



Key Facts

Maximum C Share issue size
£75 million

C Share issue price
100p

Sponsor
Stockdale Securities Limited

Prospectus published
24 November 2017

**Placing, offer for subscription
and intermediary offer opens**
27 November 2017

Offer for subscription closes
21 December 2017

Intermediaries offer closes
21 December 2017

**Announcement of the result of
the C Share offer**
22 December 2017

**Admission and
commencement of dealing of
the C Shares**
8 January 2017

Trust Overview

Gross Assets²
£59.22m (£46.53m net assets)

Launch date
12 May 1999

Domiciled
United Kingdom

Portfolio yield¹
4.4%

Dividends paid
31-Mar, 30-Jun, 30-Sept, 31-Dec

Gearing
No bank debt

Capital Structure
17,775,000 Ordinary shares
9,349,000 ZDPs 08/01/2018

Investment Management Fee
1% per annum

About Chelverton

A boutique fund manager, founded in 1998, with quoted assets under management of £740m. The fund management team are small and mid-cap specialists. Chelverton Small Companies Dividend Trust was launched in 1999 (the “Trust”, “SDV” or the “Company”).

Investment Objective

The Trust seeks to provide high and growing income alongside the opportunity for capital growth. The investment strategy seeks to capture the long-term outperformance of small and mid-cap stocks, combined with an above average dividend yield. Portfolio construction seeks to balance income and capital appreciation to smooth returns, deliver a long-term high and growing dividend and medium-term capital growth without taking undue stock specific risk.

Offer Overview

In light of the Trust’s strong and sustained track record as well as the availability of attractive investments, the Board believes that it is an appropriate point to seek to increase the size of the Company and raise additional capital. The existing investment objective and policy will remain unchanged.

Full details of the Offer are available on the [Chelverton website](#)

Investment Strategy and Risk Management

The Trust’s funds are invested principally in companies with a market capitalisation of less than £500 million; a target maximum of 20% of the Group’s portfolio can be invested in companies without reference to their market capitalisation at the discretion of the Chelverton Asset Management. The Trust’s portfolio comprises companies listed on the Official List and companies trading on AIM. The investment strategy comprises:

- Valuation is based around the dividend
- Having satisfied the requirements relating to ability and propensity to pay dividends, there is a target yield at which we would purchase stock in a new holding. This is relative and is based on prospects for dividend growth. The minimum requirement is 4% on a 12-month view
- The sale process is based on a yield appraisal. Stocks tend to be sold below a 2% prospective yield. This is a key valuation discipline and also ensures that the fund will continue to retain a high portfolio yield
- We have sell targets at a higher yield for some stocks that have lower dividend growth prospects and stocks are reviewed on dividend cuts or lower rates of growth compared to our expectations
- Minimum 50 stocks
- Top 10 stocks currently represent 22% of the portfolio
- Largest holding is limited to 5% of gross assets, and currently represents 2.80%
- No more than 5% of the income can be generated from a single stock and currently the highest income contributor represents 3.64%

Industry Accolades

Chelverton Small Companies Dividend Trust has won several awards, including Investment Week’s Investment Company of the Year - Specialist Income 2015.

Further information on the Trust can be found in the [October Factsheet](#).

¹ Portfolio yield 4.4%, as at 21 November 2017

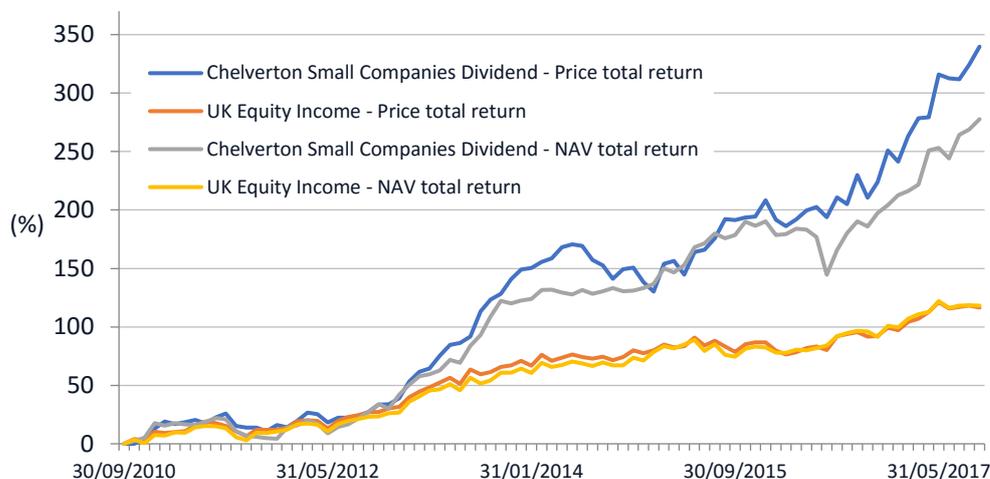
² Gross assets of £59.22m, net assets (excluding ZDPs) of £46.53m, as at 22 November 2017

Track Record

SDV is the top-performing UK Equity Income trust over one, three and five years, outperforming the UK Equity Income sector as well as the MSCI UK Small Cap and Numis Smaller Companies indices over these periods and the long-term.

Seven Year Relative Performance

The Trust has generated an annualised return of 23.3% over the last five years, with its NAV rising by 193.8% on a total return basis vs a sector average increase of 78.4%.



Historic Investment Performance¹

	6 months	1 Year	3 Years	5 Years	10 Years
SDV NAV total return (%)	4.86	26.50	18.17	23.93	9.09
SDV Share price total return (%)	6.51	45.37	19.13	27.26	10.56
FTSE 350 High Yield Index total return (%)	(0.19)	11.53	6.62	9.48	5.03

Source: Morningstar; 10 year NAV performance displayed in Ex Par

Dividends

(p)	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11
1st Quarter	2.020	1.850	1.700	1.575	1.475	1.400	1.350	1.300
2nd Quarter	2.020	1.850	1.700	1.575	1.475	1.400	1.350	1.300
3rd Quarter		1.850	1.700	1.575	1.475	1.400	1.350	1.300
4th Quarter		2.400	2.400	2.400	2.400	2.400	2.350	2.300
		7.950	7.500	7.125	6.825	6.600	6.400	6.200
Special Dividend		1.860	1.600	0.300	2.750	-	-	-
Total Dividend		9.810	9.100	7.425	9.575	6.600	6.400	6.200

The Fund Management Team



David Horner qualified as a chartered accountant in 1984 with Deloitte before joining 3i Corporate Finance Limited in 1986 (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). 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 co-manages. He also co-manages the Chelverton UK Equity Income Fund.



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.

¹ To 17 November 2017

Investment manager

Chelverton Asset Management Ltd
20 Ironmonger Lane
London EC2V 8EP

Sponsor to the issue

Stockdale Securities Limited
Beaufort House, 15 St Botolph Street
London EC3 A 7BB

Intermediaries



ALBERT E SHARP



Selftrade



the**share**centre:



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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