




AssetCo[®]
January 2022



**Recommend all-share
acquisition of River &
Mercantile Group (“RMG”)**

Overview of offer & key terms

Offer

- The board of directors of AssetCo and the Independent RMG Directors have reached agreement on the terms and conditions of a recommended all-share acquisition by AssetCo of RMG
- The acquisition is conditional on, among other things:
 - The completion of the Solutions Sale to Schroders
 - The £190m Return of Capital
- The transaction is to be implemented by means of a Scheme of Arrangement

Offer premia

- The offer is based on an exchange ratio of 0.07392 new AssetCo shares per RMG share, and represents a premium of:
 - **59% to the undisturbed share price** of £2.10 per RMG Share on 9 August 2021
 - **17% the day immediately before the start of the offer period**, being £2.85 per RMG share on 22 November 2021
 - **13% to the latest share price of RMG**, being £2.96 per share on 24 January 2022

Timetable & process

- The acquisition is **expected to complete during the second quarter of 2022** – further details of which will be set out in the Scheme Document
- The Acquisition will also be conditional on the approval of AssetCo shareholders to the granting of authorities necessary for the issuance of the new AssetCo shares
- AssetCo will be required to undertake a re-admission process, and to publish a re-admission document, and to seek the approval of AssetCo Shareholders for the Acquisition at the AssetCo General Meeting

0.07392

new AssetCo Shares in exchange for each RMG Share

41.6%

RMG's ownership of the combined group

£98.8 million

Implied offer value for the entire issued and to be issued share capital⁽¹⁾

114.6 pence

Implied offer value per share⁽¹⁾

£289 million

Implied offer value for the entire issued and to be issued share capital, including return of capital⁽¹⁾

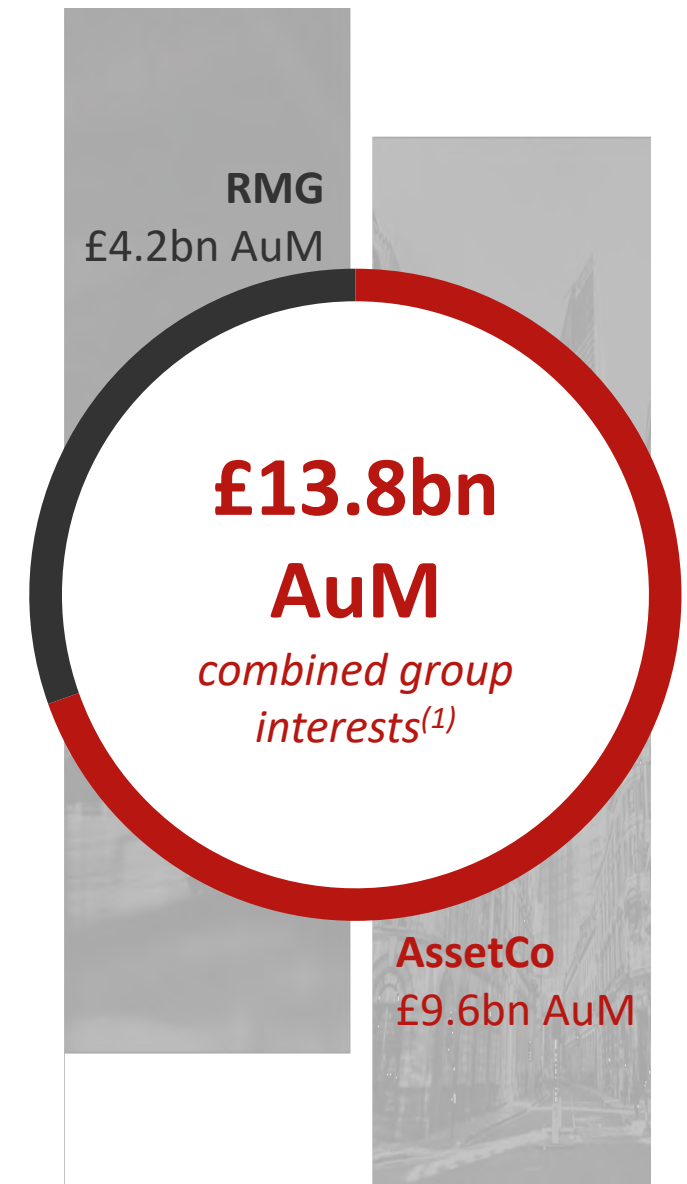
334.9 pence

Implied offer value per share, including return of capital⁽¹⁾

RMG asset management overview

Overview

- Following the sale of Solutions and US Solutions, RMG will comprise solely of its Asset Management division, delivering a range of active investment strategies to institutional and wholesale investors in the UK, Europe, Australia, New Zealand and the US
 - The UK-based team utilises an investment process known as Potential, Value, Timing ("PVT") - which has produced excellent long-term outcomes for clients investing in UK, European and global equities
 - The US-based team has also delivered excellent returns for clients investing in emerging markets
- Asset Management business comprises of:
 - **An established and well-respected equities team**
 - Based in the UK and US, offering investors exposure to UK, European, emerging market and global equities
 - In aggregate the equities teams manage £4.2 billion of assets (as of 31 December 2021)
 - **A recently developed infrastructure investment team**
 - Based in the UK, following recruitment of a specialist team from Aviva
 - The team operates in specialist physical sustainable infrastructure markets in the UK and has a strong track record in delivering stable and attractive returns since 2011
 - Represents a quality and highly regarded capability in infrastructure and will shortly launch the RMG Infrastructure Income Fund



Strategic rationale

Industry structural tailwinds

- Without the constraints of a legacy business, AssetCo can successfully capitalise on structural shifts
- The combination:
 - Offers RMG the same competitive advantage
 - Accelerates the generation of significant value creation for the combined group's clients, employees and shareholders

Creation of a platform to build a best-in-class active equities business

- RMG, together with AssetCo's existing active equities asset manager Saracen, will form the foundation for AssetCo's active equities business
- RMG's strong credentials in ESG / sustainable strategies will be a key source of anticipated growth
- Combined expertise is likely to provide a strong pipeline of new and attractive strategy launches

Seed strategy for AssetCo's private markets business

- RMG's new infrastructure investment strategy will form the first building block in the combined group's private markets capabilities
- AssetCo's deep knowledge and understanding of private markets, and its connectivity to that investment community, should enhance the growth of RMG's infrastructure business

Leveraging other companies in the AssetCo group

- Material value in leveraging other elements of the AssetCo business and strategy to increase the value of RMG through:
 - Wider investor appeal
 - The way strategies are distributed
 - The form in which strategies are delivered

Considered and effective rationalisation of costs

- Acquisition will enable the acceleration of significant cost savings by extracting the stranded costs following the Solutions sale and any potential future sale of the US Solutions business
- AssetCo's ambitious growth strategy requires ongoing investment in functions and capabilities over time
 - Certain functions and capabilities of RMG are anticipated to bolster the overall capabilities of the combined group

Accelerated growth underpinned by strong industry expertise

- RMG will benefit from the expertise of AssetCo's strong management team, who have made significant progress in advancing the AssetCo strategy and delivering on its ambition to develop an agile asset and wealth management group
- AssetCo's management team has the capabilities and experience to accelerate the growth of RMG's strategies, while advancing a strong pipeline of accretive acquisition opportunities

Background to and reasons for the Independent RMG directors recommendation

The Independent RMG directors consider that the Acquisition...

- ✓ Represents an attractive financial proposition for RMG shareholders
- ✓ Is the final step in a strategy to unlock value from the RMG group, which commenced with the Solutions sale
- ✓ Follows conversations with multiple parties regarding a possible offer for RMG
- ✓ Represents an attractive implied value for the asset management franchise when compared to precedent transactions
- ✓ Provides the opportunity for RMG shareholders to participate in continued value creation through a 41.6% equity stake in the combined group
- ✓ Enables the combined group to benefit from a leadership team with deep experience in the asset management industry



The board believes that the offer from AssetCo not only represents good value to shareholders, but provides our clients and colleagues with a powerful investment platform led by a team with deep experience in the asset management industry. The board encourages our shareholders to support this transaction as the board will be doing in respect of their own holdings.

Taking this transaction and the sale of Solutions to Schroders together, we will have delivered total value to shareholders of £289 million, or £3.35 per share - a significant premium to the group's undisturbed share price last Summer. This confirms the board's view that the market was undervaluing RMG and validates the steps we have taken to realise value for our investors .

Jonathan Dawson
Chairman of RMG

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