

ES River and Mercantile UK EQUITY INCOME FUND

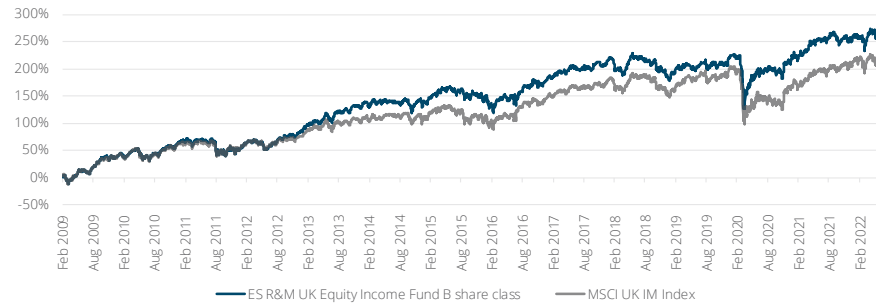
CLASS B GBP (Income)

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

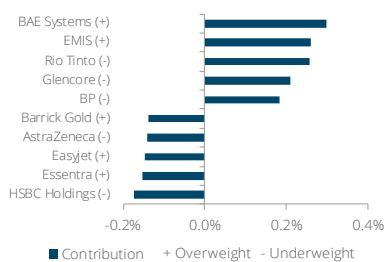
| | 1 Month % | 3 Months % | 1 Year % | 3 Years % | 5 Years % | 10 Years % | Since inception % |
|---------------------|-----------|------------|----------|-----------|-----------|------------|-------------------|
| B share class (Inc) | -3.7 | -2.7 | 1.5 | 16.3 | 19.3 | 122.7 | 255.7 |
| MSCI UK IM Index | -5.8 | -4.5 | 3.7 | 6.3 | 16.7 | 89.4 | 204.9 |

DISCRETE 12 MONTH PERFORMANCE

| | 12 months to 30/06/2018 | 12 months to 30/06/2019 | 12 months to 30/06/2020 | 12 months to 30/06/2021 | 12 months to 30/06/2022 |
|---------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| B share class (Inc) | 8.6% | -5.1% | -3.8% | 19.1% | 1.5% |
| MSCI UK IMI | 9.2% | 0.5% | -14.7% | 20.2% | 3.7% |

TOP 5 PERFORMANCE CONTRIBUTORS & DETRACTORS

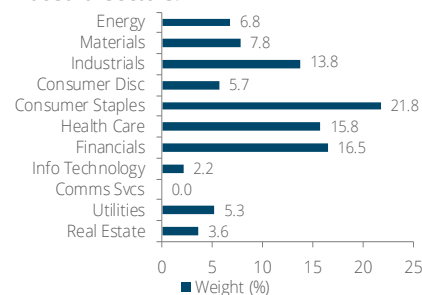
The best and worst contributors to the portfolio's performance relative to the benchmark.



Source: River and Mercantile Asset Management LLP

SECTOR WEIGHTS

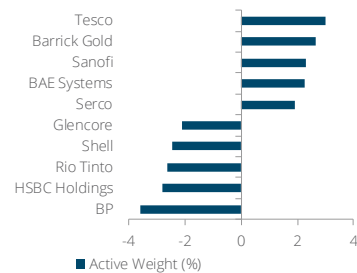
Portfolio weightings within specific industrial sectors.



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 | 6.2 |
| GlaxoSmithKline | 6.1 |
| Shell | 5.2 |
| British American Tobacco | 4.5 |
| Tesco | 3.9 |
| Reckitt Benckiser | 3.9 |
| BAE Systems | 3.5 |
| Unilever | 3.5 |
| National Grid | 3.2 |
| RELX Group | 3.2 |

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 | 3.72% |
| Current yield | 3.89% |

PORTFOLIO & RISK CHARACTERISTICS

| | |
|----------------------|-------|
| Number of holdings | 60 |
| Fund Volatility | 13.2% |
| Benchmark Volatility | 13.7% |
| Beta | 0.94 |
| Active Money | 55.1% |

KEY FACTS

| | |
|-------------------------|----------------------------------|
| Fund launch date | 03/02/2009 |
| Share class launch date | 03/02/2009 |
| Benchmark | MSCI UK Investable Markets index |
| IA sector | UK Equity Income |
| Total fund size | £51.9m |
| 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

| | |
|-----------|----------------------------------|
| Telephone | 0345 603 3618 |
| Email | enquiries@riverandmercantile.com |

MARKET CAPITALISATION

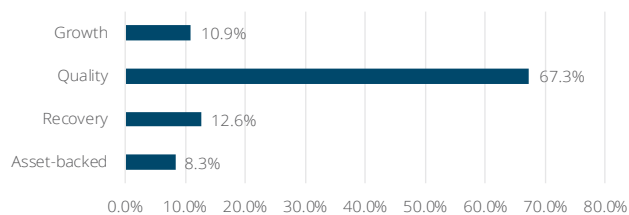
Comparison of portfolio and benchmark weightings across a range of sizes based on company value.

| | | Fund | Benchmark | Active |
|-----------|--------------|-------|-----------|--------|
| Mega Cap | £20bn + | 56.3% | 64.9% | -8.6% |
| Large Cap | £4bn - £20bn | 12.7% | 20.5% | -7.8% |
| Mid Cap | £2bn - £4bn | 11.2% | 6.7% | 4.5% |
| Small Cap | £100m - £2bn | 18.5% | 7.9% | 10.6% |
| Micro Cap | £0m - £100m | 0.4% | 0.0% | 0.4% |

Source: River and Mercantile Asset Management LLP

CATEGORIES OF POTENTIAL

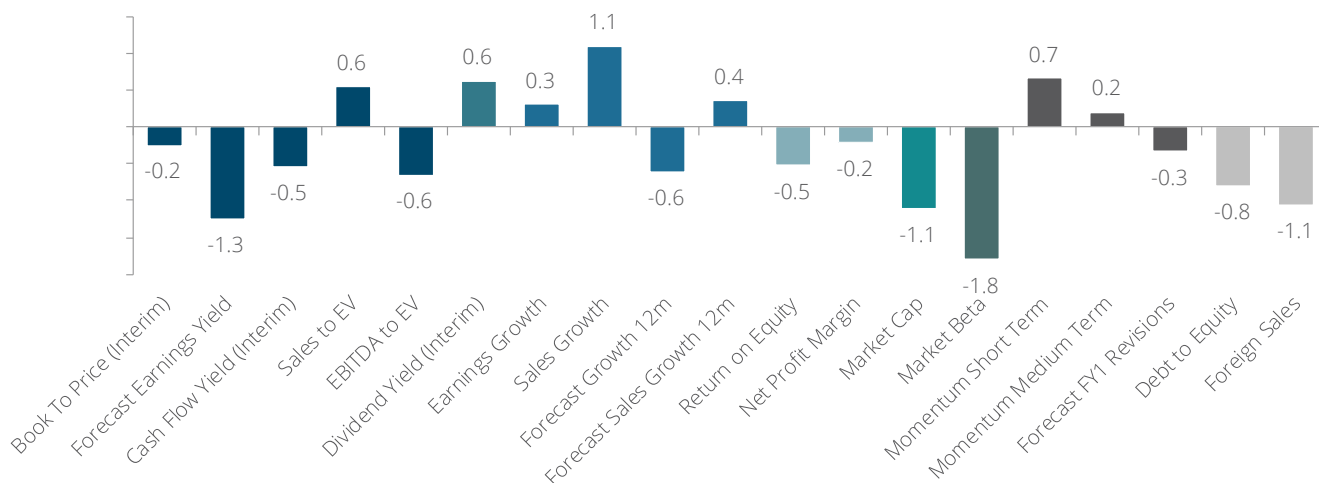
The weighting of the portfolio across the four categories of potential, related to stages of a company's life cycle.



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

It was a bruising month for equity investors with the MSCI UK IMI index down 5.8% in June as economic and geopolitical conditions deteriorated further, not to mention the deterioration in conditions inside Number 10, where the Prime Minister was (no longer) fighting for his survival as leader of the UK Conservative Party.

The Fund, as we have described previously, has remained defensively positioned and this positioning was rewarded with the Fund delivering a decline of -3.7% over the month compared to the return of the average fund in the IA UK Equity Income peer group of -6.2%, leaving the Fund in the top decile for the month and the top quartile for the three months from April 2022.* We recognise that outperforming a falling market might be of cold comfort for investors, but it demonstrates the merits of our fundamental portfolio construction approach and philosophy, which we will continue to pursue when market conditions are positive, with the aim to deliver for clients in the upcycle as well.

Given the extreme weakness in all the major "cyclical" and higher beta sectors, the top performance drivers for the Fund were the overweight positions in Pharmaceuticals and Consumer Staples (broadly "Growth Defensives") and the underweights in Industrials, Commodities (primarily Materials) and the Consumer Discretionary areas. At the stock level, key positive contributors were **BAE Systems**, **GSK**, **Tate & Lyle** and **Sanofi** with the zero portfolio weightings in both **BP** and **Glencore**, which underperformed in the market sell off, also adding positively. One other notable contributor from the smaller end of the market was **EMIS**, which received a bid approach in the month. On the negative tack, it was the more cyclical holdings that struggled in June with **Restaurant Group**, **888 Group**, **Anglo American** and **Essentra** in this category. Other detractors included the underweight in **AstraZeneca** (although the Fund is overweight in the Pharma sector overall) and the zero weighting in **Vodafone**.

Portfolio activity reflected our view that, while we remain cautious on the macro outlook, the best opportunities for the Fund across the market cap spectrum are in the "growth" and "cyclical recovery" areas. In the latter category, two new holdings were initiated in June – **Hollywood Bowl** and **Kenmare Resources**. The former is the leading UK operator of ten pin bowling sites, with an excellent track record of improving its own sites assets and acquired new ones and with a proven management team. While the "Bowl" is a leisure company and hence potentially more cyclical and operationally geared than the average company, its' a relatively low-cost leisure pursuit and hence resilient in the face of cost of living challenges. In addition, there are two new growth drivers in the form of an indoor mini golf offering and an expansion into operating sites in Canada. Kenmare Resources produces titanium minerals and zircon which are used in many everyday products including paint, cosmetics, paper and food items. The primary asset (Moma) is low cost and long life, while product prices are primarily a function of the supply rather than the demand cycle. Kenmare is trading on c.2x EV/EBITDA and a forecast yield into the high single digits. These purchases were partially funded by a reduction in our larger more defensive positions such as **Sanofi** and **Serco** but also by the full exit of **Ultra Electronics** which was already subject to a bid from larger competitor Cobham.

Outlook

After the heavy losses endured by equity markets in June, we would expect some form of recovery in the current month, but we are sure that market, political and investor volatility will remain at elevated levels. Our central case is that June marked a watershed in this cycle as the peak of the "inflation forces central bank hawkishness" narrative and a turn to a focus on the consequences of recessionary downdraft created by the combination of those hawkish interest rate hikes, the withdrawal of liquidity support, a strong dollar and elevated input prices. It seems odd to be experiencing a global economy in which deflationary forces co-exist with inflationary forces, but this is the result of the changing nature and fragmentation of the global economic system and the continued suppression of credit cycles by Central Banks (although we recognise the imperative for intervention in the face of Covid in 2020). With this challenging background, we continue to find that the UK market is lowly valued and still unloved by most global investors despite offering a great set of investment opportunities, especially when it comes to companies with growing dividends and attractive initial yields.

Matt Hudson & Anna Pugh

Income team
July 2022

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