

Launch Date	12 May 1999
Gross Assets	£50.3m
Net Assets	£31.7m*
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

Although domestic interest rates were unmoved in March the consensus amongst almost all commentators is that longer term rates are set to be meaningfully lower than current levels. The timing of the first cuts remains the issue. At home inflation remains the main barrier to this first rate cut as data has proved to be relatively volatile on a month-by-month basis. Despite continued 'top down' UK gloom the busy corporate results season has just ended with a good cross section of our companies reporting results at least in line with expectations. We are not yet at the stage where analysts are looking forward to next years numbers which should start to trend upwards and instead there is a feeling of 'more of the same' for the rest of this year. When investors are able to 'look through' to a pick-up in earnings however we believe it will be reflected very quickly in small and mid-cap share prices from current valuations that we generally believe to be oversold and with substantial scope for recovery. This is important as it should hopefully relieve some of the pressure on UK fund flows which remain a headwind to us.

Our top performer in the month was engineering and technical recruitment specialist RTC Group, which reported record results. The strong performance, combined with a healthy balance sheet allowed for the announcement of an attractive final dividend, nicely ahead of the pre-pandemic run-rate. TP ICAP was also strong after reassuring numbers and a raft of analyst notes highlighted the potential value of its subsidiary Parameta Solutions which provides licenses for data to the global OTC derivatives market. ITV surprised on the upside by selling its 50% stake in Britbox to the BBC for £235m all of which will go into share buybacks while Kitwave and Bakkavor both rallied in the days after their results announcements. On the downside there were earnings downgrades in Vanquis and FDM and Marshalls price suffered as investors took a longer-term view on their recovery prospects. We reduced our holding in Crest Nicholson, having taken the final dividend and also took some profits in Fonix, which were recycled into Sabre Insurance and Wynnstey.

	ZERO DIVIDEND PREFERENCE SHARES	ORDINARY SHARES
Share Price (price per share)	120.00p	139.50p
NAV (Price per share)	127.70p	147.32p*
Premium / (Discount to NAV)	(6.03)%	(5.31)%
Share Capital	14,500,000^	21,545,000

* includes unaudited revenue reserve to 31/03/2024

** calculation includes last four dividends divided by the NAV per share

*** calculation includes last four dividends and special dividend divided by the NAV per share

^ redeemed at 133.18p – 30/04/2025

ANNUAL RETURNS % GBP

31/03/2024

	2024*	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Share Price													
Ordinary Shares	-8.22	-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	-0.02	-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	-3.55	-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	3.76	-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

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.

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

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	

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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

Holding	Sector	% of Portfolio
Alumasc	Capital Goods	2.73%
RTC Group	Commercial & Professional Services	2.70%
Ultimate Products	Consumer Discretionary Distribution & Retail	2.64%
Smiths News	Consumer Discretionary Distribution & Retail	2.31%
Hargreaves Services	Energy	2.25%
ME Group International	Consumer Services	2.19%
Chesnara	Insurance	2.13%
The Property Franchise Group	Real Estate Management & Development	2.09%
MP Evans	Food, Beverage & Tobacco	2.05%
Somero	Capital Goods	2.04%
Duke Royalty	Financial Services	2.01%
Redde Northgate	Transportation	1.93%
Bakkavor Group	Food, Beverage & Tobacco	1.92%
MTI Wireless Edge	Technology Hardware & Equipment	1.91%
Wickes	Consumer Discretionary Distribution & Retail	1.89%
Conduit	Insurance	1.83%
Sabre Insurance	Insurance	1.81%
Genuit	Capital Goods	1.79%
Tyman	Capital Goods	1.76%
Spectra Systems	Technology Hardware & Equipment	1.75%
Total		41.74%
Income from Top 10 Holdings		25.00%

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

SECTOR BREAKDOWN %

Sector %	% of Portfolio
Financial Services	15.6%
Capital Goods	14.4%
Consumer Discretionary Distribution & Retail	12.9%
Insurance	8.2%
Commercial & Professional Services	6.1%
Food, Beverage & Tobacco	5.9%
Materials	5.4%
Technology Hardware & Equipment	4.5%
Media & Entertainment	4.3%
Consumer Durables & Apparel	4.2%
Real Estate Management & Development	4.2%
Energy	3.6%
Consumer Services	2.8%
Transportation	1.9%
Banks	1.8%
Consumer Staples Distribution & Retail	1.7%
Health Care Equipment & Services	1.3%
Software & Services	0.7%
Equity Real Estate Investment Trusts (REITs)	0.6%

MARKET CAP BREAKDOWN

	% of portfolio	No of stocks
Above £1bn	9.43%	6
£500m - £1bn	15.84%	10
£250m - £500m	17.94%	13
£100m - £250m	30.58%	22
Below £100m	26.21%	29
Cash and Income	0.00%	0
Total	100.00%	80

