

Monthly Fact Sheet  
28 February 2017

<b>Launch Date</b>	12 May 1999	
<b>Gross Assets</b>	£ 49.06 m	
<b>Net Assets</b>	£ 38.01 m*	
<b>Bank Debt</b>	£ nil	
<b>Dividend Yield</b>	4.20%**	
	<i>Zero Dividend Preference Shares</i>	<i>Ordinary Shares</i>
<b>Share Price</b> (price per share)	134.00p	222.00p
<b>NAV</b> (price per share)	130.02p	229.64p*
<b>Premium/ (Discount) to NAV</b>	3.06%	(3.33%)
<b>Share Capital</b>	8,500,000***	16,550,000

\*includes unaudited revenue reserve to 28/02/2017

\*\*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

In a month in which the domestic equity market reached new highs sterling continued to weaken helping to underpin company profit estimates and to heighten inflation expectations at the same time. Undoubtedly the UK manufacturing sector is undergoing a pickup in activity as evidenced by PMI figures as exports benefit from the currency moves and it is interesting to note that whilst 'Brexit' has added a note of underlying caution to company trading statements we have yet to see any adverse 'Brexit' specific trading news in our portfolio. As the domestic outlook remains broadly positive we expect to see the rotation between 'quality growth' and 'cyclical value', that has been prevalent since the US elections to continue to be a feature of the UK equity market. We also expect to see a substantial increase in IPO's and more corporate activity over the next few months, all of which should throw up some interesting opportunities for the fund.

In a busy month for company reporting it was reassuring that amongst our top performers were Galliford Try who released interim figures and Morgan Sindall who released their finals. News flow is particularly important for 'under researched' small and mid caps as it serves to temporarily put companies in the spotlight and leads to a short term reappraisal of prospects and relative valuation. On balance results have been positive over the period as evidenced by the continued growth in dividends by a significant cross section of our holdings. On the downside there were stock specific issues at St Ives which announced the loss of a print contract. On the trading front we raised cash from Games Workshop and Watkin Jones after strong performance and bought two IPO's. Ramsdens is a financial services provider and retailer and Diversified Oil&Gas is a US based oil and gas producer.

## Annual Returns % (GBP)

28/02/2017

	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	3.04	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	3.17	7.41	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 (Declared)</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
Amino Technologies	Information Technology Hardware	2.37
Belvoir Lettings	Real Estate	2.32
Galliford Try	Construction & Building Materials	2.32
Alumasc Group (The)	Construction & Building Materials	2.27
Games Workshop Group	Leisure, Entertainment & Hotels	2.24
Curtis Banks Group	Investment Companies	2.20
McColl's Retail Group	General Retailers	2.16
Kier Group	Leisure, Entertainment & Hotels	2.07
Jarvis Securities	Speciality & Other Finance	2.06
Connect Group	Industrials	2.01
Moss Bros Group	Housing Goods & Textiles	2.00
Mucklow (A&J) Group	Investment Companies	1.96
Numis Corporation	Insurance	1.90
Marston's	Leisure, Entertainment & Hotels	1.89
Gattaca Common	Support Services	1.80
Polar Capital Holdings	Investment Companies	1.78
Park Group	Speciality & Other Finance	1.77
Shoe Zone (Holdings)	General Retailers	1.75
Clarke (T)	Electronic & Electrical Equipment	1.73
Conviviality	General Retailers	1.71
<b>Total</b>		<b>40.35</b>

**Sector Breakdown**

Sector	% of portfolio
Financials	16.27
Construction & Building Materials	12.08
Support Services	9.57
General Retailers	8.75
Real Estate	5.23
Leisure, Entertainment & Hotels	6.40
Technology	5.44
Insurance	6.27
Media & Photography	4.44
Industrials	4.11
Electronic & Electrical Equipment	4.17
Housing Goods & Textiles	3.50
Pharmaceuticals	3.51
Food Producers & Processors	3.52
Transport	1.22
Consumer Goods	1.48
Packaging	1.31
Telecommunications Services	1.14
Oil & Gas	1.57
<b>Total</b>	<b>100.00</b>

**Market Cap Breakdown**

% of portfolio	% of portfolio	No of stocks
Above £1bn	7.45	5
£500m-£1bn	11.30	8
£250m-£500m	18.31	12
£100m-£250m	24.09	16
Below £100m	35.85	26
Cash and Income	3.00	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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