

Monthly Fact Sheet  
**30 November 2016**

<b>Launch Date</b>	12 May 1999
<b>Gross Assets</b>	£ 46.94 m
<b>Net Assets</b>	£ 36.04 m*
<b>Bank Debt</b>	£ nil
<b>Dividend Yield</b>	4.7%**

	Zero Dividend Preference Shares	Ordinary Shares
<b>Share Price</b> (price per share)	134.50p	199.75p
<b>NAV</b> (price per share)	128.17p	217.77p*
<b>Premium/ (Discount) to NAV</b>	4.94%	(8.27%)
<b>Share Capital</b>	8,500,000***	16,550,000

\*includes unaudited revenue reserve to 30/11/16

\*\*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 comanged 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

One consequence of the Trump victory is that after years of our macro thoughts being dominated by the effects of Quantitative Easing it is now time for a re think and we have already seen the first signs of a shift from the bond proxy equities into sectors and stocks more geared to benefit from fiscal stimulus. This also seems to be the way forward at home and at the margin a switch from 'quality growth' into more 'value' orientated stocks should benefit our portfolio although we understand that the noise surrounding Brexit negotiations continues to present a headwind for small and mid cap share prices. Although the Autumn Statement turned out to be less of a 'giveaway' than some had hoped, the good news is that the domestic economy is proving to be increasingly resilient and in the short term at least, corporate UK appears to be dealing well with the threat of increased input costs. In the current political environment however we expect company directors to continue to err on the side of caution with respect to outlook statements which may detract from the generally robust short term 'bottom up' news. We believe however that it is in everyone's interest that a culture of 'under promising' and 'over delivering' prevails.

One knock on effect of the fallout from Brexit and the subsequent weakness in Sterling was the belief amongst a number of commentators that there would be an increase in the number of bids for UK companies. In the last month, our largest weighting, Avesco was the subject of an agreed bid and we sold our stock in both this and Dee Valley and invested the funds raised across a number of existing holdings including Braemar Shipping, N.Brown, Marston's Epwin, Dairy Crest, Numis and Park Group. Stocks that performed relatively poorly in the month included Cape after further issues arose with some historic litigation cases, Centaur Media and Gattaca. Stocks that performed well included Brewin Dolphin and Intermediate Capital after results and Chesnara after an acquisition. Unquestionably the change of political leadership both here and in the US will lead to shifts in top down strategies by the investment communities and the early signs are that we should be beneficiaries of this in the short term.

## Annual Returns % (GBP)

30/11/2016

	2016	2015	2014	2013	2012	2011	2010
<b>Share Price</b> Ordinary Shares	5.01	29.36	-4.26	79.11	19.72	2.82	40.87
<b>Share Price</b> Morningstar Investment Trust UK Equity Income	3.08	24.80	4.82	56.76	38.34	-10.09	48.64
<b>NAV</b>	-9.24	23.05	-4.58	54.62	36.46	-13.94	38.86
<b>NAV</b> Morningstar Investment Trust UK Equity Income	1.64	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**

	<i>ZDP</i>	<i>ORDS</i>
<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**

<i> Holding</i>	<i> Sector</i>	<i> % of portfolio</i>
Coral Products	Construction & Building Materials	2.62
Belvoir Lettings	Real Estate	2.47
Games Workshop Group	Leisure, Entertainment & Hotels	2.47
McCull's Retail Group	General Retailers	2.24
Amino Technologies	Information Technology Hardware	2.20
Moss Bros Group	Housing Goods & Textiles	2.16
Galliford Try	Construction & Building Materials	2.15
Connect Group	Industrials	2.13
Kier Group	Leisure, Entertainment & Hotels	2.08
Mucklow (A&J) Group REIT	Investment Companies	1.98
Shoe Zone (Holdings)	General Retailers	1.92
Alumasc Group (The)	Construction & Building Materials	1.89
Marston's	Leisure, Entertainment & Hotels	1.86
Jarvis Securities	Speciality & Other Finance	1.80
GLI Finance	Investment Companies	1.70
Brown (N) Group	General Retailers	1.70
Numis Corporation	Insurance	1.68
StatPro Group	Support Services	1.66
Braemar Shipping Services	Support Services	1.66
Personal Group Holdings	Health	1.62
<b>Total</b>		<b>39.98</b>

**Sector Breakdown**

<i> Sector</i>	<i> % of portfolio</i>
Financials	11.49
Construction & Building Materials	10.96
Support Services	7.28
General Retailers	6.95
Insurance	6.41
Real Estate	5.82
Technology	5.17
Leisure, Entertainment & Hotels	4.51
Media & Photography	3.99
Industrials	3.76
Housing Goods & Textiles	3.54
Electronic & Electrical Equipment	3.31
Pharmaceuticals	3.22
Transport	2.16
Telecommunications Services	2.14
Packaging	2.13
Consumer Goods	1.62
Food Producers & Processors	1.31
<b>Total</b>	<b>100.00</b>

**Market Cap Breakdown**

<i> % of portfolio</i>	<i> % of portfolio</i>	<i> No of stocks</i>
Above £1bn	8.72	6
£500m-£1bn	11.72	8
£250m-£500m	16.94	13
£100m-£250m	28.14	18
Below £100m	34.14	23
Cash and Income	2	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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