

## Monthly Fact Sheet 31 May 2017

<b>Launch Date</b>	12 May 1999
<b>Gross Assets</b>	£ 56.21 m
<b>Net Assets</b>	£ 43.87 m*
<b>Bank Debt</b>	£ nil
<b>Dividend Yield</b>	4.00%**

	Zero Dividend Preference Shares	Ordinary Shares
<b>Share Price</b> (price per share)	136.25p	252.25p
<b>NAV</b> (price per share)	131.94p	255.06p*
<b>Premium/ (Discount) to NAV</b>	3.26%	(1.10%)
<b>Share Capital</b>	9,349,000***	17,200,000

\*includes unaudited revenue reserve to 31/05/2017

\*\*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 comanaged 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

Interestingly, the rather muted market reaction to the wholly unexpected election result underlined a rather weary 'we have been here before' feeling amongst investors and was helped by the realisation that a 'soft Brexit', whatever that may entail, was now the more likely outcome of the discussions with our European partners. A coalition government requiring compromise from the larger party and an environment of sustained macro uncertainty really are nothing new and recent history and the latest company results season suggest that 'corporate UK' has the resilience to continue to move forward. We expect business leaders and commentators to publicly voice concern about this uncertainty but as long as the economy continues to grow, and the signs globally are supportive of this, we expect that the companies we invest in will continue to move in the right direction from a dividend and profit perspective. The one variable that is harder to call is the rating afforded to those dividends and profits but on the face of it there appears little reason for this to change substantially. Balance sheets are strong by historic standards and a focus on cash flow accompanied by reluctance to gear up and make marginal acquisitions for 'growth' suggest a healthy dose of corporate caution. A sustained downturn in domestic activity is the one macro factor that would cause us some concern but it is not obvious that the election result makes this more or less likely.

After a strong April, the fund saw more muted growth in May as there was little corporate news to capture the attention of investors who were growing increasingly nervous about the election as opinion polls started to suggest a closer outcome than had been anticipated. N Brown and Curtis Banks performed well and three of our top contributors in the month, T Clarke, Moss Bros and Conviviality, released good updates. Galliford Try performed poorly after announcing problems with some legacy contracts in their construction division. On the trading front, we top sliced Intermediate Capital and Statpro, taking some profit, and sold our remaining Bioventix and UP Global Sourcing, after recent strong performance. We added to a number of holdings including Murgitroyd, Castings and RTC and we made new investments in Flowtech Fluidpower, Premier Asset Management, Restaurant Group and Revolution Bars.

One constant in our commentaries in the years since the financial crisis has been that, despite the many and varied short term concerns about ever changing 'top down' influences, from the banking system to the Greek crisis to Chinese growth to many varied elections and referendums, 'bottom up' the companies that we invest in have just 'got on with it'. We see no reason for this to change.

## Annual Returns % (GBP)

31/05/2017

	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
<b>First interim</b>	1.85	1.70	1.575	1.475	1.40	1.35
<b>Second interim</b>	1.85	1.70	1.575	1.475	1.40	1.35
<b>Third interim</b>	1.85	1.70	1.575	1.475	1.40	1.35
<b>Fourth interim</b>	2.40	2.40	2.40	2.40	2.40	2.35
<b>Subtotal</b>	<b>7.95</b>	<b>7.50</b>	<b>7.125</b>	<b>6.825</b>	<b>6.60</b>	<b>6.40</b>
<b>Special dividend</b>	1.86	1.60	0.300	2.750	N/A	N/A
<b>TOTAL</b>	<b>9.81</b>	<b>9.10</b>	<b>7.425</b>	<b>9.575</b>	<b>6.60</b>	<b>6.40</b>

Monthly Fact Sheet  
**31 May 2017**

**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	

**Contact Us**

<b>T</b>	020 7222 8989
<b>E</b>	cam@chelvertonam.com
<b>A</b>	Chelverton Asset Management Limited 20 Ironmonger Lane London EC2V 8EP
<b>W</b>	www.chelvertonam.com

# Chelverton Small Companies Dividend Trust PLC

**Top Twenty Holdings**

Holding	Sector	% of portfolio
StatPro Group	Support Services	2.28
Acal	Electronic & Electrical Equipment	2.20
Amino Technologies	Information Technology Hardware	2.19
Belvoir Lettings	Real Estate	2.18
McColl's Retail Group	General Retailers	2.16
Games Workshop Group	Leisure, Entertainment & Hotels	2.08
Brown (N) Group	General Retailers	2.04
Connect Group	Industrials	2.02
Gattaca Common	Support Services	2.00
Moss Bros Group	Housing Goods & Textiles	2.00
Jarvis Securities	Speciality & Other Finance	1.96
Alumasc Group (The)	Construction & Building Materials	1.96
Marston's	Leisure, Entertainment & Hotels	1.93
Braemar Shipping Services	Support Services	1.88
Conviviality	General Retailers	1.82
Personal Group Holdings	Health	1.80
Mucklow (A&J) Group	Investment Companies	1.79
Polar Capital Holdings	Investment Companies	1.71
Diversified Gas & Oil	Oil and Gas	1.69
Galliford Try	Construction & Building Materials	1.67
<b>Total</b>		<b>41.42</b>

**Sector Breakdown**

Sector	% of portfolio
Financials	17.11
Construction & Building Materials	12.27
Support Services	12.05
General Retailers	8.84
Technology	5.24
Industrials	5.07
Real Estate	4.83
Electronic & Electrical Equipment	4.71
Housing Goods & Textiles	4.53
Media & Photography	4.02
Leisure, Entertainment & Hotels	3.99
Insurance	3.90
Pharmaceuticals	3.65
Oil & Gas	2.61
Food Producers & Processors	2.00
Consumer Goods	1.62
Transport	1.48
Packaging	1.07
Telecommunications Services	1.00
	100.00

**Market Cap Breakdown**

	% of portfolio	No of stocks
Above £1bn	5.80	5
£500m-£1bn	18.58	14
£250m-£500m	15.62	10
£100m-£250m	25.32	17
Below £100m	34.44	27
Cash and Income	0.24	0
<b>Total</b>	<b>100</b>	<b>73</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

The information contained in this document has been obtained from sources that Chelverton Asset Management ("CAM") considers to be reliable. However, CAM cannot guarantee the accuracy and completeness of the information provided, and therefore no investment decision should be based solely on this data.

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