

# Risk Managed Funds Due Diligence Report

## DUE DILIGENCE QUESTIONNAIRE

<b>Firm Name:</b>	Altium Investment Management
<b>Firm Address:</b>	Number 20, Ryefield Business Park, Belton Road, Silsden, BD20 0EE
<b>Contact at Firm:</b>	Ronan Kearney
<b>Date Completed:</b>	09/08/19
<b>Completed by:</b>	Ronan Kearney
<b>Website and password if any:</b>	<a href="http://www.verbatimassetmanagement.co.uk">www.verbatimassetmanagement.co.uk</a>
<b>Name of Fund Range:</b>	DMS Verbatim Multi-Index Funds
<b>Fund Manager:</b>	Ronan Kearney
<b>Date Fund Manager Appointed:</b>	August 2019

The following is to be read in conjunction with the fund factsheets.

## 1.0 Objectives and Overview

### 1.1 OBJECTIVES

#### 1.1.1 What are the objectives mandated to the Fund Manager?

The funds will have their assets invested in accordance to the investment objectives and the policies that the individual fund managers have set.

Their objective is to manage the inflow to maintain the asset allocation of the risk profile's mandate tolerances (tactical tolerances).

There is no certainty that the investment objective of any Fund will actually be achieved and no warranty or representation is given to this effect. Past performance is no guide to the future. Through passive management of the fund, the investment objective is more likely to be met.

The individual fund objectives can be found on the fund factsheet and in the Simplified Prospectus.

#### 1.1.2 What are the fund's objectives within a volatile market?

The objective in a rising and falling market is to remain within the volatility banding for each risk profile, which is monitored on an ongoing basis.

The fund managers actively re-balance the funds on a regular basis to keep the asset allocation within defined parameters and avoid investment drift. They will also operate within specific risk and volatility targets to ensure the funds are run in line with the client's propensity to risk, as assigned by the independent risk profiling process.

#### 1.1.3 How is the asset allocation modelled and what variances are allowed?

The DMS Verbatim Multi-Index Funds are risk mapped against a proprietary asset allocation model, designed to match Simply Biz Investment Service's risk profiles 3 to 6. They have a tactical tolerance of  $-/+3%$  absolute and  $-/+15%$  tactical.

#### 1.1.4 What is the fund's philosophy in relation to Active/Passive management?

For the DMS Verbatim Multi-Index Funds, any appropriate instrument is used in the defined asset classes as set out by the individual funds managers.

#### 1.1.5 What is the fund's philosophy in relation to Strategic/Tactical asset allocation?

The Verbatim funds are benchmarked to a proprietary strategic asset allocation. This strategic asset allocation is reviewed regularly and updated on an annual basis.

The funds have been specifically designed to exactly meet the outputs of both the Centra risk profiler and asset allocation tools. The process is scientific, and the funds are reliable, accurate and compliant.

### 1.1.6 Does the fund invest in Unregulated Collective Investment Vehicles?

As defined in the mandates of the Fund appropriate to the asset allocation sectors, the fund may invest, in total, no more than 20% of the Scheme Property, in unregulated collective investment schemes which are generally considered to be a higher risk than investment in regulated schemes.

The funds may also invest in unregulated collective investment schemes which are valued less frequently than the investing Fund. As a result, there is a risk that any market movements will not be reflected in the daily price of the Fund and that investors may miss out on unrealised profits from underlying investments.

### 1.1.7 Fettered/Unfettered philosophy

The DMS Verbatim Multi-Index Funds are funds of funds which use an unfettered philosophy. This enables the fund managers to invest in external funds. They are unconstrained.

### 1.1.8 Fund selection process

The fund selection process is decided by the investment managers assigned to the fund. The current investment manager is Altium Investment Management Ltd.

### 1.1.9 Approach to new fund launches/markets/sectors

The approach to new fund launches, markets and sectors are decided by the investment managers.

### 1.1.10 Accessibility to fund (products and platforms)

The DMS Verbatim Multi-Index Funds are accessible on the majority of the UK platforms and providers. These include; AEGON, Alliance Trust, Ascentric, Aviva, AXA, Canada Life, Cofunds, Funds Network, Novia, Nucleus, Old Mutual, Standard Life, Suffolk Life, Transact, Verbatim Product Centre and Zurich. We check the availability directly with the product providers as part of our research process.

### 1.1.11 Centra risk score (as at specified date) – can this rating fluctuate?

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### 1.1.12 Defaqto risk score (as at specified date) – can this rating fluctuate?

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### 1.1.12 Distribution Technology's Dynamic Planner risk score (as at specified date) – can this rating fluctuate?

Centra / Defaqto will review the risk score rating of the funds on an adhoc basis and change it when required in accordance with performance in the market and the market volatility expectations.

## 2.0 Corporate Governance

### 2.1 CORPORATE GOVERNANCE STRUCTURE AND POLICIES

#### 2.1.1 Please describe your corporate structure including parent companies and subsidiaries

Verbatim Asset Management is a trading name of Verbatim Portfolio Management Limited and is part of the SimplyBiz Group plc.

Head Office: The John Smith's Stadium, Stadium Way, Huddersfield, West Yorkshire, HD1 6PG

Registered Office: The John Smith's Stadium, Stadium Way, Huddersfield, West Yorkshire, HD1 6PG

Company Registration Number: 07037051

#### 2.1.2 What is the country(s) of incorporation and operation?

The United Kingdom.

### 2.2 CORPORATE STATUS AND ACTIVITIES

#### 2.2.1 Please briefly describe your corporate status

Limited Company.

#### 2.2.2 Are you planning any material changes to your business, products or services?

No.

### 2.3 CORPORATE RELATIONSHIPS WITH REGULATORY BODIES

#### 2.3.1 What authorities regulate your activity?

Verbatim Asset Management is regulated in the UK by the Financial Conduct Authority (FCA).

#### 2.3.2 What are your authorised and regulated activities?

We have the permission to provide regulated products and services to the financial services industry.

#### 2.3.3 Has your company or any of your employees ever been censured by a regulatory body? If so, what for?

No.

## 3.0 Organisation

### 3.1 ORGANISATIONAL AND REPORTING STRUCTURE

#### 3.1.1 Please provide details of your issue escalation process

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#### 3.1.2 To what level do issues get escalated and how quickly?

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### 3.2 HR

#### 3.2.1 Are there any issues concerning Key Personnel, which would material effect your relationship with our firm?

N/A

## 4.0 Technology

### 4.1 SYSTEM FUNCTIONALITY

#### 4.1.1 Please outline core systems and technology and the functions that support your business

An on-premise virtualised infrastructure is in place, supported by an in-house IT Department.

### 4.2 SUPPORT AND STABILITY

#### 4.2.1 How often are your systems subject to an independent audit?

An annual independent server & network health is carried out, as well as external pen-testing as part of Cyber Essentials Plus accreditation.

#### 4.2.2 Have you experienced any IT failures in excess of 6 hours over the previous 6 months, 1-year, 3 years? If yes, can you provide details? How long was it before normal BAU functionality was restored?

No significant outages have been experienced.

## 4.3 SYSTEM SECURITY

### 4.3.1 What security measures are in place to protect the integrity of your systems and stored data?

Multi-layer security is in place, alongside backups & data replication.

### 4.3.2 How do you comply with the GDPR/Data Protection Act?

Policies & procedures are in place. Technical controls are also applied where necessary.

### 4.3.3 How do you ensure personnel do not use data for inappropriate purposes?

DLP processes are in place to restrict data extraction.

### 4.3.4 What measures are in place to prevent unauthorised access to your system?

Access is only granted as/when required. Without proper credentials, the multi-layer security acts as defence against unauthorised access.

## 5.0 Business Continuity Plan (BCP) / Data Restore (DR)

### 5.1 BCP/DR ARRANGEMENTS AND POLICY

#### 5.1.1 What is your data back-up process and when was a full data restore tested?

Daily backups are taken alongside full server replication.

#### 5.1.2 Do you have a defined BCP/DR policy?

Due to a shift in IT strategy, the BCP is being redrafted to reflect this change.

#### 5.1.3 Have you had to invoke DR over the previous 6 months, 1-year, 3 years? If yes, what was the recovery time?

No.

#### 5.1.4 What contingency arrangements are in place to alleviate the risk of key-person dependency?

3rd Party providers are in place.

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## 5.2 ALTERNATE SITE

### 5.2.1 Do you have a dedicated, alternate site from which to continue your business activities?

The infrastructure is such that operations can be undertaken from any of the geographical locations where The SimplyBiz Group plc has a presence.

### 5.2.2 Are there any time restrictions over how long DR facilities would be available, once invoked?

No.

### 5.2.3 What percentage of your activities can be realistically maintained from the site and for how long?

All core services can be fully maintained from any of the geographical locations.

## 6.0 Legal Requirements

### 6.0.1 Please provide details of any ongoing or threatened litigation, arbitration, mediation or similar proceedings or disputes against the Company or employees

N/A