

RIVER AND MERCANTILE

**ES River and Mercantile Funds ICVC
Final Report for the Year Ended
31 March 2021**

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*Collectively these comprise the Authorised Corporate Director's Report.

The Authorised Corporate Director's Report

Equity Trustees Fund Services Limited ("ETFS"), the Authorised Corporate Director ("ACD") of ES River and Mercantile Funds ICVC ("the Company"), is pleased to present the annual report and audited Financial Statements of the Company for the year ended 31 March 2021.

We hope that you find this report informative. If you require further information concerning your investment, please call our Registrar on 0345 603 3618 or email any queries to etfs@bnymellon.com.

Constitution and Authorised Status

The ES River and Mercantile Funds ICVC is an open-ended investment Company ("OEIC") with variable share capital ("ICVC"). The Company is authorised in the United Kingdom by the FCA pursuant to Regulation 14 of the OEIC Regulations with number IC000489. The effective date of the Authorisation Order made by the FCA was 2 October 2006. The head office of the Company is 4th Floor Pountney Hill House, 6 Laurence Pountney Hill, London, EC4R 0BL.

The minimum Share capital of the Company shall be £1 and the maximum share capital shall be £100,000,000,000. The base currency for the Company is pounds sterling. The Share capital of the Company at all times equals the Net Asset Value of the Fund. The Shareholders are not liable for the debts of the Company. There were no Shares in any Fund held by any other Fund of the Company.

The Company is a "UCITS Scheme", as defined in the FCA Rules, and is organised as an umbrella company for the purposes of the OEIC Regulations.

The sub-funds of the company are valued on a mid-market basis, with daily single prices appearing on the ACD's website (www.equitytrustees.com). The sub-funds valuation point is 12 noon.

In line with the Protected Cell Company Regime, the assets of a sub-fund of the Company belong exclusively to that sub-fund and shall not be used to discharge directly or indirectly the liabilities of, or claims against, any other person or body, including the company, or any other sub-fund of the Company, and shall not be available for any such purpose.

The sub-funds in which shares are currently available are as follows:

- ES River and Mercantile UK Equity High Alpha Fund
- ES River and Mercantile UK Equity Smaller Companies Fund
- ES River and Mercantile UK Dynamic Equity Fund
- ES River and Mercantile UK Recovery Fund
- ES River and Mercantile UK Equity Income Fund
- ES River and Mercantile Global Recovery Fund
- ES River and Mercantile Dynamic Asset Allocation Fund
- ES River and Mercantile Global High Alpha Fund
- ES River and Mercantile European Fund

Subject to the OEIC Regulations and the provisions set out in the instrument constituting the Scheme, the ACD may establish additional Funds from time to time.

The Company will not have any direct interest in any immovable property or tangible movable property.

The maximum level of management fees that may be charged to the Company, including any management fees levied on any Collective Investment Schemes in which the Company invests, will not exceed 10% per year.

The board of the ACD has considered the current and potential future impact of Covid-19 on the Company and is of the opinion that they have sufficient resources to continue on a going concern basis. The impact on the share prices of each sub-fund are disclosed in the individual sub-fund's note 15 Post Balance Sheet Events.

The Directors are of the opinion that it is appropriate to adopt the going concern basis in the preparation of the accounts, accordingly, the Company has adequate financial resources to continue in operational existence for at least the next twelve months from the approval of these Financial Statements. Further, appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of these Financial Statements and applicable accounting standards have been followed.

Company Information

Company	ES River and Mercantile Funds ICVC
Registered Office	4th Floor, Pountney Hill House, Laurence Pountney Hill, London, EC4R 0BL
Administrator and Registrar	The Bank of New York Mellon (International) Limited, One Canada Square London, E14 5AL
Authorised Corporate Director ('ACD')	Equity Trustees Fund Services Ltd
Equity Trustees Fund Services Ltd	4th Floor, Pountney Hill House, Laurence Pountney Hill, London, EC4R 0BL
Directors of the ACD	Vincent Camerlynck James Gardner Leanne Isaacs Harvey Kalman (resigned 2 July 2021) Kevin Lavery Dallas McGillivray
Investment Manager of all funds other than of the ES River and Mercantile Dynamic Asset Allocation Fund	River and Mercantile Asset Management LLP 30 Coleman Street, London, EC2R 5AL
Investment Manager of ES River and Mercantile Dynamic Asset Allocation Fund	River and Mercantile Investments Limited 30 Coleman Street, London, EC2R 5AL
Depositary	The Bank of New York Mellon (International) Limited One Canada Square, London, E14 5AL

Company Information continued

UCITS V Remuneration policy (unaudited)

Equity Trustees Fund Services Limited is committed to ensuring that its remuneration policies and practices are consistent with, and promote, sound and effective risk management. Its remuneration policy is designed to ensure that excessive risk taking is not encouraged by or within the Group including in respect of the risk profile of the Funds it operates, to manage the potential for conflicts of interest in relation to remuneration (having regard, inter alia, to its formal conflicts of interest policy) and to enable them to achieve and maintain a sound capital base.

Equity Trustees Fund Services Limited delegates portfolio management for its funds to various investment management firms. The investment managers' fees and expenses for providing investment management services are paid by the ACD out of its own remuneration under the ACD agreement. The investment management firms generally also make information on remuneration publicly available in accordance with the disclosure requirements of Pillar 3 of the Capital Requirements Directive.

The remuneration strategy across ETFs is governed by the board of the holdings company Equity Trustees (UK & Europe) Limited. As a result of the company's size and structure, the board of ETFs has chosen not to establish a Remuneration Committee. The board has established a Remuneration Policy designed to ensure the UCITS Remuneration Code in the UK Financial Authority handbook is met proportionately for all UCITS Remuneration Code Staff.

ETFs considers its activities as non-complex due to the fact that regulation limits the activities of the UCITS and the scope of investment in such a way so as to seek that investor risk is mitigated. The activities of ETFs and the delegated Investment Manager is strictly controlled within certain pre-defined parameters as set out in the prospectus of each UCITS.

In its role as a UCITS Manager, ETFs deems itself as lower risk due to the nature of the activities it conducts. ETFs does not pay any form of variable remuneration currently based on the Investment Performance of its UCITS. Therefore, ETFs have provided a basic overview of how staff, whose actions have a material impact on the Fund, are remunerated.

Quantitative Remuneration Disclosure*

March 2021	Number of beneficiaries	Total remuneration paid	Fixed remuneration	Variable remuneration paid
Total remuneration paid by the UCITS Manager during the financial year	12	£734,635	£734,635	Nil
Remuneration paid to employees of the UCITS Manager who have a material impact on the risk profile of the UCITS	6	£408,152	£408,152	Nil
Categories of Code Staff:				
Senior management	3	£344,502	£344,502	Nil
Control functions	4	£383,502	£383,502	Nil
Employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers	Nil	Nil	Nil	Nil

* Equity Trustees Fund Services Limited annual accounts at 30 June 2020.

Company Information continued

Principal Activities

The Company is a UCITS scheme under the OEIC regulations as defined in the Collective Investment Schemes sourcebook and also an umbrella company for the purposes of the OEIC Regulations. The property attributable to each of the sub-funds is managed as if such sub-fund belonged to the "UCITS Scheme" category as specified in the COLL. Holders of shares in a sub-fund are entitled to receive (or, in the case of accumulation shares, to have re-invested) the net revenue derived from the sub-fund and to redeem their shares at a price linked to the value of the property of the sub-fund. Shareholders do not have any proprietary interest in the underlying assets of any sub-fund.

Each sub-fund is a segregated portfolio of assets and those assets can only be used to meet the liabilities of, or claims against, that Fund. Whilst the provisions of the OEIC Regulations provide for segregated liability between Funds, the concept of segregated liability is relatively new. Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known whether a foreign court would give effect to the segregated liability and cross-investment provisions contained in the OEIC Regulations. Therefore, it is not possible to be certain that the assets of a Fund will always be completely insulated from the liabilities of another Fund of the Company in every circumstance. The shareholders of the Company will not be liable for the debts of the Company.

The base currency for the Company is pounds sterling. The maximum size of the Company's capital is £100,000,000,000 and the minimum size is £1.

The Company was authorised by an order made by FCA with effect from 2 October 2006. The operation of the Company is governed by the Regulations, the Company's Instrument of Incorporation and its Prospectus.

Holdings in other Sub-Funds of the Company

As at 31 March 2021, no sub-funds held shares in any other sub-fund of the Company.

Securities Financing Transactions Regulation

The Securities Financing Transactions Regulation, as published by the European Securities and Markets Authority, aims to improve the transparency of the securities financing markets. Disclosures regarding exposure to Securities Financing Transactions (SFTs) will be required on all report & accounts published after 13 January 2017. During the year to 31 March 2021 and at the balance sheet date, the ES River and Mercantile Funds ICVC did not engage in SFTs.

Value of Assessment

Effective from 30 September 2019 the FCA has introduced Value Assessment requirements for Authorised Fund Managers to conduct a Value of Assessment on each fund they manage.

The assessment for our sub-funds are available on our website www.equitytrustees.com

Additional information

With effect from 30 September 2020, ES River & Mercantile ICVC launched a new sub-fund, the ES River & Mercantile European Fund.

With effect from 9 June 2021, the A- Class Distribution shares closed in the following sub-funds:

- ES River and Mercantile UK Equity Smaller Companies Fund
- ES River and Mercantile UK Recovery Fund
- ES River and Mercantile UK Equity Income Fund

Certification of the annual report and audited Financial Statements by the Authorised Corporate Director, Equity Trustees Fund Services Limited

In accordance with the requirements of the Open-Ended Investment Companies Regulations 2001(SI2001/1228) and the Financial Conduct Authority's Collective Investment Schemes Sourcebook ("COLL" or "COLL Sourcebook"), we hereby certify the annual report and audited Financial Statements on behalf of the ACD, Equity Trustees Fund Services Limited.



James Gardner CEO
for and on behalf of Equity Trustees Fund Services Ltd
Authorised Corporate Director
7 July 2021

Notes Applicable to the Financial Statements of all sub-funds of the ES River and Mercantile Funds ICVC

Notes applicable to the Financial Statements

1 Accounting policies

a) Basis of accounting

The Financial Statements of the Company comprise the Financial Statements of each sub-fund and have been prepared on a going concern basis in accordance with Financial Reporting Standard ("FRS") 102 and the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued by the IMA (now known as the Investment Association) in May 2014, updated in June 2017 (the "SORP").

b) Recognition of revenue

Revenue from quoted equities and non-equity instruments is recognised net of attributable tax credits when the security is quoted ex-dividend. Revenue from unquoted equity investments is recognised net of attributable tax credits when the dividend is declared.

Revenue from debt securities is accrued for so that any premium or discount in the purchase price is amortised over the remaining life of the security.

Overseas revenue received after the deduction of withholding tax is shown gross of taxation, with the taxation consequences shown within the taxation charge.

Underwriting Commission is taken to revenue and recognised when the issue takes place, except where the sub-fund is required to take up all or some of the shares underwritten, in which case an appropriate proportion of the commission is deducted from the cost of those shares.

Special dividends are treated as either revenue or capital depending on the facts of each particular case.

All revenue is recognised on an accruals basis.

Distributions and accumulations, excluding equalisation, receivable on the underlying collective investment schemes are recognised as revenue when the shares are quoted ex-dividend. Equalisation on distributions received from underlying investments is treated as capital property of the individual sub-funds.

Rebates of annual management charges from underlying investments, are accounted for on an accruals basis and are recognised as revenue, or capital in line with the allocation of the annual management charge between capital and revenue of the underlying investments.

c) Treatment of expenses

For accounting purposes all expenses (other than those relating to the purchase and sale of investments) are charged against revenue on an accruals basis, with the exception of the ES River and Mercantile UK Equity Income Fund, which are charged against capital.

d) Distribution policy

The policy is to distribute all available revenue, after deduction of those expenses which are chargeable in calculating the distribution. In order to conduct a controlled dividend flow, interim distributions will be at the ACD's discretion, up to a maximum of the distributable revenue for the period. All remaining revenue is distributed in accordance with the FCA's Collective Investment Schemes sourcebook ("COLL").

All expenses are deducted from revenue for the purpose of calculating the distribution with the exception of the Calastone fees which are taken to capital for all funds and UK Equity Income Fund where all the fees are transferred to capital.

The ordinary element of stock dividends is treated as revenue and forms part of the distribution. In the case of an enhanced stock dividend, the value of the enhancement is treated as capital and does not form part of the distribution.

Distributions which have remained unclaimed by shareholders for over six years are credited to the capital property of the sub-fund.

Notes Applicable to the Financial Statements of all sub-funds of the ES River and Mercantile Funds ICVC

Notes applicable to the Financial Statements continued

1 Accounting policies continued

e) Basis of valuation of investments

All investments are valued at their fair value as at close of business on the last business day of the accounting year. The fair value for non-derivative securities is bid-market price, excluding any accrued interest and the fair value for derivative instruments is the cost of closing out the contract at the balance sheet date.

The ACD has assigned the responsibility to review and approve fair value pricing decisions to the ETFS Fair Value Pricing Committee. In accordance with the ETFS Fair Value Pricing Policy, the committee provides regular governance and oversight on suspended, defaulted, delisted, unquoted or manually priced securities, taking into consideration where appropriate, latest dealing prices, valuations from reliable sources, financial performance and other relevant factors.

f) Taxation

Provision is made for taxation at current rates on the excess of investment revenue over expenses, with relief for overseas taxation taken where appropriate.

Deferred tax is provided for on all timing differences that have originated but not reversed by the balance sheet date, other than those differences that are regarded as permanent. Any liability to deferred tax is provided for at the average rate of tax expected to apply. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

g) Exchange rates

Transactions in foreign currencies are translated at the rate of exchange ruling on the date of the transaction. Where applicable, assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange ruling at close of business on the last business day of the accounting year.

h) Derivatives

Returns from derivative securities are taken to capital and/or revenue depending on the motive and circumstances surrounding the particular transaction. The net revenue/expense on derivative positions are recognised as revenue and form part of the sub-fund's distribution.

i) Dilution adjustment

The need to apply a dilution adjustment will depend on the volume of sales (where they are issued) or redemptions (where they are cancelled) of shares. The ACD may apply a dilution adjustment on the issue and redemption of such shares if, in its opinion, the existing Shareholders (for sales) 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.

2 Contingent liabilities and outstanding commitments

The numerical disclosures in relation to contingent liabilities and outstanding commitments are contained within the financial statements for each sub-fund where relevant.

3 Related party transactions

The related party disclosures are detailed within the financial statements for each sub-fund.

Notes Applicable to the Financial Statements of all sub-funds of the ES River and Mercantile Funds ICVC

Notes applicable to the Financial Statements continued

4 Risk management policies

General

Each sub-fund's investment objective and strategy are stated within the respective Investment Manager's Report. In pursuing its objective each sub-fund holds financial instruments which expose the sub-funds to various types of risk. The main risks and the ACD's policy for managing these risks, which were applied consistently throughout the current and preceding year, are set out below.

Credit and liquidity risk

Credit risk is the risk of suffering loss due to another party not meeting its financial obligations. The primary sources of this risk to the sub-funds are the potential for borrowers to fail to meet their redemption commitments and for trade counterparties to fail to meet their transaction commitments. This risk is managed by appraising the credit profile of financial instruments and trade counterparties.

Liquidity risk relates to the capacity to meet liabilities. The primary source of this risk to the sub-funds are the liabilities to Shareholders for any cancellation of shares. This risk is minimised by holding cash and readily realisable securities and via access to overdraft facilities.

Market risk

Market risk arises mainly from uncertainty about future prices. The primary source of this risk to the sub-funds is the potential movement in the value of financial instruments held as a result of price fluctuations. The ACD adheres to the investment guidelines and borrowing powers established in the Instrument of Incorporation, Prospectus and COLL governing the operation of Open Ended Investment Companies. In this way, the ACD monitors and controls the exposure to risk from any type of security, sector or issuer.

Interest rate risk

Interest rate risk is the risk of movements in the value of financial instruments as a result of fluctuations in interest rates, with the exception of the ES River and Mercantile Dynamic Asset Allocation Fund. The sub-funds' only interest bearing financial instruments were its bank balances and overdraft facilities as disclosed in the balance sheet. Cash is deposited, and overdraft facilities utilised, on normal commercial terms and earn or bear interest based on LIBOR.

The numerical disclosures in relation to interest rate risk are contained within the financial statements for each sub-fund, where relevant.

Foreign currency risk

Foreign currency risk is the risk of movements in the value of overseas financial instruments as a result of fluctuations in exchange rates.

Foreign exchange risk is managed by the utilisation of forward currency contracts as necessary.

The numerical disclosures in relation to foreign currency risk are contained within the financial statements for each sub-fund, where relevant.

Derivative risk

Derivative risk arises from uncertainty about future market movements. This risk is managed by the policies shown within Market risk.

The sub-funds may also use derivative instruments other than forward currency contracts to mitigate risk and reduce costs. These instruments are not utilised for speculative purposes. Derivative instruments other than forward currency contracts and warrants were not utilised during the current and preceding year.

The numerical disclosures in relation to economic exposure are contained within the financial statements for each sub-fund, where relevant.

Fair value

The fair value of a financial instrument is the amount for which it could be exchanged between knowledgeable, willing parties in an arm's length transaction. There is no significant difference between the value of the financial assets and liabilities, as shown in the financial statements, and their fair value.

Notes Applicable to the Financial Statements of all sub-funds of the ES River and Mercantile Funds ICVC

Notes applicable to the Financial Statements continued

5 Portfolio transaction costs

The numerical disclosures in relation to portfolio transaction costs are contained within the financial statements for each sub-fund, where relevant.

ES River and Mercantile UK Equity High Alpha Fund

Investment Objective

The investment objective of the sub-fund is to grow the value of your investment (known as “capital growth”) in excess of the MSCI United Kingdom Investable Market Index (IMI) Net Total Return (the “Benchmark”) over a rolling 5 year period, after the deduction of all fees.

Investment Policy

The sub-fund seeks to achieve its investment objective by investing at least 60% of its value in shares of UK companies (companies which are domiciled, incorporated, or have significant operations in the UK). Investment can be direct, or indirect, in shares (including common and preference shares), rights for shares, warrants, depositary receipts (securities issued by banks that represent company shares), investment trusts (including REITS) and collective investment schemes.

In addition, up to 20% of the Sub-fund may be invested in shares of companies which are not UK companies but which, at the time of investment, are listed in the UK. Investment can be direct or indirect as noted above. It is expected that at least 80% of the Sub-fund will be invested in UK companies and companies which are listed in the UK.

Up to 20% of the Sub-fund may be invested in shares of overseas companies (companies which are not UK companies and which are not listed in the UK), excluding emerging markets, collective investment schemes and cash. Investment can be direct or indirect as noted above.

Investment in collective investment schemes (which includes exchange traded funds) can include those operated and/or managed by the ACD or the Investment Manager.

The Sub-fund may use derivatives for the purposes of reducing risk or cost or for generating extra income or growth (known as “efficient portfolio management”). As an example, the Sub-fund may use forward contracts for currency hedging with the intention of reducing the risk arising from currency exposures in a cost-effective way.

The Sub-fund is actively managed, meaning the Investment Manager uses their expertise to pick investments to achieve the Sub-fund’s objectives. The Investment Manager typically defines “high alpha” as, in normal market conditions, a performance of 3% above the Benchmark over a rolling 5 year period. However, this may not always be possible in all market conditions. The Investment Manager does not use this, or any other figure, as a target for performance.

The Investment Manager will select shares for the Sub-fund that fit the River and Mercantile PVT (Potential, Valuation and Timing) Investment Philosophy. This approach to investing has been in place since the PVT Team was launched in 2006. It looks for companies that are considered by the Investment Manager to have attractive “Potential” (the ability to grow shareholder value through increases in profits and cash), “Valuation” (the price of shares on the stock market is lower than the value the Investment Manager gives to the shares) and “Timing” (the extent to which analytical indicators are supportive of investing at the time of analysis).

The Sub-fund will invest in a broad range of companies by industry sector and size and does not have to hold the same companies that are included in the Benchmark or in the same weights. However, where the Sub-fund invests in companies which are included in the Benchmark the Sub-fund’s exposure to any one company will not be more than 4% above or below the Benchmark’s exposure to that company. Exposure to any industry sector will not be more than 8% above or below the Benchmark’s exposure to that sector, measured at the sector level of GICS (Global Industry Classification Standard).

ES River and Mercantile UK Equity High Alpha Fund

Investment Manager's Review

Our Approach

We invest in companies with **Potential, Valuation and Timing**, with a strong portfolio construction commitment to attractively valued companies, to good businesses with recovery potential, to being interested in structural growth when it is temporarily unpopular and to getting most interested in an investment when it is out-of-favour but where the fundamentals are on the turn. We repeat this investment approach day-in and day-out, aided by systematic screening. We try to stick to our approach during the difficult times (such as the anti-value market of the last few years) so that we nearly always participate when there is a following wind for our factors. Our High Alpha strategies include being benchmark aware when constructing the portfolio; our Recovery strategies are unconstrained and focus on medium to long-term wealth creation.

Market Overview

Global equity markets rose robustly over the 12 months to 31 March 2021 (MSCI ACWI (All Country World index) +38.9% in GBP, MSCI UK IMI (Investable markets index) +24.3%) from a very depressed starting position that had been catalysed by the huge uncertainty associated with the Covid pandemic. Investor confidence in a strong economic recovery has risen over the last year. Excluding the significant economic shock of social distancing measures, all other economic inputs to growth are either running at full tilt today; namely interest rate policy, money supply growth, fiscal spending and green investment, or are poised to recover strongly; namely consumer and corporate spending and bank lending, when this enforced period of saving comes to an end. The confidence in re-opening was improved in November by the approval of several highly effective vaccines. In this economic recovery environment, cyclical, small cap and value were the best factors within equity markets, after a very difficult period for all these aspects of investment.

Investment Review – performance and positioning

The ES River & Mercantile UK Equity High Alpha Fund B share class delivered a 59.3% return, which compares very well to the benchmark's 24.3%. Value, recovery, sector allocation and stock selection all contributed positively to relative returns.

Positive contributors during the year: Value factor strong; multi-cap positioning favourable; sector allocation positive (underweight staples, overweight consumer cyclicals and financials); **PVT** stock picks in UK and international, small companies in particular (**Tremor, Xaar, Asos, Somero**); recovery stocks benefiting from vaccine news; M&A activity (many, including **William Hill**); underweight **Unilever** and **HSBC**.

Negative contributors: underweight large cap US exposed cyclicals (**Ashtead, Ferguson**); individual stock disappointments (**Equiniti**).

Looking at the positioning and activity of the portfolio let me break it down into its constituent parts: stocks with traditional value characteristics, such as **banks, specialist financials** and **oilmajors** we have been adding to; attractively valued and currently out of favour quality and growth franchises, such as **Prudential, ASOS, Smith & Nephew** and **Unilever**; high scoring *MoneyPenny* recovery stocks such as **Aston Martin, Hunting, XL Media, Indivior** and **BT**; classic global cyclicals but with a focus on those with leading franchises (**CRH, RHI Magnesita, Melrose** and **Anglo American**); UK domestic stocks that are temporarily disliked (**Capital & Counties, Vistry** and **JD Wetherspoon**); we remain overweight stocks that would benefit from a post-COVID world i.e. those that have been negatively impacted by social distancing requirements (**Restaurant Group, SSP, Whitbread**), we think that the survivors here will be able to strengthen their market positions and medium-term economics; we are also allocating increased capital via our S(ustainable)-PVT process, including purchasing **AstraZeneca** and adding to **SIG** (leading insulation product distributor, also a classic recovery stock), adding to our position in **Gresham House**, a fund management business that has successfully grown a portfolio of funds oriented towards sustainability; we continue to think about strategic value, especially at this time of increasing M&A activity, adding to **Playtech** (mentioned above, we have already had William Hill bid for) and **Sage**, the latter being far more valuable to its much larger global peers than the current share price discounts.

ES River and Mercantile UK Equity High Alpha Fund

Investment Manager's Review continued

Outlook

Value, reflation and regime change - the world is now arguably moving into a more reflationary phase, during which interest rate expectations and government bond yields trend upwards – this will be an environment that is more supportive of shorter duration value equities and inflation hedges than the deflationary period we have been in since the Global Financial Crisis (GFC). This change of direction in bond yields will ensure that this value cycle has longevity. Meanwhile, looking at the shorter term (next two years) Value and Recovery will be well supported by strong fundamentals – we are in the sweet spot of the cycle for these types of stocks as they are the most geared to both economic recovery and the bottoming out of interest rates. With a big value gap still in place (spread of valuations between cheap and expensive stocks) and robust fundamentals, the immediate outlook for Value is robust and will not be a six-month wonder.

It is strange how expensive some investments are and how easy it remains to find good value equities - in addition to being beneficiaries of reflation, value stocks do not have the permanent loss of capital risk associated with some of the 'hotter' investments at the moment, those that have attracted the liquidity associated with Central Bank activity and excess consumer savings, whether it be negative yielding sovereign debt or irrationally priced manufacturers of EVs. There remain many very clearly, very expensive investments, whose main attribute is momentum rather than fundamental valuation. Surely it makes sense to be wary of these? The good news is that there remain many very modestly valued equities, shares in good companies that for various reasons have been left behind; and the other piece of good news is that many of these cheap companies are at the beginning of their cycle of improving returns, so the catalysts for a re-rating (the T of PVT) have moved into place. Our portfolios have been somewhat re-rated over the last year (from a very low point) but do still have compelling valuation metrics. With these attractive valuations and strong profits and cash growth from here (as our companies benefit from economic recovery) we continue to think that the outlook for positive returns from our portfolios remains robust.

Source: River and Mercantile Asset Management LLP

River and Mercantile
4 May 2021
Investment Adviser to the Fund

ES River and Mercantile UK Equity High Alpha Fund

Portfolio Statement as at 31 March 2021

Holding	Investment	Market Value £	% of Net Assets
UNITED KINGDOM (UK LISTED COMPANIES) – 92.08% (2020 – 92.75%)			
Automobiles & Components – 0.51% (2020 – 0.29%)			
25,418	Aston Martin Lagonda Global	507,852	0.51
Banks – 10.34% (2020 – 9.77%)			
1,128,119	Barclays	2,097,399	2.11
607,620	HSBC	2,571,144	2.59
5,328,348	Lloyds Banking	2,266,413	2.28
18,910	Mortgage Advice Bureau*	204,228	0.20
588,699	Natwest	1,155,322	1.16
35,300	Secure Trust Bank	409,480	0.41
234,055	Standard Chartered	1,169,104	1.18
213,500	Virgin Money UK	403,408	0.41
Capital Goods – 7.72% (2020 – 7.11%)			
78,230	Balfour Beatty	230,935	0.23
38,000	Bodycote	313,880	0.32
92,670	Chemring	246,039	0.25
295,400	Costain	170,446	0.17
228,038	Flowtech Fluidpower*	216,636	0.22
136,400	Galliford Try	173,228	0.17
38,796	Genuit	215,318	0.22
27,130	IMI	361,643	0.36
19,300	Keller	155,172	0.16
252,607	Kier	227,725	0.23
69,043	Meggitt	329,611	0.33
298,080	Melrose Industries	497,346	0.50
77,742	Morgan Advanced Materials	242,166	0.24
91,558	Mpac*	441,310	0.44
85,336	Norcros	227,847	0.23
1,687,593	Renold*	357,770	0.36
347,746	Rolls-Royce	366,177	0.37
57,033	Rotork	203,152	0.21
275,000	SafeStyle UK*	140,250	0.14
203,590	Senior	225,374	0.23
627,850	SIG	240,090	0.24
10,860	Smiths	166,973	0.17
291,104	Speedy Hire	193,293	0.20
6,690	Travis Perkins	103,126	0.10
62,098	Tyman	231,315	0.23
7,863	Ultra Electronics	159,462	0.16
61,500	Vesuvius	331,485	0.33
160,204	Volex*	539,887	0.54
20,900	Weir	371,288	0.37

ES River and Mercantile UK Equity High Alpha Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
Commercial & Professional Services – 3.23% (2020 – 2.76%)			
96,871	Biffa	257,677	0.26
741,693	Capita	322,933	0.32
165,452	De La Rue	339,176	0.34
777,000	Inspired Energy*	124,320	0.13
155,440	Johnson Service*	225,388	0.23
99,300	Mind Gym**	124,125	0.12
58,600	Pagegroup	275,303	0.28
1,044,300	Renewi	497,609	0.50
72,840	Ricardo	312,484	0.31
180,500	RPS	169,309	0.17
53,035	RWS*	322,983	0.33
176,840	Serco	243,332	0.24
Consumer Durables & Apparel – 3.03% (2020 – 3.08%)			
18,976	Burberry	360,259	0.36
524,084	Coats	297,680	0.30
81,460	Crest Nicholson	332,357	0.34
132,124	DFS Furniture	358,056	0.36
75,500	Henry Boot	200,075	0.20
13,323	MJ Gleeson	109,249	0.11
6,790	Persimmon	199,558	0.20
239,440	Taylor Wimpey	432,069	0.44
197,530	Ted Baker	222,616	0.22
45,626	Vistry	498,236	0.50
Consumer Services – 5.26% (2020 – 2.79%)			
27,570	Carnival	437,122	0.44
33,430	Compass	488,579	0.49
56,440	Domino's Pizza	195,847	0.20
25,190	Entain	382,258	0.38
9,140	Greggs	205,102	0.21
151,700	Gym	357,253	0.36
4,200	InterContinental Hotels	208,908	0.21
15,140	J D Wetherspoon	205,601	0.21
150,105	Playtech	663,314	0.67
885,104	Rangers International Football**	168,170	0.17
155,262	Rank	291,272	0.29
613,753	Restaurant	751,847	0.76
92,335	SSP	343,856	0.34
15,379	Whitbread	526,885	0.53
Diversified Financials – 5.42% (2020 – 8.95%)			
17,720	3i	204,400	0.21
288,270	ADVFN*	72,068	0.07
99,944	Brewin Dolphin	309,826	0.31

ES River and Mercantile UK Equity High Alpha Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
Diversified Financials continued			
299,600	Cenkos*	215,712	0.22
61,867	Charles Stanley	181,889	0.18
15,023	Close Brothers	233,007	0.23
36,970	Gresham House*	290,214	0.29
18,823	Gresham House Strategic PLC/Fund*	263,522	0.27
19,670	Hargreaves Lansdown	303,213	0.30
33,006	IG	297,384	0.30
28,997	Impax Asset Management*	223,857	0.23
352,109	International Personal Finance	369,010	0.37
203,590	IP	252,859	0.25
62,869	Majedie Investments	143,341	0.14
1,294,540	Mercia Asset Management*	388,362	0.39
30,770	Polar Capital*	214,159	0.22
355,654	Premier Miton*	505,029	0.51
79,630	Provident Financial	172,797	0.17
3,100	Rathbone Brothers	54,560	0.05
67,266	Standard Life Aberdeen	194,937	0.20
4,000	Temple Bar Investment Trust	45,440	0.05
187,622	TP ICAP	456,391	0.46
Energy – 8.38% (2020 – 8.74%)			
992,979	BP	2,925,813	2.94
175,149	Cairn Energy	298,103	0.30
1,498,632	EnQuest	265,857	0.27
270,027	Hunting	690,729	0.69
807,690	JKX Oil & Gas	205,961	0.21
96,980	John Wood	262,428	0.26
1,337,820	Premier Oil	299,538	0.30
208,179	Royal Dutch Shell	2,779,190	2.80
231,781	Serica Energy*	260,985	0.26
729,110	Tullow Oil	344,213	0.35
Food & Staples Retailing – 0.88% (2020 – 1.69%)			
132,300	Cake Box*	320,166	0.32
35,824	Naked Wines*	269,038	0.27
123,626	Tesco	282,918	0.29
Food, Beverage & Tobacco – 4.64% (2020 – 6.25%)			
16,497	Associated British Foods	398,403	0.40
29,800	Barr	146,020	0.15
40,700	British American Tobacco	1,128,815	1.13
235,100	Devro	453,743	0.46
41,110	Diageo	1,228,983	1.24
153,200	Greencore	240,830	0.24
42,989	Imperial Brands	641,396	0.64

ES River and Mercantile UK Equity High Alpha Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Food, Beverage & Tobacco continued		
12,170	Nichols*	158,210	0.16
78,648	Stock Spirits	220,214	0.22
	Health Care Equipment & Services – 0.37% (2020 – 0.37%)		
83,570	ConvaTec	163,881	0.17
14,675	Smith & Nephew	202,221	0.20
	Household & Personal Products – 3.60% (2020 – 2.92%)		
81,029	PZ Cussons	215,537	0.22
512,580	Science in Sport*	307,548	0.31
75,242	Unilever	3,051,816	3.07
	Insurance – 3.69% (2020 – 4.14%)		
135,597	Aviva	553,507	0.56
250,675	Legal & General	699,634	0.70
141,339	Prudential	2,177,327	2.19
69,150	Saga	234,419	0.24
	Materials – 8.15% (2020 – 8.55%)		
64,367	Anglo American	1,829,632	1.84
20,800	Antofagasta	351,520	0.35
87,650	BHP	1,835,391	1.85
213,870	Breedon*	199,327	0.20
96,750	Central Asia Metals*	241,875	0.24
253,860	Elementis	318,341	0.32
96,788	Essentra	280,685	0.28
21,800	Fresnillo	188,352	0.19
49,740	Hochschild Mining	97,242	0.10
99,000	Ibstock	217,998	0.22
20,003	Johnson Matthey	602,490	0.61
28,670	Rio Tinto	1,591,185	1.60
9,000	Victrex	198,900	0.20
35,370	Zotefoams	152,798	0.15
	Media & Entertainment – 4.84% (2020 – 4.09%)		
10,800	4imprint	264,600	0.27
83,205	Ascential	279,569	0.28
40,410	Auto Trader	224,033	0.23
589,153	Centaur Media**	223,878	0.23
26,513	Daily Mail & General Trust	240,473	0.24
769,546	Ebiquity*	269,341	0.27
43,366	Everyman Media*	61,580	0.06
5,961	Future	113,974	0.11
190,935	Hyve	228,167	0.23

ES River and Mercantile UK Equity High Alpha Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
Media & Entertainment continued			
52,400	Informa	293,335	0.30
356,075	ITV	427,824	0.43
93,650	Kin & Carta	166,229	0.17
22,560	Next Fifteen Communications*	153,408	0.15
50,850	Pearson	392,359	0.40
169,300	Pebble*	228,555	0.23
306,859	Reach	659,747	0.66
27,900	Rightmove	162,378	0.16
27,120	WPP	249,612	0.25
360,000	XLMedia*	172,800	0.17
Pharmaceuticals, Biotechnology & Life Sciences – 4.11% (2020 – 3.76%)			
23,390	AstraZeneca	1,695,073	1.71
143,490	GlaxoSmithKline	1,847,864	1.86
265,080	Indivior	336,652	0.34
175,570	Vectura	202,608	0.20
Real Estate – 2.52% (2020 – 2.99%)			
57,053	British Land	288,004	0.29
303,330	Capital & Counties Properties	517,784	0.52
658,670	Foxtons	414,962	0.42
72,187	Grainger	192,595	0.19
410,186	Purplebricks*	381,473	0.39
17,307	Savills	197,646	0.20
45,131	Shaftesbury	289,516	0.29
239,483	U & I	220,803	0.22
Retailing – 4.82% (2020 – 3.75%)			
10,770	ASOS*	596,012	0.60
249,468	Cambria Automobiles*	179,617	0.18
418,960	Card Factory	299,557	0.30
272,400	Dixons Carphone	388,987	0.39
71,350	Kingfisher	227,107	0.23
165,190	Marks & Spencer	249,107	0.25
69,500	Moneysupermarket.com	185,287	0.19
52,725	Moonpig	223,870	0.23
4,200	Next	330,372	0.33
3,870	Ocado	78,755	0.08
61,730	On the Beach	250,315	0.25
2,345,870	Pendragon	391,760	0.40
117,400	Superdry	297,961	0.30
101,300	Topps Tiles	66,655	0.07
31,055	Trainline	142,480	0.14
568,660	ULS Technology*	466,301	0.47

ES River and Mercantile UK Equity High Alpha Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Retailing continued		
14,480	WH Smith	260,206	0.26
51,560	World	151,844	0.15
	Semiconductors & Semiconductor Equipment – 0.22% (2020 – 0.35%)		
364,584	IQE*	213,829	0.22
	Software & Services – 3.09% (2020 – 3.61%)		
111,821	Alfa Financial Software	150,958	0.15
57,500	Avast	262,200	0.26
135,489	Bango*	281,817	0.28
85,060	Blanco Technology*	229,662	0.23
7,800	Blue Prism*	99,060	0.10
532,850	Eckoh*	367,667	0.37
154,517	Equiniti	199,636	0.20
105,380	Learning Technologies*	158,281	0.16
42,710	Micro Focus International	236,272	0.24
114,321	NCC	294,948	0.30
39,920	Network International	165,029	0.17
102,890	Sage	630,304	0.63
	Technology Hardware & Equipment – 2.20% (2020 – 2.29%)		
60,300	Accesso Technology*	373,860	0.38
8,578	Oxford Instruments	163,497	0.17
42,217	Smart Metering Systems*	350,401	0.35
179,538	Strix*	481,162	0.48
135,320	TT Electronics	311,236	0.31
355,123	Xaar	504,274	0.51
	Telecommunication Services – 2.10% (2020 – 3.17%)		
507,513	BT	785,630	0.79
6,390	Gamma Communications*	104,477	0.10
115,509	Helios Towers	195,210	0.20
763,295	Vodafone	1,006,633	1.01
	Transportation – 1.85% (2020 – 0.51%)		
35,670	easyJet	348,853	0.35
223,420	International Consolidated Airlines	443,042	0.44
25,280	James Fisher & Sons	266,451	0.27
17,740	JET2*	224,588	0.23
84,350	John Menzies	279,199	0.28
280,300	Stagecoach	281,421	0.28
	Utilities – 1.11% (2020 – 0.82%)		
918,129	Centrica	496,891	0.50

ES River and Mercantile UK Equity High Alpha Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Utilities continued		
72,640	Drax	304,943	0.31
1,602,904	OPG Power Ventures*	304,552	0.30
	OVERSEAS COMPANIES (UK LISTED COMPANIES) – 7.59% (2020 – 6.83%)		
	Australia – 0.60% (2020 – 0.48%)		
380,917	South32	594,459	0.60
	Bermuda – 0.24% (2020 – 0.31%)		
28,651	Ocean Wilsons	240,668	0.24
	Cayman Islands – 0.12% (2020 – 0.12%)		
28,877	Hutchison China MediTech*	117,529	0.12
	Gibraltar – 0.47% (2020 – 0.46%)		
117,477	888	464,034	0.47
	India – 0.66% (2020 – 0.51%)		
15,720	RHI Magnesita	661,812	0.66
	Iraq – 0.09% (2020 – 0.09%)		
51,610	Gulf Keystone Petroleum	92,176	0.09
	Ireland – 1.11% (2020 – 1.11%)		
80,410	Bank of Ireland	287,692	0.29
8,100	CRH	274,509	0.28
2,400	Flutter Entertainment	372,120	0.37
12,423	Ryanair	174,614	0.17
	Mauritius – 0.24% (2020 – 0.35%)		
374,400	Capital	237,744	0.24
	Netherlands – 0.39% (2020 – 0.34%)		
616,201	DP Eurasia	384,509	0.39
	South Africa – 0.33% (2020 – 0.40%)		
534,031	Old Mutual	327,468	0.33
	Switzerland – 0.92% (2020 – 0.75%)		
320,363	Glencore	910,632	0.92

ES River and Mercantile UK Equity High Alpha Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	United States of America – 2.42% (2020 – 2.12%)		
352,494	Boku*	613,340	0.62
16,710	Hiscox	143,773	0.15
255,523	Somero Enterprises*	958,211	0.96
98,802	Tremor International*	689,638	0.69
	Portfolio of investments	99,083,204	99.67
	Net other assets	325,892	0.33
	Net assets	99,409,096	100.00

Unless otherwise stated, all investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market.

All investments are in ordinary shares unless otherwise stated.

99.67% of the sub-fund's assets are listed in the UK.

The percentages in brackets show the equivalent percentage of net assets as at 31 March 2020.

*Security listed in AIM.

**Delisted security.

ES River and Mercantile UK Equity High Alpha Fund

Comparative table

For the year ending:	31/03/2021	31/03/2020	31/03/2019
A-Class Distribution shares	pence per share	pence per share	pence per share
Change in net assets per share			
Opening net asset value per share	126.62	179.50	178.31
Return before operating charges*	74.42	(46.09)	7.91
Operating charges**	(2.61)	(2.94)	(3.00)
Return after operating charges	71.81	(49.03)	4.91
Distributions	(1.03)	(3.85)	(3.72)
Closing net asset value per share	197.40	126.62	179.50
*After direct transaction costs of	(0.69)	(0.49)	(0.40)
Performance			
Return after charges	56.71%	(27.31)%	2.75%
Other information			
Closing net asset value (£)	7,375,759	5,959,612	8,400,070
Closing number of shares	3,736,488	4,706,587	4,679,634
Operating charges	1.65%	1.65%	1.63%
Direct transaction costs	0.44%	0.27%	0.22%
Prices			
Highest share price	202.94	197.35	202.78
Lowest share price	121.31	111.90	163.11

*Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dilution adjustments and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the sub-fund and share class returns before operating charges.

**The calculation of the operating charges figure is based on expenses paid by the sub-fund over the past twelve months. The Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee, to seek to achieve an Operating Charge of no more than 1.65%.

ES River and Mercantile UK Equity High Alpha Fund

Comparative table continued

For the year ending:	31/03/2021	31/03/2020	31/03/2019
B-Class Accumulation shares	pence per share	pence per share	pence per share
Change in net assets per share			
Opening net asset value per share	679.12	933.40	902.22
Return before operating charges*	402.12	(245.83)	39.36
Operating charges**	(7.69)	(8.45)	(8.18)
Return after operating charges	394.43	(254.28)	31.18
Distributions	(11.94)	(27.24)	(26.01)
Retained distributions on accumulation shares	11.94	27.24	26.01
Closing net asset value per share	1,073.55	679.12	933.40
*After direct transaction costs of	(3.74)	(2.57)	(2.03)
Performance			
Return after charges	58.08%	(27.24)%	3.46%
Other information			
Closing net asset value (£)	41,654,664	25,058,106	27,764,123
Closing number of shares	3,880,079	3,689,815	2,974,518
Operating charges	0.90%	0.90%	0.87%
Direct transaction costs	0.44%	0.27%	0.22%
Prices			
Highest share price	1,100.04	1,049.65	1,027.12
Lowest share price	651.10	595.91	840.02

*Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dilution adjustments and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the sub-fund and share class returns before operating charges.

**The calculation of the operating charges figure is based on expenses paid by the sub-fund over the past twelve months. The Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee, to seek to achieve an Operating Charge of no more than 0.90%.

ES River and Mercantile UK Equity High Alpha Fund

Comparative table continued

For the year ending:	31/03/2021	31/03/2020	31/03/2019
Z-Class Accumulation shares	pence per share	pence per share	pence per share
Change in net assets per share			
Opening net asset value per share	961.91	1,312.32	1,258.96
Return before operating charges*	571.78	(348.42)	54.68
Operating charges**	(1.82)	(1.99)	(1.32)
Return after operating charges	569.96	(350.41)	53.36
Distributions	(26.06)	(48.37)	(46.32)
Retained distributions on accumulation shares	26.06	48.37	46.32
Closing net asset value per share	1,531.87	961.91	1,312.32
*After direct transaction costs of	(5.31)	(3.63)	(2.84)
Performance			
Return after charges	59.25%	(26.70)%	4.24%
Other information			
Closing net asset value (£)	50,378,673	26,727,230	49,630,708
Closing number of shares	3,288,698	2,778,563	3,781,907
Operating charges	0.15%	0.15%	0.10%
Direct transaction costs	0.44%	0.27%	0.22%
Prices			
Highest share price	1,569.19	1,484.60	1,434.79
Lowest share price	922.29	843.89	1,178.76

*Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dilution adjustments and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the sub-fund and share class returns before operating charges.

**The calculation of the operating charges figure is based on expenses paid by the sub-fund over the past twelve months. The Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee, to seek to achieve an Operating Charge of no more than 0.15%.

ES River and Mercantile UK Equity High Alpha Fund

Synthetic Risk Reward Indicator (SRRI)



Typically Lower Rewards

Typically Higher Rewards



Please note, the category stated above is the same for each class of share within the sub-fund.

The Synthetic Risk & Reward Indicator is based on how much the returns of the shares have varied over the last five years, or since launch (whichever is the shorter period). The higher the rank the greater the potential reward but also the greater the risk of losing money.

The shaded area in the Indicator shows the sub-fund's ranking on the Synthetic Risk & Reward Indicator. Historical data is used to calculate the ranking and this may not be a reliable indication for the future ranking and might change.

The sub-fund may not achieve its investment objective and/or you could lose money on your investment in the sub-fund.

The following risks are materially relevant to the sub-fund but may not be adequately captured by the Risk and Reward Indicator, and may cause additional loss:

- Liquidity risk: securities in the sub-fund may be sold below their valuation due to insufficient liquidity in the market.
- Derivative risk; Derivatives may be used to reduce the risk of the sub-fund, but may not always be effective and the sub-fund may still suffer a loss.

Summary of Largest Portfolio Changes

The table below shows the top ten purchases and sales for the year.

Purchases	£	Sales	£
Unilever	4,209,770	Vanguard FTSE 250 UCITS ETF	2,968,233
Vanguard FTSE 250 UCITS ETF	2,979,066	GlaxoSmithKline	2,736,366
GlaxoSmithKline	2,934,118	Unilever	1,372,718
AstraZeneca	2,099,303	Reckitt Benckiser	1,327,359
HSBC	1,898,307	HSBC	1,258,360
BP	1,785,120	British American Tobacco	1,203,570
Lloyds Banking	1,456,691	Entain	1,125,817
Diageo	1,151,228	Tremor International	1,014,843
Royal Dutch Shell	1,083,702	Prudential	887,910
Sage	878,247	Vodafone	879,690

ES River and Mercantile UK Equity High Alpha Fund

Statement of Total Return for the year ended 31 March 2021

	Notes	1 April 2020 to 31 March 2021		1 April 2019 to 31 March 2020	
		£	£	£	£
Income					
Net capital gains/(losses)	2		35,721,248		(25,104,782)
Revenue	3	1,853,192		3,227,276	
Expenses	4	(442,979)		(460,248)	
Interest payable and similar charges	6	(1,990)		(187)	
Net revenue before taxation for the year		1,408,223		2,766,841	
Taxation	5	(3,730)		(24,800)	
Net revenue after taxation for the year			1,404,493		2,742,041
Total return before distributions			37,125,741		(22,362,741)
Distributions	7		(1,407,708)		(2,730,564)
Change in net assets attributable to Shareholders from investment activities			35,718,033		(25,093,305)

Statement of Change in Net Assets attributable to Shareholders for the year ended 31 March 2021

		1 April 2020 to 31 March 2021		1 April 2019 to 31 March 2020	
		£	£	£	£
Opening net assets attributable to Shareholders			57,744,948		85,794,901
Amounts received on creation of shares	43,012,873			6,194,285	
Amounts paid on cancellation of shares	(39,059,692)			(11,648,536)	
Dilution adjustment			3,953,181		(5,454,251)
Change in net assets attributable to Shareholders from investment activities			405,853		6,211
Retained distributions on accumulation shares			35,718,033		(25,093,305)
			1,587,081		2,491,392
Closing net assets attributable to Shareholders			99,409,096		57,744,948

ES River and Mercantile UK Equity High Alpha Fund

Balance Sheet as at 31 March 2021

	Notes	31 March 2021		31 March 2020	
		£	£	£	£
ASSETS					
Fixed assets					
Investments			99,083,204		57,505,105
Current assets					
Debtors	8	1,107,256		989,758	
Cash and bank balances		168,329		223,586	
Total other assets			1,275,585		1,213,344
Total assets			100,358,789		58,718,449
LIABILITIES					
Creditors					
Distribution payable	9	(22,362)		(40,625)	
Other creditors	9	(927,331)		(932,876)	
Total other liabilities			(949,693)		(973,501)
Total liabilities			(949,693)		(973,501)
Net assets attributable to Shareholders			99,409,096		57,744,948

ES River and Mercantile UK Equity High Alpha Fund

Notes to the Financial Statements

1 Accounting policies

The accounting policies for the sub-fund are set out on pages 6 to 7.

2 Net capital gains/(losses)

	31 March 2021 £	31 March 2020 £
The net capital gains/(losses) during the year comprise:		
Non-derivative securities	35,748,017	(25,086,455)
Currency gains/(losses)	4,064	(3,214)
Custodial transaction fees	<u>(30,833)</u>	<u>(15,113)</u>
Net capital gains/(losses)	<u>35,721,248</u>	<u>(25,104,782)</u>

3 Revenue

	31 March 2021 £	31 March 2020 £
Bank interest	7	98
Franked distributions from authorised funds	15,956	5,473
Franked UK dividends	1,666,569	2,842,177
Non-taxable overseas dividends	149,633	333,321
Stock dividends	16,058	10,295
Unfranked UK dividends	—	6,124
UK REIT dividends	<u>4,969</u>	<u>29,788</u>
	<u>1,853,192</u>	<u>3,227,276</u>

ES River and Mercantile UK Equity High Alpha Fund

Notes to the Financial Statements continued

4 Expenses

	31 March 2021 £	31 March 2020 £
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	<u>348,031</u>	<u>349,360</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	12,522	18,139
Safe custody fees	<u>2,919</u>	<u>3,216</u>
	<u>15,441</u>	<u>21,355</u>
Other expenses:		
Audit fee*	12,093	10,377
Fund accounting fees	33,508	31,497
Legal and professional fees	4,006	3,878
Registration fees	1,189	1,138
Transfer agency fees	85,202	44,769
Other fees**	<u>(56,491)</u>	<u>(2,126)</u>
	<u>79,507</u>	<u>89,533</u>
Total expenses	<u>442,979</u>	<u>460,248</u>

*Total audit fees of £9,680 (2020 - £8,800) exclusive of VAT.

**Includes TER cap.

ES River and Mercantile UK Equity High Alpha Fund

Notes to the Financial Statements continued

5 Taxation

	31 March 2021 £	31 March 2020 £
a) Analysis of taxation charge in year		
Overseas tax	<u>3,730</u>	<u>24,800</u>
Total taxation	<u>3,730</u>	<u>24,800</u>

b) Factors affecting taxation charge for the year

The tax assessed for the year is lower (2020: lower) than the standard rate of corporation tax in the UK for an Open Ended Investment Company with variable capital (20%) (2020: 20%). The difference is explained below:

Net revenue before taxation for the year	<u>1,408,223</u>	<u>2,766,841</u>
Return on ordinary activities before taxation at the applicable rate of Corporation tax in the UK of 20% (2020: 20%)	281,645	553,368
Effects of:		
Movement in tax losses	87,999	84,885
Overseas tax	3,730	24,800
Revenue not subject to tax	<u>(369,644)</u>	<u>(638,253)</u>
Total taxation	<u>3,730</u>	<u>24,800</u>

Open Ended Investment Companies are not liable to Corporation tax on capital gains arising on the disposal of investments or revaluation of the sub-fund's portfolio. Therefore, any capital return is not included in the above reconciliation.

c) Provision for deferred tax

There is no deferred tax provision in the current or preceding year.

At the year end there is a potential deferred tax asset of £1,008,995 (£920,996 as at 31 March 2020) due to tax losses. It is unlikely the sub-fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised (same as at 31 March 2020).

6 Interest payable and similar charges

	31 March 2021 £	31 March 2020 £
Interest	<u>1,990</u>	<u>187</u>
	<u>1,990</u>	<u>187</u>

ES River and Mercantile UK Equity High Alpha Fund

Notes to the Financial Statements continued

7 Distributions

The distributions take account of revenue received on the creation of shares and deducted on the cancellation of shares, and comprise:

	31 March 2021	31 March 2020
	£	£
Interim	860,705	1,871,468
Final	<u>765,731</u>	<u>800,074</u>
	1,626,436	2,671,542
Add: revenue deducted on cancellation of shares	82,249	109,391
Deduct: revenue received on creation of shares	<u>(300,977)</u>	<u>(50,369)</u>
	<u>1,407,708</u>	<u>2,730,564</u>
Distributions for the year		
	<u>1,407,708</u>	<u>2,730,564</u>
Reconciliation between net revenue after taxation for the year and the distributions:		
Net revenue after taxation for the year	1,404,493	2,742,041
Equalisation on conversions	32	(14,795)
Expenses transferred to capital	<u>3,183</u>	<u>3,318</u>
Distributions for the year	<u>1,407,708</u>	<u>2,730,564</u>

8 Debtors

	31 March 2021	31 March 2020
	£	£
Accrued revenue	348,100	182,072
Amounts receivable for issue of shares	52,931	221,235
Expense rebate due from the ACD	46,379	—
Overseas tax recoverable	9,161	10,768
Prepaid expenses	—	1,604
Sales awaiting settlement	<u>650,685</u>	<u>574,079</u>
	<u>1,107,256</u>	<u>989,758</u>

9 Other creditors

	31 March 2021	31 March 2020
	£	£
a) Distribution payable		
Gross distribution payable	<u>22,362</u>	<u>40,625</u>
Total distribution payable	<u>22,362</u>	<u>40,625</u>
b) Other creditors		
Accrued expenses	157,846	79,327
Amounts payable for cancellation of shares	491,858	14,858
Purchases awaiting settlement	<u>277,627</u>	<u>838,691</u>
	<u>927,331</u>	<u>932,876</u>

ES River and Mercantile UK Equity High Alpha Fund

Notes to the Financial Statements continued

10 Contingent liabilities and outstanding commitments

There were no commitments or contingent liabilities at the balance sheet date (31 March 2020: same).

11 Related party transactions

Equity Trustees Fund Services Ltd, as ACD, is a related party, and acts as principal in respect of all the transactions of shares in the company. The aggregate monies received through the creation and cancellation of shares are disclosed in the Statement of Change in Net Assets attributable to Shareholders. The amounts outstanding at the year end are disclosed in notes 8 and 9 as amounts receivable on creation of shares and amounts payable on cancellation of shares respectively.

As at 31 March 2021, River and Mercantile Asset Management LLP, which is the Investment Manager, held 0.00% of the shares in issue (0.00% as at 31 March 2020).

Amounts paid to Equity Trustees Fund Services Ltd in respect of the ACD, associates of the ACD and agents of either of them are disclosed in note 4. The balance outstanding as at the year end was £35,868 (£26,494 as at 31 March 2020).

12 Financial instruments

The main risks and the ACD's policy for managing these risks, are stated within the notes applicable to the financial statements of all the sub-funds of the ES River and Mercantile Funds ICVC.

a) Credit risk

Certain transactions in securities that the sub-fund enters into expose it to risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the sub-fund has fulfilled its responsibility.

This risk is managed by appraising the credit profile of financial instruments and trade counterparties.

b) Valuation of financial investments

The categorisation of financial investments in the tables below reflects the methodology used to measure their fair value.

		Assets	Liabilities
		£	£
31 March 2021			
Level 1	Unadjusted quoted price in an active market for an identical instrument	98,915,034	—
Level 3	Valuation techniques using unobservable inputs	168,170	—
		99,083,204	—

		Assets	Liabilities
		£	£
31 March 2020			
Level 1	Unadjusted quoted price in an active market for an identical instrument	57,345,786	—
Level 3	Valuation techniques using unobservable inputs	159,319	—
		57,505,105	—

Where a price is unavailable or the price provided is not thought to be a fair reflection of the current market value of the asset, the Manager, at its discretion, may permit a different method of valuation to be used.

At the current and prior period end, the level 3 asset held was the equity security, Rangers International Football.

The fair value at the current and prior year end was based on a single broker quote at the last valuation point in the current accounting period.

ES River and Mercantile UK Equity High Alpha Fund

Notes to the Financial Statements continued

12 Financial instruments continued

c) Foreign currency risk

Foreign currency risk is the risk of movements in the value of overseas financial instruments as a result of fluctuations in exchange rates. The risk may be managed by the utilisation of forward currency contracts as necessary.

At the balance sheet date, no significant foreign currency was held (2020: same).

d) Derivative risk

At the balance sheet date, no derivatives were held that could impact the sub-fund in a significant way (2020: same).

e) Interest rate risk

Interest rate risk is the risk of movements in the value of financial instruments as a result of fluctuations in interest rates.

The interest rate risk exposure of the sub-fund is not considered to be significant.

f) Sensitivity analysis

Price risk

If market prices had increased by 10% as at the balance sheet date the net asset value of the Fund would have increased by £9,908,320 (2020: £5,750,511). A weakening in market prices of 10% will have resulted in an equal but opposite effect.

g) Leverage

The sub-fund did not employ significant leverage during the year.

13 Portfolio transaction costs

For the year 1 April 2020 to 31 March 2021

Purchases	Transaction Value	Commissions		Taxes	
	£	£	%	£	%
Equity instruments (direct)	67,694,751	36,211	0.05	290,702	0.43
Collective investment schemes	3,003,935	1,212	0.04	131	0.00
Total purchases	70,698,686	37,423		290,833	
Total purchases including transaction costs	71,026,942				
Sales	Transaction Value	Commissions		Taxes	
	£	£	%	£	%
Equity instruments (direct)	61,967,031	34,712	0.06	1,105	0.00
Collective investment schemes	3,342,411	1,761	0.05	6	0.00
Total sales	65,309,442	36,473		1,111	
Total sales net of transaction costs	65,271,858				
Total transaction costs		73,896		291,944	
as a % of average net assets		0.09%		0.35%	

ES River and Mercantile UK Equity High Alpha Fund

Notes to the Financial Statements continued

13 Portfolio transaction costs continued

For the year 1 April 2019 to 31 March 2020

Purchases	Transaction Value £	Commissions £	%	Taxes £	%
Equity instruments (direct)	41,916,909	25,834	0.06	173,351	0.41
Collective investment schemes	271,639	200	0.07	1,365	0.50
Total purchases	42,188,548	26,034		174,716	
Total purchases including transaction costs	42,389,298				
Sales	Transaction Value £	Commissions £	%	Taxes £	%
Equity instruments (direct)	44,649,129	28,784	0.06	585	0.00
Collective investment schemes	238,288	191	0.08	4	0.00
Total sales	44,887,417	28,975		589	
Total sales net of transaction costs	44,857,853				
Total transaction costs		55,009		175,305	
as a % of average net assets		0.06%		0.21%	

The above analysis covers any direct transaction costs suffered by the sub-fund during the year. However, it is important to understand the nature of other transaction costs associated with different investment asset classes and instruments types.

Separately identifiable direct transaction costs (commissions and taxes etc.) are attributable to the sub-fund's purchase and sale of equity shares. Additionally for equity shares there is a dealing spread cost (the difference between the buying and selling prices) which will be suffered on purchase and sale transactions.

For the sub-fund's investment in collective investment scheme holdings there will potentially be a dilution adjustment cost applicable to purchases and sales. However, additionally there are indirect transaction costs suffered in those underlying funds, throughout the holding period for the instruments, which are not separately identifiable and do not form part of the analysis above.

Dealing spread costs suffered by the sub-fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.

At the balance sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.59% (2020 - 0.89%).

ES River and Mercantile UK Equity High Alpha Fund

Notes to the Financial Statements continued

14 Share movement

	A-Class Distribution shares	B-Class Accumulation shares	Z-Class Accumulation shares
Opening shares	4,706,587	3,689,815	2,778,563
Shares issued	44,606	1,013,397	3,130,708
Shares redeemed	(1,003,023)	(825,306)	(2,620,573)
Shares converted	(11,682)	2,173	—
Closing shares	3,736,488	3,880,079	3,288,698

15 Post balance sheet events

Subsequent to the sub-fund's year end, 31 March 2021, the spread of the Coronavirus pandemic has continued to cause widespread market and economic disruption. In the short-term, the sub-fund could be impacted by fluctuations in global stock markets, adverse investor sentiment and increased operational risks. The full impact of the virus remains unclear, however, a long-term adverse impact to the sub-fund is not expected.

The event has given rise to a non-adjusting subsequent event due to continued volatility in global markets after the sub-fund's reporting period. The NAV of the sub-fund as at 1 July 2021 was £99.2m, the impact of the volatility on the sub-fund's NAV between the end of the reporting period and this date was (0.2)%. The price movements per share class are shown below:

	A-Class Distribution shares	B-Class Accumulation shares	Z-Class Accumulation shares
NAV 31 March 2021	7,375,759	41,654,664	50,378,673
NAV 1 July 2021	7,803,782	40,255,012	51,161,193
Movement	5.8%	(3.4%)	1.6%
NAV per share 31 March 2021	197.40	1,073.55	1,531.87
NAV per share 1 July 2021	208.95	1,136.29	1,624.52
Movement	5.9%	5.8%	6.0%

There have been no significant redemptions on the sub-fund or any of the share classes since the reporting date 31 March 2021.

The NAV of the sub-fund was reviewed again on 5 July 2021; there was no material movement in the NAV since 1 July 2021.

ES River and Mercantile UK Equity High Alpha Fund

Distribution tables for the year ended 31 March 2021

Group 1: shares purchased prior to a distribution period

Group 2: shares purchased during a distribution period

Equalisation is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as a return of capital. As capital it is not liable to Income tax but must be deducted from the cost of shares for Capital Gains tax purposes.

Interim dividend distribution in pence per share		Period 01/04/2020 — 30/09/2020		
	Net Revenue	Equalisation	Distribution paid 30/11/20	Distribution paid 30/11/19
A-Class Distribution shares				
Group 1	0.4299	—	0.4299	2.9898
Group 2	0.2123	0.2176	0.4299	2.9898
B-Class Accumulation shares				
Group 1	5.1841	—	5.1841	19.0883
Group 2	4.6445	0.5396	5.1841	19.0883
Z-Class Accumulation shares				
Group 1	11.4184	—	11.4184	31.8588
Group 2	1.7593	9.6591	11.4184	31.8588

Final dividend distribution in pence per share		Period 01/10/2020 — 31/03/2021		
	Net Revenue	Equalisation	Distribution payable 31/05/21	Distribution paid 31/05/20
A-Class Distribution shares				
Group 1	0.5985	—	0.5985	0.8632
Group 2	0.1926	0.4059	0.5985	0.8632
B-Class Accumulation shares				
Group 1	6.7519	—	6.7519	8.1467
Group 2	4.3023	2.4496	6.7519	8.1467
Z-Class Accumulation shares				
Group 1	14.6377	—	14.6377	16.5140
Group 2	9.7887	4.8490	14.6377	16.5140

ES River and Mercantile UK Equity Smaller Companies Fund

Investment Objective

The investment objective of the sub-fund is to grow the value of your investment (known as “capital growth”) in excess of the Numis Smaller Companies plus AiM (excluding investment companies), Index Net Total Return (the “Benchmark”) over a rolling 5 year period, after the deduction of all fees.

Investment Policy

The sub-fund seeks to achieve its investment objective by investing at least 80% of its value in shares of the smallest 10% of companies in the UK stock market in terms of market capitalisation (total number of shares outstanding multiplied by the current price). Investment can be direct, or indirect, in shares (including common and preference shares), rights for shares, warrants, depositary receipts (securities issued by banks that represent company shares), investment trusts (including REITS) and collective investment schemes.

Up to 20% of the sub-fund may be invested shares of companies of any size and anywhere in the world (including the UK and excluding emerging markets), collective investment schemes and cash. Investment can be direct or indirect as noted above.

Investment in collective investment schemes (which includes exchange traded funds) can include those operated and/or managed by the ACD or the Investment Manager.

The sub-fund may use derivatives for the purposes of reducing risk or cost or for generating extra income or growth (known as “efficient portfolio management”). As an example, the sub-fund may use forward contracts for currency hedging with the intention of reducing the risk arising from currency exposures in a cost-effective way.

The sub-fund is actively managed, meaning the Investment Manager will use their expertise to pick investments to achieve the sub-fund’s objectives.

The Investment Manager will select shares for the sub-fund that fit the River and Mercantile PVT (Potential, Valuation and Timing) Investment Philosophy. This approach to investing has been in place since the PVT Team was launched in 2006 and looks for companies that have attractive “Potential” (the ability to grow shareholder value through increases in profits and cash), “Valuation” (the price of shares on the stock market is lower than the value the Investment Manager gives to the shares) and “Timing” (the extent to which analytical indicators that are supportive of investing at the time of analysis).

The sub-fund will invest in a range of companies by industry sector. Its investments are not restricted by reference to the Benchmark, but the sub-fund is limited to a maximum investment of 5% of the sub-fund’s assets in any one company.

ES River and Mercantile UK Equity Smaller Companies Fund

Investment Manager's Review

Investment Review

The ES River & Mercantile UK Equity Smaller Companies Fund B share class returned 67.7% over the 12 months to 31 March 2021, compared with the Numis Smaller Companies (ex. Investment Companies) + AIM index which returned 71.3%.

The fund had performed relatively strongly in the previous period, as we entered the pandemic crisis and markets fell when the fund was positioned reasonably defensively. We took advantage of the sell-off in March 2020 to add several more cyclical stocks to the portfolio and it was thus satisfying to continue to perform reasonably well during the summer last year. The very strong rotation during the Autumn and Winter back into financials, oil and leveraged cyclical stocks meant that some of the performance reversed leaving us marginally behind a very strong benchmark for the year.

In a year featuring a global pandemic, it is perhaps fitting that the sector in which we performed most strongly was the Pharmaceuticals and Healthcare sectors. Key to the success was a holding in **Maxcyte**, a US based company with a cell therapy platform built on a technology called flow electroporation. Maxcyte licenses this technology to large cell therapy and pharmaceuticals companies enabling it to participate in the success of a portfolio of over 120 CAR-T drugs which are having a very real positive impact on the fight against cancer. They will be listing later this year on Nasdaq and we have been proud to be one of their leading shareholders since their IPO. Elsewhere we performed well being underweight in a falling oil sector and overweight in a strongly performing materials sector, in part through our gold holdings. We underperformed in the capital goods sectors where our defence stocks lagged the rally while early stage clean power innovators such as **Ceres Power** and **ITM Power** performed very strongly where we were zero weight. Meanwhile our own core de-carbonisation themed stock, **Smart Metering Systems** also lagged the rally after exceptional performance the year before.

With such a volatile year, we made several additions to the portfolio during the year. We added to cheap consumer cyclical stocks such as new holding **DFS Furniture** and adding back to **Hollywood Bowl**. High quality sustainable construction stocks which are set to benefit from a UK recovery such as **Polypipe** (recently renamed **Genuit**), **Volution Group** and **Countryside Properties** were all added as were sustainable stocks like waste recycling specialist **Biffa** and biomass generator **Drax**. High growth software stocks such as **Tinybuild**, Microsoft reseller **Bytes Technology** and **Moonpig** were also bought at IPO during the period. An exit was made from gold stock **Centamin** as well as reductions in Pan-African Resources and proceeds were received for a bid in F1 Games developer **Codemasters**.

Market Overview

After the lockdown-induced low earlier in the year, economies around the world bottomed out in April, as a very supportive monetary and fiscal policy kicked in. The recovery started to come through in May and June, and then continued to recover over the summer and into autumn. However, a second wave of Covid-19 hit most countries, stalling re-openings and leading to the recovery in some segments of economies being put on hold. Certainty around the US election and positive vaccine announcements during November created the catalyst for markets to rally strongly in particular continuing the rally in cyclical stocks in anticipation of economic recovery from the Covid-19 Pandemic. UK Small Cap stocks bounced hard in line with global equity markets despite an underwhelming management of the Covid crisis and returning Brexit worries. The more recent success in the UK's vaccine programme has also delivered a continuation of the positive trends witnessed through this extraordinary 12 months.

Outlook

Pandemic headlines continue to improve and the outlook for the UK economy should see confidence rapidly return later in 2021 as the latest Covid wave falls and the vaccines and therapeutic drugs are successfully rolled out. The UK market remains relatively cheap despite the most recent rally. We are buying high quality undervalued stocks, where we believe growth in profits and cash flow will be more sustainable than the market believes. We continue to execute on a sell discipline that enables us to recycle capital into new exceptional small cap equity investments.

Source: River and Mercantile Asset Management LLP

ES River and Mercantile UK Equity Smaller Companies Fund

Portfolio Statement as at 31 March 2021

Holding	Investment	Market Value £	% of Net Assets
UNITED KINGDOM (UK LISTED COMPANIES) – 84.51% (2020 – 90.63%)			
Banks – 2.31% (2020 – 2.24%)			
2,150,040	OSB	9,163,471	2.31
Capital Goods – 11.67% (2020 – 12.92%)			
2,200,000	Chemring	5,841,000	1.47
1,015,000	Genuit	5,633,250	1.42
358,431	Norcros	957,011	0.24
1,400,000	QinetiQ	4,424,000	1.12
7,200,000	Speedy Hire	4,780,800	1.21
1,050,000	Tyman	3,911,250	0.99
325,000	Ultra Electronics	6,591,000	1.66
1,300,000	Vesuvius	7,007,000	1.77
1,800,000	Volution	7,110,000	1.79
Commercial & Professional Services – 6.88% (2020 – 2.48%)			
1,525,129	Alpha Financial Markets Consulting*	3,843,325	0.97
1,158,239	Begbies Traynor*	1,360,931	0.34
2,250,000	Biffa	5,985,000	1.51
2,895,981	Johnson Service*	4,199,172	1.06
760,000	JTC	4,666,400	1.18
665,000	Keystone Law*	4,056,500	1.02
2,300,000	Serco	3,164,800	0.80
Consumer Durables & Apparel – 4.90% (2020 – 1.30%)			
800,000	Countryside Properties	4,064,000	1.02
2,900,000	DFS Furniture	7,859,000	1.98
600,000	IG Design*	3,480,000	0.88
4,024,528	Photo-Me International	2,285,932	0.58
1,559,155	Ted Baker	1,757,168	0.44
Consumer Services – 3.20% (2020 – 1.92%)			
2,873,894	Hollywood Bowl	6,552,478	1.65
5,003,845	Restaurant	6,129,710	1.55
Diversified Financials – 4.51% (2020 – 3.43%)			
250,000	Alpha FX*	3,200,000	0.81
165,609	Liontrust Asset Management	2,351,648	0.59
2,103,681	Premier Miton*	2,987,227	0.76
3,586,646	River & Mercantile UK Micro Cap Investment**	9,325,279	2.35

ES River and Mercantile UK Equity Smaller Companies Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Energy – 2.40% (2020 – 3.63%)		
8,000,000	Diversified Gas & Oil	8,880,000	2.24
3,928,151	SDX Energy*	648,145	0.16
	Food, Beverage & Tobacco – 0.00% (2020 – 2.94%)		
	Health Care Equipment & Services – 2.61% (2020 – 5.02%)		
550,000	CareTech*	2,904,000	0.73
675,000	EMIS*	7,425,000	1.88
	Household & Personal Products – 0.60% (2020 – 0.00%)		
2,800,000	Venture Life*	2,380,000	0.60
	Insurance – 2.21% (2020 – 4.78%)		
475,000	Lancashire	3,059,000	0.77
2,257,143	Sabre Insurance	5,710,572	1.44
	Materials – 4.91% (2020 – 9.31%)		
900,000	Essentra	2,610,000	0.66
775,000	Forterra	2,224,250	0.56
1,514,907	Hochschild Mining	2,961,643	0.75
20,000,000	Pan African Resources*	3,140,000	0.79
3,437,743	Serabi Gold*	2,303,288	0.58
29,318,582	Shanta Gold*	3,444,933	0.87
600,000	Synthomer	2,784,000	0.70
	Media & Entertainment – 8.52% (2020 – 11.99%)		
422,868	Future	8,085,236	2.04
5,050,000	Pebble*	6,817,500	1.72
2,600,000	Reach	5,590,000	1.41
1,715,000	Sumo*	6,002,500	1.51
970,000	Team17*	7,275,000	1.84
	Pharmaceuticals, Biotechnology & Life Sciences – 2.60% (2020 – 4.21%)		
14,239,510	Allergy Therapeutics*	2,847,902	0.72
8,000,000	Alliance Pharma*	7,480,000	1.88
	Real Estate – 5.02% (2020 – 5.18%)		
2,500,000	Capital & Counties Properties	4,267,500	1.08
3,215,000	Sigma Capital*	4,661,750	1.18
7,800,000	Supermarket Income Reit	8,424,000	2.12
1,200,000	Watkin Jones*	2,544,000	0.64

ES River and Mercantile UK Equity Smaller Companies Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Retailing – 6.27% (2020 – 3.26%)		
2,497,117	Halfords	9,489,044	2.39
837,950	Moonpig	3,557,936	0.90
1,300,000	On the Beach	5,271,500	1.33
6,750,000	Vivo Energy	6,520,500	1.65
	Software & Services – 4.26% (2020 – 3.03%)		
664,000	Aptitude Software	4,621,440	1.17
60,000	Blue Prism*	762,000	0.19
1,301,667	Bytes Technology	5,196,255	1.31
4,203,500	Learning Technologies*	6,313,657	1.59
	Technology Hardware & Equipment – 7.72% (2020 – 10.04%)		
1,824,199	Smart Metering Systems*	15,140,852	3.82
1,882,000	Spirent Communications	4,488,570	1.13
4,100,000	Strix*	10,988,000	2.77
	Telecommunication Services – 2.91% (2020 – 2.95%)		
467,400	Gamma Communications*	7,641,990	1.93
2,300,000	Helios Towers	3,887,000	0.98
	Utilities – 1.01% (2020 – 0.00%)		
950,000	Drax	3,988,100	1.01
	OVERSEAS COMPANIES (UK LISTED COMPANIES) – 8.92% (2020 – 3.58%)		
	Bermuda – 0.67% (2020 – 0.00%)		
520,000	Conduit	2,678,000	0.67
	Gibraltar – 0.60% (2020 – 0.61%)		
600,000	888	2,370,000	0.60
	Mauritius – 0.47% (2020 – 0.00%)		
2,931,310	Capital	1,861,382	0.47
	United States of America – 7.18% (2020 – 2.97%)		
3,858,933	Boku*	6,714,544	1.69
1,350,000	MaxCyte*	11,745,000	2.96
230,177	MaxCyte Reg S	2,048,575	0.52
600,000	Somero Enterprises*	2,250,000	0.57
2,588,757	Tinybuild*	5,695,265	1.44

ES River and Mercantile UK Equity Smaller Companies Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	OVERSEAS COMPANIES – 0.00% (2020 – 0.47%)		
	Australia – 0.00% (2020 – 0.47%)		
	Portfolio of investments	370,387,181	93.43
	Net other assets	26,028,188	6.57
	Net assets	396,415,369	100.00

Unless otherwise stated, all investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market.

All investments are in ordinary shares unless otherwise stated.

93.43% of the sub-fund's assets are listed in the UK.

The percentages in brackets show the equivalent percentage of net assets as at 31 March 2020.

*Security listed in AIM.

**Related party.

ES River and Mercantile UK Equity Smaller Companies Fund

Comparative table

For the year ending:	31/03/2021	31/03/2020	31/03/2019
A-Class Distribution shares	pence per share	pence per share	pence per share
Change in net assets per share			
Opening net asset value per share	276.22	314.49	325.46
Return before operating charges*	187.24	(29.98)	(3.89)
Operating charges**	(6.11)	(5.19)	(5.29)
Return after operating charges	181.13	(35.17)	(9.18)
Distributions	(0.98)	(3.10)	(1.79)
Retained distributions on accumulation shares	0.00	0.00	0.00
Closing net asset value per share	456.37	276.22	314.49
*After direct transaction costs of	(0.76)	(0.68)	(0.58)
Performance			
Return after charges	65.57%	(11.18)%	2.82%
Other information			
Closing net asset value (£)	30,121,740	20,715,897	31,113,779
Closing number of shares	6,600,335	7,499,869	9,893,308
Operating charges	1.64%	1.60%	1.60%
Direct transaction costs	0.20%	0.21%	0.17%
Prices			
Highest share price	463.12	365.60	358.94
Lowest share price	266.96	234.27	283.91

*Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dilution adjustments and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the sub-fund and share class returns before operating charges.

**The calculation of the operating charges figure is based on expenses paid by the sub-fund over the past twelve months. The Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee, to seek to achieve an Operating Charge of no more than 1.70%.

ES River and Mercantile UK Equity Smaller Companies Fund

Comparative table continued

For the year ending:	31/03/2021	31/03/2020	31/03/2019
B-Class Accumulation shares	pence per share	pence per share	pence per share
Change in net assets per share			
Opening net asset value per share	1,745.02	1,952.68	1,995.38
Return before operating charges*	1,188.49	(190.39)	(25.36)
Operating charges**	(21.07)	(17.27)	(17.34)
Return after operating charges	1,167.42	(207.66)	(42.70)
Distributions	(18.53)	(34.60)	(25.93)
Retained distributions on accumulation shares	18.53	34.60	25.93
Closing net asset value per share	2,912.44	1,745.02	1,952.68
*After direct transaction costs of	(4.84)	(4.24)	(3.57)
Performance			
Return after charges	66.90%	(10.63)%	(2.14)%
Other information			
Closing net asset value (£)	140,146,245	112,675,947	263,194,154
Closing number of shares	4,811,982	6,457,017	13,478,635
Operating charges	0.89%	0.85%	0.85%
Direct transaction costs	0.20%	0.21%	0.17%
Prices			
Highest share price	2,955.43	2,306.18	2,204.35
Lowest share price	1,688.37	1,478.61	1,759.41

*Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dilution adjustments and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the sub-fund and share class returns before operating charges.

**The calculation of the operating charges figure is based on expenses paid by the sub-fund over the past twelve months. The Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee, to seek to achieve an Operating Charge of no more than 0.95%.

ES River and Mercantile UK Equity Smaller Companies Fund

Comparative table continued

For the year ending:	31/03/2021	31/03/2020	31/03/2019
B-Class Distribution shares	pence per share	pence per share	pence per share
Change in net assets per share			
Opening net asset value per share	402.43	458.45	474.21
Return before operating charges*	273.18	(43.90)	(5.51)
Operating charges**	(4.84)	(4.03)	(4.10)
Return after operating charges	268.34	(47.93)	(9.61)
Distributions	(4.29)	(8.09)	(6.15)
Closing net asset value per share	666.48	402.43	458.45
*After direct transaction costs of	(1.11)	(0.99)	(0.84)
Performance			
Return after charges	66.68%	(10.45)%	(2.03)%
Other information			
Closing net asset value (£)	184,371,477	111,775,030	188,117,107
Closing number of shares	27,663,576	27,774,995	41,033,704
Operating charges	0.89%	0.85%	0.85%
Direct transaction costs	0.20%	0.21%	0.17%
Prices			
Highest share price	677.38	534.55	523.88
Lowest share price	388.94	342.73	414.51

*Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dilution adjustments and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the sub-fund and share class returns before operating charges.

**The calculation of the operating charges figure is based on expenses paid by the sub-fund over the past twelve months. The Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee, to seek to achieve an Operating Charge of no more than 0.95%.

ES River and Mercantile UK Equity Smaller Companies Fund

Comparative table continued

For the year ending:	31/03/2021	31/03/2020+
	pence per share	pence per share
S-Class Distribution shares		
Change in net assets per share		
Opening net asset value per share	214.62	250.00
Return before operating charges*	145.75	(30.47)
Operating charges**	(1.86)	(1.32)
Return after operating charges	143.89	(31.79)
Distributions	(3.01)	(3.59)
Closing net asset value per share	355.50	214.62
*After direct transaction costs of	(0.59)	(0.48)
Performance		
Return after charges	67.04%	(12.72)%
Other information		
Closing net asset value (£)	41,775,907	37,143,089
Closing number of shares	11,751,185	17,306,050
Operating charges	0.64%	0.57%
Direct transaction costs	0.20%	0.21%
Prices		
Highest share price	361.72	285.50
Lowest share price	207.43	183.08

*Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dilution adjustments and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the sub-fund and share class returns before operating charges.

**The calculation of the operating charges figure is based on expenses paid by the sub-fund over the past twelve months. The Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee, to seek to achieve an Operating Charge of no more than 0.70%.

+Launched on 2 May 2019.

ES River and Mercantile UK Equity Smaller Companies Fund

Synthetic Risk Reward Indicator (SRRI)



Please note, the category stated above is the same for each class of share within the sub-fund.

The Synthetic Risk & Reward Indicator is based on how much the returns of the shares have varied over the last five years, or since launch (whichever is the shorter period). The higher the rank the greater the potential reward but also the greater the risk of losing money.

The shaded area in the Indicator shows the sub-fund's ranking on the Synthetic Risk & Reward Indicator. Historical data is used to calculate the ranking and this may not be a reliable indication for the future ranking and might change.

The sub-fund may not achieve its investment objective and/or you could lose money on your investment in the sub-fund.

The following risks are materially relevant to the sub-fund but may not be adequately captured by the Risk and Reward Indicator, and may cause additional loss:

- **Liquidity risk:** the value of investments may be more unpredictable and in certain cases, it may be difficult to deal a security at the last market price quoted or at a value considered to be fair.
- **Volatility:** the fund invests in shares of smaller companies which can be more volatile than shares of larger companies, and at times it may be difficult to value or to sell shares at desired times and prices, increasing the risk of losses.
- **Currency:** the fund could be exposed to different currencies. Movements in currency exchange rates may adversely affect the value of your investment.
- **Operational:** operational risks arising from errors in transactions, valuation, accounting, and finance reporting, among other things, may also affect the value of your investments.
- **Counterparty:** the fund could lose money if an entity (counterparty) with which it does business defaults in respect of its obligations to the fund.
- **Derivative risk:** Derivatives may be used to reduce the risk of the sub-fund, but may not always be effective and the sub-fund may still suffer a loss.

Summary of Largest Portfolio Changes

The table below shows the top ten purchases and sales for the year.

Purchases	£	Sales	£
Genuit	5,010,528	Codemasters	17,689,329
DFS Furniture	4,956,156	MaxCyte	10,741,781
Shanta Gold	4,813,254	Centamin	9,601,788
Volution	4,408,307	Fevertree Drinks	8,781,383
Tinybuild	4,375,000	Pan African Resources	8,475,759
Vivo Energy	4,244,575	Gamma Communications	8,034,223
Drax	4,125,515	Clinigen	6,343,560
Capital & Counties Properties	4,050,596	John Laing	6,176,556
Countryside Properties	4,043,070	Highland Gold Mining	5,972,184
Telecom Plus	3,975,565	Halfords	5,927,794

ES River and Mercantile UK Equity Smaller Companies Fund

Statement of Total Return for the year ended 31 March 2021

	Notes	1 April 2020 to 31 March 2021		1 April 2019 to 31 March 2020	
		£	£	£	£
Income					
Net capital gains/(losses)	2		160,979,876		(39,870,897)
Revenue	3	5,923,934		11,396,524	
Expenses	4	(2,970,551)		(3,826,280)	
Interest payable and similar charges	6	—		—	
Net revenue before taxation for the year		2,953,383		7,570,244	
Taxation	5	(391,746)		(10,696)	
Net revenue after taxation for the year			2,561,637		7,559,548
Total return before distributions			163,541,513		(32,311,349)
Distributions	7		(2,644,661)		(7,583,127)
Change in net assets attributable to Shareholders from investment activities			160,896,852		(39,894,476)

Statement of Change in Net Assets attributable to Shareholders for the year ended 31 March 2021

		1 April 2020 to 31 March 2021		1 April 2019 to 31 March 2020	
		£	£	£	£
Opening net assets attributable to Shareholders			282,309,963		482,425,040
Amounts received on creation of shares	44,199,201			29,701,335	
Amounts paid on cancellation of shares	(92,279,227)			(194,101,854)	
			(48,080,026)		(164,400,519)
Dilution adjustment			418,166		745,672
Change in net assets attributable to Shareholders from investment activities			160,896,852		(39,894,476)
Retained distributions on accumulation shares			870,397		3,434,180
Unclaimed distributions over 6 years old			17		66
Closing net assets attributable to Shareholders			396,415,369		282,309,963

ES River and Mercantile UK Equity Smaller Companies Fund

Balance Sheet as at 31 March 2021

	Notes	31 March 2021		31 March 2020	
		£	£	£	£
ASSETS					
Fixed assets					
Investments			370,387,181		267,281,721
Current assets					
Debtors	8	790,941		7,708,396	
Cash and bank balances		29,870,967		15,107,475	
Total other assets			30,661,908		22,815,871
Total assets			401,049,089		290,097,592
LIABILITIES					
Creditors					
Distribution payable	9	(402,192)		(847,051)	
Other creditors	9	(4,231,528)		(6,940,578)	
Total other liabilities			(4,633,720)		(7,787,629)
Total liabilities			(4,633,720)		(7,787,629)
Net assets attributable to Shareholders			396,415,369		282,309,963

ES River and Mercantile UK Equity Smaller Companies Fund

Notes to the Financial Statements

1 Accounting policies

The accounting policies for the sub-fund are set out on pages 6 to 7.

2 Net capital gains/(losses)

	31 March 2021 £	31 March 2020 £
The net capital gains/(losses) during the year comprise:		
Non-derivative securities	161,003,561	(39,838,697)
Currency losses	(7,121)	(16,862)
Custodial transaction fees	<u>(16,564)</u>	<u>(15,338)</u>
Net capital gains/(losses)	<u>160,979,876</u>	<u>(39,870,897)</u>

3 Revenue

	31 March 2021 £	31 March 2020 £
Bank interest	107	937
Franked UK dividends	3,199,191	8,981,479
Management fee rebates	63,921	56,943
Non-taxable overseas dividends	2,241,951	1,853,921
Stock dividends	49,970	—
Unfranked UK dividends	—	39,950
UK REIT dividends	<u>368,794</u>	<u>463,294</u>
	<u>5,923,934</u>	<u>11,396,524</u>

ES River and Mercantile UK Equity Smaller Companies Fund

Notes to the Financial Statements continued

4 Expenses

	31 March 2021 £	31 March 2020 £
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	<u>2,537,773</u>	<u>3,415,118</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	47,828	61,592
Safe custody fees	<u>10,682</u>	<u>14,264</u>
	<u>58,510</u>	<u>75,856</u>
Other expenses:		
Audit fee*	12,093	10,377
Fund accounting fees	76,176	96,795
Legal and professional fees	4,333	3,878
Registration fees	4,576	4,733
Transfer agency fees	178,839	192,738
Other fees	<u>98,251</u>	<u>26,785</u>
	<u>374,268</u>	<u>335,306</u>
Total expenses	<u><u>2,970,551</u></u>	<u><u>3,826,280</u></u>

*Total audit fees of £9,680 (2020 - £8,800) exclusive of VAT.

ES River and Mercantile UK Equity Smaller Companies Fund

Notes to the Financial Statements continued

5 Taxation

	31 March 2021 £	31 March 2020 £
a) Analysis of taxation charge in year		
Overseas tax	<u>391,746</u>	<u>10,696</u>
Total taxation	<u>391,746</u>	<u>10,696</u>

b) Factors affecting taxation charge for the year

The tax assessed for the year is lower (2020: lower) than the standard rate of corporation tax in the UK for an Open Ended Investment Company with variable capital (20%) (2020: 20%). The difference is explained below:

Net revenue before taxation for the year	<u>2,953,383</u>	<u>7,570,244</u>
Return on ordinary activities before taxation at the applicable rate of Corporation tax in the UK of 20% (2020: 20%)	590,677	1,514,049
Effects of:		
Movement in tax losses	507,546	655,170
Overseas tax	391,746	10,696
Relief on overseas tax expensed	—	(2,139)
Revenue not subject to tax	<u>(1,098,223)</u>	<u>(2,167,080)</u>
Total taxation	<u>391,746</u>	<u>10,696</u>

Open Ended Investment Companies are not liable to Corporation tax on capital gains arising on the disposal of investments or revaluation of the sub-fund's portfolio. Therefore, any capital return is not included in the above reconciliation.

c) Provision for deferred tax

There is no deferred tax provision in the current or preceding year.

At the year end there is a potential deferred tax asset of £6,890,717 (£6,383,171 as at 31 March 2020) due to tax losses. It is unlikely the sub-fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised (same as at 31 March 2020).

6 Interest payable and similar charges

	31 March 2021 £	31 March 2020 £
Interest	<u>—</u>	<u>—</u>
	<u>—</u>	<u>—</u>

ES River and Mercantile UK Equity Smaller Companies Fund

Notes to the Financial Statements continued

7 Distributions

The distributions take account of revenue received on the creation of shares and deducted on the cancellation of shares, and comprise:

	31 March 2021 £	31 March 2020 £
Interim	1,818,827	5,152,561
Final	<u>621,681</u>	<u>1,430,869</u>
	2,440,508	6,583,430
Add: revenue deducted on cancellation of shares	268,955	1,080,597
Deduct: revenue received on creation of shares	<u>(64,802)</u>	<u>(80,900)</u>
	<u>2,644,661</u>	<u>7,583,127</u>
Distributions for the year		
Reconciliation between net revenue after taxation for the year and the distributions:		
Net revenue after taxation for the year	2,561,637	7,559,548
Equalisation on conversions	3,544	568
Expenses transferred to capital	23,068	23,011
Shortfall met from capital	<u>56,412</u>	<u>—</u>
Distributions for the year	<u>2,644,661</u>	<u>7,583,127</u>

8 Debtors

	31 March 2021 £	31 March 2020 £
Accrued revenue	169,805	19,404
Amounts receivable for issue of shares	489,759	430,248
Overseas tax recoverable	131,377	149,244
Sales awaiting settlement	<u>—</u>	<u>7,109,500</u>
	<u>790,941</u>	<u>7,708,396</u>

9 Other creditors

	31 March 2021 £	31 March 2020 £
a) Distribution payable		
Gross distribution payable	<u>402,192</u>	<u>847,051</u>
Total distribution payable	<u>402,192</u>	<u>847,051</u>
b) Other creditors		
Accrued expenses	599,609	365,403
Amounts payable for cancellation of shares	783,257	6,273,965
Purchases awaiting settlement	<u>2,848,662</u>	<u>301,210</u>
	<u>4,231,528</u>	<u>6,940,578</u>

10 Contingent liabilities and outstanding commitments

There were no commitments or contingent liabilities at the balance sheet date (31 March 2020: same).

ES River and Mercantile UK Equity Smaller Companies Fund

Notes to the Financial Statements continued

11 Related party transactions

Equity Trustees Fund Services Ltd, as ACD, is a related party, and acts as principal in respect of all the transactions of shares in the company. The aggregate monies received through the creation and cancellation of shares are disclosed in the Statement of Change in Net Assets attributable to Shareholders. The amounts outstanding at the year end are disclosed in notes 8 and 9 as amounts receivable on creation of shares and amounts payable on cancellation of shares respectively.

As at 31 March 2021, River and Mercantile Asset Management LLP, which is the Investment Manager, held 0.00% of the shares in issue (0.00% as at 31 March 2020).

Amounts paid to Equity Trustees Fund Services Ltd in respect of the ACD, associates of the ACD and agents of either of them are disclosed in note 4. The balance outstanding as at the year end was £260,952 (£203,609 as at 31 March 2020).

The sub-fund invests in ES River and Mercantile UK Micro Cap Investment Company, all transactions in respect of which are transacted at the instruction of River and Mercantile Asset Management. The sub-fund's holding in ES River and Mercantile UK Micro Cap Investment Company at the year end is disclosed on the portfolio statement on page 38.

During the year, the aggregate value of purchases and sales made by ES River and Mercantile UK Equity Smaller Companies Fund into ES River and Mercantile UK Micro Cap Investment Company was £1,327,865 (2020: £338,726).

The sub-fund received £3,085,995 in respect of the partial compulsory redemption of its holding in ES River and Mercantile UK Micro Cap Investment Company (2020:£Nil).

12 Financial instruments

The main risks and the ACD's policy for managing these risks, are stated within the notes applicable to the financial statements of all the sub-funds of the ES River and Mercantile Funds ICVC.

a) Credit risk

Certain transactions in securities that the sub-fund enters into expose it to risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the sub-fund has fulfilled its responsibility.

This risk is managed by appraising the credit profile of financial instruments and trade counterparties.

b) Valuation of financial investments

The categorisation of financial investments in the tables below reflects the methodology used to measure their fair value.

		Assets	Liabilities
		£	£
31 March 2021			
Level 1	Unadjusted quoted price in an active market for an identical instrument	361,061,902	—
Level 2	Valuation techniques using observable inputs other than quoted prices within level 1	9,325,279	—
		370,387,181	—
31 March 2020			
Level 1	Unadjusted quoted price in an active market for an identical instrument	267,281,721	—
		267,281,721	—

ES River and Mercantile UK Equity Smaller Companies Fund

Notes to the Financial Statements continued

12 Financial instruments continued

c) Foreign currency risk

Foreign currency risk is the risk of movements in the value of overseas financial instruments as a result of fluctuations in exchange rates. The risk may be managed by the utilisation of forward currency contracts as necessary.

At the balance sheet date, no significant foreign currency was held (2020: same).

d) Derivative risk

At the balance sheet date, no derivatives were held that could impact the sub-fund in a significant way (2020: same).

e) Interest rate risk

Interest rate risk is the risk of movements in the value of financial instruments as a result of fluctuations in interest rates.

The interest rate risk exposure of the sub-fund is not considered to be significant.

f) Sensitivity analysis

Price risk

If market prices had increased by 10% as at the balance sheet date the net asset value of the Fund would have increased by £37,038,718 (2020: £26,728,172). A weakening in market prices of 10% will have resulted in an equal but opposite effect.

g) Leverage

The sub-fund did not employ significant leverage during the year.

13 Portfolio transaction costs

For the year 1 April 2020 to 31 March 2021

Purchases	Transaction Value	Commissions	%	Taxes	
	£			£	£
Equity instruments (direct)	161,738,085	92,824	0.06	422,593	0.26
Total purchases	161,738,085	92,824		422,593	
Total purchases including transaction costs	162,253,502				
Sales	Transaction Value	Commissions	%	Taxes	
	£			£	£
Equity instruments (direct)	219,261,824	150,940	0.07	792	0.00
Collective investment schemes	1,327,865	—	—	—	—
Total sales	220,589,689	150,940		792	
Total sales net of transaction costs	220,437,957				
Total transaction costs		243,764		423,385	
as a % of average net assets		0.07%		0.13%	

ES River and Mercantile UK Equity Smaller Companies Fund

Notes to the Financial Statements continued

13 Portfolio transaction costs continued

For the year 1 April 2019 to 31 March 2020

Purchases	Transaction Value £	Commissions £	%	Taxes £	%
Equity instruments (direct)	173,849,676	118,730	0.07	545,908	0.31
Total purchases	173,849,676	118,730		545,908	
Total purchases including transaction costs	174,514,314				
Sales	Transaction Value £	Commissions £	%	Taxes £	%
Equity instruments (direct)	332,015,500	236,972	0.07	1,103	0.00
Total sales	332,015,500	236,972		1,103	
Total sales net of transaction costs	331,777,425				
Total transaction costs		355,702		547,011	
as a % of average net assets		0.08%		0.13%	

The above analysis covers any direct transaction costs suffered by the sub-fund during the year. However, it is important to understand the nature of other transaction costs associated with different investment asset classes and instruments types.

Separately identifiable direct transaction costs (commissions and taxes etc.) are attributable to the sub-fund's purchase and sale of equity shares. Additionally for equity shares there is a dealing spread cost (the difference between the buying and selling prices) which will be suffered on purchase and sale transactions.

For the sub-fund's investment in collective investment scheme holdings there will potentially be a dilution adjustment cost applicable to purchases and sales. However, additionally there are indirect transaction costs suffered in those underlying funds, throughout the holding period for the instruments, which are not separately identifiable and do not form part of the analysis above.

Dealing spread costs suffered by the sub-fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.

At the balance sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 1.20% (2020 - 1.09%).

ES River and Mercantile UK Equity Smaller Companies Fund

Notes to the Financial Statements continued

14 Share movement

	A-Class Distribution shares	B-Class Accumulation shares	B-Class Distribution shares	S-Class Distribution shares
Opening shares	7,499,869	6,457,017	27,774,995	17,306,050
Shares issued	842,657	566,356	4,080,372	1,323,822
Shares redeemed	(1,241,567)	(2,213,551)	(4,533,465)	(6,862,661)
Shares converted	(500,624)	2,160	341,674	(16,026)
Closing shares	6,600,335	4,811,982	27,663,576	11,751,185

15 Post balance sheet events

Subsequent to the sub-fund's year end, 31 March 2021, the spread of the Coronavirus pandemic has continued to cause widespread market and economic disruption. In the short-term, the sub-fund could be impacted by fluctuations in global stock markets, adverse investor sentiment and increased operational risks. The full impact of the virus remains unclear, however, a long-term adverse impact to the sub-fund is not expected.

The event has given rise to a non-adjusting subsequent event due to continued volatility in global markets after the sub-fund's reporting period. The NAV of the sub-fund as at 1 July 2021 was £537.3m, the impact of the volatility on the sub-fund's NAV between the end of the reporting period and this date was 35.6%. The price movements per share class are shown below:

	A-Class Distribution shares	B-Class Accumulation shares	B-Class Distribution shares	S-Class Distribution shares
NAV 31 March 2021	30,121,740	140,146,245	184,371,477	41,775,907
NAV 1 July 2021	—	257,417,316	235,682,990	44,238,981
Movement	N/A	83.7%	27.8%	5.9%
NAV per share 31 March 2021	456.37	2,912.44	666.48	355.50
NAV per share 1 July 2021	—	3,194.53	731.04	390.19
Movement	N/A	9.7%	9.7%	9.8%

There have been no significant redemptions on the sub-fund or any of the share classes since the reporting date 31 March 2021.

The NAV of the sub-fund was reviewed again on 5 July 2021; there was no material movement in the NAV since 1 July 2021.

The sub-fund launched S-Class Accumulation shares on 16 April 2021.

The A-Class Distribution shares closed on 9 June 2021.

ES River and Mercantile UK Equity Smaller Companies Fund

Distribution tables for the year ended 31 March 2021

Group 1: shares purchased prior to a distribution period

Group 2: shares purchased during a distribution period

Equalisation is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as a return of capital. As capital it is not liable to Income tax but must be deducted from the cost of shares for Capital Gains tax purposes.

Interim dividend distribution in pence per share		Period 01/04/2020 — 30/09/2020		
	Net Revenue	Equalisation	Distribution paid 30/11/20	Distribution paid 30/11/19
A-Class Distribution shares				
Group 1	0.9761	—	0.9761	2.9063
Group 2	0.2771	0.6990	0.9761	2.9063
B-Class Accumulation shares				
Group 1	13.9697	—	13.9697	25.5570
Group 2	6.8364	7.1333	13.9697	25.5570
B-Class Distribution shares				
Group 1	3.2427	—	3.2427	6.0006
Group 2	1.7599	1.4828	3.2427	6.0006
S-Class Distribution shares				
Group 1	2.0505	—	2.0505	2.1342
Group 2	1.1779	0.8726	2.0505	2.1342

Final dividend distribution in pence per share		Period 01/10/2020 — 31/03/2021		
	Net Revenue	Equalisation	Distribution payable 31/05/21	Distribution paid 31/05/20
A-Class Distribution shares				
Group 1	0.0000	—	0.0000	0.1972
Group 2	0.0000	0.0000	0.0000	0.1972
B-Class Accumulation shares				
Group 1	4.5613	—	4.5613	9.0416
Group 2	0.9746	3.5867	4.5613	9.0416
B-Class Distribution shares				
Group 1	1.0473	—	1.0473	2.0900
Group 2	0.3336	0.7137	1.0473	2.0900
S-Class Distribution shares				
Group 1	0.9571	—	0.9571	1.4547
Group 2	0.2924	0.6647	0.9571	1.4547

ES River and Mercantile UK Dynamic Equity Fund

Investment Objective

The investment objective of the sub-fund is to grow the value of your investment (known as “capital growth”) in excess of the MSCI United Kingdom Investable Market Index (IMI) Net Total Return (the “Benchmark”) over a rolling 5 year period, after the deduction of all fees.

Investment Policy

The sub-fund seeks to achieve its investment objective by investing at least 60% of its value in shares of UK companies (companies which are domiciled, incorporated, or have significant operations in the UK). Investment can be direct, or indirect, in shares (including common and preference shares), rights for shares, warrants, depositary receipts (securities issued by banks that represent company shares), investment trusts (including REITS) and collective investment schemes.

In addition, up to 20% of the sub-fund may be invested in shares of companies which are not UK companies but which, at the time of investment, are listed in the UK. Investment can be direct or indirect as noted above. It is expected that at least 80% of the sub-fund will be invested in UK companies and companies which are listed in the UK.

Up to 20% of the sub-fund may be invested in shares of overseas companies (companies which are not UK companies and which are not listed in the UK), excluding emerging markets, collective investment schemes and cash. Investment can be direct or indirect as noted above.

Investment in collective investment schemes (which includes exchange traded funds) can include those operated and/or managed by the ACD or the Investment Manager.

The sub-fund may use derivatives for the purposes of reducing risk or cost or for generating extra income or growth (known as “efficient portfolio management”). As an example, the sub-fund may use forward contracts for currency hedging with the intention of reducing the risk arising from currency exposures in a cost-effective way.

The sub-fund is actively managed, meaning the Investment Manager will use their expertise to pick investments to achieve the sub-fund’s objectives.

The Investment Manager will select shares for the sub-fund that fit the River and Mercantile PVT (Potential, Valuation and Timing) Investment Philosophy. This approach to investing has been in place since the PVT Team was launched in 2006 and looks for companies that are considered by the Investment Manager to have attractive “Potential” (the ability to grow shareholder value through increases in profits and cash), “Valuation” (the price of shares on the stock market is lower than the value the Investment Manager gives to the shares) and “Timing” (the extent to which analytical indicators are supportive of investing at the time of analysis).

The sub-fund will invest in a range of companies by industry sector and size. Although its investments are not restricted by reference to a benchmark the sub-fund will invest in a limited number of companies which means that at times the sub-fund may be concentrated. This absence of any benchmark constraints gives the Investment Manager wider scope to be dynamic in its investment decisions (for example by allowing the Investment Manager to change investments when they believe necessary in line with market circumstances to achieve the sub-fund’s objective) than if they were required to invest within such controls.

ES River and Mercantile UK Dynamic Equity Fund

Investment Manager's Review

Investment Review

The ES River and Mercantile UK Dynamic Equity Fund B share class delivered a +37.3% return, which compares to the benchmark's +24.3%. Sector allocation and stock selection both contributed positively to relative returns.

Our key positive contributors, **888 Holdings** and **DFS Furniture**, were large positions which delivered better 2020 results than consensus expected while pointing to promising near- and long-term outlooks for growth and profitability. Both are taking market share due to the strength of their product offering and brand. 888 also holds significant strategic appeal for any US company looking to acquire online gambling capabilities, which helps underpin its valuation. A holding in **Flutter Entertainment** also benefitted from growth in the US gambling market. The strong recovery in residential housing activity supported forecast upgrades at **Tyman**. Distributor **Electrocomponents** and discount retailer **B&M European Value Retail** had a 'good crisis' and have gained share. Our key negative contributors were underweight to large cap miners **Rio Tinto**, **BHP Group** and **Glencore**. Specialty insurer **Lancashire** responded poorly to results which demonstrated the top line growth we had expected, but also guided to higher loss ratios than expected.

A new holding in vertically integrated paper and packaging provider **Mondi** provides us with attractive and undervalued Growth characteristics, both via a recovery in broader economic activity and its strength in niches which benefit from accelerating structural growth in e-commerce. **Whitbread**, owner of the market-leading UK budget hotel brand Premier Inn, which offers attractive operational gearing into a recovery in travel and leisure spend. It is likely to gain market share from less well-invested competitors and a strong freehold-back balance sheet. This replaced **Flutter Entertainment**, which became fully priced as more investors appreciate the US opportunity. During the middle of 2020 we materially increased exposure to industrial cyclicals, including **IMI**, which designs, manufactures and services highly engineered products (mainly valves) that control the precise movement of fluids. This was funded by selling some more defensive holdings, such as **GlaxoSmithKline** and **Roche**. GSK currently lacks the execution or timing support of holdings with similar characteristics, such as **Sanofi**, **Unilever**, and **Reckitt Benckiser**. Following a disappointing update at **Centamin**, we chose to re-allocate capital invested here into **Polymetal** which has developed a reputation for superior operational delivery both in terms of consistent volume delivery and margin improvement.

Market overview

Global equity markets rose robustly over the 12 months to 31 March 2021 (MSCI ACWI index +38.9% in GBP). Investor confidence in a strong economic recovery has risen. Excluding the significant economic shock of social distancing measures, all other economic inputs to growth are either running at full tilt today, namely interest rate policy, money supply growth, fiscal spending and green investment, or are poised to recover strongly, namely consumer and corporate spending and bank lending, when this enforced period of saving comes to an end. The confidence in re-opening was improved in November by the approval of several highly effective vaccines. The backdrop to the recovery was one of extreme levels of fiscal and monetary stimulus to 'reflate' the economy from governments and central banks. In this environment, cyclical, small cap and value were the best factors within equity markets.

Outlook

Dynamics within financial markets are starting to reflect that a regime shift may be underway to an environment where inflationary forces are more well-balanced, at least, with the disinflationary forces (demographics, technology, excess capacity in some parts of the economy) present for over a decade. In the US, the Biden administration has made it clear that it sees higher nominal economic growth as a tool for societal 'levelling up' and have made large commitments to fiscal spending towards this goal.

Valuations in pockets of the market which looked excessive have been many of the worst hit areas in the February sell-off last quarter. As such, this appears a 'well-behaved' correction rather than anything more ominous at this stage – credit spreads have been stable and looking at the internal dynamics of the stock market, what Stan Druckenmiller calls "the best economist I know", cyclicals outperformed defensives supported by superior earnings momentum. Increasing retail investor participation, rising levels of margin financing and plentiful liquidity are among the risks that we need to continue to monitor.

What remains curious, in an investment world with enough highly priced assets to raise the prospect of bubbles in multiple asset classes, is the relative ease with which one can find attractively valued equities of companies around the world capable of compounding value for shareholders (and broader stakeholders) over a multi-year horizon. Most of our holdings have now reported their 2020 results and provided guidance for the coming year and beyond. We have been positively surprised by the progress made over the last year in the most trying of conditions and are excited by some new opportunities that have emerged from these reports and subsequent meetings with management teams. The portfolio has a bias to the value factor and is therefore less exposed to some of the multiple-compression risks for

ES River and Mercantile UK Dynamic Equity Fund

Investment Manager's Review continued

Outlook continued

long duration growth stocks that would continue to be a feature if bond yields rise further. Perhaps more importantly, we think the blend of Growth, Quality, Recovery and Asset-backed categories within the portfolio provides an attractive combination of earnings drivers – from self-help to structural growth – which positions the Fund well for the intermediate term.

Source: River and Mercantile Asset Management LLP

River and Mercantile
4 May 2021
Investment Adviser to the Fund

ES River and Mercantile UK Dynamic Equity Fund

Portfolio Statement as at 31 March 2021

Holding	Investment	Market Value £	% of Net Assets
UNITED KINGDOM (UK LISTED COMPANIES) – 86.64% (2020 – 85.23%)			
Banks – 6.58% (2020 – 5.37%)			
1,540,000	Barclays	2,863,168	3.54
850,000	Natwest	1,668,125	2.06
185,000	OSB	788,470	0.98
Capital Goods – 11.92% (2020 – 8.05%)			
160,000	BAE Systems	807,680	1.00
770,000	Chemring	2,044,350	2.53
250,000	Genuit	1,387,500	1.71
120,000	IMI	1,599,600	1.98
186,000	Meggitt	887,964	1.10
1,250,000	Speedy Hire	830,000	1.03
340,000	Tyman	1,266,500	1.57
75,000	Vesuvius	404,250	0.50
23,000	Weir	408,595	0.50
Commercial & Professional Services – 2.92% (2020 – 3.21%)			
21,000	Intertek	1,176,420	1.46
65,000	RELX	1,182,350	1.46
Consumer Durables & Apparel – 4.40% (2020 – 2.28%)			
880,000	DFS Furniture	2,384,800	2.95
40,000	Persimmon	1,175,600	1.45
Consumer Services – 2.97% (2020 – 0.00%)			
70,000	Whitbread	2,398,200	2.97
Diversified Financials – 1.20% (2020 – 1.32%)			
400,000	TP ICAP	973,000	1.20
Energy – 3.85% (2020 – 5.04%)			
810,000	Cairn Energy	1,378,620	1.70
130,000	Royal Dutch Shell	1,735,500	2.15
Food & Staples Retailing – 1.70% (2020 – 6.13%)			
600,000	Tesco	1,373,100	1.70
Food, Beverage & Tobacco – 0.00% (2020 – 6.31%)			

ES River and Mercantile UK Dynamic Equity Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Health Care Equipment & Services – 4.40% (2020 – 3.82%)		
1,075,000	ConvaTec	2,108,075	2.61
105,000	Smith & Nephew	1,446,900	1.79
	Household & Personal Products – 5.61% (2020 – 3.01%)		
18,000	Reckitt Benckiser	1,169,640	1.45
83,000	Unilever	3,366,480	4.16
	Insurance – 6.34% (2020 – 10.01%)		
250,000	Lancashire	1,610,000	1.99
171,000	Prudential	2,634,255	3.26
348,105	Sabre Insurance	880,706	1.09
	Materials – 9.68% (2020 – 6.48%)		
95,000	Anglo American	2,700,375	3.34
330,000	Central Asia Metals*	825,000	1.02
351,000	Essentra	1,017,900	1.26
135,000	Mondi	2,496,825	3.09
170,000	Synthomer	788,800	0.97
	Media & Entertainment – 2.05% (2020 – 0.00%)		
180,000	WPP	1,656,720	2.05
	Pharmaceuticals, Biotechnology & Life Sciences – 0.00% (2020 – 4.72%)		
	Real Estate – 6.11% (2020 – 2.02%)		
700,000	Capital & Counties Properties	1,194,900	1.48
140,000	Savills	1,598,800	1.98
1,100,000	Supermarket Income Reit	1,188,000	1.47
450,000	Watkin Jones*	954,000	1.18
	Retailing – 2.46% (2020 – 1.29%)		
183,000	B&M European Value Retail	965,874	1.20
240,000	Moonpig	1,019,040	1.26
	Software & Services – 2.12% (2020 – 2.37%)		
50,000	AVEVA	1,711,000	2.12
	Technology Hardware & Equipment – 8.33% (2020 – 7.06%)		
235,000	Electrocomponents	2,333,550	2.89
140,000	Smart Metering Systems*	1,162,000	1.44
36,000	Spectris	1,197,720	1.48

ES River and Mercantile UK Dynamic Equity Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Technology Hardware & Equipment continued		
351,000	Spirent Communications	837,135	1.03
450,000	Strix*	1,206,000	1.49
	Telecommunication Services – 4.00% (2020 – 5.57%)		
951,000	Helios Towers	1,607,190	1.99
1,233,000	Vodafone	1,626,080	2.01
	Transportation – 0.00% (2020 – 1.17%)		
	OVERSEAS COMPANIES (UK LISTED COMPANIES) – 8.18% (2020 – 7.40%)		
	Bermuda – 1.43% (2020 – 0.00%)		
225,000	Conduit	1,158,750	1.43
	Gibraltar – 3.67% (2020 – 2.42%)		
750,000	888	2,962,500	3.67
	Ireland – 1.68% (2020 – 4.98%)		
40,000	CRH	1,355,600	1.68
	Russia – 1.40% (2020 – 0.00%)		
80,000	Polymetal International	1,135,600	1.40
	OVERSEAS COMPANIES – 4.57% (2020 – 6.15%)		
	Canada – 1.73% (2020 – 2.76%)		
97,000	Barrick Gold	1,394,545	1.73
	France – 2.84% (2020 – 1.73%)		
32,000	Sanofi	2,296,618	2.84
	Switzerland – 0.00% (2020 – 1.66%)		
	FORWARD CURRENCY CONTRACTS – (0.01%) (2020 – (0.01%))		
CHF715,000	Forward Currency Contract 15/06/2021: Swiss franc 715,000 vs UK Sterling 551,113	478	0.00
£704,459	Forward Currency Contract 15/06/2021: UK sterling 704,459 vs Canadian Dollar 1,238,000	(9,369)	(0.01)
£1,005,990	Forward Currency Contract 15/06/2021: UK sterling 1,005,990 vs Euro 1,174,000	4,630	0.00

ES River and Mercantile UK Dynamic Equity Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	FORWARD CURRENCY CONTRACTS continued		
£392,331	Forward Currency Contract 04/06/2021: UK sterling 392,331 vs Swiss Franc 509,924	(372)	0.00
£553,555	Forward Currency Contract 15/06/2021: UK sterling 553,555 vs Swiss Franc 715,000	1,964	0.00
	Portfolio of investments	80,337,701	99.38
	Net other assets**	497,838	0.62
	Net assets	80,835,539	100.00

Unless otherwise stated, all investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market.

All investments are in ordinary shares unless otherwise stated.

94.82% of the sub-fund's assets are listed in the UK.

The percentages in brackets show the equivalent percentage of net assets as at 31 March 2020.

*Security listed in AIM.

**Includes investment liabilities.

ES River and Mercantile UK Dynamic Equity Fund

Comparative table

For the year ending:	31/03/2021	31/03/2020	31/03/2019
A-Class Distribution shares	pence per share	pence per share	pence per share
Change in net assets per share			
Opening net asset value per share	122.21	153.19	154.18
Return before operating charges*	45.19	(25.62)	4.99
Operating charges**	(2.45)	(2.61)	(2.63)
Return after operating charges	42.74	(28.23)	2.36
Distributions	(1.56)	(2.75)	(3.35)
Retained distributions on accumulation shares	0.00	0.00	0.00
Closing net asset value per share	163.39	122.21	153.19
*After direct transaction costs of	(0.76)	(0.66)	(0.62)
Performance			
Return after charges	34.97%	(18.43)%	1.53%
Other information			
Closing net asset value (£)	4,086,642	3,245,126	5,524,176
Closing number of shares	2,501,114	2,655,455	3,606,027
Operating charges	1.68%	1.68%	1.67%
Direct transaction costs	0.53%	0.43%	0.39%
Prices			
Highest share price	165.80	169.94	173.93
Lowest share price	116.94	106.43	137.37

*Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dilution adjustments and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the sub-fund and share class returns before operating charges.

**The calculation of the operating charges figure is based on expenses paid by the sub-fund over the past twelve months. The Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee, to seek to achieve an Operating Charge of no more than 1.68%.

ES River and Mercantile UK Dynamic Equity Fund

Comparative table continued

For the year ending:	31/03/2021	31/03/2020	31/03/2019
B-Class Accumulation shares	pence per share	pence per share	pence per share
Change in net assets per share			
Opening net asset value per share	390.80	477.31	466.94
Return before operating charges*	145.74	(81.96)	14.76
Operating charges**	(4.40)	(4.55)	(4.39)
Return after operating charges	141.34	(86.51)	10.37
Distributions	(8.50)	(12.30)	(13.85)
Retained distributions on accumulation shares	8.50	12.30	13.85
Closing net asset value per share	532.14	390.80	477.31
*After direct transaction costs of	(2.46)	(2.08)	(1.91)
Performance			
Return after charges	36.17%	(18.12)%	2.22%
Other information			
Closing net asset value (£)	75,724,500	47,131,241	72,943,341
Closing number of shares	14,230,237	12,060,335	15,282,330
Operating charges	0.93%	0.93%	0.91%
Direct transaction costs	0.53%	0.43%	0.39%
Prices			
Highest share price	538.11	539.97	527.33
Lowest share price	374.17	338.67	424.03

*Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dilution adjustments and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the sub-fund and share class returns before operating charges.

**The calculation of the operating charges figure is based on expenses paid by the sub-fund over the past twelve months. The Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee, to seek to achieve an Operating Charge of no more than 0.93%.

ES River and Mercantile UK Dynamic Equity Fund

Comparative table continued

For the year ending:	31/03/2021	31/03/2020+
S-Class Accumulation shares	pence per share	pence per share
Change in net assets per share		
Opening net asset value per share	185.21	250.00
Return before operating charges*	69.12	(64.44)
Operating charges**	(1.49)	(0.35)
Return after operating charges	67.63	(64.79)
Distributions	(4.57)	(1.00)
Retained distributions on accumulation shares	4.57	1.00
Closing net asset value per share	252.84	185.21
*After direct transaction costs of	(1.17)	(0.22)
Performance		
Return after charges	36.52%	(25.92)%
Other information		
Closing net asset value (£)	5,057	3,704
Closing number of shares	2,000	2,000
Operating charges	0.67%	0.66%
Direct transaction costs	0.53%	1.83%
Prices		
Highest share price	255.68	255.79
Lowest share price	177.33	160.49

+Launched on 6 January 2020.

*Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dilution adjustments and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the sub-fund and share class returns before operating charges.

**The calculation of the operating charges figure is based on expenses paid by the sub-fund over the past twelve months. The Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee, to seek to achieve an Operating Charge of no more than 0.68%.

ES River and Mercantile UK Dynamic Equity Fund

Comparative table continued

For the year ending:	31/03/2021	31/03/2020	31/03/2019
Z-Class Accumulation shares	pence per share	pence per share	pence per share
Change in net assets per share			
Opening net asset value per share	925.48	1,121.76	1,089.01
Return before operating charges*	346.31	(194.20)	34.67
Operating charges**	(2.11)	(2.08)	(1.92)
Return after operating charges	344.20	(196.28)	32.75
Distributions	(28.51)	(37.68)	(40.91)
Retained distributions on accumulation shares	28.51	37.68	40.91
Closing net asset value per share	1,269.68	925.48	1,121.76
*After direct transaction costs of	(5.85)	(4.91)	(4.46)
Performance			
Return after charges	37.19%	(17.50)%	3.01%
Other information			
Closing net asset value (£)	1,019,340	927,666	2,799,888
Closing number of shares	80,283	100,236	249,597
Operating charges	0.18%	0.18%	0.17%
Direct transaction costs	0.53%	0.43%	0.39%
Prices			
Highest share price	1,283.92	1,276.93	1,231.19
Lowest share price	886.16	801.83	994.55

*Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dilution adjustments and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the sub-fund and share class returns before operating charges.

**The calculation of the operating charges figure is based on expenses paid by the sub-fund over the past twelve months. The Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee, to seek to achieve an Operating Charge of no more than 0.18%.

ES River and Mercantile UK Dynamic Equity Fund

Synthetic Risk Reward Indicator (SRRI)



Typically Lower Rewards

Typically Higher Rewards



Please note, the category stated above is the same for each class of share within the sub-fund.

The Synthetic Risk & Reward Indicator is based on how much the returns of the shares have varied over the last five years, or since launch (whichever is the shorter period). The higher the rank the greater the potential reward but also the greater the risk of losing money.

The shaded area in the Indicator shows the sub-fund's ranking on the Synthetic Risk & Reward Indicator. Historical data is used to calculate the ranking and this may not be a reliable indication for the future ranking and might change.

The sub-fund may not achieve its investment objective and/or you could lose money on your investment in the sub-fund.

The following risks are materially relevant to the sub-fund but may not be adequately captured by the Risk and Reward Indicator, and may cause additional loss:

- Liquidity risk: securities in the sub-fund may be sold below their valuation due to insufficient liquidity in the market.
- Concentration risk: the sub-fund invests in a limited number of securities and hence experiences higher levels of volatility than more diverse funds.
- Derivative risk: Derivatives may be used to reduce the risk of the sub-fund, but may not always be effective and the sub-fund may still suffer a loss.

Summary of Largest Portfolio Changes

The table below shows the top ten purchases and sales for the year.

Purchases	£	Sales	£
Mondi	2,343,309	GlaxoSmithKline	3,272,470
Whitbread	2,194,623	Roche	1,663,334
Unilever	2,133,974	Flutter Entertainment	1,616,034
IMI	1,876,447	Vesuvius	1,592,441
Sanofi	1,767,991	Centamin	1,491,549
Smith & Nephew	1,706,933	British American Tobacco	1,481,342
Tyman	1,627,466	Wm Morrison Supermarkets	1,436,388
Lancashire	1,612,506	Prudential	1,352,206
Anglo American	1,589,799	easyJet	1,306,401
Persimmon	1,585,932	BP	1,268,227

ES River and Mercantile UK Dynamic Equity Fund

Statement of Total Return for the year ended 31 March 2021

	Notes	1 April 2020 to 31 March 2021		1 April 2019 to 31 March 2020	
		£	£	£	£
Income					
Net capital gains/(losses)	2		16,459,828		(13,205,071)
Revenue	3	1,706,039		2,526,303	
Expenses	4	(585,175)		(684,273)	
Interest payable and similar charges	6	(84)		(17)	
Net revenue before taxation for the year		1,120,780		1,842,013	
Taxation	5	(32,876)		(18,313)	
Net revenue after taxation for the year			1,087,904		1,823,700
Total return before distributions			17,547,732		(11,381,371)
Distributions	7		(1,095,993)		(1,833,378)
Change in net assets attributable to Shareholders from investment activities			16,451,739		(13,214,749)

Statement of Change in Net Assets attributable to Shareholders for the year ended 31 March 2021

		1 April 2020 to 31 March 2021		1 April 2019 to 31 March 2020	
		£	£	£	£
Opening net assets attributable to Shareholders			51,307,737		81,267,405
Amounts received on creation of shares	22,377,731			5,147,867	
Amounts paid on cancellation of shares	(10,506,082)			(23,510,839)	
			11,871,649		(18,362,972)
Dilution adjustment			116,304		22,172
Change in net assets attributable to Shareholders from investment activities			16,451,739		(13,214,749)
Retained distributions on accumulation shares			1,088,110		1,595,881
Closing net assets attributable to Shareholders			80,835,539		51,307,737

ES River and Mercantile UK Dynamic Equity Fund

Balance Sheet as at 31 March 2021

	Notes	31 March 2021		31 March 2020	
		£	£	£	£
ASSETS					
Fixed assets					
Investments			80,347,442		50,682,367
Current assets					
Debtors	8	1,841,574		1,434,935	
Cash and bank balances		136,373		1,129,697	
Total other assets			1,977,947		2,564,632
Total assets			82,325,389		53,246,999
LIABILITIES					
Investment liabilities			(9,741)		(7,616)
Creditors					
Distribution payable	9	(14,312)		(15,381)	
Other creditors	9	(1,465,797)		(1,916,265)	
Total other liabilities			(1,480,109)		(1,931,646)
Total liabilities			(1,489,850)		(1,939,262)
Net assets attributable to Shareholders			80,835,539		51,307,737

ES River and Mercantile UK Dynamic Equity Fund

Notes to the Financial Statements

1 Accounting policies

The accounting policies for the sub-fund are set out on pages 6 to 7.

2 Net capital gains/(losses)

	31 March 2021	31 March 2020
	£	£
The net capital gains/(losses) during the year comprise:		
Non-derivative securities	16,503,477	(13,145,296)
Forward currency contracts	(66,978)	(78,967)
Currency gains	30,574	25,835
Custodial transaction fees	<u>(7,245)</u>	<u>(6,643)</u>
Net capital gains/(losses)	<u>16,459,828</u>	<u>(13,205,071)</u>

3 Revenue

	31 March 2021	31 March 2020
	£	£
Franked UK dividends	1,290,431	2,196,431
Non-taxable overseas dividends	363,334	329,872
Stock dividends	17,669	—
UK REIT dividends	<u>34,605</u>	<u>—</u>
	<u>1,706,039</u>	<u>2,526,303</u>

ES River and Mercantile UK Dynamic Equity Fund

Notes to the Financial Statements continued

4 Expenses

	31 March 2021 £	31 March 2020 £
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	<u>478,343</u>	<u>562,281</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	8,580	16,527
Safe custody fees	<u>2,865</u>	<u>2,706</u>
	<u>11,445</u>	<u>19,233</u>
Other expenses:		
Audit fee*	12,093	10,376
Fund accounting fees	36,056	31,560
Legal and professional fees	114	3,878
Registration fees	1,702	1,560
Transfer agency fees	77,453	77,345
Other fees**	<u>(32,031)</u>	<u>(21,960)</u>
	<u>95,387</u>	<u>102,759</u>
Total expenses	<u><u>585,175</u></u>	<u><u>684,273</u></u>

*Total audit fees of £9,680 (2020 - £8,800) exclusive of VAT.

**Includes TER cap.

ES River and Mercantile UK Dynamic Equity Fund

Notes to the Financial Statements continued

5 Taxation

	31 March 2021 £	31 March 2020 £
a) Analysis of taxation charge in year		
Overseas tax	<u>32,876</u>	<u>18,313</u>
Total taxation	<u>32,876</u>	<u>18,313</u>

b) Factors affecting taxation charge for the year

The tax assessed for the year is lower (2020: lower) than the standard rate of corporation tax in the UK for an Open Ended Investment Company with variable capital (20%) (2020: 20%). The difference is explained below:

Net revenue before taxation for the year	<u>1,120,780</u>	<u>1,842,013</u>
Return on ordinary activities before taxation at the applicable rate of Corporation tax in the UK of 20% (2020: 20%)	224,156	368,403
Effects of:		
Movement in tax losses	110,131	136,858
Overseas tax	32,876	18,313
Revenue not subject to tax	<u>(334,287)</u>	<u>(505,261)</u>
Total taxation	<u>32,876</u>	<u>18,313</u>

Open Ended Investment Companies are not liable to Corporation tax on capital gains arising on the disposal of investments or revaluation of the sub-fund's portfolio. Therefore, any capital return is not included in the above reconciliation.

c) Provision for deferred tax

There is no deferred tax provision in the current or preceding year.

At the year end there is a potential deferred tax asset of £1,667,995 (£1,557,864 as at 31 March 2020) due to tax losses. It is unlikely the sub-fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised (same as at 31 March 2020).

6 Interest payable and similar charges

	31 March 2021 £	31 March 2020 £
Interest	<u>84</u>	<u>17</u>
	<u>84</u>	<u>17</u>

ES River and Mercantile UK Dynamic Equity Fund

Notes to the Financial Statements continued

7 Distributions

The distributions take account of revenue received on the creation of shares and deducted on the cancellation of shares, and comprise:

	31 March 2021	31 March 2020
	£	£
Interim	576,952	1,200,925
Final	<u>549,975</u>	<u>476,027</u>
	1,126,927	1,676,952
Add: revenue deducted on cancellation of shares	56,044	180,258
Deduct: revenue received on creation of shares	<u>(86,978)</u>	<u>(23,832)</u>
	1,095,993	1,833,378
	<u><u>1,095,993</u></u>	<u><u>1,833,378</u></u>
Reconciliation between net revenue after taxation for the year and the distributions:		
Net revenue after taxation for the year	1,087,904	1,823,700
Expenses transferred to capital	<u>8,089</u>	<u>9,678</u>
Distributions for the year	<u>1,095,993</u>	<u>1,833,378</u>

8 Debtors

	31 March 2021	31 March 2020
	£	£
Accrued revenue	100,027	99,911
Amounts receivable for issue of shares	25,642	400
Expense rebate due from the ACD	58,993	—
Foreign currency contracts awaiting settlement	391,309	176,956
Overseas tax recoverable	170,485	173,438
Prepaid expenses	—	4,671
Sales awaiting settlement	<u>1,095,118</u>	<u>979,559</u>
	<u>1,841,574</u>	<u>1,434,935</u>

9 Other creditors

	31 March 2021	31 March 2020
	£	£
a) Distribution payable		
Gross distribution payable	<u>14,312</u>	<u>15,381</u>
Total distribution payable	<u>14,312</u>	<u>15,381</u>
b) Other creditors		
Accrued expenses	231,230	104,551
Amounts payable for cancellation of shares	58,689	72,459
Foreign currency contracts awaiting settlement	390,067	177,861
Purchases awaiting settlement	<u>785,811</u>	<u>1,561,394</u>
	<u>1,465,797</u>	<u>1,916,265</u>

ES River and Mercantile UK Dynamic Equity Fund

Notes to the Financial Statements continued

10 Contingent liabilities and outstanding commitments

There were no commitments or contingent liabilities at the balance sheet date (31 March 2020: same).

11 Related party transactions

Equity Trustees Fund Services Ltd, as ACD, is a related party, and acts as principal in respect of all the transactions of shares in the company. The aggregate monies received through the creation and cancellation of shares are disclosed in the Statement of Change in Net Assets attributable to Shareholders. The amounts outstanding at the year end are disclosed in notes 8 and 9 as amounts receivable on creation of shares and amounts payable on cancellation of shares respectively.

As at 31 March 2021, River and Mercantile Asset Management LLP, which is the Investment Manager, held 0.00% of the shares in issue (0.01% as at 31 March 2020).

Amounts paid to Equity Trustees Fund Services Ltd in respect of the ACD, associates of the ACD and agents of either of them are disclosed in note 4. The balance outstanding as at the year end was £52,867 (£35,595 as at 31 March 2020).

12 Financial instruments

The main risks and the ACD's policy for managing these risks, are stated within the notes applicable to the financial statements of all the sub-funds of the ES River and Mercantile Funds ICVC.

a) Credit risk

Certain transactions in securities that the sub-fund enters into expose it to risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the sub-fund has fulfilled its responsibility.

This risk is managed by appraising the credit profile of financial instruments and trade counterparties.

At 31 March 2021, the sub-fund held non exchange traded derivatives in the form of forward currency contracts.

The counterparty exposure is shown below:

Counterparty Details of OTC Financial Derivative Transactions	Forwards Assets £	Forwards Liabilities £
The Bank of New York Mellon	4,630	(9,369)
Northern Trust	2,442	(372)

At 31 March 2020, the sub-fund held non exchange traded derivatives in the form of forward currency contracts.

The counterparty exposure is shown below:

Counterparty Details of OTC Financial Derivative Transactions	Forwards Assets £	Forwards Liabilities £
The Bank of New York Mellon	—	(1,893)
JP Morgan Chase Bank	—	(5,723)

No collateral is held or pledged (2020: same)

ES River and Mercantile UK Dynamic Equity Fund

Notes to the Financial Statements continued

12 Financial instruments continued

b) Valuation of financial investments

The categorisation of financial investments in the tables below reflects the methodology used to measure their fair value.

31 March 2021		Assets	Liabilities
		£	£
Level 1	Unadjusted quoted price in an active market for an identical instrument	80,340,370	—
Level 2	Valuation techniques using observable inputs other than quoted prices within level 1	7,072	(9,741)
		80,347,442	(9,741)

31 March 2020		Assets	Liabilities
		£	£
Level 1	Unadjusted quoted price in an active market for an identical instrument	50,682,367	—
Level 2	Valuation techniques using observable inputs other than quoted prices within level 1	—	(7,616)
		50,682,367	(7,616)

c) Foreign currency risk

Foreign currency risk is the risk of movements in the value of overseas financial instruments as a result of fluctuations in exchange rates. The risk may be managed by the utilisation of forward currency contracts as necessary.

At the balance sheet date, no significant foreign currency was held (2020: same).

d) Derivative risk

At the balance sheet date, no derivatives were held that could impact the sub-fund in a significant way (2020: same).

e) Interest rate risk

Interest rate risk is the risk of movements in the value of financial instruments as a result of fluctuations in interest rates.

The interest rate risk exposure of the sub-fund is not considered to be significant.

f) Sensitivity analysis

Price risk

If market prices had increased by 10% as at the balance sheet date the net asset value of the Fund would have increased by £8,034,037 (2020: £5,068,237). A weakening in market prices of 10% will have resulted in an equal but opposite effect.

g) Leverage

The sub-fund did not employ significant leverage during the year.

ES River and Mercantile UK Dynamic Equity Fund

Notes to the Financial Statements continued

13 Portfolio transaction costs

For the year 1 April 2020 to 31 March 2021

Purchases	Transaction Value £	Commissions £	%	Taxes £	%
Equity instruments (direct)	64,388,406	37,206	0.06	254,272	0.39
Total purchases	64,388,406	37,206		254,272	
Total purchases including transaction costs	64,679,884				
Sales	Transaction Value £	Commissions £	%	Taxes £	%
Equity instruments (direct)	51,293,255	31,758	0.06	266	0.00
Total sales	51,293,255	31,758		266	
Total sales net of transaction costs	51,261,231				
Total transaction costs		68,964		254,538	
as a % of average net assets		0.11%		0.42%	

For the year 1 April 2019 to 31 March 2020

Purchases	Transaction Value £	Commissions £	%	Taxes £	%
Equity instruments (direct)	54,391,055	31,885	0.06	230,900	0.42
Total purchases	54,391,055	31,885		230,900	
Total purchases including transaction costs	54,653,840				
Sales	Transaction Value £	Commissions £	%	Taxes £	%
Equity instruments (direct)	70,087,409	39,448	0.06	384	0.00
Total sales	70,087,409	39,448		384	
Total sales net of transaction costs	70,047,577				
Total transaction costs		71,333		231,284	
as a % of average net assets		0.10%		0.33%	

The above analysis covers any direct transaction costs suffered by the sub-fund during the year. However, it is important to understand the nature of other transaction costs associated with different investment asset classes and instruments types.

Separately identifiable direct transaction costs (commissions and taxes etc.) are attributable to the sub-fund's purchase and sale of equity shares. Additionally for equity shares there is a dealing spread cost (the difference between the buying and selling prices) which will be suffered on purchase and sale transactions.

Dealing spread costs suffered by the sub-fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.

ES River and Mercantile UK Dynamic Equity Fund

Notes to the Financial Statements continued

13 Portfolio transaction costs continued

At the balance sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.14% (2020 - 0.24%).

14 Share movement

	A-Class Distribution shares	B-Class Accumulation shares	S-Class Accumulation shares	Z-Class Accumulation shares
Opening shares	2,655,455	12,060,335	2,000	100,236
Shares issued	213,662	4,237,886	—	16,753
Shares redeemed	(368,003)	(2,067,984)	—	(36,706)
Closing shares	2,501,114	14,230,237	2,000	80,283

15 Post balance sheet events

Subsequent to the sub-fund's year end, 31 March 2021, the spread of the Coronavirus pandemic has continued to cause widespread market and economic disruption. In the short-term, the sub-fund could be impacted by fluctuations in global stock markets, adverse investor sentiment and increased operational risks. The full impact of the virus remains unclear, however, a long-term adverse impact to the sub-fund is not expected.

The event has given rise to a non-adjusting subsequent event due to continued volatility in global markets after the sub-fund's reporting period. The NAV of the sub-fund as at 1 July 2021 was £83.3m, the impact of the volatility on the sub-fund's NAV between the end of the reporting period and this date was 3.0%. The price movements per share class are shown below:

	A-Class Distribution shares	B-Class Accumulation shares	S-Class Accumulation shares	Z-Class Accumulation shares
NAV 31 March 2021	4,086,642	75,724,500	5,057	1,019,340
NAV 1 July 2021	4,208,972	77,975,902	5,280	1,075,906
Movement	3.0%	3.0%	4.4%	5.5%
NAV per share 31 March 2021	163.39	532.14	252.84	1,269.68
NAV per share 1 July 2021	170.50	555.28	264.02	1,327.39
Movement	4.4%	4.3%	4.4%	4.5%

There have been no significant redemptions on the sub-fund or any of the share classes since the reporting date 31 March 2021.

The NAV of the sub-fund was reviewed again on 5 July 2021; there was no material movement in the NAV since 1 July 2021.

ES River and Mercantile UK Dynamic Equity Fund

Distribution tables for the year ended 31 March 2021

Group 1: shares purchased prior to a distribution period

Group 2: shares purchased during a distribution period

Equalisation is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as a return of capital. As capital it is not liable to Income tax but must be deducted from the cost of shares for Capital Gains tax purposes.

Interim dividend distribution in pence per share		Period 01/04/2020 — 30/09/2020		
	Net Revenue	Equalisation	Distribution paid 30/11/20	Distribution paid 30/11/19
A-Class Distribution shares				
Group 1	0.9850	—	0.9850	2.1689
Group 2	0.3333	0.6517	0.9850	2.1689
B-Class Accumulation shares				
Group 1	4.8101	—	4.8101	8.5886
Group 2	2.5342	2.2759	4.8101	8.5886
S-Class Accumulation shares+				
Group 1	2.5280	—	2.5280	0.0000
Group 2	2.5280	0.0000	2.5280	0.0000
Z-Class Accumulation shares				
Group 1	15.3309	—	15.3309	24.5085
Group 2	7.2788	8.0521	15.3309	24.5085

+ Launched on 6 January 2020.

Final dividend distribution in pence per share		Period 01/10/2020 — 31/03/2021		
	Net Revenue	Equalisation	Distribution payable 31/05/21	Distribution paid 31/05/20
A-Class Distribution shares				
Group 1	0.5722	—	0.5722	0.5792
Group 2	0.1058	0.4664	0.5722	0.5792
B-Class Accumulation shares				
Group 1	3.6896	—	3.6896	3.7099
Group 2	1.7000	1.9896	3.6896	3.7099
S-Class Accumulation shares				
Group 1	2.0450	—	2.0450	1.0035
Group 2	2.0450	0.0000	2.0450	1.0035
Z-Class Accumulation shares				
Group 1	13.1803	—	13.1803	13.1725
Group 2	6.7322	6.4481	13.1803	13.1725

ES River and Mercantile UK Recovery Fund

Investment Objective

The investment objective of the sub-fund is to grow the value of your investment (known as “capital growth”) in excess of the MSCI United Kingdom Investable Market Index (IMI) Net Total Return (the “Benchmark”) over a rolling 5 year period, after the deduction of all fees.

Investment Policy

The sub-fund seeks to achieve its investment objective by investing at least 60% of its value in shares of UK companies (companies which are domiciled, incorporated, or have significant operations in the UK). Investment can be direct, or indirect, in shares (including common and preference shares), rights for shares, warrants, depositary receipts (securities issued by banks that represent company shares), investment trusts (including REITS) and collective investment schemes.

In addition, up to 20% of the sub-fund may be invested in shares of companies which are not UK companies but which, at the time of investment, are listed in the UK. Investment can be direct or indirect as noted above. It is expected that at least 80% of the sub-fund will be invested in UK companies and companies which are listed in the UK.

Up to 20% of the sub-fund may be invested in shares of overseas companies (companies which are not UK companies and which are not listed in the UK), including emerging markets, collective investment schemes and cash. Investment can be direct or indirect as noted above.

Investment in collective investment schemes (which includes exchange traded funds) can include those operated and/or managed by the ACD or the Investment Manager.

The sub-fund may use derivatives for the purposes of reducing risk or cost or for generating extra income or growth (known as “efficient portfolio management”). As an example, the sub-fund may use forward contracts for currency hedging with the intention of reducing the risk arising from currency exposures in a cost-effective way.

The sub-fund is actively managed meaning the Investment Manager uses their expertise to pick investments to achieve the sub-fund’s objectives.

The Investment Manager will select shares for the sub-fund that fit the River and Mercantile PVT (Potential, Valuation and Timing) Investment Philosophy. This approach to investing has been in place since the PVT Team was launched in 2006. It looks for companies that are considered by the Investment Manager to have attractive “Potential” (the ability to grow shareholder value through increases in profits and cash), “Valuation” (the price of the shares on the stock market is lower than the value the Investment Manager gives to the shares) and “Timing” (the extent to which analytical indicators are supportive of investing at the time of analysis).

The sub-fund will invest in a broad range of companies by industry sector and size and its investments are not restricted by reference to a benchmark. However, the sub-fund will have a bias towards “Recovery” shares. These are shares of companies for which the Potential under the PVT Investment Philosophy is considered by the Investment Manager at the time of investment to be particularly high, due to levels of profits being depressed and therefore capable of significant recovery.

ES River and Mercantile UK Recovery Fund

Investment Manager's Review

Our Approach

We invest in companies with **Potential, Valuation and Timing**, with a strong portfolio construction commitment to attractively valued companies, to good businesses with recovery potential, to being interested in structural growth when it is temporarily unpopular and to getting most interested in an investment when it is out-of-favour but where the fundamentals are on the turn. We repeat this investment approach day-in and day-out, aided by systematic screening. We try to stick to our approach during the difficult times (such as the anti-value market of the last few years) so that we nearly always participate when there is a following wind for our factors. Our High Alpha strategies include being benchmark aware when constructing the portfolio; our Recovery strategies are unconstrained and focus on medium to long-term wealth creation.

Market Overview

Global equity markets rose robustly over the 12 months to 31 March 2021 (MSCI ACWI (All Country World index) +38.9% in GBP, MSCI UK IMI (Investable Markets index) +24.3%) from a very depressed starting position that had been catalysed by the huge uncertainty associated with the Covid pandemic. Investor confidence in a strong economic recovery has risen over the last year. Excluding the significant economic shock of social distancing measures, all other economic inputs to growth are either running at full tilt today - namely interest rate policy, money supply growth, fiscal spending and green investment - or are poised to recover strongly - namely consumer and corporate spending and bank lending, when this enforced period of saving comes to an end. The confidence in re-opening was improved in November by the approval of several highly effective vaccines. In this economic recovery environment, cyclical, small cap and value were the best factors within equity markets, this after a very difficult period for all these aspects of investment.

Investment Review – performance and positioning

The ES River & Mercantile UK Recovery Fund B share class delivered a 65.7% return, which compares very well to the MSCI IMI benchmark's 24.3%. Value, recovery, sector allocation and stock selection all contributed positively to relative returns.

Positive contributors during the year: Value factor strong; multi-cap positioning favourable; sector allocation positive (underweight staples, overweight consumer cyclicals and financials); **PVT** stock picks in UK and international, small companies in particular (**Tremor, Xaar, Reach, Somero**); recovery stocks benefiting from vaccine news; M&A activity (many, including **William Hill**); underweight **Unilever** and **GlaxoSmithKline**.

Negative contributors: underweight large cap US exposed cyclicals (**Ashtead, Ferguson**); individual stock disappointments (**Tekmar**).

Looking at the positioning and activity of the portfolio let me break it down into its constituent parts: stocks with traditional value characteristics, such as **banks, specialist financials** and **oil majors** we have been adding to; attractively valued and currently out of favour quality and growth franchises, such as **Prudential, Baidu, Smith & Nephew, AG Barr** and **Unilever**; high scoring *MoneyPenny* recovery stocks such as **Aston Martin, Hunting, XL Media, Ted Baker, Incitec Pivot and BT**; classic global cyclicals but with a focus on those with leading franchises (**CRH, RHI Magnesita, Melrose** and **Anglo American**); UK domestic stocks that are temporarily disliked (**Capital & Counties, Vistry, Premier Miton** and **JD Wetherspoon**); we remain overweight stocks that would benefit from a post-COVID world i.e., those that have been negatively impacted by social distancing requirements (**Restaurant Group, SSP, Whitbread**), we think that the survivors here will be able to strengthen their market positions and medium-term economics; we are also allocating increased capital via our S(ustainable)-PVT process, including purchasing **AstraZeneca** and adding to **SIG** (leading insulation product distributor, also a classic recovery stock), adding to our position in **Gresham House**, a fund management business that has successfully grown a portfolio of funds oriented towards sustainability; we continue to think about strategic value, especially at this time of increasing M&A activity, adding to **Playtech** (mentioned above, we have already had William Hill bid for) and **Sage**, the latter being far more valuable to its much larger global peers than the current share price discounts.

Outlook

Value, deflation and regime change - the world is now arguably moving into a more reflationary phase, during which interest rate expectations and government bond yields trend upwards – this will be an environment that is more supportive of shorter duration value equities and inflation hedges than the deflationary period we have been in since the Global Financial Crisis (GFC). This change of direction in bond yields will ensure that this value cycle has longevity. Meanwhile, looking at the shorter term (next two years) Value and Recovery will be well supported by strong fundamentals – we are in the sweet spot of the cycle for these types of stocks as they are the most geared to both

ES River and Mercantile UK Recovery Fund

Investment Manager's Review continued

Outlook continued

economic recovery and the bottoming out of interest rates. With a big value gap still in place (spread of valuations between cheap and expensive stocks) and robust fundamentals, the immediate outlook for Value is robust and will not be a six-month wonder.

It is strange how expensive some investments are and how easy it remains to find good value equities - in addition to being beneficiaries of reflation, value stocks do not have the permanent loss of capital risk associated with some of the 'hotter' investments at the moment, those that have attracted the liquidity associated with Central Bank activity and excess consumer savings, whether it be negative yielding sovereign debt or irrationally priced manufacturers of EVs. There remain many very clearly, very expensive investments, whose main attribute is momentum rather than fundamental valuation. Surely it makes sense to be wary of these? The good news is that there remain many very modestly valued equities, shares in good companies that for various reasons have been left behind; and the other piece of good news is that many of these cheap companies are at the beginning of their cycle of improving returns, so the catalysts for a re-rating (the T of PVT) have moved into place. Our portfolios have been somewhat re-rated over the last year (from a very low point) but do still have compelling valuation metrics. With these attractive valuations and strong profits and cash growth from here (as our companies benefit from economic recovery) we continue to think that the outlook for positive returns from our portfolios remains robust.

Source: River and Mercantile Asset Management LLP

River and Mercantile
4 May 2021
Investment Adviser to the Fund

ES River and Mercantile UK Recovery Fund

Portfolio Statement as at 31 March 2021

Holding	Investment	Market Value £	% of Net Assets
UNITED KINGDOM (UK LISTED COMPANIES) – 80.78% (2020 – 77.47%)			
Automobiles & Components – 0.46% (2020 – 0.28%)			
44,508	Aston Martin Lagonda Global	889,270	0.46
Banks – 9.44% (2020 – 8.62%)			
2,120,871	Barclays	3,943,123	2.04
868,452	HSBC	3,674,855	1.90
10,032,782	Lloyds Banking	4,267,444	2.21
34,330	Mortgage Advice Bureau*	370,764	0.19
1,168,091	Natwest	2,292,378	1.18
62,030	Secure Trust Bank	719,548	0.37
449,055	Standard Chartered	2,243,030	1.16
398,962	Virgin Money UK	753,839	0.39
Capital Goods – 6.88% (2020 – 6.03%)			
116,020	Balfour Beatty	342,491	0.18
55,710	Bodycote	460,165	0.24
177,925	Chemring	472,391	0.24
581,000	Costain	335,237	0.17
360,894	Driver*	176,838	0.09
515,164	Flowtech Fluidpower*	489,406	0.25
237,600	Galliford Try	301,752	0.16
46,333	IMI	617,619	0.32
451,681	Kier	407,190	0.21
148,780	Meggitt	710,276	0.37
369,080	Melrose Industries	615,810	0.32
130,656	Morgan Advanced Materials	406,993	0.21
176,398	Mpac*	850,238	0.44
122,764	Norcros	327,780	0.17
559,402	Northbridge Industrial Services*	531,432	0.27
3,841,385	Renold*	814,374	0.42
612,249	Rolls-Royce	644,698	0.33
942,300	SafeStyle UK*	480,573	0.25
372,650	Senior	412,523	0.21
1,280,700	SIG	489,740	0.25
28,050	Smiths	431,269	0.22
541,860	Speedy Hire	359,795	0.19
12,080	Travis Perkins	186,213	0.10
93,810	Tyman	349,442	0.18
14,590	Ultra Electronics	295,885	0.15
82,110	Vesuvius	442,573	0.23
204,291	Volex*	688,461	0.36
37,718	Weir	670,060	0.35

ES River and Mercantile UK Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
Commercial & Professional Services – 2.83% (2020 – 2.37%)			
4,915,000	Aukett Swanke*	63,895	0.03
173,736	Biffa	462,138	0.24
1,177,806	Capita	512,817	0.26
225,898	De La Rue	463,091	0.24
1,478,400	Inspired Energy*	236,544	0.12
131,680	Johnson Service*	190,936	0.10
193,580	Mind Gym*	241,975	0.13
111,890	Pagegroup	525,659	0.27
1,784,484	Renewi	850,307	0.44
125,880	Ricardo	540,025	0.28
465,670	RPS	436,798	0.23
86,788	RWS*	528,539	0.27
306,120	Serco	421,221	0.22
Consumer Durables & Apparel – 2.17% (2020 – 2.80%)			
19,307	Burberry	366,543	0.19
877,618	Coats	498,487	0.26
152,270	Crest Nicholson	621,262	0.32
216,840	DFS Furniture	587,636	0.30
118,250	Henry Boot	313,363	0.16
322,809	Taylor Wimpey	582,509	0.30
394,940	Ted Baker	445,097	0.23
72,642	Vistry	793,251	0.41
Consumer Services – 4.50% (2020 – 2.32%)			
45,400	Carnival	719,817	0.37
50,230	Compass	734,111	0.38
45,940	Entain	697,139	0.36
12,290	Greggs	275,788	0.14
208,690	Gym	491,465	0.25
7,340	InterContinental Hotels	365,092	0.19
24,170	J D Wetherspoon	328,229	0.17
331,110	Playtech	1,463,175	0.76
241,205	Rangers International Football**	45,829	0.02
1,304,780	Restaurant	1,598,355	0.83
163,554	SSP	609,075	0.32
406,580	Tribal*	418,777	0.22
27,864	Whitbread	954,621	0.49
Diversified Financials – 5.64% (2020 – 8.03%)			
31,710	3i	365,775	0.19
21,000	Aberforth Smaller Companies Trust	313,740	0.16
379,285	ADVFN*	94,821	0.05
265,000	AVI Japan Opportunity Trust PLC/Fund	294,150	0.15
151,308	Brewin Dolphin	469,055	0.24

ES River and Mercantile UK Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Diversified Financials continued		
515,800	Cenkos*	371,376	0.19
24,550	Close Brothers	380,771	0.20
112,490	Fidelity China Special Situations	470,208	0.24
100,755	Gresham House*	790,927	0.41
45,840	Gresham House Strategic PLC/Fund*	641,760	0.33
30,550	Hargreaves Lansdown	470,928	0.24
48,992	IG	441,418	0.23
42,670	Impax Asset Management*	329,412	0.17
650,856	International Personal Finance	682,097	0.35
370,280	IP	459,888	0.24
36,460	JPMorgan Indian Investment Trust PLC/Fund	266,887	0.14
160,591	Majedie Investments	366,148	0.19
1,990,280	Mercia Asset Management*	597,084	0.31
38,230	Polar Capital*	266,081	0.14
658,558	Premier Miton*	935,152	0.48
149,140	Provident Financial	323,634	0.17
11,000	Rathbone Brothers	193,600	0.10
975,000	Schroder UK Public Private	360,750	0.19
35,000	Temple Bar Investment Trust	397,600	0.21
255,420	TP ICAP	621,309	0.32
	Energy – 8.08% (2020 – 6.87%)		
1,595,020	BP	4,699,726	2.43
332,320	Cairn Energy	565,609	0.29
368,070	Diversified Gas & Oil	408,558	0.21
3,035,940	EnQuest	538,576	0.28
388,825	Hunting	994,614	0.52
1,356,489	JKX Oil & Gas	345,905	0.18
201,650	John Wood	545,665	0.28
2,539,470	Premier Oil	568,587	0.29
309,735	Royal Dutch Shell	4,134,962	2.14
2,100,000	Savannah Energy*	352,800	0.18
439,662	Serica Energy*	495,059	0.26
70,000	Subsea 7	510,429	0.26
658,000	Tekmar*	411,250	0.21
3,700,270	Trinity Exploration & Production*	462,534	0.24
1,263,290	Tullow Oil	596,399	0.31
	Food & Staples Retailing – 0.49% (2020 – 1.36%)		
55,328	Naked Wines*	415,513	0.22
229,771	Tesco	525,831	0.27
	Food, Beverage & Tobacco – 3.10% (2020 – 4.56%)		
28,640	Associated British Foods	691,656	0.36
67,300	Barr	329,770	0.17

ES River and Mercantile UK Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Food, Beverage & Tobacco continued		
43,420	British American Tobacco	1,204,254	0.62
402,834	Devro	777,470	0.40
39,230	Diageo	1,172,781	0.61
215,000	Greencore	337,980	0.17
48,394	Imperial Brands	722,038	0.37
24,720	Nichols*	321,360	0.17
157,640	Stock Spirits	441,392	0.23
	Health Care Equipment & Services – 0.52% (2020 – 0.28%)		
150,620	ConvaTec	295,366	0.15
54,000	Instem*	340,200	0.18
14,200	Smith & Nephew	195,676	0.10
110,660	Spire Healthcare	185,023	0.09
	Household & Personal Products – 2.49% (2020 – 2.21%)		
151,413	PZ Cussons	402,759	0.21
1,278,850	Science in Sport*	767,310	0.40
89,936	Unilever	3,647,804	1.88
	Insurance – 3.46% (2020 – 3.49%)		
197,920	Aviva	807,910	0.42
445,290	Legal & General	1,242,804	0.64
272,580	Prudential	4,199,095	2.17
130,760	Saga	443,276	0.23
	Materials – 7.76% (2020 – 7.97%)		
137,590	Anglo American	3,910,996	2.02
39,720	Antofagasta	671,268	0.35
140,957	BHP	2,951,640	1.53
390,830	Breedon*	364,254	0.19
142,010	Central Asia Metals*	355,025	0.18
389,390	Elementis	488,295	0.25
203,232	Essentra	589,373	0.31
36,500	Fresnillo	315,360	0.16
135,620	Hochschild Mining	265,137	0.14
177,160	Ibstock	390,106	0.20
24,000	Johnson Matthey	722,880	0.37
19,300	Mondi	356,953	0.18
51,318	Rio Tinto	2,848,149	1.47
130,300	Serabi Gold	87,301	0.05
15,960	Victrex	352,716	0.18
81,850	Zotefoams	353,592	0.18

ES River and Mercantile UK Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
Media & Entertainment – 4.53% (2020 – 3.38%)			
15,670	4imprint	383,915	0.20
91,810	Ascential	308,482	0.16
72,710	Auto Trader	403,104	0.21
1,088,997	Centaur Media**	413,819	0.21
51,521	Daily Mail & General Trust	467,295	0.24
2,208,474	Ebiquity*	772,966	0.40
12,761	Everyman Media*	18,121	0.01
397,268	Hyve	474,735	0.25
69,720	Informa	390,293	0.20
507,130	ITV	609,317	0.31
504,981	Kin & Carta	896,341	0.46
41,840	Next Fifteen Communications*	284,512	0.15
89,900	Pearson	693,668	0.36
447,628	Reach	962,400	0.50
51,410	Rightmove	299,206	0.15
756,200	Time out*	302,480	0.16
65,000	WPP	598,260	0.31
1,016,610	XLMedia*	487,973	0.25
20,831	XLMEDIA ENT RIGHTS 02/04/2021	1,667	0.00
Pharmaceuticals, Biotechnology & Life Sciences – 2.71% (2020 – 0.79%)			
32,330	AstraZeneca	2,342,955	1.21
152,080	GlaxoSmithKline	1,958,486	1.01
437,560	Indivior	555,701	0.29
330,830	Vectura	381,778	0.20
Real Estate – 2.11% (2020 – 2.83%)			
79,140	British Land	399,499	0.21
402,880	Capital & Counties Properties	687,716	0.35
902,894	Foxtons	568,823	0.29
99,220	Grainger	264,719	0.14
151,718	LSL Property Services	462,740	0.24
851,867	Purplebricks*	792,236	0.41
69,265	Shaftesbury	444,335	0.23
499,472	U & I	460,513	0.24
Retailing – 4.77% (2020 – 3.79%)			
483,230	Angling Direct*	357,590	0.18
15,380	ASOS*	851,129	0.44
180,140	boohoo*	612,476	0.32
518,180	Card Factory	370,499	0.19
497,500	Dixons Carphone	710,430	0.37
477,686	Hostelworld	369,729	0.19
108,470	Kingfisher	345,260	0.18
279,660	Marks & Spencer	421,727	0.22

ES River and Mercantile UK Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Retailing continued		
70,740	Moneysupermarket.com	188,593	0.10
103,156	Moonpig	438,000	0.23
3,000,000	MySale*	279,000	0.14
5,540	Next	435,776	0.22
9,110	Ocado	185,389	0.10
107,900	On the Beach	437,535	0.23
2,979,730	Pendragon	497,615	0.26
221,820	Superdry	562,979	0.29
178,400	Topps Tiles	117,387	0.06
52,198	Trainline	239,484	0.12
1,153,180	ULS Technology*	945,608	0.49
32,100	WH Smith	576,837	0.30
95,750	World	281,984	0.14
	Semiconductors & Semiconductor Equipment – 0.21% (2020 – 0.32%)		
680,947	IQE*	399,375	0.21
	Software & Services – 2.85% (2020 – 3.49%)		
201,082	Alfa Financial Software	271,461	0.14
250,000	Altitude*	97,500	0.05
67,160	Avast	306,250	0.16
197,215	Bango*	410,207	0.21
94,667	Blanco Technology*	255,601	0.13
21,750	Blue Prism	276,225	0.14
1,237,068	Eckoh*	853,577	0.44
15,767	First Derivatives*	418,614	0.22
195,788	Learning Technologies*	294,073	0.15
73,560	Micro Focus International	406,934	0.21
237,271	NCC	612,159	0.32
74,000	Network International	305,916	0.16
164,010	Sage	1,004,725	0.52
	Technology Hardware & Equipment – 1.92% (2020 – 2.42%)		
79,610	Accesso Technology*	493,582	0.26
4,938,064	Filtronic*	395,045	0.20
11,948	Oxford Instruments	227,729	0.12
70,040	Smart Metering Systems*	581,332	0.30
262,000	Strix*	702,160	0.36
181,702	TT Electronics	417,914	0.22
627,942	Xaar	891,678	0.46
	Telecommunication Services – 1.38% (2020 – 1.84%)		
60,000	Adept Technology*	150,000	0.08
865,570	BT	1,339,902	0.69
11,740	Gamma Communications*	191,949	0.10

ES River and Mercantile UK Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Telecommunication Services continued		
165,065	Helios Towers	278,960	0.14
544,520	Vodafone	718,113	0.37
	Transportation – 1.54% (2020 – 0.66%)		
67,630	easyJet	661,421	0.34
311,940	International Consolidated Airlines	618,577	0.32
44,600	James Fisher & Sons	470,084	0.25
35,360	JET2*	447,658	0.23
100,280	John Menzies	331,927	0.17
443,800	Stagecoach	445,575	0.23
	Utilities – 0.94% (2020 – 0.76%)		
1,191,416	Centrica	644,794	0.33
96,740	Drax	406,115	0.21
600,000	Eenergy*	132,000	0.07
3,371,672	OPG Power Ventures*	640,618	0.33
	OVERSEAS COMPANIES (UK LISTED COMPANIES) – 7.18% (2020 – 6.42%)		
	Australia – 0.52% (2020 – 0.40%)		
641,759	South32	1,001,529	0.52
	Bermuda – 0.20% (2020 – 0.00%)		
45,320	Ocean Wilsons	380,688	0.20
	Cayman Islands – 0.07% (2020 – 0.00%)		
33,283	Hutchison China MediTech*	135,462	0.07
	Gibraltar – 0.41% (2020 – 0.50%)		
202,250	888	798,887	0.41
	India – 0.44% (2020 – 0.50%)		
20,050	RHI Magnesita	844,105	0.44
	Ireland – 0.98% (2020 – 0.98%)		
156,040	Bank of Ireland	558,283	0.29
8,630	CRH	292,471	0.15
3,340	Flutter Entertainment	517,867	0.27
21,190	Ryanair	297,840	0.15
29,580	UDG Healthcare	232,351	0.12

ES River and Mercantile UK Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Mauritius – 0.34% (2020 – 0.61%)		
1,038,738	Capital	659,599	0.34
	Netherlands – 0.42% (2020 – 0.30%)		
1,310,639	DP Eurasia	817,839	0.42
	Nigeria – 0.32% (2020 – 0.15%)		
788,800	SEPLAT Petroleum Development	627,885	0.32
	South Africa – 0.34% (2020 – 0.24%)		
1,058,547	Old Mutual	649,101	0.34
	Switzerland – 0.78% (2020 – 0.72%)		
532,068	Glencore	1,512,403	0.78
	United States of America – 2.36% (2020 – 2.02%)		
701,177	Boku*	1,220,048	0.63
32,640	Hiscox	280,834	0.15
445,811	Somero Enterprises*	1,671,791	0.86
199,016	Tremor International*	1,389,132	0.72
	OVERSEAS COMPANIES – 11.87% (2020 – 16.66%)		
	Australia – 0.18% (2020 – 0.00%)		
220,000	Incitec Pivot	353,419	0.18
	Belgium – 0.00% (2020 – 0.27%)		
	China – 0.57% (2020 – 1.83%)		
3,300	Baidu	520,174	0.27
66,650	Ping An Insurance of China	575,072	0.30
	France – 0.78% (2020 – 1.17%)		
11,000	Cegedim	224,891	0.11
40,590	Elis	480,967	0.25
23,000	Vicat	809,183	0.42
	Germany – 0.89% (2020 – 1.23%)		
16,840	GEA	503,522	0.26
8,210	Porsche Automobil pref.	634,895	0.33

ES River and Mercantile UK Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Germany continued		
3,860	Siemens (Regd.)	460,280	0.24
5,000	Siemens Energy	130,335	0.06
	Greece – 0.74% (2020 – 0.91%)		
713,800	Eurobank Ergasias	440,235	0.23
130,820	Fourlis	473,622	0.24
38,650	Jumbo	514,609	0.27
	Hong Kong – 0.68% (2020 – 1.07%)		
748,740	Shangri-La Asia	542,373	0.28
899,490	Swire Pacific	769,813	0.40
	Italy – 0.77% (2020 – 1.08%)		
120,120	Anima	449,414	0.23
107,760	BFF Bank	575,564	0.30
7,390	EXOR	452,755	0.24
	Japan – 2.44% (2020 – 3.56%)		
10,300	Fukuda Denshi	565,478	0.29
760	Nintendo	308,074	0.16
30,000	Nippo	593,283	0.31
65,270	Sansei Technologies	334,791	0.17
22,420	SBI Inc/Japan	441,174	0.23
10,000	Sony	760,215	0.39
41,420	Tachi-S	326,020	0.17
62,030	Tadano	482,140	0.25
14,000	Toyota Industries	904,518	0.47
	Netherlands – 1.21% (2020 – 1.30%)		
95,000	ING Groep	844,229	0.44
10,476	Koninklijke Philips	434,380	0.22
4,050	Prosus	327,064	0.17
9,890	TKH	344,747	0.18
19,610	Van Lanschot Kempen	397,579	0.20
	Norway – 0.00% (2020 – 0.46%)		
	South Korea – 0.69% (2020 – 0.39%)		
4,000	Hyundai Mobis	748,011	0.39
3,000	Pearl Abyss	591,940	0.30

ES River and Mercantile UK Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Sweden – 0.16% (2020 – 0.00%)		
17,000	Volvo	312,410	0.16
	Switzerland – 0.23% (2020 – 0.54%)		
900	dormakaba	447,054	0.23
	United States of America – 2.53% (2020 – 2.85%)		
350	Booking	591,030	0.30
12,560	Citigroup	662,365	0.34
17,370	Johnson Controls International	751,227	0.39
3,320	McKesson	469,329	0.24
9,140	Owens Corning	610,526	0.32
8,990	Raytheon Technologies	503,419	0.26
30,000	Resideo Technologies	614,264	0.32
5,210	Walt Disney	696,857	0.36
	FORWARD CURRENCY CONTRACTS – 0.02% (2020 – (0.22%))		
£8,709,440	Forward Currency Contract 15/06/2021: UK sterling 8,709,440 vs Euro 10,164,000	40,081	0.02
	Portfolio of investments	193,188,873	99.85
	Net other assets	294,522	0.15
	Net assets	193,483,395	100.00

Unless otherwise stated, all investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market.

All investments are in ordinary shares unless otherwise stated.

87.96% of the sub-fund's assets are listed in the UK.

The percentages in brackets show the equivalent percentage of net assets as at 31 March 2020.

*Security listed in AIM.

**Delisted security.

ES River and Mercantile UK Recovery Fund

Comparative table

For the year ending:	31/03/2021	31/03/2020	31/03/2019
A-Class Distribution shares	pence per share	pence per share	pence per share
Change in net assets per share			
Opening net asset value per share	198.72	278.31	279.46
Return before operating charges*	128.50	(70.10)	8.06
Operating charges**	(4.91)	(5.14)	(5.30)
Return after operating charges	123.59	(75.24)	2.76
Distributions	(0.12)	(4.35)	(3.91)
Closing net asset value per share	322.19	198.72	278.31
*After direct transaction costs of	(0.70)	(0.74)	(0.78)
Performance			
Return after charges	62.19%	(27.03)%	0.99%
Other information			
Closing net asset value (£)	1,075,937	708,591	1,310,120
Closing number of shares	333,949	356,584	470,738
Operating charges	1.93%	1.84%	1.85%
Direct transaction costs	0.28%	0.27%	0.27%
Prices			
Highest share price	330.17	309.93	316.58
Lowest share price	190.17	176.78	252.31

*Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dilution adjustments and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the sub-fund and share class returns before operating charges.

**The calculation of the operating charges figure is based on expenses paid by the sub-fund over the past twelve months. The Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee, to seek to achieve an Operating Charge of no more than 1.95%.

ES River and Mercantile UK Recovery Fund

Comparative table continued

For the year ending:	31/03/2021	31/03/2020	31/03/2019
B-Class Distribution shares	pence per share	pence per share	pence per share
Change in net assets per share			
Opening net asset value per share	728.60	1,021.91	1,026.07
Return before operating charges*	471.63	(258.40)	29.79
Operating charges**	(10.94)	(11.19)	(11.60)
Return after operating charges	460.69	(269.59)	18.19
Distributions	(7.28)	(23.72)	(22.35)
Closing net asset value per share	1,182.01	728.60	1,021.91
*After direct transaction costs of	(2.59)	(2.73)	(2.88)
Performance			
Return after charges	63.23%	(26.38)%	1.77%
Other information			
Closing net asset value (£)	131,725,640	126,745,634	221,299,048
Closing number of shares	11,144,189	17,395,805	21,655,335
Operating charges	1.17%	1.09%	1.10%
Direct transaction costs	0.28%	0.27%	0.27%
Prices			
Highest share price	1,214.73	1,140.55	1,163.63
Lowest share price	700.17	651.42	928.04

*Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dilution adjustments and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the sub-fund and share class returns before operating charges.

**The calculation of the operating charges figure is based on expenses paid by the sub-fund over the past twelve months. The Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee, to seek to achieve an Operating Charge of no more than 1.20%.

ES River and Mercantile UK Recovery Fund

Comparative table continued

For the year ending:	31/03/2021	31/03/2020	31/03/2019+
	pence	pence	pence
S-Class Distribution shares	per share	per share	per share
Change in net assets per share			
Opening net asset value per share	165.01	231.57	250.00
Return before operating charges*	106.87	(58.63)	(13.09)
Operating charges**	(1.97)	(1.96)	(1.40)
Return after operating charges	104.90	(60.59)	(14.49)
Distributions	(2.18)	(5.97)	(3.94)
Closing net asset value per share	267.73	165.01	231.57
*After direct transaction costs of	(0.59)	(0.62)	(0.45)
Performance			
Return after charges	63.57%	(26.16)%	(5.80)%
Other information			
Closing net asset value (£)	57,386,649	38,568,554	39,111,538
Closing number of shares	21,434,747	23,373,014	16,889,665
Operating charges	0.93%	0.84%	0.86%
Direct transaction costs	0.28%	0.27%	0.27%
Prices			
Highest share price	275.41	258.65	252.67
Lowest share price	158.57	147.78	210.42

*Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dilution adjustments and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the sub-fund and share class returns before operating charges.

**The calculation of the operating charges figure is based on expenses paid by the sub-fund over the past twelve months. The Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee, to seek to achieve an Operating Charge of no more than 0.95%.

+Launched on 19 July 2018.

ES River and Mercantile UK Recovery Fund

Comparative table continued

For the year ending:	31/03/2021	31/03/2020	31/03/2019
Z-Class Accumulation shares	pence per share	pence per share	pence per share
Change in net assets per share			
Opening net asset value per share	1,338.85	1,812.28	1,764.31
Return before operating charges*	874.79	(471.77)	49.80
Operating charges**	(3.12)	(1.66)	(1.83)
Return after operating charges	871.67	(473.43)	47.97
Distributions	(30.78)	(60.97)	(57.10)
Retained distributions on accumulation shares	30.78	60.97	57.10
Closing net asset value per share	2,210.52	1,338.85	1,812.28
*After direct transaction costs of	(4.79)	(4.91)	(5.01)
Performance			
Return after charges	65.11%	(26.12)%	2.72%
Other information			
Closing net asset value (£)	3,295,169	1,982,239	2,405,640
Closing number of shares	149,067	148,056	132,741
Operating charges	0.18%	0.09%	0.10%
Direct transaction costs	0.28%	0.27%	0.27%
Prices			
Highest share price	2,263.71	2,073.37	2,003.68
Lowest share price	1,287.50	1,186.20	1,627.90

*Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dilution adjustments and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the sub-fund and share class returns before operating charges.

**The calculation of the operating charges figure is based on expenses paid by the sub-fund over the past twelve months. The Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee, to seek to achieve an Operating Charge of no more than 0.20%.

ES River and Mercantile UK Recovery Fund

Synthetic Risk Reward Indicator (SRRI)



Typically Lower Rewards

Typically Higher Rewards



Please note, the category stated above is the same for each class of share within the sub-fund.

The Synthetic Risk & Reward Indicator is based on how much the returns of the shares have varied over the last five years, or since launch (whichever is the shorter period). The higher the rank the greater the potential reward but also the greater the risk of losing money.

The shaded area in the Indicator shows the sub-fund's ranking on the Synthetic Risk & Reward Indicator. Historical data is used to calculate the ranking and this may not be a reliable indication for the future ranking and might change.

The sub-fund may not achieve its investment objective and/or you could lose money on your investment in the sub-fund.

The following risks are materially relevant to the sub-fund but may not be adequately captured by the Risk and Reward Indicator, and may cause additional loss:

- Liquidity risk: securities in the sub-fund may be sold below their valuation due to insufficient liquidity in the market.
- Foreign exchange risk: the sub-fund invests in international securities which are denominated in foreign currencies whose fluctuations may increase the sub-fund's volatility and losses.
- Forward FX risk: the sub-fund may use forward FX transactions for efficient portfolio management purposes only to reduce the risk of the sub-fund, but may not always be effective and the sub-fund may still suffer a loss.
- Derivative risk: Derivatives may be used to reduce the risk of the sub-fund, but may not always be effective and the sub-fund may still suffer a loss.

Summary of Largest Portfolio Changes

The table below shows the top ten purchases and sales for the year.

Purchases	£	Sales	£
Unilever	4,528,482	British American Tobacco	2,109,357
AstraZeneca	3,392,365	Prudential	1,931,654
GlaxoSmithKline	2,325,951	Tremor International	1,901,485
BP	2,305,791	Reckitt Benckiser	1,836,614
Lloyds Banking	1,526,303	Anglo American	1,749,129
Carnival	1,332,819	Unilever	1,601,209
Restaurant	1,154,223	Entain	1,558,059
Rolls-Royce	1,150,852	GlaxoSmithKline	1,495,877
HSBC	1,149,061	HSBC	1,476,598
International Consolidated Airlines	895,740	GoCo	1,357,814

ES River and Mercantile UK Recovery Fund

Statement of Total Return for the year ended 31 March 2021

	Notes	1 April 2020 to 31 March 2021		1 April 2019 to 31 March 2020	
		£	£	£	£
Income					
Net capital gains/(losses)	2		80,804,705		(63,615,872)
Revenue	3	3,315,120		9,147,087	
Expenses	4	(1,762,799)		(2,741,477)	
Interest payable and similar charges	6	(2,100)		(2,962)	
Net revenue before taxation for the year		1,550,221		6,402,648	
Taxation	5	(99,629)		(152,245)	
Net revenue after taxation for the year			1,450,592		6,250,403
Total return before distributions			82,255,297		(57,365,469)
Distributions	7		(1,454,629)		(6,253,138)
Change in net assets attributable to Shareholders from investment activities			80,800,668		(63,618,607)

Statement of Change in Net Assets attributable to Shareholders for the year ended 31 March 2021

		1 April 2020 to 31 March 2021		1 April 2019 to 31 March 2020	
		£	£	£	£
Opening net assets attributable to Shareholders			168,005,018		264,126,346
Amounts received on creation of shares	27,508,010			20,105,484	
Amounts paid on cancellation of shares	(83,099,505)			(52,828,121)	
			(55,591,495)		(32,722,637)
Dilution adjustment			223,088		132,908
Change in net assets attributable to Shareholders from investment activities			80,800,668		(63,618,607)
Retained distributions on accumulation shares			46,102		87,008
Unclaimed distributions over 6 years old			14		—
Closing net assets attributable to Shareholders			193,483,395		168,005,018

ES River and Mercantile UK Recovery Fund

Balance Sheet as at 31 March 2021

	Notes	31 March 2021		31 March 2020	
		£	£	£	£
ASSETS					
Fixed assets					
Investments			193,188,873		168,953,116
Current assets					
Debtors	8	1,329,686		3,864,276	
Cash and bank balances		828,757		35,795	
Total other assets			2,158,443		3,900,071
Total assets			195,347,316		172,853,187
LIABILITIES					
Investment liabilities			—		(388,499)
Creditors					
Bank overdrafts		—		(754,871)	
Distribution payable	9	(653,797)		(1,527,188)	
Other creditors	9	(1,210,124)		(2,177,611)	
Total other liabilities			(1,863,921)		(4,459,670)
Total liabilities			(1,863,921)		(4,848,169)
Net assets attributable to Shareholders			193,483,395		168,005,018

ES River and Mercantile UK Recovery Fund

Notes to the Financial Statements

1 Accounting policies

The accounting policies for the sub-fund are set out on pages 6 to 7.

2 Net capital gains/(losses)

	31 March 2021 £	31 March 2020 £
The net capital gains/(losses) during the year comprise:		
Non-derivative securities	80,235,985	(63,280,649)
Forward currency contracts	462,467	(593,619)
Currency gains	170,168	286,076
Custodial transaction fees	<u>(63,915)</u>	<u>(27,680)</u>
Net capital gains/(losses)	<u>80,804,705</u>	<u>(63,615,872)</u>

3 Revenue

	31 March 2021 £	31 March 2020 £
Bank interest	44	582
Franked distributions from authorised funds	45,550	20,234
Franked UK dividends	2,403,379	6,758,092
Non-taxable overseas dividends	803,443	2,186,410
Stock dividends	38,758	34,047
Taxable overseas dividends	17,067	57,705
UK REIT dividends	<u>6,879</u>	<u>90,017</u>
	<u>3,315,120</u>	<u>9,147,087</u>

ES River and Mercantile UK Recovery Fund

Notes to the Financial Statements continued

4 Expenses

	31 March 2021 £	31 March 2020 £
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	<u>1,533,644</u>	<u>2,529,825</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	24,947	40,530
Safe custody fees	<u>12,116</u>	<u>21,535</u>
	<u>37,063</u>	<u>62,065</u>
Other expenses:		
Audit fee*	14,389	12,346
Fund accounting fees	41,223	66,779
Legal and professional fees	—	3,878
Registration fees	1,793	1,595
Transfer agency fees	111,936	58,626
Other fees	<u>22,751</u>	<u>6,363</u>
	<u>192,092</u>	<u>149,587</u>
Total expenses	<u><u>1,762,799</u></u>	<u><u>2,741,477</u></u>

*Total audit fees of £11,518 (2020 - £10,471) exclusive of VAT.

ES River and Mercantile UK Recovery Fund

Notes to the Financial Statements continued

5 Taxation

	31 March 2021 £	31 March 2020 £
a) Analysis of taxation charge in year		
Overseas tax	<u>99,629</u>	<u>152,245</u>
Total taxation	<u>99,629</u>	<u>152,245</u>

b) Factors affecting taxation charge for the year

The tax assessed for the year is lower (2020: lower) than the standard rate of corporation tax in the UK for an Open Ended Investment Company with variable capital (20%) (2020: 20%). The difference is explained below:

Net revenue before taxation for the year	<u>1,550,221</u>	<u>6,402,648</u>
Return on ordinary activities before taxation at the applicable rate of Corporation tax in the UK of 20% (2020: 20%)	310,044	1,280,530
Effects of:		
Movement in tax losses	348,693	522,821
Overseas tax	99,629	152,245
Prior year adjustment to tax losses	—	(1,861)
Relief on overseas tax expensed	(512)	(1,733)
Revenue not subject to tax	<u>(658,225)</u>	<u>(1,799,757)</u>
Total taxation	<u>99,629</u>	<u>152,245</u>

Open Ended Investment Companies are not liable to Corporation tax on capital gains arising on the disposal of investments or revaluation of the sub-fund's portfolio. Therefore, any capital return is not included in the above reconciliation.

c) Provision for deferred tax

There is no deferred tax provision in the current or preceding year.

At the year end there is a potential deferred tax asset of £4,867,411 (£4,518,718 as at 31 March 2020) due to tax losses. It is unlikely the sub-fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised (same as at 31 March 2020).

6 Interest payable and similar charges

	31 March 2021 £	31 March 2020 £
Interest	<u>2,100</u>	<u>2,962</u>
	<u>2,100</u>	<u>2,962</u>

ES River and Mercantile UK Recovery Fund

Notes to the Financial Statements continued

7 Distributions

The distributions take account of revenue received on the creation of shares and deducted on the cancellation of shares, and comprise:

	31 March 2021 £	31 March 2020 £
Interim	654,824	4,622,113
Final	<u>678,353</u>	<u>1,558,272</u>
	1,333,177	6,180,385
Add: revenue deducted on cancellation of shares	184,206	211,000
Deduct: revenue received on creation of shares	<u>(62,754)</u>	<u>(138,247)</u>
	1,454,629	6,253,138
	<u>1,454,629</u>	<u>6,253,138</u>
Reconciliation between net revenue after taxation for the year and the distributions:		
Net revenue after taxation for the year	1,450,592	6,250,403
Equalisation on conversions	96	96
Expenses transferred to capital	3,904	2,639
Shortfall met from capital	<u>37</u>	<u>—</u>
Distributions for the year	<u>1,454,629</u>	<u>6,253,138</u>

8 Debtors

	31 March 2021 £	31 March 2020 £
Accrued revenue	541,181	513,109
Amounts receivable for issue of shares	421,509	725,951
Foreign currency contracts awaiting settlement	—	155,453
Overseas tax recoverable	97,458	104,505
Sales awaiting settlement	<u>269,538</u>	<u>2,365,258</u>
	<u>1,329,686</u>	<u>3,864,276</u>

9 Other creditors

	31 March 2021 £	31 March 2020 £
a) Distribution payable		
Gross distribution payable	<u>653,797</u>	<u>1,527,188</u>
Total distribution payable	<u>653,797</u>	<u>1,527,188</u>
b) Other creditors		
Accrued expenses	306,877	230,611
Amounts payable for cancellation of shares	501,487	20,521
Foreign currency contracts awaiting settlement	—	155,386
Purchases awaiting settlement	<u>401,760</u>	<u>1,771,093</u>
	<u>1,210,124</u>	<u>2,177,611</u>

ES River and Mercantile UK Recovery Fund

Notes to the Financial Statements continued

10 Contingent liabilities and outstanding commitments

There were no commitments or contingent liabilities at the balance sheet date (31 March 2020: same).

11 Related party transactions

Equity Trustees Fund Services Ltd, as ACD, is a related party, and acts as principal in respect of all the transactions of shares in the company. The aggregate monies received through the creation and cancellation of shares are disclosed in the Statement of Change in Net Assets attributable to Shareholders. The amounts outstanding at the year end are disclosed in notes 8 and 9 as amounts receivable on creation of shares and amounts payable on cancellation of shares respectively.

As at 31 March 2021, River and Mercantile Asset Management LLP, which is the Investment Manager, held 0.00% of the shares in issue (0.00% as at 31 March 2020).

Amounts paid to Equity Trustees Fund Services Ltd in respect of the ACD, associates of the ACD and agents of either of them are disclosed in note 4. The balance outstanding as at the year end was £145,839 (£143,842 as at 31 March 2020).

12 Financial instruments

The main risks and the ACD's policy for managing these risks, are stated within the notes applicable to the financial statements of all the sub-funds of the ES River and Mercantile Funds ICVC.

a) Credit risk

Certain transactions in securities that the sub-fund enters into expose it to risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the sub-fund has fulfilled its responsibility.

This risk is managed by appraising the credit profile of financial instruments and trade counterparties.

At 31 March 2021, the sub-fund held non exchange traded derivatives in the form of forward currency contracts.

The counterparty exposure is shown below:

Counterparty Details of OTC Financial Derivative Transactions	Forwards Assets £	Forwards Liabilities £
The Bank of New York Mellon	40,081	—

At 31 March 2020, the sub-fund held non exchange traded derivatives in the form of forward currency contracts.

The counterparty exposure is shown below:

Counterparty Details of OTC Financial Derivative Transactions	Forwards Assets £	Forwards Liabilities £
The Bank of New York Mellon	4,263	(31,201)
JP Morgan Chase Bank	9,788	(345,379)
UBS	—	(11,919)

No collateral is held or pledged (2020: same)

ES River and Mercantile UK Recovery Fund

Notes to the Financial Statements continued

12 Financial instruments continued

b) Valuation of financial investments

The categorisation of financial investments in the tables below reflects the methodology used to measure their fair value.

31 March 2021		Assets	Liabilities
		£	£
Level 1	Unadjusted quoted price in an active market for an identical instrument	193,102,963	—
Level 2	Valuation techniques using observable inputs other than quoted prices within level 1	40,081	—
Level 3	Valuation techniques using unobservable inputs	45,829	—
		193,188,873	—

31 March 2020		Assets	Liabilities
		£	£
Level 1	Unadjusted quoted price in an active market for an identical instrument	168,895,648	—
Level 2	Valuation techniques using observable inputs other than quoted prices within level 1	14,051	(388,499)
Level 3	Valuation techniques using unobservable inputs	43,417	—
		168,953,116	(388,499)

Where a price is unavailable or the price provided is not thought to be a fair reflection of the current market value of the asset, the Manager, at its discretion, may permit a different method of valuation to be used.

At the current and prior period end, the level 3 asset held was the equity security, Rangers International Football.

The fair value at the current and prior year end was based on a single broker quote at the last valuation point in the current accounting period.

c) Foreign currency risk

Foreign currency risk is the risk of movements in the value of overseas financial instruments as a result of fluctuations in exchange rates. The risk may be managed by the utilisation of forward currency contracts as necessary.

At the balance sheet date, no significant foreign currency was held (2020: same).

d) Derivative risk

At the balance sheet date, no derivatives were held that could impact the sub-fund in a significant way (2020: same).

e) Interest rate risk

Interest rate risk is the risk of movements in the value of financial instruments as a result of fluctuations in interest rates.

The interest rate risk exposure of the sub-fund is not considered to be significant.

f) Sensitivity analysis

Price risk

If market prices had increased by 10% as at the balance sheet date the net asset value of the Fund would have increased by £19,314,879 (2020: £16,893,907). A weakening in market prices of 10% will have resulted in an equal but opposite effect.

ES River and Mercantile UK Recovery Fund

Notes to the Financial Statements continued

12 Financial instruments continued

g) Leverage

The sub-fund did not employ significant leverage during the year.

13 Portfolio transaction costs

For the year 1 April 2020 to 31 March 2021

Purchases	Transaction Value £	Commissions £	%	Taxes £	%
Equity instruments (direct)	88,022,353	52,289	0.06	306,450	0.35
Collective investment schemes	1,514,249	1,181	0.08	7,599	0.50
Total purchases	89,536,602	53,470		314,049	
Total purchases including transaction costs	89,904,121				
Sales	Transaction Value £	Commissions £	%	Taxes £	%
Equity instruments (direct)	144,778,127	83,731	0.06	7,966	0.01
Collective investment schemes	1,470,775	1,137	0.08	31	0.00
Total sales	146,248,902	84,868		7,997	
Total sales net of transaction costs	146,156,037				
Total transaction costs		138,338		322,046	
as a % of average net assets		0.08%		0.19%	

ES River and Mercantile UK Recovery Fund

Notes to the Financial Statements continued

13 Portfolio transaction costs continued

For the year 1 April 2019 to 31 March 2020

Purchases	Transaction Value £	Commissions £	%	Taxes £	%
Equity instruments (direct)	144,137,728	89,048	0.06	491,148	0.34
Collective investment schemes	1,250,324	901	0.07	5,146	0.41
Total purchases	145,388,052	89,949		496,294	
Total purchases including transaction costs	145,974,295				
Sales	Transaction Value £	Commissions £	%	Taxes £	%
Equity instruments (direct)	175,127,231	109,905	0.06	6,763	0.00
Collective investment schemes	3,012,128	1,672	0.06	21	0.00
Total sales	178,139,359	111,577		6,784	
Total sales net of transaction costs	178,020,998				
Total transaction costs		201,526		503,078	
as a % of average net assets		0.08%		0.19%	

The above analysis covers any direct transaction costs suffered by the sub-fund during the year. However, it is important to understand the nature of other transaction costs associated with different investment asset classes and instruments types.

Separately identifiable direct transaction costs (commissions and taxes etc.) are attributable to the sub-fund's purchase and sale of equity shares. Additionally for equity shares there is a dealing spread cost (the difference between the buying and selling prices) which will be suffered on purchase and sale transactions.

For the sub-fund's investment in collective investment scheme holdings there will potentially be a dilution adjustment cost applicable to purchases and sales. However, additionally there are indirect transaction costs suffered in those underlying funds, throughout the holding period for the instruments, which are not separately identifiable and do not form part of the analysis above.

Dealing spread costs suffered by the sub-fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.

At the balance sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.66% (2020 - 1.07%).

14 Share movement

	A-Class Distribution shares	B-Class Distribution shares	S-Class Distribution shares	Z-Class Accumulation shares
Opening shares	356,584	17,395,805	23,373,014	148,056
Shares issued	187,309	1,012,715	6,856,769	7,861
Shares redeemed	(192,291)	(7,269,130)	(8,795,036)	(6,850)
Shares converted	(17,653)	4,799	—	—
Closing shares	333,949	11,144,189	21,434,747	149,067

ES River and Mercantile UK Recovery Fund

Notes to the Financial Statements continued

15 Post balance sheet events

Subsequent to the sub-fund's year end, 31 March 2021, the spread of the Coronavirus pandemic has continued to cause widespread market and economic disruption. In the short-term, the sub-fund could be impacted by fluctuations in global stock markets, adverse investor sentiment and increased operational risks. The full impact of the virus remains unclear, however, a long-term adverse impact to the sub-fund is not expected.

The event has given rise to a non-adjusting subsequent event due to continued volatility in global markets after the sub-fund's reporting period. The NAV of the sub-fund as at 1 July 2021 was £208.5m, the impact of the volatility on the sub-fund's NAV between the end of the reporting period and this date was 7.8%. The price movements per share class are shown below:

	A-Class Distribution shares	B-Class Distribution shares	S-Class Distribution shares	Z-Class Accumulation shares
NAV 31 March 2021	1,075,937	131,725,640	57,386,649	3,295,169
NAV 1 July 2021	—	133,686,410	71,318,873	3,509,218
Movement	N/A	1.5%	24.3%	6.5%
NAV per share 31 March 2021	322.19	1,182.01	267.73	2,210.52
NAV per share 1 July 2021	—	1,246.14	282.41	2,336.19
Movement	N/A	5.4%	5.5%	5.7%

There have been no significant redemptions on the sub-fund or any of the share classes since the reporting date 31 March 2021.

The NAV of the sub-fund was reviewed again on 5 July 2021; there was no material movement in the NAV since 1 July 2021.

The sub-fund launched S-Class Accumulation shares on 29 April 2021.

The A-Class Distribution shares closed on 9 June 2021.

ES River and Mercantile UK Recovery Fund

Distribution tables for the year ended 31 March 2021

Group 1: shares purchased prior to a distribution period

Group 2: shares purchased during a distribution period

Equalisation is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as a return of capital. As capital it is not liable to Income tax but must be deducted from the cost of shares for Capital Gains tax purposes.

Interim dividend distribution in pence per share		Period 01/04/2020 — 30/09/2020		
	Net Revenue	Equalisation	Distribution paid 30/11/20	Distribution paid 30/11/19
A-Class Distribution shares				
Group 1	0.1231	—	0.1231	3.6463
Group 2	0.0000	0.1231	0.1231	3.6463
B-Class Distribution shares				
Group 1	3.5878	—	3.5878	17.3074
Group 2	2.1607	1.4271	3.5878	17.3074
S-Class Distribution shares				
Group 1	1.0520	—	1.0520	4.2193
Group 2	0.6229	0.4291	1.0520	4.2193
Z-Class Accumulation shares				
Group 1	14.3061	—	14.3061	39.9771
Group 2	4.0965	10.2096	14.3061	39.9771

Final dividend distribution in pence per share		Period 01/10/2020 — 31/03/2021		
	Net Revenue	Equalisation	Distribution payable 31/05/21	Distribution paid 31/05/20
A-Class Distribution shares				
Group 1	0.0000	—	0.0000	0.7002
Group 2	0.0000	0.0000	0.0000	0.7002
B-Class Distribution shares				
Group 1	3.6940	—	3.6940	6.4157
Group 2	1.8906	1.8034	3.6940	6.4157
S-Class Distribution shares				
Group 1	1.1296	—	1.1296	1.7483
Group 2	0.4505	0.6791	1.1296	1.7483
Z-Class Accumulation shares				
Group 1	16.4732	—	16.4732	20.9951
Group 2	8.4459	8.0273	16.4732	20.9951

ES River and Mercantile UK Equity Income Fund

Investment Objective

The investment objective of the sub-fund is to (a) generate an average annual income above the dividend yield of the Benchmark over a rolling 3 year period; and (b) achieve a total return (income and growth in the value of your investments (known as “capital growth”)) above the total return of the Benchmark over a rolling 5 year period, after the deduction of all fees.

The “Benchmark” for the sub-fund is the MSCI United Kingdom Investable Market Index (IMI) Net Total Return.

Investment Policy

The sub-fund seeks to achieve its investment objective by investing at least 60% of its value in shares of UK companies (companies which are domiciled, incorporated, or have significant operations in the UK). Investment can be direct, or indirect, in shares (including common and preference shares), rights for shares, warrants, depositary receipts (securities issued by banks that represent company shares), investment trusts (including REITS) and collective investment schemes.

In addition, up to 20% of the sub-fund may be invested in shares of companies which are not UK companies but which, at the time of investment, are listed in the UK. Investment can be direct or indirect as noted above. It is expected that at least 80% of the sub-fund will be invested in UK companies and companies which are listed in the UK.

Up to 20% of the sub-fund may be invested in shares of overseas companies (companies which are not UK companies and which are not listed in the UK), excluding emerging markets, investment grade bonds issued by companies and governments (an investment grade rating conveys the rating agency’s view that there is a lower risk of loss resulting from the issuer defaulting, than would apply to a non-investment grade bond), convertible bonds, collective investment schemes and cash. Investment can be direct or indirect as noted above.

Investment in collective investment schemes (which includes exchange traded funds) can include those operated and/or managed by the ACD or the Investment Manager.

The sub-fund may use derivatives for the purposes of reducing risk or cost or for generating extra income or growth (known as “efficient portfolio management”). As an example, the sub-fund may use forward contracts for currency hedging with the intention of reducing the risk arising from currency exposures in a cost-effective way.

The sub-fund is actively managed, meaning the Investment Manager will use their expertise to pick investments to achieve the sub-fund’s objectives.

The Investment Manager will select shares for the sub-fund that fit the River and Mercantile PVT (Potential, Valuation and Timing) Investment Philosophy. This approach to investing has been in place since the PVT Team was launched in 2006 and looks for companies that have attractive “Potential” (the ability to grow shareholder value through increases in profits and cash), “Valuation” (the price of shares on the stock market is lower than the value the Investment Manager gives to the shares) and “Timing” (the extent to which analytical indicators that are supportive of investing at the time of analysis).

The sub-fund will invest in a range of companies by industry sector and size and does not have to hold the same companies that are included in the Benchmark or in the same weights. However, where the sub-fund invests in companies which are included in the Benchmark the sub-fund’s exposure to any company will not be more than 5% above or below the Benchmark’s exposure to that company. Exposure to any industry sector will not be more than 8% above or below the Benchmark’s exposure to that sector, measured at the Sector level of GICS (Global Industry Classification Standard).

ES River and Mercantile UK Equity Income Fund

Investment Manager's Review

Investment Review

The ES River & Mercantile UK Equity Income Fund B share class returned 28.6% over the 12 months to 31 March 2021, compared with the MSCI UK Investable Market Index which returned 24.32%.

The fund performed relatively strongly as we entered the pandemic crisis and markets fell when the fund was positioned reasonably defensively. We took advantage of the sell off in March 20 to add several more cyclical stocks to the portfolio and it was thus satisfying to continue to perform well during both Q3 and Q4 last year. The very strong rotation during Q4 back into financials, oil and leveraged cyclical stocks meant that some of the performance reversed and performance in 2021 has been broadly in line so far.

In a year featuring a global pandemic it is perhaps fitting that the sector in which we performed most strongly was the Pharmaceuticals and Healthcare sectors. Key to the success was a holding in **Maxcyte**, a US based company with a cell therapy platform built on a technology called flow electroporation. Maxcyte licenses this technology to large cell therapy and pharmaceuticals companies enabling it to participate in the success of a portfolio of over 120 CAR-T drugs which are having a very real positive impact on the fight against cancer. They will be listing later this year on Nasdaq and we have been proud to be one of their leading shareholders since their IPO. Elsewhere we performed well being underweight in a falling oil sector and overweight in a strongly performing materials sector, in part through our gold holdings. In the more defensive and underperforming Consumer Staples sector where we were helpfully underweight, we did benefit from re-investing in **Fevertree** which recovered strongly.

With such a volatile year, turnover in the fund was slightly higher than normal and we made several additions to the portfolio during the year. A reduction in our material consumer goods underweight was made through purchases of **Diageo**, **Unilever** and most recently specialty food ingredients specialist **Tate & Lyle**. We added to some cheap and high yielding financials such as **Aviva** which is undergoing a significant restructuring and to UK Motor Insurer Direct Line which is likely to benefit from a rate hardening cycle. High quality industrial stocks which are set to benefit from global industrial recovery such as **Johnson Matthey**, **Mondi** and **IMI** were also added as were consumer cyclical recovery stocks like **Whitbread** and **EasyJet**. Profits were taken in a few of the international holdings selling European Pharmaceutical giants **Roche** and **Sanofi** as well as taking profits in North American gold names **Kinross Gold** and **Barrick Gold** to make way for the new holdings.

Market Overview

After the lockdown-induced low earlier in the year, economies around the world bottomed out in April, as a very supportive monetary and fiscal policy kicked in. The recovery started to come through in May and June, and then continued to recover over the summer and into autumn. However, a second wave of Covid-19 hit most countries, stalling re-openings and leading to the recovery in some segments of economies being put on hold. Certainty around the US election and positive vaccine announcements during November last year created the catalyst for the markets to rally strongly in particular continuing the rally in cyclical stocks in anticipation of economic recovery from the Covid-19 Pandemic. While global markets bounced strongly, the UK market was initially handicapped by an underwhelming management of the Covid crisis and returning Brexit worries. The more recent success in the vaccine programme has delivered a positive start to 2021.

Outlook

Pandemic headlines continue to improve and the outlook for the UK economy should see confidence rapidly return later in 2021 as the latest Covid wave falls and the vaccines and therapeutic drugs are successfully rolled out. The UK market remains relatively cheap despite the most recent rally. After the unprecedented 40%+ UK dividend cuts last year, we are buying high quality undervalued stocks, where we believe growth will be stronger and dividends both re-instated and more sustainable than the market believes. We continue to execute on a sell discipline that enables us to recycle capital into new exceptional equity income investments.

Source: River and Mercantile Asset Management LLP

River and Mercantile
4 May 2021
Investment Adviser to the Fund

ES River and Mercantile UK Equity Income Fund

Portfolio Statement as at 31 March 2021

Holding	Investment	Market Value £	% of Net Assets
UNITED KINGDOM (UK LISTED COMPANIES) – 92.53% (2020 – 85.56%)			
Banks – 5.18% (2020 – 7.05%)			
800,000	HSBC	3,385,200	2.54
4,000,000	Lloyds Banking	1,701,400	1.28
425,881	OSB	1,815,105	1.36
Capital Goods – 9.84% (2020 – 8.30%)			
150,000	Bunzl	3,484,500	2.61
294,000	Genuit	1,631,700	1.22
75,000	IMI	999,750	0.75
475,000	QinetiQ	1,501,000	1.13
150,000	Rolls-Royce	157,950	0.12
1,850,000	Speedy Hire	1,228,400	0.92
90,000	Ultra Electronics	1,825,200	1.37
425,000	Vesuvius	2,290,750	1.72
Commercial & Professional Services – 5.61% (2020 – 1.86%)			
625,000	Biffa	1,662,500	1.25
17,000	Intertek	952,340	0.71
188,000	RELX	3,419,720	2.57
1,050,000	Serco	1,444,800	1.08
Consumer Durables & Apparel – 3.19% (2020 – 0.30%)			
200,000	Countryside Properties	1,016,000	0.76
730,000	DFS Furniture	1,978,300	1.48
27,500	Persimmon	808,225	0.61
800,000	Photo-Me International	454,400	0.34
Consumer Services – 4.09% (2020 – 0.97%)			
1,657,072	Restaurant	2,029,913	1.52
100,000	Whitbread	3,426,000	2.57
Diversified Financials – 3.77% (2020 – 2.00%)			
110,000	3i	1,268,850	0.95
560,000	Ashmore	2,190,720	1.64
50,000	Hargreaves Lansdown	770,750	0.58
275,000	Premier Miton*	390,500	0.29
168,000	TP ICAP	408,660	0.31
Energy – 3.06% (2020 – 8.79%)			
2,350,000	Diversified Gas & Oil	2,608,500	1.96
110,000	Royal Dutch Shell	1,468,500	1.10

ES River and Mercantile UK Equity Income Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Food & Staples Retailing – 1.33% (2020 – 6.53%)		
775,000	Tesco	1,773,587	1.33
	Food, Beverage & Tobacco – 8.60% (2020 – 7.34%)		
118,000	British American Tobacco	3,272,730	2.45
160,000	Diageo	4,783,200	3.59
445,000	Tate & Lyle	3,414,040	2.56
	Health Care Equipment & Services – 2.05% (2020 – 2.05%)		
60,000	EMIS*	660,000	0.50
150,000	Smith & Nephew	2,067,000	1.55
	Household & Personal Products – 3.96% (2020 – 2.36%)		
130,000	Unilever	5,272,800	3.96
	Insurance – 9.85% (2020 – 7.80%)		
835,000	Aviva	3,408,470	2.56
1,175,000	Direct Line Insurance	3,681,275	2.76
306,845	Lancashire	1,976,082	1.48
140,000	Prudential	2,156,700	1.62
753,572	Sabre Insurance	1,906,537	1.43
	Materials – 5.06% (2020 – 9.07%)		
55,000	Anglo American	1,563,375	1.17
195,000	Essentra	565,500	0.43
185,000	Fresnillo	1,598,400	1.20
30,000	Johnson Matthey	903,600	0.68
80,000	Mondi	1,479,600	1.11
5,361,566	Shanta Gold*	629,984	0.47
	Media & Entertainment – 0.75% (2020 – 2.26%)		
52,000	Future	994,240	0.75
	Pharmaceuticals, Biotechnology & Life Sciences – 5.10% (2020 – 6.21%)		
43,000	AstraZeneca	3,116,210	2.34
260,000	GlaxoSmithKline	3,348,280	2.51
15,000	Hikma Pharmaceuticals	341,400	0.25
	Real Estate – 3.50% (2020 – 4.04%)		
800,000	Capital & Counties Properties	1,365,600	1.03
3,050,000	Supermarket Income Reit	3,294,000	2.47

ES River and Mercantile UK Equity Income Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Retailing – 3.34% (2020 – 0.39%)		
175,000	B&M European Value Retail	923,650	0.69
225,000	Halfords	855,000	0.64
130,000	Moonpig	551,980	0.41
2,200,000	Vivo Energy	2,125,200	1.60
	Software & Services – 0.83% (2020 – 0.83%)		
150,000	Avast	684,000	0.51
70,000	Sage	428,820	0.32
	Technology Hardware & Equipment – 6.46% (2020 – 7.06%)		
160,000	Electrocomponents	1,588,800	1.19
500,000	Smart Metering Systems*	4,150,000	3.11
360,200	Spirent Communications	859,077	0.65
750,000	Strix*	2,010,000	1.51
	Telecommunication Services – 1.61% (2020 – 1.42%)		
570,969	Helios Towers	964,938	0.72
900,000	Vodafone	1,186,920	0.89
	Transportation – 1.32% (2020 – 0.32%)		
180,000	easyJet	1,760,400	1.32
	Utilities – 4.03% (2020 – 1.49%)		
235,000	Drax	986,530	0.74
400,000	National Grid	3,456,000	2.59
100,000	United Utilities	925,600	0.70
	OVERSEAS COMPANIES (UK LISTED COMPANIES) – 4.20% (2020 – 4.30%)		
	Bermuda – 0.56% (2020 – 0.56%)		
145,000	Conduit	746,750	0.56
	Canada – 0.00% (2020 – 0.63%)		
	Gibraltar – 0.00% (2020 – 0.49%)		
	Ireland – 0.00% (2020 – 0.85%)		
	Russia – 1.44% (2020 – 1.67%)		
135,000	Polymetal International	1,916,325	1.44

ES River and Mercantile UK Equity Income Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	United States of America – 2.20% (2020 – 0.66%)		
130,000	MaxCyte*	1,131,000	0.85
203,323	MaxCyte Reg S	1,809,575	1.35
	OVERSEAS COMPANIES – 1.17% (2020 – 9.13%)		
	Canada – 1.17% (2020 – 3.39%)		
95,000	Barrick Gold	1,365,791	1.02
40,000	Kinross Gold	193,375	0.15
	France – 0.00% (2020 – 1.35%)		
	Germany – 0.00% (2020 – 2.02%)		
	Switzerland – 0.00% (2020 – 2.38%)		
	FORWARD CURRENCY CONTRACTS – 0.00% (2020 – (0.08%))		
	Portfolio of investments	130,511,974	97.90
	Net other assets	2,802,620	2.10
	Net assets	133,314,594	100.00

Unless otherwise stated, all investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market.

All investments are in ordinary shares unless otherwise stated.

96.73% of the sub-fund's assets are listed in the UK.

The percentages in brackets show the equivalent percentage of net assets as at 31 March 2020.

*Security listed in AIM.

ES River and Mercantile UK Equity Income Fund

Comparative table

For the year ending:	31/03/2021	31/03/2020	31/03/2019
A-Class Distribution shares	pence per share	pence per share	pence per share
Change in net assets per share			
Opening net asset value per share	150.86	187.13	188.58
Return before operating charges*	42.78	(24.87)	10.32
Operating charges**	(2.92)	(3.00)	(3.16)
Return after operating charges	39.86	(27.87)	7.16
Distributions	(5.37)	(8.40)	(8.61)
Closing net asset value per share	185.35	150.86	187.13
*After direct transaction costs of	(0.95)	(0.58)	(0.57)
Performance			
Return after charges	26.42%	(14.89)%	3.80%
Other information			
Closing net asset value (£)	3,386,184	3,304,569	4,255,426
Closing number of shares	1,826,929	2,190,469	2,274,101
Operating charges	1.69%	1.63%	1.63%
Direct transaction costs	0.55%	0.32%	0.29%
Prices			
Highest share price	189.99	194.49	210.89
Lowest share price	146.66	133.62	173.71

*Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dilution adjustments and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the sub-fund and share class returns before operating charges.

**The calculation of the operating charges figure is based on expenses paid by the sub-fund over the past twelve months. The Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee, to seek to achieve an Operating Charge of no more than 1.70%.

ES River and Mercantile UK Equity Income Fund

Comparative table continued

For the year ending:	31/03/2021	31/03/2020	31/03/2019
B-Class Distribution shares	pence per share	pence per share	pence per share
Change in net assets per share			
Opening net asset value per share	410.12	504.93	504.94
Return before operating charges*	116.66	(67.60)	27.70
Operating charges**	(4.44)	(4.48)	(4.59)
Return after operating charges	112.22	(72.08)	23.11
Distributions	(14.66)	(22.73)	(23.12)
Closing net asset value per share	507.68	410.12	504.93
*After direct transaction costs of	(2.59)	(1.58)	(1.52)
Performance			
Return after charges	27.36%	(14.28)%	4.58%
Other information			
Closing net asset value (£)	103,848,704	82,481,317	188,266,206
Closing number of shares	20,455,573	20,111,283	37,285,317
Operating charges	0.94%	0.90%	0.88%
Direct transaction costs	0.55%	0.32%	0.29%
Prices			
Highest share price	520.22	527.97	565.30
Lowest share price	398.19	363.18	467.81

*Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dilution adjustments and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the sub-fund and share class returns before operating charges.

**The calculation of the operating charges figure is based on expenses paid by the sub-fund over the past twelve months. The Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee, to seek to achieve an Operating Charge of no more than 0.95%.

ES River and Mercantile UK Equity Income Fund

Comparative table continued

For the year ending:	31/03/2021	31/03/2020+
S–Class Distribution shares	pence per share	pence per share
Change in net assets per share		
Opening net asset value per share	205.12	250.00
Return before operating charges*	58.41	(33.92)
Operating charges**	(1.63)	(1.29)
Return after operating charges	56.78	(35.21)
Distributions	(7.34)	(9.67)
Closing net asset value per share	254.56	205.12
*After direct transaction costs of	(1.30)	(0.72)
Performance		
Return after charges	27.68%	(14.08)%
Other information		
Closing net asset value (£)	26,079,706	29,890,787
Closing number of shares	10,244,825	14,572,253
Operating charges	0.69%	0.57%
Direct transaction costs	0.55%	0.35%
Prices		
Highest share price	260.83	263.95
Lowest share price	199.16	181.64

*Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dilution adjustments and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the sub-fund and share class returns before operating charges.

**The calculation of the operating charges figure is based on expenses paid by the sub-fund over the past twelve months. The Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee, to seek to achieve an Operating Charge of no more than 0.70%.

+Launched on 2 May 2019.

ES River and Mercantile UK Equity Income Fund

Synthetic Risk Reward Indicator (SRRI)

◀ Lower Risk Higher Risk ▶

Typically Lower Rewards

Typically Higher Rewards



Please note, the category stated above is the same for each class of share within the sub-fund.

The Synthetic Risk & Reward Indicator is based on how much the returns of the shares have varied over the last five years, or since launch (whichever is the shorter period). The higher the rank the greater the potential reward but also the greater the risk of losing money.

The shaded area in the Indicator shows the sub-fund's ranking on the Synthetic Risk & Reward Indicator. Historical data is used to calculate the ranking and this may not be a reliable indication for the future ranking and might change.

The sub-fund may not achieve its investment objective and/or you could lose money on your investment in the sub-fund.

The following risks are materially relevant to the sub-fund but may not be adequately captured by the Risk and Reward Indicator, and may cause additional loss:

- Liquidity risk: securities in the sub-fund may be sold below their valuation due to insufficient liquidity in the market.
- Derivative risk: Derivatives may be used to reduce the risk of the sub-fund, but may not always be effective and the sub-fund may still suffer a loss.

Summary of Largest Portfolio Changes

The table below shows the top ten purchases and sales for the year.

Purchases	£	Sales	£
Diageo	4,893,708	British American Tobacco	6,380,453
National Grid	4,561,832	Anglo American	4,893,456
British American Tobacco	4,435,142	Kinross Gold	3,822,921
RELX	4,239,003	Fevertree Drinks	3,673,655
Bunzl	3,502,977	Royal Dutch Shell	3,630,643
AstraZeneca	3,448,926	Roche	3,591,272
Tate & Lyle	3,392,438	Fresnillo	3,379,628
Whitbread	3,280,599	Prudential	3,344,884
Aviva	3,145,516	Barrick Gold	3,271,698
Unilever	3,023,435	HSBC	3,215,377

ES River and Mercantile UK Equity Income Fund

Statement of Total Return for the year ended 31 March 2021

	Notes	1 April 2020 to 31 March 2021		1 April 2019 to 31 March 2020	
		£	£	£	£
Income					
Net capital gains/(losses)	2		26,831,417		(26,553,702)
Revenue	3	4,156,107		7,889,512	
Expenses	4	(1,118,055)		(1,433,481)	
Interest payable and similar charges	6	(41)		—	
Net revenue before taxation for the year		3,038,011		6,456,031	
Taxation	5	(212,306)		(143,678)	
Net revenue after taxation for the year			2,825,705		6,312,353
Total return before distributions			29,657,122		(20,241,349)
Distributions	7		(3,911,982)		(7,700,938)
Change in net assets attributable to Shareholders from investment activities			25,745,140		(27,942,287)

Statement of Change in Net Assets attributable to Shareholders for the year ended 31 March 2021

		1 April 2020 to 31 March 2021		1 April 2019 to 31 March 2020	
		£	£	£	£
Opening net assets attributable to Shareholders			115,676,673		192,521,632
Amounts received on creation of shares	21,382,118			7,927,715	
Amounts paid on cancellation of shares	(29,563,130)			(56,927,877)	
			(8,181,012)		(49,000,162)
Dilution adjustment			73,566		97,490
Change in net assets attributable to Shareholders from investment activities			25,745,140		(27,942,287)
Unclaimed distributions over 6 years old			227		—
Closing net assets attributable to Shareholders			133,314,594		115,676,673

ES River and Mercantile UK Equity Income Fund

Balance Sheet as at 31 March 2021

	Notes	31 March 2021		31 March 2020	
		£	£	£	£
ASSETS					
Fixed assets					
Investments			130,511,974		114,517,011
Current assets					
Debtors	8	2,219,771		2,282,617	
Cash and bank balances		11,227,122		2,802,169	
Total other assets			13,446,893		5,084,786
Total assets			143,958,867		119,601,797
LIABILITIES					
Investment liabilities			—		(89,090)
Creditors					
Distribution payable	9	(1,532,441)		(2,346,548)	
Other creditors	9	(9,111,832)		(1,489,486)	
Total other liabilities			(10,644,273)		(3,836,034)
Total liabilities			(10,644,273)		(3,925,124)
Net assets attributable to Shareholders			133,314,594		115,676,673

ES River and Mercantile UK Equity Income Fund

Notes to the Financial Statements

1 Accounting policies

The accounting policies for the sub-fund are set out on pages 6 to 7.

2 Net capital gains/(losses)

	31 March 2021 £	31 March 2020 £
The net capital gains/(losses) during the year comprise:		
Non-derivative securities	26,872,554	(26,479,429)
Forward currency contracts	(44,751)	(133,637)
Currency gains	17,488	66,229
Custodial transaction fees	<u>(13,874)</u>	<u>(6,865)</u>
Net capital gains/(losses)	<u>26,831,417</u>	<u>(26,553,702)</u>

3 Revenue

	31 March 2021 £	31 March 2020 £
Bank interest	86	440
Franked UK dividends	3,001,307	6,171,594
Non-taxable overseas dividends	995,870	1,480,587
Stock dividends	—	14,705
UK REIT dividends	<u>158,844</u>	<u>222,186</u>
	<u>4,156,107</u>	<u>7,889,512</u>

ES River and Mercantile UK Equity Income Fund

Notes to the Financial Statements continued

4 Expenses

	31 March 2021 £	31 March 2020 £
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	<u>890,622</u>	<u>1,213,640</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	18,815	28,303
Safe custody fees	<u>4,666</u>	<u>8,718</u>
	<u>23,481</u>	<u>37,021</u>
Other expenses:		
Audit fee*	11,632	9,983
Fund accounting fees	31,271	41,814
Legal and professional fees	—	3,878
Registration fees	2,303	2,034
Transfer agency fees	129,867	113,632
Other fees	<u>28,879</u>	<u>11,479</u>
	<u>203,952</u>	<u>182,820</u>
Total expenses	<u><u>1,118,055</u></u>	<u><u>1,433,481</u></u>

*Total audit fees of £9,313 (2020 - £8,466) exclusive of VAT.

ES River and Mercantile UK Equity Income Fund

Notes to the Financial Statements continued

5 Taxation

	31 March 2021 £	31 March 2020 £
a) Analysis of taxation charge in year		
Overseas tax	<u>212,306</u>	<u>143,678</u>
Total taxation	<u>212,306</u>	<u>143,678</u>

b) Factors affecting taxation charge for the year

The tax assessed for the year is lower (2020: lower) than the standard rate of corporation tax in the UK for an Open Ended Investment Company with variable capital (20%) (2020: 20%). The difference is explained below:

Net revenue before taxation for the year	<u>3,038,011</u>	<u>6,456,031</u>
Return on ordinary activities before taxation at the applicable rate of Corporation tax in the UK of 20% (2020: 20%)	607,602	1,291,206
Effects of:		
Movement in tax losses	191,833	242,167
Overseas tax	212,306	143,678
Revenue not subject to tax	<u>(799,435)</u>	<u>(1,533,373)</u>
Total taxation	<u>212,306</u>	<u>143,678</u>

Open Ended Investment Companies are not liable to Corporation tax on capital gains arising on the disposal of investments or revaluation of the sub-fund's portfolio. Therefore, any capital return is not included in the above reconciliation.

c) Provision for deferred tax

There is no deferred tax provision in the current or preceding year.

At the year end there is a potential deferred tax asset of £3,201,385 (£3,009,552 as at 31 March 2020) due to tax losses. It is unlikely the sub-fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised (same as at 31 March 2020).

6 Interest payable and similar charges

	31 March 2021 £	31 March 2020 £
Interest	<u>41</u>	<u>—</u>
	<u>41</u>	<u>—</u>

ES River and Mercantile UK Equity Income Fund

Notes to the Financial Statements continued

7 Distributions

The distributions take account of revenue received on the creation of shares and deducted on the cancellation of shares, and comprise:

	31 March 2021 £	31 March 2020 £
Interim	2,383,814	4,695,805
Final	<u>1,532,441</u>	<u>2,346,548</u>
	3,916,255	7,042,353
Add: revenue deducted on cancellation of shares	215,739	746,664
Deduct: revenue received on creation of shares	<u>(220,012)</u>	<u>(88,079)</u>
	<u>3,911,982</u>	<u>7,700,938</u>
Distributions for the year		
Reconciliation between net revenue after taxation for the year and the distributions:		
Net revenue after taxation for the year	2,825,705	6,312,353
Expenses transferred to capital	1,118,055	1,433,481
Tax relief on expenses taken to capital	<u>(31,778)</u>	<u>(44,896)</u>
Distributions for the year	<u>3,911,982</u>	<u>7,700,938</u>

8 Debtors

	31 March 2021 £	31 March 2020 £
Accrued revenue	263,279	238,574
Amounts receivable for issue of shares	1,075,808	398,117
Overseas tax recoverable	132,607	158,797
Sales awaiting settlement	<u>748,077</u>	<u>1,487,129</u>
	<u>2,219,771</u>	<u>2,282,617</u>

9 Other creditors

	31 March 2021 £	31 March 2020 £
a) Distribution payable		
Gross distribution payable	<u>1,532,441</u>	<u>2,346,548</u>
Total distribution payable	<u>1,532,441</u>	<u>2,346,548</u>
b) Other creditors		
Accrued expenses	260,984	153,693
Amounts payable for cancellation of shares	97,591	552,802
Purchases awaiting settlement	<u>8,753,257</u>	<u>782,991</u>
	<u>9,111,832</u>	<u>1,489,486</u>

10 Contingent liabilities and outstanding commitments

There were no commitments or contingent liabilities at the balance sheet date (31 March 2020: same).

ES River and Mercantile UK Equity Income Fund

Notes to the Financial Statements continued

11 Related party transactions

Equity Trustees Fund Services Ltd, as ACD, is a related party, and acts as principal in respect of all the transactions of shares in the company. The aggregate monies received through the creation and cancellation of shares are disclosed in the Statement of Change in Net Assets attributable to Shareholders. The amounts outstanding at the year end are disclosed in notes 8 and 9 as amounts receivable on creation of shares and amounts payable on cancellation of shares respectively.

As at 31 March 2021, River and Mercantile Asset Management LLP, which is the Investment Manager, held 0.00% of the shares in issue (0.01% as at 31 March 2020).

Amounts paid to Equity Trustees Fund Services Ltd in respect of the ACD, associates of the ACD and agents of either of them are disclosed in note 4. The balance outstanding as at the year end was £78,934 (£71,309 as at 31 March 2020).

12 Financial instruments

The main risks and the ACD's policy for managing these risks, are stated within the notes applicable to the financial statements of all the sub-funds of the ES River and Mercantile Funds ICVC.

a) Credit risk

Certain transactions in securities that the sub-fund enters into expose it to risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the sub-fund has fulfilled its responsibility.

This risk is managed by appraising the credit profile of financial instruments and trade counterparties.

At 31 March 2021, the sub-fund didn't hold non exchange traded derivatives.

At 31 March 2020, the sub-fund held non exchange traded derivatives in the form of forward currency contracts.

The counterparty exposure is shown below:

Counterparty Details of OTC Financial Derivative Transactions	Forwards Assets £	Forwards Liabilities £
The Bank of New York Mellon	4,722	—
JP Morgan Chase Bank	—	(89,090)

No collateral is held or pledged (2020: same)

b) Valuation of financial investments

The categorisation of financial investments in the tables below reflects the methodology used to measure their fair value.

31 March 2021		Assets £	Liabilities £
Level 1	Unadjusted quoted price in an active market for an identical instrument	130,511,974	—
		130,511,974	—

31 March 2020		Assets £	Liabilities £
Level 1	Unadjusted quoted price in an active market for an identical instrument	114,512,289	—
Level 2	Valuation techniques using observable inputs other than quoted prices within level 1	4,722	(89,090)
		114,517,011	(89,090)

ES River and Mercantile UK Equity Income Fund

Notes to the Financial Statements continued

12 Financial instruments continued

c) Foreign currency risk

Foreign currency risk is the risk of movements in the value of overseas financial instruments as a result of fluctuations in exchange rates. The risk may be managed by the utilisation of forward currency contracts as necessary.

At the balance sheet date, no significant foreign currency was held (2020: same).

d) Derivative risk

At the balance sheet date, no derivatives were held that could impact the sub-fund in a significant way (2020: same).

e) Interest rate risk

Interest rate risk is the risk of movements in the value of financial instruments as a result of fluctuations in interest rates.

The interest rate risk exposure of the sub-fund is not considered to be significant.

f) Sensitivity analysis

Price risk

If market prices had increased by 10% as at the balance sheet date the net asset value of the Fund would have increased by £13,051,197 (2020: £11,451,229). A weakening in market prices of 10% will have resulted in an equal but opposite effect.

g) Leverage

The sub-fund did not employ significant leverage during the year.

ES River and Mercantile UK Equity Income Fund

Notes to the Financial Statements continued

13 Portfolio transaction costs

For the year 1 April 2020 to 31 March 2021

Purchases	Transaction Value £	Commissions £	%	Taxes £	%
Equity instruments (direct)	119,348,021	69,974	0.06	537,108	0.45
Total purchases	119,348,021	69,974		537,108	
Total purchases including transaction costs	119,955,103				
Sales	Transaction Value £	Commissions £	%	Taxes £	%
Equity instruments (direct)	129,923,348	79,321	0.06	635	0.00
Total sales	129,923,348	79,321		635	
Total sales net of transaction costs	129,843,392				
Total transaction costs		149,295		537,743	
as a % of average net assets		0.12%		0.43%	

For the year 1 April 2019 to 31 March 2020

Purchases	Transaction Value £	Commissions £	%	Taxes £	%
Equity instruments (direct)	89,255,275	54,677	0.06	381,755	0.43
Total purchases	89,255,275	54,677		381,755	
Total purchases including transaction costs	89,691,707				
Sales	Transaction Value £	Commissions £	%	Taxes £	%
Equity instruments (direct)	138,710,304	84,396	0.06	506	0.00
Total sales	138,710,304	84,396		506	
Total sales net of transaction costs	138,625,402				
Total transaction costs		139,073		382,261	
as a % of average net assets		0.09%		0.23%	

The above analysis covers any direct transaction costs suffered by the sub-fund during the year. However, it is important to understand the nature of other transaction costs associated with different investment asset classes and instruments types.

Separately identifiable direct transaction costs (commissions and taxes etc.) are attributable to the sub-fund's purchase and sale of equity shares. Additionally for equity shares there is a dealing spread cost (the difference between the buying and selling prices) which will be suffered on purchase and sale transactions.

Dealing spread costs suffered by the sub-fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.

ES River and Mercantile UK Equity Income Fund

Notes to the Financial Statements continued

13 Portfolio transaction costs continued

At the balance sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.24% (2020 - 0.36%).

14 Share movement

	A-Class Distribution shares	B-Class Distribution shares	S-Class Distribution shares
Opening shares	2,190,469	20,111,283	14,572,253
Shares issued	179,281	4,193,074	315,044
Shares redeemed	(535,911)	(3,851,308)	(4,642,472)
Shares converted	(6,910)	2,524	—
Closing shares	1,826,929	20,455,573	10,244,825

15 Post balance sheet events

Subsequent to the sub-fund's year end, 31 March 2021, the spread of the Coronavirus pandemic has continued to cause widespread market and economic disruption. In the short-term, the sub-fund could be impacted by fluctuations in global stock markets, adverse investor sentiment and increased operational risks. The full impact of the virus remains unclear, however, a long-term adverse impact to the sub-fund is not expected.

The event has given rise to a non-adjusting subsequent event due to continued volatility in global markets after the sub-fund's reporting period. The NAV of the sub-fund as at 1 July 2021 was £141.4m, the impact of the volatility on the sub-fund's NAV between the end of the reporting period and this date was 6.1%. The price movements per share class are shown below:

	A-Class Distribution shares	B-Class Distribution shares	S-Class Distribution shares
NAV 31 March 2021	3,386,184	103,848,704	26,079,706
NAV 1 July 2021	—	116,222,482	25,168,955
Movement	N/A	11.9%	(3.5%)
NAV per share 31 March 2021	185.35	507.68	254.56
NAV per share 1 July 2021	—	536.46	269.17
Movement	N/A	5.7%	5.7%

There have been no significant redemptions on the sub-fund or any of the share classes since the reporting date 31 March 2021.

The NAV of the sub-fund was reviewed again on 5 July 2021; there was no material movement in the NAV since 1 July 2021.

The A-Class Distribution shares closed on 9 June 2021.

ES River and Mercantile UK Equity Income Fund

Distribution tables for the year ended 31 March 2021

Group 1: shares purchased prior to a distribution period

Group 2: shares purchased during a distribution period

Equalisation is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as a return of capital. As capital it is not liable to Income tax but must be deducted from the cost of shares for Capital Gains tax purposes.

Interim dividend distribution in pence per share		Period 01/04/2020 — 30/09/2020		
	Net Revenue	Equalisation	Distribution paid 30/11/20	Distribution paid 30/11/19
A-Class Distribution shares				
Group 1	3.2342	—	3.2342	5.3315
Group 2	1.1163	2.1179	3.2342	5.3315
B-Class Distribution shares				
Group 1	8.8199	—	8.8199	14.4091
Group 2	4.3910	4.4289	8.8199	14.4091
S-Class Distribution shares				
Group 1	4.4111	—	4.4111	5.5128
Group 2	2.8298	1.5813	4.4111	5.5128

Final dividend distribution in pence per share		Period 01/10/2020 — 31/03/2021		
	Net Revenue	Equalisation	Distribution payable 31/05/21	Distribution paid 31/05/20
A-Class Distribution shares				
Group 1	2.1350	—	2.1350	3.0668
Group 2	1.4513	0.6837	2.1350	3.0668
B-Class Distribution shares				
Group 1	5.8362	—	5.8362	8.3203
Group 2	1.1734	4.6628	5.8362	8.3203
S-Class Distribution shares				
Group 1	2.9244	—	2.9244	4.1589
Group 2	1.3236	1.6008	2.9244	4.1589

ES River and Mercantile Global Recovery Fund

Investment Objective

The investment objective of the sub-fund is to grow the value of your investment (known as “capital growth”) in excess of the MSCI All Country World Index (ACWI) Net Total Return (the “Benchmark”) over a rolling 5 year period, after the deduction of all fees.

Investment Policy

The sub-fund seeks to achieve its investment objective by investing at least 80% of its value in shares of global companies (including Emerging Markets). Investment can be direct, or indirect, in shares (including common and preference shares and units combining common and preference shares), rights for shares, warrants, depositary receipts (securities issued by banks that represent company shares), investment trusts (including REITS) and collective investment schemes.

Up to 20% of the sub-fund may be invested in collective investment schemes and cash. Investment can be direct or indirect as noted above.

Investment in collective investment schemes (which includes exchange traded funds), can include those operated and/or managed by the ACD or the Investment Manager.

The sub-fund may use derivatives for the purposes of reducing risk or cost or for generating extra income or growth (known as “efficient portfolio management”). As an example, the sub-fund may use forward contracts for currency hedging with the intention of reducing the risk arising from currency exposures in a cost-effective way.

The sub-fund is actively managed meaning the Investment Manager uses their expertise to pick investments to achieve the sub-fund’s objectives.

The Investment Manager will select shares for the sub-fund that fit the River and Mercantile PVT (Potential, Valuation and Timing) Investment Philosophy. This approach to investing has been in place since the PVT Team was launched in 2006. It looks for companies that are considered by the Investment Manager to have attractive “Potential” (the ability to grow shareholder value through increases in profits and cash), “Valuation” (the price of the shares on the stock market is lower than the value the Investment Manager gives to the shares) and “Timing” (the extent to which analytical indicators that are supportive of investing at the time of analysis).

The sub-fund will invest in a broad range of companies by region, industry sector and size. Its investments are not restricted by reference to a benchmark. However, the sub-fund will have a bias towards “Recovery” shares. These are shares of companies for which the Potential under the PVT Investment Philosophy is considered by the Investment Manager at the time of investment to be particularly high, due to levels of profits being depressed and therefore capable of significant recovery.

ES River and Mercantile Global Recovery Fund

Investment Manager's Review

Our Approach

We invest in companies with Potential, Valuation and Timing, with a strong portfolio construction commitment to attractively valued companies, to good businesses with recovery potential, to being interested in structural growth when it is temporarily unpopular and to getting most interested in an investment when it is out-of-favour but where the fundamentals are on the turn. We repeat this investment approach day-in and day-out, aided by systematic screening. We try to stick to our approach during the difficult times (such as the anti-value market of the last few years) so that we nearly always participate when there is a following wind for our factors. Our High Alpha strategies include being benchmark aware when constructing the portfolio; our Recovery strategies are unconstrained and focus on medium to long-term wealth creation.

Market Overview

Global equity markets rose robustly over the 12 months to 31 March 2021 (MSCI ACWI (All Country World index) +38.9% in GBP, MSCI UK IMI (Investable Markets index) +24.3%) from a very depressed starting position that had been catalysed by the huge uncertainty associated with the Covid pandemic. Investor confidence in a strong economic recovery has risen over the last year. Excluding the significant economic shock of social distancing measures, all other economic inputs to growth are either running at full tilt today - namely interest rate policy, money supply growth, fiscal spending and green investment - or are poised to recover strongly - namely consumer and corporate spending and bank lending, when this enforced period of saving comes to an end. The confidence in re-opening was improved in November by the approval of several highly effective vaccines. In this economic recovery environment, cyclical, small cap and value were the best factors within equity markets, this after a very difficult period for all these aspects of investment.

Investment Review – performance and positioning

The ES River & Mercantile Global Recovery Fund B share class delivered a 62.4% return, which compares very well to the MSCI ACWI benchmark's 38.9%. Value, recovery, sector allocation and stock selection all contributed positively to relative returns and regional allocation was neutral.

Positive contributors during the year: Value factor strong; multi-cap positioning favourable; sector allocation positive (underweight staples, overweight consumer cyclicals and financials); **PVT** stock picks, small companies in particular (**Tremor, Resideo, Shop Apotheke**); recovery stocks benefiting from vaccine news and reflation (**Freepoint**); M&A activity.

Negative contributors: underweight mega cap technology stocks (**Apple, Tesla, TSMC**); individual stock disappointments (**Blue Apron**).

Looking at the positioning and activity of the portfolio let me break it down into its constituent parts: stocks with traditional value characteristics, such as **banks, specialist financials** and **oil majors** we have been adding to; high scoring *MoneyPenny* recovery stocks such as **Aston Martin, Hunting, Baidu, TomTom, Prosieben and Harley Davidson**; attractively valued and currently out of favour quality and growth franchises, such as **Prudential, GAN, Vivendi, Alibaba** and **Unilever** some of which have been recent purchases; classic global cyclicals but with a focus on those with leading franchises (**Anglo American, Fanuc, Avnet and RHI Magnesita**); we remain overweight stocks that would benefit from a post-COVID world i.e. those that have been negatively impacted by social distancing requirements (**Restaurant Group, Las Vegas Sands, Whitbread**), we think that the survivors here will be able to strengthen their market positions and medium-term economics; we are also allocating increased capital via our S(ustainable)-PVT process, including purchasing **Unilever** and adding to **Owens Corning** (leading insulation product producer, also a classic recovery stock), **China Longyuan Power** and **Veolia**; and lastly we continue to add to our exposure to Japanese value stocks with potential catalysts, including **Nippo Corp, Toyota Industries** and **Tsuabaki Nakashima**.

Outlook

Value, reflation and regime change - the world is now arguably moving into a more reflationary phase, during which interest rate expectations and government bond yields trend upwards – this will be an environment that is more supportive of shorter duration value equities and inflation hedges than the deflationary period we have been in since the Global Financial Crisis (GFC). This change of direction in bond yields will ensure that this value cycle has longevity. Meanwhile, looking at the shorter term (next two years) Value and Recovery will be well supported by strong fundamentals – we are in the sweet spot of the cycle for these types of stocks as they are the most geared to both economic recovery and the bottoming out of interest rates. With a big value gap still in place (spread of valuations between cheap and expensive stocks) and robust fundamentals, the immediate outlook for Value is robust and will not be a six-month wonder.

ES River and Mercantile Global Recovery Fund

Investment Manager's Review continued

Outlook continued

It is strange how expensive some investments are and how easy it remains to find good value equities - in addition to being beneficiaries of reflation, value stocks do not have the permanent loss of capital risk associated with some of the 'hotter' investments at the moment, those that have attracted the liquidity associated with Central Bank activity and excess consumer savings, whether it be negative yielding sovereign debt or irrationally priced manufacturers of EVs. There remain many very clearly, very expensive investments, whose main attribute is momentum rather than fundamental valuation. Surely it makes sense to be wary of these? The good news is that there remain many very modestly valued equities, shares in good companies that for various reasons have been left behind; and the other piece of good news is that many of these cheap companies are at the beginning of their cycle of improving returns, so the catalysts for a re-rating (the T of PVT) have moved into place. Our portfolios have been somewhat re-rated over the last year (from a very low point) but do still have compelling valuation metrics. With these attractive valuations and strong profits and cash growth from here (as our companies benefit from economic recovery) we continue to think that the outlook for positive returns from our portfolios remains robust.

Source: River and Mercantile Asset Management LLP

River and Mercantile
4 May 2021
Investment Adviser to the Fund

ES River and Mercantile Global Recovery Fund

Portfolio Statement as at 31 March 2021

Holding	Investment	Market Value £	% of Net Assets
OVERSEAS COMPANIES – 90.91% (2020 – 93.10%)			
Automobiles & Components – 2.90% (2020 – 2.57%)			
23,410	BorgWarner	785,933	0.20
6,410	Continental	614,845	0.16
510	Faurecia	19,737	0.00
451,220	Geely Automobile	831,230	0.21
32,385	General Motors	1,348,964	0.35
54,310	Harley-Davidson	1,578,088	0.41
2,480	Hyundai Mobis	463,766	0.12
9,881	Hyundai Motor pref.	620,143	0.16
8,970	Porsche Automobil pref.	693,668	0.18
94,500	Schaeffler pref.	611,807	0.16
30,000	Stellantis	385,382	0.10
40,000	Tata Motors	602,740	0.16
13,639	Toyota Industries	881,195	0.23
10,400	Toyota Motor	587,749	0.15
21,390	Valeo	527,689	0.14
3,280	Volkswagen pref.	666,673	0.17
Banks – 9.30% (2020 – 7.88%)			
124,183	Absa	768,578	0.20
248,810	Banco Bilbao Vizcaya Argentaria	938,098	0.24
1,853,080	Banco Espirito Santo REG*	-	0.00
506,061	Banco Santander	1,248,663	0.32
77,931	Bancolombia	441,882	0.11
318,910	Bangkok Bank	931,975	0.24
79,870	Bank of America	2,242,056	0.58
453,360	Bank of Ireland	1,633,625	0.42
25,640	Bank of Kyoto	1,145,297	0.30
168,047	Bankinter	847,464	0.22
35,430	BNP Paribas	1,565,813	0.40
129,840	China Merchants Bank	718,415	0.19
1,125,610	CIMB	851,945	0.22
56,350	Citigroup	2,971,679	0.77
47,584	Citizens Financial	1,522,674	0.39
47,090	DBS	731,340	0.19
1,571,839	Eurobank Ergasias	969,428	0.25
78,400	FinecoBank Banca Fineco	931,998	0.24
13,430	HDFC Bank	756,137	0.20
119,080	HSBC	504,567	0.13
159,130	ING Groep	1,414,127	0.37
616,535	Intesa Sanpaolo	1,213,217	0.31
14,040	JP Morgan Chase & Co	1,550,129	0.40
126,460	Mediobanca Banca di Credito Finanziario	1,018,661	0.26
75,805	Raiffeisen Bank International	1,209,496	0.31

ES River and Mercantile Global Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Banks continued		
68,599	Societe Generale	1,304,018	0.34
56,510	Sumitomo Mitsui Financial	1,485,244	0.38
45,948	Van Lanschot Kempen	931,564	0.24
108,922	Wells Fargo	3,084,426	0.80
27,004	Zions Bancorp NA	1,075,698	0.28
	Capital Goods – 10.18% (2020 – 8.17%)		
4,290	3M	599,207	0.16
27,410	ABB	602,872	0.16
19,370	AGC	587,617	0.15
12,250	Airbus	1,007,424	0.26
20,000	ANDRITZ	655,252	0.17
131,535	Aumann	1,620,237	0.42
4,650	Boeing	858,078	0.22
22,930	Cargotec	898,136	0.23
652,650	China Lesso	1,016,115	0.26
22,880	Cie de Saint-Gobain	980,766	0.25
11,163	CJ	671,292	0.17
203,740	CK Hutchison	1,176,694	0.30
1,130	dormakaba	561,301	0.15
7,160	Eiffage	520,639	0.13
547,080	Eucatex Industria e Comercio pref.	631,004	0.16
3,150	FANUC	540,920	0.14
28,270	FLSmidth &	786,834	0.20
656,320	Fraser and Neave	513,372	0.13
18,480	GEA	552,558	0.14
189,760	General Electric	1,805,863	0.47
60,008	Heijmans	724,860	0.19
20,722	HERIGE SADCS	639,012	0.17
2,416,440	IJM	713,836	0.18
30,500	Japan Steel Works	525,549	0.14
25,578	Johnson Controls International	1,106,211	0.29
56,376	Kendrion	1,049,336	0.27
8,858	KION	636,714	0.16
213,720	Kitz	898,579	0.23
44,360	nVent Electric	897,682	0.23
23,200	Owens Corning	1,549,693	0.40
4,400	Parker-Hannifin	1,005,937	0.26
17,728	Raytheon Technologies	992,727	0.26
104,760	Resideo Technologies	2,145,010	0.55
6,200	Samsung C&T	494,340	0.13
146,430	Sansei Technologies	751,086	0.19
7,610	Siemens (Regd.)	907,443	0.23
33,495	Siemens Energy	873,113	0.23
1,546,170	Sime Darby	648,641	0.17
35,000	SKF	723,525	0.19

ES River and Mercantile Global Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
Capital Goods continued			
4,600	Snap-on	769,534	0.20
33,600	Spirit AeroSystems	1,184,779	0.31
17,042	TKH	594,053	0.15
34,562	Toyo Tanso	486,045	0.13
67,500	Tsubaki Nakashima	750,901	0.19
35,613	Tsubakimoto Chain	712,462	0.18
28,490	Volvo	523,563	0.14
1,800	WW Grainger	523,079	0.14
Commercial & Professional Services – 2.66% (2020 – 2.36%)			
13,690	Adecco	670,952	0.17
79,920	Alkemy	680,808	0.18
135,953	Applus Services	1,022,630	0.26
2,585,820	China Everbright Environment	1,268,031	0.33
70,030	Elis	829,813	0.21
853,161	Greentown Service	938,553	0.24
59,818,800	Mega Manunggal Property	1,050,702	0.27
4,300	Meitec	172,049	0.04
522,370	Nippon Parking Development	524,231	0.14
31,300	Stericycle	1,531,538	0.40
49,777	Tinexta	949,829	0.25
570,441	Valid Solucoes e Servicos de Seguranca em Meios de Pagamento e Identificacao	660,880	0.17
93,766	Valid Solucoes e Servicos de Seguranca em Meios de Pagamento e Identificacao Warrants 05/09/2022	12,766	0.00
Consumer Durables & Apparel – 4.75% (2020 – 4.10%)			
186,100	Bang & Olufsen	644,157	0.17
21,350	Canada Goose	606,500	0.16
44,330	Capri	1,638,639	0.42
523,897	Chow Sang Sang International	582,195	0.15
17,670	Cie Financiere Richemont	1,234,791	0.32
37,440	Cie Financiere Richemont Warrants 22/11/2023	10,092	0.00
4,992,591	Consortio ARA	790,556	0.20
18,000	DR Horton	1,162,948	0.30
1,430	EssilorLuxottica	169,142	0.04
180,076	Furlis	651,949	0.17
450,000	JNBY Design	576,428	0.15
14,706	LG pref.	679,981	0.17
1,280	LVMH Moet Hennessy Louis Vuitton	619,446	0.16
61,200	Mattel	884,044	0.23
8,040	Mohawk Industries	1,120,658	0.29
234,670	NavInfo	377,442	0.10
48,950	Neinor Homes	437,001	0.11
146,200	Nikon	992,523	0.26
35,460	Salvatore Ferragamo	493,884	0.13

ES River and Mercantile Global Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
Consumer Durables & Apparel continued			
813,712	Samsonite International	1,136,393	0.29
23,000	Sanlorenzo SpA/Ameglia	412,429	0.11
13,660	Sony	1,038,454	0.27
5,140	Swatch AG/The	1,075,897	0.28
157,050	TomTom	1,052,887	0.27
Consumer Services – 3.53% (2020 – 3.43%)			
19,180	Accor	525,289	0.14
158,411	Arcos Dorados	583,263	0.15
14,000	Cie des Alpes	258,795	0.07
5,550	Darden Restaurants	570,849	0.15
10,500	DoubleUGames	459,950	0.12
1,298,010	Genting	1,141,252	0.29
1,307,880	Genting Singapore	649,090	0.17
121,000	Gourmet Master	536,351	0.14
51,600	H&R Block	815,682	0.21
118,687	Ibersol SGPS	539,900	0.14
40,770	Las Vegas Sands	1,795,452	0.46
54,883	MakeMyTrip	1,254,230	0.32
10,490	Marriott International Inc/MD	1,125,031	0.29
31,700	Melia Hotels International	171,070	0.04
871,910	Shangri-La Asia	631,595	0.16
11,720	Starbucks	927,695	0.24
18,350	WW International	415,891	0.11
780,230	Wynn Macau	1,099,817	0.28
4,200	Yum China	180,244	0.05
Diversified Financials – 6.42% (2020 – 7.11%)			
10,160	Affiliated Managers	1,097,077	0.28
11,050	American Express	1,133,592	0.29
168,993	Anima	632,266	0.16
18,880	Artisan Partners Asset Management	713,901	0.18
10,150	Berkshire Hathaway	1,880,365	0.49
150,395	BFF Bank	803,285	0.21
426,587	Bolsa de Valores de Colombia	998,657	0.26
19,190	Charles Schwab	906,577	0.23
10,812	Eurazeo	597,750	0.15
12,380	EXOR	758,471	0.20
15,907	Financiera Alba	573,866	0.15
442,317	GAM	846,823	0.22
151,483	Grupo de Inversiones Suramericana	645,321	0.17
27,851	Gruppo MutuiOnline	1,066,447	0.28
1,139,090	Haitong	762,480	0.20
800,000	Haitong International	184,964	0.05
16,390	Hong Kong Exchanges & Clearing	698,910	0.18
103,649	Inversiones La Construccion	580,373	0.15

ES River and Mercantile Global Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
Diversified Financials continued			
12,900	JAFCO	556,761	0.14
35,030	Jefferies Financial	764,226	0.20
17,500	Noah	561,137	0.15
262,740	Nomura	1,001,797	0.26
68,840	QIWI	529,884	0.14
50,040	SBI Inc/Japan	984,672	0.25
96,820	Singapore Exchange	520,726	0.13
52,970	State Street	3,225,346	0.83
100,049	UBS	1,127,622	0.29
1,436,014	Value Partners	706,869	0.18
Energy – 4.01% (2020 – 2.51%)			
100,292	Baker Hughes	1,570,129	0.41
1,028,200	CGG	897,781	0.23
128,802	Devon Energy	2,039,808	0.53
450,658	Enerplus	1,626,896	0.42
150,330	Eni	1,343,865	0.35
141,800	Galp Energia SGPS	1,198,276	0.31
80,390	Japan Petroleum Exploration	1,083,595	0.28
145,160	Marathon Oil	1,123,657	0.29
153,146	NOV	1,521,803	0.39
257,644	Saipem	510,064	0.13
182,879	Tenaris	1,497,118	0.39
32,470	TOTAL	1,100,174	0.28
Food & Staples Retailing – 0.42% (2020 – 0.83%)			
5,424,970	Cosco Capital	416,389	0.11
642,531	Profarma Distribuidora de Productos Farmaceuticos	479,485	0.12
1,132,169	Sonae SGPS	750,825	0.19
Food, Beverage & Tobacco – 1.03% (2020 – 2.82%)			
1,031,300	Aryzta	833,935	0.21
62,230	Coca-Cola Bottlers Japan	786,973	0.20
93,840	Coca-Cola Icecek	565,403	0.15
16,850	Kraft Heinz	488,512	0.13
8,479,885	Nippon Indosari Corpindo	571,246	0.15
130,880	Treasury Wine Estates	747,803	0.19
Health Care Equipment & Services – 1.57% (2020 – 3.87%)			
61,483	Cegedim	1,257,000	0.33
1,046,129	China Resources Medical	596,874	0.15
19,360	Fresenius	626,697	0.16
12,014	Fukuda Denshi	659,578	0.17
208,441	Ginko International	953,068	0.25
11,413	Koninklijke Philips	473,233	0.12

ES River and Mercantile Global Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Health Care Equipment & Services continued		
4,151	McKesson	586,802	0.15
20,000	Ping An Healthcare and Technology	181,515	0.05
106,140	Qualicorp Consultoria e Corretora de Seguros	413,755	0.11
63,020	Vital KSK	326,143	0.08
	Household & Personal Products – 0.74% (2020 – 1.31%)		
9,090	Henkel	653,932	0.17
76,250	Ontex	582,966	0.15
257,410	PRADA	1,162,693	0.30
1,368,100	Unilever Indonesia	448,862	0.12
	Insurance – 2.54% (2020 – 1.38%)		
68,730	AXA	1,339,881	0.35
65,440	Dai-ichi Life	815,549	0.21
22,490	Grupo Catalana Occidente	650,426	0.17
44,380	MS&AD Insurance	945,198	0.24
123,950	Ping An Insurance of China	1,069,471	0.28
84,870	Poste Italiane	783,704	0.20
19,300	Samsung Life Insurance	965,324	0.25
30,020	SCOR	743,659	0.19
11,723,700	Tune Protect	891,435	0.23
184,730	Unipol Gruppo	748,425	0.19
46,033	Vienna Insurance Wiener Versicherung Gruppe	868,584	0.23
	Materials – 4.45% (2020 – 4.38%)		
10,250	BASF	618,283	0.16
313,244	Cemex	1,582,453	0.41
19,390	Dowa	585,044	0.15
7,300	Eastman Chemical	582,645	0.15
18,500	HeidelbergCement	1,225,769	0.32
15,300	Imerys	541,150	0.14
5,050	Lenzing	470,628	0.12
1,300	LG Chem	669,367	0.17
1,168,400	Malayan Cement	531,007	0.14
46,351	Mosaic	1,061,937	0.27
8,810	Nitto Denko	546,086	0.14
19,278	Okamoto Industries	531,718	0.14
14,693,136	PPC	1,723,683	0.45
13,370	Rio Tinto	817,427	0.21
631,112	Semen Indonesia Persero	327,521	0.08
59,181	SICIT	718,400	0.19
30,781	Taiheiyo Cement	587,730	0.15
128,570	thyssenkrupp	1,249,667	0.32
58,421	Titan Cement International	786,312	0.20
5,800	UPM-Kymmene	151,682	0.04

ES River and Mercantile Global Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Materials continued		
30,549	Vicat	1,074,771	0.28
22,920	Westrock	864,172	0.22
	Media – 0.22% (2020 – 0.61%)		
14,260	Alma Media	109,328	0.03
66,690	Manchester United	760,818	0.19
	Media & Entertainment – 9.55% (2020 – 9.54%)		
45,000	Adevinta	480,278	0.12
1,425	Alphabet	2,129,940	0.55
187,300	Atresmedia de Medios de Comunicacion	561,310	0.14
6,930	Autohome	468,329	0.12
17,199	Baidu	2,711,052	0.70
34,000	Baidu	675,157	0.17
71,810	Borussia Dortmund	331,247	0.09
122,260	Cars.com	1,144,886	0.30
90,330	DeNA	1,279,790	0.33
40,000	Eutelsat Communications	353,522	0.09
12,137	Facebook	2,590,933	0.67
50,640	IMAX	737,743	0.19
20,117	IPSOS	550,951	0.14
46,700	iQIYI	561,876	0.15
11,480	Kinopolis	431,759	0.11
65,000	Marvelous	367,088	0.09
536,038	Mediaset	1,120,570	0.29
290,835	Mediaset Espana Comunicacion	1,254,859	0.32
22,700	Mixi	412,438	0.11
147,095	Modern Times MTG	1,547,293	0.40
48,050	Momo	513,341	0.13
102,758	MultiChoice	650,402	0.17
3,960	NAVER	956,096	0.25
12,000	NetEase	176,984	0.05
2,160	Nintendo	875,579	0.23
15,570	Nordic Entertainment	504,161	0.13
26,700	Omnicom	1,434,953	0.37
5,690	Pearl Abyss	1,122,713	0.29
67,750	ProSiebenSat.1 Media	1,009,988	0.26
424,329	Solocal	1,034,526	0.27
6,650	Spotify Technology	1,291,489	0.33
4,790	Take-Two Interactive Software	613,253	0.16
82,400	Television Broadcasts	61,840	0.02
138,000	Television Francaise 1	913,417	0.24
14,350	Tencent	816,071	0.21
30,000	Tencent Music Entertainment	445,314	0.11
18,780	TripAdvisor	731,899	0.19
34,840	Vivendi	830,711	0.21

ES River and Mercantile Global Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
Media & Entertainment continued			
9,890	Walt Disney	1,322,824	0.34
36,970	Wirtualna Polska	665,478	0.17
198,521	Z	716,961	0.19
80,000	Zynga	591,433	0.15
Pharmaceuticals, Biotechnology & Life Sciences – 2.05% (2020 – 3.70%)			
27,910	Bayer	1,281,021	0.33
13,490	Bristol-Myers Squibb	617,253	0.16
563,260	Genomma Lab Internacional	409,036	0.11
11,180	Gilead Sciences	523,630	0.13
87,140	Nichi-iko Pharmaceutical	568,714	0.15
42,270	Pfizer	1,109,982	0.29
3,400	Roche	799,792	0.21
15,990	Takeda Pharmaceutical	417,850	0.11
25,690	Tsumura	665,601	0.17
105,178	Viartis	1,065,731	0.27
35,177	Yunnan Baiyao	468,288	0.12
Real Estate – 1.44% (2020 – 1.53%)			
9,700	CBRE	556,325	0.14
39,000	Daibiru	364,785	0.10
209,800	Hongkong Land	746,625	0.19
28,090	RE/MAX	802,368	0.21
7,048,730	Sime Darby Property	800,866	0.21
1,728,437	Swire Pacific	1,479,252	0.38
63,062	Tosei	462,034	0.12
347,540	Wing Tai	359,960	0.09
Retailing – 6.77% (2020 – 7.03%)			
139,210	Alibaba	2,855,217	0.74
800	Amazon.com	1,794,065	0.46
84,899	B2W Cia Digital	662,451	0.17
118,187	Blue Apron	537,097	0.14
795	Booking	1,342,482	0.35
222,425	CECONOMY	939,797	0.24
470,730	China Yongda Automobiles Services	622,292	0.16
5,244	CJ ENM	477,895	0.12
24,596	Dufry	1,219,098	0.31
26,850	eBay	1,191,582	0.31
22,250	Fnac Darty	992,237	0.26
42,870	Industria de Diseno Textil	1,025,827	0.26
47,440	JD.com	1,423,235	0.37
36,504	Jumbo	486,036	0.13
292,452	Lojas Americanas pref.	837,278	0.22
43,260	Maisons du Monde	695,757	0.18

ES River and Mercantile Global Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Retailing continued		
362,890	Marisa Lojas	251,695	0.06
600	MercadoLibre	640,196	0.17
7,750	Naspers	1,342,831	0.35
19,368	Prosus	1,564,091	0.40
128,070	Rakuten	1,108,014	0.29
4,900	Shop Apotheke Europe	778,056	0.20
32,062	Trip.com	920,473	0.24
34,640	Vroom	977,663	0.25
6,389	zooplus	1,327,980	0.34
8,800	ZOZO	188,749	0.05
	Semiconductors & Semiconductor Equipment – 2.26% (2020 – 2.87%)		
30,400	AIXTRON	502,005	0.13
63,850	ams	926,157	0.24
9,840	Applied Materials	952,833	0.25
200,921	ASE Technology	548,659	0.14
23,580	Infineon Technologies	725,739	0.19
32,890	Intel	1,525,665	0.39
41,360	MediaTek	1,018,058	0.26
5,143	NXP Semiconductors	750,482	0.19
10,950	SMA Solar Technology	469,193	0.12
18,880	STMicroelectronics	522,541	0.14
52,712	Veeco Instruments	792,380	0.21
	Software & Services – 6.73% (2020 – 6.64%)		
23,631	21Vianet	553,223	0.14
15,590	Amadeus IT	801,878	0.21
277,263	Chanjet Information Technology	611,321	0.16
1,105,103	Chinasoft International	861,301	0.22
1,359,920	Cielo	649,773	0.17
92,493	Criteo	2,328,247	0.60
33,630	Digital Value	1,343,596	0.35
45,940	Dropbox	887,700	0.23
40,910	DXC Technology	926,902	0.24
9,860	Fiserv	850,503	0.22
83,300	GAN	1,098,833	0.28
6,531,011	Hi Sun Technology China	888,954	0.23
3,702	iFAST	12,262	0.00
177,000	Indra Sistemas	1,130,092	0.29
8,880	International Business Machines	857,750	0.22
46,693	Kginicis	587,596	0.15
14,160	Kingsoft Cloud	403,134	0.10
27,493	KNOW IT	621,835	0.16
55,440	Minwise	610,684	0.16
133,900	MoneyGram International	638,589	0.16
220,416	Novabase SGPS	685,338	0.18

ES River and Mercantile Global Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Software & Services continued		
21,960	NS Solutions	504,863	0.13
16,760	Oracle	852,395	0.22
16,710	PayPal	2,940,994	0.76
47,838	Ping Identity	761,067	0.20
71,160	Sabre	763,847	0.20
16,710	Trend Micro Inc/Japan	606,114	0.16
66,950	Western Union	1,196,627	0.31
8,240	Wiit	1,084,488	0.28
	Technology Hardware & Equipment – 2.47% (2020 – 3.05%)		
17,510	Apple	1,550,479	0.40
39,480	Avnet	1,186,947	0.31
26,930	Cisco Systems	1,009,119	0.26
40,832	Datalogic	605,575	0.16
50,810	Hollysys Automation Technologies	459,599	0.12
10,850	Kyocera	499,668	0.13
11,410	Landis+Gyr	558,418	0.14
230,740	Nokia	672,132	0.17
911,880	PAX Global Technology	703,905	0.18
21,830	Samsung Electronics	1,138,002	0.29
84,340	Yageo	1,184,751	0.31
	Telecommunication Services – 0.34% (2020 – 1.14%)		
4,027,211	Link Net	626,987	0.16
542,533	VEON	688,144	0.18
	Transportation – 3.89% (2020 – 3.93%)		
4,230	Aena SME	497,626	0.13
229,241	America Airports	800,856	0.21
550	AP Moller - Maersk	870,606	0.22
1,080,780	Beijing Capital International Airport	608,584	0.16
87,000	bpost	604,012	0.16
900,000	COSCO SHIPPING Ports	474,903	0.12
145,240	Deutsche Lufthansa	1,401,797	0.36
4,370	FedEx	899,877	0.23
28,810	Fraport Frankfurt Airport Services Worldwide	1,270,055	0.33
851,947	Grupo Traxion	891,200	0.23
4,447,710	Hutchison Port Trust	709,209	0.18
3,672	Hyundai Glovis	440,929	0.11
17,178	Knight-Swift Transportation	598,746	0.15
676,800	Malaysia Airports	739,394	0.19
23,620	Piraeus Port Authority	436,625	0.11
265,266	SATS	622,472	0.16
55,550	Seino	561,487	0.15
18,850	Southwest Airlines	834,636	0.22

ES River and Mercantile Global Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Transportation continued		
225,473	Sydney Airport	769,231	0.20
26,390	Uber Technologies	1,042,440	0.27
	Utilities – 0.69% (2020 – 0.34%)		
2,024,435	China Everbright Greentech	596,399	0.16
1,413,310	China Longyuan Power	1,388,750	0.36
36,100	Veolia Environnement	671,628	0.17
	UK COMPANY OR UK LISTED – 8.61% (2020 – 6.71%)		
	UK – 8.61% (2020 – 6.71%)		
48,590	Anglo American	1,381,171	0.36
10,000	ASOS**	553,400	0.14
39,500	Aston Martin Lagonda Global	789,210	0.20
2,111,452	Capita	919,326	0.24
519,310	Capital & Counties Properties	886,462	0.23
74,210	Carnival	1,176,600	0.30
1,320,237	Eckoh**	910,964	0.24
6,189,590	Filtronic**	495,167	0.13
180,640	Gresham House**	1,418,024	0.37
614,720	Hunting	1,572,454	0.41
44,340	Hutchison China MediTech**	180,464	0.05
56,840	IG	512,128	0.13
297,300	Legal & General	829,764	0.21
4,254,290	Lloyds Banking	1,809,562	0.47
36,920	Mail.Ru	611,453	0.16
545,251	Natwest	1,070,055	0.28
666,730	Northbridge Industrial Services**	633,394	0.16
408,290	Playtech	1,804,234	0.47
1,967,900	Premier Oil	440,613	0.11
79,793	Prudential	1,229,211	0.32
996,750	Rangers International Football*	189,383	0.05
22,370	RHI Magnesita	941,777	0.24
174,816	RWS**	1,064,629	0.27
132,190	Sage	809,796	0.21
541,003	Somero Enterprises**	2,028,761	0.52
633,140	South32	988,078	0.25
240,311	Standard Chartered	1,200,353	0.31
92,840	Subsea 7	676,974	0.17
381,870	Tremor International**	2,665,453	0.69
25,300	Unilever	1,026,168	0.26
119,250	Vistry	1,302,210	0.34
35,740	Whitbread	1,224,452	0.32

ES River and Mercantile Global Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	FORWARD CURRENCY CONTRACTS – 0.11% (2020 – 0.13%)		
US\$29,427,188	Forward Currency Contract 15/06/2021: US dollar 29,427,188 vs Euro 24,558,000	377,361	0.10
US\$3,254,012	Forward Currency Contract 15/06/2021: US dollar 3,254,012 vs Japanese Yen 352,663,000	43,738	0.01
	Portfolio of investments	385,763,908	99.63
	Net other assets	1,440,961	0.37
	Net assets	387,204,869	100.00

Unless otherwise stated, all investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market.

All investments are in ordinary shares unless otherwise stated.

8.61% of the sub-fund's assets are listed in the UK.

The percentages in brackets show the equivalent percentage of net assets as at 31 March 2020.

*Delisted security.

**Security listed in AIM.

ES River and Mercantile Global Recovery Fund

Comparative table

For the year ending:	31/03/2021	31/03/2020	31/03/2019
B-Class Distribution shares	pence per share	pence per share	pence per share
Change in net assets per share			
Opening net asset value per share	378.17	500.57	512.49
Return before operating charges*	241.57	(110.42)	(0.72)
Operating charges**	(5.94)	(5.89)	(5.91)
Return after operating charges	235.63	(116.31)	(6.63)
Distributions	(1.94)	(6.09)	(5.29)
Closing net asset value per share	611.86	378.17	500.57
*After direct transaction costs of	(0.74)	(0.57)	(0.48)
Performance			
Return after charges	62.31%	(23.24)%	(1.29)%
Other information			
Closing net asset value (£)	170,291,041	134,132,332	224,624,811
Closing number of shares	27,831,914	35,469,090	44,873,619
Operating charges	1.19%	1.16%	1.16%
Direct transaction costs	0.15%	0.11%	0.09%
Prices			
Highest share price	624.28	553.56	548.37
Lowest share price	365.71	356.35	446.87

*Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dilution adjustments and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the sub-fund and share class returns before operating charges.

**The calculation of the operating charges figure is based on expenses paid by the sub-fund over the past twelve months. The Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee, to seek to achieve an Operating Charge of no more than 1.35%.

ES River and Mercantile Global Recovery Fund

Comparative table continued

For the year ending:	31/03/2021	31/03/2020	31/03/2019
S-Class Distribution shares	pence per share	pence per share	pence per share
Change in net assets per share			
Opening net asset value per share	175.51	232.42	250.00
Return before operating charges*	112.21	(51.33)	(14.90)
Operating charges**	(2.18)	(2.15)	(1.49)
Return after operating charges	110.03	(53.48)	(16.39)
Distributions	(1.47)	(3.43)	(1.19)
Closing net asset value per share	284.07	175.51	232.42
*After direct transaction costs of	(0.35)	(0.27)	(0.15)
Performance			
Return after charges	62.69%	(23.01)%	(6.56)%
Other information			
Closing net asset value (£)	189,284,348	169,945,039	181,050,714
Closing number of shares	66,632,338	96,828,336	77,899,673
Operating charges	0.94%	0.91%	0.92%
Direct transaction costs	0.15%	0.11%	0.09%
Prices			
Highest share price	290.12	257.22	252.84
Lowest share price	169.73	165.66	207.58

*Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dilution adjustments and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the sub-fund and share class returns before operating charges.

**The calculation of the operating charges figure is based on expenses paid by the sub-fund over the past twelve months. The Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee, to seek to achieve an Operating Charge of no more than 1.10%.

ES River and Mercantile Global Recovery Fund

Comparative table continued

For the year ending:	31/03/2021	31/03/2020	31/03/2019
Z-Class Accumulation shares	pence per share	pence per share	pence per share
Change in net assets per share			
Opening net asset value per share	855.41	1,107.21	1,110.85
Return before operating charges*	550.57	(249.99)	(1.86)
Operating charges**	(2.16)	(1.81)	(1.78)
Return after operating charges	548.41	(251.80)	(3.64)
Distributions	(15.69)	(24.95)	(22.68)
Retained distributions on accumulation shares	15.69	24.95	22.68
Closing net asset value per share	1,403.82	855.41	1,107.21
*After direct transaction costs of	(1.69)	(1.28)	(1.04)
Performance			
Return after charges	64.11%	(22.74)%	(0.33)%
Other information			
Closing net asset value (£)	27,629,480	17,091,691	16,939,909
Closing number of shares	1,968,164	1,998,065	1,529,966
Operating charges	0.19%	0.16%	0.16%
Direct transaction costs	0.15%	0.11%	0.09%
Prices			
Highest share price	1,431.40	1,247.36	1,192.78
Lowest share price	827.31	804.27	984.39

*Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dilution adjustments and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the sub-fund and share class returns before operating charges.

**The calculation of the operating charges figure is based on expenses paid by the sub-fund over the past twelve months. The Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee, to seek to achieve an Operating Charge of no more than 0.35%.

ES River and Mercantile Global Recovery Fund

Synthetic Risk Reward Indicator (SRRI)



Typically Lower Rewards

Typically Higher Rewards



Please note, the category stated above is the same for each class of share within the sub-fund.

The Synthetic Risk & Reward Indicator is based on how much the returns of the shares have varied over the last five years, or since launch (whichever is the shorter period). The higher the rank the greater the potential reward but also the greater the risk of losing money.

The shaded area in the Indicator shows the sub-fund's ranking on the Synthetic Risk & Reward Indicator. Historical data is used to calculate the ranking and this may not be a reliable indication for the future ranking and might change.

The sub-fund may not achieve its investment objective and/or you could lose money on your investment in the sub-fund.

The following risks are materially relevant to the sub-fund but may not be adequately captured by the Risk and Reward Indicator, and may cause additional loss:

- Liquidity risk: securities in the sub-fund may be sold below their valuation due to insufficient liquidity in the market.
- Foreign exchange risk: the sub-fund invests in international securities which are denominated in foreign currencies whose fluctuations may increase the sub-fund's volatility and losses.
- Emerging market risk: the sub-fund may invest in emerging markets which may be more volatile than developed markets and be more susceptible to unforeseen events such as devaluations, political instability, etc.
- Forward FX risk: the sub-fund may use forward FX transactions for efficient portfolio management purposes only to reduce the risk of the sub-fund, but may not always be effective and the sub-fund may still suffer a loss.
- Derivative risk: Derivatives may be used to reduce the risk of the sub-fund, but may not always be effective and the sub-fund may still suffer a loss.

Summary of Largest Portfolio Changes

The table below shows the top ten purchases and sales for the year.

Purchases	£	Sales	£
Alibaba	2,334,113	Freeport-McMoRan	3,525,826
Wells Fargo	2,056,880	Facebook	3,441,413
Deutsche Lufthansa	2,024,274	Baidu	3,296,782
Berkshire Hathaway	1,916,471	Shop Apotheke Europe	2,830,239
Omnicom	1,750,679	Resideo Technologies	2,614,062
State Street	1,746,894	ViacomCBS	2,340,468
AXA	1,700,332	PRADA	2,228,743
Boeing	1,674,577	3D Systems	2,039,074
Stericycle	1,571,518	PayPal	1,784,480
Owens Corning	1,528,061	Alphabet	1,782,501

ES River and Mercantile Global Recovery Fund

Statement of Total Return for the year ended 31 March 2021

	Notes	1 April 2020 to 31 March 2021		1 April 2019 to 31 March 2020	
		£	£	£	£
Income					
Net capital gains/(losses)	2		154,655,563		(102,287,301)
Revenue	3	5,671,209		11,257,915	
Expenses	4	(3,105,816)		(4,223,175)	
Interest payable and similar charges	6	(9,299)		(18,872)	
Net revenue before taxation for the year		2,556,094		7,015,868	
Taxation	5	(577,778)		(980,055)	
Net revenue after taxation for the year			1,978,316		6,035,813
Total return before distributions			156,633,879		(96,251,488)
Distributions	7		(1,994,178)		(6,054,678)
Change in net assets attributable to Shareholders from investment activities			154,639,701		(102,306,166)

Statement of Change in Net Assets attributable to Shareholders for the year ended 31 March 2021

		1 April 2020 to 31 March 2021		1 April 2019 to 31 March 2020	
		£	£	£	£
Opening net assets attributable to Shareholders			321,169,062		422,615,434
Amounts received on creation of shares	76,415,210			94,040,651	
Amounts paid on cancellation of shares	(165,659,395)			(93,737,346)	
			(89,244,185)		303,305
Dilution adjustment			329,967		138,066
Change in net assets attributable to Shareholders from investment activities			154,639,701		(102,306,166)
Retained distributions on accumulation shares			310,324		418,423
Closing net assets attributable to Shareholders			387,204,869		321,169,062

ES River and Mercantile Global Recovery Fund

Balance Sheet as at 31 March 2021

	Notes	31 March 2021		31 March 2020	
		£	£	£	£
ASSETS					
Fixed assets					
Investments			385,763,908		321,318,858
Current assets					
Debtors	8	16,871,862		10,849,927	
Cash and bank balances		342,660		227,014	
Total other assets			17,214,522		11,076,941
Total assets			402,978,430		332,395,799
LIABILITIES					
Investment liabilities			—		(345,742)
Creditors					
Bank overdrafts		(26,322)		(644,349)	
Distribution payable	9	(290,753)		(868,129)	
Other creditors	9	(15,456,486)		(9,368,517)	
Total other liabilities			(15,773,561)		(10,880,995)
Total liabilities			(15,773,561)		(11,226,737)
Net assets attributable to Shareholders			387,204,869		321,169,062

ES River and Mercantile Global Recovery Fund

Notes to the Financial Statements

1 Accounting policies

The accounting policies for the sub-fund are set out on pages 6 to 7.

2 Net capital gains/(losses)

	31 March 2021 £	31 March 2020 £
The net capital gains/(losses) during the year comprise:		
Non-derivative securities	154,593,937	(102,116,106)
Derivative securities	22,858	—
Forward currency contracts	381,867	183,552
Currency losses	(201,401)	(229,718)
Custodial transaction fees	(141,698)	(125,029)
Net capital gains/(losses)	<u>154,655,563</u>	<u>(102,287,301)</u>

3 Revenue

	31 March 2021 £	31 March 2020 £
Bank interest	122	2,574
Franked distributions from authorised funds	—	9,282
Franked UK dividends	258,060	410,760
Management fee rebates	17,621	—
Non-taxable overseas dividends	5,173,224	10,375,385
Non-US overseas REIT dividends	—	18,940
Stock dividends	81,527	—
Taxable overseas dividends	140,655	440,974
	<u>5,671,209</u>	<u>11,257,915</u>

ES River and Mercantile Global Recovery Fund

Notes to the Financial Statements continued

4 Expenses

	31 March 2021 £	31 March 2020 £
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	<u>2,621,016</u>	<u>3,665,504</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	49,374	59,374
Safe custody fees	<u>93,253</u>	<u>188,797</u>
	<u>142,627</u>	<u>248,171</u>
Other expenses:		
Audit fee*	13,931	11,954
Fund accounting fees	70,614	97,078
Legal and professional fees	—	3,878
Registration fees	4,307	2,536
Transfer agency fees	204,514	164,382
Other fees	<u>48,807</u>	<u>29,672</u>
	<u>342,173</u>	<u>309,500</u>
Total expenses	<u><u>3,105,816</u></u>	<u><u>4,223,175</u></u>

*Total audit fees of £11,152 (2020 - £10,138) exclusive of VAT.

ES River and Mercantile Global Recovery Fund

Notes to the Financial Statements continued

5 Taxation

	31 March 2021 £	31 March 2020 £
a) Analysis of taxation charge in year		
Overseas tax	<u>577,778</u>	<u>980,055</u>
Total taxation	<u>577,778</u>	<u>980,055</u>

b) Factors affecting taxation charge for the year

The tax assessed for the year is higher (2020: lower) than the standard rate of corporation tax in the UK for an Open Ended Investment Company with variable capital (20%) (2020: 20%). The difference is explained below:

Net revenue before taxation for the year	<u>2,556,094</u>	<u>7,015,868</u>
Return on ordinary activities before taxation at the applicable rate of Corporation tax in the UK of 20% (2020: 20%)	511,219	1,403,174
Effects of:		
Movement in tax losses	595,688	771,229
Overseas tax	577,778	980,055
Relief on overseas tax expensed	(4,345)	(11,522)
Revenue not subject to tax	<u>(1,102,562)</u>	<u>(2,162,881)</u>
Total taxation	<u>577,778</u>	<u>980,055</u>

Open Ended Investment Companies are not liable to Corporation tax on capital gains arising on the disposal of investments or revaluation of the sub-fund's portfolio. Therefore, any capital return is not included in the above reconciliation.

c) Provision for deferred tax

There is no deferred tax provision in the current or preceding year.

At the year end there is a potential deferred tax asset of £4,325,432 (£3,729,744 as at 31 March 2020) due to tax losses. It is unlikely the sub-fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised (same as at 31 March 2020).

6 Interest payable and similar charges

	31 March 2021 £	31 March 2020 £
Interest	<u>9,299</u>	<u>18,872</u>
	<u>9,299</u>	<u>18,872</u>

ES River and Mercantile Global Recovery Fund

Notes to the Financial Statements continued

7 Distributions

The distributions take account of revenue received on the creation of shares and deducted on the cancellation of shares, and comprise:

	31 March 2021	31 March 2020
	£	£
Interim	1,267,948	4,866,675
Final	<u>418,942</u>	<u>1,014,395</u>
	1,686,890	5,881,070
Add: revenue deducted on cancellation of shares	319,641	371,408
Deduct: revenue received on creation of shares	<u>(12,353)</u>	<u>(197,800)</u>
	<u>1,994,178</u>	<u>6,054,678</u>
Distributions for the year	<u>1,994,178</u>	<u>6,054,678</u>
Reconciliation between net revenue after taxation for the year and the distributions:		
Net revenue after taxation for the year	1,978,316	6,035,813
Equalisation on conversions	(100)	96
Expenses transferred to capital	<u>15,962</u>	<u>18,769</u>
Distributions for the year	<u>1,994,178</u>	<u>6,054,678</u>

8 Debtors

	31 March 2021	31 March 2020
	£	£
Accrued revenue	621,676	1,025,328
Amounts receivable for issue of shares	7,420,781	88,222
Foreign currency contracts awaiting settlement	7,527,457	4,736,772
Overseas tax recoverable	514,525	564,219
Sales awaiting settlement	<u>787,423</u>	<u>4,435,386</u>
	<u>16,871,862</u>	<u>10,849,927</u>

9 Other creditors

	31 March 2021	31 March 2020
	£	£
a) Distribution payable		
Gross distribution payable	<u>290,753</u>	<u>868,129</u>
Total distribution payable	<u>290,753</u>	<u>868,129</u>
b) Other creditors		
Accrued expenses	609,439	468,611
Amounts payable for cancellation of shares	109,767	1,597,356
Foreign currency contracts awaiting settlement	7,541,284	4,738,105
Purchases awaiting settlement	<u>7,195,996</u>	<u>2,564,445</u>
	<u>15,456,486</u>	<u>9,368,517</u>

ES River and Mercantile Global Recovery Fund

Notes to the Financial Statements continued

10 Contingent liabilities and outstanding commitments

There were no commitments or contingent liabilities at the balance sheet date (31 March 2020: same).

11 Related party transactions

Equity Trustees Fund Services Ltd, as ACD, is a related party, and acts as principal in respect of all the transactions of shares in the company. The aggregate monies received through the creation and cancellation of shares are disclosed in the Statement of Change in Net Assets attributable to Shareholders. The amounts outstanding at the year end are disclosed in notes 8 and 9 as amounts receivable on creation of shares and amounts payable on cancellation of shares respectively.

As at 31 March 2021, River and Mercantile Asset Management LLP, which is the Investment Manager, held 0.00% of the shares in issue (0.00% as at 31 March 2020).

Amounts paid to Equity Trustees Fund Services Ltd in respect of the ACD, associates of the ACD and agents of either of them are disclosed in note 4. The balance outstanding as at the year end was £253,261 (£238,614 as at 31 March 2020).

12 Financial instruments

The main risks and the ACD's policy for managing these risks, are stated within the notes applicable to the financial statements of all the sub-funds of the ES River and Mercantile Funds ICVC.

a) Credit risk

Certain transactions in securities that the sub-fund enters into expose it to risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the sub-fund has fulfilled its responsibility.

This risk is managed by appraising the credit profile of financial instruments and trade counterparties.

At 31 March 2021, the sub-fund held non exchange traded derivatives in the form of forward currency contracts.

The counterparty exposure is shown below:

Counterparty Details of OTC Financial Derivative Transactions	Forwards Assets £	Forwards Liabilities £
The Bank of New York Mellon	421,099	—

At 31 March 2020, the sub-fund held non exchange traded derivatives in the form of forward currency contracts.

The counterparty exposure is shown below:

Counterparty Details of OTC Financial Derivative Transactions	Forwards Assets £	Forwards Liabilities £
The Bank of New York Mellon	289,512	(206,956)
JP Morgan Chase Bank	751,742	(429,322)

No collateral is held or pledged (2020: same)

ES River and Mercantile Global Recovery Fund

Notes to the Financial Statements continued

12 Financial instruments continued

b) Valuation of financial investments

The categorisation of financial investments in the tables below reflects the methodology used to measure their fair value.

31 March 2021		Assets	Liabilities
		£	£
Level 1	Unadjusted quoted price in an active market for an identical instrument	385,130,569	—
Level 2	Valuation techniques using observable inputs other than quoted prices within level 1	443,957	—
Level 3	Valuation techniques using unobservable inputs	189,382	—
		385,763,908	—

31 March 2020		Assets	Liabilities
		£	£
Level 1	Unadjusted quoted price in an active market for an identical instrument	320,388,725	—
Level 2	Valuation techniques using observable inputs other than quoted prices within level 1	750,718	(345,742)
Level 3	Valuation techniques using unobservable inputs	179,415	—
		321,318,858	(345,742)

Where a price is unavailable or the price provided is not thought to be a fair reflection of the current market value of the asset, the Manager, at its discretion, may permit a different method of valuation to be used.

At the current and prior period end, the level 3 asset held was the equity security, Rangers International Football.

The fair value at the current and prior year end was based on a single broker quote at the last valuation point in the current accounting period.

c) Foreign currency risk

Foreign currency risk is the risk of movements in the value of overseas financial instruments as a result of fluctuations in exchange rates. The risk may be managed by the utilisation of forward currency contracts as necessary.

ES River and Mercantile Global Recovery Fund

Notes to the Financial Statements continued

12 Financial instruments continued

c) Foreign currency risk continued

The currency profile for the sub-fund's net assets at the balance sheet date was:

31 March 2021 Currency	Monetary exposures £	Net foreign currency assets	
		Non-monetary exposures £	Total £
Australian Dollar	281	2,381,395	2,381,676
Brazilian Real	378	4,628,326	4,628,704
Canadian Dollar	6,691	2,238,773	2,245,464
Chilean Peso	—	580,373	580,373
Chinese Yuan Renminbi	23,462	845,731	869,193
Colombian Peso	58,990	2,086,758	2,145,748
Danish Krone	22,808	2,333,022	2,355,830
Euro	13,756	77,079,783	77,093,539
Hong Kong Dollar	17,229	30,071,192	30,088,421
Indonesian Rupiah	—	3,025,317	3,025,317
Japanese Yen	48,686	29,088,548	29,137,234
Korean Won	—	10,189,869	10,189,869
Malaysian Ringgit	—	6,344,154	6,344,154
Mexican Peso	206	2,090,792	2,090,998
Norwegian Krone	212	1,163,817	1,164,029
Philippine Peso	—	416,388	416,388
Polish Zloty	398	669,943	670,341
Singapore Dollar	55,176	3,409,221	3,464,397
South African Rand	2,028	4,485,494	4,487,522
Swedish Krona	225	3,938,349	3,938,574
Swiss Franc	12,746	10,475,024	10,487,770
Taiwan Dollar	21	4,240,886	4,240,907
Thai Baht	—	843,823	843,823
Turkish Lira	6,530	565,403	571,933
US Dollar	72,837	151,383,567	151,456,404
	342,660	354,575,948	354,918,608

ES River and Mercantile Global Recovery Fund

Notes to the Financial Statements continued

12 Financial instruments continued

c) Foreign currency risk continued

31 March 2020 Currency	Monetary exposures £	Net foreign currency assets	
		Non-monetary exposures £	Total £
Australian Dollar	226	1,733,446	1,733,672
Brazilian Real	42,482	8,504,369	8,546,851
Canadian Dollar	1,991	638,426	640,417
Chilean Peso	—	773,505	773,505
Chinese Yuan Renminbi	336	895,177	895,513
Colombian Peso	178	2,890,160	2,890,338
Danish Krone	16,743	1,039,548	1,056,291
Euro	12,825	33,357,056	33,369,881
Hong Kong Dollar	604	30,545,977	30,546,581
Indonesian Rupiah	—	3,624,781	3,624,781
Japanese Yen	71,076	31,215,872	31,286,948
Korean Won	—	11,306,540	11,306,540
Malaysian Ringgit	—	6,028,177	6,028,177
Mexican Peso	200	2,570,186	2,570,386
Norwegian Krone	191	11,549	11,740
Philippine Peso	—	1,559,664	1,559,664
Polish Zloty	459	674,534	674,993
Singapore Dollar	25,585	3,523,153	3,548,738
South African Rand	216	2,537,227	2,537,443
Swedish Krona	246	2,253,920	2,254,166
Swiss Franc	6,899	6,554,622	6,561,521
Taiwan Dollar	22	2,996,296	2,996,318
Thai Baht	—	865,741	865,741
Turkish Lira	101	1,227,654	1,227,755
US Dollar	46,634	124,059,211	124,105,845
	227,014	281,386,791	281,613,805

d) Derivative risk

At the balance sheet date, no derivatives were held that could impact the sub-fund in a significant way (2020: same).

e) Interest rate risk

Interest rate risk is the risk of movements in the value of financial instruments as a result of fluctuations in interest rates.

The interest rate risk exposure of the sub-fund is not considered to be significant.

f) Sensitivity analysis

Currency risk

If sterling (the sub-fund base currency) increased by 10% against non-sterling currencies as at the balance sheet date the net asset value of the Fund would have decreased by £35,491,861 (2020: £28,161,381). A weakening in sterling against non-sterling currencies of 10% will have resulted in an equal but opposite effect.

ES River and Mercantile Global Recovery Fund

Notes to the Financial Statements continued

12 Financial instruments continued

f) Sensitivity analysis continued

Price risk

If market prices had increased by 10% as at the balance sheet date the net asset value of the Fund would have increased by £38,534,281 (2020: £32,056,814). A weakening in market prices of 10% will have resulted in an equal but opposite effect.

g) Leverage

The sub-fund did not employ significant leverage during the year.

13 Portfolio transaction costs

For the year 1 April 2020 to 31 March 2021

Purchases	Transaction Value £	Commissions £	%	Taxes £	%
Equity instruments (direct)	187,914,115	113,622	0.06	134,460	0.07
Total purchases	187,914,115	113,622		134,460	
Total purchases including transaction costs	188,162,197				
Sales	Transaction Value £	Commissions £	%	Taxes £	%
Equity instruments (direct)	279,724,766	150,467	0.05	85,306	0.03
Total sales	279,724,766	150,467		85,306	
Total sales net of transaction costs	279,488,993				
Total transaction costs		264,089		219,766	
as a % of average net assets		0.08%		0.07%	

ES River and Mercantile Global Recovery Fund

Notes to the Financial Statements continued

13 Portfolio transaction costs continued

For the year 1 April 2019 to 31 March 2020

Purchases	Transaction Value	Commissions		Taxes	
	£	£	%	£	%
Equity instruments (direct)	230,275,752	138,000	0.06	150,609	0.07
Collective investment schemes	527,282	297	0.06	—	—
Total purchases	230,803,034	138,297		150,609	
Total purchases including transaction costs	231,091,940				
Sales	Transaction Value	Commissions		Taxes	
	£	£	%	£	%
Equity instruments (direct)	228,209,596	142,484	0.06	59,546	0.03
Collective investment schemes	2,915,561	1,430	0.05	14	0.00
Total sales	231,125,157	143,914		59,560	
Total sales net of transaction costs	230,921,683				
Total transaction costs		282,211		210,169	
as a % of average net assets		0.06%		0.05%	

The above analysis covers any direct transaction costs suffered by the sub-fund during the year. However, it is important to understand the nature of other transaction costs associated with different investment asset classes and instruments types.

Separately identifiable direct transaction costs (commissions and taxes etc.) are attributable to the sub-fund's purchase and sale of equity shares. Additionally for equity shares there is a dealing spread cost (the difference between the buying and selling prices) which will be suffered on purchase and sale transactions.

For the sub-fund's investment in collective investment scheme holdings there will potentially be a dilution adjustment cost applicable to purchases and sales. However, additionally there are indirect transaction costs suffered in those underlying funds, throughout the holding period for the instruments, which are not separately identifiable and do not form part of the analysis above.

Dealing spread costs suffered by the sub-fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.

At the balance sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.26% (2020 - 0.50%).

14 Share movement

	B-Class Distribution shares	S-Class Distribution shares	Z-Class Accumulation shares
Opening shares	35,469,090	96,828,336	1,998,065
Shares issued	3,575,812	21,730,857	15,191
Shares redeemed	(11,337,458)	(51,658,894)	(45,092)
Shares converted	124,470	(267,961)	—
Closing shares	27,831,914	66,632,338	1,968,164

ES River and Mercantile Global Recovery Fund

Notes to the Financial Statements continued

15 Post balance sheet events

Subsequent to the sub-fund's year end, 31 March 2021, the spread of the Coronavirus pandemic has continued to cause widespread market and economic disruption. In the short-term, the sub-fund could be impacted by fluctuations in global stock markets, adverse investor sentiment and increased operational risks. The full impact of the virus remains unclear, however, a long-term adverse impact to the sub-fund is not expected.

The event has given rise to a non-adjusting subsequent event due to continued volatility in global markets after the sub-fund's reporting period. The NAV of the sub-fund as at 1 July 2021 was £351.6m, the impact of the volatility on the sub-fund's NAV between the end of the reporting period and this date was (9.2)%. The price movements per share class are shown below:

	B-Class Distribution shares	S-Class Distribution shares	Z-Class Accumulation shares
NAV 31 March 2021	170,291,041	189,284,348	27,629,480
NAV 1 July 2021	111,785,336	210,906,014	28,906,352
Movement	(34.4%)	11.4%	4.6%
NAV per share 31 March 2021	611.86	284.07	1,403.82
NAV per share 1 July 2021	645.40	299.85	1,484.65
Movement	5.5%	5.6%	5.8%

There have been significant redemptions during the period of 37.8% on the B Class Distribution shares.

The NAV of the sub-fund was reviewed again on 5 July 2021; there was no material movement in the NAV since 1 July 2021.

ES River and Mercantile Global Recovery Fund

Distribution tables for the year ended 31 March 2021

Group 1: shares purchased prior to a distribution period

Group 2: shares purchased during a distribution period

Equalisation is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as a return of capital. As capital it is not liable to Income tax but must be deducted from the cost of shares for Capital Gains tax purposes.

Interim dividend distribution in pence per share		Period 01/04/2020 — 30/09/2020		
	Net Revenue	Equalisation	Distribution paid 30/11/20	Distribution paid 30/11/19
B-Class Distribution shares				
Group 1	1.7936	—	1.7936	5.3731
Group 2	1.2369	0.5567	1.7936	5.3731
S-Class Distribution shares				
Group 1	1.0913	—	1.0913	2.7995
Group 2	0.7066	0.3847	1.0913	2.7995
Z-Class Accumulation shares				
Group 1	9.1785	—	9.1785	17.6309
Group 2	5.6607	3.5178	9.1785	17.6309

Final dividend distribution in pence per share		Period 01/10/2020 — 31/03/2021		
	Net Revenue	Equalisation	Distribution payable 31/05/21	Distribution paid 31/05/20
B-Class Distribution shares				
Group 1	0.1479	—	0.1479	0.7179
Group 2	0.1464	0.0015	0.1479	0.7179
S-Class Distribution shares				
Group 1	0.3746	—	0.3746	0.6336
Group 2	0.3402	0.0344	0.3746	0.6336
Z-Class Accumulation shares				
Group 1	6.5131	—	6.5131	7.3204
Group 2	5.0139	1.4992	6.5131	7.3204

ES River and Mercantile Dynamic Asset Allocation Fund

Investment Objective

The investment objective of the sub-fund is to achieve an average return (income and growth in the value of the your investment (known as “capital growth”)) of 4.125% per year above cash (based on the SONIA interest rate) (the “Benchmark”) over a rolling 3 year period, after the deduction of all fees.

There can be no guarantee that the investment objective of the sub-fund will be achieved over a 3 year period or any other period and your investment is at risk.

Investment Policy

The sub-fund will seek to achieve its objective by investing in collective investment schemes (including exchange traded funds), which can include those operated and/or managed by the ACD or the Investment Manager, which invest primarily in the following assets: shares of companies, bonds issued or guaranteed by governments, companies or supranational entities (which can be investment grade and sub-investment grade - an investment grade rating conveys the rating agency’s view that there is a lower risk of loss resulting from the issuer defaulting, than would apply to a sub-investment grade bond), hedge funds, commodities, property shares, cash and near cash.

The sub-fund may also invest directly in shares of companies, bonds (as set out above) and cash, and can invest indirectly in companies using depository receipts (securities issued by banks that represent company shares).

The sub-fund may use derivatives for the purposes of reducing risk or cost or for generating extra income or growth (known as “efficient portfolio management”). As an example, the sub-fund may use forward contracts for currency hedging with the intention of reducing the risk arising from currency exposures in a cost-effective way. The sub-fund may also invest in derivatives, including forward contracts and other derivatives (including total return swaps, options and futures).

The sub-fund is actively managed, meaning the Investment Manager uses their expertise to pick investments to achieve the sub-fund’s objective.

The Investment Manager will use a process called “asset allocation” to determine how much of the sub-fund will be invested in each asset class from time to time, and how the sub-fund will invest in each asset class (for example in different geographic regions or by industry sectors such as oil and gas or financial companies). The Investment Manager considers its approach to asset allocation to be dynamic, meaning the asset allocation is likely to change regularly to adapt to the Investment Manager’s expectation or assessment of changes to economic and market conditions to take advantage of perceived investment opportunities they identify.

In determining how much of the sub-fund will be invested in each asset class from time to time the Investment Manager will be subject to the following limits:

- up to 80% of the sub-fund can be invested in shares of companies
- up to 50% of the sub-fund can be invested in non-investment Grade bonds
- at least 60% of the assets must be denominated in Sterling or hedged back to Sterling.

ES River and Mercantile Dynamic Asset Allocation Fund

Investment Manager's Review

The ES River and Mercantile Dynamic Asset Allocation Fund B-Class Accumulation returned 24.3% over the twelve months to 31 March 2021, compared with the SONIA +4.125% benchmark performance of 4.3%. Source: River and Mercantile Asset Management LLP.

Market background

Global markets underwent a year of high volatility as investors weighed up the everchanging outlook throughout the Covid-19 pandemic. The initial period was dominated by the actions of policy makers, who were effective in providing a backstop to financial markets through ultra-loose monetary and fiscal policy. This included record levels of unemployment support and the purchase of investment grade bonds by central banks. This helped return seeking assets stage an impressive recovery from the dramatic falls seen in March 2020.

Global efforts turned to vaccine development as stimulus continued to bridge the gap for major economies enduring multiple rounds of social restrictions. As several highly effective vaccines became available, sentiment for return seeking assets improved further, with some of the worst performing sectors such as Energy becoming market leaders throughout Q4 2020. This rotation in particular benefitted cyclical sectors, and value-style companies outperformed their growth counterparts.

Vaccine rollout success varied across nations throughout Q1 2021. The US and UK vaccinated populations at pace, with the new Democratic administration accelerating timelines for the former, while Europe struggled with supply issues and lagged behind developed economic peers. This caused a divergence in the reopening of societies, with US activity picking up near to pre Covid-19 levels, while parts of Europe remained in stringent lockdowns.

The most notable story of Q1 was the dramatic rise in government bond yields in part due to rising inflation expectations. This acted as a short-term headwind for parts of equity and credit markets, but investors took some comfort that yields were rising for 'the right reasons', i.e. improving growth expectations. Consequently, equities posted yet another quarter of positive performance, marking a remarkable 12-month rally (global equities +54% over the prior 12 months). Source: River and Mercantile Asset Management LLP.

Portfolio Activity

We began the period by allocating towards credit assets having seen a significant widening in spreads, preferring higher quality investment grade credit which would be more resilient in another market downturn. As monetary policy provided a backstop to credit markets and opportunities became more idiosyncratic, we added a new global credit fund with a flexible mandate aiming to take advantage of market dislocations. We also increased the quality of the equity portfolio during Q2, again improving the resilience of the portfolio as uncertainty remained. Within Alternatives we increased our exposure to gold which acts as a diversifier and typically performs well during periods of falling real interest rates.

The policy response continued to be the dominant driving force behind markets, which supported a higher risk allocation. As a result, our positioning remained largely unchanged throughout July and August. We were active with our equity exposure in September, reducing it as markets looked overbought before reallocating once valuations looked more appropriate. We also introduced two sector-specific ETFs, specifically Consumer Discretionary and Industrials, to increase cyclical exposure and provide greater exposure to the anticipated economic recovery.

With vaccine progress gathering steam, we increased our equity allocation further, predominantly funded by credit as yields continued to fall. We continued to build into cyclical sectors within the equity allocation, while retaining a quality bias and focusing on companies with strong ESG characteristics. We continued to tactically trade precious metals throughout the quarter, taking profits in November before reallocating in December. US Dollar exposure was also removed from the portfolio as the currency faced downward pressure.

In the new year, we continued to add to return seeking assets as our near-term economic outlook improved. We further added to cyclical equities at the expense of credit, whilst also reinforcing our positive view on precious and industrial metals. We took advantage of heightened market volatility throughout the quarter, allocating to several short-term tactical positions.

ES River and Mercantile Dynamic Asset Allocation Fund

Investment Manager's Review continued

Outlook

Despite the dramatic rise in government bond yields, credit assets, which in our view act as a truer barometer of risk, remain stable. Rising yields in themselves aren't prohibitive of rising equities until they start to weigh on economic activity from higher borrowing costs, and we believe further meaningful rises in yields would be required to impact equity returns. The economic environment is still positive for equities, and we continue to believe inflationary pressure may be short-lived while there are higher levels of unemployment. But with equity valuations still lofty, short term volatility remains a risk and we will look to be dynamic around these episodes. However, we remain confident that improving economic conditions in the second half of 2021 will flow through to increased company earnings and ultimately to shareholders. Our positive view on the outlook for equity markets remains. We continue to favour cyclical sectors, although will par exposure when evidence suggests valuations have become overextended. However, all else equal and in line with the improving and encouraging economic outlook, we believe these cyclical equity sectors provide the best potential for return.

Source: River and Mercantile Asset Management LLP

River and Mercantile
4 May 2021
Investment Adviser to the Fund

ES River and Mercantile Dynamic Asset Allocation Fund

Portfolio Statement as at 31 March 2021

Holding	Investment	Market Value £	% of Net Assets
	UNITED KINGDOM – 8.75% (2020 – 41.12%)		
	Equity Investment Instruments – 0.81% (2020 – 0.00%)		
93,795	Amcor	794,712	0.32
40,634	Johnson Matthey	1,223,896	0.49
	Non-Equity Investment Instruments – 0.00% (2020 – 22.64%)		
	Bonds – 7.94% (2020 – 18.48%)		
£7,564,499	United Kingdom Gilt 0.625% 22/10/2050	6,167,903	2.48
£13,377,339	United Kingdom Gilt 3.75% 07/09/2021	13,588,500	5.46
	AUSTRALIA – 0.32% (2020 – 0.00%)		
	Equity Investment Instruments – 0.32% (2020 – 0.00%)		
72,516	Fortescue Metals	800,240	0.32
	BERMUDA – 0.00% (2020 – 17.55%)		
	Non-Equity Investment Instruments – 0.00% (2020 – 17.55%)		
	BRAZIL – 0.35% (2020 – 0.00%)		
	Equity Investment Instruments – 0.35% (2020 – 0.00%)		
30,900	Cia de Transmissao de Energia Eletrica Paulista pref.	100,531	0.04
16,900	Notre Dame Intermedica Participacoes	179,666	0.07
22,100	Petro Rio	261,147	0.11
27,700	SLC Agricola	158,821	0.06
103,400	TIM SA/Brazil	168,268	0.07
	CANADA – 1.78% (2020 – 0.00%)		
	Equity Investment Instruments – 1.78% (2020 – 0.00%)		
28,462	Bank of Nova Scotia	1,289,781	0.52
7,242	FirstService	776,801	0.31
40,794	Great-West Lifeco	785,744	0.32
40,981	Power of Canada	779,893	0.31
990	Shopify	792,108	0.32
	CHILE – 0.09% (2020 – 0.00%)		
	Equity Investment Instruments – 0.09% (2020 – 0.00%)		
19,714	CAP	231,434	0.09

ES River and Mercantile Dynamic Asset Allocation Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	CHINA – 0.88% (2020 – 2.57%)		
	Equity Investment Instruments – 0.88% (2020 – 0.00%)		
12,000	Airtac International	306,348	0.12
292,000	China Galaxy	130,668	0.05
197,000	China Lesso	306,710	0.12
17,800	ENN Energy	206,437	0.08
4,000	Silergy	233,699	0.10
92,000	TravelSky Technology	155,586	0.06
166,000	Xinyi Solar	197,781	0.08
44,000	Yadea	70,637	0.03
51,000	Zhongsheng	260,554	0.11
316,200	Zoomlion Heavy Industry Science and Technology	327,213	0.13
	Non-Equity Investment Instruments – 0.00% (2020 – 2.57%)		
	FRANCE – 2.70% (2020 – 0.00%)		
	Equity Investment Instruments – 2.70% (2020 – 0.00%)		
21,073	Amundi	1,224,277	0.49
8,755	Arkema	770,789	0.31
8,216	BioMerieux	758,680	0.31
17,990	BNP Paribas	795,060	0.32
10,552	Eiffage	767,288	0.31
13,273	Ipsen	827,089	0.33
2,796	L'Oreal	778,374	0.31
41,919	Societe Generale	796,850	0.32
	GERMANY – 2.80% (2020 – 0.88%)		
	Equity Investment Instruments – 0.30% (2020 – 0.00%)		
6,913	Carl Zeiss Meditec	756,137	0.30
	Non-Equity Investment Instruments – 2.50% (2020 – 0.88%)		
275,940	iShares MSCI Brazil UCITS ETF DE	6,226,000	2.50
	GREECE – 0.08% (2020 – 0.00%)		
	Equity Investment Instruments – 0.08% (2020 – 0.00%)		
16,881	Motor Oil Hellas Corinth Refineries	194,134	0.08
	HONG KONG – 0.64% (2020 – 0.00%)		
	Equity Investment Instruments – 0.64% (2020 – 0.00%)		
32,000	China Mengniu Dairy	132,757	0.05
290,000	Kunlun Energy	220,885	0.09
65,000	Techtronic Industries	805,349	0.32

ES River and Mercantile Dynamic Asset Allocation Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Equity Investment Instruments continued		
93,000	Vinda International	226,292	0.09
88,000	Xinyi Glass	208,383	0.09
	INDIA – 0.18% (2020 – 0.00%)		
	Equity Investment Instruments – 0.18% (2020 – 0.00%)		
4,500	Dr Reddy's Laboratories	200,228	0.08
4,500	WNS	236,236	0.10
	IRELAND – 25.59% (2020 – 15.63%)		
	Non-Equity Investment Instruments – 25.59% (2020 – 15.63%)		
4,578,151	BlackRock ICS Sterling Liquidity Fund	4,578,151	1.84
7,760,037	Insight GBP Liquidity Fund	7,760,037	3.12
1,020,080	Neuberger Global Flexible Credit GBP I5 ACC	11,659,511	4.68
	River & Mercantile Investments ICAV - Investments Global Macro Fund*	14,150,719	5.68
385,340	Vanguard FTSE 250 UCITS ETF	12,987,885	5.22
229,580	Vanguard S&P 500 UCITS ETF	12,567,783	5.05
	JAPAN – 3.75% (2020 – 0.00%)		
	Equity Investment Instruments – 3.75% (2020 – 0.00%)		
24,300	Azbil	758,693	0.31
52,900	Dai Nippon Printing	804,308	0.32
4,300	Fuji Corp/Aichi	79,960	0.03
32,800	KDDI	729,549	0.29
39,000	Miura	1,527,186	0.61
111,900	Obayashi	744,988	0.30
12,600	Secom	769,024	0.31
10,700	Sony	813,430	0.33
16,200	Tokyo Century	788,446	0.32
60,000	Toppan Printing	735,552	0.30
189,100	Yamada	740,490	0.30
46,300	Yamaha Motor	823,007	0.33
	LUXEMBOURG – 5.04% (2020 – 0.00%)		
	Non-Equity Investment Instruments – 5.04% (2020 – 0.00%)		
107,280	UBS Lux Fund Solutions - MSCI EMU UCITS ETF	12,532,450	5.04
	MALAYSIA – 0.33% (2020 – 0.00%)		
	Equity Investment Instruments – 0.33% (2020 – 0.00%)		
168,200	AMMB	86,145	0.03
66,000	MISC	78,680	0.03

ES River and Mercantile Dynamic Asset Allocation Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Equity Investment Instruments continued		
42,220	Press Metal Aluminium	73,062	0.03
106,100	TIME dotCom	264,837	0.11
245,600	VS Industry	122,351	0.05
255,800	Westports	187,349	0.08
	MEXICO – 0.18% (2020 – 0.00%)		
	Equity Investment Instruments – 0.18% (2020 – 0.00%)		
52,300	Grupo Financiero Banorte	213,503	0.09
260,100	Macquarie Mexico Real Estate Management	232,649	0.09
	NETHERLANDS – 1.18% (2020 – 0.00%)		
	Equity Investment Instruments – 1.18% (2020 – 0.00%)		
1,901	ASML	837,062	0.34
22,254	NN	790,331	0.32
20,537	Wolters Kluwer	1,296,705	0.52
	PHILIPPINES – 0.13% (2020 – 0.00%)		
	Equity Investment Instruments – 0.13% (2020 – 0.00%)		
2,975	Globe Telecom	83,519	0.03
129,420	International Container Terminal Services	233,843	0.10
	RUSSIA – 0.16% (2020 – 0.00%)		
	Equity Investment Instruments – 0.16% (2020 – 0.00%)		
121,150	Detsky Mir	166,807	0.07
14,470	M.Video	100,408	0.04
5,507	X5 Retail	128,684	0.05
	SOUTH AFRICA – 2.60% (2020 – 0.00%)		
	Equity Investment Instruments – 0.15% (2020 – 0.00%)		
11,351	Clicks	133,941	0.05
18,279	Impala Platinum	245,595	0.10
	Bonds – 2.45% (2020 – 0.00%)		
ZAR158,680,000	Republic of South Africa Government Bond 8.75% 28/02/2048	6,104,547	2.45
	SOUTH KOREA – 0.79% (2020 – 0.00%)		
	Equity Investment Instruments – 0.79% (2020 – 0.00%)		
43,407	DGB Financial	234,065	0.09
4,394	Douzone Bizon	276,054	0.11

ES River and Mercantile Dynamic Asset Allocation Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
Equity Investment Instruments continued			
25,646	Hanon Systems	289,887	0.12
1,458	Hansol Chemical	224,562	0.09
4,279	LG	247,728	0.10
10,603	Neowiz	158,895	0.06
18,625	NICE Information Service	301,774	0.12
34,347	Partron	234,263	0.10
SWEDEN – 1.92% (2020 – 0.00%)			
Equity Investment Instruments – 1.92% (2020 – 0.00%)			
196,383	Epiroc	3,235,804	1.30
74,316	Husqvarna	776,169	0.31
33,796	Lundin Energy	771,702	0.31
SWITZERLAND – 0.62% (2020 – 0.00%)			
Equity Investment Instruments – 0.62% (2020 – 0.00%)			
275	Givaudan	771,313	0.31
3,267	Roche	768,506	0.31
TAIWAN – 0.83% (2020 – 0.00%)			
Equity Investment Instruments – 0.83% (2020 – 0.00%)			
7,000	ASPEED Technology	303,173	0.12
55,000	Chailease	275,231	0.11
129,000	Chicony Electronics	332,601	0.13
274,000	ChipMOS Technologies	307,987	0.12
252,000	E Ink	352,072	0.14
34,000	Feng TAY Enterprise	168,416	0.07
15,000	Merida Industry	132,789	0.05
246,000	Wistron	209,338	0.09
UNITED STATES OF AMERICA – 23.68% (2020 – 20.52%)			
Equity Investment Instruments – 18.11% (2020 – 0.00%)			
2,376	Adobe	818,555	0.33
1,051	Amazon.com	2,356,953	0.95
5,084	Anthem	1,323,159	0.53
8,918	Apple	789,673	0.32
9,089	Applied Materials	880,112	0.35
15,923	Automatic Data Processing	2,175,116	0.87
25,000	Bizlink	168,923	0.07
1,663	BlackRock	908,774	0.37
3,727	Burlington Stores	808,503	0.33
8,398	CarMax	807,114	0.33
19,848	CBRE	1,138,343	0.46

ES River and Mercantile Dynamic Asset Allocation Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
Equity Investment Instruments continued			
21,102	Cisco Systems	790,732	0.32
17,481	Citigroup	921,880	0.37
5,587	Clorox	781,054	0.31
18,613	eBay	826,030	0.33
18,252	Electronic Arts	1,790,540	0.72
5,520	Etsy	806,455	0.32
3,783	Facebook	807,572	0.32
9,839	FMC	788,717	0.32
14,244	GoDaddy	801,348	0.32
15,220	Hologic	820,514	0.33
3,614	Home Depot	800,282	0.32
4,312	Illumina	1,200,341	0.48
4,217	Insulet	795,964	0.32
20,047	International Paper	785,636	0.32
9,262	J M Smucker	848,933	0.34
7,089	JP Morgan Chase & Co	782,683	0.31
5,848	Lowe's Cos	806,098	0.32
3,286	MarketAxess	1,185,861	0.48
2,998	Mastercard	774,434	0.31
8,772	Microsoft	1,498,940	0.60
5,888	Motorola Solutions	802,265	0.32
2,575	MSCI	782,186	0.31
3,651	NVIDIA	1,412,900	0.57
4,992	Okta	797,555	0.32
4,642	PayPal	817,002	0.33
7,174	PPG Industries	781,356	0.31
81,946	Synchrony Financial	2,414,963	0.97
1,716	Tesla	830,824	0.33
4,349	Tyler Technologies	1,338,081	0.54
6,491	Verisk Analytics	831,264	0.33
18,628	Verizon Communications	784,841	0.32
5,165	Visa	794,535	0.32
10,641	Workday	1,915,797	0.77
Non-Equity Investment Instruments – 5.57% (2020 – 15.75%)			
241,438	iShares MSCI EAFE Small-Cap ETF	12,573,255	5.05
36,400	iShares MSCI India Small-Cap ETF	1,289,579	0.52
Bonds – 0.00% (2020 – 4.77%)			
FORWARD CURRENCY CONTRACTS – 0.84% (2020 – (1.45%))			
€129,800	Forward Currency Contract 27/04/2021: Euro 129,800 vs UK Sterling 112,103	(1,492)	0.00
€1,333,400	Forward Currency Contract 27/04/2021: Euro 1,333,400 vs UK Sterling 1,179,110	(42,832)	(0.02)
€2,424,000	Forward Currency Contract 27/04/2021: Euro 2,424,000 vs UK Sterling 2,130,243	(64,592)	(0.03)

ES River and Mercantile Dynamic Asset Allocation Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
FORWARD CURRENCY CONTRACTS continued			
€2,626,500	Forward Currency Contract 27/04/2021: Euro 2,626,500 vs UK Sterling 2,317,359	(79,144)	(0.03)
€2,770,200	Forward Currency Contract 27/04/2021: Euro 2,770,200 vs UK Sterling 2,378,634	(17,963)	(0.01)
¥10,860,000	Forward Currency Contract 27/04/2021: Japanese Yen 10,860,000 vs UK Sterling 75,460	(4,215)	0.00
¥188,860,000	Forward Currency Contract 27/04/2021: Japanese Yen 188,860,000 vs UK Sterling 1,325,348	(86,376)	(0.03)
¥907,860,000	Forward Currency Contract 27/04/2021: Japanese Yen 907,860,000 vs UK Sterling 5,974,518	(18,715)	(0.01)
£309,337	Forward Currency Contract 27/04/2021: UK Sterling 309,337 vs Euro 351,600	9,715	0.00
£2,688,899	Forward Currency Contract 27/04/2021: UK Sterling 2,688,899 vs Euro 3,143,400	10,200	0.00
£12,022,801	Forward Currency Contract 27/04/2021: UK Sterling 12,022,801 vs Euro 14,036,200	61,625	0.03
£14,563,039	Forward Currency Contract 27/04/2021: UK Sterling 14,563,039 vs Euro 16,377,300	606,857	0.24
£2,214,664	Forward Currency Contract 27/04/2021: UK Sterling 2,214,664 vs Japanese Yen 317,980,000	128,631	0.05
£3,080,245	Forward Currency Contract 27/04/2021: UK Sterling 3,080,245 vs Japanese Yen 465,900,000	23,817	0.01
£3,245,736	Forward Currency Contract 27/04/2021: UK Sterling 3,245,736 vs Japanese Yen 485,060,000	63,613	0.03
£6,107,695	Forward Currency Contract 27/04/2021: UK Sterling 6,107,695 vs Japanese Yen 907,860,000	151,892	0.06
£6,204,145	Forward Currency Contract 27/04/2021: UK Sterling 6,204,145 vs Japanese Yen 878,850,000	438,655	0.18
£114,890	Forward Currency Contract 27/04/2021: UK Sterling 114,890 vs US Dollar 160,100	(1,142)	0.00
£307,436	Forward Currency Contract 27/04/2021: UK Sterling 307,436 vs US Dollar 427,100	(2,102)	0.00
£1,367,057	Forward Currency Contract 27/04/2021: UK Sterling 1,367,057 vs US Dollar 1,888,600	(1,694)	0.00
£1,516,656	Forward Currency Contract 27/04/2021: UK Sterling 1,516,656 vs US Dollar 2,069,800	16,581	0.01
£1,878,643	Forward Currency Contract 27/04/2021: UK Sterling 1,878,643 vs US Dollar 2,577,100	10,906	0.00
£5,902,266	Forward Currency Contract 27/04/2021: UK Sterling 5,902,266 vs US Dollar 8,211,600	(49,040)	(0.02)
£6,034,779	Forward Currency Contract 27/04/2021: UK Sterling 6,034,779 vs US Dollar 8,408,300	(59,084)	(0.02)
£6,097,352	Forward Currency Contract 27/04/2021: UK Sterling 6,097,352 vs US Dollar 8,505,800	(67,174)	(0.03)
£6,185,929	Forward Currency Contract 27/04/2021: UK Sterling 6,185,929 vs US Dollar 8,453,400	59,380	0.02
£11,658,120	Forward Currency Contract 27/04/2021: UK Sterling 11,658,120 vs US Dollar 16,271,600	(134,620)	(0.05)
£12,560,296	Forward Currency Contract 27/04/2021: UK Sterling 12,560,296 vs US Dollar 17,393,800	(45,753)	(0.02)

ES River and Mercantile Dynamic Asset Allocation Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
FORWARD CURRENCY CONTRACTS continued			
£105,367,201	Forward Currency Contract 27/04/2021: UK Sterling 105,367,201 vs US Dollar 143,930,500	1,054,468	0.42
US\$7,843,300	Forward Currency Contract 27/04/2021: US Dollar 7,843,300 vs UK Sterling 5,684,782	(400)	0.00
US\$8,211,600	Forward Currency Contract 27/04/2021: US Dollar 8,211,600 vs UK Sterling 5,902,874	48,432	0.02
US\$8,464,700	Forward Currency Contract 27/04/2021: US Dollar 8,464,700 vs UK Sterling 6,160,743	(26,004)	(0.01)
US\$8,505,800	Forward Currency Contract 27/04/2021: US Dollar 8,505,800 vs UK Sterling 6,088,059	76,466	0.03
US\$9,146,800	Forward Currency Contract 27/04/2021: US Dollar 9,146,800 vs UK Sterling 6,506,695	122,391	0.05
US\$9,527,400	Forward Currency Contract 27/04/2021: US Dollar 9,527,400 vs UK Sterling 6,968,092	(63,168)	(0.02)
US\$9,812,400	Forward Currency Contract 27/04/2021: US Dollar 9,812,400 vs UK Sterling 7,158,339	(46,863)	(0.02)
US\$11,277,100	Forward Currency Contract 27/04/2021: US Dollar 11,277,100 vs UK Sterling 8,209,196	(36,188)	(0.01)
US\$13,439,500	Forward Currency Contract 27/04/2021: US Dollar 13,439,500 vs UK Sterling 9,731,251	8,943	0.00
US\$14,060,600	Forward Currency Contract 27/04/2021: US Dollar 14,060,600 vs UK Sterling 10,191,100	(768)	0.00
US\$14,400,000	Forward Currency Contract 27/04/2021: US Dollar 14,400,000 vs UK Sterling 10,489,320	(53,009)	(0.02)
US\$16,515,000	Forward Currency Contract 27/04/2021: US Dollar 16,515,000 vs UK Sterling 11,976,078	(6,935)	0.00
US\$24,300,400	Forward Currency Contract 27/04/2021: US Dollar 24,300,400 vs UK Sterling 17,512,295	99,269	0.04
	Portfolio of investments**	214,561,612	86.21
	Net other assets	34,327,746	13.79
	Net assets	248,889,358	100.00

Unless otherwise stated, all investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market.

All investments are in ordinary shares unless otherwise stated.

The percentages in brackets show the equivalent percentage of net assets as at 31 March 2020.

*Related party.

**Includes investment liabilities.

ES River and Mercantile Dynamic Asset Allocation Fund

Comparative table

For the year ending:	31/03/2021	31/03/2020	31/03/2019
B-Class Accumulation shares	pence per share	pence per share	pence per share
Change in net assets per share			
Opening net asset value per share	287.00	311.21	299.23
Return before operating charges*	72.15	(21.61)	14.72
Operating charges**	(2.36)	(2.60)	(2.74)
Return after operating charges	69.79	(24.21)	11.98
Distributions	(5.80)	(3.18)	(3.39)
Retained distributions on accumulation shares	5.80	3.18	3.39
Closing net asset value per share	356.79	287.00	311.21
*After direct transaction costs of	(0.21)	0.00	0.00
Performance			
Return after charges	24.32%	(7.78)%	4.00%
Other information			
Closing net asset value (£)	147,939,039	112,958,996	116,013,855
Closing number of shares	41,463,867	39,359,102	37,278,385
Operating charges	0.72%	0.82%	0.90%
Direct transaction costs	0.07%	0.00%	0.00%
Prices			
Highest share price	363.65	335.61	312.19
Lowest share price	282.81	273.86	288.88

*Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dilution adjustments and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the sub-fund and share class returns before operating charges.

**The calculation of the operating charges figure is based on expenses paid by the sub-fund over the past twelve months. The Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee, to seek to achieve an Operating Charge of no more than 0.70%. This excludes a synthetic exposure of 0.08% which has been applied to the Operating Charges figure.

ES River and Mercantile Dynamic Asset Allocation Fund

Comparative table continued

For the year ending:	31/03/2021	31/03/2020	31/03/2019
Z-Class Accumulation shares	pence per share	pence per share	pence per share
Change in net assets per share			
Opening net asset value per share	588.46	635.31	608.16
Return before operating charges*	147.49	(45.16)	29.20
Operating charges**	(1.15)	(1.69)	(2.05)
Return after operating charges	146.34	(46.85)	27.15
Distributions	(14.87)	(9.36)	(9.62)
Retained distributions on accumulation shares	14.87	9.36	9.62
Closing net asset value per share	734.80	588.46	635.31
*After direct transaction costs of	(0.44)	0.00	0.00
Performance			
Return after charges	24.87%	(7.37)%	4.46%
Other information			
Closing net asset value (£)	100,950,319	81,122,168	413,147,500
Closing number of shares	13,738,527	13,785,493	65,031,059
Operating charges	0.17%	0.26%	0.33%
Direct transaction costs	0.07%	0.00%	0.00%
Prices			
Highest share price	748.51	687.81	637.12
Lowest share price	579.89	561.48	589.03

*Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dilution adjustments and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the sub-fund and share class returns before operating charges.

**The calculation of the operating charges figure is based on expenses paid by the sub-fund over the past twelve months. The Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee, to seek to achieve an Operating Charge of no more than 0.15%. This excludes a synthetic exposure of 0.08% which has been applied to the Operating Charges figure.

ES River and Mercantile Dynamic Asset Allocation Fund

Statement of Total Return for the year ended 31 March 2021

	Notes	1 April 2020 to 31 March 2021		1 April 2019 to 31 March 2020	
		£	£	£	£
Income					
Net capital gains	2		43,201,112		2,626,418
Revenue	3	5,948,081		7,874,923	
Expenses	4	(906,534)		(1,086,032)	
Interest payable and similar charges	6	(169)		(796)	
Net revenue before taxation for the year		5,041,378		6,788,095	
Taxation	5	(817,480)		(502,565)	
Net revenue after taxation for the year			4,223,898		6,285,530
Total return before distributions			47,425,010		8,911,948
Distributions	7		(4,317,052)		(6,309,990)
Change in net assets attributable to Shareholders from investment activities			43,107,958		2,601,958

Statement of Change in Net Assets attributable to Shareholders for the year ended 31 March 2021

		1 April 2020 to 31 March 2021		1 April 2019 to 31 March 2020	
		£	£	£	£
Opening net assets attributable to Shareholders			194,081,164		529,161,355
Amounts received on creation of shares	15,213,459			73,131,104	
Amounts paid on cancellation of shares	(7,839,943)			(415,936,504)	
			7,373,516		(342,805,400)
Dilution adjustment			3,089		90,395
Change in net assets attributable to Shareholders from investment activities			43,107,958		2,601,958
Retained distributions on accumulation shares			4,323,631		5,032,856
Closing net assets attributable to Shareholders			248,889,358		194,081,164

ES River and Mercantile Dynamic Asset Allocation Fund

Balance Sheet as at 31 March 2021

	Notes	31 March 2021		31 March 2020	
		£	£	£	£
ASSETS					
Fixed assets					
Investments			215,470,885		191,013,885
Current assets					
Debtors	8	5,899,760		616,574	
Cash and bank balances		34,468,940		6,039,455	
Total other assets			40,368,700		6,656,029
Total assets			255,839,585		197,669,914
LIABILITIES					
Investment liabilities			(909,273)		(3,110,836)
Creditors					
Other creditors	9	(6,040,954)		(477,914)	
Total other liabilities			(6,040,954)		(477,914)
Total liabilities			(6,950,227)		(3,588,750)
Net assets attributable to Shareholders			248,889,358		194,081,164

ES River and Mercantile Dynamic Asset Allocation Fund

Notes to the Financial Statements

1 Accounting policies

The accounting policies for the sub-fund are set out on pages 6 to 7.

2 Net capital gains

	31 March 2021 £	31 March 2020 £
The net capital gains during the year comprise:		
Non-derivative securities	34,969,777	7,530,246
Forward currency contracts	9,184,066	(5,379,328)
Currency (losses)/gains	(937,092)	484,649
Custodial transaction fees	(16,159)	(9,149)
US REIT dividends	520	—
Net capital gains	<u>43,201,112</u>	<u>2,626,418</u>

3 Revenue

	31 March 2021 £	31 March 2020 £
Bank interest	384	2,780
Franked UK dividends	34,025	—
Interest on debt securities	285,361	433,176
Management fee rebates	32,442	76,109
Non-taxable overseas dividends	1,787,392	4,742,874
Taxable non-US overseas REIT dividends	17,038	—
Taxable overseas dividends	3,785,388	2,619,984
US REIT dividends	6,051	—
	<u>5,948,081</u>	<u>7,874,923</u>

ES River and Mercantile Dynamic Asset Allocation Fund

Notes to the Financial Statements continued

4 Expenses

	31 March 2021 £	31 March 2020 £
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	<u>718,424</u>	<u>704,651</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	33,036	69,876
Safe custody fees	<u>11,109</u>	<u>106,596</u>
	<u>44,145</u>	<u>176,472</u>
Other expenses:		
Audit fee*	14,696	12,610
Fund accounting fees	33,956	130,474
Legal and professional fees	—	3,878
Registration fees	318	542
Transfer agency fees	79,665	53,956
Other fees	<u>15,330</u>	<u>3,449</u>
	<u>143,965</u>	<u>204,909</u>
Total expenses	<u><u>906,534</u></u>	<u><u>1,086,032</u></u>

*Total audit fees of £11,764 (2020 - £10,694) exclusive of VAT.

ES River and Mercantile Dynamic Asset Allocation Fund

Notes to the Financial Statements continued

5 Taxation

	31 March 2021 £	31 March 2020 £
a) Analysis of taxation charge in year		
Corporation tax	643,670	409,051
Corporation tax prior year adjustment	—	(7,853)
Deferred tax credit	92,113	—
Double taxation relief	(2,509)	—
Overseas tax	<u>84,206</u>	<u>101,367</u>
Total taxation	<u>817,480</u>	<u>502,565</u>

b) Factors affecting taxation charge for the year

The tax assessed for the year is lower (2020: lower) than the standard rate of corporation tax in the UK for an Open Ended Investment Company with variable capital (20%) (2020: 20%). The difference is explained below:

Net revenue before taxation for the year	<u>5,041,378</u>	<u>6,788,095</u>
Return on ordinary activities before taxation at the applicable rate of Corporation tax in the UK of 20% (2020: 20%)	1,008,276	1,357,619
Effects of:		
Capitalised income subject to tax	91,975	—
Corporation tax prior year adjustment	—	(7,853)
Double taxation relief	(2,908)	—
Overseas tax	84,206	101,367
Revenue not subject to tax	<u>(364,069)</u>	<u>(948,568)</u>
Total taxation	<u>817,480</u>	<u>502,565</u>

Open Ended Investment Companies are not liable to Corporation tax on capital gains arising on the disposal of investments or revaluation of the sub-fund's portfolio. Therefore, any capital return is not included in the above reconciliation.

c) Provision for deferred tax

Deferred tax at the start of the year	(39)	(39)
Deferred tax charge	<u>92,113</u>	<u>—</u>
Deferred tax at the end of the year	<u>92,074</u>	<u>(39)</u>

ES River and Mercantile Dynamic Asset Allocation Fund

Notes to the Financial Statements continued

6 Interest payable and similar charges

	31 March 2021 £	31 March 2020 £
Interest	169	796
	<u>169</u>	<u>796</u>

7 Distributions

The distributions take account of revenue received on the creation of shares and deducted on the cancellation of shares, and comprise:

	31 March 2021 £	31 March 2020 £
Interim	3,666,199	3,672,285
Final	657,431	1,360,571
	4,323,630	5,032,856
Add: revenue deducted on cancellation of shares	6,965	1,419,727
Deduct: revenue received on creation of shares	(13,543)	(142,593)
	<u>4,317,052</u>	<u>6,309,990</u>
Distributions for the year		
Reconciliation between net revenue after taxation for the year and the distributions:		
Net revenue after taxation for the year	4,223,898	6,285,530
Deferred tax charge	92,113	—
Equalisation on conversions	—	24,856
Expenses transferred to capital	1,171	1,651
Tax relief on expenses taken to capital	(130)	(2,047)
	<u>4,317,052</u>	<u>6,309,990</u>
Distributions for the year		

8 Debtors

	31 March 2021 £	31 March 2020 £
Accrued revenue	280,691	400,850
Amounts receivable for issue of shares	138,326	213,857
Overseas tax recoverable	6,061	1,867
Sales awaiting settlement	5,472,173	—
Double taxation relief	2,509	—
	<u>5,899,760</u>	<u>616,574</u>

ES River and Mercantile Dynamic Asset Allocation Fund

Notes to the Financial Statements continued

9 Other creditors

	31 March 2021	31 March 2020
	£	£
Other creditors		
Accrued expenses	297,618	185,884
Amounts payable for cancellation of shares	17,779	71,415
Corporation tax	213,118	220,615
Purchases awaiting settlement	5,512,439	—
	<u>6,040,954</u>	<u>477,914</u>

10 Contingent liabilities and outstanding commitments

There were no commitments or contingent liabilities at the balance sheet date (31 March 2020: same).

11 Related party transactions

Equity Trustees Fund Services Ltd, as ACD, is a related party, and acts as principal in respect of all the transactions of shares in the company. The aggregate monies received through the creation and cancellation of shares are disclosed in the Statement of Change in Net Assets attributable to Shareholders. The amounts outstanding at the year end are disclosed in notes 8 and 9 as amounts receivable on creation of shares and amounts payable on cancellation of shares respectively.

As at 31 March 2021, River and Mercantile Asset Management LLP, which is a fellow subsidiary undertaking in the same group as River and Mercantile Investments Ltd (the Investment Manager), held 0.00% of the shares in issue (0.00% as at 31 March 2020).

Amounts paid to Equity Trustees Fund Services Ltd in respect of the ACD, associates of the ACD and agents of either of them are disclosed in note 4. The balance outstanding as at the year end was £68,518 (£53,656 as at 31 March 2020).

The sub-fund invests in ES River and Mercantile UK Micro Cap Investment Company, all transactions in respect of which are transacted at the instruction of River and Mercantile Investment Limited. The sub-fund's holding in ES River and Mercantile UK Micro Cap Investment Company at the year end is disclosed on the portfolio statement on page 171.

During the year, the aggregate value of purchases and sales made by ES River and Mercantile Dynamic Asset Allocation into ES River and Mercantile UK Micro Cap Investment Company was £1,398,900 (2020:£14,297,000).

12 Financial instruments

The main risks and the ACD's policy for managing these risks, are stated within the notes applicable to the financial statements of all the sub-funds of the ES River and Mercantile Funds ICVC.

a) Credit risk

Certain transactions in securities that the sub-fund enters into expose it to risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the sub-fund has fulfilled its responsibility.

This risk is managed by appraising the credit profile of financial instruments and trade counterparties.

At 31 March 2021, the sub-fund held non exchange traded derivatives in the form of forward currency contracts.

ES River and Mercantile Dynamic Asset Allocation Fund

Notes to the Financial Statements continued

12 Financial instruments continued

a) Credit risk continued

The counterparty exposure is shown below:

Counterparty Details of OTC Financial Derivative Transactions	Forwards Assets £	Forwards Liabilities £
The Bank of New York Mellon	438,655	(37,877)
JP Morgan Chase Bank	1,446,755	(422,010)
Northern Trust	332,915	(54,501)
UBS	773,516	(394,885)

At 31 March 2020, the sub-fund held non exchange traded derivatives in the form of forward currency contracts.

The counterparty exposure is shown below:

Counterparty Details of OTC Financial Derivative Transactions	Forwards Assets £	Forwards Liabilities £
The Bank of New York Mellon	305,632	(3,110,836)

No collateral is held or pledged (2020: same)

The credit rating profile of the debt securities of the sub-fund is as follows:

	31 March 2021		31 March 2020	
	£	%	£	%
Investment grade bonds	19,756,403.00	7.94	45,121,246.00	23.25
Non-investment grade bonds	6,104,547.00	2.45	—	—

b) Valuation of financial investments

The categorisation of financial investments in the tables below reflects the methodology used to measure their fair value.

31 March 2021		Assets £	Liabilities £
Level 1	Unadjusted quoted price in an active market for an identical instrument	168,226,079	—
Level 2	Valuation techniques using observable inputs other than quoted prices within level 1	47,244,806	(909,273)
		215,470,885	(909,273)

31 March 2020		Assets £	Liabilities £
Level 1	Unadjusted quoted price in an active market for an identical instrument	84,473,616	—
Level 2	Valuation techniques using observable inputs other than quoted prices within level 1	106,540,269	(3,110,836)
		191,013,885	(3,110,836)

ES River and Mercantile Dynamic Asset Allocation Fund

Notes to the Financial Statements continued

12 Financial instruments continued

c) Foreign currency risk

Foreign currency risk is the risk of movements in the value of overseas financial instruments as a result of fluctuations in exchange rates. The risk may be managed by the utilisation of forward currency contracts as necessary.

The currency profile for the sub-fund's net assets at the balance sheet date was:

31 March 2021 Currency	Net foreign currency assets		
	Monetary exposures £	Non-monetary exposures £	Total £
Australian Dollar	6,231	850,725	856,956
Brazilian Real	—	871,592	871,592
Canadian Dollar	3,639	4,433,943	4,437,582
Chilean Peso	—	231,434	231,434
Euro	29,545	(10,391,059)	(10,361,514)
Hong Kong Dollar	466	3,249,252	3,249,718
Japanese Yen	34,235	(3,392,298)	(3,358,063)
Korean Won	—	1,968,100	1,968,100
Malaysian Ringgit	—	812,424	812,424
Mexican Peso	3,064	446,151	449,215
Philippine Peso	—	320,568	320,568
Russian Ruble	—	267,215	267,215
South African Rand	638,625	6,542,862	7,181,487
Swedish Krona	24	4,794,061	4,794,085
Swiss Franc	13,540	1,543,937	1,557,477
Taiwan Dollar	—	2,790,577	2,790,577
US Dollar	293,765	20,875,624	21,169,389
	1,023,134	36,215,108	37,238,242

31 March 2020 Currency	Net foreign currency assets/(liabilities)		
	Monetary exposures £	Non-monetary exposures £	Total £
Australian Dollar	39	—	39
Canadian Dollar	290	—	290
Euro	43,466	(10,412,094)	(10,368,628)
Japanese Yen	9,983	(5,494,639)	(5,484,656)
South African Rand	2	—	2
Swedish Krona	679	—	679
Swiss Franc	384	—	384
US Dollar	100,870	(8,281,036)	(8,180,166)
	155,713	(24,187,769)	(24,032,056)

d) Derivative risk

At the balance sheet date, no derivatives were held that could impact the sub-fund in a significant way (2020: same).

ES River and Mercantile Dynamic Asset Allocation Fund

Notes to the Financial Statements continued

12 Financial instruments continued

e) Interest rate risk

Interest rate risk is the risk of movements in the value of financial instruments as a result of fluctuations in interest rates.

The interest rate risk profile of the sub-fund portfolio of investments at 31 March 2021 was:

	Floating Rate Investments £	Fixed Rate Investments £	Non interest bearing Investments £	Total £
Investment assets	—	25,860,950	189,609,935	215,470,885
Investment liabilities	—	—	(909,273)	(909,273)

The interest rate risk profile of the sub-fund portfolio of investments at 31 March 2020 was:

	Floating Rate Investments £	Fixed Rate Investments £	Non interest bearing Investments £	Total £
Investment assets	—	45,121,246	145,892,639	191,013,885
Investment liabilities	—	—	(3,110,836)	(3,110,836)

f) Sensitivity analysis

Currency risk

If sterling (the sub-fund base currency) increased by 10% against non-sterling currencies as at the balance sheet date the net asset value of the Fund would have decreased by £3,723,824 (2020: £(2,403,206)). A weakening in sterling against non-sterling currencies of 10% will have resulted in an equal but opposite effect.

Price risk

If market prices had increased by 10% as at the balance sheet date the net asset value of the Fund would have increased by £21,247,904 (2020: £19,070,825). A weakening in market prices of 10% will have resulted in an equal but opposite effect.

Interest rate risk

The interest rate risk exposure of the sub-fund is not considered to be significant.

g) Leverage

The sub-fund did not employ significant leverage during the year.

ES River and Mercantile Dynamic Asset Allocation Fund

Notes to the Financial Statements continued

13 Portfolio transaction costs

For the year 1 April 2020 to 31 March 2021

Purchases	Transaction Value £	Commissions £	%	Taxes £	%
Equity instruments (direct)	208,776,532	52,198	0.03	63,985	0.03
Debt instruments (direct)	81,314,051	—	—	—	—
Collective investment schemes	435,082,645	496	0.00	—	—
Total purchases	725,173,228	52,694		63,985	
Total purchases including transaction costs	725,289,907				
Sales	Transaction Value £	Commissions £	%	Taxes £	%
Equity instruments (direct)	123,747,086	26,894	0.02	1,514	0.00
Debt instruments (direct)	97,787,534	—	—	—	—
Collective investment schemes	520,296,767	—	—	576	0.00
Total sales	741,831,387	26,894		2,090	
Total sales net of transaction costs	741,802,403				
Total transaction costs		79,588		66,075	
as a % of average net assets		0.04%		0.03%	

For the year 1 April 2019 to 31 March 2020

Purchases	Transaction Value £	Commissions £	%	Taxes £	%
Equity instruments (direct)	19	—	—	—	—
Debt instruments (direct)	191,762,539	—	—	—	—
Collective investment schemes	512,961,720	—	—	4	0.00
Total purchases	704,724,278	—		4	
Total purchases including transaction costs	704,724,282				
Sales	Transaction Value £	Commissions £	%	Taxes £	%
Equity instruments (direct)	20	—	—	—	—
Debt instruments (direct)	194,157,015	—	—	—	—
Collective investment schemes	807,484,085	—	—	1,378	0.00
Total sales	1,001,641,120	—		1,378	
Total sales net of transaction costs	1,001,639,742				
Total transaction costs		—		1,382	
as a % of average net assets		0.00%		0.00%	

ES River and Mercantile Dynamic Asset Allocation Fund

Notes to the Financial Statements continued

13 Portfolio transaction costs continued

The above analysis covers any direct transaction costs suffered by the sub-fund during the year. However, it is important to understand the nature of other transaction costs associated with different investment asset classes and instruments types.

Separately identifiable direct transaction costs (commissions and taxes etc.) are attributable to the sub-fund's purchase and sale of equity shares. Additionally for equity shares there is a dealing spread cost (the difference between the buying and selling prices) which will be suffered on purchase and sale transactions.

For the sub-fund's investment transactions in debt and money market instruments any applicable transaction charges form part of the dealing spread for these instruments.

For the sub-fund's investment in collective investment scheme holdings there will potentially be a dilution adjustment cost applicable to purchases and sales. However, additionally there are indirect transaction costs suffered in those underlying funds, throughout the holding period for the instruments, which are not separately identifiable and do not form part of the analysis above.

Dealing spread costs suffered by the sub-fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.

At the balance sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.13% (2020 - 0.11%).

ES River and Mercantile Dynamic Asset Allocation Fund

Notes to the Financial Statements continued

14 Share movement

	B-Class Accumulation shares	Z-Class Accumulation shares
Opening shares	39,359,102	13,785,493
Shares issued	2,715,740	904,669
Shares redeemed	(610,975)	(951,635)
Closing shares	41,463,867	13,738,527

15 Post balance sheet events

Subsequent to the sub-fund's year end, 31 March 2021, the spread of the Coronavirus pandemic has continued to cause widespread market and economic disruption. In the short-term, the sub-fund could be impacted by fluctuations in global stock markets, adverse investor sentiment and increased operational risks. The full impact of the virus remains unclear, however, a long-term adverse impact to the sub-fund is not expected.

The event has given rise to a non-adjusting subsequent event due to continued volatility in global markets after the sub-fund's reporting period. The NAV of the sub-fund as at 1 July 2021 was £215.4m, the impact of the volatility on the sub-fund's NAV between the end of the reporting period and this date was (13.5)%. The price movements per share class are shown below:

	B-Class Accumulation shares	Z-Class Accumulation shares
NAV 31 March 2021	147,939,039	100,950,319
NAV 1 July 2021	155,869,237	59,550,147
Movement	5.4%	(41.0%)
NAV per share 31 March 2021	356.79	734.80
NAV per share 1 July 2021	378.31	779.99
Movement	6.0%	6.1%

There have been significant redemptions during the period of 44.4% on the Z Class Accumulation shares.

The NAV of the sub-fund was reviewed again on 5 July 2021; there was no material movement in the NAV since 1 July 2021.

ES River and Mercantile Dynamic Asset Allocation Fund

Distribution tables for the year ended 31 March 2021

Group 1: shares purchased prior to a distribution period

Group 2: shares purchased during a distribution period

Equalisation is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as a return of capital. As capital it is not liable to Income tax but must be deducted from the cost of shares for Capital Gains tax purposes.

Interim dividend distribution in pence per share		Period 01/04/2020 — 30/09/2020		
	Net Revenue	Equalisation	Distribution paid 30/11/20	Distribution paid 30/11/19
B-Class Accumulation shares				
Group 1	5.1570	—	5.1570	1.4637
Group 2	4.5740	0.5830	5.1570	1.4637
Z-Class Accumulation shares				
Group 1	12.0107	—	12.0107	4.3948
Group 2	11.1516	0.8591	12.0107	4.3948

Final dividend distribution in pence per share		Period 01/10/2020 — 31/03/2021		
	Net Revenue	Equalisation	Distribution payable 31/05/21	Distribution paid 31/05/20
B-Class Accumulation shares				
Group 1	0.6381	—	0.6381	1.7176
Group 2	0.4758	0.1623	0.6381	1.7176
Z-Class Accumulation shares				
Group 1	2.8595	—	2.8595	4.9657
Group 2	2.1559	0.7036	2.8595	4.9657

ES River and Mercantile Global High Alpha Fund

Investment Objective

The investment objective of the sub-fund is to grow the value of your investment (known as “capital growth”) in excess of the MSCI All Country World Index (ACWI) Net Total Return (the “Benchmark”) over a rolling 5 year period, after the deduction of all fees.

Investment Policy

The sub-fund seeks to achieve its investment objective by investing at least 80% of its value in shares of global companies (including emerging markets). Investment can be direct, or indirect, in shares (including common and preference shares and units of common and preferred shares), rights for shares, warrants, depositary receipts (securities issued by banks that represent company shares), investment trusts (including REITS) and collective investment schemes.

Up to 20% of the sub-fund may be invested in collective investment schemes and cash. Investment can be direct or indirect as noted above.

Investment in collective investment schemes (which includes exchange traded funds) can include those operated and/or managed by the ACD or the Investment Manager.

The sub-fund may use derivatives for the purposes of reducing risk or cost or for generating extra income or growth (known as “efficient portfolio management”). As an example, the sub-fund may use forward contracts for currency hedging with the intention of reducing the risk arising from currency exposures in a cost-effective way.

The sub-fund is actively managed meaning the Investment Manager uses their expertise to pick investments to achieve the sub-fund’s objective. The Investment Manager typically defines “high alpha” as, in normal market conditions, a performance of 3% above the Benchmark over a rolling 5 year period. However, this may not always be possible in all market conditions. The Investment Manager does not use this, or any other figure, as a target for performance.

The Investment Manager will select shares for the sub-fund that fit the River and Mercantile PVT (Potential, Valuation and Timing) Investment Philosophy. This approach to investing has been in place since the PVT Team was launched in 2006. It looks for companies that are considered by the Investment Manager to have attractive “Potential” (the ability to grow shareholder value through increases in profits and cash), “Valuation” (the price of shares on the stock market is lower than the value the Investment Manager gives to the shares) and “Timing” (the extent to which analytical indicators that are supportive of investing at the time of analysis).

The sub-fund will invest in a broad range of companies by region, industry sector and size and does not have to hold the same companies that are included in the Benchmark or in the same weights. The sub-fund’s exposure to any one region will not be more than 25% above or below the Benchmark’s exposure to that region. The regions are: the US, the UK, Japan, Developed Europe ex UK, Developed Asia-Pacific ex Japan, other developed markets and Emerging Markets. The sub-fund follows MSCI’s categorisation of countries as Developed Markets, Emerging Markets or other. Exposure to any company will not be more than 4% above or below the Benchmark’s exposure to that company. Exposure to any industry sector will not be more than 8% above or below the benchmark’s exposure to that sector, measured at the Industry Group level of GICS (Global Industry Classification Standard).

ES River and Mercantile Global High Alpha Fund

Investment Manager's Review

Investment review

The ES River and Mercantile Global High Alpha Fund B share class delivered a +59.3% return, which compares to the benchmark's +38.9%. Overweighted to more economical sectors and an underweight to the United States supported relative returns. Source: River and Mercantile Asset Management LLP.

Resideo Technologies was the largest contributor. It rose +425%, as its US residential housing end market was strong which supported earnings upgrades through the year. It recently hosted a capital markets presentation which set out medium-term financial targets for revenue growth and profitability that are higher than current consensus. Copper miner **Freeport-McMoRan** was up +394% with the copper price at 10-year highs. A collection of media business performed well. **Criteo** (+293%) and **Tremor International** (+400%) both operate in digital advertising, with short- and medium-term tailwinds from cyclical recovery and structural growth from digital ads taking shape. **ViacomCBS** shares, up +417%, began to bake in a more supportive macro backdrop for ad revenues and greater success in their expansion into streaming. **Shop Apotheke Europe** is a leading European online pharmacy. Its shares were +252% as a beneficiary of lockdowns and increasing penetration for digital prescriptions. Source: River and Mercantile Asset Management LLP.

We bought media agency holding company **Omnicom**, a Quality thesis underpinned by a track record of high return on capital plus a strong balance sheet. Our research suggests large agencies are structurally better positioned than the market currently credits, and our attractive entry price provides a solid margin of safety against the risk that our take on industry structural change is flawed. **Owens Corning** develops and produces insulation, roofing, and fiberglass composites with particularly strong franchises in the US. It is well positioned for recovery in residential end markets and the secular sustainability trends of energy efficiency (insulation production) and renewable energy (composite material production e.g. wind turbines). Other buying activity focused on cyclical franchises which can emerge from the downturn with improved competitive dynamics, including **Prosieben** and **Whitbread**. We exited **Freeport McMoRan** into the rising share price following a review of the sustainability of their mining practices. We sold **ViacomCBS** into share price strength. The shares traded towards our 'blue-sky' valuation implying weak risk-reward. The share price implied a higher probability of success with their shift to streaming than is prudent, considering how competitive this space is. Other selling activity concentrated capital in higher conviction holdings while maintaining the overall tilts of the portfolio towards recovery, multi-cap and cheaper valuations. US financials such as **Bank of America** and **American Express** were an example of this.

Market Overview

Global equity markets rose robustly over the 12 months to 31 March 2021 (MSCI ACWI index +38.9% in GBP). Investor confidence in a strong economic recovery has risen. Excluding the significant economic shock of social distancing measures, all other economic inputs to growth are either running at full tilt today, namely interest rate policy, money supply growth, fiscal spending and green investment, or are poised to recover strongly, namely consumer and corporate spending and bank lending, when this enforced period of saving comes to an end. The confidence in re-opening was improved in November by the approval of several highly effective vaccines. The backdrop to the recovery was one of extreme levels of fiscal and monetary stimulus to 'reflate' the economy from governments and central banks. In this environment, cyclical, small cap and value were the best factors within equity markets.

Outlook

Dynamics within financial markets are starting to reflect that a regime shift may be underway to an environment where inflationary forces are more well-balanced, at least, with the disinflationary forces (demographics, technology, excess capacity in some parts of the economy) present for over a decade. In the US, the Biden administration has made it clear that it sees higher nominal economic growth as a tool for societal 'levelling up' and have made large commitments to fiscal spending towards this goal.

Valuations in pockets of the market which looked excessive have been many of the worst hit areas in the February sell-off last quarter. As such, this appears a 'well-behaved' correction rather than anything more ominous at this stage – credit spreads have been stable and looking at the internal dynamics of the stock market, what Stan Druckenmiller calls "the best economist I know", cyclicals outperformed defensives supported by superior earnings momentum. Increasing retail investor participation, rising levels of margin financing and plentiful liquidity are among the risks that we need to continue to monitor.

What remains curious, in an investment world with enough highly priced assets to raise the prospect of bubbles in multiple asset classes, is the relative ease with which one can find attractively valued equities of companies around the world capable of compounding value for shareholders (and broader stakeholders) over a multi-year horizon. Most of our holdings have now reported their 2020 results and provided guidance for the coming year and beyond. We have been positively surprised by the progress made over the last year in the most trying of conditions and are excited by

ES River and Mercantile Global High Alpha Fund

Investment Manager's Review continued

Outlook continued

some new opportunities that have emerged from these reports and subsequent meetings with management teams. The portfolio has a bias to the value factor and is therefore less exposed to some of the multiple-compression risks for long duration growth stocks that would continue to be a feature if bond yields rise further. Perhaps more importantly, we think the blend of Growth, Quality, Recovery and Asset-backed categories within the portfolio provides an attractive combination of earnings drivers – from self-help to structural growth – which positions the Fund well for the intermediate term.

Source: River and Mercantile Asset Management LLP

River and Mercantile
4 May 2021
Investment Adviser to the Fund

ES River and Mercantile Global High Alpha Fund

Portfolio Statement as at 31 March 2021

Holding	Investment	Market Value £	% of Net Assets
OVERSEAS COMPANIES – 92.72% (2020 – 94.33%)			
Automobiles & Components – 3.18% (2020 – 2.29%)			
18,770	BorgWarner	630,156	0.43
3,510	Continental	336,678	0.23
18,867	General Motors	785,885	0.53
39,329	Harley-Davidson	1,142,784	0.78
7,530	Porsche Automobil pref.	582,310	0.39
13,140	Toyota Industries	848,955	0.58
14,260	Valeo	351,793	0.24
Banks – 9.63% (2020 – 9.35%)			
186,400	Banco Santander	459,926	0.31
83,670	Bangkok Bank	244,515	0.17
287,447	Bank of Ireland	1,035,779	0.71
15,830	Bank of Kyoto	707,100	0.48
16,500	BNP Paribas	729,210	0.50
53,200	China Merchants Bank	294,360	0.20
319,620	CIMB	241,912	0.16
40,800	Citigroup	2,151,633	1.46
40,800	Citizens Financial	1,305,588	0.89
52,300	DBS	812,255	0.55
64,160	FinecoBank Banca Fineco	762,717	0.52
9,960	HDFC Bank	560,769	0.38
79,300	ING Groep	704,709	0.48
450,000	Intesa Sanpaolo	885,510	0.60
14,400	JP Morgan Chase & Co	1,589,876	1.08
65,520	Mediobanca Banca di Credito Finanziario	527,777	0.36
20,450	Sumitomo Mitsui Financial	537,484	0.37
29,622	Van Lanschot Kempen	600,565	0.41
Capital Goods – 8.63% (2020 – 5.70%)			
3,332	3M	465,398	0.32
12,800	AGC	388,307	0.26
8,600	Airbus	707,253	0.48
5,214	Caterpillar	877,276	0.60
12,000	Cie de Saint-Gobain	514,388	0.35
360	dormakaba	178,822	0.12
3,820	Eiffage	277,771	0.19
2,200	FANUC	377,785	0.26
13,450	GEA	402,159	0.27
71,020	General Electric	675,866	0.46
40,730	Heijmans	491,994	0.33
29,348	Johnson Controls International	1,269,258	0.86
25,060	nVent Electric	507,121	0.35
21,700	Owens Corning	1,449,498	0.99

ES River and Mercantile Global High Alpha Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Capital Goods continued		
2,450	Parker-Hannifin	560,124	0.38
14,100	Raytheon Technologies	789,567	0.54
58,750	Resideo Technologies	1,202,934	0.82
6,520	Siemens (Regd.)	777,468	0.53
2,630	Snap-on	439,973	0.30
9,200	TKH	320,695	0.22
	Commercial & Professional Services – 2.13% (2020 – 1.59%)		
5,400	Adecco	264,656	0.18
85,977	Applus Services	646,714	0.44
1,136,970	China Everbright Environment	557,546	0.38
54,600	Elis	646,977	0.44
486,219	Greentown Service	534,884	0.37
24,090	Intertrust	289,761	0.20
153,980	Valid Solucoes e Servicos de Seguranca em Meios de Pagamento e Identificacao	178,392	0.12
24,605	Valid Solucoes e Servicos de Seguranca em Meios de Pagamento e Identificacao Warrants 05/09/2022	3,350	0.00
	Consumer Durables & Apparel – 3.91% (2020 – 3.70%)		
26,420	Capri	976,603	0.67
18,800	Cie Financiere Richemont	1,313,756	0.89
24,400	Cie Financiere Richemont Warrants 22/11/2023	6,577	0.00
3,228,092	Consortio ARA	511,155	0.35
9,170	DR Horton	592,458	0.40
108,700	Fourlis	393,539	0.27
7,827	LG pref.	361,907	0.25
23,730	Mattel	342,784	0.23
33,930	Neinor Homes	302,910	0.21
12,400	Sony	942,667	0.64
	Consumer Services – 2.29% (2020 – 2.39%)		
476,300	Genting	418,778	0.29
30,760	Las Vegas Sands	1,354,626	0.92
21,820	MakeMyTrip	498,648	0.34
7,840	Starbucks	620,574	0.42
329,460	Wynn Macau	464,409	0.32
	Diversified Financials – 7.47% (2020 – 8.15%)		
7,500	Affiliated Managers	809,850	0.55
172,804	Anima	646,525	0.44
22,610	Artisan Partners Asset Management	854,942	0.58
154,968	Bolsa de Valores de Colombia	362,786	0.25
19,160	Charles Schwab	905,160	0.62
6,321	Eurazeo	349,462	0.24

ES River and Mercantile Global High Alpha Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Diversified Financials continued		
6,460	EXOR	395,777	0.27
7,970	Financiera Alba	287,528	0.20
49,100	Grupo de Inversiones Suramericana	209,167	0.14
12,040	Gruppo MutuiOnline	461,026	0.31
555,490	Haitong	371,832	0.25
14,580	Hong Kong Exchanges & Clearing	621,727	0.42
23,990	Jefferies Financial	523,374	0.36
124,650	Nomura	475,276	0.32
37,917	QIWI	291,859	0.20
17,800	SBI Inc/Japan	350,263	0.24
31,070	State Street	1,891,854	1.29
72,300	UBS	814,871	0.56
694,910	Value Partners	342,065	0.23
	Energy – 3.14% (2020 – 3.48%)		
46,806	Baker Hughes	732,775	0.50
330,600	CGG	288,666	0.20
37,650	Devon Energy	596,255	0.40
162,800	Enerplus	587,715	0.40
49,145	Eni	439,328	0.30
21,900	Japan Petroleum Exploration	295,195	0.20
60,804	NOV	604,206	0.41
149,170	Southwestern Energy	502,747	0.34
69,590	Tenaris	569,691	0.39
	Food & Staples Retailing – 0.31% (2020 – 0.60%)		
4,670	Walmart	459,756	0.31
	Food, Beverage & Tobacco – 1.86% (2020 – 3.12%)		
16,090	Coca-Cola	614,818	0.42
28,570	Coca-Cola Bottlers Japan	361,302	0.25
11,600	Danone	577,876	0.39
28,530	Kraft Heinz	827,136	0.56
60,800	Treasury Wine Estates	347,390	0.24
	Health Care Equipment & Services – 2.13% (2020 – 3.19%)		
19,768	Cegedim	404,150	0.28
15,500	Fresenius	501,746	0.34
13,900	Koninklijke Philips	576,355	0.39
4,840	McKesson	684,202	0.47
3,540	UnitedHealth	955,880	0.65
	Household & Personal Products – 0.92% (2020 – 1.66%)		
8,200	Colgate-Palmolive	468,393	0.32

ES River and Mercantile Global High Alpha Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
Household & Personal Products continued			
5,380	Henkel	387,035	0.26
109,850	PRADA	496,181	0.34
Insurance – 2.26% (2020 – 2.17%)			
10,200	American International	341,627	0.23
22,600	AXA	440,584	0.30
53,800	Dai-ichi Life	670,485	0.46
15,000	Grupo Catalana Occidente	433,810	0.29
49,381	Ping An Insurance of China	426,071	0.29
7,520	Samsung Life Insurance	376,126	0.26
18,200	Tokio Marine	628,406	0.43
Materials – 4.51% (2020 – 4.58%)			
6,385	BASF	385,145	0.26
178,083	Cemex	899,644	0.61
10,900	Dowa	328,880	0.22
303,500	Incitec Pivot	487,557	0.33
800	LG Chem	411,918	0.28
29,540	Mosaic	676,784	0.46
13,223	Okamoto Industries	364,711	0.25
7,800	Rio Tinto	476,883	0.33
540,300	Semen Indonesia Persero	280,393	0.19
206,570	South32	320,440	0.22
23,800	Taiheiyo Cement	454,436	0.31
21,500	Vicat	756,410	0.52
20,599	Westrock	776,662	0.53
Media & Entertainment – 8.99% (2020 – 9.26%)			
1,720	Alphabet	2,570,875	1.75
7,564	Baidu	1,192,302	0.81
32,260	DeNA	457,058	0.31
8,430	Facebook	1,799,585	1.23
65,855	Modern Times MTG	692,729	0.47
59,850	MultiChoice	378,818	0.26
1,152	Nintendo	466,975	0.32
22,900	Omnicom	1,230,728	0.84
2,300	Pearl Abyss	453,821	0.31
62,980	ProSiebenSat.1 Media	938,879	0.64
128,454	Solocal	313,174	0.21
2,450	Spotify Technology	475,812	0.32
12,260	Tencent	697,214	0.47
9,530	Walt Disney	1,274,673	0.87
36,410	Zynga	269,176	0.18

ES River and Mercantile Global High Alpha Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
Pharmaceuticals, Biotechnology & Life Sciences – 4.03% (2020 – 6.09%)			
8,210	Bayer	376,825	0.26
4,120	Eli Lilly	557,545	0.38
10,930	Johnson & Johnson	1,301,111	0.88
59,200	Nichi-iko Pharmaceutical	386,365	0.26
4,770	Novo Nordisk	235,421	0.16
39,720	Pfizer	1,043,021	0.71
1,520	Roche	357,554	0.24
8,159	Sanofi	585,566	0.40
15,150	Tsumura	392,521	0.27
67,887	Viartis	687,875	0.47
Real Estate – 2.32% (2020 – 2.06%)			
6,860	CBRE	393,442	0.27
54,500	Daibiru	509,764	0.35
39,400	Inmobiliaria Colonial Socimi	277,065	0.19
12,510	RE/MAX	357,338	0.24
3,139,520	Sime Darby Property	356,708	0.24
977,112	Swire Pacific	836,244	0.57
52,259	Tosei	382,884	0.26
282,450	Wing Tai	292,544	0.20
Retailing – 7.46% (2020 – 7.36%)			
60,100	Alibaba	1,232,660	0.84
440	Amazon.com	986,736	0.67
44,472	Blue Apron	202,101	0.14
810	Booking	1,367,812	0.93
28,719	eBay	1,274,527	0.87
9,940	Fnac Darty	443,274	0.30
22,300	JD.com	669,017	0.45
36,000	Jumbo	479,325	0.33
21,380	L Brands	958,745	0.65
320	MercadoLibre	341,438	0.23
10,660	Prosus	860,864	0.59
43,910	Rakuten	379,893	0.26
2,457	Shop Apotheke Europe	390,139	0.27
23,561	Trip.com	676,416	0.46
3,330	zooplus	692,154	0.47
Semiconductors & Semiconductor Equipment – 4.15% (2020 – 4.22%)			
14,240	Applied Materials	1,378,897	0.94
248,829	ASE Technology	679,482	0.46
28,470	Infineon Technologies	876,242	0.60
29,510	Intel	1,368,877	0.93
9,491	Micron Technology	606,868	0.41

ES River and Mercantile Global High Alpha Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Semiconductors & Semiconductor Equipment continued		
4,345	NXP Semiconductors	634,036	0.43
36,984	Veeco Instruments	555,953	0.38
	Software & Services – 5.89% (2020 – 5.73%)		
4,640	Accenture	929,076	0.63
8,940	Amadeus IT	459,832	0.31
40,168	Criteo	1,011,115	0.69
27,800	Dropbox	537,181	0.37
13,570	Fiserv	1,170,520	0.80
6,550	Microsoft	1,119,249	0.76
24,480	Oracle	1,245,025	0.85
7,080	PayPal	1,246,094	0.85
51,870	Western Union	927,096	0.63
	Technology Hardware & Equipment – 3.81% (2020 – 3.47%)		
13,960	Apple	1,236,133	0.84
20,700	Avnet	622,335	0.42
17,310	Cisco Systems	648,639	0.44
17,390	Datalogic	257,910	0.18
27,040	Hollysys Automation Technologies	244,589	0.17
7,540	Kyocera	347,235	0.24
5,100	Landis+Gyr	249,600	0.17
20,650	Samsung Electronics	1,076,488	0.73
64,760	Yageo	909,704	0.62
	Telecommunication Services – 0.14% (2020 – 1.09%)		
1,343,776	Link Net	209,209	0.14
	Transportation – 3.05% (2020 – 2.56%)		
2,492	Aena SME	293,164	0.20
5,420	FedEx	1,116,095	0.76
12,290	Fraport Frankfurt Airport Services Worldwide	541,790	0.37
16,740	Piraeus Port Authority	309,446	0.21
111,534	SATS	261,725	0.18
34,400	Seino	347,708	0.24
9,980	Southwest Airlines	441,892	0.30
165,909	Sydney Airport	566,020	0.39
15,070	Uber Technologies	595,285	0.40
	Utilities – 0.51% (2020 – 0.52%)		
763,640	China Longyuan Power	750,370	0.51

ES River and Mercantile Global High Alpha Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
UK COMPANY OR UK LISTED – 6.46% (2020 – 5.08%)			
UK – 6.46% (2020 – 5.08%)			
67,100	888	265,045	0.18
48,589	Anglo American	1,381,142	0.94
1,323,513	Capita	576,258	0.39
220,079	Chemring	584,310	0.40
213,600	Hunting	546,389	0.37
2,850,723	Lloyds Banking	1,212,555	0.83
21,949	Mail.Ru	363,510	0.25
33,048	Ocean Wilsons	277,603	0.19
206,250	Playtech	911,419	0.62
48,214	Prudential	742,737	0.51
59,999	RWS*	365,394	0.25
58,900	Subsea 7	429,489	0.29
149,426	Tremor International*	1,042,993	0.71
22,900	Whitbread	784,554	0.53
FORWARD CURRENCY CONTRACTS – 0.08% (2020 – 0.14%)			
£210,055	Forward Currency Contract 04/06/2021: UK sterling 210,055 vs Euro 246,862	(237)	0.00
£91,019	Forward Currency Contract 04/06/2021: UK sterling 91,019 vs Swiss Franc 118,299	(86)	0.00
£191,800	Forward Currency Contract 04/06/2021: UK sterling 191,800 vs US Dollar 264,801	(127)	0.00
US\$7,922,981	Forward Currency Contract 15/06/2021: US dollar 7,922,981 vs Euro 6,612,000	101,601	0.07
US\$1,576,142	Forward Currency Contract 15/06/2021: US dollar 1,576,142 vs Japanese Yen 170,819,000	21,185	0.01
Portfolio of investments		145,782,015	99.26
Net other assets		1,088,612	0.74
Net assets		146,870,627	100.00

Unless otherwise stated, all investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market.

All investments are in ordinary shares unless otherwise stated.

6.46% of the sub-fund's assets are listed in the UK.

The percentages in brackets show the equivalent percentage of net assets as at 31 March 2020.

*Security listed in AIM.

ES River and Mercantile Global High Alpha Fund

Comparative table

For the year ending:	31/03/2021	31/03/2020	31/03/2019
B-Class Accumulation shares	pence per share	pence per share	pence per share
Change in net assets per share			
Opening net asset value per share	247.55	317.98	312.02
Return before operating charges*	151.15	(67.45)	8.97
Operating charges**	(3.03)	(2.98)	(3.01)
Return after operating charges	148.12	(70.43)	5.96
Distributions	(2.31)	(4.76)	(4.10)
Retained distributions on accumulation shares	2.31	4.76	4.10
Closing net asset value per share	395.67	247.55	317.98
*After direct transaction costs of	(0.32)	(0.28)	(0.25)
Performance			
Return after charges	59.83%	(22.15)%	1.91%
Other information			
Closing net asset value (£)	9,849,638	267,028	339,703
Closing number of shares	2,489,343	107,867	106,830
Operating charges	0.93%	0.92%	0.94%
Direct transaction costs	0.10%	0.09%	0.08%
Prices			
Highest share price	400.05	353.54	344.28
Lowest share price	238.39	234.25	283.19

*Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dilution adjustments and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the sub-fund and share class returns before operating charges.

**The calculation of the operating charges figure is based on expenses paid by the sub-fund over the past twelve months. The Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee, to seek to achieve an Operating Charge of no more than 1.00%.

ES River and Mercantile Global High Alpha Fund

Comparative table continued

For the year ending:	31/03/2021	31/03/2020	31/03/2019
Z-Class Accumulation shares	pence per share	pence per share	pence per share
Change in net assets per share			
Opening net asset value per share	507.97	647.60	630.84
Return before operating charges*	311.09	(138.50)	17.99
Operating charges**	(1.07)	(1.13)	(1.23)
Return after operating charges	310.02	(139.63)	16.76
Distributions	(9.70)	(14.70)	(13.18)
Retained distributions on accumulation shares	9.70	14.70	13.18
Closing net asset value per share	817.99	507.97	647.60
*After direct transaction costs of	(0.67)	(0.57)	(0.50)
Performance			
Return after charges	61.03%	(21.56)%	2.66%
Other information			
Closing net asset value (£)	137,020,989	86,163,794	111,699,860
Closing number of shares	16,751,000	16,962,222	17,248,186
Operating charges	0.16%	0.17%	0.19%
Direct transaction costs	0.10%	0.09%	0.08%
Prices			
Highest share price	826.79	724.40	697.83
Lowest share price	489.20	480.55	575.63

*Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dilution adjustments and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the sub-fund and share class returns before operating charges.

**The calculation of the operating charges figure is based on expenses paid by the sub-fund over the past twelve months. The Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee, to seek to achieve an Operating Charge of no more than 0.25%.

ES River and Mercantile Global High Alpha Fund

Statement of Total Return for the year ended 31 March 2021

	Notes	1 April 2020 to 31 March 2021		1 April 2019 to 31 March 2020	
		£	£	£	£
Income					
Net capital gains/(losses)	2		56,952,561		(26,478,001)
Revenue	3	2,243,780		2,934,338	
Expenses	4	(192,080)		(132,945)	
Interest payable and similar charges	6	(1,691)		(2,721)	
Net revenue before taxation for the year		2,050,009		2,798,672	
Taxation	5	(259,400)		(289,494)	
Net revenue after taxation for the year			1,790,609		2,509,178
Total return before distributions			58,743,170		(23,968,823)
Distributions	7		(1,787,856)		(2,509,597)
Change in net assets attributable to Shareholders from investment activities			56,955,314		(26,478,420)

Statement of Change in Net Assets attributable to Shareholders for the year ended 31 March 2021

		1 April 2020 to 31 March 2021		1 April 2019 to 31 March 2020	
		£	£	£	£
Opening net assets attributable to Shareholders			86,430,822		112,039,563
Amounts received on creation of shares	25,379,484			8,905,850	
Amounts paid on cancellation of shares	(23,702,380)			(10,525,009)	
			1,677,104		(1,619,159)
Dilution adjustment			49,890		16
Change in net assets attributable to Shareholders from investment activities			56,955,314		(26,478,420)
Retained distributions on accumulation shares			1,757,497		2,488,822
Closing net assets attributable to Shareholders			146,870,627		86,430,822

ES River and Mercantile Global High Alpha Fund

Balance Sheet as at 31 March 2021

	Notes	31 March 2021		31 March 2020	
		£	£	£	£
ASSETS					
Fixed assets					
Investments			145,782,465		86,060,408
Current assets					
Debtors	8	1,090,043		2,199,436	
Cash and bank balances		961,559		71,712	
Total other assets			2,051,602		2,271,148
Total assets			147,834,067		88,331,556
LIABILITIES					
Investment liabilities			(450)		(22,108)
Creditors					
Bank overdrafts		—		(406,112)	
Other creditors	9	(962,990)		(1,472,514)	
Total other liabilities			(962,990)		(1,878,626)
Total liabilities			(963,440)		(1,900,734)
Net assets attributable to Shareholders			146,870,627		86,430,822

ES River and Mercantile Global High Alpha Fund

Notes to the Financial Statements

1 Accounting policies

The accounting policies for the sub-fund are set out on pages 6 to 7.

2 Net capital gains/(losses)

	31 March 2021 £	31 March 2020 £
The net capital gains/(losses) during the year comprise:		
Non-derivative securities	57,112,852	(26,581,254)
Derivative securities	10,189	—
Forward currency contracts	3,523	177,432
Currency losses	(130,967)	(16,604)
Custodial transaction fees	(43,036)	(57,575)
Net capital gains/(losses)	<u>56,952,561</u>	<u>(26,478,001)</u>

3 Revenue

	31 March 2021 £	31 March 2020 £
Bank interest	31	832
Franked UK dividends	90,963	137,878
Non-taxable overseas dividends	2,113,777	2,686,130
Non-US overseas REIT dividends	7,361	5,939
Stock dividends	24,962	—
Taxable overseas dividends	6,686	103,559
	<u>2,243,780</u>	<u>2,934,338</u>

ES River and Mercantile Global High Alpha Fund

Notes to the Financial Statements continued

4 Expenses

	31 March 2021 £	31 March 2020 £
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	<u>32,659</u>	<u>2,561</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	18,033	21,676
Safe custody fees	<u>25,751</u>	<u>35,173</u>
	<u>43,784</u>	<u>56,849</u>
Other expenses:		
Audit fee*	12,098	9,983
Fund accounting fees	33,266	29,183
Legal and professional fees	258	3,878
Registration fees	(173)	1,366
Transfer agency fees	50,415	22,725
Other fees	<u>19,773</u>	<u>6,400</u>
	<u>115,637</u>	<u>73,535</u>
Total expenses	<u><u>192,080</u></u>	<u><u>132,945</u></u>

*Total audit fees of £9,313 (2020 - £8,466) exclusive of VAT.

ES River and Mercantile Global High Alpha Fund

Notes to the Financial Statements continued

5 Taxation

	31 March 2021 £	31 March 2020 £
a) Analysis of taxation charge in year		
Overseas tax	<u>259,400</u>	<u>289,494</u>
Total taxation	<u>259,400</u>	<u>289,494</u>

b) Factors affecting taxation charge for the year

The tax assessed for the year is lower (2020: lower) than the standard rate of corporation tax in the UK for an Open Ended Investment Company with variable capital (20%) (2020: 20%). The difference is explained below:

Net revenue before taxation for the year	<u>2,050,009</u>	<u>2,798,672</u>
Return on ordinary activities before taxation at the applicable rate of Corporation tax in the UK of 20% (2020: 20%)	410,002	559,734
Effects of:		
Movement in tax losses	37,611	14,133
Overseas tax	259,400	289,494
Prior year adjustment to tax losses	—	(4,001)
Relief on overseas tax expensed	(201)	(3,877)
Revenue not subject to tax	<u>(447,412)</u>	<u>(565,989)</u>
Total taxation	<u>259,400</u>	<u>289,494</u>

Open Ended Investment Companies are not liable to Corporation tax on capital gains arising on the disposal of investments or revaluation of the sub-fund's portfolio. Therefore, any capital return is not included in the above reconciliation.

c) Provision for deferred tax

There is no deferred tax provision in the current or preceding year.

At the year end there is a potential deferred tax asset of £86,739 (£49,128 as at 31 March 2020) due to tax losses. It is unlikely the sub-fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised (same as at 31 March 2020).

6 Interest payable and similar charges

	31 March 2021 £	31 March 2020 £
Interest	<u>1,691</u>	<u>2,721</u>
	<u>1,691</u>	<u>2,721</u>

ES River and Mercantile Global High Alpha Fund

Notes to the Financial Statements continued

7 Distributions

The distributions take account of revenue received on the creation of shares and deducted on the cancellation of shares, and comprise:

	31 March 2021 £	31 March 2020 £
Interim	1,030,909	1,700,000
Final	<u>726,588</u>	<u>788,822</u>
	1,757,497	2,488,822
Add: revenue deducted on cancellation of shares	66,994	69,150
Deduct: revenue received on creation of shares	<u>(36,635)</u>	<u>(48,375)</u>
	1,787,856	2,509,597
Distributions for the year	<u>1,787,856</u>	<u>2,509,597</u>
Reconciliation between net revenue after taxation for the year and the distributions:		
Net revenue after taxation for the year	1,790,609	2,509,178
Equalisation on conversions	(3,709)	—
Expenses transferred to capital	<u>956</u>	<u>419</u>
Distributions for the year	<u>1,787,856</u>	<u>2,509,597</u>

8 Debtors

	31 March 2021 £	31 March 2020 £
Accrued revenue	260,037	227,166
Amounts receivable for issue of shares	29,038	76,975
Foreign currency contracts awaiting settlement	34,832	762,510
Overseas tax recoverable	119,134	133,541
Sales awaiting settlement	<u>647,002</u>	<u>999,244</u>
	<u>1,090,043</u>	<u>2,199,436</u>

9 Other creditors

	31 March 2021 £	31 March 2020 £
Other creditors		
Accrued expenses	119,071	74,279
Amounts payable for cancellation of shares	809,256	37,759
Foreign currency contracts awaiting settlement	34,663	762,869
Purchases awaiting settlement	<u>—</u>	<u>597,607</u>
	<u>962,990</u>	<u>1,472,514</u>

10 Contingent liabilities and outstanding commitments

There were no commitments or contingent liabilities at the balance sheet date (31 March 2020: same).

11 Related party transactions

Equity Trustees Fund Services Ltd, as ACD, is a related party, and acts as principal in respect of all the transactions of shares in the company. The aggregate monies received through the creation and cancellation of shares are disclosed in the Statement of Change in Net Assets attributable to Shareholders. The amounts

ES River and Mercantile Global High Alpha Fund

Notes to the Financial Statements continued

11 Related party transactions continued

outstanding at the year end are disclosed in notes 8 and 9 as amounts receivable on creation of shares and amounts payable on cancellation of shares respectively.

As at 31 March 2021, River and Mercantile Asset Management LLP, which is the Investment Manager, held 0.00% of the shares in issue (0.00% as at 31 March 2020).

Amounts paid to Equity Trustees Fund Services Ltd in respect of the ACD, associates of the ACD and agents of either of them are disclosed in note 4. The balance outstanding as at the year end was £6,510 (£175 as at 31 March 2020).

12 Financial instruments

The main risks and the ACD's policy for managing these risks, are stated within the notes applicable to the financial statements of all the sub-funds of the ES River and Mercantile Funds ICVC.

a) Credit risk

Certain transactions in securities that the sub-fund enters into expose it to risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the sub-fund has fulfilled its responsibility.

This risk is managed by appraising the credit profile of financial instruments and trade counterparties.

At 31 March 2021, the sub-fund held non exchange traded derivatives in the form of forward currency contracts.

The counterparty exposure is shown below:

Counterparty Details of OTC Financial Derivative Transactions	Forwards Assets £	Forwards Liabilities £
The Bank of New York Mellon	122,786	—
JP Morgan Chase Bank	—	(127)
Northern Trust	—	(323)

At 31 March 2020, the sub-fund held non exchange traded derivatives in the form of forward currency contracts.

The counterparty exposure is shown below:

Counterparty Details of OTC Financial Derivative Transactions	Forwards Assets £	Forwards Liabilities £
The Bank of New York Mellon	39,729	(11,372)
JP Morgan Chase Bank	167,182	(73,892)

No collateral is held or pledged (2020: same)

b) Valuation of financial investments

The categorisation of financial investments in the tables below reflects the methodology used to measure their fair value.

31 March 2021		Assets £	Liabilities £
Level 1	Unadjusted quoted price in an active market for an identical instrument	145,649,752	—
Level 2	Valuation techniques using observable inputs other than quoted prices within level 1	132,713	(450)
		145,782,465	(450)

ES River and Mercantile Global High Alpha Fund

Notes to the Financial Statements continued

12 Financial instruments continued

b) Valuation of financial investments continued

31 March 2020		Assets £	Liabilities £
Level 1	Unadjusted quoted price in an active market for an identical instrument	85,916,653	—
Level 2	Valuation techniques using observable inputs other than quoted prices within level 1	143,755	(22,108)
		86,060,408	(22,108)

c) Foreign currency risk

Foreign currency risk is the risk of movements in the value of overseas financial instruments as a result of fluctuations in exchange rates. The risk may be managed by the utilisation of forward currency contracts as necessary.

The currency profile for the sub-fund's net assets at the balance sheet date was:

31 March 2021 Currency	Net foreign currency assets		Total £
	Monetary exposures £	Non-monetary exposures £	
Australian Dollar	428	2,227,655	2,228,083
Brazilian Real	167	189,010	189,177
Canadian Dollar	4,737	588,514	593,251
Colombian Peso	1	571,953	571,954
Danish Krone	2,914	239,169	242,083
Euro	1,547	23,201,214	23,202,761
Hong Kong Dollar	6,333	8,294,579	8,300,912
Indonesian Rupiah	—	489,602	489,602
Japanese Yen	14,025	10,403,217	10,417,242
Korean Won	—	2,732,369	2,732,369
Malaysian Ringgit	—	1,029,092	1,029,092
Mexican Peso	175	511,154	511,329
Norwegian Krone	171	430,099	430,270
Singapore Dollar	4,012	1,366,524	1,370,536
South African Rand	224	378,818	379,042
Swedish Krona	300	692,729	693,029
Swiss Franc	8,135	3,187,966	3,196,101
Taiwan Dollar	—	1,589,186	1,589,186
Thai Baht	—	244,515	244,515
US Dollar	48,590	79,107,396	79,155,986
	91,759	137,474,761	137,566,520

ES River and Mercantile Global High Alpha Fund

Notes to the Financial Statements continued

12 Financial instruments continued

c) Foreign currency risk continued

31 March 2020 Currency	Monetary exposures £	Net foreign currency assets	
		Non-monetary exposures £	Total £
Australian Dollar	227	779,147	779,374
Brazilian Real	12,502	1,213,173	1,225,675
Canadian Dollar	2,127	129,284	131,411
Colombian Peso	1	446,133	446,134
Danish Krone	7,504	518,892	526,396
Euro	3,978	11,938,958	11,942,936
Hong Kong Dollar	546	5,812,013	5,812,559
Indonesian Rupiah	—	588,737	588,737
Japanese Yen	10,216	7,774,870	7,785,086
Korean Won	—	1,303,416	1,303,416
Malaysian Ringgit	—	968,166	968,166
Mexican Peso	169	284,690	284,859
Norwegian Krone	155	1,781	1,936
Singapore Dollar	5,168	938,437	943,605
South African Rand	421	216,231	216,652
Swedish Krona	294	248,548	248,842
Swiss Franc	197	1,722,070	1,722,267
Taiwan Dollar	—	529,488	529,488
Thai Baht	—	206,681	206,681
US Dollar	28,207	44,859,581	44,887,788
	71,712	80,480,296	80,552,008

d) Derivative risk

At the balance sheet date, no derivatives were held that could impact the sub-fund in a significant way (2020: same).

e) Interest rate risk

Interest rate risk is the risk of movements in the value of financial instruments as a result of fluctuations in interest rates.

The interest rate risk exposure of the sub-fund is not considered to be significant.

f) Sensitivity analysis

Currency risk

If sterling (the sub-fund base currency) increased by 10% against non-sterling currencies as at the balance sheet date the net asset value of the Fund would have decreased by £13,756,652 (2020: £8,055,201). A weakening in sterling against non-sterling currencies of 10% will have resulted in an equal but opposite effect.

Price risk

If market prices had increased by 10% as at the balance sheet date the net asset value of the Fund would have increased by £14,565,968 (2020: £8,591,665). A weakening in market prices of 10% will have resulted in an equal but opposite effect.

ES River and Mercantile Global High Alpha Fund

Notes to the Financial Statements continued

12 Financial instruments continued

g) Leverage

The sub-fund did not employ significant leverage during the year.

13 Portfolio transaction costs

For the year 1 April 2020 to 31 March 2021

Purchases	Transaction Value £	Commissions £	%	Taxes £	%
Equity instruments (direct)	68,033,707	36,040	0.05	39,695	0.06
Total purchases	68,033,707	36,040		39,695	
Total purchases including transaction costs	68,109,442				
Sales	Transaction Value £	Commissions £	%	Taxes £	%
Equity instruments (direct)	65,814,364	37,056	0.06	13,890	0.02
Total sales	65,814,364	37,056		13,890	
Total sales net of transaction costs	65,763,418				
Total transaction costs		73,096		53,585	
as a % of average net assets		0.06%		0.04%	

For the year 1 April 2019 to 31 March 2020

Purchases	Transaction Value £	Commissions £	%	Taxes £	%
Equity instruments (direct)	45,004,354	26,745	0.06	32,424	0.07
Collective investment schemes	103,905	63	0.06	—	—
Total purchases	45,108,259	26,808		32,424	
Total purchases including transaction costs	45,167,491				
Sales	Transaction Value £	Commissions £	%	Taxes £	%
Equity instruments (direct)	42,746,645	28,325	0.07	9,864	0.02
Collective investment schemes	695,489	319	0.05	4	0.00
Total sales	43,442,134	28,644		9,868	
Total sales net of transaction costs	43,403,622				
Total transaction costs		55,452		42,292	
as a % of average net assets		0.05%		0.04%	

ES River and Mercantile Global High Alpha Fund

Notes to the Financial Statements continued

13 Portfolio transaction costs continued

The above analysis covers any direct transaction costs suffered by the sub-fund during the year. However, it is important to understand the nature of other transaction costs associated with different investment asset classes and instruments types.

Separately identifiable direct transaction costs (commissions and taxes etc.) are attributable to the sub-fund's purchase and sale of equity shares. Additionally for equity shares there is a dealing spread cost (the difference between the buying and selling prices) which will be suffered on purchase and sale transactions.

For the sub-fund's investment in collective investment scheme holdings there will potentially be a dilution adjustment cost applicable to purchases and sales. However, additionally there are indirect transaction costs suffered in those underlying funds, throughout the holding period for the instruments, which are not separately identifiable and do not form part of the analysis above.

Dealing spread costs suffered by the sub-fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.

At the balance sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.14% (2020 - 0.30%).

14 Share movement

	B-Class Accumulation shares	Z-Class Accumulation shares
Opening shares	107,867	16,962,222
Shares issued	453,733	4,000,165
Shares redeemed	(461,056)	(3,052,266)
Shares converted	2,388,799	(1,159,121)
Closing shares	2,489,343	16,751,000

15 Post balance sheet events

Subsequent to the sub-fund's year end, 31 March 2021, the spread of the Coronavirus pandemic has continued to cause widespread market and economic disruption. In the short-term, the sub-fund could be impacted by fluctuations in global stock markets, adverse investor sentiment and increased operational risks. The full impact of the virus remains unclear, however, a long-term adverse impact to the sub-fund is not expected.

The event has given rise to a non-adjusting subsequent event due to continued volatility in global markets after the sub-fund's reporting period. The NAV of the sub-fund as at 1 July 2021 was £151.2m, the impact of the volatility on the sub-fund's NAV between the end of the reporting period and this date was 3.0%. The price movements per share class are shown below:

	B-Class Accumulation shares	Z-Class Accumulation shares
NAV 31 March 2021	9,849,638	137,020,989
NAV 1 July 2021	10,399,318	140,830,789
Movement	5.6%	2.8%
NAV per share 31 March 2021	395.67	817.99
NAV per share 1 July 2021	407.27	843.54
Movement	2.9%	3.1%

There have been no significant redemptions on the sub-fund or any of the share classes since the reporting date 31 March 2021.

ES River and Mercantile Global High Alpha Fund

Notes to the Financial Statements continued

15 Post balance sheet events continued

The NAV of the sub-fund was reviewed again on 5 July 2021; there was no material movement in the NAV since 1 July 2021.

ES River and Mercantile Global High Alpha Fund

Distribution tables for the year ended 31 March 2021

Group 1: shares purchased prior to a distribution period

Group 2: shares purchased during a distribution period

Equalisation is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as a return of capital. As capital it is not liable to Income tax but must be deducted from the cost of shares for Capital Gains tax purposes.

Interim dividend distribution in pence per share		Period 01/04/2020 — 30/09/2020		
	Net Revenue	Equalisation	Distribution paid 30/11/20	Distribution paid 30/11/19
B-Class Accumulation shares				
Group 1	1.5571	—	1.5571	3.7007
Group 2	0.9271	0.6300	1.5571	3.7007
Z-Class Accumulation shares				
Group 1	5.4728	—	5.4728	10.0536
Group 2	4.2661	1.2067	5.4728	10.0536

Final dividend distribution in pence per share		Period 01/10/2020 — 31/03/2021		
	Net Revenue	Equalisation	Distribution payable 31/05/21	Distribution paid 31/05/20
B-Class Accumulation shares				
Group 1	0.7483	—	0.7483	1.0550
Group 2	0.6233	0.1250	0.7483	1.0550
Z-Class Accumulation shares				
Group 1	4.2264	—	4.2264	4.6438
Group 2	3.7268	0.4996	4.2264	4.6438

ES River and Mercantile European Fund

Investment Objective

The investment objective of the sub-fund is to achieve a return (income and growth in the value of your investment (known as “capital growth”)) over a rolling period of at least five years, by investing in a core concentrated portfolio of shares of European companies (typically numbering between 30 and 50). A rolling period of at least five years has been chosen because it is broadly similar to the length of an average business cycle (as defined in the investment policy).

Investment Policy

The sub-fund aims to achieve its objective over a business cycle, which is a multi-year period of time during which economic conditions are expected to move through distinct periods of being supportive and unsupportive of companies’ trading activities. The sub-fund will provide a dividend stream for investors derived from companies that the Investment Manager considers to have strong ESG characteristics, (meaning they contribute in a positive way to their customers and society) and which the Investment Manager believes are sustainable (expected to continue to demonstrate strong ESG characteristics), and appropriate with reference to the business cycle. The Investment Manager will assess the strength of ESG characteristics in accordance with its ESG Policy, available at www.equitytrustees.com.

The length of a business cycle varies and as such investors looking to measure the sub-fund’s performance against its objective should do so over a rolling period of at least five years.

The sub-fund seeks to achieve its investment objective by investing at least 80% of its value in shares of European companies which are domiciled, incorporated, or have significant operations in Europe (excluding the UK). Investment can be direct, or indirect, in shares (including common and preference shares), rights for shares, warrants, depositary receipts (securities issued by banks that represent company shares), investment trusts (including REITS) and collective investment schemes.

Up to 20% of the sub-fund may be invested in shares of ‘non-European’ companies (including emerging markets and the UK), collective investment schemes and cash. The sub-fund’s investment into UK companies may be up to 10% of the sub-fund’s net assets, but typically will not exceed 5% of the sub-fund’s net assets. Investment can be direct or indirect as noted above.

Investment in collective investment schemes (which includes exchange traded funds) can include those operated and/or managed by the ACD or the Investment Manager, and is limited to 10% of the overall sub-fund value.

The sub-fund may use derivatives for the purposes of reducing risk or cost or for generating extra income or growth (known as “efficient portfolio management”). As an example, the sub-fund may use forward contracts for currency hedging with the intention of reducing the risk arising from currency exposures in a cost-effective way.

The sub-fund is actively managed, meaning the Investment Manager will use their expertise to pick investments to achieve the sub-fund’s objectives.

The Investment Manager will use the River and Mercantile PVT (Potential, Valuation and Timing) Investment Philosophy and a business cycle framework to select shares. The PVT Investment Philosophy has been in place since the PVT Team was launched in 2006 and looks for companies that are considered by the Investment Manager to have attractive “Potential” (the ability to grow shareholder value through increases in profits and cash), “Valuation” (the price of shares on the stock market is lower than the value the Investment Manager gives to the shares) and “Timing” (the extent to which analytical indicators are supportive of investing at the time of analysis). The business cycle framework entails an analysis of the likely prevailing environment for various types of businesses and tilting the portfolio accordingly, particularly at economic turning points. The Investment Manager considers the PVT Investment Philosophy and business cycle framework to be highly complementary approaches to stock picking and portfolio construction.

The sub-fund will invest in a range of companies by industry sector and size. Although its investments are not restricted by reference to a benchmark the sub-fund will invest in a limited number of companies which means that the sub-fund will be concentrated. This absence of any benchmark constraints gives the Investment Manager wider scope to be dynamic in its investment decisions (for example by allowing the Investment Manager to change investments when they believe necessary in line with market circumstances to achieve the sub-fund’s objective) than if they were required to invest within such controls.

ES River and Mercantile European Fund

Investment Manager's Review

Investment Review & Outlook

The ES River & Mercantile European Fund was launched on 30 September 2020.

The top-down framework for the sub-fund is a business cycle approach, which guides the overall skew of the portfolio from cyclical style groups in the early-cycle phase, through later cycle cyclicals and growth stocks in the mid-cycle, and finally into more defensive assets towards the end of the cycle. It also embeds an element of pragmatism allowing for shorter term shifts depending on both tactical considerations such as market behaviour and technical analysis, and strategic considerations such as regime shift and relative intra market valuations.

It is the Investment manager's assessment that we are at a relatively early cycle phase after a longer and flatter cycle than is usual from 2009 to 2020 which in investment terms was dominated by the secure growth, and latterly high growth styles. Given this, the sub-fund has a pro-cyclical tilt.

Pragmatically, given we launched at the beginning of the second wave of Covid infections in Europe, the sub-fund started with a judicious overweight to the pro cyclical style groups of Consumer Cyclical (example stocks include **Elis** and **Dometic**), Industrial Cyclicals (such as **Valmet** and **Bossard**) and Financials (such as **ING** and **AXA**). We increased this overweight aggressively on the positive vaccine news flow at the beginning of November, which explains the relative performance since then as these types of companies have outperformed since.

We note we are near a peak in year over year economic momentum and that many cyclicals have performed very strongly. On this basis, and given the cycle continues to progress we have taken profits in our deeper value areas such as banks and reinvested judiciously in some underperforming Growth stocks with palatable valuations, although we remain underweight in this area. We keep a significant weighting to industrials and also Commodity Cyclicals which should provide upside should the nascent inflation pick-up become more embedded. This is a key tail risk for many highly valued stocks in the market but one we are aiming to have a positive influence on our overall portfolio.

Our bottom up stock picking also contributed positively. In particular, key positions such as **Saint Gobain**, **Verallia**, **Valmet**, **VW**, **NKT** and **Walt Disney** helped, whereas defensives such as **Danone**, **Fjordkraft** and **Sanofi** detracted.

Source: River and Mercantile Asset Management LLP

River and Mercantile
4 May 2021
Investment Adviser to the Fund

ES River and Mercantile European Fund

Portfolio Statement as at 31 March 2021

Holding	Investment	Market Value £	% of Net Assets
EUROPEAN COMPANY (EX UK) – 92.87%			
Automobiles & Components – 4.52%			
53,304	Dometic	560,705	2.45
264	Faurecia	10,217	0.04
2,289	Volkswagen pref.	465,249	2.03
Banks – 6.97%			
81,277	ING Groep	722,278	3.15
7,223	KBC	381,486	1.66
55,981	Skandinaviska Enskilda Banken	494,832	2.16
Capital Goods – 22.23%			
11,823	ABB	260,042	1.13
4,418	Alfen Beheer	263,823	1.15
4,895	Bossard	780,335	3.41
5,643	Cargotec	221,028	0.96
16,293	Cie de Saint-Gobain	698,410	3.05
4,979	IMCD	502,608	2.19
2,377	Legrand	160,613	0.70
22,100	NKT	696,107	3.04
6,326	Prysmian	149,326	0.65
29,773	Uponor	478,336	2.09
33,582	Valmet	884,249	3.86
Commercial & Professional Services – 3.79%			
73,267	Elis	868,169	3.79
Consumer Durables & Apparel – 9.81%			
19,184	Accell	643,062	2.81
5,571	EssilorLuxottica	658,943	2.87
830	LVMH Moet Hennessy Louis Vuitton	401,672	1.75
2,602	Swatch AG/The	544,647	2.38
Diversified Financials – 1.36%			
27,655	UBS	311,691	1.36
Energy – 2.23%			
67,010	Fugro	510,609	2.23
Food, Beverage & Tobacco – 7.47%			
13,419	Bakkafrost P/F	770,784	3.36

ES River and Mercantile European Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Food, Beverage & Tobacco continued		
5,123	Carlsberg	572,815	2.50
7,405	Danone	368,894	1.61
	Household & Personal Products – 1.85%		
18,511	Essity	423,914	1.85
	Insurance – 5.00%		
22,114	AXA	431,109	1.88
12,503	Grupo Catalana Occidente	361,596	1.58
10,765	Sampo	353,606	1.54
	Materials – 12.63%		
5,482	Arkema	482,635	2.11
34,719	Boliden	935,975	4.08
26,342	UPM-Kymmene	688,900	3.01
30,012	Verallia	786,156	3.43
	Media & Entertainment – 2.45%		
17,315	Nordic Entertainment	560,664	2.45
	Pharmaceuticals, Biotechnology & Life Sciences – 7.28%		
4,676	Merck	581,761	2.54
15,155	Novo Nordisk	747,969	3.26
4,712	Sanofi	338,177	1.48
	Semiconductors & Semiconductor Equipment – 2.32%		
17,285	Infineon Technologies	531,993	2.32
	Software & Services – 1.80%		
3,407	Sopra Steria SACA	413,577	1.80
	Utilities – 1.16%		
45,086	Fjordkraft	266,438	1.16
	NON-EUROPEAN COMPANY – 4.13%		
	Japan – 2.72%		
8,200	Sony	623,377	2.72

ES River and Mercantile European Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	United States of America – 1.41%		
2,408	Walt Disney	322,079	1.41
	Portfolio of investments	22,230,856	97.00
	Net other assets	687,776	3.00
	Net assets	22,918,632	100.00

Unless otherwise stated, all investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market.

All investments are in ordinary shares unless otherwise stated.

The Sub-fund launched on 30 September 2020, hence there are no comparatives.

ES River and Mercantile European Fund

Comparative table

For the period ending:	31/03/2021+
B-Class Distribution shares	pence per share
Change in net assets per share	
Opening net asset value per share	100.00
Return before operating charges*	15.26
Operating charges**	(0.46)
Return after operating charges	14.80
Distributions	(0.85)
Retained distributions on accumulation shares	0.00
Closing net asset value per share	113.95
*After direct transaction costs of	(0.31)
Performance	
Return after charges	14.80%
Other information	
Closing net asset value (£)	2,247,457
Closing number of shares	1,972,259
Operating charges	0.95%
Direct transaction costs	0.69%
Prices	
Highest share price	115.73
Lowest share price	91.58

+Launched on 30 September 2020.

*Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dilution adjustments and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the sub-fund and share class returns before operating charges.

**The calculation of the operating charges figure is based on expenses paid by the sub-fund over the past twelve months. The Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee, to seek to achieve an Operating Charge of no more than 0.95%.

ES River and Mercantile European Fund

Comparative table continued

For the period ending:	31/03/2021+
F-Class Accumulation shares	pence per share
Change in net assets per share	
Opening net asset value per share	100.00
Return before operating charges*	17.11
Operating charges**	(0.24)
Return after operating charges	16.87
Distributions	(0.87)
Retained distributions on accumulation shares	0.87
Closing net asset value per share	116.87
*After direct transaction costs of	(0.34)
Performance	
Return after charges	16.87%
Other information	
Closing net asset value (£)	7,020,080
Closing number of shares	6,006,864
Operating charges	0.45%
Direct transaction costs	0.64%
Prices	
Highest share price	117.99
Lowest share price	93.03

+Launched on 30 September 2020.

*Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dilution adjustments and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the sub-fund and share class returns before operating charges.

**The calculation of the operating charges figure is based on expenses paid by the sub-fund over the past twelve months. The Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee, to seek to achieve an Operating Charge of no more than 0.45%.

ES River and Mercantile European Fund

Comparative table continued

For the period ending:	31/03/2021+
F-Class Distribution shares	pence per share
Change in net assets per share	
Opening net asset value per share	100.00
Return before operating charges*	16.82
Operating charges**	(0.24)
Return after operating charges	16.58
Distributions	(0.88)
Closing net asset value per share	115.70
*After direct transaction costs of	(0.34)
Performance	
Return after charges	16.58%
Other information	
Closing net asset value (£)	13,651,095
Closing number of shares	11,798,508
Operating charges	0.45%
Direct transaction costs	0.64%
Prices	
Highest share price	117.50
Lowest share price	92.81

+Launched on 30 September 2020.

*Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dilution adjustments and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the sub-fund and share class returns before operating charges.

**The calculation of the operating charges figure is based on expenses paid by the sub-fund over the past twelve months. The Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee, to seek to achieve an Operating Charge of no more than 0.45%.

ES River and Mercantile European Fund

Synthetic Risk Reward Indicator (SRRI)



Typically Lower Rewards

Typically Higher Rewards



Please note, the category stated above is the same for each class of share within the sub-fund.

The Synthetic Risk & Reward Indicator is based on how much the returns of the shares have varied over the last five years, or since launch (whichever is the shorter period). The higher the rank the greater the potential reward but also the greater the risk of losing money.

The shaded area in the Indicator shows the sub-fund's ranking on the Synthetic Risk & Reward Indicator. Historical data is used to calculate the ranking and this may not be a reliable indication for the future ranking and might change.

The sub-fund may not achieve its investment objective and/or you could lose money on your investment in the sub-fund.

The following risks are materially relevant to the sub-fund but may not be adequately captured by the Risk and Reward Indicator, and may cause additional loss:

- Liquidity risk: securities in the sub-fund may be sold below their valuation due to insufficient liquidity in the market.
- Foreign exchange risk: the sub-fund invests in international securities which are denominated in foreign currencies whose fluctuations may increase the sub-fund's volatility and losses.
- Collective Investment Schemes risk: the sub-fund may invest in collective investment schemes and exchange trade funds (ETFs). It may be difficult for the sub-fund in extreme market conditions to redeem its shares from the collective investment schemes or ETFs at short notice without suffering a loss. Investing in a collective investment scheme or ETF may lead to payment by the sub-fund of additional fees and expenses in relation to those collective investment schemes or ETFs.
- Derivative risk: Derivatives may be used to reduce risk to the sub-fund, but may not always be effective and the sub-fund may still suffer a loss.

Summary of Largest Portfolio Changes

The table below shows the top ten purchases and sales for the period.

Purchases	£	Sales	£
Boliden	986,231	Volkswagen	428,852
Elis	905,458	Cargotec	407,107
Valmet	841,709	UBS	245,867
Novo Nordisk	811,506	Swedbank	244,266
Bossard	805,868	Vestas Wind Systems	232,757
UPM-Kymmene	768,718	Kinopolis	196,486
Verallia	722,944	Air Liquide	195,361
Bakkafrost P/F	696,302	Roche	178,373
Volkswagen	690,680	Salmar	175,972
Cie de Saint-Gobain	681,324	Barrick Gold	175,479

ES River and Mercantile European Fund

Statement of Total Return for the period ended 31 March 2021

	Notes	30 September 2020+ to 31 March 2021	
		£	£
Income			
Net capital gains	2		1,222,672
Revenue	3	140,918	
Expenses	4	(18,043)	
Interest payable and similar charges	6	(73)	
Net revenue before taxation for the period		122,802	
Taxation	5	(7,589)	
Net revenue after taxation for the period			115,213
Total return before distributions			1,337,885
Distributions	7		(132,235)
Change in net assets attributable to Shareholders from investment activities			1,205,650

Statement of Change in Net Assets attributable to Shareholders for the period ended 31 March 2021

		30 September 2020+ to 31 March 2021	
		£	£
Opening net assets attributable to Shareholders			—
Amounts received on creation of shares		21,860,738	
Amounts paid on cancellation of shares		(212,697)	
			21,648,041
Dilution adjustment			21,574
Change in net assets attributable to Shareholders from investment activities			1,205,650
Retained distributions on accumulation shares			43,367
Closing net assets attributable to Shareholders			22,918,632

+Launched on 30 September 2020.

ES River and Mercantile European Fund

Balance Sheet as at 31 March 2021

	Notes	31 March 2021+	
		£	£
ASSETS			
Fixed assets			
Investments			22,230,856
Current assets			
Debtors	8	200,080	
Cash and bank balances		746,516	
Total other assets			946,596
Total assets			23,177,452
LIABILITIES			
Creditors			
Distribution payable	9	(93,874)	
Other creditors	9	(164,946)	
Total other liabilities			(258,820)
Total liabilities			(258,820)
Net assets attributable to Shareholders			22,918,632

+Launched on 30 September 2020.

ES River and Mercantile European Fund

Notes to the Financial Statements

1 Accounting policies

The accounting policies for the sub-fund are set out on pages 6 to 7.

2 Net capital gains

31 March 2021
£

The net capital gains during the period comprise:

Non-derivative securities	1,232,734
Currency losses	(4,078)
Custodial transaction fees	<u>(5,984)</u>
Net capital gains	<u>1,222,672</u>

3 Revenue

31 March 2021
£

Bank interest	8
Non-taxable overseas dividends	140,880
Taxable overseas dividends	<u>30</u>
	<u>140,918</u>

ES River and Mercantile European Fund

Notes to the Financial Statements continued

4 Expenses

31 March 2021
£

**Payable to the ACD, associates of the
ACD and agents of either of them:**

ACD's periodic charge 16,609

**Payable to the Depositary, associates of the
Depositary and agents of either of them:**

Depositary's fees 2,988

Safe custody fees 459

3,447

Other expenses:

Audit fee* 11,616

Fund accounting fees 14,893

Legal and professional fees 960

Registration fees 148

Transfer agency fees 29,386

Other fees** (59,016)

(2,013)

Total expenses 18,043

*Total audit fees of £9,680 exclusive of VAT.

**Includes TER cap.

ES River and Mercantile European Fund

Notes to the Financial Statements continued

5 Taxation

31 March 2021
£

a) Analysis of taxation charge in period

Overseas tax	7,589
Total taxation	<u>7,589</u>

b) Factors affecting taxation charge for the period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK for an Open Ended Investment Company with variable capital (20%). The difference is explained below:

Net revenue before taxation for the period	122,802
Return on ordinary activities before taxation at the applicable rate of Corporation tax in the UK of 20%	24,560
Effects of:	
Movement in tax losses	3,616
Overseas tax	7,589
Revenue not subject to tax	<u>(28,176)</u>
Total taxation	<u>7,589</u>

Open Ended Investment Companies are not liable to Corporation tax on capital gains arising on the disposal of investments or revaluation of the sub-fund's portfolio. Therefore, any capital return is not included in the above reconciliation.

c) Provision for deferred tax

There is no deferred tax provision in the current period.

At the period end there is a potential deferred tax asset of £3,616 due to tax losses. It is unlikely the sub-fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised.

6 Interest payable and similar charges

31 March 2021
£

Interest	73
	<u>73</u>

ES River and Mercantile European Fund

Notes to the Financial Statements continued

7 Distributions

The distributions take account of revenue received on the creation of shares and deducted on the cancellation of shares, and comprise:

	31 March 2021
	£
Interim	15,672
Final	<u>135,097</u>
	150,769
Add: revenue deducted on cancellation of shares	152
Deduct: revenue received on creation of shares	<u>(18,686)</u>
	132,235
Distributions for the period	<u>132,235</u>
Reconciliation between net revenue after taxation for the period and the distributions:	
Net revenue after taxation for the period	115,213
Equalisation on conversions	(61)
Expenses transferred to capital	<u>17,083</u>
Distributions for the period	<u>132,235</u>

8 Debtors

	31 March 2021
	£
Accrued revenue	87,545
Amounts receivable for issue of shares	39,780
Expense rebate due from the ACD	18,583
Foreign currency contracts awaiting settlement	46,557
Overseas tax recoverable	<u>7,615</u>
	<u>200,080</u>

9 Other creditors

	31 March 2021
	£
a) Distribution payable	
Gross distribution payable	<u>93,874</u>
Total distribution payable	<u>93,874</u>
b) Other creditors	
Accrued expenses	63,395
Amounts payable for cancellation of shares	8,328
Foreign currency contracts awaiting settlement	46,666
Purchases awaiting settlement	<u>46,557</u>
	<u>164,946</u>

ES River and Mercantile European Fund

Notes to the Financial Statements continued

10 Contingent liabilities and outstanding commitments

There were no commitments or contingent liabilities at the balance sheet date.

11 Related party transactions

Equity Trustees Fund Services Ltd, as ACD, is a related party, and acts as principal in respect of all the transactions of shares in the company. The aggregate monies received through the creation and cancellation of shares are disclosed in the Statement of Change in Net Assets attributable to Shareholders. The amounts outstanding at the period end are disclosed in notes 8 and 9 as amounts receivable on creation of shares and amounts payable on cancellation of shares respectively.

As at 31 March 2021, River and Mercantile Asset Management LLP, which is the Investment Manager, held 0.00% of the shares in issue.

Amounts paid to Equity Trustees Fund Services Ltd in respect of the ACD, associates of the ACD and agents of either of them are disclosed in note 4. The balance outstanding as at the period end was £5,190.

12 Financial instruments

The main risks and the ACD's policy for managing these risks, are stated within the notes applicable to the financial statements of all the sub-funds of the ES River and Mercantile Funds ICVC.

a) Credit risk

Certain transactions in securities that the sub-fund enters into expose it to risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the sub-fund has fulfilled its responsibility.

This risk is managed by appraising the credit profile of financial instruments and trade counterparties.

b) Valuation of financial investments

The categorisation of financial investments in the tables below reflects the methodology used to measure their fair value.

31 March 2021		Assets £	Liabilities £
Level 1	Unadjusted quoted price in an active market for an identical instrument	22,230,856	—
		22,230,856	—

c) Foreign currency risk

Foreign currency risk is the risk of movements in the value of overseas financial instruments as a result of fluctuations in exchange rates. The risk may be managed by the utilisation of forward currency contracts as necessary.

ES River and Mercantile European Fund

Notes to the Financial Statements continued

12 Financial instruments continued

c) Foreign currency risk continued

The currency profile for the sub-fund's net assets at the balance sheet date was:

31 March 2021 Currency	Monetary exposures £	Net foreign currency assets	
		Non-monetary exposures £	Total £
Danish Krone	7,431	2,019,077	2,026,508
Euro	341	13,419,363	13,419,704
Japanese Yen	—	624,829	624,829
Norwegian Krone	246	1,037,222	1,037,468
Swedish Krona	208	3,004,770	3,004,978
Swiss Franc	4,749	1,898,676	1,903,425
US Dollar	—	322,079	322,079
	12,975	22,326,016	22,338,991

d) Derivative risk

At the balance sheet date, no derivatives were held that could impact the sub-fund in a significant way.

e) Interest rate risk

Interest rate risk is the risk of movements in the value of financial instruments as a result of fluctuations in interest rates.

The interest rate risk exposure of the sub-fund is not considered to be significant.

f) Sensitivity analysis

Currency risk

If sterling (the sub-fund base currency) increased by 10% against non-sterling currencies as at the balance sheet date the net asset value of the Fund would have decreased by £2,233,899. A weakening in sterling against non-sterling currencies of 10% will have resulted in an equal but opposite effect.

Price risk

If market prices had increased by 10% as at the balance sheet date the net asset value of the Fund would have increased by £2,223,086. A weakening in market prices of 10% will have resulted in an equal but opposite effect.

g) Leverage

The sub-fund did not employ significant leverage during the period.

ES River and Mercantile European Fund

Notes to the Financial Statements continued

13 Portfolio transaction costs

For the period 30 September 2020 to 31 March 2021

Purchases	Transaction Value £	Commissions £	%	Taxes £	%
Equity instruments (direct)	25,745,208	9,296	0.04	18,803	0.07
Total purchases	25,745,208	9,296		18,803	
Total purchases including transaction costs	25,773,307				
Sales	Transaction Value £	Commissions £	%	Taxes £	%
Equity instruments (direct)	5,754,875	2,553	0.04	—	—
Total sales	5,754,875	2,553		—	
Total sales net of transaction costs	5,752,322				
Total transaction costs		11,849		18,803	
as a % of average net assets		0.12%		0.19%	

The above analysis covers any direct transaction costs suffered by the sub-fund during the period. However, it is important to understand the nature of other transaction costs associated with different investment asset classes and instruments types.

Separately identifiable direct transaction costs (commissions and taxes etc.) are attributable to the sub-fund's purchase and sale of equity shares. Additionally for equity shares there is a dealing spread cost (the difference between the buying and selling prices) which will be suffered on purchase and sale transactions.

Dealing spread costs suffered by the sub-fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.

At the balance sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.12%.

14 Share movement

	B-Class Distribution shares	F-Class Accumulation shares	F-Class Income shares
Opening shares	—	—	—
Shares issued	1,759,830	6,208,965	12,013,888
Shares redeemed	(36,560)	(2,101)	(170,220)
Shares converted	248,989	(200,000)	(45,160)
Closing shares	1,972,259	6,006,864	11,798,508

15 Post balance sheet events

Subsequent to the sub-fund's period end, 31 March 2021, the spread of the Coronavirus pandemic has continued to cause widespread market and economic disruption. In the short-term, the sub-fund could be impacted by fluctuations in global stock markets, adverse investor sentiment and increased operational risks. The full impact of the virus remains unclear, however, a long-term adverse impact to the sub-fund is not expected.

ES River and Mercantile European Fund

Notes to the Financial Statements continued

15 Post balance sheet events continued

The event has given rise to a non-adjusting subsequent event due to continued volatility in global markets after the sub-fund's reporting period. The NAV of the sub-fund as at 1 July 2021 was £61.7m, the impact of the volatility on the sub-fund's NAV between the end of the reporting period and this date was 169.3%. The price movements per share class are shown below:

	B-Class Distribution shares	F-Class Accumulation shares	F-Class Income shares
NAV 31 March 2021	2,247,457	7,020,080	13,651,095
NAV 1 July 2021	3,216,121	20,622,639	37,875,128
Movement	43.1%	193.8%	177.5%
NAV per share 31 March 2021	113.95	116.87	115.70
NAV per share 1 July 2021	124.68	128.53	126.77
Movement	9.4%	10.0%	9.6%

There have been no significant redemptions on the sub-fund or any of the share classes since the reporting date 31 March 2021.

The NAV of the sub-fund was reviewed again on 5 July 2021; there was no material movement in the NAV since 1 July 2021.

Since the year end, the sub-fund has launched the following share classes:

- B-Class Accumulation shares on 27 May 2021.
- S-Class Accumulation shares on 10 May 2021.
- S-Class Income shares on 10 May 2021.
- Z-Class Accumulation shares on 27 May 2021.

ES River and Mercantile European Fund

Distribution tables for the period ended 31 March 2021

Group 1: shares purchased prior to a distribution period

Group 2: shares purchased during a distribution period

Equalisation is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as a return of capital. As capital it is not liable to Income tax but must be deducted from the cost of shares for Capital Gains tax purposes.

Interim dividend distribution in pence per share		Period 01/10/2020 — 31/12/2020	
	Net Revenue	Equalisation	Distribution paid 31/01/2021
B-Class Distribution shares			
Group 1	0.1819	—	0.1819
Group 2	0.0209	0.1610	0.1819
F-Class Accumulation shares			
Group 1	0.1849	—	0.1849
Group 2	0.0456	0.1393	0.1849
F-Class Distribution shares			
Group 1	0.1985	—	0.1985
Group 2	0.1213	0.0772	0.1985

Final dividend distribution in pence per share		Period 01/01/2021 — 31/03/2021	
	Net Revenue	Equalisation	Distribution payable 30/04/21
B-Class Distribution shares			
Group 1	0.6730	—	0.6730
Group 2	0.6040	0.0690	0.6730
F-Class Accumulation shares			
Group 1	0.6863	—	0.6863
Group 2	0.5752	0.1111	0.6863
F-Class Distribution shares			
Group 1	0.6831	—	0.6831
Group 2	0.5827	0.1004	0.6831

The Sub-fund launched on 30 September 2020, hence there are no comparatives.

Authorised Corporate Director's (ACD) Responsibilities

The Authorised Corporate Director ("ACD") of The ES River and Mercantile Funds ICVC ("the Company") is responsible for preparing the Annual Report and the Financial Statements in accordance with the Open-Ended Investment Companies Regulations 2001 ("the OEIC Regulations"), the Financial Conduct Authority's Collective Investment Schemes' Sourcebook ("COLL") and the Company's Instrument of Incorporation.

The OEIC Regulations and COLL require the ACD to prepare Financial Statements for each annual accounting period which:

- are in accordance with United Kingdom Generally Accepted Accounting Practice ("United Kingdom Accounting Standards and applicable law"), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Statement of Recommended Practice: "Financial Statements of UK Authorised Funds" issued by the Investment Association ("IA SORP") in May 2014, updated in June 2017; and
- give a true and fair view of the financial position of the Company's sub-funds as at the end of that period and the net revenue or expense and the net capital gains or losses on the scheme property of the Company's sub-funds for that period.

In preparing the Financial Statements, the ACD is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the IA SORP have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation.

The ACD is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the applicable IA SORP and United Kingdom Accounting Standards and applicable law. The ACD is also responsible for the system of internal controls, for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Shareholders of the ES River and Mercantile Funds ICVC ("the Company") for the Year Ended 31 March 2021

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Company's Instrument of Incorporation and Prospectus (together "the Scheme documents") as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depositary must ensure that:

- the Company's cash flows are properly monitored¹ and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, repurchase and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares of the Company are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ("the AFM"), which is the UCITS Management Company, are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that Company is managed in accordance with the Regulations and Scheme documents in relation to the investment and borrowing powers applicable to the Company.

Having carried out such procedures as we consider necessary to discharge our responsibilities as depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the AFM:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Regulations and the Scheme documents of the Company; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

7 July 2021

The Bank of New York Mellon (International) Limited

¹ This requirement on the Depositary applied from 18 March 2016.

Independent Auditors' Report to the Shareholders of ES River and Mercantile Funds ICVC

Report on the audit of the financial statements

Opinion

In our opinion, the financial statements of the ES River and Mercantile Funds ICVC (the "Company")

- give a true and fair view of the financial position of the Company and each of the sub-funds as at 31 March 2021 and of the net revenue and the net capital gains on the scheme property of the Company and each of the sub-funds for the year then ended for all sub funds except the ES River and Mercantile European Fund with a period of 30 September 2020 to 31 March 2021; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes Sourcebook and the Instrument of Incorporation.

ES River and Mercantile Funds ICVC (the "Company") is an Open Ended Investment Company ('OEIC') with 9 sub-funds. The financial statements of the Company comprise the financial statements of each of the sub-funds. We have audited the financial statements, included within the Final Report for the Year Ended 31 March 2021 (the "Annual Report"), which comprise: the balance sheets as at 31 March 2021; the statements of total return, and the statements of change in net assets attributable to shareholders for the year/period then ended; the distribution tables; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's or any sub-funds' ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Authorised Corporate Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's or any sub-funds' ability to continue as a going concern.

Our responsibilities and the responsibilities of the Authorised Corporate Director with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Authorised Corporate Director is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Independent Auditors' Report to the Shareholders of ES River and Mercantile Funds ICVC

Report on the audit of the financial statements

The Authorised Corporate Director's Report

In our opinion, the information given in the Authorised Corporate Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of the Authorised Corporate Director for the financial statements

As explained more fully in the Authorised Corporate Director's (ACD) Responsibilities, the Authorised Corporate Director is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Authorised Corporate Director is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Corporate Director is responsible for assessing the Company's and each of the sub-funds ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Authorised Corporate Director either intends to wind up or terminate the Company or individual sub-fund, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company/industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of the Collective Investment Schemes sourcebook, and we considered the extent to which non-compliance might have a material effect on the financial statements, in particular those parts of the sourcebook which may directly impact on the determination of amounts and disclosures in the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or to increase the net asset value of the Company or the sub-funds and judgements and assumptions made by management in their significant accounting estimates. Audit procedures performed included:

- Discussions with the Authorised Corporate Director, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing relevant meeting minutes, including those of the Authorised Corporate Director's board of directors;
- Identifying and testing journal entries, specifically any journals posted as part of the financial year end close process; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's shareholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook as required by paragraph 67(2)

Independent Auditors' Report to the Shareholders of ES River and Mercantile Funds ICVC

Report on the audit of the financial statements

of the Open-Ended Investment Companies Regulations 2001 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Opinion on matter required by the Collective Investment Schemes sourcebook

In our opinion, we have obtained all the information and explanations we consider necessary for the purposes of the audit.

Collective Investment Schemes sourcebook exception reporting

Under the Collective Investment Schemes sourcebook we are also required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
7 July 2021

The maintenance and integrity of the ES River and Mercantile website is the responsibility of the Authorised Corporate Director; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Other Information

The Industry Classification Benchmark is a joint product of FTSE International Limited and Dow Jones Indexes, a licensed trademark of CME Group Index Services LLC ("Dow Jones Indexes"), and has been licensed for use. "FTSE" is a trade and service mark of London Stock Exchange and The Financial Times Limited. "Dow Jones" and "Dow Jones Indexes" are service marks of Dow Jones Trademark Holdings, LLC. FTSE and Dow Jones Indexes and their respective licensors and affiliates do not accept any liability to any person for any loss or damage arising out of any error or omission in the ICB.

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Directory

**The Open-Ended
Investment Company**

ES River and Mercantile Funds ICVC
4th Floor, Pountney Hill House,
Laurence Pountney Hill,
London, EC4R 0BL

(authorised and regulated by the Financial Conduct Authority)

Registered in England

The Company is incorporated in England and Wales with registered number IC000489.

**The Authorised Corporate
Director (ACD)**

Equity Trustees Fund Services Ltd
4th Floor, Pountney Hill House,
Laurence Pountney Hill,
London, EC4R 0BL

(authorised and regulated by the Financial Conduct Authority)

**Investment Manager of all funds
other than of the
ES River and Mercantile
Dynamic Asset Allocation Fund**

River and Mercantile Asset Management LLP
30 Coleman Street
London EC2R 5AL

**Investment Manager of
ES River and Mercantile
Dynamic Asset Allocation Fund**

River and Mercantile Investments Limited
30 Coleman Street
London EC2R 5AL

(authorised and regulated by the Financial Conduct Authority)

Depository

The Bank of New York Mellon (International) Limited
One Canada Square
London
E14 5AL

(authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority)

Administrator and Registrar

The Bank of New York Mellon (International) Limited
One Canada Square
London
E14 5AL

(authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority)

The Independent Auditors

PricewaterhouseCoopers LLP
7 More London Riverside
London, SE1 2RT