

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	3.1	14.7	28.9	221.3
Share Price	2.3	33.9	47.0	222.4
Benchmark	1.2	11.8	17.8	91.0

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	0.8%
Litigation Capital Mgmt	0.5%
Cake Box Holdings	0.4%
Joules	0.4%
Capital Limited	0.4%
Shanta Gold	0.2%
Ten Lifestyle	0.2%
SDX Energy	-0.2%
Brand Architekts Group	-0.3%
Revolution Bars Group	-0.4%

Source: River and Mercantile Asset Management LLP

TOP 10 HOLDINGS

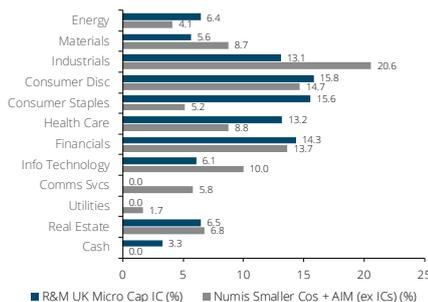
The ten largest positions by weight held in the portfolio.

Company	Weight
Science In Sport	5.9%
Joules	4.6%
Sigma Capital Group	4.3%
Litigation Capital Mgmt	4.2%
MaxCyte	4.0%
Instem	4.0%
Keystone Law	3.5%
Allergy Therapeutics	3.2%
ActiveOps	3.2%
Aquis Exchange	3.1%

Source: River and Mercantile Asset Management LLP

SECTOR WEIGHTS

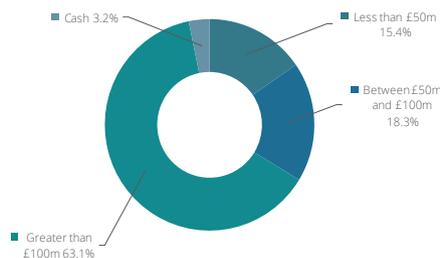
Portfolio weightings within specific industrial sectors.



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	£109.0m
Number of holdings	38
Domicile	UK
SEDOL	BNDMJ1
ISIN	GG00BNDMJ11
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 3.1% in May to finish the month at 314.8p per share, outperforming the Numis Smaller Companies plus AIM ex-IT benchmark, which gained 1.2%. The NAV has increased by 28.9% since the start of the year, outperforming the benchmark performance of 17.8% by 11.1%. Smaller companies performed in line with the wider UK market, as measured by the MSCI United Kingdom IMI index, which finished the month 1.2% higher.

The closing share price of 316p at the end of the month was a premium of 0.4%.

Following a busy start to the year with £35m returned to shareholders through two capital returns, May has been a relatively quiet month. We did engage with three of our portfolio holdings in the month - **City Pub Group**, **Flowtech Fluidpower** and **Capital** (previously Capital Drilling). Each engagement is tailored to the particular company, but typically we are pushing for greater disclosure and medium-term targets around two of our three sustainable pillars: People (employee health and safety, diversity and engagement) and Environment (GHG emissions and net zero targets). As significant investors in portfolio companies, we believe that we can drive positive change through engagement.

The most significant contributor to performance in the month was **Science in Sport**, our largest holding, which finished the month 19% higher. It appears that corporate activity in the

sector may be behind the re-rating with The Hut Group acquiring Brighter Foods and Mondelez acquiring Grenade (a reported 4x EV/Sales which compares nicely to SIS' multiple of sales of less than 2x). Other significant contributors were **Litigation Capital Management** and **CakeBox** which finished 12% and 17% higher, neither company updated the market in the month.

Trading was limited with no new positions or exits in the month. We are participating in the **Revolution Group** fundraise which is set to re-capitalise the balance sheet following tougher than expected trading restrictions over the last six months which included the all-important Christmas trading period. The company provided a well-received trading update in early May following a month of trading. The capital raise will allow them to accelerate the refurbishment of the estate and invest in opportunistic M&A. With the placing completed at a significant discount to the prevailing share price, Revolution Bars was the worst performer in the month with a loss of 19%. There were no other significant negative contributors in May.

Markets have paused following a strong start to the year. Central Banks continue to define the current levels of inflation as transitory, as is required for them to maintain super accommodative policies. We remain open-minded as to how this fundamental driver of the market will evolve over the next few years. Earnings revisions remain elevated

with the percentage of small cap companies upgrading expectations at a record high of 66% in May. This will also be critical to market performance over the short term and our bottom-up informed view is that opportunities remain for upgrades.

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
June 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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