

River and Mercantile UK MICRO CAP INVESTMENT COMPANY



PAST PERFORMANCE

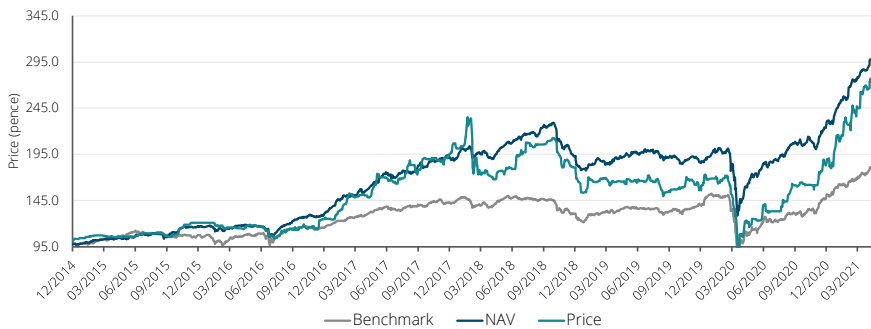
The chart and table below show the performance of the Company since its launch on 2 December 2014.

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	6.5	20.2	25.0	211.5
Share Price	16.6	34.3	43.7	215.3
Benchmark	5.9	15.6	16.4	88.6

TOP 10 CONTRIBUTORS TO RETURN

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

	Relative contribution to return
Joules	0.5%
Flowtech Fluidpower	0.3%
Alpha FX	0.3%
Litigation Capital Mgmt	0.3%
Shanta Gold	0.2%
Kooth	0.2%
Aquis Exchange	0.2%
MaxCyte	-0.2%
Sigma Capital Group	-0.3%
The City Pub Group	-0.4%

Source: River and Mercantile Asset Management LLP

TOP 10 HOLDINGS

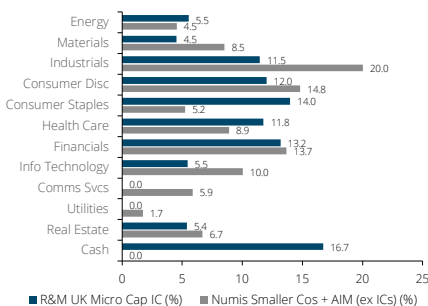
The ten largest positions by weight held in the portfolio.

	Weight
Science In Sport	4.4%
Joules	4.0%
MaxCyte	4.0%
Litigation Capital Mgmt	3.9%
Sigma Capital Group	3.7%
Instem	3.4%
Keystone Law	3.4%
Aquis Exchange	2.9%
ActiveOps	2.7%
Allergy Therapeutics	2.6%

Source: River and Mercantile Asset Management LLP

SECTOR WEIGHTS

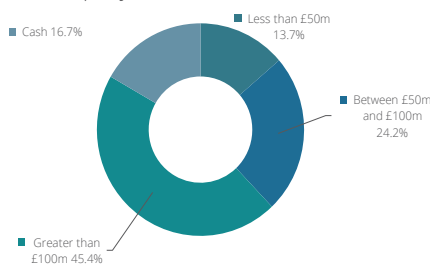
Portfolio weightings within specific industrial sectors.



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	£123.7m
Number of holdings	38
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 6.5% in April to finish the month at 305.2p per share, outperforming the Numis Smaller Companies plus AIM ex-ICs benchmark, which gained 5.9%. The NAV has increased by 25.0% in the first three months of the year, outperforming the benchmark performance of 16.4% by 8.6%. Smaller companies continued their recent outperformance against the wider UK market, as measured by the MSCI United Kingdom Investable Markets Index, which finished the month 4.3% higher.

The closing share price of 309p at the end of the month was a premium of 1.2%.

We completed our fifth return of capital on Monday 10 May, returning £20m to shareholders, which comes relatively quickly after the £15m we returned at the end of January. We have now returned a total of £77m, which exceeds the total raised through both the IPO in December 2014 and subsequent placing in October 2015 of £70.1m, whilst the assets remain in excess of £100m.

Capital is returned to shareholders to ensure that the size of the Company's NAV - which was £103.9m at the end of April, after accounting for the capital return - is maintained at an appropriate size to exploit the opportunities in UK micro caps.

Relative outperformance was supported by several holdings that reported results in the period, including **Flowtech Fluidpower**

(Recovery thesis, up 21%), **Aquis Exchange** (Growth, +12%) and **Kooth** (Growth, +17%). **Alpha FX** (Growth, +26%) delivered strong performance following excellent results in March. Our exposure to gold has been a drag on performance over the last six to nine months but an improving gold price catalysed a rebound in **Shanta Gold** (Asset-backed, +22%). The only notable underperformer was **City Pub Group** (Asset-backed, -9%) where we have seen some profit taking.

Trading activity in the month was focused on raising cash to fund the return of capital with over £15m raised in the month. The more significant trades were **Diversified Gas and Oil** and **Sylvania Platinum**, the latter of which was exited. We also took profits in some of the long duration Growth names including **Keystone Law**, **Alpha FX**, **Boku**, **Aquis Exchange** and **Kooth**. There were no new positions initiated.

Markets continue to focus on the outlook for long term inflation and what that means as we move on from the early-cycle reflationary conditions that we are currently witnessing. Loose monetary conditions and expansive fiscal policies could support higher nominal growth than the previous austerity impacted cycle. Clearly this could have implications for zero interest rate policies and the premium for growth. We are mindful of equity duration and cyclicalty when constructing the portfolio and seek to avoid the crude 'value versus growth' distinction because growth stocks are not necessarily long duration.

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.

George Ensor
Portfolio Manager
May 2021

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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