

Monthly Fact Sheet
31 October 2017

Launch Date	12 May 1999
Gross Assets	£ 60.08 m
Net Assets	£ 47.43 m*
Bank Debt	£ nil
Dividend Yield	3.74%**

	<i>Zero Dividend Preference Shares</i>	<i>Ordinary Shares</i>
Share Price (price per share)	137.00p	266.50p
NAV (price per share)	135.30p	266.84p*
Premium/ (Discount) to NAV	1.25%	(0.13)%
Share Capital	9,349,000***	17,775,000

*includes unaudited revenue reserve to 31/10/2017

**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

The recent interest rate increase was widely anticipated and benefited our portfolio in the latter part of the month as sterling strengthened whilst the rise in the oil price was a mild headwind. We have often referred to the short term effects of 'investor sentiment' on both share prices and the relative performance of small and mid caps compared to their larger counterparts. In a nutshell, when sentiment is positive investors tend to be happier to own stocks within our universe. One significant macro input into investors' appetite for our companies is the domestic and global political backdrop and arguably, at the moment, the ability to 'price' political risk here at home, in the US, and now in Germany is as difficult as it has ever been. It appears that investors have little option but to look through the 'top down' political 'noise' and concentrate more on the actual companies themselves. With strong balance sheets and cash flows, gently improving trading and growing dividends, this should be good news for the type of company we invest in.

In the last month we have added one new holding to the fund, De La Rue, the world's largest designer and commercial provider of banknotes and passports. We also supported a placing in Hilton Food as they raised money to buy Seachill, broadening their offering into fish and seafood, and we added to a number of existing holdings including DFS, Go-Ahead, Kier and Severfield, whilst reducing Games Workshop and Curtis Banks after a period of good performance. It is noticeable that a broad range of 'in line' statements by investee companies have been met recently with an almost overwhelming indifference and share prices have started to drift downwards. Part of the reason for this is that liquidity is being absorbed by the sheer number of IPOs and fund raisings that advisors are rushing to complete before the year end. This ultimately suits us as it will present us with some attractive new opportunities and will increase the number of stocks yielding four percent, our investible universe, amongst the wider market of domestic small and mid caps.

Annual Returns % (GBP)

31/10/2017

	2017	2016	2015	2014	2013	2012	2011	2010
Share Price Ordinary Shares	28.45	13.81	29.36	-4.26	79.11	19.72	2.82	40.87
Share Price Morningstar Investment Trust UK Equity Income	10.66	4.96	24.80	4.82	56.76	38.34	-10.09	48.64
NAV	25.51	6.78	23.05	-4.58	54.62	36.46	-13.94	38.86
NAV Morningstar Investment Trust UK Equity Income	10.79	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

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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	Canaccord, JP Morgan, N1+ Singer, Numis, Winterflood, Stockdale	

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Chelverton Small Companies Dividend Trust PLC

Top Twenty Holdings

Holding	Sector	% of portfolio
Diversified Gas & Oil	Oil and Gas	2.78%
McColl's Retail Group	General Retailers	2.39%
Jarvis Securities	Speciality & Other Finance	2.35%
St.Ives	Support Services	2.29%
Acal	Electronic & Electrical Equipment	2.12%
Belvoir Lettings	Real Estate	2.11%
Alumasc Group (The)	Construction & Building Materials	2.06%
Gattaca Common	Support Services	2.04%
Galliford Try	Construction & Building Materials	2.04%
Personal Group Holdings	Health	2.03%
Connect Group	Industrials	1.84%
Amino Technologies	Information Technology Hardware	1.83%
Braemar Shipping Services	Support Services	1.80%
Numis Corporation	Insurance	1.79%
Curtis Banks Group	Investment Companies	1.78%
Marston's	Leisure, Entertainment & Hotels	1.78%
Ramsdens Holdings	General Retailers	1.78%
Brown (N) Group	General Retailers	1.76%
De La Rue	Support Services	1.75%
Mucklow (A&J) Group REIT	Investment Companies	1.64%
Total		39.96%

Sector Breakdown

Sector	% of portfolio
Financials	18.08%
Support Services	14.14%
Construction & Building Materials	10.99%
General Retailers	8.67%
Industrials	5.32%
Electronic & Electrical Equipment	4.53%
Technology	4.41%
Real Estate	4.31%
Media & Photography	4.20%
Insurance	3.79%
Leisure, Entertainment & Hotels	3.58%
Housing Goods & Textiles	3.53%
Oil & Gas	3.40%
Food Producers & Processors	2.57%
Health	2.03%
Transport	1.90%
Consumer Goods	1.27%
Packaging	1.20%
Telecommunications Services	1.07%
Restaurant Pubs & Breweries	1.01%
Total	100.00

Market Cap Breakdown

% of portfolio	No of stocks
Above £1bn	5
£500m-£1bn	14
£250m-£500m	9
£100m-£250m	20
Below £100m	26
Cash and Income	0
Total	74

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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