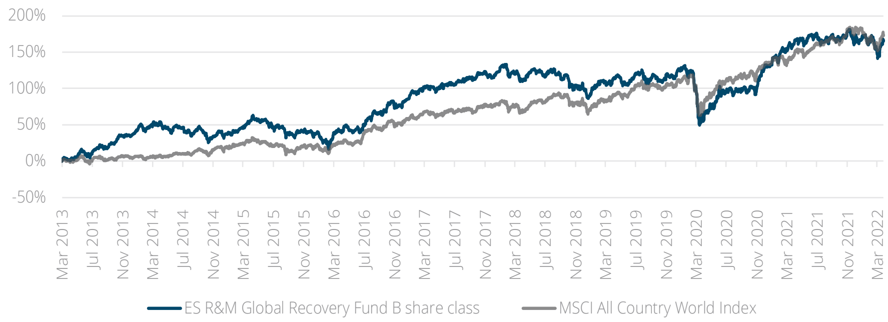
31 MARCH 2022

ES River and Mercantile
GLOBAL 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 4 March 2013.

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


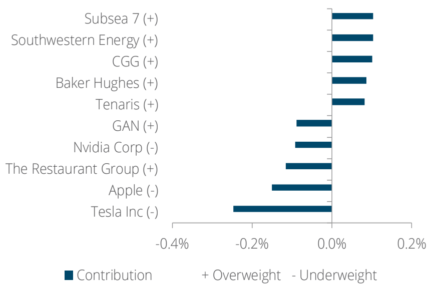
CUMULATIVE PERFORMANCE

	1 month %	3 months %	1 year %	3 years %	5 years %	Since inception %
B share class (Inc)	2.9	-1.0	2.0	28.1	31.2	165.3
Benchmark	4.1	-2.6	12.4	45.7	64.7	172.9

DISCRETE 12 MONTH PERFORMANCE

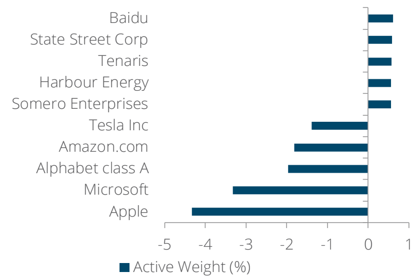
	12 months to 31/03/2018	12 months to 31/03/2019	12 months to 31/03/2020	12 months to 31/03/2021	12 months to 31/03/2022
B share class (Inc)	4.3%	-1.9%	-22.6%	62.4%	2.0%
Benchmark	2.4%	10.5%	-6.7%	38.9%	12.4%

TOP 5 PERFORMANCE CONTRIBUTORS & DETRACTORS
The best and worst contributors to the portfolio's performance relative to the benchmark.



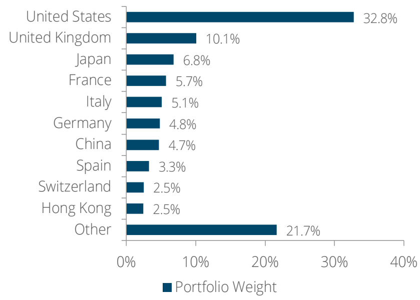
Source: River and Mercantile Asset Management LLP

TOP 5 OVERWEIGHTS & UNDERWEIGHTS
The securities in which the portfolio weight differs most from that of the benchmark.



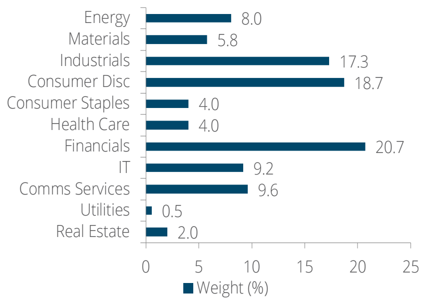
Source: River and Mercantile Asset Management LLP

TOP 10 COUNTRY WEIGHTS
The portfolio's ten largest country holdings by total weight.



Source: River and Mercantile Asset Management LLP

SECTOR WEIGHTS
Portfolio weightings within specific industrial sectors.



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 All Country World Index (ACWI) 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	505
Fund Volatility	15.2%
Benchmark Volatility	12.7%
Beta	1.09
Active Money	83.2%

KEY FACTS

Fund launch date	04/03/2013
Share class launch date	04/03/2013
Benchmark	MSCI All Country World index
IA sector	Global
Total fund size	£394.9m
Domicile	UK
Fund type	UK UCITS
SEDOL	B9428D3
ISIN	GB00B9428D30
Bloomberg	RMEWREB
Distribution type	Income

FEES & CHARGES

Initial charge	Up to 5.25%
AMC	1.00%
Ongoing charge (including AMC)	1.16%

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)

1	2	3	4	5	**6**	7

Lower risk — Higher risk

Typically lower rewards — Typically higher rewards

CONTACT DETAILS

Telephone	0345 603 3618
Email	enquiries@riverandmercantile.com

TOP 10 HOLDINGS

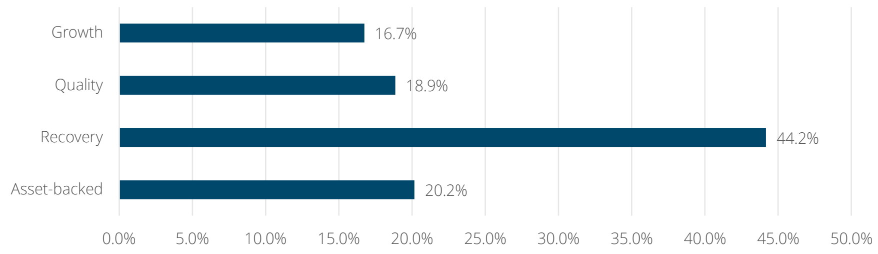
The ten largest positions by weight held in the portfolio.

	Weight (%)
Alibaba Group	0.7
PayPal	0.7
Baidu	0.7
Meta	0.7
Citigroup	0.6
State Street Corp	0.6
Wells Fargo & Co.	0.6
Tenaris	0.6
Harbour Energy	0.6
Somero Enterprises	0.6

Source: River and Mercantile Asset Management LLP

CATEGORIES OF POTENTIAL

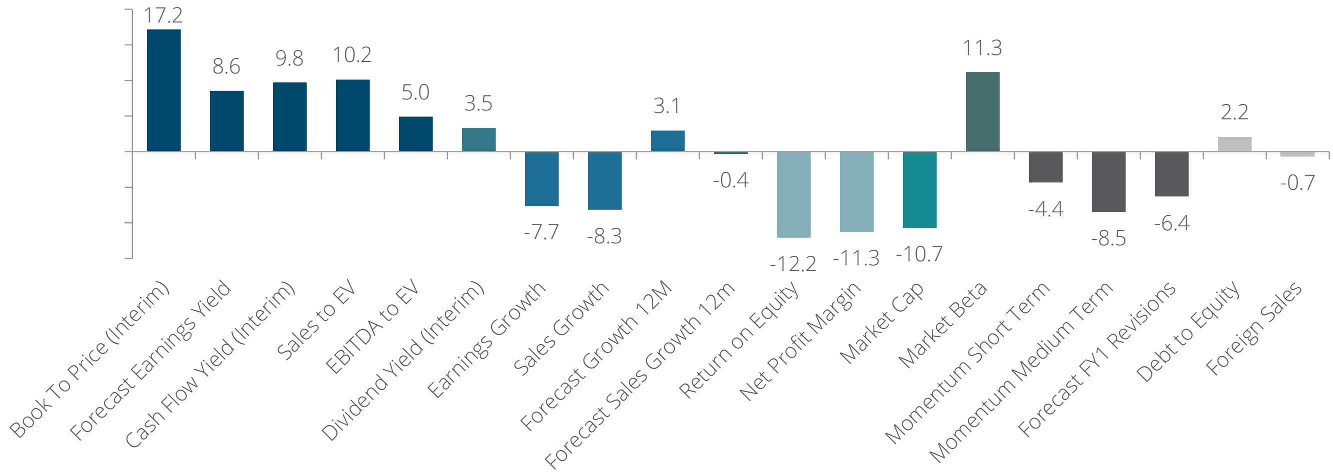
The weighting of the portfolio across the four categories of potential, related to stages of a company's life cycle.



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

OTHER INFORMATION

Authorised Corporate Director	Equity Trustees Fund Services Limited
Investment manager	River and Mercantile Asset Management LLP
Depositary	The Bank of New York Mellon (International) Limited

This fund was renamed on 1 July 2018. It was previously known as the R&M World 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 emerging market 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 2.9%[1] in March versus a return of 4.1% by its comparator benchmark, the MSCI All Country World Index (ACWI)[2]. 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. 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, in particular Energy stocks, such as Subsea 7, Southwestern Energy, CGG, Baker Hughes, Tenaris, NOV, Hunting and Harbour.

The weaker relative performance was predominantly driven by the underweight to the US and zero weight or big underweights in large benchmark constituents such as Tesla, Apple, NVIDIA and Amazon. Additionally, companies seen as exposed to the consumer or US residential housing were also weak, including DR Horton (home construction), Capri (affordable luxury goods) and Restaurant Group (restaurant operator).

Activity

The majority of the buy side activity was focused in adding a number of consumer-facing European stocks boasting global leading brands that we believe have been derated far beyond the direct impact from the war in Ukraine. In that sense we have added positions to Adidas, Carlsberg, Dometic Group, Piaggio and Logitech International. Whilst oil related stocks have been strong, we have actually been adding to Harbour Energy which still trades on a free cash flow yield of over 30% with oil at $90 a barrel.

We exited Ibersol after the company disclosed an offer from Restaurant Brands Iberia to buy all its Burger King restaurants. Bed Bath & Beyond and KG Inicis were also exited after both stocks had strong surges during the month that provided a good exit opportunity.

Outlook

Since the Global Financial Crisis, the investment train has headed in a clear direction with which we are presumably all familiar. Most asset classes delivered positive returns. Profitability was a nice to have but certainly not essential in a world of excess liquidity. Duration risk was not a risk but a strongly positive return factor in both equities – seen in the outperformance of the growth style – and other assets. The investment train in the post-pandemic period is likely to head in a very different direction. In short, market conditions have become, and are likely to remain, a lot harder. The cost of capital is rising, even if nominal growth in earnings may be solid in certain areas. We believe that populating portfolios with assets which can thrive in this environment – namely lower-multiple equities (limiting derating risk) in consolidated (pricing power) upstream assets (which protects value in real terms) which are likely to have a much better cycle than the last one, such as enablers of decarbonisation in carbon intensive sectors – is consequently the best course of action. This is where investment opportunities may be found for those with a long-term timeframe. Clearly valuation is only one part of this. Patience is another critical element; it's essential that we remain focused on the destination for our companies during periods of volatility.

The portfolio's constituents have been built bottom up but with this backdrop in mind. Incumbency bias and the rise of 'passive' investing (a misnomer because there's always an active decision somewhere along the line) means investors predominately remain overexposed to the sort of assets, companies and funds which have done well on yesterday's investment train despite the obvious and increasingly frequent warnings 'Mr. Market' is giving. All change, please!

Hugh Sergeant
Portfolio Manager
April 2022

[1]*B share class (GBP), mid-day to mid-day pricing.*
[2]*Close-of-business to close-of-business pricing.*