

RIVER AND MERCANTILE

**ES River and Mercantile Funds ICVC
Interim Report for the Period Ended
30 September 2021 (unaudited)**

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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 interim Financial Statements of the Company for the period ended 30 September 2021.

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

Constitution and Authorised Status

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

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

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

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

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

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

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

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

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

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

The board of the ACD has considered the current and potential future impact of Covid-19 on the Company and is of the opinion that they have sufficient resources to continue on a going concern basis.

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

Company Information

Company	ES River and Mercantile Funds ICVC
Registered Office	4th Floor, Pountney Hill House, Laurence Pountney Hill, London, EC4R 0BL
Administrator and Registrar	The Bank of New York Mellon (International) Limited, One Canada Square London, E14 5AL
Authorised Corporate Director ('ACD')	Equity Trustees Fund Services Ltd
Equity Trustees Fund Services Ltd	4th Floor, Pountney Hill House, Laurence Pountney Hill, London, EC4R 0BL
Directors of the ACD	Vincent Camerlynck James Gardner Leanne Isaacs Harvey Kalman (resigned 15 June 2021) Kevin Lavery Dallas McGillivray
Investment Manager of all funds other than of the ES River and Mercantile Dynamic Asset Allocation Fund	River and Mercantile Asset Management LLP 30 Coleman Street, London, EC2R 5AL
Investment Manager of ES River and Mercantile Dynamic Asset Allocation Fund	River and Mercantile Investments Limited 30 Coleman Street, London, EC2R 5AL
Depositary	The Bank of New York Mellon (International) Limited One Canada Square, London, E14 5AL

Company Information continued

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 30 September 2021, the ES River and Mercantile Dynamic Asset Allocation Fund held 2,032,395 shares in the ES River and Mercantile European Fund. None of the other 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 30 September 2021 and at the balance sheet date, the ES River and Mercantile Funds ICVC did not engage in SFTs.

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 continued

Authorised Corporate Director's Statement

In accordance with COLL 4.5.8BR, the Interim Report and the unaudited statements were approved by the ACD of the Company.

Leanne Isaacs Director – UK
for and on behalf of Equity Trustees Fund Services Ltd
Authorised Corporate Director
23 November 2021

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

Notes applicable to the Financial Statements

Accounting policies

Basis of accounting

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

All other accounting and distribution policies used to prepare the interim financial statements are as per the audited financial statements for the year ended 31 March 2021.

Post balance sheet events

On 26 October 2021 it was announced that River and Mercantile Investments Limited will be acquired by Schroders Plc subject to shareholder and regulatory approval and is expected to complete in the first quarter of 2022.

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 7.5% over the 6 months to 30 September 2021, compared to the MSCI United Kingdom IMI return of 7.9%.

Positive contributors during past 6 months: Energy and Financials performed strongly, especially towards the end of the last quarter (**Serica Energy** and **JKX Oil & Gas**, more than offsetting the inevitable **Royal Dutch Shell** underweight); PVT stock picks positive (**Indivior**, **accesso Technology**), Smaller Companies (**Somero Enterprises** and **Reach**); 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 recent pressure (**Restaurant**); large cap Growth and Quality strong (**AstraZeneca**, **Diageo**, **RELX**, **Experian**); individual stock disappointments (**ASOS**, **TP ICAP**).

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 Banking**), insurance (**Old Mutual** and **Prudential**) and energy (**Royal Dutch Shell**); attractively valued and currently out of favour Quality and Growth franchises, such as **AstraZeneca** (also for risk management reasons), **Unilever**, **Smith & Nephew**, **SSP**, **Trainline**, **Barr** and **FDTechnologies**; high scoring MoneyPenny recovery stocks such as **Capita**, **Serco**, **Severfield**, **XLMedia**, **Hiscox**, **Centrica** and **Indivior**; classic global cyclicals, in particular deflation plays that have corrected over the last few months (**Anglo American**, **Antofagasta**, **Hochschild Mining**, **Polymetal International**). We remain overweight and have been adding, on recent weakness, to stocks that would benefit from a post-social distancing world (**Restaurant**, **Whitbread**, **Rolls-Royce**, **International Consolidated Airlines**, **On The Beach**, **JET2**), and as we continue to roll-out (Sustainable)-PVT we are allocating increased capital to this area (**SIG**, **Gresham House**). And lastly, we continue to think about strategic value, especially at this time of increasing M&A activity, adding to **Playtech** and **Burberry**.

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 Electronics**, **Daily Mail**, **Stock Spirits**, **Nippo**, **Vectura**), and also stocks that were starting to discount a full PVT thesis such as **GEA** and **Helios Towers**. We have been reducing into relative strength (**Tremor International**, **accesso Technology**, **Resideo Technologies**, **Boku**, **Diageo**, **Naked Wines**, **Greggs**), 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 (**Hutchmed China** and **Next Fifteen**), and re-focusing capital towards higher conviction ideas (**Balfour Beatty**, **ABRDN**, **South32** and **4imprint**).

Outlook

Economies and company profits around the world continue to recover robustly, especially in nominal terms, and whilst monetary and fiscal policy is tightening it remains very supportive. However, in the short-term, investors are worried about a combination of issues: the latest wave of Covid-19, supply chain dislocations that are causing shortages and inflation, and more hawkish Central Banks. From my perspective this uncertainty has created another low point of the Value and Recovery cycle. This does not make sense to me - perhaps economic growth rates are peaking but absolute growth will still be strong; yes, Delta Covid-19 caused another wave of cases but fortunately the health consequences have been more modest than previous waves and we are all now learning to live with Covid-19; and meanwhile the world is clearly more inflationary than it has been for some time which in no way justifies a return to the low bond yield and deflationary consensus but nor does it support worries about permanently high inflation. We think we are close to peak fear regarding stagflation and its impact on consumer spending.

Importantly, recovery stocks are no more than one year into what would normally be at least a three-year positive cycle of profits recovering to pre-recession levels and beyond. But despite the early in the cycle nature of most value and recovery stocks, the market has decided that they already deserve to be de-rated; many are back towards nadir relative valuations (most recently UK consumer stocks); this is a great opportunity!

ES River and Mercantile UK Equity High Alpha Fund

Investment Manager's Review continued

Outlook continued

As we speak, we have a portfolio of recently de-rated companies (profits growing but share prices consolidating or falling), on modest absolute and very low relative valuations, where profits growth will be strong over the next few years as both profits recovery and top-line growth is delivered. Hopefully this should be an attractive combination, especially when there remain some very expensive assets out there.

River and Mercantile
23 November 2021
Investment Adviser to the Fund

Source: River and Mercantile Asset Management LLP

ES River and Mercantile UK Equity High Alpha Fund

Portfolio Statement as at 30 September 2021

Holding	Investment	Market Value £	% of Net Assets
UNITED KINGDOM (UK LISTED COMPANIES) – 93.21% (2021 – 92.08%)			
Automobiles & Components – 0.24% (2021 – 0.51%)			
12,418	Aston Martin Lagonda Global	237,867	0.24
Banks – 9.85% (2021 – 10.34%)			
1,096,219	Barclays	2,078,431	2.09
14,323	Close Brothers	221,290	0.22
507,720	HSBC	1,980,108	1.99
4,771,348	Lloyds Banking	2,221,540	2.23
14,310	Mortgage Advice Bureau*	162,418	0.16
577,399	NatWest	1,297,993	1.31
33,600	Secure Trust Bank	398,160	0.40
236,755	Standard Chartered	1,032,252	1.04
199,400	Virgin Money UK	407,574	0.41
Capital Goods – 8.05% (2021 – 7.72%)			
28,200	Bodycote	247,455	0.25
87,370	Chemring	278,710	0.28
325,400	Costain	184,827	0.19
29,900	Dialight	101,959	0.10
171,838	Flowtech Fluidpower*	232,841	0.23
161,400	Galliford Try	291,004	0.29
21,496	Genuit	149,397	0.15
18,430	IMI	305,938	0.31
10,700	Keller	101,864	0.10
244,088	Kier	292,418	0.29
336,582	Melrose Industries	585,653	0.59
89,842	Morgan Advanced Materials	323,431	0.33
80,308	Mpac*	441,694	0.44
62,336	Norcros	187,008	0.19
1,687,593	Renold*	421,898	0.42
517,446	Rolls-Royce	725,149	0.73
89,783	Rotork	313,163	0.32
340,000	SafeStyle UK*	181,560	0.18
116,490	Senior	200,479	0.20
195,200	Severfield	146,400	0.15
768,750	SIG	369,154	0.37
335,104	Speedy Hire	213,126	0.21
25,824	Travis Perkins	396,398	0.40
119,150	Trifast	169,193	0.17
54,398	Tyman	228,472	0.23
9,200	Vesuvius	44,896	0.05
115,504	Volex*	502,442	0.51
21,900	Weir	370,220	0.37

ES River and Mercantile UK Equity High Alpha Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
Commercial & Professional Services – 3.71% (2021 – 3.23%)			
56,571	Biffa	203,373	0.20
154,452	De La Rue	284,192	0.29
33,300	Hays	53,846	0.05
1,226,600	Inspired Energy*	218,335	0.22
131,840	Johnson Service*	198,287	0.20
91,800	Mind Gym*	169,830	0.17
69,640	Mitie	49,305	0.05
39,700	Pagegroup	246,537	0.25
89,450	Renewi	542,067	0.55
76,640	Ricardo	325,720	0.33
230,500	RPS	272,451	0.27
55,271	RWS*	346,273	0.35
233,540	Serco	312,943	0.31
36,317	Smart Metering Systems*	303,610	0.31
234,969	Staffline*	159,779	0.16
Consumer Durables & Apparel – 3.55% (2021 – 3.03%)			
6,594	Berkeley	287,564	0.29
25,776	Burberry	467,835	0.47
689,614	Coats	464,800	0.47
77,860	Crest Nicholson	298,048	0.30
126,924	DFS Furniture	328,733	0.33
72,000	Henry Boot	203,760	0.20
66,530	Joules*	135,721	0.13
256,400	Photo-Me International	155,891	0.16
262,740	Taylor Wimpey	409,349	0.41
270,030	Ted Baker	385,603	0.39
32,426	Vistry	396,084	0.40
Consumer Services – 6.22% (2021 – 5.26%)			
83,777	888	360,074	0.36
24,170	Carnival	406,539	0.41
41,740	Compass	635,909	0.64
20,690	Entain	440,697	0.44
2,500	Flutter Entertainment	367,000	0.37
5,640	Greggs	166,267	0.17
66,700	Gym	198,099	0.20
3,000	InterContinental Hotels	142,650	0.14
20,740	J D Wetherspoon	216,318	0.22
57,900	Marston's	46,899	0.05
104,330	On the Beach	399,584	0.40
119,905	Playtech	562,594	0.56
137,962	Rank	236,467	0.24
669,553	Restaurant	689,640	0.69
143,775	SSP	397,969	0.40
65,055	Trainline	228,343	0.23

ES River and Mercantile UK Equity High Alpha Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Consumer Services continued		
157,595	Tribal*	155,231	0.16
16,179	Whitbread	536,496	0.54
	Diversified Financials – 5.48% (2021 – 5.42%)		
16,920	3i	216,745	0.22
183,270	ADVFN*	128,289	0.13
38,200	Ashmore	130,109	0.13
84,344	Brewin Dolphin	321,351	0.32
274,600	Cenkos*	219,680	0.22
80,000	Fidelity China Special Situations	252,800	0.25
45,060	Gresham House*	405,540	0.41
21,323	Gresham House Strategic*	356,094	0.36
17,670	Hargreaves Lansdown	252,946	0.26
36,306	IG	292,082	0.29
266,509	International Personal Finance	368,315	0.37
100,140	IP	139,795	0.14
31,600	Man	64,559	0.07
1,185,040	Mercia Asset Management*	497,717	0.50
21,870	Polar Capital*	175,835	0.18
314,254	Premier Miton*	559,372	0.56
97,130	Provident Financial	324,803	0.33
3,100	Rathbone Brothers	62,465	0.06
333,600	Schroder UK Public Private	117,427	0.12
18,000	Temple Bar Investment Trust	190,800	0.19
232,902	TP ICAP	371,712	0.37
	Energy – 9.34% (2021 – 8.38%)		
882,879	BP	3,003,996	3.02
126,329	Cairn Energy	236,867	0.24
1,423,032	EnQuest	336,547	0.34
103,741	Harbour Energy	376,580	0.38
219,327	Hunting	494,583	0.50
557,690	JKX Oil & Gas	273,268	0.27
163,194	John Wood	375,509	0.38
213,179	Royal Dutch Shell	3,516,601	3.53
202,181	Serica Energy*	467,038	0.47
413,810	Tullow Oil	212,036	0.21
	Food & Staples Retailing – 1.00% (2021 – 0.88%)		
103,500	Cake Box*	343,620	0.35
18,374	Naked Wines*	127,332	0.13
12,700	Ocado	211,137	0.21
123,626	Tesco	313,145	0.31

ES River and Mercantile UK Equity High Alpha Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
Food, Beverage & Tobacco – 3.90% (2021 – 4.64%)			
20,297	Associated British Foods	377,423	0.38
43,400	Barr	224,378	0.23
4,487	Benchmark*	2,692	0.00
37,100	British American Tobacco	966,084	0.97
206,700	Devro	441,304	0.44
24,010	Diageo	865,681	0.87
172,200	Greencore	243,146	0.24
29,989	Imperial Brands	467,379	0.47
15,170	Nichols*	198,727	0.20
13,900	Tate & Lyle	96,132	0.10
Health Care Equipment & Services – 0.74% (2021 – 0.37%)			
54,770	ConvaTec	118,248	0.12
53,400	Mediclinic International	166,822	0.17
34,775	Smith & Nephew	447,554	0.45
Household & Personal Products – 2.76% (2021 – 3.60%)			
76,529	PZ Cussons	172,190	0.17
488,980	Science in Sport*	371,625	0.38
54,842	Unilever	2,196,422	2.21
Insurance – 3.54% (2021 – 3.69%)			
121,197	Aviva	479,819	0.48
12,800	Beazley	48,538	0.05
8,000	Lancashire	45,040	0.04
250,675	Legal & General	704,647	0.71
133,839	Prudential	1,946,688	1.96
84,050	Saga	295,856	0.30
Materials – 9.06% (2021 – 8.15%)			
76,367	Anglo American	2,002,725	2.01
44,500	Antofagasta	605,867	0.61
73,850	BHP	1,394,288	1.40
205,570	Breedon*	202,898	0.21
417,129	Carclo	130,561	0.13
205,440	Centamin	196,442	0.20
144,550	Central Asia Metals*	320,178	0.32
258,320	Elementis	384,897	0.39
129,288	Essentra	345,845	0.35
42,400	Fresnillo	331,314	0.33
6,600	Hill & Smith	119,856	0.12
227,240	Hochschild Mining	302,002	0.30
103,500	Ibstock	214,038	0.22
18,903	Johnson Matthey	507,356	0.51
32,770	Rio Tinto	1,610,154	1.62

ES River and Mercantile UK Equity High Alpha Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Materials continued		
8,500	Victrex	202,470	0.20
35,370	Zotefoams	135,467	0.14
	Media – 0.17% (2021 – 0.00%)		
885,104	Rangers International Football**	168,170	0.17
	Media & Entertainment – 4.86% (2021 – 4.84%)		
79,305	Ascential	325,150	0.33
31,210	Auto Trader	183,702	0.18
731,253	Centaur Media	358,314	0.36
819,546	Ebiquity*	458,946	0.46
149,202	Everyman Media*	205,899	0.21
219,635	Hyve	245,332	0.25
44,800	Informa	246,042	0.25
340,975	ITV	363,479	0.37
93,650	Kin & Carta	257,537	0.26
74,300	M&C Saatchi*	118,880	0.12
48,150	Pearson	342,732	0.34
161,500	Pebble*	250,325	0.25
203,559	Reach	711,439	0.71
21,700	Rightmove	148,298	0.15
27,120	WPP	271,200	0.27
821,100	XLMedia*	348,967	0.35
	Pharmaceuticals, Biotechnology & Life Sciences – 4.26% (2021 – 4.11%)		
27,640	AstraZeneca	2,475,439	2.49
80,980	GlaxoSmithKline	1,136,473	1.14
289,264	Indivior	623,653	0.63
	Real Estate – 2.06% (2021 – 2.52%)		
53,553	British Land	265,194	0.27
285,030	Capital & Counties Properties	473,435	0.48
641,870	Foxtons	320,935	0.32
68,287	Grainger	208,275	0.21
322,686	Purplebricks*	190,385	0.19
49,231	Shaftesbury	299,571	0.30
332,683	U & I	288,769	0.29
	Retailing – 4.74% (2021 – 4.82%)		
12,370	ASOS*	371,224	0.37
421,660	Card Factory	226,431	0.23
229,100	Currys	305,849	0.31
28,100	Halfords	85,424	0.09
1,900	Just Eat Takeaway.com	102,543	0.10

ES River and Mercantile UK Equity High Alpha Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Retailing continued		
53,050	Kingfisher	178,513	0.18
186,090	Marks & Spencer	341,475	0.34
84,500	Moneysupermarket.com	179,816	0.18
104,925	Moonpig	334,501	0.34
1,538,000	MySale*	115,350	0.12
2,400	Next	197,040	0.20
1,945,870	Pendragon	358,040	0.36
352,200	Smiths News	138,415	0.14
115,400	Superdry	302,348	0.30
220,900	Topps Tiles	151,537	0.15
517,560	ULS Technology*	380,924	0.38
18,580	WH Smith	318,182	0.32
180,390	Wickes	409,125	0.41
101,560	World	220,588	0.22
	Semiconductors & Semiconductor Equipment – 0.19% (2021 – 0.22%)		
407,684	IQE*	193,446	0.19
	Software & Services – 3.72% (2021 – 3.09%)		
31,200	accesso Technology*	283,920	0.29
160,021	Alfa Financial Software	291,238	0.29
100,631	Bango*	193,212	0.19
82,360	Blanco Technology*	224,019	0.23
21,200	Blue Prism*	243,588	0.25
903,595	Capita	460,472	0.46
504,950	Eckoh*	282,772	0.28
6,400	FD Technologies*	150,400	0.15
72,300	iomart*	156,168	0.16
86,380	Learning Technologies*	185,890	0.19
44,410	Micro Focus International	181,859	0.18
98,021	NCC	251,914	0.25
37,520	Network International	136,235	0.14
92,390	Sage	655,599	0.66
	Technology Hardware & Equipment – 1.41% (2021 – 2.20%)		
8,178	Oxford Instruments	186,458	0.19
128,438	Strix*	438,616	0.44
127,420	TT Electronics	330,655	0.33
266,150	Xaar	448,197	0.45
	Telecommunication Services – 1.21% (2021 – 2.10%)		
17,200	AdEPT Technology*	48,160	0.05
371,913	BT	594,317	0.60
494,555	Vodafone	560,331	0.56

ES River and Mercantile UK Equity High Alpha Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Transportation – 2.16% (2021 – 1.85%)		
71,145	easyJet	471,549	0.47
273,220	International Consolidated Airlines	487,643	0.49
22,534	James Fisher & Sons	193,567	0.20
28,340	JET2*	362,610	0.37
91,050	John Menzies	280,889	0.28
42,400	National Express	102,269	0.10
299,600	Stagecoach	252,863	0.25
	Utilities – 0.99% (2021 – 1.11%)		
733,629	Centrica	415,674	0.42
68,540	Drax	330,226	0.33
680,000	eEnergy*	105,400	0.10
1,085,904	OPG Power Ventures*	135,738	0.14
	OVERSEAS COMPANIES (UK LISTED COMPANIES) – 6.48% (2021 – 7.59%)		
	Australia – 0.00% (2021 – 0.60%)		
	Bermuda – 0.33% (2021 – 0.24%)		
34,110	Ocean Wilsons	330,867	0.33
	Cayman Islands – 0.00% (2021 – 0.12%)		
	Gibraltar – 0.00% (2021 – 0.47%)		
	India – 0.53% (2021 – 0.66%)		
16,070	RHI Magnesita	526,775	0.53
	Iraq – 0.00% (2021 – 0.09%)		
	Ireland – 0.76% (2021 – 1.11%)		
108,310	Bank of Ireland	472,358	0.48
8,100	CRH	282,690	0.28
	Mauritius – 0.28% (2021 – 0.24%)		
358,300	Capital	283,057	0.28
	Netherlands – 0.42% (2021 – 0.39%)		
515,721	DP Eurasia	412,577	0.42

ES River and Mercantile UK Equity High Alpha Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Russia – 0.29% (2021 – 0.00%)		
22,600	Polymetal International	284,308	0.29
	South Africa – 0.60% (2021 – 0.33%)		
729,031	Old Mutual	591,973	0.60
	Switzerland – 1.12% (2021 – 0.92%)		
317,463	Glencore	1,116,993	1.12
	United States of America – 2.15% (2021 – 2.42%)		
251,294	Boku*	490,023	0.49
14,400	Hiscox	120,902	0.12
209,873	Somero Enterprises*	1,091,340	1.10
64,828	Tremor International*	439,534	0.44
	OVERSEAS COMPANIES – 0.05% (2021 – 0.00%)		
	United States of America – 0.05% (2021 – 0.00%)		
2,705	Jackson Financial	52,040	0.05
	Portfolio of investments	99,205,739	99.74
	Net other assets	256,096	0.26
	Net assets	99,461,835	100.00

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

All investments are in ordinary shares unless otherwise stated.

99.69% 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

Statement of Total Return for the period ended 30 September 2021

	1 April 2021 to 30 September 2021		1 April 2020 to 30 September 2020	
	£	£	£	£
Income				
Net capital gains		6,297,421		5,695,016
Revenue	1,620,891		807,161	
Expenses	(246,259)		(207,679)	
Interest payable and similar charges	(242)		(1,228)	
Net revenue before taxation for the period	1,374,390		598,254	
Taxation	(8,279)		(8,183)	
Net revenue after taxation for the period		1,366,111		590,071
Total return before distributions		7,663,532		6,285,087
Distributions		(1,368,217)		(591,622)
Change in net assets attributable to Shareholders from investment activities		6,295,315		5,693,465

Statement of Change in Net Assets attributable to Shareholders for the period ended 30 September 2021

	1 April 2021 to 30 September 2021		1 April 2020 to 30 September 2020	
	£	£	£	£
Opening net assets attributable to Shareholders		99,409,096		57,744,948
Amounts received on creation of shares	4,542,339		35,513,874	
Amounts paid on cancellation of shares	(12,056,908)		(4,018,316)	
		(7,514,569)		31,495,558
Dilution adjustment		16,489		275,729
Change in net assets attributable to Shareholders from investment activities		6,295,315		5,693,465
Retained distributions on accumulation shares		1,255,504		843,712
Closing net assets attributable to Shareholders		99,461,835		96,053,412

The opening net assets attributable to shareholders for the current period do not equal the closing net assets attributable to shareholders for the comparative period as they are not consecutive periods.

ES River and Mercantile UK Equity High Alpha Fund

Balance Sheet as at 30 September 2021

	30 September 2021		31 March 2021	
	£	£	£	£
ASSETS				
Fixed assets				
Investments		99,205,739		99,083,204
Current assets				
Debtors	398,410		1,107,256	
Cash and bank balances	571,950		168,329	
Total other assets		970,360		1,275,585
Total assets		100,176,099		100,358,789
LIABILITIES				
Creditors				
Distribution payable	(90,187)		(22,362)	
Other creditors	(624,077)		(927,331)	
Total other liabilities		(714,264)		(949,693)
Total liabilities		(714,264)		(949,693)
Net assets attributable to Shareholders		99,461,835		99,409,096

ES River and Mercantile UK Equity High Alpha Fund

Fund Facts

Distribution information

A-Class Distribution shares

The distribution payable on 30 November 2021 is 2.4700p (2020: 0.4299p) per share for distribution shares.

B-Class Accumulation shares

The distribution payable on 30 November 2021 is 13.4311p (2020: 5.1841p) per share for accumulation shares.

Z-Class Accumulation shares

The distribution payable on 30 November 2021 is 25.3424p (2020: 11.4184p) per share for accumulation shares.

Performance records

Net asset values

	Net asset value of sub-fund £	Net asset value per share p	Shares in issue
31 March 2019			
A-Class Distribution shares	8,400,070	179.50	4,679,634
B-Class Accumulation shares	27,764,123	933.40	2,974,518
Z-Class Accumulation shares	49,630,708	1,312.32	3,781,907
31 March 2020			
A-Class Distribution shares	5,959,612	126.62	4,706,587
B-Class Accumulation shares	25,058,106	679.12	3,689,815
Z-Class Accumulation shares	26,727,230	961.91	2,778,563
31 March 2021			
A-Class Distribution shares	7,375,759	197.40	3,736,488
B-Class Accumulation shares	41,654,664	1,073.55	3,880,079
Z-Class Accumulation shares	50,378,673	1,531.87	3,288,698
30 September 2021			
A-Class Distribution shares	7,676,242	210.24	3,651,254
B-Class Accumulation shares	40,286,768	1,156.72	3,482,855
Z-Class Accumulation shares	51,498,825	1,656.81	3,108,304

Operating Charges

	30 September 2021
A-Class Distribution shares	0.90%
B-Class Accumulation shares	0.90%
Z-Class Accumulation shares	0.15%

The Operating Charges figure represents the annual operating expenses of the sub-fund expressed as a percentage of average net assets for the period. The Operating Charges figure has been calculated in accordance with the COLL sourcebook. The Operating Charges figure is inclusive of Annual Management Charges.

The Operating Charges figure is capped at a maximum of 0.15% above the annual management charge, with any costs above this amount absorbed by the Investment Manager.

The Annual Management Charge of the A-Class Distribution shares changed from 1.50% to 0.75% on 31 March 2021.

ES River and Mercantile UK Equity High Alpha Fund

Synthetic Risk Reward Indicator (SRRI)



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

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

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

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

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

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

During the period the ranking changed from 6 to 5.

Summary of Largest Portfolio Changes

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

Purchases	£	Sales	£
AstraZeneca	1,021,823	Unilever	1,410,726
Unilever	528,931	GlaxoSmithKline	970,398
Wickes	503,048	AstraZeneca	629,385
Anglo American	474,983	South32	596,076
Smith & Nephew	368,644	Diageo	584,103
Antofagasta	357,264	Meggitt	499,766
Polymetal International	342,530	HSBC	478,871
Deliveroo	306,775	BP	449,010
Rio Tinto	298,267	Lloyds Banking	359,499
Hochschild Mining	297,902	Vesuvius	349,869

ES River and Mercantile UK Equity Smaller Companies Fund

Investment Objective

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

Investment Policy

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

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

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

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

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

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

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

ES River and Mercantile UK Equity Smaller Companies Fund

Investment Manager's Review

Investment Review

The ES River and Mercantile UK Equity Smaller Companies Fund (B share class) returned 15.4% over the 6 months to 30 September 2021, compared with the Numis Smaller Companies (ex. Investment Companies) + AIM index which returned 9.1%.

The fund had performed very strongly in absolute terms during the previous 12 months, as a powerful recovery in UK smaller companies ensued coming out of the pandemic crisis. It was satisfying to continue to deliver strong relative performance in this subsequent period. Positive stock selection in a number of sectors contributed to the fund's performance. In particular industrials and materials stocks did well as well as growth stocks in the tech and healthcare sectors. We saw some relative weakness in a number of our 're-opening' consumer stocks as cost inflation began to bite.

At a stock level, it was the media companies who have transitioned and are continuing to transition their consumer publishing businesses successfully to the digital world that led our outperformance. **Future** delivered another stellar set of results during the period beating expectations. We believe forecasts continue to be conservative as they deliver growth in their digital ads and e-commerce businesses, not to mention integrating the new GoCo (GoCompare) acquisition. Meanwhile **Reach** (owner of the Daily Mirror) is also successfully migrating online, with better monetisation of its huge viewership driving growth in online ads. Industrial sustainable leaders **Strix** and **Biffa** again performed well through the period as did a number of our niche financial market leaders **Liontrust Asset Management**, **Alpha FX** and **Alpha Financial Markets Consulting**. Finally healthcare stocks **Allergy Therapeutics** and **EMIS** continued to provide useful contributions. Offsetting some of the outperformance were **DFS Furniture**, **Halfords**, **Moonpig** and **Restaurant** whose shares all suffered as strong oil prices and still rising Covid-19 cases dented confidence in the propensity for consumers to spend.

In a relatively quieter period for adding new ideas to the portfolio, we made two new purchases and completed one exit. **Elementis** is a specialty chemicals producer focused on products in the coatings and personal care markets. Strong recovery potential is underpinned by an operationally and financially geared business model with leading positions in niche markets. **Centamin** is a gold mining stock we have owned previously which we had chosen to exit 12 months ago as a range of production issues hit the company at their main Sukari mine in Egypt. Following a period of share price underperformance and another period when the management team have been able to get back on the front foot, re-accelerating production at their world-class low cost gold deposit, we have re-established a holding in the company. Production forecasts are now conservatively set, gold price forecasts are also conservatively modelled and the stock is trading on a significant discount valuation versus history and the peer group. The company retains a strong net cash balance sheet and pays a 6% dividend yield while we now patiently wait for growth to re-accelerate. We exited a small position in **Clinigen** – with the departure of the CFO and following several profits warnings we elected to move on.

Market Overview

During the six-month period, UK smaller companies again performed well, delivering 9% growth ahead of large caps +8% despite underperforming in September. For most of the period the powerful policy and vaccination induced rally in cyclicals, as inflation expectations rose, paused for breath and some higher quality growth stocks, as described above earlier, once again delivered strong returns. Towards the end of the period the oil price took off and the now well-documented supply constraints in significant areas of the economy, not least power, fuel and food created new economic headwinds and some volatility for us to protect against and indeed take advantage of.

Outlook

Share prices have moved a long way from the lows of just over 12 months ago and high valuations in the context of history for many (but certainly not all) assets suggest we should continue to be prepared for volatility as markets try to price the baton change from mid-cycle reflationary conditions to what comes next.

ES River and Mercantile UK Equity Smaller Companies Fund

Investment Manager's Review continued

Outlook continued

In this context, we think the UK market remains relatively cheap despite the Year to date rally. Valuation dispersion gaps, while closing, remain higher than in other regions on our preferred composite measure. This provides an attractive environment to blend our Growth, Quality, Recovery and Asset-backed categories. We are encouraged by the modest growth expectations in smaller companies providing scope for relative earnings beats in the coming months. We are buying high quality undervalued small cap stocks, where we believe growth will be stronger and more sustainable than the market believes.

River and Mercantile
23 November 2021
Investment Adviser to the Fund

Source: River and Mercantile Asset Management LLP

ES River and Mercantile UK Equity Smaller Companies Fund

Portfolio Statement as at 30 September 2021

Holding	Investment	Market Value £	% of Net Assets
UNITED KINGDOM (UK LISTED COMPANIES) – 85.35% (2021 – 84.51%)			
Banks – 2.52% (2021 – 2.31%)			
2,300,000	LendInvest*	4,922,000	0.76
2,300,040	OSB	11,500,200	1.76
Capital Goods – 9.65% (2021 – 11.67%)			
3,500,000	Chemring	11,165,000	1.72
959,081	Genuit	6,665,613	1.02
3,000,000	QinetiQ	9,720,000	1.49
6,877,033	Speedy Hire	4,373,793	0.67
2,250,000	Tyman	9,450,000	1.45
275,000	Ultra Electronics	8,893,500	1.37
2,560,643	Volution	12,598,364	1.93
Commercial & Professional Services – 12.51% (2021 – 6.88%)			
3,300,000	Alpha Financial Markets Consulting*	11,352,000	1.74
5,591,469	Begbies Traynor*	7,604,398	1.17
3,300,000	Biffa	11,863,500	1.82
3,495,981	Johnson Service*	5,257,956	0.81
1,450,000	JTC	10,773,500	1.65
909,000	Keystone Law*	7,453,800	1.14
7,500,000	Serco	10,050,000	1.54
2,053,617	Smart Metering Systems*	17,168,238	2.64
Consumer Durables & Apparel – 4.85% (2021 – 4.90%)			
1,036,470	Countryside Properties	5,234,173	0.80
3,500,000	DFS Furniture	9,065,000	1.39
1,000,000	IG Design*	4,800,000	0.74
2,125,348	Joules*	4,335,710	0.66
4,092,740	Photo-Me International	2,488,386	0.38
4,000,000	Ted Baker	5,712,000	0.88
Consumer Services – 4.69% (2021 – 3.20%)			
2,300,000	888	9,885,400	1.52
2,753,894	Hollywood Bowl	6,678,193	1.02
2,121,020	On the Beach	8,123,507	1.25
5,703,845	Restaurant	5,874,960	0.90
Diversified Financials – 5.65% (2021 – 4.51%)			
650,000	Alpha FX*	12,870,000	1.97
450,609	Liontrust Asset Management	9,575,441	1.47
3,362,818	Premier Miton*	5,985,816	0.92
3,000,230	River & Mercantile UK Micro Cap Investment**	8,400,644	1.29

ES River and Mercantile UK Equity Smaller Companies Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Energy – 2.62% (2021 – 2.40%)		
14,113,333	Diversified Energy	16,710,186	2.56
3,928,151	SDX Energy*	384,959	0.06
	Health Care Equipment & Services – 3.02% (2021 – 2.61%)		
1,050,000	CareTech*	6,730,500	1.03
925,000	EMIS*	12,968,500	1.99
	Household & Personal Products – 0.34% (2021 – 0.60%)		
4,330,000	Venture Life*	2,208,300	0.34
	Insurance – 1.43% (2021 – 2.21%)		
525,000	Lancashire	2,955,750	0.45
2,900,000	Sabre Insurance	6,351,000	0.98
	Materials – 5.80% (2021 – 4.91%)		
1,472,002	Centamin	1,407,528	0.22
4,300,000	Elementis	6,407,000	0.98
1,250,000	Essentra	3,343,750	0.51
775,000	Forterra	2,150,625	0.33
1,389,907	Hochschild Mining	1,847,186	0.28
12,000,000	Pan African Resources*	1,876,800	0.29
3,437,743	Serabi Gold*	2,303,288	0.35
38,818,582	Shanta Gold*	4,852,323	0.75
8,235,294	SigmaRoc*	8,647,059	1.33
1,000,000	Synthomer	4,976,000	0.76
	Media & Entertainment – 7.77% (2021 – 8.52%)		
360,000	Future	13,284,000	2.04
6,650,000	Pebble*	10,307,500	1.58
1,900,000	Reach	6,640,500	1.02
1,965,000	Sumo*	9,530,250	1.46
1,450,800	Team17*	10,881,000	1.67
	Pharmaceuticals, Biotechnology & Life Sciences – 4.08% (2021 – 2.60%)		
15,320,000	Allergy Therapeutics*	5,668,400	0.87
11,000,000	Alliance Pharma*	11,418,000	1.75
4,419,355	Indivior	9,528,129	1.46
	Real Estate – 4.00% (2021 – 5.02%)		
2,650,000	Capital & Counties Properties	4,401,650	0.68
12,000,000	Supermarket Income Reit	13,980,000	2.14
3,400,000	Watkin Jones*	7,684,000	1.18

ES River and Mercantile UK Equity Smaller Companies Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Retailing – 4.39% (2021 – 6.27%)		
2,950,000	Halfords	8,968,000	1.38
3,300,000	Moonpig	10,520,400	1.61
8,500,000	Vivo Energy	9,095,000	1.40
	Software & Services – 4.14% (2021 – 4.26%)		
984,200	Aptitude Software	6,712,244	1.03
2,300,000	Bytes Technology	11,661,000	1.79
4,000,000	Learning Technologies*	8,608,000	1.32
	Technology Hardware & Equipment – 3.92% (2021 – 7.72%)		
4,002,962	Spirent Communications	11,192,282	1.72
4,200,000	Strix*	14,343,000	2.20
	Telecommunication Services – 2.82% (2021 – 2.91%)		
640,000	Gamma Communications*	11,686,400	1.79
3,700,000	Helios Towers	6,689,600	1.03
	Utilities – 1.15% (2021 – 1.01%)		
1,550,000	Drax	7,467,900	1.15
	OVERSEAS COMPANIES (UK LISTED COMPANIES) – 6.94% (2021 – 8.92%)		
	Bermuda – 0.91% (2021 – 0.67%)		
1,250,000	Conduit	5,925,000	0.91
	Gibraltar – 0.00% (2021 – 0.60%)		
	Mauritius – 0.67% (2021 – 0.47%)		
5,531,310	Capital	4,369,735	0.67
	United States of America – 5.36% (2021 – 7.18%)		
4,422,995	Boku*	8,624,840	1.32
1,730,177	MaxCyte*	15,398,575	2.36
576,490	Somero Enterprises*	2,997,748	0.46
3,300,000	Tinybuild*	7,920,000	1.22
	Portfolio of investments	601,464,999	92.29
	Net other assets	50,257,671	7.71
	Net assets	651,722,670	100.00

ES River and Mercantile UK Equity Smaller Companies 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.

92.29% 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

Statement of Total Return for the period ended 30 September 2021

	1 April 2021 to 30 September 2021		1 April 2020 to 30 September 2020	
	£	£	£	£
Income				
Net capital gains		61,593,079		74,272,009
Revenue	6,546,350		3,385,643	
Expenses	(2,304,915)		(1,335,840)	
Interest payable and similar charges	(252)		—	
Net revenue before taxation for the period	4,241,183		2,049,803	
Taxation	(101,431)		(36,831)	
Net revenue after taxation for the period		4,139,752		2,012,972
Total return before distributions		65,732,831		76,284,981
Distributions		(4,096,520)		(2,024,478)
Change in net assets attributable to Shareholders from investment activities		61,636,311		74,260,503

Statement of Change in Net Assets attributable to Shareholders for the period ended 30 September 2021

	1 April 2021 to 30 September 2021		1 April 2020 to 30 September 2020	
	£	£	£	£
Opening net assets attributable to Shareholders		396,415,369		282,309,963
Amounts received on creation of shares	206,196,401		7,492,373	
Amounts paid on cancellation of shares	(15,337,945)		(66,092,509)	
		190,858,456		(58,600,136)
Dilution adjustment		281,969		351,207
Change in net assets attributable to Shareholders from investment activities		61,636,311		74,260,503
Retained distributions on accumulation shares		2,530,565		650,910
Unclaimed distributions over 6 years old		—		12
Closing net assets attributable to Shareholders		651,722,670		298,972,459

The opening net assets attributable to shareholders for the current period do not equal the closing net assets attributable to shareholders for the comparative period as they are not consecutive periods.

ES River and Mercantile UK Equity Smaller Companies Fund

Balance Sheet as at 30 September 2021

	30 September 2021		31 March 2021	
	£	£	£	£
ASSETS				
Fixed assets				
Investments		601,464,999		370,387,181
Current assets				
Debtors	9,255,126		790,941	
Cash and bank balances	53,415,220		29,870,967	
Total other assets		62,670,346		30,661,908
Total assets		664,135,345		401,049,089
LIABILITIES				
Creditors				
Distribution payable	(2,359,003)		(402,192)	
Other creditors	(10,053,672)		(4,231,528)	
Total other liabilities		(12,412,675)		(4,633,720)
Total liabilities		(12,412,675)		(4,633,720)
Net assets attributable to Shareholders		651,722,670		396,415,369

ES River and Mercantile UK Equity Smaller Companies Fund

Fund Facts

Distribution information

A-Class Distribution shares

The distribution payable on 30 November 2021 is 0.0000p (2020: 0.9761p) per share for distribution shares.

B-Class Accumulation shares

The distribution payable on 30 November 2021 is 24.9013p (2020: 13.9697p) per share for accumulation shares.

B-Class Distribution shares

The distribution payable on 30 November 2021 is 5.6851p (2020: 3.2427p) per share for distribution shares.

S-Class Accumulation shares

The distribution payable on 30 November 2021 is 1.7067p (2020: 0.0000p) per share for accumulation shares.

S-Class Distribution shares

The distribution payable on 30 November 2021 is 3.5288p (2020: 2.0505p) per share for distribution shares.

Performance records

Net asset values

	Net asset value of sub-fund £	Net asset value per share p	Shares in issue
31 March 2019			
A-Class Distribution shares	31,113,779	314.49	9,893,308
B-Class Accumulation shares	263,194,154	1,952.68	13,478,635
B-Class Distribution shares	188,117,107	458.45	41,033,704
31 March 2020			
A-Class Distribution shares	20,715,897	276.22	7,499,869
B-Class Accumulation shares	112,675,947	1,745.02	6,457,017
B-Class Distribution shares	111,775,030	402.43	27,774,995
S-Class Distribution shares	37,143,089	214.62	17,306,050
31 March 2021			
A-Class Distribution shares	30,121,740	456.37	6,600,335
B-Class Accumulation shares	140,146,245	2,912.44	4,811,982
B-Class Distribution shares	184,371,477	666.48	27,663,576
S-Class Distribution shares	41,775,907	355.50	11,751,185
30 September 2021			
B-Class Accumulation shares	302,387,936	3,330.40	9,079,620
B-Class Distribution shares	261,100,502	756.42	34,517,727
S-Class Accumulation shares	42,881,922	271.43	15,798,383
S-Class Distribution shares	45,352,310	403.50	11,239,641

The S-Class Distribution shares were launched on 2 May 2019.

The S-Class Accumulation shares were launched on 19 April 2021.

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

ES River and Mercantile UK Equity Smaller Companies Fund

Fund Facts continued

Operating Charges

30 September 2021

B-Class Accumulation shares	0.83%
B-Class Distribution shares	0.83%
S-Class Accumulation shares	0.58%
S-Class Distribution shares	0.58%

The Operating Charges figure represents the annual operating expenses of the sub-fund expressed as a percentage of average net assets for the period. The Operating Charges figure has been calculated in accordance with the COLL sourcebook. The Operating Charges figure is inclusive of Annual Management Charges.

The Operating Charges figure is capped at a maximum of 0.20% above the annual management charge, with any costs above this amount absorbed by the Investment Manager.

ES River and Mercantile UK Equity Smaller Companies Fund

Synthetic Risk Reward Indicator (SRRI)



Typically Lower Rewards

Typically Higher Rewards



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

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

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

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

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

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

During the period the ranking changed from 6 to 5.

Summary of Largest Portfolio Changes

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

Purchases	£	Sales	£
Moonpig	10,246,212	Sigma Capital	7,912,215
Serco	7,318,337	Vesuvius	7,021,412
SigmaRoc	7,071,445	Reach	6,360,127
888	6,858,955	Clinigen	4,437,143
Diversified Energy	6,781,984	Genuit	4,107,382
Elementis	6,589,378	Future	2,637,118
Indivior	6,484,981	Learning Technologies	2,628,896
Alpha FX	6,393,082	Halfords	1,841,280
Alpha Financial Markets Consulting	5,841,864	River & Mercantile UK Micro Cap Investment	1,769,747
Clinigen	5,837,422	Smart Metering Systems	1,717,696

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 5.4% return, which compares to the benchmark's 7.9%.

Among our key contributors, defence company **Chemring's** valuation has positively re-rated as the business has executed well and investors become more aware of the Roke cyber division. This is a key growth driver and a crown jewel asset. The valuation was also supported by bid activity in the UK aerospace and defence sector, including for one of our holdings, **Meggitt**. UK building materials company **Genuit** (formerly Polypipe) and global real estate services business **Savills** both delivered profits materially ahead of analyst expectations, which led to forecast upgrades and an increase in the valuation. **Moonpig** and **DFS Furniture** fell despite also delivering strong numbers and upgrades to consensus forecasts, as market participants generally became more wary of businesses exposed to UK consumer spending. **TP ICAP** had disappointing results which caused the shares to de-rate even from a depressed starting level and insurer **Lancashire** has suffered from a severe natural catastrophe year which will deliver losses in key specialty insurance markets.

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). We do not believe this is reflected in the valuation today. Purchases were also made of language services provider **RWS**, food ingredients company **Tate & Lyle**, and a smaller position in recovering events business **Hyve**. Sales were primarily mature private 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, which we see as fair value for control and so sold. 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.

Outlook

For anybody living in the UK, queues in September at petrol stations and forecourts running out of fuel have provided palpable evidence of supply chain challenges starting to bite. Disruptions like this will naturally have an impact on near-term economic growth. With other calls on household income such as energy costs also rapidly increasing, there are fears that what had looked like a healthy reflationary environment earlier in the year could rapidly morph into a negative 'stagflationary' one. The situation is fast moving, and it is equally feasible the challenges we are experiencing today will look less daunting in a matter of months or quarters. Much will depend on how supply chains re-align themselves as Asian economies re-open more substantially from Covid-19 lockdowns. We are broadly optimistic about medium-term economic growth prospects taking into account the still early stage of recovery and evidence of strong demand from consumers (backed by strong savings ratios) and businesses alike.

We are, first and foremost, bottom-up stock pickers selecting each security on its own individual merit. However, we absolutely try to do this without operating in a vacuum from the macro environment. Particularly at times like these, there is a balance between staying 'nimble' and maintaining a longer-term time analytical horizon to support conviction in each company's investment case. While the stock market overall will likely have to digest several profit warnings for the current year, we think that our holdings have typically been conservative in the way they set their full year guidance following a strong first six months which provides a cushion for more disappointing second half trading. We believe that the current portfolio has an attractive blend of companies with self-help opportunities, cyclical recovery, structural growth or 'steady Eddie' defensive qualities within it. If this sounds like a similar refrain, it should. We aim to create a balanced portfolio which can deliver performance in a range of market environments.

River and Mercantile
23 November 2021
Investment Adviser to the Fund

Source: River and Mercantile Asset Management LLP

ES River and Mercantile UK Dynamic Equity Fund

Portfolio Statement as at 30 September 2021

Holding	Investment	Market Value £	% of Net Assets
UNITED KINGDOM (UK LISTED COMPANIES) – 90.95% (2021 – 86.64%)			
Banks – 7.53% (2021 – 6.58%)			
1,085,000	Barclays	2,057,160	2.53
1,250,000	NatWest	2,810,000	3.46
250,000	OSB	1,250,000	1.54
Capital Goods – 13.19% (2021 – 11.92%)			
210,000	BAE Systems	1,186,920	1.46
870,000	Chemring	2,775,300	3.41
190,000	Electrocomponents	2,048,200	2.52
75,000	IMI	1,245,000	1.53
1,250,000	Speedy Hire	795,000	0.98
375,000	Tyman	1,575,000	1.94
65,000	Weir	1,098,825	1.35
Commercial & Professional Services – 4.45% (2021 – 2.92%)			
29,000	Intertek	1,442,750	1.78
160,000	RWS*	1,002,400	1.23
140,000	Smart Metering Systems*	1,170,400	1.44
Consumer Durables & Apparel – 4.18% (2021 – 4.40%)			
900,000	DFS Furniture	2,331,000	2.87
40,000	Persimmon	1,066,800	1.31
Consumer Services – 6.82% (2021 – 2.97%)			
750,000	888	3,223,500	3.97
70,000	Whitbread	2,321,200	2.85
Diversified Financials – 1.08% (2021 – 1.20%)			
550,000	TP ICAP	877,800	1.08
Energy – 5.11% (2021 – 3.85%)			
500,000	Cairn Energy	937,500	1.15
195,000	Royal Dutch Shell	3,216,720	3.96
Food & Staples Retailing – 2.18% (2021 – 1.70%)			
700,000	Tesco	1,773,100	2.18
Food, Beverage & Tobacco – 1.53% (2021 – 0.00%)			
180,000	Tate & Lyle	1,244,880	1.53

ES River and Mercantile UK Dynamic Equity Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Health Care Equipment & Services – 3.92% (2021 – 4.40%)		
850,000	ConvaTec	1,835,150	2.26
105,000	Smith & Nephew	1,351,350	1.66
	Household & Personal Products – 4.12% (2021 – 5.61%)		
30,000	Reckitt Benckiser	1,749,000	2.15
40,000	Unilever	1,602,000	1.97
	Insurance – 5.63% (2021 – 6.34%)		
270,000	Lancashire	1,520,100	1.87
150,000	Prudential	2,181,750	2.68
400,000	Sabre Insurance	876,000	1.08
	Materials – 8.24% (2021 – 9.68%)		
102,000	Anglo American	2,674,950	3.29
350,000	Essentra	936,250	1.15
125,000	Mondi	2,286,250	2.82
160,000	Synthomer	796,160	0.98
	Media & Entertainment – 6.49% (2021 – 2.05%)		
350,000	Auto Trader	2,060,100	2.53
550,000	Hyve	614,350	0.76
260,000	WPP	2,600,000	3.20
	Pharmaceuticals, Biotechnology & Life Sciences – 3.97% (2021 – 0.00%)		
36,000	AstraZeneca	3,224,160	3.97
	Real Estate – 4.26% (2021 – 6.11%)		
700,000	Capital & Counties Properties	1,162,700	1.43
1,100,000	Supermarket Income Reit	1,281,500	1.58
450,000	Watkin Jones*	1,017,000	1.25
	Retailing – 2.35% (2021 – 2.46%)		
140,000	B&M European Value Retail	826,560	1.02
340,000	Moonpig	1,083,920	1.33
	Software & Services – 1.90% (2021 – 2.12%)		
43,000	AVEVA	1,547,570	1.90
	Technology Hardware & Equipment – 2.98% (2021 – 8.33%)		
25,000	Spectris	967,750	1.19
520,000	Spirent Communications	1,453,920	1.79

ES River and Mercantile UK Dynamic Equity Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Telecommunication Services – 1.02% (2021 – 4.00%)		
460,000	Helios Towers	831,680	1.02
	OVERSEAS COMPANIES (UK LISTED COMPANIES) – 4.45% (2021 – 8.18%)		
	Bermuda – 1.75% (2021 – 1.43%)		
300,000	Conduit	1,422,000	1.75
	Gibraltar – 0.00% (2021 – 3.67%)		
	Ireland – 1.46% (2021 – 1.68%)		
34,000	CRH	1,186,600	1.46
	Russia – 1.24% (2021 – 1.40%)		
80,000	Polymetal International	1,006,400	1.24
	OVERSEAS COMPANIES – 4.63% (2021 – 4.57%)		
	Canada – 1.60% (2021 – 1.73%)		
97,000	Barrick Gold	1,298,141	1.60
	France – 3.03% (2021 – 2.84%)		
34,500	Sanofi	2,463,587	3.03
	FORWARD CURRENCY CONTRACTS – (0.03%) (2021 – (0.01%))		
£689,498	Forward Currency Contract 15/12/2021: UK sterling 689,498 vs Canadian dollar 1,208,000	(17,595)	(0.02)
£1,122,406	Forward Currency Contract 15/12/2021: UK sterling 1,122,406 vs Euro 1,313,000	(7,781)	(0.01)
	Portfolio of investments**	81,280,977	100.00
	Net other assets	1,430	0.00
	Net assets	81,282,407	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.

95.40% 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

Statement of Total Return for the period ended 30 September 2021

	1 April 2021 to 30 September 2021		1 April 2020 to 30 September 2020	
	£	£	£	£
Income				
Net capital gains		3,262,908		6,201,474
Revenue	1,552,608		882,483	
Expenses	(381,705)		(270,357)	
Interest payable and similar charges	(4)		—	
Net revenue before taxation for the period	1,170,899		612,126	
Taxation	(25,303)		(13,684)	
Net revenue after taxation for the period		1,145,596		598,442
Total return before distributions		4,408,504		6,799,916
Distributions		(1,149,165)		(602,472)
Change in net assets attributable to Shareholders from investment activities		3,259,339		6,197,444

Statement of Change in Net Assets attributable to Shareholders for the period ended 30 September 2021

	1 April 2021 to 30 September 2021		1 April 2020 to 30 September 2020	
	£	£	£	£
Opening net assets attributable to Shareholders		80,835,539		51,307,737
Amounts received on creation of shares	853,472		1,078,729	
Amounts paid on cancellation of shares	(4,729,297)		(5,192,748)	
		(3,875,825)		(4,114,019)
Dilution adjustment		984		7,080
Change in net assets attributable to Shareholders from investment activities		3,259,339		6,197,444
Retained distributions on accumulation shares		1,062,370		552,447
Closing net assets attributable to Shareholders		81,282,407		53,950,689

The opening net assets attributable to shareholders for the current period do not equal the closing net assets attributable to shareholders for the comparative period as they are not consecutive periods.

ES River and Mercantile UK Dynamic Equity Fund

Balance Sheet as at 30 September 2021

	30 September 2021		31 March 2021	
	£	£	£	£
ASSETS				
Fixed assets				
Investments		81,306,353		80,347,442
Current assets				
Debtors	581,369		1,841,574	
Cash and bank balances	447,134		136,373	
Total other assets		1,028,503		1,977,947
Total assets		82,334,856		82,325,389
LIABILITIES				
Investment liabilities		(25,376)		(9,741)
Creditors				
Distribution payable	(56,017)		(14,312)	
Other creditors	(971,056)		(1,465,797)	
Total other liabilities		(1,027,073)		(1,480,109)
Total liabilities		(1,052,449)		(1,489,850)
Net assets attributable to Shareholders		81,282,407		80,835,539

ES River and Mercantile UK Dynamic Equity Fund

Fund Facts

Distribution information

A-Class Distribution shares

The distribution payable on 30 November 2021 is 2.3608p (2020: 0.9850p) per share for distribution shares.

B-Class Accumulation shares

The distribution payable on 30 November 2021 is 7.6868p (2020: 4.8101p) per share for accumulation shares.

S-Class Accumulation shares

The distribution payable on 30 November 2021 is 4.0140p (2020: 2.5280p) per share for accumulation shares.

Z-Class Accumulation shares

The distribution payable on 30 November 2021 is 23.4225p (2020: 15.3309p) per share for accumulation shares.

Performance records

Net asset values

	Net asset value of sub-fund £	Net asset value per share p	Shares in issue
31 March 2019			
A-Class Distribution shares	5,524,176	153.19	3,606,027
B-Class Accumulation shares	72,943,341	477.31	15,282,330
Z-Class Accumulation shares	2,799,888	1,121.76	249,597
31 March 2020			
A-Class Distribution shares	3,245,126	122.21	2,655,455
B-Class Accumulation shares	47,131,241	390.80	12,060,335
S-Class Accumulation shares	3,704	185.21	2,000
Z-Class Accumulation shares	927,666	925.48	100,236
31 March 2021			
A-Class Distribution shares	4,086,642	163.39	2,501,114
B-Class Accumulation shares	75,724,500	532.14	14,230,237
S-Class Accumulation shares	5,057	252.84	2,000
Z-Class Accumulation shares	1,019,340	1,269.68	80,283
30 September 2021			
A-Class Distribution shares	4,031,478	169.91	2,372,772
B-Class Accumulation shares	76,184,148	561.04	13,579,043
S-Class Accumulation shares	5,339	266.93	2,000
Z-Class Accumulation shares	1,061,442	1,343.64	78,998

S-Class Accumulation share class launched 6 January 2020.

Operating Charges

	30 September 2021
A-Class Distribution shares	0.93%
B-Class Accumulation shares	0.93%
S-Class Accumulation shares	0.65%
Z-Class Accumulation shares	0.18%

ES River and Mercantile UK Dynamic Equity Fund

Fund Facts continued

The Operating Charges figure represents the annual operating expenses of the sub-fund expressed as a percentage of average net assets for the period. The Operating Charges figure has been calculated in accordance with the COLL sourcebook. The Operating Charges figure is inclusive of Annual Management Charges.

The Operating Charges figure is capped at a maximum of 0.18% above the annual management charge, with any costs above this amount absorbed by the Investment Manager.

The Annual Management Charge of the A-Class Distribution shares changed from 1.50% to 0.75% on 31 March 2021.

ES River and Mercantile UK Dynamic Equity Fund

Synthetic Risk Reward Indicator (SRRI)



Typically Lower Rewards

Typically Higher Rewards



Please note, with the exception of the S-Class Accumulation shares which are category 6, the category stated above is the same for each class of share within the sub-fund.

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

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

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

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

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

During the period the ranking changed from 6 to 5.

Summary of Largest Portfolio Changes

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

Purchases	£	Sales	£
AstraZeneca	2,888,190	Savills	1,919,785
Auto Trader	2,250,565	Unilever	1,780,475
Tate & Lyle	1,313,234	Genuit	1,773,134
WPP	1,222,822	Meggitt	1,612,374
RWS	986,649	Strix	1,560,598
Royal Dutch Shell	858,225	Vodafone	1,465,472
Natwest	827,954	RELX	1,264,876
Weir	759,272	Central Asia Metals	916,223
Hyve	693,824	Helios Towers	857,206
Reckitt Benckiser	688,180	ConvaTec	815,971

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 6.6% over the 6 months to 30 September 2021, compared to the MSCI United Kingdom IMI return of 7.9%.

Positive contributors during the past 6 months: Energy and Financials performed strongly, especially towards the end of the last quarter (**Serica Energy** and **JKX Oil & Gas**, more than offsetting the inevitable **Royal Dutch Shell** underweight); Smaller Companies (**Somero Enterprises**, **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**); large cap Growth and Quality strong (**AstraZeneca**, **Diageo**, **Experian**, **RELX**); Value factor unsupportive; individual stock disappointments (**ASOS**).

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 Banking**), insurance (**Old Mutual** and **Prudential**) and energy (**Royal Dutch Shell**); attractively valued and currently out of favour Quality and Growth franchises, such as **AstraZeneca** (also for risk management reasons), **Unilever**, **Smith & Nephew**, **SSP**, **Trainline**, **Barr** and **FD Technologies**; high scoring MoneyPenny recovery stocks such as **Capita**, **Serco**, **Severfield**, **XLMedia**, **Hiscox**, **Centrica** and **Indivior**; and classic global cyclical that have corrected over the last few months (**Anglo American**, **Antofagasta**, **Hochschild Mining**, **Polymetal International**). We remain overweight and have been adding, on recent weakness, to stocks that would benefit from a post-social distancing world (**Restaurant**, **Whitbread**, **Rolls-Royce**, **International Consolidated Airlines**, **On The Beach**, **JET2**), and as we continue to roll-out (Sustainable)-PVT we are allocating increased capital to this area, (**SIG**, **Gresham House**). Lastly, we continue to think about strategic value, especially at this time of increasing M&A activity, adding to **Playtech** and **Burberry**.

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 Electronics**, **Daily Mail**, **Charles Stanley**, **Vectura**) and stocks that were starting to discount a full PVT thesis, such as **Hutchmed China** and **Helios Towers**. We have been reducing into relative strength (**Tremor International**, **accesso Technology**, **Greggs**, **Boku**, **Diageo**, **Naked Wines**), 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 (**Gamma Communications** and **Next Fifteen**) and re-focusing capital towards higher conviction ideas (**Balfour Beatty**, **ABRDN**, **South32**).

Outlook

Economies and company profits around the world continue to recover robustly, especially in nominal terms, and whilst monetary and fiscal policy is tightening it remains very supportive. However, in the short-term, investors are worried about a combination of issues: the latest wave of Covid-19, supply chain dislocations that are causing shortages and inflation, and more hawkish Central Banks. From my perspective this uncertainty has created another low point of the Value and Recovery cycle. This does not make sense to me - perhaps economic growth rates are peaking but absolute growth will still be strong; yes, Delta Covid-19 caused another wave of cases but fortunately the health consequences have been more modest than previous waves and we are all now learning to live with Covid-19; and meanwhile the world is clearly more inflationary than it has been for some time which in no way justifies a return to the low bond yield and deflationary consensus but nor does it support worries about permanently high inflation. We think we are close to peak fear regarding stagflation and its impact on consumer spending.

Importantly, recovery stocks are no more than one year into what would normally be at least a three-year positive cycle of profits recovering to pre-recession levels and beyond. But despite the early in the cycle nature of most value and recovery stocks, the market has decided that they already deserve to be de-rated; many are back towards nadir relative valuations (most recently UK consumer stocks); this is a great opportunity!

ES River and Mercantile UK Recovery Fund

Investment Manager's Review continued

Outlook continued

As we speak, we have a portfolio of recently de-rated companies (profits growing but share prices consolidating or falling), on modest absolute and very low relative valuations, where profits growth will be strong over the next few years as both profits recovery and top-line growth is delivered. Hopefully this should be an attractive combination, especially when there remain some very expensive assets out there.

River and Mercantile
23 November 2021
Investment Adviser to the Fund

Source: River and Mercantile Asset Management LLP

ES River and Mercantile UK Recovery Fund

Portfolio Statement as at 30 September 2021

Holding	Investment	Market Value £	% of Net Assets
UNITED KINGDOM (UK LISTED COMPANIES) – 83.24% (2021 – 80.78%)			
Automobiles & Components – 0.24% (2021 – 0.46%)			
26,508	Aston Martin Lagonda Global	507,761	0.24
Banks – 9.49% (2021 – 9.44%)			
2,240,871	Barclays	4,248,691	1.99
28,550	Close Brothers	441,098	0.21
1,043,452	HSBC	4,069,463	1.91
9,757,782	Lloyds Banking	4,543,223	2.13
22,830	Mortgage Advice Bureau*	259,121	0.12
1,238,091	NatWest	2,783,229	1.30
62,030	Secure Trust Bank	735,055	0.34
544,055	Standard Chartered	2,372,080	1.11
398,962	Virgin Money UK	815,478	0.38
Capital Goods – 7.38% (2021 – 6.88%)			
55,710	Bodycote	488,855	0.23
177,925	Chemring	567,581	0.27
706,000	Costain	401,008	0.19
60,800	Dialight	207,328	0.10
360,894	Driver*	180,447	0.08
385,164	Flowtech Fluidpower*	521,897	0.24
322,600	Galliford Try	581,648	0.27
34,933	IMI	579,888	0.27
34,600	Keller	329,392	0.15
504,601	Kier	604,512	0.28
471,672	Melrose Industries	820,709	0.38
130,656	Morgan Advanced Materials	470,362	0.22
163,148	Mpac*	897,314	0.42
112,764	Norcros	338,292	0.16
559,402	Northbridge Industrial Services*	939,795	0.44
4,041,385	Renold*	1,010,346	0.47
989,549	Rolls-Royce	1,386,754	0.65
96,050	Rotork	335,022	0.16
942,300	SafeStyle UK*	503,188	0.24
135,050	Senior	232,421	0.11
420,800	Severfield	315,600	0.15
1,305,700	SIG	626,997	0.29
668,160	Speedy Hire	424,950	0.20
43,990	Travis Perkins	675,247	0.32
198,610	Trifast	282,026	0.13
93,810	Tyman	394,002	0.18
194,291	Volex*	845,166	0.40
47,718	Weir	806,673	0.38

ES River and Mercantile UK Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
Commercial & Professional Services – 3.37% (2021 – 2.83%)			
4,915,000	Aukett Swanke*	88,470	0.04
123,136	Biffa	442,674	0.21
350,898	De La Rue	645,652	0.30
71,100	Hays	114,969	0.05
2,409,600	Inspired Energy*	428,909	0.20
131,680	Johnson Service*	198,047	0.09
193,580	Mind Gym*	358,123	0.17
447,290	Mitie	316,681	0.15
72,190	Pagegroup	448,300	0.21
165,948	Renewi	1,005,645	0.47
135,880	Ricardo	577,490	0.27
450,670	RPS	532,692	0.25
86,788	RWS*	543,727	0.26
481,120	Serco	644,701	0.30
60,040	Smart Metering Systems*	501,934	0.24
507,712	Staffline*	345,244	0.16
Consumer Durables & Apparel – 3.26% (2021 – 2.17%)			
14,812	Berkeley	645,951	0.30
51,307	Burberry	931,222	0.44
1,331,878	Coats	897,686	0.42
152,270	Crest Nicholson	582,890	0.27
256,840	DFS Furniture	665,216	0.31
118,250	Henry Boot	334,647	0.16
122,130	Joules*	249,145	0.12
522,200	Photo-Me International	317,498	0.15
547,809	Taylor Wimpey	853,486	0.40
544,940	Ted Baker	778,174	0.36
58,642	Vistry	716,312	0.33
Consumer Services – 5.52% (2021 – 4.50%)			
167,250	888	718,841	0.34
47,400	Carnival	797,268	0.37
69,440	Compass	1,057,918	0.50
27,640	Entain	588,732	0.28
3,940	Flutter Entertainment	578,392	0.27
8,190	Greggs	241,441	0.11
108,790	Gym	323,106	0.15
37,270	J D Wetherspoon	388,726	0.18
126,000	Marston's	102,060	0.05
172,900	On the Beach	662,207	0.31
243,610	Playtech	1,143,018	0.54
1,373,780	Restaurant	1,414,993	0.66
2,425,529	Revolution Bars*	557,872	0.26
270,259	SSP	748,077	0.35
140,898	Trainline	494,552	0.23

ES River and Mercantile UK Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
Consumer Services continued			
719,900	Tribal*	709,102	0.33
37,864	Whitbread	1,255,570	0.59
Diversified Financials – 5.40% (2021 – 5.64%)			
31,710	3i	406,205	0.19
21,000	Aberforth Smaller Companies Trust	315,840	0.15
319,285	ADVFN*	223,500	0.10
300,000	AVI Japan Opportunity Trust	363,000	0.17
151,308	Brewin Dolphin	576,483	0.27
440,800	Cenkos*	352,640	0.16
270,690	Fidelity China Special Situations	855,380	0.40
117,342	Gresham House*	1,056,078	0.49
46,760	Gresham House Strategic*	780,892	0.37
26,550	Hargreaves Lansdown	380,063	0.18
54,992	IG	442,411	0.21
500,856	International Personal Finance	692,183	0.32
216,940	IP	302,848	0.14
28,960	JPMorgan Indian Investment Trust	240,658	0.11
61,400	Man	125,440	0.06
2,130,280	Mercia Asset Management*	894,718	0.42
488,558	Premier Miton*	869,633	0.41
179,140	Provident Financial	599,044	0.28
22,000	Rathbone Brothers	443,300	0.21
1,684,800	Schroder UK Public Private	593,050	0.28
39,500	Temple Bar Investment Trust	418,700	0.20
372,550	TP ICAP	594,590	0.28
Energy – 9.72% (2021 – 8.08%)			
1,735,020	BP	5,903,405	2.76
238,200	Cairn Energy	446,625	0.21
368,070	Diversified Energy	435,795	0.20
2,785,940	EnQuest	658,875	0.31
186,473	Harbour Energy	676,897	0.32
363,825	Hunting	820,425	0.38
1,056,489	JKX Oil & Gas	517,680	0.24
353,572	John Wood	813,569	0.38
423,735	Royal Dutch Shell	6,989,933	3.27
2,300,000	Savannah Energy*, **	445,050	0.21
404,662	Serica Energy*	934,769	0.44
120,000	Subsea 7	773,625	0.36
833,000	Tekmar*	391,510	0.18
370,027	Trinity Exploration & Production*	503,237	0.24
895,090	Tullow Oil	458,644	0.22

ES River and Mercantile UK Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Food & Staples Retailing – 0.56% (2021 – 0.49%)		
24,928	Naked Wines*	172,751	0.08
26,210	Ocado	435,741	0.21
229,771	Tesco	582,010	0.27
	Food, Beverage & Tobacco – 2.29% (2021 – 3.10%)		
35,640	Associated British Foods	662,726	0.31
93,200	Barr	481,844	0.23
9,724	Benchmark*	5,834	0.00
35,820	British American Tobacco	932,753	0.44
432,834	Devro	924,101	0.43
366,500	Greencore	517,498	0.24
48,394	Imperial Brands	754,220	0.35
30,720	Nichols*	402,432	0.19
29,700	Tate & Lyle	205,405	0.10
	Health Care Equipment & Services – 0.74% (2021 – 0.52%)		
79,120	ConvaTec	170,820	0.08
54,000	Instem*	480,600	0.23
91,900	Mediclinic International	287,096	0.13
50,400	Smith & Nephew	648,648	0.30
	Household & Personal Products – 1.78% (2021 – 2.49%)		
151,413	PZ Cussons	340,679	0.16
928,850	Science in Sport*	705,926	0.33
68,736	Unilever	2,752,877	1.29
	Insurance – 3.27% (2021 – 3.46%)		
197,920	Aviva	783,566	0.37
27,600	Beazley	104,659	0.05
17,100	Lancashire	96,273	0.04
445,290	Legal & General	1,251,710	0.59
287,580	Prudential	4,182,851	1.96
160,760	Saga	565,875	0.26
	Materials – 8.25% (2021 – 7.76%)		
153,090	Anglo American	4,014,785	1.88
92,720	Antofagasta	1,262,383	0.59
129,757	BHP	2,449,812	1.15
390,830	Breedon*	385,749	0.18
895,111	Carclo	280,170	0.13
437,760	Centamin	418,586	0.20
224,010	Central Asia Metals*	496,182	0.23
447,450	Elementis	666,700	0.31
243,232	Essentra	650,646	0.30

ES River and Mercantile UK Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Materials continued		
85,400	Fresnillo	667,316	0.31
15,100	Hill & Smith	274,216	0.13
515,620	Hochschild Mining	685,259	0.32
196,160	Ibstock	405,659	0.19
24,000	Johnson Matthey	644,160	0.30
19,300	Mondi	352,997	0.17
61,318	Rio Tinto	3,012,860	1.41
380,300	Serabi Gold*	254,801	0.12
15,960	Victrex	380,167	0.18
81,850	Zotefoams	313,486	0.15
	Media – 0.02% (2021 – 0.00%)		
241,205	Rangers International Football**	45,829	0.02
	Media & Entertainment – 4.65% (2021 – 4.53%)		
91,810	Ascential	376,421	0.18
67,810	Auto Trader	399,130	0.19
1,431,497	Centaur Media	701,434	0.33
2,208,474	Ebiquity*	1,236,745	0.58
302,151	Everyman Media*	416,968	0.20
543,936	Hyve	607,577	0.28
94,720	Informa	520,202	0.24
632,130	ITV	673,851	0.32
317,481	Kin & Carta	873,073	0.41
160,100	M&C Saatchi*	256,160	0.12
89,900	Pearson	639,908	0.30
314,828	Reach	1,100,324	0.51
46,410	Rightmove	317,166	0.15
716,875	Time out*	387,112	0.18
65,000	WPP	650,000	0.30
1,804,041	XLMedia*	766,717	0.36
	Pharmaceuticals, Biotechnology & Life Sciences – 1.98% (2021 – 2.71%)		
8,130	AstraZeneca	728,123	0.34
152,080	GlaxoSmithKline	2,134,290	1.00
510,928	Indivior	1,101,561	0.52
292,400	ReNeuron*	266,084	0.12
	Real Estate – 1.88% (2021 – 2.11%)		
79,140	British Land	391,901	0.18
547,880	Capital & Counties Properties	910,029	0.43
902,894	Foxtons	451,447	0.21
124,220	Grainger	378,871	0.18
91,718	LSL Property Services	399,890	0.19
565,267	Purplebricks*	333,508	0.16

ES River and Mercantile UK Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Real Estate continued		
94,265	Shaftesbury	573,602	0.27
654,472	U & I	568,082	0.26
	Retailing – 4.72% (2021 – 4.77%)		
558,230	Angling Direct*	323,773	0.15
21,380	ASOS*	641,614	0.30
285,140	boohoo*	619,609	0.29
688,180	Card Factory	369,553	0.17
472,500	Currys	630,788	0.30
30,300	Halfords	92,112	0.04
477,686	Hostelworld	385,970	0.18
4,500	Just Eat Takeaway.com	242,865	0.11
86,470	Kingfisher	290,972	0.14
354,660	Marks & Spencer	650,801	0.30
135,740	Moneysupermarket.com	288,855	0.14
198,356	Moonpig	632,359	0.30
5,285,000	MySale*	396,375	0.19
4,940	Next	405,574	0.19
2,879,730	Pendragon	529,870	0.25
277,000	Smiths News	108,861	0.05
216,820	Superdry	568,068	0.27
477,300	Topps Tiles	327,428	0.15
978,180	ULS Technology*	719,940	0.34
37,600	WH Smith	643,900	0.30
352,680	Wickes	799,878	0.37
190,750	World	414,309	0.19
	Semiconductors & Semiconductor Equipment – 0.19% (2021 – 0.21%)		
879,947	IQE*	417,535	0.19
	Software & Services – 3.28% (2021 – 2.85%)		
56,410	accesso Technology*	513,331	0.24
350,182	Alfa Financial Software	637,331	0.30
276,790	Altitude*	91,341	0.04
165,814	Bango*	318,363	0.15
94,667	Blancco Technology*	257,494	0.12
45,850	Blue Prism*	526,817	0.25
1,806,478	Capita	920,581	0.43
1,187,068	Eckoh*	664,758	0.31
13,800	FD Technologies*	324,300	0.15
129,200	iomart*	279,072	0.13
140,188	Learning Technologies*	301,685	0.14
80,560	Micro Focus International	329,893	0.16
182,971	NCC	470,235	0.22

ES River and Mercantile UK Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Software & Services continued		
74,000	Network International	268,694	0.13
154,010	Sage	1,092,855	0.51
	Technology Hardware & Equipment – 1.56% (2021 – 1.92%)		
4,938,064	Filtronic*	518,497	0.24
11,948	Oxford Instruments	272,414	0.13
247,000	Strix*	843,505	0.39
1,450,000	Thruvision*	298,700	0.14
181,702	TT Electronics	471,517	0.22
556,351	Xaar	936,895	0.44
	Telecommunication Services – 0.87% (2021 – 1.38%)		
111,800	AdEPT Technology*	313,040	0.15
655,000	BT	1,046,690	0.49
442,690	Vodafone	501,568	0.23
	Transportation – 1.94% (2021 – 1.54%)		
147,088	easyJet	974,899	0.46
601,940	International Consolidated Airlines	1,074,342	0.50
46,600	James Fisher & Sons	400,294	0.19
48,360	JET2*	618,766	0.29
150,280	John Menzies	463,614	0.22
43,800	National Express	105,646	0.05
593,800	Stagecoach	501,167	0.23
	Utilities – 0.88% (2021 – 0.94%)		
1,191,416	Centrica	675,056	0.32
96,740	Drax	466,094	0.22
2,800,000	eEnergy*	434,000	0.20
2,446,672	OPG Power Ventures*	305,834	0.14
	OVERSEAS COMPANIES (UK LISTED COMPANIES) – 6.08% (2021 – 7.18%)		
	Australia – 0.00% (2021 – 0.52%)		
	Bermuda – 0.34% (2021 – 0.20%)		
74,165	Ocean Wilsons	719,401	0.34
	Cayman Islands – 0.00% (2021 – 0.07%)		
	Gibraltar – 0.00% (2021 – 0.41%)		

ES River and Mercantile UK Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	India – 0.30% (2021 – 0.44%)		
19,550	RHI Magnesita	640,849	0.30
	Ireland – 0.65% (2021 – 0.98%)		
191,040	Bank of Ireland	833,157	0.39
15,630	CRH	545,487	0.26
	Mauritius – 0.32% (2021 – 0.34%)		
863,738	Capital	682,353	0.32
	Netherlands – 0.42% (2021 – 0.42%)		
1,116,278	DP Eurasia	893,023	0.42
	Nigeria – 0.34% (2021 – 0.32%)		
788,800	SEPLAT Energy	724,118	0.34
	Russia – 0.32% (2021 – 0.00%)		
54,600	Polymetal International	686,868	0.32
	South Africa – 0.45% (2021 – 0.34%)		
1,190,000	Old Mutual	966,280	0.45
	Switzerland – 1.02% (2021 – 0.78%)		
622,068	Glencore	2,188,746	1.02
	United States of America – 1.92% (2021 – 2.36%)		
436,177	Boku*	850,545	0.40
22,500	Hiscox	188,910	0.09
425,813	Somero Enterprises*	2,214,228	1.03
125,680	Tremor International*	852,110	0.40
	OVERSEAS COMPANIES – 11.11% (2021 – 11.87%)		
	Australia – 0.24% (2021 – 0.18%)		
320,000	Incitec Pivot	504,018	0.24
	China – 0.71% (2021 – 0.57%)		
60,000	Baidu	847,719	0.40
130,000	Ping An Insurance of China	658,893	0.31

ES River and Mercantile UK Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	France – 0.76% (2021 – 0.78%)		
60,000	Elis	854,012	0.40
23,000	Vicat	761,098	0.36
	Germany – 0.51% (2021 – 0.89%)		
8,210	Porsche Automobil pref.	606,303	0.29
3,860	Siemens	472,908	0.22
	Greece – 0.72% (2021 – 0.74%)		
713,800	Eurobank Ergasias	496,460	0.23
130,820	Fourlis	446,393	0.21
50,000	Jumbo	605,527	0.28
	Hong Kong – 0.51% (2021 – 0.68%)		
748,740	Shangri-La Asia	440,838	0.21
899,490	Swire Pacific	651,283	0.30
	Italy – 0.78% (2021 – 0.77%)		
120,120	Anima	426,710	0.20
107,760	BFF Bank	777,091	0.36
7,390	EXOR	462,919	0.22
	Japan – 2.32% (2021 – 2.44%)		
7,500	Fukuda Denshi	484,572	0.23
760	Nintendo	271,886	0.13
13,000	Nippo	346,944	0.16
99,970	Sansei Technologies	563,503	0.26
22,420	SBI	410,719	0.19
10,000	Sony	827,561	0.39
41,420	Tachi-S	351,310	0.16
108,030	Tadano	850,211	0.40
14,000	Toyota Industries	854,282	0.40
	Netherlands – 1.51% (2021 – 1.21%)		
70,000	Fugro	544,742	0.25
65,000	ING Groep	702,153	0.33
18,000	Koninklijke Philips	593,167	0.28
9,000	Prosus	533,293	0.25
9,890	TKH	411,088	0.19
19,610	Van Lanschot Kempen	449,187	0.21
	South Korea – 0.46% (2021 – 0.69%)		
3,000	Hyundai Mobis	475,431	0.22
10,000	Pearl Abyss	503,618	0.24

ES River and Mercantile UK Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Sweden – 0.00% (2021 – 0.16%)		
	Switzerland – 0.33% (2021 – 0.23%)		
1,300	dormakaba	701,781	0.33
	United States of America – 2.26% (2021 – 2.53%)		
350	Booking	616,201	0.29
17,000	Citigroup	884,577	0.41
10,000	Johnson Controls International	504,765	0.24
3,300	McKesson	487,994	0.23
9,140	Owens Corning	579,236	0.27
11,500	Raytheon Technologies	732,807	0.34
15,000	Resideo Technologies	276,004	0.13
6,010	Walt Disney	753,774	0.35
	FORWARD CURRENCY CONTRACTS – (0.03%) (2021 – 0.02%)		
€567,000	Forward Currency Contract 15/12/2021: Euro 567,000 vs UK sterling 487,075	980	0.00
£9,681,929	Forward Currency Contract 15/12/2021: UK sterling 9,681,929 vs Euro 11,326,000	(67,124)	(0.03)
	Portfolio of investments***	214,420,714	100.40
	Net other liabilities	(854,514)	(0.40)
	Net assets	213,566,200	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.

89.32% 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

Statement of Total Return for the period ended 30 September 2021

	1 April 2021 to 30 September 2021		1 April 2020 to 30 September 2020	
	£	£	£	£
Income				
Net capital gains		11,131,624		25,583,238
Revenue	3,153,246		1,720,017	
Expenses	(1,049,353)		(863,978)	
Interest payable and similar charges	(298)		(1,454)	
Net revenue before taxation for the period	2,103,595		854,585	
Taxation	(61,788)		(51,998)	
Net revenue after taxation for the period		2,041,807		802,587
Total return before distributions		13,173,431		26,385,825
Distributions		(2,028,760)		(804,300)
Change in net assets attributable to Shareholders from investment activities		11,144,671		25,581,525

Statement of Change in Net Assets attributable to Shareholders for the period ended 30 September 2021

	1 April 2021 to 30 September 2021		1 April 2020 to 30 September 2020	
	£	£	£	£
Opening net assets attributable to Shareholders		193,483,395		168,005,018
Amounts received on creation of shares	29,661,266		5,368,085	
Amounts paid on cancellation of shares	(20,993,671)		(61,165,993)	
		8,667,595		(55,797,908)
Dilution adjustment		132,140		152,571
Change in net assets attributable to Shareholders from investment activities		11,144,671		25,581,525
Retained distributions on accumulation shares		138,399		21,546
Unclaimed distributions over 6 years old		—		14
Closing net assets attributable to Shareholders		213,566,200		137,962,766

The opening net assets attributable to shareholders for the current period do not equal the closing net assets attributable to shareholders for the comparative period as they are not consecutive periods.

ES River and Mercantile UK Recovery Fund

Balance Sheet as at 30 September 2021

	30 September 2021		31 March 2021	
	£	£	£	£
ASSETS				
Fixed assets				
Investments		214,487,838		193,188,873
Current assets				
Debtors	2,368,550		1,329,686	
Cash and bank balances	233,703		828,757	
Total other assets		2,602,253		2,158,443
Total assets		217,090,091		195,347,316
LIABILITIES				
Investment liabilities		(67,124)		—
Creditors				
Distribution payable	(1,925,688)		(653,797)	
Other creditors	(1,531,079)		(1,210,124)	
Total other liabilities		(3,456,767)		(1,863,921)
Total liabilities		(3,523,891)		(1,863,921)
Net assets attributable to Shareholders		213,566,200		193,483,395

ES River and Mercantile UK Recovery Fund

Fund Facts

Distribution information

A-Class Distribution shares

The distribution payable on 30 November 2021 is 0.0000p (2020: 0.1231p) per share for distribution shares.

B-Class Distribution shares

The distribution payable on 30 November 2021 is 11.5067p (2020: 3.5878p) per share for distribution shares.

S-Class Accumulation shares

The distribution payable on 30 November 2021 is 2.1148p per share for accumulation shares.

S-Class Distribution shares

The distribution payable on 30 November 2021 is 2.9675p (2020: 1.0520p) per share for distribution shares.

Z-Class Accumulation shares

The distribution payable on 30 November 2021 is 33.3339p (2020: 14.3061p) per share for accumulation shares.

Performance records

Net asset values

	Net asset value of sub-fund £	Net asset value per share p	Shares in issue
31 March 2019			
A-Class Distribution shares	1,310,120	278.31	470,738
B-Class Distribution shares	221,299,048	1,021.91	21,655,335
S-Class Distribution shares	39,111,538	231.57	16,889,665
Z-Class Accumulation shares	2,405,640	1,812.28	132,741
31 March 2020			
A-Class Distribution shares	708,591	198.72	356,584
B-Class Distribution shares	126,745,634	728.60	17,395,805
S-Class Distribution shares	38,568,554	165.01	23,373,014
Z-Class Accumulation shares	1,982,239	1,338.85	148,056
31 March 2021			
A-Class Distribution shares	1,075,937	322.19	333,949
B-Class Distribution shares	131,725,640	1,182.01	11,144,189
S-Class Distribution shares	57,386,649	267.73	21,434,747
Z-Class Accumulation shares	3,295,169	2,210.52	149,067
30 September 2021			
B-Class Distribution shares	127,189,563	1,251.11	10,166,169
S-Class Accumulation shares	10,642,867	254.42	4,183,220
S-Class Distribution shares	72,179,155	283.36	25,472,815
Z-Class Accumulation shares	3,554,615	2,373.00	149,794

The S-Class Accumulation shares were launched on 30 April 2021.

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

ES River and Mercantile UK Recovery Fund

Fund Facts continued

Operating Charges

30 September 2021

B-Class Distribution shares	1.10%
S-Class Accumulation shares	0.85%
S-Class Distribution shares	0.85%
Z-Class Accumulation shares	0.10%

The Operating Charges figure represents the annual operating expenses of the sub-fund expressed as a percentage of average net assets for the period. The Operating Charges figure has been calculated in accordance with the COLL sourcebook. The Operating Charges figure is inclusive of Annual Management Charges.

The Operating Charges figure is capped at a maximum of 0.10% above the annual management charge, with any costs above this amount absorbed by the Investment Manager.

ES River and Mercantile UK Recovery Fund

Synthetic Risk Reward Indicator (SRRI)



Typically Lower Rewards

Typically Higher Rewards



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

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

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

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

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

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

During the period the ranking changed from 6 to 5.

Summary of Largest Portfolio Changes

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

Purchases	£	Sales	£
Royal Dutch Shell	1,939,539	AstraZeneca	2,180,663
HSBC	1,285,907	Unilever	1,895,306
Antofagasta	994,190	Diageo	1,386,845
Anglo American	957,420	Meggitt	1,096,868
Unilever	953,757	South32	1,002,779
Wickes	887,868	BT	922,399
Natwest	836,671	Playtech	812,051
Polymetal International	834,337	Natwest	733,361
BP	830,628	Tremor International	649,185
Smith & Nephew	812,468	British American Tobacco	648,979

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 5.7% over the 6 months to 30 September 2021, compared with the MSCI United Kingdom Investable Market Index (IMI) Net Total Return which returned 7.9%.

The fund had performed strongly in relative terms during the pandemic crisis in 2020 but has somewhat lagged the recovery in markets since the vaccines were announced in late autumn of that year. While absolute returns and dividend income have been strong, positive stock selection in some sectors was offset by some less positive dynamics in others. In particular industrials and materials stocks did well as well as growth stocks in the tech and healthcare sectors but we saw some relative weakness in a number of our 're-opening' consumer stocks as cost inflation began to bite.

At a stock level, it was a media company who had transitioned their consumer publishing business successfully to the digital world that led the outperformers. **Future** delivered another stellar set of results during the period beating expectations. Industrial sustainable leaders **Strix** and **Biffa** again performed well through the period as did UK building materials company **Genuit** (formerly Polypipe) delivering profits materially ahead of analyst expectations. A bid for specialist defence supplier **Ultra Electronics** at a significant premium also contributed positively. Offsetting some of the outperformance were **Whitbread** and **Restaurant** whose shares all suffered as strong oil prices and still rising Covid-19 cases dented confidence in the propensity for consumers to spend. Insurer **Lancashire** has suffered from a severe natural catastrophe year which will deliver losses in key specialty insurance markets. Investment manager **Ashmore**, which specialises in Emerging Markets Debt, was under pressure as risks rose in Emerging Markets – particularly China.

In terms of activity, we purchased **Reckitt Benckiser** during the period after substantial falls Year to Date (YTD) have left the stock yielding over 3%. The slowdown in the 30% of the portfolio more exposed to Covid-19 trends and high inflation is obscuring underlying progress in their innovation strategy. The investment case is driven by improved execution on the back of strong investment for growth leading to sustainable mid-term organic sales growth of 4-5% and mid-20s operating margins. Innovation is delivering in terms of a 50% year-on-year growth in the new product pipeline, e-commerce and crucially in today's post lockdown world – supply chain efficiencies. On post-results consensus, underpinned by achievable re-based expectations, Reckitt trades on 16x FY23E EPS. As underlying progress becomes more visible with Covid-19 related distortions and inflation impacts fading, there is scope for a meaningful re-rating (peers trade on mid to low 20s multiples). We also bought market leading general retailer **Next** and re-purchased gold miner **Centamin**, as we believe precious metals are close to bottoming out. **Centamin** is a gold mining stock we have owned previously, which we had chosen to exit 12 months ago as a range of production issues hit the company at their main Sukari mine in Egypt. Following a period of share price underperformance and another period when the management team have been able to get back on the front foot, re-accelerating production at their world-class low cost gold deposit, we have re-established a holding in the company. Production forecasts are now conservatively set, gold price forecasts are also conservatively modelled and the stock is trading on a significant discount valuation versus history and the peer group. The company retains a strong net cash balance sheet and pays a 6% dividend yield while we now patiently wait for growth to re-accelerate.

Market Overview

During the 6 month period, the UK stock market performed well, delivering 7.9% growth. For most of the period the powerful policy and vaccination induced rally in cyclicals, as inflation expectations rose, paused for breath and some higher quality growth stocks, as described above earlier, once again delivered strong returns. Towards the end of the period the oil price took off and the now well-documented supply constraints in significant areas of the economy, not least power, fuel and food, created new economic headwinds and some volatility for us to protect against and indeed take advantage of.

ES River and Mercantile UK Equity Income Fund

Investment Manager's Review continued

Outlook

Share prices have moved a long way from the lows of just over 12 months ago and high valuations in the context of history for many (but certainly not all) assets suggest we should continue to be prepared for volatility as markets try to price the baton change from mid-cycle reflationary conditions to what comes next.

In this context, we think the UK market remains relatively cheap despite the YTD rally. Valuation dispersion gaps, while closing, remain higher than in other regions on our preferred composite measure. This provides an attractive environment to blend our Growth, Quality, Recovery and Asset-backed categories. We are encouraged by the rate of dividend recovery, which is outperforming market expectations with respect to both the quantum and number of companies reinstating payouts. We are buying high quality undervalued income stocks, where we believe dividend growth will be stronger and more sustainable than the market believes.

River and Mercantile
23 November 2021
Investment Adviser to the Fund

Source: River and Mercantile Asset Management LLP

ES River and Mercantile UK Equity Income Fund

Portfolio Statement as at 30 September 2021

Holding	Investment	Market Value £	% of Net Assets
UNITED KINGDOM (UK LISTED COMPANIES) – 94.65% (2021 – 92.53%)			
Banks – 5.00% (2021 – 5.18%)			
750,000	HSBC	2,925,000	2.23
5,250,000	Lloyds Banking	2,444,400	1.86
240,000	OSB	1,200,000	0.91
Capital Goods – 9.63% (2021 – 9.84%)			
440,000	BAE Systems	2,486,880	1.89
125,000	Bunzl	3,067,500	2.34
95,000	Electrocomponents	1,024,100	0.78
166,482	Genuit	1,157,050	0.88
60,000	IMI	996,000	0.76
525,000	QinetiQ	1,701,000	1.29
1,200,000	Speedy Hire	763,200	0.58
45,000	Ultra Electronics	1,455,300	1.11
Commercial & Professional Services – 8.52% (2021 – 5.61%)			
525,000	Biffa	1,887,375	1.44
40,000	Intertek	1,990,000	1.51
110,000	RELX	2,361,700	1.80
1,250,000	Serco	1,675,000	1.28
390,934	Smart Metering Systems*	3,268,208	2.49
Consumer Durables & Apparel – 2.75% (2021 – 3.19%)			
161,882	Countryside Properties	817,504	0.62
400,000	DFS Furniture	1,036,000	0.79
47,500	Persimmon	1,266,825	0.96
813,643	Photo-Me International	494,695	0.38
Consumer Services – 3.83% (2021 – 4.09%)			
240,000	888	1,031,520	0.79
1,300,000	Restaurant	1,339,000	1.02
80,000	Whitbread	2,652,800	2.02
Diversified Financials – 4.97% (2021 – 3.77%)			
175,000	3i	2,241,750	1.71
720,000	Ashmore	2,452,320	1.87
600,000	Man	1,225,800	0.93
343,211	Premier Miton*	610,915	0.46

ES River and Mercantile UK Equity Income Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Energy – 4.30% (2021 – 3.06%)		
2,886,667	Diversified Energy	3,417,814	2.60
135,000	Royal Dutch Shell	2,226,960	1.70
	Food & Staples Retailing – 2.65% (2021 – 1.33%)		
1,375,000	Tesco	3,482,875	2.65
	Food, Beverage & Tobacco – 6.83% (2021 – 8.60%)		
113,000	British American Tobacco	2,942,520	2.24
80,000	Diageo	2,884,400	2.20
455,000	Tate & Lyle	3,146,780	2.39
	Health Care Equipment & Services – 0.53% (2021 – 2.05%)		
50,000	EMIS*	701,000	0.53
	Household & Personal Products – 6.65% (2021 – 3.96%)		
57,000	Reckitt Benckiser	3,323,100	2.53
135,000	Unilever	5,406,750	4.12
	Insurance – 7.81% (2021 – 9.85%)		
775,000	Aviva	3,068,225	2.34
1,175,000	Direct Line Insurance	3,402,800	2.59
276,845	Lancashire	1,558,637	1.19
115,000	Phoenix	742,440	0.56
678,572	Sabre Insurance	1,486,073	1.13
	Materials – 5.40% (2021 – 5.06%)		
95,000	Anglo American	2,491,375	1.90
294,401	Centamin	281,506	0.21
245,000	Essentra	655,375	0.50
100,000	Fresnillo	781,400	0.59
80,000	Johnson Matthey	2,147,200	1.64
5,861,566	Shanta Gold*	732,696	0.56
	Media & Entertainment – 0.56% (2021 – 0.75%)		
20,000	Future	738,000	0.56
	Pharmaceuticals, Biotechnology & Life Sciences – 7.43% (2021 – 5.10%)		
62,000	AstraZeneca	5,552,720	4.23
300,000	GlaxoSmithKline	4,210,200	3.20
	Real Estate – 4.08% (2021 – 3.50%)		
500,000	Capital & Counties Properties	830,500	0.63

ES River and Mercantile UK Equity Income Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Real Estate continued		
3,050,000	Supermarket Income Reit	3,553,250	2.71
427,941	Watkin Jones*	967,147	0.74
	Retailing – 4.15% (2021 – 3.34%)		
350,000	B&M European Value Retail	2,066,400	1.58
12,500	Next	1,026,250	0.78
2,200,000	Vivo Energy	2,354,000	1.79
	Software & Services – 0.38% (2021 – 0.83%)		
70,000	Sage	496,720	0.38
	Technology Hardware & Equipment – 2.48% (2021 – 6.46%)		
500,000	Spirent Communications	1,398,000	1.06
544,752	Strix*	1,860,328	1.42
	Telecommunication Services – 0.59% (2021 – 1.61%)		
425,000	Helios Towers	768,400	0.59
	Transportation – 0.48% (2021 – 1.32%)		
95,000	easyJet	629,660	0.48
	Utilities – 5.63% (2021 – 4.03%)		
210,000	Drax	1,011,780	0.77
525,000	National Grid	4,644,150	3.53
180,000	United Utilities	1,743,120	1.33
	OVERSEAS COMPANIES (UK LISTED COMPANIES) – 4.02% (2021 – 4.20%)		
	Bermuda – 0.52% (2021 – 0.56%)		
145,000	Conduit	687,300	0.52
	Russia – 1.29% (2021 – 1.44%)		
135,000	Polymetal International	1,698,300	1.29
	United States of America – 2.21% (2021 – 2.20%)		
325,323	MaxCyte*	2,895,375	2.21

ES River and Mercantile UK Equity Income Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	OVERSEAS COMPANIES – 1.43% (2021 – 1.17%)		
	Canada – 1.43% (2021 – 1.17%)		
140,000	Barrick Gold	1,873,606	1.43
	Portfolio of investments	131,456,974	100.10
	Net other liabilities	(133,002)	(0.10)
	Net assets	131,323,972	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.

98.67% of the sub-fund's assets are listed in the UK.

The percentages in brackets show the equivalent percentage of net assets as at 31 March 2021.

*Security listed in AIM.

ES River and Mercantile UK Equity Income Fund

Statement of Total Return for the period ended 30 September 2021

	1 April 2021 to 30 September 2021		1 April 2020 to 30 September 2020	
	£	£	£	£
Income				
Net capital gains		5,077,284		12,163,502
Revenue	3,200,612		2,645,539	
Expenses	(602,683)		(535,213)	
Interest payable and similar charges	(1)		(41)	
Net revenue before taxation for the period	2,597,928		2,110,285	
Taxation	(39,666)		(184,287)	
Net revenue after taxation for the period		2,558,262		1,925,998
Total return before distributions		7,635,546		14,089,500
Distributions		(3,148,194)		(2,446,939)
Change in net assets attributable to Shareholders from investment activities		4,487,352		11,642,561

Statement of Change in Net Assets attributable to Shareholders for the period ended 30 September 2021

	1 April 2021 to 30 September 2021		1 April 2020 to 30 September 2020	
	£	£	£	£
Opening net assets attributable to Shareholders		133,314,594		115,676,673
Amounts received on creation of shares	2,634,123		6,147,296	
In specie transfer from ES Ardevora UK Income Fund	5,347,288		—	
Amounts paid on cancellation of shares	(14,520,431)		(11,335,199)	
		(6,539,020)		(5,187,903)
Dilution adjustment		61,046		10,621
Change in net assets attributable to Shareholders from investment activities		4,487,352		11,642,561
Unclaimed distributions over 6 years old		—		152
Closing net assets attributable to Shareholders		131,323,972		122,142,104

The opening net assets attributable to shareholders for the current period do not equal the closing net assets attributable to shareholders for the comparative period as they are not consecutive periods.

ES River and Mercantile UK Equity Income Fund

Balance Sheet as at 30 September 2021

	30 September 2021		31 March 2021	
	£	£	£	£
ASSETS				
Fixed assets				
Investments		131,456,974		130,511,974
Current assets				
Debtors	1,033,153		2,219,771	
Cash and bank balances	7,457,039		11,227,122	
Total other assets		8,490,192		13,446,893
Total assets		139,947,166		143,958,867
LIABILITIES				
Creditors				
Distribution payable	(2,996,840)		(1,532,441)	
Other creditors	(5,626,354)		(9,111,832)	
Total other liabilities		(8,623,194)		(10,644,273)
Total liabilities		(8,623,194)		(10,644,273)
Net assets attributable to Shareholders		131,323,972		133,314,594

ES River and Mercantile UK Equity Income Fund

Fund Facts

Distribution information

A-Class Distribution shares

The distribution payable on 30 November 2021 is 0.0000p (2020: 3.2342p) per share for distribution shares.

B-Class Distribution shares

The distribution payable on 30 November 2021 is 11.9641p (2020: 8.8199p) per share for distribution shares.

S-Class Distribution shares

The distribution payable on 30 November 2021 is 6.0031p (2020: 4.4111p) per share for distribution shares.

Performance records

Net asset values

	Net asset value of sub-fund £	Net asset value per share p	Shares in issue
31 March 2019			
A-Class Distribution shares	4,255,426	187.13	2,274,101
B-Class Distribution shares	188,266,206	504.93	37,285,317
31 March 2020			
A-Class Distribution shares	3,304,569	150.86	2,190,469
B-Class Distribution shares	82,481,317	410.12	20,111,283
S-Class Distribution shares	29,890,787	205.12	14,572,253
31 March 2021			
A-Class Distribution shares	3,386,184	185.35	1,826,929
B-Class Distribution shares	103,848,704	507.68	20,455,573
S-Class Distribution shares	26,079,706	254.56	10,244,825
30 September 2021			
B-Class Distribution shares	107,952,433	524.22	20,593,081
S-Class Distribution shares	23,371,539	263.20	8,879,915

The S-Class Distribution share class launched on 2 May 2019.

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

Operating Charges

	30 September 2021
B-Class Distribution shares	0.89%
S-Class Distribution shares	0.64%

The Operating Charges figure represents the annual operating expenses of the sub-fund expressed as a percentage of average net assets for the period. The Operating Charges figure has been calculated in accordance with the COLL sourcebook. The Operating Charges figure is inclusive of Annual Management Charges.

The Operating Charges figure is capped at a maximum of 0.20% above the annual management charge, with any costs above this amount absorbed by the Investment Manager.

ES River and Mercantile UK Equity Income Fund

Synthetic Risk Reward Indicator (SRRI)



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

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

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

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

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

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

Summary of Largest Portfolio Changes

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

Purchases	£	Sales	£
Reckitt Benckiser	3,257,266	Diageo	2,988,806
BAE Systems	2,549,752	Smith & Nephew	2,403,020
Phoenix	2,123,749	Vesuvius	2,342,211
AstraZeneca	1,531,105	Prudential	1,998,858
Johnson Matthey	1,473,492	RELX	1,656,093
Tesco	1,435,245	Mondi	1,579,909
Anglo American	1,311,710	Phoenix	1,226,979
Intertek	1,222,896	DFS Furniture	1,159,134
Man	1,187,476	Vodafone	1,038,946
National Grid	1,165,285	Future	1,012,132

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 (B share class) delivered a 4.3% return, which compares to the benchmark's 8.7%. The primary driver of relative performance was a rotation back into previously popular parts of the stock market, such as large cap US technology companies.

Our stock picking in Italian small and mid cap IT-oriented companies proved successful with **Tinexta**, **Digital Value** and **WIIT** contributing strongly. Recovering stocks in the Industrial and Materials segment also delivered outperformance such as **PPC**, **Mega Manunggal Property** and **Somero Enterprises**. Energy companies were also among the top contributors, such as **Devon Energy**, **China Longyuan Power** and **Enerplus**.

Weaker performers were predominantly China-exposed, with concerns around regulation and an economic slowdown (accelerated by the solvency issues at Evergrande) leading to indiscriminate selling by foreign investors – Macau-casino owners **Las Vegas Sands** and **Wynn Macau**, together with search, cloud and AI leader **Baidu**. The portfolio's underweight to large cap technology companies (**NVIDIA**, **Apple**, **Alphabet**, **Microsoft**) was a drag on relative performance.

We continued to position the portfolio for Value, Recovery and Multi-Cap investing, and for domestic economic recoveries, re-opening and global deflation, with increased purchases of consumer discretionary stocks, such as topping up **Restaurant**, **Sleep Country Canada**, **Americanas**, **PRADA**, **DR Horton**, **Coats**, **Jumbo** and **Capital & Counties Properties**. Where deflation plays have not participated in the value rally we have been adding, notably, **Anglo American**, **Antofagasta**, **Industrias Penoles**, **Ocean Wilsons**, **thyssenkrupp**, **Weyerhaeuser** (lumber) and **AGCO** (agricultural equipment) and E&P and Oil Services stocks as some have been left behind (**Harbour Energy**, **CGG**, **Subsea 7**, **Hunting** and **Baker Hughes**). Re-opening stocks were laggards for much of the period. We think this area is a great opportunity as 2022 should see most economies and borders being opened. We therefore added to **Delta Air Lines**, **Trip.com**, **Wynn Macau**, **Accor**, **Elis** 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**), and also stocks that were starting to discount a full PVT thesis such as **Cargotec**, **China Resources Medical**, **Pearl Abyss** and **Aixtron**; reducing into relative strength (**China Longyuan Power**, **Digital Value**, **Wiit**); 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 Moët Hennessy Louis Vuitton**, **CBRE**), and re-focusing capital towards higher conviction ideas (**TomTom**, **Malayan Cement** and **South32** from an S-PVT perspective).

Outlook

Economies and company profits around the world continue to recover robustly, especially in nominal terms, and whilst monetary and fiscal policy is tightening it remains very supportive. However, in the short-term, investors are worried about a combination of issues: the latest wave of Covid-19, supply chain dislocations that are causing shortages and inflation, and more hawkish Central Banks. From my perspective this uncertainty has created another low point of the Value and Recovery cycle. This does not make sense to me - perhaps economic growth rates are peaking but absolute growth will still be strong; yes, Delta Covid-19 caused another wave of cases but fortunately the health consequences have been more modest than previous waves and we are all now learning to live with Covid-19; and meanwhile the world is clearly more inflationary than it has been for some time which in no way justifies a return to the low bond yield and deflationary consensus but nor does it support worries about permanently high inflation. We think we are close to peak fear regarding stagflation and its impact on consumer spending.

Importantly, recovery stocks are no more than one year into what would normally be at least a three-year positive cycle of profits recovering to pre-recession levels and beyond. But despite the early in the cycle nature of most value and recovery stocks, the market has decided that they already deserve to be de-rated; many are back towards nadir relative valuations (most recently UK consumer stocks); this is a great opportunity!

ES River and Mercantile Global Recovery Fund

Investment Manager's Review continued

Outlook continued

As we speak, we have a portfolio of recently de-rated companies (profits growing but share prices consolidating or falling), on modest absolute and very low relative valuations, where profits growth will be strong over the next few years as both profits recovery and top-line growth is delivered. Hopefully this should be an attractive combination, especially when there remain some very expensive assets out there.

River and Mercantile
23 November 2021
Investment Adviser to the Fund

Source: River and Mercantile Asset Management LLP

ES River and Mercantile Global Recovery Fund

Portfolio Statement as at 30 September 2021

Holding	Investment	Market Value £	% of Net Assets
OVERSEAS COMPANIES – 88.68% (2021 – 90.91%)			
Automobiles & Components – 2.71% (2021 – 2.90%)			
18,896	BorgWarner	605,412	0.17
4,944	Continental	403,143	0.12
22,105	General Motors	863,806	0.25
53,952	Harley-Davidson	1,464,489	0.42
2,370	Hyundai Mobis	375,590	0.11
7,627	Hyundai Motor pref.	456,250	0.13
50,386	Kendrion	926,778	0.27
7,760	Porsche Automobil pref.	573,071	0.16
76,278	Schaeffler pref.	436,314	0.13
24,216	Stellantis	344,638	0.10
20,200	Tachi-S	171,330	0.05
32,287	Tata Motors	536,380	0.16
10,549	Toyota Industries	643,701	0.19
40,150	Toyota Motor	533,760	0.15
17,266	Valeo	359,285	0.10
988	Vitesco Technologies	43,649	0.01
4,028	Volkswagen pref.	673,451	0.19
Banks – 9.75% (2021 – 9.30%)			
95,858	Absa	721,417	0.21
200,833	Banco Bilbao Vizcaya Argentaria	986,860	0.29
1,853,080	Banco Espirito Santo REG*	-	0.00
535,710	Banco Santander	1,443,970	0.42
62,904	Bancolombia	397,876	0.11
257,510	Bangkok Bank	657,584	0.19
59,469	Bank of America	1,871,376	0.54
378,650	Bank of Ireland	1,660,469	0.48
25,280	Bank of Kyoto	863,715	0.25
135,643	Bankinter	590,862	0.17
27,349	BNP Paribas	1,302,277	0.37
100,260	China Merchants Bank	592,214	0.17
869,900	CIMB	736,622	0.21
45,485	Citigroup	2,366,765	0.68
42,409	Citizens Financial	1,477,954	0.43
38,090	DBS	630,689	0.18
16,734	East West Bancorp	962,452	0.28
1,213,365	Eurobank Ergasias	843,917	0.24
60,513	FinecoBank Banca Fineco	814,503	0.24
30,162	Great Western Bancorp	732,156	0.21
10,361	HDFC Bank	561,639	0.16
123,810	Huntington Bancshares	1,419,589	0.41
122,836	ING Groep	1,326,918	0.38
573,818	Intesa Sanpaolo	1,210,076	0.35

ES River and Mercantile Global Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Banks continued		
11,333	JPMorgan Chase	1,376,081	0.40
97,615	Mediobanca Banca di Credito Finanziario	875,930	0.25
66,230	Raiffeisen Bank International	1,295,625	0.37
52,952	Societe Generale	1,237,496	0.36
43,710	Sumitomo Mitsui Financial	1,145,613	0.33
55,050	UniCredit	543,379	0.16
62,219	Wells Fargo	2,141,568	0.62
21,797	Zions Bancorp NA	1,000,009	0.29
	Capital Goods – 9.76% (2021 – 10.18%)		
4,713	3M	613,230	0.18
21,155	ABB	527,950	0.15
14,980	AGC	575,533	0.17
3,600	AGCO	327,040	0.09
8,888	Airbus	879,289	0.25
2,229	Alfen Beheer	174,247	0.05
15,434	ANDRITZ	629,856	0.18
45,287	Antares Vision	418,441	0.12
100,971	Aumann	1,327,824	0.38
7,022	Boeing	1,144,528	0.33
631,280	China Lesso	748,173	0.22
16,114	Cie de Saint-Gobain	806,635	0.23
8,612	CJ	532,435	0.15
157,540	CK Hutchison	779,715	0.22
13,150	Danieli & C Officine Meccaniche	186,267	0.05
913	dormakaba	492,866	0.14
5,780	Eiffage	435,493	0.13
2,550	FANUC	416,293	0.12
34,284	FLSmidth	888,090	0.26
529,820	Fraser and Neave	405,205	0.12
14,257	GEA	486,732	0.14
23,722	General Electric	1,811,940	0.52
20,000	Heijmans	204,908	0.06
15,987	HERIGE SADCS	655,447	0.19
1,866,260	IJM	595,103	0.17
18,146	Johnson Controls International	915,947	0.26
4,406	KION	306,521	0.09
164,990	Kitz	864,200	0.25
196,179	Koninklijke BAM Groep	462,689	0.13
10,219	LG pref.	441,035	0.13
2,715	LX pref.	25,425	0.01
12,505	NKT	402,417	0.12
21,709	Owens Corning	1,375,781	0.40
4,552	Parker-Hannifin	944,025	0.27
14,310	Raytheon Technologies	911,866	0.26
49,363	Resideo Technologies	908,292	0.26

ES River and Mercantile Global Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Capital Goods continued		
4,010	Samsung C&T	310,211	0.09
118,230	Sansei Technologies	666,429	0.19
6,143	Siemens	752,609	0.22
38,494	Siemens Energy	769,913	0.22
7,600	Siemens Gamesa Renewable Energy	143,776	0.04
1,478,680	Sime Darby	594,631	0.17
64,552	SKF	1,134,959	0.33
3,713	Snap-on	575,311	0.17
36,101	Spirit AeroSystems	1,182,081	0.34
65,300	Tadano	513,920	0.15
13,756	TKH	571,782	0.17
26,732	Toyo Tanso	524,184	0.15
52,120	Tsubaki Nakashima	550,502	0.16
27,553	Tsubakimoto Chain	637,351	0.18
20,900	Univar Solutions	369,220	0.11
31,497	Volvo	526,227	0.15
1,453	WW Grainger	423,567	0.12
	Commercial & Professional Services – 2.92% (2021 – 2.66%)		
17,061	Adecco	637,787	0.18
359,087	Aker Carbon Capture	842,035	0.24
36,420	Alkemy	561,897	0.16
119,738	Applus Services	845,972	0.24
2,379,230	China Everbright Environment	1,330,559	0.38
54,057	Elis	769,422	0.22
37,600	Intertrust	418,191	0.12
27,318,800	Mega Manunggal Property	891,834	0.25
421,670	Nippon Parking Development	445,656	0.13
10,698	Societe BIC	468,029	0.13
29,462	Stericycle	1,484,735	0.43
23,693	Tinexta	734,341	0.21
13,990	TOPPAN	176,686	0.05
540,341	Valid Solucoes e Servicos de Seguranca em Meios de Pagamento e Identificacao	605,278	0.18
93,766	Valid Solucoes e Servicos de Seguranca em Meios de Pagamento e Identificacao Warrants 05/09/2022	9,189	0.00
	Consumer Durables & Apparel – 3.63% (2021 – 4.75%)		
143,655	Bang & Olufsen	500,149	0.14
24,974	Canada Goose	660,846	0.19
404,437	Chow Sang Sang International	448,501	0.13
11,383	Cie Financiere Richemont	881,463	0.26
30,221	Cie Financiere Richemont Warrants 22/11/2023	10,572	0.00
4,029,879	Consortio ARA	629,915	0.18
16,722	DR Horton	1,041,381	0.30
3,651	EEKA Fashion	3,882	0.00

ES River and Mercantile Global Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
Consumer Durables & Apparel continued			
1,155	EssilorLuxottica	164,278	0.05
382,630	JNBY Design	487,018	0.14
71,899	Mattel	989,688	0.29
7,295	Mohawk Industries	959,249	0.28
67,763	Neinor Homes	670,961	0.19
128,100	Nikon	1,063,511	0.31
48,023	Salvatore Ferragamo	730,592	0.21
638,282	Samsonite International	1,020,385	0.29
20,565	Sanlorenzo SpA/Ameglia	548,836	0.16
11,060	Sony	915,282	0.26
3,262	Swatch	636,684	0.18
246,990	Trisul	245,408	0.07
Consumer Services – 4.64% (2021 – 3.53%)			
24,362	Accor	647,448	0.19
1,700	Airbnb	211,600	0.06
139,686	Arcos Dorados	530,420	0.15
9,500	Bloomin' Brands	176,212	0.05
692	Booking	1,218,317	0.35
32,602	Cie des Alpes	414,163	0.12
5,010	Darden Restaurants	562,587	0.16
10,040	DoubleUGames	394,947	0.11
1,137,167	Fu Shou Yuan International	702,035	0.20
122,561	GAN	1,351,639	0.39
1,002,260	Genting	891,316	0.26
1,055,780	Genting Singapore	415,264	0.12
135,621	Gourmet Master	527,094	0.15
41,651	H&R Block	772,259	0.22
95,801	Ibersol SGPS	474,291	0.14
38,909	Las Vegas Sands	1,055,869	0.30
42,361	MakeMyTrip	852,969	0.25
14,136	Marriott International	1,552,564	0.45
102,118	Melia Hotels International	564,372	0.16
703,910	Shangri-La Asia	414,444	0.12
7,846	Starbucks	641,890	0.18
44,380	Trip.com	991,070	0.29
999,830	Wynn Macau	620,107	0.18
3,391	Yum China	146,092	0.04
Diversified Financials – 5.98% (2021 – 6.42%)			
7,201	Affiliated Managers	806,538	0.23
7,920	American Express	983,458	0.28
136,407	Anima	484,567	0.14
15,240	Artisan Partners Asset Management	552,928	0.16
26,100	AssetMark Financial	481,408	0.14
225,800	B3 - Brasil Bolsa Balcao	391,544	0.11

ES River and Mercantile Global Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
Diversified Financials continued			
7,943	Berkshire Hathaway	1,607,392	0.46
106,095	BFF Bank	765,084	0.22
329,299	Bolsa de Valores de Colombia	621,462	0.18
117,570	Bolsa Mexicana de Valores	167,817	0.05
15,490	Charles Schwab	835,990	0.24
8,338	Eurazeo	582,288	0.17
11,098	EXOR	695,193	0.20
12,840	Financiera Alba	520,906	0.15
183,405	Grupo de Inversiones Suramericana	763,620	0.22
19,180	Gruppo MutuiOnline	704,753	0.20
879,350	Haitong	595,650	0.17
63,900	Hellenic Exchanges - Athens Stock Exchange	190,582	0.05
13,290	Hong Kong Exchanges & Clearing	606,992	0.18
123,649	Inversiones La Construccion	343,240	0.10
10,500	JAFCO	500,425	0.14
20,476	Jefferies Financial	564,159	0.16
18,126	Noah	498,201	0.14
212,140	Nomura	780,637	0.22
38,670	SBI	708,409	0.20
78,220	Singapore Exchange	426,022	0.12
38,142	State Street	2,395,703	0.69
88,805	UBS	1,058,698	0.31
1,109,384	Value Partners	415,369	0.12
35,468	Van Lanschot Kempen	812,430	0.23
Energy – 3.80% (2021 – 4.01%)			
74,675	Baker Hughes	1,369,609	0.39
1,072,086	CGG	615,911	0.18
67,116	Devon Energy	1,766,564	0.51
260,590	Enerplus	1,546,927	0.44
116,043	Eni	1,151,403	0.33
94,522	Galp Energia SGPS	796,180	0.23
62,050	Japan Petroleum Exploration	866,147	0.25
127,170	Marathon Oil	1,289,290	0.37
123,616	NOV	1,201,918	0.35
25,052	Schlumberger	549,960	0.16
141,165	Tenaris	1,102,675	0.32
26,209	TotalEnergies	931,040	0.27
Food & Staples Retailing – 0.83% (2021 – 0.42%)			
167,685	Blue Apron	914,069	0.26
3,867,861	Cosco Capital	281,179	0.08
873,965	Sonae SGPS	682,075	0.19
34,919	Sprouts Farmers Market	600,047	0.17
4,283	Walmart	442,546	0.13

ES River and Mercantile Global Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
Food, Beverage & Tobacco – 1.48% (2021 – 1.03%)			
796,097	Aryzta	886,099	0.26
4,174	Beyond Meat	325,816	0.09
8,314	Coca-Cola	323,410	0.09
58,130	Coca-Cola Bottlers Japan	624,800	0.18
89,740	Coca-Cola Icecek	625,907	0.18
21,673	Kraft Heinz	591,834	0.17
7,479,885	Nippon Indosari Corpindo	513,562	0.15
188,663	Treasury Wine Estates	1,253,306	0.36
Health Care Equipment & Services – 1.62% (2021 – 1.57%)			
160,700	Alibaba Health Information Technology	171,472	0.05
57,458	Cegedim	1,279,094	0.37
14,937	Fresenius	533,955	0.15
7,714	Fukuda Denshi	498,398	0.14
140,991	Ginko International	694,339	0.20
12,213	Koninklijke Philips	402,464	0.12
3,351	McKesson	495,536	0.14
62,700	Ping An Healthcare and Technology	301,959	0.09
642,531	Profarma Distribuidora de Produtos Farmaceuticos	487,120	0.14
161,340	Qualicorp Consultoria e Corretora de Seguros	438,758	0.13
60,920	Vital KSK	322,332	0.09
Household & Personal Products – 0.79% (2021 – 0.74%)			
9,338	Henkel	599,151	0.17
74,684	Ontex	591,207	0.17
288,730	PRADA	1,184,199	0.34
1,868,100	Unilever Indonesia	382,366	0.11
Insurance – 2.61% (2021 – 2.54%)			
43,047	AXA	890,947	0.26
50,530	Dai-ichi Life	830,623	0.24
119,060	Japan Post	747,478	0.21
291,912	Linea Directa Aseguradora Cia de Seguros y Reaseguros	427,286	0.12
34,310	MS&AD Insurance	856,369	0.25
150,450	Ping An Insurance of China	762,541	0.22
68,505	Poste Italiane	702,155	0.20
14,900	Samsung Life Insurance	685,059	0.20
28,622	SCOR	616,254	0.18
13,273,700	Tune Protect	1,046,405	0.30
169,109	Unipol Gruppo	734,315	0.21
35,527	Vienna Insurance Wiener Versicherung Gruppe	758,817	0.22
Materials – 4.68% (2021 – 4.45%)			
41,300	Acerinox	393,494	0.11
35,036	Axalta Coating Systems	757,964	0.22

ES River and Mercantile Global Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Materials continued		
8,274	BASF	468,370	0.13
272,842	Cemex	1,448,844	0.42
15,690	Dowa	460,452	0.13
5,893	Eastman Chemical	440,068	0.13
364,940	Eucatex Industria e Comercio pref.	441,581	0.13
17,161	HeidelbergCement	959,641	0.28
12,350	Imerys	397,849	0.11
48,431	Industrias Penoles	424,269	0.12
4,077	Lenzing	367,945	0.11
960	LG Chem	466,636	0.13
31,414	Mosaic	831,742	0.24
7,210	Nitto Denko	381,965	0.11
15,578	Okamoto Industries	427,654	0.12
6,869,602	PPC	1,473,077	0.42
13,182	Rio Tinto	707,404	0.20
881,112	Semen Indonesia Persero	374,392	0.11
24,881	Taiheiyo Cement	384,687	0.11
146,905	thyssenkrupp	1,157,866	0.33
108,144	Titan Cement International	1,338,496	0.39
4,682	UPM-Kymmene	123,383	0.04
23,305	Verallia	596,521	0.17
23,579	Vicat	780,258	0.22
18,501	Westrock	683,591	0.20
	Media – 0.00% (2021 – 0.22%)		
	Media & Entertainment – 8.80% (2021 – 9.55%)		
23,513	Adevinta	299,655	0.09
841	Alphabet	1,666,151	0.48
171,363	Atresmedia de Medios de Comunicacion	546,146	0.16
75,356	Autohome	635,361	0.18
176,144	Baidu	2,488,678	0.72
3,700	Bengo4.com	157,649	0.05
82,542	Cars.com	773,783	0.22
61,840	DeNA	852,117	0.24
7,279	Facebook	1,831,316	0.53
38,785	Hello	304,044	0.09
48,376	IMAX	680,963	0.20
19,128	IPSOS	646,944	0.19
79,917	iQIYI	475,940	0.14
102,500	Kingsoft	302,235	0.09
82,500	Marvelous	387,159	0.11
463,961	Mediaset	987,380	0.28
239,483	Mediaset Espana Comunicacion	1,009,845	0.29
18,400	Mixi	307,967	0.09
113,541	Modern Times MTG	1,025,094	0.30

ES River and Mercantile Global Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
Media & Entertainment continued			
79,314	MultiChoice	446,382	0.13
1,917	NAVER	465,907	0.13
900	Netflix	407,191	0.12
1,760	Nintendo	629,632	0.18
8,151	Nordic Entertainment	328,635	0.09
20,052	Omnicom	1,077,143	0.31
200,000	Perfect World	346,577	0.10
52,296	ProSiebenSat.1 Media	716,039	0.21
80,566	QIWI	499,523	0.14
21,238	Sohu.com	327,623	0.09
327,557	Solocal	491,343	0.14
5,368	Spotify Technology	896,478	0.26
4,687	Take-Two Interactive Software	535,285	0.15
111,390	Television Francaise 1	813,799	0.23
29,650	Tencent	1,303,353	0.38
73,327	Tencent Music Entertainment	394,275	0.11
25,159	TripAdvisor	630,864	0.18
27,804	Universal Music	552,161	0.16
31,312	ViacomCBS	917,519	0.26
23,804	Vivendi	223,115	0.06
10,694	Walt Disney	1,341,241	0.39
26,670	Wirtualna Polska	669,402	0.19
116,221	Z	553,517	0.16
114,574	Zynga	639,001	0.18
Pharmaceuticals, Biotechnology & Life Sciences – 2.00% (2021 – 2.05%)			
27,332	Bayer	1,105,895	0.32
10,889	Bristol-Myers Squibb	477,683	0.14
454,648	Genomma Lab Internacional	319,718	0.09
9,025	Gilead Sciences	467,331	0.13
90,640	Nichi-iko Pharmaceutical	541,037	0.16
37,142	Pfizer	1,184,489	0.34
2,625	Roche	713,538	0.21
20,790	Tsumura	494,730	0.14
111,005	Viatrix	1,115,525	0.32
45,587	Yunnan Baiyao	512,224	0.15
Real Estate – 1.47% (2021 – 1.44%)			
31,500	Daibiru	345,691	0.10
744,916	Greentown Service	595,428	0.17
169,400	Hongkong Land	603,048	0.17
26,674	RE/MAX	616,033	0.18
5,450,000	Sime Darby Property	632,391	0.18
1,435,007	Swire Pacific	1,039,028	0.30
68,462	Tosei	548,817	0.16

ES River and Mercantile Global Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Real Estate continued		
13,400	Weyerhaeuser	353,398	0.10
401,640	Wing Tai	397,131	0.11
	Retailing – 6.21% (2021 – 6.77%)		
137,943	Alibaba	1,868,783	0.54
632	Amazon.com	1,539,406	0.44
187,523	Americanas	789,189	0.23
7,100	Bath & Body Works	331,686	0.10
55,522	Bed Bath & Beyond	711,140	0.20
3,000,000	Bukalapak.com	132,913	0.04
190,995	CECONOMY	613,640	0.18
4,044	CJ ENM	383,262	0.11
18,239	Dufry	765,638	0.22
21,673	eBay	1,119,695	0.32
80,000	Falabella	207,245	0.06
17,170	Fnac Darty	837,507	0.24
139,003	Fourlis	474,315	0.14
34,604	Industria de Diseno Textil	946,409	0.27
49,000	Jardine Cycle & Carriage	518,762	0.15
43,990	JD.com	1,186,042	0.34
46,465	Jumbo	562,716	0.16
284,452	Lojas Americanas pref.	186,613	0.05
51,900	Lumber Liquidators	719,021	0.21
34,919	Maisons du Monde	523,432	0.15
362,890	Marisa Lojas	257,336	0.07
18,417	Meituan	432,334	0.12
476	MercadoLibre	592,184	0.17
8,156	Naspers	1,002,150	0.29
23,634	Prosus	1,400,428	0.40
77,330	Rakuten	555,140	0.16
38,100	RealReal	372,424	0.11
6,243	Shop Apotheke Europe	684,694	0.20
36,983	Sleep Country Canada	726,388	0.21
9,843	Victoria's Secret	403,327	0.12
31,961	Vroom	522,668	0.15
7,200	ZOZO	200,529	0.06
	Semiconductors & Semiconductor Equipment – 1.69% (2021 – 2.26%)		
41,910	ams	568,274	0.16
7,943	Applied Materials	758,041	0.22
244,751	ASE Technology	710,165	0.21
19,034	Infineon Technologies	582,987	0.17
28,584	Intel	1,129,284	0.33
26,160	MediaTek	630,224	0.18
1,600	Microchip Technology	182,054	0.05
5,360	Micron Technology	282,082	0.08

ES River and Mercantile Global Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Semiconductors & Semiconductor Equipment continued		
15,240	STMicroelectronics	494,093	0.14
32,048	Veeco Instruments	527,894	0.15
	Software & Services – 6.12% (2021 – 6.73%)		
47,032	21Vianet	602,746	0.17
169,118	Almawave	675,193	0.20
12,584	Amadeus IT	615,004	0.18
100,000	AsiaInfo Technologies	121,565	0.04
15,255	Atos	603,146	0.17
47,000	BASE	341,779	0.10
335,794	Chanjet Information Technology	308,717	0.09
1,198,920	Cielo	373,691	0.11
52,551	Criteo	1,428,018	0.41
10,697	Digital Value	771,394	0.22
26,992	Dropbox	584,742	0.17
1,000	Duolingo	123,380	0.04
20,026	DXC Technology	499,480	0.14
9,959	Fiserv	801,388	0.23
32,200	GDS	169,645	0.05
8,500	GMO internet	161,873	0.05
5,274,011	Hi Sun Technology China	633,098	0.18
112,197	Indra Sistemas	893,950	0.26
7,168	International Business Machines	738,304	0.21
36,043	Kginicis	393,969	0.11
16,330	Kingsoft Cloud	342,865	0.10
21,222	KNOW IT	632,373	0.18
42,794	Minwise	550,859	0.16
88,081	MoneyGram International	524,560	0.15
170,144	Novabase SGPS	688,795	0.20
17,760	NS Solutions	447,417	0.13
13,529	Oracle	874,140	0.25
10,974	PayPal	2,116,911	0.61
45,614	Ping Identity	830,852	0.24
57,439	Sabre	503,952	0.15
4,810	SAP	484,204	0.14
12,920	Trend Micro	533,316	0.15
54,041	Western Union	810,004	0.23
30,201	Wiit	635,974	0.18
20,900	ZipRecruiter	427,347	0.12
	Technology Hardware & Equipment – 2.46% (2021 – 2.47%)		
9,525	3D Systems	194,760	0.06
7,984	Apple	836,800	0.24
46,868	Avnet	1,285,059	0.37
21,738	Cisco Systems	877,194	0.25
39,231	Datalogic	589,755	0.17

ES River and Mercantile Global Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Technology Hardware & Equipment continued		
101,682	Kerlink SACA	438,733	0.13
10,650	Kyocera	495,468	0.14
3,500	Landis+Gyr	168,071	0.05
187,677	Nokia	766,146	0.22
13,143	Samsung Electronics	610,040	0.18
194,326	Seco	995,473	0.29
15,909	SIT	144,261	0.04
6,700	Vontier	166,910	0.05
80,650	Yageo	950,006	0.27
	Telecommunication Services – 0.60% (2021 – 0.34%)		
3,109,111	Link Net	637,989	0.18
18,240	SoftBank	785,652	0.23
437,918	VEON	675,544	0.19
	Transportation – 3.52% (2021 – 3.89%)		
4,915	Aena SME	630,719	0.18
176,957	America Airports	734,942	0.21
424	AP Moller - Maersk	815,536	0.23
872,780	Beijing Capital International Airport	380,829	0.11
77,154	bpost	504,987	0.15
728,000	COSCO SHIPPING Ports	466,773	0.13
25,332	Delta Air Lines	800,344	0.23
105,414	Deutsche Lufthansa	540,366	0.15
105,414	Deutsche Lufthansa RIGHTS 06/10/2021	196,159	0.06
4,163	FedEx	676,837	0.20
18,405	Fraport Frankfurt Airport Services Worldwide	948,843	0.27
551,940	Grupo Traxion	682,624	0.20
3,590,066	Hutchison Port Trust	625,702	0.18
2,842	Hyundai Glovis	296,404	0.09
30,588	Knight-Swift Transportation	1,160,364	0.33
25,066	Piraeus Port Authority	405,038	0.12
214,166	SATS	486,701	0.14
44,850	Seino	404,849	0.12
20,216	Southwest Airlines	770,947	0.22
21,302	Uber Technologies	707,776	0.20
	Utilities – 0.61% (2021 – 0.69%)		
1,885,385	China Everbright Greentech	544,255	0.16
310,370	China Longyuan Power	568,320	0.16
39,000	Iberdrola	291,029	0.09
29,139	Veolia Environnement	662,199	0.19
29,139	Veolia Environnement RIGHTS 09/10/2021	17,983	0.01

ES River and Mercantile Global Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
UK COMPANY OR UK LISTED – 11.28% (2021 – 8.61%)			
UK – 11.28% (2021 – 8.61%)			
84,581	Allfunds	1,216,390	0.35
51,409	Anglo American	1,348,201	0.39
110,160	Antofagasta	1,499,828	0.43
21,072	ASOS**	632,371	0.18
31,884	Aston Martin Lagonda Global	610,738	0.18
7,300	Boliden	174,701	0.05
2,302,054	Capita	1,173,127	0.34
472,603	Capital & Counties Properties	784,994	0.23
31,747	Capri	1,139,582	0.33
65,891	Carnival	1,108,287	0.32
300,000	Coats	202,200	0.06
1,019,138	Eckoh**	570,717	0.16
232,560	Fidelity China Special Situations	734,890	0.21
4,996,063	Filtronic**	524,587	0.15
398,326	GAM	537,097	0.15
172,777	Gresham House**	1,554,993	0.45
190,734	Harbour Energy	692,364	0.20
131,590	HSBC	512,750	0.15
496,185	Hunting	1,118,897	0.32
96,735	Indivior	208,561	0.06
229,493	Legal & General	645,105	0.19
3,284,063	Lloyds Banking	1,529,060	0.44
29,801	Mail.Ru	454,414	0.13
53,831	Manchester United	773,320	0.22
88,200	Moonpig	281,181	0.08
459,490	NatWest	1,032,934	0.30
538,166	Northbridge Industrial Services**	904,119	0.26
19,964	nVent Electric	478,686	0.14
48,615	Ocean Wilsons	471,566	0.14
40,000	On the Beach	153,200	0.04
359,081	Playtech	1,684,808	0.48
64,757	Prudential	941,891	0.27
804,549	Rangers International Football*	152,864	0.04
796,976	Restaurant	820,885	0.24
18,767	RHI Magnesita	615,182	0.18
187,900	Rolls-Royce	263,323	0.07
46,009	Royal Dutch Shell	758,965	0.22
134,947	RWS**	845,443	0.24
102,041	Sage	724,083	0.21
45,375	Smith & Nephew	583,976	0.17
436,683	Somero Enterprises**	2,270,752	0.65
193,973	Standard Chartered	845,722	0.24
89,158	Subsea 7	574,790	0.17
194,853	Tremor International**	1,321,103	0.38

ES River and Mercantile Global Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	UK continued		
19,522	Unilever	781,856	0.23
61,169	Vistry	747,179	0.21
34,533	Whitbread	1,145,114	0.33
200,000	Wickes	453,600	0.13
3,420	Willis Towers Watson	589,771	0.17
	FORWARD CURRENCY CONTRACTS – 0.12% (2021 – 0.11%)		
US\$27,846,933	Forward Currency Contract 15/12/2021: US dollar 27,846,933 vs Euro 23,550,000	379,013	0.11
US\$4,074,202	Forward Currency Contract 15/12/2021: US dollar 4,074,202 vs Japanese Yen 447,722,000	43,604	0.01
	Portfolio of investments	347,743,930	100.08
	Net other liabilities	(286,410)	(0.08)
	Net assets	347,457,520	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.

11.28% 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

Statement of Total Return for the period ended 30 September 2021

	1 April 2021 to 30 September 2021		1 April 2020 to 30 September 2020	
	£	£	£	£
Income				
Net capital gains		13,327,331		69,285,960
Revenue	4,301,232		3,459,356	
Expenses	(1,691,106)		(1,560,381)	
Interest payable and similar charges	(2,333)		(3,940)	
Net revenue before taxation for the period	2,607,793		1,895,035	
Taxation	(460,800)		(324,126)	
Net revenue after taxation for the period		2,146,993		1,570,909
Total return before distributions		15,474,324		70,856,869
Distributions		(2,155,284)		(1,580,053)
Change in net assets attributable to Shareholders from investment activities		13,319,040		69,276,816

Statement of Change in Net Assets attributable to Shareholders for the period ended 30 September 2021

	1 April 2021 to 30 September 2021		1 April 2020 to 30 September 2020	
	£	£	£	£
Opening net assets attributable to Shareholders		387,204,869		321,169,062
Amounts received on creation of shares	40,044,477		4,148,766	
Amounts paid on cancellation of shares	(12,003,424)		(130,665,956)	
In specie transfer to River and Mercantile Global Recovery UCITS ICAV Sub-Fund	(81,330,138)		—	
		(53,289,085)		(126,517,190)
Dilution adjustment		29,498		325,063
Change in net assets attributable to Shareholders from investment activities		13,319,040		69,276,816
Retained distributions on accumulation shares		193,198		182,135
Closing net assets attributable to Shareholders		347,457,520		264,435,886

The opening net assets attributable to shareholders for the current period do not equal the closing net assets attributable to shareholders for the comparative period as they are not consecutive periods.

ES River and Mercantile Global Recovery Fund

Balance Sheet as at 30 September 2021

	30 September 2021		31 March 2021	
	£	£	£	£
ASSETS				
Fixed assets				
Investments		347,743,930		385,763,908
Current assets				
Debtors	1,575,784		16,871,862	
Cash and bank balances	1,337,004		342,660	
Total other assets		2,912,788		17,214,522
Total assets		350,656,718		402,978,430
LIABILITIES				
Creditors				
Bank overdrafts	(4,260)		(26,322)	
Distribution payable	(1,796,746)		(290,753)	
Other creditors	(1,398,192)		(15,456,486)	
Total other liabilities		(3,199,198)		(15,773,561)
Total liabilities		(3,199,198)		(15,773,561)
Net assets attributable to Shareholders		347,457,520		387,204,869

ES River and Mercantile Global Recovery Fund

Fund Facts

Distribution information

B-Class Distribution shares

The distribution payable on 30 November 2021 is 2.9171p (2020: 1.7936p) per share for distribution shares.

S-Class Distribution shares

The distribution payable on 30 November 2021 is 1.7414p (2020: 1.0913p) per share for distribution shares.

Z-Class Accumulation shares

The distribution payable on 30 November 2021 is 14.0837p (2020: 9.1785p) per share for accumulation shares.

Performance records

Net asset values

	Net asset value of sub-fund £	Net asset value per share p	Shares in issue
31 March 2019			
B-Class Distribution shares	224,624,811	500.57	44,873,619
S-Class Distribution shares	181,050,714	232.42	77,899,673
Z-Class Accumulation shares	16,939,909	1,107.21	1,529,966
31 March 2020			
B-Class Distribution shares	134,132,332	378.17	35,469,090
S-Class Distribution shares	169,945,039	175.51	96,828,336
Z-Class Accumulation shares	17,091,691	855.41	1,998,065
31 March 2021			
B-Class Distribution shares	170,291,041	611.86	27,831,914
S-Class Distribution shares	189,284,348	284.07	66,632,338
Z-Class Accumulation shares	27,629,480	1,403.82	1,968,164
30 September 2021			
B-Class Distribution shares	113,827,589	630.67	18,048,542
S-Class Distribution shares	213,586,464	292.81	72,942,912
Z-Class Accumulation shares	20,043,467	1,461.13	1,371,776

Operating Charges

	30 September 2021
B-Class Distribution shares	1.16%
S-Class Distribution shares	0.91%
Z-Class Accumulation shares	0.15%

The Operating Charges figure represents the annual operating expenses of the sub-fund expressed as a percentage of average net assets for the period. The Operating Charges figure has been calculated in accordance with the COLL sourcebook. The Operating Charges figure is inclusive of Annual Management Charges.

The Operating Charges figure is capped at a maximum of 0.35% above the annual management charge, with any costs above this amount absorbed by the Investment Manager.

ES River and Mercantile Global Recovery Fund

Synthetic Risk Reward Indicator (SRRI)



Typically Lower Rewards

Typically Higher Rewards



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

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

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

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

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

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

Summary of Largest Portfolio Changes

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

Purchases	£	Sales	£
Antofagasta	1,842,746	zooplus	1,814,657
Allfunds	1,797,566	Wells Fargo	1,537,694
Bed Bath & Beyond	1,475,641	Digital Value	1,462,772
Huntington Bancshares	1,288,208	Tremor International	1,412,608
Restaurant	1,154,898	China Longyuan Power	1,395,607
ViacomCBS	1,086,249	Devon Energy	1,384,457
Titan Cement International	1,070,560	PPC	1,340,747
East West Bancorp	969,762	Chinasoft International	1,243,904
Baidu	949,024	Pearl Abyss	1,243,274
Marriott International	944,108	Resideo Technologies	1,156,416

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

The ES River and Mercantile Dynamic Asset Allocation Fund (B share class) returned 7.5% over the 6 months to 30 September 2021, compared with the SONIA + 4.125% benchmark performance of 2.1%.

Market background

With another 6 months behind us, the outlook for global economic growth continues to be favourable. Markets rose further, driven by the vaccination rollout and the ongoing policy support from governments and central banks. Notably, the S&P 500 Index reached a new all-time high in late June, and almost all sectors made gains. Specifically, since the first quarter we saw cyclical sectors, which typically have a higher sensitivity to the economic cycle, outperform defensive sectors.

Strong earnings in the US had driven asset prices up, when the US Federal Reserve ("Fed") conveyed a dovish tone saying it would not taper too quickly. Yet, in September the Fed confirmed the stimulus slowdown would be announced at the November meeting, and projections now display an earlier rate hiking schedule than they did in June. This naturally caused some investor concern; equities fell in September with technology stocks worst hit, whilst sovereign bonds also tumbled.

Notwithstanding, the extensive stimulus measures combined with pent-up savings and supply chain disruptions have driven inflation to rise sharply to levels not witnessed since 1990. As demand recovers towards pre-pandemic levels, supply chains have struggled to come back online at the same pace, creating considerable bottlenecks. The resulting imbalance in supply and demand has driven prices upwards, evident in a wide range of sectors including lumber, shipping, and semiconductors. Commodities also jumped driven by increased demand in the wholesale gas market which fuelled energy prices. At the same time, in China some of the heaviest declines were witnessed with the fall of Evergrande and the rise in energy prices. The weakness in China has impacted global markets, with world equities publishing their weakest quarter of performance since the Covid-19 lows, and investors moving more defensively.

Portfolio Activity

We started the period by reducing equities in favour of cash as equity markets hit fresh highs. The equity allocation continued to comprise the majority of the portfolio, although we began to rotate towards higher quality defensive companies. We also reshaped our European exposure to have a bias to small cap value equities, albeit with strong ESG criteria. Throughout the period we remained tactical and traded opportunistically in precious metals.

Towards the end of Q2, we reduced exposure to cyclicals while still maintaining a preference for equities, insulating the portfolio against the subsequent cyclical weakness. We used market weakness to add back to risk tactically, taking profits from the majority of these trades. We ended the quarter favouring equity, but underweight cyclicals in favour of growth, innovation and quality.

At the start of Q3, we reduced our overall equity exposure, albeit still favouring equities over credit. We continued to tilt the equity allocation towards more defensive sectors and high quality companies, recognising the evolving macroeconomic environment. At the end of the period, the portfolio maintained a bias to defensive stocks, consistent with our view that much of the cyclical gains are now behind us. We had also moderately increased equity exposure following market weakness, reflecting our strong preference for equities over other asset classes.

ES River and Mercantile Dynamic Asset Allocation Fund

Investment Manager's Review continued

Outlook

Primarily, we expect there to be two factors which will be key in determining asset returns over the coming twelve months: inflation and policy. Inflation has risen sharply due to supply chain disruption, rather than being consumer driven. The second factor which will be key in determining returns will be policy, which has been effective in providing an important backstop for markets, however as economies begin to require less support, investors are preparing for the withdrawal of stimulus. Most pertinent is the pace of this withdrawal and to what extent policymakers may be forced to act as a result of the aforementioned inflation. Historically the withdrawal of monetary support has coincided with periods of weaker equity returns, and this may well act as a headwind for equities over the coming year. We expect it to be a while until tighter policy acts as an outright drag on risk markets – and hence still expect equities to perform positively over the next year or so.

As we've mentioned previously though, we are close to (if not past) the point of "peak economic improvement" and this argues for a lower core risk position than earlier in the year. While there will still be opportunities in cyclical sectors, we're expecting to take advantage of these much more tactically than earlier in the year, and we'd expect our core equity allocation to remain focussed in higher quality parts of the market for the rest of the year at least. Given the current low levels of compensation from corporate credit, and the likelihood of credit risk picking up into next year, our preference for equities over credit is set to remain for the immediate future. We're also expecting government bond yields to continue their move higher over the next few months and as a result continue to hold very little duration for now. As we've shown throughout the last year, the strategy is well placed to take advantage of rapidly changing market conditions. As economic conditions moderate, we expect more bouts of volatility and a great environment for our dynamic approach.

River and Mercantile
23 November 2021
Investment Adviser to the Fund

Source: River and Mercantile Asset Management LLP

ES River and Mercantile Dynamic Asset Allocation Fund

Portfolio Statement as at 30 September 2021

Holding	Investment	Market Value £	% of Net Assets
UNITED KINGDOM – 14.68% (2021 – 8.75%)			
Equity Investment Instruments – 1.43% (2021 – 0.81%)			
67,592	Amcor	581,000	0.27
4,421	AstraZeneca	395,945	0.19
329,968	Barclays	625,619	0.29
20,032	Johnson Matthey	537,659	0.25
36,724	St James's Place	553,431	0.26
9,343	Unilever	374,187	0.17
Non-Equity Investment Instruments – 5.07% (2021 – 0.00%)			
2,032,395	ES River and Mercantile European Fund*	10,932,049	5.07
Bonds – 8.18% (2021 – 7.94%)			
£17,349,885	United Kingdom Gilt 4% 07/03/2022	17,639,368	8.18
AUSTRALIA – 0.00% (2021 – 0.32%)			
Equity Investment Instruments – 0.00% (2021 – 0.32%)			
BERMUDA – 0.33% (2021 – 0.00%)			
Equity Investment Instruments – 0.33% (2021 – 0.00%)			
3,826	Everest Re	711,514	0.33
BRAZIL – 0.48% (2021 – 0.35%)			
Equity Investment Instruments – 0.48% (2021 – 0.35%)			
54,899	Dexco	126,804	0.06
15,649	Nexa Resources	87,858	0.04
15,877	Notre Dame Intermedica Participacoes	160,627	0.07
104,513	Petro Rio	355,914	0.17
24,729	SLC Agricola	153,449	0.07
100,401	TIM SA/Brazil	160,296	0.07
CANADA – 1.67% (2021 – 1.78%)			
Equity Investment Instruments – 1.67% (2021 – 1.78%)			
66,541	Open Text	2,402,745	1.11
1,205	Shopify	1,206,982	0.56
CHILE – 0.05% (2021 – 0.09%)			
Equity Investment Instruments – 0.05% (2021 – 0.09%)			
13,283	CAP	103,790	0.05

ES River and Mercantile Dynamic Asset Allocation Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	CHINA – 0.79% (2021 – 0.88%)		
	Equity Investment Instruments – 0.79% (2021 – 0.88%)		
13,135	Airtac International	305,598	0.14
610	Airtac International RIGHTS 22/10/2021	2,533	0.00
29,250	A-Living Smart City Services	77,191	0.04
9,000	ANTA Sports Products	125,700	0.06
190,179	China Lesso	225,394	0.10
9,651	ENN Energy	118,058	0.05
1,713	Silergy	186,960	0.09
83,953	TravelSky Technology	119,494	0.05
121,075	Yadea	146,493	0.07
45,975	Zhongsheng	274,631	0.13
192,189	Zoomlion Heavy Industry Science and Technology	127,621	0.06
	FRANCE – 2.44% (2021 – 2.70%)		
	Equity Investment Instruments – 2.44% (2021 – 2.70%)		
8,678	Amundi	543,004	0.25
13,317	BNP Paribas	634,116	0.30
11,797	Eiffage	888,843	0.41
7,901	L'Oreal	2,423,372	1.12
12,781	Publicis Groupe	639,792	0.30
13,443	Vivendi	126,001	0.06
	GERMANY – 0.25% (2021 – 2.80%)		
	Equity Investment Instruments – 0.25% (2021 – 0.30%)		
6,477	Puma	539,894	0.25
	Non-Equity Investment Instruments – 0.00% (2021 – 2.50%)		
	GREECE – 0.09% (2021 – 0.08%)		
	Equity Investment Instruments – 0.09% (2021 – 0.08%)		
16,074	Motor Oil Hellas Corinth Refineries	182,231	0.09
	HONG KONG – 1.50% (2021 – 0.64%)		
	Equity Investment Instruments – 1.50% (2021 – 0.64%)		
29,126	China Mengniu Dairy	138,743	0.06
1,696,876	Hong Kong & China Gas	1,904,386	0.88
266,136	Kunlun Energy	205,882	0.10
188,465	Lee & Man Paper Manufacturing	102,883	0.05
40,530	Techtronic Industries	598,505	0.28
91,377	Vinda International	199,793	0.09
39,757	Xinyi Glass	88,064	0.04

ES River and Mercantile Dynamic Asset Allocation Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	INDIA – 0.21% (2021 – 0.18%)		
	Equity Investment Instruments – 0.21% (2021 – 0.18%)		
4,169	Dr Reddy's Laboratories	201,254	0.09
4,169	WNS	252,579	0.12
	INDONESIA – 0.10% (2021 – 0.00%)		
	Equity Investment Instruments – 0.10% (2021 – 0.00%)		
388,125	Bank Negara Indonesia Persero	107,599	0.05
2,255,877	Media Nusantara Citra	97,023	0.05
	IRELAND – 21.29% (2021 – 25.59%)		
	Equity Investment Instruments – 0.16% (2021 – 0.00%)		
3,544	Kerry	353,349	0.16
	Non-Equity Investment Instruments – 21.13% (2021 – 25.59%)		
11,876,880	BlackRock ICS Sterling Liquidity Fund	11,876,880	5.51
6,272,537	Insight GBP Liquidity Fund	6,272,537	2.91
249,300	iShares FTSE MIB UCITS ETF	3,299,236	1.53
614,420	iShares S&P 500 Health Care Sector UCITS ETF	4,453,009	2.06
11	Marshall Wace**	1,386	0.00
922,480	Neuberger Berman Global Flexible Credit Fund	10,829,914	5.02
144,640	Vanguard S&P 500 UCITS ETF	8,832,442	4.10
	JAPAN – 4.48% (2021 – 3.75%)		
	Equity Investment Instruments – 4.48% (2021 – 3.75%)		
37,800	Azbil	1,204,789	0.56
7,300	Fuji Corp/Aichi	138,972	0.06
150,600	KDDI	3,694,873	1.71
18,800	Miura	559,218	0.26
7,500	Nippon Shinyaku	462,636	0.22
68,100	Panasonic	627,395	0.29
8,400	Sony	695,151	0.32
27,600	Terumo	969,582	0.45
185,700	Yamada	580,150	0.27
35,700	Yamaha Motor	740,377	0.34
	LUXEMBOURG – 2.07% (2021 – 5.04%)		
	Non-Equity Investment Instruments – 2.07% (2021 – 5.04%)		
84,850	Xtrackers MSCI Canada UCITS ETF	4,467,942	2.07

ES River and Mercantile Dynamic Asset Allocation Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	MALAYSIA – 0.46% (2021 – 0.33%)		
	Equity Investment Instruments – 0.46% (2021 – 0.33%)		
291,779	AMMB	164,373	0.08
62,537	MISC	75,999	0.03
211,676	Press Metal Aluminium	215,244	0.10
296,748	TIME dotCom	239,192	0.11
372,934	VS Industry	105,045	0.05
235,183	Westports	187,485	0.09
	MEXICO – 0.21% (2021 – 0.18%)		
	Equity Investment Instruments – 0.21% (2021 – 0.18%)		
49,858	Grupo Financiero Banorte	238,102	0.11
241,864	Macquarie Mexico Real Estate Management	215,224	0.10
	NETHERLANDS – 1.24% (2021 – 1.18%)		
	Equity Investment Instruments – 1.24% (2021 – 1.18%)		
3,623	ASML	2,011,342	0.93
5,020	Heineken	389,191	0.18
13,443	Universal Music	266,965	0.13
	NEW ZEALAND – 0.19% (2021 – 0.00%)		
	Equity Investment Instruments – 0.19% (2021 – 0.00%)		
165,858	Spark New Zealand	403,073	0.19
	NORWAY – 0.18% (2021 – 0.00%)		
	Equity Investment Instruments – 0.18% (2021 – 0.00%)		
57,282	Orkla	390,314	0.18
	PHILIPPINES – 0.16% (2021 – 0.13%)		
	Equity Investment Instruments – 0.16% (2021 – 0.13%)		
121,972	International Container Terminal Services	345,809	0.16
	POLAND – 0.06% (2021 – 0.00%)		
	Equity Investment Instruments – 0.06% (2021 – 0.00%)		
2,088	Dino Polska	129,459	0.06

ES River and Mercantile Dynamic Asset Allocation Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	RUSSIA – 0.11% (2021 – 0.16%)		
	Equity Investment Instruments – 0.11% (2021 – 0.16%)		
115,256	Detsky Mir	152,743	0.07
13,343	M.Video	79,822	0.04
	SOUTH AFRICA – 0.10% (2021 – 2.60%)		
	Equity Investment Instruments – 0.10% (2021 – 0.15%)		
10,108	Clicks	138,371	0.06
9,474	Impala Platinum	80,174	0.04
	Bonds – 0.00% (2021 – 2.45%)		
	SOUTH KOREA – 0.73% (2021 – 0.79%)		
	Equity Investment Instruments – 0.73% (2021 – 0.79%)		
39,917	DGB Financial	248,036	0.11
3,217	Douzone Bizon	193,450	0.09
25,038	Hanon Systems	244,664	0.11
1,482	Hansol Chemical	321,660	0.15
10,174	Neowiz	148,170	0.07
17,844	NICE Information Service	228,017	0.11
33,202	Partron	192,792	0.09
	SWEDEN – 1.99% (2021 – 1.92%)		
	Equity Investment Instruments – 1.99% (2021 – 1.92%)		
32,844	Electrolux	562,709	0.26
140,659	Epiroc	2,166,626	1.00
12,984	ICA Gruppen	442,373	0.21
27,421	Lundin Energy	759,208	0.35
56,403	Swedish Match	366,741	0.17
	SWITZERLAND – 1.52% (2021 – 0.62%)		
	Equity Investment Instruments – 1.52% (2021 – 0.62%)		
113,761	Credit Suisse	840,409	0.39
163	Givaudan	552,189	0.25
8,186	Nestle	733,213	0.34
266	SGS	576,284	0.27
1,550	Swiss Life	583,499	0.27
	TAIWAN – 0.97% (2021 – 0.83%)		
	Equity Investment Instruments – 0.97% (2021 – 0.83%)		
7,424	ASPEED Technology	456,519	0.21

ES River and Mercantile Dynamic Asset Allocation Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
Equity Investment Instruments continued			
58,167	Chailease	380,908	0.18
274,704	ChipMOS Technologies	348,812	0.16
225,593	E Ink	443,191	0.21
34,267	Feng TAY Enterprise	196,120	0.09
26,000	KMC Kuei Meng International	141,193	0.06
16,420	Merida Industry	125,885	0.06
UNITED STATES OF AMERICA – 32.54% (2021 – 23.68%)			
Equity Investment Instruments – 27.62% (2021 – 18.11%)			
4,730	Adobe	2,018,568	0.94
332	Amazon.com	808,676	0.38
6,160	Apple	645,627	0.30
19,830	Applied Materials	1,892,479	0.88
4,958	Assurant	580,171	0.27
3,816	Automatic Data Processing	565,459	0.26
3,827	Avery Dennison	587,865	0.27
29,558	Bizlink	175,858	0.08
6,250	Cadence Design Systems	701,784	0.33
6,401	CarMax	607,415	0.28
14,598	Carrier Global	560,058	0.26
11,460	Citigroup	596,309	0.28
3,988	CME	571,662	0.26
10,904	Danaher	2,460,446	1.14
12,303	eBay	635,612	0.29
8,083	Edwards Lifesciences	678,484	0.31
19,332	Electronic Arts	2,039,513	0.95
1,287	Equinix	753,463	0.35
5,441	Etsy	838,859	0.39
8,905	FMC	604,894	0.28
22,774	General Mills	1,010,376	0.47
12,194	Hartford Financial Services	634,593	0.29
17,288	Hologic	946,362	0.44
2,465	Home Depot	600,112	0.28
805	HubSpot	403,643	0.19
3,018	Illumina	907,247	0.42
13,737	Insulet	2,890,643	1.34
115,688	Interpublic of Cos	3,145,416	1.46
2,777	Intuitive Surgical	2,046,167	0.95
41,401	J M Smucker	3,685,513	1.71
5,199	JPMorgan Chase	631,275	0.29
4,279	Lowe's Cos	643,334	0.30
2,274	Mastercard	586,128	0.27
6,086	McCormick	365,607	0.17
27,193	Merck	1,514,588	0.70
6,590	Microsoft	1,376,747	0.64

ES River and Mercantile Dynamic Asset Allocation Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
Equity Investment Instruments continued			
7,966	Morgan Stanley	574,726	0.27
7,129	Motorola Solutions	1,228,323	0.57
1,311	MSCI	590,905	0.27
27,718	NextEra Energy	1,613,723	0.75
18,451	NVIDIA	2,832,889	1.31
5,528	Okta	972,807	0.45
5,190	PayPal	1,001,164	0.46
6,069	PepsiCo	676,869	0.31
1,115	Regeneron Pharmaceuticals	499,991	0.23
3,061	Synopsys	679,624	0.32
9,685	Thermo Fisher Scientific	4,101,409	1.90
3,118	Tyler Technologies	1,060,932	0.49
5,339	Verisk Analytics	792,842	0.37
3,511	Visa	579,737	0.27
14,349	Workday	2,659,303	1.23
Non-Equity Investment Instruments – 4.92% (2021 – 5.57%)			
41,486	iShares MSCI India Small-Cap ETF	1,846,694	0.86
29,920	Vanguard S&P 500 ETF	8,754,432	4.06
FORWARD CURRENCY CONTRACTS – (0.56%) (2021 – 0.84%)			
£18,337,289	Forward Currency Contract 27/10/2021: UK sterling 18,337,289 vs Euro 21,454,800	(111,408)	(0.05)
£8,991,226	Forward Currency Contract 27/10/2021: UK sterling 8,991,226 vs Japanese Yen 1,360,510,000	(53,351)	(0.03)
£3,247,675	Forward Currency Contract 27/10/2021: UK sterling 3,247,675 vs US Dollar 4,440,800	(45,738)	(0.02)
£51,110,833	Forward Currency Contract 27/10/2021: UK sterling 51,110,833 vs US Dollar 70,266,100	(1,000,341)	(0.46)
Portfolio of investments***		194,799,792	90.33
Net other assets		20,848,862	9.67
Net assets		215,648,654	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.

*Related party.

**Delisted security.

***Includes investment liabilities.

ES River and Mercantile Dynamic Asset Allocation Fund

Statement of Total Return for the period ended 30 September 2021

	1 April 2021 to 30 September 2021		1 April 2020 to 30 September 2020	
	£	£	£	£
Income				
Net capital gains		15,971,426		19,734,935
Revenue	1,749,106		4,782,748	
Expenses	(535,113)		(443,577)	
Interest payable and similar charges	(8,725)		(26)	
Net revenue before taxation for the period	1,205,268		4,339,145	
Taxation	(310,538)		(676,351)	
Net revenue after taxation for the period		894,730		3,662,794
Total return before distributions		16,866,156		23,397,729
Distributions		(1,064,924)		(3,663,216)
Change in net assets attributable to Shareholders from investment activities		15,801,232		19,734,513

Statement of Change in Net Assets attributable to Shareholders for the period ended 30 September 2021

	1 April 2021 to 30 September 2021		1 April 2020 to 30 September 2020	
	£	£	£	£
Opening net assets attributable to Shareholders		248,889,358		194,081,164
Amounts received on creation of shares	13,423,737		5,312,076	
Amounts paid on cancellation of shares	(63,457,864)		(5,991,459)	
		(50,034,127)		(679,383)
Dilution adjustment		43,926		—
Change in net assets attributable to Shareholders from investment activities		15,801,232		19,734,513
Retained distributions on accumulation shares		948,265		3,666,199
Closing net assets attributable to Shareholders		215,648,654		216,802,493

The opening net assets attributable to shareholders for the current period do not equal the closing net assets attributable to shareholders for the comparative period as they are not consecutive periods.

ES River and Mercantile Dynamic Asset Allocation Fund

Balance Sheet as at 30 September 2021

	30 September 2021		31 March 2021	
	£	£	£	£
ASSETS				
Fixed assets				
Investments		196,010,630		215,470,885
Current assets				
Debtors	1,547,027		5,899,760	
Cash and bank balances	24,595,657		34,468,940	
Total other assets		26,142,684		40,368,700
Total assets		222,153,314		255,839,585
LIABILITIES				
Investment liabilities		(1,210,838)		(909,273)
Creditors				
Bank overdrafts	(737)		—	
Other creditors	(5,293,085)		(6,040,954)	
Total other liabilities		(5,293,822)		(6,040,954)
Total liabilities		(6,504,660)		(6,950,227)
Net assets attributable to Shareholders		215,648,654		248,889,358

ES River and Mercantile Dynamic Asset Allocation Fund

Fund Facts

Distribution information

B-Class Accumulation shares

The distribution payable on 30 November 2021 is 1.4272p (2020: 5.1570p) per share for accumulation shares.

Z-Class Accumulation shares

The distribution payable on 30 November 2021 is 4.6383p (2020: 12.0107p) per share for accumulation shares.

Performance records

Net asset values

	Net asset value of sub-fund £	Net asset value per share p	Shares in issue
31 March 2019			
B-Class Accumulation shares	116,013,855	311.21	37,278,385
Z-Class Accumulation shares	413,147,500	635.31	65,031,059
31 March 2020			
B-Class Accumulation shares	112,958,996	287.00	39,359,102
Z-Class Accumulation shares	81,122,168	588.46	13,785,493
31 March 2021			
B-Class Accumulation shares	147,939,039	356.79	41,463,867
Z-Class Accumulation shares	100,950,319	734.80	13,738,527
30 September 2021			
B-Class Accumulation shares	149,652,888	381.63	39,213,741
Z-Class Accumulation shares	65,995,766	787.69	8,378,363

Operating Charges

30 September 2021

B-Class Accumulation shares	0.73%
Z-Class Accumulation shares	0.18%

The Operating Charges figure represents the annual operating expenses of the sub-fund expressed as a percentage of average net assets for the period. The Operating Charges figure has been calculated in accordance with the COLL sourcebook. The Operating Charges figure is inclusive of Annual Management Charges.

The Operating Charges figure is capped at a maximum of 0.15% above the annual management charge, with any costs above this amount absorbed by the Investment Manager. This excludes a synthetic exposure of 0.06% 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



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

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

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

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

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

- Liquidity risk: securities in the sub-fund may be sold below their valuation due to insufficient liquidity in the market.
- Foreign exchange risk: the sub-fund invests in international securities which are denominated in foreign currencies whose fluctuations may increase the sub-fund's volatility and losses.
- Collective Investment Schemes risk: the sub-fund may invest in collective investment schemes and ETFs. It may be difficult for the sub-fund in extreme market conditions to redeem its shares from the collective investment schemes or ETFs at short notice without suffering a loss. Investing in a collective investment scheme or ETF may lead to payment by the sub-fund of additional fees and expenses in relation to those collective investment schemes or ETFs.
- Derivative risk: Derivatives give rise to an investment in assets which is greater than the Fund's actual investment in those assets. This may increase the opportunity for gains but may magnify the effect of losses. Losses may exceed the value of the Fund's investment in derivatives. Use of derivatives may cause the price of shares to vary more widely or in a more pronounced way. Derivatives may also be used to reduce risk to the Fund. However, this may not always be effective and the Fund may still suffer a loss. Use of derivatives in this way may reduce the potential for gains. The ACD will ensure that the use of derivatives does not materially alter the risk profile of the Fund.

Summary of Largest Portfolio Changes

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

Purchases	£	Sales	£
Insight GBP Liquidity Fund	23,351,400	Insight GBP Liquidity Fund	24,838,900
United Kingdom Gilt 4% 07/03/2022	17,741,125	United Kingdom Gilt 3.75% 07/09/2021	23,677,022
BlackRock ICS Sterling Liquidity Fund	15,459,529	River & Mercantile Investments ICAV -	
iShares Edge S&P 500	14,510,023	Investments Global	17,781,486
iShares Edge MSCI World Quality Factor		iShares MSCI EAFE Small-Cap ETF	17,738,105
UCITS ETF USD	13,993,804	Vanguard S&P 500 UCITS ETF	17,049,011
Vanguard S&P 500 UCITS ETF	12,953,178	iShares MSCI Brazil UCITS ETF DE	16,671,988
Vanguard S&P 500 ETF	11,445,945	iShares Edge S&P 500	14,550,080
iShares S&P 500 Health Care Sector		iShares Edge MSCI World Quality Factor	
UCITS ETF	11,009,564	UCITS ETF USD	14,111,605
iShares EURO STOXX Banks 30-		Vanguard FTSE 250 UCITS ETF	13,586,840
15 UCITS ETF DE	10,946,852	UBS Lux Fund Solutions - MSCI EMU	13,066,983
iShares MSCI Brazil UCITS ETF DE	10,458,884		

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 3.3% return, which compares to the benchmark's 8.7%. The primary driver of relative performance was a rotation back into previously popular parts of the stock market, such as large cap US technology companies.

Top contributors were oil & gas (energy) companies **Devon Energy** and **Enerplus**, with share prices buoyed by the rise in the underlying commodity prices. **Bath & Body Works**, the spin out from L Brands, got off to a strong start reporting a solid quarter operationally. **Cie Financiere Richemont** rose following a strong 'beat and raise' quarter. **China Longyuan Power's** share price began to reflect the shift the company has been taking towards renewable power generation.

Weaker performers were predominantly China-exposed, with concerns around regulation and an economic slowdown (accelerated by the solvency issues at Evergrande) leading to indiscriminate selling by foreign investors. Macau-casino owner **Las Vegas Sands** and search, cloud and AI leader **Baidu** were our biggest detractors. The portfolio's underweight to large cap technology companies (**NVIDIA, Apple, Microsoft**) was a drag on relative performance.

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 which imply 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. Both agricultural machinery leader **AGCO** and **Allfunds**, the leading European B2B platform connecting fund managers with distributors, offer structural growth at attractive valuations. New packaging sector buys **Verallia** and **Mondi** operate high return on capital business models which have a sustainability tailwind for demand, driven by substitution from plastic and circular economy considerations.

We realised several investments cases which had played out, with share prices now trading higher than our assessment of fair value. Early in the period 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 Power, PRADA**). Investments in **zooplus** and **Sydney Airport** were realised at a significant profit following bids. Other selling activity (such as **FedEx** and **Artisan Partners Asset Management**) concentrated capital in higher conviction holdings while maintaining the overall tilts of the portfolio towards Recovery, multi-cap and cheaper valuations.

Outlook

For anybody living in the UK, queues at petrol stations and forecourts running out of fuel have provided palpable evidence of supply chain challenges starting to bite. Disruptions like this will naturally have an impact on near-term economic growth. With other calls on household income such as energy costs also rapidly increasing, there are fears that what had looked like a healthy reflationary environment earlier in the year could rapidly morph into a negative 'stagflationary' one. The situation is fast moving, and it is equally feasible the challenges we are experiencing today will look less daunting in a matter of months or quarters. Much will depend on how supply chains re-align themselves as Asian economies re-open more substantially from Covid-19 lockdowns. We are broadly optimistic about medium-term economic growth prospects taking into account the still early stage of recovery and evidence of strong demand from consumers (backed by strong savings ratios) and businesses alike.

Polarisation in the market has increased since the middle of the year, meaning that overall equity market levels are not necessarily representative of the opportunities that exist within them. Many recovery stocks, especially those that are geared to re-opening of economies or higher interest rates, have re-traced a substantial part of their original rally. We firmly believe this has re-generated the opportunity set for many stocks with these exposures. For a valuation a third cheaper than the global benchmark, in aggregate the portfolio's companies have long-term average returns above the benchmark's and are expected to recover profitability at a faster rate over the next couple of years. This points to an exciting opportunity set.

ES River and Mercantile Global High Alpha Fund

Investment Manager's Review continued

Outlook continued

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

River and Mercantile
23 November 2021
Investment Adviser to the Fund

Source: River and Mercantile Asset Management LLP

ES River and Mercantile Global High Alpha Fund

Portfolio Statement as at 30 September 2021

Holding	Investment	Market Value £	% of Net Assets
OVERSEAS COMPANIES – 89.06% (2021 – 92.72%)			
Automobiles & Components – 3.00% (2021 – 3.18%)			
19,580	BorgWarner	627,327	0.38
3,620	Continental	295,182	0.18
19,367	General Motors	756,812	0.46
43,769	Harley-Davidson	1,188,078	0.72
20,970	Kendrion	385,713	0.24
7,780	Porsche Automobil pref.	574,548	0.35
14,860	Toyota Industries	906,759	0.55
4,418	Vitesco Technologies	195,182	0.12
Banks – 9.16% (2021 – 9.63%)			
190,540	Banco Santander	513,587	0.31
157,020	Bangkok Bank	400,970	0.24
299,237	Bank of Ireland	1,312,224	0.80
16,500	Bank of Kyoto	563,738	0.34
16,900	BNP Paribas	804,727	0.49
72,610	China Merchants Bank	428,892	0.26
334,690	CIMB	283,412	0.17
41,930	Citigroup	2,181,784	1.33
37,660	Citizens Financial	1,312,451	0.80
59,520	DBS	985,524	0.60
66,870	FinecoBank Banca Fineco	900,068	0.55
10,340	HDFC Bank	560,500	0.34
81,030	ING Groep	875,315	0.53
462,640	Intesa Sanpaolo	975,622	0.59
14,840	JPMorgan Chase	1,801,910	1.10
67,700	Mediobanca Banca di Credito Finanziario	607,493	0.37
21,260	Sumitomo Mitsui Financial	557,212	0.34
Capital Goods – 9.58% (2021 – 8.63%)			
5,192	3M	675,555	0.41
13,140	AGCO	1,193,695	0.73
8,890	Airbus	879,487	0.53
10,230	Cie de Saint-Gobain	512,094	0.31
1,450	dormakaba	782,756	0.48
7,350	Eiffage	553,785	0.34
2,280	FANUC	372,215	0.23
9,167	General Electric	700,196	0.43
41,840	Heijmans	428,667	0.26
30,378	Johnson Controls International	1,533,375	0.93
6,860	LG	399,625	0.24
9,592	LG pref.	413,975	0.25
23,450	NKT	754,633	0.46
24,550	Owens Corning	1,555,826	0.95

ES River and Mercantile Global High Alpha Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Capital Goods continued		
4,230	Parker-Hannifin	877,246	0.54
14,620	Raytheon Technologies	931,620	0.57
37,550	Resideo Technologies	690,930	0.42
7,420	Siemens	909,061	0.55
4,490	Snap-on	695,703	0.42
59,440	Tadano	467,801	0.29
9,450	TKH	392,799	0.24
	Commercial & Professional Services – 1.80% (2021 – 2.13%)		
111,077	Applus Services	784,781	0.48
66,520	Elis	946,814	0.58
14,630	Stericycle	737,278	0.45
418,330	Valid Solucoes e Servicos de Seguranca em Meios de Pagamento e Identificacao	468,604	0.29
	Consumer Durables & Apparel – 3.08% (2021 – 3.91%)		
14,000	Cie Financiere Richemont	1,084,115	0.66
3,352,212	Consortio ARA	523,988	0.32
49,160	Mattel	676,686	0.41
50,020	Neinor Homes	495,277	0.30
47,840	Nikon	397,177	0.24
22,860	Sony	1,891,804	1.15
	Consumer Services – 2.75% (2021 – 2.29%)		
830	Booking	1,461,276	0.89
500,710	Genting	445,285	0.27
31,790	Las Vegas Sands	862,681	0.53
23,300	MakeMyTrip	469,162	0.29
37,917	Trip.com	846,742	0.52
652,430	Wynn Macau	404,645	0.25
	Diversified Financials – 7.23% (2021 – 7.47%)		
10,180	Affiliated Managers	1,140,196	0.70
178,104	Anima	632,691	0.39
5,710	Berkshire Hathaway	1,155,509	0.70
222,358	Bolsa de Valores de Colombia	419,640	0.25
19,900	Charles Schwab	1,073,996	0.66
6,491	Eurazeo	453,302	0.28
6,700	EXOR	419,697	0.26
81,530	Grupo de Inversiones Suramericana	339,456	0.21
15,200	Hong Kong Exchanges & Clearing	694,227	0.42
24,700	Jefferies Financial	680,539	0.42
129,960	Nomura	478,229	0.29
18,540	SBI	339,640	0.21
32,160	State Street	2,019,973	1.23

ES River and Mercantile Global High Alpha Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Diversified Financials continued		
74,570	UBS	888,994	0.54
1,030,880	Value Partners	385,976	0.24
30,762	Van Lanschot Kempen	704,635	0.43
	Energy – 3.65% (2021 – 3.14%)		
74,566	Baker Hughes	1,367,610	0.83
568,470	CGG	326,585	0.20
38,450	Devon Energy	1,012,045	0.62
166,750	Enerplus	989,869	0.60
50,355	Eni	499,633	0.30
62,294	NOV	605,684	0.37
154,440	Southwestern Energy	634,552	0.39
71,210	Tenaris	556,239	0.34
	Food & Staples Retailing – 1.87% (2021 – 0.31%)		
79,882	Blue Apron	435,445	0.27
71,230	Sprouts Farmers Market	1,224,014	0.75
13,530	Walmart	1,398,005	0.85
	Food, Beverage & Tobacco – 2.21% (2021 – 1.86%)		
29,610	Coca-Cola	1,151,811	0.70
29,730	Coca-Cola Bottlers Japan	319,548	0.19
11,920	Danone	604,990	0.37
29,860	Kraft Heinz	815,400	0.50
112,270	Treasury Wine Estates	745,820	0.45
	Health Care Equipment & Services – 1.76% (2021 – 2.13%)		
19,420	Koninklijke Philips	639,961	0.39
5,140	McKesson	760,088	0.46
159,470	Qualicorp Consultoria e Corretora de Seguros	433,672	0.26
3,670	UnitedHealth	1,063,534	0.65
	Household & Personal Products – 1.72% (2021 – 0.92%)		
13,160	Colgate-Palmolive	737,667	0.45
8,420	Henkel	540,249	0.33
14,940	Procter & Gamble	1,548,681	0.94
	Insurance – 2.16% (2021 – 2.26%)		
23,190	AXA	479,965	0.29
56,040	Dai-ichi Life	921,197	0.56
175,560	Ping An Insurance of China	889,809	0.54
7,830	Samsung Life Insurance	360,001	0.22
22,480	Tokio Marine	899,098	0.55

ES River and Mercantile Global High Alpha Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Materials – 4.33% (2021 – 4.51%)		
52,440	Barrick Gold	701,800	0.43
183,193	Cemex	972,791	0.59
11,320	Dowa	332,206	0.20
402,480	Incitec Pivot	633,929	0.39
830	LG Chem	403,446	0.25
30,170	Mosaic	798,805	0.49
13,773	Okamoto Industries	378,102	0.23
34,300	Taiheiyo Cement	530,316	0.32
30,480	Verallia	780,175	0.47
24,160	Vicat	799,484	0.49
21,059	Westrock	778,106	0.47
	Media & Entertainment – 8.43% (2021 – 8.99%)		
1,560	Alphabet	3,090,601	1.88
74,742	Baidu	1,056,004	0.65
43,730	DeNA	602,572	0.37
8,740	Facebook	2,198,888	1.34
68,575	Modern Times MTG	619,123	0.38
1,642	Nintendo	587,418	0.36
23,520	Omnicom	1,263,436	0.77
9,670	Pearl Abyss	486,999	0.30
64,970	ProSiebenSat.1 Media	889,572	0.54
40,187	QIWI	249,166	0.15
132,384	Solocal	198,579	0.12
2,590	Spotify Technology	432,541	0.26
13,610	Walt Disney	1,706,966	1.04
80,390	Zynga	448,350	0.27
	Pharmaceuticals, Biotechnology & Life Sciences – 4.14% (2021 – 4.03%)		
13,970	Bayer	565,248	0.34
12,880	Johnson & Johnson	1,542,046	0.94
40,650	Pfizer	1,296,362	0.79
4,080	Roche	1,109,041	0.67
16,759	Sanofi	1,196,732	0.73
15,780	Tsumura	375,509	0.23
71,797	Viatis	721,511	0.44
	Real Estate – 2.28% (2021 – 2.32%)		
48,720	Daibiru	534,669	0.33
656,669	Greentown Service	524,890	0.32
40,880	Inmobiliaria Colonial Socimi	294,447	0.18
13,010	RE/MAX	300,465	0.18
3,299,860	Sime Darby Property	382,899	0.24
1,117,842	Swire Pacific	809,382	0.49

ES River and Mercantile Global High Alpha Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Real Estate continued		
73,819	Tosei	591,760	0.36
294,490	Wing Tai	291,184	0.18
	Retailing – 6.10% (2021 – 7.46%)		
65,660	Alibaba	889,529	0.54
450	Amazon.com	1,096,096	0.67
26,180	Bath & Body Works	1,223,034	0.75
18,380	Bed Bath & Beyond	235,416	0.14
27,789	eBay	1,435,667	0.88
10,220	Fnac Darty	498,504	0.30
114,440	Fourlis	390,499	0.24
42,440	JD.com	1,144,251	0.70
64,630	Jumbo	782,704	0.48
320	MercadoLibre	398,107	0.24
17,260	Prosus	1,022,738	0.62
30,320	Sleep Country Canada	595,519	0.36
7,266	Victoria's Secret	297,732	0.18
	Semiconductors & Semiconductor Equipment – 2.91% (2021 – 4.15%)		
14,950	Applied Materials	1,426,756	0.87
189,419	ASE Technology	549,615	0.34
30,270	Infineon Technologies	927,132	0.57
30,830	Intel	1,218,018	0.74
38,574	Veeco Instruments	635,390	0.39
	Software & Services – 5.95% (2021 – 5.89%)		
4,790	Accenture	1,136,228	0.69
9,300	Amadeus IT	454,509	0.28
29,778	Criteo	809,186	0.49
28,730	Dropbox	622,393	0.38
18,220	Fiserv	1,466,140	0.89
6,820	Microsoft	1,424,798	0.87
21,430	Oracle	1,384,642	0.84
7,420	PayPal	1,431,336	0.87
70,550	Western Union	1,057,452	0.64
	Technology Hardware & Equipment – 2.47% (2021 – 3.81%)		
14,430	Apple	1,512,402	0.92
18,020	Cisco Systems	727,161	0.44
17,740	Datalogic	266,683	0.16
7,850	Kyocera	365,205	0.22
13,450	Samsung Electronics	624,289	0.38
48,960	Yageo	576,718	0.35

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 – 2.48% (2021 – 3.05%)		
3,862	Aena SME	495,592	0.30
12,620	Fraport Frankfurt Airport Services Worldwide	650,606	0.40
22,400	Knight-Swift Transportation	849,750	0.52
184,777	SATS	419,913	0.25
35,840	Seino	323,518	0.20
21,650	Southwest Airlines	825,634	0.50
15,440	Uber Technologies	513,006	0.31
	Utilities – 0.00% (2021 – 0.51%)		
	UK COMPANY OR UK LISTED – 9.10% (2021 – 6.46%)		
	UK – 9.10% (2021 – 6.46%)		
140,450	888	603,654	0.37
80,969	Allfunds	1,164,445	0.71
55,559	Anglo American	1,457,035	0.89
1,344,433	Capita	685,123	0.42
24,480	Capri	878,727	0.53
256,269	Chemring	817,498	0.50
220,590	Hunting	497,430	0.30
2,944,253	Lloyds Banking	1,370,844	0.83
22,929	Mail.Ru	349,628	0.21
42,160	Mondi	771,106	0.47
34,458	Ocean Wilsons	334,242	0.20
210,930	Playtech	989,684	0.60
67,754	Prudential	985,482	0.60
62,919	RWS*	394,188	0.24
53,120	Smith & Nephew	683,654	0.42
129,300	Subsea 7	833,581	0.51
88,141	Tremor International*	597,596	0.37
18,720	Unilever	749,736	0.46
23,420	Whitbread	776,607	0.47

ES River and Mercantile Global High Alpha Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	FORWARD CURRENCY CONTRACTS – 0.07% (2021 – 0.08%)		
US\$7,327,705	Forward Currency Contract 15/12/2021: US dollar 7,327,705 vs Euro 6,197,000	99,735	0.06
US\$1,940,579	Forward Currency Contract 15/12/2021: US dollar 1,940,579 vs Japanese Yen 213,254,000	20,769	0.01
	Portfolio of investments	161,240,413	98.23
	Net other assets	2,900,212	1.77
	Net assets	164,140,625	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.

9.10% 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 Global High Alpha Fund

Statement of Total Return for the period ended 30 September 2021

	1 April 2021 to 30 September 2021		1 April 2020 to 30 September 2020	
	£	£	£	£
Income				
Net capital gains		3,163,524		20,834,374
Revenue	1,581,143		1,204,646	
Expenses	(114,178)		(53,210)	
Interest payable and similar charges	(219)		(1,581)	
Net revenue before taxation for the period	1,466,746		1,149,855	
Taxation	(179,377)		(129,362)	
Net revenue after taxation for the period		1,287,369		1,020,493
Total return before distributions		4,450,893		21,854,867
Distributions		(1,287,929)		(1,020,899)
Change in net assets attributable to Shareholders from investment activities		3,162,964		20,833,968

Statement of Change in Net Assets attributable to Shareholders for the period ended 30 September 2021

	1 April 2021 to 30 September 2021		1 April 2020 to 30 September 2020	
	£	£	£	£
Opening net assets attributable to Shareholders		146,870,627		86,430,822
Amounts received on creation of shares	17,108,947		14,331,989	
Amounts paid on cancellation of shares	(4,354,467)		(4,231,459)	
		12,754,480		10,100,530
Dilution adjustment		14,123		22,308
Change in net assets attributable to Shareholders from investment activities		3,162,964		20,833,968
Retained distributions on accumulation shares		1,338,431		1,030,909
Closing net assets attributable to Shareholders		164,140,625		118,418,537

The opening net assets attributable to shareholders for the current period do not equal the closing net assets attributable to shareholders for the comparative period as they are not consecutive periods.

ES River and Mercantile Global High Alpha Fund

Balance Sheet as at 30 September 2021

	30 September 2021		31 March 2021	
	£	£	£	£
ASSETS				
Fixed assets				
Investments		161,240,413		145,782,465
Current assets				
Debtors	539,876		1,090,043	
Cash and bank balances	3,175,492		961,559	
Total other assets		3,715,368		2,051,602
Total assets		164,955,781		147,834,067
LIABILITIES				
Investment liabilities		—		(450)
Creditors				
Other creditors	(815,156)		(962,990)	
Total other liabilities		(815,156)		(962,990)
Total liabilities		(815,156)		(963,440)
Net assets attributable to Shareholders		164,140,625		146,870,627

ES River and Mercantile Global High Alpha Fund

Fund Facts

Distribution information

B-Class Accumulation shares

The distribution payable on 30 November 2021 is 2.0140p (2020: 1.5571p) per share for accumulation shares.

Z-Class Accumulation shares

The distribution payable on 30 November 2021 is 7.3103p (2020: 5.4728p) per share for accumulation shares.

Performance records

Net asset values

	Net asset value of sub-fund £	Net asset value per share p	Shares in issue
31 March 2019			
B-Class Accumulation shares	339,703	317.98	106,830
Z-Class Accumulation shares	111,699,860	647.60	17,248,186
31 March 2020			
B-Class Accumulation shares	267,028	247.55	107,867
Z-Class Accumulation shares	86,163,794	507.97	16,962,222
31 March 2021			
B-Class Accumulation shares	9,849,638	395.67	2,489,343
Z-Class Accumulation shares	137,020,989	817.99	16,751,000
30 September 2021			
B-Class Accumulation shares	23,171,722	405.93	5,708,374
Z-Class Accumulation shares	140,968,903	842.30	16,736,163

Operating Charges

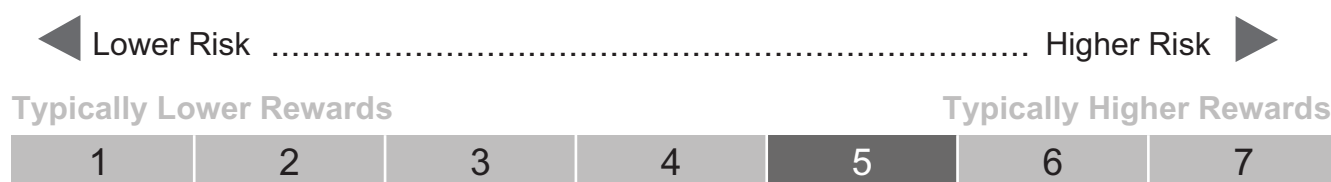
	30 September 2021
B-Class Accumulation shares	0.87%
Z-Class Accumulation shares	0.13%

The Operating Charges figure represents the annual operating expenses of the sub-fund expressed as a percentage of average net assets for the period. The Operating Charges figure has been calculated in accordance with the COLL sourcebook. The Operating Charges figure is inclusive of Annual Management Charges.

The Operating Charges figure is capped at a maximum of 0.25% above the annual management charge, with any costs above this amount absorbed by the Investment Manager.

ES River and Mercantile Global High Alpha Fund

Synthetic Risk Reward Indicator (SRRI)



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

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

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

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

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

- Liquidity risk: securities in the sub-fund may be sold below their valuation due to insufficient liquidity in the market.
- Foreign exchange risk: the sub-fund invests in international securities which are denominated in foreign currencies whose fluctuations may increase the sub-fund's volatility and losses.
- 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.
- Global Equity Risk: the sub-fund invests in global equities which can carry additional risks such as exchange rate risk, political and economic upheaval, lack of information, low market liquidity and the potential lack of strict financial controls.
- Emerging Markets Risk: the risk related to investing in countries that have less developed political, economic, legal and regulatory systems, and that may be impacted by political/ economic instability, lack of liquidity or transparency, or safekeeping issues.

During the period the ranking changed from 6 to 5.

Summary of Largest Portfolio Changes

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

Purchases	£	Sales	£
Procter & Gamble	1,452,049	FedEx	1,204,629
Sprouts Farmers Market	1,378,792	China Longyuan Power	1,015,890
AGCO	1,219,732	zooplus	925,690
Berkshire Hathaway	1,142,062	Caterpillar	888,329
Allfunds	923,513	Artisan Partners Asset Management	868,644
Walmart	896,854	Cie Financiere Richemont	823,120
Mondi	815,831	Sydney Airport	721,564
Verallia	812,946	Tencent	676,397
Knight-Swift Transportation	803,206	Starbucks	622,972
Barrick Gold	792,299	Avnet	618,719

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 of the ES River and Mercantile European Fund takes a business cycle approach. This 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 moderated pro-cyclical tilt, with a particular overweight to consumer cyclicals which the manager believes are at an earlier cycle phase owing to Covid-19-related government restrictions still in place. Tactically, owing to the short-term peak of economic momentum from the Covid-19 base effects, the manager shifted to a more neutral fund skew during the 6 month period, which explains why the fund held onto the relative gains achieved subsequent to the vaccine.

This period our stockpicking contributed positively. In particular, growth stocks **Aker Carbon Capture** and **Novo Nordisk** were strong, as was **Bossard** which delivered good operational leverage from the industrial recovery. The most significant negative contribution came from **Barrack Gold** which serves as a defensive hedge to our pro-cyclical tilt, with embedded inflation protection.

River and Mercantile
23 November 2021
Investment Adviser to the Fund

Source: River and Mercantile Asset Management LLP

ES River and Mercantile European Fund

Portfolio Statement as at 30 September 2021

Holding	Investment	Market Value £	% of Net Assets
EUROPEAN COMPANY (EX UK) – 87.27% (2021 – 92.87%)			
Automobiles & Components – 4.13% (2021 – 4.52%)			
248,804	Dometic	2,795,752	3.33
4,000	Volkswagen pref.	668,770	0.80
Banks – 10.70% (2021 – 6.97%)			
900,000	Banco Santander	2,425,889	2.89
183,277	ING Groep	1,979,823	2.36
700,000	Intesa Sanpaolo	1,476,170	1.76
17,000	KBC	1,138,253	1.36
187,000	Skandinaviska Enskilda Banken	1,958,601	2.33
Capital Goods – 15.61% (2021 – 22.23%)			
10,000	Alfen Beheer	781,727	0.93
8,634	Aumann	113,542	0.13
4,000	Bossard	930,196	1.11
34,093	Cie de Saint-Gobain	1,706,628	2.03
195,000	Danieli & C Officine Meccaniche	2,762,130	3.29
48,000	Fluidra	1,419,227	1.69
181,000	Fugro	1,408,547	1.68
63,200	NKT	2,033,808	2.42
72,582	Valmet	1,957,022	2.33
Commercial & Professional Services – 5.76% (2021 – 3.79%)			
650,000	Aker Carbon Capture	1,524,208	1.81
233,267	Elis	3,320,213	3.95
Consumer Durables & Apparel – 9.30% (2021 – 9.81%)			
89,000	Accell	2,910,696	3.47
18,000	EssilorLuxottica	2,560,179	3.05
1,600	LVMH Moët Hennessy Louis Vuitton	852,774	1.01
7,600	Swatch	1,483,384	1.77
Diversified Financials – 0.00% (2021 – 1.36%)			
Energy – 0.00% (2021 – 2.23%)			
Food, Beverage & Tobacco – 6.95% (2021 – 7.47%)			
119,000	Andfjord Salmon	409,471	0.49
29,400	Bakkafrost P/F	1,803,958	2.15
12,000	Carlsberg	1,456,445	1.74
24,113	Nestle	2,159,779	2.57

ES River and Mercantile European Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Household & Personal Products – 0.00% (2021 – 1.85%)		
	Insurance – 0.84% (2021 – 5.00%)		
33,914	AXA	701,920	0.84
	Materials – 13.07% (2021 – 12.63%)		
10,000	Air Liquide	1,191,113	1.42
15,682	Arkema	1,541,983	1.84
85,000	Boliden	2,034,189	2.43
120,070	Recticel	1,481,976	1.76
60,542	UPM-Kymmene	1,595,443	1.90
122,045	Verallia	3,123,899	3.72
	Media & Entertainment – 2.96% (2021 – 2.45%)		
61,615	Nordic Entertainment	2,484,219	2.96
	Pharmaceuticals, Biotechnology & Life Sciences – 10.09% (2021 – 7.28%)		
11,216	Merck	1,805,145	2.15
24,000	Novo Nordisk	1,722,767	2.05
8,994	Roche	2,444,783	2.91
35,000	Sanofi	2,499,291	2.98
	Semiconductors & Semiconductor Equipment – 1.98% (2021 – 2.32%)		
3,000	ASML	1,665,478	1.98
	Software & Services – 4.21% (2021 – 1.80%)		
20,000	SAP	2,013,322	2.40
11,000	Sopra Steria SACA	1,517,469	1.81
	Telecommunication Services – 1.67% (2021 – 0.00%)		
600,000	Koninklijke KPN	1,400,146	1.67
	Utilities – 0.00% (2021 – 1.16%)		
	NON-EUROPEAN COMPANY – 8.26% (2021 – 4.13%)		
	Canada – 0.83% (2021 – 0.00%)		
52,000	Barrick Gold	695,911	0.83
	Japan – 1.96% (2021 – 2.72%)		
19,900	Sony	1,646,846	1.96

ES River and Mercantile European Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	United Kingdom – 5.47% (2021 – 0.00%)		
550,000	On the Beach	2,106,500	2.51
173,000	Allfunds	2,487,976	2.96
	United States of America – 0.00% (2021 – 1.41%)		
	Portfolio of investments	80,197,568	95.53
	Net other assets	3,754,084	4.47
	Net assets	83,951,652	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

Statement of Total Return for the period ended 30 September 2021

	1 April 2021 to 30 September 2021	
	£	£
Income		
Net capital gains		5,545,692
Revenue	583,577	
Expenses	(126,646)	
Interest payable and similar charges	<u>(1,362)</u>	
Net revenue before taxation for the period	455,569	
Taxation	<u>(83,367)</u>	
Net revenue after taxation for the period		<u>372,202</u>
Total return before distributions		5,917,894
Distributions		<u>(223,396)</u>
Change in net assets attributable to Shareholders from investment activities		<u>5,694,498</u>

Statement of Change in Net Assets attributable to Shareholders for the period ended 30 September 2021

	1 April 2021 to 30 September 2021	
	£	£
Opening net assets attributable to Shareholders		22,918,632
Amounts received on creation of shares	56,563,259	
Amounts paid on cancellation of shares	<u>(1,444,132)</u>	
		55,119,127
Dilution adjustment		61,561
Change in net assets attributable to Shareholders from investment activities		5,694,498
Retained distributions on accumulation shares		<u>157,834</u>
Closing net assets attributable to Shareholders		<u>83,951,652</u>

There are no prior comparatives as the Fund launched on 30 September 2020.

ES River and Mercantile European Fund

Balance Sheet as at 30 September 2021

	30 September 2021		31 March 2021+	
	£	£	£	£
ASSETS				
Fixed assets				
Investments		80,197,568		22,230,856
Current assets				
Debtors	1,078,103		200,080	
Cash and bank balances	3,882,689		746,516	
Total other assets		4,960,792		946,596
Total assets		85,158,360		23,177,452
LIABILITIES				
Creditors				
Bank overdrafts	(5,455)		—	
Distribution payable	(78,252)		(93,874)	
Other creditors	(1,123,001)		(164,946)	
Total other liabilities		(1,206,708)		(258,820)
Total liabilities		(1,206,708)		(258,820)
Net assets attributable to Shareholders		83,951,652		22,918,632

+Launched on 30 September 2020.

ES River and Mercantile European Fund

Fund Facts

Distribution information

B-Class Accumulation shares

The distribution paid on 31 October 2021 is 0.0720p per share for accumulation shares.

The distribution paid on 31 July 2021 was 0.0706p per share for accumulation shares.

B-Class Distribution shares

The distribution paid on 31 October 2021 is 0.2158p per share for distribution shares.

The distribution paid on 31 July 2021 was 0.4721p per share for distribution shares.

F-Class Accumulation shares

The distribution paid on 31 October 2021 is 0.2216p per share for accumulation shares.

The distribution paid on 31 July 2021 was 0.4844p per share for accumulation shares.

F-Class Distribution shares

The distribution paid on 31 October 2021 is 0.2193p per share for distribution shares.

The distribution paid on 31 July 2021 was 0.4796p per share for distribution shares.

S-Class Accumulation shares

The distribution paid on 31 October 2021 is 0.2673p per share for accumulation shares.

The distribution paid on 31 July 2021 was 0.4334p per share for accumulation shares.

S-Class Distribution shares

The distribution paid on 31 October 2021 is 0.2672p per share for distribution shares.

The distribution paid on 31 July 2021 was 0.4334p per share for distribution shares.

Z-Class Accumulation shares

The distribution paid on 31 October 2021 is 0.6213p per share for accumulation shares.

The distribution paid on 31 July 2021 was 1.1209p per share for accumulation shares.

The ES European Fund makes distribution payments quarterly.

Performance records

Net asset values

	Net asset value of sub-fund £	Net asset value per share p	Shares in issue
31 March 2021			
B-Class Distribution shares	2,247,457	113.95	1,972,259
F-Class Accumulation shares	7,020,080	116.87	6,006,864
F-Class Distribution shares	13,651,095	115.70	11,798,508
30 September 2021			
B-Class Accumulation shares	301,902	104.33	289,361
B-Class Distribution shares	3,609,956	127.42	2,833,072
F-Class Accumulation shares	26,416,448	131.74	20,052,305
F-Class Distribution shares	42,661,833	129.72	32,888,534
S-Class Accumulation shares	13,159	264.61	4,973
S-Class Distribution shares	13,145	263.90	4,981
Z-Class Accumulation shares	10,935,209	536.79	2,037,140

ES River and Mercantile European Fund

Fund Facts continued

The Z-Class Accumulation were launched on 06 May 2021.

The S-Class Accumulation and Distribution shares were launched on 11 May 2021.

The B-Class Accumulation shares were launched on 28 May 2021.

Operating Charges

	30 September 2021
B-Class Accumulation shares	0.95%
B-Class Distribution shares	0.95%
F-Class Accumulation shares	0.45%
F-Class Distribution shares	0.45%
S-Class Accumulation shares	0.74%
S-Class Distribution shares	0.74%
Z-Class Accumulation shares	0.20%

The Operating Charges figure represents the annual operating expenses of the sub-fund expressed as a percentage of average net assets for the period. The Operating Charges figure has been calculated in accordance with the COLL sourcebook. The Operating Charges figure is inclusive of Annual Management Charges.

The Operating Charges figure is capped at a maximum of 0.20% above the annual management charge for the B-Class and Z-Class shares, 0.15% for the F-Class shares and 0.09% for the S-Class shares. With any costs above this amount absorbed by the Investment Manager.

ES River and Mercantile European Fund

Synthetic Risk Reward Indicator (SRRI)



Typically Lower Rewards

Typically Higher Rewards



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

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

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

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

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

- Liquidity risk: securities in the sub-fund may be sold below their valuation due to insufficient liquidity in the market.
- Foreign exchange risk: the sub-fund invests in international securities which are denominated in foreign currencies whose fluctuations may increase the sub-fund's volatility and losses.
- Collective Investment Schemes risk: the sub-fund may invest in collective investment schemes and exchange trade funds (ETFs). It may be difficult for the sub-fund in extreme market conditions to redeem its shares from the collective investment schemes or ETFs at short notice without suffering a loss. Investing in a collective investment scheme or ETF may lead to payment by the sub-fund of additional fees and expenses in relation to those collective investment schemes or ETFs.
- Derivative risk: Derivatives may be used to reduce risk to the sub-fund, but may not always be effective and the sub-fund may still suffer a loss.

Summary of Largest Portfolio Changes

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

Purchases	£	Sales	£
Banco Santander	3,621,256	Novo Nordisk	1,971,997
Accell	2,581,261	Unilever	1,968,142
Allfunds	2,551,768	Uponor	1,518,095
Danieli & C Officine Meccaniche	2,547,497	IMCD	1,473,265
Verallia	2,522,012	Valmet	1,334,168
Valmet	2,510,983	Bossard	1,143,233
Elis	2,332,188	Sampo	1,125,567
Roche	2,329,894	Boliden	1,107,283
SAP	2,277,149	LVMH Moët Hennessy Louis Vuitton	1,058,982
Sanofi	2,236,310	Banco Santander	994,464

Other Information

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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,
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(authorised and regulated by the Financial Conduct Authority)

**Investment Manager of all funds
other than of the
ES River and Mercantile
Dynamic Asset Allocation Fund**

River and Mercantile Asset Management LLP
30 Coleman Street
London EC2R 5AL

**Investment Manager of
ES River and Mercantile
Dynamic Asset Allocation Fund**

River and Mercantile Investments Limited
30 Coleman Street
London EC2R 5AL

(authorised and regulated by the Financial Conduct Authority)

Depository

The Bank of New York Mellon (International) Limited
One Canada Square
London
E14 5AL

(authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority)

Administrator and Registrar

The Bank of New York Mellon (International) Limited
One Canada Square
London
E14 5AL

(authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority)

The Independent Auditors

PricewaterhouseCoopers LLP
7 More London Riverside
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