

**Monthly Fact Sheet**  
**30 November 2018**

<b>Launch Date</b>	12 May 1999
<b>Gross Assets</b>	£ 58.36m
<b>Net Assets</b>	£ 43.31 m*
<b>Bank Debt</b>	£ nil
<b>Dividend Yield</b>	4.87%**

	<i>Zero Dividend Preference Shares</i>	<i>Ordinary Shares</i>
<b>Share Price</b> (price per share)	109.50p	194.00p
<b>NAV</b> (price per share)	103.80p	207.72p*
<b>Premium/ (Discount) to NAV</b>	5.49%	(6.60)%
<b>Share Capital</b>	14,500,000***	20,850,000

\*includes unaudited revenue reserve to 30/11/2018

\*\*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**

A brief respite followed by an escalation in 'tariff wars' have continued to dominate analysts' thoughts and have undermined global equity markets. Beneath the headlines however, the real issue is that yield curves have been flattening for some months now which is generally taken as tangible evidence by investors that the global economy is slowing, with some commentators now predicting yield curves inverting as an inevitable precursor to a widespread recession. In our own portfolio, we have seen the valuations suffer accordingly, particularly in our domestic earners that are more consumer related, in response to the looming 'Brexit' vote and increased fears over a potential change in government. If we add into the mix very low trading volumes which tend to accentuate short term price movements and an increased number of year end trading updates that have understandably introduced a note of caution into outlook statements, then arguably, as a UK small and mid cap fund, we have just encountered our 'perfect storm'. Importantly however, there currently appears to be a disconnect between a largely resilient corporate sector, albeit consensus earnings are under pressure and the 'gloom' reflected in a whole host of recent share price moves.

Like most small and midcap funds, we tend to suffer in the short term when equity risk premiums change as dramatically as they have done recently. We are also obviously vulnerable when individual stocks 'disappoint' the market as we were last month as Kier and Restaurant Group announced rights issues and KCOM's earnings were downgraded substantially after a trading statement. As an income fund however, with an investment process that incorporates dividend yield and corporate cash flows, history has shown that after relatively large drawdowns in periods of uncertainty such as after the Referendum and the last General Election investors are attracted in the first instance to 'get back to basics', and there is no more basic attraction than strong cash flows. There was no real discernible theme to our better performers last month, which included UP Global Sourcing, Sanderson and Centaur Media. Whilst it is understandable that markets have sold off as growth rates have been downgraded, we continue to believe that based on corporate cash flows there has been an overreaction with respect to UK centric stocks due to the particular short term political issues in the domestic market.

**Annual Returns % (GBP)**

30/11/2018

	2018	2017	2016	2015	2014	2013	2012	2011
<b>Share Price</b> Ordinary Shares	-23.83	27.59	13.81	29.36	-4.26	79.11	19.72	2.82
<b>Share Price</b> Morningstar Investment Trust UK Equity Income	-18.47	24.41	4.96	24.80	4.82	56.76	38.34	-10.09
<b>NAV</b>	-5.36	12.65	6.78	23.05	-4.58	54.62	36.46	-13.94
<b>NAV</b> Morningstar Investment Trust UK Equity Income	-6.58	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	2.19	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>4.38</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>4.38</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>

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**30 November 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**

<b>T</b>	020 7222 8989
<b>E</b>	cam@chelvertonam.com
<b>A</b>	Chelverton Asset Management Limited 20 Ironmonger Lane London EC2V 8EP
<b>W</b>	www.chelvertonam.com

# 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	3.63%
Randall & Quilter Investment	Insurance	2.51%
Marston's	Leisure, Entertainment & Hotels	2.44%
Mucklow (A&J) Group REIT	Investment Companies	2.18%
Dairy Crest Group	Consumer Goods	2.16%
De La Rue	Support Services	1.99%
Castings	Construction & Building Materials	1.89%
Shoe Zone (Holdings)	General Retailers	1.88%
Hilton Food Group	Food Producers & Processors	1.85%
Galliford Try	Construction & Building Materials	1.85%
BCA Marketplace	Speciality & Other Finance	1.84%
Alumasc Group (The)	Construction & Building Materials	1.81%
DFS Furniture	Housing Goods & Textiles	1.79%
Belvoir Lettings	Real Estate	1.79%
Go-Ahead Group	Transport	1.77%
Bloomsbury Publishing	Media & Photography	1.74%
Photo-Me International	Media & Photography	1.72%
UP Global Sourcing Holdings	Support Services	1.71%
Park Group	Speciality & Other Finance	1.70%
Strix Group	Diversified Industrials	1.67%
<b>Total</b>		<b>39.93%</b>

**% Income of Top Ten Holdings**

**22.26%**

**Sector Breakdown%**

Sector%	% of portfolio
Construction & Building Materials	14.75%
Financials	14.35%
Industrials	11.41%
Support Services	9.04%
General Retailers	7.24%
Insurance	6.76%
Real Estate	5.96%
Oil & Gas	4.44%
Technology	4.36%
Leisure, Entertainment & Hotels	3.39%
Transport	3.36%
Media & Photography	3.06%
Housing Goods & Textiles	2.73%
Food Producers & Processors	2.26%
Consumer Goods	2.19%
Automobiles	1.34%
Restaurant Pubs & Breweries	1.03%
Electronic & Electrical Equipment	0.81%
Telecommunications Services	0.77%
Packaging	0.75%
	100.00%

**Market Cap Breakdown**

	% of portfolio	No of stocks
Above £1bn	6.63%	5
£500m-£1bn	20.50%	12
£250m-£500m	20.35%	14
£100m-£250m	21.03%	15
Below £100m	30.17%	30
Cash and Income	1.315	0
<b>Total</b>	<b>100.00%</b>	<b>76</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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