

Monthly Fact Sheet  
31 October 2016

<b>Launch Date</b>	12 May 1999
<b>Gross Assets</b>	£ 44.88 m
<b>Net Assets</b>	£ 34.04 m*
<b>Bank Debt</b>	£ nil
<b>Dividend Yield</b>	4.83%**

	Zero Dividend Preference Shares	Ordinary Shares
<b>Share Price</b> (price per share)	134.50p	191.50p
<b>NAV</b> (price per share)	127.56p	205.66p*
<b>Premium/ (Discount) to NAV</b>	5.44%	(6.89%)
<b>Share Capital</b>	8,500,000***	16,550,000

\*includes unaudited revenue reserve to 31.10.16

\*\*calculation includes last four dividends and 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. In 2013 he resigned his membership of the Institute of Chartered Accountants in England and Wales, as his career is now fully involved in fund management.



**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

Although the Brexit vote now seems like old news the continual posturing by both sides of the voting establishment ensures that it remains in the headlines. The fact that no one can realistically understand the full ramifications of the vote at this point only serves to highlight the uncertainties involved and, to use a well worn cliché, stockmarkets do not like uncertainty. As a result whilst we in the UK small and mid cap market have recovered somewhat as the worst of the bearish domestic macro predictions have proved to be unfounded there has been a general flight to liquidity and global 'safe haven' stocks by UK equity investors. The unexpected result of the vote in the US appears in the very short term to have refocussed minds on underlying 'value' as it has forced investors to reassess just how defensive these type of stocks are given their relative ratings, and whether they represent the best place for investment if fiscal stimulus is now to be the order of the day in both the US and at home. The asset allocators and strategists in the 'City' and on 'Wall Street' are having to try to come to terms with this new order and the recent sell off in bonds suggests that 'risk' assets may start to become more popular. With a wide range of companies in our portfolio with strong balance sheets, generating cash, paying growing dividends and on relatively undemanding ratings, we believe we are well placed if this is the case.

We added one new holding to the portfolio in the month, Conviviality, the leading independent distributor in the drinks sector. There was no real 'theme' to the stocks that underperformed which included Epwin, Mucklow and Marstons and we continue to expect that our most 'UK centric' stocks will remain volatile. Positive performers included Games Workshop after a dividend announcement and Dee Valley which was the subject of an agreed bid. Importantly for the fund the assets that we own held up reasonably well after the surprise US election result which was partly a realisation that the dramatic sell off in the immediate aftermath of the Brexit result was an overreaction given the financial health of our portfolio. In the short term all eyes are now focussed on the Autumn statement and the prospect of some added tailwinds in a domestic economy that has proved to be relatively robust in the face of the wholly unexpected outcomes of two 'game changing' votes.

## Annual Returns % (GBP)

31.10.2016

	2016	2015	2014	2013	2012	2011	2010
<b>Share Price</b> Ordinary Shares	0.67	29.36	-4.26	79.11	19.72	2.82	40.87
<b>Share Price</b> Morningstar Investment Trust UK Equity Income	-2.55	5.09	3.98	29.87	17.40	1.60	25.43
<b>NAV</b>	-9.10	24.79	4.82	56.75	38.35	-10.05	48.73
<b>NAV</b> Morningstar Investment Trust UK Equity Income	0.17	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

	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
	p	p	p	p	p	p
First interim	1.85	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
<b>Subtotal</b>	<b>1.85</b>	<b>7.50</b>	<b>7.125</b>	<b>6.825</b>	<b>6.60</b>	<b>6.40</b>
Special dividend	-	1.60	0.300	2.750	N/A	N/A
<b>TOTAL</b>	<b>1.85</b>	<b>9.10</b>	<b>7.425</b>	<b>9.575</b>	<b>6.60</b>	<b>6.40</b>



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**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, JP Morgan, N1+ Singer, Numis, Winterflood	

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# Chelverton Small Companies Dividend Trust PLC

**Top Twenty Holdings**

<i> Holding</i>	<i> Sector</i>	<i> % of portfolio</i>
Avesco Group	Media & Photography	4.52
Belvoir Lettings	Real Estate	3.80
Coral Products	Construction & Building Materials	2.67
Games Workshop Group	Leisure, Entertainment & Hotels	2.51
McColl's Retail Group	General Retailers	2.27
Moss Bros Group	Housing Goods & Textiles	2.21
Galliford Try	Construction & Building Materials	2.18
Connect Group	Industrials	2.14
Kier Group	Leisure, Entertainment & Hotels	2.12
Amino Technologies	Information Technology Hardware	2.03
Mucklow (A&J) Group	Investment Companies	1.98
Alumasc Group (The)	Construction & Building Materials	1.97
GLI Finance	Investment Companies	1.96
Shoe Zone (Holdings) Limited	General Retailers	1.84
Marston's	Leisure, Entertainment & Hotels	1.79
St.Ives	Support Services	1.74
Dee Valley Group	Water	1.69
Photo-Me International	Media & Photography	1.68
Jarvis Securities	Speciality & Other Finance	1.67
Hansard Global	Insurance	1.66
<b>Total</b>		<b>44.44</b>

**Sector Breakdown**

<i> Sector</i>	<i> % of portfolio</i>
Financials	13.03
Support Services	11.77
Construction & Building Materials	11.20
Media & Photography	8.71
Real Estate	6.63
Leisure, Entertainment & Hotels	6.42
General Retailers	6.05
Insurance	6.00
Technology	4.30
Industrials	4.25
Housing Goods & Textiles	3.77
Electronic & Electrical Equipment	3.66
Transport	3.39
Pharmaceuticals	2.68
Food Producers & Processors	2.62
Water	1.69
Telecommunications Services	1.57
Packaging	1.16
Consumer Goods	1.09
<b>Total</b>	<b>100.00</b>

**Market Cap Breakdown**

<i> % of portfolio</i>	<i> No of stocks</i>
Above £1bn	7
£500m-£1bn	8
£250m-£500m	14
£100m-£250m	17
Below £100m	25
Cash and Income	0
<b>Total</b>	<b>71</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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