

Launch Date	12 May 1999
Gross Assets	£50.0m
Net Assets	£31.6m*
Bank Debt	£Nil
Core Dividend Yield	8.3%**
Yield including Special	8.3%***

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 positive end to last year for our small and mid-cap asset class the New Year has started on a more downbeat note as the momentum in share prices has stalled. Investors continue to debate the timing of economic recovery both in the US, where we expect interest rates to begin to fall first, and the domestic market where top-down caution remains the over-riding sentiment. On that note the UK equity market did suffer as the December inflation figures were released and showed a 4% increase, ahead of expectations of 3.8%, which was largely explained by higher tobacco duty. Whilst we continue to expect inflation to fall meaningfully as we move through the year, the negative investor reaction to this short-term macro news highlights how 'risk off' appetites continue to be. Suffice to say few, if any, of the companies that we invest in will have noticed this short-term glitch as they continue to look and plan further forward. In this context we are looking for companies to start to increase levels of capital spend as we move through this year which should enhance earnings growth prospects and underpin dividend payments in future years. The capital is there to fund this increased spending as evidenced by balance sheet strength and the number of share buybacks, the missing ingredient is confidence in an improving trading outlook and we expect this to be rectified as we move through the year.

At the stock level a wide range of retailers release their Christmas trading updates in January and the majority were in line with analyst expectations, with cost saving measures offsetting some weakness in large ticket spending. Wickes was one of our leading positive contributors in the month as a solid performance from Core product sales resulted in full year PBT at the top end of analyst expectations. Similarly fresh food provider Bakkavor came in at the top end of expectations, with good cash generation meaning that leverage was better than expected. Hargreaves Services rallied on the back of Interim Results which included a significant dividend increase and Belvoir announced an all-share merger with The Property Franchise Group. On the downside, Close Brothers was weak in response to FCA reviews of the motor finance and premium finance markets while Gattaca gave up some of its recent gains. On the trading front we started new positions in MoneySupermarket and ITV Group, and exited our position in Wilmington on yield grounds.

ANNUAL RETURNS % GBP

31/01/2024

	2024*	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Share Price													
Ordinary Shares	-2.27	-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 Investment Trust UK Equity Income	-1.62	-1.96	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	-3.71	-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 Investment Trust UK Equity Income	-1.16	-0.50	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

* Year to Date

Past performance is not a guide to future results

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		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	6.300	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	6.300	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)
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* 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
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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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TOP TWENTY HOLDINGS

<i> Holding</i>	<i> Sector</i>	<i> % of Portfolio</i>
Alumasc	Capital Goods	2.76%
Ultimate Products	Consumer Discretionary Distribution & Retail	2.74%
Belvoir Group	Real Estate Management & Development	2.64%
Smiths News	Consumer Discretionary Distribution & Retail	2.35%
Somero	Capital Goods	2.19%
Hargreaves Services	Energy	2.17%
Chesnara	Insurance	2.12%
RTC Group	Commercial & Professional Services	2.10%
OSB	Financial Services	2.05%
MP Evans	Food, Beverage & Tobacco	1.92%
Wickes	Consumer Discretionary Distribution & Retail	1.92%
Tyman	Capital Goods	1.86%
Spectra Systems	Technology Hardware & Equipment	1.83%
Duke Capital	Financial Services	1.81%
Redde Northgate	Transportation	1.80%
Coral Products	Materials	1.77%
Stelrad	Consumer Durables & Apparel	1.72%
Bakkavor Group	Food, Beverage & Tobacco	1.72%
Genuit	Capital Goods	1.71%
Conduit	Insurance	1.69%
Total		40.86%
Income from Top 10 Holdings		25.00%

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

SECTOR BREAKDOWN %

<i> Sector %</i>	<i> % of Portfolio</i>
Financial Services	17.0%
Capital Goods	14.8%
Consumer Discretionary Distribution & Insurance	11.4%
Consumer Durables & Apparel	7.5%
Materials	6.4%
Commercial & Professional Services	6.1%
Food, Beverage & Tobacco	6.0%
Real Estate Management & Technology Hardware & Equipment	5.2%
Energy	4.7%
Media & Entertainment	4.2%
Consumer Services	3.5%
Banks	2.8%
Transportation	2.4%
Health Care Equipment & Services	1.8%
Consumer Staples Distribution & Retail	1.8%
Software & Services	1.3%
Equity Real Estate Investment Trusts	0.9%

MARKET CAP BREAKDOWN

	<i> % of portfolio</i>	<i> No of stocks</i>
Above £1bn	8.21%	6
£500m - £1bn	15.72%	11
£250m - £500m	15.30%	11
£100m - £250m	30.55%	21
Below £100m	30.22%	30
Cash and Income	0.00%	0
Total	100.00%	79

