RIVER AND MERCANTILE
ASSET MANAGEMENT

# UK Equity Unconstrained Fund I Quarterly Report
September 2011

# River and Mercantile

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## UK Equity Unconstrained  Fund – Quarterly Report

### Fund Aim

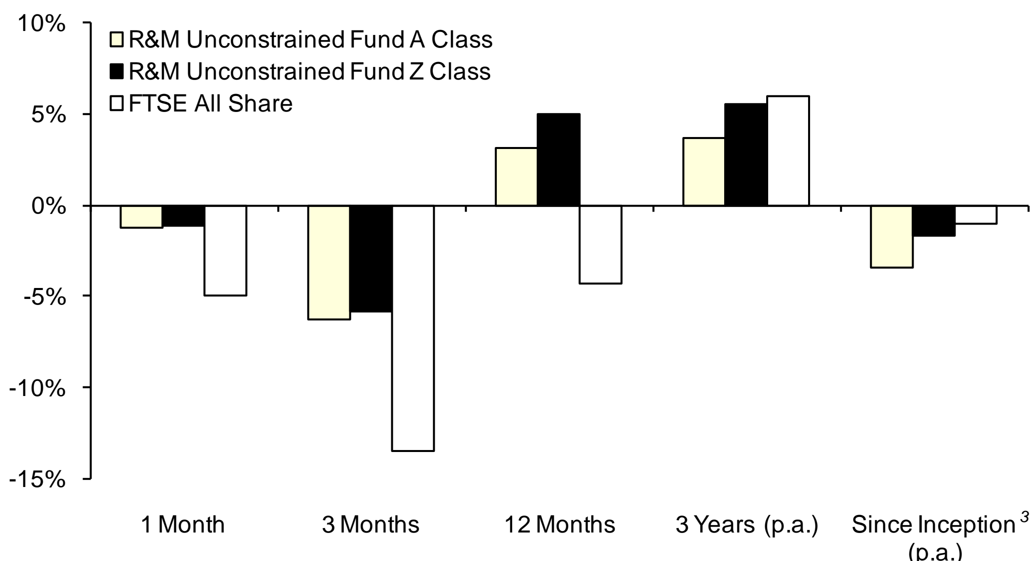
The investment objective of the Fund is to achieve capital growth through investing in a concentrated portfolio which will primarily consist of UK equities. The Fund will not be restricted by reference to a benchmark, sector constraints or company size.

| **Portfolio Summary** | | | **Risk Analysis Summary** | |
|---|---|---|---|---|
| Strategy AUM | | £10.4m | Tracking Error | 6.46 % |
| Strategy Capacity | | £1bn | Active Money | 62.08 % |
| Number of stocks | | 39 | | |
| Largest Holding | GlaxoSmithKline | 5.28 % | | |

### Performance to 30 September 2011

| **Retail "A" Class Shares** | **Fund[1]** | **Index *** | **Difference** |
|---|---|---|---|
| 1 Month | -1.22% | -5.01% | 3.79% |
| 3 Months | -6.24% | -13.50% | 7.26% |
| 12 Months | 3.16% | -4.36% | 7.52% |
| 3 Years (p.a.) | 3.73% | 6.04% | -2.31% |
| Since Inception[3] (p.a.) | -3.38% | -1.06% | -2.32% |

| **Institutional "Z" Class Shares** | **Fund[2]** | **Index *** | **Difference** |
|---|---|---|---|
| 1 Month | -1.08% | -5.01% | 3.93% |
| 3 Months | -5.82% | -13.50% | 7.68% |
| 12 Months | 5.01% | -4.36% | 9.37% |
| 3 Years (p.a.) | 5.57% | 6.04% | -0.47% |
| Since Inception[3] (p.a.) | -1.68% | -1.06% | -0.62% |




*Source: River and Mercantile Asset Management LLP, FactSet*
**Index: FTSE All Share (Total Return)*
*[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 22 March 2007*

**"Quote for the Quarter"**

*"To buy when others are despondently selling and to sell when others are avidly buying requires the greatest fortitude and pays the greatest ultimate reward.*" Sir John Templeton

**Key observation**

Value dispersion has widened significantly within the market. The spread in valuations between the most expensive stocks in the market, and the cheapest, is once again very large. While dispersion is not as extreme as we saw at the end of 2008 and early 2009, re-allocating capital from some of the more over loved expensive stocks to less loved and cheaper stocks is appropriate. This is something we have actively been doing since mid-August. Subsequently, as a result of this development in the market, turnover in the fund has been somewhat higher in the recent period.

**Market Background**

The FTSE All-Share Index fell by 13.5% in Q3 2011. Peak to trough the fall was closer to 17%,with August being a particularly poor month. All size groupings were down by at least 13% in Q3 2011, with the FTSE 100 most resilient and the Mid Caps being the least, down 17%. Financials, led by Banks, and Basic Materials, led by Miners, had another poor quarter, with Consumer Goods & Healthcare amongst the strongest sectors. The key drivers were future global growth expectations moderating and the threat of a fresh banking crisis in Europe.

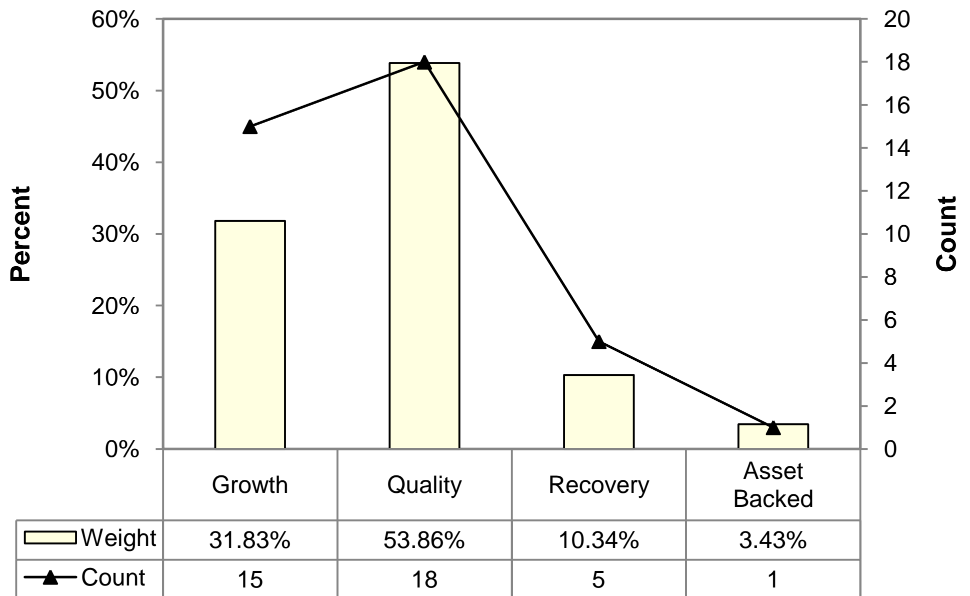
## How did we perform and why?

**3rd Quarter**

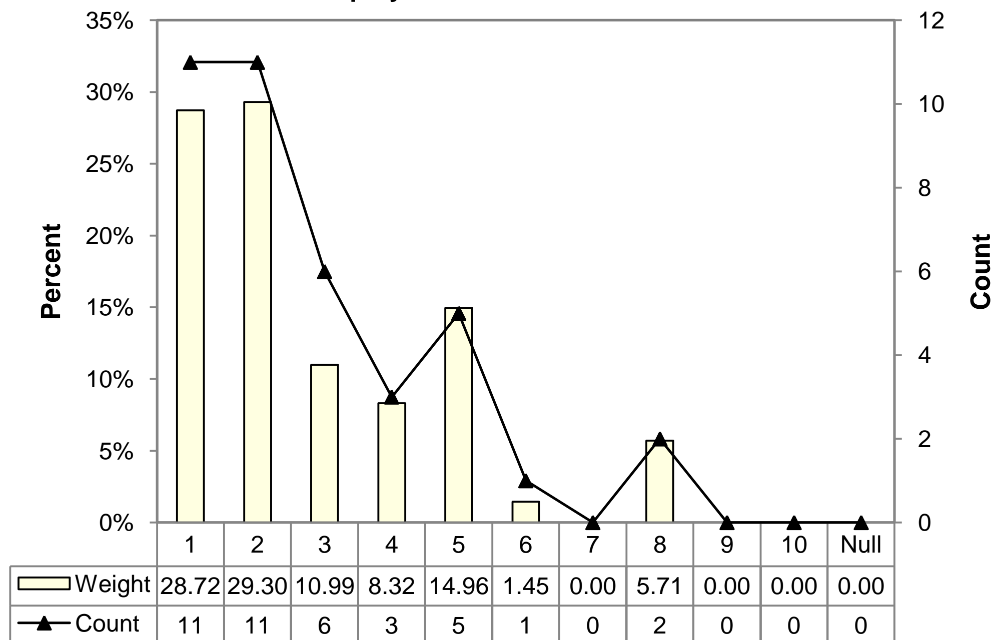
We returned -5.8% versus the benchmark FTSE All-Share return of -13.5%, providing a degree of protection to the fund's capital as markets fell. Positive contributions arose from our stable of technology stocks. **Blinkx**, **Iomart**, **EMIS** and **Perform** all delivered strong performances as the market began to wake up to the significant growth potential of these companies. Safe-havens were also found in the large cap defensive overweight positions. **GlaxoSmithKline** and **AstraZeneca** (Pharmaceuticals), **British American Tobacco** and **Imperial Tobacco**, **Tesco** and **Unilever** (Food) all contributed positively during the quarter. The cyclical areas of the market, in particular Financials and Resources, were a source of weakness. Overweights in our preferred resource stocks **BHP Billiton** and **Anglo American** were weak. A timely addition to the worlds largest building merchant **Wolseley** during the quarter all so made a positive contribution. Small caps began to underperform during the quarter and several of our cheapest small cap stocks contributed negatively - all were sold during the period – namely **Asian Citrus** (hit by Chinese small cap sold over corporate governance concerns), **RSM Tenon** (weak UK economy) and **Hyder Consulting** (slowing emerging market growth). Our investment in gold also made a positive contribution and we exited this position during August, as positive sentiment got as exuberant as I have ever seen it in almost ten years of investing in gold.

**Does the portfolio reflect our Philosophy & Process?**

The portfolio is currently tilted towards high Quality and Growth companies, which have a strong chance of outperforming whatever the global economic growth outlook. We have been particularly focused on buying cheap stocks of late. We have recently increased Recovery and Asset Backed exposure due to value dispersion within the market blowing out to high levels. In all cases, we continue to rotate the portfolio into strong, high scoring PVT ideas where we see medium term potential for companies to create significant shareholder value, on low valuations, with conservative growth expectations, and therefore where earnings upgrades are more likely to occur in future.




| | Growth | Quality | Recovery | Asset Backed |
|---|---|---|---|---|
| Weight | 31.83% | 53.86% | 10.34% | 3.43% |
| Count | 15 | 18 | 5 | 1 |




| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | Null |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Weight | 28.72 | 29.30 | 10.99 | 8.32 | 14.96 | 1.45 | 0.00 | 5.71 | 0.00 | 0.00 | 0.00 |
| Count | 11 | 11 | 6 | 3 | 5 | 1 | 0 | 2 | 0 | 0 | 0 |

*Source: River and Mercantile*

**What themes occupy us?**

Last quarter we highlighted defence stocks as an opportunity as the market had become too negative around their medium term prospects, providing a good investment opportunity. This quarter I shall highlight some of the key drivers behind my favourite Growth area that has emerged from our investment process – namely technology.

**Technology**

Over ten years, after the peak of the 1990s dot-com bubble, several new Internet companies like Facebook and Twitter are raising eyebrows due to their rapidly growing private market valuations, and even the occasional successful IPO. With scars from the heyday of Webvan and Pets.com still fresh in the investor psyche, people are asking, "Isn't this just a dangerous new bubble?“ Apple's immense profitability and dominant market position has ensured it has recently become the biggest company in America by market capitalisation, surpassing Exxon Mobil. Surely a warning sign?

I, along with others, am of the view that whilst there are clearly some bubble-like valuations being achieved in the US - many of the prominent new Internet companies are building real, high-growth, high-margin, highly defensible businesses. Much of the debate is focused around financial valuation, as opposed to the underlying intrinsic value of the best of these new companies. My own theory is that we are in the middle of another dramatic and broad technological and economic shift in which software companies are having a huge impact over large swathes of the economy. Technology companies tend to be US centric but increasingly we can find first class UK listed companies that are building strong market positions in growing markets.

More and more major businesses and industries are being run on software delivered as online services; from movies to agriculture to national defence. Many of the winners are entrepreneurial technology companies that are invading and overturning established industry structures. Over the next ten years, I expect many more industries to be disrupted by software, with new world-beating companies doing the disruption in more cases than not.

Why is this happening now? We are currently six decades into the computer revolution, four decades since the invention of the microprocessor, and two decades into the rise of the modern Internet, and all of the technology required to transform industries through software that finally works and can be delivered at global scale. Over two billion people now use the broadband Internet, up from perhaps 50 million a decade ago. In the next ten years, we would expect many more people worldwide to own smart phones, giving every individual with such a phone instant access to the full power of the Internet, every moment of every day.

On the back end, software programming tools and Internet-based services make it easy to launch new global software-powered start-ups in many industries—without the need to invest in new infrastructure and train new employees. In 2000, the cost of a customer running a basic Internet application was approximately £100,000 a month. Running that same application today in Amazon's cloud costs about £1,000 a month. With lower start-up costs and a vastly expanded market for online services, the result is a global economy that, for the first time, will be fully digitally wired—the dream of every cyber-visionary of the early 1990s, finally delivered a full generation later.

Perhaps the single most dramatic example of this phenomenon of software eating a traditional business is the suicide of Borders (the largest bookstore in the US at the time), and corresponding rise of Amazon. In 2001, Borders agreed to hand over its online business to Amazon under the theory that online **book sales** were non-strategic and unimportant. Whoops.

Today, the world's largest bookseller is Amazon a software company whose core capability is its amazing software engine for selling virtually everything online, no retail stores necessary. On top of that, while Borders was thrashing in the throes of impending bankruptcy, Amazon rearranged its web site to promote its Kindle digital books over physical books for the first time. Now even the books themselves are software. HMV’s Waterstones is a British victim of the same trend.

Today's largest **video** service by number of subscribers is a software company called Netflix. How Netflix eviscerated Blockbuster is an old story, but now other traditional entertainment providers are facing the same threat. Comcast, Time Warner and others are responding by transforming themselves into software companies with efforts such as TV Everywhere, which liberates content from the physical cable and connects it to smart phones and tablets.

Today's dominant **music** companies are software companies too: Apple's iTunes, Spotify and Pandora. Traditional record labels increasingly exist only to provide those software companies with content. Industry revenue from digital channels totaled $4.6 billion in 2010, growing to 29% of total revenue from 2% in 2004.

Today's fastest growing **entertainment** companies are videogame makers—again, software—with the industry growing to $60 billion from $30 billion five years ago. And the fastest growing major videogame company is Zynga (maker of games including FarmVille), which delivers its games entirely online. Zynga's first-quarter revenues grew to $235 million this year, more than double revenues from a year earlier. Rovio, maker of Angry Birds, is expected to clear $100 million in revenue this year (the company was nearly bankrupt when it debuted the popular game on the iPhone in late 2009). Meanwhile, traditional videogame powerhouses like Electronic Arts and Nintendo have seen revenues stagnate and fall. Closer to home Mothercare and Argos have seen sales of traditional toys collapse during this same period.

The best new **movie** production company in many decades, Pixar, was a software company, which Disney has now had to buy to remain relevant in animated movies.

**Photography**, of course, was eaten by software long ago. It's virtually impossible to buy a mobile phone that doesn't include a software-powered camera, and photos are uploaded automatically to the Internet for permanent archiving and global sharing. Companies like Photobox, Snapfish and Flickr have stepped into Kodak's place.

Today's largest **direct marketing** platform is a software company called Google. Now it's been joined by Groupon, Living Social, Foursquare and others, which are using software to eat the retail marketing industry. Groupon generated over $700 million in revenue in 2010, after being in business for only two years.

Today's fastest growing **telecom** company is Skype, a software company that was recently bought by Microsoft for $8.5 billion.

LinkedIn is today's fastest growing recruiting company. For the first time ever, on LinkedIn, employees can maintain their own resumes for recruiters to search in real time—giving LinkedIn the opportunity to eat the lucrative $400 billion **recruiting** industry.

Software is also eating much of the Value chain of industries that are widely viewed as primarily existing in the physical world. In today's **cars**, software runs the engines, controls safety features, entertains passengers, guides drivers to destinations and connects each car to mobile, satellite and GPS networks. The days when a car aficionado could repair his or her own car are long past, due primarily to the high software content. The trend toward hybrid and electric vehicles will only accelerate the software shift as electric cars are completely computer controlled.

The UK's leading real-world **retailer**, Tesco, uses software to power its logistics and distribution capabilities, which it has used to crush its competition. Likewise for FedEx which is best thought of as a software network that happens to have trucks, planes and distribution hubs attached. And the success or failure of **airlines** today and in the future hinges on their ability to price tickets and optimize routes and yields correctly with the use of software. Easyjet's state of the art passenger yield maximisation software and low cost fleet is allowing them to win the air travel battle in Europe.

Oil and gas companies were early innovators in supercomputing and data visualization and analysis, which are crucial to today's oil and gas exploration efforts. Agriculture is increasingly powered by software as well, including satellite analysis of soils linked to per-acre seed selection software algorithms.

The financial services industry has been visibly transformed by software over the last 30 years. Practically every financial transaction, from someone buying a cup of coffee, to someone trading a billion pounds of credit default derivatives, is done with software. And many of the leading innovators in financial services are software companies, such as Square, which allows anyone to accept credit card payments with a mobile phone, and PayPal, whose digital wallet generated more than $1 billion in revenue in the second quarter of this year, up 31% over the previous year.

**Healthcare** and **Education**, I believe, are next up for fundamental software-based transformation. Both of these industries, which historically have been highly resistant to entrepreneurial change, are primed for tapping by great new software-centric entrepreneurs. We hold EMIS who are helping NHS productivity through networking heir patient record systems and Pearson who are transforming themselves to be a global market leading educational software services provider.

Even national **defence** is increasingly software-based. The modern combat soldier is embedded in a web of software that provides intelligence, communications, logistics and weapons guidance. Software-powered drones launch airstrikes without putting human pilots at risk. Intelligence agencies undertake large-scale data mining with software to uncover and track potential terrorist plots. Cyber-security is now at the heart of our defence holdings BAE Systems and Ultra Electronics.

Companies in every industry need to assume that a software revolution is coming. This includes even industries that are software-based today. Great incumbent **software** companies like Oracle and Microsoft are increasingly threatened with irrelevance by new software offerings like Salesforce.com and Android. **Cloud computing** is no fad. It is a fundamental shift in the way computing will be delivered to your desktops, the way data will be stored and in the way companies will use software. When Edison centralized electricity generation and provided cheap power via super utilities, it changed the world in the late 19$^{th}$ and early 20$^{th}$ centuries. Centralising the world's servers in order to provide dirt cheap computing power is going to have an equally profound impact. Datacentre providers **Telecity** and **Iomart** are two of our investments benefitting from increasing cloud service provision.

In some industries, particularly those with a heavy real-world component such as **oil and gas**, the software revolution is primarily an opportunity for incumbents. But in many industries, new software ideas will result in the rise of new start-ups that invade existing industries with impunity. Over the next ten years, the battles between incumbents and software-powered insurgents will be epic. Joseph Schumpeter, the economist who coined the term "creative destruction," would be proud.

To understand why these changes are so exciting for some people, and so scary for others, a good place to start is the oConomy section on the website of **oDesk**, one of several booming online marketplaces for freelance workers. In July this year around 250,000 firms paid 1.3 million registered contractors who ply their trade there for over 1.8 million hours of work, nearly twice as many as a year earlier (over 100%pa growth).

ODesk, takes outsourcing, widely adopted by big business over the past decade, to the level of the individual worker. "Labour as a service" suits both employers, who can have workers on tap whenever they need them, and employees, who can earn money without the hassle of working for a big company, or even of leaving home.

It is still small, but oDesk shows how globalisation and innovation in information technology, the two big trends that have been under way for some time, are moving the world nearer to a single market for labour. Much of the work on oDesk comes from firms in rich economies and goes to people in developing countries, above all the Philippines and India. Getting a job done through oDesk can bring the cost down to as little as 10% of the usual rate. So the movement of work abroad in search of lower labour costs is no longer confined to manufacturing but now also includes white-collar jobs, from computer programming to copywriting and back-office legal tasks. This is likely to have a huge negative impact on pay rates everywhere in the developed world. It is an alarming development for middle-grade white-collar workers in the West, who saw what happened to manufacturing jobs in their economies.

**Schumpeter's innovation wave** showed that time, and again immense new technologies periodically transform everyday life and whole industries. The waves usually come in two phases, the initial development and growth which ends in hype and a bust followed by a second wave of winners who emerge from the bust as companies for the future. We saw the

same pattern with canals, trains, cars, electricity, mass production, telephone communications and now web technology. The birth of the internet lead to a spectacular dotcom bubble in 2000, with the real world benefit coming through in spades, years later, following the bust. Now the acceleration of cloud computing and the mobile internet are creating a second wave which is producing an economic tsunami but with it some phenomenal investment opportunities.

This should be a profoundly positive story within the UK economy. Our combination of great research universities, reliable business and contract law is, outside of the US, unprecedented and unparalleled in the world. If our government would only divert resources to training and education rather than misallocating capital to protect the bond holders of broken banks, the Brits might stand a chance of participating in this exciting innovation and wealth creation.

There are of course huge challenges. First of all, every new company today is being built in the face of massive economic headwinds, making the challenge far greater than it was in the relatively benign '90s. The good news about investing in a company during times like this is that the companies that do succeed are going to be strong and resilient. Secondly, many people in the UK and around the world lack the education and skills required to participate in the great new companies coming out of the software revolution. This is a tragedy since many of these companies are starved of talent. Qualified software engineers, managers, marketers and salespeople can rack up dozens of high-paying, high-upside job offers any time they want, while national unemployment is high and rising. This problem is even worse than it looks because many workers in existing industries will be stranded on the wrong side of software-based disruption and may never be able to work in their fields again. There's no way through this problem other than education, and we have a long way to go. Finally, the new companies need to prove their worth. They need to build strong cultures, delight their customers, establish their own competitive advantages and justify their rising valuations. No one should expect making money from a new high-growth, software-powered company in an established industry to be easy. It's brutally difficult and comes with a degree of risk for an investor due to the inate cyclicality of the sector.

Seeking to understand how the new generation of technology companies are doing what they do, looking at what the broader consequences are for businesses and the economy, and exploring what can be done collectively to expand the number of innovative new companies created in the UK is a big opportunity.

**Portfolio Strategy**

Our stockmarket lifecycle work suggests we are in the trend stage of the stock market lifecycle, but there are enough deteriorating data points to suggest a tilt to a large cap quality bias will continue to provide outperformance from here. Consensus estimate downgrades across the market continue at a pace as we move into the fourth quarter of 2011. Earnings growth expectations are priced to be significant so a focus on achievability of earnings estimates remains a priority. The Citi top-down strategy team expect 2% earnings growth in 2012 (they have tended to be a bullish team) but bottom-up analysts are looking for 13%. This disconnect is likely to result in big downgrades still coming through in cyclical parts of the market. We have maintained a large proportion of the portfolio in large caps, with much of that in defensive mega caps where we still perceive there is Value. **GlaxoSmithKline** and **AstraZeneca** in the Pharmaceuticals sector, **BAE Systems** in the Defence sector and **Tesco** in Food Retail would be good examples. They are two of the few areas of the market where we observe genuine Value. As described above we hold a number of technology companies which are on strong growth trajectories and in all sectors we are ensuring the companies we buy are positively impacted by technology rather than displaced by it.

Due to the high value dispersion we are once again seeing in the market, we have rotated a significant portion of the portfolio out of the more expensive defensive and Growth stocks into out of favour areas, where we feel prospects are improving and the stocks trade on very low multiples. The Travel & Leisure sector in particular is one where we feel there are a number of

strong companies trading very cheaply where they have strong prospects for improved return on capital, and accelerating growth despite the difficult economic environment. **FirstGroup** is a bus and rail company whose largest business is running Student buses in the US. They have deleveraged since the credit crunch and are benefitting from schools outsourcing their transport provision. They now trade on a PE of 7x which is equal to their 7% yield. **Easyjet** is Europe's leading low cost airline which is growing strongly through taking market share. We bought them with depressed earnings forecasts yet trading on a lowly PE of 8x. They have net cash on the balance sheet and no pension deficit unlike many of their competitors.

The above analysis suggests we shall continue to get efficacy from our PVT strategy. High scoring PVT stocks with overweights in some cheap defensives, as well as only limited exposure to deep cyclicals (energy and miners) is how we are positioned. We remain underweight in Banks although less so as we believe that earnings improvement will disappoint relative to previous recoveries. We have added to our domestic cyclical exposure as emerging markets slow causing international cyclical growth companies to de-rate. We still believe that economic growth will be challenging for a number of years to come. We are also maintaining a decent exposure to stocks that shall benefit from a stronger Dollar which is a trend we expect to start seeing through 2012 and beyond. Technology, Healthcare and Non-life Insurance companies are on average all net beneficiaries of this driver.

## Portfolio Activity

### Key Purchases

**Blinkx** is a growth stock at the heart of the changing technology landscape. Increased broadband penetration and the resulting strong growth in the on-line video advertising market is where Blinkx sits. Internet video content is exploding – (e.g. YouTube) and the problem for an end user is finding the right content. 'Search' (like Google) is the critical component. Blinkx is a search engine finding relevant video on the internet. They hold over one hundred technology patents. Most video searches by competitors use meta tags around videos (i.e. they look for text associated with the video). Blinkx actually watches the video, and then uses speech recognition and visual analysis in order to understand the video and provide the most meaningful contextual search to users. This competitive advantage is allowing them to grow exponentially. Currently they are second, and only just, to Google globally in internet video search. Their strong growth rates, cheap valuation, and improving profit forecasts make this a compelling investment.

**Cupid** is the UK's leading internet dating operator, which has also expanded internationally into the US, Canada and Australia amongst others. The Potential lies in the fact that analysts are fading Growth forecasts too aggressively given the structural growth of the overseas market. They are taking market share gains driving strong organic growth, supplemented by an acquisition programme where additional websites can be added to the IT platform for limited cost. 2012 will see strategic focus shift away from UK/US and increasingly to Australasia and India so additional fundraising may be required. Valuation multiples are quite high for this year and next year's forecasts earnings but given the growth potential, a FY13e P/E of 13.5x seems reasonable. Modelled growth suggests significant potential upside to profit forecasts and Timing is strong with good trading momentum/upgrades feeding share price performance.

As a bus/rail operator, **FirstGroup** has attractive defensive qualities but it also exhibits strong Recovery characteristics, with depressed margins combined with a low valuation which should both mean revert in the coming years. UK rail has good revenue visibility, UK bus services are stable and Greyhound in the US shows improving profitability. The key to margin recovery is First Student (US school bus) and FirstGroup's largest business. Margins should recover to 10% through cost savings and improved contract retention. Timing is improving with a positive relative EPS revision trend developing. Stable cash generation will allow them to pay down debt at a faster rate than the market currently anticipates and they will maintain 7%pa dividend growth in the meantime. The shares yield 7%.

**3i** is a diversified Private Equity company with a broad range of interests in mainly in continental Europe and where there is sound Asset Backing. Shares currently trade at approximately 40% discount to recently downgraded Net Asset Value which looks extreme as investors fret over the European Sovereign Debt crisis. With gearing now well under control versus the last downswing (debt looks to be around £300m which is very under geared compared to normal and the only exposure they have to the European periphery is a funeral services business in Spain which is pretty defensive as Mark Twain would testify!). This suggests that the harsh treatment by the market has been unduly harsh. The shares are now rock bottom again - like the domestic banks - but arguably it does not face anything like the problems they face. This is an Asset Backed Value investment that should respond positively to improving sentiment in the Euro zone.

Several other purchases were also made during the period which we shall not describe in detail here. Outsourcer **Serco** was the only quality stock purchased during the period. We increased our exposure to a domestic recovery through purchases of **Wolseley**, **Persimmon** and **Marshalls**, all construction related, as well as **Easyjet** and **Debenhams**. **Aviva** life insurance was also added for similar reasons to 3i.

**Sales and reductions**

We sold **Imperial Tobacco** which we felt had done very well as a defensive holding but still faced several challenges in Europe. Quality stocks such as **Reed**, **Shire**, **Victrex** and **Bunzl** were all sold on valuation grounds. Our holding in Gold was sold during August.

## Outlook

As we enter the final quarter of 2011 bottom-up company earnings expectations for 2012 remain high, with most predicting another year of double digit returns, but conditions in markets look similar to early 2008. We have seen how a relatively small deflationary shock can cause havoc in financial markets. Markets have corrected to reflect the worsening outlook for the economy and the crippling effects of recapitalizing banks in Europe. The good news is that in the short term risk aversion has recently reached extreme levels of pessimism again as we enter the fourth quarter which should result in us seeing some more positive returns.

We have significant positions in growth stocks benefitting from global technology and healthcare trends. Some defensive high quality large cap names remain on very attractive multiples, and your fund remains solidly positioned in that space. Pharmaceuticals, Defence, Food Retail and Insurance stocks all provide attractive Growth but where expectations are low and valuations low too. However, as a reflection of near term optimism for markets we have exited most of our more expensive tobacco positions, hold no beverage or utility stocks and have reduced our food stocks too. We hold no cash at this point in time. The capital has been recycled in to market leading stocks in out of favour industries like travel & leisure, construction, financial services, insurance and believe it or not – even banks.

The UK Equity portfolio continues to have attractive PVT characteristics and we own a portfolio of companies with strong prospects. In particular, Quality stocks with Valuation support and earnings visibility should outperform as we move into next year. The focus is firmly on PVT stocks, capable of growing on good valuations. I continue to be high conviction on Pharmaceutical and Healthcare stocks (**GlaxoSmithKline**, **AstraZeneca** and **Smith & Nephew**), Non Life (**JLT** & **Hiscox**) as well as high quality stocks on low valuations that have lagged the 2009 rally such as **BAE** and **Tesco**. Thank you for your support.

**Dan Hanbury**
**Portfolio Manager**

## Fund Facts

| | |
|---|---|
| Launch date | 22 March 2007 |
| Fund manager: | Dan Hanbury |
| IMA sector: | UK All Companies |
| Benchmark: | FTSE All-Share (Total Return) |
| Tracking error range: | N/A |
| Product capacity: | £1bn (pooled & segregated) |
| XD dates: | 1 April & 1 October |
| Dividend/Accumulation payment date: | 31 May and 30 Nov |

| Share class: | A | Z |
|---|---|---|
| Launch price (shares): | 100.00p | 500.00p |
| Share classification: | Retail | Institutional |
| Type of shares: | Income | Accumulation |
| Fund charges: | | |
| Annual | 1.75% | 0.00%* |
| Initial (up to) | 5.25% | 5.25% |
| *AMC charged outside the Fund | | |
| Minimum investment | | |
| Initial | £1,000 | £5 million |
| Subsequent | £500 | £50,000 |
| Sedol | B1NG829 | B1NGCT4 |
| ISIN | GB00B1NG8296 | GB00B1NGCT49 |
| Bloomberg | RIVMERA LN | RIVMERZ LN |

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