

Launch Date	12 May 1999
Gross Assets	£54.6m
Net Assets	£36.0m*
Bank Debt	£Nil
Core Dividend Yield	7.4%**
Yield including Special	7.4%***

## 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 positive momentum seen in April was maintained in May, with equity markets continuing to trend higher in anticipation of interest rate cuts. In Europe, the debate has moved on to what the trajectory of cuts will be, whereas in the UK and the US, there is still some debate on the timing of the first rate cut. After a sharp fall in UK inflation in April, all eyes are on the May figures ahead of the next Monetary Policy Committee meeting in June, with wage inflation likely to be a key input in the rates decision. The announcement of a General Election, to be held on the 4th July, is clouding the picture slightly, however the relatively short campaigning period should be a positive and keep any lull in corporate decision-making to a minimum. With UK large cap equities hitting new highs, there has been some renewed interest in our UK small and mid-cap universe given its relatively attractive valuation. If this more benign fund flow environment is sustained, it should relieve some of the pressure which our universe has been under and create a positive backdrop for small and mid-cap equities, as analysts begin to focus on 2025, where the economic environment looks more favourable.

With results season largely in the rear-view mirror, corporate news flow has shifted to trading updates covering the first few months of the year. Encouragingly, one of our larger holdings, Bakkavor, took the unusual step of upgrading full year expectations despite it being relatively early in the year. Unsurprisingly, this sign of confidence was taken well by the market. Smiths News delivered an encouraging set of Interim Results, including a 25% increase in the dividend, RTC Group continued its recent strong performance ahead of the AGM in Early June and Coral Products bounced off its lows. Detractors on the month included Ultimate Products and Headlam, both of which provided weak updates, indicating that consumer spending was taking longer to rebound than expected. We added two new holdings in the period, Canadian Oil & Gas company i3 Energy and auto focussed specialist engineer, Dowlais.

	ZERO DIVIDEND PREFERENCE SHARES	ORDINARY SHARES
Share Price (price per share)	120.50p	163.00p
NAV (Price per share)	128.53p	167.02p*
Premium / (Discount to NAV)	(6.25%)	(2.41%)
Share Capital	14,500,000^	21,545,000

\* includes unaudited revenue reserve to 31/05/2024

\*\* 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

31/05/2024

	2024*	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Share Price</b>													
Ordinary Shares	9.67	-14.28	-9.35	35.61	-16.50	33.39	-32.16	27.59	13.81	29.36	-4.26	79.11	19.72
<b>Share Price</b>													
Morningstar Investment Trust UK Equity Income	6.66	-1.96	0.08	20.55	-7.84	22.53	-10.39	13.42	7.43	5.96	3.31	35.82	19.75
<b>NAV</b>													
Ordinary Shares	11.70	-18.19	-19.29	39.52	-15.97	25.31	-24.50	24.37	4.96	24.79	4.82	56.76	36.46
<b>NAV</b>													
Morningstar Investment Trust UK Equity Income	8.95	-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	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
<b>Subtotal</b>	<b>9.450</b>	<b>11.770</b>	<b>11.000</b>	<b>10.000</b>	<b>9.600</b>	<b>8.970</b>	<b>8.460</b>	<b>7.950</b>	<b>7.500</b>	<b>7.125</b>	<b>6.825</b>
% 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
<b>TOTAL</b>	<b>9.450</b>	<b>11.770</b>	<b>11.000</b>	<b>10.272</b>	<b>9.600</b>	<b>11.470</b>	<b>9.120</b>	<b>9.810</b>	<b>9.100</b>	<b>7.425</b>	<b>9.575</b>

## 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 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**  
Non-Executive Chairman

**ANDREW WATKINS**  
Non-Executive Director

**DENISE HADGILL**  
Non-Executive Director

## CALENDAR

<b>Year End</b>	30 April
<b>AGM</b>	September
<b>Dividends (Declared)</b>	March, June, September, December

<b>Management Fee</b>	1%
<b>Ongoing Fee</b>	2.03%*
<b>Charge to Capital</b>	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
<b>Reuters</b>	SDVP.L	SDV.L
<b>SEDOL</b>	BZ7MQD8	0661582
<b>Market Makers</b>	Canaccord Numis Shore Capital Winterflood	

## 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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## TOP TWENTY HOLDINGS

Holding	Sector	% of Portfolio
Smiths News	Consumer Discretionary Distribution & Retail	2.69%
RTC Group	Commercial & Professional Services	2.62%
Bakkavor Group	Food, Beverage & Tobacco	2.57%
Ultimate Products	Consumer Discretionary Distribution & Retail	2.43%
The Property Franchise Group	Real Estate Management & Development	2.41%
Hargreaves Services	Energy	2.34%
ME Group International	Consumer Services	2.22%
Chesnara	Insurance	2.14%
STV	Media & Entertainment	2.04%
ZigUp	Transportation	2.03%
Somero	Capital Goods	2.02%
MP Evans	Food, Beverage & Tobacco	1.99%
OSB	Financial Services	1.95%
Spectra Systems	Technology Hardware & Equipment	1.87%
Duke Royalty	Financial Services	1.79%
Kier Group	Capital Goods	1.78%
Conduit	Insurance	1.73%
Alumasc	Capital Goods	1.73%
T Clarke	Capital Goods	1.70%
Wickes	Consumer Discretionary Distribution & Retail	1.69%
<b>Total</b>		<b>41.73%</b>
<b>Income from Top 10 Holdings</b>		<b>25.00%</b>

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

## SECTOR BREAKDOWN %

Sector %	% of Portfolio
Financial Services	16.1%
Capital Goods	13.5%
Consumer Discretionary Distribution & Retail	12.2%
Insurance	7.7%
Food, Beverage & Tobacco	6.4%
Commercial & Professional Services	5.9%
Materials	5.3%
Media & Entertainment	4.6%
Energy	4.5%
Real Estate Management & Development	4.5%
Technology Hardware & Equipment	4.3%
Consumer Durables & Apparel	3.3%
Consumer Services	2.9%
Banks	2.3%
Transportation	2.0%
Health Care Equipment & Services	1.2%
Software & Services	1.0%
Consumer Staples Distribution & Retail	1.0%
Automobiles & Components	0.6%

## MARKET CAP BREAKDOWN

	% of portfolio	No of stocks
Above £1bn	9.82%	7
£500m - £1bn	20.62%	14
£250m - £500m	14.13%	9
£100m - £250m	32.13%	24
Below £100m	23.31%	26
Cash and Income	0.00%	0
<b>Total</b>	<b>100.00%</b>	<b>80</b>

