

Monthly Factsheet
31 August 2020

Launch Date	12 May 1999
Gross Assets	£42.8m
Net Assets	£26.7m*
Bank Debt	£nil
Core Dividend Yield	7.6%**
Yield incl Special	7.6%***

	Zero Dividend Preference Shares	Ordinary Shares
Share Price (price per share)	105.50p	122.75p
NAV (Price per share)	111.16p	127.97p*
Premium / (Discount to NAV)	(5.09)%	(4.08)%
Share Capital	14,500,000^	20,850,000

*includes unaudited revenue reserve to 31/08/2020

**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

Our short term performance continues to be driven by 'growth' versus 'value' sentiment in the market and, as more companies appear to be trading better than the most bearish 'guesstimates', we are starting to see a bit more commentary on the valuation gap between the two. Uncertainty persists for a lot of companies however as to how much of the trading pick up in the last couple of months is 'catch up' and how much is sustainable. We believe that investors will stop paying higher and higher multiples for certainty of growth when there is increasing evidence of a more broadly based upturn. One particularly interesting aspect of recovery is the scope for productivity improvements as business levels 'normalise', which in some instances is considerable, and we are looking for companies that will emerge from the crisis in improved competitive positions. On the dividend front there were no real surprises in the last month, good or bad. One thing we have noted in a couple of instances is a slight shift in the boardroom dynamic towards the Finance Director with respect to dividend discussions, who necessarily tends to be more cautious. We expect this to unwind as trading gradually improves and Boards have a better feeling for ongoing levels of business activity.

There was no real discernible trend amongst our best and worst performers last month. Three of our top five performers were consumer facing stocks which were hit hard during lockdown (N Brown, Marston's and Restaurant Group), however our worst two performers (McColl's and ShoeZone) sit in the same category, highlighting the turbulent nature of the markets at the moment. We also saw strong performances from UP Global, on the back of a strong trading update, and XP Power, which has captured some of the 'tech' euphoria. On the downside, STV performed poorly over fears about advertising revenues, which now seem overdone. One of our holdings, Saga, announced a fund raising at a premium to the market price, partly underwritten by a former owner of the business. Interestingly, the board also announced that they had turned down an indicative offer for the group from private equity. We have stated previously that we believe that the reintroduction of company guidance will help our underlying share prices, but it is currently a slow process. A couple more hostile takeover approaches would act as a catalyst to bring the whole process forward.

Annual Returns % GBP

31/08/2020

	2020*	2019	2018	2017	2016	2015	2014	2013	2012	2011
Share Price Ordinary Shares	-38.60	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	-23.89	22.53	-10.39	13.42	7.43	5.96	3.31	35.82	19.75	-1.86
NAV Ordinary Shares	-38.98	25.31	-24.50	24.37	4.96	24.79	4.82	56.76	36.46	-13.94
NAV Morningstar Investment Trust UK Equity Income	-18.49	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

	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13
	P	P	P	P	P	P	P	P	P
First interim	2.50	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
Subtotal	2.50	9.60	8.97	8.46	7.95	7.50	7.125	6.825	6.60
% 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
TOTAL	2.50	9.60	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 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
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	4.63%
Belvoir Lettings	Real Estate	3.90%
UP Global Sourcing	General Retailers	3.48%
Randall & Quilter Investment	Financial Services	3.13%
Devro	Food Producers & Processors	2.44%
Jarvis Securities	Speciality & Other Finance	2.36%
Polar Capital	Support Services	2.21%
Marston's	Leisure, Entertainment & Hotels	2.17%
Chesnara	Insurance	2.07%
Bloomsbury Publishing	Media & Photography	2.02%
Castings	Engineering & Machinery	1.93%
Amino Technologies	Software & Computer Services	1.88%
Strix Group	Diversified Industrials	1.82%
Essentra	Construction & Building Materials	1.80%
DFS Furniture	Housing Goods & Textiles	1.78%
Alumasc	Construction & Building Materials	1.78%
Flowtech Fluidpower	Engineering & Machinery	1.75%
STV	Media & Photography	1.74%
Numis Corporation	Electronic & Electrical Equipment	1.72%
T Clarke	Construction & Building Materials	1.66%
Total		46.28%

Income of the Top Ten Holdings

23%

Sector Breakdown %

Sector %	% of Portfolio
Construction & Building	15.3%
Speciality & Other Finance	10.1%
Support Services	8.8%
Real Estate	6.4%
Insurance	6.2%
General Retailers	5.6%
Financial Services	5.3%
Investment Companies	5.1%
Oil & Gas	4.6%
Media & Photography	4.5%
Engineering & Machinery	3.8%
Housing Goods & Textiles	3.3%
Software & Computer Services	3.2%
Electronic & Electrical	2.8%
Automobiles	2.6%
Food Producers & Processors	2.4%
Leisure, Entertainment &	2.2%
Transport	2.0%
Diversified Industrials	1.8%
Electricity	1.2%
Distributors	1.1%
Packaging	0.7%
Restaurants, Pubs & Breweries	0.6%
Industrials	0.3%
Total	100%

Market Cap Breakdown

% of portfolio	No of stocks
Above £1bn	5
£500m - £1bn	8
£250m - £500m	15
£100m - £250m	11
Below £100m	38
Cash and Income	0
Total	77

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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