



Aberforth Split Level Income Trust plc

Monthly Factsheet

31 May 2020

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 |
| Euan Macdonald | Keith Muir |
| 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 | 333 |
| Total market value | £110bn |
| Largest constituent | £1.9bn |
| Largest constituent if index rebalanced at Factsheet date | £1.4bn |

Key Fund information

| | |
|--------------------------------|---------|
| Total investments | £152m |
| Number of investments | 70 |
| Active share | 78.0% |
| Gearing - ZDP shares | £52m |
| Net gearing | 49.9% |
| Total net assets | £102m |
| Ord share NAV | 53.40p |
| Ord share price | 46.00p |
| Ord discount/(premium) | 13.9% |
| ZDP share NAV (Accounts basis) | 110.16p |
| ZDP share price | 106.00p |
| ZDP discount/(premium) | 3.8% |

Fees & charges

| | |
|----------------------------------------------------------|-------|
| Management fee* (12m to 30 Jun 19) | 0.98% |
| Performance fee | None |
| Ongoing charges (at 30 Jun 19 & includes Management fee) | 1.18% |

* Further details of the Management fee are available at www.aberforth.co.uk.

Yield & dividends (Ord)

| | |
|---------------------------------------------------|-------|
| Yield | 9.2% |
| 1 st interim dividend (paid 6 Mar 20) | 1.51p |
| 2 nd interim dividend (paid 30 Aug 19) | 2.71p |
| Special dividend (paid 30 Aug 19) | 0.19p |

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.

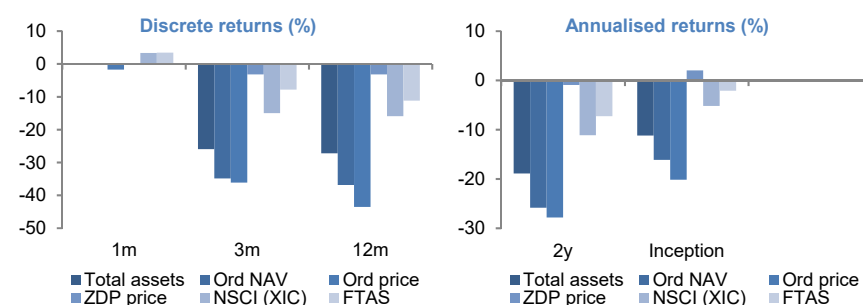
Investment style: Value

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 | 6m | 1y | 2y | Inception |
|---------------------|------|-------|-------|-------|-------|-----------|
| Total assets | 0.0 | -25.9 | -30.9 | -27.2 | -18.9 | -11.2 |
| Ord NAV | -0.2 | -34.9 | -40.7 | -36.9 | -25.8 | -16.1 |
| Ord price | -1.7 | -36.1 | -44.3 | -43.5 | -27.8 | -20.1 |
| ZDP price | 0.0 | -3.2 | -2.3 | -3.2 | -0.9 | 2.0 |
| NSCI (XIC) | 3.3 | -15.0 | -19.8 | -15.9 | -11.1 | -5.2 |
| FTAS | 3.4 | -7.8 | -16.1 | -11.2 | -7.3 | -2.1 |

Notes: 1m, 3m & 6m returns not annualised; Inception = 30 Jun 17; FTAS = FTSE All-Share Index.



Investment commentary

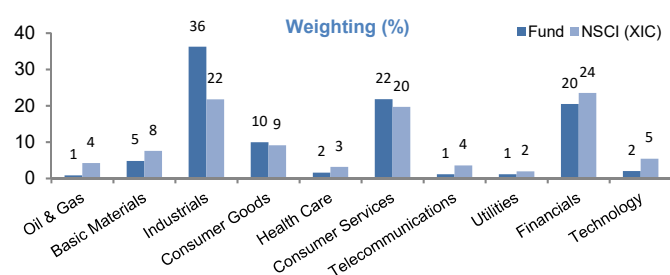
Stockmarkets extended their recovery in May, buoyed by evidence that lockdown was successfully controlling the virus's spread and by the massive monetary and fiscal stimuli of recent months. The FTSE All-Share generated a return of 3.4%. May was also a good month for smaller companies: the NSCI (XIC) returned 3.3%. The Fund's return of 0.0% was hindered by the value style and the cyclical exposure that comes with it at present. Consistent with style's under-performance, the valuation gap between value and growth stocks has become particularly stretched. This, together with the easing of lockdown restrictions and the on-going stimulus, encouraged a rotation to value towards the end of the month.

Turning to stocks, performance was hindered by logistics company Wincanton in the wake of a trading update and a new banking agreement that might constrain the ability to pay dividends over the next year. Go-Ahead, the bus and rail company, was also weak, following a 19.99% equity placing by its peer National Express. More broadly, stocks sensitive to the economic cycle succumbed to profit taking, reversing some of the previous month's strong performance – these included metal flow engineer Vesuvius and brick manufacturer Forterra. Meanwhile, among the winners, Air Partner responded to robust results and Halfords was boosted by better than expected trading during the lockdown period. Elsewhere, TI Fluid Systems performed well, despite shareholders missing out on the dividend – Bain, the company's majority shareholder, surprisingly voted against the pay-out at the AGM.

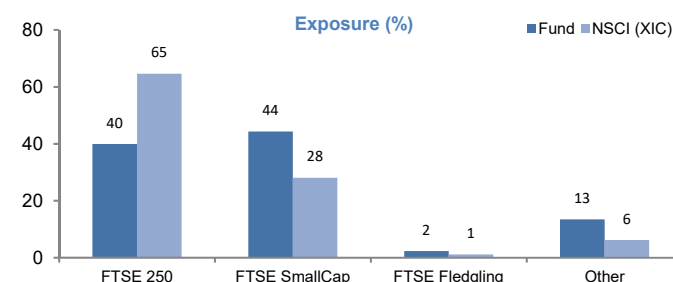
Top 10 equity investments

| Name | Activity | % |
|----------------------------------|-------------------------------------------|-----|
| CMC Markets | Financial derivatives dealer | 3.7 |
| Keller Group | Ground engineering services | 3.6 |
| Brewin Dolphin Holdings | Private client fund manager | 3.5 |
| Morgan Advanced Materials | Manufacture of carbon & ceramic materials | 3.0 |
| Anglo Pacific Group | Natural resources royalties | 3.0 |
| Reach | UK newspaper publisher | 2.9 |
| Vesuvius | Metal flow engineering | 2.8 |
| TI Fluid Systems | Automotive parts manufacturer | 2.8 |
| Bloomsbury Publishing | Independent publishing house | 2.7 |
| Wincanton | Logistics | 2.6 |

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; 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. The universe of UK small quoted companies market invested in by the Fund, has seen a significant fall in its aggregate valuation due to the uncertainties arising from the spread of this virus. Aberforth Partners LLP and the Directors of Aberforth Split Level Income Trust plc are closely monitoring market developments as the impact of the pandemic 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 20 |
| 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: £88m | Market value: £50m | |

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