31 MARCH 2021

ES River and Mercantile
UK EQUITY HIGH ALPHA FUND
CLASS B GBP (Accumulation)

RIVER AND MERCANTILE

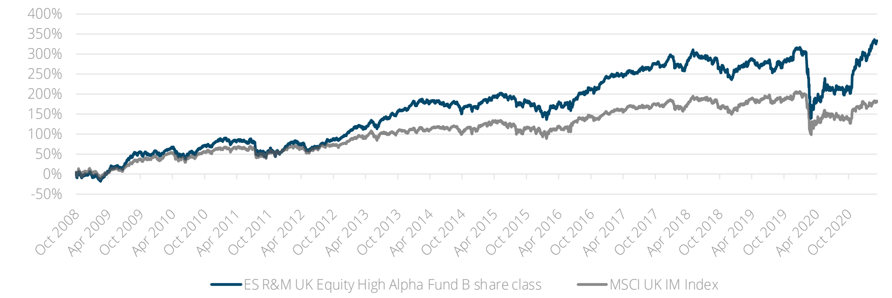
PAST PERFORMANCE

The chart and tables below show the performance of the fund's GBP B (Acc) share class since the launch of the share class on 20 October 2008.

Source: River and Mercantile Asset Management LLP. Fund performance is calculated using midday published prices. Benchmark performance is calculated using close of business mid-market prices.

Past performance is not a reliable guide to future results.

PERFORMANCE SINCE INCEPTION



CUMULATIVE PERFORMANCE

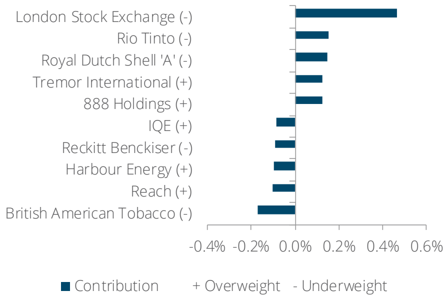
	1 Month %	3 Months %	1 Year %	3 Years %	5 Years %	10 Years %	Since inception %
B share class (Acc)	4.6	12.3	59.3	19.6	61.3	137.7	333.1
MSCI UK IMI	4.0	5.4	24.3	6.7	32.0	71.6	180.6

DISCRETE 12 MONTH PERFORMANCE

	12 months to 31/03/2017	12 months to 31/03/2018	12 months to 31/03/2019	12 months to 31/03/2020	12 months to 31/03/2021
B share class (Acc)	29.4%	4.3%	3.1%	-27.2%	59.3%
MSCI UK IMI	22.3%	1.1%	6.5%	-19.4%	24.3%

TOP 5 PERFORMANCE CONTRIBUTORS & DETRACTORS

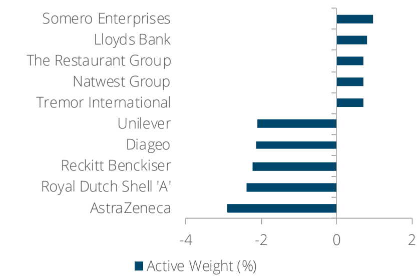
The best and worst contributors to the portfolio's performance relative to the benchmark



Source: River and Mercantile Asset Management LLP

TOP 5 OVERWEIGHTS & UNDERWEIGHTS

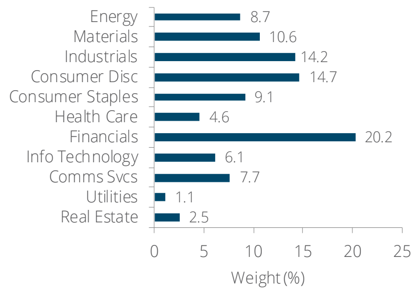
The securities in which the portfolio weight differs most from that of the benchmark



Source: River and Mercantile Asset Management LLP

SECTOR WEIGHTS

Portfolio weightings within specific industrial sectors.



Source: River and Mercantile Asset Management LLP

TOP 10 HOLDINGS

The ten largest positions by weight held in the portfolio.

	Weight (%)
Unilever	3.1
BP	2.9
Royal Dutch Shell 'B'	2.8
HSBC Holdings	2.6
Lloyds Bank	2.3
Prudential	2.2
Barclays	2.1
GlaxoSmithKline	1.9
BHP	1.8
Anglo American	1.8

Source: River and Mercantile Asset Management LLP

INVESTMENT OBJECTIVE

To grow the value of your investment (known as "capital growth") in excess of the MSCI UK Investable Market Index (IMI) Net Total Return (the "Benchmark") over a rolling 5-year period, after the deduction of fees.

PORTFOLIO MANAGER

Hugh Sergeant

PORTFOLIO & RISK CHARACTERISTICS

Number of holdings	241
Fund Volatility	16.2%
Benchmark Volatility	14.2%
Beta	1.09
Active Money	52.9%

KEY FACTS

Fund launch date	28/11/2006
Share class launch date	20/10/2008
Benchmark	MSCI UK Investable Markets index
IA sector	UK All Companies
Total fund size	£99.7m
Domicile	UK
Fund type	UK UCITS
SEDOL	B3D79W3
ISIN	GB00B3D79W34
Bloomberg	RMUKEHG
Distribution type	Accumulation

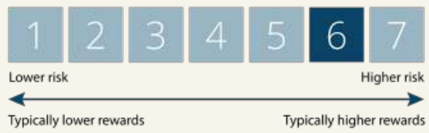
FEES & CHARGES

Initial charge	Up to 5.25%
AMC	0.75%
Ongoing charge (including AMC)	0.90%

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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MARKET CAPITALISATION

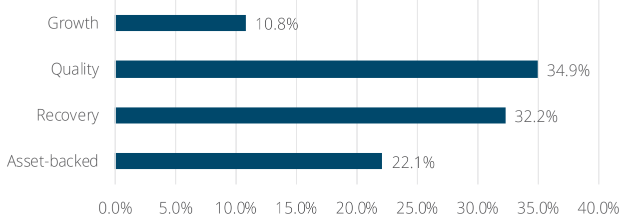
Comparison of portfolio and benchmark weightings across a range of sizes based on company value.

		Fund	Benchmark	Active
Mega Cap	£20bn +	33.3%	55.7%	-22.5%
Large Cap	£4bn - £20bn	15.8%	29.6%	-13.8%
Mid Cap	£2bn - £4bn	8.1%	7.2%	0.9%
Small Cap	£100m - £2bn	37.8%	7.4%	30.4%
Micro Cap	£0m - £100m	4.5%	0.0%	4.5%

Source: River and Mercantile Asset Management LLP

CATEGORIES OF POTENTIAL

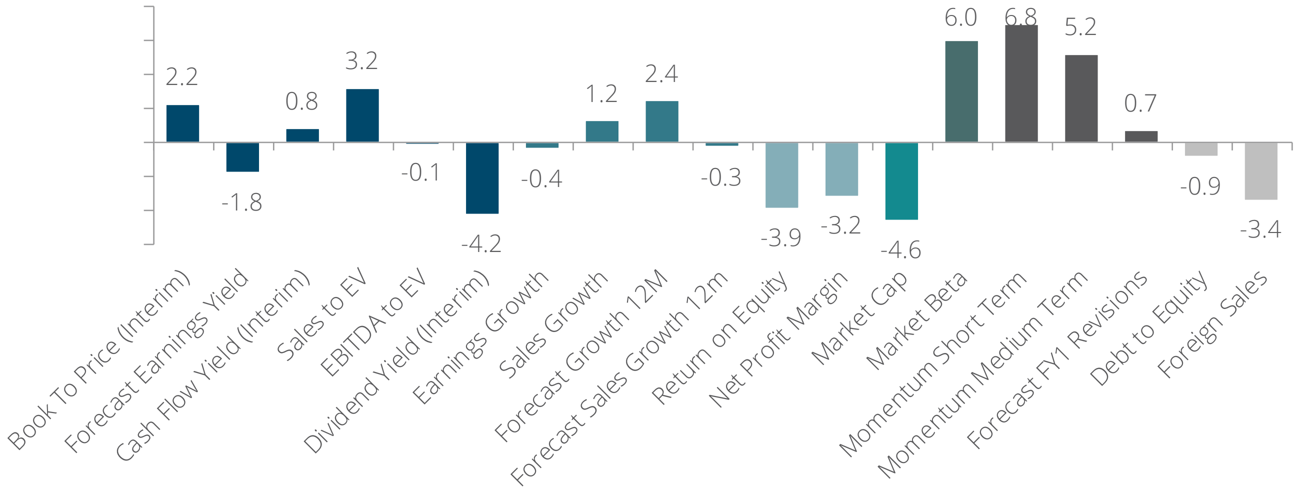
The weighting of the portfolio across the four categories of potential, related to stages of a company's life cycle.



Source: River and Mercantile Asset Management LLP

PORTFOLIO STYLE SKYLINE

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



Source: StyleAnalytics

FUND RATINGS

ELITE PROVIDER
rated for equities by FundCalibre.com
2021

SQUARE MILE AA

OTHER INFORMATION

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

MANAGER'S REVIEW

Investment Background

Global equity returns remained strong in March (MSCI ACWI +2.7% total return in USD). Broadly speaking, cyclical companies and Value indices continued to perform well, supported by earnings upgrade momentum in resources, financials and autos particularly, but also driven by the sustained rise in bond yields and yield curves. The US 10-year yield rose more than 30 basis points to above 1.7% amid a backdrop of supportive macroeconomic indicators and the passing of a $1.9 trillion US stimulus package and presentation of an additional $3 trillion bill focused on infrastructure. Commodities prices fell slightly following their particularly strong month in February (Brent oil -1% and copper -2%). Likewise, a number of recovery stocks paused for breath during the month, having become a bit overbought in the short term.

Strategy update

Performance

The fund returned performed robustly over the month, returning 4.6%[1] compared to 4.0% by its comparator benchmark, the MSCI United Kingdom Investable Markets index (IMI)[2]

Our key factors were broadly supportive, Value in particular, though recovery and multi-cap stocks took a breather as some shares had become a bit overbought in the short term. Our PVT stock picks contributed positively, many companies starting to beat expectations and being rewarded with positively trending share prices. Re-opening stocks went through another period of consolidation as Governments around the world remained cautious regarding a return to international travel and social distancing measures remained in place.

Positive contributors included an overweight position in strongly performing financials, and individual stocks including Tremor, 888 and Vistry responding positively to good results. Negative contributors focused on underweight positions in some consumer staples (British American Tobacco and Reckitt Benckiser) as they rallied somewhat, catalysed by a short-term weakness in sterling.

Activity

We remain high conviction regarding our key themes of i) the return to value has only just begun, and ii) Value and Recovery stocks are ideally positioned for the economic and profits recovery that has just started. Our portfolio positioning remains very committed to these themes, with a continued strong style bias towards Value, Recovery and Multi-Cap stocks. In addition, we are well placed for a more inflationary world, where bond yields trend upwards or at least no-longer continue to fall; shorter duration value stocks will be the main beneficiaries of this. That said, at the margin the classic cyclicals vs. defensives trade looks somewhat up with events, especially given that a large part of cyclical indices are made up of technology (such as semiconductors) and growth industrials; here we have been taking some profits and slowly adding to some out-of-favour defensives, such as Unilever and Smith and Nephew. In contrast, deep value stocks, such as banks, other financials and energy have barely registered the move upwards in interest rate expectations or commodity prices, nor the earnings upgrades they are getting as a result of an increasingly supportive economic background. Discounts to book value remain easy to find. We are adding to these, including purchases of Barclays.

In addition, there remain a number of completely left behind recovery stocks; included in this I would put construction and outsourcing stocks. These have had a difficult last few years, especially in the UK, but the companies that have survived are leaner and meaner and have fewer competitors, this at a point when demand for their services is about to accelerate as infrastructure investment kicks in. Stocks like Balfour Beatty, Costain and Galliford Try are very high scoring recovery shares, at what we think will be the beginning of a far more supportive environment for their businesses. We are building positions.

Outlook

Dynamics within financial markets are starting to reflect that a regime shift may be underway to an environment where inflationary forces are more well-balanced, at least, with the disinflationary forces (demographics, technology, excess capacity in some parts of the economy) present for over a decade. In the US, the Biden administration has made it clear that it sees higher nominal economic growth as a tool for societal 'levelling up' and have made large commitments to fiscal spending towards this goal.

Most of our holdings have now reported their 2020 results and provided guidance for the coming year and beyond. We have been positively surprised by the progress made over the last year in the most trying of conditions and are excited by some new opportunities that have emerged from these reports and subsequent meetings with management teams. We think that the significant exposure to Value and Recovery, as well as temporarily out-of-favour Growth and Quality stocks should provide the portfolio with very strong profits and cash flow growth over the next two years, as robustly recovering revenue growth and classic operational gearing will allow depressed profits to recover strongly.

Hugh Sergeant
Portfolio Manager
April 2021

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1 B share class (GBP), mid-day to mid-day pricing.
2 Close-of-business to close-of-business pricing.