



|                         |             |
|-------------------------|-------------|
| Launch Date             | 12 May 1999 |
| Gross Assets            | £53.4m      |
| Net Assets              | £34.4m*     |
| Bank Debt               | £Nil        |
| Core Dividend Yield     | 8.2%**      |
| Yield including Special | 8.2%***     |

### 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 last month has been dominated by widespread criticism from the business community of the budget announced at the end of October. The general consensus is that the severity of the National Insurance rises will lead to price increases, recruitment freezes and even layoffs as companies seek to mitigate the increased costs. Analysts are busy refining earnings estimates for next year in light of the new cost increases and some sectors such as retail, where there are fewer levers to pull in terms of increasing productivity, appear to be relatively worse off. We shall see. At the same time confidence indicators continue to fall, leading to deferment of capital investment decisions and remain a headwind to the short term growth prospects for the domestic economy. The Bank of England cut interest rates by 0.25% but the timing of further cuts has probably moved to the right as the full impact of the budget on inflation needs to be determined first. Compare our domestic position to that of the US, where the new President elect Trump appears to be preparing to hit the ground running with tax cuts and policies aimed at boosting GDP growth. This may continue to prolong the shift from UK equities into the US as the relative growth rates of the two economies diverge further in the short term.

At the portfolio level we have been top slicing some of our larger holdings such as Alumasc and ME Group, taking advantage of recent share price strength. We also reduced Diversified Energy and Epwin as their prices rose and we sold our holding in i3Energy in its entirety after the bid. We added to our holdings in PPHC, RWS and Assura and started a new position in Pets at Home. Our worst performer over the month was Severfield where some of their anticipated construction work has been deferred and where they have to repair some welds on bridges that have already been delivered. Given the macro events over the past month or so there continues to be substantial opportunity for us to invest in new stocks that fulfil our minimum four percent dividend yield requirement. This is testament to the strength of corporate balance sheets and cash flows within our investment universe which should start to appeal to a wider investment audience as interest rates eventually start to fall on a sustained basis. We believe that after the months of uncertainty leading up to the budget the short-term outlook is increasingly priced in and valuations remain attractive.

### ANNUAL RETURNS % GBP

30/11/2024

|                 | 2024* | 2023   | 2022  | 2021  | 2020   | 2019  | 2018   | 2017  | 2016  | 2015  | 2014  | 2013  | 2012  |
|-----------------|-------|--------|-------|-------|--------|-------|--------|-------|-------|-------|-------|-------|-------|
| Share Price     |       |        |       |       |        |       |        |       |       |       |       |       |       |
| Ordinary Shares | 13.99 | -14.28 | -9.35 | 35.61 | -16.50 | 33.39 | -32.16 | 27.59 | 13.81 | 29.36 | -4.26 | 79.11 | 19.72 |

|   | 2024* | 2023  | 2022 | 2021  | 2020  | 2019  | 2018   | 2017  | 2016 | 2015 | 2014 | 2013  | 2012  |
|---|-------|-------|------|-------|-------|-------|--------|-------|------|------|------|-------|-------|
| Share Price                                   |       |       |      |       |       |       |        |       |      |      |      |       |       |
| Morningstar Investment Trust UK Equity Income | 10.20 | -1.96 | 0.08 | 20.55 | -7.84 | 22.53 | -10.39 | 13.42 | 7.43 | 5.96 | 3.31 | 35.82 | 19.75 |

|                 | 2024* | 2023   | 2022   | 2021  | 2020   | 2019  | 2018   | 2017  | 2016 | 2015  | 2014 | 2013  | 2012  |
|-----------------|-------|--------|--------|-------|--------|-------|--------|-------|------|-------|------|-------|-------|
| NAV             |       |        |        |       |        |       |        |       |      |       |      |       |       |
| Ordinary Shares | 8.65  | -18.19 | -19.29 | 39.52 | -15.97 | 25.31 | -24.50 | 24.37 | 4.96 | 24.79 | 4.82 | 56.76 | 36.46 |

|   | 2024* | 2023  | 2022 | 2021  | 2020  | 2019  | 2018  | 2017  | 2016 | 2015 | 2014 | 2013  | 2012  |
|---|-------|-------|------|-------|-------|-------|-------|-------|------|------|------|-------|-------|
| NAV   |       |       |      |       |       |       |       |       |      |      |      |       |       |
| Morningstar Investment Trust UK Equity Income | 13.00 | -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

|                  | 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 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

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 | 2.83%          |
| RTC Group                          | Commercial & Professional Services           | 2.61%          |
| Chesnara                           | Insurance                                    | 2.38%          |
| MP Evans                           | Food, Beverage & Tobacco                     | 2.33%          |
| Hargreaves Services                | Energy                                       | 2.32%          |
| Bakkavor Group                     | Food, Beverage & Tobacco                     | 2.09%          |
| ME Group International             | Consumer Services                            | 2.08%          |
| Ultimate Products                  | Consumer Discretionary Distribution & Retail | 2.03%          |
| Alumasc                            | Capital Goods                                | 2.02%          |
| Paypoint                           | Financial Services                           | 1.94%          |
| Epwin Group                        | Capital Goods                                | 1.93%          |
| Assura                             | Equity Real Estate Investment Trusts (REITs) | 1.87%          |
| Conduit                            | Insurance                                    | 1.83%          |
| Duke Royalty                       | Financial Services                           | 1.82%          |
| Wickes                             | Consumer Discretionary Distribution & Retail | 1.81%          |
| Kier Group                         | Capital Goods                                | 1.80%          |
| ZigUp                              | Transportation                               | 1.80%          |
| Polar Capital                      | Financial Services                           | 1.79%          |
| Stelrad                            | Consumer Durables & Apparel                  | 1.76%          |
| Personal Group                     | Insurance                                    | 1.76%          |
| <b>Total</b>                       |  | <b>40.82%</b>  |
| <b>Income from Top 10 Holdings</b> |  | <b>22.00%</b>  |

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

PRICE INFORMATION

Reuters **ZDP SDVP.L**

SEDOL **ORDS SDV.L**

**BZ7MQD8 0661582**

Market Makers **Canaccord Numis Shore Capital Winterflood**

SECTOR BREAKDOWN %

| Sector %                                     | % of Portfolio |
|--|----------------|
| Financial Services                           | 16.4%          |
| Consumer Discretionary Distribution & Retail | 12.6%          |
| Capital Goods                                | 11.7%          |
| Insurance                                    | 8.3%           |
| Commercial & Professional Services           | 8.0%           |
| Food, Beverage & Tobacco                     | 6.0%           |
| Media & Entertainment                        | 4.9%           |
| Energy                                       | 4.8%           |
| Technology Hardware & Equipment              | 3.7%           |
| Materials                                    | 3.0%           |
| Consumer Durables & Apparel                  | 3.0%           |
| Equity Real Estate Investment Trusts (REITs) | 3.0%           |
| Consumer Services                            | 2.8%           |
| Real Estate Management & Development         | 2.4%           |
| Software & Services                          | 2.1%           |
| Banks  | 1.9%           |
| Transportation                               | 1.8%           |
| Health Care Equipment & Services             | 1.4%           |
| Automobiles & Components                     | 1.3%           |
| Consumer Staples Distribution & Retail       | 0.9%           |

MARKET CAP BREAKDOWN

| % of portfolio  | No of stocks |
|-----------------|--------------|
| Above £1bn      | 6            |
| £500m - £1bn    | 10           |
| £250m - £500m   | 13           |
| £100m - £250m   | 26           |
| Below £100m     | 23           |
| Cash and Income | 0            |
| <b>Total</b>    | <b>78</b>    |

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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