

ES River and Mercantile UK EQUITY INCOME FUND

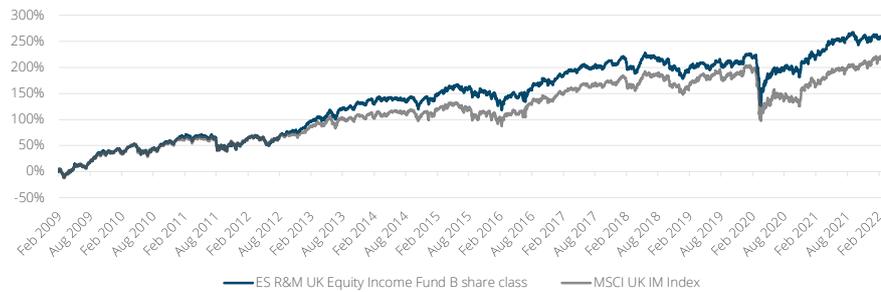
CLASS B GBP (Income)

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

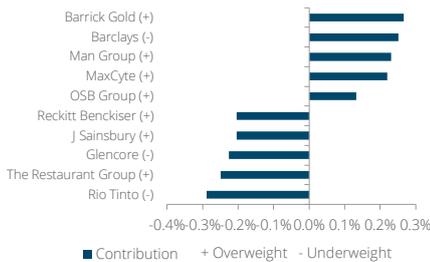
	1 Month %	3 Months %	1 Year %	3 Years %	5 Years %	10 Years %	Since inception %
B share class (Inc)	2.6	1.6	9.3	19.8	24.4	120.8	265.6
MSCI UK IM Index	1.6	1.7	14.5	14.8	23.6	93.3	219.2

DISCRETE 12 MONTH PERFORMANCE

	12 months to 31/03/2018	12 months to 31/03/2019	12 months to 31/03/2020	12 months to 31/03/2021	12 months to 31/03/2022
B share class (Inc)	-0.1%	4.0%	-14.8%	28.6%	9.3%
MSCI UK IMI	1.1%	6.5%	-19.4%	24.3%	14.5%

TOP 5 PERFORMANCE CONTRIBUTORS & DETRACTORS

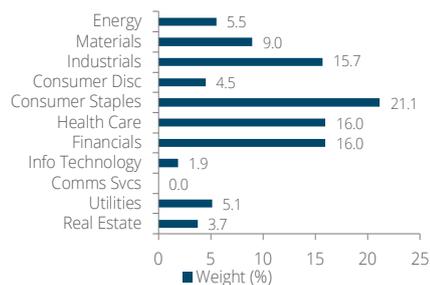
The best and worst contributors to the portfolio's performance relative to the benchmark



Source: River and Mercantile Asset Management LLP

SECTOR WEIGHTS

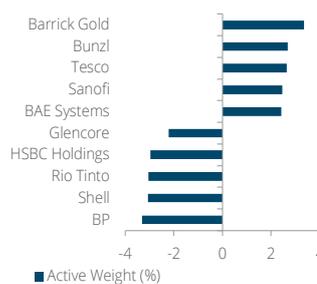
Portfolio weightings within specific industrial sectors.



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

TOP 10 HOLDINGS

The ten largest positions by weight held in the portfolio.

	Weight (%)
AstraZeneca	5.7
GlaxoSmithKline	5.2
Shell	4.2
Reckitt Benckiser	4.0
Tesco	3.6
British American Tobacco	3.5
BAE Systems	3.4
Barrick Gold	3.3
National Grid	3.2
Bunzl	3.1

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

Matthew Hudson

YIELD

Historic yield	3.29%
Current yield	3.58%

PORTFOLIO & RISK CHARACTERISTICS

Number of holdings	60
Fund Volatility	13.1%
Benchmark Volatility	13.9%
Beta	0.92
Active Money	58.3%

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
Total fund size	£72.8m
Domicile	UK
Fund type	UK UCITS
SEDOL	B3KQG44
ISIN	GB00B3KQG447
Bloomberg	RMUKEIB
Distribution type	Income

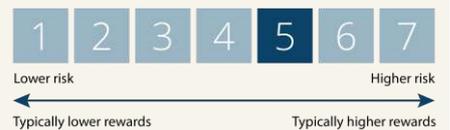
FEES & CHARGES

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

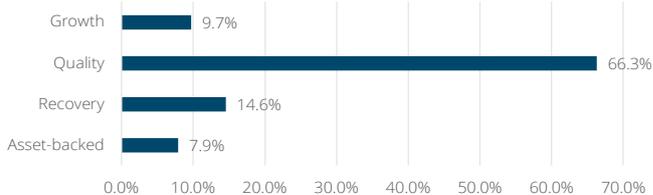
Comparison of portfolio and benchmark weightings across a range of sizes based on company value.

		Fund	Benchmark	Active
Mega Cap	£20bn +	54.6%	64.1%	-9.5%
Large Cap	£4bn - £20bn	13.8%	22.3%	-8.5%
Mid Cap	£2bn - £4bn	9.7%	6.0%	3.8%
Small Cap	£100m - £2bn	20.4%	7.6%	12.8%
Micro Cap	£0m - £100m	0.0%	0.0%	0.0%

Source: River and Mercantile Asset Management LLP

CATEGORIES OF POTENTIAL

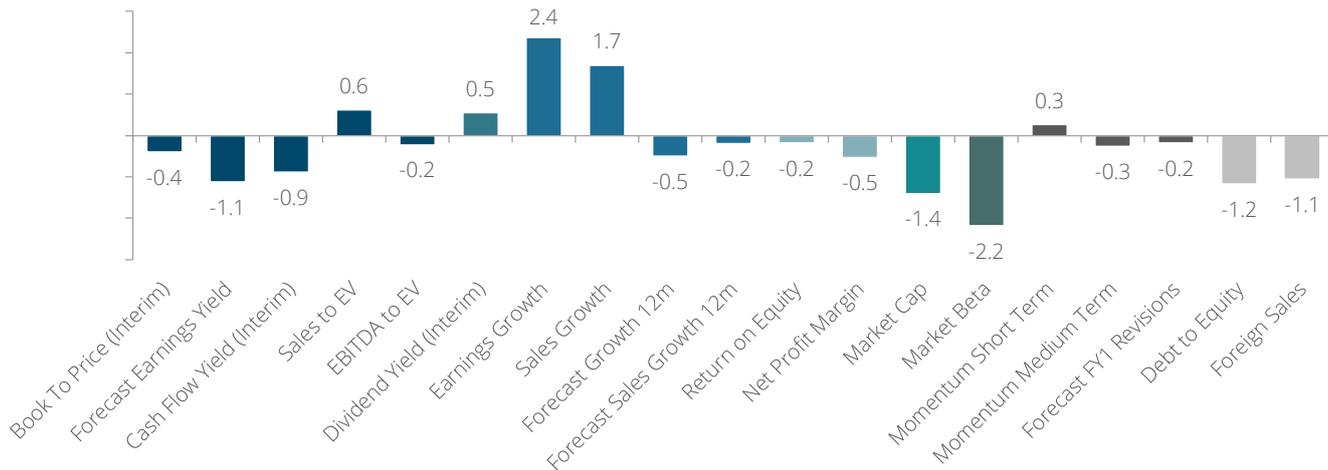
The weighting of the portfolio across the four categories of potential, related to stages of a company's life cycle.



Source: River and Mercantile Asset Management LLP

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

Strategy update

After a robust performance in February, the Fund outperformed the market in March, returning 2.6% compared to the benchmark return of 1.6%, and was just ahead of the average return for the IA UK Equity Income sector of 2.5%. For the quarter, the Fund delivered a total return of 1.6% compared to 1.7% for the benchmark and -0.1% for the IA peer group. At the end of the month, the Fund declared its second dividend of the year, amounting to 7.49 pence per share based on the B (Inc) share class, making a total distribution for the 12 months ending 31 March 2022 of 19.49 pence per share for the year, a growth of 32.8% year on year.

In March, the broadly defensive portfolio skew (including importantly the Fund's exposure to gold stocks) offset the underweight in the oil and industrial commodities sectors which were the dominant sectors in the month. Strong stock selection in Financials and Pharmaceuticals also helped overall fund returns, with notable active contributors including **Barrick Gold**, **MaxCyte** and the zero weighting in **Barclays**. Given the rising inflationary pressures and consequent potential impact on real wages, it was consumer stocks that were the laggards with positions in **Tesco**, **Sainsbury's** and **Restaurant Group** among the negative contributors.

Transactions over the month were concentrated on the sell side to maintain the high liquidity and defensive tilt of the Fund, with one full exit (**Polymetal**). The position was sold after the Russian invasion and the imposition of sanctions on many Russian companies and individuals. Although Polymetal was not directly targeted by these sanctions at the time and it remains a "high quality" operator in the gold mining industry, the exposure to Russia and the likely future challenges of maintaining financial relationships and physical activities while operating most of the business out of a sanctioned country will be significant, hence the decision to dispose of the position. Electrocomponents was our only new holding during the month. It has undergone a transformation under its new(ish) management team and is now successfully growing its market share organically, supported by selective "bolt on" acquisitions. Although it remains in essence a lower visibility business, Electrocomponents has a strong balance sheet and cashflow generation and while not "cheap" (trading on c19x earnings and a dividend yield of 1.7%) we believe that management's target to improve net operating margins and the ability to growth the cash dividend over the cycle makes it an attractive asset for the Fund.

The portfolio remains highly liquid with a defensive skew and 60 underlying positions. We anticipate that there will be some changes in the portfolio over the next few quarters as the Fund takes advantage of the opportunities that have been created by the turbulence of the first quarter of 2022.

Outlook

After the initial momentum, the Russian invasion of Ukraine appears to have stalled and an outright victory seems unlikely. We anticipate that Russian military forces will remain committed to Ukraine for some time to come and, without wanting to belittle the sheer human suffering and tragedy of the fighting, markets have broadly recovered from their initial shock and have "adjusted" to the reality of a drawn-out conflict.

While there remains the distinct possibility that the fighting may spread to neighbouring regions, we think the most important implications of the war are the second and third order impacts, especially the growing isolation of Russia from the global economy. At the very least we should expect higher market volatility and a more fragmented global political and economic system, with the chance of "black swan" events higher than would have been the case previously.

Away from the fighting, investors could fret about any number of issues. Inflation has surged again thanks to the post invasion spike in commodity and especially energy prices; Central Bankers continue to talk hawkishly; yield curves have flattened as short rates have risen, sometimes a precursor to recession; and Covid infections are accelerating again with some parts of China now back in lockdown. However, a global recession in the next 12 months is not our base case, especially as many developed economies are still effectively returning to "normal" after the dislocations of 20/21.

In the UK, earnings forecasts are now at risk – commodity sectors excepted – as higher input costs start to bite, especially for the consumer exposed sectors. That said, we would note that that in many cases those stocks and sectors most affected by higher inflation, especially in the mid and small cap space, have already derated significantly and this provides some downside protection. More importantly for the Fund, the quality of UK dividends on offer is materially better than it has been, perhaps for almost a decade, with attractive and growing dividend opportunities across the market cap spectrum.

Finally, as at 1 April 2022, which coincidentally was also the start of the new financial year, your Fund has a new management team, comprising of Matt Hudson and Anna Pugh. Over the coming months we will be outlining our new investment approach in more detail, but clients should be reassured that the core investment objective and philosophy that have driven the performance of the Fund since its inception will remain in place, as will the multi cap and multi factor nature of the portfolio.

Matt Hudson & Anna Pugh

Income team
April 2022

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