

Monthly Fact Sheet 30 September 2017

| | |
|-----------------------|-------------|
| Launch Date | 12 May 1999 |
| Gross Assets | £ 57.96 m |
| Net Assets | £ 45.37 m* |
| Bank Debt | £ nil |
| Dividend Yield | 3.84%** |

| | Zero Dividend Preference Shares | Ordinary Shares |
|---|--|--------------------|
| Share Price (price per share) | 136.50p | 260.00p |
| NAV (price per share) | 134.68p | 261.48p* |
| Premium/ (Discount) to NAV | 1.35% | (0.56)% |
| Share Capital | 9,349,000*** | 17,350,000 |

*includes unaudited revenue reserve to 30/09/2017

**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

As the headlines continue to be dominated by fears of a slowing economy and the uncertainty surrounding the Brexit negotiations, the reassuring news is that the companies that we invest in generally continue to meet, or beat, expectations. After the busy results season it appears that earnings upgrades continue to marginally outnumber downgrades and sensibly, 'top down' caution prevents analysts getting too bullish. Despite the subdued macro environment, the good news for UK small and mid caps is that investor sentiment remains broadly positive. From a valuation perspective we believe that current profit and cash flow estimates are supportive of share prices. Our investment process requires a prospective dividend yield of at least four per cent before purchasing a new stock and at the moment the domestic cyclicals continue to provide a disproportionate number of these opportunities. Although this is arguably where the 'value' lies within our universe, with little sign of a catalyst to start to realise this value, we will continue to maintain a balanced approach to portfolio construction.

There were no discernible trends or themes behind the performance last month and the top contributors to performance were Statpro, who had a contract extension for the recently acquired Delta service, Ramsdens, who now expect their FY profit to be significantly ahead of previous expectations, and Diversified Gas and Oil, who released good maiden figures. On the downside, Anglo African Oil and Gas and Foxtons performed poorly, the former after delays to drilling and the latter due to poor sentiment about the London property market. We added one new stock to the portfolio, Palace Capital, a UK property investment company, and topped up our position in Alumasc after encouraging results. We raised cash by taking some profit in Games Workshop, Revolution Bars and Watkin Jones after periods of strong performance, and received the cash from the Cape takeover. The IPO market looks set for an active final quarter and we expect this to be a useful source of potential new investments. Crucially, however, the most significant factor in broadening our investment universe remains the better than expected dividend growth amongst UK small and mid caps.

Annual Returns % (GBP)

30/09/2017

| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|--|-------|-------|-------|-------|-------|-------|--------|-------|
| Share Price Ordinary Shares | 25.32 | 13.81 | 29.36 | -4.26 | 79.11 | 19.72 | 2.82 | 40.87 |
| Share Price Morningstar Investment Trust UK Equity Income | 22.99 | 4.96 | 24.80 | 4.82 | 56.76 | 38.34 | -10.09 | 48.64 |
| NAV | 8.69 | 6.78 | 23.05 | -4.58 | 54.62 | 36.46 | -13.94 | 38.86 |
| NAV Morningstar Investment Trust UK Equity Income | 8.52 | 10.18 | 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

| | 2017-18 | 2016-17 | 2015-16 | 2014-15 | 2013-14 | 2012-13 | 2011-12 |
|------------------|-------------|-------------|-------------|--------------|--------------|-------------|-------------|
| | p | p | p | p | p | p | p |
| First interim | 2.02 | 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 | | 1.85 | 1.70 | 1.575 | 1.475 | 1.40 | 1.35 |
| Fourth interim | | 2.40 | 2.40 | 2.40 | 2.40 | 2.40 | 2.35 |
| Subtotal | 2.02 | 7.95 | 7.50 | 7.125 | 6.825 | 6.60 | 6.40 |
| Special dividend | | 1.86 | 1.60 | 0.300 | 2.750 | N/A | N/A |
| TOTAL | 2.02 | 9.81 | 9.10 | 7.425 | 9.575 | 6.60 | 6.40 |

Monthly Fact Sheet
30 September 2017

Directors

The Rt Hon. the Lord Lamont of Lerwick
Chairman

David Harris

William van Heesewijk

Howard Myles

Calendar

| | |
|-----------------------------|----------------------------------|
| Year End | 30 April |
| AGM | September |
| Dividends (Declared) | March, June, September, December |

| | |
|--------------------------|---|
| Management Fee | 1% pa. |
| Charge to Capital | Management Fee and Bank Interest (75% to Capital: 25% to Revenue) |

Price Information

| | ZDP | ORDS |
|----------------------|--|---------|
| Reuters | SDVZ.L | SDV.L |
| SEDOL | 88fj5797 | 0661582 |
| Market Makers | Canacord, JP Morgan, N1+ Singer, Numis, Winterflood, Stockdale | |

Contact Us

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|----------|---|
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Chelverton Small Companies Dividend Trust PLC

Top Twenty Holdings

| Holding | Sector | % of portfolio |
|---------------------------|-----------------------------------|----------------|
| Statpro Group | Support Services | 2.66% |
| Diversified Gas & Oil | Oil and Gas | 2.55% |
| Galliford Try | Construction & Building Materials | 2.33% |
| McColl's Retail Group | General Retailers | 2.33% |
| Belvoir Lettings | Real Estate | 2.22% |
| Alumasc Group (The) | Construction & Building Materials | 2.12% |
| Brown (N) Group | General Retailers | 2.11% |
| Acal | Electronic & Electrical Equipment | 2.10% |
| Gattaca Common | Support Services | 2.08% |
| Jarvis Securities | Speciality & Other Finance | 2.07% |
| Curtis Banks Group | Investment Companies | 2.07% |
| Amino Technologies | Information Technology Hardware | 2.06% |
| Personal Group Holdings | Health | 2.03% |
| Braemar Shipping Services | Support Services | 1.90% |
| Marston's | Leisure, Entertainment & Hotels | 1.87% |
| Ramsdens Holdings | General Retailers | 1.87% |
| Mucklow (A&J) Group REIT | Investment Companies | 1.79% |
| Connect Group | Industrials | 1.73% |
| Numis Corporation | Insurance | 1.70% |
| Moss Bros Group | Housing Goods & Textiles | 1.69% |
| Total | | 41.29% |

Sector Breakdown

| Sector | % of portfolio |
|-----------------------------------|----------------|
| Financials | 15.26 |
| Support Services | 13.22 |
| Construction & Building Materials | 9.83 |
| General Retailers | 9.06 |
| Leisure, Entertainment & Hotels | 5.76 |
| Insurance | 5.63 |
| Industrials | 5.24 |
| Technology | 4.50 |
| Electronic & Electrical Equipment | 4.49 |
| Real Estate | 4.39 |
| Media & Photography | 4.11 |
| Housing Goods & Textiles | 3.85 |
| Food Producers & Processors | 3.31 |
| Oil & Gas | 3.18 |
| Health | 2.05 |
| Transport | 1.49 |
| Consumer Goods | 1.33 |
| Packaging | 1.20 |
| Restaurant Pubs & Breweries | 1.05 |
| Telecommunications Services | 1.03 |
| | 100.00 |

Market Cap Breakdown

| % of portfolio | % of portfolio | No of stocks |
|-----------------|----------------|--------------|
| Above £1bn | 5.43 | 4 |
| £500m-£1bn | 18.24 | 14 |
| £250m-£500m | 12.36 | 8 |
| £100m-£250m | 32.95 | 22 |
| Below £100m | 30.81 | 24 |
| Cash and Income | 0.21 | 0 |
| Total | 100.00 | 70 |

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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