# RIVER UK MICRO CAP LIMITED
# (FORMERLY RIVER AND MERCANTILE UK MICRO CAP INVESTMENT COMPANY LIMITED)

## HALF-YEARLY FINANCIAL REPORT FOR THE SIX MONTHS ENDED 31 MARCH 2024

## THE COMPANY AT A GLANCE

### Purpose

River UK Micro Cap Limited (formerly River UK Micro Cap Limited 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, for the purposes of the AIFM Directive, is Carne Global AIFM Solutions (C.I.) Limited ("Carne" or the "AIFM") which 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 Global Investors LLP (formerly "River and Mercantile Asset Management LLP"). The AIFM is independent and has no legal ownership connection with River Global Investors LLP.

### About River Global Investors LLP (formerly 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 18 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 at the discretion of the Company, 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 2024**
During the six months ended 31 March 2024, the NAV total return of the Company outperformed the Numis Smaller Companies plus Alternative Investment Market ("AIM") (excluding Investment Companies) Index (the "Comparative Index") by 0.22%, delivering a NAV total return of 6.23%, compared to 6.01% posted by the Comparative Index.

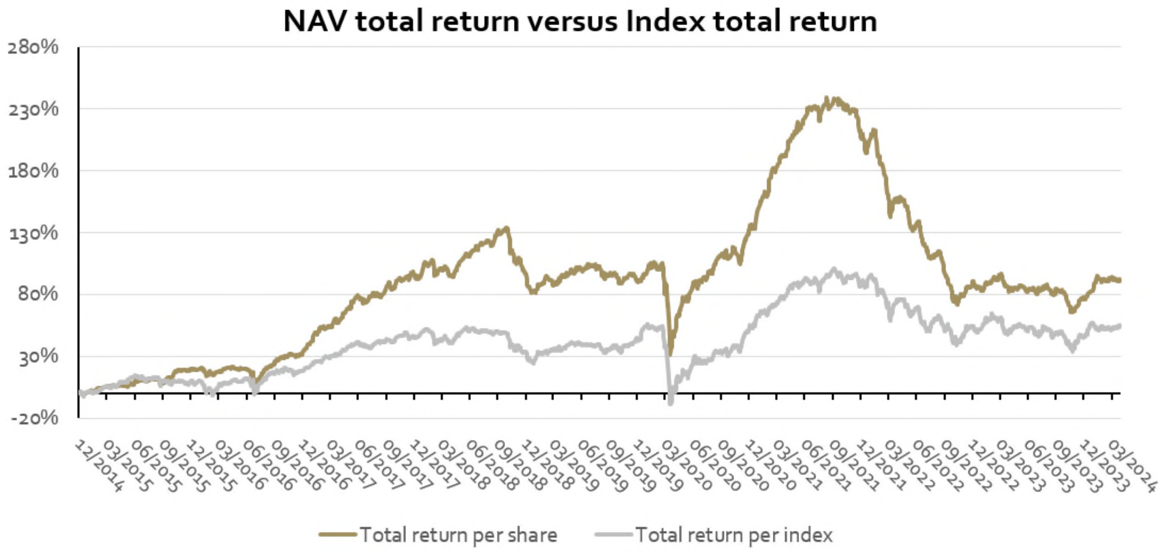
**NAV and Share price**

| | As at 31 March 2024 | As at 30 September 2023 |
|---|---|---|
| NAV per Ordinary Share[1] | £1.8818 | £1.7714 |
| Ordinary Share price (bid price)[2] | £1.5000 | £1.4200 |
| Share price discount to NAV[3] | (20.29)% | (19.84)% |

**Period highs and lows**

| | Six months ended 31 March 2024 High | Six months ended 31 March 2024 Low | Year ended 30 September 2023 High | Year ended 30 September 2023 Low |
|---|---|---|---|---|
| NAV per Ordinary Share[1] | £1.9074 | £1.6185 | £1.9226 | £1.6836 |
| Ordinary Share price (bid price)[2] | £1.5800 | £1.3100 | £1.5900 | £1.3200 |

**Performance since inception**
NAV total return[4] from inception (net of all fees) was 7.25% on an annualised basis, outperforming the Comparative Index total return[5] of 4.85%. Refer to the chart below showing the NAV total return versus the Comparative Index from inception:



**Capital redemptions**

Since inception to 31 March 2024, 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 8 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 (31 March 2023: none declared or paid).

[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 2024, 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

**Introduction**
It seems that the markets don't get long before another crisis comes along and dampens growth prospects. Macro-economic factors have continued to be an issue during the last 6 months.

Yet, it was a satisfying period for the Company, culminating in a decent period of growth plus a resounding shareholder vote for continuation in March's AGM.

**The markets**
UK markets have proved stubborn over the last 6 months, weighed heavily by persistent inflation and wars in both Ukraine and the Middle East.

US markets have been attractive for many investors globally, with specific mention of the performance of the 'Magnificent 7' companies; firms like Microsoft, Apple and NVIDIA, casting a shadow over the UK economy.

**Returns**

| Index/RMMC[1] | Total Return[1] | % Change[1] |
|---|---|---|
| FTSE 100 | 6.38% | +4.53% |
| FTSE AIM | 3.26% | +2.35% |
| RMMC share price | 5.44% | +5.44% |
| Comparative Index | 6.01% | +6.01% |

[1]Source: Bloomberg.

The Company has delivered strong results over the period, primarily due to holding some recovery stocks and positive merger and acquisition ("M&A") activity. Our fund manager, George Ensor, will discuss this further in his report.

**Fees and expenses**
The Board aims to keep a tight rein on costs but the Company has been under significant pressure from suppliers. We are assessing the market to ensure we are paying fair market prices for the services we receive.

**Material events and transactions**
The most notable event in the first half was the AGM and Continuation Vote (held every 5 years), with all resolutions approved by over 99% of Shareholders.

**Board changes**
At the AGM in March 2024, Andrew Chapman, the Chairman of the Company, stepped down after 9 years at the helm. On behalf of all stakeholders in the Company, the Board thanks Andrew for his diligent service.

Charlotte Denton resigned and left the Board on 1 May 2024. Ted Holmes, an existing independent non-executive director, has assumed her duties as Chair of the Audit Committee.

We welcome Serena Tremlett to the Board. She is an experienced fund administrator, with highly complementary skills.

**Outlook**
The Board and the Portfolio Manager believe that there are strong reasons for growth once the interest rate reduction cycle commences and confidence spreads through the UK economy.

The UK market is offered at bargain basement prices at the moment, no more apparent than in the smaller 'micro cap' company level (valued at less than £100m) in which the Company invests.

It has been tough over the last couple of years – we acknowledge that – but it has given our fund manager the chance to acquire a portfolio of holdings at attractive valuations.

We look forward to demonstrating the Company's unique capital redemption mechanism again (already deployed five times since launch), when growth materially above our £100m fund target size is paid to you, the investor.

To celebrate our 10th anniversary this December we will be investing wisely in marketing, particularly as we are poised to outperform the market during the economic recovery and to tell the Company's story of how it provides access to the UK's micro-cap firms.

We're bullish, not just for the remainder of this year, but for the next 10 years and beyond.

**John Blowers**
Chairman
18 June 2024

## EXECUTIVE SUMMARY

This Executive Summary is designed to provide information about the Company's operation and results for the six months ended 31 March 2024. It should be read in conjunction with the Chairman's Statement and the Portfolio Manager's Report 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 2021("RCIS Rules").

The Company has no fixed life. The Directors shall propose one or more ordinary resolutions at every fifth AGM that the Company continues as a closed-ended investment company (the "Continuation Resolution"). The last Continuation Resolution was proposed at the AGM on 12 March 2024 and was passed by the Company's Shareholders. The next Continuation Resolution will be proposed at the AGM in 2029.

The Company's share 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 2024, the Company's issued share capital comprised 33,897,954 Ordinary Shares (30 September 2023: 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 2024**

*Annual General Meeting held on 12 March 2024*
On 12 March 2024, the Annual General Meeting was held. All resolutions proposed at the meeting were duly passed. This included the passing of the five-year Continuation Vote and appointing Grant Thornton Limited as the Company's auditor.

*Board and Committee changes*
On 11 March 2024, Andrew Chapman retired from the Board. John Blowers took over the role of Chairman of the Board upon Andrew Chapman's retirement.

On 13 March 2024, it was announced that Charlotte Denton had resigned from the Board effective 1 May 2024, also on 1 May 2024, Serena Tremlett was appointed to the Board and Ted Holmes replaced Charlotte Denton as Chair of the Audit Committee.

**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 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.

Further information can be found in the Portfolio Manager's Report.

**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**
As at 31 March 2024, the Board comprised of four Directors, three of whom are independent: John Blowers, Ted Holmes 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"). Andrew Chapman and Charlotte Denton retired from the Board on 11 March 2024 and 1 May 2024 respectively. Serena Tremlett was appointed to the Board on 1 May 2024. All the independent Directors are also members of the Audit Committee, Management Engagement Committee and Remuneration and Nomination Committee.

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** |
|---|---|
| John Blowers | 5,653 |
| Ted Holmes | 22,970 |
| Mark Hodgson | 7,721 |
| Serena Tremlett | - |

Information on the Directors' remuneration and Ordinary Share holdings as at 31 March 2024 and 30 September 2023 is detailed in note 6.

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 described in the Annual Financial Report for the year ended 30 September 2023 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 (Macroeconomic factors)*
The Company is exposed to market factors. The unrealised performance can be affected by the sentiment of the market, supply/demand of asset types, expectations on unemployment, and Gross Domestic Product growth.

High interest rates, an inflationary macroeconomic environment and the threat of global recession may drive down growth stocks especially, which would adversely affect the underlying value of the Company's investment portfolio, leading to an adverse impact on the Company's NAV.

The Company is closed-ended and has no leverage. It is well set up to ride out any short-term dislocations in pricing without being forced to liquidate investments at technically distressed prices.

The skill and expertise of the Portfolio Manager allows the Company to be positioned effectively in the event of macro events which impact the value of the Company's assets.

*Liquidity*
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, 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.

Both the liquidity and valuation issues highlighted above may be totally out of sync with the 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 valuation of that investment.

Risks within the portfolio are monitored by the AIFM, which holds monthly AIFM Risk Committee meetings with the Portfolio Manager. Portfolio liquidity forms a key part of these monthly discussions. The AIFM provides an update of the Risk Committee meetings to the Board and the risks are discussed accordingly. The Portfolio Manager also undertakes ongoing 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 Directors note that, in an environment where investment companies are trading at a discount, there has been a growing trend towards activism.

The Board 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 developed a marketing plan 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 is still supported by Shareholders. The Redemption Mechanism was not utilised during the period.

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 led by George Ensor to evaluate investment opportunities and to implement the Company's investment objective and investment policy.

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

The Board and the AIFM continue to monitor and review the service and performance of the Portfolio Manager.

*Cyber security*
The incidence of cyber related events and attacks heightens the risk of inappropriate access to data leading to loss of sensitive information which may have 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, including any breaches of information security. Service providers perform regular testing of their cyber security controls to ensure that they remain robust.

*Geopolitical*
Along with other investment companies, the Company faces an increased and emerging risk from the impact of global political unrest and rising geopolitical tension from the latest conflict in the Middle East and the ongoing Ukraine conflict, which potentially impacts the Company's investment portfolio and the general sentiment towards capital markets.

**Going concern**
The Directors consider it is appropriate to adopt the going concern basis in preparing the condensed interim financial statements as no material uncertainties exist that may cast significant doubt concerning the Company's ability to continue for 12 months after the date of approval of the condensed interim financial statements. Refer to note 2.1 for further information on going concern.

**Environmental, social and governance ("ESG")**
The Board detailed the ESG approach of the Company in the Annual Financial Report for the year ended 30 September 2023 and it remains relevant for the remaining six months of the year.

The Board continues to engage with Shareholders to ensure the Company's ESG policy aligns with its investors.

**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 12 of the attached condensed interim financial statements.

**Future strategy**
The Board continues to believe that the investment strategy and policy adopted is appropriate for and can meet 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.

Refer to the Portfolio Manager's Report 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 2023. Refer to note 11 for information on related party transactions.

## BOARD MEMBERS

All Directors are non-executive.

## CHAIRMAN

**John Blowers, (Independent) – Chairman of the Board (from 11 March 2024), Chair of the Remuneration and Nomination Committee and Management Engagement Committee. Appointed 1 August 2022.**
John has been instrumental in the digital revolution in financial services for 34 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 is now managing director of financial information company Stockomendation Limited, which operates three websites including Investegate.co.uk.

**Key Relevant Skills**

- Marketing
- Retail Distribution
- Product Design

## DIRECTORS

**Ted Holmes, (Independent) – Chair of the Audit Committee (from 1 May 2024). Appointed 26 September 2023.**
Ted is currently on the board of the City of London Investment Trust and a Director for Blue Ocean Investment Partners.

Ted had a twenty-year career at UBS Asset Management. During that time, he worked as a managing director in both the Chicago office (previously Brinson Partners) and London office (previously Phillips and Drew) in a variety of positions, from analyst to European Head of Equities.

Prior to UBS, he worked for Ernst & Young where he earned his Certified Public Accountant license. He has an MBA from the University of Chicago Booth School of Business and is a qualified Chartered Financial Analyst.

**Key Relevant skills**

- 27 years of experience in investment management (Chartered Financial Analyst)
- Investment Oversight
- Investment Trust Oversight and Governance
- Qualified accountant, Certified Public Accountant (US CPA)

**Mark Hodgson. Appointed 2 October 2014.**
Mark Hodgson is a Channel Islands fund director based in Jersey, with considerable experience in the funds industry. 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 and is Head of the Channel Islands Fund business. 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. Mark moved to Capita Fiduciary Group in 2008 as Managing Director of Capita Financial Administrators (Jersey) Limited (regulated role) to run this business and act as non-executive director on a number of fund boards.

Mark acts as a Non-Executive Director on a number of high-profile fund boards based in Jersey, Guernsey and Luxembourg including: Kennedy Wilson Investment Management Limited, Aviva Jersey Investors Jersey Unit Trust Management Ltd and LaSalle Investment Management (Jersey) ltd, together with HSBC Private Markets. Collectively Mark has over 20 years of board experience.

Mark is a member of the Institute of Directors and a qualified Chartered Director.

**Key Relevant skills**

- 28 years financial services experience, 20 years of being the member of various boards
- Extensive fund risk management experience across multiple asset classes
- A strong background in board governance

**Serena Tremlett, (Independent). Appointed 1 May 2024.**
Serena is a Guernsey-based company director and consultant with over 25 years of experience in funds, listed companies, company secretarial and regulatory matters.

Serena was a co-founder and managing director of Morgan Sharpe Administration Limited, a Guernsey fund and corporate services administrator which was established in April 2008 and then sold to Estera Group in 2017. Morgan Sharpe's clients included listed companies and some of the biggest names in private equity and real estate.

Prior to Morgan Sharpe, Serena was managing director of Assura Group's Guernsey office and company secretary to what was a FTSE 250 listed company at that time from 2006 to 2008. From 1996 to 2006, she developed her funds career at Mourant (Guernsey) Limited and Guernsey International Fund Managers Limited.

Serena also holds the Institute of Directors Diploma in Company Direction.

**Key Relevant skills**

- Over 25 years of financial services experience, primarily in Guernsey
- Since 2001, has been a director of listed, unlisted, and general partner companies in many jurisdictions
- Strength in corporate governance and Guernsey regulation

## PORTFOLIO MANAGER'S REPORT

### Executive Summary

- UK economy continues to outperform low expectations, lead indicators point to further growth:
    - UK consumer confidence at a two year high in January 2024;
    - February 2024 mortgage approvals beat expectations, highest since September 2022;
    - UK Composite PMI of 52.8 at the end of March is ahead of all other major developed economies (US 52.1 and EU 50.3);
    - March 2024 UK Manufacturing PMI of 50.3 is above 50 for first time since July 2022;
    - Conservative consensus real GDP expectations.
- UK smaller companies experienced their worst relative drawdown in over 20 years from September 2021 to October 2023 with underperformance of 38%. Recovery of just 5% since market low in October 2023.
- Sentiment remains extremely negative with continued outflows from open ended small cap funds in the first quarter of 2024.
- Six-month NAV performance of 6.2% marginally ahead of benchmark performance.
- We initiated five new positions including growth stocks, Pebble Group, Eagle Eye Solutions, Windward and MPAC Group and recovery investment case Gear4Music.

### Market Backdrop

Having seen a strong last quarter to 2023 fuelled by expectations of rate cuts, the UK small cap index declined by just under 1% in the first quarter of 2024 as the market pushed back the timing for central banks' first rate cuts – driven in the main by stronger macro-economic data. As at the end of March 2024, our Comparative Index sits less than 5% above the 15-year low in relative small cap performance that was struck in October 2023. The chart puts the recent small cap relative performance into a historical context. See chart on the following page for Numis Small Cap plus AIM ex IT total return relative to UK total return from September 1990 to April 2024, rebased to 100.

The first point to make is that this is not a UK specific phenomenon – smaller companies have underperformed large caps in most developed economies including Europe, Japan and the US[1].

The second point to make is that this is not unusual – research from Kepler Chevreux[2] shows that "the first cut in official (bank) rates typically coincided with the start of a period of outperformance of small versus large caps."

Extending this analysis further and referencing the chart on the next page – the turning points for performance in 1999, 2007 and 2019 were all aligned with central bank rate cuts. The cycle of US rate rises from 2016 to 2018 which resulted in the "taper tantrum" ended when the Fed cut rates in July 2019. UK small caps underperformed by 16% from September 2015 to July 2019. The small cap cycle began six-months ahead of the first rate cut for the dot-com cycle, which is probably the cycle most similar to today, and 15-months after the September 2007 rate cut.

The final point – which is one we have made before – is that the extent of the underperformance over the last few years should set us up for a significant recovery.

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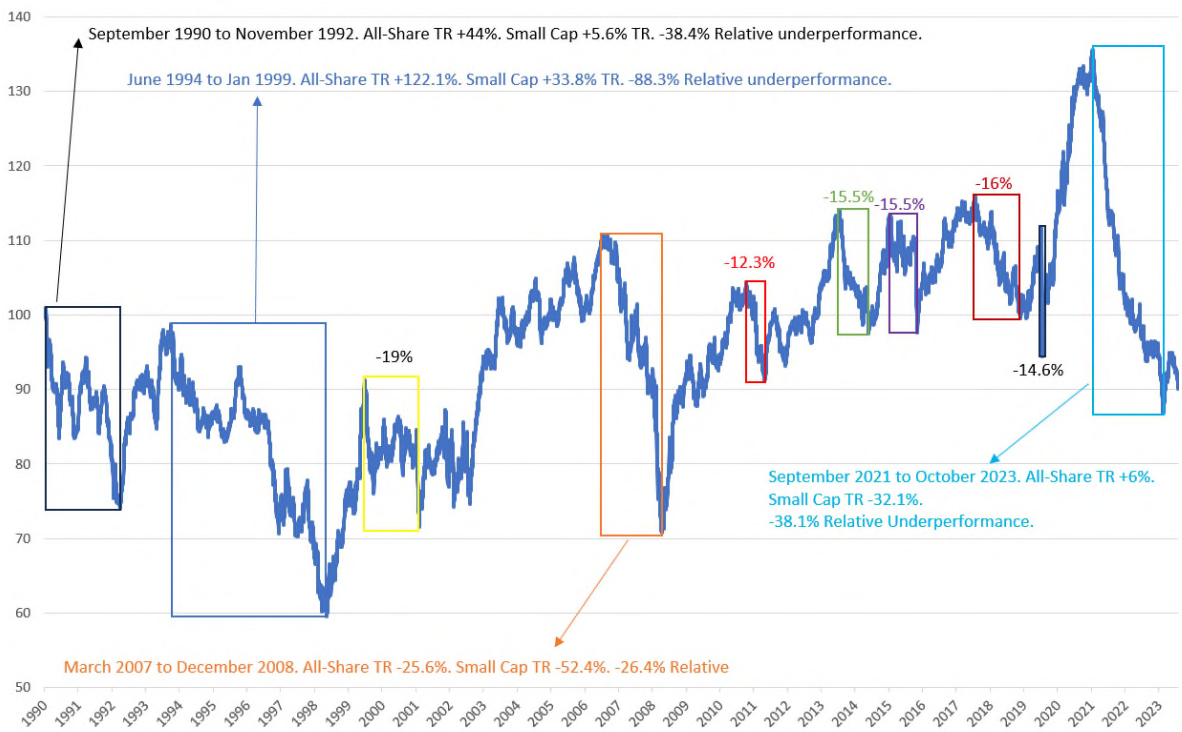
*[1] Analysis of large versus Mid and Small cap performance over last 5 years. Non-exhaustive exceptions are India (Mid cap performance equal to large cap over 5Y) and Taiwan (Small and Mid-caps have outperformed over 5Y).*
*[2] Kepler Cheuvreux, Economics Cross-Asset Strategy, 20 March 2024.*




Source: River Global Investors LLP, Bloomberg, Deutsche Numis. Data from 31 August 1990 to 2 April 2024.

Whilst this should not come as a surprise, our NAV performance has historically been geared to the relative performance of smaller companies. We have updated the table below which was included in our last annual report for the latest six-month period. The table shows the absolute and relative net asset value performance for each financial period since inception in December 2014 and a selection of relevant macroeconomic conditions. The data clearly shows the strongest periods of NAV performance have been when there is a positive small cap premium. Therefore, if we see a sustained rally in the relative performance of smaller companies – from historically depressed levels – we would expect the portfolio to deliver strong relative performance.

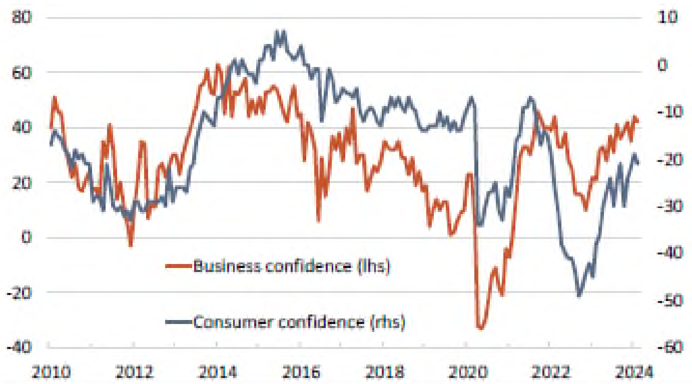
We expect the cascading effect of increasing risk appetite to drive flows into the smaller end of public equities, where valuations are generationally attractive (something that cannot be said for large caps in general), particularly if there is a decent economic growth backdrop.

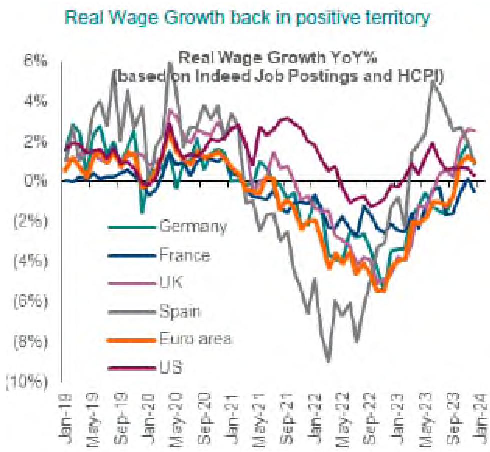
| | Sept 15 (10M) | Sept 16 | Sept 17 | Sept 18 | Sept 19 | Sept 20 | Sept 21 | Sept 22 | Sept 23 | Mar 24 (6M) |
|---|---|---|---|---|---|---|---|---|---|---|
| NAV Performance | 13% | 14% | 45% | 25% | -17% | 9% | 59% | -48% | 4% | 6% |
| | | | | | | | | | | |
| Style Bias | Growth | Growth | Value | Growth | None | Growth | Value | Value | Value | None |
| Interest Rates | Neutral | – | Neutral | + | + | – | Neutral | + | ++ | Neutral |
| GDP vs Trend | Above | Trend | Trend | Trend | Below | Below | Below | Above | Below | Below |
| Small Cap Premium | ++ | – | + | – | – – | ++ | ++ | – – | – – | - |
| | | | | | | | | | | |
| Rel. Performance | 5% | 4% | 24% | 22% | -10% | 12% | 14% | -21% | 1% | 0% |
| Quartile | 3rd | 1st | 1st | 1st | 4th | 1st | 2nd | 4th | 2nd | 4th |

Source: River Global Investors LLP, BNP Paribas, Bloomberg, MSCI, ONS. Performance to 29 March 2024. Style Bias is an analysis of MSCI Value vs MSCI Growth and Numis Smaller Companies ex. Its inc. AIM vs AIM All Share. Small Cap Premium is Numis Smaller Companies ex Its inc AIM vs MSCI UK IMI. Single / double signal refers to above / below 10%.

The underperformance of the UK economy over recent years, despite the strong non-domestic exposure of the companies in UK equity indices, is often referred to as one of the justifications for the market's poor performance and cheap rating. However, whilst acknowledging the disappointing real GDP performance in the fourth quarter of 2023, the outlook has improved. Both consumer and business confidence are improving in the UK – with the former underpinned by improving real wage growth which is being supported by the slowing pace of inflation, robust nominal income growth which includes wage, national living wage (+9.8% from 1 April 2024), state pensions (+8.5%) and working age benefits (+6.7%). Declining energy costs provide a further boost to discretionary spending. This is on top of UK household balance sheets that "have never been healthier… UK households have been – since mid-2021 – without net debt."[3]

LHS: UK Business and Consumer Confidence. RHS: Developed economy real wages have moved into growth.




Source: LHS: Berenberg Equity Strategy, 19 March 2024. RHS: Exane Strategy, Goldilocks and the Three Bears, 20 February 2024.

Furthermore, not only does the UK Composite PMI[4], at 52.8, point to expansion but it is also ahead of all other major developed economies including the US, EU and Japan. The UK Manufacturing PMI – at 50.3[3] – has also moved into expansion for the first time in 20 months. Importantly, this is set against a backdrop where the consensus growth expectation is only +0.4%[5] this year.

Is there need for rate cuts if economic growth is improving and where does that leave small caps if their cycle is predicated on those cuts? We would argue that rate cuts are required to support what is a weak economic recovery in the UK. The average interest rate on the UK's £1.5tn mortgage book is 3.49%[3] and without rate cuts this will restrict economic growth as fixed mortgages are refinanced over the next few years. Moreover, with inflation likely to come close to target in the UK in the second quarter, real interest rates will be historically high having averaged less than 1% since the start of the century[6].

This is a goldilocks scenario with falling inflation, improving real growth and rate cuts.

[3] *Panmure Gordon, Panmure Economics, 3 April 2024.*
[4] *S&P, Bloomberg, 31 March 2024.*
[5] *Panmure Gordon, Panmure Economics, 3 April 2024.*
[6] *World Bank Group, Bloomberg, April 2024.*

**Performance Review and Attribution**

Six-month NAV performance of +6.2% was 0.2% ahead of the benchmark return of 6.0%. Twelve-month performance of +5.4% was 2.4% ahead of the Comparative Index return of 3.0%.

| Period | NAV Total Return | Comparative Index | Active Return |
|---|---|---|---|
| **6 months** | **6.2%** | **6.0%** | **0.2%** |
| **12 months** | **5.4%** | **3.0%** | **2.4%** |
| **3 years** | **-34.4%** | **-12.7%** | **-21.7%** |
| **5 years** | **-1.8%** | **14.9%** | **-16.7%** |
| **Since inception** | **92.0%** | **55.5%** | **36.5%** |

Source: River Global Investors LLP, BNP Paribas, Bloomberg. Performance to 31 March 2024. Since Inception is 02 December 2014.

M&A was the key driver of positive performance in the period with both **City Pub Group** (+1.3 percentage points of relative performance) and **Shanta Gold** (+1.0) being bid for. Youngs acquired City Pubs; an exit to one of the large pub companies was always part of the strategy although it has come earlier than we expected. The 145p bid was a 46% premium to the prevailing share price and a 190% return from the 50p at which we initiated the investment in April 2020. Following some negotiation, we achieved a 17% premium to the prevailing share price for Tanzanian and Kenyanian gold exploration and production company Shanta Gold, which delivered a price return (before dividends) for our investment of 57%.

**Serabi Gold** (+1.3) – the other gold exploration and production company that we own – rallied 155% in the period following a substantial investment in drilling to increase the reserves behind the key asset **and permitting progress** at their key growth assets, as evidenced by the three-year extension to the trial license that they were awarded at the end of January 2024. Improving operational and financial performance was further supported by the gold price which increased by 21% in the period.

**Keystone Law** (+0.7) and **SigmaRoc (+0.9)** were both significant contributors to performance in the period. Keystone Law provided a positive update to the market in February 2024 which continues their long run of consistent earnings upgrades going back to late 2020. Keystone's shares are up c.60% from their low point in mid-2023 but still trade at a c.20% discount to their average post initial public offering ("IPO") valuation multiple.

SigmaRoc completed a large fund raise in November 2023 to fund the acquisitions of CRH's European Lime assets. The company has subsequently outperformed expectations and guided that the bottom end of expected acquisition synergies is covered from the first of the three elements of the transaction which has supported a re-rating. We expect this to continue as the company delivers on deal synergies, underlying growth and de-leveraging supported by some identified disposals.

**hVIVO (+0.9)** and **1Spatial** (+0.5) performed strongly as the businesses continued to deliver operationally. hVIVO beat underlying profit expectations with their strong pipeline and upcoming move into a larger facility underpinning new medium-term growth targets significantly ahead of forecasts. New contract wins – which importantly included the first customer for their 1Streetworks traffic management software solution – reinforced 1Spatial's runway for growth and opportunity for margin accretion.

**Renold**'s (+0.6) results and full-year guidance were ahead of expectations and interim operating margins significantly increased year-on-year from 8.3% to a record 12% in line with our recovery thesis. We think the market continues to underestimate the potential for Renold to achieve sustainable double-digit margins underpinned by a highly engineered, relatively low cost but performance critical chain product, with the company trading at a modest 0.5x enterprise value/sales. Whilst we consider there is further upside to margins, they have now recovered when compared to the long-term track record and we therefore – supported by both the organic and inorganic opportunity which the company has begun to execute – transitioned the investment case from recovery to growth.

**Inspecs** (-1.5) issued a trading update that confirmed the group's focus on margin recovery through extracting operational efficiencies is driving profit margins in the right direction, however this was below expectations due to broadly flat year-on-year sales growth. Margins remain depressed when compared to peers. Softer than expected consumer demand in December 2023 and some order slippage, particularly in Germany, one of the group's core European markets, which had a depressed fourth quarter in the prior year are the key reasons for top line weakness. We added to our position in January 2024, ahead of the full year trading update given an attractive valuation of 0.6x enterprise value/sales and the expectation that the company could beat modest expectations that didn't assume much of a recovery on the depressed prior year. The profit warning, attributable to temporary cyclical headwinds that do not break the recovery investment thesis, led to a disproportionate share price reaction so we added to our position again at a trough valuation of c0.4x enterprise value/sales.

Specialist lender **DF Capital** (-1.1) had a single large loan that was in arrears which the company fully provisioned against in late 2023. We added to our position at 18p, at which price the company was trading at less than 3x underlying profits and 0.3x price to book, despite strong fundamentals (net interest margin of 7.6% and loan book growth of 32%). The company announced full year results in April 2024 which showed underlying profit before tax of just under £15m (£4.6m reported which is after the £10m provision) which is attractive relative to a market cap of only £40m. With the exception of the one large loan, the company sees no evidence of a deterioration in arrears; in fact, they have improved as of the end of March 2024.

**Ten Lifestyle** (-0.9) was another material negative performer in the quarter with the shares underperforming given the limited year-on-year progress that the company demonstrated through their trading update. However, strong recent contract wins should support an acceleration in revenue growth from the second half of 2024 and the business does continue to demonstrate both a high drop-through margin on incremental revenue and an ability to generate cash. The current valuation – less than 1x sales and 4x earnings before interest, taxes, depreciation and amortisation ("EBITDA") – seems particularly harsh in an environment where Ten's customers are increasingly looking to invest in loyalty.

**Kooth** (-0.8) is a business which has evolved over the last few years to complement their dominant market position in the UK with three US contracts. The largest of these US opportunities is the state of California which Kooth won ($188m four-year contract) in July last year and launched in January 2024. As usual, the company will need to drive engagement post launch which it typically does through the local schools' system. We expect the pilot contract in Pennsylvania to be upgraded to a full contract and a further contract is being launched under the Medicaid channel. The company de-rated to trough valuation multiples at the end of the period despite the impressive contract momentum, improving profitability and a strong balance sheet.

A combination of high oil prices – US domestic oil production produces natural gas as a by-product – and a mild winter have delivered an excess of gas in the US and prices were at multi-decade lows in the first quarter of 2024. Whilst partially protected from spot gas prices given their hedging policy, **Diversified Energy**'s (-0.7) cash generation is nevertheless geared to high gas prices and, to a lesser extent, a low cost of capital which also deteriorated. We support the company's new capital allocation strategy which is focused on further acquisitions and prefers share buybacks over dividends.

Finally, **Mind Gym** (-0.6) issued a profit warning at its interim trading update in October 2023. Previously the company attributed slower than expected growth to issues around the efficacy of the sales force, but this is now being compounded by the weaker macro environment. We think there is sufficient evidence that recent weakness is cyclical rather than structural as the business continues to win projects and its pipeline is growing. Balance sheet and liquidity constraints have resulted in the company paring back selected long-term growth investments. Given depressed margins (expected EBITDA breakeven in 2024 versus target mid-term 15-20% EBITDA margin), a depressed share price and a change of CEO, we transitioned the position to a Recovery investment case (versus Growth previously). We remain cautious on timing into the second half of 2024 as visibility is poor and there is a wide range of outcomes.

### Activity

We initiated five new positions in the period:

**Windward**'s software-as-a-service solution underpinned by a unique and defensible AI based process provides high return on investment insights on the maritime sector primarily to government and commercial customers. With a research & development budget 3-4x the size of its nearest competitor, Windward is well positioned to capitalise on secular industry growth drivers – notably digital immaturity, the growing desire to automate increasingly complex compliance and regulatory requirements and demand for improved supply-chain visibility – and it is on a clear path to profitability ahead of market expectations. The valuation at initial purchase was compelling at 1.5x enterprise value/sales on our estimates vs peers on c4.5x. Post purchase, Windward issued an encouraging third quarter update which referenced trading 'comfortably inline'. This was followed by the announcement of a material customer win which bolsters our conviction in the growth thesis and accelerates the group's path to breakeven.

**MPAC Group** is a capital light assembler and servicing provider for packaging and automation equipment with a sticky blue-chip customer base primarily in the food & beverage and healthcare sectors. It was purchased on a self-help recovery thesis with scope for it to successfully transition to a growth thesis. There was evidence of margin recovery and improving cash conversion with a net cash balance sheet providing downside protection. Results post purchase were slightly above expectations with a particularly strong performance in the second half of the last year. The share price was up significantly (+75%) in the period and margins are no longer depressed versus history. As a result, we have reclassified MPAC as a growth thesis given the compelling organic growth opportunity (target greater than 10% annual organic growth) from retaining and growing business with existing blue-chip clients, where MPAC is today only selling part of its capability into a few divisions, broadening the customer base and new product innovations. With a strong net cash balance sheet and a fragmented competitive landscape, there is also potential for inorganic growth to create a turn-key solution which would increase scale, margins and returns.

We initiated a position in **Eagle Eye Solutions**, the omnichannel digital marketing platform which enables grocery and food retailers to offer personalised promotions. The company is building a track record of profitable and cash generative growth serving an impressive list of clients which include Morrisons, John Lewis and Pret A Manger. Organic growth has averaged +25% over the last 5 years and the outlook is strong, supported by the structural shift to personalisation (which generates a +200% return on investment improvement versus mass promotion spend according to a BCG study)[7] and expansion into the US, the largest promotions market globally. A growing sales pipeline and a conservative expectation set supports continued upgrade momentum, underpinning the current valuation which is attractive relative to Software-as-a-Service (SaaS) peers. Eagle Eye's innovative and people-centric culture evidenced by tier 1 customer wins and strong retention metrics support the company's S2 rating.

After tracking the shares for more than a year, we bought an initial position in **Gear4Music** in January 2024. The online retailer of musical instruments and equipment has delivered consistent market share gains since IPO, benefitting from channel shift from high street to online; however, the combination of a post-COVID normalisation and a series of strategic mishaps resulted in the shares falling from their peak of £10 in mid-2021 to below £1 by late 2022. Questions over the level of sustainable profitability – which is meaningful for assessing the business' ability to generate cash and de-lever – kept us on the sidelines, with weak revenues and margin disappointments driving the recent downgrade cycle. There is now evidence of an inflection point – the company's ability to generate an improvement in gross profit margins whilst destocking during a tough trading environment over their peak sales period helps to build confidence in the medium-term margin recovery opportunity (from 4.6% towards management's 8% EBITDA margin target) and deleveraging pathway. Whilst there is still some macro uncertainty, we believe this is discounted in the current valuation of 0.2x enterprise value/sales and a free cash flow yield of more than 10% (financial year 2025). We will continue to monitor operational performance and add to our position as timing indicators improve.

Gear4Music has an ESG strategy which prioritises reducing carbon emissions and waste but there is limited disclosure on key issues such as product design and lifecycle or net zero targets. As a result, we have rated the stock as an S3 and we aim to engage with management to better understand their progress with respect to these key sustainability topics.

**Pebble Group**, the final addition to the portfolio, is a company we have followed since IPO in December 2019 given our holding in our open-ended small cap fund. The company has two distinct divisions – albeit both are exposed to the use of promotional products.

Brand Addition provides promotional products to large enterprise companies and is therefore geared into their marketing spend, which has been disappointing recently largely due to the exposure to consumer and technology companies. Facilisgroup is a platform for small US promotional product distributors with a two-sided revenue model whereby customers pay a Software as a Service license to use the software and Pebble also receives a commission from a preferred list of suppliers that those same customers order products through. We purchased the shares at more than a 50% discount to their December 2019 IPO price despite a higher level of profits (post warning) for 2023 than for 2019 and a stronger (net cash) balance sheet. We believe the current share price undervalues both the divisions in isolation resulting in significant valuation upside.

[7] https://www.bcg.com/publications/2021/personalized-offers-have-a-potential-70-billion-dollar-growth-opportunity

Purchases were funded as we received takeover proceeds from **City Pubs**, **Instem** and **Smoove**. We also exited **Revolution Bars** and **Brand Architekts**. Revolution Bars was purchased as we expected bars to deliver a similar level of recovery to pubs but the key demographic – students – has been particularly hard hit by the cost-of-living crisis and the management team geared the balance sheet to acquire a leasehold pub business in October 2022 which has added significant risk to the investment case. Brand Architekts – a buy and build of consumer beauty products – has struggled with a lack of scale and the most recent acquisition has significantly underperformed which undermines the inorganic aspect of the investment case.

**Outlook**

We continue to believe that, whilst impossible to time precisely, on any sensible investment horizon, there is a substantial opportunity from investing in UK micro-cap companies today. The evidence suggests we are well past peak inflation and interest rate expectations with depressed valuations, sentiment and positioning and improving macro-economic lead indicators. We are at the phase of the cycle where – globally – small cap companies have historically started to outperform. In addition, within the UK market, we are starting from a historically depressed position.

We think that prior cycles are as good an indicator as any of the scale of the opportunity – even excluding the exceptional period of performance from December 2008 to March 2018, the average outperformance of smaller companies in the UK over the last 5 cycles has been in excess of 50%[8]. We believe that the dominant driver of our NAV performance is the outperformance of smaller companies – something that has been hard to find over the last two and half years but could be at an inflection point – and we would expect to start delivering strong NAV growth when the next small cap cycle kicks off.

**George Ensor**
Fund Manager
River Global Investors LLP

18 June 2024

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 interim financial statements). The estimated unaudited NAV 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 Global Investors 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 River UK Micro Cap Limited. George is a CFA charter holder.

*[8] Analysis of performance in 1992-1994, 1999-2000, 2001-2007, 2008 to 2018 and 2019 to 2021 and excluding the outperformance of more than 150% for the 2008 to 2018 cycle. Source: River Global Investors LLP.*

## DIRECTORS' STATEMENT OF RESPONSIBILITIES

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

The Directors confirm to the best of their knowledge that:

- the unaudited condensed interim 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 2024, 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 2024 and their impact on the condensed interim 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 2024 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.

**John Blowers**
Chairman
18 June 2024

**Ted Holmes**
Audit Committee Chair
18 June 2024

## Independent Auditor's Review Report to River UK Micro Cap Limited (Formerly River and Mercantile UK Micro Cap Investment Company Limited)

### Conclusion

We have reviewed the accompanying Unaudited Condensed Interim Statement of Financial Position of River UK Micro Cap Limited (Formerly River and Mercantile UK Micro Cap Investment Company Limited) (the "Company") as of 31 March 2024 and the related Unaudited Condensed Interim Statement of Comprehensive Income, the Unaudited Condensed Interim Statement of Financial Position, the Unaudited Condensed Interim Statement of Changes in Shareholders' Equity, the Unaudited Condensed Interim Statement of Cash Flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of the entity as at 31 March 2024 and of its financial performance and its cash flows for the six-month period then ended in accordance with International Accounting Standard ("IAS") 34 'Interim Financial Reporting', as issued by the International Accounting Standards Board ("IASB").

### Basis for Conclusion

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("ISRE 2410"). A review of interim financial information consists of making inquiries, 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.

As disclosed in Note 2, the Annual Audited Financial Statements of the Company are prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the IASB. The Unaudited Condensed Interim Financial Statements included in this Half-Yearly Financial Report have been prepared in accordance with IAS 34, 'Interim Financial Reporting' as issued by the IASB.

### Conclusions Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis of Conclusion section of this report, nothing has come to our attention to suggest that management has inappropriately adopted the going concern basis of accounting or that management has identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE 2410, however, future events or conditions may cause the entity to cease to continue as a going concern.

### Responsibilities of Directors

The directors are responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34 'Interim Financial Reporting'.

In preparing the Unaudited Condensed Interim Financial Statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's Responsibilities for the Review of the Financial Information

In reviewing the Unaudited Condensed Interim Financial Statements, we are responsible for expressing to the Company a conclusion on the Unaudited Condensed Interim Financial Statements. Our conclusions, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

**Independent Auditor's Review Report to River UK Micro Cap Limited (Formerly River and Mercantile UK Micro Cap Investment Company Limited) (continued)**

**Use of our Report**

This report is made solely to the Company in accordance with the guidance contained in ISRE. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

**Grant Thornton Limited**
Guernsey, Channel Islands
18 June 2024

**UNAUDITED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**
**For the six months ended 31 March 2024**

| | Notes | Six months ended 31 March 2024 (Unaudited) £ | Six months ended 31 March 2023 (Unaudited) £ |
|---|---|---|---|
| **Income** | | | |
| Investment income | 3 | 203,439 | 181,573 |
| Net gain on financial assets designated at fair value through profit or loss | 7 | 4,099,012 | 3,053,522 |
| **Total income** | | **4,302,451** | **3,235,095** |
| **Expenses** | | | |
| Portfolio management fees | 4 | (227,147) | (233,486) |
| Operating expenses | 5 | (332,084) | (315,714) |
| Foreign exchange loss | | (20) | (1,967) |
| **Total expenses** | | **(559,251)** | **(551,167)** |
| **Profit before taxation** | | **3,743,200** | **2,683,928** |
| Taxation | | - | - |
| **Profit after taxation and total comprehensive income** | | **3,743,200** | **2,683,928** |
| **Basic and diluted earnings per Ordinary Share** | 9 | 0.1104 | 0.0792 |

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

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

The notes on pages 26 to 33 form an integral part of these unaudited condensed interim financial statements.

**UNAUDITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**
**As at 31 March 2024**

| | Note | 31 March 2024 (Unaudited) £ | 30 September 2023 (Audited) £ |
|---|---|---|---|
| **Non-current assets** | | | |
| Financial assets designated at fair value through profit or loss | 7 | 62,161,945 | 59,625,665 |
| | | | |
| **Current assets** | | | |
| Cash and cash equivalents | | 1,262,904 | 415,330 |
| Trade receivables – securities sold awaiting settlement | | 565,795 | - |
| Other receivables and prepayments | | 47,001 | 260,403 |
| **Total current assets** | | **1,875,700** | **675,733** |
| | | | |
| **Total assets** | | **64,037,645** | **60,301,398** |
| | | | |
| **Current liabilities** | | | |
| Trade payables – securities purchased awaiting settlement | | (114,987) | (52,843) |
| Other payables | | (134,269) | (203,366) |
| **Total current liabilities** | | **(249,256)** | **(256,209)** |
| | | | |
| **Net assets** | | **63,788,389** | **60,045,189** |
| | | | |
| **Capital and reserves** | | | |
| Share capital | | - | - |
| Retained earnings | | 63,788,389 | 60,045,189 |
| **Equity Shareholders' funds** | | **63,788,389** | **60,045,189** |

The unaudited condensed interim financial statements on pages 22 to 33 were approved and authorised for issue by the Board of Directors on 18 June 2024 and signed on its behalf by:

**John Blowers**
Chairman

**Ted Holmes**
Audit Committee Chair

The notes on pages 26 to 33 form an integral part of these unaudited condensed interim financial statements.

**UNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**
**For the six months ended 31 March 2024 (Unaudited)**

| | Share capital £ | Retained earnings £ | Total £ |
|---|---|---|---|
| **Opening equity Shareholders' funds at 1 October 2023** | **-** | **60,045,189** | **60,045,189** |
| Total comprehensive income for the period | - | 3,743,200 | 3,743,200 |
| **Closing equity Shareholders' funds at 31 March 2024** | **-** | **63,788,389** | **63,788,389** |

**For the six months ended 31 March 2023 (Unaudited)**

| | Share capital £ | 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** |

The notes on pages 26 to 33 form an integral part of these unaudited condensed interim financial statements.

## UNAUDITED CONDENSED INTERIM STATEMENT OF CASH FLOWS
**For the six months ended 31 March 2024**

| | Note | **Six months ended 31 March 2024 (Unaudited) £** | **Six months ended 31 March 2023 (Unaudited) £** |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Profit after taxation and total comprehensive income | | 3,743,200 | 2,683,928 |
| Adjustments to reconcile profit after taxation to net cash flows: | | | |
| - Realised loss on financial assets designated at fair value through profit or loss | 7 | 2,351,559 | 4,215,761 |
| - Unrealised gain on financial assets designated at fair value through profit or loss | 7 | (6,450,571) | (7,269,283) |
| Purchase of financial assets designated at fair value through profit or loss[1] | 7 | (8,193,111) | (6,510,791) |
| Proceeds from sale of financial assets designated at fair value through profit or loss[2] | 7 | 9,252,192 | 4,860,593 |
| **Changes in working capital** | | | |
| Decrease in other receivables and prepayments | | 213,402 | 72,218 |
| (Decrease)/increase in other payables | | (69,097) | 15,367 |
| **Net cash from/(used in) operating activities** | | **847,574** | **(1,932,207)** |
| **Net decrease in cash and cash equivalents in the period** | | **847,574** | **(1,932,207)** |
| Cash and cash equivalents at beginning of the period | | 415,330 | 2,289,617 |
| **Cash and cash equivalents at the end of the period** | | **1,262,904** | **357,410** |

[1] – Payables relating to purchases of financial assets designated at fair value through profit or loss at 31 March 2024 amounted to £62,144 (31 March 2023: £nil).
[2] – Proceeds outstanding at 31 March 2024 relating to sales of financial assets designated at fair value through profit amounted to £565,795 (31 March 2023: £126,939).

The notes on pages 26 to 33 form an integral part of these unaudited condensed interim financial statements.

## NOTES TO THE UNAUDITED CONDENSED INTERIM 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. 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. Material Accounting policies

The unaudited condensed interim financial statements contained 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 FCA. The unaudited condensed interim financial statements do not include all the notes of the type normally included in audited financial statements. Accordingly, this report is to be read in conjunction with the Annual Financial Report for the year ended 30 September 2023. The unaudited condensed interim financial statements contained in the Half-Yearly Financial Report have been prepared using the same material accounting policies applied for the year ended 30 September 2023 audited financial statements contained in the 2023 Annual Financial Report, which was prepared in accordance with IFRS Reporting ("IFRS") accounting standards issued by the IASB.

### 2.1 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 interim financial statements.

The Board is satisfied that, at the time of approving the condensed interim 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 interim 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.

At the 2024 Annual General Meeting the Continuation Vote was passed, approving the continuation of the Company for another five years. The Board also considered the continuing impact of the current macro-economic environment and the impact that the ongoing conflicts in Ukraine and the Middle East may have 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 interim financial statements.

### 2.2 Segmental reporting

The chief operating decision maker, which is the Board, is of the opinion that the Company is engaged in a single segment being investment in UK micro-cap companies. The financial information used by the chief operating decision maker to manage the Company presents the business as a single segment. Segment information is measured on the same basis as that used in the preparation of the Company's financial statements. The Company receives revenues from the UK. The Company holds no non-current assets not listed in the UK.

### 2.3 Seasonality

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

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

### 3. Investment income

| | Six months ended 31 March 2024 (Unaudited) £ | Six months ended 31 March 2023 (Unaudited) £ |
|---|---|---|
| Dividend income | 173,474 | 163,068 |
| Bank interest | 29,965 | 18,505 |
| **Total investment income** | **203,439** | **181,573** |

### 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 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 Comparative Index 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 8.

During the six-month period ended 31 March 2024, no performance fees were accrued or paid by the Company (31 March 2023: £nil). Refer to the Financial Highlights and Performance Summary for details of the Company's previous redemptions on page 3.

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

### 5. Operating expenses

| | Six months ended 31 March 2024 (Unaudited) | Six months ended 31 March 2023 (Unaudited) |
|---|---|---|
| | £ | £ |
| Administration fees | 65,046 | 63,750 |
| Directors' fees | 81,607 | 79,452 |
| AIFM fees | 29,000 | 29,000 |
| Audit fees | 22,000 | 28,500 |
| Non-audit fees | 21,500 | 21,500 |
| Custody fees | 6,885 | 6,482 |
| Broker fees | 20,000 | 20,000 |
| Transaction fees | 10,589 | 8,589 |
| Registrar fees | 12,472 | 12,052 |
| Legal and professional fees | 5,761 | 3,142 |
| Listing fees | 8,269 | 9,436 |
| Regulatory fees | 7,340 | 6,440 |
| Insurance fees | 3,090 | 3,283 |
| Marketing fees | 7,780 | - |
| Sundry expenses | 30,745 | 24,088 |
| **Total operating expenses** | **332,084** | **315,714** |

*Non-audit fees*
Non-audit fees incurred during the six months ended 31 March 2024 and 31 March 2023 relates to interim review services performed by Grant Thornton Limited and PricewaterhouseCoopers CI LLP in the prior period.

### 6. Directors' fees and interests
The Directors of the Company were remunerated for their services at a fee of £28,367 per annum with the Chairman of the Board and the Chair of the Audit Committee receiving an additional £15,759 and £5,253 respectively.

Directors' fees incurred for the six months ended 31 March 2024 were £81,607 (six months ended 31 March 2023: £79,452). Directors' fees payable as at 31 March 2024 were £29,021 (30 September 2023: £32,369).

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

| Director | Ordinary Shares held | |
|---|---|---|
| | 31 March 2024 | 30 September 2023 |
| Andrew Chapman[1] | n/a | 15,009 |
| Charlotte Denton[2] | 15,350 | 15,350 |
| John Blowers | 5,653 | 5,653 |
| Ted Holmes | 22,970 | 12,970 |
| Mark Hodgson | 7,721 | 7,721 |

[1] Andrew Chapman retired from the Board on 11 March 2024.
[2] Charlotte Denton resigned from the Board on 1 May 2024.

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

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

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

The Company is invested 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.

**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.

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 2024. In the opinion of the Directors, the quoted price for these financial assets as at 31 March 2024 is representative of fair value.

**31 March 2024**

| Financial assets | Level 1 (Unaudited) £ | Level 2 (Unaudited) £ | Level 3 (Unaudited) £ | Total (Unaudited) £ |
|---|---|---|---|---|
| Financial assets designated at fair value through profit or loss | 62,161,945 | - | - | 62,161,945 |

**30 September 2023**

| Financial assets | Level 1 (Audited) £ | Level 2 (Audited) £ | Level 3 (Audited) £ | Total (Audited) £ |
|---|---|---|---|---|
| Financial assets designated at fair value through profit or loss | 59,625,665 | - | - | 59,625,665 |

**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.

## NOTES TO THE UNAUDITED CONDENSED INTERIM 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)

| 31 March 2024 | Level 1 (Unaudited) £ | Level 2 (Unaudited) £ | Level 3 (Unaudited) £ | Total (Unaudited) £ |
|---|---|---|---|---|
| **Opening valuation** | **59,625,665** | **-** | **-** | **59,625,665** |
| Purchases during the period | 8,255,255 | - | - | 8,255,255 |
| Sales - proceeds during the period | (9,817,987) | - | - | (9,817,987) |
| Realised loss on financial assets designated at fair value through profit or loss[1] | (2,351,559) | - | - | (2,351,559) |
| Unrealised gain on financial assets designated at fair value through profit or loss[2] | 6,450,571 | - | - | 6,450,571 |
| **Closing valuation** | **62,161,945** | **-** | **-** | **62,161,945** |
| Total net gain on financial assets for the period ended 31 March 2024 | 4,099,012 | - | - | 4,099,012 |

[1]Realised loss on financial assets designated at fair value through profit or loss is made up of £3,611,803 gain and £(5,963,362) loss.
[2] Unrealised gain on financial assets designated at fair value through profit or loss is made up of £12,510,250 gain and £(6,059,679) loss.

| 30 September 2023 | Level 1 (Audited) £ | Level 2 (Audited) £ | Level 3 (Audited) £ | Total (Audited) £ |
|---|---|---|---|---|
| **Opening valuation** | **56,027,223** | **-** | **-** | **56,027,223** |
| Purchases during the year | 11,578,453 | - | - | 11,578,453 |
| Sales - proceeds during the year | (10,448,555) | - | - | (10,448,555) |
| Realised loss on financial assets designated at fair value through profit or loss[1] | (7,993,136) | - | - | (7,993,136) |
| Unrealised gain on financial assets designated at fair value through profit or loss[2] | 10,461,680 | - | - | 10,461,680 |
| **Closing valuation** | **59,625,665** | **-** | **-** | **59,625,665** |
| Total net gain on financial assets for the year ended 30 September 2023 | 2,468,544 | - | - | 2,468,544 |

[1] Realised loss on financial assets designated at fair value through profit or loss is made up of £2,586,526 gain and £(10,579,299) loss.
[2] Unrealised gain on financial assets designated at fair value through profit or loss is made up of £16,414,946 gain and £(5,953,266) loss.

During the six months ended 31 March 2024, there were no reclassifications between levels of the fair value hierarchy (30 September 2023: no transfers).

As at 31 March 2024, 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 because of its short-term nature.

### 8. Share capital
**Authorised**
The authorised share capital of the Company is represented by an unlimited number of redeemable Ordinary Shares at no par value.

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

### 8. Share capital (continued)
**Allotted, called up and fully-paid**

| | Number of Ordinary Shares | Number of Ordinary Shares |
|---|---|---|
| | **31 March 2024** | **30 September 2023** |
| **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.

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 2023: £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.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)**

**8. Share capital (continued)**
**Redemption mechanism (continued)**

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

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

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

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

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

**9. Basic and diluted profit per Ordinary Share**

| | **Six months ended 31 March 2024 (Unaudited) £** | **Six months ended 31 March 2023 (Unaudited) £** |
|---|---|---|
| Total comprehensive income for the period | 3,743,200 | 2,683,928 |
| Weighted average number of Ordinary Shares during the period | 33,897,954 | 33,897,954 |
| Basic and diluted earnings per Ordinary Share | 0.1104 | 0.0792 |

**10. NAV per Ordinary share**

| | **31 March 2024 (Unaudited) £** | **30 September 2023 (Audited) £** |
|---|---|---|
| NAV | 63,788,389 | 60,045,189 |
| Number of Ordinary Shares at period/year end | 33,897,954 | 33,897,954 |
| NAV per Ordinary Share | 1.8818 | 1.7714 |

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

### 11. 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.

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

| | **31 March 2024** | **30 September 2023** |
|---|---|---|
| Portfolio Manager | 3,121,434 | 3,140,230 |
| George Ensor | 90,194 | 90,194 |

*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.

### 12. Material events after the Condensed Interim Statement of Financial Position date

There were no events which occurred subsequent to the period end until the date of approval of the condensed interim financial statements, which would have a material impact on the condensed interim financial statements of the Company for the period ended 31 March 2024.

On 1 May 2024, Serena Tremlett was appointed to the Board, Charlotte Denton stepped down from the Board and Ted Holmes replaced Charlotte Denton as Chair of the Audit Committee.

On 18 June 2024, an Extraordinary General Meeting was held where Shareholders approved the change of the Company’s name to ‘River UK Micro Cap Limited’.

### 13. Controlling party

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

## COMPANY INFORMATION

**Board members**
**John Blowers** (Chairman, Chair of the Remuneration and Nomination Committee and Management Engagement Committee)
**Mark Hodgson**
**Charlotte Denton** (resigned 1 May 2024)
**Ted Holmes** (Chair of the Audit Committee effective 1 May 2024)
**Serena Tremlett** (appointed 1 May 2024)

**Registered Office**
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**Portfolio Manager**
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**AIFM**
**Carne Global AIFM Solutions (C.I.) Limited**
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**Corporate Broker**
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**Advocates to the Company (as to Guernsey law)**
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**Independent Auditor**
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**Administrator and Company Secretary**
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**Registrar**
**Computershare Investor Services (Guernsey) Limited**
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[1] Formerly River and Mercantile Asset Management LLP.
[2] BNP Paribas S.A. Guernsey Branch is regulated by the GFSC.
[3] Appointed 12 March 2024.