RIVER AND MERCANTILE
ASSET MANAGEMENT

Global Opportunities Fund I Quarterly Report
March 2010

River and Mercantile

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Global Opportunities Fund – Quarterly Report

Fund Aim

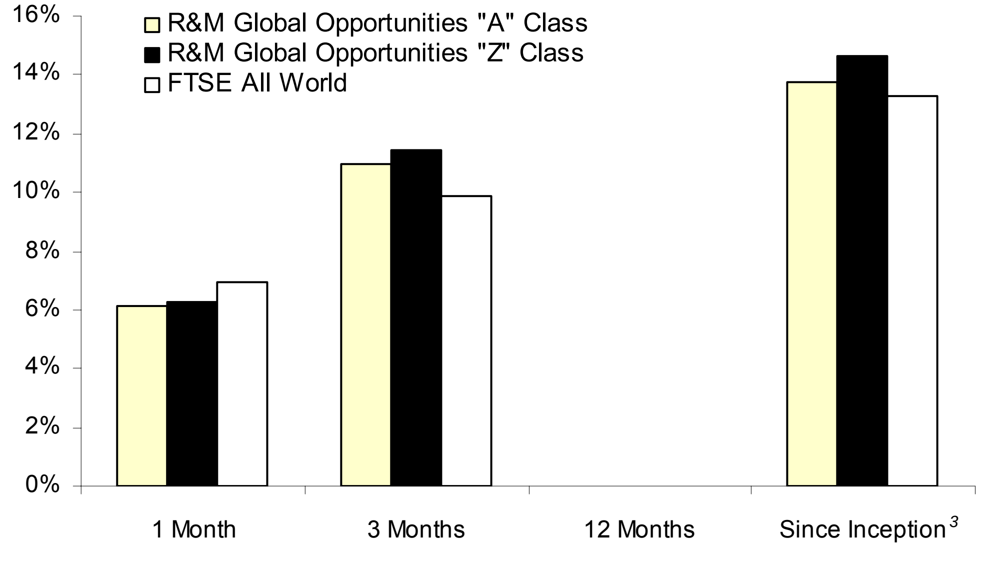
The investment objective of the Fund is to achieve capital growth through investing in a concentrated portfolio of global equities of companies which the Manager believes represent the most attractive opportunities to achieve above average returns. The Fund will not be restricted by reference to a benchmark, sector constraints or company size.

Portfolio Summary			Risk Analysis Summary	
Strategy AUM		£326.7m	Portfolio Volatility	18.21 %
Strategy Capacity		£2bn	Benchmark Volatility	17.46 %
Number of stocks		51	Tracking Error	4.79 %
Largest Holding	Capgemini	2.66 %	Portfolio Beta	1.01
			Active Money	94.60 %

Performance to 31 March 2010

Retail "A" Class Shares	Fund[1]	Index *	Difference
1 Month	6.11%	6.95%	-0.84%
3 Months	10.96%	9.90%	1.06%
12 Months	-	-	-
Since Inception[3]	13.73%	13.31%	0.42%

Institutional "Z" Class Shares	Fund[2]	Index*	Difference
1 Month	6.28%	6.95%	-0.67%
3 Months	11.44%	9.90%	1.54%
12 Months	-	-	-
Since Inception[3]	14.67%	13.31%	1.36%



Source: River and Mercantile Asset Management LLP
**Index: FTSE All World*
[1]Performance calculated on a mid to mid basis at close of business, net of annual management charge
[2]Performance calculated on a mid to mid basis at close of business, gross of annual management charge
[3]Inception date 8 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 11.4% 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 ***Develeraging***, ***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.

Alex Stanić & Alex O'Reilly
Portfolio Managers

Fund Facts

Launch date	8 October 2009
Fund manager:	Alex Stanić
IMA sector:	Global Growth
Benchmark:	FTSE All World
Tracking error range:	N/A
Product capacity:	£2 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	1.75%	1.00%	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	B3S4FZ4	B3QHX28	B3QJ1B9
ISIN	GB00B3S4FZ41	GB00B3QHX281	GB00B3QJ1B92
Bloomberg	RMGLOPA	RMGLOPB	RMGLOPZ

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