

Monthly Factsheet  
31 May 2022

<b>Launch Date</b>	12 May 1999
<b>Gross Assets</b>	£57.4m
<b>Net Assets</b>	£40.1m*
<b>Bank Debt</b>	£nil
<b>Core Dividend Yield</b>	5.7%**
<b>Yield incl Special</b>	5.7%***

	Zero Dividend Preference Shares	Ordinary Shares
<b>Share Price</b> (price per share)	118.50p	170.00p
<b>NAV</b> (Price per share)	118.92p	192.39p*
<b>Premium / (Discount to NAV)</b>	(0.35)%	(11.64)%
<b>Share Capital</b>	14,500,000 <sup>^</sup>	20,850,000

\*includes unaudited revenue reserve to 31/05/2022

\*\*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

Rising inflation and the cost of living crisis continue to dominate the headlines on the domestic front as commentators look through to the negative implications for consumer spending. Although wages are rising and employment levels are high, a further slow down seems inevitable. On a wider basis rising US interest rates and a widespread flight to safety has led to a strengthening of the US dollar against sterling. This provides a headwind for UK small and mid cap investors with a relatively low exposure to US dollar earnings compared to the FTSE 100. Recent disappointing GDP numbers have also served to reopen the debate about how quickly UK interest rates can rise, leading to more uncertainty. On a more positive note the strength of corporate balance sheets should help to underpin the outlook for dividends and can be evidenced in the increased number of stocks buying their shares back. It is also interesting to note that on our estimates aggregate dividend cover in our portfolio is currently around ten per cent higher than pre pandemic levels.

Contour Global was our top performing stock in the month after a recommended offer from KKR at a 36% premium to the previous day's share price. We have commented before that we expect to see an increase in corporate activity given the current cash flow valuations of a number of stocks in our portfolio and we believe that this is a trend that has further to go. History suggests that as investors shift to a risk off approach and macro uncertainty increases cash flows tend to get undervalued within our investment universe leading to heightened levels of bid activity. This seems to be the case at the moment. Ultimately however risk appetite will start to increase and the 'cheap' deals will dry up as investors become increasingly reticent to sell. MTI Wireless Edge, Belvoir and Vertu Motors were all positive contributors after encouraging updates on current trading. On the downside, Randall & Quilter fell on the back of a heavily discounted fundraise, however in the medium term we believe this is a preferable outcome as opposed to the opportunistic bid which was on the table from a major shareholder. Consumer led names such as Marston's and UP Global were also weak as a result of the consumer spending fears, however this has led to some attractive yields in the market, and we have since taken the opportunity to top our holding in UP Global.

## Annual Returns % GBP 31/05/2022

	2022*	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Share Price</b>												
Ordinary Shares	-17.08	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	-1.45	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	-12.64	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	-0.83	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	2.75	2.50	2.40	2.19	2.02	1.85	1.70	1.575	1.475
Fourth interim	2.75	2.50	2.40	2.40	2.40	2.40	2.40	2.40	2.40
<b>Subtotal</b>	<b>11.00</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	N/A	0.272	N/A	2.50	0.66	1.86	1.60	0.30	2.75
<b>TOTAL</b>	<b>11.000</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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**31 May 2022**

**Directors**

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

**Andrew Watkins**

**Denise Hadgill**

**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

(Formerly Chelverton Small Companies Dividend Trust plc)

**Top Twenty Holdings**

Holding	Sector	% of Portfolio
Belvoir Lettings	Real Estate	4.04%
Diversified Energy	Energy	3.04%
Alumasc	Construction and Materials	2.47%
iEnergizer	Industrial Goods and Services	2.30%
MTI Wireless Edge	Telecommunications	2.20%
MP Evans	Food, Beverage and Tobacco	2.14%
Coral Products	Industrial Goods and Services	1.92%
UP Global Sourcing	Consumer Products and Services	1.91%
Jarvis Securities	Financial Services	1.86%
Kitwave	Personal Care, Drug and Grocery Stores	1.84%
STV	Media	1.83%
Chesnara	Insurance	1.82%
Devro	Food, Beverage and Tobacco	1.82%
Duke Royalty	Financial Services	1.73%
Hargreaves Services	Industrial Goods and Services	1.70%
Ramsdens Holdings	Financial Services	1.69%
Redde Northgate	Industrial Goods and Services	1.67%
T Clarke	Construction and Materials	1.66%
Curtis Banks	Financial Services	1.65%
DFS Furniture	Retail	1.62%
<b>Total</b>		<b>40.92%</b>

**Income of the Top Ten Holdings** 26%

**Sector Breakdown %**

Sector %	% of Portfolio
Financial Services	18.3%
Industrial Goods and Services	16.9%
Construction and Materials	8.8%
Consumer Products and Services	8.3%
Real Estate	8.0%
Insurance	6.5%
Retail	5.9%
Media	5.6%
Food, Beverage and Tobacco	5.0%
Telecommunications	3.1%
Energy	3.0%
Travel and Leisure	2.7%
Basic Resources	2.1%
Personal Care, Drug and Grocery	1.8%
Utilities	1.6%
Chemicals	1.2%
Banks	1.0%

**Market Cap Breakdown**

	% of portfolio	No of stocks
Above £1bn	9.71%	6
£500m - £1bn	13.16%	9
£250m - £500m	19.04%	16
£100m - £250m	23.83%	17
Below £100m	34.26%	26
Cash and Income	0.00%	0
<b>Total</b>	<b>100.00%</b>	<b>74</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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