

Monthly Fact Sheet
31 August 2016

Launch Date	12 May 1999
Gross Assets	£ 44.68m
Net Assets	£ 33.94 m*
Bank Debt	£ nil
Dividend Yield	4.02%**

	Zero Dividend Preference Shares	Ordinary Shares
Share Price (price per share)	134.50p	190.00p
NAV (price per share)	126.32p	205.09p*
Share Capital	8,500,000***	16,550,000

* includes unaudited revenue reserve to 30.08.16

**calculation includes special dividend

***redeemed at 136.70p - 08.01.2018

Fund Managers



David Horner

qualified as a chartered accountant in 1984 with Touche Ross & Co before joining 3i Corporate Finance Limited in 1986 where he was a manager giving corporate finance advice. 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.



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 last month saw a continuation of the recovery from the 'knee jerk' reaction in UK small and mid caps after the result of the referendum was announced. The domestic PMI manufacturing numbers showed an impressive improvement, retail sales were strong and economic and sentiment indicators were surprisingly positive. This all serves to underpin our conviction that the 'drawdown' in our fund at the end of June was a response to the overly dramatic scare stories purveyed by a wide range of commentators ahead of the vote. The reality since then has been that the vast majority of corporate results have been at least 'in line', although earnings upgrades for domestic earners have admittedly been few and far between compared to the overseas earners benefitting from the strong currency tailwind. In nearly a decade now of running this fund one thing we have always relied on to gauge the 'mood' of the stocks that we invest in is the aggregate level of dividend growth within the portfolio. To our mind the ability to pay a relatively high and growing dividend, particularly in times of uncertainty is tangible evidence of the financial 'health' of a company and we would argue tends not to be fully reflected in share prices. The good news is that in the last couple of months the rate of dividend growth, albeit predominantly interims, has exceeded our expectations suggesting that despite Brexit corporate UK remains in a pretty good 'mood'.

At the stock level we have added two new holdings to the fund in the last month. Gattaca is a leading provider of specialist recruitment services to the engineering and technology industries and Victrex which manufactures high performance plastics for a wide range of end markets. Unsurprisingly a number of stocks continued to recover from the recent sell off such as Morgan Sindall and Galliford Try in the building sector and N.Brown in the retail sector. Importantly we believe that the forecast risks for domestic earners is now more than priced into current valuations as we believe that a combination of a fiscal stimulus package and overly pessimistic consensus forecasts will lead to a gradual upgrading of domestic GDP prospects as we move through next year. We added to our positions in Centaur Media and Foxtons and sold Ashmore after a strong run.

Annual Returns % (GBP)

31/08/2016

	2016	2015	2014	2013	2012	2011	2010
Share Price Ordinary Shares	-1.05	29.36	-4.26	79.11	19.72	2.82	40.87
Share Price Morningstar Investment Trust UK Equity Income	3.87	5.09	3.98	29.87	17.40	1.60	25.43
NAV	-3.67	24.79	4.82	56.75	38.35	-10.05	48.73
NAV Morningstar Investment Trust UK Equity Income	6.73	6.52	4.20	29.69	14.54	2.75	17.01

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	-	1.70	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
Subtotal	1.85	7.50	7.125	6.825	6.60	6.40
Special dividend	-	1.60	0.300	2.750	N/A	N/A
TOTAL	1.85	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	March, June, September, December

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

Price Information

	<i>ZDP</i>	<i>ORDS</i>
Reuters	SDVZ.L	SDV.L
SEDOL	88fj5797	0661582
Market Makers	Canacord, Finncap, 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>
Avesco Group	Media & Photography	3.53
Belvoir Lettings	Real Estate	3.43
Connect Group	Industrials	2.56
Coral Products	Construction & Building Materials	2.55
Games Workshop Group	Leisure, Entertainment & Hotels	2.42
McColl's Retail Group	General Retailers	2.22
GLI Finance	Financial Services	2.19
Alumasc Group (The)	Construction & Building Materials	2.19
Moss Bros Group	Housing Goods & Textiles	2.08
Galliford Try	Construction & Building Materials	2.03
Kier Group	Construction	1.96
Marston's	Leisure, Entertainment & Hotels	1.95
Amino Technologies	Information Technology Hardware	1.95
Shoe Zone (Holdings)	General Retailers	1.92
Hansard Global	Insurance	1.88
Mucklow (A&J) Group	Property	1.86
Photo-Me International	Media & Photography	1.77
Jarvis Securities	Speciality & Other Finance	1.76
Acal	Electronic & Electrical Equipment	1.72
Town Centre Securities	Real Estate	1.68
Total		43.65

Sector Breakdown

<i>Sector</i>	<i>% of portfolio</i>
Financials	17.23%
Construction & Building Materials	13.41%
Support Services	10.89%
Media & Photography	7.90%
Real Estate	6.21%
General Retailers	5.77%
Insurance	5.52%
Industrials	5.03%
Technology	4.46%
Leisure, Entertainment & Hotels	4.40%
Electronic & Electrical Equipment	4.06%
Housing Goods & Textiles	3.25%
Transport	3.12%
Pharmaceuticals	2.08%
Water	1.52%
Telecommunications Services	1.48%
Consumer Goods	1.34%
Packaging	1.33%
Food Producers & Processors	1.00%
Total	100.00

Market Cap Breakdown

<i>% of portfolio</i>	<i>No of stocks</i>
Above £1bn	6
£500m-£1bn	9
£250m-£500m	12
£100m-£250m	20
Below £100m	24
Cash and Income	0
Total	71

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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