

Monthly Fact Sheet 31 January 2018

Launch Date	12 May 1999	
Gross Assets	£ 64.88 m	
Net Assets	£ 52.07 m*	
Bank Debt	£ nil	
Dividend Yield	3.98%**	
	<i>Zero Dividend Preference Shares</i>	<i>Ordinary Shares</i>
Share Price (price per share)	100.25p	255.00p
NAV (price per share)	108.00p	255.45p*
Premium/ (Discount) to NAV	7.73%	(0.18)%
Share Capital	12,780,083***	20,382,828

*includes unaudited revenue reserve to 31/01/2018

**calculation includes last four dividends and special dividend

***redeemed at 133.18p - 30/04/2025

Fund Managers



David Horner

qualified as a chartered accountant in 1984 with Deloitte before joining 3i Corporate Finance Limited in 1986. 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

At the time of writing, investors' attention is on falling stock markets globally. Better than expected economic growth against a background of a rising trend in bond yields has led to expectations of rate rises and a sell-off in equity markets. At home, this has combined with rising sterling to undermine the prices of the large bond proxies but it is still too early to see a marked pick up in cyclicals or value stocks within our small and mid-cap investment universe. The domestic economy continues to benefit from the positive momentum in the manufacturing sector and business sentiment remains resilient, but on the downside the consumer still appears to be cautious. The recent stock market fluctuations have been largely driven by 'top down' macro factors and we believe that 'bottom up' UK corporate earnings remain resilient and broadly supportive of current valuations. On a positive note for our portfolio, dividend growth looks set to remain strong.

As a small and midcap fund we have an inherently high relative exposure to domestic cyclicals compared to the income sector as a whole, so our attention at the start of the year is partly focussed on trading over the Christmas period. As a generalisation, this year it was disappointing for us and the prices of Moss Bros and N. Brown were amongst our worst performers. Interestingly, however, there is a growing body of opinion that real wages in the domestic economy will start to grow this year which would hopefully provide some much needed respite to the high street. Connect Group performed badly after a profit warning and Galliford Try was weak due to its exposure to Carillion. On the plus side, Statpro, Curtis Banks and Ramsdens all contributed strongly to performance. We added to over 20 stocks after the recent fundraise, including new holdings in Northgate, the van rental business in the UK, Ireland and Spain, and Saga, the UK's leading provider of products and services to the over 50s. We continue to seek to retain a balanced sector approach within our portfolio construction process through what we believe will be a period of heightened share price volatility in the short term. This should also, however, bring a number of new opportunities into our investible universe as prices fall and dividend yields rise.

Annual Returns % (GBP)

31/01/2018

	2018	2017	2016	2015	2014	2013	2012	2011
Share Price Ordinary Shares	-2.90	24.36	13.81	29.36	-4.26	79.11	19.72	2.82
Share Price Morningstar Investment Trust UK Equity Income	-2.41	9.05	4.96	24.80	4.82	56.76	38.34	-10.09
NAV	-1.61	23.56	6.78	23.05	-4.58	54.62	36.46	-13.94
NAV Morningstar Investment Trust UK Equity Income	-2.35	8.46	10.18	16.06	-1.11	43.43	28.41	-10.65

Source: Chelverton Asset Management Limited and Morningstar
Past performance is not a guide to future results.

Dividend History

	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
	P	P	P	P	P	P	P
First interim	2.02	1.85	1.70	1.575	1.475	1.40	1.35
Second interim	2.02	1.85	1.70	1.575	1.475	1.40	1.35
Third interim		1.85	1.70	1.575	1.475	1.40	1.35
Fourth interim		2.40	2.40	2.40	2.40	2.40	2.35
Subtotal	4.04	7.95	7.50	7.125	6.825	6.60	6.40
Special dividend		1.86	1.60	0.300	2.750	N/A	N/A
TOTAL	4.04	9.81	9.10	7.425	9.575	6.60	6.40

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31 January 2018

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 (Declared)	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	SDVP.L	SDV.L
SEDOL	BZ7MQD8	0661582
Market Makers	Canaccord, Numis, Winterflood, Stockdale	

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Chelverton Small Companies Dividend Trust PLC

Top Twenty Holdings

Holding	Sector	% of portfolio
DiscoverIE Group 5	Electronic & Electrical Equipment	2.34%
Diversified Gas & Oil	Oil and Gas	2.34%
St.Ives	Support Services	2.27%
Marston's	Leisure, Entertainment & Hotels	2.04%
Alumasc Group (The)	Construction & Building Materials	2.01%
De La Rue	Support Services	1.97%
Randall & Quilter Investment	Insurance	1.93%
Jarvis Securities	Speciality & Other Finance	1.91%
Amino Technologies	Information Technology Hardware	1.86%
McColl's Retail Group	General Retailers	1.86%
Dairy Crest Group	Consumer Goods	1.86%
Mucklow (A&J) Group REIT	Investment Companies	1.77%
Curtis Banks Group	Investment Companies	1.77%
Galliford Try	Construction & Building Materials	1.72%
Ramsdens Holdings	General Retailers	1.70%
Belvoir Lettings	Real Estate	1.69%
Gattaca Common	Support Services	1.69%
Kier Group	Leisure, Entertainment & Hotels	1.66%
Braemar Shipping Services	Support Services	1.64%
Severfield	Construction & Building Materials	1.62%
Total		37.67%

Sector Breakdown

Sector	% of portfolio
Financials	18.25%
Support Services	15.84%
Construction & Building Materials	11.09%
General Retailers	7.63%
Industrials	4.72%
Electronic & Electrical Equipment	4.67%
Technology	4.51%
Insurance	4.14%
Media & Photography	4.09%
Leisure, Entertainment & Hotels	3.81%
Real Estate	3.53%
Housing Goods & Textiles	3.28%
Oil & Gas	2.73%
Food Producers & Processors	2.29%
Consumer Goods	1.86%
Transport	1.69%
Health	1.43%
Packaging	1.31%
Automobiles	1.28%
Telecommunications Services	1.04%
Restaurant Pubs & Breweries	0.81%
	100.00%

Market Cap Breakdown

% of portfolio	No of stocks
Above £1bn	5
£500m-£1bn	15
£250m-£500m	11
£100m-£250m	19
Below £100m	26
Cash and Income	0
Total	76

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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