

## Monthly Fact Sheet 31 October 2018

<b>Launch Date</b>	12 May 1999
<b>Gross Assets</b>	£ 59.4 m
<b>Net Assets</b>	£ 44.4 m*
<b>Bank Debt</b>	£ nil
<b>Dividend Yield</b>	4.4%**

	Zero Dividend Preference Shares	Ordinary Shares
<b>Share Price</b> (price per share)	108.00p	209.00p
<b>NAV</b> (price per share)	103.47p	212.95p*
<b>Premium/ (Discount) to NAV</b>	4.38%	(1.86)%
<b>Share Capital</b>	14,500,000***	20,850,000

\*includes unaudited revenue reserve to 31/10/2018

\*\*calculation includes last four dividends and special dividend

\*\*\*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

Fed tightening and trade tariffs have finally convinced investors of a meaningful pick up in corporate earnings risk on the downside and this has been reflected in a high profile sell off of highly rated growth stocks. We have for some time now been selling several of our most highly rated investments but as is usually the case when there is a sharp macro inspired correction, all small and mid caps suffer as equity risk premiums rise. At the domestic level this has been exacerbated in the last month as the resource sectors proved to be resilient, providing a relative benefit to large cap indices. We have a tried and tested response to rapid drawdowns and once again we raised cash at the margin from stocks that held up well and reinvested in companies that were inevitably oversold. Additionally, during the month we exited our position in Hilton Foods, and added holdings in Sabre, the UK motor insurer, and Bakkavor, the food manufacturing company, on attractive valuations and yield. Furthermore, we continue to monitor further opportunities as the selloff has increased our investible universe from a yield perspective. The net result of market moves and portfolio activity is that the aggregate yield of the holdings in the portfolio is now almost back to where it was in February 2009 at about 5.3%.

In a poor month, our top contributors were all domestic plays, although from a disparate collection of sectors, Park Group, Dairy Crest and Shoezone. Interestingly, Shoezone, which had a positive trading update, have indicated that they will pay a special dividend with their final payment, something that has largely disappeared from our income account this year. On the downside, RPS and Amino issued profit warnings, whilst Restaurant Group responded poorly to the announcement of a potential acquisition and rights issue. Whilst we have believed for some time that the UK-centric stocks in our fund have largely already been de-rated, where stocks have sold off recently the continued gloom over 'Brexit' has led to an inevitable short-term buyer's strike, although a shift in sentiment from 'growth' to 'value' should benefit us. Whilst domestic macro indicators remain volatile, the budget was both unexpected in its willingness to spend the recent fiscal windfall and broadly welcomed.

## Annual Returns % (GBP)

31/10/2018

	2018	2017	2016	2015	2014	2013	2012	2011
<b>Share Price</b> Ordinary Shares	-17.94	27.59	13.81	29.36	-4.26	79.11	19.72	2.82
<b>Share Price</b> Morningstar Investment Trust UK Equity Income	-16.42	24.41	4.96	24.80	4.82	56.76	38.34	-10.09
<b>NAV</b>	-4.09	12.65	6.78	23.05	-4.58	54.62	36.46	-13.94
<b>NAV</b> Morningstar Investment Trust UK Equity Income	-5.16	12.80	10.18	16.06	-1.11	43.43	28.41	-10.65

Source: Chelverton Asset Management Limited and Morningstar

Past performance is not a guide to future results.

## Dividend History

	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13
	p	p	p	p	p	p	p
First interim	2.19	2.02	1.85	1.70	1.575	1.475	1.40
Second interim	-	2.02	1.85	1.70	1.575	1.475	1.40
Third interim	-	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
<b>Subtotal</b>	<b>2.19</b>	<b>8.46</b>	<b>7.95</b>	<b>7.50</b>	<b>7.125</b>	<b>6.825</b>	<b>6.60</b>
% increase	-	6.4	6.0	5.3	4.4	3.4	3.1
Special dividend	-	0.66	1.86	1.60	0.300	2.750	N/A
<b>TOTAL</b>	<b>2.19</b>	<b>9.12</b>	<b>9.81</b>	<b>9.10</b>	<b>7.425</b>	<b>9.575</b>	<b>6.60</b>

The Key Information Document ("KID") is available on the Chelverton website - [www.chelvertonam.com](http://www.chelvertonam.com)

Monthly Fact Sheet  
**31 October 2018**

**Directors**

**The Rt Hon. the Lord Lamont of Lerwick**  
Chairman

**Andrew Watkins**

**William van Heesewijk**

**Howard Myles**

**Calendar**

<b>Year End</b>	30 April
<b>AGM</b>	September
<b>Dividends (Declared)</b>	March, June, September, December

<b>Management Fee</b>	1% pa.
<b>Charge to Capital</b>	Management Fee and Bank Interest (75% to Capital: 25% to Revenue)

**Price Information**

	<i>ZDP</i>	<i>ORDS</i>
<b>Reuters</b>	SDVP.L	SDV.L
<b>SEDOL</b>	BZ7MQD8	0661582
<b>Market Makers</b>	Canaccord, Numis, Winterflood, Stockdale	

**Contact Us**

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# Chelverton UK Dividend Trust PLC

(Formerly Chelverton Small Companies Dividend Trust plc)

**Top Twenty Holdings**

Holding	Sector	% of portfolio
Diversified Gas & Oil	Oil and Gas	3.98%
Randall & Quilter Investment	Insurance	2.64%
Marston's	Leisure, Entertainment & Hotels	2.38%
Galliford Try	Construction & Building Materials	2.24%
Dairy Crest Group	Consumer Goods	2.23%
Mucklow (A&J) Group REIT	Investment Companies	2.19%
BCA Marketplace	Speciality & Other Finance	2.06%
De La Rue	Support Services	2.04%
Belvoir Lettings	Real Estate	1.95%
Kier Group	Leisure, Entertainment & Hotels	1.87%
Alumasc Group (The)	Construction & Building Materials	1.83%
Shoe Zone (Holdings)	General Retailers	1.79%
Castings	Construction & Building Materials	1.78%
Strix Group	Diversified Industrials	1.78%
DFS Furniture	Housing Goods & Textiles	1.78%
Polar Capital Holdings	Investment Companies	1.78%
Photo-Me International	Media & Photography	1.73%
Park Group	Speciality & Other Finance	1.73%
Personal Group Holdings	Health	1.72%
Jarvis Securities	Speciality & Other Finance	1.68%
<b>Total</b>		<b>41.48%</b>

**% Income of Top Ten Holdings**

**24.73%**

**Sector Breakdown%**

Sector%	% of portfolio
Construction & Building Materials	14.90%
Financials	14.35%
Industrials	11.57%
Support Services	8.69%
General Retailers	7.00%
Insurance	6.73%
Real Estate	6.10%
Oil & Gas	4.82%
Technology	4.36%
Leisure, Entertainment & Hotels	3.37%
Transport	3.11%
Housing Goods & Textiles	2.80%
Media & Photography	2.65%
Food Producers & Processors	2.26%
Consumer Goods	2.23%
Automobiles	1.29%
Restaurant Pubs & Breweries	1.24%
Telecommunications Services	1.18%
Electronic & Electrical Equipment	0.85%
Packaging	0.50%
	100.00%

**Market Cap Breakdown**

	% of portfolio	No of stocks
Above £1bn	7.45%	5
£500m-£1bn	18.28%	11
£250m-£500m	19.23%	13
£100m-£250m	21.57%	15
Below £100m	32.06%	31
Cash and Income	0.00%	0
<b>Total</b>	<b>100.00%</b>	<b>75</b>

Source: Chelverton Asset Management Limited

**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.

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