River and Mercantile Dynamic Asset Allocation Fund

Quarterly Report to 30 September 2019

RIVER AND MERCANTILE
ASSET MANAGEMENT

For unitholders only

Dynamic Asset Allocation Fund
Quarter 3, 2019

Fund Objective

The objective of the strategy is to achieve an average return (income and growth in the value of your investment (known as "capital growth")) of 4% per year above cash (based on the 3 month sterling LIBOR interest rate) (the "Benchmark") over a rolling 3 year period, after the deduction of all fees.

Portfolio Summary & Key Risk Characteristics

AUM	£586.2m
Performance target	3 month sterling LIBOR + 4% p.a.
Inception date	2 September 2014
IA Sector	Mixed Investment 20%-60%

Lower risk — Higher risk

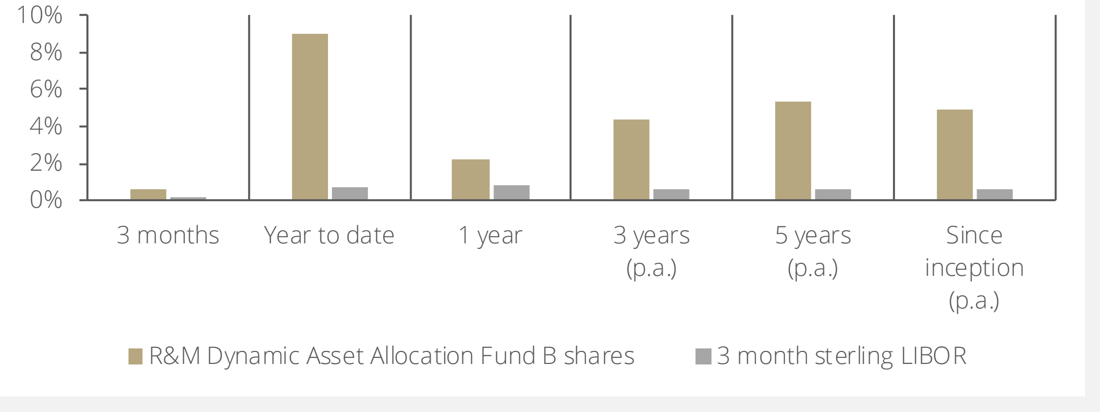
1	2	3	**4**	5	6	7

Typically lower rewards — Typically higher rewards

The Synthetic Risk and Reward Indicator (SRRI) is based on how much the returns of the shares have varied over the last five years, or since launch (whichever is the shorter period). The higher the rank the greater the potential reward but also the greater the risk of losing money. For more details please refer to the Key Investor Information Document.

Performance

	Fund	3 mth LIBOR	Difference
3 months	0.6%	0.2%	0.4%
Year to date	9.0%	0.7%	8.3%
1 year	2.2%	0.9%	1.4%
3 years (p.a.)	4.4%	0.6%	3.8%
5 years (p.a.)	5.3%	0.6%	4.7%
Since inception (p.a.)	4.9%	0.6%	4.3%



	Fund	3 mth LIBOR	Difference
3 years (cumulative)	13.8%	1.7%	12.0%
5 years (cumulative)	29.4%	2.9%	26.5%
Since inception (cumulative)	27.3%	3.0%	24.3%

Source: River and Mercantile Group
Fund performance shown is of B share class (accumulation units) and is calculated using the midday published price, net of an annual management charge of 0.55% per annum. Other share classes may be available. **Past performance is not a reliable indicator of future results.**

The information contained in this report does not constitute as investment advice and should not be treated as a recommendation to invest in any security. The information is based on the historical performance of the Dynamic Asset Allocation Fund and may no longer be current. Any references to securities are for illustrative purposes only and these securities may no longer be held. The information should not be used as the basis for any investment decision. Any opinions expressed are opinions of the relevant portfolio manager and are given in good faith as of the date of the report but should not be considered operative at any date thereafter.

Return-seeking assets generated positive returns in the third quarter despite a temporary escalation in the trade war between US/China, thanks to the central banks easing monetary policy.

The quarter saw several significant political and geopolitical events, including street protests in Hong Kong, drone strikes in the Persian Gulf, a humiliating electoral defeat for Argentina's president, a change in Italy's ruling coalition, an impeachment investigation into the US president and the UK Supreme Court overruling the UK Government. But although these may have introduced some short-term volatility, the overall direction of the markets was more affected by credit conditions and medium-term economic expectations.

Short-term forward indicators of US economic activity continued to drop and economic sentiment was low. Inflation decreased. In line with expectations the US cut rates in July and subsequently in September, by a quarter of a percent each time. The rate cut in July was the first since the financial crisis in 2008. The US dollar fell against the euro and the Japanese yen but appreciated against sterling.

US equities returned moderate gains over the quarter despite concerns over slowing global growth, the launch of an impeachment investigation into US president Trump and the continuing US/China trade war.

Tensions over the latter were raised in August when, following a small but symbolically significant depreciation in the Chinese renminbi, the US denounced China as a "currency manipulator" and Trump announced that he was raising tariffs on Chinese imports.

The impact of these heightened tensions was felt across the markets, with many investors turning their backs on return-seeking assets and looking to safe havens over August. There was a recovery in September, however, when the trade tensions somewhat eased.

China itself caused a stir at the start of the third quarter when it announced the slowest rate of economic growth in 27 years. Admittedly the rate was still an impressive 6.2%, but it stoked anxieties about China's ability to maintain its economic expansion (without too much debt).

The trade tensions also weighed heavily on emerging market equities, which fell over the quarter despite some recovery in September. The continued unrest in Hong Kong and fears of another sovereign debt default by Argentina have also impacted performance.

Europe's growth remained weak and, and as expected, the European Central Bank cut interest rates in September, pushing them further into negative territory, and announced a resumption of monetary stimulus. This buoyed European equities towards the end of the quarter. Christine Lagarde was named as Mario Draghi's successor as president of the European Central Bank, from November. Her appointment is expected to mean the ECB will continue down the path of stimulating the eurozone economy with low interest rates and asset purchases.

Japan's equity performance over the quarter as a whole was strong, more than recovering from the lows of the second quarter and falls in August. The Bank of Japan did not follow the global trend of rate cuts, but there were indications that rates would be closely considered in October.

The UK saw the arrival of Boris Johnson as UK prime minister in July and started on a collision course with Europe. UK economic data was vulnerable to Brexit-related developments. The Bank of England kept the base rate at 0.75%, but said it was giving serious consideration to cutting it considering continued Brexit-related uncertainty. UK gilts yields fell significantly over the quarter with swap rates falling more than gilts towards the short to mid-term.

Return-seeking bonds generally performed positively, boosted by general falls in government bond yields while credit spreads (the difference between the yield on return-seeking bonds and government bonds) showed a mix of widening (in the UK), roughly staying the same (in the US) and narrowing (in the eurozone).

Sterling depreciated against the US and yen but appreciated against the euro.

Portfolio changes

The quarter saw the fund reduce its overall equity risk as we brought down exposure to areas such as emerging markets, Europe and smaller companies in the US. While we believe that markets remain supported in the long run we became more concerned about shorter term shocks to some of these areas more exposed to global trade, hence the decision to trim. Elsewhere, at the beginning of the period and to further diversify our alternatives portfolio we initiated a small (2.5%) position to the R&M Global Macro Fund, an internally managed (and zero-fee) hedge fund which looks to take advantage of economically supported trends across a range of global markets.

The Multi-Asset Team
River and Mercantile

Fund information

Launch date	2 September 2014
IA sector:	Mixed Investment 20%-60%
Performance target:	3 Month sterling LIBOR + 4% p.a
Strategy capacity:	£10,000m (pooled & segregated)
XD dates:	1 April & 1 October
Dividend/Accumulation payment date:	31 May and 30 Nov

Share class:	B	Z
Launch price (shares):	250.00p	500.00p
Share classification:	Retail/Institutional	Institutional
Type of shares:	Accumulation	Accumulation
Fund charges:		
Annual	0.55%	As agreed*
Initial (up to)	5.25%	5.25%
Ongoing Charge Figure (OCF) (incl. AMC)	0.90%	AMC* + 0.33%
*Z class AMC charged outside of the Fund		
Minimum investment		
Initial	£2.5 million	£5 million
Subsequent	£25,000	£50,000
Sedol	BLZH7L2	BLZH7N4
ISIN	GB00BLZH7L20	GB00BLZH7N44
Bloomberg	RMDAABA	RMDAAZA

Important disclosures

The information in this document has been prepared and issued by River and Mercantile Asset Management LLP (trading as "River and Mercantile" and "River and Mercantile Asset Management") registered in England and Wales under Company No. OC317647, with its registered office at 30 Coleman Street, London EC2R 5AL. River and Mercantile Asset Management LLP is authorised and regulated by the Financial Conduct Authority (Firm Reference Number 453087), is registered with the U.S. Securities and Exchange Commission as an Investment Adviser under the Investment Advisers Act of 1940.

River and Mercantile Asset Management LLP is a subsidiary of River and Mercantile Group Plc which is registered in England and Wales under Company No. 04035248, with its registered office at 30 Coleman Street, London EC2R 5AL.

The ACD has delegated certain aspects of the investment management function of the River and Mercantile Dynamic Asset Allocation Fund to River and Mercantile Investments Ltd a subsidiary of River and Mercantile Group Plc, the ACD retains the investment management function for all other sub-funds of the Company. Please refer to the principal prospectus for full details.

This document is directed at professional and retail clients. The information in this document should not be relied on or form the basis of any investment decision. Retail clients requiring any information should seek the advice/assistance of a Financial Advisor. The information contained in this document is strictly confidential and must not be reproduced or further distributed.

The value of investments and any income generated may go down as well as up and is not guaranteed. An investor may not get back the amount originally invested. Past performance is not a reliable guide to future results. Changes in exchange rates may have an adverse effect on the value, price or income of investments. Please refer to the River and Mercantile ICVC principal prospectus for further details of the financial commitments and risks involved in connection with an investment in this Fund. The information and opinions contained in this document are subject to updating and verification and may be subject to amendment. The information and opinions do not purport to be full or complete. No representation, warranty, or undertaking, express or limited, is given as to the accuracy or completeness of the information or opinions contained in this document by R&M, its partners or employees. No liability is accepted by such persons for the accuracy or completeness of any such information or opinions. As such, no reliance may be placed for any purpose on the information and opinions contained in this document.

Please note that individual securities named in this report may be held by the Portfolio Manager or persons closely associated with them and/or other members of the Investment Team personally for their own accounts. The interests of clients are protected by operation of a conflicts of interest policy and associated systems and controls which prevent personal dealing in situations which would lead to any detriment to a client.

River and Mercantile Asset Management LLP
30 Coleman Street, London EC2R 5AL
www.riverandmercantile.com