

Monthly Fact Sheet
31 October 2019

Launch Date	12 May 1999
Gross Assets	£ 56.5 m
Net Assets	£ 40.9 m*
Bank Debt	£ nil
Dividend Yield	6.0%**

	Zero Dividend Preference Shares	Ordinary Shares
Share Price (price per share)	108.00p	182.50p
NAV (price per share)	107.57p	196.24p*
Premium/ (Discount) to NAV	0.40%	(7.00)%
Share Capital	14,500,000***	20,850,000

*includes unaudited revenue reserve to 31/10/2019

**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

Whilst global appetite for equities remains firmly focussed on trade wars, the UK market is driven by a more domestic issue. We have said for some time now that a wide range of companies that we invest in need a resolution to Brexit, one way or another, to be able to move forward and to start planning future capital spending programmes and to properly implement growth strategies. Some sort of certainty is desperately needed. Hopefully the general election next month will provide the catalyst for this, although this is by no means guaranteed to be the case, as the odds on another hung parliament currently suggest. We expect further downward pressure on macro estimates as the business of government grinds to a halt for six weeks and sentiment will not be relieved by corporate statements which we expect to be universally cautious with respect to domestic earnings. In the next month, we expect to be overwhelmed by commentators analysing what stocks will perform best or worst under differing election outcomes. We continue to take comfort in the fact that investors are generally underweight in UK equities and that overseas companies and private equity continue to see good value within our investable universe.

The strongest performer this month was Murgitroyd, which was subject to a recommended cash offer. GVC also performed well after a good Q3 trading update, as did Randall and Quilter. On the downside, poor or indifferent updates undermined the valuations of De La Rue and Devro. During the month, we added to our holdings in Close Brothers, Saga and T Clarke and started a new holding in Tyman, the international supplier of engineered components to the door and window industry. As a generalisation, investors are now anticipating earnings downgrades across a broad range of industrial cyclical as the effects of the trade wars and global slowdown begin to bite. The consensus view at the moment seems to suggest that in the short term there is more downward pressure on earnings to come but that on a look through basis earnings could be set to be revised upwards in the first half of next year. This is currently a view that we subscribe to and should help to put a floor under valuations.

Annual Returns % (GBP)

31/10/2019

	2019	2018	2017	2016	2015	2014	2013	2012	2011
Share Price Ordinary Shares	12.64	-32.16	27.59	13.81	29.36	-4.26	79.11	19.72	2.82
Share Price Morningstar Investment Trust UK Equity Income	11.41	-10.20	12.65	6.78	23.05	-4.58	54.62	38.34	-10.09
NAV	8.30	-24.50	4.41	4.96	24.79	4.82	56.76	36.46	-13.94
NAV Morningstar Investment Trust UK Equity Income	18.24	-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

	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13
	p	p	p	p	p	p	p	p
First interim	2.40	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	2.40	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	2.40	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

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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	

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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	3.42%
Marston's	Leisure, Entertainment & Hotels	3.07%
Randall & Quilter Investment	Insurance	2.96%
Belvoir Lettings	Real Estate	2.45%
Strix Group	Diversified Industrials	2.17%
DFS Furniture	Housing Goods & Textiles	2.08%
Crest Nicholson	Construction & Building Materials	2.07%
Bloomsbury Publishing	Media & Photography	2.00%
Galliford Try	Construction & Building Materials	1.95%
UP Global Sourcing	General Retailers	1.95%
Castings	Engineering & Machinery	1.89%
BCA Marketplace	Industrials	1.88%
Northgate	Automobiles	1.82%
Go-Ahead Group	Transport	1.82%
Ramsdens Holdings	Financial Services	1.81%
Restaurant Group	Restaurants, Pubs & Breweries	1.76%
Murgitroyd Group	Industrials	1.76%
Jarvis Securities	Speciality & Other Finance	1.75%
STV	Media & Photography	1.72%
Essentra	Construction & Building Materials	1.70%
Total		42.04%

Income of the Top Ten Holdings

25%

Price Earnings Ratio of the Portfolio as at 30/06/2019

9.5

Sector Breakdown%

<i> Sector%</i>	<i> % of portfolio</i>
Construction & Building Materials	15.0%
Support Services	8.7%
Speciality & Other Finance	8.4%
Real Estate	7.3%
Insurance	6.9%
General Retailers	6.7%
Industrials	6.0%
Media & Photography	4.7%
Financial Services	3.9%
Oil & Gas	3.7%
Leisure, Entertainment & Hotels	3.6%
Transport	3.2%
Housing Goods & Textiles	3.1%
Investment Companies	3.0%
Automobiles	2.9%
Software & Computer Services	2.6%
Diversified Industrials	2.2%
Engineering & Machinery	2.0%
Restaurants, Pubs & Breweries	1.8%
Electronic & Electrical Equipment	1.4%
Food Producers & Processors	1.1%
Packaging	1.1%
Distributors	0.7%
	100.0%

Source: Chelverton Asset Management Limited

Market Cap Breakdown

	<i> % of portfolio</i>	<i> No of stocks</i>
Above £1bn	9.18%	6
£500m-£1bn	18.17%	10
£250m-£500m	20.52%	13
£100m-£250m	21.45%	17
Below £100m	30.68%	29
Cash and Income	0.00%	0
Total	100.00%	

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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