

Monthly Fact Sheet
31 December 2017

Launch Date	12 May 1999
Gross Assets	£ 59.41 m
Net Assets	£ 46.65 m*
Bank Debt	£ nil
Dividend Yield	3.86%**

	Zero Dividend Preference Shares	Ordinary Shares
Share Price (price per share)	138.00p	262.63p
NAV (price per share)	136.54p	262.43p*
Premium/ (Discount) to NAV	1.07%	0.07%
Share Capital	9,349,000***	17,775,000

*includes unaudited revenue reserve to 31/12/2017

**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 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

The year finished on a positive note as a shift in sentiment towards resource stocks and cyclical and away from the bond proxies was evident. Positive noises about US corporate tax rates helped to fuel an increasingly bullish outlook for Global growth for 2018 and although the domestic economy is forecast to be slow by international standards, growth is still expected to be 'reasonable' by historic standards. One 'theme' that is of particular interest to us is the potential for a rise in real wage growth as we move through the year, which we believe is a strong possibility. Given the apparently cheap rating of the domestic consumer cyclical and our exposure to them as a UK small and mid cap fund this could prove to be an area of strong relative performance for the fund if it proves to be a catalyst for multiple expansion. We will not, however, be significantly increasing our exposure in the short term as the history of the fund has shown that a balanced portfolio in terms of sector and style bias serves us best over the medium and long term. One feature of the past year's performance was the contribution from companies who delivered strong performance from 'self-help' i.e. just getting on with doing what is best for the business and stakeholders. With top down political issues causing a policy vacuum in a number of leading economies, perhaps a greater bottom up focus on the corporate sector will prove to be the way forward for an increasing number of investors.

Games Workshop performed strongly in the month as it made another dividend announcement and now appears to be firing on all cylinders with respect to manufacturing, distribution and both on-line and bricks and mortar retail sales. In addition, Polar Capital and DiscoverIE made solid contributions to performance on strong interims. On the downside, there was weakness in the prices of Jarvis and Braemar and a profit warning from Low & Bonar. Transactions were limited in December, as we reduced our holdings of Personal Group and Ramsdens after strong recent performance. As we enter the New Year investors' appetite for equities seems set to continue, in the short term at least, and underlying corporate earnings appear robust and supportive of current valuations.

Annual Returns % (GBP)

31/12/2017

	2017	2016	2015	2014	2013	2012	2011	2010
Share Price Ordinary Shares	27.59	13.81	29.36	-4.26	79.11	19.72	2.82	40.87
Share Price Morningstar Investment Trust UK Equity Income	26.58	4.96	24.80	4.82	56.76	38.34	-10.09	48.64
NAV	12.65	6.78	23.05	-4.58	54.62	36.46	-13.94	38.86
NAV Morningstar Investment Trust UK Equity Income	12.84	10.18	16.06	-1.11	43.43	28.41	-10.65	35.37

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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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	88fj5797	0661582
Market Makers	Canaccord, JP Morgan, N1+ Singer, Numis, Winterflood, Stockdale	

Contact Us

T	020 7222 8989
E	cam@chelvertonam.com
A	Chelverton Asset Management Limited 20 Ironmonger Lane London EC2V 8EP
W	www.chelvertonam.com

Chelverton Small Companies Dividend Trust PLC

Top Twenty Holdings

Holding	Sector	% of portfolio
Diversified Gas & Oil	Oil and Gas	2.64%
DiscoverIE Group	Electronic & Electrical Equipment	2.49%
Galliford Try	Construction & Building Materials	2.16%
StatPro Group	Support Services	2.12%
Jarvis Securities	Speciality & Other Finance	2.07%
Alumasc Group (The)	Construction & Building Materials	2.05%
Gattaca	Support Services	2.01%
Belvoir Lettings	Real Estate	1.98%
McColl's Retail Group	General Retailers	1.96%
Numis Corporation	Insurance	1.92%
Marston's	Leisure, Entertainment & Hotels	1.89%
Amino Technologies	Information Technology Hardware	1.89%
Connect Group	Industrials	1.83%
Polar Capital Holdings	Investment Companies	1.80%
Strix Group	Diversified Industrials	1.71%
Mucklow (A&J) Group REIT	Investment Companies	1.69%
Ramsdens Holdings	General Retailers	1.63%
Curtis Banks Group	Investment Companies	1.62%
De La Rue	Support Services	1.62%
Severfield	Construction & Building Materials	1.61%
Total		38.70%

Sector Breakdown

Sector	% of portfolio
Financials	18.48%
Support Services	14.00%
Construction & Building Materials	11.61%
General Retailers	7.98%
Industrials	5.43%
Electronic & Electrical Equipment	5.05%
Technology	4.75%
Media & Photography	4.28%
Real Estate	4.20%
Insurance	3.92%
Leisure, Entertainment & Hotels	3.83%
Oil & Gas	3.18%
Housing Goods & Textiles	3.20%
Food Producers & Processors	2.40%
Health	1.61%
Transport	1.58%
Packaging	1.32%
Consumer Goods	1.23%
Telecommunications Services	1.03%
Restaurant Pubs & Breweries	0.92%
	100.00%

Market Cap Breakdown

% of portfolio	No of stocks	
Above £1bn	6.68%	5
£500m-£1bn	17.13%	13
£250m-£500m	17.62%	11
£100m-£250m	26.16%	19
Below £100m	30.82%	26
Cash and Income	1.59%	0
Total	100.00	74

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

The information contained in this document has been obtained from sources that Chelverton Asset Management ("CAM") considers to be reliable. However, CAM cannot guarantee the accuracy and completeness of the information provided, and therefore no investment decision should be based solely on this data.

This document is issued by CAM, authorised and regulated by the Financial Conduct Authority (FCA). This document does not represent a recommendation by CAM to purchase shares in this Trust. We recommend private investors seek the services of a Financial Adviser.

Chelverton Small Companies Dividend Trust PLC

Zero Dividend Preference (“ZDP”) Share and Ordinary Share Placing

On 5 January 2018 the Company announced that a new issue of ZDP shares were placed to replace the ZDP shares which reached the end of their life on 8 January 2018.

In total 12,780,083 April 2025 ZDP shares were placed.

In addition, 5,500,000 “C” shares were placed at the same time and following investment of these funds, the “C” shares will be converted into 1,982,828 ordinary shares bringing the total shares in issue to 19,757,828.

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