

Monthly Factsheet  
**30 June 2023**

<b>Launch Date</b>	12 May 1999
<b>Gross Assets</b>	£50.7m
<b>Net Assets</b>	£32.7m*
<b>Bank Debt</b>	£nil
<b>Core Dividend Yield</b>	7.7%**
<b>Yield incl Special</b>	7.7%***

	Zero Dividend Preference Shares	Ordinary Shares
<b>Share Price</b> (price per share)	116.50p	164.00p
<b>NAV</b> (Price per share)	124.02p	152.96p*
<b>Premium / (Discount to NAV)</b>	(6.06)%	7.22%
<b>Share Capital</b>	14,500,000 <sup>^</sup>	21,360,000

\*includes unaudited revenue reserve to 30/06/2022

\*\*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, traded on AIM or traded on other qualifying UK marketplaces.
- 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

UK equity funds continued to take the strain of poor macro news as fund flows remained negative and investors looked elsewhere for more positive momentum. For the second month in a row domestic inflation numbers surprised on the upside with the services sector and rising wages being the main culprit. Commentators now appear fixated about how high UK interest rates will have to go before authorities can get on top of the inflation problem and estimates as high as six and a half percent are being talked about. This is a significant step up from the expectations just a few months ago and is the root cause of the current 'risk off' attitude towards domestic equities. We believe and history suggests that it can take up to eighteen months for the full effects of interest rate rises to be reflected in inflation numbers and our worry is that there is a fine line between controlling inflation on the one hand and overly tightening and tipping the economy into recession on the other. In the meantime there are some parts of the economy such as housing that will feel the full force of rate rises almost immediately as mortgage rates rise and buyers become more cautious. Not surprisingly Crest Nicholson, Marshalls, Alumasc and Springfield were amongst our worst performers over the month. At current prices, we believe all of them represent very good value over the medium term.

Despite the travails of the economy investors can glean some comfort from a cross selection of bottom-up news within our portfolio. Vertu Motors released a positive AGM trading update, benefitting from good L-F-L growth in new vehicle sales while prices of used cars have also remained strong. Severfield released a strong set of results, with the pipeline of opportunities in the UK and continental Europe both looking encouraging and their JV in India making good progress. Ramsdens also released a positive set of figures, with strong growth in jewellery retail revenue adding to a return to more normalised levels of FX volumes. Whilst the negative view of the UK prevails company share prices are not being rewarded for good news. We look forward to the start of a period of falling inflation which should go some way to rectifying this.

## Annual Returns % GBP 30/06/2023

	2023*	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Share Price</b> Ordinary Shares	-10.91	-9.35	35.61	-16.50	33.39	-32.16	27.59	13.81	29.36	-4.26	79.11	19.72
<b>Share Price</b> Morningstar Investment Trust UK Equity Income	-5.10	0.08	20.55	-7.84	22.53	-10.39	13.42	7.43	5.96	3.31	35.82	19.75
<b>NAV</b> Ordinary Shares	-17.10	-19.29	39.52	-15.97	25.31	-24.50	24.37	4.96	24.79	4.82	56.76	36.46
<b>NAV</b> Morningstar Investment Trust UK Equity Income	-6.69	3.92	23.17	-7.78	25.75	-5.81	11.15	8.39	8.60	3.66	30.61	17.30

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	2.943	2.750	2.500	2.400	2.190	2.020	1.850	1.700	1.575	1.475
Third interim	2.943	2.750	2.500	2.400	2.190	2.020	1.850	1.700	1.575	1.475
Fourth interim	2.943	2.750	2.500	2.400	2.400	2.400	2.400	2.400	2.400	2.400
<b>Subtotal</b>	<b>11.770</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	9.300	10.000	4.170	7.020	6.000	6.400	6.000	5.300	4.400	3.400
Special dividend	N/A	N/A	0.272	N/A	2.500	0.660	1.860	1.600	0.300	2.750
<b>TOTAL</b>	<b>11.770</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 June 2023**

**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

**Contact Us**

**T** 020 7222 8989

**E** info@chelvertonam.com

**A** Chelverton Asset Management Limited  
Basildon House  
7 Moorgate  
London EC2R 6AF

**W** www.chelvertonam.com

# Chelverton UK Dividend Trust plc

(Formerly Chelverton Small Companies Dividend Trust plc)

**Top Twenty Holdings**

Holding	Sector	% of Portfolio
Belvoir Lettings	Real Estate	3.33%
Kitwave	Personal Care, Drug and Grocery Stores	2.72%
UP Global Sourcing	Consumer Products and Services	2.55%
Diversified Energy	Energy	2.45%
Alumasc	Construction and Materials	2.30%
Smiths News	Industrial Goods and Services	2.22%
Chesnara	Insurance	2.14%
Ramsdens Holdings	Financial Services	2.14%
ME Group International	Consumer Products and Services	2.09%
Coral Products	Industrial Goods and Services	2.08%
Castings	Industrial Goods and Services	1.94%
Redde Northgate	Industrial Goods and Services	1.86%
T Clarke	Construction and Materials	1.81%
Duke Royalty	Financial Services	1.74%
MP Evans	Food, Beverage and Tobacco	1.73%
Severfield	Construction and Materials	1.68%
MTI Wireless Edge	Telecommunications	1.65%
Conduit	Insurance	1.60%
STV	Media	1.57%
Fonix	Industrial Goods and Services	1.56%
<b>Total</b>		<b>41.14%</b>

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

**Sector Breakdown %**

Sector %	% of Portfolio
Industrial Goods and Services	19.4%
Financial Services	14.5%
Construction and Materials	11.9%
Consumer Products and Services	11.4%
Insurance	8.3%
Real Estate	6.7%
Retail	5.0%
Food, Beverage and Tobacco	4.5%
Media	3.9%
Personal Care, Drug and Grocery	2.7%
Banks	2.6%
Energy	2.4%
Telecommunications	1.8%
Travel and Leisure	1.7%
Basic Resources	1.7%
Health Care	1.2%
Chemicals	0.3%

**Market Cap Breakdown**

	% of portfolio	No of stocks
Above £1bn	5.18%	4
£500m - £1bn	17.95%	12
£250m - £500m	13.19%	13
£100m - £250m	30.61%	22
Below £100m	33.07%	29
Cash and Income	0.00%	0
<b>Total</b>	<b>100.00%</b>	<b>80</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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