

# 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	0.1	6.5	33.1	231.7
Share Price	-1.7	-3.9	38.1	203.1
Benchmark	1.0	1.1	17.6	90.7

## TOP 10 CONTRIBUTORS TO RETURN

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

	Relative contribution to return
MaxCyte	0.6%
CMO Group	0.6%
Keystone Law	0.3%
Mind Gym	0.3%
Brand Architekts Group	-0.3%
Shanta Gold	-0.3%
ActiveOps	-0.4%
Science In Sport	-0.4%
Argentex	-0.5%
Litigation Capital Mgmt	-0.9%

Source: River and Mercantile Asset Management LLP

## TOP 10 HOLDINGS

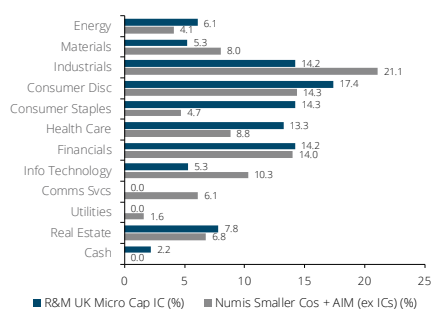
The ten largest positions by weight held in the portfolio.

	Weight
Sigma Capital Group	5.6%
Science In Sport	5.2%
Instem	4.2%
Keystone Law	4.0%
Litigation Capital Mgmt	3.9%
Joules	3.8%
Mind Gym	3.7%
MaxCyte	3.6%
Allergy Therapeutics	3.6%
Capital Limited	2.9%

Source: River and Mercantile Asset Management LLP

## SECTOR WEIGHTS

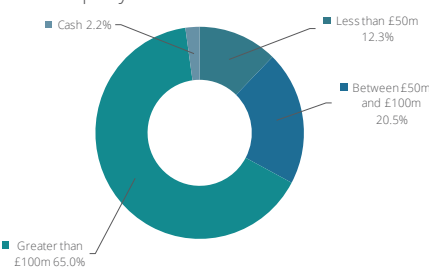
Portfolio weightings within specific industrial sectors.



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	£110.2m
Number of holdings	40
Domicile	UK
SEDOL	BNDMJ1
ISIN	GG00BNDMJ11
Ticker	RMMC LN

## FEES & CHARGES

AMC	0.75%
Performance fee	15% of outperformance

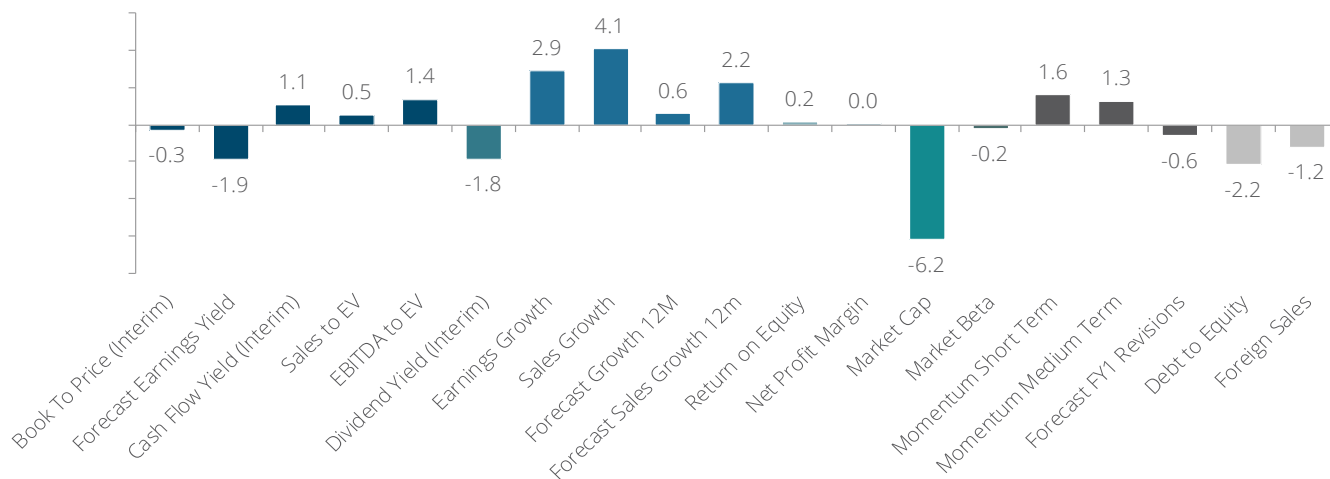
## CONTACT DETAILS

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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 was broadly unchanged at 325.1p per share, which compares to 324.9p per share at the end of June, a gain of 0.1%. Our benchmark, the Numis Smaller Companies plus AIM ex-IT benchmark, gained 1% leaving relative performance for the month at -0.9%. The NAV has increased by 33.1% since the start of the year, outperforming the benchmark performance of 17.6% by 15.5%. Smaller companies marginally outperformed the wider UK market in July which, as measured by the MSCI United Kingdom IMI index, finished the month 0.7% higher.

The closing share price of 297p at the end of the month was a discount of 8.6%.

**Litigation Capital Management**, the litigation funding business with an exceptional ten-year track record, was almost entirely responsible for the underperformance in the month. With the shares up by over 100% in the six months to the end of June, including an exceptional gain of 34% in June, it wasn't surprising to see the shares weaker. The company reported a solid update part way through the month including an update on the next fund, which is targeted at double the size of the first fund which launched in March 2020 at \$150m.

The other notable underperformers were **Argentex**, which fell 25% as expectations were downgraded with a lack of hiring through the recent lockdown partly responsible, and **Science in Sport**, which fell 6% despite a strong trading statement that leaves

full year expectations looking conservative. **CMO Group** which was purchased at the end of June was the top performer with the shares closing the month 59% higher than the IPO issue price.

There was one addition to the portfolio in the month as we participated in the IPO of **LendInvest** which is a fintech business taking share in the UK secured lending market. The business looks to match institutional capital with, for example, buy-to-let or specialist homeowner mortgages – so lending into part of the market where traditional banks have lost share and differentiating versus the challenger banks with a technology enabled superior user experience. The low, but growing, current market share supports the Growth thesis.

As I commented last month, we have seen a significant move in the US 10-year treasury yield and an associated rotation in equity style leadership. On top of this, we have and continue to see the transition from early cycle recovery growth rates to more normalised post crisis growth rates, whatever those might be. Finally, we should see most of the final crisis support measures drop away over the next few months. These dynamics should present opportunities for strategies that are, like us, premised on bottom-up stock selection.

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  
August 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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## INVESTMENT MANAGER

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