



RIVER AND MERCANTILE

# ES RIVER AND MERCANTILE UK EQUITY INCOME FUND

Quarterly report to 30 June 2021

*For unitholders only*

# ES River and Mercantile UK EQUITY INCOME FUND

Quarter 2, 2021

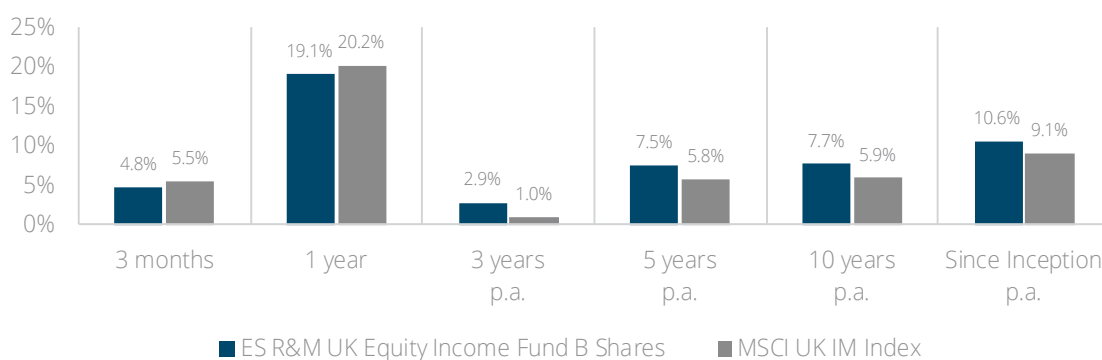
RIVER AND MERCANTILE

## INVESTMENT OBJECTIVE

To generate a rising level of income combined with the potential for capital growth. It will achieve this through investing in a portfolio which shall primarily consist of UK equities, however it may also invest in other instruments such as government gilts, corporate fixed income securities and convertibles.

## PERFORMANCE (NET OF FEES)

	Fund	Index	Difference
3 months	4.8%	5.5%	-0.7%
1 year	19.1%	20.2%	-1.1%
3 years p.a.	2.9%	1.0%	1.8%
5 years p.a.	7.5%	5.8%	1.8%
10 years p.a.	7.7%	5.9%	1.8%
Since inception p.a.	10.6%	9.1%	1.6%



	Fund	Index	Difference
3 years (cumulative)	8.8%	3.0%	5.8%
5 years (cumulative)	43.9%	32.3%	11.6%
10 years (cumulative)	110.6%	77.9%	32.7%
Since inception (cumulative)	250.6%	194.2%	56.4%

Source: River and Mercantile Asset Management LLP. Benchmark is the MSCI UK Investable Market index, net GBP. Fund performance shown is of B share class (income units) and is calculated using the midday published price, net of an annual management charge of 0.75% per annum. Please note that the benchmark performance is calculated using close of business mid-market prices. Other share classes may be available. **Past performance is not a reliable indicator of future results.**

## PORTFOLIO SUMMARY AND KEY RISK CHARACTERISTICS

Fund AUM	£140.8m	Tracking error	4.04 %
Strategy capacity	£1.5bn	Portfolio beta	0.95
Inception date	03/02/2009	Historic yield <sup>1</sup>	2.74 %
Number of stocks	70	Current yield <sup>2</sup>	3.69 %
		Active Money	63.78 %

<sup>1</sup>Historic Yield (of B share class) based on the dividends paid in the preceding 12 months as a % of current price. <sup>2</sup>Current Yield (of B share class) reflects the distribution that has accrued within the fund over last rolling twelve-month period as a percentage of the mid-market share price. The fund's expenses are charged to capital. Neither yield calculation includes any preliminary charge and investors may be subject to tax on their distributions.

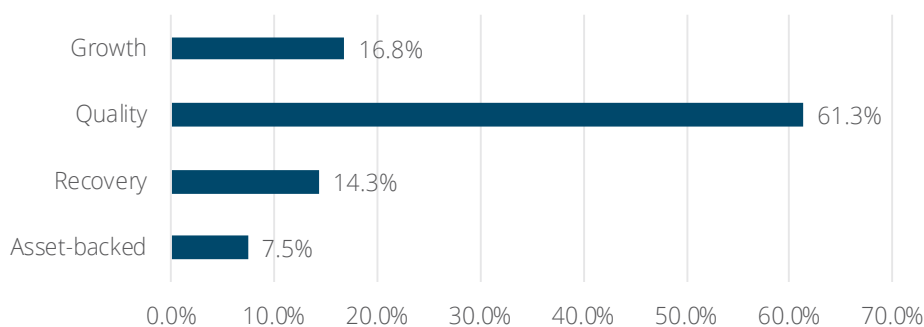
## SYNTHETIC RISK AND REWARD INDICATOR



The Synthetic Risk and Reward Indicator (SRRI) is based on how much the returns of the shares have varied over the last five years, or since launch (whichever is the shorter period). The higher the rank the greater the potential reward but also the greater the risk of losing money.

## PVT CATEGORIES OF POTENTIAL

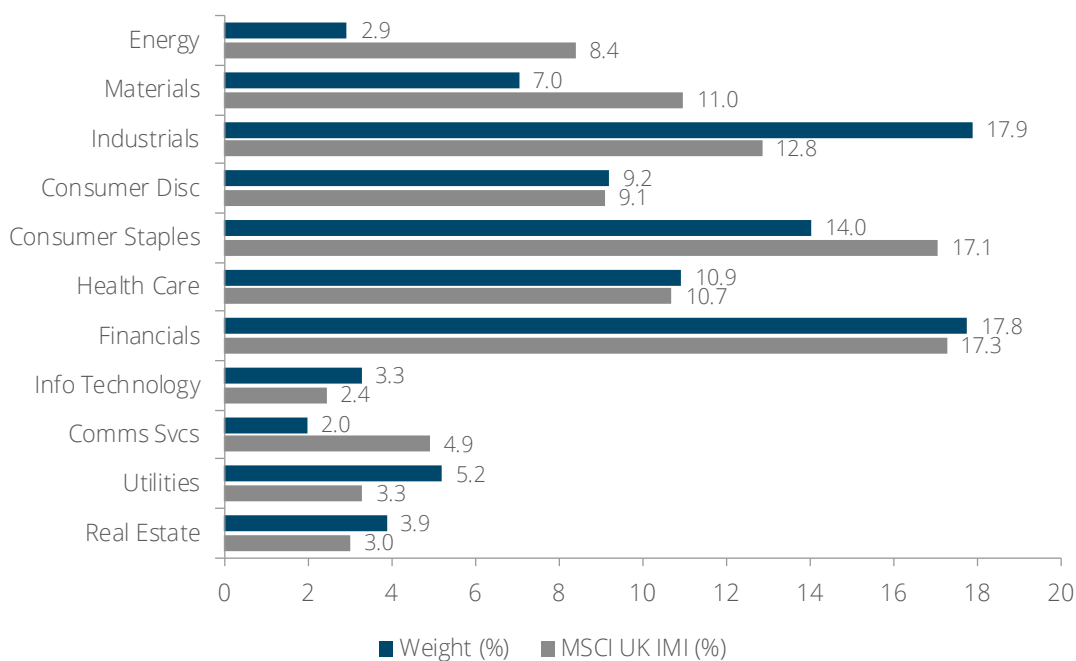
This chart shows the weighting of the fund's holdings across the four categories of Potential, related to the stages of a company's life cycle, as defined within the R&M investment philosophy known as 'PVT' – Potential, Valuation, Timing.



Source: River and Mercantile Asset Management LLP

## INDUSTRIAL SECTOR WEIGHTS

This graph shows a comparison of fund and benchmark weightings across the industrial sectors classified by the MSCI Global Industry Classification Standard (GICS).



Source: FactSet

## MARKET CAP DISTRIBUTION

This table shows a comparison of fund and benchmark weightings across a range of company values

		Fund	Benchmark	Active
Mega Cap	£20bn +	31.6%	58.2%	-26.6%
Large Cap	£4bn - £20bn	23.0%	26.8%	-3.9%
Mid Cap	£2bn - £4bn	9.0%	7.6%	1.5%
Small Cap	£100m - £2bn	30.5%	7.3%	23.1%
Micro Cap	£0m - £100m	0.0%	0.0%	0.0%

Source: River and Mercantile Asset Management LLP. Excludes cash and any applicable ETF positions.

## TOP 10 ACTIVE POSITIONS VS THE BENCHMARK

This table highlights the securities in which the fund weight differs most from that of the benchmark, with the 'overweights' showing 10 securities with the greatest weight difference above the benchmark's position, and the 'underweights' showing 10 securities with the greatest weight difference below the benchmark's position. The difference is known as the 'active weight'.

Overweights	Sector	Fund	%	
			Benchmark	Active
Smart Metering Systems	Industrials	2.92	0.04	2.88
Supermarket Income REIT	Real Estate	2.54	0.00	2.54
Tate & Lyle	Consumer Staples	2.38	0.16	2.22
Direct Line Insurance	Financials	2.37	0.18	2.19
Aviva	Financials	2.87	0.74	2.14
MaxCyte	Health Care	2.12	0.00	2.12
National Grid	Utilities	3.26	1.51	1.75
Bunzl	Industrials	2.12	0.37	1.74
Whitbread	Consumer Discretionary	1.99	0.29	1.70
Ashmore Group	Financials	1.75	0.08	1.66

Underweights	Sector	Fund	%	
			Benchmark	Active
Royal Dutch Shell 'A'	Energy	1.34	5.14	-3.80
Rio Tinto	Materials	0.00	3.08	-3.08
BP	Energy	0.00	2.96	-2.96
Reckitt Benckiser	Consumer Staples	0.00	2.11	-2.11
BHP	Materials	0.00	2.08	-2.08
AstraZeneca	Health Care	3.38	5.27	-1.88
Glencore	Materials	0.00	1.43	-1.43
HSBC Holdings	Financials	2.51	3.93	-1.41
Barclays	Financials	0.00	1.37	-1.37
Compass Group	Consumer Discretionary	0.00	1.25	-1.25

Source: FactSet

## TOP 10 HOLDINGS

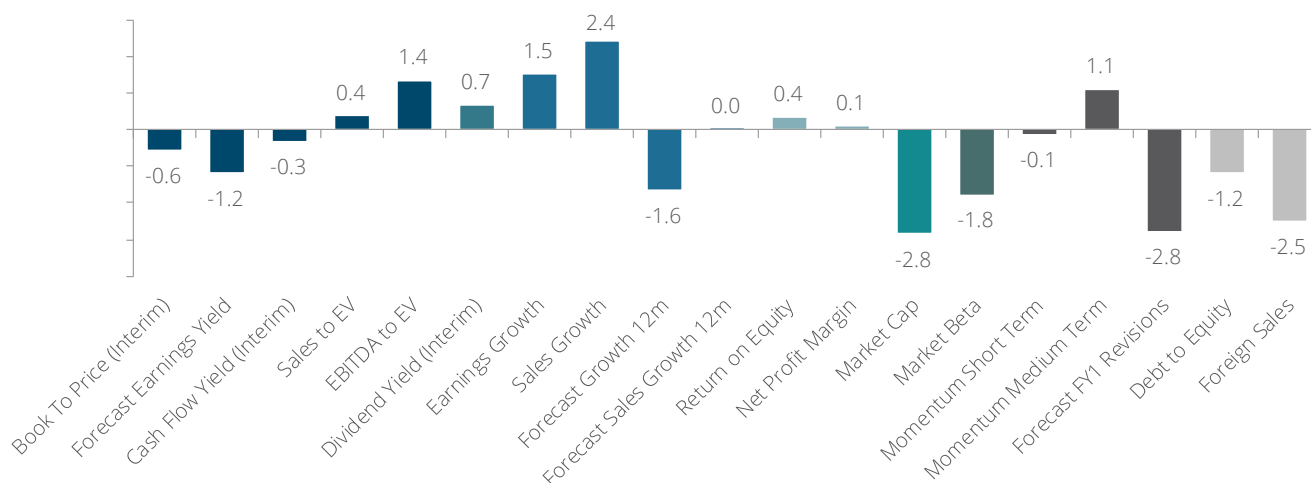
This table shows the fund's ten largest holdings.

	Weight (%)
Unilever	4.0
Diageo	4.0
AstraZeneca	3.4
National Grid	3.3
Smart Metering Systems	2.9
Aviva	2.9
GlaxoSmithKline	2.8
RELX Group	2.6
Supermarket Income REIT	2.5
HSBC Holdings	2.5

Source: River and Mercantile Asset Management LLP

## PORTFOLIO STYLE SKYLINE

This graph shows the Style Tilts™ of the fund against the benchmark as calculated by StyleAnalytics, highlighting stylistic differences between the fund and its benchmark.



Source: StyleAnalytics

## STOCK LEVEL PERFORMANCE ATTRIBUTION

This table shows the best and worst contributors to the fund's performance relative to the benchmark. The average active weight highlights whether the fund held a larger or smaller position in a stock than the benchmark did, on average over the period. As performance is relative to the benchmark, outperformance of the benchmark can come from the fund holding a larger position than the benchmark in a stock that performs well, or a lower position than the benchmark (or even a zero holding) in a stock that performs poorly. The contribution to active return is the return that the position has contributed relative to the benchmark.

Greatest Positive Contribution	Average Active Weight	Contribution to Active Return
Future	0.62%	0.31%
Barclays	-1.46%	0.20%
Strix	1.51%	0.19%
Biffa	1.16%	0.17%
Shanta Gold	0.56%	0.14%
Reckitt Benckiser	-2.14%	0.12%
IMI	0.47%	0.11%
Polymetal International	1.51%	0.11%
HSBC Holdings	-1.56%	0.10%
Supermarket Income REIT	2.45%	0.09%

Greatest Negative Contribution	Average Active Weight	Contribution to Active Return
Whitbread	1.99%	-0.30%
AstraZeneca	-2.04%	-0.25%
Direct Line Insurance	2.27%	-0.23%
Ashtead	-1.02%	-0.17%
Tate & Lyle	2.28%	-0.15%
Diversified Energy	1.55%	-0.15%
BT	-0.71%	-0.12%
Lancashire Holdings	1.34%	-0.12%
Easyjet	0.87%	-0.11%
London Stock Exchange	-1.12%	-0.10%

Source: FactSet

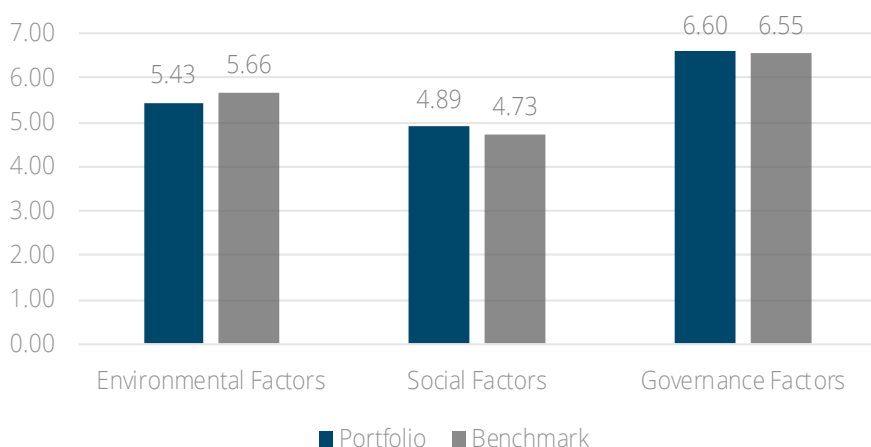
## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) FACTOR ANALYSIS

This report is designed to give a broad overview of the portfolio from the perspective of Environmental, Social and Governance factors. Whilst the portfolio is not run to be optimised with these factors in mind, we may expect to take major risks into consideration when analysing stocks.

This table compares the portfolio and benchmark asset weightings by value with data from MSCI ESG Research.

	Portfolio	Benchmark
Assets covered by MSCI ESG Research	85.1%	99.4%
Assets scoring in the bottom decile	0.0%	0.1%

The chart below illustrates how the portfolio and its benchmark compare on average Environmental, Social and Governance scores. Scores are based on a 1 to 10 scale, where 1 is the lowest/worst and 10 is the highest/best.



10 highest rated ESG companies held by fund	Portfolio Weight	Benchmark Weight	Company Rating	Industry Adjusted Score
Diageo	4.0%	3.7%	AAA	10.0
National Grid	3.3%	1.5%	AAA	10.0
RELX Group	2.6%	1.7%	AAA	10.0
Mondi	1.1%	0.4%	AAA	10.0
Speedy Hire	0.8%	0.0%	AAA	10.0
Johnson Matthey	0.8%	0.3%	AAA	10.0
Halfords	0.5%	0.0%	AAA	9.2
HSBC Holdings	2.5%	3.9%	AA	8.6
AstraZeneca	3.4%	5.3%	AA	8.5
Ashmore Group	1.7%	0.1%	AA	8.5

10 lowest rated ESG companies held by fund	Portfolio Weight	Benchmark Weight	Company Rating	Industry Adjusted Score
Premier Miton Group	0.3%	0.0%	B	2.4
Capital & Counties	0.6%	0.1%	BB	3.2
TP ICAP	0.2%	0.1%	BB	4.0
Fresnillo	0.5%	0.0%	BB	4.1
Diversified Energy	1.6%	0.0%	BB	4.2
Lancashire Holdings	1.2%	0.1%	BB	4.2
Avast	0.5%	0.2%	BBB	4.5
Barrick Gold	1.0%	0.0%	BBB	4.6
Serco	1.0%	0.1%	BBB	4.7
Smith & Nephew	1.8%	0.6%	BBB	5.0

## BROKER COMMISSIONS ANALYSIS

Counterparty	Total (£)	Commission Paid (£)	
			Execution Only
ABG SUNDAL COLLIER		0.00	0.00
ATLANTIC SECURITIES		0.00	0.00
BANCO ITAU		0.00	0.00
BARCAP		0.00	0.00
BERENBERG		0.00	0.00
BMO		0.00	0.00
BTG PACTUAL		0.00	0.00
CANACCORD ALGO		889,577.12	355.83
CANACCORD GENUITY		26,162.27	20.93
CENKOS		0.00	0.00
CITI PROG		0.00	0.00
CITIGROUP		0.00	0.00
CLSA		0.00	0.00
CREDIT SUISSE		851,975.68	511.18
DEUTSCHE BANK		0.00	0.00
EXANE		0.00	0.00
FINNCAP		0.00	0.00
GBM		0.00	0.00
GOLDMAN SACHS		0.00	0.00
GOODBODY		829,710.55	583.86
HSBC		818,136.88	490.89
ING		0.00	0.00
INSTINET		0.00	0.00
INVESTEC		1,593,230.45	1,274.60
ITG		2,145,078.15	1,287.05
ITG ALGO		0.00	0.00
ITG EURO		0.00	0.00
J&E DAVY		0.00	0.00
JANE STREET		0.00	0.00
JEFFERIES		403,784.19	323.02
JEFFERIES ALGO		1,102,429.87	440.98
JPMORGAN CHASE		1,931,948.03	1,430.39
KEPLER CHEUVREUX		0.00	0.00
LIBERUM		40,058.79	32.05
LIQUIDNET		2,253,707.61	1,382.89
MEDIOBANCA		0.00	0.00
MIZUHO		0.00	0.00
MORGAN STANLEY		0.00	0.00
NORTHERN TRUST CORP		0.00	0.00
NPLUS1 SINGER		58,360.30	46.69
NUMIS		2,321,712.33	1,857.38
PANMURE GORDON		47,013.36	37.61
PEEL HUNT		2,369,559.28	2,282.00
RAYMOND JAMES		0.00	0.00
RBC		177,164.29	106.30
RBC ALGO		2,222,430.57	888.97
REDBURN		0.00	0.00
SANFORD BERNSTEIN		0.00	0.00
SANTANDER		0.00	0.00
SHORE CAPITAL		495,000.00	396.00
SOCIETE GENERALE		0.00	0.00
STIFEL EUROPE		616,407.43	493.13
STIFEL NICOLAUS		0.00	0.00
SUSQUEHANNA INTERNATIONAL GROUP		0.00	0.00
UBS		0.00	0.00
UBS PROG		0.00	0.00
WINTERFLOOD		297,155.40	178.29
FLOWTRADERS		0.00	0.00
CONFIRMED FUND PRICE		0.00	0.00
OPTIVER		0.00	0.00
BANK OF MONTREAL		205,682.28	123.41
BTIG		0.00	0.00
CITADEL INVESTMENT GROUP L.L.C.		0.00	0.00
BRBNPMBS		0.00	0.00
STIFEL FINANCIAL CORP		150,220.40	120.16
CITI UK		0.00	0.00
LIQUIDNET ALGO		94,467.20	28.34
	£	21,940,972.43	£ 14,691.95

### Firm Wide Comparators

All Equity Trading	£	2,262,236,036.54	£638,966.08
Trades:	£	21,940,972.43	£14,691.95
Average Firm-Wide Commission Rate (%)			0.03%
Average Commission Rate (%)			0.07%

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