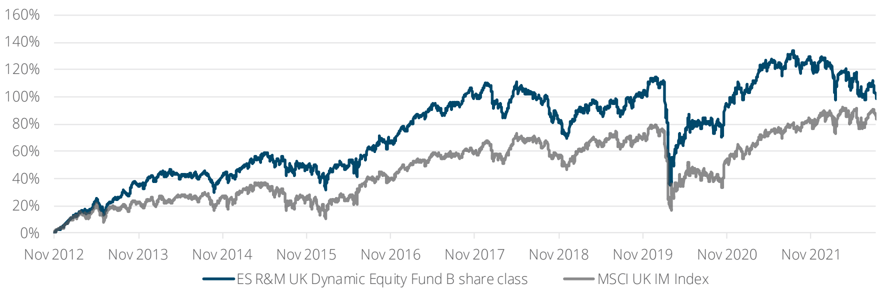
31 AUGUST 2022

ES River and Mercantile
UK DYNAMIC EQUITY FUND
CLASS B GBP (Accumulation)

RIVER AND MERCANTILE

PAST PERFORMANCE
The chart and tables below show the performance of the fund's GBP B (Acc) share class since the launch of the share class on 21 November 2012.

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


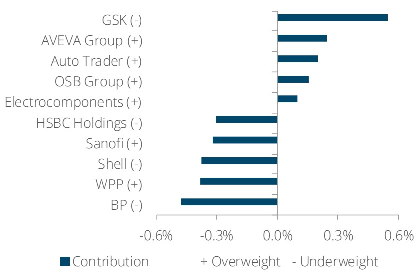
CUMULATIVE PERFORMANCE

	1 Month %	3 Months %	1 Year %	3 Years %	5 Years %	Since inception %
B share class (Acc)	-5.1	-8.6	-14.2	4.2	1.1	98.4
MSCI UK IM Index	-2.1	-3.8	2.5	10.8	15.8	83.8

DISCRETE 12 MONTH PERFORMANCE

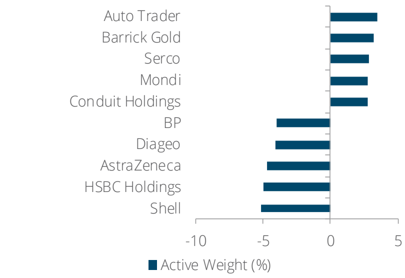
	12 months to 31/08/2018	12 months to 31/08/2019	12 months to 31/08/2020	12 months to 31/08/2021	12 months to 31/08/2022
B share class (Acc)	1.2%	-4.2%	-4.7%	27.4%	-14.2%
MSCI UK IM index	4.5%	0.0%	-14.6%	26.6%	2.5%

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



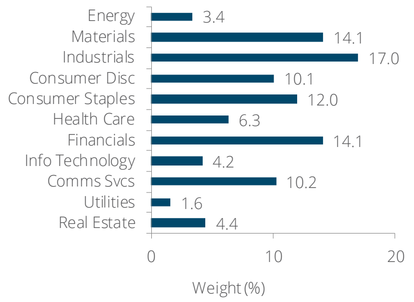
Source: River and Mercantile Asset Management LLP

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

SECTOR WEIGHTS
Portfolio weightings within specific industrial sectors.



Source: River and Mercantile Asset Management LLP

TOP 10 HOLDINGS
The ten largest positions by weight held in the portfolio.

	Weight (%)
Auto Trader	3.8
Barrick Gold	3.3
NatWest Group	3.2
Mondi	3.1
Reckitt Benckiser	3.1
Shell	3.0
AstraZeneca	3.0
Serco	3.0
WPP	2.9
Whitbread	2.8

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 United Kingdom Investable Market Index (IMI) net total return (the "Benchmark") over a rolling 5-year period, after the deduction of all fees.

PORTFOLIO MANAGER
William Lough & Mayan Uthayakumar

PORTFOLIO & RISK CHARACTERISTICS

Number of Holdings	49
Fund Volatility	16.0%
Benchmark Volatility	14.0%
Beta	1.05
Active Money	78.1%

KEY FACTS

Fund launch date	22/03/2007
Share class launch date	21/11/2012
Benchmark	MSCI UK Investable Markets Index
IA sector	UK All Companies
Total fund size	£58.5m
Domicile	UK
Fund type	UK UCITS
SEDOL	B7H1R58
ISIN	GB00B7H1R583
Bloomberg	RIVMERB
Distribution type	Accumulation

FEES & CHARGES

Initial charge	Up to 5.25%
AMC	0.75%
Ongoing charge (including AMC)	0.88%

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

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MARKET CAPITALISATION

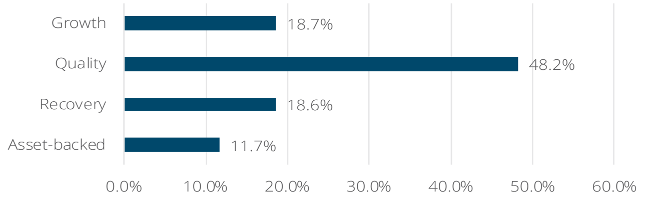
Comparison of portfolio and benchmark weightings across a range of sizes based on company value.

		Fund	Benchmark	Active
Mega Cap	£20bn +	28.8%	65.1%	-36.3%
Large Cap	£4bn - £20bn	25.0%	20.4%	4.5%
Mid Cap	£2bn - £4bn	14.0%	6.9%	7.1%
Small Cap	£100m - £2bn	29.6%	7.6%	22.0%

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, excludes cash.

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 January 2016 and was previously known as the R&M UK Equity Unconstrained Fund.

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.

Investment background

The UK market, as measured by our benchmark (MSCI United Kingdom IMI index), declined 2.1% over the month. Markets took a round-trip during the month. with a first half bear market rally driven by expectations of a Fed pivot extinguished on hawkish central bank rhetoric in the second half and further rises in energy costs. With the exception of natural gas, most commodities declined in the month and long duration equities underperformed as rates moved back towards recent highs post Fed Chair Powel reaffirming his "unconditional" commitment to tackle high inflation at Jackson Hole.

Strategy update

Performance

The fund declined 5.1%[1] in August versus -2.1% by its comparator benchmark, the MSCI United Kingdom Investable Markets index[2].

Aveva was up strongly (18.8%) in the period following news that Schneider Electric was considering a possible offer for the remaining 41% of Aveva (a formal offer must be made by 21 Sept). This is a frustrating opportunistic move from our perspective with Aveva's valuation depressed by the complex transition to a software as a service business model which temporarily masks the group's future earnings power.

Autotrader was up 4.4% in the period. We suspect the market is anticipating positive catalysts at the upcoming capital markets day on the 6th of September, specifically more detail regarding the growth opportunity in digital retailing.

WPP fell 15.8% despite interim results being ahead of expectations as concerns around cyclical earnings risk dominate sentiment on the stock. The ad-cycle makes it challenging to identify the structural growth trend fuelling the bear thesis that the agencies are likely to have a 'GDP minus' type growth profile going forward, a view we do not subscribe to as we think agencies are more relevant than ever in helping brands to navigate an increasingly challenging media landscape.

Sanofi was hit by concerns around possible Zantac litigation financial liabilities and the failure of a key pipeline asset compromising its defensive growth credentials and driving the shares down -10.5% in the period. We subsequently decided to exit our position.

888 Holdings dropped 16.1% over the period following interim results with guidance for the second half below expectations. Financial leverage following the acquisition of William Hill is high but there is a credible path to deleveraging given strong cash generation and material deal synergies. In our view, the current depressed rating, a function of an ongoing lack of regulatory clarity in the UK market discounts an improbably high cut to future UK online earnings.

Essentra, a special situation investment case where the break-up of the business should extract value reported strong operating momentum in its Components and Filters businesses. Despite this, the shares declined 20% in the period which we attribute to a lack of reported progress on the disposal of the filters business. Even if we assume a depressed rating for Filters in our sum-of-the-parts valuation, there is attractive upside potential.

Drax shares were down 17.9% in the period, driven by the increasing likelihood of electricity market reform together with negative comments from a UK government minister regarding Drax's biomass strategy. The dynamic around power market reform is an interesting one as whilst mid-term earnings upside might not materialise, long-term earnings are likely to be more secure in the event of intervention. The UK government has subsequently confirmed that it supports biomass energy to provide power in Britain and we propose that it is the relative benefits over other forms of non-intermittent power generation (predominantly gas, coal and nuclear) that are most relevant.

Finally, Capital & Counties' hospitality, leisure and retail tenants are exposed to higher energy costs. Valuations, estimated rental values and in-place rents are still well below pre-pandemic levels and the discount is extended at the equity level with the current price to net tangible asset value well below 1x for an irreplaceable, prime West Central London portfolio that is structurally undersupplied.

Zero weights in BP, HSBC, British American Tobacco and an underweight position in Shell were also negative contributors in the period, whilst our zero weight in GSK was a material positive contributor in the period.

Activity

We exited Sanofi – as detailed above.

Outlook

Sentiment towards UK equities is very depressed. A fiscal bailout to protect consumers and small and mid-sized businesses is likely but the key challenge will be ensuring fiscal policy doesn't conflict with tighter monetary policy focused on fighting inflation. Fears of a downturn are creating significant valuation dispersion between cyclicals and defensives. The premium for certainty has moved higher and this creates a great opportunity for those with longer time horizons, willing to look through short-term earnings volatility.

Markets continue to move rapidly, and this is a good reminder to focus on stock selection with a balanced approach. We attempt to diversify our portfolios to protect against foreseen and unforeseen risks. We do this through our multi-factor PVT approach which enables us to invest in strong, cash generating companies at various stages of their corporate lifecycle.

William Lough & Mayan Uthayakumar
Portfolio Managers
September 2022

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