

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	-10.7	-15.7	-14.9	160.3
Share Price	-10.8	-20.5	-14.4	127.6
Benchmark	-4.9	-7.0	-10.9	73.3

TOP 10 CONTRIBUTORS TO RETURN

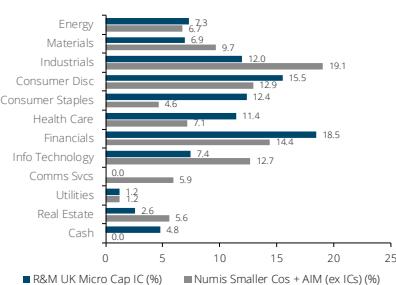
The greatest contributors to the portfolio's performance relative to the benchmark

	Relative contribution to return
Shanta Gold	0.6%
Litigation Capital Mgmt	0.4%
Science In Sport	-0.4%
RA International	-0.4%
Keystone Law	-0.4%
Venture Life	-0.4%
Virgin Wines UK	-0.5%
Cake Box Holdings	-0.6%
Allergy Therapeutics	-0.6%
Joules	-1.0%

Source: River and Mercantile Asset Management LLP

SECTOR WEIGHTS

Portfolio weightings within specific industrial sectors.



Source: River and Mercantile Asset Management LLP

TOP 10 HOLDINGS

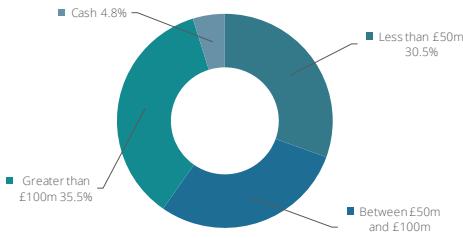
The ten largest positions by weight held in the portfolio.

	Weight
Science In Sport	5.3%
Instem	4.9%
Capital Limited	4.1%
Supreme	3.9%
Keystone Law	3.5%
Allergy Therapeutics	3.5%
Mind Gym	3.5%
LendInvest	3.4%
Litigation Capital Mgmt	3.4%
DF Capital	3.3%

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

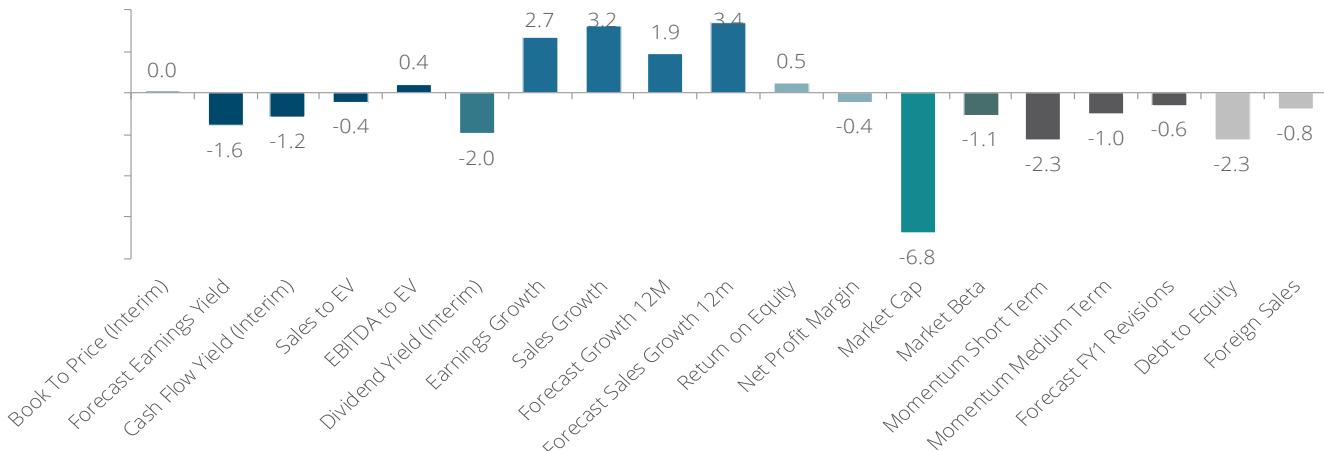


Source: Bloomberg



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 255.1p at the end of February, a decline of 10.7% over the month, underperforming the benchmark performance, a decline of 4.9%, by 5.8%. On a rolling twelve-month basis, the NAV performance is 8.6% behind the benchmark performance. Given the risk off nature of markets through February, smaller companies materially underperformed the wider UK market which, as measured by the MSCI United Kingdom Investable Markets index, finished the month fractionally lower (-0.4%). On a rolling twelve-month basis, smaller companies have underperformed by 15.7%.

The closing share price of 223p at the end of the month was a discount of 12.6%.

As we saw in the fourth quarter of last year, the majority (c.75%) of our holdings underperformed in the month – that doesn't come as a surprise given the risk off nature and our limited exposure to oil and gas producers. Shanta Gold was the only material contributor to positive performance (+0.6ppt). With the exception of the two companies that we comment on below, there were no disappointing updates or drivers above and beyond the market risk off environment that drove the significant underperformance. Volatility is, unfortunately, one of the characteristics of investing in small and micro cap companies, and one of the reasons we have preferred our closed ended investment structure is to enable us to continue to invest through periods of stress.

Two holdings, **Joules** and **Virgin Wines**, did issue disappointing updates in February with Joules dropping 51% and Virgin Wines 32%, impacting the relative performance by 1% and 0.5% respectively. Having reduced

expectations in December, Joules had to reduce full year profit expectations once again given higher labour costs in their distribution centre, lower than expected store footfall in January and late stock delivery impacting full price retail and wholesale revenue. Trading over recent months has been tough for many retailers; Joules has probably fared worse than most. But, with a current enterprise value of £75m, the shares trade on 0.25x forecast revenue which is extremely depressed for a business that should be able to (and has previously) delivered margins in excess of 7%. To put this in perspective, the average sales multiple since their IPO in 2016 is just over 1x. Virgin Wines provided an interim trading update in which it guided to soft trading and cost headwinds resulting in downgrades of c.10% - the 30% fall in the shares leaves the company trading on a 1 year forward PE multiple of 13x.

The software business that we commented on as a new position last month but didn't name is **1Spatial**, a provider of high RoI (return on investment) solutions for managing large and complex location data sets, enabling clients such as the Department for Transport and 911 services in the US to benefit from greater insights and make more informed decisions. As with many early-stage software business, profitability is currently depressed but, at less than 2x sales or 3x annual recurring revenue, the company is trading at a material discount to most tech stocks.

First and foremost, there is a terrible humanitarian crisis unfolding in Eastern Europe and we should all hope for a swift end to the violence in Ukraine. The impact on global markets has been dominated by the moves in commodity prices with massive volatility in spot prices of oil, gas, wheat and some

industrial metals. It seems likely that high energy and food costs will drive inflation higher in the short term and depress growth. Medium term implications are likely to include a greater focus on the security of short-term energy supply and defence – two areas of the market that have been shunned by ESG investors. Sentiment is currently the key driving force in markets and whilst it is impossible to know when equities have bottomed, there are some extremely attractive opportunities emerging. We remain dedicated 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
March 2022

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
rmmccosec@bnpparibas.com

River and Mercantile UK Micro Cap Investment Company Limited is Registered with the Guernsey Financial Services Commission as a Closed Ended Collective Investment Scheme. Carne Global AIFM Solutions (C.I.) Ltd is the Alternative Investment Fund Manager which has delegated the discretionary investment management to River and Mercantile Asset Management LLP. The information in this document has been prepared and issued by River and Mercantile Asset Management LLP (trading as "River and Mercantile" and "River and Mercantile Asset Management"), in conjunction with Carne Global AIFM Solutions (C.I.) Ltd which is regulated by the Jersey Financial Services Commission. River and Mercantile Asset Management LLP registered in England and Wales under Company No. OC317647, with its registered office at 30 Coleman Street, London EC2R 5AL. River and Mercantile Asset Management LLP is authorised and regulated by the UK Financial Conduct Authority (Firm Reference Number 453087), is registered with the U.S. Securities and Exchange Commission (SEC) as an Investment Adviser under the Investment Advisers Act of 1940. River and Mercantile Asset Management LLP is a subsidiary of River and Mercantile Group Plc which is registered in England and Wales under Company No. 04035248, with its registered office at, 30 Coleman Street, London EC2R 5AL. This document is directed at professional clients only. Retail clients should not rely on the information provided for this investment product. Retail clients requiring any information should seek the advice/assistance of a Financial Advisor. The information contained in this document is strictly confidential and may not be reproduced or further distributed. The value of investments and any income generated may go down as well as up and is not guaranteed. An investor may not get back the amount originally invested. Past performance is not necessarily a guide to future performance. Changes in exchange rates may have an adverse effect on the value, price or income of investments. Please refer to the River and Mercantile UK Micro Cap Investment Company Limited prospectus for further details of the financial commitments and risks involved in connection with this investment. The information and opinions contained in this document are subject to updating and verification and may be subject to amendment. The information and opinions do not purport to be full or complete. No representation, warranty, or undertaking, express or limited, is given as to the accuracy or completeness of the information or opinions contained in this document by River and Mercantile or Carne Global AIFM Solutions (C.I.) Ltd. No liability is accepted by such persons for the accuracy or completeness of any such information or opinions. As such, no reliance may be placed for any purpose on the information and opinions contained in this document. Please note that securities named in this report may be held by the Portfolio Manager and/or another member of the Investment Team personally for their own accounts.