The Law Debenture Corporation

Consistent delivery

Investment companies
UK Equity Income

24 July 2026

The Law Debenture Corporation (LWDB) has published results for the first six months of 2026 (H126), building once more on its long-term record of outperformance versus the broad equity market benchmark. The H126 fair value NAV total return of 11.4% was 4.2pp ahead of the benchmark total return of 7.2%. LWDB's share price total return in the period was even stronger, at 16.2%. Quarterly DPS has increased by 6.0%. We believe LWDB's unique combination of a UK investment trust and a cash-generative professional services operating business (IPS) is core to the trust's consistent outperformance.

LWDB has generated consistent and significant outperformance versus its UK market benchmark over the past, three, five and 10 years. On a fair value basis NAV total return is 70% over three years, 86% over five years and 231% over 10 years, 17pp, 18pp and 102pp ahead of the benchmark, respectively. The trust has one of the strongest long-term performance records among its UK Equity Income peer group. Dividend performance has been equally consistent, with DPS having been held or increased for the past 47 years. It is the board's current intention to recommend that the total FY26 DPS will maintain or build on the FY25 total of 35.50p. While LWDB's dividend yield of 2.9% is below the peer group average, this primarily reflects the managers' investment strategy of balancing immediate income returns with long-term capital growth, building the asset base from which dividends can grow.

IPS accounts for 15% of NAV, but its strong cash generation has funded c 30% of the trust's dividends over the past 10 years. This provides the portfolio managers with greater freedom to balance the requirements for immediate income with the goal of growing capital values over time. They can avoid higher-yielding stocks they deem unattractive and invest in attractive lower- or non-yielding stocks, with greater growth potential or significant, identifiable recovery potential. In H126, IPS delivered another resilient performance, across each business segment, with net revenue increasing by 6.0% to £29.9m versus H125 and profit before interest and tax up by 8.5%. LWDB says IPS remains on track to achieve full-year underlying growth within its target range of mid-to-high-single digits for the ninth consecutive year.

The investment portfolio is c 90% weighted to UK equities, with the largest 100 companies accounting for c 60% compared with almost 90% for the benchmark. The UK market has continued to perform well despite heightened macroeconomic uncertainty at home and abroad, and although the very largest companies have outperformed, this has been offset in the portfolio by positive stock selection. The overall weighting to UK stocks is at a historically high level, reflecting the continuing valuation opportunity that the portfolio managers identify. The historical P/E on LWDB's portfolio is around 13.5x, compared with the benchmark equivalent of c 14x. Attractive valuations continue to be reflected in a high level of corporate activity, including several companies in LWDB's portfolio.

After 44 years in financial services, James Henderson, will retire from Janus Henderson in June 2027. Going forward, the LWDB portfolio will be managed by joint portfolio manager Laura Foll, who has held that position since 2019 and is well known to investors. She will continue to be supported by the full resources of Janus Henderson's Global Equity Income team, and there will be no change to the investment objective or strategy.

Price		**1,226.00p**
Market cap		**£1,642m**
Total assets		**£1,771m**
NAV		1,210.1p

[1]NAV at 22 July 2026 with debt and IPS at fair value.

Discount to NAV		(1.3)%

[1]Negative value denotes a premium to NAV. NAV as at 23 July 2026.

Current yield		2.9%
Shares in issue		133.9m
Code/ISIN		LWDB/GB0031429219
Primary exchange		LSE
AIC sector		UK Equity Income
Financial year end		31 December
52-week high/low	1,245.0p	977.4p
Net gearing		10.4%

[1]Net gearing as at 29 May 2026.

Fund objective

The Law Debenture Corporation's investment objective is to achieve long-term capital growth in real terms and steadily increasing income. The aim is to achieve a higher rate of total return than the broad UK stock market through investing in a diversified portfolio of mainly UK equities with some international holdings. The IPS business provides a regular flow of income, which augments the dividend income from the equity portfolio.

Analyst

Martyn King +44 (0)20 3077 5700

investmenttrusts@edisongroup.com

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London | New York | Frankfurt
20 Red Lion Street
London, WC1R 4PS
United Kingdom