

Monthly Factsheet  
**31 December 2020**

<b>Launch Date</b>	12 May 1999
<b>Gross Assets</b>	£51.3m
<b>Net Assets</b>	£35.0m*
<b>Bank Debt</b>	£nil
<b>Core Dividend Yield</b>	5.8%**
<b>Yield incl Special</b>	5.8%***

	Zero Dividend Preference Shares	Ordinary Shares
<b>Share Price</b> (price per share)	112.50p	161.00p
<b>NAV</b> (Price per share)	112.57p	167.80p*
<b>Premium / (Discount to NAV)</b>	(0.06)%	(4.05)%
<b>Share Capital</b>	14,500,000 <sup>^</sup>	20,850,000

\*includes unaudited revenue reserve to 31/12/2020

\*\*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

December was dominated by the ever changing posturing surrounding a deal or no deal trade agreement with the EU as the timetable was extended. It was ultimately resolved as an agreement was signed just before the year end to the general relief of financial markets. Whilst we view this as good news for sterling and for domestic equities there will inevitably be scare stories over the coming months as companies adapt to a myriad of new rules and regulations with respect to imports and exports, particularly as UK ports are already under strain from issues relating to the pandemic. In spite of this the consensus amongst analysts is that stock levels were increased ahead of the trade deal deadline which should help to alleviate any supply shortages in the short term. In the middle of the month a new more virulent strain of the virus led to the government implementing more restrictive measures culminating in a new national lockdown. Taken in context with the ramp up in the vaccination programme the net effect on the equity market has been broadly neutral as investors seem to be prepared to look through the immediate problems to a strong economic recovery later this year and into next. One of the key drivers of this for the UK economy is expected to be a reduction in the relatively high savings ratio with the consumer 'bounce' at the end of the first lockdown providing a very relevant comparison.

Whilst we agree with recovery story we are also cognisant of the fact that some dividends will take slightly longer to get back to previous levels because there will inevitably be a period of catch up as payments mostly reflect historic levels of activity. Given our high level of revenue reserves, we continue to take a balanced approach between immediate dividends and companies which should return to meaningful dividends in the medium term where we believe valuations are attractive. At the portfolio level we saw a strong rebound from a number of our companies which have been impacted by the pandemic with Coral Products, Foxtons, Shoe Zone, TheWorks and Go Ahead all performing well. Marstons also rose as it announced a deal to operate a chain of pubs in Wales, Redde issued reassuring results and Polar Capital was buoyed by an acquisition. Relatively poor performers included Devro, RPS and Strix. Looking forward as 'value' investors an improving macro environment is a positive for us and we do expect to see a pick up in UK focussed corporate activity generally given current levels of valuation and the removal of the Brexit uncertainty.

## Annual Returns % GBP

31/12/2020

	2020*	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Share Price</b> Ordinary Shares	-16.50	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	-7.84	22.53	-10.39	13.42	7.43	5.96	3.31	35.82	19.75	-1.86
<b>NAV</b>	-15.97	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	-7.78	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
<b>Subtotal</b>	<b>5.00</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>5.00</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 December 2020**

**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
<b>Reuters</b>	SDVP.L	SDV.L
<b>SEDOL</b>	BZ7MQD8	0661582
<b>Market Makers</b>	Canaccord Numis Shore Capital Winterflood	

**Contact Us**

**T** 020 7222 8989

**E** cam@chelvertonam.com

**A** Chelverton Asset Management Limited  
20 Ironmonger Lane  
London  
EC2V 8EP

**W** www.chelvertonam.com

# Chelverton UK Dividend Trust plc

(Formerly Chelverton Small Companies Dividend Trust plc)

**Top Twenty Holdings**

Holding	Sector	% of Portfolio
Diversified Gas & Oil	Oil & Gas	3.31%
Belvoir Lettings	Real Estate	3.25%
UP Global Sourcing	Support Services	3.12%
Randall & Quilter	Insurance	2.96%
Marston's	Leisure, Entertainment & Hotels	2.56%
MTI Wireless Edge	Electronic & Electrical Equipment	2.46%
Alumasc	Construction & Building Materials	2.15%
Jarvis Securities	Speciality & Other Finance	2.11%
STV	Media & Photography	2.06%
Tyman	Construction & Building Materials	2.05%
Bloomsbury Publishing	Media & Photography	2.01%
N Brown Group	General Retailers	1.95%
Flowtech Fluidpower	Engineering & Machinery	1.95%
DFS Furniture	Housing Goods & Textiles	1.93%
Crest Nicholson	Construction & Building Materials	1.90%
Polar Capital	Investment Companies	1.89%
Brewin Dolphin Holdings	Speciality & Other Finance	1.79%
Devro	Food Producers & Processors	1.78%
Epwin Group	Construction & Building Materials	1.78%
Castings	Engineering & Machinery	1.77%
<b>Total</b>		<b>44.80%</b>

**Income of the Top Ten Holdings**

**36%**

**Sector Breakdown %**

Sector %	% of Portfolio
Construction & Building	16.4%
Speciality & Other Finance	9.6%
Support Services	8.7%
Media & Photography	6.9%
Insurance	6.6%
Investment Companies	6.5%
Real Estate	6.4%
General Retailers	4.8%
Electronic & Electrical	4.0%
Engineering & Machinery	3.8%
Financial Services	3.4%
Oil & Gas	3.3%
Leisure, Entertainment & Automobiles	3.3%
Transport	2.8%
Food Producers & Processors	2.7%
Software & Computer Services	2.5%
Housing Goods & Textiles	1.9%
Electricity	1.0%
Restaurants, Pubs & Breweries	0.9%
Diversified Industrials	0.9%
Packaging	0.8%
<b>Total</b>	<b>100.0%</b>

**Market Cap Breakdown**

% of portfolio	No of stocks
Above £1bn	4
£500m - £1bn	10
£250m - £500m	14
£100m - £250m	14
Below £100m	32
Cash and Income	0
<b>Total</b>	<b>75</b>

**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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