

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:	31.32m	(includes unaudited revenue reserve to 28.3.13)	Support Services	25.43
NAV:	103.46p 138.60p	per Zero Dividend Preference share per Ordinary share	Insurance	13.59
Share Price:	112.00p 121.750p	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:	5.22% 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
			Total	100.00

Small Companies Dividend Trust



Source: Morningstar

PRICEWATERHOUSECOOPERS

MONEY
OBSERVER
INVESTMENT
AWARDS
2004

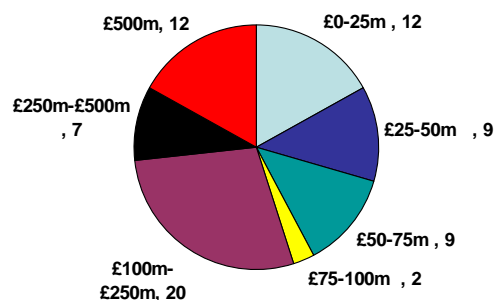
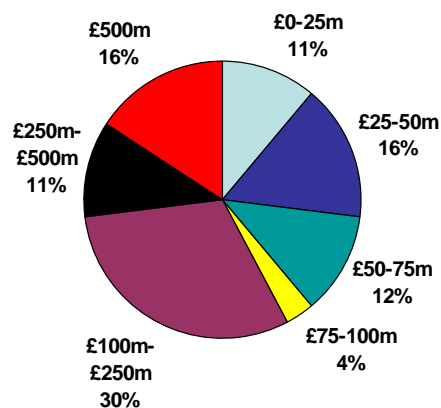
winner
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2012
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Fund Manager's comments as at 28.3.13

After the euphoria of the last few months it was inevitable that we would see a consolidation in equity markets and we believe that we need to begin to see sustainable earnings uplifts for the recent bout of multiple expansion to continue. The ratio of upgrades to downgrades does continue to improve however and as a generalisation forecasts for this year look broadly attainable although the following year still appears to us to be somewhat optimistic in aggregate. We expect the macro news to remain volatile but we expect equities to remain resilient at current levels largely due to the absence of any attractive alternatives. At home the gloom surrounding the budget passed without any adverse effect on the market and it seems that the domestic consumer remains surprisingly robust.

With the macro environment remaining so uncertain March provides an opportunity for the companies that we invest in to tell us what life is like in the 'real world' and the good news is that corporate UK is still healthy. The most significant feature of the results season to us was that dividends surprised on the upside and are an increasingly important component of total return. Good trading results were the catalyst for strong share price gains in a number of our stocks including, Chesnara, Portmeirion and Marshalls. Elsewhere in the portfolio Kier announced that they were considering making an offer for May Gurney and Acal raised funds to buy a European electronics supplier. Another stock that performed strongly was Avesco which released a positive update with respect to its on-going court case with Disney.

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 28.3.13

	%	
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

Top 20 total percentage	45.76
Other 51 holdings	54.24
Total	100.0

HISTORIC RECORD OF EARNINGS AND DIVIDENDS

