

Monthly Fact Sheet  
**31 January 2017**

<b>Launch Date</b>	12 May 1999
<b>Gross Assets</b>	£ 48.48 m
<b>Net Assets</b>	£ 37.47 m*
<b>Bank Debt</b>	£ nil
<b>Dividend Yield</b>	4.50%**

	Zero Dividend Preference Shares	Ordinary Shares
<b>Share Price</b> (price per share)	134.50p	208.75p
<b>NAV</b> (price per share)	129.44p	226.43p*
<b>Premium/ (Discount) to NAV</b>	3.91%	(7.81%)
<b>Share Capital</b>	8,500,000***	16,550,000

\*includes unaudited revenue reserve to 31/01/2017

\*\*calculation includes last four dividends and special dividend

\*\*\*redeemed at 136.70p - 08/01/2018

## Fund Managers



### David Horner

qualified as a chartered accountant in 1984 with Deloitte before joining 3i Corporate Finance Limited in 1986. In May 1993 he joined Strand Partners Limited, and was appointed a director in January 1994, where he carried out a range of corporate finance assignments identifying, structuring and

managing investments in quoted and unquoted companies. In June 1997 he left to set up Chelverton Asset Management Limited and, in May 1999, he launched the Small Companies 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.



**David Taylor** began his career as an analyst in the research department at Wedd Durlacher and moved into fund management in 1987 with the Merchant Navy Officers Pension Fund. He joined Gartmore Investment Limited in 1991, during this time, he ran a combination of institutional funds and investment trusts, namely the Clydesdale Investment Trust and

London & Strathclyde Trust. In 1995, he moved to LGT to manage small cap retail funds and latterly spent nearly seven years as head of UK smaller companies at HSBC Asset Management. He joined Chelverton Asset Management in January 2006 and has co-managed the Chelverton UK Equity Income Fund since launch.

# Chelverton Small Companies Dividend Trust PLC

## Investment Objective and Policy

The investment objective of the Company is to provide Ordinary shareholders with a high income and opportunity for capital growth.

The Trust's funds will be invested principally in companies with a market capitalisation of up to £500 million; a maximum of 20 per cent of the Group's portfolio may be invested in companies without reference to their market capitalisation at the discretion of the Investment Manager. The Trust's portfolio will comprise companies listed on the Official List and companies admitted to trading on AIM. The Trust will not invest in preference shares, loan stock or notes, convertible securities or fixed interest securities or any similar securities convertible into shares. The Trust will not invest in other investment trusts or unquoted companies.

## Monthly Manager Commentary

There was no real sector leadership in the last month, albeit miners continued their recent run, and in the short term the direction of the UK equity market seems to be a reflection of the sterling/dollar rate, not unsurprising perhaps given its volatility and the weighting of dollar earners amongst the mega caps. Interestingly there appears to be a growing school of thought amongst commentators that sterling is currently pricing in a 'hard Brexit' and that as the underlying domestic economy is set to remain resilient, there is scope for sterling to bounce from current levels. This is potentially a 'theme' for the second half of the year but it should benefit us as it would be good for sentiment with respect to our domestic earners and would probably help to reverse some of the recent 'currency' trades. In the meantime, GDP growth forecasts for the domestic economy have moved up to two percent, at the upper end of the range for the current year. Whether or not this top down economic strength translates into bottom up earnings upgrades remains to be seen as we expect the general tone of year end corporate statements to remain 'cautiously optimistic'.

At the stock level, our top two contributors to performance over the month were Games Workshop, which announced it was trading ahead of expectations, and Polar Capital, which returned to inflows and appointed a new CEO. Additionally, T Clarke and Belvoir announced solid updates. On the downside, Coral and St. Ives disappointed but the reasons were all company specific rather than any reaction to changes in the macro environment. We have added to positions in Gattaca, Sanderson, Polar Capital, Personal Group and Acal, which issued equity to fund an earnings enhancing deal. We realised funds from Novae and exited our position in National Express. Importantly for our fund we expect to see a confirmation of the strong growth in dividends that we saw at the interim stage in the upcoming final results season at the end of February.

## Annual Returns % (GBP)

31/01/2017

	2017	2016	2015	2014	2013	2012	2011	2010
<b>Share Price</b> Ordinary Shares	-2.68	13.81	29.36	-4.26	79.11	19.72	2.82	40.87
<b>Share Price</b> Morningstar Investment Trust UK Equity Income	3.64	5.02	24.80	4.82	56.76	38.34	-10.09	48.64
<b>NAV</b>	3.37	-2.25	23.05	-4.58	54.62	36.46	-13.94	38.86
<b>NAV</b> Morningstar Investment Trust UK Equity Income	2.70	7.36	16.06	-1.11	43.43	28.41	-10.65	35.37

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

## Dividend History

	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
	p	p	p	p	p	p
First interim	1.85	1.70	1.575	1.475	1.40	1.35
Second interim	1.85	1.70	1.575	1.475	1.40	1.35
Third interim	-	1.70	1.575	1.475	1.40	1.35
Fourth interim	-	2.40	2.40	2.40	2.40	2.35
<b>Subtotal</b>	<b>3.70</b>	<b>7.50</b>	<b>7.125</b>	<b>6.825</b>	<b>6.60</b>	<b>6.40</b>
Special dividend	-	1.60	0.300	2.750	N/A	N/A
<b>TOTAL</b>	<b>3.70</b>	<b>9.10</b>	<b>7.425</b>	<b>9.575</b>	<b>6.60</b>	<b>6.40</b>

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**Directors**

**The Rt Hon. the Lord Lamont of Lerwick**  
Chairman

**David Harris**

**William van Heesewijk**

**Howard Myles**

**Calendar**

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

<b>Management Fee</b>	1% pa.
<b>Charge to Capital</b>	Management Fee and Bank Interest (75% to Capital: 25% to Revenue)

**Price Information**

	ZDP	ORDS
<b>Reuters</b>	SDVZ.L	SDV.L
<b>SEDOL</b>	88fj5797	0661582
<b>Market Makers</b>	Canacord, JP Morgan, N1+ Singer, Numis, Winterflood	

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# Chelverton Small Companies Dividend Trust PLC

**Top Twenty Holdings**

Holding	Sector	% of portfolio
Games Workshop Group	Leisure, Entertainment & Hotels	3.40
Belvoir Lettings	Real Estate	2.67
Amino Technologies	Information Technology Hardware	2.23
Galliford Try	Construction & Building Materials	2.22
McColl's Retail Group	General Retailers	2.17
Alumasc Group (The)	Construction & Building Materials	2.14
Curtis Banks Group	Investment Companies	2.14
Moss Bros Group	Housing Goods & Textiles	2.04
Connect Group	Industrials	1.99
Kier Group	Leisure, Entertainment & Hotels	1.99
Polar Capital Holdings	Investment Companies	1.92
Marston's	Leisure, Entertainment & Hotels	1.90
GLI Finance	Investment Companies	1.90
Mucklow (A&J) Group	Investment Companies	1.89
Jarvis Securities	Speciality & Other Finance	1.88
Numis Corporation	Insurance	1.88
Shoe Zone (Holdings)	General Retailers	1.86
Park Group	Speciality & Other Finance	1.84
Brown (N) Group	General Retailers	1.80
Gattaca	Support Services	1.79
<b>Total</b>		<b>41.65</b>

**Sector Breakdown**

Sector	% of portfolio
Financials	19.63
Construction & Building Materials	13.64
Support Services	10.08
General Retailers	7.61
Real Estate	5.53
Leisure, Entertainment & Hotels	5.46
Technology	5.09
Insurance	5.01
Media & Photography	4.45
Industrials	4.18
Electronic & Electrical Equipment	4.03
Housing Goods & Textiles	3.57
Pharmaceuticals	3.49
Food Producers & Processors	2.17
Transport	2.07
Consumer Goods	1.58
Packaging	1.27
Telecommunications Services	1.14
<b>Total</b>	<b>100.00</b>

**Market Cap Breakdown**

% of portfolio	% of portfolio	No of stocks
Above £1bn	7.10	5
£500m-£1bn	11.86	8
£250m-£500m	20.08	14
£100m-£250m	25.42	17
Below £100m	32.65	24
Cash and Income	2.89	0
<b>Total</b>	<b>100</b>	<b>68</b>

Source: Chelverton Asset Management Limited

**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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