

Income Fund Due Diligence Report

DUE DILIGENCE QUESTIONNAIRE

Firm Name:	Sarasin & Partners LLP
Firm Address:	Juxon House, 100 St. Paul's Churchyard, London EC4M 8BU
Contact at Firm:	Caroline Bond
Date Completed:	15/05/19
Completed by:	Caroline Bond
Website and password if any:	www.verbatimassetmanagement.co.uk
Name of Fund Range:	DMS Verbatim Portfolio 5 Income Fund
Fund Manager:	David Palmer and John Godley of Sarasin
Date Fund Manager Appointed:	June 2014

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

The fund endeavours to produce an income yield of 3.75%

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

The fund has no specific objectives during a volatile market. We believe that the income discipline and our focus on corporate governance and capital preservation are likely to lead to an outcome which compares relatively well with the benchmark and peer-group under stressed market conditions but there can be no guarantee of this.

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

The Benchmark of the fund is 40% IBOXX Sterling Corporate Index; 30% MSCI AC World (Local Currency) (GBP); 30% MSCI All Countries World Daily (Net Total Return). Variances from these core positions will be +/- 10%

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

Our Global investment philosophy has been in place for over 20 years and is founded on four pillars: an active, thematic, global approach, with integrated stewardship. We build portfolios that are unconstrained by the benchmark (subject to client mandates) and measured against our clients' long-term return objectives.

In terms of instrument selection, we can include passive investments at our discretion (for example, to express a tactical weighting to a particular Asset Class) but in general seek to add value through individual security selection without reference to the benchmark.

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

The strategic Asset Allocation is the benchmark, which we have agreed with the ACD and Fund Sponsor. We have the ability to vary from this by +/- 10% to express our tactical views. We are also able to invest in Asset Classes not specified in the benchmarks if we feel they will help us to achieve the funds broader objectives.

1.1.6 Does the fund invest in Unregulated Collective Investment Vehicles?

No

1.1.7 Fettered/Unfettered philosophy

The fund has segregated individual securities and will contain both fettered and unfettered funds as appropriate.

1.1.8 Fund selection process

Our Fund selection process is a mixture of Qualitative and Quantitative research which I have attempted to summarise as below:

Quantitative Screening: Focus on fund metrics (e.g. 1, 3 & 5 years performance, discrete calendar year performance, downside protection, risk-adjusted performance) Weighted score produces the top 20% of funds over a given time period. "Style" Analysis.

Qualitative Research: Standardised questionnaire to remove cognitive bias, fundamental research on the team, investment process, stewardship, governance, holdings and attribution. Focused and structured initial meeting to assess their investment process in action

Following this detailed work a proposal is brought forward to the Third Party Fund Selection Committee for consideration and approval. There is then a constant repetition of the above steps to monitor the fund.

1.1.9 Approach to new fund launches/markets/sectors

We are happy to look at new fund launches/IPOs. However, we would typically seek a track record from the Investment Manager in an economically equivalent strategy (for example, a segregated mandate) in order to assess the efficacy of their process.

1.1.10 Accessibility to fund (products and platforms)

Not for Sarasin & Partners LLP

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

Risk Rating 5

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

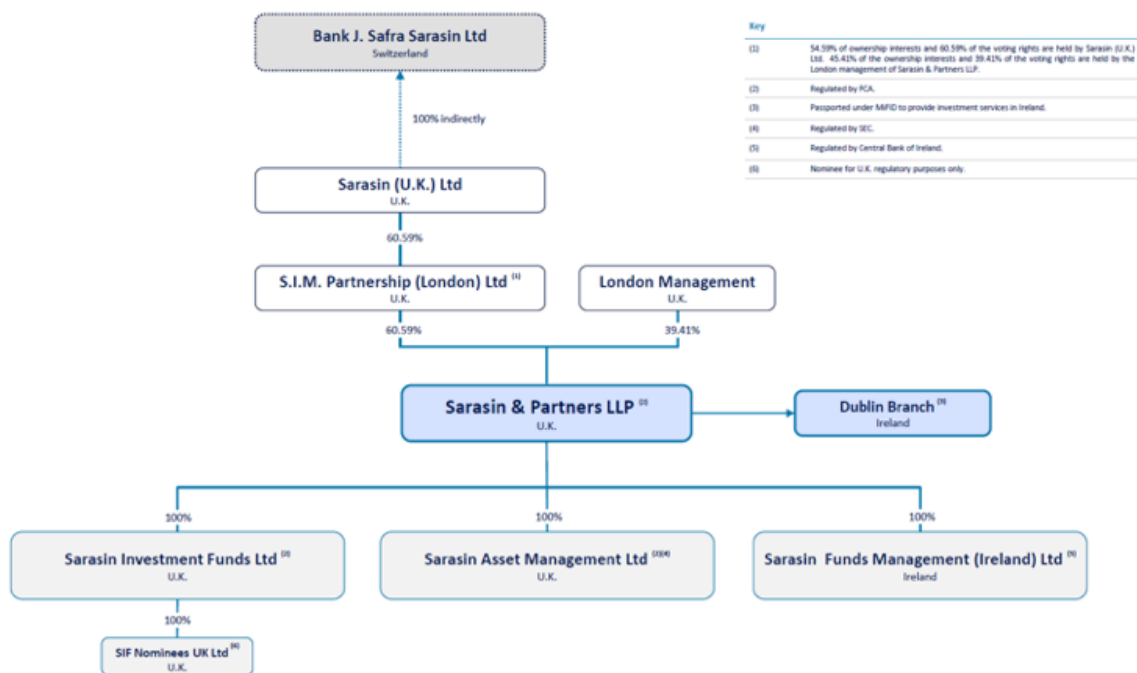
Risk Rating 5

2.0 Corporate Governance

2.1 CORPORATE GOVERNANCE STRUCTURE AND POLICIES

2.1.1 Please describe your corporate structure including parent companies and subsidiaries

Sarasin & Partners local management own 45% of the economic interest of the Partnership with the remainder being owned indirectly by Bank J. Safra Sarasin. S&P is operationally independent from Bank J. Safra Sarasin.



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

Response: The registrar of companies for England and Wales incorporated Sarasin & Partners LLP on 17th July 2007. We are a specialist asset management firm that manages £13.3 billion (as at 03.04.2019) on behalf of institutions, charities, intermediaries, pension funds and private clients, from the UK and around the world.

2.2 CORPORATE STATUS AND ACTIVITIES

2.2.1 Please briefly describe your corporate status

Sarasin & Partners is a limited liability partnership with 29 partners.

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

The ownership and organisational structure of Sarasin & Partners (S&P) has been stable and to our knowledge there are no material changes planned in the foreseeable future.

2.3 CORPORATE RELATIONSHIPS WITH REGULATORY BODIES

2.3.1 What authorities regulate your activity?

We are authorised and regulated by the Financial Conduct Authority, number 475111.

2.3.2 What are your authorised and regulated activities?

Sarasin & Partners is a specialist asset management firm. We refer you to the Financial Conduct Authority's register which is published on the regulator's website for detailed permissions.
https://register.fca.org.uk/ShPo_FirmDetailsPage?id=001b000000Mg08BAAR

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

Neither our company or any employees have been censured by the FCA. We refer you to the Financial Conduct Authority's website. Any action against the firm or our employees would be published in its register, which is publically available at the following link: https://register.fca.org.uk/ShPo_FirmDetailsPage?id=001b000000Mg08BAAR

3.0 Organisation

3.1 ORGANISATIONAL AND REPORTING STRUCTURE

3.1.1 Please provide details of your issue escalation process

Any errors or mistakes are reported up through line management. Incidents are any action that contravenes the internal procedures of the firm, or other administrative error (which include dealing settlement, payment errors and similar) are reported in accordance

with our Operational Risk reporting procedure, whether or not there is a loss incurred. If there is a regulatory breach or significant error a detailed investigation will be required and therefore a full breach or incident report is completed.

All breaches and incidents are logged on a central register and are used internally to monitor areas of risk and weakness. As a result systems and procedures can be enhanced and training needs identified.

Partners and the Risk Committee are provided with a monthly Compliance Report, which includes a summary of the regulatory changes that will impact the firm and on implementation projects, update on regulatory training, details of any contact with the regulators, summary of breaches / incidents and complaints. Details of breaches form part of the reporting package for the monthly Compliance Committee Meetings and summaries and trends analysis at main Board Meetings.

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

Issues are escalated swiftly and efficiently. In the case of dealing breaches, which are treated as either inadvertent or advertent, these are identified by our automated electronic pre and post trade checking system, Charles River and overseen by a Portfolio Compliance unit. As Verbatim 5i is a public fund, all breaches are escalated to the ACD, and also internally to an error reporting group if an error has occurred to rectify the error and to review the processes which led to the breach. Many are inadvertent and are caused by market movements.

Internally the Error Reporting Group/Portfolio Compliance Group monitors and resolves issues independently of the Portfolio Manager/Account Director in order to retain the integrity of the process. At Sarasin, it is important to emphasise that there is not a blame culture and that collective responsibility is taken when issues do arise.

Issues are raised to the level they need to be raised depending on the seriousness of the issue. It is worth noting that the Error Reporting Group and Portfolio Compliance Groups already include the firm's COO, CFO, Head of Risk and Head of Compliance among others.

3.2 HR

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

No, to the best of our knowledge there are no issues.

4.0 Technology

4.1 SYSTEM FUNCTIONALITY

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

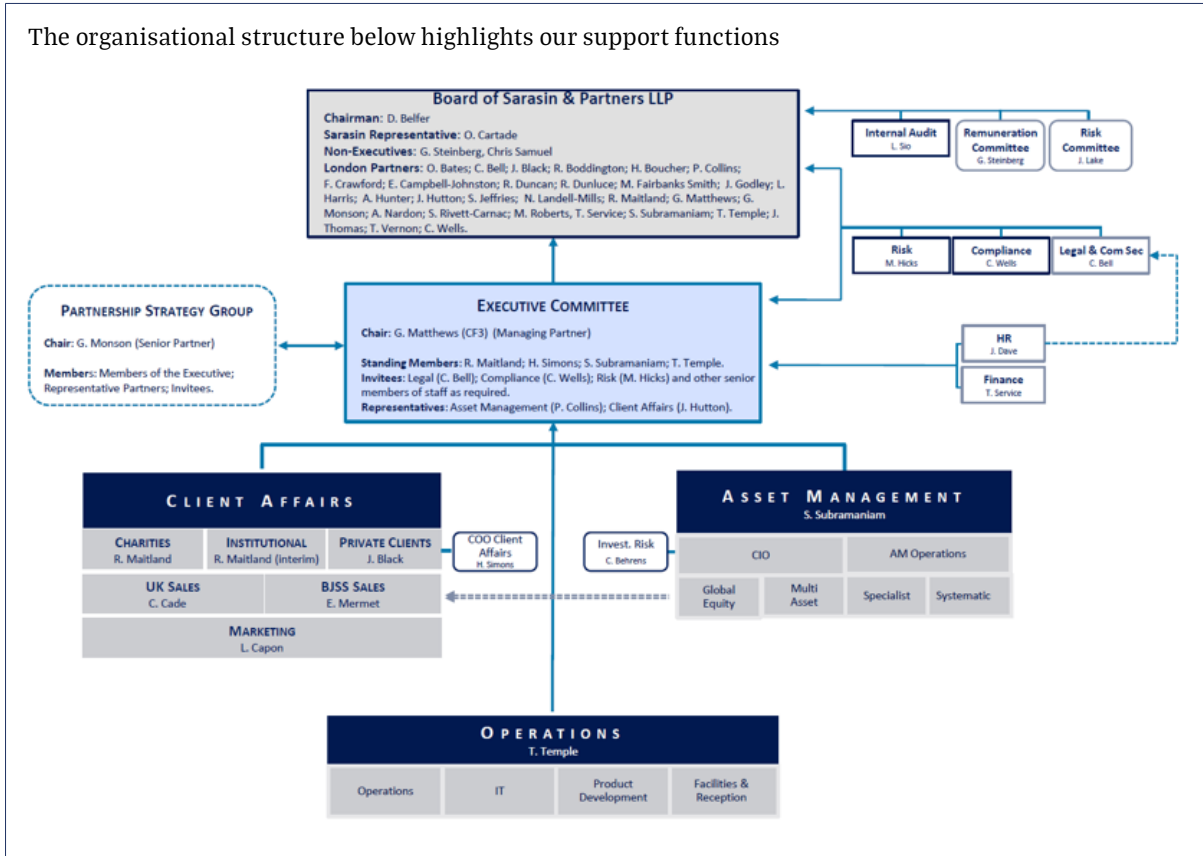
The main application used to manage the critical processes of the business is Sarasin Information Center (SIC). It is a bespoke integrated application that maintains records for all elements of operational processing, contact management, client relationship management, portfolio analysis and accounting and in the production of all relevant client and internal reporting.

All major custodians deliver daily uploads of trades, balances and positions allowing automatic reconciliation. Pricing is taken primarily from Bloomberg including corporate action information. SIC in turn feeds SaraMis, (the group's management information system), Cgix for Capital Gains Tax and Charles River Order Management system with any applicable cash or holdings changes.

Charles River is a multi-asset class (FX, Unit Trusts, Equities, Fixed Income and Derivatives), multi-currency software solution that provides complete straight-through processing on a single platform. It is a tightly integrated suite that automates decision support and portfolio management, pre-trade and end-of-day compliance, order management, execution management and post-trade matching on Omgeo's CTM trade matching platform. We also use FIX connectivity to link directly to brokers for trade execution.

Daily start of day batch processes update positions, portfolios and securities from SIC.net to CR and intraday batch processes upload Order related information to the SIC.net application. CR also creates external broker confirmations for Unit Trust dealing and equity dealing for advisory clients.

The organisational structure below highlights our support functions



4.2 SUPPORT AND STABILITY

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

Our systems are audited by Deloitte LLP on an annual basis

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, we have not had any outages over 6 hours.

4.3 SYSTEM SECURITY

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

System integrity and resilience is ensured through stringent controls of both physical and logical access in conjunction with dedicated test environments with a formal change management process for updates to existing and or new systems. In addition Sarasin and Partners performs a full annual test of the mirrored Business Continuity site located in Wapping. These controls undergo an annual AAF audit that independently verifies the core controls are in place and effective.

(1) Physical Access

The primary data centre is hosted on site at S&P's London office. Access is restricted by biometric facial recognition and is monitored via CCTV. The data centre is physically designed to minimise risk to IT equipment.

(2) Logical Access

User access is managed by dedicated application support personnel. The Joiner/Leaver and Transfer (JLT) process ensures that access for joiners, leavers, transfers (change of roles) within S&P is appropriately approved by business line management.

A recertification of application access is facilitated by the ISO and performed on a quarterly basis with relevant and designated application and business owners.

Applications are supported by Windows and SQL servers. These application and database servers are set up in-line with industry recommended standards. Systems and applications are password-protected, in line with defined security standards and industry best practice.

Privileged access to systems and applications is restricted to a limited number of trusted administrators and regularly reviewed.

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

Sarasin & Partners has implemented the requirement of GDPR and does not meet the criteria that requires a DPO.

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

Every employee is required to sign the Sarasin Information Security Policy, which details the correct use of company data. Individuals' USB ports, CD and disk drives are disabled, ensuring no data can be removed from the company computers.

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

Users may only access the SIC database using the front-end application installed on their workstation. Each user of the system is allocated their own User ID and password. Passwords have to be updated on a regular basis. Function access within the system is controlled by our application support team. A user can be granted either read only or update permissions for a specific function. Users are linked to the appropriate groups from which they inherit the permissions assigned to the group. User access must be signed off by line manager, Information Security Officer (ISO) and when necessary Compliance.

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?

There is a formal backup policy consistent with the Disaster Recovery Plan (DRP). Backup schedules are managed by the IT support team.

Daily, weekly and monthly scheduled backups are stored to tape based on defined rotation. Some elements of the backup are backed up to disk then to tape.

Tapes are kept offsite with Iron Mountain based on a defined schedule.

A full data restore was tested in November 2018.

5.1.2 Do you have a defined BCP/DR policy?

Yes, we have a comprehensive disaster recovery plan with system backups, alternative office locations and home working provisions. We have a regular back up to disk and tape. All critical data is mirrored to a warm standby data centre in real time as well as being able to provide point in time recovery over the preceding 24 hour period. The remote data centre is located with our recovery facilities and connected to our main offices over dedicated encrypted dark fibre. This facility allows us to have our current systems up in four hours of an invocation of the Business Continuity Plan (BCP). In the event that workers are unable to get to the site we will allow secured remote access to the systems. Our business recovery plan assumes an operation under which not all staff will be available. We have recognised that invoking recovery relies heavily on specific technology knowledge. As a result, our disaster recovery documentation includes a step-by-step guide to the recovery of key systems to cover a situation where key technical staff are unavailable.

The BCP and DRP are reviewed semi-annually and are overseen by the Crisis Committee that meets at least quarterly. Both undergo a full test annually, with DRP having additional technical tests every quarter and ad hoc basis for various elements of crisis management.

The Business continuity plan was reviewed in November 2018 in conjunction with the latest BCP and DRP technical tests. There were no significant findings.

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?

Investment decisions are based on team input with the portfolio managers of different strategies and the research analysts all in close proximity. The day to day management of funds can be managed within the team.

The partnership structure of the business makes sudden departures by senior personnel unlikely, enabling considered succession management to take place when necessary

5.2 ALTERNATE SITE

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

Yes, we have off site facilities that staff can access once the BCP has been invoked.

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

No, there are no time restrictions.

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

Our plan allows for the restitution of major systems in the initial phase and for lesser systems to be brought into play as the situation requires. If the event were to dictate the need for new accommodation the plan allows for resources to begin the search for alternative office space. The space at the DR site is limited and although the ability to carry on normal investment business should not be materially affected the reporting cycle would need to be outsourced in a prolonged run.

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

Neither the firm, any of its Partners or the individuals aligned with the product under review are currently involved in any litigation or arbitration or in receipt of any subpoenas. It is a condition of all contracts of employment that an employee informs the firm of any convictions or subpoenas they may receive and appropriate action would be taken.

IMPORTANT INFORMATION

This information has been issued by Sarasin & Partners LLP, a limited liability partnership registered in England and Wales with registered number OC329859, which is authorised and regulated by the UK Financial Conduct Authority. It has been prepared solely for information purposes and is not a solicitation, or an offer to buy or sell any security. The information on which the document is based has been obtained from sources that we believe to be reliable, and in good faith, but we have not independently verified such information and no representation or warranty, express or implied, is made as to their accuracy. All expressions of opinion are subject to change without notice.

Neither Sarasin & Partners LLP nor any other member of the Bank J. Safra Sarasin group accepts liability or responsibility whatsoever for any consequential loss of any kind arising out of the use of this document or any part of its contents. The use of this document should not be regarded as a substitute for the exercise by the recipient of his or her own judgment. Sarasin & Partners LLP and/or any person connected with it may act upon or make use of the material referred to herein and/or any of the information upon which it is based, prior to publication of this document. If you are a private investor you should not rely on this document but should contact your professional adviser.

© 2019 Sarasin & Partners LLP - all rights reserved. Proprietary and confidential. Do not distribute without written permission.