

Monthly Factsheet
31 May 2020

Launch Date	12 May 1999
Gross Assets	£43.4m
Net Assets	£27.4m*
Bank Debt	£nil
Core Dividend Yield	7.3%**
Yield inc Special	9.2%***

	Zero Dividend Preference Shares	Ordinary Shares
Share Price (price per share)	99.50p	124.00p
NAV (Price per share)	110.03p	131.52p*
Premium / (Discount to NAV)	(9.57)%	(5.72)%
Share Capital	14,500,000 [^]	20,850,000

*includes unaudited revenue reserve to 31/05/2020

**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

[^]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 trough for recent trading for those companies still 'open for business' was last month and May has seen a gradual improvement across the board as lockdown restrictions have been relaxed. Corporate guidance is largely still removed but company statements do generally appear to be better than the most gloomy forecasts initiated at the height of the uncertainty as lockdown began. On a relative basis, the domestic economy appears to be slightly behind the curve with respect to recovery, however, as other countries have relaxed restrictions earlier. The importance of 'consumption' to our economy has led to debate amongst commentators about the sustainability of recovery as fears have increased as to the magnitude of the anticipated rise in unemployment as furlough schemes end. Whilst personal savings appear to have risen through lockdown it remains to be seen whether or not consumer confidence is sufficient to kick start the housing and retail markets, particularly with respect to big ticket items. The 'bottom up' feedback is to expect companies to tread relatively carefully with respect to restarting their businesses and only gradually increase 'capacity' and thereby cost bases as they get tangible evidence of demand improvement. Hence the widespread debate about the shape of the bounce back in economic activity.

At the stock level, the deferral or cancellation of dividends has continued across all market cap bands of the UK equity market. With most domestic companies having December year ends, the annual dividend decision for most Boards occurred in March, the time of most uncertainty with respect to the effects of the virus. Looked at alongside the ability to accept government support, it is unsurprising that a wide range of our investments have felt the need to suspend short term dividend payments. We continue to add to existing holdings within the portfolio where we feel the short term uncertainty is resulting in shares prices which do not reflect the medium term potential of the company to generate attractive cash flows and pay growing dividends. Once again, in a volatile market, there were no real discernible trends to our best and worst performers, although our consumer facing stocks (including Revolution Bars, Marstons, Shoe Zone and Vertu) generally fared better while Constructions and Consultancy stocks such as RPS and Galliford try struggled during the month. With little 'hard' corporate news we expect increased share price volatility to continue for the foreseeable future as sentiment fluctuates between 'risk on' and 'risk off' on short term Covid related news stories.

Annual Returns % GBP

31/05/2020

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Share Price Ordinary Shares	-40.26	33.39	-32.16	27.59	13.81	29.36	-4.26	79.11	19.72	2.82
Share Price Morningstar Investment Trust UK Equity Income	-24.74	22.53	-10.39	13.42	7.43	5.96	3.31	35.82	19.75	-1.86
NAV	-39.92	25.31	-24.50	4.41	4.96	24.79	4.82	56.76	36.46	-13.94
NAV Morningstar Investment Trust UK Equity Income	-20.19	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
Subtotal	7.20	8.97	8.46	7.95	7.50	7.125	6.825	6.60
% 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
TOTAL	7.20	11.47	9.12	9.81	9.10	7.425	9.575	6.60

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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%

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

Price Information

	ZDP	ORDS
Reuters	SDVP.L	SDV.L
SEDOL	BZ7MQD8	0661582
Market Makers	Canaccord Numis Shore Capital Winterflood	

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Chelverton UK Dividend Trust plc

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Top Twenty Holdings

Holding	Sector	% of Portfolio
Diversified Gas & Oil	Oil & Gas	4.35%
Belvoir Lettings	Real Estate	3.23%
Randall & Quilter Investment	Insurance	2.65%
Marston's	Leisure, Entertainment & Hotels	2.53%
Devro	Food Producers & Processors	2.24%
Strix Group	Diversified Industrials	2.16%
Chesnara	Insurance	2.14%
Amino Technologies	Software & Computer Services	2.08%
UP Global Sourcing	General Retailers	2.07%
Jarvis Securities	Speciality & Other Finance	2.03%
Bloomsbury Publishing	Media & Photography	2.02%
Severfield	Construction & Building Materials	1.98%
Castings	Engineering & Machinery	1.92%
Crest Nicholson	Construction & Building Materials	1.85%
Flowtech Fluidpower	Engineering & Machinery	1.82%
T Clarke	Construction & Building Materials	1.81%
Alumasc	Construction & Building Materials	1.77%
Polar Capital	Investment Companies	1.76%
Numis Corporation	Speciality & Other Finance	1.75%
DFS Furniture	Housing Goods & Textiles	1.75%
Total		43.92%

Income of the Top Ten Holdings

22%

Sector Breakdown %

Sector %	% of Portfolio
Construction & Building	16.8%
Speciality & Other Finance	10.4%
Insurance	7.8%
Support Services	7.6%
Real Estate	6.4%
Media & Photography	4.4%
Oil & Gas	4.3%
Investment Companies	4.3%
General Retailers	4.0%
Software & Computer Services	4.0%
Financial Services	4.0%
Engineering & Machinery	3.9%
Leisure, Entertainment & Electronic & Electrical	3.1%
Housing Goods & Textiles	2.8%
Automobiles	2.7%
Transport	2.4%
Food Producers & Processors	2.2%
Diversified Industrials	2.2%
Restaurants, Pubs & Breweries	1.0%
Packaging	0.9%
Electricity	0.8%
Distributors	0.8%
Industrials	0.3%
Total	100%

Market Cap Breakdown

% of portfolio	No of stocks
Above £1bn	5
£500m - £1bn	6
£250m - £500m	16
£100m - £250m	15
Below £100m	34
Cash and Income	0
Total	76

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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