

RIVER AND MERCANTILE

**ES River and Mercantile Funds ICVC
Interim Report for the Period Ended
30 September 2023 (unaudited)**

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

The Authorised Corporate Director's Report

Equity Trustees Fund Services Limited ("ETFS"), the Authorised Corporate Director ("ACD") of ES River and Mercantile Funds ICVC ("the Company"), is pleased to present the interim Financial Statements of the Company for the period ended 30 September 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.

Constitution and Authorised Status

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

The minimum Share capital of the Company shall be £1 and the maximum share capital shall be £100,000,000,000.

The base currency for the Company is pounds sterling. The Share capital of the Company at all times equals the Net Asset Value of the Fund. The Shareholders are not liable for the debts of the Company. There were no Shares in any Fund held by any other Fund of the Company.

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

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

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

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

- ES River and Mercantile UK 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.

Company Information

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

Principal Activities

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

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

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

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

Holdings in other sub-funds of the Company

As at 30 September 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 30 September 2023 and at the balance sheet date, the ES River and Mercantile Funds ICVC did not engage in SFTs.

Authorised Corporate Director's Statement

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



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

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

Notes to the Financial Statements

Accounting policies

Basis of accounting

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

All other accounting and distribution policies used to prepare the interim financial statements are as per the audited financial statements for the year ended 31 March 2023.

ES River and Mercantile UK Alpha Fund

Investment Objective

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

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

Investment Manager's Review

Market Overview

Markets came under pressure at different points during the six months to end September, but in most cases were able to rally. The net result was a modest positive return for UK Equities during the period, the MSCI UK IMI returning +1.6% over the six months. Market nervousness over the period was led by bond markets, as the higher for longer interest rate narrative developed through the late summer, pushing up sovereign debt yields and catalysing further economic uncertainty. A stronger oil price was also a headwind, which seemed to offset some of the benefits of inflation being on a clear downward trend. UK equities, typically more defensive held up well during the periods of uncertainty. The US dollar benefits from the higher for longer worries, which supported the UK equity market's substantial dollar earners. Small and medium sized companies lagged significantly.

Investment Review

The fund exploits three key factors, Value (cheaper stocks than the average), Recovery (stocks where we expect profits to recover from a depressed level) and multi-cap investing (looking for opportunities across all sizes of company, typically being overweight smaller companies).

Whilst some equity markets have posted healthy returns this year the breadth of these returns has been noticeably absent. The mega cap stocks with profits and cash flow that are seen as safe, or where there is a supportive growth theme have done well, everything else has lagged. This has been a phenomenon around the world. These narrow returns have impacted our ability to add value as has the high level of uncertainty and general risk aversion impacting on recovery type stocks.

The Fund's performance during the six months was modest in absolute terms and somewhat behind the benchmark. The ES UK Alpha Fund returned -0.3% (net of fees, B share class) compared to the MSCI UK IMI return of +1.6%.

Our longer-term returns, versus benchmark and other UK multi-cap managers remain robust. Since inception, after fees the ES UK Alpha Fund has returned 10.6% p.a. (B share class) compared to the benchmark return of 8.4% p.a. This is despite a value headwind for much of this period, value being one of our key characteristics.

Our stock selection during the six months, across nearly all sizes of company (apart from mega cap) was positive (+3.2%) during the period, but our allocation to different sizes of company were negative, in particular our overweight small and micro-cap companies (-4.5%).

Positive contributors during the quarter: strong stock picking (+3.2%); underweight Diageo (+0.6%) and National Grid (+0.15%); individual stock successes, notably some recovery stocks delivering (Restaurant Group(+0.1%), Rolls Royce (+0.1%); M&A (Gresham House +0.3%).

Negative contributors: weak key factors, smaller company exposure in particular (-4.5%); underweight oil majors (Shell, -0.5%); underweight other mega cap stocks(HSBC -0.3%); individual stock disappointments (Capita -0.2%, Boohoo -0.2%).

Outlook

We continue to position the portfolio for Value, Recovery, Multi-Cap investing, and for deeply out-of-favour structural / quality growers (deep growth). From our perspective the opportunity set in all these areas is significant, with these factors being at a close to the low points of their cycle.

The portfolio's value characteristics remain committed; the portfolio trades on only 1.2x price to book, 0.8x price to sales and double digit cashflow yields. There is a robust multi-cap bias. As you would expect our investments continue to reflect high scoring PVT stocks, the output from our MoneyPenny screen.

The small cap opportunity is one of the stand-out investment opportunities created by this period of uncertainty and liquidity withdrawal. Global small cap are back to the relative lows seen at the height of the Covid related panic. As a result purchases during the period continued to focus on building up our smaller companies' exposure, where there is a wide opportunity set after two years of very material under-performance that has resulted in many very modest valuations, both in deep value and deep growth stocks. This activity continued to focus on the top of our recovery screen, including adding to the very out-of-favour real estate (**Helical**) and housebuilding sectors (**Gleeson**). We are also building stakes in a number of exciting UK leisure roll-out stories that are delivering but whose shares prices are at all time lows (**Everyman Cinema, Tortilla Mexican and XP Factory**).

More recently we have been adding to our position in **Diageo** (reducing the underweight), a large cap compounder that has been de-rated over the last year as it has been unable to sustain the fast rate of growth in spirit sales it witnessed during the covid years. This relatively weak period of top line performance is providing the opportunity to purchase the shares into a sensible valuation.

ES River and Mercantile UK Alpha Fund

Investment Manager's Review continued

Outlook continued

As bond yields have moved higher still it has made sense to continue to add to Govt Bond (yield) proxies which have continued to be weak, including REITS (**British Land, Supermarket Income**) and more recently Utilities (**Severn Trent**, the catalyst being its fund raising). For similar reasons a number of structural growth stocks have been heavily de-rated, providing attractive entry points, this including digital platform stocks (**AJ Bell**). And lastly, we continue to think about strategic value, especially at this time of low valuations for small and mid-cap stocks – examples include **ITV, Rank, Dr Martens, Hargreaves Lansdown** and **Shaftesbury Capital**.

Sales have included taking full profits where our PVT thesis has been delivered, most notably the continued recipients of M&A activity (**Gresham House, Renewi**), reducing or exiting into relative strength (**energy stocks**, including **BP** and **Tullow**), and re-focusing capital towards higher conviction ideas (**Impax**).

Positioning and sentiment towards UK equities remains depressed as evidenced by the UK country weight within the MSCI ACWI index of 3.7% at the end of September (down from nearly 11% in 1990 and close to recent trough levels) and 28 consecutive months of net outflows from UK equities (Source: Calastone). UK valuations remain depressed in both absolute (c10x PE MSCI UK) and relative terms (below) but there is no structural reason why the UK should trade at such a material discount in our view. We think there is a significant disconnect between the perception and reality surrounding the UK economy and equity market. There have been positive revisions to UK GDP growth data since the onset of the pandemic; the economy in 2Q23 was +1.8% above its 4Q19 pre pandemic level. It was previously thought the UK's growth was lagging the G7 over the last two years but restated GDP growth figures are more respectable.

To conclude, UK Equities remain very attractive, on modest valuations, with very negative sentiment, but with fundamentals that are much more positive than current bearish consensus. A peaking in inflation and interest rate expectations in the UK should act as a catalyst for stronger returns, both from the market and the investment characteristics that we exploit.

River and Mercantile
24 November 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 30 September 2023

Holding	Investment	Market Value £	% of Net Assets
United Kingdom – 88.95% (2023 – 91.01%)			
Advertising – 1.12% (2023 – 1.04%)			
11,470	Ascential	23,972	0.04
59,223	M&C Saatchi*	82,912	0.13
8,000	Next 15*	51,280	0.08
179,030	Pebble*	166,498	0.26
126,510	S4 Capital	85,521	0.13
42,220	WPP	309,473	0.48
Aerospace & Defence – 1.57% (2023 – 0.85%)			
28,367	Melrose Industries	133,070	0.21
396,946	Rolls-Royce	876,854	1.36
Agriculture – 2.37% (2023 – 2.26%)			
38,580	British American Tobacco	994,014	1.54
6,180	Genus	129,409	0.20
24,189	Imperial Brands	403,231	0.63
Airlines – 0.89% (2023 – 1.45%)			
70,645	EasyJet	301,866	0.47
183,630	International Consolidated Airlines	271,772	0.42
Alternative Energy Sources – 0.45% (2023 – 0.11%)			
447,690	AFC Energy	69,302	0.11
6,055	Atome Energy	5,389	0.01
22,820	Ceres Power	71,655	0.11
105,180	Clean Power Hydrogen	19,984	0.03
175,225	Inspired	124,410	0.19
Apparel – 0.54% (2023 – 0.76%)			
536,400	Boohoo	169,395	0.26
920	Burberry	17,558	0.03
114,360	Dr Martens	161,591	0.25
Auto Parts & Equipment – 0.18% (2023 – 0.00%)			
78,207	Dowlais	83,994	0.13
23,600	TI Fluid Systems	29,075	0.05
Automobile Manufacturers – 0.09% (2023 – 0.18%)			
19,410	Aston Martin Lagonda Global	55,474	0.09

ES River and Mercantile UK Alpha Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
Banks – 9.06% (2023 – 10.19%)			
613,219	Barclays	974,650	1.51
323,550	HSBC	2,086,574	3.24
2,540,968	Lloyds Banking	1,127,428	1.75
274,070	NatWest	645,709	1.00
23,300	Secure Trust Bank	146,790	0.23
104,955	Standard Chartered	795,559	1.23
39,140	Virgin Money UK	65,892	0.10
Beverages – 1.54% (2023 – 1.23%)			
23,600	Barr	115,876	0.18
8,710	Diageo	264,261	0.41
16,390	Fevertree Drinks	196,680	0.31
7,360	Fuller Smith & Turner	44,013	0.07
531,260	Marston's	161,503	0.25
13,570	Nichols*	135,700	0.21
153,398	Virgin Wines UK	70,563	0.11
Building Materials – 1.82% (2023 – 1.20%)			
16,283	Accsys Technologies	11,756	0.02
38,074	Breedon	125,073	0.19
91,706	Eneraqua Technologies	96,291	0.15
67,100	Genuit	221,095	0.34
84,200	Ibstock	119,901	0.19
38,790	Marshalls	97,984	0.15
60,496	Norcros	92,256	0.14
161,949	SigmaRoc	87,129	0.14
284,100	Topps Tiles	136,936	0.21
65,098	Tyman	188,133	0.29
Chemicals – 1.31% (2023 – 1.15%)			
2,000	Croda International	98,300	0.15
184,220	Elementis	228,801	0.36
10,203	Johnson Matthey	166,105	0.26
5,744	Synthomer	13,269	0.02
34,464	Synthomer	10,339	0.02
5,600	Treatt	28,392	0.04
11,250	Victrex	158,063	0.25
41,080	Zotefoams	136,796	0.21
Commercial Services – 2.36% (2023 – 2.32%)			
1,800	Ashtead	90,036	0.14
5,220	Babcock International	21,579	0.03
974,545	Capita	165,868	0.26
230,452	De La Rue	142,880	0.22
25,440	Hays	27,780	0.04

ES River and Mercantile UK Alpha Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
Commercial Services continued			
2,600	Intertek	106,886	0.17
117,240	Johnson Service*	158,274	0.25
9,400	Keystone Law	46,060	0.07
87,857	Mind Gym*	48,321	0.08
135,840	Mitie	139,644	0.22
16,190	Pagegroup	67,868	0.11
14,460	Restore	33,258	0.05
60,561	RWS*	145,104	0.23
6,300	Savills	54,495	0.08
304,304	Speedy Hire	97,225	0.15
53,533	Tribal*	28,372	0.04
20,330	Wise	139,382	0.22
Computers – 1.02% (2023 – 0.86%)			
566,216	Eckoh*	215,162	0.33
31,300	GB	67,420	0.10
136,750	Kin & Carta	112,272	0.17
66,121	NCC	77,891	0.12
77,940	Serco	116,131	0.18
5,360	Softcat	78,202	0.12
Cosmetics & Personal Care – 3.44% (2023 – 3.64%)			
60,780	Haleon	207,077	0.32
62,699	PZ Cussons	88,782	0.14
47,242	Unilever	1,918,734	2.98
Distribution & Wholesale – 0.42% (2023 – 0.49%)			
4,250	Inchcape	32,236	0.05
109,451	RM	63,482	0.10
479,390	SIG	172,820	0.27
Diversified Financial Services – 3.94% (2023 – 3.28%)			
30,340	AJ Bell	83,253	0.13
17,700	Aquis Exchange	63,720	0.10
27,500	Argentex	27,280	0.04
16,020	Ashmore	30,086	0.05
1,500	Brooks Macdonald	24,975	0.04
15,923	Close Brothers	141,078	0.22
22,660	CMC Markets	23,838	0.04
31,538	Foresight	135,613	0.21
32,470	Hargreaves Lansdown	251,058	0.39
28,896	IG	185,801	0.29
52,610	IntegraFin	124,791	0.19
191,100	International Personal Finance	240,786	0.37
87,030	Jupiter Fund Management	83,636	0.13

ES River and Mercantile UK Alpha Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
Diversified Financial Services continued			
23,485	Liontrust Asset Management	142,554	0.22
1,230	London Stock Exchange	101,254	0.16
31,816	Mortgage Advice Bureau*	168,625	0.26
18,800	OSB	61,551	0.10
16,850	PayPoint	87,957	0.14
84,590	Pensionbee	58,875	0.09
6,880	Polar Capital*	31,992	0.05
161,024	Premier Miton*	96,614	0.15
24,740	Quilter	21,215	0.03
2,000	Rathbones	34,760	0.05
10,850	Schroders	44,181	0.07
158,702	TP ICAP	269,952	0.42
Electrical Components & Equipment – 0.31% (2023 – 0.16%)			
63,184	Voletx*	198,714	0.31
Electricity – 0.68% (2023 – 0.63%)			
29,810	Drax	130,806	0.20
2,698,590	Eenergy*	145,724	0.23
16,280	National Grid	159,544	0.25
Electronics – 0.63% (2023 – 0.42%)			
4,000	DiscoverIE	27,080	0.04
16,310	Luceco	18,920	0.03
22,990	RS	169,022	0.26
5,050	Smart Metering Systems*	31,361	0.05
96,520	TT Electronics	164,084	0.25
Engineering & Construction – 1.40% (2023 – 1.05%)			
43,080	Balfour Beatty	138,287	0.21
225,387	Costain	126,668	0.20
76,850	John Wood	119,271	0.19
12,120	Keller	91,021	0.14
158,388	Kier	181,829	0.28
12,190	Ricardo	60,828	0.09
298,860	Severfield	184,098	0.29
Entertainment – 0.79% (2023 – 0.69%)			
23,410	Entain	218,368	0.34
275,117	Everyman Media*	137,559	0.21
136,500	Rank	114,251	0.18
228,720	XP Factory	37,739	0.06

ES River and Mercantile UK Alpha Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Food Producers – 2.53% (2023 – 2.76%)		
128,530	Cake Box*	192,795	0.30
4,000	Cranswick	142,080	0.22
10,214	Hilton Food	73,234	0.11
71,810	Hotel Chocolat	91,199	0.14
168,690	Marks & Spencer	399,121	0.62
22,470	Ocado	134,910	0.21
91,475	SSP	185,328	0.29
28,471	Tate & Lyle	195,169	0.30
82,210	Tesco	217,199	0.34
	Food Services – 0.23% (2023 – 0.24%)		
7,520	Compass	150,400	0.23
	Forest Products & Paper – 0.42% (2023 – 0.22%)		
3,088	James Cropper	23,469	0.04
17,860	Mondi	245,039	0.38
	Gas – 0.73% (2023 – 0.80%)		
305,169	Centrica	471,334	0.73
	Hand & Machine Tools – 0.14% (2023 – 0.13%)		
104,238	Flowtech Fluidpower*	91,729	0.14
	Healthcare Products – 0.83% (2023 – 0.57%)		
301,190	Creo Medical	93,369	0.15
86,400	Inspecc	74,304	0.12
35,375	Smith & Nephew	361,709	0.56
	Healthcare Services – 0.15% (2023 – 0.00%)		
396,020	HVIVO	78,412	0.12
8,890	Spire Healthcare	20,758	0.03
	Home Builders – 2.65% (2023 – 2.51%)		
3,214	Berkeley	131,999	0.21
99,260	Crest Nicholson	172,415	0.27
87,170	MJ Gleeson	364,371	0.57
33,590	Persimmon	361,932	0.56
13,550	Redrow	67,045	0.10
318,740	Taylor Wimpey	373,882	0.58
25,726	Vistry	234,621	0.36

ES River and Mercantile UK Alpha Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Household Products – 0.88% (2023 – 0.83%)		
9,740	Reckitt Benckiser	564,141	0.88
	Housewares – 0.04% (2023 – 0.00%)		
18,762	IG Design	26,642	0.04
	Insurance – 0.85% (2023 – 2.63%)		
60,200	Direct Line Insurance	103,664	0.16
85,675	Legal & General	190,627	0.30
91,671	Sabre Insurance	138,790	0.22
86,330	Saga	107,049	0.17
	Internet – 3.04% (2023 – 2.76%)		
158,170	ADVFN*	22,144	0.03
34,245	ASOS*	131,672	0.20
5,700	Auto Trader	35,203	0.05
24,080	CentralNic	31,882	0.05
85,000	Deliveroo	101,660	0.16
412,707	Ebiquity*	160,956	0.25
7,000	Future	62,230	0.10
121,800	iomart*	192,200	0.30
38,450	Moneysupermarket.com	93,280	0.15
164,925	Moonpig	269,158	0.42
27,800	Rightmove	156,292	0.24
338,755	Smooove*	142,277	0.22
89,390	THG	62,412	0.10
43,265	Trainline	120,796	0.19
232,250	Trustpilot	238,521	0.37
151,892	Victorian Plumbing	133,665	0.21
	Investment Companies – 0.33% (2023 – 1.36%)		
881,640	Mercia Asset Management*	211,594	0.33
	Leisure Time – 0.90% (2023 – 0.80%)		
151,530	Gym	168,198	0.26
41,990	Hollywood Bowl	103,925	0.16
129,330	On the Beach	136,831	0.21
885,104	Rangers International Football **	177,021	0.27
	Lodging – 0.39% (2023 – 0.44%)		
7,209	Whitbread	249,720	0.39
	Machinery Construction & Mining – 0.39% (2023 – 0.36%)		
13,200	Weir	250,998	0.39

ES River and Mercantile UK Alpha Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Machinery Diversified – 1.84% (2023 – 1.75%)		
12,390	IMI	194,275	0.30
99,877	Mpac*	189,766	0.29
687,632	Renold*	206,290	0.32
83,283	Rotork	260,176	0.40
1,540	Spirax-Sarco Engineering	146,700	0.23
44,706	Vesuvius	194,113	0.30
	Media – 1.55% (2023 – 1.65%)		
375,553	Centaur Media	138,955	0.22
16,300	Informa	122,315	0.19
358,275	ITV	253,014	0.39
20,390	Pearson	177,067	0.28
327,459	Reach	279,486	0.43
13,360	STV	23,914	0.04
	Metal & Hardware – 0.47% (2023 – 0.38%)		
21,600	Bodycote	140,940	0.22
198,036	Trifast	162,390	0.25
	Mining – 5.03% (2023 – 5.52%)		
55,487	Anglo American	1,257,058	1.95
97,570	Central Asia Metals*	183,236	0.28
34,830	Rio Tinto	1,802,104	2.80
	Miscellaneous Manufacturing – 0.56% (2023 – 0.69%)		
7,600	Avon Protection	46,968	0.07
433,950	Carclo	50,772	0.08
55,842	Morgan Advanced Materials	136,813	0.21
6,900	Porvair	40,020	0.06
37,560	Senior	61,223	0.10
8,310	Videndum	27,381	0.04
	Office & Business Equipment – 0.26% (2023 – 0.28%)		
93,064	Xaar	168,911	0.26
	Oil & Gas Producers – 8.55% (2023 – 10.07%)		
338,109	BP	1,796,711	2.79
1,494,532	EnQuest	227,169	0.35
119,441	Harbour Energy	308,038	0.48
1,006,093	Savannah Energy**	264,099	0.41
34,881	Serica Energy*	86,365	0.13
108,579	Shell	2,829,569	4.39

ES River and Mercantile UK Alpha Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Oil & Gas Services – 0.28% (2023 – 0.46%)		
58,360	Hunting	178,290	0.28
	Packaging & Containers – 0.57% (2023 – 0.56%)		
48,900	DS Smith	140,392	0.22
137,818	Essentra	222,990	0.35
	Pharmaceuticals – 6.22% (2023 – 6.46%)		
25,400	AstraZeneca	2,819,400	4.38
328,600	Benchmark*	122,239	0.19
71,244	GSK	1,062,818	1.65
	Private Equity – 0.77% (2023 – 0.61%)		
25,000	Bridgepoint	48,150	0.07
12,740	Intermediate Capital	176,194	0.27
256,180	IP	135,519	0.21
62,890	Molten Ventures	143,389	0.22
	Real Estate Investment & Services – 0.99% (2023 – 0.79%)		
407,170	Foxtons	149,024	0.23
68,887	Grainger	160,920	0.25
25,000	Harworth	26,375	0.04
94,880	Helical	200,671	0.31
47,580	Henry Boot	93,257	0.14
25,980	Watkin Jones	10,379	0.02
	Real Estate Investment Trusts – 2.90% (2023 – 2.52%)		
42,650	Assura	18,032	0.03
114,973	British Land	364,349	0.57
7,660	Derwent London	147,608	0.23
38,843	Great Portland Estates	162,286	0.25
157,630	Hammerson	39,660	0.06
22,640	Land	133,531	0.21
32,590	Segro	234,452	0.36
301,036	Shaftesbury Capital	345,589	0.54
114,040	Supermarket Income Reit	86,784	0.13
60,740	Tritax Big Box REIT	84,915	0.13
51,600	Workspace	253,150	0.39
	Retail – 4.13% (2023 – 4.01%)		
15,307	Associated British Foods	316,549	0.49
277,660	Card Factory	280,437	0.44
235,800	Currys	114,127	0.18
90,624	DFS Furniture	98,236	0.15
5,590	Dunelm	58,639	0.09

ES River and Mercantile UK Alpha Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Retail continued		
10,240	Halfords	20,296	0.03
34,010	Headlam	76,182	0.12
20,970	J D Wetherspoon	145,008	0.23
60,900	JD Sports Fashion	91,167	0.14
29,900	Kingfisher	66,767	0.10
4,400	Next	320,936	0.50
733,247	Restaurant	371,756	0.58
692,446	Science in Sport*	83,094	0.13
239,735	Tortilla Mexican Grill	167,815	0.26
12,750	Watches of Switzerland	68,085	0.11
14,230	WH Smith	191,251	0.30
131,490	Wickes	180,536	0.28
	Semiconductors – 0.16% (2023 – 0.18%)		
596,628	IQE*	104,291	0.16
	Software – 1.41% (2023 – 1.64%)		
816	ActiveOps	702	0.00
65,275	Altitude	28,721	0.04
65,531	Bango*	124,509	0.19
4,280	Craneware	62,916	0.10
28,770	Darktrace	116,029	0.18
220,700	dotdigital	168,615	0.26
11,760	FD Technologies*	172,166	0.27
110,638	Learning Technologies*	70,974	0.11
9,640	Sage	95,340	0.15
26,730	Team17	73,508	0.11
	Storage & Warehousing – 0.05% (2023 – 0.00%)		
11,860	Wincanton	32,496	0.05
	Telecommunications – 2.17% (2023 – 2.60%)		
32,500	Airtel Africa	40,820	0.06
311,540	BT	363,411	0.56
13,170	Gamma Communications*	143,816	0.22
20,760	GlobalData	31,140	0.05
30,120	Gooch & Housego	143,070	0.22
25,170	Spirent Communications	34,735	0.05
849,260	Vodafone	652,402	1.01
	Textiles – 0.35% (2023 – 0.37%)		
306,980	Coats	225,016	0.35

ES River and Mercantile UK Alpha Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Transportation – 0.17% (2023 – 0.10%)		
710	Clarkson	19,419	0.03
28,334	James Fisher & Sons	92,369	0.14
	Water – 0.09% (2023 – 0.00%)		
2,569	Severn Trent	60,731	0.09
	Australia – 0.42% (2023 – 0.50%)		
148,800	South32	268,138	0.42
	Austria – 0.16% (2023 – 0.33%)		
3,730	RHI Magnesita	103,769	0.16
	Bermuda – 0.68% (2023 – 0.66%)		
24,000	Conduit	110,520	0.17
12,920	Hiscox	129,846	0.20
20,710	Ocean Wilsons	200,059	0.31
	Chile – 0.08% (2023 – 0.03%)		
3,760	Antofagasta	53,730	0.08
	Gibraltar – 0.30% (2023 – 0.12%)		
190,977	888	191,359	0.30
	Guernsey – 0.13% (2023 – 0.00%)		
102,860	Peel Hunt	83,317	0.13
	Hong Kong – 1.63% (2023 – 0.00%)		
27,380	HUTCHMED China*	75,569	0.12
109,839	Prudential	976,249	1.51
	India – 0.15% (2023 – 0.12%)		
937,504	OPG Power Ventures*	98,438	0.15
	Ireland – 1.58% (2023 – 1.37%)		
14,180	Bank of Ireland	113,533	0.18
30,240	C&C	42,034	0.06
128,000	Cairn Homes	122,112	0.19
500	DCC	23,045	0.04
1,400	Flutter Entertainment	187,460	0.29
15,600	Grafton	141,024	0.22
140,930	Greencore	106,895	0.17
117,900	Hostelworld	147,375	0.23

ES River and Mercantile UK Alpha Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Ireland continued		
2,450	Keywords Studios	37,902	0.06
3,440	Smurfit Kappa	93,843	0.14
	Isle of Man – 0.35% (2023 – 0.44%)		
18,970	Playtech	85,707	0.14
258,008	Strix*	136,228	0.21
	Israel – 0.17% (2023 – 0.25%)		
75,828	Tremor International*	109,420	0.17
	Jersey – 0.44% (2023 – 0.51%)		
146,640	Centamin	122,518	0.19
1,912,311	XLMedia*	162,546	0.25
	Netherlands – 0.27% (2023 – 0.27%)		
17,310	Just Eat Takeaway.com	177,601	0.27
	Singapore – 0.20% (2023 – 0.11%)		
5,500	XP Power	129,800	0.20
	South Africa – 0.28% (2023 – 0.33%)		
343,931	Old Mutual	177,812	0.28
	Switzerland – 1.73% (2023 – 1.55%)		
220,143	Glencore	1,034,342	1.61
56,560	IWG	80,032	0.12
	United States of America – 1.03% (2023 – 0.88%)		
168,894	Boku*	243,207	0.38
387,580	Devolver Digital	93,019	0.15
18,250	MaxCyte	45,625	0.07
80,358	Somero Enterprises*	212,949	0.33
808,290	Tinybuild	64,663	0.10
	United States Virgin Islands – 0.05% (2023 – 0.00%)		
35,970	AdvancedAdvT**	29,495	0.05
	Collective Investment Schemes – 0.25% (2023 – 0.13%)		
71,960	Renewables Infrastructure	76,709	0.12
553,900	Schroders Capital Global Innovation Trust	81,977	0.13

ES River and Mercantile UK Alpha Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Investment Trusts – 0.97% (2023 – 0.65%)		
79,190	Augmentum Fintech PLC	74,122	0.12
98,900	Fidelity China Special Situations	207,196	0.32
4,600	International Biotechnology Trust PLC	28,704	0.04
10,316	Rockwood Strategic*	182,593	0.28
14,420	Scottish Mortgage Investment Trust	96,470	0.15
12,306	Strategic Equity Capital	37,533	0.06
	Portfolio of investments	64,311,510	99.82
	Net other assets	117,844	0.18
	Net assets	64,429,354	100.00

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

All investments are in ordinary shares unless otherwise stated.

The percentages in brackets show the equivalent percentage of net assets as at 31 March 2023.

*Security listed in AIM.

**Delisted/Defaulted/Suspended security.

ES River and Mercantile UK Alpha Fund

Statement of Total Return for the period ended 30 September 2023

	1 April 2023 to 30 September 2023		1 April 2022 to 30 September 2022	
	£	£	£	£
Income				
Net capital losses		(1,507,540)		(12,340,666)
Revenue	1,345,420		1,739,983	
Expenses	(133,734)		(171,381)	
Interest payable and similar charges	(356)		(605)	
Net revenue before taxation for the period	1,211,330		1,567,997	
Taxation	(7,850)		(23,476)	
Net revenue after taxation for the period		1,203,480		1,544,521
Total return before distributions		(304,060)		(10,796,145)
Distributions		(1,205,784)		(1,546,146)
Change in net assets attributable to Shareholders from investment activities		(1,509,844)		(12,342,291)

Statement of Change in Net Assets attributable to Shareholders for the period ended 30 September 2023

	1 April 2023 to 30 September 2023		1 April 2022 to 30 September 2022	
	£	£	£	£
Opening net assets attributable to Shareholders		67,687,615		91,460,752
Amounts received on creation of shares	2,324,497		1,723,571	
Amounts paid on cancellation of shares	(5,186,357)		(13,453,709)	
		(2,861,860)		(11,730,138)
Dilution adjustment		3		18,836
Change in net assets attributable to Shareholders from investment activities		(1,509,844)		(12,342,291)
Retained distributions on accumulation shares		1,113,440		1,360,297
Closing net assets attributable to Shareholders		64,429,354		68,767,456

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

ES River and Mercantile UK Alpha Fund

Balance Sheet as at 30 September 2023

	30 September 2023		31 March 2023	
	£	£	£	£
ASSETS				
Fixed assets				
Investments		64,311,510		67,186,246
Current assets				
Debtors	481,160		492,389	
Cash and bank balances	117,770		211,662	
Total other assets		598,930		704,051
Total assets		64,910,440		67,890,297
LIABILITIES				
Creditors				
Bank overdrafts	—		(584)	
Distribution payable	(59,253)		(50,549)	
Other creditors	(421,833)		(151,549)	
Total other liabilities		(481,086)		(202,682)
Total liabilities		(481,086)		(202,682)
Net assets attributable to Shareholders		64,429,354		67,687,615

ES River and Mercantile UK Alpha Fund

Fund Facts

Distribution information

A-Class Distribution shares

The distribution payable on 30 November 2023 is 3.0965p (2022: 3.3151p) per share for distribution shares.

B-Class Accumulation shares

The distribution payable on 30 November 2023 is 17.6968p (2022: 18.3858p) per share for accumulation shares.

Z-Class Accumulation shares

The distribution payable on 30 November 2023 is 31.8181p (2022: 32.4407p) per share for accumulation shares.

Performance records

Net asset values

	Net asset value of sub-fund £	Net asset value per share p	Shares in issue
31 March 2021			
A-Class Distribution shares	7,375,759	197.40	3,736,488
B-Class Accumulation shares	41,654,664	1,073.55	3,880,079
Z-Class Accumulation shares	50,378,673	1,531.87	3,288,698
31 March 2022			
A-Class Distribution shares	7,290,657	204.16	3,571,103
B-Class Accumulation shares	37,582,967	1,132.79	3,317,737
Z-Class Accumulation shares	46,587,128	1,628.63	2,860,516
31 March 2023			
A-Class Distribution shares	4,743,988	197.53	2,401,647
B-Class Accumulation shares	21,126,837	1,128.77	1,871,664
Z-Class Accumulation shares	41,816,790	1,635.07	2,557,491
30 September 2023			
A-Class Distribution shares	3,694,924	193.09	1,913,576
B-Class Accumulation shares	19,332,068	1,120.99	1,724,549
Z-Class Accumulation shares	41,402,362	1,629.87	2,540,222

ES River and Mercantile UK Alpha Fund

Fund Facts continued

Operating Charges

30 September 2023

A-Class Distribution shares	0.87%
B-Class Accumulation shares	0.87%
Z-Class Accumulation shares	0.12%

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

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

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 period.

Purchases	£	Sales	£
Persimmon	166,096	BP	1,132,505
RS	158,634	HSBC	944,881
AstraZeneca	154,182	Gresham House	644,158
Anglo American	150,499	Shell	321,141
Genus	149,744	AstraZeneca	283,833
Eneraqua Technologies	134,034	Centrica	281,175
Liontrust Asset Management	131,172	Lloyds Banking	270,107
Land	130,720	Shaftesbury Capital	243,173
THG	130,576	JET2	234,002
Helical	126,992	Tullow Oil	202,918

ES River and Mercantile UK Listed Smaller Companies Fund

Investment Objective

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

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

Investment Manager's Review

Investment Review

The ES River and Mercantile UK Listed Smaller Companies Fund B share class returned a loss of 2.3% over the 6 months to 29 September 2023, compared with the Numis Smaller Companies excluding Investment Companies plus AIM index which fell 2.9%, delivering six-month outperformance of 0.6%.

A key attribute of our approach is our ambition to build a portfolio of companies that can clearly create shareholder value from one of three stages of the company lifecycle – Growth, Quality or Recovery. We believe that in doing so we will generate strong risk adjusted returns through the cycle.

Two of our high conviction growth companies, **Indivior (+28%)** and **Moonpig (+32%)**, delivered excellent returns. Defensive Quality holdings were once again a strong driver of performance with **Cranswick (+20%)** and **XPS Pensions (+26%)** up strongly and whilst it has been a tougher environment for more economically geared cyclical Quality holdings, both **Bytes Technology (+32%)** and **Serica Energy (+20%)** performed well. As per the comments below, we have been adding capital to Recovery investment cases and we benefited from excellent progress in **Sabre Insurance (+37%)**, **Babcock (+38%)** and **The Restaurant Group (+25%)**.

One of the key dynamics of the UK smaller companies' market over the last two years has been the de-rating of Growth companies and this was the most significant detractor from performance in the period with **Team17 (-30%)**, **MaxCyte (-35%)**, **Learning Technologies (-50%)**, **Drax (-25%)** and **Pebble Group (-17%)**. We continue to see strong opportunities for these holdings. The rapid pace of interest rate rises in the UK has driven a one-off deterioration in net-interest-margin for **One Savings Bank (-30%)** whilst market caution on future earnings has driven a significant de-rating for Quality holding **Alpha Financial Markets Consulting (-17%)** and Recovery holding **On the Beach (-26%)**.

A key focus for investing capital has been adding to both Recovery and cyclical Quality exposure which should both outperform as risk sentiment normalises. We added to existing Recovery positions – **Babcock**, **Essentra**, **Fevertree**, **Sabre Insurance**, **Shaftesbury Capital**, **TT Electronics**, **Vesuvius** and **Victorian Plumbing** – as well as initiating a new Recovery position in pub company **Mitchells and Butlers**. New positions were also initiated in **Clarkson** and **Next 15**, both Quality cyclicals that have experienced significant de-ratings, and **Atalaya Mining**, a copper production business with strong Growth potential.

Significant exits included **Spirent**, **Strix**, **Tullow**, **MeGroup**, **TinyBuild** and **Volution**.

Market Overview

Given the long list of challenges that investors faced this time last year, it seems remarkable that in the first week of October 2023, our benchmark smaller companies index fell to within 1% of the market low of October 2022. As a reminder, we had been warned – by The Bank of England – to expect the longest recession since records began with unemployment forecast to double. Gas prices were forecast to exceed 500p per therm – they peaked at 375p and are currently below 100p. We are yet to see either the big earnings downgrades implied by the valuation of much of the market, or the feared pickup in unemployment or collapse in house prices, which are down 5.3% YoY.

Recent data – a material upgrade from the ONS on the rate of the UK's post-Covid recovery and the recent slow-down in the rate of price inflation (which is likely to be further supported by falling energy prices from October) – challenge the consensus that the UK has a unique productivity or inflation issue. On the updated data, the UK economy has delivered higher real GDP growth since the end of 2019 than both Germany and France.

Outlook

We are looking to build a portfolio of companies that have a clear opportunity to create shareholder value in one of three phases of the company lifecycle – Growth, Quality and Recovery. As at 6 October, we are well balanced with 33% in Quality, 36% in Growth and 30% in Recovery (including Asset Backed).

Despite our portfolio having higher return on equity and realised growth than our benchmark, our portfolio is not only cheaper than the benchmark, but our value tilt – the portfolio's relative valuation aggregated across five measure – has improved quarter-on-quarter for the last year and is as cheap as it has been for three years.

We believe that there is a clear mismatch between valuations and fundamentals for UK small caps. Clients and potential clients are either already invested or are waiting for 'that' catalyst. A study from JP Morgan ("Impact of being out of the market", JP Morgan AM) showed the impact of timing the market using market returns for the 20 years to the end of 2019. The annualised return of 6.1% was reduced – by almost two thirds – to an annualised return of just 2.4% by missing out on the best 10 days. Realised returns were zero if one missed the best 20 days. The point is a simple one – the odds today appear stacked in our favour to make excellent returns over the next five years. There might be a catalyst, but it won't be clear that 'it' is the catalyst until after the event. The opportunity may get better – if

ES River and Mercantile UK Listed Smaller Companies Fund

Investment Manager's Review continued

Outlook continued

it does, we will continue to rotate the portfolio from less cyclical Quality investments into either more cyclical companies or Recovery investments.

The mismatch between valuations and fundamentals has been driven by outflows. UK Small Cap funds have seen outflows every month since September 2021 and, as measured by our benchmark, UK smaller companies have underperformed the wider market by 37% since September 2021. We cannot see a previous period of outflows that extends longer than the current one and the last time there was a similar level of relative underperformance was in 1989-1991 (-39%).

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.

River and Mercantile
24 November 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 30 September 2023

Holding	Investment	Market Value £	% of Net Assets
United Kingdom – 80.06% (2023 – 77.74%)			
Advertising – 3.79% (2023 – 2.81%)			
500,000	Next 15	3,205,000	1.00
9,600,000	Pebble*	8,928,000	2.79
Beverages – 1.57% (2023 – 0.36%)			
420,000	Fevertree Drinks	5,040,000	1.57
Building Materials – 3.35% (2023 – 2.82%)			
12,285,714	SigmaRoc*	6,609,714	2.06
1,431,939	Tyman	4,138,304	1.29
Commercial Services – 10.88% (2023 – 8.78%)			
2,175,000	Alpha Financial Markets Consulting*	7,612,500	2.38
1,850,000	Babcock International	7,647,900	2.39
1,200,000	Keystone Law*	5,880,000	1.84
1,900,000	QinetiQ	6,057,200	1.89
3,900,000	XPS Pensions	7,605,000	2.38
Computers – 4.63% (2023 – 5.33%)			
1,250,000	Bytes Technology	6,235,000	1.95
5,750,000	Serco	8,567,500	2.68
Cosmetics & Personal Care – 0.36% (2023 – 0.43%)			
3,926,471	Venture Life*	1,138,676	0.36
Diversified Financial Services – 9.17% (2023 – 12.37%)			
360,000	Alpha International*	6,768,000	2.11
5,000,000	Begbies Traynor*	5,600,000	1.75
5,000,000	FRP Advisory	5,850,000	1.83
380,000	Impax Asset Management	1,742,300	0.54
1,810,000	LendInvest*	724,000	0.23
360,000	Liontrust Asset Management	2,185,200	0.68
1,350,000	OSB	4,419,900	1.38
450,000	Polar Capital	2,092,500	0.65
Electricity – 1.49% (2023 – 1.98%)			
1,090,000	Drax	4,782,920	1.49
Electronics – 4.38% (2023 – 2.78%)			
6,800,000	Atrato Onsite Energy	4,773,600	1.49

ES River and Mercantile UK Listed Smaller Companies Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Electronics continued		
750,000	Smart Metering Systems*	4,657,500	1.46
2,700,000	TT Electronics	4,590,000	1.43
	Food Producers – 2.66% (2023 – 2.08%)		
240,000	Cranswick	8,524,800	2.66
	Home Furnishings – 0.00% (2023 – 0.28%)		
	Insurance – 4.25% (2023 – 2.78%)		
1,100,000	Lancashire	6,490,000	2.03
4,700,000	Sabre Insurance	7,115,800	2.22
	Internet – 6.15% (2023 – 5.46%)		
700,000	Future	6,223,000	1.94
200,000	Kooth	596,000	0.19
4,700,000	Moonpig	7,670,400	2.40
600,000	Trainline	1,675,200	0.52
4,000,000	Victorian Plumbing	3,520,000	1.10
	Leisure Time – 4.18% (2023 – 4.02%)		
3,675,000	Hollywood Bowl	9,095,625	2.84
4,062,221	On the Beach	4,297,830	1.34
	Machinery Diversified – 1.36% (2023 – 0.92%)		
1,000,000	Vesuvius	4,342,000	1.36
	Media – 0.00% (2023 – 0.31%)		
	Mining – 0.00% (2023 – 0.28%)		
	Miscellaneous Manufacturing – 1.84% (2023 – 2.12%)		
2,120,813	Chemring	5,885,256	1.84
	Oil & Gas Producers – 2.80% (2023 – 3.17%)		
1,300,000	Kistos	2,769,000	0.87
2,500,000	Serica Energy	6,190,000	1.93
	Packaging & Containers – 1.90% (2023 – 1.55%)		
3,750,000	Essentra	6,067,500	1.90

ES River and Mercantile UK Listed Smaller Companies Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Pharmaceuticals – 2.48% (2023 – 3.58%)		
2,100,000	Alliance Pharma*	993,300	0.31
390,000	Indivior	6,938,100	2.17
	Private Equity – 0.00% (2023 – 1.59%)		
	Real Estate Investment Trusts – 2.48% (2023 – 1.85%)		
4,000,000	Shaftesbury Capital	4,592,000	1.43
4,400,000	Supermarket Income Reit	3,348,400	1.05
	Retail – 4.06% (2023 – 2.62%)		
1,505,000	DFS Furniture	1,631,420	0.51
795,000	Halfords	1,575,690	0.49
1,875,000	Mitchells & Butlers	4,233,750	1.32
11,000,000	Restaurant	5,577,000	1.74
	Software – 2.97% (2023 – 3.10%)		
3,250,000	Learning Technologies*	2,084,875	0.65
2,700,000	Team17*	7,425,000	2.32
	Telecommunications – 2.71% (2023 – 4.37%)		
795,000	Gamma Communications*	8,681,400	2.71
	Transportation – 0.60% (2023 – 0.00%)		
70,000	Clarkson	1,914,500	0.60
	Bermuda – 3.29% (2023 – 3.27%)		
2,289,232	Conduit	10,541,913	3.29
	Cyprus – 0.53% (2023 – 0.00%)		
500,000	Atalaya Mining	1,700,000	0.53
	Gibraltar – 0.86% (2023 – 0.39%)		
2,750,000	888	2,755,500	0.86
	Guernsey – 1.10% (2023 – 1.21%)		
33,969,778	Shanta Gold*	3,498,887	1.10
	Ireland – 1.43% (2023 – 1.43%)		
1,100,000	Kenmare Resources	4,565,000	1.43

ES River and Mercantile UK Listed Smaller Companies Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Isle of Man – 0.00% (2023 – 0.55%)		
	Jersey – 3.37% (2023 – 3.37%)		
5,500,000	Centamin	4,595,250	1.43
850,000	JTC	6,205,000	1.94
	Mauritius – 1.11% (2023 – 1.15%)		
4,250,000	Capital	3,553,000	1.11
	United States of America – 5.15% (2023 – 6.49%)		
3,000,000	Boku*	4,320,000	1.35
9,600,000	Diversified Energy	7,742,400	2.42
1,154,791	MaxCyte	2,942,444	0.92
560,000	Somero Enterprises*	1,484,000	0.46
	Collective Investment Schemes – 1.33% (2023 – 1.20%)		
3,000,230	River & Mercantile UK Micro Cap Investment**	4,260,327	1.33
	Portfolio of investments	314,472,281	98.23
	Net other assets	5,658,936	1.77
	Net assets	320,131,217	100.00

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

All investments are in ordinary shares unless otherwise stated.

The percentages in brackets show the equivalent percentage of net assets as at 31 March 2023.

*Security listed in AIM.

**Related party.

ES River and Mercantile

UK Listed Smaller Companies Fund

Statement of Total Return for the period ended 30 September 2023

	1 April 2023 to 30 September 2023		1 April 2022 to 30 September 2022	
	£	£	£	£
Income				
Net capital losses		(14,019,040)		(79,242,694)
Revenue	7,642,077		8,721,660	
Expenses	(1,463,427)		(1,876,871)	
Interest payable and similar charges	—		(4)	
Net revenue before taxation for the period	6,178,650		6,844,785	
Taxation	(129,150)		(266,517)	
Net revenue after taxation for the period		6,049,500		6,578,268
Total return before distributions		(7,969,540)		(72,664,426)
Distributions		(6,068,999)		(6,598,533)
Change in net assets attributable to Shareholders from investment activities		(14,038,539)		(79,262,959)

Statement of Change in Net Assets attributable to Shareholders for the period ended 30 September 2023

	1 April 2023 to 30 September 2023		1 April 2022 to 30 September 2022	
	£	£	£	£
Opening net assets attributable to Shareholders		361,326,290		516,437,904
Amounts received on creation of shares	39,270,135		52,602,681	
Amounts paid on cancellation of shares	(70,104,071)		(134,001,854)	
		(30,833,936)		(81,399,173)
Dilution adjustment		71,240		299,896
Change in net assets attributable to Shareholders from investment activities		(14,038,539)		(79,262,959)
Retained distributions on accumulation shares		3,606,162		3,244,166
Unclaimed distributions over 6 years old		—		149
Closing net assets attributable to Shareholders		320,131,217		359,319,983

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

ES River and Mercantile UK Listed Smaller Companies Fund

Balance Sheet as at 30 September 2023

	30 September 2023		31 March 2023	
	£	£	£	£
ASSETS				
Fixed assets				
Investments		314,472,281		349,779,860
Current assets				
Debtors	3,615,217		5,684,653	
Cash and bank balances	7,881,855		10,970,867	
Total other assets		11,497,072		16,655,520
Total assets		325,969,353		366,435,380
LIABILITIES				
Creditors				
Distribution payable	(2,143,540)		(1,197,181)	
Other creditors	(3,694,596)		(3,911,909)	
Total other liabilities		(5,838,136)		(5,109,090)
Total liabilities		(5,838,136)		(5,109,090)
Net assets attributable to Shareholders		320,131,217		361,326,290

ES River and Mercantile UK Listed Smaller Companies Fund

Fund Facts

Distribution information

B-Class Accumulation shares

The distribution payable on 30 November 2023 is 43.1161p (2022: 39.2396p) per share for accumulation shares.

B-Class Distribution shares

The distribution payable on 30 November 2023 is 9.5272p (2022: 8.8816p) per share for distribution shares.

S-Class Accumulation shares

The distribution payable on 30 November 2023 is 3.7864p (2022: 3.4883p) per share for accumulation shares.

S-Class Distribution shares

The distribution payable on 30 November 2023 is 5.4555p (2022: 5.1625p) per share for distribution shares.

S2-Class Accumulation shares

The distribution payable on 30 November 2023 is 1.1325p (2022: 0.0000p) per share for accumulation shares.

S2-Class Distribution shares

The distribution payable on 30 November 2023 is 1.1300p (2022: 0.0000p) per share for distribution shares.

Performance records

Net asset values

	Net asset value of sub-fund £	Net asset value per share p	Shares in issue
31 March 2021			
B-Class Accumulation shares	140,146,245	2,912.44	4,811,982
B-Class Distribution shares	184,371,477	666.48	27,663,576
S-Class Distribution shares	41,775,907	355.50	11,751,185
31 March 2022			
B-Class Accumulation shares	243,145,895	2,915.38	8,340,117
B-Class Distribution shares	197,764,717	660.04	29,962,495
S-Class Accumulation shares	39,567,198	237.90	16,631,718
S-Class Distribution shares	35,960,094	352.06	10,214,081
31 March 2023			
B-Class Accumulation shares	178,647,014	2,508.53	7,121,571
B-Class Distribution shares	115,418,590	554.34	20,821,077
S-Class Accumulation shares	40,536,406	205.21	19,753,499
S-Class Distribution shares	26,724,280	295.65	9,039,185
30 September 2023			
B-Class Accumulation shares	168,887,957	2,447.55	6,900,293
B-Class Distribution shares	94,525,823	531.35	17,789,858
S-Class Accumulation shares	33,405,958	200.47	16,663,841
S-Class Distribution shares	23,304,534	283.38	8,223,823
S2-Class Accumulation shares	5,958	99.83	5,968
S2-Class Distribution shares	987	98.70	1,000

The S2-Class Accumulation and S2-Class Distribution shares were launched on 27 June 2023.

ES River and Mercantile UK Listed Smaller Companies Fund

Fund Facts continued

Operating Charges

30 September 2023

B-Class Accumulation shares	0.85%
B-Class Distribution shares	0.85%
S-Class Accumulation shares	0.60%
S-Class Distribution shares	0.60%
S2-Class Accumulation shares	0.64%
S2-Class Distribution shares	0.65%

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

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

ES River and Mercantile UK 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 period.

Purchases	£	Sales	£
Fevertree Drinks	4,036,297	Alpha International	5,636,333
Next 15	3,870,316	Spirent Communications	5,362,851
Team17	3,811,059	Bytes Technology	4,694,969
Mitchells & Butlers	3,688,085	Indivior	3,695,319
Clarkson	1,922,666	Tullow Oil	2,280,147
Atalaya Mining	1,668,166	Moonpig	2,200,676
Babcock International	1,633,309	Alliance Pharma	2,121,536
Sabre Insurance	1,488,400	Serco	1,920,371
Shaftesbury Capital	1,435,230	ME Group International	1,887,534
JTC	1,392,187	Trainline	1,875,859

ES River and Mercantile UK Dynamic Equity Fund

Investment Objective

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

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

Investment Manager's Review

Investment Review

The ES R&M UK Dynamic Equity Fund B share class delivered a -0.65% return, which compares to the benchmark's +1.7%.

Key positive contributors included **Babcock**, with its full-year results validating strong recovery potential with earnings, cash flow and balance sheet deleveraging all ahead of market expectations. **888** was up significantly, primarily on news that a new investor, led by a group of highly experienced industry veterans holds a significant stake in the company with potential to accelerate value creation by catalysing strategic change. Discussions with this investor were subsequently terminated. A zero weight in **Diageo** was also a key positive contributor. **OSB Group** was a significant negative contributor, a victim of increased interest rate volatility. As reversion rates increased, customers chose to refinance quicker, reducing the cumulative interest receipts expected over the life of a mortgage. As a result, OSB had to recognise a significant charge in its 1H earnings. **WPP** reported weaker than expected organic growth and downgraded FY expectations. In our view, this is not indicative of a breakdown in the recovery thesis because the organic gross miss is largely attributable to a cyclical slowdown within technology clients and not unique to WPP, with peers also missing expectations. An underweight in **Shell** (Brent Oil +19.5%) and a zero weight in **HSBC** were also key negative contributors.

There were no new additions in the period, however we did add to existing holdings which are outperforming analyst forecasts indicating strong operational momentum and/or where current valuations don't reflect the long-term earnings potential. This included **Babcock**, **Essentra**, **Howden Joinery** and **Vesuvius**. Sales primarily fell into two distinct groups. The first reflected a continued recycling of capital from mega and large cap to small and mid-caps given the large relative underperformance of the latter; **Barclays**, **Natwest** and **Unilever** were all in this group. The second reflected a deterioration in timing and/or lower conviction; **DFS**, **OSB Group**, **Drax** and **Spirent Communications** were all in this group. We also took profits in one of our largest positions, **Whitbread**.

Outlook

Positioning and sentiment towards UK equities remains depressed as evidenced by the UK country weight within the MSCI ACWI index of 3.7% at the end of September (down from nearly 11% in 1990 and close to recent trough levels) and 28 consecutive months of net outflows from UK equities (Source: Calastone). UK valuations remain depressed in both absolute and relative terms but there is no structural reason why the UK should trade at such a material discount in our view. SMID cap underperformance versus large caps provides an attractive investment opportunity, hence our significant overweight to this segment of the UK equity market. We continue to diversify our portfolio to protect against downside risk by investing in strong, cash generating companies at various stages of their corporate lifecycle (growth, quality and recovery) with a value discipline and where positive profitability trends are established or emerging..

We think there is a significant disconnect between the perception and reality surrounding the UK economy and equity market. There have been positive revisions to UK GDP growth data since the onset of the pandemic; the economy in 2Q23 was +1.8% above its 4Q19 pre pandemic level. It was previously thought the UK's growth was lagging the G7 over the last two years, but restated GDP growth figures are more respectable. Changes to the composition of growth de-emphasise household consumption and elevate government spending and business investment. The latter could signal that the UK's supply side is in better shape than previously thought; strong growth in potential output would be a welcome disinflationary force. UK business investment has been recovering and in 2Q23 it was +6% ahead of the pre-Brexit vote high. There is significant headroom to increase investment spending despite the rising cost of capital given that corporate cash balances are equivalent to around 25% of GDP and UK corporate debt to GDP is at a 25 year low. Concern about the ongoing de-equitisation of the UK market is another drag on sentiment, but data shows that this phenomenon is not unique to the UK but in fact a global trend. We are encouraged by the growing list of proposed regulatory changes (Mansion House Reforms, Investment Research Review, Listing

ES River and Mercantile UK Dynamic Equity Fund

Investment Manager's Review continued

Reforms, Prospectus Reforms, Secondary Capital Raising Review) aimed largely at revitalising the supply side and to a lesser degree the demand side for UK equities.

River and Mercantile
24 November 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 30 September 2023

Holding	Investment	Market Value £	% of Net Assets
	United Kingdom – 90.34% (2023 – 90.36%)		
	Advertising – 2.91% (2023 – 3.50%)		
153,700	WPP	1,126,621	2.91
	Aerospace & Defence – 1.69% (2023 – 1.53%)		
65,500	BAE Systems	653,428	1.69
	Banks – 0.00% (2023 – 3.21%)		
	Building Materials – 1.57% (2023 – 1.20%)		
210,200	Tyman	607,478	1.57
	Commercial Services – 2.35% (2023 – 1.28%)		
220,000	Babcock International	909,480	2.35
	Computers – 5.40% (2023 – 4.81%)		
814,200	Serco	1,213,158	3.14
60,000	Softcat	875,400	2.26
	Cosmetics & Personal Care – 0.00% (2023 – 1.39%)		
	Diversified Financial Services – 1.57% (2023 – 3.06%)		
185,000	OSB	605,690	1.57
	Electricity – 1.72% (2023 – 2.55%)		
152,000	Drax	666,976	1.72
	Electronics – 3.81% (2023 – 4.28%)		
120,200	RS	883,710	2.28
95,000	Smart Metering Systems*	589,950	1.53
	Engineering & Construction – 2.16% (2023 – 2.30%)		
260,000	Balfour Beatty	834,600	2.16
	Food Producers – 6.80% (2023 – 6.21%)		
37,000	Cranswick	1,314,240	3.40
191,857	Tate & Lyle	1,315,180	3.40

ES River and Mercantile UK Dynamic Equity Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Forest Products & Paper – 2.99% (2023 – 2.56%)		
84,200	Mondi	1,155,224	2.99
	Healthcare Products – 4.66% (2023 – 4.72%)		
527,225	ConvaTec	1,148,296	2.97
64,000	Smith & Nephew	654,400	1.69
	Home Builders – 1.69% (2023 – 1.58%)		
15,900	Berkeley	653,013	1.69
	Home Furnishings – 2.02% (2023 – 1.26%)		
105,969	Howden Joinery	780,356	2.02
	Insurance – 2.32% (2023 – 1.52%)		
591,538	Sabre Insurance	895,589	2.32
	Internet – 8.07% (2023 – 7.30%)		
238,900	Auto Trader	1,475,446	3.81
73,700	Future	655,193	1.69
608,000	Moonpig	992,256	2.57
	Lodging – 4.18% (2023 – 3.84%)		
46,700	Whitbread	1,617,688	4.18
	Machinery Construction & Mining – 3.69% (2023 – 3.31%)		
75,000	Weir	1,426,125	3.69
	Machinery Diversified – 4.96% (2023 – 4.06%)		
74,000	IMI	1,160,320	3.00
175,000	Vesuvius	759,850	1.96
	Mining – 1.48% (2023 – 1.60%)		
25,200	Anglo American	570,906	1.48
	Miscellaneous Manufacturing – 2.36% (2023 – 1.94%)		
329,500	Chemring	914,362	2.36
	Oil & Gas Producers – 3.14% (2023 – 2.72%)		
150,000	Harbour Energy	386,850	1.00
31,750	Shell	827,405	2.14

ES River and Mercantile UK Dynamic Equity Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Packaging & Containers – 1.93% (2023 – 1.52%)		
462,200	Essentra	747,840	1.93
	Pharmaceuticals – 1.77% (2023 – 1.65%)		
6,175	AstraZeneca	685,425	1.77
	Real Estate Investment Trusts – 3.29% (2023 – 3.16%)		
732,000	Shaftesbury Capital	840,336	2.17
569,000	Supermarket Income Reit	433,009	1.12
	Retail – 7.84% (2023 – 7.83%)		
187,000	B&M European Value Retail	1,096,568	2.84
349,500	DFS Furniture	378,858	0.98
14,000	Next	1,021,160	2.64
100,000	Watches of Switzerland	534,000	1.38
	Telecommunications – 3.97% (2023 – 4.47%)		
116,000	Gamma Communications	1,266,720	3.27
195,500	Spirent Communications	269,790	0.70
	Bermuda – 3.83% (2023 – 3.85%)		
321,500	Conduit	1,480,507	3.83
	Canada – 1.86% (2023 – 2.14%)		
60,300	Barrick Gold	719,858	1.86
	Gibraltar – 1.33% (2023 – 0.63%)		
512,300	888	513,325	1.33
	Ireland – 2.03% (2023 – 1.90%)		
17,000	DCC	783,530	2.03
	FORWARD CURRENCY CONTRACTS – (0.05%) (2023 – 0.05%)		
£781,909	Forward Currency Contract 15/12/2023: UK sterling 781,909 vs Canadian Dollar 1,321,000	(19,130)	(0.05)
	Portfolio of investments	38,420,986	99.34
	Net other assets	257,009	0.66
	Net assets	38,677,995	100.00

ES River and Mercantile UK Dynamic Equity Fund

Portfolio Statement continued

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

All investments are in ordinary shares unless otherwise stated.

The percentages in brackets show the equivalent percentage of net assets as at 31 March 2023.

*Security listed in AIM.

ES River and Mercantile UK Dynamic Equity Fund

Statement of Total Return for the period ended 30 September 2023

	1 April 2023 to 30 September 2023		1 April 2022 to 30 September 2022	
	£	£	£	£
Income				
Net capital losses		(958,904)		(10,040,666)
Revenue	712,188		1,358,846	
Expenses	(184,568)		(267,266)	
Interest payable and similar charges	—		(13)	
Net revenue before taxation for the period	527,620		1,091,567	
Taxation	13,824		(139,812)	
Net revenue after taxation for the period		541,444		951,755
Total return before distributions		(417,460)		(9,088,911)
Distributions		(544,320)		(954,227)
Change in net assets attributable to Shareholders from investment activities		(961,780)		(10,043,138)

Statement of Change in Net Assets attributable to Shareholders for the period ended 30 September 2023

	1 April 2023 to 30 September 2023		1 April 2022 to 30 September 2022	
	£	£	£	£
Opening net assets attributable to Shareholders		42,145,597		73,645,108
Amounts received on creation of shares	737,205		531,914	
Amounts paid on cancellation of shares	(3,727,433)		(23,777,695)	
		(2,990,228)		(23,245,781)
Dilution adjustment		—		26,595
Change in net assets attributable to Shareholders from investment activities		(961,780)		(10,043,138)
Retained distributions on accumulation shares		484,406		598,664
Closing net assets attributable to Shareholders		38,677,995		40,981,448

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

ES River and Mercantile UK Dynamic Equity Fund

Balance Sheet as at 30 September 2023

	30 September 2023		31 March 2023	
	£	£	£	£
ASSETS				
Fixed assets				
Investments		38,440,116		41,695,973
Current assets				
Debtors	126,139		514,265	
Cash and bank balances	341,995		275,174	
Total other assets		468,134		789,439
Total assets		38,908,250		42,485,412
LIABILITIES				
Investment liabilities		(19,130)		—
Creditors				
Distribution payable	(38,544)		(32,669)	
Other creditors	(172,581)		(307,146)	
Total other liabilities		(211,125)		(339,815)
Total liabilities		(230,255)		(339,815)
Net assets attributable to Shareholders		38,677,995		42,145,597

ES River and Mercantile UK Dynamic Equity Fund

Fund Facts

Distribution information

A-Class Distribution shares

The distribution payable on 30 November 2023 is 1.9493p (2022: 2.1462p) per share for distribution shares.

B-Class Accumulation shares

The distribution payable on 30 November 2023 is 6.6649p (2022: 7.1510p) per share for accumulation shares.

S-Class Accumulation shares

The distribution payable on 30 November 2023 is 3.4840p (2022: 3.7185p) per share for accumulation shares.

Z-Class Accumulation shares

The distribution payable on 30 November 2023 is 20.7447p (2022: 21.9227p) per share for accumulation shares.

Performance records

Net asset values

	Net asset value of sub-fund £	Net asset value per share p	Shares in issue
31 March 2021			
A-Class Distribution shares	4,086,642	163.39	2,501,114
B-Class Accumulation shares	75,724,500	532.14	14,230,237
S-Class Accumulation shares	5,057	252.84	2,000
Z-Class Accumulation shares	1,019,340	1,269.68	80,283
31 March 2022			
A-Class Distribution shares	3,729,636	162.26	2,298,568
B-Class Accumulation shares	68,689,867	540.47	12,709,391
S-Class Accumulation shares	5,150	257.49	2,000
Z-Class Accumulation shares	1,220,455	1,299.11	93,945
31 March 2023			
A-Class Distribution shares	3,141,026	146.90	2,138,164
B-Class Accumulation shares	37,987,815	502.25	7,563,492
S-Class Accumulation shares	4,799	239.94	2,000
Z-Class Accumulation shares	1,011,957	1,216.36	83,196
30 September 2023			
A-Class Distribution shares	2,834,247	143.33	1,977,370
B-Class Accumulation shares	34,918,759	496.73	7,029,739
S-Class Accumulation shares	4,752	237.61	2,000
Z-Class Accumulation shares	920,237	1,207.51	76,209

ES River and Mercantile UK Dynamic Equity Fund

Fund Facts continued

Operating Charges

30 September 2023

A-Class Distribution shares	0.90%
B-Class Accumulation shares	0.90%
S-Class Accumulation shares	0.66%
Z-Class Accumulation shares	0.15%

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

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

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.

Summary of Largest Portfolio Changes

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

Purchases	£	Sales	£
Essentra	194,316	NatWest	680,858
Howden Joinery	193,236	Unilever	604,076
Vesuvius	146,134	Barclays	568,266
Babcock International	114,907	OSB	291,900
ConvaTec	113,355	Spirent Communications	278,769
Chemring	98,042	Whitbread	248,059
Sabre Insurance	26,869	ConvaTec	189,048
		DFS Furniture	155,566
		Drax	108,465
		Conduit	50,185

ES River and Mercantile UK Recovery Fund

Investment Objective

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

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

Investment Manager's Review

Market Overview

Markets came under pressure at different points during the six months to end September, but in most cases were able to rally. The net result was a modest positive return for UK Equities during the period, the MSCI UK IMI returning +1.6% over the six months. Market nervousness over the period was led by bond markets, as the higher for longer interest rate narrative developed through the late summer, pushing up sovereign debt yields and catalysing further economic uncertainty. A stronger oil price was also a headwind, which seemed to offset some of the benefits of inflation being on a clear downward trend. UK equities, typically more defensive held up well during the periods of uncertainty. The US dollar benefitted from the higher for longer worries, which supported the UK equity market's substantial dollar earners. Small and medium sized companies lagged significantly.

Investment Review

The fund exploits three key factors, Value (cheaper stocks than the average), Recovery (stocks where we expect profits to recover from a depressed level) and multi-cap investing (looking for opportunities across all sizes of company, typically being overweight smaller companies). We invest up to 20% of the portfolio in non-UK listed value and recovery stocks.

Whilst some equity markets have posted healthy returns this year the breadth of these returns has been noticeably absent. The mega cap stocks with profits and cash flow that are seen as safe, or where there is a supportive growth theme have done well, everything else has lagged. This has been a phenomenon around the world. These narrow returns have impacted our ability to add value as has the high level of uncertainty and general risk aversion impacting on recovery type stocks.

The Fund's performance during the six months was modest in absolute terms and somewhat behind the benchmark. The ES UK Recovery Fund returned +0.9% (net of fees, B share class) compared to the MSCI UK IMI return of +1.6%.

Our longer-term returns, versus benchmark and other UK multi-cap managers remain robust. Since inception, after fees the ES UK Recovery Fund has returned 13.0% p.a. (B share class) compared to the benchmark return of 8.8% p.a. This is despite a value headwind for much of this period, value being one of our key characteristics.

Our stock selection during the six months, across nearly all sizes of company (apart from mega cap) was positive (+4.6%) during the period, but our allocation to different sizes of company were negative, in particular our overweight small and micro-cap companies (-4.6%).

Positive contributors during the quarter: strong stock picking (+4.6%); underweight Diageo (+0.6%) and National Grid (+0.15%); individual stock successes, notably some recovery stocks delivering (Centrica +0.1%, Rolls Royce +0.1%); M&A (Gresham House +0.2%); non-UK stocks (Draftkings +0.2%, MarcoPolo +0.2%).

Negative contributors: weak key factors, smaller company exposure in particular (-4.6%); underweight oil majors (Shell, -0.6%); underweight other mega cap stocks (HSBC -0.3%); individual stock disappointments (Capita -0.2%, Boohoo -0.2%).

Outlook

We continue to position the portfolio for Value, Recovery, Multi-Cap investing, and for deeply out-of-favour structural / quality growers (deep growth). From our perspective the opportunity set in all these areas is significant, with these factors being at a close to the low points of their cycle.

The portfolio's value characteristics remain committed; the portfolio trades on only 1.3x price to book, 0.8x price to sales and double digit cashflow yields. There is a robust multi-cap bias. As you would expect our investments continue to reflect high scoring PVT stocks, the output from our MoneyPenny screen.

The small cap opportunity is one of the stand-out investment opportunities created by this period of uncertainty and liquidity withdrawal. Global small cap are back to the relative lows seen at the height of the Covid related panic. As a result purchases during the period continued to focus on building up our smaller companies' exposure, where there is a wide opportunity set after two years of very material under-performance that has resulted in many very modest valuations, both in deep value and deep growth stocks. This activity continued to focus on the top of our recovery screen, including adding to the very out-of-favour real estate (**Helical**) and housing related sectors (**Gleeson, China Lesso**). We are also building stakes in a number of exciting UK leisure roll-out stories that are delivering but whose shares prices are at all time lows (**Everyman Cinema, Tortilla Mexican and XP Factory**).

As bond yields have moved higher still it has made sense to continue to add to Govt Bond (yield) proxies which have continued to be weak, including REITS (**British Land, Supermarket Income**) and more recently Utilities (**Severn**

ES River and Mercantile UK Recovery Fund

Investment Manager's Review continued

Outlook continued

Trent, the catalyst being its fund raising). For similar reasons a number of structural growth stocks have been heavily de-rated, providing attractive entry points, this including digital platform stocks (**Alibaba, Match, AJ Bell**). And lastly, we continue to think about strategic value, especially at this time of low valuations for small and mid-cap stocks – examples include **ITV, Rank, Dr Martens, Hargreaves Lansdown** and **Shaftesbury Capital**.

Sales have included taking full profits where our PVT thesis has been delivered, most notably the continued recipients of M&A activity (**Gresham House, Renewi**), reducing or exiting into relative strength (**energy stocks**, including **BP** and **Tullow, Verallia**), and re-focusing capital towards higher conviction ideas (**Impax**).

Positioning and sentiment towards UK equities remains depressed as evidenced by the UK country weight within the MSCI ACWI index of 3.7% at the end of September (down from nearly 11% in 1990 and close to recent trough levels) and 28 consecutive months of net outflows from UK equities (Source: Calastone). UK valuations remain depressed in both absolute (c10x PE MSCI UK) and relative terms (below) but there is no structural reason why the UK should trade at such a material discount in our view. We think there is a significant disconnect between the perception and reality surrounding the UK economy and equity market. There have been positive revisions to UK GDP growth data since the onset of the pandemic; the economy in 2Q23 was +1.8% above its 4Q19 pre pandemic level. It was previously thought the UK's growth was lagging the G7 over the last two years but restated GDP growth figures are more respectable.

To conclude, UK Equities remain very attractive, on modest valuations, with very negative sentiment, but with fundamentals that are much more positive than current bearish consensus. A peaking in inflation and interest rate expectations in the UK should act as a catalyst for stronger returns, both from the market and the investment characteristics that we exploit.

River and Mercantile
24 November 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 30 September 2023

Holding	Investment	Market Value £	% of Net Assets
United Kingdom – 75.14% (2023 – 78.14%)			
Advertising – 0.95% (2023 – 0.88%)			
36,230	Ascential	75,721	0.04
156,365	M&C Saatchi*	218,911	0.11
21,820	Next 15*	139,866	0.07
205,060	Pebble	190,706	0.10
348,450	S4 Capital	235,552	0.12
470,481	Time out*	221,126	0.11
106,130	WPP	777,933	0.40
Aerospace & Defence – 1.27% (2023 – 0.83%)			
1,125,896	Rolls-Royce	2,487,104	1.27
Agriculture – 1.85% (2023 – 1.59%)			
85,113	British American Tobacco	2,192,936	1.12
17,518	Genus	366,827	0.19
63,712	Imperial Brands	1,062,079	0.54
Airlines – 0.74% (2023 – 1.12%)			
181,509	EasyJet	775,588	0.40
448,468	International Consolidated Airlines	663,733	0.34
Alternative Energy Sources – 0.41% (2023 – 0.11%)			
1,406,155	AFC Energy	217,673	0.11
19,255	Atome Energy	17,137	0.01
57,180	Ceres Power	179,545	0.09
331,960	Clean Power Hydrogen	63,072	0.03
480,286	Inspired	341,003	0.17
Apparel – 0.47% (2023 – 0.73%)			
1,323,124	Boohoo*	417,843	0.21
2,600	Burberry	49,621	0.03
321,462	Dr Martens	454,226	0.23
Auto Parts & Equipment – 0.15% (2023 – 0.00%)			
178,080	Dowlais	191,258	0.10
75,140	TI Fluid Systems	92,572	0.05
Automobile Manufacturers – 0.09% (2023 – 0.19%)			
60,264	Aston Martin Lagonda Global	172,234	0.09

ES River and Mercantile UK Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
Banks – 8.69% (2023 – 10.08%)			
1,820,019	Barclays	2,892,738	1.48
902,800	HSBC	5,822,157	2.97
7,708,383	Lloyds Banking	3,420,210	1.75
908,159	NatWest	2,139,623	1.09
53,892	Secure Trust Bank	339,520	0.17
289,043	Standard Chartered	2,190,946	1.12
123,612	Virgin Money UK	208,101	0.11
Beverages – 1.23% (2023 – 1.10%)			
64,133	Barr	314,893	0.16
43,864	Fevertree Drinks	526,368	0.27
68,895	Fuller Smith & Turner	411,992	0.21
1,616,937	Marston's	491,549	0.25
33,713	Nichols*	337,130	0.17
737,062	Virgin Wines UK	339,049	0.17
Building Materials – 1.66% (2023 – 1.08%)			
57,204	Accsys Technologies	41,301	0.02
106,128	Breedon	348,630	0.18
283,057	Eneraqua Technologies	297,210	0.15
135,060	Genuit	445,023	0.23
246,043	Ibstock	350,365	0.18
43,600	Marshalls	110,134	0.06
80,000	Michelmersh Brick	70,400	0.04
189,707	Norcros	289,303	0.15
504,919	SigmaRoc	271,646	0.14
780,129	Topps Tiles	376,022	0.19
216,793	Tyman	626,532	0.32
Chemicals – 1.17% (2023 – 0.96%)			
4,660	Croda International	229,039	0.12
366,667	Elementis	455,400	0.23
32,058	Johnson Matthey	521,904	0.27
18,052	Synthomer	41,700	0.02
108,312	Synthomer	32,494	0.02
15,880	Treatt	80,512	0.04
35,405	Victrex	497,440	0.25
129,126	Zotefoams	429,990	0.22
Commercial Services – 2.35% (2023 – 2.46%)			
5,583	Ashtead	279,262	0.14
4,580,000	Aukett Swanke*	80,150	0.04
16,290	Babcock International	67,343	0.03
2,891,436	Capita	492,122	0.25
645,500	De La Rue	400,210	0.20

ES River and Mercantile UK Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
Commercial Services continued			
217,864	Driver*	54,466	0.03
79,560	Hays	86,880	0.04
299,086	Johnson Service*	403,766	0.21
28,570	Keystone Law	139,993	0.07
111,990	Mears	309,092	0.16
202,931	Mind Gym*	111,612	0.06
411,787	Mitie	423,317	0.22
51,880	Pagegroup	217,481	0.11
45,370	Restore	104,351	0.05
163,025	RWS*	390,608	0.20
26,967	Savills	233,265	0.12
906,324	Speedy Hire	289,571	0.15
185,179	Tribal*	98,145	0.05
63,121	Wise	432,758	0.22
Computers – 0.89% (2023 – 0.71%)			
1,565,178	Eckoh*	594,768	0.30
99,812	GB	214,995	0.11
443,972	Kin & Carta	364,501	0.19
189,881	NCC	223,680	0.11
151,076	Serco	225,103	0.11
9,100	Softcat	132,769	0.07
Cosmetics & Personal Care – 2.74% (2023 – 2.75%)			
132,396	Haleon	451,073	0.23
20,000	PZ Cussons	28,320	0.01
120,391	Unilever	4,889,680	2.50
Distribution & Wholesale – 0.38% (2023 – 0.29%)			
150,000	Angling Direct*	54,000	0.03
13,090	Inchcape	99,288	0.05
309,412	RM	179,459	0.09
1,122,682	SIG	404,727	0.21
Diversified Financial Services – 3.73% (2023 – 3.13%)			
101,300	AJ Bell	277,967	0.14
80,105	Allfunds	364,113	0.19
42,890	Aquis Exchange	154,404	0.08
198,096	Argentex	196,511	0.10
4,910	Brooks Macdonald	81,751	0.04
49,938	Close Brothers	442,451	0.23
71,030	CMC Markets	74,724	0.04
89,272	Foresight	383,870	0.20
72,393	Hargreaves Lansdown	559,743	0.29
39,486	IG	253,895	0.13

ES River and Mercantile UK Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Diversified Financial Services continued		
164,290	IntegraFin	389,696	0.20
410,122	International Personal Finance	516,754	0.26
237,022	Jupiter Fund Management	227,778	0.12
59,748	Liontrust Asset Management	362,670	0.19
5,296	London Stock Exchange	435,967	0.22
94,568	Mortgage Advice Bureau*	501,210	0.26
58,907	OSB	192,862	0.10
41,470	PayPoint	216,473	0.11
335,330	Pensionbee	233,390	0.12
21,650	Polar Capital*	100,672	0.05
438,300	Premier Miton*	262,980	0.13
77,880	Quilter	66,782	0.03
2,500	Rathbones	43,450	0.02
34,100	Schroders	138,855	0.07
467,570	TP ICAP	795,337	0.41
	Electrical Components & Equipment – 0.24% (2023 – 0.12%)		
150,040	Volex*	471,876	0.24
	Electricity – 0.66% (2023 – 0.58%)		
81,511	Drax	357,670	0.18
8,022,469	Eenergy*	433,213	0.22
52,752	National Grid	516,970	0.26
	Electronics – 0.59% (2023 – 0.43%)		
29,192	DiscoverIE	197,630	0.10
51,260	Luceco	59,462	0.03
62,998	RS	463,161	0.24
15,700	Smart Metering Systems*	97,497	0.05
200,361	TT Electronics	340,614	0.17
	Engineering & Construction – 1.37% (2023 – 1.02%)		
113,720	Balfour Beatty	365,041	0.19
600,084	Costain	337,247	0.17
229,270	John Wood	355,827	0.18
50,901	Keller	382,266	0.20
472,524	Kier	542,458	0.28
34,987	Ricardo	174,585	0.09
825,705	Severfield	508,634	0.26
	Entertainment – 0.75% (2023 – 0.63%)		
61,837	Entain	576,816	0.29
720,211	Everyman Media*	360,105	0.18

ES River and Mercantile UK Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Entertainment continued		
479,368	Rank	401,231	0.20
890,530	XP Factory	146,937	0.08
	Food Producers – 1.96% (2023 – 2.36%)		
284,557	Cake Box	426,835	0.22
11,787	Cranswick	418,674	0.21
29,857	Hilton Food	214,075	0.11
166,300	Hotel Chocolat	211,201	0.11
353,842	Marks & Spencer	837,190	0.43
66,798	Ocado	401,055	0.20
206,119	SSP	417,597	0.21
62,891	Tate & Lyle	431,118	0.22
184,133	Tesco	486,479	0.25
	Food Services – 0.16% (2023 – 0.15%)		
15,484	Compass	309,680	0.16
	Forest Products & Paper – 0.38% (2023 – 0.21%)		
9,693	James Cropper	73,667	0.04
48,116	Mondi	660,151	0.34
	Gas – 0.72% (2023 – 0.66%)		
914,923	Centrica	1,413,099	0.72
	Hand & Machine Tools – 0.11% (2023 – 0.08%)		
252,004	Flowtech Fluidpower*	221,764	0.11
	Healthcare Products – 0.72% (2023 – 0.44%)		
906,440	Creo Medical	280,996	0.14
262,090	Inspeccs	225,397	0.12
87,897	Smith & Nephew	898,747	0.46
	Healthcare Services – 0.13% (2023 – 0.00%)		
940,280	HVIVO	186,175	0.10
27,630	Spire Healthcare	64,516	0.03
	Home Builders – 2.08% (2023 – 2.11%)		
10,076	Berkeley	413,821	0.21
225,431	Crest Nicholson	391,574	0.20
237,367	MJ Gleeson	992,194	0.51
92,330	Persimmon	994,856	0.51
27,650	Redrow	136,812	0.07

ES River and Mercantile UK Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Home Builders continued		
774,344	Taylor Wimpey	908,305	0.46
25,800	Vistry	235,296	0.12
	Household Products – 0.74% (2023 – 0.73%)		
24,907	Reckitt Benckiser	1,442,613	0.74
	Housewares – 0.03% (2023 – 0.00%)		
45,916	IG Design	65,201	0.03
	Insurance – 0.77% (2023 – 2.52%)		
186,970	Direct Line Insurance	321,962	0.16
230,354	Legal & General	512,538	0.26
246,251	Sabre Insurance	372,824	0.19
259,946	Saga	322,333	0.16
	Internet – 2.86% (2023 – 2.71%)		
319,285	ADVFN*	44,700	0.02
107,428	ASOS*	413,061	0.21
21,020	Auto Trader	129,820	0.07
76,080	CentralNic	100,730	0.05
411,968	Deliveroo	492,714	0.25
1,013,494	Ebiquity*	395,263	0.20
19,890	Future	176,822	0.09
213,334	iomart*	336,641	0.17
143,957	Moneysupermarket.com	349,240	0.18
433,607	Moonpig	707,647	0.36
83,065	Rightmove	466,991	0.24
844,480	Smooove*	354,682	0.18
277,710	THG	193,897	0.10
133,453	Trainline	372,601	0.19
682,351	Trustpilot	700,774	0.36
411,782	Victorian Plumbing	362,368	0.19
	Investment Companies – 0.19% (2023 – 1.10%)		
1,521,261	Mercia Asset Management*	365,103	0.19
	Leisure Time – 0.49% (2023 – 0.45%)		
462,406	Gym	513,271	0.26
44,446	Hollywood Bowl	110,004	0.06
317,154	On the Beach	335,549	0.17
	Lodging – 0.39% (2023 – 0.45%)		
21,872	Whitbread	757,646	0.39

ES River and Mercantile UK Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Machinery Construction & Mining – 0.27% (2023 – 0.24%)		
27,846	Weir	529,492	0.27
	Machinery Diversified – 1.68% (2023 – 1.75%)		
38,870	IMI	609,482	0.31
302,787	Mpac*	575,295	0.29
1,699,367	Renold*	509,810	0.26
219,952	Rotork	687,130	0.35
3,627	Spirax-Sarco Engineering	345,508	0.18
129,328	Vesuvius	561,542	0.29
	Media – 1.26% (2023 – 1.46%)		
1,035,708	Centaur Media	383,212	0.20
39,568	Informa	296,918	0.15
917,676	ITV	648,063	0.33
46,990	Pearson	408,061	0.21
241,205	Rangers International Football **	48,241	0.02
738,700	Reach	630,480	0.32
30,000	STV	53,700	0.03
	Metal & Hardware – 0.47% (2023 – 0.40%)		
71,562	Bodycote	466,942	0.24
561,045	Trifast	460,057	0.23
	Mining – 4.68% (2023 – 4.67%)		
172,438	Anglo American	3,906,583	2.00
261,879	Central Asia Metals*	491,809	0.25
89,533	Rio Tinto	4,632,437	2.37
422,550	Serabi Gold*	109,863	0.06
	Miscellaneous Manufacturing – 0.55% (2023 – 0.59%)		
22,930	Avon Protection	141,707	0.07
1,232,049	Carclo	144,150	0.07
165,041	Morgan Advanced Materials	404,350	0.21
19,700	Porvair	114,260	0.06
701,717	Thruvision*	196,481	0.10
22,000	Videndum	72,490	0.04
	Office & Business Equipment – 0.22% (2023 – 0.23%)		
237,397	Xaar	430,876	0.22
	Oil & Gas Producers – 7.20% (2023 – 8.49%)		
1,042,108	BP	5,537,762	2.83
3,797,185	EnQuest	577,172	0.29

ES River and Mercantile UK Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Oil & Gas Producers continued		
307,855	Harbour Energy	793,958	0.41
2,536,178	Savannah Energy**	665,747	0.34
94,440	Serica Energy*	233,833	0.12
230,217	Shell	5,999,455	3.06
360,135	Trinity Exploration & Production*	295,311	0.15
	Oil & Gas Services – 0.41% (2023 – 0.58%)		
160,627	Hunting	490,715	0.25
28,350	Subsea 7	321,751	0.16
	Packaging & Containers – 0.50% (2023 – 0.47%)		
145,316	DS Smith	417,202	0.21
351,861	Essentra	569,311	0.29
	Pharmaceuticals – 1.82% (2023 – 1.99%)		
882,015	Benchmark*	328,110	0.17
216,103	GSK	3,223,825	1.65
	Private Equity – 0.70% (2023 – 0.65%)		
65,000	Bridgepoint	125,190	0.06
31,243	Intermediate Capital	432,091	0.22
787,629	IP	416,656	0.21
180,458	Molten Ventures	411,444	0.21
	Real Estate Investment & Services – 1.05% (2023 – 0.82%)		
988,308	Foxtons	361,721	0.18
207,951	Grainger	485,774	0.25
286,800	Harworth	302,574	0.15
274,460	Helical	580,483	0.30
149,330	Henry Boot	292,687	0.15
81,650	Watkin Jones	32,619	0.02
	Real Estate Investment Trusts – 2.53% (2023 – 2.41%)		
100,000	Assura	42,280	0.02
299,140	British Land	947,975	0.48
24,035	Derwent London	463,154	0.24
124,550	Great Portland Estates	520,370	0.27
325,000	Hammerson	81,770	0.04
54,630	Land	322,208	0.16
87,169	Segro	627,094	0.32
896,911	Shaftesbury Capital	1,029,654	0.53
275,000	Supermarket Income Reit	209,275	0.11

ES River and Mercantile UK Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Real Estate Investment Trusts continued		
183,071	Tritax Big Box REIT	255,933	0.13
92,927	Workspace	455,900	0.23
	Retail – 3.48% (2023 – 3.86%)		
41,322	Associated British Foods	854,539	0.44
679,803	Card Factory	686,601	0.35
603,909	Currys	292,292	0.15
329,288	DFS Furniture	356,948	0.18
17,356	Dunelm	182,064	0.09
31,900	Halfords	63,226	0.03
94,780	Headlam	212,307	0.11
64,168	J D Wetherspoon	443,722	0.23
154,520	JD Sports Fashion	231,316	0.12
86,427	Kingfisher	192,991	0.10
8,119	Next	592,200	0.30
1,723,774	Restaurant	873,953	0.45
1,672,310	Revolution Bars*	61,875	0.03
1,974,233	Science in Sport*	236,908	0.12
737,910	Tortilla Mexican Grill	516,537	0.26
39,970	Watches of Switzerland	213,440	0.11
31,154	WH Smith	418,710	0.21
279,674	Wickes	383,992	0.20
	Semiconductors – 0.15% (2023 – 0.16%)		
1,723,753	IQE*	301,312	0.15
	Software – 1.42% (2023 – 1.75%)		
2,092	ActiveOps	1,799	0.00
699,637	Altitude*	307,840	0.16
189,302	Bango*	359,674	0.18
13,480	Craneware	198,156	0.10
77,557	Darktrace	312,787	0.16
532,746	dotdigital	407,018	0.21
32,949	FD Technologies*	482,373	0.25
312,909	Learning Technologies*	200,731	0.10
29,397	Sage	290,736	0.15
80,029	Team17	220,080	0.11
	Storage & Warehousing – 0.04% (2023 – 0.00%)		
30,600	Wincanton	83,844	0.04
	Telecommunications – 2.08% (2023 – 2.43%)		
226,054	Airtel Africa	283,924	0.15
599,316	BT	699,102	0.36

ES River and Mercantile UK Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Telecommunications continued		
2,720,770	Filtronic*	429,882	0.22
39,930	Gamma Communications*	436,036	0.22
65,130	GlobalData	97,695	0.05
94,642	Gooch & Housego	449,549	0.23
78,600	Spirent Communications	108,468	0.06
2,019,249	Vodafone	1,551,187	0.79
	Textiles – 0.27% (2023 – 0.34%)		
712,756	Coats	522,450	0.27
	Transportation – 0.16% (2023 – 0.09%)		
1,500	Clarkson	41,025	0.02
84,412	James Fisher & Sons	275,183	0.14
	Water – 0.09% (2023 – 0.00%)		
7,826	Severn Trent	185,007	0.09
	Australia – 0.33% (2023 – 0.53%)		
360,416	South32	649,470	0.33
	Austria – 0.10% (2023 – 0.30%)		
6,928	RHI Magnesita	192,737	0.10
	Bermuda – 0.53% (2023 – 0.58%)		
76,584	Conduit	352,669	0.18
29,418	Hiscox	295,651	0.15
39,827	Ocean Wilsons	384,729	0.20
	Brazil – 0.32% (2023 – 0.27%)		
660,616	Marcopolo pref.	628,272	0.32
	Canada – 0.39% (2023 – 0.34%)		
37,012	Barrick Gold	441,847	0.23
16,000	First Quantum Minerals	310,944	0.16
	Chile – 0.11% (2023 – 0.06%)		
14,980	Antofagasta	214,064	0.11
	China – 0.85% (2023 – 0.79%)		
62,904	Alibaba	563,288	0.29

ES River and Mercantile UK Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	China continued		
54,912	Baidu	765,730	0.39
790,000	China Lesso	344,621	0.17
	France – 0.33% (2023 – 0.74%)		
2,880	Airbus	317,080	0.16
855	Kering	320,291	0.17
	Germany – 0.15% (2023 – 0.62%)		
11,783	Fresenius & Co	301,628	0.15
	Gibraltar – 0.28% (2023 – 0.11%)		
539,010	888	540,088	0.28
	Greece – 0.14% (2023 – 0.13%)		
208,703	Eurobank Ergasias Services	264,137	0.14
	Guernsey – 0.12% (2023 – 0.00%)		
283,230	Peel Hunt	229,416	0.12
	Hong Kong – 1.74% (2023 – 0.00%)		
105,750	HUTCHMED China*	291,870	0.15
349,532	Prudential	3,106,641	1.59
	India – 0.12% (2023 – 0.09%)		
2,274,772	OPG Power Ventures*	238,851	0.12
	Ireland – 1.50% (2023 – 1.41%)		
46,058	Bank of Ireland	368,768	0.19
69,770	C&C	96,980	0.05
367,778	Cairn Homes	350,860	0.18
2,700	DCC	124,443	0.06
3,596	Flutter Entertainment	481,505	0.25
39,220	Grafton	354,549	0.18
400,773	Greencore	303,986	0.15
373,234	Hostelworld	466,543	0.24
6,690	Keywords Studios	103,494	0.05
10,690	Smurfit Kappa	291,623	0.15
	Isle of Man – 0.32% (2023 – 0.39%)		
53,245	Playtech	240,561	0.12
727,856	Strix*	384,308	0.20

ES River and Mercantile UK Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
168,380	Israel – 0.12% (2023 – 0.21%) Tremor International*	242,972	0.12
55,280	Italy – 0.23% (2023 – 0.23%) BFF Bank	453,873	0.23
8,800	Japan – 1.26% (2023 – 0.93%) Bank Of Kyoto	410,294	0.21
25,000	Komatsu	554,529	0.28
13,850	Nintendo	473,665	0.24
8,880	Sony	596,513	0.31
40,400	Tosei	427,874	0.22
351,208	Jersey – 0.41% (2023 – 0.44%) Centamin	293,435	0.15
5,963,309	XLMedia*	506,881	0.26
27,090	Luxembourg – 0.18% (2023 – 0.22%) Tenaris	351,785	0.18
397,000	Macau – 0.51% (2023 – 0.49%) Sands China	994,660	0.51
109,716	Mexico – 0.30% (2023 – 0.23%) Cemex	584,289	0.30
45,793	Netherlands – 1.14% (2023 – 1.16%) Fugro	577,974	0.30
45,627	ING Groep	496,720	0.25
49,451	Just Eat Takeaway.com	507,367	0.26
27,013	Prosus	654,236	0.33
434,622	Nigeria – 0.28% (2023 – 0.27%) SEPLAT Energy	540,670	0.28
	Portugal – 0.00% (2023 – 0.14%)		
16,984	Singapore – 0.20% (2023 – 0.11%) XP Power	400,822	0.20

ES River and Mercantile UK Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	South Africa – 0.17% (2023 – 0.20%)		
651,635	Old Mutual	336,895	0.17
	South Korea – 0.36% (2023 – 0.19%)		
17,150	Neowiz	266,047	0.13
10,700	Samsung Electronics	444,369	0.23
	Spain – 0.76% (2023 – 0.69%)		
72,242	Applus Services	620,399	0.32
81,489	CaixaBank	267,624	0.14
44,270	Repsol	597,730	0.30
	Sweden – 0.33% (2023 – 0.29%)		
5,120	Spotify Technology	648,856	0.33
	Switzerland – 2.01% (2023 – 1.71%)		
625,244	Glencore	2,937,709	1.50
191,818	IWG	271,422	0.14
2,310	Roche	518,046	0.27
10,000	UBS	203,126	0.10
	Taiwan – 0.18% (2023 – 0.17%)		
26,640	Taiwan Semiconductor Manufacturing**	352,947	0.18
	United States of America – 8.22% (2023 – 6.44%)		
8,325	Advanced Micro Devices	701,304	0.36
7,360	Alphabet	788,793	0.40
6,109	Amazon.com	636,201	0.33
25,132	Baker Hughes	727,264	0.37
17,050	Baxter International	527,334	0.27
496,519	Boku*	714,987	0.37
236	Booking	596,581	0.30
9,820	Charles Schwab	441,781	0.23
7,100	Cisco Systems	312,667	0.16
1,020	Colgate-Palmolive	59,426	0.03
1,182,910	Devolver Digital	283,899	0.14
313,104	Diversified Energy	252,519	0.13
8,570	DocuSign	294,900	0.15
37,386	DraftKings	901,454	0.46
3,115	Electronic Arts	307,302	0.16
6,290	Henry Schein	382,641	0.20
3,333	Johnson & Johnson	425,421	0.22
23,049	Kenvue	379,193	0.19
1,080	KLA	405,729	0.21

ES River and Mercantile UK Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
United States of America continued			
17,017	Kraft Heinz	468,872	0.24
12,010	Marvell Technology	532,433	0.27
20,500	Match	657,888	0.34
57,650	MaxCyte	144,125	0.07
2,270	McKesson	808,258	0.41
3,413	Meta Platforms	839,332	0.43
2,442	Netflix	754,958	0.39
6,737	PayPal	322,678	0.16
13,690	Pfizer	372,043	0.19
228,554	Somero Enterprises*	605,668	0.31
4,333	Take-Two Interactive Software	498,426	0.25
2,361,700	Tinybuild	188,936	0.10
2,210	Valmont Industries	434,902	0.22
4,789	Walt Disney	318,050	0.16
United States Virgin Islands – 0.05% (2023 – 0.00%)			
113,650	AdvancedAdvT	93,193	0.05
Collective Investment Schemes – 0.35% (2023 – 0.00%)			
195,500	Renewables Infrastructure	208,403	0.10
140,000	River & Mercantile UK Micro Cap Investment***	198,800	0.10
1,972,328	Schroders Capital Global Innovation Trust	291,905	0.15
Investment Trusts – 1.20% (2023 – 1.28%)			
10,567	Aberforth Smaller Companies Trust	129,974	0.07
217,840	Augmentum Fintech PLC	203,898	0.10
290,679	AVI Japan Opportunity Trust PLC	334,281	0.17
162,086	Fidelity China Special Situations	339,570	0.17
31,768	International Biotechnology Trust PLC	198,232	0.10
257,764	Montanaro UK Smaller Companies Investment Trust	257,248	0.13
27,660	Rockwood Strategic*	489,582	0.25
42,624	Scottish Mortgage Investment Trust	285,155	0.15
38,069	Strategic Equity Capital	116,110	0.06
FORWARD CURRENCY CONTRACTS – (0.02%) (2023 – 0.02%)			
£5,267,964	Forward Currency Contract 15/12/2023: UK sterling 5,267,964 vs Euro 6,094,000	(33,828)	(0.02)
Portfolio of investments		197,185,439	100.71
Net other liabilities		(1,394,775)	(0.71)
Net assets		195,790,664	100.00

ES River and Mercantile UK Recovery Fund

Portfolio Statement continued

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

All investments are in ordinary shares unless otherwise stated.

The percentages in brackets show the equivalent percentage of net assets as at 31 March 2023.

*Security listed in AIM.

**Delisted security.

***Related party.

ES River and Mercantile UK Recovery Fund

Statement of Total Return for the period ended 30 September 2023

	1 April 2023 to 30 September 2023		1 April 2022 to 30 September 2022	
	£	£	£	£
Income				
Net capital losses		(1,561,625)		(31,942,398)
Revenue	4,161,063		4,748,596	
Expenses	(1,051,057)		(1,077,782)	
Interest payable and similar charges	(1,450)		(2,046)	
Net revenue before taxation for the period	3,108,556		3,668,768	
Taxation	(82,613)		(197,735)	
Net revenue after taxation for the period		3,025,943		3,471,033
Total return before distributions		1,464,318		(28,471,365)
Distributions		(3,032,679)		(3,483,202)
Change in net assets attributable to Shareholders from investment activities		(1,568,361)		(31,954,567)

Statement of Change in Net Assets attributable to Shareholders for the period ended 30 September 2023

	1 April 2023 to 30 September 2023		1 April 2022 to 30 September 2022	
	£	£	£	£
Opening net assets attributable to Shareholders		222,731,543		247,567,062
Amounts received on creation of shares	21,200,216		29,758,582	
Amounts paid on cancellation of shares	(46,774,080)		(53,979,694)	
		(25,573,864)		(24,221,112)
Dilution adjustment		24,001		(9,876)
Change in net assets attributable to Shareholders from investment activities		(1,568,361)		(31,954,567)
Retained distributions on accumulation shares		177,345		177,886
Closing net assets attributable to Shareholders		195,790,664		191,559,393

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

ES River and Mercantile UK Recovery Fund

Balance Sheet as at 30 September 2023

	30 September 2023		31 March 2023	
	£	£	£	£
ASSETS				
Fixed assets				
Investments		197,219,267		222,562,623
Current assets				
Debtors	3,069,954		1,937,916	
Cash and bank balances	36,445		6,785,052	
Total other assets		3,106,399		8,722,968
Total assets		200,325,666		231,285,591
LIABILITIES				
Investment liabilities		(33,828)		—
Creditors				
Bank overdrafts	(59,985)		—	
Distribution payable	(2,685,431)		(1,764,396)	
Other creditors	(1,755,758)		(6,789,652)	
Total other liabilities		(4,501,174)		(8,554,048)
Total liabilities		(4,535,002)		(8,554,048)
Net assets attributable to Shareholders		195,790,664		222,731,543

ES River and Mercantile UK Recovery Fund

Fund Facts

Distribution information

B-Class Distribution shares

The distribution payable on 30 November 2023 is 16.3484p (2022: 17.9983p) per share for distribution shares.

S-Class Accumulation shares

The distribution payable on 30 November 2023 is 3.7612p (2022: 3.9874p) per share for accumulation shares.

S-Class Distribution shares

The distribution payable on 30 November 2023 is 4.0435p (2022: 4.4137p) per share for distribution shares.

Z-Class Accumulation shares

The distribution payable on 30 November 2023 is 44.4223p (2022: 45.9412p) per share for accumulation shares.

Performance records

Net asset values

	Net asset value of sub-fund £	Net asset value per share p	Shares in issue
31 March 2021			
B-Class Distribution shares	131,725,640	1,182.01	11,144,189
S-Class Distribution shares	57,386,649	267.73	21,434,747
Z-Class Accumulation shares	3,295,169	2,210.52	149,067
31 March 2022			
B-Class Distribution shares	143,845,110	1,211.13	11,876,972
S-Class Accumulation shares	9,423,923	248.22	3,796,610
S-Class Distribution shares	90,813,055	274.30	33,107,472
Z-Class Accumulation shares	3,484,974	2,323.88	149,964
31 March 2023			
B-Class Distribution shares	132,564,164	1,180.48	11,229,684
S-Class Accumulation shares	7,058,245	248.66	2,838,527
S-Class Distribution shares	79,452,446	267.33	29,720,683
Z-Class Accumulation shares	3,656,688	2,345.56	155,898
30 September 2023			
B-Class Distribution shares	105,485,141	1,170.28	9,013,686
S-Class Accumulation shares	7,163,986	250.25	2,862,683
S-Class Distribution shares	79,425,202	265.02	29,969,883
Z-Class Accumulation shares	3,716,335	2,369.46	156,843

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

ES River and Mercantile UK Recovery Fund

Fund Facts continued

Operating Charges

30 September 2023

B-Class Distribution shares	1.11%
S-Class Accumulation shares	0.86%
S-Class Distribution shares	0.86%
Z-Class Accumulation shares	0.11%

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

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

ES River and Mercantile UK 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 period.

Purchases	£	Sales	£
Persimmon	596,593	HSBC	4,312,160
Baxter International	591,998	BP	3,159,530
Johnson & Johnson	517,108	Gresham House	2,023,606
Match	493,930	Shell	1,408,639
Liontrust Asset Management	481,939	Lloyds Banking	1,117,105
Samsung Electronics	470,496	Shaftesbury Capital	881,214
Anglo American	453,384	The Fulham Shore	707,097
RS	449,651	Moonpig	702,656
Valmont Industries	441,121	Indivior	638,768
Genus	434,988	Vodafone	635,546

ES River and Mercantile UK Equity Income Fund

Investment Objective

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

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

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

Investment Manager's Review

Investment Review

The Fund returned +0.7% in the six month period compared to the benchmark MSCI UK IMI index return of +1.6% while, for comparison, the return of the Investment Association UK Equity Income sector in the period was +0.6%. At the end of September, the Fund declared an interim dividend of 13.11 pence per share (B Class Income) unchanged on the prior year period.

During the period, Central Banks continued to raise interest rates to combat inflation, with the latter now on a downward trajectory. Despite higher interest rates, the global economy did not slip into recession as many feared primarily because US economic activity has continued to power ahead. In the UK, recent data revisions demonstrate that the UK economy was more robust than many expected and has been on an improving path. The Bank of England recently paused its rate tightening policy as inflation has peaked, although core inflation is still above target.

Over the period, the Fund has maintained its pro-cyclical portfolio position with a skew towards smaller and mid-sized companies and away from "mega" capitalisation companies. This was a performance headwind in the period, alongside the underweight in the Energy sector which was the best performing sector over the 6 months. However, sector allocation was a small positive as the underweight positions in the Telecoms and Utilities sectors and the overweight in Financials offset the underweight position in the Energy sector. At the stock level, strong stock selection in consumer cyclicals and Information Technology added value while the underweight in HSBC negatively impacted Financials stock selection. Key positive return generators included positions in moonpig, Restaurant Group and Cranswick as well as larger capitalisation stocks Sage, Next and Whitbread. Conversely, core holdings in Drax, Barrick Gold and Tate & Lyle were poor performers while Impax Asset Management, Strix and OSB Group all experienced profit downgrades in the period.

Turning to portfolio strategy, the Fund has continued to focus on a combination of dividend growth and premium sustainable yield opportunities. New holdings in the period included cyclical high yielding positions in Barratt Development, Workspace and Central Asia Metals. Within Financials, new holdings were established in Prudential (switch out of Aviva) and Close Brothers, partly funded by the exit of OSB Group which delivered a disappointing update in the period. Other activity included full disposals of both Johnson Matthey and Spirent Communications and a new position in utility Severn Trent.

Market Overview

UK equities delivered modest positive returns, which was a robust return given the rise in interest rates and bond yields over the period. However, performance was skewed towards mega capitalisation stocks (+3%) while mid sized and smaller capitalisation stocks fell by -3.1% and -6.9% respectively. At the sector level, the rise in the oil price and general inflationary environment boosted the Energy sector (+11.4%) to the top spot, followed by Financials (predominately HSBC and Standard Chartered) and Industrials (+5.4%). Conversely rising discount rates undermined many of the more defensive sectors with Consumer Staples (-4.2%) and Utilities (-5.4%) lagging while Telecoms were the worst performing sector (-8.6%) in the period.

Outlook

The key macro development in the last six months has been the impact of rising US long-dated bond yields, which have reached levels not seen since before the GFC, flattening the yield curve and undermining equity market momentum. While the major Central Banks have broadly signalled that they are done with interest rate rises, we believe that it will be some time before interest rates will be substantially reduced. A "soft landing" for the US economy in 2024 has become the new consensus with US activity benefiting from both strong consumer spending and fixed asset investment supported by fiscal largesse. This should underpin global growth forecasts in a challenging geopolitical environment.

The UK equity market has been experiencing a prolonged period of de-equitisation that has weighed on both investor sentiment and positioning, but this is not just a UK phenomenon. Nonetheless, we are encouraged by the growing list of proposed regulatory changes aimed at revitalising interest in UK equities both domestically and internationally, especially as the UK equity market is being valued at a price-earnings ratio c20% below its long-term average. While the build up to the next General Election will add some volatility to UK investment markets, we expect the momentum in the real economy to continue to improve, supported by wage growth, an end to the industrial destocking cycle and a recovery in domestic business investment.

Our overall portfolio skew, from a business cycle perspective, is to remain constructive on more cyclical (with the exception of commodities) and financial assets where valuations are more attractive and earnings expectations have already been adjusted. The Fund is therefore overweight in Consumer Cyclicals (+7%), Industrial Cyclicals (+4%) and Financials (+3%) in preference to Growth Defensives (-11%) and to a lesser extent Energy (-4%). The Fund adopts a

ES River and Mercantile UK Equity Income Fund

Investment Manager's Review continued

Outlook continued

multi capitalisation, whole of market investment approach and we believe that – given the current dispersion of valuations within the market – the most exciting opportunities are to be found in UK companies with market capitalisations below £10 billion, where the portfolio is overweight. Dividends from UK companies are well covered with stronger balance sheets than historically would be the case facing into a difficult macro environment and the portfolio is built around a core set of dividend growth stocks as well as an allocation to sustainable premium yield holdings.

River and Mercantile
24 November 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 30 September 2023

Holding	Investment	Market Value £	% of Net Assets
	United Kingdom – 91.16% (2023 – 90.64%)		
	Aerospace & Defence – 2.99% (2023 – 2.86%)		
80,000	BAE Systems	798,080	2.99
	Agriculture – 4.25% (2023 – 4.60%)		
44,000	British American Tobacco	1,133,660	4.25
	Airlines – 0.00% (2023 – 0.82%)		
	Banks – 6.31% (2023 – 8.31%)		
140,000	HSBC	902,860	3.38
1,764,263	Lloyds Banking	782,803	2.93
	Beverages – 0.90% (2023 – 2.25%)		
20,000	Fevertree Drinks	240,000	0.90
	Chemicals – 0.00% (2023 – 1.08%)		
	Commercial Services – 4.28% (2023 – 5.96%)		
150,000	QinetiQ	478,200	1.79
340,000	XPS Pensions	663,000	2.49
	Computers – 2.23% (2023 – 1.98%)		
400,000	Serco	596,000	2.23
	Cosmetics & Personal Care – 1.98% (2023 – 2.10%)		
13,000	Unilever	527,995	1.98
	Diversified Financial Services – 3.77% (2023 – 4.91%)		
27,000	Close Brothers	239,220	0.90
50,000	Impax Asset Management	229,250	0.86
240,000	Man PLC/Jersey	536,160	2.01
	Electricity – 1.32% (2023 – 1.90%)		
80,100	Drax	351,479	1.32
	Electronics – 2.43% (2023 – 1.17%)		
370,000	Atrato Onsite Energy	259,740	0.97
53,000	RS	389,656	1.46

ES River and Mercantile UK Equity Income Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Food Producers – 5.64% (2023 – 5.90%)		
18,000	Cranswick	639,360	2.40
56,700	Tate & Lyle	388,679	1.46
180,043	Tesco	475,674	1.78
	Forest Products & Paper – 2.57% (2023 – 1.86%)		
50,000	Mondi	686,000	2.57
	Home Builders – 1.36% (2023 – 0.00%)		
82,000	Barratt Developments	361,702	1.36
	Home Furnishings – 1.66% (2023 – 1.37%)		
60,000	Howden Joinery	441,840	1.66
	Household Products – 3.47% (2023 – 4.51%)		
16,000	Reckitt Benckiser	926,720	3.47
	Insurance – 5.42% (2023 – 6.10%)		
50,000	Lancashire	295,000	1.11
330,000	M&G	651,090	2.44
330,000	Sabre Insurance	499,620	1.87
	Internet – 0.61% (2023 – 0.72%)		
100,000	Moonpig	163,200	0.61
	Leisure Time – 2.11% (2023 – 1.62%)		
227,000	Hollywood Bowl	561,825	2.11
	Lodging – 2.34% (2023 – 1.54%)		
18,000	Whitbread	623,520	2.34
	Machinery Diversified – 2.71% (2023 – 1.21%)		
17,000	IMI	266,560	1.00
105,000	Vesuvius	455,910	1.71
	Mining – 3.89% (2023 – 2.83%)		
31,000	Anglo American	702,305	2.63
179,000	Central Asia Metals	336,162	1.26
	Miscellaneous Manufacturing – 0.42% (2023 – 0.35%)		
40,000	Chemring	111,000	0.42

ES River and Mercantile UK Equity Income Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Oil & Gas Producers – 6.85% (2023 – 7.44%)		
160,000	Serica Energy	396,160	1.48
55,000	Shell	1,433,300	5.37
	Packaging & Containers – 0.96% (2023 – 0.70%)		
158,000	Essentra	255,644	0.96
	Pharmaceuticals – 10.05% (2023 – 9.07%)		
13,000	AstraZeneca	1,443,000	5.41
83,000	GSK	1,238,194	4.64
	Private Equity – 0.00% (2023 – 0.96%)		
	Real Estate Investment Trusts – 2.06% (2023 – 0.74%)		
350,000	Shaftesbury Capital	401,800	1.51
30,000	Workspace	147,180	0.55
	Retail – 6.38% (2023 – 3.20%)		
200,000	DFS Furniture	216,800	0.81
120,000	Halfords	237,840	0.89
170,000	Mitchells & Butlers	383,860	1.44
8,000	Next	583,520	2.19
550,000	Restaurant	278,850	1.05
	Software – 1.93% (2023 – 1.95%)		
52,000	Sage	514,280	1.93
	Telecommunications – 0.00% (2023 – 0.63%)		
	Water – 0.27% (2023 – 0.00%)		
3,008	Severn Trent	71,109	0.27
	Bermuda – 2.42% (2023 – 2.12%)		
140,000	Conduit	644,700	2.42
	Canada – 1.21% (2023 – 1.85%)		
27,000	Barrick Gold	322,325	1.21
	France – 1.81% (2023 – 1.81%)		
5,500	Sanofi	483,492	1.81

ES River and Mercantile UK Equity Income Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	Guernsey – 0.00% (2023 – 0.13%)		
60,000	Hong Kong – 2.00% (2023 – 0.00%) Prudential	533,280	2.00
	Ireland – 0.00% (2023 – 0.39%)		
	Isle of Man – 0.00% (2023 – 0.69%)		
	Jersey – 0.00% (2023 – 0.20%)		
1,687	Switzerland – 1.42% (2023 – 0.00%) Roche	378,330	1.42
600,000	United States of America – 1.81% (2023 – 2.15%) Diversified Energy	483,900	1.81
	Portfolio of investments	27,161,834	101.83
	Net other liabilities	(488,150)	(1.83)
	Net assets	26,673,684	100.00

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

All investments are in ordinary shares unless otherwise stated.

The percentages in brackets show the equivalent percentage of net assets as at 31 March 2023.

ES River and Mercantile UK Equity Income Fund

Statement of Total Return for the period ended 30 September 2023

	1 April 2023 to 30 September 2023		1 April 2022 to 30 September 2022	
	£	£	£	£
Income				
Net capital losses		(633,949)		(5,367,227)
Revenue	828,298		1,591,412	
Expenses	(138,340)		(217,720)	
Interest payable and similar charges	(106)		—	
Net revenue before taxation for the period	689,852		1,373,692	
Taxation	28,402		(150,585)	
Net revenue after taxation for the period		718,254		1,223,107
Total return before distributions		84,305		(4,144,120)
Distributions		(828,228)		(1,434,903)
Change in net assets attributable to Shareholders from investment activities		(743,923)		(5,579,023)

Statement of Change in Net Assets attributable to Shareholders for the period ended 30 September 2023

	1 April 2023 to 30 September 2023		1 April 2022 to 30 September 2022	
	£	£	£	£
Opening net assets attributable to Shareholders		35,792,695		71,781,457
Amounts received on creation of shares	1,761,786		4,138,770	
Amounts paid on cancellation of shares	(10,152,307)		(28,265,379)	
		(8,390,521)		(24,126,609)
Dilution adjustment		15,433		63,451
Change in net assets attributable to Shareholders from investment activities		(743,923)		(5,579,023)
Unclaimed distributions over 6 years old		—		210
Closing net assets attributable to Shareholders		26,673,684		42,139,486

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

ES River and Mercantile UK Equity Income Fund

Balance Sheet as at 30 September 2023

	30 September 2023		31 March 2023	
	£	£	£	£
ASSETS				
Fixed assets				
Investments		27,161,834		35,784,848
Current assets				
Debtors	513,688		615,562	
Cash and bank balances	169,412		454,410	
Total other assets		683,100		1,069,972
Total assets		27,844,934		36,854,820
LIABILITIES				
Creditors				
Distribution payable	(703,194)		(720,472)	
Other creditors	(468,056)		(341,653)	
Total other liabilities		(1,171,250)		(1,062,125)
Total liabilities		(1,171,250)		(1,062,125)
Net assets attributable to Shareholders		26,673,684		35,792,695

ES River and Mercantile UK Equity Income Fund

Fund Facts

Distribution information

B-Class Distribution shares

The distribution payable on 30 November 2023 is 13.1100p (2022: 13.1100p) per share for distribution shares.

S-Class Distribution shares

The distribution payable on 30 November 2023 is 6.5977p (2022: 6.5977p) per share for distribution shares.

Performance records

Net asset values

	Net asset value of sub-fund £	Net asset value per share p	Shares in issue
31 March 2021			
B-Class Distribution shares	103,848,704	507.68	20,455,573
S-Class Distribution shares	26,079,706	254.56	10,244,825
31 March 2022			
B-Class Distribution shares	57,464,544	533.38	10,773,561
S-Class Distribution shares	14,316,913	268.14	5,339,275
31 March 2023			
B-Class Distribution shares	24,369,623	508.19	4,795,352
S-Class Distribution shares	11,423,072	256.15	4,459,442
30 September 2023			
B-Class Distribution shares	18,598,495	496.86	3,743,177
S-Class Distribution shares	8,075,189	250.76	3,220,233

ES River and Mercantile UK Equity Income Fund

Fund Facts continued

Operating Charges

30 September 2023

B-Class Distribution shares	0.92%
S-Class Distribution shares	0.67%

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

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

ES River and Mercantile UK Equity Income Fund

Synthetic Risk Reward Indicator (SRRI)



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 period.

Purchases	£	Sales	£
Prudential	644,567	RELX	1,248,749
Roche	425,867	Shell	1,057,087
Mitchells & Butlers	369,109	Aviva	973,810
Barratt Developments	366,752	Standard Chartered	769,256
Central Asia Metals	360,258	Diageo	763,349
XPS Pensions	319,791	Reckitt Benckiser	616,903
IMI	275,502	OSB	571,491
Halfords	271,137	GSK	531,876
Fevertree Drinks	255,932	HSBC	475,934
Close Brothers	235,407	British American Tobacco	470,372

ES River and Mercantile Global Recovery Fund

Investment Objective

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

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

Investment Manager's Review

Market Overview

Markets came under pressure at different points during the six months to end September, but in most cases were able to rally. The net result was a reasonably positive return for Global Equities during the period, the MSCI ACWI GBP returning +3.9% over the six months, supported by weak sterling. Market nervousness over the period was led by bond markets, as the higher for longer interest rate narrative developed through the late summer, pushing up sovereign debt yields and catalysing further economic uncertainty. A stronger oil price was also a headwind, which seemed to offset some of the benefits of inflation being on a clear downward trend. The US dollar benefitted from the higher for longer worries, which supported the sterling returns for investors in global equities. Small and medium sized companies lagged significantly.

Investment Review

The fund exploits three key factors, Value (cheaper stocks than the average), Recovery (stocks where we expect profits to recover from a depressed level) and multi-cap investing (looking for opportunities across all sizes of company, typically being overweight smaller companies).

Whilst some equity markets have posted healthy returns this year the breadth of these returns has been noticeably absent. The mega cap stocks with profits and cash flow that are seen as safe, or where there is a supportive growth theme have done well, everything else has lagged. This has been a phenomenon around the world. These narrow returns have impacted our ability to add value as has the high level of uncertainty and general risk aversion impacting on recovery type stocks.

The Fund's performance during the six months was modest in absolute terms and behind the benchmark. The ES Global Recovery Fund returned +0.7% (net of fees, B share class) compared to the MSCI ACWI GBP return of +3.9%.

Our longer-term returns, versus benchmark and other Global multi-cap managers are average. Since inception, after fees the ES Global Recovery Fund has returned +9.7% p.a. (B share class) compared to the benchmark return of +10.2% p.a. There has been a value and multi-cap headwind for much of this period, two of our key characteristics.

Our stock selection during the six months, across all sizes of company was positive (+3.4%) during the period, but our allocation to different sizes of company were negative, in particular our overweight small and micro-cap companies (-4.7%). Our regional allocation was a drag, overweight Asia Pacific (-0.3%), underweight North America (-0.6%).

Positive contributors during the quarter: strong stock picking within size bands; individual stock successes, notably some recovery stocks delivering (Wayfair +0.2%, Meta +0.2%, Valid +0.2%); M&A (Gresham House +0.2%); Japan allocation and selection (+0.2%).

Negative contributors: weak key factors, smaller company exposure in particular (-4.7%); underweight mega cap growth stocks (Nvidia -0.5%, Eli Lilly -0.3%, Microsoft -0.2%); individual stock disappointments (Capita -0.2%, Farfetch -0.2%).

Outlook

We continue to position the portfolio for Value, Recovery, Multi-Cap investing, and for deeply out-of-favour structural / quality growers (deep growth). From our perspective the opportunity set in all these areas is significant, with these factors being at a close to the low points of their cycle. We also run a regionally more diversified portfolio than the US centric benchmark, offering a genuinely global portfolio of value and recovery stocks.

The portfolio's value characteristics remain committed; the portfolio trades on only 1.2x price to book, 0.8x price to sales and double digit cashflow yields. There is a robust multi-cap bias. As you would expect our investments continue to reflect high scoring PVT stocks, the output from our MoneyPenny screen.

Purchases continued to focus on building up our smaller companies' exposure, where there is a wide opportunity set after a number of years of material under-performance that has resulted in many very modest valuations, both in deep value and deep growth stocks. This activity continued to focus on the top of our recovery screen, including continuing to add to the very out-of-favour smaller company digital platform stocks (**IAC, Match**), Japanese industrials with emerging self-help and value realisation strategies (**Nabtesco, Kyocera**), Italian small caps that have been de-rated due to forced selling (**Tod's, Italmobiliare, Rai Way**) and US consumer stocks that have weakened with cyclical worries (**Mohawk, Stanley Black & Decker, Shake Shack**). In Italy we also continued to build up our position in **Danieli**, which manufactures steelmaking equipment. Its order book is now over €6 billion, driven by steel companies continuing to invest heavily in capex to drive emissions reduction. This compares to a market cap of just

ES River and Mercantile Global Recovery Fund

Investment Manager's Review continued

Outlook continued

€1.9 billion. The large net cash balance of €1.6 billion has started benefitting from the rise in interest rates. Annualising the €50m interest earned in the second half of the year offers investors a ~5% cash yield from this line alone.

Looking at the component parts of the portfolio, we added to deeper value stocks where economic uncertainty has depressed valuations, including **Anglo American, BASF** and **Alcoa**, these also being inflation hedges that have become very cheap again. We added to classic recovery stocks including **Alibaba, Wynn Macau, China Lesso and Swatch** and also in this category global clean-energy leaders that have been hugely de-rated due to difficult short term business execution issues (**Siemens Gamesa, China Longyuan**). We added to de-rated Growth and Quality stocks such as **DSM-Firmenich, Samsung and Remy Cointreau**. We also now like Govt Bond (yield) proxies which have been weak during the latest sell off in Government Bonds, this including the REITS (**Shaftesbury Capital**) and some staples (**Coca Cola**). And lastly, we continue to think about strategic value, especially at this time of low valuations for small and mid-cap stocks (**Ferragamo, AllFunds, Vivendi, UiPath**).

Sales have included taking full profits where our PVT thesis has been delivered, most notably the continued recipients of M&A activity (**Gresham House, Splunk**), reducing or exiting into relative strength (**energy stocks**, including **ENI** and **Fugro, Fedex, Elis, Verallia**), and re-focusing capital towards higher conviction ideas (**Roku**).

I have been banging the table about the equity opportunity set for the last few quarters. I have been broadly correct regarding the direction of equities but less so regarding the components driving markets, with the classic beneficiaries of recovery phases (small and mid-caps, recovery stocks, value, unloved growth, emerging markets) actually lagging a market that has been pushed higher by US mega cap growth. As interest rates peak and the economic outlook becomes less uncertain investors will broaden their search for places to put their money and will be tempted by the significant anomalies that we have been able to find.

Indeed, it is not very often that you get this classic set of opportunities: low valuations for the parts of the global equity market that we are interested in, economic and company fundamentals that should be reasonable and this compares with very low expectations, and a very large universe of PVT anomalies, most of them supported by valuations that are rock bottom, both in absolute and relative to history terms. These are classic ingredients for strong medium-term returns.

River and Mercantile
24 November 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 30 September 2023

Holding	Investment	Market Value £	% of Net Assets
UNITED KINGDOM – 6.98% (2023 – 7.74%)			
150,681	Allfunds	684,914	0.29
49,065	Anglo American	1,111,568	0.46
77,248	ASOS*	297,018	0.12
973,957	Boohoo	307,576	0.13
74,988	BP	398,486	0.17
139,568	British Land	442,291	0.18
2,119,400	Capita	360,722	0.15
310,145	Centrica	479,019	0.20
573,679	Coats	420,507	0.17
931,349	Eckoh*	353,913	0.15
167,827	Farfetch	287,377	0.12
3,667,528	Filtronic*	579,469	0.24
246,817	Harbour Energy	636,541	0.26
78,520	HSBC	506,398	0.21
226,387	Hunting	691,612	0.29
1,758,672	Lloyds Banking	780,323	0.32
13,109	Manchester United	212,335	0.09
355,452	Moonpig	580,098	0.24
219,993	NatWest	518,303	0.21
239,442	On the Beach	253,330	0.10
804,549	Rangers International Football **	160,910	0.07
1,230,121	Restaurant	623,671	0.26
469,139	Rolls-Royce	1,036,328	0.43
608,109	Shaftesbury Capital	698,109	0.29
27,371	Shell	713,288	0.30
67,982	Smith & Nephew	695,116	0.29
83,136	Standard Chartered	630,171	0.26
14,031	Unilever	569,869	0.24
21,193	Weir	402,985	0.17
14,956	Whitbread	518,076	0.21
238,377	Wickes	327,292	0.14
3,129	Willis Towers Watson	535,715	0.22
AUSTRALIA – 0.82% (2023 – 0.75%)			
17,642	Rio Tinto	1,059,276	0.44
202,815	South32	365,473	0.15
84,843	Treasury Wine Estates	552,714	0.23
AUSTRIA – 0.44% (2023 – 0.72%)			
93,660	ams-OSRAM	362,041	0.15
17,736	OMV	696,332	0.29
BELGIUM – 0.50% (2023 – 0.44%)			
2,052	Kinopolis	83,839	0.03
43,383	Recticel	352,242	0.15
51,931	Titan Cement International	770,316	0.32

ES River and Mercantile Global Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
BRAZIL – 1.73% (2023 – 1.38%)			
232,102	B3 - Brasil Bolsa Balcao	465,412	0.19
48,122	Banco do Brasil	371,563	0.16
814,251	Cielo	467,830	0.19
739,313	Clear Sale	562,735	0.23
121,078	Lojas Renner	265,579	0.11
725,531	Marisa Lojas	71,257	0.03
596,000	Profarma Distribuidora de Produtos Farmaceuticos	379,506	0.16
579,604	Qualicorp Consultoria e Corretora de Seguros	292,217	0.12
1,105,390	Sequoia Logistica e Transportes	92,280	0.04
515,613	Trisul	451,544	0.19
269,409	Valid Solucoes e Servicos de Seguranca em Meios de Pagamento e Identificacao	750,576	0.31
CANADA – 0.74% (2023 – 0.82%)			
22,332	Barrick Gold	266,598	0.11
34,777	Canada Goose	418,749	0.17
22,459	First Quantum Minerals	436,468	0.18
17,836	IMAX	282,325	0.12
27,042	Sleep Country Canada	379,689	0.16
CHILE – 0.35% (2023 – 0.38%)			
208,659	Falabella	376,126	0.15
92,729	Inversiones La Construccion	480,722	0.20
CHINA – 5.68% (2023 – 6.90%)			
217,908	Alibaba	1,951,306	0.81
215,202	Anhui Conch Cement	469,387	0.20
66,863	Autohome	413,732	0.17
120,793	Baidu	1,684,420	0.70
898,275	Beijing Capital International Airport	341,110	0.14
26,358	Bilibili	298,345	0.12
262,320	Chanjet Information Technology	82,325	0.03
1,284,639	China Lesso	560,397	0.23
280,400	China Longyuan Power	199,464	0.08
125,153	China Merchants Bank	428,122	0.18
637,340	Fu Shou Yuan International	363,368	0.15
242,621	GDS	274,114	0.11
932,694	Greentown Service	343,447	0.14
922,683	Haitong	453,658	0.19
46,126	Hello	263,404	0.11
134,829	iQIYI	522,503	0.22
61,269	JD Health International	259,582	0.11
237,832	JD Logistics	247,057	0.10
37,588	JD.com	452,195	0.19
59,763	Kingsoft Cloud	241,392	0.10
52,600	Meituan	630,592	0.26
29,688	Noah	302,827	0.12
160,151	Ping An Healthcare and Technology	305,921	0.13

ES River and Mercantile Global Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	CHINA continued		
155,199	Ping An Insurance of China	727,353	0.30
27,403	Tencent	877,772	0.36
79,364	Tencent Music Entertainment	414,848	0.17
12,076	Trip.com	352,709	0.15
5,910	Yum China	269,801	0.11
	COLOMBIA – 0.41% (2023 – 0.32%)		
576,159	Bolsa de Valores de Colombia	992,874	0.41
	DENMARK – 0.71% (2023 – 0.59%)		
68	AP Moller - Maersk	100,735	0.04
465,136	Bang & Olufsen	469,107	0.19
14,030	FLSmidth	520,947	0.22
4,891	Orsted	219,215	0.09
1,661	Rockwool	331,076	0.14
4,260	Vestas Wind Systems	75,095	0.03
	FINLAND – 0.61% (2023 – 0.65%)		
4,061	Kone	141,261	0.06
149,625	Nokia	464,009	0.19
14,511	Valmet	272,774	0.11
64,494	Wartsila	603,372	0.25
	FRANCE – 4.18% (2023 – 4.56%)		
4,738	Accor	131,273	0.05
4,638	Airbus	510,631	0.21
47,825	Atos	274,139	0.11
17,367	BNP Paribas	910,381	0.38
26,563	Cegedim	414,759	0.17
932,227	CGG	544,877	0.23
11,866	Cie de Saint-Gobain	585,271	0.24
25,076	Criteo	599,909	0.25
2,583	EssilorLuxottica	369,928	0.15
5,301	Eurazeo	259,348	0.11
17,881	Fnac Darty	359,854	0.15
13,816	Imerys	335,573	0.14
1,620	Kering	606,868	0.25
157,802	Kerlink	67,074	0.03
3,876	Remy Cointreau	388,844	0.16
2,230	Renault	75,201	0.03
14,280	SCOR	365,052	0.15
6,364	Societe BIC	344,753	0.14
33,469	Societe Generale	668,915	0.28
252,707	Solocal	23,236	0.01
4,152	STMicroelectronics	147,614	0.06
67,920	Television Francaise 1	426,857	0.18
13,184	TotalEnergies	712,494	0.30
14,579	Veolia Environnement	346,896	0.14

ES River and Mercantile Global Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	FRANCE continued		
20,332	Vicat	509,711	0.21
16,620	Vivendi	119,518	0.05
	GERMANY – 5.09% (2023 – 4.86%)		
79,599	Aumann	1,037,107	0.43
15,461	BASF	575,630	0.24
11,331	Bayer	447,028	0.19
250,136	CECONOMY	435,265	0.18
8,823	Continental	510,950	0.21
16,056	Daimler Truck	457,529	0.19
16,800	Delivery Hero	394,861	0.16
4,410	Evotec	72,263	0.03
8,552	Fraport Frankfurt Airport Services Worldwide	372,258	0.15
24,193	Fresenius & Co	619,306	0.26
7,418	HeidelbergCement	472,955	0.20
22,820	HelloFresh	559,811	0.23
9,909	Henkel	513,157	0.21
24,082	Infineon Technologies	654,797	0.27
14,518	Kion	458,788	0.19
11,817	Porsche Automobil pref.	478,400	0.20
63,664	ProSiebenSat.1 Media	353,554	0.15
5,890	SAP	627,320	0.26
2,460	Scout24	140,285	0.06
4,454	Siemens	525,068	0.22
36,464	Siemens Energy	392,222	0.16
28,849	TeamViewer	400,027	0.17
85,390	Thyssenkrupp	537,465	0.22
2,596	Vitesco Technologies	173,059	0.07
6,004	Volkswagen pref.	567,693	0.23
11,120	Vonovia	220,799	0.09
16,350	Zalando	300,109	0.12
	GREECE – 0.71% (2023 – 0.73%)		
495,710	Eurobank Ergasias Services	627,377	0.26
107,123	Fourlis	398,645	0.16
74,699	Hellenic Exchanges - Athens Stock Exchange	307,790	0.13
20,244	Piraeus Port Authority	386,336	0.16
	HONG KONG – 2.38% (2023 – 2.31%)		
741,088	Alibaba Health Information Technology	377,552	0.16
181,565	BOC Hong Kong	407,416	0.17
825,536	China Overseas Grand Oceans	277,217	0.11
342,331	Chow Sang Sang International	345,225	0.14
101,992	CK Hutchison	446,519	0.19
465,806	Geely Automobile	449,765	0.19
4,266,757	Hi Sun Technology China	249,957	0.10
13,005	Hong Kong Exchanges & Clearing	397,529	0.16
154,658	Hongkong Land	452,361	0.18

ES River and Mercantile Global Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
HONG KONG continued			
2,719,286	Hutchison Port Trust	380,974	0.16
63,738	Prudential	566,503	0.23
1,076,424	Shangri-La Asia	601,316	0.25
515,937	Swire Pacific	462,007	0.19
1,387,140	Value Partners	358,423	0.15
INDIA – 0.25% (2023 – 0.20%)			
10,023	HDFC Bank	484,583	0.20
3,500	MakeMyTrip	116,193	0.05
INDONESIA – 0.35% (2023 – 0.45%)			
25,955,440	Bukalapak.com	299,958	0.12
7,656,040	Mega Manunggal Property	150,981	0.06
5,432,085	Nippon Indosari Corpindo	401,713	0.17
IRELAND – 0.75% (2023 – 0.76%)			
99,507	Bank of Ireland	801,200	0.33
415,281	Cairn Homes	396,178	0.17
3,428	Flutter Entertainment	459,009	0.19
5,380	Smurfit Kappa	147,241	0.06
ISRAEL – 0.17% (2023 – 0.13%)			
57,080	Taboola.com	176,775	0.07
161,158	Tremor International*	232,551	0.10
ITALY – 3.90% (2023 – 3.82%)			
26,869	Alkemy	185,062	0.08
111,503	Almawave	435,256	0.18
7,080	Amplifon	172,701	0.07
144,266	Anima	496,571	0.21
177,185	Banca Monte dei Paschi di Siena	371,185	0.15
46,005	BFF Bank	377,722	0.16
55,538	Danieli & C Officine Meccaniche	952,933	0.39
34,362	Datalogic	181,676	0.08
58,421	Eni	773,034	0.32
45,934	FinecoBank Banca Fineco	458,822	0.19
16,520	Gruppo MutuiOnline	356,825	0.15
377,831	Intesa Sanpaolo	799,712	0.33
8,612	Italmobiliare	177,798	0.07
69,096	Iveco	531,167	0.22
1,532,982	MFE-MediaForEurope A	531,650	0.22
485,459	MFE-MediaForEurope B	250,141	0.10
122,913	Nexi	616,911	0.26
48,708	PRADA	234,898	0.10
17,490	RAI Way	75,100	0.03
347,219	Saipem	435,229	0.18
10,540	Salvatore Ferragamo	114,653	0.05
79,254	Seco	285,584	0.12

ES River and Mercantile Global Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	ITALY continued		
91,817	SIT	280,357	0.12
8,023	Tinexta	107,317	0.04
6,870	Tod's	202,739	0.08
	JAPAN – 9.03% (2023 – 6.55%)		
75,522	Anritsu	442,426	0.18
19,277	Bank Of Kyoto	898,777	0.37
278,245	BASE	455,246	0.19
98,046	Coca-Cola Bottlers Japan	1,056,972	0.44
35,317	Dai-ichi Life	600,327	0.25
45,343	DeNA	373,550	0.15
27,323	Denyo	319,079	0.13
20,603	Dowa	523,738	0.22
19,421	FANUC	414,253	0.17
19,500	Food & Life Cos	269,102	0.11
15,292	Fukuda Denshi	455,897	0.19
20,430	GMO internet	259,165	0.11
119,305	Japan Post	784,071	0.32
8,050	Kansai Paint	94,273	0.04
82,352	Kitz	467,517	0.19
20,391	Komatsu	452,296	0.19
13,549	Kyocera	564,019	0.23
213,079	LY	485,971	0.20
4,670	Makita	94,561	0.04
68,568	Mitsubishi Estate	735,800	0.31
23,973	MS & AD Insurance	723,126	0.30
10,750	Nabtesco	159,093	0.07
63,547	Nikon	549,514	0.23
40	Nippon Paint	221	0.00
5,098	Nitto Denko	274,162	0.11
250,725	Nomura	824,019	0.34
24,502	Okamoto Industries	680,699	0.28
33,085	Pola Orbis	326,242	0.14
5,600	Resonac	77,004	0.03
9,400	Ryohin Keikaku	99,865	0.04
98,893	Sansei Technologies	670,556	0.28
44,210	Seino	508,034	0.21
3,170	Shiseido	91,356	0.04
3,970	SoftBank	137,887	0.06
9,105	Sony	611,627	0.25
22,691	Sumitomo Mitsui Financial	915,306	0.38
14,842	Sumitomo Osaka Cement	298,655	0.12
18,430	Tachi-S	172,120	0.07
68,964	Tadano	481,061	0.20
42,581	Taiheiyo Cement	619,416	0.26
10,900	Tokuyama	140,247	0.06
15,681	TOPPAN	307,530	0.13

ES River and Mercantile Global Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
JAPAN continued			
46,343	Tosei	490,816	0.20
9,221	Toyota Industries	595,118	0.25
38,059	Toyota Motor	559,382	0.23
8,825	Trend Micro Inc/Japan	274,097	0.11
79,395	Tsubaki Nakashima	340,445	0.14
19,660	Tsubakimoto Chain	416,652	0.17
15,255	Tsumura	232,297	0.10
86,255	Vital KSK	473,100	0.20
LUXEMBOURG – 0.32% (2023 – 0.14%)			
298,234	Aroundtown	510,682	0.21
21,008	Tenaris	272,805	0.11
MACAU – 0.37% (2023 – 0.38%)			
1,120,280	Wynn Macau	878,954	0.37
MALAYSIA – 1.18% (2023 – 0.99%)			
462,736	CIMB	438,448	0.18
334,809	Genting	243,623	0.10
957,119	Sime Darby	369,099	0.15
5,277,275	Sime Darby Property	639,999	0.27
15,194,658	Tune Protect	1,153,360	0.48
MEXICO – 0.65% (2023 – 0.84%)			
239,985	Bolsa Mexicana de Valores	369,175	0.15
125,426	Cemex	667,952	0.28
3,117,009	Consorcio ARA	521,673	0.22
NETHERLANDS – 2.32% (2023 – 2.34%)			
11,219	Aalberts	337,407	0.14
2,974	BE Semiconductor Industries	239,870	0.10
5,608	EXOR	408,244	0.17
81,728	ING Groep	889,735	0.37
47,913	Kendrion	536,985	0.22
33,054	Koninklijke Philips	543,579	0.23
2,221	NXP Semiconductors	363,752	0.15
24,770	Prosus	599,912	0.25
6,160	Redcare Pharmacy	541,030	0.23
19,866	Stellantis	313,500	0.13
19,961	Universal Music	428,032	0.18
16,962	Van Lanschot Kempen	374,465	0.15
NORWAY – 0.12% (2023 – 0.49%)			
323,157	Aker Carbon Capture	280,916	0.12
PHILIPPINES – 0.13% (2023 – 0.10%)			
4,382,287	Cosco Capital	311,598	0.13

ES River and Mercantile Global Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	POLAND – 0.13% (2023 – 0.13%)		
16,789	Wirtualna Polska	316,381	0.13
	PORTUGAL – 0.20% (2023 – 0.19%)		
40,662	Galp Energia SGPS	494,871	0.20
	RUSSIA – 0.00% (2023 – 0.00%)		
118,801	VK**	-	0.00
	SINGAPORE – 1.01% (2023 – 1.24%)		
14,841	DBS	299,600	0.13
450,620	Fraser and Neave	286,726	0.12
481,059	Genting Singapore	244,009	0.10
157,718	Grab	456,142	0.19
7,360	Jardine Cycle & Carriage	140,935	0.06
160,852	SATS	251,045	0.10
12,378	Sea	445,813	0.18
373,270	Wing Tai	313,691	0.13
	SOUTH AFRICA – 0.56% (2023 – 0.55%)		
50,993	Absa	387,485	0.16
82,279	MultiChoice	264,895	0.11
1,046	Naspers	137,630	0.06
4,184,647	PPC	555,055	0.23
	SOUTH KOREA – 2.21% (2023 – 1.90%)		
7,611	CJ	414,975	0.17
4,877	CJ ENM	168,488	0.07
44,816	Hecto Innovation	388,022	0.16
2,632	Hyundai Glovis	294,680	0.12
3,346	Hyundai Mobis	488,590	0.20
6,263	Hyundai Motor pref.	402,700	0.17
8,343	LG pref.	312,037	0.13
1,335	LG Chem	402,443	0.17
1,349	LG H&H	365,301	0.15
6,500	Neowiz	100,834	0.04
1,800	Samsung C&T	117,595	0.05
28,054	Samsung Electronics	1,165,077	0.48
12,318	Samsung Life Insurance	525,774	0.22
2,690	SK Hynix	187,335	0.08
	SPAIN – 1.99% (2023 – 2.19%)		
45,486	Acerinox	361,584	0.15
8,781	Amadeus IT	436,155	0.18
14,338	Applus Services	123,132	0.05
114,575	Banco Bilbao Vizcaya Argentaria	765,887	0.32
245,849	Banco Santander	771,690	0.32
85,705	Bankinter	449,193	0.19
10,205	Fluidra	171,205	0.07
34,857	Iberdrola	320,359	0.13

ES River and Mercantile Global Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	SPAIN continued		
11,882	Industria de Diseno Textil	363,634	0.15
47,606	Neinor Homes	389,008	0.16
47,521	Repsol	641,624	0.27
	SWEDEN – 0.77% (2023 – 0.93%)		
39,721	SKF	546,227	0.23
6,586	Spotify Technology	834,642	0.35
29,050	Viaplay	77,158	0.03
22,619	Volvo	385,077	0.16
	SWITZERLAND – 3.09% (2023 – 3.01%)		
11,239	ABB	330,159	0.14
21,560	Adecco	727,967	0.30
3,397	Cie Financiere Richemont	340,750	0.14
28,861	Cie Financiere Richemont Warrants 22/11/2023	17,318	0.01
1,230	Dormakaba	496,274	0.21
4,357	DSM-Firmenich	302,624	0.12
19,590	Dufry	612,500	0.25
739,247	GAM	364,145	0.15
1,830	Garmin	157,774	0.06
7,532	Landis+Gyr	446,908	0.18
538,979	Meyer Burger Technology	179,088	0.07
6,993	Roche	1,568,266	0.65
6,820	Sensirion	448,335	0.19
754	Sika	157,411	0.07
3,065	Swatch	646,188	0.27
33,621	UBS	682,929	0.28
	TAIWAN – 0.93% (2023 – 0.89%)		
202,762	ASE Technology	563,514	0.23
100,367	Gourmet Master	268,750	0.11
39,408	Taiwan Semiconductor Manufacturing	522,107	0.22
67,914	Yageo	901,499	0.37
	THAILAND – 0.25% (2023 – 0.29%)		
158,826	Bangkok Bank	596,804	0.25
	UNITED STATES OF AMERICA – 37.72% (2023 – 38.38%)		
143,338	2U	290,070	0.12
6,161	3M	472,618	0.20
6,971	Advanced Micro Devices	587,242	0.24
4,094	Airbnb	460,300	0.19
9,330	Alcoa	222,137	0.09
41,369	Alphabet	4,433,640	1.84
39,915	Amazon.com	4,156,811	1.72
1,980	American Express	242,084	0.10
6,805	Applied Materials	771,796	0.32
8,060	Artisan Partners Asset Management	246,974	0.10

ES River and Mercantile Global Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
UNITED STATES OF AMERICA continued			
11,907	Avnet	470,017	0.20
24,462	Axalta Coating Systems	538,924	0.22
23,029	Baker Hughes	666,408	0.28
3,170	Ball	129,314	0.05
50,466	Bank of America	1,131,666	0.47
16,489	Bath & Body Works	456,756	0.19
9,694	Baxter International	299,823	0.12
1,201	Berkshire Hathaway	344,640	0.14
18,985	Beyond Meat	149,634	0.06
4,026	BILL	358,120	0.15
503	BlackRock	266,585	0.11
6,880	Block	249,541	0.10
20,480	Bloomin' Brands	412,604	0.17
3,449	Boeing	541,758	0.22
251	Booking	634,499	0.26
6,411	Boot Barn	426,349	0.18
10,414	BorgWarner	344,446	0.14
10,092	Boston Properties	491,805	0.20
9,693	Bristol-Myers Squibb	461,084	0.19
840	Carlisle	178,351	0.07
4,857	CBRE	293,915	0.12
28,454	ChargePoint	115,863	0.05
11,924	Charles Schwab	536,436	0.22
8,668	Cheesecake Factory	215,253	0.09
45,747	Chegg	333,953	0.14
13,868	Cisco Systems	610,712	0.25
40,701	Citigroup	1,371,539	0.57
31,359	Citizens Financial	689,073	0.29
17,971	Coca-Cola	824,527	0.34
10,150	Coursera	155,425	0.06
5,571	CubeSmart	173,992	0.07
5,204	Datadog	388,333	0.16
18,850	Delta Air Lines	571,732	0.24
17,124	Devon Energy	669,078	0.28
3,740	DigitalOcean	73,633	0.03
9,413	DocuSign	323,908	0.13
1,662	Domino's Pizza	515,791	0.21
5,012	DR Horton	441,514	0.18
29,200	DraftKings	704,073	0.29
2,289	Duolingo	311,051	0.13
11,223	East West Bancorp	484,486	0.20
11,126	Eastman Chemical	699,255	0.29
14,347	eBay	518,258	0.22
14,000	El Pollo Loco	102,544	0.04
4,442	Elastic	295,697	0.12
1,700	Estee Lauder Cos	201,373	0.08
3,600	Exxon Mobil	346,890	0.14

ES River and Mercantile Global Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
UNITED STATES OF AMERICA continued			
169,268	Fidelity China Special Situations	354,616	0.15
5,475	Fidelity National Information Services	247,879	0.10
9,085	Fiserv	841,026	0.35
14,572	Fluor	437,918	0.18
5,706	Fortive	346,787	0.14
399,739	GAN	379,908	0.16
4,802	GE HealthCare Technologies	267,571	0.11
5,226	General Electric	473,425	0.20
21,244	General Motors	574,026	0.24
8,156	Gilead Sciences	500,833	0.21
7,720	Gitlab	285,954	0.12
7,744	Global Payments	732,049	0.30
4,016	H&R Block	141,681	0.06
18,066	Harley-Davidson	489,338	0.20
38,426	Hayward	443,904	0.18
6,925	Henry Schein	421,270	0.17
2,157	Home Depot	533,758	0.22
49,410	Huntington Bancshares Inc/OH	421,415	0.18
7,880	IAC	325,129	0.14
30,842	Intel	897,047	0.37
4,982	Intercontinental Exchange	449,076	0.19
6,985	International Business Machines	802,913	0.33
770	Johnson & Johnson	98,282	0.04
18,528	Johnson Controls International	807,730	0.34
2,482	Jones Lang LaSalle	287,091	0.12
10,430	JPMorgan Chase	1,239,500	0.51
17,950	Kenvue	295,306	0.12
6,682	KKR	337,234	0.14
21,315	Kraft Heinz	587,295	0.24
44,637	Kyndryl	551,860	0.23
19,074	Las Vegas Sands	716,515	0.30
1,816	Lincoln Electric	270,432	0.11
131,709	LL Flooring	340,994	0.14
1,110	Madison Square Garden Sports	160,450	0.07
44,621	Marathon Oil	977,929	0.41
15,457	Marvell Technology	685,247	0.28
32,074	Match	1,029,322	0.43
1,321	McKesson	470,356	0.20
12,993	Meta Platforms	3,195,264	1.32
15,409	Micron Technology	858,854	0.36
4,162	Microsoft	1,076,552	0.45
2,926	Moderna	247,663	0.10
9,024	Mohawk Industries	634,427	0.26
10,640	Mosaic	310,426	0.13
3,106	Neogen	47,129	0.02
2,248	Netflix	694,982	0.29
7,734	NIKE	605,958	0.25

ES River and Mercantile Global Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
UNITED STATES OF AMERICA continued			
42,038	NOV	719,835	0.30
1,816	Nucor	232,626	0.10
1,324	NVIDIA	471,728	0.20
6,455	Okta	431,021	0.18
8,186	Omnicom	499,389	0.21
6,063	Oracle	526,349	0.22
3,921	Owens Corning	438,183	0.18
20,017	Paramount Global	211,396	0.09
1,648	Parker-Hannifin	525,961	0.22
21,992	PayPal	1,053,339	0.44
88,351	Peloton Interactive	365,550	0.15
27,179	Penn Entertainment	511,492	0.21
46,498	Pfizer	1,263,642	0.52
2,245	Phinia	49,257	0.02
27,736	Pinterest	614,007	0.25
5,069	PPG Industries	539,273	0.22
7,367	QUALCOMM	670,276	0.28
37,114	RE/MAX	393,170	0.16
217,683	RealReal	376,315	0.16
51,155	Resideo Technologies	662,201	0.27
6,110	RingCentral	148,326	0.06
16,676	Roblox	395,808	0.16
31,535	Rockwood Strategic	558,170	0.23
57,639	Sabre	211,563	0.09
3,317	Salesforce	551,026	0.23
2,090	Shake Shack	99,384	0.04
800	Snowflake	100,165	0.04
260,446	Somero Enterprises*	690,182	0.28
20,532	Southwest Airlines	455,370	0.19
175,798	Southwestern Energy	927,565	0.38
19,372	Spirit AeroSystems	256,008	0.11
6,955	Stanley Black & Decker	476,260	0.20
8,277	Starbucks	618,936	0.26
17,067	State Street	936,584	0.39
12,609	Stericycle	461,777	0.19
6,153	Take-Two Interactive Software	707,780	0.29
8,787	Target	796,089	0.33
4,260	Teladoc Health	64,848	0.03
29,244	TripAdvisor	397,252	0.16
8,390	Twilio	402,470	0.17
21,665	Uber Technologies	816,509	0.34
60,376	UiPath	846,367	0.35
6,860	Unity Software	176,425	0.07
106,417	Upland Software	401,936	0.17
610	Valmont Industries	120,041	0.05
58,492	Viatis	472,038	0.20
19,487	Victoria's Secret	266,309	0.11

ES River and Mercantile Global Recovery Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
UNITED STATES OF AMERICA continued			
175,068	Vimeo	507,755	0.21
5,730	Walgreens Boots Alliance	104,455	0.04
5,780	Walgreens Boots Alliance	105,366	0.04
4,203	Walmart	550,724	0.23
15,112	Walt Disney	1,003,628	0.42
37,311	Warner Bros Discovery	331,674	0.14
2,588	Waters	581,974	0.24
12,449	Wayfair	618,090	0.26
39,110	Wells Fargo	1,309,274	0.54
24,871	Western Union	268,567	0.11
26,216	Westrock	768,728	0.32
22,824	Weyerhaeuser	573,335	0.24
4,509	Whirlpool	493,919	0.21
11,254	Zillow	412,891	0.17
6,632	Zimmer Biomet	609,815	0.25
17,294	Zions Bancorp	494,215	0.21
2,211	Zoom Video Communications	126,677	0.05
FORWARD CURRENCY CONTRACTS – 0.07% (2023 – (0.13%))			
KRW62,663,601	Forward Currency Contract 04/10/2023: South Korean won 62,663,601 vs UK Sterling 38,255	(209)	0.00
KRW73,123,050	Forward Currency Contract 04/10/2023: South Korean won 73,123,050 vs UK Sterling 44,641	(243)	0.00
US\$13,424,500	Forward Currency Contract 15/12/2023: US dollar 13,424,500 vs Euro 12,447,000	164,241	0.07
Portfolio of investments***		240,910,565	99.80
Net other assets		478,553	0.20
Net assets		241,389,118	100.00

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

All investments are in ordinary shares unless otherwise stated.

The percentages in brackets show the equivalent percentage of net assets as at 31 March 2023.

*Security listed in AIM.

**Delisted security.

***Includes investment liabilities.

ES River and Mercantile Global Recovery Fund

Statement of Total Return for the period ended 30 September 2023

	1 April 2023 to 30 September 2023		1 April 2022 to 30 September 2022	
	£	£	£	£
Income				
Net capital losses		(1,810,400)		(34,463,340)
Revenue	4,327,042		6,920,805	
Expenses	(1,266,008)		(1,638,477)	
Interest payable and similar charges	(11,600)		(5,081)	
Net revenue before taxation for the period	3,049,434		5,277,247	
Taxation	(493,902)		(1,084,162)	
Net revenue after taxation for the period		2,555,532		4,193,085
Total return before distributions		745,132		(30,270,255)
Distributions		(2,562,324)		(4,202,665)
Change in net assets attributable to Shareholders from investment activities		(1,817,192)		(34,472,920)

Statement of Change in Net Assets attributable to Shareholders for the period ended 30 September 2023

	1 April 2023 to 30 September 2023		1 April 2022 to 30 September 2022	
	£	£	£	£
Opening net assets attributable to Shareholders		296,466,223		393,286,725
Amounts received on creation of shares	26,226,640		17,091,130	
Amounts paid on cancellation of shares	(79,650,632)		(81,664,284)	
		(53,423,992)		(64,573,154)
Dilution adjustment		86,662		(10,341)
Change in net assets attributable to Shareholders from investment activities		(1,817,192)		(34,472,920)
Retained distributions on accumulation shares		77,417		88,342
Unclaimed distributions over 6 years old		—		27
Closing net assets attributable to Shareholders		241,389,118		294,318,679

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

ES River and Mercantile Global Recovery Fund

Balance Sheet as at 30 September 2023

	30 September 2023		31 March 2023	
	£	£	£	£
ASSETS				
Fixed assets				
Investments		240,911,017		296,581,943
Current assets				
Debtors	17,805,826		1,647,722	
Cash and bank balances	411,039		1,286,312	
Total other assets		18,216,865		2,934,034
Total assets		259,127,882		299,515,977
LIABILITIES				
Investment liabilities		(452)		(373,816)
Creditors				
Distribution payable	(2,172,692)		(801,519)	
Other creditors	(15,565,620)		(1,874,419)	
Total other liabilities		(17,738,312)		(2,675,938)
Total liabilities		(17,738,764)		(3,049,754)
Net assets attributable to Shareholders		241,389,118		296,466,223

ES River and Mercantile Global Recovery Fund

Fund Facts

Distribution information

B-Class Distribution shares

The distribution payable on 30 November 2023 is 5.0199p (2022: 6.1058p) per share for distribution shares.

S-Class Distribution shares

The distribution payable on 30 November 2023 is 2.7074p (2022: 3.1841p) per share for distribution shares.

Z-Class Accumulation shares

The distribution payable on 30 November 2023 is 19.5253p (2022: 21.2538p) per share for accumulation shares.

Performance records

Net asset values

	Net asset value of sub-fund £	Net asset value per share p	Shares in issue
31 March 2021			
B-Class Distribution shares	170,291,041	611.86	27,831,914
S-Class Distribution shares	189,284,348	284.07	66,632,338
Z-Class Accumulation shares	27,629,480	1,403.82	1,968,164
31 March 2022			
B-Class Distribution shares	110,391,526	612.40	18,025,943
S-Class Distribution shares	263,478,059	284.32	92,669,078
Z-Class Accumulation shares	19,417,140	1,428.85	1,358,931
31 March 2023			
B-Class Distribution shares	79,145,683	620.69	12,751,220
S-Class Distribution shares	211,330,649	288.17	73,336,516
Z-Class Accumulation shares	5,989,891	1,481.71	404,256
30 September 2023			
B-Class Distribution shares	41,591,166	616.41	6,747,336
S-Class Distribution shares	193,885,564	286.22	67,739,919
Z-Class Accumulation shares	5,912,388	1,491.17	396,494

ES River and Mercantile Global Recovery Fund

Fund Facts continued

Operating Charges

30 September 2023

B-Class Distribution shares	1.12%
S-Class Distribution shares	0.86%
Z-Class Accumulation shares	0.11%

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

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

ES River and Mercantile Global Recovery Fund

Synthetic Risk Reward Indicator (SRRI)



Typically Lower Rewards

Typically Higher Rewards



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 period.

Purchases	£	Sales	£
UiPath	871,086	Alphabet	2,305,307
Target	837,812	Meta Platforms	2,217,944
Match	679,490	Amazon.com	1,870,936
Remy Cointreau	597,364	Gresham House	1,754,592
Sensirion	473,015	Splunk	1,663,563
Johnson Controls International	465,151	PayPal	1,371,754
Coca-Cola Bottlers Japan	452,122	Cemex	1,082,194
Boot Barn	416,078	Applus Services	987,612
Zalando	402,660	NVIDIA	974,577
International Business Machines	400,462	FedEx	891,564

ES River and Mercantile Global Alpha Fund

Investment Objective

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

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

Investment Manager's Review

Investment Review

The ES River and Mercantile Global Alpha Fund B share class delivered a +3.9% return, which compares to the MSCI ACWI +3.8% and MSCI ACWI Value +2.4% (source: Bloomberg, all in GBP).

Brazilian holdings **Valid Solucoes** (+88% in GBP) and **Marcopolo** (+90%) were positive contributors, aided by a buoyant Brazilian stock market. Valid responded well to Q1 results, while for **Marcopolo** the new "Road to School" federal auction for school buses came in ahead of market expectations, implying higher future volumes and profitability than anticipated. Energy services & technology provider **Baker Hughes** (+26%) was the largest positive contributor to performance. The share price rose following its Q2 results, where it raised full year guidance for order intake and operating profits after a strong first half performance. US insulation and roofing group **Owens Corning** (+45%) benefitted from accelerated new housing starts and solid re-roofing activity, while demonstrating strong pricing power.

The largest negative contributors to relative returns were zero weights in **NVIDIA** and **Eli Lilly**. Among stocks which are owned, US life sciences tools company **Waters** fell -10% and European building efficiency equipment provider **Aalberts** fell -19%. Both saw destocking in certain end markets as supply chains normalise, alongside some pockets of weaker actual demand.

Buying activity was predominantly focused on companies which we expect will benefit from ongoing spend by corporates and governments on infrastructure, energy transition and near-shoring supply chains (**Valmont Industries**, **Hitachi**, **Jacobs Solutions**, **Topcon** and **First Quantum Minerals**). In addition, we built our Japanese weighting following new regulations from the Tokyo Stock Exchange which encourage improved capital allocation (**Sumitomo Mitsui Trust**), as well as recovering domestic consumption (**Food & Life**). We also initiated positions in select defensive businesses which had experienced share price weakness relating to temporary, rather than structural, issues (**Elevance Health**, **Baxter International**, **FeverTree Drinks**).

Full exits were completed in companies which reached our assessment of fair value (**Procter & Gamble**, **Sprouts Farmers Market**, **Jumbo**, **Elis**), as well those where the original investment case was no longer valid (**Topgolf Callaway**, **PayPal**, **Henkel**). Several smaller positions were sold to reallocate capital to higher conviction ideas.

Outlook

The fund is outperforming in falling markets, protecting capital when global benchmark valuations are compressing. This is a useful attribute given our view that the key market risk is high valuation multiples in long duration equities, in which lots of other investors' capital is still invested. We're doing this with a 'balanced' rather than an outright 'defensive' portfolio, as we are not trying to make a directional bet on the macro cycle. Instead, we are simply staying true to the price discipline at the heart of our investing philosophy & process.

We believe that the price discipline of our strategy is one of our key differentiators in a market that has appeared to favour chasing the share prices of popular companies higher over considering downside protection. It is worth highlighting that, despite falling in August and September, the Tech-dominated NASDAQ 100 index is still up +36% year-to-date (source: Bloomberg). The lack of follow-through from higher rates to the share prices of longer duration ("growth") equities has surprised us thus far in 2023, but sectors of the market with this characteristic, such as Tech and Luxury, have begun to experience downward pressure on their valuations (as in 2022). We are sceptical that the recent weakness here is purely seasonal, not least because investors can find superior risk-reward elsewhere.

Deutsche Bank has excellent long-term data around bond yields and inflation. Out of 225 years' worth of 10-year rolling inflation numbers, sustained US inflation of the magnitude required to have a negative real return from buying US government bonds today (at 4.5% yield) has only occurred alongside world wars as well as the global energy shock of the 1970s. In other words, as Deutsche puts it, "Treasuries are likely to be at least a competitive asset class for the long-term value investor." Despite the re-emergence of a 'proper' yield in the bond market, multi-asset investors must not forget that one can also put together equity portfolios today with very attractive future return profiles and highly asymmetric risk-reward. Offered the choice of tying up savings for 10 years in a government bond yielding 4.5% or a well-diversified portfolio of equities yielding 8% today but, crucially, where that yield should rise to around

ES River and Mercantile Global Alpha Fund

Investment Manager's Review continued

Outlook continued

20% due to earnings growth, we think investors should select the latter. These are, in fact, the characteristics of our current portfolio, which we think offers outstanding value today.

River and Mercantile
24 November 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 30 September 2023

Holding	Investment	Market Value £	% of Net Assets
UNITED KINGDOM – 9.92% (2023 – 9.64%)			
141,300	Allfunds	642,273	0.42
55,300	Anglo American	1,252,821	0.82
1,222,469	Capita	208,064	0.14
197,271	Chemring	547,427	0.36
20,320	Cranswick	721,766	0.47
82,356	Fevertree Drinks	988,272	0.65
2,295,283	Lloyds Banking	1,018,417	0.67
100,510	Mondi	1,378,997	0.90
47,000	Shell	1,224,820	0.80
101,300	Smith & Nephew	1,035,793	0.68
167,650	Tate & Lyle	1,149,241	0.75
35,330	Unilever	1,434,928	0.94
29,370	Whitbread	1,017,377	0.66
8,600	Willis Towers Watson	1,472,404	0.97
143,200	WPP	1,049,656	0.69
AUSTRALIA – 0.76% (2023 – 0.82%)			
179,350	Treasury Wine Estates	1,168,385	0.76
BERMUDA – 0.87% (2023 – 0.68%)			
288,525	Conduit	1,328,658	0.87
BRAZIL – 1.43% (2023 – 1.12%)			
369,500	B3 - Brasil Bolsa Balcao	740,924	0.49
552,800	Marcopolo pref.	525,735	0.34
326,950	Valid Solucoes e Servicos de Seguranca em Meios de Pagamento e Identificacao	910,885	0.60
CANADA – 1.42% (2023 – 1.11%)			
52,850	Barrick Gold	630,921	0.41
32,750	Enerplus	474,123	0.31
34,090	First Quantum Minerals	662,505	0.43
29,050	Sleep Country Canada	407,883	0.27
CHINA – 1.76% (2023 – 2.58%)			
57,480	Alibaba	514,717	0.34
41,400	Baidu	577,310	0.38
629,329	Greentown Service	231,739	0.15
37,140	JD.com	446,805	0.29
21,227	Trip.com	619,987	0.41
191,600	Yadea	291,433	0.19
COLOMBIA – 0.70% (2023 – 0.70%)			
338,380	Bolsa de Valores de Colombia	583,118	0.38
78,000	Grupo de Inversiones Suramericana	489,642	0.32
DENMARK – 0.48% (2023 – 0.37%)			
16,956	NKT	730,185	0.48

ES River and Mercantile Global Alpha Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	FAROE ISLANDS – 0.49% (2023 – 0.61%)		
17,900	Bakkafrost P/F	754,582	0.49
	FINLAND – 0.99% (2023 – 1.18%)		
106,500	Metso Outotec	921,805	0.61
62,400	Wartsila	583,782	0.38
	FRANCE – 3.92% (2023 – 4.89%)		
5,500	Air Liquide	762,405	0.50
7,940	Airbus	874,171	0.57
20,740	AXA	506,896	0.33
9,800	BNP Paribas	513,718	0.34
820,170	CGG	479,381	0.31
9,200	Cie de Saint-Gobain	453,775	0.30
20,298	Criteo	485,602	0.32
11,900	Sanofi	1,046,102	0.69
13,199	Verallia	426,609	0.28
17,117	Vicat	429,113	0.28
	GERMANY – 2.35% (2023 – 3.41%)		
14,640	Bayer	577,574	0.38
5,040	Continental	291,872	0.19
32,540	Infineon Technologies	884,773	0.58
9,800	Knorr-Bremse	512,783	0.34
8,200	SAP	873,348	0.57
3,760	Siemens	443,255	0.29
	GIBRALTAR – 0.19% (2023 – 0.09%)		
283,870	888	284,438	0.19
	GREECE – 0.40% (2023 – 0.83%)		
483,100	Eurobank Ergasias Services	611,418	0.40
	HONG KONG – 1.42% (2023 – 0.69%)		
138,400	Prudential	1,230,099	0.80
1,064,842	Swire Pacific	953,537	0.62
	INDIA – 0.95% (2023 – 0.63%)		
9,800	HDFC Bank	473,801	0.31
29,580	MakeMyTrip	982,001	0.64
	IRELAND – 2.15% (2023 – 1.69%)		
5,710	Accenture	1,437,242	0.94
177,800	Bank of Ireland	1,431,592	0.94
15,000	Smurfit Kappa	410,522	0.27
	ITALY – 2.26% (2023 – 2.32%)		
101,190	Danieli & C Officine Meccaniche	1,736,241	1.14
23,064	Industrie De Nora	325,513	0.21

ES River and Mercantile Global Alpha Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
	ITALY continued		
75,300	Iveco	578,859	0.38
75,000	Mediobanca Banca di Credito Finanziario	815,189	0.53
	JAPAN – 10.00% (2023 – 8.52%)		
13,800	Bank Of Kyoto	643,416	0.42
37,040	Dai-ichi Life	629,614	0.41
10,720	Dowa	272,508	0.18
14,400	FANUC	307,154	0.20
31,300	Food & Life Cos	431,943	0.28
21,900	Hitachi	1,115,100	0.73
42,700	Komatsu	947,135	0.62
16,550	Kyocera	688,945	0.45
47,500	Meitec	705,055	0.46
99,400	Nikon	859,547	0.56
31,720	Nintendo	1,084,811	0.71
124,560	Nomura	409,372	0.27
34,240	Seino	393,465	0.26
26,460	Sony	1,777,447	1.17
21,400	Sumitomo Mitsui Trust	661,493	0.43
43,900	T Hasegawa	732,725	0.48
80,340	Tadano	560,414	0.37
45,000	Taiheiyo Cement	654,605	0.43
23,400	Tokio Marine	445,037	0.29
66,800	Topcon	603,500	0.40
70,719	Tosei	748,982	0.49
9,260	Toyota Industries	597,635	0.39
	LUXEMBOURG – 0.00% (2023 – 0.33%)		
	MACAU – 0.26% (2023 – 0.26%)		
512,730	Wynn Macau	402,280	0.26
	MALAYSIA – 0.42% (2023 – 0.30%)		
5,308,560	Sime Darby Property	643,793	0.42
	MEXICO – 0.96% (2023 – 0.87%)		
175,883	Cemex	936,659	0.61
3,208,900	Consortio ARA	537,052	0.35
	NETHERLANDS – 2.33% (2023 – 3.25%)		
36,700	Aalberts	1,103,738	0.72
6,300	BE Semiconductor Industries	508,131	0.34
9,060	EXOR	659,538	0.43
4,000	IMCD	416,377	0.27
19,950	Kendrion	223,590	0.15
26,612	Prosus	644,524	0.42
	RUSSIA – 0.00% (2023 – 0.00%)		
25,119	VK*	-	0.00

ES River and Mercantile Global Alpha Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
SINGAPORE – 1.41% (2023 – 1.79%)			
61,620	DBS	1,243,941	0.82
337,077	SATS	526,082	0.34
454,790	Wing Tai	382,199	0.25
SOUTH KOREA – 1.75% (2023 – 1.82%)			
4,650	LG	236,310	0.15
8,292	LG pref.	310,130	0.20
1,210	LG Chem	364,761	0.24
18,400	Neowiz	285,438	0.19
35,717	Samsung Electronics	1,483,320	0.97
SPAIN – 1.64% (2023 – 1.18%)			
106,600	Applus Services	915,458	0.60
37,030	Inmobiliaria Colonial Socimi	172,655	0.11
47,547	Neinor Homes	388,526	0.26
46,240	Repsol	624,328	0.41
130,000	Talgo	396,383	0.26
SWEDEN – 0.40% (2023 – 0.34%)			
40,100	Swedbank	608,139	0.40
SWITZERLAND – 2.48% (2023 – 2.45%)			
5,800	Cie Financiere Richemont	581,792	0.38
1,142	Dormakaba	460,768	0.30
8,100	Roche	1,816,524	1.19
45,400	UBS	922,191	0.61
TAIWAN – 0.41% (2023 – 0.56%)			
46,891	Yageo	622,437	0.41
THAILAND – 0.51% (2023 – 0.48%)			
207,420	Bangkok Bank	779,401	0.51
UNITED STATES OF AMERICA – 43.71% (2023 – 42.90%)			
15,300	Advanced Micro Devices	1,288,883	0.84
7,330	Affiliated Managers	782,755	0.51
9,280	AGCO	898,842	0.59
22,710	Alphabet	2,433,899	1.59
18,415	Amazon.com	1,917,767	1.26
13,980	Apple	1,960,670	1.28
8,900	Applied Materials	1,009,403	0.66
90,500	Baker Hughes	2,618,868	1.71
17,810	Bath & Body Works	493,348	0.32
32,700	Baxter International	1,011,368	0.66
5,450	Berkshire Hathaway	1,563,936	1.02
16,970	BJ's Wholesale Club	992,159	0.65
920	Booking	2,325,654	1.52
24,850	BorgWarner	821,920	0.54
9,900	Brunswick Corporation	640,371	0.42

ES River and Mercantile Global Alpha Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
UNITED STATES OF AMERICA continued			
7,250	Carlisle	1,539,337	1.01
6,400	Cboe Global Markets	819,041	0.54
28,340	Charles Schwab	1,274,957	0.84
28,600	Cisco Systems	1,259,473	0.82
34,500	Citigroup	1,162,578	0.76
28,600	Citizens Financial	628,448	0.41
28,720	Coca-Cola	1,317,701	0.86
17,480	Colgate-Palmolive	1,018,396	0.67
12,370	Devon Energy	483,327	0.32
21,899	eBay	791,059	0.52
9,800	Electronic Arts	966,792	0.63
3,000	Elevance Health	1,070,198	0.70
23,700	Fiserv	2,193,981	1.44
8,500	GE HealthCare Technologies	473,627	0.31
18,437	General Motors	498,179	0.33
9,900	Global Payments	935,858	0.61
42,600	Harley-Davidson	1,153,870	0.76
52,730	Hayward	609,146	0.40
28,560	Henry Schein	1,737,397	1.14
7,300	Jacobs Solutions	816,514	0.53
59,401	Kenvue	977,241	0.64
3,070	KLA	1,153,322	0.76
28,580	Kraft Heinz	787,469	0.52
30,460	Las Vegas Sands	1,144,231	0.75
6,560	McKesson	2,335,759	1.53
6,450	Meta Platforms	1,586,196	1.04
5,460	Microsoft	1,412,295	0.92
13,810	Oracle	1,198,892	0.79
12,040	Owens Corning	1,345,505	0.88
3,540	Parker-Hannifin	1,129,795	0.74
32,800	Pfizer	891,382	0.58
3,400	Snap-on	710,530	0.47
21,750	State Street	1,193,573	0.78
7,460	Take-Two Interactive Software	858,125	0.56
4,900	TopBuild	1,009,668	0.66
2,370	UnitedHealth	979,107	0.64
5,950	Valmont Industries	1,170,891	0.77
81,760	Viatis	659,814	0.43
18,290	Walt Disney	1,214,688	0.80
5,300	Waters	1,191,832	0.78
61,860	Western Union	667,990	0.44
19,349	Westrock	567,368	0.37
42,100	Weyerhaeuser	1,057,545	0.69
URUGUAY – 0.35% (2023 – 0.36%)			
520	MercadoLibre	540,075	0.35

ES River and Mercantile Global Alpha Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
FORWARD CURRENCY CONTRACTS – 0.16% (2023 – (0.27%))			
US\$7,600,422	Forward Currency Contract 15/12/2023: US dollar 7,600,422 vs Euro 7,047,000	92,987	0.06
US\$4,236,134	Forward Currency Contract 15/12/2023: US dollar 4,236,134 vs Japanese Yen 615,675,000	48,307	0.03
US\$6,404,377	Forward Currency Contract 15/12/2023: US dollar 6,404,377 vs UK Sterling 5,146,000	98,464	0.07
Portfolio of investments		151,568,350	99.25
Net other assets		1,151,834	0.75
Net assets		152,720,184	100.00

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

All investments are in ordinary shares unless otherwise stated.

The percentages in brackets show the equivalent percentage of net assets as at 31 March 2023.

*Delisted security.

ES River and Mercantile Global Alpha Fund

Statement of Total Return for the period ended 30 September 2023

	1 April 2023 to 30 September 2023		1 April 2022 to 30 September 2022	
	£	£	£	£
Income				
Net capital gains/(losses)		3,793,412		(13,274,709)
Revenue	2,090,440		2,514,034	
Expenses	(165,108)		(204,491)	
Interest payable and similar charges	(530)		(216)	
Net revenue before taxation for the period	1,924,802		2,309,327	
Taxation	(218,110)		(331,232)	
Net revenue after taxation for the period		1,706,692		1,978,095
Total return before distributions		5,500,104		(11,296,614)
Distributions		(1,707,190)		(1,978,611)
Change in net assets attributable to Shareholders from investment activities		3,792,914		(13,275,225)

Statement of Change in Net Assets attributable to Shareholders for the period ended 30 September 2023

	1 April 2023 to 30 September 2023		1 April 2022 to 30 September 2022	
	£	£	£	£
Opening net assets attributable to Shareholders		154,670,516		177,379,068
Amounts received on creation of shares	2,262,826		4,660,159	
Amounts paid on cancellation of shares	(9,649,696)		(15,588,232)	
		(7,386,870)		(10,928,073)
Dilution adjustment		3		10,053
Change in net assets attributable to Shareholders from investment activities		3,792,914		(13,275,225)
Retained distributions on accumulation shares		1,643,621		1,910,467
Closing net assets attributable to Shareholders		152,720,184		155,096,290

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

ES River and Mercantile Global Alpha Fund

Balance Sheet as at 30 September 2023

	30 September 2023		31 March 2023	
	£	£	£	£
ASSETS				
Fixed assets				
Investments		151,568,350		152,760,844
Current assets				
Debtors	1,224,785		1,927,725	
Cash and bank balances	568,383		928,460	
Total other assets		1,793,168		2,856,185
Total assets		153,361,518		155,617,029
LIABILITIES				
Investment liabilities		—		(411,012)
Creditors				
Other creditors	(641,334)		(535,501)	
Total other liabilities		(641,334)		(535,501)
Total liabilities		(641,334)		(946,513)
Net assets attributable to Shareholders		152,720,184		154,670,516

ES River and Mercantile Global Alpha Fund

Fund Facts

Distribution information

B-Class Accumulation shares

The distribution payable on 30 November 2023 is 3.2371p (2022: 3.4715p) per share for accumulation shares.

Z-Class Accumulation shares

The distribution payable on 30 November 2023 is 10.1154p (2022: 10.3701p) per share for accumulation shares.

Performance records

Net asset values

	Net asset value of sub-fund £	Net asset value per share p	Shares in issue
31 March 2021			
B-Class Accumulation shares	9,849,638	395.67	2,489,343
Z-Class Accumulation shares	137,020,989	817.99	16,751,000
31 March 2022			
B-Class Accumulation shares	40,416,257	407.70	9,913,185
Z-Class Accumulation shares	136,962,811	849.13	16,129,803
31 March 2023			
B-Class Accumulation shares	19,881,574	412.60	4,818,630
Z-Class Accumulation shares	134,788,942	865.89	15,566,516
30 September 2023			
B-Class Accumulation shares	21,330,663	425.87	5,008,728
Z-Class Accumulation shares	131,389,521	897.12	14,645,765

ES River and Mercantile Global Alpha Fund

Fund Facts continued

Operating Charges

30 September 2023

B-Class Accumulation shares	0.84%
Z-Class Accumulation shares	0.09%

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

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

ES River and Mercantile Global 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 period.

Purchases	£	Sales	£
Valmont Industries	1,419,031	Procter & Gamble	1,238,029
Baxter International	1,129,784	Jumbo S.A.	1,009,783
Fevertree Drinks	1,115,301	Waters	957,936
Elevance Health	1,096,144	Sprouts Farmers Market	934,702
Hitachi	1,080,917	Topgolf Callaway Brands	920,176
Samsung Electronics	983,603	Oracle	906,927
Kenvue	805,858	Johnson & Johnson	813,018
Topcon	761,858	PayPal	760,729
Cboe Global Markets	745,216	Elis	712,520
Jacobs Solutions	737,080	Verallia	702,957

ES River and Mercantile European Fund

Investment Objective

The investment objective of the sub-fund is to achieve a return (income and growth in the value of your investment (known as “capital growth)) over a rolling period of at least five years, by investing in a core concentrated portfolio of shares of European companies (typically numbering between 30 and 50). A rolling period of at least five years has been chosen because it is broadly similar to the length of an average business cycle (as defined in the investment policy).

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

Investment Manager's Review

The ES River and Mercantile European Fund (B share class) returned -7.2% over the 6 months to 30 September 2023, an underperformance compared to the MSCI Europe (ex-UK) IMI return of -1.8%.

Positive contributors during past 12 months: BE Semiconductor and Swedbank were the most material positive contributors, with BE Semiconductor contributing 63bps. Munich Re, BNP Paribas and UPM also contributed positively, so overall financial stocks were some of our top performers reflecting the stubbornness of higher interest rates. We have been expecting these conditions to ameliorate so have been underweight financials overall, which was an impediment to aggregate performance.

Negative contributors: As a corollary to the outperformance of financials, our more highly valued growth holdings such as Viaplay, Sensirion and IMCD were the worst performing stocks, reflecting the headwinds to the growth style during a period of rising rates. Recticel also hurt to the tune of 103 bps as unexpectedly the American acquirer of a substantial portion of their business threatened to scupper the agreed deal.

Outlook

The potential for a better business cycle for European companies remains high, as we recover the underinvestment from the last cycle and the deflationary malaise of the post global 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, we can expect stronger demand over this cycle.

With this in mind, within European equities it is exciting that we currently at low valuation levels relative to the rest of the world. We will continue to exploit our 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 our investments.

River and Mercantile
24 November 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 30 September 2023

Holding	Investment	Market Value £	% of Net Assets
	UNITED KINGDOM – 0.57% (2023 – 1.27%)		
166,800	Allfunds	758,182	0.57
	BELGIUM – 5.07% (2023 – 3.82%)		
36,200	KBC	1,857,103	1.39
76,139	Kinopolis	3,110,814	2.33
221,900	Recticel	1,801,686	1.35
	CANADA – 0.53% (2023 – 0.63%)		
59,262	Barrick Gold	707,467	0.53
	DENMARK – 5.33% (2023 – 6.27%)		
36,000	Carlsberg	3,756,369	2.81
36,000	NKT	1,550,287	1.16
24,000	Novo Nordisk	1,811,321	1.36
	FAROE ISLANDS – 4.10% (2023 – 4.57%)		
130,000	Bakkafrost P/F	5,480,206	4.10
	FINLAND – 7.30% (2023 – 6.62%)		
567,300	Metso Outotec	4,910,235	3.68
151,878	UPM-Kymmene	4,267,287	3.19
30,800	Valmet	578,970	0.43
	FRANCE – 22.48% (2023 – 22.15%)		
34,000	Air Liquide	4,713,046	3.53
17,900	Airbus	1,970,739	1.48
80,000	BNP Paribas	4,193,615	3.14
122,400	Elis	1,768,897	1.32
24,500	EssilorLuxottica	3,508,805	2.63
6,000	Kering	2,247,658	1.68
3,400	LVMH Moet Hennessy Louis Vuitton	2,112,908	1.58
100,000	Renault	3,372,224	2.52
21,000	Sanofi	1,846,062	1.38
25,300	Sopra Steria SACA	4,297,137	3.22
	GERMANY – 6.79% (2023 – 5.76%)		
50,000	Elmos Semiconductor	2,762,839	2.07
35,000	HeidelbergCement	2,231,523	1.67
10,000	Muenchener Rueckversicherungs-Gesellschaft in Muenchen	3,204,372	2.40
40,000	Salzgitter	869,535	0.65
	ITALY – 3.87% (2023 – 2.18%)		
301,000	Danieli & C Officine Meccaniche	5,164,625	3.87
	JAPAN – 1.63% (2023 – 1.69%)		
32,400	Sony	2,176,465	1.63

ES River and Mercantile European Fund

Portfolio Statement continued

Holding	Investment	Market Value £	% of Net Assets
NETHERLANDS – 12.08% (2023 – 16.08%)			
90,000	Aalberts	2,706,714	2.03
3,350	ASML	1,624,727	1.22
40,000	BE Semiconductor Industries	3,226,232	2.41
36,700	IMCD	3,820,263	2.86
1,112,300	Koninklijke KPN	3,009,424	2.25
111,200	Stellantis	1,754,814	1.31
NORWAY – 1.00% (2023 – 1.09%)			
900,000	Aker Carbon Capture	782,359	0.59
240,000	Andfjord Salmon	554,373	0.41
SWEDEN – 8.55% (2023 – 5.77%)			
180,000	Boliden	4,269,134	3.20
300,000	Swedbank	4,549,671	3.41
120,000	Thule	2,597,226	1.94
SWITZERLAND – 14.85% (2023 – 16.05%)			
2,981,000	Meyer Burger Technology	990,507	0.74
33,400	Nestle	3,103,234	2.32
26,300	Roche	5,898,097	4.42
60,000	Sensirion	3,944,293	2.95
15,100	Swatch	3,183,503	2.39
133,500	UBS	2,711,728	2.03
UNITED STATES OF AMERICA – 4.62% (2023 – 4.23%)			
31,870	Walt Disney	2,116,572	1.59
18,000	Waters	4,047,733	3.03
Portfolio of investments		131,920,981	98.77
Net other assets		1,644,055	1.23
Net assets		133,565,036	100.00

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

All investments are in ordinary shares unless otherwise stated.

The percentages in brackets show the equivalent percentage of net assets as at 31 March 2023.

ES River and Mercantile European Fund

Statement of Total Return for the period ended 30 September 2023

	1 April 2023 to 30 September 2023		1 April 2022 to 30 September 2022	
	£	£	£	£
Income				
Net capital losses		(12,346,890)		(19,545,295)
Revenue	2,440,882		4,784,381	
Expenses	(406,546)		(515,557)	
Interest payable and similar charges	(803)		(667)	
Net revenue before taxation for the period	2,033,533		4,268,157	
Taxation	(437,336)		(619,540)	
Net revenue after taxation for the period		1,596,197		3,648,617
Total return before distributions		(10,750,693)		(15,896,678)
Distributions		(1,998,189)		(3,116,255)
Change in net assets attributable to Shareholders from investment activities		(12,748,882)		(19,012,933)

Statement of Change in Net Assets attributable to Shareholders for the period ended 30 September 2023

	1 April 2023 to 30 September 2023		1 April 2022 to 30 September 2022	
	£	£	£	£
Opening net assets attributable to Shareholders		125,952,728		244,616,121
Amounts received on creation of shares	50,765,869		24,702,955	
Amounts paid on cancellation of shares	(32,052,531)		(151,489,723)	
		18,713,338		(126,786,768)
Dilution adjustment		46,771		20,551
Change in net assets attributable to Shareholders from investment activities		(12,748,882)		(19,012,933)
Retained distributions on accumulation shares		1,601,081		466,087
Closing net assets attributable to Shareholders		133,565,036		99,303,058

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

ES River and Mercantile European Fund

Balance Sheet as at 30 September 2023

	30 September 2023		31 March 2023	
	£	£	£	£
ASSETS				
Fixed assets				
Investments		131,920,981		123,655,395
Current assets				
Debtors	3,321,460		2,854,401	
Cash and bank balances	2,051,788		3,365,448	
Total other assets		5,373,248		6,219,849
Total assets		137,294,229		129,875,244
LIABILITIES				
Creditors				
Distribution payable	(682,540)		(833,732)	
Other creditors	(3,046,653)		(3,088,784)	
Total other liabilities		(3,729,193)		(3,922,516)
Total liabilities		(3,729,193)		(3,922,516)
Net assets attributable to Shareholders		133,565,036		125,952,728

ES River and Mercantile European Fund

Fund Facts

Distribution information*

B-Class Accumulation shares

The distribution payable on 30 November 2023 is 1.7646p (2022: 0.4695p) per share for accumulation shares.

The distribution paid on 31 July 2023 was 0.0000p (2022: 0.4330p) per share for accumulation shares.

B-Class Distribution shares

The distribution payable on 30 November 2023 is 2.0821p (2022: 0.5662p) per share for distribution shares.

The distribution paid on 31 July 2023 was 0.0000p (2022: 0.5227p) per share for distribution shares.

F-Class Accumulation shares

The distribution payable on 30 November 2023 is 2.2439p (2022: 0.5943p) per share for accumulation shares.

The distribution paid on 31 July 2023 was 0.0000p (2022: 0.5482p) per share for accumulation shares.

F-Class Distribution shares

The distribution payable on 30 November 2023 is 2.1348p (2022: 0.5784p) per share for distribution shares.

The distribution paid on 31 July 2023 was 0.0000p (2022: 0.5338p) per share for distribution shares.

S-Class Accumulation shares

The distribution payable on 30 November 2023 is 4.4880p (2022: 1.1914p) per share for accumulation shares.

The distribution paid on 31 July 2023 was 0.0000p (2022: 1.0995p) per share for accumulation shares.

S-Class Distribution shares

The distribution payable on 30 November 2023 is 4.3331p (2022: 1.1767p) per share for distribution shares.

The distribution paid on 31 July 2023 was 0.0000p (2022: 1.0861p) per share for distribution shares.

Z-Class Accumulation shares

The distribution payable on 30 November 2023 is 9.2008p (2022: 2.4250p) per share for accumulation shares.

The distribution paid on 31 July 2023 was 0.0000p (2022: 2.2376p) per share for accumulation shares.

* During the period the sub-fund changed its distribution frequency from quarterly to semi-annually.

Performance records

Net asset values

	Net asset value of sub-fund £	Net asset value per share p	Shares in issue
31 March 2021			
B-Class Distribution shares	2,247,457	113.95	1,972,259
F-Class Accumulation shares	7,020,080	116.87	6,006,864
F-Class Distribution shares	13,651,095	115.70	11,798,508
31 March 2022			
B-Class Accumulation shares	5,535,535	100.81	5,491,053
B-Class Distribution shares	17,444,695	121.71	14,333,188
F-Class Accumulation shares	43,459,440	127.58	34,063,965
F-Class Distribution shares	55,065,865	124.22	44,329,070
S-Class Accumulation shares	123,059,696	255.99	48,072,918
S-Class Distribution shares	19,993	252.79	7,909
Z-Class Accumulation shares	30,897	520.50	5,936

ES River and Mercantile European Fund

Fund Facts continued

	Net asset value of sub-fund £	Net asset value per share p	Shares in issue
31 March 2023			
B-Class Accumulation shares	15,388,454	112.34	13,697,788
B-Class Distribution shares	19,961,300	132.55	15,059,764
F-Class Accumulation shares	40,426,858	142.85	28,300,777
F-Class Distribution shares	42,383,181	135.91	31,184,003
S-Class Accumulation shares	7,662,106	285.74	2,681,527
S-Class Distribution shares	101,364	275.95	36,733
Z-Class Accumulation shares	29,465	584.39	5,042
30 September 2023			
B-Class Accumulation shares	15,265,391	103.55	14,741,887
B-Class Distribution shares	11,161,991	120.07	9,295,943
F-Class Accumulation shares	48,045,477	132.01	36,394,120
F-Class Distribution shares	28,199,328	123.46	22,840,067
S-Class Accumulation shares	30,762,145	263.75	11,663,325
S-Class Distribution shares	80,923	250.36	32,323
Z-Class Accumulation shares	49,781	540.75	9,206

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

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

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

ES River and Mercantile European Fund

Fund Facts continued

Operating Charges

30 September 2023

B-Class Accumulation shares	0.92%
B-Class Distribution shares	0.92%
F-Class Accumulation shares	0.42%
F-Class Distribution shares	0.42%
S-Class Accumulation shares	0.66%
S-Class Distribution shares	0.66%
Z-Class Accumulation shares	0.16%

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

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

ES River and Mercantile 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 period.

Purchases	£	Sales	£
Renault	3,406,030	Verallia	7,004,756
Carlsberg	3,393,886	BE Semiconductor Industries	2,863,003
Kinepolis	3,034,007	NKT	2,746,646
Kering	2,826,878	Danone	2,022,975
Thule	2,756,441	Novo Nordisk	1,881,616
Swedbank	2,341,785	Carlsberg	1,760,986
Danieli & C Officine Meccaniche	2,186,148	ING Groep	1,681,985
NKT	2,152,693	ASML	1,022,936
Elmos Semiconductor	1,912,687	HeidelbergCement	944,441
Sensirion	1,667,189	Allfunds	771,242

Other Information

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Directory

The Open-Ended Investment Company	ES River and Mercantile Funds ICVC 4th Floor, Pountney Hill House, 6 Laurence Pountney Hill, London, EC4R 0BL (authorised and regulated by the Financial Conduct Authority)
Registered in England	The Company is incorporated in England and Wales with registered number IC000489.
The Authorised Corporate Director (ACD)	Equity Trustees Fund Services Ltd 4th Floor, Pountney Hill House, 6 Laurence Pountney Hill, London, EC4R 0BL (authorised and regulated by the Financial Conduct Authority)
Investment Manager	River and Mercantile Asset Management LLP 30 Coleman Street London EC2R 5AL (authorised and regulated by the Financial Conduct Authority)
Depository	The Bank of New York Mellon (International) Limited 160 Queen Victoria Street London EC4V 4LA (authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority)
Administrator and Registrar	The Bank of New York Mellon (International) Limited 160 Queen Victoria Street London EC4V 4LA (authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority)
The Independent Auditors	PricewaterhouseCoopers LLP 141 Bothwell Street Glasgow, G2 7EQ (authorised and regulated by the Financial Conduct Authority)