

Monthly Factsheet
30 November 2020

Launch Date	12 May 1999
Gross Assets	£48.9m
Net Assets	£32.6m*
Bank Debt	£nil
Core Dividend Yield	6.3%**
Yield incl Special	6.3%***

	Zero Dividend Preference Shares	Ordinary Shares
Share Price (price per share)	108.50p	150.50p
NAV (Price per share)	112.19p	156.39p*
Premium / (Discount to NAV)	(3.29)%	(3.77)%
Share Capital	14,500,000 [^]	20,850,000

*includes unaudited revenue reserve to 30/11/2020

**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

The boost given to 'value' stocks by the announcements of viable Covid vaccines continued through the month and importantly it was across all market cap bands, because for the bounce to be sustained, fund flows need to be directed to large cap 'value' as well as small and mid-caps. Looking at the valuations of companies within the portfolio, we believe there are a number of bottom-up factors that should help a relative re-rating of the types of stocks that we invest in. A gradual improvement in underlying trading and increased corporate confidence should lead to more earnings guidance and encourage a shift from short term momentum driven share price moves to a more tangible basis of valuation. As visibility over cash flows gradually improves more Boards should feel more able to start paying dividends again. Around the Board table there will be a lot of discussion about the timing of the resumption of payments and the level at which to resume payments. Inevitably there will be some surprises, both positive and negative, and as income managers we obviously anticipate an increased level of engagement with company Directors with respect to these payments.

In the last month we saw a broad based rebound in stocks which have been adversely affected by the pandemic, with Revolution Bars, Saga, TheWorks and Restaurant Group all performing strongly. Elementis also bounced in response to a takeover approach from Mineral Technologies who have subsequently come back with indications of a higher offer which has been deemed inadequate by the Board. Headlam released a positive trading update leading to analyst upgrades and Epwin was buoyed by the improving domestic building and RMI markets. While the majority of the portfolio ended the month in positive territory, Personal Group performed poorly on the back of an announcement to amend its dividend policy and defer the decision around the level of the Q4 2020 payment until after the year end. Stocks which have been resilient through the pandemic such as Diversified Gas & Oil and Amino also underperformed on a relative basis. In terms of trading, we continue to benefit from the Trust's high levels of revenue reserves, allowing us to selectively invest in stocks where we believe the current disruption continues to provide an opportunity to invest in fundamentally attractive businesses at desirable valuations, which will deliver strong dividends over the medium term.

Annual Returns % GBP

30/11/2020

	2020*	2019	2018	2017	2016	2015	2014	2013	2012	2011
Share Price Ordinary Shares	-23.17	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	-12.66	22.53	-10.39	13.42	7.43	5.96	3.31	35.82	19.75	-1.86
NAV	-23.22	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	-12.02	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	2.50	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	5.00	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	5.00	9.60	11.47	9.12	9.81	9.10	7.425	9.575	6.60

Chelverton UK Dividend Trust plc

(Formerly Chelverton Small Companies Dividend Trust plc)

Top Twenty Holdings

Holding	Sector	% of Portfolio
Diversified Gas & Oil	Oil & Gas	3.43%
Randall & Quilter	Insurance	3.39%
Belvoir Lettings	Real Estate	3.19%
UP Global Sourcing	Support Services	3.01%
Polar Capital	Investment Companies	2.33%
Marston's	Leisure, Entertainment & Hotels	2.23%
MTI Wireless Edge	Electronic & Electrical Equipment	2.22%
Alumasc	Construction & Building Materials	2.20%
Jarvis Securities	Speciality & Other Finance	2.17%
DFS Furniture	Housing Goods & Textiles	2.11%
Flowtech Fluidpower	Engineering & Machinery	2.07%
Tyman	Construction & Building Materials	2.02%
STV	Media & Photography	2.02%
Devro	Food Producers & Processors	2.01%
Bloomsbury Publishing	Media & Photography	1.92%
Epwin Group	Construction & Building Materials	1.89%
Crest Nicholson	Construction & Building Materials	1.85%
Castings	Engineering & Machinery	1.83%
Numis Corporation	Speciality & Other Finance	1.80%
Severfield	Construction & Building Materials	1.75%
Total		45.45%

Income of the Top Ten Holdings

29%

Sector Breakdown %

Sector %	% of Portfolio
Construction & Building	16.2%
Speciality & Other Finance	9.0%
Support Services	8.8%
Investment Companies	7.1%
Media & Photography	7.1%
Insurance	6.7%
Real Estate	6.2%
General Retailers	4.3%
Engineering & Machinery	4.0%
Electronic & Electrical	3.8%
Financial Services	3.5%
Oil & Gas	3.4%
Transport	3.1%
Leisure, Entertainment & Automobiles	3.0%
Software & Computer Services	2.4%
Housing Goods & Textiles	2.1%
Food Producers & Processors	2.0%
Electricity	1.0%
Diversified Industrials	1.0%
Restaurants, Pubs & Breweries	1.0%
Packaging	0.9%
Industrials	0.5%
Total	100.0%

Market Cap Breakdown

% of portfolio	No of stocks
Above £1bn	4
£500m - £1bn	11
£250m - £500m	12
£100m - £250m	16
Below £100m	30
Cash and Income	0
Total	75

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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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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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