ES River and Mercantile Dynamic Asset Allocation Fund

Quarterly Report
to 31 December 2019

RIVER AND MERCANTILE
ASSET MANAGEMENT

For unitholders only

ES R&M Dynamic Asset Allocation Fund

Quarter 4, 2019

RIVER AND MERCANTILE
ASSET MANAGEMENT

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

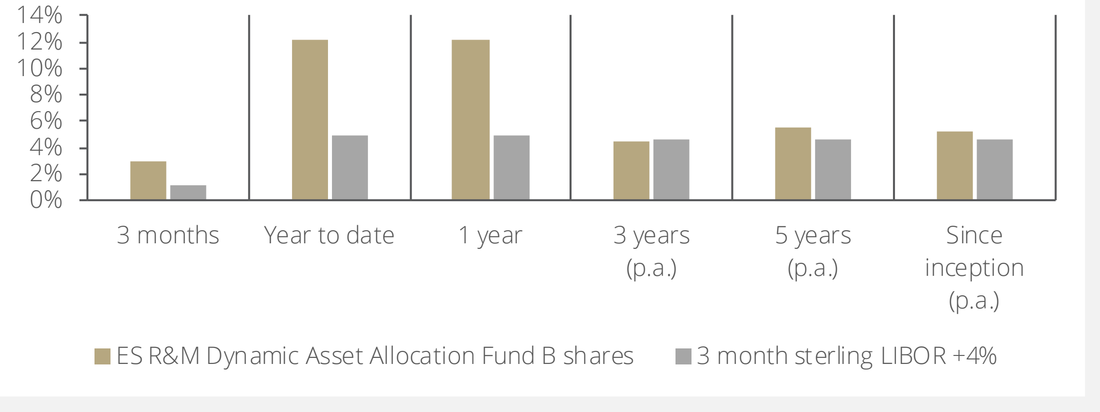
AUM	£596.7m
Benchmark	3 month sterling LIBOR + 4% p.a.
Inception date	2 September 2014
IA Sector	Mixed Investment 20%-60%

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	Benchmark	Difference
3 months	3.0%	1.2%	1.8%
Year to date	12.2%	4.9%	7.2%
1 year	12.2%	4.9%	7.2%
3 years (p.a.)	4.4%	4.7%	-0.3%
5 years (p.a.)	5.5%	4.7%	0.9%
Since inception (p.a.)	5.2%	4.7%	0.5%



	Fund	Benchmark	Difference
3 years (cumulative)	13.8%	14.7%	-1.0%
5 years (cumulative)	30.9%	25.7%	5.2%
Since inception (cumulative)	31.0%	27.6%	3.5%

Source: River and Mercantile Group PLC
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 ES River and Mercantile 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.

Global equities performed well over the final quarter of 2019, rounding off what was a very strong year for equities overall. Behind the rally were easing geopolitical tensions between the US and China, a further cut to US interest rates in October, signals of growing fiscal stimulus and encouraging signs for the global economy more generally.

The announcement on 12 December that US and Chinese negotiators had reached an agreement on 'phase one' of the trade deal sent US equity indices to record highs. News of the agreement came days before additional tariffs on around $156 billion of Chinese goods were due to take effect. Developments in the trade talks between the two countries have dragged markets up and down over the last year, and so the agreement of this part of the deal provided was very positively by investors.

Continued supportive monetary policy also helped return-seeking assets over the quarter. At the end of October, the US Federal Reserve reduced the Federal Funds Target Rate by a quarter of a percent, to a range of 1.5% to 1.75% - its third cut this year. At the Fed's December meeting (where it kept rates unchanged), Chair Jay Powell cited strong household spending, a healthy job market and rising incomes as reasons to be optimistic about the US economy in general. US equities were the second-strongest performing region, after emerging market equities.

In Europe, Christine Lagarde began her presidency of the European Central Bank with a speech encouraging Eurozone economies to boost growth through increased government spending. This is consistent with a wider trend of increased fiscal stimulus across developed economies. There are also growing calls for Germany, which currently runs a fiscal surplus, to borrow more. In good news for the Eurozone more generally, the German services sector showed its strongest expansion in four months in December.

The Japanese government released its draft budget for 2020 in December, which if approved will break previous records for annual government expenditure. This budget was in part required to combat the effect of a sales tax rise in October. Japanese equities were held back slightly over the quarter by escalating unrest in Hong Kong.

Although the Bank of England's Monetary Policy Committee held interest rates unchanged at 0.75% over the quarter, Governor Mark Carney reiterated the Bank's willingness to step in if conditions worsen.

All regions posted positive equity returns over the month in local currency terms, with Emerging Markets boasting the strongest performance over the month, mainly driven by progress in the US/China trade deal and by a weakening in the US dollar.

In the UK, the Conservative party won the general election by a bigger margin than anticipated, effectively ensuring the UK will leave the European Union by the 31 January 2020 deadline. Sterling rallied on news of the result, which is likely to significantly reduce the Brexit-induced political volatility in the short-term at least. Gilt yields also rose as uncertainty cleared and investors moved out of safe-haven government bonds, pushing prices lower. Yields had already risen earlier in the quarter when the 31 October Brexit deadline was pushed back to the end of January, reducing the risk of a no-deal Brexit. UK equity returns were more muted, as the appreciation of Sterling will have negatively impacted the profits of companies who are listed in London but generate revenue from overseas operations.

The Conservatives (along with Labour) pledged to take advantage of record-low borrowing costs to invest in public services and infrastructure. This increased fiscal stimulus is likely to be well-received by investors as measures are announced in the Budget, scheduled for 11 March.

UK and global investment grade corporate bonds outperformed gilts due to tightening credit spreads (the difference in the yield between government bonds and corporate bonds), with UK investment grade bonds broadly flat and global bonds registering modest positive returns. High yield bonds and emerging market debt outperformed investment grade bonds (in local currency).

Overall, sterling strengthened against the dollar and euro and yen over the quarter.

Portfolio changes

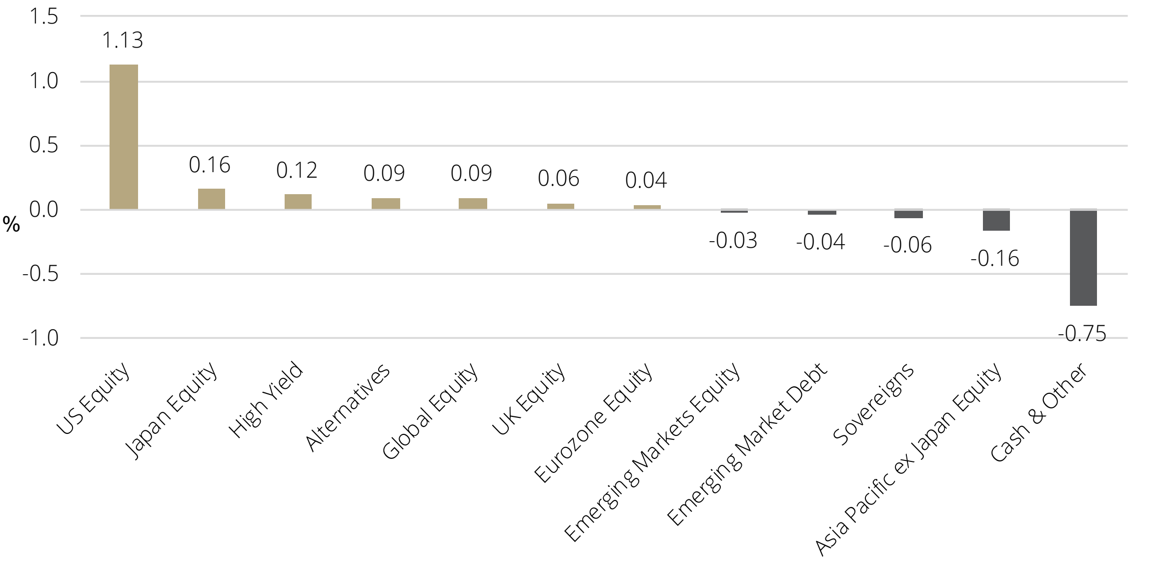
Throughout the quarter, we maintained our view market conditions that market conditions are relatively stable and believe that we could continue to see a supportive environment for return-seeking assets into 2020. We increased our equity allocation significantly. We focused on the areas of the market that we feel are more attractively valued, so avoided US large cap, instead favouring the rest of the world outside the US and Small Cap. We expect economic expectations to continue to improve and expect this to be positive for the more undervalued areas of the market.

We allowed a protective equity structure to mature during the quarter, which had the effect of increasing overall exposure to equity markets. We had put the protection in place earlier in the year to guard against short term volatility.

We reduced currency hedging within the equity portfolio on EUR and JPY in December. The result of the UK election saw a sharp appreciation in the pound and we used the opportunity to take profits, having had a high hedging level relative to a neutral since December 2018. We also increased our exposure to longer dated gilts, taking advantage of a pickup in UK rates during October to slightly increase the duration of our defensive allocation.

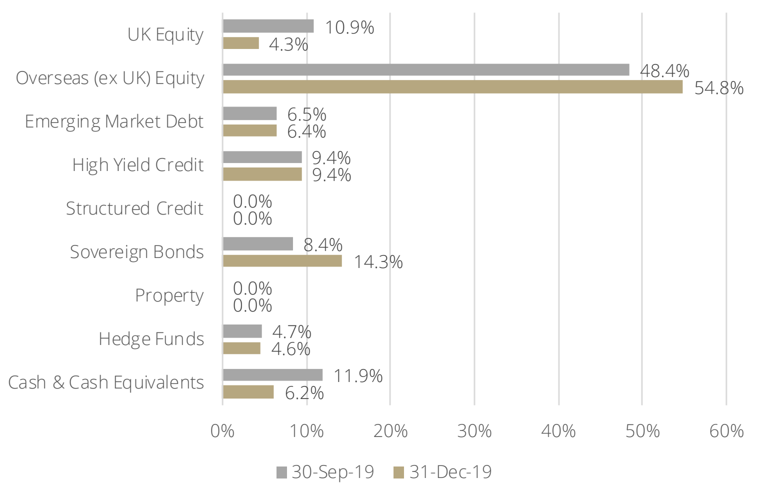
The Multi-Asset Team
River and Mercantile

Contribution to return over the quarter



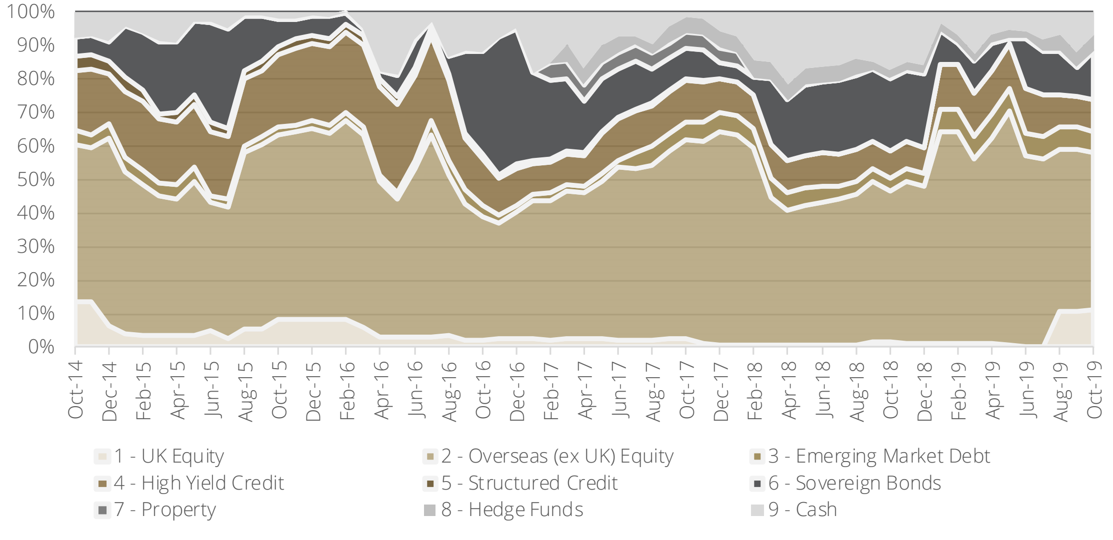
Source: FactSet, based on close of business valuation, gross of fees

Asset allocation



Source: River and Mercantile Group PLC

Asset allocation evolution since inception



Source: River and Mercantile Group PLC. 1 to 9, bottom to top.

Top 10 holdings

This table shows the fund's ten largest holdings by weight.

	Weight (%)
iShares S&P 500 UCITS ETF USD	8.2
Nomura US High Yld Bd Fd	7.6
Vanguard S&P 500 UCITS ETF	6.3
UBS MSCI EMU ETF	6.0
Vanguard S&P 500 ETF	5.4
Vanguard FTSE Japan UCITS	5.4
UK Treasury 4.75% 2020	5.3
UK Treasury 4.5% 2034	4.7
T Rowe Price Funds SICAV - Global High Income Bond F	4.2
iShares MSCI AC Far East ex Japan UCITS ETF	4.1

Source: River and Mercantile Group PLC

Counterparty	Total (£)	Commission Paid (£)
		Execution Only
ABG SUNDAL COLLIER	0.00	0.00
ATLANTIC SECURITIES	0.00	0.00
BANCO ITAU	0.00	0.00
BARCAP	0.00	0.00
BERENBERG	0.00	0.00
BMO	0.00	0.00
BofA MERRILL LYNCH	0.00	0.00
BTG PACTUAL	0.00	0.00
CANACCORD ALGO	0.00	0.00
CANACCORD GENUITY	0.00	0.00
CENKOS	0.00	0.00
CITI PROG	0.00	0.00
CITIGROUP	8,354,456.71	0.00
CLSA	0.00	0.00
CREDIT SUISSE	0.00	0.00
DEUTSCHE BANK	43,659,008.00	0.00
EXANE	0.00	0.00
FINNCAP	0.00	0.00
GBM	0.00	0.00
GOODBODY	0.00	0.00
HSBC	0.00	0.00
INSTINET	0.00	0.00
INVESTEC	0.00	0.00
ITG	0.00	0.00
ITG EURO	0.00	0.00
J&E DAVY	0.00	0.00
JANE STREET	17,393,912.25	0.00
JEFFERIES	0.00	0.00
JEFFERIES ALGO	0.00	0.00
JPMORGAN CHASE	0.00	0.00
KEPLER CHEUVREUX	0.00	0.00
LIBERUM	0.00	0.00
LIQUIDNET	0.00	0.00
MEDIOBANCA	0.00	0.00
MIRABAUD	0.00	0.00
MIZUHO	0.00	0.00
MORGAN STANLEY	0.00	0.00
NORTHERN TRUST CORP	0.00	0.00
NPLUS1 SINGER	0.00	0.00
NUMIS	0.00	0.00
PANMURE GORDON	0.00	0.00
PEEL HUNT	0.00	0.00
RAYMOND JAMES	0.00	0.00
RBC	0.00	0.00
RBC ALGO	0.00	0.00
REDBURN	0.00	0.00
SANFORD BERNSTEIN	0.00	0.00
SANTANDER	0.00	0.00
SHORE CAPITAL	0.00	0.00
SOCIETE GENERALE	0.00	0.00
STIFEL EUROPE	0.00	0.00
STIFEL NICOLAUS	0.00	0.00
SUSQUEHANNA INTERNATIONAL	15,603,877.60	0.00
UBS	0.00	0.00
UBS PROG	0.00	0.00
WINTERFLOOD	0.00	0.00
FLOWTRADERS	16,950,774.71	0.00
CONFIRMED FUND PRICE	171,969,900.00	0.00
OPTIVER	8,584,645.45	0.00
LLOYDSCRE	28,614,227.20	0.00
RBS	43,557,882.00	0.00
MACQUARIE	0.00	0.00
BTIG	0.00	0.00
BRBNPMBS	0.00	0.00
THE BANK OF NEW YORK MELL(	0.00	0.00
	£ 354,688,683.92	**£ -**

Firm Wide Comparators

All Equity Trading	**£ 1,297,450,662.58**	**£587,062.42**
Trades:	**£ 354,688,683.92**	**£0.00**
Average Firm-Wide Commission Rate (%)		0.05%
: **Average Commission Rate (%)**		0.00%

Source: River and Mercantile Group PLC

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)	0.86%	AMC* + 0.31%
*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.

Equity Trustees Fund Services Ltd (the ACD for ES River and Mercantile Funds ICVC) is authorised and regulated in the UK by the Financial Conduct Authority (Firm Reference Number 227807).

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 ES River and Mercantile Funds 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