

# ES River and Mercantile EUROPEAN FUND

CLASS B GBP (Income)

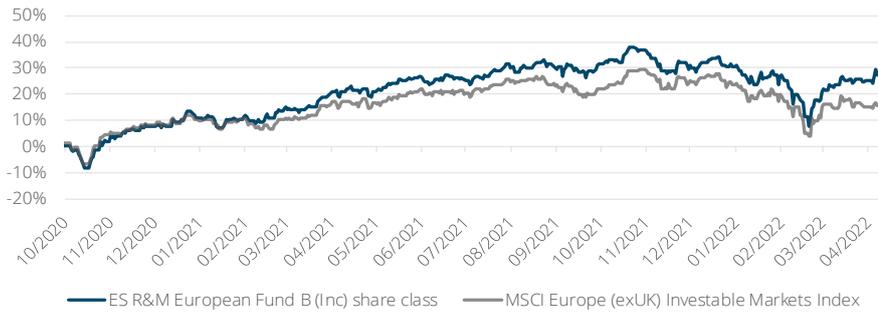
## PAST PERFORMANCE

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 16 October 2020.

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 % | Since inception % |
|---------------------|-----------|------------|----------|-----------|-------------------|
| B share class (Inc) | 0.8       | 1.7        | 4.5      | -         | 26.8              |
| Benchmark           | -1.9      | -4.0       | -1.2     | -         | 15.1              |

## DISCRETE 12 MONTH PERFORMANCE

|                     | 12 months to 30/04/2018 | 12 months to 30/04/2019 | 12 months to 30/04/2020 | 12 months to 30/04/2021 | 12 months to 30/04/2022 |
|---------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| B share class (Inc) | -                       | -                       | -                       | -                       | 4.5%                    |
| Benchmark           | -                       | -                       | -                       | -                       | -1.2%                   |

## TOP 5 PERFORMANCE CONTRIBUTORS & DETRACTORS

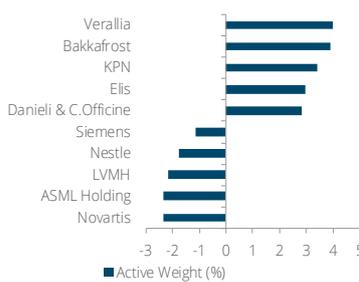
The best and worst contributors to the portfolio's performance relative to the benchmark.



Source: Factset

## TOP 5 OVERWEIGHTS & UNDERWEIGHTS

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



Source: Factset

## TOP 10 COUNTRY WEIGHTS

The portfolio's ten largest country holdings by total weight.



Source: Factset

## SECTOR WEIGHTS

Portfolio weightings within specific industrial sectors.



Source: Factset

## RIVER AND MERCANTILE

## INVESTMENT OBJECTIVE

To achieve a return (income and growth in the value of your investment (known as "capital growth") over a rolling period of at least five years, by investing in a core concentrated portfolio of shares of European companies.

## PORTFOLIO MANAGER

James Sym

## PORTFOLIO & RISK CHARACTERISTICS

|                      |       |
|----------------------|-------|
| Number of holdings   | 49    |
| Fund Volatility      | 14.8% |
| Benchmark Volatility | 13.2% |
| Beta                 | 1.04  |
| Tracking error       | 5.34  |
| Active Money         | 81.0% |

## KEY FACTS

|                         |                              |
|-------------------------|------------------------------|
| Fund launch date        | 30/09/2020                   |
| Share class launch date | 16/10/2020                   |
| Benchmark               | MSCI Europe (ex-UK) IM index |
| IA sector               | Europe ex-UK                 |
| Total fund size         | £255.9m                      |
| Domicile                | UK                           |
| Fund type               | UK UCITS                     |
| SEDOL                   | BMX64P1                      |
| ISIN                    | GB00BMX64P13                 |
| Bloomberg               | ESRMEBI                      |
| Distribution type       | Income                       |

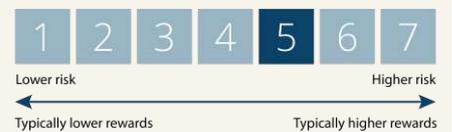
## FEES & CHARGES

|                                |             |
|--------------------------------|-------------|
| Initial charge                 | Up to 5.25% |
| AMC                            | 0.75%       |
| Ongoing charge (including AMC) | 0.95%       |

## 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

Telephone 0345 603 3618  
Email enquiries@riverandmercantile.com

### TOP 10 HOLDINGS

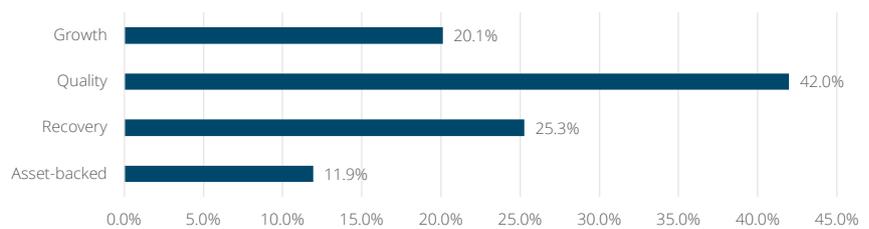
The ten largest positions by weight held in the portfolio.

|                      | Weight (%) |
|----------------------|------------|
| Verallia             | 4.0        |
| Bakkafrost           | 4.0        |
| KPN                  | 3.5        |
| Air Liquide          | 3.5        |
| Roche Holdings       | 3.5        |
| Sanofi               | 3.2        |
| Elis                 | 3.0        |
| Banco Santander      | 2.9        |
| Danieli & C Officine | 2.8        |
| Recticel             | 2.8        |

Source: River and Mercantile Asset Management LLP

### CATEGORIES OF POTENTIAL

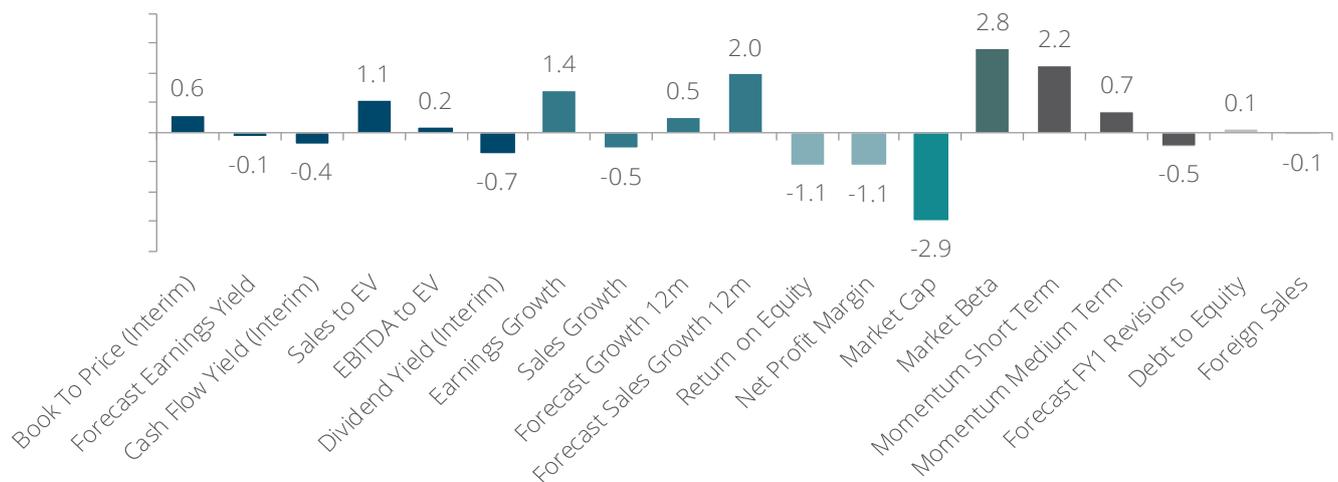
The weighting of the portfolio across the four categories of potential, related to stages of a company's life cycle.



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

Global markets fell 8% in April. The US 10-year hit 3% which results in the worst 4 month start to a year for those assets since 1788. US Equities had the worst 4-month start to a year since 1939. US policy makers are now signalling a series of 50bps hikes which is consensus. US CPI hit 8%. We've seen some pretty high-profile causalities at a stock specific level particularly amongst the lockdown winners. Outside these winners though, cyclical consumer stocks and cyclical growth stocks have also been very hard hit with many examples in our European universe down 30-50%. In many cases we see valuations – and I mean through cycle valuation metrics not just an end-cycle derating of current profitability – back to the March 2020 lows. UK consumer confidence hit 39 which is fractionally above the all-time low of 38.

Unsurprisingly we think it is now time to somewhat amend the portfolio to benefit from the consensus shifting again. While long term exposure to inflation-protective assets will be key if we are correct that we have embedded a more inflationary investment regime for this cycle, it won't be a straight line. We need therefore to determine how to have sufficient exposure to the recovery of these cycle low valuations and a short-term fade of the rampant cost-of-living-crisis fears.

Our preference – in order to limit duration risk – is to add to very beaten-up consumer stocks which have some pricing power, rather than pile into well-owned growth cyclicals at this late stage of their growth phase, despite the share price falls. Dometic and Verallia are good examples of what we like, operating in local oligopolies with demonstrable ability to pass through price rises, where this ability is not expected or priced by the stock market, and they trade on crisis-level valuations. It is a fear of terrible consumer demand in the face of inflation which has created these sorts of opportunities, so it stands to reason an abatement in the short term from 'peak fear' should lead to a rerating.

I've generally avoided talking about performance in these monthly notes, but it is worthwhile highlighting the fund had a very good month, outperforming by 2.7% despite a relatively high cyclical exposure, which hopefully demonstrates that the assets your clients own through this portfolio are able to walk the inflation-protection walk.

### James Sym

Portfolio Manager  
May 2022

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