STRICTLY PRIVATE AND CONFIDENTIAL

Chelverton UK Dividend Trust – Fair Value Assessment 2026

1. Purpose of this Assessment

Chelverton Asset Management Limited ("CAM"), as the Manufacturer of Chelverton UK Dividend Trust plc (the "Company" or the "Trust"), is required to undertake an annual assessment of whether the costs and charges borne by investors represent fair value, having regard to relevant FCA requirements and guidance, including the Consumer Duty value outcome.

This Fair Value Assessment ("AoV") covers the period 1 May 2025 to 30 April 2026 and should be read together with:

- the Trust's Annual Report and Accounts; and
- the Trust's Key Information Documents, where applicable.

The AoV is a governance document and is not intended as a marketing communication.

2. Nature of the Product and Benefits Provided

2.1 Product Structure

The Trust is a closed-ended investment company listed on the London Stock Exchange and is an alternative investment fund for the purposes of the Alternative Investment Fund Managers Directive (AIFMD).

Ordinary shares in the Trust are bought and sold on the secondary market. Investors do not have a right of redemption at net asset value and may realise their investment only through market transactions, which may be at a premium or discount to NAV.

The Trust has no fixed maturity date.

2.2 Investment Objective and Policy

The investment objective of the Company is to provide shareholders with a high income and opportunity for capital growth. 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, on AIM or ASQE, 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. The Company may retain investments in companies which cease to be listed after the initial investment was made, so long as the total is non-material in the context of the overall portfolio; however, the Company may not increase its exposure to such investments. The target investors are institutions and individual retail investors

2.3 Expected Benefits to Investors

Key benefits expected to be delivered to investors include:

- a relatively high and sustainable level of income, paid quarterly;
- access to an actively managed portfolio of UK small and mid-cap equities;
- the ability, inherent in the investment trust structure, to smooth dividends through market cycles by use of revenue reserves; and
- independent board oversight of the Trust.

3. Target Market and Distribution

3.1 Target Market

The Trust's shares are admitted to trading on a regulated market and are therefore available to a wide range of investors through the secondary market. A full target market definition is made available to platforms via the European MiFID Template.

From CAM's perspective, the Trust is not actively marketed to retail investors. CAM's intended distribution strategy is focused on professional investors and intermediaries who are able to assess:

- the risks of closed-ended funds;
- the volatility of small and mid-cap equities; and
- the implications of purchasing shares at a premium or discount to NAV.

Individual retail investors may acquire shares through market transactions at their own initiative or via an adviser.

No complaints or poor outcomes have been received in the period by the Board or Investment Manager in the period.

4. Key Product Limitations and Risks

The Trust has a number of inherent limitations and risks, which investors must be able to understand and bear:

- Market trading dynamics: Shares may trade at a premium or discount to NAV, which can amplify gains or losses relative to NAV performance.

- Liquidity: Secondary market liquidity may be more limited than for larger investment trusts.

- Volatility: Investment in UK small and mid-cap equities can result in higher volatility compared with large-cap strategies.

- No redemption mechanism: Investors cannot exit at NAV and are dependent on market conditions when selling.

These characteristics are typical for investment trusts of this nature and are disclosed in the Trust's public documentation, as per the below:

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.

1	2	3	4	5	6	7

← Lower risk Higher risk →

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 5, 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.

Further details are available in the Company's annual report.

5. Costs and Charges

5.1 Summary of Charges

The Trust's ordinary shares bear all ongoing costs of the Company. The principal cost components include:

- investment management fees;
- administration and accounting fees;
- depositary and custody fees (where applicable);
- company secretarial, listing, audit and other professional fees; and
- other operational expenses of the Trust.

The Trust does not levy a performance fee.

The latest published ongoing charges figure is high relative to the UK Equity Income investment trust peer group. This is largely attributable to:

- the relatively small size of the Trust; and
- the fixed-cost nature of certain trust expenses.

5.2 Board Review and Cost Challenge

During the AoV period, the Board has reviewed the Trust's cost base and service arrangements. The ongoing charges (including investment management fees and other expenses but excluding exceptional items) for the year ended 30 April 2026 were 2.25% (2025: 2.79%). The decrease in the annualised ongoing charges is primarily due to a decrease in the Company's gross assets which subsequently reduced the ongoing investment management fee. Details are available in the annual report.

As a public limited company, the Board of the Trust is responsible for the costs of the company, which are fully disclosed in the annual report. Compared to other trusts in the market costs were high.

This is in part due to the small size of the Trust and the fact that it outsources many key cost items and does not benefit from economies of scale.

As is always noted in respect of investment trusts and cost disclosures, investment trusts operate as listed public companies rather than direct funds. Consequently, they do not bill investors directly; rather, their corporate expenses (like management fees and administrative costs) are already factored into the Net Asset Value (NAV) and reflected in the share price.

Nonetheless, the Board will continue to challenge costs and review service provider fees.

Nonetheless, costs (and performance) are fully disclosed by the AIC here:
https://www.theaic.co.uk/aic/find-compare-investment-companies?sec=UGI&sortid=Name&desc=false

									Share price total return (%)				
	AIC sector	Traded currency	Total assets (m)	Market cap (m)	Price (last close)	NAV	Discount/ premium (%)	Gearing (%)	1yr	5yr	10yr	Ongoing charge	Dividend yield (%)
UK Equity Income	-	-	-	-	-	-	-2.17	6	17.28	53.86	129.77	0.53	3.86
Aberdeen Equity Income Trust	UK Equity Income	GBX	384.71	350.7	442	439.61	0.54	10	29.67	67.34	99.16	0.84	5.23
BlackRock Income & Growth	UK Equity Income	GBX	53.98	40.91	220	257.87	-14.69	3	11.1	42.67	80.11	1.15	3.45
Chelverton UK Dividend Trust	UK Equity Income	GBX	33.54	31.26	139.25	149.38	-6.78	0	4.96	-12.75	43.5	2.25	7.18
City of London Investment Trust	UK Equity Income	GBX	3,077.33	2,966.82	576	566.52	1.67	5	21.62	83.25	136.62	0.36	3.84
CT UK Capital and Income	UK Equity Income	GBX	373.68	328.38	351	367.36	-4.45	6	7.41	28.34	92.82	0.66	3.7
CT UK High Income Trust	UK Equity Income	GBX	159.03	99.05	109	114.18	-4.54	12	14.35	60.78	127.84	1.03	5.47
CT UK High Income Trust (B share)	UK Equity Income	GBX	159.03	32.27	105	114.75	-8.49	12	9.38	42.4	105.53	1.03	5.68
Dunedin Income Growth	UK Equity Income	GBX	431.69	359.15	305	330.35	-7.67	9	5.81	21.75	109.47	0.57	6.26
Edinburgh Investment Trust	UK Equity Income	GBX	1,191.36	1,032.57	815	888.13	-8.23	4	4.31	60.49	81.14	0.52	3.93
Finsbury Growth & Income Trust	UK Equity Income	GBX	877.57	774.09	758	814.73	-6.96	4	-15.7	-6.41	50.3	0.62	2.66
JPMorgan Claverhouse	UK Equity Income	GBX	576.88	516.9	950	968.19	-1.88	4	24.55	59.46	157.65	0.62	3.81
Law Debenture Corporation	UK Equity Income	GBX	1,763.39	1,641.44	1,226.00	1,195.58	2.54	7	26.25	94.47	270.6	0.56	2.9
Lowland Investment Company	UK Equity Income	GBX	470.24	379.7	173	192.01	-9.9	10	22.43	63.93	121.87	0.71	3.83

Merchants Trust	UK Equity Income	GBX	1,103.47	955.18	647	678.6	-4.66	8	17.37	59.44	164.63	0.54	4.56
Murray Income Trust	UK Equity Income	GBX	1,089.78	929.4	996	1,062.88	-6.29	8	19.17	38.47	121.46	0.48	4.02
Schroder Income Growth Fund	UK Equity Income	GBX	276.46	235.8	359	381.27	-5.84	8	21.46	47.43	130.35	0.78	4.09
Temple Bar Investment Trust	UK Equity Income	GBX	1,249.83	1,197.56	394	390.86	0.8	4	27.1	122.03	181.76	0.59	3.96

6. Performance and Investor Outcomes

6.1 Investment Performance

Please see performance figures above. Performance that should be considered in the context of a difficult and volatile market environment for UK small and mid-cap equities. The comparison above is imperfect because of differences market-cap exposure due to the different mandates. The Company is the only UK small and mid cap focussed investment trust in the sector.

Please see Investment Managers commentary in the Report and Accounts for details.

In terms of the Portfolio review, the manager has stated in the 2026 Report and Accounts:

"As highlighted above, the year to April 2026 has been a volatile one, with markets oscillating between "risk-on" and "risk-off" mode in response to domestic and world events. The year started with a rebound from the lows of April 2025 when markets had struggled to assess the impact of President Trump's sweeping tariff announcements. This rally was tempered by concerns over the UK economy in the run up to the delayed autumn Budget before recovering again towards the end of the period as investors started to gain confidence in the path of interest rate cuts. As noted above, the interest rate narrative was turned on its head by events in the Middle East in February 2026, resulting in a corresponding market sell-off. The net effect of these fluctuations was an increase in Company NAV of 8.39% to 144.20p. When combined with dividends paid in the year, this results in a total return of 16.47%. It should be noted that this performance includes the aforementioned rebound post the market dip in April 2025 which impacted the Company's NAV at the prior year end."

In terms of the Outlook, the manager has stated in the 2026 Report and Accounts:

"Current events, both on a macro level in the Middle East and Ukraine and on a domestic level with the current political wranglings of the Labour party have, unsurprisingly, resulted in an increased level of nervousness across businesses, consumers and investors. UK business confidence has hit new lows and now sits beneath the level seen at the height of the pandemic. Interestingly however, when business owners are asked about the prospects for their own business, as opposed the economy as a whole, the responses are far more optimistic. This correlates with what we hear from our investee companies on a day-to-day basis. In the main, balance sheets are strong, as evidenced by a continuing high level of share buy-backs alongside consistent dividend payments and nimble management teams are positioning businesses to win market share while utilising new technologies to optimise cost bases. This provides a strong base for our companies to grow from as and when confidence starts to improve and the interest rate trajectory returns to the downward path it had been on prior to the closure of the Straits of Hormuz. UK small and midcap equities continue to be significantly undervalued versus historical averages, offering significant rebound potential in due course. In the meantime, we continue to have confidence in the quality of the underlying companies in our portfolio, the sustainability of dividend payments and the ability of the respective management teams to optimise business models and adapt to current market conditions."

6.2 Income Delivery

The Trust continues to provide a high income yield relative to many peers and has maintained regular quarterly dividend payments. Revenue reserves provide the Board with flexibility to support dividend stability through market cycles.

Once again, this is the highest of any of the Investment Trust within the AIC comparators. The Board has announced its intention to pay a stable income over the next two years. Whilst this is subject to change, it is the opinion of this AoV that income focused investors may reasonably derive value from the indication of a future dividend. Whilst this is subject to change in extremis, the Board's indication of income delivery remains a central element of the Trust's value proposition and a key factor in the overall fair value assessment.

7. Price and Value for Money Assessment

In assessing whether investors receive fair value, both Board of Directors of CAM and the Board of the Company have considered:

- the nature of the product and benefits provided;
- the level of income delivered;
- the Trust's performance record;
- the level of ongoing charges relative to peers; and
- the governance and oversight exercised by the Board.

Although the Trust's ongoing charges are high relative to the sector, the Board of the Company considers that, subject to ongoing active cost management and continued focus on income delivery, the Trust continues to offer fair value to its shareholders.

The manager continues to manage to mandate, which is clearly stated and has a portfolio positioned to benefit should the UK small and mid cap sector benefit from a period of outperformance in the future. Any investor should consider the risks inherent in investing in UK small and mid cap stocks, which are restated in the annual report.

8. Overall Conclusion

On balance, the Board of CAM considers that the Trust continues to provide fair value for its intended investor base, particularly income-focused investors able to understand and bear the risks of a closed-ended UK small and mid-cap equity strategy.

This conclusion is supported by the Trust's income delivery, clear mandate, independent Board oversight and improved ongoing charges during the period. However, the conclusion is subject to continued monitoring, particularly in relation to the Trust's relatively high ongoing charges, small scale, secondary market liquidity, discount volatility and longer term relative performance.

This fair value assessment will be kept under review and refreshed annually.