28 FEBRUARY 2023

ES River and Mercantile
UK EQUITY INCOME FUND

CLASS B GBP (Income)

RIVER AND MERCANTILE

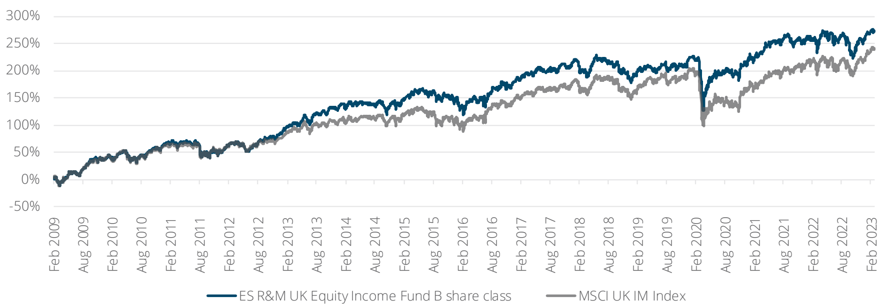
PAST PERFORMANCE

The chart and tables below show the performance of the fund's GBP B (Inc) share class since the launch of the share class on 3 February 2009.

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

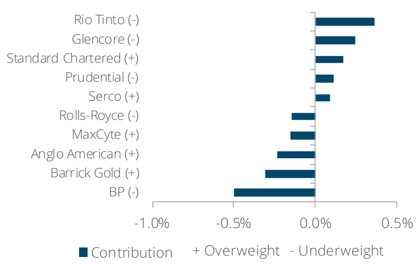
	1 Month %	3 Months %	1 Year %	3 Years %	5 Years %	10 Years %	Since inception %
B share class (Inc)	1.7	4.0	4.8	27.8	23.6	86.5	273.4
MSCI UK IM Index	1.8	4.7	7.9	28.5	27.3	78.5	239.0

DISCRETE 12 MONTH PERFORMANCE

	12 months to 28/02/2019	12 months to 28/02/2020	12 months to 28/02/2021	12 months to 28/02/2022	12 months to 28/02/2023
B share class (Inc)	-1.2%	-2.1%	10.9%	10.0%	4.8%
MSCI UK IM Index	1.5%	-2.4%	1.7%	17.2%	7.9%

TOP 5 PERFORMANCE CONTRIBUTORS & DETRACTORS

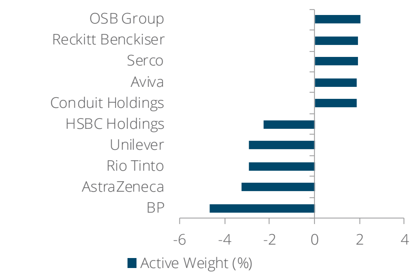
The best and worst contributors to the portfolio's performance relative to the benchmark.



Source: River and Mercantile Asset Management LLP

TOP 5 OVERWEIGHTS & UNDERWEIGHTS

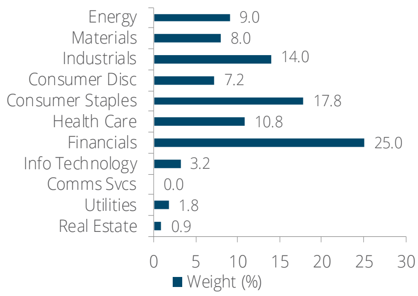
The securities in which the portfolio weight differs most from that of the benchmark.



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 (%)
Shell	6.6
British American Tobacco	4.6
GSK	4.5
AstraZeneca	4.3
Reckitt Benckiser	3.8
RELX Group	3.6
HSBC Holdings	3.5
Lloyds Bank	3.3
Anglo American	2.7
Aviva	2.5

Source: River and Mercantile Asset Management LLP

INVESTMENT OBJECTIVE

To generate an average annual income above the dividend yield of the benchmark over a rolling 3-year period and achieve a total return (income and growth in the value of your investments (known as "capital growth")) above the total return of the benchmark over a rolling 5-year period, after the deduction of fees.

PORTFOLIO MANAGER

Matthew Hudson

YIELD

Historic yield	3.86%
Current yield	3.90%

PORTFOLIO & RISK CHARACTERISTICS

Number of holdings	59
Fund Volatility	14.9%
Benchmark Volatility	14.5%
Beta	1.00
Active Money	61.6%

KEY FACTS

Fund launch date	03/02/2009
Share class launch date	03/02/2009
Benchmark	MSCI UK Investable Markets index
IA sector	UK Equity Income
Total fund size	£39.9m
Domicile	UK
Fund type	UK UCITS
SEDOL	B3KQG44
ISIN	GB00B3KQG447
Bloomberg	RMUKEIB
Distribution type	Income

FEES & CHARGES

Initial charge	Up to 5.25%
AMC	0.75%
Ongoing charge (including AMC)	0.86%

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)

1	2	3	4	**5**	6	7

Lower risk — Higher risk

Typically lower rewards — Typically higher rewards

CONTACT DETAILS

Telephone 0345 603 3618
Email enquiries@riverandmercantile.com

MARKET CAPITALISATION

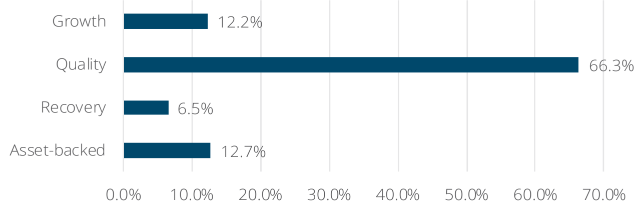
Comparison of portfolio and benchmark weightings across a range of sizes based on company value.

		Fund	Benchmark	Active
Mega Cap	£20bn +	47.9%	66.8%	-18.9%
Large Cap	£4bn - £20bn	15.2%	20.6%	-5.4%
Mid Cap	£2bn - £4bn	10.2%	5.7%	4.5%
Small Cap	£100m - £2bn	24.3%	6.8%	17.5%
Micro Cap	£0m - £100m	0.0%	0.0%	0.0%

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

FE CROWN FUND RATING

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

Market review

After the rally at the start of the year, February was a more moderate month for risk assets with a modest pull back in most developed equity markets. The UK market, as measured by the MSCI UK IMI, bucked this trend as it churned out another positive month delivering +1.8% led by the larger capitalisation stocks (which made new all-time highs in February) while mid and smaller capitalisa-tion stocks lagged the overall market. Strong performances from the larger cap sectors, specifically Banks and Telecoms, helped drive the market higher. Within Commodities, Oil stocks were re-warded for their currently strong profits and cash flow (the MSCI Energy sector was up c10% in the month) in contrast to the Mining sector where returns were undermined by a rise in tensions in the Sino-US relationship, dampening the enthusiasm for Chinese post Coivd reopening stories. Elsewhere on the macro front, stronger US employment and inflation data led to another rise in market expectations for peak rates in the US. As a result, bond yields backed out, the US dollar ral-lied, while US Tech stocks sold off.

Performance and portfolio review

The Fund returned +1.7% in the month, compared to the market return of +1.8% (MSCI UK IMI) and the average return of the IA UK Equity Income sector of +1.9%, leaving the Fund in the 3rd quartile for the month.

At the sector level, the Fund's underweight to Energy was the biggest detractor from performance whilst the underweight in the Mining sector was the main positive driver of relative returns. At the stock level, key overweight contributors included Man Group, Conduit Re and Standard Chartered among Financials, while Capital & Counties (real estate) and Serco (outsourcing) also added value. On the negative side of the ledger, QinetiQ and Hollywood Bowl lagged the market while the un-derweight in HSBC and poor performances from MaxCyte, Diversified Energy Company and Sage Group were the other negative contributors.

Portfolio activity continued the shift to a more balanced position with additions to recovery and more cyclical exposures at the expense of defensives. New positions were established in Mondi (integrated pulp and paper) and in Vesuvius (flow control and foundry) with additions to existing positions in Essentra, Hollywood Bowl and Standard Chartered. These purchases were funded by exiting positions in both National Grid and Watkin Jones and taking profits in easyJet and Lanca-shire. We also reduced our holding in Spirent during the month.

Outlook

Our central case is that inflation in the global economy has peaked unless the current conflict in Ukraine escalates either in scale or intensity. However, we can see that the global economy is, so far, holding up well in the face of the more restrictive monetary and fiscal conditions. This robust-ness in end demand and activity relative to expectations plus the second-round effects of infla-tionary pressures in the system suggests that while headline inflation is falling, core inflation in de-veloped economies will remain elevated and it will be some time before the first interest rate cut in the US. Many investors remain focused on the exact level at which US interest rates peak but, in our view, the actual specific end level is now less important given that the global economy and global markets have already coped with the majority of the rate hiking cycle. While economic activi-ty may fade into the second half of the year as many expect, we do not believe that a deep reces-sion is the central case for 2023 and this supports our more balanced approach in the portfolio.

Turning to the reporting season for UK corporates, it is always a mixed bag, but so far companies have reported results in-line or slightly better than market expectations, with cyclical and financial companies generally treated more positively post results. With many UK companies still trading below their long-term valuations and offering both attractive real dividend yields and the ability to grow dividends across the cycle, the opportunity set for our strategy remains positive across small, mid and larger capitalisation stocks.

Matt Hudson & Anna Pugh
Income team
March 2023