

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	-5.5	-7.6	23.8	208.6
Share Price	1.6	-5.9	30.5	186.2
Benchmark	-3.6	-6.4	14.9	86.2

TOP 10 CONTRIBUTORS TO RETURN

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

	Relative contribution to return
Ten Lifestyle	0.2%
Keystone Law	0.2%
Allergy Therapeutics	0.2%
SDX Energy	-0.2%
Watches of Switzerland	-0.2%
Revolution Bars Group	-0.3%
Venture Life	-0.3%
Science In Sport	-0.3%
Litigation Capital Mgmt	-0.3%
The City Pub Group	-0.4%

Source: River and Mercantile Asset Management LLP

TOP 10 HOLDINGS

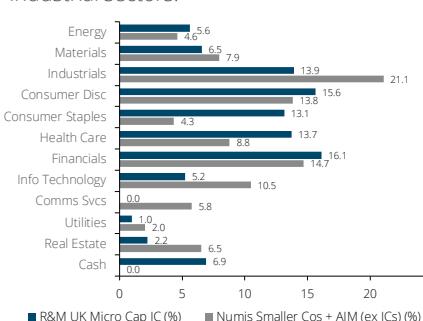
The ten largest positions by weight held in the portfolio.

	Weight
Allergy Therapeutics	5.2%
Science In Sport	4.9%
Instem	4.7%
Litigation Capital Mgmt	3.9%
Keystone Law	3.9%
Mind Gym	3.6%
Joules	3.2%
Capital Limited	3.1%
Supreme	3.0%
Aquis Exchange	2.9%

Source: River and Mercantile Asset Management LLP

SECTOR WEIGHTS

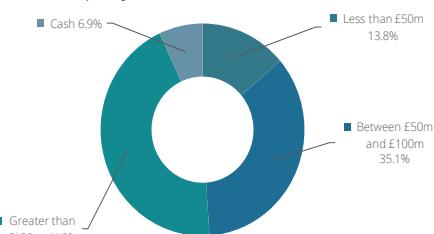
Portfolio weightings within specific industrial sectors.



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



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 302.4p at the end of November, a decline of 5.5% since the end of October and an underperformance of the benchmark of -3.6% by 2.0%. The NAV has increased by 23.8% since the start of the year, outperforming the benchmark performance of 14.9% by 8.9%. Smaller companies underperformed the wider UK market again in November which, as measured by the MSCI United Kingdom IMI index, finished the month 2.2% lower.

The closing share price of 280.5p at the end of the month was a discount of 7.2%.

I reported last month there was little to comment on from a stock specific contribution point of view and the same is true of November. Like October, a few of our larger positions underperformed in the month with **Litigation Capital Management** falling 12% and **Science in Sport**, our largest position at the start of the month, falling 10%. Neither reported any news in the month. **City Pubs** (-20%) and **Revolution Bars** (-13%) both fell as Covid case numbers picked up with the falls predominantly happening ahead of the news of the new variant and despite a strong update from Revolution Bars.

We continue to run an elevated cash position which, at 6.9%, is marginally higher than the 6.6% we held at the end of the prior month. There were no new positions or portfolio exits in the month. We held back from adding to our consumer exposure in the month

which has been weak given concerns around both Covid and supply chain challenges but see good value in these names and, to date, updates have been supportive.

The key challenge over the last few months has been the underperformance of smaller companies which have lagged the wider UK market by over 5% since the end of August. I comment on this monthly as it is an important factor to performance. There are many factors that drive this but tightening financial conditions, increased uncertainty - be that from a health, economic or even geopolitical perspective - and declining sentiment probably sit close to the top of the list.

Whilst there is no commentary that covers the last two months, the annual report should be published in the next week and will include a detailed review of portfolio positioning, performance attribution and trading activity to the end of September.

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
December 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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