

Monthly Factsheet
30 September 2020

Launch Date	12 May 1999
Gross Assets	£41.4m
Net Assets	£25.2m*
Bank Debt	£nil
Core Dividend Yield	8.0%**
Yield incl Special	8.0%***

	Zero Dividend Preference Shares	Ordinary Shares
Share Price (price per share)	107.00p	110.50p
NAV (Price per share)	111.47p	121.04p*
Premium / (Discount to NAV)	(4.01)%	(8.71)%
Share Capital	14,500,000 [^]	20,850,000

*includes unaudited revenue reserve to 30/09/2020

**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

Towards the end of the month the fund suffered as new restrictions were imposed by the government, including the 10pm curfew. The adverse effects on the hospitality trade need no explanation but share prices fell across the board as investor sentiment turned negative in the face of a constantly changing set of rules. Whilst this is not a political forum it is interesting to note what appears to be an increased level of debate in government about the social and economic implications of such measures. Whilst domestic consumer facing business remains volatile there has been a consistent trend of improvement in B2B trading in recent months against a background where inventory levels appear to be relatively low, leading some commentators to talk about the prospect of a sharp recovery in industrials. If this turns out to be the case it should start to focus minds on the underlying valuation of 'value' stocks and sectors. At the time of writing the prospects of a 'no deal' Brexit and all the uncertainties implied with such an outcome appear to have reduced as well as both sides make more conciliatory statements. We shall see. In the meantime corporate UK still seems to be trading ahead of what appear to be overly bearish analyst estimates.

An indication that the corporate world is returning to some sort of normality is that after a lengthy period of inactivity a number of our holdings announced acquisitions or potential acquisitions last month. Redde Northgate was first out of the blocks with the purchase of Nationwide Accident which was well received and the fact that it was paid for out of cash resources highlighted balance sheet strength. On the other hand Essentra 'over raised' when they announced the purchase of a US packaging business via a share issue and this has caused a short term sell off in the share price to the point that the stock was one of our worst performers in the month. Consumer cyclicals such as Marstons, Shoe Zone & McColl's all suffered on the back of the aforementioned increased COVID restrictions, but Vertu bucked the trend in anticipation of a strong set of Interim Results, which were duly delivered in early October. STV bounced back strongly from last month's sell off, Strix benefitted from a reassuring trading update and consumer defensives, Devro and Bakkavor performed relatively well.

Annual Returns % GBP

30/09/2020

	2020*	2019	2018	2017	2016	2015	2014	2013	2012	2011
Share Price										
Ordinary Shares	-43.59	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	-25.86	22.53	-10.39	13.42	7.43	5.96	3.31	35.82	19.75	-1.86
NAV										
Ordinary Shares	-40.35	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	-20.22	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	4.61%
Belvoir Lettings	Real Estate	3.94%
UP Global Sourcing	General Retailers	3.38%
Randall & Quilter Investment	Financial Services	3.27%
Devro	Food Producers & Processors	2.67%
Jarvis Securities	Speciality & Other Finance	2.54%
STV	Media & Photography	2.16%
Polar Capital	Support Services	2.07%
MTI Wireless Edge	Housing Goods & Textiles	2.07%
Flowtech Fluidpower	Engineering & Machinery	2.02%
Chesnara	Insurance	2.01%
Castings	Engineering & Machinery	1.99%
Bloomsbury Publishing	Media & Photography	1.96%
Amino Technologies	Software & Computer Services	1.89%
Marston's	Leisure, Entertainment & Hotels	1.88%
Alumasc	Construction & Building Materials	1.83%
DFS Furniture	Housing Goods & Textiles	1.82%
Numis Corporation	Electronic & Electrical Equipment	1.81%
Strix Group	Diversified Industrials	1.78%
Finncap Group	Speciality & Other Finance	1.69%
Total		47.39%

Income of the Top Ten Holdings

25%

Sector Breakdown %

Sector %	% of Portfolio
Construction & Building	15.4%
Support Services	9.0%
Speciality & Other Finance	8.8%
Insurance	6.5%
Real Estate	6.3%
Financial Services	6.2%
General Retailers	5.5%
Investment Companies	5.1%
Media & Photography	5.0%
Oil & Gas	4.6%
Engineering & Machinery	4.2%
Housing Goods & Textiles	3.9%
Automobiles	2.7%
Food Producers & Processors	2.7%
Software & Computer Services	2.6%
Transport	2.3%
Leisure, Entertainment &	1.9%
Electronic & Electrical	1.8%
Diversified Industrials	1.8%
Distributors	1.2%
Electricity	1.2%
Packaging	0.8%
Restaurants, Pubs & Breweries	0.4%
Industrials	0.4%
Total	100.0%

Market Cap Breakdown

% of portfolio	No of stocks
Above £1bn	4
£500m - £1bn	5
£250m - £500m	16
£100m - £250m	14
Below £100m	36
Cash and Income	0
Total	75

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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