

Darwin Bereavement Services Fund

Quarterly Update – Q2 2025

“B” Income Units



Performance

	NAV Price	Performance Return %			Annual Return %	Total Return %			Annualised Return % per annum		12 Month Dividend Payments %	12 Month Return Including Dividend Payments %
Unit Class	Current Quarter	3 Month	12 Month	YTD Return	2024	3 Year	5 Year	Since Inception	3 Year	5 Year		
B Income Launch date: 28/04/2021	0.8467	-15.39	-19.41	-15.77	-4.18	-17.68	#N/A	-15.33	-6.28	#N/A	+3.00	-16.41
B Accumulation Launch date: 1/12/2018	1.1070	-15.39	-16.93	-15.34	-0.24	-8.27	+4.51	+10.70	-2.84	+0.89	#N/A	-16.93

All data as at 30 June 2025 unless otherwise stated. Source: Darwin Alternatives. NAV is calculated on a quarterly basis. B Income returns do not include dividend payments. Performance returns calculated using NAV price. B Accumulation performance included to show full performance history of B Class units.

Dividend Payments in Quarter (pence/share)
Recorded: N/A Paid: N/A

N/A

Investment Statement – Q2 2025

There was a fall of c15% in the value of the NAV this quarter. The principal reason for this is the significant reversal in the funeral plan business, as explained in the recent note to all investors.

Market Context

The entire sector has faced disruption since the introduction of FCA regulation in July 2022, which shifted customer acquisition from proactive sales to more expensive Pay-Per-Click led digital channels. The market has also been impacted by a surge in demand for low-cost direct cremation during and following Covid, which has led to a price war amongst operators whilst the £14m advertising spend of a market-leader has driven up digital acquisition costs for funeral plans by nearly 200%. This has made the previous low-margin, high-volume model unsustainable.

Business Structure & Challenges

The Memoria funeral plan business was originally built around a single large distribution partner, the Co-op, and for a period delivered strong volumes, pricing, and profitability. At its peak, it sold over 6,000 plans annually and generated in excess of £1 million in profit. However, at the point of renewing the contract, a price war developed which the business was not prepared to match as it would have made it an unprofitable contract.

Without that contract, the business attempted to transition to a direct-to-consumer model. However, this pivot was under-resourced and the company lacked the brand strength, digital marketing expertise and cost discipline to acquire customers at scale and at acceptable cost. As a result, profitability deteriorated sharply, with losses exceeding £4 million in 2024.

Though a cost-cutting exercise has helped, the business has remained unviable due to high acquisition costs, low conversion rates, and an oversized cost base.

Strategic Pivot & Leadership Change

We did consider closing Memoria Funerals in early 2025, but from a group perspective we determined that retaining and rebuilding the platform, as part of a vertically integrated model, has strategic merit. A direct customer channel provides valuable control over demand and supports long-term volume into the Memoria crematoria network. Closing the business would also have incurred significant wind-down costs and removed any potential future upside. On that basis, we committed to a fundamental rebuild.

Continued overleaf

Key Data		Dealing & Valuation Frequency:	Quarterly
Fund NAV:	£172.1m	Minimum Subscription:	£1,000,000
Launch Date:	28 April 2021	Annual Management Fee:	0.50%
Dealing Date:	1 st business day of each quarter	TER:	0.725%

* The Fund NAV is exclusive of debt and therefore the Fund NAV is lower than the overall assets under management.

This communication is directed solely at professional investors and not retail clients



In April 2025, Steve Wallis, a seasoned funeral industry executive, was appointed CEO of Memoria Group to lead the turnaround. The transformation plan is now underway and focuses on:

- Broadening customer acquisition channels beyond paid digital advertising — including strategic partnerships, organic and AI-enabled search visibility, and more targeted media
- Improving the customer experience across every touchpoint, making us easy to buy from – including telephone, post, and digital
- Enhancing the core product offer to maintain strong customer satisfaction and support intermediary trust
- Building internal digital marketing, partner management, and data capabilities
- Redesigning operational delivery to reduce cost and increase consistency
- Delivering £300k in cost savings specific to Memoria Funerals, alongside a further £200k of shared overhead reductions across the group
- Upgrading commercial governance and leadership capability

We are confident that this integrated model, with control over customer access, service delivery, and final committal, will generate stronger, more resilient value for the fund in the years ahead.

Valuation Impact

Since his appointment in April, Steve has been analysing the business model and the causes for the poor performance in this business. His conclusion was that a fundamental reset of the business model is required and that going forward the strategy should be to operate profitably at lower volumes with modest growth rather than the previous pursuit of high volume, high growth in the short term.

The budget had already been revised downwards in December 2024, to target break-even on the back of the first phase of restructuring in Q4 2024, and this led to a reduction in the Fund NAV of c4% at this time. Revising the forward projections for Memoria Funerals based on the strategy outlined above has reset the valuation for the business at a much reduced level, and led to the c15% decline in the Fund's net asset value.

Quarterly Update

Memoria Crematoria

Standard cremation volumes across the portfolio were 4% lower for the quarter than expected. At Paisley, as well as volumes of standard cremations being lower than budget, utilities usage and costs were also higher than anticipated leading to lower profitability. We are looking into the reasons for this.

GreenAcres

GreenAcres recorded its highest At-need revenue in April and YTD revenue is 14% ahead of last year. This is particularly encouraging given the low death rate. Epping, Chiltern and Rainford had a particularly strong quarter and Epping was independently nominated for "Best Natural Burial Ground of the Year" in the prestigious Good Funeral Awards which will be held in September.

Addfield

The new electric cremator is scheduled to be in place in early Autumn following delays to the construction of the crematorium building where it will operate. In tests, the electric machine has demonstrated cremation times on a par with gas cremators and Addfield continues to receive interest from crematoria operators in the electric cremator. Once we are able to demonstrate its capabilities in an operational setting, we should be able to drive this interest forward, both for installations at new crematoria and to potentially replace some of the 90 UK cremators which are over 25 years old.

Continued overleaf





Addfield has signed a second major contract this year for the replacement of a rotary kiln in Cambridge. Orders from US and International Aid Agencies has slowed, largely as a result of policy changes in the US, but the team are currently working on machines to build stock and decrease lead times going forward.

RNS

The consolidation of funeral branches has put downward pressure on revenue margins for its core hospital booklet business, however, the business continues to diversify its income streams through advertising space in the bereavement booklet offered to alternative service providers in the funeral industry.

The sister business, Bereavement Support Network, continues to grow, with support call volumes increasing each month. The business provides bereaved families with signposts and advice for dealing with the death of a loved one.

CDS

Although two of CDS's largest projects have been delayed due to push back with their planning applications, it is anticipated that these will proceed, but at a later date. CDS' large pipeline of work has meant that they have been able to bring forward some other projects in the meantime. They have recently secured two big contract wins.

The first is a new crematorium in Chelmsford and they secured the tender with a quality score of 100%. The second is a contract from the Greater London Authority to audit bereavement services across London.

The environmental team have seen a larger focus on non-bereavement work, namely housing projects, as there has been a big push by the current Labour government to build houses. Meanwhile the team have noticed that since the change of government, there has been more uncertainty and nervousness by councils towards spending. Despite this, so far this year there have been two examples of CDS completing a project with a council that resulted in additional work at other sites within the same council due to the high standard of CDS' work.

CDS have been on the front foot with business development and are actively researching potential sites for local councils. They are also conducting strategic reviews of multiple-owned sites for public and private clients.



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 three 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.

Portfolio

Park	Location	Property Type	Trading As	Purchase Date
Chiltern	Buckinghamshire	Woodland burial park	GreenAcres	Dec 2018
Colney	Norfolk	Woodland burial park	GreenAcres	Dec 2018
Epping Forest	Essex	Woodland burial park	GreenAcres	Dec 2018
Heatherley Wood	Hampshire	Woodland burial park	GreenAcres	Dec 2018
Kemnal Park	London	Cemetery	GreenAcres	Dec 2018
Rainford	Merseyside	Woodland burial park	GreenAcres	Dec 2018
Amber Valley	Derbyshire	Crematorium & Memorial Park	Memoria	May 2021
Barnby Moor	Nottinghamshire	Crematorium & Memorial Park	Memoria	May 2021
Cardiff & Glamorgan	Cardiff	Crematorium & Memorial Park	Memoria	May 2021
Denbighshire	North Wales	Crematorium & Memorial Park	Memoria	May 2021
Doncaster	South Yorkshire	Crematorium & Memorial Park	Memoria	Aug 2021
Faversham	Kent	Crematorium & Memorial Park	Memoria	Feb 2022
Flintshire	North Wales	Crematorium & Memorial Park	Memoria	May 2021
Kirkleatham	North Yorkshire	Crematorium & Memorial Park	Memoria	May 2021
North Herts	Hertfordshire	Crematorium & Memorial Park	Memoria	May 2021
North Oxfordshire	Oxfordshire	Crematorium & Memorial Park	Memoria	May 2021
Paisley Woodside	Renfrewshire	Crematorium & Memorial Park	Memoria	Jan 2023
South Leicestershire	Leicestershire	Crematorium & Memorial Park	Memoria	May 2021
South Oxfordshire	Oxfordshire	Crematorium & Memorial Park	Memoria	May 2021
Waveney	Suffolk	Crematorium & Memorial Park	Memoria	May 2021

The Fund also acquired:

- CDS Group, a bereavement services consulting business, in February 2020.
- Affordable Funerals (previously Low Cost Funerals), the leader for the provision of on-line funerals and direct cremations, as well as affordable funeral plans, in May 2021.
- RNS Publications which is responsible for the printing of patient and relatives information on a free of charge basis for NHS Hospitals throughout the UK.
- Addfield, a leading manufacturer of incinerators for agricultural, hazardous and medical waste which is developing human electric cremator technology.

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 invests in a portfolio of bereavement services assets in the UK with a view to enhancing value through strategic selection and interventionist asset management.

Trustee:

Butterfield Bank (Guernsey) Limited

Administrator:

Vistra Fund Services (Guernsey) Limited

Business Valuers:

Evelyn Partners
(formerly Smith & Williamson)

Property Valuers:

JLL

Auditors:

Grant Thornton Limited

Lawyers:

Guernsey: Collas Crill
London: Bures Salmon LLP

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This is a marketing communication. Please refer to the prospectus of the Darwin Bereavement Services Fund before making any final investment decisions.

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