 1.1 |
| Epwin ¹ | Construction and Materials | 4,722 | 1.1 |
| Senior | Aerospace and Defence | 4,702 | 1.1 |
| IMI | Electronic and Electrical Equipment | 4,475 | 1.0 |
| 40 Largest | | 286,480 | 66.5 |
| Mondi | General Industrials | 4,474 | 1.0 |
| TT Electronics | Technology Hardware and Equipment | 4,290 | 1.0 |
| Hipgnosis | Closed End Investments - Investment Trust investing in song back catalogues | 4,117 | 1.0 |
| Chesnara | Life Insurance | 4,099 | 0.9 |
| Hill & Smith | Industrial Metals and Mining | 4,006 | 0.9 |
| Kingfisher | Retailers | 3,893 | 0.9 |
| Randall & Quilter ¹ | Non-Life Insurance | 3,844 | 0.9 |
| DS Smith | General Industrials | 3,746 | 0.9 |
| Marks & Spencer | Retailers | 3,710 | 0.9 |
| Palace Capital | Real Estate Investment Trusts | 3,656 | 0.8 |
| 50 Largest | | 326,315 | 75.7 |

| Company | Sector | Market value £'000 | % of portfolio |
|--|---|-------------------------------|---------------------------|
| Balfour Beatty | Construction and Materials | 3,616 | 0.8 |
| Jupiter Fund Management | Investment Banking and Brokerage Services | 3,609 | 0.8 |
| IP Group | Investment Banking and Brokerage Services | 3,593 | 0.8 |
| Vertu Motors ¹ | Retailers | 3,564 | 0.8 |
| Halfords | Retailers | 3,529 | 0.8 |
| Convatec | Medical Equipment and Services | 3,458 | 0.8 |
| DCC (Ireland) | Industrial Support Services | 3,407 | 0.8 |
| International Personal Finance | Finance and Credit Services | 3,368 | 0.8 |
| H&T Group ¹ | Finance and Credit Services | 3,326 | 0.8 |
| STV | Media | 3,210 | 0.8 |
| 60 Largest | | 360,995 | 83.7 |
| Eleco ¹ | Software and Computer Services | 3,153 | 0.8 |
| Reckitt Benckiser Group | Personal Care, Drug and Grocery Stores | 3,062 | 0.7 |
| Castings | Industrial Engineering | 3,050 | 0.7 |
| Numis ¹ | Investment Banking and Brokerage Services | 3,020 | 0.7 |
| Reach | Media | 3,020 | 0.7 |
| Provident Financial | Finance and Credit Services | 2,865 | 0.7 |
| Ibstock | Construction and Materials | 2,768 | 0.7 |
| Euromoney | Industrial Support Services | 2,717 | 0.6 |
| Helical | Real Estate Investment and Services | 2,672 | 0.6 |
| Alpha Financial Markets ¹ | Industrial Support Services | 2,640 | 0.6 |
| 70 Largest | | 389,962 | 90.5 |
| Churchill China ¹ | Household Goods and Home Construction | 2,531 | 0.6 |
| Elementis | Chemicals | 2,437 | 0.6 |
| Rolls-Royce | Aerospace and Defence | 2,410 | 0.6 |
| Tyman | Construction and Materials | 2,385 | 0.5 |
| Finsbury Food Group ¹ | Food Producers | 2,376 | 0.5 |
| Sabre Insurance | Non-Life Insurance | 2,369 | 0.5 |
| Devro | Food Producers | 2,299 | 0.5 |
| Renold ¹ | Industrial Engineering | 2,036 | 0.5 |
| Johnson Service ¹ | Industrial Support Services | 2,005 | 0.5 |
| Oxford Sciences Innovation ² | Pharmaceuticals and Biotechnology | 1,967 | 0.5 |
| 80 Largest | | 412,777 | 95.8 |
| Ricardo | Construction and Materials | 1,944 | 0.5 |
| Jadestone Energy ¹ | Oil and Gas | 1,587 | 0.4 |
| Flowtech Fluidpower ¹ | Electronic and Electrical Equipment | 1,525 | 0.4 |
| DFS Furniture | Retailers | 1,456 | 0.3 |
| DWF Group | Industrial Support Services | 1,393 | 0.3 |
| Brooks MacDonald Group ¹ | Investment Banking and Brokerage Services | 1,295 | 0.3 |
| Airea ¹ | Household Goods and Home Construction | 1,031 | 0.2 |
| Indus Gas ¹ | Oil and Gas | 1,016 | 0.2 |
| Royal Mail | Industrial Transportation | 987 | 0.2 |
| Carclo | General Industrials | 963 | 0.2 |
| 90 Largest | | 425,974 | 98.8 |
| Appreciate ¹ | Finance and Credit Services | 942 | 0.2 |
| Wadworth - Ordinary shares ² | Travel and Leisure | 770 | 0.2 |
| Springfield Properties ¹ | Household Goods and Home Construction | 724 | 0.2 |
| Velocys ¹ | Alternative Energy | 577 | 0.1 |
| Jackson Financial (USA) | Life Insurance | 545 | 0.1 |
| Harbour Energy | Oil and Gas | 303 | 0.1 |
| Severfield | Construction and Materials | 296 | 0.1 |
| Esken | Industrial Transportation | 258 | 0.1 |
| Faron Pharmaceuticals ¹ (Finland) | Pharmaceuticals and Biotechnology | 220 | - |
| Wadworth - Preference shares ² | Travel and Leisure | 126 | - |
| 100 Largest | | 430,735 | 99.9 |

¹ AIM Stocks

² Unlisted Investments

Source: Janus Henderson

CONDENSED INCOME STATEMENT

| | (Unaudited) Half-year ended 31 March 2022 | | | (Unaudited) Half-year ended 31 March 2021 | | | (Audited) Year ended 30 September 2021 | | |
|---|---|----------------------------|----------------|---|----------------------------|----------------|--|----------------------------|----------------|
| | Revenue return £'000 | Capital return £'000 | Total £'000 | Revenue return £'000 | Capital return £'000 | Total £'000 | Revenue return £'000 | Capital return £'000 | Total £'000 |
| (Losses)/gains on investments held at fair value through profit or loss | - | (8,850) | (8,850) | - | 91,266 | 91,266 | - | 121,353 | 121,353 |
| Income from investments | 5,692 | - | 5,692 | 4,477 | - | 4,477 | 13,591 | 319 | 13,910 |
| Other interest receivable and similar income | 32 | - | 32 | 57 | - | 57 | 93 | - | 93 |
| Gross revenue and capital gains/(losses) | 5,724 | (8,850) | (3,126) | 4,534 | 91,266 | 95,800 | 13,684 | 121,672 | 135,356 |
| Management fee (note 2) | (434) | (434) | (868) | (409) | (409) | (818) | (811) | (811) | (1,622) |
| Other administrative expenses (note 2) | (310) | - | (310) | (378) | - | (378) | (658) | - | (658) |
| Net return/(loss) before finance costs and taxation | 4,980 | (9,284) | (4,304) | 3,747 | 90,857 | 94,604 | 12,215 | 120,861 | 133,076 |
| Finance costs | (311) | (311) | (622) | (275) | (275) | (550) | (584) | (585) | (1,169) |
| Net return/(loss) before taxation | 4,669 | (9,595) | (4,926) | 3,472 | 90,582 | 94,054 | 11,631 | 120,276 | 131,907 |
| Taxation on net return | (8) | - | (8) | (17) | - | (17) | (93) | - | (93) |
| Net return/(loss) after taxation | 4,661 | (9,595) | (4,934) | 3,455 | 90,582 | 94,037 | 11,538 | 120,276 | 131,814 |
| Return/(loss) per ordinary share – basic and diluted (note 3)* | 1.72p | (3.55p) | (1.83p) | 1.28p | 33.53p | 34.81p | 4.27p | 44.52p | 48.79p |

* Comparative figures for the periods ended 31 March 2021 and 30 September 2021 have been restated due to the sub-division of each ordinary share of 25p into ten ordinary shares of 2.5p each on 7 February 2022.

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

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

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

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

CONDENSED STATEMENT OF CHANGES IN EQUITY

| | (Unaudited) | | | | | Total £'000 |
|---|-------------------------------------|--------------------------------------|---|---------------------------------------|-----------------------------|----------------|
| | Half-year ended 31 March 2022 | | | | | |
| | Called up share capital £'000 | Share premium account £'000 | Capital redemption reserve £'000 | Other capital reserves £'000 | Revenue reserve £'000 | |
| At 1 October 2021 | 6,755 | 61,619 | 1,007 | 318,244 | 6,660 | 394,285 |
| Net (loss)/return after taxation | - | - | - | (9,595) | 4,661 | (4,934) |
| Costs relating to sub-division of shares | - | - | - | (23) | - | (23) |
| Third interim dividend (1.50p*) for the year ended 30 September 2021 | - | - | - | - | (4,053) | (4,053) |
| Final dividend (1.525p*) for the year ended 30 September 2021 | - | - | - | (1,513) | (2,607) | (4,120) |
| Refund of unclaimed distributions | - | - | - | - | 15 | 15 |
| At 31 March 2022 | 6,755 | 61,619 | 1,007 | 307,113 | 4,676 | 381,170 |

| | (Unaudited) | | | | | Total £'000 |
|---|--|--------------------------------------|---|---------------------------------------|-----------------------------|----------------|
| | Half-year ended 31 March 2021 | | | | | |
| | Called up share capital £'000 | Share premium account £'000 | Capital redemption reserve £'000 | Other capital reserves £'000 | Revenue reserve £'000 | |
| At 1 October 2020 | 6,755 | 61,619 | 1,007 | 197,968 | 11,304 | 278,653 |
| Net return after taxation | - | - | - | 90,582 | 3,455 | 94,037 |
| Third interim dividend (1.50p*) for the year ended 30 September 2020 | - | - | - | - | (4,053) | (4,053) |
| Final dividend (1.50p*) for the year ended 30 September 2020 | - | - | - | - | (4,053) | (4,053) |
| Refund of unclaimed distributions | - | - | - | - | 30 | 30 |
| At 31 March 2021 | 6,755 | 61,619 | 1,007 | 288,550 | 6,683 | 364,614 |

| | (Audited) | | | | | Total £'000 |
|---|-------------------------------------|--------------------------------------|---|---------------------------------------|-----------------------------|----------------|
| | Year ended 30 September 2021 | | | | | |
| | Called up share capital £'000 | Share premium account £'000 | Capital redemption reserve £'000 | Other capital reserves £'000 | Revenue reserve £'000 | |
| At 1 October 2020 | 6,755 | 61,619 | 1,007 | 197,968 | 11,304 | 278,653 |
| Net return after taxation | - | - | - | 120,276 | 11,538 | 131,814 |
| Third interim dividend (1.50p*) for the year ended 30 September 2020 | - | - | - | - | (4,053) | (4,053) |
| Final dividend (1.50p*) for the year ended 30 September 2020 | - | - | - | - | (4,053) | (4,053) |
| First interim dividend (1.50p*) for the year ended 30 September 2021 | - | - | - | - | (4,053) | (4,053) |

| | | | | | | |
|---|--------------|---------------|--------------|----------------|--------------|----------------|
| Second interim dividend (1.50p*) for the year ended 30 September 2021 | - | - | - | - | (4,053) | (4,053) |
| Refund of unclaimed distributions | | | | | 30 | 30 |
| At 30 September 2021 | <u>6,755</u> | <u>61,619</u> | <u>1,007</u> | <u>318,244</u> | <u>6,660</u> | <u>394,285</u> |

* Dividends rates have been restated due to the sub-division of each ordinary share of 25p into ten ordinary shares of 2.5p each on 7 February 2022.

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

CONDENSED STATEMENT OF FINANCIAL POSITION

| | (Unaudited) As at 31 March 2022 £'000 | (Unaudited) As at 31 March 2021 £'000 | (Audited) As at 30 September 2021 £'000 |
|---|--|--|--|
| Fixed assets | | | |
| Investments held at fair value through profit or loss (note 4) | 430,969 | 411,873 | 448,832 |
| Current assets | | | |
| Debtors | 3,490 | 1,931 | 1,625 |
| Cash at bank | 2,930 | 3,468 | 7,976 |
| | 6,420 | 5,399 | 9,601 |
| Creditors: amounts falling due within one year | (26,423) | (22,872) | (34,357) |
| Net current liabilities | (20,003) | (17,473) | (24,756) |
| Total assets less current liabilities | 410,966 | 394,400 | 424,076 |
| Creditors: amounts falling due after more than one year | (29,796) | (29,786) | (29,791) |
| Net assets | 381,170 | 364,614 | 394,285 |
| Capital and reserves | | | |
| Called up share capital | 6,755 | 6,755 | 6,755 |
| Share premium account | 61,619 | 61,619 | 61,619 |
| Capital redemption reserve | 1,007 | 1,007 | 1,007 |
| Other capital reserves | 307,113 | 288,550 | 318,244 |
| Revenue reserve | 4,676 | 6,683 | 6,660 |
| Total shareholders' funds | 381,170 | 364,614 | 394,285 |
| Net asset value per ordinary share – basic and diluted (note 7)* | 141.1p | 135.0p | 145.9p |

* Comparative figures for the periods ended 31 March 2021 and 30 September 2021 have been restated due to the sub-division of each ordinary share of 25p into ten ordinary shares of 2.5p each on 7 February 2022.

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

CONDENSED STATEMENT OF CASH FLOWS

| | (Unaudited) Half-year ended 31 March 2022 £'000 | (Unaudited) Half-year ended 31 March 2021 £'000 | (Audited) Year ended 30 September 2021 £'000 |
|--|--|--|--|
| Cash flows from operating activities | | | |
| Net (loss)/gain before taxation | (4,926) | 94,054 | 131,907 |
| Add back: finance costs | 622 | 550 | 1,169 |
| Add: losses/(gains) on investments held at fair value through profit or loss | 8,850 | (91,266) | (121,353) |
| Withholding tax on dividends deducted at source | (16) | (10) | (96) |
| Increase in debtors | (1,645) | (1,010) | (359) |
| Increase/(decrease) in creditors | 16 | (81) | (42) |
| | ----- | ----- | ----- |
| Net cash inflow from operating activities | 2,901 | 2,237 | 11,226 |
| | ----- | ----- | ----- |
| Cash flows from investing activities | | | |
| Purchase of investments | (19,832) | (37,124) | (72,746) |
| Sale of investments | 28,608 | 38,771 | 66,553 |
| | ----- | ----- | ----- |
| Net cash inflow/(outflow) from investing activities | 8,776 | 1,647 | (6,193) |
| Cash flows from financing activities | | | |
| Equity dividends paid (net of refund of unclaimed distributions and reclaimed distributions) | (8,158) | (8,076) | (16,182) |
| Costs relating to sub-division of shares | (23) | - | - |
| Net loans (repaid)/ drawn down | (7,915) | 4,992 | 17,043 |
| Interest paid | (631) | (541) | (1,132) |
| | ----- | ----- | ----- |
| Net cash outflow from financing activities | (16,727) | (3,625) | (271) |
| Net (decrease)/increase in cash and cash equivalents | | | |
| | (5,050) | 259 | 4,762 |
| Cash and cash equivalents at start of year | 7,976 | 3,232 | 3,232 |
| Effect of foreign exchange rates | 4 | (23) | (18) |
| | ----- | ----- | ----- |
| Cash and cash equivalents at end of year | 2,930 | 3,468 | 7,976 |
| | ===== | ===== | ===== |
| Comprising: | | | |
| Cash at bank | 2,930 | 3,468 | 7,976 |
| | ===== | ===== | ===== |

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

NOTES TO THE FINANCIAL STATEMENTS

The half-year financial statements cover the period from 1 October 2021 to 31 March 2022 and have not been audited or reviewed by the Company's auditors.

1. Accounting policies – basis of preparation

The condensed set of financial statements has been prepared in accordance with FRS 104, Interim Financial Reporting, FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland, and the Statement of Recommended Practice for "Financial Statements of Investment Trust Companies and Venture Capital Trusts" which was issued by the Association of Investment Companies in April 2021.

The accounting policies applied are consistent with those of the most recent annual financial statements for the year ended 30 September 2021.

2. Expenses

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

3. Return per ordinary share – basic and diluted

| | (Unaudited) Half-year ended 31 March 2022 £'000 | (Unaudited) Half-year ended 31 March 2021 £'000 | (Audited) Year ended 30 September 2021 £'000 |
|---|--|--|---|
| The return/(loss) per ordinary share is based on the following figures: | | | |
| Net revenue return | 4,661 | 3,455 | 11,538 |
| Net capital (loss)/return | (9,595) | 90,582 | 120,276 |
| Net total (loss)/return | (4,934) | 94,037 | 131,814 |
| Weighted average number of ordinary shares in issue for each period* | 270,185,650 | 270,185,650 | 270,185,650 |
| Revenue return per ordinary share | 1.72p | 1.28p | 4.27p |
| Capital (loss)/return per ordinary share | (3.55p) | 33.53p | 44.52p |
| Total (loss)/return per ordinary share | (1.83p) | 34.81p | 48.79p |

* Comparative figures for the periods ended 31 March 2021 and 30 September 2021 have been restated due to the sub-division of each ordinary share of 25p into ten ordinary shares of 2.5p each on 7 February 2022.

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

4. Fair value of financial assets and liabilities

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

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

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

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

| Investments held at fair value through profit or loss at 31 March 2022 (unaudited) | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Total £'000 |
|---|--------------------------|--------------------------|--------------------------|------------------------|
| Investments | 428,106 | - | 2,863 | 430,969 |
| Investments held at fair value through profit or loss at 31 March 2021 (unaudited) | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Total £'000 |
| Investments | 409,084 | - | 2,789 | 411,873 |
| Investments held at fair value through profit or loss at 30 September 2021 (audited) | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Total £'000 |
| Investments | 445,964 | - | 2,868 | 448,832 |

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

| | 2022 £'000 |
|---|-----------------------|
| Opening balance | 2,868 |
| Disposal proceeds | - |
| Transfers in | - |
| Total loss included in the Income Statement | |
| – on investments written off | - |
| – on investments held | (5) |
| Closing balance | 2,863 |

The valuation techniques used by the Company are explained in the accounting policies note in the Company's Annual Report for the year ended 30 September 2021.

The fair value of the senior unsecured loan notes at 31 March 2022 has been estimated to be £31,032,000 (31 March 2021: £33,661,000; 30 September 2021: £33,370,000). The fair value of the senior unsecured loan notes is calculated using a discount rate which reflects the yield on a UK Gilt of similar maturity plus a suitable credit spread.

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

5. Share capital

At 31 March 2022 there were 270,185,650 ordinary shares of 2.5p each in issue (31 March 2021: 270,185,650*; 30 September 2021: 270,185,650*). During the half-year ended 31 March 2022 no shares were issued or bought back (31 March 2021 and 30 September 2021: no shares were issued or bought back).

* Comparative figures for the periods ended 31 March 2021 and 30 September 2021 have been restated due to the sub-division of each ordinary share of 25p into ten ordinary shares of 2.5p each on 7 February 2022.

6. Transaction costs

Purchase transaction costs for the half-year ended 31 March 2022 were £100,000 (31 March 2021: £174,000; 30 September 2021: £343,000). Sale transaction costs for the half-year ended 31 March 2022 were £11,000 (31 March 2021: £15,000; 30 September 2021: £27,000). These comprise mainly stamp duty and commission.

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

The net asset value per ordinary share of 141.1p (31 March 2021: 135.0p*; 30 September 2021: 145.9p*) is based on the net assets attributable to the ordinary shares of £381,170,000 (31 March 2021: £364,614,000; 30 September 2021: £394,285,000) and on 270,185,650 ordinary shares (31 March 2021 and 30 September 2021: 270,185,650*), being the number of ordinary shares in issue at the end of each period.

* Comparative figures for the periods ended 31 March 2021 and 30 September 2021 have been restated due to the sub-division of each ordinary share of 25p into ten ordinary shares of 2.5p each on 7 February 2022.

8. Dividend

On 29 April 2022, a first interim dividend of 1.525p (2021: 1.5p*) per ordinary share was paid in respect of the year ending 30 September 2022. A second interim dividend of 1.525p per ordinary share for the year ending 30 September 2022 has been declared and will be paid on 29 July 2022 to shareholders on the register of members at the close of business on 1 July 2022. The ex-dividend date will be 30 June 2022. Based on the number of shares in issue on 18 May 2022 of 270,185,650, the cost of the dividend will be £4,120,000 (second interim dividend for the year ended 30 September 2021: £4,053,000).

* Dividend rates have been restated due to the sub-division of each ordinary share of 25p into ten ordinary shares of 2.5p each on 7 February 2022.

9. Going concern

The assets of the Company consist of securities that are readily realisable. The Directors have also considered the ongoing impact of the conflict in Ukraine and of COVID-19 along with all other risks, including the impact of income and gearing, and believe that the Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. Having assessed these factors and the principal risks, the Board has determined that it is appropriate for the financial statements to be prepared on a going concern basis.

10. Comparative Information

The financial information contained in this half-year report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The financial information for the half-years ended 31 March 2022 and 31 March 2021 has not been audited nor reviewed by the Company's auditor.

The figures and financial information for the year ended 30 September 2021 are extracted from the latest published accounts and do not constitute the statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included the report of the independent auditors, which was unqualified and did not include a statement under either section 498(2) or 498(3) of the Companies Act 2006.

A glossary of terms and details of alternative performance measures can be found in the Annual Report for the year ended 30 September 2021.

11. Manager

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

12. General information

Company Status

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

The London Stock Exchange Daily Official List SEDOL number is BNXGHS2.
The ISIN number is GB00BNXGHS27.
The London Stock Exchange (TIDM) Code is LWI.
The Global Intermediary Identification Number (GIIN) is 2KBHLK.99999.SL.826.
The Legal Entity Identifier Number (LEI) is 2138008RHG5363FEHV19

Directors

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

Corporate Secretary

Janus Henderson Secretarial Services UK Limited.
Email: ITSecretariat@janushenderson.com

Registered Office

201 Bishopsgate, London EC2M 3AE.

Website

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

13. Half-year report

The half-year report will shortly be available on the Company's website or in hard copy from the Company's registered office. An abbreviated version of the half-year report, the 'Update', will be posted to shareholders in June 2022. The Update will also be available on the Company's website, and hard copies will be available at the Company's registered office, 201 Bishopsgate, London EC2M 3AE.

For further information, please contact:

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