

RIVER AND MERCANTILE
ASSET MANAGEMENT

River and Mercantile Funds ICVC
Short Report for the Period Ended
31st March 2008

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Further information

This Short Report has been prepared in accordance with the Financial Services (Open-Ended Investment Companies) Regulations 2001. The Authorised Corporate Director's Long Form Financial Statements, which are audited, and the Prospectus, which contains a written statement of Terms and Conditions of the Company, can be obtained using the contact details shown at the back cover of the booklet.



Introduction

In our last report in September 2007 I took the opportunity to briefly outline the background to the launch of River and Mercantile, our plans and objectives and how we had fared over the first few months in achieving those aims. The investment in our business, in the people and systems we recruited and established, has been invaluable over the last six months as we have further developed and grown our business. I would like to take this opportunity to thank those clients who have continued to support our funds and to welcome the many new investors during the period. Our clients' continued support is imperative and we hope that we have met your needs in providing clear and concise reporting on all of our activities across our range of funds.

I would also like to take this opportunity to update you on the developments at River and Mercantile Asset Management LLP and the impact this has had on the fund range within the ICVC.

Current Business

We have continued to fully resource the current team and during the period have recruited additional resource in Client Servicing, Operations and Compliance. Assets under management within the ICVC have grown over the period by 8.4% to £86.7m during a period when the market fell by over 10%. In addition we manage a number of segregated accounts and those assets have grown by 112% to £262m taking total assets under management, including assets in transition, up to £545m. We are delighted with this growth which has ensured we continue to operate broadly in line with our original business plan. Bearing in mind the prevailing market conditions this is a considerable achievement.

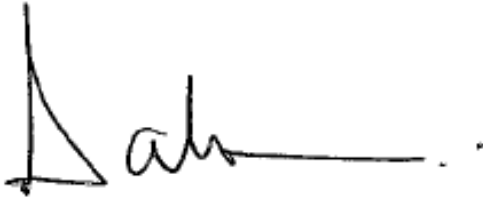
We increased the fund range in February this year with the launch of the River and Mercantile UK Equity Fund, managed by Dan Hanbury, and we have high expectations for the future success and development of this particular fund.



Future Plans

We continue to look at opportunities to diversify our product offering, however we are very conscious that this is not undertaken at the expense of the existing business. Discussions continue in a number of areas and I will report to you in due course whether any of these develop further.

Thank you for your continued support.

A handwritten signature in black ink, appearing to read 'James Barham', with a long horizontal flourish extending to the right.

James Barham
Chief Executive



UK Equity High Alpha Fund

Fund Aim

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

Risk Profile

The fund is primarily invested in companies listed on the London Stock Exchange that reside within the FTSE All-Share Index. Therefore, it is open to risks associated with market movements.

Our approach to risk and portfolio construction reflects our overall investment philosophy and further information can be obtained from the River and Mercantile UK Equity Philosophy and Process document.

Fund Facts

Fund Inception 28th November 2006

Accounting Dates

Interim 30th September
Final 31st March

Total Expense Ratio 31st March 2008

A Class 1.58%
Z Class 0.08%

Please note that as the Fund has just completed its first full accounting period on 31st March 2008, thus this is the first actual TER.

Distribution Details

A Class 0.9146 p per share
Z Class 8.2189 p per share

Change To Prospectus

On 30th April 2008, the Authorised Corporate Director extended River and Mercantile UK Equity Unconstrained Funds eligible markets to the whole sub fund range within the River and Mercantile ICVC. This update will give increased investment flexibility to the ICVC's investment strategy.



UK Equity High Alpha Fund

Market Background

Equity markets around the world have had a torrid time since our previous report at the end of September, with the sub-prime mortgage financial crisis impacting stock markets around the world. The FTSE All-Share Index has fallen 10.17% for the six months to March 31 2008.

The vicious widening of credit spreads over the last six months has put huge pressure on banking balance sheets, and led to a massive reduction in liquidity between banking counter-parties as trust became selective. Monetary authorities around the world have had to intervene through easing interest rates, injecting liquidity into money markets, and in the case of Bear Stearns and Northern Rock acting as the lender of last resort. The Federal Reserve has been the most active participant in this process; in contrast the Bank of England has appeared somewhat tardy. The deleveraging process is clearly having a material impact on economic growth, witness the US moving into recession and the UK suffering a sharp slowdown. The flight from risk and from economically sensitive domestic sectors appears to have largely discounted these developments; credit spreads are close to historical peaks and cyclical sectors are close to their long-term valuation lows.

Portfolio Review

The Portfolio returned -14.2% for the six months to March 31 2008. The Fund benefited from an underweight exposure to financials and overweight positions in 888 Holdings, BATM Advanced Communications and GCAP Media. The lack of exposure to some of the largest mining companies (Rio Tinto, BHP Billiton), along with a profit warning from industrial stock Jarvis, were negative contributors to the Fund's performance.

Outlook

The economic and stock market outlook is clearly difficult. Around the world economic growth is slowing down, and materially so in the US and UK. However policy measures are being taken to see us through the credit crunch and allow economies to bottom-out over the next year. Risk appetite has collapsed, the reason for the huge valuation anomalies that have opened up, and the reason for UK equities almost yielding the same as government bonds. The latter is rarely sustainable and was last seen in early 2003 before a significant rally; and any removal of the uncertainty that dominates financial markets will lead to more capital being committed to valuation anomalies. The future does not have to be rosy to make money from here, just more certain.



UK Equity High Alpha Fund

Fund Performance

Date	Share Price	
	A Class	Z Class
28/11/06	100.00p	500.00p
30/09/07	106.79p	540.51p
31/03/08	89.52p	460.42p

Top 10 Holdings

March 31, 2008	% of Fund	September 30, 2007	% of Fund
BP	5.57	BP	6.26
Vodafone	5.57	Vodafone Group	5.55
GlaxoSmithKline	4.81	GlaxoSmithKline	4.99
HSBC	3.77	Royal Bank of Scotland	3.37
Royal Dutch Shell "B"	3.27	HSBC	3.28
Anglo American	3.23	HBOS	2.71
Royal Bank of Scotland	2.54	Royal Dutch Shell 'A'	2.61
Prudential	2.21	Prudential	2.08
HBOS	2.06	BT	1.91
Unilever	2.05	Unilever	1.86



UK Equity Smaller Companies Fund

Fund Aim

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

Risk Profile

The Fund primarily invested in companies listed on the London Stock Exchange that reside within the Hoare Govett Smaller Companies Index. Therefore, it is open to risks associated with market movements.

Our approach to risk and portfolio construction reflects our overall investment philosophy and further information can be obtained from the River and Mercantile UK Equity Philosophy and Process document.

Fund Facts

Fund Inception 30th November 2006

Accounting Dates

Interim 30th September
Final 31st March

Total Expense Ratio 31st March 2008

A Class 1.57%
Z Class 0.07%

Please note that as the Fund has just completed its first full accounting period on 31st March 2008, thus this is the first actual TER.

Distribution Details

A Class 0.2579 p per share
Z Class 4.7589 p per share

Change To Prospectus

On 30th April 2008, the Authorised Corporate Director extended River and Mercantile UK Equity Unconstrained Funds eligible markets to the whole sub fund range within the River and Mercantile ICVC. This update will give increased investment flexibility to the ICVC's investment strategy.

UK Equity Smaller Companies Fund

Market Background

Equity markets around the world have had a torrid time since our previous report at the end of September, with the sub-prime mortgage financial crisis impacting stock markets around the world. The Hoare Govett Smaller Companies Index returned -11.9% whilst FTSE Small Cap Index lost -22.2% for the six months to March 31 2008.

The inter-bank lending market became distressed leading to significant monetary policy easing, liquidity injections and fiscal intervention in the US (albeit less so far in the UK as inflation worries linger) and the move by Central Banks from lender of last resort to buyer of last resort in the case of Bear Sterns and Northern Rock. Other Banks turned to oil-rich Gulf States and cash rich Asian countries to support their impaired balance sheets, whilst a number of high profile hedge and private equity funds found themselves friendless.

Portfolio Review

The River and Mercantile UK Equity Smaller Companies returned -13.1% for the six months to 31 March 2008. The main positive contributor for the six months was a high allocation to cash whilst the equity market fell sharply, along with being overweight Chemring Group and JKX Oil & Gas. Our overweight positions in Lavendon Group and Jarvis, whose shares fell sharply after a profit warning, and an underweight to Randgold Resources detracted from the Fund's performance.

Outlook

The economic and stock market outlook is clearly difficult. Around the world economic growth is slowing down, and materially so in the US and UK. However policy measures are being taken to see us through the credit crunch and allow economies to bottom-out over the next year. Risk appetite has collapsed, the reason for the huge valuation anomalies that have opened up, and the reason for UK equities almost yielding the same as government bonds. The latter is rarely sustainable and was last seen in early 2003 before a significant rally; and any removal of the uncertainty that dominates financial markets will lead to more capital being committed to valuation anomalies. The future does not have to be rosy to make money from here, just more certain.



UK Equity Smaller Companies Fund

Fund Performance

Date	Share Price	
	A Class	Z Class
28/11/06	100.00p	500.00p
30/09/07	104.99p	531.07p
31/03/08	89.57p	458.35p

Top 10 Holdings

31 March 2008	% of Fund	September 30, 2007	% of Fund
Babcock	3.65	Lamprell	2.55
Dignity	2.25	Babcock International	2.26
Lamprell	2.23	Southern Cross	2.26
Chaucer Holdings	2.00	Dignity	2.01
Greggs	1.98	Chemring Group	2.00
Chemring Group	1.96	Sondex	1.87
Dechra Pharma	1.95	Carillion	1.78
Interserve	1.93	Greggs	1.75
Ultra Electronics	1.89	Scott Wilson Group	1.68
Scott Wilson	1.88	Kewill	1.62



UK Equity Unconstrained Fund

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.

Risk Profile

The Fund is primarily invested in companies listed on the London Stock Exchange that reside within the FTSE All-Share Index. Therefore, it is open to risks associated with market movements.

Our approach to risk and portfolio construction reflects our overall investment philosophy and further information can be obtained from the River and Mercantile UK Equity Philosophy and Process document.

Fund Facts

Fund Inception 22nd March 2007

Accounting Dates

Interim 30th September

Final 31st March

Total Expense Ratio 31st March 2008

A Class 1.83%

Z Class 0.08%

Please note that as the Fund has just completed its first full accounting period on 31st March 2008, thus this is the first actual TER.

Distribution Details

A Class 0.4905 p per share

Z Class 6.7145 p per share

Change To Prospectus

On 30th April 2008, the Authorised Corporate Director extended River and Mercantile UK Equity Unconstrained Funds eligible markets to the whole sub fund range within the River and Mercantile ICVC. This update will give increased investment flexibility to the ICVC's investment strategy.



UK Equity Unconstrained Fund

Market Background

Equity markets around the world have had a torrid time since our previous report at the end of September, with the sub-prime mortgage financial crisis impacting stock markets around the world. The FTSE All-Share Index has fallen 10.17% for the six months to March 31 2008.

The vicious widening of credit spreads over the last six months has put huge pressure on banking balance sheets, and led to a massive reduction in liquidity between banking counter-parties as trust became selective. Monetary authorities around the world have had to intervene through easing interest rates, injecting liquidity into money markets, and in the case of Bear Stearns and Northern Rock acting as the lender of last resort. The Federal Reserve has been the most active participant in this process; in contrast the Bank of England has appeared somewhat tardy. The deleveraging process is clearly having a material impact on economic growth, witness the US moving into recession and the UK suffering a sharp slowdown. The flight from risk and from economically sensitive domestic sectors appears to have largely discounted these developments; credit spreads are close to historical peaks and cyclical sectors are close to their long-term valuation lows.

Portfolio Review

The River and Mercantile UK Equity Unconstrained Fund returned -3.1% for the six months to March 31 2008. The lack of exposure to some of the largest mining companies (Rio Tinto, BHP Billiton) detracted from the Funds performance. However, these poor performers were more than offset by overweights to Chemring Group, Aquarius Platinum and Burren Energy along with a general underweight of financials.

Outlook

The economic and stock market outlook is clearly difficult. Around the world economic growth is slowing down, and materially so in the US and UK. However policy measures are being taken to see us through the credit crunch and allow economies to bottom-out over the next year. Risk appetite has collapsed, the reason for the huge valuation anomalies that have opened up, and the reason for UK equities almost yielding the same as government bonds. The latter is rarely sustainable and was last seen in early 2003 before a significant rally; and any removal of the uncertainty that dominates financial markets will lead to more capital being committed to valuation anomalies. The future does not have to be rosy to make money from here, just more certain.



UK Equity Unconstrained Fund

Fund Performance

Date	Share Price	
	A Class	Z Class
22/03/07	100.00p	500.00p
30/09/07	89.61p	497.45p
31/03/08	93.71p	479.31p

Top 10 Holdings

31 March 2008	% of Fund	September 30, 2007	% of Fund
BAT	5.58	BAT	5.06
BAE Systems	4.49	GlaxoSmithKline	4.78
Unilever	4.41	BT	4.52
BP	3.83	Unilever	4.29
Babcock International	3.77	Cable & Wireless	3.86
Reed Elsevier	3.50	International Power	3.83
Sibir Energy	3.47	Compass Group	3.69
Xstrata	3.26	BG Group	3.68
Vodafone	3.16	Reed Elsevier	3.58
John Wood Group	3.03	Meggitt	3.44



UK Equity Fund

Fund Aim

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

Risk Profile

The Fund is primarily invested in companies listed on the London Stock Exchange that reside within the FTSE All-Share Index. Therefore, it is open to risks associated with market movements.

Our approach to risk and portfolio construction reflects our overall investment philosophy and further information can be obtained from the River and Mercantile UK Equity Philosophy and Process document.

Fund Facts

Fund Inception 25th February 2008

Accounting Dates

Interim 30th September

Final 31st March

Total Expense Ratio 31st March 2008

A Class N/A

Z Class N/A

Please note that as the Fund launched on 25th of February 2008, we are unable to provide a TER.

Distribution Details

A Class 0.5373 p per share

Z Class 3.3442p per share

Change To Prospectus

On 30th April 2008, the Authorised Corporate Director extended River and Mercantile UK Equity Unconstrained Funds eligible markets to the whole sub fund range within the River and Mercantile ICVC. This update will give increased investment flexibility to the ICVC's investment strategy.



UK Equity Fund

Market Background

Equity markets around the world have had a torrid time since our previous report at the end of September, with the sub-prime mortgage financial crisis impacting stock markets around the world. The FTSE All Share has fallen 10.17% for the six months to March 31 2008.

The vicious widening of credit spreads over the last six months has put huge pressure on banking balance sheets, and led to a massive reduction in liquidity between banking counter-parties as trust became selective. Monetary authorities around the world have had to intervene through easing interest rates, injecting liquidity into money markets, and in the case of Bear Stearns and Northern Rock acting as the lender of last resort. The Federal Reserve has been the most active participant in this process; in contrast the Bank of England has appeared somewhat tardy. The deleveraging process is clearly having a material impact on economic growth, witness the US moving into recession and the UK suffering a sharp slowdown. The flight from risk and from economically sensitive domestic sectors appears to have largely discounted these developments; credit spreads are close to historical peaks and cyclical sectors are close to their long-term valuation lows.

Portfolio Review

The River and Mercantile UK Equity Fund launched on the 25 of February 2008 and has moved in line with the index since its inception, returning -3.48% compared to the FTSE All-Share Index return of -3.57%.

Outlook

The economic and stock-market outlook is clearly difficult. Around the world economic growth is slowing down, and materially so in the US and UK. However policy measures are being taken to see us through the credit crunch and allow economies to bottom-out over the next year. Risk appetite has collapsed, the reason for the huge valuation anomalies that have opened up, and the reason for UK equities almost yielding the same as government bonds. The latter is rarely sustainable and was last seen in early 2003 before a significant rally; and any removal of the uncertainty that dominates financial markets will lead to more capital being committed to valuation anomalies. The future does not have to be rosy to make money from here, just more certain.



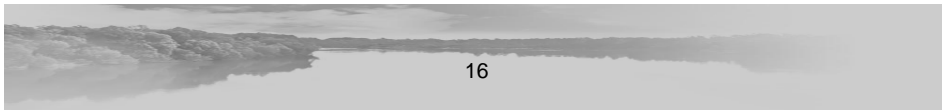
UK Equity Fund

Fund Performance

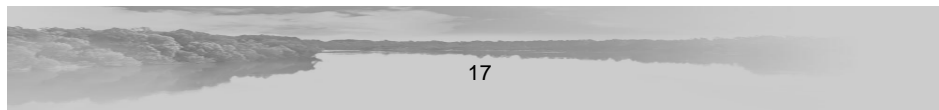
Date	Share Price	
	A Class	Z Class
25/02/08	100.00p	500.00p
31/03/08	96.39p	482.59p

Top 10 Holdings

March 31, 2008	% of Fund
Vodafone Group	5.66%
BP	5.21%
Royal Dutch Shell 'B' Shs	5.13%
HSBC Hldgs	4.41%
British American Tobacco	4.10%
GlaxoSmithKline	4.01%
Tesco	2.89%
Imperial Tobacco Group	2.76%
Unilever	2.65%
Anglo American	2.54%



The Open-Ended Investment Company	River and Mercantile Funds ICVC 30 Coleman Street London EC2R 5AL (authorised and regulated by the Financial Services Authority)
Registered in England	The Company is incorporated in England and Wales with registered number IC000489.
The Authorised Corporate Director (ACD)	River and Mercantile Asset Management LLP 30 Coleman Street London EC2R 5AL (authorised and regulated by the Financial Services Authority) Registered and Head Office of the Company 30 Coleman Street London EC2R 5AL
Depository	BNY Mellon Asset Servicing B.V Mellon Financial Centre 160 Queen Victoria Street London EC4V 4LA (authorised by the Dutch Central Bank (De Nederlandsche Bank) and the Financial Services Authority)
Administrator and Registrar	Administrators and Registrars Bank Of New York Mellon Corporation (London Branch) Mellon Financial Centre 160 Queen Victoria Street London EC4V 4LA (authorised and regulated by the Financial Services Authority) Address where Register will be kept:- BNYMellon House Ingrave Road Brentwood Essex CM15 8TG
The Independent Auditors	PricewaterhouseCoopers LLP Southwark Towers 32 London Bridge Street London SE1 9SY
Solicitors	Burges Salmon LLP Narrow Quay House Narrow Quay Bristol BS1 4AH



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