Aberforth Partners LLP

Presentation to ASLIT Investors

May 2022

ABERFORTH PARTNERS

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Performance – periods to 30 April

Total Return %	YTD	1 Year	3 Year	CAGR *Launch	CAGR **Inception
FTSE All-Share	0.8	8.7	14.1	4.6	4.6
FTSE 250 (XIC)	-11.5	-6.7	9.1	3.1	3.1
FTSE SmallCap (XIC)	-7.4	-1.5	32.3	6.1	6.1
NSCI (XIC)	-11.2	-7.4	15.3	3.8	3.8
ASLIT Total Assets	-6.3	-2.7	6.8	2.0	1.4
ASLIT ORD NAV	-8.6	-4.8	6.2	1.7	0.9
ASLIT ORD share price	-5.9	-4.2	7.3	-1.3	-
ASLIT ZDP share price	0.0	4.0	5.9	3.1	-

*Excludes the effects of launch costs

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

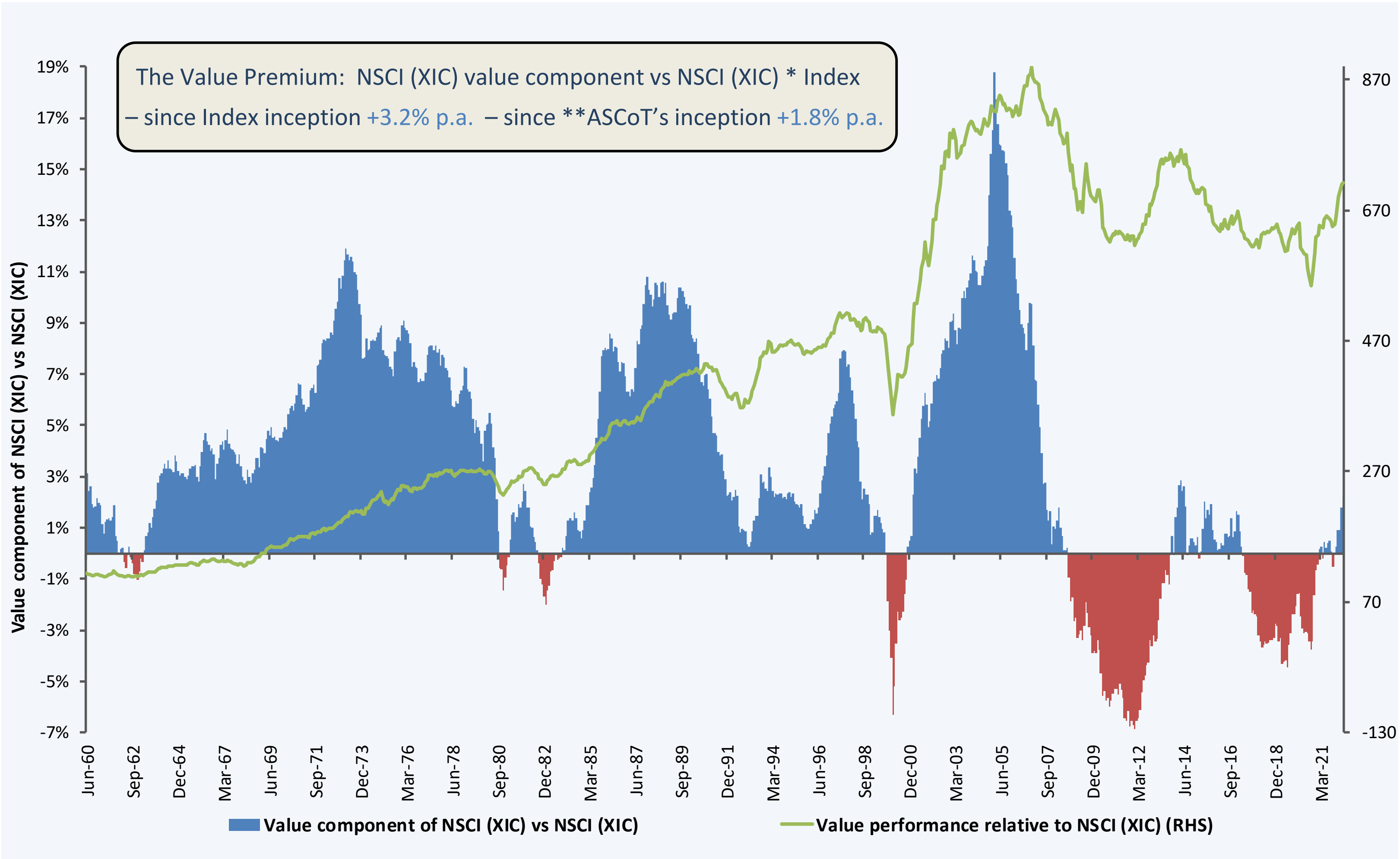
Source: Aberforth Partners LLP; FTSE; London Business School. Data as at 30 April 2022.

Macro overview

- The market is pondering recession and stagflation
  - War in Ukraine, COVID in China, supply chains, energy prices
    - The investee companies have little exposure to Russia and Ukraine
  - High inflation means that real rates are still very low
  - The Fed is contemplating the most severe tightening in years
- Markets have moved, but it's still a "phoney war" in terms of profits
  - Few estimate downgrades so far
- Inflation and monetary response are challenging markets
  - Successful investment strategies since the financial crisis are being questioned
  - Investment horizons are being pulled in
- A difficult environment to navigate – value is a useful compass

The long term value premium

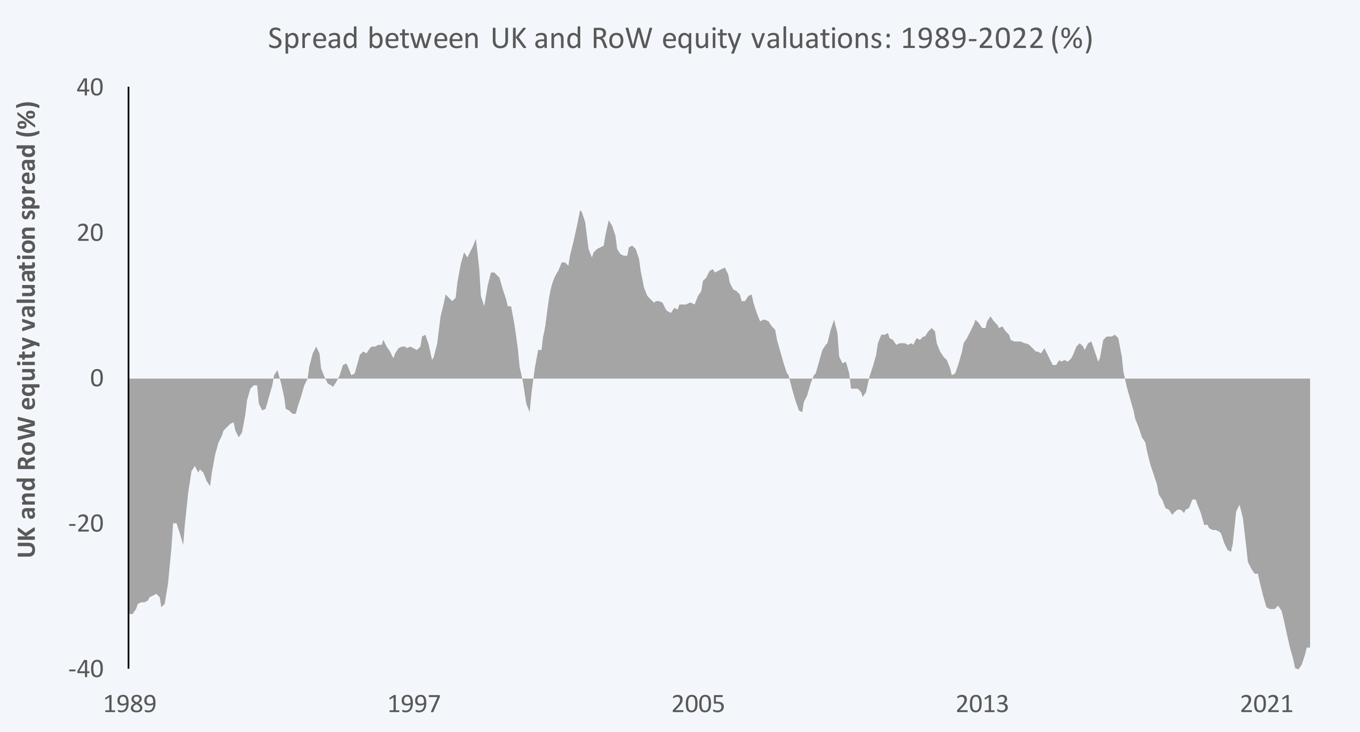
- The chart shows the value premium over the long term



*NSCI data based on extended NSCI (XIC) from 1980 and NSCI for prior dates; **ASCoT's inception date: 31/12/1990 used as opposed to 10/12/1990.

- Value picking up as the cost of money rises and investment horizons shorten

Opportunity from aversion to UK equities

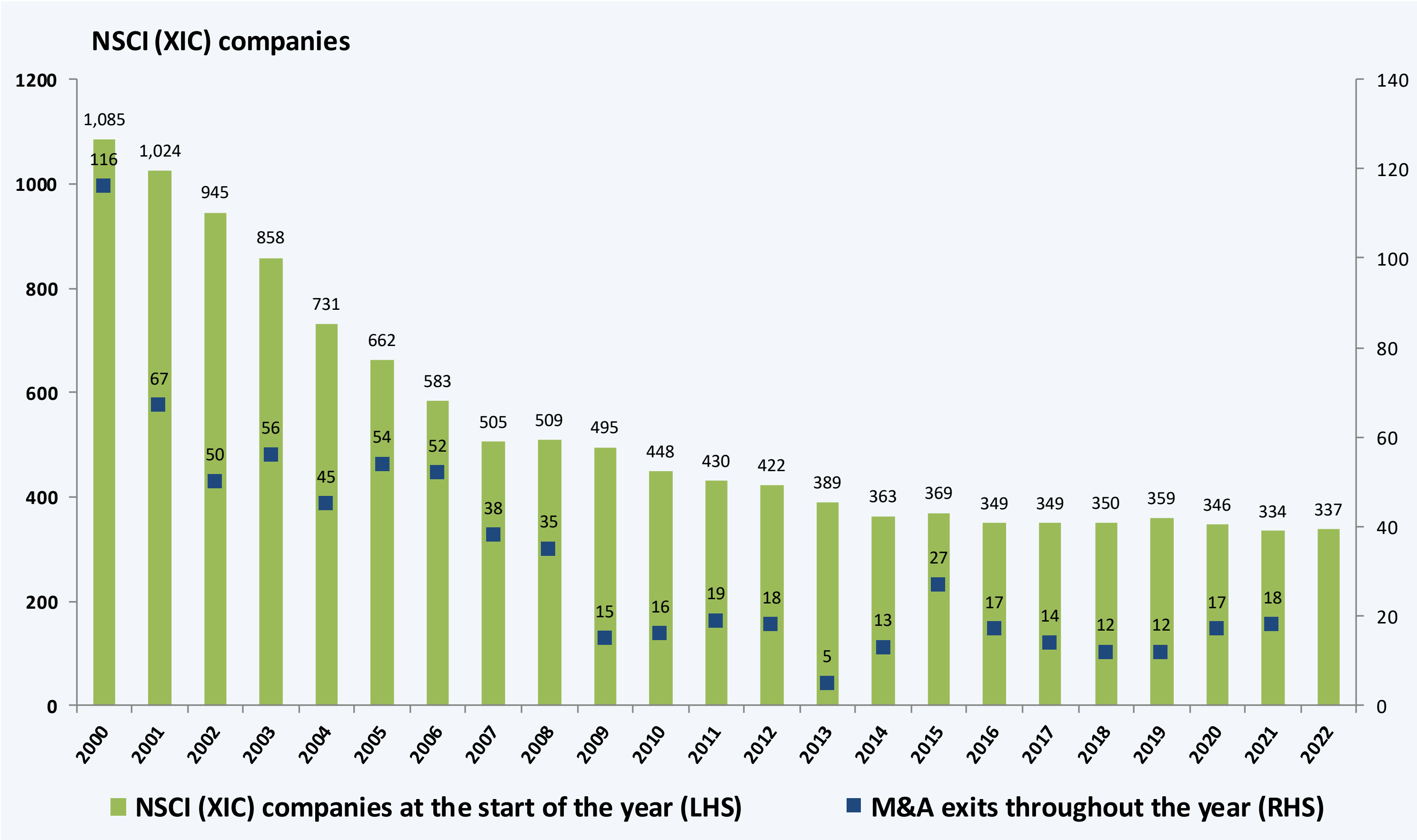


UK equity valuations 37% lower than RoW

- UK equity valuations decoupled following the EU referendum, exacerbated by sector effects
- More recently, appetite for UK assets has been returning
  - Brexit terms are now understood
  - Increasing M&A interest from corporates and private equity
  - Sector effects have been positive … resources and defensives
- However, UK valuations remain severely depressed, as the chart shows
- We see this as an opportunity, particularly among smaller companies

Source: Panmure Gordon. Data as at 28 April 2022.

M&A is recovering



- 11 M&A deals announced within the NSCI (XIC) so far in 2022
  - Discipline on valuations is required: Aberforth does not support all approaches
- Appetite for IPOs struggling amid weak markets and macro uncertainties

Source: Aberforth Partners LLP; London Business School. Data as at 1 January 2022.

Winners and losers – year to date

10 Best winners

Rank	Company	Total return (%)	Contribution (bp)
1	Brewin Dolphin Holdings	43	148
2	Anglo Pacific Group	36	67
3	Drax Group	35	54
4	McKay Securities	25	45
5	Go-Ahead Group	43	40
6	Wilmington	21	36
7	Rathbones Group	9	33
8	Wincanton	11	32
9	Genel Energy	49	29
10	Lookers	26	26

10 Worst losers

Rank	Company	Total return (%)	Contribution (bp)
1	Reach	-42	-147
2	TI Fluid Systems	-36	-91
3	Crest Nicholson Holdings	-30	-68
4	Vistry Group	-26	-61
5	Vesuvius	-25	-58
6	Morgan Advanced Materials	-20	-57
7	Jupiter Fund Management	-28	-54
8	International Personal Finance	-21	-52
9	Provident Financial	-25	-47
10	DFS Furniture	-32	-41

- Winners: the main themes are the commodity rally and M&A
- Losers: what was the largest holding (Reach) and supply chain disruption

Source: Aberforth Partners LLP; London Business School; Portfolio Evaluation. Data as at 30 April 2022.

Purchases and sales – year to date

Top 10 Purchases

Rank	Company	£m
1	Energean	3.1
2	C&C Group	1.8
3	DFS Furniture	1.5
4	Jupiter Fund Management	1.5
5	Micro Focus	1.2
6	CMC Markets	0.9
7	Go-Ahead Group	0.9
8	Reach	0.8
9	Provident Financial	0.7
10	Sabre Insurance Group	0.3

Top 10 Sales

Rank	Company	£m
1	Brewin Dolphin Holdings	7.7
2	Stagecoach Group	2.6
3	Drax Group	2.0
4	Essentra	2.0
5	Bloomsbury Publishing	1.6
6	Keller Group	0.6
7	Provident Financial	0.3
8	STV Group	0.2
9	McColl's Retail Group	< 0.1

New Holding or Total Sales

- 4 month annualised turnover: 18%
- "Value roll": sale of relatively expensive stocks and reinvestment into cheaper stocks
  - In the period, average 2023 EV/EBITA of sales 11.6x vs. 5.0x for purchases
  - Bids for Brewin Dolphin, McKay and Stagecoach: flexibility to roll capital

Source: Aberforth Partners LLP. Data as at 30 April 2022.

M&A case study – wealth managers

- A consolidating industry

Company	Aberforth stake	Held since	Acquirer	Valuation multiple	Premium paid	Market cap
Brewin Dolphin	5%	2002*	RBC Wealth Management	2.8% FUM	62%	£1.6bn
Rathbones	4%	2020	**Brewin Dolphin FUM multiple implies c.40% upside**			£1.3bn

*Held in Aberforth funds since 2002; held in ASLIT from inception

- Underlying attractions of wealth management businesses
  - Favourable structural and demographic trends: growth cyclicals
  - High margins are achievable
  - Scale advantages
  - Sticky revenues, with growth opportunities in the likes of advice

- But the market is regularly distracted by volatile flows and sensitivity to equity prices
  - This has been the opportunity for the value investor

Source: Aberforth Partners LLP

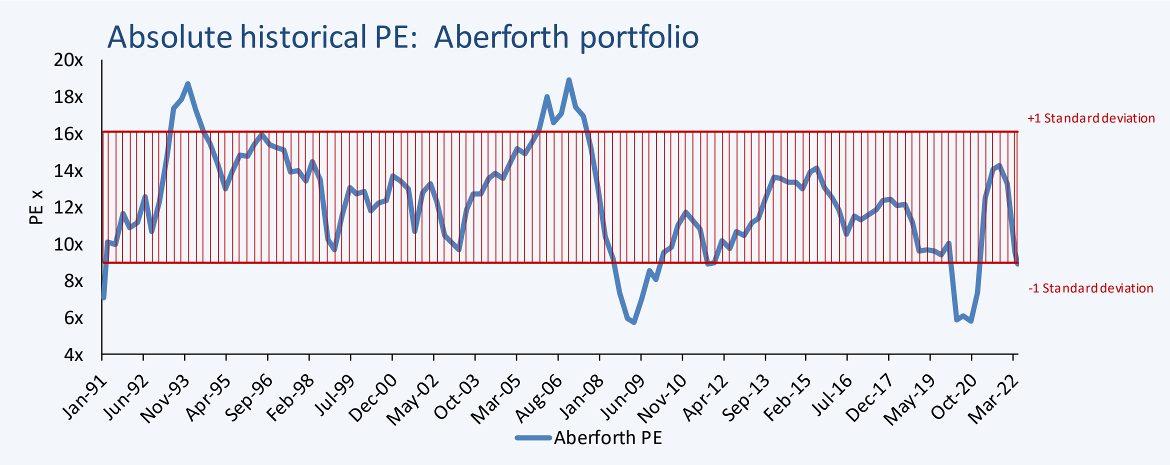
M&A case study – wealth managers

- Rathbones
  - It was the trailblazer, showing that 20%+ margins are achievable
  - It outgrew the NSCI (XIC) but returned in 2020
  - Our long term view of the business did not change
  - We try to take advantage of the market's inconsistency when valuations (and size) allow

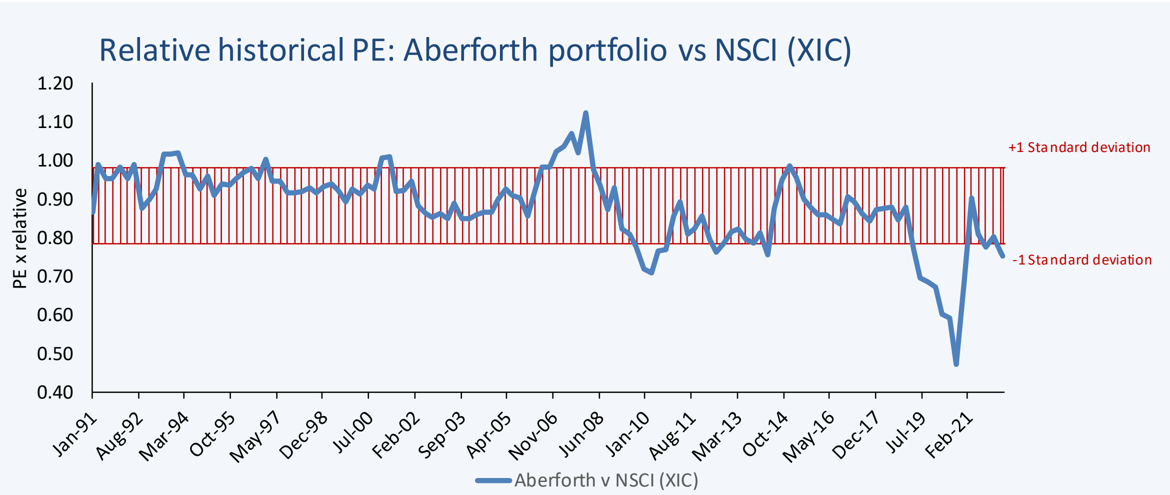
- Brewin Dolphin
  - A 20 year holding for Aberforth – the stockmarket never "got it" and we were being paid to wait
  - It successfully followed the path set by Rathbones, increasing margins from 10% to 22%
  - The bid perhaps came a couple of years too early, but the valuation was compelling
  - Patience, supported by regular engagement, resulted in a good outcome for investors

Source: Aberforth Partners LLP

Historical PEs – contemplating slowdown



- *Aberforth absolute PE is 8.9x
  - 23% discount to its 31 year average of 11.6x
  - ASLIT PE 9.4x at 30 April



- *Aberforth PE is 25% lower than the NSCI (XIC)'s
  - The 31 year average discount is 13%

*Aberforth standard value portfolio. Source: Aberforth Partners LLP; London Business School. Data as at 30 April 2022.

Valuation – EV/EBITA

- The portfolio's valuations are low
  - Discounts of 21% to Tracked Universe and 53% to growth stocks in 2022
- Estimates are likely to decline as macro issues take their toll
  - But there is a margin of safety in these valuations

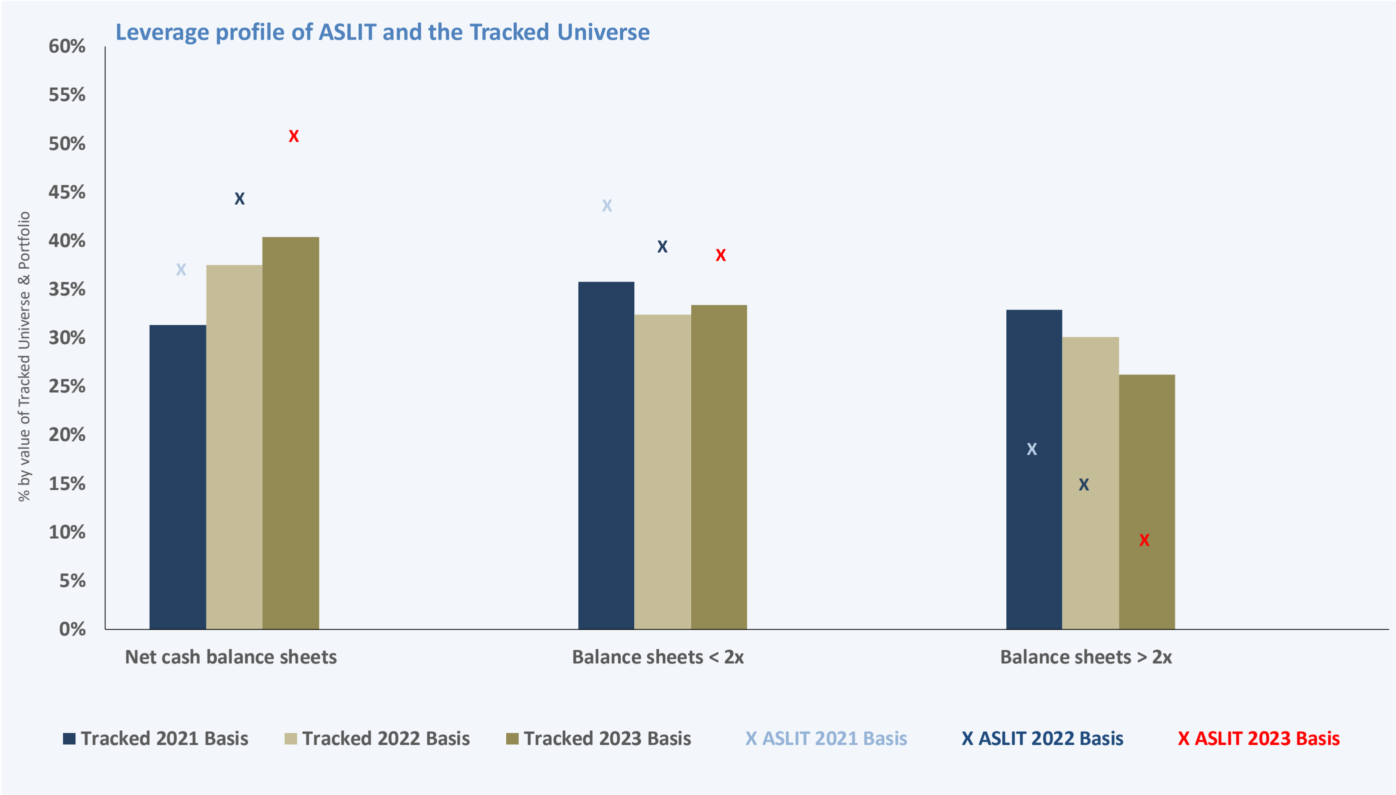
EV/EBITA	2021	2022	2023	2024	NSCI weight	Number of stocks	Weighted avg. market cap.
Growth stocks	17.0x	16.3x	14.5x	10.4x	23%	45	£936m
The rump	10.6x	8.8x	7.6x	6.6x	75%	197	£838m
Tracked Universe	11.5x	9.8x	8.4x	7.0x	98%	242	£861m
ASLIT	8.3x	7.7x	7.1x	5.8x		66	£688m
Relative to Tracked (%)	72	79	84	83			

- The portfolio also stands out against 2021 M&A multiples
  - Average 2021 EV/EBITA multiple of NSCI (XIC) deals completed: 17x

Source: Aberforth Partners LLP; London Business School. Data as at 30 April 2022.

Balance sheets are strong

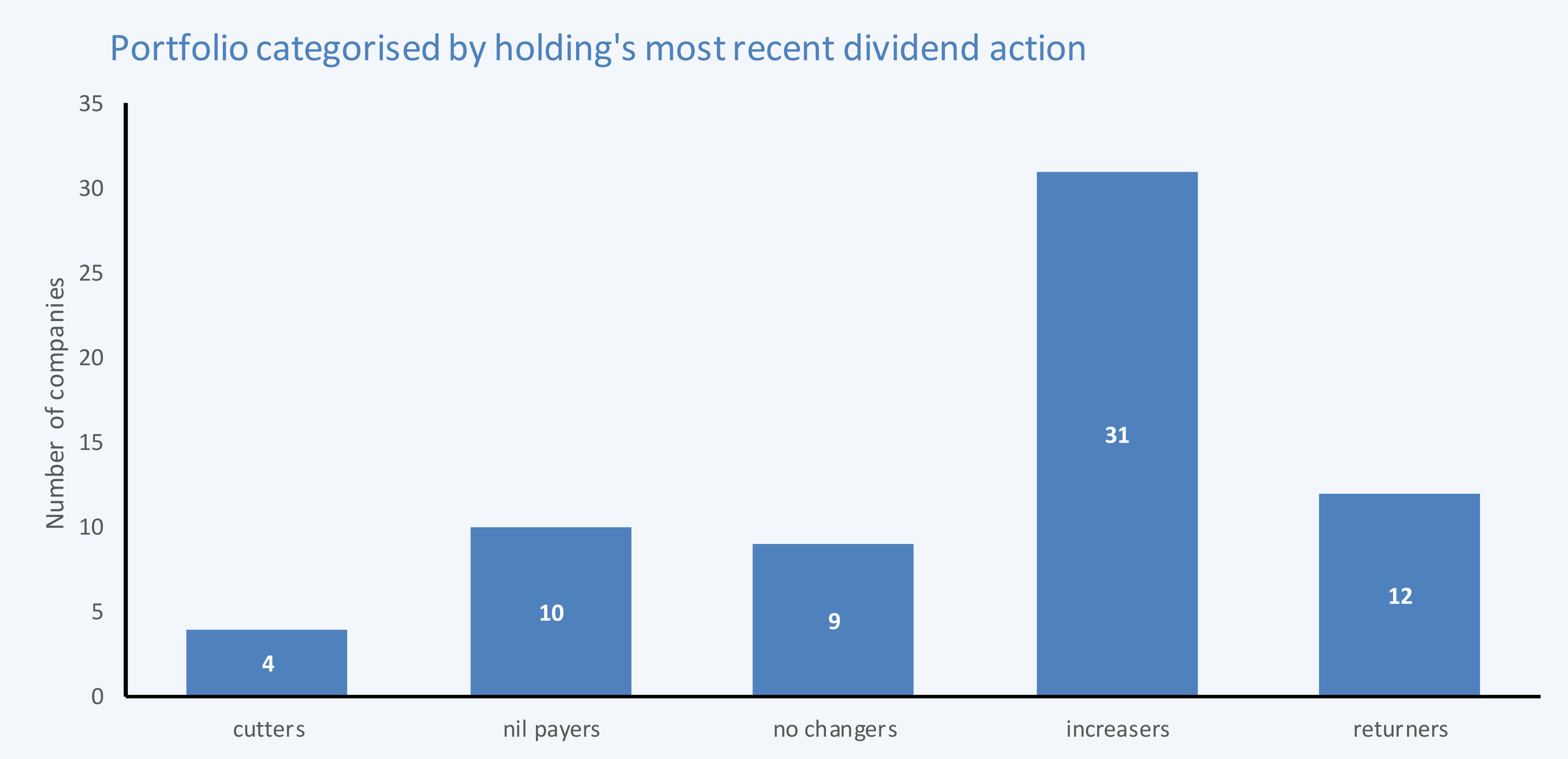
- Balance sheets have emerged from the pandemic at their strongest since 2014



- Leverage reduces further in 2022 and 2023 on current estimates
  - This reflects resilient underlying generation of free cash flow
- Companies are announcing incremental shareholder returns
  - 9 Aberforth holdings are currently buying back shares

Source: Aberforth Partners LLP; London Business School. Data as at 30 April 2022.

Dividends are growing



- Dividends are recovering more quickly than expected – tailwind from returners
  - Four special dividends from holdings so far in 2022
- At 30 April, 2.5p of income earned but not distributed in year to 30 June 2022
- "It is possible to envisage ASLIT achieving dividend growth over its life and meeting its income objectives", Chairman's interim statement issued in January 2022

ASLIT valuation statistics as at 30 April 2022

Ordinary shares

Redemption yields:

Capital growth p.a.	Terminal NAV	Dividend growth p.a. -10.0%	-5.0%	+0%	+5%	+10%
+0.0%	77.1p	6.5%	7.0%	7.5%	8.1%	8.7%
+5.0%	89.3p	13.5%	14.0%	14.5%	15.1%	15.6%
+10.0%	102.3p	20.5%	20.9%	21.4%	22.0%	22.5%
+15.0%	115.9p	27.3%	27.8%	28.2%	28.7%	29.3%
+20.0%	130.2p	34.0%	34.5%	35.0%	35.5%	36.0%

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

	30 Apr.	Launch
To return share price	-1.1%	1.5%
To return 100p	9.1%	1.5%
To return zero value	-43.1%	-17.0%

Premium/(discount) incl. revenue reserves: -11%

Dividends:	2017/8	2018/9	2019/20	2020/21	2021/22
Ordinary	4.00p [1]	4.16p[1]	4.22p [1]	3.05p [1]	1.51p [2]
Special	0.60p	0.19p	-		
Revenue reserves	0.83p	1.61p	0.86p	0.72p	

[1] First and Second Interim Dividends [2] First Interim Dividend

ZDP shares

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

Now	4.35%	116p 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)

	30 Apr.	Launch
To return 127.25p	-43.1%	-17.0%
To return zero value	-93.8%	-57.2%

Premium/(discount) to net asset value: -2%

Final cumulative cover:

30 Apr.	Launch
3.3x	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 56-57 in the Annual Report for the period ending 30 June 2021.

Source: Aberforth Partners LLP. Data as at 30 April 2022.

Conclusion

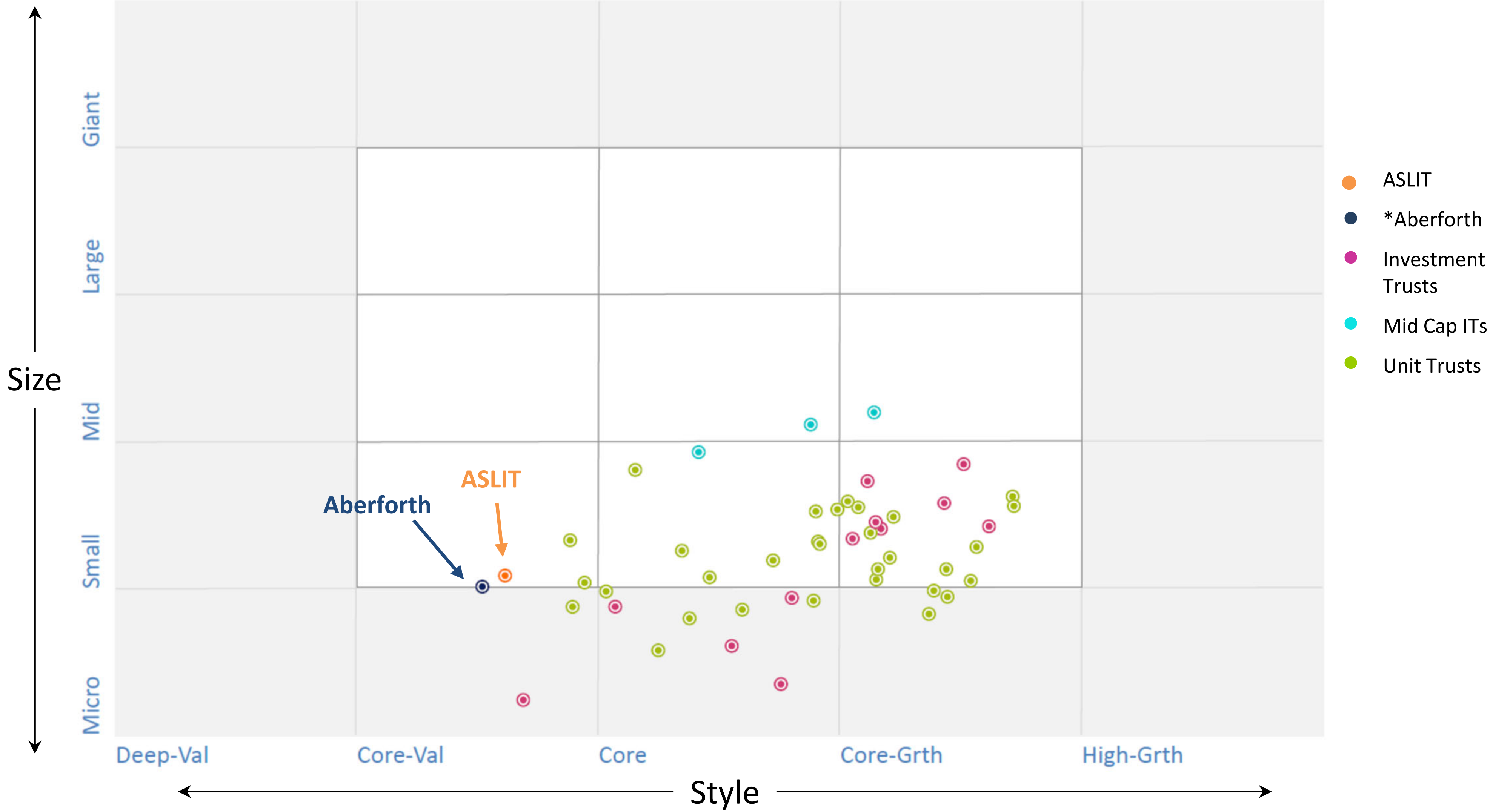
- Considerable macro economic and geopolitical uncertainty
  - Markets are contemplating issues not seen in decades

- ASLIT ordinary shares are on a discount and offer geared exposure to
  - An under-valued geography
  - Improving dividends from resilient and well managed businesses
  - Low valuations, in many cases reflecting the risk of a downturn
  - Returning M&A interest
  - An investment style that remains differentiated …

Morningstar style box categorisation

- Small cap fund positioning by style (x-axis) remain polarised

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



*Aberforth "Standard Value" portfolio. Source: Aberforth Partners LLP; Morningstar. Data available as at 9 May 2022.

Appendix

ASLIT – sector exposure

Sector	NSCI (XIC) weight	ASLIT weight	Significant holdings
Technology	6.7%	3.8%	Micro Focus
Telecommunications	1.1%	0.0%	
Health Care	2.0%	0.0%	
Financials	17.9%	20.8%	Brewin Dolphin Holdings, International Personal Finance, CMC Markets, Provident Financial, Rathbone Brothers, Jupiter Fund Management
Real Estate	7.5%	3.0%	McKay Securities
Consumer Discretionary	18.0%	25.2%	Bloomsbury Publishing, Reach, TI Fluid Systems, Wilmington, Vistry Group, STV Group, Crest Nicholson Holdings
Consumer Staples	4.8%	5.1%	Bakkavor Group, Devro
Industrials	26.4%	30.0%	Eurocell, Keller Group, Morgan Advanced Materials, Paypoint, RPS Group, Vesuvius, Vitec Group, Wincanton, Redde Northgate
Basic Materials	6.0%	7.8%	Anglo Pacific Group, Centamin, Kenmare Resources
Energy	7.4%	2.3%	
Utilities	2.2%	2.0%	Drax Group

Source: Aberforth Partners LLP; London Business School. Data as at 30 April 2022.

Top 20 holdings

Rank	Company	Activity	Total portfolio (%)
1	Rathbones Group	Private client fund manager	4.2
2	Wincanton	Logistics	3.5
3	Redde Northgate	Van rental	3.5
4	Anglo Pacific Group	Natural resources royalties	2.8
5	Micro Focus	Legacy software assets	2.6
6	Centamin	Gold miner	2.5
7	Reach	UK newspaper publisher	2.5
8	Morgan Advanced Materials	Manufacture of carbon & ceramic materials	2.5
9	McKay Securities	Property - London & South East offices	2.5
10	Wilmington	Business publishing & training	2.3
11	Bloomsbury Publishing	Independent publishing house	2.2
12	Bakkavor Group	Food manufacturer	2.1
13	CMC Markets	Financial derivatives dealer	2.0
14	Keller Group	Ground engineering services	2.0
15	Drax Group	Electricity generation	2.0
16	International Personal Finance	Home credit provider	2.0
17	STV Group	Multi-channel digital media	1.9
18	Kenmare Resources	Miner of titanium minerals	1.8
19	Provident Financial	Personal credit provider	1.8
20	Vesuvius	Metal flow engineering	1.8
Top 20			48.4
21 - 30			17.0
31 - 66			34.6
Actively managed portfolio with an active share of 77%			100.0

Source: Aberforth Partners LLP. Data as at 30 April 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 = 6.8%	N/A	Structural (ZDPs) = 24.5%
Size (AUM)	£1,456m	£170m	£217m
Number of investee companies	75	74	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)*	99 bps* *(123 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 30 April 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	▪ First interim paid March 2022 (1.51p)
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 30 April 2022.

Investment trust

Aberforth Smaller Companies Trust plc (ASCoT)

Ordinary shares
86,951,924

- next continuation vote in March 2023 and every 3 years thereafter
- authority to buy-in up to 13,299,587 shares was granted at the AGM
- cumulative shares bought-in for cancellation since inception = 11,857,864

Gearing

- as at 30 April 2022 actual was 6.8%
- potential for up to £130m or 8.7%

Dividends

Based on the following historic actuals:

2021
35.20p

- Final announced January 2022 paid March 2022 (24.25p)
- interim announced July 2021 paid August 2021 (10.95p)

2020
33.30p

- final announced January 2021 paid March 2021 (22.90p)
- interim announced July 2020 paid August 2020 (10.40p)

2019
36.00p

- interim announced July 2019 paid August 2019 (10.00p)
- final announced January 2020 paid March 2020 (22.00p)
- special announced January 2020 paid March 2020 (4.00p)

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

Source: Aberforth Partners LLP. Data as at 30 April 2022.

Unit trust

Aberforth UK Small Companies Fund (AFUND)

As at 30 April 2022	Issue Price	Cancellation Price	Units in Issue
Accumulation Units	£301.81	£295.98	360,128
Income Units	£210.80	£206.73	269,400

Limited issue Fund with Accumulation and Income units

- value at cancellation price: £169m
- no entry or exit charged; dealing spread 2.0% (mid-basis)
- yield on Income units: 2.2%
- current distribution period ends 30 June 2022; payable 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 valuations 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 30 April 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** is based on 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%.
- **AUM:** Assets Under Management.
- **CAGR:** Compound Annual Growth Rate; this 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 Share. The discount is normally expressed as a percentage of the NAV per 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** – 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.
- **NSCI (XIC):** Numis Smaller Companies Index (excluding Investment Companies).
- **PE:** Price-Earnings ratio (P/E ratio).

Glossary – Aberforth Funds

- **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** is the accumulated income that has not been distributed.
- **Rump** is the Tracked Universe, adjusted to exclude the growth stocks.
- **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.

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.
- Sources of data used in the presentation are detailed on the relevant pages. Source references to London Business School refer to Numis/Paul Marsh and Elroy Dimson – London Business School.
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