

# Key Information Document

This document provides you with key information about this investment product. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

## Chelverton UK Dividend Trust PLC

ISIN: GB0006615826

The Company is not regulated or authorised by the Financial Conduct Authority but is subject to the Listing Rules, the Disclosure Guidance and Transparency Rules, the Market Abuse Regulation and the Prospectus Rules as applicable to closed-ended investment companies. The Company is subject to the oversight of the Financial Conduct Authority in relation to the content and preparation of this document.

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## What is this product?

The information contained in this document and the methodologies for calculating risks, costs and potential returns are prescribed by EU rules.

The Company is a closed-ended investment company whose ordinary shares are listed on the London Stock Exchange and an alternative investment fund under the Alternative Investment Fund Managers Directive ("AIFMD"). The Company's shares are available to the general public.

The Company aims to deliver a high and growing income through investments in small-cap companies capitalised at less than £500m. The investment objective of the Company is to provide 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.

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.
- There is no set limit on the Company's gearing.

The target investors are institutions and individual retail investors.

There is no fixed maturity date. There is no ability for the Company to terminate shareholdings of investors in the Company unilaterally or automatically.

The shares of the Company are bought and sold via markets. Typically, at any given time on any given day, the price you pay for a share will be higher than the price at which you could sell it.

## What are the risks and what could I get in return?

The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you.



**The risk indicator assumes you keep the product for a minimum of 5 years. The actual risk can vary significantly if you cash in at an early stage and you may get back less. You may not be able to sell your product easily or you may have to sell at a price that significantly impacts on how much you get back.**



In accordance with legislation, we have classified this product as 6, which is a medium to high risk class. Please note that even the lowest risk class can lose you money and that extreme adverse market circumstances can mean you suffer severe losses in all cases.

The summary risk indicator only reflects historical share price volatility of the Company's shares.

Gearing, exposure to emerging markets, unlisted investments, foreign currencies, derivatives and the ability of the Trust to buy back its own shares may increase risk. This product does not include any protection from future market performance so you could lose some or all of your investment.

## Investment performance information

Chelverton UK Dividend Trust PLC aims to provide ordinary shareholders with a high income and the 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. To achieve this the company invests in a diversified portfolio of UK listed equities, focussing on small and midcap equities. All portfolio holdings will have a prospective 12 month dividend yield of at least 4% at the time of investment. Small and midcap equities typically outperform large cap equities over the long term due to the higher level of underlying growth in smaller companies, however they can be more volatile over shorter time horizons. The Zero Dividend Preference shares add an element of gearing to the Company, which may increase the volatility for ordinary shareholders. The Investment Trust structure allows the Company to build revenue reserves, from which future dividends can be paid. This gives the Company the ability to pay a more predictable dividend through periods of volatility. The nature of the investment universe typically means the Company has high exposure to the UK domestic economy.

What could affect my return positively?

Small and midcap equities typically outperform large cap equities in periods of rising markets. Chelverton UK Dividend Trust PLC typically has a high exposure to the UK domestic economy. As such the Company is likely to benefit from periods of stability in the UK economy, where smaller companies are able to deliver on their higher underlying growth prospects. The gearing provided by the Zero Dividend Preference shares should provide ordinary shareholders with increased returns during periods of positive performance. The premium/discount to NAV may also tighten during periods of positive performance depending on the market appetite for the shares. The Investment Trust structure allows the Company to pay a consistent level of dividends through the cycle, offering some protection to ordinary shareholders during periods of weak/negative economic growth or "risk-off" equity markets.

What could affect my return negatively?

Small and midcap equities can be more volatile than large cap equities and often underperform in periods of falling markets. The gearing provided by the Zero Dividend Preference shares may increase the volatility, resulting in increased underperformance during periods of falling markets. In extremis the Zero Dividend Preference shares take priority over ordinary shares, with capital being returned to ordinary shareholders only once the preference shares have been repaid in full. During periods of falling markets it is possible that the ordinary shares could trade at a larger discount to NAV than average based on the demand level in the market at the time.

## What happens if the company is unable to pay out?

As a shareholder of a listed company you would not be able to make a claim to the Financial Services Compensation Scheme about the Company in the event the Company becomes insolvent. A default by the Company or any of the underlying holdings could affect the value of your investment.

## What are the costs?

The Reduction in Yield (RIY) shows what impact the total costs you pay will have on the investment return you might get. The total costs take into account one-off, ongoing and incidental costs.

The amounts shown here are the cumulative costs of the product itself, for three different holding periods. They include potential early exit penalties. The figures assume you invest £10,000 each year. The figures are estimates and may change in the future.

The person selling you or advising you about this product may charge you other costs. If so, this person will provide you with information about these costs, and show you the impact that all costs will have on your investment over time.

Investment £10000.00			
Scenarios	If you cash in after 1 year	If you cash in after 3 years	If you cash in at 5 years
Total costs	£212.47	£589.22	£910.98
Impact on return (RIY) per year	2.24%	2.24%	2.24%

## What are the costs? (Continued)

One-off costs	Entry costs	0.00%	The impact of the costs you pay when entering your investment.
	Exit costs	0.00%	The impact of the costs of exiting your investment when it matures.
Ongoing costs	Portfolio transaction costs	0.21%	The impact of the costs of us buying and selling underlying investments for the product.
	Other ongoing costs	2.03%	The impact of the costs that are incurred each year for managing your investments and running the Company.
Incidental costs	Performance fees	-	The impact of performance fees on your investment.
	Carried interests	-	The impact of carried interests on your investment.

## How long should I hold it and can I take money out early?

The recommended minimum holding period of 5 years has been selected for illustrative purposes only and reflects the long-term nature of the Company's investment objectives, but investors may elect to sell their shares on the market at any time without penalty by the Company. The value of shares and the income derived from them (if any) may go down as well as up, and investors may not get back the full value of their investments. Whilst the shares are traded on the London Stock Exchange's Main Market, it is possible that there may not be a liquid market in the shares and investors may have difficulty selling them.

## **How can I complain?**

If you have a complaint this should be directed in the first instance to the Company Secretary, Maitland Administration Services Limited, Hamilton Centre, Rodney Way, Chelmsford, Essex, CM1 3BY, tel: 01245 398950, email: [cosec@maitlandgroup.com](mailto:cosec@maitlandgroup.com)

## **Other relevant information**

The cost, performance and risk calculations included in this KID follow the methodology prescribed by EU rules. Depending on how you buy these shares you may incur other costs, including broker commission, platform fees and Stamp Duty.

Other relevant information on the Company can be obtained from the Chelverton Asset Management's web pages: <http://www.chelvertonam.com/fund/small-companies-dividend-trust-plc>