RIVER AND MERCANTILE UK MICRO CAP
INVESTMENT COMPANY LIMITED

HALF-YEARLY FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 MARCH 2022

THE COMPANY AT A GLANCE

Purpose

River and Mercantile UK Micro Cap Investment Company Limited (the "Company") is an investment company. Its purpose is to deliver high and sustainable returns to investors by delivering the investment objective detailed below.

Investment objective

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.

Investment strategy and policy

The Company's investment strategy is to take advantage of the illiquidity risk premium inherent in UK micro-cap companies and exploit fully the underlying investment opportunities in that area of the market to deliver high and sustainable returns to shareholders, in the form of capital gains. It is expected that the majority of the Company's investible universe will comprise companies whose securities are admitted to trading on the Alternative Investment Market of the London Stock Exchange. While it is intended that the Company will be fully invested in normal market conditions, the Company may hold cash or similar instruments.

Carne Global AIFM Solutions (C.I.) Limited (the "Manager") is the manager of the Company. It delegates portfolio management to River and Mercantile Asset Management LLP (the "Portfolio Manager").

About the Portfolio Manager

The Portfolio Manager is an active equity manager, specialising in UK and global equity strategies since its launch in 2006. Since 2014, it has been part of River and Mercantile Group PLC (the "Group"). On 25 January 2022, the Board of AssetCo plc and the independent directors of the Group announced that they had reached agreement on the terms and conditions of a recommended all share acquisition by AssetCo plc of the entire issued and to be issued ordinary share capital of the Group, other than the Group's shares already beneficially owned by AssetCo plc.

George Ensor, the appointed portfolio manager, has been responsible for the Company's portfolio since February 2018. Please refer to page 13 for George's biography.

Capital redemptions and dividend policy

The Company is committed to achieving long term capital growth and, where possible, returning such growth to shareholders throughout the life of the Company. Furthermore, the Board believes that a Net Asset Value ("NAV") in the region of £100 million will best position the Company to maximise returns from a portfolio of micro-cap companies. Accordingly, the Directors operate a Capital Redemption Mechanism under which a portion of the Company's share capital is redeemed compulsorily to return the Net Asset Value back to around £100 million in order to:

- enable the Company to exploit fully the underlying investment opportunity and to deliver high and sustainable returns to shareholders, principally in the form of capital gains;
- enable portfolio holdings to have a meaningful impact on the Company's performance, which might otherwise be marginal within the context of a larger fund; and
- ensure that the Company can continually take advantage of the illiquidity risk premium inherent in micro-cap companies.

The Company does not expect to pay dividends.

Management of your Company

The Board of the Company comprises a majority of independent non-executive Directors with extensive knowledge of investment matters, the regulatory and legal framework within which the Company operates, as well as the various roles played by investment companies in shareholders' portfolios. The Board provides oversight of the Company's activities and ensures that the appropriate financial resources and controls are in place to deliver the investment strategy and manage the risks associated with such activities. The Board actively supervises both the Manager and the Portfolio Manager in the performance of their respective functions. The Portfolio Manager is authorised and regulated by the Financial Conduct Authority and the Manager is authorised and regulated by the Jersey Financial Services Commission.

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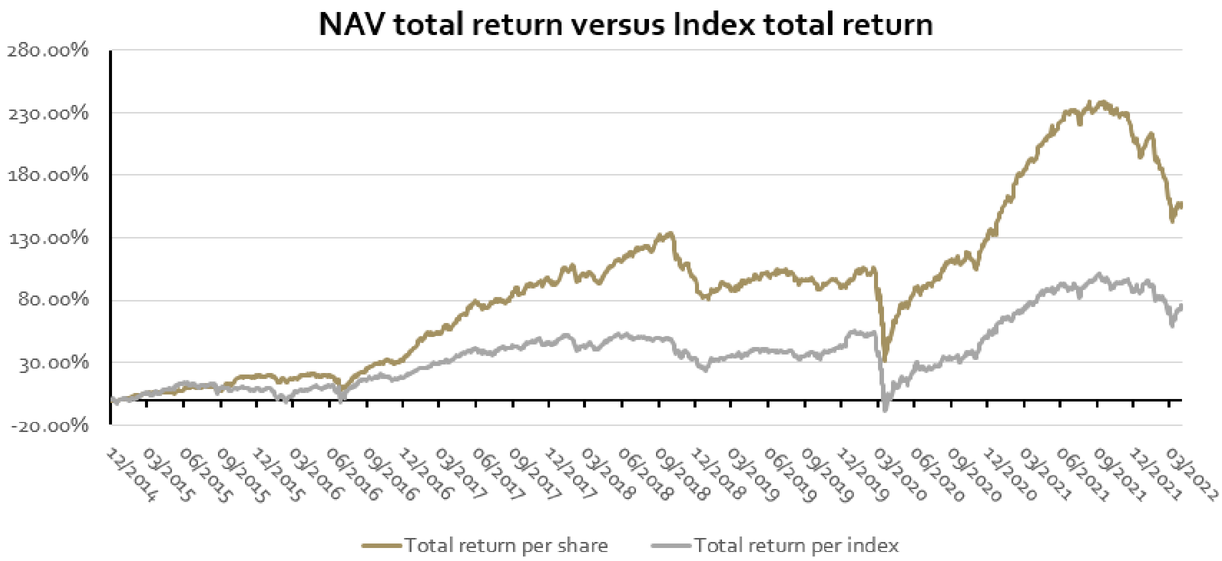
NAV total return versus benchmark from inception

NAV on a total return[1] basis increased by 156.17% from inception (net of issue costs), outperforming the total return posted by the Numis Smaller Companies plus Alternative Investment Market ("AIM") (excluding Investment Companies) Index (the "Benchmark") total return[2] of 74.36%. Refer to the chart below showing the NAV total return versus the Benchmark from inception:



NAV total return vs Benchmark for the six months ended 31 March 2022

Over the six months ended 31 March 2022, the NAV total return of the Company underperformed against the benchmark index by (13.25)%, delivering a NAV total return of (23.53)%, which compares with the total return of (10.28)% posted by the Benchmark.

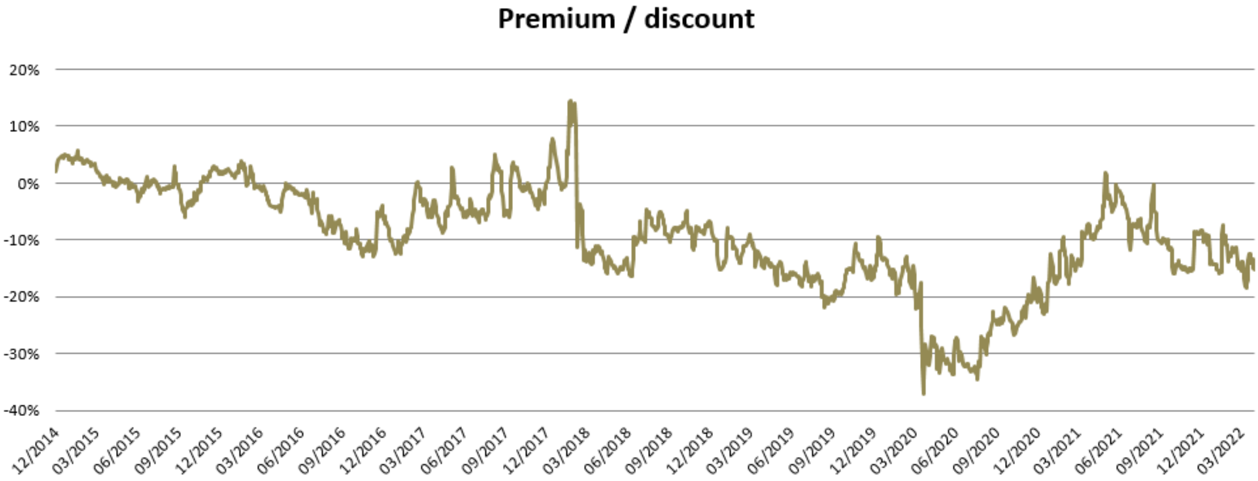
NAV and Share price

	As at 31 March 2022	As at 30 September 2021
NAV per Ordinary Share[3]	£2.5105	£3.2830
Ordinary Share price (bid price)[4]	£2.1300	£2.8000
Share price discount to NAV	(15.16%)	(14.71%)

Period highs and lows

	Six months ended 31 March 2022 High	Six months ended 31 March 2022 Low	Year ended 30 September 2021 High	Year ended 30 September 2021 Low
NAV per Ordinary Share[3]	£3.2830	£2.3755	£3.3199	£2.0053
Ordinary Share price (bid price)[4]	£2.9000	£1.9800	£3.2400	£1.5700

Premium / discount[5]



Capital redemptions

From inception to 31 March 2022, the Company has exercised its Capital Redemption Mechanism on five separate occasions, as detailed below, redeeming a total of 34,609,615 Ordinary Shares and returning a total of £76,924,351 to Shareholders. The Company's total returned of capital to Shareholders now exceeds their initial investment in the Fund.

Redemption Date	Redemption price per Ordinary Share[6]	Number of Ordinary Shares Redeemed	Amount returned to Shareholders
9 June 2017	£1.7217	8,712,240	£14,999,864
1 December 2017	£1.9124	7,843,469	£14,999,850
27 July 2018	£2.1659	5,506,817	£11,927,215
29 January 2021	£2.5335	5,921,631	£15,002,452
7 May 2021	£3.0179	6,625,458	£19,994,970

Please refer to note 9 for full details of the Company's Redemption Mechanism, including the conditions required for the Company to be able to operate the Capital Redemption Mechanism.

Dividend history

In accordance with the Company's stated policy, no dividend was declared or paid during the period.

[1] – The NAV total return measures how the NAV per Ordinary Share has performed over a period of time, taking into account capital returns. The Company quotes NAV total return as a percentage change from the initial issuance of Ordinary Shares to 31 March 2022. The Company has not declared a dividend since inception. The Board monitors the Company NAV total return against the Numis Smaller Companies plus Alternative Investment Market ("AIM") (excluding Investment Companies Index).

[2] – Source: Numis Securities Limited.

[3] – The NAV per Ordinary Share is the value of all the Company's assets, less any liabilities it has, divided by the total number of Ordinary Shares.

[4] – Source: Bloomberg.

[5] – As the Company's Ordinary Shares are traded on the London Stock Exchange's Main Market, the share price may be higher or lower than the NAV. The Company's discount / premium to NAV is the difference between the Ordinary Share price (bid price) and the NAV per Ordinary Share on the same day. This comparison is expressed as a percentage.

[6] – Excludes the cost of each redemption, amounting to a total of £33,008 across all redemptions.

CHAIRMAN'S STATEMENT

"People don't really believe in words. Or rather, people believe in words only for a stretch of time. Then they start to look for action" – Volodymyr Zelensky, President of Ukraine.

As your Chairman, the words of President Zelensky above have resonated with me. We are aware that no matter how much information we provide during this period of geopolitical uncertainty, our shareholders want to see action and will want to see the companies we invest in producing positive returns. However, it is worth bearing in mind that your Company has returned more actual cash to shareholders than it has raised since IPO in 2014 and we continue to believe that patience during this period of extreme dislocation will be rewarded.

We live in truly remarkable times, from COVID-19, to significant levels of inflation rates, to the ongoing horrific war in Ukraine. There can be little surprise as to why the markets are turbulent. However, Warren Buffett once remarked that the true investor welcomes volatility, a wildly fluctuating market means that irrationally low prices will periodically be attached to solid businesses. This has been proven true time and time again, and never more so than in the micro-cap sector of the market.

The Company is committed to investing in a high conviction portfolio of micro-cap companies based on their potential for future growth, their valuation and the timing of buying into a position. Whilst markets have undoubtedly been difficult over the last 6-month period, the Company will continue to stick to its investment philosophy and rigorous process. Calling the end of the recent underperformance of smaller companies is extremely difficult, but we continue to believe that the under-researched micro-cap sector of the market continues to present some fantastic opportunities.

During this period under review, the Group, which owns the Portfolio Manager, disposed of part of its business, appointed a new CEO, and recommended the terms of an acquisition by AssetCo. Your Board has been acutely aware of the need to ensure that the Portfolio Manager will continue to be totally dedicated to the success of our Company despite this period of change. Your Board has met with the new CEO and is comfortable that the Portfolio Manager remains closely aligned with the success of the Company and will continue to provide your Company with the same level of dedication and support that it has received in the past.

The Board is also aware that George Ensor, our portfolio manager, has increased his responsibilities to become the manager of a Small Cap fund within the Group. As a Board, we are entirely comfortable that this additional responsibility will in no way detract from George's absolute commitment to the Company.

On behalf of the Board, I would like to thank all our shareholders for their support. We will continue to ensure that your Company remains focused on delivering strong, long term performance for shareholders by sticking to our investment philosophy and process that has served us so well since our inception.

Andrew Chapman
Chairman
16 June 2022

EXECUTIVE SUMMARY

This Executive Summary is designed to provide information about the Company's operation and results for the six months ended 31 March 2022. It should be read in conjunction with the Chairman's Statement on page 4 and the Portfolio Manager's Report on pages 13 to 19 which provides a detailed review of investment activities for the period and an outlook for the future.

Corporate summary
The Company was incorporated in Guernsey on 2 October 2014, with registered number 59106, as a non-cellular company with liability limited by shares. The Company is registered by the Guernsey Financial Services Commission ("GFSC") as a registered closed-ended collective investment scheme pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 2020, as amended, and the Registered Collective Investment Scheme Rules and Guidance ("RCIS Rules") 2021.

The Company's stated capital is denominated in Sterling and each share carries equal voting rights.

The Company's Ordinary Shares are listed on the Official List of the UK Listing Authority and admitted to trading on the Main Market of the London Stock Exchange. As at 31 March 2022, the Company's issued stated capital comprised 33,897,954 Ordinary Shares (30 September 2021: 33,897,954 Ordinary Shares).

The Company has appointed the Manager to act as the Company's Alternative Investment Fund Manager ("AIFM"). The Manager has delegated portfolio management of the Company's investment portfolio to the Portfolio Manager. The Board will actively and continuously supervise both the Manager and the Portfolio Manager in the performance of their respective functions.

The Company has appointed BNP Paribas Securities Services S.C.A., Guernsey Branch (the "Administrator") to provide administration, custodian and company secretarial services.

The Company is a member of the Association of Investment Companies ("AIC").

Significant events during the six months ended 31 March 2022

Ukraine conflict
The invasion of Ukraine by Russia has potential for far reaching implications for the global economy and financial volatility. Whilst it is too early to understand the full impact this conflict may have, the Directors will continue to monitor any impact to the Company as the situation continues to evolve. The Company has no direct and material exposure to Russia or Ukraine or to imposed sanctions.

COVID-19
The Company has been well placed to withstand the effects of the COVID-19 pandemic since it has no gearing or constraints on liquidity, as at all times it holds sufficient cash reserves to meet on-going expenditure. The Portfolio Manager continues to monitor specific COVID-19 risks associated with the underlying investment portfolio.

Result of Annual General Meeting held on 2 March 2022
The Board has noted the votes against Resolutions 6 (to re-elect Mr Mark Hodgson as a Director of the Company) and 7 (re-appointment of auditors).

The Board believes that the votes against Resolution 6 relate to the fact that, as disclosed in the Annual Financial Report, Mark Hodgson is not considered an independent director because he is a director of the Manager. The Manager is the AIFM of the Company but is totally unrelated to the Portfolio Manager and the Group. The opinion of the other Directors is that Mark provides considerable and complementary expertise to the Board, particularly in the area of risk management, in which the Manager has a significant operation. In accordance with the recommendations of the AIC in relation to non-independent directors, Mark is subject to annual re-election.

The Board believes that the votes against Resolution 7 relates to two factors:

1. That non-audit services represented 37.6% of audit fees during the year ended 30 September 2021 and the potential impact on the independence of the Company's auditor, PricewaterhouseCoopers CI LLP (the "Auditor"). The Board note that the non-audit services provided by the Auditor relate to the review of the Company's Half-Yearly Report for the period ended 31 March 2021 which provide additional risk management

to shareholders. The Board has discussed the vote against Resolution 7 with PricewaterhouseCoopers CI LLP and notes the concerns expressed by voting agencies and shareholders over the independence of the auditors which arise from the quantum of non-audit service fees. Such fees related entirely to the interim review which is a normal part of the services provided by auditors and can only be performed by a company's auditor. We do not believe that the concerns over auditor independence are warranted. No other non-audit services were provided during the year ended 30 September 2021.

2. In late 2020, the International Auditing and Assurance Standards Board produced a consultation entitled, Fraud and Going Concern and refers to the "expectations gap" in that the public expect more of auditors than is expected of them. The Company's Auditor has not provided a statement on the "expectations gap" explaining that it does not limit the scope of their work. The Board has discussed this point with the Auditor and on balance do not believe this should impact the re-appointment of the Auditor.

Company investment objective
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.

Company investment policy
The Company invests in a diversified portfolio of UK micro-cap companies. It is expected that the majority of the Company's investible universe will comprise companies whose securities are admitted to trading on AIM.While it is intended that the Company will be fully invested in normal market conditions, the Company may hold cash on deposit or invest on a temporary basis in a range of high quality debt securities and cash equivalent instruments. There is no restriction on the amount of cash or cash equivalent instruments that the Company may hold and there may be times when it is appropriate for the Company to have a significant cash position instead of being fully or near fully invested.

The Company will not be benchmark-driven in its asset allocation.

Diversification
The number of holdings in the portfolio will usually range between 30 and 50.

The portfolio is expected to be broadly diversified across sectors and, while there are no specific limits placed on exposure to any sector, the Company will at all times invest and manage the portfolio in a manner consistent with spreading investment risk.

Investment restrictions
No exposure to any investee company will exceed 10% of NAV at the time of investment.

The Company may from time to time take sizeable positions in portfolio companies. However, in such circumstances, the Company would not normally intend to hold more than 25% of the capital of a single investee company at the time of investment.

Although the Company would not normally expect to hold investments in securities that are unquoted, it may do so from time to time but such investments will be limited in aggregate to 10% of NAV.

The Company may invest in other investment funds, including listed closed-ended investment funds, to gain investment exposure to UK micro-cap companies but such exposure will be limited, in aggregate, to 10% of NAV at the time of investment.

Borrowing and gearing policy
The Company does not normally intend to employ gearing but at certain times it may be opportune to do so, for both investment and working capital purposes. Accordingly, the Company may employ gearing up to a maximum of 20% of NAV at the time of borrowing. As at 31 March 2022, the Company had no borrowings.

Derivatives
The Company may use derivatives (both long and short) for the purposes of efficient portfolio management only. The Company will not enter into uncovered short positions.

Further information can be found in the Portfolio Manager's Report on pages 13 to 19.

Investment strategy and approach
The Company's investment strategy is to take advantage of the illiquidity risk premium inherent in UK micro-cap companies and exploit fully the underlying investment opportunity in the UK micro-cap market to deliver high and sustainable returns to Shareholders, principally in the form of capital gains.

The Company pursues its investment strategy through the appointment of the Manager as AIFM, whereby the Manager has been given responsibility, subject to the supervision of the Board, for the management of the Company in accordance with the Company's investment objective and policy. The Manager has delegated portfolio management to the Portfolio Manager. The Company depends on the diligence, skill, judgement and business contacts of the Portfolio Manager's investment professionals, in particular George Ensor, in identifying investment opportunities which are in line with the investment objective and policy of the Company.

The Portfolio Manager attends all Board meetings at which the investment strategy and performance of the Company is discussed.

Director interests
The Board comprises four Directors, three of whom are independent: Andrew Chapman, Trudi Clark and Stephen Coe; Mark Hodgson is managing director of the Manager and is therefore not regarded as independent. All the independent Directors are also members of the Audit Committee, Management Engagement Committee and Remuneration and Nomination Committee.

Information on the Directors' remuneration is detailed in note 6.

As at the date of approval of the Half-Yearly Financial Report, Directors held the following number of Ordinary Shares in the Company:

Director	Ordinary Shares held
Andrew Chapman	15,009
Trudi Clark	8,353
Mark Hodgson	7,721
Stephen Coe	4,000

No Director has any other interest in any contract to which the Company is a party with the exception of Mark Hodgson who acts as the managing director of the Manager.

Information on each Director is shown in the Board Members section of this Half-Yearly Financial Report.

Principal risks and uncertainties
When considering the total return of the Company, the Board takes account of the risk which has been taken in order to achieve that return. The Board looks at the following risk factors as listed below:

Share price discount
The price of the Company's shares may trade at a discount or premium relative to the underlying NAV of the shares. There is a risk that shareholders become dissatisfied with a continuing discount to NAV and seek further action. The Company's Articles mandate a continuation vote every 5 years, the last vote being passed in 2019.

The Board continually monitors the Company's share price discount or premium to the published NAV and regularly consults with the Company's brokers regarding share trading volumes, significant buyers and sellers, and comparative data from the Company's peer group. Part of the service required of the brokers includes active management of the discount.

The Board believes that the Company's redemption mechanism acts to increase the parity between the share price and the Company's NAV. An annual shareholder resolution gives the Directors power to purchase up to 10% of the Company's shares in the market in order to manage the discount, however the Board has not yet exercised this power, considering the redemption mechanism to be a more effective way to return capital to investors and manage the discount.

Investment and liquidity risk
The Company invests 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. The relatively small market capitalisation of micro-cap companies can make the market in their shares illiquid. As a result of lower liquidity than securities on the London Stock Exchange of the Financial Conduct Authority's Official List prices of micro-cap companies tend to stick at one level, but can be at risk of sudden jumps in price when momentum of sentiment is strong enough and certain pools of investors are forced to liquidate. The timing of these technical factors can be out of sync with fundamentals.

The Company may have difficulty in selling its investments which may lead to volatility in the NAV and, consequently, market price of the Company's Ordinary Shares. The Company may not necessarily be able to realise its investments within a reasonable period, and any such realisations that may be achieved may be at a considerably lower price than prevailing indicative market prices. There can therefore be no guarantee that any realisation of an investment will be on a basis which necessarily reflects the valuation of that investment.

Risks are monitored by the Manager, which holds monthly AIFM Risk Committee meetings with the Portfolio Manager. The Manager provides an update of these AIFM Risk Committee meetings to the Board on a quarterly basis and the risks are discussed accordingly. The Board has introduced investment restrictions and guidelines to limit these risks. The Portfolio Manager also undertakes on-going reviews of the underlying investee companies, particularly those whose businesses are impacted by the pandemic.

Portfolio concentration and macro-economic risks
The Company's aim is to achieve long-term capital growth through investing in UK micro-cap securities. The Company has no specific limits placed on its exposure to any industry sector. Changes in economic conditions in the UK, (for example, uncertainties as a result of COVID-19, interest rates and rates of inflation, industry conditions, competition, political and diplomatic events and other factors), could substantially and adversely affect the Company's prospects. The Company may from time to time have significant exposure to portfolio companies from certain business sectors. Greater concentration of investments in any one industry sector may result in greater volatility in the value of the Company's investments, and consequently its NAV, and may materially and adversely affect the performance of the Company and returns to shareholders. While the Company does not include any specific limits on exposures to any industry sector, the Company does have investment limits and risk diversification policies in place to mitigate market and concentration risk. Please refer to note 9 of the Annual Financial Report for the year ended 30 September 2021 for further details.

Reliance on the Portfolio Manager
The Company is dependent on the expertise of a small team led by George Ensor to evaluate investment opportunities and to implement the Company's investment objective and investment policy. There is a risk that the portfolio manager significantly deviates away from the investment strategy, leading to reputational damage in firm and loss of investor confidence in the portfolio manager. There is also a risk of the Company's underperformance due to poor investment decision making. On 25 January 2022, the Board of AssetCo plc and the independent Directors of the Group announced that they had reached an agreement on the terms and conditions of a recommended all share acquisition by AssetCo plc of the entire issued and to be issued ordinary share capital of the Group, other than the Group's shares already beneficially owned by AssetCo plc. The changes to the structure and ownership of the Group may impact the performance of the Company.

The Portfolio Manager has an experienced alternative manager ready and available to step in if required in the short term, and would hire a full time, experienced and proven replacement portfolio manager, if necessary.

Reliance on third party service providers and cyber security risk
The Company has no employees and is reliant on the performance of third-party service providers. The Board considers this a principal risk in light of the increasing prevalence of cyber related events and the impact of COVID-19 testing business continuity plans of third party service providers. The implementation of service provider's business continuity plans has enabled the Company to continue its operations with little to no adverse impacts. The Company's service providers maintain cyber security policies. These are reviewed by the AIFM as part of its oversight responsibilities and reported to the Board on a quarterly basis, including any breaches of information security. Service providers perform regular testing of their cyber security controls to ensure that they remain robust. The Board monitors and receives reports on the performance of its key service providers and may in any event terminate all key contracts on normal commercial terms.

Uncertainties

Ukraine conflict

The invasion of Ukraine by Russia has potential for far reaching implications for the global economy and financial volatility. Whilst it is too early to understand the full impact this conflict may have, the Directors will continue to monitor any impact to the Company as the situation continues to evolve. The Company has no direct and material exposure to Russia or Ukraine or to imposed sanctions.

Emerging risks

The main emerging risk has been the continuing impact of COVID-19 on the Company and its underlying investment portfolio. The Company itself has been well placed to withstand the effects of the pandemic since it has no gearing or constraints on liquidity. At all times the Company holds sufficient cash reserves to meet on-going expenditure. The Portfolio Manager continues to monitor specific COVID-19 risks associated with the underlying investment portfolio.

Investors are placing increased emphasis on environmental, social, and governance ("ESG"), including climate change, and the Board sees any failure by the Portfolio Manager to identify future potential issues within the underlying portfolio in this area as a key emerging risk which may lead to the Company's shares becoming less attractive to investors. The Board welcomes the increasing emphasis being placed by shareholders and investors on ESG and climate change matters and believes that the adoption by the Portfolio Manager of a comprehensive ESG policy, which is fully endorsed by the Board, in combination with the development of regular reporting to the Board on ESG issues, will allow the Company to put appropriate controls in place to mitigate this emerging risk.

The principal and emerging risks detailed above are consistent with those disclosed in the Annual Financial Report for the year ended 30 September 2021, with the exception of the Ukraine conflict. The Ukraine conflict occurred subsequent to the approval of the Annual Financial Report for the year ended 30 September 2021 and is therefore included as an uncertainty in this Half-Yearly Financial Report for the first time. In the view of the Board, these principal risks and uncertainties are as applicable to the remaining six months of the financial year as they were in the six months under review.

Going concern

Under the AIC Code and applicable regulations, the Directors are required to satisfy themselves that it is reasonable to assume that the Company is a going concern and to identify any material uncertainties to the Company's ability to continue as a going concern for at least 12 months from the date of approving the condensed financial statements.

The Board is satisfied that, at the time of approving the condensed financial statements, no material uncertainties exist that may cast significant doubt concerning the Company's ability to continue for the foreseeable future, being 12 months after approval of the condensed financial statements. In addition, the Company's holdings of cash and cash equivalents, the liquidity of investments and the income deriving from those investments, means the Company has adequate financial resources to meet its liabilities as they fall due. Therefore, the Board consider it appropriate to adopt the going concern basis in preparing the condensed financial statements.

In making this assessment, the Board has considered the impact of COVID-19 and the Ukraine conflict on the Company, further information can be found on pages 5, 8 and in the emerging risks section above, and are confident that it remains appropriate to adopt the going concern basis.

Events after the reporting date

The Directors are not aware of any developments that might have a significant effect on the operations of the Company in subsequent financial periods which are not already disclosed in this report or note 13 of the attached condensed financial statements.

Future strategy

The Board continues to believe that the investment strategy and policy adopted is appropriate for and is capable of meeting the Company's objectives.

The overall strategy remains unchanged and it is the Board's assessment that the Manager and Portfolio Manager's resources are appropriate to properly manage the Company's investment portfolio in the current and anticipated investment environment.

Please refer to the Portfolio Manager's Report on pages 13 to 19 for details regarding performance to date of the investment portfolio and the main trends and factors likely to affect those investments.

Related parties

There have been no material changes to related party transactions as described in the Annual Financial Report for the year ended 30 September 2021. Refer to note 12 for information on related party transactions.

BOARD MEMBERS

All Directors are non-executive.

CHAIRMAN

Andrew Chapman, (Independent). Appointed 2 October 2014.
Over his career, Andrew has gained experience investing in every major asset class. After beginning as a UK equity fund manager, Andrew was subsequently appointed as the Deputy Investment Manager for the British Aerospace Pension Fund. In 1991, he took the position of Investment Manager at United Assurance plc, where Andrew was responsible for asset allocation and leading a team of in-house fund managers. Andrew later became a director at Teather & Greenwood Investment Management Limited, before joining Hewitt Associates as a Senior Consultant. Between 1994 and 2003, Andrew served as a non-executive director of the Hambros Smaller Asian Companies Investment Trust plc (which subsequently became The Asian Technology Trust plc).

In 2003, Andrew was appointed as the first in-house Pension Investment Manager for the John Lewis Partnership Pension Fund, with responsibility for the overall investment strategy as well as the appointment and performance of 27 external fund managers across all asset classes. He retired from that role in 2012. Thereafter Andrew has developed a plural portfolio of roles, initially serving as the CIO (part-time) for The Health Foundation. His current portfolio includes membership of the following advisory committees: the endowment fund for Homerton College (Cambridge University); Coller Capital Partners; and the Property Charities Fund. Andrew is also a non-executive director of Steadfast International Limited, Steadfast Long Capital Limited, GT ERISA Fund, GT Offshore Fund, and a Trustee of Kidney Care UK.

Key Relevant Skills

- 43 years investment experience, with an emphasis on equity markets.
- Extensive experience in selecting and managing external fund managers.
- A current member of several fund boards.
- Strong background in governance and risk management.

DIRECTORS

Stephen Coe, (Independent) - Chairman of the Audit Committee. Appointed 1 January 2021.
Stephen is currently a director of Chrysalis Investments Limited, a listed entity. He is also Chairman of the Audit Committee.

He has been involved with offshore investment funds and managers since 1990 with significant exposure to property, debt, emerging markets and private equity investments.

He qualified as a Chartered Accountant with Price Waterhouse Bristol in 1990 and remained in audit practice, specialising in financial services, until 1997. From 1997 to 2003 he was a director of the Bachmann Group of fiduciary companies and Managing Director of Bachmann Fund Administration Limited, a specialist third party fund administration company. From 2003 to 2006 Stephen was a director with Investec in Guernsey and Managing Director of Investec Trust (Guernsey) Limited and Investec Administration Services Limited. He became self employed in August 2006 providing executive and non-executive services to financial services clients.

Key Relevant skills

- Over 30 years in the finance sector with an emphasis on investment funds.
- Has held many Audit Chair positions covering companies investing in equities, land and property, mining and alternative asset classes.
- Specialisms in risk management and valuations.
- Fellow of the Institute of Chartered Accountants in England & Wales.

Trudi Clark, (Independent) - Chairman of the Remuneration and Nomination Committee and Management Engagement Committee. Appointed 2 October 2014.
Trudi graduated with a first class honours degree in business studies and is a qualified Chartered Accountant.

Trudi spent 10 years working in chartered accountancy practices in the UK and Guernsey. In 1991, she joined the Bank of Bermuda to head their European internal audit function before moving into private banking in 1993.

Between 1995 and 2005, Trudi worked for Schroders (C.I.) Limited, an offshore private bank and investment manager. She was appointed to the position of banking director in 2000 and managing director in 2003. In 2005, Trudi left Schroders to establish and run a private family office.

In July 2009, Trudi established the Guernsey practice of David Rubin & Partners LLP, an internationally known insolvency and liquidation specialist. Since June 2018 she has been a full time non-executive director.

Trudi holds several non-executive directorships which include BMO Commercial Property Trust Limited, NB Private Equity Partners Limited, The Schiehallion Fund Limited and Taylor Maritime Investments Limited, which are listed on the London Stock Exchange. She also holds a personal fiduciary licence issued by the GFSC.

Key Relevant Skills
- Qualified chartered accountant with extensive financial experience.
- Working in financial services since 1987.
- Strong background in risk and corporate governance.
- Experience of several Investment Company Boards.

Mark Hodgson, Appointed 2 October 2014.
Mark Hodgson is a Channel Islands fund director based in Jersey, with considerable experience in the administration of Channel Islands funds. He has a broad fund expertise covering a wide range of differing asset classes, including real estate, infrastructure, credit and private equity.

Mark joined Carne in April 2014. He has over 25 years of financial services experience, with an extensive banking background. Mark spent over 20 years with HSBC Global Bank where he gained in depth knowledge of credit, financial markets and complex Real Estate structures. Prior to moving to Jersey, Mark was Regional Director for HSBC Invoice Finance (UK) running their receivables finance business.

Mark moved to Jersey in 2006 to Head up HSBC's Commercial Centre having full operational responsibility for credit and lending within the jurisdiction. In 2008 he moved to Capita Fiduciary Group as managing director Offshore Registration (a regulated role) with responsibility for Jersey, Guernsey and the Isle of Man. Mark also took on the responsibility as managing director of Capita Financial Administrators (Jersey) Limited (regulated role) together with directorship appointments of regulated and unregulated funds boards.

Mark sits on a number of very high-profile real estate boards including: Kennedy Wilson Investment Management Limited, Aviva Jersey Investors Jersey Unit Trust Management Ltd and LaSalle Investment Management (Jersey) Ltd. He has a broad range of funds experience covering a range of debt and credit funds.

Key Relevant skills
- 26 years financial services experience, 16 years of being the member of various boards.
- Extensive fund risk management experience across multiple asset classes.
- A strong background in board governance.

PORTFOLIO MANAGER'S REPORT

The portfolio manager of the Company is George Ensor. George graduated from Bristol University with an Upper Second Class degree in Chemistry in 2008, before joining Smith & Williamson Investment Management as a graduate trainee where he worked for five years as an analyst and Private Client Investment Manager. George joined River and Mercantile Asset Management LLP in March 2014 as a UK equity analyst. George is a CFA charter holder.

This Portfolio Manager Report is compiled with reference to the investment portfolio. Therefore, all positions are calculated by reference to their official closing prices (as opposed to the closing bid prices basis within the condensed financial statements). The estimated unaudited NAV referenced below is calculated on a daily basis utilising closing bid prices and is inclusive of all estimated charges and accruals.

Review of Performance

We have, following a period of strong performance since the market low in March 2020, had a challenging six-month period for performance. The NAV per share has declined from 328.3p, which was close to the peak NAV per share of 332p in August 2021, to 251.1p at the end of March 2022. The 23.5% decline compares poorly to the 10.3% decline in our benchmark, the Numis Smaller Companies plus AIM ex Investment Companies, which is the bottom 10% of UK listed companies by marker capitalisation.

Using the end of March 2020 as a proxy for the market low (19th March 2020), the NAV has gained 72% over the last two years, which includes two capital returns, and leaves the Company's performance a little ahead of the 67.6% gain in the benchmark.

As illustrated in the table below, the longer term performance remains compelling.

Period	NAV	Benchmark	Active Return
6 Months	-23.5%	-10.3%	-13.2%
12 Months	-12.4%	-2.1%	-10.3%
3 Years p.a.	9.4%	8.8%	0.6%
5 Years p.a.	10.1%	5.7%	4.4%
Since Inception (p.a.)	13.7%	7.9%	5.8%

*Source: River and Mercantile Asset Management LLP, BNP Paribas, Bloomberg performance to 31 March 2022. Inception date is 02 December 2014. *Benchmark is Numis Smaller Companies plus AIM (excluding Investment Companies).*

Market Backdrop

An obvious place to start is the prevailing investor sentiment towards micro-caps. There are multiple signs of depressed investor sentiment – a lack of IPOs, failed equity placings and the asymmetry between how good and bad news is 'priced' into stocks. The breadth of underperformance in the portfolio is informative; of the 42 holdings we owned at the end of March, 35 of them have delivered a negative relative contribution over the last six months leaving just 7, or one in six, delivering positive relative performance.

Smaller companies typically outperform; data from the Numis Indices 2022 Annual Review demonstrates that the average annual premium in returns from UK smaller companies since 2000 is 4.3% per annum, longer term data going back to 1955 provides further support. This is one of the key justifications for this Company to focus on investing in micro-caps. However, this outperformance is not consistent – it is, like so many things, impacted by investor behaviour. In the last six months we have experienced, as measured by the performance of our benchmark when compared to the MSCI UK Investable Markets index (IMI0), a substantial underperformance of smaller companies. Our benchmark has underperformed the wider UK equity market by 16.4% in the six-month period. At the time of writing (19th April), the peak smaller companies' drawdown (for which we look to the maximum relative underperformance and so start from the 17th of September) is 19.6%. This compares to the previous period of smaller companies' underperformance, when our relative performance was also poor, from March 2018 to August 2019 of 16.3%. We need to go back to the financial crisis to find a more severe period of underperformance (c26% for the 17 months to the end of 2008).

The obvious question then, are investors right to be this cautious? Is this negative sentiment well placed? After all, the extremely accommodative monetary and fiscal regimes of the last two years are being unwound, interest rate expectations are ratcheting up and excess liquidity is being removed. Perhaps, although we know that sentiment tends to swing the pendulum too far one way and then too far the other.

Sustainability

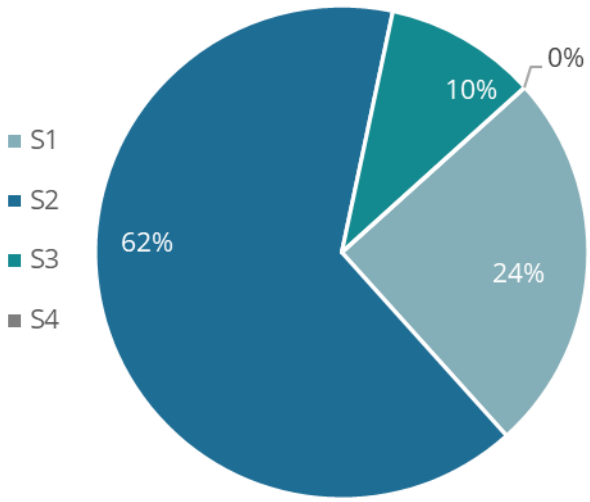
"A sustainable business compounds value for all stakeholders over the long term. It is a responsible steward of capital with a culture of longevity.

We evaluate sustainability through the pillars of People, Innovation and the Environment, including companies undergoing change leading to positive long-term outcomes."

We believe that our inclusion of a broader, stakeholder focused analysis will deliver better risk adjusted returns. We think that it is critical that we treat this analysis in the same way that we do our fundamental research; namely using third party data and opinion where it is additive but never outsourcing the analysis.

We rate companies with one of four sustainability scores. S1 rated stocks are beneficiaries of sustainability trends – a good example being **Strip Tinning** which was purchased in the period and is set to benefit from the growing penetration of EVs (electric vehicles). Companies that have neither material sustainability concerns or opportunities are rated S2 and include each of the other new additions (**Renold** and **1Spatial**). We strongly believe that we can and should invest in businesses where we identify sustainability challenges and look to benefit as these businesses improve (S3 rated stocks). This is one of the areas where we focus our engagement. Finally, there are businesses for which sustainability concerns are too great a risk and so we will not invest in S4 rated companies.

The chart below demonstrates the value of the portfolio invested in each category.



Source: River and Mercantile Asset Management LLP. Data to 31 March 2022.

New Positions:

Strip Tinning (ST): S1 rated given electric vehicle opportunity where ST's capabilities in flexible printed circuit boards and their application, validated by a major German OEM (original equipment manufacturer), in connecting battery cells in EVs appears an exciting growth opportunity.

Renold: Whilst we believe that an increasingly environmentally aware marketplace is a commercial tailwind, we rate the business with a neutral S2 rating. Renold's product is typically longer lasting than that of the competition with a lower environmental footprint as it is more energy efficient (less friction) and has lower or no lubrication requirements. Although there are only a few components to a chain, the group has a lot of innovation and intellectual property tied up in the complex manufacturing process that gives its chains unique properties in certain applications and is at the crux of its sustainable competitive advantage. The group is reviewing its energy usage with a view to identifying short and long-term energy reduction opportunities and setting long-term targets.

OneSpatial: an early-stage software business whose solutions enable better decision-making based on accurate location data. Primarily serving companies and government agencies associated with maintaining the global critical infrastructure, demand is supported by environmental and social drivers. For example, its products aid engineers in understanding the ecological impacts of the UK's High Speed 2 project; and better mapping of sewage networks enabling prioritisation of works to prevent leaks. 1Spatial is committed to reducing its carbon footprint and is in the process of establishing its ESG strategy and sustainability roadmap. With no material barriers to value creation identified, it is S2 rated.

Rating Changes:

Capital: S3 to S2. As mentioned, one of the areas we focus engagement is in our S3 rated holdings. We have engaged with Capital several times and attempted to improve disclosure around GHG (green house gas) emissions and the board composition. The company announced the appointment of a new NED (non-executive director) who is heading up the newly formed sustainability committee. The recent annual report includes, for the first time, GHG emissions and the company has committed to announce an emissions target this year.

Diversified Energy: S1 to S2. We believe that natural gas, which has half the GHG intensity of coal, is a critical fuel in the transition to a less carbon intensive planet. We cannot just turn off our reliance on fossil fuels. And Diversified Energy's approach of acquiring operational assets and running them more efficiently strikes us as a sensible approach. We reviewed the rating in the period and decided, given the carbon intensity of the business, which at 19Kg CO2e/boe is similar to the average for UK North Sea gas businesses (22kg CO2e/boe), that a neutral rating was more appropriate.

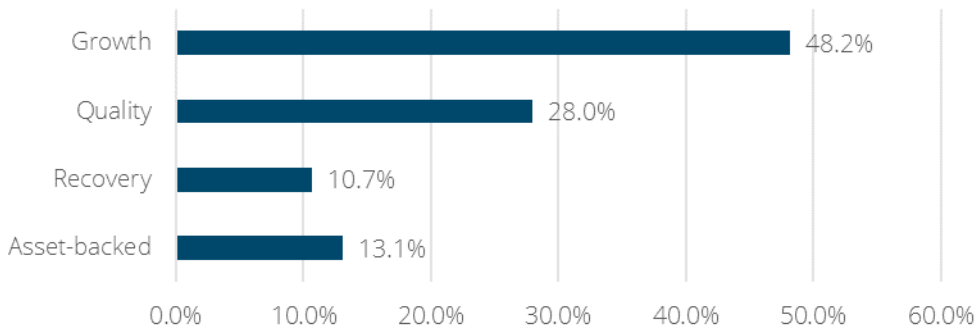
Portfolio Positioning

In line with our philosophy, we will continue to construct a portfolio of companies that have the **P**otential to create shareholder value at attractive **V**aluations with supportive **T**iming ("PVT"). Our **PVT** philosophy has delivered the Company's strong performance since inception and will continue to be at the heart of everything we do.

Investors will be aware that within our **PVT** Philosophy there are four forms of Potential: Growth, Quality, Recovery and Asset-backed. The portfolio continues to have a bias to Growth; that is investing in companies that have the potential to grow revenues, profits, and cash flows at a higher rate than average. Quality, companies that have high and improving return on capital, remains the second largest category.

Recovery and Asset-backed opportunities make up the balance of the portfolio. When we invest in Recovery stocks, we are looking to buy into companies where margins are depressed compared to history but have begun to improve. And with Asset-backing, confidence in the value of the assets is key and we look for changes in the asset scarcity (e.g. supply-side consolidation), driving asset value upgrades and share price performance.

The exposure to different categories at the end of the period, which is broadly unchanged from prior periods, is shown below.



Source: River and Mercantile Asset Management LLP.

The allocation to each of the categories of Potential is similar to March 2021. When compared to September 2021, the allocation to Growth is a little lower at 48% versus 53%, with the Recovery and Asset-backed categories benefitting – up from c.10% each at the start of the period. This is despite the three new investments being Growth investments. Having previously moved the investment case for **Joules** from Recovery to Growth, we moved the holding back to a Recovery which explains part of the move.

From a performance attribution perspective, at a category level, our Quality and Asset-backed investments outperformed the wider portfolio whilst the Growth and Recovery investments were a drag on performance.

Portfolio Attribution

Further to previous comments on the breadth of underperformance within the portfolio, there was only one holding that made a significant positive contribution. Capital, a provider of drilling and mining services to gold miners in Africa, gained 32% on the back of continued strong trading. The financial performance of the Quality investment case is geared to the utilisation of their fleet which continues to increase as gold exploration companies commit, given the ongoing strength of the gold price, to new exploration and development activity. The company made a 1.2 percentage point (ppt) contribution to relative performance.

Unfortunately, there is a long list of companies that significantly underperformed in the period – a review of the most expensive names from a performance perspective follows:

Joules was a holding we acquired as a Recovery thesis at the start of the pandemic in 2020. The investment case was premised on margins being rebuilt as the eCommerce revenues grew and given the opportunity to rebase rents for their store portfolio. Whilst supply chain challenges have been a headwind for many businesses, Joules seems to have fared worse. A combination of the increased cost of freight and labour shortages in their distribution centre has been a massive headwind to profits and the company has reduced expectations twice in the period. This resulted in the shares losing 73%; a negative 2ppt impact on performance. However, these headwinds should not, in the main, be permanent. Price increases will be put through to offset the higher costs. Despite this, the company is currently trading at a discount to the price at which they raised capital in April 2020 and – having reported no disappointments in terms of demand – trade on a depressed EV/Sales multiple of approximately a quarter of the average multiple they have traded on since IPO.

Allergy Therapeutics is a specialty pharmaceutical company focused on research and development of allergy treatments that deal with the underlying cause and not just the symptoms of allergies. Its vaccine technology provides the only ultra-short course treatment for grass, tree and ragweed allergies free of toxic aluminium in the European market. It offers convenience with far fewer injections than the market average supporting increased patient adherence, and this is the foundation of the group's well established commercial position in Europe which continues to grow through a combination of market share gains and new product registrations. The cash cow core European business coupled with a strong balance sheet supports R&D investment in a rich pipeline of both near market and early-stage opportunities. A successful US market entry, where Allergy has the potential to be the first player to launch an ultra-short course allergy vaccine in the largest allergy market offers significant upside optionality. Another lever of upside optionality is the ability to leverage Allergy's vaccine technology in other allergy areas such as food (peanut). At 1.8x EV/sales FY22E, the shares are currently trading below the fair value of the core European business with nil value attributed to the potentially significant pipeline opportunities, presenting a compelling risk/reward opportunity.

Allergy shares dropped 31% over the period, impacting relative performance by 1ppt, reflecting weaker than expected 1H sales, a function of product phasing and pandemic related demand disruption in some markets, both temporary factors in our view that should not materially change the value of the business. AGY is a long duration asset with a lot of potential value sitting in its R&D pipeline and we suspect the rising rate environment was a key driver behind the valuation de-rating over the period.

Brand Architekts is a beauty business with a portfolio of 13 challenger brands. The company has previously delivered attractive margins from a portfolio of digital brands. Since the disposal of the Swallowfield manufacturing business, the company has been broadly breakeven due not only to the depressed profitability but also the small scale of the business. A new management team arrived to drive the turnaround and they have recently announced the acquisition of a similar business, InnovaDerma Plc. The current valuation is fairly exceptional with the company trading at a discount to the cash on the balance sheet, albeit this doesn't account for the acquisitions spend (which I would argue is value accretive).

The shares lost 52% in the period, impacting performance by 0.9ppts, on the back of a delay to revenue growth and margin pressure given higher freight costs.

RA International is a support services business providing construction and facilities management services in remote locations. These services are often provided to IGOs/NGOs but also include commercial customers; Total's Cabo Delgado LNG project in Mozambique was due to be a major project. The company's financials are depressed with revenues 20% below pre-pandemic levels and margins, which have historically been in excess of 20%, dropping to mid-teens. Assuming a normalised level of earnings, the company trades on approximately 4x earnings. The shares dropped 55% in the period as both the realised profits for 2021 and closing order book were lower than expected. The impact on performance was 0.8ppts.

Ince Group, a legal services business which was acquired on a Recovery investment case with the view that the company could re-rate from depressed earnings multiples as the company delivered margin improvement and cash generation on a stable revenue base. The development in the last six months has been the acquisition of Arden Plc – a business that has recently reported a profit of c.£1m with £2.1m of net cash plus £2.7m of equity trading inventory. At the time of the deal, given Ince's 53p share price, the deal valued Arden at £10m with a plan to deliver £1m of synergies. The 50% decline in Ince's share price (0.75ppt impact on performance) implies a valuation of more like £5m – broadly equivalent to the cash and equity inventory value. Needless to say, the deal has not been taken well by investors but I expect the profit warning at Knights has also had an impact alongside the caveated outlook statement that Ince made at the interim results.

Cake Box shares fell 40% (0.5ppts) as a blog highlighted several issues including the resignation of the prior auditor, the delayed reporting of the website breach and inaccuracies between the preliminary statement and the annual report. Most of these issues have been previously disclosed and the company has already taken steps to address them through investment in internal functions, which includes the appointment of BDO to assist with implementing improved internal audit practices. We cannot see any manipulation of revenue, profits or cash generation in the inaccuracies which points to poor reporting as opposed to anything more sinister.

There are four additional holdings that contributed to a negative performance of more than 0.5 percentage points but, in the main, the companies have done little to justify their share price moves.

ActiveOps, a business that enables back-office operations to be optimised, lost 46% (1ppt impact) despite outperforming IPO expectations. The company flagged that the pandemic has extended the sales cycle in the US but, ultimately, the opportunity remains as it was at the time of the highly oversubscribed IPO in March 2021, only with shares 45% cheaper.

Science in Sport delivered another year of strong organic growth and gross margin improvement despite a material headwind from higher whey prices. The company is embarking on another investment cycle which should drive further gross margin gains. The EV/Sales multiple continues to look very depressed given the transaction multiples we have seen for similar businesses. The shares fell 26%, impacting performance by 0.8ppts.

Mind Gym, a provider of behavioral science solutions to corporates, declined 29% as a caveated outlook statement at the interim results highlighted risks to short term expectations. The impact on performance was 0.7ppts. The company is investing in a digital transformation programme which should, alongside the strong thematic tailwinds as ESG issues are high on management agendas, support long term growth but does come at a cost to short term profitability. The shares trade at an EV/sales multiple of 2x March 2023 which is well below historic levels and at a significant discount to private market transaction multiples for learning and development peers.

Finally, shares in **Kooth** fell 38%, impacting performance by 0.6ppts. The valuation rating of the business, as measured by the EV/Sales multiple has fallen from a peak of 6.6x in September 2021 to 3.3x. The company provides digital mental health services to, predominantly, children and young people in the UK and has a very clear leadership position in this market. Prior year growth was supplemented by some exceptional, pandemic related, government mental health funding which has begun to unwind and impacted churn and revenue growth.

Portfolio Activity – New Positions and Exits

New Positions – in order of position size at the end of the period:

Strip Tinning – 1.7%: A tier two auto supplier with leading market share in specialist automotive electrical glazing connectors. There is a compelling growth opportunity in both its core glazing business and as an enabler of electric vehicle growth which is key to decarbonising the auto sector. High revenue cover and strong gross margins are underpinned by patented manufacturing related IP and a +65-year heritage of reliably supplying leading auto OEMs. Glazing growth potential is augmented by entry into the rear glazing connector market catalysed by regulatory change, with Strip Tinning providing a differentiated lead-free solution and the ongoing trend towards increasing functionality being embedded in auto glazing (e.g. autonomous driving sensors). EV connector growth potential is substantial with a fast-growing sales pipeline and product validation from a high-end German OEM. We believe execution risk is low given that the manufacturing process for Glazing is relevant to the EV opportunity. The IPO valuation was attractive at < 11x P/E offering in our view, an asymmetric pay-off.

Renold – 1%: A manufacturer of highly engineered industrial chains typically used in demanding environments and high-tech applications (e.g. automated warehousing systems, power stations, rollercoaster rides) in a broad range of end-markets. It provides a low cost but critical product that affords it pricing power through the cycle. Sustainability trends are a commercial opportunity as Renold's product is typically longer lasting than that of the competition and has a lower environmental footprint as it is more energy efficient (less friction) and has lower or no lubrication requirements. Management has resolved historic under-investment, previously a restraint on recovery potential, positioning the business for higher growth, margins, and cash flow generation. There is evidence of underlying improvement in operating efficiency that should underpin strong operational leverage as end markets recover. Balance sheet strength underpins scope for value accretive bolt-on M&A which is key to growth in a market where customers are sticky. We identified significant upside risk to consensus short and mid-term forecasts and the stock trades on a depressed valuation presenting a compelling risk/reward opportunity.

1Spatial – 0.75%: We initiated a holding in 1Spatial, which provides software solutions for managing location and geospatial data into the Government, Utilities and Transport sectors. Through the automatic cleansing of complex data inputs into a usable output, its products improve the accuracy and reliability of the data relied upon by the agencies responsible for maintaining the global critical infrastructure (such as the US' 911 Emergency Services). Combined with cost and time savings, this generates a high return on customer investment whilst enabling them to achieve their sustainability goals. Product standardisation drives Growth Potential, with an improved growth outlook, margin accretion and improving cash generation. Trading on 1.5x EV/Sales, we believe the current share price offers asymmetric risk/reward and attractive upside if management can execute on their turnaround strategy. Momentum in new contract wins supports growing conviction in their ability to deliver to a conservative expectation set.

Exits: There were no exits in the six-month period. We took profits in some of our longer duration holdings, **Alpha FX** and **Keystone Law**, as well as **Litigation Capital Management** and **Flowtech Fluidpower** which has been delivering to its Recovery investment case.

Portfolio Statistics

Top 10 Holdings

	Weight
Instem	5.4%
Science In Sport	5.3%
Capital Limited	4.8%
Allergy Therapeutics	4.6%
Litigation Capital Mgmt	3.6%
Supreme	3.6%
LendInvset	3.4%
Mind Gym	3.4%
Keystone Law	3.3%
DF Capital	3.3%

Source: River and Mercantile Asset Management LLP

Outlook

Despite the recent bounce in equities, investor sentiment remains poor. The hit to consumer income from higher inflation now being realised is evident in consumer confidence which is close to the low of March 2020. The exceptional fiscal and monetary response of the last two years is being unwound through higher rates, excess liquidity withdrawal and higher taxes - measures that are likely to weigh on growth. We should therefore be prepared for ongoing volatility in equity returns, style leadership and investor sentiment. However, given the underperformance of smaller companies over the last six months, we caution against becoming too bearish 'after the event' and note that current levels of consumer confidence have historically been coincident with troughs in its relative performance.

In the short term, we believe we are likely to avoid a recession owing to the strong consumer balance sheet coupled with the positive seasonal effect (i.e. lower prices) in the energy market. We are presumably somewhere near peak disruption to supply chains which means that businesses with reasonable pricing power should sooner or later be able to recover the hit to profitability that supply chain challenges have caused, and robust consumer businesses represent bargain basement – we are selectively finding cases of March 2020 valuation levels on through-cycle metrics, even if aggregate markets are perhaps surprisingly within 10% of all-time highs.

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.

Thank you for your ongoing support.

George Ensor
Portfolio Manager
16 June 2022

DIRECTORS' STATEMENT OF RESPONSIBILITIES

The Directors are responsible for preparing the Half-Yearly Financial Report in accordance with applicable Guernsey law and regulations.

The Directors confirm to the best of their knowledge that:

- the condensed financial statements contained within the Half-Yearly Financial Report have been prepared in accordance with IAS 34 – "Interim Financial Reporting" and provide a fair, balanced and understandable view of the affairs of the Company as at 31 March 2022, as required by the Financial Conduct Authority ("FCA") through the Disclosure Guidance and Transparency Rule ("DTR") 4.2.4R;

- the combination of the Chairman's Statement, the Portfolio Manager's Report and the Executive Summary includes a fair review of the information required by:

  a) DTR 4.2.7R, being an indication of important events that have occurred during the period up to 31 March 2022 and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  b) DTR 4.2.8R, being related party transactions that have taken place during the period up to 31 March 2022 and that have materially affected the financial position or performance of the Company during that period; and any changes in the related parties transactions in the Annual Financial Report that could have a material impact on the financial position or financial performance of the Company in the first six months of the current financial year.

Andrew Chapman
Chairman
16 June 2022

Stephen Coe
Audit Committee Chairman
16 June 2022

INDEPENDENT REVIEW REPORT TO RIVER AND MERCANTILE UK MICRO CAP INVESTMENT COMPANY LIMITED

Report on the condensed financial statements

Our conclusion

We have reviewed River and Mercantile UK Micro Cap Investment Company Limited's (the "company") condensed financial statements (the "interim financial statements") in the Half-Yearly Financial Report of the company for the 6-month period ended 31 March 2022. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the condensed statement of financial position as at 31 March 2022;
- the condensed statement of comprehensive income for the period then ended;
- the condensed statement of cash flows for the period then ended;
- the condensed statement of changes in shareholders' equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Half-Yearly Financial Report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the company is The Companies (Guernsey) Law, 2008 and International Financial Reporting Standards (IFRSs).

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The Half-Yearly Financial Report, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Half-Yearly Financial Report in accordance with International Accounting Standard 34, 'Interim Financial Reporting', and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the Half-Yearly Financial Report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the International Auditing and Assurance Standards Board. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Half-Yearly Financial Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers CI LLP
Chartered Accountants
Guernsey, Channel Islands
16 June 2022

(a) The maintenance and integrity of the River and Mercantile UK Micro Cap Investment Company Limited website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 31 March 2022

	Notes	Six months ended 31 March 2022 (Unaudited) £	Six months ended 31 March 2021 (Unaudited) £
Income			
Investment income	3	242,304	476,726
Net (loss)/gain on financial assets designated at fair value through profit or loss	7	(26,668,805)	36,903,150
Total (loss)/income		**(26,426,501)**	**37,379,876**
Expenses			
Portfolio performance fees recovery/(expense)	4	897,281	(1,083,852)
Portfolio management fees	4	(364,542)	(412,761)
Operating expenses	5	(295,898)	(317,770)
Foreign exchange gain/(loss)		3,976	(1,729)
Total expenses		**240,817**	**(1,816,112)**
(Loss)/profit before taxation		**(26,185,684)**	**35,563,764**
Taxation		-	-
Total comprehensive (loss)/income		**(26,185,684)**	**35,563,764**
Basic and diluted (loss)/earnings per Ordinary Share	10	**(0.7725)**	**0.7987**

The Company has no items of other comprehensive income, and therefore the (loss)/income for the period is also the total comprehensive (loss)/income.

All items in the above statement are derived from continuing operations. No operations were acquired or discontinued during the period.

The notes on pages 27 to 34 form an integral part of these condensed financial statements.

CONDENSED STATEMENT OF FINANCIAL POSITION
As at 31 March 2022

	Notes	31 March 2022 (Unaudited) £	30 September 2021 (Audited) £
Non-current assets			
Financial assets designated at fair value through profit or loss	7	81,460,097	102,125,227
Current assets			
Cash and cash equivalents		3,740,435	10,156,557
Trade receivables – securities sold awaiting settlement		2,996	-
Other receivables		43,274	78,385
Total current assets		**3,786,705**	**10,234,942**
Total assets		**85,246,802**	**112,360,169**
Current liabilities			
Other payables		(145,919)	(1,073,602)
Total current liabilities		**(145,919)**	**(1,073,602)**
Net assets		**85,100,883**	**111,286,567**
Capital and reserves			
Retained earnings		85,100,883	111,286,567
Equity shareholders' funds		**85,100,883**	**111,286,567**

The condensed financial statements on pages 23 to 34 were approved and authorised for issue by the Board of Directors on 16 June 2022 and signed on its behalf by:

Andrew Chapman
Chairman

Stephen Coe
Audit Committee Chairman

The notes on pages 27 to 34 form an integral part of these condensed financial statements.

CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months ended 31 March 2022 (Unaudited)

	Stated capital £	Share premium £	Retained earnings £	Total £
Opening equity shareholders' funds at 1 October 2021	**-**	**-**	**111,286,567**	**111,286,567**
Total comprehensive loss for the period	-	-	(26,185,684)	(26,185,684)
Closing equity shareholders' funds at 31 March 2022	**-**	**-**	**85,100,883**	**85,100,883**

For the six months ended 31 March 2021 (Unaudited)

	Stated capital £	Share premium £	Retained earnings £	Total £
Opening equity shareholders' funds at 1 October 2020	**-**	**28,391,852**	**67,221,061**	**95,612,913**
Total comprehensive income for the period	-	-	35,563,764	35,563,764
Redemption of ordinary shares	-	(15,002,451)	-	(15,002,451)
Ordinary share redemption costs	-	(4,646)	-	(4,646)
Closing equity shareholders' funds at 31 March 2021	**-**	**13,384,755**	**102,784,825**	**116,169,580**

The notes on pages 27 to 34 form an integral part of these condensed financial statements.

CONDENSED STATEMENT OF CASH FLOWS
For the six months ended 31 March 2022

	Notes	Six months ended 31 March 2022 (Unaudited) £	Six months ended 31 March 2021 (Unaudited) £
Cash flow from operating activities			
(Loss)/profit after taxation and total comprehensive (loss)/income for the period		(26,185,684)	35,563,764
Adjustments to reconcile (loss)/profit after taxation to net cash flows:			
- Realised gain on financial assets designated at fair value through profit or loss	7	(2,008,789)	(15,169,162)
- Unrealised loss/(gain) on financial assets designated at fair value through profit or loss	7	28,677,594	(21,733,988)
Purchase of financial assets designated at fair value through profit or loss	7	(11,420,363)	(15,187,961)
Proceeds from sale of financial assets designated at fair value through profit or loss[1]	7	5,413,692	33,616,206
Changes in working capital			
Decrease/(increase) in other receivables and repayments		35,111	(20,784)
Decrease in other payables		(927,683)	(217,655)
Net cash (used in)/from operating activities		**(6,416,122)**	**16,850,420**
Cash inflow from financing activities			
Redemption of ordinary shares		-	(15,002,451)
Ordinary share issue costs paid		-	(4,646)
Net cash used in financing activities		**-**	**(15,007,097)**
Net (decrease)/increase in cash and cash equivalents in the period		**(6,416,122)**	**1,843,323**
Cash and cash equivalents at beginning of the period		10,156,557	3,929,910
Cash and cash equivalents at the end of the period		**3,740,435**	**5,773,233**

[1] – Proceeds outstanding at 31 March 2022 relating to sales of financial assets designated at fair value through profit amounted to £2,996 (31 March 2021: £387,126).

The notes on pages 27 to 34 form an integral part of these condensed financial statements.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. General information

The Company was incorporated as a non-cellular company with liability limited by shares in Guernsey under The Companies (Guernsey) Law 2008 (the "Companies Law") on 2 October 2014. It listed its Ordinary Shares on the Premium Segment of the Official List of the UK Listing Authority and was admitted to trading on the Main Market of the London Stock Exchange on 2 December 2014. The Company has been registered by the GFSC as a registered closed-ended collective investment scheme pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 2020, as amended, and the RCIS Rules 2021. The Company registered number is 59106.

The Company's registered address is BNP Paribas House, St Julian's Avenue, St Peter Port, Guernsey, GY1 1WA.

2. Accounting policies

The Half-Yearly Financial Report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", and the Disclosure Guidance and Transparency Rules sourcebook of the FCA. The condensed financial statements do not include all the notes of the type normally included in an Annual Financial Report. Accordingly, this report is to be read in conjunction with the Annual Financial Report for the year ended 30 September 2021. The Half-Yearly Financial Report has also been prepared using the same accounting policies applied for the year ended 30 September 2021 Annual Financial Report, which was prepared in accordance with International Financial Reporting Standards ("IFRS"), except for new standards and interpretations adopted by the Company as set out below, and the Companies Law.

New standards, amendments and interpretations issued and effective for the financial year beginning 1 October 2021

Interest Rate Benchmark Reform – Phase 2

These amendments address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities; and hedge accounting.

The amendments require an entity to account for a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by interest rate benchmark reform by updating the effective interest rate of the financial asset or financial liability.

The amendments have not had a material impact on the Company's condensed financial statements.

During the period, a number of other new standards, amendments and interpretations became applicable for the current reporting period which are not relevant to the Company's operations.

2.1 Going Concern

The Directors consider it is appropriate to adopt the going concern basis in preparing the condensed financial statements as no material uncertainties exist that may cast significant doubt concerning the Company's ability to continue for 12 months after the date of approval of the condensed financial statements.

2.2 Segmental reporting

The Directors view the operations of the Company as one operating segment, being investment in UK Micro Cap Companies. All significant operating decisions are based upon analysis of the Company's investments as one segment. The financial results from this segment are equivalent to the financial results of the Company as a whole, which are evaluated regularly by the chief operating decision-maker (the Board with insight from the Portfolio Manager).

2.3 Seasonality

The Company's business is not subject to seasonal fluctuations.

3. Investment income

	Six months ended 31 March 2022 (Unaudited) £	Six months ended 31 March 2021 (Unaudited) £
Dividend income	242,068	476,726
Bank interest	236	-
Total investment income	**242,304**	**476,726**

4. Portfolio management and performance fees

On 3 November 2014, the Company signed an Investment Management Agreement with the Manager and the Portfolio Manager, whereby the Manager delegated to the Portfolio Manager overall responsibility for the discretionary management of the Company assets in accordance with the Company's investment objective and policy.

The Manager or the Portfolio Manager may voluntarily terminate the Investment Management Agreement by providing six months' notice in writing. The Manager's power to terminate the appointment of the Portfolio Manager under the Investment Management Agreement may only be exercised under the direction of the Board and the Manager has agreed to comply with the instructions of the Board as regards to any proposed termination of the Portfolio Manager's appointment.

Under the agreement, the Portfolio Manager is entitled to receive a base fee and performance fee. The Portfolio Manager base fee is payable monthly in arrears at a rate of one-twelfth of 0.75% of NAV. A performance fee equal to 15% of the amount by which the Company's NAV outperforms the total return on the Benchmark will be payable to the Portfolio Manager over a performance period.

The performance period is the period between two redemptions, being the first business day after the calculation date, (referable to the earlier redemption (opening date)), and the end day of the calculation date (referable to the later redemption (closing date)). The first opening date was the date of admission and in circumstances in which a performance fee may be payable upon termination of this Agreement, the final closing date shall be the date in which the agreement is terminated. The calculation date is the date determined by the Board for the calculation of the price to be paid on any particular exercise of the redemption mechanism.

The performance fee is only paid when the Company implements the redemption mechanism as detailed in note 9.

During the six month period ended 31 March 2022, the Company recognised the reversal of the performance fees accrued as at 30 September 2021 of £897,281 (31 March 2021: the Company recognised performance fees expense of £1,083,852). As at 31 March 2022, no performance fees were accrued (30 September 2021: £2,068,808) as the Company's NAV total return performed unfavourably against the benchmark during the performance period and no performance fees were paid during the period (30 September 2021: £2,217,955). Refer to the Financial Highlights and Performance Summary for details of the Company's previous redemptions on page 3.

5. Operating expenses

	Six months ended 31 March 2022 (Unaudited) £	Six months ended 31 March 2021 (Unaudited) £
Administration fees	68,956	74,351
Directors' fees	65,699	66,082
AIFM fees	29,000	29,099
Audit fees	25,390	24,756
Broker fees	20,000	20,000
Transaction fees	13,087	32,127
Non-audit fees	20,000	19,135
Custody fees	8,355	12,051
Registrar fees	10,461	10,469
Legal and professional fees	4,713	2,411
Sundry expenses	30,237	27,289
Total operating expenses	**295,898**	**317,770**

Non-audit fees
Non-audit fees incurred during the six months ended 31 March 2022 relating to interim review services amounted to £20,000 (31 March 2021: £19,135).

AIFM fee
On 21 October 2014, the Company signed an AIFM agreement with the Manager to act as the Company's AIFM. Under the agreement, the Manager is entitled to an annual fixed fee of £58,000. The annual fixed fee is paid quarterly in arrears. The AIFM agreement can be terminated by either the Company or the Manager by giving the other not less than ninety days' written notice or on immediate notice on the occurrence of certain "cause" events.

Custody fee
On 21 October 2014, the Company signed a Global Custody Agreement with the Manager and the Administrator, whereby the Company appointed the Administrator to carry out custodian services. In its role as custodian, the Administrator is entitled to a fee payable by the Company on a transaction by transaction and ad-valorem fee basis.

Registrar fee
The Company's registrar is Computershare Investor Services (Guernsey) Limited. The registrar is entitled to an annual maintenance fee plus disbursements.

Administration fee
On 21 October 2014, the Company signed an agreement with the Administrator to provide administrative, compliance oversight and company secretarial services to the Company. Under the administration agreement, the Administrator is entitled to a minimum annual fixed fee for fund administration services, company secretarial and compliance services. These fees are paid monthly in arrears. Ad hoc other administration services are chargeable on a time cost basis. In addition, the Company will reimburse the Administrator for any out of pocket expenses.

Broker fee
Singer Capital Markets Advisory LLP ("Singer") provide corporate stockbroker and financial adviser services to the Company, as the Company's sole broker. Under the agreement, Singer is entitled to a fee payable by the Company of £40,000 per annum payable quarterly in advance.

5. Operating expenses (continued)

In addition, Singer is entitled to a one-off bonus fee contingent upon the average daily discount over the three months to 31 December 2021. The bonus will be payable to Singer only if the Company's average daily discount will be no greater than 8% during this period; with a maximum bonus payable to Singer of £11,800 per annum, should the Company's shares be trading at a premium during this period, reduced accordingly if the average daily discount lies between 8% and 0% during this period.

Total broker fees incurred during the six months ended 31 March 2022 were £20,000 (six months ended 31 March 2021: £20,000).There were no bonus fees incurred during the six months ended 31 March 2022 (six months ended 31 March 2021: £nil).

6. Directors' fees and interests

The Directors of the Company were remunerated for their services at a fee of £25,000 per annum from 1 October 2020 to 31 December 2020, increasing to £27,000 per annum effective 1 January 2021, with the Chairman of the Board and the Chairman of the Audit Committee receiving an additional £15,000 and £5,000 respectively.

The Company has no employees other than the Directors. Directors' fees incurred for the six months ended 31 March 2022 were £65,699 (six months ended 31 March 2021: £66,082). Directors' fees payable as at 31 March 2022 were £32,000 (30 September 2021: £37,052).

The Directors held the following number of Ordinary Shares in the Company:

Director	Ordinary Shares held	
	31 March 2022	30 September 2021
Andrew Chapman	15,009	15,009
Trudi Clark	8,353	8,353
Mark Hodgson	7,721	7,721
Stephen Coe[1]	4,000	-
Ian Burns[2]	-	4,015

[1] - Stephen Coe was appointed to the Board on 1 January 2021 effective 1 October 2021.
[2] - Ian Burns retired from the Board on 30 September 2021.

No pension contributions were payable in respect of any of the Directors for both period ends.

7. Financial assets designated at fair value through profit or loss

The Company has invested the proceeds raised from the initial Ordinary Share issue and subsequent Ordinary Share tap issues in a portfolio of UK Micro Cap Companies in line with its investment strategy. These investments are predominantly comprised of companies whose securities are admitted to trading on the AIM, with a free float market capitalisation of less than £100 million at the time of purchase. The Company does not hold any unlisted investments as at 31 March 2022 (30 September 2021: nil).

Fair value hierarchy

IFRS 13 'Fair Value Measurement' ("IFRS 13") requires an analysis of investments valued at fair value based on the reliability and significance of information used to measure their fair value.

The Company categorises its financial assets according to the following fair value hierarchy detailed in IFRS 13 that reflects the significance of the inputs used in determining their fair values:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

7. Financial assets designated at fair value through profit or loss (continued)
Fair value hierarchy (continued)

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable variable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The Directors determined that an active market exists based on the frequency and volume of transactions of each asset. As all the Company's financial assets are quoted securities which are traded in active markets as at 31 March 2022, in the opinion of the Directors, the quoted price for the financial assets as at 31 March 2022 is representative of fair value.

31 March 2022				
	Level 1	**Level 2**	**Level 3**	**Total**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
Financial assets	**£**	**£**	**£**	**£**
Financial assets designated at fair value through profit or loss	81,460,097	-	-	81,460,097

30 September 2021				
	Level 1	**Level 2**	**Level 3**	**Total**
	(Audited)	**(Audited)**	**(Audited)**	**(Audited)**
Financial assets	**£**	**£**	**£**	**£**
Financial assets designated at fair value through profit or loss	102,125,227	-	-	102,125,227

Financial assets designated at fair value through profit or loss reconciliation
The following table shows a reconciliation of all movements in the fair value of financial assets categorised within Level 1 to 3 between the beginning and the end of the reporting period.

31 March 2022	**Level 1**	**Level 2**	**Level 3**	**Total**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
	£	**£**	**£**	**£**
Opening valuation	**102,125,227**	**-**	**-**	**102,125,227**
Purchases during the period	11,420,363	-	-	11,420,363
Sales - proceeds during the period	(5,416,688)	-	-	(5,416,688)
Realised gain on financial assets designated at fair value through profit or loss[1]	2,008,789	-	-	2,008,789
Unrealised loss on financial assets designated at fair value through profit or loss[2]	(28,677,594)	-	-	(28,677,594)
Closing valuation	**81,460,097**	**-**	**-**	**81,460,097**
Total net loss on financial assets for the period ended 31 March 2022	(26,668,805)	-	-	(26,668,805)

[1] Realised gain on financial assets designated at fair value through profit or loss is made up of £2,398,685 gain and £(389,896) loss.
[2] Unrealised loss on financial assets designated at fair value through profit or loss is made up of £1,075,551 gain and £(29,753,145) loss.

7. Financial assets designated at fair value through profit or loss (continued)
Financial assets designated at fair value through profit or loss reconciliation (continued)

30 September 2021	Level 1 (Audited) £	Level 2 (Audited) £	Level 3 (Audited) £	Total (Audited) £
Opening valuation	**92,934,986**	**-**	**-**	**92,934,986**
Purchases during the year	23,530,789	-	-	23,530,789
Sales - proceeds during the year	(67,595,180)	-	-	(67,595,180)
Realised gain on financial assets designated at fair value through profit or loss[1]	32,981,316	-	-	32,981,316
Unrealised gain on financial assets designated at fair value through profit or loss[2]	20,273,316	-	-	20,273,316
Closing valuation	**102,125,227**	**-**	**-**	**102,125,227**
Total net gain on financial assets for the year ended 30 September 2021	53,254,632	-	-	53,254,632

[1] Realised gain on financial assets designated at fair value through profit or loss is made up of £37,042,565 gain and £(4,061,250) loss.
[2] Unrealised gain on financial assets designated at fair value through profit or loss is made up of £34,324,776 gain and £(14,051,460) loss.

During the six months ended 31 March 2022, there were no transfers between levels of the fair value hierarchy (30 September 2021: no transfers).

As at 31 March 2022, none of the investments held are illiquid in nature and on this basis are not subject to any special arrangements.

The carrying amount of the trade and other receivables/payables is a reasonable approximation of fair value.

8. Contingent liabilities and commitments
As at 31 March 2022, the Company had no contingent liabilities or commitments (30 September 2021: nil).

9. Stated capital
Authorised
The authorised share capital of the Company is represented by an unlimited number of redeemable Ordinary Shares at no par value.

Ordinary Shares
As at 31 March 2022, the Company had 33,897,954 Ordinary Shares (30 September 2021: 33,897,954) in issue. No Ordinary Shares were redeemed utilising the Company's redemption mechanism (30 September 2021: 6,614,877).

Each holder of Ordinary Shares is entitled to attend and vote at all general meetings that are held by the Company. Each holder is also entitled to receive payment of a dividend should the Company declare such a dividend payment. Any dividends payable by the Company will be distributed to the holders of the Company's Ordinary Shares, and on the winding-up of the Company or other return of capital (other than by way of a repurchase or redemption of shares in accordance with the provisions of the Articles and the Companies Law), the Company's surplus assets, after payment of all creditors, will be distributed among the holders of the Company Ordinary Shares.

The Board anticipates that returns to shareholders will be made through the Company's redemption mechanism and therefore does not expect that the Company will pay any dividends.

No dividends have been declared or paid during the period (30 September 2021: £nil).

Redemption mechanism
As the Company has been established as a closed-ended collective investment scheme, there is no right or entitlement attaching to the Ordinary Shares that allows them to be redeemed or repurchased by the Company at the option of the shareholder.

9. Stated capital (continued)

Redemption mechanism (continued)

The redemption mechanism allows the Board to redeem any number of shares at the prevailing NAV per share at the calculation date, (being the date determined by the Board for the calculation of the price to be paid on any particular exercise of the redemption mechanism), less the cost of redemption. This right will only be exercised in specific circumstances and for the purpose of returning capital growth.

Accordingly, assuming that the NAV exceeds £100 million, the Directors intend to operate the redemption mechanism to return the NAV back to around £100 million in order to:

- enable the Company to exploit fully the underlying investment opportunity and to deliver high and sustainable returns to shareholders, principally in the form of capital gains;
- enable portfolio holdings to have a meaningful impact on the Company's performance, which might otherwise be marginal within the context of a larger fund; and
- ensure that the Company can continually take advantage of the illiquidity risk premium inherent in micro-cap companies.

The Directors are not obliged to operate the redemption mechanism and will not do so if:

- calculation and publication of the NAV has been suspended; or
- the Directors are unable to make the solvency statement required by Guernsey law; or
- other circumstances exist that the Board believes make the operation of the redemption mechanism undesirable or impracticable.

Redemptions will, subject to compliance with all applicable law and regulation, be carried out pro rata to a shareholder's holding of Ordinary Shares, but all redemptions will normally be subject to a de minimis value to be returned of approximately £10 million (before costs). The Company will not redeem fractions of shares.

Redemptions will be recognised against the reserves of the Company. The share premium reserve is and has historically been used to recognise the Company's share redemptions. Any redemptions over and above this reserve will be recognised against retained earnings.

The price at which any Ordinary Shares are redeemed under the redemption mechanism will be calculated by reference to unaudited NAV calculations. To the extent that any redemption takes place at a time when the Ordinary Shares are trading at a significant premium to the prevailing unaudited NAV, shareholders may receive an amount in respect of their redeemed Ordinary Shares that is materially below the market value of those shares prior to redemption.

In order to facilitate any redemptions, the Company may be required to dispose of assets within the investment portfolio. There is no certainty of the price that can be achieved on such sales and any sale price could be materially different from the carrying value of those assets. Consequently, the value received in respect of redeemed Ordinary Shares may be adversely affected where the Company is not able to realise assets at their carrying values. In addition, during any period when the Company is undertaking investment portfolio realisations, it may hold the sale proceeds (which could, in aggregate, be a material amount) in cash, which could impact the Company's returns, until the redemption is implemented and the cash is distributed to shareholders.

Investors should note that the redemption mechanism has a specific and limited purpose, and no expectation or reliance should be placed on the redemption mechanism being operated on any one or more occasions or as to the proportion of Ordinary Shares that may be redeemed or as to the price at which they will be redeemed. The redemption mechanism may also lead to a more concentrated and less liquid portfolio, which may adversely affect the Company's performance and value.

In the absence of the availability of the redemption mechanism, shareholders wishing to realise their investment in the Company will be required to dispose of their shares on the stock market. Accordingly, shareholders' ability to realise their investment at any particular price and/or time may be dependent on the existence of a liquid market in the shares. Please refer to the Financial Highlights and Performance Summary section on page 3 for details of the Company's historical redemptions.

10. Basic and diluted (loss)/earnings per Ordinary Share

	Six months ended 31 March 2022 (Unaudited) £	Six months ended 31 March 2021 (Unaudited) £
Total comprehensive (loss)/income for the period	(26,185,684)	35,563,764
Weighted average number of Ordinary Shares during the period	33,897,954	46,445,043
Basic and diluted (loss)/earnings per Ordinary Share	(0.7725)	0.7987

11. Net asset value per Ordinary share

	31 March 2022 (Unaudited) £	30 September 2021 (Audited) £
Net asset value	85,100,883	111,286,567
Number of Ordinary Shares at period/year end	33,897,954	33,897,954
Net asset value per Ordinary Share	2.5105	3.2830

12. Related party disclosure

The Manager

The Manager is a related party and is entitled to an annual fixed fee as disclosed in note 5. Mark Hodgson is the managing director of the Manager.

The Portfolio Manager

The Portfolio Manager is a related party and is entitled to management and performance fees as disclosed in note 4.

The Portfolio Manager and George Ensor held the following voting rights in the Company:

	31 March 2022	30 September 2021
Portfolio Manager	3,100,230	3,000,230
George Ensor	43,791	43,791

The Directors

The Directors are entitled to remuneration for their services and also hold Ordinary Shares in the Company as disclosed in note 6.

All transactions between these related parties and the Company were conducted on terms equivalent to those prevailing in an arm's length transaction.

13. Material events after the Condensed Statement of Financial Position date

There were no events which occurred subsequent to the period end until the date of approval of the condensed financial statements, which would have a material impact on the condensed financial statements of the Company as at 31 March 2022.

14. Controlling party

In the Directors' opinion, the Company has no ultimate controlling party.

COMPANY INFORMATION

Board members
Andrew Chapman (Chairman)
Stephen Coe (Chairman of the Audit Committee and Senior Independent Director)
Trudi Clark (Chairman of the Remuneration and Nomination Committee and Management Engagement Committee)
Mark Hodgson

Advocates to the Company (as to Guernsey law)
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[1] *BNP Paribas Securities Services S.C.A. Guernsey Branch is regulated by the Guernsey Financial Services Commission.*