

Investment Objective

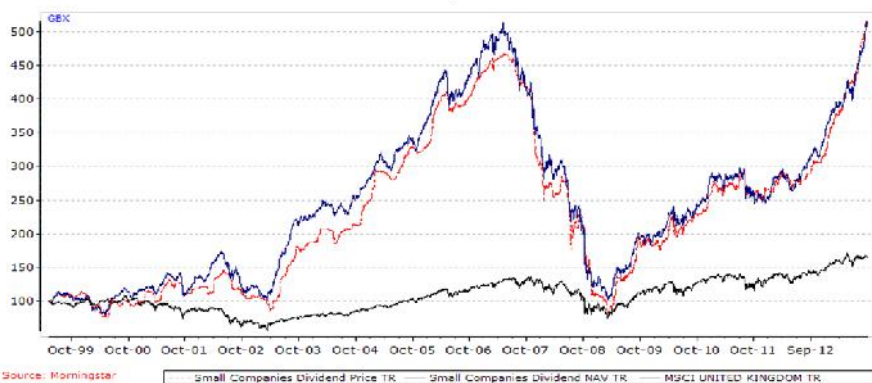
The investment objective of the Company is to provide Ordinary shareholders with a high income and opportunity for capital growth.

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:	£38.89m	(includes unaudited revenue reserve to 31.10.13)	Support Services	24.30
NAV:	107.10p 183.29p	per Zero Dividend Preference share per Ordinary share	Insurance	13.04
Share Price:	114.50p 162.75p	per Zero Dividend Preference share per Ordinary share	Construction & Materials	11.76
Bank Debt:	£ nil m		Media	7.00
Share Capital:	8,500,000 16,250,000	Zero Dividend Pref shares (8 January 2018) Ordinary shares	Speciality Finance & other financials	6.52
Management fee:	1% pa.	Plus performance fee	Transport	5.40
Charge to Capital:	Management fee and bank interest (75% to Capital : 25% to Revenue)		Travel & Leisure	4.70
Launch date:	12 May 1999		Retailers	3.13
Dividends:	June, September, December and March		Financials	2.79
Yield:	4.1% approx.		Food & Beverages	2.72
Year end:	30 April		Packing	2.67
AGM:	September		Engineering	2.50
Fund Managers:	David Horner and Dave Taylor		Asset Management	2.46
Directors:	Lord Lamont (Chairman), David Harris, William van Heesewijk and Howard Myles		Electronic & Electrical Eqt	2.44
			Telecommunications	1.83
			Household Goods	1.76
			Technology Software	1.72
			General Industrials	1.15
			Computer Services	1.15
			Utilities	0.97
			Total	100.00

Small Companies Dividend Trust



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
2013
THE ASSOCIATION OF
INVESTMENT TRUST COMPANIES

www.chelvertonam.com



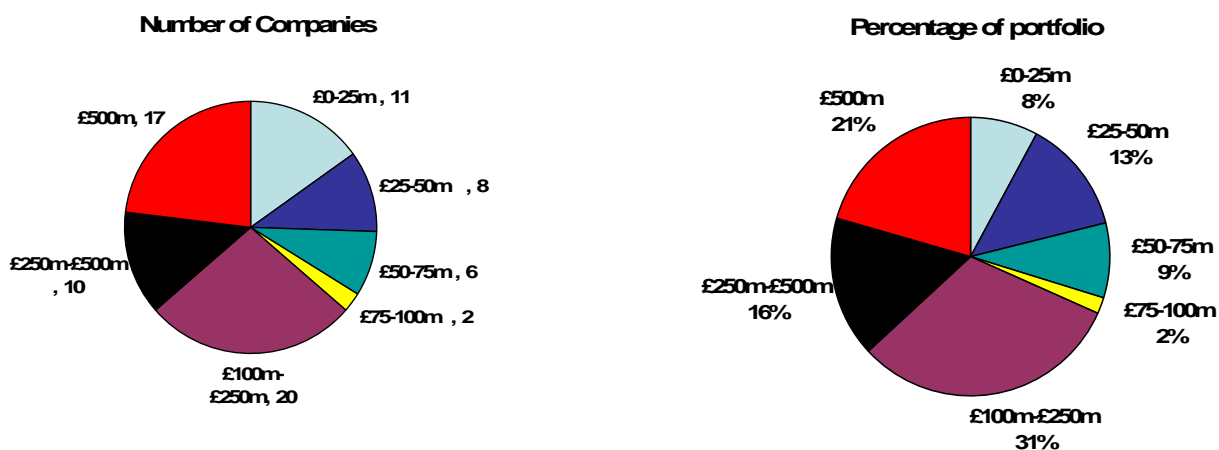
Chelverton
ASSET MANAGEMENT LTD

Fund Manager's comments as at 31.10.13

Domestic GDP growth has continued to accelerate and looks set to underpin the upward momentum in the equity market through to the year end. Ironically at the same time as the macro environment is proving to be increasingly supportive of equity valuations, the rate of corporate earnings upgrades has slowed. This is seen by some commentators as an acknowledgment by Company Directors that a policy of 'under promising' and 'over delivering' is the most appropriate response to a buoyant market. We concur with this and look forward to the busy reporting period at the end of the first quarter of next year to really set the tone for the earnings outlook for the year as a whole. As we have stated before, we believe that a period of sustained earnings growth is required for the market to move from its current trading range.

Whilst short term valuations continue to be driven by changes in earnings expectations our focus remains firmly on the longer term prospects for dividend growth and the underlying dividend yield of our investment universe. It is often the case that the short term 'noise' created by a disappointing few months for earnings can create a sound medium term investment opportunity for us as income investors. In the last month we have realised funds from the partial sales of a number of our holdings after periods of strong relative performance including GVC, ISG and VP. We have added two new names to the fund, ACM Shipping, a shipbroker and Town Centre Securities, a property investment and development company. In addition we topped up a number of existing positions including KCOM, Premier Farnell, Dairy Crest and Centaur media.

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

HOW TO CONTACT US

Telephone : 0207 222 8989

Email: cam@chelvertonam.com

By Post: Chelverton Asset Management Limited
20 Ironmonger Lane
London EC2V 8EP



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 31.10.13

	%
1 Avesco Group	2.64
2 Photo-Me Int	2.60
3 Jarvis Securities	2.50
4 Randall & Quilter	2.40
5 St Ives	2.36
6 Braemar Seascope	2.31
7 Chesnara	2.28
8 Marshalls	2.27
9 Wilmington Group	2.25
10 Smith News	2.19
11 Alumasc Group	2.13
12 Clarke (T)	2.09
13 ISG	2.07
14 Morgan Sindall	2.06
15 Macfarlane Group	2.01
16 Hansard Global	1.97
17 Cineworld Group	1.93
18 Personal Group	1.89
19 Dairy Crest	1.89
20 Kier	1.89

Top 20 total percentage	43.74
Other 53 holdings	56.26
Total	100.0

HISTORIC RECORD OF EARNINGS AND DIVIDENDS

