

Monthly Factsheet  
**30 June 2020**

<b>Launch Date</b>	12 May 1999
<b>Gross Assets</b>	£41.8m
<b>Net Assets</b>	£25.8m*
<b>Bank Debt</b>	£nil
<b>Core Dividend Yield</b>	7.7%**
<b>Yield incl Special</b>	7.7%***

	Zero Dividend Preference Shares	Ordinary Shares
<b>Share Price</b> (price per share)	103.00p	126.50p
<b>NAV</b> (Price per share)	110.38p	123.94p*
<b>Premium / (Discount to NAV)</b>	(6.69)%	2.06%
<b>Share Capital</b>	14,500,000 <sup>^</sup>	20,850,000

\*includes unaudited revenue reserve to 30/06/2020

\*\*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

The fiscal stimulus continues with the 'plan for jobs' which, whilst welcome, largely comprised of a set of measures that had already been well flagged in the press and are mostly short term in nature. Obviously, the preservation and creation of 'good jobs' is a key factor in determining the shape of recovery, but in an economy with a heavy bias towards domestic consumption it is important that those earning actually go out and spend. The recent re-opening of a lot of the 'consumer' economy will give us a much better insight into the nation's propensity to spend rather than save over the next few months. From a stock perspective, the crisis has highlighted the need for a lot of our consumer-facing companies to move away from excessive fixed costs to a much more variable cost base; witness the current debate about rents, for example. We are obviously disappointed with current levels of dividend income from a lot of our investee stocks but understand that a lot of dividend decisions were taken at the height of the crisis, when economic uncertainty was at its height and that taking government support essentially precludes dividend payments in the short term. We will have a clearer picture as to the extent and timing of the resumption of dividend payments as furlough ends and the economy starts to recover. In the meantime we continue to benefit from the revenue reserves built up over previous years, as evidenced by the fourth interim dividend of 2.4p, announced in June.

After a strong start to the month driven by an easing of lockdowns globally and a 'roadmap' domestically, the early gains were lost as the month progressed and sentiment turned against 'value' stocks. As a generalisation these companies tend to be more economically sensitive than tech stocks for example and suffer accordingly as economic uncertainty rises. Unfortunately for us the valuation gap between growth and value has continued to increase. At the stock level, once again there was little commonality in the stocks that performed relatively well for us, such as N Brown, a direct home shopping retailer, XP Power, a power supply designer and manufacturer, Polar Capital, a fund management company and RPS, a global consultancy business. The same was true with our poorer performers, including Crest Nicholson, a house builder, Babcock, a defence contractor and Go-Ahead, the public transport provider. We are still in an environment where companies are giving little or no earnings guidance to analysts and this has led to, we believe, increased 'inefficiencies' in valuations within our investible universe. Historically one way this has been corrected is through investment from the deep pockets of private equity, but they have been notable by their absence since lockdown began. It will be interesting to see as 'face to face' meetings are back on the agenda and as earnings momentum starts to turn whether this will continue to be the case.

## Annual Returns % GBP

30/06/2020

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Share Price</b> Ordinary Shares	-39.06	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	-24.03	22.53	-10.39	13.42	7.43	5.96	3.31	35.82	19.75	-1.86
<b>NAV</b> Ordinary Shares	-43.71	25.31	-24.50	24.37	4.96	24.79	4.82	56.76	36.46	-13.94
<b>NAV</b> Morningstar Investment Trust UK Equity Income	-19.37	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	2.40
<b>Subtotal</b>	<b>9.60</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	7.0	6.00	6.40	6.00	5.30	4.40	3.40	3.10
Special dividend	N/A	2.50	0.66	1.86	1.60	0.30	2.75	N/A
<b>TOTAL</b>	<b>9.60</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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**30 June 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%

**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	

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# Chelverton UK Dividend Trust plc

(Formerly Chelverton Small Companies Dividend Trust plc)

**Top Twenty Holdings**

Holding	Sector	% of Portfolio
Diversified Gas & Oil	Oil & Gas	4.20%
Randall & Quilter Investment	Financial Services	3.17%
Belvoir Lettings	Real Estate	3.10%
UP Global Sourcing	General Retailers	2.34%
Marston's	Leisure, Entertainment & Hotels	2.26%
Devro	Food Producers & Processors	2.21%
Polar Capital	Support Services	2.20%
Castings	Engineering & Machinery	2.19%
Amino Technologies	Software & Computer Services	2.15%
Jarvis Securities	Speciality & Other Finance	2.11%
Chesnara	Insurance	2.08%
Bloomsbury Publishing	Media & Photography	1.93%
Flowtech Fluidpower	Engineering & Machinery	1.93%
T Clarke	Construction & Building Materials	1.92%
Numis Corporation	Electronic & Electrical Equipment	1.88%
Strix Group	Diversified Industrials	1.86%
DFS Furniture	Housing Goods & Textiles	1.80%
Essentra	Construction & Building Materials	1.77%
Severfield	Construction & Building Materials	1.76%
Ramsdens Holdings	Investment Companies	1.73%
<b>Total</b>		<b>44.58%</b>

**Income of the Top Ten Holdings**

**22%**

**Sector Breakdown %**

Sector %	% of Portfolio
Construction & Building	16.3%
Speciality & Other Finance	9.8%
Support Services	8.5%
Insurance	6.3%
Real Estate	5.7%
Financial Services	5.5%
Investment Companies	5.4%
General Retailers	4.7%
Media & Photography	4.6%
Engineering & Machinery	4.3%
Oil & Gas	4.2%
Electronic & Electrical	3.6%
Housing Goods & Textiles	3.3%
Software & Computer Services	3.1%
Automobiles	2.6%
Leisure, Entertainment & Food Producers & Processors	2.3%
Transport	2.1%
Diversified Industrials	1.9%
Electricity	0.9%
Packaging	0.9%
Distributors	0.9%
Restaurants, Pubs & Breweries	0.7%
Industrials	0.3%
<b>Total</b>	<b>100%</b>

**Market Cap Breakdown**

% of portfolio	No of stocks
Above £1bn	5
£500m - £1bn	6
£250m - £500m	15
£100m - £250m	16
Below £100m	33
Cash and Income	0
<b>Total</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

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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