

# RIVER AND MERCANTILE

**ES River and Mercantile Funds ICVC  
Final Report for the Year Ended  
31 March 2023**

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# The Authorised Corporate Director's Report

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Equity Trustees Fund Services Limited ("ETFS"), the Authorised Corporate Director ("ACD") of ES River and Mercantile Funds ICVC ("the Company"), is pleased to present the annual report and audited Financial Statements of the Company for the year ended 31 March 2023.

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](mailto: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](http://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 Alpha Fund
- ES River and Mercantile UK Listed 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 Global 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 Directors continue to closely monitor the market impact of the ongoing disruption created by the Russian-Ukraine conflict, as well as the current elevated rates of inflation and the subsequent rises in interest rates. Although these events may impact the performance of the ES River and Mercantile Funds ICVC, based on the Directors analysis of these events, they remain of the opinion that adequate financial resources and business continuity plans are in place for the ES River and Mercantile Funds ICVC to continue as a going concern.

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

# The Authorised Corporate Director's Report

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## Important Events After the Year End

There are no important events after the year end.

## Additional information

With effect from 4 August 2022:

- ES River and Mercantile UK Equity High Alpha Fund was renamed ES River and Mercantile UK Alpha Fund;
- ES River and Mercantile Global High Alpha Fund was renamed ES River and Mercantile Global Alpha Fund;
- Amendments were made to the Instrument of Incorporation and prospectus to reflect changes made to the investment objectives and investment policies for all eight sub-funds;
- ES River and Mercantile European Fund changed the frequency of income distributions to half yearly;
- An introduction of a new fee paid out of the scheme property, namely the Investment Management Fee;
- Amendments were made to the Instrument of Incorporation to reflect that the scheme may issue net paying, gross paying or limited issue units and for the avoidance of doubt each of the above may be further classified between class "A" and "Z" (inclusive and through the use of one or more letters together or in any sequence but, for the avoidance of doubt, where they do not form a word in the English language), between "1" and "30" inclusive, and/or "Retail" or "Institutional" or "Hedged" and in upper or lower case or under such other designation as the Directors shall by resolution from time to time decide. In addition, each of the above may be denominated in currencies other than the base currency to form further classes of shares as the Directors shall by resolution from time to time decide.

With effect from 31 August 2022, the ES Dynamic Asset Allocation Fund closed to investors and subsequently terminated on 27 March 2023.

With effect from 29 September 2022, the ES River and Mercantile UK Equity Smaller Companies Fund was renamed the ES River and Mercantile UK Listed Smaller Companies Fund.

# Company Information

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Company	ES River and Mercantile Funds ICVC
Registered Office	4th Floor, Pountney Hill House, 6 Laurence Pountney Hill, London, EC4R 0BL
Administrator and Registrar	The Bank of New York Mellon (International) Limited, 160 Queen Victoria Street London, EC4V 4LA
Authorised Corporate Director ('ACD')	Equity Trustees Fund Services Ltd
Equity Trustees Fund Services Ltd	4th Floor, Pountney Hill House, 6 Laurence Pountney Hill, London, EC4R 0BL
Directors of the ACD	Tim Callaghan Vincent Camerlynck James Gardner Dallas McGillivray
Investment Manager	River and Mercantile Asset Management LLP 30 Coleman Street, London, EC2R 5AL
Depository	The Bank of New York Mellon (International) Limited 160 Queen Victoria Street, London, EC4V 4LA

# Company Information continued

## UCITS V Remuneration policy (unaudited)

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

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

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

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

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

## Quantitative Remuneration Disclosure\*

March 2023	Number of beneficiaries	Total remuneration paid	Fixed remuneration	Variable remuneration paid
Total remuneration paid by the UCITS Manager during the financial year	20	£1,383,466	£1,383,466	Nil
Remuneration paid to employees of the UCITS Manager who have a material impact on the risk profile of the UCITS	10	£939,216	£939,216	Nil
Categories of Code Staff:				
Senior management	8	£863,524	£863,524	Nil
SMF	4	£522,365	£522,365	Nil
Employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers	0	Nil	Nil	Nil

\* Equity Trustees Fund Services Limited annual accounts at 30 June 2022.

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

# Company Information continued

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## Principal Activities

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

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

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

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

## Holdings in other sub-funds of the Company

As at 31 March 2023, no sub-funds held shares in any other sub-fund of the Company.

## Securities Financing Transactions Regulation

The Securities Financing Transactions Regulation, as published by the European Securities and Markets Authority, aims to improve the transparency of the securities financing markets. Disclosures regarding exposure to Securities Financing Transactions (SFTs) will be required on all report & accounts published after 13 January 2017. During the period to 31 March 2023 and at the balance sheet date, the ES River and Mercantile Funds ICVC did not engage in SFTs.

## Assessment of Value

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

The assessment for our sub-funds are available on our website [www.equitytrustees.com](http://www.equitytrustees.com)

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

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



James Gardner  
Director – UK  
for and on behalf of Equity Trustees Fund Services Ltd  
Authorised Corporate Director  
22 June 2023

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

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## Notes to the Financial Statements

### 1 Accounting policies

#### a) Basis of accounting

The financial statements of each sub-fund have been prepared under the historical cost basis, as modified by the revaluation of investments and in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. The financial statements have been prepared in accordance with the Statement of Recommended Practice ('SORP') for Financial Statements of UK Authorised Funds issued by the Investment Association ('IA') in May 2014, as amended in June 2017.

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

#### b) Recognition of revenue

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

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

Dividends received from US REITS are allocated between revenue and capital for distribution purposes. The split is based on the year-end tax reporting date issued by the US REIT. Where the split of revenue and capital has not been announced at the accounting date a provisional split will be used. The provision will be calculated on the prior years aggregated dividend split for each US REIT.

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

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

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

All revenue is recognised on an accruals basis.

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

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

#### c) Treatment of expenses

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

#### d) Distribution policy

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



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

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## Notes to the Financial Statements continued

### 1 Accounting policies continued

#### d) Distribution policy continued

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

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

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

#### e) Basis of valuation of investments

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

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

#### f) Taxation

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

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

#### g) Exchange rates

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

#### h) Derivatives

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

#### i) Dilution adjustment

The need to apply a dilution adjustment will depend on the volume of sales (where they are issued) or redemptions (where they are cancelled) of shares. The ACD may apply a dilution adjustment on the issue and redemption of such shares if, in its opinion, the existing Shareholders (for sales) or remaining Shareholders (for redemptions) might otherwise be adversely affected, and if applying a dilution adjustment, so far as practicable, it is fair to all Shareholders and potential Shareholders.

### 2 Contingent liabilities and outstanding commitments

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

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

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## Notes to the Financial Statements continued

### 3 Related party transactions

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

### 4 Risk management policies

#### General

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

#### Credit and liquidity risk

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

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

#### Market risk

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

#### Interest rate risk

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

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

#### Foreign currency risk

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

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

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

#### Derivative risk

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

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

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

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

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## Notes to the Financial Statements continued

### 4 Risk management policies continued

#### Fair value

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

### 5 Portfolio transaction costs

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

# ES River and Mercantile UK Alpha Fund

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## 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.

Although the sub-fund aims to deliver capital growth over a rolling 5 year period, there is no guarantee that this will be achieved over this time period, or any time period. The sub-fund’s capital is at risk meaning that the sub-fund could suffer a decrease in value and the value of your investment would decrease as a result.

## 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 sub-fund will invest in a broad range of companies by industry group 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 group will not be more than 8% above or below the Benchmark’s exposure to that industry group, measured at the Industry Group level of MSCI GICS (Global Industry Classification Standard).

# ES River and Mercantile UK Alpha Fund

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## Investment Manager's Review

The ES R&M UK Alpha Fund returned -0.9% over the 12 months to 31 March 2023, compared to the MSCI United Kingdom IMI return of 3.0%.

**Positive contributors during past 12 months:** continued M&A activity (**Hyve, Wood Group**); underweight **Segro, Diageo, BATS**; US interest rate sensitives performed well (**Bank of Ireland, NatWest, Standard Chartered**); overweight materials (**CRH, Centamin**); individual stock successes (**Cardfactory**)

**Negative contributors:** large cap defensive growth **AstraZeneca**; smaller energy stocks weak (**Harbour, Enquest**); weak Communication services (**Tremor International, Reach, XLMedia**); underweight defensive growth (**BAE, Unilever, Shell**); individual stock disappointments (**Kin & Carta**).

Looking at the component parts of the portfolio, the Investment Manager added to the large cap deeper value stocks where market uncertainty in March depressed valuations, including **Lloyds, Tesco, Anglo American, GSK** and **South32**, these also being inflation hedges that have become cheap again. As timing started to improve (macro and stock specific) the Investment Manager added to classic recovery stocks including **Fevertree, Card Factory, SSP, Smith & Nephew, Aston Martin, Strix, Next, Mortgage Advice Bureau, Hill & Smith, JustEat** and **Hargreaves Lansdown**, and buying initial positions in **Boohoo, Victorian Plumbing, Rightmove** and **Dechra**. UK domestic stocks have rallied modestly but continue to look great value and we have been adding **Gleeson, Restaurant Group, Workspace, Marshalls, Gleeson, Restaurant Group, Persimmon and Fulham Shore**. The Investment Manager added to de-rated Growth and Quality stocks such as **Moonpig, LSE** and **Gresham House**. In the first half of the year, the Investment Manager added to "S-PVT" focused holdings, many of which had been affected by the worries about recession, including adding to **SIG** and **Impax**. The Investment Manager added exposure to medium term quality or growth compounders that had become recovery stocks including adding to **IMI** and **JD Sports** positions, and buying initial positions in **Segro, Genuit, Dotdigital, Hollywood Bowl, Fulham Shore** and **Headlam**.

Sales have included taking full profits where the Investment Manager's PVT thesis had been delivered, most notably the continued recipients of M&A activity (**Hyve, Wood Group, Devro, Mediclinic, RPS, Biffa**), earlier in the quarter taking some profits in mining and oil stocks following a strong run (**Antofagasta, BP, Hunting, Serica**), reducing or exiting into relative strength (**CRH, Burberry, JD Sports, Breedon, SIG, 3i, NCC, Convatec, Aviva, Accesso, Capita, Imperial Tobacco, Abrdn, Flutter, Somero, Compass, Renewi, Beazley, Smart Metering, Serco**), and re-focusing capital towards higher conviction ideas (**Ashmore, Carnival, International Distribution Services**).

## Outlook

Fear re-emerged in March (as in previous years coinciding with Cheltenham) as higher interest rates hit the banks in the US with the most naïve business models, which then spilled over into Europe forcing a shot-gun takeover of Credit Suisse by UBS. This fear caused certainty stocks to perform well and uncertainty stocks to stumble. This has set up yet another opportunity to find bargains in the UK and around the world. There are so many good companies on very low valuations in the Investment Manager's portfolios that it really is only a matter of time (and being patient) before a really strong period of absolute and relative performance emerges. This really is the only message that matters at the moment, be patient, keep picking up the really very obvious bargains and lots of wealth will be created.

River and Mercantile  
March 2023  
Investment Adviser to the sub-fund

Source: River and Mercantile Asset Management LLP, FactSet Analytics, FE Fundinfo. Sub-fund performance is calculated using midday published prices. Benchmark performance is calculated using close of business mid-market prices.

# ES River and Mercantile UK Alpha Fund

## Portfolio Statement as at 31 March 2023

Holding	Investment	Market Value £	% of Net Assets
<b>United Kingdom – 90.01% (2022 – 88.77%)</b>			
<b>Advertising – 1.04% (2022 – 0.81%)</b>			
25,503	M&C Saatchi*	48,456	0.07
154,800	Pebble*	174,924	0.26
79,200	S4 Capital	128,779	0.19
36,420	WPP	349,122	0.52
<b>Aerospace &amp; Defence – 0.85% (2022 – 0.41%)</b>			
386,946	Rolls-Royce	576,627	0.85
<b>Agriculture – 2.26% (2022 – 3.03%)</b>			
34,400	British American Tobacco	977,132	1.44
29,689	Imperial Brands	553,403	0.82
<b>Airlines – 1.45% (2022 – 1.37%)</b>			
75,645	EasyJet	392,144	0.58
223,020	International Consolidated Airlines	336,716	0.50
19,040	JET2*	249,900	0.37
<b>Alternative Energy Sources – 0.11% (2022 – 0.19%)</b>			
767,991	Inspired*	76,799	0.11
<b>Apparel – 0.76% (2022 – 0.98%)</b>			
575,000	Boohoo	342,125	0.51
116,600	Dr Martens	165,922	0.25
<b>Auto Parts &amp; Equipment – 0.00% (2022 – 0.12%)</b>			
<b>Automobile Manufacturers – 0.18% (2022 – 0.00%)</b>			
53,600	Aston Martin Lagonda Global	122,315	0.18
<b>Banks – 10.19% (2022 – 11.27%)</b>			
643,219	Barclays	937,813	1.39
476,820	HSBC	2,620,603	3.87
3,135,148	Lloyds Banking	1,494,682	2.21
319,070	NatWest	841,069	1.24
25,800	Secure Trust Bank	170,796	0.25
113,955	Standard Chartered	699,912	1.03
94,100	Virgin Money UK	137,292	0.20

# ES River and Mercantile UK Alpha Fund

## Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	<b>Beverages – 1.23% (2022 – 1.23%)</b>		
27,600	Barr	139,104	0.21
6,710	Diageo	242,466	0.36
14,310	Fevertree Drinks	183,740	0.27
312,100	Marston's	111,919	0.17
13,570	Nichols*	151,305	0.22
	<b>Building Materials – 1.20% (2022 – 0.54%)</b>		
67,100	Genuit	186,873	0.28
81,600	Ibstock	140,760	0.21
27,620	Marshalls	86,451	0.13
23,126	Norcros	43,014	0.06
134,219	SigmaRoc	70,599	0.10
284,100	Topps Tiles	127,845	0.19
65,098	Tyman	156,235	0.23
	<b>Chemicals – 1.15% (2022 – 0.98%)</b>		
204,220	Elementis	243,226	0.36
6,403	Johnson Matthey	126,971	0.19
84,200	Synthomer	98,177	0.15
5,600	Treant	32,592	0.05
8,200	Victrex	130,544	0.19
36,110	Zotefoams	140,107	0.21
	<b>Commercial Services – 2.32% (2022 – 1.95%)</b>		
3,200	Ashtead	158,560	0.23
830,195	Capita	303,851	0.45
190,452	De La Rue	98,464	0.15
115,315	Hyve	129,383	0.19
2,600	Intertek	105,378	0.16
129,740	Johnson Service*	158,802	0.23
9,400	Keystone Law	43,240	0.06
75,282	Mind Gym*	48,933	0.07
135,840	Mitie	111,117	0.16
21,900	Pagegroup	99,952	0.15
36,871	RWS*	110,244	0.16
6,300	Savills	62,339	0.09
304,304	Speedy Hire	102,246	0.15
116,460	Tribal*	45,652	0.07
	<b>Computers – 0.86% (2022 – 1.09%)</b>		
463,950	Eckoh*	162,382	0.24
31,300	GB	93,900	0.14
126,750	Kin & Carta	97,724	0.14
41,121	NCC	41,943	0.06

# ES River and Mercantile UK Alpha Fund

## Portfolio Statement continued

		Market Value £	% of Net Assets
Holding 77,940	Investment Serco	119,560	0.18
5,360	Softcat	69,466	0.10
	<b>Cosmetics &amp; Personal Care – 3.64% (2022 – 2.88%)</b>		
60,780	Haleon	195,712	0.29
66,629	PZ Cussons	123,397	0.18
51,242	Unilever	2,146,784	3.17
	<b>Distribution &amp; Wholesale – 0.49% (2022 – 0.55%)</b>		
30,633	RM	21,504	0.03
479,390	SIG	208,055	0.31
10,450	Travis Perkins	99,923	0.15
	<b>Diversified Financial Services – 3.28% (2022 – 4.16%)</b>		
11,423	Close Brothers	102,921	0.15
20,200	Foresight	79,588	0.12
37,320	Hargreaves Lansdown	298,261	0.44
19,706	IG	137,646	0.20
8,490	Impax Asset Management*	67,750	0.10
45,100	IntegraFin	122,672	0.18
206,100	International Personal Finance	201,978	0.30
97,030	Jupiter Fund Management	131,379	0.19
19,435	Liontrust Asset Management	198,237	0.29
530	London Stock Exchange	41,700	0.06
25,236	Mortgage Advice Bureau*	186,242	0.28
16,500	OSB	79,464	0.12
119,654	Premier Miton	120,851	0.18
146,202	TP ICAP	263,310	0.39
80,730	Vanquis Banking	191,492	0.28
	<b>Electrical Components &amp; Equipment – 0.16% (2022 – 0.34%)</b>		
49,504	Voletx*	106,929	0.16
	<b>Electricity – 0.63% (2022 – 0.25%)</b>		
20,000	Drax	121,500	0.18
1,864,100	Eenergy*	87,613	0.13
19,780	National Grid	216,789	0.32
	<b>Electronics – 0.42% (2022 – 0.54%)</b>		
4,000	DiscoverIE	30,840	0.05
7,700	RS	70,378	0.10
96,520	TT Electronics	180,685	0.27
	<b>Engineering &amp; Construction – 1.05% (2022 – 0.83%)</b>		
33,700	Balfour Beatty	125,431	0.19



# ES River and Mercantile UK Alpha Fund

## Portfolio Statement continued

		Market Value £	% of Net Assets
325,387	Costain	177,336	0.26
4,850	Keller	32,932	0.05
158,388	Kier	108,021	0.16
18,190	Ricardo	100,227	0.15
273,600	Severfield	164,707	0.24
	<b>Entertainment – 0.69% (2022 – 0.65%)</b>		
21,790	Entain	273,791	0.40
145,027	Everyman Media*	94,268	0.14
136,500	Rank	99,782	0.15
	<b>Environmental Control – 0.00% (2022 – 0.61%)</b>		
	<b>Food Producers – 2.76% (2022 – 2.17%)</b>		
15,307	Associated British Foods	296,956	0.44
89,400	Cake Box*	107,280	0.16
3,400	Cranswick	102,136	0.15
12,214	Hilton Food	84,399	0.12
18,100	Hotel Chocolat	32,037	0.05
207,690	Marks & Spencer	346,842	0.51
17,300	Ocado	92,555	0.14
91,475	SSP	225,028	0.33
28,471	Tate & Lyle	223,270	0.33
135,600	Tesco	360,289	0.53
	<b>Food Services – 0.24% (2022 – 0.54%)</b>		
8,020	Compass	163,047	0.24
	<b>Forest Products &amp; Paper – 0.22% (2022 – 0.16%)</b>		
11,650	Mondi	149,295	0.22
	<b>Gas – 0.80% (2022 – 0.66%)</b>		
512,529	Centrica	543,537	0.80
	<b>Hand &amp; Machine Tools – 0.13% (2022 – 0.20%)</b>		
89,238	Flowtech Fluidpower*	91,023	0.13
	<b>Healthcare Products – 0.57% (2022 – 0.77%)</b>		
34,375	Smith & Nephew	385,687	0.57
	<b>Home Builders – 2.51% (2022 – 1.77%)</b>		
6,794	Berkeley	285,076	0.42
85,260	Crest Nicholson	186,208	0.28
75,900	MJ Gleeson	327,888	0.48

# ES River and Mercantile UK Alpha Fund

## Portfolio Statement continued

		Market Value £	% of Net Assets
22,700	Persimmon	284,885	0.42
318,740	Taylor Wimpey	378,982	0.56
30,726	Vistry	239,970	0.35
	<b>Household Products – 0.83% (2022 – 0.53%)</b>		
9,100	Reckitt Benckiser	560,378	0.83
	<b>Insurance – 2.63% (2022 – 3.90%)</b>		
118,175	Legal & General	282,320	0.42
115,839	Prudential	1,276,546	1.89
91,671	Sabre Insurance	103,588	0.15
86,330	Saga	115,078	0.17
	<b>Internet – 2.76% (2022 – 2.44%)</b>		
158,170	ADVFN*	44,288	0.07
37,085	ASOS*	304,097	0.45
5,700	Auto Trader	35,112	0.05
60,000	Deliveroo	54,888	0.08
412,707	Ebiquity*	210,481	0.31
121,800	iomart*	151,032	0.22
47,450	Moneysupermarket.com	118,151	0.17
249,925	Moonpig	308,158	0.46
23,800	Rightmove	133,994	0.20
340,560	Smooove*	107,276	0.16
52,255	Trainline	130,010	0.19
192,200	Trustpilot	170,289	0.25
126,892	Victorian Plumbing	100,625	0.15
	<b>Investment Companies – 1.36% (2022 – 1.30%)</b>		
61,860	Gresham House*	470,136	0.69
103,302	Melrose Industries	171,998	0.25
1,081,640	Mercia Asset Management*	281,226	0.42
	<b>Leisure Time – 0.80% (2022 – 0.62%)</b>		
132,300	Gym	121,716	0.18
41,990	Hollywood Bowl	97,627	0.14
104,330	On the Beach	149,609	0.22
885,104	Rangers International Football**	177,021	0.26
	<b>Lodging – 0.44% (2022 – 0.50%)</b>		
9,979	Whitbread	297,973	0.44
	<b>Machinery Construction &amp; Mining – 0.36% (2022 – 0.42%)</b>		
13,200	Weir	245,388	0.36

# ES River and Mercantile UK Alpha Fund

## Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	<b>Machinery Diversified – 1.75% (2022 – 1.31%)</b>		
19,030	IMI	291,730	0.43
75,147	Mpac*	172,838	0.26
847,632	Renold*	211,908	0.31
74,283	Rotork	233,843	0.35
1,000	Spirax-Sarco Engineering	118,550	0.18
35,576	Vesuvius	147,213	0.22
	<b>Media – 1.65% (2022 – 1.92%)</b>		
440,553	Centaur Media	211,465	0.31
16,300	Informa	112,894	0.17
418,275	ITV	346,332	0.51
22,850	Pearson	192,900	0.29
328,559	Reach	247,405	0.37
	<b>Metal &amp; Hardware – 0.38% (2022 – 0.35%)</b>		
21,600	Bodycote	140,940	0.21
150,850	Trifast	117,060	0.17
	<b>Mining – 5.52% (2022 – 5.76%)</b>		
55,017	Anglo American	1,473,355	2.18
78,450	Central Asia Metals*	185,534	0.27
37,920	Rio Tinto	2,076,878	3.07
	<b>Miscellaneous Manufacturing – 0.69% (2022 – 0.71%)</b>		
7,600	Avon Protection	70,376	0.10
371,980	Carclo	50,217	0.07
61,842	Morgan Advanced Materials	175,013	0.26
6,900	Porvair	41,400	0.06
84,890	Senior	133,277	0.20
	<b>Office &amp; Business Equipment – 0.28% (2022 – 0.47%)</b>		
93,064	Xaar	191,247	0.28
	<b>Oil &amp; Gas Producers – 10.07% (2022 – 11.3%)</b>		
565,979	BP	2,891,021	4.27
1,494,532	EnQuest	276,787	0.41
116,941	Harbour Energy	320,886	0.47
1,006,093	Savannah Energy*	264,099	0.39
34,881	Serica Energy*	77,261	0.11
122,079	Shell	2,817,583	4.16
559,110	Tullow Oil	176,343	0.26

# ES River and Mercantile UK Alpha Fund

## Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	<b>Oil &amp; Gas Services – 0.46% (2022 – 0.85%)</b>		
76,360	Hunting	180,210	0.27
63,964	John Wood	127,928	0.19
	<b>Packaging &amp; Containers – 0.56% (2022 – 0.49%)</b>		
43,900	DS Smith	137,978	0.20
125,788	Essentra	243,022	0.36
	<b>Pharmaceuticals – 6.46% (2022 – 4.19%)</b>		
26,600	AstraZeneca	2,987,712	4.41
328,600	Benchmark*	111,724	0.17
2,600	Dechra Pharmaceuticals	68,848	0.10
76,244	GSK	1,089,527	1.61
8,532	Indivior	118,168	0.17
	<b>Private Equity – 0.61% (2022 – 0.05%)</b>		
14,240	Intermediate Capital	173,158	0.26
226,700	IP	125,365	0.19
38,900	Molten Ventures	106,430	0.16
	<b>Real Estate Investment &amp; Services – 0.79% (2022 – 0.62%)</b>		
492,170	Foxtons	198,098	0.29
62,887	Grainger	146,275	0.22
43,400	Helical	130,200	0.19
26,600	Henry Boot	59,318	0.09
	<b>Real Estate Investment Trusts – 2.52% (2022 – 1.59%)</b>		
81,553	British Land	316,181	0.47
4,810	Derwent London	113,324	0.17
29,773	Great Portland Estates	150,503	0.22
27,800	Segro	213,059	0.31
506,036	Shaftesbury Capital	578,905	0.86
60,740	Tritax Big Box REIT	84,915	0.13
55,600	Workspace	242,861	0.36
	<b>Retail – 4.01% (2022 – 3.37%)</b>		
34,100	B&M European Value Retail	164,362	0.24
352,660	Card Factory	306,462	0.45
235,800	Currys	138,415	0.20
90,624	DFS Furniture	123,430	0.18
10,500	Dunelm	116,025	0.17
1,337,948	Fulham Shore	133,795	0.20
22,210	Headlam	67,296	0.10
20,970	J D Wetherspoon	149,936	0.22
40,900	JD Sports Fashion	72,659	0.11

# ES River and Mercantile UK Alpha Fund

## Portfolio Statement continued

		Market Value £	% of Net Assets
29,900	Kingfisher	78,069	0.12
5,200	Next	341,744	0.51
798,247	Restaurant	325,046	0.48
543,180	Science in Sport*	59,750	0.09
102,700	Superdry	110,505	0.16
110,615	Tortilla Mexican Grill	127,207	0.19
12,980	WH Smith	194,051	0.29
146,490	Wickes	202,156	0.30
	<b>Semiconductors – 0.18% (2022 – 0.17%)</b>		
449,201	IQE*	120,386	0.18
	<b>Software – 1.64% (2022 – 1.22%)</b>		
65,531	Bango*	134,339	0.20
36,380	Darktrace	93,715	0.14
195,700	Dotdigital	186,502	0.28
15,750	FD Technologies*	269,010	0.40
125,638	Learning Technologies*	161,947	0.24
17,790	Sage	137,873	0.20
33,000	Team17	123,750	0.18
	<b>Telecommunications – 2.60% (2022 – 2.88%)</b>		
32,500	Airtel Africa	34,580	0.05
383,400	BT	558,997	0.83
11,500	Gamma Communications*	124,200	0.18
27,700	Gooch & Housego	121,326	0.18
11,600	Spirent Communications	20,103	0.03
1,007,400	Vodafone	899,608	1.33
	<b>Textiles – 0.37% (2022 – 0.51%)</b>		
341,980	Coats	252,039	0.37
	<b>Transportation – 0.10% (2022 – 0.25%)</b>		
24,334	James Fisher & Sons	70,447	0.10
	<b>Australia – 0.50% (2022 – 0.00%)</b>		
141,300	South32	334,881	0.50
	<b>Austria – 0.33% (2022 – 0.37%)</b>		
9,870	RHI Magnesita	220,891	0.33
	<b>Bermuda – 0.66% (2022 – 0.72%)</b>		
24,000	Conduit	117,600	0.17

# ES River and Mercantile UK Alpha Fund

## Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
13,100	Hiscox	145,214	0.22
20,710	Ocean Wilsons	185,354	0.27
	<b>Chile – 0.03% (2022 – 0.61%)</b>		
1,400	Antofagasta	22,120	0.03
	<b>Gibraltar – 0.12% (2022 – 0.00%)</b>		
156,477	888	80,742	0.12
	<b>India – 0.12% (2022 – 0.08%)</b>		
937,504	OPG Power Ventures*	81,563	0.12
	<b>Ireland – 1.37% (2022 – 1.25%)</b>		
16,680	Bank of Ireland	136,682	0.20
128,000	Cairn Homes	115,072	0.17
500	DCC	23,585	0.04
1,725	Flutter Entertainment	252,367	0.37
15,600	Grafton	138,154	0.20
131,400	Greencore	106,697	0.16
117,900	Hostelworld	155,156	0.23
	<b>Isle of Man – 0.44% (2022 – 0.29%)</b>		
13,000	Playtech	68,510	0.10
231,008	Strix*	230,546	0.34
	<b>Israel – 0.25% (2022 – 0.43%)</b>		
80,828	Tremor International*	169,092	0.25
	<b>Jersey – 0.51% (2022 – 0.83%)</b>		
91,030	Breedon*	69,638	0.10
161,640	Centamin	168,348	0.25
810,311	XLMedia*	107,366	0.16
	<b>Mauritius – 0.00% (2022 – 0.33%)</b>		
	<b>Mexico – 0.00% (2022 – 0.29%)</b>		
	<b>Netherlands – 0.27% (2022 – 0.52%)</b>		
11,700	Just Eat	180,531	0.27
	<b>Singapore – 0.11% (2022 – 0.00%)</b>		
3,800	XP Power	76,950	0.11

# ES River and Mercantile UK Alpha Fund

## Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	<b>South Africa – 0.33% (2022 – 0.84%)</b>		
423,931	Old Mutual	224,260	0.33
	<b>Switzerland – 1.55% (2022 – 1.48%)</b>		
205,563	Glencore	955,046	1.41
56,560	IWG	93,013	0.14
	<b>United States of America – 0.88% (2022 – 1.64%)</b>		
168,894	Boku*	226,318	0.33
9,700	MaxCyte	36,860	0.06
75,358	Somero Enterprises*	278,824	0.41
108,000	Tinybuild	50,760	0.08
	<b>Collective Investment Schemes – 0.13% (2022 – 0.00%)</b>		
24,200	Renewables Infrastructure	30,202	0.04
478,900	Schroder UK Public Private	58,713	0.09
	<b>Investment Trusts – 0.65% (2022 – 1.06%)</b>		
93,900	Fidelity China Special Situations	232,402	0.34
4,600	International Biotechnology Trust PLC/Fund	30,222	0.04
10,316	Rockwood Strategic *	185,688	0.27
	<b>Portfolio of investments</b>	<b>67,186,246</b>	<b>99.26</b>
	<b>Net other assets</b>	<b>501,369</b>	<b>0.74</b>
	<b>Net assets</b>	<b>67,687,615</b>	<b>100.00</b>

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 2022.

\*Security listed in AIM.

\*\*Delisted/Defaulted/Suspended security.

The Portfolio Statement categories have been re-aligned in the current period resulting in a mismatch to prior year accounts, this does not have any impact on the Financial Statements.

# ES River and Mercantile UK Alpha Fund

## Comparative table

For the year ending:	31/03/2023	31/03/2022	31/03/2021
A-Class Distribution shares	pence per share	pence per share	pence per share
<b>Change in net assets per share</b>			
Opening net asset value per share	204.16	197.40	126.62
Return before operating charges*	0.50	12.78	74.42
Operating charges	(1.71)	(1.84)	(2.61)
Return after operating charges	(1.21)	10.94	71.81
Distributions	(5.42)	(4.18)	(1.03)
<b>Closing net asset value per share</b>	<b>197.53</b>	<b>204.16</b>	<b>197.40</b>
*After direct transaction costs of	(0.35)	(0.46)	(0.69)
<b>Performance</b>			
Return after charges	(0.59)%	5.54%	56.71%
<b>Other information</b>			
Closing net asset value (£)	4,743,988	7,290,657	7,375,759
Closing number of shares	2,401,647	3,571,103	3,736,488
Operating charges**	0.87%	0.88%	1.65%
Direct transaction costs	0.18%	0.22%	0.44%
<b>Prices</b>			
Highest share price	215.24	220.12	202.94
Lowest share price	171.57	185.37	121.31

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

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



# ES River and Mercantile UK Alpha Fund

## Comparative table continued

For the year ending:	31/03/2023	31/03/2022	31/03/2021
B-Class Accumulation shares	pence per share	pence per share	pence per share
<b>Change in net assets per share</b>			
Opening net asset value per share	1,132.79	1,073.55	679.12
Return before operating charges*	5.56	69.31	402.12
Operating charges	(9.58)	(10.07)	(7.69)
Return after operating charges	(4.02)	59.24	394.43
Distributions	(30.29)	(22.84)	(11.94)
Retained distributions on accumulation shares	30.29	22.84	11.94
<b>Closing net asset value per share</b>	<b>1,128.77</b>	<b>1,132.79</b>	<b>1,073.55</b>
*After direct transaction costs of	(1.95)	(2.50)	(3.74)
<b>Performance</b>			
Return after charges	(0.35)%	5.52%	58.08%
<b>Other information</b>			
Closing net asset value (£)	21,126,837	37,582,967	41,654,664
Closing number of shares	1,871,664	3,317,737	3,880,079
Operating charges**	0.87%	0.88%	0.90%
Direct transaction costs	0.18%	0.22%	0.44%
<b>Prices</b>			
Highest share price	1,216.99	1,211.20	1,100.04
Lowest share price	970.11	1,020.03	651.10

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

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

# ES River and Mercantile UK Alpha Fund

## Comparative table continued

For the year ending:	31/03/2023	31/03/2022	31/03/2021
Z-Class Accumulation shares	pence per share	pence per share	pence per share
<b>Change in net assets per share</b>			
Opening net asset value per share	1,628.63	1,531.87	961.91
Return before operating charges*	8.35	98.89	571.78
Operating charges	(1.91)	(2.13)	(1.82)
Return after operating charges	6.44	96.76	569.96
Distributions	(55.65)	(45.01)	(26.06)
Retained distributions on accumulation shares	55.65	45.01	26.06
<b>Closing net asset value per share</b>	<b>1,635.07</b>	<b>1,628.63</b>	<b>1,531.87</b>
*After direct transaction costs of	(2.82)	(3.58)	(5.31)
<b>Performance</b>			
Return after charges	0.40%	6.32%	59.25%
<b>Other information</b>			
Closing net asset value (£)	41,816,790	46,587,128	50,378,673
Closing number of shares	2,557,491	2,860,516	3,288,698
Operating charges**	0.12%	0.13%	0.15%
Direct transaction costs	0.18%	0.22%	0.44%
<b>Prices</b>			
Highest share price	1,761.98	1,738.74	1,569.19
Lowest share price	1,400.34	1,465.79	922.29

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

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

# ES River and Mercantile UK Alpha Fund

## Synthetic Risk Reward Indicator (SRRI)



Typically Lower Rewards

Typically Higher Rewards



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

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

## Summary of Largest Portfolio Changes

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

<b>Purchases</b>	<b>£</b>	<b>Sales</b>	<b>£</b>
GSK	906,918	BP	1,770,809
AstraZeneca	789,063	Shell	1,157,104
Tesco	368,880	Unilever	1,080,742
ASOS	368,677	Standard Chartered	994,310
South32	349,255	British American Tobacco	915,582
Persimmon	345,730	Lloyds Banking	823,098
Anglo American	335,986	AstraZeneca	814,725
Unilever	301,424	HSBC	774,214
MJ Gleeson	290,631	Prudential	754,740
IMI	289,811	Barclays	754,540

# ES River and Mercantile UK Alpha Fund

## Statement of Total Return for the year ended 31 March 2023

	Notes	1 April 2022 to 31 March 2023		1 April 2021 to 31 March 2022	
		£	£	£	£
Income					
Net capital (losses)/gains	2		(2,773,896)		3,514,269
Revenue	3	2,825,811		2,814,141	
Expenses	4	(324,028)		(464,509)	
Interest payable and similar charges	6	(942)		(573)	
Net revenue before taxation for the year		2,500,841		2,349,059	
Taxation	5	(23,801)		(20,290)	
Net revenue after taxation for the year			2,477,040		2,328,769
Total return before distributions			(296,856)		5,843,038
Distributions	7		(2,480,284)		(2,332,689)
<b>Change in net assets attributable to Shareholders from investment activities</b>			<b>(2,777,140)</b>		<b>3,510,349</b>

## Statement of Change in Net Assets attributable to Shareholders for the year ended 31 March 2023

		1 April 2022 to 31 March 2023		1 April 2021 to 31 March 2022	
		£	£	£	£
Opening net assets attributable to Shareholders			91,460,752		99,409,096
Amounts received on creation of shares	3,917,054			6,611,352	
Amounts paid on cancellation of shares	(27,116,163)			(20,216,868)	
			(23,199,109)		(13,605,516)
Dilution adjustment			26,285		16,488
Change in net assets attributable to Shareholders from investment activities			(2,777,140)		3,510,349
Retained distributions on accumulation shares			2,176,827		2,130,335
<b>Closing net assets attributable to Shareholders</b>			<b>67,687,615</b>		<b>91,460,752</b>

# ES River and Mercantile UK Alpha Fund

## Balance Sheet as at 31 March 2023

	Notes	31 March 2023		31 March 2022	
		£	£	£	£
<b>ASSETS</b>					
Fixed assets					
Investments			67,186,246		91,182,235
Current assets					
Debtors	8	492,389		876,960	
Cash and bank balances		211,662		135,498	
<b>Total other assets</b>			<b>704,051</b>		<b>1,012,458</b>
<b>Total assets</b>			<b>67,890,297</b>		<b>92,194,693</b>
<b>LIABILITIES</b>					
Creditors					
Bank overdrafts		(584)		—	
Distribution payable		(50,549)		(61,075)	
Other creditors	9	(151,549)		(672,866)	
<b>Total other liabilities</b>			<b>(202,682)</b>		<b>(733,941)</b>
<b>Total liabilities</b>			<b>(202,682)</b>		<b>(733,941)</b>
<b>Net assets attributable to Shareholders</b>			<b>67,687,615</b>		<b>91,460,752</b>

# ES River and Mercantile UK Alpha Fund

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## Notes to the Financial Statements

### 1 Accounting policies

The accounting policies for the sub-fund are set out on pages 7 to 8.

### 2 Net capital (losses)/gains

	31 March 2023 £	31 March 2022 £
The net capital (losses)/gains during the year comprise:		
Non-derivative securities	(2,750,920)	3,534,195
Currency gains/(losses)	2,507	(942)
Custodial transaction fees	<u>(25,483)</u>	<u>(18,984)</u>
Net capital (losses)/gains	<u>(2,773,896)</u>	<u>3,514,269</u>

### 3 Revenue

	31 March 2023 £	31 March 2022 £
Bank interest	1,385	—
Franked distributions from authorised funds	9,744	11,659
Non-taxable overseas dividends	323,668	233,149
UK dividends	2,445,196	2,556,221
UK REIT dividends	<u>45,818</u>	<u>13,112</u>
	<u>2,825,811</u>	<u>2,814,141</u>

# ES River and Mercantile UK Alpha Fund

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## Notes to the Financial Statements continued

### 4 Expenses

	31 March 2023 £	31 March 2022 £
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
ACD's periodic charge	<u>257,423</u>	<u>355,900</u>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fees	13,284	14,723
Safe custody fees	<u>3,184</u>	<u>3,827</u>
	<u>16,468</u>	<u>18,550</u>
Other expenses:		
Audit fee*	12,781	11,614
Fund accounting fees	17,086	32,109
Legal and professional fees	(420)	2,031
Registration fees	316	825
Transfer agency fees	7,631	33,316
Other fees	<u>12,743</u>	<u>10,164</u>
	<u>50,137</u>	<u>90,059</u>
Total expenses	<u><u>324,028</u></u>	<u><u>464,509</u></u>

\*Total audit fees of £11,689 (2022 - £10,164) exclusive of VAT.

# ES River and Mercantile UK Alpha Fund

## Notes to the Financial Statements continued

### 5 Taxation

	31 March 2023 £	31 March 2022 £
<b>a) Analysis of taxation charge in year</b>		
Overseas tax	<u>23,801</u>	<u>20,290</u>
Total taxation	<u>23,801</u>	<u>20,290</u>

### b) Factors affecting taxation charge for the year

The tax assessed for the year is lower (2022: lower) than the standard rate of corporation tax in the UK for an Open Ended Investment Company with variable capital (20%) (2022: 20%). The difference is explained below:

Net revenue before taxation for the year	<u>2,500,841</u>	<u>2,349,059</u>
Return on ordinary activities before taxation at the applicable rate of Corporation tax in the UK of 20% (2022: 20%)	500,168	469,812
Effects of:		
Movement in tax losses	55,547	89,236
Overseas tax	23,801	20,290
Prior year adjustment to tax losses	—	1,158
Revenue not subject to tax	<u>(555,715)</u>	<u>(560,206)</u>
Total taxation	<u>23,801</u>	<u>20,290</u>

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

### c) Provision for deferred tax

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

At the year end there is a potential deferred tax asset of £1,153,777 (£1,098,231 as at 31 March 2022) due to tax losses. It is unlikely the sub-fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised (same as at 31 March 2022).

### 6 Interest payable and similar charges

	31 March 2023 £	31 March 2022 £
Interest	<u>942</u>	<u>573</u>
	<u>942</u>	<u>573</u>



# ES River and Mercantile UK Alpha Fund

## Notes to the Financial Statements continued

### 7 Distributions

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

	31 March 2023 £	31 March 2022 £
Interim	1,458,250	1,345,690
Final	<u>867,079</u>	<u>935,907</u>
	2,325,329	2,281,597
Add: revenue deducted on cancellation of shares	180,779	79,319
Deduct: revenue received on creation of shares	<u>(25,824)</u>	<u>(28,227)</u>
Distributions for the year	<u>2,480,284</u>	<u>2,332,689</u>
Reconciliation between net revenue after taxation for the year and the distributions:		
Net revenue after taxation for the year	2,477,040	2,328,769
Expenses transferred to capital	<u>3,244</u>	<u>3,920</u>
Distributions for the year	<u>2,480,284</u>	<u>2,332,689</u>

### 8 Debtors

	31 March 2023 £	31 March 2022 £
Accrued revenue	367,918	568,072
Amounts receivable for issue of shares	77,483	829
Overseas tax recoverable	3,703	6,673
Sales awaiting settlement	<u>43,285</u>	<u>301,386</u>
	<u>492,389</u>	<u>876,960</u>

### 9 Other creditors

	31 March 2023 £	31 March 2022 £
<b>a) Distribution payable</b>		
Gross distribution payable	<u>50,549</u>	<u>61,075</u>
Total distribution payable	<u>50,549</u>	<u>61,075</u>
<b>b) Other creditors</b>		
Accrued expenses	63,127	109,401
Amounts payable for cancellation of shares	88,422	485,466
Purchases awaiting settlement	<u>—</u>	<u>77,999</u>
	<u>151,549</u>	<u>672,866</u>

### 10 Contingent liabilities and outstanding commitments

There were no commitments or contingent liabilities at the balance sheet date (31 March 2022: same).

# ES River and Mercantile UK Alpha Fund

## Notes to the Financial Statements continued

### 11 Related party transactions

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

Amounts paid to Equity Trustees Fund Services Ltd in respect of the ACD, associates of the ACD and agents of either of them are disclosed in note 4. The balance outstanding as at the year end was £18,901 (£28,185 as at 31 March 2022).

Any investments in or transactions with other ES River and Mercantile related party entities are individually identified in the portfolio statement

Equity Trustees Fund Services Limited, as the sub-fund's ACD, wishes to disclose to the sub-fund's Shareholders that 34.78% of the sub-fund's shares in issue are under the control of an Institutional Pension Fund and its related parties.

### 12 Financial instruments

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

#### a) Credit risk

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

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

#### b) Valuation of financial investments

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

		Assets £	Liabilities £
<b>31 March 2023</b>			
Level 1	Unadjusted quoted price in an active market for an identical instrument	67,009,225	—
Level 3	Valuation techniques using unobservable inputs	177,021	—
		<b>67,186,246</b>	<b>—</b>

		Assets £	Liabilities £
<b>31 March 2022</b>			
Level 1	Unadjusted quoted price in an active market for an identical instrument	91,014,065	—
Level 3	Valuation techniques using unobservable inputs	168,170	—
		<b>91,182,235</b>	<b>—</b>

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

Level 3 assets held in the sub-fund have been identified on the portfolio statement. Includes securities fair valued by the Manager. These securities are identified on the Fund's Portfolio Statement.

The decision to increase the price of Rangers from 19 to 20 pence per share was made by ETFS FVP Committee on the 16<sup>th</sup> Feb 2023. The committee reviewed a request from the R&M investment manager for the 3 funds holding this asset. The previous price was established using a single broker quote & since they had now stopped providing a price, the football clubs performance & Annual report were considered in the updated valuation. The

# ES River and Mercantile UK Alpha Fund

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## Notes to the Financial Statements continued

### 12 Financial instruments continued

#### b) Valuation of financial investments continued

review concluded that as an extra 41million 1p shares had been issued at a price of 25p per share during the year (creating a premium of £9.9616m), the current valuation was deemed to be conservative. As the stock continued to reflect a lack of liquidity, it was decided to price at a 20% discount.

#### c) Foreign currency risk

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

At the balance sheet date, no significant foreign currency was held (2022: same).

#### d) Derivative risk

At the balance sheet date, no derivatives were held that could impact the sub-fund in a significant way (2022: same).

#### e) Interest rate risk

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

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

#### f) Sensitivity analysis

##### Price risk

If market prices had increased by 10% as at the balance sheet date the net asset value of the sub-fund would have increased by £6,718,625 (2022: £9,118,224). A weakening in market prices of 10% will have resulted in an equal but opposite effect.

#### g) Leverage

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

# ES River and Mercantile UK Alpha Fund

## Notes to the Financial Statements continued

### 13 Portfolio transaction costs

For the year 1 April 2022 to 31 March 2023

<b>Purchases</b>	<b>Transaction Value £</b>	<b>Commissions £</b>	<b>%</b>	<b>Taxes £</b>	<b>%</b>
Equity instruments (direct)	23,751,106	15,829	0.07	93,643	0.39
Collective investment schemes	210,421	159	0.08	698	0.33
<b>Total purchases</b>	<b>23,961,527</b>	<b>15,988</b>		<b>94,341</b>	
<b>Total purchases including transaction costs</b>	<b>24,071,856</b>				
<b>Sales</b>	<b>Transaction Value £</b>	<b>Commissions £</b>	<b>%</b>	<b>Taxes £</b>	<b>%</b>
Equity instruments (direct)	44,433,311	25,422	0.06	940	0.00
Collective investment schemes	706,634	534	0.08	18	0.00
<b>Total sales</b>	<b>45,139,945</b>	<b>25,956</b>		<b>958</b>	
<b>Total sales net of transaction costs</b>	<b>45,113,031</b>				
<b>Total transaction costs</b>		<b>41,944</b>		<b>95,299</b>	
<b>as a % of average net assets</b>		<b>0.06%</b>		<b>0.12%</b>	

For the year 1 April 2021 to 31 March 2022

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

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

# ES River and Mercantile UK Alpha Fund

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## Notes to the Financial Statements continued

### 13 Portfolio transaction costs continued

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

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

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

At the balance sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.43% (2022 - 0.55%).

### 14 Share movement

	<b>A-Class Distribution shares</b>	<b>B-Class Accumulation shares</b>	<b>Z-Class Accumulation shares</b>
Opening shares	3,571,103	3,317,737	2,860,516
Shares issued	27,502	149,959	145,435
Shares redeemed	(1,196,958)	(1,596,032)	(448,460)
<b>Closing shares</b>	<b>2,401,647</b>	<b>1,871,664</b>	<b>2,557,491</b>

### 15 Post balance sheet events

There are no post balance sheet events which require adjustments at the year end.

# ES River and Mercantile UK Alpha Fund

## Distribution tables for the year ended 31 March 2023

Group 1: shares purchased prior to a distribution period

Group 2: shares purchased during a distribution period

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

Interim dividend distribution in pence per share		Period 01/04/2022 — 30/09/2022		
	Net Revenue	Equalisation	Distribution paid 30/11/22	Distribution paid 30/11/21
<b>A-Class Distribution shares</b>				
Group 1	3.3151	—	3.3151	2.4700
Group 2	1.8504	1.4647	3.3151	2.4700
<b>B-Class Accumulation shares</b>				
Group 1	18.3858	—	18.3858	13.4311
Group 2	10.0131	8.3727	18.3858	13.4311
<b>Z-Class Accumulation shares</b>				
Group 1	32.4407	—	32.4407	25.3424
Group 2	15.8580	16.5827	32.4407	25.3424

Final dividend distribution in pence per share		Period 01/10/2022 — 31/03/2023		
	Net Revenue	Equalisation	Distribution payable 31/05/23	Distribution paid 31/05/22
<b>A-Class Distribution shares</b>				
Group 1	2.1048	—	2.1048	1.7103
Group 2	1.5653	0.5395	2.1048	1.7103
<b>B-Class Accumulation shares</b>				
Group 1	11.9055	—	11.9055	9.4094
Group 2	7.9776	3.9279	11.9055	9.4094
<b>Z-Class Accumulation shares</b>				
Group 1	23.2141	—	23.2141	19.6697
Group 2	17.4127	5.8014	23.2141	19.6697

# ES River and Mercantile

## UK Listed Smaller Companies Fund

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### 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.

Although the sub-fund aims to deliver capital growth over a rolling 5 year period, there is no guarantee that this will be achieved over this time period, or any time period. The sub-fund’s capital is at risk meaning that the sub-fund could suffer a decrease in value and the value of your investment would decrease as a result.

### Investment Policy

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

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

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

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

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

The 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 Listed Smaller Companies Fund

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### Investment Manager's Review

#### Investment Review

The ES R&M UK Listed Smaller Companies Fund delivered a -14.4% return, which compares to the benchmark's -13.4%.

Holdings in Quality defensives, which tend to be less cyclical, were a key contributor to performance in the twelve-month period with **Alpha Financial Markets Consulting** and **Serco** both delivering strong operational performances. We also made strong returns in a range of portfolio diversifiers which are geared to cycles that are either uncorrelated or negatively correlated with the economic cycle. Examples include benefitting from exposure to: a strong re-insurance cycle through investments in both **Conduit** and **Lancashire**; the insolvency cycle through our investments in **Begbies Traynor** and **FRP Advisory**; and exposure to gold via **Centamin** and **Capital**. We saw some M&A in the portfolio in the summer of 2022 with both **Biffa** and **Emis** being taken private at attractive premiums.

With natural gas prices falling given a mild winter in both the US and Europe and reduced industrial demand, our exposure to energy was a headwind to performance with **Kistos**, **Serica** and **Diversified Energy** underperforming. Investments in companies that delivered poor operational performance – namely **Strix**, **Future**, **TinyBuild** and **Watkin Jones** – were significant detractors from performance. This was particularly acute when businesses also had significant leverage such as **888** or lacked funding as was the case for **Allergy Therapeutics**.

Unusually, a high proportion of our new positions in the period have been Recovery investment cases. **Fever-Tree** was acquired with a view that gross margins should recover back to historic levels over the next two to three years. **Vesuvius** and **Victorian Plumbing** provide some cyclical recovery exposure. Our investment in defence business **Babcock** – a Recovery investment case given the depressed margins, new management team and recently completed disposals – was funded through reductions in our three existing defence businesses – **Chemring**, **QinetiQ** and **Serco** – which have each transitioned from Recovery to Quality. **Trainline**, **XPS Pensions** and **Impax** were acquired as new Quality holdings.

Disposals primarily fell into two distinct groups. The first reflected a deterioration in our PVT (Potential, Valuation and Timing) investment case; **Elementis** (where the Recovery investment case has largely played out), **Watkin Jones**, **Genuit** and **Aptitude** all fall in this group. **Emis**, **Biffa**, **Caretech**, **Ultra Electronics**, **Vivo Energy** and **Ted Baker** were all exited following bids.

#### Outlook

In November 2022, the Bank of England made headlines given their particularly gloomy outlook for the UK which forecast the longest UK recession in 100 years and a peak-to-trough decline of close to 3%. Since then, inflation expectations have eased, expectations for 1-year-ahead interest rates have fallen from 5.5% to less than 4%, GBP has strengthened and gas prices have fallen by about 75%. Expectations for UK economic growth have been revised up and we are likely to see further positive revisions from the BoE. This should all be supportive for the performance of UK smaller companies which have continued to underperform. The rhetoric that the UK is destined to underperform other developed economies is not evident in the data (4th fastest growing G7 economy since the start of 2016). UK smaller companies are unloved and undervalued, in both absolute terms and relative to the wider market, on extremely attractive, once-in-a-cycle levels. We cannot call the bottom but putting capital to work today on a three to five-year view should be very rewarding.

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

River and Mercantile

March 2023

Investment Adviser to the sub-fund

Source: River and Mercantile Asset Management LLP, FactSet Analytics, FE Fundinfo. Sub-fund performance is calculated using midday published prices. Benchmark performance is calculated using close of business mid-market prices.



# ES River and Mercantile UK Listed Smaller Companies Fund

## Portfolio Statement as at 31 March 2023

Holding	Investment	Market Value £	% of Net Assets
	<b>United Kingdom – 77.74% (2022 – 77.48%)</b>		
	<b>Advertising – 2.81% (2022 – 1.35%)</b>		
8,977,800	Pebble*	10,144,914	2.81
	<b>Aerospace &amp; Defence – 0.00% (2022 – 0.90%)</b>		
	<b>Beverages – 0.36% (2022 – 0.00%)</b>		
100,000	Fevertree Drinks	1,284,000	0.36
	<b>Building Materials – 2.82% (2022 – 2.33%)</b>		
11,129,269	SigmaRoc*	5,853,996	1.62
1,800,000	Tyman	4,320,000	1.20
	<b>Chemicals – 0.00% (2022 – 1.42%)</b>		
	<b>Commercial Services – 8.78% (2022 – 6.27%)</b>		
2,400,000	Alpha Financial Markets Consulting*	10,200,000	2.82
1,450,000	Babcock International	4,332,600	1.20
1,160,000	Keystone Law*	5,336,000	1.48
1,800,000	QinetiQ	5,846,400	1.62
3,750,000	XPS Pensions	6,000,000	1.66
	<b>Computers – 5.33% (2022 – 4.91%)</b>		
2,200,000	Bytes Technology	8,544,800	2.36
7,000,000	Serco	10,738,000	2.97
	<b>Cosmetics &amp; Personal Care – 0.43% (2022 – 0.29%)</b>		
4,100,000	Venture Life*	1,558,000	0.43
	<b>Diversified Financial Services – 12.37% (2022 – 9.56%)</b>		
625,000	Alpha International*	12,062,500	3.34
5,200,000	Begbies Traynor*	6,572,800	1.82
5,058,000	FRP Advisory	5,412,060	1.50
300,000	Impax Asset Management	2,394,000	0.66
2,235,000	LendInvest*	1,966,800	0.54
575,000	Liontrust Asset Management	5,865,000	1.62
1,750,000	OSB	8,428,000	2.33
450,000	Polar Capital	2,036,250	0.56

# ES River and Mercantile UK Listed Smaller Companies Fund

## Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	<b>Electricity – 1.98% (2022 – 1.59%)</b>		
1,175,000	Drax	7,138,125	1.98
	<b>Electronics – 2.78% (2022 – 3.85%)</b>		
800,000	Smart Metering Systems*	5,928,000	1.64
2,200,000	TT Electronics	4,118,400	1.14
	<b>Environmental Control – 0.00% (2022 – 1.24%)</b>		
	<b>Food Producers – 2.08% (2022 – 1.43%)</b>		
250,000	Cranswick	7,510,000	2.08
	<b>Healthcare Services – 0.00% (2022 – 0.94%)</b>		
	<b>Home Furnishings – 0.28% (2022 – 0.87%)</b>		
170,000	Focusrite	1,003,000	0.28
	<b>Insurance – 2.78% (2022 – 1.98%)</b>		
1,100,000	Lancashire	6,077,500	1.68
3,522,842	Sabre Insurance	3,980,811	1.10
	<b>Internet – 5.46% (2022 – 3.27%)</b>		
600,000	Future	6,948,000	1.92
6,000,000	Moonpig	7,398,000	2.05
1,200,000	Trainline	2,985,600	0.83
3,000,000	Victorian Plumbing	2,379,000	0.66
	<b>Leisure Time – 4.02% (2022 – 2.46%)</b>		
4,000,000	Hollywood Bowl	9,300,000	2.57
3,646,512	On the Beach	5,229,098	1.45
	<b>Machinery Diversified – 0.92% (2022 – 0.00%)</b>		
800,000	Vesuvius	3,310,400	0.92
	<b>Media – 0.31% (2022 – 0.53%)</b>		
1,500,000	Reach	1,129,500	0.31
	<b>Mining – 0.28% (2022 – 0.75%)</b>		
4,453,107	Pan African Resources*	738,325	0.20
1,000,000	Serabi Gold*	290,000	0.08

# ES River and Mercantile UK Listed Smaller Companies Fund

## Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	<b>Miscellaneous Manufacturing – 2.12% (2022 – 3.35%)</b>		
1,700,000	Chemring	4,726,000	1.31
1,439,401	ME INTERNATIONAL	1,806,448	0.50
260,000	Volution	1,119,300	0.31
	<b>Oil &amp; Gas Producers – 3.17% (2022 – 0.77%)</b>		
943,000	Kistos	2,753,560	0.76
3,000,000	Serica Energy	6,645,000	1.84
6,500,000	Tullow Oil	2,050,100	0.57
	<b>Packaging &amp; Containers – 1.55% (2022 – 3.48%)</b>		
2,900,000	Essentra	5,602,800	1.55
	<b>Pharmaceuticals – 3.58% (2022 – 5.07%)</b>		
13,500,000	Allergy Therapeutics**	843,750	0.23
6,500,000	Alliance Pharma*	4,485,000	1.24
550,000	Indivior	7,617,500	2.11
	<b>Private Equity – 1.59% (2022 – 1.67%)</b>		
6,850,000	Atrato Onsite Energy	5,760,850	1.59
	<b>Real Estate Investment Trusts – 1.85% (2022 – 3.01%)</b>		
2,800,000	Shaftesbury Capital	3,203,200	0.89
4,000,000	Supermarket Income Reit	3,456,000	0.96
	<b>Retail – 2.62% (2022 – 5.41%)</b>		
2,150,000	DFS Furniture	2,928,300	0.81
1,300,000	Halfords	2,272,400	0.63
10,500,000	Restaurant	4,275,600	1.18
	<b>Software – 3.10% (2022 – 5.02%)</b>		
3,900,000	Learning Technologies*	5,027,100	1.39
1,650,000	Team17*	6,187,500	1.71
	<b>Telecommunications – 4.37% (2022 – 3.76%)</b>		
950,000	Gamma Communications*	10,260,000	2.84
3,179,597	Spirent Communications	5,510,242	1.53
	<b>Bermuda – 3.27% (2022 – 1.85%)</b>		
2,415,000	Conduit	11,833,500	3.27

# ES River and Mercantile UK Listed Smaller Companies Fund

## Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
2,750,000	<b>Gibraltar – 0.39% (2022 – 0.00%)</b> 888	1,419,000	0.39
38,000,000	<b>Guernsey – 1.21% (2022 – 1.30%)</b> Shanta Gold*	4,370,000	1.21
1,100,000	<b>Ireland – 1.43% (2022 – 0.00%)</b> Kenmare Resources	5,159,000	1.43
2,000,000	<b>Isle of Man – 0.55% (2022 – 1.43%)</b> Strix*	1,996,000	0.55
7,000,000	<b>Jersey – 3.37% (2022 – 3.72%)</b> Centamin	7,290,500	2.02
700,000	JTC	4,893,000	1.35
4,200,000	<b>Mauritius – 1.15% (2022 – 0.89%)</b> Capital	4,141,200	1.15
3,461,111	<b>United States of America – 6.49% (2022 – 6.67%)</b> Boku*	4,637,889	1.28
11,000,000	Diversified Energy	10,406,000	2.88
1,354,825	MaxCyte*	5,148,335	1.43
550,000	Somero Enterprises*	2,035,000	0.56
2,573,561	Tinybuild*	1,209,573	0.34
3,000,230	<b>Collective Investment Schemes – 1.20% (2022 – 1.24%)</b> River & Mercantile UK Micro Cap Investment ***	4,350,334	1.20
	<b>Portfolio of investments</b>	<b>349,779,860</b>	<b>96.80</b>
	<b>Net other assets</b>	<b>11,546,430</b>	<b>3.20</b>
	<b>Net assets</b>	<b>361,326,290</b>	<b>100.00</b>

# ES River and Mercantile UK Listed Smaller Companies Fund

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## 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.

The percentages in brackets show the equivalent percentage of net assets as at 31 March 2022.

\*Security listed in AIM.

\*\*These securities are fair valued by the manager.

The Portfolio Statement categories have been re-aligned in the current period resulting in a mismatch to prior year accounts, this does not have any impact on the Financial Statements.

\*\*\*Related party.

# ES River and Mercantile

## UK Listed Smaller Companies Fund

### Comparative table

For the year ending:	31/03/2023	31/03/2022	31/03/2021
B-Class Accumulation shares	pence per share	pence per share	pence per share
<b>Change in net assets per share</b>			
Opening net asset value per share	2,915.38	2,912.44	1,745.02
Return before operating charges*	(384.07)	29.30	1,188.49
Operating charges	(22.78)	(26.36)	(21.07)
Return after operating charges	(406.85)	2.94	1,167.42
Distributions	(59.59)	(34.11)	(18.53)
Retained distributions on accumulation shares	59.59	34.11	18.53
<b>Closing net asset value per share</b>	<b>2,508.53</b>	<b>2,915.38</b>	<b>2,912.44</b>
*After direct transaction costs of	(2.99)	(7.39)	(4.84)
<b>Performance</b>			
Return after charges	(13.96)%	0.10%	66.90%
<b>Other information</b>			
Closing net asset value (£)	178,647,014	243,145,895	140,146,245
Closing number of shares	7,121,571	8,340,117	4,811,982
Operating charges**	0.85%	0.83%	0.89%
Direct transaction costs	0.11%	0.23%	0.20%
<b>Prices</b>			
Highest share price	3,030.19	3,548.98	2,955.43
Lowest share price	2,362.49	2,615.86	1,688.37

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

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

# ES River and Mercantile UK Listed Smaller Companies Fund

## Comparative table continued

For the year ending:	31/03/2023	31/03/2022	31/03/2021
B-Class Distribution shares	pence per share	pence per share	pence per share
<b>Change in net assets per share</b>			
Opening net asset value per share	660.04	666.48	402.43
Return before operating charges*	(87.17)	7.34	273.18
Operating charges	(5.12)	(6.01)	(4.84)
Return after operating charges	(92.29)	1.33	268.34
Distributions	(13.41)	(7.77)	(4.29)
<b>Closing net asset value per share</b>	<b>554.34</b>	<b>660.04</b>	<b>666.48</b>
*After direct transaction costs of	(0.67)	(1.69)	(1.11)
<b>Performance</b>			
Return after charges	(13.98)%	0.20%	66.68%
<b>Other information</b>			
Closing net asset value (£)	115,418,590	197,764,717	184,371,477
Closing number of shares	20,821,077	29,962,495	27,663,576
Operating charges**	0.85%	0.83%	0.89%
Direct transaction costs	0.11%	0.23%	0.20%
<b>Prices</b>			
Highest share price	686.06	812.12	677.38
Lowest share price	526.39	594.10	388.94

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

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

# ES River and Mercantile UK Listed Smaller Companies Fund

## Comparative table continued

For the year ending:	31/03/2023	31/03/2022+
S-Class Accumulation shares	pence per share	pence per share
<b>Change in net assets per share</b>		
Opening net asset value per share	237.90	250.00
Return before operating charges*	(31.38)	(10.69)
Operating charges	(1.31)	(1.41)
Return after operating charges	(32.69)	(12.10)
Distributions	(5.42)	(2.77)
Retained distributions on accumulation shares	5.42	2.77
<b>Closing net asset value per share</b>	<b>205.21</b>	<b>237.90</b>
*After direct transaction costs of	(0.24)	(0.57)
<b>Performance</b>		
Return after charges	(13.74)%	(4.84)%
<b>Other information</b>		
Closing net asset value (£)	40,536,406	39,567,198
Closing number of shares	19,753,499	16,631,718
Operating charges**	0.60%	0.57%
Direct transaction costs	0.11%	0.24%
<b>Prices</b>		
Highest share price	247.29	289.20
Lowest share price	193.03	213.43

+Launched on 19 April 2021.

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

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



# ES River and Mercantile UK Listed Smaller Companies Fund

## Comparative table continued

For the year ending:	31/03/2023	31/03/2022	31/03/2021
S-Class Distribution shares	pence per share	pence per share	pence per share
<b>Change in net assets per share</b>			
Opening net asset value per share	352.06	355.50	214.62
Return before operating charges*	(46.51)	3.91	145.75
Operating charges	(1.93)	(2.24)	(1.86)
Return after operating charges	(48.44)	1.67	143.89
Distributions	(7.97)	(5.11)	(3.01)
<b>Closing net asset value per share</b>	<b>295.65</b>	<b>352.06</b>	<b>355.50</b>
*After direct transaction costs of	(0.36)	(0.90)	(0.59)
<b>Performance</b>			
Return after charges	(13.76)%	0.47%	67.04%
<b>Other information</b>			
Closing net asset value (£)	26,724,280	35,960,094	41,775,907
Closing number of shares	9,039,185	10,214,081	11,751,185
Operating charges**	0.60%	0.58%	0.64%
Direct transaction costs	0.11%	0.23%	0.20%
<b>Prices</b>			
Highest share price	365.97	433.67	361.72
Lowest share price	280.76	317.27	207.43

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

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

# ES River and Mercantile UK Listed Smaller Companies Fund

## Synthetic Risk Reward Indicator (SRRI)



Typically Lower Rewards

Typically Higher Rewards



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

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

## Summary of Largest Portfolio Changes

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

Purchases	£	Sales	£
Serica Energy	6,140,959	EMIS	14,378,412
Kistos	5,610,038	Biffa	8,109,708
XPS Pensions	5,297,137	Smart Metering Systems	8,032,750
Conduit	5,230,541	Elementis	6,857,185
Babcock International	4,480,707	QinetiQ	6,534,589
Moonpig	4,353,710	Serco	5,916,346
FRP Advisory	4,302,318	Watkin Jones	5,388,263
Tullow Oil	3,670,006	Supermarket Income Reit	5,277,755
Trainline	3,430,577	Chemring	5,260,409
Future	3,151,627	CareTech	5,188,968

# ES River and Mercantile UK Listed Smaller Companies Fund

## Statement of Total Return for the year ended 31 March 2023

	Notes	1 April 2022 to 31 March 2023		1 April 2021 to 31 March 2022	
		£	£	£	£
Income					
Net capital losses	2		(75,309,659)		(24,264,516)
Revenue	3	13,486,059		10,903,232	
Expenses	4	(3,479,460)		(4,712,168)	
Interest payable and similar charges	6	(4)		(252)	
Net revenue before taxation for the year		10,006,595		6,190,812	
Taxation	5	(354,375)		(227,473)	
Net revenue after taxation for the year			9,652,220		5,963,339
Total return before distributions			(65,657,439)		(18,301,177)
Distributions	7		(9,692,544)		(5,941,250)
<b>Change in net assets attributable to Shareholders from investment activities</b>			<b>(75,349,983)</b>		<b>(24,242,427)</b>

## Statement of Change in Net Assets attributable to Shareholders for the year ended 31 March 2023

		1 April 2022 to 31 March 2023		1 April 2021 to 31 March 2022	
		£	£	£	£
Opening net assets attributable to Shareholders			516,437,904		396,415,369
Amounts received on creation of shares	108,149,733			266,889,044	
Amounts paid on cancellation of shares	(193,286,144)			(126,650,559)	
			(85,136,411)		140,238,485
Dilution adjustment			299,743		517,676
Change in net assets attributable to Shareholders from investment activities			(75,349,983)		(24,242,427)
Retained distributions on accumulation shares			5,074,888		3,476,004
Unclaimed distributions over 6 years old			149		32,797
<b>Closing net assets attributable to Shareholders</b>			<b>361,326,290</b>		<b>516,437,904</b>

# ES River and Mercantile UK Listed Smaller Companies Fund

## Balance Sheet as at 31 March 2023

	Notes	31 March 2023		31 March 2022	
		£	£	£	£
<b>ASSETS</b>					
Fixed assets					
Investments			349,779,860		488,423,347
Current assets					
Debtors	8	5,684,653		2,695,063	
Cash and bank balances		10,970,867		31,136,766	
<b>Total other assets</b>			<b>16,655,520</b>		<b>33,831,829</b>
<b>Total assets</b>			<b>366,435,380</b>		<b>522,255,176</b>
<b>LIABILITIES</b>					
Creditors					
Distribution payable		(1,197,181)		(787,654)	
Other creditors	9	(3,911,909)		(5,029,618)	
<b>Total other liabilities</b>			<b>(5,109,090)</b>		<b>(5,817,272)</b>
<b>Total liabilities</b>			<b>(5,109,090)</b>		<b>(5,817,272)</b>
<b>Net assets attributable to Shareholders</b>			<b>361,326,290</b>		<b>516,437,904</b>

# ES River and Mercantile UK Listed Smaller Companies Fund

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## Notes to the Financial Statements

### 1 Accounting policies

The accounting policies for the sub-fund are set out on pages 7 to 8.

### 2 Net capital losses

	31 March 2023 £	31 March 2022 £
The net capital losses during the year comprise:		
Non-derivative securities	(75,302,699)	(24,250,864)
Currency gains	7,187	6,871
Custodial transaction fees	<u>(14,147)</u>	<u>(20,523)</u>
Net capital losses	<u>(75,309,659)</u>	<u>(24,264,516)</u>

### 3 Revenue

	31 March 2023 £	31 March 2022 £
Bank interest	245,214	—
Management fee rebates	38,723	71,079
Non-taxable overseas dividends	4,140,286	2,675,742
UK dividends	8,624,106	7,613,596
UK REIT dividends	<u>437,730</u>	<u>542,815</u>
	<u>13,486,059</u>	<u>10,903,232</u>

# ES River and Mercantile UK Listed Smaller Companies Fund

## Notes to the Financial Statements continued

### 4 Expenses

	31 March 2023 £	31 March 2022 £
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
ACD's periodic charge	<u>3,076,190</u>	<u>4,280,431</u>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fees	62,257	80,501
Safe custody fees	<u>15,038</u>	<u>22,535</u>
	<u>77,295</u>	<u>103,036</u>
Other expenses:		
Audit fee*	12,781	11,614
Fund accounting fees	86,565	132,872
Legal and professional fees	11,625	2,484
Registration fees	1,365	3,833
Transfer agency fees	162,593	121,465
Other fees	<u>51,046</u>	<u>56,433</u>
	<u>325,975</u>	<u>328,701</u>
Total expenses	<u><u>3,479,460</u></u>	<u><u>4,712,168</u></u>

\*Total audit fees of £11,689 (2022 - £10,164) exclusive of VAT.

# ES River and Mercantile UK Listed Smaller Companies Fund

## Notes to the Financial Statements continued

### 5 Taxation

	31 March 2023 £	31 March 2022 £
<b>a) Analysis of taxation charge in year</b>		
Overseas tax	<u>354,375</u>	<u>227,473</u>
Total taxation	<u>354,375</u>	<u>227,473</u>

### b) Factors affecting taxation charge for the year

The tax assessed for the year is lower (2022: lower) than the standard rate of corporation tax in the UK for an Open Ended Investment Company with variable capital (20%) (2022: 20%). The difference is explained below:

Net revenue before taxation for the year	<u>10,006,595</u>	<u>6,190,812</u>
Return on ordinary activities before taxation at the applicable rate of Corporation tax in the UK of 20% (2022: 20%)	2,001,319	1,238,162
Effects of:		
Movement in tax losses	1,060,954	1,329,101
Overseas tax	354,375	227,473
Prior year adjustment to tax losses	(509,395)	(509,395)
Revenue not subject to tax	<u>(2,552,878)</u>	<u>(2,057,868)</u>
Total taxation	<u>354,375</u>	<u>227,473</u>

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

### c) Provision for deferred tax

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

At the year end there is a potential deferred tax asset of £8,771,377 (£7,710,423 as at 31 March 2022) due to tax losses. It is unlikely the sub-fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised (same as at 31 March 2022).

### 6 Interest payable and similar charges

	31 March 2023 £	31 March 2022 £
Interest	<u>4</u>	<u>252</u>
	<u>4</u>	<u>252</u>

# ES River and Mercantile

## UK Listed Smaller Companies Fund

### Notes to the Financial Statements continued

#### 7 Distributions

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

	31 March 2023 £	31 March 2022 £
Interim	5,854,456	4,889,568
Final	<u>3,027,904</u>	<u>1,733,093</u>
	8,882,360	6,622,661
Add: revenue deducted on cancellation of shares	1,352,240	255,217
Deduct: revenue received on creation of shares	<u>(542,056)</u>	<u>(936,628)</u>
Distributions for the year	<u>9,692,544</u>	<u>5,941,250</u>
Reconciliation between net revenue after taxation for the year and the distributions:		
Net revenue after taxation for the year	9,652,220	5,963,339
Equalisation on conversions	(27)	(62,568)
Expenses transferred to capital	<u>40,351</u>	<u>40,479</u>
Distributions for the year	<u>9,692,544</u>	<u>5,941,250</u>

#### 8 Debtors

	31 March 2023 £	31 March 2022 £
Accrued revenue	1,160,713	794,837
Amounts receivable for issue of shares	1,718,709	1,658,264
Overseas tax recoverable	70,347	92,040
Sales awaiting settlement	<u>2,734,884</u>	<u>149,922</u>
	<u>5,684,653</u>	<u>2,695,063</u>

#### 9 Other creditors

	31 March 2023 £	31 March 2022 £
<b>a) Distribution payable</b>		
Gross distribution payable	<u>1,197,181</u>	<u>787,654</u>
Total distribution payable	<u>1,197,181</u>	<u>787,654</u>
<b>b) Other creditors</b>		
Accrued expenses	396,700	563,522
Amounts payable for cancellation of shares	2,004,801	1,099,717
Purchases awaiting settlement	<u>1,510,408</u>	<u>3,366,379</u>
	<u>3,911,909</u>	<u>5,029,618</u>

#### 10 Contingent liabilities and outstanding commitments

There were no commitments or contingent liabilities at the balance sheet date (31 March 2022: same).



# ES River and Mercantile UK Listed Smaller Companies Fund

## Notes to the Financial Statements continued

### 11 Related party transactions

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

Amounts paid to Equity Trustees Fund Services Ltd in respect of the ACD, associates of the ACD and agents of either of them are disclosed in note 4. The balance outstanding as at the year end was £232,772 (£305,288 as at 31 March 2022).

The sub-fund invests in ES River and Mercantile UK Micro Cap Investment Company, all transactions in respect of which are transacted at the instruction of River and Mercantile Investment Limited. The sub-fund's holding in ES River and Mercantile UK Micro Cap Investment Company at the year end is disclosed on the portfolio statement on page 40.

During the year, the aggregate value of purchases and sales made by ES River and Mercantile UK Listed Smaller Companies Fund into ES River and Mercantile UK Micro Cap Investment Company was £Nil (2022: £1,769,747).

Equity Trustees Fund Services Limited, as the sub-fund's ACD, wishes to disclose to the sub-fund's Shareholders that 26.16% of the sub-fund's shares in issue are under the control of a nominee and its related parties.

### 12 Financial instruments

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

#### a) Credit risk

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

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

#### b) Valuation of financial investments

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

		Assets	Liabilities
		£	£
<b>31 March 2023</b>			
Level 1	Unadjusted quoted price in an active market for an identical instrument	348,936,110	—
Level 3	Valuation techniques using unobservable inputs	843,750	—
		<b>349,779,860</b>	<b>—</b>
<b>31 March 2022</b>			
Level 1	Unadjusted quoted price in an active market for an identical instrument	488,423,347	—
		<b>488,423,347</b>	<b>—</b>

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

Level 3 assets held in the sub-fund have been identified on the portfolio statement. Includes securities fair valued by the Manager. These securities are identified on the Fund's Portfolio Statement.

# ES River and Mercantile UK Listed Smaller Companies Fund

## Notes to the Financial Statements continued

### 12 Financial instruments continued

#### c) Foreign currency risk

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

At the balance sheet date, no significant foreign currency was held (2022: same).

#### d) Derivative risk

At the balance sheet date, no derivatives were held that could impact the sub-fund in a significant way (2022: same).

#### e) Interest rate risk

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

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

#### f) Sensitivity analysis

##### Price risk

If market prices had increased by 10% as at the balance sheet date the net asset value of the sub-fund would have increased by £34,977,986 (2022: £48,842,335). A weakening in market prices of 10% will have resulted in an equal but opposite effect.

#### g) Leverage

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

### 13 Portfolio transaction costs

For the year 1 April 2022 to 31 March 2023

Purchases	Transaction Value	Commissions		Taxes	
	£	£	%	£	%
Equity instruments (direct)	103,389,022	73,435	0.07	272,305	0.26
Total purchases	103,389,022	73,435		272,305	
Total purchases including transaction costs	103,734,762				
Sales	Transaction Value	Commissions		Taxes	
	£	£	%	£	%
Equity instruments (direct)	166,096,476	123,570	0.07	538	0.00
Total sales	166,096,476	123,570		538	
Total sales net of transaction costs	165,972,368				
Total transaction costs		197,005		272,843	
as a % of average net assets		0.05%		0.06%	

# ES River and Mercantile UK Listed Smaller Companies Fund

## Notes to the Financial Statements continued

### 13 Portfolio transaction costs continued

For the year 1 April 2021 to 31 March 2022

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

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

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

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

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

At the balance sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.94% (2022 - 1.04%).

### 14 Share movement

	<b>B-Class Accumulation shares</b>	<b>B-Class Distribution shares</b>	<b>S-Class Accumulation shares</b>	<b>S-Class Distribution shares</b>
Opening shares	8,340,117	29,962,495	16,631,718	10,214,081
Shares issued	2,849,867	1,800,927	8,106,352	1,284,467
Shares redeemed	(4,058,280)	(10,992,305)	(4,982,516)	(2,452,354)
Shares converted	(10,133)	49,960	(2,055)	(7,009)
<b>Closing shares</b>	<b>7,121,571</b>	<b>20,821,077</b>	<b>19,753,499</b>	<b>9,039,185</b>

# ES River and Mercantile UK Listed Smaller Companies Fund

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## Notes to the Financial Statements continued

### 15 Post balance sheet events

There are no post balance sheet events which require adjustments at the year end.

# ES River and Mercantile

## UK Listed Smaller Companies Fund

### Distribution tables for the year ended 31 March 2023

Group 1: shares purchased prior to a distribution period

Group 2: shares purchased during a distribution period

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

Interim dividend distribution in pence per share		Period 01/04/2022 — 30/09/2022		
	Net Revenue	Equalisation	Distribution paid 30/11/22	Distribution paid 30/11/21
<b>B-Class Accumulation shares</b>				
Group 1	39.2396	—	39.2396	24.9013
Group 2	22.1273	17.1123	39.2396	24.9013
<b>B-Class Distribution shares</b>				
Group 1	8.8816	—	8.8816	5.6851
Group 2	4.6561	4.2255	8.8816	5.6851
<b>S-Class Accumulation shares</b>				
Group 1	3.4883	—	3.4883	1.7067
Group 2	1.8374	1.6509	3.4883	1.7067
<b>S-Class Distribution shares</b>				
Group 1	5.1625	—	5.1625	3.5288
Group 2	3.2960	1.8665	5.1625	3.5288

Final dividend distribution in pence per share		Period 01/10/2022 — 31/03/2023		
	Net Revenue	Equalisation	Distribution payable 31/05/23	Distribution paid 31/05/22
<b>B-Class Accumulation shares</b>				
Group 1	20.3546	—	20.3546	9.2070
Group 2	13.7106	6.6440	20.3546	9.2070
<b>B-Class Distribution shares</b>				
Group 1	4.5321	—	4.5321	2.0881
Group 2	2.6718	1.8603	4.5321	2.0881
<b>S-Class Accumulation shares</b>				
Group 1	1.9296	—	1.9296	1.0676
Group 2	1.0892	0.8404	1.9296	1.0676
<b>S-Class Distribution shares</b>				
Group 1	2.8050	—	2.8050	1.5860
Group 2	1.8614	0.9436	2.8050	1.5860

# ES River and Mercantile UK Dynamic Equity Fund

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## 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.

Although the sub-fund aims to deliver capital growth over a rolling 5 year period, there is no guarantee that this will be achieved over this time period, or any time period. The sub-fund’s capital is at risk meaning that the sub-fund could suffer a decrease in value and the value of your investment would decrease as a result.

## 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 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, meaning that it will typically be invested in between 40 and 60 companies. 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

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## Investment Manager's Review

### Investment Review

The ES R&M UK Dynamic Equity Fund B share class delivered a -8% return, which compares to the benchmark's +3.1%.

Key positive contributors included **Conduit Holdings**, a beneficiary of a hardening reinsurance market and **NatWest Group** a beneficiary of the rising interest rate environment which is positive for margins. **Weir Group** outperformed on stronger than expected demand (capex and production) in its mining markets driving earnings upgrades. **Aveva Group** was up strongly following a bid from Schneider Electric. A zero-weight in **Vodafone Group** was also a significant positive contributor. **888 Holdings**, **Moonpig** and **Watkin Jones** were adversely impacted by the rising interest rate environment. 888 Holdings and Moonpig are running high leverage following recent acquisitions at a time of rising cost of debt and both companies acknowledged that their trading environment had become more challenging. Watkin Jones issued a profit warning as a result of rising investor funding costs which impacts development margins. **Future** reported revenues tracking 'broadly inline' with full year guidance as a slow-down in audience numbers and consumer spending at the end of 2022 continued into 2023 - a cyclical rather than a structural headwind to the growth thesis in our view. A zero-weight in **BP** was a significant negative contributor.

New additions primarily fell into the growth and quality categories. Growth investment cases are where there is rapid or structural growth but the market over-estimates the fade in growth rates providing scope to beat estimates and compound shareholder value; **Future**, **Softcat**, **Watches of Switzerland**, **Drax** and **Harbour Energy** fall in this category. Quality investment cases are where businesses exhibit reliable returns and growth but the market discounts fading returns or ex-growth, underestimating barriers to entry and returns sustainability; **Serco**, **Next**, **Gamma** and **Howden Joinery** fall in this category. Recovery investment cases where the market under-estimates mean reversion in margins include **Babcock International**, **Balfour Beatty** (both self-help restructuring opportunities) and **Vesuvius** (a strong cyclical franchise).

Sales primarily fell into two distinct groups. The first reflected a recycling of capital from mega and large cap to small and mid-caps given the large relative underperformance of the latter; **Tesco**, **Reckitt Benckiser**, **Prudential**, and **CRH** were all in this group. The second reflected a deterioration in timing and/or lower conviction; **Sanofi**, **Watkin Jones**, **Elementis**, **TP ICAP**, **Intertek**, **Speedy Hire** and **Hyve** were all in this group. We exited **Aveva Group** following the bid from Schneider Electric.

### Outlook

In November 2022, the Bank of England made headlines given their particularly gloomy outlook for the UK which forecast the longest UK recession in 100 years and a peak-to-trough decline of close to 3%. Since then, inflation expectations have eased, expectations for 1-year-ahead interest rates have fallen from 5.5% to less than 4%, GBP has strengthened and gas prices have fallen by about 75%. Expectations for UK economic growth have been revised up and we are likely to see further positive revisions from the BoE. The rhetoric is that the UK is destined to underperform other developed economies but this is not evident in the data (the UK is the 4th fastest growing G7 economy since the start of 2016). Earnings growth expectations for UK equities (MSCI UK 12m forward -c4%) are below trend. On an inflation adjusted or real basis, expectations are for high-single-digit negative earnings growth. It is possible that real earnings growth turns out to be weaker than expected but we would argue that this is to some extent already in the price because UK equities are trading at a depressed valuation in both absolute (10.2x PE MSCI UK) and relative (a 18% discount to long-run median PE of c12.5x; a 37% discount to the MSCI World at 16.2x) terms. In summary, there is an attractive investment case for UK equities given easing inflation expectations, positive revisions to UK economic growth forecasts, and low real earnings growth expectations coupled with a depressed rating.

# ES River and Mercantile UK Dynamic Equity Fund

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## Investment Manager's Review continued

We attempt to diversify our portfolios to protect against foreseen and unforeseen risks. We do this through our multi-factor PVT approach which enables us to invest in strong, cash generating companies at various stages of their corporate lifecycle.

River and Mercantile  
March 2023  
Investment Adviser to the sub-fund

Source: River and Mercantile Asset Management LLP, FactSet Analytics, FE Fundinfo. Sub-fund performance is calculated using midday published prices. Benchmark performance is calculated using close of business mid-market prices.



# ES River and Mercantile UK Dynamic Equity Fund

## Portfolio Statement as at 31 March 2023

Holding	Investment	Market Value £	% of Net Assets
	<b>United Kingdom – 90.36% (2022 – 86.34%)</b>		
	<b>Advertising – 3.50% (2022 – 3.12%)</b>		
153,700	WPP	1,473,368	3.50
	<b>Aerospace &amp; Defence – 1.53% (2022 – 2.03%)</b>		
65,500	BAE Systems	643,603	1.53
	<b>Banks – 3.21% (2022 – 5.37%)</b>		
385,000	Barclays	561,330	1.33
300,250	NatWest	791,459	1.88
	<b>Building Materials – 1.20% (2022 – 0.90%)</b>		
210,200	Tyman	504,480	1.20
	<b>Chemicals – 0.00% (2022 – 1.32%)</b>		
	<b>Commercial Services – 1.28% (2022 – 2.32%)</b>		
180,000	Babcock International	537,840	1.28
	<b>Computers – 4.81% (2022 – 0.00%)</b>		
814,200	Serco	1,248,983	2.96
60,000	Softcat	777,600	1.85
	<b>Cosmetics &amp; Personal Care – 1.39% (2022 – 1.64%)</b>		
14,000	Unilever	586,530	1.39
	<b>Diversified Financial Services – 3.06% (2022 – 2.96%)</b>		
268,000	OSB	1,290,688	3.06
	<b>Electricity – 2.55% (2022 – 0.00%)</b>		
177,000	Drax	1,075,275	2.55
	<b>Electronics – 4.28% (2022 – 2.46%)</b>		
120,200	RS	1,098,628	2.61
95,000	Smart Metering Systems*	703,950	1.67
	<b>Engineering &amp; Construction – 2.30% (2022 – 0.00%)</b>		
260,000	Balfour Beatty	967,720	2.30

# ES River and Mercantile UK Dynamic Equity Fund

## Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	<b>Entertainment – 0.00% (2022 – 1.87%)</b>		
	<b>Food Producers – 6.21% (2022 – 7.51%)</b>		
37,000	Cranswick	1,111,480	2.64
191,857	Tate & Lyle	1,504,543	3.57
	<b>Forest Products &amp; Paper – 2.56% (2022 – 2.51%)</b>		
84,200	Mondi	1,079,023	2.56
	<b>Healthcare Products – 4.72% (2022 – 3.95%)</b>		
558,000	ConvaTec	1,274,472	3.02
64,000	Smith & Nephew	718,080	1.70
	<b>Home Builders – 1.58% (2022 – 1.02%)</b>		
15,900	Berkeley	667,164	1.58
	<b>Home Furnishings – 1.26% (2022 – 0.00%)</b>		
75,969	Howden Joinery	530,264	1.26
	<b>Household Products – 0.00% (2022 – 2.93%)</b>		
	<b>Insurance – 1.52% (2022 – 3.68%)</b>		
568,524	Sabre Insurance	642,432	1.52
	<b>Internet – 7.30% (2022 – 3.93%)</b>		
238,900	Auto Trader	1,471,624	3.49
73,700	Future	853,446	2.03
608,000	Moonpig	749,664	1.78
	<b>Lodging – 3.84% (2022 – 2.56%)</b>		
54,200	Whitbread	1,618,412	3.84
	<b>Machinery Construction &amp; Mining – 3.31% (2022 – 1.76%)</b>		
75,000	Weir	1,394,250	3.31
	<b>Machinery Diversified – 4.06% (2022 – 1.37%)</b>		
74,000	IMI	1,134,420	2.69
140,000	Vesuvius	579,320	1.37
	<b>Mining – 1.60% (2022 – 3.40%)</b>		
25,200	Anglo American	674,856	1.60

# ES River and Mercantile UK Dynamic Equity Fund

## Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	<b>Miscellaneous Manufacturing – 1.94% (2022 – 2.51%)</b>		
294,500	Chemring	818,710	1.94
	<b>Oil &amp; Gas Producers – 2.72% (2022 – 6.91%)</b>		
150,000	Harbour Energy	411,600	0.98
31,750	Shell	732,790	1.74
	<b>Packaging &amp; Containers – 1.52% (2022 – 3.33%)</b>		
332,200	Essentra	641,810	1.52
	<b>Pharmaceuticals – 1.65% (2022 – 4.81%)</b>		
6,175	AstraZeneca	693,576	1.65
	<b>Real Estate Investment &amp; Services – 0.00% (2022 – 1.56%)</b>		
	<b>Real Estate Investment Trusts – 3.16% (2022 – 2.94%)</b>		
732,000	Shaftesbury Capital	837,408	1.99
569,000	Supermarket Income Reit	491,616	1.17
	<b>Retail – 7.83% (2022 – 2.67%)</b>		
187,000	B&M European Value Retail	901,340	2.14
489,500	DFS Furniture	666,699	1.58
14,000	Next	920,080	2.18
100,000	Watches of Switzerland	815,500	1.93
	<b>Software – 0.00% (2022 – 1.13%)</b>		
	<b>Telecommunications – 4.47% (2022 – 1.87%)</b>		
116,000	Gamma Communications	1,252,800	2.97
365,500	Spirent Communications	633,411	1.50
	<b>Bermuda – 3.85% (2022 – 3.08%)</b>		
331,500	Conduit	1,624,350	3.85
	<b>Canada – 2.14% (2022 – 3.77%)</b>		
60,300	Barrick Gold	901,608	2.14
	<b>France – 0.00% (2022 – 3.56%)</b>		
	<b>Gibraltar – 0.63% (2022 – 0.00%)</b>		
512,300	888	264,347	0.63

# ES River and Mercantile UK Dynamic Equity Fund

## Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
17,000	Ireland – 1.90% (2022 – 1.71%) DCC	801,890	1.90
£805,368	<b>FORWARD CURRENCY CONTRACTS – 0.05% (2022 – (0.06)%)</b> Forward Currency Contract 20/06/2023: UK sterling 805,368 vs Canadian Dollar 1,312,000	21,534	0.05
	<b>Portfolio of investments</b>	<b>41,695,973</b>	<b>98.93</b>
	<b>Net other assets</b>	<b>449,624</b>	<b>1.07</b>
	<b>Net assets</b>	<b>42,145,597</b>	<b>100.00</b>

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 2022.

\*Security listed in AIM.

The Portfolio Statement categories have been re-aligned in the current period resulting in a mismatch to prior year accounts, this does not have any impact on the Financial Statements.

# ES River and Mercantile UK Dynamic Equity Fund

## Comparative table

For the year ending:	31/03/2023	31/03/2022	31/03/2021
A-Class Distribution shares	pence per share	pence per share	pence per share
<b>Change in net assets per share</b>			
Opening net asset value per share	162.26	163.39	122.21
Return before operating charges*	(10.36)	4.12	45.19
Operating charges	(1.33)	(1.50)	(2.45)
Return after operating charges	(11.69)	2.62	42.74
Distributions	(3.67)	(3.75)	(1.56)
<b>Closing net asset value per share</b>	<b>146.90</b>	<b>162.26</b>	<b>163.39</b>
*After direct transaction costs of	(0.25)	(0.38)	(0.76)
<b>Performance</b>			
Return after charges	(7.20)%	1.60%	34.97%
<b>Other information</b>			
Closing net asset value (£)	3,141,026	3,729,636	4,086,642
Closing number of shares	2,138,164	2,298,568	2,501,114
Operating charges**	0.88%	0.88%	1.68%
Direct transaction costs	0.16%	0.22%	0.53%
<b>Prices</b>			
Highest share price	166.69	180.58	165.80
Lowest share price	129.13	149.59	116.94

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

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

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

# ES River and Mercantile UK Dynamic Equity Fund

## Comparative table continued

For the year ending:	31/03/2023	31/03/2022	31/03/2021
B-Class Accumulation shares	pence per share	pence per share	pence per share
<b>Change in net assets per share</b>			
Opening net asset value per share	540.47	532.14	390.80
Return before operating charges*	(33.77)	13.24	145.74
Operating charges	(4.45)	(4.91)	(4.40)
Return after operating charges	(38.22)	8.33	141.34
Distributions	(12.32)	(12.28)	(8.50)
Retained distributions on accumulation shares	12.32	12.28	8.50
<b>Closing net asset value per share</b>	<b>502.25</b>	<b>540.47</b>	<b>532.14</b>
*After direct transaction costs of	(0.82)	(1.25)	(2.46)
<b>Performance</b>			
Return after charges	(7.07)%	1.57%	36.17%
<b>Other information</b>			
Closing net asset value (£)	37,987,815	68,689,867	75,724,500
Closing number of shares	7,563,492	12,709,391	14,230,237
Operating charges**	0.88%	0.88%	0.93%
Direct transaction costs	0.16%	0.22%	0.53%
<b>Prices</b>			
Highest share price	555.18	588.13	538.11
Lowest share price	436.95	493.23	374.17

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

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

# ES River and Mercantile UK Dynamic Equity Fund

## Comparative table continued

For the year ending:	31/03/2023	31/03/2022	31/03/2021
S-Class Accumulation shares	pence per share	pence per share	pence per share
<b>Change in net assets per share</b>			
Opening net asset value per share	257.49	252.84	185.21
Return before operating charges*	(16.05)	6.27	69.12
Operating charges	(1.50)	(1.62)	(1.49)
Return after operating charges	(17.55)	4.65	67.63
Distributions	(6.51)	(6.54)	(4.57)
Retained distributions on accumulation shares	6.51	6.54	4.57
<b>Closing net asset value per share</b>	<b>239.94</b>	<b>257.49</b>	<b>252.84</b>
*After direct transaction costs of	(0.39)	(0.59)	(1.17)
<b>Performance</b>			
Return after charges	(6.82)%	1.84%	36.52%
<b>Other information</b>			
Closing net asset value (£)	4,799	5,150	5,057
Closing number of shares	2,000	2,000	2,000
Operating charges**	0.62%	0.61%	0.67%
Direct transaction costs	0.16%	0.22%	0.53%
<b>Prices</b>			
Highest share price	264.54	279.76	255.68
Lowest share price	208.47	234.95	177.33

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

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

# ES River and Mercantile UK Dynamic Equity Fund

## Comparative table continued

For the year ending:	31/03/2023	31/03/2022	31/03/2021
Z-Class Accumulation shares	pence per share	pence per share	pence per share
<b>Change in net assets per share</b>			
Opening net asset value per share	1,299.11	1,269.68	925.48
Return before operating charges*	(81.16)	31.30	346.31
Operating charges	(1.59)	(1.87)	(2.11)
Return after operating charges	(82.75)	29.43	344.20
Distributions	(38.89)	(39.44)	(28.51)
Retained distributions on accumulation shares	38.89	39.44	28.51
<b>Closing net asset value per share</b>	<b>1,216.36</b>	<b>1,299.11</b>	<b>1,269.68</b>
*After direct transaction costs of	(1.99)	(2.99)	(5.85)
<b>Performance</b>			
Return after charges	(6.37)%	2.32%	37.19%
<b>Other information</b>			
Closing net asset value (£)	1,011,957	1,220,455	1,019,340
Closing number of shares	83,196	93,945	80,283
Operating charges**	0.13%	0.14%	0.18%
Direct transaction costs	0.16%	0.22%	0.53%
<b>Prices</b>			
Highest share price	1,335.06	1,407.73	1,283.92
Lowest share price	1,054.53	1,184.99	886.16

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

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



# ES River and Mercantile UK Dynamic Equity Fund

## Synthetic Risk Reward Indicator (SRRI)



Typically Lower Rewards

Typically Higher Rewards



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

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

During the period the ranking changed from 5 to 6.

## Summary of Largest Portfolio Changes

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

<b>Purchases</b>	<b>£</b>	<b>Sales</b>	<b>£</b>
Serco	1,734,327	AstraZeneca	3,034,506
Future	1,286,250	Sanofi	2,535,563
Gamma Communications	1,278,689	Reckitt Benckiser	2,327,622
Drax	1,159,522	Tesco	2,251,562
Balfour Beatty	864,357	Shell	1,908,755
Watches of Switzerland	793,543	Capricorn Energy	1,612,339
Softcat	752,812	Prudential	1,522,656
Harbour Energy	711,061	CRH	1,378,399
Next	710,786	BAE Systems	1,326,800
Vesuvius	579,109	Smith & Nephew	1,292,456

# ES River and Mercantile UK Dynamic Equity Fund

## Statement of Total Return for the year ended 31 March 2023

	Notes	1 April 2022 to 31 March 2023		1 April 2021 to 31 March 2022	
		£	£	£	£
Income					
Net capital losses	2		(6,397,944)		(223,284)
Revenue	3	1,942,107		2,516,663	
Expenses	4	(463,896)		(699,827)	
Interest payable and similar charges	6	(13)		(8)	
Net revenue before taxation for the year		1,478,198		1,816,828	
Taxation	5	(80,540)		(33,547)	
Net revenue after taxation for the year			1,397,658		1,783,281
Total return before distributions			(5,000,286)		1,559,997
Distributions	7		(1,403,119)		(1,790,055)
<b>Change in net assets attributable to Shareholders from investment activities</b>			<b>(6,403,405)</b>		<b>(230,058)</b>

## Statement of Change in Net Assets attributable to Shareholders for the year ended 31 March 2023

	1 April 2022 to 31 March 2023		1 April 2021 to 31 March 2022	
	£	£	£	£
Opening net assets attributable to Shareholders		73,645,108		80,835,539
Amounts received on creation of shares	1,327,210		1,373,979	
Amounts paid on cancellation of shares	(27,453,455)		(9,995,105)	
		(26,126,245)		(8,621,126)
Dilution adjustment		26,601		(645)
Change in net assets attributable to Shareholders from investment activities		(6,403,405)		(230,058)
Retained distributions on accumulation shares		1,003,538		1,661,398
<b>Closing net assets attributable to Shareholders</b>		<b>42,145,597</b>		<b>73,645,108</b>

# ES River and Mercantile UK Dynamic Equity Fund

## Balance Sheet as at 31 March 2023

	Notes	31 March 2023		31 March 2022	
		£	£	£	£
<b>ASSETS</b>					
Fixed assets					
Investments			41,695,973		72,508,111
Current assets					
Debtors	8	514,265		480,874	
Cash and bank balances		275,174		949,950	
<b>Total other assets</b>			<b>789,439</b>		<b>1,430,824</b>
<b>Total assets</b>			<b>42,485,412</b>		<b>73,938,935</b>
<b>LIABILITIES</b>					
Investment liabilities			—		(43,977)
Creditors					
Distribution payable		(32,669)		(31,984)	
Other creditors	9	(307,146)		(217,866)	
<b>Total other liabilities</b>			<b>(339,815)</b>		<b>(249,850)</b>
<b>Total liabilities</b>			<b>(339,815)</b>		<b>(293,827)</b>
<b>Net assets attributable to Shareholders</b>			<b>42,145,597</b>		<b>73,645,108</b>

# ES River and Mercantile UK Dynamic Equity Fund

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## Notes to the Financial Statements

### 1 Accounting policies

The accounting policies for the sub-fund are set out on pages 7 to 8.

### 2 Net capital losses

	31 March 2023 £	31 March 2022 £
The net capital losses during the year comprise:		
Non-derivative securities	(6,273,792)	(131,701)
Forward currency contracts	(138,452)	(57,511)
Currency gains/(losses)	19,766	(26,240)
Custodial transaction fees	<u>(5,466)</u>	<u>(7,832)</u>
Net capital losses	<u>(6,397,944)</u>	<u>(223,284)</u>

### 3 Revenue

	31 March 2023 £	31 March 2022 £
Bank interest	5,119	—
Non-taxable overseas dividends	559,355	514,592
UK dividends	1,327,430	1,945,101
UK REIT dividends	<u>50,203</u>	<u>56,970</u>
	<u>1,942,107</u>	<u>2,516,663</u>

# ES River and Mercantile UK Dynamic Equity Fund

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## Notes to the Financial Statements continued

### 4 Expenses

	31 March 2023 £	31 March 2022 £
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
ACD's periodic charge	<u>402,396</u>	<u>599,518</u>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fees	8,294	12,176
Safe custody fees	<u>2,841</u>	<u>4,474</u>
	<u>11,135</u>	<u>16,650</u>
Other expenses:		
Audit fee*	12,781	11,614
Fund accounting fees	11,919	34,183
Legal and professional fees	2,843	1,083
Registration fees	428	1,368
Transfer agency fees	12,573	22,275
Other fees	<u>9,821</u>	<u>13,136</u>
	<u>50,365</u>	<u>83,659</u>
Total expenses	<u><u>463,896</u></u>	<u><u>699,827</u></u>

\*Total audit fees of £11,689 (2022 - £10,164) exclusive of VAT.

# ES River and Mercantile UK Dynamic Equity Fund

## Notes to the Financial Statements continued

### 5 Taxation

	31 March 2023 £	31 March 2022 £
<b>a) Analysis of taxation charge in year</b>		
Overseas tax	<u>80,540</u>	<u>33,547</u>
Total taxation	<u>80,540</u>	<u>33,547</u>

### b) Factors affecting taxation charge for the year

The tax assessed for the year is lower (2022: lower) than the standard rate of corporation tax in the UK for an Open Ended Investment Company with variable capital (20%) (2022: 20%). The difference is explained below:

Net revenue before taxation for the year	<u>1,478,198</u>	<u>1,816,828</u>
Return on ordinary activities before taxation at the applicable rate of Corporation tax in the UK of 20% (2022: 20%)	295,640	363,366
Effects of:		
Movement in tax losses	81,716	150,147
Overseas tax	80,540	33,547
Prior year adjustment to tax losses	1	(21,574)
Revenue not subject to tax	<u>(377,357)</u>	<u>(491,939)</u>
Total taxation	<u>80,540</u>	<u>33,547</u>

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

### c) Provision for deferred tax

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

At the year end there is a potential deferred tax asset of £1,899,858 (£1,818,142 as at 31 March 2022) due to tax losses. It is unlikely the sub-fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised (same as at 31 March 2022).

### 6 Interest payable and similar charges

	31 March 2023 £	31 March 2022 £
Interest	<u>13</u>	<u>8</u>
	<u>13</u>	<u>8</u>

# ES River and Mercantile UK Dynamic Equity Fund

## Notes to the Financial Statements continued

### 7 Distributions

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

	31 March 2023 £	31 March 2022 £
Interim	646,949	1,118,388
Final	<u>437,543</u>	<u>631,012</u>
	1,084,492	1,749,400
Add: revenue deducted on cancellation of shares	326,388	48,339
Deduct: revenue received on creation of shares	<u>(7,761)</u>	<u>(7,683)</u>
Distributions for the year	<u>1,403,119</u>	<u>1,790,056</u>
Reconciliation between net revenue after taxation for the year and the distributions:		
Net revenue after taxation for the year	1,397,658	1,783,281
Equalisation on conversions	—	164
Expenses transferred to capital	<u>5,461</u>	<u>6,611</u>
Distributions for the year	<u>1,403,119</u>	<u>1,790,056</u>

### 8 Debtors

	31 March 2023 £	31 March 2022 £
Accrued revenue	258,251	315,251
Amounts receivable for issue of shares	9,608	7,933
Overseas tax recoverable	30,985	157,690
Sales awaiting settlement	<u>215,421</u>	<u>—</u>
	<u>514,265</u>	<u>480,874</u>

### 9 Other creditors

	31 March 2023 £	31 March 2022 £
<b>a) Distribution payable</b>		
Gross distribution payable	<u>32,669</u>	<u>31,984</u>
Total distribution payable	<u>32,669</u>	<u>31,984</u>
<b>b) Other creditors</b>		
Accrued expenses	66,244	138,433
Amounts payable for cancellation of shares	238,711	79,433
Purchases awaiting settlement	<u>2,191</u>	<u>—</u>
	<u>307,146</u>	<u>217,866</u>

### 10 Contingent liabilities and outstanding commitments

There were no commitments or contingent liabilities at the balance sheet date (31 March 2022: same).

# ES River and Mercantile UK Dynamic Equity Fund

## Notes to the Financial Statements continued

### 11 Related party transactions

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

Amounts paid to Equity Trustees Fund Services Ltd in respect of the ACD, associates of the ACD and agents of either of them are disclosed in note 4. The balance outstanding as at the year end was £27,643 (£45,371 as at 31 March 2022).

Equity Trustees Fund Services Limited, as the sub-fund's ACD, wishes to disclose to the sub-fund's Shareholders that 26.16% and 25.14% of the sub-fund's shares in issue are under the control of two nominees and their related parties.

### 12 Financial instruments

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

#### a) Credit risk

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

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

At 31 March 2023, the sub-fund held non exchange traded derivatives in the form of forward currency contracts.

The counterparty exposure is shown below:

Counterparty Details of OTC Financial Derivative Transactions	Forwards Assets £	Forwards Liabilities £
The Bank of New York Mellon	21,534	—

At 31 March 2022, the sub-fund held non exchange traded derivatives in the form of forward currency contracts.

The counterparty exposure is shown below:

Counterparty Details of OTC Financial Derivative Transactions	Forwards Assets £	Forwards Liabilities £
The Bank of New York Mellon	—	(43,977)

No collateral is held or pledged (2022: same)

#### b) Valuation of financial investments

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

31 March 2023		Assets £	Liabilities £
Level 1	Unadjusted quoted price in an active market for an identical instrument	41,674,439	—
Level 2	Valuation techniques using observable inputs other than quoted prices within level 1	21,534	—
		<b>41,695,973</b>	<b>—</b>



# ES River and Mercantile UK Dynamic Equity Fund

## Notes to the Financial Statements continued

### 12 Financial instruments continued

#### b) Valuation of financial investments continued

31 March 2022		Assets £	Liabilities £
Level 1	Unadjusted quoted price in an active market for an identical instrument	72,508,111	—
Level 2	Valuation techniques using observable inputs other than quoted prices within level 1	—	(43,977)
		<b>72,508,111</b>	<b>(43,977)</b>

#### c) Foreign currency risk

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

At the balance sheet date, no significant foreign currency was held (2022: same).

#### d) Derivative risk

At the balance sheet date, no derivatives were held that could impact the sub-fund in a significant way (2022: same).

#### e) Interest rate risk

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

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

#### f) Sensitivity analysis

##### Price risk

If market prices had increased by 10% as at the balance sheet date the net asset value of the sub-fund would have increased by £4,167,444 (2022: £7,250,811). A weakening in market prices of 10% will have resulted in an equal but opposite effect.

#### g) Leverage

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

# ES River and Mercantile UK Dynamic Equity Fund

## Notes to the Financial Statements continued

### 13 Portfolio transaction costs

For the year 1 April 2022 to 31 March 2023

<b>Purchases</b>	<b>Transaction Value £</b>	<b>Commissions £</b>	<b>%</b>	<b>Taxes £</b>	<b>%</b>
Equity instruments (direct)	13,925,826	9,320	0.07	58,321	0.42
Corporate actions	4,560,545	—	—	—	—
<b>Total purchases</b>	<b>18,486,371</b>	<b>9,320</b>		<b>58,321</b>	
<b>Total purchases including transaction costs</b>	<b>18,554,012</b>				
<b>Sales</b>	<b>Transaction Value £</b>	<b>Commissions £</b>	<b>%</b>	<b>Taxes £</b>	<b>%</b>
Equity instruments (direct)	38,019,804	18,896	0.05	138	0.00
Corporate actions	5,113,122	—	—	—	—
<b>Total sales</b>	<b>43,132,926</b>	<b>18,896</b>		<b>138</b>	
<b>Total sales net of transaction costs</b>	<b>43,113,892</b>				
<b>Total transaction costs</b>		<b>28,216</b>		<b>58,459</b>	
<b>as a % of average net assets</b>		<b>0.05%</b>		<b>0.11%</b>	

For the year 1 April 2021 to 31 March 2022

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

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

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

# ES River and Mercantile UK Dynamic Equity Fund

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## Notes to the Financial Statements continued

### 13 Portfolio transaction costs continued

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

At the balance sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.12% (2022 - 0.20%).

### 14 Share movement

	<b>A-Class Distribution shares</b>	<b>B-Class Accumulation shares</b>	<b>S-Class Accumulation shares</b>	<b>Z-Class Accumulation shares</b>
Opening shares	2,298,568	12,709,391	2,000	93,945
Shares issued	139,408	173,340	—	19,818
Shares redeemed	(299,812)	(5,319,239)	—	(30,567)
<b>Closing shares</b>	<b>2,138,164</b>	<b>7,563,492</b>	<b>2,000</b>	<b>83,196</b>

### 15 Post balance sheet events

There are no post balance sheet events which require adjustments at the year end.

# ES River and Mercantile UK Dynamic Equity Fund

## Distribution tables for the year ended 31 March 2023

Group 1: shares purchased prior to a distribution period

Group 2: shares purchased during a distribution period

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

Interim dividend distribution in pence per share		Period 01/04/2022 — 30/09/2022		
	Net Revenue	Equalisation	Distribution paid 30/11/22	Distribution paid 30/11/21
<b>A-Class Distribution shares</b>				
Group 1	2.1462	—	2.1462	2.3608
Group 2	1.0671	1.0791	2.1462	2.3608
<b>B-Class Accumulation shares</b>				
Group 1	7.1510	—	7.1510	7.6868
Group 2	2.9447	4.2063	7.1510	7.6868
<b>S-Class Accumulation shares</b>				
Group 1	3.7185	—	3.7185	4.0140
Group 2	3.7185	0.0000	3.7185	4.0140
<b>Z-Class Accumulation shares</b>				
Group 1	21.9227	—	21.9227	23.4225
Group 2	10.5625	11.3602	21.9227	23.4225

Final dividend distribution in pence per share		Period 01/10/2022 — 31/03/2023		
	Net Revenue	Equalisation	Distribution payable 31/05/23	Distribution paid 31/05/22
<b>A-Class Distribution shares</b>				
Group 1	1.5279	—	1.5279	1.3915
Group 2	1.0539	0.4740	1.5279	1.3915
<b>B-Class Accumulation shares</b>				
Group 1	5.1656	—	5.1656	4.5944
Group 2	3.5179	1.6477	5.1656	4.5944
<b>S-Class Accumulation shares</b>				
Group 1	2.7880	—	2.7880	2.5280
Group 2	2.7880	0.0000	2.7880	2.5280
<b>Z-Class Accumulation shares</b>				
Group 1	16.9672	—	16.9672	16.0207
Group 2	9.3725	7.5947	16.9672	16.0207

# ES River and Mercantile UK Recovery Fund

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## 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.

Although the sub-fund aims to deliver capital growth over a rolling 5 year period, there is no guarantee that this will be achieved over this time period, or any time period. The sub-fund’s capital is at risk meaning that the sub-fund could suffer a decrease in value and the value of your investment would decrease as a result.

## 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 Fund will invest in a broad range of companies by industry sector and size and its investments are not restricted by reference to the Benchmark.

# ES River and Mercantile UK Recovery Fund

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## Investment Manager's Review

### Investment Review

The ES R&M UK Recovery Fund returned -1.4% over the 12 months to 31 March 2023, compared to the MSCI United Kingdom IMI return of 3.0%.

**Positive contributors during past 12 months:** continued M&A activity (**Hyve**); underweight **Diageo, Segro, BATS**; US interest rate sensitives performed well (**Bank of Ireland, NatWest**); overweight materials (**Verallia**); individual stock successes (**Crestchic, Flutter, Sands China**).

**Negative contributors:** large cap defensive growth **AstraZeneca**; smaller energy stocks weak (**Harbour**); weak Communication services (**Tremor International, Reach, XLMedia**); underweight defensive growth (**BAE, Unilever, Shell**); individual stock disappointments (**Kin & Carta**).

Looking at the component parts of the portfolio, the Investment Manager added to the large cap deeper value stocks where market uncertainty in March depressed valuations, including **Tesco, HSBC, Vodafone, Anglo American and South32**, these also being inflation hedges that have become cheap again. As timing started to improve (macro and stock specific) the Investment Manager added to classic recovery stocks including **Boohoo, Tortilla Mexican Grill, Aston Martin and Strix**, and buying initial positions in **AMD, Fevertree, Virgin Wines, Cemex, Rightmove, Dechra, Amazon and Alphabet**. UK domestic stocks have rallied modestly but continue to look great value and we have been adding **MJ Gleeson, Restaurant Group and Persimmon**. The Investment Manager added to de-rated Growth and Quality stocks such as **Moonpig, LSE, Roche, Marvell Tech and Gresham House**. And lastly, the Investment Manager continues to think about strategic value, especially at this time of low valuations and a still quite depressed pound, many of the above but including **ITV, TP ICAP, Hargreaves Lansdown and Shaftesbury Capital**.

Sales have included taking full profits where the Investment Manager's PVT thesis had been delivered, most notably the continued recipients of M&A activity (**Hyve, Devro, Crestchic, Wood Group**), earlier in the quarter taking some profits in mining and oil stocks following a strong run (**Antofagasta, BP**), reducing or exiting into relative strength (**Aviva, Accesso, Capital, Imperial Brands, Abrdn, Flutter, Somero, CRH, Burberry, JD Sports, Bank of Ireland, Breedon, Swire Pacific, Owens Corning**), and re-focusing capital towards higher conviction ideas (**Carnival, AT&T, International Distribution Services, Ashmore, Value Partners**).

### Outlook

Fear re-emerged in March (as in previous years coinciding with Cheltenham) as higher interest rates hit the banks in the US with the most naïve business models, which then spilled over into Europe forcing a shot-gun takeover of Credit Suisse by UBS. This fear caused certainty stocks to perform well and uncertainty stocks to stumble. This has set up yet another opportunity to find bargains in the UK and around the world. There are so many good companies on very low valuations in the Investment Manager's portfolios that it really is only a matter of time (and being patient) before a really strong period of absolute and relative performance emerges. This really is the only message that matters at the moment, be patient, keep picking up the really very obvious bargains and lots of wealth will be created.

River and Mercantile

March 2023

Investment Adviser to the sub-fund

Source: River and Mercantile Asset Management LLP, FactSet Analytics, FE Fundinfo. Sub-fund performance is calculated using midday published prices. Benchmark performance is calculated using close of business mid-market prices.

# ES River and Mercantile UK Recovery Fund

## Portfolio Statement as at 31 March 2023

Holding	Investment	Market Value £	% of Net Assets
<b>United Kingdom – 78.14% (2022 – 81.77%)</b>			
<b>Advertising – 0.88% (2022 – 0.65%)</b>			
108,905	M&C Saatchi*	206,919	0.09
233,970	S4 Capital	380,435	0.17
638,005	Time out*	280,722	0.13
112,710	WPP	1,080,438	0.49
<b>Aerospace &amp; Defence – 0.83% (2022 – 0.54%)</b>			
1,243,799	Rolls-Royce	1,853,509	0.83
<b>Agriculture – 1.59% (2022 – 2.58%)</b>			
77,730	British American Tobacco	2,207,921	0.99
71,484	Imperial Brands	1,332,462	0.60
<b>Airlines – 1.12% (2022 – 1.16%)</b>			
189,118	EasyJet	980,388	0.44
571,940	International Consolidated Airlines	863,515	0.39
49,400	JET2*	648,375	0.29
<b>Alternative Energy Sources – 0.11% (2022 – 0.14%)</b>			
2,440,860	Inspired*	244,086	0.11
<b>Apparel – 0.73% (2022 – 0.19%)</b>			
1,936,370	Boohoo*	1,152,140	0.52
334,440	Dr Martens	475,908	0.21
<b>Automobile Manufacturers – 0.19% (2022 – 0.00%)</b>			
183,290	Aston Martin Lagonda Global	418,268	0.19
<b>Banks – 10.08% (2022 – 11.02%)</b>			
2,057,121	Barclays	2,999,282	1.35
1,596,942	HSBC	8,776,793	3.94
10,123,502	Lloyds Banking	4,826,380	2.17
1,074,795	NatWest	2,833,160	1.27
57,750	Secure Trust Bank	382,305	0.17
352,545	Standard Chartered	2,165,331	0.97
320,702	Virgin Money UK	467,904	0.21
<b>Beverages – 1.10% (2022 – 0.38%)</b>			
104,940	Barr	528,898	0.24
56,630	Fevertree Drinks	727,129	0.33
50,600	Fuller Smith & Turner	232,760	0.10

# ES River and Mercantile UK Recovery Fund

## Portfolio Statement continued

		Market Value £	% of Net Assets
1,059,330	Investment Marston's	379,876	0.17
42,560	Nichols*	474,544	0.21
300,000	Virgin Wines UK	114,000	0.05
<b>Building Materials – 1.08% (2022 – 0.45%)</b>			
246,490	Genuit	686,475	0.31
204,690	Ibstock	353,090	0.16
91,147	Norcros	169,533	0.08
454,905	SigmaRoc	239,280	0.11
821,264	Topps Tiles	369,569	0.17
232,280	Tyman	557,472	0.25
<b>Chemicals – 0.96% (2022 – 0.68%)</b>			
483,920	Elementis	576,349	0.26
19,600	Johnson Matthey	388,668	0.17
247,300	Synthomer	288,352	0.13
16,700	Treatt	97,194	0.04
21,120	Victrex	336,230	0.15
122,971	Zotefoams	477,127	0.21
<b>Commercial Services – 2.46% (2022 – 2.67%)</b>			
75,775	Allfunds	404,142	0.18
8,880	Ashtead	440,004	0.20
4,915,000	Aukett Swanke*	122,875	0.06
2,858,458	Capita	1,046,196	0.47
592,998	De La Rue	306,580	0.14
228,894	Driver*	61,801	0.03
283,606	Hyve	318,206	0.14
347,240	Johnson Service*	425,022	0.19
29,500	Keystone Law	135,700	0.06
120,000	Mears	238,200	0.11
158,749	Mind Gym*	103,187	0.05
441,200	Mitie	360,902	0.16
66,000	Pagegroup	301,224	0.14
120,058	RWS*	358,973	0.16
34,260	Savills	339,003	0.15
971,040	Speedy Hire	326,269	0.15
402,854	Tribal*	157,919	0.07
<b>Computers – 0.71% (2022 – 1.02%)</b>			
1,337,248	Eckoh*	468,037	0.21
106,950	GB	320,850	0.14
397,471	Kin & Carta	306,450	0.14
134,071	NCC	136,752	0.06
161,880	Serco	248,324	0.11
9,100	Softcat	117,936	0.05



# ES River and Mercantile UK Recovery Fund

## Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	<b>Cosmetics &amp; Personal Care – 2.75% (2022 – 2.74%)</b>		
139,380	Haleon	448,804	0.20
135,426	Unilever	5,673,672	2.55
	<b>Distribution &amp; Wholesale – 0.29% (2022 – 0.33%)</b>		
97,309	RM	68,311	0.03
1,309,990	SIG	568,536	0.26
	<b>Diversified Financial Services – 3.13% (2022 – 6.09%)</b>		
148,096	Argentex	179,937	0.08
38,520	Close Brothers	347,065	0.16
82,500	Foresight	325,050	0.15
134,680	Hargreaves Lansdown	1,076,363	0.48
27,770	Impax Asset Management*	221,605	0.10
136,900	IntegraFin	372,368	0.17
696,549	International Personal Finance	682,618	0.31
253,950	Jupiter Fund Management	343,848	0.15
56,438	Liontrust Asset Management	575,668	0.26
1,680	London Stock Exchange	132,182	0.06
81,974	Mortgage Advice Bureau*	604,968	0.27
47,300	OSB	227,797	0.10
351,758	Premier Miton*	355,276	0.16
490,250	TP ICAP	882,940	0.40
260,670	Vanquis Banking	618,309	0.28
	<b>Electrical Components &amp; Equipment – 0.12% (2022 – 0.25%)</b>		
127,371	Voilex*	275,121	0.12
	<b>Electricity – 0.58% (2022 – 0.31%)</b>		
62,700	Drax	380,902	0.17
5,625,000	Eenergy*	264,375	0.12
58,360	National Grid	639,626	0.29
	<b>Electronics – 0.43% (2022 – 0.15%)</b>		
30,300	DiscoverIE	233,613	0.11
33,300	RS	304,362	0.14
214,682	TT Electronics	401,885	0.18
	<b>Engineering &amp; Construction – 1.02% (2022 – 0.56%)</b>		
100,580	Balfour Beatty	374,359	0.17
819,720	Costain	446,747	0.20
29,590	Keller	200,916	0.09
506,271	Kier	345,277	0.16

# ES River and Mercantile UK Recovery Fund

## Portfolio Statement continued

		Market Value £	% of Net Assets
40,000	Ricardo	220,400	0.10
1,104,990	Severfield	665,204	0.30
	<b>Entertainment – 0.63% (2022 – 0.48%)</b>		
60,000	Entain	753,900	0.34
410,786	Everyman Media*	267,011	0.12
513,600	Rank	375,442	0.17
	<b>Food Producers – 2.36% (2022 – 1.48%)</b>		
50,180	Associated British Foods	973,492	0.44
165,000	Cake Box	198,000	0.09
9,520	Cranswick	285,981	0.13
40,027	Hilton Food	276,587	0.12
51,300	Hotel Chocolat	90,801	0.04
528,070	Marks & Spencer	881,877	0.40
58,240	Ocado	311,584	0.14
252,989	SSP	622,353	0.28
88,814	Tate & Lyle	696,479	0.31
347,160	Tesco	922,404	0.41
	<b>Food Services – 0.15% (2022 – 0.49%)</b>		
16,300	Compass	331,379	0.15
	<b>Forest Products &amp; Paper – 0.21% (2022 – 0.2%)</b>		
36,270	Mondi	464,800	0.21
	<b>Gas – 0.66% (2022 – 1.07%)</b>		
1,381,046	Centrica	1,464,599	0.66
	<b>Hand &amp; Machine Tools – 0.08% (2022 – 0.19%)</b>		
182,714	Flowtech Fluidpower*	186,368	0.08
	<b>Healthcare Products – 0.44% (2022 – 0.89%)</b>		
87,750	Smith & Nephew	984,555	0.44
	<b>Home Builders – 2.11% (2022 – 1.61%)</b>		
18,172	Berkeley	762,497	0.34
177,260	Crest Nicholson	387,136	0.17
253,150	MJ Gleeson	1,093,608	0.49
77,180	Persimmon	968,609	0.44
738,569	Taylor Wimpey	878,159	0.39
81,222	Vistry	634,344	0.28

# ES River and Mercantile UK Recovery Fund

## Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	<b>Household Products – 0.73% (2022 – 0.47%)</b>		
26,440	Reckitt Benckiser	1,628,175	0.73
	<b>Insurance – 2.52% (2022 – 3.52%)</b>		
246,810	Legal & General	589,629	0.26
390,360	Prudential	4,301,767	1.93
317,413	Sabre Insurance	358,677	0.16
278,519	Saga	371,266	0.17
	<b>Internet – 2.71% (2022 – 2.02%)</b>		
319,285	ADVFN*	89,400	0.04
111,875	ASOS*	917,375	0.41
21,700	Auto Trader	133,672	0.06
409,250	Deliveroo	374,382	0.17
1,181,663	Ebiquity*	602,648	0.27
303,580	iomart*	376,439	0.17
154,240	Moneysupermarket.com	384,058	0.17
868,376	Moonpig	1,070,708	0.48
94,360	Rightmove	531,247	0.24
874,770	Smooove*	275,553	0.12
179,038	Trainline	445,447	0.20
612,536	Trustpilot	542,707	0.24
380,863	Victorian Plumbing	302,024	0.14
	<b>Investment Companies – 1.10% (2022 – 1.29%)</b>		
204,102	Gresham House*	1,551,175	0.70
203,242	Melrose Industries	338,398	0.15
2,150,390	Mercia Asset Management*	559,101	0.25
	<b>Leisure Time – 0.45% (2022 – 0.79%)</b>		
378,050	Gym	347,806	0.16
90,480	Hollywood Bowl	210,366	0.09
286,240	On the Beach	410,468	0.18
241,205	Rangers International Football**	48,241	0.02
	<b>Lodging – 0.45% (2022 – 0.48%)</b>		
33,494	Whitbread	1,000,131	0.45
	<b>Machinery Construction &amp; Mining – 0.24% (2022 – 0.42%)</b>		
29,318	Weir	545,022	0.24
	<b>Machinery Diversified – 1.75% (2022 – 1.18%)</b>		
64,263	IMI	985,152	0.44
270,848	Mpac*	622,950	0.28

# ES River and Mercantile UK Recovery Fund

## Portfolio Statement continued

		Market Value £	% of Net Assets
2,730,090	Renold*	682,522	0.31
221,380	Rotork	696,904	0.31
2,900	Spirax-Sarco Engineering	343,795	0.15
137,568	Vesuvius	569,256	0.26
	<b>Media – 1.46% (2022 – 1.53%)</b>		
1,255,607	Centaur Media	602,691	0.27
53,120	Informa	367,909	0.17
1,318,610	ITV	1,091,809	0.49
37,280	Pearson	314,718	0.14
1,157,148	Reach	871,332	0.39
	<b>Metal &amp; Hardware – 0.40% (2022 – 0.23%)</b>		
76,680	Bodycote	500,337	0.22
514,600	Trifast	399,330	0.18
	<b>Mining – 4.67% (2022 – 5.1%)</b>		
174,440	Anglo American	4,671,503	2.10
216,320	Central Asia Metals*	511,597	0.23
92,718	Rio Tinto	5,078,165	2.28
422,550	Serabi Gold*	122,539	0.06
	<b>Miscellaneous Manufacturing – 0.59% (2022 – 1.12%)</b>		
24,100	Avon Protection	223,166	0.10
984,357	Carclo	132,888	0.06
214,336	Morgan Advanced Materials	606,571	0.27
19,700	Porvair	118,200	0.05
1,100,030	Thruvision*	253,007	0.11
	<b>Office &amp; Business Equipment – 0.23% (2022 – 0.51%)</b>		
254,363	Xaar	522,716	0.23
	<b>Oil &amp; Gas Producers – 8.49% (2022 – 11.44%)</b>		
1,679,230	BP	8,577,507	3.85
4,068,310	EnQuest	753,451	0.34
394,543	Harbour Energy	1,082,626	0.49
2,536,178	Savannah Energy*	665,747	0.30
99,422	Serica Energy*	220,220	0.10
289,595	Shell	6,683,853	3.00
610,847	Trinity Exploration & Production*	519,220	0.23
1,282,610	Tullow Oil	404,535	0.18
	<b>Oil &amp; Gas Services – 0.58% (2022 – 1.09%)</b>		
225,672	Hunting	532,586	0.24

# ES River and Mercantile UK Recovery Fund

## Portfolio Statement continued

		Market Value £	% of Net Assets
206,782	John Wood	413,564	0.19
35,000	Subsea 7	334,743	0.15
<b>Packaging &amp; Containers – 0.47% (2022 – 0.42%)</b>			
134,280	DS Smith	422,042	0.19
327,592	Essentra	632,908	0.28
<b>Pharmaceuticals – 1.99% (2022 – 0.89%)</b>			
945,000	Benchmark*	321,300	0.14
11,000	Dechra Pharmaceuticals	291,280	0.13
244,934	GSK	3,500,107	1.57
23,845	Indivior	330,253	0.15
<b>Private Equity – 0.65% (2022 – 0.05%)</b>			
46,340	Intermediate Capital	563,494	0.25
882,270	IP	487,895	0.22
144,940	Molten Ventures	396,556	0.18
<b>Real Estate Investment &amp; Services – 0.82% (2022 – 0.46%)</b>			
1,273,164	Foxtons	512,448	0.23
179,950	Grainger	418,564	0.19
256,000	Harworth	272,640	0.12
136,950	Helical	410,850	0.18
102,900	Henry Boot	229,467	0.10
<b>Real Estate Investment Trusts – 2.41% (2022 – 0.91%)</b>			
276,800	British Land	1,073,154	0.48
13,930	Derwent London	328,191	0.15
101,717	Great Portland Estates	514,179	0.23
75,190	Segro	576,256	0.26
1,638,175	Shaftesbury Capital	1,874,072	0.84
196,150	Tritax Big Box REIT	274,218	0.12
167,340	Workspace	730,941	0.33
<b>Retail – 3.86% (2022 – 4.27%)</b>			
94,030	B&M European Value Retail	453,225	0.20
1,022,990	Card Factory	888,978	0.40
647,030	Currys	379,807	0.17
384,950	DFS Furniture	524,302	0.24
27,450	Dunelm	303,322	0.14
5,183,615	Fulham Shore	518,361	0.23
73,320	Headlam	222,160	0.10
68,760	J D Wetherspoon	491,634	0.22
133,700	JD Sports Fashion	237,518	0.11
90,990	Kingfisher	237,575	0.11

# ES River and Mercantile UK Recovery Fund

## Portfolio Statement continued

		Market Value £	% of Net Assets
17,360	Next	1,140,899	0.51
2,434,046	Restaurant	991,143	0.45
3,535,409	Revolution Bars*	229,802	0.10
1,370,460	Science in Sport*	150,751	0.07
227,910	Superdry	245,231	0.11
368,915	Tortilla Mexican Grill	424,252	0.19
32,700	WH Smith	488,865	0.22
471,080	Wickes	650,090	0.29
	<b>Semiconductors – 0.16% (2022 – 0.19%)</b>		
1,323,675	IQE*	354,745	0.16
	<b>Software – 1.75% (2022 – 1.43%)</b>		
625,000	Altitude*	287,500	0.13
202,824	Bango*	415,789	0.19
115,350	Darktrace	297,142	0.13
613,650	Dotdigital	584,808	0.26
52,500	FD Technologies*	896,700	0.40
38,517	Instem*	236,880	0.11
335,262	Learning Technologies*	432,153	0.19
53,180	Sage	412,145	0.19
86,550	Team17	324,562	0.15
	<b>Telecommunications – 2.43% (2022 – 2.89%)</b>		
300,500	Airtel Africa	319,732	0.14
889,750	BT	1,297,255	0.58
3,671,125	Filtronic*	431,357	0.19
44,240	Gamma Communications*	477,792	0.21
93,440	Gooch & Housego	409,267	0.18
39,600	Spirent Communications	68,627	0.03
2,741,540	Vodafone	2,448,195	1.10
	<b>Textiles – 0.34% (2022 – 0.47%)</b>		
1,031,511	Coats	760,224	0.34
	<b>Transportation – 0.09% (2022 – 0.28%)</b>		
69,520	James Fisher & Sons	201,260	0.09
	<b>Australia – 0.53% (2022 – 0.28%)</b>		
494,380	South32	1,171,681	0.53
	<b>Austria – 0.30% (2022 – 0.24%)</b>		
29,860	RHI Magnesita	668,267	0.30

# ES River and Mercantile UK Recovery Fund

## Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	<b>Bermuda – 0.58% (2022 – 0.76%)</b>		
92,770	Conduit	454,573	0.21
32,600	Hiscox	361,371	0.16
52,324	Ocean Wilsons	468,300	0.21
	<b>Brazil – 0.27% (2022 – 0.00%)</b>		
740,000	Marcopolo pref.	375,365	0.17
662,000	Sequoia Logistica e Transportes	215,418	0.10
	<b>Canada – 0.34% (2022 – 0.00%)</b>		
30,300	Barrick Gold	453,047	0.21
16,000	First Quantum Minerals	296,220	0.13
	<b>Chile – 0.06% (2022 – 0.52%)</b>		
7,800	Antofagasta	123,240	0.06
	<b>China – 0.79% (2022 – 0.63%)</b>		
48,450	Alibaba	500,671	0.22
56,000	Baidu	857,362	0.39
78,000	Ping An Insurance of China	410,249	0.18
	<b>France – 0.74% (2022 – 1.16%)</b>		
5,320	Airbus	576,267	0.26
30,500	Elis	472,467	0.21
17,500	Verallia	604,297	0.27
	<b>Germany – 0.62% (2022 – 0.99%)</b>		
10,800	Bayer	557,034	0.25
15,250	Fresenius & Co	333,514	0.15
10,660	Porsche Automobil pref.	496,049	0.22
	<b>Gibraltar – 0.11% (2022 – 0.15%)</b>		
455,360	888	234,966	0.11
	<b>Greece – 0.13% (2022 – 0.18%)</b>		
261,000	Eurobank Ergasias	279,323	0.13
	<b>Hong Kong – 0.00% (2022 – 0.43%)</b>		
	<b>India – 0.09% (2022 – 0.07%)</b>		
2,348,162	OPG Power Ventures*	204,290	0.09

# ES River and Mercantile UK Recovery Fund

## Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	<b>Ireland – 1.41% (2022 – 1.35%)</b>		
54,720	Bank of Ireland	448,395	0.20
506,550	Cairn Homes	455,388	0.21
2,700	DCC	127,359	0.06
5,680	Flutter Entertainment	830,984	0.37
41,210	Grafton	364,956	0.16
402,820	Greencore	327,090	0.15
444,426	Hostelworld	584,865	0.26
	<b>Isle of Man – 0.39% (2022 – 0.23%)</b>		
42,260	Playtech	222,710	0.10
646,749	Strix*	645,456	0.29
	<b>Israel – 0.21% (2022 – 0.38%)</b>		
228,620	Tremor International*	478,273	0.21
	<b>Italy – 0.23% (2022 – 0.25%)</b>		
65,000	BFF Bank	522,582	0.23
	<b>Japan – 0.93% (2022 – 1.09%)</b>		
26,300	Komatsu	523,414	0.24
13,850	Nintendo	431,678	0.19
9,280	Sony	674,180	0.30
50,000	Tosei	446,344	0.20
	<b>Jersey – 0.44% (2022 – 0.82%)</b>		
298,490	Breedon*	228,345	0.10
407,810	Centamin	424,734	0.19
2,547,341	XLMedia*	337,522	0.15
	<b>Luxembourg – 0.22% (2022 – 0.27%)</b>		
42,000	Tenaris	483,437	0.22
	<b>Macau – 0.49% (2022 – 0.33%)</b>		
385,000	Sands China	1,082,881	0.49
	<b>Mexico – 0.23% (2022 – 0.00%)</b>		
115,500	Cemex	515,638	0.23
	<b>Netherlands – 1.16% (2022 – 2.18%)</b>		
53,000	Fugro	542,527	0.25
51,200	ING Groep	491,621	0.22



# ES River and Mercantile UK Recovery Fund

## Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
43,760	Just Eat	675,217	0.30
13,630	Prosus	861,560	0.39
<b>Nigeria – 0.27% (2022 – 0.45%)</b>			
572,800	SEPLAT Energy	601,440	0.27
<b>Norway – 0.00% (2022 – 0.19%)</b>			
<b>Portugal – 0.14% (2022 – 0.17%)</b>			
35,000	Galp Energia SGPS	321,523	0.14
<b>Singapore – 0.11% (2022 – 0.00%)</b>			
12,500	XP Power	253,125	0.11
<b>South Africa – 0.20% (2022 – 0.34%)</b>			
832,090	Old Mutual	440,176	0.20
<b>South Korea – 0.19% (2022 – 0.16%)</b>			
17,150	Neowiz	426,174	0.19
<b>Spain – 0.69% (2022 – 0.82%)</b>			
95,000	Applus Services	600,584	0.27
120,000	CaixaBank	377,893	0.17
45,700	Repsol	569,393	0.25
<b>Sweden – 0.29% (2022 – 0.00%)</b>			
6,010	Spotify Technology	649,437	0.29
<b>Switzerland – 1.71% (2022 – 1.36%)</b>			
614,748	Glencore	2,856,119	1.28
205,530	IWG	337,994	0.15
1,500	Roche	346,466	0.15
300	Swatch AG	83,210	0.04
12,000	UBS	204,878	0.09
<b>Taiwan – 0.17% (2022 – 0.00%)</b>			
27,500	Taiwan Semiconductor Manufacturing	389,343	0.17
<b>United States of America – 6.44% (2022 – 3.18%)</b>			
8,770	Advanced Micro Devices	695,174	0.31
7,600	Alphabet	637,160	0.29
6,440	Amazon.com	537,930	0.24

# ES River and Mercantile UK Recovery Fund

## Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
28,272	Baker Hughes	659,669	0.30
541,297	Boku*	725,338	0.33
320	Booking	686,919	0.31
11,600	BorgWarner	460,641	0.21
5,600	Charles Schwab	237,143	0.11
4,500	Cisco Systems	190,234	0.09
329,620	Diversified Energy	311,820	0.14
8,850	DocuSign	417,287	0.19
42,900	DraftKings	671,717	0.30
3,540	Electronic Arts	344,738	0.15
5,980	Henry Schein	394,265	0.18
1,200	KLA	387,393	0.17
14,600	Kraft Heinz	456,379	0.20
12,400	Marvell Technology	434,143	0.19
3,000	Match	93,146	0.04
32,010	MaxCyte	121,638	0.06
2,230	McKesson	641,992	0.29
3,600	Meta Platforms	616,931	0.28
2,580	Netflix	720,843	0.32
7,100	PayPal	435,951	0.20
9,390	Pfizer	309,696	0.14
255,593	Somero Enterprises*	945,694	0.42
4,483	Take-Two Interactive Software	432,510	0.19
342,800	Tinybuild	161,116	0.07
19,720	Topgolf Callaway Brands	344,655	0.15
6,560	Walt Disney	530,923	0.24
1,500	Waters	375,373	0.17
11,450	Wells Fargo & Co	345,783	0.16
	<b>Investment Trusts – 1.28% (2022 – 0.00%)</b>		
266,160	Fidelity China Special Situations	658,746	0.30
75,500	Renewables Infrastructure	94,224	0.04
1,784,940	Schroder UK Public Private	218,834	0.10
32,500	International Biotechnology Trust PLC/Fund	213,525	0.10
23,150	Aberforth Smaller Companies Trust	284,282	0.13
292,602	Montanaro UK Smaller Companies Investment Trust	307,232	0.14
32,695	Rockwood Strategic*	588,510	0.26
270,040	AVI Japan Opportunity Trust PLC/Fund	315,947	0.14
100,000	River & Mercantile UK Micro Cap Investment***	145,000	0.07

# ES River and Mercantile UK Recovery Fund

## Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	<b>FORWARD CURRENCY CONTRACTS – 0.02% (2022 – (0.03)%)</b>		
£8,357,998	Forward Currency Contract 20/06/2023: UK sterling 8,357,998 vs Euro 9,430,000	47,978	0.02
	<b>Portfolio of investments</b>	<b>222,562,623</b>	<b>99.92</b>
	<b>Net other assets</b>	<b>168,920</b>	<b>0.08</b>
	<b>Net assets</b>	<b>222,731,543</b>	<b>100.00</b>

The Portfolio Statement categories have been re-aligned in the current period resulting in a mismatch to prior year accounts, this does not have any impact on the Financial Statements.

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 2022.

\*Security listed in AIM.

\*\*Delisted/Defaulted/Suspended security.

\*\*\*Related party.

# ES River and Mercantile UK Recovery Fund

## Comparative table

For the year ending:	31/03/2023	31/03/2022	31/03/2021
B-Class Distribution shares	pence per share	pence per share	pence per share
<b>Change in net assets per share</b>			
Opening net asset value per share	1,211.13	1,182.01	728.60
Return before operating charges*	9.72	62.32	471.63
Operating charges	(13.10)	(13.82)	(10.94)
Return after operating charges	(3.38)	48.50	460.69
Distributions	(27.27)	(19.38)	(7.28)
<b>Closing net asset value per share</b>	<b>1,180.48</b>	<b>1,211.13</b>	<b>1,182.01</b>
*After direct transaction costs of	(2.51)	(3.91)	(2.59)
<b>Performance</b>			
Return after charges	(0.28)%	4.10%	63.23%
<b>Other information</b>			
Closing net asset value (£)	132,564,164	143,845,110	131,725,640
Closing number of shares	11,229,684	11,876,972	11,144,189
Operating charges**	1.12%	1.11%	1.17%
Direct transaction costs	0.21%	0.31%	0.28%
<b>Prices</b>			
Highest share price	1,285.04	1,310.11	1,214.73
Lowest share price	1,026.56	1,105.21	700.17

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

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

# ES River and Mercantile UK Recovery Fund

## Comparative table continued

For the year ending:	31/03/2023	31/03/2022+
	pence per share	pence per share
<b>S-Class Accumulation shares</b>		
<b>Change in net assets per share</b>		
Opening net asset value per share	248.22	250.00
Return before operating charges*	2.55	0.22
Operating charges	(2.11)	(2.00)
Return after operating charges	0.44	(1.78)
Distributions	(6.23)	(4.03)
Retained distributions on accumulation shares	6.23	4.03
<b>Closing net asset value per share</b>	<b>248.66</b>	<b>248.22</b>
*After direct transaction costs of	(0.52)	(0.73)
<b>Performance</b>		
Return after charges	0.18%	(0.71)%
<b>Other information</b>		
Closing net asset value (£)	7,058,245	9,423,923
Closing number of shares	2,838,527	3,796,610
Operating charges**	0.87%	0.86%
Direct transaction costs	0.21%	0.34%
<b>Prices</b>		
Highest share price	268.53	266.64
Lowest share price	214.30	225.01

+Launched on 30 April 2021.

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

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

# ES River and Mercantile UK Recovery Fund

## Comparative table continued

For the year ending:	31/03/2023	31/03/2022	31/03/2021
S-Class Distribution shares	pence per share	pence per share	pence per share
<b>Change in net assets per share</b>			
Opening net asset value per share	274.30	267.73	165.01
Return before operating charges*	2.19	14.10	106.87
Operating charges	(2.31)	(2.43)	(1.97)
Return after operating charges	(0.12)	11.67	104.90
Distributions	(6.85)	(5.10)	(2.18)
<b>Closing net asset value per share</b>	<b>267.33</b>	<b>274.30</b>	<b>267.73</b>
*After direct transaction costs of	(0.57)	(0.89)	(0.59)
<b>Performance</b>			
Return after charges	(0.04)%	4.36%	63.57%
<b>Other information</b>			
Closing net asset value (£)	79,452,446	90,813,055	57,386,649
Closing number of shares	29,720,683	33,107,472	21,434,747
Operating charges**	0.87%	0.86%	0.93%
Direct transaction costs	0.21%	0.31%	0.28%
<b>Prices</b>			
Highest share price	291.32	296.94	275.41
Lowest share price	232.49	250.59	158.57

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

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

# ES River and Mercantile UK Recovery Fund

## Comparative table continued

For the year ending:	31/03/2023	31/03/2022	31/03/2021
Z-Class Accumulation shares	pence per share	pence per share	pence per share
<b>Change in net assets per share</b>			
Opening net asset value per share	2,323.88	2,210.52	1,338.85
Return before operating charges*	24.41	115.95	874.79
Operating charges	(2.73)	(2.59)	(3.12)
Return after operating charges	21.68	113.36	871.67
Distributions	(75.64)	(60.08)	(30.78)
Retained distributions on accumulation shares	75.64	60.08	30.78
<b>Closing net asset value per share</b>	<b>2,345.56</b>	<b>2,323.88</b>	<b>2,210.52</b>
*After direct transaction costs of	(4.89)	(7.38)	(4.79)
<b>Performance</b>			
Return after charges	0.93%	5.13%	65.11%
<b>Other information</b>			
Closing net asset value (£)	3,656,688	3,484,974	3,295,169
Closing number of shares	155,898	149,964	149,067
Operating charges**	0.12%	0.11%	0.18%
Direct transaction costs	0.21%	0.31%	0.28%
<b>Prices</b>			
Highest share price	2,531.74	2,492.55	2,263.71
Lowest share price	2,014.51	2,105.56	1,287.50

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

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

# ES River and Mercantile UK Recovery Fund

## Synthetic Risk Reward Indicator (SRRI)



Typically Lower Rewards

Typically Higher Rewards



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

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

## Summary of Largest Portfolio Changes

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

Purchases	£	Sales	£
GSK	3,605,297	BP	4,238,434
HSBC	1,790,705	Unilever	3,858,907
Unilever	1,466,853	HSBC	2,876,444
Anglo American	1,440,582	Prudential	2,358,677
South32	1,229,048	Standard Chartered	2,264,159
Lloyds Banking	1,153,612	Vodafone	2,232,017
Prudential	1,131,657	Shell	2,195,251
Fevertree Drinks	1,107,605	British American Tobacco	2,185,559
Persimmon	1,027,971	Lloyds Banking	2,013,492
Moonpig	960,991	Antofagasta	1,473,096



# ES River and Mercantile UK Recovery Fund

## Statement of Total Return for the year ended 31 March 2023

	Notes	1 April 2022 to 31 March 2023		1 April 2021 to 31 March 2022	
		£	£	£	£
Income					
Net capital (losses)/gains	2		(5,149,341)		2,731,710
Revenue	3	7,821,368		6,027,309	
Expenses	4	(2,199,164)		(2,183,135)	
Interest payable and similar charges	6	(4,869)		(2,223)	
Net revenue before taxation for the year		5,617,335		3,841,951	
Taxation	5	(220,829)		(104,355)	
Net revenue after taxation for the year			5,396,506		3,737,596
Total return before distributions			247,165		6,469,306
Distributions	7		(5,415,937)		(3,730,450)
<b>Change in net assets attributable to Shareholders from investment activities</b>			<b>(5,168,772)</b>		<b>2,738,856</b>

## Statement of Change in Net Assets attributable to Shareholders for the year ended 31 March 2023

		1 April 2022 to 31 March 2023		1 April 2021 to 31 March 2022	
		£	£	£	£
Opening net assets attributable to Shareholders			247,567,062		193,483,395
Amounts received on creation of shares	58,168,318			80,146,431	
Amounts paid on cancellation of shares	(78,180,094)			(29,417,094)	
			(20,011,776)		50,729,337
Dilution adjustment			57,211		364,217
Change in net assets attributable to Shareholders from investment activities			(5,168,772)		2,738,856
Retained distributions on accumulation shares			287,818		251,257
<b>Closing net assets attributable to Shareholders</b>			<b>222,731,543</b>		<b>247,567,062</b>

# ES River and Mercantile UK Recovery Fund

## Balance Sheet as at 31 March 2023

	Notes	31 March 2023		31 March 2022	
		£	£	£	£
<b>ASSETS</b>					
Fixed assets					
Investments			222,562,623		249,411,463
Current assets					
Debtors	8	1,937,916		2,923,831	
Cash and bank balances		6,785,052		25,694	
<b>Total other assets</b>			<b>8,722,968</b>		<b>2,949,525</b>
<b>Total assets</b>			<b>231,285,591</b>		<b>252,360,988</b>
<b>LIABILITIES</b>					
Investment liabilities			—		(73,488)
Creditors					
Bank overdrafts			—	(580,535)	
Distribution payable		(1,764,396)		(1,642,564)	
Other creditors	9	(6,789,652)		(2,497,339)	
<b>Total other liabilities</b>			<b>(8,554,048)</b>		<b>(4,720,438)</b>
<b>Total liabilities</b>			<b>(8,554,048)</b>		<b>(4,793,926)</b>
<b>Net assets attributable to Shareholders</b>			<b>222,731,543</b>		<b>247,567,062</b>

# ES River and Mercantile UK Recovery Fund

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## Notes to the Financial Statements

### 1 Accounting policies

The accounting policies for the sub-fund are set out on pages 7 to 8.

### 2 Net capital (losses)/gains

	31 March 2023 £	31 March 2022 £
The net capital (losses)/gains during the year comprise:		
Non-derivative securities	(4,833,493)	2,633,528
Forward currency contracts	(435,142)	96,993
Currency gains	175,824	27,706
Custodial transaction fees	<u>(56,530)</u>	<u>(26,517)</u>
Net capital (losses)/gains	<u>(5,149,341)</u>	<u>2,731,710</u>

### 3 Revenue

	31 March 2023 £	31 March 2022 £
Bank interest	7,118	26
Franked distributions from authorised funds	58,732	51,729
Management fee rebates	1,293	—
Non-taxable overseas dividends	1,695,925	1,083,869
Taxable overseas dividends	18,407	—
UK dividends	5,901,769	4,863,001
UK REIT dividends	<u>138,124</u>	<u>28,684</u>
	<u>7,821,368</u>	<u>6,027,309</u>

# ES River and Mercantile UK Recovery Fund

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## Notes to the Financial Statements continued

### 4 Expenses

	31 March 2023 £	31 March 2022 £
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
ACD's periodic charge	<u>1,998,601</u>	<u>1,972,772</u>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fees	33,064	32,606
Safe custody fees	<u>14,360</u>	<u>14,632</u>
	<u>47,424</u>	<u>47,238</u>
Other expenses:		
Audit fee*	15,203	13,823
Fund accounting fees	47,773	54,580
Legal and professional fees	3,589	2,880
Registration fees	646	1,650
Transfer agency fees	63,865	70,483
Other fees	<u>22,063</u>	<u>19,709</u>
	<u>153,139</u>	<u>163,125</u>
Total expenses	<u><u>2,199,164</u></u>	<u><u>2,183,135</u></u>

\*Total audit fees of £13,908 (2022 - £12,094) exclusive of VAT.

# ES River and Mercantile UK Recovery Fund

## Notes to the Financial Statements continued

### 5 Taxation

	31 March 2023 £	31 March 2022 £
<b>a) Analysis of taxation charge in year</b>		
Overseas tax	<u>220,829</u>	<u>104,355</u>
Total taxation	<u>220,829</u>	<u>104,355</u>

### b) Factors affecting taxation charge for the year

The tax assessed for the year is lower (2022: lower) than the standard rate of corporation tax in the UK for an Open Ended Investment Company with variable capital (20%) (2022: 20%). The difference is explained below:

Net revenue before taxation for the year	<u>5,617,335</u>	<u>3,841,951</u>
Return on ordinary activities before taxation at the applicable rate of Corporation tax in the UK of 20% (2022: 20%)	1,123,467	768,390
Effects of:		
Movement in tax losses	408,370	431,331
Overseas tax	220,829	104,355
Prior year adjustment to tax losses	—	(1)
Relief on overseas tax expensed	(552)	—
Revenue not subject to tax	<u>(1,531,285)</u>	<u>(1,199,720)</u>
Total taxation	<u>220,829</u>	<u>104,355</u>

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

### c) Provision for deferred tax

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

At the year end there is a potential deferred tax asset of £5,707,112 (£5,298,742 as at 31 March 2022) due to tax losses. It is unlikely the sub-fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised (same as at 31 March 2022).

### 6 Interest payable and similar charges

	31 March 2023 £	31 March 2022 £
Interest	<u>4,869</u>	<u>2,223</u>
	<u>4,869</u>	<u>2,223</u>

# ES River and Mercantile UK Recovery Fund

## Notes to the Financial Statements continued

### 7 Distributions

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

	31 March 2023 £	31 March 2022 £
Interim	3,441,542	2,064,087
Final	<u>1,874,328</u>	<u>1,755,422</u>
	5,315,870	3,819,509
Add: revenue deducted on cancellation of shares	536,925	96,369
Deduct: revenue received on creation of shares	<u>(436,858)</u>	<u>(185,428)</u>
Distributions for the year	<u>5,415,937</u>	<u>3,730,450</u>
Reconciliation between net revenue after taxation for the year and the distributions:		
Net revenue after taxation for the year	5,396,506	3,737,596
Equalisation on conversions	5,417	(17,570)
Expenses transferred to capital	<u>14,014</u>	<u>10,424</u>
Distributions for the year	<u>5,415,937</u>	<u>3,730,450</u>

### 8 Debtors

	31 March 2023 £	31 March 2022 £
Accrued revenue	1,151,389	1,357,727
Amounts receivable for issue of shares	427,453	397,412
Foreign currency contracts awaiting settlement	54,570	240,826
Overseas tax recoverable	19,739	96,210
Sales awaiting settlement	<u>284,765</u>	<u>831,656</u>
	<u>1,937,916</u>	<u>2,923,831</u>

### 9 Other creditors

	31 March 2023 £	31 March 2022 £
<b>a) Distribution payable</b>		
Gross distribution payable	<u>1,764,396</u>	<u>1,642,564</u>
Total distribution payable	<u>1,764,396</u>	<u>1,642,564</u>
<b>b) Other creditors</b>		
Accrued expenses	289,110	310,566
Amounts payable for cancellation of shares	6,446,049	1,377,959
Foreign currency contracts awaiting settlement	54,493	240,844
Purchases awaiting settlement	<u>—</u>	<u>567,970</u>
	<u>6,789,652</u>	<u>2,497,339</u>

### 10 Contingent liabilities and outstanding commitments

There were no commitments or contingent liabilities at the balance sheet date (31 March 2022: same).

# ES River and Mercantile UK Recovery Fund

## Notes to the Financial Statements continued

### 11 Related party transactions

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

Amounts paid to Equity Trustees Fund Services Ltd in respect of the ACD, associates of the ACD and agents of either of them are disclosed in note 4. The balance outstanding as at the year end was £183,021 (£182,501 as at 31 March 2022).

### 12 Financial instruments

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

#### a) Credit risk

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

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

At 31 March 2023, the sub-fund held non exchange traded derivatives in the form of forward currency contracts.

The counterparty exposure is shown below:

Counterparty Details of OTC Financial Derivative Transactions	Forwards Assets £	Forwards Liabilities £
Northern Trust	47,978	—

At 31 March 2022, the sub-fund held non exchange traded derivatives in the form of forward currency contracts.

The counterparty exposure is shown below:

Counterparty Details of OTC Financial Derivative Transactions	Forwards Assets £	Forwards Liabilities £
The Bank of New York Mellon	—	(73,488)

No collateral is held or pledged (2022: same)

#### b) Valuation of financial investments

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

31 March 2023		Assets £	Liabilities £
Level 1	Unadjusted quoted price in an active market for an identical instrument	222,466,404	—
Level 2	Valuation techniques using observable inputs other than quoted prices within level 1	47,978	—
Level 3	Valuation techniques using unobservable inputs	48,241	—
		<b>222,562,623</b>	<b>—</b>

# ES River and Mercantile UK Recovery Fund

## Notes to the Financial Statements continued

### 12 Financial instruments continued

#### b) Valuation of financial investments continued

<b>31 March 2022</b>		<b>Assets</b>	<b>Liabilities</b>
		<b>£</b>	<b>£</b>
Level 1	Unadjusted quoted price in an active market for an identical instrument	249,365,634	—
Level 2	Valuation techniques using observable inputs other than quoted prices within level 1	—	(73,488)
Level 3	Valuation techniques using unobservable inputs	45,829	—
		<b>249,411,463</b>	<b>(73,488)</b>

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

Level 3 assets held in the sub-fund have been identified on the portfolio statement. Includes securities fair valued by the Manager. These securities are identified on the Fund's Portfolio Statement.

The decision to increase the price of Rangers from 19 to 20 pence per share was made by ETFS FVP Committee on the 16<sup>th</sup> Feb 2023. The committee reviewed a request from the R&M investment manager for the 3 funds holding this asset. The previous price was established using a single broker quote & since they had now stopped providing a price, the football clubs performance & Annual report were considered in the updated valuation. The review concluded that as an extra 41million 1p shares had been issued at a price of 25p per share during the year (creating a premium of £9.9616m), the current valuation was deemed to be conservative. As the stock continued to reflect a lack of liquidity, it was decided to price at a 20% discount.

#### c) Foreign currency risk

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



# ES River and Mercantile UK Recovery Fund

## Notes to the Financial Statements continued

### 12 Financial instruments continued

#### c) Foreign currency risk continued

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

31 March 2023 Currency	Monetary exposures £	Net foreign currency assets	
		Non-monetary exposures £	Total £
Australian Dollar	676	—	676
Brazilian Real	—	620,760	620,760
Canadian Dollar	842	749,267	750,109
Danish Krone	257	—	257
Euro	1,619	664,748	666,367
Hong Kong Dollar	28	2,851,163	2,851,191
Japanese Yen	572	2,094,124	2,094,696
Korean Won	—	426,174	426,174
Mexican Peso	273	—	273
Norwegian Krone	455	334,743	335,198
Singapore Dollar	108	—	108
South African Rand	473	—	473
Swedish Krona	168	4,972	5,140
Swiss Franc	81	634,553	634,634
Taiwan Dollar	—	390,929	390,929
US Dollar	13,486	13,710,289	13,723,775
	<b>19,038</b>	<b>22,481,722</b>	<b>22,500,760</b>

No disclosure is made for the comparative year as the risk was insignificant.

#### d) Derivative risk

At the balance sheet date, no derivatives were held that could impact the sub-fund in a significant way (2022: same).

#### e) Interest rate risk

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

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

#### f) Sensitivity analysis

##### Currency risk

If sterling (the sub-fund base currency) increased by 10% against non-sterling currencies as at the balance sheet date the net asset value of the sub-fund would have decreased by £2,250,076 (2022: £1,634,438). A weakening in sterling against non-sterling currencies of 10% will have resulted in an equal but opposite effect.

##### Price risk

If market prices had increased by 10% as at the balance sheet date the net asset value of the sub-fund would have increased by £22,251,465 (2022: £24,941,146). A weakening in market prices of 10% will have resulted in an equal but opposite effect.

#### g) Leverage

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

# ES River and Mercantile UK Recovery Fund

## Notes to the Financial Statements continued

### 13 Portfolio transaction costs

For the year 1 April 2022 to 31 March 2023

<b>Purchases</b>	<b>Transaction Value £</b>	<b>Commissions £</b>	<b>%</b>	<b>Taxes £</b>	<b>%</b>
Equity instruments (direct)	100,537,880	65,401	0.07	327,080	0.33
Collective investment schemes	726,102	556	0.08	2,809	0.39
<b>Total purchases</b>	<b>101,263,982</b>	<b>65,957</b>		<b>329,889</b>	
<b>Total purchases including transaction costs</b>	<b>101,659,828</b>				
<b>Sales</b>	<b>Transaction Value £</b>	<b>Commissions £</b>	<b>%</b>	<b>Taxes £</b>	<b>%</b>
Equity instruments (direct)	120,796,925	71,163	0.06	6,297	0.01
Collective investment schemes	2,466,403	1,915	0.08	34	0.00
<b>Total sales</b>	<b>123,263,328</b>	<b>73,078</b>		<b>6,331</b>	
<b>Total sales net of transaction costs</b>	<b>123,183,919</b>				
<b>Total transaction costs</b>		<b>139,035</b>		<b>336,220</b>	
<b>as a % of average net assets</b>		<b>0.06%</b>		<b>0.15%</b>	

For the year 1 April 2021 to 31 March 2022

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

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

# ES River and Mercantile UK Recovery Fund

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## Notes to the Financial Statements continued

### 13 Portfolio transaction costs continued

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

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

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

At the balance sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.48% (2022 - 0.59%).

### 14 Share movement

	<b>B-Class Distribution shares</b>	<b>S-Class Accumulation shares</b>	<b>S-Class Distribution shares</b>	<b>Z-Class Accumulation shares</b>
Opening shares	11,876,972	3,796,610	33,107,472	149,964
Shares issued	2,702,480	272,544	10,030,552	6,724
Shares redeemed	(2,822,621)	(1,230,627)	(15,742,814)	(790)
Shares converted	(527,147)	—	2,325,473	—
<b>Closing shares</b>	<b>11,229,684</b>	<b>2,838,527</b>	<b>29,720,683</b>	<b>155,898</b>

### 15 Post balance sheet events

There are no post balance sheet events which require adjustments at the year end.

# ES River and Mercantile UK Recovery Fund

## Distribution tables for the year ended 31 March 2023

Group 1: shares purchased prior to a distribution period

Group 2: shares purchased during a distribution period

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

Interim dividend distribution in pence per share		Period 01/04/2022 — 30/09/2022		
	Net Revenue	Equalisation	Distribution paid 30/11/22	Distribution paid 30/11/21
<b>B-Class Distribution shares</b>				
Group 1	17.9983	—	17.9983	11.5067
Group 2	4.3564	13.6419	17.9983	11.5067
<b>S-Class Accumulation shares</b>				
Group 1	3.9874	—	3.9874	2.1148
Group 2	1.3037	2.6837	3.9874	2.1148
<b>S-Class Distribution shares</b>				
Group 1	4.4137	—	4.4137	2.9675
Group 2	1.6313	2.7824	4.4137	2.9675
<b>Z-Class Accumulation shares</b>				
Group 1	45.9412	—	45.9412	33.3339
Group 2	21.2024	24.7388	45.9412	33.3339

Final dividend distribution in pence per share		Period 01/10/2022 — 31/03/2023		
	Net Revenue	Equalisation	Distribution payable 31/05/23	Distribution paid 31/05/22
<b>B-Class Distribution shares</b>				
Group 1	9.2741	—	9.2741	7.8751
Group 2	6.2667	3.0074	9.2741	7.8751
<b>S-Class Accumulation shares</b>				
Group 1	2.2418	—	2.2418	1.9162
Group 2	1.5119	0.7299	2.2418	1.9162
<b>S-Class Distribution shares</b>				
Group 1	2.4325	—	2.4325	2.1362
Group 2	1.7241	0.7084	2.4325	2.1362
<b>Z-Class Accumulation shares</b>				
Group 1	29.6968	—	29.6968	26.7445
Group 2	15.7946	13.9022	29.6968	26.7445

# ES River and Mercantile UK Equity Income Fund

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## 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.

Although the sub-fund aims to deliver capital growth over a rolling 5 year period, there is no guarantee that this will be achieved over this time period, or any time period. The sub-fund’s capital is at risk meaning that the sub-fund could suffer a decrease in value and the value of your investment would decrease as a result.

## 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 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 MSCI GICS (Global Industry Classification Standard).

# ES River and Mercantile UK Equity Income Fund

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## Investment Manager's Review

Over the financial year ended 31<sup>st</sup> March 2023, the sub-fund delivered a return of -0.7% compared to the return of the MSCI UK IMI which delivered +3.0%, while for comparison the average fund in the IA UK Equity Income sector delivered a return of +0.2%. The total dividends declared per share (based on the B share class) for the period was 23.3p, an increase of 19.9% over the prior year comparative, as UK dividend distributions recovered from the low point reached during the pandemic.

Relative performance was strongest in the first half of the financial year when equity markets were heavily impacted by the invasion of Ukraine and the consequent rise in the cost of energy, as well as the beginning of monetary policy tightening by central banks in response to the rising levels of inflation. Towards the end of the period, increasing investor confidence that overall corporate profits had not collapsed as feared led to a more bullish environment for equities, especially cyclical equities, with the sub-fund lagging a rising market in part due to its more defensive portfolio positioning.

At the portfolio level, sector positioning was positive with the overweight in the Healthcare and Household Products sectors and the underweight in the Materials and Telecoms sectors adding value. In contrast, the underweight positions in the Energy and Banks sectors and the overweight in the Insurance and Food Retailing sectors detracted from relative returns in the period.

At the stock level, key positive contributors included holdings from across the market capitalisation range with **BAE Systems**, **Next** and **Sanofi** among the larger caps and **Conduit Holdings**, **Me Group** and **Centamin** among the smaller market caps all adding value. Overall stock selection was held back by weak performances from holdings in **Shaftesbury Capital**, **Strix Group**, **Barrick Gold** and **Watkin Jones** and the underweight positions in energy companies **Shell** and **BP** (the latter is a nil holding).

Over the period the sub-fund moderated its defensive skew with new positions added in recovery opportunities including **Standard Chartered**, **Whitbread** and **Mondi**. Other additions included **Serica Energy**, **Moonpig** and **Howden Joinery** alongside opportunities such as **M&G**, **Hollywood Bowl** and **XPS Pensions Group** which offer both premium yields and the opportunity for capital growth. These purchases were funded primarily by exiting a number of more defensive positions including **Direct Line**, **National Grid**, **United Utilities** and **Bunzl**, as well as **Watkin Jones** and **Supermarket Income REIT**.

## Outlook

Recent events in the banking sector have awakened fears of a recession created by a systematic weakness in the global financial system. We believe that fears of a crisis are wide of the mark given the strengthening of the global banking system since 2008; however, investors will need to adjust their expectations to a new investment environment in which the underlying levels of inflation and interest rates are higher than they have been for the last decade.

Currently the US yield curve is inverted, suggesting that the global economy will move into a recessionary period. Whilst we recognise the warning signs for economic growth, the UK equity market is already trading at a material valuation discount to global equity markets, creating an attractive opportunity for investors as well as offering a forward dividend yield of 4.3%.

We believe that UK earnings and dividends will be more resilient than expectations, supported by higher nominal growth in the economy and a recovery in consumer demand over the next 12 months. Therefore, the portfolio is skewed towards quality and recovery opportunities which can deliver both a premium yield and dividend growth over the cycle, in addition to the potential for capital returns.

River and Mercantile  
March 2023  
Investment Adviser to the sub-fund

Source: River and Mercantile Asset Management LLP, FactSet Analytics, FE Fundinfo. Sub-fund performance is calculated using midday published prices. Benchmark performance is calculated using close of business mid-market prices.

# ES River and Mercantile UK Equity Income Fund

## Portfolio Statement as at 31 March 2023

Holding	Investment	Market Value £	% of Net Assets
	<b>United Kingdom – 90.64% (2022 – 89.53%)</b>		
	<b>Aerospace &amp; Defence – 2.86% (2022 – 3.49%)</b>		
104,300	BAE Systems	1,024,852	2.86
	<b>Agriculture – 4.60% (2022 – 3.52%)</b>		
57,900	British American Tobacco	1,644,649	4.60
	<b>Airlines – 0.82% (2022 – 0.66%)</b>		
56,700	EasyJet	293,933	0.82
	<b>Banks – 8.31% (2022 – 4.08%)</b>		
218,500	HSBC	1,200,876	3.36
2,300,000	Lloyds Banking	1,096,525	3.06
110,000	Standard Chartered	675,620	1.89
	<b>Beverages – 2.25% (2022 – 2.42%)</b>		
22,300	Diageo	805,811	2.25
	<b>Chemicals – 1.08% (2022 – 0.70%)</b>		
19,500	Johnson Matthey	386,685	1.08
	<b>Commercial Services – 5.96% (2022 – 5.55%)</b>		
170,000	QinetiQ	552,160	1.54
50,000	RELX	1,308,500	3.66
170,000	XPS Pensions	272,000	0.76
	<b>Computers – 1.98% (2022 – 1.99%)</b>		
462,300	Serco	709,168	1.98
	<b>Cosmetics &amp; Personal Care – 2.10% (2022 – 2.84%)</b>		
17,900	Unilever	749,921	2.10
	<b>Diversified Financial Services – 4.91% (2022 – 4.02%)</b>		
50,000	Impax Asset Management	399,000	1.11
23,850	Liontrust Asset Management	243,270	0.68
180,000	Man PLC/Jersey	423,720	1.18
144,400	OSB	695,430	1.94
	<b>Electricity – 1.90% (2022 – 4.14%)</b>		
112,100	Drax	681,008	1.90

# ES River and Mercantile UK Equity Income Fund

## Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	<b>Electronics – 1.17% (2022 – 1.92%)</b>		
45,700	RS	417,698	1.17
	<b>Entertainment – 0.00% (2022 – 0.35%)</b>		
	<b>Food Producers – 5.90% (2022 – 8.66%)</b>		
23,000	Cranswick	690,920	1.93
74,200	Tate & Lyle	581,876	1.63
315,000	Tesco	836,955	2.34
	<b>Food Services – 0.00% (2022 – 1.77%)</b>		
	<b>Forest Products &amp; Paper – 1.86% (2022 – 0.00%)</b>		
52,000	Mondi	666,380	1.86
	<b>Healthcare Products – 0.00% (2022 – 1.30%)</b>		
	<b>Home Furnishings – 1.37% (2022 – 0.00%)</b>		
70,000	Howden Joinery	488,600	1.37
	<b>Household Products – 4.51% (2022 – 4.06%)</b>		
26,200	Reckitt Benckiser	1,613,396	4.51
	<b>Insurance – 6.10% (2022 – 5.65%)</b>		
245,000	Aviva	990,290	2.77
50,000	Lancashire	276,250	0.77
275,000	M&G	544,500	1.52
330,000	Sabre Insurance	372,900	1.04
	<b>Internet – 0.72% (2022 – 0.00%)</b>		
210,000	Moonpig	258,930	0.72
	<b>Leisure Time – 1.62% (2022 – 0.00%)</b>		
250,000	Hollywood Bowl	581,250	1.62
	<b>Lodging – 1.54% (2022 – 0.00%)</b>		
18,500	Whitbread	552,410	1.54
	<b>Machinery Diversified – 1.21% (2022 – 0.00%)</b>		
105,000	Vesuvius	434,490	1.21



# ES River and Mercantile UK Equity Income Fund

## Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	<b>Mining – 2.83% (2022 – 3.16%)</b>		
37,800	Anglo American	1,012,284	2.83
	<b>Miscellaneous Manufacturing – 0.35% (2022 – 0.36%)</b>		
100,000	ME INTERNATIONAL	125,500	0.35
	<b>Oil &amp; Gas Producers – 7.44% (2022 – 4.26%)</b>		
160,000	Serica Energy	354,400	0.99
100,000	Shell	2,308,000	6.45
	<b>Packaging &amp; Containers – 0.70% (2022 – 4.07%)</b>		
130,000	Essentra	251,160	0.70
	<b>Pharmaceuticals – 9.07% (2022 – 11.06%)</b>		
13,500	AstraZeneca	1,516,320	4.24
121,000	GSK	1,729,090	4.83
	<b>Private Equity – 0.96% (2022 – 1.10%)</b>		
409,943	Atrato Onsite Energy	344,762	0.96
	<b>Real Estate Investment Trusts – 0.74% (2022 – 3.79%)</b>		
230,000	Shaftesbury Capital	263,120	0.74
	<b>Retail – 3.20% (2022 – 2.10%)</b>		
100,000	DFS Furniture	136,200	0.38
11,300	Next	742,636	2.08
650,000	Restaurant	264,680	0.74
	<b>Software – 1.95% (2022 – 0.93%)</b>		
90,000	Sage	697,500	1.95
	<b>Telecommunications – 0.63% (2022 – 0.52%)</b>		
130,000	Spirent Communications	225,290	0.63
	<b>Water – 0.00% (2022 – 1.06%)</b>		
	<b>Bermuda – 2.12% (2022 – 0.52%)</b>		
155,000	Conduit	759,500	2.12
	<b>Canada – 1.85% (2022 – 3.40%)</b>		
44,200	Barrick Gold	660,880	1.85

# ES River and Mercantile UK Equity Income Fund

## Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	<b>France – 1.81% (2022 – 2.51%)</b>		
7,400	Sanofi	649,882	1.81
	<b>Guernsey – 0.13% (2022 – 0.32%)</b>		
388,000	Shanta Gold*	44,620	0.13
	<b>Ireland – 0.39% (2022 – 0.00%)</b>		
29,700	Kenmare Resources	139,293	0.39
	<b>Isle of Man – 0.69% (2022 – 0.46%)</b>		
247,000	Strix*	246,506	0.69
	<b>Jersey – 0.20% (2022 – 0.65%)</b>		
69,500	Centamin	72,384	0.20
	<b>United States of America – 2.15% (2022 – 2.71%)</b>		
550,000	Diversified Energy	520,300	1.45
65,939	MaxCyte*	250,568	0.70
	<b>Portfolio of investments</b>	<b>35,784,848</b>	<b>99.98</b>
	<b>Net other assets</b>	<b>7,847</b>	<b>0.02</b>
	<b>Net assets</b>	<b>35,792,695</b>	<b>100.00</b>

The Portfolio Statement categories have been re-aligned in the current period resulting in mismatch to prior year accounts, this does not have any impact on the Financial Statements.

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 2022.

\*Security listed in AIM.

# ES River and Mercantile UK Equity Income Fund

## Comparative table

For the year ending:	31/03/2023	31/03/2022	31/03/2021
B-Class Distribution shares	pence per share	pence per share	pence per share
<b>Change in net assets per share</b>			
Opening net asset value per share	533.38	507.68	410.12
Return before operating charges*	2.83	49.81	116.66
Operating charges	(4.68)	(4.65)	(4.44)
Return after operating charges	(1.85)	45.16	112.22
Distributions	(23.34)	(19.46)	(14.66)
<b>Closing net asset value per share</b>	<b>508.19</b>	<b>533.38</b>	<b>507.68</b>
*After direct transaction costs of	(0.90)	(1.46)	(2.59)
<b>Performance</b>			
Return after charges	(0.35)%	8.90%	27.36%
<b>Other information</b>			
Closing net asset value (£)	24,369,623	57,464,544	103,848,704
Closing number of shares	4,795,352	10,773,561	20,455,573
Operating charges**	0.90%	0.87%	0.94%
Direct transaction costs	0.18%	0.27%	0.55%
<b>Prices</b>			
Highest share price	551.73	564.26	520.22
Lowest share price	460.24	495.70	398.19

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

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

# ES River and Mercantile UK Equity Income Fund

## Comparative table continued

For the year ending:	31/03/2023	31/03/2022	31/03/2021
S–Class Distribution shares	pence per share	pence per share	pence per share
<b>Change in net assets per share</b>			
Opening net asset value per share	268.14	254.56	205.12
Return before operating charges*	1.49	25.01	58.41
Operating charges	(1.73)	(1.66)	(1.63)
Return after operating charges	(0.24)	23.35	56.78
Distributions	(11.75)	(9.77)	(7.34)
<b>Closing net asset value per share</b>	<b>256.15</b>	<b>268.14</b>	<b>254.56</b>
*After direct transaction costs of	(0.45)	(0.73)	(1.30)
<b>Performance</b>			
Return after charges	(0.09)%	9.17%	27.68%
<b>Other information</b>			
Closing net asset value (£)	11,423,072	14,316,913	26,079,706
Closing number of shares	4,459,442	5,339,275	10,244,825
Operating charges**	0.66%	0.62%	0.69%
Direct transaction costs	0.18%	0.27%	0.55%
<b>Prices</b>			
Highest share price	277.39	283.25	260.83
Lowest share price	231.71	249.15	199.16

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

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

# ES River and Mercantile UK Equity Income Fund

## Synthetic Risk Reward Indicator (SRRI)



Typically Lower Rewards

Typically Higher Rewards



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

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

## Summary of Largest Portfolio Changes

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

Purchases	£	Sales	£
Standard Chartered	863,940	AstraZeneca	3,022,492
M&G	789,224	Bunzl	2,222,891
Mondi	743,178	National Grid	2,188,865
Whitbread	571,926	BAE Systems	1,957,785
Hollywood Bowl	557,392	Tesco	1,705,145
Howden Joinery	517,840	Unilever	1,702,616
Serica Energy	458,597	Reckitt Benckiser	1,540,439
Vesuvius	437,959	Supermarket Income Reit	1,521,839
Impax Asset Management	377,334	Compass	1,469,570
Moonpig	371,636	Barrick Gold	1,420,308

# ES River and Mercantile UK Equity Income Fund

## Statement of Total Return for the year ended 31 March 2023

	Notes	1 April 2022 to 31 March 2023		1 April 2021 to 31 March 2022	
		£	£	£	£
Income					
Net capital (losses)/gains	2		(2,048,762)		6,740,916
Revenue	3	2,372,161		4,675,675	
Expenses	4	(399,726)		(1,010,323)	
Interest payable and similar charges	6	(243)		(1)	
Net revenue before taxation for the year		1,972,192		3,665,351	
Taxation	5	(133,363)		(78,880)	
Net revenue after taxation for the year			1,838,829		3,586,471
Total return before distributions			(209,933)		10,327,387
Distributions	7		(2,228,965)		(4,566,664)
<b>Change in net assets attributable to Shareholders from investment activities</b>			<b>(2,438,898)</b>		<b>5,760,723</b>

## Statement of Change in Net Assets attributable to Shareholders for the year ended 31 March 2023

	1 April 2022 to 31 March 2023		1 April 2021 to 31 March 2022	
	£	£	£	£
Opening net assets attributable to Shareholders		71,781,457		133,314,594
Amounts received on creation of shares	8,140,423		8,564,708	
Amounts paid on cancellation of shares	(41,786,186)		(76,032,207)	
		(33,645,763)		(67,467,499)
Dilution adjustment		95,689		171,412
Change in net assets attributable to Shareholders from investment activities		(2,438,898)		5,760,723
Unclaimed distributions over 6 years old		210		2,227
<b>Closing net assets attributable to Shareholders</b>		<b>35,792,695</b>		<b>71,781,457</b>

# ES River and Mercantile UK Equity Income Fund

## Balance Sheet as at 31 March 2023

	Notes	31 March 2023		31 March 2022	
		£	£	£	£
<b>ASSETS</b>					
Fixed assets					
Investments			35,784,848		71,851,309
Current assets					
Debtors	8	615,562		1,476,870	
Cash and bank balances		454,410		553,833	
<b>Total other assets</b>			<b>1,069,972</b>		<b>2,030,703</b>
<b>Total assets</b>			<b>36,854,820</b>		<b>73,882,012</b>
<b>LIABILITIES</b>					
Creditors					
Distribution payable		(720,472)		(1,008,527)	
Other creditors	9	(341,653)		(1,092,028)	
<b>Total other liabilities</b>			<b>(1,062,125)</b>		<b>(2,100,555)</b>
<b>Total liabilities</b>			<b>(1,062,125)</b>		<b>(2,100,555)</b>
<b>Net assets attributable to Shareholders</b>			<b>35,792,695</b>		<b>71,781,457</b>

# ES River and Mercantile UK Equity Income Fund

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## Notes to the Financial Statements

### 1 Accounting policies

The accounting policies for the sub-fund are set out on pages 7 to 8.

### 2 Net capital (losses)/gains

	31 March 2023 £	31 March 2022 £
The net capital (losses)/gains during the year comprise:		
Non-derivative securities	(2,040,168)	6,750,311
Currency gains/(losses)	266	(509)
Custodial transaction fees	<u>(8,860)</u>	<u>(8,886)</u>
Net capital (losses)/gains	<u>(2,048,762)</u>	<u>6,740,916</u>

### 3 Revenue

	31 March 2023 £	31 March 2022 £
Bank interest	7,012	—
Non-taxable overseas dividends	435,584	694,477
UK dividends	1,888,386	3,830,568
UK REIT dividends	<u>41,179</u>	<u>150,630</u>
	<u>2,372,161</u>	<u>4,675,675</u>



# ES River and Mercantile UK Equity Income Fund

## Notes to the Financial Statements continued

### 4 Expenses

	31 March 2023 £	31 March 2022 £
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
ACD's periodic charge	<u>337,626</u>	<u>876,133</u>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fees	7,840	19,067
Safe custody fees	<u>1,504</u>	<u>5,897</u>
	<u>9,344</u>	<u>24,964</u>
Other expenses:		
Audit fee*	12,293	11,176
Fund accounting fees	9,063	34,232
Legal and professional fees	(4,662)	—
Registration fees	613	1,905
Transfer agency fees	9,920	42,114
Other fees	<u>25,529</u>	<u>19,799</u>
	<u>52,756</u>	<u>109,226</u>
Total expenses	<u><u>399,726</u></u>	<u><u>1,010,323</u></u>

\*Total audit fees of £11,246 (2022 - £9,779) exclusive of VAT.

# ES River and Mercantile UK Equity Income Fund

## Notes to the Financial Statements continued

### 5 Taxation

	31 March 2023 £	31 March 2022 £
<b>a) Analysis of taxation charge in year</b>		
Overseas tax	<u>133,363</u>	<u>78,880</u>
Total taxation	<u>133,363</u>	<u>78,880</u>

### b) Factors affecting taxation charge for the year

The tax assessed for the year is lower (2022: lower) than the standard rate of corporation tax in the UK for an Open Ended Investment Company with variable capital (20%) (2022: 20%). The difference is explained below:

Net revenue before taxation for the year	<u>1,972,192</u>	<u>3,665,351</u>
Return on ordinary activities before taxation at the applicable rate of Corporation tax in the UK of 20% (2022: 20%)	394,438	733,070
Effects of:		
Movement in tax losses	70,356	171,941
Overseas tax	133,363	78,880
Prior year adjustment to tax losses	—	(2)
Revenue not subject to tax	<u>(464,794)</u>	<u>(905,009)</u>
Total taxation	<u>133,363</u>	<u>78,880</u>

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

### c) Provision for deferred tax

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

At the year end there is a potential deferred tax asset of £3,443,682 (£3,373,326 as at 31 March 2022) due to tax losses. It is unlikely the sub-fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised (same as at 31 March 2022).

### 6 Interest payable and similar charges

	31 March 2023 £	31 March 2022 £
Interest	<u>243</u>	<u>1</u>
	<u>243</u>	<u>1</u>

# ES River and Mercantile UK Equity Income Fund

## Notes to the Financial Statements continued

### 7 Distributions

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

	31 March 2023 £	31 March 2022 £
Interim	1,167,349	2,996,840
Final	<u>720,472</u>	<u>1,008,527</u>
	1,887,821	4,005,367
Add: revenue deducted on cancellation of shares	466,925	617,902
Deduct: revenue received on creation of shares	<u>(125,781)</u>	<u>(56,605)</u>
Distributions for the year	<u>2,228,965</u>	<u>4,566,664</u>
Reconciliation between net revenue after taxation for the year and the distributions:		
Net revenue after taxation for the year	1,838,829	3,586,471
Equalisation on conversions	—	(1)
Expenses transferred to capital	399,726	1,010,323
Tax relief on expenses taken to capital	<u>(9,590)</u>	<u>(30,129)</u>
Distributions for the year	<u>2,228,965</u>	<u>4,566,664</u>

### 8 Debtors

	31 March 2023 £	31 March 2022 £
Accrued revenue	323,025	195,913
Amounts receivable for issue of shares	216,888	—
Overseas tax recoverable	7,352	127,365
Sales awaiting settlement	<u>68,297</u>	<u>1,153,592</u>
	<u>615,562</u>	<u>1,476,870</u>

### 9 Other creditors

	31 March 2023 £	31 March 2022 £
<b>a) Distribution payable</b>		
Gross distribution payable	<u>720,472</u>	<u>1,008,527</u>
Total distribution payable	<u>720,472</u>	<u>1,008,527</u>
<b>b) Other creditors</b>		
Accrued expenses	60,829	140,820
Amounts payable for cancellation of shares	118,276	568,660
Purchases awaiting settlement	<u>162,548</u>	<u>382,548</u>
	<u>341,653</u>	<u>1,092,028</u>

### 10 Contingent liabilities and outstanding commitments

There were no commitments or contingent liabilities at the balance sheet date (31 March 2022: same).

# ES River and Mercantile UK Equity Income Fund

## Notes to the Financial Statements continued

### 11 Related party transactions

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

As at 31 March 2023, River and Mercantile Asset Management LLP, which is the Investment Manager, held 0.00% of the shares in issue (33.14% as at 31 March 2022).

Amounts paid to Equity Trustees Fund Services Ltd in respect of the ACD, associates of the ACD and agents of either of them are disclosed in note 4. The balance outstanding as at the year end was £22,404 (£43,402 as at 31 March 2022).

Equity Trustees Fund Services Limited, as the sub-fund's ACD, wishes to disclose to the sub-fund's Shareholders that 37.90% of the sub-fund's shares in issue are under the control of a corporate client.

### 12 Financial instruments

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

#### a) Credit risk

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

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

#### b) Valuation of financial investments

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

		Assets	Liabilities
		£	£
<b>31 March 2023</b>			
Level 1	Unadjusted quoted price in an active market for an identical instrument	35,784,848	—
		<b>35,784,848</b>	<b>—</b>

		Assets	Liabilities
		£	£
<b>31 March 2022</b>			
Level 1	Unadjusted quoted price in an active market for an identical instrument	71,851,309	—
		<b>71,851,309</b>	<b>—</b>

#### c) Foreign currency risk

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

At the balance sheet date, no significant foreign currency was held (2022: same).

#### d) Derivative risk

At the balance sheet date, no derivatives were held that could impact the sub-fund in a significant way (2022: same).

# ES River and Mercantile UK Equity Income Fund

## Notes to the Financial Statements continued

### 12 Financial instruments continued

#### e) Interest rate risk

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

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

#### f) Sensitivity analysis

##### Price risk

If market prices had increased by 10% as at the balance sheet date the net asset value of the sub-fund would have increased by £3,578,485 (2022: £7,185,131). A weakening in market prices of 10% will have resulted in an equal but opposite effect.

#### g) Leverage

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

### 13 Portfolio transaction costs

For the year 1 April 2022 to 31 March 2023

<b>Purchases</b>	<b>Transaction Value £</b>	<b>Commissions £</b>	<b>%</b>	<b>Taxes £</b>	<b>%</b>
Equity instruments (direct)	11,711,944	7,233	0.06	50,132	0.43
Corporate actions	6,817,084	—	—	—	—
<b>Total purchases</b>	<b>18,529,028</b>	<b>7,233</b>		<b>50,132</b>	
<b>Total purchases including transaction costs</b>	<b>18,586,393</b>				
<b>Sales</b>	<b>Transaction Value £</b>	<b>Commissions £</b>	<b>%</b>	<b>Taxes £</b>	<b>%</b>
Equity instruments (direct)	45,563,103	25,043	0.05	378	0.00
Corporate actions	7,075,003	—	—	—	—
<b>Total sales</b>	<b>52,638,106</b>	<b>25,043</b>		<b>378</b>	
<b>Total sales net of transaction costs</b>	<b>52,612,685</b>				
<b>Total transaction costs</b>		<b>32,276</b>		<b>50,510</b>	
<b>as a % of average net assets</b>		<b>0.07%</b>		<b>0.11%</b>	

# ES River and Mercantile UK Equity Income Fund

## Notes to the Financial Statements continued

### 13 Portfolio transaction costs continued

For the year 1 April 2021 to 31 March 2022

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

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

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

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

At the balance sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.18% (2022 - 0.15%).

### 14 Share movement

	<b>B-Class Distribution shares</b>	<b>S-Class Distribution shares</b>
Opening shares	10,773,561	5,339,275
Shares issued	1,044,370	1,063,957
Shares redeemed	(7,019,037)	(1,950,821)
Shares converted	(3,542)	7,031
<b>Closing shares</b>	<b>4,795,352</b>	<b>4,459,442</b>

### 15 Post balance sheet events

There are no post balance sheet events which require adjustments at the year end.

# ES River and Mercantile UK Equity Income Fund

## Distribution tables for the year ended 31 March 2023

Group 1: shares purchased prior to a distribution period

Group 2: shares purchased during a distribution period

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

Interim dividend distribution in pence per share		Period 01/04/2022 — 30/09/2022		
	Net Revenue	Equalisation	Distribution paid 30/11/22	Distribution paid 30/11/21
<b>B-Class Distribution shares</b>				
Group 1	13.1100	—	13.1100	11.9641
Group 2	6.4318	6.6782	13.1100	11.9641
<b>S-Class Distribution shares</b>				
Group 1	6.5977	—	6.5977	6.0031
Group 2	0.3263	6.2714	6.5977	6.0031

Final dividend distribution in pence per share		Period 01/10/2022 — 31/03/2023		
	Net Revenue	Equalisation	Distribution payable 31/05/23	Distribution paid 31/05/22
<b>B-Class Distribution shares</b>				
Group 1	10.2310	—	10.2310	7.4947
Group 2	5.2061	5.0249	10.2310	7.4947
<b>S-Class Distribution shares</b>				
Group 1	5.1545	—	5.1545	3.7661
Group 2	3.2997	1.8548	5.1545	3.7661

# ES River and Mercantile Global Recovery Fund

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## 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.

Although the sub-fund aims to deliver capital growth over a rolling 5 year period, there is no guarantee that this will be achieved over this time period, or any time period. The sub-fund’s capital is at risk meaning that the sub-fund could suffer a decrease in value and the value of your investment would decrease as a result.

## 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 term ‘Recovery’ (as used in the sub-fund’s name) refers to investments where the Investment Manager believes at the time of investing, the potential to grow shareholder value through increases in profits and cash is particularly high due to levels of profits being depressed and therefore capable of significant recovery.

The sub-fund will invest in a broad range of companies by region, industry sector and size and its investments are not restricted by reference to a benchmark.



# ES River and Mercantile Global Recovery Fund

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## Investment Manager's Review

### Investment Review

The ES River & Mercantile Global Recovery Fund returned 0.0% over the 12 months to 31 March 2023, compared to the MSCI ACWI return of -1.4%.

**Positive contributors during the quarter:** underweight US mega-cap tech (**Amazon, Tesla and Alphabet**); individual stock successes (**iQiyi, Crestchic, Cielo, Veralia**); strong financials including **Bank of Ireland** and **BFF Bank**.

**Negative contributors:** underweight 'defensive' growth and tech (**Apple, LVMH**); individual stock disappointments (**Americanas**), smaller energy stocks weak (**Harbour, Southwestern**); US regional bank exposure though overall financials neutral (**Zions, Huntington**),

The country allocation was broadly neutral.

Looking at the component parts of the portfolio, the Investment Manager added to the large cap deeper value stocks where market uncertainty in March depressed valuations, including **Lloyds, Citi, Bank of America, Bank of Kyoto, Anglo American, First Quantum Citigroup**, and **South32 Anglo American, Eastern Chem, OMV, Pfizer, Barrick Gold** and **JP Morgan**, these also being inflation hedges that have become cheap again. As timing started to improve (stock specific) the Investment Manager added to classic recovery stocks including **Boohoo, Stanley Black & Decker, Spotify, Paypal, Smith & Nephew, Amadeus, Tune, MediaforEurope, Amazon, Deutsche Bank, Alphabet, Cemex, Mohawk, Nike, Kering** and **Dominos**, and bought initial positions in **Match, Wartsila, Aalberts, Saipem** and **Peloton**. The Investment Manager added to China stocks due to a combination of very modest valuations and improving economic support (**Meituan, Shangri-La Hotels, China Longyuan, Haitong, Alibaba**). The Investment Manager has slowly added to Real Estate stocks following their interest rate related de-rating, with big discounts to NAV available and stabilising bond yields likely to act as a catalyst for the sector to bottom-out (**Boston Properties, British Land, BXP** and **CapCo**); additionally, to de-rated Growth and Quality stocks such as **Alphabet, Moonpig, Intercontinental Exchange, Roche, Salesforce, Marvell Tech** and **Gresham House**.

Sales have included taking full profits where the Investment Manager's PVT thesis has been delivered, most notably the continued recipients of M&A activity (**Univar, Eucatex, Crestchic, Mediclinic, RPS**), earlier in the quarter taking some profits in mining and energy stocks following a strong run (**Antofagasta, BP, Devon, Schlumberger, Serica**), reducing or exiting into relative strength (**Bank of Ireland, Charles Schwab** (pre SVB), **Heidelberg, Richemont, Duolingo, Naspers, Coca-Cola Icecek, Knight-Swift, Mattel, Owens Corning, NKT, AGCO, Somero, Compass, Renewi, Beazley, Smart**), and re-focusing capital towards higher conviction ideas (**Logitech, Heijmans, Danone, Adidas, AT&T, Genting**).

### Outlook

Fear re-emerged in March (as in previous years coinciding with Cheltenham) as higher interest rates hit the banks in the US with the most naïve business models, which then spilled over into Europe forcing a shot-gun takeover of Credit Suisse by UBS. This fear caused certainty stocks to perform well and uncertainty stocks to stumble. This has set up yet another opportunity to find bargains in the UK and around the world. There are so many good companies on very low valuations in the Investment Manager's portfolios that it really is only a matter of time (and being patient) before a really strong period of absolute and relative performance emerges. This really is the only message that matters at the moment, be patient, keep picking up the really very obvious bargains and lots of wealth will be created.

River and Mercantile

March 2023

Investment Adviser to the sub-fund

Source: River and Mercantile Asset Management LLP, FactSet Analytics, FE Fundinfo. Sub-fund performance is calculated using midday published prices. Benchmark performance is calculated using close of business mid-market prices.

# ES River and Mercantile Global Recovery Fund

## Portfolio Statement as at 31 March 2023

Holding	Investment	Market Value £	% of Net Assets
<b>UNITED KINGDOM – 7.74% (2022 – 10.43%)</b>			
125,871	Allfunds	671,327	0.23
45,329	Anglo American	1,213,911	0.41
85,241	ASOS*	698,976	0.24
1,050,000	boohoo	624,750	0.21
80,840	BP	412,931	0.14
154,010	British Land	597,097	0.20
2,474,124	Capita	905,529	0.31
11,857	Capri	450,517	0.15
390,270	Centrica	413,881	0.14
791,850	Coats	583,593	0.20
966,978	Eckoh*	338,442	0.12
115,680	Farfetch	459,371	0.15
4,108,372	Filtronic*	482,734	0.16
168,730	Gresham House*	1,282,348	0.43
291,944	Harbour Energy	801,094	0.27
112,910	HSBC	618,873	0.21
249,815	Hunting	589,563	0.20
2,305,953	Lloyds Banking	1,099,363	0.37
31,040	Manchester United	556,056	0.19
440,600	Moonpig	543,260	0.18
269,221	NatWest	709,667	0.24
253,500	On the Beach	363,519	0.12
70,327	Prudential	775,004	0.26
804,549	Rangers International Football**	160,910	0.06
1,459,778	Restaurant	594,422	0.20
544,160	Rolls-Royce	810,907	0.27
671,043	Shaftesbury Capital	767,673	0.26
33,910	Shell	782,643	0.26
80,305	Smith & Nephew	901,022	0.30
102,323	Standard Chartered	628,468	0.21
1,059,420	Tullow Oil	334,141	0.11
15,482	Unilever	648,618	0.22
23,380	Weir	434,634	0.15
23,773	Whitbread	709,862	0.24
347,740	Wickes	479,881	0.16
2,700	Willis Towers Watson	507,354	0.17
<b>AUSTRALIA – 0.75% (2022 – 0.91%)</b>			
19,462	Rio Tinto	1,266,509	0.43
173,800	South32	411,906	0.14
77,123	Treasury Wine Estates	545,582	0.18
<b>AUSTRIA – 0.72% (2022 – 0.61%)</b>			
103,350	ams-OSRAM	647,613	0.22
23,280	OMV	863,412	0.29
27,667	RHI Magnesita	619,188	0.21

# ES River and Mercantile Global Recovery Fund

## Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	<b>BELGIUM – 0.44% (2022 – 0.66%)</b>		
39,400	Recticel	593,371	0.20
56,244	Titan Cement International	711,637	0.24
	<b>BRAZIL – 1.38% (2022 – 1.87%)</b>		
272,000	B3 - Brasil Bolsa Balcao	449,060	0.15
76,010	Banco do Brasil	474,070	0.16
807,390	Cielo	624,626	0.21
778,770	Clear Sale	694,410	0.23
83,860	Lojas Renner	221,518	0.08
725,531	Marisa Lojas	72,911	0.02
642,531	Profarma Distribuidora de Produtos Farmaceuticos	331,048	0.11
285,100	Qualicorp Consultoria e Corretora de Seguros	167,355	0.06
733,250	Sequoia Logistica e Transportes	238,604	0.08
606,030	Trisul	293,875	0.10
344,931	Valid Solucoes e Servicos de Seguranca em Meios de Pagamento e Identificacao	523,248	0.18
	<b>CANADA – 0.82% (2022 – 0.87%)</b>		
24,640	Barrick Gold	368,418	0.13
35,414	Canada Goose	541,998	0.18
26,890	First Quantum Minerals	497,835	0.17
36,436	IMAX	564,906	0.19
31,813	Sleep Country Canada	446,962	0.15
	<b>CHILE – 0.38% (2022 – 0.66%)</b>		
277,010	Falabella	518,287	0.17
135,949	Inversiones La Construccion	611,913	0.21
	<b>CHINA – 6.90% (2022 – 0.81%)</b>		
279,623	Alibaba	2,889,557	0.98
50,900	Anhui Conch Cement	142,641	0.05
79,076	Autohome	521,413	0.18
130,214	Baidu	1,993,581	0.67
870,450	Beijing Capital International Airport	517,460	0.17
29,080	Bilibili	568,055	0.19
262,320	Chanjet Information Technology	115,943	0.04
831,160	China Lesso	601,145	0.20
155,400	China Longyuan Power	143,455	0.05
138,110	China Merchants Bank	570,594	0.19
1,366,000	Country Garden	309,621	0.10
833,007	Fu Shou Yuan International	544,979	0.18
180,760	GDS	353,845	0.12
749,396	Greentown Service	382,958	0.13
1,253,750	Haitong	631,651	0.21
86,025	Hello	633,125	0.22
160,867	iQIYI	945,856	0.32
67,610	JD Health International	406,452	0.14
262,450	JD Logistics	381,262	0.13

# ES River and Mercantile Global Recovery Fund

## Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	<b>CHINA continued</b>		
41,482	JD.com	735,099	0.25
103,520	Kingsoft Cloud	744,303	0.25
51,644	Meituan	763,004	0.26
31,436	Noah	421,282	0.14
176,720	Ping An Healthcare and Technology	361,595	0.12
138,240	Ping An Insurance of China	727,088	0.25
556,000	Sunac China**	262,360	0.09
33,670	Tencent	1,338,329	0.45
175,407	Tencent Music Entertainment	1,173,210	0.40
19,270	Trip.com	582,505	0.20
6,531	Yum China	334,724	0.11
52,631	Yunnan Baiyao	339,053	0.11
	<b>COLOMBIA – 0.32% (2022 – 0.60%)</b>		
576,159	Bolsa de Valores de Colombia	950,097	0.32
	<b>CYPRUS – 0.00% (2022 – 0.12%)</b>		
	<b>DENMARK – 0.59% (2022 – 0.84%)</b>		
68	AP Moller - Maersk	99,981	0.03
516,137	Bang & Olufsen	591,763	0.20
18,654	FLSmidth &	577,148	0.20
1,810	Orsted	124,427	0.04
1,830	ROCKWOOL	362,210	0.12
	<b>FINLAND – 0.65% (2022 – 0.26%)</b>		
4,200	Kone	177,248	0.06
48,890	Metso Outotec	432,797	0.15
165,107	Nokia	655,873	0.22
8,500	Valmet	223,087	0.08
55,900	Wartsila	426,826	0.14
	<b>FRANCE – 4.56% (2022 – 5.74%)</b>		
4,900	Accor	129,033	0.04
5,650	Airbus	612,013	0.21
51,555	Atos	514,599	0.17
26,699	BNP Paribas	1,295,186	0.44
27,859	Cegedim	460,196	0.15
1,401,006	CGG	875,736	0.30
14,154	Cie de Saint-Gobain	650,679	0.22
37,081	Criteo	943,482	0.32
41,252	Elis	639,024	0.22
2,845	EssilorLuxottica	414,964	0.14
5,850	Eurazeo	336,423	0.11
19,730	Fnac Darty	589,074	0.20
14,630	Imerys	511,619	0.17
1,570	Kering	827,695	0.28
163,218	Kerlink SACA	137,676	0.05

# ES River and Mercantile Global Recovery Fund

## Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	<b>FRANCE continued</b>		
17,342	SCOR	318,772	0.11
9,140	Societe BIC	466,597	0.16
50,692	Societe Generale	925,560	0.31
252,707	Solocal	98,365	0.03
82,360	Television Francaise 1	587,976	0.20
15,599	TotalEnergies	745,068	0.25
16,090	Veolia Environnement	401,508	0.14
14,055	Verallia	485,336	0.16
22,429	Vicat	544,910	0.18
	<b>GERMANY – 4.86% (2022 – 4.95%)</b>		
65,874	Aumann	873,998	0.30
17,954	BASF	763,372	0.26
14,070	Bayer	725,691	0.25
297,065	CECONOMY	652,546	0.22
12,384	Continental	751,897	0.25
17,710	Daimler Truck	483,248	0.16
18,540	Delivery Hero	509,561	0.17
9,055	Fraport Frankfurt Airport Services Worldwide	368,851	0.12
28,817	Fresenius &	630,222	0.21
13,781	HeidelbergCement	816,858	0.28
21,310	HelloFresh	412,307	0.14
10,178	Henkel	599,179	0.20
28,154	Infineon Technologies	932,612	0.31
19,200	KION	602,436	0.20
12,770	Porsche Automobil pref.	594,235	0.20
71,636	ProSiebenSat.1 Media	589,529	0.20
6,490	SAP	662,401	0.22
5,863	Siemens	769,026	0.26
32,174	Siemens Energy	570,487	0.19
31,830	TeamViewer	437,834	0.15
133,225	thyssenkrupp	774,931	0.26
2,788	Vitesco Technologies	163,027	0.06
6,628	Volkswagen pref.	731,695	0.25
	<b>GREECE – 0.73% (2022 – 0.70%)</b>		
686,415	Eurobank Ergasias	734,605	0.25
124,003	Fourlis	385,705	0.13
92,660	Hellenic Exchanges - Athens Stock Exchange	317,931	0.11
16,005	JUMBO	273,945	0.09
26,386	Piraeus Port Authority	440,037	0.15
	<b>HONG KONG – 2.31% (2022 – 6.21%)</b>		
817,780	Alibaba Health Information Technology	477,724	0.16
200,360	BOC Hong Kong	504,716	0.17
1,322,940	China Everbright Environment	459,333	0.16
874,000	China Overseas Grand Oceans	308,861	0.10
377,757	Chow Sang Sang International	419,555	0.14

# ES River and Mercantile Global Recovery Fund

## Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	<b>HONG KONG continued</b>		
112,550	CK Hutchison	564,718	0.19
442,350	Geely Automobile	460,304	0.16
3,443,711	Hi Sun Technology China	280,292	0.09
9,250	Hong Kong Exchanges & Clearing	331,840	0.11
170,670	Hongkong Land	603,201	0.21
2,783,386	Hutchison Port Trust	420,958	0.14
1,139,620	Shangri-La Asia	861,814	0.29
686,677	Swire Pacific	682,712	0.23
1,786,584	Value Partners	460,173	0.16
	<b>INDIA – 0.20% (2022 – 0.29%)</b>		
11,061	HDFC Bank	596,146	0.20
	<b>INDONESIA – 0.45% (2022 – 0.89%)</b>		
28,641,460	Bukalapak.com	380,033	0.13
18,023,760	Mega Manunggal Property	453,026	0.15
6,505,985	Nippon Indosari Corpindo	508,830	0.17
	<b>IRELAND – 0.76% (2022 – 0.39%)</b>		
152,850	Bank of Ireland	1,252,239	0.42
500,600	Cairn Homes	450,039	0.15
3,780	Flutter Entertainment	553,014	0.19
	<b>ISRAEL – 0.13% (2022 – 0.00%)</b>		
177,833	Tremor International*	372,027	0.13
	<b>ITALY – 3.82% (2022 – 4.93%)</b>		
29,650	Alkemy	336,073	0.11
118,491	Almawave	461,221	0.16
159,197	Anima	523,709	0.18
211,700	Banca Monte dei Paschi di Siena	373,047	0.13
62,040	BFF Bank	498,784	0.17
65,160	Danieli & C Officine Meccaniche	1,046,591	0.35
37,041	Datalogic	250,932	0.08
67,643	Eni	767,068	0.26
51,813	FinecoBank Banca Fineco	643,736	0.22
22,320	Gruppo MutuiOnline	510,295	0.17
558,448	Intesa Sanpaolo	1,161,695	0.39
7,700	Italmobiliare	174,892	0.06
93,040	Iveco	713,271	0.24
76,665	Mediobanca Banca di Credito Finanziario	623,909	0.21
2,845,051	MFE-MediaForEurope A	1,059,926	0.36
513,961	MFE-MediaForEurope B	284,054	0.10
81,040	Nexi	532,054	0.18
52,510	PRADA	300,797	0.10
300,900	Saipem	365,120	0.12
76,876	Seco	307,207	0.10

# ES River and Mercantile Global Recovery Fund

## Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	<b>ITALY continued</b>		
20,549	SIT	84,139	0.03
17,053	Tinexta	299,975	0.10
	<b>JAPAN – 6.55% (2022 – 6.82%)</b>		
67,770	Anritsu	502,430	0.17
34,040	Bank of Kyoto	1,290,780	0.44
125,450	BASE	207,356	0.07
62,750	Coca-Cola Bottlers Japan	550,629	0.19
38,070	Dai-ichi Life	562,285	0.19
41,500	DeNA	455,201	0.15
30,150	Denyo	310,736	0.10
12,710	Dowa	327,484	0.11
10,950	FANUC	316,671	0.11
13,128	Fukuda Denshi	339,051	0.11
22,520	GMO internet	350,885	0.12
122,670	Japan Post	802,473	0.27
114,650	Kitz	645,850	0.22
13,680	Komatsu	272,255	0.09
7,990	Kyocera	334,100	0.11
55,030	Mitsubishi Estate	526,526	0.18
25,840	MS&AD Insurance	644,276	0.22
70,100	Nikon	576,360	0.19
45,000	Nippon Paint	337,721	0.11
5,590	Nitto Denko	289,421	0.10
194,940	Nomura	603,327	0.20
14,608	Okamoto Industries	351,975	0.12
22,800	Pola Orbis	238,448	0.08
125,510	Rakuten	467,538	0.16
106,610	Sansei Technologies	523,465	0.18
2,800	SCREEN	197,886	0.07
61,980	Seino	549,522	0.18
8,090	Sony	587,728	0.20
32,940	Sumitomo Mitsui Financial	1,060,107	0.36
19,200	Tachi-S	139,894	0.05
76,040	Tadano	481,491	0.16
43,821	Taiheiyo Cement	660,940	0.22
19,370	TOPPAN	313,575	0.11
51,050	Tosei	455,717	0.15
7,909	Toyota Industries	352,773	0.12
31,820	Toyota Motor	363,430	0.12
9,710	Trend Micro Inc/Japan	381,180	0.13
72,880	Tsubaki Nakashima	422,508	0.14
21,693	Tsubakimoto Chain	423,158	0.14
16,740	Tsumura &	267,439	0.09
75,970	Vital KSK	412,260	0.14
235,111	Z	532,489	0.18

# ES River and Mercantile Global Recovery Fund

## Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
<b>LUXEMBOURG – 0.14% (2022 – 0.00%)</b>			
146,600	Aroundtown	175,441	0.06
21,705	Tenaris	249,833	0.08
<b>MACAU – 0.38% (2022 – 0.00%)</b>			
1,416,880	Wynn Macau	1,129,878	0.38
<b>MALAYSIA – 0.99% (2022 – 1.30%)</b>			
510,620	CIMB	496,038	0.17
165,400	Genting	141,274	0.05
1,320,840	Sime Darby	518,091	0.17
6,776,240	Sime Darby Property	596,172	0.20
15,904,030	Tune Protect	1,180,603	0.40
<b>MEXICO – 0.84% (2022 – 0.68%)</b>			
264,820	Bolsa Mexicana de Valores	456,445	0.15
330,342	Cemex	1,474,777	0.50
3,318,539	Consortio ARA	566,337	0.19
<b>NETHERLANDS – 2.34% (2022 – 2.03%)</b>			
7,490	Aalberts	285,556	0.10
3,200	BE Semiconductor Industries	225,161	0.08
5,940	EXOR	395,722	0.13
39,701	Fugro	406,394	0.14
111,956	ING Groep	1,074,998	0.36
52,866	Kendrion	720,921	0.24
2,540	Koninklijke DSM	242,484	0.08
39,123	Koninklijke Philips	578,749	0.20
2,390	NXP Semiconductors	360,399	0.12
11,804	Prosus	746,138	0.25
9,000	Shop Apotheke Europe	659,995	0.22
21,916	Stellantis	321,933	0.11
22,024	Universal Music	450,988	0.15
18,718	Van Lanschot Kempen	462,975	0.16
<b>NORWAY – 0.49% (2022 – 0.27%)</b>			
348,377	Aker Carbon Capture	394,394	0.13
290,720	Kahoot!	537,909	0.18
38,320	Schibsted	522,888	0.18
<b>PHILIPPINES – 0.10% (2022 – 0.07%)</b>			
4,639,541	Cosco Capital	282,294	0.10
<b>POLAND – 0.13% (2022 – 0.11%)</b>			
19,640	Wirtualna Polska	372,396	0.13
<b>PORTUGAL – 0.19% (2022 – 0.68%)</b>			
62,342	Galp Energia SGPS	572,696	0.19



# ES River and Mercantile Global Recovery Fund

## Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	<b>RUSSIA – 0.00% (2022 – 0.00%)</b>		
118,801	VK**	-	0.00
	<b>SINGAPORE – 1.24% (2022 – 1.44%)</b>		
22,200	DBS	445,634	0.15
470,020	Fraser and Neave	308,781	0.10
862,330	Genting Singapore	582,248	0.20
174,040	Grab	422,273	0.14
25,650	Jardine Cycle & Carriage	488,051	0.16
173,406	SATS	294,293	0.10
56,010	SATS rights 01/04/2023**	10,221	0.00
10,810	Sea	756,600	0.26
411,840	Wing Tai	373,273	0.13
	<b>SOUTH AFRICA – 0.55% (2022 – 1.10%)</b>		
61,558	Absa	510,080	0.17
64,334	MultiChoice	361,703	0.12
1,046	Naspers	157,010	0.05
4,617,702	PPC	614,634	0.21
	<b>SOUTH KOREA – 1.90% (2022 – 1.26%)</b>		
8,062	CJ	521,883	0.18
5,044	CJ ENM	269,172	0.09
47,454	Hecto Innovation	384,721	0.13
2,722	Hyundai Glovis	268,028	0.09
3,230	Hyundai Mobis	433,430	0.15
6,637	Hyundai Motor pref.	395,002	0.13
8,839	LG pref.	336,060	0.11
1,550	LG Chem	685,605	0.23
1,250	LG Household & Health Care	465,933	0.16
6,500	Neowiz	161,524	0.05
26,533	Samsung Electronics	1,053,294	0.36
13,050	Samsung Life Insurance	509,135	0.17
2,690	SK Hynix	147,897	0.05
	<b>SPAIN – 2.19% (2022 – 3.17%)</b>		
63,250	Acerinox	526,518	0.18
9,660	Amadeus IT	522,511	0.18
134,221	Applus Services	848,537	0.28
126,433	Banco Bilbao Vizcaya Argentaria	729,981	0.25
324,220	Banco Santander	975,993	0.33
94,570	Bankinter	434,086	0.15
63,426	Iberdrola	639,777	0.21
22,974	Industria de Diseno Textil	623,554	0.21
68,413	Neinor Homes	544,611	0.18
52,430	Repsol	653,245	0.22
	<b>SWEDEN – 0.93% (2022 – 0.61%)</b>		
43,832	SKF	697,404	0.24

# ES River and Mercantile Global Recovery Fund

## Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	<b>SWEDEN continued</b>		
11,818	Spotify Technology	1,277,046	0.43
17,310	Viaplay	358,717	0.12
24,957	Volvo	416,649	0.14
	<b>SWITZERLAND – 3.01% (2022 – 2.36%)</b>		
13,465	ABB	373,832	0.13
24,361	Adecco	714,730	0.24
292,887	Aryzta	401,649	0.13
3,603	Cie Financiere Richemont	465,387	0.16
28,861	Cie Financiere Richemont Warrants 22/11/2023	29,128	0.01
1,383	dormakaba	477,509	0.16
23,729	Dufry	852,904	0.29
764,620	GAM	373,662	0.13
1,900	Garmin	155,033	0.05
7,980	Landis+Gyr	494,533	0.17
581,050	Meyer Burger Technology	330,507	0.11
8,215	Roche	1,897,476	0.64
1,300	Sensirion	115,090	0.04
810	Sika	183,147	0.06
4,470	STMicroelectronics	192,276	0.06
3,002	Swatch AG/The	832,656	0.28
60,675	UBS	1,035,915	0.35
	<b>TAIWAN – 0.89% (2022 – 0.52%)</b>		
214,671	ASE Technology	641,502	0.22
116,501	Gourmet Master	447,167	0.15
40,760	Taiwan Semiconductor Manufacturing	577,076	0.19
70,196	Yageo	984,505	0.33
	<b>THAILAND – 0.29% (2022 – 0.28%)</b>		
243,200	Bangkok Bank	871,439	0.29
	<b>TURKEY – 0.00% (2022 – 0.14%)</b>		
	<b>UNITED STATES OF AMERICA – 38.38% (2022 – 34.72%)</b>		
93,080	2U	514,915	0.17
7,158	3M	608,266	0.21
10,090	Advanced Micro Devices	799,807	0.27
2,351	Affiliated Managers	270,571	0.09
4,410	Airbnb	443,550	0.15
61,850	Alphabet	5,185,306	1.75
56,040	Amazon.com	4,680,991	1.58
3,470	American Express	462,835	0.16
13,543	Applied Materials	1,345,373	0.45
19,750	Artisan Partners Asset Management	510,662	0.17
15,788	Avnet	577,150	0.19
26,996	Axalta Coating Systems	661,118	0.22
42,145	Baker Hughes	983,366	0.33

# ES River and Mercantile Global Recovery Fund

## Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
<b>UNITED STATES OF AMERICA continued</b>			
3,300	Ball	147,031	0.05
57,809	Bank of America	1,335,762	0.45
13,480	Bath & Body Works	398,802	0.13
1,293	Berkshire Hathaway	322,327	0.11
20,464	Beyond Meat	268,285	0.09
2,540	BILL	166,642	0.06
290	BlackRock	156,808	0.05
34,240	Bloomin' Brands	709,751	0.24
151,065	Blue Apron	82,249	0.03
4,122	Boeing	707,919	0.24
367	Booking	787,810	0.27
1,700	Boot Barn	105,290	0.04
17,126	BorgWarner	680,081	0.23
11,060	Boston Properties	483,744	0.16
10,689	Bristol-Myers Squibb	599,092	0.20
2,330	CBRE	137,149	0.05
20,570	Charles Schwab	871,079	0.29
14,270	Cheesecake Factory	404,285	0.14
46,210	Chegg	609,182	0.21
16,358	Cisco Systems	691,522	0.23
61,995	Citigroup	2,349,538	0.79
36,719	Citizens Financial	901,604	0.30
13,484	Coca-Cola	676,354	0.23
6,000	CubeSmart	224,190	0.08
31,862	Delta Air Lines	899,594	0.30
18,896	Devon Energy	773,293	0.26
14,790	DocuSign	697,365	0.24
2,420	Domino's Pizza	645,607	0.22
8,022	DR Horton	633,676	0.21
53,270	DraftKings	834,087	0.28
3,160	Duolingo	364,290	0.12
16,094	East West Bancorp	722,014	0.24
11,773	Eastman Chemical	802,672	0.27
22,713	eBay	814,872	0.28
2,600	Ecolab	348,055	0.12
1,640	Estee Lauder Cos	326,780	0.11
4,283	FedEx	790,924	0.27
5,900	Fidelity National Information Services	259,152	0.09
10,029	Fiserv	916,800	0.31
23,900	Fluor	597,089	0.20
6,300	Fortive	347,240	0.12
520,271	GAN	542,804	0.18
6,850	GE HealthCare Technologies	454,451	0.15
7,822	General Electric	604,656	0.20
25,025	General Motors	741,774	0.25
10,165	Gilead Sciences	682,024	0.23
7,540	Global Payments	641,277	0.22

# ES River and Mercantile Global Recovery Fund

## Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
<b>UNITED STATES OF AMERICA continued</b>			
8,491	H&R Block	241,933	0.08
19,932	Harley-Davidson	611,767	0.21
42,400	Hayward	401,556	0.14
5,730	Henry Schein	377,783	0.13
2,010	Home Depot	479,688	0.16
118,750	Huntington Bancshares Inc/OH	1,073,739	0.36
28,114	Intel	742,385	0.25
5,500	Intercontinental Exchange	463,816	0.16
4,438	International Business Machines	470,415	0.16
16,506	Johnson Controls International	803,373	0.27
1,160	Jones Lang LaSalle	136,429	0.05
13,363	JPMorgan Chase &	1,407,900	0.48
7,200	KKR &	305,772	0.10
16,313	Kraft Heinz	509,926	0.17
49,253	Kyndryl	587,156	0.20
28,319	Las Vegas Sands	1,315,117	0.44
3,440	Lincoln Electric	470,435	0.16
2,500	Live Nation Entertainment	141,615	0.05
165,870	LL Flooring	508,429	0.17
3,070	Malibu Boats	139,987	0.05
59,820	Marathon Oil	1,158,712	0.39
18,930	Marvell Technology	662,768	0.22
19,900	Match	617,866	0.21
2,145	McKesson	617,521	0.21
23,049	Meta Platforms	3,949,899	1.33
17,010	Micron Technology	829,967	0.28
3,230	Microsoft	752,922	0.25
11,565	Mohawk Industries	937,397	0.32
12,804	Mosaic	474,901	0.16
3,106	Neogen	46,498	0.02
3,390	Netflix	947,155	0.32
9,560	NIKE	947,766	0.32
58,276	NOV	871,937	0.29
2,000	Nucor	249,780	0.08
4,760	NVIDIA	1,069,263	0.36
4,900	Okta	341,567	0.12
14,752	Omnicom	1,125,325	0.38
6,689	Oracle	502,520	0.17
7,669	Owens Corning	594,379	0.20
27,202	Paramount Global	490,602	0.17
3,652	Parker-Hannifin	992,740	0.34
45,514	PayPal	2,794,632	0.94
36,510	Peloton Interactive	334,848	0.11
29,990	Penn Entertainment	719,644	0.24
56,662	Pfizer	1,868,799	0.63
37,240	Pinterest	821,331	0.28
5,590	PPG Industries	603,600	0.20

# ES River and Mercantile Global Recovery Fund

## Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
<b>UNITED STATES OF AMERICA continued</b>			
6,030	QUALCOMM	622,142	0.21
10,670	Raytheon Technologies	844,660	0.29
44,124	RE/MAX	669,470	0.23
234,670	RealReal	237,242	0.08
54,863	Resideo Technologies	810,222	0.27
9,170	ROBLOX	333,589	0.11
1,700	Roku	90,482	0.03
40,069	Sabre	138,700	0.05
2,920	Salesforce	471,824	0.16
2,090	Shake Shack	93,796	0.03
60,540	Snap	548,383	0.19
324,454	Somero Enterprises*	1,200,480	0.40
22,656	Southwest Airlines	596,244	0.20
264,220	Southwestern Energy	1,066,325	0.36
25,601	Spirit AeroSystems	714,745	0.24
14,280	Splunk	1,107,568	0.37
12,469	Sprouts Farmers Market	353,059	0.12
9,120	Stanley Black & Decker	594,133	0.20
10,866	Starbucks	915,101	0.31
29,862	State Street	1,826,329	0.62
17,832	Stericycle	628,796	0.21
8,797	Take-Two Interactive Software	848,715	0.29
1,200	Target	160,641	0.05
33,760	Topgolf Callaway Brands	590,039	0.20
32,269	TripAdvisor	518,308	0.18
4,970	Twilio	267,824	0.09
41,852	Uber Technologies	1,072,660	0.36
67,020	Upland Software	233,075	0.08
77,515	Viatis	602,466	0.20
23,823	Victoria's Secret &	657,784	0.22
193,180	Vimeo	596,828	0.20
5,730	Walgreens Boots Alliance	160,206	0.05
4,633	Walmart	552,273	0.19
23,884	Walt Disney	1,933,011	0.65
49,355	Warner Bros Discovery	602,343	0.20
2,180	Waters	545,542	0.18
23,399	Wayfair	649,483	0.22
65,259	Wells Fargo &	1,970,780	0.66
60,801	Western Union	547,797	0.18
27,951	Westrock	688,348	0.23
30,960	Weyerhaeuser	754,438	0.25
4,980	Whirlpool	531,571	0.18
17,180	Zillow	606,917	0.20
9,810	Zimmer Biomet	1,024,042	0.35
26,407	Zions Bancorp NA	639,218	0.22
4,690	Zoom Video Communications	280,046	0.09

# ES River and Mercantile Global Recovery Fund

## Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	<b>UNITED STATES OF AMERICA continued</b>		
188,530	Fidelity China Special Situations	466,612	0.16
33,992	Rockwood Strategic	611,856	0.21
	<b>FORWARD CURRENCY CONTRACTS – (0.13%) (2022 – 0.04%)</b>		
US\$16,456,667	Forward Currency Contract 20/06/2023: US dollar 16,456,667 vs Euro 15,504,000	(373,816)	(0.13)
	<b>Portfolio of investments***</b>	<b>296,208,127</b>	<b>99.91</b>
	<b>Net other assets</b>	<b>258,096</b>	<b>0.09</b>
	<b>Net assets</b>	<b>296,466,223</b>	<b>100.00</b>

The Portfolio Statement categories have been re-aligned in the current period resulting in mismatch to prior year accounts, this does not have any impact on the Financial Statements.

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 2022.

\*Security listed in AIM.

\*\*Delisted/Defaulted/Suspended security.

\*\*\*Includes investment liabilities.

# ES River and Mercantile Global Recovery Fund

## Comparative table

For the year ending:	31/03/2023	31/03/2022	31/03/2021
B-Class Distribution shares	pence per share	pence per share	pence per share
<b>Change in net assets per share</b>			
Opening net asset value per share	612.40	611.86	378.17
Return before operating charges*	22.45	11.76	241.57
Operating charges	(6.90)	(7.04)	(5.94)
Return after operating charges	15.55	4.72	235.63
Distributions	(7.26)	(4.18)	(1.94)
<b>Closing net asset value per share</b>	<b>620.69</b>	<b>612.40</b>	<b>611.86</b>
*After direct transaction costs of	(0.52)	(0.70)	(0.74)
<b>Performance</b>			
Return after charges	2.54%	0.77%	62.31%
<b>Other information</b>			
Closing net asset value (£)	79,145,683	110,391,526	170,291,041
Closing number of shares	12,751,220	18,025,943	27,831,914
Operating charges**	1.15%	1.12%	1.19%
Direct transaction costs	0.09%	0.11%	0.15%
<b>Prices</b>			
Highest share price	673.62	661.49	624.28
Lowest share price	547.30	565.13	365.71

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

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

# ES River and Mercantile Global Recovery Fund

## Comparative table continued

For the year ending:	31/03/2023	31/03/2022	31/03/2021
S-Class Distribution shares	pence per share	pence per share	pence per share
<b>Change in net assets per share</b>			
Opening net asset value per share	284.32	284.07	175.51
Return before operating charges*	10.44	5.45	112.21
Operating charges	(2.51)	(2.51)	(2.18)
Return after operating charges	7.93	2.94	110.03
Distributions	(4.08)	(2.69)	(1.47)
<b>Closing net asset value per share</b>	<b>288.17</b>	<b>284.32</b>	<b>284.07</b>
*After direct transaction costs of	(0.24)	(0.33)	(0.35)
<b>Performance</b>			
Return after charges	2.79%	1.04%	62.69%
<b>Other information</b>			
Closing net asset value (£)	211,330,649	263,478,059	189,284,348
Closing number of shares	73,336,516	92,669,078	66,632,338
Operating charges**	0.90%	0.86%	0.94%
Direct transaction costs	0.09%	0.11%	0.15%
<b>Prices</b>			
Highest share price	313.00	307.21	290.12
Lowest share price	254.11	262.67	169.73

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

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



# ES River and Mercantile Global Recovery Fund

## Comparative table continued

For the year ending:	31/03/2023	31/03/2022	31/03/2021
Z-Class Accumulation shares	pence per share	pence per share	pence per share
<b>Change in net assets per share</b>			
Opening net asset value per share	1,428.85	1,403.82	855.41
Return before operating charges*	54.98	26.77	550.57
Operating charges	(2.12)	(1.74)	(2.16)
Return after operating charges	52.86	25.03	548.41
Distributions	(31.22)	(24.25)	(15.69)
Retained distributions on accumulation shares	31.22	24.25	15.69
<b>Closing net asset value per share</b>	<b>1,481.71</b>	<b>1,428.85</b>	<b>1,403.82</b>
*After direct transaction costs of	(1.22)	(1.62)	(1.69)
<b>Performance</b>			
Return after charges	3.70%	1.78%	64.11%
<b>Other information</b>			
Closing net asset value (£)	5,989,891	19,417,140	27,629,480
Closing number of shares	404,256	1,358,931	1,968,164
Operating charges**	0.15%	0.12%	0.19%
Direct transaction costs	0.09%	0.11%	0.15%
<b>Prices</b>			
Highest share price	1,602.58	1,534.37	1,431.40
Lowest share price	1,298.20	1,315.02	827.31

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

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

# ES River and Mercantile Global Recovery Fund

## Synthetic Risk Reward Indicator (SRRI)



Typically Lower Rewards

Typically Higher Rewards



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

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

## Summary of Largest Portfolio Changes

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

<b>Purchases</b>	<b>£</b>	<b>Sales</b>	<b>£</b>
Alphabet	3,706,485	Enerplus	2,570,999
Amazon.com	3,608,492	Tenaris	2,275,690
PayPal	2,683,922	Naspers	2,119,018
Meta Platforms	2,154,192	PayPal	1,976,842
Roche	1,719,704	Cielo	1,910,143
Alibaba	1,179,848	Subsea 7	1,879,860
Southwestern Energy	1,148,756	DR Horton	1,865,829
OMV	1,119,861	Crestchic	1,834,149
Splunk	1,053,383	Marriott International Inc/MD	1,771,933
Penn Entertainment	1,044,291	Grupo de Inversiones Suramericana	1,667,847

# ES River and Mercantile Global Recovery Fund

## Statement of Total Return for the year ended 31 March 2023

	Notes	1 April 2022 to 31 March 2023		1 April 2021 to 31 March 2022	
		£	£	£	£
Income					
Net capital (losses)/gains	2		(731,616)		2,036,719
Revenue	3	9,448,821		7,349,502	
Expenses	4	(3,010,788)		(3,218,838)	
Interest payable and similar charges	6	(10,109)		(6,724)	
Net revenue before taxation for the year		6,427,924		4,123,940	
Taxation	5	(1,386,036)		(810,054)	
Net revenue after taxation for the year			5,041,888		3,313,886
Total return before distributions			4,310,272		5,350,605
Distributions	7		(5,059,402)		(3,335,481)
<b>Change in net assets attributable to Shareholders from investment activities</b>			<b>(749,130)</b>		<b>2,015,124</b>

## Statement of Change in Net Assets attributable to Shareholders for the year ended 31 March 2023

		1 April 2022 to 31 March 2023		1 April 2021 to 31 March 2022	
		£	£	£	£
Opening net assets attributable to Shareholders			393,286,725		387,204,869
Amounts received on creation of shares	35,659,186			103,724,190	
Amounts paid on cancellation of shares	(131,884,732)			(18,839,461)	
In specie transfer	—			(81,330,138)	
			(96,225,546)		3,554,591
Dilution adjustment			25,503		180,732
Change in net assets attributable to Shareholders from investment activities			(749,130)		2,015,124
Retained distributions on accumulation shares			128,644		331,409
Unclaimed distributions over 6 years old			27		—
<b>Closing net assets attributable to Shareholders</b>			<b>296,466,223</b>		<b>393,286,725</b>

# ES River and Mercantile Global Recovery Fund

## Balance Sheet as at 31 March 2023

	Notes	31 March 2023		31 March 2022	
		£	£	£	£
<b>ASSETS</b>					
Fixed assets					
Investments			296,581,943		394,588,256
Current assets					
Debtors	8	1,647,722		2,300,016	
Cash and bank balances		1,286,312		383,855	
<b>Total other assets</b>			<b>2,934,034</b>		<b>2,683,871</b>
<b>Total assets</b>			<b>299,515,977</b>		<b>397,272,127</b>
<b>LIABILITIES</b>					
Investment liabilities			(373,816)		(277,281)
Creditors					
Bank overdrafts		—		(543,314)	
Distribution payable		(801,519)		(1,107,953)	
Other creditors	9	(1,874,419)		(2,056,854)	
<b>Total other liabilities</b>			<b>(2,675,938)</b>		<b>(3,708,121)</b>
<b>Total liabilities</b>			<b>(3,049,754)</b>		<b>(3,985,402)</b>
<b>Net assets attributable to Shareholders</b>			<b>296,466,223</b>		<b>393,286,725</b>

# ES River and Mercantile Global Recovery Fund

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## Notes to the Financial Statements

### 1 Accounting policies

The accounting policies for the sub-fund are set out on pages 7 to 8.

### 2 Net capital (losses)/gains

	31 March 2023 £	31 March 2022 £
The net capital (losses)/gains during the year comprise:		
Non-derivative securities	(2,478,251)	540,493
Derivative securities	(9,863)	20,408
Forward currency contracts	2,014,479	1,667,245
Currency losses	(127,611)	(129,773)
Custodial transaction fees	(158,865)	(88,057)
US REIT gains	28,495	26,403
Net capital (losses)/gains	<u>(731,616)</u>	<u>2,036,719</u>

### 3 Revenue

	31 March 2023 £	31 March 2022 £
Bank interest	17,826	7
Franked distributions from authorised funds	18,841	—
Non-taxable overseas dividends	8,095,214	6,459,046
Non-US overseas REIT dividends	5,057	—
Stock dividends	119,804	8,677
Taxable overseas dividends	320,493	302,158
UK dividends	809,633	567,117
UK REIT dividends	38,742	1,182
US REIT dividends	23,211	11,315
	<u>9,448,821</u>	<u>7,349,502</u>

# ES River and Mercantile Global Recovery Fund

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## Notes to the Financial Statements continued

### 4 Expenses

	31 March 2023 £	31 March 2022 £
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
ACD's periodic charge	<u>2,664,745</u>	<u>2,894,222</u>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fees	48,437	53,296
Safe custody fees	<u>83,416</u>	<u>103,133</u>
	<u>131,853</u>	<u>156,429</u>
Other expenses:		
Audit fee*	14,724	13,381
Fund accounting fees	75,967	81,667
Legal and professional fees	301	(309)
Registration fees	1,066	3,280
Transfer agency fees	88,418	33,040
Other fees	<u>33,714</u>	<u>37,128</u>
	<u>214,190</u>	<u>168,187</u>
Total expenses	<u><u>3,010,788</u></u>	<u><u>3,218,838</u></u>

\*Total audit fees of £13,467 (2022 - £11,710) exclusive of VAT.

# ES River and Mercantile Global Recovery Fund

## Notes to the Financial Statements continued

### 5 Taxation

	31 March 2023 £	31 March 2022 £
<b>a) Analysis of taxation charge in year</b>		
Overseas tax	<u>1,386,036</u>	<u>810,054</u>
Total taxation	<u>1,386,036</u>	<u>810,054</u>

### b) Factors affecting taxation charge for the year

The tax assessed for the year is higher (2022: lower) than the standard rate of corporation tax in the UK for an Open Ended Investment Company with variable capital (20%) (2022: 20%). The difference is explained below:

Net revenue before taxation for the year	<u>6,427,924</u>	<u>4,123,940</u>
Return on ordinary activities before taxation at the applicable rate of Corporation tax in the UK of 20% (2022: 20%)	1,285,585	824,788
Effects of:		
Capitalised income subject to tax	4,334	5,281
Movement in tax losses	530,934	588,992
Overseas tax	1,386,036	810,054
Relief on overseas tax expensed	(11,143)	(12,093)
Revenue not subject to tax	<u>(1,809,710)</u>	<u>(1,406,968)</u>
Total taxation	<u>1,386,036</u>	<u>810,054</u>

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

### c) Provision for deferred tax

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

At the year end there is a potential deferred tax asset of £5,445,358 (£4,914,424 as at 31 March 2022) due to tax losses. It is unlikely the sub-fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised (same as at 31 March 2022).

### 6 Interest payable and similar charges

	31 March 2023 £	31 March 2022 £
Interest	<u>10,109</u>	<u>6,724</u>
	<u>10,109</u>	<u>6,724</u>

# ES River and Mercantile Global Recovery Fund

## Notes to the Financial Statements continued

### 7 Distributions

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

	31 March 2023 £	31 March 2022 £
Interim	3,572,414	1,989,944
Final	<u>841,821</u>	<u>1,246,165</u>
	4,414,235	3,236,109
Add: revenue deducted on cancellation of shares	761,335	67,520
Deduct: revenue received on creation of shares	(116,168)	(178,705)
Equalisation on In Specie	<u>—</u>	<u>210,557</u>
Distributions for the year	<u>5,059,402</u>	<u>3,335,481</u>
Reconciliation between net revenue after taxation for the year and the distributions:		
Net revenue after taxation for the year	5,041,888	3,313,886
Equalisation on conversions	255	3,524
Expenses transferred to capital	<u>17,259</u>	<u>18,071</u>
Distributions for the year	<u>5,059,402</u>	<u>3,335,481</u>

### 8 Debtors

	31 March 2023 £	31 March 2022 £
Accrued revenue	708,977	529,744
Amounts receivable for issue of shares	457,220	497,630
Foreign currency contracts awaiting settlement	44,246	532,529
Overseas tax recoverable	290,170	565,128
Sales awaiting settlement	<u>147,109</u>	<u>174,985</u>
	<u>1,647,722</u>	<u>2,300,016</u>

### 9 Other creditors

	31 March 2023 £	31 March 2022 £
<b>a) Distribution payable</b>		
Distribution payable	<u>801,519</u>	<u>1,107,953</u>
Total distribution payable	<u>801,519</u>	<u>1,107,953</u>
<b>b) Other creditors</b>		
Accrued expenses	402,750	449,416
Amounts payable for cancellation of shares	1,427,485	821,840
Foreign currency contracts awaiting settlement	44,184	532,371
Purchases awaiting settlement	<u>—</u>	<u>253,227</u>
	<u>1,874,419</u>	<u>2,056,854</u>



# ES River and Mercantile Global Recovery Fund

## Notes to the Financial Statements continued

### 10 Contingent liabilities and outstanding commitments

There were no commitments or contingent liabilities at the balance sheet date (31 March 2022: same).

### 11 Related party transactions

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

Amounts paid to Equity Trustees Fund Services Ltd in respect of the ACD, associates of the ACD and agents of either of them are disclosed in note 4. The balance outstanding as at the year end was £214,147 (£255,002 as at 31 March 2022).

Equity Trustees Fund Services Limited, as the sub-fund's ACD, wishes to disclose to the sub-fund's Shareholders that 26.90% of the sub-fund's shares in issue are under the control of a Corporate Client and 33.84% of the sub-fund's shares in issue are under the control of a nominee and its related parties.

### 12 Financial instruments

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

#### a) Credit risk

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

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

At 31 March 2023, the sub-fund held non exchange traded derivatives in the form of forward currency contracts.

The counterparty exposure is shown below:

<b>Counterparty Details of OTC Financial Derivative Transactions</b>	<b>Forwards Assets £</b>	<b>Forwards Liabilities £</b>
JP Morgan Chase Bank	—	(373,816)

At 31 March 2022, the sub-fund held non exchange traded derivatives in the form of forward currency contracts.

The counterparty exposure is shown below:

<b>Counterparty Details of OTC Financial Derivative Transactions</b>	<b>Forwards Assets £</b>	<b>Forwards Liabilities £</b>
The Bank of New York Mellon	112,519	(277,281)

No collateral is held or pledged (2022: same)

# ES River and Mercantile Global Recovery Fund

## Notes to the Financial Statements continued

### 12 Financial instruments continued

#### b) Valuation of financial investments

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

<b>31 March 2023</b>		<b>Assets</b>	<b>Liabilities</b>
		<b>£</b>	<b>£</b>
Level 1	Unadjusted quoted price in an active market for an identical instrument	296,148,452	—
Level 2	Valuation techniques using observable inputs other than quoted prices within level 1	—	(373,816)
Level 3	Valuation techniques using unobservable inputs	433,491	—
		<b>296,581,943</b>	<b>(373,816)</b>

<b>31 March 2022</b>		<b>Assets</b>	<b>Liabilities</b>
		<b>£</b>	<b>£</b>
Level 1	Unadjusted quoted price in an active market for an identical instrument	394,322,873	—
Level 2	Valuation techniques using observable inputs other than quoted prices within level 1	112,519	(277,281)
Level 3	Valuation techniques using unobservable inputs	152,864	—
		<b>394,588,256</b>	<b>(277,281)</b>

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

Level 3 assets held in the sub-fund have been identified on the portfolio statement. Includes securities fair valued by the Manager. These securities are identified on the Fund's Portfolio Statement.

The decision to increase the price of Rangers from 19 to 20 pence per share was made by ETFS FVP Committee on the 16<sup>th</sup> Feb 2023. The committee reviewed a request from the R&M investment manager for the 3 funds holding this asset. The previous price was established using a single broker quote & since they had now stopped providing a price, the football clubs performance & Annual report were considered in the updated valuation. The review concluded that as an extra 41million 1p shares had been issued at a price of 25p per share during the year (creating a premium of £9.9616m), the current valuation was deemed to be conservative. As the stock continued to reflect a lack of liquidity, it was decided to price at a 20% discount.

#### c) Foreign currency risk

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

# ES River and Mercantile Global Recovery Fund

## Notes to the Financial Statements continued

### 12 Financial instruments continued

#### c) Foreign currency risk continued

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

31 March 2023 Currency	Monetary exposures £	Net foreign currency assets	
		Non-monetary exposures £	Total £
Australian Dollar	773	1,854,028	1,854,801
Brazilian Real	24,041	4,149,502	4,173,543
Canadian Dollar	192	1,856,910	1,857,102
Chilean Peso	1,373	1,130,200	1,131,573
Chinese Yuan Renminbi	98	339,053	339,151
Colombian Peso	156	950,096	950,252
Danish Krone	27,873	1,788,355	1,816,228
Euro	34,146	47,037,469	47,071,615
Hong Kong Dollar	3,530	23,706,182	23,709,712
Indonesian Rupiah	—	1,341,889	1,341,889
Japanese Yen	25,536	19,662,101	19,687,637
Korean Won	—	5,733,315	5,733,315
Malaysian Ringgit	7,263	3,052,957	3,060,220
Mexican Peso	589	1,022,782	1,023,371
Norwegian Krone	478	1,455,192	1,455,670
Philippine Peso	—	282,294	282,294
Polish Zloty	4,408	373,094	377,502
Singapore Dollar	24	2,502,501	2,502,525
South African Rand	1,752	1,643,427	1,645,179
Swedish Krona	23,282	1,472,770	1,496,052
Swiss Franc	6,820	9,227,230	9,234,050
Taiwan Dollar	22	2,652,603	2,652,625
Thai Baht	—	871,439	871,439
TRY	430	—	430
US Dollar	158,223	138,786,794	138,945,017
	<b>321,009</b>	<b>272,892,183</b>	<b>273,213,192</b>

# ES River and Mercantile Global Recovery Fund

## Notes to the Financial Statements continued

### 12 Financial instruments continued

#### c) Foreign currency risk continued

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

#### d) Derivative risk

At the balance sheet date, no derivatives were held that could impact the sub-fund in a significant way (2022: same).

#### e) Interest rate risk

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

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

#### f) Sensitivity analysis

##### Currency risk

If sterling (the sub-fund base currency) increased by 10% against non-sterling currencies as at the balance sheet date the net asset value of the sub-fund would have decreased by £27,321,319 (2022: £35,683,652). A weakening in sterling against non-sterling currencies of 10% will have resulted in an equal but opposite effect.

# ES River and Mercantile Global Recovery Fund

## Notes to the Financial Statements continued

### 12 Financial instruments continued

#### f) Sensitivity analysis continued

##### Price risk

If market prices had increased by 10% as at the balance sheet date the net asset value of the sub-fund would have increased by £29,658,194 (2022: £39,447,574). A weakening in market prices of 10% will have resulted in an equal but opposite effect.

#### g) Leverage

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

### 13 Portfolio transaction costs

For the year 1 April 2022 to 31 March 2023

<b>Purchases</b>	<b>Transaction Value £</b>	<b>Commissions £</b>	<b>%</b>	<b>Taxes £</b>	<b>%</b>
Equity instruments (direct)	126,786,179	76,830	0.06	53,300	0.04
Collective investment schemes	334,406	252	0.08	425	0.13
<b>Total purchases</b>	<b>127,120,585</b>	<b>77,082</b>		<b>53,725</b>	
<b>Total purchases including transaction costs</b>	<b>127,251,392</b>				
<b>Sales</b>	<b>Transaction Value £</b>	<b>Commissions £</b>	<b>%</b>	<b>Taxes £</b>	<b>%</b>
Equity instruments (direct)	221,877,439	120,831	0.05	32,665	0.01
Collective investment schemes	604,503	424	0.07	17	0.00
<b>Total sales</b>	<b>222,481,942</b>	<b>121,255</b>		<b>32,682</b>	
<b>Total sales net of transaction costs</b>	<b>222,328,005</b>				
<b>Total transaction costs</b>		<b>198,337</b>		<b>86,407</b>	
<b>as a % of average net assets</b>		<b>0.06%</b>		<b>0.03%</b>	

# ES River and Mercantile Global Recovery Fund

## Notes to the Financial Statements continued

### 13 Portfolio transaction costs continued

For the year 1 April 2021 to 31 March 2022

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

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

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

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

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

At the balance sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.23% (2022 - 0.27%).

### 14 Share movement

	<b>B-Class Distribution shares</b>	<b>S-Class Distribution shares</b>	<b>Z-Class Accumulation shares</b>
Opening shares	18,025,943	92,669,078	1,358,931
Shares issued	2,684,492	6,862,639	5,765
Shares redeemed	(7,932,668)	(26,252,301)	(960,440)
Shares converted	(26,547)	57,100	—
<b>Closing shares</b>	<b>12,751,220</b>	<b>73,336,516</b>	<b>404,256</b>

# ES River and Mercantile Global Recovery Fund

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## Notes to the Financial Statements continued

### 15 Post balance sheet events

There are no post balance sheet events which require adjustments at the year end.

# ES River and Mercantile Global Recovery Fund

## Distribution tables for the year ended 31 March 2023

Group 1: shares purchased prior to a distribution period

Group 2: shares purchased during a distribution period

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

Interim dividend distribution in pence per share		Period 01/04/2022 — 30/09/2022		
	Net Revenue	Equalisation	Distribution paid 30/11/22	Distribution paid 30/11/21
<b>B-Class Distribution shares</b>				
Group 1	6.1058	—	6.1058	2.9171
Group 2	3.6890	2.4168	6.1058	2.9171
<b>S-Class Distribution shares</b>				
Group 1	3.1841	—	3.1841	1.7414
Group 2	1.5345	1.6496	3.1841	1.7414
<b>Z-Class Accumulation shares</b>				
Group 1	21.2538	—	21.2538	14.0837
Group 2	6.9785	14.2753	21.2538	14.0837

Final dividend distribution in pence per share		Period 01/10/2022 — 31/03/2023		
	Net Revenue	Equalisation	Distribution payable 31/05/23	Distribution paid 31/05/22
<b>B-Class Distribution shares</b>				
Group 1	1.1552	—	1.1552	1.2611
Group 2	0.9522	0.2030	1.1552	1.2611
<b>S-Class Distribution shares</b>				
Group 1	0.8921	—	0.8921	0.9503
Group 2	0.6384	0.2537	0.8921	0.9503
<b>Z-Class Accumulation shares</b>				
Group 1	9.9695	—	9.9695	10.1707
Group 2	2.7346	7.2349	9.9695	10.1707



# ES River and Mercantile Global Alpha Fund

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## 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.

Although the sub-fund aims to deliver capital growth over a rolling 5 year period, there is no guarantee that this will be achieved over this time period, or any time period. The sub-fund’s capital is at risk meaning that the sub-fund could suffer a decrease in value and the value of your investment would decrease as a result.

## 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 sub-fund will have a bias towards “Value” metrics (as described in the Investment Strategy section).

The term ‘Alpha’ (as used in the name of the sub-fund), is typically defined as the excess return (or performance) of an investment relative to the return (or performance) of a benchmark.

The sub-fund will invest in a broad range of companies by region, industry group 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 group will not be more than 8% above or below the benchmark’s exposure to that industry group, measured at the Industry Group level of MSCI GICS (Global Industry Classification Standard).

# ES River and Mercantile Global Alpha Fund

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## Investment Manager's Review

### Investment Review

The sub-fund returned -1% (net of fees) during the year to 31 March 2023, versus a total return of -1.9% by its comparator benchmark, the MSCI ACWI index, and +0.1% for the MSCI ACWI Value index (all in GBP). Outperformance was broadly three-quarters due to stock selection and the balance from sector allocation.

The most material contributor was **Bank of Ireland** (+68% in GBP). It is a beneficiary of higher interest rates and duly guided to FY22 net interest income increasing by ~10% year-on-year compared to a previous expectation of ~6-7%. **Verallia's** (+96%) performance was underpinned by the strong pricing power demonstrated throughout 2022. Las Vegas Sands (+57%) was a beneficiary of re-opening trends for its casinos and hotels, while Steel equipment provider Danieli (+34%) continues to win large orders, adding to its already material order book, as the industry spends big on decarbonisation capex. An underweight in **Amazon.com** and no holding in Tesla added ~1% to relative performance. **Charles Schwab** (-33%) was the only holding that contribute more than 25bps negatively. It was caught up in the banking sector concerns over deposit flight. On balance, we believe investors are placing too high a weight on negative scenarios that we think have a reasonably low probability of occurring.

A key linking factor behind several new investments, such as **Aalberts**, **Carlisle**, **Air Liquide**, **Wartsila**, **Industrie de Nora**, **Komatsu**, and **Weyerhaeuser**, is the material benefit to their long-term profitability and valuation coming from the global ramp up in decarbonisation activity. We bought new positions in **Advanced Micro Devices** (a direct switch from market share donor **Intel**), **BE Semiconductors** and **KLA Corp**, accessing structural growth at attractive valuations while other investors worried about a shorter-term cycle. We switched our holding in **Walmart**, which we viewed as relatively fully valued, into **BJ's Wholesale Club** – essentially a smaller version of Costco focused in the northeast of the US with a slightly younger demographic. We added defensiveness via two competitively advantaged protein providers – **Bakkafrost** and **Cranswick** – at low valuations, and structural growth via video game companies **Electronic Arts** and **Take-Two Interactive**.

These replaced cyclical companies trading at full valuations of normalised profits (**Mosaic**, **Incitec Pivot**, **Southwestern Energy**, **Knight-Swift Transportation**), industrials with full valuations and margin risks (**Raytheon Technologies**, **Johnson Controls**) and energy services business **Subsea 7**, where we think the market underestimates the risks relating to cost overruns in a key offshore wind project.

### Outlook

Investors have lately flocked back to some of their favourite names from the last cycle for their perceived safety (the old hits are always the best) and most likely taking their cue from lower bond yields. We continue to believe we are in a different market regime to 2010-20, with a higher resting heart-rate for interest rates (and by extension the cost of capital) and more volatility around inflation. Valuation dispersion – a measure of the bang for your buck you get for buying cheaper stocks over more expensive – is at very high levels across the world, which is an attractive environment in which to be a valuation-focused stock picker. There is a more attractive cohort of equities much further through the process of adjustment to the intermediate outlook, allowing scope for stock picking alpha.

We own companies with attractive and improving return on capital, double-digit long-term growth and low financial gearing, still available for 12x earnings in aggregate. We think this combination is surprisingly rare in an investment landscape that's overly obsessed by polarised factors. We expect an above market rate of growth from a mix of structural growth end markets and self-help or cyclical recovery opportunities that we own, and we like the balance that these varying drivers of return provide.

River and Mercantile  
March 2023  
Investment Adviser to the sub-fund

Source: River and Mercantile Asset Management LLP, FactSet Analytics, FE Fundinfo. Sub-fund performance is calculated using midday published prices. Benchmark performance is calculated using close of business mid-market prices.

# ES River and Mercantile Global Alpha Fund

## Portfolio Statement as at 31 March 2023

Holding	Investment	Market Value £	% of Net Assets
<b>UNITED KINGDOM – 9.64% (2022 – 8.73%)</b>			
103,500	Allfunds	552,012	0.36
33,000	Anglo American	883,740	0.57
1,222,469	Capita	447,424	0.29
197,271	Chemring	548,414	0.35
20,320	Cranswick	610,413	0.39
143,906	Hunting	339,618	0.22
2,295,283	Lloyds Banking	1,094,276	0.71
57,010	Mondi	730,583	0.47
101,400	Prudential	1,117,428	0.72
42,800	Shell	987,824	0.64
101,300	Smith & Nephew	1,136,586	0.74
167,650	Tate & Lyle	1,314,711	0.85
35,330	Unilever	1,480,150	0.96
32,970	Whitbread	984,484	0.64
8,190	Willis Towers Watson	1,538,974	0.99
119,160	WPP	1,142,268	0.74
<b>AUSTRALIA – 0.82% (2022 – 1.17%)</b>			
179,350	Treasury Wine Estates	1,268,754	0.82
<b>BERMUDA – 0.68% (2022 – 0.38%)</b>			
213,525	Conduit	1,046,272	0.68
<b>BRAZIL – 1.12% (2022 – 1.80%)</b>			
276,500	B3 - Brasil Bolsa Balcao	456,489	0.29
751,600	Marcopolo pref.	381,249	0.25
591,950	Valid Solucoes e Servicos de Seguranca em Meios de Pagamento e Identificacao	897,967	0.58
<b>CANADA – 1.11% (2022 – 1.88%)</b>			
52,850	Barrick Gold	790,215	0.51
44,250	Enerplus	513,013	0.33
29,050	Sleep Country Canada	408,143	0.27
<b>CHINA – 2.58% (2022 – 2.43%)</b>			
57,480	Alibaba	593,985	0.38
41,400	Baidu	633,836	0.41
69,410	China Merchants Bank	286,763	0.18
629,329	Greentown Service	321,601	0.21
37,140	JD.com	658,154	0.43
36,327	Trip.com	1,098,113	0.71
191,600	Yadea	398,753	0.26
<b>COLOMBIA – 0.70% (2022 – 0.62%)</b>			
338,380	Bolsa de Valores de Colombia	557,995	0.36
78,000	Grupo de Inversiones Suramericana	519,774	0.34
<b>CYPRUS – 0.00% (2022 – 0.11%)</b>			

# ES River and Mercantile Global Alpha Fund

## Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	<b>DENMARK – 0.37% (2022 – 0.44%)</b>		
13,565	NKT	569,622	0.37
	<b>FAROE ISLANDS – 0.61% (2022 – 0.00%)</b>		
17,900	Bakkafrost P/F	937,195	0.61
	<b>FINLAND – 1.18% (2022 – 0.33%)</b>		
139,000	Metso Outotec	1,230,494	0.79
78,500	Wartsila	599,389	0.39
	<b>FRANCE – 4.89% (2022 – 5.25%)</b>		
5,500	Air Liquide	745,189	0.48
7,940	Airbus	860,068	0.56
20,740	AXA	513,261	0.33
9,800	BNP Paribas	475,405	0.31
820,170	CGG	512,669	0.33
9,200	Cie de Saint-Gobain	422,936	0.27
20,298	Criteo	516,458	0.33
49,020	Elis	759,356	0.49
11,900	Sanofi	1,045,079	0.68
34,000	Verallia	1,174,062	0.76
22,317	Vicat	542,189	0.35
	<b>GERMANY – 3.41% (2022 – 2.99%)</b>		
17,140	Bayer	884,033	0.57
5,040	Continental	306,005	0.20
11,420	Henkel	672,296	0.43
24,840	Infineon Technologies	822,834	0.53
9,800	Knorr-Bremse	525,778	0.34
5,500	Porsche Automobil pref.	255,935	0.17
57,580	ProSiebenSat.1 Media	473,855	0.31
8,200	SAP	836,932	0.54
3,760	Siemens	493,184	0.32
	<b>GIBRALTAR – 0.09% (2022 – 0.30%)</b>		
283,870	888	146,477	0.09
	<b>GREECE – 0.83% (2022 – 0.69%)</b>		
483,100	Eurobank Ergasias	517,016	0.33
45,109	JUMBO	772,097	0.50
	<b>HONG KONG – 0.69% (2022 – 1.15%)</b>		
1,064,842	Swire Pacific	1,058,693	0.69
	<b>INDIA – 0.63% (2022 – 0.59%)</b>		
9,800	HDFC Bank	528,183	0.34
22,280	MakeMyTrip	440,933	0.29

# ES River and Mercantile Global Alpha Fund

## Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	<b>IRELAND – 1.69% (2022 – 1.77%)</b>		
5,040	Accenture	1,164,526	0.75
177,800	Bank of Ireland	1,456,645	0.94
	<b>ITALY – 2.32% (2022 – 2.47%)</b>		
192,210	Anima	632,312	0.41
101,190	Danieli & C Officine Meccaniche	1,625,299	1.05
44,564	Industrie de Nora	717,347	0.46
75,000	Mediobanca Banca di Credito Finanziario	610,360	0.40
	<b>JAPAN – 8.52% (2022 – 7.67%)</b>		
13,800	Bank of Kyoto	523,289	0.34
37,040	Dai-ichi Life	547,072	0.35
10,720	Dowa	276,210	0.18
9,900	FANUC	286,305	0.19
48,600	Komatsu	967,221	0.63
7,450	Kyocera	311,520	0.20
47,500	Meitec	682,080	0.44
99,400	Nikon	817,264	0.53
27,520	Nintendo	857,747	0.55
124,560	Nomura	385,505	0.25
13,073	Okamoto Industries	314,990	0.20
34,240	Seino	303,576	0.20
3,000	Shimano	416,294	0.27
26,460	Sony	1,922,284	1.24
15,860	Sumitomo Mitsui Financial	510,422	0.33
43,900	T Hasegawa	791,250	0.51
80,340	Tadano	508,719	0.33
32,800	Taiheiyo Cement	494,713	0.32
44,200	Tokio Marine	683,981	0.44
106,419	Tosei	949,990	0.61
14,160	Toyota Industries	631,593	0.41
	<b>LUXEMBOURG – 0.33% (2022 – 0.51%)</b>		
44,500	Tenaris	512,213	0.33
	<b>MACAU – 0.26% (2022 – 0.22%)</b>		
512,730	Wynn Macau	408,872	0.26
	<b>MALAYSIA – 0.30% (2022 – 0.67%)</b>		
5,308,560	Sime Darby Property	467,046	0.30
	<b>MEXICO – 0.87% (2022 – 0.77%)</b>		
175,883	Cemex	785,211	0.51
3,208,900	Consortio ARA	547,626	0.36
	<b>NETHERLANDS – 3.25% (2022 – 2.49%)</b>		
34,400	Aalberts	1,311,498	0.85

# ES River and Mercantile Global Alpha Fund

## Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	<b>NETHERLANDS continued</b>		
11,800	BE Semiconductor Industries	830,282	0.54
9,060	EXOR	603,575	0.39
6,000	IMCD	792,901	0.51
46,900	ING Groep	450,332	0.29
19,950	Kendrion	272,053	0.17
12,210	Prosus	771,802	0.50
	<b>RUSSIA – 0.00% (2022 – 0.00%)</b>		
25,119	VK*	-	0.00
	<b>SINGAPORE – 1.79% (2022 – 1.44%)</b>		
75,120	DBS	1,507,929	0.98
337,077	SATS	572,064	0.37
110,200	SATS rights 01/04/2023*	20,110	0.01
283,000	Singapore Telecommunications	423,480	0.27
279,790	Wing Tai	253,589	0.16
	<b>SOUTH KOREA – 1.82% (2022 – 1.61%)</b>		
7,450	LG	383,221	0.25
8,292	LG pref.	315,263	0.20
1,210	LG Chem	535,215	0.35
1,210	LG Household & Health Care	451,023	0.29
13,000	Neowiz	323,047	0.21
12,880	Samsung Electronics	511,304	0.33
7,420	Samsung Life Insurance	289,485	0.19
	<b>SPAIN – 1.18% (2022 – 1.51%)</b>		
106,600	Applus Services	673,919	0.44
37,030	Inmobiliaria Colonial Socimi	189,526	0.12
47,547	Neinor Homes	378,504	0.25
46,240	Repsol	576,121	0.37
	<b>SWEDEN – 0.34% (2022 – 0.00%)</b>		
40,100	Swedbank	532,000	0.34
	<b>SWITZERLAND – 2.45% (2022 – 2.57%)</b>		
5,800	Cie Financiere Richemont	749,165	0.48
1,142	dormakaba	394,299	0.26
8,100	Roche	1,870,913	1.21
45,400	UBS	775,122	0.50
	<b>TAIWAN – 0.56% (2022 – 0.85%)</b>		
61,891	Yageo	868,027	0.56
	<b>THAILAND – 0.48% (2022 – 0.46%)</b>		
207,420	Bangkok Bank	743,232	0.48
	<b>UNITED STATES OF AMERICA – 42.90% (2022 – 44.91%)</b>		
21,000	Advanced Micro Devices	1,664,612	1.08

# ES River and Mercantile Global Alpha Fund

## Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
<b>UNITED STATES OF AMERICA continued</b>			
9,630	Affiliated Managers	1,108,293	0.72
10,780	AGCO	1,178,394	0.76
21,370	Alphabet	1,791,592	1.16
14,625	Amazon.com	1,221,618	0.79
13,980	Apple	1,863,548	1.20
8,900	Applied Materials	884,134	0.57
81,356	Baker Hughes	1,898,274	1.23
17,810	Bath & Body Works	526,903	0.34
5,450	Berkshire Hathaway	1,358,610	0.88
16,970	BJ's Wholesale Club	1,043,907	0.68
70,092	Blue Apron	38,162	0.02
840	Booking	1,803,162	1.17
24,850	BorgWarner	986,805	0.64
11,800	Capri	448,352	0.29
4,400	Carlisle	804,274	0.52
28,340	Charles Schwab	1,200,115	0.78
33,400	Cisco Systems	1,411,960	0.91
34,500	Citigroup	1,307,509	0.85
28,600	Citizens Financial	702,249	0.45
28,720	Coca-Cola	1,440,588	0.93
17,480	Colgate-Palmolive	1,062,273	0.69
12,370	Devon Energy	506,225	0.33
21,899	eBay	785,668	0.51
10,600	Electronic Arts	1,032,267	0.67
25,400	Fiserv	2,321,939	1.50
8,500	GE HealthCare Technologies	563,917	0.36
18,437	General Motors	546,497	0.35
9,900	Global Payments	841,994	0.54
42,600	Harley-Davidson	1,307,509	0.85
67,030	Hayward	634,818	0.41
28,560	Henry Schein	1,882,981	1.22
5,400	Johnson & Johnson	676,632	0.44
3,410	KLA	1,100,842	0.71
28,580	Kraft Heinz	893,378	0.58
30,460	Las Vegas Sands	1,414,544	0.91
5,260	McKesson	1,514,295	0.98
9,050	Meta Platforms	1,550,895	1.00
6,860	Microsoft	1,599,085	1.03
22,750	NOV	340,390	0.22
23,710	Oracle	1,781,246	1.15
13,240	Owens Corning	1,026,155	0.66
3,940	Parker-Hannifin	1,071,029	0.69
14,840	PayPal	911,200	0.59
32,800	Pfizer	1,081,794	0.70
10,270	Procter & Gamble	1,234,194	0.80
3,400	Snap-on	678,543	0.44
20,680	Southwest Airlines	544,241	0.35

# ES River and Mercantile Global Alpha Fund

## Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
<b>UNITED STATES OF AMERICA continued</b>			
30,800	Sprouts Farmers Market	872,100	0.56
19,750	State Street	1,207,890	0.78
10,800	Stericycle	380,832	0.25
7,460	Take-Two Interactive Software	719,725	0.47
5,790	TopBuild	974,670	0.63
64,450	Topgolf Callaway Brands	1,126,422	0.73
2,890	UnitedHealth	1,104,111	0.71
81,760	Viatis	635,459	0.41
18,290	Walt Disney	1,480,270	0.96
8,800	Waters	2,202,189	1.42
61,860	Western Union	557,338	0.36
19,349	Westrock	476,507	0.31
42,100	Weyerhaeuser	1,025,899	0.66
<b>URUGUAY – 0.36% (2022 – 0.18%)</b>			
520	MercadoLibre	553,733	0.36
<b>FORWARD CURRENCY CONTRACTS – (0.27%) (2022 – (0.01%))</b>			
US\$9,922,402	Forward Currency Contract 20/06/2023: US dollar 9,922,402 vs Euro 9,348,000	(225,389)	(0.15)
US\$3,334,837	Forward Currency Contract 20/06/2023: US dollar 3,334,837 vs Japanese Yen 447,166,000	(51,750)	(0.03)
US\$4,865,774	Forward Currency Contract 20/06/2023: US dollar 4,865,774 vs UK Sterling 4,063,000	(133,873)	(0.09)
<b>Portfolio of investments</b>		<b>152,349,832</b>	<b>98.50</b>
<b>Net other assets</b>		<b>2,320,684</b>	<b>1.50</b>
<b>Net assets</b>		<b>154,670,516</b>	<b>100.00</b>

The Portfolio Statement categories have been re-aligned in the current period resulting in mismatch to prior year accounts, this does not have any impact on the Financial Statements.

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 2022.

\*Delisted/Defaulted/Suspended security.



# ES River and Mercantile Global Alpha Fund

## Comparative table

For the year ending:	31/03/2023	31/03/2022	31/03/2021
B-Class Accumulation shares	pence per share	pence per share	pence per share
<b>Change in net assets per share</b>			
Opening net asset value per share	407.70	395.67	247.55
Return before operating charges*	8.33	15.58	151.15
Operating charges	(3.43)	(3.55)	(3.03)
Return after operating charges	4.90	12.03	148.12
Distributions	(5.07)	(3.34)	(2.31)
Retained distributions on accumulation shares	5.07	3.34	2.31
<b>Closing net asset value per share</b>	<b>412.60</b>	<b>407.70</b>	<b>395.67</b>
*After direct transaction costs of	(0.28)	(0.32)	(0.32)
<b>Performance</b>			
Return after charges	1.20%	3.04%	59.83%
<b>Other information</b>			
Closing net asset value (£)	19,881,574	40,416,257	9,849,638
Closing number of shares	4,818,630	9,913,185	2,489,343
Operating charges**	0.85%	0.87%	0.93%
Direct transaction costs	0.07%	0.08%	0.10%
<b>Prices</b>			
Highest share price	439.32	429.27	400.05
Lowest share price	374.79	379.25	238.39

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

\*\*The calculation of the operating charges figure is based on expenses paid by the sub-fund over the past twelve months. The Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee, to seek to achieve an Operating Charge of no more than 1.00%.

# ES River and Mercantile Global Alpha Fund

## Comparative table continued

For the year ending:	31/03/2023	31/03/2022	31/03/2021
Z-Class Accumulation shares	pence per share	pence per share	pence per share
<b>Change in net assets per share</b>			
Opening net asset value per share	849.13	817.99	507.97
Return before operating charges*	17.60	32.15	311.09
Operating charges	(0.84)	(1.01)	(1.07)
Return after operating charges	16.76	31.14	310.02
Distributions	(16.99)	(13.26)	(9.70)
Retained distributions on accumulation shares	16.99	13.26	9.70
<b>Closing net asset value per share</b>	<b>865.89</b>	<b>849.13</b>	<b>817.99</b>
*After direct transaction costs of	(0.58)	(0.67)	(0.67)
<b>Performance</b>			
Return after charges	1.97%	3.81%	61.03%
<b>Other information</b>			
Closing net asset value (£)	134,788,942	136,962,811	137,020,989
Closing number of shares	15,566,516	16,129,803	16,751,000
Operating charges**	0.10%	0.12%	0.16%
Direct transaction costs	0.07%	0.08%	0.10%
<b>Prices</b>			
Highest share price	921.00	891.57	826.79
Lowest share price	781.83	789.49	489.20

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

\*\*The calculation of the operating charges figure is based on expenses paid by the sub-fund over the past twelve months. The Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee, to seek to achieve an Operating Charge of no more than 0.25%.

# ES River and Mercantile Global Alpha Fund

## Synthetic Risk Reward Indicator (SRRI)



Typically Lower Rewards

Typically Higher Rewards



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

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

## Summary of Largest Portfolio Changes

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

<b>Purchases</b>	<b>£</b>	<b>Sales</b>	<b>£</b>
Waters	1,612,914	Walmart	1,598,939
Advanced Micro Devices	1,600,383	State Street	1,324,748
BJ's Wholesale Club	1,488,544	Banco Santander	1,278,650
Aalberts	1,373,360	Raytheon Technologies	1,252,380
Tate & Lyle	1,354,929	Mosaic	1,236,094
KLA	1,250,206	Johnson & Johnson	1,215,912
Electronic Arts	1,190,848	Intel	1,175,439
Amazon.com	1,189,436	Alphabet	1,143,019
Weyerhaeuser	1,177,710	Bank of Ireland	1,088,428
Bakkafrost P/F	1,155,578	Danone	1,076,422

# ES River and Mercantile Global Alpha Fund

## Statement of Total Return for the year ended 31 March 2023

	Notes	1 April 2022 to 31 March 2023		1 April 2021 to 31 March 2022	
		£	£	£	£
Income					
Net capital (losses)/gains	2		(1,161,671)		3,076,463
Revenue	3	3,954,017		3,098,279	
Expenses	4	(367,498)		(346,271)	
Interest payable and similar charges	6	(221)		(575)	
Net revenue before taxation for the year		3,586,298		2,751,433	
Taxation	5	(495,377)		(359,849)	
Net revenue after taxation for the year			3,090,921		2,391,584
Total return before distributions			1,929,250		5,468,047
Distributions	7		(3,096,037)		(2,392,822)
<b>Change in net assets attributable to Shareholders from investment activities</b>			<b>(1,166,787)</b>		<b>3,075,225</b>

## Statement of Change in Net Assets attributable to Shareholders for the year ended 31 March 2023

		1 April 2022 to 31 March 2023		1 April 2021 to 31 March 2022	
		£	£	£	£
Opening net assets attributable to Shareholders			177,379,068		146,870,627
Amounts received on creation of shares	9,188,462			40,966,198	
Amounts paid on cancellation of shares	(33,748,010)			(16,006,912)	
			(24,559,548)		24,959,286
Dilution adjustment			—		44,061
Change in net assets attributable to Shareholders from investment activities			(1,166,787)		3,075,225
Retained distributions on accumulation shares			3,017,783		2,429,869
<b>Closing net assets attributable to Shareholders</b>			<b>154,670,516</b>		<b>177,379,068</b>

# ES River and Mercantile Global Alpha Fund

## Balance Sheet as at 31 March 2023

	Notes	31 March 2023		31 March 2022	
		£	£	£	£
<b>ASSETS</b>					
Fixed assets					
Investments			152,760,844		175,596,375
Current assets					
Debtors	8	1,927,725		1,667,974	
Cash and bank balances		928,460		1,503,985	
<b>Total other assets</b>			<b>2,856,185</b>		<b>3,171,959</b>
<b>Total assets</b>			<b>155,617,029</b>		<b>178,768,334</b>
<b>LIABILITIES</b>					
Investment liabilities			(411,012)		(80,375)
Creditors					
Other creditors	9	(535,501)		(1,308,891)	
<b>Total other liabilities</b>			<b>(535,501)</b>		<b>(1,308,891)</b>
<b>Total liabilities</b>			<b>(946,513)</b>		<b>(1,389,266)</b>
<b>Net assets attributable to Shareholders</b>			<b>154,670,516</b>		<b>177,379,068</b>

# ES River and Mercantile Global Alpha Fund

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## Notes to the Financial Statements

### 1 Accounting policies

The accounting policies for the sub-fund are set out on pages 7 to 8.

### 2 Net capital (losses)/gains

	31 March 2023 £	31 March 2022 £
The net capital (losses)/gains during the year comprise:		
Non-derivative securities	(2,087,698)	2,594,847
Derivative securities	—	1,330
Forward currency contracts	1,106,773	580,217
Currency losses	(189,496)	(48,500)
Custodial transaction fees	(26,318)	(51,431)
US REIT gains	35,068	—
Net capital (losses)/gains	<u>(1,161,671)</u>	<u>3,076,463</u>

### 3 Revenue

	31 March 2023 £	31 March 2022 £
Bank interest	15,569	—
Non-taxable overseas dividends	3,477,826	2,759,736
Non-US overseas REIT dividends	2,232	7,409
Taxable overseas dividends	30,705	33,855
UK dividends	419,777	297,279
US REIT dividends	7,908	—
	<u>3,954,017</u>	<u>3,098,279</u>

# ES River and Mercantile Global Alpha Fund

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## Notes to the Financial Statements continued

### 4 Expenses

	31 March 2023 £	31 March 2022 £
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
ACD's periodic charge	<u>237,299</u>	<u>192,663</u>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fees	24,583	24,682
Safe custody fees	<u>36,405</u>	<u>32,168</u>
	<u>60,988</u>	<u>56,850</u>
Other expenses:		
Audit fee*	12,293	10,711
Fund accounting fees	39,156	35,990
Legal and professional fees	1,130	1,109
Registration fees	121	445
Transfer agency fees	15,724	35,262
Other fees	<u>787</u>	<u>13,241</u>
	<u>69,211</u>	<u>96,758</u>
Total expenses	<u><u>367,498</u></u>	<u><u>346,271</u></u>

\*Total audit fees of £11,246 (2022 - £9,779) exclusive of VAT.

# ES River and Mercantile Global Alpha Fund

## Notes to the Financial Statements continued

### 5 Taxation

	31 March 2023 £	31 March 2022 £
<b>a) Analysis of taxation charge in year</b>		
Overseas tax	<u>495,377</u>	<u>359,849</u>
Total taxation	<u>495,377</u>	<u>359,849</u>

### b) Factors affecting taxation charge for the year

The tax assessed for the year is lower (2022: lower) than the standard rate of corporation tax in the UK for an Open Ended Investment Company with variable capital (20%) (2022: 20%). The difference is explained below:

Net revenue before taxation for the year	<u>3,586,298</u>	<u>2,751,433</u>
Return on ordinary activities before taxation at the applicable rate of Corporation tax in the UK of 20% (2022: 20%)	717,260	550,287
Effects of:		
Capitalised income subject to tax	5,304	—
Movement in tax losses	145,649	(23,096)
Overseas tax	495,377	359,849
Prior year adjustment to tax losses	(85,972)	86,739
Relief on overseas tax expensed	(2,274)	(1,045)
Revenue not subject to tax	<u>(779,967)</u>	<u>(612,885)</u>
Total taxation	<u>495,377</u>	<u>359,849</u>

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

### c) Provision for deferred tax

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

At the year end there is a potential deferred tax asset of £209,292 (£63,643 as at 31 March 2022) due to tax losses. It is unlikely the sub-fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised (same as at 31 March 2022).

### 6 Interest payable and similar charges

	31 March 2023 £	31 March 2022 £
Interest	<u>221</u>	<u>575</u>
	<u>221</u>	<u>575</u>



# ES River and Mercantile Global Alpha Fund

## Notes to the Financial Statements continued

### 7 Distributions

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

	31 March 2023 £	31 March 2022 £
Interim	1,910,467	1,338,431
Final	<u>1,107,316</u>	<u>1,091,439</u>
	3,017,783	2,429,870
Add: revenue deducted on cancellation of shares	127,940	51,314
Deduct: revenue received on creation of shares	<u>(49,686)</u>	<u>(88,362)</u>
Distributions for the year	<u>3,096,037</u>	<u>2,392,822</u>
Reconciliation between net revenue after taxation for the year and the distributions:		
Net revenue after taxation for the year	3,090,921	2,391,584
Expenses transferred to capital	1,052	1,238
Tax relief on expenses taken to capital	<u>4,064</u>	<u>—</u>
Distributions for the year	<u>3,096,037</u>	<u>2,392,822</u>

### 8 Debtors

	31 March 2023 £	31 March 2022 £
Accrued revenue	383,828	272,132
Amounts receivable for issue of shares	1,452,254	88,321
Foreign currency contracts awaiting settlement	—	586,822
Overseas tax recoverable	91,643	134,860
Sales awaiting settlement	<u>—</u>	<u>585,839</u>
	<u>1,927,725</u>	<u>1,667,974</u>

### 9 Other creditors

	31 March 2023 £	31 March 2022 £
<b>Other creditors</b>		
Accrued expenses	90,734	162,909
Amounts payable for cancellation of shares	50,321	229,925
Foreign currency contracts awaiting settlement	—	585,840
Purchases awaiting settlement	<u>394,446</u>	<u>330,217</u>
	<u>535,501</u>	<u>1,308,891</u>

### 10 Contingent liabilities and outstanding commitments

There were no commitments or contingent liabilities at the balance sheet date (31 March 2022: same).

### 11 Related party transactions

Equity Trustees Fund Services Ltd, as ACD, is a related party, and acts as principal in respect of all the transactions of shares in the company. The aggregate monies received through the creation and cancellation of shares are disclosed in the Statement of Change in Net Assets attributable to Shareholders. The amounts

# ES River and Mercantile Global Alpha Fund

## Notes to the Financial Statements continued

### 11 Related party transactions continued

outstanding at the year end are disclosed in notes 8 and 9 as amounts receivable on creation of shares and amounts payable on cancellation of shares respectively.

Amounts paid to Equity Trustees Fund Services Ltd in respect of the ACD, associates of the ACD and agents of either of them are disclosed in note 4. The balance outstanding as at the year end was £16,831 (£49,145 as at 31 March 2022).

Equity Trustees Fund Services Limited, as the sub-fund's ACD, wishes to disclose to the sub-fund's Shareholders that 96.91% of the sub-fund's shares in issue are under the control of a corporate client.

### 12 Financial instruments

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

#### a) Credit risk

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

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

At 31 March 2023, the sub-fund held non exchange traded derivatives in the form of forward currency contracts.

The counterparty exposure is shown below:

Counterparty Details of OTC Financial Derivative Transactions	Forwards Assets £	Forwards Liabilities £
The Bank of New York Mellon	—	(51,750)
JP Morgan Chase Bank	—	(359,262)

At 31 March 2022, the sub-fund held non exchange traded derivatives in the form of forward currency contracts.

The counterparty exposure is shown below:

Counterparty Details of OTC Financial Derivative Transactions	Forwards Assets £	Forwards Liabilities £
The Bank of New York Mellon	60,874	(72,633)
JP Morgan Chase Bank	—	(7,742)

No collateral is held or pledged (2022: same)

#### b) Valuation of financial investments

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

31 March 2023		Assets £	Liabilities £
Level 1	Unadjusted quoted price in an active market for an identical instrument	152,740,734	—
Level 2	Valuation techniques using observable inputs other than quoted prices within level 1	—	(411,012)
Level 3	Valuation techniques using unobservable inputs	20,110	—
		<b>152,760,844</b>	<b>(411,012)</b>

# ES River and Mercantile Global Alpha Fund

## Notes to the Financial Statements continued

### 12 Financial instruments continued

#### b) Valuation of financial investments continued

<b>31 March 2022</b>		<b>Assets</b>	<b>Liabilities</b>
		<b>£</b>	<b>£</b>
Level 1	Unadjusted quoted price in an active market for an identical instrument	175,535,501	—
Level 2	Valuation techniques using observable inputs other than quoted prices within level 1	60,874	(80,375)
		<b>175,596,375</b>	<b>(80,375)</b>

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

Level 3 assets held in the sub-fund have been identified on the portfolio statement. Includes securities fair valued by the Manager. These securities are identified on the Fund's Portfolio Statement.

#### c) Foreign currency risk

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

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

<b>31 March 2023</b>	<b>Net foreign currency assets</b>		
	<b>Monetary</b>	<b>Non-monetary</b>	<b>Total</b>
<b>Currency</b>	<b>exposures</b>	<b>exposures</b>	<b>£</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Australian Dollar	346	1,286,456	1,286,802
Brazilian Real	207	1,345,553	1,345,760
Canadian Dollar	4,848	1,712,703	1,717,551
Colombian Peso	1	1,077,768	1,077,769
Danish Krone	524	570,017	570,541
Euro	43,801	20,271,283	20,315,084
Hong Kong Dollar	448	5,458,770	5,459,218
Japanese Yen	36,210	10,580,202	10,616,412
Korean Won	—	2,856,444	2,856,444
Malaysian Ringgit	—	467,046	467,046
Mexican Peso	545	547,625	548,170
Norwegian Krone	415	937,195	937,610
Singapore Dollar	470	2,777,172	2,777,642
South African Rand	208	—	208
Swedish Krona	282	560,969	561,251
Swiss Franc	710	3,789,499	3,790,209
Taiwan Dollar	—	868,027	868,027
Thai Baht	—	743,232	743,232
US Dollar	71,209	86,584,585	86,655,794
	<b>160,224</b>	<b>142,434,546</b>	<b>142,594,770</b>

# ES River and Mercantile Global Alpha Fund

## Notes to the Financial Statements continued

### 12 Financial instruments continued

#### c) Foreign currency risk continued

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

#### d) Derivative risk

At the balance sheet date, no derivatives were held that could impact the sub-fund in a significant way (2022: same).

#### e) Interest rate risk

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

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

#### f) Sensitivity analysis

##### Currency risk

If sterling (the sub-fund base currency) increased by 10% against non-sterling currencies as at the balance sheet date the net asset value of the sub-fund would have decreased by £14,259,477 (2022: £16,649,895). A weakening in sterling against non-sterling currencies of 10% will have resulted in an equal but opposite effect.

##### Price risk

If market prices had increased by 10% as at the balance sheet date the net asset value of the sub-fund would have increased by £15,276,084 (2022: £17,553,550). A weakening in market prices of 10% will have resulted in an equal but opposite effect.

# ES River and Mercantile Global Alpha Fund

## Notes to the Financial Statements continued

### 12 Financial instruments continued

#### g) Leverage

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

### 13 Portfolio transaction costs

For the year 1 April 2022 to 31 March 2023

<b>Purchases</b>	<b>Transaction Value £</b>	<b>Commissions £</b>	<b>%</b>	<b>Taxes £</b>	<b>%</b>
Equity instruments (direct)	52,534,622	29,773	0.06	36,684	0.07
Total purchases	52,534,622	29,773		36,684	
Total purchases including transaction costs	52,601,079				
<b>Sales</b>	<b>Transaction Value £</b>	<b>Commissions £</b>	<b>%</b>	<b>Taxes £</b>	<b>%</b>
Equity instruments (direct)	73,212,058	37,201	0.05	8,268	0.01
Total sales	73,212,058	37,201		8,268	
Total sales net of transaction costs	73,166,589				
Total transaction costs		66,974		44,952	
as a % of average net assets		0.04%		0.03%	

For the year 1 April 2021 to 31 March 2022

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

# ES River and Mercantile Global Alpha Fund

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## Notes to the Financial Statements continued

### 13 Portfolio transaction costs continued

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

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

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

At the balance sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.15% (2022 - 0.14%).

### 14 Share movement

	<b>B-Class Accumulation shares</b>	<b>Z-Class Accumulation shares</b>
Opening shares	9,913,185	16,129,803
Shares issued	700,235	767,941
Shares redeemed	(5,794,790)	(1,331,228)
<b>Closing shares</b>	<b>4,818,630</b>	<b>15,566,516</b>

### 15 Post balance sheet events

There are no post balance sheet events which require adjustments at the year end.

# ES River and Mercantile Global Alpha Fund

## Distribution tables for the year ended 31 March 2023

Group 1: shares purchased prior to a distribution period

Group 2: shares purchased during a distribution period

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

Interim dividend distribution in pence per share		Period 01/04/2022 — 30/09/2022		
	Net Revenue	Equalisation	Distribution paid 30/11/22	Distribution paid 30/11/21
<b>B-Class Accumulation shares</b>				
Group 1	3.4715	—	3.4715	2.0140
Group 2	1.2772	2.1943	3.4715	2.0140
<b>Z-Class Accumulation shares</b>				
Group 1	10.3701	—	10.3701	7.3103
Group 2	4.7078	5.6623	10.3701	7.3103

Final dividend distribution in pence per share		Period 01/10/2022 — 31/03/2023		
	Net Revenue	Equalisation	Distribution payable 31/05/23	Distribution paid 31/05/22
<b>B-Class Accumulation shares</b>				
Group 1	1.5959	—	1.5959	1.3294
Group 2	1.1066	0.4893	1.5959	1.3294
<b>Z-Class Accumulation shares</b>				
Group 1	6.6194	—	6.6194	5.9496
Group 2	2.2698	4.3496	6.6194	5.9496

# ES River and Mercantile European Fund

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## 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).

Although the sub-fund aims to deliver capital growth over a rolling 5 year period, there is no guarantee that this will be achieved over this time period, or any time period. The sub-fund’s capital is at risk meaning that the sub-fund could suffer a decrease in value and the value of your investment would decrease as a result.

## 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 be aligned to the Sustainable Investment Framework and appropriate with reference to the business cycle.

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 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

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## Investment Manager's Review

The ES River and Mercantile European Fund (B share class) returned 9.7% over the 12 months to 31 March 2023, an overperformance compared to the MSCI Europe (ex-UK) IMI return of 7.2%.

**Positive contributors during past 12 months:** **Verallia** and **BE Semiconductor** were the most material positive contributors, with Verallia contributing over 2.5%. **Meyer Burger**, **Metso Outotec**, **Carlsberg**, **ING**, **Danielli** and **NKT** all contributed strongly, so overall a relatively industrial flavour to the investment manager's top performers reflecting the inflation-protecting characteristics of these sort of companies.

**Negative contributors:** the more highly valued growth holdings such as **Viaplay**, **Allfunds**, **Ebusco** were the worst performing stocks, reflecting the headwinds to the growth style during a period of rising rates. **Dometic** also hurt as the headwinds to the consumer led to a downturn of their end markets which threatens the sustainability of the balance sheet as it is currently constructed.

## Outlook

The potential for a better business cycle for European companies remains high, as we recover from the underinvestment from the last cycle and the deflationary malaise of the post Great Financial Crisis period is well and truly over. Coupled with the imperative of decarbonisation, which represents a positive investment shock and favours Europe over other regions, stronger demand over this cycle can be expected.

With this in mind, within European equities it is exciting that they currently see low valuation levels relative to the rest of the world. The Investment Manager will continue to exploit its pragmatic, contrarian philosophy using both the business cycle to inform portfolio positioning and a focus on bottom-up stock-picking with a focus on the fundamental tenets of the investment case, the valuation, and considering whether the present time is an apposite entry point for investments.

River and Mercantile  
March 2023  
Investment Adviser to the sub-fund

Source: River and Mercantile Asset Management LLP, FactSet Analytics, FE Fundinfo. Sub-fund performance is calculated using midday published prices. Benchmark performance is calculated using close of business mid-market prices.

# ES River and Mercantile European Fund

## Portfolio Statement as at 31 March 2023

Holding	Investment	Market Value £	% of Net Assets
	<b>UNITED KINGDOM – 1.27% (2022 – 2.04%)</b>		
300,000	Allfunds	1,600,035	1.27
	<b>BELGIUM – 3.82% (2022 – 4.31%)</b>		
32,500	KBC	1,805,905	1.43
199,500	Recticel	3,004,507	2.39
	<b>CANADA – 0.63% (2022 – 0.88%)</b>		
53,262	Barrick Gold	796,376	0.63
	<b>DENMARK – 6.27% (2022 – 8.47%)</b>		
23,600	Carlsberg	2,966,076	2.35
50,254	NKT	2,110,267	1.68
22,000	Novo Nordisk	2,821,298	2.24
	<b>FAROE ISLANDS – 4.57% (2022 – 3.86%)</b>		
110,000	Bakkafrost P/F	5,759,296	4.57
	<b>FINLAND – 6.62% (2022 – 5.05%)</b>		
510,000	Metso Outotec	4,514,762	3.58
91,900	UPM-Kymmene	2,501,592	1.99
50,200	Valmet	1,317,524	1.05
	<b>FRANCE – 22.15% (2022 – 26.70%)</b>		
29,700	Air Liquide	4,024,023	3.19
16,100	Airbus	1,743,966	1.38
53,000	BNP Paribas	2,571,066	2.04
38,000	Danone	1,913,523	1.52
110,000	Elis	1,703,980	1.35
22,000	EssilorLuxottica	3,208,857	2.55
3,000	LVMH Moet Hennessy Louis Vuitton	2,223,970	1.77
18,900	Sanofi	1,659,832	1.32
20,000	Sopra Steria SACA	3,395,132	2.70
158,000	Verallia	5,455,935	4.33
	<b>GERMANY – 5.76% (2022 – 1.41%)</b>		
20,000	Elmos Semiconductor	1,571,040	1.25
36,000	HeidelbergCement	2,133,872	1.69
8,000	Muenchener Rueckversicherungs-Gesellschaft in Muenchen	2,273,965	1.81
40,000	Salzgitter	1,277,216	1.01
	<b>ITALY – 2.18% (2022 – 2.89%)</b>		
171,100	Danieli & C Officine Meccaniche	2,748,184	2.18
	<b>JAPAN – 1.69% (2022 – 2.05%)</b>		
29,200	Sony	2,121,341	1.69
	<b>NETHERLANDS – 16.08% (2022 – 11.10%)</b>		
65,400	Aalberts	2,493,371	1.98

# ES River and Mercantile European Fund

## Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
<b>NETHERLANDS continued</b>			
8,000	Alfen N.V.	513,839	0.41
5,000	ASML	2,746,683	2.18
60,000	BE Semiconductor Industries	4,221,773	3.35
33,000	IMCD	4,360,952	3.46
165,000	ING Groep	1,584,325	1.26
1,000,000	Koninklijke KPN	2,860,909	2.27
100,000	Stellantis	1,468,939	1.17
<b>NORWAY – 1.09% (2022 – 1.62%)</b>			
786,600	Aker Carbon Capture	890,502	0.71
163,000	Andfjord Salmon	482,096	0.38
<b>SPAIN – 0.00% (2022 – 6.33%)</b>			
<b>SWEDEN – 5.77% (2022 – 9.74%)</b>			
120,000	Boliden	3,818,601	3.03
135,000	Swedbank	1,791,022	1.42
80,000	Viaplay	1,657,847	1.32
<b>SWITZERLAND – 16.05% (2022 – 11.59%)</b>			
3,000,000	Meyer Burger Technology	1,706,432	1.35
36,000	Nestle	3,551,715	2.82
22,700	Roche	5,243,177	4.16
44,000	Sensirion	3,895,357	3.09
13,600	Swatch AG	3,772,192	3.00
120,000	UBS	2,048,780	1.63
<b>UNITED STATES OF AMERICA – 4.23% (2022 – 1.58%)</b>			
28,670	Walt Disney	2,320,358	1.84
12,000	Waters	3,002,985	2.39
<b>Portfolio of investments</b>		<b>123,655,395</b>	<b>98.18</b>
<b>Net other assets</b>		<b>2,297,333</b>	<b>1.82</b>
<b>Net assets</b>		<b>125,952,728</b>	<b>100.00</b>

The Portfolio Statement categories have been re-aligned in the current period resulting in mismatch in the comparatives, this does not have any impact on the Financial Statements.

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 2022.

# ES River and Mercantile European Fund

## Comparative table

For the year ending:	31/03/2023	31/03/2022+
B-Class Accumulation shares	pence per share	pence per share
<b>Change in net assets per share</b>		
Opening net asset value per share	100.81	100.00
Return before operating charges*	12.44	1.60
Operating charges	(0.91)	(0.79)
Return after operating charges	11.53	0.81
Distributions	(2.38)	(1.07)
Retained distributions on accumulation shares	2.38	1.07
<b>Closing net asset value per share</b>	<b>112.34</b>	<b>100.81</b>
*After direct transaction costs of	(0.08)	(0.31)
<b>Performance</b>		
Return after charges	11.44%	0.81%
<b>Other information</b>		
Closing net asset value (£)	15,388,454	5,535,535
Closing number of shares	13,697,788	5,491,053
Operating charges**	0.89%	0.91%
Direct transaction costs	0.08%	0.42%
<b>Prices</b>		
Highest share price	116.83	111.88
Lowest share price	89.79	86.89

+Launched on 28 May 2021.

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

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

# ES River and Mercantile European Fund

## Comparative table continued

For the year ending:	31/03/2023	31/03/2022	31/03/2021+
B-Class Distribution shares	pence per share	pence per share	pence per share
<b>Change in net assets per share</b>			
Opening net asset value per share	121.71	113.95	100.00
Return before operating charges*	14.80	11.03	15.26
Operating charges	(1.10)	(1.18)	(0.46)
Return after operating charges	13.70	9.85	14.80
Distributions	(2.86)	(2.09)	(0.85)
<b>Closing net asset value per share</b>	<b>132.55</b>	<b>121.71</b>	<b>113.95</b>
*After direct transaction costs of	(0.10)	(0.44)	(0.31)
<b>Performance</b>			
Return after charges	11.26%	8.64%	14.80%
<b>Other information</b>			
Closing net asset value (£)	19,961,300	17,444,695	2,247,457
Closing number of shares	15,059,764	14,333,188	1,972,259
Operating charges**	0.90%	0.94%	0.95%
Direct transaction costs	0.08%	0.35%	0.69%
<b>Prices</b>			
Highest share price	143.15	136.63	115.73
Lowest share price	109.85	105.93	91.58

+Launched on 30 September 2020.

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

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

# ES River and Mercantile European Fund

## Comparative table continued

For the year ending:	31/03/2023	31/03/2022	31/03/2021+
F-Class Accumulation shares	pence per share	pence per share	pence per share
<b>Change in net assets per share</b>			
Opening net asset value per share	127.58	116.87	100.00
Return before operating charges*	15.83	11.29	17.11
Operating charges	(0.56)	(0.58)	(0.24)
Return after operating charges	15.27	10.71	16.87
Distributions	(3.01)	(2.14)	(0.87)
Retained distributions on accumulation shares	3.01	2.14	0.87
<b>Closing net asset value per share</b>	<b>142.85</b>	<b>127.58</b>	<b>116.87</b>
*After direct transaction costs of	(0.10)	(0.45)	(0.34)
<b>Performance</b>			
Return after charges	11.97%	9.17%	16.87%
<b>Other information</b>			
Closing net asset value (£)	40,426,858	43,459,440	7,020,080
Closing number of shares	28,300,777	34,063,965	6,006,864
Operating charges**	0.43%	0.45%	0.45%
Direct transaction costs	0.08%	0.35%	0.64%
<b>Prices</b>			
Highest share price	148.47	141.33	117.99
Lowest share price	113.93	109.93	93.03

+Launched on 30 September 2020.

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

\*\*The calculation of the operating charges figure is based on expenses paid by the sub-fund over the past twelve months. The Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee, to seek to achieve an Operating Charge of no more than 0.45%.

# ES River and Mercantile European Fund

## Comparative table continued

For the year ending:	31/03/2023	31/03/2022	31/03/2021+
F-Class Distribution shares	pence per share	pence per share	pence per share
<b>Change in net assets per share</b>			
Opening net asset value per share	124.22	115.70	100.00
Return before operating charges*	15.17	11.21	16.82
Operating charges	(0.55)	(0.57)	(0.24)
Return after operating charges	14.62	10.64	16.58
Distributions	(2.93)	(2.12)	(0.88)
<b>Closing net asset value per share</b>	<b>135.91</b>	<b>124.22</b>	<b>115.70</b>
*After direct transaction costs of	(0.10)	(0.45)	(0.34)
<b>Performance</b>			
Return after charges	11.77%	9.19%	16.58%
<b>Other information</b>			
Closing net asset value (£)	42,383,181	55,065,865	13,651,095
Closing number of shares	31,184,003	44,329,070	11,798,508
Operating charges**	0.44%	0.45%	0.45%
Direct transaction costs	0.08%	0.35%	0.64%
<b>Prices</b>			
Highest share price	143.15	139.16	117.50
Lowest share price	109.85	108.07	92.81

+Launched on 30 September 2020.

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

\*\*The calculation of the operating charges figure is based on expenses paid by the sub-fund over the past twelve months. The Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee, to seek to achieve an Operating Charge of no more than 0.45%.

# ES River and Mercantile European Fund

## Comparative table continued

For the year ending:	31/03/2023	31/03/2022+
S-Class Accumulation shares	pence per share	pence per share
<b>Change in net assets per share</b>		
Opening net asset value per share	255.99	100.00
Return before operating charges*	31.56	157.60
Operating charges	(1.81)	(1.61)
Return after operating charges	29.75	155.99
Distributions	(6.03)	(3.23)
Retained distributions on accumulation shares	6.03	3.23
<b>Closing net asset value per share</b>	<b>285.74</b>	<b>255.99</b>
*After direct transaction costs of	(0.21)	(0.82)
<b>Performance</b>		
Return after charges	11.62%	155.99%
<b>Other information</b>		
Closing net asset value (£)	7,662,106	123,059,696
Closing number of shares	2,681,527	48,072,918
Operating charges**	0.69%	0.69%
Direct transaction costs	0.08%	0.39%
<b>Prices</b>		
Highest share price	297.07	283.83
Lowest share price	228.16	220.60

+Launched on 11 May 2021.

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

\*\*The calculation of the operating charges figure is based on expenses paid by the sub-fund over the past twelve months. The Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee, to seek to achieve an Operating Charge of no more than 0.69%.



# ES River and Mercantile European Fund

## Comparative table continued

For the year ending:	31/03/2023	31/03/2022+
S-Class Distribution shares	pence per share	pence per share
<b>Change in net assets per share</b>		
Opening net asset value per share	252.79	100.00
Return before operating charges*	30.81	157.61
Operating charges	(1.70)	(1.60)
Return after operating charges	29.11	156.01
Distributions	(5.95)	(3.22)
<b>Closing net asset value per share</b>	<b>275.95</b>	<b>252.79</b>
*After direct transaction costs of	(0.20)	(0.82)
<b>Performance</b>		
Return after charges	11.52%	156.01%
<b>Other information</b>		
Closing net asset value (£)	101,364	19,993
Closing number of shares	36,733	7,909
Operating charges**	0.67%	0.69%
Direct transaction costs	0.08%	0.39%
<b>Prices</b>		
Highest share price	290.72	283.06
Lowest share price	223.30	219.79

+Launched on 11 May 2021.

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

\*\*The calculation of the operating charges figure is based on expenses paid by the sub-fund over the past twelve months. The Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee, to seek to achieve an Operating Charge of no more than 0.69%.

# ES River and Mercantile European Fund

## Comparative table continued

For the year ending:	31/03/2023	31/03/2022+
Z-Class Accumulation shares	pence per share	pence per share
<b>Change in net assets per share</b>		
Opening net asset value per share	520.50	100.00
Return before operating charges*	64.68	421.46
Operating charges	(0.79)	(0.96)
Return after operating charges	63.89	420.50
Distributions	(12.30)	(7.03)
Retained distributions on accumulation shares	12.30	7.03
<b>Closing net asset value per share</b>	<b>584.39</b>	<b>520.50</b>
*After direct transaction costs of	(0.42)	(1.68)
<b>Performance</b>		
Return after charges	12.27%	420.50%
<b>Other information</b>		
Closing net asset value (£)	29,465	30,897
Closing number of shares	5,042	5,936
Operating charges**	0.15%	0.20%
Direct transaction costs	0.08%	0.39%
<b>Prices</b>		
Highest share price	607.17	576.03
Lowest share price	465.41	448.43

+Launched on 6 May 2021.

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

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

# ES River and Mercantile European Fund

## Synthetic Risk Reward Indicator (SRRI)



Typically Lower Rewards

Typically Higher Rewards



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

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

## Summary of Largest Portfolio Changes

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

Purchases	£	Sales	£
Waters	5,849,190	Koninklijke KPN	8,437,313
Salzgitter	4,781,381	Banco Santander	7,519,562
IMCD	4,207,623	Verallia	6,705,443
Stellantis	3,964,833	Bakkafrost P/F	6,687,565
Roche	3,754,876	ING Groep	6,585,380
BE Semiconductor Industries	3,263,339	Elis	6,299,568
Muenchener Rueckversicherungs-		Sanofi	6,211,032
Gesellschaft in Muenchen	3,058,964	CaixaBank	5,732,238
BNP Paribas	2,969,749	NKT	5,483,803
Bakkafrost P/F	2,919,207	Dometic	5,424,354
ASML	2,832,900		

# ES River and Mercantile European Fund

## Statement of Total Return for the year ended 31 March 2023

	Notes	1 April 2022 to 31 March 2023		1 April 2021 to 31 March 2022	
		£	£	£	£
Income					
Net capital gains/(losses)	2		3,900,601		(7,712,496)
Revenue	3	5,434,174		2,354,747	
Expenses	4	(833,143)		(726,287)	
Interest payable and similar charges	6	(673)		(1,464)	
Net revenue before taxation for the year		4,600,358		1,626,996	
Taxation	5	(691,447)		(278,710)	
Net revenue after taxation for the year			3,908,911		1,348,286
Total return before distributions			7,809,512		(6,364,210)
Distributions	7		(4,740,821)		(2,074,320)
<b>Change in net assets attributable to Shareholders from investment activities</b>			<b>3,068,691</b>		<b>(8,438,530)</b>

## Statement of Change in Net Assets attributable to Shareholders for the year ended 31 March 2023

	1 April 2022 to 31 March 2023		1 April 2021 to 31 March 2022	
	£	£	£	£
Opening net assets attributable to Shareholders		244,616,121		22,918,632
Amounts received on creation of shares	53,735,795		240,891,516	
Amounts paid on cancellation of shares	(57,652,628)		(13,050,698)	
In specie transfer	(119,133,507)		—	
		(123,050,340)		227,840,818
Dilution adjustment		20,641		381,992
Change in net assets attributable to Shareholders from investment activities		3,068,691		(8,438,530)
Retained distributions on accumulation shares		1,297,615		1,913,209
<b>Closing net assets attributable to Shareholders</b>		<b>125,952,728</b>		<b>244,616,121</b>

# ES River and Mercantile European Fund

## Balance Sheet as at 31 March 2023

	Notes	31 March 2023		31 March 2022	
		£	£	£	£
<b>ASSETS</b>					
Fixed assets					
Investments			123,655,395		243,696,732
Current assets					
Debtors	8	2,854,401		2,980,093	
Cash and bank balances		3,365,448		3,059,304	
<b>Total other assets</b>			<b>6,219,849</b>		<b>6,039,397</b>
<b>Total assets</b>			<b>129,875,244</b>		<b>249,736,129</b>
<b>LIABILITIES</b>					
Creditors					
Distribution payable		(833,732)		(700,584)	
Other creditors	9	(3,088,784)		(4,419,424)	
<b>Total other liabilities</b>			<b>(3,922,516)</b>		<b>(5,120,008)</b>
<b>Total liabilities</b>			<b>(3,922,516)</b>		<b>(5,120,008)</b>
<b>Net assets attributable to Shareholders</b>			<b>125,952,728</b>		<b>244,616,121</b>

# ES River and Mercantile European Fund

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## Notes to the Financial Statements

### 1 Accounting policies

The accounting policies for the sub-fund are set out on pages 7 to 8.

### 2 Net capital gains/(losses)

	31 March 2023 £	31 March 2022 £
The net capital gains/(losses) during the year comprise:		
Non-derivative securities	3,865,087	(7,578,653)
Forward currency contracts	234	—
Currency gains/(losses)	47,457	(101,417)
Custodial transaction fees	<u>(12,177)</u>	<u>(32,426)</u>
Net capital gains/(losses)	<u>3,900,601</u>	<u>(7,712,496)</u>

### 3 Revenue

	31 March 2023 £	31 March 2022 £
Bank interest	8,783	1
Non-taxable overseas dividends	5,403,478	2,325,908
Taxable overseas dividends	—	41
UK dividends	<u>21,913</u>	<u>28,797</u>
	<u>5,434,174</u>	<u>2,354,747</u>

# ES River and Mercantile European Fund

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## Notes to the Financial Statements continued

### 4 Expenses

	31 March 2023 £	31 March 2022 £
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
ACD's periodic charge	<u>663,724</u>	<u>570,727</u>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fees	21,855	19,612
Safe custody fees	<u>24,189</u>	<u>27,223</u>
	<u>46,044</u>	<u>46,835</u>
Other expenses:		
Audit fee*	12,781	11,614
Fund accounting fees	40,458	40,369
Legal and professional fees	8,381	—
Registration fees	888	705
Transfer agency fees	66,524	138,147
Other fees	<u>(5,657)</u>	<u>(82,110)</u>
	<u>123,375</u>	<u>108,725</u>
Total expenses	<u><u>833,143</u></u>	<u><u>726,287</u></u>

\*Total audit fees of £11,689 (2022 - £10,164) exclusive of VAT.

# ES River and Mercantile European Fund

## Notes to the Financial Statements continued

### 5 Taxation

	31 March 2023 £	31 March 2022 £
<b>a) Analysis of taxation charge in year</b>		
Overseas tax	<u>691,447</u>	<u>278,710</u>
Total taxation	<u>691,447</u>	<u>278,710</u>

### b) Factors affecting taxation charge for the year

The tax assessed for the year is lower (2022: lower) than the standard rate of corporation tax in the UK for an Open Ended Investment Company with variable capital (20%) (2022: 20%). The difference is explained below:

Net revenue before taxation for the year	<u>4,600,358</u>	<u>1,626,996</u>
Return on ordinary activities before taxation at the applicable rate of Corporation tax in the UK of 20% (2022: 20%)	920,072	325,399
Effects of:		
Movement in tax losses	165,006	145,542
Overseas tax	691,447	278,710
Revenue not subject to tax	<u>(1,085,078)</u>	<u>(470,941)</u>
Total taxation	<u>691,447</u>	<u>278,710</u>

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

### c) Provision for deferred tax

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

At the year end there is a potential deferred tax asset of £314,164 (£149,158 as at 31 March 2022) due to tax losses. It is unlikely the sub-fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised (same as at 31 March 2022).

### 6 Interest payable and similar charges

	31 March 2023 £	31 March 2022 £
Interest	<u>673</u>	<u>1,464</u>
	<u>673</u>	<u>1,464</u>



# ES River and Mercantile European Fund

## Notes to the Financial Statements continued

### 7 Distributions

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

	<b>31 March 2023</b>	<b>31 March 2022</b>
	£	£
1st Interim	496,443	256,030
2nd Interim	516,102	135,558
3rd Interim	—	311,514
Final	<u>1,665,260</u>	<u>2,247,638</u>
	2,677,805	2,950,740
Add: revenue deducted on cancellation of shares	2,591,511	71,329
Deduct: revenue received on creation of shares	<u>(528,495)</u>	<u>(947,749)</u>
	<u>4,740,821</u>	<u>2,074,320</u>
Distributions for the year	<u>4,740,821</u>	<u>2,074,320</u>
Reconciliation between net revenue after taxation for the year and the distributions:		
Net revenue after taxation for the year	3,908,911	1,348,286
Equalisation on conversions	—	(227)
Expenses transferred to capital	833,143	726,287
Tax relief on expenses taken to capital	<u>(1,233)</u>	<u>(26)</u>
Distributions for the year	<u>4,740,821</u>	<u>2,074,320</u>

### 8 Debtors

	<b>31 March 2023</b>	<b>31 March 2022</b>
	£	£
Accrued revenue	132,586	299,029
Amounts receivable for issue of shares	355,654	361,191
Expense rebate due from the ACD	—	26,704
Foreign currency contracts awaiting settlement	632,403	2,093,312
Overseas tax recoverable	651,209	199,857
Sales awaiting settlement	<u>1,082,549</u>	<u>—</u>
	<u>2,854,401</u>	<u>2,980,093</u>

# ES River and Mercantile European Fund

## Notes to the Financial Statements continued

### 9 Other creditors

	31 March 2023 £	31 March 2022 £
<b>a) Distribution payable</b>		
Gross distribution payable	833,732	700,584
Total distribution payable	<u>833,732</u>	<u>700,584</u>
<b>b) Other creditors</b>		
Accrued expenses	119,995	257,457
Amounts payable for cancellation of shares	458,627	49,681
Foreign currency contracts awaiting settlement	631,761	2,104,684
Purchases awaiting settlement	<u>1,878,401</u>	<u>2,007,602</u>
	<u>3,088,784</u>	<u>4,419,424</u>

### 10 Contingent liabilities and outstanding commitments

There were no commitments or contingent liabilities at the balance sheet date (31 March 2022: same).

### 11 Related party transactions

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

Amounts paid to Equity Trustees Fund Services Ltd in respect of the ACD, associates of the ACD and agents of either of them are disclosed in note 4. The balance outstanding as at the year end was £3,214 (£101,981 as at 31 March 2022).

Equity Trustees Fund Services Limited, as the sub-fund's ACD, wishes to disclose to the sub-fund's Shareholders that 29.98% of the sub-fund's shares in issue are under the control of a corporate client.

### 12 Financial instruments

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

#### a) Credit risk

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

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

#### b) Valuation of financial investments

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

31 March 2023		Assets £	Liabilities £
Level 1	Unadjusted quoted price in an active market for an identical instrument	123,655,395	—
		<b>123,655,395</b>	<b>—</b>

# ES River and Mercantile European Fund

## Notes to the Financial Statements continued

### 12 Financial instruments continued

#### b) Valuation of financial investments continued

<b>31 March 2022</b>		<b>Assets</b>	<b>Liabilities</b>
		<b>£</b>	<b>£</b>
Level 1	Unadjusted quoted price in an active market for an identical instrument	243,696,732	—
		<b>243,696,732</b>	<b>—</b>

#### c) Foreign currency risk

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

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

<b>31 March 2023</b>	<b>Net foreign currency assets</b>		
	<b>Monetary exposures</b>	<b>Non-monetary exposures</b>	<b>Total</b>
<b>Currency</b>	<b>£</b>	<b>£</b>	<b>£</b>
Canadian Dollar	—	796,376	796,376
Danish Krone	114	7,949,701	7,949,815
Euro	567	72,709,170	72,709,737
Japanese Yen	253	2,127,729	2,127,982
Norwegian Krone	215	7,131,893	7,132,108
Swedish Krona	498	7,382,331	7,382,829
Swiss Franc	58	20,217,653	20,217,711
US Dollar	277	5,323,852	5,324,129
	<b>1,982</b>	<b>123,638,705</b>	<b>123,640,687</b>

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

#### d) Derivative risk

At the balance sheet date, no derivatives were held that could impact the sub-fund in a significant way (2022: same).

# ES River and Mercantile European Fund

## Notes to the Financial Statements continued

### 12 Financial instruments continued

#### e) Interest rate risk

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

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

#### f) Sensitivity analysis

##### Currency risk

If sterling (the sub-fund base currency) increased by 10% against non-sterling currencies as at the balance sheet date the net asset value of the sub-fund would have decreased by £12,364,069 (2022: £24,385,471). A weakening in sterling against non-sterling currencies of 10% will have resulted in an equal but opposite effect.

##### Price risk

If market prices had increased by 10% as at the balance sheet date the net asset value of the sub-fund would have increased by £12,365,540 (2022: £24,369,673). A weakening in market prices of 10% will have resulted in an equal but opposite effect.

#### g) Leverage

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

### 13 Portfolio transaction costs

For the year 1 April 2022 to 31 March 2023

Purchases	Transaction Value	Commissions		Taxes	
	£	£	%	£	%
Equity instruments (direct)	75,027,043	43,315	0.06	26,250	0.03
Total purchases	75,027,043	43,315		26,250	
Total purchases including transaction costs	75,096,608				
Sales	Transaction Value	Commissions		Taxes	
	£	£	%	£	%
Equity instruments (direct)	81,525,593	43,521	0.05	10	0.00
In-specie transfers	117,758,369	—	—	—	—
Total sales	199,283,962	43,521		10	
Total sales net of transaction costs	199,240,431				
Total transaction costs		86,836		26,260	
as a % of average net assets		0.06%		0.02%	

# ES River and Mercantile European Fund

## Notes to the Financial Statements continued

### 13 Portfolio transaction costs continued

For the year 1 April 2021 to 31 March 2022

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

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

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

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

At the balance sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.10% (2022 - 0.25%).

### 14 Share movement

	<b>B-Class Accumulation shares</b>	<b>B-Class Distribution shares</b>	<b>F-Class Accumulation shares</b>	<b>F-Class Distribution shares</b>
Opening shares	5,491,053	14,333,188	34,063,965	44,329,070
Shares issued	14,291,587	6,691,234	5,965,392	4,148,063
Shares redeemed	(6,084,852)	(5,964,658)	(11,728,580)	(17,293,130)
<b>Closing shares</b>	<b>13,697,788</b>	<b>15,059,764</b>	<b>28,300,777</b>	<b>31,184,003</b>

# ES River and Mercantile European Fund

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## Notes to the Financial Statements continued

### 14 Share movement continued

	<b>S-Class Accumulation shares</b>	<b>S-Class Distribution shares</b>	<b>Z-Class Accumulation shares</b>
Opening shares	48,072,918	7,909	5,936
Shares issued	6,663,070	28,869	—
Shares redeemed	(52,054,461)	(45)	(894)
<b>Closing shares</b>	<b>2,681,527</b>	<b>36,733</b>	<b>5,042</b>

### 15 Post balance sheet events

There are no post balance sheet events which require adjustments at the year end.

# ES River and Mercantile European Fund

## Distribution tables for the year ended 31 March 2023

Group 1: shares purchased prior to a distribution period

Group 2: shares purchased during a distribution period

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

1st Interim dividend distribution in pence per share		Period 01/04/22 — 30/06/22		
	Net Revenue	Equalisation	Distribution paid 31/07/22	Distribution paid 31/07/21
<b>B-Class Accumulation shares</b>				
Group 1	0.4330	—	0.4330	0.0706
Group 2	0.0000	0.4330	0.4330	0.0706
<b>B-Class Distribution shares</b>				
Group 1	0.5227	—	0.5227	0.4721
Group 2	0.0000	0.5227	0.5227	0.4721
<b>F-Class Accumulation shares</b>				
Group 1	0.5482	—	0.5482	0.4844
Group 2	0.0000	0.5482	0.5482	0.4844
<b>F-Class Distribution shares</b>				
Group 1	0.5338	—	0.5338	0.4796
Group 2	0.0000	0.5338	0.5338	0.4796
<b>S-Class Accumulation shares</b>				
Group 1	1.0995	—	1.0995	0.4334
Group 2	0.0000	1.0995	1.0995	0.4334
<b>S-Class Distribution shares</b>				
Group 1	1.0861	—	1.0861	0.4334
Group 2	0.0000	1.0861	1.0861	0.4334
<b>Z-Class Accumulation shares</b>				
Group 1	2.2376	—	2.2376	1.1209
Group 2	2.2376	0.0000	2.2376	1.1209

2nd Interim dividend distribution in pence per share		Period 01/07/22 — 30/09/22		
	Net Revenue	Equalisation	Distribution paid 31/10/22	Distribution paid 31/10/21
<b>B-Class Accumulation shares</b>				
Group 1	0.4695	—	0.4695	0.0720
Group 2	0.0000	0.4695	0.4695	0.0720
<b>B-Class Distribution shares</b>				
Group 1	0.5662	—	0.5662	0.2158
Group 2	0.0000	0.5662	0.5662	0.2158

# ES River and Mercantile European Fund

## Distribution tables continued

2nd Interim dividend distribution in pence per share		Period 01/07/22 — 30/09/22		
		Net Revenue	Equalisation	Distribution paid 31/10/22
<b>F-Class Accumulation shares</b>				
Group 1	0.5943	—	0.5943	0.2216
Group 2	0.0000	0.5943	0.5943	0.2216
<b>F-Class Distribution shares</b>				
Group 1	0.5784	—	0.5784	0.2193
Group 2	0.0000	0.5784	0.5784	0.2193
<b>S-Class Accumulation shares</b>				
Group 1	1.1914	—	1.1914	0.2673
Group 2	0.0000	1.1914	1.1914	0.2673
<b>S-Class Distribution shares</b>				
Group 1	1.1767	—	1.1767	0.2672
Group 2	0.0000	1.1767	1.1767	0.2672
<b>Z-Class Accumulation shares</b>				
Group 1	2.4250	—	2.4250	0.6213
Group 2	2.4250	0.0000	2.4250	0.6213

3rd Interim dividend distribution in pence per share		Period 01/10/2022 — 31/12/2022		
		Net Revenue	Equalisation	Distribution paid 31/01/23
<b>B-Class Accumulation shares</b>				
Group 1	0.0000	—	0.0000	0.0720
Group 2	0.0000	0.0000	0.0000	0.0720
<b>B-Class Distribution shares</b>				
Group 1	0.0000	—	0.0000	0.2158
Group 2	0.0000	0.0000	0.0000	0.2158
<b>F-Class Accumulation shares</b>				
Group 1	0.0000	—	0.0000	0.2216
Group 2	0.0000	0.0000	0.0000	0.2216
<b>F-Class Distribution shares</b>				
Group 1	0.0000	—	0.0000	0.2193
Group 2	0.0000	0.0000	0.0000	0.2193
<b>S-Class Accumulation shares</b>				
Group 1	0.0000	—	0.0000	0.2673
Group 2	0.0000	0.0000	0.0000	0.2673
<b>S-Class Distribution shares</b>				
Group 1	0.0000	—	0.0000	0.2672
Group 2	0.0000	0.0000	0.0000	0.2672



# ES River and Mercantile European Fund

## Distribution tables continued

3rd Interim dividend distribution in pence per share		Period 01/10/2022 — 31/12/2022		
	Net Revenue	Equalisation	Distribution paid 31/01/23	Distribution paid 31/01/22
<b>Z-Class Accumulation shares</b>				
Group 1	0.0000	—	0.0000	0.6213
Group 2	0.0000	0.0000	0.0000	0.6213
Final dividend distribution in pence per share		Period 01/01/2023 — 31/03/2023		
	Net Revenue	Equalisation	Distribution payable 30/04/23	Distribution paid 30/04/22
<b>B-Class Accumulation shares</b>				
Group 1	1.4742	—	1.4742	0.8554
Group 2	0.2635	1.2107	1.4742	0.8554
<b>B-Class Distribution shares</b>				
Group 1	1.7725	—	1.7725	1.1824
Group 2	0.4075	1.3650	1.7725	1.1824
<b>F-Class Accumulation shares</b>				
Group 1	1.8686	—	1.8686	1.2162
Group 2	0.3795	1.4891	1.8686	1.2162
<b>F-Class Distribution shares</b>				
Group 1	1.8133	—	1.8133	1.1977
Group 2	0.3817	1.4316	1.8133	1.1977
<b>S-Class Accumulation shares</b>				
Group 1	3.7435	—	3.7435	2.2581
Group 2	0.6405	3.1030	3.7435	2.2581
<b>S-Class Distribution shares</b>				
Group 1	3.6858	—	3.6858	2.2521
Group 2	0.7141	2.9717	3.6858	2.2521
<b>Z-Class Accumulation shares</b>				
Group 1	7.6374	—	7.6374	4.6644
Group 2	7.6374	0.0000	7.6374	4.6644

# Authorised Corporate Director's (ACD) Responsibilities

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The Authorised Corporate Director ("ACD") of The ES River and Mercantile Funds ICVC ("the Company") is responsible for preparing the Annual Report and the Financial Statements in accordance with the Open-Ended Investment Companies Regulations 2001 ("the OEIC Regulations"), the Financial Conduct Authority's Collective Investment Schemes' Sourcebook ("COLL") and the Company's Instrument of Incorporation.

The OEIC Regulations and COLL require the ACD to prepare Financial Statements for each annual accounting period which:

- are in accordance with United Kingdom Generally Accepted Accounting Practice ("United Kingdom Accounting Standards and applicable law"), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Statement of Recommended Practice: "Financial Statements of UK Authorised Funds" issued by the Investment Association ("IA SORP") in May 2014, updated in June 2017; and
- give a true and fair view of the financial position of the Company's sub-funds as at the end of that period and the net revenue or expense and the net capital gains or losses on the scheme property of the Company's sub-funds for that period.

In preparing the Financial Statements, the ACD is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the IA SORP have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation.

The ACD is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the applicable IA SORP and United Kingdom Accounting Standards and applicable law. The ACD is also responsible for the system of internal controls, for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Shareholders of the ES River and Mercantile Funds ICVC ("the Company") for the Year Ended 31 March 2023

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The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Company's Instrument of Incorporation and Prospectus (together "the Scheme documents") as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depositary must ensure that:

- the Company's cash flows are properly monitored<sup>1</sup> and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, repurchase and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares of the Company are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ("the AFM"), which is the UCITS Management Company, are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that Company is managed in accordance with the Regulations and Scheme documents in relation to the investment and borrowing powers applicable to the Company.

Having carried out such procedures as we consider necessary to discharge our responsibilities as depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the AFM:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Regulations and the Scheme documents of the Company; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

22 June 2023

The Bank of New York Mellon (International) Limited

<sup>1</sup> This requirement on the Depositary applied from 18 March 2016.

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

## Report on the audit of the financial statements

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### Opinion

In our opinion, the financial statements of ES River and Mercantile Funds ICVC (the "Company"):

- give a true and fair view of the financial position of the Company and each of the sub-funds as at 31 March 2023 and of the net revenue and the net capital gains/losses on the scheme property of the Company and each of the sub-funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

ES River and Mercantile ICVC is an Open Ended Investment Company ('OEIC') with 8 sub-funds. The financial statements of the Company comprise the financial statements of each of the sub-funds. We have audited the financial statements, included within the Final Report for the year ended 31 March 2023 (the "Annual Report"), which comprise: the Balance Sheets as at 31 March 2023; the Statements of Total Return and the Statements of Change in Net Assets attributable to Shareholders for the year then ended; the Distribution tables and the Notes to the Financial Statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's or any sub-funds' ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Authorised Corporate Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's or any sub-funds' ability to continue as a going concern.

Our responsibilities and the responsibilities of the Authorised Corporate Director with respect to going concern are described in the relevant sections of this report.

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Authorised Corporate Director is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

## Report on the audit of the financial statements

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### Authorised Corporate Director's Report

In our opinion, the information given in the Authorised Corporate Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Responsibilities for the financial statements and the audit

#### Responsibilities of the Authorised Corporate Director for the financial statements

As explained more fully in the Authorised Corporate Director's (ACD) Responsibilities, the Authorised Corporate Director is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Authorised Corporate Director is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Corporate Director is responsible for assessing the Company's and each of the sub-funds ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Authorised Corporate Director either intends to wind up or terminate the Company or individual sub-fund, or has no realistic alternative but to do so.

#### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company/industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of the Collective Investment Schemes sourcebook, and we considered the extent to which non-compliance might have a material effect on the financial statements, in particular those parts of the sourcebook which may directly impact on the determination of amounts and disclosures in the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or to increase the net asset value of Company or the sub-funds. Audit procedures performed included:

- Discussions with the Authorised Corporate Director, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing relevant meeting minutes, including those of the Authorised Corporate Director's board of directors;
- Identifying and testing journal entries, specifically any journals posted as part of the financial year end close process; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### Use of this report

This report, including the opinions, has been prepared for and only for the Company's shareholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook as required by paragraph 67(2) of the Open-Ended Investment Companies Regulations 2001 and for no other purpose. We do not, in giving these

# Independent auditors' report to the Shareholders of ES River and Mercantile Funds ICVC Report on the audit of the financial statements

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opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

### Opinion on matter required by the Collective Investment Schemes sourcebook

In our opinion, we have obtained all the information and explanations we consider necessary for the purposes of the audit.

### Collective Investment Schemes sourcebook exception reporting

Under the Collective Investment Schemes sourcebook we are also required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Glasgow  
22 June 2023

# Other Information

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