

Monthly Factsheet
31 October 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)	108.00p	111.00p
NAV (Price per share)	111.84p	120.89p*
Premium / (Discount to NAV)	(3.43)%	(8.18)%
Share Capital	14,500,000 [^]	20,850,000

*includes unaudited revenue reserve to 31/10/2020

**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

After a policy of tiered lockdowns in England the move to a full national lockdown was 'leaked' at the end of the month. Interestingly the share prices of some of our more UK centric consumer stocks that are directly affected such as Marstons and Restaurant Group were unmoved, suggesting that a good deal of bad news is already being priced in. They are also obviously helped by the extension of the furlough payments. DFS, the sofa retailer, released a statement saying that due to a strong order book and delivery schedules this year's numbers would not be materially impacted by the latest lockdown. Perhaps the main difference this time is that companies now have the experience of trading through lockdown and have adapted. Sticking with DFS, they now have evidence that their orders either migrate to online or are deferred until stores re open, the proverbial V shaped recovery. The experience of pubs and restaurants is that when they are able to open the demand is there. Elsewhere company trading updates and results continue to be generally better than overly cautious analyst estimates.

The recent announcement of a viable vaccine in the fight against Covid is hopefully the catalyst that investors have been waiting for to start buying 'value' stocks again. In the immediate aftermath of the announcement 'value' significantly outperformed 'growth' both in large and small cap and we wait to see if this leads to a fundamental shift in fund flows over the coming months. Increased confidence resulting from a vaccine should lead to more companies returning to the dividend list over the next six months and should add significantly to our investible universe. At the same time it should also encourage private equity investors to finally start spending their substantial war chests on acquiring some relatively lowly rated public companies. At the stock level last month Bloomsbury was a key contributor to performance in the month as it released its best interim results since 2008 buoyed by the decision to continue to publish and release new titles through the pandemic where competitors chose not to. Pleasingly they returned to paying a cash dividend. Other good performers included Smiths News, Tyman and Jarvis Securities. Laggards included Devro, Hansard Global and Saga.

Annual Returns % GBP

31/10/2020

	2020*	2019	2018	2017	2016	2015	2014	2013	2012	2011
Share Price										
Ordinary Shares	-43.33	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	-27.33	22.53	-10.39	13.42	7.43	5.96	3.31	35.82	19.75	-1.86
NAV										
Ordinary Shares	-40.57	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	-22.85	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	4.87%
Randall & Quilter	Financial Services	3.51%
UP Global Sourcing	General Retailers	3.40%
Belvoir Lettings	Real Estate	3.36%
Jarvis Securities	Speciality & Other Finance	2.57%
Bloomsbury Publishing	Media & Photography	2.54%
Alumasc	Construction & Building Materials	2.30%
DFS Furniture	Housing Goods & Textiles	2.24%
Polar Capital	Support Services	2.22%
STV	Media & Photography	2.20%
Devro	Food Producers & Processors	2.18%
Marston's	Leisure, Entertainment & Hotels	2.04%
Tyman	Construction & Building Materials	1.94%
MTI Wireless Edge	Housing Goods & Textiles	1.92%
Chesnara	Insurance	1.90%
Castings	Engineering & Machinery	1.87%
Flowtech Fluidpower	Engineering & Machinery	1.86%
Numis Corporation	Electronic & Electrical Equipment	1.80%
Amino Technologies	Software & Computer Services	1.78%
Brewin Dolphin Holdings	Speciality & Other Finance	1.76%
Total		48.25%

Income of the Top Ten Holdings

31%

Sector Breakdown %

Sector %	% of Portfolio
Construction & Building	16.0%
Support Services	9.4%
Speciality & Other Finance	8.6%
Financial Services	7.0%
Insurance	6.0%
Media & Photography	5.6%
Real Estate	5.5%
General Retailers	5.4%
Investment Companies	5.2%
Oil & Gas	4.9%
Housing Goods & Textiles	4.2%
Engineering & Machinery	3.9%
Automobiles	2.8%
Software & Computer Services	2.4%
Food Producers & Processors	2.2%
Leisure, Entertainment & Transport	2.0%
Transport	1.8%
Electronic & Electrical	1.8%
Diversified Industrials	1.6%
Distributors	1.3%
Electricity	1.2%
Packaging	0.7%
Restaurants, Pubs & Breweries	0.4%
Industrials	0.4%
Total	100.0%

Market Cap Breakdown

% of portfolio	No of stocks
Above £1bn	4
£500m - £1bn	8
£250m - £500m	12
£100m - £250m	17
Below £100m	34
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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