

# Simplified Prospectus

## River and Mercantile Funds ICVC

Incorporating the River and Mercantile UK Equity High Alpha Fund; the River and Mercantile UK Equity Smaller Companies Fund; the River and Mercantile UK Equity Unconstrained Fund; the River and Mercantile UK Equity Long Term Recovery Fund; the River and Mercantile UK Equity Income Fund; the River and Mercantile Global Opportunities Fund, the River and Mercantile Global Equity Fund, and the River and Mercantile Global High Income Fund.

As at 5<sup>th</sup> April 2011

The River and Mercantile Funds ICVC (the "**Company**") is an open-ended investment company ("**OEIC**") with variable capital, which has been incorporated under the Open-Ended Investment Companies Regulations 2001 in the United Kingdom and which is also governed by the New Collective Investment Scheme Sourcebook ("**COLL**"). The Company was authorised by the Financial Services Authority on 2<sup>nd</sup> October 2006.

The Company is structured as an umbrella company with the following sub-funds:

- River and Mercantile UK Equity High Alpha Fund;
- River and Mercantile UK Equity Smaller Companies Fund;
- River and Mercantile UK Equity Unconstrained Fund;
- River and Mercantile UK Equity Long Term Recovery Fund;
- River and Mercantile UK Equity Income Fund;
- River and Mercantile Global Opportunities Fund;
- River and Mercantile Global Equity Fund; and
- River and Mercantile Global High Income Fund

(which are referred to throughout this prospectus as the "**Funds**").

If you invest in the Company your contractual relationship will be with the Authorised Corporate Director (the "**ACD**"). This is River and Mercantile Asset Management LLP who operate a range of investment funds and products. The Simplified Prospectus together with the main prospectus (the "**Principal Prospectus**") relating to the Company constitute the terms of your investment. You should therefore read the Simplified Prospectus in full and ensure that you retain it. Copies of the Principal Prospectus are available from the ACD on request free of charge either before or after the conclusion of the contract.

### HOW DOES AN OEIC WORK?

You will receive shares in the OEIC (attributable to your selected Fund) in exchange for the capital you invest. Each share represents an equal proportion of the assets of the relevant Fund selected by you. Your capital is used to purchase new assets. Over time, securities are bought and sold in the OEIC, aiming to secure for you and other shareholders the maximum return in the form of income and/or capital growth, depending on the investment objective and policy adopted by the relevant Fund. By investing your capital in a range of securities in this way, you can participate in a wide spread of investments regardless of the size of your investment. A Depositary has control of all the

investments held by an OEIC. The Depositary must act solely in the interests of the OEIC's shareholders, and also has responsibility for supervising certain activities of the ACD, in accordance with the Financial Services and Markets Act 2000 and the relevant FSA rules. The shareholders of the OEIC will not be liable for the debts of the OEIC. A shareholder is not liable to make any further payments after the price on the purchase of shares in the OEIC has been paid.

### WHO IS THE COMPETENT REGULATORY AUTHORITY?

The Financial Services Authority (the "**FSA**") is the competent authority for investment funds authorised in the United Kingdom, including River and Mercantile Funds ICVC. The FSA can be contacted in writing at 25 The North Colonnade, Canary Wharf, London E14 5HS. The FSA's website is [www.fsa.gov.uk/consumer](http://www.fsa.gov.uk/consumer) and the consumer helpline is 0845 606 1234.

### WHO IS THE AUTHORISED CORPORATE DIRECTOR?

The Authorised Corporate Director or ACD of the Company is River and Mercantile Asset Management LLP. The ACD's operating and registered address is 30 Coleman Street, London EC2R 5AL. The ACD is authorised and regulated by the FSA. The ACD is registered on the FSA's Register with the number 453087.

### WHO IS THE INVESTMENT ADVISER?

The ACD has not delegated the investment management function and will therefore provide investment management services for the Company.

### WHO IS THE DEPOSITARY?

The Company's depositary is BNY Mellon Trust & Depositary (UK) Limited, its principal place of business in the United Kingdom is The Bank of New York Mellon Centre, 160 Queen Victoria Street, London EC4V 4LA.

The Depositary is authorised and regulated by the FSA and is registered on the FSA's Register with the number 188432.

### WHO IS THE AUDITOR?

PricewaterhouseCoopers LLP is the Auditor, whose operating address is Hay's Galleria, 1 Hays Lane, London, SE1 2RD. The Auditor is authorised and regulated by the Financial Services Authority and is registered on the FSA's Register with the number 221411.

### WHAT ARE THE INVESTMENT OBJECTIVES AND POLICIES OF THE FUNDS?

The investment objective and policy of each of the Funds is set out below. The base currency of each Fund is pounds sterling.

#### River and Mercantile UK Equity High Alpha Fund

The investment objective of the Fund is to achieve capital growth.

The Fund will achieve its investment objective by investing in a focussed portfolio of investments which shall primarily consist of UK equities which offer the prospect of superior long term growth.

For these purposes UK equities includes, but is not limited to, equities listed in the UK, equities of companies domiciled in the UK and equities of companies which have substantial operating activities in the UK. In addition to equities, the asset classes in which the Fund may invest includes transferable securities, units in collective investment schemes, money market instruments, cash and near cash and deposits to the extent permitted for UCITS schemes pursuant to the rules in COLL and in accordance with the Fund's investment powers as set out in the Principal Prospectus. Whilst the Company (and any further sub-funds which may be established subsequently) is permitted to invest in derivatives and forward transactions for investment

purposes, the Fund may invest in derivatives and forward transactions for hedging purposes only.

#### **River and Mercantile UK Equity Smaller Companies Fund**

The investment objective of the Fund is to achieve capital growth.

The Fund will achieve its investment objective by investing in a portfolio of investments which shall primarily consist of UK equities which reside in the bottom 10% of the UK stock market in terms of market capitalisation.

For these purposes UK equities includes, but is not limited to, equities listed in the UK, equities of companies domiciled in the UK and equities of companies which have substantial operating activities in the UK. In addition to equities, the asset classes in which the Fund may invest includes transferable securities, units in collective investment schemes, money market instruments, cash and near cash and deposits to the extent permitted for UCITS schemes pursuant to the rules in COLL and in accordance with the Fund's investment powers as set out in the Prospectus. Whilst the Company (and any further sub-funds which may be established subsequently) is permitted to invest in derivatives and forward transactions for investment purposes, the Fund may invest in derivatives and forward transactions for hedging purposes only.

#### **River and Mercantile UK Equity Unconstrained Fund**

The investment objective of the Fund is to achieve capital growth.

The Fund will achieve its investment objective 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.

For these purposes UK equities includes, but are not limited to, equities listed in the UK, equities of companies domiciled in the UK and equities of companies which have substantial operating activities in the UK. In addition to UK equities the Fund may also invest in overseas securities, and other asset classes including other transferable securities, units in collective investment schemes, money market instruments, cash and near cash and deposits to the extent permitted for UCITS Schemes pursuant to the rules in COLL and in accordance with the Fund's investment powers as set out in the Prospectus. Whilst the Company (and any further sub-funds which may be established subsequently) is permitted to invest in derivatives and forward transactions for investment purposes, the Fund may invest in derivatives and forward transactions for hedging purposes only.

Investors should note that the River and Mercantile UK Equity Unconstrained Fund is subject to the investment and borrowing restrictions applicable to UCITS schemes as set out in COLL, as are all the sub-funds.

#### **River and Mercantile UK Equity Long Term Recovery Fund**

The investment objective of the Fund is to achieve capital growth.

The Fund will achieve its investment objective through investing in a portfolio which will primarily consist of UK equities that meet the manager's recovery criteria of a turnaround in company profitability over the longer term.

The Fund will not be restricted by reference to a benchmark, sector constraints or company size.

For these purposes UK equities includes, but are not limited to, equities listed in the UK, equities of companies domiciled in the UK and equities of companies which have substantial operating activities in the UK. In addition to UK equities the Fund may also invest in overseas securities, and other asset classes including other transferable securities, units in collective investment

schemes, money market instruments, cash and near cash and deposits to the extent permitted for UCITS Schemes pursuant to the rules in COLL and in accordance with the Fund's investment powers as set out in the Principal Prospectus. Whilst the Company (and any further sub funds which may be established subsequently) is permitted to invest in derivatives and forward transactions for investment purposes, the Fund may invest in derivatives and forward transactions for hedging purposes only.

#### **River and Mercantile UK Equity Income Fund**

The investment objective of the Fund is to generate a rising level of income combined with the potential for capital growth.

The Fund will achieve its investment objective through investing in a portfolio which shall primarily consist of UK equities, however, it may also invest in other instruments such as government gilts, corporate fixed income securities and convertibles.

For these purposes UK companies includes, but are not limited to, companies listed in the UK, companies domiciled in the UK and companies which have substantial operating activities in the UK. In addition to equities, the asset classes in which the Fund may also invest includes other transferable securities, units in collective investment schemes, money market instruments, cash and near cash and deposits to the extent permitted for UCITS Schemes pursuant to the rules in COLL and in accordance with the Fund's investment powers as set out in Appendix 1 to the Principal Prospectus. Whilst the Company (and any further sub-funds which may be established subsequently) is permitted to invest in derivatives and forward transactions for investment purposes, the Fund may invest in derivatives and forward transactions for hedging purposes only.

#### **River and Mercantile Global Opportunities Fund**

The investment objective of the Fund is to achieve capital growth.

The Fund will achieve its investment objective 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.

For these purposes global equities includes equities listed or domiciled in the "Eligible Markets" as detailed in Appendix 2 of the Principal Prospectus. In addition to equities, the asset classes in which the Fund may invest includes transferable securities, units in collective investment schemes, money market instruments, cash and near cash and deposits to the extent permitted for UCITS schemes pursuant to the rules in COLL and in accordance with the Fund's investment powers as set out in Appendix 1 to the Prospectus. Whilst the Company (and any further sub-funds which may be established subsequently) is permitted to invest in derivatives and forward transactions for investment purposes, the Fund may invest in derivatives and forward transactions for hedging purposes only.

#### **River and Mercantile Global Equity Fund**

The investment objective of the Fund is to achieve capital growth.

The Fund will achieve its investment objective 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.

For these purposes global equities includes equities listed or domiciled in the "Eligible Markets" as detailed in Appendix 2 of the Principal Prospectus. In addition to equities, the asset classes in which the Fund may invest includes transferable securities, units in collective investment schemes, money market instruments, cash and near cash and deposits to the extent

permitted for UCITS schemes pursuant to the rules in COLL and in accordance with the Fund's investment powers as set out in Appendix 1 to this Prospectus. Whilst the Company (and any further sub-funds which may be established subsequently) is permitted to invest in derivatives and forward transactions for investment purposes, the Fund may invest in derivatives and forward transactions for hedging purposes only.

### River and Mercantile Global High Income Fund

The investment objective of the Fund is to achieve a high and rising level of income with capital growth over the long term.

The Fund will achieve its investment objective through investing in a portfolio which shall primarily consist of global equities, providing an above average yield, however, it may also invest in other instruments such as government bonds, corporate fixed income securities and convertibles.

For these purposes global equities includes equities listed or domiciled in the "Eligible Markets" as detailed in Appendix 2 of the Principal Prospectus. In addition to equities, the asset classes in which the Fund may invest includes transferable securities, units in collective investment schemes, money market instruments, cash and near cash and deposits to the extent permitted for UCITS schemes pursuant to the rules in COLL and in accordance with the Fund's investment powers as set out in Appendix 1 of the Principal Prospectus. Whilst the Company (and any further sub-funds which may be established subsequently) is permitted to invest in derivatives and forward transactions for investment purposes, the Fund may invest in derivatives and forward transactions for hedging purposes only.

### WHAT SHARES ARE AVAILABLE FOR INVESTMENT?

Under the Company's constitutional documents, the Company is permitted to issue Class A Shares, Class B Shares and Class Z Shares which may be issued as income and accumulation shares in relation to each of the Funds. Currently Class A (income) Shares are available to investors in all Funds; Class B (accumulation) Shares are only available to investors in the River and Mercantile UK Equity High Alpha Fund, River and Mercantile Global Equity Fund and River and Mercantile Global Opportunities Fund; Class B (income) Shares are only available to investors in the River and Mercantile UK Equity Income Fund, the River and Mercantile UK Equity Long Term Recovery Fund, and the River and Mercantile Global High Income Fund; and Class Z (accumulation) Shares are available to investors in all Funds with the exception of the River and Mercantile UK Equity Income Fund and River and Mercantile Global High Income Fund which have no Z Shares currently launched. The different share classes attract different charging structures as set out below. Further details are contained in the Principal Prospectus.

You can sell your shares whenever you wish, save in certain circumstances described in the Principal Prospectus. However, as is the case with any investment in an authorised fund you should view your investment as long term.

### WHEN ARE THE SHARES AVAILABLE FOR INVESTING?

The River and Mercantile UK Equity High Alpha and Smaller Companies Funds were launched on 28<sup>th</sup> and 30<sup>th</sup> November 2006 respectively.

The River and Mercantile UK Equity Unconstrained Fund was launched on the 22<sup>nd</sup> March 2007.

The River and Mercantile UK Equity Fund was launched on the 25<sup>th</sup> February 2008. This fund will close on 28<sup>th</sup> March 2011.

The River and Mercantile UK Equity Long Term Recovery Fund was launched on the 17<sup>th</sup> July 2008.

The River and Mercantile UK Equity Income Fund was launched on the 2<sup>nd</sup> February 2009.

The River and Mercantile Global Opportunities Fund was launched on the 8<sup>th</sup> October 2009.

The River and Mercantile Global Equity Fund was launched on the 14<sup>th</sup> October 2009.

The River and Mercantile Global High Income Fund was launched on 27<sup>th</sup> April 2010.

### WHAT ARE THE RISKS OF INVESTING IN THE FUNDS?

Investors should bear in mind that all investment carries risk and in particular should be aware of the following general risks which apply to the Funds:

- (a) **Market Risk:** Past performance is not a guide to the future. The value of shares and the income derived from them can go down as well as up and as a result the investor may not get back the amount originally invested. This can be as a result of market movements and also of variations in the exchange rates between currencies. For example, there may be the risk that an entire market of an asset class will decline thus affecting the prices and values of the assets. The ACD's initial charge (as set out in the Principle Prospectus under the heading "The Authorised Corporate Director's Charges") is deducted from an investment at the outset and an equivalent rise in the value of the shares is required before the original investment can be recovered.
- (b) **Hedging Risk:** In certain circumstances, for efficient portfolio management purposes to reduce or to eliminate risk arising from fluctuations in interest or exchange rates and the price of investments, the Investment Adviser may enter into certain derivatives transactions, including, without limitations, forward transactions, futures and options. The value of these investments may fluctuate significantly. By holding these types of investments there is a risk of capital depreciation in relation to certain Funds assets. There is also the potential for capital appreciation of such assets.
- (c) **Performance Risk:** There will be a variation in the performance between different Funds with similar objectives due to the different assets selected. Funds will also diverge from their benchmarks depending on these selections. There is no guarantee of the performance of your investment.
- (d) **Contagion Risk:** The Funds are not "ring-fenced" and in the event of the Company being unable to meet the liabilities attributable to any particular Fund out of the assets attributable to such Fund, the excess liabilities may have to be met out of the assets attributable to the other Funds.
- (e) **Tax Risk:** Prevailing tax levels and relief are liable to change and may be dependent on individual circumstances. Please note current tax levels and reliefs may change and their value will depend on the investors individual circumstances.
- (f) **Settlement Risk:** The Funds may be subject to the risk that a settlement in a transfer system does not take place as expected because a counterparty does not pay or deliver on time as expected.
- (g) **Inflation risk:** Inflation can affect the value of your investment.
- (h) **Credit Risk:** There is a risk that the Funds may have dealings with an issuer or counterparty that will default.

The Funds have different areas of investment and the following specific risks may therefore apply:

- (a) **Concentration Risk:** Where the Funds invest in a concentrated portfolio of assets, short-term volatility could be relatively high which means that should a particular investment decline in value or is adversely affected it may

have a more pronounced effect of that within a Fund with a larger number of investments.

- (b) **Liquidity Risk:** Depending on the types of assets the Fund invests in, there may be occasions where there is an increased risk that a position cannot be liquidated in a timely manner at a reasonable price. This will usually occur where the Funds have invested in shares in smaller companies or in emerging markets for example, where the shares are traded less frequently.
- (c) **Smaller companies:** Smaller companies and businesses at an early stage of their development carry a higher degree of risk than investing in larger companies. The shares of smaller companies may be less liquid and their performance more volatile over shorter time periods.

Details of all the risks mentioned in this Simplified Prospectus may be found in the Principal Prospectus.

#### WHO ARE THE FUNDS DESIGNED FOR?

The Funds may be marketed to all classes of investor. However, a typical investor will understand and appreciate the risks associated with investing in shares in the Funds and will have received advice from an appropriately qualified financial adviser. It is anticipated that retail investors will invest in Class A Shares and institutional investors will invest in Class B and Z Shares.

If the investment is for a specific aim, it will be the responsibility of the investor to monitor whether the investment is sufficient to achieve their personal investment objectives.

#### HOW DO I INVEST?

You may invest in a Fund by purchasing shares at a single price, which is based on the value of the underlying assets. Shares may normally be bought or sold on any business day between 8.30 am and 5.30 pm. Share prices are calculated daily at the valuation point of 12 noon, however applications for shares should be received by 11 am to ensure inclusion at the following valuation point.

Initial applications from retail investors made directly to the ACD (i.e. not via an intermediary) must be made by completing an application form and this should be sent with the applicant's cheque or bankers draft to the ACD's administrator at River and Mercantile, BNY Mellon House, Ingrave Road, Brentwood, Essex CM15 8TG,. Subsequent applications by retail investors up to a value of £25,000 may be made either by telephoning the Administrator on 0845 603 3618 between 8.30am and 5.30pm on any Business Day or by fax 0870 275 0021 or by completing an application form. Subsequent applications by retail investors over £25,000 must be made by application form with an accompanying cheque or banker's draft. Applications from intermediary and institutional investors may be made either by telephoning the Administrator on 0845 603 3618, or by fax 0870 275 0021 or by application form.

Application forms are available directly from the ACD or may be downloaded from the ACD's website ([www.riverandmercantile.com](http://www.riverandmercantile.com)). All Funds deal on a forward basis, which means that orders received will be dealt with at the price calculated at the next valuation point.

#### ARE THERE ANY MINIMUM INVESTMENT REQUIREMENTS?

In respect of shares currently available in relation to each Fund the minimum value in which any one person may purchase initially is £1,000 for Class A Shares, £2,500,000 for Class B Shares and £5,000,000 for Class Z Shares.

The minimum additional investment is £500 for Class A Shares, £25,000 for Class B Shares and £50,000 for Class Z Shares. A minimum balance of £500 for Class A Shares, £1,250,000 for Class B Shares and £2,500,000 for Class Z Shares must be maintained.

#### MAY I CHANGE MY MIND AFTER I HAVE INVESTED?

To the extent you are a retail investor and you have been given advice on a face to face basis in relation to your purchase of shares in the Company, you will have the right to cancel your application. However, should you cancel, you may not get back all of your money if the share price has fallen since your investment was made. The right to cancel gives you 14 days from the date you receive your cancellation notice in which to change your mind and notify us in writing. The cancellation notice will be enclosed with your contract note, where applicable.

#### HOW IS MY INVESTMENT VALUED?

Shares in the Funds are priced on a single "mid-market" basis in accordance with the relevant rules of the FSA. This means that there is a single price which applies regardless of whether you are buying or selling. However, there are costs such as an initial charge which you pay on investing in the Funds and (in certain circumstances) a dilution adjustment may be applied (see below). The price of a share is calculated by dividing the net asset value (which generally constitutes assets minus liabilities) of the Fund by the number of shares issued in relation to that Fund.

#### IS THERE A DILUTION ADJUSTMENT?

The basis on which the Fund's investments are valued for the purposes of calculating the buying and selling price of shares is stipulated in COLL and the Company's Instrument of Incorporation and explained in detail in the Principal Prospectus. The total proceeds of sale of a Fund's investments may be less than, and the total purchase price of a Fund's investments may be more than, the mid-market value used in calculating the share price, due to dealing charges, or through dealing at prices other than the mid-market price, for example. Under certain circumstances (for example, large volumes of deals), this may have an adverse effect on the existing shareholders' interest in a Fund. In order to mitigate this effect, called 'dilution', the ACD has the power to apply a 'dilution adjustment', on the issue and/or redemption of shares in a Fund.

The dilution adjustment for each Fund will be calculated by reference to the estimated costs of dealing in the underlying investments of that Fund, including any dealing spreads, commission and transfer taxes. Where a dilution adjustment is applied, the net asset value of the relevant Fund will be adjusted by an amount not exceeding 1%.

The need to apply a dilution adjustment will depend on the volume of sales (shares issued) or redemptions of shares. The ACD may apply a dilution adjustment on the issue and redemption of shares if, in its opinion, the existing shareholders (for shares issues) or remaining shareholders (for redemptions) might otherwise be adversely affected, and if applying a dilution adjustment, so far as practicable, it is fair to all shareholders and potential shareholders. In particular the dilution adjustment may be applied in the following circumstances:

- (a) where a Fund is in continual decline (i.e. is suffering a net outflow of investments);
- (b) where the ACD anticipates the Fund will be in a period of sustained growth through net inflows of investment;
- (c) on a Fund experiencing net sales or net redemptions on any dealing day equivalent to 2.5% or more, for the size of that Fund;
- (d) in any other case where the ACD is of the opinion that the interests of the shareholders require the imposition of a dilution adjustment.

On the occasions that the dilution adjustment is not applied there may be an adverse impact on the total assets of the Fund which may otherwise constrain the future growth of the Fund in question.

It should be noted that as dilution is directly related to the inflows and outflows of monies from the Company, it is not possible to predict accurately whether or not dilution will occur at any particular future point in time, and how frequently the ACD will need to make such a dilution adjustment.

#### IS THERE AN INITIAL CHARGE?

There is an initial charge of 5.25% on Class A Shares, Class B Shares and Class Z Shares. This charge will be calculated as a percentage of the gross investment (i.e. excluding the initial charge) and be deducted from the amount you have provided for investment.

#### IS THERE AN ANNUAL MANAGEMENT CHARGE?

There is an annual management charge of 1.5% which applies to all Class A Shares, with the exception of the Class A Shares issued by the River and Mercantile UK Equity Unconstrained Fund, the River and Mercantile UK Equity Long Term Recovery Fund and the River and Mercantile Global Opportunities Fund which have an annual management charge of 1.75%. There is an annual management charge of 0.75% which applies to the Class B Shares issued by the River and Mercantile UK Equity High Alpha Fund, the River and Mercantile UK Equity Income Fund, the River and Mercantile Global Equity Fund and the River and Mercantile Global High Income Fund; and an annual management charge of 1% which applies to the Class B Shares issued by the River and Mercantile UK Equity Long Term Recovery Fund and the River and Mercantile Global Opportunities Fund. There is currently no annual management charge in respect of the Class Z Shares. The annual management charge constitutes the principal remuneration of the ACD from which it pays certain costs concerning the operation of the Funds.

#### IS THERE A SWITCHING CHARGE?

A switching charge will be payable on an exchange of shares in the Company. The switching charge is equal to the initial charge payable on the shares being purchased.

#### ARE THERE OTHER CHARGES AND EXPENSES?

There are additional charges payable by the Company which include administrative and fund accounting fees and expenses, the fees of the Depositary, the custodian, the Auditor, professional advisers, and the FSA, together with VAT, where applicable. The Company may reimburse certain expenses incurred by the ACD. These expenses include payment for the provision of administration services and tax compliance services, as well as the costs of publishing and making available the annual and interim reports and accounts. In addition the Company will be responsible for certain transaction costs, including broker's commission, stamp duty, and custodian costs relating to the settlement of transactions. Please see the Principal Prospectus for further details of charges and expenses.

The Total Expense Ratio (TER) reflects the annual operating costs of a Fund, and is the sum of the annual management charge and any other operational charges and estimated probable expenses, not including transaction costs. The additional expenses include Depositary and custody fees, fees for registration, regulation and audit. The TER information is intended to help you compare the annual operating expenses of the Company with other schemes.

The TER information for the Funds for the year ended 31<sup>st</sup> March 2010 is as follows:

Fund Name	Share Class	TER %
UK Equity High Alpha	A	1.64
UK Equity High Alpha	B	0.90
UK Equity High Alpha	Z	0.15
UK Equity Smaller Companies	A	1.65

UK Equity Smaller Companies	Z	0.14
UK Equity Unconstrained	A	1.90
UK Equity Unconstrained	Z	0.24
UK Equity Long Term Recovery	A	1.88
UK Equity Long Term Recovery	B	1.14
UK Equity Long Term Recovery	Z	0.15
UK Equity Income	A	1.64
UK Equity Income	B	0.90

The River and Mercantile Global Opportunities Fund, the River and Mercantile Global Equity Fund, and the River and Mercantile Global High Income Fund were launched within the last 12 months of the latest financial year end and hence the TER figures are not shown.

Further details in relation to these kinds of arrangements are set out in the Principal Prospectus.

#### IS THERE A PERFORMANCE RELATED FEE?

There is currently no performance related fee.

#### HOW DO THE CHARGES AND EXPENSES AFFECT MY INVESTMENT?

The AMC of a Fund varies across each River and Mercantile Fund and individual Share Class. The below provides an illustration of the effect of charges for Class A Shares with an AMC of 1.75%, Class B Shares with an AMC of 0.75% and Class Z Shares with an AMC of 0%.

##### Investment in Class A Shares with an AMC of 1.75%

The effect of charges on Class A Shares with an AMC of 1.75% for an investment of £7,000 assuming growth of 6% per year is set out below. The growth rate is not guaranteed, it is purely used for the purposes of demonstrating the effect of charges and expenses on an investment of £7,000.

These examples do not take into account any discount (where relevant) you may get in respect of the initial charge of 5.25%. The actual return you experience may be more or less and may certainly vary from year to year. Do not forget that inflation would reduce what you could buy in the future with the amount shown. All investment managers use the same rate of growth for illustrations but their charges vary. The initial charge is added to the price of shares upon purchase. The tax relief available on charges and expenses has been taken into account when calculating these figures. Income is shown gross of any tax. The costs of dealing in the underlying investments are not included.

At year end	Investment to date	Effect of deductions to date	Income to date (Gross)	What you might get back at 6%
	£	£	£	£
1	£7,000	£492	£59	*
3		£793	£179	*
5		£1,123	£300	£7,819
10		£2,084	£603	£9,193

\* this holding should be viewed as medium to long term and therefore these figures are not shown

The last line in the table shows that over 10 years the effect of the total charges and expenses could amount to £2,084.

Putting it another way, this would have the same effect as bringing investment growth from 6% a year down to 3.64% a year.

#### Investment in Class B Shares with an AMC of 0.75%

The effect of charges on Class B Shares with an AMC of 0.75% for an investment of £2,500,000 assuming growth of 6.0% per year is set out below. The growth rate is not guaranteed, it is purely used for the purposes of demonstrating the effect of charges and expenses on an investment of £2,500,000.

These examples do not take into account any discount (where relevant) you may get in respect of the initial charge of 5.25%. The actual return you experience may be more or less and may certainly vary from year to year. Do not forget that inflation would reduce what you could buy in the future with the amount shown. All investment managers use the same rate of growth for illustrations but their charges vary. The initial charge is added to the price of shares upon purchase. The tax relief available on charges and expenses has been taken into account when calculating these figures. The costs of dealing in the underlying investments are not included.

At year end	Investment to date £	Effect of deductions to date £	What you might get back at 6% £
1	£2,500,000	£156,413	*
3		£229,408	*
5		£316,902	£3,028,662
10		£615,374	£3,861,745

\* this holding should be viewed as medium to long term and therefore these figures are not shown

The last line in the table shows that over 10 years the effect of the total charges and expenses could amount to £615,374. Putting it another way, this would have the same effect as bringing investment growth from 6.0% a year down to 4.44% a year.

#### Investment in Class Z (Acc) Shares with an AMC of 0%

The effect of charges on Class Z Shares with an AMC of 0% for an investment of £5,000,000 assuming growth of 6% per year is set out below. The growth rate is not guaranteed, it is purely used for the purposes of demonstrating the effect of charges and expenses on an investment of £5,000,000.

These examples do not take into account any discount (where relevant) you may get in respect of the initial charge of 5.25%. The actual return you experience may be more or less and may certainly vary from year to year. Do not forget that inflation would reduce what you could buy in the future with the amount shown. All investment managers use the same rate of growth for illustrations but their charges vary. The initial charge is added to the price of shares upon purchase. The tax relief available on charges and expenses has been taken into account when calculating these figures. The costs of dealing in the underlying investments are not included.

At year end	Investment to date £	Effect of deductions to date £	What you might get back at 6% £
1	£5,000,000	£271,971	*
3		£322,629	*
5		£381,597	£6,309,531
10		£574,196	£8,380,042

\* this holding should be viewed as medium to long term and therefore these figures are not shown

The last line in the table shows that over 10 years the effect of the total charges and expenses could amount to £574,196.

Putting it another way, this would have the same effect as bringing investment growth from 6% a year down to 5.30% a year.

#### WHAT IS THE PORTFOLIO TURNOVER RATE (PTR) AND HOW DOES IT AFFECT MY INVESTMENT?

The PTR reflects the volume of dealing within the Company and is calculated on an annual basis. The more frequently stocks and shares are bought and sold for the Company the higher the PTR is likely to be, this may result in higher costs to the Company but may also mean that the Investment Adviser is actively managing the assets in line with the Funds' stated objectives.

The PTR information for the Funds for the year ended 31<sup>st</sup> December 2009 is as follows:

Fund Name	PTR %
UK Equity High Alpha	117.65
UK Equity Smaller Companies	187.16
UK Equity Unconstrained	188.41
UK Equity Long Term Recovery	165.57
UK Equity Income Fund	139.36

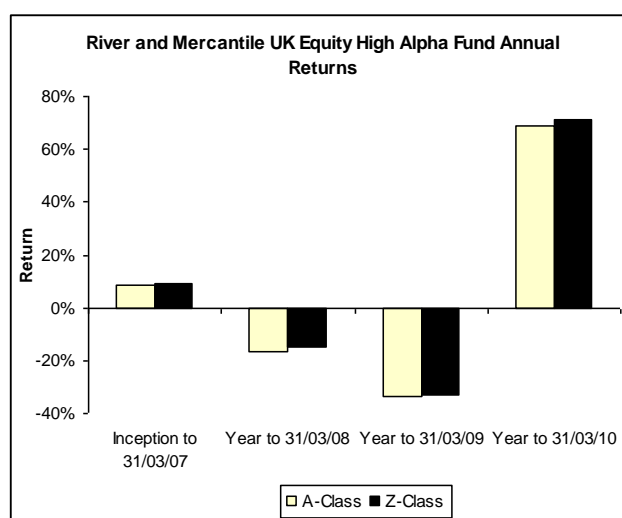
As the River and Mercantile Global Opportunities Fund, the River and Mercantile Global Equity Fund and the River and Mercantile Global High Income Fund were launched in the past 12 months the PTR figures are not shown.

#### HOW HAVE THE FUNDS PERFORMED IN THE PAST?

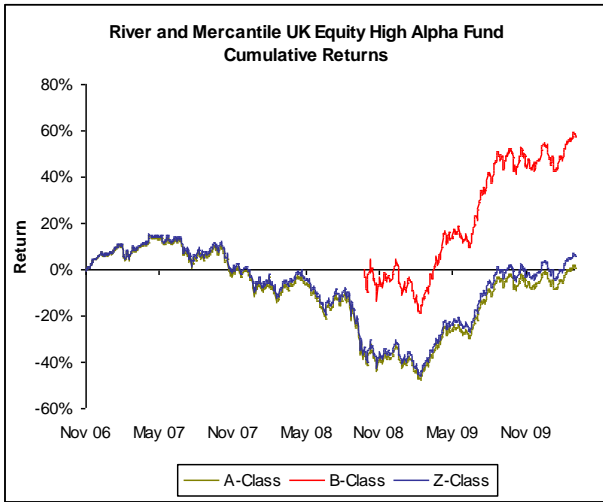
The performance data given below for each fund is valid as at 31<sup>st</sup> March 2010 and is updated annually. The figures provided are net of tax and charges, do not include the effect of subscription or redemption fees and have had income re-invested. Past performance is no indicator of future performance. All graphs in this section are sourced from River and Mercantile Asset Management LLP.

#### UK Equity High Alpha Fund

##### Past Performance

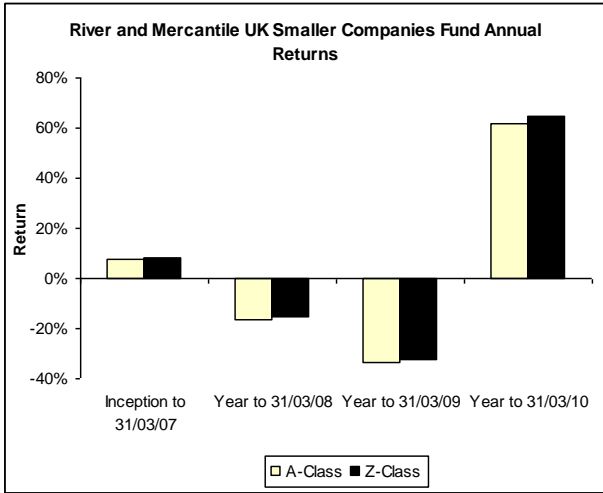


##### Cumulative Performance

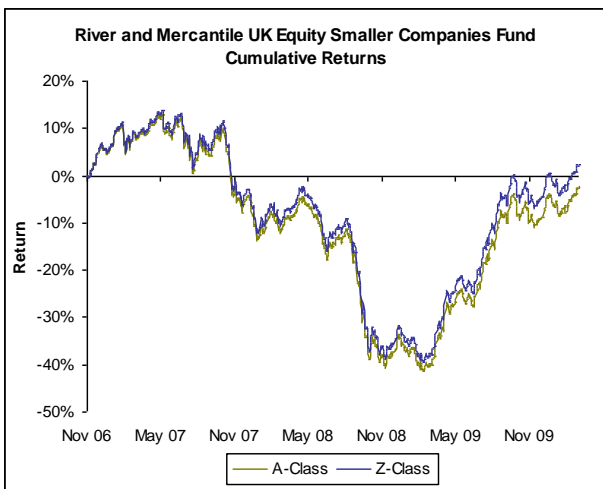


### UK Equity Smaller Companies Fund

#### Past Performance

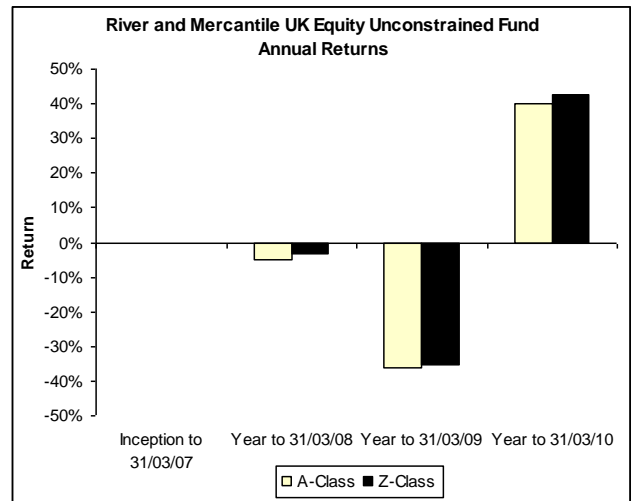


#### Cumulative Performance

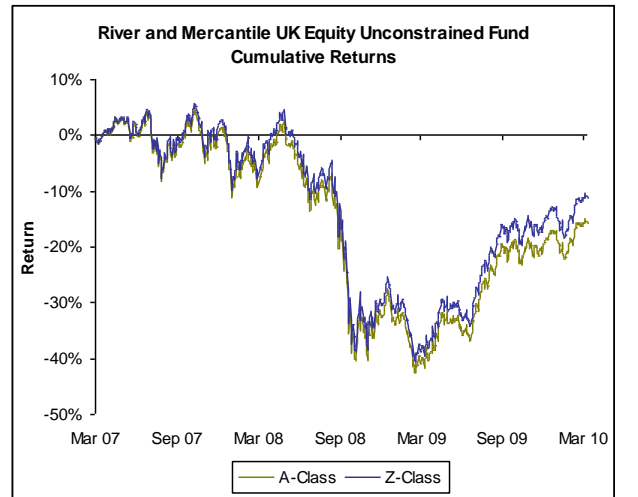


### UK Equity Unconstrained Fund

#### Past Performance

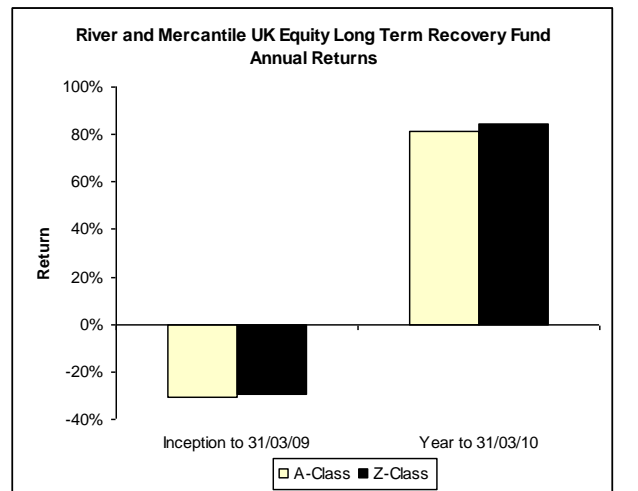


#### Cumulative Performance

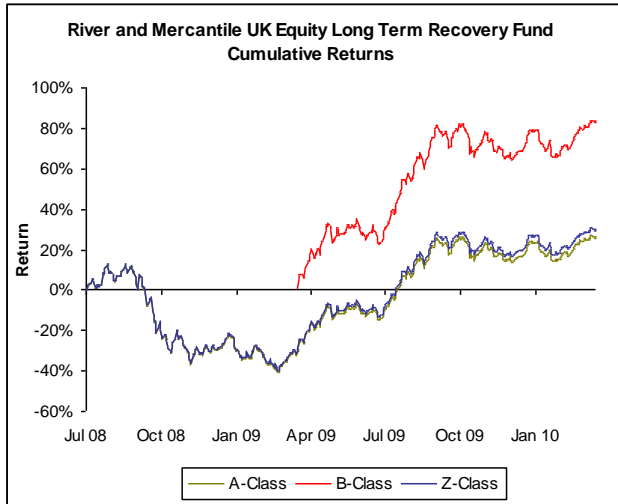


### UK Equity Long Term Recovery Fund

#### Past Performance

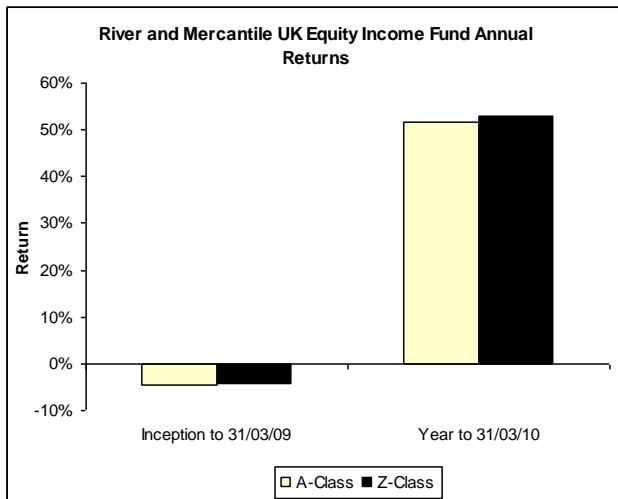


## Cumulative Performance

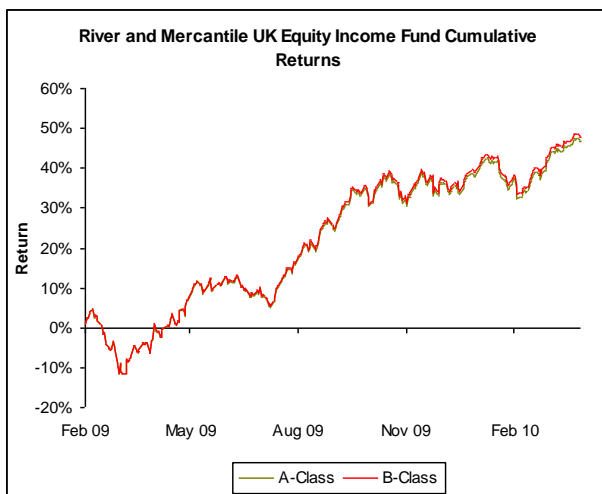


## UK Equity Income Fund

### Past Performance



## Cumulative Performance



The River and Mercantile Global Opportunities Fund, the River and Mercantile Global Equity Fund and the River and Mercantile Global High Income Fund were launched in the past 12 months and the performance figures not shown.

## HOW MUCH WILL ANY ADVICE COST ?

Your financial adviser will give you details about the cost of any advice.

## WHAT IS SOFT COMMISSION AND DOES IT AFFECT MY INVESTMENT?

Soft commission is a benefit, for example free research analysis that might be provided by a broker who buys and sells the underlying investments in a portfolio. In exchange a fund manager would be expected to give the broker a certain amount of business. The ACD has no soft commission arrangements in place for the Company at this time.

## WHEN WILL ANY AVAILABLE INCOME BE DISTRIBUTED?

The Funds will make allocations and distributions of income on or before 31 May and 30 November each year.

## MAY I REINVEST ANY INCOME DISTRIBUTIONS?

Income, when distributed is normally paid out by cheque or sent direct to your bank account. Alternatively you can instruct the ACD to reinvest the income by purchasing further units on your behalf.

## WHAT CONFIRMATION WILL I RECEIVE?

Certificates for shares are not issued to shareholders, but a contract note will be sent out not later than the end of the business day following the valuation point by reference to which your purchase has been undertaken (following receipt of your duly completed application). Ownership of Shares will be evidenced by an entry on the Company's register of shareholders.

## HOW DO I FIND OUT THE PRICE AT WHICH I WILL BUY OR SELL SHARES WHEN I PLACE MY DEAL?

You can telephone the Administrator between 8.30 am and 5.30 pm (on 0845 603 3618) and ask for the current prices. The price you will actually pay if you buy or sell shares will be the price determined at the next valuation point following the time you place your deal. The Funds are valued at 12 noon on each day, Monday to Friday excluding UK public and bank holidays or any day on which the London Stock Exchange is not open for the normal full duration of its trading hours and any other day at the ACD's discretion.

## HOW DO I SELL MY SHARES AND HOW QUICKLY WILL I RECEIVE THE PROCEEDS?

When you wish to sell shares we will require your written instructions in confirmation. You can contact us by writing to the River and Mercantile, BNY Mellon House, Ingrave Road, Brentwood, Essex CM15 8TG or by telephoning on 0845 603 3618. Payment will be made within four working days of receipt of your instruction, provided all the appropriate documentation is in place.

## HOW DO I MONITOR MY INVESTMENT?

The Company's share prices and yields will be posted on [www.fundlistings.com](http://www.fundlistings.com) or you can telephone the Administrator on 0845 603 3618.

We will send you annual and half-yearly long and short reports before the end of May and November each year. The Company's Principal Prospectus, long report (including the accounts) and short reports may be obtained free of charge, by request, from the ACD at the office address previously provided. Investors should note the first report for the funds will be a half-yearly report that will be sent before the end of November 2007.

## **CAN I SWITCH MY INVESTMENT?**

You may switch all or part of your holding to another of the Funds (subject to the minimum investment amount). A switching charge equal to the initial charge payable on the shares being purchased will be payable on an exchange of shares in the Company. Switching shares may create a liability to capital gains tax.

## **HOW DOES TAX AFFECT MY INVESTMENT?**

The following summary regarding taxation is based on the ACD's understanding of current taxation legislation and practice in the UK, which may be subject to change. The tax that you may have to pay depends upon the tax law that applies to you and your particular circumstances. Potential investors are therefore advised that they should consult their own professional advisors on tax. You should be aware that taxes or costs may exist that are not paid through the Fund or imposed by it.

## **THE FUNDS**

Each Fund, as a sub-fund of an open-ended investment company to which the Authorised Investment Funds (Tax) Regulations 2006 apply, is treated as a separate entity for United Kingdom tax purposes. The Funds are exempt from United Kingdom corporation tax on chargeable gains realized on the disposal of investments held with the Funds. The Funds will also not generally be subject to United Kingdom corporation tax on dividends received from United Kingdom companies. Other income of the Funds, after deduction of allowable management expenses, will be subject to United Kingdom corporation tax at the current rate of 20%.

Further details are available in the Principal Prospectus.

## **SHAREHOLDERS**

A shareholder who is an individual resident in the United Kingdom is liable to income tax on a dividend distribution made by a Fund. A dividend distribution carries a tax credit equal to 10% of the sum of the tax credit and the dividend distribution together. The tax credit will satisfy the income tax liability of starting or basic rate tax payers on the dividend distribution, but higher rate taxpayers will have further tax to pay.

On a disposal of shares in a Fund, a United Kingdom resident individual shareholder may have liability to United Kingdom capital gains tax.

Corporate shareholders resident in the United Kingdom will not generally be liable to United Kingdom corporation tax on dividend distributions received from the Funds. However, to the extent that a dividend distribution represents income of a Fund other than dividends received by the Fund from UK companies, a corporate shareholder may be required to treat that dividend distribution as an annual payment from which income tax has been deducted at the rate of 20%. This will be shown on the tax voucher.

On a disposal of shares in a Fund, a United Kingdom resident corporate shareholder may have a liability to United Kingdom corporation tax on any chargeable gain.

Further details are available in the Principal Prospectus.

## **WHAT IS STAMP DUTY RESERVE TAX (SDRT)?**

SDRT is payable when units in a Fund are redeemed. The SDRT payable in relation to redemptions in a Fund is based on the total value of shares redeemed during each week and is calculated monthly. The redemption of shares to the ACD and any third party transfers for value (collectively a "surrender of shares") can lead to a maximum SDRT charge of 0.5% of the market value of those shares. The rate of tax payable will depend upon the pattern of dealing in shares and the type of investments held by the Funds. For example, the rate of 0.5% may be reduced if the ACD redeems more shares than it issues or if the Fund has holdings in stocks that are exempt from SDRT.

In respect of the Funds, SDRT will be met by the ACD which will, in turn, charge the sum to the relevant Fund. The sum will therefore be included in the calculation of the share price.

Charging the sum to the Fund will mean the value of the property of that Fund will be reduced. However, the effect of this is unlikely to be significant. The ACD does not currently intend to charge an SDRT provision when transactions in shares take place. Should this intention change in the future, the ACD will notify shareholders as appropriate.

Further details are available in the Principal Prospectus.

## **CLIENT MONEY**

The ACD is permitted to hold client money in certain circumstances and will usually only do so in order to effect redemptions of shares. To the extent that the ACD does hold client money, any such money will be held in a separate client account in accordance with the FSA's rules. In the event that the ACD does hold client money any interest earned on such sums will be retained by the ACD and will not be paid out to investors.

## **HOW DO I MAKE A COMPLAINT?**

If you have a complaint you may write to the Compliance Officer, at River and Mercantile Asset Management LLP, 30 Coleman Street, London EC2R 5AL. You may also write to The Office of the Financial Ombudsman Service, South Quay Plaza, 183 Marsh Wall, London E14 9SR. Making a complaint will not prejudice your right to take legal proceedings.

## **HOW WOULD I BE COMPENSATED IN CERTAIN SITUATIONS?**

The Company is covered by the Financial Services Compensation Scheme (the "FSCS") and you may be entitled to compensation if the Fund cannot meet its liabilities. Most types of investment business are covered for 100% of the first £30,000 and 90% of the next £20,000, so that the maximum compensation is £48,000. Further information on compensation arrangements is available from the ACD or from the FSCS at 7th Floor, Lloyds Chambers, 1 Portsoken Street, London E1 8BN.

## **HOW DO I OBTAIN FURTHER TECHNICAL INFORMATION?**

Further details in relation to the Company and its Funds are in the Company's Principal Prospectus. Copies of the Principal Prospectus and annual and half-yearly Reports and Accounts may be obtained free of charge from the ACD at the office address previously provided, either before or after the conclusion of the contract.

## **FURTHER INFORMATION & ADVICE**

You may obtain further information about the Company by phoning the ACD on 020 7601 6262 or by visiting the website [www.riverandmercantile.com](http://www.riverandmercantile.com). No advice on investments has been or will be given by the ACD. If you have any doubt as to whether an investment in the Company is suitable for you please seek advice from an appropriately qualified financial adviser.

## **HOW DO THE MONEY LAUNDERING REGULATIONS AFFECT ME?**

Money laundering regulations require financial service companies to make checks on the source of all new business. All applications will be processed on receipt, however we reserve the right not to issue shares to you nor make payments in respect of your investment until satisfactory proof of your identity is provided. Financial advisers are required to provide proof of identify and verification of the source of funds for all new applicants.

## **IMPORTANT INFORMATION**

This document has been provided to you in the English language and we will continue to communicate with you in the English language. Your dealings with the ACD before and after you have

made an investment with us shall be governed in accordance with English law.

Please note that nothing in this document constitutes financial advice.

This Simplified Prospectus is dated as at 5<sup>th</sup> March 2011, before relying on any information contained in this document you should check with the ACD that this is the most recently published Simplified Prospectus.