

ES River and Mercantile UK EQUITY INCOME FUND

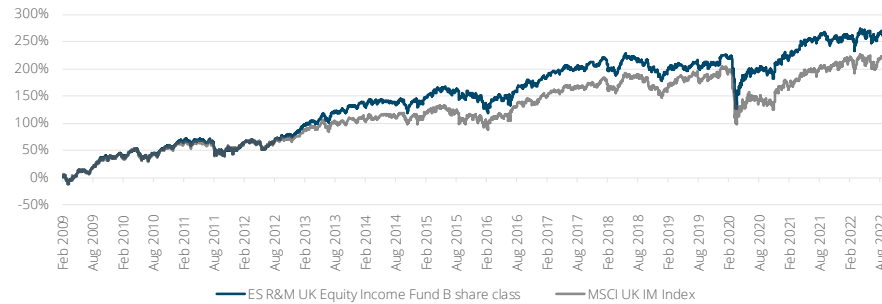
CLASS B GBP (Income)

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

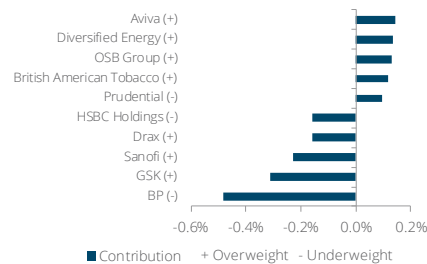
	1 Month %	3 Months %	1 Year %	3 Years %	5 Years %	10 Years %	Since inception %
B share class (Inc)	-3.2	-4.4	-3.0	15.5	16.9	106.9	253.2
MSCI UK IM Index	-2.1	-3.8	2.5	10.8	15.8	86.7	211.3

DISCRETE 12 MONTH PERFORMANCE

	12 months to 31/08/2018	12 months to 31/08/2019	12 months to 31/08/2020	12 months to 31/08/2021	12 months to 31/08/2022
B share class (Inc)	3.6%	-2.3%	-2.2%	21.8%	-3.0%
MSCI UK IM Index	4.5%	0.0%	-14.6%	26.6%	2.5%

TOP 5 PERFORMANCE CONTRIBUTORS & DETRACTORS

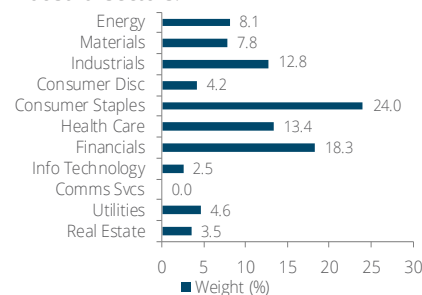
The best and worst contributors to the portfolio's performance relative to the benchmark.



Source: River and Mercantile Asset Management LLP

SECTOR WEIGHTS

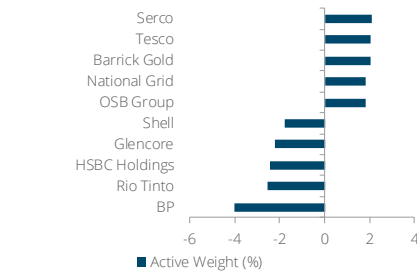
Portfolio weightings within specific industrial sectors.



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	7.0
Shell	6.4
British American Tobacco	5.1
Unilever	4.2
Reckitt Benckiser	4.0
GSK	4.0
National Grid	3.7
Diageo	3.3
RELX Group	3.0
Lloyds Bank	3.0

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	3.74%
Current yield	3.98%

PORTFOLIO & RISK CHARACTERISTICS

Number of holdings	60
Fund Volatility	13.6%
Benchmark Volatility	14.0%
Beta	0.95
Active Money	54.2%

KEY FACTS

Fund launch date	03/02/2009
Share class launch date	03/02/2009
Benchmark	MSCI UK Investable Markets index UK Equity Income
IA sector	UK
Total fund size	£45.3m
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)	0.87%

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

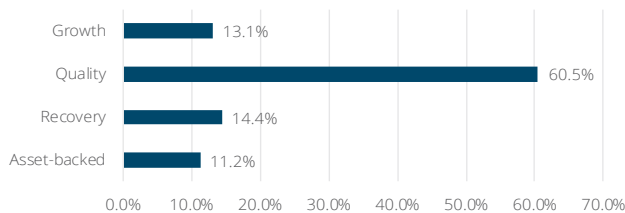
Comparison of portfolio and benchmark weightings across a range of sizes based on company value.

		Fund	Benchmark	Active
Mega Cap	£20bn +	55.2%	65.1%	-9.9%
Large Cap	£4bn - £20bn	12.9%	20.4%	-7.5%
Mid Cap	£2bn - £4bn	10.7%	6.9%	3.8%
Small Cap	£100m - £2bn	19.8%	7.6%	12.3%
Micro Cap	£0m - £100m	0.5%	0.0%	0.5%

Source: River and Mercantile Asset Management LLP

CATEGORIES OF POTENTIAL

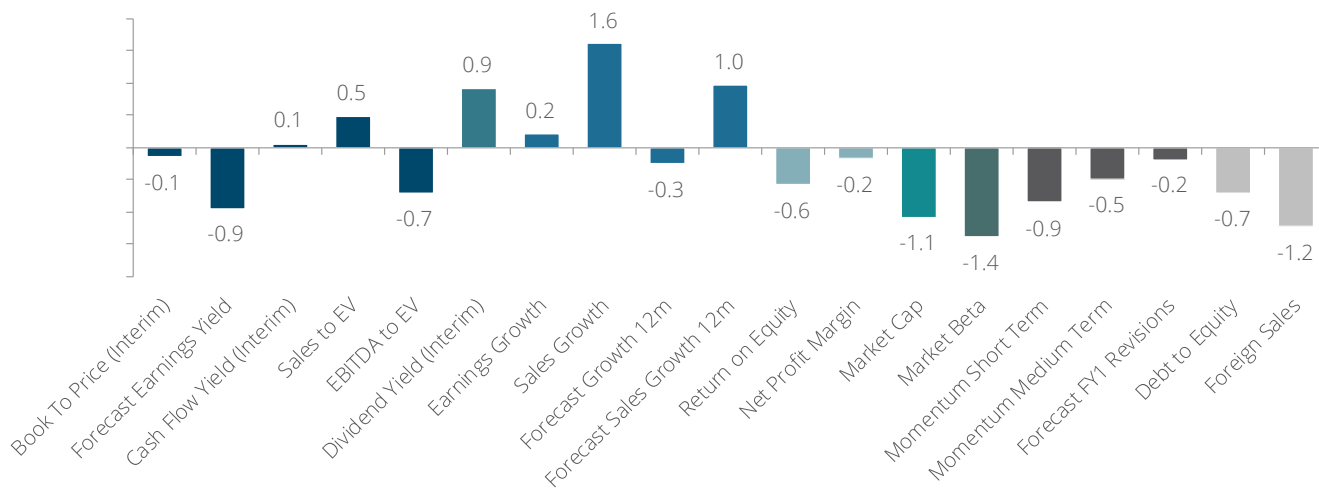
The weighting of the portfolio across the four categories of potential, related to stages of a company's life cycle.



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

Like so many, it was with great sadness that we learnt about the death of Her Majesty, Queen Elizabeth II. A remarkable woman, she was an inspiration to us all and her steadfast leadership and sense of duty throughout her long reign will forever be remembered as her eternal legacy. We mourn her passing but celebrate her incredible life.

Strategy update

UK and global equities fell in the month as the Fed Chairman put paid to hopes of a quick reversal of US interest rate rises, while in the UK and much of Europe, high energy prices and fears of a looming consumer recession provided a sobering backdrop. With the US dollar continuing to appreciate, liquidity is being squeezed out of the global system and the downside risk to activity continues to concern investors, as well as the ongoing conflict in Ukraine. Sterling sunk to a new multi-decade low against the dollar while UK Gilt yields backed out to 2.8% by month end.

The UK market, as measured by the MSCI UK IMI index, declined by 2.1% while the Fund declined by 3.2%, a relative underperformance of 1.1%. For comparison, the average fund in the IA UK Equity Income peer group fell by 2.6%*. The Fund's performance in August was disappointing given its generally defensive skew. This was mainly due to the large underweight in the energy sector and negative stock selection in the Pharmaceutical sector, partly as a result of litigation risk around historic sales of the drug Zantac.

Performance and portfolio review

Turning to attribution, a limited exposure to cyclicals and positioning in Industrials were both positive. However, the overweight in Pharmaceuticals where stock selection was less than optimal and the underweight in the outperforming energy sector, damaged relative returns.

At the stock level, key positive contributor to performance included **Diversified Energy**, **BAT** and **Lancashire** alongside two of the portfolio's key financials positions, **Aviva** and **OSB**. On the negative side of the ledger, a number of small and mid-cap positions were the most negative contributors – **Essentra** (following a dilutive disposal), **Restaurant Group** (fears of weakening trading), **Capital and Counties** (again fears on consumer spending) and **Watkin Jones** (general malaise in the housebuilding sectors). Large cap negative contributors were **GSK** and **Sanofi** (litigation fears) and the zero weight in **BP**.

The portfolio has moderately reduced its defensive tilt in the month, exiting larger caps **United Utilities** (Value Defensive) and **Compass** (Growth Defensive) as well as **Direct Line**, where the underlying trading conditions in the UK motor market remain very challenging. The latter was switched into a new holding in **M&G**, which offers both a high and stable dividend yield but also the opportunity for franchise growth over the longer term based on its well established PruFund and a more substantive and digitally enabled offering to the institutional and wealth markets.

Another new holding in August was **XPS Pensions**, a specialist provider of outsourced administration and advice for pension funds and trustees. The business has good visibility of revenues and is building scale in an evolving marketplace, where regulatory change constantly offers new opportunities for growth. Trading on c1.2x prospective earnings with strong cash backing and a yield of over 5%, XPS should deliver stable medium-term growth in earnings and dividends.

Outlook

The key themes driving equities have not changed much over the month, although there are emerging indications that most major economies have passed beyond the point of peak inflation. However, investors expect that Central Banks will remain hawkish for some time in order to rebuild their "inflation fighting" credentials and consequently the burden for dealing with the headwind of high inflation and energy costs has shifted to governments in the form of fiscal intervention.

One thing that has changed is that the UK has a new Prime Minister, and we anticipate that Liz Truss will deliver on her promises to deliver more support to alleviate the cost of energy for consumers and businesses. This will provide some protection for consumers and importantly for consumer cyclical stocks. Despite all the current negative headlines about consumer confidence and activity, we need to be mindful that the outlook for Consumer Cyclicals could be materially **better** over the next 12 months, as energy costs peak and nominal wage growth remains strong.

In the meantime, our portfolio comprises a combination of secure yield and dividend growth stocks within a core of more defensive positions. We continue to look for opportunities in more cyclical areas where increasing numbers of stocks are trading on extremely low valuations. The long list of bids for UK Plc from international acquirers suggests that others are seeing some of the same opportunities.

Matt Hudson & Anna Pugh

Income team

September 2022

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