



Aberforth Split Level Income Trust plc

Monthly Factsheet

31 August 2022

Fund structure

The Fund is a split capital investment trust – a type of investment company, or collective investment fund – with Premium (Ord) & Standard (ZDP) share listings on the Main Market of the London Stock Exchange.

Manager: Aberforth Partners

The Fund is managed by Aberforth's investment team of six fund managers:

| | |
|----------------|---------------------|
| Sam Ford | Jeremy Hall |
| Euan Macdonald | Rob Scott Moncrieff |
| Peter Shaw | Christopher Watt |

Further information on the investment team is available at www.aberforth.co.uk.

Investment universe: NSCI (XIC)

The Fund's primary investment universe is the Numis Smaller Companies Index (excluding Investment Companies). This index is rebalanced every January and its profile at the date of this Factsheet was:

| | |
|---|--------|
| Number of companies | 320 |
| Total market value | £119bn |
| Largest constituent | £2.3bn |
| Largest constituent if index rebalanced at Factsheet date | £1.6bn |

Key Fund information

| | |
|--------------------------------|---------|
| Total investments | £194m |
| Number of investments | 65 |
| Active share | 75.6% |
| Gearing - ZDP shares | £57m |
| Net gearing | 41.3% |
| Total net assets | £138m |
| Ord share NAV | 72.35p |
| Ord share price | 66.60p |
| Ord discount/(premium) | 7.9% |
| ZDP share NAV (Accounts basis) | 119.28p |
| ZDP share price | 116.50p |
| ZDP discount/(premium) | 2.3% |

Fees & charges

| | |
|--|-------|
| Management fee* (12m to 30 Jun 22) | 1.02% |
| Performance fee | None |
| Ongoing charges (at 30 Jun 22 & includes Management fee) | 1.32% |

* Further details of the Management fee are available at www.aberforth.co.uk.

Yield & dividends (Ord)

| | |
|---|-------|
| Yield | 6.5% |
| 1 st interim dividend (paid 8 Mar 22) | 1.51p |
| 2 nd interim dividend (paid 26 Aug 22) | 2.79p |
| Special dividend (paid 26 Aug 22) | 0.25p |

Objective

The Fund's objective is to provide Ordinary (Ord) shareholders with a high level of income, with the potential for income and capital growth, and to provide Zero Dividend Preference (ZDP) shareholders with a pre-determined final capital entitlement of 127.25p per ZDP share on the planned winding up date of 1 July 2024.

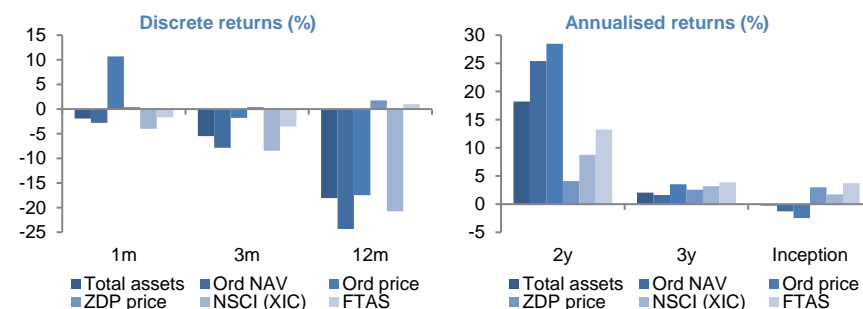
Investment style: Value

Aberforth are value investors who buy shares in companies that they calculate to be selling below their intrinsic value. This is determined through detailed financial and industrial analysis, combined with a valuation approach that focuses on both stockmarket and corporate worth.

Investment performance (annualised total returns)

| Growth (%) | 1m | 3m | 12m | 2y | 3y | Inception |
|--------------|------|------|-------|------|-----|-----------|
| Total assets | -1.9 | -5.5 | -18.1 | 18.2 | 2.1 | -0.2 |
| Ord NAV | -2.8 | -7.9 | -24.3 | 25.4 | 1.6 | -1.3 |
| Ord price | 10.7 | -1.8 | -17.5 | 28.5 | 3.5 | -2.5 |
| ZDP price | 0.4 | 0.4 | 1.7 | 4.1 | 2.6 | 3.0 |
| NSCI (XIC) | -4.0 | -8.5 | -20.8 | 8.8 | 3.2 | 1.7 |
| FTAS | -1.7 | -3.6 | 1.0 | 13.2 | 3.9 | 3.7 |

Notes: 1m & 3m returns not annualised; Inception = 30 Jun 17; FTAS = FTSE All-Share Index.



Monthly investment commentary: August

August brought a sharp reversal in risk assets, following the strong performance in the previous month. Against a backdrop of concern about recession and inflation, the Fed's gathering at Jackson Hole brought no relief in terms of the outlook for interest rates. Closer to home, the likely impact of inflation on disposable income saw equity prices fall. The FTSE 100's decline was 1.9%, while that of the NSCI (XIC), with its greater exposure to domestically oriented businesses, was 4.0%. With a 1.9% fall, the fund fared better thanks to continued bid activity.

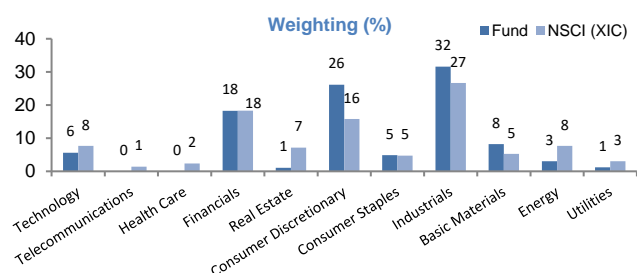
Notwithstanding the macro economic uncertainty, both **RPS Group** and **Micro Focus** received all cash bids at share price premiums approaching 100%. The bids in both cases were recommended and came from North American strategic acquirers. They highlight, once again, the low valuations that the stockmarket continues to ascribe to many small UK quoted companies. These low valuations risk seeing good companies being taken over too cheaply. Boards and shareholders need to be prepared to resist takeover approaches if they come at inappropriate valuations.

The fund's other notable winner was **Energyan**, an oil and gas producer, which is approaching its first gas flow from its Mediterranean fields and is about to commence dividend payments. Among the losers was **Morgan Advanced Materials**, the producer of carbon and ceramic products. In common with other industrial companies, trading has been strong through the first half, but sentiment has been overtaken by familiar macroeconomic concerns. **RM**, a provider of educational products and services, was also weak – the costs of implementing a new IT system and consolidating warehouses are proving greater than expected, which necessitated a pause to dividends.

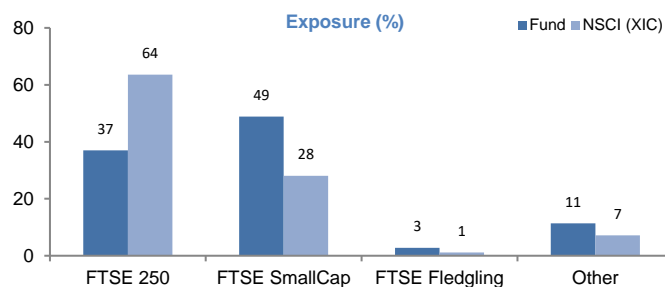
Top 10 equity investments

| Name | Activity | % |
|----------------------------------|---|-----|
| Rathbones Group | Private client fund manager | 3.9 |
| Micro Focus | Legacy software assets | 3.8 |
| RPS Group | Energy & environmental consulting | 3.6 |
| Go-Ahead Group | Bus & rail operator | 3.5 |
| Redde Northgate | Van rental | 3.3 |
| Wincanton | Logistics | 3.2 |
| Centamin | Gold miner | 3.0 |
| Wilmington | Business publishing & training | 2.8 |
| Anglo Pacific Group | Natural resources royalties | 2.7 |
| Morgan Advanced Materials | Manufacture of carbon & ceramic materials | 2.6 |

Sector exposure



Size exposure



Gearing

The Fund's Ord shares are geared by the capital entitlement of the ZDP shares which will rise continuously until the planned winding up date of 1 July 2024. The net gearing figure shown in the Key Fund information section is the percentage by which the total value of investments exceeds the total net assets.

Hurdle rates & redemption yields

The Fund's latest hurdle rates and redemption yields are available from the ZDP Analytics section of the AIC website at www.theaic.co.uk.

Data sources & calculations

All data supplied by Aberforth, except NSCI (XIC) data (from Numis/Paul Marsh and Elroy Dimson – London Business School) and FTSE data (from FTSE International Limited).

Performance returns are total returns after all expenses and assume reinvestment of dividends. Yield is based on the Fund's trailing 12 months' dividends (excluding Specials). Active share is a measure of how the Fund's portfolio differs from the NSCI (XIC). Small companies are represented by the NSCI (XIC). Large companies are represented by the FTAS.

Risk warnings

Investments in shares of smaller companies are generally considered to carry a higher degree of risk as the market for their shares may be less liquid than that for shares of larger companies, making shares of smaller companies more difficult to buy and sell.

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.

There can be no guarantee that the investment objective of the Fund will be achieved or provide the dividends and returns sought by the Fund.

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.

An investment trust is a public limited company, the shares of which are traded on the Main Market of the London Stock Exchange. Accordingly, the ability of shareholders to sell their shares will be dependent on the market price of the shares. The shares may trade at a discount or premium to their net asset value.

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 Fund's Ordinary shares (Ords) are geared by the Zero Dividend Preference shares (ZDPs) and rank for repayment of capital after the ZDPs and any creditors of the Fund. A positive net asset value for the Ords will be dependent upon the Fund's assets being sufficient to meet the prior capital entitlements of the holders of the ZDPs. The Ords should therefore be regarded as carrying above average risk. The ZDPs are not a protected or guaranteed investment. In particular, should the Fund be wound up prior to its planned winding up date, holders of ZDPs would only receive their accrued capital entitlement to the date of winding up - which would be less than the final anticipated capital entitlement of the ZDPs.

Aberforth Partners LLP does not provide retail investors with investment advice.

This document has been issued for information purposes only. It does not contain any investment recommendations or an invitation to invest in the Fund. Investors should seek advice from an authorised financial adviser prior to making investment decisions.

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Security codes & other information

| Ord shares | ZDP shares | Other information |
|------------------------------|-----------------------------|------------------------------|
| SEDOL: BYPBD39 | SEDOL: BYPBD51 | Launched: 3 Jul 17 |
| ISIN: GB00BYPBD394 | ISIN: GB00BYPBD519 | Next year-end: 30 Jun 23 |
| TIDM: ASIT | TIDM: ASIZ | LEI: 21380013QYWO82NZV529 |
| Shares in issue: 190,250,000 | Shares in issue: 47,562,500 | Planned winding-up: 1 Jul 24 |
| Market value: £127m | Market value: £55m | |

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