

Investment Objective

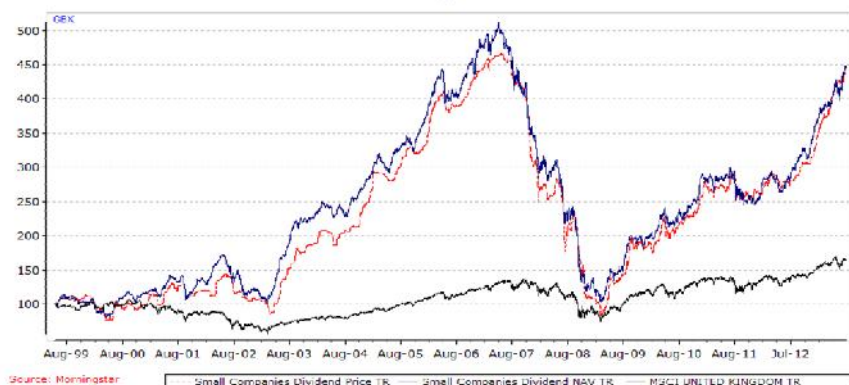
The investment objective of the Company is to provide Ordinary shareholders with a high income and opportunity for capital growth.

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:	£34.08m	(includes unaudited revenue reserve to 31.7.13)	Support Services	24.26
NAV:	105.54p 154.52p	per Zero Dividend Preference share per Ordinary share	Insurance	13.59
Share Price:	114.75p 138.00p	per Zero Dividend Preference share per Ordinary share	Construction & Materials	10.79
Bank Debt:	£ nil m		Speciality Finance & other financials	7.21
Share Capital:	8,500,000 16,250,000	Zero Dividend Pref shares (8 January 2018) Ordinary shares	Media	6.03
Management fee:	1% pa.	Plus performance fee	Financials	4.35
Charge to Capital:	Management fee and bank interest (75% to Capital : 25% to Revenue)		Travel & Leisure	4.05
Launch date:	12 May 1999		Packing	3.52
Dividends:	June, September, December and March		Transport	3.30
Yield:	4.81% approx.		Engineering	3.06
Year end:	30 April		Retailers	2.93
AGM:	September		Food & Beverages	2.85
Fund Managers:	David Horner and Dave Taylor		Household Goods	2.64
Directors:	Lord Lamont (Chairman), David Harris, William van Heesewijk and Howard Myles		Asset Management	2.41
			Technology Software	2.20
			Electronic & Electrical Eq.	2.14
			Chemicals	1.28
			Telecommunications	1.23
			Computer Services	1.21
			Utilities	1.10
			Total	100.00

Small Companies Dividend Trust



Source: Morningstar

Small Companies Dividend Price TR Small Companies Dividend NAV TR MSCI UNITLD KINGDOM TR

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Investment
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awards
2013
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Morningstar Rating™

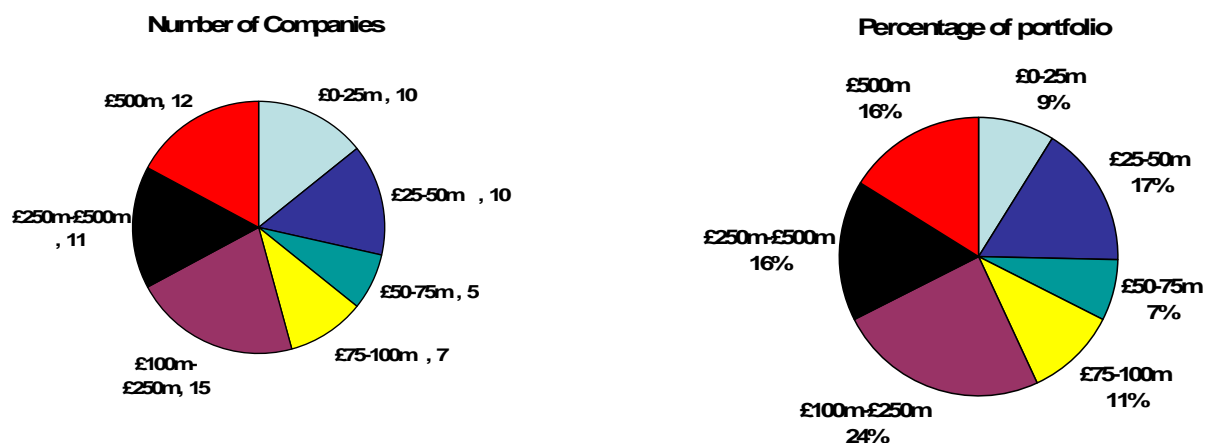


Fund Manager's comments as at 31.7.13

The positive performance in July has been driven, in part, by an improving economic background and a more positive outlook for UK GDP growth. There now appears to be a consistency in both macro and survey data that supports the recovery theme and we note that commentators have already started to reflect on the both the speed and strength of recovery. The issue for equity investors is whether or not this new found optimism is already priced into valuations and we continue to reiterate our belief that after recent market moves we need to see earnings upgrades to move prices significantly higher. It will be important to see whether or not Company Directors start to reflect an improvement in outlook in their trading statements in the next reporting season. In the meantime with interest rates set to stay low for a prolonged period the ability of a company to pay a strong and growing dividend should continue to underpin valuations in our portfolio.

Whilst there continues to be no sustained sector leadership within UK equities there was a strong contribution to performance in the last period from a number of our domestic consumer facing stocks. Noticeable amongst these were Cineworld and N.Brown, the latter after releasing a positive trading update. Contracting and building related stocks have been in focus as investors look for beneficiaries of a macro recovery and VP and Marshalls both performed well after announcing reassuring trading updates and the Kier price moved ahead after the Company completed the acquisition of May Gurney. Whilst we have a reasonable exposure to a GDP led recovery in general contracting we would caution that in the short term rising labour and material costs may prove to be a temporary headwind.

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

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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 31.7.13

	%
1 Macfarlane Group	2.92
2 Avesco Group	2.84
3 Jarvis Securities	2.80
4 GVC Holdings	2.76
5 Marshalls	2.70
6 St Ives	2.41
7 ISG	2.32
8 Chesnara	2.28
9 Cineworld Group	2.21
10 Morgan Sindall	2.17
11 Sanderson Group	2.15
12 Intermediate Capital Group	2.15
13 Personal Group	2.11
14 Dairy Crest Group	2.10
15 Braemar Seascope	2.10
16 Photo-Me Int.	2.07
17 Alumasc Group	2.04
18 Randall & Quilter	2.03
19 Smith News	2.00
20 Abbey Protection	1.96

Top 20 total percentage	46.12
Other 51 holdings	53.88
Total	100.0

HISTORIC RECORD OF EARNINGS AND DIVIDENDS

