

## Monthly Fact Sheet 31 January 2020

<b>Launch Date</b>	12 May 1999
<b>Gross Assets</b>	£ 61.0 m
<b>Net Assets</b>	£ 45.2 m*
<b>Bank Debt</b>	£ nil
<b>Dividend Yield</b>	5.5%**

	Zero Dividend Preference Shares	Ordinary Shares
<b>Share Price</b> (price per share)	110.00p	203.00p
<b>NAV</b> (price per share)	108.62p	216.98p*
<b>Premium/ (Discount) to NAV</b>	1.27%	(6.44)%
<b>Share Capital</b>	14,500,000***	20,850,000

\*includes unaudited revenue reserve to 31/01/2020

\*\*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 the 'bears' continue to highlight the risks of a gloomy outcome for Brexit, the 'bulls' now have tangible evidence of improving levels of business and consumer confidence, highlighted by the recent RICS survey and the improving trends in the housing market. Although the adage about being better off travelling than arriving springs to mind, there does seem to be a growing groundswell of opinion that the government will look to significantly increase spending, particularly on infrastructure, in the forthcoming budget in March. On a global basis, growth estimates have been hit in the last month by the spread of the coronavirus and analysts have been busy looking at the implications for both demand and manufacturing capacity in China. Despite this, as domestic confidence has improved, we have seen the first signs of increased corporate activity through fund raisings, IPOs and corporate deals, a theme we expect to continue throughout the year.

At the stock level there were disappointing updates from N. Brown, Flowtech Fluidpower and Marstons, all of which were reflected in poor share price performance. On the plus side Belvoir, Crest Nicholson, McColl's and XP Power all performed strongly. Interestingly there was no discernible macro theme or trend to either our best or worst performers over the month. It is fair to say that since the election sentiment towards the UK has been improving amongst investors who were generally underweight beforehand. For this to translate into a sustained improvement in company share prices however, we need to see tangible evidence of upwards earnings momentum which at the moment is still in short supply. Company announcements are still reflecting the pre-election slowdown and lack of direction in the domestic economy. Hopefully, this is essentially a timing issue and, as we move through the year, we will start to see upgrades across a wide range of UK equities which will then benefit from a useful relative valuation uplift.

## Annual Returns % (GBP)

31/01/2020

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Share Price</b> Ordinary Shares	-4.92	33.39	-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	-2.59	22.53	-10.20	12.65	6.78	23.05	-4.58	54.62	38.34	-10.09
<b>NAV</b>	-3.31	25.31	-24.50	4.41	4.96	24.79	4.82	56.76	36.46	-13.94
<b>NAV</b> Morningstar Investment Trust UK Equity Income	-1.80	26.02	-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	2.40	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>4.80</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		6.00	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>4.80</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)

Monthly Fact Sheet  
**31 January 2020**

**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**

	ZDP	ORDS
<b>Reuters</b>	SDVP.L	SDV.L
<b>SEDOL</b>	BZ7MQD8	0661582
<b>Market Makers</b>	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**

Holding	Sector	% of portfolio
Belvoir Lettings	Real Estate	3.29%
Diversified Gas & Oil	Oil & Gas	2.68%
Crest Nicholson	Construction & Building Materials	2.48%
Marston's	Leisure, Entertainment & Hotels	2.42%
Randall & Quilter Investment	Insurance	2.39%
Shoe Zone	General Retailers	2.17%
Castings	Engineering & Machinery	2.10%
Bloomsbury Publishing	Media & Photography	2.08%
DFS Furniture	Housing Goods & Textiles	2.07%
UP Global Sourcing	General Retailers	2.01%
Vistry	Construction & Building Materials	1.96%
Ramsdens Holdings	Financial Services	1.95%
Strix Group	Diversified Industrials	1.80%
Epwin Group	Construction & Building Materials	1.78%
Alumasc	Construction & Building Materials	1.77%
XP Power	Electronic & Electrical Equipment	1.76%
Polar Capital	Investment Companies	1.74%
Essentra	Construction & Building Materials	1.73%
Headlam Group	Construction & Building Materials	1.73%
STV	Media & Photography	1.72%
<b>Total</b>		<b>41.63%</b>

**Income of the Top Ten Holdings**

**27%**

**Price Earnings Ratio of the Portfolio as at 02/01/2020**

**11.5**

**Sector Breakdown%**

Sector%	% of portfolio
Construction & Building Materials	17.8%
Support Services	9.4%
Speciality & Other Finance	8.9%
Real Estate	7.1%
Insurance	6.9%
General Retailers	5.1%
Media & Photography	4.8%
Investment Companies	4.6%
Financial Services	4.2%
Housing Goods & Textiles	4.0%
Engineering & Machinery	3.9%
Transport	3.0%
Leisure, Entertainment & Hotels	3.0%
Software & Computer Services	2.8%
Oil & Gas	2.7%
Automobiles	2.2%
Electronic & Electrical Equipment	2.1%
Diversified Industrials	1.8%
Food Producers & Processors	1.7%
Restaurants, Pubs & Breweries	1.6%
Packaging	1.1%
Industrials	0.7%
Distributors	0.6%
	<b>100.0%</b>

Source: Chelverton Asset Management Limited

**Market Cap Breakdown**

	% of portfolio	No of stocks
Above £1bn	11.59%	7
£500m-£1bn	18.60%	11
£250m-£500m	19.33%	13
£100m-£250m	21.12%	17
Below £100m	29.36%	28
Cash and Income	0.00%	0
<b>Total</b>	<b>100.00%</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.

This document is issued by CAM, authorised and regulated by the Financial Conduct Authority (FCA). This document does not represent a recommendation by CAM to purchase shares in this Trust. We recommend private investors seek the services of a Financial Adviser.