RIVER AND MERCANTILE UK MICRO CAP INVESTMENT COMPANY LIMITED

HALF-YEARLY FINANCIAL REPORT FOR THE SIX MONTHS ENDED 31 MARCH 2019

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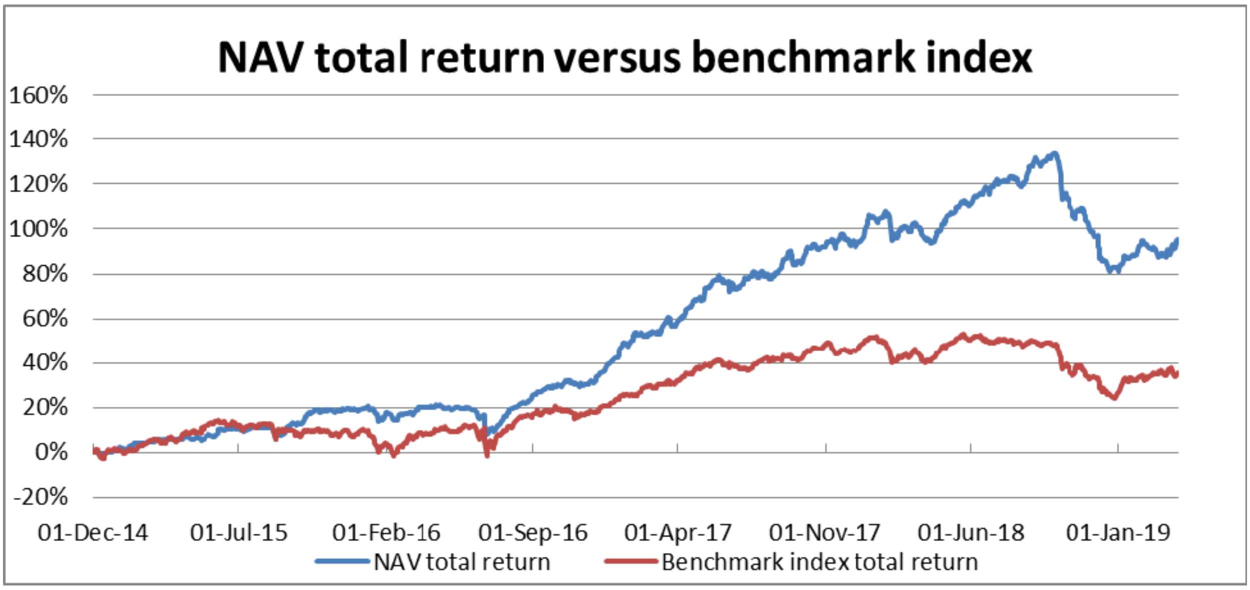
FINANCIAL HIGHLIGHTS AND PERFORMANCE SUMMARY

Key Performance Indicators

Net Asset Value ("NAV") total return[1] vs benchmark from inception

NAV on a total return[2] basis increased by 95.47% from inception (net of issue cost), outperforming the total return posted by the benchmark index of 35.38%. Please refer to the chart below showing the NAV total return versus Numis Smaller Companies plus Alternative Investment Market ("AIM") (excluding Investment Companies Index) total return[3] (the "benchmark index") from inception:



NAV total return vs benchmark for the six months ended 31 March 2019

Over the period ended 31 March 2019, the NAV total return of River and Mercantile UK Micro Cap Investment Company Limited (the "Company") underperformed the benchmark index by 7.80%, recording a NAV total return of (16.40%), which compares with the total return of (8.60%) posted by the benchmark index.

NAV and Share price

	As at 31 March 2019	As at 30 September 2018
Net asset value per Ordinary Share	£1.9156	£2.2913
Ordinary Share price (bid price)[2]	£1.6350	£2.1100
Discount	(14.65%)	(7.91%)

Period highs and lows

	Six months ended 31 March 2019 High	Six months ended 31 March 2019 Low	Year ended 30 September 2018 High	Year ended 30 September 2018 Low
Net asset value per Ordinary Share	£2.2901	£1.7746	£2.2913	£1.8499
Ordinary Share price (bid price)[2]	£2.1100	£1.5200	£2.3000	£1.6400

Market capitalisation as at 31 March 2019

Ordinary Share class: £75,937,645

Number of Ordinary Shares in issue as at 31 March 2019

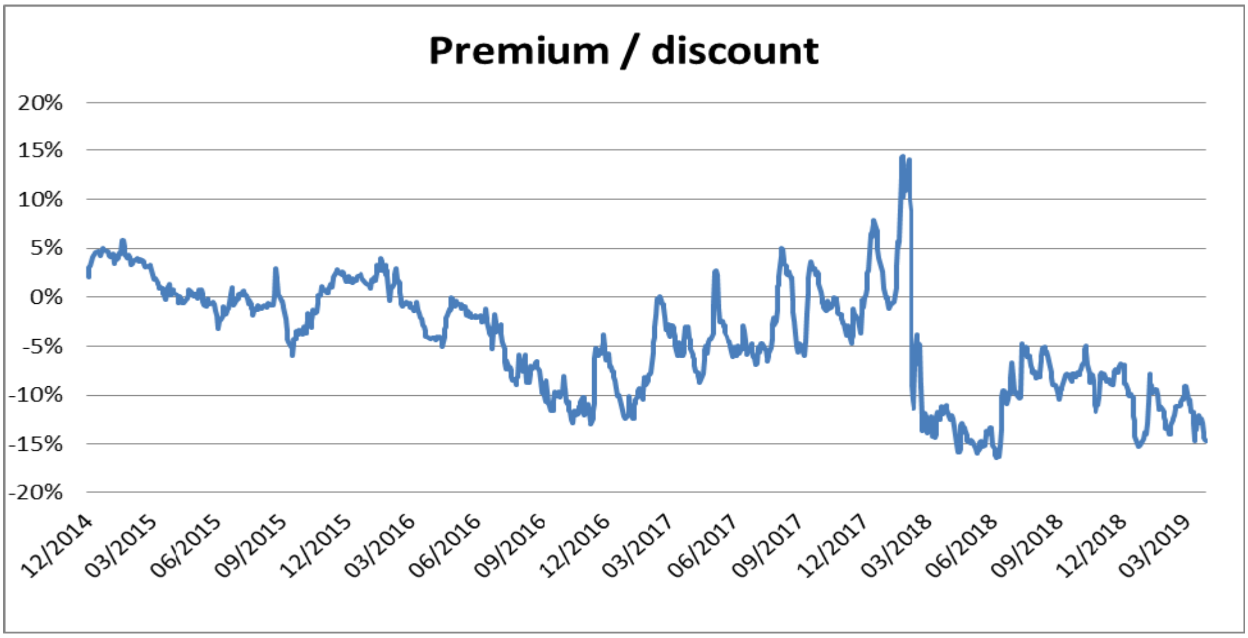
46,445,043 Ordinary Shares

FINANCIAL HIGHLIGHTS AND PERFORMANCE SUMMARY (CONTINUED)

Key Performance Indicators (continued)

Premium / discount[4]

The premium or discount[2] to share price (bid price) has increased from a discount of 7.91% compared to NAV as at 30 September 2018, to a discount of 14.65% compared to NAV as at 31 March 2019.



Capital redemptions

Since inception, the Company has exercised its capital redemption mechanism on three separate occasions, as detailed below, redeeming a total of 22,062,526 Ordinary Shares and returning a total of £41,926,929 to Shareholders.

Redemption Date	Redemption price per Ordinary Share[5]	Number of Ordinary Shares Redeemed	Amount returned to Shareholders
9 June 2017	£1.7217	8,712,240	£14,999,864
1 December 2017	£1.9124	7,843,469	£14,999,850
27 July 2018	£2.1659	5,506,817	£11,927,215

Please refer to note 11 for full details of the Company's redemption mechanism, including the conditions required for the Company to be able to operate the capital redemption mechanism.

Dividend history

In accordance with the Company's stated policy, no dividend was declared or paid during the year.

Please refer to note 16 for further information subsequent to the reporting period.

[1] – The NAV total return measures how the NAV per Ordinary Share has performed over a period of time, taking into account of capital returns. The Company quotes NAV total return as a percentage change from the initial issuance of Ordinary Shares to 31 March 2019. The Company has not declared a dividend since inception. The Board monitors the Company NAV total return against the Numis Smaller Companies plus Alternative Investment Market ("AIM") (excluding Investment Companies Index).

[2] – Source: BNP Paribas Securities Services, Bloomberg

[3] – Source: Bloomberg

[4] – The NAV per share is the value of all the Company's assets, less any payables it has, divided by the total number of Ordinary Shares. However, because the Company Ordinary Shares are traded on the London Stock Exchange's Main Market, the share price may be higher or lower than the NAV. The difference is known as a discount or premium. The Company's discount / premium to NAV is calculated by expressing the difference between the Ordinary Share price (bid price) and the NAV per share on the same day compared to the NAV per share on the same day.

[5] – Excludes the cost of each redemption, which total £23,700.

CHAIRMAN'S STATEMENT

Metaphorically speaking….

As humans we often tend to think in metaphor or a series of metaphors. As I am sure you are aware, metaphor is a figure of speech that describes an object or action in a way that is not literally true, but helps explain an idea or make a comparison. A metaphor states that one thing is another thing. It equates those two things not because they actually are the same, but for the sake of comparison or symbolism.

We use the concepts associated with metaphors extensively, often to shape the narrative relating to our daily lives, at least in our conscious thoughts. This is no more visible than in the political sphere. So much of our social and political reasoning makes use of this system of metaphorical concepts; therefore, any adequate appreciation of even the most basic social and political thought requires an understanding of this system. This has been most visible over the last three years in the ongoing marathon political debate over the intended British withdrawal from the European Union.

The debate surrounding our withdrawal has become a multi-metaphored beast because not only is it highly complicated; it is also a subject that lends itself so perfectly to the use of metaphors, where politicians are desperately searching for ways to articulate complex political machinations. As a subject, it bears no obvious resemblance to any other political situation in modern history although the constitutional historian Professor David Starkey, has compared the invocation of Article 50 of the Lisbon Treaty on 29th March 2017 with King Henry VIII's break with Rome in the 1530s. Metaphor or comparison?

As Professor Starkey describes in his numerous books, that event had momentous historical consequences for Britain. Politics in those days moved more slowly, and had the tendency to be much more violent; however, the potential impact of Brexit on Britain could be equally momentous. It depends on your views on the subject as to whether this is likely to lead to a golden period in our history or one where we struggle to compete in a fast moving and dynamic world. This instability or anxiety disrupts society as conflicting metaphors fly all over the place. The issue of increased instability and the potential rise in violence resulting from increased isolation or the abuse of democracy depending on the outcome is a subject I am sure will be examined in great detail by future historians.

Political theorists have long been interested in how metaphors are used as persuasive devices. There is an assumption they do influence views, and have assisted politicians in communicating more effectively by addressing latent symbolic themes residing in segments of the public consciousness. As I mentioned earlier, metaphors also fit in with the new information-processing models of political knowledge, in which they collapse complicated issues into more simplified transmittable bursts of information that can be easily understood by the public. The current debate has given birth to an ever increasing cohort of political metaphor, however the assumed political expertise backing these appear to be absent and the intellectual rigour and sensible fact based debate we have long assumed a permanent resident in the great halls of Westminster has gone absent without leave.

The confluence of this absence and the sequential and progressive impact on our potential withdrawal from the European Union has weighed on markets and in particular, those indices that are dominated by domestically orientated stocks. Our company invests in precisely these stocks and therefore it has been little surprise that this has weighed heavily on results. The beginning of the period was marked by a significant fall in equity markets driven by a short-term rise in credit spreads as the market reacted to significant losses in the insurance market. 2018 insurance losses were larger than in the 2005, which was the year that Hurricane Katrina hit the Gulf States of the US. This technical rise in short term rates reversed in early 2019 and we have seen a strong bounce back in equity markets.

As our Portfolio Manager highlighted in his recent report, the first quarter of 2019 saw the best performance of global equities since 2010. The S&P500 closed the period over 13% higher and, as at time of writing, is less than 2% off its all- time high. UK stocks and, specifically, small cap stocks have fared less well; the FTSE250 gained 8% whilst the Numis Smaller Companies plus AIM (excluding Investment Companies) index, which is the Company's benchmark, lagged with a gain of 7%. That said there are two particularly supportive data points for the long-term potential of the Company. First, UK equities are, on a 20-year basis, cheap versus all other major equity markets. Second, and of even greater relevance, within the UK small and micro-cap stocks are particularly depressed versus their own 20-year history. As was recently reported in Money Observer, our Company produced the best three-year investment returns in the UK All Companies and UK Smaller Companies Sector, including above average returns in all of those three years.

CHAIRMAN'S STATEMENT (CONTINUED)

Notwithstanding the above, the recent widening of the Company's discount to NAV has been disappointing. But the fall in the NAV (as explained in the Portfolio Manager's Report) must be seen in the context of the sharp rise in the NAV since inception. As I have remarked in previous reports, investment performance rarely increases in a straight line (unless it's a Madoff Fund). Your Board regularly reviews its share price rating in light of market conditions and with reference to its peer group. Although both of these factors help to explain the situation, the Board watches with concern the Company's current discount.

On behalf of our shareholders I would very much like to thank George Ensor and the portfolio team at River and Mercantile Asset Management LLP (the "Portfolio Manager").

Andrew Chapman
Chairman
17 May 2019

EXECUTIVE SUMMARY

This Executive Summary is designed to provide information about the Company's operation and results for the period ended 31 March 2019. It should be read in conjunction with the Chairman's Statement on pages 4 to 5 and the Portfolio Manager's Report on pages 12 to 17 which provides a detailed review of investment activities for the period and an outlook for the future.

Corporate summary
The Company was incorporated in Guernsey on 2 October 2014, with registered number 59106, as a non-cellular company with liability limited by shares. The Company is registered by the Guernsey Financial Services Commission ("GFSC") as a registered closed-ended collective investment scheme pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended, and the Registered Collective Investment Scheme Rules ("RCIS Rules") 2018.

The Company's stated capital is denominated in Sterling and each share carries equal voting rights.

The Company's Ordinary Shares are listed on the Official List of the UK Listing Authority and admitted to trading on the Main Market of the London Stock Exchange. As at 31 March 2019, the Company's issued stated capital comprised 46,445,043 Ordinary Shares (30 September 2018: 46,445,043 Ordinary Shares).

The Company has appointed Carne Global AIFM Solutions (C.I.) Limited (the "Manager") to act as the Company's Alternative Investment Fund Manager ("AIFM"). The Manager has delegated portfolio management of the Company's investment portfolio to the Portfolio Manager. The Board will actively and continuously supervise both the Manager and the Portfolio Manager in the performance of their respective functions.

The Company has appointed BNP Paribas Securities Services S.C.A., Guernsey Branch (the "Administrator") to provide administration, custodian and company secretarial services.

The Company is a member of the Association of Investment Companies ("AIC").

Significant events during the period ended 31 March 2019
On 11 December 2018, the Company signed an Extension Agreement that varied the terms of the Sterling Facility Agreement (the "Facility") entered into on 9 December 2016, as amended on 13 December 2017. With effect from 7 December 2018, the Facility was extended for 364 days to 6 December 2019 and the Company incurred an extension fee of £8,000.

On 27 February 2019, the Company announced that, at the Company's Annual General Meeting ("AGM"), held on 27 February 2019, votes against Resolutions 1 and 6 were received. Please refer below for further information.

Significant vote against AGM resolutions
The Board took note of the votes cast against Resolutions 1 and 6 at the AGM held in February 2019. The Board believes that the votes against Resolution 1 related to the fact that, on 11 February 2019, a shareholder advisory group published a recommendation to vote against Resolution 1 stating that the disclosure of the Portfolio Manager's contract in the annual report of the Company did not meet the advisory group's requirements. Following representations by the Company, the advisory group agreed that the required information was indeed included in the annual report and, on 13 February 2019, they informed the Company that they had amended their advice on Resolution 1 to a recommendation to vote in favour.

The Board believes that the votes against Resolution 6 relate to the fact that, as disclosed in the annual report, Mark Hodgson is not considered an independent director because he is a director of Carne Global AIFM Solutions (C.I) Limited ("Carne"). As explained in our financial statements, Carne is legally the Manager so that the Company can fully comply with the Alternative Investment Fund Managers Directive (AIFMD). Carne has formally delegated portfolio management to the Portfolio Manager. Carne itself undertakes a rigorous risk management function in respect of the portfolio and exercises a robust oversight of River & Mercantile Asset Management LLP, the designated Portfolio Manager. Carne is completely independent of the Portfolio Manager which ensures that there are no conflicts of interest as it performs its oversight functions.

Significant vote against AGM resolutions (continued)

The opinion of the other Directors is that Mark Hodgson provides considerable and complementary expertise to the Board, particularly in the area of risk management, in which Carne has a significant presence. In accordance with the recommendations of the Association of Investment Companies in relation to non-independent directors, Mark is subject to annual re-election; and indeed the independent directors also put themselves forward for annual re-election. The Board has been in touch with shareholders who we are aware voted against both Resolutions and found them to be content. The Board would like to take this opportunity to say that the Chairman is always willing to meet with shareholders to discuss any questions or issues they might have about the Company.

Company investment objective

The Company aims to achieve long term capital growth from investments in a diversified portfolio of UK Micro Cap companies, typically comprising companies with a free float market capitalisation of less than £100 million at the time of purchase.

The Company invests in a diversified portfolio of UK Micro Cap companies. It is expected that the majority of the Company's investible universe will comprise companies whose securities are admitted to trading on AIM.

While it is intended that the Company will be fully invested in normal market conditions, the Company may hold cash on deposit or invest on a temporary basis in a range of high quality debt securities and cash equivalent instruments. There is no restriction on the amount of cash or cash equivalent instruments that the Company may hold and there may be times when it is appropriate for the Company to have a significant cash position instead of being fully or near fully invested.

The Company will not be benchmark-driven in its asset allocation.

Diversification

The number of holdings in the portfolio will usually range between 30 and 50.

The portfolio is expected to be broadly diversified across sectors and, while there are no specific limits placed on exposure to any sector, the Company will at all times invest and manage the portfolio in a manner consistent with spreading investment risk.

Investment restrictions

No exposure to any investee company will exceed 10% of NAV at the time of investment.

The Company may from time to time take sizeable positions in portfolio companies. However, in such circumstances, the Company would not normally intend to hold more than 25% of the capital of a single investee company at the time of investment.

Although the Company would not normally expect to hold investments in securities that are unquoted, it may do so from time to time but such investments will be limited in aggregate to 10% of NAV.

The Company may invest in other investment funds, including listed closed-ended investment funds, to gain investment exposure to UK Micro Cap companies but such exposure will be limited, in aggregate, to 10% of NAV at the time of investment.

Borrowing and gearing policy

The Company does not normally intend to employ gearing but at certain times it may be opportune to do so, for both investment and working capital purposes. Accordingly, the Company may employ gearing up to a maximum of 20% of NAV at the time of borrowing. Refer to note 14 for further details of current borrowing facilities.

Derivatives

The Company may use derivatives (both long and short) for the purposes of efficient portfolio management only. The Company will not enter into uncovered short positions.

EXECUTIVE SUMMARY (CONTINUED)

Company investment objective (continued)

Derivatives (continued)

Further information can be found in the Portfolio Manager’s Report which is incorporated within this Half-Yearly Financial Report on pages 12 to 17 for informational purposes only.

Director interests

The Board comprises four Directors, three of whom are independent: Andrew Chapman, Ian Burns and Trudi Clark; Mark Hodgson is Managing Director of the Manager and is therefore not regarded as independent. All the independent Directors are also members of the Audit Committee, Management Engagement Committee and Remuneration and Nomination Committee.

Information on the Directors' remuneration is detailed in note 6.

As at the date of approval of the Half-Yearly Financial Report, Directors held the following number of Ordinary Shares in the Company:

Director	Ordinary Shares held
Andrew Chapman	13,562
Ian Burns	5,500
Trudi Clark	11,445
Mark Hodgson	22,040

Transactions in Ordinary Shares by Directors are outlined in note 6. Ordinary Shares held by Directors have decreased in line with each compulsory redemption with the exception of those held by Ian Burns which were purchased after the last redemption.

No Director has any other interest in any contract to which the Company is a party with the exception of Mark Hodgson who acts as the Managing Director of the Manager.

Information on each Director is shown in the Board Members section of this Half-Yearly Financial Report.

Principal risks and uncertainties

When considering the total return of the Company, the Board takes account of the risk which has been taken in order to achieve that return. The Board looks at the following risk factors as listed below:

- Investment and liquidity risk
- Portfolio concentration and macro-economic risks

Information on these risks and how they are managed is given in the Annual Financial Report for the year ended 30 September 2018 on pages 9 and 10. In the view of the Board these principal risks and uncertainties are as applicable to the remaining six months of the financial year as they were in the six months under review.

Going concern

Under the UK Corporate Governance Code and applicable regulations, the Directors are required to satisfy themselves that it is reasonable to assume that the Company is a going concern and to identify any material uncertainties to the Company’s ability to continue as a going concern for at least 12 months from the date of approving the condensed financial statements.

The Directors are satisfied that, at the time of approving the condensed financial statements, no material uncertainties exist that may cast significant doubt concerning the Company’s ability to continue for the foreseeable future, being 12 months after approval of the condensed financial statements. In addition, the Company’s holdings of cash and cash equivalents, the liquidity of investments and the income deriving from those investments, means the Company has adequate financial resources to meet its liabilities as they fall due. Therefore, the Directors consider it appropriate to adopt the going concern basis in preparing the condensed financial statements.

EXECUTIVE SUMMARY (CONTINUED)

Events after the reporting date

The Directors are not aware of any developments that might have a significant effect on the operations of the Company in subsequent financial periods which are not already disclosed in this report or note 16 of the attached condensed financial statements.

Future strategy

The Board continues to believe that the investment strategy and policy adopted is appropriate for and is capable of meeting the Company's objectives.

The overall strategy remains unchanged and it is the Board's assessment that the Manager and Portfolio Manager's resources are appropriate to properly manage the Company's investment portfolio in the current and anticipated investment environment.

Please refer to the Portfolio Manager's Report on pages 12 to 17 for details regarding performance to date of the investment portfolio and the main trends and factors likely to affect those investments.

Related parties

Refer to note 15 for information on related party transactions.

BOARD MEMBERS

All Directors are non-executive.

CHAIRMAN

Andrew Chapman, (independent).
Appointed 2 October 2014.
Andrew holds both a BA and an MPhil in Economic & Social History. He began his career in 1978 as a UK equity fund manager.

In 1984, Andrew was appointed to the in-house investment management team for the British Aerospace Pension Fund, where he had responsibility for directly investing in a number of listed markets. In 1991, Andrew took the position of Investment Manager at United Assurance plc, where he was responsible for asset allocation and leading a team of in-house fund managers managing approximately £12 billion in assets. Andrew was subsequently a director of Teather & Greenwood Investment Management Limited, before joining Hewitt Associates as a Senior Consultant. Between 1994 and 2003, Andrew served as a non-executive director of the Hambros Smaller Asian Companies Investment Trust plc (which subsequently became The Asian Technology Trust plc).

In 2003, Andrew was appointed as the first in-house Pension Investment Manager for the John Lewis Partnership Pension Fund, with responsibility for the overall investment strategy as well as the appointment and performance of 27 external fund managers across all asset classes. He retired from that role in 2012 and then served as the CIO for The Health Foundation until September 2015.

Since 2012 Andrew has developed a portfolio of roles, including being a member of the investment committees of: Homerton College (Cambridge University); Coller Capital Partners; and the Property Charities Fund. He is also a non-executive director of Steadfast International Limited, Steadfast Long Capital Limited, GT ERISA Fund, GT Offshore Fund, and Kidney Care UK.

DIRECTORS

Ian Burns, (independent) - Chairman of the Audit Committee and Senior Independent Director.
Appointed 2 October 2014.
Ian is a fellow of the Institute of Chartered Accountants in England & Wales. He is the founder and Executive Director of Via Executive Limited, a specialist management consulting company and the managing director of Regent Mercantile Holdings Limited, a privately owned investment company. He is licensed by the Guernsey Financial Services Commission as a personal fiduciary.

Ian is currently a non-executive director and audit committee chairman of London Stock Exchange listed Twenty Four Income Fund Limited and Director of AIM listed Fast Forward Innovations Limited. He is also a non-executive director of Darwin Property Management (Guernsey) Limited, Curlew Capital Guernsey Limited and Premier Asset Management (Guernsey) Ltd.

BOARD MEMBERS (CONTINUED)
DIRECTORS (CONTINUED)

Trudi Clark, (independent) - Chairman of the Remuneration and Nomination Committee and Management Engagement Committee.
Appointed 2 October 2014.
Trudi graduated with a first class honours degree in business studies and is a qualified Chartered Accountant.

Trudi spent 10 years working in chartered accountancy practices in the UK and Guernsey. In 1991, she joined the Bank of Bermuda to head their European internal audit function before moving into private banking in 1993.

Between 1995 and 2005, Trudi worked for Schroders (C.I.) Limited, an offshore private bank and investment manager. She was appointed to the position of banking director in 2000 and managing director in 2003. In 2005, Trudi left Schroders to establish and run a private family office.

In July 2009, Trudi established the Guernsey practice of David Rubin & Partners LLP, an internationally known insolvency and liquidation specialist. Since June 2018 she has been a full time non-executive director.

Trudi holds several non-executive directorships which include F & C Commercial Property Trust Limited, NB Private Equity Partners Limited, Alcentra European Floating Rate Income Fund and the Schiehallion Fund Limited which are listed on the London Stock Exchange. She also holds a personal fiduciary licence issued by the GFSC.

Mark Hodgson.
Appointed 2 October 2014.
Mark has over 25 years' financial services experience, with an extensive banking background having spent over 20 years with HSBC where he gained an in-depth knowledge of credit, financial markets and complex lending structures.

Prior to 2006, Mark was regional director for HSBC Invoice Finance (UK) Limited, where he was responsible for running the receivables finance business. In 2006, Mark moved to Jersey to head up HSBC's Commercial Centre, having full operational responsibility for credit and lending within the jurisdiction.

In 2008, Mark moved to Capita Fiduciary Group as managing director of Offshore Registration, a regulated role in which he had responsibility for Jersey, Guernsey and the Isle of Man. Mark also took on the regulated role of managing director of Capita Financial Administrators (Jersey) Limited, together with directorships of regulated and unregulated funds.

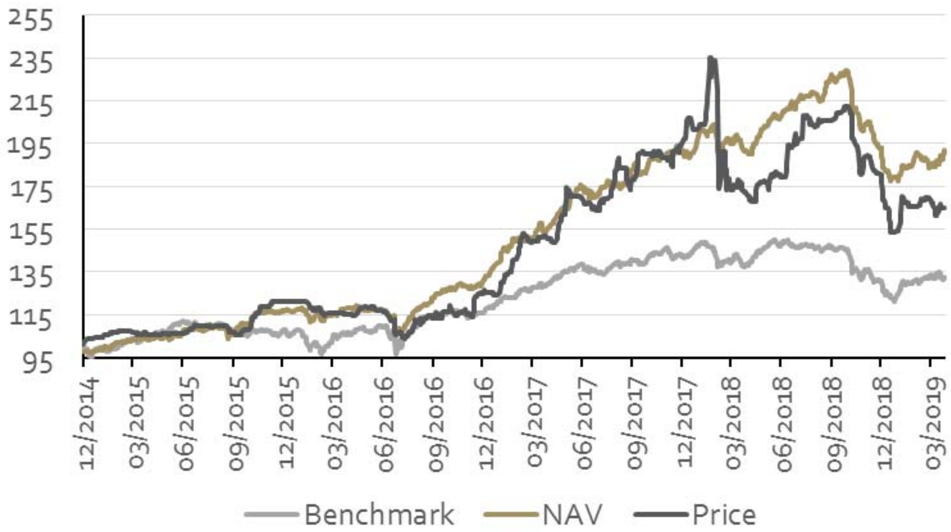
In April 2014, Mark joined Carne Global Financial Services (C.I.) Limited as managing director.

PORTFOLIO MANAGER'S REPORT

This Portfolio Manager's Report is compiled with reference to the underlying investment portfolio. Therefore, all positions are calculated by reference to their official closing mid-market prices (as opposed to the closing bid prices used within the condensed financial statements). The estimated unaudited NAV referenced below is calculated on a daily basis utilising closing bid prices and is inclusive of all estimated charges and accruals.

Review of performance

The six months to 31 March 2019 represented a challenging period of performance for the River and Mercantile UK Micro Cap Investment Company with the NAV decreasing by 16.4%, underperforming the benchmark, which was down 8.6%, by 7.8%. Since inception, the NAV has increased by 95.5% with the benchmark up 35.4% over the same period.



Source: River and Mercantile Asset Management LLP
Note: NAV data based on daily unaudited estimations

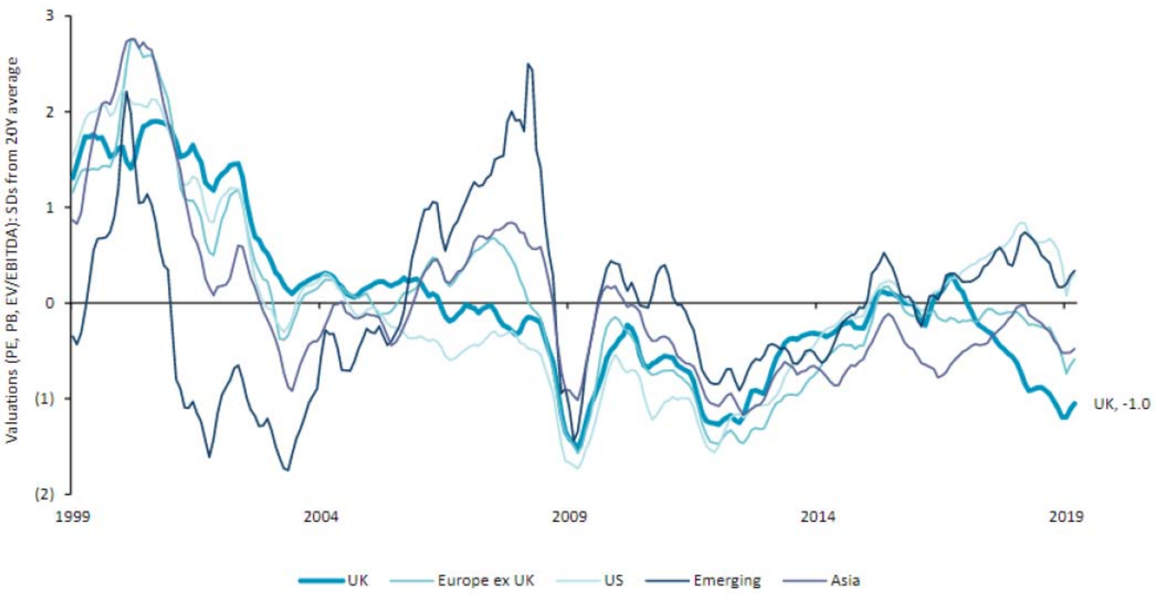
The Company recorded an all-time high NAV on the final day of September 2018 following a period of strong performance in global equity indices, particularly for growth stocks and smaller companies which is an ideal environment for the Company's strategy. Prompted by a flattening yield curve and softening lead indicators, fears of a synchronised global growth slowdown undermined investor confidence and almost all asset classes were significantly impacted. By the end of the year, market sentiment troughed and a volte-face from central banks, not least the Federal Reserve and People's Bank of China, drove a strong rebound in global markets.

The S&P500, on a total return basis, finished the period just 0.58% lower, almost flat. This compares to the Company's benchmark, the Numis Smaller Companies (excluding Investment Companies) index which, as stated above, fell 8.6%. The charts overleaf illustrate the fantastic opportunity that the underperformance of UK equities, specifically small and micro-cap UK equities, has created over the past two years versus either their larger counterparts or global equities. Figure 1 shows that, on a blend of valuation metrics, the UK is trading one standard deviation cheaper than its own 20-year history, more so than any of the other regions. Figure 2 illustrates the substantial de-rating of smaller cap companies. Finally, figure 3 shows where the various cohorts of equities are trading versus their own 20-year history; a score of 0.5 would indicate that those stocks were valued in-line with their 20-year average valuation. The shares of companies with a market cap of less than £500m are trading at a 40% discount to their 20-year average valuation.

PORTFOLIO MANAGER'S REPORT (CONTINUED)

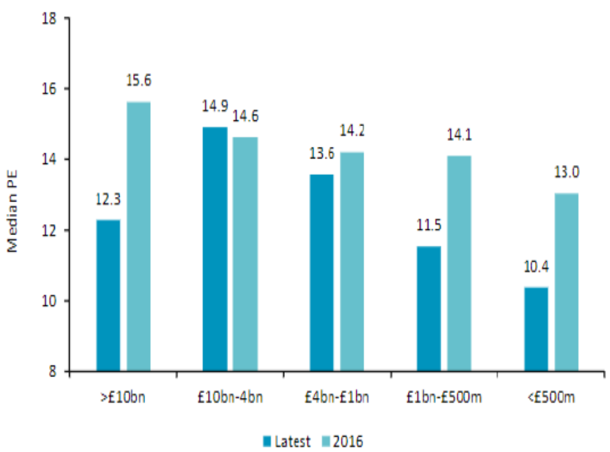
Review of performance (continued)

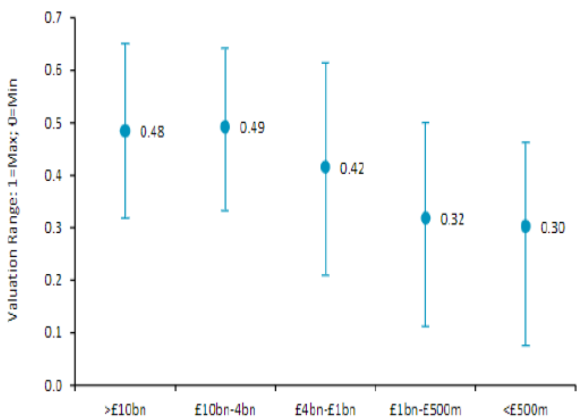
Figure 1: Deviations from 20-year average of major regions



Source: Panmure Gordon, Datastream

Figure 2(L) and 3(R): Valuation opportunity in UK Micro Caps





Source: Panmure Gordon, Datastream

In line with our philosophy, we will continue to construct a portfolio of companies that have the **P**otential to create shareholder value at attractive **V**aluations with supportive **T**iming. Our **PVT** philosophy has delivered the Company's strong performance since inception and will continue to be at the heart of everything we do. The investment universe has a natural bias towards Growth companies given the focus on sub £100m market capitalisation businesses. As such, we would envisage approximately half of the NAV being invested in Growth, with the majority of the balance invested in Quality and the balance split between Recovery and Asset backed.

PORTFOLIO MANAGER'S REPORT (CONTINUED)

Portfolio Holdings with a contribution to return above or below 1%

	Contribution to Return
Litigation Capital Mgmt	2.23%
Shanta Gold	1.34%
Lekoil	-1.06%
ULS Technology	-1.10%
RA International	-1.52%
SDX Energy	-1.57%
Taptica	-1.72%
redT Energy	-1.73%
Boku	-1.73%
Allergy Therapeutics	-2.44%

Source: FactSet

We participated in the December initial public offer of Litigation Capital Management, which, as the name suggests, is a funding business. The company has a strong track record of high returns having operated in Australia since 1998 underpinning a high conviction Quality investment case. The shares were listed at 52p and closed the period at 94.6p delivering an attractive 82% return. Shanta Gold, the Tanzanian gold miner, continues to deliver and, crucially, de-lever. Despite some gain in the share price during the period which related to an overhang of stock being removed, the shares trade on just 2x EV/EBITDA and substantial opportunity remains.

Sigma Capital, the leading UK private rented sector (PRS) investor closed the period 26% lower with the shares falling from an all-time high post their interim results in late September. The company announced a strong full year trading update in January.

Lekoil and SDX Energy, down 54% and 38% respectively, failed to move with the oil price which bounced 27% (Brent) in the first quarter. Whilst both are E&P companies, there is little to no spend on exploration for either company and both have attractive netbacks and cash generation at current (and lower) oil prices.

ULS Technology, the conveyancing comparison business, was purchased in September. It was a poorly timed purchase ahead of a profit warning resulting from a depressed level of housing transactions in the UK. Consensus expectations moved down 7% whilst the shares finished the period 37% lower, an unjustified de-rating of a business that is growing market share from a low base.

Boku, the leader in direct carrier billing, reported phenomenal growth in 2018, beating raised expectations and generating substantial cash. We had been profit taking throughout the summer before the shares were aggressively sold; they closed the period 39% lower, and we bought the stock back at attractive levels. It remains a high conviction Growth investment case.

Taptica, which is soon to be renamed Tremor International, has had a particularly challenging six months; the shares lost 45% over the period. The company acquires users on behalf of its customers and is typically paid when a user downloads and uses a customer's mobile app. The company delivered to upgraded profit expectations despite a slow-down in this market given concerns on the quality of users acquired. The merger with RhythmOne is sensible and should generate significant shareholder value over the next three years.

Retailers success or otherwise increasingly comes down to a few very important trading periods. Bonmarche, which had strong trading results in its first quarter, suffered from falling high street footfall before failing to discount heavily enough for Black Friday. Following several profit warnings in the period, the shares lost 78%, an equivalent 1.06% fall in the value of the Company's portfolio.

Portfolio Holdings with a contribution to return above or below 1% (continued)

RedT Energy are commercialising an energy storage solution, an increasingly integral part of energy distribution given it is not necessarily sunny or windy at the same time as consumers require it. A low cost, efficient and versatile solution, like that of RedT, is a huge opportunity. Unfortunately, as is often the case, it has taken longer and cost more than expected which culminated in a deeply discounted cash raise earlier in the year.

RA International provide project management and logistics services in remote locations, predominantly in Africa, for intergovernmental (the UN) and governmental clients. Whilst the company has just reported a record six month performance, it was below (by 11%) expectations for the business that were set at IPO. The shares lost 46% in the period and closed the period 36% below their IPO price. Whilst it is disappointing, it is another example of the market's obsession with short term EPS momentum.

Finally, and most frustratingly, Allergy Therapeutics reported a negative phase-three trial and the shares, which we considered to be significantly depressed before the news, fell further. Astonishingly, given the percentage of sales that this particular trial relates to, the shares lost 62% in the period and were, by some margin, the worst contributor to performance at -2.44%. Our prior work around the consequences of a negative result leaves us convinced that there is material value supported by the company's excellent track record of innovation and growth since it was spun out of GlaxoSmithKline.

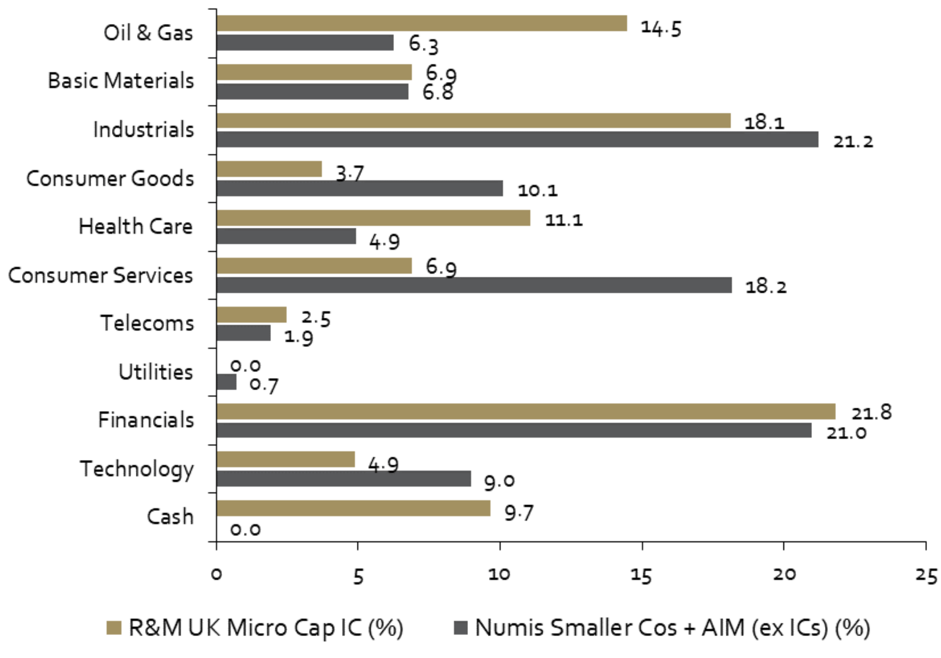
Portfolio Statistics
Top 10 Holdings

	Weight (%)
Diversified Gas & Oil	6.4
MaxCyte	5.1
Litigation Capital Mgmt	4.8
Keystone Law	4.6
Alpha FX	4.4
Boku	4.0
Tekmar Group	4.0
Shanta Gold	3.7
Sigma Capital Group	3.4
SDX Energy	3.0

Source: River and Mercantile Asset Management LLP

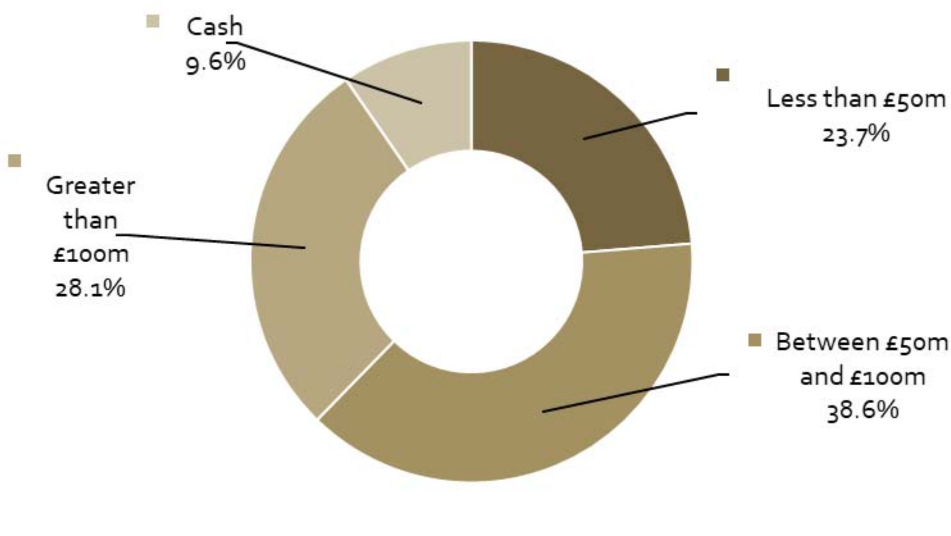
PORTFOLIO MANAGER'S REPORT (CONTINUED)

Portfolio Statistics (continued)
Industrial Sector Weightings



Source: FactSet

Market Capitalisation Breakdown



Source: Bloomberg

Outlook

The opportunity within both the current portfolio and the investable universe remains as attractive as ever. As I have previously commented, the reversal in sentiment towards micro-cap stocks in the period was extreme and remains depressed but, crucially, this supports the medium term return prospects. The combination of a robust philosophy and process, a diversified portfolio and the long term outperformance of micro-cap stocks underpins the strong investment proposition on offer to shareholders. We remain focused on delivering strong NAV performance.

PORTFOLIO MANAGER'S REPORT (CONTINUED)

Outlook (continued)
I would like to take this opportunity to thank the Company's Shareholders and Board for their ongoing support.

George Ensor
Portfolio Manager
17 May 2019

DIRECTORS' STATEMENT OF RESPONSIBILITIES

The Directors are responsible for preparing the Half-Yearly Financial Report in accordance with applicable Guernsey law and regulations.

The Directors confirm to the best of their knowledge that:

- the condensed financial statements contained within the Half-Yearly Financial Report have been prepared in accordance with IAS 34 – "Interim Financial Reporting" and provides a fair, balanced and understandable view of the affairs of the Company as at 31 March 2019, as required by the Financial Conduct Authority ("FCA") through the Disclosure Guidance and Transparency Rule ("DTR") 4.2.4R;

- the combination of the Chairman's Statement, the Portfolio Manager's Report, the Executive Summary and the notes to the condensed financial statements includes a fair review of the information required by:

  a) DTR 4.2.7R, being an indication of important events that have occurred during the period up to 31 March 2019 and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  b) DTR 4.2.8R, being related party transactions that have taken place during the period up to 31 March 2019 and that have materially affected the financial position or performance of the Company during that period; and any changes in the related parties transactions in the annual report that could have a material impact on the financial position or financial performance of the Company in the first six months of the current financial year.

Andrew Chapman
Chairman
17 May 2019

Ian Burns
Audit Committee Chairman

INDEPENDENT REVIEW REPORT TO RIVER AND MERCANTILE UK MICRO CAP INVESTMENT COMPANY LIMITED

Our conclusion

We have reviewed the accompanying condensed interim financial information of River and Mercantile UK Micro Cap Investment Company Limited (the "Company") as of 31 March 2019. Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The accompanying condensed interim financial information comprise:

- the condensed statement of financial position as of 31 March 2019;
- the condensed statement of comprehensive income for the six-month period then ended;
- the condensed statement of changes in equity for the six-month period then ended;
- the condensed statement of cash flows for the six-month period then ended; and
- the notes, comprising a summary of significant accounting policies and other explanatory information.

The condensed interim financial information has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibilities and those of the directors

The Directors are responsible for the preparation and presentation of this condensed interim financial information in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on this condensed interim financial information based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity' issued by the International Auditing and Assurance Standards Board. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Half-Yearly Financial Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers CI LLP
Chartered Accountants
Guernsey, Channel Islands
17 May 2019

(a) The maintenance and integrity of the River and Mercantile UK Micro Cap Investment Company Limited website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 March 2019

	Notes	Six months ended 31 March 2019 (Unaudited) £	Six months ended 31 March 2018 (Unaudited) £
Income			
Investment income	3	452,357	289,613
Net (loss)/gain on financial assets designated at fair value through profit or loss	8	(18,485,204)	6,597,381
Total income		**(18,032,847)**	**6,886,994**
Expenses			
Portfolio performance fees recovery/(expense)	4	1,210,297	(1,160,610)
Portfolio management fees	4	(328,644)	(399,528)
Operating expenses	5	(278,539)	(314,805)
Finance costs	14	(20,055)	(16,851)
Foreign exchange loss		(224)	(4,113)
Total expenses		**582,835**	**(1,895,907)**
(Loss)/profit before taxation		**(17,450,012)**	**4,991,087**
Taxation		-	-
(Loss)/profit after taxation and total comprehensive (loss)/ income		**(17,450,012)**	**4,991,087**
Basic and diluted (loss)/earnings per Ordinary Share	12	(0.3757)	0.0914

The Company has no items of other comprehensive income, and therefore the (loss)/profit for the period is also the total comprehensive (loss)/income.

All items in the above statement are derived from continuing operations. No operations were acquired or discontinued during the period.

The notes on pages 24 to 34 form an integral part of these condensed financial statements.

CONDENSED STATEMENT OF FINANCIAL POSITION
As at 31 March 2019

	Notes	**31 March 2019 (Unaudited) £**	**30 September 2018 (Audited) £**
Non-current assets			
Financial assets designated at fair value through profit or loss	8	80,411,364	102,227,116
Current assets			
Cash and cash equivalents		3,820,137	4,674,315
Trade receivables – securities sold awaiting settlement		5,290,000	819,559
Other receivables	7	91,344	121,637
Total current assets		**9,201,481**	**5,615,511**
Total assets		**89,612,845**	**107,842,627**
Current liabilities			
Trade payables – securities purchased awaiting settlement		(385,789)	-
Other payables	9	(257,741)	(1,423,300)
Total current liabilities		**(643,530)**	**(1,423,300)**
Total liabilities		**(643,530)**	**(1,423,300)**
Net assets		**88,969,315**	**106,419,327**
Capital and reserves			
Stated capital	11	-	-
Share premium	11	28,391,852	28,391,852
Retained earnings		60,577,463	78,027,475
Equity Shareholders' funds		**88,969,315**	**106,419,327**

The condensed financial statements on pages 20 to 34 were approved and authorised for issue by the Board of Directors on 17 May 2019 and signed on its behalf by:

Andrew Chapman
Chairman

Ian Burns
Audit Committee Chairman

The notes on pages 24 to 34 form an integral part of these condensed financial statements.

CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months ended 31 March 2019 (Unaudited)

	Note	Stated capital £	Share premium £	Retained earnings £	Total £
Opening equity Shareholders' funds at 1 October 2018		**-**	**28,391,852**	**78,027,475**	**106,419,327**
Total comprehensive loss for the period		-	-	(17,450,012)	(17,450,012)
Transactions with owners, recorded directly to equity					
Redemption of Ordinary Shares	11	-	-	-	-
Ordinary Share redemption costs	11	-	-	-	-
Closing equity Shareholders' funds at 31 March 2019		**-**	**28,391,852**	**60,577,463**	**88,969,315**

For the six months ended 31 March 2018 (Unaudited)

	Note	Stated capital £	Share premium £	Retained earnings £	Total £
Opening equity Shareholders' funds at 1 October 2017		**-**	**55,333,617**	**54,343,584**	**109,677,201**
Total comprehensive income for the period		-	-	4,991,087	4,991,087
Transactions with owners, recorded directly to equity					
Redemption of Ordinary Shares	11	-	(14,999,850)	-	(14,999,850)
Ordinary Share redemption costs	11	-	(9,000)	-	(9,000)
Closing equity Shareholders' funds at 31 March 2018		**-**	**40,324,767**	**59,334,671**	**99,659,438**

The notes on pages 24 to 34 form an integral part of these condensed financial statements.

CONDENSED STATEMENT OF CASH FLOWS
For the six months ended 31 March 2019

	Notes	Six months ended 31 March 2019 (Unaudited) £	Six months ended 31 March 2018 (Unaudited) £
Cash flows from operating activities			
(Loss)/profit before taxation for the period		(17,450,012)	4,991,087
Adjustments to reconcile (loss)/profit before tax to net cash flows:			
- Realised gain on financial assets designated at fair value through profit or loss	8	(5,098,321)	(13,470,678)
- Unrealised loss on financial assets designated at fair value through profit or loss	8	23,583,525	6,873,297
Purchase of financial assets designated at fair value through profit or loss[1]	8	(14,433,023)	(8,413,365)
Proceeds from sale of financial assets designated at fair value through profit or loss[2]	8	13,678,919	19,547,060
Changes in working capital			
Decrease in other receivables and prepayments		30,293	47,151
(Decrease)/increase in other payables		(1,165,559)	134,886
Net cash (used in)/from operating activities		**(854,178)**	**9,709,438**
Cash flows from financing activities			
Redemption of Ordinary Shares	11	-	(14,999,850)
Ordinary Share redemption costs paid		-	(9,000)
Net cash used in financing activities		**-**	**(15,008,850)**
Net decrease in cash and cash equivalents in the period		**(854,178)**	**(5,299,412)**
Cash and cash equivalents at beginning of the period		4,674,315	12,784,179
Cash and cash equivalents at the end of the period		**3,820,137**	**7,484,767**

[1] – Payables relating to purchases of financial assets designated at fair value through profit or loss at 31 March 2019 amounted to £385,789 (31 March 2018: £1,500,401).
[2] – Proceeds outstanding at 31 March 2019 relating to sales of financial assets designated at fair value through profit amounted to £5,290,000 (31 March 2018: £243,045).

The notes on pages 24 to 34 form an integral part of these condensed financial statements.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. General information

The Company was incorporated as a non-cellular company with liability limited by shares in Guernsey under The Companies (Guernsey) Law 2008 (the “Companies Law”) on 2 October 2014. It listed its Ordinary Shares on the Premium Segment of the Official List of the UK Listing Authority and was admitted to trading on the Main Market of the London Stock Exchange on 2 December 2014.

The Company has been registered by the GFSC as a registered closed-ended collective investment scheme pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended, and the RCIS Rules 2018. The Company registered number is 59106.

The Company’s registered address is BNP Paribas House, St Julian’s Avenue, St Peter Port, Guernsey, GY1 1WA

2. Accounting policies

The Half-Yearly Financial Report has been prepared in accordance with the Disclosure Guidance and Transparency Rules of the FCA and with International Accounting Standard (IAS) 34 – ‘Interim Financial Reporting’. The condensed financial statements do not include all the notes of the type normally included in an Annual Financial Report. Accordingly, this report is to be read in conjunction with the Annual Financial Report for the year ended 30 September 2018. The Half-Yearly Financial Report has also been prepared using the same accounting policies applied for the year ended 30 September 2018 Annual Financial Report, which was prepared in accordance with International Financial Reporting Standards (“IFRS”), except for new standards adopted by the Company as set out below.

The Company applied, for the first time, *IFRS 9 – Financial Instruments* (“IFRS 9”) which became effective for the Company from 1 October 2018. This did not result in a restatement of previous financial statements. As required by IAS 34, the nature and effect of these changes are disclosed below.

IFRS 9 replaces IAS 39 – Financial Instruments: Recognition and Measurement
IFRS 9 introduced a new approach to the classification of financial assets which is driven by the business model in which the asset is held and their cash flow characteristics. A new business model approach was introduced which does allow certain financial assets to be categorised as “amortised cost” or “fair value through other comprehensive income” in certain circumstances; in other circumstances those assets are measured as “fair value through profit or loss”. IFRS 9 carries forward the derecognition requirements of financial assets and liabilities from IAS 39.

Trade and other receivables are subsequently measured at amortised cost using the effective interest rate method less expected credit losses.

The accounting policies in respect of financial instruments are set out below at 2.3 due to the significance of financial instruments to the Company. Policies in respect of financial instruments have been consistently applied to all the periods presented with exception for changes arising from the adoption of IFRS 9 explained above. The Directors have undertaken an assessment of the impact of IFRS 9 on the Company’s financial statements and concluded that there is no impact to the recognition and measurement of the Company’s financial assets.

All other accounting policies have been consistently applied to all periods presented.

2.1 Going Concern

The Directors consider it is appropriate to adopt the going concern basis in preparing the condensed financial statements as no material uncertainties exist that may cast significant doubt concerning the Company’s ability to continue for 12 months after the date of approval of the condensed financial statements.

2.2 Segmental reporting

The Directors view the operations of the Company as one operating segment, being investment in UK Micro Cap Companies. All significant operating decisions are based upon analysis of the Company’s investments as one segment. The financial results from this segment are equivalent to the financial results of the Company as a whole, which are evaluated regularly by the chief operating decision-maker (the Board with insight from the Portfolio Manager).

2. Accounting policies (continued)
2.3 Financial instruments
Financial Assets
a) Classification
The Company classifies its investments in equity securities as financial assets designated at fair value through profit or loss as they are held for investment purposes. These financial assets are managed, and their performance is evaluated on a fair value basis in accordance with the Company's documented investment strategy. The Company's policy requires the Portfolio Manager and the Board of Directors to evaluate the information about these financial assets on a fair value basis together with other related financial information. Furthermore, these financial assets do not possess contractual cash flows.

Financial assets also include cash and cash equivalents as well as trade receivables and other receivables which are classified as amortised cost using the effective interest rate method.

b) Recognition, measurement and derecognition
Purchases and sales of investments are recognised on the trade date – the date on which the Company commits to purchase or sell the investment. Financial assets designated at fair value through profit or loss are measured initially at fair value. Transaction costs are expensed as incurred and movements in fair value are recorded in the Statement of Comprehensive Income. Subsequent to initial recognition, all financial assets designated at fair value through profit or loss are measured at fair value.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

c) Fair value estimation
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

As at 31 March 2019, the Company held investments in a diversified portfolio of UK Micro Cap Companies, typically comprising companies with a free float market capitalisation of less than £100 million at the time of purchase, whose securities are admitted to trading on AIM.

Investments are valued at fair value, which are quoted bid prices for investments traded in active markets.

As all the Company's financial assets are quoted securities which are traded in active markets as at 31 March 2019, in the opinion of the Directors, the fair value of the financial assets for the six months ended 31 March 2019 are not subject to significant judgments, estimates or assumptions.

d) Valuation process
The Directors are in ongoing communications with the Portfolio Manager and hold meetings on a timely basis to discuss performance of the investment portfolio and the valuation methodology and in addition review monthly investment performance reports.

The Directors analyse the investment portfolio in terms of both investment mix and fair value hierarchy and consider the impact of general credit conditions and/or events that occur in the global corporate environments which may impact the economic conditions in the UK and ultimately on the valuation of the investment portfolio.

Financial liabilities
a) Classification
Securities purchased awaiting settlement represent payables for investments that have been contracted for but not yet settled or delivered on 31 March 2019. Financial liabilities include amounts due to brokers and other payables which are held at amortised cost using the effective interest rate method.

b) Recognition, measurement and derecognition
Financial liabilities are recognised initially at fair value, net of transaction costs incurred and are subsequently carried at amortised cost using the effective interest rate method. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

3. Investment income

	Six months ended 31 March 2019 (Unaudited) £	Six months ended 31 March 2018 (Unaudited) £
Investment income	440,910	273,362
Bank interest	11,447	16,251
Total investment income	**452,357**	**289,613**

4. Portfolio management and performance fees

On 3 November 2014, the Company signed an Investment Management agreement with the Manager and the Portfolio Manager, whereby the Manager delegated to the Portfolio Manager overall responsibility for the discretionary management of the Company assets in accordance with the Company's investment objective and policy.

The Manager or the Portfolio Manager may voluntarily terminate the Investment Management agreement by providing six months' notice in writing. The Manager's power to terminate the appointment of the Portfolio Manager under the Investment Management agreement may only be exercised under the direction of the Board and the Manager has agreed to comply with the instructions of the Board as regards to any proposed termination of the Portfolio Manager's appointment.

Under the agreement, the Portfolio Manager is entitled to receive a base fee and performance fee. The Portfolio Manager base fee is payable monthly in arrears at a rate of one-twelfth of 0.75% of NAV. A performance fee equal to 15% of the amount by which the Company's NAV outperforms the total return on the benchmark, (being Numis Smaller companies plus AIM (excluding Investment Companies) total return index), will be payable to the Portfolio Manager over a performance period.

The performance period is the period between two redemptions, being the first business day after the calculation date, (referable to the earlier redemption (opening date)), and the end day of the calculation date (referable to the later redemption (closing date)). The first opening date was the date of admission and in circumstances in which a performance fee may be payable upon termination of this Agreement, the final closing date shall be the date in which the agreement is terminated. The calculation date is the date determined by the Board for the calculation of the price to be paid on any particular exercise of the redemption mechanism. The performance fee is only paid when the Company implements the redemption mechanism as detailed in note 11.

During the six months ended 31 March 2019, the Company recognised the reversal of the performance fees accrued as at 30 September 2018 of £1,210,297 (31 March 2018: the Company recognised performance fees expense of £1,160,610). As at 31 March 2019, no performance fees were accrued (30 September 2018: £1,210,297) and no performance fees were paid during the period (31 March 2018: £1,026,823). Please refer to page 3 for details of the Company's previous redemptions.

5. Operating expenses

	Six months ended 31 March 2019 (Unaudited) £	**Six months ended 31 March 2018 (Unaudited) £**
Directors' fees	59,836	58,520
AIFM fees	26,372	27,055
Audit fees	19,055	18,500
Non-audit fees	17,500	17,000
Administration fees	61,271	74,249
Broker fees	19,945	25,006
Custody fees	8,495	9,010
Registrar fees	8,855	17,520
Transaction fees	18,680	25,088
Sundry expenses	31,200	41,443
Legal and professional fees	7,330	1,414
Total operating expenses	**278,539**	**314,805**

Non-audit fees
Non-audit fees incurred during the period ended 31 March 2019 relating to interim review services amounted to £17,500. For the period ended 31 March 2018, non-audit fees related to interim review services amounting to £17,000. Non-audit fees payable as at 31 March 2019 were £17,500 (30 September 2018: £nil).

AIFM fee
On 21 October 2014, the Company signed an AIFM agreement with the Manager to act as the Company's AIFM. Under the agreement, the Manager is entitled to an annual fixed fee of £54,000. The annual fixed fee is paid quarterly in arrears. AIFM fees payable as at 31 March 2019 were nil (30 September 2018: nil). The AIFM agreement can be terminated by either the Company or the Manager by giving the other not less than ninety days' written notice or on immediate notice on the occurrence of certain "cause" events.

Custody fee
On 21 October 2014, the Company signed a Global Custody Agreement with the Manager and the Administrator, whereby the Company appointed the Administrator to carry out custodian services. In its role as custodian, the Administrator is entitled to a fee payable by the Company on a transaction by transaction and ad-valorem fee basis. Custody fees payable as at 31 March 2019 were £913 (30 September 2018: £1,101).

Administration fee
On 21 October 2014, the Company signed an agreement with the Administrator to provide administrative, compliance oversight and company secretarial services to the Company. Under the administration agreement, the Administrator will be entitled to a minimum annual fixed fee for fund administration services, company secretarial and compliance services. These fees are paid monthly in arrears. Ad hoc other administration services are chargeable on a time cost basis. In addition, the Company will reimburse the Administrator for any out of pocket expenses. Administration fees payable as at 31 March 2019 were £7,557 (30 September 2018: £8,162).

Broker fee
On 20 January 2015, the Company signed a Corporate Stockbroker and Financial Adviser agreement with Winterflood Investment Trusts (a division of Winterflood Securities Limited) ("Winterflood"), to provide corporate stockbroker and financial adviser services to the Company. Under the agreement, Winterflood was entitled to a fee payable by the Company of £50,000 per annum payable half yearly in arrears.

On 1 August 2018, the Company announced it had replaced Winterflood with Cantor Fitzgerald Europe ("Cantor Fitzgerald"), to provide corporate stockbroker and financial adviser services to the Company as the Company's sole broker. Under the agreement, Cantor Fitzgerald is entitled to a fee payable by the Company of £40,000 per annum payable quarterly in arrears.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

5. Operating expenses (continued)
Broker fee (continued)
Total broker fees incurred during the six months were £19,945 (31 March 2018: £25,006). Broker fees payable as at 31 March 2019 were £3,397 (30 September 2018: £11,467).

6. Directors' fees and interests
The Directors of the Company were remunerated for their services at a fee of £25,000 per annum (£40,000 for the Chairman) and the Chairman of the Audit Committee received an additional £5,000 for his services in this role.

The Company has no employees other than the Directors. Directors' fees payable as at 31 March 2019 were £29,589 (30 September 2018: £29,589).

On 2 October 2018, Ian Burns purchased 5,500 Ordinary Shares at a price of £2.1250 per share, with a total market value of £11,688.

As at the date of approval of the Half-Yearly Financial Report, Andrew Chapman, Trudi Clark, Mark Hodgson and Ian Burns held 13,562, 11,445, 22,040 and 5,500 Ordinary Shares in the Company respectively. No pension contributions were payable in respect of any of the Directors.

7. Other receivables

	31 March 2019 (Unaudited) £	30 September 2018 (Audited) £
Dividend receivable	85,860	113,889
Prepayments	5,450	7,705
Bank interest receivable	33	42
Ordinary Share receivable	1	1
Total other receivables	**91,344**	**121,637**

The Directors believe that these balances are fully recoverable and therefore have not recognised any expected credit losses.

8. Financial assets designated at fair value through profit or loss

	31 March 2019 (Unaudited) £	30 September 2018 (Audited) £
Financial assets designated at fair value through profit or loss	80,411,364	102,227,116

The Company has invested the proceeds raised from the initial Ordinary Share issue and subsequent Ordinary Share tap issues in a portfolio of UK Micro Cap Companies in line with its investment strategy. These investments are predominantly comprised of companies whose securities are admitted to trading on the AIM, with a free float market capitalisation of less than £100 million at the time of purchase.

Fair value hierarchy
IFRS 13 'Fair Value Measurement' requires an analysis of investments valued at fair value based on the reliability and significance of information used to measure their fair value.

The Company categorises its financial assets according to the following fair value hierarchy detailed in IFRS 13, that reflects the significance of the inputs used in determining their fair values:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

8. Financial assets designated at fair value through profit or loss (continued)
Fair value hierarchy (continued)

Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable variable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Financial assets	Level 1 (Unaudited) £	Level 2 (Unaudited) £	Level 3 (Unaudited) £	31 March 2019 Total (Unaudited) £
Financial assets designated at fair value through profit or loss	80,411,364	-	-	80,411,364

Financial assets	Level 1 (Audited) £	Level 2 (Audited) £	Level 3 (Audited) £	30 September 2018 Total (Audited) £
Financial assets designated at fair value through profit or loss	102,227,116	-	-	102,227,116

Financial assets designated at fair value through profit or loss reconciliation
The following table shows a reconciliation of all movements in the fair value of financial assets categorised within Level 1 to 3 between the beginning and the end of the reporting period.

31 March 2019	Level 1 (Unaudited) £	Level 2 (Unaudited) £	Level 3 (Unaudited) £	Total (Unaudited) £
Opening valuation	**102,227,116**	-	-	**102,227,116**
Purchases during the period	14,818,812	-	-	14,818,812
Sales - proceeds during the period	(18,149,360)	-	-	(18,149,360)
Realised gain on financial assets designated at fair value through profit or loss[1]	5,098,321	-	-	5,098,321
Unrealised loss on financial assets designated at fair value through profit or loss[2]	(23,583,525)	-	-	(23,583,525)
Closing valuation	**80,411,364**	**-**	**-**	**80,411,364**
Total net gain on financial assets for the period ended 31 March 2019	(18,485,204)	-	-	(18,485,204)

[1] Realised gain on financial assets designated at fair value through profit or loss is made up of £8,377,558 gain and £(3,279,237) loss.
[2] Unrealised gain on financial assets designated at fair value through profit or loss is made up of £7,647,904 gain and £(31,231,429) loss.

During the period ended 31 March 2019, there were no reclassifications between levels of the fair value hierarchy.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

8. Financial assets designated at fair value through profit or loss (continued)
Financial assets designated at fair value through profit or loss reconciliation (continued)

30 September 2018	Level 1 (Audited) £	Level 2 (Audited) £	Level 3 (Audited) £	Total (Audited) £
Opening valuation	**97,606,392**	-	-	**97,606,392**
Purchases during the year	21,826,770	-	-	21,826,770
Sales - proceeds during the year	(44,961,516)	-	-	(44,961,516)
Realised gain on financial assets designated at fair value through profit or loss[3]	25,702,170	-	-	25,702,170
Unrealised gain on financial assets designated at fair value through profit or loss[4]	2,053,300	-	-	2,053,300
Closing valuation	**102,227,116**	**-**	**-**	**102,227,116**
Total gain on financial assets for the year ended 30 September 2018	27,755,470	-	-	27,755,470

[3] Realised gain on financial assets designated at fair value through profit or loss is made up of £28,254,645 gain and £(2,552,475) loss.
[4] Unrealised gain on financial assets designated at fair value through profit or loss is made up of £22,948,843 gain and £(20,895,543) loss.

During the year ended 30 September 2018, there were no reclassifications between levels of the fair value hierarchy.

Please refer to note 2.3 for valuation methodology of financial assets designated at fair value through profit or loss. As at 31 March 2019, none of the investments held are deemed to be illiquid in nature and on this basis are not subject to any special arrangements.

9. Other payables

	31 March 2019 (Unaudited) £	30 September 2018 (Audited) £
Portfolio management fees	110,936	66,512
Portfolio performance fees	-	1,210,297
Administration fees	13,099	10,884
Audit fees	18,955	38,110
Non-audit fees	17,500	-
Broker fees	3,397	11,467
Custody fees	913	1,101
Directors’ fees	29,589	29,589
Registrar fees	1,187	583
Sundry expenses	62,165	54,757
Total other payables	**257,741**	**1,423,300**

10. Contingent liabilities and commitments
As at 31 March 2019, the Company had no contingent liabilities or commitments (30 September 2018: nil).

11. Stated capital and share premium
Authorised
The authorised share capital of the Company is represented by an unlimited number of redeemable Ordinary Shares at no par value.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

11. Stated capital and share premium (continued)

Allotted, called up and fully-paid

Ordinary Shares	**Number of shares**	**Stated capital £**	**Share premium £**
Total issued share capital as at 1 October 2018	**46,445,043**	**-**	**28,391,852**
Ordinary Shares redeemed during the period	-	-	-
Total issued share capital as at 31 March 2019	**46,445,043**	**-**	**28,391,852**

Ordinary Shares	**Number of shares**	**Stated capital £**	**Share premium £**
Total issued share capital as at 1 October 2017	**59,795,329**	**-**	**55,333,617**
Ordinary Shares redeemed during the year	(13,350,286)	-	(26,941,765)
Total issued share capital as at 30 September 2018	**46,445,043**	**-**	**28,391,852**

Ordinary Shares
As at 31 March 2019, the Company had 46,445,043 Ordinary Shares (30 September 2018: 46,445,043) in issue.

Each holder of Ordinary Shares is entitled to attend and vote at all general meetings that are held by the Company. Each holder is also entitled to receive payment of a dividend should the Company declare such a dividend payment. Any dividends payable by the Company will be distributed to the holders of the Company Ordinary Shares, and on the winding-up of the Company or other return of capital (other than by way of a repurchase or redemption of shares in accordance with the provisions of the Articles and the Companies Law), the Company's surplus assets, after payment of all creditors, will be distributed among the holders of the Company Ordinary Shares.

The Board anticipates that returns to Shareholders will be made through the Company's redemption mechanism and therefore does not expect that the Company will pay any dividends.

No dividends have been declared or paid during the period (2018: nil).

Issuance of Ordinary Shares
No Ordinary Shares were issued during the six months ended 31 March 2019 (30 September 2018: nil Ordinary Shares issued).

Redemption mechanism
As the Company has been established as a closed-ended collective investment scheme, there is no right or entitlement attaching to the Ordinary Shares that allows them to be redeemed or repurchased by the Company at the option of the Shareholder.

The redemption mechanism allows the Board to redeem any number of shares at the prevailing NAV per share at the calculation date, (being the date determined by the Board for the calculation of the price to be paid on any particular exercise of the redemption mechanism), less the cost of redemption. This right will only be exercised in specific circumstances and for the purpose of returning capital growth.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

11. Stated capital and share premium (continued)
Redemption mechanism (continued)

On the basis that the NAV has exceeded £100 million, the Directors intend to operate the redemption mechanism to return the net asset value back to around £100 million in order to:

- enable the Company to exploit fully the underlying investment opportunity and to deliver high and sustainable returns to Shareholders, principally in the form of capital gains;
- enable portfolio holdings to have a meaningful impact on the Company's performance, which might otherwise be marginal within the context of a larger fund; and
- ensure that the Company can continually take advantage of the illiquidity risk premium inherent in Micro Cap Companies.

The Directors are not obliged to operate the redemption mechanism and will not do so if:

- calculation and publication of the NAV has been suspended; or
- the Directors are unable to make the solvency statement required by Guernsey law; or
- other circumstances exist that the Board believes make the operation of the redemption mechanism undesirable or impracticable.

Redemptions will, subject to compliance with all applicable law and regulation, be carried out pro rata to a Shareholder's holding of Ordinary Shares, but all redemptions will normally be subject to a de minimis value to be returned of approximately £10 million (before costs). The Company will not redeem fractions of shares.

The price at which any Ordinary Shares are redeemed under the redemption mechanism will be calculated by reference to unaudited NAV calculations. To the extent that any redemption takes place at a time when the Ordinary Shares are trading at a significant premium to the prevailing unaudited NAV, Shareholders may receive an amount in respect of their redeemed Ordinary Shares that is materially below the market value of those shares prior to redemption.

In order to facilitate any redemptions, the Company may be required to dispose of assets within the investment portfolio. There is no certainty of the price that can be achieved on such sales and any sale price could be materially different from the carrying value of those assets. Consequently, the value received in respect of redeemed Ordinary Shares may be adversely affected where the Company is not able to realise assets at their carrying values. In addition, during any period when the Company is undertaking investment portfolio realisations, it may hold the sale proceeds (which could, in aggregate, be a material amount) in cash, which could impact the Company's returns, until the redemption is implemented and the cash is distributed to Shareholders.

Investors should note that the redemption mechanism has a specific and limited purpose, and no expectation or reliance should be placed on the redemption mechanism being operated on any one or more occasions or as to the proportion of Ordinary Shares that may be redeemed or as to the price at which they will be redeemed. The redemption mechanism may also lead to a more concentrated and less liquid portfolio, which may adversely affect the Company's performance and value.

In the absence of the availability of the redemption mechanism, Shareholders wishing to realise their investment in the Company will be required to dispose of their shares on the stock market. Accordingly, Shareholders' ability to realise their investment at any particular price and/or time may be dependent on the existence of a liquid market in the shares.

On 1 December 2017, the Company completed its second compulsory redemption of Ordinary Shares where 7,843,469 Ordinary Shares were redeemed and cancelled as part of the redemption mechanism at a redemption price of £1.9124 per Ordinary Share, (which excludes costs of redemption of £9,000), returning £14,999,850 to Shareholders.

On 27 July 2018, the Company completed its third compulsory redemption of Ordinary Shares where 5,506,817 Ordinary Shares were redeemed and cancelled as part of the redemption mechanism at a redemption price of £2.1659 per Ordinary Share (which excludes costs of redemption of £5,700), returning £11,927,215 to Shareholders.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

12. Basic and diluted earnings per Ordinary Share

	Six months ended 31 March 2019 (Unaudited) £	Six months ended 31 March 2018 (Unaudited) £
Total comprehensive (loss)/income for the period	(17,450,012)	4,991,087
Weighted average number of Ordinary Shares during the period	46,445,043	54,580,715
Basic and diluted (loss)/earnings per Ordinary Share	(0.3757)	0.0914

13. Net asset value per Ordinary share

	31 March 2019 (Unaudited) £	30 September 2018 (Audited) £
Net asset value	88,969,315	106,419,327
Number of Ordinary Shares at period end	46,445,043	46,445,043
Net asset value per Ordinary Share	1.9156	2.2913

14. Finance costs

On 9 December 2016, the Company entered into a Sterling Facility Agreement (the “Facility”) for a £2,000,000 revolving credit facility with BNP Paribas Securities Services S.C.A. (the “Lender”) and BNP Paribas Securities Services S.C.A., Guernsey Branch (the “Custodian”); and Security Interest Agreement between the Company, the Lender and Custodian.

Loan interest of 2.05% per annum over LIBOR will be paid on any outstanding loan amounts and a loan commitment fee of 0.50% per annum is payable on the available commitment, being £2,000,000 less the amount of any outstanding loan, for the availability period. In addition, a loan arrangement fee of £8,000 was paid on the date of the facility agreement.

The Company has agreed to adhere to the following covenants under the terms of the Facility at all times:

- any amounts drawn down do not exceed 20% of the NAV of the Company;
- that the gross value of the Company’s investment assets quoted on the London Stock Exchange’s Main and Alternative Investment Markets (and any additional assets subject to prior approval by all parties) shall exceed any amounts drawn down by three times; and
- that the NAV of the Company is not less than £30,000,000.

On 13 December 2017, the Company signed an Extension and Amendment Agreement that varied the terms of the Facility entered into on 9 December 2016. With effect from the 20 December 2017, the loan commitment was increased to £5,000,000 and the loan interest amended to 1.75% per annum over LIBOR. A loan extension fee of £8,000 was paid, on the date of the Extension and Amendment Agreement. The termination date was amended to be 7 December 2018.

On 11 December 2018, the Company signed an Extension Agreement that varied the terms of the Facility entered into on 9 December 2016, as amended on 13 December 2017. With effect from 7 December 2018, the Facility was extended for 364 days to 6 December 2019 and the Company incurred an extension fee of £8,000. There was no change to the loan commitment, loan commitment fee or interest rate.

The Facility was not drawn upon as at 31 March 2019.

15. Related party disclosure

The Manager and Portfolio Manager are deemed related parties and all transactions between these related parties were conducted on terms equivalent to those prevailing in an arm's length transaction. Please refer to note 4 for further detail.

As at 31 March 2019, the Portfolio Manager held 4,310,768 (30 September 2018: 4,310,768) Ordinary Shares in the Company.

George Ensor is deemed to be a related party as he is the Fund Manager of the Portfolio Manager. As at the date of approval of the Half-Yearly Financial Report, he held 20,170 (30 September 2018: 20,170) Ordinary Shares in the Company.

The Directors are entitled to remuneration for their services. Please refer to note 6 for further detail. Mark Hodgson is the Managing Director of the Manager.

For Directors' fees and portfolio management fees payable as at 31 March 2019 please refer to note 9.

16. Material events after the Condensed Statement of Financial Position date

There were no events which occurred subsequent to the period end until the date of approval of the condensed financial statements, which would have a material impact on the condensed financial statements of the Company as at 31 March 2019.

17. Controlling party

In the Directors' opinion, the Company has no ultimate controlling party.

COMPANY INFORMATION

Board members
Andrew Chapman (Chairman)
Ian Burns (Chairman of the Audit Committee and Senior Independent Director)
Trudi Clark (Chairman of the Remuneration and Nomination Committee and Management Engagement Committee)
Mark Hodgson

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Registrar[3]
Computershare Investor Services (Guernsey) Limited
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[1] BNP Paribas Securities Services S.C.A. Guernsey Branch is regulated by the Guernsey Financial Services Commission.
[2] From 1 August 2018, the Company appointed Cantor Fitzgerald Europe to act as the Company's Corporate Broker, replacing Winterflood Securities Limited.
[3] From 6 March 2018, the Company appointed Computershare Investor Services (Guernsey) Limited to act as the Company's registrar, replacing Link Asset Services (formerly Capita Registrars (Guernsey) Limited).