

Monthly Factsheet  
31 October 2022

<b>Launch Date</b>	12 May 1999
<b>Gross Assets</b>	£49.4m
<b>Net Assets</b>	£31.9m*
<b>Bank Debt</b>	£nil
<b>Core Dividend Yield</b>	7.3%**
<b>Yield incl Special</b>	7.3%***

	Zero Dividend Preference Shares	Ordinary Shares
<b>Share Price</b> (price per share)	116.50p	162.00p
<b>NAV</b> (Price per share)	120.87p	152.98p*
<b>Premium / (Discount to NAV)</b>	(3.61)%	5.90%
<b>Share Capital</b>	14,500,000 <sup>^</sup>	20,850,000

\*includes unaudited revenue reserve to 31/10/2022

\*\*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

Towards the end of the month Liz Truss resigned as UK prime minister and was replaced by Rishi Sunak, who immediately sought to instil a sense of calm into volatile financial markets and promptly reversed the majority of the mini budget announced a month earlier. Rather than looking at a series of bumper tax giveaways commentators are now expecting a wide range of tax increases and spending cuts to be announced later this month adding more gloom to the domestic newspaper headlines. Sterling has rebounded from recent low's and we have recently had two macro indicators in the US, housing starts and the latest CPI number, that suggest the Fed may not have to raise US rates as far or for as long as previously expected, although the rhetoric from the Fed remains cautious. We view an end to US rate rises as a lead indicator to equities becoming generally more attractive to investors. The cash flow yields available within our investible universe should make us particularly attractive as equity risk premiums fall but we are not at this point yet as there is just too much short-term economic uncertainty. As managers we are aware however that share prices have a tendency to react some months ahead of tangible evidence showing that the worst is over.

At the stock level we still have a wide range of companies reporting good results for the current year with strong forward order books, despite some sharp share price falls. A number of industrials have noted that, unusually, as economic activity has slowed order books have held up because there has been a lack of stock in the system due to previously highlighted shortages. Essentially analysts have downgraded in expectation of a slowdown that hasn't quite happened yet but has been pushed forward into next year. In some sectors such as retail and leisure earnings are falling now however as consumer confidence has fallen in the face of rising food, mortgage and energy costs, and the issue here is whether or not the falls have further to go or are we now bumping along the bottom in terms of earnings expectations. There were no real themes to our best or worst contributors over the month as UP Global Sourcing, Jarvis and Bloomsbury added value while Aferian and Premier Miton detracted from performance. We took advantage of current market valuations to start new holdings in Marshalls and Genuit (formerly Polypipe). Both are companies which we know well from the past and had dropped to a level where the yield was over 4%, allowing us the get back on the shareholder register.

## Annual Returns % GBP

31/10/2022

	2022*	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Share Price</b> Ordinary Shares	-18.27	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	-10.49	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	-29.56	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	-10.29	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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**31 October 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	3.60%
iEnergizer	Industrial Goods and Services	3.33%
Belvoir Lettings	Real Estate	3.27%
UP Global Sourcing	Consumer Products and Services	2.43%
Alumasc	Construction and Materials	2.35%
Coral Products	Industrial Goods and Services	2.22%
Kitwave	Personal Care, Drug and Grocery Stores	2.17%
MP Evans	Food, Beverage and Tobacco	2.07%
Chesnara	Insurance	2.04%
ME Group International	Consumer Products and Services	1.90%
Bloomsbury Publishing	Media	1.86%
STV	Media	1.85%
Smiths News	Industrial Goods and Services	1.83%
Devro	Food, Beverage and Tobacco	1.83%
MTI Wireless Edge	Telecommunications	1.77%
Curtis Banks	Financial Services	1.76%
Wilmington	Media	1.75%
Duke Royalty	Financial Services	1.74%
Redde Northgate	Industrial Goods and Services	1.70%
Ramsdens Holdings	Financial Services	1.70%
<b>Total</b>		<b>43.18%</b>

**Income of the Top Ten Holdings** 27%

**Sector Breakdown %**

Sector %	% of Portfolio
Industrial Goods and Services	19.1%
Financial Services	18.6%
Construction and Materials	9.3%
Consumer Products and Services	9.0%
Real Estate	7.0%
Media	6.3%
Insurance	6.3%
Retail	5.2%
Food, Beverage and Tobacco	5.1%
Energy	3.6%
Telecommunications	2.5%
Basic Resources	2.4%
Personal Care, Drug and Grocery	2.2%
Travel and Leisure	1.8%
Banks	1.2%
Chemicals	0.5%

**Market Cap Breakdown**

	% of portfolio	No of stocks
Above £1bn	7.16%	4
£500m - £1bn	10.91%	9
£250m - £500m	20.03%	13
£100m - £250m	25.08%	20
Below £100m	36.83%	30
Cash and Income	0.00%	0
<b>Total</b>	<b>100.00%</b>	<b>76</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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