

Launch Date	12 May 1999
Gross Assets	£51.59m
Net Assets	£32.40m*
Bank Debt	£Nil
Core Dividend Yield	8.9%**
Yield Including	8.9%***

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, on AIM or AQSE 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

February has been a month of trade war turmoil, as Trump kicked off his second term by issuing executive orders for tariffs on Canada, China and Mexico and subsequently "pausing" these, to make time for negotiations and further reciprocal tariff plans, leading to uncertainty in UK and European markets as we await our own fate. He also declared that the US was no longer willing to tolerate an "imbalanced relationship" with Nato members, demanding Europe increase its defence contribution. This left Western Europe sceptical of whether they can count on the US to defend its Nato allies in the future and scrambling to increase defence spending.

Back at home, Kier Starmer announced an increase in the UK defence spend to 2.5% of GDP by 2027. Following the Chancellor's October budget and the impending tax impact of National Insurance increases on the private sector, the UK's domestic growth has slowed, such that tax receipts may not be sufficient to meet the government's self-imposed fiscal rules, let alone an increase in defence spending. As well as Starmer's suggested cut to aid to fund defence spend, more spending cuts and/or tax rises may be on the cards to balance the books. One helpful initiative, from a UK equity market perspective, would be a move to direct a greater share of UK Pension Fund investment into its home market, in line with Labour's Manifesto plans. This would provide a welcome boost to our relatively oversold stock market, which hosts many excellent businesses, which in our view trade on very attractive valuations relative to their international peers, not on merit but because they're starved of fund flows.

On the monetary front, we kicked off the month with the UK MPC voting to reduce interest rates by 0.25 percentage points, to 4.5%, with two members of the group voting for a 0.5% rate cut. As rates come down, we would expect the current yield offered by our fund to look relatively more attractive to investors. Despite the doom and gloom of geopolitics, it's worth remembering that the UK economy is still expanding, with GDP reported to have expanded by 0.4% in December relative to November, and with Trump and Starmer now reportedly working on a trade deal, the UK could escape tariffs in the short-term. At portfolio level, we added one new holding to the Fund in February buying B&M, the discount retailer. We also reduced our exposure to Springfield Properties. Poor performers included Conduit Re, with LA wildfire losses coming in higher than expected, Smiths News and Wickes. On the plus side Bakkavor, MTI Wireless Edge and Personal Group all performed well.

	ZERO DIVIDEND PREFERENCE SHARES	ORDINARY SHARES
Share Price (price per share)	129.50p	143.50p
NAV (Price per share)	132.32p	145.01p*
Premium / (Discount to NAV)	(2.13%)	(1.04%)
Share Capital	14,500,000 [^]	22,345,000

*includes unaudited revenue reserve to 28/02/2025

**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

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.

ANNUAL RETURNS % GBP

28/02/2025

	2025*	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Share Price	-8.60	12.00	-14.28	-9.35	35.61	-16.50	33.39	-32.16	27.59	13.81	29.36
Share Price Morningstar Investment Trust UK Equity Income	3.59	10.47	-1.96	0.08	20.55	-7.84	22.53	-10.39	13.42	7.43	5.96
NAV Ordinary Shares	-5.54	8.68	-18.19	-19.29	39.52	-15.97	25.31	-24.50	24.37	4.96	24.79
NAV Morningstar Investment Trust UK Equity Income	4.54	11.73	-0.50	3.92	23.17	-7.78	25.75	-5.81	11.15	8.39	8.60

Source: Chelverton Asset Management Limited and Morningstar
Past performance is not a guide to future results

* Year to Date

DIVIDEND HISTORY

	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
	P	P	P	P	P	P	P	P	P	P
First interim	3.25	3.15	2.943	2.75	2.50	2.40	2.19	2.02	1.85	1.70
Second interim	3.25	3.15	2.943	2.75	2.50	2.40	2.19	2.02	1.85	1.70
Third interim	3.25	3.15	2.943	2.75	2.50	2.40	2.19	2.02	1.85	1.70
Fourth interim		3.15	2.943	2.75	2.50	2.40	2.40	2.40	2.40	2.40
Subtotal	6.50	12.60	11.77	11.00	10.00	9.60	8.97	8.46	7.95	7.50
% increase	3.20	7.10	7.00	7.00	4.17	7.02	6.00	6.42	6.00	5.30
Special dividend		N/A	N/A	N/A	0.272	N/A	2.50	0.66	1.86	1.60
TOTAL	6.50	12.60	11.77	11.00	10.272	9.60	11.47	9.12	9.81	9.10

The Key Information Document ("KID") is available on The Investment Company website - theinvestmentcompanyplc.co.uk

DIRECTORS

HOWARD MILES
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
Hargreaves Services	Energy	2.90%
Smiths News	Consumer Discretionary Distribution & Retail	2.58%
RTC Group	Commercial & Professional Services	2.57%
Chesnara	Insurance	2.55%
MP Evans	Food, Beverage & Tobacco	2.49%
Bakkavor Group	Food, Beverage & Tobacco	2.37%
MTI Wireless Edge	Technology Hardware & Equipment	2.35%
Personal Group	Insurance	2.14%
Assura	Equity Real Estate Investment Trusts (REITs)	2.05%
Duke Royalty	Financial Services	2.03%
Wickes	Consumer Discretionary Distribution & Retail	2.03%
Alumasc	Capital Goods	1.99%
OSB	Financial Services	1.96%
Kier Group	Capital Goods	1.90%
Ramsdens Holdings	Financial Services	1.88%
Stelrad	Consumer Durables & Apparel	1.83%
TP ICAP	Financial Services	1.80%
Mony	Media & Entertainment	1.73%
Wynnstay	Food, Beverage & Tobacco	1.70%
Arbuthnot Banking	Banks	1.70%
Total		42.55%
Income from Top 10 Holdings		24.77%

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

PRICE INFORMATION

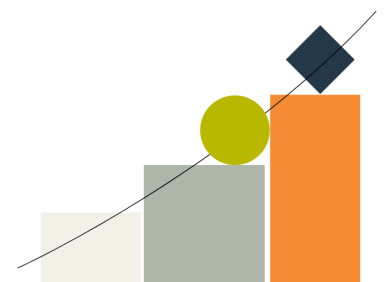
	ZDP	ORDS
Reuters	SDVP.L	SDV.L
SEDOL	BZ7MQD8	0661582
Market Makers	Canaccord Numis Shore Capital Winterflood	

SECTOR BREAKDOWN %

Sector %	% of Portfolio
Financial Services	17.05%
Consumer Discretionary Distribution &	12.48%
Capital Goods	11.11%
Insurance	8.72%
Commercial & Professional Services	6.69%
Food, Beverage & Tobacco	6.56%
Materials	5.04%
Energy	4.93%
Media & Entertainment	4.73%
Technology Hardware & Equipment	4.19%
Equity Real Estate Investment Trusts	3.08%
Consumer Durables & Apparel	2.54%
Consumer Services	2.44%
Banks	2.02%
Real Estate Management &	1.68%
Automobiles & Components	1.64%
Transportation	1.53%
Software & Services	1.47%
Health Care Equipment & Services	1.30%
Consumer Staples Distribution & Retail	0.82%

MARKET CAP BREAKDOWN

	% of portfolio	No of stocks
Above £1bn	15.02%	10
£500m - £1bn	15.21%	9
£250m - £500m	16.05%	13
£100m - £250m	28.40%	21
Below £100m	25.32%	27
Cash and Income	0.00%	0
Total	100.00%	80



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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