

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	8.1	22.7	12.4	180.2
Share Price	2.6	29.0	9.8	140.8
Benchmark	4.6	14.2	5.3	70.7

TOP 10 CONTRIBUTORS TO RETURN

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

	Relative contribution to return
MaxCyte	2.2%
Ince Group	1.0%
The City Pub Group	0.6%
Joules	0.5%
Manolete Partners	0.4%
Sylvania Platinum	0.4%
RA International	-0.3%
Litigation Capital Mgmt	-0.4%
Shanta Gold	-0.5%
Hummingbird Resources	-0.5%

Source: River and Mercantile Asset Management LLP

TOP 10 HOLDINGS

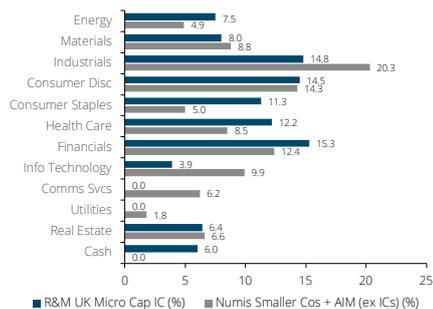
The ten largest positions by weight held in the portfolio.

	Weight
MaxCyte	4.7%
Sigma Capital Group	4.6%
Keystone Law	4.2%
The City Pub Group	4.1%
Joules	3.9%
Litigation Capital Mgmt	3.9%
Science In Sport	3.7%
Aquis Exchange	3.5%
Diversified Gas & Oil	3.0%
Instem	2.9%

Source: River and Mercantile Asset Management LLP

SECTOR WEIGHTS

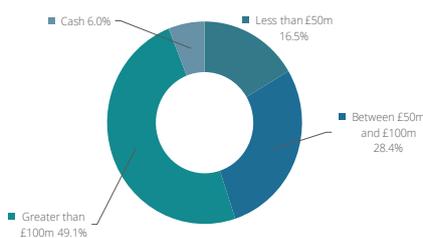
Portfolio weightings within specific industrial sectors.



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	£111.3m
Number of holdings	41
Domicile	UK
SEDOL	BMVHP75
ISIN	GG00BMVHP751
Ticker	RMMC LN

FEES & CHARGES

AMC	0.75%
Performance fee	15% of outperformance

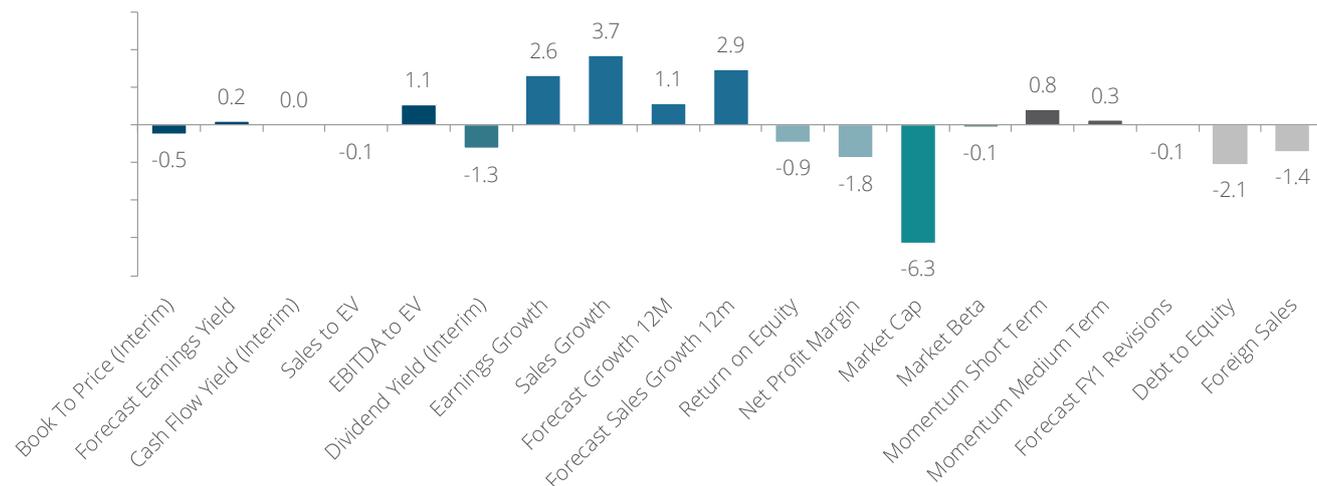
CONTACT DETAILS

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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 gained 8.1% in February to finish the month at 274.6p per share, outperforming the Numis Smaller Companies plus AIM ex ICs benchmark, which gained 4.6%, by 3.5%. Smaller companies continued their recent outperformance against the wider UK market, as measured by the MSCI United Kingdom IMI (investable markets index), which finished the month 2.2% higher.

The closing share price of 236p at the end of the month was a discount of 14%. We completed the fourth return of capital to shareholders in the month; the £15m returned takes cumulative capital paid back to shareholders to £57m. To put these returns into context, since the IPO we have returned £57m of the £70.1m we raised and have a fund with net assets of £113m (as at 4 March).

Exposure to the UK consumer was key to performance in the month with **City Pubs** (+24%), **Joules** (+18%), **Revolution Bars** (+37%), **Ten Lifestyle** (+19%) and **CakeBox** (+14%) all performing as the pathway to reopening the UK economy was set out. **MaxCyte** was, once again, a strong performer with an oversubscribed share placing completed at a premium to the prevailing share price, adding several new crossover investors ahead of their planned Nasdaq listing. Our exposure to gold was the biggest drag on performance with **Shanta** dropping 17% and **Hummingbird Resources** finishing the month 35% lower. 3.6% of the portfolio was invested in gold producers at the end

of the month.

I said in the previous update that I would go into more detail on the purchases of **Distribution Finance Capital Holdings (DF Capital)** and **Supreme** which were both introduced to the portfolio at the end of January. Supreme is a distributor of both licensed and own-brand products to UK discounters. The group has delivered both high return on capital and growth which should lead to meaningful shareholder value creation. The IPO valuation, a 10% free cash flow yield, also struck us as attractive, especially so given the strong recent trading with organic growth in excess of 20%. DF Capital, a specialist lender, provides working capital finance to forecourt dealers. They were awarded a banking license in 2020 which has enabled them to finance the loan book with cheap retail deposits, driving a significant fall in their finance costs and so improvement to their profitability. We also participated in the IPO of **Virgin Wines**, the online direct to consumer wine merchant. Cheap user acquisition and retention of existing users allows the company to continue investing for growth whilst delivering profits. While the business has benefited from lockdown, we expect them to retain a good portion of the excess customers acquired.

Markets continue to focus on the outlook for inflation and the implications of a steeper yield curve as the global economy recovers. We need to remain cautious of companies where valuations are dependent on

the flawless execution of growth that is forecast to compound for many years. We also need to be wary of the re-ratings we have seen in cyclicals which typically start to de-rate ahead of the last upgrade.

I wrote in December, at the time of the Company's six-year anniversary, of the impressive track record of outperformance since the IPO in December 2014. February marked the third anniversary of my management of the fund and I wanted to take this opportunity to thank shareholders for their support over the last three years. The team remains committed to the same strategy that was put in place at the IPO; to build a high conviction portfolio exploiting opportunities in a part of the market that, in general, has greater scope for growth and is often overlooked by larger funds and the investment broking community.

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 Cayman Limited, a privately owned company incorporated in the Cayman Islands.

MANAGER

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