

2020

Assessment of Value Report

FOR THE PERIOD 1 JANUARY 2019 – 31 DECEMBER 2019
DMS INVESTMENT MANAGEMENT SERVICES (UK) LIMITED
DMS VERBATIM FUNDS

Introduction

The FCA introduced new measures, as part of the FCA Asset Management Market Study, in April 2018 that set out the foundations for a comprehensive reporting process that aims to deliver effective competition in the market which includes lower prices for investors, better quality service and greater innovation.

The FCA require authorised fund managers (AFMs) to:

- assess the value for money of each fund,
- take corrective action if it does not offer good value for money, and
- explain the assessment annually in a public report.

In our role as the AFM, this policy aligns well to our independent function to provide quality service and look to the best interest of the investor at all times. This reporting process provides an opportunity to investors to best evaluate whether the fund is providing them with value for money and to make more informed decisions when choosing investment providers. This report equips investors with information that can be used as a valuable tool when making decisions and asking questions on how their investment is managed.

Each fund has been assessed in accordance with the seven assessment criteria set by the FCA:

- (i) Quality of Service
- (ii) Performance
- (iii) AFM Costs – General
- (iv) Economies of Scale
- (v) Comparable Market Rate
- (vi) Comparable Services
- (vii) Classes of Units

The Performance of each fund has been evaluated over a five year period as the Board of DMS Investment Management Services (UK) Limited (“DMS IMS UK” / “the ACD”) has determined that this period provides sufficient timescale and track record to best illustrate the performance of each fund. Any fund with a shorter timescale will be assessed on a “from inception” to present basis.

If the fund has a declared benchmark, the fund will be assessed relative to that benchmark.

In conclusion, the Board are overall satisfied that the majority of the funds overseen by the ACD represent value for money for investors where economies of scale, service, performance, costs and assets under management are assessed. Those funds that should be reviewed have been noted in this report.

The Board of Directors,

DMS Investment Management Services (UK) Limited

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DMS VERBATIM FUNDS

COSTS AND PERFORMANCE SUMMARY

| Fund | Launch Date | AMC | OCF* | OCF Peer group median | Total annualised return fund 5 yrs | Benchmark Total annualised return fund 5 yrs |
|--------------------------------------|-------------|-------|-------|-----------------------|------------------------------------|--|
| DMS Verbatim Portfolio 3 Fund | 16/02/2010 | 0.65% | 1.34% | 1.02% | 4.69% | N/A |
| DMS Verbatim Portfolio 4 Fund | 16/02/2010 | 0.65% | 1.39% | 1.19% | 5.59% | N/A |
| DMS Verbatim Portfolio 5 Growth Fund | 16/02/2010 | 0.65% | 1.46% | 1.19% | 6.44% | N/A |
| DMS Verbatim Portfolio 5 Income Fund | 16/02/2010 | 0.65% | 1.17% | 1.19% | 5.92% | N/A |
| DMS Verbatim Portfolio 6 Fund | 16/02/2010 | 0.65% | 1.49% | 1.17% | 6.48% | N/A |
| DMS Verbatim Portfolio 7 Fund | 16/02/2010 | 0.65% | 1.53% | 1.26% | 7.45% | N/A |

*As at 31 December 2019

QUALITY OF SERVICE

The funds of the DMS VERBATIM FUNDS are managed in accordance with the criteria prescribed by the FCA and COLL rules. The ACD completes monthly reviews of the investment manager and annual onsite reviews to maintain quality of service to the investor.

The ACD can provide access to global scale, resources and experience. The investors in the funds overseen by our UK business benefit from a world-class global infrastructure, well-resourced teams and a legacy of experience, at a price that represents significant value.

All investors are able to contact the ACD to the fund via telephone or post to query their investment.

Investors can obtain regular reporting via a request through the ACD. Such reporting sets out details of their investment including performance. In addition, investors are furnished with annual financial reports which details all costs borne by the funds.

PERFORMANCE

DMS Verbatim Portfolio 3 Fund

Objective:

The Fund will use a broadly defensive investment strategy with the aim of achieving capital growth over the medium to longer term.

Assessment:

Performance is measured over a range of timeframes, however in line with the Fund's Key Investor Information Document, to properly assess the value and track record, we feel it is better assessed over a 5-year period. Aligning with this approach, the assessment has been based on the 5-year performance track record to the end of the reporting period. As at 31 December 2019, the funds'

annualised total return has been 4.69%. For the avoidance of doubt, the fund does not have a target or comparator benchmark.

Source: Morningstar, performance data correct as at 31 December 2019.

DMS Verbatim Portfolio 4 Fund

Objective:

The Fund will use a broadly cautious managed investment strategy with the aim of achieving capital growth over the medium to longer term.

Assessment:

Performance is measured over a range of timeframes, however in line with the Fund's Key Investor Information Document, to properly assess the value and track record, we feel it is better assessed over a 5-year period. Aligning with this approach, the assessment has been based on the 5-year performance track record to the end of the reporting period. As at 31 December 2019, the funds' annualised total return has been 5.59%. For the avoidance of doubt, the fund does not have a target or comparator benchmark.

Source: Morningstar, performance data correct as at 31 December 2019.

DMS Verbatim Portfolio 5 Growth Fund

Objective:

The Fund will use a broadly cautious balanced strategy with the aim of achieving capital growth over the medium to longer term.

Assessment:

Performance is measured over a range of timeframes, however in line with the Fund's Key Investor Information Document, to properly assess the value and track record, we feel it is better assessed over a 5-year period. Aligning with this approach, the assessment has been based on the 5-year performance track record to the end of the reporting period. As at 31 December 2019, the funds' annualised total return has been 6.44%. For the avoidance of doubt, the fund does not have a target or comparator benchmark.

Source: Morningstar, performance data correct as at 31 December 2019.

DMS Verbatim Portfolio 5 Income Fund

Objective:

The Fund will use a broadly cautious balanced investment strategy with the aim of achieving income with some potential for capital growth over the medium to longer term.

Assessment:

Performance is measured over a range of timeframes, however in line with the Fund's Key Investor Information Document, to properly assess the value and track record, we feel it is better assessed over a 5-year period. Aligning with this approach, the assessment has been based on the 5-year performance track record to the end of the reporting period. As at 31 December 2019, the funds' annualised total return has been 5.92%. For the avoidance of doubt, the fund does not have a target or comparator benchmark.

Source: Morningstar, performance data correct as at 31 December 2019.

DMS Verbatim Portfolio 6 Fund

Objective:

The Fund will use a broadly balanced investment strategy with the aim of achieving capital growth over the medium to longer term.

Assessment:

Performance is measured over a range of timeframes, however in line with the Fund’s Key Investor Information Document, to properly assess the value and track record, we feel it is better assessed over a 5-year period. Aligning with this approach, the assessment has been based on the 5-year performance track record to the end of the reporting period. As at 31 December 2019, the funds’ annualised total return has been 6.48%. For the avoidance of doubt, the fund does not have a target or comparator benchmark.

Source: Morningstar, performance data correct as at 31 December 2019.

DMS Verbatim Portfolio 7 Fund

Objective:

The Fund will use a broadly growth investment strategy with the aim of achieving capital growth over the medium to longer term.

Assessment:

Performance is measured over a range of timeframes, however in line with the Fund’s Key Investor Information Document, to properly assess the value and track record, we feel it is better assessed over a 5-year period. Aligning with this approach, the assessment has been based on the 5-year performance track record to the end of the reporting period. As at 31 December 2019, the funds’ annualised total return has been 7.45%. For the avoidance of doubt, the fund does not have a target or comparator benchmark.

Source: Morningstar, performance data correct as at 31 December 2019.

AFM COSTS – GENERAL

There are several different costs which are charged to funds. These include:

- Annual management charge: this is the cost you pay to manage your investment. It is a variable cost and usually calculated as a percentage of the AUM. From this the ACD fee (which is a fixed fee and will not change as performance improves/deteriorates) is taken with the remainder utilised to pay the investment manager and other costs as agreed.
- Other costs: the operational costs of running the fund and maintaining its investments
- Performance fees: A payment made to an investment manager for generating positive returns.

Below the costs for each representative fund is set out:

| Fund | AMC | OCF | Performance Fee |
|--------------------------------------|-------|-------|-----------------|
| DMS Verbatim Portfolio 3 Fund | 0.65% | 1.34% | 0% |
| DMS Verbatim Portfolio 4 Fund | 0.65% | 1.39% | 0% |
| DMS Verbatim Portfolio 5 Growth Fund | 0.65% | 1.46% | 0% |
| DMS Verbatim Portfolio 5 Income Fund | 0.65% | 1.17% | 0% |

| | | | |
|-------------------------------|-------|-------|----|
| DMS Verbatim Portfolio 6 Fund | 0.65% | 1.49% | 0% |
| DMS Verbatim Portfolio 7 Fund | 0.65% | 1.53% | 0% |

The funds listed above do not have entry or exit charges levied.

ECONOMIES OF SCALE

During the initial period of an investment fund's life costs are typically higher owing to a low AUM. However, the benefit of investment funds is that they can spread fixed costs, such as the charges for safekeeping of assets and audit fees across all investors in a fund. Therefore, as an investment fund's assets under management ("AUM") grows considerably, the relative cost to operate the fund should reduce.

COMPARABLE MARKET RATE

DMS Verbatim Portfolio 3 Fund

The fees paid by an investor should be reasonable in comparison to the cost of the service they or their fund is receiving. However, we believe costs should not be considered in isolation. They should be considered alongside the fund's performance and assets held within the portfolio. We have compared the latest available 2019 OCF of the fund against the Morningstar median OCF of the appropriate peer group.

Fund OCF 1.34%

EEA OE GBP moderately cautious allocation 1.02%.

DMS Verbatim Portfolio 4 Fund

The fees paid by an investor should be reasonable in comparison to the cost of the service they or their fund is receiving. However, we believe costs should not be considered in isolation. They should be considered alongside the fund's performance and assets held within the portfolio. We have compared the latest available 2019 OCF of the fund against the Morningstar median OCF of the appropriate peer group.

Fund OCF 1.39%

EEA OE GBP moderate allocation 1.19%.

DMS Verbatim Portfolio 5 Growth Fund

The fees paid by an investor should be reasonable in comparison to the cost of the service they or their fund is receiving. However, we believe costs should not be considered in isolation. They should be considered alongside the fund's performance and assets held within the portfolio. We have compared the latest available 2019 OCF of the fund against the Morningstar median OCF of the appropriate peer group.

Fund OCF 1.46%

EEA OE GBP moderate allocation 1.19%.

DMS Verbatim Portfolio 5 Income Fund

The fees paid by an investor should be reasonable in comparison to the cost of the service they or their fund is receiving. However, we believe costs should not be considered in isolation. They should be considered alongside the fund's performance and assets held within the portfolio. We have

compared the latest available 2019 OCF of the fund against the Morningstar median OCF of the appropriate peer group.

Fund OCF 1.17%

EEA OE GBP moderate allocation 1.19%.

DMS Verbatim Portfolio 6 Fund

The fees paid by an investor should be reasonable in comparison to the cost of the service they or their fund is receiving. However, we believe costs should not be considered in isolation. They should be considered alongside the fund's performance and assets held within the portfolio. We have compared the latest available 2019 OCF of the fund against the Morningstar median OCF of the appropriate peer group.

Fund OCF 1.49%

EEA OE GBP moderate allocation 1.17%.

DMS Verbatim Portfolio 7 Fund

The fees paid by an investor should be reasonable in comparison to the cost of the service they or their fund is receiving. However, we believe costs should not be considered in isolation. They should be considered alongside the fund's performance and assets held within the portfolio. We have compared the latest available 2019 OCF of the fund against the Morningstar median OCF of the appropriate peer group.

Fund OCF 1.53%

EEA OE GBP moderate allocation 1.26%.

COMPARABLE SERVICES

The ACD manages other funds which receive comparable services at comparable costs.

CLASSES OF UNITS

Investment funds can offer different share classes. Share classes usually have different investment minimums (the minimum amount you need to invest) and different costs (how much you pay annually for your investment).

The Board concluded that the above information is transparent to each investor per the Prospectus and that each investor would have determined the most suitable share class in which to invest.

CONCLUSION

The Board concluded the DMS VERBATIM FUNDS offers overall value for investment.

The Board will continue to monitor each of the funds within the DMS VERBATIM FUNDS umbrella to oversee performance and challenge costs. To date while the funds are performing well, it is noted that the OCF is marginally higher than some of their peers which the ACD will continue to monitor. Where AUM growth has been slow, the ACD will engage with the Sponsor to assess the plans for the funds.