

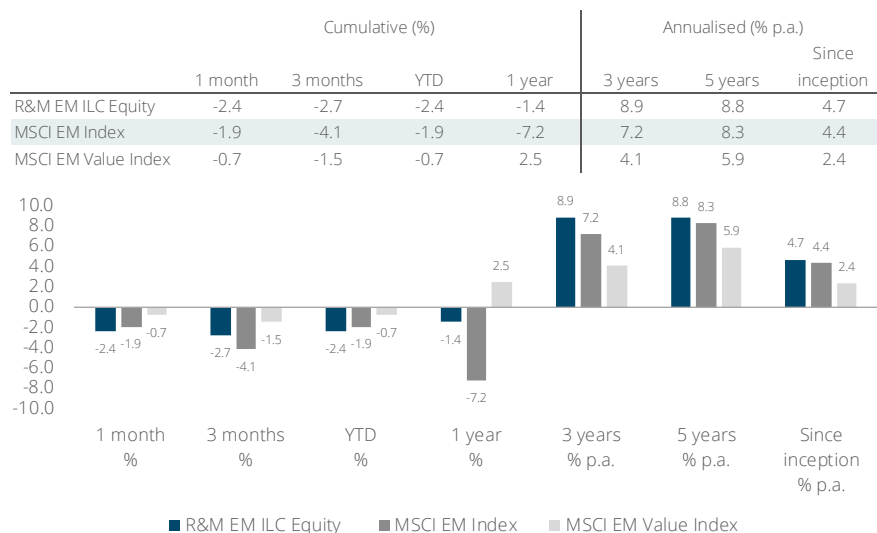
# River and Mercantile EMERGING MARKET ILC EQUITY FUND

31 JANUARY 2022

## PAST PERFORMANCE

The chart and tables below show the performance of the fund's USD EB (Acc) share class since 28 September 2012.

Fund performance is calculated using midday published prices. Benchmark performance is calculated using close of business mid-market prices. 28 September 2012 is the date that the current portfolio management team became responsible for the fund. Past performance is not a reliable guide to future results.



Source: River and Mercantile Asset Management LLP

## CALENDAR YEAR PERFORMANCE

Calendar Year	R&M EM ILC Equity	MSCI EM Index	MSCI EM Value Index
	%	%	%
2021	1.3	-2.5	4.0
2020	20.2	18.3	5.5
2019	17.2	18.4	12.0
2018	-13.1	-14.6	-10.7
2017	33.1	37.3	28.1

Source: River and Mercantile Asset Management LLP

## TOP 5 PERFORMANCE CONTRIBUTORS

The most positive contributors to the portfolio's performance relative to the benchmark

	Active avg. weight (%)	Relative contribution (%)
Petro Rio	1.51	0.32
Banco Bradesco	1.17	0.30
Postal Savings Bk of China H	1.70	0.30
PTT E&P	1.56	0.18
SLC Agricola	0.88	0.16

Source: Factset

## TOP 5 PERFORMANCE DETRACTORS

The most negative contributors to the portfolio's performance relative to the benchmark

	Active avg. weight (%)	Relative contribution (%)
Yadea Group	1.23	-0.37
momo.com	1.09	-0.35
Silergy Corp	1.03	-0.34
Sungrow Power Supply	1.06	-0.25
ENN Energy Holdings	1.52	-0.23

Source: Factset

## WEIGHT BY STAGE OF THE INDUSTRIAL LIFE CYCLE

A comparison of the portfolio's allocation to the different stages of the industrial life cycle versus the benchmark

	R&M EM ILC Equity (%)	MSCI EM Index (%)
Growth	26.5	23.9
Cash cow	27.6	27.4
Fading winner	14.8	13.5
Restructuring	4.8	11.1
Financial	21.7	22.7

Source: River and Mercantile Asset Management LLP

RIVER AND MERCANTILE

## INVESTMENT OBJECTIVE

To achieve the highest possible return in US dollars (Reference Currency), while taking due account of the principle of risk diversification, the security of the capital invested, and the liquidity of the invested assets.

## PORTFOLIO MANAGER

Alfred Bryant, CFA

## PORTFOLIO SIZE

Total fund size \$ 124.9m  
Strategy capacity \$ 5bn

## KEY FACTS

Manager start date 28/09/2012  
Benchmark MSCI Emerging Markets index  
IA sector Global Emerging Markets  
Domicile Luxembourg  
Fund type UCITS  
Legal form SICAV  
Currency USD  
ISIN LU1692110783  
SEDOL BLNPNX2  
Bloomberg CSGMEBU LX  
Distribution type Accumulation

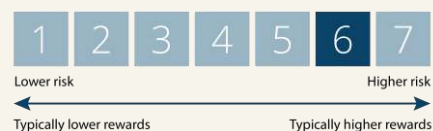
## FEES & CHARGES

Initial charge Up to 3.00%  
AMC 0.50%  
Ongoing charge (including AMC) 0.92%

## DEALING INFORMATION

Dealing frequency Daily  
Dealing cut-off time 3pm (CET)  
Valuation point 3pm (CET)  
Settlement T+4  
Minimum investment £1000

## SYNTHETIC RISK & REWARD INDICATOR (SRI)



Please refer to the KIID for more information with respect to the SSRI methodology

## CONTACT DETAILS

Email enquiries@riverandmercantile.com

## OTHER INFORMATION

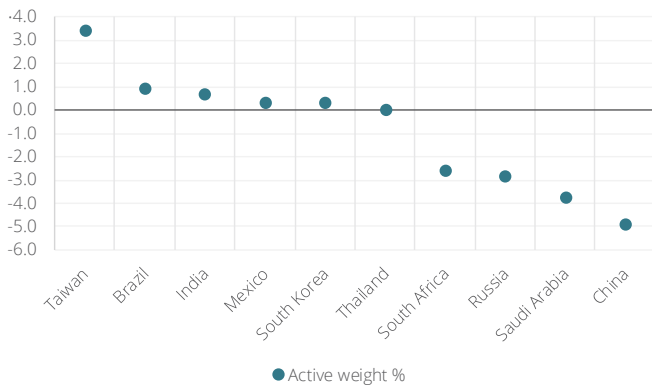
Management co. MultiConcept Fund Management SA  
Investment mgr. River and Mercantile LLC  
Depositary Credit Suisse (Luxembourg) SA

## ALTERNATIVE SHARE CLASSES

Class PB Currency GBP OCF 0.85%

## ACTIVE COUNTRY WEIGHTS

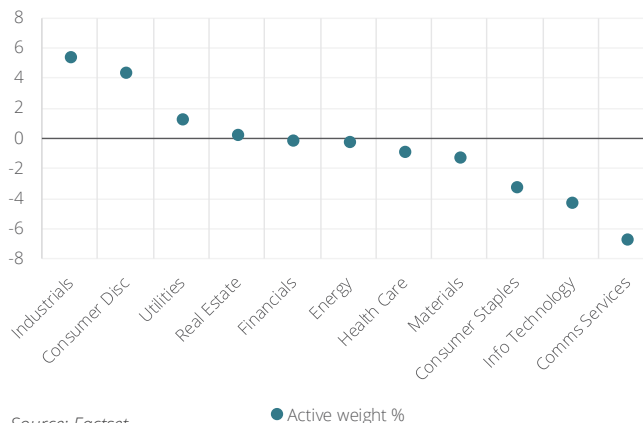
The fund's active weights across the benchmark's ten largest weighted countries.



Source: Factset

## ACTIVE SECTOR WEIGHTS

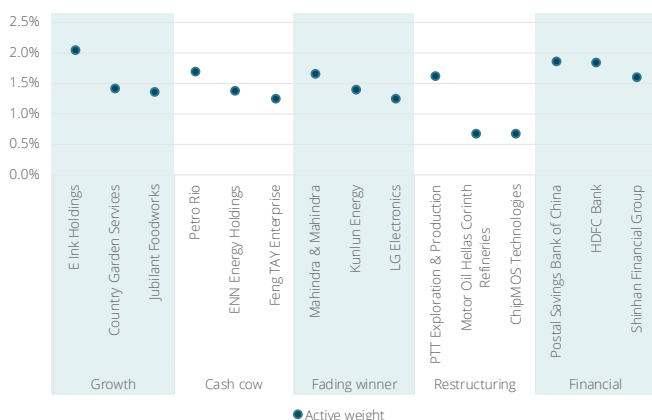
The fund's sector weights compared with its benchmark.



Source: Factset

## MOST ACTIVE HOLDINGS BY ILC STAGE

The largest positions by active weight in each ILC category.



Source: River and Mercantile Asset Management LLP

## FUND RISK CHARACTERISTICS

Characteristics of the portfolio compared to its benchmark.

	R&M EM ILC Equity	MSCI EM Index
Number of securities	86	1191
Number of 'off-benchmark' securities	33	0
NAV of 'off-benchmark' positions	42.22 %	0 %
Return on equity (ROE)	16.84 %	14.75 %
Return on invested capital (ROIC)	11.54 %	10.60 %
Price to earnings ratio (PE)	15.55	17.93
Price to book ratio (PB)	1.97	2.09
Dividend yield	2.33 %	2.17 %
Market Cap (USD, weighted average)	93.62 bn	130.64 bn

Source: River and Mercantile Asset Management LLP, Style Analytics

## INVESTMENT MANAGER'S COMMENTARY

January began the new year with a risk-off mood. Inflation pressure, Ukraine tensions, and rising oil prices drove negative returns across equity and fixed income markets alike. The MSCI Emerging Market index lost 1.9% and the fund fell 2.4%.

The resilience of inflation, especially in the West, has led to expectations for the US Fed to begin raising interest rates in the first quarter of this year. This discount rate hike is, and will continue to be, the greatest risk for growth assets in the emerging and developed world. Emerging Market Growth was down 3% in the month while the Developed World Growth category lost 9%. At the end of January forward PE multiples for EM growth were at 29x while DM was at 38x. The downward pressure will continue, but we suspect there is greater risk in DM.

As we noted in our year-end comments for 2021, part of our successful performance for the year came from selection within the Growth stage. This strong performance meant that we started 2022 with a Growth overweight. This was a partial cause of the modest underperformance this month. Our trading in the month of January aimed to bolster our positions in the later stages of the life cycle, especially in Financials. The Growth overweight is being worked down as opportunities arise in other areas.

Banks and Real Estate are the two major components of EM Financials, and both have started the year with strong returns. The Bank rally appears sustainable, and we have taken some of the reserved cash from year-end to raise weights to existing positions across Brazil, Chile, Indonesia and Malaysia. These are markets that look poised for recovery in economic and credit cycles as Covid restrictions continue to be relaxed. The rebound in Chinese property in the month was driven by government moves to ease liquidity for the remaining developers. The sector remains a net value destroyer and we remain hesitant to fish at the bottom.

Inflation is proving to be a bigger concern in the West. The monetary actions of the US Fed will impact risk appetites for EM, but thus far most of Asia has remained insulated due to different supply chain dynamics and slower economic recoveries. Latin America was forced to raise earlier than most last year, and this, along with a renewed commodity rally, has led to a bright start to returns for most of the region. The Olympics in China are underway at the time of writing and diplomacy is at work in Ukraine. The completion of the Olympics removes one impediment to a Chinese re-opening, and a Ukraine solution should be attainable. We are beginning to position for a China consumption recovery but remain largely on the sidelines to Russia. The opportunities in EM remain abundant across the style spectrum, and we believe our active stock selection driven approach remains well suited to this mixed macro environment.

**Alfred Bryant, CFA**

Portfolio Manager  
February 2022

## RISK

The Fund's risk and reward profile does not reflect the risk inherent in future circumstances that differ from what the Fund has experienced in the recent past. This includes the following events which are rare but can have a large impact.

- Credit risk: Issuers of assets held by the Fund may not pay income or repay capital when due. The Fund's investments have low credit risk.
- Liquidity risk: Assets cannot necessarily be sold at limited cost in an adequately short timeframe. The Fund's investments may be prone to limited liquidity. The Fund will endeavour to mitigate this risk by various measures.
- Counterparty risk: Bankruptcy or insolvency of the Fund's derivative counterparties may lead to payment or delivery default.
- Operational risk: Deficient processes, technical failures or catastrophic events may cause losses.
- Political and Legal risks: Investments are exposed to changes of rules and standards applied by a specific country. This includes restrictions on currency convertibility, the imposing of taxes or controls on transactions, the limitations of property rights or other legal risks. Investments in less developed financial markets may expose the Fund to increased operational, legal and political risk.

## IMPORTANT INFORMATION

This document is aimed at professional investors only.

River and Mercantile Emerging Market ILC Equity Fund (the "Fund") is a sub-fund of River and Mercantile Investment Funds (the "SICAV"), an investment company with variable capital established in Luxembourg as an umbrella fund with segregated liability between sub-funds.

MultiConcept Fund Management S.A. acts as manager to the SICAV and has delegated the discretionary investment management of the Fund to River and Mercantile LLC ("R&M LLC") and the distribution of the Fund to River and Mercantile Asset Management LLP ("RAMAM"). R&M LLC has been approved by the Commission de Surveillance du Secteur Financier to act as investment manager to the Fund and is registered with the US Securities and Exchange Commission (SEC) as an investment advisor. RAMAM is authorised and regulated in the United Kingdom by the Financial Conduct Authority (Firm Reference No. 453087) and is registered in England (Company No. OC317647). R&M LLC and RAMAM are both subsidiaries of River and Mercantile Group PLC which is registered in England (Company No. 04035248) with its registered office at 30 Coleman Street, London, EC2R 5AL.

For further information on the Fund including the specific risks and the overall risk profile of the Fund, as well as the share classes within, please refer to the Fund's Prospectus and Key Investor Information Documents (KIIDs) (available from [riverandmercantile.com](http://riverandmercantile.com)).

The original version of the Prospectus is in English; however, it may be translated into other languages free of charge.

The value of investments and any income generated may go down as well as up and is not guaranteed.

An investor may not get back the amount originally invested. Past performance is not a reliable guide to future results. Changes in exchange rates may have an adverse effect on the value, price or income of investments.

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