

Monthly Fact Sheet 31 July 2016

Launch Date	12 May 1999
Gross Assets	£ 42.86m
Net Assets	£ 32.17 m*
Bank Debt	£ nil
Dividend Yield	4.9%**

	Zero Dividend Preference Shares	Ordinary Shares
Share Price (price per share)	131.50p	193.50p
NAV (price per share)	125.07p	194.41p*
Share Capital	8,500,000***	16,550,000

* includes unaudited revenue reserve to 30.06.16

**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.

Chelverton 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

In the past month the UK equity market has proved to be remarkably resilient in the face of the shock of the referendum result. Whilst a significant number of large caps have been buoyed by currency driven earnings upgrades the pleasing aspect of the last month for us has been the increase in the prices of small and mid caps. It is still the case however that a number of our 'Brexit' sensitive stocks are still trading at levels substantially below those immediately prior to the vote. It is interesting to note that six weeks after the vote commentators now appear to be discussing the extent to which domestic GDP forecasts will have to be reduced rather than how deep the recession will be. As we are meeting company directors over the interim results season it is too early to relate any feedback on the 'real' effects of 'Brexit', no one currently knows. What is important to the corporate sector however, is that there is no liquidity crisis, balance sheets are generally strong and there is a period of two years after Article 50 is invoked that should at least provide some sort of status quo.

The uplift in the price of the fund was driven by a number of factors. As the worst fears of investors with respect to the consequences of the vote subsided there was an inevitable bounce in the price of some of our worst hit 'Brexit' stocks and we added to positions in Galliford Try, Foxtons, Alumasc and Regional REIT. McColls contributed strongly as it purchased 288 stores from the Co Op, and Macfarlane was also buoyed by an acquisition. We supported both fund raisings. There was no real 'theme' to the underperformers which included Centaur Media and Epwin. We added one new stock to the portfolio, Watkin Jones a construction and development business specialising in student accommodation. After the fall in the previous month we are looking to rebuild the capital value in the portfolio as quickly as is practically possible. An important source of reassurance in the last month has been the number of companies reporting robust results but the key for us remains domestic earners closing the relatively wide valuation gap with the recently upgraded overseas earners.

Annual Returns % (GBP)

31/07/2016

	2016	2015	2014	2013	2012	2011	2010
Share Price Ordinary Shares	0.77	29.36	-4.26	79.11	19.72	2.82	40.87
Share Price Morningstar Investment Trust UK Equity Income	2.85	5.09	3.98	29.87	17.40	1.60	25.43
NAV	-8.74	24.79	4.82	56.75	38.35	-10.05	48.73
NAV Morningstar Investment Trust UK Equity Income	4.93	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	1.70	1.575	1.475	1.40	1.35
Second interim	1.70	1.575	1.475	1.40	1.35
Third interim	1.70	1.575	1.475	1.40	1.35
Fourth interim	2.40	2.40	2.40	2.40	2.35
Subtotal	7.50	7.125	6.825	6.60	6.40
Special dividend	1.60	0.300	2.750	N/A	N/A

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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

	ZDP	ORDS
Reuters	SDVZ.L	SDV.L
SEDOL	88fj5797	0661582
Market Makers	Canacord, Finncap, JP Morgan, N1+ Singer, Numis, Winterflood	

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Chelverton Small Companies Dividend Trust PLC

Top Twenty Holdings

Holding	Sector	% of portfolio
Belvoir Lettings Plc	Real Estate	3.55
Avesco Group Plc	Media & Photography	3.35
Coral Products Plc	Construction & Building Materials	2.80
Connect Group	Industrials	2.53
GLI Finance Ltd	Investment Companies	2.29
McColl's Retail Group Plc	General Retailers	2.27
Games Workshop Group Plc	Leisure, Entertainment & Hotels	2.24
Moss Bros Group Plc	Housing Goods & Textiles	2.12
Shoe Zone (Holdings) Limited	General Retailers	2.06
Marston's Plc	Leisure, Entertainment & Hotels	1.99
Amino Technologies Plc	Information Technology Hardware	1.99
Jarvis Securities Plc	Speciality & Other Finance	1.91
Braemar Shipping Services Plc	Support Services	1.89
Mucklow (A&J) Group Plc	Investment Companies	1.88
Hansard Global Plc	Insurance	1.87
Fairpoint Group Plc	Speciality & Other Finance	1.83
Photo-Me International Plc	Media & Photography	1.80
Kier Group PLC	Leisure, Entertainment & Hotels	1.76
Alumasc Group (The) Plc	Construction & Building Materials	1.68
Acal Plc	Electronic & Electrical Equipment	1.66
Total		43.44

Sector Breakdown

Sector	% of portfolio
Financials	16.30
Support Services	11.93
Construction	10.57
Media & Photography	7.58
Consumer Goods	6.78
Real Estate	6.72
Leisure, Entertainment & Hotels	5.98
General Retailers	5.75
Insurance	5.71
Technology	4.62
Industrials	4.45
Electronic & Electrical Equipment	4.03
Transport	2.96
Food Producers & Processors	2.07
Water	1.55
Telecommunications Services	1.54
Packaging	1.45
Total	100.00

Market Cap Breakdown

% of portfolio	No of stocks
Above £1bn	6
£500m-£1bn	8
£250m-£500m	12
£100m-£250m	19
Below £100m	25
Total	70

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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