



RIVER AND MERCANTILE

ES RIVER AND MERCANTILE UK EQUITY INCOME FUND

Quarterly report to 30 September 2021

For unitholders only

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Quarter 3, 2021

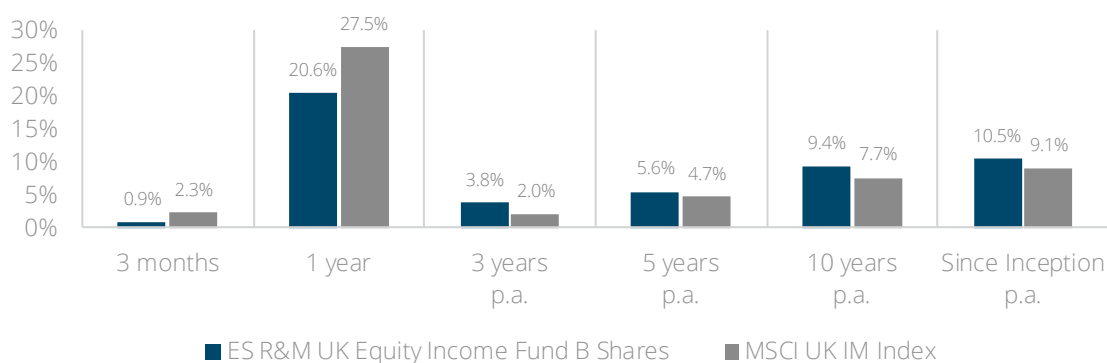
RIVER AND MERCANTILE

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	0.9%	2.3%	-1.4%
1 year	20.6%	27.5%	-7.0%
3 years p.a.	3.8%	2.0%	1.8%
5 years p.a.	5.6%	4.7%	0.9%
10 years p.a.	9.4%	7.7%	1.7%
Since inception p.a.	10.5%	9.1%	1.4%



	Fund	Index	Difference
3 years (cumulative)	11.9%	6.2%	5.7%
5 years (cumulative)	31.1%	25.7%	5.4%
10 years (cumulative)	145.4%	110.0%	35.4%
Since inception (cumulative)	253.6%	200.8%	52.7%

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	£134.5m	Tracking error	3.95 %
Strategy capacity	£1.5bn	Portfolio beta	1.00
Inception date	03/02/2009	Historic yield ¹	2.73 %
Number of stocks	68	Current yield ²	3.94 %
		Active Money	63.71 %

¹Historic Yield (of B share class) based on the dividends paid in the preceding 12 months as a % of current price. ²Current 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.

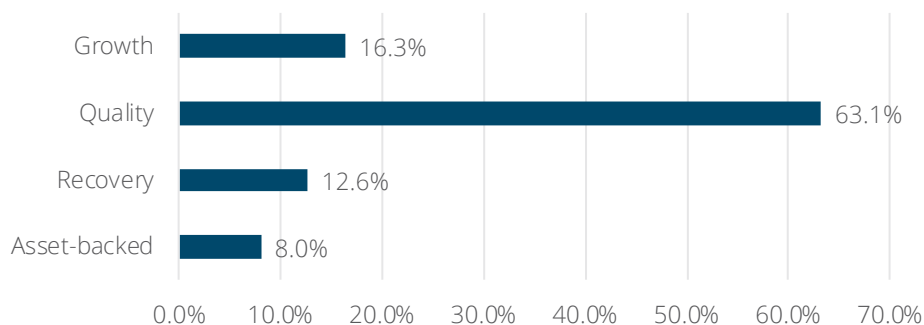
SYNTHETIC RISK AND REWARD INDICATOR



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

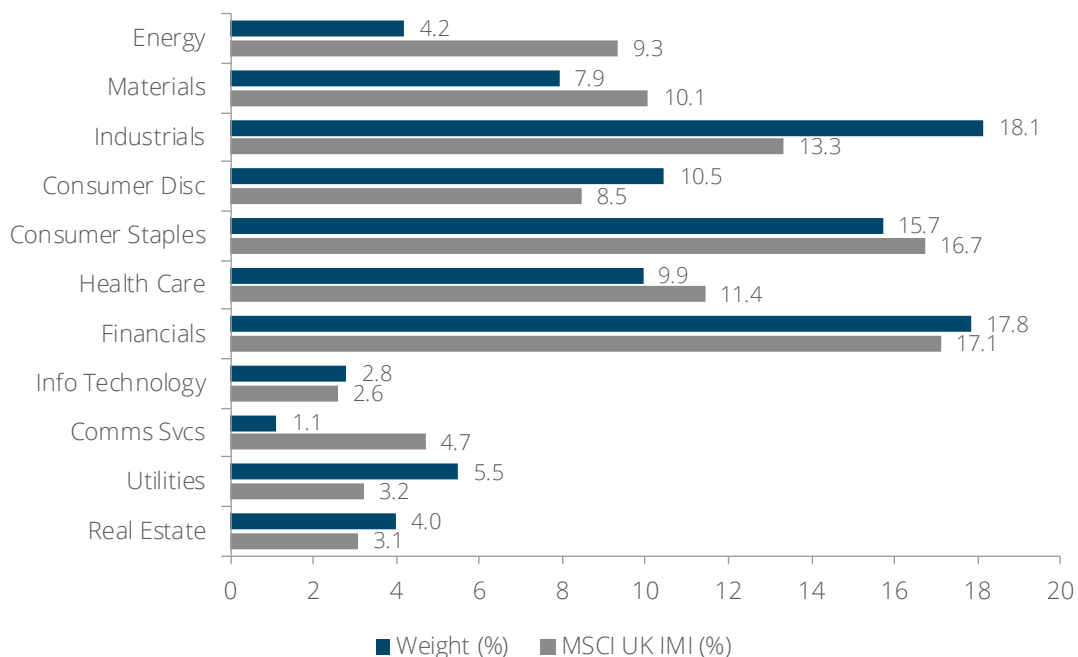
This chart shows the weighting of the fund's holdings across the four categories of Potential, related to the stages of a company's life cycle, as defined within the R&M investment philosophy known as 'PVT' – Potential, Valuation, Timing.



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 +	32.1%	58.6%	-26.5%
Large Cap	£4bn - £20bn	25.5%	27.1%	-1.6%
Mid Cap	£2bn - £4bn	10.2%	7.2%	2.9%
Small Cap	£100m - £2bn	29.8%	7.0%	22.8%
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
Supermarket Income REIT	Real Estate	2.64	0.00	2.64
Diversified Energy	Energy	2.54	0.04	2.50
Smart Metering Systems	Industrials	2.42	0.04	2.39
Direct Line Insurance	Financials	2.52	0.18	2.35
Tate & Lyle	Consumer Staples	2.33	0.15	2.19
MaxCyte	Health Care	2.17	0.00	2.17
National Grid	Utilities	3.44	1.43	2.01
Bunzl	Industrials	2.28	0.38	1.90
Ashmore Group	Financials	1.82	0.07	1.75
Vivo Energy	Consumer Discretionary	1.75	0.00	1.75

Underweights	Sector	Fund	%	
			Benchmark	Active
Royal Dutch Shell 'A'	Energy	1.65	5.87	-4.22
BP	Energy	0.00	3.14	-3.14
Rio Tinto	Materials	0.00	2.51	-2.51
AstraZeneca	Health Care	4.12	6.32	-2.20
BHP	Materials	0.00	1.82	-1.82
Prudential	Financials	0.00	1.73	-1.73
Diageo	Consumer Staples	2.14	3.84	-1.70
Glencore	Materials	0.00	1.60	-1.60
Barclays	Financials	0.00	1.47	-1.47
HSBC Holdings	Financials	2.17	3.63	-1.46

Source: FactSet

TOP 10 HOLDINGS

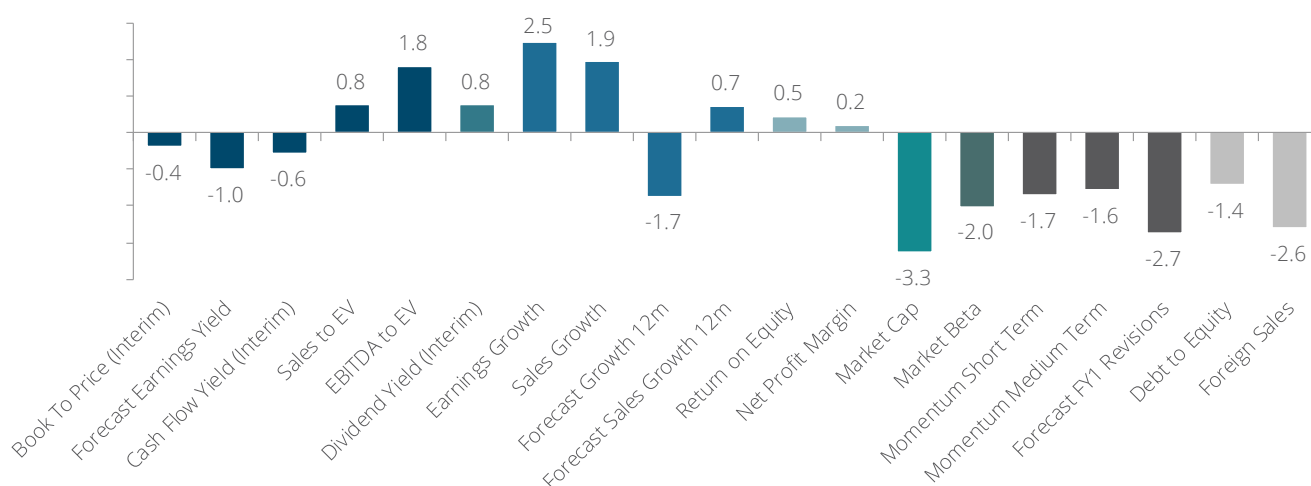
This table shows the fund's ten largest holdings.

	Weight (%)
AstraZeneca	4.1
Unilever	4.0
National Grid	3.4
GlaxoSmithKline	3.1
Supermarket Income REIT	2.6
Tesco	2.6
Diversified Energy	2.5
Direct Line Insurance	2.5
Reckitt Benckiser	2.5
Smart Metering Systems	2.4

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
Rio Tinto	-2.85%	0.38%
Diversified Energy	1.95%	0.26%
Ultra Electronics	0.85%	0.25%
Reckitt Benckiser	-1.42%	0.25%
BT	-0.70%	0.15%
Vivo Energy	1.64%	0.14%
Genuit	1.12%	0.14%
BHP	-2.08%	0.13%
Drax	0.91%	0.13%
Biffa	1.43%	0.12%

Greatest Negative Contribution	Average Active Weight	Contribution to Active Return
Royal Dutch Shell 'A'	-3.76%	-0.53%
Polymetal International	1.40%	-0.28%
Ashmore Group	1.79%	-0.25%
The Restaurant Group	1.04%	-0.25%
BP	-2.79%	-0.20%
Glencore	-1.47%	-0.19%
Tate & Lyle	2.16%	-0.18%
Barrick Gold	1.33%	-0.18%
Sabre Insurance Group	1.09%	-0.18%
Johnson Matthey	0.99%	-0.17%

Source: FactSet

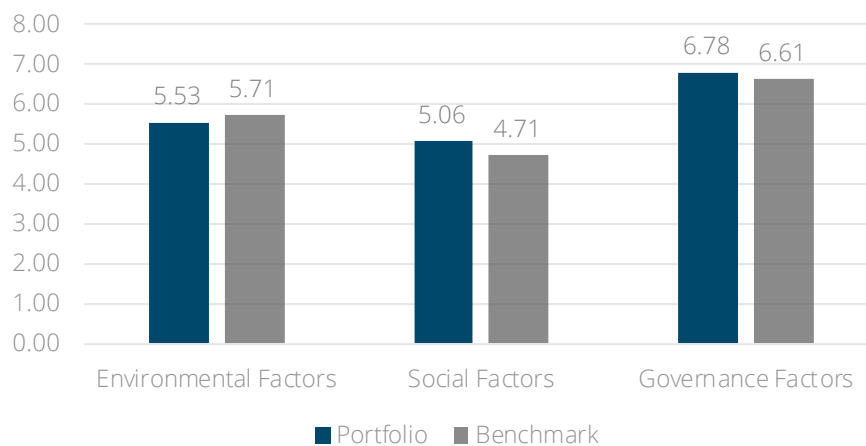
ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) FACTOR ANALYSIS

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	88.6%	99.5%
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
National Grid	3.4%	1.4%	AAA	10.0
Diageo	2.1%	3.8%	AAA	10.0
RELX Group	1.8%	1.9%	AAA	10.0
Johnson Matthey	1.6%	0.2%	AAA	10.0
Intertek Group	1.5%	0.4%	AAA	10.0
Speedy Hire	0.6%	0.0%	AAA	10.0
HSBC Holdings	2.2%	3.6%	AA	8.6
BAE Systems	1.8%	0.8%	AA	8.5
Ashmore Group	1.8%	0.1%	AA	8.5
Lloyds Bank	1.8%	1.5%	AA	8.5

10 lowest rated ESG companies held by fund	Portfolio Weight	Benchmark Weight	Company Rating	Industry Adjusted Score
Premier Miton Group	0.5%	0.0%	B	2.4
Capital & Counties	0.6%	0.1%	BB	3.2
Lancashire Holdings	1.2%	0.1%	BB	4.2
The Restaurant Group	1.0%	0.0%	BBB	4.3
Fresnillo	0.6%	0.0%	BBB	4.3
Barrick Gold	1.4%	0.0%	BBB	4.6
Serco	1.2%	0.1%	BBB	4.7
B&M	1.5%	0.2%	BBB	4.9
Diversified Energy	2.5%	0.0%	BBB	5.0
British American Tobacco	2.2%	2.6%	BBB	5.1

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	383,289.42		306.63
BERENBERG	318,250.00		254.60
BNP PARIBAS SEC (ASIA) LTD	0.00		0.00
BTG PACTUAL	0.00		0.00
CANACCORD ALGO	2,177,533.98		871.01
CANACCORD GENUITY	647,052.60		517.65
CENKOS	0.00		0.00
CITI PROG	0.00		0.00
CITIGROUP	69,211.91		55.37
CLSA	0.00		0.00
CREDIT SUISSE	2,447,250.45		1,624.04
DEUTSCHE BANK	0.00		0.00
EXANE	1,959,790.68		1,251.01
FINNCAP	1,353.82		1.09
GBM	0.00		0.00
GOODBODY	0.00		0.00
HSBC	2,245,841.80		1,385.31
ING	0.00		0.00
INSTINET	0.00		0.00
INVESTEC	1,498,784.57		1,173.37
ITG	1,148,174.42		688.91
ITG ALGO	223,132.10		89.25
ITG EURO	0.00		0.00
J&E DAVY	0.00		0.00
JANE STREET	0.00		0.00
JEFFERIES	3,672,234.58		2,450.31
JEFFERIES ALGO	857,371.85		342.94
JPMORGAN CHASE	2,207,279.05		1,560.18
KEPLER CHEUVREUX	1,376,293.50		825.78
LIBERUM	65,724.41		52.58
LIQUIDNET	11,824,937.58		6,244.28
MEDIOBANCA	0.00		0.00
MIZUHO	0.00		0.00
MORGAN STANLEY	0.00		0.00
NPLUS1 SINGER	44,914.26		35.93
NUMIS	749,906.66		599.92
PANMURE GORDON	59,196.26		47.36
PEEL HUNT	1,666,191.92		1,332.96
RAYMOND JAMES	36,507.67		21.90
RBC	2,655,959.08		1,670.06
RBC ALGO	3,054,568.40		1,221.82
REDBURN	1,631,396.37		1,062.26
SANTANDER	0.00		0.00
SHORE CAPITAL	0.00		0.00
STIFEL EUROPE	145,908.33		116.73
STIFEL NICOLAUS	0.00		0.00
UBS	1,241,770.07		757.36
UBS PROG	0.00		0.00
WINTERFLOOD	1,591,119.81		1,272.90
FLOWTRADERS	0.00		0.00
CONFIRMED FUND PRICE	0.00		0.00
OPTIVER	0.00		0.00
BANK OF MONTREAL	676,464.48		405.88
BTG	0.00		0.00
CITADEL INVESTMENT GROUP L.L.C.	0.00		0.00
STIFEL FINANCIAL CORP	69,077.27		55.26
CITI UK	0.00		0.00
LIQUIDNET ALGO	1,283,404.36		385.03
SUSQUEHANNA INTERDAA EquityONAL C	0.00		0.00
	£ 48,029,891.66	£	28,679.68

Firm Wide Comparators

All Equity Trading	£	942,644,220.83	£543,145.84
Trades:	£	48,029,891.66	£28,679.68
Average Firm-Wide Commission Rate (%)			0.06%
Average Commission Rate (%)			0.06%

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