

## Investment Objective

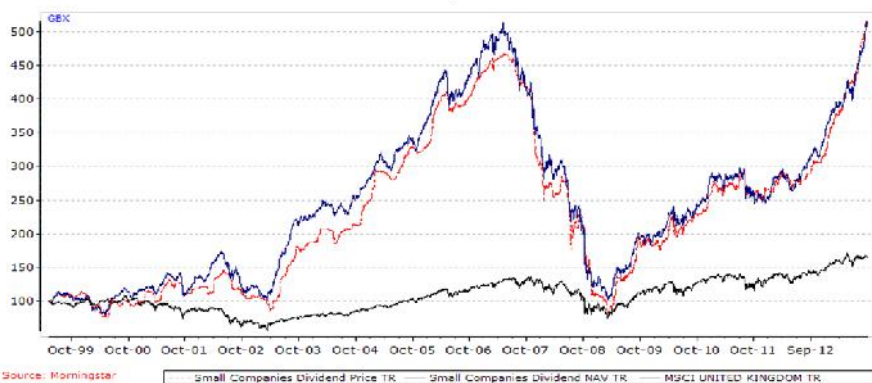
The investment objective of the Company is to provide Ordinary shareholders with a high income and opportunity for capital growth.

## 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:	£37.55m	(includes unaudited revenue reserve to 30.9.13)	Support Services	25.03
NAV:	106.57p 173.28p	per Zero Dividend Preference share per Ordinary share	Insurance	12.89
Share Price:	114.50p 159.25p	per Zero Dividend Preference share per Ordinary share	Construction & Materials	12.15
Bank Debt:	£ nil m		Media	6.82
Share Capital:	8,500,000 16,250,000	Zero Dividend Pref shares (8 January 2018) Ordinary shares	Speciality Finance & other financials	6.64
Management fee:	1% pa.	Plus performance fee	Travel & Leisure	4.47
Charge to Capital:	Management fee and bank interest (75% to Capital : 25% to Revenue)		Financials	3.91
Launch date:	12 May 1999		Transport	3.63
Dividends:	June, September, December and March		Food & Beverages	3.58
Yield:	4.1% approx.		Packing	3.55
Year end:	30 April		Engineering	2.64
AGM:	September		Electronic & Electrical Eqt.	2.47
Fund Managers:	David Horner and Dave Taylor		Asset Management	2.31
Directors:	Lord Lamont (Chairman), David Harris, William van Heesewijk and Howard Myles		Household Goods	2.11
			Retailers	2.09
			Technology Software	1.55
			Telecommunications	1.48
			Computer Services	1.08
			Utilities	1.09
			Chemicals	1.01
			<b>Total</b>	<b>100.00</b>

Small Companies Dividend Trust



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awards  
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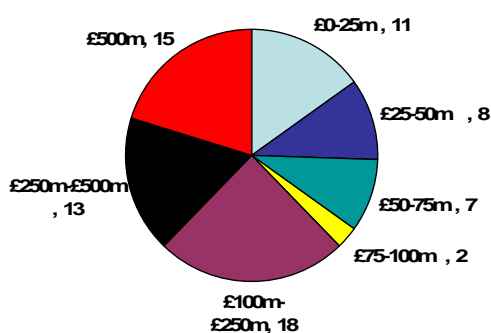
## Fund Manager's comments as at 30.9.13

Whilst the results season has been broadly positive the fear now for most investors is that the recovery is already being 'priced in' to equity markets so our concentration on maintaining the underlying yield on the portfolio provides, we believe, a healthy dose of reality when it comes to underlying valuations. The good news is that we are now beginning to see the first signs of an improvement in confidence amongst the Directors running the companies that we invest in and if this is sustained it could well prove to be the catalyst for the much anticipated upturn in cap ex spending. The other notable feature of the last month has been the dramatic increase in activity in the IPO market and we fully expect that over the next six months or so the supply of new equity will help to keep a lid on existing small and mid-cap valuations.

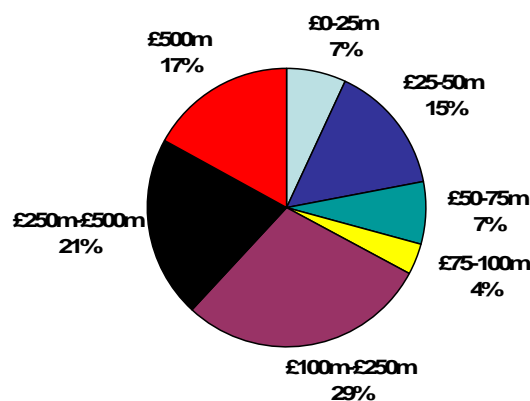
At the stock level there were a number of notable contributors to our performance last month. The strong run of both Smiths News and ISG noted last time continued. One of our more 'defensive' holdings, Go Ahead reacted well to a solid set of figures as did Centaur Media whose price was further buoyed by the announcement that a former Director was seeking finance to potentially make an offer for the Company. Interestingly a wide range of our building and construction related stocks performed well and these included, Kier, Marshalls, and Morgan Sindall all of whom are geared directly to the fortunes of the domestic cycle. On the downside, the prices of both Cineworld and Dairy Crest fell back after recent good performance and Ladbrokes was hit as they revealed that their digital division was running below expectation.

## 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

### HOW TO CONTACT US

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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 30.9.13

		%
1	Macfarlane Group	2.94
2	GVC Holdings	2.73
3	ISG	2.61
4	Avesco Group	2.56
5	Jarvis Securities	2.48
6	Marshalls	2.43
7	St Ives	2.36
8	Photo-Me Int	2.28
9	Morgan Sindall	2.24
10	Braemar Seascope	2.24
11	Smith News	2.23
12	Wilmington Group	2.23
13	Alumasc Group	2.19
14	Chesnara	2.19
15	Randall & Quilter	2.15
16	Clarke (T)	2.12
17	Personal Group	2.07
18	Cineworld Group	2.07
19	VP	2.01
20	Abbey Protection	1.96

<b>Top 20 total percentage</b>	<b>46.09</b>
<b>Other 53 holdings</b>	<b>53.91</b>
<b>Total</b>	<b>100.0</b>

## HISTORIC RECORD OF EARNINGS AND DIVIDENDS

