

RIVER AND MERCANTILE

**ES River and Mercantile Funds ICVC
Final Report for the Year Ended
31 March 2022**

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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 2022.

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.

Since the start of 2020 global financial markets have experienced significant volatility resulting from COVID-19. The outbreak of COVID-19 has resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demands as well as general market uncertainty. The effects of COVID-19 have had an adverse and long lasting impact on global economies as well as financial markets, all of which may impact the performance of the ES River and Mercantile Funds ICVC.

Since February 2022 global financial markets have experienced significant volatility following the Russian invasion of Ukraine. The war has many repercussions including increased geopolitical risks for the foreseeable future, higher commodity costs (notably energy) and imposition of severe economic sanctions on Russia. The full impact on global economies as well as financial markets may impact the performance of the ES River and Mercantile Funds ICVC. The ACD has considered the impact of COVID19 and the Russia/Ukraine war on the financial resources and operations of the Company, the Investment Manager and key service providers. The ACD is of the opinion that, given

The Authorised Corporate Director's Report

COVID19 and the Russia/Ukraine war, adequate financial resources and business continuity plans are in place to continue as a going concern. 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 for all sub-funds except ES River and Mercantile Dynamic Asset Allocation Fund, 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.

The Directors are of the opinion that it is not appropriate to adopt the going concern basis in the preparation of the accounts for ES River and Mercantile Dynamic Asset Allocation Fund as there is intent to close the sub-fund within the next accounting year subject to internal governance and regulatory approval. As such the financial statements for ES River and Mercantile Dynamic Asset Allocation Fund have been prepared on a basis other than going concern. There has been no impact on the financial statements or disclosure notes to adjust assets and liabilities to realisable value. There is also no intention to close the remaining sub-funds in the OEIC. No adjustments were necessary to provide for the costs of terminating the Fund as the ACD will bear any related costs for this Fund. The comparatives are also prepared on a basis other than going concern.

Important Events After the Year End

On 7 June 2022 an updated Prospectus was made available.

Additional information

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

With effect from 19 April 2021, the S-Class Accumulation shares launched in the ES River and Mercantile UK Equity Smaller Companies Fund.

With effect from 30 April 2021, the S-Class Accumulation shares launched in the ES River and Mercantile UK Recovery Fund.

With effect from 28 May 2021, the B-Class Accumulation shares launched in the ES River and Mercantile European Fund.

With effect from 06 May 2021, the Z-Class Accumulation shares launched in the ES River and Mercantile European Fund.

With effect from 11 May 2021, the S-Class Distribution shares launched in the ES River and Mercantile European Fund.

With effect from 11 May 2021, the S-Class Accumulation shares launched in the ES River and Mercantile European Fund.

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	Tim Callaghan (appointed 1 June 2022) Vincent Camerlynck James Gardner Leanne Isaacs (resigned 1 January 2022) Harvey Kalman (resigned 15 June 2021) Kevin Lavery (resigned 1 June 2022) 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 2022	Number of beneficiaries	Total remuneration paid	Fixed remuneration	Variable remuneration paid
Total remuneration paid by the UCITS Manager during the financial year	16	£838,850	£838,850	Nil
Remuneration paid to employees of the UCITS Manager who have a material impact on the risk profile of the UCITS	8	£568,780	£568,780	Nil
Categories of Code Staff:				
Senior management	7	£507,427	£507,427	Nil
SMF	4	£355,041	£355,041	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 2021.

Figures include remuneration paid to employees of Equity Trustees Fund Services Ireland Ltd, for their actions that have a material impact on the Fund. The figures are based on transfer pricing arrangements that exist between companies.

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 2022, 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 period to 31 March 2022 and at the balance sheet date, the ES River and Mercantile Funds ICVC did not engage in SFTs.

Assessment of Value

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

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

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 Director – UK
for and on behalf of Equity Trustees Fund Services Ltd
Authorised Corporate Director
23 June 2022

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 each sub-fund have been prepared under the historical cost basis, as modified by the revaluation of investments and in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. The financial statements have been prepared in accordance with the Statement of Recommended Practice ('SORP') for Financial Statements of UK Authorised Funds issued by the Investment Association ('IA') in May 2014, as amended.

These financial statements, for all sub-funds except ES River and Mercantile Dynamic Asset Allocation Fund, are prepared on a going concern basis. The ACD has made an assessment of each sub-fund's ability to continue as a going concern, and is satisfied they have the resources to continue in business for the foreseeable future and is not aware of any material uncertainties that may cast significant doubt on this assessment. This assessment is made as at the date of issue of these financial statements, covering the subsequent 12 months, and considers liquidity, declines in global capital markets, known redemption levels, key service provider's operational resilience, and the impact of COVID-19. The ACD also considered each sub-fund's continued ability to meet ongoing costs, and is satisfied they have the resources to meet these costs and to continue in business.

The financial statements for the ES River and Mercantile Dynamic Asset Allocation Fund have been prepared on a basis other than going concern as the ACD made the decision to close the sub-fund, therefore the sub-fund is not a going concern. Under this basis assets were recorded at their recoverable value and liabilities were recorded at their expected settlement value. No adjustments were necessary to provide for the costs of terminating the Fund as the ACD will bear any related costs for the Fund.

No adjustments were necessary except for reclassifying fixed assets as current assets. The financial statements for the remaining sub-funds of the Company have been prepared on the going concern basis.

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 and the ES River and Mercantile European Fund, which are charged against capital.

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

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.

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.

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

i) Dilution adjustment continued

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.

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 SONIA.

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.

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 continued

Derivative risk continued

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.

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

Investment Review

The ES River and Mercantile UK Equity High Alpha Fund (B share class) returned 5.4% over the 12 months to 31 March 2022, compared to the MSCI United Kingdom IMI return of 14.5%.

Positive contributors during past 12 months: Energy and Financials performed strongly (**Serica** and **JKX**, offsetting the inevitable **Royal Dutch Shell** underweight); PVT stock picks positive (**Indivior**, **Accesso**), Smaller Companies (**Somero**, **Reach**, **Renewi**); underweights in consumer staples giants **Unilever** and **Reckitt Benckiser** given their weakness on the back of worries regarding input price pressures; underweight **HSBC** which was weak on dampening interest rate expectations.

Negative contributors: Consumer discretionary stocks under pressure (**Restaurant Group**); large cap Growth and Quality strong (**Diageo**, **Relx**, **Experian**); individual stock disappointments (**ASOS**, **TP ICAP**); our position in **Polymetal** (an inflation and market beta hedge) was our only direct exposure to Russia and clearly a drag on performance though somewhat offset by having little exposure to **Mondi** and **Coca-Cola Hellenic** which fell significantly; we are underweight some of the classic defensive stock (**BAE**, **AstraZeneca**, **National Grid**).

We have been adding to stocks with traditional value characteristics - they pulled back through much of the period and we saw that as a significant opportunity, therefore adding to banks (**Lloyds** and **HSBC**), other financials (**Old Mutual**, **ABRDN** and **Prudential**) and energy (**Royal Dutch**, **BP**, **Savannah Energy**); Fund managers, as higher beta stocks, have been very weak this year and we have used this as an opportunity to re-build our exposure (**Schroders** and **Liontrust**); high scoring MoneyPenny recovery stocks such as **Capita**, **Serco**, **Severfield**, **XL Media**, **Hiscox**, **Centrica** and **Indivior**; classic global cyclicals, in particular reflation plays that have corrected over the last few months (**Anglo American**, **Antofagasta**, **Hochschild**, **Polymetal**). We remain overweight and have been adding to stocks that would benefit from a post-social distancing world (**Restaurant Group**, **Whitbread**, **Rolls Royce**, **Hostelworld**, **IAG**, **OnTheBeach**, **Jet2**).

Sales have included taking full profits where our PVT thesis has been delivered, most notably the continued recipients of M&A activity (**Avast**, **Meggitt**, **Ultra**, **Daily Mail**, **Stock Spirits**, **Nippo**, **Vectura**, **John Menzies** and **Brewin Dolphin**); stocks that were starting to discount full recovery such as **Page Group** and **Alfa Financial**, we have been reducing into relative strength (**Playtech**, **U and I**, **Tremor**, **Accesso**, **Resideo**, **Boku**, **Diageo**, **Naked Wines**, **Greggs**); we took profits in **BHP** and **Intercontinental Hotels** following strong performance; considering the conflict **Polymetal** was downgraded to our lowest score in our S-PVT process and sold.

Outlook

Since the Global Financial Crisis (GFC), the investment train has headed in a clear direction with which we are presumably all familiar. Most asset classes delivered positive returns. Profitability was a nice to have but certainly not essential in a world of excess liquidity. Duration risk was not a risk but a strongly positive return factor – seen in the outperformance of the growth style. The investment train in the post-pandemic period is likely to head in a very different direction. In short, market conditions have become, and are likely to remain, a lot harder. The cost of capital is rising, even if nominal growth in earnings may be solid in certain areas. We believe that populating portfolios with assets which can thrive in this environment – namely lower-multiple equities (limiting derating risk) in consolidated (pricing power) upstream assets (which protects value in real terms) which are likely to have a much better cycle than the last one – is consequently the best course of action. This is where multi-bagger investments are to be found for those with a long-term timeframe. Clearly valuation is only one part of this. Patience is another critical element; it's essential that we remain focused on the destination for our companies during periods of volatility.

The portfolio's constituents have been built bottom up but with this backdrop in mind. Incumbency bias and the rise of 'passive' investing (a misnomer because there's always an active decision somewhere along the line) means investors predominately remain overexposed to the sort of assets, companies and funds which have done well on yesterday's investment train despite the obvious and increasingly frequent warnings market signals are giving. For some, the takeaway from the ongoing strength of US equities and particularly large cap tech is that 'the show goes on' – just keep buying long-duration growth equities. Surely if they managed to outperform in the face of the highest inflation prints in 30-plus years then nothing can stop them, so goes the logic. This seems to us a bit like standing on the banks of a crocodile-infested river, watching three people try to swim across and get eaten then a fourth make it across alive and assuming that it's safe to go in the water. Historically, the behaviour within equity markets hasn't decoupled from economic reality for long. To suggest it will continue to do so now strikes us as reckless. All change, please!

The Russian invasion of Ukraine in February 2022, along with the terrible ensuing humanitarian crisis, has been the most meaningful geopolitical development in many years. And now, in many ways, global economies are moving into a period of significant public and private investment. The next ten years is, on many levels, going to be different from

ES River and Mercantile UK Equity High Alpha Fund

Investment Manager's Review continued

Outlook continued

the post global financial crisis years, and stockmarkets are currently struggling to understand exactly how this will play out. However it is worth stating that the portfolio is not built on attempts to make precise predictions about the macro-economic future, but rather by building our convictions at the individual company level through a systematic bottom-up approach.

River and Mercantile
23 June 2022
Investment Adviser to the Fund

Source: River and Mercantile Asset Management LLP. Fund performance is calculated using midday published prices. Benchmark performance is calculated using close of business mid-market prices.

ES River and Mercantile UK Equity High Alpha Fund

Portfolio Statement as at 31 March 2022

Holding	Investment	Market Value £	% of Net Assets
UNITED KINGDOM (UK LISTED COMPANIES) – 96.41% (2021 – 92.08%)			
Automobiles & Components – 0.12% (2021 – 0.51%)			
55,700	TI Fluid Systems	106,498	0.12
Banks – 11.90% (2021 – 10.34%)			
1,096,219	Barclays	1,625,693	1.78
34,323	Close Brothers	408,787	0.45
587,720	HSBC	3,087,881	3.38
4,621,348	Lloyds Banking	2,174,344	2.38
14,310	Mortgage Advice Bureau*	159,557	0.18
577,399	NatWest	1,246,604	1.36
33,600	Secure Trust Bank	423,360	0.46
276,755	Standard Chartered	1,411,450	1.54
199,400	Virgin Money UK	342,071	0.37
Capital Goods – 5.10% (2021 – 7.72%)			
3,000	Avon Protection	38,850	0.04
6,800	Balfour Beatty	17,476	0.02
28,200	Bodycote	178,365	0.20
350,400	Costain	136,656	0.15
138,338	Flowtech Fluidpower*	184,681	0.20
12,230	IMI	166,573	0.18
164,088	Kier	139,475	0.15
306,582	Melrose Industries	382,461	0.42
27,842	Morgan Advanced Materials	86,310	0.09
67,654	Mpac*	345,035	0.38
17,900	QinetiQ	54,488	0.06
1,312,593	Renold*	269,081	0.29
367,446	Rolls-Royce	371,488	0.41
70,283	Rotork	229,404	0.25
116,490	Senior	147,942	0.16
250,200	Severfield	165,632	0.18
818,750	SIG	353,209	0.39
375,104	Speedy Hire	202,931	0.22
119,150	Trifast	134,639	0.15
54,398	Tyman	172,986	0.19
55,676	Vesuvius	190,078	0.21
115,504	Volex*	307,241	0.34
23,600	Weir	386,922	0.42
Commercial & Professional Services – 3.13% (2021 – 3.23%)			
66,571	Biffa	212,694	0.23
978,595	Capita	204,820	0.22
164,452	De La Rue	178,595	0.19

ES River and Mercantile UK Equity High Alpha Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
Commercial & Professional Services continued			
1,101,600	Inspired*	170,748	0.19
146,840	Johnson Service*	171,803	0.19
88,818	Mind Gym*	117,240	0.13
169,640	Mitie	93,472	0.10
52,450	Renewi	346,694	0.38
76,640	Ricardo	301,195	0.33
230,500	RPS	242,025	0.26
55,771	RWS*	206,353	0.23
233,540	Serco	336,531	0.37
36,317	Smart Metering Systems*	285,088	0.31
Consumer Durables & Apparel – 3.68% (2021 – 3.03%)			
10,794	Berkeley	403,696	0.44
20,026	Burberry	335,235	0.37
604,080	Coats	462,725	0.51
99,860	Crest Nicholson	266,826	0.29
126,924	DFS Furniture	264,002	0.29
71,000	Dr. Martens	169,548	0.18
153,530	Joules*	85,977	0.09
14,800	MJ Gleeson	86,728	0.09
2,000	Persimmon	43,020	0.05
167,347	Photo-Me International	119,318	0.13
347,740	Taylor Wimpey	454,496	0.50
240,030	Ted Baker	308,679	0.34
38,426	Vistry	361,819	0.40
Consumer Services – 4.88% (2021 – 5.26%)			
95,777	888	176,517	0.19
30,170	Carnival	409,347	0.45
29,740	Compass	490,561	0.54
229,921	DP Eurasia	131,055	0.14
23,690	Entain	389,345	0.43
3,025	Flutter Entertainment	268,559	0.29
74,700	Gym	145,217	0.16
32,240	J D Wetherspoon	251,794	0.28
109,330	On the Beach	256,379	0.28
885,104	Rangers International Football**	168,170	0.18
838,147	Restaurant	511,270	0.56
156,275	SSP	355,057	0.39
119,555	Trainline	298,887	0.33
177,595	Tribal*	150,956	0.16
16,179	Whitbread	462,072	0.50
Diversified Financials – 5.61% (2021 – 5.42%)			
102,200	abrnd	219,628	0.24

ES River and Mercantile UK Equity High Alpha Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
Diversified Financials continued			
183,270	ADVFN*	104,464	0.12
39,200	Ashmore	91,101	0.10
274,600	Cenkos*	211,442	0.23
131,000	Fidelity China Special Situations	330,120	0.36
45,060	Gresham House*	414,552	0.45
31,920	Hargreaves Lansdown	321,754	0.35
36,306	IG	297,346	0.33
291,509	International Personal Finance	300,837	0.33
50,100	IP	44,990	0.05
13,200	Liontrust Asset Management	167,376	0.18
1,185,040	Mercia Asset Management*	396,988	0.43
8,200	Polar Capital*	50,512	0.06
239,254	Premier Miton*	354,096	0.39
129,130	Provident Financial	395,912	0.43
11,100	Rathbones	219,780	0.24
20,916	Rockwood Realisation*	290,732	0.32
583,600	Schroder UK Public Private	138,605	0.15
9,600	Schroders	182,784	0.20
16,000	Temple Bar Investment Trust	184,320	0.20
277,902	TP ICAP	411,851	0.45
Energy – 12.48% (2021 – 8.38%)			
952,879	BP	3,576,155	3.91
293,300	Capital	305,032	0.33
126,329	Capricorn Energy	278,934	0.31
1,523,032	EnQuest	468,332	0.51
168,041	Harbour Energy	815,335	0.89
149,327	Hunting	448,728	0.49
202,194	John Wood	326,847	0.36
1,010,593	Savannah Energy*	282,966	0.31
132,181	Serica Energy*	525,420	0.58
190,179	Shell	4,009,924	4.38
702,110	Tullow Oil	377,033	0.41
Food & Staples Retailing – 0.17% (2021 – 0.88%)			
79,500	Cake Box*	154,230	0.17
Food, Beverage & Tobacco – 5.73% (2021 – 4.64%)			
25,297	Associated British Foods	420,436	0.46
43,400	Barr	230,454	0.25
244,400	Benchmark*	119,267	0.13
58,950	British American Tobacco	1,882,863	2.06
5,500	Coca-Cola HBC	87,973	0.10
1,400	Cranswick	49,336	0.06
166,700	Devro	348,403	0.38

ES River and Mercantile UK Equity High Alpha Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Food, Beverage & Tobacco continued		
17,710	Diageo	684,226	0.75
55,289	Imperial Brands	890,429	0.97
16,170	Nichols*	211,019	0.23
42,900	Tate & Lyle	314,028	0.34
	Health Care Equipment & Services – 1.09% (2021 – 0.37%)		
64,770	ConvaTec	139,644	0.15
82,400	Mediclinic International	293,509	0.32
46,275	Smith & Nephew	564,555	0.62
	Household & Personal Products – 3.69% (2021 – 3.60%)		
89,029	PZ Cussons	173,606	0.19
8,300	Reckitt Benckiser	484,056	0.53
451,480	Science in Sport*	257,344	0.28
71,092	Unilever	2,456,229	2.69
	Insurance – 4.20% (2021 – 3.69%)		
131,197	Aviva	592,748	0.65
44,500	Beazley	187,256	0.21
27,900	Hiscox	274,257	0.30
116,800	Just	102,784	0.11
205,675	Legal & General	559,436	0.61
167,339	Prudential	1,896,788	2.07
99,050	Saga	229,796	0.25
	Materials – 11.05% (2021 – 8.15%)		
52,567	Anglo American	2,088,224	2.28
33,300	Antofagasta	556,943	0.61
205,570	Breedon*	167,540	0.18
455,980	Carclo	126,762	0.14
320,440	Centamin	293,010	0.32
167,050	Central Asia Metals*	397,579	0.44
13,800	DS Smith	44,422	0.05
278,320	Elementis	330,922	0.36
129,288	Essentra	406,611	0.44
36,400	Fresnillo	267,176	0.29
252,463	Glencore	1,262,063	1.38
9,600	Hill & Smith	141,312	0.15
113,500	Ibstock	199,079	0.22
19,903	Johnson Matthey	373,778	0.41
9,750	Mondi	145,421	0.16
13,770	RHI Magnesita	335,437	0.37
45,770	Rio Tinto	2,783,274	3.04

ES River and Mercantile UK Equity High Alpha Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Materials continued		
8,500	Victrex	155,380	0.17
9,800	Zotefoams	31,850	0.04
	Media & Entertainment – 4.86% (2021 – 4.84%)		
69,305	Ascential	240,211	0.26
6,410	Auto Trader	40,563	0.04
701,253	Centaur Media	322,576	0.35
869,546	Ebiquity*	556,509	0.61
156,327	Everyman Media*	196,972	0.22
244,635	Hyve	173,936	0.19
44,800	Informa	269,606	0.30
355,975	ITV	291,615	0.32
93,650	Kin & Carta	237,871	0.26
49,650	Pearson	372,673	0.41
156,500	Pebble*	164,325	0.18
268,559	Reach	491,463	0.54
9,100	Team17	48,594	0.05
65,828	Tremor International*	389,702	0.43
34,120	WPP	342,053	0.37
754,380	XLMedia*	305,524	0.33
	Pharmaceuticals, Biotechnology & Life Sciences – 4.06% (2021 – 4.11%)		
27,140	AstraZeneca	2,749,825	3.01
45,280	GlaxoSmithKline	745,852	0.81
79,064	Indivior	221,537	0.24
	Real Estate – 2.24% (2021 – 2.52%)		
53,553	British Land	284,045	0.31
355,030	Capital & Counties Properties	621,303	0.68
641,870	Foxtons	272,795	0.30
68,287	Grainger	199,398	0.22
22,800	Helical	93,708	0.10
5,000	International Biotechnology Trust	31,700	0.03
58,231	Shaftesbury	359,576	0.39
27,600	Workspace	188,922	0.21
	Retailing – 3.91% (2021 – 4.82%)		
14,370	ASOS*	231,429	0.25
421,660	Card Factory	190,169	0.21
249,100	Currys	226,432	0.25
219,300	Hostelworld	168,861	0.18
30,500	JD Sports Fashion	45,216	0.05
216,090	Marks & Spencer	334,075	0.37
93,500	Moneysupermarket.com	177,650	0.19
122,425	Moonpig	273,742	0.30

ES River and Mercantile UK Equity High Alpha Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Retailing continued		
3,500	Next	211,120	0.23
745,870	Pendragon	209,589	0.23
420,200	Smiths News	142,028	0.16
118,400	Superdry	189,914	0.21
220,900	Topps Tiles	119,286	0.13
467,560	ULS Technology*	336,643	0.37
20,580	WH Smith	295,426	0.32
230,390	Wickes	425,069	0.46
	Semiconductors & Semiconductor Equipment – 0.17% (2021 – 0.22%)		
467,984	IQE*	157,711	0.17
	Software & Services – 1.86% (2021 – 3.09%)		
100,631	Bango*	191,199	0.21
544,950	Eckoh*	201,631	0.22
13,400	FD Technologies*	258,620	0.28
132,300	iomart*	213,268	0.23
106,380	Learning Technologies*	172,442	0.19
118,021	NCC	215,506	0.24
64,390	Sage	451,503	0.49
	Technology Hardware & Equipment – 0.99% (2021 – 2.20%)		
131,608	Strix*	265,848	0.29
102,420	TT Electronics	210,473	0.23
166,464	Xaar	426,148	0.47
	Telecommunication Services – 2.88% (2021 – 2.10%)		
486,913	BT	886,912	0.97
1,400,055	Vodafone	1,747,829	1.91
	Transportation – 1.62% (2021 – 1.85%)		
81,145	easyJet	449,868	0.49
338,220	International Consolidated Airlines	481,084	0.53
42,534	James Fisher & Sons	146,955	0.16
28,340	JET2*	324,493	0.35
24,900	Royal Mail	81,921	0.09
	Utilities – 0.99% (2021 – 1.11%)		
758,629	Centrica	607,510	0.66
16,000	Drax	125,520	0.14
980,000	Eenergy*	99,960	0.11
1,085,904	OPG Power Ventures*	73,842	0.08

ES River and Mercantile UK Equity High Alpha Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
OVERSEAS COMPANIES (UK LISTED COMPANIES) – 3.29% (2021 – 7.59%)			
Australia – 0.00% (2021 – 0.60%)			
Bermuda – 0.42% (2021 – 0.24%)			
11,600	Conduit	43,500	0.05
34,110	Ocean Wilsons	341,100	0.37
Cayman Islands – 0.00% (2021 – 0.12%)			
Gibraltar – 0.00% (2021 – 0.47%)			
India – 0.00% (2021 – 0.66%)			
Iraq – 0.00% (2021 – 0.09%)			
Ireland – 0.78% (2021 – 1.11%)			
72,810	Bank of Ireland	353,544	0.39
115,000	Cairn Homes	119,830	0.13
7,900	CRH	242,609	0.26
Mauritius – 0.00% (2021 – 0.24%)			
Netherlands – 0.38% (2021 – 0.39%)			
13,350	Just Eat Takeaway.com	346,366	0.38
South Africa – 0.52% (2021 – 0.33%)			
669,031	Old Mutual	473,339	0.52
Switzerland – 0.00% (2021 – 0.92%)			
United States of America – 1.19% (2021 – 2.42%)			
201,294	Boku*	219,411	0.24
180,158	Somero Enterprises*	864,758	0.95
Portfolio of investments		91,182,235	99.70
Net other assets		278,517	0.30
Net assets		91,460,752	100.00

ES River and Mercantile UK Equity High Alpha Fund

Portfolio Statement continued

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.

99.70% 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 2021.

*Security listed in AIM.

**Delisted security.

ES River and Mercantile UK Equity High Alpha Fund

Comparative table

For the year ending:	31/03/2022	31/03/2021	31/03/2020
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	197.40	126.62	179.50
Return before operating charges*	12.78	74.42	(46.09)
Operating charges	(1.84)	(2.61)	(2.94)
Return after operating charges	10.94	71.81	(49.03)
Distributions	(4.18)	(1.03)	(3.85)
Closing net asset value per share	204.16	197.40	126.62
*After direct transaction costs of	(0.46)	(0.69)	(0.49)
Performance			
Return after charges	5.54%	56.71%	(27.31)%
Other information			
Closing net asset value (£)	7,290,657	7,375,759	5,959,612
Closing number of shares	3,571,103	3,736,488	4,706,587
Operating charges**	0.88%	1.65%	1.65%
Direct transaction costs	0.22%	0.44%	0.27%
Prices			
Highest share price	220.12	202.94	197.35
Lowest share price	185.37	121.31	111.90

*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 0.90%.

ES River and Mercantile UK Equity High Alpha Fund

Comparative table continued

For the year ending:	31/03/2022	31/03/2021	31/03/2020
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	1,073.55	679.12	933.40
Return before operating charges*	69.31	402.12	(245.83)
Operating charges	(10.07)	(7.69)	(8.45)
Return after operating charges	59.24	394.43	(254.28)
Distributions	(22.84)	(11.94)	(27.24)
Retained distributions on accumulation shares	22.84	11.94	27.24
Closing net asset value per share	1,132.79	1,073.55	679.12
*After direct transaction costs of	(2.50)	(3.74)	(2.57)
Performance			
Return after charges	5.52%	58.08%	(27.24)%
Other information			
Closing net asset value (£)	37,582,967	41,654,664	25,058,106
Closing number of shares	3,317,737	3,880,079	3,689,815
Operating charges**	0.88%	0.90%	0.90%
Direct transaction costs	0.22%	0.44%	0.27%
Prices			
Highest share price	1,211.20	1,100.04	1,049.65
Lowest share price	1,020.03	651.10	595.91

*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 0.90%.

ES River and Mercantile UK Equity High Alpha Fund

Comparative table continued

For the year ending:	31/03/2022	31/03/2021	31/03/2020
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	1,531.87	961.91	1,312.32
Return before operating charges*	98.89	571.78	(348.42)
Operating charges	(2.13)	(1.82)	(1.99)
Return after operating charges	96.76	569.96	(350.41)
Distributions	(45.01)	(26.06)	(48.37)
Retained distributions on accumulation shares	45.01	26.06	48.37
Closing net asset value per share	1,628.63	1,531.87	961.91
*After direct transaction costs of	(3.58)	(5.31)	(3.63)
Performance			
Return after charges	6.32%	59.25%	(26.70)%
Other information			
Closing net asset value (£)	46,587,128	50,378,673	26,727,230
Closing number of shares	2,860,516	3,288,698	2,778,563
Operating charges**	0.13%	0.15%	0.15%
Direct transaction costs	0.22%	0.44%	0.27%
Prices			
Highest share price	1,738.74	1,569.19	1,484.60
Lowest share price	1,465.79	922.29	843.89

*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



This Fund is ranked at 6 because funds of this type have experienced medium to high rises and falls in value in the past. The risk and reward score is based on past performance and calculated in accordance with European legislation. It may not be a reliable indication of the future risk profile. The risk and reward score is not guaranteed and may change over time. The lowest category does not mean risk free. While the risk indicator takes into account the broader risk profile, the following risks are considered most relevant to this sub-fund:

- **Equity Securities:** Equities can lose value rapidly, and typically involve higher market risks than bonds, money market instruments or other debt instruments. Fluctuation in value may occur in response to activities of individual companies, the general market, economic conditions, or changes in currency exchange rates.
- **Small and Mid-Cap size:** Stocks of small and mid-size companies can be more volatile and less liquid than stocks of larger companies. Small and mid-size companies often have fewer financial resources shorter operating histories, and less diverse business lines, and as a result can be at greater risk of long-term or permanent business setbacks.
- **Concentration:** In certain conditions the Sub-Fund may invest in a relatively small number of securities, which may result in portfolio concentration in sectors, countries, or other groupings. These potential concentrations mean that a loss arising in a single investment may cause a proportionately greater loss in the Sub-Fund than if a larger number of investments were made.
- **Liquidity:** There is a risk that adverse market conditions may affect the Fund's ability to sell assets at the price the Fund would like, or the Fund may have to sell them at a loss.
- **Currency:** To the extent that a Sub-Fund holds assets that are denominated in currencies other than the base currency, any changes in currency exchange rates could reduce investment gains or income, or increase investment losses.

Summary of Largest Portfolio Changes

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

Purchases	£	Sales	£
Unilever	1,863,274	Unilever	2,132,874
Vodafone	1,384,897	GlaxoSmithKline	1,560,882
AstraZeneca	1,257,349	BHP	1,481,729
Rio Tinto	966,005	Playtech	1,145,310
British American Tobacco	816,179	Anglo American	1,077,312
Reckitt Benckiser	711,546	AstraZeneca	897,722
Anglo American	605,509	Diageo	806,915
Wickes	602,036	Lloyds Banking	774,430
BP	527,424	Vodafone	639,533
Just Eat Takeaway.com	514,648	BHP	608,937

ES River and Mercantile UK Equity High Alpha Fund

Statement of Total Return for the year ended 31 March 2022

	Notes	1 April 2021 to 31 March 2022		1 April 2020 to 31 March 2021	
		£	£	£	£
Income					
Net capital gains	2		3,514,269		35,721,248
Revenue	3	2,814,141		1,853,192	
Expenses	4	(464,509)		(442,979)	
Interest payable and similar charges	6	(573)		(1,990)	
Net revenue before taxation for the year		2,349,059		1,408,223	
Taxation	5	(20,290)		(3,730)	
Net revenue after taxation for the year			2,328,769		1,404,493
Total return before distributions			5,843,038		37,125,741
Distributions	7		(2,332,689)		(1,407,708)
Change in net assets attributable to Shareholders from investment activities			3,510,349		35,718,033

Statement of Change in Net Assets attributable to Shareholders for the year ended 31 March 2022

	1 April 2021 to 31 March 2022		1 April 2020 to 31 March 2021	
	£	£	£	£
Opening net assets attributable to Shareholders		99,409,096		57,744,948
Amounts received on creation of shares	6,611,352		43,012,873	
Amounts paid on cancellation of shares	(20,216,868)		(39,059,692)	
		(13,605,516)		3,953,181
Dilution adjustment		16,488		405,853
Change in net assets attributable to Shareholders from investment activities		3,510,349		35,718,033
Retained distributions on accumulation shares		2,130,335		1,587,081
Closing net assets attributable to Shareholders		91,460,752		99,409,096

ES River and Mercantile UK Equity High Alpha Fund

Balance Sheet as at 31 March 2022

	Notes	31 March 2022		31 March 2021	
		£	£	£	£
ASSETS					
Fixed assets					
Investments			91,182,235		99,083,204
Current assets					
Debtors	8	876,960		1,107,256	
Cash and bank balances		135,498		168,329	
Total other assets			1,012,458		1,275,585
Total assets			92,194,693		100,358,789
LIABILITIES					
Creditors					
Distribution payable	9	(61,075)		(22,362)	
Other creditors	9	(672,866)		(927,331)	
Total other liabilities			(733,941)		(949,693)
Total liabilities			(733,941)		(949,693)
Net assets attributable to Shareholders			91,460,752		99,409,096

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 7 to 9.

2 Net capital gains

	31 March 2022 £	31 March 2021 £
The net capital gains during the year comprise:		
Non-derivative securities	3,534,195	35,748,017
Currency (losses)/gains	(942)	4,064
Custodial transaction fees	<u>(18,984)</u>	<u>(30,833)</u>
Net capital gains	<u>3,514,269</u>	<u>35,721,248</u>

3 Revenue

	31 March 2022 £	31 March 2021 £
Bank interest	—	7
Franked distributions from authorised funds	11,659	15,956
UK dividends	2,556,221	1,666,569
Non-taxable overseas dividends	233,149	149,633
Stock dividends	—	16,058
UK REIT dividends	<u>13,112</u>	<u>4,969</u>
	<u>2,814,141</u>	<u>1,853,192</u>

ES River and Mercantile UK Equity High Alpha Fund

Notes to the Financial Statements continued

4 Expenses

	31 March 2022 £	31 March 2021 £
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	<u>355,900</u>	<u>348,031</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	14,723	12,522
Safe custody fees	<u>3,827</u>	<u>2,919</u>
	<u>18,550</u>	<u>15,441</u>
Other expenses:		
Audit fee*	11,614	12,093
Fund accounting fees	32,109	33,508
Legal and professional fees	2,031	4,006
Registration fees	825	1,189
Transfer agency fees	33,316	85,202
Other fees	<u>10,164</u>	<u>(56,491)</u>
	<u>90,059</u>	<u>79,507</u>
Total expenses	<u>464,509</u>	<u>442,979</u>

*Total audit fees of £10,164 (2021 - £9,680) exclusive of VAT.

ES River and Mercantile UK Equity High Alpha Fund

Notes to the Financial Statements continued

5 Taxation

	31 March 2022 £	31 March 2021 £
a) Analysis of taxation charge in year		
Overseas tax	<u>20,290</u>	<u>3,730</u>
Total taxation	<u>20,290</u>	<u>3,730</u>

b) Factors affecting taxation charge for the year

The tax assessed for the year is lower (2021: lower) than the standard rate of corporation tax in the UK for an Open Ended Investment Company with variable capital (20%) (2021: 20%). The difference is explained below:

Net revenue before taxation for the year	<u>2,349,059</u>	<u>1,408,223</u>
Return on ordinary activities before taxation at the applicable rate of Corporation tax in the UK of 20% (2021: 20%)	469,812	281,645
Effects of:		
Movement in tax losses	89,236	87,999
Overseas tax	20,290	3,730
Prior year adjustment to tax losses	1,158	—
Revenue not subject to tax	<u>(560,206)</u>	<u>(369,644)</u>
Total taxation	<u>20,290</u>	<u>3,730</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 £1,098,231 (£1,008,995 as at 31 March 2021) 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 2021).

6 Interest payable and similar charges

	31 March 2022 £	31 March 2021 £
Interest	<u>573</u>	<u>1,990</u>
	<u>573</u>	<u>1,990</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 2022	31 March 2021
	£	£
Interim	1,345,690	860,705
Final	<u>935,907</u>	<u>765,731</u>
	2,281,597	1,626,436
Add: revenue deducted on cancellation of shares	79,319	82,249
Deduct: revenue received on creation of shares	<u>(28,227)</u>	<u>(300,977)</u>
	<u>2,332,689</u>	<u>1,407,708</u>
Distributions for the year		
Reconciliation between net revenue after taxation for the year and the distributions:		
Net revenue after taxation for the year	2,328,769	1,404,493
Equalisation on conversions	—	32
Expenses transferred to capital	<u>3,920</u>	<u>3,183</u>
Distributions for the year	<u>2,332,689</u>	<u>1,407,708</u>

8 Debtors

	31 March 2022	31 March 2021
	£	£
Accrued revenue	568,072	348,100
Amounts receivable for issue of shares	829	52,931
Expense rebate due from the ACD	—	46,379
Overseas tax recoverable	6,673	9,161
Sales awaiting settlement	<u>301,386</u>	<u>650,685</u>
	<u>876,960</u>	<u>1,107,256</u>

9 Other creditors

	31 March 2022	31 March 2021
	£	£
a) Distribution payable		
Gross distribution payable	<u>61,075</u>	<u>22,362</u>
Total distribution payable	<u>61,075</u>	<u>22,362</u>
b) Other creditors		
Accrued expenses	109,401	157,846
Amounts payable for cancellation of shares	485,466	491,858
Purchases awaiting settlement	<u>77,999</u>	<u>277,627</u>
	<u>672,866</u>	<u>927,331</u>

10 Contingent liabilities and outstanding commitments

There were no commitments or contingent liabilities at the balance sheet date (31 March 2021: same).

ES River and Mercantile UK Equity High Alpha 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.

Equity Trustees Fund Services Limited, as the sub-funds's ACD, wishes to disclose to the sub-fund's Shareholders that 25.0% and 26.08% of the Sub-Fund's shares in issue are under control of an Institutional Pension Fund and its related parties and a nominee and its related parties respectively.

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 £28,185 (£35,868 as at 31 March 2021).

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 2022			
Level 1	Unadjusted quoted price in an active market for an identical instrument	91,014,065	—
Level 3	Valuation techniques using unobservable inputs	168,170	—
		91,182,235	—

		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	—

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 UK Equity High Alpha Fund

Notes to the Financial Statements continued

12 Financial instruments continued

c) Foreign currency risk continued

At the balance sheet date, no significant foreign currency was held (2021: same).

d) Derivative risk

At the balance sheet date, no derivatives were held that could impact the sub-fund in a significant way (2021: 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 sub-fund would have increased by £9,118,224 (2021: £9,908,320). 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 2021 to 31 March 2022

Purchases	Transaction Value	Commissions	%	Taxes	
	£			£	£
Equity instruments (direct)	37,596,442	22,700	0.06	155,126	0.41
Collective investment schemes	929,504	742	0.08	3,919	0.42
Total purchases	38,525,946	23,442		159,045	
Total purchases including transaction costs	38,708,433				
Sales	Transaction Value	Commissions	%	Taxes	
	£			£	£
Equity instruments (direct)	50,056,681	30,990	0.06	706	0.00
Collective investment schemes	301,112	238	0.08	9	0.00
Total sales	50,357,793	31,228		715	
Total sales net of transaction costs	50,325,850				
Total transaction costs		54,670		159,760	
as a % of average net assets		0.06%		0.16%	

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 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%	

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 0.55% (2021 - 0.59%).

14 Share movement

	A-Class Distribution shares	B-Class Accumulation shares	Z-Class Accumulation shares
Opening shares	3,736,488	3,880,079	3,288,698
Shares issued	56,307	264,269	215,490
Shares redeemed	(221,692)	(826,611)	(643,672)
Closing shares	3,571,103	3,317,737	2,860,516

ES River and Mercantile UK Equity High Alpha Fund

Notes to the Financial Statements continued

15 Post balance sheet events

Subsequent to the sub-fund's year end, 31 March 2022, the spread of the Coronavirus pandemic and the Russian invasion of Ukraine 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 and the war 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 21 June 2022 was £84.1m, the impact of the volatility on the sub-fund's NAV between the end of the reporting period and this date was (7.97)%. The price movements per share class are shown below:

	A-Class Distribution shares	B-Class Accumulation shares	Z-Class Accumulation shares
NAV 31 March 2022	7,290,657	37,582,967	46,587,128
NAV 21 June 2022	6,499,758	33,253,264	44,465,206
Movement	(10.8%)	(11.5%)	(4.6%)
NAV per share 31 March 2022	204.16	1,132.79	1,628.63
NAV per share 21 June 2022	195.49	1,084.65	1,562.04
Movement	(4.2%)	(4.2%)	(4.1%)

There have been no significant redemptions on the sub-fund or any of the share classes since the reporting date 31 March 2022.

ES River and Mercantile UK Equity High Alpha Fund

Distribution tables for the year ended 31 March 2022

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 01/04/2021 — 30/09/2021		
	Net Revenue	Equalisation	Distribution paid 30/11/21	Distribution paid 30/11/20
A-Class Distribution shares				
Group 1	2.4700	—	2.4700	0.4299
Group 2	1.6679	0.8021	2.4700	0.4299
B-Class Accumulation shares				
Group 1	13.4311	—	13.4311	5.1841
Group 2	9.9662	3.4649	13.4311	5.1841
Z-Class Accumulation shares				
Group 1	25.3424	—	25.3424	11.4184
Group 2	14.1241	11.2183	25.3424	11.4184

Final dividend distribution in pence per share		Period 01/10/2021 — 31/03/2022		
	Net Revenue	Equalisation	Distribution payable 31/05/22	Distribution paid 31/05/21
A-Class Distribution shares				
Group 1	1.7103	—	1.7103	0.5985
Group 2	1.4031	0.3072	1.7103	0.5985
B-Class Accumulation shares				
Group 1	9.4094	—	9.4094	6.7519
Group 2	7.0322	2.3772	9.4094	6.7519
Z-Class Accumulation shares				
Group 1	19.6697	—	19.6697	14.6377
Group 2	13.9934	5.6763	19.6697	14.6377

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 in 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 and Mercantile UK Equity Smaller Companies Fund B share class returned 1.0% over the 12 months to 31 March 2022, compared with the Numis Smaller Companies (ex. Investment Companies) + AIM index which fell 2.1%, delivering a twelve-month outperformance of 3.1%.

At the sector level – an underweight to Energy has been a headwind, but not a material one. Consumer Discretionary was, despite not having a significant relative bet, the most expensive sector from a performance attribution perspective.

As was the case in the prior twelve months, we made strong relative performance in the Healthcare sector. **Indivior**, a pharmaceutical company that develops medicines to treat addictions, was the most significant contributor with a gain of 121%. The Recovery investment case was purchased on a depressed valuation and has re-rated as their two key drugs, which are prescribed for treatment of opioid dependence, outperformed expectations. However, **MaxCyte**, despite a strong year of operational delivery lost 39% as long duration / loss making biotech significantly underperformed. **Future**, **Alpha FX** and **One Savings Bank** benefitted from multiple positive earnings revisions, gaining 26%, 59% and 44% respectively. Elevated gas and power prices prompted strong share price performances from both **Diversified Energy**, a North American gas producer, and **Drax**, who provide 12% of the UK's renewable power.

With the exception of Maxcyte, underperformance was largely from our Consumer Discretionary holdings. **Moonpig's** share price at the end of March was at a 36% discount to the February 2021 IPO price despite several positive earnings revisions. Supply chain challenges have been a headwind for many businesses but were particularly challenging for **IG Design** and **Joules**. Profitability should recover but will take time, we decided to exit IG Design but continue to run our existing position in Joules. **Restaurant Group** dropped 50% despite the company delivering (in exceptional circumstances) and markedly outperforming peers. Expectations remains modest and the shares are lowly rated – indicative of the exceptionally weak current consumer sentiment.

There were 14 new positions and 14 positions exited over the twelve months which implies turnover in holdings (not portfolio turnover) at a sensible c.20%, suggesting we are owning businesses, on average, for five years. On the purchases, we increased exposure to precious metals through the purchase of **Centamin**. While **Atrato Onsite Energy** adds to our list of low beta portfolio diversifiers. Other key additions were **Cranswick** and **SigmaRoc** (both Quality) and **Elementis** and **TT Electronics** (both Recovery).

Market Overview

The absolute performance of the benchmark and the fund, and indeed the relative performance of the fund, peaked in early September. The market narrative moved from the pandemic recovery to a focus on the reversal of the extremely accommodative monetary and fiscal measures introduced to bridge demand and protect the global economy. Central Banks, particularly the Federal Reserve, pivoted to more hawkish rhetoric, keen to, after a slow start, be seen to be taking their price stability mandates seriously.

UK Smaller companies, as measured by our benchmark, have underperformed the wider UK market (as measured by the MSCI UK IMI Index) by 16.6% over the last twelve months, with almost all of the underperformance coming in the later six months. We lost some of our relative outperformance in this period but have fared relatively well.

Outlook

The hit to consumer income from higher inflation now being realised is evident in consumer confidence which is close to the low of March 2020. The exceptional fiscal and monetary response of the last two years is being unwound through higher rates, excess liquidity withdrawal and higher taxes - measure that are likely to weigh on growth. We should therefore be prepared for ongoing volatility in equity returns, style leadership and investor sentiment. However, given the underperformance of smaller companies over the last six months, we caution against becoming too bearish 'after the event' and note that current levels of consumer confidence have historically been coincident with troughs in its relative performance.

We attempt to diversify our portfolios to protect against foreseen and unforeseen risks. We do this through our multi-factor PVT approach which enables us to invest in strong, cash generating companies at various stages of their corporate lifecycle. This approach has supported strong absolute and relative returns for this strategy over more than fifteen years.

ES River and Mercantile UK Equity Smaller Companies Fund

Investment Manager's Review continued

Outlook continued

The Russian invasion of Ukraine in February 2022, along with the terrible ensuing humanitarian crisis, has been the most meaningful geopolitical development in many years. And now, in many ways, global economies are moving into a period of significant public and private investment. The next ten years is, on many levels, going to be different from the post global financial crisis (GFC) years, and stockmarkets are currently struggling to understand exactly how this will play out. However it is worth stating that the portfolio is not built on attempts to make precise predictions about the macro-economic future, but rather by building our convictions at the individual company level through a systematic bottom-up approach.

River and Mercantile
23 June 2022
Investment Adviser to the Fund

Source: River and Mercantile Asset Management LLP. Fund performance is calculated using midday published prices. Benchmark performance is calculated using close of business mid-market prices.

ES River and Mercantile UK Equity Smaller Companies Fund

Portfolio Statement as at 31 March 2022

Holding	Investment	Market Value £	% of Net Assets
UNITED KINGDOM (UK LISTED COMPANIES) – 89.68% (2021 – 84.51%)			
Banks – 2.92% (2021 – 2.31%)			
2,235,000	LendInvest*	4,335,900	0.84
1,900,000	OSB	10,735,000	2.08
Capital Goods – 7.68% (2021 – 11.67%)			
3,300,000	Chemring	10,725,000	2.08
550,000	Genuit	2,697,750	0.52
3,643,210	QinetiQ	11,089,931	2.15
5,000,000	Speedy Hire	2,705,000	0.52
1,000,000	Tyman	3,180,000	0.62
140,000	Ultra Electronics	4,653,600	0.90
1,100,000	Volution	4,614,500	0.89
Commercial & Professional Services – 11.44% (2021 – 6.88%)			
3,550,000	Alpha Financial Markets Consulting*	11,360,000	2.20
6,000,000	Begbies Traynor*	6,900,000	1.33
2,000,000	Biffa	6,390,000	1.24
1,000,000	Keystone Law*	6,300,000	1.22
10,000,000	Serco	14,410,000	2.79
1,751,391	Smart Metering Systems*	13,748,419	2.66
Consumer Durables & Apparel – 3.04% (2021 – 4.90%)			
2,300,000	DFS Furniture	4,784,000	0.93
347,000	Focusrite	4,476,300	0.87
1,700,000	Joules*	952,000	0.18
2,750,000	Photo-Me International	1,960,750	0.38
2,750,000	Ted Baker	3,536,500	0.68
Consumer Services – 4.23% (2021 – 3.20%)			
2,750,000	888	5,068,250	0.98
3,700,000	Hollywood Bowl	8,954,000	1.73
1,600,000	On the Beach	3,752,000	0.73
6,650,000	Restaurant	4,056,500	0.79
Diversified Financials – 10.17% (2021 – 4.51%)			
680,000	Alpha FX*	13,804,000	2.67
7,700,000	Atrato Onsite Energy	8,624,000	1.67
2,165,000	FRP Advisory	2,641,300	0.51
1,195,299	JTC	10,076,371	1.95
575,000	Liontrust Asset Management	7,291,000	1.41
600,000	Polar Capital	3,696,000	0.72
3,000,230	River & Mercantile UK Micro Cap Investment**	6,390,490	1.24

ES River and Mercantile UK Equity Smaller Companies Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Energy – 4.30% (2021 – 2.40%)		
4,400,000	Capital	4,576,000	0.89
11,500,000	Diversified Energy	13,616,000	2.64
222,144	SDX Energy*	16,883	0.00
1,000,000	Serica Energy	3,975,000	0.77
	Food, Beverage & Tobacco – 1.43% (2021 – 0.00%)		
210,000	Cranswick	7,400,400	1.43
	Health Care Equipment & Services – 2.99% (2021 – 2.61%)		
700,000	CareTech*	4,837,000	0.94
795,000	EMIS*	10,589,400	2.05
	Household & Personal Products – 0.29% (2021 – 0.60%)		
4,100,000	Venture Life*	1,476,000	0.29
	Insurance – 1.98% (2021 – 2.21%)		
650,000	Lancashire	2,806,700	0.54
3,200,000	Sabre Insurance	7,408,000	1.44
	Materials – 8.20% (2021 – 4.91%)		
10,000,000	Centamin	9,144,000	1.77
6,150,000	Elementis	7,312,350	1.42
2,900,000	Essentra	9,120,500	1.77
700,000	Kenmare Resources	3,227,000	0.62
10,697,253	Pan African Resources*	2,390,836	0.46
3,100,000	Serabi Gold*	1,488,000	0.29
37,005,800	Shanta Gold*	3,515,551	0.68
8,000,000	SigmaRoc*	6,160,000	1.19
	Media & Entertainment – 5.55% (2021 – 8.52%)		
400,000	Future	10,400,000	2.01
6,630,284	Pebble*	6,961,798	1.35
1,500,000	Reach	2,745,000	0.53
1,600,000	Team17*	8,544,000	1.66
	Pharmaceuticals, Biotechnology & Life Sciences – 5.07% (2021 – 2.60%)		
13,500,000	Allergy Therapeutics*	3,375,000	0.65
9,500,000	Alliance Pharma*	10,925,000	2.11
4,250,000	Indivior	11,908,500	2.31
	Real Estate – 4.72% (2021 – 5.02%)		
2,400,000	Capital & Counties Properties	4,200,000	0.81

ES River and Mercantile UK Equity Smaller Companies Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Real Estate continued		
9,000,000	Supermarket Income Reit	11,340,000	2.20
3,450,000	Watkin Jones*	8,832,000	1.71
	Retailing – 4.27% (2021 – 6.27%)		
4,250,000	boohoo	3,766,350	0.73
3,000,000	Halfords	7,350,000	1.42
2,900,000	Moonpig	6,484,400	1.26
3,250,000	Vivo Energy	4,439,500	0.86
	Software & Services – 3.43% (2021 – 4.26%)		
890,000	Aptitude Software	2,714,500	0.53
2,200,000	Bytes Technology	10,934,000	2.12
2,500,000	Learning Technologies*	4,052,500	0.78
	Technology Hardware & Equipment – 4.28% (2021 – 7.72%)		
3,600,000	Spirent Communications	8,568,000	1.66
3,650,000	Strix*	7,373,000	1.43
3,000,000	TT Electronics	6,165,000	1.19
	Telecommunication Services – 2.10% (2021 – 2.91%)		
800,000	Gamma Communications*	10,832,000	2.10
	Utilities – 1.59% (2021 – 1.01%)		
1,050,000	Drax	8,237,250	1.59
	OVERSEAS COMPANIES (UK LISTED COMPANIES) – 4.90% (2021 – 8.92%)		
	Bermuda – 0.87% (2021 – 0.67%)		
1,194,516	Conduit	4,479,435	0.87
	Gibraltar – 0.00% (2021 – 0.60%)		
	Mauritius – 0.00% (2021 – 0.47%)		
	United States of America – 4.03% (2021 – 7.18%)		
4,311,000	Boku*	4,698,990	0.91
1,670,000	MaxCyte*	8,917,800	1.73

ES River and Mercantile UK Equity Smaller Companies Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	United States of America continued		
518,113	Somero Enterprises*	2,486,943	0.48
2,990,000	Tinybuild*	4,724,200	0.91
	Portfolio of investments	488,423,347	94.58
	Net other assets	28,014,557	5.42
	Net assets	516,437,904	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.

94.58% 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 2021.

*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
A-Class Distribution shares	pence per share	pence per share
Change in net assets per share		
Opening net asset value per share	276.22	314.49
Return before operating charges*	187.24	(29.98)
Operating charges	(6.11)	(5.19)
Return after operating charges	181.13	(35.17)
Distributions	(0.98)	(3.10)
Closing net asset value per share	456.37	276.22
*After direct transaction costs of	(0.76)	(0.68)
Performance		
Return after charges	65.57%	(11.18)%
Other information		
Closing net asset value (£)	30,121,740	20,715,897
Closing number of shares	6,600,335	7,499,869
Operating charges	1.64%	1.60%
Direct transaction costs	0.20%	0.21%
Prices		
Highest share price	463.12	365.60
Lowest share price	266.96	234.27

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

*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.

ES River and Mercantile UK Equity Smaller Companies Fund

Comparative table continued

For the year ending:	31/03/2022	31/03/2021	31/03/2020
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	2,912.44	1,745.02	1,952.68
Return before operating charges*	29.30	1,188.49	(190.39)
Operating charges	(26.36)	(21.07)	(17.27)
Return after operating charges	2.94	1,167.42	(207.66)
Distributions	(34.11)	(18.53)	(34.60)
Retained distributions on accumulation shares	34.11	18.53	34.60
Closing net asset value per share	2,915.38	2,912.44	1,745.02
*After direct transaction costs of	(7.39)	(4.84)	(4.24)
Performance			
Return after charges	0.10%	66.90%	(10.63)%
Other information			
Closing net asset value (£)	243,145,895	140,146,245	112,675,947
Closing number of shares	8,340,117	4,811,982	6,457,017
Operating charges**	0.83%	0.89%	0.85%
Direct transaction costs	0.23%	0.20%	0.21%
Prices			
Highest share price	3,548.98	2,955.43	2,306.18
Lowest share price	2,615.86	1,688.37	1,478.61

*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:	31/03/2022	31/03/2021	31/03/2020
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	666.48	402.43	458.45
Return before operating charges*	7.34	273.18	(43.90)
Operating charges	(6.01)	(4.84)	(4.03)
Return after operating charges	1.33	268.34	(47.93)
Distributions	(7.77)	(4.29)	(8.09)
Closing net asset value per share	660.04	666.48	402.43
*After direct transaction costs of	(1.69)	(1.11)	(0.99)
Performance			
Return after charges	0.20%	66.68%	(10.45)%
Other information			
Closing net asset value (£)	197,764,717	184,371,477	111,775,030
Closing number of shares	29,962,495	27,663,576	27,774,995
Operating charges**	0.83%	0.89%	0.85%
Direct transaction costs	0.23%	0.20%	0.21%
Prices			
Highest share price	812.12	677.38	534.55
Lowest share price	594.10	388.94	342.73

*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:	31/03/2022+
S-Class Accumulation shares	pence per share
Change in net assets per share	
Opening net asset value per share	250.00
Return before operating charges*	(10.69)
Operating charges	(1.41)
Return after operating charges	(12.10)
Distributions	(2.77)
Retained distributions on accumulation shares	2.77
Closing net asset value per share	237.90
*After direct transaction costs of	(0.57)
Performance	
Return after charges	(4.84)%
Other information	
Closing net asset value (£)	39,567,198
Closing number of shares	16,631,718
Operating charges**	0.57%
Direct transaction costs	0.24%
Prices	
Highest share price	289.20
Lowest share price	213.43

+Launched on 19 April 2021.

*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%.

ES River and Mercantile UK Equity Smaller Companies Fund

Comparative table continued

For the year ending:	31/03/2022	31/03/2021	31/03/2020+
	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	355.50	214.62	250.00
Return before operating charges*	3.91	145.75	(30.47)
Operating charges	(2.24)	(1.86)	(1.32)
Return after operating charges	1.67	143.89	(31.79)
Distributions	(5.11)	(3.01)	(3.59)
Closing net asset value per share	352.06	355.50	214.62
*After direct transaction costs of	(0.90)	(0.59)	(0.48)
Performance			
Return after charges	0.47%	67.04%	(12.72)%
Other information			
Closing net asset value (£)	35,960,094	41,775,907	37,143,089
Closing number of shares	10,214,081	11,751,185	17,306,050
Operating charges**	0.58%	0.64%	0.57%
Direct transaction costs	0.23%	0.20%	0.21%
Prices			
Highest share price	433.67	361.72	285.50
Lowest share price	317.27	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)



Typically Lower Rewards

Typically Higher Rewards



This Fund is ranked at 6 because funds of this type have experienced medium to high rises and falls in value in the past. The risk and reward score is based on past performance and calculated in accordance with European legislation. It may not be a reliable indication of the future risk profile. The risk and reward score is not guaranteed and may change over time. The lowest category does not mean risk free. While the risk indicator takes into account the broader risk profile, the following risks are considered most relevant to this sub-fund:

- **Equity Securities:** Equities can lose value rapidly, and typically involve higher market risks than bonds, money market instruments or other debt instruments. Fluctuation in value may occur in response to activities of individual companies, the general market, economic conditions, or changes in currency exchange rates.
- **Small and Mid-Cap Stock:** Stocks of small and mid-size companies can be more volatile and less liquid than stocks of larger companies. Small and mid-size companies often have fewer financial resources, shorter operating histories, and less diverse business lines, and as a result can be at greater risk of long-term or permanent business setbacks.
- **Concentration:** In certain conditions the Sub-Fund may invest in a relatively small number of securities, which may result in portfolio concentration in sectors, countries, or other groupings. These potential concentrations mean that a loss arising in a single investment may cause a proportionately greater loss in the Sub-Fund than if a larger number of investments were made.
- **Liquidity:** There is a risk that adverse market conditions may affect the Fund's ability to sell assets at the price the Fund would like, or the Fund may have to sell them at a loss.
- **Currency:** To the extent that a Sub-Fund holds assets that are denominated in currencies other than the base currency, any changes in currency exchange rates could reduce investment gains or income, or increase investment losses.

Summary of Largest Portfolio Changes

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

Purchases	£	Sales	£
Serco	13,241,065	Sumo	10,080,450
Elementis	10,606,309	Reach	8,340,046
Moonpig	10,246,212	Volution	8,132,324
Centamin	9,956,169	Sigma Capital	7,912,215
Indivior	9,282,035	OSB	7,042,957
888	8,828,970	Vesuvius	7,021,412
Liontrust Asset Management	8,787,921	Vivo Energy	6,960,609
Alpha Financial Markets Consulting	8,428,557	Drax	6,921,976
Diversified Energy	8,327,750	Genuit	6,520,230
Atrato Onsite Energy	8,296,007	Premier Miton	5,789,208

ES River and Mercantile UK Equity Smaller Companies Fund

Statement of Total Return for the year ended 31 March 2022

	Notes	1 April 2021 to 31 March 2022		1 April 2020 to 31 March 2021	
		£	£	£	£
Income					
Net capital (losses)/gains	2		(24,264,516)		160,979,876
Revenue	3	10,903,232		5,923,934	
Expenses	4	(4,712,168)		(2,970,551)	
Interest payable and similar charges	6	(252)		—	
Net revenue before taxation for the year		6,190,812		2,953,383	
Taxation	5	(227,473)		(391,746)	
Net revenue after taxation for the year			5,963,339		2,561,637
Total return before distributions			(18,301,177)		163,541,513
Distributions	7		(5,941,250)		(2,644,661)
Change in net assets attributable to Shareholders from investment activities			(24,242,427)		160,896,852

Statement of Change in Net Assets attributable to Shareholders for the year ended 31 March 2022

		1 April 2021 to 31 March 2022		1 April 2020 to 31 March 2021	
		£	£	£	£
Opening net assets attributable to Shareholders			396,415,369		282,309,963
Amounts received on creation of shares	266,889,044			44,199,201	
Amounts paid on cancellation of shares	(126,650,559)			(92,279,227)	
			140,238,485		(48,080,026)
Dilution adjustment			517,676		418,166
Change in net assets attributable to Shareholders from investment activities			(24,242,427)		160,896,852
Retained distributions on accumulation shares			3,476,004		870,397
Unclaimed distributions over 6 years old			32,797		17
Closing net assets attributable to Shareholders			516,437,904		396,415,369

ES River and Mercantile UK Equity Smaller Companies Fund

Balance Sheet as at 31 March 2022

	Notes	31 March 2022		31 March 2021	
		£	£	£	£
ASSETS					
Fixed assets					
Investments			488,423,347		370,387,181
Current assets					
Debtors	8	2,695,063		790,941	
Cash and bank balances		31,136,766		29,870,967	
Total other assets			33,831,829		30,661,908
Total assets			522,255,176		401,049,089
LIABILITIES					
Creditors					
Distribution payable	9	(787,654)		(402,192)	
Other creditors	9	(5,029,618)		(4,231,528)	
Total other liabilities			(5,817,272)		(4,633,720)
Total liabilities			(5,817,272)		(4,633,720)
Net assets attributable to Shareholders			516,437,904		396,415,369

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 7 to 9.

2 Net capital (losses)/gains

	31 March 2022 £	31 March 2021 £
The net capital (losses)/gains during the year comprise:		
Non-derivative securities	(24,250,864)	161,003,561
Currency gains/(losses)	6,871	(7,121)
Custodial transaction fees	<u>(20,523)</u>	<u>(16,564)</u>
Net capital (losses)/gains	<u>(24,264,516)</u>	<u>160,979,876</u>

3 Revenue

	31 March 2022 £	31 March 2021 £
Bank interest	—	107
UK dividends	7,613,596	3,199,191
Management fee rebates	71,079	63,921
Non-taxable overseas dividends	2,675,742	2,241,951
Stock dividends	—	49,970
UK REIT dividends	<u>542,815</u>	<u>368,794</u>
	<u>10,903,232</u>	<u>5,923,934</u>

ES River and Mercantile UK Equity Smaller Companies Fund

Notes to the Financial Statements continued

4 Expenses

	31 March 2022 £	31 March 2021 £
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	<u>4,280,431</u>	<u>2,537,773</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	80,501	47,828
Safe custody fees	<u>22,535</u>	<u>10,682</u>
	<u>103,036</u>	<u>58,510</u>
Other expenses:		
Audit fee*	11,614	12,093
Fund accounting fees	132,872	76,176
Legal and professional fees	2,484	4,333
Registration fees	3,833	4,576
Transfer agency fees	121,465	178,839
Other fees	<u>56,433</u>	<u>98,251</u>
	<u>328,701</u>	<u>374,268</u>
Total expenses	<u><u>4,712,168</u></u>	<u><u>2,970,551</u></u>

*Total audit fees of £10,164 (2021 - £9,680) exclusive of VAT.

ES River and Mercantile UK Equity Smaller Companies Fund

Notes to the Financial Statements continued

5 Taxation

	31 March 2022 £	31 March 2021 £
a) Analysis of taxation charge in year		
Overseas tax	<u>227,473</u>	<u>391,746</u>
Total taxation	<u>227,473</u>	<u>391,746</u>

b) Factors affecting taxation charge for the year

The tax assessed for the year is lower (2021: lower) than the standard rate of corporation tax in the UK for an Open Ended Investment Company with variable capital (20%) (2021: 20%). The difference is explained below:

Net revenue before taxation for the year	<u>6,190,812</u>	<u>2,953,383</u>
Return on ordinary activities before taxation at the applicable rate of Corporation tax in the UK of 20% (2021: 20%)	1,238,162	590,677
Effects of:		
Movement in tax losses	1,329,101	507,546
Overseas tax	227,473	391,746
Prior year adjustment to tax losses	(509,395)	—
Revenue not subject to tax	<u>(2,057,868)</u>	<u>(1,098,223)</u>
Total taxation	<u>227,473</u>	<u>391,746</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 £7,710,423 (£6,890,717 as at 31 March 2021) 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 2021).

6 Interest payable and similar charges

	31 March 2022 £	31 March 2021 £
Interest	<u>252</u>	<u>—</u>
	<u>252</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 2022 £	31 March 2021 £
Interim	4,889,568	1,818,827
Final	<u>1,733,093</u>	<u>621,681</u>
	6,622,661	2,440,508
Add: revenue deducted on cancellation of shares	255,217	268,955
Deduct: revenue received on creation of shares	<u>(936,628)</u>	<u>(64,802)</u>
Distributions for the year	<u>5,941,250</u>	<u>2,644,661</u>
Reconciliation between net revenue after taxation for the year and the distributions:		
Net revenue after taxation for the year	5,963,339	2,561,637
Equalisation on conversions	(62,568)	3,544
Expenses transferred to capital	40,479	23,068
Shortfall met from capital	—	<u>56,412</u>
Distributions for the year	<u>5,941,250</u>	<u>2,644,661</u>

8 Debtors

	31 March 2022 £	31 March 2021 £
Accrued revenue	794,837	169,805
Amounts receivable for issue of shares	1,658,264	489,759
Overseas tax recoverable	92,040	131,377
Sales awaiting settlement	<u>149,922</u>	<u>—</u>
	<u>2,695,063</u>	<u>790,941</u>

9 Other creditors

	31 March 2022 £	31 March 2021 £
a) Distribution payable		
Gross distribution payable	<u>787,654</u>	<u>402,192</u>
Total distribution payable	<u>787,654</u>	<u>402,192</u>
b) Other creditors		
Accrued expenses	563,522	599,609
Amounts payable for cancellation of shares	1,099,717	783,257
Purchases awaiting settlement	<u>3,366,379</u>	<u>2,848,662</u>
	<u>5,029,618</u>	<u>4,231,528</u>

10 Contingent liabilities and outstanding commitments

There were no commitments or contingent liabilities at the balance sheet date (31 March 2021: 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.

Equity Trustees Fund Services Limited, as the Sub-Funds's ACD, wishes to disclose to the Sub-Fund's Shareholders that 26.18% of the Sub-Fund's shares in issue are under the control of a nominee and its related parties.

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 £305,288 (£260,952 as at 31 March 2021).

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 40.

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 £1,769,747 (2021: £1,327,865).

In 2021, 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. There were no compulsory redemption during the year ending 31 March 2022.

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 2022			
Level 1	Unadjusted quoted price in an active market for an identical instrument	488,423,347	—
		488,423,347	—

		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	—

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 (2021: same).

d) Derivative risk

At the balance sheet date, no derivatives were held that could impact the sub-fund in a significant way (2021: 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 sub-fund would have increased by £48,842,335 (2021: £37,038,718). 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 2021 to 31 March 2022

Purchases	Transaction Value	Commissions		Taxes	
	£	£	%	£	%
Equity instruments (direct)	362,564,048	251,471	0.07	979,153	0.27
Total purchases	362,564,048	251,471		979,153	
Total purchases including transaction costs	363,794,672				
Sales	Transaction Value	Commissions		Taxes	
	£	£	%	£	%
Equity instruments (direct)	219,890,398	151,822	0.07	677	0.00
Collective investment schemes	1,769,747	—	—	—	—
Total sales	221,660,145	151,822		677	
Total sales net of transaction costs	221,507,646				
Total transaction costs		403,293		979,830	
as a % of average net assets		0.07%		0.16%	

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 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%	

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 1.04% (2021 - 1.20%).

14 Share movement

	A-Class Distribution shares	B-Class Accumulation shares	B-Class Distribution shares	S-Class Accumulation shares	S-Class Distribution shares
Opening shares	6,600,335	4,811,982	27,663,576	—	11,751,185
Shares issued	252,658	5,927,522	4,099,460	2,431,771	10,743,235
Shares redeemed	(31,136)	(2,408,344)	(6,430,812)	(895,007)	(2,207,227)
Shares converted	(6,821,857)	8,957	4,630,271	15,094,954	(10,073,112)
Closing shares	—	8,340,117	29,962,495	16,631,718	10,214,081

ES River and Mercantile UK Equity Smaller Companies Fund

Notes to the Financial Statements continued

15 Post balance sheet events

Subsequent to the sub-fund's year end, 31 March 2022, the spread of the Coronavirus pandemic and the Russian invasion of Ukraine 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 and the war 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 21 June 2022 was £465.6m, the impact of the volatility on the sub-fund's NAV between the end of the reporting period and this date was (9.85)%. The price movements per share class are shown below:

	B-Class Accumulation shares	B-Class Distribution shares	S-Class Accumulation shares	S-Class Distribution shares
NAV 31 March 2022	243,145,895	197,764,717	39,567,198	35,960,094
NAV 21 June 2022	233,334,656	167,709,749	31,421,931	33,122,431
Movement	(4.0%)	(15.2%)	(20.6%)	(7.9%)
NAV per share 31 March 2022	2,915.38	660.04	237.90	352.06
NAV per share 21 June 2022	2,700.64	611.44	220.50	326.33
Movement	(7.4%)	(7.4%)	(7.3%)	(7.3%)

There have been significant redemptions during the period of 14.32% on the S Class Accumulation shares.

ES River and Mercantile UK Equity Smaller Companies Fund

Distribution tables for the year ended 31 March 2022

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 01/04/2021 — 30/09/2021		
	Net Revenue	Equalisation	Distribution paid 30/11/21	Distribution paid 30/11/20
A-Class Distribution shares⁺				
Group 1	0.0000	—	0.0000	0.9761
Group 2	0.0000	0.0000	0.0000	0.9761
B-Class Accumulation shares				
Group 1	24.9013	—	24.9013	13.9697
Group 2	10.2868	14.6145	24.9013	13.9697
B-Class Distribution shares				
Group 1	5.6851	—	5.6851	3.2427
Group 2	1.9274	3.7577	5.6851	3.2427
S-Class Accumulation shares*				
Group 1	1.7067	—	1.7067	0.0000
Group 2	0.8983	0.8084	1.7067	0.0000
S-Class Distribution shares				
Group 1	3.5288	—	3.5288	2.0505
Group 2	1.4063	2.1225	3.5288	2.0505

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

* Launched on 19 April 2021.

Final dividend distribution in pence per share		Period 01/10/2021 — 31/03/2022		
	Net Revenue	Equalisation	Distribution payable 31/05/22	Distribution paid 31/05/21
A-Class Distribution shares⁺				
Group 1	0.0000	—	0.0000	0.0000
Group 2	0.0000	0.0000	0.0000	0.0000
B-Class Accumulation shares				
Group 1	9.2070	—	9.2070	4.5613
Group 2	5.7847	3.4223	9.2070	4.5613
B-Class Distribution shares				
Group 1	2.0881	—	2.0881	1.0473
Group 2	1.2847	0.8034	2.0881	1.0473

ES River and Mercantile UK Equity Smaller Companies Fund

Distribution tables continued

Final dividend distribution in pence per share	Period 01/10/2021 — 31/03/2022			
	Net Revenue	Equalisation	Distribution payable 31/05/22	Distribution paid 31/05/21
S-Class Accumulation shares*				
Group 1	1.0676	—	1.0676	0.0000
Group 2	0.5539	0.5137	1.0676	0.0000
S-Class Distribution shares				
Group 1	1.5860	—	1.5860	0.9571
Group 2	0.5974	0.9886	1.5860	0.9571

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

* Launched on 19 April 2021.

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 2.0% return, which compares to the benchmark's 14.5%. Stock selection was the primary driver of relative returns.

Two of the largest positive contributors in the prior period, **888 Holdings** and **DFS Furniture**, were major detractors to performance over the past 12 months. They are linked to other weak performers in the period (such as **Moonpig** and **Whitbread**) by exposure to consumer spending. An ongoing overhang causing a negative feedback loop to 888's share price – the impending equity raise to help finance the William Hill European acquisition – is now in the rear-view mirror. 888 managed to chip the price to account for market conditions and has increased the deferred component. Holdings in non-life insurers **Lancashire** and **Conduit** also delivered negative returns. Unable to reaffirm the investment case in Lancashire following review, we have exited the position and re-allocated the capital into Conduit. Positive contributors included **Barrick Gold** and **Anglo American**, which both benefitted from higher underlying commodity prices. The sub-fund also made well-timed exits in **Genuit**, **Strix**, and **Savills** after our investment case played out and the shares became fully valued.

A ~25% sell off from 5-year share price highs offered an opportunity to build a position in **AstraZeneca**, where we see an underappreciated Growth opportunity delivered from newly launched drugs as opposed to pipeline drugs, which carry the risk of not getting approved. A new strategic angle has emerged for **Auto Trader**, which increases the long-term growth potential for average revenue per retailer (ARPR) via a transition from an online classified pure-play to an e-commerce platform (a 'Shopify' type third-party model, sell to buyer via marketplace). **Tate & Lyle's** sale of its Primary Products (commodity ingredients) division leaves the Food & Beverage Solutions (focused on faster growing speciality markets). It is now a debt-free, mid-single digit revenue growth business with potential to consistently expand margins due to an increase in customised solutions and strong barriers to entry. We also initiated smaller positions in distributor **DCC**, performance chemicals business **Elementis**, and switched from **Persimmon** into London-focused housebuilder **Berkeley Group**.

Sales were primarily mature PVT investment cases where there was no longer a meaningful valuation anomaly; **Savills**, **Genuit**, **RELX**, **Central Asia Metals**, **Vesuvius** and **Strix** were all in this camp. **Meggitt** received a cash bid from US company Parker-Hannifin some 70% higher than the resting price. We exited **Vodafone** following a change in strategy to increase capex, which pushes out the free cash generation for which we had bought the shares, and **RWS** after a profit warning. We exited gold miner **Polymetal** due to concerns around political risk, shifting the capital into **Barrick Gold**.

Outlook

Ray Dalio, founder of Bridgewater Associates, wrote that, "In paradigm shifts, most people get caught overextended doing something overly popular and get really hurt." Markets have offered multiple signs that a change in the investing environment is well underway. The increasing cost of money and prospect of tighter liquidity has re-ignited a preference for near-term earnings over the prospects of long-term growth. The key debates within equity markets currently appear to be (1) how far is the Fed willing to tighten financial conditions in the face of falling equity markets, i.e. what level is the "Fed put", and (2) will tightening inadvertently create an economic recession, with consumer confidence already under pressure from the increased cost of living via inflation? Our hunch is that the political ramifications of the latter mean that the former may be somewhat lower than some investors would like.

Despite a positive return from UK equities over the past 12 months, sentiment is poor. The hit to consumer income from higher inflation now being realised is evident in consumer confidence, which is close to the low of March 2020 in the UK. The sub-fund's exposure to smaller companies has been a meaningful drag on performance. Timing the end of this market segment's underperformance is impossible, but we caution against becoming too bearish 'after the event' and note that current levels of consumer confidence have historically been coincident with troughs in its relative performance. We remain dedicated to our strategy of building a high conviction portfolio exploiting investment opportunities with a range of earnings drivers. Due to the challenges of the current operating environment, we will learn a significant amount more about the strength of our investee companies over the coming months. If our analysis is close to correct, and the manner they dealt with previous challenges (including the not-so-distant past!) is any guide, then current valuations offer outstanding risk-reward.

The approach the sub-fund follows is highly focused on the price we pay for our investments 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 sub-fund well for the intermediate term.

ES River and Mercantile UK Dynamic Equity Fund

Investment Manager's Review continued

Outlook continued

The Russian invasion of Ukraine in February 2022, along with the terrible ensuing humanitarian crisis, has been the most meaningful geopolitical development in many years. And now, in many ways, global economies are moving into a period of significant public and private investment. The next ten years is, on many levels, going to be different from the post global financial crisis (GFC) years, and stockmarkets are currently struggling to understand exactly how this will play out. However it is worth stating that the portfolio is not built on attempts to make precise predictions about the macro-economic future, but rather by building our convictions at the individual company level through a systematic bottom-up approach.

River and Mercantile
23 June 2022
Investment Adviser to the Fund

Source: River and Mercantile Asset Management LLP. Fund performance is calculated using midday published prices. Benchmark performance is calculated using close of business mid-market prices.

ES River and Mercantile UK Dynamic Equity Fund

Portfolio Statement as at 31 March 2022

Holding	Investment	Market Value £	% of Net Assets
UNITED KINGDOM (UK LISTED COMPANIES) – 86.34% (2021 – 86.64%)			
Banks – 7.23% (2021 – 6.58%)			
966,000	Barclays	1,432,578	1.94
1,171,000	NatWest	2,528,189	3.43
242,000	OSB	1,367,300	1.86
Capital Goods – 12.31% (2021 – 11.92%)			
209,000	BAE Systems	1,499,366	2.03
568,000	Chemring	1,846,000	2.51
17,000	DCC	1,007,420	1.37
99,000	Electrocomponents	1,073,160	1.46
74,000	IMI	1,007,880	1.37
1,245,000	Speedy Hire	673,545	0.91
209,000	Tyman	664,620	0.90
79,000	Weir	1,295,205	1.76
Commercial & Professional Services – 2.07% (2021 – 2.92%)			
15,000	Intertek	783,600	1.07
94,000	Smart Metering Systems*	737,900	1.00
Consumer Durables & Apparel – 2.79% (2021 – 4.40%)			
20,000	Berkeley	748,000	1.02
627,000	DFS Furniture	1,304,160	1.77
Consumer Services – 4.43% (2021 – 2.97%)			
747,000	888	1,376,721	1.87
66,000	Whitbread	1,884,960	2.56
Diversified Financials – 1.10% (2021 – 1.20%)			
548,000	TP ICAP	812,136	1.10
Energy – 5.54% (2021 – 3.85%)			
720,000	Capricorn Energy	1,589,760	2.16
118,000	Shell	2,488,030	3.38
Food & Staples Retailing – 3.36% (2021 – 1.70%)			
896,000	Tesco	2,472,960	3.36
Food, Beverage & Tobacco – 4.15% (2021 – 0.00%)			
37,000	Cranswick	1,303,880	1.77
239,000	Tate & Lyle	1,749,480	2.38

ES River and Mercantile UK Dynamic Equity Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Health Care Equipment & Services – 3.95% (2021 – 4.40%)		
558,000	ConvaTec	1,203,048	1.63
140,000	Smith & Nephew	1,708,000	2.32
	Household & Personal Products – 4.57% (2021 – 5.61%)		
37,000	Reckitt Benckiser	2,157,840	2.93
35,000	Unilever	1,209,250	1.64
	Insurance – 3.68% (2021 – 6.34%)		
139,000	Prudential	1,575,565	2.14
491,538	Sabre Insurance	1,137,911	1.54
	Materials – 10.56% (2021 – 9.68%)		
63,000	Anglo American	2,502,675	3.40
817,000	Elementis	971,413	1.32
780,000	Essentra	2,453,100	3.33
124,000	Mondi	1,849,460	2.51
	Media & Entertainment – 6.36% (2021 – 2.05%)		
338,000	Auto Trader	2,138,864	2.90
350,000	Hyve	248,850	0.34
229,000	WPP	2,295,725	3.12
	Pharmaceuticals, Biotechnology & Life Sciences – 4.81% (2021 – 0.00%)		
35,000	AstraZeneca	3,546,200	4.81
	Real Estate – 4.50% (2021 – 6.11%)		
672,000	Capital & Counties Properties	1,176,000	1.60
786,000	Supermarket Income Reit	990,360	1.34
448,000	Watkin Jones*	1,146,880	1.56
	Retailing – 1.93% (2021 – 2.46%)		
124,000	B&M European Value Retail	662,408	0.90
338,000	Moonpig	755,768	1.03
	Software & Services – 1.13% (2021 – 2.12%)		
34,000	AVEVA	832,660	1.13
	Technology Hardware & Equipment – 1.87% (2021 – 8.33%)		
578,000	Spirent Communications	1,375,640	1.87
	Telecommunication Services – 0.00% (2021 – 4.00%)		

ES River and Mercantile UK Dynamic Equity Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
OVERSEAS COMPANIES (UK LISTED COMPANIES) – 4.79% (2021 – 8.18%)			
	Bermuda – 3.08% (2021 – 1.43%)		
605,000	Conduit	2,268,750	3.08
	Gibraltar – 0.00% (2021 – 3.67%)		
	Ireland – 1.71% (2021 – 1.68%)		
41,000	CRH	1,259,110	1.71
	Russia – 0.00% (2021 – 1.40%)		
OVERSEAS COMPANIES – 7.33% (2021 – 4.57%)			
	Canada – 3.77% (2021 – 1.73%)		
149,000	Barrick Gold	2,776,876	3.77
	France – 3.56% (2021 – 2.84%)		
33,500	Sanofi	2,618,908	3.56
FORWARD CURRENCY CONTRACTS – (0.06%) (2021 – (0.01%))			
£2,817,826	Forward Currency Contract 15/06/2022: UK sterling 2,817,826 vs Canadian dollar 4,681,000	(28,807)	(0.04)
£2,633,862	Forward Currency Contract 15/06/2022: UK sterling 2,633,862 vs Euro 3,125,000	(15,170)	(0.02)
	Portfolio of investments**	72,464,134	98.40
	Net other assets	1,180,974	1.60
	Net assets	73,645,108	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.

91.13% 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 2021.

*Security listed in AIM.

**Includes investment liabilities.

ES River and Mercantile UK Dynamic Equity Fund

Comparative table

For the year ending:	31/03/2022	31/03/2021	31/03/2020
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	163.39	122.21	153.19
Return before operating charges*	4.12	45.19	(25.62)
Operating charges	(1.50)	(2.45)	(2.61)
Return after operating charges	2.62	42.74	(28.23)
Distributions	(3.75)	(1.56)	(2.75)
Closing net asset value per share	162.26	163.39	122.21
*After direct transaction costs of	(0.38)	(0.76)	(0.66)
Performance			
Return after charges	1.60%	34.97%	(18.43)%
Other information			
Closing net asset value (£)	3,729,636	4,086,642	3,245,126
Closing number of shares	2,298,568	2,501,114	2,655,455
Operating charges+, **	0.88%	1.68%	1.68%
Direct transaction costs	0.22%	0.53%	0.43%
Prices			
Highest share price	180.58	165.80	169.94
Lowest share price	149.59	116.94	106.43

*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%.

+The Annual Management Charge of the A-Class Distribution shares changed to 0.75% on 01 April 2021.

ES River and Mercantile UK Dynamic Equity Fund

Comparative table continued

For the year ending:	31/03/2022	31/03/2021	31/03/2020
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	532.14	390.80	477.31
Return before operating charges*	13.24	145.74	(81.96)
Operating charges	(4.91)	(4.40)	(4.55)
Return after operating charges	8.33	141.34	(86.51)
Distributions	(12.28)	(8.50)	(12.30)
Retained distributions on accumulation shares	12.28	8.50	12.30
Closing net asset value per share	540.47	532.14	390.80
*After direct transaction costs of	(1.25)	(2.46)	(2.08)
Performance			
Return after charges	1.57%	36.17%	(18.12)%
Other information			
Closing net asset value (£)	68,689,867	75,724,500	47,131,241
Closing number of shares	12,709,391	14,230,237	12,060,335
Operating charges**	0.88%	0.93%	0.93%
Direct transaction costs	0.22%	0.53%	0.43%
Prices			
Highest share price	588.13	538.11	539.97
Lowest share price	493.23	374.17	338.67

*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:	31/03/2022	31/03/2021	31/03/2020+
S-Class Accumulation shares	pence per share	pence per share	pence per share
Change in net assets per share			
Opening net asset value per share	252.84	185.21	250.00
Return before operating charges*	6.27	69.12	(64.44)
Operating charges	(1.62)	(1.49)	(0.35)
Return after operating charges	4.65	67.63	(64.79)
Distributions	(6.54)	(4.57)	(1.00)
Retained distributions on accumulation shares	6.54	4.57	1.00
Closing net asset value per share	257.49	252.84	185.21
*After direct transaction costs of	(0.59)	(1.17)	(0.22)
Performance			
Return after charges	1.84%	36.52%	(25.92)%
Other information			
Closing net asset value (£)	5,150	5,057	3,704
Closing number of shares	2,000	2,000	2,000
Operating charges**	0.61%	0.67%	0.66%
Direct transaction costs	0.22%	0.53%	1.83%
Prices			
Highest share price	279.76	255.68	255.79
Lowest share price	234.95	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:	31/03/2022	31/03/2021	31/03/2020
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	1,269.68	925.48	1,121.76
Return before operating charges*	31.30	346.31	(194.20)
Operating charges	(1.87)	(2.11)	(2.08)
Return after operating charges	29.43	344.20	(196.28)
Distributions	(39.44)	(28.51)	(37.68)
Retained distributions on accumulation shares	39.44	28.51	37.68
Closing net asset value per share	1,299.11	1,269.68	925.48
*After direct transaction costs of	(2.99)	(5.85)	(4.91)
Performance			
Return after charges	2.32%	37.19%	(17.50)%
Other information			
Closing net asset value (£)	1,220,455	1,019,340	927,666
Closing number of shares	93,945	80,283	100,236
Operating charges**	0.14%	0.18%	0.18%
Direct transaction costs	0.22%	0.53%	0.43%
Prices			
Highest share price	1,407.73	1,283.92	1,276.93
Lowest share price	1,184.99	886.16	801.83

*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



This Fund is ranked at 5 because funds of this type have experienced medium to high rises and falls in value in the past. The risk and reward score is based on past performance and calculated in accordance with European legislation. It may not be a reliable indication of the future risk profile. The risk and reward score is not guaranteed and may change over time. The lowest category does not mean risk free. While the risk indicator takes into account the broader risk profile, the following risks are considered most relevant to this sub-fund:

All share classes have the same ranking with the exception of the S Class Accumulation shares which are category 6.

- 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.

During the year the ranking changed from 6 to 5.

Summary of Largest Portfolio Changes

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

Purchases	£	Sales	£
AstraZeneca	2,888,190	Unilever	1,972,182
Auto Trader	2,250,565	Savills	1,919,785
Essentra	1,940,105	Genuit	1,773,134
Tate & Lyle	1,725,693	Meggitt	1,612,374
Conduit	1,615,299	Helios Towers	1,569,002
Cranswick	1,371,039	Strix	1,560,598
WPP	1,222,822	Electrocomponents	1,524,454
Reckitt Benckiser	1,193,688	Anglo American	1,467,514
DCC	1,169,074	Vodafone	1,465,472
Elementis	1,162,280	Lancashire	1,432,701

ES River and Mercantile UK Dynamic Equity Fund

Statement of Total Return for the year ended 31 March 2022

	Notes	1 April 2021 to 31 March 2022		1 April 2020 to 31 March 2021	
		£	£	£	£
Income					
Net capital (losses)/gains	2		(223,284)		16,459,828
Revenue	3	2,516,663		1,706,039	
Expenses	4	(699,827)		(585,175)	
Interest payable and similar charges	6	(8)		(84)	
Net revenue before taxation for the year		1,816,828		1,120,780	
Taxation	5	(33,547)		(32,876)	
Net revenue after taxation for the year			1,783,281		1,087,904
Total return before distributions			1,559,997		17,547,732
Distributions	7		(1,790,055)		(1,095,993)
Change in net assets attributable to Shareholders from investment activities			(230,058)		16,451,739

Statement of Change in Net Assets attributable to Shareholders for the year ended 31 March 2022

		1 April 2021 to 31 March 2022		1 April 2020 to 31 March 2021	
		£	£	£	£
Opening net assets attributable to Shareholders			80,835,539		51,307,737
Amounts received on creation of shares		1,373,979		22,377,731	
Amounts paid on cancellation of shares		(9,995,105)		(10,506,082)	
			(8,621,126)		11,871,649
Dilution adjustment			(645)		116,304
Change in net assets attributable to Shareholders from investment activities			(230,058)		16,451,739
Retained distributions on accumulation shares			1,661,398		1,088,110
Closing net assets attributable to Shareholders			73,645,108		80,835,539

ES River and Mercantile UK Dynamic Equity Fund

Balance Sheet as at 31 March 2022

	Notes	31 March 2022		31 March 2021	
		£	£	£	£
ASSETS					
Fixed assets					
Investments			72,508,111		80,347,442
Current assets					
Debtors	8	480,874		1,841,574	
Cash and bank balances		949,950		136,373	
Total other assets			1,430,824		1,977,947
Total assets			73,938,935		82,325,389
LIABILITIES					
Investment liabilities			(43,977)		(9,741)
Creditors					
Distribution payable	9	(31,984)		(14,312)	
Other creditors	9	(217,866)		(1,465,797)	
Total other liabilities			(249,850)		(1,480,109)
Total liabilities			(293,827)		(1,489,850)
Net assets attributable to Shareholders			73,645,108		80,835,539

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 7 to 9.

2 Net capital (losses)/gains

	31 March 2022 £	31 March 2021 £
The net capital (losses)/gains during the year comprise:		
Non-derivative securities	(131,701)	16,503,477
Forward currency contracts	(57,511)	(66,978)
Currency (losses)/gains	(26,240)	30,574
Custodial transaction fees	<u>(7,832)</u>	<u>(7,245)</u>
Net capital (losses)/gains	<u>(223,284)</u>	<u>16,459,828</u>

3 Revenue

	31 March 2022 £	31 March 2021 £
UK dividends	1,945,101	1,290,431
Non-taxable overseas dividends	514,592	363,334
Stock dividends	—	17,669
UK REIT dividends	<u>56,970</u>	<u>34,605</u>
	<u>2,516,663</u>	<u>1,706,039</u>

ES River and Mercantile UK Dynamic Equity Fund

Notes to the Financial Statements continued

4 Expenses

	31 March 2022 £	31 March 2021 £
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	<u>599,518</u>	<u>478,343</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	12,176	8,580
Safe custody fees	<u>4,474</u>	<u>2,865</u>
	<u>16,650</u>	<u>11,445</u>
Other expenses:		
Audit fee*	11,614	12,093
Fund accounting fees	34,183	36,056
Legal and professional fees	1,083	114
Registration fees	1,368	1,702
Transfer agency fees	22,275	77,453
Other fees**	<u>13,136</u>	<u>(32,031)</u>
	<u>83,659</u>	<u>95,387</u>
Total expenses	<u><u>699,827</u></u>	<u><u>585,175</u></u>

*Total audit fees of £10,164 (2021 - £9,680) exclusive of VAT.

**Includes TER cap.

ES River and Mercantile UK Dynamic Equity Fund

Notes to the Financial Statements continued

5 Taxation

	31 March 2022 £	31 March 2021 £
a) Analysis of taxation charge in year		
Overseas tax	<u>33,547</u>	<u>32,876</u>
Total taxation	<u>33,547</u>	<u>32,876</u>

b) Factors affecting taxation charge for the year

The tax assessed for the year is lower (2021: lower) than the standard rate of corporation tax in the UK for an Open Ended Investment Company with variable capital (20%) (2021: 20%). The difference is explained below:

Net revenue before taxation for the year	<u>1,816,828</u>	<u>1,120,780</u>
Return on ordinary activities before taxation at the applicable rate of Corporation tax in the UK of 20% (2021: 20%)	363,366	224,156
Effects of:		
Movement in tax losses	150,147	110,131
Overseas tax	33,547	32,876
Prior year adjustment to tax losses	(21,574)	—
Revenue not subject to tax	<u>(491,939)</u>	<u>(334,287)</u>
Total taxation	<u>33,547</u>	<u>32,876</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 £1,818,142 (£1,667,995 as at 31 March 2021) 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 2021).

6 Interest payable and similar charges

	31 March 2022 £	31 March 2021 £
Interest	<u>8</u>	<u>84</u>
	<u>8</u>	<u>84</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 2022	31 March 2021
	£	£
Interim	1,118,388	576,952
Final	<u>631,012</u>	<u>549,975</u>
	1,749,400	1,126,927
Add: revenue deducted on cancellation of shares	48,339	56,044
Deduct: revenue received on creation of shares	<u>(7,683)</u>	<u>(86,978)</u>
Distributions for the year	<u>1,790,056</u>	<u>1,095,993</u>
Reconciliation between net revenue after taxation for the year and the distributions:		
Net revenue after taxation for the year	1,783,281	1,087,904
Equalisation on conversions	164	—
Expenses transferred to capital	<u>6,611</u>	<u>8,089</u>
Distributions for the year	<u>1,790,056</u>	<u>1,095,993</u>

8 Debtors

	31 March 2022	31 March 2021
	£	£
Accrued revenue	315,251	100,027
Amounts receivable for issue of shares	7,933	25,642
Expense rebate due from the ACD	—	58,993
Foreign currency contracts awaiting settlement	—	391,309
Overseas tax recoverable	157,690	170,485
Sales awaiting settlement	<u>—</u>	<u>1,095,118</u>
	<u>480,874</u>	<u>1,841,574</u>

9 Other creditors

	31 March 2022	31 March 2021
	£	£
a) Distribution payable		
Gross distribution payable	<u>31,984</u>	<u>14,312</u>
Total distribution payable	<u>31,984</u>	<u>14,312</u>
b) Other creditors		
Accrued expenses	138,433	231,230
Amounts payable for cancellation of shares	79,433	58,689
Foreign currency contracts awaiting settlement	—	390,067
Purchases awaiting settlement	<u>—</u>	<u>785,811</u>
	<u>217,866</u>	<u>1,465,797</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 2021: 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.

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 £45,371 (£52,867 as at 31 March 2021).

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 2022, 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	—	(43,977)

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)

No collateral is held or pledged (2021: 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 2022	Assets £	Liabilities £
Level 1 Unadjusted quoted price in an active market for an identical instrument	72,508,111	—
Level 2 Valuation techniques using observable inputs other than quoted prices within level 1	—	(43,977)
	72,508,111	(43,977)

ES River and Mercantile UK Dynamic Equity Fund

Notes to the Financial Statements continued

12 Financial instruments continued

b) Valuation of financial investments continued

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)

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 (2021: same).

d) Derivative risk

At the balance sheet date, no derivatives were held that could impact the sub-fund in a significant way (2021: 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 sub-fund would have increased by £7,250,811 (2021: £8,034,037). 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 2021 to 31 March 2022

Purchases	Transaction Value £	Commissions £	%	Taxes £	%
Equity instruments (direct)	31,199,674	19,911	0.06	135,356	0.43
Total purchases	31,199,674	19,911		135,356	
Total purchases including transaction costs	31,354,941				
Sales	Transaction Value £	Commissions £	%	Taxes £	%
Equity instruments (direct)	39,052,312	25,886	0.07	208	0.00
Total sales	39,052,312	25,886		208	
Total sales net of transaction costs	39,026,218				
Total transaction costs		45,797		135,564	
as a % of average net assets		0.06%		0.17%	

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%	

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 0.20% (2021 - 0.14%).

14 Share movement

	A-Class Distribution shares	B-Class Accumulation shares	S-Class Accumulation shares	Z-Class Accumulation shares
Opening shares	2,501,114	14,230,237	2,000	80,283
Shares issued	140,314	140,536	—	28,146
Shares redeemed	(342,860)	(1,650,564)	—	(18,989)
Shares converted	—	(10,818)	—	4,505
Closing shares	2,298,568	12,709,391	2,000	93,945

15 Post balance sheet events

Subsequent to the sub-fund's year end, 31 March 2022, the spread of the Coronavirus pandemic and the Russian invasion of Ukraine 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 and the war 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 21 June 2022 was £66m, the impact of the volatility on the sub-fund's NAV between the end of the reporting period and this date was (10.4)%. 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 2022	3,729,636	68,689,867	5,150	1,220,455
NAV 21 June 2022	3,485,558	61,418,802	4,876	1,076,926
Movement	(6.5%)	(10.6%)	(5.3%)	(11.8%)
NAV per share 31 March 2022	162.26	540.47	257.49	1,299.11
NAV per share 21 June 2022	153.56	511.47	243.82	1,231.49
Movement	(5.4%)	(5.4%)	(5.3%)	(5.2%)

There have been no significant redemptions on the sub-fund or any of the share classes since the reporting date 31 March 2022.

ES River and Mercantile UK Dynamic Equity Fund

Distribution tables for the year ended 31 March 2022

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 01/04/2021 — 30/09/2021		
	Net Revenue	Equalisation	Distribution paid 30/11/21	Distribution paid 30/11/20
A-Class Distribution shares				
Group 1	2.3608	—	2.3608	0.9850
Group 2	1.1517	1.2091	2.3608	0.9850
B-Class Accumulation shares				
Group 1	7.6868	—	7.6868	4.8101
Group 2	3.9427	3.7441	7.6868	4.8101
S-Class Accumulation shares				
Group 1	4.0140	—	4.0140	2.5280
Group 2	4.0140	0.0000	4.0140	2.5280
Z-Class Accumulation shares				
Group 1	23.4225	—	23.4225	15.3309
Group 2	15.2015	8.2210	23.4225	15.3309

Final dividend distribution in pence per share		Period 01/10/2021 — 31/03/2022		
	Net Revenue	Equalisation	Distribution payable 31/05/22	Distribution paid 31/05/21
A-Class Distribution shares				
Group 1	1.3915	—	1.3915	0.5722
Group 2	0.9454	0.4461	1.3915	0.5722
B-Class Accumulation shares				
Group 1	4.5944	—	4.5944	3.6896
Group 2	3.2562	1.3382	4.5944	3.6896
S-Class Accumulation shares				
Group 1	2.5280	—	2.5280	2.0450
Group 2	2.5280	0.0000	2.5280	2.0450
Z-Class Accumulation shares				
Group 1	16.0207	—	16.0207	13.1803
Group 2	9.9282	6.0925	16.0207	13.1803

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

Investment Review

The ES River and Mercantile UK Recovery Fund (B share class) returned 4.8% over the 12 months to 31 March 2022, compared to the MSCI United Kingdom IMI return of 14.5%.

Positive contributors during the past 12 months: Energy and Financials performed strongly, (**Serica** and **JKX**, helping offset the inevitable **Royal Dutch Shell** underweight); Smaller Companies (**Somero**, **Ebiquity**, **Kin & Carta** and **Reach**); underweights in **Unilever** and **Reckitt Benckiser** given their weakness on the back of worries regarding input price pressures; underweight **HSBC** which was weak on dampening interest rate expectations.

Negative contributors: Consumer discretionary stocks under recent pressure (**Restaurant Group**); large cap Growth and Quality strong (**AstraZeneca**, **Diageo**, **GSK**, **Relx**); Value factor unresponsive; individual stock disappointments (**ASOS**); our position in **Polymetal** (an inflation and market beta hedge) was our only direct exposure to Russia and clearly a drag on performance.

We have been adding to stocks with traditional value characteristics – they pulled back through much of the period and we saw that as a significant opportunity, therefore adding to banks (**HSBC**, **Standard Chartered**, **Santander**, **Lloyds**), insurance and other financials (**Old Mutual**, **ABRDN**, and **Prudential**) and energy (**Royal Dutch**, **Tenaris**, **Baker Hughes**); attractively valued and currently out of favour Quality and Growth franchises, **Unilever**, **Reckitt Benckiser**, **Smith & Nephew**, **SSP**, **Trainline**, **AG Barr**, **FD Technologies** and **Just Eat**; high scoring *MoneyPenny* recovery stocks such as **Capita**, **Serco**, **Severfield**, **XL Media**, **Hiscox**, **Centrica**, **Indivior**, **Mediclinic**, **Heijmans**, **BAM Group**, **Ocean Wilsons**, **Zynga** and **Applus**. We remain overweight and have been adding to stocks that would benefit from a post-social distancing world (**Restaurant Group**, **Whitbread**, **Rolls Royce**, **IAG**, **OnTheBeach**, **Jet2**, **Sands China**), and as we continue to roll-out S(ustainable)-PVT we are allocating increased capital to this area, (**SIG**, **Gresham House**).

Sales have included taking full profits where our PVT thesis has been delivered, most notably the continued recipients of M&A activity (**Avast**, **Meggitt**, **Ultra**, **Daily Mail**, **Charles Stanley**, **Playtech**, **Vectura**, **Blue Prism**, **U and I**, **Brewin Dolphin** and **John Menzies**) and also stocks that were starting to discount full recovery such as **Page Group**, **Pearl Abyss** and **Alfa Financial**; We have been reducing into relative strength (**Tremor**, **Accesso**, **Greggs**, **Boku**, **Naked Wines**), exiting Growth stocks that had been de-rated last year but have had a robust share price recovery and now look fully valued (**Gamma**, **Next**, **Diageo**); in light of the conflict **Polymetal** was downgraded to our lowest score in our S-PVT process and consequently sold.

Outlook

Since the Global Financial Crisis (GFC), the investment train has headed in a clear direction with which we are presumably all familiar. Most asset classes delivered positive returns. Profitability was a nice to have but certainly not essential in a world of excess liquidity. Duration risk was not a risk but a strongly positive return factor – seen in the outperformance of the growth style. The investment train in the post-pandemic period is likely to head in a very different direction. In short, market conditions have become, and are likely to remain, a lot harder. The cost of capital is rising, even if nominal growth in earnings may be solid in certain areas. We believe that populating portfolios with assets which can thrive in this environment – namely lower-multiple equities (limiting derating risk) in consolidated (pricing power) upstream assets (which protects value in real terms) which are likely to have a much better cycle than the last one – is consequently the best course of action. This is where multi-bagger investments are to be found for those with a long-term timeframe. Clearly valuation is only one part of this. Patience is another critical element; it's essential that we remain focused on the destination for our companies during periods of volatility.

The portfolio's constituents have been built bottom up but with this backdrop in mind. Incumbency bias and the rise of 'passive' investing (a misnomer because there's always an active decision somewhere along the line) means investors predominately remain overexposed to the sort of assets, companies and funds which have done well on yesterday's investment train despite the obvious and increasingly frequent warnings market signals are giving. For some, the takeaway from the ongoing strength of US equities and particularly large cap tech is that 'the show goes on' – just keep buying long-duration growth equities. Surely if they managed to outperform in the face of the highest inflation prints in 30-plus years then nothing can stop them, so goes the logic. This seems to us a bit like standing on the banks of a crocodile-infested river, watching three people try to swim across and get eaten then a fourth make it across alive and assuming that it's safe to go in the water. Historically, the behaviour within equity markets hasn't decoupled from economic reality for long. To suggest it will continue to do so now strikes us as reckless. All change, please!

ES River and Mercantile UK Recovery Fund

Investment Manager's Review continued

Outlook continued

The Russian invasion of Ukraine in February 2022, along with the terrible ensuing humanitarian crisis, has been the most meaningful geopolitical development in many years. And now, in many ways, global economies are moving into a period of significant public and private investment. The next ten years is, on many levels, going to be different from the post global financial crisis years, and stockmarkets are currently struggling to understand exactly how this will play out. However it is worth stating that the portfolio is not built on attempts to make precise predictions about the macro-economic future, but rather by building our convictions at the individual company level through a systematic bottom-up approach.

River and Mercantile
23 June 2022
Investment Adviser to the Fund

Source: River and Mercantile Asset Management LLP. Fund performance is calculated using midday published prices. Benchmark performance is calculated using close of business mid-market prices.

ES River and Mercantile UK Recovery Fund

Portfolio Statement as at 31 March 2022

Holding	Investment	Market Value £	% of Net Assets
UNITED KINGDOM (UK LISTED COMPANIES) – 86.73% (2021 – 80.78%)			
Automobiles & Components – 0.17% (2021 – 0.46%)			
218,500	TI Fluid Systems	417,772	0.17
Banks – 11.56% (2021 – 9.44%)			
2,615,871	Barclays	3,879,337	1.57
82,250	Close Brothers	979,598	0.39
1,818,452	HSBC	9,554,147	3.86
12,132,782	Lloyds Banking	5,708,474	2.30
32,830	Mortgage Advice Bureau*	366,055	0.15
1,363,091	NatWest	2,942,913	1.19
66,030	Secure Trust Bank	831,978	0.34
704,055	Standard Chartered	3,590,680	1.45
448,962	Virgin Money UK	770,194	0.31
Capital Goods – 4.44% (2021 – 6.88%)			
7,800	Avon Protection	101,010	0.04
45,800	Balfour Beatty	117,706	0.05
55,710	Bodycote	352,366	0.14
228,894	Driver*	64,090	0.03
350,164	Flowtech Fluidpower*	467,469	0.19
33,533	IMI	456,719	0.18
409,601	Kier	348,161	0.14
636,672	Melrose Industries	794,248	0.32
36,956	Morgan Advanced Materials	114,564	0.05
157,956	Mpac*	805,576	0.32
444,402	Northbridge Industrial Services*	733,263	0.30
3,341,385	Renold*	684,984	0.28
864,549	Rolls-Royce	874,059	0.35
161,050	Rotork	525,667	0.21
590,800	Severfield	391,110	0.16
1,880,700	SIG	811,334	0.33
988,160	Speedy Hire	534,595	0.22
198,610	Trifast	224,429	0.09
138,810	Tyman	441,416	0.18
141,198	Vesuvius	482,050	0.19
229,291	Volex*	609,914	0.25
64,218	Weir	1,052,854	0.42
Commercial & Professional Services – 2.55% (2021 – 2.83%)			
4,915,000	Aukett Swanke*	63,895	0.02
135,636	Biffa	433,357	0.17
2,206,478	Capita	461,816	0.19
395,898	De La Rue	429,945	0.17

ES River and Mercantile UK Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
Commercial & Professional Services continued			
2,184,600	Inspired*	338,613	0.14
241,680	Johnson Service*	282,766	0.11
120,000	Mears	242,400	0.10
187,292	Mind Gym*	247,225	0.10
572,290	Mitie	315,332	0.13
123,948	Renewi	819,296	0.33
130,880	Ricardo	514,358	0.21
525,670	RPS	551,954	0.22
111,788	RWS*	413,616	0.17
511,120	Serco	736,524	0.30
60,040	Smart Metering Systems*	471,314	0.19
Consumer Durables & Apparel – 3.33% (2021 – 2.17%)			
29,912	Berkeley	1,118,709	0.45
49,307	Burberry	825,399	0.33
1,530,541	Coats	1,172,394	0.47
202,270	Crest Nicholson	540,465	0.22
256,840	DFS Furniture	534,227	0.22
188,000	Dr. Martens	448,944	0.18
317,130	Joules*	177,593	0.07
51,000	MJ Gleeson	298,860	0.12
10,900	Persimmon	234,459	0.09
393,040	Photo-Me International	280,238	0.11
712,809	Taylor Wimpey	931,641	0.38
644,940	Ted Baker	829,393	0.34
90,642	Vistry	853,485	0.35
Consumer Services – 4.38% (2021 – 4.50%)			
207,250	888	381,962	0.15
59,400	Carnival	805,939	0.33
73,440	Compass	1,211,393	0.49
606,978	DP Eurasia	345,977	0.14
40,640	Entain	667,918	0.27
8,090	Flutter Entertainment	718,230	0.29
2,105,000	Fulham Shore	315,750	0.13
143,790	Gym	279,528	0.11
64,270	J D Wetherspoon	501,949	0.20
247,900	On the Beach	581,326	0.24
241,205	Rangers International Football**	45,829	0.02
1,797,256	Restaurant	1,096,326	0.44
2,975,529	Revolution Bars*	520,718	0.21
315,259	SSP	716,268	0.29
340,898	Trainline	852,245	0.34
719,900	Tribal*	611,915	0.25
41,364	Whitbread	1,181,356	0.48

ES River and Mercantile UK Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Diversified Financials – 5.57% (2021 – 5.64%)		
60,500	Aberforth Smaller Companies Trust	832,480	0.34
65,000	abrnd	139,685	0.06
319,285	ADVFN*	181,992	0.07
104,900	Ashmore	243,788	0.10
350,000	AVI Japan Opportunity Trust PLC/Fund	392,000	0.16
365,800	Cenkos*	281,666	0.11
360,690	Fidelity China Special Situations	908,939	0.37
179,842	Gresham House*	1,654,546	0.67
90,550	Hargreaves Lansdown	912,744	0.37
54,992	IG	450,384	0.18
650,856	International Personal Finance	671,683	0.27
133,700	IP	120,063	0.05
38,800	Liontrust Asset Management	491,984	0.20
2,215,280	Mercia Asset Management*	742,119	0.30
22,000	Polar Capital*	135,520	0.05
488,558	Premier Miton*	723,066	0.29
294,140	Provident Financial	901,833	0.36
31,000	Rathbones	613,800	0.25
100,000	River & Mercantile UK Micro Cap Investment	213,000	0.08
56,365	Rockwood Realisation*	783,474	0.32
1,934,800	Schroder UK Public Private	459,515	0.18
26,000	Schroders	495,040	0.20
44,500	Temple Bar Investment Trust	512,640	0.21
632,550	TP ICAP	937,439	0.38
	Energy – 12.86% (2021 – 8.08%)		
2,485,020	BP	9,326,280	3.77
738,738	Capital	768,288	0.31
238,200	Capricorn Energy	525,946	0.21
368,070	Diversified Energy	435,795	0.18
3,960,940	EnQuest	1,217,989	0.49
580,773	Harbour Energy	2,817,911	1.14
368,825	Hunting	1,108,319	0.45
478,572	John Wood	773,612	0.31
3,706,928	Savannah Energy*	1,037,940	0.42
309,662	Serica Energy*	1,230,906	0.50
440,735	Shell	9,292,897	3.75
114,500	Subsea 7	819,704	0.33
1,258,000	Tekmar*	465,460	0.19
707,308	Trinity Exploration & Production*	1,011,450	0.41
1,871,390	Tullow Oil	1,004,936	0.40
	Food & Staples Retailing – 0.00% (2021 – 0.49%)		

ES River and Mercantile UK Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
Food, Beverage & Tobacco – 4.19% (2021 – 3.10%)			
48,640	Associated British Foods	808,397	0.33
93,200	Barr	494,892	0.20
534,900	Benchmark*	261,031	0.11
136,520	British American Tobacco	4,360,449	1.76
15,300	Coca-Cola HBC	244,724	0.10
3,200	Cranswick	112,768	0.05
337,834	Devro	706,073	0.28
126,594	Imperial Brands	2,038,796	0.82
34,720	Nichols*	453,096	0.18
121,700	Tate & Lyle	890,844	0.36
Health Care Equipment & Services – 1.03% (2021 – 0.52%)			
48,000	Instem*	345,600	0.14
191,900	Mediclinic International	683,548	0.27
125,400	Smith & Nephew	1,529,880	0.62
Household & Personal Products – 3.55% (2021 – 2.49%)			
176,413	PZ Cussons	344,005	0.14
20,000	Reckitt Benckiser	1,166,400	0.47
891,350	Science in Sport*	508,070	0.20
196,236	Unilever	6,779,954	2.74
Insurance – 3.84% (2021 – 3.46%)			
237,920	Aviva	1,074,923	0.44
129,800	Beazley	546,198	0.22
81,000	Hiscox	796,230	0.32
465,290	Legal & General	1,265,589	0.51
474,580	Prudential	5,379,364	2.17
192,760	Saga	447,203	0.18
Materials – 9.68% (2021 – 7.76%)			
145,590	Anglo American	5,783,563	2.34
77,120	Antofagasta	1,289,832	0.52
640,830	Breedon*	522,276	0.21
984,357	Carclo	273,651	0.11
962,760	Centamin	880,348	0.35
309,010	Central Asia Metals*	735,444	0.30
36,800	DS Smith	118,459	0.05
532,450	Elementis	633,083	0.25
293,232	Essentra	922,215	0.37
85,400	Fresnillo	626,836	0.25
622,068	Glencore	3,109,718	1.26
31,100	Hill & Smith	457,792	0.18
221,160	Ibstock	387,915	0.16
36,500	Johnson Matthey	685,470	0.28

ES River and Mercantile UK Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
Materials continued			
33,300	Mondi	496,669	0.20
24,050	RHI Magnesita	585,858	0.24
96,818	Rio Tinto	5,887,502	2.38
430,300	Serabi Gold*	206,544	0.08
15,960	Victrex	291,749	0.12
21,240	Zotefoams	69,030	0.03
Media & Entertainment – 4.20% (2021 – 4.53%)			
124,810	Ascential	432,591	0.17
14,510	Auto Trader	91,819	0.04
1,431,497	Centaur Media	658,489	0.27
2,308,474	Ebiquity*	1,477,423	0.60
418,776	Everyman Media*	527,658	0.21
638,936	Hyve	454,283	0.18
94,720	Informa	570,025	0.23
807,130	ITV	661,201	0.27
289,981	Kin & Carta	736,552	0.30
114,900	Pearson	862,439	0.35
549,828	Reach	1,006,185	0.41
24,400	Team17	130,296	0.05
716,875	Time out*	358,438	0.14
160,680	Tremor International*	951,226	0.38
85,000	WPP	852,125	0.34
1,562,618	XLMedia*	632,860	0.26
Pharmaceuticals, Biotechnology & Life Sciences – 0.78% (2021 – 2.71%)			
80,980	GlaxoSmithKline	1,333,903	0.54
210,328	Indivior	589,339	0.24
Real Estate – 2.44% (2021 – 2.11%)			
154,140	British Land	817,559	0.33
917,880	Capital & Counties Properties	1,606,290	0.65
1,002,894	Foxtons	426,230	0.17
149,220	Grainger	435,722	0.18
64,500	Helical	265,095	0.11
17,500	International Biotechnology Trust	110,950	0.04
71,718	LSL Property Services	275,397	0.11
335,000	Montanaro UK Smaller Companies Investment Trust	418,750	0.17
151,765	Shaftesbury	937,149	0.38
108,400	Workspace	741,998	0.30
Retailing – 3.82% (2021 – 4.77%)			
10,000	Angling Direct*	5,100	0.00
33,380	ASOS*	537,585	0.22
530,140	boohoo*	469,810	0.19

ES River and Mercantile UK Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
Retailing continued			
723,180	Card Factory	326,154	0.13
647,500	Currys	588,578	0.24
200,000	Deliveroo	225,400	0.09
825,116	Hostelworld	635,339	0.26
81,600	JD Sports Fashion	120,972	0.05
644,660	Marks & Spencer	996,644	0.40
200,740	Moneysupermarket.com	381,406	0.15
314,356	Moonpig	702,900	0.28
9,440	Next	569,421	0.23
11,100	Ocado	129,981	0.05
2,004,730	Pendragon	563,329	0.23
459,667	Smiths News	155,367	0.06
276,820	Superdry	444,019	0.18
477,300	Topps Tiles	257,742	0.11
928,180	ULS Technology*	668,290	0.27
350,000	Victorian Plumbing	168,000	0.07
37,600	WH Smith	539,748	0.22
527,680	Wickes	973,570	0.39
Semiconductors & Semiconductor Equipment – 0.19% (2021 – 0.21%)			
1,364,047	IQE*	459,684	0.19
Software & Services – 1.72% (2021 – 2.85%)			
48,275	Allfunds	425,820	0.17
500,000	Altitude*	160,000	0.06
165,814	Bango*	315,047	0.13
1,412,068	Eckoh*	522,465	0.21
34,300	FD Technologies*	661,990	0.27
244,200	iomart*	393,650	0.16
255,188	Learning Technologies*	413,660	0.17
282,971	NCC	516,705	0.21
120,010	Sage	841,510	0.34
Technology Hardware & Equipment – 1.26% (2021 – 1.92%)			
4,938,064	Filtronic*	530,842	0.21
285,339	Strix*	576,385	0.23
1,575,000	Thruvision*	393,750	0.16
181,702	TT Electronics	373,397	0.15
488,603	Xaar	1,250,824	0.51
Telecommunication Services – 2.68% (2021 – 1.38%)			
1,005,000	BT	1,830,607	0.74
3,847,890	Vodafone	4,803,706	1.94

ES River and Mercantile UK Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Transportation – 1.44% (2021 – 1.54%)		
171,088	easyJet	948,512	0.38
911,940	International Consolidated Airlines	1,297,143	0.53
121,600	James Fisher & Sons	420,128	0.17
54,360	JET2*	622,422	0.25
81,200	Royal Mail	267,148	0.11
	Utilities – 1.05% (2021 – 0.94%)		
2,076,416	Centrica	1,662,794	0.67
55,200	Drax	433,044	0.18
3,200,000	Eenergy*	326,400	0.13
2,446,672	OPG Power Ventures*	166,374	0.07
	OVERSEAS COMPANIES (UK LISTED COMPANIES) – 3.38% (2021 – 7.18%)		
	Australia – 0.00% (2021 – 0.52%)		
	Bermuda – 0.44% (2021 – 0.20%)		
32,878	Conduit	123,293	0.05
96,665	Ocean Wilsons	966,650	0.39
	Cayman Islands – 0.00% (2021 – 0.07%)		
	Gibraltar – 0.00% (2021 – 0.41%)		
	India – 0.00% (2021 – 0.44%)		
	Ireland – 0.80% (2021 – 0.98%)		
191,040	Bank of Ireland	927,634	0.37
375,000	Cairn Homes	390,750	0.16
21,630	CRH	664,257	0.27
	Mauritius – 0.00% (2021 – 0.34%)		
	Netherlands – 0.34% (2021 – 0.42%)		
32,300	Just Eat Takeaway.com	838,024	0.34
	Nigeria – 0.45% (2021 – 0.32%)		
1,038,800	SEPLAT Energy	1,127,098	0.45

ES River and Mercantile UK Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	South Africa – 0.34% (2021 – 0.34%)		
1,190,000	Old Mutual	841,925	0.34
	Switzerland – 0.00% (2021 – 0.78%)		
	United States of America – 1.01% (2021 – 2.36%)		
371,177	Boku*	404,583	0.16
435,813	Somero Enterprises*	2,091,902	0.85
	OVERSEAS COMPANIES – 10.64% (2021 – 11.87%)		
	Australia – 0.28% (2021 – 0.18%)		
320,000	Incitec Pivot	689,899	0.28
	China – 0.63% (2021 – 0.57%)		
60,000	Baidu	822,795	0.33
135,000	Ping An Insurance of China	728,601	0.30
	France – 1.16% (2021 – 0.78%)		
7,750	Airbus	722,770	0.29
9,200	Danone	388,882	0.16
67,000	Elis	758,127	0.31
21,850	Verallia	397,726	0.16
23,000	Vicat	597,668	0.24
	Germany – 0.75% (2021 – 0.89%)		
9,500	Bayer	498,703	0.20
12,050	Fresenius	340,263	0.14
8,210	Porsche Automobil pref.	611,370	0.25
3,860	Siemens	410,677	0.16
	Greece – 0.42% (2021 – 0.74%)		
663,800	Eurobank Ergasias	596,009	0.24
40,000	JUMBO	455,994	0.18
	Hong Kong – 0.76% (2021 – 0.68%)		
440,700	Sands China	811,204	0.33
654,740	Shangri-La Asia	389,877	0.15
899,490	Swire Pacific	689,151	0.28
	Italy – 0.69% (2021 – 0.77%)		
107,760	BFF Bank	613,313	0.25

ES River and Mercantile UK Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Italy continued		
7,390	EXOR	434,026	0.17
56,950	Tenaris	661,734	0.27
	Japan – 1.09% (2021 – 2.44%)		
78,500	Japan Post	441,306	0.18
58,400	Nikon	479,819	0.19
760	Nintendo	293,236	0.12
12,200	Pola Orbis	121,994	0.05
10,950	Sony	872,254	0.35
68,200	Tosei	497,603	0.20
	Netherlands – 1.53% (2021 – 1.21%)		
65,000	Fugro	599,054	0.24
41,900	Heijmans	521,913	0.21
58,000	ING Groep	466,166	0.19
233,000	Koninklijke BAM Groep	538,715	0.22
18,000	Koninklijke Philips	421,802	0.17
10,000	Prosus	410,403	0.17
9,890	TKH	422,896	0.17
19,610	Van Lanschot Kempen	400,204	0.16
	Norway – 0.19% (2021 – 0.00%)		
9,200	Bakkafrost P/F	473,873	0.19
	Portugal – 0.17% (2021 – 0.00%)		
42,000	Galp Energia SGPS	408,696	0.17
	South Korea – 0.16% (2021 – 0.69%)		
3,000	Hyundai Mobis	403,234	0.16
	Spain – 0.82% (2021 – 0.00%)		
91,700	Applus Services	580,027	0.23
260,000	Banco Santander	680,897	0.28
140,000	CaixaBank	364,034	0.15
39,000	Repsol	392,983	0.16
	Sweden – 0.00% (2021 – 0.16%)		
	Switzerland – 0.00% (2021 – 0.23%)		
	United States of America – 1.99% (2021 – 2.53%)		
23,200	Baker Hughes	641,562	0.26

ES River and Mercantile UK Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	United States of America continued		
390	Booking	695,969	0.28
15,270	Callaway Golf	271,616	0.11
5,800	Citigroup	235,189	0.10
3,000	McKesson	698,432	0.28
9,140	Owens Corning	635,041	0.26
1,975	Take-Two Interactive Software	230,613	0.09
6,010	Walt Disney	626,220	0.25
7,000	Wells Fargo	257,639	0.11
89,500	Zynga	627,414	0.25
	FORWARD CURRENCY CONTRACTS – (0.03%) (2021 – 0.02%)		
£12,759,694	Forward Currency Contract 15/06/2022: UK sterling 12,759,694 vs Euro 15,139,000	(73,488)	(0.03)
	Portfolio of investments***	249,337,975	100.72
	Net other liabilities	(1,770,913)	(0.72)
	Net assets	247,567,062	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.

90.11% 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 2021.

*Security listed in AIM.

**Delisted security.

***Includes investment liabilities.

ES River and Mercantile UK Recovery Fund

Comparative table

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

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

*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.

ES River and Mercantile UK Recovery Fund

Comparative table continued

For the year ending:	31/03/2022	31/03/2021	31/03/2020
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	1,182.01	728.60	1,021.91
Return before operating charges*	62.32	471.63	(258.40)
Operating charges	(13.82)	(10.94)	(11.19)
Return after operating charges	48.50	460.69	(269.59)
Distributions	(19.38)	(7.28)	(23.72)
Closing net asset value per share	1,211.13	1,182.01	728.60
*After direct transaction costs of	(3.91)	(2.59)	(2.73)
Performance			
Return after charges	4.10%	63.23%	(26.38)%
Other information			
Closing net asset value (£)	143,845,110	131,725,640	126,745,634
Closing number of shares	11,876,972	11,144,189	17,395,805
Operating charges**	1.11%	1.17%	1.09%
Direct transaction costs	0.31%	0.28%	0.27%
Prices			
Highest share price	1,310.11	1,214.73	1,140.55
Lowest share price	1,105.21	700.17	651.42

*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 1.20%.

ES River and Mercantile UK Recovery Fund

Comparative table continued

For the year ending:	31/03/2022+
S-Class Accumulation shares	pence per share
Change in net assets per share	
Opening net asset value per share	250.00
Return before operating charges*	0.22
Operating charges	(2.00)
Return after operating charges	(1.78)
Distributions	(4.03)
Retained distributions on accumulation shares	4.03
Closing net asset value per share	248.22
*After direct transaction costs of	(0.73)
Performance	
Return after charges	(0.71)%
Other information	
Closing net asset value (£)	9,423,923
Closing number of shares	3,796,610
Operating charges**	0.86%
Direct transaction costs	0.34%
Prices	
Highest share price	266.64
Lowest share price	225.01

+Launched on 30 April 2021.

*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 Recovery Fund

Comparative table continued

For the year ending:	31/03/2022	31/03/2021	31/03/2020
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	267.73	165.01	231.57
Return before operating charges*	14.10	106.87	(58.63)
Operating charges	(2.43)	(1.97)	(1.96)
Return after operating charges	11.67	104.90	(60.59)
Distributions	(5.10)	(2.18)	(5.97)
Closing net asset value per share	274.30	267.73	165.01
*After direct transaction costs of	(0.89)	(0.59)	(0.62)
Performance			
Return after charges	4.36%	63.57%	(26.16)%
Other information			
Closing net asset value (£)	90,813,055	57,386,649	38,568,554
Closing number of shares	33,107,472	21,434,747	23,373,014
Operating charges**	0.86%	0.93%	0.84%
Direct transaction costs	0.31%	0.28%	0.27%
Prices			
Highest share price	296.94	275.41	258.65
Lowest share price	250.59	158.57	147.78

*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 Recovery Fund

Comparative table continued

For the year ending:	31/03/2022	31/03/2021	31/03/2020
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	2,210.52	1,338.85	1,812.28
Return before operating charges*	115.95	874.79	(471.77)
Operating charges	(2.59)	(3.12)	(1.66)
Return after operating charges	113.36	871.67	(473.43)
Distributions	(60.08)	(30.78)	(60.97)
Retained distributions on accumulation shares	60.08	30.78	60.97
Closing net asset value per share	2,323.88	2,210.52	1,338.85
*After direct transaction costs of	(7.38)	(4.79)	(4.91)
Performance			
Return after charges	5.13%	65.11%	(26.12)%
Other information			
Closing net asset value (£)	3,484,974	3,295,169	1,982,239
Closing number of shares	149,964	149,067	148,056
Operating charges**	0.11%	0.18%	0.09%
Direct transaction costs	0.31%	0.28%	0.27%
Prices			
Highest share price	2,492.55	2,263.71	2,073.37
Lowest share price	2,105.56	1,287.50	1,186.20

*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



This Fund is ranked at 6 because funds of this type have experienced medium to high rises and falls in value in the past. The risk and reward score is based on past performance and calculated in accordance with European legislation. It may not be a reliable indication of the future risk profile. The risk and reward score is not guaranteed and may change over time. The lowest category does not mean risk free. While the risk indicator takes into account the broader risk profile, the following risks are considered most relevant to this sub-fund:

- **Equity Securities:** Equities can lose value rapidly, and typically involve higher market risks than bonds, money market instruments or other debt instruments. Fluctuation in value may occur in response to activities of individual companies, the general market, economic conditions, or changes in currency exchange rates.
- **Small and Mid-Cap Stock:** Stocks of small and mid-size companies can be more volatile and less liquid than stocks of larger companies. Small and mid-size companies often have fewer financial resources, shorter operating histories, and less diverse business lines, and as a result can be at greater risk of long-term or permanent business setbacks.
- **Concentration:** In certain conditions the sub-fund may invest in a relatively small number of securities, which may result in portfolio concentration in sectors, countries, or other groupings. These potential concentrations mean that a loss arising in a single investment may cause a proportionately greater loss in the sub-fund than if a larger number of investments were made.
- **Liquidity:** There is a risk that adverse market conditions may affect the sub-fund's ability to sell assets at the price the sub-fund would like, or the sub-fund may have to sell them at a loss.
- **Currency:** To the extent that a Sub-Fund holds assets that are denominated in currencies other than the base currency, any changes in currency exchange rates could reduce investment gains or income, or increase investment losses.

Summary of Largest Portfolio Changes

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

Purchases	£	Sales	£
Unilever	6,600,150	AstraZeneca	3,654,912
HSBC	5,380,685	Unilever	2,630,669
Vodafone	4,167,404	Playtech	2,523,344
BP	3,707,500	BHP	2,467,137
British American Tobacco	3,454,578	Anglo American	1,803,474
Prudential	2,969,519	GlaxoSmithKline	1,700,709
Shell	2,928,333	Diageo	1,386,844
Rio Tinto	2,278,714	BHP	1,319,028
Lloyds Banking	2,097,694	Meggitt	1,096,868
Anglo American	1,965,262	John Menzies	1,083,726

ES River and Mercantile UK Recovery Fund

Statement of Total Return for the year ended 31 March 2022

	Notes	1 April 2021 to 31 March 2022		1 April 2020 to 31 March 2021	
		£	£	£	£
Income					
Net capital gains	2		2,731,710		80,804,705
Revenue	3	6,027,309		3,315,120	
Expenses	4	(2,183,135)		(1,762,799)	
Interest payable and similar charges	6	(2,223)		(2,100)	
Net revenue before taxation for the year		3,841,951		1,550,221	
Taxation	5	(104,355)		(99,629)	
Net revenue after taxation for the year			3,737,596		1,450,592
Total return before distributions			6,469,306		82,255,297
Distributions	7		(3,730,450)		(1,454,629)
Change in net assets attributable to Shareholders from investment activities			2,738,856		80,800,668

Statement of Change in Net Assets attributable to Shareholders for the year ended 31 March 2022

		1 April 2021 to 31 March 2022		1 April 2020 to 31 March 2021	
		£	£	£	£
Opening net assets attributable to Shareholders			193,483,395		168,005,018
Amounts received on creation of shares	80,146,431			27,508,010	
Amounts paid on cancellation of shares	(29,417,094)			(83,099,505)	
			50,729,337		(55,591,495)
Dilution adjustment			364,217		223,088
Change in net assets attributable to Shareholders from investment activities			2,738,856		80,800,668
Retained distributions on accumulation shares			251,257		46,102
Unclaimed distributions over 6 years old			—		14
Closing net assets attributable to Shareholders			247,567,062		193,483,395

ES River and Mercantile UK Recovery Fund

Balance Sheet as at 31 March 2022

	Notes	31 March 2022		31 March 2021	
		£	£	£	£
ASSETS					
Fixed assets					
Investments			249,411,463		193,188,873
Current assets					
Debtors	8	2,923,831		1,329,686	
Cash and bank balances		25,694		828,757	
Total other assets			2,949,525		2,158,443
Total assets			252,360,988		195,347,316
LIABILITIES					
Investment liabilities			(73,488)		—
Creditors					
Bank overdrafts		(580,535)		—	
Distribution payable	9	(1,642,564)		(653,797)	
Other creditors	9	(2,497,339)		(1,210,124)	
Total other liabilities			(4,720,438)		(1,863,921)
Total liabilities			(4,793,926)		(1,863,921)
Net assets attributable to Shareholders			247,567,062		193,483,395

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 7 to 9.

2 Net capital gains

	31 March 2022 £	31 March 2021 £
The net capital gains during the year comprise:		
Non-derivative securities	2,633,528	80,235,985
Forward currency contracts	96,993	462,467
Currency gains	27,706	170,168
Custodial transaction fees	<u>(26,517)</u>	<u>(63,915)</u>
Net capital gains	<u>2,731,710</u>	<u>80,804,705</u>

3 Revenue

	31 March 2022 £	31 March 2021 £
Bank interest	26	44
Franked distributions from authorised funds	51,729	45,550
UK dividends	4,863,001	2,403,379
Non-taxable overseas dividends	1,083,869	803,443
Stock dividends	—	38,758
Taxable overseas dividends	—	17,067
UK REIT dividends	<u>28,684</u>	<u>6,879</u>
	<u>6,027,309</u>	<u>3,315,120</u>

ES River and Mercantile UK Recovery Fund

Notes to the Financial Statements continued

4 Expenses

	31 March 2022 £	31 March 2021 £
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	<u>1,972,772</u>	<u>1,533,644</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	32,606	24,947
Safe custody fees	<u>14,632</u>	<u>12,116</u>
	<u>47,238</u>	<u>37,063</u>
Other expenses:		
Audit fee*	13,823	14,389
Fund accounting fees	54,580	41,223
Legal and professional fees	2,880	—
Registration fees	1,650	1,793
Transfer agency fees	70,483	111,936
Other fees	<u>19,709</u>	<u>22,751</u>
	<u>163,125</u>	<u>192,092</u>
Total expenses	<u><u>2,183,135</u></u>	<u><u>1,762,799</u></u>

*Total audit fees of £12,094 (2021 - £11,518) exclusive of VAT.

ES River and Mercantile UK Recovery Fund

Notes to the Financial Statements continued

5 Taxation

	31 March 2022 £	31 March 2021 £
a) Analysis of taxation charge in year		
Overseas tax	<u>104,355</u>	<u>99,629</u>
Total taxation	<u>104,355</u>	<u>99,629</u>

b) Factors affecting taxation charge for the year

The tax assessed for the year is lower (2021: lower) than the standard rate of corporation tax in the UK for an Open Ended Investment Company with variable capital (20%) (2021: 20%). The difference is explained below:

Net revenue before taxation for the year	<u>3,841,951</u>	<u>1,550,221</u>
Return on ordinary activities before taxation at the applicable rate of Corporation tax in the UK of 20% (2021: 20%)	768,390	310,044
Effects of:		
Movement in tax losses	431,331	348,693
Overseas tax	104,355	99,629
Prior year adjustment to tax losses	(1)	—
Relief on overseas tax expensed	—	(512)
Revenue not subject to tax	<u>(1,199,720)</u>	<u>(658,225)</u>
Total taxation	<u>104,355</u>	<u>99,629</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 £5,298,742 (£4,867,411 as at 31 March 2021) 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 2021).

6 Interest payable and similar charges

	31 March 2022 £	31 March 2021 £
Interest	<u>2,223</u>	<u>2,100</u>
	<u>2,223</u>	<u>2,100</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 2022 £	31 March 2021 £
Interim	2,064,087	654,824
Final	<u>1,755,422</u>	<u>678,353</u>
	3,819,509	1,333,177
Add: revenue deducted on cancellation of shares	96,369	184,206
Deduct: revenue received on creation of shares	<u>(185,428)</u>	<u>(62,754)</u>
Distributions for the year	<u>3,730,450</u>	<u>1,454,629</u>
Reconciliation between net revenue after taxation for the year and the distributions:		
Net revenue after taxation for the year	3,737,596	1,450,592
Equalisation on conversions	(17,570)	96
Expenses transferred to capital	10,424	3,904
Shortfall met from capital	<u>—</u>	<u>37</u>
Distributions for the year	<u>3,730,450</u>	<u>1,454,629</u>

8 Debtors

	31 March 2022 £	31 March 2021 £
Accrued revenue	1,357,727	541,181
Amounts receivable for issue of shares	397,412	421,509
Foreign currency contracts awaiting settlement	240,826	—
Overseas tax recoverable	96,210	97,458
Sales awaiting settlement	<u>831,656</u>	<u>269,538</u>
	<u>2,923,831</u>	<u>1,329,686</u>

9 Other creditors

	31 March 2022 £	31 March 2021 £
a) Distribution payable		
Gross distribution payable	<u>1,642,564</u>	<u>653,797</u>
Total distribution payable	<u>1,642,564</u>	<u>653,797</u>
b) Other creditors		
Accrued expenses	310,566	306,877
Amounts payable for cancellation of shares	1,377,959	501,487
Foreign currency contracts awaiting settlement	240,844	—
Purchases awaiting settlement	<u>567,970</u>	<u>401,760</u>
	<u>2,497,339</u>	<u>1,210,124</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 2021: 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.

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 £182,501 (£145,839 as at 31 March 2021).

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 2022, 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	—	(73,488)

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	—
Northern Trust	—	—

No collateral is held or pledged (2021: 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 2022		Assets	Liabilities
		£	£
Level 1	Unadjusted quoted price in an active market for an identical instrument	249,365,634	—
Level 2	Valuation techniques using observable inputs other than quoted prices within level 1	—	(73,488)
Level 3	Valuation techniques using unobservable inputs	45,829	—
		249,411,463	(73,488)

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	—

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 (2021: same).

d) Derivative risk

At the balance sheet date, no derivatives were held that could impact the sub-fund in a significant way (2021: 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 sub-fund would have increased by £24,941,146 (2021: £19,314,879). 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 2021 to 31 March 2022

Purchases	Transaction Value £	Commissions £	%	Taxes £	%
Equity instruments (direct)	143,609,576	83,927	0.06	527,663	0.37
Collective investment schemes	3,738,761	2,918	0.08	15,718	0.42
Total purchases	147,348,337	86,845		543,381	
Total purchases including transaction costs	147,978,563				
Sales	Transaction Value £	Commissions £	%	Taxes £	%
Equity instruments (direct)	93,279,285	59,224	0.06	3,640	0.00
Collective investment schemes	1,525,011	1,214	0.08	34	0.00
Total sales	94,804,296	60,438		3,674	
Total sales net of transaction costs	94,740,184				
Total transaction costs		147,283		547,055	
as a % of average net assets		0.07%		0.25%	

ES River and Mercantile UK Recovery Fund

Notes to the Financial Statements continued

13 Portfolio transaction costs continued

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%	

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% (2021 - 0.66%).

14 Share movement

	A-Class Distribution shares	B-Class Distribution shares	S-Class Accumulation shares	S-Class Distribution shares	Z-Class Accumulation shares
Opening shares	333,949	11,144,189	—	21,434,747	149,067
Shares issued	16,025	2,362,518	939,159	17,045,927	6,349
Shares redeemed	(9,802)	(1,715,889)	(732,825)	(2,198,044)	(5,452)
Shares converted	(340,172)	86,154	3,590,276	(3,175,158)	—
Closing shares	—	11,876,972	3,796,610	33,107,472	149,964

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 2022, the spread of the Coronavirus pandemic and Russian invasion of Ukraine 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 and the war 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 21 June 2022 was £214m, the impact of the volatility on the sub-fund's NAV between the end of the reporting period and this date was (13.53)%. The price movements per share class are shown below:

	B-Class Distribution shares	S-Class Accumulation shares	S-Class Distribution shares	Z-Class Accumulation shares
NAV 31 March 2022	143,845,110	9,423,923	90,813,055	3,484,974
NAV 21 June 2022	124,081,655	6,138,260	80,519,346	3,328,396
Movement	(13.7%)	(34.9%)	(11.3%)	(4.5%)
NAV per share 31 March 2022	1,211.13	248.22	274.30	2,323.88
NAV per share 21 June 2022	1,158.04	237.45	262.43	2,226.91
Movement	(4.4%)	(4.3%)	(4.3%)	(4.2%)

There have been significant redemptions during the period of 31.91% on the S Class Accumulation shares.

ES River and Mercantile UK Recovery Fund

Distribution tables for the year ended 31 March 2022

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 01/04/2021 — 30/09/2021		
	Net Revenue	Equalisation	Distribution paid 30/11/21	Distribution paid 30/11/20
A-Class Distribution shares⁺				
Group 1	0.0000	—	0.0000	0.1231
Group 2	0.0000	0.0000	0.0000	0.1231
B-Class Distribution shares				
Group 1	11.5067	—	11.5067	3.5878
Group 2	8.1735	3.3332	11.5067	3.5878
S-Class Accumulation shares*				
Group 1	2.1148	—	2.1148	0.0000
Group 2	1.8337	0.2811	2.1148	0.0000
S-Class Distribution shares				
Group 1	2.9675	—	2.9675	1.0520
Group 2	1.8437	1.1238	2.9675	1.0520
Z-Class Accumulation shares				
Group 1	33.3339	—	33.3339	14.3061
Group 2	16.8721	16.4618	33.3339	14.3061

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

* Launched on 30 April 2021.

Final dividend distribution in pence per share		Period 01/10/2021 — 31/03/2022		
	Net Revenue	Equalisation	Distribution payable 31/05/22	Distribution paid 31/05/21
A-Class Distribution shares⁺				
Group 1	0.0000	—	0.0000	0.0000
Group 2	0.0000	0.0000	0.0000	0.0000
B-Class Distribution shares				
Group 1	7.8751	—	7.8751	3.6940
Group 2	6.1219	1.7532	7.8751	3.6940
S-Class Accumulation shares*				
Group 1	1.9162	—	1.9162	0.0000
Group 2	1.6630	0.2532	1.9162	0.0000

ES River and Mercantile UK Recovery Fund

Distribution tables continued

Final dividend distribution in pence per share	Period 01/10/2021 — 31/03/2022			
	Net Revenue	Equalisation	Distribution payable 31/05/22	Distribution paid 31/05/21
S-Class Distribution shares				
Group 1	2.1362	—	2.1362	1.1296
Group 2	1.6239	0.5123	2.1362	1.1296
Z-Class Accumulation shares				
Group 1	26.7445	—	26.7445	16.4732
Group 2	16.1443	10.6002	26.7445	16.4732

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

* Launched on 30 April 2021.

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 and Mercantile UK Equity Income Fund (B share class) returned 9.3% over the 12 months to 31 March 2022, compared with the MSCI UK Investable Market Index which returned 14.5%.

It was a tough year for performance due to the Fund's typically defensive skew, a characteristic that has contributed strongly to its robust long term track record. During the first six months, the strong rotation into cyclicals compounded by our preference for gold over industrial miners caused the Fund to lag as the market ground higher. Given the Fund's multi-cap remit, the material underperformance of smaller companies in the fourth quarter of 2021 was an additional headwind which has continued into 2022. Performance in 2022 has been robust, providing good capital protection in the face of the Russian invasion of Ukraine.

The key contributors were large cap defensives such as **Barrick Gold** and **BAE Systems**, which performed well during the conflict-related sell-off as well as utilities **National Grid** and **Drax** which were beneficiaries of rising gas prices. Ecommerce-focused **Future** (which we exited in January) also generated strong returns driven by consistent positive earnings momentum, whilst **Ultra Electronics** reacted strongly to a private equity backed bid at a 42% premium.

Key detractors were an underweight to energy and positioning within materials, most significantly **Polymetal** – which cost the Fund almost 2% of relative performance – alongside a zero weight in **Glencore**. We had favoured Polymetal due to its focus on sustainable gold mining and its attractive dividend yield but, as its assets are primarily based in Russia, the shares sold off aggressively in response to the war with Ukraine, causing us to exit. **Maxcyte** – the strongest contributor in the prior year – was also a drag on performance, suffering from multiple compression as the market rotated out of longer duration growth equities.

In terms of positioning, we initiated holdings in **Reckitt Benckiser** and **Sanofi** following weakness, where innovation is driving an improved growth outlook for earnings and dividends, alongside **BAE Systems** and **J Sainsbury**. In keeping with our focus on sustainability, we participated in the IPO of **Atrato Onsite Energy**, the originator of green energy capacity providing long dated, index linked revenue streams with a target 5% dividend yield.

Towards the period end, we tactically increased the Fund's exposure to large caps (from 55% at the start of the financial year to 68% at the close), adding **Compass Group** and using **Biffa**, **Future**, **3i Group** and **Speedy Hire** as the primary source of funds. We continued to execute on our sell discipline, exiting industrial names such as **Mondi**, **IMI** and **Intertek** which had materially re-rated and where lead indicators had started to roll over as well as early-cycle consumer names such as **Whitbread** and **Persimmon** in line with weakening economic data.

Market Overview

The period started with the UK emerging from Covid lockdowns as the global race to rollout vaccines bore fruit. With markets generally on an upward trend to the calendar year end, the key debate centred on bond yields and how "transitory" inflation would be, resulting in volatility as the market tried to price the baton change from early-cycle reflationary conditions to what comes next. This coincided with continued bid activity, which confirms our belief that the UK market is full of quality assets trading at attractive valuations relative to their global peers.

In contrast to the relative calm of 2021, the first quarter of 2022 was eventful. It featured an aggressive style shift – in favour of value at the expense of longer duration growth names which have led the market for a number of years – followed by the outbreak of open warfare in Ukraine, which sent shockwaves through investment markets. Surging energy prices have shifted the narrative towards more persistent inflation, forcing central bankers' hands away from the loose fiscal and monetary policy to which many developed nations have grown accustomed, at a time of already weakening consumer confidence.

ES River and Mercantile UK Equity Income Fund

Investment Manager's Review continued

Outlook

As the market adjusts to the reality of a drawn-out conflict between Russia and Ukraine, we remain focused on the second and third order impacts of the war, especially the growing isolation of Russia from the global economy. At the very least, we should expect higher market volatility and a more fragmented global political and economic system, with the chance of "black swan" events higher than would have been the case previously. For this reason, we retain a balanced portfolio that is not aggressively skewed to any particular macro outcome, instead expecting our returns to be predominantly driven by bottom-up stock selection, and we are poised to take advantage of opportunities created by the recent market turbulence.

Away from the fighting, investors could fret about any number of issues. Inflation has surged again thanks to the post invasion spike in commodity and especially energy prices; Central Bankers continue to talk hawkishly; yields curves have flattened as short rates have risen, sometimes a precursor to recession; and Covid infections are accelerating again with some parts of China now back in lock down. However, a global recession in the next 12 months is not our base case, especially as many developed economies are still effectively returning to "normal" after the dislocations of the global pandemic.

In the UK, earnings forecasts are now at risk – commodity sectors excepted – as higher input costs start to bite, especially for the consumer exposed sectors. That said, we would note that that in many cases those stocks and sectors most affected by higher inflation, especially in the mid and small cap space, have already derated significantly and this provides some downside protection. More importantly for the Fund, the quality of UK dividends on offer is materially better than it has been, perhaps for almost a decade, with attractive and growing dividend opportunities across the market cap spectrum.

Finally, as at 1st of April 2022 coinciding with the start of the new financial year, the Fund has a new management team, comprising of Matt Hudson and Anna Pugh. However, the core investment philosophy and process that have driven the performance of the Fund since its inception will remain in place, as will the multi cap and multi factor nature of the portfolio.

The Russian invasion of Ukraine in February 2022, along with the terrible ensuing humanitarian crisis, has been the most meaningful geopolitical development in many years. And now, in many ways, global economies are moving into a period of significant public and private investment. The next ten years is, on many levels, going to be different from the post global financial crisis (GFC) years, and stockmarkets are currently struggling to understand exactly how this will play out. However it is worth stating that the portfolio is not built on attempts to make precise predictions about the macro-economic future, but rather by building our convictions at the individual company level through a systematic bottom-up approach.

River and Mercantile
23 June 2022
Investment Adviser to the Fund

Source: River and Mercantile Asset Management LLP. Fund performance is calculated using midday published prices. Benchmark performance is calculated using close of business mid-market prices.

ES River and Mercantile UK Equity Income Fund

Portfolio Statement as at 31 March 2022

Holding	Investment	Market Value £	% of Net Assets
UNITED KINGDOM (UK LISTED COMPANIES) – 92.33% (2021 – 92.53%)			
Banks – 5.15% (2021 – 5.18%)			
250,000	HSBC	1,313,500	1.83
3,433,000	Lloyds Banking	1,615,226	2.25
136,000	OSB	768,400	1.07
Capital Goods – 9.55% (2021 – 9.84%)			
349,000	BAE Systems	2,503,726	3.49
77,000	Bunzl	2,284,590	3.18
35,000	Electrocomponents	379,400	0.53
226,000	QinetiQ	687,944	0.96
30,000	Ultra Electronics	997,200	1.39
Commercial & Professional Services – 5.73% (2021 – 5.61%)			
86,000	RELX	2,048,520	2.85
994,000	Serco	1,432,354	1.99
81,000	Smart Metering Systems*	635,850	0.89
Consumer Durables & Apparel – 1.00% (2021 – 3.19%)			
222,000	DFS Furniture	461,760	0.64
357,000	Photo-Me International	254,541	0.36
Consumer Services – 2.78% (2021 – 4.09%)			
136,000	888	250,648	0.35
77,000	Compass	1,270,115	1.77
777,000	Restaurant	473,970	0.66
Diversified Financials – 4.05% (2021 – 3.77%)			
236,000	Ashmore	548,464	0.76
704,000	Atrato Onsite Energy	788,480	1.10
32,000	Liontrust Asset Management	405,760	0.57
497,000	Man PLC/Jersey	1,162,980	1.62
Energy – 5.63% (2021 – 3.06%)			
830,000	Diversified Energy	982,720	1.37
145,000	Shell	3,057,325	4.26
Food & Staples Retailing – 5.80% (2021 – 1.33%)			
610,000	J Sainsbury	1,541,470	2.15
949,000	Tesco	2,619,240	3.65

ES River and Mercantile UK Equity Income Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Food, Beverage & Tobacco – 8.80% (2021 – 8.60%)		
79,000	British American Tobacco	2,523,260	3.52
18,000	Cranswick	634,320	0.88
45,000	Diageo	1,738,575	2.42
194,000	Tate & Lyle	1,420,080	1.98
	Health Care Equipment & Services – 1.30% (2021 – 2.05%)		
27,000	EMIS*	359,640	0.50
47,000	Smith & Nephew	573,400	0.80
	Household & Personal Products – 6.90% (2021 – 3.96%)		
50,000	Reckitt Benckiser	2,916,000	4.06
59,000	Unilever	2,038,450	2.84
	Insurance – 6.50% (2021 – 9.85%)		
361,000	Aviva	1,630,998	2.27
587,000	Direct Line Insurance	1,614,837	2.25
81,000	Lancashire	349,758	0.49
99,000	Phoenix	607,860	0.85
199,000	Sabre Insurance	460,685	0.64
	Materials – 5.72% (2021 – 5.06%)		
43,000	Anglo American	1,708,175	2.38
509,000	Centamin	465,430	0.65
203,000	Essentra	638,435	0.89
76,000	Fresnillo	557,840	0.78
27,000	Johnson Matthey	507,060	0.70
2,453,000	Shanta Gold*	233,035	0.32
	Media & Entertainment – 0.00% (2021 – 0.75%)		
	Pharmaceuticals, Biotechnology & Life Sciences – 11.06% (2021 – 5.10%)		
41,000	AstraZeneca	4,154,120	5.78
230,000	GlaxoSmithKline	3,788,560	5.28
	Real Estate – 3.79% (2021 – 3.50%)		
294,000	Capital & Counties Properties	514,500	0.72
1,292,000	Supermarket Income Reit	1,627,920	2.27
226,000	Watkin Jones*	578,560	0.80
	Retailing – 0.80% (2021 – 3.34%)		
9,500	Next	573,040	0.80

ES River and Mercantile UK Equity Income Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Software & Services – 0.93% (2021 – 0.83%)		
95,000	Sage	666,140	0.93
	Technology Hardware & Equipment – 0.98% (2021 – 6.46%)		
158,000	Spirent Communications	376,040	0.52
163,000	Strix*	329,260	0.46
	Telecommunication Services – 0.00% (2021 – 1.61%)		
	Transportation – 0.66% (2021 – 1.32%)		
86,000	easyJet	476,784	0.66
	Utilities – 5.20% (2021 – 4.03%)		
81,000	Drax	635,445	0.89
199,000	National Grid	2,332,678	3.25
68,000	United Utilities	764,320	1.06
	OVERSEAS COMPANIES (UK LISTED COMPANIES) – 1.86% (2021 – 4.20%)		
	Bermuda – 0.52% (2021 – 0.56%)		
99,000	Conduit	371,250	0.52
	Russia – 0.00% (2021 – 1.44%)		
	United States of America – 1.34% (2021 – 2.20%)		
180,000	MaxCyte*	961,200	1.34
	OVERSEAS COMPANIES – 5.91% (2021 – 1.17%)		
	Canada – 3.40% (2021 – 1.17%)		
131,000	Barrick Gold	2,441,414	3.40
	France – 2.51% (2021 – 0.00%)		
23,000	Sanofi	1,798,057	2.51
	Portfolio of investments	71,851,309	100.10
	Net other liabilities	(69,852)	(0.10)
	Net assets	71,781,457	100.00

ES River and Mercantile UK Equity Income Fund

Portfolio Statement continued

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.

94.19% 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 2021.

*Security listed in AIM.

ES River and Mercantile UK Equity Income Fund

Comparative table

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

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

*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.

ES River and Mercantile UK Equity Income Fund

Comparative table continued

For the year ending:	31/03/2022	31/03/2021	31/03/2020
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	507.68	410.12	504.93
Return before operating charges*	49.81	116.66	(67.60)
Operating charges	(4.65)	(4.44)	(4.48)
Return after operating charges	45.16	112.22	(72.08)
Distributions	(19.46)	(14.66)	(22.73)
Closing net asset value per share	533.38	507.68	410.12
*After direct transaction costs of	(1.46)	(2.59)	(1.58)
Performance			
Return after charges	8.90%	27.36%	(14.28)%
Other information			
Closing net asset value (£)	57,464,544	103,848,704	82,481,317
Closing number of shares	10,773,561	20,455,573	20,111,283
Operating charges**	0.87%	0.94%	0.90%
Direct transaction costs	0.27%	0.55%	0.32%
Prices			
Highest share price	564.26	520.22	527.97
Lowest share price	495.70	398.19	363.18

*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:	31/03/2022	31/03/2021	31/03/2020+
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	254.56	205.12	250.00
Return before operating charges*	25.01	58.41	(33.92)
Operating charges	(1.66)	(1.63)	(1.29)
Return after operating charges	23.35	56.78	(35.21)
Distributions	(9.77)	(7.34)	(9.67)
Closing net asset value per share	268.14	254.56	205.12
*After direct transaction costs of	(0.73)	(1.30)	(0.72)
Performance			
Return after charges	9.17%	27.68%	(14.08)%
Other information			
Closing net asset value (£)	14,316,913	26,079,706	29,890,787
Closing number of shares	5,339,275	10,244,825	14,572,253
Operating charges**	0.62%	0.69%	0.57%
Direct transaction costs	0.27%	0.55%	0.35%
Prices			
Highest share price	283.25	260.83	263.95
Lowest share price	249.15	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)



Typically Lower Rewards

Typically Higher Rewards



This Fund is ranked at 5 because funds of this type have experienced medium to high rises and falls in value in the past. The risk and reward score is based on past performance and calculated in accordance with European legislation. It may not be a reliable indication of the future risk profile. The risk and reward score is not guaranteed and may change over time. The lowest category does not mean risk free. While the risk indicator takes into account the broader risk profile, the following risks are considered most relevant to this sub-fund:

- **Equity Securities:** Equities can lose value rapidly, and typically involve higher market risks than bonds, money market instruments or other debt instruments. Fluctuation in value may occur in response to activities of individual companies, the general market, economic conditions, or changes in currency exchange rates.
- **Small and Mid-Cap Stock:** Stocks of small and mid-size companies can be more volatile and less liquid than stocks of larger companies. Small and mid-size companies often have fewer financial resources, shorter operating histories, and less diverse business lines, and as a result can be at greater risk of long-term or permanent business setbacks.
- **Concentration:** In certain conditions the sub-fund may invest in a relatively small number of securities, which may result in portfolio concentration in sectors, countries, or other groupings. These potential concentrations mean that a loss arising in a single investment may cause a proportionately greater loss in the sub-fund than if a larger number of investments were made.
- **Liquidity:** There is a risk that adverse market conditions may affect the sub-fund's ability to sell assets at the price the sub-fund would like, or the sub-fund may have to sell them at a loss.
- **Currency:** To the extent that a sub-fund holds assets that are denominated in currencies other than the base currency, any changes in currency exchange rates could reduce investment gains or income, or increase investment losses.

Summary of Largest Portfolio Changes

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

Purchases	£	Sales	£
Reckitt Benckiser	4,072,161	Diageo	4,640,512
BAE Systems	3,597,226	Smart Metering Systems	3,532,104
Sanofi	2,907,924	Unilever	3,386,048
J Sainsbury	2,320,508	National Grid	3,366,604
Phoenix	2,193,150	Whitbread	3,203,571
Tesco	1,850,575	HSBC	3,134,205
Anglo American	1,626,101	Diversified Energy	3,013,454
Johnson Matthey	1,570,800	Smith & Nephew	2,935,661
Atrato Onsite Energy	1,533,385	Vivo Energy	2,795,386
AstraZeneca	1,531,105	Aviva	2,689,104

ES River and Mercantile UK Equity Income Fund

Statement of Total Return for the year ended 31 March 2022

	Notes	1 April 2021 to 31 March 2022		1 April 2020 to 31 March 2021	
		£	£	£	£
Income					
Net capital gains	2		6,740,916		26,831,417
Revenue	3	4,675,675		4,156,107	
Expenses	4	(1,010,323)		(1,118,055)	
Interest payable and similar charges	6	(1)		(41)	
Net revenue before taxation for the year		3,665,351		3,038,011	
Taxation	5	(78,880)		(212,306)	
Net revenue after taxation for the year			3,586,471		2,825,705
Total return before distributions			10,327,387		29,657,122
Distributions	7		(4,566,664)		(3,911,982)
Change in net assets attributable to Shareholders from investment activities			5,760,723		25,745,140

Statement of Change in Net Assets attributable to Shareholders for the year ended 31 March 2022

		1 April 2021 to 31 March 2022		1 April 2020 to 31 March 2021	
		£	£	£	£
Opening net assets attributable to Shareholders			133,314,594		115,676,673
Amounts received on creation of shares	8,564,708			21,382,118	
Amounts paid on cancellation of shares	(76,032,207)			(29,563,130)	
			(67,467,499)		(8,181,012)
Dilution adjustment			171,412		73,566
Change in net assets attributable to Shareholders from investment activities			5,760,723		25,745,140
Unclaimed distributions over 6 years old			2,227		227
Closing net assets attributable to Shareholders			71,781,457		133,314,594

ES River and Mercantile UK Equity Income Fund

Balance Sheet as at 31 March 2022

	Notes	31 March 2022		31 March 2021	
		£	£	£	£
ASSETS					
Fixed assets					
Investments			71,851,309		130,511,974
Current assets					
Debtors	8	1,476,870		2,219,771	
Cash and bank balances		553,833		11,227,122	
Total other assets			2,030,703		13,446,893
Total assets			73,882,012		143,958,867
LIABILITIES					
Creditors					
Distribution payable	9	(1,008,527)		(1,532,441)	
Other creditors	9	(1,092,028)		(9,111,832)	
Total other liabilities			(2,100,555)		(10,644,273)
Total liabilities			(2,100,555)		(10,644,273)
Net assets attributable to Shareholders			71,781,457		133,314,594

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 7 to 9.

2 Net capital gains

	31 March 2022 £	31 March 2021 £
The net capital gains during the year comprise:		
Non-derivative securities	6,750,311	26,872,554
Forward currency contracts	—	(44,751)
Currency (losses)/gains	(509)	17,488
Custodial transaction fees	<u>(8,886)</u>	<u>(13,874)</u>
Net capital gains	<u>6,740,916</u>	<u>26,831,417</u>

3 Revenue

	31 March 2022 £	31 March 2021 £
Bank interest	—	86
UK dividends	3,830,568	3,001,307
Non-taxable overseas dividends	694,477	995,870
UK REIT dividends	<u>150,630</u>	<u>158,844</u>
	<u>4,675,675</u>	<u>4,156,107</u>

ES River and Mercantile UK Equity Income Fund

Notes to the Financial Statements continued

4 Expenses

	31 March 2022 £	31 March 2021 £
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	<u>876,133</u>	<u>890,622</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	19,067	18,815
Safe custody fees	<u>5,897</u>	<u>4,666</u>
	<u>24,964</u>	<u>23,481</u>
Other expenses:		
Audit fee*	11,176	11,632
Fund accounting fees	34,232	31,271
Registration fees	1,905	2,303
Transfer agency fees	42,114	129,867
Other fees	<u>19,799</u>	<u>28,879</u>
	<u>109,226</u>	<u>203,952</u>
Total expenses	<u>1,010,323</u>	<u>1,118,055</u>

*Total audit fees of £9,779 (2021 - £9,313) exclusive of VAT.

ES River and Mercantile UK Equity Income Fund

Notes to the Financial Statements continued

5 Taxation

	31 March 2022 £	31 March 2021 £
a) Analysis of taxation charge in year		
Overseas tax	<u>78,880</u>	<u>212,306</u>
Total taxation	<u>78,880</u>	<u>212,306</u>

b) Factors affecting taxation charge for the year

The tax assessed for the year is lower (2021: lower) than the standard rate of corporation tax in the UK for an Open Ended Investment Company with variable capital (20%) (2021: 20%). The difference is explained below:

Net revenue before taxation for the year	<u>3,665,351</u>	<u>3,038,011</u>
Return on ordinary activities before taxation at the applicable rate of Corporation tax in the UK of 20% (2021: 20%)	733,070	607,602
Effects of:		
Movement in tax losses	171,941	191,833
Overseas tax	78,880	212,306
Prior year adjustment to tax losses	(2)	—
Revenue not subject to tax	<u>(905,009)</u>	<u>(799,435)</u>
Total taxation	<u>78,880</u>	<u>212,306</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 £3,373,326 (£3,201,385 as at 31 March 2021) 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 2021).

6 Interest payable and similar charges

	31 March 2022 £	31 March 2021 £
Interest	<u>1</u>	<u>41</u>
	<u>1</u>	<u>41</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 2022 £	31 March 2021 £
Interim	2,996,840	2,383,814
Final	<u>1,008,527</u>	<u>1,532,441</u>
	4,005,367	3,916,255
Add: revenue deducted on cancellation of shares	617,902	215,739
Deduct: revenue received on creation of shares	<u>(56,605)</u>	<u>(220,012)</u>
Distributions for the year	<u>4,566,664</u>	<u>3,911,982</u>
Reconciliation between net revenue after taxation for the year and the distributions:		
Net revenue after taxation for the year	3,586,471	2,825,705
Equalisation on conversions	(1)	—
Expenses transferred to capital	1,010,323	1,118,055
Tax relief on expenses taken to capital	<u>(30,129)</u>	<u>(31,778)</u>
Distributions for the year	<u>4,566,664</u>	<u>3,911,982</u>

8 Debtors

	31 March 2022 £	31 March 2021 £
Accrued revenue	195,913	263,279
Amounts receivable for issue of shares	—	1,075,808
Overseas tax recoverable	127,365	132,607
Sales awaiting settlement	<u>1,153,592</u>	<u>748,077</u>
	<u>1,476,870</u>	<u>2,219,771</u>

9 Other creditors

	31 March 2022 £	31 March 2021 £
a) Distribution payable		
Gross distribution payable	<u>1,008,527</u>	<u>1,532,441</u>
Total distribution payable	<u>1,008,527</u>	<u>1,532,441</u>
b) Other creditors		
Accrued expenses	140,820	260,984
Amounts payable for cancellation of shares	568,660	97,591
Purchases awaiting settlement	<u>382,548</u>	<u>8,753,257</u>
	<u>1,092,028</u>	<u>9,111,832</u>

10 Contingent liabilities and outstanding commitments

There were no commitments or contingent liabilities at the balance sheet date (31 March 2021: 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.

Equity Trustees Fund Services Limited, as the Sub-Fund's ACD, wishes to disclose to the Sub-Fund's Shareholders that 33.14% of the Sub-Fund's shares in issue are under control of a nominee and its related parties.

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 £43,402 (£78,934 as at 31 March 2021).

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 2022			
Level 1	Unadjusted quoted price in an active market for an identical instrument	71,851,309	—
		71,851,309	—

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

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 (2021: same).

d) Derivative risk

At the balance sheet date, no derivatives were held that could impact the sub-fund in a significant way (2021: same).

ES River and Mercantile UK Equity Income 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 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 sub-fund would have increased by £7,185,131 (2021: £13,051,197). 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 2021 to 31 March 2022

Purchases	Transaction Value	Commissions	%	Taxes	
	£			£	£
Equity instruments (direct)	57,308,247	33,692	0.06	227,229	0.40
Total purchases	57,308,247	33,692		227,229	
Total purchases including transaction costs	57,569,168				
Sales	Transaction Value	Commissions	%	Taxes	
	£			£	£
Equity instruments (direct)	122,832,886	75,589	0.06	569	0.00
Total sales	122,832,886	75,589		569	
Total sales net of transaction costs	122,756,728				
Total transaction costs		109,281		227,798	
as a % of average net assets		0.09%		0.18%	

ES River and Mercantile UK Equity Income Fund

Notes to the Financial Statements continued

13 Portfolio transaction costs continued

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%	

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.

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 0.15% (2021 - 0.24%).

14 Share movement

	A-Class Distribution shares	B-Class Distribution shares	S-Class Distribution shares
Opening shares	1,826,929	20,455,573	10,244,825
Shares issued	50,595	1,558,068	86,801
Shares redeemed	(1,877,524)	(11,912,308)	(4,986,963)
Shares converted	—	672,228	(5,388)
Closing shares	—	10,773,561	5,339,275

15 Post balance sheet events

Subsequent to the sub-fund's year end, 31 March 2022, the spread of the Coronavirus pandemic and the Russian invasion of Ukraine 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 and the war remains unclear, however, a long-term adverse impact to the sub-fund is not expected.

ES River and Mercantile UK Equity Income 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 21 June 2022 was £53.6m, the impact of the volatility on the sub-fund's NAV between the end of the reporting period and this date was (25.27)%. The price movements per share class are shown below:

	B-Class Distribution shares	S-Class Distribution shares
NAV 31 March 2022	57,464,544	14,316,913
NAV 21 June 2022	41,822,494	11,818,536
Movement	(27.2%)	(17.5%)
NAV per share 31 March 2022	533.38	268.14
NAV per share 21 June 2022	520.33	261.74
Movement	(2.4%)	(2.4%)

There have been significant redemptions during the period of 25.39% and 15.43% on the B Class Distribution shares and the S Class Distribution shares respectively.

ES River and Mercantile UK Equity Income Fund

Distribution tables for the year ended 31 March 2022

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 01/04/2021 — 30/09/2021			
	Net Revenue	Equalisation	Distribution paid 30/11/21	Distribution paid 30/11/20
A-Class Distribution shares⁺				
Group 1	0.0000	—	0.0000	3.2342
Group 2	0.0000	0.0000	0.0000	3.2342
B-Class Distribution shares				
Group 1	11.9641	—	11.9641	8.8199
Group 2	7.3160	4.6481	11.9641	8.8199
S-Class Distribution shares				
Group 1	6.0031	—	6.0031	4.4111
Group 2	2.7304	3.2727	6.0031	4.4111

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

Final dividend distribution in pence per share	Period 01/10/2021 — 31/03/2022			
	Net Revenue	Equalisation	Distribution payable 31/05/22	Distribution paid 31/05/21
A-Class Distribution shares⁺				
Group 1	0.0000	—	0.0000	2.1350
Group 2	0.0000	0.0000	0.0000	2.1350
B-Class Distribution shares				
Group 1	7.4947	—	7.4947	5.8362
Group 2	4.2861	3.2086	7.4947	5.8362
S-Class Distribution shares				
Group 1	3.7661	—	3.7661	2.9244
Group 2	2.8180	0.9481	3.7661	2.9244

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

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

Investment Review

The ES River and Mercantile Global Recovery Fund returned 2.0% over the 12 months to 31 March 2022, compared to the MSCI ACWI Index 12.4%.

Energy companies were amongst the top contributors, such as **Devon Energy, Enerplus, Marathon Oil** and **Baker Hughes**. Our stock picking in Italian small and mid-cap IT-oriented companies proved successful with **Digital Value** and **WIIT** contributing strongly. Recovering stocks in the Industrial and Materials segment also delivered outperformance such as **PPC** and **PT Mega Manuggal Property**.

The portfolio's underweight to large cap technology companies (**NVIDIA, Apple, Alphabet, Microsoft** and **Tesla**) was a significant drag on relative performance. Cloud and AI leader, **Baidu**, was also a detractor as China internet names have continued to be weak. **Paypal** price correction has continued further compressing its valuation multiples.

We continued to position the portfolio for Value, Recovery and Multi-Cap investing, and for domestic economic recoveries, re-opening and global reflation, with increased purchases of consumer discretionary stocks, such as topping up **Restaurant Group, Sleep Country, Americanas, Prada, DR Horton, Coats, Jumbo** and **Capital & Counties**. Where reflation plays have not participated in the value rally we have been adding, notably, **Anglo American, Rio Tinto, Cemex, Antofagasta, Ocean Wilson, ThyssenKrup, Weyerhaeuser** (lumber) and **AGCO** (agricultural equipment) and E&P and Oil Services stocks as some have been left behind (**Harbour Energy, APA Corp, Southwestern, Fugro, Tenaris, CGG, Subsea7, Hunting** and **Baker Hughes**). we remain overweight, and been adding on recent weakness stocks that would benefit from a post-Covid world, i.e. those that have been negatively impacted by social distancing requirements (**Restaurant Group, Whitbread, Southwest Airlines, Airbus, Las Vegas Sands, SATS, Delta, Trip, Wynn Macau, Accor, Ellis** and **Imax**). A number of cyclical industrials have also started to pull back aggressively (**RHI Magnesita, Verallia, Tadano, Nikon** and **SKF**).

Sales have included the continued recipients of M&A activity (**Zooplus, Nippo, Sydney Airport, Playtech, Ginko, Intertrust**), and also stocks that were starting to discount a full PVT thesis such as **Cargotec, China Resources Medical, Pearl Abyss, Aixtron, Tata Motors, Cars.com, Jefferies, San Lorenzo, Veeco**; exiting some of the *Growth* stocks that had been de-rated last year but have had a very robust share price recovery and now look fully valued (**China Yongda Auto, LVMH, CBRE, Apple, NENT**), and re-focusing capital towards higher conviction ideas (**TomTom, Aston Martin, JNBY Design, Malayan Cement** and **South32** from an S-PVT perspective).

Outlook

Since the Global Financial Crisis (GFC), the investment train has headed in a clear direction with which we are presumably all familiar. Most asset classes delivered positive returns. Profitability was a nice to have but certainly not essential in a world of excess liquidity. Duration risk was not a risk but a strongly positive return factor – seen in the outperformance of the growth style. The investment train in the post-pandemic period is likely to head in a very different direction. In short, market conditions have become, and are likely to remain, a lot harder. The cost of capital is rising, even if nominal growth in earnings may be solid in certain areas. We believe that populating portfolios with assets which can thrive in this environment – namely lower-multiple equities (limiting derating risk) in consolidated (pricing power) upstream assets (which protects value in real terms) which are likely to have a much better cycle than the last one– is consequently the best course of action. This is where multi-bagger investments are to be found for those with a long-term timeframe. Clearly valuation is only one part of this. Patience is another critical element; it's essential that we remain focused on the destination for our companies during periods of volatility.

The portfolio's constituents have been built bottom up but with this backdrop in mind. Incumbency bias and the rise of 'passive' investing (a misnomer because there's always an active decision somewhere along the line) means investors predominately remain overexposed to the sort of assets, companies and funds which have done well on yesterday's investment train despite the obvious and increasingly frequent warnings market signals are giving. For some, the takeaway from the ongoing strength of US equities and particularly large cap tech is that 'the show goes on' – just keep buying long-duration growth equities. Surely if they managed to outperform in the face of the highest inflation prints in 30-plus years then nothing can stop them, so goes the logic. This seems to us a bit like standing on the banks of a crocodile-infested river, watching three people try to swim across and get eaten then a fourth make it across alive and assuming that it's safe to go in the water. Historically, the behaviour within equity markets hasn't decoupled from economic reality for long. To suggest it will continue to do so now strikes us as reckless. All change, please!

ES River and Mercantile Global Recovery Fund

Investment Manager's Review continued

Outlook continued

The Russian invasion of Ukraine in February 2022, along with the terrible ensuing humanitarian crisis, has been the most meaningful geopolitical development in many years. And now, in many ways, global economies are moving into a period of significant public and private investment. The next ten years is, on many levels, going to be different from the post global financial crisis years, and stockmarkets are currently struggling to understand exactly how this will play out. However it is worth stating that the portfolio is not built on attempts to make precise predictions about the macro-economic future, but rather by building our convictions at the individual company level through a systematic bottom-up approach.

River and Mercantile
23 June 2022
Investment Adviser to the Fund

Source: River and Mercantile Asset Management LLP. Fund performance is calculated using midday published prices. Benchmark performance is calculated using close of business mid-market prices.

ES River and Mercantile Global Recovery Fund

Portfolio Statement as at 31 March 2022

Holding	Investment	Market Value £	% of Net Assets
OVERSEAS COMPANIES – 88.68% (2021 – 90.91%)			
Automobiles & Components – 2.85% (2021 – 2.90%)			
978,400	Astra International	340,182	0.08
18,896	BorgWarner	558,276	0.14
11,944	Continental	662,025	0.17
60,600	Dometic	401,024	0.10
22,105	General Motors	734,343	0.19
53,952	Harley-Davidson	1,614,483	0.41
2,370	Hyundai Mobis	318,555	0.08
7,627	Hyundai Motor pref.	413,886	0.10
57,386	Kendrion	926,245	0.24
196,100	Piaggio	425,227	0.11
7,760	Porsche Automobil pref.	577,860	0.15
103,278	Schaeffler pref.	489,182	0.12
24,216	Stellantis	302,825	0.08
20,200	Tachi-S	125,769	0.03
10,549	Toyota Industries	558,447	0.14
40,150	Toyota Motor	558,252	0.14
45,266	Valeo	640,728	0.16
30,088	Vitesco Technologies	921,697	0.23
5,478	Volkswagen pref.	726,141	0.18
Banks – 9.59% (2021 – 9.30%)			
95,858	Absa	948,787	0.24
200,833	Banco Bilbao Vizcaya Argentaria	884,218	0.22
95,000	Banco do Brasil	526,879	0.13
1,853,080	Banco Espirito Santo REG*	-	0.00
650,710	Banco Santander	1,704,103	0.43
357,510	Bangkok Bank	1,118,786	0.28
59,469	Bank of America	1,861,328	0.47
217,500	Bank of China (Hong Kong)	626,479	0.16
316,650	Bank of Ireland	1,551,474	0.39
25,280	Bank of Kyoto	846,313	0.22
135,643	Bankinter	609,812	0.16
27,349	BNP Paribas	1,199,949	0.30
293,600	CaixaBank	763,432	0.19
100,260	China Merchants Bank	598,476	0.15
1,019,900	CIMB	981,922	0.25
62,485	Citigroup	2,533,759	0.64
42,409	Citizens Financial	1,460,069	0.37
38,090	DBS	765,904	0.19
18,734	East West Bancorp	1,124,054	0.29
1,213,365	Eurobank Ergasias	1,089,450	0.28
60,513	FinecoBank Banca Fineco	706,969	0.18
25,411	First Interstate BancSystem	709,072	0.18

ES River and Mercantile Global Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Banks continued		
14,361	HDFC Bank	668,940	0.17
128,810	Huntington Bancshares	1,430,298	0.36
152,836	ING Groep	1,228,397	0.31
723,818	Intesa Sanpaolo	1,274,412	0.32
11,333	JPMorgan Chase & Co	1,173,282	0.30
148,615	Mediobanca Banca di Credito Finanziario	1,157,925	0.30
42,230	Raiffeisen Bank International	464,286	0.12
71,952	Societe Generale	1,485,433	0.38
43,710	Sumitomo Mitsui Financial	1,067,803	0.27
115,050	UniCredit	958,142	0.24
35,468	Van Lanschot Kempen	723,837	0.18
68,219	Wells Fargo	2,510,836	0.64
21,797	Zions Bancorp NA	1,085,173	0.28
	Capital Goods – 9.89% (2021 – 10.18%)		
8,513	3M	962,542	0.24
21,155	ABB	526,584	0.13
14,980	AGC	459,313	0.12
6,600	AGCO	732,359	0.19
10,888	Airbus	1,015,422	0.26
15,434	ANDRITZ	544,399	0.14
55,287	Antares Vision	396,192	0.10
88,114	Aumann	1,163,088	0.30
9,272	Boeing	1,348,565	0.34
4,470	Caterpillar	756,537	0.19
1,056,280	China Lesso	975,229	0.25
15,614	Cie de Saint-Gobain	715,947	0.18
8,612	CJ	454,926	0.12
162,540	CK Hutchison	907,186	0.23
30,000	Daimler Truck	642,413	0.16
81,150	Danieli & C Officine Meccaniche	988,873	0.25
16,000	Denyo	163,596	0.04
913	dormakaba	357,620	0.09
5,780	Eiffage	455,327	0.12
364,940	Eucatex Industria e Comercio pref.	631,696	0.16
2,550	FANUC	345,141	0.09
61,784	FLSmidth	1,250,806	0.32
9,000	Fluor	196,043	0.05
529,820	Fraser and Neave	404,375	0.10
23,722	General Electric	1,648,550	0.42
35,000	Heijmans	435,966	0.11
15,987	HERIGE SADCS	636,319	0.16
1,866,260	IJM	559,593	0.14
133,600	Iveco	671,190	0.17
16,146	Johnson Controls International	804,081	0.20
66,400	Keppel	239,232	0.06

ES River and Mercantile Global Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Capital Goods continued		
164,990	Kitz	708,243	0.18
196,179	Koninklijke BAM Groep	453,581	0.12
10,219	LG pref.	384,210	0.10
36,000	Metso Outotec	234,980	0.06
15,505	NKT	538,309	0.14
23,709	Owens Corning	1,647,286	0.42
3,352	Parker-Hannifin	722,412	0.18
19,310	Raytheon Technologies	1,452,961	0.37
58,363	Resideo Technologies	1,055,867	0.27
138,230	Sansei Technologies	631,431	0.16
9,143	Siemens	972,750	0.25
47,494	Siemens Energy	829,595	0.21
31,250	Siemens Gamesa Renewable Energy	421,869	0.11
1,703,680	Sime Darby	729,337	0.19
85,552	SKF	1,071,631	0.27
3,713	Snap-on	579,461	0.15
40,101	Spirit AeroSystems	1,487,817	0.38
75,300	Tadano	484,854	0.12
26,732	Toyo Tanso	528,590	0.14
79,120	Tsubaki Nakashima	478,260	0.12
27,553	Tsubakimoto Chain	525,859	0.13
20,900	Univar Solutions	510,019	0.13
31,497	Volvo	452,700	0.12
1,453	WW Grainger	569,204	0.14
	Commercial & Professional Services – 2.54% (2021 – 2.66%)		
21,061	Adecco	730,221	0.19
224,687	Aker Carbon Capture	446,727	0.11
36,420	Alkemy	557,064	0.14
191,281	Applus Services	1,209,903	0.31
2,079,230	China Everbright Environment	955,810	0.24
64,057	Elis	724,826	0.18
818,916	Greentown Service	625,830	0.16
24,818,800	Mega Manunggal Property	813,714	0.21
421,670	Nippon Parking Development	406,344	0.10
16,698	Societe BIC	644,863	0.16
26,462	Stericycle	1,184,977	0.30
20,693	Tinexta	463,400	0.12
21,990	TOPPAN	297,634	0.08
605,341	Valid Solucoes e Servicos de Seguranca em Meios de Pagamento e Identificacao	939,458	0.24
93,766	Valid Solucoes e Servicos de Seguranca em Meios de Pagamento e Identificacao Warrants 05/09/2022	14,987	0.00
	Consumer Durables & Apparel – 3.74% (2021 – 4.75%)		
1,100	Adidas	197,254	0.05

ES River and Mercantile Global Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
Consumer Durables & Apparel continued			
263,655	Bang & Olufsen	574,501	0.14
31,500	Callaway Golf	560,308	0.14
48,474	Canada Goose	968,242	0.24
404,437	Chow Sang Sang International	356,930	0.09
11,383	Cie Financiere Richemont	1,108,566	0.28
30,221	Cie Financiere Richemont Warrants 22/11/2023	18,208	0.01
4,029,879	Consortio ARA	615,456	0.16
31,972	DR Horton	1,809,314	0.46
3,055	EssilorLuxottica	429,329	0.11
139,003	Fourlis	432,861	0.11
65,899	Mattel	1,111,622	0.28
11,445	Mohawk Industries	1,080,219	0.27
75,763	Neinor Homes	758,046	0.19
143,100	Nikon	1,175,722	0.30
48,023	Salvatore Ferragamo	695,986	0.18
593,282	Samsonite International	1,019,567	0.26
6,430	Sony	512,200	0.13
3,612	Swatch	786,105	0.20
707,890	Trisul	549,870	0.14
Consumer Services – 4.53% (2021 – 3.53%)			
90,600	2U	913,122	0.23
24,362	Accor	601,561	0.15
1,700	Airbnb	221,627	0.06
37,400	Bloomin' Brands	622,647	0.16
17,600	Chegg	485,098	0.12
56,602	Cie des Alpes	633,296	0.16
5,010	Darden Restaurants	505,890	0.13
10,040	DoubleUGames	324,633	0.08
35,900	DraftKings	530,600	0.14
1,337,167	Fu Shou Yuan International	749,556	0.19
238,561	GAN	871,514	0.22
1,002,260	Genting	843,643	0.21
1,305,780	Genting Singapore	597,234	0.15
135,621	Gourmet Master	336,500	0.09
41,651	H&R Block	823,751	0.21
47,909	Las Vegas Sands	1,414,000	0.36
56,361	MakeMyTrip	1,149,351	0.29
12,136	Marriott International	1,619,854	0.41
117,118	Melia Hotels International	673,205	0.17
5,500	Penn National Gaming	177,158	0.05
877,910	Shangri-La Asia	522,768	0.13
12,846	Starbucks	887,556	0.23
51,380	Trip.com	939,282	0.24
1,649,830	Wynn Macau	918,421	0.23
15,391	Yum China	485,583	0.12

ES River and Mercantile Global Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Diversified Financials – 5.85% (2021 – 6.42%)		
7,201	Affiliated Managers	770,553	0.20
7,920	American Express	1,124,494	0.29
221,407	Anima	763,750	0.19
26,240	Artisan Partners Asset Management	784,021	0.20
270,800	B3 - Brasil Bolsa Balcao	679,527	0.17
7,443	Berkshire Hathaway	1,995,107	0.51
106,095	BFF Bank	603,836	0.15
444,299	Bolsa de Valores de Colombia	845,031	0.22
285,570	Bolsa Mexicana de Valores	457,122	0.12
15,490	Charles Schwab	991,882	0.25
55,300	Credit Suisse	334,999	0.09
61,700	Deutsche Bank	600,341	0.15
8,338	Eurazeo	537,265	0.14
13,598	EXOR	798,632	0.20
9,840	Financiera Alba	439,883	0.11
207,405	Grupo de Inversiones Suramericana	1,494,798	0.38
19,180	Gruppo MutuiOnline	525,146	0.13
879,350	Haitong	509,128	0.13
112,300	Hellenic Exchanges - Athens Stock Exchange	349,707	0.09
13,290	Hong Kong Exchanges & Clearing	478,436	0.12
163,649	Inversiones La Construccion	537,017	0.14
31,500	JAFCO	369,386	0.09
25,626	Noah	457,771	0.12
212,140	Nomura	683,777	0.17
31,170	SBI Inc/Japan	603,668	0.15
38,142	State Street	2,523,487	0.64
107,805	UBS	1,614,428	0.41
1,509,384	Value Partners	494,775	0.13
145,100	WisdomTree Investments	646,897	0.16
	Energy – 6.53% (2021 – 4.01%)		
54,500	APA	1,710,356	0.43
61,675	Baker Hughes	1,705,530	0.43
1,797,086	CGG	1,571,795	0.40
1,744,210	China Petroleum & Chemical	664,786	0.17
42,116	Devon Energy	1,891,725	0.48
207,590	Enerplus	1,998,146	0.51
116,043	Eni	1,303,651	0.33
97,521	Fugro	898,774	0.23
137,022	Galp Energia SGPS	1,333,340	0.34
72,050	Japan Petroleum Exploration	1,155,986	0.30
107,170	Marathon Oil	2,043,853	0.52
98,616	NOV	1,468,773	0.37
4,400	OMV	161,744	0.04
1,266,680	PetroChina	498,751	0.13
37,052	Schlumberger	1,162,228	0.30

ES River and Mercantile Global Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Energy continued		
244,600	Southwestern Energy	1,332,003	0.34
198,165	Tenaris	2,302,589	0.59
37,209	TotalEnergies	1,447,357	0.37
12,700	Valero Energy	979,424	0.25
	Food & Staples Retailing – 0.89% (2021 – 0.42%)		
3,867,861	Cosco Capital	279,885	0.07
642,531	Profarma Distribuidora de Produtos Farmaceuticos	456,996	0.12
723,965	Sonae SGPS	637,488	0.16
42,919	Sprouts Farmers Market	1,042,130	0.27
9,283	Walmart	1,050,097	0.27
	Food, Beverage & Tobacco – 1.86% (2021 – 1.03%)		
796,097	Aryzta	624,184	0.16
21,674	Beyond Meat	794,102	0.20
3,700	Carlsberg	348,468	0.09
22,914	Coca-Cola	1,079,002	0.27
79,630	Coca-Cola Bottlers Japan	718,028	0.18
89,740	Coca-Cola Icecek	542,744	0.14
15,910	Danone	672,513	0.17
375,000	Indofood CBP Sukses Makmur	145,258	0.04
21,673	Kraft Heinz	648,388	0.16
7,479,885	Nippon Indosari Corpindo	506,296	0.13
188,663	Treasury Wine Estates	1,246,060	0.32
	Health Care Equipment & Services – 1.57% (2021 – 1.57%)		
480,700	Alibaba Health Information Technology	236,826	0.06
53,458	Cegedim	1,129,379	0.29
25,937	Fresenius	732,399	0.19
7,714	Fukuda Denshi	376,508	0.10
6,400	Henry Schein	423,815	0.11
22,713	Koninklijke Philips	532,244	0.14
3,351	McKesson	780,148	0.20
109,700	Ping An Healthcare and Technology	219,162	0.06
221,340	Qualicorp Consultoria e Corretora de Seguros	567,089	0.15
60,920	Vital KSK	279,806	0.07
8,000	Zimmer Biomet	776,881	0.20
800	ZimVie	13,878	0.00
	Household & Personal Products – 0.71% (2021 – 0.74%)		
15,538	Henkel	785,205	0.20
320	LG Household & Health Care	171,846	0.04
16,800	Pola Orbis	167,991	0.04
350,730	PRADA	1,690,519	0.43

ES River and Mercantile Global Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Insurance – 2.41% (2021 – 2.54%)		
39,047	AXA	876,400	0.22
50,530	Dai-ichi Life	790,004	0.20
152,860	Japan Post	859,338	0.22
458,800	Mapfre	736,654	0.19
34,310	MS&AD Insurance	853,840	0.22
165,450	Ping An Insurance of China	892,941	0.23
68,505	Poste Italiane	597,432	0.15
14,900	Samsung Life Insurance	612,490	0.16
28,622	SCOR	705,543	0.18
14,273,700	Tune Protect	1,121,548	0.28
189,109	Unipol Gruppo	795,845	0.20
32,527	Vienna Insurance Wiener Versicherung Gruppe	645,950	0.16
	Materials – 4.80% (2021 – 4.45%)		
41,300	Acerinox	348,311	0.09
35,036	Axalta Coating Systems	654,073	0.17
12,774	BASF	558,846	0.14
462,842	Cemex	1,859,594	0.47
15,690	Dow	549,808	0.14
5,893	Eastman Chemical	501,598	0.13
32,161	HeidelbergCement	1,404,012	0.36
12,350	Imerys	407,023	0.10
280,000	Incitec Pivot	603,662	0.15
59,331	Industrias Penoles	564,959	0.14
1,710	LG Chem	570,055	0.14
25,414	Mosaic	1,283,584	0.33
30,000	Nippon Paint	202,555	0.05
7,210	Nitto Denko	397,025	0.10
18,578	Okamoto Industries	453,963	0.12
6,169,602	PPC	1,362,860	0.35
25,282	Rio Tinto	1,717,526	0.44
981,112	Semen Indonesia Persero	345,017	0.09
37,881	Taiheiyo Cement	477,873	0.12
111,905	thyssenkrupp	739,319	0.19
118,144	Titan Cement International	1,317,869	0.34
60,805	Verallia	1,106,807	0.28
23,579	Vicat	612,713	0.16
21,501	Westrock	768,330	0.20
	Media – 0.13% (2021 – 0.22%)		
52,296	ProSiebenSat.1 Media	513,525	0.13
	Media & Entertainment – 7.60% (2021 – 9.55%)		
941	Alphabet	1,987,389	0.51
5,366	Americanas	27,548	0.01

ES River and Mercantile Global Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
Media & Entertainment continued			
75,356	Autohome	446,895	0.11
192,644	Baidu	2,641,774	0.67
48,376	IMAX	695,521	0.18
19,128	IPSOS	728,201	0.19
257,817	iQIYI	883,116	0.23
259,483	Mediaset Espana Comunicacion	1,002,541	0.26
15,279	Meta Platforms	2,579,669	0.66
1,583,961	MFE-MediaForEurope 'A'	849,973	0.22
513,961	MFE-MediaForEurope 'B'	456,044	0.12
79,314	MultiChoice	542,844	0.14
3,290	Netflix	936,013	0.24
1,760	Nintendo	679,073	0.17
15,300	Nordic Entertainment	480,058	0.12
22,052	Omnicom	1,421,451	0.36
35,312	Paramount Global	1,013,780	0.26
39,600	Pinterest	739,878	0.19
110,566	QIWI	476,140	0.12
32,600	Schibsted	617,579	0.16
327,557	Solocal	335,266	0.09
9,718	Spotify Technology	1,113,623	0.28
4,687	Take-Two Interactive Software	547,282	0.14
15,294	Telenet	377,649	0.10
104,390	Television Francaise 1	777,180	0.20
38,150	Tencent	1,384,488	0.35
221,327	Tencent Music Entertainment	818,640	0.21
36,159	TripAdvisor	744,519	0.19
27,804	Universal Music	568,486	0.14
90,700	Vimeo	818,377	0.21
17,494	Walt Disney	1,822,809	0.46
20,670	Wirtualna Polska	432,473	0.11
116,221	Z	389,589	0.10
57,574	Zynga	403,606	0.10
Pharmaceuticals, Biotechnology & Life Sciences – 2.27% (2021 – 2.05%)			
36,332	Bayer	1,907,250	0.49
15,889	Bristol-Myers Squibb	881,187	0.22
454,648	Genomma Lab Internacional	377,306	0.09
13,525	Gilead Sciences	610,687	0.16
90,640	Nichi-iko Pharmaceutical	439,564	0.11
51,142	Pfizer	2,010,877	0.51
2,625	Roche	793,902	0.20
20,790	Tsumura	415,648	0.11
128,005	Viatrix	1,056,784	0.27
45,587	Yunnan Baiyao	446,257	0.11

ES River and Mercantile Global Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Real Estate – 1.56% (2021 – 1.44%)		
30,000	COIMA RES	197,997	0.05
169,400	Hongkong Land	630,433	0.16
34,200	Mitsubishi Estate	388,742	0.10
26,674	RE/MAX	560,769	0.14
8,450,000	Sime Darby Property	892,904	0.23
556,000	Sunac China	246,423	0.06
1,435,007	Swire Pacific	1,099,441	0.28
130,462	Tosei	951,882	0.24
23,200	Weyerhaeuser	667,640	0.17
501,640	Wing Tai	503,920	0.13
	Retailing – 5.94% (2021 – 6.77%)		
266,443	Alibaba	2,896,681	0.74
697	Amazon.com	1,725,462	0.44
174,274	Americanas	909,440	0.23
10,600	Bath & Body Works	384,664	0.10
132,685	Blue Apron	408,137	0.10
782	Booking	1,395,508	0.35
32,000,000	Bukalapak.com	646,417	0.16
200,995	CECONOMY	579,197	0.15
4,044	CJ ENM	332,978	0.08
16,650	Delivery Hero	562,105	0.14
20,239	Dufry	652,612	0.17
21,673	eBay	942,376	0.24
230,000	Falabella	560,291	0.14
14,170	Fnac Darty	557,292	0.14
38,604	Industria de Diseno Textil	645,276	0.16
61,000	Jardine Cycle & Carriage	855,828	0.22
45,782	JD.com	1,038,078	0.26
46,465	JUMBO	529,694	0.13
56,900	LL Flooring	605,452	0.15
103,390	Lojas Renner	454,433	0.12
475,531	Marisa Lojas	246,253	0.06
112,641	Marisa Lojas Warrants 15/11/2022	6,481	0.00
951	MercadoLibre	858,309	0.22
16,956	Naspers	1,466,270	0.37
34,634	Prosus	1,421,389	0.36
77,330	Rakuten	466,956	0.12
66,600	RealReal	366,220	0.09
60,000	Rent the Runway	313,523	0.08
8,243	Shop Apotheke Europe	575,725	0.15
25,983	Sleep Country Canada	461,488	0.12
14,843	Victoria's Secret	578,546	0.15
	Semiconductors & Semiconductor Equipment – 1.18% (2021 – 2.26%)		
7,943	Applied Materials	794,390	0.20

ES River and Mercantile Global Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
Semiconductors & Semiconductor Equipment continued			
244,751	ASE Technology	668,258	0.17
31,034	Infineon Technologies	812,074	0.21
28,584	Intel	1,074,844	0.27
907,473	Meyer Burger Technology	290,296	0.07
7,360	Micron Technology	435,345	0.11
50,410	Osram	593,487	0.15
Software & Services – 5.48% (2021 – 6.73%)			
204,118	Almawave	772,763	0.20
9,084	Amadeus IT	454,296	0.12
28,055	Atos	587,250	0.15
94,000	BASE	262,339	0.07
10,000	Bilibili	209,869	0.05
333,445	Chanjet Information Technology	236,068	0.06
2,723,920	Cielo	1,349,628	0.34
38,251	Criteo	791,370	0.20
53,840	DeNA	626,303	0.16
8,447	Digital Value	628,162	0.16
26,992	Dropbox	476,637	0.12
11,459	Fiserv	882,412	0.22
32,200	GDS	124,600	0.03
1,700	Global Payments	176,669	0.05
18,800	GMO internet	329,394	0.08
64,785	Hello	284,894	0.07
5,274,011	Hi Sun Technology China	506,369	0.13
105,197	Indra Sistemas	897,866	0.23
8,668	International Business Machines	856,036	0.22
102,500	Kingsoft	250,504	0.06
62,330	Kingsoft Cloud	286,879	0.07
65,333	Kyndryl	651,023	0.17
42,794	Minwise	488,049	0.12
20,000	Nexi	177,293	0.05
170,144	Novabase SGPS	698,779	0.18
17,760	NS Solutions	408,414	0.10
13,529	Oracle	850,077	0.22
30,874	PayPal	2,711,631	0.69
48,114	Ping Identity	1,001,637	0.25
82,439	Sabre	715,663	0.18
4,810	SAP	410,782	0.10
2,200	Splunk	248,314	0.06
12,920	Trend Micro Inc/Japan	578,863	0.15
30,400	Upland Software	405,903	0.10
96,032	VNET	425,221	0.11
58,041	Western Union	825,221	0.21

ES River and Mercantile Global Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
Technology Hardware & Equipment – 2.02% (2021 – 2.47%)			
52,800	Anritsu	512,774	0.13
51,868	Avnet	1,598,999	0.41
21,738	Cisco Systems	919,942	0.23
39,231	Datalogic	328,873	0.08
139,990	Kerlink SACA	468,467	0.12
10,650	Kyocera	458,632	0.12
6,500	Landis+Gyr	314,901	0.08
2,800	Logitech International	159,868	0.04
187,677	Nokia	792,039	0.20
13,143	Samsung Electronics	573,209	0.15
134,326	Seco	656,107	0.17
15,909	SIT	109,972	0.03
90,650	Yageo	1,042,893	0.26
Telecommunication Services – 1.05% (2021 – 0.34%)			
73,600	AT&T	1,320,904	0.34
3,109,111	Link Net	705,331	0.18
561,600	Singapore Telecommunications	832,047	0.21
22,740	SoftBank	789,882	0.20
129,608	Telefonica	480,656	0.12
Transportation – 3.23% (2021 – 3.89%)			
256	AP Moller - Maersk	578,470	0.15
1,122,780	Beijing Capital International Airport	497,624	0.13
124,154	bpost	631,078	0.16
728,000	COSCO SHIPPING Ports	429,971	0.11
45,332	Delta Air Lines	1,362,043	0.35
185,828	Deutsche Lufthansa	1,153,583	0.29
5,363	FedEx	942,094	0.24
11,405	Fraport Frankfurt Airport Services Worldwide	485,557	0.12
551,940	Grupo Traxion	664,683	0.17
3,590,066	Hutchison Port Trust	654,400	0.17
2,842	Hyundai Glovis	341,928	0.09
93,400	JD Logistics	175,184	0.05
30,588	Knight-Swift Transportation	1,172,271	0.30
25,066	Piraeus Port Authority	358,403	0.09
359,166	SATS	872,770	0.22
44,850	Seino	312,362	0.08
26,216	Southwest Airlines	911,930	0.23
41,002	Uber Technologies	1,111,116	0.28
Utilities – 0.46% (2021 – 0.69%)			
215,691	China Everbright Greentech	46,857	0.01
106,316	Iberdrola	891,065	0.23
34,687	Veolia Environnement	852,702	0.22

ES River and Mercantile Global Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
UK COMPANY OR UK LISTED – 11.62% (2021 – 8.61%)			
UK – 11.62% (2021 – 8.61%)			
62,581	Allfunds	552,010	0.14
41,909	Anglo American	1,664,835	0.42
87,960	Antofagasta	1,471,131	0.38
39,072	ASOS**	629,255	0.16
500,000	Cairn Homes	521,000	0.13
2,677,054	Capita	560,307	0.14
697,603	Capital & Counties Properties	1,220,805	0.31
23,747	Capri	926,866	0.23
71,891	Carnival	975,417	0.25
465,300	Centrica	372,612	0.09
1,050,000	Coats	804,300	0.20
1,219,138	Eckoh**	451,081	0.12
26,000	Farfetch	298,576	0.08
342,560	Fidelity China Special Situations	863,251	0.22
4,996,063	Filtronic**	537,077	0.14
1,018,826	GAM	961,101	0.24
182,777	Gresham House**	1,681,548	0.43
460,534	Harbour Energy	2,234,511	0.57
176,390	HSBC	927,180	0.24
461,185	Hunting	1,385,861	0.35
229,493	Legal & General	624,221	0.16
3,484,063	Lloyds Banking	1,639,252	0.42
37,500	Manchester United	411,841	0.10
233,200	Moonpig	521,435	0.14
459,490	NatWest	992,039	0.25
538,166	Northbridge Industrial Services**	887,974	0.23
73,615	Ocean Wilsons	736,150	0.19
190,000	On the Beach	445,550	0.11
127,757	Prudential	1,448,126	0.37
804,549	Rangers International Football*	152,864	0.04
13,400	Recticel	236,667	0.06
1,180,508	Restaurant	720,110	0.18
24,767	RHI Magnesita	603,324	0.15
23,533	Rockwood Realisation	327,109	0.08
597,900	Rolls-Royce	604,477	0.15
154,947	RWS**	573,304	0.15
102,041	Sage	715,511	0.18
46,009	Shell	970,100	0.25
101,375	Smith & Nephew	1,236,775	0.31
452,824	Somero Enterprises**	2,173,555	0.55
223,973	Standard Chartered	1,142,262	0.29
229,158	Subsea 7	1,640,539	0.42
194,853	Tremor International**	1,153,530	0.29
1,404,800	Tullow Oil	754,378	0.19

ES River and Mercantile Global Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	UK continued		
37,522	Unilever	1,296,385	0.33
78,169	Vistry	736,039	0.19
118,801	VK	77,237	0.02
726,800	Vodafone	907,337	0.23
26,300	Weir	431,188	0.11
39,533	Whitbread	1,129,063	0.29
410,000	Wickes	756,450	0.19
3,420	Willis Towers Watson	613,296	0.16
	FORWARD CURRENCY CONTRACTS – (0.04%) (2021 – 0.11%)		
US\$29,098,752	Forward Currency Contract 15/06/2022: US dollar 29,098,752 vs Euro 26,406,000	(277,281)	(0.07)
US\$3,988,237	Forward Currency Contract 15/06/2022: US dollar 3,988,237 vs Japanese Yen 465,190,000	112,519	0.03
	Portfolio of investments	394,310,975	100.26
	Net other liabilities	(1,024,250)	(0.26)
	Net assets	393,286,725	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.

11.62% 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 2021.

*Delisted security.

**Security listed in AIM.

ES River and Mercantile Global Recovery Fund

Comparative table

For the year ending:	31/03/2022	31/03/2021	31/03/2020
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	611.86	378.17	500.57
Return before operating charges*	11.76	241.57	(110.42)
Operating charges	(7.04)	(5.94)	(5.89)
Return after operating charges	4.72	235.63	(116.31)
Distributions	(4.18)	(1.94)	(6.09)
Closing net asset value per share	612.40	611.86	378.17
*After direct transaction costs of	(0.70)	(0.74)	(0.57)
Performance			
Return after charges	0.77%	62.31%	(23.24)%
Other information			
Closing net asset value (£)	110,391,526	170,291,041	134,132,332
Closing number of shares	18,025,943	27,831,914	35,469,090
Operating charges**	1.12%	1.19%	1.16%
Direct transaction costs	0.11%	0.15%	0.11%
Prices			
Highest share price	661.49	624.28	553.56
Lowest share price	565.13	365.71	356.35

*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:	31/03/2022	31/03/2021	31/03/2020
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	284.07	175.51	232.42
Return before operating charges*	5.45	112.21	(51.33)
Operating charges	(2.51)	(2.18)	(2.15)
Return after operating charges	2.94	110.03	(53.48)
Distributions	(2.69)	(1.47)	(3.43)
Closing net asset value per share	284.32	284.07	175.51
*After direct transaction costs of	(0.33)	(0.35)	(0.27)
Performance			
Return after charges	1.04%	62.69%	(23.01)%
Other information			
Closing net asset value (£)	263,478,059	189,284,348	169,945,039
Closing number of shares	92,669,078	66,632,338	96,828,336
Operating charges**	0.86%	0.94%	0.91%
Direct transaction costs	0.11%	0.15%	0.11%
Prices			
Highest share price	307.21	290.12	257.22
Lowest share price	262.67	169.73	165.66

*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:	31/03/2022	31/03/2021	31/03/2020
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	1,403.82	855.41	1,107.21
Return before operating charges*	26.77	550.57	(249.99)
Operating charges	(1.74)	(2.16)	(1.81)
Return after operating charges	25.03	548.41	(251.80)
Distributions	(24.25)	(15.69)	(24.95)
Retained distributions on accumulation shares	24.25	15.69	24.95
Closing net asset value per share	1,428.85	1,403.82	855.41
*After direct transaction costs of	(1.62)	(1.69)	(1.28)
Performance			
Return after charges	1.78%	64.11%	(22.74)%
Other information			
Closing net asset value (£)	19,417,140	27,629,480	17,091,691
Closing number of shares	1,358,931	1,968,164	1,998,065
Operating charges**	0.12%	0.19%	0.16%
Direct transaction costs	0.11%	0.15%	0.11%
Prices			
Highest share price	1,534.37	1,431.40	1,247.36
Lowest share price	1,315.02	827.31	804.27

*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



This Fund is ranked at 6 because funds of this type have experienced medium to high rises and falls in value in the past. The risk and reward score is based on past performance and calculated in accordance with European legislation. It may not be a reliable indication of the future risk profile. The risk and reward score is not guaranteed and may change over time. The lowest category does not mean risk free. While the risk indicator takes into account the broader risk profile, the following risks are considered most relevant to this sub-fund:

- **Equity Securities:** Equities can lose value rapidly, and typically involve higher market risks than bonds, money market instruments or other debt instruments. Fluctuation in value may occur in response to activities of individual companies, the general market, economic conditions, or changes in currency exchange rates.
- **Small and Mid-Cap Stock:** Stocks of small and mid-size companies can be more volatile and less liquid than stocks of larger companies. Small and mid-size companies often have fewer financial resources, shorter operating histories, and less diverse business lines, and as a result can be at greater risk of long-term or permanent business setbacks.
- **Liquidity:** There is a risk that adverse market conditions may affect the Fund's ability to sell assets at the price the Fund would like, or the Fund may have to sell them at a loss.
- **Currency:** To the extent that a Sub-Fund holds assets that are denominated in currencies other than the base currency, any changes in currency exchange rates could reduce investment gains or income, or increase investment losses.
- **Emerging Markets:** Where a Sub-fund invests substantially in securities listed or traded in emerging markets, the performance of the Sub-fund may be more volatile than a fund that invests in securities traded in developed countries.

Summary of Largest Portfolio Changes

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

Purchases	£	Sales	£
PayPal	2,271,547	Playtech	2,586,458
Alibaba	2,158,949	Devon Energy	1,820,164
Allfunds	1,845,803	Ginko International	1,735,572
Antofagasta	1,842,746	China Longyuan Power	1,683,729
Bed Bath & Beyond	1,607,531	Bed Bath & Beyond	1,641,410
Smith & Nephew	1,546,441	zooplus	1,576,360
GAN	1,498,160	Wiiit	1,492,355
Restaurant	1,468,611	Apple	1,491,982
Meta Platforms	1,434,087	Digital Value	1,343,773
Delta Air Lines	1,432,325	Pearl Abyss	1,243,274

ES River and Mercantile Global Recovery Fund

Statement of Total Return for the year ended 31 March 2022

	Notes	1 April 2021 to 31 March 2022		1 April 2020 to 31 March 2021	
		£	£	£	£
Income					
Net capital gains	2		2,036,719		154,655,563
Revenue	3	7,349,502		5,671,209	
Expenses	4	(3,218,838)		(3,105,816)	
Interest payable and similar charges	6	(6,724)		(9,299)	
Net revenue before taxation for the year		4,123,940		2,556,094	
Taxation	5	(810,054)		(577,778)	
Net revenue after taxation for the year			3,313,886		1,978,316
Total return before distributions			5,350,605		156,633,879
Distributions	7		(3,335,481)		(1,994,178)
Change in net assets attributable to Shareholders from investment activities			2,015,124		154,639,701

Statement of Change in Net Assets attributable to Shareholders for the year ended 31 March 2022

		1 April 2021 to 31 March 2022		1 April 2020 to 31 March 2021	
		£	£	£	£
Opening net assets attributable to Shareholders			387,204,869		321,169,062
Amounts received on creation of shares	103,724,190			76,415,210	
Amounts paid on cancellation of shares	(18,839,461)			(165,659,395)	
In specie transfer	(81,330,138)			—	
			3,554,591		(89,244,185)
Dilution adjustment			180,732		329,967
Change in net assets attributable to Shareholders from investment activities			2,015,124		154,639,701
Retained distributions on accumulation shares			331,409		310,324
Closing net assets attributable to Shareholders			393,286,725		387,204,869

ES River and Mercantile Global Recovery Fund

Balance Sheet as at 31 March 2022

	Notes	31 March 2022		31 March 2021	
		£	£	£	£
ASSETS					
Fixed assets					
Investments			394,588,256		385,763,908
Current assets					
Debtors	8	2,300,016		16,871,862	
Cash and bank balances		383,855		342,660	
Total other assets			2,683,871		17,214,522
Total assets			397,272,127		402,978,430
LIABILITIES					
Investment liabilities			(277,281)		—
Creditors					
Bank overdrafts		(543,314)		(26,322)	
Distribution payable	9	(1,107,953)		(290,753)	
Other creditors	9	(2,056,854)		(15,456,486)	
Total other liabilities			(3,708,121)		(15,773,561)
Total liabilities			(3,985,402)		(15,773,561)
Net assets attributable to Shareholders			393,286,725		387,204,869

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 7 to 9.

2 Net capital gains

	31 March 2022 £	31 March 2021 £
The net capital gains during the year comprise:		
Non-derivative securities	540,493	154,593,937
Derivative securities	20,408	22,858
Forward currency contracts	1,667,245	381,867
Currency losses	(129,773)	(201,401)
Custodial transaction fees	(88,057)	(141,698)
US REIT dividends	26,403	—
Net capital gains	<u>2,036,719</u>	<u>154,655,563</u>

3 Revenue

	31 March 2022 £	31 March 2021 £
Bank interest	7	122
UK dividends	567,117	258,060
Management fee rebates	—	17,621
Non-taxable overseas dividends	6,459,046	5,173,224
Stock dividends	8,677	81,527
Taxable overseas dividends	302,158	140,655
UK REIT dividends	1,182	—
US REIT dividends	11,315	—
	<u>7,349,502</u>	<u>5,671,209</u>

ES River and Mercantile Global Recovery Fund

Notes to the Financial Statements continued

4 Expenses

	31 March 2022 £	31 March 2021 £
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	<u>2,894,222</u>	<u>2,621,016</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	53,296	49,374
Safe custody fees	<u>103,133</u>	<u>93,253</u>
	<u>156,429</u>	<u>142,627</u>
Other expenses:		
Audit fee*	13,381	13,931
Fund accounting fees	81,667	70,614
Legal and professional fees	(309)	—
Registration fees	3,280	4,307
Transfer agency fees	33,040	204,514
Other fees	<u>37,128</u>	<u>48,807</u>
	<u>168,187</u>	<u>342,173</u>
Total expenses	<u><u>3,218,838</u></u>	<u><u>3,105,816</u></u>

*Total audit fees of £11,710 (2021 - £11,152) exclusive of VAT.

ES River and Mercantile Global Recovery Fund

Notes to the Financial Statements continued

5 Taxation

	31 March 2022 £	31 March 2021 £
a) Analysis of taxation charge in year		
Overseas tax	<u>810,054</u>	<u>577,778</u>
Total taxation	<u>810,054</u>	<u>577,778</u>

b) Factors affecting taxation charge for the year

The tax assessed for the year is lower (2021: higher) than the standard rate of corporation tax in the UK for an Open Ended Investment Company with variable capital (20%) (2021: 20%). The difference is explained below:

Net revenue before taxation for the year	<u>4,123,940</u>	<u>2,556,094</u>
Return on ordinary activities before taxation at the applicable rate of Corporation tax in the UK of 20% (2021: 20%)	824,788	511,219
Effects of:		
Capitalised income subject to tax	5,281	—
Movement in tax losses	588,992	595,688
Overseas tax	810,054	577,778
Relief on overseas tax expensed	(12,093)	(4,345)
Revenue not subject to tax	<u>(1,406,968)</u>	<u>(1,102,562)</u>
Total taxation	<u>810,054</u>	<u>577,778</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 £4,914,424 (£4,325,432 as at 31 March 2021) 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 2021).

6 Interest payable and similar charges

	31 March 2022 £	31 March 2021 £
Interest	<u>6,724</u>	<u>9,299</u>
	<u>6,724</u>	<u>9,299</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 2022 £	31 March 2021 £
Interim	1,989,944	1,267,948
Final	<u>1,246,165</u>	<u>418,942</u>
	3,236,109	1,686,890
Add: revenue deducted on cancellation of shares	67,520	319,641
Deduct: revenue received on creation of shares	(178,705)	(12,353)
Equalisation on In Specie	<u>210,557</u>	<u>—</u>
	3,335,481	1,994,178
	<u>3,335,481</u>	<u>1,994,178</u>
Reconciliation between net revenue after taxation for the year and the distributions:		
Net revenue after taxation for the year	3,313,886	1,978,316
Equalisation on conversions	3,524	(100)
Expenses transferred to capital	<u>18,071</u>	<u>15,962</u>
Distributions for the year	<u>3,335,481</u>	<u>1,994,178</u>

8 Debtors

	31 March 2022 £	31 March 2021 £
Accrued revenue	529,744	621,676
Amounts receivable for issue of shares	497,630	7,420,781
Foreign currency contracts awaiting settlement	532,529	7,527,457
Overseas tax recoverable	565,128	514,525
Sales awaiting settlement	<u>174,985</u>	<u>787,423</u>
	<u>2,300,016</u>	<u>16,871,862</u>

9 Other creditors

	31 March 2022 £	31 March 2021 £
a) Distribution payable		
Gross distribution payable	<u>1,107,953</u>	<u>290,753</u>
Total distribution payable	<u>1,107,953</u>	<u>290,753</u>
b) Other creditors		
Accrued expenses	449,416	609,439
Amounts payable for cancellation of shares	821,840	109,767
Foreign currency contracts awaiting settlement	532,371	7,541,284
Purchases awaiting settlement	<u>253,227</u>	<u>7,195,996</u>
	<u>2,056,854</u>	<u>15,456,486</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 2021: 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.

Equity Trustees Fund Services Limited, as the Sub-Fund's ACD, wishes to disclose the the Sub-Fund's Shareholders that 31.19% of the Sub-Fund's shares in issue are under the control of a nominee and its related parties.

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 £255,002 (£253,261 as at 31 March 2021).

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 2022, 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	112,519	(277,281)

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	—
Northern Trust	—	—

No collateral is held or pledged (2021: 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 2022		Assets	Liabilities
		£	£
Level 1	Unadjusted quoted price in an active market for an identical instrument	394,322,873	—
Level 2	Valuation techniques using observable inputs other than quoted prices within level 1	112,519	(277,281)
Level 3	Valuation techniques using unobservable inputs	152,864	—
		394,588,256	(277,281)

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	—

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 2022 Currency	Monetary exposures £	Net foreign currency assets	
		Non-monetary exposures £	Total £
Australian Dollar	359	3,678,969	3,679,328
Brazilian Real	22,886	7,388,952	7,411,838
Canadian Dollar	5,410	3,425,317	3,430,727
Chilean Peso	—	1,097,308	1,097,308
Chinese Yuan Renminbi	48	446,258	446,306
Colombian Peso	181	2,347,232	2,347,413
Danish Krone	61,473	3,288,664	3,350,137
Euro	13,759	73,197,533	73,211,292
Hong Kong Dollar	5,902	28,041,107	28,047,009
Indonesian Rupiah	—	3,502,215	3,502,215
Japanese Yen	49,318	24,180,259	24,229,577
Korean Won	—	5,091,473	5,091,473
Malaysian Ringgit	—	5,171,982	5,171,982
Mexican Peso	518	2,679,526	2,680,044
Norwegian Krone	586	2,705,946	2,706,532
Philippine Peso	—	279,885	279,885
Polish Zloty	617	437,582	438,199
Singapore Dollar	28,747	5,043,250	5,071,997
South African Rand	3,194	4,318,110	4,321,304
Swedish Krona	46,381	2,405,413	2,451,794
Swiss Franc	22,409	9,854,701	9,877,110
Taiwan Dollar	22	2,047,651	2,047,673
Thai Baht	—	1,118,786	1,118,786
Turkish Lira	347	542,744	543,091
US Dollar	121,700	164,161,795	164,283,495
	383,857	356,452,658	356,836,515

ES River and Mercantile Global Recovery Fund

Notes to the Financial Statements continued

12 Financial instruments continued

c) Foreign currency risk continued

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

d) Derivative risk

At the balance sheet date, no derivatives were held that could impact the sub-fund in a significant way (2021: 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 £35,683,652 (2021: £35,491,861). 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 sub-fund would have increased by £39,447,574 (2021: £38,534,281). 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 2021 to 31 March 2022

Purchases	Transaction Value £	Commissions £	%	Taxes £	%
Equity instruments (direct)	197,249,686	121,150	0.06	163,643	0.08
Collective investment schemes	1,434,090	1,109	0.08	5,528	0.39
Total purchases	198,683,776	122,259		169,171	
Total purchases including transaction costs	198,975,206				
Sales	Transaction Value £	Commissions £	%	Taxes £	%
Equity instruments (direct)	116,972,867	76,649	0.07	42,008	0.04
Total sales	116,972,867	76,649		42,008	
Total sales net of transaction costs	116,854,210				
Total transaction costs		198,908		211,179	
as a % of average net assets		0.05%		0.06%	

ES River and Mercantile Global Recovery Fund

Notes to the Financial Statements continued

13 Portfolio transaction costs continued

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%	

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 0.27% (2021 - 0.26%).

14 Share movement

	B-Class Distribution shares	S-Class Distribution shares	Z-Class Accumulation shares
Opening shares	27,831,914	66,632,338	1,968,164
Shares issued	5,736,719	23,290,321	8,782
Shares redeemed	(13,921,178)	(744,891)	(618,015)
Shares converted	(1,621,512)	3,491,310	—
Closing shares	18,025,943	92,669,078	1,358,931

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 2022, the spread of the Coronavirus pandemic and Russian invasion of Ukraine 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 and the war 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 21 June 2022 was £348.9m, the impact of the volatility on the sub-fund's NAV between the end of the reporting period and this date was (11.29)%. The price movements per share class are shown below:

	B-Class Distribution shares	S-Class Distribution shares	Z-Class Accumulation shares
NAV 31 March 2022	110,391,526	263,478,059	19,417,140
NAV 21 June 2022	90,372,377	240,485,841	18,032,116
Movement	(18.1%)	(8.7%)	(7.1%)
NAV per share 31 March 2022	612.40	284.32	1,428.85
NAV per share 21 June 2022	568.59	264.12	1,329.59
Movement	(7.2%)	(7.1%)	(6.9%)

There have been significant redemptions during the period of 11.83% on the B Class Distribution shares.

ES River and Mercantile Global Recovery Fund

Distribution tables for the year ended 31 March 2022

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 01/04/2021 — 30/09/2021		
	Net Revenue	Equalisation	Distribution paid 30/11/21	Distribution paid 30/11/20
B-Class Distribution shares				
Group 1	2.9171	—	2.9171	1.7936
Group 2	1.5083	1.4088	2.9171	1.7936
S-Class Distribution shares				
Group 1	1.7414	—	1.7414	1.0913
Group 2	0.8637	0.8777	1.7414	1.0913
Z-Class Accumulation shares				
Group 1	14.0837	—	14.0837	9.1785
Group 2	5.9153	8.1684	14.0837	9.1785

Final dividend distribution in pence per share		Period 01/10/2021 — 31/03/2022		
	Net Revenue	Equalisation	Distribution payable 31/05/22	Distribution paid 31/05/21
B-Class Distribution shares				
Group 1	1.2611	—	1.2611	0.1479
Group 2	0.8634	0.3977	1.2611	0.1479
S-Class Distribution shares				
Group 1	0.9503	—	0.9503	0.3746
Group 2	0.5621	0.3882	0.9503	0.3746
Z-Class Accumulation shares				
Group 1	10.1707	—	10.1707	6.5131
Group 2	4.1166	6.0541	10.1707	6.5131

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 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

Investment review

The ES River and Mercantile Dynamic Asset Allocation Fund Z share class returned 7.6% over the 12 months to 31 March 2022, compared with the SONIA + 4.125% benchmark performance of 4.4%.

Market background

Risk assets rose throughout 2021, driven by the vaccination rollout and the ongoing policy support from governments and central banks, before facing headwinds in 2022 due to tighter policy and geopolitical risks. Within traditional assets equities were the core driver of returns, benefitting from strong consumer demand as societal restrictions were lifted and borrowing costs remained low. Correspondingly, cyclical sectors of the equity market performed particularly well.

As unemployment recovered and supply chain disruption persisted in light of continued COVID-19 outbreaks, inflation rose to decade-highs. This presented a dilemma for policy makers required to weigh up a still-recovering economy against high inflation set to weigh on the costs of living. As a result, expectations of tighter policy going forward gathered pace, and government bonds yields began to reflect this accordingly.

Towards year end, indicators began to point towards a slowdown in economic growth. Then geopolitical risks rose in Q1 2022 with Russia's invasion of Ukraine, and a ripple effect was felt far wider than Eastern Europe. With Russia and Ukraine key exporters of oil and agricultural goods respectively and with further supply chain issues likely, commodity prices rose sharply. This left investors facing a high inflation, slowing growth environment, set amongst the backdrop of lower monetary stimulus. Assets reacted negatively to the growing risks, with traditional risk assets reversing some of the strong gains from the year.

Portfolio Activity

We were dynamic throughout the year, taking account for the evolving economic outlook and changing market environment. We maintained a high equity allocation for the majority of 2021, navigating periods of market volatility as risks arose and opportunities presented themselves. The equity portfolio initially focussed on regions and sectors with greater exposure to the economic cycle before rotating towards higher quality companies with pricing power.

While the allocation to return seeking credit was low compared to equity, within the allocation we preferred an opportunistic approach to take advantage of market dislocations without being constrained to benchmarks. We maintained a preference for high yield credit over investment grade as default rates remained low.

We tactically allocated to metals throughout the period, first to industrial style metals set to benefit from rebounding economic growth, and later to precious metals which act as a store of value in a high inflation environment. In line with our more defensive positioning later in the year we were tactical around the sovereign bond allocation, proactively managing the exposure as government bond yields were set to rise.

ES River and Mercantile Dynamic Asset Allocation Fund

Investment Manager's Review continued

Outlook

The ongoing conflict in Ukraine is having knock-on effects globally. Oil prices have risen to the highest level since 2008, whilst wheat is changing hands close to its highest price ever. These higher costs act as an indirect tax on economies, and it is becoming increasingly likely that households will use a portion of accumulated savings as a cushion rather than spend on discretionary goods and services. As a result, we have reduced our growth expectations and recognise the potential pressure higher commodity prices may have on inflation. It is prudent to position portfolios to be robust in an environment of low growth and high inflation, the likelihood of which has certainly increased this year. Assets such as gold now look more attractive, given its perceived role as a store of value in an inflationary environment. Credit assets look significantly cheaper than they did at the turn of the year and we now think there are opportunities to allocate, albeit selectively.

River and Mercantile
23 June 2022
Investment Adviser to the Fund

Source: River and Mercantile Asset Management LLP. Fund performance is calculated using midday published prices. Benchmark performance is calculated using close of business mid-market prices.

ES River and Mercantile Dynamic Asset Allocation Fund

Portfolio Statement as at 31 March 2022

Holding	Investment	Market Value £	% of Net Assets
UNITED KINGDOM – 16.25% (2021 – 8.75%)			
Equity Investment Instruments – 1.16% (2021 – 0.81%)			
27,673	Amcor	237,920	0.11
22,396	Diageo	865,269	0.42
9,509	Intertek	496,750	0.24
87,637	Legal & General	238,373	0.11
3,505	London Stock Exchange	279,138	0.13
5,496	Pentair	226,327	0.11
2,650	Unilever	91,558	0.04
Bonds – 15.09% (2021 – 7.94%)			
£4,105,702	United Kingdom Gilt 0.125% 31/01/2024	4,008,458	1.93
£10,473,407	United Kingdom Gilt 0.125% 30/01/2026	9,979,010	4.81
£7,316,956	United Kingdom Gilt 0.375% 22/10/2026	6,960,657	3.35
£2,531,000	United Kingdom Gilt 1% 31/01/2032	2,382,772	1.15
£7,973,514	United Kingdom Gilt 1.75% 07/09/2022	8,004,810	3.85
AUSTRALIA – 0.49% (2021 – 0.32%)			
Equity Investment Instruments – 0.49% (2021 – 0.32%)			
34,627	Australia & New Zealand Banking	545,089	0.26
5,318	BHP	156,965	0.08
74,979	Medibank	131,287	0.06
2,766	Rio Tinto	187,907	0.09
BERMUDA – 0.25% (2021 – 0.00%)			
Equity Investment Instruments – 0.25% (2021 – 0.00%)			
2,294	Everest Re	525,095	0.25
BRAZIL – 0.00% (2021 – 0.35%)			
Equity Investment Instruments – 0.00% (2021 – 0.35%)			
CANADA – 0.90% (2021 – 1.78%)			
Equity Investment Instruments – 0.90% (2021 – 1.78%)			
2,027	Nutrien	159,266	0.08
7,426	Open Text	239,270	0.12
6,301	Thomson Reuters	518,915	0.25
3,081	TMX	240,039	0.12
11,480	Toronto-Dominion Bank	692,109	0.33

ES River and Mercantile Dynamic Asset Allocation Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	CHILE – 0.00% (2021 – 0.09%)		
	Equity Investment Instruments – 0.00% (2021 – 0.09%)		
	CHINA – 0.00% (2021 – 0.88%)		
	Equity Investment Instruments – 0.00% (2021 – 0.88%)		
	FINLAND – 0.29% (2021 – 0.00%)		
	Equity Investment Instruments – 0.29% (2021 – 0.00%)		
8,917	Kone	359,061	0.17
6,546	Sampo	246,108	0.12
	FRANCE – 1.56% (2021 – 2.70%)		
	Equity Investment Instruments – 1.56% (2021 – 2.70%)		
2,042	Aeroports de Paris	234,596	0.11
3,940	BioMerieux	322,099	0.16
2,297	Covivio	140,031	0.07
426	Kering	207,141	0.10
2,689	L'Oreal	826,799	0.40
10,306	Publicis Groupe	481,269	0.23
10,479	Sanofi	819,210	0.39
6,406	Worldline	213,750	0.10
	GERMANY – 0.43% (2021 – 2.80%)		
	Equity Investment Instruments – 0.43% (2021 – 0.30%)		
2,051	Carl Zeiss Meditec	255,823	0.12
3,160	Puma	207,008	0.10
4,034	Siemens	429,189	0.21
	Non-Equity Investment Instruments – 0.00% (2021 – 2.50%)		
	GREECE – 0.00% (2021 – 0.08%)		
	Equity Investment Instruments – 0.00% (2021 – 0.08%)		
	HONG KONG – 0.12% (2021 – 0.64%)		
	Equity Investment Instruments – 0.12% (2021 – 0.64%)		
38,700	Link REIT	251,277	0.12

ES River and Mercantile Dynamic Asset Allocation Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	INDIA – 0.00% (2021 – 0.18%)		
	Equity Investment Instruments – 0.00% (2021 – 0.18%)		
	IRELAND – 41.18% (2021 – 25.59%)		
	Equity Investment Instruments – 0.05% (2021 – 0.00%)		
1,145	Kerry	97,824	0.05
	Non-Equity Investment Instruments – 41.13% (2021 – 25.59%)		
6,325,038	BlackRock ICS Sterling Liquidity Fund	6,325,038	3.04
4,536,538	Insight Liquidity Funds - GBP Liquidity Fund	4,536,538	2.18
6,980	Invesco Physical Gold ETC	997,651	0.48
396,550	iShares MSCI EM UCITS ETF USD Dist	13,301,278	6.41
5,251,250	iShares MSCI World ESG Enhanced UCITS ETF	30,096,026	14.49
304,370	iShares S&P 500 Energy Sector UCITS ETF	1,668,470	0.80
223,710	iShares USD High Yield Bond UCITS ETF	1,030,073	0.50
1,245,296	Neuberger Berman Global Flexible Credit Fund	13,947,309	6.72
178,780	SPDR MSCI World Small Cap UCITS ETF	13,508,617	6.51
	JAPAN – 1.47% (2021 – 3.75%)		
	Equity Investment Instruments – 1.47% (2021 – 3.75%)		
12,900	Dai Nippon Printing	232,236	0.11
1,600	FANUC	216,559	0.10
42,800	Kirin	489,576	0.24
22,200	Kubota	319,785	0.16
500	Nintendo	192,919	0.09
10,100	SoftBank	90,251	0.04
3,100	Sony	246,940	0.12
10,700	Suntory Beverage & Food	311,676	0.15
9,900	Terumo	230,637	0.11
14,000	TIS	251,952	0.12
14,800	Toyota Motor	205,781	0.10
15,500	Yamaha Motor	267,211	0.13
	LUXEMBOURG – 0.00% (2021 – 5.04%)		
	Non-Equity Investment Instruments – 0.00% (2021 – 5.04%)		
11	Lumyna-MW Systematic Alpha UCITS	1,470	0.00
	MALAYSIA – 0.00% (2021 – 0.33%)		
	Equity Investment Instruments – 0.00% (2021 – 0.33%)		

ES River and Mercantile Dynamic Asset Allocation Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	MEXICO – 0.00% (2021 – 0.18%)		
	Equity Investment Instruments – 0.00% (2021 – 0.18%)		
	NETHERLANDS – 0.24% (2021 – 1.18%)		
	Equity Investment Instruments – 0.24% (2021 – 1.18%)		
967	ASML	498,474	0.24
	NORWAY – 0.25% (2021 – 0.00%)		
	Equity Investment Instruments – 0.25% (2021 – 0.00%)		
13,662	Gjensidige Forsikring	259,527	0.13
12,460	Mowi	257,581	0.12
	PHILIPPINES – 0.00% (2021 – 0.13%)		
	Equity Investment Instruments – 0.00% (2021 – 0.13%)		
	RUSSIA – 0.00% (2021 – 0.16%)		
	Equity Investment Instruments – 0.00% (2021 – 0.16%)		
	SINGAPORE – 0.05% (2021 – 0.00%)		
	Equity Investment Instruments – 0.05% (2021 – 0.00%)		
5,300	United Overseas Bank	95,239	0.05
	SOUTH AFRICA – 0.00% (2021 – 2.60%)		
	Equity Investment Instruments – 0.00% (2021 – 0.15%)		
	Bonds – 0.00% (2021 – 2.45%)		
	SOUTH KOREA – 0.00% (2021 – 0.79%)		
	Equity Investment Instruments – 0.00% (2021 – 0.79%)		
	SPAIN – 0.05% (2021 – 0.00%)		
	Equity Investment Instruments – 0.05% (2021 – 0.00%)		
36,964	Banco Santander	96,803	0.05
	SWEDEN – 0.00% (2021 – 1.92%)		
	Equity Investment Instruments – 0.00% (2021 – 1.92%)		

ES River and Mercantile Dynamic Asset Allocation Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
SWITZERLAND – 0.43% (2021 – 0.62%)			
Equity Investment Instruments – 0.43% (2021 – 0.62%)			
1,902	Baloise	259,168	0.13
1,077	Swiss Life	528,167	0.25
351	VAT	102,549	0.05
TAIWAN – 0.00% (2021 – 0.83%)			
Equity Investment Instruments – 0.00% (2021 – 0.83%)			
UNITED STATES OF AMERICA – 24.54% (2021 – 23.68%)			
Equity Investment Instruments – 16.22% (2021 – 18.11%)			
1,892	A O Smith	91,837	0.04
2,682	Adobe	927,705	0.45
4,053	Advanced Micro Devices	336,578	0.16
802	Alnylam Pharmaceuticals	99,482	0.05
495	Amazon.com	1,225,400	0.59
2,344	American Water Works	294,689	0.14
28,667	Annaly Capital Management	153,062	0.07
2,307	Anthem	860,703	0.42
18,011	Apple	2,389,383	1.15
5,198	Applied Materials	519,859	0.25
1,595	Automatic Data Processing	275,632	0.13
1,765	Avery Dennison	233,211	0.11
628	Biogen	100,440	0.05
1,969	Capital One Financial	196,384	0.10
4,639	CarMax	339,967	0.16
14,501	Carrier Global	505,302	0.24
2,833	Cheniere Energy	298,329	0.14
8,288	Chevron	1,024,787	0.49
6,848	Church & Dwight	516,623	0.25
13,779	Comcast	489,980	0.24
4,156	Danaher	925,769	0.45
5,167	Discover Financial Services	432,424	0.21
1,531	DocuSign	124,547	0.06
1,408	DoorDash	125,214	0.06
4,600	Dow	222,620	0.11
5,205	DTE Energy	523,050	0.25
4,679	Duke Energy	396,950	0.19
9,774	Dynatrace	349,641	0.17
5,653	eBay	245,801	0.12
6,495	Edwards Lifesciences	580,710	0.28
1,029	Electronic Arts	98,871	0.05
1,055	Estee Lauder Cos	218,228	0.11
5,199	FMC	519,446	0.25

ES River and Mercantile Dynamic Asset Allocation Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
Equity Investment Instruments continued			
6,940	Fortune Brands Home & Security	391,526	0.19
1,028	Goldman Sachs	257,732	0.12
9,515	Hartford Financial Services	519,092	0.25
1,903	Home Depot	432,603	0.21
1,878	Insulet	380,022	0.18
18,009	Interpublic of Cos	485,018	0.23
6,591	Johnson & Johnson	887,193	0.43
7,222	JPMorgan Chase & Co	747,679	0.36
2,710	Lowe's Cos	415,973	0.20
1,341	McDonald's	251,853	0.12
5,312	Microsoft	1,242,943	0.60
1,010	Molina Healthcare	255,889	0.12
3,002	Motorola Solutions	552,474	0.27
1,420	Netflix	403,993	0.19
4,588	Newmont	276,852	0.13
9,410	NextEra Energy	605,416	0.29
3,516	NVIDIA	728,329	0.35
10,362	ONEOK	555,856	0.27
3,513	Paramount Global	100,856	0.05
3,030	Pioneer Natural Resources	575,002	0.28
1,534	Raymond James Financial	127,961	0.06
643	Snowflake	111,888	0.05
1,698	Sun Communities	226,060	0.11
12,994	Synchrony Financial	343,539	0.17
2,025	Synopsys	512,675	0.25
787	Tesla	644,113	0.31
4,918	Texas Instruments	684,557	0.33
2,142	Thermo Fisher Scientific	961,830	0.46
971	T-Mobile US	94,648	0.05
312	Tyler Technologies	105,369	0.05
2,980	United Parcel Service	485,618	0.23
10,510	Ventas	492,992	0.24
1,679	Verisk Analytics	273,697	0.13
19,858	Verizon Communications	768,137	0.37
3,323	Visa	561,073	0.27
5,146	Walt Disney	536,194	0.26
4,706	Welltower	343,804	0.17
3,360	Whirlpool	440,565	0.21
2,641	Yum! Brands	237,753	0.12
Non-Equity Investment Instruments – 0.00% (2021 – 5.57%)			
Bonds – 8.32% (2021 – 0.00%)			
\$13,778,200	United States Treasury Note/Bond 0.5% 28/02/2026	9,685,876	4.66
\$403,700	United States Treasury Note/Bond 0.5% 28/02/2026	283,280	0.14
\$175,400	United States Treasury Note/Bond 1.125% 29/02/2028	123,434	0.06
\$5,448,400	United States Treasury Note/Bond 1.125% 29/02/2028	3,841,623	1.85

ES River and Mercantile Dynamic Asset Allocation Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Bonds continued		
\$2,713,100	United States Treasury Note/Bond 1.125% 15/02/2031	1,858,733	0.90
\$99,700	United States Treasury Note/Bond 1.125% 15/02/2031	68,304	0.03
\$2,113,000	United States Treasury Note/Bond 1.875% 15/11/2051	1,406,734	0.68
	FORWARD CURRENCY CONTRACTS – (0.24%) (2021 – 0.84%)		
€4,564,500	Forward Currency Contract 27/04/2022: Euro 4,564,500 vs UK Sterling 3,819,870	40,589	0.02
¥170,900,000	Forward Currency Contract 27/04/2022: Japanese yen 170,900,000 vs UK Sterling 1,055,584	14,452	0.01
¥290,390,000	Forward Currency Contract 27/04/2022: Japanese yen 290,390,000 vs UK Sterling 1,818,323	(139)	0.00
£1,012,084	Forward Currency Contract 27/04/2022: UK sterling 1,012,084 vs Australian Dollar 1,771,800	1,118	0.00
£1,904,298	Forward Currency Contract 27/04/2022: UK sterling 1,904,298 vs Canadian Dollar 3,132,100	(263)	0.00
£9,350,309	Forward Currency Contract 27/04/2022: UK sterling 9,350,309 vs Euro 11,224,200	(142,641)	(0.07)
£6,325,463	Forward Currency Contract 27/04/2022: UK sterling 6,325,463 vs Japanese Yen 1,010,830,000	(3,526)	0.00
£880,332	Forward Currency Contract 27/04/2022: UK sterling 880,332 vs Swiss Franc 1,067,700	(1,679)	0.00
£65,221,947	Forward Currency Contract 27/04/2022: UK sterling 65,221,947 vs US Dollar 86,367,000	(383,471)	(0.18)
US\$1,370,800	Forward Currency Contract 27/04/2022: US dollar 1,370,800 vs UK Sterling 1,034,542	6,735	0.00
US\$3,594,100	Forward Currency Contract 27/04/2022: US dollar 3,594,100 vs UK Sterling 2,742,413	(12,292)	(0.01)
US\$4,847,600	Forward Currency Contract 27/04/2022: US dollar 4,847,600 vs UK Sterling 3,681,248	1,048	0.00
US\$5,280,900	Forward Currency Contract 27/04/2022: US dollar 5,280,900 vs UK Sterling 4,021,437	(10,001)	(0.01)
	Portfolio of investments*	183,262,982	88.26
	Net other assets	24,377,748	11.74
	Net assets	207,640,730	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 2021.

*Includes investment liabilities.

ES River and Mercantile Dynamic Asset Allocation Fund

Comparative table

For the year ending:	31/03/2022	31/03/2021	31/03/2020
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	356.79	287.00	311.21
Return before operating charges*	26.09	72.15	(21.61)
Operating charges	(2.86)	(2.36)	(2.60)
Return after operating charges	23.23	69.79	(24.21)
Distributions	(2.02)	(5.80)	(3.18)
Retained distributions on accumulation shares	2.02	5.80	3.18
Closing net asset value per share	380.02	356.79	287.00
*After direct transaction costs of	(0.37)	(0.21)	0.00
Performance			
Return after charges	6.51%	24.32%	(7.78)%
Other information			
Closing net asset value (£)	158,735,795	147,939,039	112,958,996
Closing number of shares	41,770,635	41,463,867	39,359,102
Operating charges**	0.75%	0.72%	0.82%
Direct transaction costs	0.10%	0.07%	0.00%
Prices			
Highest share price	402.12	363.65	335.61
Lowest share price	357.77	282.81	273.86

*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 0.11% which has been applied to the Operating Charges figure.

ES River and Mercantile Dynamic Asset Allocation Fund

Comparative table continued

For the year ending:	31/03/2022	31/03/2021	31/03/2020
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	734.80	588.46	635.31
Return before operating charges*	52.94	147.49	(45.16)
Operating charges	(1.66)	(1.15)	(1.69)
Return after operating charges	51.28	146.34	(46.85)
Distributions	(7.62)	(14.87)	(9.36)
Retained distributions on accumulation shares	7.62	14.87	9.36
Closing net asset value per share	786.08	734.80	588.46
*After direct transaction costs of	(0.76)	(0.44)	0.00
Performance			
Return after charges	6.98%	24.87%	(7.37)%
Other information			
Closing net asset value (£)	48,904,935	100,950,319	81,122,168
Closing number of shares	6,221,383	13,738,527	13,785,493
Operating charges**	0.21%	0.17%	0.26%
Direct transaction costs	0.10%	0.07%	0.00%
Prices			
Highest share price	830.45	748.51	687.81
Lowest share price	736.82	579.89	561.48

*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 0.11% which has been applied to the Operating Charges figure.

ES River and Mercantile Dynamic Asset Allocation Fund

Synthetic Risk Reward Indicator (SRRI)



Typically Lower Rewards

Typically Higher Rewards



This Fund is ranked at 4 because funds of this type have experienced average rises and falls in value in the past. The risk and reward score is based on past performance and calculated in accordance with European legislation. It may not be a reliable indication of the future risk profile. The risk and reward score is not guaranteed and may change over time. The lowest category does not mean risk free. While the risk indicator takes into account the broader risk profile, the following risks are considered most relevant to this sub-fund:

- **Equity Securities:** Equities can lose value rapidly, and typically involve higher market risks than bonds, money market instruments or other debt instruments. Fluctuation in value may occur in response to activities of individual companies, the general market, economic conditions, or changes in currency exchange rates.
- **Liquidity:** There is a risk that adverse market conditions may affect the sub-fund's ability to sell assets at the price the sub-fund would like, or the sub-fund may have to sell them at a loss.
- **Currency:** To the extent that a sub-fund holds assets that are denominated in currencies other than the base currency, any changes in currency exchange rates could reduce investment gains or income, or increase investment losses.
- **Credit & Fixed Interest:** Fixed interest securities (bonds) are particularly affected by trends in interest rates and inflation. If interest rates go up, the value of capital may fall, and vice versa. The value of a fixed interest security will fall in the event of the default or reduced credit rating of the issuer.
- **Investment in CIS:** This sub-fund invests into other funds which themselves invest in assets such as bonds, company shares, cash and currencies. The objectives and risk profiles of these underlying funds may not be fully in line with those of this sub-fund.
- **Emerging Markets:** Where a Sub-fund invests substantially in securities listed or traded in emerging markets, the performance of the Sub-fund may be more volatile than a fund that invests in securities traded in developed countries.

Summary of Largest Portfolio Changes

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

Purchases	£	Sales	£
Insight Liquidity Funds - GBP Liquidity Fund	40,298,701	Insight Liquidity Funds - GBP Liquidity Fund	43,522,200
iShares MSCI World ESG Enhanced UCITS ETF	30,758,994	Vanguard S&P 500 UCITS ETF	41,242,884
Vanguard S&P 500 UCITS ETF	28,529,482	BlackRock ICS Sterling Liquidity Fund	24,849,100
BlackRock ICS Sterling Liquidity Fund	26,595,987	iShares S&P 500 Health Care Sector UCITS ETF	24,739,933
iShares S&P 500 Health Care Sector UCITS ETF	24,078,671	United Kingdom Gilt 3.75% 07/09/2021	23,677,022
United Kingdom Gilt 1.75% 07/09/2022	17,917,900	River & Mercantile Investments ICAV - Investments Global	17,781,486
United Kingdom Gilt 4% 07/03/2022	17,741,125	iShares MSCI EAFE Small-Cap ETF	17,738,105
Invesco EQQQ NASDAQ-100 UCITS ETF	16,108,384	United Kingdom Gilt 4% 07/03/2022	17,380,421
iShares EURO STOXX Banks 30-15 UCITS ETF DE	15,870,089	iShares MSCI Brazil UCITS ETF DE	16,671,988
iShares Edge S&P 500 Minimum Volatility UCITS ETF	14,510,023	Invesco EQQQ NASDAQ-100 UCITS ETF	16,652,681

ES River and Mercantile Dynamic Asset Allocation Fund

Statement of Total Return for the year ended 31 March 2022

	Notes	1 April 2021 to 31 March 2022		1 April 2020 to 31 March 2021	
		£	£	£	£
Income					
Net capital gains	2		15,051,025		43,201,112
Revenue	3	2,683,646		5,948,081	
Expenses	4	(1,001,258)		(906,534)	
Interest payable and similar charges	6	(9,187)		(169)	
Net revenue before taxation for the year		1,673,201		5,041,378	
Taxation	5	(361,958)		(817,480)	
Net revenue after taxation for the year			1,311,243		4,223,898
Total return before distributions			16,362,268		47,425,010
Distributions	7		(1,526,660)		(4,317,052)
Change in net assets attributable to Shareholders from investment activities			14,835,608		43,107,958

Statement of Change in Net Assets attributable to Shareholders for the year ended 31 March 2022

		1 April 2021 to 31 March 2022		1 April 2020 to 31 March 2021	
		£	£	£	£
Opening net assets attributable to Shareholders			248,889,358		194,081,164
Amounts received on creation of shares	24,349,980			15,213,459	
Amounts paid on cancellation of shares	(81,879,646)			(7,839,943)	
			(57,529,666)		7,373,516
Dilution adjustment			63,992		3,089
Change in net assets attributable to Shareholders from investment activities			14,835,608		43,107,958
Retained distributions on accumulation shares			1,381,438		4,323,631
Closing net assets attributable to Shareholders			207,640,730		248,889,358

ES River and Mercantile Dynamic Asset Allocation Fund

Balance Sheet as at 31 March 2022

	Notes	31 March 2022		31 March 2021	
		£	£	£	£
ASSETS					
Fixed assets					
Investments			-		215,470,885
Current assets					
Investments		183,816,994		-	
Debtors	8	230,119		5,899,760	
Cash and bank balances		24,578,846		34,468,940	
Total other assets			208,625,959		40,368,700
Total assets			208,625,959		255,839,585
LIABILITIES					
Investment liabilities			(554,012)		(909,273)
Creditors					
Other creditors	9	(431,217)		(6,040,954)	
Total other liabilities			(431,217)		(6,040,954)
Total liabilities			(985,229)		(6,950,227)
Net assets attributable to Shareholders			207,640,730		248,889,358

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 7 to 9.

2 Net capital gains

	31 March 2022 £	31 March 2021 £
The net capital gains during the year comprise:		
Non-derivative securities	17,786,796	34,969,777
Derivative securities	6,075	—
Forward currency contracts	(2,176,245)	9,184,066
Currency losses	(511,259)	(937,092)
Custodial transaction fees	(55,648)	(16,159)
US REIT dividends	1,306	520
Net capital gains	<u>15,051,025</u>	<u>43,201,112</u>

3 Revenue

	31 March 2022 £	31 March 2021 £
Bank interest	540	384
Franked distributions from authorised funds	42,748	—
UK dividends	41,836	34,025
Interest on debt securities	235,817	285,361
Management fee rebates	64	32,442
Non-taxable overseas dividends	1,813,983	1,787,392
Stock dividends	35,042	—
Taxable non-US overseas REIT dividends	15,086	17,038
Taxable overseas dividends	481,740	3,785,388
US REIT dividends	16,790	6,051
	<u>2,683,646</u>	<u>5,948,081</u>

ES River and Mercantile Dynamic Asset Allocation Fund

Notes to the Financial Statements continued

4 Expenses

	31 March 2022 £	31 March 2021 £
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	<u>845,302</u>	<u>718,424</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	34,036	33,036
Safe custody fees	<u>34,994</u>	<u>11,109</u>
	<u>69,030</u>	<u>44,145</u>
Other expenses:		
Audit fee*	14,118	14,696
Fund accounting fees	53,265	33,956
Legal and professional fees	1,305	—
Registration fees	480	318
Transfer agency fees	11,398	79,665
Other fees	<u>6,360</u>	<u>15,330</u>
	<u>86,926</u>	<u>143,965</u>
Total expenses	<u><u>1,001,258</u></u>	<u><u>906,534</u></u>

*Total audit fees of £12,352 (2021 - £11,764) exclusive of VAT.

ES River and Mercantile Dynamic Asset Allocation Fund

Notes to the Financial Statements continued

5 Taxation

	31 March 2022 £	31 March 2021 £
a) Analysis of taxation charge in year		
Corporation tax	253,481	643,670
Deferred tax credit	(91,637)	92,113
Double taxation relief	(7,204)	(2,509)
Overseas tax	207,318	84,206
Total taxation	<u>361,958</u>	<u>817,480</u>

b) Factors affecting taxation charge for the year

The tax assessed for the year is higher (2021: lower) than the standard rate of corporation tax in the UK for an Open Ended Investment Company with variable capital (20%) (2021: 20%). The difference is explained below:

Net revenue before taxation for the year	<u>1,673,201</u>	<u>5,041,378</u>
Return on ordinary activities before taxation at the applicable rate of Corporation tax in the UK of 20% (2021: 20%)	334,640	1,008,276
Effects of:		
Capitalised income subject to tax	214,959	91,975
Double taxation relief	(8,237)	(2,908)
Overseas tax	207,318	84,206
Revenue not subject to tax	<u>(386,722)</u>	<u>(364,069)</u>
Total taxation	<u>361,958</u>	<u>817,480</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	92,074	(39)
Deferred tax charge	<u>(91,637)</u>	<u>92,113</u>
Deferred tax at the end of the year	<u>437</u>	<u>92,074</u>

6 Interest payable and similar charges

	31 March 2022 £	31 March 2021 £
Interest	<u>9,187</u>	<u>169</u>
	<u>9,187</u>	<u>169</u>

ES River and Mercantile Dynamic Asset Allocation 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 2022 £	31 March 2021 £
Interim	948,265	3,666,199
Final	<u>433,173</u>	<u>657,431</u>
	1,381,438	4,323,630
Add: revenue deducted on cancellation of shares	180,597	6,965
Deduct: revenue received on creation of shares	<u>(35,375)</u>	<u>(13,543)</u>
	1,526,660	4,317,052
Distributions for the year	<u>1,526,660</u>	<u>4,317,052</u>
Reconciliation between net revenue after taxation for the year and the distributions:		
Net revenue after taxation for the year	1,311,243	4,223,898
Deferred tax charge	(92,113)	92,113
Expenses transferred to capital	756	1,171
Tax relief on expenses taken to capital	<u>306,774</u>	<u>(130)</u>
Distributions for the year	<u>1,526,660</u>	<u>4,317,052</u>

8 Debtors

	31 March 2022 £	31 March 2021 £
Accrued revenue	127,840	280,691
Amounts receivable for issue of shares	75,495	138,326
Overseas tax recoverable	26,784	6,061
Sales awaiting settlement	—	5,472,173
Double taxation relief	<u>—</u>	<u>2,509</u>
	<u>230,119</u>	<u>5,899,760</u>

9 Other creditors

	31 March 2022 £	31 March 2021 £
Other creditors		
Accrued expenses	172,459	297,618
Amounts payable for cancellation of shares	111,615	17,779
Corporation tax	146,667	213,118
Deferred taxation	476	-
Purchases awaiting settlement	<u>—</u>	<u>5,512,439</u>
	<u>431,217</u>	<u>6,040,954</u>

10 Contingent liabilities and outstanding commitments

There were no commitments or contingent liabilities at the balance sheet date (31 March 2021: same).

ES River and Mercantile Dynamic Asset Allocation 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.

Equity Trustees Fund Services Limited, as the Sub-Fund's ACD, wishes to disclose to the Sub-Fund's Shareholders that 33.45% of the Sub-Fund's shares in issue are under the control of an Institutional Pension Fund and its related parties.

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 £70,982 (£68,518 as at 31 March 2021).

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 175.

During the year, the aggregate value of purchases and sales made by ES River and Mercantile Dynamic Asset Allocation Fund into ES River and Mercantile UK Micro Cap Investment Company was £Nil (2021: £1,398,900).

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 2022, 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	14,452	(142,641)
JP Morgan Chase Bank	49,490	(411,232)
UBS	—	(139)

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	438,655	(37,877)
JP Morgan Chase Bank	1,446,755	(422,010)
Northern Trust	332,915	(54,501)
UBS	773,516	(394,885)

No collateral is held or pledged (2021: same)

ES River and Mercantile Dynamic Asset Allocation Fund

Notes to the Financial Statements continued

12 Financial instruments continued

a) Credit risk continued

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

	31 March 2022		31 March 2021	
	£	%	£	%
Investment grade bonds	48,603,691.00	23.41	19,756,403.00	7.94
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 2022		Assets £	Liabilities £
Level 1	Unadjusted quoted price in an active market for an identical instrument	158,942,697	—
Level 2	Valuation techniques using observable inputs other than quoted prices within level 1	24,874,297	(554,012)
		183,816,994	(554,012)

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)

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 Dynamic Asset Allocation 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 2022 Currency	Monetary exposures £	Net foreign currency assets	
		Non-monetary exposures £	Total £
Australian Dollar	5,604	10,283	15,887
Canadian Dollar	4,274	(48,993)	(44,719)
Danish Krone	—	361	361
Euro	—	(176,932)	(176,932)
Hong Kong Dollar	1,072	251,277	252,349
Japanese Yen	488	(371,803)	(371,315)
Korean Won	—	25,344	25,344
Norwegian Krone	1,136	524,875	526,011
Singapore Dollar	—	95,239	95,239
South African Rand	—	2,036	2,036
Swedish Krona	566	—	566
Swiss Franc	1,703	7,873	9,576
US Dollar	93,030	29,585,914	29,678,944
	107,873	29,905,474	30,013,347

31 March 2021 Currency	Monetary exposures £	Net foreign currency assets	
		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

ES River and Mercantile Dynamic Asset Allocation Fund

Notes to the Financial Statements continued

12 Financial instruments continued

c) Foreign currency risk continued

d) Derivative risk

At the balance sheet date, no derivatives were held that could impact the sub-fund in a significant way (2021: 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 profile of the sub-fund portfolio of investments at 31 March 2022 was:

	Floating Rate Investments £	Fixed Rate Investments £	Non interest bearing Investments £	Total £
Investment assets	—	48,603,691	135,213,303	183,816,994
Investment liabilities	—	—	(554,012)	(554,012)

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)

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 £3,001,335 (2021: £3,723,824). 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 sub-fund would have increased by £18,375,305 (2021: £21,247,904). 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 2021 to 31 March 2022

Purchases	Transaction Value £	Commissions £	%	Taxes £	%
Equity instruments (direct)	172,755,801	37,741	0.02	83,284	0.05
Debt instruments (direct)	103,792,245	—	—	—	—
Collective investment schemes	489,173,310	299	0.00	5	0.00
Total purchases	765,721,356	38,040		83,289	
Total purchases including transaction costs	765,842,685				
Sales	Transaction Value £	Commissions £	%	Taxes £	%
Equity instruments (direct)	223,665,359	52,002	0.02	43,931	0.02
Debt instruments (direct)	80,640,295	—	—	—	—
Collective investment schemes	508,089,739	391	0.00	196	0.00
Total sales	812,395,393	52,393		44,127	
Total sales net of transaction costs	812,298,873				
Derivative transaction costs		8		9	
Total transaction costs		90,441		127,425	
as a % of average net assets		0.04%		0.06%	

ES River and Mercantile Dynamic Asset Allocation Fund

Notes to the Financial Statements continued

13 Portfolio transaction costs continued

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%	

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 0.06% (2021 - 0.13%).

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	41,463,867	13,738,527
Shares issued	3,195,997	1,609,545
Shares redeemed	(2,889,229)	(9,126,689)
Closing shares	41,770,635	6,221,383

15 Post balance sheet events

Subsequent to the sub-fund's year end, 31 March 2022, the spread of the Coronavirus pandemic and Russian invasion of Ukraine 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 and the war 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 21 June 2022 was £122.3m, the impact of the volatility on the sub-fund's NAV between the end of the reporting period and this date was (41.12)%. The price movements per share class are shown below:

	B-Class Accumulation shares	Z-Class Accumulation shares
NAV 31 March 2022	158,735,795	48,904,935
NAV 21 June 2022	82,275,582	39,988,583
Movement	(48.2%)	(18.2%)
NAV per share 31 March 2022	380.02	786.08
NAV per share 21 June 2022	353.46	731.87
Movement	(7.0%)	(6.9%)

There have been significant redemptions during the period of 44.27% and 12.18% on the B Class Accumulation shares and the Z Class Accumulation shares respectively.

Following the change in Investment Manager from River and Mercantile Investments Limited to Schroders IS Limited on 1 February 2022, Schroders IS Limited no longer believe the sub-fund forms part of their ongoing strategy and as such issued their termination notice on 22 April 2022. The ACD has reviewed the options for the sub-fund and concluded the best option is to close the sub-fund at the earliest opportunity.

ES River and Mercantile Dynamic Asset Allocation Fund

Distribution tables for the year ended 31 March 2022

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 01/04/2021 — 30/09/2021		
	Net Revenue	Equalisation	Distribution paid 30/11/21	Distribution paid 30/11/20
B-Class Accumulation shares				
Group 1	1.4272	—	1.4272	5.1570
Group 2	0.9360	0.4912	1.4272	5.1570
Z-Class Accumulation shares				
Group 1	4.6383	—	4.6383	12.0107
Group 2	3.2978	1.3405	4.6383	12.0107

Final dividend distribution in pence per share		Period 01/10/2021 — 31/03/2022		
	Net Revenue	Equalisation	Distribution payable 31/05/22	Distribution paid 31/05/21
B-Class Accumulation shares				
Group 1	0.5931	—	0.5931	0.6381
Group 2	0.2001	0.3930	0.5931	0.6381
Z-Class Accumulation shares				
Group 1	2.9806	—	2.9806	2.8595
Group 2	0.7685	2.2121	2.9806	2.8595

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 4.2% return, which compares to the MSCI ACWI 12.4% and MSCI ACWI Value 14.0%. Stock selection and an underweight to the US were primary drivers of relative returns.

The largest negative contributors were all zero or big underweights in large cap US companies: **Apple**, **NVIDA**, **Microsoft** and **Tesla** were a -2.3% drag. Weakness was seen in cyclical companies, particularly with exposure to consumers (**888**, **Las Vegas Sands**), and Chinese-exposed companies due to concerns around regulation (**Baidu**, **Prosus**). **Citigroup** has fallen despite higher interest rate expectations. It now trades at 0.4-0.5x book value and 10x trough earnings from the last 5 years. Positives were predominantly had commodity exposure – both producers (**Devon Energy**, **Enerplus**, **Mosaic**, **Anglo American**) and suppliers (**Baker Hughes**). We saw stock specific success in luxury goods company **Richemont**, Korean games developer **Pearl Abyss** and US healthcare distributor **McKesson**, which all delivered operational progress in excess of market expectations off attractive starting valuations.

We initiated a handful of new positions linked by relatively defensive underlying franchises, where we believe consensus is underestimating revenue growth improvement. Branded consumer goods giants **Unilever** and **Procter & Gamble** both offered starting valuations implying impaired return on capital and / or growth in future. **Sprouts Farmers Market** is a US-based grocery retailer. Its shares had materially de-rated due to like-for-like sales contraction and were bought at the bottom of the valuation trading range since IPO. **Henry Schein** operates in the dental product distribution industry and has a track record of attractive return on capital. Other new investments included conglomerate **Berkshire Hathaway**, agricultural machinery producer **AGCO**, media agency holding company **WPP**, technology hardware business **Nikon** and golf market leader **Callaway**.

We realised several investments cases which had played out, with share prices now trading higher than our assessment of fair value. In the middle of 2021 this was primarily more economically sensitive businesses (**Caterpillar**, **DR Horton**, **Rio Tinto**) but also included investment cases driven by self-help or structural change (**China Longyuan**, **Prada**). Investments in **Zooplus**, **Playtech** and **Sydney Airport** were realised at a significant profit following bids. Other selling activity (such as **Fedex**, **BNP Paribas** and **Artisan Partners**) concentrated capital in higher conviction holdings while maintaining the overall tilts of the portfolio towards multi-cap and cheaper valuations, with a range of earnings drivers.

Outlook

Since the Global Financial Crisis (GFC), the investment train has headed in a clear direction with which we are presumably all familiar. Most asset classes delivered positive returns. Profitability was a nice to have but certainly not essential in a world of excess liquidity. Duration risk was not a risk but a strongly positive return factor in both equities – seen in the outperformance of the growth style – and other assets. The investment train in the post-pandemic period is likely to head in a very different direction. In short, market conditions have become, and are likely to remain, a lot harder. The cost of capital is rising, even if nominal growth in earnings may be solid in certain areas. We believe that populating portfolios with assets which can thrive in this environment – namely lower-multiple equities (limiting derating risk) in consolidated (pricing power) upstream assets (which protects value in real terms) which are likely to have a much better cycle than the last one, such as enablers of decarbonisation in carbon intensive sectors – is consequently the best course of action. This is where multi-bagger investments are to be found for those with a long-term timeframe. Clearly valuation is only one part of this. Patience is another critical element; it's essential that we remain focused on the destination for our companies during periods of volatility.

The portfolio's constituents have been built bottom up but with this backdrop in mind. Incumbency bias and the rise of 'passive' investing (a misnomer because there's always an active decision somewhere along the line) means investors predominately remain overexposed to the sort of assets, companies and funds which have done well on yesterday's investment train despite the obvious and increasingly frequent warnings market signals are giving. For some, the takeaway from the ongoing strength of US equities and particularly large cap tech is that 'the show goes on' – just keep buying long-duration growth equities. Surely if they managed to outperform in the face of the highest inflation prints in 30-plus years then nothing can stop them, so goes the logic. This seems to us a bit like standing on the banks of a crocodile-infested river, watching three people try to swim across and get eaten then a fourth make it across alive and assuming that it's safe to go in the water. Historically, the behaviour within equity markets hasn't decoupled from economic reality for long. To suggest it will continue to do so now strikes us as reckless. All change, please!

ES River and Mercantile Global High Alpha Fund

Investment Manager's Review continued

Outlook continued

The Russian invasion of Ukraine in February 2022, along with the terrible ensuing humanitarian crisis, has been the most meaningful geopolitical development in many years. And now, in many ways, global economies are moving into a period of significant public and private investment. The next ten years is, on many levels, going to be different from the post global financial crisis years, and stockmarkets are currently struggling to understand exactly how this will play out. However it is worth stating that the portfolio is not built on attempts to make precise predictions about the macro-economic future, but rather by building our convictions at the individual company level through a systematic bottom-up approach.

River and Mercantile
23 June 2022
Investment Adviser to the Fund

Source: River and Mercantile Asset Management LLP. Fund performance is calculated using midday published prices. Benchmark performance is calculated using close of business mid-market prices.

ES River and Mercantile Global High Alpha Fund

Portfolio Statement as at 31 March 2022

Holding	Investment	Market Value £	% of Net Assets
OVERSEAS COMPANIES – 89.55% (2021 – 92.72%)			
Automobiles & Components – 2.73% (2021 – 3.18%)			
21,410	BorgWarner	632,552	0.36
6,170	Continental	341,987	0.19
21,177	General Motors	703,514	0.40
47,869	Harley-Davidson	1,432,452	0.81
23,040	Kendrion	371,880	0.21
6,700	Porsche Automobil pref.	498,926	0.28
16,160	Toyota Industries	855,484	0.48
Banks – 8.50% (2021 – 9.63%)			
536,700	Banco Santander	1,405,529	0.79
260,420	Bangkok Bank	814,954	0.46
325,687	Bank of Ireland	1,595,752	0.90
18,000	Bank of Kyoto	602,597	0.34
79,110	China Merchants Bank	472,226	0.27
365,990	CIMB	352,362	0.20
45,860	Citigroup	1,859,617	1.05
41,190	Citizens Financial	1,418,101	0.80
65,020	DBS	1,307,406	0.74
58,850	FinecoBank Banca Fineco	687,541	0.39
11,300	HDFC Bank	526,358	0.30
70,000	ING Groep	562,615	0.32
505,200	Intesa Sanpaolo	889,495	0.50
8,000	JPMorgan Chase & Co	828,223	0.47
73,900	Mediobanca Banca di Credito Finanziario	575,787	0.32
23,160	Sumitomo Mitsui Financial	565,782	0.32
29,000	Van Lanschot Kempen	591,837	0.33
Capital Goods – 9.87% (2021 – 8.63%)			
5,672	3M	641,317	0.36
14,500	AGCO	1,608,970	0.91
9,690	Airbus	903,696	0.51
11,240	Cie de Saint-Gobain	515,386	0.29
77,040	Danieli & C Officine Meccaniche	938,790	0.53
1,450	dormakaba	567,961	0.32
8,050	Eiffage	634,150	0.36
2,480	FANUC	335,667	0.19
10,017	General Electric	696,127	0.39
52,490	Heijmans	653,824	0.37
19,818	Johnson Controls International	986,949	0.56
8,590	LG	410,702	0.23
9,592	LG pref.	360,636	0.21
89,800	Metso Outotec	586,146	0.33
22,310	NKT	774,567	0.44

ES River and Mercantile Global High Alpha Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Capital Goods continued		
26,850	Owens Corning	1,865,521	1.05
4,620	Parker-Hannifin	995,687	0.56
15,990	Raytheon Technologies	1,203,151	0.68
8,120	Siemens	863,910	0.49
4,000	Snap-on	624,251	0.35
136,040	Tadano	875,956	0.49
10,320	TKH	441,283	0.25
	Commercial & Professional Services – 2.20% (2021 – 2.13%)		
121,347	Applus Services	767,552	0.43
73,280	Elis	829,188	0.47
716,669	Greentown Service	547,691	0.31
16,000	Stericycle	716,485	0.40
674,050	Valid Solucoes e Servicos de Seguranca em Meios de Pagamento e Identificacao	1,046,091	0.59
	Consumer Durables & Apparel – 4.90% (2021 – 3.91%)		
62,200	Callaway Golf	1,106,387	0.62
4,140	Cie Financiere Richemont	403,186	0.23
3,666,552	Consortio ARA	559,968	0.32
124,860	Fourlis	388,819	0.22
55,500	Hayward	700,573	0.40
55,110	Neinor Homes	551,403	0.31
132,740	Nikon	1,090,604	0.62
2,500	Shimano	440,449	0.25
30,260	Sony	2,410,448	1.36
7,370	TopBuild	1,015,338	0.57
	Consumer Services – 1.78% (2021 – 2.29%)		
547,610	Genting	460,945	0.26
34,770	Las Vegas Sands	1,026,212	0.58
25,480	MakeMyTrip	519,605	0.29
41,467	Trip.com	758,062	0.43
713,230	Wynn Macau	397,038	0.22
	Diversified Financials – 6.90% (2021 – 7.47%)		
11,130	Affiliated Managers	1,190,981	0.67
193,404	Anima	667,153	0.38
6,240	Berkshire Hathaway	1,672,641	0.94
243,208	Bolsa de Valores de Colombia	462,568	0.26
21,760	Charles Schwab	1,393,374	0.79
6,491	Eurazeo	418,252	0.23
7,280	EXOR	427,566	0.24
89,170	Grupo de Inversiones Suramericana	642,661	0.36
16,600	Hong Kong Exchanges & Clearing	597,595	0.34

ES River and Mercantile Global High Alpha Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
Diversified Financials continued			
142,060	Nomura	457,893	0.26
20,240	SBI Inc/Japan	391,987	0.22
35,170	State Street	2,326,859	1.31
81,430	UBS	1,219,450	0.69
1,126,880	Value Partners	369,390	0.21
Energy – 4.92% (2021 – 3.14%)			
81,556	Baker Hughes	2,255,310	1.27
993,790	CGG	869,204	0.49
27,000	Devon Energy	1,212,760	0.68
125,000	Enerplus	1,203,180	0.68
55,115	Eni	619,173	0.35
50,000	NOV	744,693	0.42
168,920	Southwestern Energy	919,877	0.52
77,600	Tenaris	901,677	0.51
Food & Staples Retailing – 1.78% (2021 – 0.31%)			
61,700	Sprouts Farmers Market	1,498,157	0.84
14,790	Walmart	1,673,051	0.94
Food, Beverage & Tobacco – 2.36% (2021 – 1.86%)			
32,380	Coca-Cola	1,524,748	0.86
13,250	Danone	560,075	0.31
32,660	Kraft Heinz	977,084	0.55
171,480	Treasury Wine Estates	1,132,572	0.64
Health Care Equipment & Services – 3.25% (2021 – 2.13%)			
19,600	Henry Schein	1,297,933	0.73
25,820	Koninklijke Philips	605,052	0.34
6,700	McKesson	1,559,831	0.88
291,680	Qualicorp Consultoria e Corretora de Seguros	747,306	0.42
4,010	UnitedHealth	1,553,291	0.88
Household & Personal Products – 2.13% (2021 – 0.92%)			
14,390	Colgate-Palmolive	828,547	0.47
9,210	Henkel	465,423	0.26
1,100	LG Household & Health Care	590,721	0.33
16,340	Procter & Gamble	1,896,291	1.07
Insurance – 1.22% (2021 – 2.26%)			
25,270	AXA	567,179	0.32
42,340	Dai-ichi Life	661,958	0.37

ES River and Mercantile Global High Alpha Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Insurance continued		
8,560	Samsung Life Insurance	351,874	0.20
13,000	Tokio Marine	578,543	0.33
	Materials – 4.65% (2021 – 4.51%)		
57,350	Barrick Gold	1,068,818	0.60
200,363	Cemex	805,013	0.45
12,320	Dowa	431,717	0.24
440,220	Incitec Pivot	949,086	0.53
1,500	LG Chem	500,048	0.28
30,500	Mosaic	1,540,463	0.87
14,973	Okamoto Industries	365,873	0.21
37,500	Taiheiyo Cement	473,066	0.27
37,900	Verallia	689,877	0.39
26,390	Vicat	685,759	0.39
21,059	Westrock	752,536	0.42
	Media – 0.39% (2021 – 0.00%)		
69,980	ProSiebenSat.1 Media	687,174	0.39
	Media & Entertainment – 5.58% (2021 – 8.99%)		
1,700	Alphabet	3,590,394	2.02
97,297	Baidu	1,334,258	0.75
9,550	Meta Platforms	1,612,399	0.91
1,792	Nintendo	691,420	0.39
43,947	QIWI	189,253	0.11
14,880	Walt Disney	1,550,440	0.87
135,090	Zynga	947,010	0.53
	Pharmaceuticals, Biotechnology & Life Sciences – 5.73% (2021 – 4.03%)		
16,500	Avantor	423,826	0.24
18,400	Bayer	965,909	0.54
14,080	Johnson & Johnson	1,895,263	1.07
37,400	Pfizer	1,470,549	0.83
7,800	Roche	2,359,023	1.33
19,609	Sanofi	1,532,960	0.86
17,180	Tsumura	343,474	0.19
64,500	Viatis	532,499	0.30
2,800	Waters	660,270	0.37
	Real Estate – 1.81% (2021 – 2.32%)		
44,920	Inmobiliaria Colonial Socimi	312,791	0.18
14,220	RE/MAX	298,948	0.17
3,609,260	Sime Darby Property	381,387	0.21
1,382,842	Swire Pacific	1,059,474	0.60

ES River and Mercantile Global High Alpha Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Real Estate continued		
115,419	Tosei	842,124	0.47
318,690	Wing Tai	320,139	0.18
	Retailing – 5.84% (2021 – 7.46%)		
65,660	Alibaba	713,834	0.40
490	Amazon.com	1,213,022	0.68
28,630	Bath & Body Works	1,038,956	0.59
79,882	Blue Apron	245,716	0.14
900	Booking	1,606,083	0.91
30,389	eBay	1,321,361	0.75
11,130	Fnac Darty	437,732	0.25
42,440	JD.com	962,300	0.54
73,460	JUMBO	837,432	0.47
350	MercadoLibre	315,886	0.18
18,640	Prosus	764,990	0.43
33,160	Sleep Country Canada	588,960	0.33
7,946	Victoria's Secret	309,717	0.17
	Semiconductors & Semiconductor Equipment – 2.41% (2021 – 4.15%)		
16,350	Applied Materials	1,635,186	0.92
206,419	ASE Technology	563,597	0.32
30,270	Infineon Technologies	792,082	0.45
33,720	Intel	1,267,973	0.72
	Software & Services – 5.98% (2021 – 5.89%)		
6,000	Accenture	1,536,764	0.87
10,160	Amadeus IT	508,107	0.29
32,568	Criteo	673,795	0.38
47,830	DeNA	556,391	0.31
31,420	Dropbox	554,829	0.31
19,920	Fiserv	1,533,960	0.87
7,450	Microsoft	1,743,209	0.98
17,330	Oracle	1,088,908	0.61
8,110	PayPal	712,293	0.40
8,000	SAP	683,213	0.39
70,550	Western Union	1,003,073	0.57
	Technology Hardware & Equipment – 2.75% (2021 – 3.81%)		
15,780	Apple	2,093,413	1.18
19,700	Cisco Systems	833,695	0.47
8,550	Kyocera	368,198	0.21
14,710	Samsung Electronics	641,551	0.36
81,660	Yageo	939,467	0.53

ES River and Mercantile Global High Alpha Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Telecommunication Services – 0.00% (2021 – 0.14%)		
	Transportation – 1.87% (2021 – 3.05%)		
4,232	Aena SME	539,841	0.30
20,500	Knight-Swift Transportation	785,653	0.44
383,877	SATS	932,817	0.52
39,140	Seino	272,594	0.15
23,680	Southwest Airlines	823,715	0.46
	Utilities – 0.00% (2021 – 0.51%)		
	UK COMPANY OR UK LISTED – 9.41% (2021 – 6.46%)		
	UK – 9.41% (2021 – 6.46%)		
286,630	888	528,259	0.30
88,919	Allfunds	784,330	0.44
45,000	Anglo American	1,787,625	1.01
1,470,803	Capita	307,839	0.18
26,770	Capri	1,044,856	0.59
291,189	Chemring	946,364	0.53
178,600	Conduit	669,750	0.38
243,070	Hunting	730,425	0.41
3,218,383	Lloyds Banking	1,514,249	0.86
62,240	Mondi	928,310	0.52
37,688	Ocean Wilsons	376,880	0.21
103,200	Prudential	1,169,772	0.66
64,430	Smith & Nephew	786,046	0.44
140,370	Subsea 7	1,004,907	0.57
25,820	Unilever	892,081	0.50
25,119	VK	16,331	0.01
25,860	Whitbread	738,562	0.42
6,080	Willis Towers Watson	1,090,304	0.61
136,410	WPP	1,367,510	0.77
	FORWARD CURRENCY CONTRACTS – (0.01%) (2021 – 0.08%)		
US\$4,365,580	Forward Currency Contract 15/06/2022: US dollar 4,365,580 vs Euro 3,914,000	(1,252)	0.00
US\$7,622,361	Forward Currency Contract 15/06/2022: US dollar 7,622,361 vs Euro 6,917,000	(72,633)	(0.04)

ES River and Mercantile Global High Alpha Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	FORWARD CURRENCY CONTRACTS continued		
US\$2,157,681	Forward Currency Contract 15/06/2022: US dollar 2,157,681 vs Japanese Yen 251,673,000	60,874	0.03
US\$3,692,835	Forward Currency Contract 15/06/2022: US dollar 3,692,835 vs UK Sterling 2,812,000	(6,490)	0.00
	Portfolio of investments	175,516,000	98.95
	Net other assets	1,863,068	1.05
	Net assets	177,379,068	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.

9.41% 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 2021.

ES River and Mercantile Global High Alpha Fund

Comparative table

For the year ending:	31/03/2022	31/03/2021	31/03/2020
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	395.67	247.55	317.98
Return before operating charges*	15.58	151.15	(67.45)
Operating charges	(3.55)	(3.03)	(2.98)
Return after operating charges	12.03	148.12	(70.43)
Distributions	(3.34)	(2.31)	(4.76)
Retained distributions on accumulation shares	3.34	2.31	4.76
Closing net asset value per share	407.70	395.67	247.55
*After direct transaction costs of	(0.32)	(0.32)	(0.28)
Performance			
Return after charges	3.04%	59.83%	(22.15)%
Other information			
Closing net asset value (£)	40,416,257	9,849,638	267,028
Closing number of shares	9,913,185	2,489,343	107,867
Operating charges**	0.87%	0.93%	0.92%
Direct transaction costs	0.08%	0.10%	0.09%
Prices			
Highest share price	429.27	400.05	353.54
Lowest share price	379.25	238.39	234.25

*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:	31/03/2022	31/03/2021	31/03/2020
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	817.99	507.97	647.60
Return before operating charges*	32.15	311.09	(138.50)
Operating charges	(1.01)	(1.07)	(1.13)
Return after operating charges	31.14	310.02	(139.63)
Distributions	(13.26)	(9.70)	(14.70)
Retained distributions on accumulation shares	13.26	9.70	14.70
Closing net asset value per share	849.13	817.99	507.97
*After direct transaction costs of	(0.67)	(0.67)	(0.57)
Performance			
Return after charges	3.81%	61.03%	(21.56)%
Other information			
Closing net asset value (£)	136,962,811	137,020,989	86,163,794
Closing number of shares	16,129,803	16,751,000	16,962,222
Operating charges**	0.12%	0.16%	0.17%
Direct transaction costs	0.08%	0.10%	0.09%
Prices			
Highest share price	891.57	826.79	724.40
Lowest share price	789.49	489.20	480.55

*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 0.25%.

ES River and Mercantile Global High Alpha Fund

Synthetic Risk Reward Indicator (SRRI)



Typically Lower Rewards

Typically Higher Rewards



This Fund is ranked at 6 because funds of this type have experienced medium to high rises and falls in value in the past. The risk and reward score is based on past performance and calculated in accordance with European legislation. It may not be a reliable indication of the future risk profile. The risk and reward score is not guaranteed and may change over time. The lowest category does not mean risk free. While the risk indicator takes into account the broader risk profile, the following risks are considered most relevant to this sub-fund:

- **Equity Securities:** Equities can lose value rapidly, and typically involve higher market risks than bonds, money market instruments or other debt instruments. Fluctuation in value may occur in response to activities of individual companies, the general market, economic conditions, or changes in currency exchange rates.
- **Small and Mid-Cap Stock:** Stocks of small and mid-size companies can be more volatile and less liquid than stocks of larger companies. Small and mid-size companies often have fewer financial resources, shorter operating histories, and less diverse business lines, and as a result can be at greater risk of long-term or permanent business setbacks.
- **Liquidity:** There is a risk that adverse market conditions may affect the Sub-Fund's ability to sell assets at the price the Sub-Fund would like, or the Sub-Fund may have to sell them at a loss.
- **Currency:** To the extent that a Sub-Fund holds assets that are denominated in currencies other than the base currency, any changes in currency exchange rates could reduce investment gains or income, or increase investment losses.
- **Emerging Markets Risk:** Where a Sub-fund invests substantially in securities listed or traded in emerging markets, the performance of the Sub-fund may be more volatile than a fund that invests in securities traded in developed countries.

Summary of Largest Portfolio Changes

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

Purchases	£	Sales	£
AGCO	1,749,378	Cie Financiere Richemont	2,069,167
Roche	1,708,986	Playtech	1,481,633
Procter & Gamble	1,592,849	Omnicom	1,276,842
Sprouts Farmers Market	1,487,572	FedEx	1,204,629
Sony	1,404,390	Resideo Technologies	1,177,223
WPP	1,340,559	Ping An Insurance of China	1,081,696
Verallia	1,324,659	China Longyuan Power	1,015,890
Callaway Golf	1,282,859	BNP Paribas	1,013,464
Berkshire Hathaway	1,250,746	Tremor International	999,690
TopBuild	1,201,847	Pearl Abyss	941,440

ES River and Mercantile Global High Alpha Fund

Statement of Total Return for the year ended 31 March 2022

	Notes	1 April 2021 to 31 March 2022		1 April 2020 to 31 March 2021	
		£	£	£	£
Income					
Net capital gains	2		3,076,463		56,952,561
Revenue	3	3,098,279		2,243,780	
Expenses	4	(346,271)		(192,080)	
Interest payable and similar charges	6	(575)		(1,691)	
Net revenue before taxation for the year		2,751,433		2,050,009	
Taxation	5	(359,849)		(259,400)	
Net revenue after taxation for the year			2,391,584		1,790,609
Total return before distributions			5,468,047		58,743,170
Distributions	7		(2,392,822)		(1,787,856)
Change in net assets attributable to Shareholders from investment activities			3,075,225		56,955,314

Statement of Change in Net Assets attributable to Shareholders for the year ended 31 March 2022

		1 April 2021 to 31 March 2022		1 April 2020 to 31 March 2021	
		£	£	£	£
Opening net assets attributable to Shareholders			146,870,627		86,430,822
Amounts received on creation of shares	40,966,198			25,379,484	
Amounts paid on cancellation of shares	(16,006,912)			(23,702,380)	
			24,959,286		1,677,104
Dilution adjustment			44,061		49,890
Change in net assets attributable to Shareholders from investment activities			3,075,225		56,955,314
Retained distributions on accumulation shares			2,429,869		1,757,497
Closing net assets attributable to Shareholders			177,379,068		146,870,627

ES River and Mercantile Global High Alpha Fund

Balance Sheet as at 31 March 2022

	Notes	31 March 2022		31 March 2021	
		£	£	£	£
ASSETS					
Fixed assets					
Investments			175,596,375		145,782,465
Current assets					
Debtors	8	1,667,974		1,090,043	
Cash and bank balances		1,503,985		961,559	
Total other assets			3,171,959		2,051,602
Total assets			178,768,334		147,834,067
LIABILITIES					
Investment liabilities			(80,375)		(450)
Creditors					
Other creditors	9	(1,308,891)		(962,990)	
Total other liabilities			(1,308,891)		(962,990)
Total liabilities			(1,389,266)		(963,440)
Net assets attributable to Shareholders			177,379,068		146,870,627

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 7 to 9.

2 Net capital gains

	31 March 2022 £	31 March 2021 £
The net capital gains during the year comprise:		
Non-derivative securities	2,594,847	57,112,852
Derivative securities	1,330	10,189
Forward currency contracts	580,217	3,523
Currency losses	(48,500)	(130,967)
Custodial transaction fees	(51,431)	(43,036)
Net capital gains	<u>3,076,463</u>	<u>56,952,561</u>

3 Revenue

	31 March 2022 £	31 March 2021 £
Bank interest	—	31
UK dividends	297,279	90,963
Non-taxable overseas dividends	2,759,736	2,113,777
Non-US overseas REIT dividends	7,409	7,361
Stock dividends	—	24,962
Taxable overseas dividends	33,855	6,686
	<u>3,098,279</u>	<u>2,243,780</u>

ES River and Mercantile Global High Alpha Fund

Notes to the Financial Statements continued

4 Expenses

	31 March 2022 £	31 March 2021 £
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	<u>192,663</u>	<u>32,659</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	24,682	18,033
Safe custody fees	<u>32,168</u>	<u>25,751</u>
	<u>56,850</u>	<u>43,784</u>
Other expenses:		
Audit fee*	10,711	12,098
Fund accounting fees	35,990	33,266
Legal and professional fees	1,109	258
Registration fees	445	(173)
Transfer agency fees	35,262	50,415
Other fees	<u>13,241</u>	<u>19,773</u>
	<u>96,758</u>	<u>115,637</u>
Total expenses	<u><u>346,271</u></u>	<u><u>192,080</u></u>

*Total audit fees of £9,779 (2021 - £9,313) exclusive of VAT.

ES River and Mercantile Global High Alpha Fund

Notes to the Financial Statements continued

5 Taxation

	31 March 2022 £	31 March 2021 £
a) Analysis of taxation charge in year		
Overseas tax	<u>359,849</u>	<u>259,400</u>
Total taxation	<u>359,849</u>	<u>259,400</u>

b) Factors affecting taxation charge for the year

The tax assessed for the year is lower (2021: lower) than the standard rate of corporation tax in the UK for an Open Ended Investment Company with variable capital (20%) (2021: 20%). The difference is explained below:

Net revenue before taxation for the year	<u>2,751,433</u>	<u>2,050,009</u>
Return on ordinary activities before taxation at the applicable rate of Corporation tax in the UK of 20% (2021: 20%)	550,287	410,002
Effects of:		
Movement in tax losses	(23,096)	37,611
Overseas tax	359,849	259,400
Prior year adjustment to tax losses	86,739	—
Relief on overseas tax expensed	(1,045)	(201)
Revenue not subject to tax	<u>(612,885)</u>	<u>(447,412)</u>
Total taxation	<u>359,849</u>	<u>259,400</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 £63,643 (£86,739 as at 31 March 2021) 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 2021).

6 Interest payable and similar charges

	31 March 2022 £	31 March 2021 £
Interest	<u>575</u>	<u>1,691</u>
	<u>575</u>	<u>1,691</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 2022 £	31 March 2021 £
Interim	1,338,431	1,030,909
Final	<u>1,091,439</u>	<u>726,588</u>
	2,429,870	1,757,497
Add: revenue deducted on cancellation of shares	51,314	66,994
Deduct: revenue received on creation of shares	<u>(88,362)</u>	<u>(36,635)</u>
Distributions for the year	<u>2,392,822</u>	<u>1,787,856</u>
Reconciliation between net revenue after taxation for the year and the distributions:		
Net revenue after taxation for the year	2,391,584	1,790,609
Equalisation on conversions	—	(3,709)
Expenses transferred to capital	<u>1,238</u>	<u>956</u>
Distributions for the year	<u>2,392,822</u>	<u>1,787,856</u>

8 Debtors

	31 March 2022 £	31 March 2021 £
Accrued revenue	272,132	260,037
Amounts receivable for issue of shares	88,321	29,038
Foreign currency contracts awaiting settlement	586,822	34,832
Overseas tax recoverable	134,860	119,134
Sales awaiting settlement	<u>585,839</u>	<u>647,002</u>
	<u>1,667,974</u>	<u>1,090,043</u>

9 Other creditors

	31 March 2022 £	31 March 2021 £
Other creditors		
Accrued expenses	162,909	119,071
Amounts payable for cancellation of shares	229,925	809,256
Foreign currency contracts awaiting settlement	585,840	34,663
Purchases awaiting settlement	<u>330,217</u>	<u>—</u>
	<u>1,308,891</u>	<u>962,990</u>

10 Contingent liabilities and outstanding commitments

There were no commitments or contingent liabilities at the balance sheet date (31 March 2021: 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.

Equity Trustees Fund Services Limited, as the Sub-Fund's ACD, wishes to disclose to the Sub-Fund's Shareholders that 96.15% of the Sub-Fund's shares in issue are under the control of a Corporate shareholder and its related parties.

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 £49,145 (£6,510 as at 31 March 2021).

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 2022, 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	60,874	(72,633)
JP Morgan Chase Bank	—	(7,742)

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)

No collateral is held or pledged (2021: 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 2022		Assets £	Liabilities £
Level 1	Unadjusted quoted price in an active market for an identical instrument	175,535,501	—
Level 2	Valuation techniques using observable inputs other than quoted prices within level 1	60,874	(80,375)
		175,596,375	(80,375)

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 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)

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 2022	Net foreign currency assets		
	Monetary	Non-monetary	Total
Currency	exposures	exposures	£
	£	£	£
Australian Dollar	732	2,096,328	2,097,060
Brazilian Real	208	1,793,397	1,793,605
Canadian Dollar	557	2,861,285	2,861,842
Colombian Peso	1	1,108,411	1,108,412
Danish Krone	505	778,285	778,790
Euro	6,361	22,854,925	22,861,286
Hong Kong Dollar	7,327	7,211,868	7,219,195
Japanese Yen	20,606	12,153,511	12,174,117
Korean Won	—	2,903,671	2,903,671
Malaysian Ringgit	—	1,213,872	1,213,872
Mexican Peso	32	559,968	560,000
Norwegian Krone	348	1,005,531	1,005,879
Singapore Dollar	716	2,560,362	2,561,078
South African Rand	237	—	237
Swedish Krona	294	—	294
Swiss Franc	1,078	4,549,620	4,550,698
Taiwan Dollar	—	1,503,064	1,503,064
Thai Baht	—	814,954	814,954
US Dollar	422,400	100,068,498	100,490,898
	461,402	166,037,550	166,498,952

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 2021 Currency	Monetary exposures £	Net foreign currency assets	
		Non-monetary exposures £	Total £
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

d) Derivative risk

At the balance sheet date, no derivatives were held that could impact the sub-fund in a significant way (2021: 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 £16,649,895 (2021: £13,756,652). 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 sub-fund would have increased by £17,553,550 (2021: £14,565,968). 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 2021 to 31 March 2022

Purchases	Transaction Value £	Commissions £	%	Taxes £	%
Equity instruments (direct)	75,949,583	42,135	0.06	46,987	0.06
Total purchases	75,949,583	42,135		46,987	
Total purchases including transaction costs	76,038,705				
Sales	Transaction Value £	Commissions £	%	Taxes £	%
Equity instruments (direct)	48,754,625	31,262	0.06	10,541	0.02
Total sales	48,754,625	31,262		10,541	
Total sales net of transaction costs	48,712,822				
Derivative transaction costs		10		1	
Total transaction costs		73,407		57,529	
as a % of average net assets		0.04%		0.03%	

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%	

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.

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% (2021 - 0.14%).

14 Share movement

	B-Class Accumulation shares	Z-Class Accumulation shares
Opening shares	2,489,343	16,751,000
Shares issued	8,263,006	875,860
Shares redeemed	(839,164)	(1,497,057)
Closing shares	9,913,185	16,129,803

15 Post balance sheet events

Subsequent to the sub-fund's year end, 31 March 2022, the spread of the Coronavirus pandemic and Russian invasion of Ukraine 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 and the war 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 21 June 2022 was £161.5m, the impact of the volatility on the sub-fund's NAV between the end of the reporting period and this date was (8.92)%. The price movements per share class are shown below:

	B-Class Accumulation shares	Z-Class Accumulation shares
NAV 31 March 2022	40,416,257	136,962,811
NAV 21 June 2022	35,832,373	125,719,407
Movement	(11.3%)	(8.2%)
NAV per share 31 March 2022	407.70	849.13
NAV per share 21 June 2022	377.88	788.35
Movement	(7.3%)	(7.2%)

There have been no significant redemptions on the sub-fund or any of the share classes since the reporting date 31 March 2022.

ES River and Mercantile Global High Alpha Fund

Distribution tables for the year ended 31 March 2022

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 01/04/2021 — 30/09/2021		
	Net Revenue	Equalisation	Distribution paid 30/11/21	Distribution paid 30/11/20
B-Class Accumulation shares				
Group 1	2.0140	—	2.0140	1.5571
Group 2	0.5030	1.5110	2.0140	1.5571
Z-Class Accumulation shares				
Group 1	7.3103	—	7.3103	5.4728
Group 2	3.5641	3.7462	7.3103	5.4728

Final dividend distribution in pence per share		Period 01/10/2021 — 31/03/2022		
	Net Revenue	Equalisation	Distribution payable 31/05/22	Distribution paid 31/05/21
B-Class Accumulation shares				
Group 1	1.3294	—	1.3294	0.7483
Group 2	1.1206	0.2088	1.3294	0.7483
Z-Class Accumulation shares				
Group 1	5.9496	—	5.9496	4.2264
Group 2	3.0936	2.8560	5.9496	4.2264

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 top-down framework for the 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 mid-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 fund has a somewhat pro-cyclical tilt.

Within that, the view of the investment manager is that for this cycle inflation protection will be an attractive characteristic. Broadly this means lower duration, well invested and capital-intensive upstream businesses who exhibit pricing power in inflationary environments. Example stocks contained within the portfolio include **NKT**, **Boliden** and **Bakkafrost**. Judiciously we are also overweight banks.

This cycle will also be dominated by the decarbonisation agenda. In practical terms for European equities this means many industrial stocks which perhaps struggled to grow in the previous cycle will see their fortunes transformed by this 'green capex' wave. Furthermore those companies which are able to improve their own emissions could attract incremental investment and a subsequent re-rating. Holdings we expect to benefit from these phenomena form a strategic core of the fund, such as **Danieli**, **Ebusco**, **Meyer Berger** and **Verallia**.

We note we are near a short-term peak in year over year inflation momentum. 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, such as **NENT** and **Allfunds**, although we remain underweight this area because of the still elevated multiples. We keep a significant weighting to Consumer Cyclicals, such as **Elis** and **Dometic**, which should provide upside from peaking short-term inflation as well as the final stage of the covid recovery especially in areas such as travel and hospitality.

Overall, the fund is positioned to benefit from a cycle which looks different from the last: reasonable economic growth, an inflationary backdrop and a strong capital investment cycle led by environmental capex.

The Russian invasion of Ukraine in February 2022, along with the terrible ensuing humanitarian crisis, has been the most meaningful geopolitical development in many years. And now, in many ways, global economies are moving into a period of significant public and private investment. The next ten years is, on many levels, going to be different from the post global financial crisis (GFC) years, and stockmarkets are currently struggling to understand exactly how this will play out. However it is worth stating that the portfolio is not built on attempts to make precise predictions about the macro-economic future, but rather by building our convictions at the individual company level through a systematic bottom-up approach.

River and Mercantile
23 June 2022
Investment Adviser to the Fund

Source: River and Mercantile Asset Management LLP. Fund performance is calculated using midday published prices. Benchmark performance is calculated using close of business mid-market prices.

ES River and Mercantile European Fund

Portfolio Statement as at 31 March 2022

Holding	Investment	Market Value £	% of Net Assets
EUROPEAN COMPANY (EX UK) – 91.69% (2021 – 92.87%)			
Automobiles & Components – 5.70% (2021 – 4.52%)			
970,000	Dometic	6,419,025	2.62
250,000	Ebusco	4,077,407	1.67
26,000	Volkswagen pref.	3,446,453	1.41
Banks – 11.16% (2021 – 6.97%)			
3,150,000	Banco Santander	8,249,335	3.37
1,800,000	CaixaBank	4,680,441	1.91
800,000	ING Groep	6,429,881	2.63
60,000	KBC	3,314,996	1.35
560,000	Skandinaviska Enskilda Banken	4,664,233	1.90
Capital Goods – 12.55% (2021 – 22.23%)			
35,000	Airbus	3,264,123	1.34
28,000	Alfen Beheer	2,182,786	0.89
580,000	Danieli & C Officine Meccaniche	7,067,732	2.89
100,000	FLSmidth	2,024,482	0.83
115,000	Fluidra	2,555,879	1.05
720,000	Metso Outotec	4,699,607	1.92
180,000	NKT	6,249,311	2.55
110,000	Valmet	2,629,738	1.08
Commercial & Professional Services – 4.56% (2021 – 3.79%)			
1,800,000	Aker Carbon Capture	3,578,799	1.46
670,000	Elis	7,581,273	3.10
Consumer Durables & Apparel – 3.24% (2021 – 9.81%)			
35,000	EssilorLuxottica	4,918,663	2.01
13,831	Swatch	3,010,139	1.23
Diversified Financials – 0.00% (2021 – 1.36%)			
Energy – 2.97% (2021 – 2.23%)			
450,000	Fugro	4,147,294	1.70
80,000	TotalEnergies	3,111,843	1.27
Food, Beverage & Tobacco – 11.27% (2021 – 7.47%)			
119,000	Andfjord Salmon	397,948	0.16
183,300	Bakkafrost P/F	9,441,396	3.86
66,000	Carlsberg	6,215,911	2.54

ES River and Mercantile European Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Food, Beverage & Tobacco continued		
120,000	Danone	5,072,379	2.07
65,000	Nestle	6,448,232	2.64
	Household & Personal Products – 0.00% (2021 – 1.85%)		
	Insurance – 1.10% (2021 – 5.00%)		
120,000	AXA	2,693,371	1.10
	Materials – 13.04% (2021 – 12.63%)		
65,000	Air Liquide	8,724,891	3.57
34,000	Arkema	3,124,604	1.28
180,000	Boliden	7,013,463	2.87
200,000	UPM-Kymmene	5,014,577	2.05
440,000	Verallia	8,009,127	3.27
	Media & Entertainment – 2.35% (2021 – 2.45%)		
183,000	Nordic Entertainment	5,741,866	2.35
	Pharmaceuticals, Biotechnology & Life Sciences – 10.54% (2021 – 7.28%)		
24,000	Merck	3,858,537	1.58
73,000	Novo Nordisk	6,232,441	2.55
27,000	Roche	8,165,848	3.34
96,000	Sanofi	7,504,931	3.07
	Semiconductors & Semiconductor Equipment – 2.46% (2021 – 2.32%)		
3,000	ASML	1,546,457	0.63
14,000,000	Meyer Burger Technology	4,478,521	1.83
	Software & Services – 4.62% (2021 – 1.80%)		
49,000	SAP	4,184,679	1.71
50,000	Sopra Steria SACA	7,115,393	2.91
	Technology Hardware & Equipment – 2.55% (2021 – 0.00%)		
66,000	Sensirion	6,242,397	2.55
	Telecommunication Services – 3.58% (2021 – 0.00%)		
3,300,000	Koninklijke KPN	8,764,863	3.58
	Utilities – 0.00% (2021 – 1.16%)		

ES River and Mercantile European Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
NON-EUROPEAN COMPANY – 7.93% (2021 – 4.13%)			
Canada – 0.88% (2021 – 0.00%)			
115,000	Barrick Gold	2,143,226	0.88
Japan – 2.05% (2021 – 2.72%)			
63,000	Sony	5,018,447	2.05
United Kingdom – 5.00% (2021 – 0.00%)			
177,827	On the Beach	417,004	0.17
409,700	Recticel	7,236,008	2.96
520,000	Allfunds	4,586,775	1.87
United States of America – 0.00% (2021 – 1.41%)			
Portfolio of investments		243,696,732	99.62
Net other assets		919,389	0.38
Net assets		244,616,121	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 2021.

ES River and Mercantile European Fund

Comparative table

For the year ending:	31/03/2022+
B-Class Accumulation shares	pence per share
Change in net assets per share	
Opening net asset value per share	100.00
Return before operating charges*	1.60
Operating charges	(0.79)
Return after operating charges	0.81
Distributions	(1.07)
Retained distributions on accumulation shares	1.07
Closing net asset value per share	100.81
*After direct transaction costs of	(0.31)
Performance	
Return after charges	0.81%
Other information	
Closing net asset value (£)	5,535,535
Closing number of shares	5,491,053
Operating charges**	0.91%
Direct transaction costs	0.42%
Prices	
Highest share price	111.88
Lowest share price	86.89

+Launched on 28 May 2021.

*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 year ending:	31/03/2022	31/03/2021+
B-Class Distribution shares	pence per share	pence per share
Change in net assets per share		
Opening net asset value per share	113.95	100.00
Return before operating charges*	11.03	15.26
Operating charges	(1.18)	(0.46)
Return after operating charges	9.85	14.80
Distributions	(2.09)	(0.85)
Closing net asset value per share	121.71	113.95
*After direct transaction costs of	(0.44)	(0.31)
Performance		
Return after charges	8.64%	14.80%
Other information		
Closing net asset value (£)	17,444,695	2,247,457
Closing number of shares	14,333,188	1,972,259
Operating charges**	0.94%	0.95%
Direct transaction costs	0.35%	0.69%
Prices		
Highest share price	136.63	115.73
Lowest share price	105.93	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 year ending:	31/03/2022	31/03/2021+
F-Class Accumulation shares	pence per share	pence per share
Change in net assets per share		
Opening net asset value per share	116.87	100.00
Return before operating charges*	11.29	17.11
Operating charges	(0.58)	(0.24)
Return after operating charges	10.71	16.87
Distributions	(2.14)	(0.87)
Retained distributions on accumulation shares	2.14	0.87
Closing net asset value per share	127.58	116.87
*After direct transaction costs of	(0.45)	(0.34)
Performance		
Return after charges	9.17%	16.87%
Other information		
Closing net asset value (£)	43,459,440	7,020,080
Closing number of shares	34,063,965	6,006,864
Operating charges**	0.45%	0.45%
Direct transaction costs	0.35%	0.64%
Prices		
Highest share price	141.33	117.99
Lowest share price	109.93	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 year ending:	31/03/2022	31/03/2021+
F-Class Distribution shares	pence per share	pence per share
Change in net assets per share		
Opening net asset value per share	115.70	100.00
Return before operating charges*	11.21	16.82
Operating charges	(0.57)	(0.24)
Return after operating charges	10.64	16.58
Distributions	(2.12)	(0.88)
Closing net asset value per share	124.22	115.70
*After direct transaction costs of	(0.45)	(0.34)
Performance		
Return after charges	9.19%	16.58%
Other information		
Closing net asset value (£)	55,065,865	13,651,095
Closing number of shares	44,329,070	11,798,508
Operating charges**	0.45%	0.45%
Direct transaction costs	0.35%	0.64%
Prices		
Highest share price	139.16	117.50
Lowest share price	108.07	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

Comparative table continued

For the year ending:	31/03/2022+
S-Class Accumulation shares	pence per share
Change in net assets per share	
Opening net asset value per share	100.00
Return before operating charges*	157.60
Operating charges	(1.61)
Return after operating charges	155.99
Distributions	(3.23)
Retained distributions on accumulation shares	3.23
Closing net asset value per share	255.99
*After direct transaction costs of	(0.82)
Performance	
Return after charges	155.99%
Other information	
Closing net asset value (£)	123,059,696
Closing number of shares	48,072,918
Operating charges**	0.69%
Direct transaction costs	0.39%
Prices	
Highest share price	283.83
Lowest share price	220.60

+Launched on 11 May 2021.

*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 0.69%.

ES River and Mercantile European Fund

Comparative table continued

For the year ending:	31/03/2022+
S-Class Distribution shares	pence per share
Change in net assets per share	
Opening net asset value per share	100.00
Return before operating charges*	157.61
Operating charges	(1.60)
Return after operating charges	156.01
Distributions	(3.22)
Closing net asset value per share	252.79
*After direct transaction costs of	(0.82)
Performance	
Return after charges	156.01%
Other information	
Closing net asset value (£)	19,993
Closing number of shares	7,909
Operating charges**	0.69%
Direct transaction costs	0.39%
Prices	
Highest share price	283.06
Lowest share price	219.79

+Launched on 11 May 2021.

*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 0.69%.

ES River and Mercantile European Fund

Comparative table continued

For the year ending:	31/03/2022+
Z-Class Accumulation shares	pence per share
Change in net assets per share	
Opening net asset value per share	100.00
Return before operating charges*	421.46
Operating charges	(0.96)
Return after operating charges	420.50
Distributions	(7.03)
Retained distributions on accumulation shares	7.03
Closing net asset value per share	520.50
*After direct transaction costs of	(1.68)
Performance	
Return after charges	420.50%
Other information	
Closing net asset value (£)	30,897
Closing number of shares	5,936
Operating charges**	0.20%
Direct transaction costs	0.39%
Prices	
Highest share price	576.03
Lowest share price	448.43

+Launched on 6 May 2021.

*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 European Fund

Synthetic Risk Reward Indicator (SRRI)



Typically Lower Rewards

Typically Higher Rewards



This Fund is ranked at 5 because funds of this type have experienced medium to high rises and falls in value in the past. The risk and reward score is based on past performance and calculated in accordance with European legislation. It may not be a reliable indication of the future risk profile. The risk and reward score is not guaranteed and may change over time. The lowest category does not mean risk free. While the risk indicator takes into account the broader risk profile, the following risks are considered most relevant to this sub-fund:

This Fund is ranked at 5 because funds of this type have experienced medium to high rises and falls in value in the past. The risk and reward score is based on past performance and calculated in accordance with European legislation. It may not be a reliable indication of the future risk profile. The risk and reward score is not guaranteed and may change over time. The lowest category does not mean risk free. While the risk indicator takes into account the broader risk profile, the following risks are considered most relevant to this sub-fund:

- **Securities:Equities** can lose value rapidly, and typically involve higher market risks than bonds, money market instruments or other debt instruments. Fluctuation in value may occur in response to activities of individual companies, the general market, economic conditions, or changes in currency exchange rates.
- **Small and Mid-Cap Stock:** Stocks of small and mid-size companies can be more volatile and less liquid than stocks of larger companies. Small and mid-size companies often have fewer financial resources, shorter operating histories, and less diverse business lines, and as a result can be at greater risk of long-term or permanent business setbacks.
- **Concentration:** In certain conditions the Sub-Fund may invest in a relatively small number of securities, which may result in portfolio concentration in sectors, countries, or other groupings. These potential concentrations mean that a loss arising in a single investment may cause a proportionately greater loss in the Sub-Fund than if a larger number of investments were made.
- **Liquidity:** There is a risk that adverse market conditions may affect the Fund's ability to sell assets at the price the Fund would like, or the Fund may have to sell them at a loss.
- **Secururrency:** To the extent that a Sub-Fund holds assets that are denominated in currencies other than the base currency, any changes in currency exchange rates could reduce investment gains or income, or increase investment losses.
- **ESG Investing:** The Fund may use certain ESG criteria in their investment strategies. This may limit the types and number of investment opportunities available and, as a result, the Fund may underperform in relation to other funds that do not have an ESG focus.

Summary of Largest Portfolio Changes

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

Purchases	£	Sales	£
Roche	13,963,721	Accell	10,759,361
Verallia	10,929,478	Roche	6,845,479
ING Groep	10,530,185	Bossard	4,459,278
Dometic	10,281,911	Boliden	4,382,120
Sopra Steria SACA	10,232,255	Novo Nordisk	3,996,308
Banco Santander	10,017,170	FLSmidth	3,850,414
Elis	9,977,983	LVMH Moet Hennessy Louis Vuitton	3,741,309
Bakkafrost P/F	9,966,127	ING Groep	3,687,963
Koninklijke KPN	8,275,873	Sopra Steria SACA	3,681,344
Air Liquide	8,247,396	ASML	3,379,468

ES River and Mercantile European Fund

Statement of Total Return for the year ended 31 March 2022

	Notes	1 April 2021 to 31 March 2022		30 September 2020+ to 31 March 2021	
		£	£	£	£
Income					
Net capital (losses)/gains	2		(7,712,496)		1,222,672
Revenue	3	2,354,747		140,918	
Expenses	4	(726,287)		(18,043)	
Interest payable and similar charges	6	(1,464)		(73)	
Net revenue before taxation for the year		1,626,996		122,802	
Taxation	5	(278,710)		(7,589)	
Net revenue after taxation for the year			1,348,286		115,213
Total return before distributions			(6,364,210)		1,337,885
Distributions	7		(2,074,320)		(132,235)
Change in net assets attributable to Shareholders from investment activities			(8,438,530)		1,205,650

Statement of Change in Net Assets attributable to Shareholders for the year ended 31 March 2022

		1 April 2021 to 31 March 2022		30 September 2020+ to 31 March 2021	
		£	£	£	£
Opening net assets attributable to Shareholders			22,918,632		—
Amounts received on creation of shares	240,891,516			21,860,738	
Amounts paid on cancellation of shares	(13,050,698)			(212,697)	
			227,840,818		21,648,041
Dilution adjustment			381,992		21,574
Change in net assets attributable to Shareholders from investment activities			(8,438,530)		1,205,650
Retained distributions on accumulation shares			1,913,209		43,367
Closing net assets attributable to Shareholders			244,616,121		22,918,632

+Launched on 30 September 2020.

ES River and Mercantile European Fund

Balance Sheet as at 31 March 2022

	Notes	31 March 2022		31 March 2021+	
		£	£	£	£
ASSETS					
Fixed assets					
Investments			243,696,732		22,230,856
Current assets					
Debtors	8	2,980,093		200,080	
Cash and bank balances		3,059,304		746,516	
Total other assets			6,039,397		946,596
Total assets			249,736,129		23,177,452
LIABILITIES					
Creditors					
Distribution payable	9	(700,584)		(93,874)	
Other creditors	9	(4,419,424)		(164,946)	
Total other liabilities			(5,120,008)		(258,820)
Total liabilities			(5,120,008)		(258,820)
Net assets attributable to Shareholders			244,616,121		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 7 to 9.

2 Net capital (losses)/gains

	31 March 2022 £	31 March 2021 £
The net capital (losses)/gains during the year comprise:		
Non-derivative securities	(7,578,653)	1,232,734
Currency losses	(101,417)	(4,078)
Custodial transaction fees	<u>(32,426)</u>	<u>(5,984)</u>
Net capital (losses)/gains	<u>(7,712,496)</u>	<u>1,222,672</u>

3 Revenue

	31 March 2022 £	31 March 2021 £
Bank interest	1	8
UK dividends	28,797	—
Non-taxable overseas dividends	2,325,908	140,880
Taxable overseas dividends	<u>41</u>	<u>30</u>
	<u>2,354,747</u>	<u>140,918</u>

ES River and Mercantile European Fund

Notes to the Financial Statements continued

4 Expenses

	31 March 2022 £	31 March 2021 £
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	<u>570,727</u>	<u>16,609</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	19,612	2,988
Safe custody fees	<u>27,223</u>	<u>459</u>
	<u>46,835</u>	<u>3,447</u>
Other expenses:		
Audit fee*	11,614	11,616
Fund accounting fees	40,369	14,893
Legal and professional fees	—	960
Registration fees	705	148
Transfer agency fees	138,147	29,386
Other fees**	<u>(82,110)</u>	<u>(59,016)</u>
	<u>108,725</u>	<u>(2,013)</u>
Total expenses	<u><u>726,287</u></u>	<u><u>18,043</u></u>

*Total audit fees of £10,164 (2021 - £9,680) exclusive of VAT.

**Includes TER cap.

ES River and Mercantile European Fund

Notes to the Financial Statements continued

5 Taxation

	31 March 2022 £	31 March 2021 £
a) Analysis of taxation charge in year		
Overseas tax	<u>278,710</u>	<u>7,589</u>
Total taxation	<u>278,710</u>	<u>7,589</u>

b) Factors affecting taxation charge for the year

The tax assessed for the year is lower (2021: lower) than the standard rate of corporation tax in the UK for an Open Ended Investment Company with variable capital (20%) (2021: 20%). The difference is explained below:

Net revenue before taxation for the year	<u>1,626,996</u>	<u>122,802</u>
Return on ordinary activities before taxation at the applicable rate of Corporation tax in the UK of 20% (2021: 20%)	325,399	24,560
Effects of:		
Movement in tax losses	145,542	3,616
Overseas tax	278,710	7,589
Revenue not subject to tax	<u>(470,941)</u>	<u>(28,176)</u>
Total taxation	<u>278,710</u>	<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 or preceding year.

At the year end there is a potential deferred tax asset of £149,158 (£3,616 as at 31 March 2021) 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 2021).

6 Interest payable and similar charges

	31 March 2022 £	31 March 2021 £
Interest	<u>1,464</u>	<u>73</u>
	<u>1,464</u>	<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 2022	31 March 2021
	£	£
1st Interim	256,030	—
2nd Interim	135,558	—
3rd Interim	311,514	15,672
Final	<u>2,247,638</u>	<u>135,097</u>
	2,950,740	150,769
Add: revenue deducted on cancellation of shares	71,329	152
Deduct: revenue received on creation of shares	<u>(947,749)</u>	<u>(18,686)</u>
	<u>2,074,320</u>	<u>132,235</u>
Distributions for the year		
Reconciliation between net revenue after taxation for the year and the distributions:		
Net revenue after taxation for the year	1,348,286	115,213
Equalisation on conversions	(227)	(61)
Expenses transferred to capital	726,287	17,083
Tax relief on expenses taken to capital	<u>(26)</u>	<u>—</u>
Distributions for the year	<u>2,074,320</u>	<u>132,235</u>

8 Debtors

	31 March 2022	31 March 2021
	£	£
Accrued revenue	299,029	87,545
Amounts receivable for issue of shares	361,191	39,780
Expense rebate due from the ACD	26,704	18,583
Foreign currency contracts awaiting settlement	2,093,312	46,557
Overseas tax recoverable	<u>199,857</u>	<u>7,615</u>
	<u>2,980,093</u>	<u>200,080</u>

ES River and Mercantile European Fund

Notes to the Financial Statements continued

9 Other creditors

	31 March 2022 £	31 March 2021 £
a) Distribution payable		
Gross distribution payable	700,584	93,874
Total distribution payable	<u>700,584</u>	<u>93,874</u>
b) Other creditors		
Accrued expenses	257,457	63,395
Amounts payable for cancellation of shares	49,681	8,328
Foreign currency contracts awaiting settlement	2,104,684	46,666
Purchases awaiting settlement	<u>2,007,602</u>	<u>46,557</u>
	<u>4,419,424</u>	<u>164,946</u>

10 Contingent liabilities and outstanding commitments

There were no commitments or contingent liabilities at the balance sheet date (31 March 2021: 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.

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 £101,981 (£5,190 as at 31 March 2021).

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 2022		Assets £	Liabilities £
Level 1	Unadjusted quoted price in an active market for an identical instrument	243,696,732	—
		243,696,732	—

ES River and Mercantile European Fund

Notes to the Financial Statements continued

12 Financial instruments continued

b) Valuation of financial investments continued

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.

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

31 March 2022 Currency	Net foreign currency assets		
	Monetary exposures £	Non-monetary exposures £	Total £
Canadian Dollar	—	2,143,226	2,143,226
Danish Krone	110	20,783,891	20,784,001
Euro	92,179	150,113,822	150,206,001
Japanese Yen	260	5,030,865	5,031,125
Norwegian Krone	248	13,418,143	13,418,391
Swedish Krona	68,662	23,857,362	23,926,024
Swiss Franc	61	28,345,136	28,345,197
US Dollar	264	479	743
	161,784	243,692,924	243,854,708

31 March 2021 Currency	Net foreign currency assets		
	Monetary exposures £	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 (2021: same).

ES River and Mercantile European 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 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 £24,385,471 (2021: £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 sub-fund would have increased by £24,369,673 (2021: £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 year.

13 Portfolio transaction costs

For the year 1 April 2021 to 31 March 2022

Purchases	Transaction Value	Commissions		Taxes	
	£	£	%	£	%
Equity instruments (direct)	332,441,521	146,629	0.04	287,641	0.09
Total purchases	332,441,521	146,629		287,641	
Total purchases including transaction costs	332,875,791				
Sales	Transaction Value	Commissions		Taxes	
	£	£	%	£	%
Equity instruments (direct)	103,887,383	56,940	0.05	18	0.00
Total sales	103,887,383	56,940		18	
Total sales net of transaction costs	103,830,425				
Total transaction costs		203,569		287,659	
as a % of average net assets		0.15%		0.21%	

ES River and Mercantile European Fund

Notes to the Financial Statements continued

13 Portfolio transaction costs continued

For the year 1 April 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 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.

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 0.25% (2021 - 0.12%).

14 Share movement

	B-Class Accumulation shares	B-Class Distribution shares	F-Class Accumulation shares	F-Class Income shares
Opening shares	—	1,972,259	6,006,864	11,798,508
Shares issued	5,709,368	12,546,715	29,414,528	33,470,071
Shares redeemed	(230,941)	(150,109)	(1,317,427)	(974,634)
Shares converted	12,626	(35,677)	(40,000)	35,125
Closing shares	5,491,053	14,333,188	34,063,965	44,329,070

ES River and Mercantile European Fund

Notes to the Financial Statements continued

14 Share movement continued

	S-Class Accumulation shares	S-Class Distribution shares	Z-Class Accumulation shares
Opening shares	—	—	—
Shares issued	48,069,033	2,936	2,038,732
Shares redeemed	(1,088)	—	(2,035,253)
Shares converted	4,973	4,973	2,457
Closing shares	48,072,918	7,909	5,936

15 Post balance sheet events

Subsequent to the sub-fund's year end, 31 March 2022, the spread of the Coronavirus pandemic and Russian invasion of Ukraine 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 and the war 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 21 June 2022 was £237m, the impact of the volatility on the sub-fund's NAV between the end of the reporting period and this date was (3.12)%. The price movements per share class are shown below:

	B-Class Accumulation shares	B-Class Distribution shares	F-Class Accumulation shares	F-Class Income shares
NAV 31 March 2022	5,535,535	17,444,695	43,459,440	55,065,865
NAV 21 June 2022	5,238,212	16,749,665	39,717,536	51,184,793
Movement	(5.4%)	(4.0%)	(8.6%)	(7.0%)
NAV per share 31 March 2022	100.81	121.71	127.58	124.22
NAV per share 21 June 2022	97.01	117.13	122.90	119.67
Movement	(3.8%)	(3.8%)	(3.7%)	(3.7%)
	S-Class Accumulation shares	S-Class Distribution shares	Z-Class Accumulation shares	
NAV 31 March 2022	123,059,696	19,993	30,897	
NAV 21 June 2022	124,055,658	19,357	29,783	
Movement	0.8%	(3.2%)	(3.6%)	
NAV per share 31 March 2022	255.99	252.79	520.50	
NAV per share 21 June 2022	246.45	243.40	501.74	
Movement	(3.7%)	(3.7%)	(3.6%)	

There have been no significant redemptions on the sub-fund or any of the share classes since the reporting date 31 March 2022.

ES River and Mercantile European Fund

Distribution tables for the year ended 31 March 2022

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.

1st Interim dividend distribution in pence per share		Period 01/04/21 — 30/06/21		
	Net Revenue	Equalisation	Distribution paid 31/07/21	Distribution paid 31/07/20
B-Class Accumulation shares				
Group 1	0.0706	—	0.0706	0.0000
Group 2	0.0706	0.0000	0.0706	0.0000
B-Class Distribution shares				
Group 1	0.4721	—	0.4721	0.0000
Group 2	0.0301	0.4420	0.4721	0.0000
F-Class Accumulation shares				
Group 1	0.4844	—	0.4844	0.0000
Group 2	0.0000	0.4844	0.4844	0.0000
F-Class Distribution shares				
Group 1	0.4796	—	0.4796	0.0000
Group 2	0.2344	0.2452	0.4796	0.0000
S-Class Accumulation shares				
Group 1	0.4334	—	0.4334	0.0000
Group 2	0.4334	0.0000	0.4334	0.0000
S-Class Distribution shares				
Group 1	0.4334	—	0.4334	0.0000
Group 2	0.4334	0.0000	0.4334	0.0000
Z-Class Accumulation shares				
Group 1	1.1209	—	1.1209	0.0000
Group 2	0.8608	0.2601	1.1209	0.0000

2nd Interim dividend distribution in pence per share		Period 01/07/21 — 30/09/21		
	Net Revenue	Equalisation	Distribution paid 31/10/21	Distribution paid 31/10/20
B-Class Accumulation shares				
Group 1	0.0720	—	0.0720	0.0000
Group 2	0.0000	0.0720	0.0720	0.0000
B-Class Distribution shares				
Group 1	0.2158	—	0.2158	0.0000
Group 2	0.0000	0.2158	0.2158	0.0000

ES River and Mercantile European Fund

Distribution tables continued

2nd Interim dividend distribution in pence per share	Period 01/07/21 — 30/09/21			
	Net Revenue	Equalisation	Distribution paid 31/10/21	Distribution paid 31/10/20
F-Class Accumulation shares				
Group 1	0.2216	—	0.2216	0.0000
Group 2	0.0000	0.2216	0.2216	0.0000
F-Class Distribution shares				
Group 1	0.2193	—	0.2193	0.0000
Group 2	0.0000	0.2193	0.2193	0.0000
S-Class Accumulation shares				
Group 1	0.2673	—	0.2673	0.0000
Group 2	0.2673	0.0000	0.2673	0.0000
S-Class Distribution shares				
Group 1	0.2672	—	0.2672	0.0000
Group 2	0.0000	0.2672	0.2672	0.0000
Z-Class Accumulation shares				
Group 1	0.6213	—	0.6213	0.0000
Group 2	0.0000	0.6213	0.6213	0.0000

3rd Interim dividend distribution in pence per share	Period 01/10/2021 — 31/12/2021			
	Net Revenue	Equalisation	Distribution paid 31/01/22	Distribution paid 31/01/21
B-Class Accumulation shares				
Group 1	0.0720	—	0.0720	0.0000
Group 2	0.0000	0.0720	0.0720	0.0000
B-Class Distribution shares				
Group 1	0.2158	—	0.2158	0.1819
Group 2	0.0000	0.2158	0.2158	0.1819
F-Class Accumulation shares				
Group 1	0.2216	—	0.2216	0.1849
Group 2	0.0000	0.2216	0.2216	0.1849
F-Class Distribution shares				
Group 1	0.2193	—	0.2193	0.1985
Group 2	0.0000	0.2193	0.2193	0.1985
S-Class Accumulation shares				
Group 1	0.2673	—	0.2673	0.0000
Group 2	0.0000	0.2673	0.2673	0.0000
S-Class Distribution shares				
Group 1	0.2672	—	0.2672	0.0000
Group 2	0.0000	0.2672	0.2672	0.0000

ES River and Mercantile European Fund

Distribution tables continued

3rd Interim dividend distribution in pence per share		Period 01/10/2021 — 31/12/2021		
	Net Revenue	Equalisation	Distribution paid 31/01/22	Distribution paid 31/01/21
Z-Class Accumulation shares				
Group 1	0.6213	—	0.6213	0.0000
Group 2	0.0000	0.6213	0.6213	0.0000

Final dividend distribution in pence per share		Period 01/01/2022 — 31/03/2022		
	Net Revenue	Equalisation	Distribution payable 30/04/22	Distribution paid 30/04/21
B-Class Accumulation shares				
Group 1	0.8554	—	0.8554	0.0000
Group 2	0.3991	0.4563	0.8554	0.0000
B-Class Distribution shares				
Group 1	1.1824	—	1.1824	0.6730
Group 2	0.4522	0.7302	1.1824	0.6730
F-Class Accumulation shares				
Group 1	1.2162	—	1.2162	0.6863
Group 2	0.5049	0.7113	1.2162	0.6863
F-Class Distribution shares				
Group 1	1.1977	—	1.1977	0.6831
Group 2	0.5245	0.6732	1.1977	0.6831
S-Class Accumulation shares				
Group 1	2.2581	—	2.2581	0.0000
Group 2	1.0402	1.2179	2.2581	0.0000
S-Class Distribution shares				
Group 1	2.2521	—	2.2521	0.0000
Group 2	1.1042	1.1479	2.2521	0.0000
Z-Class Accumulation shares				
Group 1	4.6644	—	4.6644	0.0000
Group 2	4.6644	0.0000	4.6644	0.0000

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 2022

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.

23 June 2022

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 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 2022 and of the net revenue and the net capital gains/ losses on the scheme property of the Company and each of the sub-funds for the year then ended; 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 ICVC 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 2022 (the "Annual Report"), which comprise: the balance sheets as at 31 March 2022; the statements of total return and the statements of change in net assets attributable to shareholders for the year then ended; the distribution tables; the Accounting policies; and the notes to the financial statements.

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.

Emphasis of matter – financial statements of a sub-fund prepared on a basis other than going concern

In forming our opinion on the financial statements, which is not modified, we draw attention to Accounting policy (a) Basis of accounting which describes the Authorised Corporate Director's reasons why the financial statements for the ES River and Mercantile Dynamic Asset Allocation Fund (the "terminating sub-fund"), a sub-fund of ES River and Mercantile Funds ICVC, have been prepared on a basis other than going concern. The financial statements of the remaining sub-funds of the Company (the "continuing sub-funds") have been prepared on a going concern basis.

Conclusions relating to going concern

In respect of the Company as a whole and the continuing sub-funds, 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 the continuing 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.

With the exception of the terminating sub-fund, 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 of its continuing 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.

Independent auditors' report to the Shareholders of ES River and Mercantile Funds ICVC

Report on the audit of the financial statements

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.

Based on our work undertaken in the course of the audit, the Collective Investment Schemes sourcebook requires us also to report certain opinions as described below.

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 any sub-fund of the Company. 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

Independent auditors' report to the Shareholders of ES River and Mercantile Funds ICVC

Report on the audit of the financial statements

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) 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
Chartered Accountants and Statutory Auditors
London
23 June 2022

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**

Up to 1 February 2022
River and Mercantile Investments Limited
30 Coleman Street
London EC2R 5AL
From 1 February 2022
Schroders IS Limited
1 London Wall Place
London EC2Y 5AU

(authorised and regulated by the Financial Conduct Authority)

Depositary

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