

Monthly Factsheet  
31 July 2020

<b>Launch Date</b>	12 May 1999
<b>Gross Assets</b>	£40.6m
<b>Net Assets</b>	£24.6m*
<b>Bank Debt</b>	£nil
<b>Core Dividend Yield</b>	8.1%**
<b>Yield incl Special</b>	8.1%***

	Zero Dividend Preference Shares	Ordinary Shares
<b>Share Price</b> (price per share)	103.00p	106.50p
<b>NAV</b> (Price per share)	110.76p	117.87p*
<b>Premium / (Discount to NAV)</b>	(7.01)%	(9.65)%
<b>Share Capital</b>	14,500,000 <sup>^</sup>	20,850,000

\*includes unaudited revenue reserve to 31/07/2020

\*\*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 last month saw a number of companies start to make dividend decisions on a more 'informed' basis with respect to their business prospects. Since the start of the crisis, many Boards have understandably assumed the worst and, at the time of most uncertainty, made decisions based on extremely bearish 'what if' scenarios. The old stock market adage of 'under promise and over deliver' was never more prevalent, as economically sensitive 'value' stocks removed earnings guidance 'en masse' and analysts 'low-balled' estimates. As economies have opened up and trading has resumed, a number of management teams have had the confidence to reinstate profit guidance. We believe that the gradual reintroduction of guidance will highlight a wide range of attractive valuations in our investible universe and will play a key part in addressing the recent performance imbalance between 'value' and 'growth' stocks. We recognise however that it will still be some time before a lot of domestic cyclical can do this. Whilst interim dividends for December year end companies are still thin on the ground, an increasing number of stocks have indicated that they will look to pay a final next year if there is no further deterioration in outlook. The question then is at what level dividends will resume and this is something that we are currently focussed upon.

Pleasingly, a number of stocks across the market have just announced 'catch up' dividends that were not generally expected. Severfield had deferred their final dividend in mid-June but reinstated it at the end of July as confidence in their outlook had improved sufficiently to do so. Belvoir released a strong trading update and indicated their intention to resume dividend payments at the September interim results. Other strong performers were XP Power, who also returned to the dividend list, Strix and iEnergizer. Bloomsbury announced a good set of results and a scrip rather than cash dividend. UK Consumer stocks dominated our poorer performers as these stocks continue to be volatile in the face of the ongoing uncertainty. Marstons, Go-Ahead, Rev Bars and Restaurant Group were all weak in the month, although the sector saw something of a rebound post month end. We expect this volatility to continue while guidance remains withdrawn. The Trust's dividend remains well covered by revenue reserves and we continue to selectively add to positions where we feel the medium term cash generation potential is being undervalued in the current climate of uncertainty.

## Annual Returns % GBP

31/07/2020

	2020*	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Share Price</b> Ordinary Shares	-46.73	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	-21.11	22.53	-10.39	13.42	7.43	5.96	3.31	35.82	19.75	-1.86
<b>NAV</b> Ordinary Shares	-44.04	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	-20.48	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

\*Year to date

## 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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**31 July 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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**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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CHELVERTON UK DIVIDEND TRUST PLC IS REGISTERED IN ENGLAND. COMPANY NUMBER: 3749536

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**Top Twenty Holdings**

Holding	Sector	% of Portfolio
Diversified Gas & Oil	Oil & Gas	4.28%
Belvoir Lettings	Real Estate	3.83%
Randall & Quilter Investment	Financial Services	3.21%
UP Global Sourcing	General Retailers	2.72%
Jarvis Securities	Speciality & Other Finance	2.45%
Devro	Food Producers & Processors	2.40%
Amino Technologies	Software & Computer Services	2.14%
Polar Capital	Support Services	2.11%
Chesnara	Insurance	2.10%
Castings	Engineering & Machinery	2.10%
Bloomsbury Publishing	Media & Photography	2.00%
Flowtech Fluidpower	Engineering & Machinery	1.92%
XP Power	Electronic & Electrical Equipment	1.88%
STV	Media & Photography	1.87%
Essentra	Construction & Building Materials	1.85%
Severfield	Construction & Building Materials	1.81%
Strix Group	Diversified Industrials	1.80%
T Clarke	Construction & Building Materials	1.78%
Marston's	Leisure, Entertainment & Hotels	1.73%
Numis Corporation	Electronic & Electrical Equipment	1.73%
<b>Total</b>		<b>45.72%</b>

**Income of the Top Ten Holdings**

**2.4%**

**Sector Breakdown %**

Sector %	% of Portfolio
Construction & Building	15.7%
Speciality & Other Finance	10.6%
Support Services	8.6%
Insurance	6.3%
Real Estate	6.2%
Financial Services	5.6%
Investment Companies	5.4%
Media & Photography	4.7%
General Retailers	4.6%
Oil & Gas	4.3%
Engineering & Machinery	4.2%
Electronic & Electrical	3.6%
Housing Goods & Textiles	3.1%
Software & Computer Services	3.0%
Food Producers & Processors	2.4%
Automobiles	2.4%
Transport	2.1%
Diversified Industrials	1.8%
Leisure, Entertainment &	1.7%
Distributors	1.1%
Electricity	1.0%
Packaging	0.8%
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	5
£250m - £500m	17
£100m - £250m	15
Below £100m	34
Cash and Income	0
<b>Total</b>	<b>76</b>