



RIVER AND MERCANTILE

# ES RIVER AND MERCANTILE UK EQUITY HIGH ALPHA FUND

Quarterly report to 31 December 2021

*For unitholders only*

# ES River and Mercantile UK EQUITY HIGH ALPHA FUND

Quarter 4, 2021

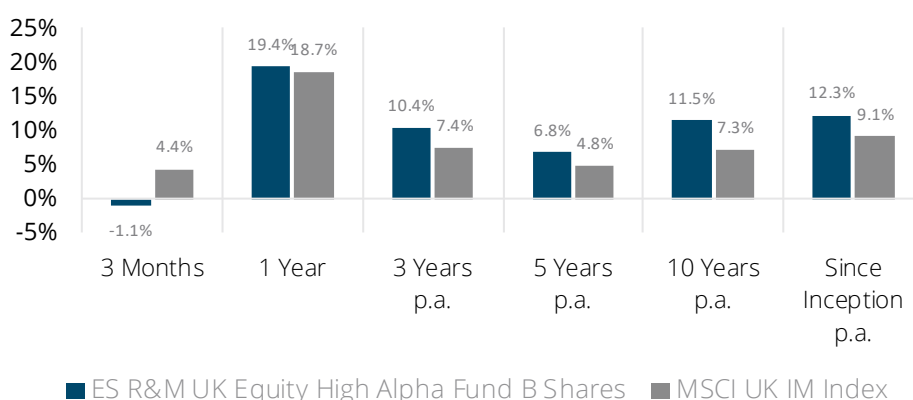
RIVER AND MERCANTILE

## INVESTMENT OBJECTIVE

To grow the value of your investment (known as "capital growth") in excess of the MSCI UK Investable Market Index (IMI) Net Total Return (the "Benchmark") over a rolling 5-year period, after the deduction of fees.

## PERFORMANCE (NET OF FEES)

	B share class	Benchmark	Difference
3 months	-1.1%	4.4%	-5.4%
1 year	19.4%	18.7%	0.7%
3 years (p.a.)	10.4%	7.4%	2.9%
5 years (p.a.)	6.8%	4.8%	2.0%
10 years (p.a.)	11.5%	7.3%	4.2%
Since inception (p.a.)	12.3%	9.1%	3.2%



## PERFORMANCE (BEFORE FEES)

	Z share class	Benchmark	Difference
3 months	-0.9%	4.4%	-5.3%
1 year	20.3%	18.7%	1.6%
3 years (p.a.)	11.2%	7.4%	3.8%
5 years (p.a.)	7.6%	4.8%	2.8%
10 years (p.a.)	12.3%	7.3%	5.0%
Since inception (p.a.)	8.2%	5.4%	2.8%

Source: River and Mercantile Asset Management LLP. Benchmark is the MSCI UK Investable Market Index, net GBP. Fund performance shows the B share class (accumulation units) which is net of an annual management charge of 0.75% per annum, and the Z share class (accumulation units) which reflects the fund's gross performance before any fees are deducted. Inception date of the B share class is 20 October 2008 and inception date of Z share class is 28 November 2006. Fund performance is calculated using the midday published price. Note that the benchmark performance is calculated using close of business mid-market prices. Other share classes may be available. Past performance is not indicative of future results.

## PORTFOLIO SUMMARY AND KEY RISK CHARACTERISTICS

Fund AUM	£97.3m	Tracking error	4.6 %
Strategy capacity	£800m	Active money	55.3 %
Inception date	28/11/2006	Portfolio beta	1.15
Number of stocks	243		

## 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.

## FUND HOLDINGS AND PORTFOLIO WEIGHT

Holding	Weight (%)	Holding	Weight (%)	Holding	Weight (%)
Royal Dutch Shell 'B'	3.47	Volex	0.41	Stagecoach Group	0.25
BP	3.00	Renewi	0.41	De La Rue	0.25
Unilever	2.73	SIG	0.40	Ascential	0.25
AstraZeneca	2.46	Strix	0.39	Biffa	0.24
HSBC Holdings	2.41	SSP Group	0.39	Cairn Energy	0.24
Lloyds Bank	2.28	Fresnillo	0.39	Tate & Lyle	0.24
Barclays	2.11	ITV	0.39	Flowtech Fluidpower	0.24
Anglo American	2.10	Central Asia Metals	0.38	Informa	0.24
Rio Tinto	1.90	Crest Nicholson Holdings	0.38	lbstock	0.24
Prudential	1.75	John Wood Group	0.38	NCC Group	0.24
BHP	1.67	Elementis	0.38	Trainline	0.24
Natwest Group	1.34	Carnival	0.37	A.G.Barr	0.23
GlaxoSmithKline	1.29	Tesco	0.37	Iomart Group	0.23
British American Tobacco	1.25	JD Wetherspoon	0.37	Carclo	0.22
Somero Enterprises	1.18	Tremor International	0.37	Brewin Dolphin	0.22
Standard Chartered	1.09	Moonpig	0.37	Tyman	0.22
Glencore	1.09	Virgin Money	0.36	Grainger	0.22
BT	0.78	Ricardo	0.36	Centos Securities	0.22
The Restaurant Group	0.75	Int'l Personal Finance	0.35	Rank Group	0.22
Diageo	0.73	Serco	0.35	Ocado Group	0.22
Capital & Counties	0.70	Travis Perkins	0.35	Speedy Hire	0.22
Sage	0.70	Shaftesbury	0.34	Victrex	0.21
Reach	0.69	Boku	0.34	Mortgage Advice Bureau	0.21
Compass Group	0.66	RWS Holdings	0.34	Greencore Group	0.21
Vodafone	0.62	DFS Furniture	0.34	Moneysupermarket.com	0.21
Antofagasta	0.61	Capita	0.34	Everyman Media Group	0.21
Rolls-Royce	0.61	TT Electronics	0.34	Henry Boot	0.21
Taylor Wimpey	0.60	Flutter Entertainment	0.33	Inspired Energy	0.21
Centrica	0.59	Morgan Advanced Materials	0.33	Close Brothers	0.21
RHI Magnesita	0.57	Ocean Wilson Holdings	0.33	Temple Bar Investment Trust	0.21
Legal & General	0.57	Cake Box Holdings	0.33	Chemring	0.20
Associated British Foods	0.56	XLMedia	0.32	Photo-Me International	0.20
Melrose Industries	0.55	Nichols	0.32	Bango	0.20
Imperial Brands	0.53	Dart Group	0.32	Next	0.20
Coats	0.52	On the Beach Group	0.32	Breedon Group	0.20
Xaar	0.52	Science In Sport	0.32	Standard Life Aberdeen	0.20
Smith & Nephew	0.51	DP Eurasia	0.32	Hiscox	0.20
Aviva	0.51	Smart Metering Systems	0.31	The Gym Group	0.20
Burberry Group	0.50	WH Smith	0.31	Ashmore Group	0.20
TP ICAP	0.50	Menzies (John)	0.31	Trifast	0.20
Whitbread	0.50	WPP	0.31	First Derivatives	0.19
Indivior	0.49	Superdry	0.31	Micro Focus	0.19
Int'l Cons. Airlines	0.48	Polymetal International	0.30	Galliford Try	0.19
Premier Miton Group	0.48	ASOS Holdings	0.30	Centamin	0.19
Pendragon	0.47	IG Holdings	0.30	PZ Cussons	0.19
Reckitt Benckiser	0.46	Pearson	0.30	Kier	0.19
Johnson Matthey	0.46	British Land	0.29	Pebble Group	0.18
Mercia Asset Management	0.46	Capital Limited	0.29	Costain Group	0.18
Secure Trust Bank	0.46	RPS Group	0.29	Just Eat Takeaway	0.18
Renold	0.46	Ted Baker	0.29	Senior	0.18
Essentra	0.46	Hargreaves Lansdown	0.28	Zotefoams	0.18
Serica Energy	0.45	Enquest	0.28	Beazley	0.17
Bank of Ireland	0.44	Hyve Group	0.28	Severfield-Rowen	0.17
Marks & Spencer	0.44	Kin and Carta	0.28	Blancco	0.17
Provident Financial	0.44	CRH	0.28	Savannah Energy	0.17
Wickes	0.44	Saga	0.28	Norcros	0.17
Harbour Energy	0.44	IMI	0.28	Vesuvius	0.16
Easyjet	0.44	Eckoh	0.27	Tribal	0.16
Devro	0.44	Tullow Oil	0.27	Rangers International FC	0.16
ULS Technology	0.43	Fidelity China Special	0.27	Smiths News	0.16
Berkeley Gp Hldgs	0.42	Mediclinic International	0.27	AO World	0.16
Ebiquity	0.42	Dixons Carphone	0.27	IQE	0.16
Centaur Media	0.42	Gresham House Strategic	0.27	Joules	0.16
The Weir Group	0.42	Accesso Technology Group	0.27	Learning Technologies	0.16
Old Mutual	0.42	Foxtons Group	0.26	JKX Oil & Gas	0.16
Vistry Group	0.42	888 Holdings	0.26	Hostelworld Group	0.16
MPAC Group	0.42	Johnson Service	0.26	Genuit	0.15
Gresham House	0.42	Rotork	0.26	Staffline Group	0.15
Hunting	0.41	Card Factory	0.26	Intercontinental Hotels	0.15
GVC Holdings	0.41	Bodycote	0.25	Topps Tiles	0.15

Source: River and Mercantile Asset Management LLP

## FUND HOLDINGS AND PORTFOLIO WEIGHT (CONTINUED)

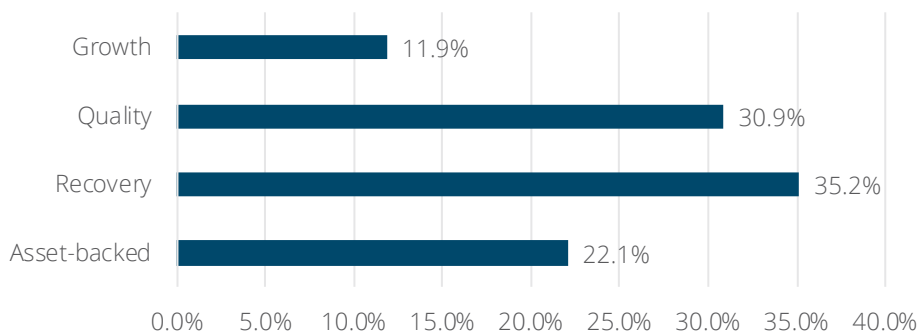
Holding	Weight (%)
Aston Martin Lagonda	0.14
Rathbone Brothers	0.14
Benchmark Holdings	0.14
Schroder UK Public Private	0.14
ADVFN	0.14
Mind Gym	0.13
M&C Saatchi	0.13
ConvaTec Group	0.13
IP Group	0.13
OPG Power Ventures	0.13
Adept Telecom	0.12
Majestic Wine	0.12
Hill & Smith	0.12
Mitie	0.11
Polar Capital	0.11
Keller	0.11
TI Automotives	0.11
James Fisher & Sons	0.11
Lancashire Holdings	0.10
Rightmove	0.10
Drax	0.10
Dialight	0.10
Workspace	0.10
eEnergy Group	0.09
MySale Group	0.09
Royal Mail	0.06
The Hut Group	0.06
Intertek Group	0.06
Cranswick	0.05
Conduit Holdings	0.05
QinetiQ	0.05
Auto Trader	0.05
Candover Investments	0.00
Cash	0.00
<b>Total</b>	<b>100.00</b>

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Source: River and Mercantile Asset Management LLP

## PVT CATEGORIES OF POTENTIAL

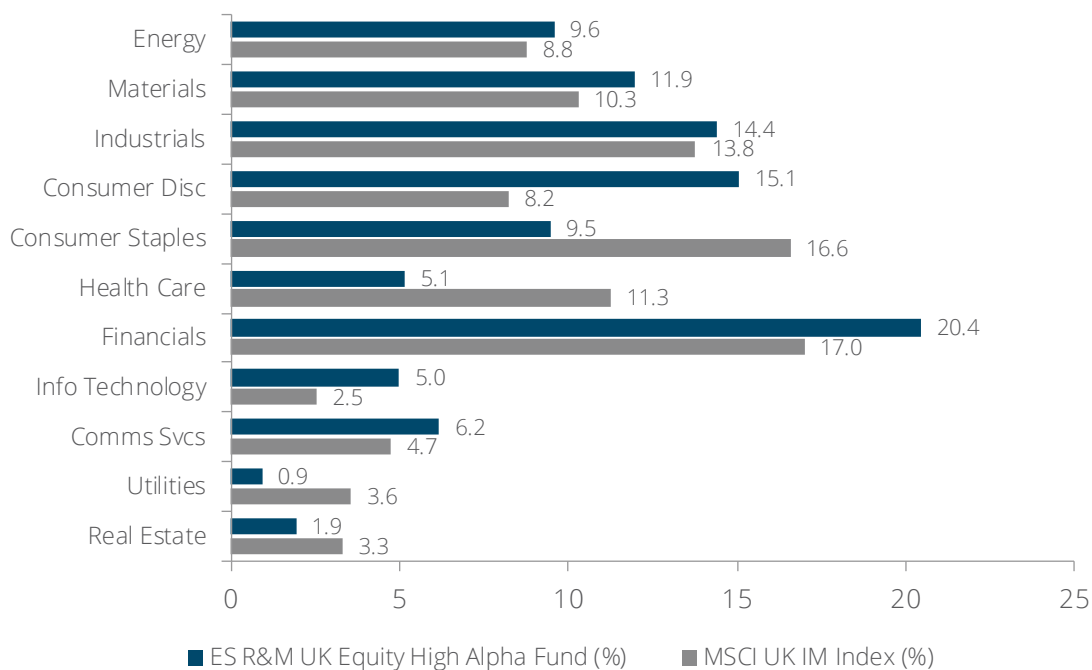
This chart shows the weighting of the fund's holdings across the four categories of Potential, related to the stages of a company's life cycle, as defined within the R&M investment philosophy known as 'PVT' – Potential, Valuation, Timing.



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

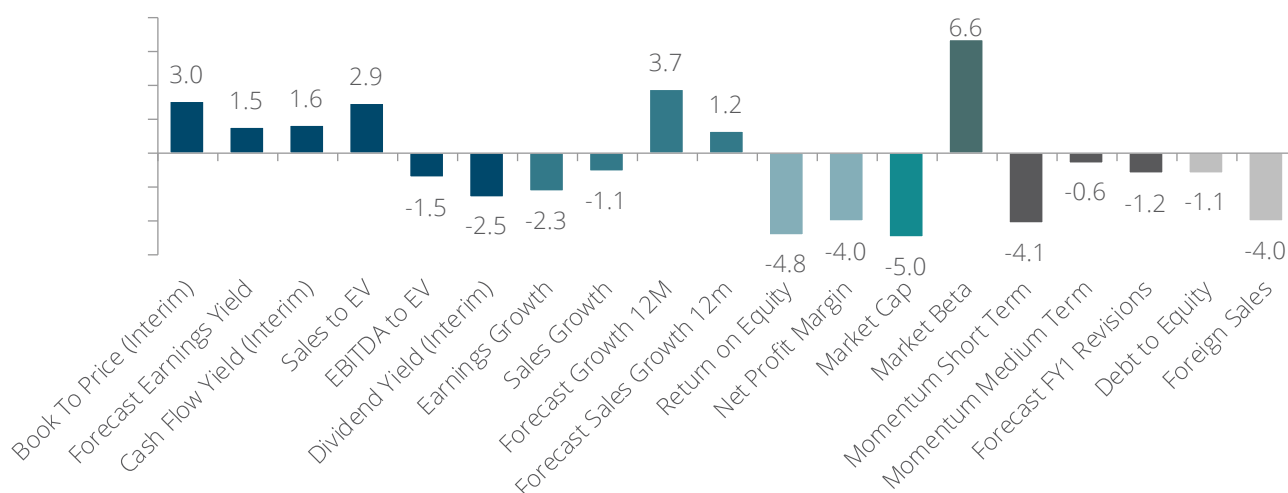
This table shows a comparison of fund and benchmark weightings across a range of company values

		Fund	Benchmark	Active
Mega Cap	£20bn +	34.3%	59.9%	-25.6%
Large Cap	£4bn - £20bn	16.3%	26.2%	-9.9%
Mid Cap	£2bn - £4bn	6.7%	6.8%	-0.1%
Small Cap	£100m - £2bn	38.5%	7.1%	31.4%
Micro Cap	£0m - £100m	4.2%	0.0%	4.2%

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

## 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

## 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
Somero Enterprises	Industrials	1.18	0.00	1.18
Lloyds Bank	Financials	2.28	1.48	0.80
Natwest Group	Financials	1.34	0.57	0.77
Barclays	Financials	2.11	1.38	0.72
The Restaurant Group	Consumer Discretionary	0.75	0.03	0.72
Reach	Communication Services	0.69	0.04	0.66
Capital & Counties	Real Estate	0.70	0.05	0.65
Standard Chartered	Financials	1.09	0.52	0.58
RHI Magnesita	Materials	0.57	0.04	0.53
Xaar	Information Technology	0.52	0.00	0.52

Underweights	Sector	Fund	%	
			Benchmark	Active
AstraZeneca	Health Care	2.47	5.88	-3.41
Diageo	Consumer Staples	0.74	4.12	-3.38
GlaxoSmithKline	Health Care	1.29	3.53	-2.25
Royal Dutch Shell 'A'	Energy	3.47	5.52	-2.05
RELX Group	Industrials	0.00	2.03	-2.03
Unilever	Consumer Staples	2.73	4.48	-1.74
National Grid	Utilities	0.00	1.68	-1.68
HSBC Holdings	Financials	2.41	4.01	-1.59
Reckitt Benckiser	Consumer Staples	0.46	1.98	-1.52
Experian	Industrials	0.00	1.46	-1.46

Source: FactSet

## 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
AstraZeneca	-3.59%	0.26%
Unilever	-1.92%	0.12%
London Stock Exchange	-1.05%	0.12%
Royal Dutch Shell 'A'	-2.27%	0.12%
Renewi	0.46%	0.11%
Pendragon	0.40%	0.08%
Essentra	0.36%	0.08%
Centrica	0.36%	0.07%
Renold	0.48%	0.06%
Indivior	0.41%	0.06%

Greatest Negative Contribution	Average Active Weight	Contribution to Active Return
National Grid	-1.57%	-0.24%
Ferguson	-1.16%	-0.24%
Diageo	-3.25%	-0.24%
GlaxoSmithKline	-2.16%	-0.22%
HSBC Holdings	-1.69%	-0.17%
Experian	-1.40%	-0.16%
Reach	0.63%	-0.15%
Capita	0.38%	-0.14%
Hunting	0.41%	-0.14%
RELX Group	-1.99%	-0.13%

Source: FactSet

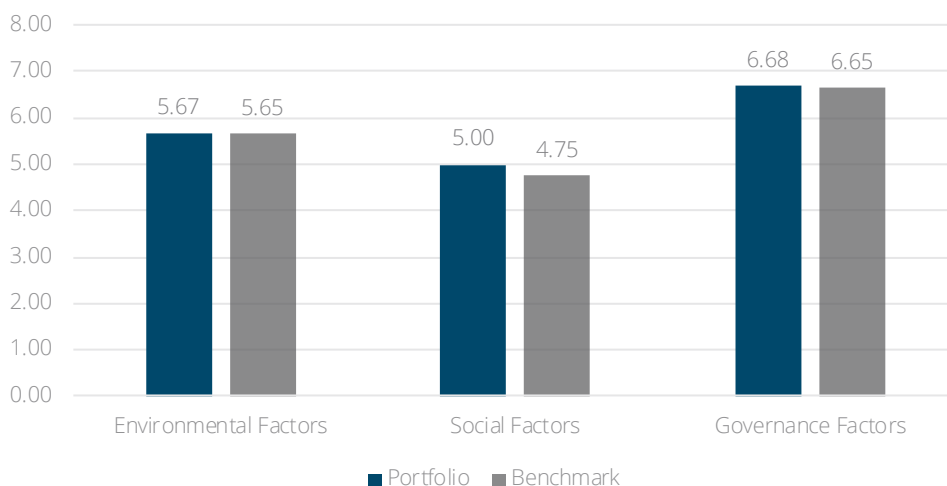
## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) FACTOR ANALYSIS

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	83.8%	99.3%
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	0.7%	4.1%	AAA	10.0
Legal & General	0.6%	0.8%	AAA	10.0
Burberry Group	0.5%	0.3%	AAA	10.0
Marks & Spencer	0.4%	0.2%	AAA	10.0
SIG	0.4%	0.0%	AAA	10.0
ITV	0.4%	0.2%	AAA	10.0
British Land	0.3%	0.2%	AAA	10.0
CRH	0.3%	0.0%	AAA	10.0
Mediclinic International	0.3%	0.1%	AAA	10.0
Speedy Hire	0.2%	0.0%	AAA	10.0

10 lowest rated ESG companies held by fund	Portfolio Weight	Benchmark Weight	Company Rating	Industry Adjusted Score
Carnival	0.4%	0.1%	B	1.7
Premier Miton Group	0.5%	0.0%	B	2.4
Bank of Ireland	0.4%	0.0%	BB	2.9
Volex	0.4%	0.0%	BB	3.0
Tremor International	0.4%	0.0%	BB	3.1
SSP Group	0.4%	0.1%	BB	3.2
Hargreaves Lansdown	0.3%	0.2%	BB	3.2
Dixons Carphone	0.3%	0.1%	BB	3.7
TP ICAP	0.5%	0.1%	BB	4.0
IQE	0.2%	0.0%	BB	4.2



## BROKER COMMISSIONS ANALYSIS

Counterparty	Total (£)	Commission Paid (£)	
			Execution Only
ABG SUNDAL COLLIER	0.00		0.00
ATLANTIC SECURITIES	52,120.53		31.27
BANCO ITAU	0.00		0.00
BARCAP	472,644.44		335.36
BERENBERG	252,254.76		201.80
BTG PACTUAL	0.00		0.00
CANACCORD ALGO	1,159,906.97		463.97
CANACCORD GENUITY	120,978.80		96.78
CENKOS	0.00		0.00
CITI PROG	671,964.59		268.79
CITIGROUP	82,657.32		66.13
CLSA	0.00		0.00
CREDIT SUISSE	482,779.89		293.39
DEUTSCHE BANK	0.00		0.00
EXANE	738,298.40		509.90
FINNCAP	24,819.84		19.87
GBM	0.00		0.00
GOODBODY	383,180.73		300.30
HSBC	25,235.00		20.19
ING	0.00		0.00
INSTINET	50,744.26		40.60
INVESTEC	1,420,065.94		1,124.50
ITG	872,999.99		523.80
ITG ALGO	256,004.61		102.40
ITG EURO	0.00		0.00
J&E DAVY	47,632.28		38.11
JANE STREET	0.00		0.00
JEFFERIES	305,355.07		217.13
JEFFERIES ALGO	533,115.76		213.26
JPMORGAN CHASE	548,485.81		419.58
KEPLER CHEUVREUX	0.00		0.00
LIBERUM	95,587.64		76.46
LIQUIDNET	1,563,068.34		937.85
MEDIOBANCA	0.00		0.00
MIZUHO	0.00		0.00
MORGAN STANLEY	130,694.37		96.82
NORTHERN TRUST CORP	51,233.48		40.99
NPLUS1 SINGER	343,867.14		275.09
NUMIS	1,131,933.82		869.16
PANMURE GORDON	442,706.41		202.26
PEEL HUNT	2,129,117.35		1,718.77
RAYMOND JAMES	0.00		0.00
RBC	275,026.16		219.54
RBC ALGO	1,232,234.34		492.91
REDBURN	150,802.74		106.19
SANFORD BERNSTEIN	0.00		0.00
SANTANDER	0.00		0.00
SHORE CAPITAL	35,587.50		26.94
SOCIETE GENERALE	0.00		0.00
STIFEL EUROPE	19,145.00		15.32
STIFEL NICOLAUS	0.00		0.00
SUSQUEHANNA INTERNATIONAL	0.00		0.00
UBS	244,276.14		185.47
UBS PROG	0.00		0.00
WINTERFLOOD	440,544.10		340.34
FLOWTRADERS	0.00		0.00
CONFIRMED FUND PRICE	0.00		0.00
OPTIVER	0.00		0.00
BANK OF MONTREAL	0.00		0.00
BTIG	116,944.71		93.55
CITADEL INVESTMENT GROUP L	0.00		0.00
CITI UK	0.00		0.00
LIQUIDNET ALGO	83,120.99		24.93
	<b>£ 16,987,135.22</b>	<b>£</b>	<b>11,009.72</b>

### Firm Wide Comparators

All Equity Trading	£	1,010,162,841.53	£550,909.98
Trades:	£	16,987,135.22	£11,009.72
Average Firm-Wide Commission Rate (%)			0.05%
Average Commission Rate (%)			0.06%

## IMPORTANT DISCLOSURES

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