

**Monthly Fact Sheet**  
**31 May 2019**

<b>Launch Date</b>	12 May 1999
<b>Gross Assets</b>	£ 59.7 m
<b>Net Assets</b>	£ 44.4 m*
<b>Bank Debt</b>	£ nil
<b>Dividend Yield</b>	5.4%**

	Zero Dividend Preference Shares	Ordinary Shares
<b>Share Price</b> (price per share)	109.50p	183.00p
<b>NAV</b> (price per share)	105.83p	212.79p*
<b>Premium/ (Discount) to NAV</b>	3.47%	(14.00)%
<b>Share Capital</b>	14,500,000***	20,850,000

\*includes unaudited revenue reserve to 31/05/2019

\*\*calculation includes last four dividends and special dividend divided by the NAV per share

\*\*\*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 age old stockmarket adage of 'selling in May' proved well founded as stocks drifted lower in the absence of the positive corporate news flow of the previous month. Despite the worries with regard to global trade tariffs intensifying, there was a welcome intervention from the Fed with a dovish pronouncement about US interest rates. Brexit was back in the headlines at home as the Prime Minister announced her retirement date and focus shifted to the policy commitments of the raft of potential successors. Suffice to say, despite an obvious frontrunner, the answer to how and when we leave Europe remains as uncertain as ever. At the same time there has been a growing belief amongst commentators that ultimately a solution will require another General Election despite their seemingly being little appetite for one amongst the public. This has all served to increase equity risk premiums within our investible universe over the past month.

The story of the year to date within UK small and mid caps is that it has been the growth stocks that have had the real upward price momentum and the valuation gap with domestic 'value' plays has continued to rise. On a more positive note for us, there was an agreed offer for one of our holdings, Mucklow, in the month. Interestingly, despite this bid, N. Brown was the largest positive contributor to performance in the month after releasing a reassuring set of final results, highlighting how far some of our domestic cyclicals have fallen in the absence of news flow. We topped up a range of existing holdings including Alumasc, Babcock and McColl's. Although top down gloom and weak sterling look set to provide a headwind in the short term, there are currently plenty of opportunities, we believe, for us to invest within the remit of our process at attractive levels of valuation. On the downside, De La Rue issued a profit warning, and Kier and Low & Bonar, two stocks with well highlighted problems, continued to fall.

## Annual Returns % (GBP)

31/05/2019

	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Share Price</b> Ordinary Shares	8.43	-32.16	27.59	13.81	29.36	-4.26	79.11	19.72	2.82
<b>Share Price</b> Morningstar Investment Trust UK Equity Income	13.18	-24.50	24.41	4.96	24.80	4.82	56.76	38.34	-10.09
<b>NAV</b>	8.15	-10.16	12.65	6.78	23.05	-4.58	54.62	36.46	-13.94
<b>NAV</b> Morningstar Investment Trust UK Equity Income	11.88	-11.92	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

	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13
	p	p	p	p	p	p	p
First interim	2.19	2.02	1.85	1.70	1.575	1.475	1.40
Second interim	2.19	2.02	1.85	1.70	1.575	1.475	1.40
Third interim	2.19	2.02	1.85	1.70	1.575	1.475	1.40
Fourth interim	2.40	2.40	2.40	2.40	2.40	2.40	2.40
<b>Subtotal</b>	<b>8.97</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>
% increase	0.06	6.4	6.0	5.3	4.4	3.4	3.1
Special dividend	2.50	0.66	1.86	1.60	0.300	2.750	N/A
<b>TOTAL</b>	<b>11.47</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>

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

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**31 May 2019**

**Directors**

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

**Andrew Watkins**

**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**

	<i>ZDP</i>	<i>ORDS</i>
<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

(Formerly Chelverton Small Companies Dividend Trust plc)

**Top Twenty Holdings**

Holding	Sector	% of portfolio
Diversified Gas & Oil	Oil & Gas	3.98%
Mucklow (A&J) Group	Property	2.72%
Randall & Quilter	Insurance	2.58%
Marston's	Leisure, Entertainment & Hotels	2.55%
Belvoir Lettings	Real Estate	2.35%
Shoe Zone	General Retailers	2.08%
DFS Furniture	Housing Goods & Textiles	2.05%
UP Global Sourcing	General Retailers	1.99%
Castings	Engineering	1.93%
Strix Group	Diversified Industrials	1.91%
Alumasc	Construction & Building Materials	1.87%
Flowtech Fluidpower	Industrials	1.85%
StatPro Group	Support Services	1.77%
Bloomsbury Publishing	Media & Photography	1.75%
Park Group	Speciality & Other Finance	1.74%
Polar Capital	Investment Companies	1.73%
N Brown Group	General Retailers	1.72%
Crest Nicholson	Construction & Building Materials	1.72%
Sanderson Group	Software & Computer Services	1.68%
Restaurant Group	Restaurants, Pubs & Breweries	1.63%
<b>Total</b>		<b>41.60%</b>

**% Income of Top Ten Holdings**

**24%**

**Sector Breakdown%**

Sector%	% of portfolio
Construction & Building Materials	14.8%
Support Services	10.7%
General Retailers	7.8%
Speciality & Other Finance	7.5%
Insurance	6.8%
Real Estate	6.8%
Industrials	5.9%
Oil & Gas	4.9%
Media & Photography	4.0%
Investment Companies	3.5%
Software & Computer Services	3.2%
Leisure, Entertainment & Hotels	3.1%
Transport	2.9%
Housing Goods & Textiles	2.7%
Property	2.7%
Engineering & Machinery	2.2%
Financial Services	2.0%
Diversified Industrials	1.9%
Restaurants, Pubs & Breweries	1.6%
Electronic & Electrical Equipment	1.2%
Automobiles	1.1%
Packaging	1.0%
Food Producers & Processors	0.7%
Distributors	0.7%
	100.00%

Source: Chelverton Asset Management Limited

**Market Cap Breakdown**

	% of portfolio	No of stocks
Above £1bn	4.79%	4
£500m-£1bn	20.92%	12
£250m-£500m	21.47%	15
£100m-£250m	19.43%	14
Below £100m	33.38%	29
Cash and Income	0.00%	0
<b>Total</b>	<b>100.00%</b>	<b>75</b>

**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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