

# ES River and Mercantile UK EQUITY SMALLER COMPANIES FUND

CLASS B GBP (Accumulation)

## 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 30 November 2006.

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

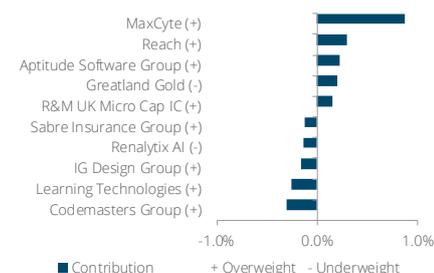
	1 month %	3 months %	1 year %	3 years %	5 years %	10 years %	Since inception %
B share class (Acc)	-0.4	18.5	19.9	25.0	81.1	328.9	434.5
Benchmark	0.7	21.3	7.9	10.7	57.1	111.6	137.4

## DISCRETE 12 MONTH PERFORMANCE

	12 months to 31/01/2017	12 months to 31/01/2018	12 months to 31/01/2019	12 months to 31/01/2020	12 months to 31/01/2021
B share class (Acc)	15.9%	25.0%	-10.1%	16.0%	19.9%
Benchmark	20.9%	17.3%	-9.6%	13.5%	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

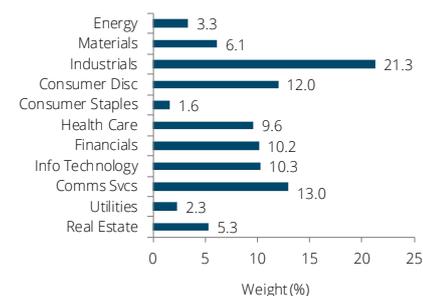
The securities in which the portfolio weight differs most from that of the benchmark



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.

Company	Weight (%)
Smart Metering Systems	3.5
MaxCyte	3.3
Codemasters Group	3.0
Diversified Gas & Oil	2.7
Strix	2.6
OSB Group	2.4
Learning Technologies	2.4
Supermarket Income REIT	2.3
Team17 Group	2.3
R&M UK Micro Cap IC	2.3

Source: River and Mercantile Asset Management LLP

RIVER AND MERCANTILE

## INVESTMENT OBJECTIVE

To grow the value of your investment (known as "capital growth") in excess of the Numis Smaller Companies + AIM (excluding Investment Companies) Index net total return (the "Benchmark") over a rolling 5-year period, after the deduction of fees.

## PORTFOLIO MANAGER

Daniel Hanbury

## PORTFOLIO & RISK CHARACTERISTICS

Number of holdings	81
Fund Volatility	15.9%
Benchmark Volatility	16.7%
Beta	0.91
Active Money	82.3%

## KEY FACTS

Fund launch date	30/11/2006
Share class launch date	30/11/2006
Benchmark	Numis Smaller Companies + AIM (ex ICs) Index
IA sector	UK Smaller Companies
Total fund size	£365.9m
Domicile	UK
Fund type	UCITS
SEDOL	B1DSZS0
ISIN	GB00B1DSZS09
Bloomberg	RMUKSEA
Distribution type	Accumulation

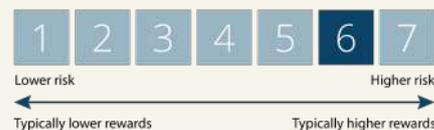
## FEES & CHARGES

Initial charge	Up to 5.25%
AMC	0.75%
Ongoing charge (including AMC)	0.88%

## 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

Telephone 0345 603 3618  
Email enquiries@riverandmercantile.com

## MARKET CAPITALISATION

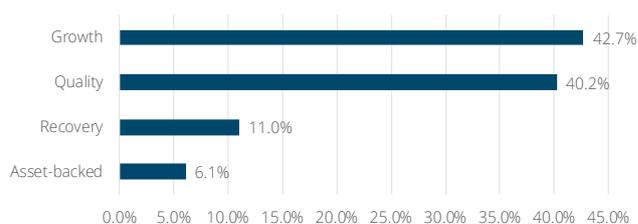
Comparison of portfolio and benchmark weightings across a range of sizes based on company value.

		Fund	Benchmark	Active
Mega Cap	£20bn +	0.0%	0.0%	0.0%
Large Cap	£4bn - £20bn	0.0%	0.0%	0.0%
Mid Cap	£2bn - £4bn	1.9%	0.0%	1.9%
Small Cap	£100m - £2bn	92.2%	91.3%	0.9%
Micro Cap	£0m - £100m	0.9%	8.7%	-7.8%

Source: River and Mercantile Asset Management LLP

## CATEGORIES OF POTENTIAL

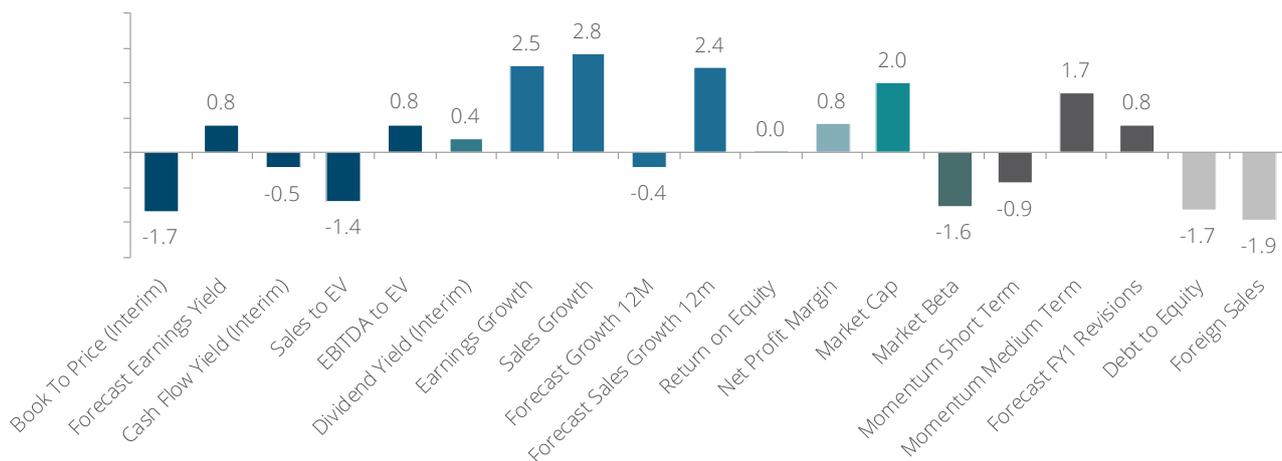
The weighting of the portfolio across the four categories of potential, related to stages of a company's life cycle.



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

### Investment Background

The UK equity market began strongly but ended January down (MSCI UK Investable Markets Index (IMI) -0.8% total return) as concerns around new strains of the coronavirus and the prospect of elongated lockdown periods potentially pushed out a normalisation of economic activity. This coincided with the headline story of the last week – concerns of a retail investor driven bubble accompanied by a hedge fund de-risking. This unwinding of positions led what appeared to be a US phenomenon to spill over to other global markets, including the UK. Nonetheless, the shape of cross asset returns over the month as a whole broadly remained pro-risk and 'reflationary' in nature, with Asian, Emerging markets (EM) and global small cap equities (+4%, +3% and +2% respectively), and commodities (Brent oil +8%, copper +1%) leading global asset returns while sovereign and corporate bonds weakened, along with gold. UK Smaller Companies outperformed with the Numis Smaller Companies Index returning 0.7%.

### Strategy update

#### Performance

The fund fell 0.3%<sup>1</sup> in January, lagging the benchmark (Numis Smaller Companies + AIM (ex. ICs)), which was up 0.7%<sup>2</sup>

Maxcyte continued its blistering run as a positive trading update and further buying ahead of this year's Nasdaq listing pushed it to new highs. Cheap cyclicals continued their rally with **Reach** and **Somero** performing well. A number of growth names also did well with **Aptitude Software**, **Keystone Law** and **EMIS** all gaining ground. Finally, **Sigma Capital** outperformed following the acquisition by Goldman Sachs of Sigma's maiden PRS (private-rented sector) portfolio at a yield which provides further evidence of the value that Sigma's approach is capable of delivering. On the negative side, **Codemasters** retraced back to the 604p EA Games bid price after the competing bidder stepped back, and a couple of our consumer discretionary names once again saw expectations impacted by Covid-19, namely **IG Design** and **On The Beach**.

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

### Activity

There were no new entries or exits of note to the portfolio during January.

### Outlook

Despite the pandemic headlines continuing to be somewhat negative, the outlook for the UK economy should see confidence rapidly return later in 2021 as the latest Covid wave falls and the vaccines and therapeutic drugs are successfully rolled out. The UK market remains relatively cheap despite the most recent rally. Value dispersions remain quite high and analyst earnings revisions are typically slow to react, providing great opportunities for UK stock pickers. We are buying undervalued stocks where we believe growth will be stronger and dividends both re-instated and more sustainable than the market believes. We continue to execute on a sell discipline that enables us to recycle capital into new exceptional equity income investments.

Thank you for your interest and support.



**Dan Hanbury**  
Portfolio Manager  
February 2021

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