Aberforth Partners LLP

Presentation to ASLIT Investors

November 2022

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ABERFORTH PARTNERS

Aberforth Partners

- A consistent investment approach deployed by a well resourced team
  - Small UK quoted companies with a value investment philosophy
  - Fundamental analysis backed up by stewardship and engagement

- Prioritising our existing clients
  - Ceiling on the business: 1.5% of the NSCI (XIC)'s market cap to give over £300m capacity
    - Aberforth Smaller Companies Trust (ASCoT) £1,207m
    - Aberforth Split Level Income Trust (ASLIT) £191m
    - Aberforth UK Small Companies Fund (AFund) £126m
    - Charity £233m

Bias towards closed end funds

Source: Aberforth Partners LLP; London Business School. Data as at 31 October 2022.

Total returns to 31 October 2022

Total Return %	YTD	1 Year	3 Year	Cumulative *Launch	Cumulative **Inception
FTSE All-Share	-5.0	-2.8	7.1	17.2	17.2
FTSE 250 (XIC)	-23.7	-22.5	-8.6	0.1	0.1
FTSE SmallCap (XIC)	-23.4	-22.9	14.1	10.1	10.1
NSCI (XIC)	-22.9	-22.3	2.0	3.9	3.9
ASLIT Total Assets	-15.4	-15.5	-1.8	-0.8	-3.6
ASLIT ORD NAV	-21.2	-21.5	-5.8	-6.7	-9.9
ASLIT ORD share price	-21.3	-22.0	-8.6	-21.5	-
ASLIT ZDP share price	-0.4	-0.4	6.5	15.5	-

* Launch date was 03/07/2017 - excludes the effects of launch costs

**Inception date for ASLIT was 30/06/2017

- A challenging few years – Brexit, pandemic, inflation and now looming recession
- Year to date:
  - ASLIT total assets: negative total return as recession fears dominate
    - Impact mitigated by the value style and stock selection
  - ASLIT NAV total return reduced by gearing from the ZDPs

Source: Aberforth Partners LLP; FTSE; London Business School. Data as at 31 October 2022.

Winners and losers – year to date

10 Best winners Rank	Company	Total return (%)	Contribution (bp)
1	Go-Ahead Group	132	155
2	RPS Group	80	148
3	Brewin Dolphin Holdings	44	147
4	Micro Focus	33	80
5	Wilmington	39	68
6	Bloomsbury Publishing	31	60
7	McKay Securities	25	45
8	Ecora Resources	19	35
9	Energean	70	33
10	Lookers	26	27

10 Worst Losers Rank	Company	Total return (%)	Contribution (bp)
1	Reach	-65	-245
2	RM	-86	-114
3	Jupiter Fund Management	-55	-112
4	Provident Financial	-51	-112
5	TI Fluid Systems	-45	-112
6	Vistry Group	-44	-103
7	Rank Group	-66	-100
8	Crest Nicholson Holdings	-42	-96
9	International Personal Finance	-34	-84
10	Morgan Advanced Materials	-29	-82

- Losers: mostly companies oriented to the domestic economy
  - Trading updates from the domestics are starting to reflect economic slowdown
- Winners: M&A is the main theme

Source: Aberforth Partners LLP; London Business School; Portfolio Evaluation. Data as at 31 October 2022.

Purchases and sales – year to date

Top 10 Purchases		
Rank	Company	£m
1	Energean	4.4
2	C&C Group	2.5
3	Robert Walters	2.2
4	Go-Ahead Group	2.1
5	Reach	1.8
6	Bodycote	1.5
7	DFS Furniture	1.5
8	Jupiter Fund Management	1.5
9	Sabre Insurance Group	1.2
10	Micro Focus	1.2

Top 10 Sales		
Rank	Company	£m
1	Brewin Dolphin Holdings	11.2
2	Go-Ahead Group	6.5
3	Micro Focus	5.7
4	McKay Securities	3.9
5	Drax Group	3.3
6	Stagecoach Group	2.6
7	Essentra	2.0
8	Keller Group	1.7
9	Bloomsbury Publishing	1.6
10	Forterra	0.9

New Holding or Total Sales

- 10 month annualised turnover: 20%
- "Value roll": sale of relatively expensive stocks and reinvestment into cheaper stocks
  - M&A gave more opportunity to roll capital
  - In the period, average 2023 EV/EBITA of sales 8.5x vs. 5.1x for purchases

Source: Aberforth Partners LLP. Data as at 31 October 2022.

Politics have rendered the UK a “special situation”

- Fundamentals obscured by poor management of common issues
  - A large open economy with laws and a governance regime supporting asset ownership
  - The UK’s debt to GDP ratio is lower than that of most major economies
  - A free floating currency can take the strain and support sterling return on capital
  - A well financed corporate sector and banking system
  - Resilient small companies

- Extreme stockmarket conditions create more <u>opportunities</u>
  - Fund managers’ exposure to UK equities back to 20 year lows (BofA)
  - Analyst coverage of small and mid caps -18% over five years
  - Numerous “fallen angels” likely to enter the NSCI (XIC) 1 January 2023
  - UK cheapest versus RoW since mid 1990s (JPM)
  - Small cap PE relative to large: 0.79 against average of 0.90 since 1990

Source: Justin Metz; Aberforth Partners LLP. Data as at 31 October 2022.

The opportunity for the portfolio

Value	*Size*	*Recession & recovery*	*UK "special situation"*
Value stretch still wide in a historical context	High exposure to smaller small companies	Small cap cyclicality	Political uncertainty
Rotation to value - inflation & rising interest rates	Still wide valuation discounts for small size	Resilience under-estimated	c.50% portfolio sales generated in the UK
A more level playing field for style from here?	Catalysts - M&A, management actions, passage of time	Downturn largely reflected in valuations	Sterling assets very cheap in the global context

Consistent value investment philosophy to deliver a **VALUE PREMIUM**

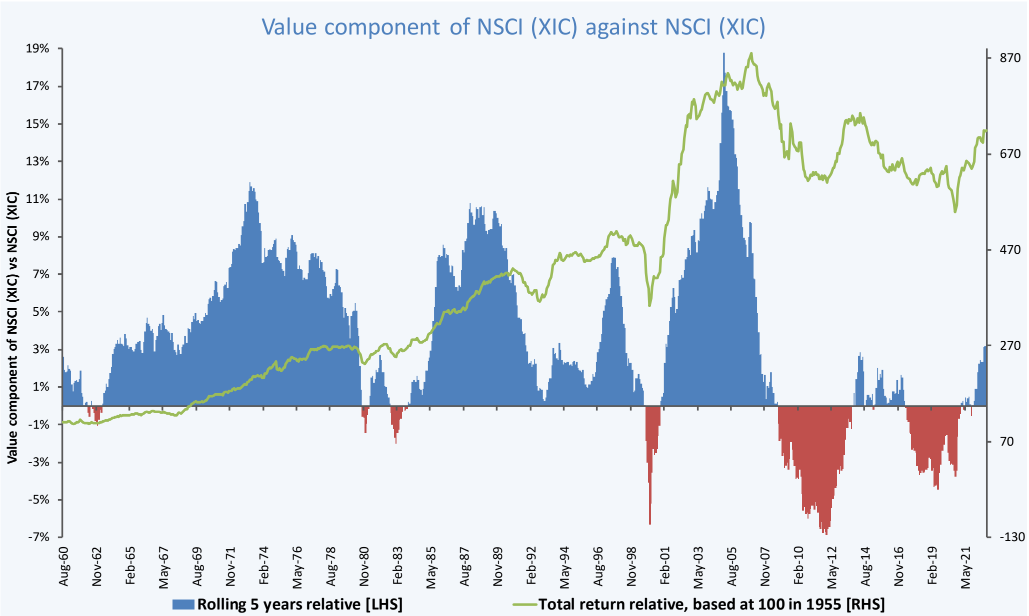
Company analysis backed up by active engagement

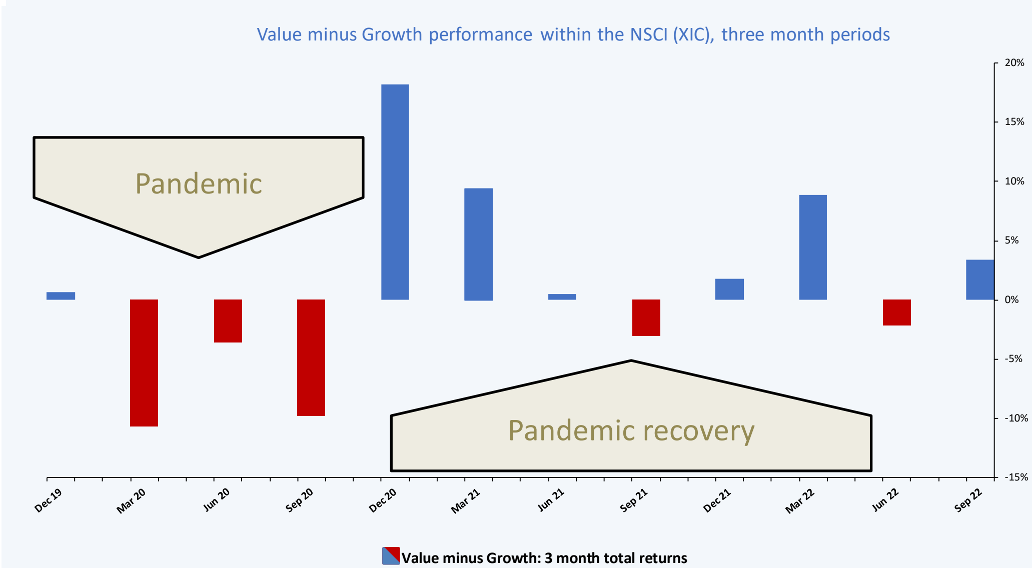
Well resourced and experienced investment team

- Portfolio weighted upside to our targets of 88%
  - Not a forecast!
  - Share price target plus two years of dividends

Source: Aberforth Partners LLP. Data as at 31 October 2022.

Value – a tailwind

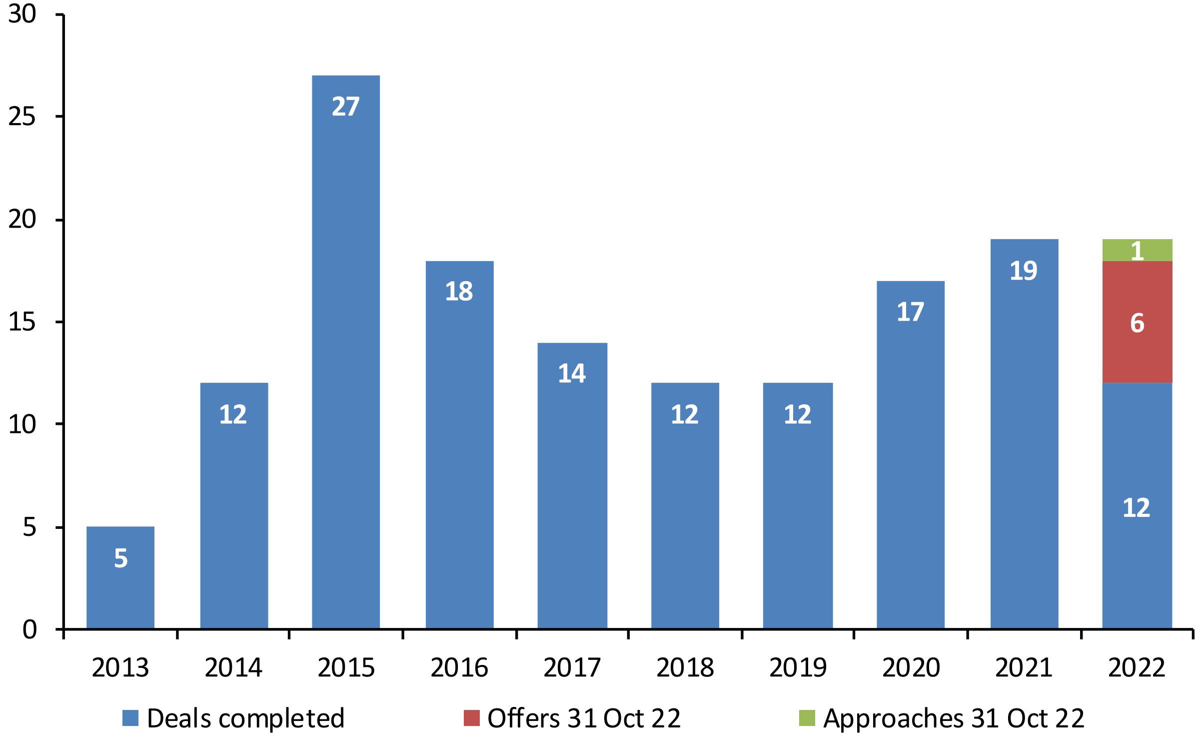




- The 66 year perspective
  - NSCI (XIC) value premium since
    - Index's inception: +3.3% p.a.
    - Aberforth's inception: +1.8% p.a.
  - Value premium reasserting itself
  - The ZIRP equilibrium since the financial crisis is being questioned
- The 3 year perspective
  - US 10 year bond yields: 1.9% to 4.0%
  - Stickier than expected inflation
  - Value has out-performed
    - The theory is playing out
    - Despite fears about recession

Source: Aberforth Partners LLP; London Business School; Bloomberg. Data as at 31 October 2022.

M&A – a busy year



- 18 M&A deals announced within the NSCI (XIC) so far in 2022
  - A lull is likely: macro uncertainty and debt markets hindering private equity
- Portfolio: Brewin Dolphin, McKay, Go-Ahead, Stagecoach, RPS, Micro Focus
  - Given low stockmarket valuations, Aberforth does not support all approaches

Source: Aberforth Partners LLP; London Business School. Data as at 31 October 2022.

RPS – an excellent outcome through M&A

▪ Opportunity	A good business, respected by its peers
	Valuation affected by cyclicality and governance doubts

Buyer: Tetra Tech	Multiple bids from Tetra Tech and its rival WSP
Price: 222p	90% premium
Valuation: 19.4x 2022 EV/EBITA	Above industry average acquisition multiple of 15.4x

Attributes of Aberforth's process

▪ Patience	A long-standing portfolio holding, initiated in 2009
▪ Discipline to average down	Taking advantage of economic and stockmarket cycles
▪ Regular engagement	Confidence to support a placing at 44p in 2020
▪ Experience in sub sector	Consolidation – takeover always seemed the end game
▪ Responsible stewardship	Consulted by the board and insiders for over 3 months
▪ Significant stake	Able to leverage clients' 17% stake in the equity

Source: Aberforth Partners LLP

EV/EBITA – low portfolio valuation

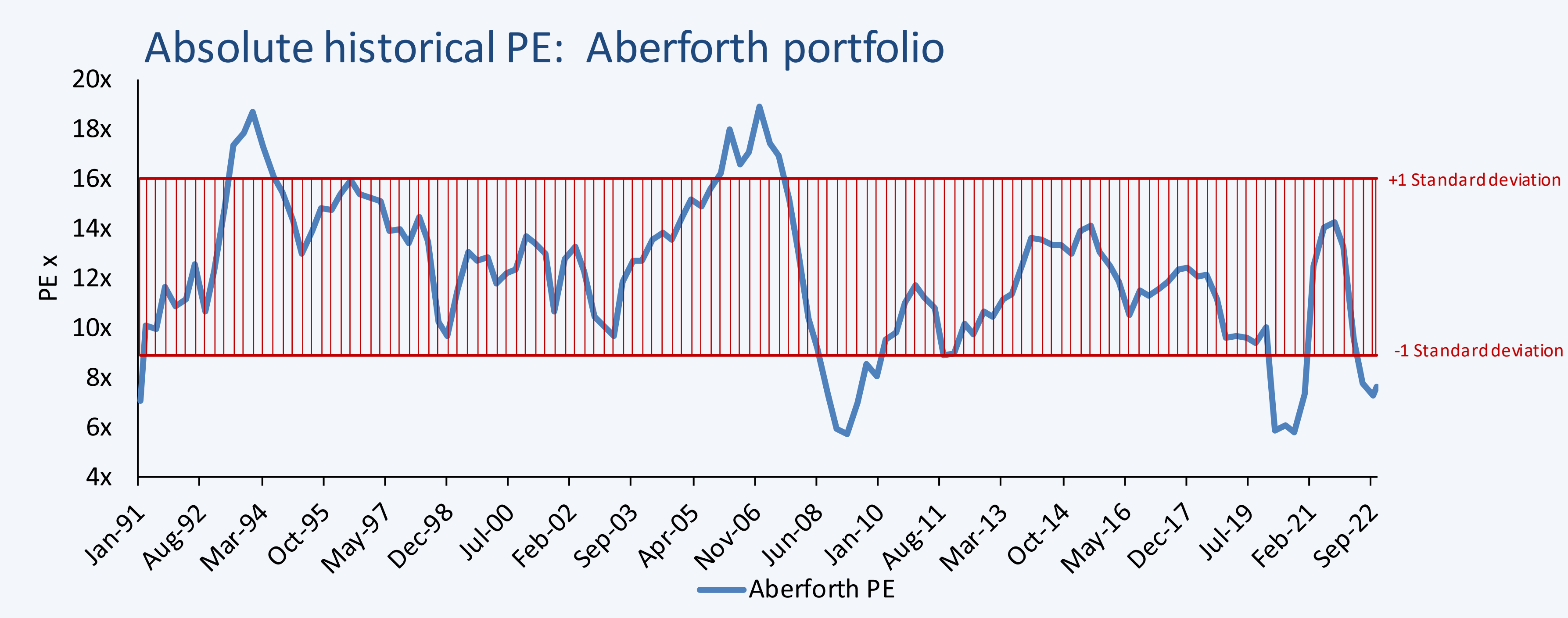
- Discounts of 21% to Tracked Universe and 47% to growth stocks in 2022
  - Portfolio helped by size positioning – 63% weight in smaller smalls
- The portfolio also stands out against 2022 M&A multiples
  - Average 2022 EV/EBITA multiple of NSCI (XIC) deals 14x

EV/EBITA	Number of stocks	2021	2022	2023	2024
AFUND	78	7.1x	6.4x	5.5x	5.0x
Tracked Universe	225	9.3x	8.7x	7.5x	6.7x
Growth stocks	42	13.7x	13.1x	10.4x	8.9x
Other stocks	183	8.6x	8.1x	7.0x	6.3x
Stocks < £600m market cap.	160	6.8x	6.8x	6.2x	5.6x
Stocks > £600m market cap.	65	12.0x	10.8x	8.7x	7.8x

- We expect recession and we know that estimates will decline
  - But there is a margin of safety in these valuations

Source: Aberforth Partners LLP; London Business School. Data as at 31 October 2022.

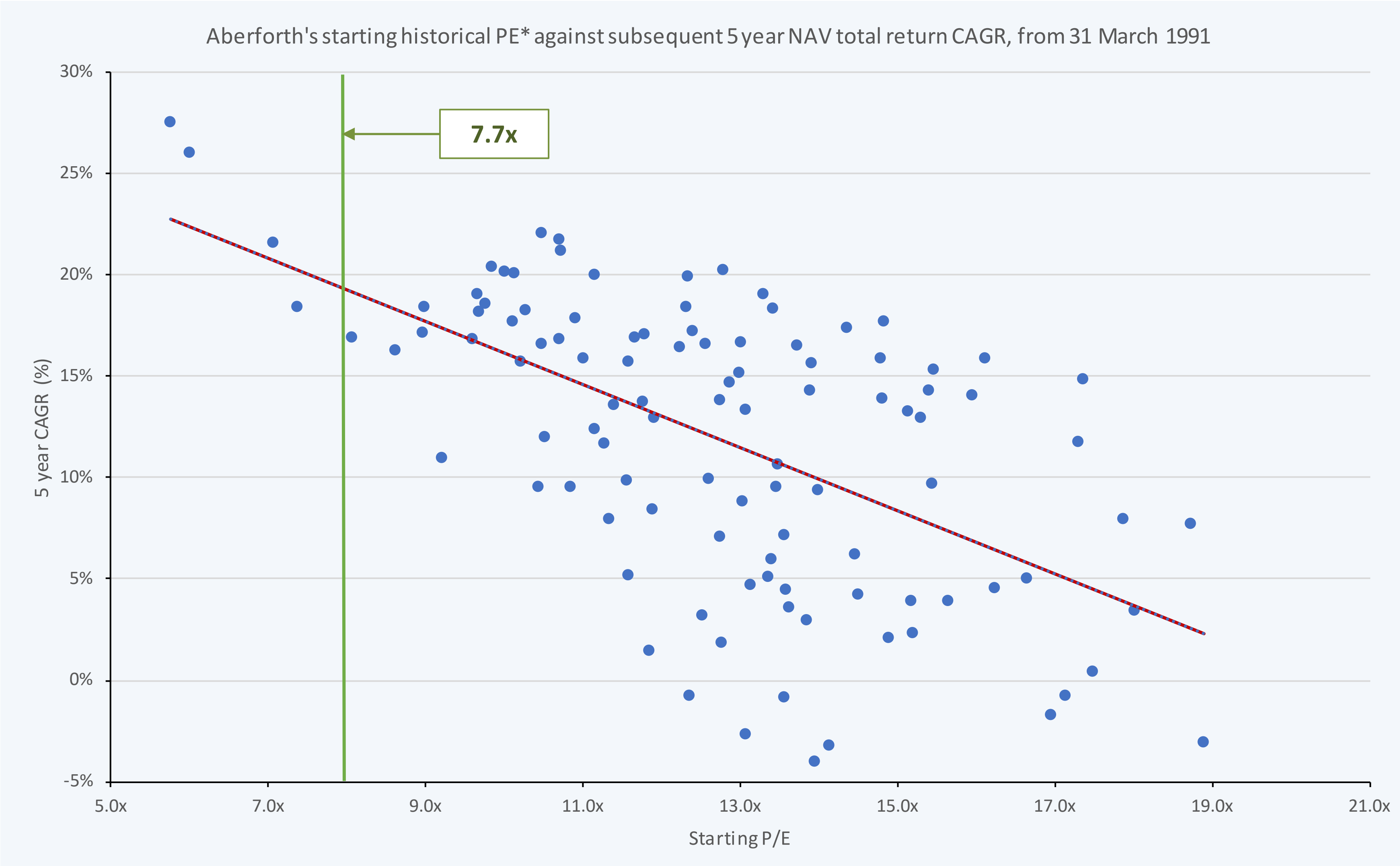
Valuation context – historical PE



- The chart uses ASCoT's PE for a long term perspective
- Historical PE at 31 October: 8.1x for ASLIT, 7.7x for ASCoT
  - Likely to move lower: earnings boosted by pandemic recovery are still being reported
- Earnings declined by c.30% in the early 1990s recession (over 3 years)
  - A repeat would imply a forward PE of 11.0x against 11.5x long term average
- A 7.7x historical PE has usually been a good starting point …

Source: Aberforth Partners LLP. Data as at 31 October 2022.

Starting valuations and prospective total returns



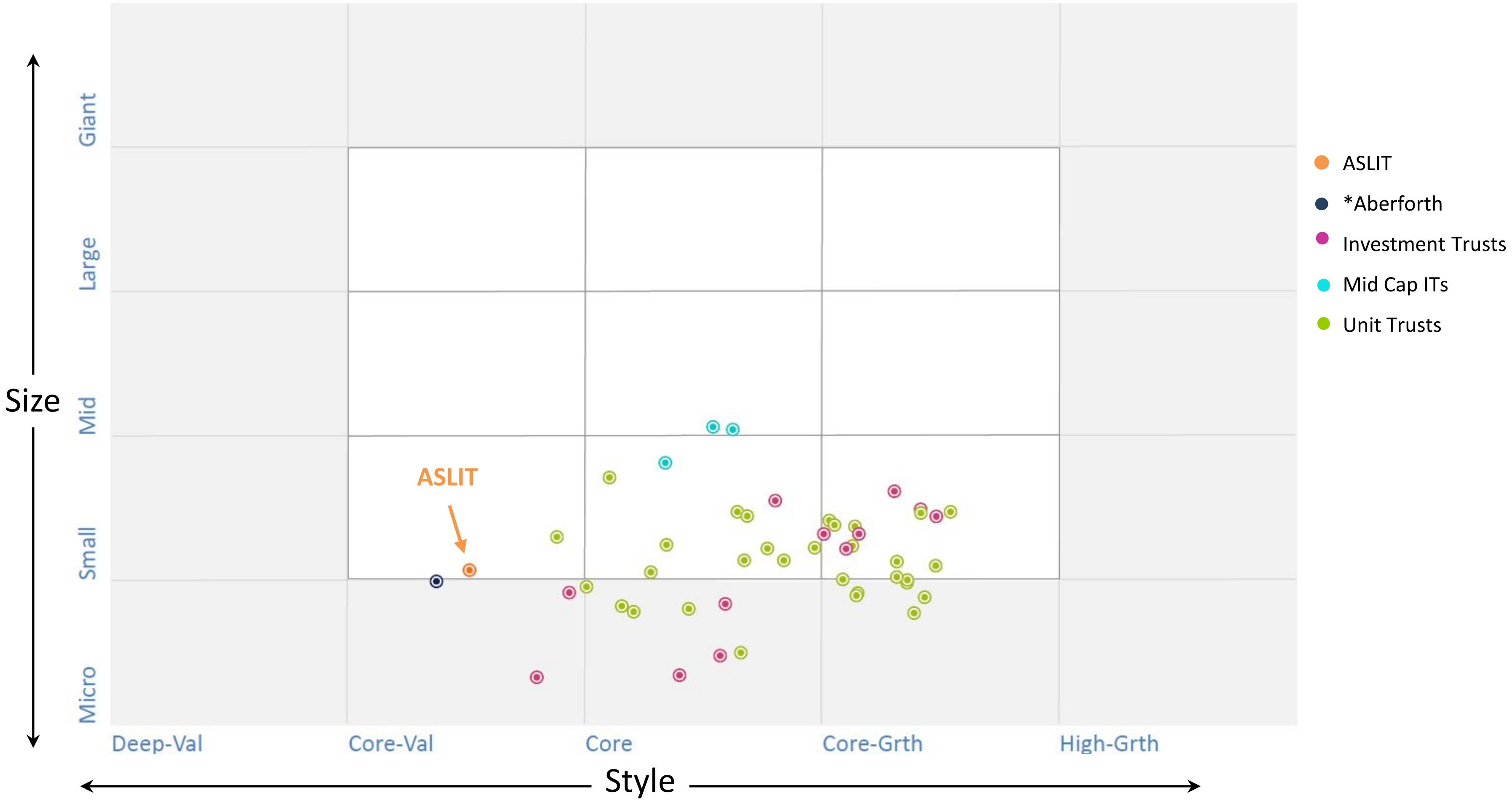
- Using data for ASCoT again for a long term perspective

Source: Aberforth Partners LLP. Data as at 31 October 2022.

Aberforth's differentiation

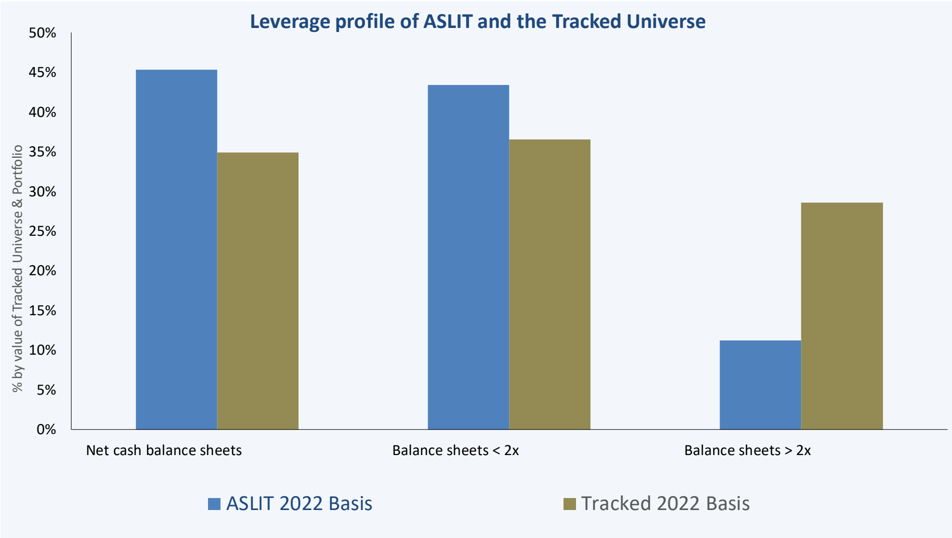
- The pricing basis of financial markets has changed as interest rates rise
  - But style positioning among the peers has changed little

Holdings-Based Style: Aberforth & IT Peers & UT Peers > £100m

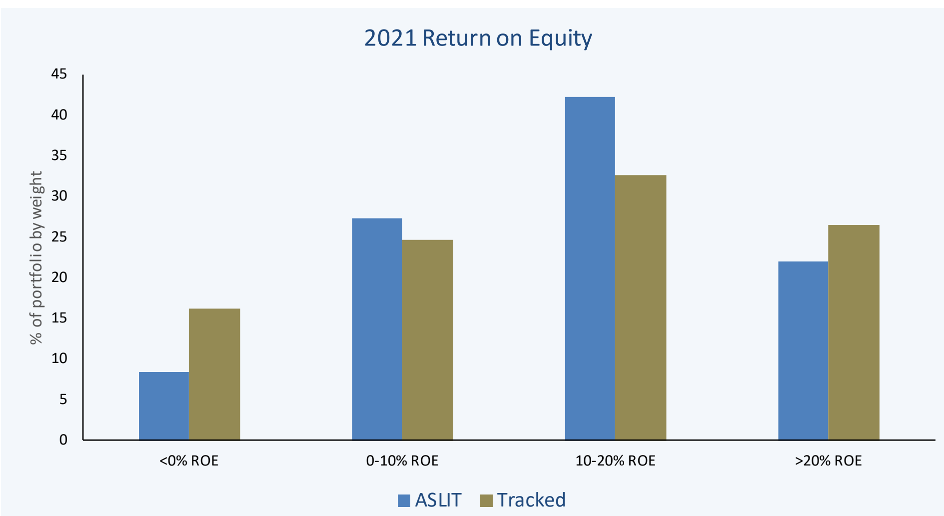


*Aberforth "Standard Value" portfolio. Source: Aberforth Partners LLP; Morningstar. Data available as at 14 November 2022.

Resilience – the portfolio owns good businesses



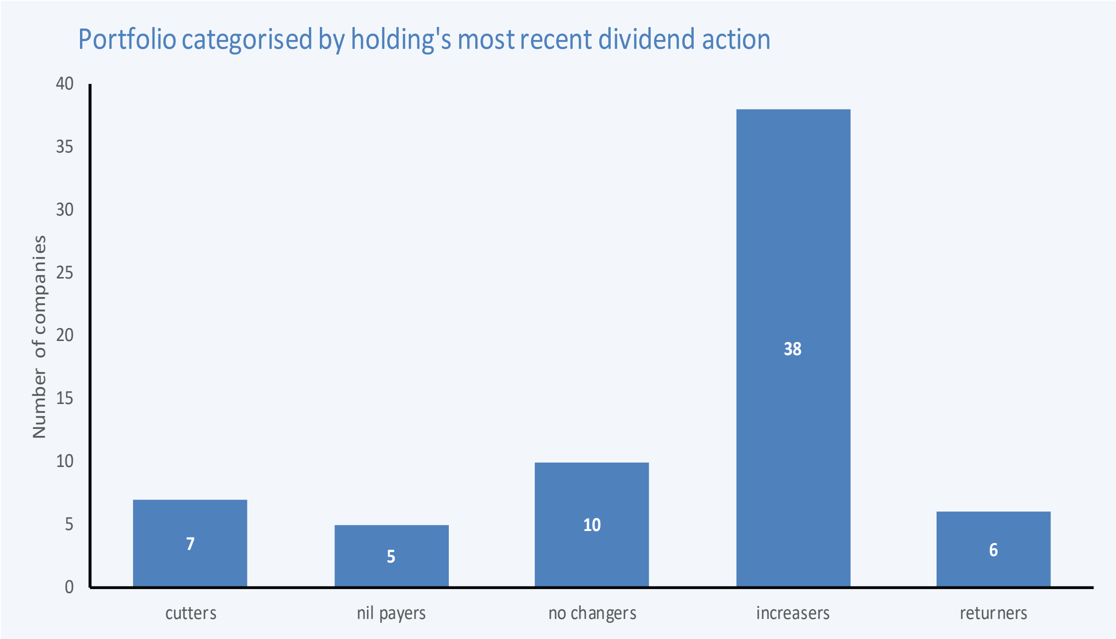
- Strong balance sheets
  - Both portfolio and index
  - Unusual at this stage in the cycle
  - Strongest since 2014
  - Many buy-backs on-going
    - 14 in the Aberforth portfolios



- RoE recovering from the pandemic
  - Weighted average RoE in 2021
    - Portfolio 13%, Tracked 13%
  - Boards with proven records of managing costs and capital

Source: Aberforth Partners LLP; London Business School. Data as at 31 October 2022.

Income growth from the portfolio



- 2 special dividends received so far in the current financial year
- Historical portfolio yield: 4.9%
- Portfolio dividend cover: 2.5x

- Portfolio dividend experience remains strong: tailwind from reinstated dividends
- Total income from the portfolio currently forecast to return to pre pandemic levels in 2022/23
  - Risk from uncertain economic conditions
  - But dividend cover and strong balance sheets offer mitigation
- Financial year to 30 June 2022: underlying dividend +41% to 4.30p plus special dividend of 0.25p
- Revenue reserves at 30 June 2022 of 0.97p

Source: Aberforth Partners LLP. Data as at 31 October 2022.

ASLIT valuation statistics as at 31 October 2022

Ordinary shares

Redemption yields:

Capital growth p.a.	Terminal NAV	Dividend growth p.a. -10.0%	-5.0%	+0%	+5%	+10%
-10.0%	48.2p	-4.2%	-3.5%	-2.8%	-2.1%	-1.4%
-5.0%	55.8p	3.8%	4.5%	5.2%	5.8%	6.6%
+0.0%	63.7p	11.7%	12.4%	13.0%	13.7%	14.4%
+5.0%	71.8p	19.5%	20.1%	20.7%	21.4%	22.1%
+10.0%	80.2p	27.1%	27.8%	28.4%	29.0%	29.7%
+15.0%	88.8p	34.7%	35.3%	35.9%	36.6%	37.3%
+20.0%	97.7p	42.2%	42.8%	43.4%	44.1%	44.8%

Hurdle rates: (p.a. returns to 30 June 2024)

	31 Oct.	Launch
To return share price	-2.6%	1.5%
To return 100p	21.3%	1.5%
To return nil value	-48.1%	-17.0%

Premium/(discount) incl. revenue reserves: -15%

Dividends:

	2017/8	2018/9	2019/20	2020/21	2021/22
Ordinary	4.00p[1]	4.16p[1]	4.22p[1]	3.05p[1]	4.30p[1]
Special	0.60p	0.19p	-		0.25p
Revenue reserves	0.83p	1.61p	0.86p	0.72p	0.97p

[1] First and Second Interim Dividends

ZDP shares

Redemption yields: (p.a. returns to 30 June 2024)

Now	5.98%	115.5p to 127.25p at 30 June 2024
At launch	3.50%	100p to 127.25p at 30 June 2024

Hurdle rates: (p.a. returns to 30 June 2024)

	31 Oct.	Launch
To return 127.25p	-48.1%	-17.0%
To return nil value	-97.1%	-57.2%

Premium/(discount) to net asset value: -4%

Final cumulative cover:

31 Oct.	Launch
2.9x	3.4x

The valuation statistics set out above are projected, illustrative and do not represent profit forecasts. There is no guarantee that these returns will be achieved. Terms used above have the same meaning as described further in the glossary on pages 54-55 in the Annual Report for the period ending 30 June 2022.

Source: Aberforth Partners LLP. Data as at 31 October 2022.

Conclusion

- Portfolio – well positioned
  - Balance sheets are unusually strong and valuations are very attractive
  - Macro developments have been favourable to the value style
  - Plentiful opportunities for the value investor, particularly in the UK

- ASLIT – a differentiated proposition
  - Income resilience contrasts with the weakness of share prices
  - Advantages from here of gearing and closed-end structure
  - Planned life till 1 July 2024
  - Our outlook is for positive absolute returns

Source: Aberforth Partners LLP

Appendix

ESG integration – update

- Early adopters of the FRC Stewardship Code 2020
  - Confirmed again as a signatory in 2022
- We launched our enhanced ESG database module in 2022
- Our framework analyses company specific risks and opportunities against a sector determined risk score
  - Environmental: climate change, pressure on natural resources, pollution and waste
  - Social: employee culture, health and safety, stakeholders, product liability and consumer protection
  - Governance: board composition and succession, effectiveness, remuneration and alignment, capital allocation, ethics
- We believe that everything flows from good governance
- Value remains at the core of our process
  - No exclusions unless directed by the client
  - We see improved ESG performance as a means of <u>value creation</u>
    - Sustainability of profits and a catalyst for re-rating

Source: Aberforth Partners LLP

Top 20 holdings

Rank	Company	Activity	Total portfolio (%)
1	Rathbones Group	Private client fund manager	4.3
2	RPS Group	Energy & environmental consulting	4.0
3	Redde Northgate	Van rental	3.4
4	Wincanton	Logistics	3.2
5	Centamin	Gold miner	3.1
6	Wilmington	Business publishing & training	2.9
7	Bloomsbury Publishing	Independent publishing house	2.9
8	Morgan Advanced Materials	Manufacture of carbon & ceramic materials	2.8
9	Ecora Resources	Natural resources royalties	2.7
10	Energean	Oil & gas exploration and production	2.7
11	Robert Walters	Recruitment	2.3
12	Vesuvius	Metal flow engineering	2.2
13	Videndum	Photographic & broadcast accessories	2.1
14	Lookers	Motor vehicle retailer	2.1
15	Bakkavor Group	Food manufacturer	2.1
16	PayPoint	Alternative payment services	2.1
17	Reach	UK newspaper publisher	2.0
18	CMC Markets	Financial derivatives dealer	2.0
19	Kenmare Resources	Miner of titanium minerals	1.9
20	International Personal Finance	Home credit provider	1.9
Top 20			52.8
21 - 30			16.1
31 - 66			31.1
Actively managed portfolio with an active share of 75%			100.0

Source: Aberforth Partners LLP. Data as at 31 October 2022.

ASLIT – sector exposure

Sector	NSCI (XIC) weight	ASLIT weight	Relative weight	Significant holdings
Technology	7.8%	2.6%	-5.2%	
Telecommunications	1.7%	0.0%	-1.7%	
Health Care	2.3%	0.0%	-2.3%	
Financials	18.1%	18.9%	0.8%	International Personal Finance, CMC Markets, Rathbones Group, Conduit Holdings
Real Estate	6.5%	1.3%	-5.2%	
Consumer Discretionary	14.9%	24.2%	9.3%	Bloomsbury Publishing, Lookers, Reach, TI Fluid Systems, Wilmington, STV Group
Consumer Staples	4.7%	5.2%	0.6%	Bakkavor
Industrials	27.4%	34.1%	6.8%	Morgan Advanced Materials, Paypoint, Robert Walters, RPS Group, Vesuvius, Wincanton, Redde Northgate, Vivendum
Basic Materials	5.4%	9.2%	3.7%	Centamin, Kenmare Resources, Ecora Resources
Energy	8.2%	3.4%	-4.8%	Energean
Utilities	3.1%	1.0%	-2.1%	

Source: Aberforth Partners LLP; London Business School. Data as at 31 October 2022.

2022 growth stocks

Securities	
4imprint Group	JTC
AJ Bell	Kin and Carta
Alfa Financial Software Holdings	Made Com Group
Allied Minds	Molten Ventures
Alphawave IP Group	Moonpig Group
AO World	Network International Holdings
Aptitude Software Group	Oxford Biomedica
Arix Bioscience	Oxford Instruments
Aston Martin Lagonda Global Holdings	Pensionbee Group
Baltic Classifieds Group	Pod Point Group Holdings
BATM Advanced Communications	Porvair
Bytes Technology Group	PPHE Hotel Group
Clarkson	PureTech Health
Clipper Logistics	Sanne Group
DEV Clever Holdings	SolGold
discoverIE Group	Telecom Plus
DP Eurasia	The Gym Group
FDM Group Holdings	Trainline
Genuit Group	Treatt
Gresham Technologies	Trustpilot Group
HeiQ	Volution Group
Hilton Food Group	XP Power
IP Group	Zotefoams

See slide "Valuation - EV/EBITA" for context

- The annual list of growth stocks as defined by Aberforth
  - Designated at the January index rebalance and retained for the full year

Source: Aberforth Partners LLP. Data as at 1 January 2022.

3 collective investment vehicles

	Aberforth Smaller Companies Trust (ASCoT)	Aberforth UK Small Companies Fund (AFUND)	Aberforth Split Level Income Trust (ASLIT)
Inception	December 1990	March 1991	July 2017
Structure	Closed-end	Open-end	Closed-end
Gearing	Tactical = 4.3%	N/A	Structural (ZDPs) = 28%
Size (AUM)	£1,207m	£126m	£191m
Number of investee companies	78	78	66
Benchmark	NSCI (XIC)	NSCI (XIC)	N/A
Investment philosophy	Value	Value	Value/Income
Management fees *(ongoing charges)*	70 bps* *(75 bps)*	75 bps* *(77 bps)*	102 bps* *(121 bps)*
Performance fee	No	No	No
RDR: platforms	>20	>15	>20
RDR: clean price	N/A	Yes	N/A
Authority: share buyback	Yes	N/A	No
Authority: dividends from capital	No	N/A	No
Chairman	Richard Davidson Richard.Davidson@aberforth.co.uk	N/A	Angus Gordon Lennox Angus.GordonLennox@aberforth.co.uk

* For a full explanation of the fee structure and ongoing charges, please refer to the Fund's Annual Report or visit www.aberforth.co.uk

Source: Aberforth Partners LLP. Data as at 31 October 2022.

Investment trust

Aberforth Smaller Companies Trust plc (ASCoT)

Ordinary shares 85,444,605	▪ next continuation vote in March 2023 and every 3 years thereafter ▪ authority to buy-in up to 13,108,495 shares was granted at the AGM ▪ cumulative shares bought-in for cancellation since inception = 13,365,183
Gearing	▪ as at 31 October 2022 actual was 4.3% ▪ potential for up to £130m or 10.5%
Dividends	Based on the following historic actuals:
2022	▪ interim paid August 2022 (12.05p)
2021 35.20p	▪ final paid March 2022 (24.25p) ▪ interim paid August 2021 (10.95p)
2020 33.30p	▪ final paid March 2021 (22.90p) ▪ interim August 2020 (10.40p)
2019 36.00p	▪ final paid March 2020 (22.00p) ▪ special paid March 2020 (4.00p) ▪ interim paid August 2019 (10.00p)

Note: Further details available in the Fund's Annual Report and from www.aberforth.co.uk

Source: Aberforth Partners LLP. Data as at 31 October 2022.

Unit trust

Aberforth UK Small Companies Fund (AFUND)

As 31 October 2022	Issue Price	Cancellation Price	Units in Issue
Accumulation Units	£265.08	£259.52	324,878
Income Units	£181.55	£177.74	226,456

Limited issue fund with Accumulation and Income units

- value at cancellation price: £125m
- no entry or exit charged; dealing spread 2.1% (mid-basis)
- yield on Income units: 3.3%
- current distribution period ended 30 June 2022; paid 31 August 2022
- previous distribution period ended 31 December 2021; paid February 2022
- annual management fee: 0.75%; no performance fee
- 5/8 of management fee allocated to capital

Daily subscriptions and redemptions

- deals can be placed each business day prior to 4.30pm
- dual priced fund; prices calculated using closing prices each business day
- “forward pricing”

Note: Further details available in the Fund’s Annual Report, Prospectus and Key Investor Information Document and from www.aberforth.co.uk

Source: Aberforth Partners LLP. Data as at 31 October 2022.

Investment trust

Aberforth Split Level Income Trust plc (ASLIT)	
Ordinary shares 190,250,000	▪ all net income, plus all net assets on a winding up – after ZDP entitlements met
Zero Dividend Preference (ZDP) shares 47,562,500	▪ no dividends, but final capital entitlement of 127.25p on planned winding up date
Life	▪ planned winding up date: 1 July 2024
Gearing	▪ structural gearing via the ZDP shares
Dividends	Based on the following historic actuals:
2022 4.55p	▪ first interim paid March 2022 (1.51p) ▪ Second interim paid August 2022 (2.79p) ▪ Special paid August 2022 (0.25p)
2021 3.05p	▪ first interim paid March 2021 (0.92p) ▪ second interim paid August 2021 (2.13p)
2020 4.22p	▪ first interim paid March 2020 (1.51p) ▪ second interim paid August 2020 (2.71p)

Note: Further details available in the Fund's Prospectus and from www.aberforth.co.uk

Source: Aberforth Partners LLP. Data as at 31 October 2022.

Glossary – Aberforth Funds

- **Aberforth's investment philosophy and putting it into practice is explained further at www.aberforth.co.uk/about-Aberforth/**
- **Aberforth Standard Value** refers to The Aberforth Smaller Companies Trust plc, Aberforth's longest standing client.
- **Accumulation Units:** units not receiving a cash payment representing income; rather, income will be included in the value of the units.
- **Active Share** is calculated by summing the absolute differences between a portfolio's weight in a stock and an index's weight in a stock for all the stocks in the portfolio or index. The total is then divided by two to give a ratio between 0% and 100%.
- **AGM**: An annual general meeting (AGM) is a mandatory annual assembly of a company's executives, directors, and interested shareholders
- **AUM:** Assets Under Management.
- **CAGR:** Compound Annual Growth Rate is the annualised rate of growth over the specified time period.
- **Cancellation** refers to the cancellation of units by the Trustee.
- **Discount** is the amount by which the stockmarket price is lower than the Net Asset Value, or NAV, per Ordinary Share. The discount is normally expressed as a percentage of the NAV per Ordinary Share. The opposite of a discount is a premium.
- **DPS:** Dividend Per Share.
- **ESG:** Environmental, Social and Governance.
- **EV/EBITA:** Enterprise Value divided by Earnings Before Interest, Tax and Amorisation.
- **EV/EBITDA:** Enterprise Value divided by Earnings Before Interest, Tax, Depreciation and Amorisation.
- **Funds: ASCoT** – The Aberforth Smaller Companies Trust plc; **ASLIT** – Aberforth Split Level Income Trust plc; **AFUND** – Aberforth UK Small Companies Fund.
- **Gearing** is the use of debt to increase capital.
- **Issue** refers to the issue of units by the Trustee.
- **Hurdle rate** is the rate of capital growth per annum to return a stated amount per share at the planned winding-up date.
- **Income Units** entitle the holder to a cash distribution representing the net income attributable to that unit at each income allocation date.
- **IPO:** Initial Public Offering.
- **Leverage** is a measurement of the use of debt.
- **M&A:** Mergers and Acquisitions.
- **Net Asset Value (ZDP Share)** is the value of the entitlement to the ZDP Shareholders.
- **Net Asset Value**: Net Asset Value (NAV) per share is the net value of an investment fund's assets less its liabilities, divided by the number of shares outstanding

Source: Aberforth Partners LLP

Glossary – Aberforth Funds

- **NSCI (XIC):** The Numis Smaller Companies Index (excluding Investment Companies).
- **PE:** The price-earnings ratio (P/E ratio).
- **Redemption Yield (Ordinary Share)** is the annualised rate at which projected future income and capital cash flows (based on assumed future capital/dividend growth rates) is discounted to produce an amount equal to the share price at the date of calculation.
- **Redemption Yield (ZDP Share)** is the annualised rate at which the total discounted value of the planned future payment of capital equates to its share price at the date of calculation.
- **Retained Revenue:** the accumulated income that has not been distributed.
- **RoE**: Return on equity (ROE) is the measure of a company's net income divided by its shareholders' equity
- **RoW**: Rest of the world
- **Rump** is the Tracked Universe, adjusted to exclude the growth stocks.
- **Share buy backs**: A share buyback, also known as a share repurchase, is when a company buys its own outstanding shares to reduce the number of shares available on the open market.
- **Terminal NAV (Ordinary Share)** is the projected NAV per Ordinary Share at the planned winding-up date at a stated rate of capital growth in the company's investment portfolio after taking into account the final capital entitlement of the ZDP Shares, future estimated costs charged to capital and estimated winding-up costs.
- **Tracked Universe** refers to those constituents of the NSCI (XIC) that Aberforth follows closely and whose financial characteristics are aggregated on internal systems.
- **Total return**: capital appreciation plus reinvested dividends.
- **Turnover** is calculated by summing the lesser of purchases and sales and dividing by the average portfolio value**.**
- **Unit:** an equal portion representing part ownership of a unit trust fund.
- **Value style:** the strategy by which all Aberforth's portfolios are invested.
- **Value Premium**: the relative out/(under) performance of the value investment style.
- **ZDP:** Zero Dividend Preference shares are a share class that receive no dividends. Instead, holders receive a fixed capital payment on the redemption date.
- **ZIRP**: A zero interest rate policy (ZIRP) is when a central bank sets its target short-term interest rate at or close to 0%

Source: Aberforth Partners LLP

Important information

Important information

- Throughout this presentation references to: SMALL COMPANIES mean constituents of the Numis Smaller Companies Index (Excluding Investment Companies) which are referred to as "NSCI (XIC)"; LARGE COMPANIES mean constituents of the FTSE All-Share Index which are referred to as "FTAS"; total return means with dividends reinvested (prior to 2.7.97 with gross dividends reinvested thereafter with net dividends reinvested); and Aberforth clients' portfolio characteristics use one of Aberforth's "Standard Value" clients as representative unless otherwise stated.
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- Capital may be at risk as the value of investments may go down as well as up and is not guaranteed; therefore investors may not get back the amount originally invested.
- Past performance is not a guide to future performance, nor a reliable indicator of future results or performance.
- Investments in shares of smaller companies are generally considered to carry a higher degree of risk as the market for their shares is often less liquid than that for shares of larger companies, making shares of smaller companies more difficult to buy and sell. Smaller companies can also be expected, in comparison to larger companies, to have less mature businesses, a more restricted depth of management and a higher risk profile.
- The performance of shares of smaller companies may be more volatile than the shares of larger companies over short time periods; therefore investors should regard such investments as long term.
- Unless the performance of an investment meets or exceeds the rate of inflation, the real value of that investment will reduce.
- Changes in economic or political conditions or other factors can substantially and potentially adversely affect the value of investments and, accordingly, the performance and prospects of the funds managed by Aberforth Partners LLP .
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Risk warnings

- An investment trust may only pay dividends to the extent that it has distributable profits available for that purpose. A reduction in the income from an investment trust's portfolio could adversely affect the yield, if any, on its shares.
- Investment trusts may borrow money in order to make further investments. This is known as "gearing". The effect of gearing can enhance returns to shareholders in rising markets but will have the opposite effect on returns in falling markets.
- The Ordinary Shares of Aberforth Split Level Income Trust plc are geared by the Zero Dividend Preference Shares of the company and rank for repayment of capital after the Zero Dividend Preference Shares and any creditors of the company. A positive net asset value for those Ordinary Shares will be dependent upon the company's assets being sufficient to meet the prior capital entitlements of the holders of the Zero Dividend Preference Shares. The Ordinary Shares should therefore be regarded as carrying above average risk. The Zero Dividend Preference Shares are not a protected or guaranteed investment. In particular, should the company be wound up prior to its planned winding up date, holders of Zero Dividend Preference Shares would only receive their accrued capital entitlement to the date of winding up which would be less than the final anticipated capital entitlement of those shares.
- Tax legislation and the levels of relief from taxation can change at any time. Any change in the tax status of the Fund or in tax legislation could affect the value of the investments held by the Fund or affect its ability to provide returns to its investors. The tax treatment of an investment, and any dividends received, will depend on the individual circumstances of the investor and may be subject to change in the future. If investors are in any doubt as to their tax position, they should consult their professional adviser.
- An investment in the Fund is only suitable for investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses which may arise from such an investment (which may be equal to the whole amount invested). Such an investment should be regarded as long term in nature and complementary to existing investments in a range of other financial assets and should not form a major part of an investment portfolio.