

Monthly Factsheet  
**30 September 2022**

<b>Launch Date</b>	12 May 1999
<b>Gross Assets</b>	£48.0m
<b>Net Assets</b>	£30.5m*
<b>Bank Debt</b>	£nil
<b>Core Dividend Yield</b>	7.6%***
<b>Yield incl Special</b>	7.6%***

	Zero Dividend Preference Shares	Ordinary Shares
<b>Share Price</b> (price per share)	118.00p	162.50p
<b>NAV</b> (Price per share)	120.47p	146.42p*
<b>Premium / (Discount to NAV)</b>	(2.05)%	10.98%
<b>Share Capital</b>	14,500,000 <sup>^</sup>	20,850,000

\*includes unaudited revenue reserve to 30/09/2022

\*\*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 UK the top down macro background was the primary driver of relative valuations last month as it was essentially more of the same from a bottom up perspective as forecast earnings for small and mid-caps continued to drift lower. The main event however was the so-called mini budget which took markets by surprise. It comprised the biggest tax give away in half a century at a time when the Bank of England was embarked on a programme of fiscal tightening and inflation continues to remain high. Forecasts for the level of domestic interest rates rose significantly and the increasing volatility in financial markets caused a wide range of mortgage products to be withdrawn from the marketplace. The prospect of further US rate rises added to the strength of the US Dollar which continued to climb against other leading currencies, and particularly against sterling. We know that stock markets do not like surprises and the uncertainty created led to a relative sell off of UK facing small and mid-cap shares, even though the UK economy avoided falling into the technical definition of a recession. Moving on a couple of weeks, the uncertainty has continued, with many of the mini-budget policies being reversed.

At the moment there is a slight feeling of being in limbo as a good number of our stocks continue to perform well and in line with estimates, but there is an expectation that earnings forecasts for next year will have to come down, we just do not know by how much. Arguably a lot of this is already priced into current valuations but analysts need to get more clarity on the outlook for next year. In our investible universe consumer facing sectors such as retail and leisure were under pressure last month driven by fears of higher mortgage costs. In our portfolio TP ICAP benefitted from heightened market volatility, iEnergizer released a strong trading update and TheWorks reversed some of its previous declines after announcing resilient results and confirming an attractive dividend policy. Hargreaves Services and Randall & Quilter detracted from performance. Jarvis Securities also fell on the announcement of an FCA s166 review, although the shares have largely recovered in recent weeks. We continue to look to recycle cash into high quality stocks that are now coming back into our universe as a result of short-term earnings downgrades. This is something that we have consistently been able to do during market downturns and it will ultimately enhance our recovery prospects.

## Annual Returns % GBP 30/09/2022

	2022*	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Share Price</b> Ordinary Shares	-18.02	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	-8.15	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	-31.23	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	-7.57	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

	2022-23	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	P
First interim	2.943	2.750	2.500	2.400	2.190	2.020	1.850	1.700	1.575	1.475
Second interim		2.750	2.500	2.400	2.190	2.020	1.850	1.700	1.575	1.475
Third interim		2.750	2.500	2.400	2.190	2.020	1.850	1.700	1.575	1.475
Fourth interim		2.750	2.500	2.400	2.400	2.400	2.400	2.400	2.400	2.400
<b>Subtotal</b>	<b>2.943</b>	<b>11.000</b>	<b>10.000</b>	<b>9.600</b>	<b>8.970</b>	<b>8.460</b>	<b>7.950</b>	<b>7.500</b>	<b>7.125</b>	<b>6.825</b>
% increase	7.000	10.000	4.170	7.020	6.000	6.400	6.000	5.300	4.400	3.400
Special dividend		N/A	0.272	N/A	2.500	0.660	1.860	1.600	0.300	2.750
<b>TOTAL</b>	<b>2.943</b>	<b>11.000</b>	<b>10.272</b>	<b>9.600</b>	<b>11.470</b>	<b>9.120</b>	<b>9.810</b>	<b>9.100</b>	<b>7.425</b>	<b>9.575</b>

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**30 September 2022**

**Directors**

**Howard Myles**  
Chairman

**Andrew Watkins**

**Denise Hadgill**

**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
<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
Diversified Energy	Energy	3.85%
Belvoir Lettings	Real Estate	3.57%
iEnergizer	Industrial Goods and Services	3.42%
TP ICAP	Financial Services	2.50%
Alumasc	Construction and Materials	2.47%
MP Evans	Food, Beverage and Tobacco	2.19%
Chesnara	Insurance	2.19%
UP Global Sourcing	Consumer Products and Services	2.05%
Coral Products	Industrial Goods and Services	2.01%
STV	Media	2.00%
Ramsdens Holdings	Financial Services	1.97%
Curtis Banks	Financial Services	1.94%
Kitwave	Personal Care, Drug and Grocery Stores	1.93%
ME Group International	Consumer Products and Services	1.78%
Devro	Food, Beverage and Tobacco	1.76%
MTI Wireless Edge	Telecommunications	1.76%
Duke Royalty	Financial Services	1.75%
Smiths News	Industrial Goods and Services	1.70%
Appreciate Group	Financial Services	1.66%
Wilmington	Media	1.66%
<b>Total</b>		<b>44.15%</b>

**Income of the Top Ten Holdings**

**27%**

**Sector Breakdown %**

Sector %	% of Portfolio
Financial Services	20.2%
Industrial Goods and Services	18.1%
Construction and Materials	8.6%
Consumer Products and Services	8.4%
Real Estate	7.5%
Insurance	6.4%
Media	6.2%
Food, Beverage and Tobacco	5.2%
Retail	5.1%
Energy	3.8%
Telecommunications	2.9%
Basic Resources	2.5%
Personal Care, Drug and Grocery	1.9%
Travel and Leisure	1.9%
Banks	1.0%
Chemicals	0.5%

**Market Cap Breakdown**

	% of portfolio	No of stocks
Above £1bn	8.58%	4
£500m - £1bn	7.17%	4
£250m - £500m	21.99%	17
£100m - £250m	23.92%	20
Below £100m	38.34%	29
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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