

River and Mercantile UK MICRO CAP INVESTMENT COMPANY

RIVER AND MERCANTILE

PAST PERFORMANCE

The chart and table below show the performance of the Company since its launch on 2 December 2014.

Source: River and Mercantile Asset Management LLP, BNP Paribas, Bloomberg.

Note: NAV data is based on daily unaudited estimations.

Past performance is not a reliable guide to future results.

PERFORMANCE SINCE INCEPTION



CUMULATIVE PERFORMANCE

	1 month %	3 months %	YTD %	Since inception %
NAV	9.1	18.7	26.5	149.3
Share Price	17.5	31.9	27.2	119.4
Benchmark	8.4	21.5	4.9	62.1

TOP 10 CONTRIBUTORS TO RETURN

The greatest contributors to the portfolio's performance relative to the benchmark

	Relative contribution to return
DX Group	0.6%
MaxCyte	0.6%
Shanta Gold	0.4%
Science In Sport	0.3%
Boku	0.3%
Litigation Capital Mgmt	0.3%
RA International	0.3%
SDX Energy	-0.3%
Venture Life	-0.3%
Sigma Capital Group	-0.3%

Source: River and Mercantile Asset Management LLP

TOP 10 HOLDINGS

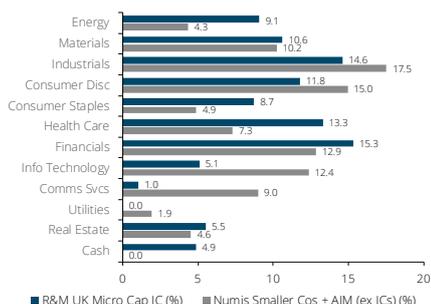
The ten largest positions by weight held in the portfolio.

	Weight
Sigma Capital Group	3.8%
Boku	3.7%
Litigation Capital Mgmt	3.6%
MaxCyte	3.4%
Keystone Law	3.4%
MaxCyte	3.3%
Sylvania Platinum	3.3%
Joules	3.3%
Aquis Exchange	3.2%
Diversified Gas & Oil	3.2%

Source: River and Mercantile Asset Management LLP

SECTOR WEIGHTS

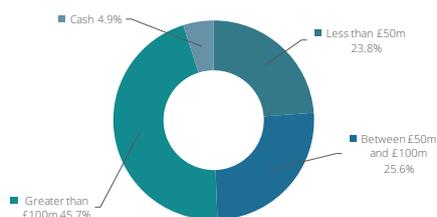
Portfolio weightings within specific industrial sectors.



Source: River and Mercantile Asset Management LLP

ALLOCATION BY FREE FLOAT MARKET CAPITALISATION

Comparison of portfolio and benchmark weightings across a range of sizes based on company value



Source: Bloomberg

INVESTMENT OBJECTIVE

The Company will aim to achieve long-term capital growth from investment 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.

PORTFOLIO MANAGER

George Ensor

KEY FACTS

Company launch date	02/12/2014
Benchmark	Numis Smaller Companies + AIM (ex ICs) Index
Estimated NAV	£113.5m
Number of holdings	42
Domicile	UK
SEDOL	BZ8VFG0
ISIN	GG00BZ8VFG05
Ticker	RMMC LN

FEES & CHARGES

AMC	0.75%
Performance fee	15% of outperformance

CONTACT DETAILS

Email enquiries@riverandmercantile.com



PORTFOLIO STYLE SKYLINE

This chart shows the Style Tilts of the portfolio against the benchmark as calculated by StyleAnalytics.



Source: StyleAnalytics

MANAGER'S REVIEW

The Company's NAV finished the year at 244.3p per share, an increase of 9.1% since the end of November and a gain of 26.5% since the start of the year. For comparison, the Numis Smaller Companies plus AIM ex-IT benchmark gained 8.4% in December and finished the year 4.9% higher, leaving relative performance at +0.7% for December and +21.6% for the year.

The wider UK market, as measured by the MSCI United Kingdom Investable Markets index (IMI), finished the year 11.7% lower on a total returns basis which left small cap outperformance at 16.6% for the year. The outperformance of smaller companies has been a key contributor to the Company's performance. The same dynamic existed in December with the smaller companies benchmark outperforming the wider market by 4.7%. It is worth reminding readers that on the same analysis, smaller companies underperformed from the second quarter of 2018 until the third quarter of 2019.

The closing share price of 215p as at 31 December 2020 was a discount of 12%, a further improvement from the end of the prior month. With the closing NAV at £113.5m, we are also in the window (£110 to £125m) where the Board considers the return of capital to shareholders. This mechanism has been used three

times since the Company's IPO with approximately £42m returned to shareholders, at NAV, over the last five years.

UK equities had a strong finish to the year as expectations grew ahead of the UK-EU free trade deal. Strangely, with the exception of **DX Group**, the UK parcel distribution business which gained 43% following a positive AGM statement, the majority of the top contributors for the month had little or no exposure to the UK economy; **MaxCyte** gained a further 28%, **Shanta Gold** 26%, **Boku**, the global m-commerce business, gained 18% and **Litigation Capital Management** finished the month 19% higher. **Science in Sport**, a leading global sports nutrition brand, gained 26% following a strong trading statement which confirmed they delivered their maiden EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortisation) profit.

There were no notable underperformers in the month.

It was also a quiet month for portfolio activity with no new positions to report and no positions exited. We supported fundraisings in two existing positions; **Capital Ltd**, (formerly Capital Drilling) following the announcement of a material new drilling and mining services contract with Centamin, and **SigmaRoc**, who

completed a raise to continue their buy and build strategy. These were funded from profit taking in strong performers (MaxCyte, DX Group and Boku).

As evidenced by the recent outperformance of UK equities, the trend to a more reflationary global economic environment, supported by the US election result and the COVID-19 vaccine outcome, is gaining momentum. This will favour shorter duration, typically Recovery and Asset-backed investments, over longer duration Growth stocks. The new positions we have purchased over the last twelve months have supported performance with the NAV almost keeping up with a strong value rally in the final quarter - benchmark +21.5% in Q4, the Company's NAV +18.7%.

This Company looks to invest where many other market participants are not willing to look. The long-term performance of the Company, 149% NAV accretion since IPO to 31 December, supports the case that very attractive returns can be achieved from investing in micro-caps. In my opinion, this opportunity remains as exciting as it was at IPO in December 2014.

ABOUT THE COMPANY

River and Mercantile UK Micro Cap Investment Company Limited is a closed-ended investment company limited by shares, registered and incorporated in Guernsey under the Companies Law on 2 October 2014, with registered number 59106. It is regulated in Guernsey by the Guernsey Financial Services Commission (GFSC).

The Company is a non-cellular investment company and has been declared by the GFSC to be a registered closed-ended collective investment scheme. The manager of the Company is Carne Global AIFM Solutions (C.I.) Limited (the "Manager"), which has delegated portfolio management to River and Mercantile Asset Management LLP (the "Portfolio Manager"). However, the Board will actively and continuously supervise both the Manager and the Portfolio Manager in the performance of their respective functions.

The Company's investment objective is to achieve long term capital growth from investment in a diversified portfolio of UK Micro Cap Companies, typically comprising companies with a free float market capitalisation of less than £100m at the time of purchase.

Carne Global AIFM Solutions (C.I.) Ltd has been appointed as Manager to the fund under the terms of the AIFM Agreement.

Carne Global AIFM Solutions (C.I.) Ltd is a Jersey incorporated company specialising in the provision of AIFM Management Company Services and is regulated by the Jersey Financial Services Commission for the conduct of Fund Services Business. The company was incorporated on the 21 July 2014 and is 100% owned by the ultimate parent company being Carne Global Financial Services Ltd (Ireland).

Carne Global Financial Services Ltd (Ireland) is a privately owned company incorporated in Ireland and is the ultimate parent company to the Carne Group.

MANAGER

Carne Group
Channel House, Green Street, St Helier, Jersey JE2 4UH
01534 679510
www.carnegroup.com

INVESTMENT MANAGER

River and Mercantile Asset Management LLP
30 Coleman Street, London EC2R 5AL
020 7601 6262
www.riverandmercantile.com

COMPANY REGISTRAR

Computershare Investor Services (Guernsey) Limited
1st Floor, Tudor House, Le Boardage, St Peter Port, Guernsey, GY1 1DB

COMPANY SECRETARY

BNP Paribas Securities Services S.C.A. Guernsey Branch
BNP Paribas House, St Julian's Avenue, St Peter Port, Guernsey, GY1 1WA
01481 750859
rmccosec@bnpparibas.com

River and Mercantile UK Micro Cap Investment Company Limited is Registered with the Guernsey Financial Services Commission as a Closed Ended Collective Investment Scheme. Carne Global AIFM Solutions (C.I.) Ltd is the Alternative Investment Fund Manager which has delegated the discretionary investment management to River and Mercantile Asset Management LLP. The information in this document has been prepared and issued by River and Mercantile Asset Management LLP (trading as "River and Mercantile" and "River and Mercantile Asset Management"), in conjunction with Carne Global AIFM Solutions (C.I.) Ltd which is regulated by the Jersey Financial Services Commission. River and Mercantile Asset Management LLP registered in England and Wales under Company No. OC317647, with its registered office at 30 Coleman Street, London EC2R 5AL. River and Mercantile Asset Management LLP is authorised and regulated by the UK Financial Conduct Authority (Firm Reference Number 453087), is registered with the U.S. Securities and Exchange Commission (SEC) as an Investment Adviser under the Investment Advisers Act of 1940. River and Mercantile Asset Management LLP is a subsidiary of River and Mercantile Group Plc which is registered in England and Wales under Company No. 04035248, with its registered office at, 30 Coleman Street, London EC2R 5AL. This document is directed at professional clients only. Retail clients should not rely on the information provided for this investment product. Retail clients requiring any information should seek the advice/assistance of a Financial Advisor. The information contained in this document is strictly confidential and may not be reproduced or further distributed. The value of investments and any income generated may go down as well as up and is not guaranteed. An investor may not get back the amount originally invested. Past performance is not necessarily a guide to future performance. Changes in exchange rates may have an adverse effect on the value, price or income of investments. Please refer to the River and Mercantile UK Micro Cap Investment Company Limited prospectus for further details of the financial commitments and risks involved in connection with this investment. The information and opinions contained in this document are subject to updating and verification and may be subject to amendment. The information and opinions do not purport to be full or complete. No representation, warranty, or undertaking, express or limited, is given as to the accuracy or completeness of the information or opinions contained in this document by River and Mercantile or Carne Global AIFM Solutions (C.I.) Ltd. No liability is accepted by such persons for the accuracy or completeness of any such information or opinions. As such, no reliance may be placed for any purpose on the information and opinions contained in this document. Please note that securities named in this report may be held by the Portfolio Manager and/or another member of the Investment Team personally for their own accounts.