31 MAY 2022

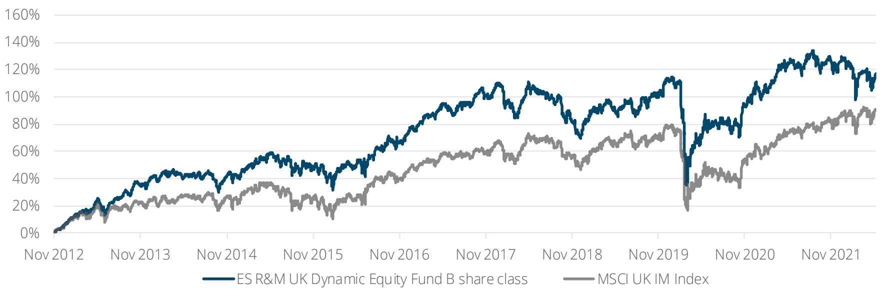
ES River and Mercantile
UK DYNAMIC EQUITY FUND
CLASS B GBP (Accumulation)

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



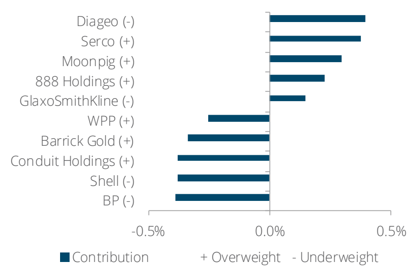
CUMULATIVE PERFORMANCE

	1 Month %	3 Months %	1 Year %	3 Years %	5 Years %	Since inception %
B share class (Acc)	0.8	0.2	-3.7	16.1	11.6	117.1
MSCI UK IM Index	0.9	3.0	10.0	16.9	20.6	91.1

DISCRETE 12 MONTH PERFORMANCE

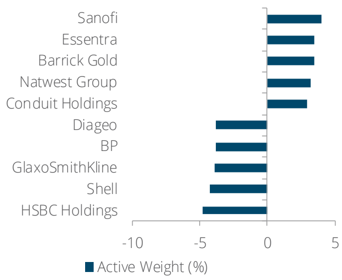
	12 months to 31/05/2018	12 months to 31/05/2019	12 months to 31/05/2020	12 months to 31/05/2021	12 months to 31/05/2022
B share class (Acc)	5.3%	-8.6%	-5.9%	28.0%	-3.7%
MSCI UK IM index	6.6%	-3.1%	-12.7%	21.7%	10.0%

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



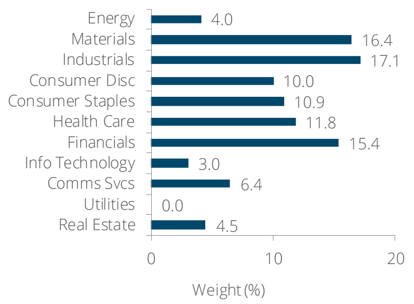
Source: River and Mercantile Asset Management LLP

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 (%)
AstraZeneca	4.8
Sanofi	4.0
Shell	3.8
Natwest Group	3.8
Essentra	3.5
Anglo American	3.5
Barrick Gold	3.4
Reckitt Benckiser	3.2
WPP	3.0
Conduit Holdings	2.9

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

PORTFOLIO & RISK CHARACTERISTICS

Number of Holdings	49
Fund Volatility	15.0%
Benchmark Volatility	13.6%
Beta	1.04
Active Money	75.7%

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	£70.3m
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)	0.93%

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

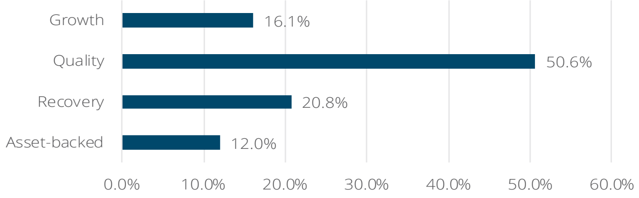
Comparison of portfolio and benchmark weightings across a range of sizes based on company value.

		Fund	Benchmark	Active
Mega Cap	£20bn +	37.0%	64.2%	-27.2%
Large Cap	£4bn - £20bn	23.8%	22.2%	1.6%
Mid Cap	£2bn - £4bn	9.6%	6.5%	3.1%
Small Cap	£100m - £2bn	29.1%	7.1%	22.0%
Micro Cap	£0m - £100m	0.0%	0.0%	0.0%

Source: River and Mercantile Asset Management LLP

CATEGORIES OF POTENTIAL

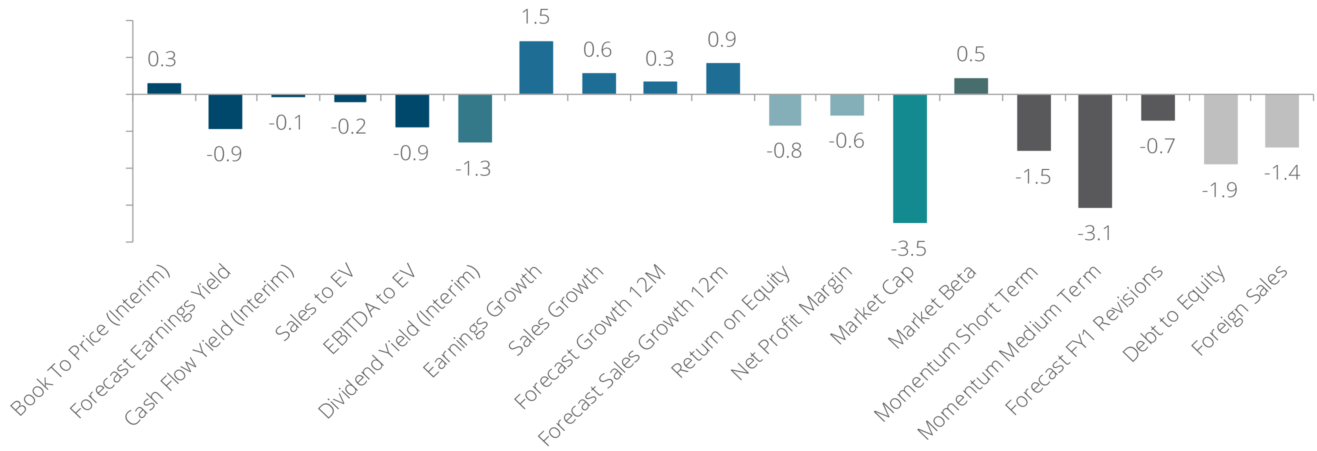
The weighting of the portfolio across the four categories of potential, related to stages of a company's life cycle.



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

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

Investment background

The UK market as measured by our benchmark (MSCI United Kingdom IMI index) was slightly up (+0.88%) in the month. The narrative around monetary policy tightening continued to dominate investor concerns with fears that Fed action might induce a recession. The 1Q earnings season continued to provide evidence of inflationary pressure on costs and consumer demand, a tight labour market and ongoing supply chain disruption. Fixed income markets gave no clear signal in the period with the 10-2y Treasury Yield spread rising, falling and then rising again however since month-end the yield curve has flattened indicating a growing focus on the risk of recession as well as inflation fears. Oil was strong in the month with both Brent and WTI (West Texas Intermediate) gaining over 9% for May and both benchmarks up over 50% for the year. Precious and base metals ended the month down with gold dropping 2% and now only up 1% for the year. It appears that despite the rate hike cycle, gold's inflation hedge is helping offset the fact that it doesn't have any yield.

Strategy update

Performance

The fund increased 0.8%[1] in May versus 0.9% by its comparator benchmark, the MSCI United Kingdom Investable Markets index[2].

Serco, a new addition to the portfolio and Moonpig, which made a value accretive acquisition in the month, were significant positive contributors during the period. Relative performance also benefitted from our zero weighting in Diageo (3.8% of the benchmark).

The following stocks were significant negative contributors in the period. Barrick Gold fell -8.1% reflecting weakness in the gold price given pressure from higher real rates. Conduit fell-10.8% reflecting negative earnings revisions on the back of higher-than-expected Ukraine losses and mark-to-market unrealised losses on its investment portfolio due to rising yields. WPP fell -8.4% as the short-term 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. Our zero weightings in BP, HSBC and below benchmark weighting in Shell were the other primary drags on performance during the period.

Activity

We initiated a position in Future, a data led multi-format expert content platform delivering high value, intent-led specialist audiences for marketers and retailers via a portfolio of leading brands across a range of lucrative verticals. Its seismic transformation from a print magazine publisher in structural decline to a data and content led scalable platform with strong cash generation augments growth and returns, underpinning estimates above consensus and justifying a re-rating from 10x consensus P/E.

We also initiated a position in Serco, which enables governments around the world to deliver public services in a cost-effective way. Return on capital, which has recovered from depressed levels following a prior cycle of aggressive contract pricing, can continue to grow given the potential for higher margin and organic revenue growth in a capital light business model. Organic growth is supported by Serco's scale, which enables strong execution at a fair margin, international presence and ongoing growth in government spending. We do not think that the current valuation reflects the earnings potential of the business and expect the company to continue to use excess cash to either acquire or buy back their own stock.

Outlook

UK Consumer Confidence has continued to deteriorate with a new all-time low of -40 in GfK's (Growth from Knowledge) data series which goes back to 1981. This is despite the recently announced £37bn government support package to ease the cost-of-living crisis which includes a tax cut (£6bn via higher NI threshold) and a £15Bn energy bill rebate package which essentially covers the rise in the energy cap from October for all households. Whilst we cannot be sure, we think it is likely that support continues as required with the unintended consequence being that this support slows any normalisation in inflation.

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
Portfolio Manager
June 2022

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