



ABERFORTH PARTNERS

Extract from Aberforth Split Level Income Trust plc Interim Results 31 December 2023

Planned Winding-Up

The Board has carefully considered the state of the markets, the investment opportunity inherent in ASLIT's portfolio and comments from Shareholders. I would like to thank those Shareholders who have contacted us and all those who have given us feedback. The result of these deliberations is that the Board currently intends to seek the approval of Ordinary Shareholders in relation to a reconstruction and winding up of the Company, on, or close to, the planned winding-up date of 1 July 2024.

In this way, both Ordinary and ZDP Shareholders will have the option to realise their investment in cash should they so wish. Those Ordinary Shareholders who choose cash will receive as close to the prevailing net asset value as possible. In addition, Shareholders will have the opportunity to invest in a new company also managed by Aberforth with a similar investment policy and strategy to ASLIT's.

Whilst the Board's obligation to ZDP Shareholders will be satisfied by a cash exit, at an amount equal to their final capital entitlement, consideration will also be given to offering them shares in the new investment trust company as an alternative to cash.

The Board, together with the Managers, have considered outline plans for such a new investment trust company. Portfolio construction would be aimed at delivering an attractive yield, but would also be designed to take advantage of the eventual valuation recovery of UK equities in general and smaller companies in particular. The new company would be launched with a planned life of seven years and would benefit from the continuity of Aberforth's investment management services. The Board believes that such a proposition would be of interest to those Shareholders wishing to continue their investment. We are also encouraged by the Managers' stated intention to roll their existing ASLIT shareholdings into the new company and furthermore to support it with additional investment.

The intention is that the ordinary shares issued by this new investment company would be geared. The level of gearing would likely be higher than in ASLIT at launch but similar to the current level, at around 40% of Total Ordinary Shareholders' Funds on launch. Whilst the current working assumption is that the source of gearing will be new ZDP shares issued by the new investment trust company, this will ultimately depend on demand and pricing.

While prioritising the interests of existing investors, there may be the opportunity to bring in new investors by means of a placing and offer for subscription.

I should emphasise that these plans remain at an early stage and are subject to change, not least as a consequence of the vagaries of financial markets. Importantly, the Board's deliberations to date have been informed by feedback to the Managers directly from existing ASLIT Shareholders. We shall now move on to appointing specialist advisers and shall also take into account further feedback from Shareholders when developing these proposals. The Board expects to finalise its plans for consideration by all Shareholders during the second quarter of 2024, at which point we will write to you again.

My fellow directors and I would welcome the views of all Shareholders about these or any other matters pertinent to the Company, to which end my email address is noted below.

Angus Gordon Lennox
Chairman
29 January 2024
Angus.GordonLennox@aberforth.co.uk