

ES River and Mercantile UK EQUITY INCOME FUND

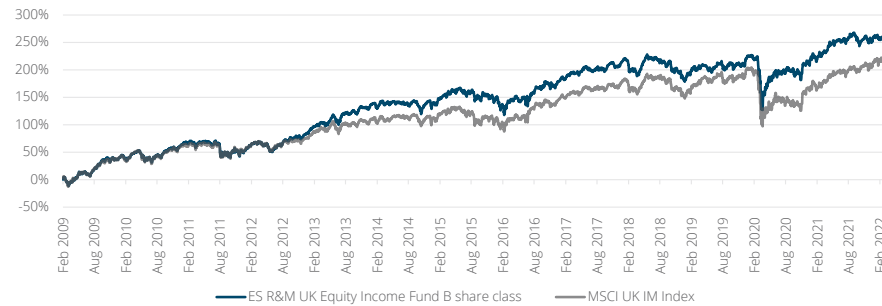
CLASS B GBP (Income)

PAST PERFORMANCE

The chart and tables below show the performance of the fund's GBP B (Inc) share class since the launch of the share class on 3 February 2009.

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

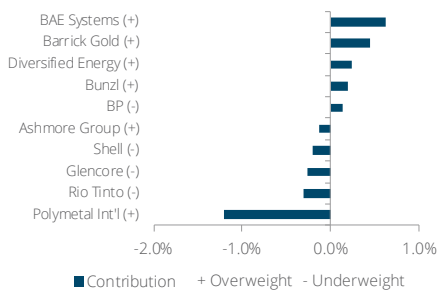
	1 Month %	3 Months %	1 Year %	3 Years %	5 Years %	10 Years %	Since inception %
B share class (Inc)	0.5	2.3	10.0	19.4	22.7	112.9	256.3
MSCI UK IM Index	0.0	4.8	17.2	16.3	23.1	88.4	214.3

DISCRETE 12 MONTH PERFORMANCE

	12 months to 28/02/2018	12 months to 28/02/2019	12 months to 28/02/2020	12 months to 28/02/2021	12 months to 28/02/2022
B share class (Inc)	4.1%	-1.2%	-2.1%	10.9%	10.0%
MSCI UK IMI	4.3%	1.5%	-2.4%	1.7%	17.2%

TOP 5 PERFORMANCE CONTRIBUTORS & DETRACTORS

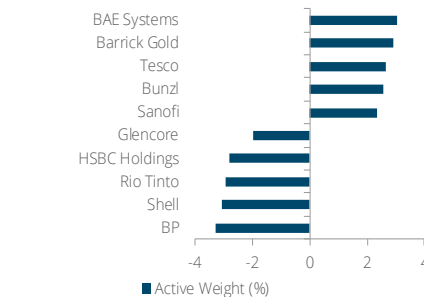
The best and worst contributors to the portfolio's performance relative to the benchmark



Source: River and Mercantile Asset Management LLP

TOP 5 OVERWEIGHTS & UNDERWEIGHTS

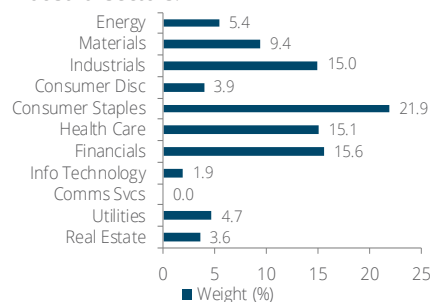
The securities in which the portfolio weight differs most from that of the benchmark



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 (%)
AstraZeneca	4.9
GlaxoSmithKline	4.7
Reckitt Benckiser	4.2
BAE Systems	4.1
Shell	3.8
Tesco	3.6
British American Tobacco	3.4
Bunzl	3.0
National Grid	3.0
Barrick Gold	2.9

Source: River and Mercantile Asset Management LLP

RIVER AND MERCANTILE

INVESTMENT OBJECTIVE

To generate an average annual income above the dividend yield of the benchmark over a rolling 3-year period and achieve a total return (income and growth in the value of your investments (known as "capital growth")) above the total return of the benchmark over a rolling 5-year period, after the deduction of fees.

PORTFOLIO MANAGER

Daniel Hanbury

YIELD

Historic yield	3.33%
Current yield	3.56%

PORTFOLIO & RISK CHARACTERISTICS

Number of holdings	60
Fund Volatility	12.7%
Benchmark Volatility	13.9%
Beta	0.88
Active Money	60.0%

KEY FACTS

Fund launch date	03/02/2009
Share class launch date	03/02/2009
Benchmark	MSCI UK Investable Markets index UK Equity Income
IA sector	UK Equity Income
Total fund size	£83.3m
Domicile	UK
Fund type	UK UCITS
SEDOL	B3KQG44
ISIN	GB00B3KQG447
Bloomberg	RMUKEIB
Distribution type	Income

FEES & CHARGES

Initial charge	Up to 5.25%
AMC	0.75%
Ongoing charge (including AMC)	0.89%

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

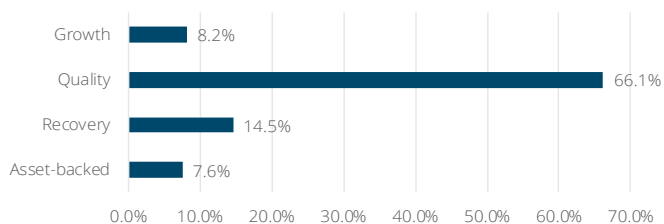
Comparison of portfolio and benchmark weightings across a range of sizes based on company value.

		Fund	Benchmark	Active
Mega Cap	£20bn +	52.2%	63.3%	-11.1%
Large Cap	£4bn - £20bn	13.3%	22.9%	-9.5%
Mid Cap	£2bn - £4bn	10.4%	6.6%	3.8%
Small Cap	£100m - £2bn	20.2%	7.2%	13.0%
Micro Cap	£0m - £100m	0.3%	0.0%	0.3%

Source: River and Mercantile Asset Management LLP

CATEGORIES OF POTENTIAL

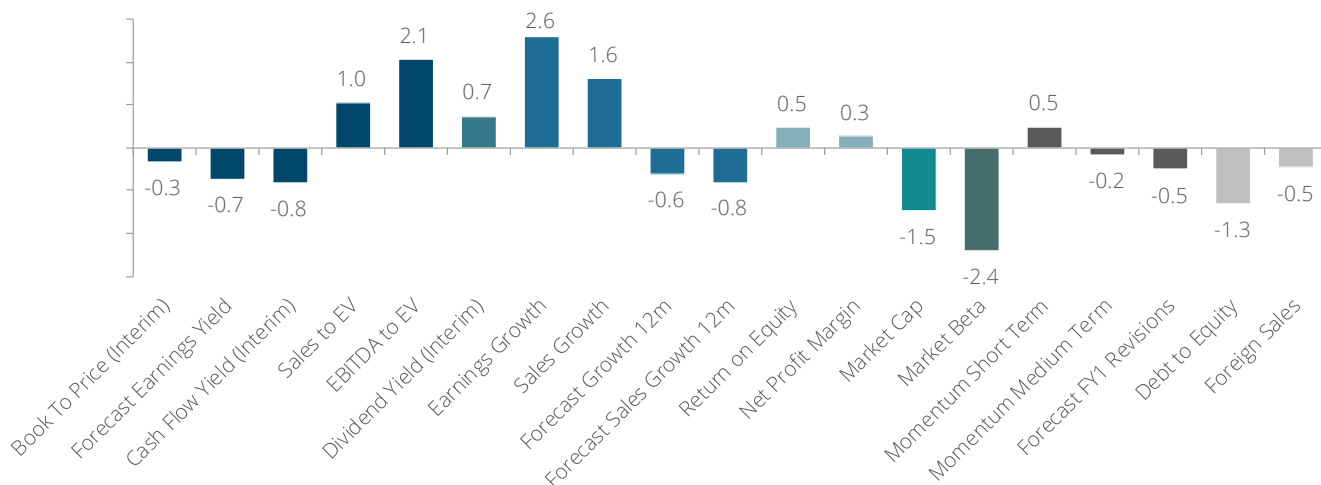
The weighting of the portfolio across the four categories of potential, related to stages of a company's life cycle.



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

After a protracted military and diplomatic build up, which had already started to undermine market confidence, the outbreak of open warfare in Ukraine sent shockwaves through investment markets. Traditional defensive assets (gold and high-quality bonds) rallied alongside oil and other commodities while Consumers Cyclical, Financials and anything exposed to Russia sold off aggressively. So far, the Western response to the invasion has been twofold. To attempt to isolate Russia, primarily by the imposition of economic sanctions and to offer moral, humanitarian and military support to Ukraine while avoiding a direct military confrontation with the invaders.

From an investment perspective, the short-term market reaction has been relatively understandable, but second and third order impacts of the invasion will take time to develop. The longer-term implications of the surge in energy prices at a time when most European economies are already recording decades high inflation, and the impact on consumer confidence so soon after the Covid downturn, are two obvious impacts. There will be some fundamental shifts in many industries as a result of the conflict but, in the shorter-term challenging market, the risk discount applied to many sectors is already material and offers, potentially, exceptional value for investors.

Strategy update

Performance

The fund rose 0.5% in the month, ahead of the benchmark return of 0.0%. In a period of heightened volatility for equity markets as a result of hostilities in Ukraine, it was pleasing that the fund continues to exhibit its typically more defensive characteristics, ranking in the top decile of the Investment Association UK Equity Income sector over the month (data according to FE Analytics).

Top contributors to performance included **BAE Systems**, a name already favoured for its Quality Defensive attributes. Greater geopolitical uncertainty has catalysed a commitment by NATO countries to increase spending on defence after decades of underinvestment, causing the shares to re-rate on an improved growth outlook. Similarly, greater demand for "safe haven" assets also benefitted gold miners **Barrick Gold** and **Centamin**, whilst **Diversified Energy's** shares rose following a positive full year results update. The main detractor was a position in **Polymetal** – which we have since exited – as the Russian invasion of Ukraine materially altered the investment case, with the potential for economic sanctions presenting a risk to cash flows and ultimately its ability to pay dividends. Underweights to stocks with a high exposure to Russian-centric commodities – **Rio Tinto**, **Glencore** and **Shell**, which rallied due to the prospect of tighter supply – were also a drag on performance.

Activity

After a relatively active January, there were few changes to the portfolio during the month. We took the opportunity to consolidate the number of holdings, to 60 as at month end, by exiting our remaining positions in **Premier Miton** and **Speedy Hire** (which combined represented less than 1% of the portfolio).

Outlook

The Western world has been shocked as the situation in Ukraine escalates and we continue to monitor events closely and, now more than ever, aim to run a balanced portfolio that is not overly tilted to a particular macro-outlook or outcome.

Whilst geopolitical uncertainty remains elevated, we can seek comfort in the things that we know to be true. Many standout valuations are now available in the UK stock market, providing an attractive environment to blend our Growth, Quality, Recovery and Asset-backed categories. We are encouraged by the rate of dividend recovery, which is outperforming market expectations with respect to both the quantum and number of companies reinstating payouts. We remain focused on buying higher quality undervalued income stocks from across the market and we believe dividend growth will be stronger and more sustainable than the market is currently pricing in.

March 2022

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