

Monthly Fact Sheet 30 September 2016

Launch Date	12 May 1999
Gross Assets	£ 45.63 m
Net Assets	£ 34.84 m*
Bank Debt	£ nil
Dividend Yield	4.54%**

	Zero Dividend Preference Shares	Ordinary Shares
Share Price (price per share)	134.50p	203.50p
NAV (price per share)	126.93p	210.53p*
Premium to NAV	5.97%	(3.34%)
Share Capital	8,500,000***	16,550,000

*includes unaudited revenue reserve to 30.09.16

**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.



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

Brexit uncertainty persists and understandably remains a concern for investors but at least we now have an outline indication of the timing if not of the fundamental practicalities of the exit process. The domestic macro numbers remain robust including just recently, construction PMI and Services PMI figures and it appears that recent market volatility has been driven by short term fluctuations in the level of Sterling which we expect to continue. We note that UK GDP numbers appear to remain ahead of the post referendum downgrades and we continue to expect upgrades as we move through next year. If we accept that bond valuations globally have made equities appear relatively attractive from a valuation perspective then over the next twelve months the main risks appear to be political with elections taking place in the US and Europe. As a result we expect periods when there will be a short term flight to mega cap liquidity as election uncertainty grips markets but there will also be scope for periods of outperformance by UK small and mid caps as our economy continues to grow. As we highlighted last month, aggregate dividend growth from the companies in our investment universe continues to be ahead of expectation.

One of the most pleasing aspects of the last month was the positive contribution to performance made by stocks that released results. We have often noted that in an information vacuum small and mid caps will tend to tread water or become overly affected by the musings of a whole host of market commentators. It is corporate news flow which acts as tangible evidence of what is happening in the 'real' world which then serves to dispel or reinforce short term share price movements. Positive numbers and robust outlook statements from Mucklow, Galliford Try, Kier and Moss Bros amongst others resulted in notable share price increases and at the same time Electrocomponents released a bullish trading statement. Conversely N.Brown and Games Workshop fell after a trading updates. We added to our holding in Gattaca and took some profit in Dairy Crest and GVC.

Annual Returns % (GBP)

30/09/2016

	2016	2015	2014	2013	2012	2011	2010
Share Price Ordinary Shares	6.98	29.36	-4.26	79.11	19.72	2.82	40.87
Share Price Morningstar Investment Trust UK Equity Income	-5.35	5.09	3.98	29.87	17.40	1.60	25.43
NAV	0.09	24.79	4.82	56.75	38.35	-10.05	48.73
NAV Morningstar Investment Trust UK Equity Income	2.94	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
Subtotal	1.85	7.50	7.125	6.825	6.60	6.40
Special dividend	-	1.60	0.300	2.750	N/A	N/A
TOTAL	1.85	9.10	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, 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	4.79
Belvoir Lettings	Real Estate	3.48
Coral Products	Construction & Building Materials	2.70
Galliford Try	Construction & Building Materials	2.32
Connect Group	Industrials	2.32
Moss Bros Group	Housing Goods & Textiles	2.30
McCull's Retail Group	General Retailers	2.26
Games Workshop Group	Leisure, Entertainment & Hotels	2.20
Mucklow (A&J) Group	Investment Companies	2.19
GLI Finance Ltd	Investment Companies	2.08
Alumasc Group (The)	Construction & Building Materials	2.06
Kier Group	Leisure, Entertainment & Hotels	2.01
Marston's	Leisure, Entertainment & Hotels	1.93
Shoe Zone (Holdings) Limited	General Retailers	1.88
Amino Technologies	Information Technology Hardware	1.84
Acal	Electronic & Electrical Equipment	1.80
Photo-Me International	Media & Photography	1.70
Jarvis Securities	Speciality & Other Finance	1.69
Hansard Global	Insurance	1.69
StatPro Group	Support Services	1.68
Total		44.93

Sector Breakdown

<i>Sector</i>	<i>% of portfolio</i>
Financials	14.73
Support Services	11.72
Construction & Building Materials	11.37
Media & Photography	7.85
Leisure, Entertainment & Hotels	6.33
Real Estate	6.17
Insurance	6.03
General Retailers	5.74
Industrials	4.57
Technology	4.43
Electronic & Electrical Equipment	4.03
Housing Goods & Textiles	3.23
Transport	3.10
Pharmaceuticals	2.49
Food Producers & Processors	1.92
Consumer Goods	1.65
Packaging	1.65
Water	1.51
Telecommunications Services	1.48
Total	100.00

Market Cap Breakdown

	<i>% of portfolio</i>	<i>No of stocks</i>
Above £1bn	9.72	7
£500m-£1bn	9.68	7
£250m-£500m	15.00	14
£100m-£250m	28.34	20
Below £100m	35.44	23
Cash and Income	1.82	0
Total	100	71

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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