

Monthly Factsheet  
**30 April 2020**

<b>Launch Date</b>	12 May 1999
<b>Gross Assets</b>	£41.9m
<b>Net Assets</b>	£26.0m*
<b>Bank Debt</b>	£nil
<b>Core Dividend Yield</b>	7.7%**
<b>Yield inc Special</b>	9.7%***

	Zero Dividend Preference Shares	Ordinary Shares
<b>Share Price</b> (price per share)	102.00p	127.50p
<b>NAV</b> (Price per share)	109.67p	124.86p*
<b>Premium / (Discount to NAV)</b>	(6.99)%	2.12%
<b>Share Capital</b>	14,500,000 <sup>^</sup>	20,850,000

\*includes unaudited revenue reserve to 30/04/2020

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

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

<sup>^</sup>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

As macro analysis was trying to determine the 'shape' of the economic recovery, UK small and mid cap prices bounced in the month from the wide spread over reaction of the previous month, a pattern we have seen before within our investible universe at times of extreme economic shocks. History suggests however that markets will remain extremely volatile in the short term. There was no real theme to our better performers in the month, N Brown, RPS, Go Ahead and Crest Nicholson, or our poorer performers, Bakkavor, Marstons, and ShoeZone. Bloomsbury sold off after issuing equity however Low & Bonar provided a welcome boost with its takeover given clearance to complete in the month. Financial prudence is the order of the day and has led to an unprecedented cancellation of dividends across all sectors and size bands of the domestic equity market. At the same time company analysts are 'kitchen sinking' earnings estimates with little idea of actual outcomes and the focus for the moment remains firmly on the monthly cash burn of companies. The speed at which companies are able to move away from government support remains crucial to the timing of a recovery.

As managers, we believe that the vast majority of our holdings that have recently had to cancel dividends have sufficiently robust business models, are financially sound enough and want to return to paying dividends as soon as they can because they understand the importance of dividends to their shareholder base. The timing of the return to the dividend list will vary greatly depending upon each company's specific circumstances however, in our favour is the fact that, in a low interest rate environment and with income in such short supply, company boards know that paying a dividend is a good way to attract the marginal investor onto their shareholder register. As previously noted, the trust is able to pay dividends out of revenue reserves and has been prudently building reserve levels over the past few years to allow us to continue paying dividends throughout the cycle. Our current high level of distributable reserves also gives us the flexibility to prudently add to positions in companies which we feel are undervalued on a medium term basis, but are not currently able to pay dividends. We will look to selectively increase our holdings in these companies over the coming months, with the expectation they will return to steady (and growing) dividend payments in future.

## Annual Returns % GBP

30/04/2020

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Share Price</b> Ordinary Shares	-24.98	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	-22.87	22.53	-10.39	13.42	7.43	5.96	3.31	35.82	19.75	-1.86
<b>NAV</b>	-22.87	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	-23.04	25.75	-5.81	11.15	8.39	8.60	3.66	30.61	17.30	-2.30

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	2.40	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>7.20</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	6.40	6.00	5.30	4.40	3.40	3.10
Special dividend		2.50	0.66	1.86	1.60	0.30	2.75	N/A
<b>TOTAL</b>	<b>7.20</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>

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## Directors

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

**Andrew Watkins**

**William van Heeswijk**

**Howard Myles**

## Calendar

**Year End** 30 April

**AGM** September

**Dividends (Declared)** March, June, September, December

**Management Fee** 1%

**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 Shore Capital Winterflood	

## Contact Us

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## Top Twenty Holdings

Holding	Sector	% of Portfolio
Diversified Gas & Oil	Oil & Gas	4.20%
Randall & Quilter Investment	Insurance	2.90%
Belvoir Lettings	Real Estate	2.87%
Strix Group	Diversified Industrials	2.72%
Chesnara	Insurance	2.45%
Devro	Food Producers & Processors	2.35%
Severfield	Construction & Building Materials	2.13%
Flowtech Fluidpower	Engineering & Machinery	2.10%
Amino Technologies	Software & Computer Services	2.04%
Bloomsbury Publishing	Media & Photography	2.02%
Epwin Group	Construction & Building Materials	2.00%
Jarvis Securities	Speciality & Other Finance	1.97%
Castings	Engineering & Machinery	1.97%
Crest Nicholson	Construction & Building Materials	1.90%
Alumasc	Construction & Building Materials	1.90%
UP Global Sourcing	General Retailers	1.89%
T Clarke	Construction & Building Materials	1.84%
Polar Capital	Investment Companies	1.78%
Ramsdens Holdings	Financial Services	1.72%
Essentra	Construction & Building Materials	1.72%
<b>Total</b>		<b>44.47%</b>

## Income of the Top Ten Holdings

**24%**

## Sector Breakdown %

Sector %	% of Portfolio
Construction & Building	17.9%
Speciality & Other Finance	10.7%
Insurance	8.8%
Support Services	8.2%
Real Estate	6.3%
Media & Photography	4.5%
Investment Companies	4.3%
Engineering & Machinery	4.3%
Oil & Gas	4.2%
Software & Computer Services	4.0%
General Retailers	3.7%
Financial Services	3.7%
Housing Goods & Textiles	2.8%
Diversified Industrials	2.7%
Transport	2.6%
Automobiles	2.5%
Food Producers & Processors	2.3%
Electronic & Electrical	2.2%
Leisure, Entertainment &	1.5%
Restaurants, Pubs & Breweries	1.0%
Packaging	0.9%
Distributors	0.7%
Industrials	0.2%
	100%

Source: Chelverton Asset Management Limited

## Market Cap Breakdown

	% of portfolio	No of stocks
Above £1bn	6.28%	4
£500m - £1bn	13.74%	7
£250m - £500m	22.98%	14
£100m - £250m	19.63%	17
Below £100m	37.37%	34
Cash and Income	0.00%	0
<b>Total</b>	<b>100.00%</b>	<b>76</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

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