

Monthly Fact Sheet 30 June 2019

Launch Date	12 May 1999
Gross Assets	£ 56.8 m
Net Assets	£ 41.4 m*
Bank Debt	£ nil
Dividend Yield	5.8%**

	Zero Dividend Preference Shares	Ordinary Shares
Share Price (price per share)	112.00p	181.00p
NAV (price per share)	106.17p	198.70p*
Premium/ (Discount) to NAV	5.49%	(8.91)%
Share Capital	14,500,000***	20,850,000

*includes unaudited revenue reserve to 30/06/2019

**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 quarter started with reassuring newsflow from a range of our underlying holdings and performance remained relatively resilient as it was buoyed by a number of corporate bids. This was despite the fact that the real price momentum resided in growth stocks and the valuation gap between 'growth' and our 'value' orientation continued to widen in the last quarter. As we entered June, however, the headwinds for the trust grew significantly. At home, as the Tory leadership contest was reduced to the final two candidates, the possibility of a 'no deal' Brexit increased, and we reverted to worries regarding Sterling and underperformance of domestic-centric stocks which was compounded by rising equity risk premiums and the associated pressure on small and mid-caps. At the same time, the adverse effects of the global trade wars started to bite, and it now looks as though the domestic economy has unsurprisingly suffered as the inventory build noted ahead of the first Brexit deadline at the end of March has partially unwound.

In the last month, at the stock level, we had a bid for BCA, making a total of three in the last quarter which does highlight a store of value in some of our holdings. We added Vertu to the portfolio and topped up a wide range of existing holdings at what we believe to be attractive levels of valuation. The downside to performance, however, was driven by RPS, who had a profit warning, and Kier, who announced an accelerated restructuring. Testament to the 'risk off' nature of the stockmarket in June was the fact that share prices of stocks that warned fell by substantially more than the underlying earnings downgrades.

We have been here before both from a Brexit and market sentiment perspective and it is important that Brexit is resolved one way or another to enable investors to refocus on company fundamentals and cash flows. Analysts are now more cautious regarding the next results season and have generally been downgrading expectations which is to be welcomed. It does look as though an inevitable consequence of the appointment of a new Prime Minister is that there will be a new Chancellor as well. Any sort of Brexit resolution accompanied by a potential short-term fiscal stimulus and the process of government getting back to some sort of normality would be most welcome.

Annual Returns % (GBP)

30/06/2019

	2019	2018	2017	2016	2015	2014	2013	2012	2011
Share Price Ordinary Shares	10.13	-32.16	27.59	13.81	29.36	-4.26	79.11	19.72	2.82
Share Price Morningstar Investment Trust UK Equity Income	9.58	-10.20	12.65	6.78	23.05	-4.58	54.62	38.34	-10.09
NAV	5.69	-24.50	4.41	4.96	24.79	4.82	56.76	36.46	-13.94
NAV Morningstar Investment Trust UK Equity Income	15.38	-1.96	10.86	8.39	8.60	-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
Subtotal	8.97	8.46	7.95	7.50	7.125	6.825	6.60
% 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
TOTAL	11.47	9.12	9.81	9.10	7.425	9.575	6.60

The Key Information Document ("KID") is available on the Chelverton website - www.chelvertonam.com

Monthly Fact Sheet
30 June 2019

Directors

The Rt Hon. the Lord Lamont of Lerwick
Chairman

Andrew Watkins

William van Heesewijk

Howard Myles

Calendar

Year End	30 April
AGM	September
Dividends (Declared)	March, June, September, December

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

Price Information

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

Contact Us

T	020 7222 8989
E	cam@chelvertonam.com
A	Chelverton Asset Management Limited 20 Ironmonger Lane London EC2V 8EP
W	www.chelvertonam.com

Chelverton UK Dividend Trust PLC

(Formerly Chelverton Small Companies Dividend Trust plc)

Top Twenty Holdings

<i> Holding</i>	<i> Sector</i>	<i> % of portfolio</i>
Diversified Gas & Oil	Oil & Gas	3.55%
Marston's	Leisure, Entertainment & Hotels	2.92%
Randall & Quilter	Insurance	2.63%
Belvoir Lettings	Real Estate	2.40%
DFS Furniture	Housing Goods & Textiles	2.26%
UP Global Sourcing	General Retailers	2.24%
Castings	Engineering & Machinery	2.01%
Strix Group	Diversified Industrials	1.97%
BCA Marketplace	Industrials	1.95%
Polar Capital	Investment Companies	1.92%
StatPro Group	Support Services	1.89%
Shoe Zone	General Retailers	1.89%
Northgate	Automobiles	1.86%
Bloomsbury Publishing	Media & Photography	1.82%
Park Group	Speciality & Other Finance	1.79%
Flowtech Fluidpower	Industrials	1.77%
Go-Ahead Group	Transport	1.76%
Crest Nicholson	Construction & Building Materials	1.75%
Restaurant Group	Restaurants, Pubs & Breweries	1.73%
Essentra	Construction & Building Materials	1.72%
Total		41.83%

% Income of Top Ten Holdings

24%

Sector Breakdown%

<i> Sector%</i>	<i> % of portfolio</i>
Construction & Building Materials	14.0%
Support Services	10.5%
Speciality & Other Finance	7.8%
General Retailers	7.5%
Real Estate	7.1%
Industrials	7.0%
Insurance	6.9%
Media & Photography	4.4%
Oil & Gas	4.1%
Investment Companies	3.7%
Software & Computer Services	3.5%
Leisure, Entertainment & Hotels	3.5%
Transport	3.1%
Housing Goods & Textiles	2.7%
Automobiles	2.5%
Engineering & Machinery	2.3%
Financial Services	2.1%
Diversified Industrials	2.0%
Restaurants, Pubs & Breweries	1.7%
Electronic & Electrical Equipment	1.2%
Packaging	1.1%
Food Producers & Processors	0.7%
Distributors	0.7%
Total	100.00%

Source: Chelverton Asset Management Limited

Market Cap Breakdown

	<i> % of portfolio</i>	<i> No of stocks</i>
Above £1bn	5.71%	4
£500m-£1bn	20.60%	11
£250m-£500m	18.90%	13
£100m-£250m	19.95%	16
Below £100m	34.84%	30
Cash and Income	0.00%	0
Total	100.00%	75

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

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