

ES River and Mercantile EUROPEAN FUND

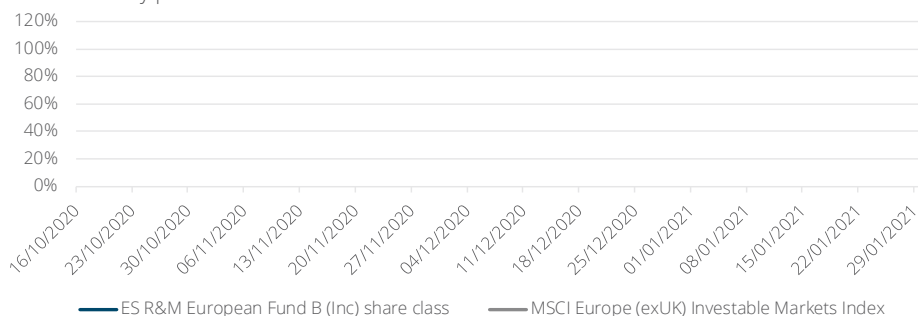
CLASS B GBP (Income)

PAST PERFORMANCE

As this fund or share class has been running for less than 12 months there is insufficient data to provide a useful indication of past performance.

PERFORMANCE SINCE INCEPTION

As this fund or share class has been running for less than 12 months we are not permitted to show any performance data.



CUMULATIVE PERFORMANCE

As this fund or share class has been running for less than 12 months we are not permitted to show any performance data.

	1 month %	3 months %	1 year %	3 years %	Since inception %
B share class (Inc)	-	-	-	-	-
Benchmark	-	-	-	-	-

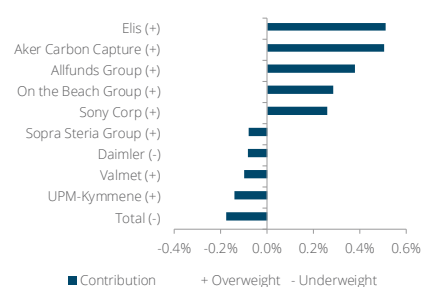
DISCRETE 12 MONTH PERFORMANCE

As this fund or share class has been running for less than 12 months there is insufficient data to provide a useful indication of past performance.

	12 months to 31/08/2017	12 months to 31/08/2018	12 months to 31/08/2019	12 months to 31/08/2020	12 months to 31/08/2021
B share class (Inc)	-	-	-	-	-
Benchmark	-	-	-	-	-

TOP 5 PERFORMANCE CONTRIBUTORS & DETRACTORS

The best and worst contributors to the portfolio's performance relative to the benchmark



Source: Factset

TOP 5 OVERWEIGHTS & UNDERWEIGHTS

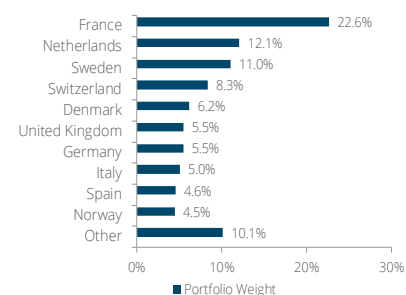
The securities in which the portfolio weight differs most from that of the benchmark



Source: Factset

TOP 10 COUNTRY WEIGHTS

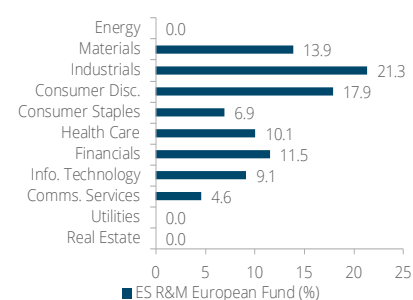
The portfolio's ten largest country holdings by total weight.



Source: Factset

SECTOR WEIGHTS

Portfolio weightings within specific industrial sectors.



Source: Factset

RIVER AND MERCANTILE

INVESTMENT OBJECTIVE

To achieve a return (income and growth in the value of your investment (known as "capital growth) over a rolling period of at least five years, by investing in a core concentrated portfolio of shares of European companies.

PORTFOLIO MANAGER

James Sym

PORTFOLIO & RISK CHARACTERISTICS

Number of holdings	46
Fund Volatility	14.0%
Benchmark Volatility	13.6%
Beta	0.97
Tracking error	4.68
Active Money	81.0%

KEY FACTS

Fund launch date	30/09/2020
Share class launch date	16/10/2020
Benchmark	MSCI Europe (ex-UK) IM index
IA sector	Europe ex-UK
Total fund size	£84.1m
Domicile	UK
Fund type	UK UCITS
SEDOL	BMX64P1
ISIN	GB00BMX64P13
Bloomberg	ESRMEBI
Distribution type	Income

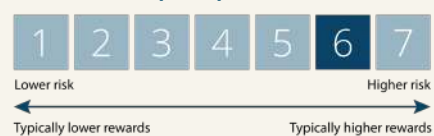
FEES & CHARGES

Initial charge	Up to 5.25%
AMC	0.75%
Ongoing charge (including AMC)	0.95%

DEALING INFORMATION

Dealing frequency	Daily
Dealing cut-off time	12pm (UK)
Valuation point	12pm (UK)
Settlement	T+4
Minimum investment	£1000

SYNTHETIC RISK & REWARD INDICATOR (SRRI)



CONTACT DETAILS

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TOP 10 HOLDINGS

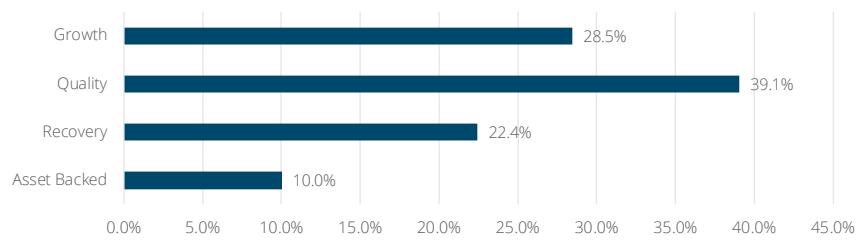
The ten largest positions by weight held in the portfolio.

	Weight (%)
Elis	3.9
Verallia	3.7
Accell Group	3.5
Dometic Group	3.3
Danieli & C Officine	3.3
Essilorluxottica	3.0
Sanofi	3.0
Allfunds Group	3.0
Nordic Entertainment	3.0
Roche Holdings	2.9

Source: River and Mercantile Asset Management LLP

CATEGORIES OF POTENTIAL

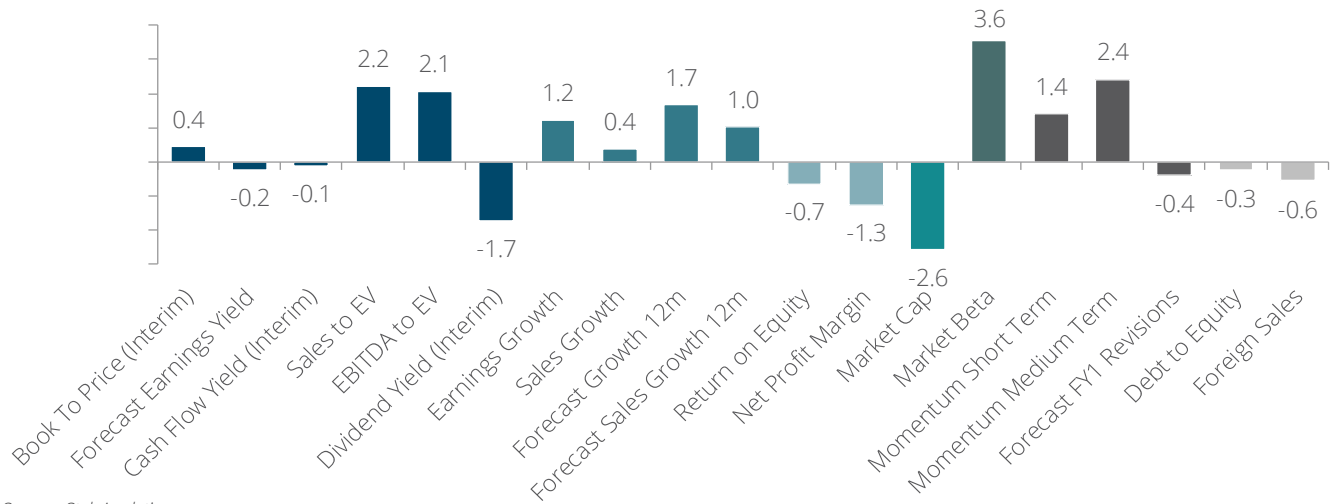
The weighting of the portfolio across the four categories of potential, related to stages of a company's life cycle.



Source: River and Mercantile Asset Management LLP, excludes cash.

PORTFOLIO STYLE SKYLINE

This chart shows the Style Tilts of the portfolio against the benchmark as calculated by StyleAnalytics.



Source: StyleAnalytics

FUND RATINGS



OTHER INFORMATION

Authorised Corporate Director: Equity Trustees Fund Services Limited
 Investment manager: River and Mercantile Asset Management LLP
 Depository: The Bank of New York Mellon (International) Limited

MANAGER'S REVIEW

Is the European recovery over? In some parts of the stock market we believe this to be the case, or, at least, broadly priced in. This is particularly true in the industrial sphere where profits and share prices are typically well above the pre-pandemic levels: a function of the strong recovery we saw, particularly out of China. We have been rotating out of this part of the market as a consequence, only retaining exposure to business which look like they could have a bit of a non-consensual super cycle. Conversely, two areas where there are depressed levels of profit and, to a lesser degree, depressed share prices are the domestic consumer – Consumer Cyclical in business cycle terms – and banks. These are areas we think you will see a significant recovery over the next 12-18 months. We are overweight both, with the latter providing an inflation hedge at least in the early stages of a change in the inflation dynamic. The impact of inflation on the consumer is intuitively and historically a negative one, on the basis daily essentials consume more of the income pot, leaving less for discretionary purchases. Of course how much of a headwind this is depends on the rate of wage inflation, and here we see some positive signals, not least the “staff wanted” signs over the doors of restaurants and pubs up and down the country – a scene replicated across Europe.

A generous explanation of the market's ‘decision’ not to fully price the recovery of the consumer is that Mr Market has insightfully been foreseeing squeezed real spending power for some time. The more basic and, in our view, more likely explanation is amid all the Covid-driven political and economic uncertainty, market participants are nervous of taking a non-consensual view which will need some time to be proven. I think this is more likely because we saw exactly the same phenomena in Industrial Cyclical over the last year. Effectively, before being prepared to apply fair multiples on recovered profits – which leads to significant upside in these stocks – the market is saying “show me”. Herein lies the opportunity because we have a high degree of confidence. There is significant pent-up demand, given the consumer has been prevented by government policy from spending their money as they wished over the last 18 months. Cognisant of the risk of ‘the squeeze’ though, we have focused on areas consumers are most likely to prioritise. For 2022 holidays and restaurants are in, home improvement and online shopping are out!

James Sym
Portfolio Manager
October 2021

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