

Monthly Factsheet
31 March 2020

Launch Date	12 May 1999
Gross Assets	£37.5m
Net Assets	£21.6m*
Bank Debt	£nil
Core Dividend Yield	9.3%**
Dividend Yield inc Special	11.7%***

	Zero Dividend Preference Shares	Ordinary Shares
Share Price (price per share)	102.00p	97.50p
NAV (Price per share)	109.32p	103.63p*
Premium / (Discount to NAV)	(6.70)%	(5.91)%
Share Capital	14,500,000 [^]	20,850,000

*includes unaudited revenue reserve to 31/03/2020

**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.



David Taylor began his career as an analyst in the research department at Wedd Durlacher and moved into fund management in 1987 with the Merchant Navy Officers Pension Fund. He joined Gartmore Investment Limited in 1991, during this time, he ran a combination of institutional funds and investment trusts, namely the Clydesdale Investment Trust and London & Strathclyde Trust. In

1995, he moved to LGT to manage small cap retail funds and latterly spent nearly seven years as head of UK smaller companies at HSBC Asset Management. He joined Chelverton Asset Management in January 2006 and has co-managed the Chelverton UK Equity Income Fund since launch.

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 a market where just about all companies are removing guidance and analysts are literally down to guessing, there is no market leadership and we appear to have resorted to following Wall Street up or down on a daily basis. Our fund has been hit particularly hard in the sell off as we are a small and mid-cap fund and equity risk premiums have risen dramatically. More specifically we have suffered through our exposure to UK centric stocks where the effects of the 'lockdown' on company trading are most obvious. Housebuilders are now trading below asset value and stocks close to the consumer have fallen heavily. In addition, investors have sold off stocks with debt, even though we believe that banks and fund providers will accept temporary covenant breaches. In fact, the main positive of the current crisis compared to the financial crisis is the apparent determination of the government and lending institutions to keep companies and thereby the economy afloat. The timing of a return to 'normality' is obviously the big unknown, suffice to say it will happen. Until the outlook is clearer, we are analysing our companies on a three month view i.e. the current length of the Furlough arrangements to ensure they will survive, and then three months beyond that. At the same time, we have a picture of how quickly companies can get up and running again when things improve.

The wide-ranging cancellation of dividends is unprecedented in our thirty odd years of experience as fund managers. Even companies that appear to have the capacity to pay and where we know the Directors believe dividends are extremely important to shareholders, i.e. the ones we term 'serial dividend payers', are cancelling. On the face of it financial prudence is the reason. We would also note however that a lot of our companies are using the Governments Furlough arrangements and the Treasury would probably not be very happy to be providing financial assistance with one hand only to see cash paid out as dividends on the other. For this reason, we expect dividend payments to start to resume after stocks are free of government aid, which should also be when the wheels of recovery have been set in motion. At this point we will engage with Directors with respect to dividends. As an investment trust we are able to pay dividends out of cash reserves and have been prudently building our reserve levels over the past few years to allow us to continue paying dividends throughout the cycle. Going into this downturn we had distributable reserves sufficient to continue paying dividends for up to two years, even if we received no income from our investments during that time. We believe our companies will return to paying steady (and growing) dividends far sooner than this, but the buffer gives us confidence in our continued ability to pay dividends, as evidenced by the declaration of a third interim dividend of 2.4p (+9.6% y-o-y) on 25 March.

Annual Returns % GBP

31/03/2020

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Share Price Ordinary Shares	-54.33	33.39	-32.16	27.59	13.81	29.36	-4.26	79.11	19.72	2.82
Share Price Morningstar Investment Trust UK Equity Income	-30.49	22.53	-10.39	13.42	7.43	5.96	3.31	35.82	19.75	-1.86
NAV	-53.82	25.31	-24.50	4.41	4.96	24.79	4.82	56.76	36.46	-13.94
NAV Morningstar Investment Trust UK Equity Income	-28.50	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

Dividend History

	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13
	P	P	P	P	P	P	P	P
First interim	2.40	2.19	2.02	1.85	1.70	1.575	1.475	1.40
Second interim	2.40	2.19	2.02	1.85	1.70	1.575	1.475	1.40
Third interim	2.40	2.19	2.02	1.85	1.70	1.575	1.475	1.40
Fourth interim		2.40	2.40	2.40	2.40	2.40	2.40	2.40
Subtotal	7.20	8.97	8.46	7.95	7.50	7.125	6.825	6.60
% increase		6.00	6.40	6.00	5.30	4.40	3.40	3.10
Special dividend		2.50	0.66	1.86	1.60	0.30	2.75	N/A
TOTAL	7.20	11.47	9.12	9.81	9.10	7.425	9.575	6.60

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Directors

The Rt Hon the Lord Lamont of Lerwick
Chairman

Andrew Watkins

William van Heeswijk

Howard Myles

Calendar

Year End 30 April

AGM September

Dividends (Declared) March, June,
September, December

Management Fee 1%

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

Price Information

	ZDP	ORDS
Reuters	SDVP.L	SDV.L
SEDOL	BZ7MQD8	0661582
Market Makers	Canaccord Numis Shore Capital Winterflood	

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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

The information contained in this document has been obtained from sources that Chelverton Asset Management ("CAM") considers to be reliable. However, CAM cannot guarantee the accuracy and completeness of the information provided, and therefore no investment decision should be based solely on this data.

This document is issued by Chelverton Asset Management Limited, authorised and regulated by the Financial Conduct Authority (FCA). This document does not represent a recommendation by CAM to purchase shares in this Trust. We recommend private investors seek the services of a Financial Adviser.

Top Twenty Holdings

Holding	Sector	% of Portfolio
Diversified Gas & Oil	Oil & Gas	4.27%
Randall & Quilter Investment	Insurance	3.46%
Belvoir Lettings	Real Estate	2.78%
Strix Group	Diversified Industrials	2.69%
Devro	Food Producers & Processors	2.56%
Castings	Engineering & Machinery	2.40%
Chesnara	Insurance	2.39%
Bloomsbury Publishing	Media & Photography	2.36%
XP Power	Electronic & Electrical Equipment	2.12%
STV	Media & Photography	2.09%
Severfield	Construction & Building Materials	2.08%
Amino Technologies	Software & Computer Services	1.96%
Polar Capital	Investment Companies	1.90%
Essentra	Construction & Building Materials	1.80%
Alumasc	Construction & Building Materials	1.78%
T Clarke	Construction & Building Materials	1.76%
Headlam Group	Construction & Building Materials	1.69%
Regional REIT	Real Estate	1.68%
Jarvis Securities	Speciality & Other Finance	1.64%
Epwin Group	Construction & Building Materials	1.62%
Total		45.04%

Income of the Top Ten Holdings

22%

Sector Breakdown %

Sector %	% of Portfolio
Construction & Building	16.8%
Speciality & Other Finance	10.3%
Insurance	9.3%
Support Services	7.6%
Real Estate	6.6%
Media & Photography	5.5%
Investment Companies	4.5%
Oil & Gas	4.3%
Engineering & Machinery	4.2%
Software & Computer Services	3.6%
Financial Services	3.5%
General Retailers	3.5%
Housing Goods & Textiles	3.0%
Diversified Industrials	2.7%
Electronic & Electrical	2.7%
Food Producers & Processors	2.6%
Automobiles	2.3%
Transport	2.2%
Leisure, Entertainment &	1.8%
Packaging	1.4%
Restaurants, Pubs & Breweries	0.8%
Distributors	0.6%
Industrials	0.1%
	100%

Source: Chelverton Asset Management Limited

Market Cap Breakdown

	% of portfolio	No of stocks
Above £1bn	5.86%	4
£500m - £1bn	10.20%	5
£250m - £500m	25.20%	14
£100m - £250m	19.40%	15
Below £100m	39.35%	39
Cash and Income	0.00%	0
Total	100.00%	76