

River and Mercantile UK MICRO CAP INVESTMENT COMPANY

RIVER AND MERCANTILE

PAST PERFORMANCE

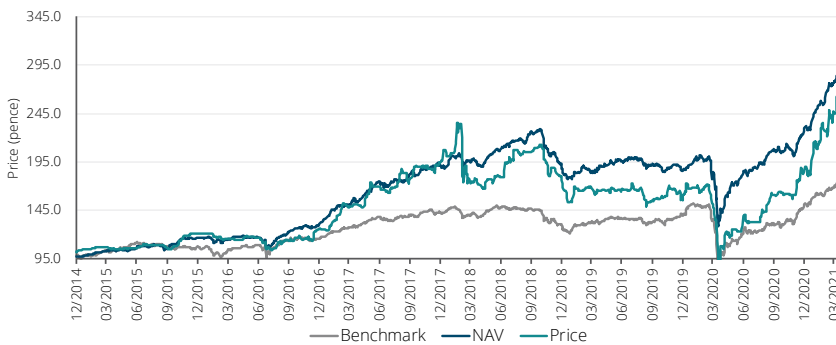
The chart and table below show the performance of the Company since its launch on 2 December 2014.

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	4.4	17.4	17.4	192.5
Share Price	12.3	23.3	23.3	170.4
Benchmark	4.3	9.9	9.9	78.2

TOP 10 CONTRIBUTORS TO RETURN

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

Company	Relative contribution to return
Science In Sport	1.1%
Instem	0.5%
Litigation Capital Mgmt	0.4%
Joules	0.3%
Brand Architekts Group	0.2%
Shanta Gold	-0.2%
Ten Lifestyle	-0.3%
Diversified Gas & Oil	-0.3%
Sigma Capital Group	-0.4%
MaxCyte	-0.5%

Source: River and Mercantile Asset Management LLP

TOP 10 HOLDINGS

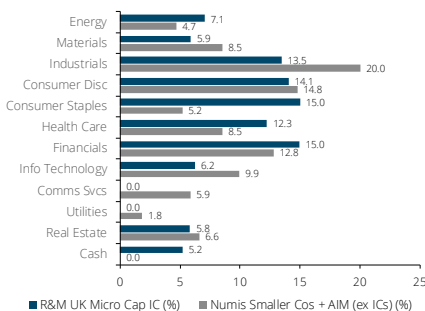
The ten largest positions by weight held in the portfolio.

Company	Weight
Science In Sport	4.8%
Joules	4.2%
MaxCyte	4.2%
Sigma Capital Group	4.2%
Keystone Law	4.1%
Litigation Capital Mgmt	3.9%
Aquis Exchange	3.7%
Instem	3.5%
The City Pub Group	3.5%
Ince Group	2.9%

Source: River and Mercantile Asset Management LLP

SECTOR WEIGHTS

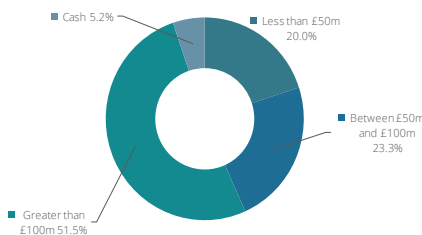
Portfolio weightings within specific industrial sectors.



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	£116.2m
Number of holdings	39
Domicile	UK
SEDOL	BMVHP75
ISIN	GG00BMVHP751
Ticker	RMMC LN

FEES & CHARGES

AMC	0.75%
Performance fee	15% of outperformance

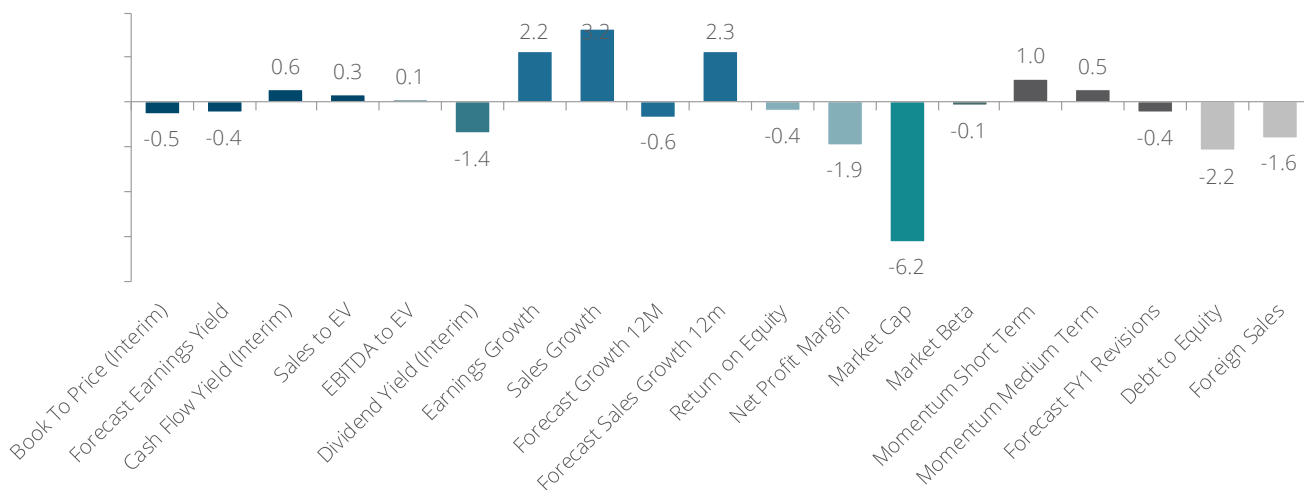
CONTACT DETAILS

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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 4.4% in March to finish the month at 286.7p per share, marginally outperforming the Numis Smaller Companies plus AIM ex-IT benchmark, which gained 4.3%. The NAV has increased by 17.4% in the first three months of the year, outperforming the benchmark performance of 9.9% by 7.5%. Smaller companies continued their recent outperformance against the wider UK market, as measured by the MSCI United Kingdom IMI index, which finished the month 4% higher and the quarter 5.4% higher.

The closing share price of 265p at the end of the month was a discount of 7.6%.

Key contributors to relative performance in the month were **Science in Sport** and **Instem**. As I have previously written, Science in Sport delivered their maiden profit in 2020 on the back of a significant and sustainable improvement in their gross margin. Both the valuation and the sell-side expectations remain conservative supporting the investment case for our largest position. Instem gained 24% with the shares re-rating as the company announced two acquisitions, investing some of the capital raised in July.

Trading activity in the month was limited – we completed the exit of **DX Group**, a recovery thesis we purchased in May 2018 through an equity placing at 8.5p. We also exited **Hummingbird Resources**, one of our three Gold E&P companies, leaving c.2.8% of the portfolio invested in Gold

E&Ps – a material reduction on the c.8% we had at the end of June 2020.

We participated in the IPO of **ActiveOps** which was the sole addition to the portfolio in the month. Remarkably, the use of enterprise level software to manage back office capacity, and therefore improve productivity, is relatively nascent and represents a great opportunity for ActiveOps. They pitch on delivering a 15% improvement in productivity for banks, insurance companies and healthcare companies (who tend to have large, globally distributed back offices) which delivers a 100% return on investment to the client. ActiveOps is an early stage growth thesis.

For more information on the recent activity and positioning, there is a short webinar on our website which can be found [here](#). The interim report, which will be published in May, will include a more detailed review of performance attribution and positioning.

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.

We remain 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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