

ES River and Mercantile UK RECOVERY FUND

CLASS B GBP (Income)

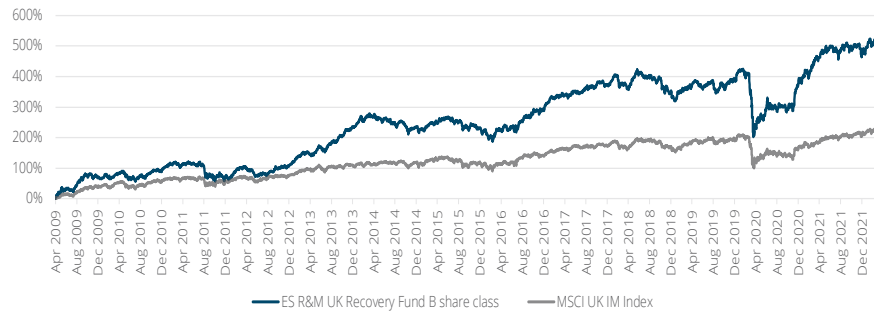
RIVER AND MERCANTILE

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 1 April 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

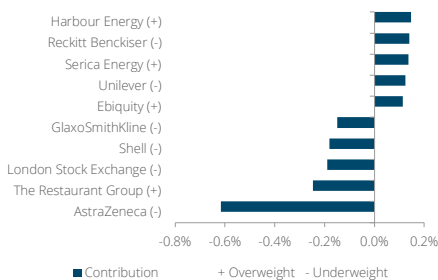
	1 Month %	3 Months %	1 Year %	3 Years %	5 Years %	10 years %	Since inception %
B share class (Inc)	1.3	-1.3	4.8	26.2	34.2	194.3	489.1
MSCI UK IM Index	1.6	1.7	14.5	14.8	23.6	93.3	225.0

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)	5.4%	0.8%	-26.6%	64.1%	4.8%
MSCI UK IM index	1.1%	6.5%	-19.4%	24.3%	14.5%

TOP 5 PERFORMANCE CONTRIBUTORS & DETRACTORS

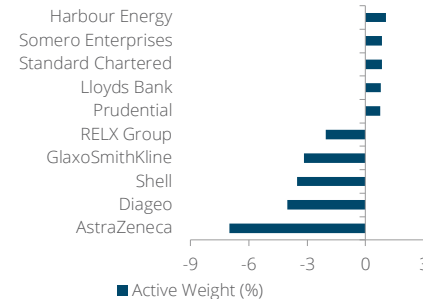
The best and worst contributors to the portfolio's performance relative to the benchmark



Source: River and Mercantile Asset Management LLP

TOP 5 OVERWEIGHTS & UNDERWEIGHTS

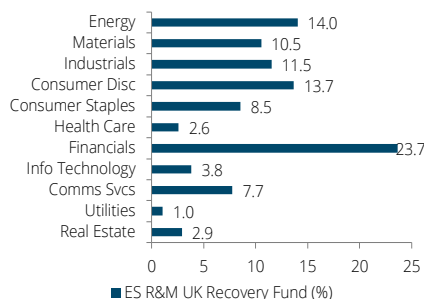
The securities in which the portfolio weight differs most from that of the benchmark



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 (%)
HSBC Holdings	3.8
BP	3.7
Shell	3.7
Unilever	2.7
Rio Tinto	2.4
Anglo American	2.3
Lloyds Bank	2.3
Prudential	2.1
Vodafone	1.9
British American Tobacco	1.7

Source: River and Mercantile Asset Management LLP

INVESTMENT OBJECTIVE

To grow the value of your investment (known as "capital growth") in excess of the MSCI United Kingdom Investable Market Index (IMI) net total return ("the Benchmark") over a rolling 5-year period, after the deduction of all fees.

PORTFOLIO MANAGER

Hugh Sergeant

PORTFOLIO & RISK CHARACTERISTICS

Number of holdings	295
Fund volatility	16.7%
Benchmark volatility	13.9%
Beta	1.16
Active money	57.6%

KEY FACTS

Fund launch date	17/07/2008
Share class launch date	01/04/2009
Benchmark	MSCI UK Investable Markets index
IA sector	UK All Companies
Total fund size	£250.0m
Domicile	UK
Fund type	UK UCITS
SEDOL	B614J05
ISIN	GB00B614J053
Bloomberg	RMUKEBB
Distribution type	Income

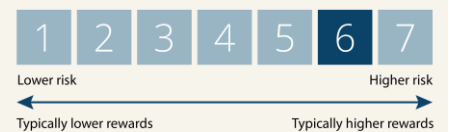
FEES & CHARGES

Initial charge	Up to 5.25%
AMC	1.00%
Ongoing charge (including AMC)	1.10%

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

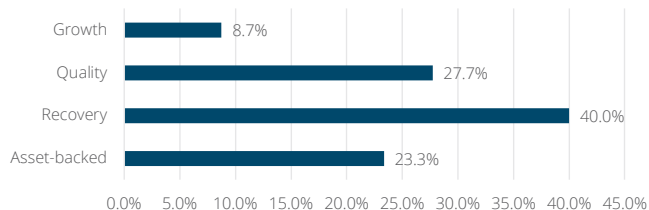
Comparison of portfolio and benchmark weightings across a range of sizes based on company value.

		Fund	Benchmark	Active
Mega Cap	£20bn +	36.7%	64.1%	-27.4%
Large Cap	£4bn - £20bn	18.2%	22.3%	-4.1%
Mid Cap	£2bn - £4bn	7.0%	6.0%	1.0%
Small Cap	£100m - £2bn	32.7%	7.6%	25.2%
Micro Cap	£0m - £100m	5.3%	0.0%	5.3%

Source: River and Mercantile Asset Management LLP

CATEGORIES OF POTENTIAL

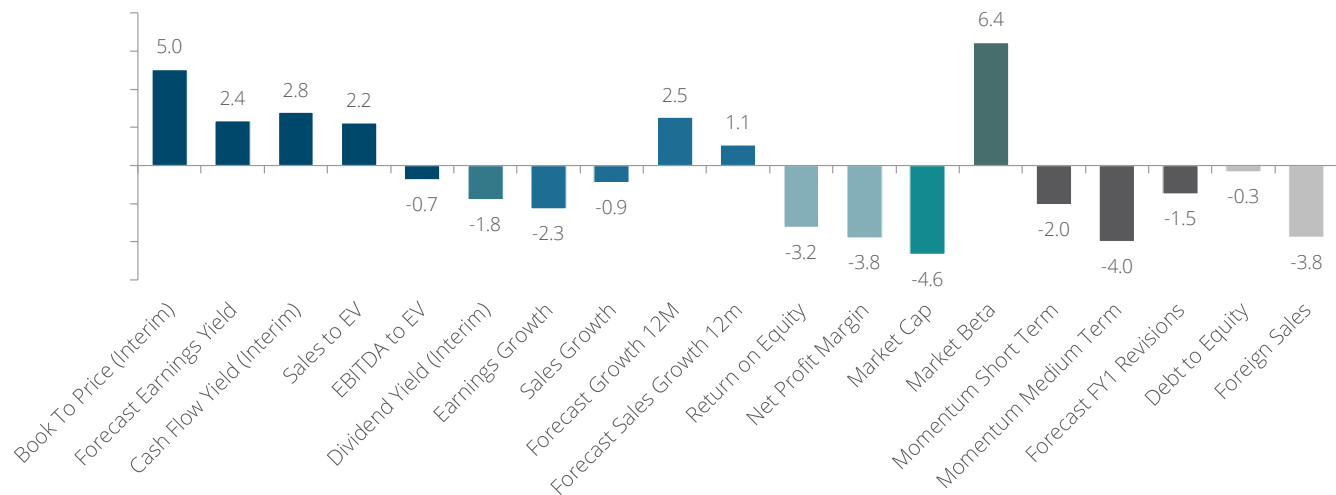
The weighting of the portfolio across the four categories of potential, related to stages of a company's life cycle.



Source: River and Mercantile Asset Management LLP

PORTFOLIO STYLE SKYLINE

This chart shows the Style Tilts™ of the portfolio against the benchmark as calculated by StyleAnalytics.



Source: StyleAnalytics

FUND RATINGS

ELITE PROVIDER
rated for equities by FundCalibre.com
2021



ELITE RATED
by FundCalibre.com



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

This fund was renamed on 1 July 2018. It was previously known as the R&M UK Equity Long Term Recovery Fund.

MANAGER'S REVIEW

Investment background

Global equity markets rose in March (MSCI ACWI +2.2% total return in USD). Major benchmarks have recovered to their levels prior to Russia's invasion of Ukraine. Markets staged a strong recovery right after the Federal Reserve (Fed)'s first rate hike, with a likelihood of sharper hikes in the remainder of the year to come to counter inflation. Overall, price momentum and earnings revision styles were in focus last month. Higher beta companies – whether cyclical parts of value benchmarks, the unprofitable ends of growth, or smaller companies – struggled. Oil (Brent +13%) and bitcoin (+10%) were the best performing asset classes in March, along with another strong showing by LatAm equities (+13%). US equities also outperformed (+6%), while Asia ex-Japan was the worst performing region within equities (-3%). Yen (-6%) and EM High Yield bonds (-3%) were the worst asset classes while yield curve inversion was also a key short-term focus for market participants.

Strategy update

Performance

The fund rose 1.3%¹ in March versus 1.6% by its comparator benchmark, the MSCI United Kingdom Investable Markets Index². Companies that benefit from high commodity prices and defensive large cap growth stocks were strong, consumer exposed stocks, both cyclical and staples were weak, as were financials which were strong earlier in the quarter due to many being beneficiaries of higher rates. However the tune on banks, in particular, changed through March as investors fretted about their gearing to the economic cycle. Smaller companies continued to lag. We are overweight consumer recovery stocks, banks and smaller companies so this is not an ideal environment for our approach.

Positive contributors during the month included our overweight position in Inflation hedges (Energy and Mining, including **Serica**, **Hunting** and **Harbour**) and M&A (**Brewin Dolphin**).

The main negative contributions were our overweight position in smaller companies, which continued to lag the mega cap stocks and the higher beta nature of the portfolio in a risk off period. We are underweight some of the large cap growth defensives; this cost us during the month including **AstraZeneca** and **LSE**. Consumer cyclicals (**Restaurant Group**) further extended the weakness they saw in the second half of 2021 as investors fretted about the 'cost of living crisis' being made worse by commodity price spikes given the on-going geopolitical uncertainty.

Activity

UK domestic stocks have been further de-rated and we continue to add, including re-building our housing exposure (**MJ Gleeson** and **Cairn Homes**, the latter a leading player in Ireland). Whilst oil related stocks have been strong we have actually been adding to the mid and small cap E&P stocks as these have continued to lag, **Harbour Energy** in particular, trading on a free cash flow yield of over 30% with oil at \$90 a barrel. We are building a position in **Verallia**, a leading European glass manufacturer with strong recycling credentials that has seen its share price excessively punished due to its Russian exposure and short term impacts of cost increases. We think that it will, over time, be in a strong position to pass on these costs and has in the meantime been de-rated to a very modest valuation.

We took profits in **AstraZeneca** following strong relative performance, and also sold **Brewin Dolphin** after it was bid for, this a consolidating sector and a strategic premium paid in this instance.

Outlook

Despite a positive month for equities, sentiment remains poor. The hit to consumer income from higher inflation now being realised is evident in consumer confidence, which is close to the low of March 2020 in the UK. The fund's exposure to smaller companies has been a meaningful drag on performance – the Numis Smaller Companies index is -10.4% year-to-date while the MSCI United Kingdom IMI index is +1.7%. Timing the end of this market segment's underperformance is impossible, but we caution against becoming too bearish 'after the event' and note that current levels of consumer confidence have historically been coincident with troughs in its relative performance.

There will be more detail regarding our outlook in the quarterly report that I am currently working on, the key observation being how lowly valued all my wonderful companies are, on average the portfolio trading on a PE of only ten times.



Hugh Sergeant
Portfolio Manager
April 2022

¹B share class (GBP), mid-day to mid-day pricing.

²Close-of-business to close-of-business pricing.

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