

River and Mercantile UK MICRO CAP INVESTMENT COMPANY



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	-1.9	-13.8	-17.9	151.2
Share Price	-2.3	-14.4	-17.9	118.4
Benchmark	-1.6	-5.8	-11.8	71.5

TOP 10 CONTRIBUTORS TO RETURN

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

	Relative contribution to return
Science In Sport	0.5%
Renold	0.4%
The City Pub Group	0.3%
Keystone Law	0.2%
Shanta Gold	0.2%
DF Capital	-0.3%
Instem	-0.4%
Ten Lifestyle	-0.4%
Allergy Therapeutics	-0.4%
Supreme	-0.5%

Source: River and Mercantile Asset Management LLP

TOP 10 HOLDINGS

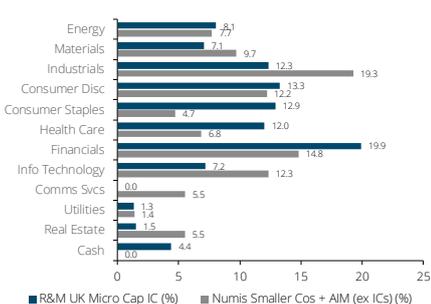
The ten largest positions by weight held in the portfolio.

	Weight
Science In Sport	5.5%
Instem	5.1%
Capital Limited	4.7%
Allergy Therapeutics	4.1%
Litigation Capital Mgmt	3.7%
Keystone Law	3.6%
Lendinvest	3.5%
Mind Gym	3.4%
Sigmaroc	3.2%
Supreme	3.0%

Source: River and Mercantile Asset Management LLP

SECTOR WEIGHTS

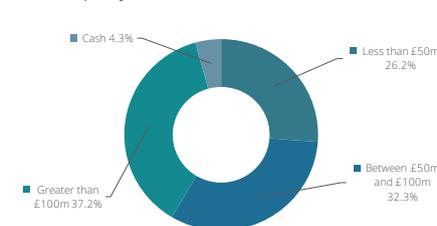
Portfolio weightings within specific industrial sectors.



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	£83.5m
Number of holdings	42
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 246.2p at the end of April, a decline of 1.9% over the month, underperforming the benchmark performance, a decline of 1.6%, by 0.3%. On a rolling twelve-month basis, the NAV performance is 10.3% behind the benchmark performance. Smaller Companies continued their recent trend of underperformance versus the wider market which, as measured by the MSCI United Kingdom IMI index, finished the month up 0.5%. On a rolling twelve-month basis, smaller companies have underperformed by 19.3%.

The closing share price of 214p at the end of the month was a discount of 13.1%.

One month relative winners included **Science in Sport**, **Renold** and **The City Pub Group**. Renold (0.4ppt relative contribution to performance), a Recovery thesis that we added to the portfolio in the fourth quarter of 2021, provided a positive update on trading that included a record order book and upgrades to expectations for both profits and cash. The company also flagged a pipeline of value accretive acquisitions. City Pubs (0.25ppt impact) bounced as the company provided an updated valuation for the estate with their annual results which illustrated the asset backed opportunity. Science in Sport (0.5ppt impact), our largest position, benefitted from institutional buying following their results in late March.

DF Capital, a specialist lender, guided that full year profits will be realised later than expected as, to the detriment of loan book growth, loans are being paid back too quickly. The shares fell 12%, impacting performance by 0.3ppts. **Instem**, a consolidator of software businesses that enable large

pharmaceutical companies to improve R&D efficiency, fell 9% (0.4ppt impact) as they guided to limited year-on-year margin progression given a six-month delay in price increases to offset wage inflation. We believe medium-term margin expectations look conservative when compared to management guidance which should drive shareholder value creation. **Supreme** shares dropped 15% and now trade at the same price as their January 2021 IPO price following downgrades to consensus earnings which were driven by high whey prices (impacting their sports nutrition business) and higher distribution costs. Finally, **Allergy Therapeutics** (down 11% / 0.4ppt impact) and **Ten Lifestyle** (down 23% / 0.4 ppt impact) were both weak although neither company provided updates to the market.

There were no new positions or positions exited in the month. Following the positive update, we continued to build our position in Renold. We added to our position in **GetBusy**, a lowly rated software business delivering attractive growth in recurring revenue, ahead of a positive trading update in May. We also added to our position in **Cake Box** ahead of their full year trading update which reported strong new store openings, LFL (like-for-like) growth and excellent demand for further store openings. On consensus numbers, the shares have de-rated by over 50% over the last six-months from c.26x to just over 12x.

Given the many headwinds to consumer real income, it is hardly a surprise to see consumer confidence continue to deteriorate. GfK's (Growth from Knowledge - a provider of data and analytics to the consumer goods industry) long running UK consumer confidence index decreased to -38, the second lowest reading in its 40-year

history, one point higher than the all-time low of -39 which was recorded in July 2008, suggesting we might be close to a low for sentiment.

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
May 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.