



Aberforth Split Level Income Trust plc

Monthly Factsheet

31 January 2018

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:

Euan Macdonald	Keith Muir
Richard Newbery	Peter Shaw
Christopher Watt	Alistair Whyte

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	348
Total market value	£165bn
Largest constituent	£1.8bn
Largest constituent if index rebalanced at Factsheet date	£1.5bn

Key Fund information

Total investments	£235m
Number of investments	72
Active share	76.5%
Gearing - ZDP shares	£48m
Net gearing	20.3%
Total net assets	£196m
Ord share NAV	102.80p
Ord share price	99.00p
Ord discount/(premium)	3.7%
ZDP share NAV (Accounts basis)	101.44p
ZDP share price	109.00p
ZDP discount/(premium)	(7.5%)

Fees & charges

Management fee*	0.75%
Performance fee	None
Ongoing charges	N/A
(less than 12m since launch on 3 Jul 17)	

* Details of the Management fee structure are available at www.aberforth.co.uk.

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.

It is the Directors' current intention that, in the absence of unforeseen circumstances, the Fund will declare dividends totalling not less than 4 pence per Ord share in respect of the initial period to 30 June 2018. Full details of the Fund's Dividend Policy are available at www.aberforth.co.uk.

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 commentary

January was far from a quiet month for smaller companies, with the share prices of almost 30% of the NSCI (XIC)'s constituents moving up or down by at least 10%. The high incidence of profit warnings noted in recent commentaries continued, with several overseas companies now citing the effects of the weaker dollar. The NSCI (XIC) trailed the FTSE All-Share index by 1.2% in generating a total return of -3.1%.

Style factors counted for little, which might be considered surprising given the rise in bond yields over the month. However, the size factor was more influential: the NSCI (XIC)'s "smaller small" companies, to which the Fund has a relatively high exposure, performed more strongly than the larger constituents.

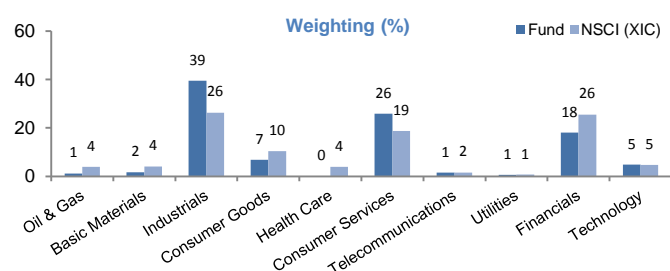
UK domestic businesses were the main negative contributors. Motor dealer Pendragon and Restaurant Group's share prices fell in response to negative news from peers. Online fashion retailer N Brown weakened after guiding gross margins lower, while construction group Galliford Try announced a large contract provision. Specialist distributor Connect Group issued a profit warning, reporting delays to contracts and weaker margins in its freight business; allied to that, the planned disposal of their Books division failed to complete.

More positively, there were several notable winners. These included engineered ceramics company Vesuvius, public transport provider Go-Ahead Group, commercial vehicle hire company Northgate and international consultancy firm RPS Group. Retailer Topps Tiles was a stand out performer, the shares responding well to a trading update.

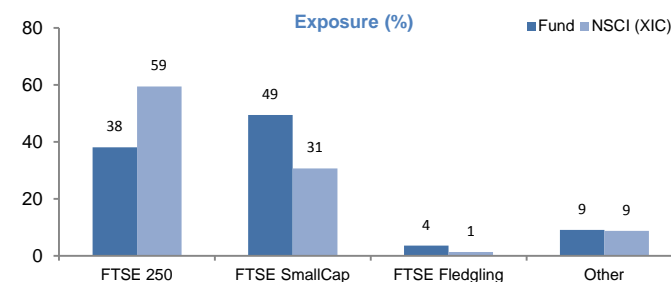
Top 10 equity investments

Name	Activity	%
Vesuvius	Metal flow engineering	3.9
Bovis Homes Group	Housebuilding	2.9
Brewin Dolphin Holdings	Private client fund manager	2.8
Northgate	Van rental	2.5
Keller Group	Ground engineering services	2.5
RPS Group	Energy & environmental consulting	2.3
McColl's Retail Group	Retailing - convenience stores	2.3
Hogg Robinson Group	Travel & expense management	2.1
Go-Ahead Group	Bus & rail operator	2.1
TT Electronics	Sensors & other electronic components	2.0

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 by visiting www.morningstar.co.uk; searching with the code ASIZ; then selecting Aberforth Split Level Income Trust and scrolling down to the relevant sections of the report that appears.

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).

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

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, or 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 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 18
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: £188m	Market value: £52m	

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