

Monthly Fact Sheet 31 May 2016

Launch Date	12 May 1999
Net Assets	£34.85m*
Bank Debt	£ nil m
Dividend Yield	3.94%**

	Zero Dividend Preference Shares	Ordinary Shares
Share Price (price per share)	129.75p	192.25p
NAV (price per share)	124.48p	210.60p*
Share Capital	8,500,000***	16,550,000

* includes unaudited revenue reserve to 31.05.16

**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

Whilst the bookmakers have been remarkably consistent throughout the past few months in predicting a 'remain' vote the polls are starting to tell a different story. In the past month or so there has been a trend amongst an increasing number of the multitude of daily polls showing that the gap between 'in' and 'out' is closing dramatically. This heightened uncertainty has affected investor confidence and is reminiscent of the period last year that preceded the general election, after which the domestically orientated sectors bounced strongly. We would expect a similar response to an 'in' vote later this month, but a 'no' vote does take us into uncharted territory. Whilst we believe that the immediate knee jerk reaction would be a negative one, accompanied by a short term flight to liquidity, we note that within our UK small and mid cap universe corporate balance sheets and cash flows are particularly strong. The domestic economy has slowed recently as nervousness with respect to the vote appears to have translated into day to day economic inactivity. At the margin, investors have been looking to benefit from a rising oil price, growth in the Eurozone and sterling weakness, none of which are particularly helpful to our fund.

At the portfolio level there was a positive contribution from two of our housing related stocks namely, Galliford Try and Foxtons as the sector started to recover from a recent Brexit inspired sell off. Electrocomponents released a strong set of results which reflects well on the strategy of the new management team, Hansard Global rose after releasing some upbeat new sales numbers and Moss Bros responded well to a bullish AGM statement. The Bloomsbury share price moved ahead as investors welcomed the new on line investment and Intermediate Capital Group did well after announcing its intention to pay a special dividend. On the downside DX fell as it failed to get planning permission for its new distribution hub and St Ives continued to sell off after last month's warning. We topped up our positions in RTC and Centaur Media and raised monies from NWF, Sanderson and RWS.

Annual Returns % (GBP)

31/05/2015

	2016	2015	2014	2013	2012	2011	2010
Share Price Ordinary Shares	-1.90	29.36	-4.26	79.11	19.72	2.82	40.87
Share Price Morningstar Investment Trust UK Equity Income	-1.91	5.09	3.98	29.87	17.40	1.60	25.43
NAV	-3.14	24.79	4.82	56.75	38.35	-10.05	48.73
NAV Morningstar Investment Trust UK Equity Income	-0.40	6.52	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	1.700	1.575	1.475	1.40	1.35
Fourth interim		2.40	2.40	2.40	2.35
Subtotal	5.100	7.125	6.825	6.60	6.40
Special dividend		0.300	2.750	N/A	N/A
TOTAL	5.100	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	March, June, September, December

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, Finncap, JP Morgan, Numis, Winterflood	

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Small Companies Dividend Trust PLC

Top Twenty Holdings

<i> Holding </i>	<i> Sector </i>	<i> % of portfolio </i>
Avesco Group	Media	3.30
GVC Holdings	Technology	2.67
Coral Products	Construction	2.67
Belvoir Lettings	Property	2.58
Connect Group	Support Services	2.48
Moss Bros Group	Consumer	2.36
Shoe Zone	Consumer	2.26
Games Workshop Group	Consumer	2.23
GLI Finance Ltd	Financials	2.19
A&J Mucklow Group	Property	2.05
Marston's	Consumer	2.04
Braemar Shipping Services	Support Services	1.95
N Brown Group	Consumer	1.94
Kcom Group	Telecommunications	1.93
Kier Group	Construction	1.92
Jarvis Securities	Financials	1.87
The Alumasc Group	Industrials	1.84
T. Clarke	Construction	1.82
Photo-Me International	Technology	1.78
Acal	Electronic & Electrical Equipment	1.74
Total		43.62

Sector Breakdown

<i> Sector </i>	<i> % of portfolio </i>
Financials	18.63
Consumer	15.77
Construction	11.64
Support Services	10.16
Technology	8.11
Media	7.94
Industrials	7.35
Property	7.17
Electronic & Electrical Equipment	3.53
Insurance	3.45
Transport	2.06
Telecommunications	1.82
Utility	1.43
Healthcare	0.94

Market Cap Breakdown

	<i> % of portfolio </i>	<i> No of stocks </i>
> £500m	22.61	16
£250m - £500m	14.29	13
£100m - £250m	26.14	18
£50m - £100m	15.70	11
£0m - £50m	21.26	15
Total	100	73

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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