

## Investment Objective

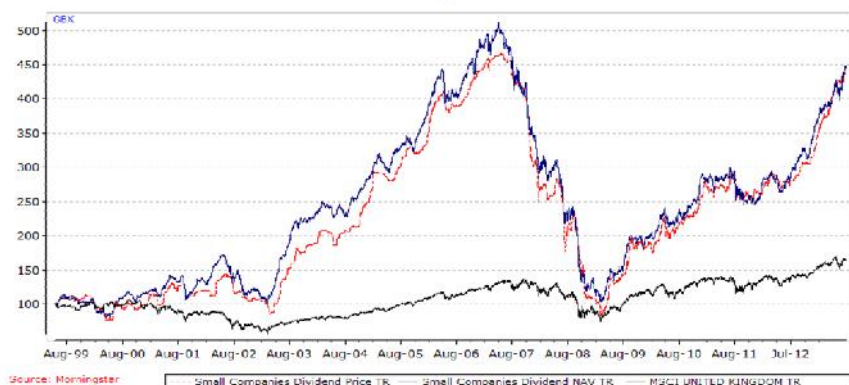
The investment objective of the Company is to provide Ordinary shareholders with a high income and opportunity for capital growth.

## Investment Policy

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.

FUND FACTS			ASSET ALLOCATION	
				%
Gross Assets:	£35.40m	(includes unaudited revenue reserve to 30.8.13)	Support Services	24.02
NAV:	106.06p 162.39p	per Zero Dividend Preference share per Ordinary share	Insurance	12.90
Share Price:	114.50p 153.50p	per Zero Dividend Preference share per Ordinary share	Construction & Materials	11.78
Bank Debt:	£ nil m		Speciality Finance & other financials	7.23
Share Capital:	8,500,000 16,250,000	Zero Dividend Pref shares (8 January 2018) Ordinary shares	Media	6.41
Management fee:	1% pa.	Plus performance fee	Travel & Leisure	5.10
Charge to Capital:	Management fee and bank interest (75% to Capital : 25% to Revenue)		Food & Beverages	3.92
Launch date:	12 May 1999		Packing	3.49
Dividends:	June, September, December and March		Transport	3.42
Yield:	4.1% approx.		Engineering	3.16
Year end:	30 April		Financials	2.83
AGM:	September		Retailers	2.60
Fund Managers:	David Horner and Dave Taylor		Household Goods	2.24
Directors:	Lord Lamont (Chairman), David Harris, William van Heesewijk and Howard Myles		Asset Management	2.22
			Technology Software	2.00
			Electronic & Electrical Eqt.	2.00
			Telecommunications	1.45
			Chemicals	1.13
			Computer Services	1.09
			Utilities	1.01
			<b>Total</b>	<b>100.00</b>

Small Companies Dividend Trust



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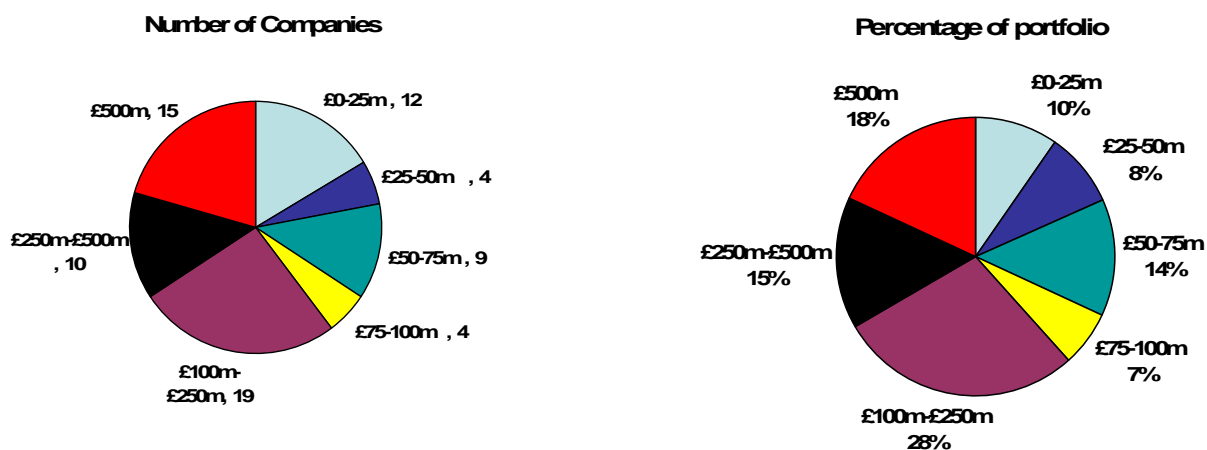


## Fund Manager's comments as at 30.8.13

The positive return in August was driven to a large extent by the fund's exposure to UK small and mid cap stocks which outperformed their larger counterparts who were adversely affected by geo-political developments. The economic news continues to provide support to the 'bulls' with the raft of recent PMI data providing further evidence of both domestic and global economic recovery. Our exposure to industrial cyclical and consumer stocks should add value as increasing domestic macro growth forecasts drive an improvement in investor sentiment. For this to be sustained however we reiterate that we need to see this 'top down' optimism reflected in tangible 'bottom up' earnings increases. As valuations have moved ahead of upgrades our requirement of a four percent dividend yield before adding a new stock to the portfolio provides a degree of protection against a 'false dawn'.

The last month was reasonably busy with respect to company announcements and the share prices of both Cineworld and Trifast reacted positively to updates. Other notable contributors to performance included, Randall Quilter, Smiths News and ISG. Wilmington benefited as it announced the acquisition of Compliance Week, a provider of governance, risk and compliance information and events. The overall feedback from the corporate sector is 'more of the same' and we are yet to see the much anticipated pick up in earnings on anything other than a very limited stock specific basis. For example whilst commentators talk of a marked pick up in construction activity, the reality is that a lot of companies in the sector are currently having to contend with well documented short term cost increases. We are reassured once again by the fact that the highlight of the raft of recent results has been the better than expected dividend increases.

### Portfolio breakdown by market capitalisation



Small Companies Dividend Trust PLC is registered in England

Company No: 3749536

Price Information: [ZDP](#)

[ORDS](#)

Reuters: SDVZ.L (ZDP's) SDV.L (Ords);

SEDOL: 88fj5797 0661582

Market makers: JP Morgan, Canacord and Winterflood

#### HOW TO CONTACT US

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## 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 Limited ("CAM") considers to be reliable. However, CAM cannot guarantee the accuracy or completeness of the information provided, and therefore no investment decision should be based solely on this data.

This document is issued by CAM, authorised and regulated by the Financial Conduct Authority (FCA). This document does not represent a recommendation by CAM to purchase shares in this Trust. We recommend private investors seek the services of a Financial Adviser.

## Largest holdings as at 30.8.13

		%
1	Macfarlane Group	2.82
2	Avesco Group	2.79
3	GVC Holdings	2.67
4	Jarvis Securities	2.67
5	Marshalls	2.51
6	ISG	2.48
7	Cineworld Group	2.44
8	St Ives	2.32
9	Chesnara	2.23
10	Wilmington Group	2.19
11	Smith News	2.12
12	Randall & Quilter	2.12
13	Personal Group	2.11
14	Morgan Sindall	2.11
15	Alumasc Group	2.09
16	Photo-Me Int.	2.08
17	Braemar Seascope	2.04
18	Clarke (T)	2.02
19	Abbey Protection	1.99
20	Sanderson Group	1.98

<b>Top 20 total percentage</b>	<b>45.78</b>
<b>Other 53 holdings</b>	<b>54.22</b>
<b>Total</b>	<b>100.0</b>

## HISTORIC RECORD OF EARNINGS AND DIVIDENDS

