

Monthly Fact Sheet 31 October 2015

Launch Date	12 May 1999
Net Assets	£36.10m*
Bank Debt	£ nil m
Dividend Yield	3.82%**

	Zero Dividend Preference Shares	Ordinary Shares
Share Price (price per share)	126.50p	190.00p
NAV (price per share)	120.32p	218.14p*
Share Capital	8,500,000***	16,550,000

* includes unaudited revenue reserve to 31.10.15

**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 June 1997 he left to set up Chelverton Asset Management Limited and, in May 1999, he launched 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 co-managed 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

Large caps had a relatively strong month as resources stocks in particular performed well, and in terms of contribution to performance it was essentially a reversal of the previous month. With limited earnings momentum, market volatility and sector rotation will continue to be a significant short term influence on performance as we move into the New Year. By and large the message from our investee companies continues to be one of steady, if unspectacular, progress and we believe that this is consistent with underlying valuations and the strength of the domestic economy. For the market as a whole we expect an increase in the number of profit downgrades as December year end companies 'fine tune' 2015 and 2016 estimates with the oil and gas, mining and industrial sectors being particularly vulnerable. To use a well-worn phrase, we remain 'cautiously optimistic' with respect to the prospects for our companies but are realistic enough to acknowledge that to make absolute progress we need a bit of a tailwind for the wider equity market.

Fund performance was adversely affected by a fall in the Alumasc share price which reacted to a broadly in line AGM statement. A current 'theme' is the relatively disappointing numbers coming from domestic 'RMI' related stocks and we expect to have a number of new investment opportunities over the next few months amongst the 'industrials', particularly those with oil and gas exposure as they are also under short term pressure. On the upside, N.Brown, responded well to results, highlighting the resilience of the UK consumer and there were good figures from Braemar Shipping which is benefiting from its recent acquisition of ACM as the tanker market is buoyant. Dairy Crest ticked better as it received CMA approval for the sale of its dairies operation and we supported a placing by Belvoir Lettings which raised funds to make a small acquisition. On the trading front we added to Statpro, the fund management software business, Numis, the stockbroker and Mucklow, the Midlands based industrial property company. At the same time we reduced our exposure to NWF, Stadium and Sanderson and top sliced Curtis Banks after a good run.

Annual Returns % (GBP)

31/10/2015

	2015	2014	2013	2012	2011	2010
Share Price Ordinary Shares	23.20	-4.26	79.11	19.72	2.82	40.87
Share Price Morningstar Investment Trust UK Equity Income	4.23	4.75	28.29	17.43	2.08	25.29
NAV	23.26	4.82	56.75	38.35	-10.05	48.73
NAV Morningstar Investment Trust UK Equity Income	5.91	3.88	29.60	14.50	3.31	16.76

Source: Chelverton Asset Management Limited and Morningstar.
Past performance is not a guide to future results.

Dividend History

	2015-16	2014-15	2013-14	2012-13	2011-12
	p	p	p	p	p
First interim	1.700	1.575	1.475	1.40	1.35
Second interim		1.575	1.475	1.40	1.35
Third interim		1.575	1.475	1.40	1.35
Fourth interim		2.40	2.40	2.40	2.35
Subtotal	1.700	7.125	6.825	6.60	6.40
Special dividend		0.300	2.750	N/A	N/A
TOTAL	1.700	7.425	9.575	6.60	6.40



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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

	ZDP	ORDS
Reuters	SDVZ.L	SDV.L
SEDOL	88fj5797	0661582
Market Makers	Canacord, Finncap, JP Morgan, Numis, Winterfloor	

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Top Twenty Holdings

Holding	Sector	% of portfolio
Avesco Group	Media	3.47
Connect Group	Support Services	2.54
The Alumasc Group	Industrials	2.49
T. Clarke	Construction	2.46
Moss Bros Group	Consumer	2.11
Kier Group	Construction	2.09
Town Centre Securities	Property	2.09
DX Group	Support Services	2.06
Jarvis Securities	Financials	2.06
Wilmington	Media	2.05
N Brown Group	Consumer	2.04
Braemar Shipping Services	Support Services	2.04
Belvoir Lettings	Property	2.02
Marston's	Consumer	1.93
KCOM Group	Telecommunications	1.89
Games Workshop Group	Consumer	1.79
Shoe Zone (Holdings)	Consumer	1.74
Coral Products	Construction	1.74
Photo-Me International	Technology	1.72
GVC Holdings	Technology	1.72
Total		42.05

Sector Breakdown

Sector	% of portfolio
Financials	21.78
Support Services	16.45
Consumer	13.92
Industrials	11.98
Construction	10.56
Media	8.94
Property	6.13
Technology	5.43
Telecommunications	1.89
Healthcare	1.56
Utility	1.37
Total	100

Market Cap Breakdown

	% of portfolio	No of stocks
> £500m	18.46	16
£250m - £500m	16.76	13
£100m - £250m	32.08	24
£50m - £100m	14.19	10
£0m - £50m	18.52	13
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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