

Launch Date	12 May 1999
Gross Assets	£49.3m
Net Assets	£30.9m*
Bank Debt	£Nil
Core Dividend Yield	8.7%**
Yield including Special	8.7%***

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, traded on AIM or traded on other qualifying UK marketplaces.
- 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. The Company may retain investments in companies which cease to be listed after the initial investment was made, so long as the total is non-material in the context of the overall portfolio; however, the Company may not increase its exposure to such investments.

MONTHLY MANAGER COMMENTARY

In a month when the UK economy entered a technical recession commentators continued to look to falling energy and food prices to support forecasts of falling inflation. The debate over when to expect the first domestic rate cut appears now to centre around how quickly wage growth can be brought back to levels that the central bank is comfortable with. We have often cited levels of corporate activity as a barometer of the relative attraction of the UK small and mid-cap universe and in the last couple of weeks there has been a noticeable pick-up bid approaches. Interestingly the entities making the approaches comprise the full set of overseas companies, UK companies, private equity and management teams, all of whom are seeking to take advantage of what they perceive as undervaluation across a range of UK small and mid-cap equities at present. The timing is interesting as this increase in activity suggests that there is a growing feeling that we are somewhere near an inflexion point in underlying company trading activity and the disconnect between current valuation and medium-term trading prospects are sufficient to justify bid activity. In a nutshell business confidence appears to be returning.

The budget passed with little fanfare as the Chancellor gave a little bit away but was obviously restricted in what he could do given the state of public finances. It will be interesting to see if these 'giveaways' are ultimately spent or saved by the recipients. Whilst it is too early to judge the effect of the additional British company ISA allowance, it should at least generate a bit more interest and third party research into some of the stocks that we own. Our poor performers on the month were a mixed bag and included Severfield, Personal Group and RTC Group, while shares in Close Brothers and Orchard Funding continued to be impacted by the FCA review into motor finance. On the positive side ME Group, Conduit and Kitwave all responded well to results while Belvoir was strong in the run-up to the merger with The Property Franchise Group. We sold our holding in Bellway after a period of good performance and added to our positions in ITV, Moneysupermarket, Duke Capital and Dunelm. Company trading updates remain largely in line with estimates and dividend announcements are in line with our expectations. On analyst estimates a lot of company earnings currently appear to be bumping along the bottom and we look forward to the second half of this year when we believe that the focus will be on calendar 2025 for the start of the upgrade cycle.

ANNUAL RETURNS % GBP

29/02/2024

	2024*	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Share Price													
Ordinary Shares	-3.95	-14.28	-9.35	35.61	-16.50	33.39	-32.16	27.59	13.81	29.36	-4.26	79.11	19.72

Share Price													
Morningstar	-2.52	-1.96	0.08	20.55	-7.84	22.53	-10.39	13.42	7.43	5.96	3.31	35.82	19.75
Investment Trust													
UK Equity Income													

NAV													
Ordinary Shares	-6.23	-18.19	-19.29	39.52	-15.97	25.31	-24.50	24.37	4.96	24.79	4.82	56.76	36.46

NAV													
Morningstar	-0.48	-0.50	3.92	23.17	-7.78	25.75	-5.81	11.15	8.39	8.60	3.66	30.61	17.30
Investment Trust													
UK Equity Income													

Source: Chelverton Asset Management Limited and Morningstar
Past performance is not a guide to future results

* Year to Date

DIVIDEND HISTORY

	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
	P	P	P	P	P	P	P	P	P	P	P
First interim	3.150	2.943	2.750	2.500	2.400	2.190	2.020	1.850	1.700	1.575	1.475
Second interim	3.150	2.943	2.750	2.500	2.400	2.190	2.020	1.850	1.700	1.575	1.475
Third interim	3.150	2.943	2.750	2.500	2.400	2.190	2.020	1.850	1.700	1.575	1.475
Fourth interim		2.943	2.750	2.500	2.400	2.400	2.400	2.400	2.400	2.400	2.400
Subtotal	9.450	11.770	11.000	10.000	9.600	8.970	8.460	7.950	7.500	7.125	6.825
% increase	7.100	7.000	10.000	4.170	7.020	6.000	6.400	6.000	5.300	4.400	3.400
Special dividend	N/A	N/A	N/A	0.272	N/A	2.500	0.660	1.860	1.600	0.300	2.750
TOTAL	9.450	11.770	11.000	10.272	9.600	11.470	9.120	9.810	9.100	7.425	9.575

FUND MANAGERS



DAVID HORNER

David qualified as a chartered accountant in 1984 with Deloitte before joining 3i Corporate Finance Limited in 1986. In 1993 he joined Strand Partners Limited, and was appointed a director in 1994, where he carried out a range of corporate finance assignments identifying, structuring and managing investments in quoted and unquoted companies. In 1997 he left to set up Chelverton Asset Management Limited and, in 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. He is Chairman of CEPS plc and Managing Director of Macaulay Capital plc.



OLIVER KNOTT

Oliver joined Chelverton Asset Management in January 2020. 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 1st 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.

DIRECTORS

HOWARD MYLES
Non-Executive Chairman

ANDREW WATKINS
Non-Executive Director

DENISE HADGILL
Non-Executive Director

CALENDAR

Year End	30 April
AGM	September
Dividends (Declared)	March, June, September, December

Management Fee	1%
Ongoing Fee	2.03%*
Charge to Capital	Management Fee and Bank Interest (75% to Capital: 25% to Revenue)

* As at 30/04/22, calculated in accordance with AIC guidelines. Please see annual report for more details

PRICE INFORMATION

	ZDP	ORDS
Reuters	SDVP.L	SDV.L
SEDOL	BZ7MQD8	0661582
Market Makers	Canaccord Numis Shore Capital Winterflood	

CONTACT US

E: info@chelvertonam.com

Chelverton Asset Management Limited
Basildon House
7 Moorgate
London EC2R 6AF

A:

W: www.chelvertonukdividendtrustplc.com

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

This document is provided for information purposes only and should not be interpreted as investment advice. If you have any doubts as to the suitability of an investment, please consult your financial adviser. The information contained in this document has been obtained from sources that Chelverton Asset Management Limited ("CAM") considers to be reliable. However, CAM cannot guarantee the accuracy or completeness of the information provided, and therefore no investment decision should be based solely on this data. Past performance is not a guide to future performance. This document is issued by CAM, authorised and regulated by the Financial Conduct Authority. This document does not represent a recommendation by CAM to purchase shares in this Fund. The contents of this document are intended for Professional Investors and Eligible Counterparties only. We recommend private investors seek the services of a Financial Adviser.

TOP TWENTY HOLDINGS

Holding	Sector	% of Portfolio
Alumasc	Capital Goods	2.95%
Belvoir Lettings	Real Estate Management & Development	2.81%
Ultimate Products	Consumer Discretionary Distribution & Retail	2.71%
Hargreaves Services	Energy	2.36%
Smiths News	Consumer Discretionary Distribution & Retail	2.34%
ME Group International	Consumer Services	2.13%
Somero	Capital Goods	2.09%
Chesnara	Insurance	2.06%
RTC Group	Commercial & Professional Services	1.97%
Wickes	Consumer Discretionary Distribution & Retail	1.95%
MP Evans	Food, Beverage & Tobacco	1.95%
OSB	Financial Services	1.91%
Conduit	Insurance	1.86%
Duke Royalty	Financial Services	1.84%
Tyman	Capital Goods	1.83%
Kier Group	Capital Goods	1.81%
Redde Northgate	Transportation	1.77%
Bakkavor Group	Food, Beverage & Tobacco	1.75%
Coral Products	Materials	1.72%
Spectra Systems	Technology Hardware & Equipment	1.69%
Total		41.48%
Income from Top 10 Holdings		23.00%

Source: Chelverton Asset Management Limited, Sector and Industry information per GICS

SECTOR BREAKDOWN %

Sector %	% of Portfolio
Financial Services	16.5%
Capital Goods	14.6%
Consumer Discretionary Distribution &	12.7%
Insurance	7.9%
Materials	5.9%
Commercial & Professional Services	5.5%
Food, Beverage & Tobacco	5.4%
Real Estate Management &	5.0%
Consumer Durables & Apparel	4.7%
Technology Hardware & Equipment	4.0%
Energy	3.7%
Media & Entertainment	3.6%
Consumer Services	2.8%
Transportation	1.8%
Banks	1.7%
Consumer Staples Distribution & Retail	1.4%
Health Care Equipment & Services	1.3%
Software & Services	0.8%
Equity Real Estate Investment Trusts	0.7%

MARKET CAP BREAKDOWN

	% of portfolio	No of stocks
Above £1bn	8.17	6
£500m - £1bn	17.02	11
£250m - £500m	14.68	11
£100m - £250m	31.61	21
Below £100m	28.53	31
Cash and Income	0.00%	0
Total	100.00%	80

