

ES River and Mercantile UK EQUITY SMALLER COMPANIES FUND

CLASS B GBP (Accumulation)

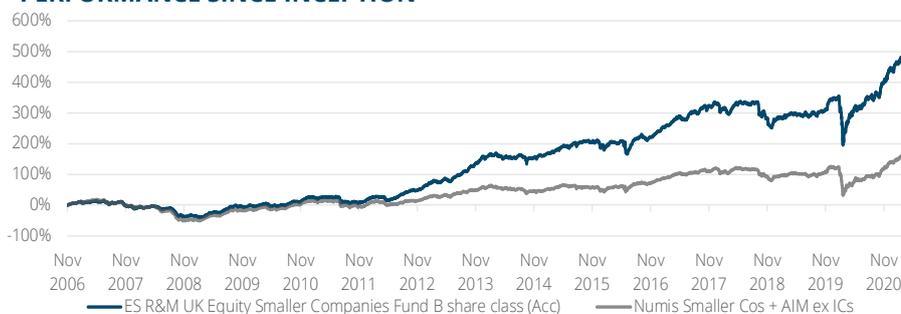
PAST PERFORMANCE

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

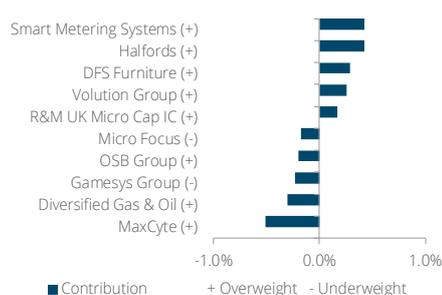
	1 month %	3 months %	1 year %	3 years %	5 years %	10 years %	Since inception %
B share class (Acc)	4.1	8.5	67.7	45.9	89.1	366.4	481.9
Benchmark	4.3	9.9	71.3	26.2	63.9	131.1	159.1

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)	17.7%	10.1%	-2.6%	-10.7%	67.7%
Benchmark	21.4%	7.0%	-4.1%	-23.2%	71.3%

TOP 5 PERFORMANCE CONTRIBUTORS & DETRACTORS

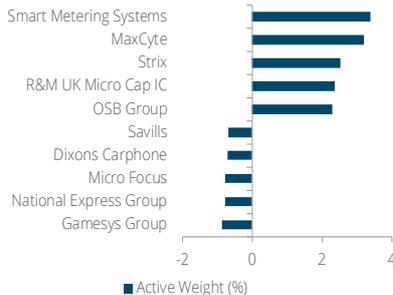
The best and worst contributors to the portfolio's performance relative to the benchmark



Source: River and Mercantile Asset Management LLP

TOP 5 OVERWEIGHTS & UNDERWEIGHTS

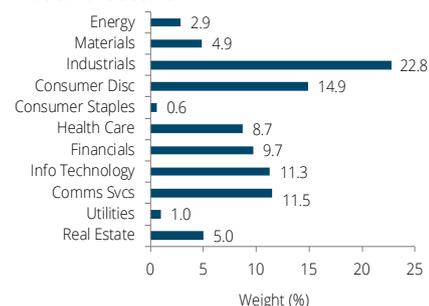
The securities in which the portfolio weight differs most from that of the benchmark



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 (%)
Smart Metering Systems	3.8
MaxCyte	3.0
Strix	2.8
Halfords	2.4
R&M UK Micro Cap IC	2.4
OSB Group	2.3
Diversified Gas & Oil	2.2
Supermarket Income REIT	2.1
Future	2.0
DFS Furniture	2.0

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	75
Fund Volatility	16.4%
Benchmark Volatility	17.0%
Beta	0.92
Active Money	83.2%

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	£399.1m
Domicile	UK
Fund type	UK UCITS
SEDOL	B1DSZS0
ISIN	GB00B1DSZS09
Bloomberg	RMUKSEA
Distribution type	Accumulation

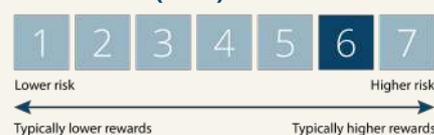
FEES & CHARGES

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

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MARKET CAPITALISATION

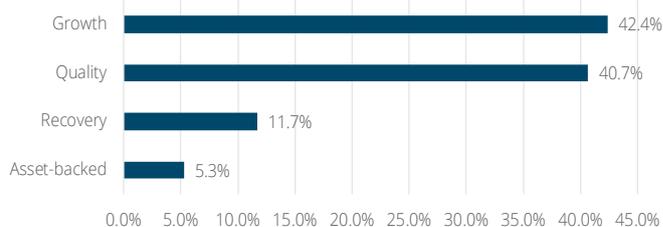
Comparison of portfolio and benchmark weightings across a range of sizes based on company value.

		Fund	Benchmark	Active
Mega Cap	£20bn +	0.0%	0.0%	0.0%
Large Cap	£4bn - £20bn	0.0%	0.0%	0.0%
Mid Cap	£2bn - £4bn	3.0%	0.9%	2.2%
Small Cap	£100m - £2bn	89.5%	91.3%	-1.8%
Micro Cap	£0m - £100m	0.8%	7.8%	-7.1%

Source: River and Mercantile Asset Management LLP

CATEGORIES OF POTENTIAL

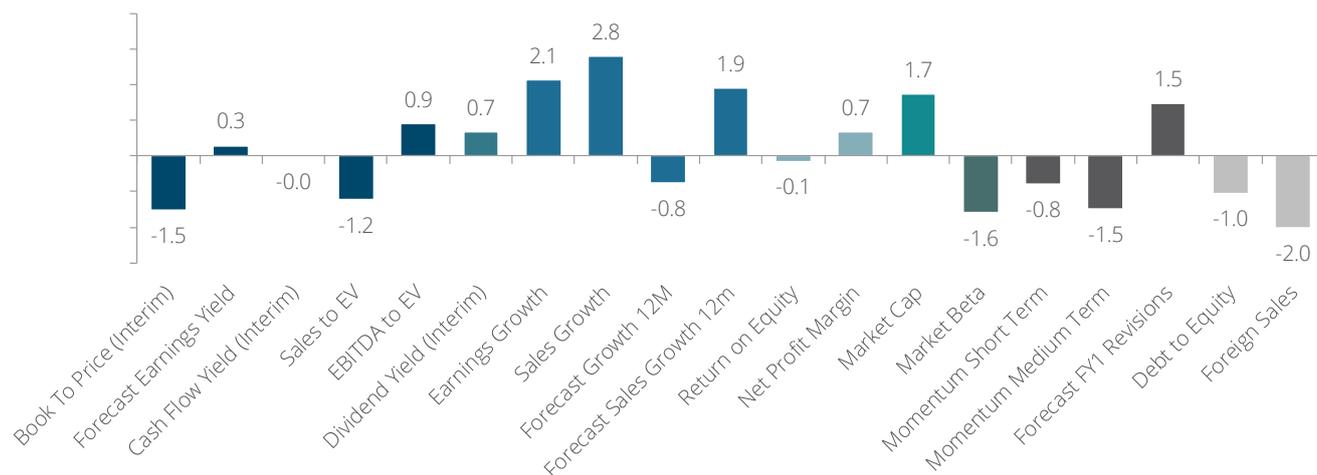
The weighting of the portfolio across the four categories of potential, related to stages of a company's life cycle.



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

Global equity returns remained strong in March (MSCI ACWI +2.7% total return in USD, MSCI UK IMI +4% in GBP). The Numis Smaller Companies Index ex. ITs returned 4.3%, building on the very strong start to the year, finishing up 9.9% year to date. Broadly speaking, cyclical companies and Value indices continued to outperform defensives and Growth indices. This has been supported by earnings upgrade momentum in resources, financials and autos particularly, but was also driven by higher bond yields. The US 10-year yield rose more than 30 basis points to above 1.7% amidst 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%).

Strategy update

Performance

The fund returned 4.1% through the month, just behind the benchmark return of 4.3%, leaving it marginally behind the benchmark at the end of the quarter and over 12 months following the annualisation of the Covid crisis.

UK domestic consumer cyclical stocks continued to recover as the vaccine programme was rolled out successfully, providing a path to opening up the economy. Those with an additional sustainable tilt, **Halfords** and **DFS Furniture** performed the most strongly. Positive contributions also came from our tier 1 sustainability winner growth stocks too with **Volution Group** (Ventilation) and **Smart Metering Systems** (Energy Smart Meters). Negative contributions came from a number of the pandemic crisis winners, giving back some outperformance, such as **Maxcyte** and **Diversified Gas and Oil**. **OneSavings Bank** was a detractor of relative performance in the month following the announcement of potential fraudulent activity in its non-core lending activity which overshadowed a strong underlying profit beat. The maximum exposure to the potential fraud is relatively immaterial and the issue appears to be an isolated incident based on initial finds. We await the conclusions of an independent review of associated processes and controls.

Activity

We took advantage of a liquidity event to establish a position in **Begbies Traynor**, a UK corporate rescue and recovery practice at an attractive valuation. We expect a recovery in UK insolvencies driven by emerging catalysts to support strong revenue growth and margin expansion ahead of consensus expectations.

We exited **Fevertree** after they delivered earnings downgrades on the back of slower trading. The 50x multiple just looked too rich without confidence in the earnings momentum. Similarly, growth stock **Craneware** was also exited after a positive return but now rich valuation. We also exited **Telecom Plus**, the multi-utility distributor following a breakdown in the PVT investment case given a relatively full valuation, earnings risk and a share price starting to underperform. Long-term concerns around the sustainability of the company's partnership distribution model was a key factor in our decision making.

Outlook

Pandemic headlines continue to improve and 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. We are buying high quality undervalued small cap stocks, where we believe growth will be stronger and more sustainable than the market believes. We are also continuing to engage with companies where we believe we can add value. We continue to execute on a sell discipline that enables us to recycle capital into new exceptional small cap equity investments.

Thank you for your interest and support through the eventful markets of the past 12 months.



Dan Hanbury
Portfolio Manager
April 2021

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