

# 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	-2.5	-1.5	31.1	226.7
Share Price	-2.5	-7.1	28.4	181.6
Benchmark	-0.6	1.3	19.1	93.2

## TOP 10 CONTRIBUTORS TO RETURN

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

	Relative contribution to return
Venture Life	0.3%
Capital Limited	0.2%
MaxCyte	-0.3%
Sigmaroc	-0.3%
Allergy Therapeutics	-0.3%
Ince Group	-0.3%
Playtech	-0.3%
Instem	-0.3%
Brand Architekts Group	-0.4%
Science In Sport	-0.4%

Source: River and Mercantile Asset Management LLP

## TOP 10 HOLDINGS

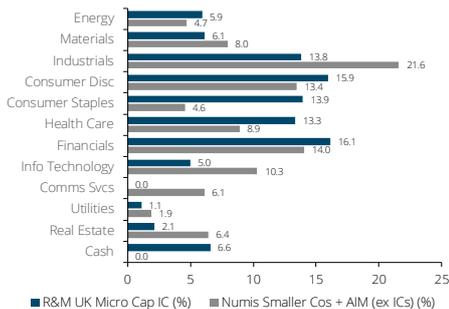
The ten largest positions by weight held in the portfolio.

	Weight
Science In Sport	5.1%
Allergy Therapeutics	4.8%
Instem	4.8%
Litigation Capital Mgmt	4.2%
Keystone Law	4.0%
Mind Gym	3.7%
Joules	3.3%
Capital Limited	3.1%
Supreme	2.9%
Aquis Exchange	2.8%

Source: River and Mercantile Asset Management LLP

## SECTOR WEIGHTS

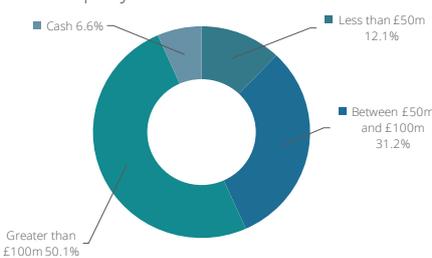
Portfolio weightings within specific industrial sectors.



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	£108.5m
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

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 per share was 320.2p at the end of October, down 2.5% from the end of September, underperforming the benchmark performance of -0.6% by 1.9%. The NAV has increased by 31.1% since the start of the year, outperforming the benchmark performance of 19.1% by 11.9%. Smaller companies underperformed the wider UK market in October which, as measured by the MSCI United Kingdom Investable Markets index (IMI), finished the month 1.8% higher.

The closing share price of 276p at the end of the month was a discount of 13.8%.

I usually comment on meaningful stock specific contributors to either positive or negative performance but there is little to write about this month. Our three largest positions, **Science in Sport**, **Instem** and **Allergy Therapeutics**, which represent c.15% of the portfolio, did all underperform (down 6-8% in the month) on no news flow. More broadly, we have a c.11% overweight position in Consumer stocks (discretionary and staples) which have struggled over the last few months given supply chain and consumer spending concerns.

I mentioned the elevated cash position (9%) at the end of the prior month, this has reduced to 6.6% on the back of one new position, **Renold**, re-building our position in **Venture Life** and adding conviction to some of the businesses we recently invested in through their IPOs, namely **Supreme**, **LendInvest** and **Virgin Wines**. Whilst

**Venture Life's** operating momentum has disappointed recently, the shares were aggressively sold down on the back of a large holder exiting. We believe there continues to be a strong investment case for holding the shares. **Renold** was purchased as a new Recovery investment case ahead of their upcoming interim results. We think there is potential for margins to improve given the actions taken by management over the last few years to reduce costs and will look to build conviction if further evidence of this comes through.

Having steepened for much of the third quarter, yield curves flattened through October, providing support for longer duration Growth stocks. Our long consumer exposure and lack of oil beta has, alongside a couple of disappointing company updates, proved a headwind to performance over the last few months. As previously mentioned, expectations look reasonable for UK small caps and UK equities remain deeply discounted versus other regional equities.

We remain committed to our strategy of building a high conviction portfolio exploiting investment opportunities in a part of the market that, in general, has greater scope for growth and is often overlooked by larger funds and the stockbroking community.

**George Ensor**  
Portfolio Manager  
November 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](http://www.carnegroup.com)

## INVESTMENT MANAGER

River and Mercantile Asset Management LLP  
30 Coleman Street, London EC2R 5AL  
020 7601 6262  
[www.riverandmercantile.com](http://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](mailto:rmccosec@bnpparibas.com)

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