RIVER AND MERCANTILE

ES RIVER AND MERCANTILE GLOBAL HIGH ALPHA FUND

Quarterly report to 30 June 2022

For unitholders only

ES River and Mercantile
GLOBAL HIGH ALPHA FUND

Quarter 2, 2022

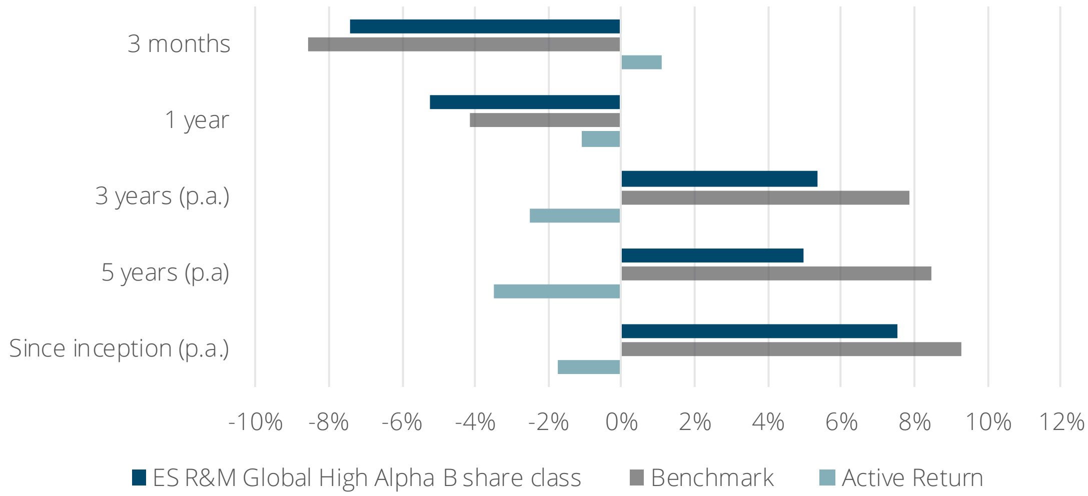
RIVER AND MERCANTILE

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 fees.

PERFORMANCE (NET OF FEES)

	B share class	Benchmark	Difference
3 months	-7.4%	-8.6%	1.1%
1 year	-5.2%	-4.2%	-1.1%
3 years (p.a.)	5.4%	7.9%	-2.5%
5 years (p.a.)	5.0%	8.5%	-3.5%
Since inception (p.a.)	7.5%	9.3%	-1.7%



PERFORMANCE (BEFORE FEES)

	Z share class	Benchmark	Difference
3 months	-7.3%	-8.6%	1.3%
1 year	-4.5%	-4.2%	-0.4%
3 years (p.a.)	6.1%	7.9%	-1.7%
5 years (p.a.)	5.8%	8.5%	-2.7%
Since inception (p.a.)	8.3%	9.3%	-1.0%

Source: River and Mercantile Asset Management LLP. Benchmark is the MSCI All Country World Index (ACWI), net GBP. Fund performance shown is of B share class (accumulation units) which is net of an annual management charge of 0.75% per annum, and the Z share class (accumulation units) which reflects the fund's gross performance before any fees are deducted. Fund performance is calculated using the midday published price. Please note that the benchmark performance is calculated using close of business mid-market prices. Other share classes may be available. ***Past performance is not a reliable indicator of future results.***

PORTFOLIO SUMMARY AND KEY RISK CHARACTERISTICS.

AUM	£155.7m
Strategy Capacity	£6bn
Inception date	12 August 2016
Number of stocks	195

Portfolio volatility	14.0 %
Benchmark volatility	12.8 %
Portfolio Beta	1.04
Tracking Error	4.2 %
Active Money	82.9 %

SYNTHETIC RISK AND REWARD INDICATOR

The Synthetic Risk and Reward Indicator (SRRI) is based on how much the returns of the shares have varied over the last five years, or since launch (whichever is the shorter period). The higher the rank the greater the potential reward but also the greater the risk of losing money.

Executive summary

- Global equity markets fell sharply in Q2 2022 (MSCI ACWI -15.7% total return in USD), completing the worst calendar first-half since the 1970s. The same was true for US Treasuries – there have been few places for investors to hide these past six months. Focus shifted from high inflation towards softer growth during the quarter. Low volatility as an equity factor has just delivered its best 6-month relative return since 2009. With yield spreads rising to 5-year highs and the dollar rising again, the predominant investor stance is evidently risk aversion. We therefore note with interest that share prices in several sectors which have historically been lead indicators have begun to bottom out and outperform the broader benchmark.
- The fund fell 7.4% (in GBP, net of fees) in Q2 2022, outperforming its benchmark in the period.
- We built positions in a handful of attractively valued businesses with relatively defensive revenue streams: US telco AT&T and consumer staples Tate & Lyle, Cranswick and Bakkafrost. Full exits were completed in Amazon.com, Johnson Controls, JP Morgan and Intel following breakdowns in the investment case for each, while a handful of smaller positions were also sold. We switched energy major exposure from Eni into Shell and Repsol.
- We update on our engagements with Nikon, which has shown rapid progress. We also highlight engagement programmes aimed at helping TopBuild and Carlisle develop net zero strategies and alignment via inclusion of company-relevant sustainability KPIs within variable compensation. These actions – generally targeted at our smaller company holdings – can unlock value.
- The portfolio in aggregate delivers ~12% cash return on capital growing sustainably at a high-single digit rate, valued at above 9% earnings yield. It has modest financial leverage. The relative value opportunity is stark – the portfolio trades at two-thirds the benchmark's asset-based valuation despite similar fundamentals.
- This quarter we focus on the impact of a breakdown in diversity on market efficiency and the opportunities this has thrown up, including why we are not going 'all-in' on defensive positioning despite the more difficult near-term economic environment. We also emphasise the sustainable investing imperative to de-bottleneck energy supply responsibly as well as the requirement for upstream investment to accelerate energy transition.

Investment background

Global equity markets fell sharply in Q2 2022 (MSCI ACWI -15.7% total return in USD), completing the worst calendar first-half since the 1970s. The same was true for US Treasuries – there have been few places for investors to hide these past six months. Focus shifted from high inflation towards softer growth during the quarter. Citi's global economic surprise indicator continues to signal that data is disappointing expectations. Expectations of demand destruction have led to flattening yield curves and inflation expectations falling from their peak, the latter helped by a sharp fall in commodity prices (Brent oil -7%, copper -14% in June). The CRB raw materials index we watch has fallen sharply below its 50-day and 200-day moving averages. Following more downbeat corporate guidance, including high profile profit warnings from Netflix, Walmart and Target, the breadth of analyst earnings downgrades has begun to increase. Low volatility as an equity factor has just delivered its best 6-month relative return since 2009. With yield spreads rising to 5-year highs and the dollar rising again (DXY +3%) the predominant investor stance is evidently risk aversion. In this context, we note with some interest that share prices in several sectors considered economic lead indicators by the legendary macro investor

Stanley Druckenmiller – Trucking, Homebuilding and Retail – have begun to bottom out and outperform the broader benchmark.

Performance

The Fund fell 7.4% (net of fees) during Q2 2022, versus a total return of -8.6% by its comparator benchmark, the MSCI ACWI index, and -4.5% for the MSCI ACWI Value index (all in GBP).

McKesson and Waters both rose +7% (in USD) and were the largest contributors to relative performance. They have defensive healthcare end markets and share prices therefore held up better. Both announced strong results and Waters hosted a well-received capital markets day. Nikon rose +7% following an investor day which laid out medium-term profitability targets ahead of market expectations as well as a buyback for up to 10% of the equity base. Given its global revenue base, it is also a beneficiary of a weaker yen. Baidu rose +12% following results which were better than feared (post the Chinese lockdowns) and in the context of more supportive commentary around sector regulation by the Chinese state. State Street fell -29%. Its last update was weaker than expectations, particularly regarding capital requirements and, by extension, shareholder returns. Other performance detractors came from more cyclical sectors and those with commodity exposure. Potash producer Mosaic and diversified miner Anglo American fell -29% and -31% tied to underlying commodity price moves, where investor concern focuses on demand destruction. Derivative industrial exposure, such as agricultural machinery company AGCO (-30%) also fell back after prior strength.

Activity

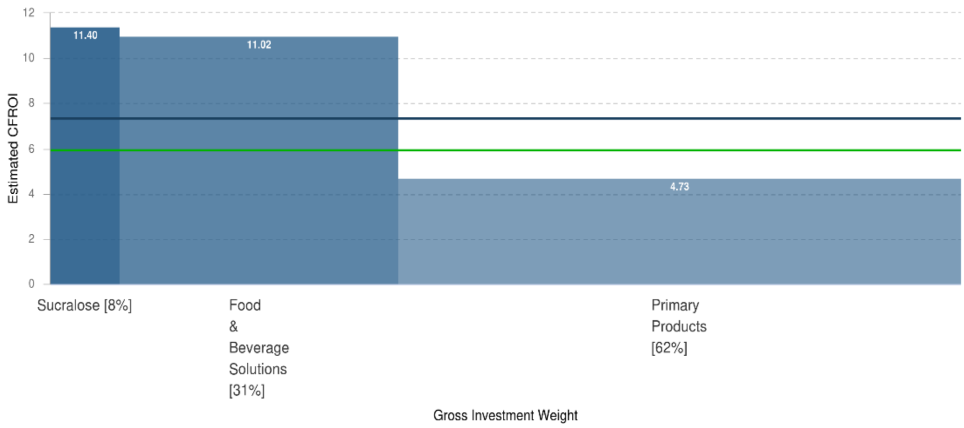
Increased evidence of a rapidly deteriorated consumer demand backdrop in certain discretionary goods and services led us to introduce some attractively valued defensive exposure. US telco AT&T is a recovery investment case that has seen subscriber additions improve since 2018 and now has an improving free cash flow (FCF) margin due to a combination of a $1bn cost saving programme and stable industry capital intensity. The latter is aided by a consolidated market structure. With leverage falling to 2.5x net debt to EBITDA following the sale of its stake in WarnerMedia, the current ~10% FCF yield doesn't reflect the improving fundamentals.

AT&T trades at the replacement cost of its asset base with return on capital inflecting up

Source: Credit Suisse HOLT. Data to 29 June 2022.

Cranswick is the leading producer in the UK pork and poultry markets. Long-term, these protein sources appear well placed due to a smaller carbon footprint than beef or lamb while in the short-term their low relative cost has historically led to demand support from customers 'trading down'. Market concern over the impact of cost increases, notably energy and feed, on margins is reflected in an entry multiple of 12-13x earnings vs a more normal ~17x over history. This fails to give sufficient credit to management's operational track record, or the protection afforded by contract cost pass-through. At Tate & Lyle, the divestment of the low-return, commoditised Primary Products division leaves a high ingredients business (FBS) with mid-single digit organic growth and 50-100bps per annum margin expansion. Growth is supported by sustainability tailwinds from healthy eating and with the passage of time we expect the gap to close between its current ~15x earnings multiple and the ~25x on which its specialty ingredients peers trade. Salmon farmer Bakkafrost's key shorter-term opportunity is to deliver operational and profitability improvements at the Scottish business it acquired in 2019. Should they close the gap halfway to unit margins at its Faroe Islands operations, analyst forecasts will need to be revised materially upwards. Neither this nor the attractive longer-term growth profile or its sustainable competitive advantages are reflected in the share price today. These purchases were partly funded by sales of Amazon.com and Victoria's Secret. Amazon is evidently a phenomenally strong business, but a low quant score combined with our weakening fundamental conviction around the near-term prospects for AWS relative to market expectations led us to exit.

Tate & Lyle divested the low return Primary Products division, leaving a high return specialty ingredients business



Source: Credit Suisse HOLT. Data to 29 June 2022.

Global Payments is a leading payment technology company delivering innovative software and services to customers globally and operating in three segments: Merchant Solutions, Issuer Solutions, and Business & Consumer Solutions. We expect its revenue growth to improve as its business model continues to evolve to address changes in the payments sector, bringing forward the digitisation of payments. It has guided to at least high teens earnings growth over the next 3 to 5 years, which we see as undervalued on 13x earnings.

Elsewhere, we made direct switches from Intel into AMD (material forecast risk at Intel and lower conviction around the technology gap versus AMD); KLA Corp in place of Applied Materials (KLA has purer exposure to foundry and logic capex, where demand looks robust); Shell and Repsol for Eni (gas and US refining exposure respectively under-forecast, superior energy transition strategies). We sold a holding in Eurazeo because our investment case has played out and the value gap has closed. We exited our remaining position in JPMorgan Chase where cost inflation is higher than we had forecast, lowering the rate at which earnings can compound. We also sold Johnson Controls, Qualicorp and SBI Holdings following a breakdown in our investment case for each. We exited a handful of positions where, on review, we lacked sufficient conviction to build larger holdings (Intesa Sanpaolo, Finecobank, Amadeus IT, TKH, Fourlis, CIMB). We used the capital to top up several holdings in which we retain conviction, buying at attractive prices following recent weakness.

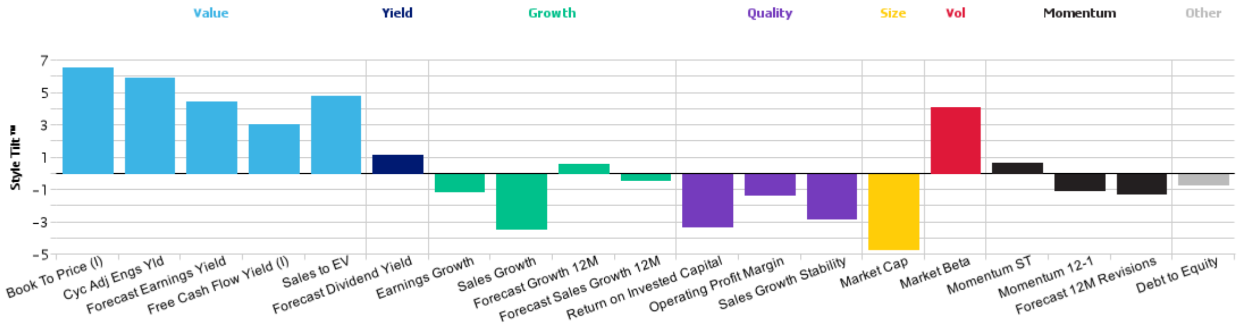
Portfolio fundamentals

The fundamentals of the companies in our portfolio are robust. Overall, we own businesses whose return on capital (CFROI) is historically solidly double-digit on a through-cycle basis. Our companies are growing sustainably at a high-single digit rate, while employing low levels of debt (see table below). Yet despite these fundamental supports, the valuation gap today between our portfolio and the benchmark is very wide – currently trading at two-thirds of the valuation multiple based on replacement cost and more attractive cash flow yields. The above 9% forecast earnings yield for our growing, value-creating companies still provides an attractive valuation cushion to the ~3% yield on offer from the US 10-year bonds.

	R&M Global High Alpha	MSCI ACWI weighted average
Average market cap ($bn)	139.7	320.9
Fundamentals		
Cash Flow Return on Investment (5Y average)	11.8%	13.7%
Cash Flow Return on Investment change (3Y forecast)	0.6%	0.5%
Sustainable growth rate	9.0%	11.1%
Debt-to-equity	110%	136%
Valuation		
Forecast earnings yield (+12mths)	9.4%	7.2%
Equity Free Cash Flow yield (trailing 12mths)	7.2%	5.0%
EV to replacement cost (inflation-adjusted)	2.7 x	4.1 x

Source: Credit Suisse HOLT, Bloomberg, River and Mercantile Asset Management LLP. Data to 18 July 2022. Data representative of the UK domiciled ES R&M Global High Alpha Fund, a sub-fund of the ES River and Mercantile Funds ICVC.

The Style skyline offers another way to view this, showing a clear bias to attractive valuations on a range of traditional measures, with future earnings growth[1] continuing to improve at a more rapid rate than the benchmark (which can also be demonstrated via the difference between historic and forecast Return on Equity relative to the benchmark).



Source: StyleAnalytics. Data to 30 June 2022.

Engagement

In this section, we share some highlights from the engagement we had with portfolio companies during the quarter around sustainability issues, including key outcomes. Note that this is not an exhaustive list of engagement activity during the quarter[2].

Last quarter, we highlighted our engagement with Nikon which covered three areas: (1) board structure, (2) management alignment via variable compensation structure, and (3) capital allocation. During our follow-up meeting with the CEO, CFO and IR we were delighted to be updated on progress in all three. Two new independent directors have been appointed, taking overall board independence close to parity; sustainability KPIs and a 10% return on equity hurdle have been added to variable compensation; and Nikon has announced a buyback of up to 10% of the outstanding equity (and cancellation of treasury shares) per annum. We are supportive of the actions taken, but also note that we continue

[1] *Shown as 'Forecast Growth 12M' in the Style Analytics skyline.*

[2] *A full review can be found in the Quarterly Sustainability Report.*

engagement with the company around a couple of items – board and senior management diversity, as well as some specifics around variable compensation structure (restricted shares).

We held preliminary meetings with TopBuild and Carlisle, which are US-listed mid cap companies operating in the building insulation industry. The sustainability tailwinds for market leaders in this industry such as these companies is, we think, clear – according to the U.S. Department of Energy, building energy codes are expected to save U.S. home and business owners 841 million metric tons of avoided carbon dioxide emissions through 2040. This tailwind notwithstanding, neither company has yet committed to net zero and therefore the central pillar of our engagement efforts is to support these companies in developing both strategy and messaging through our experience with other portfolio holdings. Alongside this, we are providing advice on how company-relevant sustainability KPIs can be brought into variable compensation. This type of collaborative engagement, particularly with smaller companies, will help unlock value.

Strategy Focus: Complex adaptive systems and herding effects

I've recently enjoyed reading Michael Mauboussin's 'More Than You Know', a collection of essays written while he was a strategist at Credit Suisse First Boston (CSFB). The majority of these were written in the period 2001-2006, following the bursting of the TMT Bubble, so aside from being a timeless look at the benefits of interdisciplinary thinking they are particularly pertinent to today's market environment.

One of the key concepts explored is the stock market as a 'complex adaptive system'[3]. The diversity of individual participants generates efficient outcomes in complex systems, that's to say the collective outperforms the individual. Examples used to prove the power of the collective for decision-making come from nature (social insects such as ants and bees acquiring food or new nests), or from the use of experts by the US Navy to find a lost nuclear bomb (!). The stock market exhibits these characteristics, with the multiple information sources, different investment approaches, styles and time horizons generally providing sufficient diversity to yield an efficient market – put another way, "when investors err independently, markets are functionally efficient".

Markets lose this efficiency if there is a diversity breakdown, which in stock market terms means herding – or "making decisions based on the observations of others, independent of their own knowledge". While there's no single barometer for accurately and consistently measuring market phases where "one sentiment becomes dominant", I'd argue they can generally be identified when price momentum becomes a dominant factor at the almost total expense of valuation as a factor. We're witnessing the breakdown of one of these, in long duration growth equities, particularly unprofitable, early-stage technology, and potentially the forming of another (albeit not in the same post code in terms of scale) in low volatility or defensive shares. Amidst the broadening recognition of a multitude of macro challenges in the near term, from inflation to recession risk to geopolitics, the latter have just witnessed their best 6-month excess return versus the broader market since the GFC – global financial crisis (see below). We are consequently not convinced that a well-constructed portfolio should have all its eggs in this particular basket today.

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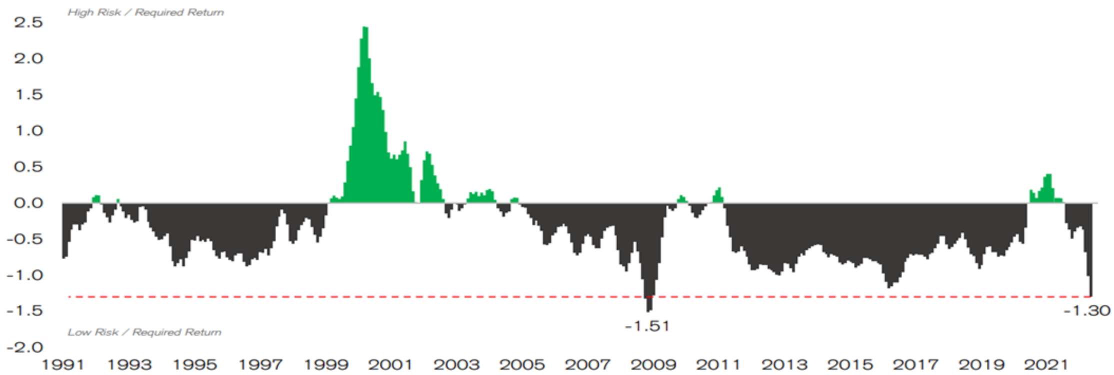
[3] Predominantly explored in Part 4: 'Science and Complexity Theory'.

Low volatility companies have materially re-rated in recent months

Source: Credit Suisse HOLT. Data to 6 May 2022.

Our portfolio construction is not tone-deaf to the increasingly shrill dog whistle of economic challenges, but we believe portfolio ballast can be provided by certain de-rated quality growth[4] businesses and attractive optionality for capital allocation at our portfolio holdings afforded by strong balance sheets. The general toxicity of anything considered to have duration in financial markets has led to one of the breakdowns in efficiency described by Mauboussin – several attractive, cash generative businesses with long-term growth runways have been de-rated to levels providing attractive margin of safety. It's particularly important today to distinguish between the *scale* of duration embedded into a self-funding quality growth business compounding revenues at mid-to-high single digit and earnings in double-digits – such as Waters Corp, Avantor, Henry Schein or TopBuild in the portfolio – compared to low or no profitability businesses with very elevated revenue growth and therefore all potential value lying *far* in the future.

Segment median market implied yield spread: Quality Defensives vs Quality Growth



Source: Credit Suisse HOLT. Data to 6 May 2022.

We are also less obsessed than the market today about whether the growth we're accessing has an element of volatility, or cyclicality, to it. To re-iterate, we are conscious of recession risk and have built the portfolio with this in mind (e.g., 21% in Healthcare) but have written in the past about the opportunity that softer economic environments provide for strong cyclical businesses which are well capitalised to accelerate their growth compounding, taking share from or acquiring weaker competitors who have over-stretched themselves financially or operationally[5]. The most consistent theme running through the portfolio is strength of balance sheet providing the scope to execute on these

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[4] We define 'quality growth' as high cash return on investment with higher re-investment rates allowing consistent growth compounding, contrasting with lower growth 'quality defensives' (typically higher dividend payouts and higher debt loads) or 'hyper growth', which have high growth but low (or no) profitability / free cash generation today.

[5] https://riverandmercantile.com/never-let-a-good-crisis-go-to-waste/ or https://riverandmercantile.com/corporate-darwinism/

opportunities or, indeed, to provide attractive visibility to investors around cash returns to shareholders. The latter have an enhanced importance within total return considerations during tougher stock market environments.

We do still see merit in having select exposure to deeper cyclicals given the extreme risk premium currently applied (see below) and the feasible prospect that the economic out-turn is better than markets fear. Generally, we look to see our holdings in this space have a valuation that is backed by a well-invested asset base, such as Owens Corning or Whitbread, or to be generating attractive levels of near-term cash flow, for example Shell.

Global cyclical value: market implied yield spread relative to the broader market

Source: Credit Suisse HOLT. Data to 30 April 2022.

Finally, the other lesson from Mauboussin's post TMT Bubble essays is to stay alert to the opportunities coming out of the popping of bubbles, but also that it doesn't necessarily pay to be too early on this! As Mauboussin puts it, "Market participants must recognise … that because the business environment is generally fluid in periods of innovation, it's often hard to know which businesses will succeed or fail." We expect that Soros's theory of reflexivity will come into full view over the next several quarters among the many high-growth tech businesses which were using high levels of share-based compensation, while some of the apparent structural revenue growth will be shown to be cyclical and unable to survive a cut in sales and marketing budgets. This will set up good buying opportunities.

On a separate – and optimistic – note, the book makes the important point that boom-and-bust periods are often derided as wasteful and speculative, but they provide the fuel for progress and innovation. In this sense, the excesses of the last cycle have created the growth platforms for the next.

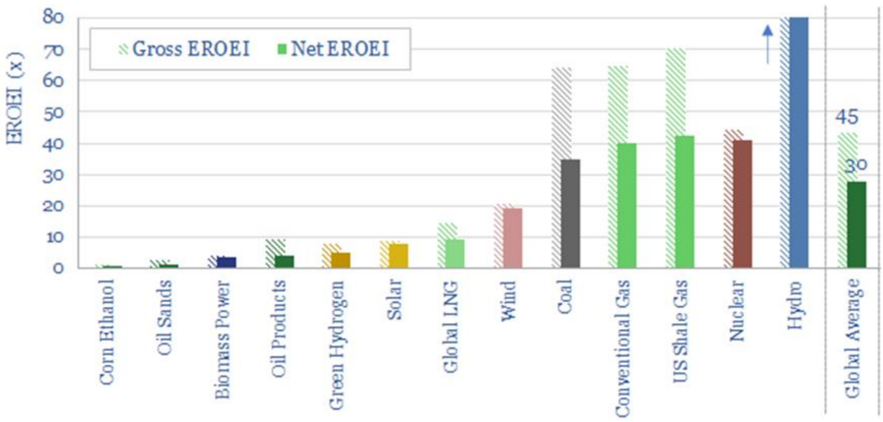
Sustainability Trends: de-bottlenecking energy supply and upstream investment to accelerate energy transition

The consequences of low 'upstream' investment in energy supply chains, and therefore under-supply of critical materials – all exacerbated rather than caused by the Russia-Ukraine conflict – are abundantly clear today. Sustainable investing therefore has an important role to play in alleviating shortages and accelerating energy transition, not by pulling capital out of energy and materials sectors (is this 'socially responsible'?) but by *responsibly* supporting capital investment to de-bottleneck current bottlenecks in the chain.

According to consultancy Thunder Said Energy, renewables are set to grow 5x over the next decade and will account for ~20% of global energy by 2050 (40% of global electricity). This may seem conservative, but a more widespread deployment of renewables is hindered by the time taken to build out renewables, bottlenecks in the value chain, incremental cost as we deploy more capacity and a lack of a compelling solution for intermittency issues. A tightening of 10-20% in nearly all supply chains for renewables, including steel, copper, fibreglass, carbon fibre, polysilicon and blade moulds and integration means de-bottlenecking is required just to hit the 20% figure.

Based on current trends, a concerning reality is that the world will be under-supplied relative to energy demands up to 2030. In a world with high energy prices, technologies that can save energy help both with alleviating energy shortages and decarbonisation will be highly prized, and therefore valuable investments. Energy efficient technologies that are already available include: EVs (70-80% thermal efficiency compared to 15-20% for a normal combustion engine), sustainable timber in construction (steel and cement account for ~10% of world's CO2 emissions – we touched on some of the opportunities to de-carbonise the steel industry last quarter), insulation upgrades (~70% of houses in the West are under insulated), variable frequency drives (VFDs), light weighting, heat pumps, additive manufacturing and virtualisation.

Prioritising high energy return on energy invested (EROEI) is the fastest way to resolve energy shortages (higher = better)



Source: Thunder Said Energy

Pragmatism, particularly regarding transition fuels such as natural gas, will be key. Policymakers have begun to alter their view on gas, and the current debate will shift from one of "renewables versus gas" to "renewables and gas". The EU has added gas to its green taxonomy, but only if CO2 is sub-270g/kWh, which is a stringent hurdle. The alternative is coal, which it 2-3x more CO2 intensive while even the methane emissions from coal production are higher than methane leaks from gas production. Expediting FIDs[6] on large gas projects is the best prospect for curing energy shortages which could otherwise persist into the 2030s. For US LNG, in particular, there is a strong pipeline. US LNG was 70MTpa in 2021. Thunder Said's base case is 170MTpa in 2030 (more than replacing Russian gas), while a more aggressive case could see 370MTpa. Each MTpa of US LNG avoids 5MTpa of CO2 from continued use of coal. This presents a major opportunity within the portfolio for Baker Hughes.

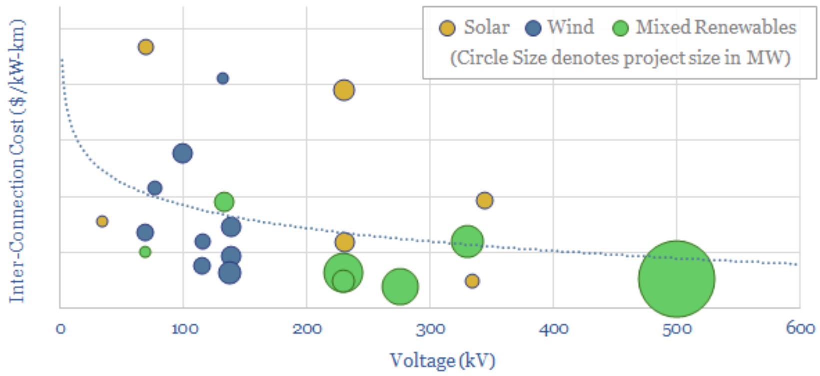
Beyond this, the longer-term solution is of course to expand renewables and alongside this securing energy supplies has been placed higher up the list on matters of national security. There will be a major infrastructure boom to support the build-out and re-shoring of industries linked to energy transition – currently China produces 50% of the metals required, 60% of wind, 70% of solar and 80% of battery inputs respectively. The transition will require integrating renewables over long distances to reach growing demand centres, i.e., a huge build out of power transmission. High-voltage (HVDC) cables[7], in which portfolio holding NKT is a market leader for offshore, show incredible technical capabilities at scale – low cost at 2-3c/kWh and with power losses of just 2-3% per 1,000km, which is far superior to

[6] *Final investment decisions*

[7] *The global HVDC market is around $10bn per annum in 2021, growing at 7-11% per annum, with the goal of inter-connecting large renewables projects and stabilizing larger grids for the energy transition.*

battery and hydrogen economics. Under a €1bn contract, NKT is currently producing the world's longest underground HVDC, to carry 2GW of wind power at 525kV over 750km, from North to South Germany.

The costs of connecting a utility scale wind or solar project into the power grid can range from 10-100% of the project itself – so finding lower cost solutions with low power loss, like HVDC cables, is critical



Source: Thunder Said Energy

Outlook

We have written extensively (and probably repetitively – sorry!) that the investment regime has changed. In short, market conditions have become, and are likely to remain, a lot harder. The cost of capital has risen, which pressures valuation multiples particularly in longer duration equities, even if nominal growth in earnings may be solid in certain areas. This hasn't changed, but we are also cognisant that nothing in investment ever happens in a straight line. It's highly probable there will be periods over the next several months in which parts of the global equity benchmark to which we have little or no exposure (which has served us well since the strategy's inception) experience sharp rallies which hurt this fund's relative performance. I therefore reiterate another refrain of previous months' notes – remaining focused on the robustness of the longer-term investment case for our holdings is also critical to investing amidst volatility. We are optimistic about their prospects.

A weakening real economic outlook and persistently high inflation are not conducive conditions to strong risk asset performance, but nominal growth is certainly preferable to outright deflation. Equity prices reflect far greater uncertainty today than at the start of the year, with the fall from peak comparable with "average" bear markets. Over the summer companies will adjust guidance, analysts will follow suit with their forecasts, and from these re-based forecasts a more constructive outlook can emerge. One final repetition: hindsight is always 20/20 and the future is always uncertain, so over the long term, we believe the best protection against wealth destruction (either from inflation or other external risks) and not knowing the future is a diversified portfolio of strong, cash generative companies at varying stages of their corporate lifecycle (high return compounding growth or positively inflecting recovery characteristics).

Thank you for your support.

Hugh Sergeant & William Lough
Portfolio Managers

July 2022

FUND HOLDINGS AND PORTFOLIO WEIGHT

Holding	Weight (%)
Alphabet class A	1.85
Waters	1.42
Sony Corp	1.24
Roche Holdings	1.22
Baker Hughes	1.19
Procter & Gamble	1.19
McKesson	1.16
Apple	1.08
Citigroup	1.06
Henry Schein	1.06
UnitedHealth	1.04
Coca-Cola	1.03
Bank of Ireland	1.02
Microsoft	1.01
DBS Holdings	0.99
Pfizer	0.99
Johnson & Johnson	0.98
Wal Mart Stores	0.95
Nikon	0.94
Sanofi	0.93
Baidu	0.93
Fiserv	0.89
Accenture	0.88
State Street Corp	0.87
Owens Corning	0.86
Berkshire Hathaway	0.86
Raytheon Technologies	0.81
Lloyds Bank	0.78
Meta	0.77
Anglo American	0.76
KLA	0.74
Citizens Financial Group	0.74
Agco Corp	0.72
Banco Santander	0.71
Walt Disney Company	0.70
AT&T	0.70
Swire	0.70
Charles Schwab	0.69
JD.com, Inc. Class A	0.69
Mosaic	0.68
Bayer	0.67
Treasury Wine Estates	0.67
Devon Energy	0.67
Avantor	0.66
Unilever	0.65
Hayward Holdings	0.65
Sprouts Farmers Market	0.65
Affiliated Mgers Grp	0.65
Booking Holdings	0.65
WPP	0.65
Callaway Golf	0.64
Kraft Heinz Co	0.63
Willis Towers Watson	0.63
UBS Group	0.62
Topbuild	0.62
Oracle	0.61
Valid	0.61
Prudential	0.60
Harley Davidson	0.60
Trip.com Group	0.59
Las Vegas Sands	0.59
Western Union	0.59
Colgate-Palmolive	0.58
Danieli & C Officine	0.58
Prosus	0.58
Tosei	0.57
Parker-Hannifin	0.56
Chemring	0.56
Capri Holdings	0.55
SATS	0.54

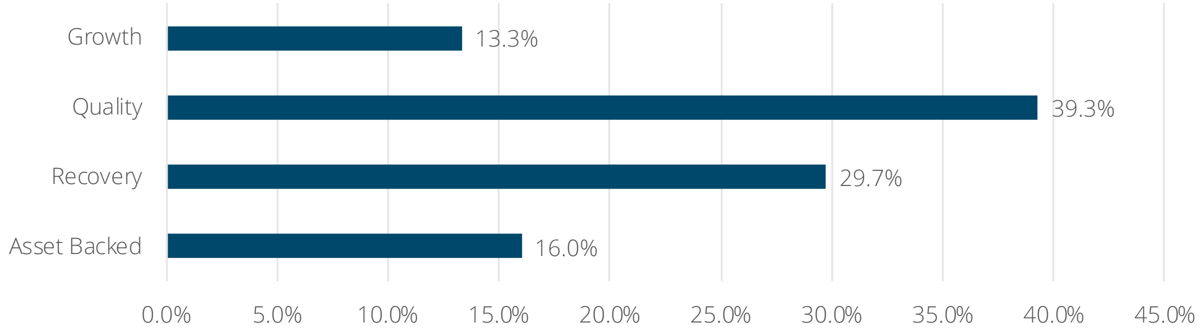
Holding	Weight (%)
Barrick Gold	0.54
Subsea 7	0.53
Smith & Nephew	0.53
Jumbo	0.53
Take-Two Interactive	0.53
eBay	0.52
Advanced Micro Devices	0.51
Incitec Pivot	0.51
Toyota Industries	0.50
Verallia	0.50
Bangkok Bank	0.50
Tokio Marine	0.49
Viatris	0.49
Shell	0.49
Danone	0.48
Knight-Swift Transportation	0.48
Alibaba Group	0.47
Tenaris	0.47
Applied Materials	0.47
Conduit Holdings	0.47
Global Payments	0.46
Elis	0.46
NKT	0.46
Enerplus	0.46
Tadano	0.45
Southwestern Energy	0.45
Westrock	0.44
Airbus	0.44
Cranswick	0.44
Grupo Sura	0.44
Southwest Airlines	0.43
Yageo	0.43
Cisco Systems	0.42
Mediobanca	0.42
Hong Kong Exchanges	0.41
Pola Orbis	0.41
Greentown Service Group	0.41
CGG	0.41
Anima	0.40
Criteo	0.40
Snap-On	0.40
Applus Services	0.40
Cemex	0.40
Dai-ichi Life Insurance	0.39
Repsol	0.39
Siemens	0.39
Blsa De Vals De Colombia	0.39
Nintendo	0.39
Bank of Kyoto	0.39
SAP	0.38
Mondi	0.38
PayPal	0.38
3M	0.37
Whitbread	0.37
BorgWarner	0.36
Stericycle	0.35
Vicat	0.35
Sumitomo Mitsui Financial	0.35
Infineon	0.35
Eiffage	0.34
Neinor Homes	0.34
General Motors	0.34
DeNA	0.34
Dropbox	0.33
888 Holdings	0.33
MakeMyTrip	0.33
ING Group	0.33
Exor	0.33
Samsung Electronics	0.33
Bakkafrost	0.32

Holding	Weight (%)
Allfunds Group	0.32
Van Lanschot	0.32
Tate & Lyle	0.32
General Electric Co	0.32
Metso Outotec	0.32
Consorcio ARA	0.32
HDFC Bank	0.31
Sleep Country Canada	0.31
Dormakaba Holding	0.30
Prosiebensat.1 Media	0.30
LG Chem	0.29
Heijmans	0.29
Genting Berhad	0.28
Taiheiyo Cement	0.28
EFG Eurobank Ergasias	0.28
LG Household & Health Care	0.28
Bath & Body Works	0.28
Aena	0.27
Axa	0.27
ASE Technology Holding	0.27
China Merchants Bank	0.27
Henkel	0.27
Hunting	0.26
Koninklijke Philips	0.26
Nomura Holdings	0.26
LG Corp	0.26
Wynn Macau	0.24
LG Corp	0.23
Saint-Gobain Group	0.23
Kyocera Corp	0.23
FNAC Darty	0.22
NOV	0.22
Ocean Wilson Holdings	0.22
Capita	0.22
Value Partners	0.22
Porsche Automobil	0.21
Okamoto Industries	0.21
Richemont	0.21
Samsung Life Insurance	0.21
Dowa	0.21
Shimano	0.21
Continental AG	0.20
Wing Tai	0.20
Tsumura & Co	0.19
Kendrion	0.19
FANUC	0.19
Sime Darby Property	0.18
Re/Max Holdings	0.18
Seino Holdings	0.16
Blue Apron	0.15
Inmobiliaria Colonial	0.14
Mercadolibre	0.08
Euroapi	0.01
Mail.ru	0.00
Qiwi	0.00
Cash	1.61
TOTAL	**100.00**

Source: River and Mercantile Asset Management LLP

PVT CATEGORIES OF POTENTIAL

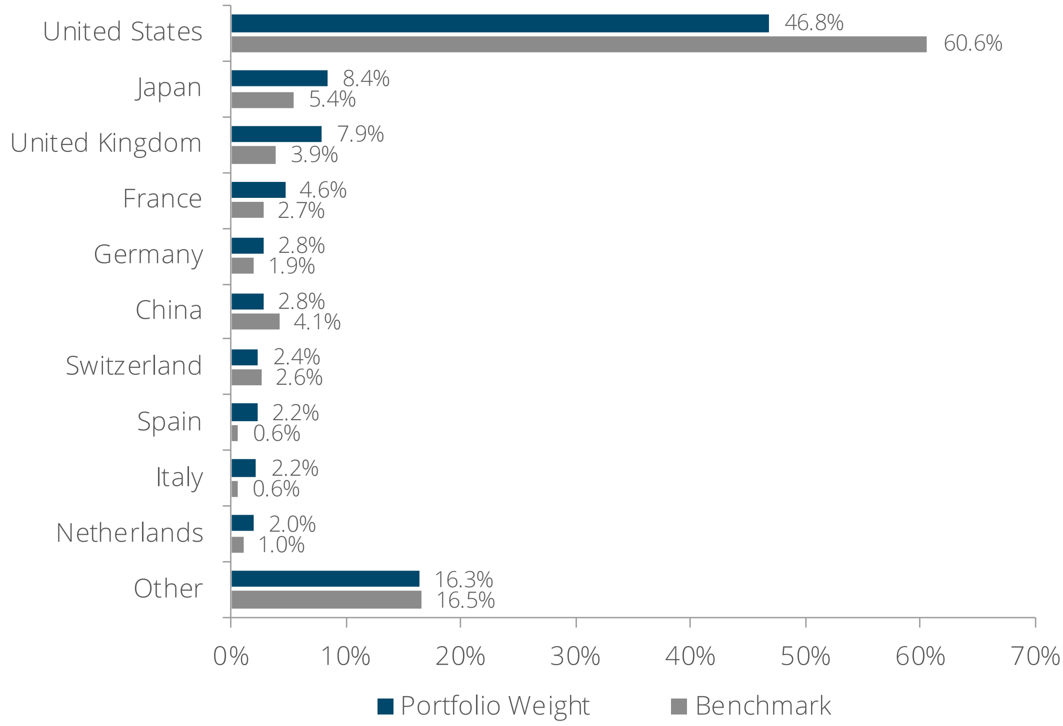
This chart shows the weighting of the fund's holdings across the four categories of Potential, related to the stages of a company's life cycle, as defined within the R&M investment philosophy known as 'PVT' – Potential, Valuation, Timing.



Source: River and Mercantile Asset Management LLP

COUNTRY WEIGHTS

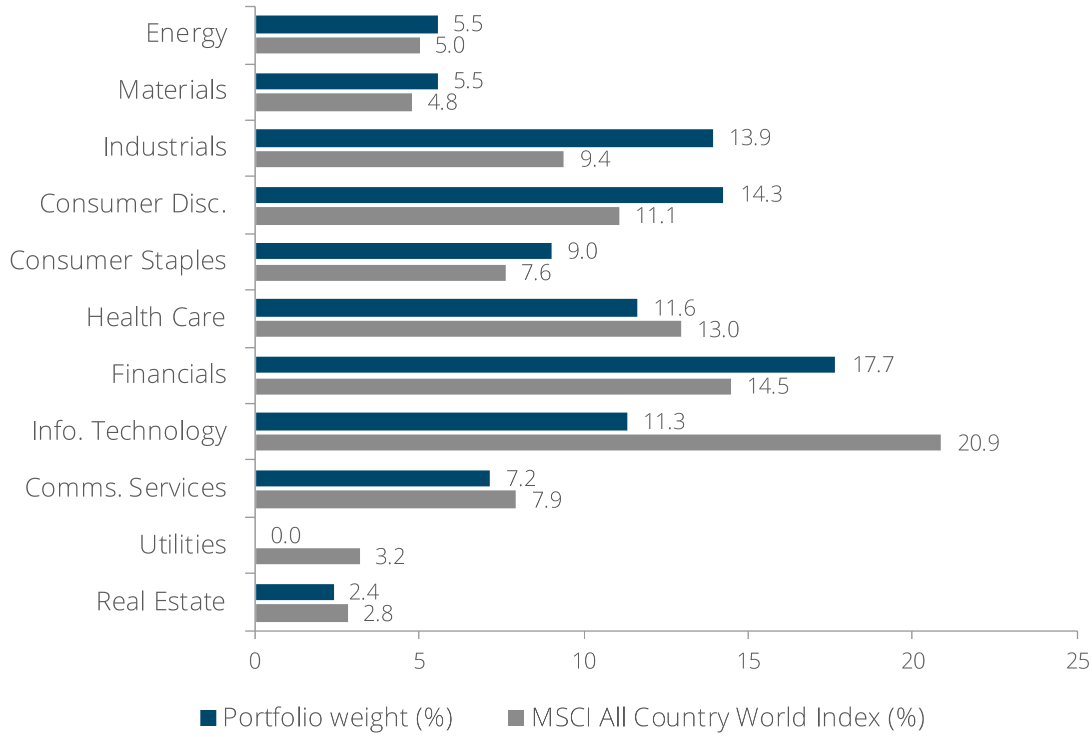
This chart compares the fund and benchmark's weighting to the fund's top 10 weighted countries.



Source: FactSet

INDUSTRIAL SECTOR WEIGHTS

This graph compares the fund and benchmark weightings across the industrial sectors classified by the MSCI Global Industry Classification Standard (GICS).



Source: FactSet

TOP 10 ACTIVE POSITIONS VS THE BENCHMARK

This table highlights the securities in which the fund weight differs most from that of the benchmark, with the 'overweights' showing 10 securities with the greatest weight difference above the benchmark's position, and the 'underweights' showing 10 securities with the greatest weight difference below the benchmark's position. The difference is known as the 'active weight'.

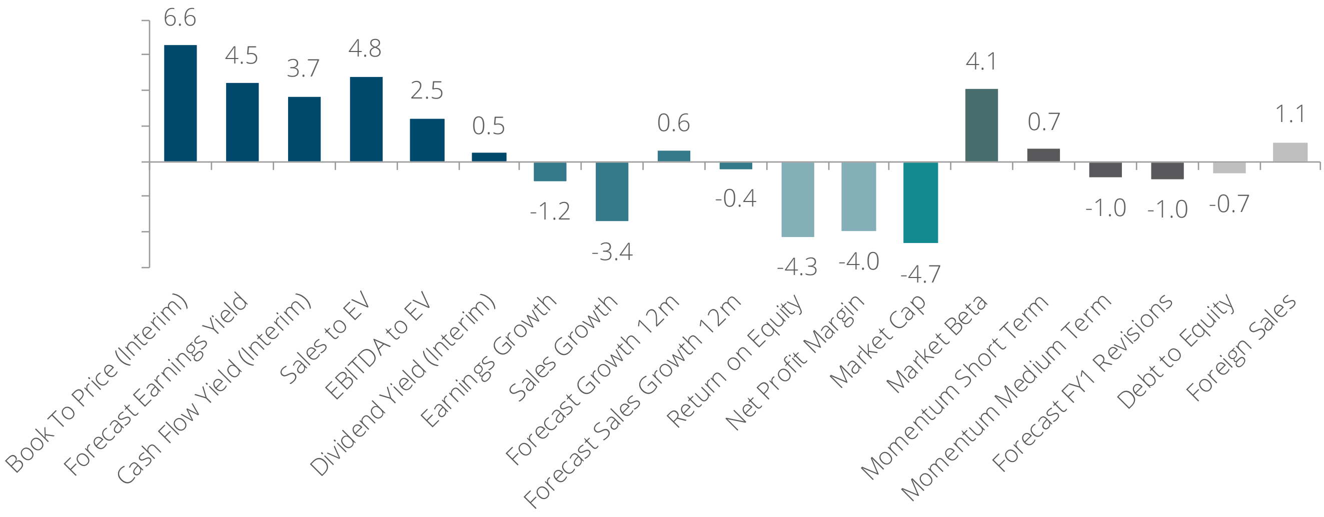
			%	
Overweights	Sector	Fund	Benchmark	Active
Waters	Health Care	1.42	0.04	1.38
Baker Hughes	Energy	1.19	0.05	1.14
McKesson	Health Care	1.16	0.09	1.07
Sony Corp	Consumer Discretionary	1.24	0.19	1.06
Henry Schein	Health Care	1.06	0.02	1.04
Bank of Ireland	Financials	1.02	0.00	1.02
Nikon	Consumer Discretionary	0.94	0.00	0.94
DBS Holdings	Financials	0.99	0.07	0.92
Citigroup	Financials	1.06	0.16	0.90
Baidu	Communication Services	0.93	0.08	0.85

			%	
Underweights	Sector	Fund	Benchmark	Active
Apple	Information Technology	1.08	4.01	-2.93
Microsoft	Information Technology	1.01	3.29	-2.28
Amazon.com	Consumer Discretionary	0.00	1.75	-1.75
Tesla Inc	Consumer Discretionary	0.00	1.06	-1.06
Taiwan Semi Mfng	Information Technology	0.00	0.71	-0.71
Nvidia Corp	Information Technology	0.00	0.68	-0.68
Exxon Mobil	Energy	0.00	0.65	-0.65
JPMorgan Chase	Financials	0.00	0.60	-0.60
Nestle	Consumer Staples	0.00	0.59	-0.59
VISA	Information Technology	0.00	0.59	-0.59

Source: FactSet

PORTFOLIO STYLE SKYLINE

This graph shows the Style Tilts™ of the fund against the benchmark as calculated by StyleAnalytics, highlighting stylistic differences between the fund and its benchmark.



Source: StyleAnalytics

STOCK LEVEL PERFORMANCE ATTRIBUTION

This table shows the best and worst contributors to the fund's performance relative to the benchmark. The average active weight highlights whether the fund held a larger or smaller position in a stock than the benchmark did, on average over the period. As performance is relative to the benchmark, outperformance of the benchmark can come from the fund holding a larger position than the benchmark in a stock that performs well, or a lower position than the benchmark (or even a zero holding) in a stock that performs poorly. The contribution to active return is the return that the position has contributed relative to the benchmark.

Greatest Positive Contribution	Average Active Weight	Contribution to Active Return
Amazon.com	-1.49%	0.36%
Tesla Inc	-1.17%	0.33%
Nvidia Corp	-0.79%	0.32%
Waters	0.95%	0.23%
Apple	-3.01%	0.20%
Baidu	0.69%	0.20%
Enerplus	0.74%	0.20%
McKesson	0.92%	0.20%
Nikon	0.84%	0.16%
Trip.com Group	0.42%	0.15%

Greatest Negative Contribution	Average Active Weight	Contribution to Active Return
State Street Corp	0.95%	-0.18%
Anglo American	0.85%	-0.15%
Agco Corp	0.84%	-0.14%
Bath & Body Works	0.53%	-0.14%
Exxon Mobil	-0.64%	-0.12%
Eli Lilly & Co	-0.40%	-0.11%
Mosaic	0.77%	-0.11%
Applied Materials	0.62%	-0.11%
Merck & Co	-0.37%	-0.09%
Advanced Micro Devices	-0.08%	-0.09%

Source: FactSet

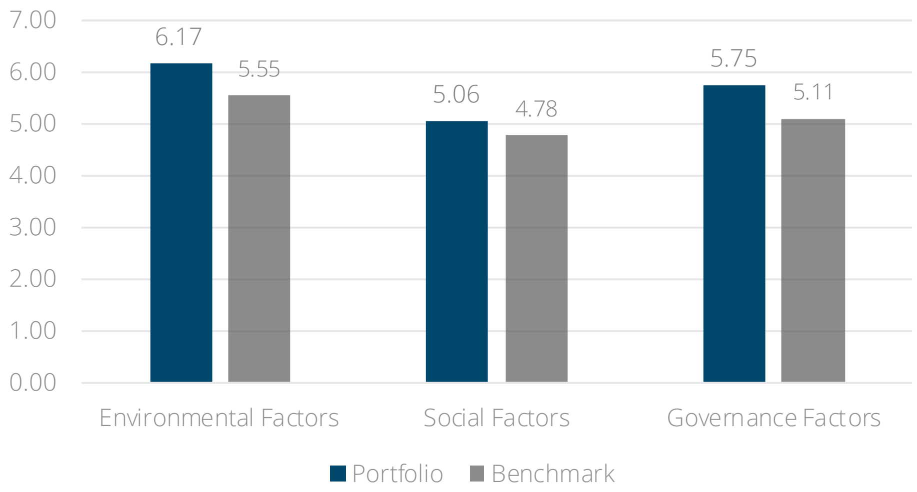
ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) FACTOR ANALYSIS

This report is designed to give a broad overview of the portfolio from the perspective of Environmental, Social and Governance factors. Whilst the portfolio is not run to be optimised with these factors in mind, we may expect to take major risks into consideration when analysing stocks.

This table compares the portfolio and benchmark asset weightings by value with data from MSCI ESG Research.

	Portfolio	Benchmark
Assets covered by MSCI ESG Research	94.5%	99.8%
Assets scoring in the bottom decile	0.0%	0.5%

The chart below illustrates how the portfolio and its benchmark compare on average Environmental, Social and Governance scores. Scores are based on a 1 to 10 scale, where 1 is the lowest/worst and 10 is the highest/best.



10 highest rated ESG companies held by fund	Portfolio Weight	Benchmark Weight	Company Rating	Industry Adjusted Score
Sony Corp	1.2%	0.2%	AAA	10.0
Sprouts Farmers Market	0.7%	0.0%	AAA	10.0
Chemring	0.6%	0.0%	AAA	10.0
SAP	0.4%	0.2%	AAA	10.0
Mondi	0.4%	0.0%	AAA	10.0
Metso Outotec	0.3%	0.0%	AAA	10.0
Microsoft	1.0%	3.3%	AAA	9.8
Danone	0.5%	0.1%	AAA	9.5
Waters	1.4%	0.0%	AAA	9.2
Axa	0.3%	0.1%	AAA	9.1

10 lowest rated ESG companies held by fund	Portfolio Weight	Benchmark Weight	Company Rating	Industry Adjusted Score
Porsche Automobil	0.2%	0.0%	B	1.4
Pfizer	1.0%	0.5%	B	1.5
Stericycle	0.4%	0.0%	B	1.8
Meta	0.8%	0.7%	B	2.2
Pola Orbis	0.4%	0.0%	B	2.4
Bank of Kyoto	0.4%	0.0%	B	2.6
Value Partners	0.2%	0.0%	B	2.8
Bank of Ireland	1.0%	0.0%	BB	2.9
JD.com, Inc. Class A	0.7%	0.1%	BB	2.9
Shimano	0.2%	0.0%	BB	2.9

Source: MSCI ESG Research, ©2022 MSCI ESG Research LLC. Reproduced by permission.

BROKER COMMISSIONS ANALYSIS

Counterparty	Total (£)	Commission Paid (£)
		Execution Only
ABG SUNDAL COLLIER	406,061.73	243.64
ATLANTIC SECURITIES	5,079,931.40	3,047.96
BANCO ITAU	0.00	0.00
BARCAP	39,437.70	31.55
BERENBERG	0.00	0.00
BofA MERRILL LYNCH	0.00	0.00
BTG PACTUAL	539,112.08	539.11
CANACCORD ALGO	202,848.63	81.15
CANACCORD GENUITY	26,213.20	20.97
CENKOS	0.00	0.00
CITI PROG	8,321,389.41	2,496.40
CITIGROUP	0.00	0.00
CLSA	0.00	0.00
CREDIT SUISSE	0.00	0.00
DEUTSCHE BANK	0.00	0.00
EXANE	1,067,874.57	640.72
FINNCAP	0.00	0.00
GBM	0.00	0.00
GOLDMAN SACHS	0.00	0.00
GOODBODY	0.00	0.00
HSBC	533,867.73	499.11
ING	0.00	0.00
INSTINET	267,802.51	183.60
INVESTEC	486,819.12	299.28
ITG	404,697.05	242.82
ITG ALGO	0.00	0.00
J&E DAVY	0.00	0.00
JANE STREET	0.00	0.00
JEFFERIES	373,813.92	431.98
JEFFERIES ALGO	0.00	0.00
JPMORGAN CHASE	1,603,064.88	1,075.56
KEPLER CHEUVREUX	226,687.72	136.02
LIBERUM	0.00	0.00
LIQUIDNET	1,767,083.21	1,047.73
MEDIOBANCA	1,591,254.36	954.75
MIZUHO	586,191.53	351.72
MORGAN STANLEY	131,951.00	0.00
NORTHERN TRUST CORP	0.00	0.00
NPLUS1 SINGER	0.00	0.00
NUMIS	0.00	0.00
PANMURE GORDON	0.00	0.00
PEEL HUNT	48,838.94	39.07
RAYMOND JAMES	268,874.88	161.32
RBC	0.00	0.00
RBC ALGO	111,653.82	44.66
REDBURN	383,786.61	307.03
SANTANDER	201,236.62	321.98
SHORE CAPITAL	0.00	0.00
SOCIETE GENERALE	0.00	0.00
STIFEL EUROPE	0.00	0.00
STIFEL NICOLAUS	56,492.85	33.89
SUSQUEHANNA INTERNATIONAL GROU	0.00	0.00
UBS	111,456.10	89.18
UBS PROG	12,921,323.81	4,151.21
WINTERFLOOD	17,494.15	14.00
FLOWTRADERS	0.00	0.00
CONFIRMED FUND PRICE	0.00	0.00
OPTIVER	0.00	0.00
LLOYDSCRE	0.00	0.00
BANK OF MONTREAL	624,508.95	374.70
BTIG	0.00	0.00
LIQUIDNET ALGO	0.00	0.00
JEFFRIES	0.00	0.00
	£ 38,401,768.48	**£ 17,861.11**

Firm Wide Comparators

All Equity Trading	**£ 728,291,722.26**	**£414,710.82**
Trades:	**£ 38,401,768.48**	**£17,861.11**
Average Firm-Wide Commission Rate (%)		0.06%
Average Commission Rate (%)		0.05%

Source: River and Mercantile Asset Management LLP

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