

STRICTLY PRIVATE AND CONFIDENTIAL

CHELVERTON UK DIVIDEND TRUST - FAIR VALUE ASSESSMENT – 2023

The Manufacturer (Chelverton Asset Management Ltd) of Chelverton UK Dividend Trust ("Company") is required to provide an annual statement attesting that the costs of associated services provided to the Company represent fair value.

VALUE ASSESSMENT

In order to assess if a product or service provides value, firms must consider at least the following:

1. *the nature of the product or service, including the benefits that will be provided or may reasonably be expected and their qualities*

Ordinary Shares

The Company is a closed-ended investment company whose ordinary shares are listed on the London Stock Exchange and an alternative investment fund under the Alternative Investment Fund Managers Directive ("AIFMD"). The Company's shares are available to the general public.

The Company aims to deliver a high and growing income through investments in small-cap companies capitalised at less than £500m. The investment objective of the Company is to provide shareholders with a high income and opportunity for capital growth, having provided a capital return sufficient to repay the full final capital entitlement of the Zero Dividend Preference shares issued by the wholly owned subsidiary company.

The Company's investment policy is that:

- The Company will invest in equities in order to achieve its investment objectives, which are to provide both income and capital growth, predominantly through investment in mid and smaller capitalised UK companies admitted to the Official List of the UK Listing Authority and traded on the London Stock Exchange Main Market, traded on AIM or traded on other qualifying UK marketplaces.
- The Company will not invest in preference shares, loan stock or notes, convertible securities or fixed interest securities or any similar securities convertible into shares; nor will it invest in the securities of other investment trusts or in unquoted companies.
- There is no set limit on the Company's gearing.

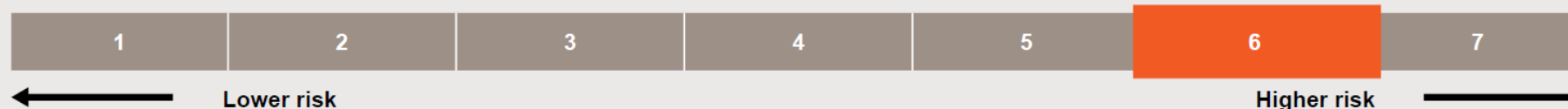
The target investors are institutions and individual retail investors.

There is no fixed maturity date. There is no ability for the Company to terminate shareholdings of investors in the Company unilaterally or automatically.

The shares of the Company are bought and sold via markets. Typically, at any given time on any given day, the price you pay for a share will be higher than the price at which you could sell it.

What are the risks and what could I get in return?

The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you.



The risk indicator assumes you keep the product for a minimum of 5 years. The actual risk can vary significantly if you cash in at an early stage and you may get back less. You may not be able to sell your product easily or you may have to sell at a price that significantly impacts on how much you get back.



In accordance with legislation, we have classified this product as 6, which is a medium to high risk class. Please note that even the lowest risk class can lose you money and that extreme adverse market circumstances can mean you suffer severe losses in all cases.

The summary risk indicator only reflects historical share price volatility of the Company's shares.

Gearing, exposure to emerging markets, unlisted investments, foreign currencies, derivatives and the ability of the Trust to buy back its own shares may increase risk. This product does not include any protection from future market performance so you could lose some or all of your investment.

Preference Shares

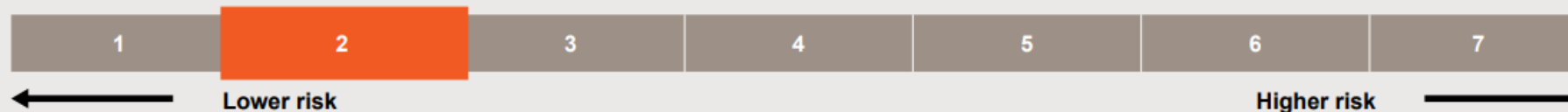
The Company is a closed-ended investment company whose zero-dividend preference shares are listed on the London Stock Exchange and an alternative investment fund under the Alternative Investment Fund Managers Directive ("AIFMD"). The Company's zero dividend preference shares are available to the general public.

The Company's investment objective is to provide the Final Capital Entitlement to the holders of the ZDP Shares on the final ZDP Repayment Date (30 April 2025). The Company does not have an investment policy. The ZDP shares had a gross redemption yield of 4.0% at launch, based on the 100p issue shares price. ZDP shareholders do not receive any dividends.

The Company's income is guaranteed by Chelverton UK Dividend Trust PLC, which itself aims to deliver a high and growing income through investments in small cap companies capitalized at less than £500m. The investment objective of that Company is to provide Ordinary shareholders with a high income and opportunity for capital growth, having provided a capital return sufficient to repay the full final capital entitlement of the Zero Dividend Preference shares issued by the wholly owned subsidiary company. You should note that Chelverton UK Dividend Trust PLC is geared by the capital entitlement of these ZDP shares.

What are the risks and what could I get in return?

The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you.



The risk indicator assumes you keep the product for 5 years. If you sell the shares at an earlier stage the actual risk can vary significantly, which may mean you get back less.



In accordance with legislation, we have classified this product as 2, which is a low to medium risk class. Please note that even the lowest risk class can lose you money and that extreme adverse market circumstances can mean you suffer severe losses in all cases.

The summary risk indicator only reflects historical share price volatility of the Company's shares.

Gearing, exposure to emerging markets, unlisted investments, foreign currencies, derivatives and the ability of the Trust to buy back its own shares may increase risk. This product does not include any protection from future market performance so you could lose some or all of your investment.

2. any limitations that are part of the product or service, and

There are no limitations as far as Chelverton Asset Management is concerned.

3. the expected total price customers will pay, including all applicable fees and charges over the lifetime of the relationship between customers and firms.

Ordinary Shares

What are the costs?

The Reduction in Yield (RIY) shows what impact the total costs you pay will have on the investment return you might get. The total costs take into account one-off, ongoing and incidental costs.

The amounts shown here are the cumulative costs of the product itself, for three different holding periods. They include potential early exit penalties. The figures assume you invest £10,000 each year. The figures are estimates and may change in the future.

The person selling you or advising you about this product may charge you other costs. If so, this person will provide you with information about these costs, and show you the impact that all costs will have on your investment over time.

Investment £10000.00			
Scenarios	If you cash in after 1 year	If you cash in after 3 years	If you cash in at 5 years
Total costs	£212.47	£589.22	£910.98
Impact on return (RIY) per year	2.24%	2.24%	2.24%

One-off costs	Entry costs	0.00%	The impact of the costs you pay when entering your investment.
	Exit costs	0.00%	The impact of the costs of exiting your investment when it matures.
Ongoing costs	Portfolio transaction costs	0.21%	The impact of the costs of us buying and selling underlying investments for the product.
	Other ongoing costs	2.03%	The impact of the costs that are incurred each year for managing your investments and running the Company.
Incidental costs	Performance fees	-	The impact of performance fees on your investment.
	Carried interests	-	The impact of carried interests on your investment.

STRICTLY PRIVATE AND CONFIDENTIAL

Preference Shares

What are the costs?

The Reduction in Yield (RIY) shows what impact the total costs you pay will have on the investment return you might get. The total costs take into account one-off, ongoing and incidental costs.

The amounts shown here are the cumulative costs of the product itself, for three different holding periods. They include potential early exit penalties. The figures assume you invest £10,000 each year. The figures are estimates and may change in the future.

The person selling you or advising you about this product may charge you other costs. If so, this person will provide you with information about these costs, and show you the impact that all costs will have on your investment over time.

Investment £10000.00			
Scenarios	If you cash in after 1 year	If you cash in after 3 years	If you cash in at 5 years
Total costs	£0.00	£0.00	£0.00
Impact on return (RIY) per year	0.00%	0.00%	0.00%

One-off costs	Entry costs	0.00%	The impact of the costs you pay when entering your investment.
	Exit costs	0.00%	The impact of the costs of exiting your investment when it matures.
Ongoing costs	Portfolio transaction costs	0.00%	The impact of the costs of us buying and selling underlying investments for the product.
	Other ongoing costs	0.00%	The impact of the costs that are incurred each year for managing your investments and running the Company. The ongoing costs are paid for by Chelverton UK Dividend Trust PLC.
Incidental costs	Performance fees	-	The impact of performance fees on your investment.
	Carried interests	-	The impact of carried interests on your investment.

The Board reviews costs on an ongoing basis, which are disclosed in the report and accounts, which can be viewed by consumers.

STRICTLY PRIVATE AND CONFIDENTIAL

There is no performance fee payable on the product.

The high Ongoing Charge is to a certain extent a factor of the size of the trust, which is the second smallest in the sector. The manager also notes that value is not just a factor of price and that the investment strategy would be constrained if the fund were materially larger.

For example, the Chelverton UK Dividend trust yields more than all but one fund in the sector.

All data as of 10/05/2023 source - <https://www.theaic.co.uk/>, and documented below:

Company	AIC sector	Traded currency	Total assets (m)	Price (last close)	NAV	Discount/premium (%)	Gearing (%)	1yr	5yr	10yr	Ongoing charge ex perf fee	5yr dividend growth (%) p.a.
UK Equity Income	-	-	-	-	-	-2.92	6	10.29	23.39	81.95	0.57	3.24
Finsbury Growth & Income Trust	UK Equity Income	GBX	2,001.32	901	945.9	-4.75	1	19.3	27.29	139.65	0.6	4.97
Troy Income & Growth Trust	UK Equity Income	GBX	193.76	71.8	73.66	-2.52	2	1.51	7.45	59.47	0.89	-5.1
Law Debenture Corporation	UK Equity Income	GBX	1,174.10	821	801.91	2.38	9	11.93	63.81	138.89	0.49	12.01
Edinburgh Investment Trust	UK Equity Income	GBX	1,267.75	668	722.73	-7.57	4	16.29	21.68	72.54	0.52	-0.44
BlackRock Income & Growth	UK Equity Income	GBX	48.5	189	212.39	-11.01	5	6.71	14.51	70.21	1.18	2.04
CT UK Capital & Income	UK Equity Income	GBX	363.88	304	315.97	-3.79	8	4.9	8.26	72.01	0.59	1.99
Invesco Select Trust - UK Equity shares	UK Equity Income	GBX	137.8	174.5	188.39	-7.37	5	4.24	15.05	94.03	0.74	1.79
Temple Bar Investment Trust	UK Equity Income	GBX	812.56	230.5	245.58	-6.14	7	9.94	6.83	44.32	0.54	1.94

STRICTLY PRIVATE AND CONFIDENTIAL

Company	AIC sector	Traded currency	Total assets (m)	Price (last close)	NAV	Discount/premium (%)	Gearing (%)	1yr	5yr	10yr	Ongoing charge ex perf fee	5yr dividend growth (%) p.a.
Murray Income Trust	UK Equity Income	GBX	1,166.89	871	936.67	-7.01	7	8.15	36.67	70.08	0.48	1.91
Schroder Income Growth Fund	UK Equity Income	GBX	244.97	307	309.48	-0.8	11	10.58	27.65	89.86	0.74	3.34
Dunedin Income Growth	UK Equity Income	GBX	501.68	301	309.59	-2.77	7	15.3	47.09	74.38	0.64	1.6
Diverse Income Trust	UK Equity Income	GBX	329.44	87	92.57	-6.02	0	-12.56	-0.1	91.83	1.05	5.39
Merchants Trust	UK Equity Income	GBX	921.18	572	565.92	1.07	9	8.53	44.34	108.26	0.56	-3.5
Lowland Investment Company	UK Equity Income	GBX	416.18	123	135.87	-9.47	13	6.49	0.93	49.74	0.6	4.48
City of London Investment Trust	UK Equity Income	GBX	2,133.71	416	408.33	1.88	5	9.18	22.64	81.46	0.37	3.25
JPMorgan Claverhouse	UK Equity Income	GBX	471.99	680	712.55	-4.57	7	4.44	10.98	93.95	0.7	4.88
Shires Income	UK Equity Income	GBX	98.65	257.5	258.65	-0.44	20	6.84	18	80.33	1.14	1.51
CT UK High Income Trust (B share)	UK Equity Income	GBX	117.03	90.5	90.58	-0.09	8	6.71	19.28	62.68	0.98	2.46
CT UK High Income Trust	UK Equity Income	GBX	117.03	84	90.77	-7.45	8	2.11	12.39	56.82	0.98	2.46
CT UK High Income Trust (Unit)	UK Equity Income	GBX	117.03	332	363.21	-8.59	8	2.1	10.78	54.45	0.98	2.46
Chelverton UK Dividend Trust	UK Equity Income	GBX	53.68	171.5	168.04	2.06	48	2.13	-6.96	129.43	2.03	6.71

STRICTLY PRIVATE AND CONFIDENTIAL

Company	AIC sector	Traded currency	Total assets (m)	Price (last close)	NAV	Discount/premium (%)	Gearing (%)	1yr	5yr	10yr	Ongoing charge ex perf fee	5yr dividend growth (%) p.a.
abrdn Equity Income Trust	UK Equity Income	GBX	183.6	329	334.81	-1.73	14	-1.34	-10.67	45.47	0.86	5.83

4. *any characteristics of vulnerability that retail customers in the target market display and the impact these characteristics have on the likelihood that retail customers may not receive fair value from its products.*

In considering the value assessment and how it applies to different groups of retail customer in their target market, we consider the following:

1. whether any retail customers who have characteristics of vulnerability may be less likely to receive fair value; and
 - CAM does not have permissions to market directly to retail clients and is therefore very unlikely to have sight of clients exhibiting vulnerability. CAM's approach to vulnerable clients is explained in the documents referred to at the top of this assessment of value. Since all clients are charged the same fees for investing in the trust, CAM considers there is no further action required on this client group, though notes it would expect distributors down the chain to consider outcomes for vulnerable clients. CAM will be asking for clarity from its distribution partners on this issue in due course.
2. whether the product provides fair value for each of the different groups of retail customer in the target market, including in circumstances where the pricing structure of the product involves different prices being charged to different groups of retail customers.
 - All groups of customers are charged the same management fee therefore all group of customers receive value as anticipated in this document.

In addition, the Firm has asked the following questions:

- *Are there elements of the pricing structure that could lead to foreseeable harm?*
The costs are disclosed in the Key Investment Documents, and therefore should not lead to foreseeable harm. As Chelverton Asset Management Ltd does not market to retail clients, it is not able to consider elements of vulnerability. For Target Market Analysis and CAM's response to the Consumer Duty in general, please refer to CAM Compliance.
- *Are there fees or charges or rates which appear unjustifiably or unreasonably high compared to the benefits of the product and other comparable products (either in the firm's product portfolio or comparable products supplied by other firms)?*

STRICTLY PRIVATE AND CONFIDENTIAL

Please see above. Costs are reviewed by the Board of the Investment Trust.

- *Should/have any changes in the benefits of the product been reflected in the price?*

Please see above. Costs are reviewed by the Board of the Investment Trust.

- *Should/have any material changes to assumptions that underpinned pricing (for example on costs of servicing) been reflected in changes to the price?*

Please see above. Costs are reviewed by the Board of the Investment Trust.

Note on Investment Performance

Ordinary Shares

Chelverton UK Dividend Trust PLC aims to provide ordinary shareholders with a high income and the opportunity for capital growth, having provided a capital return sufficient to repay the full final capital entitlement of the Zero Dividend Preference shares issued by the wholly owned subsidiary company SDV ZDP 2025 PLC. To achieve this the company invests in a diversified portfolio of UK listed equities, focussing on small and midcap equities. All portfolio holdings will have a prospective 12-month dividend yield of at least 4% at the time of investment.

Small and midcap equities typically outperform large cap equities over the long term due to the higher level of underlying growth in smaller companies, however they can be more volatile over shorter time horizons. The Zero Dividend Preference shares add an element of gearing to the Company, which may increase the volatility for ordinary shareholders. The Investment Trust structure allows the Company to build revenue reserves, from which future dividends can be paid. This gives the Company the ability to pay a more predictable dividend through periods of volatility. The nature of the investment universe typically means the Company has high exposure to the UK domestic economy.

What could affect returns positively?

Small and midcap equities typically outperform large cap equities in periods of rising markets. Chelverton UK Dividend Trust PLC typically has a high exposure to the UK domestic economy. As such the Company is likely to benefit from periods of stability in the UK economy, where smaller companies are able to deliver on their higher underlying growth prospects. The gearing provided by the Zero Dividend Preference shares should provide ordinary shareholders with increased returns during periods of positive performance. The premium/discount to NAV may also tighten during periods of positive performance depending on the market appetite for the shares. The Investment Trust structure allows the Company to pay a consistent level of dividends through the cycle, offering some protection to ordinary shareholders during periods of weak/negative economic growth or "risk-off" equity markets.

STRICTLY PRIVATE AND CONFIDENTIAL

What could affect returns negatively?

Small and midcap equities can be more volatile than large cap equities and often underperform in periods of falling markets. The gearing provided by the Zero Dividend Preference shares may increase the volatility, resulting in increased underperformance during periods of falling markets. In extremis the Zero Dividend Preference shares take priority over ordinary shares, with capital being returned to ordinary shareholders only once the preference shares have been repaid in full. During periods of falling markets it is possible that the ordinary shares could trade at a larger discount to NAV than average based on the demand level in the market at the time.

Preference Shares

SDV 2025 SDP PLC (SDVP) is a wholly owned subsidiary of Chelverton UK Dividend Trust PLC. SDVP was especially formed for the issuing of Zero Dividend Preference (ZDP) shares, the proceeds from which were lent to Chelverton UK Dividend Trust PLC. The loan is non-interest bearing and is repayable three business days before the ZDP share redemption date. The funds are to be managed in accordance with the investment policy of Chelverton UK Dividend Trust PLC. The objective of SDVP is to provide the final capital entitlement of the ZDP shares, of 133.18p per share, to the holders of the ZDP shares at the redemption date of 30 April 2025.

What could affect my return positively?

ZDP shares have a final capital entitlement of 133.18p per share at the redemption date of 30 April 2025. The performance of Chelverton UK Dividend Trust PLC in excess of ZDP's prior capital entitlement does not affect this final capital entitlement.

What could affect my return negatively?

The objective of Chelverton UK Dividend Trust PLC is to provide ordinary shareholders with a high income and the opportunity for capital growth, having provided a capital return sufficient to repay the full final capital entitlement of the Zero Dividend Preference shares issued by the wholly owned subsidiary company SDV ZDP 2025 PLC. In order for holders of ZDP shares to receive less than 133.18p, the capital performance of Chelverton UK Dividend Trust PLC would have to be sufficiently negative that at the redemption date there were not sufficient funds to repay the ZDP shares in full. The full final capital entitlement of the ZDP shares is currently £19,311,100 and the net assets of Chelverton UK Dividend Trust Plc would have to fall by 69.87% for it to be unable to meet this commitment.

Annual Report- Investment Managers Commentary

Please refer to the Annual Report for the Investment Managers commentary on current market conditions.

STRICTLY PRIVATE AND CONFIDENTIAL

Disclaimer

This Assessment of Value has been prepared by Chelverton Asset Management Limited (“Chelverton”), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority.

The information contained herein is confidential and is for information purposes only. It may not be reproduced, redistributed or passed on directly or indirectly, or published in whole or in part, to any other person for any purpose. No reliance may be placed on the information, representations or opinions contained in this presentation as they may change in the future.

This Assessment of Value is directed at persons who have been classified as Professional Clients or Eligible Counterparties only. It does not constitute or form any part of any offer, solicitation, recommendation or invitation to issue, acquire, sell or arrange any transaction in any securities to be issued by the companies mentioned herein nor shall it or any part of it form the basis of or act as an inducement to enter into any contract for any securities in the companies.

Past performance is not a reliable guide to future performance. The value of investments may go down as well as up and you may not get back the amount you originally invested.

Investors should note that changes in rates of exchange may have an adverse effect on the value, price or income of investments. Tax rates and reliefs may change and the value of tax reliefs depends on individual circumstances. The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

The shares of smaller companies may be less liquid and their performance more volatile over shorter time periods. Fund performance figures are net of the ongoing charges and portfolio transaction costs unless otherwise stated.

Chelverton Asset Management Ltd (“CAM”) does not take into account the EU criteria for environmentally sustainable economic activities as it does not distribute funds in Europe.