

Launch Date	12 May 1999
Gross Assets	£53.1m
Net Assets	£34.0m*
Bank Debt	£Nil
Core Dividend Yield	8.4%**
Yield including Special	8.4%***

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

The end of our year was marked by the continued fallout from the October budget as the economy slowed in the face of a rapid fall in business confidence as the implications of the tax rises were fully digested. In the financial press, column inches have been dominated by stories of companies deferring and cancelling investment decisions, freezing hiring and even planning to lay off employees as they try to maintain profitability in the face of the additional costs. Widespread talk of the need to raise prices has led to fears of higher inflation and has contributed, alongside falling GDP growth projections and a weak currency to an adverse reaction in the bond markets to the budget. Obviously, none of this is good news in the short term for investors in 'risk' assets like ourselves. Of course, all this is happening at a time when there is speculation as to the potential inflationary effects on the US economy of rumoured trade tariffs that will be put into force after the new President is inaugurated on January 20th. The bulls are continuing to hope that Mr Trump's bark is far worse than his bite in this respect. We shall see. One thing that is certain however is that expectations of rate cuts have been moved firmly to the right with some commentators now only looking for one 25bp cut in the UK over the next year. If however, the economy continues to slow and unemployment increases, then there is the prospect of positive domestic rate cut surprises.

As the macro environment is proving to be a short-term headwind to UK small and mid-cap investors, one aspect of our portfolio that has pleasingly proved to be resilient is the dividend payments of our underlying companies. Cash flows remain strong, balance sheets are in good health generally and companies continue to reward shareholders with buybacks and dividend increases. Despite domestic investor apathy towards our universe we expect next year to continue to be one of heightened corporate activity as the fundamentals of our companies appeal to both corporate and private equity buyers, especially at current depressed levels of valuation. In the short time that has elapsed since the budget, it is reassuring to see that the Directors of the companies that we invest in are already adapting to, and planning for, the increased costs of doing business. This will be easier for some than others and we would expect some sectors such as retail and hospitality to be at a relative disadvantage with respect to their ability to improve productivity compared to say industrials. In the last month we initiated a holding in Johnson Matthey, a chemicals company specialising in sustainable technologies solutions, and reduced some of our weightings in Alumasc and ME Group. Somero and Duke Capital performed well and there was no 'theme' to the underperformers which included Epwin and Conduit.

ANNUAL RETURNS % GBP

31/12/2024

	2024*	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Share Price	12.00	-14.28	-9.35	35.61	-16.50	33.39	-32.16	27.59	13.81	29.36	-4.26	79.11	19.72
Ordinary Shares													

	2024*	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Share Price	10.47	-1.96	0.08	20.55	-7.84	22.53	-10.39	13.42	7.43	5.96	3.31	35.82	19.75
Morningstar													
Investment Trust													
UK Equity Income													

	2024*	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
NAV	8.68	-18.19	-19.29	39.52	-15.97	25.31	-24.50	24.37	4.96	24.79	4.82	56.76	36.46
Ordinary Shares													

	2024*	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
NAV	11.73	-0.50	3.92	23.17	-7.78	25.75	-5.81	11.15	8.39	8.60	3.66	30.61	17.30
Morningstar													
Investment Trust													
UK Equity Income													

Source: Chelverton Asset Management Limited and Morningstar

* Year to Date

Past performance is not a guide to future results

DIVIDEND HISTORY

	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
	P	P	p	p	p	p	p	p	p	p	p
First interim	3.250	3.150	2.943	2.750	2.500	2.400	2.190	2.020	1.850	1.700	1.575
Second interim	3.250	3.150	2.943	2.750	2.500	2.400	2.190	2.020	1.850	1.700	1.575
Third interim		3.150	2.943	2.750	2.500	2.400	2.190	2.020	1.850	1.700	1.575
Fourth interim		3.150	2.943	2.750	2.500	2.400	2.400	2.400	2.400	2.400	2.400
Subtotal	6.500	12.600	11.770	11.000	10.000	9.600	8.970	8.460	7.950	7.500	7.125
% increase	3.200	7.100	7.000	10.000	4.170	7.020	6.000	6.400	6.000	5.300	4.400
Special dividend		N/A	N/A	N/A	0.272	N/A	2.500	0.660	1.860	1.600	0.300
TOTAL	6.500	12.600	11.770	11.000	10.272	9.600	11.470	9.120	9.810	9.100	7.425

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

TOP TWENTY HOLDINGS

Holding	Sector	% of Portfolio
Smiths News	Consumer Discretionary Distribution & Retail	3.06%
Chesnara	Insurance	2.52%
RTC Group	Commercial & Professional Services	2.49%
Hargreaves Services	Energy	2.45%
MP Evans	Food, Beverage & Tobacco	2.35%
Bakkavor Group	Food, Beverage & Tobacco	2.22%
Duke Royalty	Financial Services	2.00%
Ultimate Products	Consumer Discretionary Distribution & Retail	1.96%
Wickes	Consumer Discretionary Distribution & Retail	1.88%
Kier Group	Capital Goods	1.84%
Assura	Equity Real Estate Investment Trusts (REITs)	1.83%
Somero	Capital Goods	1.80%
Stelrad	Consumer Durables & Apparel	1.79%
Ramsdens Holdings	Financial Services	1.79%
Conduit	Insurance	1.79%
Alumasc	Capital Goods	1.77%
Personal Group	Insurance	1.76%
Epwin Group	Capital Goods	1.74%
OSB	Financial Services	1.74%
RWS	Commercial & Professional Services	1.72%
Total		40.50%
Income from Top 10 Holdings		25.00%

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

PRICE INFORMATION

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

SECTOR BREAKDOWN %

Sector %	% of Portfolio
Financial Services	16.7%
Consumer Discretionary Distribution & Retail	12.5%
Capital Goods	11.5%
Insurance	8.6%
Commercial & Professional Services	8.2%
Food, Beverage & Tobacco	6.2%
Media & Entertainment	4.9%
Energy	4.8%
Materials	3.9%
Technology Hardware & Equipment	3.5%
Consumer Durables & Apparel	3.0%
Equity Real Estate Investment Trusts (REITs)	2.9%
Consumer Services	2.5%
Real Estate Management & Development	2.1%
Banks	1.9%
Software & Services	1.7%
Automobiles & Components	1.5%
Transportation	1.5%
Health Care Equipment & Services	1.4%
Consumer Staples Distribution & Retail	0.9%

MARKET CAP BREAKDOWN

	% of portfolio	No of stocks
Above £1bn	12.04%	8
£500m - £1bn	21.15%	13
£250m - £500m	12.26%	10
£100m - £250m	34.91%	25
Below £100m	19.64%	23
Cash and Income	0.00%	0
Total	100.00%	79

CONTACT US

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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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