



# Aberforth Split Level Income Trust plc

## Monthly Factsheet

31 October 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 seven fund managers:

|                |                  |
|----------------|------------------|
| Jeremy Hall    | 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](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                                       | 337    |
| Total market value  | £144bn |
| Largest constituent                                       | £1.9bn |
| Largest constituent if index rebalanced at Factsheet date | £1.4bn |

### Key Fund information

|                                |         |
|--------------------------------|---------|
| Total investments              | £213m   |
| Number of investments          | 69      |
| Active share                   | 77.1%   |
| Gearing - ZDP shares           | £50m    |
| Net gearing                    | 28.5%   |
| Total net assets               | £166m   |
| Ord share NAV                  | 87.10p  |
| Ord share price                | 87.00p  |
| Ord discount/(premium)         | 0.1%    |
| ZDP share NAV (Accounts basis) | 104.16p |
| ZDP share price                | 105.50p |
| ZDP discount/(premium)         | (1.3%)  |

### Fees & charges

|  |       |
|--|-------|
| Management fee* (12m to 30 Jun 18)                       | 0.92% |
| Performance fee  | None  |
| Ongoing charges (at 30 Jun 18 & includes Management fee) | 1.10% |

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

### Yield & dividends (Ord)

|   |       |
|---|-------|
| Yield   | 4.6%  |
| Interim dividend (paid 6 Mar 18)                  | 1.40p |
| 2 <sup>nd</sup> interim dividend (paid 31 Aug 18) | 2.60p |
| Special dividend (paid 31 Aug 18)                 | 0.60p |

### 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.

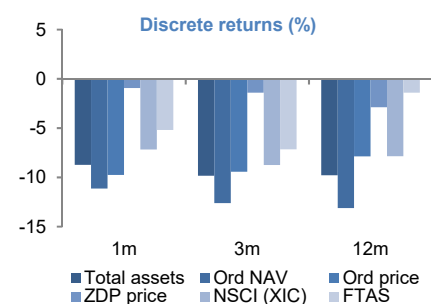
### Investment style: Value

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    | 9m    | 12m   | Inception |
|--------------|-------|-------|-------|-------|-------|-----------|
| Total assets | -8.7  | -9.8  | -11.0 | -8.4  | -9.8  | -4.6      |
| Ord NAV      | -11.1 | -12.6 | -14.2 | -11.3 | -13.1 | -6.7      |
| Ord price    | -9.8  | -9.4  | -6.6  | -7.9  | -7.9  | -6.6      |
| ZDP price    | -0.9  | -1.4  | -2.8  | -3.2  | -2.9  | 4.1       |
| NSCI (XIC)   | -7.2  | -8.8  | -8.2  | -6.7  | -7.9  | -1.1      |
| FTAS         | -5.2  | -7.2  | -3.5  | -2.5  | -1.4  | 1.9       |

Notes: 1m, 3m, 6m & 9m returns not annualised; Inception = 30 Jun 17; FTAS = FTSE All-Share Index.



### Investment commentary

Global equity markets sold off sharply, responding to the prospect of rising interest rates, suggestions of lower growth, trade wars and political drama. The month's bout of heightened risk aversion saw the FTSE All-Share drop by 5.2% and small companies underperform large. The NSCI (XIC) declined by 7.2% and the Fund by 8.7%. Against a backdrop of prolonged Brexit uncertainty, the rotation towards value seen elsewhere has so far been less apparent within the UK.

Small companies experienced a pick-up in profit warnings. Within the portfolio, Keller and RPS warned, though for quite different reasons. Global ground engineering business Keller described deteriorating market conditions in its Asia Pacific division and RPS, an international consultancy firm, was affected by higher costs and investment spend. Meanwhile, metal flow engineer Vesuvius and recruiter SThree were weak, reflecting concerns surrounding companies exposed to the global growth outlook.

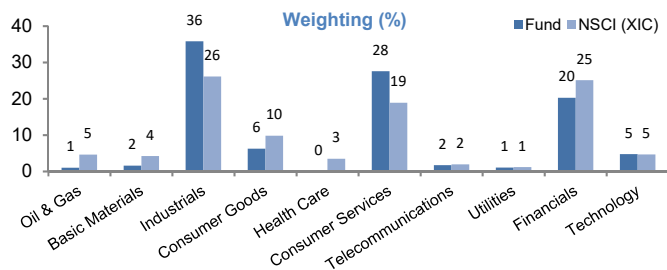
The two notable winners were domestic companies: consumer lender Non-Standard Finance and home furnishings retailer Dunelm. Indeed, domestically facing sectors outperformed in the recent market sell off. This is a reminder that the relatively expensive overseas-facing companies are not free from macro-economic risks and perhaps suggests that Brexit uncertainty is priced into the domestics.

Jeremy Hall has joined the investment team. Fund management roles with Abbey National and SVM Asset Management were followed by ten years with Cartesian Capital Partners, where he was a partner and managed UK equity portfolios.

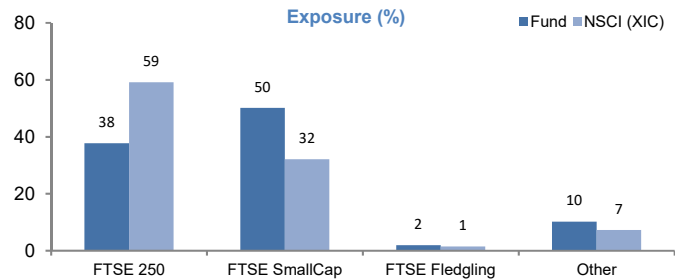
### Top 10 equity investments

| Name                    | Activity                               | %   |
|-------------------------|--|-----|
| Dunelm Group            | Homewares retailer                     | 3.5 |
| Vesuvius                | Metal flow engineering                 | 3.0 |
| Brewin Dolphin Holdings | Private client fund manager            | 2.8 |
| Spirent Communications  | Telecoms test equipment                | 2.8 |
| Northgate               | Van rental                             | 2.7 |
| Bovis Homes Group       | Housebuilding                          | 2.3 |
| McKay Securities        | Property - London & South East offices | 2.3 |
| Huntsworth              | Public relations                       | 2.2 |
| Go-Ahead Group          | Bus & rail operator                    | 2.2 |
| U and I Group           | Property - investment & development    | 2.2 |

## 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 yield are available by visiting [www.morningstar.co.uk](http://www.morningstar.co.uk); searching with the code ASIZ; then selecting Aberforth Split Level Income ZDP 2024 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).

Performance returns are total returns after all expenses and assume reinvestment of dividends. Yield is based on the Fund's trailing 12 months' dividends. 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, 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 19     |
| 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: £166m          | Market value: £50m          |                              |

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