

## Monthly Fact Sheet 31 May 2018

<b>Launch Date</b>	12 May 1999
<b>Gross Assets</b>	£ 67.9 m
<b>Net Assets</b>	£ 53.1 m*
<b>Bank Debt</b>	£ nil
<b>Dividend Yield</b>	3.5%**

	Zero Dividend Preference Shares	Ordinary Shares
<b>Share Price</b> (price per share)	105.00p	259.00p
<b>NAV</b> (price per share)	101.80p	254.82p*
<b>Premium/ (Discount) to NAV</b>	3.14%	1.64%
<b>Share Capital</b>	14,500,000***	20,850,000

\*includes unaudited revenue reserve to 31/05/2018

\*\*calculation includes last four dividends and special dividend

\*\*\*redeemed at 133.18p - 30/04/2025

## Fund Managers



### David Horner

qualified as a chartered accountant in 1984 with Deloitte before joining 3i Corporate Finance Limited in 1986. In May 1993 he joined Strand Partners Limited, and was appointed a director in January 1994, where he carried out a range of corporate finance assignments identifying, structuring and managing investments in quoted and unquoted companies. In June 1997 he left to set up Chelverton Asset Management Limited and, in May 1999, he launched the Chelverton UK Dividend Trust, which he still co-manages. He has also co-managed the Chelverton UK Equity Income Fund since launch. In 2013 he resigned his membership of the Institute of Chartered Accountants in England and Wales, as his career is now fully involved in fund management.



### David Taylor

began his career as an analyst in the research department at Wedd Durlacher and moved into fund management in 1987 with the Merchant Navy Officers Pension Fund. He joined Gartmore Investment Limited in 1991, during this time, he ran a combination of institutional funds and investment trusts, namely the Clydesdale Investment Trust and London & Strathclyde Trust. In 1995, he moved to LGT to manage small cap retail funds and latterly spent nearly seven years as head of UK smaller companies at HSBC Asset Management. He joined Chelverton Asset Management in January 2006 and has co-managed the Chelverton UK Equity Income Fund since launch.

# Chelverton UK Dividend Trust PLC

(Formerly Chelverton Small Companies Dividend Trust plc)

## Investment Objective and Policy

The investment objective of the Company is to provide Ordinary shareholders with a high income and opportunity for capital growth, having provided a capital return sufficient to repay the full final capital entitlement of the Zero Dividend Preference shares issued by the wholly owned subsidiary company SDV ZDP 2025 PLC.

The Company's investment policy is that:

- The Company will invest in equities in order to achieve its investment objectives, which are to provide both income and capital growth, predominantly through investment in mid and smaller capitalised UK companies admitted to the Official List of the UK Listing Authority and traded on the London Stock Exchange Main Market or traded on AIM.
- The Company will not invest in preference shares, loan stock or notes, convertible securities or fixed interest securities or any similar securities convertible into shares; nor will it invest in the securities of other investment trusts or in unquoted companies.

## Monthly Manager Commentary

The Directors announced that the Company changed its name to Chelverton UK Dividend Trust PLC. The change of name was effective on 18 June 2018. The Company's investment policy remains changed. The Directors believe that it better reflects the Company's ethos of a UK income fund in the UK Equity Income sector as the Trust seeks an above average yield and capital growth. The Company will retain its existing ticker, "SDV.L", and the ISIN and SEDOL numbers will not change. Existing share certificates remain valid and certificates in the new name will only be issued as required.

Talk of impending trade wars and fears over the direction of the coalition government in Italy dominated commentators' thoughts on the International stage in the last month as the US economy powered ahead. In an increasingly uncertain political environment, the reality is that investors are taking their lead from the corporate sector at the moment, which appears to be in robust health. At home, the much anticipated rate rise did not materialise, leading to weaker sterling and creating a small tailwind to a market that was in a buoyant mood. Interestingly, so far this year, whilst fund performance has been a beneficiary of corporate activity, and we expect this to continue, we have not invested in a single IPO as the number of opportunities to invest within our investment remit has dropped considerably compared to last year. In a market searching for income we find this surprising and perhaps we are due a period of catch up in our second half.

At the stock level, there were no discernible performance 'themes' and prices reacted to stock specific news. On the positive side, Shoe Zone, Bloomsbury and Sanderson responded well to result announcements and Macfarlane to a confident AGM statement showing significant growth year-on-year. On the downside, Photo-Me fell after a profit warning related to over-capacity in their Japanese business, Marston's was weak on announced write-downs in the valuation of their estate and Dairy Crest fell as it raised funds to increase their cheese making capacity. We topped up Essentra and Headlam on recent weakness, and participated in a placing in Anglo African Oil & Gas to fund drilling work on the Tilapia Field. We reduced our holdings in Huntsworth, Curtis Banks and Titon Holdings after periods of good performance. As a generalisation, over the past couple of years we have run our 'winners' to capture capital gain and after lengthy periods of strong performance we are now at the point that a number of these holdings are getting close to a two percent yield, the point at which we will consider selling. Funds raised will be reinvested in stocks yielding more than four percent, and as a result we expect the underlying yield on our portfolio to gently increase over the next few months.

## Annual Returns % (GBP)

31/05/2018

	2018	2017	2016	2015	2014	2013	2012	2011
<b>Share Price</b> Ordinary Shares	-0.56	27.59	13.81	29.36	-4.26	79.11	19.72	2.82
<b>Share Price</b> Morningstar Investment Trust UK Equity Income	-2.08	24.41	4.96	24.80	4.82	56.76	38.34	-10.09
<b>NAV</b>	1.45	12.65	6.78	23.05	-4.58	54.62	36.46	-13.94
<b>NAV</b> Morningstar Investment Trust UK Equity Income	0.96	12.80	10.18	16.06	-1.11	43.43	28.41	-10.65

Source: Chelverton Asset Management Limited and Morningstar

Past performance is not a guide to future results.

## Dividend History

	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
	p	p	p	p	p	p	p
First interim	2.02	1.85	1.70	1.575	1.475	1.40	1.35
Second interim	2.02	1.85	1.70	1.575	1.475	1.40	1.35
Third interim	2.02	1.85	1.70	1.575	1.475	1.40	1.35
Fourth interim	2.40	2.40	2.40	2.40	2.40	2.40	2.35
<b>Subtotal</b>	<b>8.46</b>	<b>7.95</b>	<b>7.50</b>	<b>7.125</b>	<b>6.825</b>	<b>6.60</b>	<b>6.40</b>
% increase	6.4	6.0	5.3	4.4	3.4	3.1	3.2
Special dividend	0.66	1.86	1.60	0.300	2.750	N/A	N/A
<b>TOTAL</b>	<b>9.12</b>	<b>9.81</b>	<b>9.10</b>	<b>7.425</b>	<b>9.575</b>	<b>6.60</b>	<b>6.40</b>

The Key Information Document ("KID") is available on the Chelverton website - [www.chelvertonam.com](http://www.chelvertonam.com)



Monthly Fact Sheet  
**31 May 2018**

**Directors**

**The Rt Hon. the Lord Lamont of Lerwick**  
Chairman

**David Harris**

**William van Heesewijk**

**Howard Myles**

**Calendar**

<b>Year End</b>	30 April
<b>AGM</b>	September
<b>Dividends (Declared)</b>	March, June, September, December

<b>Management Fee</b>	1% pa.
<b>Charge to Capital</b>	Management Fee and Bank Interest (75% to Capital: 25% to Revenue)

**Price Information**

	ZDP	ORDS
<b>Reuters</b>	SDVP.L	SDV.L
<b>SEDOL</b>	BZ7MQD8	0661582
<b>Market Makers</b>	Canaccord, Numis, Winterflood, Stockdale	

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# Chelverton UK Dividend Trust PLC

**Top Twenty Holdings**

Holding	Sector	% of portfolio
Diversified Gas & Oil	Oil and Gas	2.79%
Randall & Quilter Investment	Insurance	2.15%
Galliford Try	Construction & Building Materials	2.15%
St.Ives	Support Services	2.09%
Marston's	Leisure, Entertainment & Hotels	2.00%
BCA Marketplace	Speciality & Other Finance	1.99%
Kier Group	Leisure, Entertainment & Hotels	1.97%
DFS Furniture	Housing Goods & Textiles	1.94%
McColl's Retail Group	General Retailers	1.89%
Brown (N) Group	General Retailers	1.85%
De La Rue	Support Services	1.84%
Belvoir Lettings	Real Estate	1.84%
Numis Corporation	Insurance	1.82%
Mucklow (A&J) Group	Investment Companies	1.81%
Polar Capital Holdings	Investment Companies	1.79%
DiscoverIE Group	Electronic & Electrical Equipment	1.78%
Bloomsbury Publishing	Media & Photography	1.74%
Jarvis Securities	Speciality & Other Finance	1.71%
Braemar Shipping Services GBp	Support Services	1.68%
Shoe Zone (Holdings)	General Retailers	1.61%
<b>Total</b>		<b>38.05%</b>

**Sector Breakdown**

Sector	% of portfolio
Construction & Building Materials	15.72%
Financials	15.06%
Industrials	10.51%
Support Services	8.98%
General Retailers	7.14%
Real Estate	6.00%
Insurance	5.39%
Technology	4.53%
Media & Photography	3.98%
Transport	3.18%
Oil & Gas	3.14%
Leisure, Entertainment & Hotels	3.12%
Housing Goods & Textiles	2.96%
Food Producers & Processors	2.27%
Consumer Goods	1.84%
Packaging	1.49%
Restaurant Pubs & Breweries	1.39%
Automobiles	1.24%
Telecommunications Services	1.04%
Electronic & Electrical Equipment	1.02%
	100.00%

**Market Cap Breakdown**

% of portfolio	No of stocks
Above £1bn	8
£500m-£1bn	11
£250m-£500m	13
£100m-£250m	17
Below £100m	28
Cash and Income	0
<b>Total</b>	<b>77</b>

Source: Chelverton Asset Management Limited

**Risk Factors**

The value of investments and the income from them may go down as well as up and you may not get back your original investment. Investment trusts can borrow money to make additional investments on top of shareholders funds (gearing). If the value of these investments fall in value, gearing will magnify the negative impact on performance. Particular share classes may also be structurally geared by other share classes that have earlier entitlement to the Company's assets up to a predetermined limit. If an investment trust incorporates a large amount of gearing the value of its shares may be subject to sudden and large falls in value and you could get back nothing at all. Some split capital shares have higher risk characteristics than conventional equities which can result in capital erosion. An investor could lose all of their capital. Smaller companies are riskier and less liquid than larger companies which means their share price may be more volatile. Some of the annual management fee is currently charged to the capital of the Fund. Whilst this increases the yield, it will restrict the potential for capital growth. The level of yield may be subject to fluctuation and is not guaranteed. Net Asset Value ("NAV") performance is not the same as share price performance and investors may not realise returns the same as NAV performance.

**Risk Rating of Shares**

Zero Dividend Preference shares	Medium
Ordinary shares	High

The information contained in this document has been obtained from sources that Chelverton Asset Management ("CAM") considers to be reliable. However, CAM cannot guarantee the accuracy and completeness of the information provided, and therefore no investment decision should be based solely on this data.

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