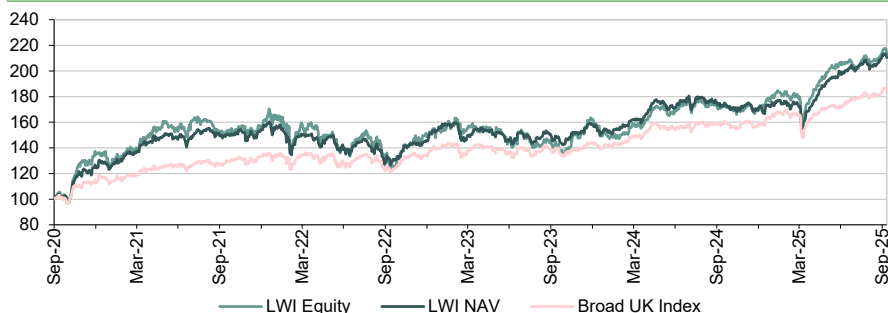


Lowland Investment Company

Another year of strong outperformance

Lowland Investment Company's (LWI's) unconstrained, multi-cap investment policy differentiates it from most peers in the AIC UK Equity Income sector, offering investors broad market exposure outside the large, traditional 'income stocks'. The trust outperformed strongly in the year to September (FY25), generating an NAV total return of 20.8%, 460bp ahead of its benchmark, and is well ahead of the benchmark over the past one, three and five years. This is an impressive performance given that smaller company share gains have trailed those of larger peers, and reflects strong stock selection. Despite the share price rise, LWI provides a trailing dividend yield of 4.3%, above the broad market yield of 3.3%, and has opportunistically repurchased shares at a discount to NAV to further enhance shareholder value.

Exhibit 1: Strong stock selection has driven outperformance



Source: LSEG Data & Analytics, Edison Investment Research

Smaller company potential still to come through

FY25 performance was driven by stock selection, including the impact of continuing takeover activity, with additional contributions from accretive repurchases and structural gearing in the strongly rising market. Market takeover activity has continued apace, especially involving small- and mid-cap companies, and for a second year this crystallised the significant value in some of LWI's smaller company holdings. While private equity investors, often located overseas, and trade buyers are recognising the value of UK companies, this is not true of the broader market, especially for smaller companies. The top 100 UK-listed companies continue to lead market performance. These represent c 50% of LWI's portfolio, half the weight of its broad market benchmark. If, as the portfolio managers expect, the value in smaller companies becomes more widely recognised, it should support further outperformance and a higher asset base from which to grow dividends.

Despite strong gains, investors continue to be wary of UK equities and valuations remain attractive. The trailing P/E of LWI's portfolio (c 12x) is below the historical average and the UK market in general (c 14x), which in turn compares with a US P/E of c 20x. Meanwhile, the shares can still be bought at a discount to NAV. The UK economy continues to face multiple challenges, but is not alone in that, while market performance shows that UK-listed equities are not a proxy for the economy. This may be more true of smaller companies, but many are well managed and have conservative balance sheets with leading or growing market positions. These are in many cases the types of businesses on the receiving end of bids.

Investment companies
UK Equity Income

23 October 2025

Price 150.50p
Market cap £331m
Total assets £407m

NAV 167.6p

¹NAV at fair value cum income at 21 October 2025.

Discount to NAV 10.2%

Current yield 4.3%

Shares in issue 220.0m

Code/ISIN LWI/GB00BNXGHS27

Primary exchange LSE

AIC sector UK Equity Income

Financial year end 30 September

52-week high/low 153.0p 108.5p

Net gearing 12.0%

¹Net gearing at 31 August 2025.

Fund objective

Lowland Investment Company (LWI) aims to give investors a higher-than-average return with growth in both capital and income over the medium to long term by investing in a broad spread of predominantly UK companies. LWI measures its performance against the total return of the broad UK stock market, although its portfolio is markedly different from that of its benchmark index.

Bull points

- Attractive yield.
- Low portfolio valuation relative to market.
- Opportunistic buybacks to enhance returns.

Bear points

- The UK remains unloved by investors.
- Multi-cap strategy can be volatile.
- Value style can be out of favour.

Analyst

Martyn King +44 (0)20 3077 5700

investmenttrusts@edisongroup.com

[Edison profile page](#)

**Lowland Investment Company
is a research client of Edison
Investment Research Limited**

Multi-cap income growth

LWI seeks to provide investors with a higher-than-average return, with growth in both capital and income over the medium to long term by investing in a broad spread of predominantly UK companies. The trust measures its performance against the broad UK market, although it invests across the whole range of market capitalisations, unconstrained by index weightings. This flexible, multi-cap approach enables the trust to invest in companies that have greater growth potential, usually but not always small- and mid-cap, increasing the capital base of the portfolio and distributable income over time and thereby supporting the progressive dividend strategy. In this respect, LWI is clearly differentiated from the majority of peers in the AIC UK Equity Income sector, which typically have a greater focus on traditional 'income' areas of the market.

The trust was established in 1963 and is managed jointly by James Henderson (since 1990) and Laura Foll (since 2013) of Janus Henderson Investors (JHI). In turn, they are supported by the broader resources of the JHI equity team. The managers consistently apply a patient, long-term, bottom-up investment strategy, with a strong valuation overlay. They seek companies that have an underlying strength that is yet to be realised by the market. In many cases, these may be small- or mid-sized companies but may also be turnaround situations ('self-help') where a route to improvement can be clearly identified. Small- and mid-sized companies are often at a relatively earlier stage of their development, with the potential to deliver stronger sales and earnings growth than their larger peers and, over time, faster dividend growth. They are often under-researched and overlooked, and more likely to trade at valuations that are yet to reflect their potential. Larger sector peers typically provide more immediate dividend income and are often to be found in more defensive industries such as pharmaceuticals and utilities, with the potential to mitigate risks in challenging market conditions. In general, they have much more internationally focused businesses, providing diversification opportunities compared with the broader UK market.

Summary of the investment case

We highlight the following key reasons to consider an investment in LWI at this time, explored in detail in this report:

- Sentiment towards UK equities is poor and although the market has been rising, the level of valuation remains low in historical and relative terms. For smaller companies this is even more so. LWI calculates that the trailing P/E for its portfolio was 11.7x, at the end of August, well below the 10-year average of c 13x, and well below the broader UK market valuation of 13.7x and c 20x for the US market.
- While the valuation opportunity in UK equities has not yet been widely recognised in the market, low valuations are being underpinned by a continued high level of takeover activity, usually at a significant premium to market value. This has included many LWI investments in the past two years, most recently H&T, Renold, IPF and Epwin.
- There are good reasons for investors to remain cautious about the UK economy, including relatively high inflation, the prospect of rising taxes, the full impact of trade tariffs and seemingly sclerotic growth. However, UK-listed equities do not represent the UK economy, which is particularly the case for larger companies. While smaller companies are typically more exposed to the UK economy, expectations and valuations are low. There are many businesses that are well managed and have conservative balance sheets with leading or growing market positions. These are in many cases the types of businesses on the receiving end of bids.
- LWI has a strong commitment to dividends, which have been maintained or increased each year since it was established in 1963, including through the pandemic. Quarterly DPS increased to 1.625p in respect of Q424 (+2.8%) and three quarterly dividends have been declared or paid at this level in FY25 to date. The Q4 DPS will be declared with the FY25 results, which are expected to be published in early December. The board has reiterated its commitment to a progressive dividend policy and has said that it expects to recommend a final dividend at least in line with previous quarters.

Balancing income and growth

By market capitalisation, the trust's portfolio is typically split between larger, medium and smaller companies in equal parts, intended to optimise the balance between immediate income and income growth over time. The weighting towards

the largest 100 UK-listed companies is rarely above 50% and was last reported at 48% at end-September, well below the benchmark level of 87%. Conversely, LWI's investment in small- and mid-cap stocks and AIM-listed stocks is well ahead of the benchmark weight, and it is here where the managers continue to identify the best combination of growth and value.

Exhibit 2: LWI's positioning by market cap segment

	Mar-22	Sep-22	Mar-23	Sep-23	Mar-24	Sep-24	Mar-25	Sep-25	Benchmark at Sep-25
	H122	FY22	H123	H223	H124	H224	H125	H225	
Top 100	47%	48%	47%	48%	45%	45%	49%	48%	87%
Mid-market	20%	16%	20%	18%	23%	21%	20%	24%	11%
Small cap	11%	12%	11%	13%	11%	13%	12%	12%	2%
UK broad market	78%	76%	78%	79%	78%	80%	81%	83%	100%
AIM/Other	22%	24%	22%	21%	21%	13%	19%	17%	N/A
Total	100%	100%	100%	100%	100%	100%	100%	100%	N/A

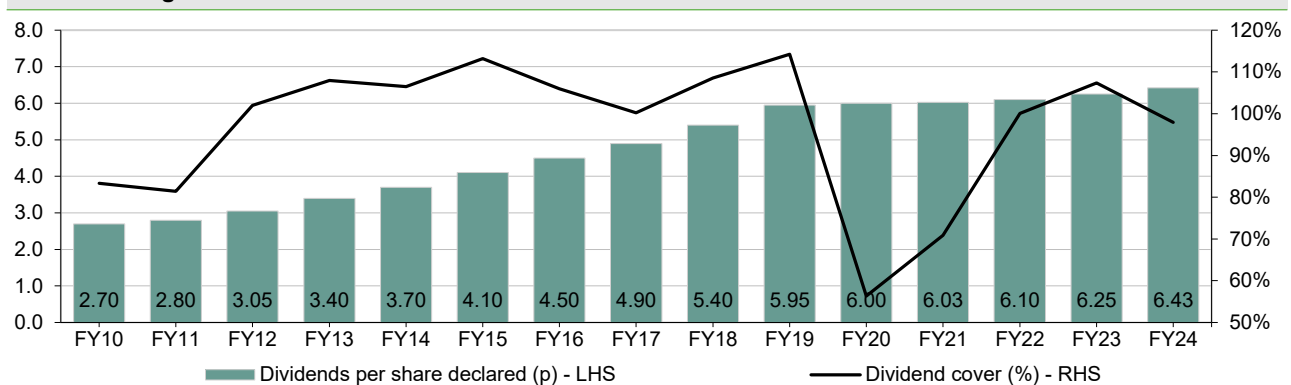
Source: LWI data, Edison Investment Research. Note: *Other is primarily AIM-listed stocks but also includes fledgling stocks and overseas stocks.

Progressive dividends

LWI aims to pay progressive dividends over time, with each quarterly distribution equal to or greater than the previous one. Over the 25 years to end FY24, DPS growth averaged 6.8% per year.

Even during the pandemic, LWI did not reduce dividends, instead utilising revenue reserves to smooth out distributions, one of the advantages of the investment trust structure. This was not the case for all peers. With dividend cover being rebuilt, five-year DPS growth (to end-FY24) was relatively pedestrian (at an average c 1.5% per year versus a peer group average of c 2.7%) but this began to accelerate in FY23 (+2.5%) and FY24 (+2.8%). Based on the current quarterly rate of DPS, with no further upwards adjustment in Q425, LWI expects DPS for the year to increase again, to no less than 6.50p in FY25.

Exhibit 3: Progressive dividends



Source: LWI, Edison Investment Research

Third successive year of strong outperformance

During the year to 30 September 2025 (FY25), LWI's NAV total return (at fair value, cum income) of 20.8% was 460bp above that of its benchmark, the broad UK equity market index. It has significantly outperformed for three consecutive fiscal years and in four of the last five fiscal years. LWI's performance is particularly impressive given its strategic overweighting versus its benchmark in smaller companies, which have continued to underperform their larger peers, and this is primarily the result of successful stock selection.

Over five years (FY21–FY25), the NAV total return of c 112% is c 280bp ahead of its benchmark, although this is flattered somewhat by the strong FY21 post-pandemic recovery in AIM-listed and other smaller companies. The 10-year performance better reflects the sustained underperformance of smaller companies, with LWI's NAV total return of c 94% trailing the benchmark by c 240bp. The 25-year performance record is impressive, reflecting the managers' ability to take advantage of the tendency for smaller stocks to outperform over the long term.

Exhibit 4: Performance data

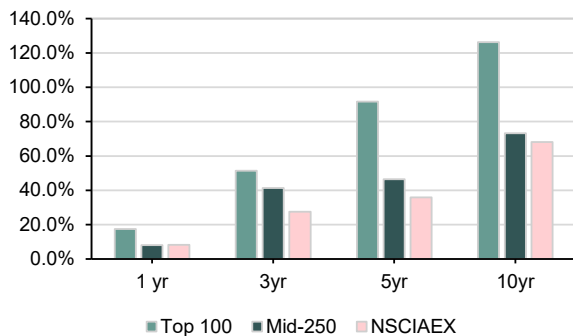
Cumulative total return (%)	1 month	3 months	6 months	1 year	3 years	5 years	10 years	25 years
LWI share price	2.8	3.9	20.9	24.4	67.6	114.9	85.8	882.2
LWI NAV	3.4	6.5	23.3	20.8	64.4	111.6	94.4	715.8
Broad market benchmark	1.9	6.9	11.5	16.2	50.0	84.1	118.3	300.8
LWI NAV versus benchmark	1.5	(0.3)	11.8	4.6	14.4	27.5	(23.9)	415.0

Source: LWI, LSEG Data & Analytics

Although smaller companies have a tendency to outperform larger companies, this has not been so over the past 10 years. This period of underperformance by smaller companies broadly coincided with the Brexit vote, which appeared to trigger a downwards assessment of UK economic prospects. Meanwhile, a progressive shift towards larger, more liquid stocks has coincided with retrenchment on the part of private investors. The charts below show the contrasting share price returns of larger companies and their smaller counterparts, represented by the mid-250 companies and the Numis Smaller Companies Index, including AIM but excluding investment companies (NSCIAEX). Even though this underperformance continued in the 12 months to 30 September (LWI's FY25 year), there was a stark contrast between the first half of the period and the second. During H125, the broad market total return was 4.1%, led by the top 100 companies (up c 6%) while smaller company returns were on average negative, with the mid-250 stocks and the NSCIAEX returning c -6% and -7%, respectively. In H225, the c 11% return generated by the top 100 companies was eclipsed by small companies, with a mid-cap stock return of c 16% and an NSCIAEX return of c 17%. During H1, the market was concerned about UK GDP growth while the US dollar rose, disproportionately benefiting larger stocks. During H2, US tariff uncertainty has hung over larger stocks while UK growth figures, though muted, have been better than had been expected.

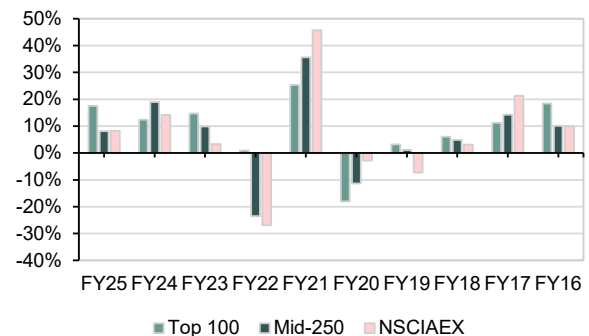
For the reasons cited above, LWI's managers see strong prospects for selected smaller companies, where market expectations and valuations are low. Notwithstanding H225, LWI's outperformance has not as yet benefited from any general improvement in smaller company performance.

Exhibit 5: Total return by market segment



Source: LSEG Data & Analytics, Edison Investment Research

Exhibit 6: Segmental returns by LWI fiscal year



Source: LESG Data & Analytics, Edison Investment Research

Breaking the performance down into discrete years provides an insight into returns in different market conditions over the past 10 years. We note the tendency for LWI to outperform the benchmark when investor sentiment is positive and the broad market is rising strongly. With the UK equity market showing strong returns over the past three years, LWI's performance is consistent with the longer-term trend.

Also of interest in the discrete fiscal year data is LWI's significant underperformance in FY22. As Exhibit 6 shows, in FY22 smaller companies significantly underperformed in what was a weak market.

Exhibit 7: LWI 10-year performance on a discrete fiscal year (FY) basis

Total return (%) in 12m ending 30 September	FY25	FY24	FY23	FY22	FY21	FY20	FY19	FY18	FY17	FY16	FY15	FY14
LWI NAV	20.7	16.3	17.2	(14.8)	51.0	(24.8)	(9.6)	2.7	17.0	12.2	0.8	5.7
Broad market benchmark	16.1	13.4	13.8	(4.0)	27.9	(16.6)	2.7	5.9	11.9	16.8	(2.3)	6.1
LWI versus benchmark	4.6	2.9	3.3	(10.8)	23.1	(8.2)	(12.3)	(3.2)	5.1	(4.6)	3.1	(0.4)

Source: LWI data

Stock selection is driving performance

Given the performance drag created by LWI's market-cap weightings, it is clear that stock selection has been strong, and

the driver of outperformance. In the rising market, gearing will also have been beneficial, and so too share buybacks at a discount to NAV.

As we show below, LWI is strongly weighted towards large-cap banks, insurance companies and other financials, and these will have been key drivers of recent outperformance. The banks have been benefiting from interest rates remaining somewhat higher for longer, which has a positive impact on net interest margins. Meanwhile, credit losses have remained benign.

The wave of takeovers in the UK market has been another driver of outperformance. During FY25, four of LWI's holdings (H&T, Renold, IPF and Epwin), accounting for c 5% of the portfolio at the start of the year, were bid for, in each case at significant premiums to market values.

The investment managers attribute the preponderance of transactions involving LWI investments to the types of companies they typically hold: generally established, well-managed, cash-generative businesses, which display leadership in their own, sometimes niche, market segments. These are all elements that are likely to attract bidders of all types.

Exhibit 8: Recent acquisition activity affecting LWI

Date announced	Company	Business activity	Acquirer	Offer premium	Portfolio weight at 31 March 2025
May-25	H&T	Pawnbroker	Industry	44% premium to undisturbed price and 71% premium to the 3-month average	1.1%
Jun-25	Renold*	Industrial	Private equity	50% premium to undisturbed price and 96% premium to the 3-month average	1.1%
Jul-25	IPF**	Personal credit	Private equity	25% premium to undisturbed price and 38% premium to the 3-month average	1.4%
Aug-25	Epwin	Building products	Industry	42% premium to undisturbed price and 25% premium to the 6-month average	1.5%

Source: LWI, London Stock Exchange, Edison Investment Research

Note: *The acquisition of Renold is expected to complete soon. **The IPF offer is not yet binding but has the support of the board.

Buybacks and discount management

Over the past one and three years, the LWI share price has risen strongly, slightly outpacing the growth in NAV, yet the shares are still trading at a discount to NAV (at fair value, cum income) of 10.2%, which is towards the higher end of its AIC UK Equity Income peer group average discount of 3.7%. Given the strong absolute and relative investment performance and significant share repurchases, this is somewhat perplexing.

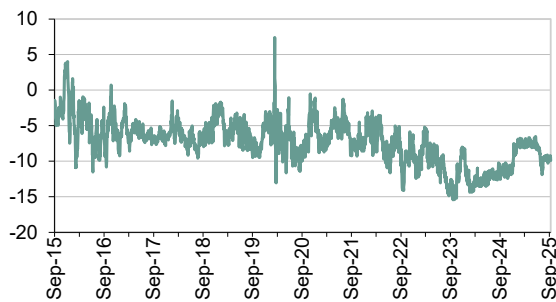
Over the past year, the discount has averaged 9%, with a low of 6% and a high of 13%. Over three years, the average discount has been 11%, within a range of 5–15%.

Although LWI has no formal discount control mechanism, the board has been willing to use buybacks opportunistically when it believes this is likely to maximise shareholder returns. Between January and July this year LWI repurchased c 50.2m shares, c 19% of the authorised share capital, at an average c 8% discount to NAV. No shares have been repurchased since July, which we believe reflects the substantial share price rise in recent months.

The board's long-held view is that a formal discount control mechanism would negate some of the benefits of the closed-end structure, as well as potentially shrink the size of the trust, reducing the audience of potential investors, increasing the ongoing charges ratio and reducing liquidity in the shares. It believes that the best way to close or eliminate the discount is to provide attractive returns and to engage as broadly as possible with investors. We share this view.

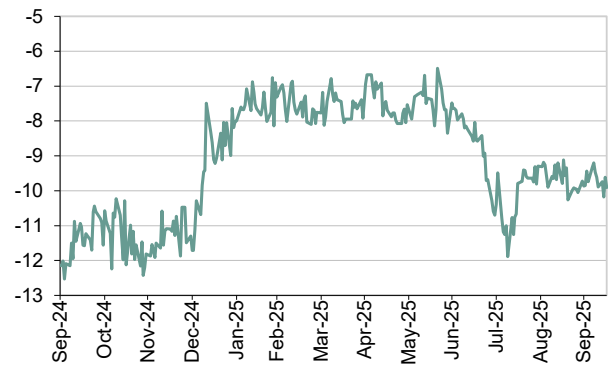
Of the 50.2m shares repurchased to date, 37.4m were acquired under the authority granted by shareholders at the 2025 AGM on 28 January, allowing up to 15% of the outstanding shares, or c 38.6m, to be repurchased up to the 2026 AGM. With the repurchase authority substantially exhausted, in September 2025, a general meeting of shareholders approved the repurchase of a further 15% of the outstanding shares, or c 33.0m, in the period up to the 2026 AGM, in addition to the residual authority to acquire c 1.2m shares.

Exhibit 9: 10-year premium/(discount) to NAV (at fair value, cum income)



Source: LSEG Data & Analytics

Exhibit 10: One-year discount to NAV (at fair value, cum income)



Source: LSEG Data & Analytics

Long-term, bottom-up stock selection with a strong valuation overlay

The portfolio managers, James Henderson and Laura Foll, are focused on long-term returns, with investment decisions driven by a selective, bottom-up approach with a strong valuation overlay. Henderson joined the industry in 1982 and the company in 1984, and Foll joined the industry and the company in 2009.

Using a range of valuation metrics, the managers seek to invest in companies that are trading at a discount valuation, in some cases compared with their trading history and in others compared with their peer group. There can be many reasons for a valuation discount, including disappointing recent financial performance, balance sheet or management concerns, and these alone are insufficient reasons to invest. The managers want to see a route to recovery from whatever issues the company is facing, with the prospect of delivering sales, earnings and dividend growth, and their assessment of company leadership is one of the most important factors in making this judgement. They comment that a good management team can navigate a difficult economic backdrop, while poor management can get it wrong even in the good times.

As a result of the investment process, the portfolio managers engage with hundreds of companies every year. In doing this they are supported by the deep resources of JHI, where both are members of the JHI global equity team and work closely with the UK smaller and mid-sized company teams.

Portfolio positioning

Portfolio diversification is a key element of risk management, primarily within the smaller company portion of the portfolio, and there are typically 100–120 individual holdings. As at 30 September, nine of the top 10 holdings were top 100 UK companies, with a focus on higher-yielding financials and oil and gas producers. Also, within the top 10 holdings was the non-life insurer FBD. In aggregate, the top 10 represented 25% of the portfolio, with the balance broadly diversified across more than 100 other holdings. The [portfolio](#) is available in full on the company's website.

Exhibit 11: Top 10 holdings (%)

Company	Country	Industry	Portfolio weight (%)*		Change in weight (%) since:		
			30-Sep-26	31-Mar-25	30-Sep-24	31-Mar-25	30-Sep-24
HSBC	UK top 100	Banks	4.3	3.9	2.6	0.4	1.7
Barclays	UK top 100	Banks	2.6	2.4	2.2	0.2	0.4
BP	UK top 100	Oil & gas	2.6	2.8	2.2	(0.2)	0.4
M&G	UK top 100	Asset management	2.5	2.1	2.0	0.4	0.5
GSK	UK top 100	Pharma & Biotech	2.5	2.4	2.0	0.1	0.5
Shell	UK top 100	Oil & gas	2.4	2.8	2.1	(0.4)	0.3
Aviva	UK top 100	Life insurance	2.2	2.3	2.2	(0.1)	0.0
FBD Holdings	Ireland	Non-life insurance	2.1	2.1	1.9	0.0	0.2
International Personal Finance	UK top 100	Finance & Credit	2.1	1.9	1.8	0.2	0.3
Phoenix Group	UK top 100	Life insurance	1.9	1.9	1.6	0.0	0.3
Total top 10 holdings**			25.3	24.9	21.7	0.4	3.6

Source: LWI data, Edison Investment Research. Note: *The total weighting in those stocks comprising the top 10 holdings at 30 September 2025. **The total weighting in the actual top 10 holdings at each point in time.

With stock selection being bottom up, sector weightings are substantially an output rather than a deliberate target. However, sector trading conditions and valuations will nonetheless have an impact on where the managers identify the best opportunities. Financials and industrials account for almost 60% of the portfolio, around 15pp above the benchmark. The financials holdings are skewed towards large-cap banks and insurers, except for FBD and M&G, whereas the industrials holdings have a larger exposure to a broad range of mid- and small-cap companies.

Exhibit 12: Sector exposure versus benchmark

Sector	Portfolio weight (%)		Change in weight (%) since:			Benchmark weight (%)	Active weight (%)
	30-Sep-25	31-Mar-25	30-Sep-24	31-Mar-25	30-Sep-24	30-Sep-25	
Financials	30.9	30.4	29.5	0.5	1.4	28.2	2.7
Industrials	26.8	25.5	24.9	1.3	1.9	13.9	13.0
Consumer discretionary	9.0	9.6	10.5	(0.6)	(1.5)	7.5	1.5
Basic materials	7.3	6.3	6.9	1.0	0.4	5.7	1.6
Consumer staples	3.9	4.7	7.1	(0.8)	(3.2)	14.1	(10.3)
Energy	6.8	7.0	5.7	(0.2)	1.1	8.7	(1.9)
Real estate	5.0	5.1	4.8	(0.1)	0.2	2.2	2.8
Health care	4.4	4.2	3.4	0.2	1.0	10.8	(6.4)
Utilities	2.8	2.9	3.0	(0.1)	(0.2)	4.0	(1.2)
Telecom	2.1	2.8	2.6	(0.8)	(0.6)	1.2	0.8
Technology	1.2	1.5	1.5	(0.3)	(0.3)	3.6	(2.4)
Total	100	100	100			100	

Source: LWI data, Edison Investment Research

Recent activity and current opportunities

Share repurchases in FY25 amounted to c £70m or c 16% of the opening portfolio value, for which the proceeds from takeover bids for portfolio holdings provided useful funding. Additionally, as is their usual practice, the investment managers, have continued selling or reducing exposure to companies where they believe the future prospects are becoming discounted, enabling LWI to maintain an appropriate level of gearing while adding to selected existing holdings (particularly on dip), and continuing to refresh the portfolio by investing in new opportunities.

In recent months, LWI has trimmed positions in strong performers such as Babcock, Tesco, Marks & Spencer and some of the banks; it has added to existing holdings in Marshalls and Norcross; and it has taken new positions in Vesuvius, a producer of consumables for the steel industry, and Segro, the industrial property company.

Peer group comparison

LWI is a constituent of the AIC UK Equity Income sector. Its multi-cap investment policy and significant exposure to mid- and small-cap stocks differentiates it from most peers. The Diverse Income Trust and abrdn Equity Income Trust are perhaps the closest comparators. We have also pointed to LWI's greater exposure to domestic UK earnings and cyclicals, areas where it aims to identify attractive investment opportunities and which are more highly represented within the mid- and small-cap sectors.

In terms of NAV total return, it has been consistently one of the top performing trusts over one, three, five and 20 years, and a little below the average over 10 years.

As noted above, it is currently trading at one of the highest discounts to NAV in the sector, and based on other metrics, ongoing charges are lower than the average, the trailing dividend yield is broadly in line and gearing is the highest.

Exhibit 13: Peer group comparison

	Market cap (£m)	Cumulative NAV total return					Ongoing charge (basis points)	Discount to NAV (%)	Net gearing	Dividend yield (%)
		1 year	3 years	5 years	10 years	20 years				
Lowland	331.1	21.0	60.9	107.8	85.9	372.9	0.66	-10.2	113	4.27
abrdn Equity Income	183	18.1	37.3	76.6	42.3	255.4	0.86	-1.0	111	6.15
BlackRock Income & growth	41	8.6	41.4	67.6	81.3	205.4	1.21	-11.5	106	3.55
Chelverton UK Dividend Tru:	30	(2.3)	22.9	64.0	23.5	175.3	2.74	-6.9	99	7.49
CT UK Capital & Income	323	7.0	43.1	68.2	96.8	263.7	0.67	-5.2	104	3.80
CT UK High Income	89	14.3	54.0	66.7	84.2		1.04	-2.1	109	5.57
City of London	2,577	17.8	54.0	103.0	109.3	373.1	0.36	2.0	105	4.14
Diverse Income Trust	241	16.8	40.7	51.5	80.3		1.13	-9.7	96	4.41
Dunedin Income Growth	371	6.2	38.4	48.9	99.2	245.8	0.56	-8.2	111	6.30
Edinburgh Investment	1,149	8.8	55.6	106.4	85.6	338.3	0.48	-7.9	110	3.49
Finsbury Growth	1,103	0.5	19.5	26.4	98.6	533.9	0.61	-8.8	102	2.37
JP Morgan Claverhouse	453	18.3	53.0	89.6	109.1	322.3	0.62	-6.1	106	4.35
Law Debenture Corporation	1,395	22.6	62.5	132.1	184.8	691.6	0.51	-0.3	111	3.21
Merchants Trust	826	7.2	37.4	118.5	121.9	285.3	0.52	-7.7	111	5.24
Murray Income Trust	905	7.0	35.7	51.9	101.9	278.8	0.50	-6.7	108	4.33
Schroder Income Growth	218	13.3	49.4	81.6	100.7	332.5	0.79	-9.5	100	4.57
Shires Income	112	17.7	46.9	70.1	108.9	275.2	1.00	-5.3	115	5.23
Temple Bar	1,042	27.8	83.9	171.9	128.5	428.2	0.60	1.3	107	4.12
Simple average	633	12.8	46.5	83.5	96.8	336.1	0.83	-5.8	107	4.59
Weighted average		14.3	50.4	97.0	113.4	402.2	0.55	-3.7	107	4.03
Rank	10	3	3	4	12	5	9	17	2	11

Source: Morningstar, Edison Investment Research. Note: Latest published performance data as at 22 October 2025 based on ex-par NAV. TR is total return. Net gearing is total assets less cash and equivalents as a percentage of net assets (100 = ungeared).

Additional company details

Fees and charges

Management fees are paid on a sliding scale, reducing as net assets increase and allowing investors to benefit from the growth in the size of the fund and economies of scale. Fees are calculated at a rate of 0.5% on the first £325m of net assets and 0.40% thereafter, split equally between the capital and revenue account. There is no performance fee. The ongoing charges ratio for FY24 was 0.66% and in H125 it was 0.74%, with share buybacks creating some upwards pressure.

Gearing

Henderson and Foll have been keen to maximise the benefits of LWI's investment trust structure, one of which is the ability to use gearing, and this has had a positive impact on performance. The board has set a limit on gearing of no more than 20% at the point of draw-down, but in practice it has been well below this level, averaging c 13% over the past five years within a range of c 11% to c 15%.

Net gearing was c 12% at end-August 2025¹ (end-H125: 13.8%; end-FY24: 11.0%). As noted above, the managers have sold assets to maintain an appropriate level of gearing as shares are repurchased. Structural borrowing is provided by £30m of long-term unsecured loan notes, due to mature in 2037, at a highly attractive fixed interest rate of 3.15% pa, well below the portfolio yield of c 3.6%. Flexible, more tactical borrowing is provided by a floating rate £40m unsecured short-term revolving credit facility (RCF), at a margin of 90bp above the SONIA base rate. Just over £19m of the RCF had been drawn at end-FY24.

The board

The board currently consists of five members, all independent, who collectively bring a range of relevant experience, including senior management in the public and private corporate world, investment management expertise and investment trust management.

1. The excess of investments held at fair value through the profit and loss account, or 'the investment portfolio' (A) over net assets (B). Thus gearing equals (A/B - 1)%.

Since the 2025 AGM, the board has been chaired by Helena Vinnicombe, when she replaced Robert Robertson, who had been chair since 2017. She brings significant investment experience, having been a senior partner at Evelyn Partners (formerly Smith & Williamson) where she chaired the Asset Allocation Committee, as well as being a member of the Investment Strategy Group and Investment Process Committee. Currently, she is also a director of Lindsell Train Investment Trust, a Trustee for Child Health Research CIO and a member of the Advisory Committee for the M&G Charity Multi-Asset Fund.

The other board members are Duncan Budge, a former chief operating officer at RIT Capital Partners, a chair of two investment companies and a non-executive director at a further two trusts; Gaynor Coley, a chartered accountant who has worked at senior levels in the public and private sectors across a range of industries, and is a board member for three other investment companies; Thomas Walker, a chartered accountant and former fund manager with Martin Currie, who sits on the board of a further two investment trusts; and Mark Lama, an experienced chair and board director of top 100 and mid-cap UK listed companies, with commercial experience across a range of market sectors, including a strong understanding of technology, having formerly been chief technology and information officer for Openreach, the telecommunications infrastructure provider.

Exhibit 14: Board remuneration and shareholdings

	Date of appointment	FY24 remuneration (£m)	FY23 remuneration (£m)	End-FY24 shareholding	End-FY23 shareholding
Helena Vinnicombe (chair)*	May-21	28,875	27,500	10,000	10,000
Gaynor Coley**	Nov-16	34,600	33,000	97,790	97,790
Duncan Budge	Jul-14	28,875	27,500	10,450	10,450
Thomas Walker	Jul-19	28,875	27,500	40,000	40,000
Mark Lam	Jan-24	21,656			
Total		142,881	115,500	790,490	740,490
Robert Robinson (retired)	May-11	44,100	42,000	642,250***	592,250***

Source: LWI FY24 Annual Report

*Chair since January 2025, **Chair of the audit committee. ***At 30 September 2024, Robert Robinson had a non-beneficial interest in an additional 120,000 shares.

LWI's approach to ESG

LWI's managers view responsible investing as a long-term process that depends not just on businesses meeting current legislative standards, but also on operating with an understanding of changing societal attitudes towards issues such as climate change, pollution and working conditions. While ESG risks do not preclude ownership of a stock, they are a key consideration in arriving at an appropriate valuation and position size. Where evidence of poor practice emerges, the managers will engage with the company to discover how the problem is being addressed and will monitor progress to assess evidence of improvements. Specifically on governance, LWI always votes at the AGMs of investee companies, and the managers seek to work constructively with firms on appropriate executive remuneration structures to ensure the best alignment of the interests of management and shareholders.

Rather than relying on external ratings, which may be absent in the case of smaller companies or based on flawed, outdated or incomplete data, the managers review each new investment idea for potential ESG shortcomings. Any material issue they discover is discussed with JHI's governance and sustainable investing team and/or the company itself before an investment is made.

A detailed description of the trust's ESG policies can be [found here](#).

General disclaimer and copyright

This report has been commissioned by Lowland Investment Company and prepared and issued by Edison, in consideration of a fee payable by Lowland Investment Company. Edison Investment Research standard fees are £60,000 pa for the production and broad dissemination of a detailed note (Outlook) following by regular (typically quarterly) update notes. Fees are paid upfront in cash without recourse. Edison may seek additional fees for the provision of roadshows and related IR services for the client but does not get remunerated for any investment banking services. We never take payment in stock, options or warrants for any of our services.

Accuracy of content: All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report and have not sought for this information to be independently verified. Opinions contained in this report represent those of the research department of Edison at the time of publication. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations.

Exclusion of Liability: To the fullest extent allowed by law, Edison shall not be liable for any direct, indirect or consequential losses, loss of profits, damages, costs or expenses incurred or suffered by you arising out or in connection with the access to, use of or reliance on any information contained on this note.

No personalised advice: The information that we provide should not be construed in any manner whatsoever as, personalised advice. Also, the information provided by us should not be construed by any subscriber or prospective subscriber as Edison's solicitation to effect, or attempt to effect, any transaction in a security. The securities described in the report may not be eligible for sale in all jurisdictions or to certain categories of investors.

Investment in securities mentioned: Edison has a restrictive policy relating to personal dealing and conflicts of interest. Edison Group does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contractors of Edison may have a position in any or related securities mentioned in this report, subject to Edison's policies on personal dealing and conflicts of interest.

Copyright 2025 Edison Investment Research Limited (Edison).

Australia

Edison Investment Research Pty Ltd (Edison AU) is the Australian subsidiary of Edison. Edison AU is a Corporate Authorised Representative (1252501) of Crown Wealth Group Pty Ltd who holds an Australian Financial Services Licence (Number: 494274). This research is issued in Australia by Edison AU and any access to it, is intended only for "wholesale clients" within the meaning of the Corporations Act 2001 of Australia. Any advice given by Edison AU is general advice only and does not take into account your personal circumstances, needs or objectives. You should, before acting on this advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Product Disclosure Statement or like instrument.

New Zealand

The research in this document is intended for New Zealand resident professional financial advisers or brokers (for use in their roles as financial advisers or brokers) and habitual investors who are "wholesale clients" for the purpose of the Financial Advisers Act 2008 (FAA) (as described in sections 5(c) (1)(a), (b) and (c) of the FAA). This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. For the purpose of the FAA, the content of this report is of a general nature, is intended as a source of general information only and is not intended to constitute a recommendation or opinion in relation to acquiring or disposing (including refraining from acquiring or disposing) of securities. The distribution of this document is not a "personalised service" and, to the extent that it contains any financial advice, is intended only as a "class service" provided by Edison within the meaning of the FAA (i.e. without taking into account the particular financial situation or goals of any person). As such, it should not be relied upon in making an investment decision.

United Kingdom

This document is prepared and provided by Edison for information purposes only and should not be construed as an offer or solicitation for investment in any securities mentioned or in the topic of this document. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This Communication is being distributed in the United Kingdom and is directed only at (i) persons having professional experience in matters relating to investments, i.e. investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "FPO") (ii) high net-worth companies, unincorporated associations or other bodies within the meaning of Article 49 of the FPO and (iii) persons to whom it is otherwise lawful to distribute it. The investment or investment activity to which this document relates is available only to such persons. It is not intended that this document be distributed or passed on, directly or indirectly, to any other class of persons and in any event and under no circumstances should persons of any other description rely on or act upon the contents of this document.

This Communication is being supplied to you solely for your information and may not be reproduced by, further distributed to or published in whole or in part by, any other person.

United States

Edison relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. This report is a bona fide publication of general and regular circulation offering impersonal investment-related advice, not tailored to a specific investment portfolio or the needs of current and/or prospective subscribers. As such, Edison does not offer or provide personal advice and the research provided is for informational purposes only. No mention of a particular security in this report constitutes a recommendation to buy, sell or hold that or any security, or that any particular security, portfolio of securities, transaction or investment strategy is suitable for any specific person.