



# Aberforth Split Level Income Trust plc

## Monthly Factsheet

31 August 2023

### 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](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	334
Total market value	£135bn
Largest constituent	£2.8bn
Largest constituent if index rebalanced at Factsheet date	£1.7bn

### Key Fund information

Total investments	£194m
Number of investments	62
Active share	78.7%
Gearing - ZDP shares	£59m
Net gearing	39.0%
Total net assets	£140m
Ord share NAV	73.51p
Ord share price	68.00p
Ord discount/(premium)	7.5%
ZDP share NAV (Accounts basis)	123.56p
ZDP share price	119.50p
ZDP discount/(premium)	3.3%

### Fees & charges

Management fee* (12m to 30 Jun 23)	1.01%
Performance fee	None
Ongoing charges (at 30 Jun 23 & includes Management fee)	1.26%

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

### Yield & dividends (Ord)

Yield	7.4%
1 <sup>st</sup> interim dividend (paid 8 Mar 23)	1.70p
2 <sup>nd</sup> interim dividend (paid 31 Aug 23)	3.30p

### 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.

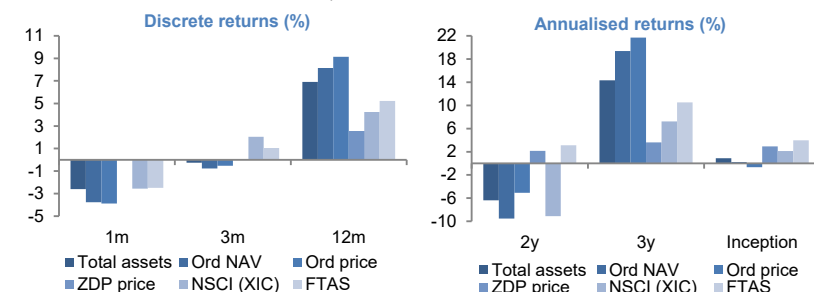
### Investment style: Value

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	-2.6	-0.3	6.9	-6.4	14.3	0.9
Ord NAV	-3.8	-0.8	8.2	-9.5	19.4	0.2
Ord price	-3.9	-0.5	9.1	-5.1	21.7	-0.7
ZDP price	0.0	0.0	2.6	2.2	3.6	2.9
NSCI (XIC)	-2.6	2.0	4.2	-9.1	7.2	2.1
FTAS	-2.5	1.1	5.2	3.1	10.5	4.0

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



### Monthly investment commentary: August

Equity markets remain beholden to US monetary policy. The prospect of a turn in the interest rate cycle seemed more distant in August: US ten year bond yields rose back above 4% to their highest level since 2007. The UK stockmarket also felt the effects of mounting pressure on the housing market, which contributed to a -2.5% return from the FTSE All-Share. Both the NSCI (XIC) and the Fund were down by 2.6%. The style and size factors were not significant, which leaves it to individual stocks to explain performance.

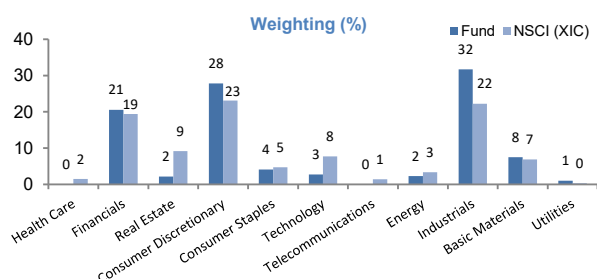
**Crest Nicholson** (housebuilding) issued a profit warning. Sales rates for its houses have failed to pick-up against the backdrop of higher borrowing costs for would-be buyers, which will see a significant year-over-year decline in the company's profits. It was the largest negative contributor to the Fund performance in the month. Shares in **CMC Markets** (financial derivatives dealer) fell, after the company warned about its profits. After updating on lower trading and investing revenues in July, the weak market conditions continued through August and prompted another update. Higher operating costs are set to coincide with lower revenues, which will see profits squeezed this year.

Of the better performers, there was a broad mix of positive contribution evenly spread amongst **International Personal Finance** (home credit provider), **PayPoint** (payment services), **Sabre** (car insurance), **Card Factory** (greetings cards retailer) and **SIG** (specialist building products distributor). Both **SIG** and **Crest Nicholson** add to tentative evidence that, with valuations already very low, the share prices of housing related companies are not falling to the same extent as the profit downgrades.

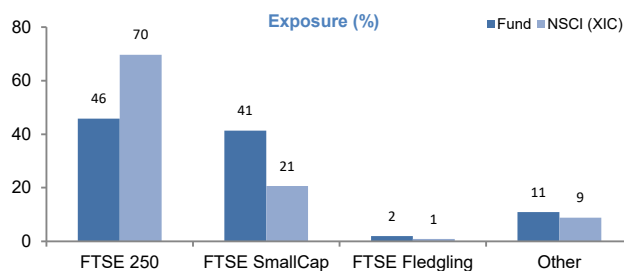
### Top 10 equity investments

Name	Activity	%
Vesuvius	Metal flow engineering	3.4
Rathbones Group	Private client fund manager	3.4
FirstGroup	Bus & rail operator	3.3
Morgan Advanced Materials	Manufacture of carbon & ceramic materials	3.1
Redde Northgate	Van rental	3.1
Wilmington	Business publishing & training	3.0
Centamin	Gold miner	2.9
International Personal Finance	Home credit provider	2.8
Wincanton	Logistics	2.6
Bloomsbury Publishing	Independent publishing house	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 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.

## 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 24
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: £129m	Market value: £57m	

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## 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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