

## 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:	30.68m	(includes unaudited revenue reserve to 28.2.13)	Support Services	25.43
NAV:	102.90p 134.944p	per Zero Dividend Preference share per Ordinary share	Insurance	13.59
Share Price:	109.50p 119.750p	per Zero Dividend Preference share per Ordinary share	Construction & Materials	8.70
Bank Debt:	£ nil m		Speciality Finance & other financials	7.19
Share Capital:	8,500,000 16,250,000	Zero Dividend Preference shares (8 January 2018) Ordinary shares	Media	6.10
Management fee:	1% pa.	Plus performance fee	Financials	4.86
Charge to Capital:	Management fee and bank interest (75% to Capital : 25% to Revenue)		Travel & Leisure	4.61
Launch date:	12 May 1999		Engineering	3.28
Dividends:	June, September, December and March		Retailers	3.21
Yield:	5.17% approx.		Packing	3.19
Year end:	30 April		Transport	3.14
AGM:	September		Food & Beverages	2.92
Fund Managers:	David Horner and Dave Taylor		Technology Software	2.64
Directors:	Lord Lamont (Chairman), David Harris, William van Heesewijk and Howard Myles		Household Goods	2.35
			Asset Management	1.89
			Electronic & Electrical Eqt.	1.89
			Chemicals	1.31
			Computer Services	1.29
			Telecommunications	1.25
			Utilities	1.17
			<b>Total</b>	<b>100.00</b>

Small Companies Dividend Trust



Source: Morningstar

PRICEWATERHOUSECOOPERS

MONEY  
OBSERVER  
INVESTMENT  
AWARDS  
2004

winner  
Investment  
Trust of the Year  
awards  
2012

winner  
Investment  
Trust of the Year  
awards  
2010

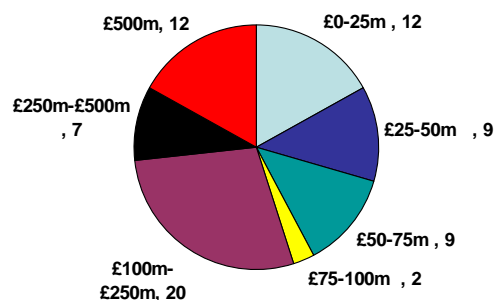
## Fund Manager's comments as at 28.2.13

The rise in the domestic equity market continued throughout February as the leadership shifted from the top one hundred companies to mid and small caps. This was reflected in the strong relative performance of our fund with the financials and support services sectors, where we are well represented, leading the way and miners and retailers, where we are underweight, lagging. At the macro level the uncertainty created by the stalemate in the Italian election had a minimal impact on equity markets and closer to home the downgrading of the UK's credit rating had already been discounted for some time. This improved resilience to adverse macro news suggests that the recent rerating of share prices is predicated on a sustainable fall in risk premiums and, if anything, investors are looking to short term setbacks to increase equity weightings rather than reduce them. The first indications from the busy reporting season are promising with the majority of corporate results either in line with or slightly ahead of expectations.

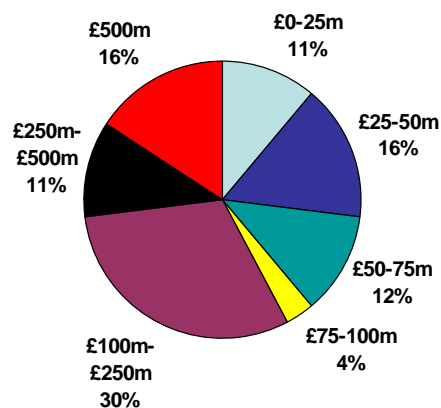
One consequence of the cut in the UK's triple A rating was a weakening in sterling and there have been a number of currency related earnings upgrades to international business's as a result. It is important to note here however that whilst we are looking to upgrades to provide the catalyst to move valuations higher we have not yet seen upgrades based upon an improving economic environment in any meaningful way. The overriding message from the Companies themselves is still one of relative caution although strong balance sheets should help to underpin expectations of dividend increases across the market of an average of around six percent for the coming year. In the last month we have taken a bit of profit in Beazley and Arbuthnot after a strong run and we have added to a broad range of existing holdings including Braemar T.Clark and Randall & Quilter.

## Portfolio breakdown by market capitalisation

Number of Companies



Percentage of portfolio



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 Services Authority. 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 28.2.13

	%
1 Macfarlane Group	3.19
2 Sanderson Group	2.64
3 Avesco Group	2.63
4 Wilmington Group	2.62
5 Photo-Me Int.	2.49
6 St Ives	2.36
7 Randall & Quilter	2.33
8 Smith News	2.32
9 GVC Holdings	2.31
10 Chesnara	2.28
11 Intermediate Capital Group	2.25
12 Abbey Protection	2.23
13 Marshalls	2.12
14 Dairy Crest Group	2.09
15 Braemar Seascope	2.09
16 Portmerion Group	2.07
17 Jarvis Securities	2.01
18 Interior Services	1.99
19 Personal Group	1.91
20 Brown (N) Group	1.83

<b>Top 20 total percentage</b>	<b>45.76</b>
<b>Other 51 holdings</b>	<b>54.24</b>
<b>Total</b>	<b>100.0</b>

## HISTORIC RECORD OF EARNINGS AND DIVIDENDS

