

## Monthly Fact Sheet 31 January 2016

<b>Launch Date</b>	12 May 1999
<b>Net Assets</b>	£34.90m*
<b>Bank Debt</b>	£ nil m
<b>Dividend Yield</b>	3.94%**

	Zero Dividend Preference Shares	Ordinary Shares
<b>Share Price</b> (price per share)	126.50p	187.00p
<b>NAV</b> (price per share)	122.10p	210.86p*
<b>Share Capital</b>	8,500,000***	16,550,000

\* includes unaudited revenue reserve to 31.01.16

\*\*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

As equity markets had their worst start to the year since 2009 markets appear, at least in the short term, to be driven by movements in the oil price and look set to remain very volatile. At home, the retailers released a rather mixed bag of weather affected Christmas trading statements but, pleasingly, a number of our holdings surprised on the upside including, N.Brown and Moss Bros. It does appear from consumer confidence indicators that the domestic consumer remains relatively resilient. At the same time the housing sector appears robust as mortgage approvals have picked up and it is fair to say that the limited number of results and trading statements from our investee companies to date have generally been at least in line with expectations. There have, however, been few positive earnings revisions - although it is understandable that the confidence of company directors may be undermined by all of the negative global economic headlines. An increase in corporate activity is, we believe, the key to reversing this in the short term.

In the face of increasing investor nervousness we have, at the margin, taken some profit in some of our lower yielding holdings and topped up stocks that in aggregate will provide a small yield pickup to the underlying portfolio. To this end we have reduced our exposure to Bioventix, Sanne and Macfarlane. Funds raised have been recycled into Cape, Ashmore, McColls, Shoezone, and Low&Bonar amongst others. Whilst this may not appear that dramatic in itself, it is a good example of our investment process 'at work' and ensures that over the long term the fund can sustain an appropriate level of dividend for its shareholders. This is particularly relevant at the moment with fears about the overall level of dividend in the UK market as a whole for this year, albeit the worries appear to be centred around the large caps. On a positive note the current period of heightened share price volatility does present us with an increased range of new investment opportunities.

## Annual Returns % (GBP)

31/01/2015

	2016	2015	2014	2013	2012	2011	2010
<b>Share Price</b> Ordinary Shares	-5.44	29.36	-4.26	79.11	19.72	2.82	40.87
<b>Share Price</b> Morningstar Investment Trust UK Equity Income	-3.70	5.09	3.98	29.87	17.40	1.60	25.43
<b>NAV</b>	-3.79	24.79	4.82	56.75	38.35	-10.05	48.73
<b>NAV</b> Morningstar Investment Trust UK Equity Income	-2.47	6.48	4.20	29.69	14.54	2.75	17.01

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	1.700	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
<b>Subtotal</b>	<b>1.700</b>	<b>7.125</b>	<b>6.825</b>	<b>6.60</b>	<b>6.40</b>
Special dividend		0.300	2.750	N/A	N/A
<b>TOTAL</b>	<b>1.700</b>	<b>7.425</b>	<b>9.575</b>	<b>6.60</b>	<b>6.40</b>



# Small Companies Dividend Trust PLC

Monthly Fact Sheet  
31 January 2016

## Directors

**The Rt Hon. the Lord Lamont of Lerwick**  
Chairman

**David Harris**

**William van Heesewijk**

**Howard Myles**

## Calendar

<b>Year End</b>	30 April
<b>AGM</b>	September
<b>Dividends</b>	March, June, September, December

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

## Price Information

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

## Contact Us

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## Top Twenty Holdings

<i> Holding </i>	<i> Sector </i>	<i> % of portfolio </i>
Avesco Group	Media	3.34
The Alumasc Group	Industrials	2.54
Coral Products	Construction	2.44
T. Clarke	Construction	2.29
Shoe Zone (Holdings)	Consumer	2.28
Connect Group	Support Services	2.27
Moss Bros Group	Consumer	2.15
Marston's	Consumer	2.10
Kier Group	Construction	2.07
KCOM Group	Telecommunications	2.06
Braemar Shipping Services	Support Services	2.04
Town Centre Securities	Property	2.02
GVC Holdings	Technology	1.92
Belvoir Lettings	Property	1.90
Jarvis Securities	Financials	1.80
Games Workshop Group	Consumer	1.75
St.Ives	Support Services	1.73
Acal Plc	Industrials	1.73
N Brown Group	Consumer	1.72
Photo-Me International	Technology	1.71
<b>Total</b>		<b>41.86</b>

## Sector Breakdown

<i> Sector </i>	<i> % of portfolio </i>
Financials	21.84
Consumer	15.22
Support Services	14.18
Construction	12.00
Industrials	11.18
Media	8.72
Technology	6.38
Property	5.98
Telecommunications	2.06
Utility	1.38
Healthcare	1.06
<b>Total</b>	<b>100</b>

## Market Cap Breakdown

	<i> % of portfolio </i>	<i> No of stocks </i>
> £500m	20.59	15
£250m - £500m	19.24	16
£100m - £250m	25.13	18
£50m - £100m	15.46	12
£0m - £50m	19.58	15
<b>Total</b>	<b>100</b>	<b>76</b>

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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**SMALL COMPANIES DIVIDENT TRUST PLC IS REGISTERED IN ENGLAND. COMPANY NUMBER: 3749536**