

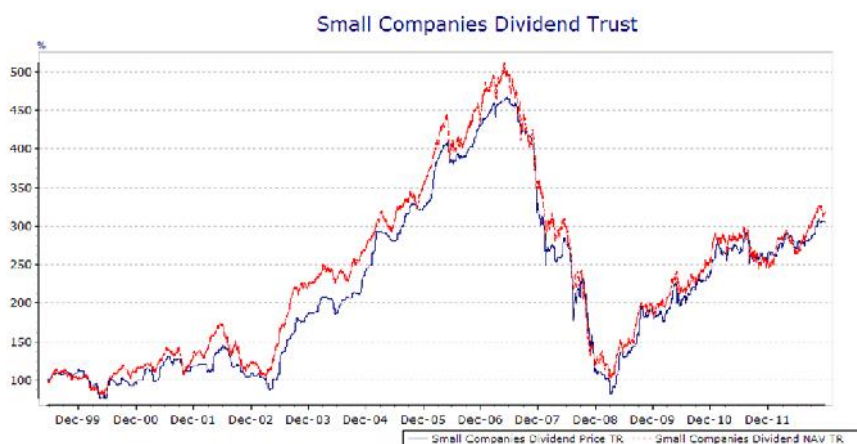
Investment Objective

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:	29.80m	(includes unaudited revenue reserve to 31.1.13)	Support Services	25.06
NAV:	102.54p 129.44p	per Zero Dividend Preference share per Ordinary share	Insurance	13.38
Share Price:	109.50p 113.50p	per Zero Dividend Preference share per Ordinary share	Construction & Materials	9.20
Bank Debt:	£ nil m		Speciality Finance & other financials	6.57
Share Capital:	8,500,000 16,250,000	Zero Dividend Preference shares (8 January 2018) Ordinary shares	Financials	5.20
Management fee:	1% pa.	Plus performance fee	Media	5.11
Charge to Capital:	Management fee and bank interest (75% to Capital : 25% to Revenue)		Travel & Leisure	4.53
Launch date:	12 May 1999		Engineering	3.72
Dividends:	June, September, December and March		Electronic & Electrical Eqt.	3.44
Yield:	5.485% approx.		Packing	3.31
Year end:	30 April		Retailers	3.22
AGM:	September		Transport	3.08
Fund Managers:	David Horner and Dave Taylor		Food & Beverages	2.91
Directors:	Lord Lamont (Chairman), David Harris, William van Heesewijk and Howard Myles		Household Goods	2.49
			Technology Software	2.36
			Asset Management	1.89
			Chemicals	1.35
			Telecommunications	1.21
			Utilities	1.17
			Computer Services	0.80
			Total	100.0



PRICEWATERHOUSECOOPERS

MONEY
OBSERVER
INVESTMENT
AWARDS
2004

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

winner
Investment
Trust of the Year
awards
2010
THE ASSOCIATION OF
INVESTMENT TRUST COMPANIES

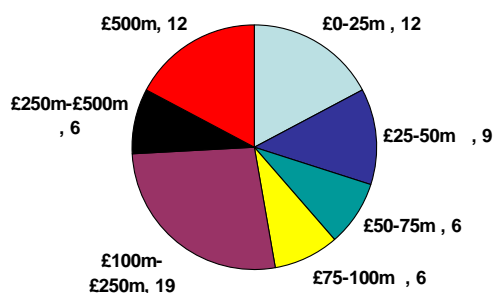
Fund Manager's comments as at 31.1.13

The UK equity market has enjoyed its best start to the year for nearly twenty five years as investors have been attracted by a combination of improving prospects for the global economy and the relatively stretched valuations of other asset classes. Funds have flowed into the large liquid mega caps as the initial response to a positive shift in asset allocation towards equities, but the good news is that this will ultimately move into both small and mid caps as confidence improves.

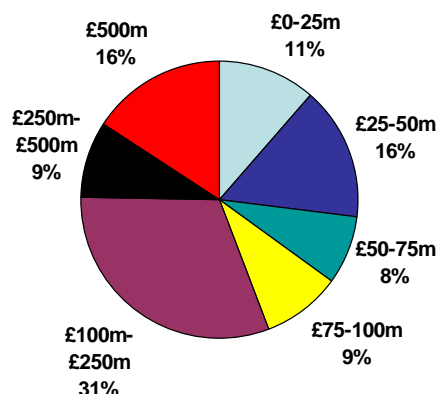
An integral component of increasing confidence is Companies being able to beat earnings estimates and in the last month whilst downgrades still outnumbered upgrades there was a noticeable improvement in the ratio and for the mid 250 upgrades were in the majority. We believe that despite the anticipated improvement in earnings the reality is that the underlying balance sheet strength and yield of our portfolio underpins valuations even after the recent strong run.

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

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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 31.1.13

		%
1	Macfarlane Group	3.31
2	St Ives	3.16
3	Smith News	2.77
4	Sanderson Group	2.63
5	Wilmington Group	2.50
6	Avesco Group	2.36
7	GVC Holdings	2.27
8	Portmerion Group	2.28
9	Abbey Protection	2.24
10	Photo-Me Int	2.24
11	Arbuthnot Banking	2.15
12	Marshalls	2.06
13	Chesnara	2.04
14	Dairy Crest Group	2.03
15	Personal Group	2.12
16	Interior Services	1.97
17	Intermediate Capital Group	1.95
18	Beazley	1.87
19	Cineworld	1.84
20	Brown (N) Group	1.82

Top 20 total percentage	46.15
Other 51 holdings	53.85
Total	100.0

HISTORIC RECORD OF EARNINGS AND DIVIDENDS

