

DMS Verbatim Portfolio 5 Growth Fund

verbatim
Asset Management

Fund Update

All fund data as at 30th June 2020 unless otherwise stated.

Fund Aim

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

Investment Approach

To deliver the potential for decent capital growth over the medium to long term using a balanced approach by blending a diversified selection of funds, including quality UK and North American equity and bonds. The equity content of this portfolio tends to be higher than a more cautious approach. Investors in this portfolio will accept the potential for small to medium term losses to achieve their long term objectives.

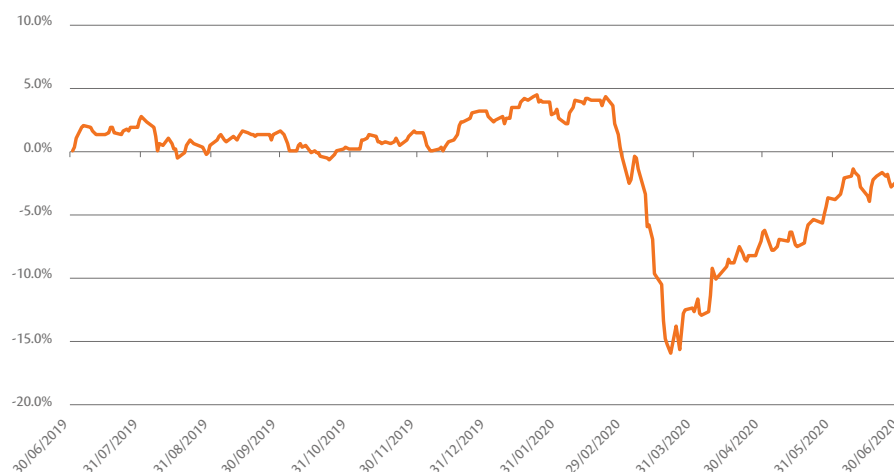
5YR CUMULATIVE PERFORMANCE

Performance from 30th Jun 2015 – 30th Jun 2020



1YR CUMULATIVE PERFORMANCE

Performance from 30th Jun 2019 – 30th Jun 2020



CUMULATIVE PERFORMANCE

Since trading (01/03/10)	75.7%
5 Year to 30/06/2020	25.7%
1 Year to 30/06/2020	-2.6%

DISCRETE ANNUAL PERFORMANCE

DMS Verbatim Portfolio 5 B Acc	Total returns for the periods shown (Sterling)
01/07/2015 - 30/06/2016	3.57%
01/07/2016 - 30/06/2017	15.90%
01/07/2017 - 30/06/2018	4.02%
01/07/2018 - 30/06/2019	3.53%
01/07/2019 - 30/06/2020	-2.23%

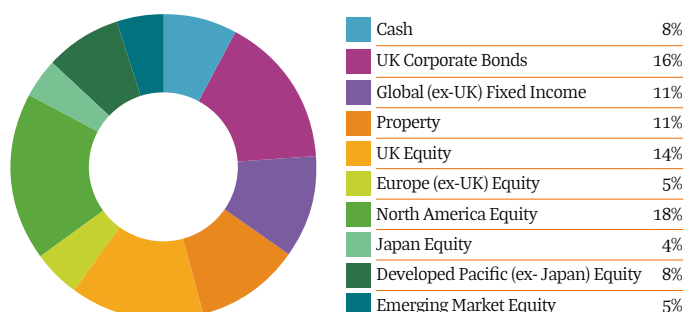
CHARGES

Share Class B (£) (Institutional) Annual charge	0.65%
TER (Institutional)	1.46%
TER Date	31/12/19

Source for performance graphs and data is the Authorised Corporate Director. Fund data based on B Accumulation shares, percentage growth total return mid to mid in UK Sterling. Past performance is no guarantee of future performance.

STRATEGIC ASSET ALLOCATION

The Strategic Asset Allocation shown is valid as at 30/06/2020



KEY INFORMATION

Fund Managers	John Hussenbee & Paul Kim <i>Liontrust Investment Partners LLP</i>
First dealing date	1 March 2010
Fund size (millions)	£123.27m
Comparative sector	IA Unclassified
Number of holdings	32
Ex-dividend date (first business day of the month)	Jan
Payment date (last calendar day of the month)	Feb
Product availability	ISA & OEIC sub-funds
Share type	Accumulation
ISIN number	Institutional GB00B3P2HB11 Retail GB00B3P36V74
Citicode	Institutional IBF5 Retail IBF4
SEDOL codes	Institutional B3P2HB1 Retail B3P36V7

TOP 10 FUND HOLDINGS

Sterling	8.32%
AXA STERLING BUY AND MAINTAIN CRDT Z GRO	7.47%
JPM US Equity Income Fund C	6.83%
FIDELITY MONEYBUILDER INCOME FUND W	5.60%
UBS US GRW GBP-C-AC	5.10%
Royal London Corporate Bond Fund M Inc	4.58%
LEGAL AND GENERAL STERLING CORP BOND I	4.37%
M&G Property Portfolio Sterling I Inc	4.30%
LEGAL AND GENERAL UKPROPERTY FUNDI ACC	4.28%
SCHRODER ASIAPACIFIC FUND	4.13%

4 LIPPER CONSISTENT RETURN 5 YEAR PERIOD AS AT 30TH JUNE 2020

The Lipper rating for Consistent Return identifies a fund that has provided relatively superior consistency and risk-adjusted returns when compared to a group of similar funds.

Source: www.lipperleaders.com

LIPPER 



Please remember that the value of your investment may fall as well as rise and is not guaranteed. You may not get back your initial investment. Past performance is not an indicator of future performance. For full information concerning the Fund and its risks please read the Prospectus available on our website. Investment advice should be obtained from an authorised financial adviser.

Issued by Verbatim Portfolio Management which is a limited company registered number 7037051 and is authorised and regulated by the Financial Conduct Authority. Registered office: The John Smith's Stadium, Stadium Way, Huddersfield, HD1 6PG. A list of members is open to inspection at the registered office. The authorised corporate director of the DMS Verbatim Funds is DMS Investment Management Services (UK) Limited which is authorised and regulated by the Financial Conduct Authority, Registered Office: 20-22 Bedford Row, Holborn, London, WC1R 4EB, United Kingdom.

Market Commentary

Looking back at the first six months of 2020, it is hard to know where to start, beyond the fact we are living in historic times and many people probably feel they have squeezed a few lifetimes into such a short period.

Although countries around the world are easing their way out of lockdown, it seems clear that, economically at least, things will get worse before they get better given the scale of upheaval. Talk of a V-shaped recovery has all but disappeared and there is a growing consensus that it may take until late next year or even 2022 before we get back to 2019 levels of real GDP - and bear in mind that was after close to a decade of fairly anaemic growth.

As we have continued to stress, there remains huge uncertainty about the weeks and months ahead but with World War Two in the headlines over June, as Vera Lynn passed away and Churchill (or at least his statue) proving as divisive as ever, we hope things are at least at the end of the beginning, to quote the latter. As Covid-19 cases surpassed 10 million globally, we certainly hope that is the case.

A broadly flat month for equities included a couple of dips on fears about fresh waves of Covid cases, particularly in the US, before further fiscal largesse from the Bank of England and Federal Reserve proved enough to steady nerves. In a period of trillions, this latest activity went under the radar to some extent but saw the Bank of England pledge another £100bn-plus in quantitative easing while the Fed began its bond buying programme and made other commitments on infrastructure.

As expected, worrying data is beginning to filter through and we will have to get used to breaking unwelcome records over the next few months. In the UK over June, we saw a 20% drop in month-on-month GDP figures for April and the worst quarterly fall since 1979 in Q1, which will hopefully prove the nadir. Not all parts of the economy are reopening simultaneously and restaurants and pubs certainly sit in that 'worse before it gets better' camp while social distancing remains in place. ONS figures also revealed the UK's borrowing exceeded GDP for the first time since 1963 over April and May, with the £103.2bn figure an eye-watering £87bn more than during the same period last year.



John Husselbee
*Liontrust Investment
Partners LLP*



Paul Kim
*Liontrust Investment
Partners LLP*

Fund Managers

John and Paul are managers of the portfolio growth funds at Verbatim and are two of the most high-profile multi-asset managers, with 62 years of combined investment experience. Since being selected to manage the funds, they have grown in stature, obtaining top performance ratings from Morningstar and Lipper. In 2017, the entire fund range was rated by RSMR, one of the leading fund research agencies.

John has been Head of the Multi-Asset team at Liontrust since 2013, with Paul joining at the same time as fund manager. John was previously Director of Multi-Manager Investments at Henderson Global Investors and launched the portfolio management service at Rothschild Asset Management. Paul was previously Head of Fund selection and Multi-Manager at Liverpool Victoria Asset Management (LVAM).

Market Commentary

After the weakest growth on record in Q2, we would pause to highlight some work from UBS, questioning GDP as an accurate measure of living standards. To summarise, the report said Covid-19 is likely to accelerate a fourth industrial revolution and with more people working at home, companies need to invest less and the economy is working its stock of assets harder. While this nominally hurts GDP, living standards are not negatively affected and company earnings should improve as costs fall - something to consider as poor growth figures continue to roll in.

Data on sentiment (from Bank of America Merrill Lynch's monthly Fund Manager Survey) continues to highlight the dichotomy at play in markets. While risk appetites appear to be surging and cash levels are falling, and the report said Wall Street is now 'past peak pessimism', the highest number of managers since 1998 now believe the stock market is overvalued.

One of our favoured commentators, Howard Marks from US investment firm Oaktree, discussed the market's capacity to look across the Covid-19 'valley' in June, voicing many of the questions that continue to trouble us. Much of this surrounds the market's surge since March and apparent blanket acceptance that things are moving in the right direction: in many of our 2018 and 2019 presentations, we talked about FOMO (fear of missing out) conditions but more recently, this seems to have shifted to a YOLO mindset (you only live once, for readers over 25). Markets and investors are failing to weigh the positives and negatives of current conditions

dispassionately, with policy easing and liquidity injections seen considering far more important than ongoing uncertainty, and, for us, that has to call the longevity of the rally into question.

Elsewhere, June marked the fourth anniversary of the Brexit Referendum and we should remember that even if the Covid picture is looking better in autumn, and we manage to avoid a second wave, we have the potential for months of further wrangling with the EU. There is also a generational US election to come and that other favourite pre-Covid topic raised its head over the month, with comments from Trump adviser Peter Navarro on the US/China trade deal being 'over' spooking markets. Trump himself took to twitter to assure people the deal is intact and Navarro amended his comments to claim he was talking about a general lack of trust in China after it 'foisted a pandemic upon the world'. Hardly remarks to reassure anyone about a long-term deal between these superpowers and this area demands close attention as we move towards the election.

We continue to believe longer-term outperformance trends in terms of value versus growth, emerging markets versus the US and small caps versus large (all of which have reversed in recent years) can re-emerge and have already seen short runs for value and smaller companies in recent weeks. While limited, these show how quickly things can turn and we maintain that portfolios able to tilt between these while ultimately keeping a foot in both camps offer a compelling and diversified risk/reward balance.