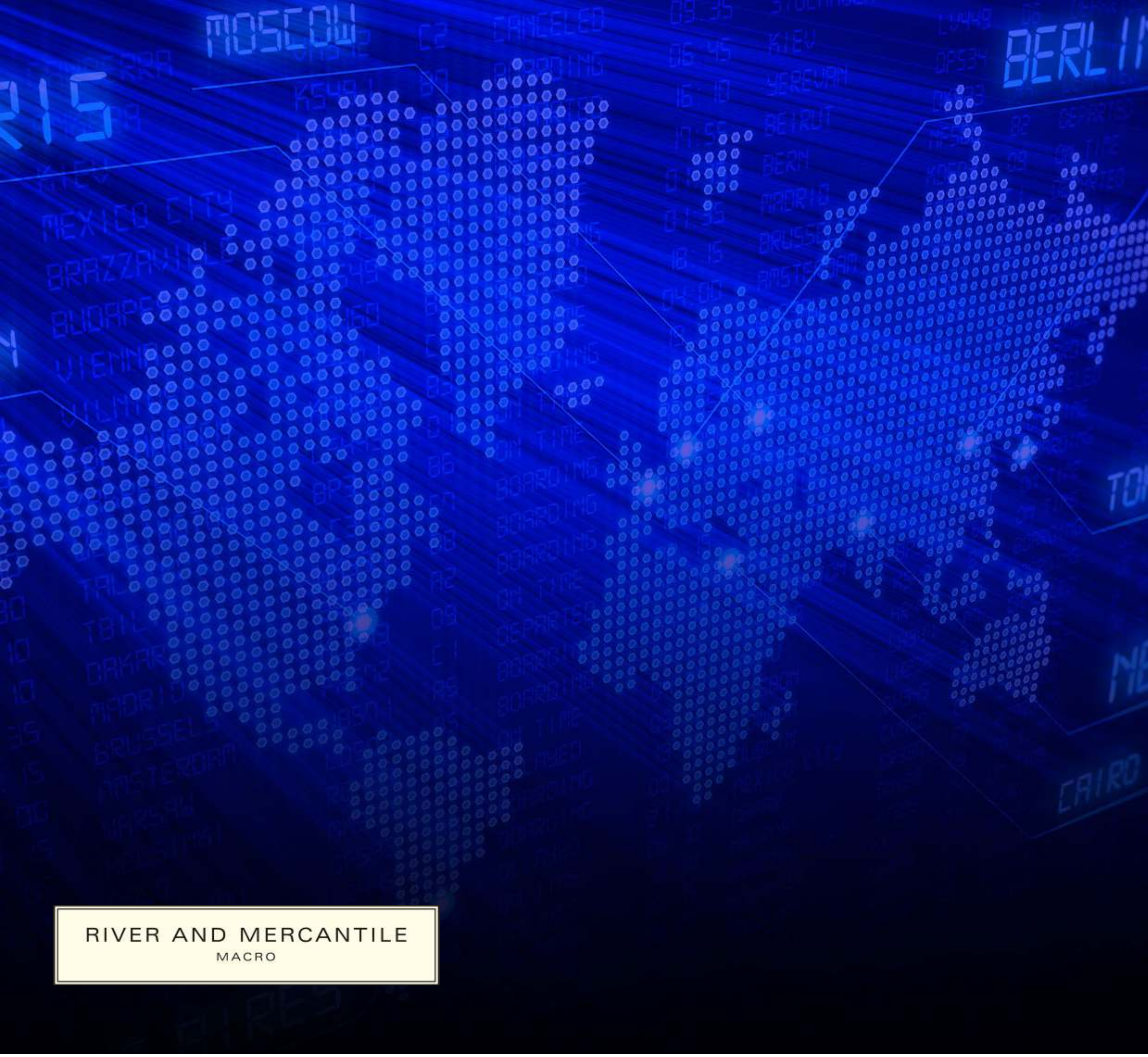


RIVER AND MERCANTILE
MACRO

Global Macro Fund

Quarterly Report
to 31 March 2020

RIVER AND MERCANTILE
MACRO

Global Macro Fund
Quarter 1, 2020

Investment objective and performance target

The fund aims to achieve long-term capital appreciation through compound growth. Compound growth is the annual growth rate of an investment applied year on year for a specified period of time.

The fund aims to produce double-digit returns over a cycle, with positive returns in equity market drawdowns.

Portfolio characteristics and risk analysis

Fund assets under management (AUM)	USD 185.3m
Strategy capacity	$ 10bn
Inception date	28 February 2018[1]

Value at Risk (VaR)[2]	3.26%
Volatility	8.63%
Sharpe ratio	0.57
Percentage positive months	60%

Source: River and Mercantile Group
[1]Inception date taken as the date of seeding following a test-trade period after the fund's official launch on 25 Jan 2018.
[2]Using 99% confidence over 22-day Monte Carlo value at risk scaled up from 1 day.

Past performance

The tables below represent the performance of the fund, calculated using published NAVs net of fees and expenses. Past performance is not a reliable guide to future results.

	Cumulative (%)			Annualised (% p.a.)		
	3 months	YTD	1 year	3 years	5 years	Since Inception
USD (Acc) - Class A	-9.50	-9.50	-5.96	-	-	4.49
USD (Dist) - Class A	-9.51	-9.51	-6.06	-	-	4.44
GBP (Acc) - Class B	-10.00	-10.00	-7.35	-	-	3.08

Source: River and Mercantile Group.

Discrete monthly portfolio performance

USD (Acc) – Class A Shares

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	CY[3]
2020	-0.75%	-9.04%	0.25%										-9.50%
2019	0.62%	-0.43%	3.49%	-1.08%	0.08%	4.04%	1.17%	0.89%	0.27%	-2.18%	0.21%	0.54%	7.74%
2018	-2.00%	-5.23%	1.06%	3.53%	2.79%	2.47%	-0.76%	0.26%	-0.12%	-0.28%	1.26%	1.66%	12.41%

USD (Dist) – Class A Shares

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	CY[3]
2020	-0.76%	-9.04%	0.25%										-9.51%
2019	0.63%	-0.44%	3.49%	-1.08%	0.08%	4.05%	1.17%	0.89%	0.27%	-2.18%	0.12%	0.55%	7.63%
2018	-2.00%	-5.23%	1.06%	3.53%	2.79%	2.47%	-0.77%	0.26%	-0.12%	-0.28%	1.27%	1.65%	12.40%

GBP (Acc) – Class B Shares

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	CY[3]
2020	-0.83%	-9.13%	-0.13%										-10.00%
2019	0.51%	-0.57%	3.40%	-1.27%	-0.05%	3.98%	1.04%	0.76%	0.16%	-2.17%	0.14%	0.42%	6.38%
2018	-2.01%	-5.32%	0.96%	3.41%	2.66%	2.46%	-0.95%	0.11%	-0.23%	-0.37%	1.24%	1.52%	11.26%

Source: River and Mercantile Group.
[3]The cumulative calendar year return shown for 2018 does not include the returns for January and February in line with the fund's inception date being taken as 28 February 2018 when the fund was seeded following a test-trade period.

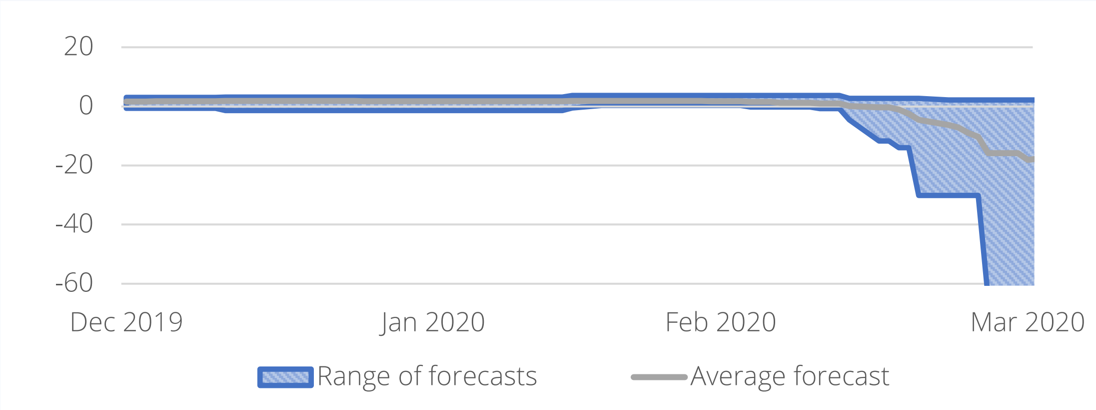
Please note that any references to performance in the commentary below relate to the fund's gross performance in US dollars, before the deduction of any fees, unless otherwise stated.

Market background

Prior to the COVID-19 outbreak, growth was starting to bottom and an upswing in economic expectations was unfolding. Early in Q1 financial conditions were supportive, and the major global easing cycle seen in 2019 was providing meaningful support for economic activity, and in turn markets. But COVID-19 clearly put a sudden and severe stop to the recovery.

Risk markets, along with consensus growth and earnings expectations, largely held up until mid-February. Volatility remained depressed, equities were flat for the year, and spreads were well below long term averages. Consensus forecasts indicated no impact to Q2 GDP, despite the increased likelihood of shutdowns. Earnings forecasts were similarly optimistic.

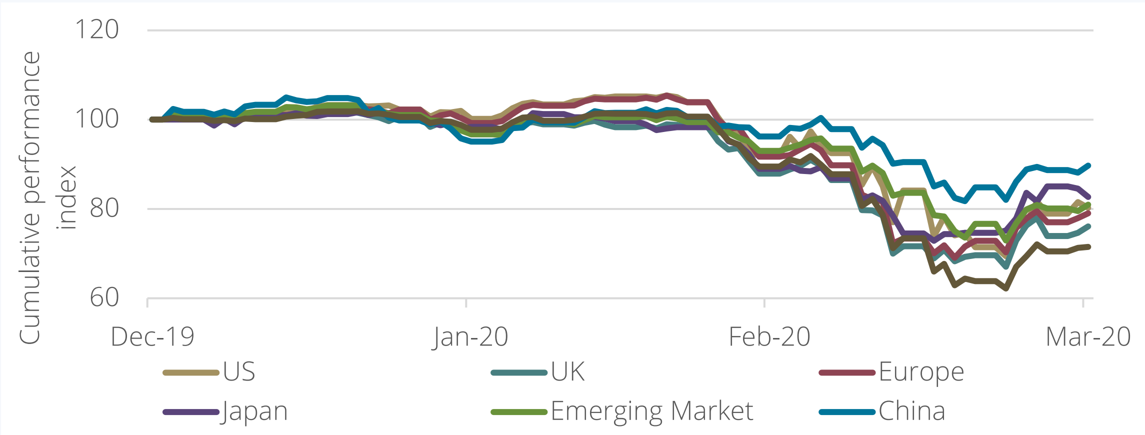
US GDP FORECASTS



Source: Bloomberg, 16/04/2020, based on weighted average of c.50 US GDP forecasts.

This optimism gave way to significant falls in risk assets through late February and March, with equities down 35% in little over a month and US high yield spreads topping 1000bps. Energy companies suffered in excess of the wider market with oil prices in freefall, adding to the momentum of the sell-off.

Q1 EQUITY MARKET PERFORMANCE



Source: Bloomberg, 31/03/2020.

Huge amounts of fiscal and monetary stimulus supported markets late in the quarter, leading them higher in the final week. At the time of writing, stimulus is nearing 20% of global GDP.

Portfolio activity

As a reminder, the fund is predominantly trying to gain exposure to significant market movements that are linked to economic forces. As our central thesis at the end of 2019 was that we should see improving global economic growth over 2020, we came into Q1 overweight risk assets relative to rates, with moderate overall gross exposure. As the economic backdrop begun to deteriorate, we changed the portfolio accordingly.

With a major increase in economic uncertainty, we cut portfolio risk meaningfully and quickly in late February. Our models captured the change in sentiment via both a change in macro and motion factors, albeit after the initial market fall.

We initially cut directional risk exposure to close to 0%, adding diversifying positions in rates and relative value through March. The fund therefore suffered from the initial fall off in markets in February but protected against further falls seen in March.

Whilst we cut directional risk, we didn't take material short positions (excluding shorts in the relative value book). We have nothing against going short, but the bar for short positions is high, as the Sharpe needs to compete with long positions in offsetting assets. Overvaluation combined with weakening economics and deteriorating credit conditions would likely provide the basis for a large short position; this was seen in 2007 and 2008, but not in 2018 or 2020. By the time negative momentum kicked in, the overvaluation had largely disappeared.

Therefore against a backdrop of high correlations, adverse credit conditions and significant economic uncertainty, the portfolio ended the quarter with minimal directional risk exposure and a moderate allocation to rates. Equity relative value accounted for the largest allocation, providing the portfolio with a bias to high quality companies on a market neutral basis.

Our equity RV book addresses some of the typical challenges associated with the space, such as short positions erasing gains when the style regime changes, and in the case of risk premia those premia eroding through time. Our proprietary factors differ from traditional market definitions, and we vary the definition of those factors according to the market regime.

Performance

Due to the directional risk positioning coming into the year, the fund suffered from the initial fall in markets prior to our moves to cut risk, falling in line with equity markets. Overall the fund was down c.10% for the year to the end of February.

The fund was broadly flat over March, protecting against further falls seen in risk markets. As a result, the fund ended Q1 down c.10%, capturing less than half the downside of equities.

Over the past 10 years we've seen 3 drawdowns of a similar magnitude – during the Euro sovereign debt crisis, the Tohoku earthquake and tsunami, and the taper tantrum. Each of these was followed by strong performance; and we expect to capture a similar level of upside when we see a sustained market recovery from the current crisis.

	Peak to trough drawdown	Subsequent 12 month return
2010: Euro sovereign debt crisis	-10%	37%
2011: Tohoku earthquake and tsunami	-12%	28%
2013: Taper tantrum	-16%	33%

Simulated returns in USD. Simulated results are based on past performance of River and Mercantile's models with an allowance of LIBOR + 20bps for leverage costs but no allowance for ongoing costs and transaction costs which we conservatively estimate to be 1% p.a. Simulated performance is no indication of current or future performance. The value of investments and the income from them can fall as well as rise and you may not get back the full amount originally invested. Backtest returns are representative for the current Strategy models. The live fund may differ from that which the backtest is based upon. Changes in exchange rates may have an adverse effect on the value, price or income of investments.

Our ability to meaningfully adjust risk levels (as we have no requirement to target constant volatility) protected us from the March sell-off, which was exacerbated by forced selling and deleveraging, and will be key in capturing the significant market recovery when it comes.

Current outlook

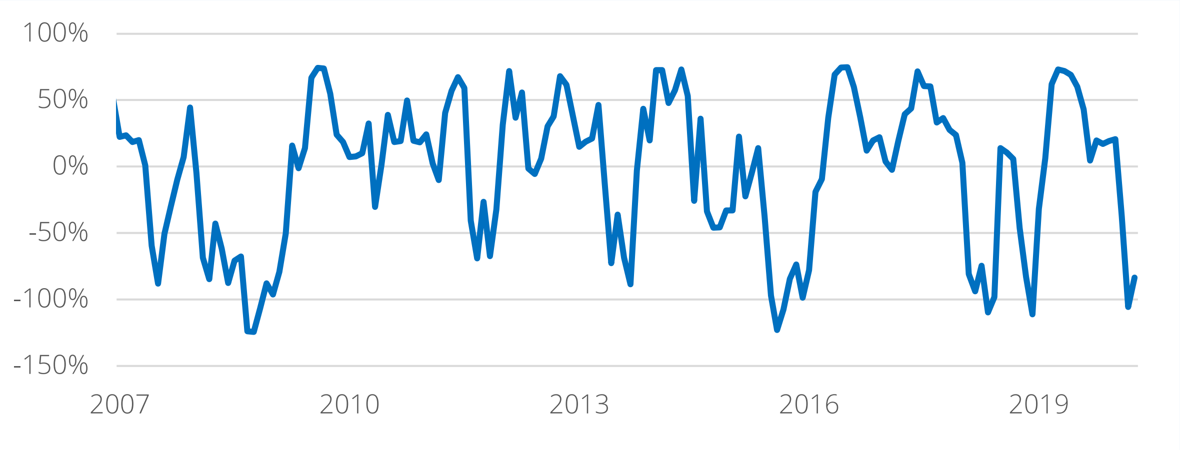
We remain positive about the eventual economic recovery we expect to see, particularly given the scale of stimulus that has been announced, but this may take time. Just look at China – despite a relatively successful containment programme and over $1tn in fiscal and monetary stimulus measures, Chinese PMIs pointed to only a minor expansion over March, relative to a dire February. China has certainly not 'bounced back'.

We expect companies to use the current environment, whereby poor short-term economic activity is being accepted as the norm, as an opportunity to maximise bad news. This is evident in earnings season thus far – major US banks announced profits down more than 50% (and as bad as 90% for Wells Fargo) as they make provisions for billions of dollars of loan losses. For many other companies, rhetoric used in their guidance strikes a similar tone.

The market was initially focused on the spread of the infection, but this has now shifted to the process of re-opening economies. There appears to be relatively little regard being paid to current economic data (e.g. jobless claims, durable goods orders), and we see this as a risk. A significant amount of economic activity has been permanently destroyed, and we expect that to have a lasting impact.

Companies will go bankrupt, we will see defaults (notwithstanding the cushion that central banks and governments are providing) and many companies will emerge from this crisis with major damage to their balance sheets. This is captured in the significant weakening in our credit conditions indicator below. Those companies suffering now will be left playing catch up, paying down debt, or issuing equity to fund projects which were delayed.

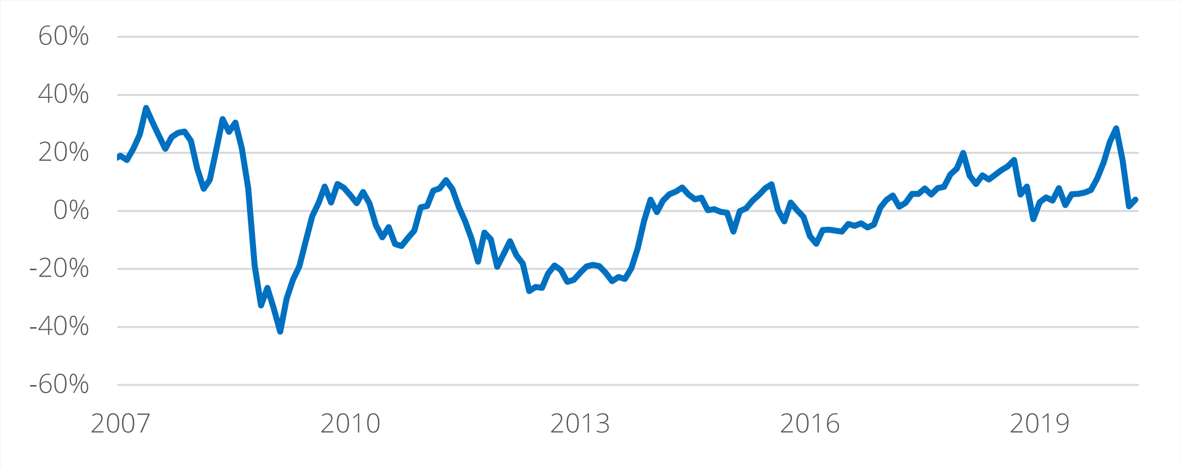
GLOBAL CREDIT CONDITIONS



Source: R&M proprietary indicator, as at 22/04/2020

Despite this year's falls, equity and credit valuations in most markets look little better than fair on an economically adjusted basis.

GLOBAL EQUITY VALUATIONS



Source: R&M proprietary indicator, as at 22/04/2020

As these pressures build, we can see further downside for risk markets in the short term. We expect this to provide the fund with very attractive buying opportunities in the coming months. As risk assets, and equities in particular, settle at more reasonable levels we expect the fund to build meaningful exposure and participate strongly in market upside.

Although there are signs of short term trends improving, the current market rally looks to have got ahead of itself. The continued underperformance of smaller companies and cyclicals highlights that recent rallies have been driven by stimulus and the lifeline it will provide to keep companies afloat; this isn't a rally driven by strong economic forces. In fact, as weak data continues to roll in, the US and other defensive markets continue to dominate.

At present, short-term motion is not sufficiently positive to outweigh our longer-term trend models. This is something we've seen historically – in 2009 for example, short-term trends were sufficiently positive to support high directional exposure. But we aren't seeing the same force today (yet).

Upcoming themes

We expect there to be a significant opportunity in risk markets, but do not think we are there yet. Before we re-risk, we need to see a level of stability in asset prices, and in particular we need credit conditions to improve – regardless of the context, spreads of 900bps present a challenging corporate environment. High asset correlations represent a further headwind.

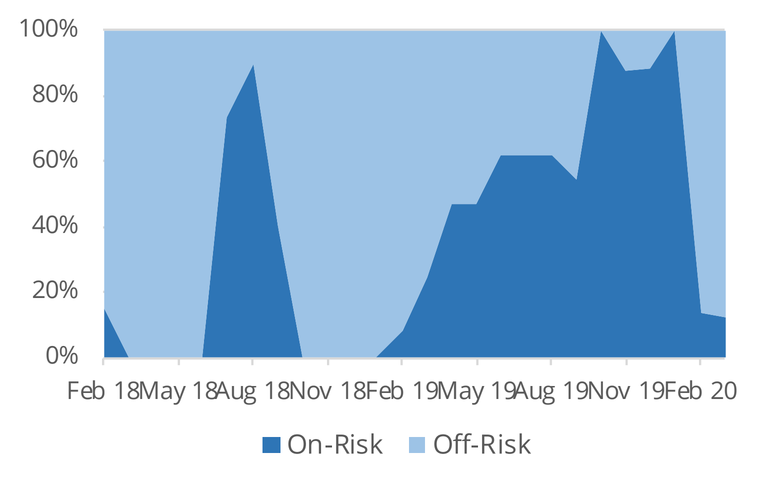
In the current correlation environment, we expect to maintain high exposure to relative value. Within our relative value book, we are continuing to identify themes which stand to benefit from the current market environment and a subsequent recovery. We continue to favour companies with strong balance sheets, which can weather significant demand disruption and withstand weak credit conditions. We expect the companies we hold to fare well as the economy begins to recover and reinvestment of capital becomes crucial. We are also seeing opportunities arising from higher healthcare spending and increased tech investment, as well as infrastructure spending and restructuring of global supply chains.

So in short, whilst we are cautious on risk markets in the near term, we are continuing to identify some great opportunities for the fund. Longer term, we are positive about the eventual economic recovery we expect to see, and will be well-placed to take advantage.

Mike Faulkner and Joe Andrews
Portfolio Managers
April 2020

Risk indicator

This chart shows a proprietary indicator which is the primary driver of the fund's on/off risk allocations over the last 12 months.



Source: River and Mercantile Investments Limited.

Allocation by asset class

This table shows the fund's asset allocation by notional exposure.

Underlying Asset Class	Gross Notional Exposure	Net Notional Exposure
Bonds and Rates	68.3%	68.3%
Credit	2.2%	2.2%
Equity	114.5%	1.8%
Currency (vs USD)	18.5%	-14.9%
Cash and Equivalents	81.5%	81.5%

Source: River and Mercantile Investments Limited.

Top 10 positions

This table shows the fund's ten largest positions by exposure.

	Exposure
TRS-GLAQ001 TRS	63.0%
United States Treasury Note/Bond 6.25 15/05/2030	16.9%
LONG GILT FUTURE Jun20	15.8%
EURO-BUND FUTURE Jun20	15.2%
EUR per USD @ 0.90	15.1%
United States Treasury Bill 0 05/28/20	13.2%
United States Treasury Bill 0 05/21/20	13.2%
United States Cash Management Bill - Reopening 0 202005	13.2%
United States Treasury Bill 0 05/07/2020	13.2%
United States Treasury Bill 0 04/23/2020	13.2%

Source: River and Mercantile Investments Limited.

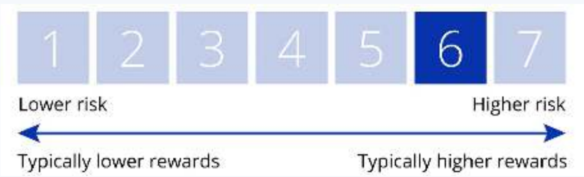
Fund information

Portfolio managers	Mike Faulkner and Joe Andrews
Management Co.	Carne Global Fund Managers (Ireland) Limited
Investment manager	River and Mercantile Investments Limited
Depositary	BNY Mellon Trust Company (Ireland) Limited
Fund launch date	25/01/2018
Fund base currency	USD
Domicile	Ireland
Fund type	UCITS
Entry charge	Nil
Exit charge	Nil
Ongoing charges	1.45% (1.0% AMC)
Performance fee	15% (of outperformance)
Dealing frequency	Weekly, Wednesday
Dealing cut-off time	Wednesday 4.30pm (Irish time)
Valuation	Wednesday 4.00pm (New York time)
Settlement	T+4
Minimum investment	USD 500k equivalent

Share classes

USD	Class A (Accumulation/Distribution), Class Y (Accumulation)
GBP	Class B (Accumulation/Distribution), Class Z (Accumulation)
JPY	Class C (Accumulation/Distribution), Class W (Accumulation)
CHF	Class U (Accumulation)
AUD	Class V (Distribution)
EUR	Class X (Accumulation)

Synthetic Risk & Reward Indicator (SRRI)



River and Mercantile Investments Global Macro Fund (the "Fund") is approved by the Central Bank of Ireland as a sub-fund of River and Mercantile Investments ICAV, an undertaking for collective investment in transferable securities in the legal form of open-ended Irish collective asset management vehicle, constituted as an umbrella fund with segregated liability between funds (the "ICAV").

Carne Global Fund Managers (Ireland) Limited manage the ICAV as UCITS management company and have delegated the discretionary investment management and distribution of the ICAV and the Fund to River and Mercantile Investments Limited. River and Mercantile Investments Limited is authorised and regulated in the United Kingdom by the Financial Conduct Authority (Firm Reference No. 195028; registered in England and Wales No. 3359127).

The information in this document has been prepared and issued by River and Mercantile Investments Limited. Investors should refer to the latest prospectus of the ICAV (as amended or supplemented) and relevant key investor information document(s) for the Fund for further information (available from our website at www.riverandmercantile.com).

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For UK investors: The Fund is registered as a "recognised scheme" for the purposes of Section 264 of the Financial Services and Markets Act 2000 (FSMA) of the United Kingdom and shares in the Fund may upon such registration be promoted and sold to the general public in the United Kingdom subject to compliance with FSMA and applicable regulations under FSMA. Potential investors in the United Kingdom should be aware that most of the protections afforded by the United Kingdom regulatory system will not apply to an investment in the Fund and that compensation will not be available under the United Kingdom Financial Services Compensation Scheme.

For Italian investors: The shares have only been registered for the offer to Qualified Investors, as defined by Article 34-ter, paragraph 1, letter b of CONSOB Resolution no. 11971 of 14 May 1999, as amended from time to time, and have not been authorised for the offer to the public in Italy. Accordingly, no shares may be offered, sold or distributed, nor may copies of this document or of any other documentation relating to the shares be distributed, to investors other than Qualified Investors.

For Swiss investors: The Fund has not been licensed by the Swiss Financial Market Supervisory Authority (the "FINMA") for distribution to non-qualified investors pursuant to Article 120 Para. 1 to 3 of the Swiss Federal Act on Collective Investment Schemes of 23 June 2006, as amended ("CISA"). In addition, neither has a Swiss representative or a Swiss paying agency yet been appointed. Accordingly, units in the Fund may only be offered in or from Switzerland to regulated financial intermediaries such as banks, securities dealers, fund management companies, asset managers of CIS, central banks, as well as insurance institutions. Further, units in the Fund may only be sold under the exemptions of Article 3 Para. 2 CISA. Investors in units in the Fund do not benefit from the specific investor protection provided by CISA and the supervision by the FINMA in connection with the licensing for distribution.

For Australian investors: The Fund is not, and is not required to be, registered in Australia under the Corporations Act Cth 2001 ("Act"). This document is directed at professional clients only and in Australia may only be provided to be wholesale clients (as defined in section 761G of the Act) by River and Mercantile Asset Management LLP ("RAMAM") or its representatives, which includes River and Mercantile Investments Limited. RAMAM is exempt from the requirement to hold an Australian financial services licence and is regulated by the FCA under UK laws, which differ from Australian law. Retail clients should not rely on the information provided for this investment product. The ICAV prospectus is not a product disclosure document or prospectus under the Act.

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