

Monthly Factsheet
31 July 2022

Launch Date	12 May 1999
Gross Assets	£53.8m
Net Assets	£36.5m*
Bank Debt	£nil
Core Dividend Yield	6.3%**
Yield incl Special	6.3%***

	Zero Dividend Preference Shares	Ordinary Shares
Share Price (price per share)	118.00p	171.50p
NAV (Price per share)	119.69p	174.92p*
Premium / (Discount to NAV)	(1.41)%	(1.95)%
Share Capital	14,500,000 [^]	20,850,000

*includes unaudited revenue reserve to 31/07/2022

**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

[^]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 1st 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

The rising rate of inflation continues to dominate the headlines and the policy response to raise interest rates both here and in the US looks set to continue. The continued strength of the US Dollar remains a relative plus for the FTSE100 compared to UK small and mid caps. The prospect of more interest rate rises into a low growth and slowing economy has further undermined the relative attraction of UK facing companies. On a more supportive note the domestic financial system is well capitalised and the economy remains at levels of full employment. As the results season starts earlier and earlier we have had updates from a reasonable number of our holdings. As a generalisation the industrial cyclical that we hold are trading in line with estimates and calendar year 2022 appears underpinned by healthy order books. Input cost inflation is largely being passed on albeit with some time lags. On the other hand we are starting to see earnings downgrades in our domestic consumer cyclical as the rising cost of living, particularly energy costs begins to bite, and consumer confidence falls. The real issue for corporate profitability is the sheer level of uncertainty across all sectors of both the global and domestic economies as we look through next year. Suffice to say that analysts are tending to err on the side of caution.

Across the market we are seeing falls in the share prices of companies where earnings are downgraded and positive statements elicit little sustained share price performance. We have been here on numerous occasions before and it is typical of a wholesale shift to a 'risk off' approach by investors. History suggests that a lot of the negative short term price moves are exaggerated although we probably need to see inflation falling and increased confidence in companies meeting downgraded numbers for next year for share prices to start to bounce on a sustained basis. In our portfolio Sabre Insurance was one of our worst performers last month as motor insurance claims inflation is set to be higher than expected. This is being driven by increased labour costs, parts costs and the continued high valuations of second hand cars. This should be a temporary issue as insurance premiums will rise to compensate. Jarvis Securities was also weak as market conditions have led to lower share trading volumes and decreased IPO activity. On the upside Kitwave was strong on the back of positive interim results and ME Group (formerly Photo-Me) bounced as price increases resulted in very strong cash generation. On a positive note dividends continue to come in slightly ahead of our expectations.

Annual Returns % GBP

31/07/2022

	2022*	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Share Price												
Ordinary Shares	-14.96	35.61	-16.50	33.39	-32.16	27.59	13.81	29.36	-4.26	79.11	19.72	2.82
Share Price												
Morningstar												
Investment Trust UK	-2.37	20.55	-7.84	22.53	-10.39	13.42	7.43	5.96	3.31	35.82	19.75	-1.86
Equity Income												
NAV												
Ordinary Shares	-19.83	39.52	-15.97	25.31	-24.50	24.37	4.96	24.79	4.82	56.76	36.46	-13.94
NAV												
Morningstar												
Investment Trust UK	-1.93	23.17	-7.78	25.75	-5.81	11.15	8.39	8.60	3.66	30.61	17.30	-2.30
Equity Income												

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
Subtotal	11.00	10.00	9.60	8.97	8.46	7.95	7.50	7.125	6.825
% 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
TOTAL	11.000	10.272	9.60	11.47	9.12	9.81	9.10	7.425	9.575

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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 2.03%*

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

* As at 30/04/22, calculated in accordance with AIC guidelines. Please see annual report for more details

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
Belvoir Lettings	Real Estate	3.51%
Diversified Energy	Energy	3.23%
iEnergizer	Industrial Goods and Services	3.15%
Kitwave	Personal Care, Drug and Grocery Stores	2.09%
Alumasc	Construction and Materials	2.06%
UP Global Sourcing	Consumer Products and Services	2.00%
Chesnara	Insurance	1.93%
MP Evans	Food, Beverage and Tobacco	1.91%
Coral Products	Industrial Goods and Services	1.89%
Photo-Me International	Consumer Products and Services	1.89%
STV	Media	1.85%
MTI Wireless Edge	Telecommunications	1.78%
T Clarke	Construction and Materials	1.78%
Randall & Quilter	Insurance	1.77%
Curtis Banks	Financial Services	1.74%
Duke Royalty	Financial Services	1.72%
Vistry	Consumer Products and Services	1.72%
Redde Northgate	Industrial Goods and Services	1.71%
Hargreaves Services	Industrial Goods and Services	1.69%
Devro	Food, Beverage and Tobacco	1.68%
Total		41.11%

Income of the Top Ten Holdings 27%

Sector Breakdown %

Sector %	% of Portfolio
Industrial Goods and Services	18.6%
Financial Services	18.3%
Consumer Products and Services	9.3%
Construction and Materials	8.6%
Real Estate	7.7%
Insurance	6.6%
Media	6.1%
Retail	5.4%
Food, Beverage and Tobacco	4.7%
Energy	3.2%
Telecommunications	2.8%
Travel and Leisure	2.5%
Basic Resources	2.2%
Personal Care, Drug and Grocery	2.1%
Banks	1.0%
Chemicals	0.9%

Market Cap Breakdown

% of portfolio	No of stocks
Above £1bn	4
£500m - £1bn	8
£250m - £500m	18
£100m - £250m	17
Below £100m	28
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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