

Monthly Factsheet  
28 February 2021

<b>Launch Date</b>	12 May 1999
<b>Gross Assets</b>	£55.8m
<b>Net Assets</b>	£39.4m*
<b>Bank Debt</b>	£nil
<b>Core Dividend Yield</b>	5.2%**
<b>Yield incl Special</b>	5.2%***

	Zero Dividend Preference Shares	Ordinary Shares
<b>Share Price</b> (price per share)	112.50p	170.75p
<b>NAV</b> (Price per share)	113.27p	189.05p*
<b>Premium / (Discount to NAV)</b>	(0.68)%	(9.68)%
<b>Share Capital</b>	14,500,000 <sup>^</sup>	20,850,000

\*includes unaudited revenue reserve to 28/02/2021

\*\*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 as an Assistant Fund Manager. 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 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

As investors look through lockdown to a period of economic recovery, the debate has moved increasingly to one of 'value' versus 'growth'. It is well documented that growth as a style performed relatively well through the pandemic and commentators have been searching for a catalyst that may start to close the performance gap moving forward. To this end all eyes are now firmly on the recent increase in the US long bond yield, a lead indicator of rising inflation, and something that has historically provided a tail wind to 'value' investors. Over the coming months we expect an increase in inflationary pressures at home after the effects of the rise in the oil price and a 're-opening' bounce in domestic consumer spending start to be reflected in macro data. We have seen the first signs of increased investor interest in our investible universe and this will hopefully be sustained moving forward as the recent build up in the domestic savings ratio starts to be run down. The busy results season has started well with most numbers coming in at least in line with expectations, although some momentum has been lost in US Dollar earners as the relative strength of Sterling is holding back this year's earnings progress. The lack of downgrades in these stocks however does reassure us that generally analyst estimates remain conservative.

As the vaccine rollout continues unabated our best performers over the last month include a number of stocks geared to a reopening of the UK economy including Restaurant Group, Revolution Bars and Saga. Whilst the roadmap out of lockdown may appear to be too slow for some and too fast for others it should at least give companies a definitive timeline with respect to their own move to more normalised trading. One of the biggest operational frustrations for the stocks that we invest in over the past year has been the constant changing of external rules and guidelines making both day to day management and forward planning difficult. Wilmington performed well after a good set of results and a good investor update. The pandemic has forced the company and its clients to adopt a more digital approach to their relationship at a much faster rate than would have happened otherwise and this will benefit both parties in the future. The fact that a lot of our stocks have brought forward 'change' in their business models throughout the last year makes us believe that the quality of underlying earnings in our portfolio will be improved as profits recover. Alumasc performed well on the back of a very strong set of interim results and Vertu reacted positively to a trading update citing full year trading ahead of expectations. On the downside, Bloomsbury and DX Group gave up some of their strong recent gains while Sabre and Chesnara underperformed as stocks with more "bounce-back" potential were in vogue.

## Annual Returns % GBP 28/02/2021

	2021*	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Share Price</b>											
Ordinary Shares	7.76	-16.50	33.39	-32.16	27.59	13.81	29.36	-4.26	79.11	19.72	2.82
<b>Share Price</b>											
Morningstar Investment Trust UK Equity Income	-0.31	-7.84	22.53	-10.39	13.42	7.43	5.96	3.31	35.82	19.75	-1.86
<b>NAV</b>											
Morningstar Investment Trust UK Equity Income	12.66	-15.97	25.31	-24.50	24.37	4.96	24.79	4.82	56.76	36.46	-13.94
<b>NAV</b>											
Morningstar Investment Trust UK Equity Income	-1.95	-7.78	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

\*Year to date

## Dividend History

	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13
	P	P	P	P	P	P	P	P	P
First interim	2.50	2.40	2.19	2.02	1.85	1.70	1.575	1.475	1.40
Second interim	2.50	2.40	2.19	2.02	1.85	1.70	1.575	1.475	1.40
Third interim	2.50	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	2.40
<b>Subtotal</b>	<b>7.50</b>	<b>9.60</b>	<b>8.97</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		7.0	6.00	6.40	6.00	5.30	4.40	3.40	3.10
Special dividend		N/A	2.50	0.66	1.86	1.60	0.30	2.75	N/A
<b>TOTAL</b>	<b>7.50</b>	<b>9.60</b>	<b>11.47</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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### Directors

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

**Andrew Watkins**

**William van Heesewijk**

**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
<b>Reuters</b>	SDVP.L	SDV.L
<b>SEDOL</b>	BZ7MQD8	0661582
<b>Market Makers</b>	Canaccord Numis Shore Capital Winterflood	

### 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 & Gas	3.34%
Belvoir Lettings	Real Estate	3.26%
Alumasc	Construction & Materials	3.05%
UP Global Sourcing	Personal & Household Goods	3.02%
Randall & Quilter	Insurance	2.76%
MTI Wireless Edge	Technology	2.61%
Marston's	Travel & Leisure	2.40%
STV	Media	2.03%
Flowtech Fluidpower	Industrial Goods & Services	1.97%
Jarvis Securities	Financial Services	1.95%
Devro	Food & Beverage	1.88%
N Brown Group	Retail	1.84%
Tyman	Construction & Materials	1.81%
DFS Furniture	Retail	1.75%
Amino Technologies	Technology	1.74%
Crest Nicholson	Personal & Household Goods	1.73%
Severfield	Industrial Goods & Services	1.69%
Castings	Industrial Goods & Services	1.59%
Brewin Dolphin Holdings	Financial Services	1.58%
Braemar Shipping Services	Industrial Goods & Services	1.58%
<b>Total</b>		<b>44.95%</b>

### Income of the Top Ten Holdings

**30%**

### Sector Breakdown %

Sector %	% of Portfolio
Industrial Goods & Services	18.2%
Financial Services	14.8%
Personal & Household Goods	9.4%
Construction & Materials	8.3%
Retail	7.5%
Insurance	7.4%
Real Estate	7.1%
Travel & Leisure	6.9%
Media	5.6%
Technology	4.3%
Food & Beverage	3.8%
Oil & Gas	3.3%
Banks	1.4%
Basic Resources	1.0%
Utilities	0.9%
<b>Total</b>	<b>100.0%</b>

### Market Cap Breakdown

	% of portfolio	No of stocks
Above £1bn	4.55%	4
£500m - £1bn	24.15%	16
£250m - £500m	14.37%	9
£100m - £250m	22.06%	17
Below £100m	34.87%	28
Cash and Income	0.00%	0
<b>Total</b>	<b>100.00%</b>	<b>75</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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