

RIVER AND MERCANTILE
ASSET MANAGEMENT

Global Equity Fund I Quarterly Report
March 2010

River and Mercantile

March 2010

Global Equity Fund – Quarterly Report

Fund Aim

The investment objective of the Fund is to achieve capital growth through investing in a portfolio that has a balanced risk profile of global equities of established international companies which offer the prospect of long term capital growth.

Portfolio Summary

Strategy AUM	£3.4m
Strategy Capacity	£6bn
Number of stocks	79
Largest Holding	Capgemini 1.95 %

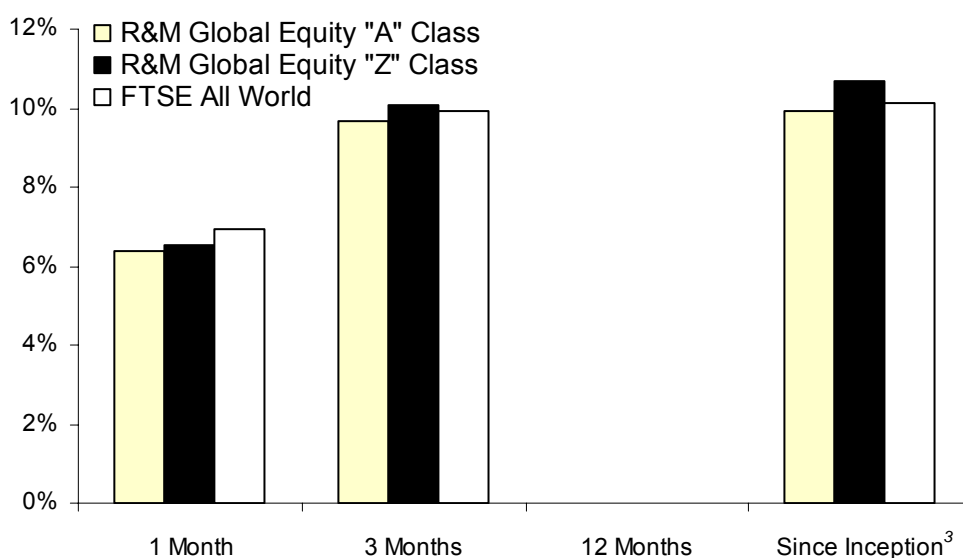
Risk Analysis Summary

Portfolio Volatility	17.02 %
Benchmark Volatility	17.46 %
Tracking Error	3.68 %
Portfolio Beta	0.95
Active Money	89.10 %

Performance to 31 March 2010

Retail "A" Class Shares	Fund ¹	Index*	Difference
1 Month	6.39%	6.95%	-0.56%
3 Months	9.68%	9.90%	-0.22%
12 Months	-	-	-
Since Inception ³	9.91%	10.11%	-0.20%

Institutional "Z" Class Shares	Fund ²	Index*	Difference
1 Month	6.54%	6.95%	-0.41%
3 Months	10.09%	9.90%	0.19%
12 Months	-	-	-
Since Inception ³	10.67%	10.11%	0.56%



Source: River and Mercantile Asset Management LLP

*Index: FTSE All World

¹Performance calculated on a mid to mid basis at close of business, net of annual management charge

²Performance calculated on a mid to mid basis at close of business, gross of annual management charge

³Inception date 14 October 2009

Review of the quarter

The year started well for equities but concerns about monetary tightening in China and fiscal deficits in Europe caused a sharp pull-back which lasted from mid-January till mid-February. The FTSE All World Index gave up over 10% in the worst sell-off since the March 2009 market low. One notable feature of this risk-reduction episode was the relative strength of emerging markets (with the exception of China) which traditionally bear the brunt of market corrections. Our themes ***Deleveraging, After the Party*** and ***Some Developing Economies*** provide a useful context for evaluating the situation of many emerging economies, which we view to be superior to that of many developed markets: they have lower levels of government and consumer debt, faster and more sustainable growth, and historically low levels of inflation, allowing highly stimulative monetary policy.

The reduction in risk appetite triggered a rally in the dollar (particularly against European currencies) as investors sought safety. The dollar's strength continued as evidence mounted of an economic recovery in the US. This benefited the Fund's return to sterling investors as the currency weakened on concerns about the level of the government deficit. The Fund returned 10.1% over the quarter compared to the FTSE All World Index return of 9.9%. More cyclical areas of the market such as Industrials and Consumer Services led whilst defensive sectors such as Telecoms, Utilities and Oil & Gas lagged. This is reflected in the stock level attribution with **Pfizer**, one of our larger holdings, lagging. In contrast, multi-layer ceramic capacitor producer **Taiyo Yuden** contributed positively to performance as it continues to enjoy robust demand for its products as the economy recovers. Education provider **Career Education's** share price rose over 50% after it announced a new set of financial targets and results that meaningfully exceeded market expectations.

Activity

A position in **ConocoPhillips** was initiated and funded by the sale of **Total**. Conoco is cheaper, has greater exposure to US refining, which is better placed to benefit from the recovery in refining margins than European refining, and is embarking on a debt-reduction programme involving asset sales. Brazilian MasterCard payment processor **Redecard** was introduced as its lowly valuation, high free cash flow and high dividend yield suggested investors were taking an unduly pessimistic view of the likely impact of increasing levels of competition on its profitability. This was funded by the sale of **British American Tobacco**, a defensive stock which had performed well. In the electronics space we introduced **BestBuy** and **Sony**: both will benefit from the introduction of 3D TVs, movies, DVDs and games.

Outlook

The economic recovery continues though many remain sceptical about the strength of the recovery, particularly in over-indebted developed nations. In the US, the latest non-farm payrolls data indicated job creation for the first time since the end of 2007. Our themes ***Deleveraging, After the Party*** and ***Some Developing Economies*** highlights the debt divide between countries with excessive levels of consumer and government debt and those without. We believe that excessive levels of debt will dampen medium-term economic growth rates whilst heightening the risk of investing in those affected economies. However, we remain cognisant of the recovery now manifesting itself in the developed world and are invested in attractively valued companies which will benefit from such trends.

Fund Facts

Launch date	14 October 2009		
Fund manager:	Alex Stanić		
IMA sector:	Global Growth		
Benchmark:	FTSE All World		
Tracking error range:	2-8%		
Product capacity:	£6 bn (pooled & segregated)		
XD dates:	1 April & 1 October		
Dividend/Accumulation payment date:	31 May and 30 Nov		
Share class:	A	B	Z
Launch price (shares):	100.00p	250.00p	500.00p
Share classification:	Retail	Asset Manager	Institutional
Type of shares:	Income	Accumulation	Accumulation
Fund charges:			
Annual	1.5%	0.75%	0.00%*
Initial (up to)	5.25%	5.25%	5.25%
*AMC charged outside the Fund			
Minimum investment			
Initial	£1,000	£2.5 million	£5 million
Subsequent	£500	£25,000	£50,000
Sedol	B3QH7B5	B3TRMX9	B3S48K0
ISIN	GB00B3QH7B58	GB00B3TRMX99	GB00B3S48K05
Bloomberg	RMGLEQA	RMGLEQB	RMGLEQZ

Important Disclosure:

The information in this document has been prepared and issued by River and Mercantile Asset Management LLP (R&M) and is directed at professional clients only. Retail clients should not rely on the information provided for this investment product. Retail clients requiring any information should seek the advice/assistance of a Financial Advisor. R&M is authorised and regulated by the Financial Services Authority in the United Kingdom. The information contained in this document is strictly confidential and may not be reproduced or further distributed.

The value of investments and any income generated may go down as well as up and is not guaranteed. An investor may not get back the amount originally invested. Past performance is not necessarily a guide to future performance. Changes in exchange rates may have an adverse effect on the value, price or income of investments. Please refer to the River and Mercantile ICVC principal prospectus for further details of the financial commitments and risks involved in connection with an investment in this Fund. The information and opinions contained in this document are subject to updating and verification and may be subject to amendment.

The information and opinions do not purport to be full or complete. No representation, warranty, or undertaking, express or limited, is given as to the accuracy or completeness of the information or opinions contained in this document by R&M, its partners or employees. No liability is accepted by such persons for the accuracy or completeness of any such information or opinions. As such, no reliance may be placed for any purpose on the information and opinions contained in this document.

River and Mercantile Asset Management LLP

30 Coleman Street

London

EC2R 5AL

Telephone: +44 (0)20 7601 6262

Facsimile: +44 (0)20 7600 2462

Email: enquiries@riverandmercantile.com

www.riverandmercantile.com