

Darwin Bereavement Services Fund

Quarterly Update – Q2 2020

“B” Accumulation Units



Performance

Unit Class	NAV Price	Performance Return %				Annual Return %	Total Return %		Annualised Return % per annum	
	Current Quarter	3 Month	6 Month	12 Month	2020 YTD Return	2019	3 Year	5 Year	3 Year	5 Year
B Accumulation Launch date: 1/12/2018	1.0592	+0.30	+0.49	+1.40	+0.49	+5.40	#N/A	#N/A	#N/A	#N/A

All data as at 30 June 2020 unless otherwise stated. Please note that whilst investments into the Fund were made at a price of £1.0000 per unit from 9/11/2018, the first NAV was not struck until 30/06/2019. Source: Darwin Alternatives. NAV is calculated on a quarterly basis.

Investment Statement – Q2 2020

This quarter has been dominated by the Covid-19 pandemic. Since the Prime Minister’s statement on 23rd March, we have been operating under the social distancing measures imposed by the Government. All of our businesses provide a critical service to the community and have therefore continued to trade throughout the lock-down period, but the impacts of Coronavirus have nevertheless been felt across the portfolio in a variety of ways.

The most significant impact was felt at Kemnal park and Eternal Gardens (our specific offering for the Muslim community within the GreenAcres portfolio). During the early stages of the pandemic in late March and April, there was a huge increase in demand as the Muslim community in the surrounding area battled the pandemic. Volumes rose from typical levels of around 8-10 burials a week to 40-50 burials per week. The majority of the funerals we were dealing with were directly related to coronavirus. Since May volumes have reduced and have now returned to more sustainable levels. However, the enhanced relationships that have been built within the community have meant we are now seeing slightly higher volumes in our Eternal Gardens business than before the coronavirus outbreak.

The other GreenAcres sites were also affected by the restrictions on the number of people allowed to attend funeral services and the social distancing measures we had to implement for visitors. We have been running an appointment-only system for families wishing to make funeral arrangements which has reduced footfall across the sites and this impact has been felt in our after care and memorialisation sales. As social distancing measures are gradually being relaxed, we are able to welcome more guests to our sites and we are confident that volumes will pick up as people start to feel it is safe to mourn the death of loved ones through memorial services.

The CDS group (our bereavement services consulting business acquired at the end of February this year) have been very busy throughout the crisis offering support and advice on pandemic burials and crisis management. They have been seen as the ‘go to’ centre for support for local authorities in particular. In addition to this surge in request for guidance, CDS has also been working with a number of local councils to design and plan new crematoria. A key driver in these designs is to move to ‘green cremation’, reducing as far as possible the harmful by-products of cremation from CO2 and NOx. CDS has been pioneering the introduction of electric rather than gas powered cremators which have a transformational impact in environmental terms.

In summary, this quarter has been heavily influenced by Covid-19, however, the impact on our business has been notably different to other markets. Although there have been operational challenges, the Fund’s businesses have traded positively throughout the crisis, demonstrating the lack of correlation with the wider economy. The portfolio has generated positive cash flows in the first half of the year and we expect the total return for investors for the full year to be close to the target of 6%.

Key Data			
Fund Size:	£36.7m	Dealing & Valuation Frequency:	Quarterly
Launch Date:	1 December 2018	Minimum Subscription:	£1,000,000
Dealing Date:	1 st business day of each quarter	Annual Management Fee:	0.50%
		TER:	0.725%

Strategy

- The Darwin Bereavement Services Fund acquires and operates cemeteries, crematoria and other bereavement services assets in the UK.
- The Fund is aiming to acquire a total of 20-30 assets over the next five years and is targeting a total fund size of £250-£300m.
- The management strategy for the portfolio is the 'operational excellence' model, exploiting economies of scale where possible, but operating the businesses for the long-term to deliver consistent, stable free cash flows.
- A key component in the strategy is the development of a strong customer-centric brand, which will be a critical differentiator in what is a fragmented (and often poorly served) sector.

Fund Summary

- The Darwin Bereavement Services Fund is an open-ended unit trust authorised by the Guernsey Financial Services Commission as a Class B open-ended Collective Investment Scheme.
- The objective of the Fund is to preserve and grow capital and provide income returns above the rate of inflation. The Fund aims to make annualised total returns of 6%.
- The Fund is ungeared, although borrowing will be permitted to fund redemptions if necessary.
- The Fund invests in a portfolio of bereavement services assets in the UK with a view to enhancing value through strategic selection and interventionist asset management.

Portfolio

Park	Location	Property Type	Size - Acres	Capacity - plots	Purchase Date
Chiltern	Buckinghamshire	Woodland burial park	72	17,889	1 December 2018
Colney	Norfolk	Woodland burial park	16	3,660	1 December 2018
Epping Forest	Essex	Woodland burial park	52	11,961	1 December 2018
Heatherley Wood	Hampshire	Woodland burial park	12	3,105	1 December 2018
Kemnal Park	London	Cemetery	55	28,081	1 December 2018
Rainford	Merseyside	Woodland burial park	65	17,978	1 December 2018

Trustee:

Butterfield Bank (Guernsey) Limited

Administrator:

Vistra Fund Services (Guernsey) Limited

Business Valuers:

Smith and Williamson

Property Valuers:

JLL

Auditors:

Grant Thornton Limited

Lawyers:

Guernsey: Collas Crill
London: Burges Salmon LLP

Darwin Alternative Investment Management Limited

Empire House, 175 Piccadilly,
London, W1J 9EN,
United Kingdom

Tel: +44 (0)20 7408 1060
email@darwinalternatives.com
www.darwinalternatives.com

Authorised & regulated by
the Financial Conduct
Authority

Disclaimer: The purpose of this document is to provide summary information for "B Accumulation" Unit Classes and does not constitute a recommendation to buy or sell units in the fund. Any decision to buy and sell shares should be made after seeking appropriate professional advice and on the basis of the Fund's Prospectus, available from the Administrator to investors in certain jurisdictions where the fund has been authorised. The fund can only be marketed to Eligible Investors as defined in the Prospectus. The Fund is not marketed or sold in any jurisdiction that is not legally permitted. Investments in property carry specific risks and may not guarantee a return, and the value and the income on them may go up or down, so that you may not realise the amount originally invested. Persons in receipt of the information contained herein are required to inform themselves about, and observe such restrictions. Past performance is not necessarily a guide to future performance. The value of investments and the income from them can fluctuate and is not guaranteed. The views expressed are as at the date hereof and are subject to change. This document does not constitute investment or any advice. This document is produced by Darwin Alternative Investment Management Limited.