



# Aberforth Split Level Income Trust plc

## Monthly Factsheet

31 July 2021

### 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 seven fund managers:

|                  |                |
|------------------|----------------|
| Sam Ford         | Jeremy Hall    |
| Sonya Kim        | Euan Macdonald |
| Keith Muir       | Peter Shaw     |
| Christopher Watt |                |

Further information on the investment team is available at [www.aberforth.co.uk](http://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                                       | 323    |
| Total market value  | £164bn |
| Largest constituent                                       | £3.0bn |
| Largest constituent if index rebalanced at Factsheet date | £1.6bn |

### Key Fund information

|                                |         |
|--------------------------------|---------|
| Total investments              | £242m   |
| Number of investments          | 69      |
| Active share                   | 74.5%   |
| Gearing - ZDP shares           | £55m    |
| Net gearing                    | 27.6%   |
| Total net assets               | £189m   |
| Ord share NAV                  | 99.52p  |
| Ord share price                | 86.60p  |
| Ord discount/(premium)         | 13.0%   |
| ZDP share NAV (Accounts basis) | 114.80p |
| ZDP share price                | 114.00p |
| ZDP discount/(premium)         | 0.7%    |

### Fees & charges

|  |       |
|--|-------|
| Management fee* (12m to 30 Jun 21)                       | 0.99% |
| Performance fee  | None  |
| Ongoing charges (at 30 Jun 21 & includes Management fee) | 1.23% |

\* Further details of the Management fee are available at [www.aberforth.co.uk](http://www.aberforth.co.uk).

### Yield & dividends (Ord)

|  |       |
|--|-------|
| Yield  | 3.5%  |
| 1 <sup>st</sup> interim dividend (paid 9 Mar 21)     | 0.92p |
| 2 <sup>nd</sup> interim dividend (payable 27 Aug 21) | 2.13p |

### 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.

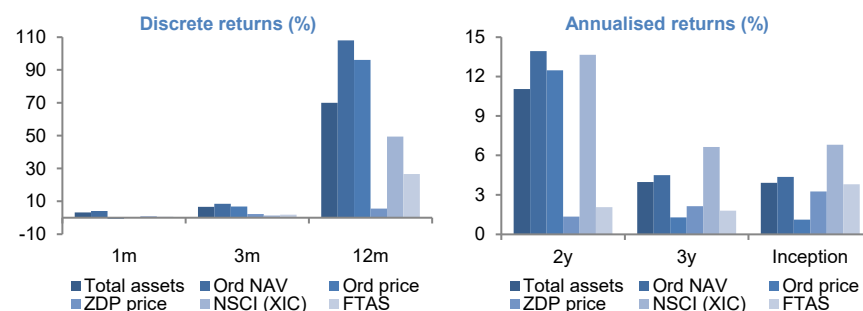
### Investment style: Value

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 | 3.2  | 6.6 | 69.9  | 11.1 | 4.0 | 3.9       |
| Ord NAV      | 4.0  | 8.4 | 108.0 | 13.9 | 4.5 | 4.4       |
| Ord price    | -0.7 | 6.8 | 96.1  | 12.5 | 1.3 | 1.1       |
| ZDP price    | 0.0  | 2.2 | 5.6   | 1.3  | 2.1 | 3.3       |
| NSCI (XIC)   | 0.9  | 1.4 | 49.4  | 13.7 | 6.6 | 6.8       |
| FTAS         | 0.5  | 1.8 | 26.6  | 2.1  | 1.8 | 3.8       |

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



### Monthly investment commentary: July

Stockmarkets saw further modest gains in July as the half-year reporting season brought evidence of a broad recovery in company earnings and growth. However, amid some tempering of forward-looking economic indicators, bond yields fell and value trailed growth over the month. Size offered no mitigation since smaller companies within the NSCI (XIC), where the Fund has greater exposure, trailed the larger constituents. The FTSE All-Share's return was 0.5%, the NSCI (XIC) returned 0.9% and the Fund rose by 3.2%.

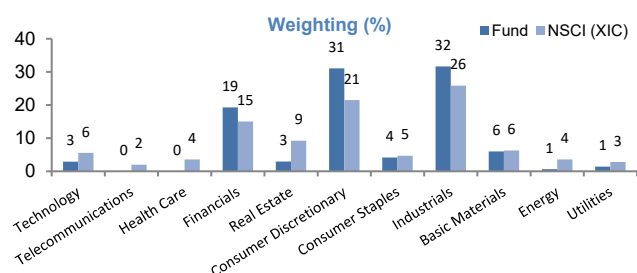
At the stock level, the biggest contributor was news publisher **Reach**. Its shares responded well to half-year results evidencing the faster growth and margin prospects associated with its digital transition. Elsewhere, news that creditors of the consumer credit division in **Provident Financial** had approved a scheme to redress claims associated with historical loans was welcomed. A final notable contributor was the holding in **Ultra Electronics**. In a continuation of the theme of overseas interest in UK assets, the defence company announced it was minded to accept an offer from US private equity firm Advent.

The Fund's return was held back by the holding in **Micro Focus**, a software company that has struggled to integrate a large acquisition. Elsewhere, **SIG** (the building products distributor) and **Wincanton** (the logistics company) lagged. Each reported encouraging updates during the month, which suggests the moves reflect profit-taking after a period of strong performance rather than fundamental business concerns.

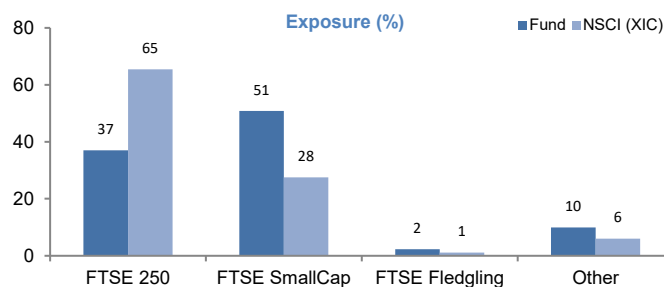
### Top 10 equity investments

| Name                                  | Activity                                  | %   |
|---------------------------------------|---|-----|
| <b>Reach</b>                          | UK newspaper publisher                    | 5.1 |
| <b>Rathbone Brothers</b>              | Private client fund manager               | 3.3 |
| <b>Redde Northgate</b>                | Van rental                                | 3.3 |
| <b>Brewin Dolphin Holdings</b>        | Private client fund manager               | 3.2 |
| <b>Wincanton</b>                      | Logistics                                 | 3.1 |
| <b>Morgan Advanced Materials</b>      | Manufacture of carbon & ceramic materials | 3.0 |
| <b>TI Fluid Systems</b>               | Automotive parts manufacturer             | 2.9 |
| <b>International Personal Finance</b> | Home credit provider                      | 2.7 |
| <b>Vesuvius</b>                       | Metal flow engineering                    | 2.6 |
| <b>Crest Nicholson Holdings</b>       | Housebuilding                             | 2.5 |

## 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 AIC website at [www.theaic.co.uk](http://www.theaic.co.uk); select Statistics, then ZDP Analytics.

## 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

Covid-19 virus: in the context of market price risk, please note the exceptional circumstances arising from the Covid-19 pandemic and the responses to it. These have profoundly affected macro-economic activity, the operations of companies around the world and their stockmarket valuations. Aberforth Partners LLP and the Directors of Aberforth Split Level Income Trust plc continue to monitor market developments as the impact of the pandemic and the vaccine roll-out progresses.

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 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 22     |
| TIDM: ASIT                   | TIDM: ASIZ                  | LEI: 21380013QYW082NZV529    |
| Shares in issue: 190,250,000 | Shares in issue: 47,562,500 | Planned winding-up: 1 Jul 24 |
| Market value: £165m          | Market value: £54m          |                              |

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