

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	3.2	13.3	33.0	231.5
Share Price	-4.4	14.0	40.5	208.2
Benchmark	-1.1	6.0	16.4	88.8

TOP 10 CONTRIBUTORS TO RETURN

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

	Relative contribution to return
Sigma Capital Group	1.5%
Litigation Capital Mgmt	1.4%
Mind Gym	0.8%
Instem	0.4%
Brand Architekts Group	0.4%
RA International	0.3%
Sigmaroc	0.3%
Allergy Therapeutics	0.3%
Keystone Law	0.3%
Ince Group	-0.3%

Source: River and Mercantile Asset Management LLP

TOP 10 HOLDINGS

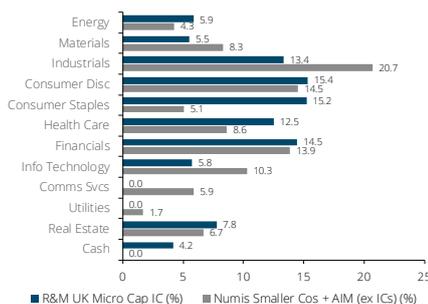
The ten largest positions by weight held in the portfolio.

	Weight
Sigma Capital Group	5.6%
Science In Sport	5.5%
Litigation Capital Mgmt	5.0%
Instem	4.1%
Joules	4.0%
Keystone Law	3.6%
Allergy Therapeutics	3.4%
Mind Gym	3.3%
MaxCyte	3.2%
ActiveOps	3.0%

Source: River and Mercantile Asset Management LLP

SECTOR WEIGHTS

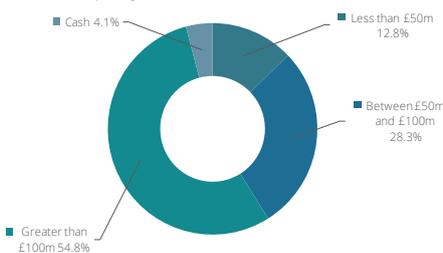
Portfolio weightings within specific industrial sectors.



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	£110.1m
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

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 gained 3.2% in June to finish the month at 324.9p per share, outperforming the Numis Smaller Companies plus AIM ex-IT benchmark, which lost 1.1%, by 4.3%. The NAV has increased by 33% since the start of the year, outperforming the benchmark performance of 16.4% by 16.5%. Smaller companies underperformed the wider UK market in June which, as measured by the MSCI United Kingdom Investable Markets index (IMI), finished the month broadly unchanged but have outperformed by over 5% since the start of the year.

The closing share price of 302p at the end of the month was a discount of 7%, having been at a small premium at the end of May.

The most significant contributor to performance in the month was **Sigma Capital** which was bid for at a 35% premium to the prevailing price. The 202.1p bid price is a c.190% return on our 70.5p average cost. **Litigation Capital Management** (+34%) and **Mind Gym** (+30%) were also meaningful contributors with the former announcing a positive outcome in a case they funded in New Zealand whilst the latter announced their annual results which were well received. There were no meaningful underperformers in the month.

Trading was again limited with one new position purchased at the end of the month; no positions were exited. We participated in the **CMO Group** IPO, a growth business that is, as the leading pure play online building

merchant, taking share in a large and predominantly offline market. There are compelling reasons to believe disintermediation of this market will be led by a new entrant, not an incumbent – as we have seen in many other industries – and CMO has a strong track record of profitable growth and cash generation.

I mentioned our engagement activities around our three Sustainability Pillars (People, Innovation and the Environment) in the previous monthly update. We had two further positive engagement meetings with portfolio companies Argentex and SigmaRoc in June.

Whilst global fiscal and monetary policies remain ultra-supportive, the recent move in the US 10-year yield has been contra to the consensus view that it would continue to rally through the year. This is likely being driven by concerns that central banks are going to begin tapering as lead indicators for economic growth peak. Much is different when we compare this cycle to the last, particularly when it comes to how governments are considering paying down debts that have built up during the prior crisis. As we have previously stated, we are not looking to take a bet on how this dynamic plays out and have a portfolio that remains in line - to a little cheaper than our benchmark on valuation but has our typical bias to businesses that can compound attractive levels of growth in profits and cash generation.

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
July 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

Carne Global AIFM Solutions (C.I.) Limited
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

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