

Monthly Fact Sheet 31 January 2015

Launch Date	12 May 1999
Net Assets	£30.64m*
Bank Debt	£ nil m
Yield	4.56%**

	Zero Dividend Preference Shares	Ordinary Shares
Share Price (price per share)	126.13p	154.00p
NAV (price per share)	115.18p	185.13p
Share Capital	8,500,000***	16,550,000

* includes unaudited revenue reserve to 30.01.15

**calculation excludes special dividend

***redeemed at 136.70p - 08.01.2018

Fund Managers



David Horner

qualified as a chartered accountant in 1984 with Touche Ross & Co before joining 3i Corporate Finance Limited in 1986 where he was a manager giving corporate finance advice. In May 1993 he joined Strand Partners Limited, and was appointed a director in January 1994,

where he carried out a range of corporate finance assignments identifying, structuring and managing investments in quoted and unquoted companies. In October 1997 he left to set up Chelverton Asset Management Limited and, in May 1999, he setup the Small Companies Dividend Trust, which he still co-manages. He has also co-managed the Chelverton UK Equity Income Fund since launch.



David Taylor began his career as an analyst in the research department at Wedd Durlacher and moved into fund management in 1987 with the Merchant Navy Officers Pension Fund. He joined Gartmore Investment Limited in 1991, during this time, he ran a combination of institutional funds and

investment trusts, namely the Clydesdale Investment Trust and London & Strathclyde Trust. In 1995, he moved to LGT to manage small cap retail funds and latterly spent nearly seven years as head of UK smaller companies at HSBC Asset Management. He joined Chelverton Asset Management in January 2006 and has comanaged the Chelverton UK Equity Income Fund since launch.

Small Companies Dividend Trust PLC

Investment Objective and Policy

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

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.

Monthly Manager Commentary

There was no sign of an early year small and mid-cap 'bounce' as these companies underperformed large caps in the last month, as a result of investors preferring the short term attractions of large liquid defensives. This was a result of heightened macro concerns in respect to both the Greek election and the lack of growth in the Eurozone, with the accompanying uncertainty as to the timing and potential extent of any additional QE. Although, by the month end these fears appeared to be somewhat overdone. At home, the falling oil price and the increasingly 'bullish' prospects of the first growth in real wages for a number of years appear to underpin the prospects for domestic consumption. Survey data suggests that we may finally start to benefit from the much anticipated uplift in business investment. Although January is a quiet month for corporate announcements, the results and trading statements that we have had to date do generally appear to be at least in line with expectations. This is an important first step in being able to generate some earnings momentum within the small and mid-cap universe. We should certainly benefit if analysts are able to upgrade forecasts in the busy March reporting season, as small and mid-cap relative ratings currently appear attractive given the subdued growth expectations.

Within our portfolio there was a positive contribution to performance from Bioventix, Braemar, who started to recover from an oversold position, and Stadium and T Clarke, who were buoyed by strong trading updates. On the downside Connect suffered as it went ex-dividend and Majestic Wine fell after a disappointing Christmas trading statement. We added to positions in Low&Bonar and Numis and we continued to reduce our exposure to Marshalls and Cineworld. With a robust portfolio dividend derived from a wide range of sectors and industries we believe that we are well placed to benefit from any upturn in capital values in the event of a sustained improvement in the earnings momentum within the UK small and mid-cap sector.

Trailing Returns % (GBP)

	1D	1W	1M	3M	6M	1Y	3Y ann.	5Y ann.	10Y ann.
Share Price Ordinary Shares	-0.65	-2.69	-3.45	-7.70	-10.56	-8.08	26.30	23.74	6.96
NAV*	0.06	-0.22	1.57	4.11	3.31	3.32	28.19	23.44	7.12

*10 year NAV performance displayed in Ex Par

Annual Returns % (GBP)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Share Price Ordinary Shares	-3.45	-4.26	79.11	19.72	2.82	40.87	66.40	-64.10	-30.25	32.89	32.88
NAV*	4.82	4.82	56.74	38.36	-10.04	48.63	55.54	-62.88	-28.47	30.76	31.56

*10 year NAV performance displayed in Ex Par

Share price total return is on a mid-to-mid basis.

Source: Chelverton Asset Managers Limited and Morningstar.

Past performance is not a guide to future results



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Directors

The Rt Hon. the Lord Lamont of Lerwick
Chairman

David Harris

William van Heesewijk

Howard Myles

Calendar

Year End	30 April
AGM	September
Dividends	July, October, January, April

Management Fee	1% pa.
Charge to Capital	Management Fee and Bank Interest (75% to Capital: 25% to Revenue)

Price Information

	<i>ZDP</i>	<i>ORDS</i>
Reuters	SDVZ.L	SDV.L
SEDOL	88fj5797	0661582
Market Makers	Canacord, Finnacp, JP Morgan, Numis, Winterflood	

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Asset Allocation

Sector	% of portfolio
Support Services	10.60
Electronic & Electrical Equipment	9.94
Construction & Building Materials	8.75
Insurance	7.76
Speciality & Other Finance	7.67
Leisure, Entertainment & Hotels	5.71
Media & Photography	5.45
Real Estate	5.31
Software & Computer Services	4.73
Investment Companies	4.01
Industrials	3.94
General Retailers	3.55
Transport	3.08
Telecommunications	2.05
Financials	1.84
Consumer Goods	1.82
Health	1.81
Housing Goods & Textiles	1.67
Packaging	1.61
Food Producers & Processors	1.51
Beverages	1.46
Information Technology Hardware	1.40
Pharmaceuticals	1.29
Water	1.04
Personal Care & Other Household Products	0.90
Engineering & Machinery	0.67
Chemicals	0.43
Total	100.00

Source: Chelverton Asset Management Limited

Top 20 Holdings

Holding	% of portfolio
1 Clarke (T.)	2.90
2 Stadium Group	2.61
3 Acal	2.54
4 Connect Group	2.38
5 GVC Holdings	2.26
6 Shoe Zone	2.21
7 Kcom Group	2.05
8 Town Centre Securities	2.04
9 Braemer Shipping Services	2.02
10 Avesco	2.00
11 Marston's	2.00
12 Alumasc Group	1.95
13 Jarvis Securities	1.92
14 Tritax Big Box	1.90
15 Wilmington Group	1.87
16 Intermediate Capital Group	1.84
17 Marshalls	1.82
18 Dairy Crest Group	1.82
19 Personal Group	1.81
20 St. Ives	1.77
Sub-total (Top 20)	41.71
Other 56 Holdings	58.29
Total	100.00

Market Cap Breakdown

	% of portfolio	No of stocks
> £500m	21.18	16
£250m - 500m	17.24	11
£100m - £250m	30.09	22
£50m - £100m	10.81	9
£0m - £50m	20.67	18
Total	100	76

Source: Chelverton Asset Management Limited

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

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