

Investment Objective

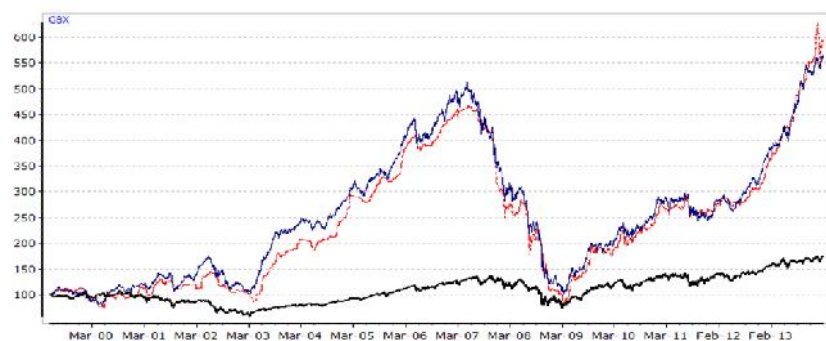
The investment objective of the Company is to provide Ordinary shareholders with a high income and opportunity for capital growth.

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:	£41.38m	(includes unaudited revenue reserve to 28.2.14)	Support Services	21.83
NAV:	109.17p 193.96p	per Zero Dividend Preference share per Ordinary share	Construction & Materials	11.84
Share Price:	116.00p 180.75p	per Zero Dividend Preference share per Ordinary share	Insurance	11.39
Bank Debt:	£ nil m		Media	6.58
Share Capital:	8,500,000 16,550,000	Zero Dividend Pref shares (136.70p - 8/1/2018) Ordinary shares	Speciality Finance & other financials	5.95
Management fee:	1% pa.		Travel & Leisure	5.07
Charge to Capital:	Management fee and bank interest (75% to Capital : 25% to Revenue)		Transport	5.03
Launch date:	12 May 1999		Food & Beverages	3.91
Dividends:	June, September, December and March		Property	3.50
Yield:	4.1% approx.		Asset Management	3.39
Year end:	30 April		Financials	3.14
AGM:	September		Electronic & Electrical Eq	2.72
Fund Managers:	David Horner and Dave Taylor		Technology Software	2.53
Directors:	Lord Lamont (Chairman), David Harris, William van Heesewijk and Howard Myles		Packing	2.46
			Engineering	2.42
			Retailers	2.35
			Telecommunications	2.24
			Household Goods	1.83
			Utilities	0.94
			Computer Services	0.86
			Total	100.00

Small Companies Dividend Trust



Sources: Morningstar

----- Small Companies Dividend Price TR — Small Companies Dividend NAV TR — MSCI UNITED KINGDOM TR

PRICEWATERHOUSECOOPERS

MONEY
OBSERVER
INVESTMENT
AWARDS
★
★
2004

winner
Investment
Trust of the Year
awards
2012
THE ASSOCIATION OF
INVESTMENT TRUST COMPANIES

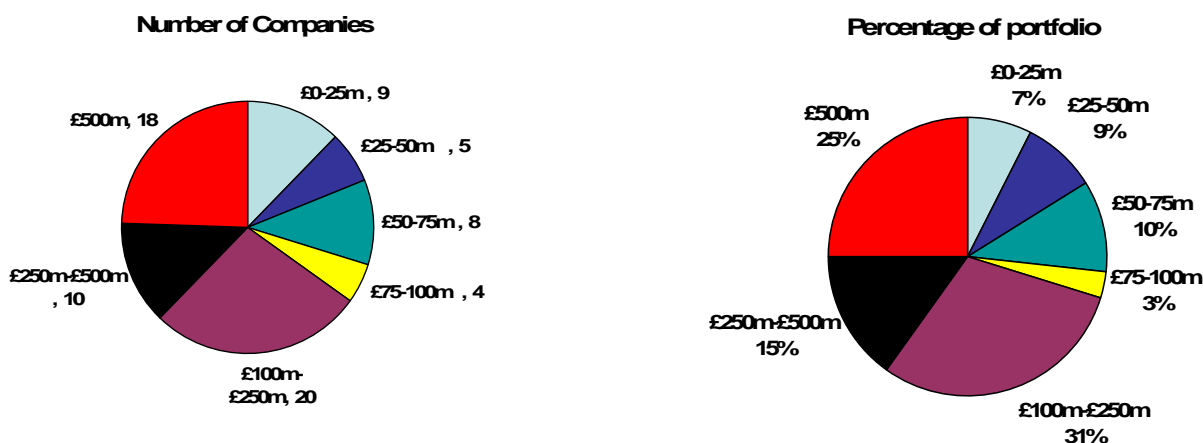
winner
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THE ASSOCIATION OF
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Fund Manager's comments as at 28.2.14

A mixed month for us as mid caps outperformed and small caps underperformed the market as a whole and there was little in the way of sector leadership as a number of underperforming sectors in the previous month recovered strongly. At the macro level there were heightened concerns with respect to growth in emerging economies and there was increased volatility as a result of the situation in Ukraine. At the corporate level the relative strength of sterling is acting as a significant headwind with respect to forecast earnings growth and we appear still to be some way away from a period of sustained upgrades which we believe is necessary to drive the UK equity market higher. In the meantime however underlying dividend payments and 'special' returns of capital continue to surprise on the upside. A welcome consequence of the new found financial discipline since the crash is the propensity of company directors to hand back to shareholders capital that they genuinely believe to be surplus to requirements.

Mid caps that performed well in the month included N.Brown, Intermediate Capital, Ladbrokes as the results statement reaffirmed the dividend policy, and Go Ahead after a reassuring set of figures highlighted the increasing cash generation from the bus division. At the smaller end of our universe Centaur Media performed well as it released figures and investors were attracted by the gearing into an economic recovery and one of our more recent purchases, Town Centre Securities, performed well after releasing a good set of interim results. On the downside the share prices of Morgan Sindall and Randall&Quilter fell in response to results and a trading update respectively. We reduced our exposure to Jarvis, one of our largest weightings, and took up our rights in Cineworld.

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, Numis and Winterflood

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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 28.2.14

		%
1	Wilmington Group	2.44
2	Jarvis Securities	2.34
3	Marshalls	2.25
4	Personal Group	2.19
5	Photo-Me Int	2.16
6	KCOM Group	2.13
7	Stadium Group	2.13
8	St Ives	2.11
9	Clarke (T)	2.08
10	Braemar Seascope	2.04
11	Cineworld Group	2.04
12	Alumasc Group	2.01
13	Smith News	2.01
14	S&U	2.00
15	Numis	2.00
16	MacFarlane Group	1.94
17	Randall & Quilter	1.92
18	Town Centre Securities	1.89
19	Morgan Sindall	1.85
20	Kier Group	1.85

Top 20 total percentage	41.48
Other 55 holdings	58.62
Total	100.0

HISTORIC RECORD OF EARNINGS AND DIVIDENDS

