

Key Information Document

River and Mercantile UK Micro Cap Investment Company Limited
A sub fund of River and Mercantile UK Micro Cap Investment Company
Ordinary shares of no par value ("Ordinary Shares")



Purpose

This document provides you with key information about this investment product. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

Product

Name: River and Mercantile UK Micro Cap Investment Company Limited Ordinary shares of no par value ("Ordinary Shares")
ISIN: GG00BNDMJP11
PRIIP Manufacturer: River and Mercantile UK Micro Cap Investment Company Limited
PRIIP Manufacturer Website: <https://microcap.riverandmercantile.com>
Telephone: +44 (0)1534 679510

Guernsey Financial Services Commission is responsible for supervising River and Mercantile UK Micro Cap Investment Company Limited in relation to this Key Information Document.

This PRIIP is authorised in Guernsey Financial Services Commission.

Carne Global AIFM Solutions (C.I.) Limited is authorised in Guernsey Financial Services Commission and regulated by Guernsey Financial Services Commission.

The key information document is accurate as at 5 January 2023.

You are about to purchase a product that is not simple and may be difficult to understand.

➤ What is this product?

Type: Ordinary shares in a closed-ended investment company incorporated in Guernsey. Save for payments of dividends or other returns (e.g. on a redemption of Ordinary Shares under the Company's compulsory redemption mechanism or on a winding-up), the Company is not expecting to pay you and you are expected to generate returns through selling your shares through a bank or stockbroker. Ordinary Shares are bought and sold via markets. Typically, at any given time on any given day, the price you pay for a share will be higher than the price at which you could sell it. The price at which you can sell your shares will vary depending on market conditions and will not necessarily reflect the net asset value of the Company.

Term: No fixed term.

Objectives: The Company aims 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.

Intended retail investor: This product is intended for UK retail investors who plan to hold their investment for the long term. Potential investors should fully understand the additional risks associated with this particular asset class, the potential risk of capital loss and that there may be limited liquidity in the Ordinary Shares. The Ordinary Shares are suitable for investors as part of a diversified investment portfolio and who are able to take a long-term view of any investment in the Company.

Depositary: The Fund's assets are held through its Depositary, which is BNP Paribas SA, Guernsey Branch.

Distribution type: The product is distributing.

➤ What are the risks and what could I get in return?

Risk indicator



The risk indicator assumes you keep the product for 5 years.



The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you.

We have classified this product as 4 out of 7, which is a medium risk class.

This rates the potential losses from future performance as a medium level, and poor market conditions could impact our capacity to pay you.

For other risks materially relevant to the product which are not taken into account in the summary risk indicator, please read the Fund's Prospectus available at <https://microcap.riverandmercantile.com>.

The product does not include any protection from future market performance, so you could lose some or all of your investment. The price at which the Ordinary Shares are sold in the market has not historically tracked the Company's net asset value per Ordinary Share.

If we are not able to pay you what is owed, you could lose your entire investment.

Investment performance information

The main factors likely to affect future returns for the investor include the portfolio manager successfully identifying growth opportunities within UK companies below £100m market cap, the broader economic cycle, sentiment towards the UK and economic growth within the UK and sentiment towards smaller companies. While the NAV of the fund is impacted by the factors above, the factors which may affect the share price of The Company include (but are not limited to): (i) the Company's expected and actual performance; (ii) other secondary issues in the market; and (iii) general economic and market conditions.

While The Company will not be benchmark-driven in its asset allocation, the most relevant index is Numis Small Cap + AIM ex ICs. Due to the Company's strategy of investing in companies which, on average, are much smaller than the average benchmark company, the fund is likely to experience notably higher volatility than the benchmark. The fund has the potential to outperform the benchmark considerably, typically during periods where smaller companies are outperforming and risk sentiment is either above average or improving. However it also has the potential to return considerably below benchmark, especially during down-market periods and risk-off market environments.

What could affect my return positively? What could affect my return positively? Conditions that are conducive to higher returns include improved confidence in the UK from investors, an increased appetite for risk and the outperformance of smaller companies. The fund aims to take advantage of the illiquidity premium inherent in the UK micro cap space, the success of which is largely dependent on market conditions and successfully identified growth opportunities.

What could affect my return negatively? What could affect my return negatively? Conditions that are likely to generate lower returns or lead to investment loss include decreased confidence in the UK from investors, a reduced appetite for risk, a heightened short-term sense of fear in the markets, increased funding issues/bankruptcies within small caps, and portfolio manager change. The relatively small market capitalisation of Micro Cap Companies can make the market in their shares illiquid. Therefore, prices of Micro Cap Securities are often more volatile than prices of larger capitalisation stocks, and even small cap companies. The Company may invest in securities that are not readily tradable, which may make it difficult for the Company to sell its investments and may lead to volatility in the market price of Shares in the Company.

Under severely adverse market conditions, investors may expect difficulty in realising the value of their investment and there may not be a liquid market in the Shares of The Company. Supply and demand for shares in The Company and not the underlying value of The Company will dictate the price at which investors can realise their investments. During times of market stress, the shares of The Company may trade at a significant discount to the net asset value of its portfolio, which can cause an investor in The Company to experience larger negative returns than those experienced by the portfolio itself.

➤ **What happens if River and Mercantile UK Micro Cap Investment Company Limited is unable to pay out?**

As a shareholder of River and Mercantile UK Micro Cap Investment Company Limited you would not be able to make a claim to the Financial Services Compensation Scheme about the Company in the event that the Company were unable to pay any dividends or other returns it may elect to pay from time to time, or if it were unable to pay any amounts due to you on a winding-up. If you sell your Ordinary Shares on the London Stock Exchange, your bank or stockbroker will receive cash on delivery of your shares and should pass that to you.

➤ **What are the costs?**

Cost over time

The person advising on or selling you this product may charge you other costs. If so, this person will provide you with information about these costs and how they affect your investment.

The tables show the amounts that are taken from your investment to cover different types of costs. These amounts depend on how much you invest, and how long you hold the product. The amounts shown here are illustrations based on an example investment amount and different possible investment periods.

We have assumed:

- In the first year you would get back the amount that you invested (0% annual return)
- For the other holding periods we have assumed the product performs as shown in the moderate scenario
- GBP 10,000 per year is invested

Example investment: GBP 10,000	If you cash in after 1 year	If you cash in after 5 years
Total costs	GBP 341	GBP 3,308
Annual cost impact(*)	3.42%	3.85%

(*)This illustrates how costs reduce your return each year over the holding period. For example it shows that if you exit at the recommended holding period your *average* return per year is projected to be 16.43% before costs and 12.58% after costs.

Composition of costs

The table below shows the impact each year of the different types of costs on the investment return you might get at the end of the recommended holding period and the meaning of the different cost categories.

The table shows the impact on return per year		Annual cost impact if you exit after 5 years	
One-off costs upon entry or exit	Entry costs	We do not charge an entry fee.	GBP 0
	Exit costs	We do not charge an exit fee for this product, but the person selling you the product may do so.	GBP 0
Ongoing costs taken each year	Management fees and other administrative or operating costs	1.28% of the value of your investment per year. This is an estimate based on actual costs over the last year.	GBP 128.33
	Transaction costs	0.24% of the value of your investment per year. This is an estimate of the costs incurred when we buy and sell the underlying investments for the product. The actual amount will vary depending on how much we buy and sell.	GBP 24.02
Incidental costs taken under specific conditions	Performance fees and carried interest	0.24% The actual amount will vary depending on how well your investment performs. The aggregated cost estimation above includes the average over the last 5 years. For additional information with regards to the performance fee please refer to the prospectus.	GBP 178

➤ How long should I hold it and can I take my money out early?

The recommended minimum holding period: 5 years.

Listed funds are designed to be long term investments and the returns from them can be volatile during their life. You should plan to hold your shares for at least a five year investment horizon.

As the Company's shares are listed on the London Stock Exchange, you can expect to sell them at any time through your bank or stockbroker.

➤ How can I complain?

If you have any complaints about the Company, you may lodge your complaint: via our website: <https://microcap.riverandmercantile.com> or in writing to BNP Paribas SA, Guernsey Branch - BNP Paribas House, 1 St Julian's House, St Peter Port, GY1 1WA, Guernsey.

➤ Other relevant information

We are required to provide you with further documentation, such as the Company's annual and interim reports. These documents and other information relating to the Company are available online at <https://microcap.riverandmercantile.com>.

The past performance of the Company is not a guide to future performance. The price of the Company's shares can go down as well as up. The cost, performance and risk calculations included in this Key Information Document follow the methodology prescribed by EU rules. In addition, the costs set out in the "composition of costs" table are carried by the Company and dividends paid to investors are net of these costs.

Past Performance and Performance Scenarios: For details of past performance, please see online at <https://microcap.riverandmercantile.com>. For previous performance scenarios, please see <https://microcap.riverandmercantile.com>.