



Aberforth Split Level Income Trust plc

Annual Report and Financial Statements

30 June 2019

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Investor Disclosure Document

The EU Alternative Investment Fund Managers Directive (AIFMD) requires certain information to be made available to investors prior to their investment in the shares of a Company. The Company's Investor Disclosure Document is available to view at www.aberforth.co.uk and contains details of the Company's investment objective, policy and strategy together with leverage and risk policies.

Strategic Report

The Board is pleased to present the Strategic Report (pages 1 to 17), which incorporates the Chairman's Statement and Managers' Report. It has been prepared by the Directors in accordance with Section 414 of the Companies Act 2006, as amended.

Investment Objective

The investment objective of Aberforth Split Level Income Trust plc (ASLIT) is to provide Ordinary Shareholders with a high level of income, with the potential for income and capital growth, and to provide Zero Dividend Preference Shareholders with a pre-determined final capital entitlement of 127.25p on the planned winding-up date of 1 July 2024.

Financial Highlights

Total Return Performance¹

Periods to 30 June 2019	Total Assets ¹		Ordinary Share NAV ¹ Share Price		ZDP Share NAV ¹ Share Price	
	1 year	-9.7%	-13.1%	-18.4%	3.6%	4.7%
Annualised Since inception ¹	-2.4%	-3.9%	-9.3%	3.3%	5.6%	
Cumulative Since inception ¹	-4.7%	-7.7%	-17.9%	6.6%	11.5%	

Ordinary Share

	Net Asset Value per Share	Share Price	Discount/ (Premium) ¹	Ordinary Dividends per Share	Special Dividends per Share	Ongoing Charges ¹	Gearing ¹
30 June 2019	86.7p	77.0p	11.2%	4.16p	0.19p	1.2%	30.7%
30 June 2018	104.7p	99.2p	5.3%	4.00p	0.60p	1.1%	24.6%

At inception an Ordinary Share had a NAV of 100p and a gearing¹ level of 25%.

Zero Dividend Preference Share (ZDP Share)

	Net Asset Value per Share	Share Price	Discount/ (Premium) ¹	Return per Share	Projected Final Cumulative Cover ¹	Redemption Yield ¹
30 June 2019	106.6p	111.5p	(4.6%)	3.7p	3.1x	2.7%
30 June 2018	102.9p	106.5p	(3.5%)	3.6p	3.5x	3.0%

At inception a ZDP Share had a NAV of 100p, a Projected Final Cumulative Cover¹ of 3.4x, and a Redemption Yield¹ of 3.5%.

Source: Aberforth Partners LLP

¹ Defined in the Glossary on pages 55-56.

The valuation statistics above consisting of Redemption Yields and Final Cumulative Cover are projected, illustrative and do not represent profit forecasts. There is no guarantee these returns will be achieved.

Chairman's Statement

Introduction

I present the second annual report of Aberforth Split Level Income Trust plc ("ASLIT" or "the Company") for the year to 30 June 2019.

The global macro challenges highlighted in the Half Yearly Report continue to cloud investor sentiment and equity returns. Expectations for monetary policy have shifted, with interest rate increases now much less likely in the medium term in both the US and Europe. Stockmarkets have taken this latter development well, though it has presented an unfavourable backdrop for the Managers' value investment style.

The situation closer to home offers no respite. The uncertainty of Brexit persists, with the 29 March 2019 exit date extended to 31 October 2019. A change in Conservative Party leadership, and therefore prime minister, alongside a poor showing from the two traditionally dominant political parties in the recent European Parliament elections, provides further uncertainty.

Performance

Against this background, the FTSE All-Share Index, which is representative of larger UK listed companies, recorded a total return of +0.6% in the year to 30 June 2019. The Numis Smaller Companies Index (excluding Investment Companies) ("NSCI (XIC)"), which defines ASLIT's opportunity base of small UK quoted companies, generated a total return of -5.4% over the same period.

Influenced by the continued challenges to the value investment style and a portfolio emphasis on smaller companies, ASLIT's total assets total return, which captures the Company's ungeared portfolio performance, was -9.7% during the year. The scale of the under-performance is at odds with the fundamental progress of the investee companies, which points to steady progress overall. Geared by the Zero Dividend Preference (ZDP) Shares, the NAV total return of the Ordinary Shares was -13.1%. This encapsulates the return attributable to equity shareholders of -13.4p per Ordinary Share in the year to 30 June 2019, together with the effect of the reinvestment of previously declared dividends.

Despite the decline in the portfolio value, the projected final cumulative cover of the ZDP shares was 3.1 times at the end of the reporting period.

Further detail on portfolio performance is provided in the Managers' Report.

Earnings and Dividends

ASLIT generated a Revenue Return per Ordinary share of 5.14p for the year to 30 June 2019. As discussed in the Managers' Report, dividend growth from small UK quoted companies has been strong since the financial crisis, but there is evidence that the rate of growth is reverting to more historical norms. This slowdown is unsurprising given the length of the current cycle, Brexit uncertainty and the more challenging economic backdrop. It is too early to conclude whether this heralds a more meaningful trend or is a temporary blip.

The Company's policy is to distribute a significant proportion of its net revenue in the form of dividends to Ordinary Shareholders. Consistent with this, the Board has declared a second interim dividend of 2.71p per Ordinary Share for the year to 30 June 2019. Together with the first interim dividend of 1.45p paid on 7 March 2019, the total underlying dividend with respect to the year is 4.16p per Ordinary Share, 4% higher than last year.

In addition, the Board has declared a special dividend of 0.19p per Ordinary Share for the year to 30 June 2019. This reflects the special income contribution from investee companies, not all of which may be expected to recur, and the requirement to retain no more than 15% of total income in order to retain the benefits of investment trust status.

After accounting for the second interim dividend and the special dividend, retained revenues were approximately 1.6p per Ordinary Share at 30 June 2019. At this stage in the Company's planned life, the Board believes that this is a prudent level of retention given the continuing volatility of markets and on-going economic uncertainties. The ability to retain revenue reserves is one of the main structural advantages of investment trusts when compared with open-ended funds.

The second interim dividend of 2.71p per Ordinary Share and the special dividend of 0.19p per Ordinary Share will be paid on 30 August 2019 to Ordinary Shareholders on the register on 9 August 2019. The ex dividend date is 8 August 2019.

Your Company operates a Dividend Reinvestment Plan. Details of the plan, including the Form of Election, are available from Aberforth Partners LLP or on the website, www.aberforth.co.uk.

Chairman's Statement

Board changes

As announced on 24 April 2019, the Board is delighted to welcome Lesley Jackson as a Director. Lesley is a chartered accountant with significant financial and commercial experience, which the Board looks forward to benefiting from in the coming years.

Separately, I have informed my colleagues of my decision not to stand for re-election at the forthcoming Annual General Meeting. I was initially appointed as Chairman of the Company's predecessor trust, Aberforth Geared Income Trust plc, on 30 March 2010 and it has been my privilege to serve the Shareholders of both companies.

Subject to his re-election, it is intended that Angus Gordon Lennox will become Chairman at the closure of the Annual General Meeting on 24 October 2019. Angus has been a Director of the Company since April 2017 and has a wealth of knowledge of the investment industry, particularly investment companies.

I am confident that Shareholders' interests will continue to be well served by the strong and independent board led by Angus following my retirement.

Annual General Meeting ("AGM")

The AGM for the Company will be held on 24 October 2019 at 11.00 a.m. at 14 Melville Street, Edinburgh EH3 7NS. Details of the resolutions to be considered by Shareholders are set out in the Notice of the Meeting on page 58.

Outlook

The last twelve months have demonstrated how volatile equity returns can be, not least from a portfolio of small UK quoted companies. This serves as a reminder of the long-term approach required for equity investment, particularly in small quoted companies, and of the advantages of investment companies' closed-ended structure.

The continued uncertainty of Brexit has brought the UK its third prime minister in just over three years and has heightened uncertainty for those considering investing in the UK. It is impossible to say when the clouds will lift, but evidence suggests that small UK quoted companies offer attractive value for those prepared to take more than a short term view. The Company has been in existence for only two years, but the Managers run other funds that have histories extending back to 1990 and that have a significant overlap with the Company's portfolio. The historical price earnings ratios of those funds' portfolios at 30 June 2019 had never been lower relative to the NSCI (XIC).

This cheapness comes with the Company's investment strategy, which is based on the Managers' commitment to a value investment philosophy. Value as an investment style will continue to influence portfolio returns but can be out of favour for prolonged periods, such as the decade since the financial crisis. However, it has provided superior returns compared with those of the NSCI (XIC) over the longer term. Consequently, in monitoring the Company's progress, the Board considers it important that the portfolio remains invested in accordance with the value style. This would seem particularly relevant today when so large a majority of small company investment trusts and open-ended funds follow the currently fashionable growth investment style. While acknowledging the challenge that currently accompanies the Company's investment strategy, the Board is also conscious that some of the most attractive opportunities in equity markets require a contrarian approach and so looks to the future with optimism.

Jonathan Cartwright

Chairman

29 July 2019

jonathan.cartwright@aberforth.co.uk

Investment Policy and Strategy

Investment Policy

The Company aims to achieve its objective by investing in a diversified portfolio of securities issued by small UK quoted companies. Small UK quoted companies are those having a market capitalisation, at time of purchase, equal to or lower than the largest company in the bottom 10%, by market capitalisation, of the London Stock Exchange's Main Market for listed securities or companies in the Numis Smaller Companies Index (excluding investment companies) ("NSCI (XIC)"). As at 1 January 2019 (the date of the last annual NSCI (XIC) rebalancing), the NSCI (XIC) included 359 companies, with an aggregate market capitalisation of £140 billion. Its upper market capitalisation limit was £1.3 billion, although this limit changes owing to movements in the stockmarket. If any holding no longer satisfies this definition of a small UK quoted company its securities become candidates for sale unless the Managers determine that the Company's investment objective would be better served by their retention. Notwithstanding the above, the Managers would not normally expect more than 10% of the value of the Company's portfolio to be invested in a combination of: (i) securities issued by small UK quoted companies that are neither securities with equity rights, nor securities convertible to such; and/or (ii) holdings in companies that satisfied the definition of a small UK quoted company at the time of purchase but no longer do so and that are not categorised as candidates for sale.

The Company may, at the time of purchase, invest up to 15% of its assets in securities issued by any one company although, in practice, each exposure will typically be substantially less and, at market value, generally represents less than 5% of the portfolio on an on-going basis. The Board expects that this approach will normally result in a portfolio comprising holdings in between 50 and 100 companies. The Company will not invest in securities issued by other UK listed closed-ended investment funds except where they are eligible to be included in the NSCI (XIC). In any event, the Company will invest no more than 15% of total assets in other listed closed-ended investment funds.

Investment will only be made in companies with securities traded on the Main Market or, in limited circumstances, in AIM listed investments. AIM listed investments will only be held in the Company's portfolio if they have given a formal commitment to move to the Main Market, or in the situation where an existing investee company has moved its listing from the Main Market to AIM.

The Company will aim to be near to fully invested at all times. There will normally be no attempt to engage in market timing by holding high levels of liquidity though due consideration will be given to liquidity requirements as the Company nears the end of its Planned Life. The Company does not intend to utilise any bank borrowings other than short term overdraft or working capital facilities. The Directors expect that, in normal market conditions, bank borrowings will not exceed 2.5% of Total Assets. The Articles limit the level of such bank borrowings to a maximum of 5% of Total Assets at the time of drawdown. The Company has a policy to maintain total gearing, including the ZDP Shares, below the total of: (i) the accrued capital entitlement of the ZDP Shares from time to time; plus (ii) 5% of its Total Assets at the time of drawdown. The Directors have delegated responsibility to the Managers for the operation of the Company's overdraft and working capital facilities within the above parameters.

Subject to the prior approval of the Board, the Managers may use derivative instruments, such as financial futures, exchange traded funds, and options, for the purpose of efficient portfolio management. The Board's current expectation is that derivatives will rarely be used, if at all.

Any material changes to the Company's investment objective and policy will be subject to Shareholder approval at a general meeting. In the event of a breach of the Company's investment policy, the Directors will announce through a Regulatory Information Service the actions that will be taken to rectify the breach.

Investment Strategy

The Managers adhere to a value investment philosophy. While there can be extended periods when the value investment style is out of favour, there is compelling evidence that the value approach within small UK quoted companies has resulted in superior returns to those of the NSCI (XIC) as a whole over the long term.

In valuing businesses, the Managers place emphasis on the ratio of total enterprise value (which is the market capitalisation of the small UK quoted company adjusted for the average debt or cash level of such company) to the earnings before interest, tax and amortisation that the company generates (in short, the EV/EBITA ratio). The Managers also utilise other valuation metrics, recognising that flexibility is required when assessing businesses in different industries and that buyers of these businesses may include other corporates as well as stockmarket investors. As a result of the value investment approach, the average valuation metrics of the Company's holdings will usually be more modest than those of the NSCI (XIC), the investment universe.

The Managers select companies for the Company's portfolio on the basis of fundamental or "bottom-up" analysis. The "bottom-up" analysis includes the Managers scrutinising prospective investee companies' financial statements and assessing their market positions within their sectors. An important part of the process is regular engagement with the board members and management of prospective and existing investments. In addition, a "top down" evaluation is undertaken regularly.

Opportunities are often found in businesses where short-term trading, broad macro economic concerns or the vagaries of stockmarket sentiment have caused valuations to fall to levels at which the Managers consider significant upside to be available. The closing of valuation gaps usually requires the passage of time but can be expedited by a change of strategy, a change of management or takeover.

In seeking to achieve the investment objective, the Managers believe that the portfolio must be adequately differentiated from the NSCI (XIC), the investment universe. Therefore, within the diversification parameters described in the Company's investment policy, the Managers will regularly review the level of differentiation, with the aim of achieving a meaningful active weight for each holding within the Company's portfolio. Holdings are expected to be sold when their valuations reach the targets determined by the Managers.

Principal Risks

The Board has established an on-going process for identifying, evaluating and managing the principal risks faced by the Company. This process was in operation during the year and continues in place up to the date of this report.

Investment in small companies is generally perceived to carry more risk than investment in large companies. While this is reasonable when comparing individual companies, it is much less so when comparing the risks inherent in diversified portfolios of small and large companies. In addition, the Company has a simple capital structure and outsources all the main operational activities to recognised, well-established firms.

The principal risks faced by the Company, together with the approach taken by the Board towards them, have been summarised below.

- (i) **Investment policy/performance risk** – The investment portfolio is exposed to share price movements owing to the nature of the Company's investment policy and strategy. The performance of the investment portfolio will be influenced by market related risks including market price and liquidity (refer to Note 19 for further details). The Board's aim is to achieve the investment objective by ensuring the investment portfolio is managed in accordance with the policy and strategy. The Board has outsourced portfolio management to experienced Managers with a clearly defined investment philosophy and investment process. The Board receives regular and detailed reports on investment performance. Senior representatives of the Managers attend each Board meeting. Peer group performance is also regularly monitored by the Board.
- (ii) **Structural conflicts of interest** – The different rights and expectations of the holders of Ordinary Shares and the holders of ZDP Shares may give rise to conflicts of interest between them. While the Company's investment objective and policy seek to strike a balance between the interests of both classes of Shareholder, there can be no guarantee that such a balance will be achieved and maintained during the life of the Company.
- (iii) **Significant fall in investment income** – A significant fall in investment income could lead to the inability to provide a high level of income and income growth. The Board receives regular and detailed reports from the Managers on income performance together with income forecasts.
- (iv) **Loss of key investment personnel** – The Board believes that a risk exists in the loss of key investment personnel at the Managers. The Board recognises that the collegiate approach employed by the Managers mitigates this risk. Board members are in regular contact with the partners and staff of the Managers and monitor personnel changes.
- (v) **Regulatory risk** – Breach of regulatory rules could lead to suspension of the Company's share price listings, financial penalties or a qualified audit report. Breach of Section 1158 of the Corporation Tax Act 2010 could lead to the Company losing investment trust status and, as a consequence, any capital gains would then be subject to capital gains tax. The Board reviews regular reports from the Secretaries to monitor compliance with regulations.

Viability Statement

The Directors have assessed the viability of the Company over the five year period to June 2024. The assessment took account of the Company's position, its investment strategy and the potential impact of the relevant principal risks detailed above. Based on this assessment, the Directors have a reasonable expectation that the Company will meet its liabilities as they fall due and be able to continue in operation over the five year period to June 2024.

In making this assumption, the Directors took comfort from the results of a series of stress tests that considered the impact of a number of severe market downturn scenarios on the Company's financial position and, in particular, its ability to settle projected liabilities of the Company as they fall due. The Company invests in companies listed and traded on the London Stock Exchange. These shares are actively traded and, whilst less liquid than larger quoted companies, the portfolio is well diversified by both number of holdings and industry sector. The Directors determined that a five year period to June 2024 is an appropriate period for which to provide this statement given the Company's investment objective, the simplicity of the business model, the resilience demonstrated by the stress testing and the relatively low working capital requirements. Shareholders will be required to vote on proposals from the Directors, relating to the Company's planned life, on or before 1 July 2024. The nature of these proposals and the outcome of the vote represent material uncertainties in the context of assessing the prospects of the Company beyond 30 June 2024.

Key Performance Indicators

The Board assesses the Company's performance in meeting its objectives against the following key performance indicators.

- Total Assets total return
- Ordinary Share Net Asset Value total return
- Ordinary Share Net Asset Value
- Ordinary Share Price discount
- Dividend per Ordinary Share
- ZDP Share Net Asset Value
- ZDP Share Projected Final Cumulative Cover
- Hurdle Rates

A record of these measures is provided within Financial Highlights (page 1), Hurdle Rates and Redemption Yields (below). Further analysis is provided within the Chairman's Statement (pages 2 to 3) and the Managers' Report (pages 8 to 12). The Managers' Report has been prepared by Aberforth Partners LLP and the Board endorses the analysis provided in respect of the key performance indicators.

Hurdle Rates & Redemption Yields¹

Hurdle Rates²

At 30 June	Ordinary Shares Hurdle Rates to return			ZDP Shares Hurdle Rates to return	
	100p	Share Price	Zero Value	127.25p	Zero Value
2019	4.5%	0.6%	-21.2%	-21.2%	-69.8%
2018	1.2%	1.1%	-20.0%	-20.0%	-64.0%
Inception ²	1.5%	n/a	-17.0%	-17.0%	-57.2%

Redemption Yields² as at 30 June 2019 (Ordinary Shares)

Capital Growth (per annum)	Ordinary Share Redemption Yields ² Dividend Growth (per annum)				Terminal NAV ²
	0.0%	+2.5%	+5.0%	+7.5%	
0%	5.6%	6.0%	6.5%	7.0%	74.0p
+2.5%	8.8%	9.2%	9.6%	10.0%	88.0p
+5.0%	11.9%	12.2%	12.6%	13.0%	103.4p
+7.5%	14.9%	15.2%	15.6%	16.0%	120.4p

¹ The valuation statistics in the tables above are projected, illustrative and do not represent profit forecasts. There is no guarantee these returns will be achieved.

² Defined in the Glossary on pages 55-56.

Other Business Information

Company Status

The Company is a closed-ended investment trust listed on the London Stock Exchange and an Alternative Investment Fund under the Alternative Investment Fund Managers (AIFM) Directive. The Company has been approved by HM Revenue & Customs as an investment trust from 3 July 2017 subject to the Company continuing to meet the eligibility conditions. The Company will continue to conduct its affairs as an investment trust. Furthermore, the Company is an investment company as defined within the meaning of Section 833 of the Companies Act 2006.

Board Diversity

The Board recognises the importance of diversity in its broadest sense (including skills, experience, gender and tenure) in enabling it to fulfil the present and future needs of the Company. As at 30 June 2019, there were five male directors and one female director.

Environmental, Human Rights, Employee, Social Community Issues

The requirement to detail information about environmental matters, human rights, social and community issues does not apply to the Company as it has no employees; all Directors are non-executive and it has outsourced its functions to third party service providers. The Company's and the Managers' approach to social, environmental and ethical issues is set out within the Corporate Governance Report on page 25.

Managers' Report

Introduction

Over the twelve months to 30 June 2019 the FTSE All-Share's total return was a lacklustre +0.6%. This, though, compared well with the result for small companies, with the NSCI (XIC) down by 5.4% in total return terms. ASLIT's total asset total return was -9.7%. The Investment Performance section of this report provides detail on specific factors that affected the trust's performance.

At a more general level, UK equities fared very differently in the first six months of ASLIT's financial year from the second six months. The first half saw share prices fall, with the FTSE All-Share down by 11.0% and the NSCI (XIC) by 14.4%. In this period, financial markets were bedevilled by concerns about slowing global growth, as the trade war between the US and China escalated and as the Federal Reserve, despite pressure from the US president, seemed committed to tighter monetary policy.

In contrast, the second half of ASLIT's financial year witnessed a robust recovery: the FTSE All-Share and the NSCI (XIC) generated total returns of 13.0% and 10.5% respectively. An important influence on these numbers was, of course, the depressed starting point. However, economic and political developments also turned more positive. Sentiment improved as planned tariff increases were postponed, followed in January by a dovish shift by Jay Powell, chairman of the Federal Reserve, who averred patience and sensitivity to "economic and financial developments". With the "Powell Put" born, equities and other risk assets around the world commenced their rally.

The second half's mood of optimism was not without challenge. In May, Donald Trump's tweets brought trade wars back to the forefront of investors' minds. Tariff increases were accompanied by a more aggressive line on Huawei and by a mooted extension of sanctions to encompass another \$325bn of goods imported from China. With collateral damage to the export-oriented economies of Europe and the emerging markets, these developments reawakened concerns about growth around the world. The period drew to a close with a G20 summit in Japan, in which President Trump appeared to moderate his stance with regard to China and thus to raise hopes of a trade deal.

While equities gyrated over the twelve months in response to macro-economic developments, government bonds were more consistently strong. From the end of September 2018, yields started to decline. In the UK, the ten year gilt yield slipped back below 1%, while the German equivalent is once again negative. In the US, the ten year treasury yield fell from 3.2% to 2.1% at the end of June. This move took the US yield curve – longer term yields less shorter term yields – into negative territory on some definitions. With yield curve inversion a historically useful indicator of recession, such developments would seem to portend a gloomy outlook for the global economy.

The UK meanwhile continues to contend with the additional complexity of Brexit. As deep uncertainty lingers and both ends of the political spectrum give cause for concern, sterling has weakened again. This has hampered the performance of the domestically oriented NSCI (XIC) in relation to the much more international large company indices. More fundamentally, the saga is also affecting economic activity: recent manufacturing surveys have been weak, which must reflect the unwinding of inventories that were built up in anticipation that the UK would leave the EU as planned on 29 March. Nevertheless, macro economic data, on balance, point to an economy that is making steady if unspectacular progress. This view is backed up by the results reported by small UK quoted companies.

In the first quarter of 2019, 115 non resources companies that are tracked closely by the Managers reported their final results to 31 December 2018. Sales and profits of these companies rose by roughly 6%, while the ratio of capital expenditure to depreciation – a measure of how actively businesses are investing – was 1.7x, a level that continues to suggest that companies are investing for future growth. The Managers estimate that sales and profits will grow by 5% in 2019 and that the investment ratio will be a healthy 1.4x, though some of the capital will be deployed in companies' operations outside the UK. These estimates, which do assume that a "hard Brexit" is avoided, point to an acceptable outlook for a useful cross-section of the universe of small quoted companies and belie the depressed valuation ratios for the portfolio and asset class described later in this report.

Investment Performance

Over the twelve months to 30 June 2019, ASLIT's total assets total return was -9.7%. The opportunity base of the NSCI (XIC) produced a total return of -5.4%. The following paragraphs provide detail on the important influences on ASLIT's performance.

Managers' Report

Style

The relapse in government bond yields described in the introduction represented an unfavourable backdrop for the value style: all else being equal, lower risk free rates imply lower discount rates for valuing equities, which favours those stocks whose cash flows are biased to the more distant future. Such stocks are growth stocks, which have benefited from the extraordinary monetary policies that have persisted since the global financial crisis of 2007 and 2008. The period under review was particularly hostile for value: in the 64 year history of the NSCI (XIC), there are only three instances of the twelve months from 1 July to 30 June being more difficult for the style. Though not insurmountable, such conditions are a challenge to the relative performance of the portfolio. The Managers believe that it is important to remain true to the value investment philosophy. The number of UK small company investment trusts and funds following such an approach has dwindled as the growth style has prospered – the resultant skew is intriguing, at least for those with a degree of contrarian spirit. History supports mean reversion and suggests that it is rarely “different this time”.

Size

Market capitalisation range:	< £101m	£101-350m	£351-600m	£601-1000m	> £1000m
ASLIT distribution	4%	28%	28%	24%	16%
Tracked universe distribution	1%	13%	20%	27%	38%
Tracked universe 2019 EV/EBITA	8.0x	8.1x	11.0x	12.1x	13.6x

As the table shows, the portfolio retains its bias to the smaller small companies within the “tracked universe”, which represents the 276 small caps that the Managers follow closely and which accounts for 98% by value of the entire NSCI (XIC). Those small companies with market capitalisations of £601m or more (the two columns to the right) represent the overlap with the FTSE 250. The relative performance of the FTSE SmallCap against the FTSE 250 is therefore a useful gauge of whether ASLIT's size positioning has been beneficial. In the twelve months under review, mid caps performed better than the smaller small companies, which, all else being equal, was a drag on the portfolio's returns. The under-performance of the smaller smalls was particularly severe in June. Beyond the usual ups and downs of individual stocks, it would seem likely that the well-publicised problems of a high profile portfolio management house's open-ended funds intensified the aversion to less liquid asset classes.

As the final row in the table demonstrates, the positioning is a function of the Managers' value investment style: smaller small companies are much more modestly rated than larger small companies. The size discount has been particularly pronounced since the financial crisis as investors in general run shy of less liquid stocks. Concerns about illiquidity have trumped fundamentals: profits growth over the next couple of years from the smaller small companies (those with market capitalisations below £601m) is estimated to be no lower than that from larger small companies. With its closed-ended structure, ASLIT would seem well placed to benefit from any narrowing of the size discount.

Sector

The Brexit process created a sector opportunity within the NSCI (XIC). As sterling weakened in the aftermath of the referendum, overseas facing sectors substantially out-performed those parts of the stockmarket that are more reliant on the domestic economy. The resultant valuation gap encouraged a bias in the portfolio towards domestically oriented companies. That positioning remained in place at the end of June 2019: 63% of the underlying revenues of the portfolio's holdings were generated in the domestic economy, compared with 60% for the NSCI (XIC). This shift benefited the portfolio's relative performance: the domestics, while still relatively weak since the referendum, have out-performed the overseas companies since August 2018. Resilient results, consistent with the analysis in the Introduction, have helped, though, with Brexit still unresolved, there is inevitably scope for further volatility.

Managers' Report

Balance sheets

Based on 2019 estimates	Net cash	Net debt/EBITDA < 2x	Net debt/EBITDA > 2x	Loss makers
ASLIT	22%	60%	18%	0%
Tracked universe	29%	39%	27%	5%

While balance sheets remain strong across the NSCI (XIC), the past five years or so have seen leverage ratios rise. For example, since 2013 the proportion of the tracked universe with net cash on the balance sheet has fallen from 33% to 29%. These moves can be interpreted in two ways. More positively, they display a confidence on the part of boards to invest for future growth; more negatively, they would leave the companies more vulnerable to the next economic downturn. While circumstances inevitably change, the Managers are comfortable that current funding structures are on the whole appropriate to the underlying businesses. It is noteworthy, however, that lending standards and credit conditions continue to tighten in sectors such as retail, construction and property.

Income

Down	No change	Increase	Other
11	19	33	2

The table above splits ASLIT's holdings into categories that are determined by each company's most recent dividend announcement; it excludes special dividends. In comparison with the corresponding analysis in ASLIT's Half Yearly Report as at 31 December 2018, the notable change is an increase, from six to eleven, in the number of "cutters". This development is consistent with the suggestion in the report that 2018 witnessed the start of a deceleration in the rate of dividend growth that the NSCI (XIC) has enjoyed in recent years. While abundant special dividends and near double-digit dividend growth might have passed, the overall picture for the portfolio, and indeed the investment universe, remains encouraging. In comparison with the FTSE 100, income within the NSCI (XIC) remains much less concentrated and dividend cover – at 2.1x for the portfolio, 2.2x for the NSCI (XIC) and 1.6x for the FTSE All-Share – is considerably higher.

Corporate Activity

It is likely that uncertainties related to Brexit have affected corporate activity within the UK, with sterling's volatility an understandable distraction for overseas buyers. In calendar 2018, only 14 bids for constituents of the NSCI (XIC) were completed or outstanding at 31 December, down from 17 in 2017 and 33 two years before that. In the first six months of 2019, there are signs of a pick-up, with nine bids announced. One of those was a holding in ASLIT's portfolio. With vast sums of cash in the hands of private equity, it is likely that Brexit resolution would reduce uncertainty about sterling and bring about an increase in the frequency of M&A. A similar argument might be applied to the IPO market, which remains becalmed: 6 were completed in the first six months of 2019, none of which were of interest to ASLIT.

Turnover

Portfolio turnover through the twelve months to 30 June 2019 was low, at 12%. The longer term average for portfolios run by the Managers is 33%. The depressed activity is influenced by the style dynamics previously described: with the value style out of favour, few holdings were re-rated close to their price targets and there was consequently little incentive to reduce the positions. The Managers are careful not to mix up cause and effect, but history suggests that better relative performance tends to be associated with higher rates of portfolio turnover.

Active share

Active share is a measure of how different a portfolio is from an index. It is calculated as half of the sum of the absolute differences between each stock's weighting in an index and its weighting in the portfolio. A higher active share would indicate that a portfolio has a higher chance of performing differently from the index, for better or worse. The Managers target a ratio of at least 70% for ASLIT in relation to the NSCI (XIC) and at 30 June 2019 the ratio was 80%.

Managers' Report

Valuations

Portfolio Characteristics	30 June 2019		30 June 2018	
	ASLIT	NSCI (XIC)	ASLIT	NSCI (XIC)
Number of companies	65	349	69	344
Weighted average market capitalisation	£605m	£883m	£655m	£889m
Price earnings ratio or PE (historic)	9.6x	13.8x	11.3x	13.9x
Dividend yield (historic)	5.0%	3.2%	4.4%	2.9%
Dividend cover	2.1x	2.2x	2.0x	2.5x

The table above shows a reduction in valuations as a result of the weakness of equity markets over the past twelve months. Over a slightly longer timeframe, the de-rating has been more severe: at the end of June 2015, the year before the EU referendum, the NSCI (XIC)'s historical PE was 15.7x. To provide some historical perspective on ASLIT's valuation, it is worth referring to funds run by the Managers since 1990. These have a high degree of overlap with ASLIT and, indeed, the same historical PE of 9.6x at 30 June 2019. The average PE of these funds since 1990 has been 11.9x. The current 20% discount to that average is wide and has typically only been exceeded in times of recession. In comparison with the NSCI (XIC)'s PE, the funds are presently on a 30% discount. This is the widest in their history and compares with an average over the 29 years of 11%. Such a divergence is consistent with the recent struggles of the value investment style in comparison with growth and highlights the opportunities within the small cap world for those prepared to embrace smaller small companies and to look beyond Brexit.

The following table focuses on prospective valuations, using the Managers' preferred metric, the ratio of enterprise value to earnings before interest, tax and amortisation (EV/EBITA). Again, the portfolio's valuation advantage is obvious against the index, here represented by the tracked universe. Also shown are the EV/EBITA ratios for a collection of 47 growth stocks, none of which are currently held in the portfolio but several of which have been holdings in the past. These stocks have performed strongly over the past six months and, on the basis of estimates for 2019, are on a 98% premium to ASLIT's portfolio.

EV/EBITA	2018	2019	2020
ASLIT	9.8x	9.3x	8.4x
Tracked universe (276 stocks)	12.2x	11.6x	10.6x
- 47 growth stocks	19.9x	18.3x	16.5x
- 229 other stocks	11.1x	10.5x	9.7x

Conclusion & outlook

In explaining investment returns since the financial crisis, the Managers' reports have made frequent reference to the hostile climate for the value investment style. As explained in the Style section above, the Managers are inclined to view value's struggles as a function of financial conditions, specifically the extraordinary monetary policies deployed by many central banks. By extension, one means by which today's style headwinds might turn to tailwinds would be for an improvement in the outlook for real economic growth, in which context a resolution to the trade wars and Brexit would undoubtedly be helpful. Alternatively, a bit less complacency about inflation could also prove the catalyst. The risk of higher inflation might lurk in the prospect of interest rate cuts for a US economy close to full employment, but the timing of a turn in sentiment is difficult to pinpoint. What is clear is that when the stockmarket's mood changes it does so abruptly: within the NSCI (XIC), value has out-performed growth by an average of 3.6% per annum since 1955; in that 768 month period, the value premium would have been forgone had just the best 39 months for the style been missed.

In the meantime, the Managers continue to focus on bottom-up stock selection in seeking to achieve the investment objective. This is conducted through an investment process that has been tried and tested for almost 30 years and that is based on the thorough fundamental analysis of individual companies, team-based scrutiny of each buy or sell decision and discreet engagement with investee companies.

Managers' Report

At the current time, the process is being applied to a universe of small companies in which valuation anomalies abound: opportunities result from concerns about domestic exposure in the wake of the EU referendum and from the deep aversion to smaller small companies since the financial crisis. In view of recent unfortunate events in the open-ended fund world, this latter factor might become even more pertinent, but ASLIT's closed-ended structure is better suited to exploiting the illiquidity premium. Another influence on today's stockmarket valuations is the fascination for "disruptive business models". This does not only represent risk to the value investor. The narrow focus on disruption, which benefits the valuations of the growth stocks in the table above, entails that resilient "old economy" franchises are overlooked and languish on attractive valuations.

Within the portfolio there are some holdings whose investment cases are off track, but that has been the case whether the value style is in the doldrums or the ascendancy over the Managers' past 29 years. However, across the portfolio as a whole, profit growth compares well with that of the NSCI (XIC) on the basis of current estimates. While rises clearly remain, not least to economic activity from a badly handled Brexit, the stockmarket is currently configured to allow the value investor to benefit from a pronounced valuation advantage without sacrifice in terms of fundamental prospects. These conditions offer the prospect of attractive returns over the coming years.

Aberforth Partners LLP
Managers
29 July 2019

Thirty Largest Investments

As at 30 June 2019

No.	Company	£'000	% of Total	Business Activity
1	Vesuvius	6,508	3.0	Metal flow engineering
2	Brewin Dolphin Holdings	5,974	2.8	Private client fund manager
3	Wincanton	5,870	2.7	Logistics
4	Morgan Advanced Materials	5,858	2.7	Manufacture of carbon & ceramic materials
5	Go-Ahead Group	5,622	2.6	Bus & rail operator
6	Anglo Pacific Group	5,375	2.5	Natural resources royalties
7	Northgate	5,349	2.5	Van rental
8	Bovis Homes Group	5,241	2.5	Housebuilding
9	RM	5,113	2.4	IT services for schools
10	Paypoint	5,053	2.4	Alternative payment services
Top Ten Investments		55,963	26.1	
11	Essentra	5,016	2.3	Filters & packaging products
12	Forterra	4,928	2.3	Manufacture of bricks
13	Dunelm Group	4,667	2.2	Homewares retailer
14	Ultra Electronics Holdings	4,650	2.2	Specialist electronic & software technologies
15	DFS Furniture	4,576	2.1	Furniture retailer
16	KCOM Group	4,489	2.1	Telecoms & related services
17	Keller	4,353	2.0	Ground engineering services
18	Bloomsbury Publishing	4,325	2.0	Independent publishing house
19	Eurocell	4,242	2.0	Manufacture of UPVC building products
20	Huntsworth	4,172	2.0	Public relations
Top Twenty Investments		101,381	47.3	
21	McKay Securities	4,162	1.9	Property - London & South East offices
22	SThree	4,143	1.9	Recruitment
23	Spirent Communications	4,039	1.9	Telecoms test equipment
24	Vitec Group	3,979	1.9	Photographic & broadcast accessories
25	Restaurant Group	3,948	1.8	Restaurant operator
26	SIG	3,882	1.8	Specialist building products distributor
27	Rank Group	3,877	1.8	Multi-channel gaming operator
28	TT Electronics	3,744	1.8	Sensors & other electronic components
29	Assura	3,570	1.7	Property - healthcare
30	TI Fluid Systems	3,469	1.6	Automotive parts manufacturer
Top Thirty Investments		140,194	65.4	
	Other Investments (35)	73,387	34.6	
Total Investments		213,581	100.0	
	Net Liabilities	(48,640)		
Total Net Assets		164,941		

Investment Portfolio

As at 30 June 2019

Sector/Security	Business Activity	Value £'000	% of Total Investments
Oil & Gas Producers		1,574	0.7
SOCO International	Oil & gas exploration & production	1,574	0.7
Mining		5,375	2.5
Anglo Pacific Group	Natural resources royalties	5,375	2.5
Construction & Materials		13,523	6.3
Eurocell	Manufacture of UPVC building products	4,242	2.0
Forterra	Manufacture of bricks	4,928	2.3
Keller	Ground engineering services	4,353	2.0
Aerospace & Defence		6,384	3.0
Senior	Aerospace & automotive engineering	1,734	0.8
Ultra Electronics Holdings	Specialist electronic & software technologies	4,650	2.2
General Industrials		7,021	3.2
Low & Bonar	Manufacture of industrial textiles	513	0.2
Vesuvius	Metal flow engineering	6,508	3.0
Electronic & Electrical Equipment		9,602	4.5
Morgan Advanced Materials	Manufacture of carbon & ceramic materials	5,858	2.7
TT Electronics	Sensors & other electronic components	3,744	1.8
Industrial Engineering		7,238	3.4
Castings	Engineering - automotive castings	3,259	1.5
Vitec Group	Photographic & broadcast accessories	3,979	1.9
Industrial Transportation		5,870	2.7
Wincanton	Logistics	5,870	2.7
Support Services		31,181	14.6
Connect Group	Newspaper distribution	1,364	0.6
De La Rue	Bank note printer	3,341	1.6
Essentra	Filters & packaging products	5,016	2.3
Menzies (John)	Distribution & aviation services	277	0.1
Northgate	Van rental	5,349	2.5
Paypoint	Alternative payment services	5,053	2.4
RPS Group	Energy & environmental consulting	2,756	1.4
SIG	Specialist building products distributor	3,882	1.8
SThree	Recruitment	4,143	1.9
Automobiles & Parts		3,469	1.6
TI Fluid Systems	Automotive parts manufacturer	3,469	1.6
Food Producers		4,951	2.3
Bakkavor Group	Food manufacturer	2,598	1.2
Devro	Sausage casings	2,353	1.1
Household Goods & Home Construction		7,557	3.6
Bovis Homes Group	Housebuilding	5,241	2.5
Headlam Group	Distributor of floor coverings	2,316	1.1
Food & Drug Retailers		1,507	0.7
McColl's Retail Group	Retailing - convenience stores	1,507	0.7

Investment Portfolio

As at 30 June 2019

Sector/Security	Business Activity	Value £'000	% of Total Investments
General Retailers		21,862	10.3
DFS Furniture	Furniture retailer	4,576	2.1
Dunelm Group	Homewares retailer	4,667	2.2
Halfords Group	Automotive & cycling products retailer	2,974	1.4
Lookers	Motor vehicle retailer	1,396	0.7
N Brown Group	Catalogue retailer	2,481	1.2
Pets at Home Group	Pet food, products & services retailer	3,325	1.6
Topps Tiles	Ceramic tile retailer	2,443	1.1
Media		19,160	9.0
Bloomsbury Publishing	Independent publishing house	4,325	2.0
Centaur Media	B2B publishing	1,747	0.8
Huntsworth	Public relations	4,172	2.0
Reach	UK newspaper publisher	3,343	1.6
STV Group	Multi-channel digital media	2,906	1.4
Wilmington Group	Business publishing & training	2,667	1.2
Travel & Leisure		17,708	8.3
Air Partner	Aircraft charter	1,143	0.5
Go-Ahead Group	Bus & rail operator	5,622	2.6
Rank Group	Multi-channel gaming operator	3,877	1.8
Restaurant Group	Restaurant operator	3,948	1.8
Stagecoach Group	Bus & rail operator	3,118	1.6
Fixed Line Telecommunications		4,489	2.1
KCOM Group	Telecoms & related services	4,489	2.1
Electricity		1,430	0.7
Drax Group	Electricity generation	1,430	0.7
Nonlife Insurance		3,100	1.5
Sabre Insurance Group	Car Insurance	3,100	1.5
Life Insurance		4,760	2.2
Chesnara	Life insurance	2,148	1.0
Hansard Global	Life assurance savings products	1,229	0.6
Just Group	Individually underwritten annuities	1,383	0.6
Real Estate Investment & Services		3,056	1.4
U and I Group	Property - investment & development	3,056	1.4
Real Estate Investment Trusts		12,461	5.9
Assura	Property - healthcare	3,570	1.7
Capital & Regional	Property - shopping centres	824	0.4
Hansteen Holdings	Property - industrial	2,081	1.0
McKay Securities	Property - London & South East offices	4,162	1.9
RDI REIT	Property - retail & commercial	1,824	0.9
Financial Services		11,151	5.2
Brewin Dolphin Holdings	Private client fund manager	5,974	2.8
CMC Markets	Financial derivatives dealer	590	0.3
International Personal Finance	Home credit provider	2,846	1.3
Non-Standard Finance	Home credit provider	1,741	0.8
Software & Computer Services		5,113	2.4
RM	IT services for schools	5,113	2.4
Technology Hardware & Equipment		4,039	1.9
Spirent Communications	Telecoms test equipment	4,039	1.9
Total Investments		213,581	100.0

Other Portfolio Information

Summary of Investment Transactions

For the year to 30 June 2019

Purchases	Cost £'000	Sales	Proceeds £'000
Lookers	2,843	Dunelm Group	6,676
Urban&Civic	2,494	Spirent Communications	3,827
SIG	2,274	Senior	3,024
Morgan Advanced Materials	2,081	Pendragon	2,347
Restaurant Group	1,958	Urban&Civic	2,249
Headlam Group	1,766	Vesuvius	2,133
International Personal Finance	1,702	Lancashire Holdings	1,794
Bakkavor Group	1,481	Biffa	1,770
Low & Bonar	1,097	Kier Group	1,297
Assura	1,033	Restaurant Group	1,110
Wilmington Group	1,023	TT Electronics	863
Bloomsbury Publishing	915	Menzies (John)	668
Forterra	901	Go-Ahead Group	390
Halfords Group	892	Halfords Group	388
Rank Group	872	Gulf Marine Services	376
De La Rue	835	Bakkavor Group	330
Soco International	810	Other Sales	–
Sabre Insurance Group	748		
TI Fluid Systems	723		
Castings	603		
Other Purchases	5,049		
Total Purchases (incl. transaction costs)	32,100	Total Sales (incl. transaction costs)	29,242

Other Portfolio Information

FTSE Industry Classification Exposure Analysis

Sector	← 30 June 2018 →		Net Purchases/ (Sales) ¹ £'000	Net Appreciation/ (Depreciation) ¹ £'000	← 30 June 2019 →	
	Portfolio Weight %	Portfolio Valuation £'000			Portfolio Valuation £'000	Portfolio Weight %
Oil & Gas	0.9	2,302	434	(1,162)	1,574	0.7
Basic Materials	1.5	3,657	–	1,718	5,375	2.5
Industrials	40.2	97,507	597	(17,285)	80,819	37.8
Consumer Goods	5.9	14,290	3,641	(1,953)	15,978	7.5
Health Care	–	–	–	–	–	–
Consumer Services	26.8	64,954	(1,151)	(3,566)	60,237	28.2
Telecommunications	1.6	3,894	–	595	4,489	2.1
Utilities	0.7	1,799	–	(369)	1,430	0.7
Financials	18.1	44,018	3,164	(12,654)	34,528	16.2
Technology	4.3	10,546	(3,827)	2,432	9,151	4.3
	100.0	242,967	2,858	(32,244)	213,581	100.0

¹ Includes transaction costs.

FTSE Index Classification Exposure Analysis

Index Classification	← 30 June 2018 →			← 30 June 2019 →		
	Number of Companies	Portfolio Valuation £'000	Weight %	Number of Companies	Portfolio Valuation £'000	Weight %
FTSE 100	–	–	–	–	–	–
FTSE 250	21	82,867	34.1	21	86,681	40.6
FTSE SmallCap	39	134,208	55.3	34	99,871	46.7
FTSE Fledgling	3	4,881	2.0	4	4,632	2.2
Other	6	21,011	8.6	6	22,397	10.5
	69	242,967	100.0	65	213,581	100.0

The Strategic Report, contained on pages 1 to 17, has been approved by the Board of Directors on 29 July 2019 and signed on its behalf by:

Jonathan Cartwright
Chairman

Governance Report

Board of Directors

Jonathan Cartwright (Chairman)

Appointed: 19 April 2017

Shareholding in the Company: 30,764 Ordinary Shares and 13,030 ZDP Shares

Jonathan Cartwright is the Chairman of the Company and is a chartered accountant. He was the Chairman of Aberforth Geared Income Trust plc from 2010 to 2017 and is a former Finance Director of Caledonia Investments plc having retired in 2009. He joined Caledonia Investments plc, now one of the UK's largest investment trusts, in 1989 having previously held the role of financial controller at Hanson plc and qualifying as a chartered accountant with KPMG. He is a non-executive Director of Tennants Consolidated Limited, The Income & Growth VCT plc and Chairman of BlackRock Income & Growth Investment Trust plc.

Graeme Bissett

Appointed: 19 April 2017

Shareholding in the Company: 24,000 Ordinary Shares and 6,000 ZDP Shares

Graeme Bissett is chairman of the Audit Committee and is a chartered accountant. He was a senior partner of Arthur Andersen LLP, with responsibility for its corporate finance and audit practices in Scotland from 1990 to 1998. Graeme has previously served as non-executive chairman of Macfarlane Group plc. Graeme has also previously served as finance director of international groups and as a non executive director on a number of private company boards. Graeme is a non-executive director with Smart Metering Systems plc and his other current board appointments comprise Cruden Holdings Ltd and Anderson Strathern LLP. He is a Member of Court at the University of Glasgow, an independent non-executive member of the Joint Management Board of the Scotland Office, a department of the U.K. Government, a trustee of the Scottish Association of Citizens Advice Bureaux, and a non executive director of Entrepreneurial Scotland.

Dominic Fisher OBE

Appointed: 19 April 2017

Shareholding in the Company: 152,934 Ordinary Shares

Dominic Fisher is a member of the Audit Committee. He was a director of Aberforth Geared Income Trust plc from 2010 to 2017. He is the founder of Thistledown Investment Management Ltd and has worked as an investment manager since 1989. From 1992 to 2001 he worked for Mercury Asset Management (subsequently Merrill Lynch Investment Managers), heading the charities division responsible for management of £2.4 billion of funds and was a member of the smaller companies team.

Lesley Jackson

Appointed: 24 April 2019

Shareholding in the Company: Nil

Lesley Jackson is a chartered accountant, qualifying with KPMG. She was the Group Chief Financial Officer ('CFO') for Stock Spirits PLC from 2011 to 2018. She has previously served as the Group CFO for William Grant & Sons, and as Group CFO of United Breweries (an Indian listed public company). She is a non-executive Director of Trackwise Designs PLC and also serves as a Governor on the Federation of Victoria School and Cherry Oak School, special needs schools in South Birmingham.

Angus Gordon Lennox

Appointed: 19 April 2017

Shareholding in the Company: 419,738 Ordinary Shares

Angus Gordon Lennox is a member of the Audit Committee. He has an extensive knowledge of the investment industry with 23 years at Cazenove, latterly J.P. Morgan Cazenove, where he was a managing director and Head of the Investment Companies Department. He held this position until 2010 when he retired. Angus is also the executive chairman of two family businesses, Chairman of The Mercantile Investment Trust plc and senior independent director of Securities Trust of Scotland plc.

Graham Menzies

Appointed: 19 April 2017

Shareholding in the Company: 348,036 Ordinary Shares (Beneficial) and 62,835 (Non-beneficial)

Graham Menzies was a director of Aberforth Geared Income Trust plc from 2010 to 2017. He was group chief executive of Adwest Automotive plc until 1999 and group chief executive of Senior plc until 2008. He has been a non-executive director on several industrial company boards, including five public companies and four private companies.

Directors' Report

The Directors present their Annual Report and the audited financial statements for the year to 30 June 2019.

Directors

The Directors of the Company during the year to 30 June 2019 are listed on page 18. Further information about the Board can be found in the Corporate Governance Report, which forms part of this Directors' Report. It is the responsibility of the Board to ensure that there is effective stewardship of the Company's affairs. In common with the majority of investment trusts, the Company has neither executive directors nor any employees. However, the Board has engaged external firms to undertake the investment management, secretarial, depositary and custodial activities of the Company. Details of Directors' remuneration and shareholdings are shown within the Directors' Remuneration Report on pages 31 and 32.

Objective, Investment Policy, Investment Strategy, Risks and Dividend Policy

These are explained fully on pages 1, 4, 5 and 21.

Return and Dividends

The total return attributable to Ordinary Shareholders for the year to 30 June 2019 amounted to a loss of £25,432,000 (2018: gain of £12,947,000). As at 30 June 2019 the Net Asset Value per Ordinary Share was 86.70p (2018: 104.71p) and per ZDP Share was 106.63p (2018: 102.93p).

Your Board is pleased to declare a second interim dividend of 2.71p and a special dividend of 0.19p (total of £5,517,000), which produces total dividends for the year to 30 June 2019 of 4.35p (total of £8,276,000). The second interim dividend and the special dividend have an ex dividend date of 8 August 2019 and will be paid on 30 August 2019 to Ordinary Shareholders on the register at the close of business on 9 August 2019. The first interim dividend of 1.45p (total of £2,759,000) per Ordinary Share was paid on 7 March 2019.

Managers

Aberforth Partners LLP (the firm, Managers or Aberforth) act as Alternative Investment Fund Manager and Secretaries to the Company. Aberforth was established in 1990 to provide institutional and wholesale investors with a high level of resources focused exclusively on small UK quoted companies. Since then funds under management have grown to £2.1 billion (as at 30 June 2019). The firm is wholly owned by six partners, five of whom are investment managers. The investment managers work as a team managing the Company's portfolio on a collegiate basis.

These services can be terminated by either party at any time by giving six months' notice of termination. Compensation would be payable in respect of this six month period only if termination were to occur sooner. Aberforth receives a management fee, calculated and payable quarterly in advance, equal to 0.1875% of the Company's Total Assets at the end of the quarter preceding that to which the fee relates. Assuming a constant level of Total Assets, this would be equivalent to 0.75% of Total Assets over the course of a year. The management fee amounted to £1,690,000 (2018: £1,797,000) in the year to 30 June 2019.

The Board reviews the Company's investment management and secretarial arrangements on an on-going basis and formally at its July meeting, where each Director completes a Managers' Evaluation questionnaire. The Board then considers the results of the questionnaire and discusses the following matters, amongst others, in its review.

- investment performance in relation to the investment objective, policy and strategy
- the continuity and quality of personnel managing the assets
- the level of the management fee
- the quality of reporting to the Board
- the administrative services provided by the Secretaries
- the frequency and quality of both verbal and written communications with Shareholders

Following the most recent review, the Board has formed the view that the continued appointment of Aberforth as Manager on the terms agreed is in the best interests of Shareholders.

Depositary

NatWest Trustee & Depositary Services Limited carries out the duties of Depositary as specified in the Alternative Investment Fund Managers (AIFM) Directive in relation to the Company, including:

- holding or controlling all assets of the Company that are entrusted to it for safekeeping;
- cash monitoring and verifying the Company's cash flows; and
- oversight of the Company and the Managers.

Directors' Report

In carrying out such duties, the Depositary acts in the best interests of the Shareholders of the Company. The Depositary is contractually liable to the Company for the loss of any securities entrusted to it. The Depositary is also liable to the Company for all other losses suffered as a result of the Depositary's fraud, negligence and/or failure to fulfil its duties properly.

The Depositary receives an annual fee, payable quarterly in arrears, of 0.0085% of the net assets of the Company and its appointment may be terminated at any time by giving at least six months' notice. A Depositary may only be removed from office when a new Depositary is appointed by the Company.

Company Status

The Company is registered as a public limited company and is an investment company as defined by Section 833 of the Companies Act 2006. The Directors are of the opinion that the Company has conducted its affairs during the year to 30 June 2019 so as to maintain approval as an Investment Trust under section 1158 of the Corporation Tax Act 2010.

The Company has share capital consisting of Ordinary Shares and ZDP Shares. The Company is listed and its two share classes trade on the London Stock Exchange. Furthermore the Company is subject to the laws and regulations relating to UK listed companies. The Company is a member of the Association of Investment Companies (AIC).

Capital Structure

The Company has two classes of Shares. At 30 June 2019 the Company's share capital consisted of Ordinary Shares, of which 190,250,000 were issued, allotted and fully paid and, ZDP Shares, of which 47,562,500 were issued, allotted and fully paid. The Ordinary Shares represent 80% of the Company's issued share capital and the ZDP Shares represent 20% of the Company's issued share capital. No Shares were held in treasury as at 30 June 2019.

Ordinary Shares

Ordinary Shareholders are entitled to the net assets of the Company on a winding-up, after all liabilities of the Company have been settled and the entitlements of the ZDP Shares have been met. In addition, Ordinary Shareholders will be entitled on a winding-up to receive any undistributed revenue reserves of the Company, which will be paid in the form of a pre-liquidation dividend or during the course of the liquidation, subject to all creditors of the Company having been paid out in full and even if the cover on the ZDP Shares is at the time less than one. The Company's capital structure is such that the underlying value of assets attributable to the Ordinary Shares will be geared by the rising capital entitlements of the ZDP Shares. Accordingly, the Ordinary Shares should be regarded as carrying above average risk.

Zero Dividend Preference Shares

The ZDP Shares were issued with a targeted final capital entitlement of 127.25p per ZDP Share on the planned winding-up date of 1 July 2024. This represents a redemption yield of 3.5% per annum over the life of the ZDP Shares, based on the issue price of 100p at inception on 30 June 2017. Under current legislation, the increase from the issue price of 100p to 127.25p per ZDP Share will generally be treated as a capital gain for UK tax purposes. The holders of ZDP Shares are not entitled to receive dividend payments. ZDP Shares have been recorded as a liability in the Company's Balance Sheet.

Investment Trust Status

The Company is exempt from corporation tax on capital profits, provided it qualifies as an Investment Trust. In respect of the year to 30 June 2019, the main qualifying requirements included:

- the Company must invest in shares, land or other assets with the aim of spreading investment risk and giving members of the Company the benefit of the results of the management of its funds;
- the Company's Shares are listed on a regulated market such as the London Stock Exchange;
- the Company must not retain in respect of each accounting period more than 15% of its total income (for tax purposes); and
- the Company must not be a close company.

The Company has been approved by HM Revenue & Customs as an Investment Trust for accounting periods commencing on or after 3 July 2017 subject to the Company continuing to meet the eligibility conditions. The Company intends to continue to conduct its affairs as an Investment Trust.

Duration of the Company

The Company has a planned life lasting until 1 July 2024. The Directors are required by the Company's Articles of Association to convene a general meeting of the Company on, or within the three months prior to 1 July 2024, at which a special resolution will be proposed to wind up the Company voluntarily by not later than the planned winding-up date. As these arrangements are designed to ensure that the ZDP Shareholders will be entitled to realise their investment, weighted voting provisions shall apply so as to ensure that this resolution will be passed if any Shareholder votes in favour. However, before this date, the Directors will examine means whereby holders of Ordinary Shares may effectively continue their investment while allowing the ZDP Shareholders to realise their investment. The Directors may be released from the obligation to call a general meeting if a special resolution has been passed to that effect not later than 1 July 2024.

Directors' Report

Overdraft facility

The Company has a £2 million overdraft facility with Handelsbanken, which is subject to an annual review. The interest rate applying to overdrawn balances is 1.5% over the UK Base Rate. In addition an arrangement fee of £15,000 was incurred in respect of the facility. During the year to 30 June 2019 the highest utilisation of the overdraft facility was £1.2 million.

Dividend Policy

The Company's dividend policy is to distribute a significant proportion of its net revenue (after payment of expenses and taxation) in the form of dividends to Ordinary Shareholders. As an investment trust the Company must not retain in respect of any accounting period an amount which is greater than 15 per cent of its income for such accounting period. Ordinary Shareholders are entitled to receive all such dividends. The holders of the ZDP Shares are not entitled to receive dividend payments. The Company's dividend policy is to pay two dividends in respect of each financial year: a first interim dividend is paid in February/March and a second interim dividend is paid in August/September. A second interim dividend is paid rather than a final dividend in order to expedite the disbursement for the benefit of Ordinary Shareholders.

Going Concern

The Audit Committee has undertaken and documented an assessment of whether it is appropriate for the Company to adopt the going concern basis of accounting. The Committee reported the results of its assessment to the Board.

The Company's business activities, capital structure and borrowing facility, together with the factors likely to affect its development and performance, are set out in the Strategic Report. In addition, the Annual Report includes the Company's objectives, policies and processes for managing its capital, its financial risk, details of its financial instruments and its exposures to credit risk and liquidity risk. The Company's assets comprise mainly readily realisable equity securities, which, if necessary, can be sold to meet any funding requirements, though funding flexibility can typically be achieved through the use of the bank overdraft facility. The Company has adequate financial resources to enable it to meet its day-to-day working capital requirements.

In summary and taking into consideration all available information, the Directors have concluded it is appropriate to prepare the financial statements on a going concern basis.

Voting Rights of Shareholders

Ordinary Shareholders have the right to receive notice of, to attend and to vote at general meetings of the Company. Each Ordinary Shareholder has one vote on a show of hands and, on a poll, one vote for every Ordinary Share held. The right of Ordinary Shareholders to vote on certain resolutions on the winding-up, reconstruction or reorganisation of the Company is subject to the restrictions set out in the Articles. Votes are required to be lodged with the Company's Registrar 48 hours before a meeting (excluding non-working days). The holders of ZDP Shares do not have the right to receive notice of any general meeting of the Company or to attend or vote at any such meeting except in respect of any resolution: (i) to vary the special rights or privileges attached to the ZDP Shares; (ii) to wind up the Company. Their separate approval as a class will be required for certain proposals that would be likely to affect their position materially. The Board is pleased to offer electronic proxy voting, including CREST voting capabilities. Further details can be found in the Notice of the AGM.

Notifiable Share Interests

The Board has received notifications of the following interests in 3% or more of the total voting rights of the Company as at 30 June 2019 and at 29 July 2019. The percentage calculation is based on the total voting rights of 190,250,000 Ordinary Shares.

Notified interests	Percentage of Voting Rights Held
Brompton Asset Management LLP	8.3%
Artemis Investment Management LLP	7.6%
Courtiers Asset Management	6.2%
Brooks Macdonald Asset Management Ltd	5.5%
Mr Alistair Whyte	4.0%
Mr David Ross	3.8%

Annual General Meeting

The AGM will be held at 14 Melville Street, Edinburgh EH3 7NS at 11.00 a.m. on 24 October 2019. The Notice of the Meeting and explanatory notes are set out on pages 58 to 59 of the Annual Report and Financial Statements.

The Directors consider each resolution being proposed at the AGM to be in the best interests of Shareholders as a whole and they unanimously recommend that all Shareholders vote in favour of them, as they intend to do in respect of their own beneficial shareholdings.

Directors' Report

Additional information in respect of the Companies Act 2006

The following information is disclosed in accordance with Section 992 of the Companies Act 2006.

- The Company's capital structure and voting rights are summarised on pages 20 to 21.
- Details of the substantial Ordinary Shareholders in the Company are listed on page 21.
- The rules concerning the appointment and replacement of Directors are contained in the Company's Articles of Association and the Board's policy is set out on page 24.
- Amendment of the Company's Articles of Association and powers to issue on a non pre-emptive basis or buy back the Company's Shares require a special resolution to be passed by Shareholders.
- There are no restrictions concerning the transfer of securities in the Company; no special rights with regard to control attached to securities; no agreements between holders of securities regarding their transfer known to the Company; and no agreements to which the Company is party that might affect its control following a takeover bid.
- There are no agreements between the Company and its Directors concerning compensation for loss of office.

Greenhouse Gas Emissions

As the Board has engaged external firms to undertake the principal operational activities of the Company, the Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions-producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

Bribery Act 2010

The Company does not tolerate bribery and is committed to carrying out business fairly, honestly and openly. Aberforth, the Company's Managers, have confirmed that they have anti-bribery policies and procedures in place and they do not tolerate bribery.

Modern Slavery Statement

The Company is not within scope of the Modern Slavery Act 2015 because it has no or insufficient turnover and is not obliged to make a human trafficking statement.

Criminal Finances Act 2017

The Company does not tolerate the criminal facilitation of tax evasion.

Post Balance Sheet Events

Since 30 June 2019 there are no post balance sheet events which would require adjustment of or disclosure in the financial statements.

Independent Auditor

Deloitte LLP has expressed its willingness to be re-appointed as Auditor and a resolution proposing its re-appointment will be put to the forthcoming Annual General Meeting.

Disclosure of Information to Auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditor is unaware; and each Director has taken all steps that they ought to have taken as a Director to make themselves aware of any relevant audit information, and to establish that the Company's Auditor is aware of that information.

Future Developments

The future success of the Company is dependent primarily on the performance of its investments. Although the Company invests in companies that are listed or quoted in the United Kingdom, the underlying businesses of those companies are affected by various economic factors, many of an international nature. The Board's intention is that the Company will continue to pursue its investment objective and the stated investment strategy and policy.

By Order of the Board
Jonathan Cartwright
Chairman
29 July 2019

Corporate Governance Report

Introduction

The Board is committed to maintaining and demonstrating high standards of corporate governance. The Board has considered the principles and recommendations of the 2016 AIC Code of Corporate Governance (the AIC Code) as set out in the AIC Corporate Governance Guide for Investment Companies (AIC Guide). The AIC Code addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to investment trusts. The Board considers that reporting in accordance with the principles and recommendations of the AIC Code provides more relevant and comprehensive information to Shareholders. Both the AIC Code and the AIC Guide are available on the AIC website at www.theaic.co.uk. In February 2019, the AIC issued an updated version of its Code of Governance, which is applicable for the year to 30 June 2020. This report forms part of the Directors' Report on pages 19 to 22.

Compliance

Throughout the year to 30 June 2019 the Company complied with the recommendations of the AIC Code except, as explained below, where the Board does not believe it appropriate to comply.

- The Board, being small in size and composed entirely of independent non-executive Directors, has not appointed a Remuneration or a Nomination Committee. Directors' fees and the appointment of new Directors are considered by the Board as a whole.
- The Board has decided not to nominate a Deputy Chairman or a Senior Independent Director, although the Chairman of the Audit Committee fulfils this role when necessary, for example in taking the lead in the annual evaluation of the Chairman.

The UK Corporate Governance Code includes provisions relating to the role of the chief executive, executive Directors' remuneration and the need for an internal audit function. For reasons set out in the AIC Guide, the Board considers these provisions are not relevant to the Company as it is an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive Directors, employees or internal operations. The Company has therefore not reported further in respect of these provisions.

The Board

The Board is responsible for the effective stewardship of the Company's affairs. Strategic issues and all operational matters of a material nature are considered at its meetings. The Board comprises six non-executive Directors, of whom Jonathan Cartwright is Chairman. The Board has engaged external firms to provide investment management, secretarial, depositary and custodial services. Contractual arrangements are in place between the Company and these firms.

The Board carefully considers the various guidelines for determining the independence of non-executive Directors, placing particular weight on the view that independence is evidenced by an individual being independent of mind, character and judgement. An individual may therefore be considered to be independent even though the length of service may exceed nine years. No limit on the overall length of service of any of the Directors has therefore been imposed. All Directors are presently considered to be independent. All Directors retire at the AGM each year and, if appropriate, seek re-election. Each Director has signed a letter of appointment to formalise the terms of their engagement as a non-executive Director, copies of which are available on request and at the AGM.

Meetings

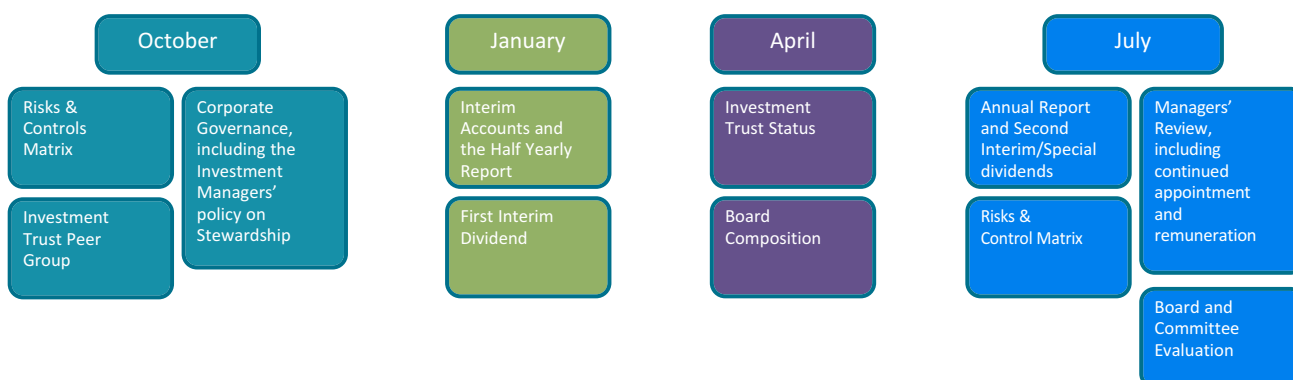
The Board meets at least quarterly to review the overall business of the Company and to consider the matters specifically reserved for it. Detailed information is provided by the Managers and Secretaries for these meetings and additionally at regular intervals to enable the Directors to monitor compliance with the investment objective and the Company's investment performance and review its investment universe. Other matters reviewed by the Directors include:

- the stockmarket environment;
- the Company's investment activity over the quarter relative to its investment policy;
- performance in relation to comparable investment trusts;
- the revenue account, balance sheet and gearing position;
- share price discount;
- Shareholder register (including significant changes);
- regulatory matters; and
- relevant industry issues.

Corporate Governance Report

Annual Plan

The following highlights various additional matters considered by the Board during the reporting period:



The following table sets out the Directors of the Company during the financial period, together with the number of Board and Committee meetings held and the number of meetings attended by each Director (whilst a Director or Committee member).

Director	Board		Audit Committee	
	Eligible to attend	Attended	Eligible to attend	Attended
Jonathan Cartwright, Chairman	4	4	–	–
Graeme Bissett	4	4	3	3
Dominic Fisher	4	4	3	3
Lesley Jackson	1	1	–	–
Angus Gordon Lennox	4	4	3	3
Graham Menzies	4	4	–	–

Appointments to the Board

The Board regularly reviews its composition, having regard to the Board's structure and to the present and future needs of the Company. The Board takes into account its diversity, the balance of expertise and skills brought by individual Directors, and length of service, where continuity and experience can add significantly to the strength of the Board. The Board has not yet set diversity targets or a formal policy but it does recognise diversity as described on page 7.

The Board as a whole considered the appointment of a new Director and external search consultants, Nurole Limited, were appointed to conduct a full search. All Board members participated in meetings with a shortlist of candidates and the process concluded with Lesley Jackson being appointed a Director on 24 April 2019. Her biography is on page 18 and she will stand for election at the AGM on 24 October 2019.

It is intended that Angus Gordon Lennox will be appointed as Chairman at the close of the AGM following the retirement of Jonathan Cartwright from the Board.

Board performance and election of Directors

The Board undertakes a formal annual assessment of its collective performance on a range of issues including the Board's role, processes and interaction with the Managers. This review of the Board and the Audit Committee was conducted by way of an evaluation questionnaire, the results of which were summarised and discussed in July 2019, providing valuable feedback for improving Board effectiveness and highlighting areas for further development. The appraisal of the Chairman was led by the Chairman of the Audit Committee. It is the Board's intention to utilise external facilitators to conduct the evaluation of the Board every three years.

In line with the Board's policy all Directors, with the exception of the retiring Jonathan Cartwright, being eligible, offer themselves for election at the forthcoming AGM. The Board believes that each Director continues to be effective, bringing a wealth of knowledge and experience to the Board, and the Chairman recommends their election to Shareholders.

Corporate Governance Report

Directors' and Officers' Liability Insurance

The Company maintains appropriate insurance cover in respect of legal action against its Directors. The Company has also entered into qualifying third party deeds of indemnity with each Director to cover any liabilities that may arise to a third party, other than the Company, for negligence, default or breach of trust or duty. The deeds were in force during the year to 30 June 2019 and up to the date of approval of this report. The Directors are not indemnified in respect of liabilities to the Company or costs incurred in connection with criminal proceedings in which the Director is convicted or required to pay any regulatory or criminal fines.

Training and Advice

New Directors are provided with an induction programme that is tailored to the particular requirements of the appointee. Thereafter regular briefings are provided on regulatory developments that affect the Company. Directors are also encouraged to attend industry and other seminars. Directors, in the furtherance of their duties, may also seek independent professional advice at the expense of the Company. No Director took such advice during the financial year under review.

All Directors have access to the advice and services of the Company's Secretaries, Aberforth Partners LLP, who are responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Secretaries are also responsible for advising the Board through the Chairman on all governance matters.

Conflicts of Interest

Company directors have a statutory obligation to avoid a situation in which they (and connected persons) have, or can have, a direct or indirect interest that conflicts, or may possibly conflict, with the interests of the Company. The Board has in place procedures for managing any actual or potential conflicts of interest. No conflicts of interest arose during the year under review.

Risk Management and Internal Control

The Board has overall responsibility for the Company's risk management and internal control systems and for reviewing their effectiveness. The Company applies the guidance published by the Financial Reporting Council on internal controls. Internal control systems are designed to manage, rather than eliminate, the risk of failure to achieve the business objective and can provide only reasonable and not absolute assurance against material misstatement or loss. These controls aim to ensure that the assets of the Company are safeguarded, that proper accounting records are maintained and that the Company's financial information is reliable. The Directors have a robust process for identifying, evaluating and managing the significant risks faced by the Company, which are recorded in a risk matrix. The Board considers each risk as well as reviewing the mitigating controls in place. Each risk is rated for its "likelihood" and "impact" and the resultant numerical rating determines its ranking into High, Medium or Low Risk. The principal risks faced by the Company and the Board's approach to managing these are set on page 5. This process was in operation during the reporting period and continues in place up to the date of this report. It principally involves the Audit Committee receiving and examining regular reports from the main service providers. The Board then receives a detailed report from the Audit Committee on its findings. The Directors have not identified any significant failures or weaknesses in respect of the Company's internal control systems.

Communications with Shareholders

The Board places great importance on communication with Shareholders. Directors of the Company are available to meet with any Shareholder on request. The Managers meet the larger Shareholders twice a year to provide them with a detailed report on the progress of the Company and to receive feedback. The Board receives reports from the Managers of these Shareholder meetings. The Directors may be contacted via the Secretaries whose details are shown on the Corporate Information page or through the Chairman's email address, jonathan.cartwright@aberforth.co.uk.

Shareholders have the opportunity to attend the AGM where the Directors and Managers are available to discuss important issues affecting the Company. Proxy voting figures are announced at the AGM and are available via the Managers' website shortly thereafter. In addition to the annual and half yearly reports, daily Net Asset Values, monthly factsheets and other relevant information are published at www.aberforth.co.uk.

Socially Responsible Investment

The Directors, through the Managers, encourage investee companies to adhere to best practice in the area of Corporate Governance and Socially Responsible Investment (SRI). The Managers believe that sound social, environmental and ethical policies make good business sense and take these issues into account when investment decisions are taken. However, the Managers do not exclude companies from their investment universe purely on grounds of social, environmental and ethical concerns. Instead, the Managers adopt a positive approach whereby such matters are discussed with management with the aim of improving procedures, attitudes and valuation.

Corporate Governance Report

UK Stewardship Code

The Board and the Managers support the UK Stewardship Code, issued by the FRC, which sets out the principles of effective stewardship by institutional investors. The Company's investment portfolio is managed by Aberforth who invest exclusively in small UK quoted companies and, as a significant investor within this asset class, the Managers have a strong commitment to effective stewardship.

The Board has reviewed, and endorses, the Managers' Stewardship Policy, which is available within the literature library section of the Managers' website, at www.aberforth.co.uk.

Voting Policy

The Board has given discretionary voting powers to the Managers to exercise the voting rights on every resolution that is put to shareholders of the companies in which the Company is invested. The Managers vote against resolutions that they believe may damage shareholders' rights or economic interests and under normal circumstances these concerns would have been raised with directors of the company concerned. The Board receives quarterly reports from the Managers on governance issues (including voting) pertaining to investee companies.

By Order of the Board
Jonathan Cartwright
Chairman
29 July 2019

Audit Committee Report

The Committee members are all independent non-executive directors who have been selected by the Board to fulfil the Committee’s duties based upon their range of financial and commercial expertise. They are Graeme Bissett (Chairman), Dominic Fisher and Angus Gordon Lennox. The members’ biographies can be found on page 18.

Objective

The main objective of the Committee is to provide assurance to the Board as to the effectiveness of the Company’s internal controls and the integrity of its financial records and externally published results. In doing so, the Committee operates within terms of reference that have been agreed by the Board. These are reviewed annually and are available upon request. They will also be available for inspection at the AGM.

Principal Responsibilities

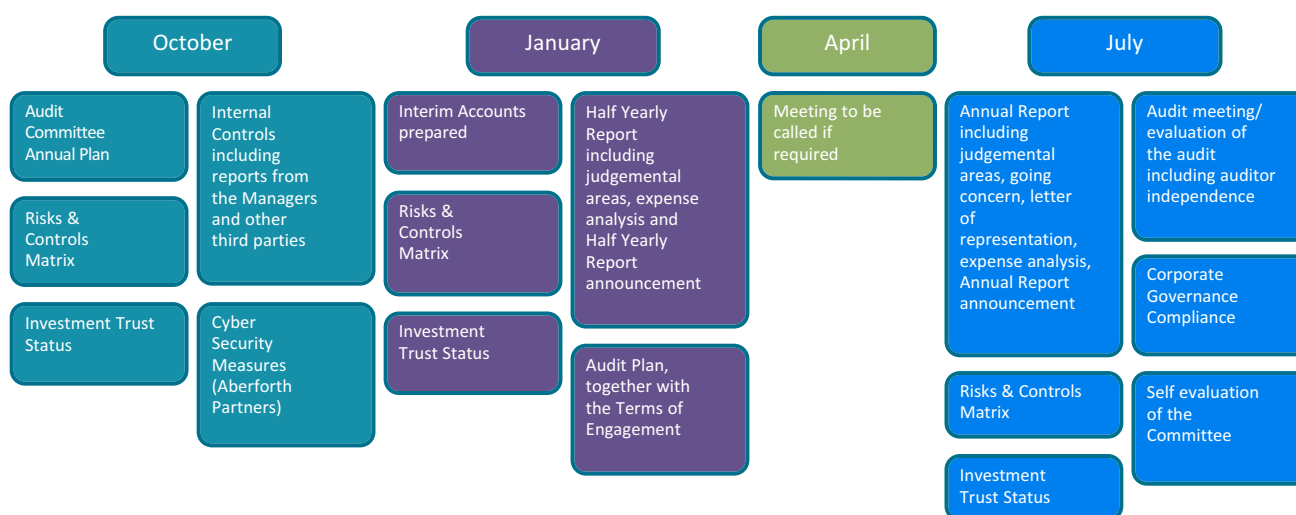
The Committee has been given the following principal responsibilities:

- reviewing the Company’s financial statements, the accounting policies adopted and judgemental areas;
- ensuring that the Annual Report, taken as a whole, is fair, balanced and understandable;
- agreeing the external Auditor’s terms of appointment, determining the independence and objectivity of the Auditor and assessing the effectiveness of the audit;
- considering whether it is appropriate for certain non-audit services to be carried out by the Auditor;
- reviewing the effectiveness of the Company’s internal control and risk management systems and monitoring the mitigating controls that have been established; and
- monitoring compliance with the relevant statutory, regulatory and taxation requirements for a UK based investment trust that is listed on the London Stock Exchange.

The Chairman reports formally to the Board on the Committee’s proceedings after each meeting.

Audit Committee Annual Plan

To assist with the various duties of the Committee, a Meeting Plan has been adopted which is reviewed annually.



Meetings

Three meetings are usually held each year. Representatives of Aberforth, who provide the Company with secretarial services, attended all of the meetings. Deloitte LLP (Deloitte), the external auditor, attended the meeting in July.

Audit Committee Report

During the last reporting period the Committee focused on the areas described below.

Matter Considered and Action taken by the Committee	
<p><i>Financial Reporting</i></p> <p>The Committee's business in January 2019 was focused on the preparation and content of the Interim Accounts & Half Yearly Report, together with other aspects such as going concern, including supporting documentation from the Secretaries. Preparation of the Interim Accounts to 31 December 2018 was required under the Companies Act 2006 to support the payment of the first interim dividend. The 2018 Half Yearly Report was published on 24 January 2019 and was unaudited, as is customary for half yearly reports of investment trusts.</p> <p>In July 2019, the Committee received a report and supporting presentation from the external Auditor on its audit of the Annual Report and financial statements for the year to 30 June 2019. This included details of the steps taken by the Auditor to confirm the valuation and ownership of the investment portfolio and recognition of income. Their report also focused on Alternative Performance Measures and the appropriate disclosures. In addition, the Secretaries reported on the preparation of the financial results and other relevant matters. The Committee considered these reports in detail and its conclusions were further supported by the risk and controls reviews discussed below. The Chairman of the Committee had previously discussed the outcome of the audit process and the Annual Report with the audit partner without representatives of the Managers being present. As part of its review of the financial statements, the Committee considered the following significant issues.</p>	
<i>Significant Issue</i>	<i>How the issue was addressed</i>
Ownership and valuation of the investment portfolio as at 30 June 2019	<i>The Committee reviewed the Managers' control framework which includes controls over valuation and ownership of investments. The appointed Depositary is responsible for holding and controlling all assets of the Company entrusted for safekeeping. Ownership of investments is verified through reconciliations by the Managers to Custodian records. The Committee has reviewed internal control reports from the Company's Custodian. The valuation of the portfolio is undertaken in accordance with the accounting policy for investments as stated in Note 1 to the financial statements.</i>
Revenue recognition including dividend completeness and the accounting treatment of special dividends	<i>The Committee reviewed the Managers' control framework which includes controls over revenue recognition. The Committee reviewed actual and forecast revenue entitlement at each meeting. The accounting treatment of all special dividends is reviewed by the Committee and the external Auditor.</i>
Investment Trust Status	<i>The Committee confirmed the position of the Company in respect of compliance with investment trust status at each meeting with reference to a checklist prepared by the Secretaries. The position is also confirmed by the external Auditor as part of the audit process.</i>
Calculation of management fees	<i>The Committee reviewed the Managers' control framework, which includes controls over expenses, including management fees. The Committee reviewed management fees payable to the Manager. The external Auditor independently recalculated the management fees as part of the audit and no exceptions have been reported.</i>
Alternative Performance Measures (APMs)	<i>The Committee considered and discussed with the external Auditor the disclosure of APMs in the Annual Report, including the additional information on these contained in the Glossary.</i>
<p>The Committee read and discussed this Annual Report and concluded that, taken as a whole, it is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's performance, investment objective and strategy. As a result, the Committee agreed that it would recommend to the Board that the Annual Report be approved for publication.</p>	
<p><i>Going Concern and Viability Statement</i></p> <p>The Committee received reports on going concern from the Secretaries in January and July, reflecting the guidance published by the Financial Reporting Council. The content of the investment portfolio, trading activity and portfolio diversification were also discussed. After due consideration, the Committee concluded it was appropriate to prepare the Company's accounts on a going concern basis and made this recommendation to the Board. The relatively high level of liquidity of the portfolio was the main factor that led to this conclusion.</p> <p>The Committee also assessed the viability of the Company including, in July 2019, a series of stress tests that considered the impact of severe market downturn scenarios on Shareholders' funds and investment income and the impact of losing investment trust status. The Committee concluded that it was appropriate to provide a Viability Statement for a five year period for the reasons set out in the Statement on page 6 and recommended adoption of the Viability Statement to the Board.</p>	

Audit Committee Report

Matter Considered and Action taken by the Committee

Principal Risks and Controls, together with Cyber Security

The Committee carefully considered a matrix of the Company's principal risks and the mitigating controls at each meeting. In October 2018 the risks and controls were addressed in more detail. The Committee further enhanced the content of the matrix during the reporting period and believes that it continues to reflect accurately the Company's principal risks. These risks, which are detailed on page 5 of this Report have not changed significantly during the year.

Also in October 2018 the Committee received the Managers' report on internal controls, including an assurance report issued by PricewaterhouseCoopers LLP (PwC) on the nature and effectiveness of the control framework that has been established by the Managers. A representative of PwC attended the meeting. In addition, the Committee received internal control reports from the custodian, Northern Trust, and the registrar, Link Asset Services. The Committee reviewed these reports, including the independent audit opinions thereon, and concluded that there were no significant control weaknesses or other issues that needed to be brought to the Board's attention.

The Committee continues to monitor closely the increasing risk arising from cyber threats. In October 2018, the Committee received presentations from Aberforth and their external service provider for cyber security, covering the measures that are in place to protect the Managers' systems and the Company information that these systems contain. The Committee noted the assurances that have been given about the effectiveness of control measures. It concluded that, although cyber-attack represents an increasing threat to companies and public bodies worldwide, the Company has taken all reasonable steps to ensure that appropriate protection measures are in place. Nevertheless, this threat will continue to be monitored closely.

The Committee also discussed whether there was a need for a dedicated internal audit function. It concluded that, as the Company has no employees and sub-contracts its principal operations to third party suppliers who are able to demonstrate the effectiveness of their own internal control procedures, an internal audit function is not necessary.

External Audit, Audit Planning and Audit Fees

Deloitte was appointed as the Company's auditor upon launch of the Company following a tender process. Based upon existing legislation, another tender process would not be required until 2027; however, under the Company's Articles, the Company's planned winding-up date is 1 July 2024. The Company is therefore in compliance with the provisions of "The Statutory Audit Services for Large Companies Market Investigation" (Mandatory use of competitive tender processes and audit committee responsibilities) Order 2014 as issued by the Competition & Markets Authority.

The external audit partner from Deloitte presented the detailed audit plan to the Committee in October in advance of the audit of the 2019 Annual Report. The plan set out the scope of the audit, the principal risks that would be addressed (as detailed in the Independent Auditor's Report), the timetable and the proposed fees. These amounted to £28,080, including VAT, in respect of the Annual Report. There were no non-audit activities carried out by Deloitte.

Evaluation of the Auditor

Following the completion of the audit in July 2019, the Committee reviewed the Auditor's effectiveness. The Committee acknowledged that the audit team comprised staff with appropriate levels of knowledge and experience. The Committee noted positive feedback from the Secretaries on Deloitte's performance of the audit.

Taking these factors into account, the Committee is satisfied that the external audit was carried out effectively. It has therefore recommended the re-appointment of Deloitte as the Company's auditor for the 2019/20 financial year. The Board has given its support and a proposal will be put to Shareholders at the forthcoming AGM.

Committee Evaluation

A formal internal review of the Committee's effectiveness, using an online evaluation questionnaire, was undertaken during the year. The outcome was positive with no significant concerns expressed. It is the intention of the Board to utilise external facilitators to conduct the evaluation of the Committee's effectiveness every three years.

Graeme Bissett
Audit Committee Chairman
29 July 2019

Directors' Remuneration Policy

This section provides details of the remuneration policy applying to the Directors of the Company. All Directors are non-executive, appointed under the terms of letters of appointment and none has a service contract. The Company has no employees. The Board has prepared this report in accordance with the requirements of the Companies Act 2006.

This policy was approved by Shareholders at the AGM held in October 2018. The policy provisions continue to apply until they are next put to Shareholders for approval, which must be at intervals not exceeding three years. This Policy, together with the Directors' letters of appointment, may be inspected at the Company's registered office.

The Board considers and determines all matters relating to the Directors' remuneration at the beginning of each financial year. A Remuneration Committee has not been formed as all of the Directors are non-executive and considered independent.

Company's Policy on Directors' Remuneration

The Company's policy is that the remuneration of the Directors should be commensurate with the duties and responsibilities of the role and consistent with the requirement to attract and retain Directors of appropriate quality and experience. No Shareholder has expressed any views to the Company in respect of Directors' remuneration. Remuneration Policy is not subject to employee consultation as the Company has no employees. It is intended that this policy will remain in place for the following financial year and subsequent periods.

The Board, at its discretion, will determine Directors' remuneration subject to the aggregate annual fee limit set out in the Company's Articles of Association. The present limit is £200,000 per annum and this may not be changed without seeking Shareholder approval. Such remuneration solely comprised Directors' fees as set out below and Directors are not eligible for any other remuneration.

The table below sets out the annual fees paid to Directors in respect of the year to 30 June 2019 and the fees payable in respect of the year to 30 June 2020. The fees payable to Directors in subsequent financial periods will be determined following an annual review.

	Annual Fees Year to 30 June 2019 £	Annual Fees Year to 30 June 2020 £
Chairman of the Company	30,700	31,350
Director and Chairman of the Audit Committee	28,250	28,850
Director and Member of the Audit Committee	25,250	25,800
Director	24,000	24,500

Loss of Office

A Director may be removed without notice and no compensation will be due on loss of office.

Expenses

All Directors are entitled to the reimbursement of expenses paid by them in order to perform their duties as a Director of the Company.

Review of the Remuneration Policy

The Board has agreed to review the above policy at least annually to ensure that it remains appropriate.

Directors' Remuneration Report

Introduction

The Board presents the Directors' Remuneration Report for the year to 30 June 2019, which has been prepared in accordance with the requirements of the Companies Act 2006. An ordinary resolution for the approval of this report will be put to Shareholders at the forthcoming Annual General Meeting. The remuneration policy, which is subject to a triennial vote by Shareholders, is set out on page 30. The law requires the Company's Auditor to audit certain elements of this report and these elements are described below as "Audited". The Auditor's opinion is included in the Independent Auditor's Report on page 34.

Directors' Letters of Appointment

In accordance with the Board's policy, all Directors retire at the Annual General Meeting each year and, if appropriate, seek re-election. Accordingly, each Director has entered into a letter of appointment with the Company for an initial period to the date of the first Annual General Meeting following appointment. Subject to election/re-election by Shareholders at the Annual General Meeting and agreement by the Board, the appointment is renewed for a further period to the date of the subsequent Annual General Meeting.

The terms also provide that a Director may be removed without notice and that no compensation will be due on loss of office. The terms and conditions of appointment of Directors are available for inspection on request at the office of Aberforth Partners LLP during normal business hours and at the registered office of the Company.

The following Directors held office during the year:

Director	Date of Appointment	Date of election/re-election
Jonathan Cartwright, <i>Chairman</i>	19 April 2017	n/a
Graeme Bissett	19 April 2017	AGM 2019
Dominic Fisher	19 April 2017	AGM 2019
Angus Gordon Lennox	19 April 2017	AGM 2019
Graham Menzies	19 April 2017	AGM 2019
Lesley Jackson	24 April 2019	AGM 2019

Directors' Fees (Audited)

The emoluments of the Directors who served in the year from 1 July 2018 to 30 June 2019 were as follows:

Director	Fees 1 July 2018 to 30 June 2019 £	Fees 19 April 2017 to 30 June 2018 £
Jonathan Cartwright, Chairman	30,700	35,760
Graeme Bissett, Chairman of the Audit Committee	28,250	32,880
Dominic Fisher	25,250	29,400
Angus Gordon Lennox	25,250	29,400
Graham Menzies	24,000	27,960
Lesley Jackson (appointed 24 April 2019)	4,471	–
	137,921	155,400

Directors are remunerated exclusively by fixed fees and do not receive bonuses, share options, pension contributions or other benefits apart from the reimbursement of allowable expenses.

The following table shows the remuneration of the Directors in relation to distributions to Shareholders by way of dividends:

	Year to 30 June 2019 £'000	Period to 30 June 2018 £'000	Absolute Change £'000
Total Directors' remuneration	138	155	(17)
Total dividends in respect of that period	8,275	8,752	(477)

Directors' Remuneration Report

Statement of Directors' Shareholdings and Share Interests (Audited)

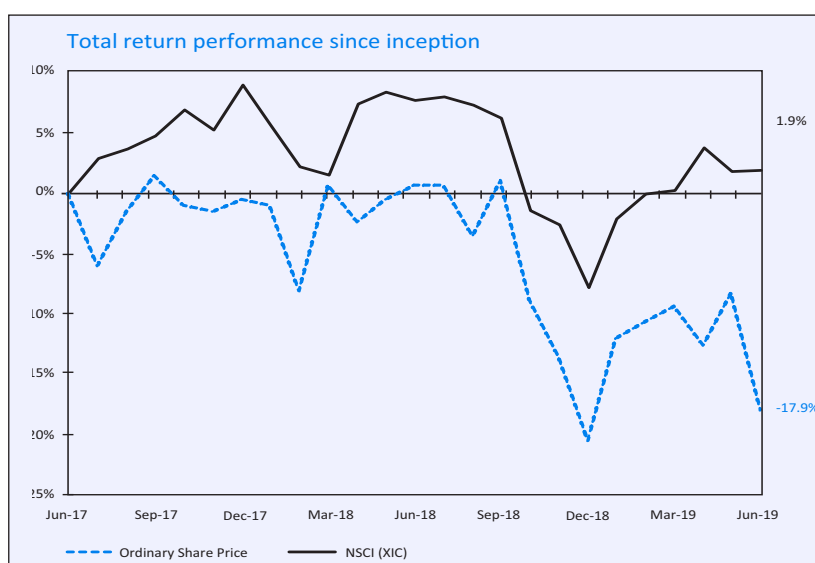
The Directors who held office at any time during the year to 30 June 2019 and their interests (in respect of which transactions are notifiable to the Company) in the Shares of the Company as at 30 June 2019 were as follows:

Directors	Nature of Interest	Share Class	30 June 2019	30 June 2018
Jonathan Cartwright	Beneficial	Ordinary Shares	30,764	30,764
	Beneficial	ZDP Shares	13,030	13,030
Graeme Bissett	Beneficial	Ordinary Shares	24,000	24,000
	Beneficial	ZDP Shares	6,000	6,000
Dominic Fisher	Beneficial	Ordinary Shares	152,934	152,934
Lesley Jackson	–	–	–	–
Angus Gordon Lennox	Beneficial	Ordinary Shares	419,738	419,738
Graham Menzies	Beneficial	Ordinary Shares	348,036	348,036
	Non-beneficial	Ordinary Shares	62,835	99,311

There has been no change in the beneficial or non-beneficial holdings of the Directors between 30 June 2019 and 29 July 2019. The Company has no share options or share schemes. Directors are not required to own Shares in the Company.

Consideration of Shareholders' Views and Statement of Voting

An ordinary resolution to approve the Directors' Remuneration Report is put to members at each Annual General Meeting. At the Annual General Meeting held on 23 October 2018, Shareholders, on a show of hands, passed the resolution to approve the Directors' Remuneration Report: of the 65,453,408 proxy votes, 65,355,214 (99.8%) were cast in favour and 98,184 (0.2%) were cast against. No votes were withheld. At the same Annual General Meeting, Shareholders, on a show of hands, passed the resolution to approve the Directors' Remuneration Policy: of the 65,453,408 proxy votes, 65,355,214 (99.8%) were cast in favour and 98,184 (0.2%) were cast against. No votes were withheld. To date, no Shareholders have commented in respect of the Directors' Remuneration Report or Policy.



Performance Graph

The adjacent graph compares the performance of the Ordinary Share price with the Numis Smaller Companies Index (excluding investment companies) on a total return basis (assuming all dividends reinvested). The index has been selected since it represents the universe of companies in which the Company may invest. However, the more important influence on the share price performance of the Ordinary Shares over the Company's lifetime is likely to be its success in meeting the investment objective, as described on page 1. Specifically, the portfolio must generate a high level of income and sufficient capital growth to pay the final entitlement of the ZDP Shareholders and the costs incurred by the Company.

Annual Statement

On behalf of the Board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, I confirm that the above Directors' Remuneration Report summarises, as appropriate, for the year to 30 June 2019:

- the major decisions on Directors' remuneration;
- any substantial changes relating to Directors' remuneration made during the year; and
- the context in which those changes occurred and decisions have been taken.

On behalf of the Board,

Jonathan Cartwright
Chairman

29 July 2019

Directors' Responsibility Statement

The Directors are required to prepare financial statements for each financial period in accordance with applicable law and regulations. The Directors are also required to prepare a Strategic Report, Directors' Report, Corporate Governance Statement and Directors' Remuneration Report.

The Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (Financial Reporting Standard 102 and applicable law). Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions, that disclose with reasonable accuracy at any time the financial position of the Company and that enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Annual Report is published on www.aberforth.co.uk. This website is maintained by Aberforth and its integrity is, so far as it relates to the Company, the responsibility of Aberforth. The work carried out by the Auditor does not involve consideration of the maintenance and integrity of this website and, accordingly, the Auditor accepts no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Declaration

The Directors who were in office at the date of approving these financial statements, and who are listed on page 18, confirm to the best of their knowledge that:

- the financial statements, which have been prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit/loss of the Company;
- the Strategic Report includes a fair review of the development and performance of the business and financial position of the Company, together with a description of the principal risks and uncertainties that it faces; and
- the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's performance, business model and strategy.

On behalf of the Board
Jonathan Cartwright
Chairman
29 July 2019

Independent Auditor's Report

To the Members of Aberforth Split Level Income Trust plc

Opinion

In our opinion the financial statements of Aberforth Split Level Income Trust plc (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 30 June 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Statement of Recommended Practice issued by the Association of Investment Companies in November 2014 and updated in February 2018 "Financial Statements of Investment Trust Companies and Venture Capital Trusts"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Income Statement;
- the Reconciliation of Movement in Shareholders' Funds;
- the Balance Sheet;
- the Cash Flow Statement; and
- the related notes 1 to 22.

The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice issued by the Association of Investment Companies ('SORP') in November 2014 and updated in February 2018 "Financial Statements of Investment Trust Companies and Venture Capital Trusts".



Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	<p>The key audit matter that we identified in the current year was:</p> <ul style="list-style-type: none"> • Valuation and ownership of listed investments <p>Within this report, any new key audit matters are identified with  and any key audit matters which are the same as the prior year identified with .</p>
Materiality	The materiality that we used in the current year was £1.65m which was determined as 1% of net assets.
Scoping	Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.
Significant changes in our approach	In the prior year we also reported on revenue recognition. However, this is no longer considered a key audit matter in the current year as there is little management judgement required, and we tested all dividends received by the Company last year with no exceptions noted. All income is received from third parties and dividend information is publicly available.

Conclusions relating to going concern, principal risks and viability statement

Going concern

We have reviewed the directors' statement in note 1a to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements.

We considered as part of our risk assessment the nature of the Company, its business model and related risks including where relevant the impact of Brexit, the requirements of the applicable financial reporting framework and the system of internal control. We evaluated the directors' assessment of the Company's ability to continue as a going concern, including challenging the underlying data and key assumptions used to make the assessment, and evaluated the directors' plans for future actions in relation to their going concern assessment.

We are required to state whether we have anything material to add or draw attention to in relation to that statement required by Listing Rule 9.8.6R(3) and report if the statement is materially inconsistent with our knowledge obtained in the audit.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

Independent Auditor's Report

Conclusions relating to going concern, principal risks and viability statement (continued)

Principal risks and viability statement

Based solely on reading the directors' statements and considering whether they were consistent with the knowledge we obtained in the course of the audit, including the knowledge obtained in the evaluation of the directors' assessment of the Company's ability to continue as a going concern, we are required to state whether we have anything material to add or draw attention to in relation to:

- the disclosures on page 5 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation on page 5 that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity; or
- the directors' explanation on page 21 as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to report whether the directors' statement relating to the prospects of the Company required by Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation and ownership of investments

Key audit matter description

The listed investments held by the Company, £213.6m (2018: £243.0m) are key to its performance and account for the majority of the total assets, 99.1% at 30 June 2019 (2018: 97.9%). Please see note 1b and note 11.

There is a risk that investments may not be valued correctly or may not represent the property of the Company. Given the nature and size of the balance and its importance to the entity, we have considered that there is a potential risk of fraud in this area.

This key audit matter is also included in the Report of the Audit Committee within the Annual Report as a significant audit risk.

How the scope of our audit responded to the key audit matter

We have performed the following procedures to test the ownership and valuation of the investment portfolio at 30 June 2019:

- critically evaluated the design and implementation of the controls over valuation and ownership of investments;
- agreed 100% of the Company's investment portfolio at the year end to confirmations received directly from the custodian, Northern Trust and the depositary, NatWest Trustee & Depositary Services Limited;
- independently agreed 100% of the bid prices of unquoted investments on the investment ledger at year end to closing bid prices published by an external pricing source; and
- reviewed the internal controls report over Northern Trust, as it applied to custody and attended the Audit Committee meeting at which the Northern Trust controls report was evaluated to assess the adequacy of the design and implementation of controls at the custodian.

In addition to the above, we performed the following work on the investments balance:

- tested the recording of a sample of purchases and sales of investments; and
- reviewed the completeness and appropriateness of disclosures in relation to fair value measurement and liquidity risk.

Key observations

Based on the work performed we concluded that the valuation and ownership of investments are appropriate.

Independent Auditor's Report

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality	£1.65m (2018: £1.99m)
Basis of determining materiality	1% (2018: 1%) of net assets
Rationale for the benchmark applied	Net assets has been chosen as a benchmark as it is considered the most relevant benchmark for investors and is a key driver of shareholder value.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £33,000 (2018: £39,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including internal control and assessing the risks of material misstatement through quantitative and qualitative factors relating to each account balance, class of transactions and disclosure. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

As part of our risk assessment, we assessed the control environment in place at the Managers and Secretaries to the extent relevant to our audit.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon to ensure completeness.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

In this context, matters that we are specifically required to report to you as uncorrected material misstatements of the other information include where we conclude that:

- *Fair, balanced and understandable* – the statement given by the directors that they consider the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- *Audit Committee reporting* – the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or
- *Directors' statement of compliance with the UK Corporate Governance Code* – the parts of the directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the Auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

We have nothing to report in respect of these matters.

Independent Auditor's Report

Responsibilities of Directors

As explained more fully in the Directors' Responsibility Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- enquiring of management and the Audit Committee, including obtaining and reviewing supporting documentation, concerning the Company's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified the areas of most significance to shareholders where there was potential for fraud, namely the valuation and ownership of listed investments, and assessed the risk of fraud relating to these areas; and
- obtaining an understanding of the legal and regulatory frameworks that the Company operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Company. The key laws and regulations we considered in this context included financial reporting including Companies Act 2006 and UK Listing Rules, as well as the Company qualification as an Investment Trust under UK tax legislation.

Independent Auditor's Report

Extent to which the audit was considered capable of detecting irregularities, including fraud

Audit response to risks identified

As a result of performing the above, we identified the valuation and ownership of listed investments as a key audit matter. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and the Audit Committee concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and the FCA; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the Directors' Report.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Independent Auditor's Report

Other matters

Auditor tenure

Following the recommendation of the Audit Committee, we were appointed by the board of directors on 8 December 2017 to audit the financial statements for the period to 30 June 2018 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 2 years, covering the period to 30 June 2018 and the year to 30 June 2019.

Consistency of the audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Partridge CA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Edinburgh, United Kingdom
29 July 2019

- (a) The maintenance and integrity of the Aberforth Partners LLP web site is the responsibility of the partners of Aberforth Partners LLP; the work carried out by the auditor of Aberforth Split Level Income Trust plc does not involve consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Income Statement

Year to 30 June 2019

	Note	Year to 30 June 2019			Period to 30 June 2018		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net (losses)/gains on investments	11	–	(31,970)	(31,970)	–	6,430	6,430
Investment income	3	10,639	–	10,639	11,238	751	11,989
Investment management fee	4	(507)	(1,183)	(1,690)	(539)	(1,258)	(1,797)
Portfolio transaction costs	6	–	(274)	(274)	–	(1,594) ¹	(1,594)
Other expenses	5	(357)	–	(357)	(356)	–	(356)
Net return before finance costs and tax		9,775	(33,427)	(23,652)	10,343	4,329	14,672
Finance costs:							
Appropriation to ZDP Shares	14	–	(1,764)	(1,764)	–	(1,704)	(1,704)
Interest expense and overdraft fee	7	(5)	(11)	(16)	(6)	(15)	(21)
Return on ordinary activities before tax		9,770	(35,202)	(25,432)	10,337	2,610	12,947
Tax on ordinary activities	8	–	–	–	–	–	–
Return attributable to Equity Shareholders		9,770	(35,202)	(25,432)	10,337	2,610	12,947
Returns per Ordinary Share	10	5.14p	(18.50)p	(13.36)p	5.43p	1.37p	6.80p

¹ Includes £1,133,000 in respect of stamp duty incurred on the transfer of securities from Aberforth Geared Income Trust plc to ASLIT.

The Board declared on 29 July 2019 a second interim dividend of 2.71p per Ordinary Share and a special dividend of 0.19p per Ordinary Share. The Board also declared on 24 January 2019 an interim dividend of 1.45p per Ordinary Share.

The total column of this statement is the profit and loss account of the Company. All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued in the period. A Statement of Comprehensive Income is not required as all gains and losses of the Company have been reflected in the above statement.

The accompanying notes form an integral part of this statement.

Reconciliation of Movements in Shareholders' Funds

Year to 30 June 2019

	Note	Share capital £'000	Share premium £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance as at 30 June 2018		1,902	–	187,035	2,610	7,673	199,220
Return on ordinary activities after tax		–	–	–	(35,202)	9,770	(25,432)
Equity dividends paid	9	–	–	–	–	(8,847)	(8,847)
Balance as at 30 June 2019		1,902	–	187,035	(32,592)	8,596	164,941

Period from 19 April 2017 to 30 June 2018

	Note	Share capital £'000	Share premium £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance as at 19 April 2017		–	–	–	–	–	–
Return on ordinary activities after tax		–	–	–	2,610	10,337	12,947
Equity dividends paid	9	–	–	–	–	(2,664)	(2,664)
Issue of Ordinary Shares	17	1,902	188,348	–	–	–	190,250
Ordinary Share issue costs	17	–	(1,275)	–	–	–	(1,275)
Share Premium cancellation	17	–	(187,035)	187,035	–	–	–
Cost of Share Premium cancellation	17	–	(38)	–	–	–	(38)
Issue of redeemable Shares	17	50	–	–	–	–	50
Redemption of redeemable Shares	17	(50)	–	–	–	–	(50)
Balance as at 30 June 2018		1,902	–	187,035	2,610	7,673	199,220

The accompanying notes form part of these financial statements.

Balance Sheet

As at 30 June 2019

	Note	30 June 2019 £'000	30 June 2018 £'000
Fixed assets			
Investments at fair value through profit or loss	11	213,581	242,967
Current assets			
Debtors	12	1,067	1,387
Cash at bank	18	1,062	3,876
		2,129	5,263
Creditors (amounts falling due within one year)	13	(51)	(56)
Net current assets		2,078	5,207
TOTAL ASSETS LESS CURRENT LIABILITIES		215,659	248,174
Creditors (amounts falling due after more than one year)			
ZDP Shares	14	(50,718)	(48,954)
TOTAL NET ASSETS		164,941	199,220
CAPITAL AND RESERVES: EQUITY INTERESTS			
Share capital:			
Ordinary Shares	15	1,902	1,902
Reserves:			
Special reserve	17	187,035	187,035
Capital reserve	17	(32,592)	2,610
Revenue reserve	17	8,596	7,673
TOTAL SHAREHOLDERS' FUNDS		164,941	199,220
Net Asset Value per Ordinary Share	16	86.70p	104.71p
Net Asset Value per ZDP Share	16	106.63p	102.93p

Approved and authorised for issue by the Board of Directors on 29 July 2019 and signed on its behalf by:

Jonathan Cartwright,
Chairman

The accompanying notes form an integral part of this statement.

Cash Flow Statement

For the year to 30 June 2019

	Note	Year to 30 June 2019 £'000	Period to 30 June 2018 £'000
Operating activities			
Net revenue before finance costs and tax		9,775	10,343
Tax recovered/(withheld) from income		110	(112)
Receipt of special dividends taken to capital	3	–	751
Investment management fee charged to capital	4	(1,183)	(1,258)
Decrease/(increase) in debtors		210	(1,275)
(Decrease)/increase in creditors		(5)	56
Cash inflow from operating activities		8,907	8,505
Investing activities			
Purchases of investments		(32,100)	(87,766)
Sales of investments		29,242	50,027
Cash outflow from investing activities		(2,858)	(37,739)
Financing activities			
Proceeds from issue of Ordinary Shares	15	–	22,904
Issue costs of Ordinary Shares	15	–	(1,275)
Proceeds from issue of ZDP Shares	15	–	14,516
Issue costs of ZDP Shares	15	–	(312)
Share premium cancellation costs paid	15	–	(38)
Equity dividends paid	9	(8,847)	(2,664)
Interest and fees paid	7	(16)	(21)
Cash (outflow)/inflow from financing activities		(8,863)	33,110
Change in cash during the period		(2,814)	3,876
Cash at the start of the period		3,876	–
Cash at the end of the period		1,062	3,876

The accompanying notes form an integral part of this statement.

Notes to the Financial Statements

1 Significant Accounting Policies

A summary of the principal accounting policies adopted, all of which have been applied consistently throughout the period, is set out below.

(a) Basis of accounting

The financial statements have been presented under Financial Reporting Standard 102 (FRS 102) and the AIC's Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" (SORP) issued in 2014, updated in February 2018. The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include the revaluation of the Company's investments as described below. The functional and presentation currency is pounds sterling, which is the currency of the environment in which the Company operates. The Board confirms that no significant accounting judgements or estimates have been applied to the financial statements and therefore there is not a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(b) Investments

The Company's investments have been categorised as "financial assets at fair value through profit or loss" as the Company's business is to invest in financial assets with a view to profiting from their total return in the form of capital growth and income. Quoted investments are valued at their fair value, which is represented by the bid price. Where trading in the securities of an investee company is suspended, the investment is valued at the Board's estimate of its fair value. Purchases and sales of investments are accounted for on trade date. Gains and losses arising from changes in fair value are included in the capital return for the period and transaction costs on acquisition or disposal of a security are expensed to the capital reserve.

(c) Income

Dividends receivable on quoted equity shares are accounted for on the ex dividend date as revenue, except where, in the opinion of the Board, the dividend is capital in nature, in which case it is treated as a return of capital. Where the Company has elected to receive its dividends in the form of additional shares rather than in cash, an amount equivalent to the cash dividend is recognised as income. Any surplus or deficit in the value of the shares received compared to the cash dividend forgone is recognised as capital. Other income is accounted for on an accruals basis.

(d) Expenses

All expenses are accounted for on an accruals basis. Expenses are charged to revenue except as follows:

- expenses that are incidental to the acquisition and disposal of an investment are charged to capital; and
- expenses are charged to this capital reserve where a connection with the maintenance or enhancement of the value of the investments can be demonstrated, in which respect the investment management fee and finance costs incurred in connection with the overdraft facility have been allocated 70% to capital reserve and 30% to revenue reserve.

(e) Finance costs

The ZDP Shares are designed to provide a pre-determined capital growth from their original issue price of 100p on 30 June 2017 to a final capital entitlement of 127.25p on 1 July 2024, on which date the Company is planned to be wound up. The final capital entitlement of 127.25p per ZDP Share represents a gross redemption yield of 3.5% per annum over the life of the ZDP Shares, based on the issue price of 100p. No dividends are payable on the ZDP Shares. The provision for the capital growth entitlement of the ZDP Shares is included as a finance cost and charged to capital within the Income Statement. Finance costs incurred in connection with the overdraft facility are accounted for on an accruals basis.

(f) Capital reserve

The following are accounted for in this reserve:

- gains and losses on the realisation of investments;
- increases and decreases in the valuation of investments held at the period end;
- gains on the return of capital by way of investee companies paying dividends that are capital in nature; and
- expenses, together with the related taxation effect, charged in accordance with the above policies.

(g) Special reserve

This reserve may be treated as distributable profits for all purposes, including the payment of dividends to Ordinary Shareholders and the buy-back of shares provided, in both cases, that the final cumulative cover of the ZDP Shares does not fall below 3.3 times immediately following any distribution to the Ordinary Shareholders from this reserve.

(h) Revenue reserve

Dividends can be funded from this reserve.

Notes to the Financial Statements

2 Alternative Performance Measures

Alternative Performance Measures (APMs) are measures that are not defined under the requirements of FRS 102. The Company believes that APMs, referred to within “Financial Highlights” on page 1, provide Shareholders with important information on the Company. These APMs are also a component of the internal management reporting to the Board. A glossary of the APMs can be found on pages 55-56.

3 Income

	Year to 30 June 2019			Period to 30 June 2018		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income from investments						
UK dividends	10,236	–	10,236	10,589	751	11,340
Overseas dividends	182	–	182	101	–	101
Property income distributions	221	–	221	548	–	548
Total Income	10,639	–	10,639	11,238	751	11,989

During the year to 30 June 2019 the Company received seven (2018: five) special dividends totalling £662,000 (2018: £1,355,000) and of these a total of £662,000 (2018: £604,000) was recorded as revenue and £Nil (2018: £751,000) was recorded as capital, in accordance with the Company’s accounting policy for income.

4 Investment Management Fee

	Year to 30 June 2019			Period to 30 June 2018		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	507	1,183	1,690	539	1,258	1,797
Total	507	1,183	1,690	539	1,258	1,797

Details of the investment management contract can be found on page 19.

5 Other Expenses

	Year to 30 June 2019 £'000	Period to 30 June 2018 £'000
The following expenses (including VAT, where applicable) have been charged to revenue:		
Directors’ fees (refer to Directors’ Remuneration Report on page 31)	138	155
Registrar fee	31	30
Auditor’s fee – Year end audit	28	27
Auditor’s fee – Audit of the Initial Accounts to 31 December 2017	–	15
Recruitment fees	22	–
FCA and LSE listing fees	18	19
Depository fee	17	21
Legal fees	16	12
AIC Fees	13	–
Custody and other bank charges	10	12
Printing	10	11
Media Listings	8	13
Directors’ and Officers’ liability insurance	8	8
Other expenses	38	33
Total	357	356

Notes to the Financial Statements

6 Portfolio Transaction costs

Expenses incurred in acquiring or disposing of investments classified at fair value through profit or loss are charged to capital and are analysed below.

	Year to 30 June 2019 £'000	Period to 30 June 2018 £'000
Analysis of total purchases		
Purchase consideration before expenses	31,892	286,392
Commissions	65	122
Taxes	143	1,388 ¹
Total purchase expenses	208	1,510
Total purchase consideration	32,100	287,902
Analysis of total sales		
Sales consideration before expenses	29,308	50,111
Commissions	(66)	(84)
Total sale proceeds net of expenses	29,242	50,027
Total transaction costs	274	1,594¹

¹ Includes £1,133,000 in respect of stamp duty incurred on the transfer of securities from Aberforth Geared Income Trust plc to ASLIT.

7 Finance Costs

	Year to 30 June 2019			Period to 30 June 2018		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Appropriation to ZDP Shares	–	1,764	1,764	–	1,704	1,704
Overdraft facility – fee and interest	5	11	16	6	15	21
Total	5	1,775	1,780	6	1,719	1,725

8 Taxation

Analysis of tax charged on return on ordinary activities

	Year to 30 June 2019			Period to 30 June 2018		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
UK corporation tax charge for the period	–	–	–	–	–	–

Factors affecting current tax charge for the period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK for a large company. The differences are explained below.

Returns on ordinary activities before tax	9,770	(35,202)	(25,432)	10,337	2,610	12,947
Notional corporation tax at 19% (2018: 19%)	1,856	(6,688)	(4,832)	1,964	496	2,460
Adjusted for the effects of:						
Non-taxable UK dividend income	(1,945)	–	(1,945)	(2,012)	(143)	(2,155)
Non-taxable overseas dividend income	(35)	–	(35)	(19)	–	(19)
Non-taxable capital losses/(gains)	–	6,074	6,074	–	(1,222)	(1,222)
Expenses not deductible for tax purposes	–	52	52	–	303	303
Excess expenses for which no relief has been taken	124	562	686	67	566	633
UK corporation tax charge for the year	–	–	–	–	–	–
Total tax charge for the year	–	–	–	–	–	–

The Company has not recognised a potential asset for deferred tax of £659,000 (2018: £309,000) in respect of unutilised management expenses because it is unlikely that there will be suitable taxable profits from which the future reversal of a deferred tax asset may be deducted.

Notes to the Financial Statements

9 Dividends paid

	Year to 30 June 2019 £'000	Period to 30 June 2018 £'000
Amounts recognised as distributions to equity holders:		
First interim dividend for period to 30 June 2018 of 1.4p (paid on 6 March 2018)	–	2,664
Second interim dividend for period to 30 June 2018 of 2.6p (paid on 31 August 2018)	4,946	–
Special dividend for period to 30 June 2018 of 0.6p (paid on 31 August 2018)	1,142	–
First interim dividend for year to 30 June 2019 of 1.45p (paid on 7 March 2019)	2,759	–
Total	8,847	2,664

The second interim dividend for the year to 30 June 2019 of 2.71p (2018: 2.6p) per Ordinary Share, and the special dividend for the year to 30 June 2019 of 0.19p (2018: 0.6p) per Ordinary Share, both payable on 30 August 2019, have not been recognised in the financial statements as at 30 June 2019.

10 Returns per Share

	Year to 30 June 2019	Period to 30 June 2018
Net return for the period	£(25,432,000)	£12,947,000
Weighted average Ordinary Shares in issue during the period	190,250,000	190,250,000
Return per Ordinary Share	(13.36)p	6.80p
Appropriation to ZDP Shares for the period	£1,764,000	£1,704,000
Weighted average ZDP Shares in issue during the period	47,562,500	47,562,500
Return per ZDP Share	3.71p	3.58p

There are no dilutive or potentially dilutive shares in issue.

11 Investments held at fair value through profit or loss

	Year to 30 June 2019 £'000	Period to 30 June 2018 £'000
Investments at fair value through profit or loss		
Opening fair value	242,967	–
Opening fair value adjustment	2,579	–
Opening book cost	245,546	–
Purchases at cost	31,892	286,392 ¹
Sale proceeds	(29,308)	(50,111)
Realised gains on sales	474	9,265
Closing book cost	248,604	245,546
Closing fair value adjustment	(35,023)	(2,579)
Closing fair value	213,581	242,967

¹ Includes £200.1m in respect of an "in specie" transfer of securities from Aberforth Geared Income Trust plc.

All investments are in ordinary shares listed on the London Stock Exchange.

	Year to 30 June 2019 £'000	Period to 30 June 2018 £'000
Gains/(losses) on investments:		
Net realised gains on sales	474	9,265
Loss on sales in period from 23 June 2017 to 29 June 2017	–	(256)
Movement in fair value adjustment	(32,444)	(2,579)
Net (losses)/gains on investments	(31,970)	6,430

Notes to the Financial Statements

11 Investments held at fair value through profit or loss (continued)

In accordance with FRS 102, fair value measurements have been classified using the fair value hierarchy:

Level 1 - using unadjusted quoted prices for identical instruments in an active market;

Level 2 - using inputs, other than quoted prices included within Level 1, that are directly or indirectly observable (based on market data); and

Level 3 - using inputs that are unobservable (for which market data is unavailable).

All investments are held at fair value through profit or loss, have been classified as Level 1 and are traded on a recognised stock exchange.

12 Debtors

	30 June 2019 £'000	30 June 2018 £'000
Investment income receivable	1,055	1,268
Other debtors	12	119
Total	1,067	1,387

13 Creditors

	30 June 2019 £'000	30 June 2018 £'000
Other creditors	51	56
Total	51	56

14 Zero Dividend Preference Shares

	Year to 30 June 2019 £'000	Period to 30 June 2018 £'000
Opening balance	48,954	–
Issue of ZDP Shares	–	47,562
Capitalisation of issue costs of ZDP Shares	–	(312)
Issue costs amortised during the period	41	40
Capital growth of ZDP Shares	1,723	1,664
Closing balance	50,718	48,954

Expenses of £312,000 associated with the issue of the ZDP Shares have been capitalised. These will be amortised over the expected life of the ZDP Shares and charged to capital as a finance cost within the Income Statement.

15 Share Capital

	30 June 2019		30 June 2018	
	No. of Shares	£'000	No. of Shares	£'000
Issued and Allotted:				
Ordinary Shares of 1p each	190,250,000	1,902	190,250,000	1,902
ZDP Shares of 1p each	47,562,500	476	47,562,500	476
Total issued and allotted	237,812,500	2,378	237,812,500	2,378

Upon incorporation on 19 April 2017, the Company issued and allotted 100 Ordinary Shares at £1 each. On 26 April 2017, 50,000 Redeemable Preference Shares were issued and allotted to enable the Company to obtain a trading certificate.

Notes to the Financial Statements

15 Share Capital (continued)

On 30 June 2017, the Company entered into a Transfer Agreement in connection with the scheme of reconstruction and winding-up of Aberforth Geared Income Trust plc (AGIT). Under this Transfer Agreement, a proportion of the assets of AGIT were transferred to ASLIT as consideration for the issue of Ordinary and ZDP Shares to shareholders of AGIT who elected to roll over their investment in AGIT to ASLIT. Another portion of the AGIT assets were transferred to ASLIT for a cash payment funded from the proceeds of the Placing and Offer for Subscription underwritten by the Company.

On 30 June 2017, 172,126,759 Ordinary Shares and 33,268,212 ZDP Shares were allotted to the shareholders of AGIT who elected to roll over their investment in AGIT to ASLIT at the issue price of 100p each. Assets amounting to £205.4 million were transferred from AGIT in consideration for this allotment, including securities valued at £200.1 million.

In addition, 18,123,141 Ordinary Shares and 14,294,288 ZDP Shares were allotted to satisfy the demand of the Placing and Offer for Subscription at the issue price of 100p each. In accordance with the Transfer Agreement, the proceeds of these issues were used to acquire the remaining AGIT portfolio including securities valued at £29.5 million.

These allotments resulted in the Company having a total of 190,250,000 Ordinary Shares and 47,562,500 ZDP Shares, which were admitted to listing on the Official list and to trading on the London Stock Exchange on 3 July 2017. In addition, the 50,000 Redeemable Preference Shares were redeemed in full on 3 July 2017.

In November 2017, the Court of Session confirmed the cancellation of the entire amount standing to the credit of the Share Premium account and the creation of a Special Reserve, the balance of which may be treated as distributable profits for all purposes as permitted by the Articles of the Company. The Special Reserve will be available to be used for any buy-back of Ordinary Shares and ZDP Shares as permitted by the Companies Act 2006 and in accordance with the Company's Articles of Association.

Costs of £1,275,000 associated with the issue of the Ordinary Shares have been charged to the Share Premium account. Costs of £312,000 associated with the issue of the ZDP Shares will be amortised to capital as a finance cost to the Income Statement over the planned life of the ZDP Shares. Stamp duty amounting to £1,133,000 was also paid in relation to the transfer of securities from AGIT to ASLIT under the Transfer Agreement, as detailed above. This cost is included in portfolio transaction costs as disclosed in the Income Statement.

16 Net Asset Value ("NAV") per Share

The Net Assets and the Net Asset Value per share attributable to the Ordinary Shares and ZDP Shares are as follows:

	30 June 2019			30 June 2018		
	Ordinary Shares	ZDP Shares	Total	Ordinary Shares	ZDP Shares	Total
Net Assets attributable	£164,941,000	£50,718,000	£215,659,000	£199,220,000	£48,954,000	£248,174,000
Number of Shares at the reporting date	190,250,000	47,562,500	237,812,500	190,250,000	47,562,500	237,812,500
NAV per Share (a)	86.70p	106.63p	90.68p	104.71p	102.93p	104.36p
Dividend reinvestment factor ¹ (b)	1.064779	–	1.050686	1.014602	–	1.011545
NAV per Share on a total return basis at the end of the period (c) = (a) x (b)	92.31p	106.63p	95.28p	106.24p	102.93p	105.56p
NAV per Share on a total return basis at the start of the period (d)	106.24p	102.93p	105.56p	100.00p	100.00p	100.00p
Total Return performance (c) ÷ (d) -1	-13.1%	3.6%	-9.7%	6.2%	2.9%	5.6%

¹ Defined in the Glossary on pages 55-56.

Notes to the Financial Statements

17 Capital and Reserves

	Share capital £'000	Share premium £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	TOTAL £'000
At 30 June 2018	1,902	–	187,035	2,610	7,673	199,220
Net gain on sales of investments	–	–	–	474	–	474
Movement in fair value adjustment	–	–	–	(32,444)	–	(32,444)
Cost of investment transactions	–	–	–	(274)	–	(274)
Investment management fee charged to capital	–	–	–	(1,183)	–	(1,183)
Interest charged to capital	–	–	–	(11)	–	(11)
ZDP Shares - Appropriation	–	–	–	(1,723)	–	(1,723)
ZDP Shares - Amortised issue costs	–	–	–	(41)	–	(41)
Revenue return attributable to Equity Shareholders	–	–	–	–	9,770	9,770
Equity dividends paid	–	–	–	–	(8,847)	(8,847)
At 30 June 2019	1,902	–	187,035	(32,592)	8,596	164,941

	Share capital £'000	Share premium £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	TOTAL £'000
At 19 April 2017	–	–	–	–	–	–
Ordinary Shares – Issue	1,902	188,348	–	–	–	190,250
Ordinary Shares – Issue costs	–	(1,275)	–	–	–	(1,275)
Share Premium cancellation	–	(187,035)	187,035	–	–	–
Share Premium cancellation costs	–	(38)	–	–	–	(38)
Redeemable Shares – Issue	50	–	–	–	–	50
Redeemable Shares – Redemption	(50)	–	–	–	–	(50)
Investment income taken to capital	–	–	–	751	–	751
Net gains on sale of investments	–	–	–	9,265	–	9,265
Realised loss on sales of securities transferred from AGIT	–	–	–	(256)	–	(256)
Movement in fair value adjustment	–	–	–	(2,579)	–	(2,579)
Investment management fee charged to capital	–	–	–	(1,258)	–	(1,258)
Cost of investment transactions	–	–	–	(1,594)	–	(1,594)
Interest charged to capital	–	–	–	(15)	–	(15)
ZDP Shares – Appropriation	–	–	–	(1,664)	–	(1,664)
ZDP Shares – Amortised issue costs	–	–	–	(40)	–	(40)
Revenue return attributable to Equity Shareholders	–	–	–	–	10,337	10,337
Equity dividends paid	–	–	–	–	(2,664)	(2,664)
At 30 June 2018	1,902	–	187,035	2,610	7,673	199,220

Subsequent to the issue of Ordinary Shares on 30 June 2017 the Court of Session confirmed, in November 2017, the cancellation of the entire amount standing to the credit of the Share Premium account and the creation of a Special Reserve.

18 Cash and cash equivalents

	30 June 2019 £'000	30 June 2018 £'000
Handelsbanken	220	–
The Northern Trust Company	842	3,786
The Royal Bank of Scotland International Ltd.	–	90
Total cash and cash equivalents	1,062	3,876

Notes to the Financial Statements

19 Financial instruments

The Company's financial instruments comprise its investment portfolio, cash balances, ZDP Shares, debtors and creditors that arise directly from its operations such as sales and purchases awaiting settlement, and accrued income. Note 1 sets out the significant accounting policies, including criteria for recognition and the basis of measurement applied for significant financial instruments excluding cash at bank, which is carried at fair value. Note 1 also includes the basis on which income and expenses arising from financial assets and liabilities are recognised and measured.

The main risks that the Company faces arising from its financial instruments are as follows.

- (i) *Market price risk* is the risk that the market value of investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or currency rate movement.
- (ii) *Credit risk* is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. Investment transactions are carried out with a large number of Financial Conduct Authority regulated brokers with trades typically undertaken on a delivery versus payment basis.
- (iii) *Liquidity risk* is the risk that the Company will encounter difficulty raising funds to meet its cash commitments as they fall due. Liquidity risk may result from either the inability to sell financial instruments quickly at their fair values or from the inability to generate cash inflows as required.
- (iv) *Interest rate risk* is the risk that the interest receivable/payable and the market value of investment holdings may fluctuate because of changes in market interest rates. The Company's investment portfolio is currently not directly exposed to interest rate risk. The Company's policy is to hold cash in variable rate bank accounts.

The Company's financial instruments are all denominated in sterling and therefore the Company is not directly exposed to significant currency risk. However, it is recognised that most investee companies, whilst listed in the UK, will be exposed to global economic conditions and currency fluctuations.

Market price risk

The Company's investment portfolio is exposed to market price fluctuations, which are monitored by the Managers in pursuance of the investment objective. It is not the Managers' policy to use derivatives or hedging instruments to manage market price risk. If the investment portfolio valuation fell by 10% at 30 June 2019, the impact on the profit or loss and therefore Shareholders' funds would have been negative £21.4m (2018: negative £24.3m). If the investment portfolio valuation rose by 10% at 30 June 2019, the impact on the profit or loss and therefore Shareholders' funds would have been positive £21.4m (2018: positive £24.3m). The calculations are based on the portfolio valuation as at the balance sheet date and are not representative of the period as a whole and assume all other variables remain constant. The level of change is considered to be a reasonable illustration based on historic stockmarket volatility.

As at 30 June 2019, all of the Company's financial instruments were included in the balance sheet at fair value. The investment portfolio consisted of investments valued at their bid price, which represents fair value. Any cash balances, which are held in variable rate bank accounts, can be withdrawn on demand with no penalty.

Credit risk

The Company invests in UK equities traded on the London Stock Exchange. Investment transactions are carried out with a number of FCA regulated brokers, with trades typically undertaken on a deliver versus payment basis and on a short settlement period.

The Depositary, NatWest Trustee & Depositary Services Limited, is responsible for overseeing the assets of the Company and has strict liability in certain circumstances should assets of the Company be lost. In the event of the loss of assets the Company could potentially claim against NatWest Trustee & Depositary Services Limited.

The investment portfolio assets of the Company are held by The Northern Trust Company, the Company's Custodian, in a segregated account. In the event of the bankruptcy or insolvency of Northern Trust the Company's rights with respect to the securities held by the Custodian may be delayed or limited. Cash balances are also held at Handelsbanken. The Secretaries monitor the Company's risk by reviewing the credit ratings of Northern Trust and Handelsbanken. Where provided, the Secretaries also review internal control reports from these organisations. As at 29 July 2019 credit ratings for Northern Trust and Handelsbanken were considered acceptable. Outstanding investment income is reconciled to receipts on payment date.

The exposure to credit risk on the Company's financial instruments was:

	30 June 2019	30 June 2018
	£'000	£'000
Investment income receivable (representing dividends from investee companies)	1,055	1,268
Other receivables	2	112
Cash and cash equivalents	1,062	3,876
Total	2,119	5,256

All of the above financial assets are current, their fair values are considered to be the same as the values shown, and the likelihood of a material credit default is considered to be low.

Notes to the Financial Statements

19 Financial instruments (continued)

Liquidity risk

The Company's assets comprise mainly readily realisable equity securities, which, if necessary, can be sold to meet funding requirements, though short-term funding flexibility can typically be achieved through the use of the bank overdraft facility. The Company's current liabilities all have a remaining contractual maturity of less than three months. The ZDP Shares have a planned repayment date of 1 July 2024. The remaining contractual maturities were as follows:

	30 June 2019	30 June 2018
	£'000	£'000
Maturity profile of the Company's financial liabilities		
Due within 1 month:		
Accrued expenses	51	56
Due after 5 years:		
ZDP Shares	60,523	60,523
Total liabilities	60,574	60,579

Interest rate risk

If the bank base rate had increased by 1% point, or decreased by 0.75% point, the impact on the profit or loss and Total Equity Shareholders' Funds would be de minimis. There would be no direct impact on the portfolio valuation. The calculations are based on the cash balances as at the Balance Sheet date and are not representative of the financial period as a whole and assume all other variables remain constant. The level of change is considered to be a reasonable illustration based on current market conditions.

Capital Management Policies and Procedures

The Company's capital management objectives are to support the Company's objective and to ensure that the Company will be able to continue as a going concern. To achieve the investment objective the Board has a responsibility to ensure the Company is able to continue as a going concern and details of the principal risks and how they are managed are set out on page 5. The Board monitors and reviews the structure of the Company's capital including the extent to which revenue in excess of that which is required to be distributed should be retained. The Companies Act 2006 and Corporation Tax Act 2010 impose capital requirements on the respective ability and obligation to pay dividends. The Board monitors, and has complied with, the externally imposed capital requirements. The Company's investment objective, capital management policies and monitoring processes are unchanged during the period.

20 Contingencies, guarantees, financial commitments and contingent assets

The Company had no contingencies, guarantees, financial commitments or contingent assets as at 30 June 2019 (2018: Nil).

21 Related party transactions

Under UK GAAP, the Directors have been identified as related parties and their fees and interests have been disclosed in the Directors' Remuneration Report on pages 31 and 32. During the period no Director or entity controlled by a Director was interested in any contract or other matter requiring disclosure under section 412 of the Companies Act 2006.

22 Company information

Aberforth Split Level Income Trust plc is a closed-ended investment company, registered in England No. 10730910, with its Ordinary Shares and ZDP Shares listed on the London Stock Exchange. The address of the registered office is Level 13, Broadgate Tower, 20 Primrose Street, London, EC2A 2EW.

General Information

Financial Calendar

Dividends in respect of the year to 30 June 2019

	1st Interim	2nd Interim	Special Dividend
Rate per Ordinary Share:	1.45p	2.71p	0.19p
Ex dividend date:	7 February 2019	8 August 2019	8 August 2019
Record date:	8 February 2019	9 August 2019	9 August 2019
Pay date:	7 March 2019	30 August 2019	30 August 2019

Half Yearly Report	Published in late January/early February
Annual Report and Financial Statements	Published in late July/early August
Annual General Meeting	24 October 2019
Publication of Net Asset Values	Daily (via a Primary Information Provider and the Managers' website)

Shareholder register enquiries

All administrative enquiries relating to Shareholders, such as queries concerning holdings, dividend payments, notification of change of address, loss of certificate or an addition to a mailing list should be directed to the Company's Registrar, Link Asset Services. (Contact details on page 57).

Payment of dividends

Dividends can be received more quickly by instructing Link Asset Services, (contact details on page 57), to pay them directly into a bank account; tax vouchers are then mailed to Shareholders separately. This method avoids the risk of dividend cheques being delayed or lost in the post.

Dividend Reinvestment Plan (DRIP)

Link Asset Services, on behalf of the Company, operate a DRIP, which can be used to buy additional Ordinary Shares instead of receiving a cash dividend. For further information contact Link Asset Services (contact details on page 57).

Electronic Communications and Voting

Shareholders can choose to receive communications (including the Annual and Interim reports) from the Company in electronic format. This method may be more convenient and secure for many Shareholders, reduces costs and has environmental benefits. To use this service, Shareholders can register and provide their email address on the Registrar's share portal at www.signalshares.com. Thereafter, Shareholders will receive an e-mail providing the website address link to the relevant document(s). After registering, Shareholders will be able to request paper copies in the future.

Shareholders can return proxy votes electronically by logging onto the Registrar's share portal at www.signalshares.com and following the instructions. Shareholders do not need to register for electronic communications to use electronic proxy voting.

If Shareholders have any queries about this electronic service contact the Registrars, Link Asset Services (contact details on page 57).

Sources of further information

The prices of the Ordinary Shares and ZDP Shares are quoted daily in the Financial Times under the abbreviation of "Abf Spl Inc". The prices are listed in the "Conventional (Ex Private Equity)" and "Zero Dividend Preference Shares" sections. These prices, together with the Net Asset Values and other financial data, can be found on the TrustNet website at www.trustnet.com. Other websites containing useful information on the Company are www.ft.com, www.theaic.co.uk and www.morningstar.co.uk. Company performance and other information, including the Investor Disclosure Document, is available on the Aberforth Partners LLP website at www.aberforth.co.uk.

How to invest

The Company's Ordinary Shares and ZDP Shares are traded on the London Stock Exchange. They can be bought or sold by placing an order with a stockbroker or asking a professional advisor. The Company's Managers, Aberforth Partners LLP, do not offer any packaged products such as ISAs, Savings Schemes or Pension Plans. Each of the Company's listed securities is eligible for inclusion in the "Stocks and Shares" component of an Individual Savings Account (ISA).

Retail Distribution/NMPI Status

The Company's shares are intended for UK investors including retail investors, professionally advised private clients and institutional investors who are seeking exposure to smaller companies in the UK, and who understand and are willing to accept the risks of exposure to equities. The Company currently conducts its affairs, and intends to continue to conduct its affairs, so that its Ordinary Shares and ZDP Shares can be recommended by Independent Financial Advisers (IFAs) to ordinary retail investors in accordance with the rules of the Financial Conduct Authority (FCA) in relation to non-

General Information

mainstream pooled investment (NPMI) products. The Company's Ordinary Shares and ZDP Shares are excluded from the FCA's restrictions that apply to NPMI products because they are shares in an Investment Trust. Please note that past performance is not a guide to the future. Your investment may be at risk as the value of investments may go down as well as up and is not guaranteed. Therefore you may not get back the amount originally invested.

Alternative Investment Fund Managers Directive (AIFMD)

The Company has appointed Aberforth Partners as its Alternative Investment Fund Manager (AIFM). In accordance with the AIFMD, information in relation to the Company's leverage is required to be made available to Shareholders. The Company's maximum and actual leverage levels as at 30 June 2019 are shown below. There have been no changes to, or breaches of the maximum level of leverage employed by the Company.

Leverage Exposure (refer to the Glossary)	30 June 2019		30 June 2018	
	Commitment Method	Gross Method	Commitment Method	Gross Method
Maximum limit	2.00:1	2.00:1	2.00:1	2.00:1
Actual Level	1.31:1	1.31:1	1.25:1	1.25:1

Leverage, for the purposes of the AIFM Directive, is any method which increases the Company's exposure to stock markets whether through borrowings, derivatives or any other means. It is expressed as a ratio of the Company's exposure to its Net Asset Value. In summary, the Gross method measures the Company's exposure before applying hedging or netting arrangements. The Commitment method allows certain hedging or netting arrangements to be offset. ASLIT has no hedging or netting arrangements.

Furthermore, in accordance with the AIFMD, the AIFM's remuneration policy and the numerical disclosures in respect of the AIFM's relevant reporting period (year to 30 April 2019) are available from Aberforth Partners' website (www.aberforth.co.uk).

Security Codes

	ISIN	SEDOL	Bloomberg/Reuters
Ordinary Shares	GB00BYPBD394	BYPBD39	ASIT LN
ZDP Shares	GB00BYPBD519	BYPBD51	ASIZ LN

Company Identification Numbers

Global Intermediary Identification Number (GIIN) JM0CLZ.99999.SL.826
Legal Entity Identifier (LEI) 21380013QYW082NZV529

Association of Investment Companies (AIC)

The Company is a member of AIC, which produces a detailed Monthly Information Service on the majority of investment trusts. This is available at www.theaic.co.uk.

The Common Reporting Standard

The OECD Common Reporting Standard for Automatic Exchange of Financial Account Information (Common Reporting Standard) came into effect on 1 January 2016. The legislation requires investment trust companies to provide personal information to HMRC on certain investors who purchase shares in investment trusts. Accordingly the Company provides information annually to HMRC on the tax residences of non-UK based certificated Shareholders and corporate entities. All new Shareholders, excluding those whose shares are held in CREST, who come on to the share register will be sent a certification form for the purpose of collecting this information. For further information, please see HMRC's Quick Guide: Automatic Exchange of Information – information for account holders <https://www.gov.uk/government/publications/exchange-of-information-account-holders>

Beware of Share Fraud

Investment scams are designed to look like genuine investment opportunities. You might have been contacted by fraudsters if you have been contacted out of the blue, promised tempting returns and told the investment is safe, called repeatedly or told the offer is only available for a limited time. Shareholders may receive unsolicited phone calls or correspondence concerning investment matters that imply a connection to the Company. These may be from overseas based 'brokers' who target UK shareholders offering to sell them what often turn out to be worthless or high risk shares. Shareholders may also be advised that there is an imminent offer for the Company, and the caller may offer to buy shares at significantly above the market price if an administration fee is paid. Shareholders should treat all such approaches with caution.

You can find more information about investment scams at the Financial Conduct Authority (FCA) website: www.fca.org.uk/consumers/protect-yourself-scams. You can also call the FCA Consumer Helpline on 0800 111 6768.

Data Protection

The Company is committed to ensuring the privacy of any personal data provided to it. Further details can be found in the privacy policy set out on the Aberforth website (www.aberforth.co.uk).

Glossary

Glossary of UK GAAP Measures

Net Asset Value – also described as Shareholders' Funds, is the value of total assets less all liabilities. The Net Asset Value or NAV per Ordinary Share is calculated by dividing this amount by the total number of Ordinary Shares in issue.

Net Asset Value (ZDP Share) – is the value of the entitlement to the ZDP Shareholders. The Net Asset Value or NAV per ZDP Share is calculated by dividing this amount by the total number of ZDP Shares in issue.

Glossary of Alternative Performance Measures

Total Assets Total Return represents the return of the combined funds of the Ordinary Shareholders and ZDP Shareholders assuming that dividends paid to Ordinary Shareholders were reinvested at the NAV per Ordinary Share at the close of business on the day the Ordinary Shares were quoted ex dividend. Total Assets less current liabilities as at 30 June 2019 was £215,659,000 (2018: £248,174,000) and the total number of shares in issue (Ordinary Shares plus ZDP Shares) was 237,812,500 (2018: 237,812,500) producing a Total Assets per Share of 90.68p (2018: 104.36p). Multiplying by the dividend reinvestment factor of 1.050686 (2018: 1.011545) results in a Total Assets per Share on a Total Return basis of 95.28p (2018: 105.56p). The Total Assets Total Return was therefore -9.7% (2018: 5.6%), being the sum of the Total Assets per Share at the end of the period, multiplied by the dividend reinvestment factor divided by the Total Assets per Share calculated on a total return basis at the start of the period, expressed as a percentage (see note 16 on page 49).

Ordinary Share NAV Total Return represents the theoretical return on the NAV per Ordinary Share, assuming that dividends paid to Shareholders were reinvested at the NAV per Ordinary Share at the close of business on the day the shares were quoted ex dividend. The NAV per Ordinary Share as at 30 June 2019 was 86.70p and the dividend reinvestment factor was 1.064779. The Ordinary Share NAV Total Return was therefore -13.1%, being the sum of the Ordinary Share NAV at the end of the period, multiplied by the dividend reinvestment factor divided by the Ordinary Share NAV calculated on a total return basis at the start of the period, expressed as a percentage (see note 16 on page 49).

ZDP Share NAV Total Return represents the return on the entitlement value of a ZDP Share. The ZDP Share NAV as at 30 June 2019 was 106.63p (2018: 102.93p). The ZDP Share NAV Total Return was therefore 3.6% (2018: 2.9%), being the ZDP Share NAV at the end of the period divided by the ZDP Share NAV at the start of the period, expressed as a percentage (see note 16 on page 49).

Ordinary Share Price Total Return represents the theoretical return to an Ordinary Shareholder, on a closing market price basis, assuming that all dividends received were reinvested, without transaction costs, into the Ordinary Shares of the Company at the close of business on the day the shares were quoted ex dividend. The Ordinary Share price as at 30 June 2019 was 77.0p and the dividend reinvestment factor was 1.066939. The Ordinary Share Price Total Return was therefore -18.4%, being the sum of the Ordinary Share price at the end of the period, multiplied by the dividend reinvestment factor divided by the Ordinary Share price calculated on a total return basis at the start of the period, expressed as a percentage.

ZDP Share Price Total Return represents the theoretical return to a ZDP Shareholder, on a closing market price basis. The ZDP Share price as at 30 June 2019 was 111.50p (2018: 106.50p). The ZDP Share Price Total Return was therefore 4.7%, being the ZDP Share price at the end of the period divided by the ZDP Share price at the start of the period.

Discount is the amount by which the stockmarket price per Share is lower than the NAV per Share. The discount is normally expressed as a percentage of the NAV per Share.

Premium is the amount by which the stockmarket price per Share exceeds the NAV per Share. The premium is normally expressed as a percentage of the NAV per Share.

Glossary

Other Glossary Terms

Active Share Ratio is the sum of the absolute differences between a portfolio's weight in a stock and an index's weight in a stock for all stocks in the portfolio or index. The total is then divided by two to give a ratio between 0% and 100%. Active Share is addressed in "How Active is Your Fund Manager?" (Antti Petajisto and Martijn Cremers, Yale School of Management, 2009).

Dividend Reinvestment Factor is calculated on the assumption that dividends paid by the Company were reinvested into Ordinary Shares of the Company at the NAV per Ordinary Share/share price, as appropriate, on the day the Ordinary Shares were quoted ex dividend.

Gearing/Leverage is calculated by dividing the asset value attributable to the ZDP Shares by the asset value attributable to the Ordinary Shares.

Hurdle Rate is the rate of capital growth per annum in the Company's investment portfolio to return a stated amount per Share at the planned winding-up date.

Key Dates

Company Incorporation Date	19 April 2017
Inception Date	30 June 2017
Launch/Listing Date	3 July 2017
Planned Winding-Up Date	1 July 2024

Ongoing Charges represents the percentage per annum of investment management fees and other operating expenses to the average published Ordinary Shareholders' NAV over the period.

Portfolio Turnover is calculated by summing the lesser of purchases and sales over a one year period divided by the average portfolio value for that period.

Projected Final Cumulative Cover is the ratio of the total assets of the Company as at the calculation date, to the sum of the assets required to pay the final capital entitlement of 127.25p per ZDP Share on the planned winding-up date plus future estimated investment management fees charged to capital and estimated winding-up costs.

Redemption Yield (Ordinary Share) is the annualised rate at which projected future income and capital cash flows (based on assumed future capital/dividend growth rates) is discounted to produce an amount equal to the share price at the date of calculation.

Redemption Yield (ZDP Share) is the annualised rate at which the total discounted value of the planned future payment of capital equates to its share price at the date of calculation.

Retained Revenue per Share is a cumulative figure calculated after accounting for dividends, including those not yet recognised in the financial statements.

Terminal NAV (Ordinary Share) is the projected NAV per Ordinary Share at the planned winding-up date at a stated rate of capital growth in the Company's investment portfolio after taking into account the final capital entitlement of the ZDP Shares, future estimated costs charged to capital and estimated winding-up costs.

Corporate Information

Directors

Jonathan Cartwright (Chairman)
Graeme Bissett
Dominic Fisher, OBE
Lesley Jackson
Angus Gordon Lennox
Graham Menzies

Managers and Secretaries

Aberforth Partners LLP
14 Melville Street
Edinburgh EH3 7NS
Tel: 0131 220 0733
enquiries@aberforth.co.uk
www.aberforth.co.uk

Registered Office and Company Number

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20 Primrose Street
London EC2A 2EW
Registered in England and Wales
Number 10730910

Depositary

NatWest Trustee & Depositary Services Limited
Drummond House
1 Redheughs Avenue
Edinburgh EH12 9RH

Custodian

The Northern Trust Company
50 Bank Street
Canary Wharf
London E14 5NT

Bankers

Handelsbanken
2nd Floor, Apex 3
95 Haymarket Terrace
Edinburgh EH12 5HB

Registrars

Link Asset Services
Shareholder Solutions
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Shareholder enquiries:

Tel: 0871 664 0300 (Calls cost 12p per minute plus network extras)
enquiries@linkgroup.com
www.linkassetservices.com

Shareholder Portal:

www.signalshares.com

Independent Auditor

Deloitte LLP
Saltire Court
20 Castle Terrace
Edinburgh EH2 2DB

Solicitors

Dickson Minto W.S.
16 Charlotte Square
Edinburgh EH2 4DF

Sponsors

J.P. Morgan Cazenove
25 Bank Street
Canary Wharf
London E14 5JP

Notice of the Annual General Meeting

Notice is hereby given that the Annual General Meeting of Aberforth Split Level Income Trust plc will be held at 14 Melville Street, Edinburgh EH3 7NS on 24 October 2019 at 11.00 a.m. for the following purposes.

Ordinary Business

To consider and, if thought fit, pass the following Ordinary Resolutions.

1. That the Report and Financial Statements for the year to 30 June 2019 be adopted.
2. That the Directors' Remuneration Report be approved.
3. That Graeme Bissett be re-elected as a Director.
4. That Dominic Fisher be re-elected as a Director.
5. That Angus Gordon Lennox be re-elected as a Director.
6. That Graham Menzies be re-elected as a Director.
7. That Lesley Jackson be elected as a Director.
8. That Deloitte LLP be re-appointed as Auditor.
9. That the Audit Committee be authorised to determine the remuneration of the Auditor for the year to 30 June 2020.

By Order of the Board

Aberforth Partners LLP, *Secretaries*

29 July 2019

Notes to the Notice of the Annual General Meeting

1. Attending the Annual General Meeting in person

A member who is entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend, speak and vote on their behalf. Such a proxy need not also be a member of the Company.

To be entitled to attend and vote at the Annual General Meeting (and for the purpose of determining the votes they may cast), members must be registered in the Company's register of members at 11.00 a.m. on 22 October 2019 (or, if the Annual General Meeting is adjourned, 11.00 a.m. on the day two days (excluding non working days) prior to the adjourned meeting). Changes to the register of members after the relevant deadline will be disregarded in determining the rights of any person to attend and vote at the Annual General Meeting.

2. Appointment of Proxy

A Form of Proxy for use by Shareholders is enclosed. Completion of the Form of Proxy will not prevent a Shareholder from attending the meeting and voting in person. To register your vote electronically, log on to the Registrars' website at www.signalshares.com and follow the instructions on screen.

You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different Shares. You may not appoint more than one proxy to exercise rights attached to any one Share. To appoint more than one proxy, please contact the Registrars of the Company. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

To be valid the proxy form must be completed and lodged, together with the power of attorney or any authority under which it is signed, or a notarially certified copy of such power of authority, with the Registrars of the Company no later than 48 hours (excluding non-working days) before the time set for the meeting, or any adjourned meeting.

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting to be held on 24 October 2019 and any adjournment(s) thereof by using the procedures described in the CREST Manual. The message must be transmitted so as to be received by the Company's agent, Link Asset Services (CREST Participant ID: RA10), no later than 48 hours (excluding non working days) before the time appointed for the meeting.

3. Questions and Answers

Pursuant to section 319A of the Companies Act 2006, the Company must provide an answer to any question that is put by a member attending the Annual General Meeting relating to the business being considered, except if a response would not be in the interest of the Company or for the good order of the meeting or if to do so would involve the disclosure of confidential information. The Company may however elect to provide an answer to a question within a reasonable period of days after the conclusion of the Annual General Meeting.

4. Total Voting Rights

As at 29 July 2019, the latest practicable date prior to publication of this document, the Company had 190,250,000 Ordinary Shares and 47,562,500 ZDP Shares in issue. The holders of ZDP Shares will not normally be entitled to vote at general meetings of the Company. In respect of the resolutions the Ordinary Shareholders have a total of 190,250,000 voting rights.

5. Information on the Company's website

In accordance with section 311A of the Companies Act 2006, the contents of this notice of meeting, details of the total number of Shares in respect of which members are entitled to exercise voting rights at the AGM and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Managers' website at www.aberforth.co.uk.

6. Nominated Persons

Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a Nominated Person) may, under an agreement between such person and the Shareholder nominating such person, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise such right, the Nominated Person may, under any such agreement, have a right to give instructions to the registered Shareholder as to the exercise of voting rights.

7. Audit concerns

The members of the Company may require the Company (without payment) to publish, on its website, a statement (which is also to be passed to the Auditor) setting out any matter relating to the audit of the Company's Financial Statements, including the Auditor's report and the conduct of the audit. The Company will be required to do so once it has received such requests from either members representing at least 5% of the total voting rights of the Company or at least 100 members who have a relevant right to vote and hold Shares in the Company on which there has been paid up an average sum per member of at least £100. Such requests must be made in writing, state full names and addresses, and be sent to the registered address of the Company.

8. Documents available for inspection

The Directors' letters of appointment and a copy of the Articles of Association of the Company will be available for inspection prior to the Annual General Meeting and during the meeting.

