

Launch Date	12 May 1999
Gross Assets	£50.6m
Net Assets	£32.5m*
Bank Debt	£Nil
Core Dividend Yield	7.9%**
Yield including Special	7.9%***

#### 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

After the recent US employment data reaffirmed that the period of rate rises may be drawing to a close across the Atlantic, UK analysts appear to still be pricing in another couple of rate rises in the domestic market. Against a background of softening macro data this is undermining equity valuations as investors become increasingly concerned about over tightening and a 'hard landing' for the UK economy. Whilst investor sentiment is quick to react to poor macro news it is interesting to note the lack of commentary surrounding the upward revision of UK economic growth after the pandemic by the ONS. Perhaps the UK was not such an outlier after all. One high profile area of concern is the housing market, where the evidence from the companies currently reporting numbers is of a marked slowdown in sales. Given the political relevance of housing affordability it will be interesting to see if any help is announced in the Autumn statement on 22 November. We are not expecting anything and arguably the bad news with regard to housing sales has been reflected in share prices as a good number of housebuilding shares already trade at discounts to asset value.

To highlight the current reticence to invest in UK small and mid caps, a number of our top contributors to performance last month (Tyman, Vistry, Somero, Arbutnot), were amongst our poorer performers this month. As our UK small and mid cap universe starts to regain favour with investors we will start to see a more sustained positive share price performance rather than just the current short term 'bounce' on reassuring news. In the meantime, we are taking the opportunity add a number of new names to the portfolio which we believe will deliver both dividend and capital growth over the coming years. We have started holdings in home improvement retailer Wickes, premium radiator manufacturer Stelrad and property finance platform LendInvest. After a strong run over the past few years, benefitting from higher second car prices post the pandemic, we have exited our holding in Vertu Motors. It has been pleasing to note the resilience of underlying dividend payments as companies have started to release their results.

#### ANNUAL RETURNS % GBP

31/08/2023

	2023*	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Share Price												
Ordinary Shares	-16.47	-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 Investment Trust UK Equity Income	-5.94	0.08	20.55	-7.84	22.53	-10.39	13.42	7.43	5.96	3.31	35.82	19.75
NAV												
Ordinary Shares	-18.60	-19.29	39.52	-15.97	25.31	-24.50	24.37	4.96	24.79	4.82	56.76	36.46
NAV												
Morningstar Investment Trust UK Equity Income	-6.74	3.92	23.17	-7.78	25.75	-5.81	11.15	8.39	8.60	3.66	30.61	17.30

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		2.943	2.750	2.500	2.400	2.190	2.020	1.850	1.700	1.575	1.475
Third interim		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	3.150	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	3.150	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 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 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.

DIRECTORS

HOWARD MYLES  
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

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TOP TWENTY HOLDINGS

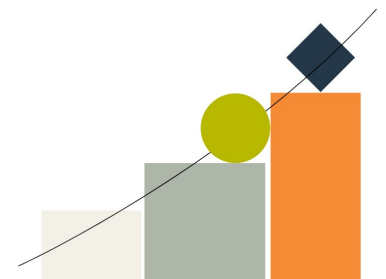
Holding	Sector	% of Portfolio
Belvoir Lettings	Real Estate	3.46%
Diversified Energy	Energy	2.58%
Alumasc	Construction and Materials	2.41%
UP Global Sourcing	Consumer Products and Services	2.22%
Chesnara	Insurance	2.19%
Coral Products	Industrial Goods and Services	2.18%
Ramsdens Holdings	Financial Services	2.13%
ME Group International	Consumer Products and Services	2.07%
Smiths News	Industrial Goods and Services	2.05%
Hargreaves Services	Industrial Goods and Services	1.83%
MP Evans	Food, Beverage and Tobacco	1.82%
Tyman	Construction and Materials	1.77%
Severfield	Construction and Materials	1.71%
T Clarke	Construction and Materials	1.71%
MTI Wireless Edge	Telecommunications	1.68%
Conduit	Insurance	1.63%
Redde Northgate	Industrial Goods and Services	1.61%
Duke Royalty	Financial Services	1.60%
Castings	Industrial Goods and Services	1.59%
Vistry	Consumer Products and Services	1.57%
Total		39.82%
Income from Top 10 Holdings		27.00%

SECTOR BREAKDOWN %

Sector %	% of Portfolio
Industrial Goods and Services	20.2%
Financial Services	15.8%
Construction and Materials	14.1%
Consumer Products and Services	10.4%
Insurance	8.5%
Real Estate	7.1%
Food, Beverage and Tobacco	4.6%
Retail	4.3%
Energy	2.6%
Banks	2.5%
Media	2.2%
Telecommunications	1.8%
Basic Resources	1.6%
Travel and Leisure	1.4%
Personal Care, Drug and Grocery	1.3%
Health Care	1.3%
Chemicals	0.3%

MARKET CAP BREAKDOWN

% of portfolio	No of stocks
Above £1bn	4
£500m - £1bn	11
£250m - £500m	16
£100m - £250m	20
Below £100m	30
Cash and Income	0
Total	81



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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