

Monthly Factsheet  
**28 February 2022**

<b>Launch Date</b>	12 May 1999
<b>Gross Assets</b>	£59.0m
<b>Net Assets</b>	£41.9m*
<b>Bank Debt</b>	£nil
<b>Core Dividend Yield</b>	5.2%**
<b>Yield incl Special</b>	5.4%***

	Zero Dividend Preference Shares	Ordinary Shares
<b>Share Price</b> (price per share)	118.50p	192.00p
<b>NAV</b> (Price per share)	117.76p	200.98p*
<b>Premium / (Discount to NAV)</b>	0.63%	(4.47)%
<b>Share Capital</b>	14,500,000 <sup>^</sup>	20,850,000

\*includes unaudited revenue reserve to 28/02/2022

\*\*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.



**Oliver Knott** joined Chelverton Asset Management in January 2020. He has extensive experience in UK small and mid cap equities having joined Brewin Dolphin as a generalist salesman after graduating from the University of Essex with a 1<sup>st</sup> class honours degree in Politics, Philosophy and Economics. Prior to joining Chelverton, he worked as an equity analyst for N+1 Singer, in

their highly respected technology research franchise. Oliver is a CFA Charterholder.

# 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

In the first part of the month equity investors were focussed on the implications of rising inflation and the corresponding style shift away from growth towards value when, at the end of the month, Russia invaded Ukraine. After such an extreme event the immediate reaction was an increase in volatility in equity markets and our universe of small and mid-cap companies was relatively badly affected as investors quickly sought some sort of sanctuary in liquidity. Defensive sectors such as utilities held up well initially and the sanctions imposed on Russia served to inflate oil and gas prices and buoy share prices in the sector. As ever at times like this the initial sell off is indiscriminate in nature and we suffered as we are relatively underweight in commodity stocks and defensives. We believe that investment fundamentals will reverse this sharp sell-off over time and we have already seen the first signs of the market recovering from the initial shock. In the domestic economy attention will then focus back on the impact of increases in the cost of living on the consumer and rising cost inflation for the companies that we invest in.

Reassuringly, at the stock level, the results season has started well and most companies are reporting figures at least in line with market estimates. It appears that cost increases are largely being passed on, albeit with some time lags. In a difficult month Vector Capital was our best relative performer followed Diversified Energy, Kitwave and Bloomsbury. On the downside MTI Wireless Edge sold off due to its exposure to Russia (c.5% of net profits), although the shares have since recovered after a strong set of results alongside confirmation that it had exited its operations in Russia. McColls, Portmeirion and TP ICAP also detracted from performance in the month, although the latter has also bounced more recently on expectations that it will benefit from steadily rising interest rates. One major positive for us recently is that a good number of our companies have reported dividends ahead of our expectations, implying that management teams are more positive on the medium term outlook.

## Annual Returns % GBP 28/02/2022

	2022*	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Share Price</b> Ordinary Shares	-7.69	35.61	-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	-3.42	20.55	-7.84	22.53	-10.39	13.42	7.43	5.96	3.31	35.82	19.75	-1.86
<b>NAV</b> Ordinary Shares	-9.97	39.52	-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	-3.69	23.17	-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

	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
	P	P	P	P	P	P	P	P	P
First interim	2.75	2.50	2.40	2.19	2.02	1.85	1.70	1.575	1.475
Second interim	2.75	2.50	2.40	2.19	2.02	1.85	1.70	1.575	1.475
Third interim		2.50	2.40	2.19	2.02	1.85	1.70	1.575	1.475
Fourth interim		2.50	2.40	2.40	2.40	2.40	2.40	2.40	2.40
<b>Subtotal</b>	<b>5.50</b>	<b>10.00</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>
% increase	10.00	4.17	7.02	6.00	6.40	6.00	5.30	4.40	3.40
Special dividend		0.272	N/A	2.50	0.66	1.86	1.60	0.30	2.75
<b>TOTAL</b>	<b>5.50</b>	<b>10.272</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>

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### Directors

**The Rt Hon the Lord Lamont of Lerwick**  
Chairman

**Andrew Watkins**

**William van Heesewijk**

**Howard Myles**

### Calendar

**Year End** 30 April

**AGM** September

**Dividends (Declared)** March, June,  
September, December

**Management Fee** 1%

**Ongoing Fee** 2.33%\*

**Charge to Capital** Management Fee and  
Bank Interest  
(75% to Capital;  
25% to Revenue)

\* As at 30/04/21, calculated in accordance with AIC guidelines. Please see annual report for more details

### Price Information

	ZDP	ORDS
<b>Reuters</b>	SDVP.L	SDV.L
<b>SEDOL</b>	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
Belvoir Lettings	Real Estate	3.91%
Diversified Energy	Energy	3.00%
Alumasc	Construction and Materials	2.72%
UP Global Sourcing	Consumer Products and Services	2.44%
Jarvis Securities	Financial Services	2.23%
iEnergizer	Industrial Goods and Services	2.14%
STV	Media	1.91%
Personal Group	Insurance	1.75%
Coral Products	Industrial Goods and Services	1.73%
MP Evans	Food, Beverage and Tobacco	1.73%
Devro	Food, Beverage and Tobacco	1.72%
DFS Furniture	Retail	1.68%
Chesnara	Insurance	1.66%
Kitwave	Personal Care, Drug and Grocery Stores	1.66%
Premier Miton Group	Financial Services	1.63%
Redde Northgate	Industrial Goods and Services	1.61%
Finncap Group	Financial Services	1.55%
Vertu	Retail	1.53%
Randall & Quilter	Insurance	1.53%
Curtis Banks	Financial Services	1.51%
<b>Total</b>		<b>39.64%</b>

### Income of the Top Ten Holdings

**28%**

### Sector Breakdown %

Sector %	% of Portfolio
Financial Services	19.6%
Industrial Goods and Services	15.3%
Construction and Materials	9.3%
Consumer Products and Services	9.0%
Real Estate	7.6%
Insurance	7.2%
Retail	6.3%
Media	5.5%
Food, Beverage and Tobacco	4.6%
Travel and Leisure	4.4%
Energy	3.0%
Telecommunications	2.4%
Basic Resources	1.9%
Personal Care, Drug and Grocery	1.8%
Utilities	1.1%
Banks	1.0%
<b>Total</b>	<b>100.0%</b>

### Market Cap Breakdown

	% of portfolio	No of stocks
Above £1bn	6.58%	4
£500m - £1bn	16.23%	12
£250m - £500m	20.27%	16
£100m - £250m	26.59%	18
Below £100m	30.33%	25
Cash and Income	0.00%	0
<b>Total</b>	<b>100.00%</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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