

# River and Mercantile Global Equity MPS Fund

## Manager Profile

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RIVER AND MERCANTILE

### Manager Overview

River and Mercantile Asset Management LLP ('R&M') is the investment manager of the River and Mercantile Global Equity MPS Fund. Established in 2006, R&M is a UK-based, active equity manager, specialising in global and UK equity strategies on behalf of UK and global institutional clients. Additionally, due to its long-standing relationships with private client stockbrokers, discretionary wealth managers and other segments of the wholesale market, it also has a presence in the UK private investor/wealth market. It forms part of the broader River and Mercantile Group PLC, which is a UK listed investment solutions, advisory and asset management business. River and Mercantile Group PLC currently has c. £45bn in assets under management.<sup>1</sup>

### Investment Philosophy and Style

R&M believes that stock markets may offer opportunities to make absolute and relative returns for investors. R&M looks to systematically unearth such market anomalies through an investment philosophy based on the factors of Potential, Valuation and Timing (PVT). R&M believes these are the three key criteria that enable it to discover what it believes are the most promising investment opportunities for clients, regardless of market conditions. As a practical investment manager living and breathing the evaluation of company prospects, R&M believes investment cycles are repeatable and it uses a proprietary quantitative screen, overlaid with fundamental analysis, in its overall approach. This fundamental analysis involves an assessment of material sustainability issues that have a pathway to becoming financially material to companies. R&M believes financial materiality represents the crossover between what is important to society and – via a positive or negative feedback loop to business performance – shareholders, thereby delivering client requirements for investment returns with a wider positive impact.

### Investment Process

The R&M process is built around identifying compelling PVT ideas, which the investment team targets when assessing a stock's potential to maximise returns and minimise risk. These PVT investment factors are based on the following factors set out below.

In R&M's view, the Potential (P) of a company represents its ability to create economic value for shareholders. Over the years, R&M has come to believe that the companies that can deliver what R&M thinks are above average value potential may be divided into the following four categories which relate to where a company is in its 'life cycle':

- Growth – strong revenue and profits growth
- Quality – offers a superior return on investment
- Recovery – the process to return to normal levels of profit after a decline
- Asset backed – delivering asset backed growth to a long-term investor.

R&M's Valuation (V) factor seeks to establish where there is a pricing anomaly, being; the gap between the stock market's valuation of the company and what R&M thinks is its underlying economic worth.

<sup>1</sup> As at 30 September 2020

Timing (T) identifies R&M's view of the optimal time to purchase and sell, thus seeking to reduce the risk of being too early into an investment, and aiming to optimise the period of time held and any returns generated once an investment has been made.

R&M's proprietary screening tool scores and ranks stocks based on R&M's PVT criteria, and segments the selected stock universe into the four categories of Potential, based on objective metrics. R&M undertakes further detailed fundamental analysis and research on highly ranked stocks, along with additional ideas generated by the investment team. This analysis seeks to understand the key drivers of a company's Potential, test the Valuation case and consider catalysts or other indications that show Timing is optimal. R&M aims to invest in companies with a net positive impact on society by analysing the key company-specific and sector-related People, Innovation and Environment issues that most commonly impact a company's long-term value creation potential. R&M does not exclude potential investments based on sector, business activity or third-party ESG rating, but does have a four-tier scoring system which may identify an investment case as being compromised by weak sustainability characteristics and therefore inappropriate for inclusion in portfolios.



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WFSL is the responsible entity for the River and Mercantile Global Equity MPS Fund ARSN 625 870 617 ('Fund'). A Product Disclosure Statement or other disclosure document ('PDS') is available for the Fund and can be obtained by calling 1800 819 935 or by visiting [bt.com.au/MPS](http://bt.com.au/MPS). The Financial Services Guide ('FSG') for WFSL can also be obtained via the Product Disclosure Statement page on [bt.com.au](http://bt.com.au). Any retail client should obtain and consider the PDS for the Fund and the FSG before deciding whether to acquire, continue to hold or dispose of units in the Fund.

The Fund is only accessible through the CoreSeries Portfolios, a range of managed portfolio options available within BT Managed Portfolios ARSN 604 066 686 (BTMP). WFSL is the responsible entity and issuer of interests in BTMP. BTMP is available through Panorama Investments or Panorama Super. BT Portfolio Services Ltd ABN 73 095 055 208 AFSL 233715 (BTPS) operates Panorama Investments and administers Panorama Super. BT Funds Management Limited ABN 63 002 916 458 AFSL 233724 (BTFM) is the trustee and issuer of Panorama Super, which is part of Retirement Wrap ABN 39 827 542 991. Westpac Banking Corporation ABN 33 007 457 141 AFSL and Australian credit licence 233714 (Westpac) is the issuer of the BT Cash Management Account and the BT Cash Management Account Saver. Together, these products are referred to as the Panorama products. A PDS for the relevant Panorama products can be obtained by contacting BT on 1300 881 716. A retail investor should obtain and consider the relevant PDS before deciding whether to acquire, continue to hold or dispose of interests in the Panorama products. Conditions, fees and charges apply for the Panorama products and may change. The Panorama products are only available in Australia.

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WFSL has appointed River and Mercantile Asset Management LLP ARBN 625 878 622 as the investment manager ('Manager') for the Fund. The Manager has consented to the statements pertaining to it in this document, in the form and context in which they appear and has not withdrawn its consent as at the date this document was published.

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