



# Aberforth Split Level Income Trust plc

## Monthly Factsheet

28 February 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 seven fund managers:

|                     |                |
|---------------------|----------------|
| Sam Ford            | Jeremy Hall    |
| Sonya Kim           | Euan Macdonald |
| Rob Scott Moncrieff | 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                                       | 333    |
| Total market value  | £140bn |
| Largest constituent                                       | £1.8bn |
| Largest constituent if index rebalanced at Factsheet date | £1.6bn |

### Key Fund information

|                                |         |
|--------------------------------|---------|
| Total investments              | £211m   |
| Number of investments          | 67      |
| Active share                   | 77.8%   |
| Gearing - ZDP shares           | £56m    |
| Net gearing                    | 36.1%   |
| Total net assets               | £155m   |
| Ord share NAV                  | 81.55p  |
| Ord share price                | 69.80p  |
| Ord discount/(premium)         | 14.4%   |
| ZDP share NAV (Accounts basis) | 117.18p |
| ZDP share price                | 116.00p |
| ZDP discount/(premium)         | 1.0%    |

### 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   | 5.2%  |
| 1 <sup>st</sup> interim dividend (payable 8 Mar 22) | 1.51p |
| 2 <sup>nd</sup> interim dividend (paid 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.

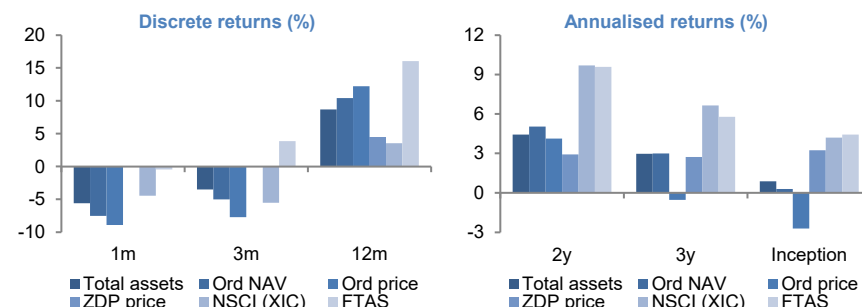
### Investment style: Value

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 | -5.6 | -3.5 | 8.7  | 4.4 | 3.0  | 0.9       |
| Ord NAV      | -7.5 | -5.0 | 10.4 | 5.0 | 3.0  | 0.3       |
| Ord price    | -8.9 | -7.7 | 12.2 | 4.1 | -0.5 | -2.7      |
| ZDP price    | 0.0  | 0.0  | 4.5  | 2.9 | 2.7  | 3.2       |
| NSCI (XIC)   | -4.5 | -5.5 | 3.5  | 9.7 | 6.6  | 4.2       |
| FTAS         | -0.5 | 3.8  | 16.0 | 9.6 | 5.8  | 4.4       |

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



### Monthly investment commentary: February

Equities experienced a difficult month. The prior preoccupation with interest rate hikes was overshadowed by the Russian invasion of Ukraine. The prospect of heavy sanctions on Russia, a significant exporter of commodities, exacerbated energy price inflation. The FTSE All-Share was down by 0.5%, supported by its relatively high weighting in commodity companies. Lower exposure to this cohort in the NSCI (XIC) and the Fund resulted in weaker returns of -4.5% and -5.6%

Turning to stocks, notable winners were **Drax** (power generation) and **Centamin** (gold miner). They were buoyed by rising energy and gold prices respectively. **Bloomsbury** (publisher) also performed well following a positive trading update – it is benefiting from momentum in its digital resources business.

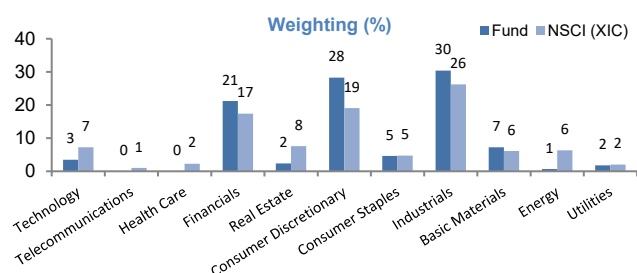
Detractors from performance were mainly the cyclical stocks. **Reach** (newspaper publisher), despite its healthy growth in digital revenues, is facing cost inflation in its newspaper business. Similarly, **Vesuvius** (metal flow engineering) is managing higher raw material prices against an underlying demand that remains encouragingly strong. Elsewhere, wealth managers **Rathbones** and **Brewin Dolphin** declined in the month owing to their equity markets exposure.

The Managers are monitoring the geopolitical situation carefully, though observe that the Fund in aggregate has limited exposure to Ukraine or Russia. The main challenge to businesses is likely to be the impact of higher energy costs and further supply chain complications. The Fund's holdings have coped well through a series of crises and most emerged from the pandemic with strong balance sheets. The current conflict may be another opportunity for small UK quoted companies to prove their resilience.

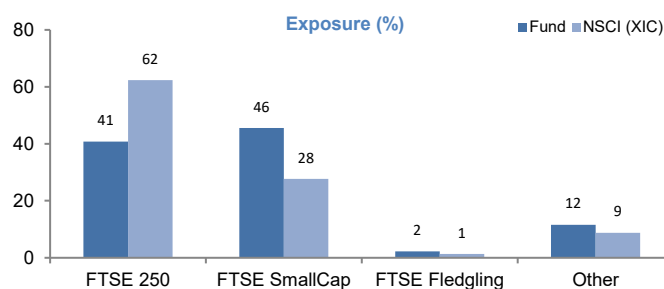
### Top 10 equity investments

| Name                                  | Activity                                  | %   |
|---------------------------------------|---|-----|
| <b>Redde Northgate</b>                | Van rental                                | 3.3 |
| <b>Rathbones Group</b>                | Private client fund manager               | 3.3 |
| <b>Wincanton</b>                      | Logistics                                 | 3.1 |
| <b>Bloomsbury Publishing</b>          | Independent publishing house              | 3.1 |
| <b>Brewin Dolphin Holdings</b>        | Private client fund manager               | 3.0 |
| <b>Reach</b>                          | UK newspaper publisher                    | 3.0 |
| <b>Morgan Advanced Materials</b>      | Manufacture of carbon & ceramic materials | 2.7 |
| <b>Centamin</b>                       | Gold miner                                | 2.6 |
| <b>Bakkavor Group</b>                 | Food manufacturer                         | 2.5 |
| <b>International Personal Finance</b> | Home credit provider                      | 2.4 |

## 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](http://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 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: £133m          | Market value: £55m          |                              |

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