

River and Mercantile UK MICRO CAP INVESTMENT COMPANY

RIVER AND MERCANTILE

PAST PERFORMANCE

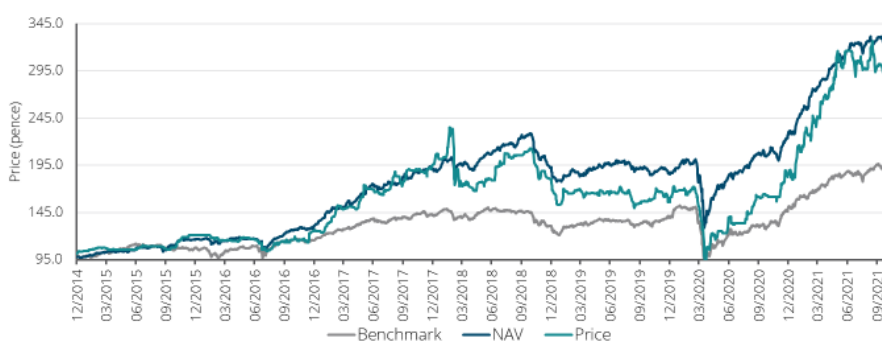
The chart and table below show the performance of the Company since its launch on 2 December 2014.

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	0.3	1.1	34.4	235.0
Share Price	-5.0	-6.3	31.6	188.8
Benchmark	-2.3	2.9	19.9	94.3

TOP 10 CONTRIBUTORS TO RETURN

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

	Relative contribution to return
Instem	0.7%
Allergy Therapeutics	0.7%
Litigation Capital Mgmt	0.5%
Science In Sport	0.4%
Keystone Law	0.3%
Revolution Bars Group	0.3%
Alpha FX	0.3%
MaxCyte	-0.3%
Venture Life	-0.4%
Joules	-0.6%

Source: River and Mercantile Asset Management LLP

TOP 10 HOLDINGS

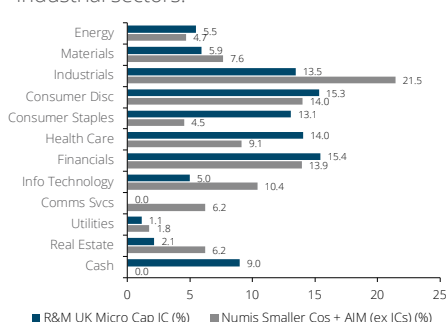
The ten largest positions by weight held in the portfolio.

	Weight
Science In Sport	5.4%
Allergy Therapeutics	5.0%
Instem	5.0%
Keystone Law	4.0%
Litigation Capital Mgmt	3.9%
Mind Gym	3.7%
Joules	3.1%
Sigmaroc	3.0%
Capital Limited	2.9%
Aquis Exchange	2.8%

Source: River and Mercantile Asset Management LLP

SECTOR WEIGHTS

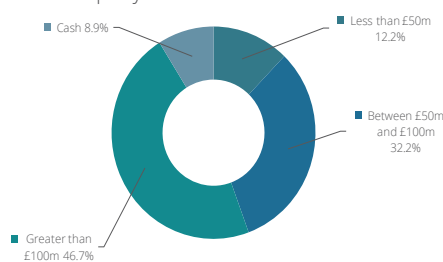
Portfolio weightings within specific industrial sectors.



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	£111.3m
Number of holdings	39
Domicile	UK
SEDOL	BNDMJ1
ISIN	GG00BNDMJ11
Ticker	RMMC LN

FEES & CHARGES

AMC	0.75%
Performance fee	15% of outperformance

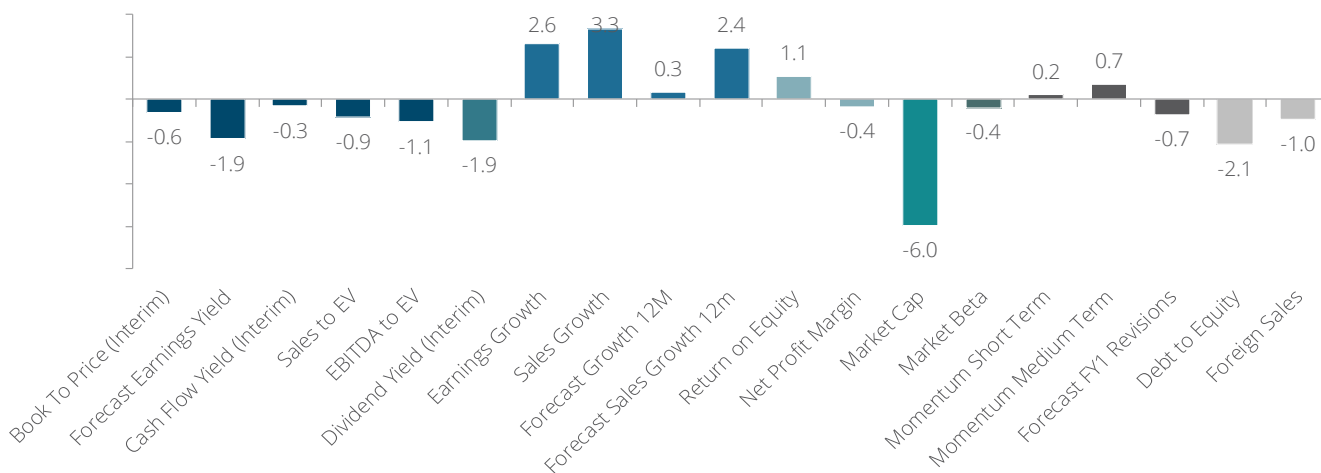
CONTACT DETAILS

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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 per share was 328.3p at the end of September, a fraction higher than the 327.3p recorded at the end of August. The one-month gain of 0.3% compares well against the benchmark, the Numis Smaller Companies plus AIM ex-IT, which lost 2.3%, leaving relative performance at 2.7%. The NAV has increased by 34.4% since the start of the year, outperforming the benchmark performance of 19.9% by 14.5%. Smaller companies underperformed the wider UK market in September which, as measured by the MSCI United Kingdom Investable Markets Index (IMI), finished the month 0.9% lower.

The closing share price of 283p at the end of the month was a discount of 13.8

Notable performance came from two of our healthcare holdings with both **Allergy Therapeutics** and **Instem** gaining just over 13% in the month. Instem, a *Quality* thesis, provides software solutions to the life sciences industry with the argument being that any small acceleration in the time it takes for a drug to succeed (or indeed fail) can deliver material savings to Instem's clients. Whereas Allergy, a *Growth* thesis, is a leading profitable vaccines business that is re-investing in significant R&D spend to drive both market share growth and new market opportunities. Both companies reported results in September which were incrementally positive.

The only notable underperformer was **Joules** which fell 20% in the month.

This performance is similar to larger eCommerce retail businesses for the period (Boohoo and Asos both fell 23%). Joules will not be immune to the supply chain and wage challenges that peers have flagged and this has driven a material de-rating.

eEnergy was the sole new addition to the portfolio in the month. eEnergy is an energy procurement and consultancy business which works with UK SMEs to reduce energy use and procure renewable energy to aid the client's transition to net zero. It will come as no surprise that this is a market undergoing significant growth with eEnergy delivering 75% organic revenue growth and a maiden profit in the last financial year. We participated in a placing to fund their latest acquisition, UtilityTeam.

The cash position of 9% at the end of September is a result of the takeover proceeds from Sigma Capital and Cambria Automobiles that were received in August and late September respectively and have yet to be put to work. We have levels in mind to add to existing positions and a few potential new holdings on the radar but will be patient in deploying this capital.

High inflation prints continue with headlines focusing on the stress in shipping rates, natural gas and HGV drivers as demand continues to normalise. Central Banks have begun to tighten and treasury yields, which had fallen back since the peak inflation concerns earlier in the year, moved notably higher in September. We will

look to take advantage of any volatility this creates and, once again, highlight the relatively conservative earnings expectations and valuations in our UK smaller companies universe.

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
October 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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