RIVER AND MERCANTILE UK MICRO CAP
INVESTMENT COMPANY LIMITED

HALF-YEARLY FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 MARCH 2023

THE COMPANY AT A GLANCE

Purpose
River and Mercantile UK Micro Cap Investment Company Limited (the "Company") is a closed-ended 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.

About the Alternative Investment Fund Manager ("AIFM")
The AIFM of the Company is Carne Global AIFM Solutions (C.I.) Limited ("Carne" or the AIFM) who is authorised and regulated by the Jersey Financial Services Commission. The AIFM provides an oversight and risk management function but delegates portfolio management to River and Mercantile Asset Management LLP. The AIFM is independent and has no legal ownership connection with the Portfolio Manager.

About River & Mercantile Asset Management LLP (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 Limited (formerly River and Mercantile Group PLC) (the "Group"). The Group was acquired by AssetCo PLC on 15 June 2022. The Portfolio Manager is authorised and regulated by the Financial Conduct Authority.

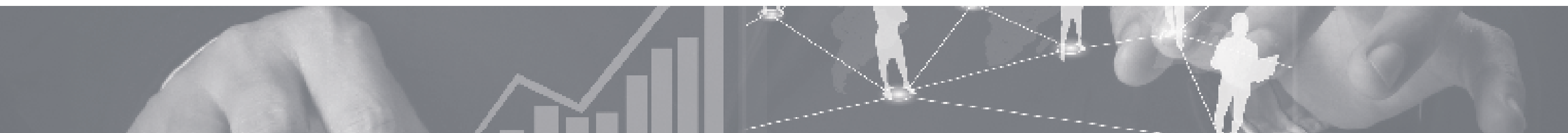
George Ensor, the appointed fund manager, has been responsible for the Company's portfolio since February 2018. Please refer to page 19 for George's biography.

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 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 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 AIFM and the Portfolio Manager in the performance of their respective functions.



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FINANCIAL HIGHLIGHTS AND PERFORMANCE SUMMARY

Key Performance Indicators

Performance for the six months ended 31 March 2023

During the six months ended 31 March 2023, the NAV total return of the Company underperformed against the benchmark index by (1.69)%, delivering a NAV total return of 4.64%, compared to 6.34% posted by the Numis Smaller Companies plus Alternative Investment Market ("AIM") (excluding Investment Companies) Index (the "Benchmark").

NAV and Share price

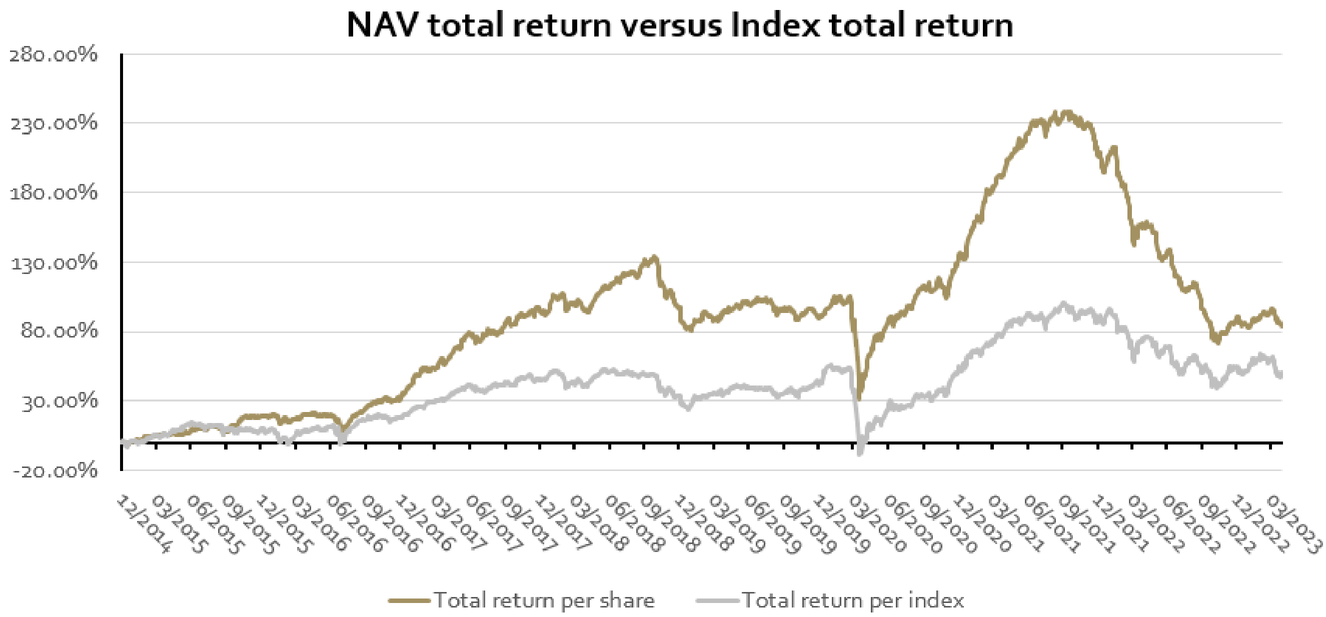
	As at 31 March 2023	As at 30 March 2022
NAV per Ordinary Share[1]	£1.7855	£1.7063
Ordinary Share price (bid price)[2]	£1.4500	£1.3600
Share price discount to NAV[3]	(18.79)%	(20.29)%

Period highs and lows

	Six months ended 31 March 2023 High	Six months ended 31 March 2023 Low	Year ended 30 September 2022 High	Year ended 30 September 2022 Low
NAV per Ordinary Share[1]	£1.9226	£1.6836	£3.2830	£1.7063
Ordinary Share price (bid price)[2]	£1.5900	£1.3200	£2.9000	£1.3600

Performance since inception

NAV total return[4] from inception (net of all fees) was 7.47% on an annualised basis, outperforming the Benchmark total return[5] of 5.08%. Refer to the chart below showing the NAV total return versus the Benchmark from inception:



Capital redemptions

From inception to 31 March 2023, 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.

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

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 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.

2 – Source: Bloomberg.

3 – 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.

4 – The NAV total return measures how the NAV per Ordinary Share has performed on an annualised basis from the initial issuance of Ordinary Shares to 31 March 2023, taking into account capital returns. The Board monitors the Company's NAV total return against the Numis Smaller Companies plus AIM (excluding Investment Companies Index).

5 – Source: Numis Securities Limited.

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

CHAIRMAN'S STATEMENT

Let's ignore the naysayers…….2023 is very different to 2008
The recent market instability is likely to have led some investors waking up in a cold sweat as they have flashbacks to 2008 when markets entered freefall. Thankfully as we enter the second half of 2023, I believe that we are in a very different place compared to what we faced in 2008. It would certainly be fair to say that markets have indeed experienced a period of volatility and there have been some high profile casualties. However, as I have said previously and to paraphrase Warren Buffett - the true investor welcomes volatility since a wildly fluctuating market means that irrationally low prices will periodically be attached to solid businesses.

Currently there are three main headwinds to performance for early stage growth companies – size, liquidity, and exposure to consumer expenditure. Consequently, such companies have been aggressively sold off, with near record outflows from UK small cap companies. There can be no disguising the fact that this is tough market environment for micro-cap companies and it is one of the reasons why we chose a closed-ended approach to investing in the space. On a brighter note, this then provides investment opportunities and explains why the Company is fully invested.

The Portfolio Manager believes that continuing value can be found in micro-cap as other funds have increased their target market cap size and left the sector. Indeed, with the exception of our Company there are few alternatives left for investors looking to profit from exposure to micro-cap companies via a collective investment vehicle. Hence why we believe in the increasing relevance of our strategy. As the current headwinds reverse, there is a role for holding a portfolio of stocks for the high growth and deep value it can offer. There is little doubt that the valuation of UK smaller companies, and especially very small ones, is depressed trading as they do on just 9x times their earnings per share (versus the 13x average for UK small companies over the last 15 years).

We are developing actions to publicise the real opportunity presented in the smaller company space through a series of marketing initiatives. Investments are not always obvious at points in the cycle and your Board are endeavouring to communicate the attractive pricing that currently prevails. The Board believes increased demand driven by this active marketing should help narrow the current share price discount to NAV.

Your Board (all themselves shareholders) remains steadfast in the belief that micro-cap companies offer good opportunities for investors to outperform and make money over the long term. As a Company we have always remained true to our investment philosophy and will continue to do so.

On behalf of the Board, I would like to thank all our shareholders for their continued support. We will ensure that your Company remains focussed on delivering performance for shareholders whilst remaining true to the investment philosophy that has served us very well since the Company was launched in 2014.

Andrew Chapman
Chairman
22 June 2023

EXECUTIVE SUMMARY

This Executive Summary is designed to provide information about the Company's operation and results for the six months ended 31 March 2023. It should be read in conjunction with the Chairman's Statement on page 4 and the Portfolio Manager's Report on pages 12 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 as maintained by the FCA and admitted to trading on the Main Market of the London Stock Exchange. As at 31 March 2023, the Company's issued stated capital comprised 33,897,954 Ordinary Shares (30 September 2022: 33,897,954 Ordinary Shares).

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

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

Significant events during the six months ended 31 March 2023

Annual General Meeting held on 1 March 2023
On 1 March 2023, the Annual General Meeting was held and all resolutions proposed at the meeting were duly passed.

Board and Committee changes
Trudi Clark retired from the Board on 1 March 2023. Upon Trudi's retirement, John Blowers was appointed chair of the Management Engagement Committee.

The chair of the Remuneration and Nomination Committee is expected to be appointed post period end, in the interim period, if a meeting is required to be held, the members present can elect one of themselves to chair the meeting.

Ukraine conflict
The invasion of Ukraine by Russia has had far reaching implications for the global economy and resulted in financial volatility. The Company has no direct and material exposure to Russia or Ukraine or to imposed sanctions.

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 is not 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 2023, 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 12 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 in line with the Company investment objective and policy.

The Company pursues its investment strategy through the appointment of Carne as AIFM, whereby the AIFM 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. In conjunction with the Board, the AIFM has engaged the Portfolio Manager to manage the portfolio. 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 are discussed.

Director interests
The Board comprises four Directors, three of whom are independent: Andrew Chapman, John Blowers and Charlotte Denton; Mark Hodgson is managing director of the AIFM and is therefore not regarded as independent by the 2019 AIC Code of Corporate Governance (the "Code"). Trudi Clark retired from the Board on 1 March 2023. 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
Charlotte Denton	15,350
Mark Hodgson	7,721
John Blowers	1,772

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 AIFM. 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 do not consider the risk factors to have changed and expect them to remain relevant for the remaining six months of the year. The Board looks at the following risk factors as listed below:

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 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. As a consequence, the Company may not necessarily be able to realise its investments within a reasonable period.

The current high interest rate, an inflationary macro-economic environment and the threat of global recession, is driving down growth stock valuations and reversing the positive impacts of operating leverage in these companies, which adversely affects the underlying value of the Company's investment portfolio, leading to an adverse impact on the Company's NAV.

Both the liquidity and valuation issues highlighted above may be totally out of sync with the current underlying investee company fundamentals. There can therefore be no guarantee that any realisation of an investment will be on a basis which necessarily reflects the full potential or underlying performance of that investment.

Risks within the Portfolio are monitored by the AIFM, which holds monthly AIFM risk committee meetings with the Portfolio Manager. The AIFM provides an update of these AIFM risk committee meetings to the Board on a quarterly basis and the risks are discussed accordingly. The Portfolio Manager also undertakes on-going reviews of the underlying investee companies, particularly those whose businesses are impacted by the current macro environment.

Share price discount

The price of the Company's shares may trade at a discount or premium relative to the underlying NAV of the Ordinary Shares.

There is a risk that Shareholders become dissatisfied with a continuing discount to NAV and seek further action.

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. In order to further manage the discount, the Board has employed the services of a public relations ("PR") company to broaden interest in the Company's Ordinary Shares.

Since its inception the Company has operated the redemption mechanism to return capital to investors which the Board understands Shareholders are still supportive of.

Further, the Board considers that in the current environment, selling portfolio investments at depressed values in order to raise funds to buy back the Company's own shares is not in the best interests of investors and that the redemption mechanism remains the best tool to manage the discount in the longer term.

Reliance on the Portfolio Manager
The Company is dependent on the expertise of a small team at the Portfolio Manager led by the fund manager, 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 fund strategy, leading to reputational damage and a loss of investor confidence in the Portfolio Manager. There is also a risk of fund underperformance due to poor investment decision making.

The Portfolio Manager has experienced investment professionals ready and available to step in if required in the short term, should our lead manager be unavailable, and would hire a full time, experienced and proven replacement lead manager, if necessary.

The Board has received assurance from the Portfolio Manager that the resources dedicated to servicing the Company will not be impacted by changes following the Portfolio Manager's change of ownership. The Board and the AIFM continue to monitor and review the service and performance of the Portfolio Manager.

Cyber-security risk
The increasing incidence of cyber related events and attacks increase the risk of inappropriate access to customer or Company data leading to loss of sensitive information which may result in a material adverse effect on the Company's financial condition, reputation and investor confidence.

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 Portfolio Manager performs regular upgrades and reviews of IT security protection in order to ensure that the risk of a security breach is low.

Sustainable Investment
The Board sees any failure by the Portfolio Manager to identify future potential issues within the underlying portfolio in this area as a key risk which may lead to the Company's shares becoming less attractive to investors.

A failure to adopt a sustainable approach to environmental and social matters, or a failure of governance has the potential to adversely impact the Company's performance.

The Board believes that the adoption by the Portfolio Manager of a comprehensive sustainable investment policy, in combination with the development of regular reporting to the Board, will allow the Company to mitigate this risk.

The Board has developed a strategy to engage with service providers across Environmental Social and Governance ("ESG") matters more generally.

Emerging risks
Along with other investment companies, the Company faces an increased and emerging risk from the impact of global economic pressures, which have led to supply chain issues, rising inflation and interest rates resulting in an increased threat of global recession; along with ever increasing geopolitical uncertainty from the Ukraine conflict, which potentially impacts the Company's investment portfolio and the general sentiment towards capital markets.

The Company is also aware of the global risk of climate change may have on the underlying investment portfolio and notes that assessing the impact of climate change on investments is central to the Portfolio Manager's sustainable policy.

Going concern
Under the 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.

The Board also considered the continuation vote to be held in 2024 and based on the Company's performance, the voting history in the general meetings, and the future prospects of the Company, the Board consider the risk of the continuation vote not being passed to be low. The Board also considered the continuing impact of the current macro-economic environment on the Company, which it believes has a minimal risk at this stage on the going concern of the Company.

Therefore, the Board consider it appropriate to adopt the going concern basis in preparing the condensed financial statements.

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 AIFM 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 12 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 2022. 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.

Key Relevant Skills
- 44 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

John Blowers, (Independent) – Chair of the Management Engagement Committee – Appointed 1 August 2022
John has been instrumental in the digital revolution in financial services for 33 years, with a series of key achievements. He was involved with the UK's first digital fund platform at Interactive Investor and went on to design, build and run several digital investment offerings for AMP, UBS and latterly for FE fundinfo.

His skills revolve around strategic proposition development and has a successful track record in sales & marketing roles in the investment industry. Over the years, he has held a range of CEO, MD and senior management roles in both multi-national and start-up businesses and is well-known in the UK investment and financial media community.

He now runs the strategic advisory firm, AltRetire working for clients including Compare the Platform, Topia and Trustnet.

Key Relevant Skills
- Marketing
- Retail Distribution
- Product Design

Charlotte Denton, (Independent) – Chair of the Audit Committee. Appointed 1 September 2022.
Charlotte is currently serving as a Non Executive Director of various entities including the Private Equity General Partner companies for Cinven and Hitec Vision, Next Energy Investment Management Limited (a solar investment manager), Butterfield Bank (Guernsey) Limited and the London listed Investment Company Starwood European Real Estate Finance Limited of which she is Chair of the Audit Committee.

Charlotte has over 25 years' experience in the global private client wealth management sector, having held senior positions at Northern Trust in Guernsey, before being seconded to London in 2009. In 2011 she became Managing Director in London of Northern Trust's Global Family and Private Investment Offices Group, a position she held until joining a London based property development start-up company in 2015. After successfully growing that business Charlotte returned to the world of private wealth and was appointed as Managing Director and latterly CEO of a financial services group until April 2019 when she began her non-executive career.

Charlotte is a Fellow of the Institute of Chartered Accountants in England and Wales and holds a degree in politics from Durham University. She is also a member of the Society of Trust and Estate Practitioners, a Chartered Director and a fellow of the Institute of Directors.

Key Relevant skills
- Investment Oversight
- Finance
- Governance

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
- 27 years financial services experience, 17 years of being the member of various boards.
- Extensive fund risk management experience across multiple asset classes.
- A strong background in board governance.

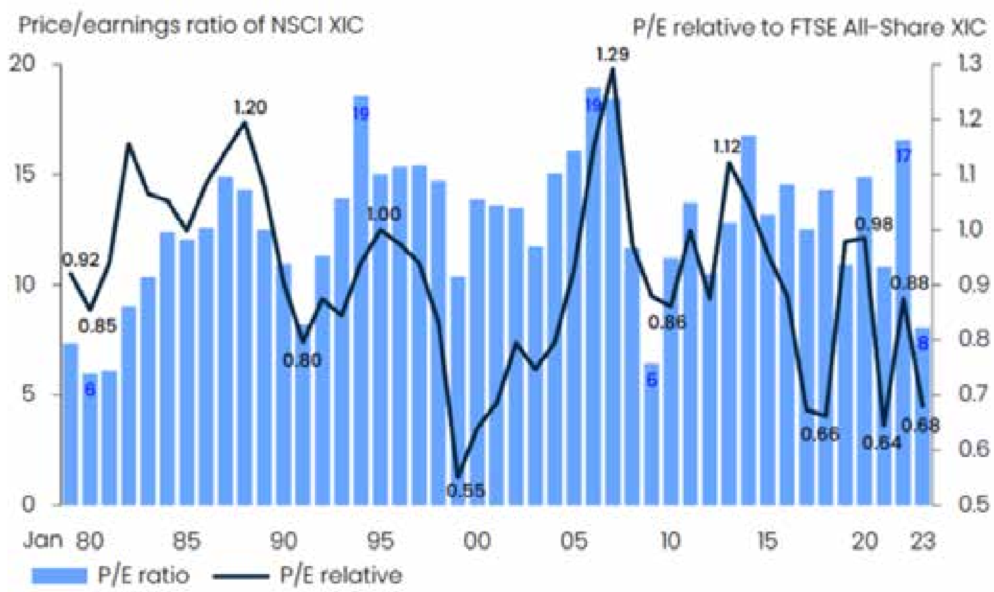
MARKET BACKDROP

From the market low in March 2009 following the Global Financial Crisis, UK smaller companies experienced a phenomenal bull market which peaked in September 2021. The total return was almost 500%, a compound annual growth rate of over 15%, double the total return achieved from the wider UK market which compounded at 10.5%. In fact, in the twelve years from 2009 to 2021, there are only two years (2014 and 2018) in which UK smaller companies did not post a positive return. Data going back to 1955 shows that the long-term average outperformance of smaller companies is 3.6% so this level of outperformance is good but not exceptional. This was a fantastic period for a strategy that is premised on the outperformance of small and micro-cap companies.

Since September 2021, UK smaller companies have been in a bear market and currently (mid-April) sit 24% below their peak but 10% above the market low from October 2022. We think that there is a sensible four-point checklist for investors to use to become more positive towards equities in a bear market:

1. Depressed valuations
2. Depressed positioning and negative sentiment
3. Peak interest rate and inflation expectations
4. A slow-down in the rate of economic deterioration (i.e. economic lead indicators getting worse less quickly).

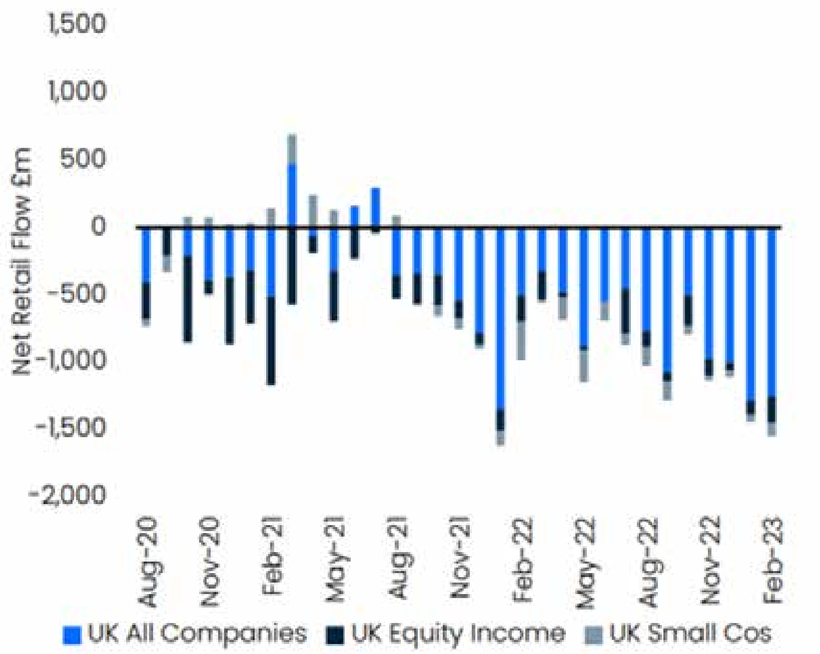
The Numis Indices 2023 Annual Review provides data that shows both the absolute price earnings multiple for the Numis Small Cap index (note this analysis excludes AIM although data that includes AIM shows a very similar opportunity) and the valuation relative to the wider UK market for each year going back to 1979. It is clear from the data that valuations are depressed – price to earnings multiples have only been cheaper in January 1979, 1980, 1981 and 2009. Relative valuations have also only been cheaper on four occasions.



Source: Elroy, Dimson, Scott Evans and Paul Marsh, Numis Indices: 2023 Annual Review.

Investor sentiment and positioning is extremely depressed. We saw a new all-time low for UK consumer confidence in September 2022 (-49) and whilst sentiment has recovered, at -36 it remains marginally above the previous all-time low of -39 which was recorded in July 2008. It is noteworthy that this was recorded less than a year prior to the start of a 12-year bull market in UK smaller companies.

Retail flows in UK equities and UK small cap equities can also provide some insight into positioning. Data shows that UK equities have seen outflows since August 2021 and UK smaller companies have seen outflows since September 2021. For each, the number of consecutive months of outflows and the relative quantum of outflows are at levels not witnessed before.



Source: The IA & Numis

Interest rate and inflation expectations peaked (at least in the short term) in 2022. Current market expectations are for interest rates in the UK to peak in September at 4.6% and to be cut back to 4.3% by March 2024. In mid-October, rates in the UK were expected to reach 5.6% by March 2023 and remain at that level. We can see a similar profile for US rates albeit the shape is different (higher and earlier peak). If we use three-year inflation swap pricing as a measure of inflation expectations, since October 2022, inflation expectations have fallen from 5.5% to 4%.

Finally, not only have we witnessed a slow-down in the pace of economic deterioration, but we have seen positive revisions to UK GDP growth forecasts. The extremely negative Bank of England forecast (November 2022) for the longest period of economic contraction on record is very unlikely to transpire and we are now likely to avoid recession this year. In fact, of the G7, the UK has seen the most improvement when compared to IMF forecasts at the start of the year. Low unemployment and decent nominal wage growth have meant the bearish scenario for consumer spending and house prices has not occurred and we expect real wage growth to provide further support in the second half of 2023.

REVIEW OF PERFORMANCE

Our NAV per share at the end of March was 178.6p, a gain of 4.6% over the period, which was 1.7% behind the benchmark performance of 6.3%. Since inception in December 2014, we have delivered a total return after all costs of 82.2% which is well ahead of the benchmark return of 51%.

Period	NAV	Benchmark	Active Return
6 months	4.6%	6.3%	-1.7%
12 months	-28.9%	-13.4%	-15.5%
3 years	22.3%	45.2%	-22.9%
5 years	-7.0%	7.0%	-14.0%
Since inception	82.2%	51.0%	+31.2%

*Source: River and Mercantile Asset Management LLP, BNP Paribas, Bloomberg. Performance to 31 March 2023. Since Inception is 02 December 2014. *Benchmark: Numis Smaller Companies plus AIM (Excluding Investment Companies).*

PORTFOLIO REVIEW

Below we include a review of our top ten holdings, which represented 44.2% of the NAV at the end of March, performance attribution and portfolio changes. Where it is relevant, we have included discussion of sustainability-related investment considerations.

Top Ten Holdings:

	% of the Company's NAV
Instem Plc	5.5%
Distribution Finance Capital Holdings Plc	5.1%
Keystone Law Group Plc	4.9%
ActiveOps Plc	4.7%
Capital Ltd	4.4%
SigmaRoc Plc	4.2%
Shanta Gold Ltd	4.1%
Venture Life Group Plc	3.8%
Alpha Group International Plc	3.8%
Kooth Plc	3.7%

Source: River and Mercantile Asset Management LLP, data as of 31 March 2023.

Instem is a market leader in niche software solutions to the life sciences market enabling clients to improve R&D efficiency and bring life enhancing products to market faster. It is favourably exposed to attractive structural growth drivers, notably innovation in life sciences and a regulatory regime that stimulates demand for Instem's services. A net cash balance sheet coupled with strong organic cash generation underpins value accretive inorganic growth opportunities in a highly fragmented market. In September 2022, Instem won its largest ever contract which we see as indicative of the supportive market conditions and demand for Instem's products. Over the last 5 years, the group has achieved a +23% revenue CAGR. It targets a c10% organic revenue CAGR and revenue of over £120mn in the next 3-5 years, which is more than double the prior year's revenue of £59mn (+28% YoY) and materially ahead of consensus FY24E revenue of c£75m. The transition to SaaS is expected to support EBITDA margin improvement to over 25% (consensus FY24E 22%) with the corresponding improvement in return on capital supporting our Quality investment case. The shares trade on less than 2x EV/ FY24 consensus revenues.

DF Capital is a specialist lender, providing working capital finance to dealers and manufacturers for forecourt inventory (typically commercial vehicles and motor homes). The company was awarded a banking license in 2020 which has enabled a significant expansion of their net interest margin to in excess of 6%. The business delivered loan book growth of 76% in 2022, a growth rate which reflects both the competitive proposition and strong, dealer led, route to market. The company delivered a maiden profit in 2022 and we expect profitability and return on capital to build from here. Trading on a 40% discount to book value, this is our largest Asset Backed position and our conviction is supported by a strong balance sheet and recent evidence that the company has been successful in passing on the higher cost of customer deposits.

Keystone Law is a Quality investment case that we have owned since the company's IPO in November 2017. The business is a platform for self-employed lawyers who are encouraged to join given the remuneration hierarchy of a conventional law firm. This proposition has driven a track record of growing revenue and profits; a seven-year organic CAGR of 23% and 37% respectively, with margin expansion in a very capital light business model driving high and improving return on capital (RoCE >30%). The shares have materially de-rated over the last twelve months and we have recently rebuilt the position given strong trading and an attractive valuation (c.5% FCF yield).

ActiveOps is an early-stage enterprise software company. Their data-driven approach to managing capacity and organising work in businesses with complex and global back offices drives a 15% productivity improvement – this is particularly valuable given the recent challenges of worker availability and high wage growth. Whilst the company has a loss-making P&L, given the attractive working capital dynamics of a SaaS business model, they have been free-cash-flow positive in each of the last five years. The current valuation of 1.5x EV/Sales is illustrative of the market's caution towards long duration growth stocks. A re-acceleration in annual recurring revenue growth in the latest financials alongside a strong balance sheet supports our conviction in this Growth investment case.

Capital provides mining, drilling and lab services to tier 1 gold mining companies in Africa and is experiencing robust demand given strong gold prices supporting customers' investments in production and exploration. Increasing fleet utilisation and day rates have driven an improvement in margins and returns (to c.30% EBITDA margin and mid-twenties return on capital). The two key growth drivers are the lab testing business where revenues are expected to treble over the next three years plus opportunities to provide services for blue chip customers developing energy transition metal assets such as lithium, copper and nickel. The shares trade on less than 3x EV/EBITDA and a free cash flow yield post growth capex of 11%.

SigmaRoc is consolidating the UK and European quarried markets, targeting high quality assets with local market dominance where it can drive operational improvements. The group is building a track record of delivering attractive returns on both its organic and inorganic investments, with self-help initiatives helping to drive upgrades in a difficult trading period. SigmaRoc is also delivering well against its market-leading sustainability agenda, committing to a rollout of carbon capture technology on its kilns which is a key step in meeting its target of net zero by 2040. Post the acquisition of Nordkalk, SigmaRoc has more diversified product, geographical and end market exposures, and sufficient cash flows to self-finance bolt-on deals, which is not reflected in the current valuation (on a single digit price earnings ratio and >10% free cash flow yield).

Shanta Gold is a gold miner that is transitioning from a single site, single country exploration and production company to one with two producing assets in Tanzania and a high-grade development asset in Kenya. Gold production should ramp up this year enabling the company to pay down debt that was taken out to build their second asset whilst re-investing in exploration at each of their assets. The company trades on 3x EV/EBITDA despite a growing reserves base which supports at least six years of production, and which includes zero value for their greenfield development in Kenya.

Venture Life is a buy and build of self-care brands which are typically bought cheaply with value created by in-housing manufacturing and driving organic sales growth through a global distribution platform and selected investments in marketing. The combination of both organic and inorganic growth is key to the Growth investment case. Following a challenging year in 2021, the company had a strong 2022, particularly in their third-party contract manufacturing division which experienced exceptional growth. An acquisition late last year also underpins the majority of growth expected in consensus forecasts, on which the company is valued at less than 10x earnings and a free cash flow yield of 10%.

Alpha Group International offers unique and disruptive FX risk management services to corporates trading currency for commercial purposes. It focuses on advisory services that put in place rolling hedging programmes rather than speculative ad hoc FX trades with cliff-edge effects. The global market opportunity for this business is significant with non-banks holding only a small fraction of the overall market. Alpha also offers alternative banking solutions that simplify banking processes for alternative asset managers and the fund administrators that support them using new technologies. Unlike the competition, which is almost exclusively traditional banks, Alpha is unencumbered by the inertia of legacy technology which is not built to handle the specialised and often complex nature of alternative investment structures. There are strong incentives for management, current and future staff to perform with over 30% of employees having an equity interest in the company (the CEO owns c16%). The group's investment in its own recruitment process and team underpins a high-performance culture. Alpha has an 8Y revenue CAGR FY14-22 of +55% and track-record of consistently beating market expectations. Sales growth was +27% in 2022 with growth expectations upgraded through the year. Rising interest rates have generated a substantial windfall on overnight customer cash balances which the company is using to accelerate its investment for growth in alternative banking solutions. Overall, we think consensus 2023 sales growth expectations are modest with risk to the upside. Valuation remains attractive despite the optically high FY24E consensus P/E of 25x given scope to beat market expectations and the potential for meaningful operating leverage to come through when the reinvestment rate normalises.

Kooth is an early-stage Growth business that we invested in at IPO in September 2020. The company is the clear market leader in the UK for the provision of mental health services to children and young people where there is a strong human and economic case for early intervention. With more than 60% of 10-25-year-olds in the UK eligible for the service which is free at the point of use, Kooth have invested in additional growth opportunities including Adult services in the UK (75% ARR growth in 2022) and international expansion. The company first won a fully funded pilot trial with the State of Pennsylvania which was followed by an award to run the digital platform for children's mental health in California, a state which has a population of 6 million children. The valuation – 3x consensus sales – does not reflect the exceptional US growth opportunity.

Performance Attribution:

Kooth (+107% / 1.9% relative performance impact) bounced from extremely oversold levels on the back of the two contract wins detailed above.

Venture Life (+59% / 1.5% relative) also bounced from oversold levels as the company beat upgraded expectations and completed a sensible acquisition whilst maintaining reasonable balance sheet leverage.

DF Capital (+35% / 1.1% relative) is yet another example where short-term earnings expectations, illiquidity and a breakeven P&L created a great opportunity to add to a position in a company that was delivering to their strategy at a compelling valuation. We added significantly to our position at 27.5p which delivered a +35% gain from October 2022 to March 2023 and, as per the comments above, we still believe that there is an attractive valuation opportunity with the shares trading at a large discount to a growing tangible book value.

Ten Lifestyle (+66% / +1.0% relative) is a business that partners with banks and other corporates that have high value clients and provides services – restaurant, travel and live events concierge – directly to their clients to improve retention. The business is therefore geared to both a recovery in travel and leisure but also to the profitability of banks. Ten Lifestyle have an excellent track record of retaining contracts meaning that both new contracts and the upsizing of existing contracts have driven strong revenue and EBITDA growth. The market has begun to recognise this Growth potential, driving a re-rating in the period, but the company remains very attractively valued on c.1x EV/Sales.

SigmaRoc (+40% / +1.0% relative) delivered revenue and EBITDA ahead of expectations in a period of material energy inflation and variable demand which is evidence of the group's strong competitive positioning and pricing power in its local markets. The market had been concerned that its acquisitive model was broken in a higher interest rate environment, which management disproved by continuing with value-accretive M&A in the period even with the shares at depressed levels.

Allergy Therapeutics (-99% / 4.9% of NAV on 30 September 2022) was the most significant underperformer in the period following an announcement on 29 December 2022 that the company will not meet the requirement to publish its accounts within six months of its year-end, resulting in the shares being suspended. Despite a debt and equity fundraise in September 2022 backed by two major shareholders, the company developed a significant additional short-term funding requirement as a result of voluntarily pausing manufacturing during its peak production period prior to the start of the pollen season. The debt facility secured with the major shareholders in September 2022 was only accessible at the end of February 2023. The rationale for the voluntary pause in manufacturing was to upgrade quality control processes ahead of an expected regulatory inspection following an earlier advisory notice; the regulatory inspection has yet to materialise. This has had a material impact on the group's profitability and cash flow generation resulting in the company cancelling its revolving credit facility. Post period end on 6 April 2023, the company announced a secured loan facility and subsequent equity financing with two major shareholders. The loan facility funds the company's short-term cash needs whilst the major shareholders obtain the relevant clearances from foreign direct investment authorities necessary to subscribe for more Allergy shares through the proposed equity financing at 1p per share, a material discount (-84%) to the last close price of 6.25p/share. Given the onerous financial terms of the debt facility, Allergy expects to use the proceeds of the equity raise to pay off the debt facility. Completion of the equity financing will result in a mandatory offer being made for the company at 1p per share.

We valued the position for the purpose of reporting the daily NAV at the last close price of 6.25p per share until we received the new information on 6 April 2023, at which point we revalued the position to 1p per share. Given the information we currently have, the shares have been valued in these financial reports at 1.55p per share which is the level at which trading resumed on 19 June 2023. Trading has resumed following the publication of both the withheld 2022 Annual Report and Accounts and the more recent interim results.

We are disappointed by the unfortunate sequence of events that has enabled the two major shareholders (subject to completion of the equity financing) to purchase the business at a deeply discounted valuation which we do not think reflects the long-term earnings potential of the business.

Mind Gym's (-28% / -1.2% relative) underperformance is attributable to soft interim results which imply an atypically strong second half profit weighting; however, momentum into the second half is strong with an acceleration in growth through the first half and significant new contract wins.

Revolution Bars (-35% / -1.0% relative) have, like many consumer facing businesses, been hit by a challenging combination of weak consumer demand and rapid cost inflation, particularly for energy and labour. Following the acquisition of a portfolio of leasehold pubs, the group also has high leverage which is an additional headwind to net profit growth. The current enterprise value of £40m is equivalent to £420k per site (they own 69 bars and 21 pubs), which compares to the £300k of EBITDA per site generated by the business in 2019 (representing less than 1.3x EV/EBITDA on a recovered basis).

Portfolio Activity:

We initiated three new positions in the period:

Netcall – 1.6% of NAV: A software company offering digital transformation solutions that enable business and government automation by improving both customer and employee experience with unrivalled ease of use. Customer led innovation is the foundation of the group's sustainable competitive advantage and strong growth potential. Expectations are conservative with risk to the upside and the valuation is attractive at a discount to history and peers. We rate Netcall S2, which means we do not see sustainability trends as either a material opportunity or risk for the company, given its focus on innovation which is key to maintaining product differentiation and sustaining high growth. The group's R&D spend is a healthy 13.5% of sales and its products help customers achieve their sustainability goals through digitalisation that can support a lower carbon footprint (e.g. helping the NHS and local government move away from paper-intensive services).

Diaceutics – 1.5%: A diagnostics commercialisation platform for precision medicine. Through the provision of real-world anonymised patient data and analytics, it helps big pharma companies to undertake more targeted drug development and better commercialise drugs once approved. We expect the transition of drug pipelines towards more personalised medicine – particularly in oncology where Diaceutics has strong coverage – to drive significant market growth, as companies allocate an increasing proportion of budgets to diagnostics as part of their go-to-market strategy. Despite having a first mover advantage in a complex and fragmented market, with Growth Potential supported by recent contract wins with blue chip customers, Diaceutics trades at a material discount to its main listed peers. We believe the current valuation underappreciates the ongoing transition towards a higher quality subscription-based model.

We have rated Diaceutics as an S1 which means we see sustainability trends as an opportunity for the company. Its data products have strong social drivers as they facilitate better targeting of cancer drugs, improving patient outcomes and the efficiency of clinical trials and drug launches. Regulatory support for precision medicine is a key driver of market growth. Robust data governance practices are also an important barrier to entry, given the sensitivities around handling patient data, underpinning Diaceutics' high market share and success with top 20 pharma clients.

IG Design Group – 1.4%: The leading supplier of celebration products – wrapping paper and Christmas crackers – to the large retailers (Walmart, Tesco, Sainsbury's, Amazon). The business is clearly seasonal and has an extended design and order cycle with prices set in January for product to be delivered in August and cash being collected the following January. Margins, which have historically been fairly consistent at 7%, were reduced to breakeven as trans ocean freight costs doubled from 4% to 8% of revenue and other costs (local freight, people, and raw materials) saw big increases. Importantly, margins have already started to recover – 120bps improvement to 5.9% for the six-months to September 2022 – as the company has been able to secure price increases. We purchased the shares on a depressed earnings multiple of less than 4x recovered earnings (assuming margins return to 5.5% on an annualised basis). Alternatively put, despite issuing no equity – and we believe there will be no need for additional equity – the shares currently trade at less than 25% of their all time high, creating a compelling Recovery investment case. We have rated the shares with an S3 rating, which means sustainability trends could present a material risk to value creation, given products are typically single use (54%) and non-recyclable (56%).

Exits:

We exited three holdings in the period. **IOG** was purchased to benefit from high growth in the production of North Sea gas with a view that gas prices would remain high for at least a few years. We exited the position following two rounds of tax increases and several operational disappointments. **eEnergy** is a consolidator of energy consultancy businesses that helps companies to reduce energy usage and procure green energy. It was purchased to benefit from both the inorganic and organic growth opportunity. We exited the position following disappointing operational performance and a material deterioration in the working capital terms that the company had with suppliers which left the balance sheet highly geared. The final exit was **Real Estate Investors** where the asset backed opportunity remained, but we struggled to identify a catalyst to close the discount to NAV and exited the position to fund new opportunities with greater Potential and more supportive Timing.

OUTLOOK

In November 2022, the Bank of England made headlines given their particularly gloomy outlook for the UK which forecast the longest UK recession in 100 years and a peak-to-trough decline of close to 3%. Since then, inflation expectations have eased, expectations for 1-year-ahead interest rates have fallen from 5.5% to less than 4%, GBP has strengthened, and gas prices have fallen by about 75%. Expectations for UK economic growth have been revised up to a greater extent than any other G7 economy since the start of the year. This should all be supportive for the performance of UK smaller companies which have continued to underperform. The rhetoric that the UK is destined to underperform other developed economies is not evident in the data (4th fastest growing G7 economy since the start of 2016). UK smaller companies are unloved and undervalued, in both absolute terms and relative to the wider market, on extremely attractive, once-in-a-cycle levels. We cannot call the bottom but putting capital to work today on a three to five-year view should be very rewarding. Buying shares in the Company at the current discount to NAV either gears your potential positive returns or reduces your downside risk.

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.

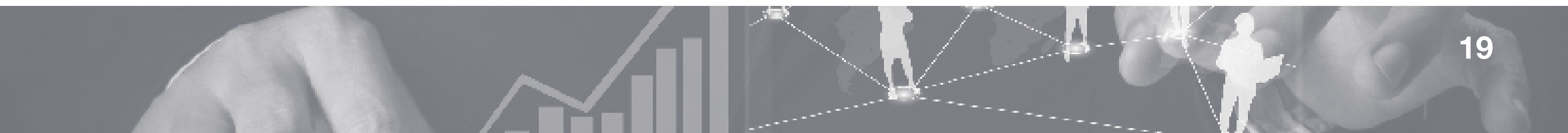
George Ensor
Fund Manager
River & Mercantile Asset Management LLP

22 June 2023
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), with the exception of the holding in Allergy Therapeutics which , as discussed, was valued at 1.55p per share. The estimated unaudited NAV referenced above is calculated on a daily basis utilising closing bid prices and is inclusive of all estimated charges and accruals.

Fund Manager Biography

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 and is currently Portfolio Manager of the ES R&M UK Listed Smaller Companies Fund and the R&M UK Micro Cap Investment Company Limited. George is a CFA charter holder.



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 2023, 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 2023 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 2023 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
22 June 2023

Charlotte Denton
Audit Committee Chair
22 June 2023

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 2023 (the "period").

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.

The interim financial statements comprise:

- the condensed statement of financial position as at 31 March 2023;
- 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.

Basis for conclusion

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.

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.

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

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.

PricewaterhouseCoopers CI LLP
Chartered Accountants
Guernsey, Channel Islands
22 June 2023

(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 2023

	Notes	Six months ended 31 March 2023 (Unaudited) £	Six months ended 31 March 2022 (Unaudited) £
Income			
Investment income	3	181,573	242,304
Net gain/(loss) on financial assets designated at fair value through profit or loss	7	3,053,522	(26,668,805)
Total income/(loss)		**3,235,095**	**(26,426,501)**
Expenses			
Portfolio performance fees recovery	4	-	897,281
Portfolio management fees	4	(233,486)	(364,542)
Operating expenses	5	(315,714)	(295,898)
Foreign exchange (loss)/gain		(1,967)	3,976
Total expenses		**(551,167)**	**240,817**
Profit/(loss) before taxation		**2,683,928**	**(26,185,684)**
Taxation			
Profit/(loss) after taxation and total comprehensive income/(loss)		**2,683,928**	**(26,185,684)**
Basic and diluted earnings/(loss) per Ordinary Share	10	**0.0792**	**(0.7725)**

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

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 35 form an integral part of these condensed financial statements.

CONDENSED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	Notes	31 March 2023 (Unaudited) £	30 September 2022 (Audited) £
Non-current assets			
Financial assets designated at fair value through profit or loss	7	60,170,443	56,027,223
Current assets			
Cash and cash equivalents		357,410	2,289,617
Trade receivables – securities sold awaiting settlement		126,939	-
Other receivables and prepayments		20,463	92,681
Total current assets		**504,812**	**2,382,298**
Total assets		**60,675,255**	**58,409,521**
Current liabilities			
Trade payables – securities purchased awaiting settlement		-	(433,561)
Other payables		(151,586)	(136,219)
Total current liabilities		**(151,586)**	**(569,780)**
Net assets		**60,523,669**	**57,839,741**
Capital and reserves			
Retained earnings		60,523,669	57,839,741
Equity Shareholders' funds		**60,523,669**	**57,839,741**

The condensed financial statements on pages 23 to 35 were approved and authorised for issue by the Board of Directors on 22 June 2023 and signed on its behalf by:

Andrew Chapman
Chairman

Charlotte Denton
Audit Committee Chair

The notes on pages 27 to 35 form an integral part of these condensed financial statements.

CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months ended 31 March 2023 (Unaudited)

	Stated capital £	Share premium £	Retained earnings £	Total £
Opening equity Shareholders' funds at 1 October 2022	**-**	**-**	**57,839,741**	**57,839,741**
Total comprehensive income for the period	-	-	2,683,928	2,683,928
Closing equity Shareholders' funds at 31 March 2023	**-**	**-**	**60,523,669**	**60,523,669**

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**

The notes on pages 27 to 35 form an integral part of these condensed financial statements.

CONDENSED STATEMENT OF CASH FLOWS

For the six months ended 31 March 2023

	Note	**Six months ended 31 March 2023 (Unaudited) £**	**Six months ended 31 March 2022 (Unaudited) £**
Cash flow from operating activities			
Profit/(loss) after taxation and total comprehensive income/(loss)		2,683,928	(26,185,684)
Adjustments to reconcile profit/(loss) after taxation to net cash flows:			
- Realised gain/(loss) on financial assets designated at fair value through profit or loss	7	4,215,761	(2,008,789)
- Unrealised (loss)/gain on financial assets designated at fair value through profit or loss	7	(7,269,283)	28,677,594
Purchase of financial assets designated at fair value through profit or loss	7	(6,510,791)	(11,420,363)
Proceeds from sale of financial assets designated at fair value through profit or loss[1]	7	4,860,593	5,413,692
Changes in working capital			
Decrease in other receivables and prepayments		72,218	35,111
Increase/(decrease) in other payables		15,367	(927,683)
Net cash used in from operating activities		**(1,932,207)**	**(6,416,122)**
Net decrease in cash and cash equivalents in the period		**(1,932,207)**	**(6,416,122)**
Cash and cash equivalents at beginning of the period		2,289,617	10,156,557
Cash and cash equivalents at the end of the period		**357,410**	**3,740,435**

1 – Proceeds outstanding at 31 March 2023 relating to sales of financial assets designated at fair value through profit amounted to £126,939 (31 March 2022: £2,996).

The notes on pages 27 to 35 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 as maintained by the FCA 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 2022. The Half-Yearly Financial Report has also been prepared using the same accounting policies applied for the year ended 30 September 2022 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 2022

Standard	Effective for annual periods beginning on or after
IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors - amendments regarding the definition of accounting estimates.	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of accounting policies.	1 January 2023
IAS 1 - Classification of liabilities as current or non-current.	1 January 2024

The IAS 8 amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The definition of accounting policies remains unchanged. The Directors do not believe that the application of this amendment will have a material impact on the Company's condensed financial statements.

The amendments to IAS 1 and IFRS Practice Statement 2 are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The Directors do not believe that the application of these amendments will have a material impact on the Company's condensed financial statements.

The amendments to IAS 1 in relation to classification of liabilities as current or non-current clarify how an entity classifies debt and other financial liabilities as current or non-current in particular circumstances. The Directors do not believe that the application of this amendment will have 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

2. Accounting policies (continued)
2.1 Going Concern (continued)

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.

The continuation vote will be held in 2024 and based on the Company's performance, the voting history in the general meetings, and the future prospects of the Company, the Board consider the risk of the continuation vote not being passed to be low.

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 2023 (Unaudited) £	Six months ended 31 March 2022 (Unaudited) £
Dividend income	163,068	242,068
Bank interest	18,505	236
Total investment income	**181,573**	**242,304**

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

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

Under the IMA, 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 2023, no performance fees were accrued or paid by the Company (31 March 2022: recovery of £897,281) as the Company's NAV total return performed unfavourably against the benchmark during the performance period. 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 2023 (Unaudited) £	Six months ended 31 March 2022 (Unaudited) £
Administration fees	63,750	68,956
Directors' fees	79,452	65,699
AIFM fees	29,000	29,000
Audit fees	28,500	25,390
Non-audit fees	21,500	20,000
Custody fees	6,482	8,355
Broker fees	20,000	20,000
Transaction fees	8,589	13,087
Registrar fees	12,052	10,461
Legal and professional fees	3,142	4,713
Sundry expenses	43,247	30,237
Total operating expenses	**315,714**	**295,898**

Non-audit fees
Non-audit fees incurred during the six months ended 31 March 2023 and 31 March 2022 relates to interim review services.

AIFM fee
On 21 October 2014, the Company signed an AIFM agreement, which was subsequently amended on 1 September 2020. The AIFM is entitled to an annual fixed fee of £58,000 per annum. The AIFM agreement can be terminated by either the Company or the AIFM by giving the other not less than ninety days' written notice or on immediate notice on the occurrence of certain "cause" events.

Custody fee
The Company has 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
The Administrator provides administrative, compliance oversight and company secretarial services to the Company. 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. Singer is entitled to a fee payable by the Company of £40,000 per annum payable quarterly in advance.

6. Directors' fees and interests

The Directors of the Company were remunerated for their services at a fee of £27,675 per annum with the Chairman of the Board and the Chair of the Audit Committee receiving an additional £15,375 and £5,125 respectively.

Directors' fees incurred for the six months ended 31 March 2023 were £79,452 (six months ended 31 March 2022: £65,699). Directors' fees payable as at 31 March 2023 were £32,734 (30 September 2022: £31,109).

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

Director	Ordinary Shares held	
	31 March 2023	30 September 2022
Andrew Chapman	15,009	15,009
Trudi Clark[1]	N/A	8,353
Charlotte Denton	15,350	-
Mark Hodgson	7,721	7,721
John Blowers	1,772	1,772

[1] Trudi Clark retired from the Board on 1 March 2023.

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 2023 (30 September 2022: 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.

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.

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

The Directors determined that an active market exists based on the frequency and volume of transactions of each asset classified as Level 1. The Company's financial assets classified as Level 1 are quoted securities which are traded in active markets as at 31 March 2023. In the opinion of the Directors, the quoted price for these financial assets as at 31 March 2023 is representative of fair value.

The investment in Allergy Therapeutics Plc was transferred from Level 1 to Level 3 during the period ended 31 March 2023. This was due to its shares been temporarily suspended from trading on the AIM market of the London Stock Exchange on 3 January 2023. The Directors determined that due to the suspension there was no active market for the position at period end and it was more appropriate to classify the asset as Level 3.

31 March 2023 **Financial assets**	**Level 1 (Unaudited) £**	**Level 2 (Unaudited) £**	**Level 3 (Unaudited) £**	**Total (Unaudited) £**
Financial assets designated at fair value through profit or loss	59,934,843	-	235,600	60,170,443

30 September 2022 **Financial assets**	**Level 1 (Audited) £**	**Level 2 (Audited) £**	**Level 3 (Audited) £**	**Total (Audited) £**
Financial assets designated at fair value through profit or loss	56,027,223	-	-	56,027,223

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 2023	**Level 1 (Unaudited) £**	**Level 2 (Unaudited) £**	**Level 3 (Unaudited) £**	**Total (Unaudited) £**
Opening valuation	**56,027,223**	**-**	**-**	**56,027,223**
Transfer from Level 1 to Level 3[1]	(2,736,000)	-	2,736,000	-
Purchases during the period	6,077,230	-	-	6,077,230
Sales - proceeds during the period	(4,987,532)	-	-	(4,987,532)
Realised loss on financial assets designated at fair value through profit or loss[2]	(4,215,761)	-	-	(4,215,761)
Unrealised gain/(loss) on financial assets designated at fair value through profit or loss[3]	9,769,683	-	(2,500,400)	7,269,283
Closing valuation	**59,934,843**	**-**	**235,600**	**60,170,443**
Total net gain on financial assets for the period ended 31 March 2023	5,553,922	-	(2,500,400)	3,053,522

[1]Allergy Therapeutics transferred from Level 1 to Level 3 as detailed above.

[2]Realised loss on financial assets designated at fair value through profit or loss is made up of £1,000,710 gain and £(5,216,471) loss.

[3]Unrealised gain on financial assets designated at fair value through profit or loss is made up of £13,063,888 gain and £(5,794,605) loss.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

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 2022	Level 1 (Audited) £	Level 2 (Audited) £	Level 3 (Audited) £	Total (Audited) £
Opening valuation	**102,125,227**	**-**	**-**	**102,125,227**
Purchases during the year	18,890,152	-	-	18,890,152
Sales - proceeds during the year	(10,983,393)	-	-	(10,983,393)
Realised loss on financial assets designated at fair value through profit or loss[1]	(1,352,009)	-	-	(1,352,009)
Unrealised loss on financial assets designated at fair value through profit or loss[2]	(52,652,754)	-	-	(52,652,754)
Closing valuation	**56,027,223**	**-**	**-**	**56,027,223**
Total net loss on financial assets for the year ended 30 September 2022	(54,004,763)	-	-	(54,004,763)

[1] Realised loss on financial assets designated at fair value through profit or loss is made up of £3,109,290 gain and £(4,461,299) loss.
[2] Unrealised loss on financial assets designated at fair value through profit or loss is made up of £1,738,932 gain and £(54,391,686) loss.

During the six months ended 31 March 2023, transfers between levels of the fair value hierarchy amounted to £2,736,000 (30 September 2022: no transfers).

As at 31 March 2023, 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 2023, the Company had no contingent liabilities or commitments (30 September 2022: 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.

Allotted, called up and fully-paid

	Number of Ordinary Shares	Number of Ordinary Shares
	31 March 2023	**30 September 2022**
Total issued share capital	**33,897,954**	**33,897,954**

No Ordinary Shares were redeemed during the period.

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.

9. Stated capital (continued)
Allotted, called up and fully-paid (continued)

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 2022: £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.

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 can make an assessment 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.

9. Stated capital (continued)
Redemption mechanism (continued)

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 earnings/(loss) per Ordinary Share

	Six months ended 31 March 2023 (Unaudited) £	**Six months ended 31 March 2022 (Unaudited) £**
Total comprehensive income/(loss) for the period	2,683,928	(26,185,684)
Weighted average number of Ordinary Shares during the period	33,897,954	33,897,954
Basic and diluted earnings/(loss) per Ordinary Share	0.0792	(0.7725)

11. NAV per Ordinary share

	31 March 2023 (Unaudited) £	**30 September 2022 (Audited) £**
NAV	60,523,669	57,839,741
Number of Ordinary Shares at period/year end	33,897,954	33,897,954
NAV per Ordinary Share	1.7855	1.7063

12. Related party disclosure
The AIFM
The AIFM 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 AIFM.

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

12. Related party disclosure (continued)

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

	31 March 2023	30 September 2022
Portfolio Manager	3,100,230	3,100,230
George Ensor	72,194	60,041

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
Subsequent to the period end, the Board, after consulting with the Portfolio Manager, have concluded there has been further evidence of conditions that existed as at 31 March 2023 in regards to the investment held in Allergy Therapeutics Plc, the condensed financial statements as at 31 March 2023 have therefore been adjusted. Refer to Note 14 for the reconciliation of NAV to published NAV.

On 19 June 2023, Allergy Therapeutics Plc shares recommenced trading on the AIM market of the London Stock Exchange. The investment held by the Company will be transferred from Level 3 to Level 1 after the reporting date.

There were no other 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 for the period ended 31 March 2023.

14. Reconciliation of NAV to published NAV
The following table details the change in NAV to the one announced via the Regulatory News Service:

	31 March 2023		30 September 2022	
	NAV	**NAV per share**	**NAV**	**NAV per share**
	£	**£**	**£**	**£**
Published NAV	61,124,069	1.8032	57,839,741	1.7063
Impact of fair value adjustment on financial assets designated at fair value through profit or loss	(600,400)	(0.0177)	-	-
NAV attributable to shareholders	60,523,669	1.7855	57,839,741	1.7063

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

COMPANY INFORMATION

Board members

Andrew Chapman (Chairman)
Mark Hodgson
Charlotte Denton (Chair of the Audit Committee)
John Blowers (Chair of the Management Engagement Committee – appointed 1 March 2023)
Trudi Clark (Retired from the Board on 1 March 2023)

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Portfolio Manager

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[1] *BNP Paribas S.A. Guernsey Branch is regulated by the GFSC.*