

## Monthly Fact Sheet 30 September 2018

<b>Launch Date</b>	12 May 1999
<b>Gross Assets</b>	£ 63.99 m
<b>Net Assets</b>	£ 49.04 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)	106.50p	209.50p
<b>NAV</b> (price per share)	103.10p	235.18p*
<b>Premium/ (Discount) to NAV</b>	3.30%	(10.92)%
<b>Share Capital</b>	14,500,000***	20,850,000

\*includes unaudited revenue reserve to 30/09/2018

\*\*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

Since the start of the year, the valuation gap between the UK-centric earners such as retailers, housebuilders, PubCos etc. and growth stocks with substantial overseas earnings continued to widen. In all fairness, the domestics have had their fair share of specific issues such as minimum wage and sterling weakness-driven cost increases, worries over help to buy, a Brexit driven flight of labour and our eternal favourite, the weather. There is an element of truth in all of these, but the reality is, we believe, that share prices had adjusted some time ago to reflect these and that the most vulnerable part of the market were the excessively highly rated growth stocks. All that was missing to start to close the valuation gap more generally was a catalyst and the prospect of tariff wars, a sustained rise in US interest rates and worries over the Italian banking system have provided it. In our portfolio, we had already been reducing some of our higher rated holdings, for example Hilton Foods. At the same time, we have been adding to more lowly rated and higher yielding existing holdings and have gently grown the underlying portfolio yield. We retain a relatively balanced portfolio with an inherent bias towards domestic earnings which has been c70% for some time now.

We think that domestic earners are at the lower end of their valuation range but are waiting for more political/Brexit stability to perform, although a rise in real wages may achieve the same thing, and we remain happy holders. In fact, we added to UP Global Sourcing and Flowtech in the last month, the latter after an earnings downgrade, which are UK centric businesses. Last month was a relatively poor one for the Trust as large caps outperformed but investors' attention has swiftly shifted to more recent events. It is usually the case in the first phase of a sharp market correction that the markdowns amongst our small and mid-cap universe is indiscriminate and this is the reality of the past couple of days. We have been in this situation on numerous occasions before and will do what we always do and look to add value by taking advantage of 'oversold' situations. We view the last few days as an overdue correction of relative valuations. As ever our main fear remains a US inspired recession and we believe we are still some way from this even if global economic growth rates have been downgraded.

## Annual Returns % (GBP)

30/09/2018

	2018	2017	2016	2015	2014	2013	2012	2011
<b>Share Price</b> Ordinary Shares	-17.75	27.59	13.81	29.36	-4.26	79.11	19.72	2.82
<b>Share Price</b> Morningstar Investment Trust UK Equity Income	-8.18	24.41	4.96	24.80	4.82	56.76	38.34	-10.09
<b>NAV</b>	0.84	12.65	6.78	23.05	-4.58	54.62	36.46	-13.94
<b>NAV</b> Morningstar Investment Trust UK Equity Income	0.34	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  
**30 September 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	

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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	3.85%
Randall & Quilter Investment	Insurance	2.64%
Galliford Try	Construction & Building Materials	2.44%
Marston's	Leisure, Entertainment & Hotels	2.22%
Dairy Crest Group	Consumer Goods	2.03%
Belvoir Lettings	Real Estate	1.99%
De La Rue	Support Services	1.96%
Polar Capital Holdings	Investment Companies	1.94%
BCA Marketplace	Speciality & Other Finance	1.92%
Strix Group	Diversified Industrials	1.87%
Mucklow (A&J) Group REIT	Investment Companies	1.86%
Alumasc Group (The)	Construction & Building Materials	1.85%
Jarvis Securities	Speciality & Other Finance	1.85%
Kier Group	Leisure, Entertainment & Hotels	1.84%
Photo-Me International	Media & Photography	1.83%
McColl's Retail Group	General Retailers	1.73%
DFS Furniture	Housing Goods & Textiles	1.72 %
StatPro Group	Support Services	1.72%
Bloomsbury Publishing	Media & Photography	1.71%
Castings	Construction & Building Materials	1.71%
<b>Total</b>		<b>40.68%</b>

**% Income of Top Ten Holdings**

**24.19%**

**Sector Breakdown%**

Sector%	% of portfolio
Construction & Building Materials	16.32
Financials	15.07
Industrials	11.45
Support Services	8.81
General Retailers	6.72
Real Estate	6.03
Insurance	5.47
Technology	4.36
Oil & Gas	4.58
Housing Goods & Textiles	3.04
Transport	3.00
Leisure, Entertainment & Hotels	2.99
Media & Photography	2.63
Food Producers & Processors	2.26
Consumer Goods	2.06
Automobiles	1.35
Restaurant Pubs & Breweries	1.23
Electronic & Electrical Equipment	1.11
Telecommunications Services	1.06
Packaging	0.46
	100.00%

**Market Cap Breakdown**

	% of portfolio	No of stocks
Above £1bn	7.94%	5
£500m-£1bn	21.76%	13
£250m-£500m	20.91%	13
£100m-£250m	20.16%	15
Below £100m	29.24%	28
Cash and Income	0.00%	0
<b>Total</b>	<b>100.00%</b>	<b>74</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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