

River and Mercantile Global High Alpha Fund

ARSN 625 572 910

Special purpose financial report

For the period 1 July 2020 to 23 April 2021

River and Mercantile Global High Alpha Fund

ARSN 625 572 910

Special purpose financial report

For the period 1 July 2020 to 23 April 2021

Contents

Directors' report

Statement of comprehensive income

Statement of financial position

Statement of changes in equity

Statement of cash flows

Notes to the financial statements

Directors' declaration

Independent auditor's report to the unit holders of River and Mercantile Global High Alpha Fund

This special purpose financial report covers River and Mercantile Global High Alpha Fund as an individual entity.

The Responsible Entity of River and Mercantile Global High Alpha Fund is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975).

The Responsible Entity's registered office is:
Level 1, 575 Bourke Street
Melbourne, VIC 3000.

Directors' report

The directors of Equity Trustees Limited, the Responsible Entity of River and Mercantile Global High Alpha Fund (the "Fund"), present their report together with the financial statements of the Fund for the period ended 23 April 2021.

Principal activities

Until its termination on 23 April 2021, the Fund invested in global equity securities in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

During the period, all assets of the Fund were liquidated and returned to unit holders.

The Fund did not have any employees during the period.

There were no significant changes in the nature of the Fund's activities during the period.

The various service providers for the Fund are detailed below:

Service	Provider
Responsible Entity	Equity Trustees Limited
Investment Manager	River and Mercantile Asset Management LLP
Custodian and Administrator	The Northern Trust Company
Statutory Auditor	PricewaterhouseCoopers

Directors

The following persons held office as directors of Equity Trustees Limited during or since the end of the period and up to the date of this report:

Philip D Gentry	Chairman
Harvey H Kalman	(resigned 1 September 2020)
Ian C Westley	(resigned 3 July 2020)
Michael J O'Brien	
Russell W Beasley	(appointed 1 September 2020)

Review and results of operations

This is the final set of financial statements for the Fund, which has terminated.

During the period prior to its termination, the Fund continued to invest its funds in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

The performance of the Fund, as represented by the results of its operations, was as follows:

	For the period 1 July 2020 to 23 April 2021	Year ended 30 June 2020
Operating profit/(loss) for the period (\$)	6,607,376	(11,818,701)
Distributions paid and payable (\$)	205,236	2,235,116
Distributions (cents per unit)	1.39	1.51

Directors' report (continued)

Significant changes in the state of affairs

Ian C Westley resigned as a director of Equity Trustees Limited on 3 July 2020.

Harvey H Kalman resigned as a director of Equity Trustees Limited on 1 September 2020.

Russell W Beasley was appointed as a director of Equity Trustees Limited on 1 September 2020.

The Fund terminated on 23 April 2021 when all unit holders entitlements were redeemed.

In the opinion of the directors, there were no other significant changes in the state of affairs of the Fund that occurred during the financial period.

Matters subsequent to the end of the financial period

No matter or circumstance has arisen since 23 April 2021 that has significantly affected, or may have a significant effect on:

- (i) the operations of the Fund; or
- (ii) the results of those operations; or
- (iii) the state of affairs of the Fund.

Indemnification and insurance of officers

No insurance premiums are paid for out of the assets of the Fund in regards to insurance cover provided to the officers of Equity Trustees Limited. So long as the officers of Equity Trustees Limited act in accordance with the Fund's Constitution and the Law, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund.

Indemnification of auditor

The auditor of the Fund is in no way indemnified out of the assets of the Fund.

Interests in the Fund

The movement in units on issue in the Fund during the period is disclosed in Note 5 to the financial statements.

The value of the Fund's assets and liabilities is disclosed in the statement of financial position and derived using the basis set out in Note 2 to the financial statements.

Environmental regulation

The operations of the Fund are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

Rounding of amounts to the nearest dollar

Amounts in the Directors' report have been rounded to the nearest dollar in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, unless otherwise indicated.

This report is made in accordance with a resolution of the directors of Equity Trustees Limited through a delegated authority given by Equity Trustees Limited's Board.



Philip D Gentry
Chairman

Melbourne
27 October 2021

Statement of comprehensive income

	For the period 1 July 2020 to 23 April 2021	Year ended 30 June 2020
	\$	\$
Investment income		
Dividend income	795,974	3,009,078
Net foreign exchange gain/(loss)	(29,702)	(65,247)
Net gains/(losses) on financial instruments at fair value through profit or loss	<u>6,312,538</u>	<u>(13,679,763)</u>
Total investment income/(loss)	<u>7,078,810</u>	<u>(10,735,932)</u>
Expenses		
Management fees	63,165	605,896
Custody and administration fees	125,346	-
Withholding taxes	160,548	320,452
Transaction costs	97,044	113,115
Other expenses	<u>25,331</u>	<u>43,306</u>
Total expenses	<u>471,434</u>	<u>1,082,769</u>
Operating profit/(loss) for the period	<u>6,607,376</u>	<u>(11,818,701)</u>
Other comprehensive income	-	-
Total comprehensive income/(loss) for the period	<u>6,607,376</u>	<u>(11,818,701)</u>

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position

		As at		
	Note	23 April 2021	30 June 2020	
		\$	\$	
Assets				
Cash and cash equivalents	7	-	477,750	
Receivables	9	-	259,576	
Due from brokers - receivable for securities sold		-	377,423	
Financial assets at fair value through profit or loss	3	-	135,018,921	
Total assets		-	136,133,670	
Liabilities				
Distributions payable	6	-	2,235,116	
Payables	10	-	508,818	
Due to brokers - payables for securities purchased		-	293,234	
Total liabilities		-	3,037,168	
Net assets attributable to unit holders - equity	5	-	133,096,502	

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of changes in equity

	Note	For the period 1 July 2020 to 23 April 2021 \$	Year ended 30 June 2020 \$
Total equity at the beginning of the financial period		133,096,502	144,937,314
Comprehensive income for the period			
Profit/(loss) for the period		<u>6,607,376</u>	<u>(11,818,701)</u>
Total comprehensive income		<u>6,607,376</u>	<u>(11,818,701)</u>
Transactions with unit holders			
Redemptions	5	(141,733,758)	-
Reinvestment of distributions	5	2,235,116	2,213,005
Distributions paid and payable	5	<u>(205,236)</u>	<u>(2,235,116)</u>
Total transactions with unit holders		<u>(139,703,878)</u>	<u>(22,111)</u>
Total equity at the end of the financial period		<u>-</u>	<u>133,096,502</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of cash flows

	For the period 1 July 2020 to 23 April 2021	Year ended 30 June 2020
Note	\$	\$
Cash flows from operating activities		
Proceeds from sale of financial instruments at fair value through profit or loss	160,455,463	48,237,418
Payments for purchase of financial instruments at fair value through profit or loss	(19,039,815)	(51,425,278)
Net foreign exchange gain/(loss)	(29,702)	(60,989)
Dividends received	886,205	2,686,722
Management fees paid	(458,715)	(250,831)
Custody and administration fees paid	(209,993)	(116,209)
Transaction costs paid	(97,044)	(113,115)
Other expenses paid	(45,155)	(38,238)
Net cash inflow/(outflow) from operating activities	8(a) 141,461,244	(1,080,520)
Cash flows from financing activities		
Payments for redemptions by unit holders	(141,733,758)	-
Distributions paid to unit holders	(205,236)	-
Net cash inflow/(outflow) from financing activities	(141,938,994)	-
Net increase/(decrease) in cash and cash equivalents	(477,750)	(1,080,520)
Cash and cash equivalents at the beginning of the period	477,750	1,562,528
Effects of foreign currency exchange rate changes on cash and cash equivalents	-	(4,258)
Cash and cash equivalents at the end of the period	7 -	477,750
Non-cash operating and financing activities	8(b) 2,235,116	2,213,005

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

Contents

1	General information
2	Summary of significant accounting policies
3	Financial assets at fair value through profit or loss
4	Derivative financial instruments
5	Net assets attributable to unit holders - equity
6	Distributions to unit holders
7	Cash and cash equivalents
8	Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities
9	Receivables
10	Payables
11	Remuneration of auditor
12	Events occurring after the reporting period
13	Contingent assets and liabilities and commitments

1 General information

These special purpose financial statements cover River and Mercantile Global High Alpha Fund (the "Fund") as an individual entity. The Fund is an Australian registered managed investment scheme which was constituted on 23 March 2018. The Fund terminated its operations on 23 April 2021 when all assets of the Fund were realised and all units were redeemed out of the Fund.

The Responsible Entity of the Fund is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975) (the "Responsible Entity"). The Responsible Entity's registered office is Level 1, 575 Bourke Street, Melbourne, VIC 3000. The special purpose financial statements are presented in the Australian currency unless otherwise noted.

During the period, all assets of the Fund were liquidated and returned to unit holders.

Until its termination on 23 April 2021, the Fund invested in global equity securities in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

These special purpose financial statements were authorised for issue by the directors on the date the Directors' declaration was signed. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the period presented, unless otherwise stated in the following text.

(a) Basis of preparation

The Fund is not a reporting entity because, in the directors' opinion, it is unlikely that users exist who are unable to command the preparation of reports tailored so as to satisfy, specifically, all of their information needs. Accordingly, these special purpose financial statements have been prepared to satisfy the directors' reporting requirements under the Fund's Constitution.

As the Fund was terminated on 23 April 2021, the going concern basis of preparation is no longer appropriate and the financial statements have been prepared on a liquidation basis. The liquidation basis means assets have been written down to the lower of their carrying amounts and net realisable value and additional liabilities have been recognised to the extent there was a present obligation at the reporting date. The accounting policies set out below have been applied within this context. As there were no assets or liabilities at the reporting date, adopting the liquidation basis did not change the carrying amounts of any assets or liabilities.

The financial statements have been prepared in accordance with the recognition and measurement principles of all applicable Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB), the *Corporations Act 2001* in Australia and the following disclosure requirements:

- AASB 101 *Presentation of Financial Statements*;
- AASB 107 *Statement of Cash Flows*;
- AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*;
- AASB 1048 *Interpretation of Standards*; and
- AASB 1054 *Australian Additional Disclosures*

The Fund is a for-profit entity for the purposes of preparing the financial statements.

(i) *New and amended standards adopted by the Fund*

The accounting policies in these financial statements are the same as those applied in the Fund's financial statements for the year ended 30 June 2020.

(b) Financial instruments

(i) *Classification*

- Financial assets

The Fund classifies its financial assets in the following measurement categories:

- those to be measured at fair value through profit or loss; and
- those to be measured at amortised cost.

The Fund classifies its financial assets based on their business model for managing those financial assets and the contractual cash flow characteristics of the financial assets.

2 Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(i) Classification (continued)

- Financial assets (continued)

The Fund's portfolio of financial assets are managed and performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for the Investment Manager to evaluate the information about these financial assets on a fair value basis together with other related financial information.

For equity securities and derivatives, the contractual cash flows of these instruments do not represent solely payments of principal and interest. Consequently, these investments are measured at fair value through profit or loss.

For cash and cash equivalents, due from brokers and receivables, these assets are held in order to collect the contractual cash flows. The contractual terms of these assets give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding. Consequently, these are measured at amortised cost.

- Financial liabilities

For financial liabilities that are not classified and measured at fair value through profit or loss, these are classified as financial liabilities at amortised cost (due to brokers, distributions payable, management fees payable, custody fees payable and other payables).

(ii) Recognition and derecognition

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets and financial liabilities from this date.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or the Fund has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liabilities are discharged, cancelled and expired.

(iii) Measurement

- Financial instruments at fair value through profit or loss

At initial recognition, the Fund measures financial assets and financial liabilities at fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of comprehensive income.

Subsequent to initial recognition, all financial assets and financial liabilities as at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in fair value of 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income within 'net gains/(losses) on financial instruments at fair value through profit or loss' in the period in which they arise.

- Financial instruments at amortised costs

For financial assets and financial liabilities at amortised cost, they are initially measured at fair value including directly attributable costs and are subsequently measured using the effective interest rate method less any allowance for expected credit losses.

Cash and cash equivalents, due from brokers and receivables are carried at amortised cost.

(iv) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position when the Fund has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

As the end of the reporting period, there are no financial assets or liabilities offset or with the right to offset in the statement of financial position.

(c) Net assets attributable to unit holders

Units are redeemable at the unit holders' option; however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unit holders.

2 Summary of significant accounting policies (continued)

(c) Net assets attributable to unit holders (continued)

The units can be put back to the Fund at any time for cash based on the redemption price which is equal to a proportionate share of the Fund's net asset value attributable to the unit holders.

The units are carried at the redemption amount that is payable at the reporting date if the holder exercises the right to put the units back to the Fund.

The Fund's units are classified as equity as they satisfy the following criteria under AASB 132 *Financial Instruments: Presentation*:

- the puttable financial instrument entitles the holder to a pro-rata share of net assets in the event of the Fund's liquidation;
- the puttable financial instrument is in the class of instruments that is subordinate to all other classes of instruments and class features are identical;
- the puttable financial instrument does not include any contractual obligations to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavourable conditions to the Fund, and is not a contract settled in the Fund's own equity instruments; and
- the total expected cash flows attributable to the puttable financial instrument over the life are based substantially on the profit or loss.

(d) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as trading of these securities represent the Fund's main income generating activity.

(e) Investment income

(i) Interest income

Interest income from financial assets at amortised cost is recognised using the effective interest method and includes interest from cash and cash equivalents.

The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instruments (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

(ii) Dividends

Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded as an expense. The Fund currently incurs withholding tax imposed by certain countries on investment income. Such income is recorded gross of withholding tax in the statement of comprehensive income.

(f) Expenses

All expenses are recognised in the statement of comprehensive income on an accruals basis.

(g) Income tax

Under current legislation, the Fund is not subject to income tax provided it attributes the entirety of its taxable income to its unit holders.

The Fund currently incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income or gains are recorded gross of withholding taxes in the statement of comprehensive income. Withholding taxes are included in the statement of comprehensive income.

2 Summary of significant accounting policies (continued)

(h) Distributions

The Fund may distribute its distributable income, in accordance with the Fund's Constitution, to unit holders by cash or reinvestment. The distributions are recognised in the statement of changes in equity.

(i) Foreign currency translation

(i) Functional and presentation currency

Balances included in the Fund's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Fund competes for funds and is regulated. The Australian dollar is also the Fund's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

The Fund does not isolate that portion of unrealised gains or losses on financial instruments that are measured at fair value through profit or loss which is due to changes in foreign exchange rates. Such fluctuations are included within the net gains/(losses) on financial instruments at fair value through profit or loss.

(j) Due from/to brokers

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the period. The due from brokers balance is held for collection and are recognised initially at fair value and subsequently measured at amortised cost.

(k) Receivables

Receivables may include amounts for dividends. Dividends are accrued where the right to receive payment is established. Amounts are generally received within 30 days of being recorded as receivables.

(l) Payables

Payables include liabilities and accrued expenses owed by the Fund which are unpaid as at the end of the period.

A separate distribution payable is recognised in the statement of financial position.

(m) Applications and redemptions

Applications received for units in the Fund are recorded net of any entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund are recorded gross of any exit fees payable after the cancellation of units redeemed.

(n) Goods and services tax (GST)

The GST incurred on the costs of various services provided to the Fund by third parties such as management, administration and custodian services where applicable, have been passed on to the Fund. The Fund qualifies for Reduced Input Tax Credits (RITC) at a rate of at least 55%. Hence fees for these services and any other expenses have been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Amounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the statement of financial position. Cash flows relating to GST are included in the statement of cash flows on a gross basis.

(o) Use of estimates and judgements

The Fund makes estimates, assumptions and judgements that affect the reported amounts of assets and liabilities within the current and next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2 Summary of significant accounting policies (continued)

(p) Rounding of amounts

The Fund is an entity of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded to the nearest dollar, unless otherwise indicated.

3 Financial assets at fair value through profit or loss

	23 April 2021 \$	As at	30 June 2020 \$
Held for trading			
Derivatives	-		57,679
Listed equity securities	-		134,961,242
Total financial assets at fair value through profit or loss	-		135,018,921

4 Derivative financial instruments

In the normal course of business the Fund enters into transactions in various derivative financial instruments which have certain risks. A derivative is a financial instrument or other contract which is settled at a future date and whose value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable.

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

Derivative transactions include many different instruments such as forwards, futures and options. Derivatives are considered to be part of the investment process and the use of derivatives is an essential part of the Fund's portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- hedging to protect an asset or liability of the Fund against a fluctuation in market values or to reduce volatility;
- a substitution for trading of physical securities; and
- adjusting asset exposures within the parameters set in the investment strategy, and adjusting the duration of fixed interest portfolios or the weighted average maturity of cash portfolios.

While derivatives are used for trading purposes; they are not used to gear (leverage) a portfolio. Gearing a portfolio would occur if the level of exposure to the market exceeds the underlying value of the Fund.

Certain transactions may give rise to a form of leverage. Such transactions may include, among others, reverse repurchase agreements, loans of portfolio securities, and the use of when-issued, delayed-delivery or forward commitment transactions. Leverage may be incurred when it is believed that is advantageous to increase the investment capacity of a Fund or to facilitate the clearance of transactions. Leverage creates opportunity for greater total returns for a Fund, but it also may magnify losses. The use of derivatives may also create leverage risk.

The Fund held the following derivatives:

Forward currency contracts

Forward currency contracts are primarily used by the Fund to economically hedge against foreign currency exchange rate risks on its non-Australian dollar denominated trading securities. The Fund agrees to receive or deliver a fixed quantity of foreign currency for an agreed upon price on an agreed future date. Forward currency contracts are valued at the prevailing bid price at the end of each period. The Fund recognises a gain or loss equal to the change in fair value at the end of each period.

4 Derivative financial instruments (continued)

The Fund's derivative financial instruments measured at fair value at period end are detailed below:

	Contractual/ notional \$	Assets \$	Liabilities \$
As at 23 April 2021			
Forward currency contracts	-	-	-
Total derivatives	-	-	-
	Contractual/ notional \$	Assets \$	Liabilities \$
As at 30 June 2020			
Forward currency contracts	7,678,818	57,679	-
Total derivatives	7,678,818	57,679	-

5 Net assets attributable to unit holders - equity

The Fund shall classify a financial instrument as an equity instrument from the date when the instrument has all the features and meets the conditions set out in Note 2(c).

Movements in the number of units and net assets attributable to unit holders during the period were as follows:

	For the period		Year ended	
	1 July 2020 to 23 April 2021 Units	1 July 2020 to 23 April 2021 \$	30 June 2020 Units	30 June 2020 \$
Opening balance	148,420,503	133,096,502	146,188,526	144,937,314
Applications	-	-	-	-
Redemptions	(150,912,827)	(141,733,758)	-	-
Reinvestment of distributions	2,492,324	2,235,116	2,231,977	2,213,005
Distributions paid and payable	-	(205,236)	-	(2,235,116)
Profit/(loss) for the period	-	6,607,376	-	(11,818,701)
Closing balance	-	-	148,420,503	133,096,502

As stipulated within the Fund's Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right in the underlying assets of the Fund.

There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

6 Distributions to unit holders

The distributions declared for the period were as follows:

	For the period		Year ended	
	1 July 2020 to 23 April 2021	1 July 2020 to 23 April 2021	30 June 2020	30 June 2020
	\$	CPU	\$	CPU
Distributions				
April	205,236	1.39	-	-
June (payable)	-	-	2,235,116	1.51
Total distributions	<u>205,236</u>	<u>1.39</u>	<u>2,235,116</u>	<u>1.51</u>

7 Cash and cash equivalents

	As at	
	23 April 2021	30 June 2020
	\$	\$
Cash at bank	-	477,750
Total cash and cash equivalents	<u>-</u>	<u>477,750</u>

8 Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

	For the period	Year ended
	1 July 2020 to 23 April 2021	30 June 2020
	\$	\$
Profit/(loss) for the period	6,607,376	(11,818,701)
Proceeds from sale of financial instruments at fair value through profit or loss	160,455,463	48,237,418
Payments for purchase of financial instruments at fair value through profit or loss	(19,039,815)	(51,425,278)
Net (gains)/losses on financial instruments at fair value through profit or loss	(6,312,538)	13,679,763
Net foreign exchange (gain)/loss	-	4,258
Net change in receivables	259,576	(3,346)
Net change in payables	(508,818)	245,366
Net cash inflow/(outflow) from operating activities	<u>141,461,244</u>	<u>(1,080,520)</u>

(b) Non-cash operating and financing activities

The following distribution payments to unit holders were satisfied by the issue of units under the distribution reinvestment plan

	<u>2,235,116</u>	<u>2,213,005</u>
Total non-cash operating and financing activities	<u>2,235,116</u>	<u>2,213,005</u>

9 Receivables

	23 April 2021	As at 30 June 2020
	\$	\$
Dividends receivable	-	163,686
Withholding tax reclaims receivable	-	87,093
GST receivable	-	8,797
Total receivables	-	259,576

10 Payables

	23 April 2021	As at 30 June 2020
	\$	\$
Management fees payable	-	395,550
Custody fees payable	-	84,647
Other payables	-	28,621
Total payables	-	508,818

11 Remuneration of auditor

During the period the following fees were paid or payable for services provided by the auditor of the Fund:

	For the period 1 July 2020 to 23 April 2021	Year ended 30 June 2020
	\$	\$
PricewaterhouseCoopers		
<i>Audit and other assurance services</i>		
Audit of financial statements	11,300	11,000
Audit of compliance plan	2,346	4,000
Total remuneration for audit and other assurance services	13,646	15,000
<i>Taxation services</i>		
Tax compliance services	12,188	11,936
Total remuneration for taxation services	12,188	11,936
Total remuneration of PricewaterhouseCoopers	25,834	26,936

The auditor's remuneration is borne by the Fund. Fees are stated exclusive of GST.

12 Events occurring after the reporting period

No significant events have occurred since the end of the period which would impact on the financial position of the Fund as disclosed in the statement of financial position as at 23 April 2021 or on the results and cash flows of the Fund for the period ended on that date.

13 Contingent assets and liabilities and commitments

There were no outstanding contingent assets, liabilities or commitments as at 23 April 2021 and 30 June 2020.

Directors' declaration

As stated in Note 2(a) of the financial statements, the Fund is not a reporting entity because, in the directors' opinion, it is unlikely that users exist who are unable to command the preparation of reports tailored so as to satisfy, specifically, all of their information needs. Accordingly these special purpose financial statements have been prepared to satisfy the directors' reporting requirements under the *Corporations Act 2001*.

In the opinion of the directors of the Responsible Entity:

(a) The financial statements and notes set out on pages 4 to 17:

- (i) comply with Australian Accounting Standards and other mandatory professional reporting requirements, to the extent outlined in Note 2 to the financial statements; and
- (ii) give a true and fair view of the Fund's financial position as at 23 April 2021 and of its performance for the financial period ended on that date.

(b) As outlined in Note 1 to the financial statements, the Fund terminated its operations on 23 April 2021 and all units were redeemed out of the Fund.

This declaration is made in accordance with a resolution of the directors of Equity Trustees Limited through a delegated authority given by the Equity Trustees Limited's Board.



Philip D Gentry
Chairman

Melbourne
27 October 2021



Independent auditor's report

To the directors of Equity Trustees Limited (the Responsible Entity) as the responsible entity of River and Mercantile Global High Alpha Fund

Our opinion

In our opinion the accompanying financial report gives a true and fair view of the financial position of River and Mercantile Global High Alpha Fund (the Fund) as at 23 April 2021 and of its financial performance and its cash flows for the period 1 July 2020 to 23 April 2021 in accordance with the accounting policies described in Note 2(a) of the financial report.

What we have audited

The financial report comprises:

- the statement of financial position as at 23 April 2021
- the statement of comprehensive income for the period 1 July 2020 to 23 April 2021
- the statement of changes in equity for the period 1 July 2020 to 23 April 2021
- the statement of cash flows for the period 1 July 2020 to 23 April 2021
- the notes to the financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* 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 are independent of the Fund in accordance with the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Emphasis of matter - going concern no longer appropriate

We draw attention to Note 2(a) in the financial report, which outlines that the Fund was terminated on 23 April 2021. As a result, the financial report has been prepared on a liquidation basis and not on a going concern basis. Our opinion is not modified in respect of this matter.

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.



Emphasis of matter - basis of accounting and restriction on distribution and use

We draw attention to Note 2(a) in the financial report, which describes the basis of accounting. The financial report has been prepared for internal purposes to satisfy the directors' reporting requirements under the Fund's Constitution. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for River and Mercantile Global High Alpha Fund and the directors of the Responsible Entity and should not be distributed to or used by parties other than River and Mercantile Global High Alpha Fund and the directors of the Responsible Entity. Our opinion is not modified in respect of this matter.

Other information

The directors of the Responsible Entity are responsible for the other information. The other information comprises the information included in the financial report for the period 1 July 2020 to 23 April 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and the directors of the Responsible Entity for the financial report

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with the accounting policies described in Note 2(a) of the financial report, and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. The directors of the Responsible Entity have determined that the basis of preparation described in Note 2(a) to the financial report is appropriate to meet the needs of their needs.

In preparing the financial report, management is responsible for assessing the ability of the Fund to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The directors of the Responsible Entity are responsible for overseeing the Fund's financial reporting process.



Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 the Australian Auditing Standards 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 the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:
http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

A handwritten signature in dark ink that reads 'PricewaterhouseCoopers' in a cursive script.

PricewaterhouseCoopers

A handwritten signature in dark ink, appearing to be 'George Sagonas', written in a cursive style.

George Sagonas
Partner

Melbourne
27 October 2021