RIVER AND MERCANTILE UK MICRO CAP INVESTMENT COMPANY LIMITED

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2022

THE COMPANY AT A GLANCE

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

Investment objective
The Company aims to achieve long term capital growth from investment in a diversified portfolio of UK micro-cap companies, typically comprising companies with a free float market capitalisation of less than £100 million at the time of purchase.

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

It is expected that the majority of the Company's investible universe will comprise companies whose securities are admitted to trading on the Alternative Investment Market of the London Stock Exchange. While it is intended that the Company will be fully invested in normal market conditions, the Company may hold cash or similar instruments.

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

About the Portfolio Manager
The Portfolio Manager is an active equity manager, specialising in UK and global equity strategies since its launch in 2006. Since 2014, it has been part of River and Mercantile Group 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 portfolio manager, has been responsible for the Company's portfolio since February 2018. Please refer to page 16 for George Ensor's biography.

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

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

The Company does not expect to pay dividends.

Management of your Company

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

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Key Performance Indicators

Performance for the year ended 30 September 2022
In the year ended 30 September 2022, the NAV total return of the Company underperformed against the Benchmark index by 21.1%, delivering a NAV total return of (48.03)%, compared to (26.91)% posted by the Benchmark.

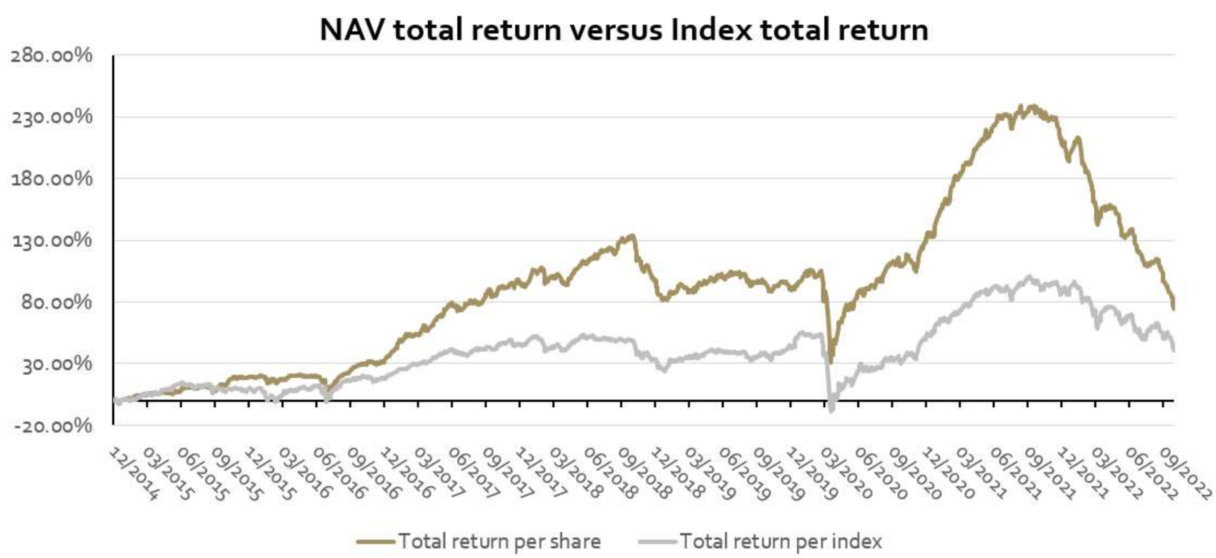
NAV and Share price

	As at 30 September 2022	As at 30 September 2021
NAV per Ordinary Share[1]	£1.7063	£3.2830
Ordinary Share price (bid price)[2]	£1.3600	£2.8000
Share price discount to NAV[3]	(20.29)%	(14.71)%

Period highs and lows

	Year ended 30 September 2022 High	Year ended 30 September 2022 Low	Year ended 30 September 2021 High	Year ended 30 September 2021 Low
NAV per Ordinary Share[1]	£3.2830	£1.7063	£3.3199	£2.0053
Ordinary Share price (bid price)[2]	£2.9000	£1.3600	£3.2400	£1.5700

Performance since inception
NAV total return[4] from inception (net of all fees) was 7.34% on an annualised basis, outperforming the Numis Smaller Companies plus Alternative Investment Market ("AIM") (excluding Investment Companies) Index (the "Benchmark") total return[5] of 4.58%. Refer to the chart below showing the NAV total return versus the Benchmark from inception:



Capital redemptions
Since inception to 30 September 2022, the Company has exercised its capital redemption mechanism on five separate occasions, as detailed below, redeeming a total of 34,609,615 Ordinary Shares and returning a total of £76,924,351 to Shareholders.

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

Please refer to note 12 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.

Ongoing charges
The ongoing charges reflect those expenses which are likely to recur in the foreseeable future and which relate to the operation of the Company. The ongoing charges are calculated in accordance with the Association of Investment Companies ("AIC") methodology and are based on actual costs incurred in the year which are likely to recur in the foreseeable future. The ongoing charges for the year ended 30 September 2022 were 1.39% (2021: 1.29%) reflecting the decrease in NAV of the Company.

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

For further detail on Key Performance Indicators, refer to page 25 and the Useful Information for Shareholders section on pages 74 to 75.

[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 30 September 2022, taking into account capital returns. The Board monitors the Company NAV total return against the Numis Smaller Companies plus Alternative Investment Market ("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

The night is often darkest before the dawn………

There can be no doubt that the last year has been an extremely testing time for the portfolio. The economic outlook remains uncertain: rising inflation, combined with spiralling increases in the cost of living and an unstable political situation, have all impacted on markets. The gloomy economic situation has been particularly tough on UK listed stocks, and UK small companies in particular.

However, following the fall in the share price and the widening in the discount to NAV, the opportunity for the portfolio to rebound from here is striking. The Board continues to believe that UK smaller companies offer underlying value but we recognise that patience is required for this to be realised. We are particularly conscious that relatively small lot share purchases can have a significant impact on the share price of the Company and thereby increasing volatility. Longer term, it remains true that our niche sector continues to deliver some real opportunities in what is still a very under researched part of the stock market.

The Portfolio Manager has experience of navigating difficult markets and it is worth bearing in mind that in the 6 months post the worst of the COVID-19 lock-downs, the Company's share price increased by 27.5% between January 2021 and 31 July 2021, whilst the benchmark increased by just 16.8%. On a more technical note, the Company does have the distinct advantage during periods of market falls of being a closed ended structure. This removes any pressure on the portfolio manager to fund redemptions by selling stocks - often the most liquid and attractive holdings - from the portfolio at the prevailing depressed levels and helps deliver superior returns over the long term.

The Company targets long-term capital growth and your Board continue to believe that patience during this period of extreme market dislocation will be rewarded. During these periods the Company's focus on the micro-cap sector will typically underperform the wider market. The Board continues to believe however, that over the long run, the Company's micro-cap portfolio offers significant growth opportunities and will outperform its benchmark as indeed it has since initial public offering ("IPO"). It is perhaps worth reminding ourselves that our Company has returned more cash to Shareholders than it has raised. To date we have returned £77 million compared to the sum of £70 million raised from Shareholders. This was made possible by the judicious use of the redemption mechanism which works to return money to Shareholders when the market levels are high and thus such capital gains are sheltered when stock prices fall. Frustratingly, some of the market data providers are unable to accurately reflect our unique redemption mechanism in their calculations and therefore some of the published return figures significantly understate the Company's actual long term success.

Since my last update, there have been some changes to the Board. I would like to welcome two new faces - Charlotte Denton and John Blowers - whose appointments are linked to the requirement to refresh the membership of the Board over nine years. Charlotte has also been appointed Chair of our Audit Committee and I very much look forward to working with both John and Charlotte in the months and years ahead. Be assured that in the interests of keeping operating costs down, the Board will revert back to four members in March 2023 when Trudi Clark steps down following a period of handover.

On behalf of the Board, I would like to thank all our Shareholders for their continued support. We shall ensure that your Company remains focused on delivering performance for Shareholders by remaining true to our investment philosophy that has served us well since our inception in 2014.

Andrew Chapman
Chairman

13 December 2022

PORTFOLIO MANAGER'S REPORT

We are disappointed with our NAV performance in absolute terms over the last year. We are very aware that we are custodians of our investors' savings, and we carry this responsibility first and foremost. The Company is approaching its eight-year anniversary and our NAV performance since inception to the end of September 2022 (net of all fees) is +74.1%, an annualised return of 7.3%. The benchmark has returned +42.1% over the same period, an annualised return of 4.6%, and the AIM market, as measured by the AIM All-Share, has made a return of just 13.1% or an annualised return of 1.6%.

Our strong absolute and relative returns since inception – indeed the cash returns we have made to investors over the last six years exceed the total capital raised – have been premised upon us doing something different; investing in companies which others would consider un-investable given their liquidity. Where we are successful in identifying companies that grow revenues and improve profitability and cash generation, we expect the opportunity we have invested in to be recognised by the wider investment community. This process should improve the liquidity and therefore reduce the liquidity premium and so we benefit from a higher rating on higher profits. This approach does not work throughout the cycle; it prevails when we have improving risk sentiment.

Period	NAV	Benchmark	Active return
1 year	-48.0%	-26.9%	-21.1%
3 years p.a.	-3.4%	1.2%	-4.6%
5 years p.a.	-1.4%	-0.2%	-1.2%
Since inception p.a.	7.3%	4.6%	2.7%

*Source: River and Mercantile Asset Management LLP, BNP Paribas, Bloomberg. Performance to 30 September 2022. Inception is 02 December 2014. *Benchmark: Numis Smaller Companies plus AIM (excluding Investment Companies).*

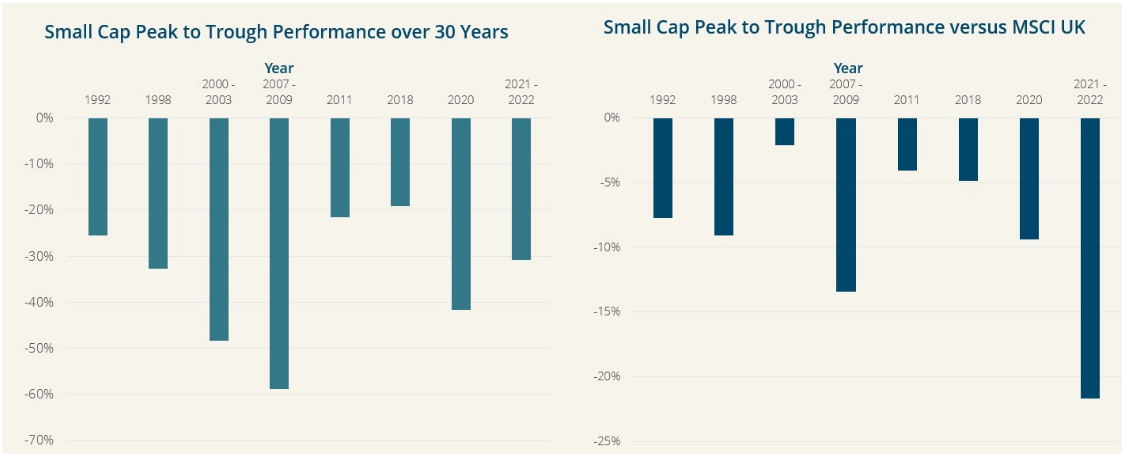
MARKET BACKDROP

Ultimately, the key aspect of the last twelve months has been the change in the price of money. The US 10-year Treasury yield, the de facto risk-free rate, moved from 1.5% at the end of September 2021 to in excess of 4% post year end in October 2022. The yield, or return, on offer from the US Government has re-priced all other assets. Not only has the risk-free rate moved higher but other risk premia have also increased given well placed concerns over economic cyclicality and liquidity, meaning investors are willing to pay less for the same asset than they were a year ago. Although this is painful whilst rates are moving higher and risk premia are expanding, it is supportive of future equity returns.

In the last twelve months we have seen, to the despair of retailers: a Christmas resurgence of COVID-19 with the Omicron variant; a pivot in the consensus view over the persistence of high inflation; and a war in Europe which, apart from the massive human tragedy, has driven extreme volatility in commodity prices and played a role in a cost-of-living crisis which has seen four consecutive new all-time lows in UK consumer confidence. Meanwhile, China has pursued their zero-COVID-19 policy wreaking havoc on global supply chains with untold numbers of shortages – from fuel and computer chips to airport workers and second-hand cars. It has been a memorable year for all the wrong reasons.

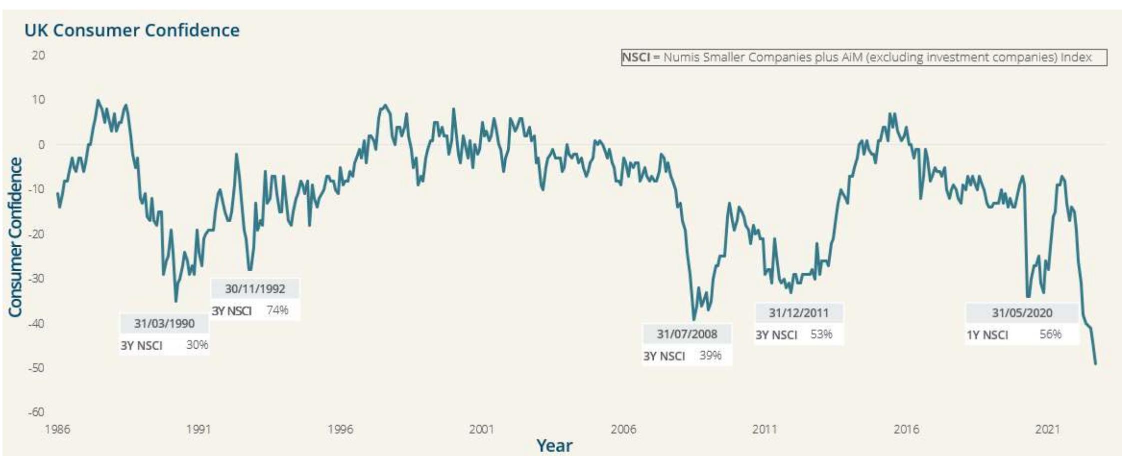
One of the reasons that smaller companies are more volatile is that marginal buyers or sellers have a greater impact on the share price. Smaller companies have historically outperformed because they exhibit higher growth, but the influence of lower liquidity and sentiment has meant that realised volatility has been higher. That is the caveat to investing in smaller companies – investors should be cautious if they are considering investing in illiquid assets with short time horizons. Our approach, investing through a closed ended investment structure with a redemption mechanism to return capital only when the assets have grown, is ideal for investing in illiquid assets as it enables us to invest through the cycle and on a long term basis.

Sentiment towards smaller companies and illiquidity is extremely poor. The chart below on the left shows the largest peak to trough declines in smaller companies over the last thirty years. One of the reasons that this Company built such a consistent performance track record in the years after the IPO was that there was an absence of such adverse risk sentiment. One of the key challenges has been the frequency of periods of high volatility and share price declines in the last four years. The chart below on the right shows the relative performance of smaller companies (peak to trough small cap performance relative to peak to trough performance for the UK market as measured by the MSCI UK Index) and you can see that we are in the worst period of relative smaller companies' performance in thirty years. This is what we mean when we say that sentiment is extremely poor.



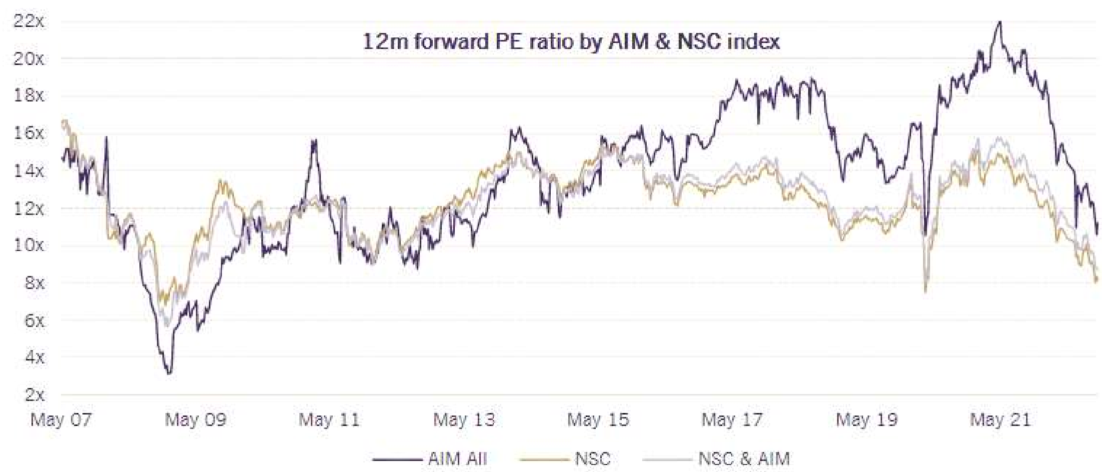
Source: Bloomberg, MSCI, Numis. Data 16 October 2022.

UK consumer confidence is another way of thinking about sentiment as it measures the level of optimism that consumers feel about the performance of the UK economy over the next twelve months. Again, considering the data over a long time period, the chart below shows that the reading for September of -49 was a new all-time low. Whilst we would not attempt to call the bottom of this data series, we have shown in the chart below the three-year return from the Numis Smaller Companies benchmark (we have shown the one-year return where the three-year return is not available, as is the case for 2020) from the low point in consumer confidence. We think that this illustrates that markets discount the current optimism – or lack of – and so the opportunity resides in incrementally less negative news supporting equity returns over the next three years.



Source: Bloomberg, MSCI, Numis. Data 30 September 2022.

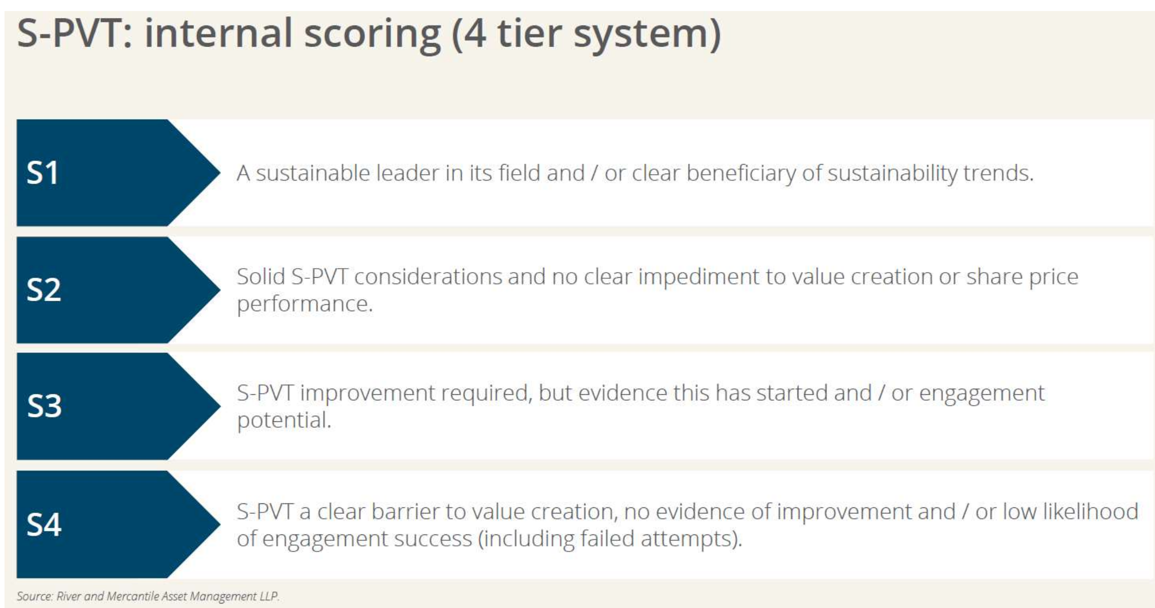
Equity returns over the last year have predominantly been driven by a derating of the multiple that investors are willing to pay. The chart below shows that from a peak rating of close to 16x in 2021, our benchmark has derated to less than 9x which is a level that has only been seen in periods of extreme stress over the last fifteen years, another illustration of the currently depressed sentiment towards UK listed smaller companies.



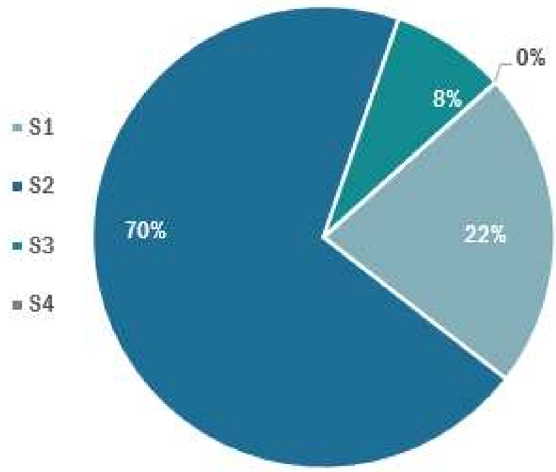
Source: Peel Hunt E&S: UK Market Valuations, 17 October 2022.

SUSTAINABILITY

We have previously explained our approach to integrating sustainability analysis into our fundamental research process which we believe improves our risk adjusted returns. Our investment philosophy is a multi-factor approach combining company fundamentals, valuation and momentum. We are looking to invest in companies that have the **P**otential to create shareholder value at attractive **V**aluations with supportive **T**iming ("PVT"). It is important that Shareholders understand that this is our primary motivation. We believe that businesses that are managed with the interest of all stakeholders in mind will compound higher returns for Shareholders over the medium term.



The portfolio allocation to the four categories that we use to rate the sustainability credentials of our investments is shown below. We do not have any investments that are rated in our lowest category, S4. We include commentary below for all rating changes in the period and sustainability ratings for any new investments in the year. We also include some commentary on positions that have been reviewed in the year, but no change has been made in an attempt to illustrate our process, which in many ways is more important than the output.



Source: River and Mercantile Asset Management LLP. Data to 30 September 2022.

Capital (S3 to S2) – S3 rated holdings are a focus area for engagement. We have engaged with Capital several times and in an attempt to improve disclosure around greenhouse gas ("GHG") emissions and the board composition. The company announced the appointment of a new non-executive director who is heading up the newly formed sustainability committee. The recent annual report includes, for the first time, GHG emissions disclosure and the company has committed to announce an emissions reduction target this year. Given the progress evidenced against our prior concerns, we upgraded the rating to S2.

Diversified Energy (S1 to S2) –We believe that natural gas, which has half the GHG intensity of coal, is a critical fuel in the transition to a less carbon intensive planet. We cannot just turn off our reliance on fossil fuels. Diversified's approach of acquiring operational assets and running them more efficiently – on both and emissions and a production basis – strikes us as a sensible approach and the company does not commit any capital to exploration or drilling. We reviewed the rating in the period and decided, given the carbon intensity of the business which at 19Kg CO2e/boe (estimated Kg of carbon dioxide by barrel of oil equivalent of production) is similar to the average for UK North Sea gas businesses, that a neutral rating was therefore more appropriate.

City Pub Group (S3 at end of period) – An owner and operator of premium pubs which was originally assigned an S3 rating given a lack of independence and diversity on the board and an absence of disclosure around stakeholder interests. The company has made multiple improvements since we invested in 2020 and we have, post the period end, upgraded our rating to S2. New disclosure includes a commitment to net zero no later than 2040 and the company will be setting interim targets once a baseline, which requires a year of normalised trading, can be formed. The company has also improved disclosure on customer welfare, staff training and other human capital aspects which are relevant to a company in the services industry. Finally, the company has made improvements to the composition of their board.

1Spatial (new S2) – is an early-stage software company which enables better decision-making based on accurate location data. Its customer base consists of organisations which are responsible for maintaining the global critical infrastructure and where demand is being driven by companies' and governments' sustainability agendas – for example, its products improve the UK's mapping of its sewage networks, enabling prioritisation of works to prevent leaks, and it works with various US states to improve safety outcomes via more reliable traffic data. 1Spatial is committed to reducing its carbon footprint and is in the process of establishing its ESG strategy and sustainability roadmap. With no material barriers to value creation identified, the position was purchased with an S2 rating.

Strip Tinning ("ST") (new S1) – S1 rated given an exciting electric vehicle growth opportunity where ST's well established capabilities in flexible printed circuit boards has application in connecting battery cells in electric vehicles ("EV"s). If their technology is successfully adopted, then there is a clear opportunity for the company to benefit from the accelerating shift to EVs.

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

IOG (new S2) – is hopefully a good example of the pragmatism that we employ when we are considering the sustainability credentials of an investment. IOG is a North Sea gas production business which many investors would potentially exclude as a fossil fuel producer. We believe that natural gas is a critical element in the pathway to net zero and within the UK, gas plays a key role as a dispatchable (i.e. fast response) source of power generation which is a necessity as we increase the share of power in the grid from renewable but intermittent energy sources like solar and wind. Gas is also critical for domestic heating and relied on by 70% of homes. The UK, like most of Europe, imports substantial amounts of gas and there is a very clear carbon saving on domestically produced gas when compared to imported liquified natural gas ("LNG") or domestically produced coal. IOG is also a very clean producer of gas – the vast majority of production emissions in the industry come from flaring and manned-offshore platforms, neither of which applies to IOG. IOG therefore has a materially lower scope 1 and 2 carbon footprint than other North Sea gas producers. Finally, as we would expect as an operator in a highly regulated industry, IOG has an excellent safety track record.

SigmaRoc (S2) – is an enabler of infrastructure products in Europe, which was rated an S2 given its active focus on lowering its carbon emissions and its leadership in developing a 'green' product range which includes cement-free concrete blocks and products with a higher proportion of recycled materials. We reviewed the rating following the acquisition of Nordkalk, a Nordic aggregates producer with a more carbon intensive footprint due to its quicklime exposure which represents c20% of the enlarged group. Further to engagement with management, we gained comfort that: 1) management's strategy to convert to alternative fuels where possible is well advanced, 2) carbon capture technology exists today to meet SigmaRoc's requirements and 3) lime – unlike cement – reabsorbs the carbon that it emits during the production process over its lifecycle through carbonisation, although this is not currently recognised by the regulator and reporting frameworks. Recent developments (e.g. outlining its roadmap to net zero by 2040 and a joint venture with ArcelorMittal) demonstrate the company's commitment to ESG and progress relative to peers. As a result, SigmaRoc remains S2 rated.

Supreme (S3) – In our initial verification work, we identified vaping (c70% of forecast group gross profit) as a material sustainability risk factor, primarily because of the uncertainty around long-term health effects. However, as the UK has a tightly regulated vaping market this lowers the risk in terms of the probability and magnitude of adverse regulatory developments. As a result, we did not see vaping risk as a clear barrier to value creation and Supreme was initially assigned an S3 rating. At the time, we outlined a clear path to an S2 rating; vaping mix of profit would have to decline materially as other verticals grow faster and/or evidence would need to emerge showing that there are no adverse long-term health consequences from vaping. Public Health England recently (September 2022) published its most comprehensive reduced risk product report which concluded that vaping has a small fraction of the risk of smoking and inaccurate perceptions of harm need to be addressed. All other things being equal, this would have been sufficient for an upgrade to an S2 rating ('no clear impediment to value creation or share price performance'). However, the report flagged that there has been a pickup in youth vaping driven by disposables that come in a wide range of flavours and there is no conclusive evidence that flavours play a key role in switching smokers to vaping (i.e. it's possible to see a flavour ban in the UK, like in the US). On balance, we concluded that there is insufficient evidence to suggest the vaping risk profile has materially improved to warrant a rating change to S2.

We continue to engage with two of our S3 rated holdings, **Serabi Gold** and **Argentex**. With Serabi, we are looking for improved data disclosure on key health and safety and environmental impact KPIs as well as some governance concerns. We have had a commitment from Argentex that improved disclosure on greenhouse gas emissions will be made in their next annual report alongside a commitment to net zero. We have also pushed for data to provide insight into the culture within the business such as employee churn, employee engagement and stock ownership.

PERFORMANCE ATTRIBUTION

The following is a detailed review of all the positions that made a negative contribution to relative performance of greater than 0.5% and includes a review of over half the positions we held in the period.

Science in Sport (-2.8ppt relative impact) – is a leading sports nutrition brand that has delivered high organic growth in sales and gross profit over the last seven years. The challenge for early-stage growth businesses is balancing profitability with investment for growth but the progress in underlying profitability over the last few years was encouraging. Having experienced a record period for sales in the first quarter of 2022, a combination of a slow-down in sales and input cost headwinds have impaired profitability which, alongside a now complete capital investment programme, left the company requiring an equity raise at the end of September 2022. The 79% decline in the share price is extreme and, we believe, fails to reflect the strength of the brands. Moreover, the company is now fully focused on generating cash and has guided that it should be breakeven in 2023 without assuming an unwind in elevated input prices.

Joules Group (-2.2ppt relative impact) – was purchased as a Recovery investment case in 2020 as we believed that margins could return and potentially exceed pre-pandemic levels given both the success of their ecommerce offer and a reduction in store lease costs. Costs for both transporting product from China to the UK and the cost to distribute within the UK meant that profitability deteriorated rapidly and with that came the expectation of a need for additional equity and a 97% decline in the share price. What did we get wrong? Firstly we had misplaced conviction in our belief that margins would continue to improve, and we were too slow to acknowledge the headwinds to margins and the subsequent funding risk. We exited the position in November 2022 and if we consider our investment in the company going back to April 2020, the total realised loss is low at 0.3% of our average NAV for the period.

Brand Architekts (-1.2ppt relative impact) – is a portfolio of beauty brands which now also includes four brands acquired through the purchase of InnovaDerma. Brand Architekts has struggled with scale following the disposal of the Swallowfield manufacturing business in 2019 for £35m. The market capitalisation of Brand Architeckts at the end of September 2022 was c.£9m which is less than their net cash position of £11.3m and, applying the 1.3x sales multiple that the company paid for InnovaDerma in March, would support a share price many multiples of the current price. The shares declined 81.5% in the period.

SigmaRoc (-1.2ppt relative impact) – is a buy and build of UK and European quarries. The shares have de-rated over the last 12 months on concerns over rising energy prices and energy rationing risks given the location of its European operations, despite the company demonstrating its ability to pass on cost inflation and, where possible, converting kilns to alternative energy sources. Its recent strong set of interim results reinforces the diversity of its end markets which, coupled with lower operational gearing than widely perceived, provides downside protection. We believe the market misses the multiple ways in which management can continue to create value despite a depressed share price, proven by the recent joint venture with ArcelorMittal and the fact that inorganic growth can be self-funded post its merger with Nordkalk. With the shares down by more than 60% in the last 12 months with no downgrades to consensus earnings, we believe the shares are attractively valued and added 0.5% of NAV to the position in the period.

CMO Group (-1.1ppt relative impact) – is the largest pure play online building merchant, a large market which is vulnerable to disruption from online players given the high list price and trade discount model that exists in the industry. We invested at IPO in July 2021 at a price of 132p, equivalent to a market capitalisation of £93m. The company has traded relatively well since IPO and has continued to take market share, but expectations have been downgraded given the impact of higher prices on demand. The share price at the end of September 2022 was 27p, a decline of 80% versus the IPO price. Recent results show that the company continues to grow organic revenues and deliver positive free cash flow, as such the share price performance, a decline of 86% in the period, seems unjustified and we have recently added to our position.

Allergy Therapeutics (-1.1ppt relative impact) – is a specialty pharmaceutical company focused on research and development of allergy treatments that deal with the underlying cause, and not just the symptoms, of allergies. Relative weakness over the period reflects earnings below expectations and the long duration nature of the asset with a lot of potential value sitting in its R&D pipeline. In our view, the profit miss was due to temporary factors such as factory improvements, product phasing and pandemic related disruption with doctors busy administering COVID-19 vaccines. The cash cow core European business coupled with a strong balance sheet following a recent fundraising supports R&D investment in a rich pipeline of both near market and early-stage opportunities. A successful US market entry, where the company has the potential to be the first player to launch an ultra-short course allergy vaccine in the largest allergy market offers significant upside optionality.

The Ince Group (-1.0ppt relative impact) – was purchased as a Recovery investment case through a fundraising to recapitalise the balance sheet following the reverse takeover of Ince by Gordon Dadds. Ultimately, the company did not raise sufficient capital and between a cyber incident earlier this year and another poor acquisition, the company required further recapitalisation at which point we exited our position at a significant loss.

Kooth (-0.9ppt relative impact) – through their partnership with the NHS, enables access to online mental health services. 62% of the UK's 10-25-year-olds are currently eligible for their anonymous services. Kooth's economic assessment suggests that every pound spent on early intervention saves the NHS £3.20. Progress in the UK has been a little slower given the reorganisation within NHS England to 142 Integrated Care Systems, but the proposition and potential remains as it was. The company has secured a large pilot program with the State of Pennsylvania which could, alongside other opportunities in the US, add to the already significant growth potential. Having come to the market at 200p in September 2020, the share price exceeded 400p in September 2021 but declined to 112.5p by the end of September 2022, a decline of 71.5% in the period. We added 0.3% of NAV to the position in the period.

Supreme (-0.9ppt relative impact) – the vertically integrated manufacturer and distributor of everyday branded consumer products warned on profits twice during the period. In April 2022, the company flagged higher distribution costs and raw material (whey) inflation impacting their Sports Nutrition business. In July 2022, the company issued a negative update on their Lighting business driven by retailer overstocking. Following material downgrades to consensus earnings, Supreme trades on a depressed valuation which we think undervalues a business with a solid balance sheet position and strong growth potential, particularly in vaping which is the dominant driver of group earnings.

Aquis Exchange (-0.8ppt relative impact) – operates the pan-European Aquis equities exchange with a disruptive subscription pricing model that enables firms to reduce trading costs in adherence with MiFID II best execution requirements. Whilst the company continues to grow and generate cash, market share gains in trading volumes have been slower than those delivered over the last few years. Caution towards illiquid early-stage technology companies has driven a large derating of the shares which declined by 57% in the period.

Mind Gym (-0.8ppt relative impact) – a provider of behavioural science solutions to corporates that are proven to deliver business improvements, declined 50% as it missed revenue growth expectations at a time of heavy investment for growth, citing pandemic related disruption on client decision making. The company is investing to produce a highly personalised learning experience which is expected to enable corporates to deliver behaviour change at scale. Combined with strong thematic tailwinds as sustainability issues are high on management agendas, there is robust support for long-term growth, but it does come at a cost to short-term profitability as the business reinvests profits. The shares trade at a valuation which is well below historic levels and at a significant discount to private market transaction multiples for learning and development peers.

Revolution Bars (-0.8ppt relative impact) – is the operator of 69 bars which we invested in through an equity fundraise in 2020 and 2021 with the view to an eventual normalisation in trading and profitability. The business returned to profitability and strong cash generation in their last financial year despite curtailed trading over the peak Christmas and New Year trading period. Whist we recognise the inherent financial gearing given the leasehold strategy and negative working capital position, the balance sheet was in a net cash position ahead of the acquisition of a portfolio of pubs which will bring some diversification to trading. Like many other consumer exposed stocks, the market value at the end of the period discounts the tough outlook with the shares falling by 57% in the period. There is however evidence in the financials that the company is delivering to our Recovery investment case.

Virgin Wines (-0.8ppt relative impact) – if you were to write a list of attributes for a company not to possess over the last year, the following would all rank fairly highly: a recent IPO, of an ecommerce business model, with exposure to the UK consumer. The 75% decline in the shares was not helped by a downgrade to expectations but the current valuation does not, in our view, recognise a profitable business with a net cash balance sheet that has continued to take market share over the last few years. We added 0.5% of NAV to the position in the period.

DF Capital (-0.8ppt relative impact) – is a specialist lender of inventory finance for holiday homes, caravans and commercial vans. It is another example of the current price failing to reflect the opportunity. The company is trading at a large discount to book value whilst delivering excellent growth in their loan book. Ironically, the key challenge they've had in growing the loan book has been loan facilities being paid back too quickly. A short average loan duration protects the business from a mismatch in assets and liabilities which should support net interest margins. The business remains well placed to grow and deliver mid-teens return on equity which should support a re-rating. We added over 0.5% of NAV to the position in the period.

Cake Box (-0.8ppt relative impact) – was initially impacted by a blog which highlighted several issues (see March 2022 Interim Report for more details) which the company is addressing through investment in internal functions. Importantly, we cannot see any manipulation of revenue, profits or cash generation in the inaccuracies which points to poor reporting as opposed to anything more sinister. Whilst the company had delivered strong top line growth post the pandemic, it is not immune to wider macro challenges. The shares fell further as management downgraded expectations due to a softer demand environment coupled with cost pressures, specifically in raw material and distribution, which will be passed onto consumers with a lag. Cake Box remains profitable and cash generative with a strong balance sheet, trading on a double-digit free cash flow yield, with a pipeline of new store openings to support its growth ambitions.

Strip Tinning (-0.7ppt relative impact) – the tier two auto supplier, has seen a material downgrade to expectations set at its recent (February 2022) IPO. The company revealed that its core glazing business was not the robust cash generator that we had expected and has since taken action to restore cash generation by focusing on profitable product lines and pricing improvements. The company also announced the loss of an EV battery control system contract with a leading German original equipment manufacturer ("OEM"). Although disappointing, it is important to note that the lost contract represents less than 10% of the group's EV pipeline and the EV growth opportunity remains intact. The significant decline in the share price leaves the company trading on less than 1x revenue for a business with a net cash balance sheet, a trading history of double-digit operating margins and significant EV optionality.

RA International (-0.7ppt relative impact) – provides construction and facilities management services to clients including the UN and the US Government in remote locations. A strong pipeline of large contracts was expected to deliver revenue and profit growth but, in part due to the severe challenges in Mozambique where the company had heavily invested in Total's Cabo Delgado LNG project, the company has failed to deliver and we exited the position given the deteriorating strength of the balance sheet and extremely poor liquidity.

IOG (-0.6ppt relative impact) – see comments in Portfolio Activity.

City Pub Group (-0.6ppt relative impact) – much has been written around the many headwinds to profits for pubs including the cost-of-living crisis and inflation in food, energy and wages. Whilst certainly not immune, we think the freehold backing and low financial leverage leaves the business relatively well placed. It is trading at a 50% discount to the directors' valuation of the estate.

Venture Life (-0.5ppt relative impact) – has had a year of rebuilding confidence in their buy and build strategy following a poor prior year. Evidence to date is positive – the company has recently reported a solid set of interim results despite no real progress being made by their new Chinese distribution partner which was a key element of the prior disappointment. Low leverage and an extremely low starting valuation should support equity returns. The shares fell by 53%, which we expect was the result of Shareholders exiting the register given the low liquidity as the share price performance is at odds with the fundamentals. We added over 0.6% of NAV to the position in the period.

ActiveOps (-0.5ppt relative impact) – is an early-stage enterprise software business that has delivered to expectations but been derated as market sentiment has aggressively moved against long duration growth businesses. Net cash represents a quarter of the period-end market value of the company and the business has been free cash flow positive in each of the last five years. The 57% decline in the share price seems unjustified for a business with revenues that are almost entirely recurring and a net revenue retention rate that has consistently been above 100%. We invested an additional 1.2% of NAV in the position during the period.

Serabi Gold (-0.5ppt relative impact) – a Brazilian gold exploration and production company is progressing with production, albeit at higher costs, from their existing asset but has been required to prepare an additional impact study for the recently acquired Coringa asset that they are developing. A combination of lower production, higher costs and the permitting concerns alongside the weak gold price has seen the shares decline 63% in the period.

PORTFOLIO ACTIVITY – NEW POSITIONS AND EXITS

The Company's portfolio activity during the year ended 30 September 2022 is detailed below.

IOG (2.0% position at year end) – is in the early stages of building a Southern North Sea gas production business. The acquisition and re-commissioning of the Saturn Banks pipeline is key to the investment case and should enable the company to bring incremental production online over the next few years with low capital investment and low operating costs. To put this in context, the business model has been built with a long-term gas price of 45p per therm which compares to a year-to-date average in excess of 300p. In short, when producing, the company is generating significant profits and cashflow. However, the ramp up in production has not been without its challenges and the company has had to reduce production guidance several times this year. Whilst most of the issues are not insurmountable – a permanent reserve downgrade at their smallest asset the exception – they will take time and potentially additional capital investment to overcome. The shares have materially underperformed since we initiated the position and, whilst we have made some small additions to the position, we will look for operational momentum to improve to de-risk the investment before adding more. The sustainability credentials of the investment, a critical consideration for us given the sector, have been discussed in the Sustainability section.

Renold (1.9% position at year end) – is a manufacturer of highly engineered industrial chains typically used in demanding environments and high-tech applications (e.g. automated warehousing systems, power stations, rollercoaster rides) in a broad range of end markets. It provides a low cost but critical product that affords it pricing power through the cycle. Sustainability trends are a commercial opportunity as Renold's product is typically longer lasting than that of the competition and has a lower environmental footprint as it is more energy efficient (less friction) and has lower or no lubrication requirements. Management has resolved historic under-investment, previously a restraint on recovery potential, positioning the business for higher growth, margins, and cash flow generation. There is evidence of underlying improvement in operating efficiency that should enable strong operational leverage when end markets recover. Balance sheet strength underpins scope for value accretive bolt-on merger and acquisition ("M&A") which is key to growth in a market where customers are sticky. This is most recently evidenced by the value accretive purchase of a Spanish conveyor chain business which operates in a market where Renold is underrepresented and offers meaningful manufacturing and procurement synergies. We have identified upside risk to consensus mid-term forecasts and the stock trades on a depressed valuation (<0.5x FY23 EV/sales) presenting a compelling risk/reward opportunity.

1Spatial (1.2% position at year end) – We initiated a holding in 1Spatial, the data governance software which enables the Government, Utilities and Transport sectors to make better decisions based on accurate location data. The company is having success with its new strategy focused on product standardisation – for example its Next Gen 911 Emergency Services solution has now been rolled out to eight US states – driving an improved growth outlook, margin accretion and improving cash generation. We are encouraged by momentum in new contract wins and recurring revenue growth ahead of expectations, though this has coincided with cost and working capital investment to support onboarding of larger deals. Trading on 1.5x EV/sales, we believe the current share price offers asymmetric risk/reward.

Strip Tinning (1.0% position at year end) – We participated in the IPO of a tier two auto supplier with leading market share in specialist automotive electrical glazing connectors. The appeal at IPO was a compelling growth opportunity in both its core glazing business and an emergent EV battery cell connector business. The latter is an enabler of EV growth which is key to decarbonising the auto sector. We expected high revenue cover and strong gross margins to be underpinned by patented manufacturing related intellectual property ("IP") and a +65-year heritage of reliably supplying leading auto OEMs. We believed glazing growth potential could be augmented by entry into the rear glazing connector market catalysed by regulatory change, with Strip Tinning providing a differentiated lead-free solution and the ongoing trend towards increasing functionality being embedded in auto glazing (e.g. autonomous driving sensors). EV connector growth potential is substantial with a fast-growing sales pipeline, and, at the time of IPO, there was EV product validation from a high-end German OEM. We believed execution risk was low given that the manufacturing process for glazing is relevant to the EV opportunity and thought that the IPO valuation provided us with a margin of safety given the cheap starting valuation for what we believed to be a relatively robust cash generative core operating business. As detailed above in the attribution section, in addition to external events outside the company's control, there have been company specific issues that have compounded the downgrade in expectations and led to poor relative performance post IPO.

We exited **Ince Group** and **RA International**, both have been discussed in the Performance Attribution review. We also took profits in **Instem, Capital** and **Litigation Capital** as well as selling down our position in **Real Estate Investors** to a minimum position weight (0.5% of NAV).

Having started the period with a high cash balance given our concerns around excessive sentiment and valuations, we net invested £8m (compared to net sales of £44m in the prior year) during the year and made gross investments of just under £19m (compared to £24m in the prior year). The number of new positions, four, (compared to seven in the prior year), reflects capital markers being very depressed but, as we have commented in the Performance Attribution section, we have made meaningful additions to many of our existing positions as we see fantastic value.

OUTLOOK

We are witnessing a period of extreme tightening of global monetary conditions and the majority of developed economies are not in a position to support demand through fiscal measures, but it is likely that we are approaching the end of this tightening cycle. We think there is a sensible checklist to use to become more constructive on equities in bear markets which includes depressed valuations, negative sentiment, peak interest rate and inflation expectations and a slow down in the rate of deterioration of economic indicators. We are confident that the first three of these are in place. We expect there is further downside to earnings expectations but the market has historically bottomed well ahead of trough earnings. However, we do not believe that the next cycle will mirror the prior cycle, it seems likely that the cost of capital will be higher which has implications for style and factor returns. Business with strong fundamentals and sensible valuations are well placed to deliver exceptional returns from here and we have seen strong recoveries in some share prices already. We are fully invested in a portfolio of companies that have the potential to deliver strong shareholder value creation but are hugely unloved and undervalued which I expect will support fantastic shareholder returns.

George Ensor
Portfolio Manager

13 December 2022

Portfolio Manager Biography
George graduated from Bristol University with an Upper Second-Class degree in Chemistry in 2008 before joining Smith & Williamson Investment Management as a graduate trainee where he worked for five years as an analyst and Private Client Investment Manager.

George joined River and Mercantile Asset Management LLP in March 2014 as a UK equity analyst and is currently Portfolio Manager of the ES R&M UK Listed Smaller Companies Fund and the R&M UK Micro Cap Investment Company Limited. George is a CFA charter holder.

INVESTMENT PORTFOLIO

Investment Portfolio as at 30 September 2022

The Investment Portfolio below details the Company's holdings as at 30 September 2022, exclusive of cash and cash equivalents (portfolio weightings are based on mid-prices).

Name	Description	Weight
Instem	Health Care	5.4%
Capital Limited	Energy	4.9%
Allergy Therapeutics	Health Care	4.9%
ActiveOps	Information Technology	4.5%
Litigation Capital Mgmt	Financials	3.7%
Mind Gym	Industrials	3.5%
Alpha FX	Financials	3.5%
Shanta Gold	Materials	3.4%
Keystone Law	Industrials	3.4%
Sigmaroc	Materials	3.1%
Manolete Partners	Financials	2.9%
DF Capital	Financials	2.9%
LendInvest	Financials	2.8%
Venture Life	Consumer Staples	2.7%
Diversified Energy	Energy	2.7%
Argentex	Financials	2.7%
Science In Sport	Consumer Staples	2.6%
MaxCyte	Health Care	2.6%
Revolution Bars Group	Consumer Discretionary	2.4%
Aquis Exchange	Financials	2.3%
Flowtech Fluidpower	Industrials	2.1%
The City Pub Group	Consumer Discretionary	2.1%
IOG	Energy	2.0%
Supreme	Consumer Discretionary	2.0%
Cake Box Holdings	Consumer Staples	2.0%
GetBusy	Information Technology	2.0%
Renold	Industrials	1.9%
SDX Energy	Energy	1.8%
Kooth	Health Care	1.7%
Virgin Wines UK	Consumer Staples	1.6%
Ten Lifestyle	Consumer Discretionary	1.6%
Boku	Information Technology	1.5%
1Spatial	Information Technology	1.2%
Serabi Gold	Materials	1.0%
CMO Group	Consumer Discretionary	1.0%
Strip Tinning	Information Technology	1.0%
eEnergy Group	Utilities	0.9%
Brand Architekts Group	Consumer Staples	0.8%
Smoove	Consumer Discretionary	0.5%
Real Estate Investors	Real Estate	0.5%
Joules	Consumer Discretionary	0.2%

Source: River and Mercantile Asset Management LLP

PRINCIPAL RISKS AND UNCERTAINTIES

The Board is responsible for the Company's system of internal control and risk management and has delegated the responsibility for ensuring the daily monitoring of risk to the AIFM. The Board assesses the robustness of the risk controls by reviewing, at each quarterly meeting, the risk reports produced by the AIFM, and by assessing the overall risk profile of the Company including the identification of any emerging risks and uncertainties which are likely to affect the Company.

The principal risks and emerging risks faced by the Company are summarised below:

Principal Risk	Key controls
Investment and liquidity risk The Company invests in a diversified portfolio of UK micro-cap companies, typically comprising companies with a free float market capitalisation of less than £100 million at the time of purchase. The relatively small market capitalisation of micro-cap companies can make the market in their shares illiquid. As a result of lower liquidity than securities on the London Stock Exchange Official List, prices of micro-cap companies tend to stick at one level, but can be at risk of sudden jumps in price when momentum of sentiment is strong enough and certain pools of investors are forced to liquidate. As a consequence, the Company may not necessarily be able to realise its investments within a reasonable period. The current high interest rate, an inflationary macro-economic environment and the threat of global recession, is driving down growth stocks especially, which adversely affects the underlying value of the Company's investment portfolio, leading to an adverse impact on the Company's NAV. Both the liquidity and valuation issues highlighted above may be totally out of sync with the current underlying investee company fundamentals. There can therefore be no guarantee that any realisation of an investment will be on a basis which necessarily reflects the full potential or underlying performance of that investment.	Risks within the Portfolio are monitored by the AIFM, which holds monthly AIFM risk committee meetings with the Portfolio Manager. The AIFM provides an update of these AIFM risk committee meetings to the Board on a quarterly basis and the risks are discussed accordingly. The Portfolio Manager also undertakes on-going reviews of the underlying investee companies, particularly those whose businesses are impacted by the current macro environment.
Share price discount The price of the Company's shares may trade at a discount or premium relative to the underlying NAV of the Ordinary Shares. There is a risk that Shareholders become dissatisfied with a continuing discount to NAV and seek further action.	The Board continually monitors the Company's share price discount or premium to the published NAV and regularly consults with the Company's brokers regarding share trading volumes, significant buyers and sellers, and comparative data from the Company's peer group. In order to further manage the discount, the Board has employed the services of a public relations ("PR") company to broaden interest in the Company's Ordinary Shares. Since its inception the Company has operated the Redemption Mechanism to return capital to investors which the Board understands Shareholders are still supportive of. Further, the Board considers that in the current environment, selling portfolio investments at depressed values in order to raise funds to buy back the Company's own shares is not in the best interests of investors and that

the Redemption Mechanism remains the best tool to manage the discount in the longer term.

Reliance on the Portfolio Manager

The Company is dependent on the expertise of a small team led by the lead manager, 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 our lead manager be unavailable, and would hire a full time, experienced and proven replacement lead manager, if necessary.

There is a risk that the Portfolio Manager significantly deviates away from fund strategy, leading to reputational damage and a loss of investor confidence in the Portfolio Manager. There is also a risk of fund underperformance due to poor investment decision making.

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

During the year under review, the Portfolio Manager was acquired by AssetCo Limited. There is a risk that changes consequent to the change in ownership may impact the level of service that the Portfolio Manager gives to the Company, which in turn may impact the performance of the Company's investment portfolio.

Cyber-security risk

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

The Company's service providers maintain cyber security policies. These are reviewed by the AIFM as part of its oversight responsibilities and reported to the Board on a quarterly basis, including any breaches of information security. Service providers perform regular testing of their cyber security controls to ensure that they remain robust.

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

Sustainable Investment

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

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

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

The Board is developing a strategy to engage with service providers across ESG matters more generally.

See pages 25 to 27 for "Our Overall Strategy and Approach to ESG".

Emerging risks

Along with other investment companies, the Company faces an increased and emerging risk from the impact of global economic pressures, which have led to supply chain issues, rising inflation and interest rates resulting in an increased threat of global recession; along with ever increasing geopolitical uncertainty from the Ukraine conflict and a zero-COVID-19 policy in China, which potentially impacts the Company's investment portfolio and the general sentiment towards capital markets.

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

Section 172 Statement and Principal Decisions

Through adopting the AIC Code, the Board acknowledges its duty to comply with section 172 of the UK Companies Act 2006 to act in a way that promotes the success of the Company for the benefit of its members as a whole, having regard to (amongst other things):

a) consequences of any decision in the long-term;
b) the interests of the Company's employees;
c) need to foster business relationships with suppliers, customers and others;
d) impact on community and environment;
e) maintaining reputation; and
f) act fairly as between members of the Company.

The Board recognises its key role in promoting the Company's key purpose of delivering on the investment strategy and promotes its core values of openness, challenge and respect in its own interactions with all stakeholders.

Information on how the Board has engaged with its stakeholders and promoted the success of the Company, through the decisions it has taken during the year, whilst having regard to the above, is outlined below. The Company has no employees.

Stakeholder	**How the Board engages**
Shareholders	The Company would not exist without the capital of its Shareholders and its ongoing success is dependent on their continued support. The Board therefore ensures that multiple lines of communication with Shareholders are actively promoted. The Annual General Meeting ("AGM") ensures a forum in which the views of all Shareholders are sought by the Board through the resolutions proposed and it is also an opportunity for Shareholders to question the members of the Board face to face. In addition, the Board requires Singer Capital Markets Advisory LLP as the Company's corporate broker (the "Corporate Broker") to maintain communication with major Shareholders and report back to the Board at quarterly meetings on the tenor and substance of such communication. Since the Company's inception, the Board has encouraged both the Corporate Broker and the Portfolio Manager to meet directly with Shareholders both for the purposes of communicating the Company's strategy and performance as well as to listen to the views of Shareholders. These views are reported back to the Board at their regular meetings. The Board also engages Camarco (Capital Market Communications Ltd) as the Company's Public Relations Adviser to broaden the reach of the Company's shareholder engagement to include more retail investors. The Board has consistently expressed the priority it places on the Corporate Broker, the Portfolio Manager and the Public Relations Adviser co-ordinating their efforts on the Board's behalf to ensure the widest range of investor views is available to inform the Board's deliberations. Furthermore, the Chairman and other Directors are available to meet with major Shareholders where such meetings would be welcomed. The Company provides regular information updates to Shareholders, including the daily NAV announcement to the markets and monthly portfolio updates.

Stakeholder	**How the Board engages**
Service providers	All key service providers report to the Board at every quarterly Board meeting, with representatives of the service providers present to answer questions from Directors. In accordance with the Company's culture of openness, challenge and respect, the Chairman actively encourages feedback from the Company's service providers as appropriate to their field of expertise. The Board, through its Management Engagement Committee, also seeks to ensure that the terms of engagement are commercially equitable for each service provider, as the success of the Company is encouraged by forming stable partnerships with successful and motivated advisers.
The wider community and the environment	The Board is developing its strategy to embed a responsible and realistic approach to Environmental, Social and Governance related issues into its engagements with stakeholders, including how it delivers value to Shareholders. The Board continues to discuss with the Portfolio Manager how a responsible sustainable investment approach integrates with the Company's overall investment philosophy and objective which is described in greater detail in the Portfolio Manager's Report. The Board intends to engage with all its service provider stakeholders, so that it can assess its impact on society and the environment.

Principal decisions
The table below sets out principal decisions taken by the Board during the year which have the greatest impact on the Company's long term success. The Board considers the factors outlined under section 172 and the wider interests of stakeholders as a whole in all decisions it takes on behalf of the Company.

Principal decision	**Stakeholder interests**
Discount management	The Board regularly monitors the level of the discount of the share price to NAV per Ordinary Share, especially in relation to its peer group. However, the Board continues to believe that the Redemption Mechanism providers the most effective buyback mechanism in the longer term. Notwithstanding this view, the Board continues to look for effective ways to improve demand for and liquidity in the Company's shares. To that end, the Board has ensured that the Company is present on Trustnet, one of the best-known places for private investors and advisers to research potential investments.
Appointment of John Blowers and Charlotte Denton as part of the ongoing refreshment of the Board	The Board decided on two Board appointments during the year. **Appointment of a Marketing Specialist** Having considered the current balance of skills and expertise on the Board in conjunction with the needs of the Company, the Directors wrote a job specification which stipulated that the successful candidate should have relevant marketing experience in order to help the Company further achieve its objective of improving demand for the Company's shares from Retail investors. After an extensive search John Blowers was appointed (see page 30 for his biography).

	Appointment of new Chair of the Audit Committee Following the retirement of Stephen Coe and the latest appointment referred to above, the Board decided in line with the strategy on ESG matters, that the Board should maintain at least 25% female representation and that a woman should be appointed to the role of Chair of the Audit Committee, which the Board also considers to be a senior Board role for a listed investment company. Following a successful search, Charlotte Denton was appointed (see page 31 for her biography).

EXECUTIVE SUMMARY

This Executive Summary is designed to provide information about the Company's operation and results for the year ended 30 September 2022. It should be read in conjunction with the Chairman's Statement on page 6 and the Portfolio Manager's report on pages 7 to 16 which provides a detailed review of investment activities for the year 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 2021.

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

The Company's Ordinary Shares are listed on the Official List as maintained by the FCA and admitted to trading with a premium listing on the Main Market of the London Stock Exchange.

Significant events during the year ended 30 September 2022

Board and Committee changes
On 1 August 2022, John Blowers joined the Board as a non-executive Director. Stephen Coe retired from the Board on 31 August 2022. On 1 September 2022, Charlotte Denton joined the Board as a non-executive Director and was also appointed as the Chair of the Audit Committee.

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

Current economic environment
The current high interest rate, an inflationary macro-economic environment and the threat of global recession, has led to a significant increase in the cost of living and has driven down the stock market, especially growth stocks. This has adversely affected the underlying value of the Company's investment portfolio, which has led to an adverse impact on the Company's NAV.

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

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

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

1. That non-audit services represented 37.6% of audit fees during the year ended 30 September 2021 and that voting agencies report this as having a potential impact on the independence of the Company's auditor, PricewaterhouseCoopers CI LLP (the "Auditor"). The non- audit fees related entirely to the interim review which is a normal part of the services provided by auditors and can only be performed by a company's auditor. The Auditor is also required to conduct the interim review by the International Standard in Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board. We do not believe that the concerns over auditor independence are therefore warranted. No other non-audit services were provided during the year ended 30 September 2021.

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

Company investment objective
The Company aims to achieve long term capital growth from investments in a diversified portfolio of UK micro-cap companies, typically comprising companies with a free float market capitalisation of less than £100 million at the time of purchase.

Company investment policy
The Company invests in a diversified portfolio of UK micro-cap companies. It is expected that the majority of the Company's investible universe will comprise companies whose securities are admitted to trading on AIM.

While it is intended that the Company will be fully invested in normal market conditions, the Company may hold cash on deposit or invest on a temporary basis in a range of high quality debt securities and cash equivalent instruments. There is no restriction on the amount of cash or cash equivalent instruments that the Company may hold and there may be times when it is appropriate for the Company to have a significant cash position instead of being fully or near fully invested.

The Company is not benchmark-driven in its asset allocation.

Diversification
The number of holdings in the portfolio will usually range between 30 and 50. The portfolio is expected to be broadly diversified across sectors and, while there are no specific limits placed on exposure to any sector, the Company will at all times invest and manage the portfolio in a manner consistent with spreading investment risk.

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

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

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

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

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

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

Further information can be found in the Portfolio Manager's Report which is incorporated within this Annual Financial Report on pages 7 to 16 for informational purposes only.

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 the 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.

Key Performance Indicators (KPIs)
The Directors meet regularly to review performance and risk against a number of key measures.

Returns and NAV total return
The Board reviews and compares, at each meeting, the performance of the portfolio as well as the NAV, income and share price of the Company. The Directors regard the Company's NAV total return as being the overall measure of value delivered to Shareholders over the long term. Total return reflects NAV growth of the Company since inception.

The Board is committed to achieving long term capital growth and, where possible, returning such growth to Shareholders throughout the life of the Company. Furthermore, the Portfolio Manager has advised the Board that it believes that a NAV of £100 million (at current market levels although this may change over time) would best position the Company to take advantage of a portfolio of micro-cap companies and the redemption mechanism is in place to prevent the NAV significantly exceeding this figure.

NAV, on a total return basis, increased by 7.34% from inception which outperformed the total return posted by the benchmark index of 4.58%. Please refer to the Financial Highlights and Performance Summary on page 4 for NAV total return analysis and note 12 for further details regarding the redemption mechanism.

Concentration
The Board reviews the industry and asset diversification of the investment portfolio to ensure that holdings are in line with the investment restrictions and also to monitor the concentration risk of the investment portfolio.

Refer to note 9 for further details regarding investment limits and risk diversification policies.

As at 30 September 2022, the Company held 41 (2021: 39) investment holdings of which none exceeded 10% of NAV at the time of investment. A portfolio listing is shown on page 17 which demonstrates the spread of investment risk in accordance with the investment policy.

Our Overall Strategy and Approach to ESG
The Company is a closed-ended investment entity and so its own direct environmental and social impact is minimal. The Company does not exclude any types of business from its universe of potential investments, however the Portfolio Manager does deploy an ESG lens on all potential investments and adopts a rigorous corporate ESG policy (https://riverandmercantile.com/responsible-investment/). The Company, in common with most investment companies, relies substantially on outsourced providers, including the Portfolio Manager. We believe therefore our focus should be centered around governance, ensuring that appropriate ESG policies and a sustainable investing approach is followed as well as monitoring and measuring our service provides future progress towards ESG objectives. However, as a Company we also want to ensure we have a positive impact, for example minimising our own carbon footprint. We recognise that both the Company and our service providers are evolving their approach.

The table below details the areas which we intend to focus on during the coming year.

Strategic Area	**What will we do and how do we demonstrate and measure our actions?**	**The Company**	**Key Service Providers**	**The Portfolio Manager**
Environment	Climate Change and Sustainability - minimising carbon footprint	Our own carbon footprint is limited but in 2023 we intend to focus on two areas: **Board Members Travel** Meeting in person quarterly is obviously necessary and desirable but going forward the Board will consider whether: (a) one quarterly meeting a year could be held virtually; and (b) all "ad hoc" meetings could be held virtually. **Paperless Communications with Stakeholders** The Board will encourage all Shareholders to receive the Company's financial statements and other communications in electronic form.	The Management Engagement Committee ("MEC") in its 2023 annual evaluation questionnaire will encompass specific questions about service providers plans to reduce carbon emissions and details of a net zero target date (if set). Going forward, the MEC will ask for updates on progress towards reducing carbon emissions, this will be taken into consideration when evaluating each provider.	The Portfolio manager outlines their S-PVT internal scoring for sustainability (see page 9). The Board regularly receive reports on how the portfolio is split between each category from the Portfolio Manager. The Board maintains a dialogue with the Portfolio manager on the portfolio and we express a particular interest on how they are engaging with those investments rated as S4 and S3 under the Portfolio Manager's classification. The Portfolio Manager is our principal service provider and will report on its own "ESG in Action" initiative. We will review its annual report and progress to ensure that our own overall ESG objective and ambitions are being met.
Social	Community and Employee Engagement and Supporting Ethical Employment Practices	The Company itself does not have any employees.	The MEC in its questionnaire will request written assurances that each service provider has policies which protect the rights of employees and has policies and procedures in place which prohibit discrimination and encourage diversity.	The social and employment impact of portfolio companies is an integral part of the Portfolio Manager S-PVT scoring for sustainability. Where low ratings relate specifically to this area the Board will maintain a dialogue with the Portfolio Manager on why such holdings remain in the portfolio.

Governance	Ensuring we have a strong corporate governance structure which ensures adherence to the AIC Code.	**Diversity of the Board** The Board has in previous annual reports published its succession plans which will continue. The Company is supportive of diversity in all forms based on sex, ethnicity, social background and skill sets. It is also committed to 25% female representation and a senior role being held by a woman be that the Chair of the Board or the Chair of the Audit Committee. The Board is small and decided not to appoint a senior independent director. The Company will, in its recruitment of new directors as part of its succession plan, take into consideration the upcoming proposals from the AIC on diversity but in such a small board the Company considers the diversity of skill sets and experience to be of the utmost importance and of greatest value to Shareholders. **Governance** With no direct employees itself, the Company is committed during 2023 to improve its oversight of service providers to ensure that they have appropriate ESG policies which align with the Company's own strategy. The Board will consider what metrics from our underlying service providers on achieving their ESG goals might be incorporated into the Company's future financial statements, recognising with our outsourced model the true ESG impact of the Company.	The MEC through questionnaires or on site visits will ensure that service providers have a strong governance structure.	The MEC through questionnaires or on site visits will ensure that the Portfolio Manager has a strong governance structure.

Voting and Engagement
The Directors believe that they have a fiduciary responsibility to improve the management of companies we invest in for all stakeholders whilst not compromising our objective of achieving strong financial returns. The best way to create wealth for our Shareholders is to be invested in companies that over time optimise their returns to Shareholders. For companies to achieve this objective, the company should endeavour to ensure the long-term viability of its business, and to manage effectively its relationships with all stakeholders. The Board delegates responsibility for this

objective to the Portfolio Manager and has approved the Portfolio Manager's approach to Voting and Engagement, details of which can be found at https://riverandmercantile.com/responsible-investment/voting-and-engagement/.

Life of the Company

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 27 February 2019 and was passed by the Company's Shareholders. The next Continuation Resolution will be proposed at the AGM in 2024. In the event that a Continuation Resolution is not passed, the Directors shall formulate proposals to be put to the Shareholders as soon as is practicable but, in any event, by no later than six months after the Continuation Resolution is not passed, to reorganise or reconstruct the Company or for the Company to be wound up with the aim of enabling the Shareholders to realise their holdings in the Company.

Future strategy

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

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

Please refer to the Portfolio Manager's Report on pages 7 to 16 for details regarding performance to date of the investment portfolio and the main trends and factors likely to affect those investments.

Going concern

Under the AIC Code, 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 financial statements.

The Board is satisfied that, at the time of approving the 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 financial statements. In addition, the Company's holdings of cash and cash equivalents, the liquidity of investments and the income deriving from those investments, means the Company has adequate financial resources to meet its liabilities as they fall due. Therefore, the Board consider it appropriate to adopt the going concern basis in preparing the financial statements.

In making this assessment and acknowledging the current economic environment, the Board has considered that the Company has no borrowings and cash balances of £2,289,617, which are more than sufficient to meet the annual operating expenses and investment management fees. The Board also considered the continuing impact of the current macro-economic environment on the Company, which it believes has a minimal risk at this stage on the going concern of the Company and are therefore confident that it remains appropriate to adopt the going concern basis. The Board has further considered the macro-economic environment on the long term viability of the Company, which has been detailed in the statement below.

Viability statement

Under the AIC Code the Board is required to make a 'viability statement' which considers the Company's current position and principal risks and uncertainties combined with an assessment of the prospects of the Company in order to be able to state that they have a reasonable expectation that the Company will be able to continue in operation over the period of their assessment.

The Company is intended to be a long-term investment vehicle with no fixed life however, having considered the inherent limitations of estimating the impact of future political and macro-economic conditions on the Company, the Directors have decided to assess the viability of the Company over a period of five years, assuming the Continuation Resolution is passed at the AGM in 2024.

The Company's prospects are driven by its business model and strategy. As explained on page 1, the Company's aim is to achieve long term capital growth from investment in a diversified portfolio of UK micro-cap companies, typically comprising companies with a free float market capitalisation of less than £100 million at the time of purchase. The Board, advised by the Portfolio Manager, believes that the impact on micro-cap companies when the general economy returns to economic growth is particularly high and therefore based on a five year time horizon, the Board would expect rising valuation metrics and enhanced returns. The Board acknowledges that due to the global economic situation, the value of the Company's investments are depressed, but draw attention to the fact that the Company has no gearing and has appropriate cash levels to meet expenditure. The Company's investments are held on a recognised stock exchange, the portfolio is well diversified, providing further liquidity if required.

The Board is mindful of the current political and economic environment and continues to monitor its impact on the Company. In this context, the Board's central case is that the prospects for economic activity in the UK will remain such that the investment objective, policy and strategy of the Company will be viable for the foreseeable future through a period of at least five years from the balance sheet date.

In making this judgement, the Board has assessed that the main risks to the long term viability of the investment strategy of the Company are key global and market uncertainties driven by factors external to the Company, which in turn can impact on the liquidity and NAV of the investment portfolio, and therefore risk the viability of the Company itself. A simulation has been designed to estimate the impact of these uncertainties on the NAV of the Company at times of stress based on historical performance data of the Company's benchmark, using techniques similar to the sensitivity analysis performed in note 9 – financial risk management.

Taking account of the Company's current position and principal risks, the Board has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of assessment. Based on the financial position of the Company and shareholder feedback, the Directors expect the next Continuation Resolution at the AGM in 2024 to be passed.

The Strategic Report was approved by the Board of Directors on 13 December 2022 and signed on its behalf by:

Andrew Chapman
Chairman

Charlotte Denton
Audit Committee Chair

BOARD MEMBERS

All Directors are non-executive.

CHAIRMAN

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

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

Key Relevant Skills

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

DIRECTORS

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

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

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

Key Relevant Skills

- Marketing
- Retail Distribution
- Product Design

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

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

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

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

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

Key Relevant Skills

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

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

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

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

Key Relevant skills

- Investment Oversight
- Finance
- Governance

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

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

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

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

Key Relevant skills

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

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ended 30 September 2022. The results for the year are set out in these accounts.

Dividend Policy

Details of the Company's capital redemptions and dividend policy are shown on page 1. The Company does not expect to pay dividends and no dividends have been declared or paid during the year (30 September 2021: none).

Share Capital

As at 30 September 2022, the Company had 33,897,954 Ordinary Shares (30 September 2021: 33,897,954) in issue.

Borrowing limits

The Directors may, if they feel it is in the best interests of the Company, borrow funds up to a maximum of 20% of NAV at the time of borrowing. No borrowing facility is currently in place.

Acquisition of own shares

To assist the Company in addressing any imbalance between the supply of and demand for Ordinary Shares and thereby assist in controlling the discount to NAV at which the Ordinary Shares may be trading, on 2 March 2022 the Company renewed general authority to purchase in the market up to 14.99% of the Ordinary Shares in issue as at 2 March 2022. This authority expires on the date of the 2023 AGM. The Company did not purchase any shares in the market during the year.

The Directors will seek a renewal of this authority from Shareholders at the Company's AGM on 1 March 2023.

Directors' shareholdings

The Directors who held office at the year end and their interests in the Ordinary Shares of the Company as at 30 September 2022 were as follows:

Director	Ordinary Shares held
John Blowers	1,772
Andrew Chapman	15,009
Trudi Clark	8,353
Charlotte Denton	-
Mark Hodgson	7,721

For further details on Ordinary Shares held by Directors refer to note 6.

Shareholders' interests

As at 30 September 2022, the following Shareholders had an interest in the Company's issued share capital of more than 5%.

	Percentage of total voting rights (%)
West Yorkshire PF	9.81
Hargreaves Lansdown Asset Management [1]	9.56
River and Mercantile Asset Management LLP	9.15
Evelyn Partners Investment Management LLP	8.59
Investec Wealth & Investment Ltd	8.36
Interactive Investor Services Ltd [1]	6.19
CG Asset Management	5.17

[1] These are investment platforms and do not control the voting rights.

Between 1 October 2022 and 13 December 2022 the Company received no additional notifications.

Independent Auditor

The Auditor indicated its willingness to continue in office as auditor and a resolution proposing their re-appointment and to authorise the Directors to determine their remuneration will be proposed at the forthcoming AGM.

Matters Reserved for the Board
The Directors have adopted a set of reserved powers, which establish the key purpose of the Board and detail its major duties. These duties cover the following areas of responsibility:

- statutory obligations and public disclosure;
- approval of the investment policy;
- strategic matters and financial reporting;
- Board composition and accountability to Shareholders;
- risk assessment and management, including reporting, compliance, monitoring, governance and control;
- responsible for financial statements; and
- other matters having material effects on the Company.

These reserved powers of the Board have been adopted by the Directors to demonstrate clearly the importance with which the Board takes its fiduciary responsibilities and as an ongoing means of measuring and monitoring the effectiveness of its actions.

The Portfolio Manager has the delegated power to make investment decisions on behalf of the Company within the framework of the investment objective and investment policy. The Board exerts oversight of the decisions of the Portfolio Manager both through the AIFM and by direct reporting at quarterly Board meetings. The Portfolio Manager provides written reports to the Board and a representative of the Portfolio Manager is present at every quarterly Board meeting to present the report and answer questions from the Board. In addition, the AIFM provides regular risk reporting on the Company's investment portfolio and the Portfolio Manager at each quarterly Board meeting.

Voting policy on portfolio investments
The Portfolio Manager, in the absence of explicit instructions from the Board, is empowered to exercise discretion in the use of the Company's voting rights. All shareholdings are voted at all Company meetings where practicable in accordance with corporate governance policies, which seek to maximise shareholder value by constructive use of votes at company meetings and by endeavouring to use the Company's influence as an investor with a principled approach to corporate governance.

Disclosures required under LR 9.8.4R
The Financial Conduct Authority's Listing Rule 9.8.4R requires that the Company includes certain information relating to arrangements made between a controlling shareholder and the Company, waivers of Directors' fees, and long-term incentive schemes in force. The Directors confirm that there are no disclosures to be made in this regard.

Events after the Reporting Date
On 5 October 2022, the Board approved an increase in the annual basic Director fees of 2.5% effective from 1 January 2022.

Disclosure of Information to the Auditor
Each of the Directors who were members of the Board at the time of approving this Report confirms that:

- to the best of their knowledge and belief, there is no information relevant to the preparation of their report of which the Auditor was unaware; and
- they have taken all steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Auditor was aware of that information.

Fair, balanced and understandable
In assessing the overall fairness, balance and understandability of the Annual Financial Report the Board has performed a comprehensive review to ensure consistency and overall balance.

Corporate Governance Statement
Introduction
The Company has a premium listing on the London Stock Exchange and is therefore required to report on how the principles of the UK Corporate Governance Code (the "UK Code") have been applied. Being an investment company, a number of the provisions of the UK Code are not applicable as the Company has no executive Directors or internal operations.

The Board has considered the principles and provisions of the AIC Code. The AIC Code addresses all the principles and provisions set out in the UK Code, as well as setting out additional provisions on issues that are of specific relevance to the Company.

The Board considers that reporting against the principles and provisions of the AIC Code, which has been endorsed by the Financial Reporting Council and the GFSC, provides more relevant information to stakeholders. The AIC Code is available on the AIC website www.theaic.co.uk. It includes an explanation of how the AIC Code adapts the principles and provisions set out in the UK Code to make them relevant to investment companies.

The Company has complied with all the principles and provisions of the AIC Code during the year ended 30 September 2022, with the exception to appoint a senior independent director. It was decided not to appoint a senior independent director given the small size of the Board and because all Directors have different qualities and areas of expertise on which they lead. Any concerns can be conveyed to the Chairman, or another Director if Shareholders do not wish to raise concerns with the Chairman.

Set out below is where stakeholders can find further information within the Annual Financial Report about how the Company has complied with the various Principles and Provisions of the AIC Code.

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The Directors' Report was approved by the Board of Directors on 13 December 2022 and signed on its behalf by:

Andrew Chapman
Chairman

BOARD AND COMMITTEES

Values and Culture
Since its inception the Board of Directors of the Company has upheld the values on which it was founded. The Directors recognise the purpose of the Company to deliver high and sustainable returns to Shareholders. Delivery of the investment objective has been achieved throughout its history through both investment capability and long held values of diversification, innovation, adaptation and integrity.

These values are underpinned by the culture the Board demonstrates in the way in which the Directors interact with each other and with the Company's service providers. In particular, openness, challenge and respect are encouraged as key to developing and implementing the strategies that will deliver the Company's objective.

The Board
Andrew Chapman, Trudi Clark and Mark Hodgson were appointed as Directors on 2 October 2014. Stephen Coe was appointed on 1 January 2021 as an independent non-executive Director and was the Chair of the Audit Committee from 1 October 2021 until his retirement from the Board on 31 August 2022. John Blowers was appointed to the Board on 1 August 2022 and Charlotte Denton was appointed to the Board on 1 September 2022. As at 30 September 2022, the Directors are:

- Andrew Chapman (Independent non-executive Chairman).
- John Blowers (Independent non-executive Director).
- Trudi Clark (Independent non-executive Director, Chair of the Remuneration and Nomination Committee and Management Engagement Committee).
- Charlotte Denton (Independent non-executive Director, Chair of the Audit Committee).
- Mark Hodgson (Non-executive Director).

The Board is chaired by Andrew Chapman, who is independent of the AIFM and the Portfolio Manager and has been since the time of his appointment. The Chairman is responsible for the leadership of the Board and for ensuring its effectiveness in fulfilling its role.

The Chairman and all Directors are considered independent of the Portfolio Manager. Mark Hodgson, who is independent of the Portfolio Manager, is the Managing Director of the AIFM and is therefore not regarded as independent.

The opinion of the other Directors is that Mark Hodgson provides considerable and complementary expertise to the Board, particularly in the area of risk management, in which the AIFM has a significant presence.

The Board reviews the independence of all Directors annually.

Directors have agreed letters of appointment with the Company. No Director has a service contract with the Company and Directors' appointments may be terminated at any time by one month's written notice with no compensation payable at termination upon leaving office for whatever reason.

Directors' re-election
As required by the AIC Code, all Directors stand for re-election by Shareholders annually, the next occasion being at the AGM to be held on 1 March 2023.

Please refer to pages 30 and 31 for biographies of each Director which demonstrates their professional knowledge and breadth of investment, accounting, banking and professional experience. The Board considers that there is a balance of skills and experience within the Board and each of the Directors contributes effectively.

Board diversity
The Board is currently made up of two female Directors and three male Directors. Following the retirement of Trudi Clark at the 2023 AGM, the Board will consist of one female Director and three male Directors. The Board has due regard for the benefits of experience and diversity in its membership, including gender, and strives to achieve the right balance of individuals who have the knowledge and skillset to maximise Shareholder return while mitigating the risk exposure of the Company.

The Board supports the recommendations of the Davies Report and believes in and values the importance of diversity, including gender, to the effective functioning of the Board. The Board is committed to 25% female representation and a senior role being held by a woman be that the Chair of the Board or the Chair of the Audit Committee.

	Number of Board Members	**Percentage of the Board**	**Number of Senior Positions**
Men	3	60%	1
Women	2	40%	1

Tenure policy
The Board has adopted a policy on the tenure of its independent Directors that aligns with the AIC Code of Corporate Governance and none of the four independent Directors, including the Chairman of the Board will serve for more than nine years. The Board has thus adopted a staged succession plan that maintains a balance between the strength added through continuity and experience as well as the benefits of new members bringing fresh perspectives. The Board will continue to assess annually each Board members independence.

The Board considers that boards of investment companies are more likely to benefit from a long association with a company in that they will experience a number of investment cycles.

Committees
The Board has established three committees, the Audit Committee, the Management Engagement Committee and the Remuneration and Nomination Committee. All the independent Directors, namely Andrew Chapman, Trudi Clark, John Blowers (appointed on 1 August 2022) and Charlotte Denton (appointed on 1 September 2022) have been appointed to all Committees.

Each committee operates within clearly defined terms of reference and duties. The terms of reference for each Committee have been approved by the Board and are available in full on the Company's website, https://microcap.riverandmercantile.com.

Audit Committee
The Audit Committee membership comprises all of the Directors with the exception of Mark Hodgson and has been chaired by Charlotte Denton from 1 September 2022. Stephen Coe acted as the Chair of the Audit Committee from his appointment on 1 October 2021 until his retirement from the Board on 31 August 2022. The Chairman of the Board is a member of the Audit Committee. His membership of the Audit Committee is considered appropriate given his extensive knowledge of the financial services industry and the size of the Board.

The report on the role and activities of this Committee and its relationship with the external auditors is set out in the Report of the Audit Committee on page 41.

Management Engagement Committee
Trudi Clark is the Chair of the Management Engagement Committee.

The Management Engagement Committee carries out its review of the Company's advisers through consideration of a number of objective and subjective criteria and through a review of the terms and conditions of the advisers' appointments with the aim of evaluating performance, identifying any weaknesses and ensuring value for money for the Company's Shareholders. In December 2021 the Management Engagement Committee formally reviewed the performance of the Portfolio Manager and other key service providers to the Company. During this review, no material weaknesses were identified. The next review will be held in December 2022 after the approval of the Annual Financial Report and financial statements. Overall the Management Engagement Committee confirmed its satisfaction with the services and advice received.

Remuneration and Nomination Committee
Trudi Clark is the Chair of the Remuneration and Nomination Committee.

Board and Committee evaluation
The Remuneration and Nomination Committee performs an annual internal evaluation of the Board, its Committees and each Director, this was last undertaken in March 2022. With the appointment of John Blowers and Charlotte Denton to the Board and the retirement of Stephen Coe, a further evaluation of the Board and the Committees will be held in early 2023.

The Chair and Members of the Committee reviewed and discussed investment matters, strategy, Shareholder value, governance, and the process and style of Board meetings. In addition, the Committee reviewed the performance of the Chairman in his role and evaluated all the Directors' personal contributions. It was concluded that all Directors had a good understanding of the investments and markets and felt well prepared and able to participate fully at Board meetings. It was agreed that Board meetings were effective and all relevant topics were fully discussed, with the Board having a good range of skills and competency. The Directors confirmed that they have devoted sufficient time, as considered necessary, to the matters of the Company.

Succession plan
The Board's succession plan seeks to ensure that no independent non-executive Director serves on the Board for longer than nine years and that the Board is well balanced and refreshed from time to time by the appointment of new directors with the skills and experience necessary to replace those lost by Directors' retirements and to meet future requirements.

The Remuneration and Nomination Committee is committed to ensuring that any vacancies arising are filled by the most qualified candidates who have complementary skills or who possess the skills and experience which fill any gaps in the Board's knowledge or experience.

In accordance with the succession plan, the Remuneration and Nomination Committee engaged the board member hiring specialist, Nurole, to identify a suitably qualified and experienced director to join the Board. This process led to the appointment of John Blowers on 1 August 2022.

Following the retirement of Stephen Coe on 31 August 2022, Charlotte Denton was appointed on 1 September 2022 as the Board agreed that she had the necessary expertise and capacity to take on the role of Chair of the Audit Committee. No third party was engaged to advise in the process.

All Directors as at 30 September 2022, with the exception of John Blowers and Charlotte Denton, have served on the Board since the launch of the Company.

Board meetings
The Board meets regularly throughout the year and a representative of the AIFM and the Portfolio Manager is in attendance at all times when the Board meets to review the performance of the Company's investments.

The Portfolio Manager and AIFM together with the Company Secretary ensure that all Directors receive, in a timely manner, all relevant management, regulatory and financial information relating to the Company and its portfolio of investments. The Chairman encourages open debate to foster a supportive and co-operative approach for all participants.

The Board applies its primary focus on the following:

- investment performance, ensuring that investment objectives and strategy of the Company are met;
- ensuring investment holdings are in line with the Company's investment restrictions;
- review and monitoring financial risk management, operating cash flows and budgets of the Company; and
- review and monitoring of the key risks to which the Company is exposed as set out in the Strategic Report.

At each relevant meeting the Board undertakes reviews of key investment and financial data, transactions and performance comparisons, share price and NAV performance, marketing and Shareholder communication strategies, peer group information and industry issues.

The Board considers the Company's investment objectives, their continuing relevance and whether the investment policy continues to meet those Company's investment objectives. The Board believes that the overall strategy of the Company remains appropriate.

Attendance at scheduled meetings of the Board and its committees

	Board	**Audit Committee**	**Management Engagement Committee**	**Remuneration and Nomination Committee**
Number of meetings during the year ended 30 September 2022	**4**	**2**	**1**	**2**
John Blowers[1]	-	-	-	-
Andrew Chapman	4	2	1	2
Stephen Coe[2]	4	2	1	2
Trudi Clark	4	2	1	2
Charlotte Denton[3]	-	-	-	-
Mark Hodgson	4	n/a	n/a	n/a

[1]John Blowers was appointed as a Director with effect from 1 August 2022. No Board or Committee meetings were held in August or September 2022.

[2]Stephen Coe retired as a Director and Chair of the Audit Committee with effect from 31 August 2022.

[3]Charlotte Denton was appointed as a Director and Chair of the Audit Committee with effect from 1 September 2022. No Board or Committee meetings were held in September 2022.

Service providers

The AIFM has delegated portfolio management of the Company's investment portfolio to the Portfolio Manager. The Board actively and continuously supervises both the AIFM and the Portfolio Manager in the performance of their respective functions.

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

Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of services offered, including the control systems in operation in so far as they relate to the affairs of the Company.

The Board receives and considers reports regularly from both the Portfolio Manager and the AIFM, with ad hoc reports and information supplied to the Board as required. The Portfolio Manager complies with the Company investment limits and risk diversification policies and has systems in place to monitor cash flow and the liquidity risk of the Company. The AIFM, Portfolio Manager and the Administrator also ensure that all Directors receive, in a timely manner, all relevant management, regulatory and financial information. Representatives of the AIFM, Portfolio Manager and Administrator attend each Board meeting as required, enabling the Directors to probe further on matters of concern.

The Directors have access to the advice and service of the corporate Company Secretary through its appointed representative who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Board, the AIFM, Portfolio Manager and the Administrator operate in a supportive, co-operative and open environment and the Board will actively and continuously supervise both the AIFM, Portfolio Manager and Administrator in the performance of their respective functions.

Performance of the Portfolio Manager

The Board reviews on an ongoing basis the performance of the Portfolio Manager and considers whether the investment strategy adopted is likely to achieve the Company's investment objective.

Having formally appraised the performance, investment strategy and resources of the Portfolio Manager, the Board has unanimously agreed that the interests of the Shareholders as a whole are best served by the continuing appointment of the Portfolio Manager on the terms agreed.

The Board believes that the portfolio management fees are competitive with other investment companies with similar investment mandates. The key terms of the Investment Management agreement and the portfolio management fee charged by the Portfolio Manager are set out in note 4.

Shareholder communications
The main method of communication with Shareholders is through the Half-Yearly and Annual Financial Report which aims to give Shareholders a clear and transparent understanding of the Company's objectives, strategy and results. This information is supplemented by the publication of the daily NAVs of the Company's Ordinary Shares on the London Stock Exchange via a Regulatory Information Service.

The Company's website, https://riverandmercantile.com/funds/rm-uk-micro-cap-investment-company, is regularly updated with monthly factsheets and provides further information about the Company, including the Company's financial reports and announcements. The maintenance and integrity of the Company website is the responsibility of the Directors, which has been delegated to the Portfolio Manager; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Information published on the internet is accessible in many countries with different legal requirements relating to the preparation and dissemination of financial statements and users of the Company's website are responsible for informing themselves of how the requirements in their own countries may differ from those of Guernsey.

The Board believes that the AGM provides an appropriate forum for investors to communicate with the Board, and encourages participation. The AGM will be attended by members of the Board. There is an opportunity for individual Shareholders to question the Directors at the AGM. The Directors welcome the views of all Shareholders and place considerable importance upon them.

In addition to the AGM and the monthly publication of factsheets, the Board requires its Corporate Broker to maintain regular contact with Shareholders, to co-ordinate and facilitate meetings between Shareholders and the Portfolio Manager and to report back to the Board the views of investors expressed at those meetings. The Chairman is always willing to meet with Shareholders to discuss any questions or issues they might have about the Company.

The Board have additionally committed to uprating the information on the Company by contracting with Trustnet, one of the UK's premier fund data companies, serving the private investor and professional adviser markets. The live share price and discount information is provided, plus ratings, historic performance data and fund manager profiles. This information can be found here: https://www.trustnet.com/factsheets/T/KZFC/river-and-mercantile-uk-micro-cap-red-ord-npv.

Other communications
All substantive communications regarding any major corporate issues are discussed by the Board taking into account representations from the AIFM, Portfolio Manager, the Auditor, legal advisers, Corporate Brokers and the Company Secretary.

AIFMD Report

Alternative Investment Fund Manager Directive ("AIFMD")

The Company (which is a non-EU AIF for the purposes of the AIFM Directive and related regimes in EEA member states) has appointed the AIFM. The AIFM is authorised by the Jersey Financial Services Commission to act as an AIFM on behalf of alternative investment funds ("AIFs") in accordance with the Financial Services (Jersey) Law 1998.

The Company is registered with the GFSC, being the Company's competent regulatory authority, as a non-EU Alternative Investment Fund ("AIF"), and the AIFM has registered with the UK Financial Conduct Authority, under their relevant national private placement regime.

The AIFM has delegated portfolio management of the Company's investment portfolio to the Portfolio Manager and the Board actively and continuously supervises both the AIFM and the Portfolio Manager in the performance of their respective functions.

As the Company and the AIFM are Non-EU domiciled no depositary has been appointed in line with AIFMD. However, BNP Paribas S.A., Guernsey Branch has been appointed to act as custodian.

The current risk profile of the Company and the risk management systems employed by the AIFM to manage those risks

Information relating to the current risk profile of the Company and the risk management systems employed by the AIFM to manage those risks, as required under paragraph 4(c) of Article 23 of the AIFMD, is set out in note 9 – Financial Risk Management. Please refer to pages 18 and 19 for the Board's assessment of the principal risks and uncertainties facing the Company.

Leverage

The Company may employ gearing up to a maximum of 20% of NAV at the time of borrowing. The actual level of gearing at 30 September 2022 was nil%.

Material changes to information

Article 23 of AIFMD requires certain information to be made available to investors before they invest and requires material changes to this information to be disclosed in the annual report. There have been no material changes to the information requiring disclosure.

AIFM remuneration

The total fee paid to the AIFM by the Company for the year ended 30 September 2022 is disclosed in note 5.

The AIFM is not subject to the provisions of Article 13 of the AIFMD, which require the AIFM to adopt remuneration policies and practices in line with the principles detailed in Annex II of the Directive. However, in accordance with Article 22 of the AIFM Directive and Article 107 of the AIFM Regulations, the AIFM must make certain disclosures in respect of the remuneration paid to its staff.

The AIFM has identified nine staff as falling within the scope of the disclosure requirements (the "Identified Staff"). These Identified Staff are senior management, named as Designated Persons of the AIFM's managerial functions and members of the board of directors of the AIFM. All Identified Staff of the AIFM are employees of the Carne Group and as such receive no separate remuneration for their role within the AIFM. Instead they are remunerated as employees of other Carne group companies, with a combination of fixed and variable discretionary remuneration, where the latter is assessed on the basis of their overall individual contribution in their role, with reference to both financial and non-financial criteria and not directly linked to the performance of the staff of specific business units or targets reached. The annualised remuneration amount paid to all of the Identified Staff of the AIFM in respect of their work for the AIF for the 12 month period to 31 March 2022 was £33,626 (31 March 2021: £42,777). There was no variable component to this remuneration and none of the AIFM's Identified Staff is able to materially impact the risk profile of the Company. The AIFM manages other AIFs and has no staff other than the Identified Staff.

REPORT OF THE AUDIT COMMITTEE

Report of the Audit Committee
The Board has appointed an Audit Committee which operates within clearly defined Terms of Reference, which are available on the Company's website.

The Audit Committee includes all of the Directors with the exception of Mark Hodgson, who attends at the invitation of the Audit Committee but does not actively participate in the meetings. From 1 October 2021 to 31 August 2022, Stephen Coe was the Chair of the Audit Committee. Charlotte Denton was appointed Chair of the Audit Committee with effect from 1 September 2022; she is independent of the AIFM and Portfolio Manager as are all the other Directors that comprise the committee. All of the Audit Committee's members have recent and relevant financial and industry experience and the Chair of the Audit Committee is a Chartered Accountant. The Audit Committee as a whole has competence relevant to the sector in which the Company operates. Biographical information pertaining to the members of the Audit Committee can be found in the section of this Annual Financial Report entitled, "Board Members" on pages 30 and 31.

Role of the Committee
The Audit Committee assists the Board in carrying out its responsibilities in relation to financial reporting requirements, risk management and the assessment of internal financial and operating controls. It also manages the Company's relationship with the external Auditor.

The Audit Committee's main functions are:
- to review and monitor the integrity, fairness and balance of the financial statements of the Company including its Half-Yearly Report and Annual Financial Report to Shareholders and any formal announcements regarding its financial performance, together with any significant financial reporting issues and areas of judgement contained within them;
- to advise the Board on whether the Annual Financial Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's performance, position, business model and strategy;
- to review the adequacy and effectiveness of the Company's financial reporting and internal control policies and procedures with respect to the Company's record keeping, asset management and operations for the identification, assessment and reporting of risks;
- to consider and make recommendations to the Board, to be put to Shareholders for approval at the AGM, in relation to the appointment, re-appointment and removal and the provisions of non-audit services of the external Auditor and to negotiate their remuneration and terms of engagement on audit and non-audit work;
- to meet regularly with the external Auditor in order to review their proposed audit program and remit of work and the subsequent Audit Report and to assess the effectiveness of the audit process; any issues arising from the audit with respect to accounting or internal controls systems and the level of fees paid in respect of audit and non-audit work; and
- to annually assess the external Auditor's independence, objectivity, effectiveness, resources and expertise.

Internal controls and risk management systems
The Board is responsible for ensuring that suitable systems of risk management and internal control are implemented, including systems that include financial controls to address financial risks, by the third-party service providers and keeping these systems under review to ensure their continuing adequacy.

The Directors have reviewed the BNP Paribas ISAE 3402 report (on the description of controls placed in operation, their design and operating effectiveness for the period from 1 April 2021 to 31 March 2022) on Fund Administration and the corresponding Bridging Letter up to 30 September 2022, and are pleased to note that no significant issues were identified.

In accordance with the FRC's Internal Control: Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, and the FRC's Guidance on Audit Committees, the Board confirms that there is an on-going process for identifying, evaluating and managing the significant internal control risks faced by the Company.

As the Company does not have any employees it does not have a "whistle blowing" policy in place, however the Board has reviewed the whistleblowing procedures of the Portfolio Manager with no issues noted. The Company delegates its main administrative functions to third-party providers who report on their policies and procedures to the Board.

The Board believes that as the Company delegates its day-to-day administrative operations to third-parties (which are monitored by the Board), it does not require an internal audit function.

The Audit Committee met on two occasions in the year under review and the members' attendance record can be found on page 38 of this Annual Report.

Significant risks in relation to the financial statements
The Audit Committee views the valuation of the Company's investments as a significant risk.

There is a risk that the AIM listed investments are not valued appropriately in accordance with the requirements set out in IFRS 13 due to the nature of the AIM market and the listed stocks not being highly liquid, or heavily traded.

The Audit Committee reviews the regular reports from the Portfolio Manager and Administrator regarding the valuation of the investments and the Board reviews the NAV of the Company, together with the value and trading volumes of investments on a regular basis. The Committee also considered the implications of the COVID-19 pandemic, the Ukraine conflict and the current political and economic environment, on both the valuation and liquidity of the investment portfolio and concluded that it remained appropriate to estimate the fair value of the Company's financial assets based on quoted prices (refer to note 2.3(c) for further details).

In addition to the above, the AIFM holds monthly risk committee meetings, where the Company's risk measurement framework is discussed, including market risk, credit risk, counterparty risk, operational risk and liquidity risk, in reference to the investment portfolio and the Company performance thereof. On a quarterly basis, the AIFM provides an update to the Board and is also asked to attend Audit Committee meetings by the Chair of the Audit Committee to assist the Audit Committee in evaluating the appropriateness and robustness of the valuation methodology applied to the investment portfolio.

External audit process
The Auditor were reappointed on 2 March 2022. The Audit Committee has direct access to the Company's external auditor and provides a forum through which the external auditor reports to the Board. Representatives of the Auditor attend meetings of the Audit Committee at least twice each year.

The Audit Committee met with the Auditor prior to the commencement of the audit and agreed an audit plan that would adopt a risk based approach. The Audit Committee and the Auditor agreed that audit procedures would be performed over the title to and the existence of the Company's investments and the procedures in place at the Administrator and the Portfolio Manager in respect of the valuation of the Company's investment portfolio would be understood and evaluated.

Upon completion of the audit, the Audit Committee discussed with the Auditor the effectiveness of the audit and considered the Auditor's independence from the Company since their appointment and throughout the audit process. The significant risks regarding both fraud risk - management override of controls and valuation of the investment portfolio, were tracked through the period and the Audit Committee challenged the work performed by the Auditor to test management override of controls and in addition the audit work undertaken in respect of valuations of investments held.

The Audit Committee was satisfied that during the audit of the annual report and financial statements for the year ended 30 September 2022, there had been appropriate focus and challenge on the significant and other key areas of audit risk and the Committee assessed the quality of the audit process to be good.

During the year ended 30 September 2022, in addition to the audit services in respect to the audit of the Company's Annual Financial Report, the Auditor provided non-audit services in respect of the review of the Company's Half-Year Report for the period ended 31 March 2022. No other non-audit services were provided during the year ended 30 September 2022.

To safeguard the objectivity and independence of the external Auditor from becoming compromised, the Committee has a formal policy governing the engagement of the external Auditor to provide non-audit services. The external Auditor and the Directors have agreed that all non-audit services require the pre-approval of the Audit Committee prior to commencing any work. Fees for non-audit services will be tabled annually so that the Audit Committee can consider the impact on the Auditor's objectivity.

The fees for the audit services were: £57,000 for the audit for the year ended 30 September 2022 and the fees for non-audit services were £21,500 for the review of the Company's Half-Yearly Report for the period ended 31 March 2022. The Audit Committee has discussed the report provided by the Auditor and the Audit Committee is satisfied as to the independence of the Auditor.

The Committee has reviewed the Auditor's independence policies and procedures and considers that they are fit for purpose.

Appointment and independence
The Audit Committee considers the reappointment of the Auditor, including the rotation of the audit engagement leader, and assesses their independence on an annual basis. The external Auditor is required to rotate the engagement leader responsible for the Company's audit every five years. Evgeniya Litvintseva took over as engagement leader during the year ended 30 September 2022 and this is the first year she has overseen the audit of the Company.

The Committee reviews the objectivity and effectiveness of the audit process on an annual basis and considers whether the Company should put the audit engagement out to tender. Having considered the need to tender the position for the current year, the Committee has provided the Board with its recommendation to the Shareholders on the reappointment of the Auditor as external auditor for the year ending 30 September 2023.

Accordingly, a resolution proposing the reappointment of the Auditor will be put to the Shareholders at the 2023 AGM. It is the Audit Committee's intention to put the Company's audit out to tender in early 2023. There are no contractual obligations restricting the Audit Committee's choice of external auditor and we do not indemnify our external auditor.

The Committee will seek to adopt best practice guidance in conducting audit tenders, as issued by the FRC and other governing bodies as applicable.

This Report of the Audit Committee was approved by the Board of Directors on 13 December 2022 and signed on its behalf by:

Charlotte Denton
Audit Committee Chair

DIRECTORS' STATEMENT OF RESPONSIBILITIES

The Directors are responsible for preparing financial statements in accordance with The Companies (Guernsey) Law, 2008, as amended ("Companies Law") and International Financial Reporting Standards ("IFRS").

Companies Law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss for the year.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with Companies Law. The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In accordance with DTR 4.1.12, the Directors confirm to the best of their knowledge that:

- the financial statements, which have been prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and

- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

The Annual Financial Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for Shareholders to assess the Company's performance, position, business model and strategy.

Andrew Chapman
Chairman

13 December 2022

Charlotte Denton
Audit Committee Chair

13 December 2022

DIRECTORS' REMUNERATION REPORT

This report describes how the Board has applied the principles of the AIC Code relating to Directors' remuneration. An ordinary resolution to approve the Directors' remuneration report will be proposed at the AGM on 1 March 2023.

Table of Directors Remuneration

The fees payable to directors are set for each calendar year in accordance with the policy set out below.

Director	**Role**	**Annual Fee to 31 December 2021***	**Annual Fee effective 1 January 2022 (approved post year-end)***
Andrew Chapman	Chairman	£42,000	£43,050
Mark Hodgson	Non-executive Director	£27,000	£27,675
Trudi Clark (due to retire 1 March 2023)	Non-executive Director	£27,000	£27,675
Stephen Coe (retired 31 August 2022)	Chair of the Audit Committee	£32,000	£32,800
Charlotte Denton (appointed 1 September 2022)	Chair of the Audit Committee	-	£32,800
John Blowers (appointed 1 August 2022)	Non-executive Director	-	£27,675

* On 5 October 2022, the Board approved an increase in the annual basic Director fees of 2.5% effective from 1 January 2022.

No other remuneration or compensation was paid or is payable by the Company during the year to any of the Directors and there has been no change to the Company's remuneration policy as detailed below during the course of the year.

No Director is entitled to receive any remuneration which is performance-related.

Remuneration policy
The determination of the Directors' fees is a matter for the Remuneration and Nomination Committee. The Remuneration and Nomination Committee considers the remuneration policy annually to ensure that it remains appropriately positioned. Members of this Committee will review the fees paid to the boards of Directors of similar companies. Each Director recuses themselves from participating in decisions relating to his or her own remuneration.

The Company's policy is for the Directors to be remunerated in the form of fees, payable quarterly in arrears. No Director has any entitlement to a pension, and the Company has not awarded any share options or long-term performance incentives to any of the Directors.

Directors are authorised to claim reasonable expenses from the Company in relation to the performance of their duties.

The Company's policy is that the fees payable to the Directors should reflect the time spent by the Board on the Company's affairs and the responsibilities borne by the Directors and should be sufficient to enable high calibre candidates to be recruited. The policy is for the Chairman of the Board and Chair of the Audit Committee to be paid a higher fee than the other Directors in recognition of their more onerous roles and more time spent. The Remuneration and Nomination Committee may recommend the amendments to the level of remuneration paid within the limits of the Company's Articles of Incorporation.

In 2020, the Remuneration Committee recommended that Directors remuneration be increased annually by a percentage equal to the Retail Prices Index, subject to a maximum annual increase of 2.5%. At its meeting on 5 October 2022, the Remuneration Committee recommended that the first such increase of 2.5% be implemented and backdated to 1 January 2022.

The Company's Articles of Incorporation limits the aggregate fees payable to the Board of Directors to a total of £165,000 per annum.

Advisers to the Remuneration and Nomination Committee
The Board has not sought the advice or services by any outside person, at this time, in respect of its consideration of the Directors' remuneration, although the Board reviews Directors' compensation in line with market trends. Ensuring Directors fees remain in line with the market is important during this period of Board refreshment to ensure that the Company continues to attract the most talented individuals.

Trudi Clark
Remuneration and Nomination Committee Chair

13 December 2022

Independent auditor's report to the members of River and Mercantile UK Micro Cap Investment Company Limited

Report on the audit of the financial statements

Our opinion
In our opinion, the financial statements give a true and fair view of the financial position of River and Mercantile UK Micro Cap Investment Company Limited (the "company") as at 30 September 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

What we have audited

The company's financial statements comprise:

- the statement of financial position as at 30 September 2022;
- the statement of comprehensive income for the year then ended;
- the statement of changes in shareholders' equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements of the company, as required by the Crown Dependencies' Audit Rules and Guidance. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

Audit scope

- The company is a closed-ended investment company, incorporated in Guernsey, whose ordinary shares are admitted to trading with a premium listing on the Main Market of the London Stock Exchange.
- We conducted our audit of the financial statements in Guernsey, using information provided by BNP Paribas S.A. Guernsey branch (the "Administrator"), River and Mercantile Asset Management LLP (the "Portfolio Manager") and Carne Global AIFM Solutions (C.I.) Limited (the "Alternative Investment Fund Manager") all to whom the board of directors has delegated the provision of certain functions.
- We tailored the scope of our audit taking into account the types of investments within the company, the accounting processes and controls, and the industry in which the company operates.

Key audit matters

- Valuation of Financial Assets designated at fair value through profit or loss ("Investments").

Materiality

- Overall materiality: £0.6 million (2021: £1.1 million) based on 1% of net assets.
- Performance materiality: £0.4 million.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Key audit matter	**How our audit addressed the key audit matter**
Valuation of Financial Assets designated at fair value through profit or loss ("Investments") Investments of £56.027 million (note 8) held at fair value through profit or loss (note 2.3) consist mainly of equities in companies whose securities are admitted to trading on the AIM. Investments are the main driver for the company's performance and are considered to be a key area of focus for members of the company. There is a risk that the AIM listed investments are not valued appropriately in accordance with the requirement set out in IFRS 13 for the price to be quoted in an active market in order to be an appropriate measure of fair value, and we therefore consider this to be a key audit matter. IFRS 13 defines an active market as a market in which transactions for the asset take place with sufficient frequency and volume to provide pricing information on an ongoing basis.	We assessed the accounting policy for the Investments, as set out in note 2.3, for compliance with IFRS. We understood and evaluated the internal control environment in place at the Administrator over the valuation of the investment portfolio and the production of the net asset value for the company. We also discussed the asset selection and monitoring process with the Portfolio Manager. We tested the valuation of the Investments by independently agreeing 100% of the prices used in the valuation to a third-party pricing provider and recalculated the total valuation as at 30 September 2022. We independently obtained and analysed each security's trading volumes for the 12 months of the financial year ended 30 September 2022. We compared that with the trading volume of the last 12 months ended 30 September 2021. For securities identified as having low trading volumes, relative to the company's holdings, further trading volume analysis post 30 September 2022 was also performed. Our analysis showed that some level of trading occurred at or near the quoted year-end prices during the two-week post year end period indicating evidence of an active market and that the quoted prices at the period end were therefore indicative of fair value. We independently obtained the custody confirmation for the Investments and reconciled to the company's accounting records, without exception. We have nothing to report to those charged with governance in respect of the above procedures.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which the company operates.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£0.6 million (2021: £1.1 million)
How we determined it	1% of net assets
Rationale for benchmark applied	We believe that net assets is the most appropriate benchmark because this is the key metric of interest to members of the company. It is also a generally accepted measure used for companies in this industry.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £0.4 million (2021: £0.8 million) for the company's financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the lower end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £28,900 (2021: £55,640) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Reporting on other information

The other information comprises all the information included in the Annual Financial Report (the "Annual Report") but does not include the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Statement of Responsibilities, the directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards, the requirements of Guernsey law and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Use of this report

This report, including the opinions, has been prepared for and only for the members as a body in accordance with Section 262 of The Companies (Guernsey) Law, 2008 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Report on other legal and regulatory requirements

Company Law exception reporting

Under The Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit;
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

The company has reported compliance against the 2019 AIC Code of Corporate Governance (the "Code") which has been endorsed by the UK Financial Reporting Council as being consistent with the UK Corporate Governance Code for the purposes of meeting the company's obligations, as an investment company, under the Listing Rules of the FCA.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the company and its environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Evgeniya Litvintseva
For and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants Recognised Auditor
Guernsey, Channel Islands

13 December 2022

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 September 2022

	Notes	**Year ended 30 September 2022 £**	**Year ended 30 September 2021 £**
Income			
Investment income	3	847,006	957,075
Net (loss)/gain on financial assets designated at fair value through profit or loss	8	(54,004,763)	53,254,632
Total income		**(53,157,757)**	**54,211,707**
Expenses			
Portfolio performance fees recovery/(expense)	4	897,281	(2,068,808)
Portfolio management fees	4	(630,785)	(830,989)
Operating expenses	5	(589,580)	(636,367)
Foreign exchange gains		34,015	4,840
Total expenses		**(289,069)**	**(3,531,324)**
(Loss)/profit before taxation		**(53,446,826)**	**50,680,383**
Taxation		-	-
(Loss)/profit after taxation and total comprehensive (loss)/income		**(53,446,826)**	**50,680,383**
Basic and diluted (loss)/earnings per Ordinary Share	13	(1.5767)	1.2700

The Company has no items of other comprehensive income, and therefore the loss after taxation for the year is also the total comprehensive loss.

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

The notes on pages 57 to 73 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

	Notes	30 September 2022 £	30 September 2021 £
Non-current assets			
Financial assets designated at fair value through profit or loss	8	56,027,223	102,125,227
Current assets			
Cash and cash equivalents		2,289,617	10,156,557
Other receivables and prepayments	7	92,681	78,385
Total current assets		**2,382,298**	**10,234,942**
Total assets		**58,409,521**	**112,360,169**
Current liabilities			
Trade payables – securities purchased awaiting settlement		(433,561)	-
Other payables and accruals	10	(136,219)	(1,073,602)
Total current liabilities		**(569,780)**	**(1,073,602)**
Total liabilities		**(569,780)**	**(1,073,602)**
Net assets		**57,839,741**	**111,286,567**
Capital and reserves			
Stated capital	12	-	-
Share premium	12	-	-
Retained earnings		57,839,741	111,286,567
Equity Shareholders' funds		**57,839,741**	**111,286,567**

The financial statements on pages 53 to 73 were approved and authorised for issue by the Board of Directors on 13 December 2022 and signed on its behalf by:

Andrew Chapman
Chairman

Charlotte Denton
Audit Committee Chair

The notes on pages 57 to 73 form an integral part of these financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 30 September 2022

	Stated capital £	Share premium £	Retained earnings £	Total £
Opening equity Shareholders' funds at 1 October 2021	**-**	**-**	**111,286,567**	**111,286,567**
Total comprehensive loss for the year	-	-	(53,446,826)	(53,446,826)
Closing equity Shareholders' funds at 30 September 2022	**-**	**-**	**57,839,741**	**57,839,741**

For the year ended 30 September 2021

	Stated capital £	Share premium £	Retained earnings £	Total £
Opening equity Shareholders' funds at 1 October 2020		**28,391,852**	**67,221,061**	**95,612,913**
Total comprehensive income for the year	-	-	50,680,383	50,680,383
Transactions with owners, recorded directly in equity				
Redemption of ordinary shares	-	(28,382,545)	(6,614,877)	(34,997,422)
Ordinary share redemption costs	-	(9,307)	-	(9,307)
Closing equity Shareholders' funds at 30 September 2021	-	-	**111,286,567**	**111,286,567**

The notes on pages 57 to 73 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
For the year ended 30 September 2022

	Notes	Year ended 30 September 2022 £	Year ended 30 September 2021 £
Cash flow from operating activities			
(Loss)/profit after taxation and total comprehensive (loss)/income		(53,446,826)	50,680,383
Adjustments to reconcile profit after taxation to net cash flows:			
- Realised loss/(gain) on financial assets designated at fair value through profit or loss	8	1,352,009	(32,981,316)
- Unrealised loss/(gain) on financial assets designated at fair value through profit or loss	8	52,652,754	(20,273,316)
Purchase of financial assets designated at fair value through profit or loss[1]	8	(18,456,591)	(23,635,734)
Proceeds from sale of financial assets designated at fair value through profit or loss	8	10,983,393	67,668,843
Changes in working capital			
Increase in other receivables and prepayments	7	(14,296)	(5,302)
Decrease in other payables	10	(937,383)	(220,182)
Net cash generated (used in)/from operating activities		**(7,866,940)**	**41,233,376**
Cash flows from financing activities			
Redemption of ordinary shares	12	-	(34,997,422)
Ordinary share redemption costs paid	12	-	(9,307)
Net cash used in financing activities		-	**(35,006,729)**
Net (decrease)/increase in cash and cash equivalents in the year		**(7,866,940)**	**6,226,647**
Cash and cash equivalents at the beginning of the year		10,156,557	3,929,910
Cash and cash equivalents at the end of the year		**2,289,617**	**10,156,557**

[1] - Payables outstanding at 30 September 2022 relating to purchases of financial assets designated at fair value through profit amounted to £433,561 (30 September 2021: £ nil).

The notes on pages 57 to 73 form an integral part of these financial statements.

NOTES TO THE 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, and the Registered Collective Investment Scheme Rules 2021. The Company registered number is 59106.

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

2. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

a) Statement of Compliance

The financial statements have been prepared in accordance with the Companies Law and with International Financial Reporting Standards ("IFRS") which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB"), and interpretations issued by the IFRS Interpretations Committee ("IFRIC") as approved by the International Accounting Standards Committee ("IASC") which remain in effect. The financial statements give a true and fair view of the Company's affairs and comply with the requirements of the Companies Law.

The financial statements have been prepared under a going concern basis. The Directors are satisfied that, at the time of approving the financial statements, no material uncertainties exist that may cast significant doubt concerning the Company's ability to continue for the foreseeable future. The Directors consider it appropriate to adopt the going concern basis in preparing the financial statements.

b) Basis of measurement

These financial statements have been prepared on a historical cost basis adjusted to take account of the revaluation of financial assets designated at fair value through profit or loss.

c) Functional and presentation currency

The Company's functional currency is Pound Sterling, which is the currency of the primary economic environment in which it operates. The Company's performance is evaluated and its liquidity is managed in Pound Sterling. Pound Sterling is therefore considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Pound Sterling.

d) Critical accounting assumptions, estimates and judgements

The preparation of the financial statements in conformity with IFRS, requires the Company to make judgements, estimates and assumptions that affect items reported in the Statement of Financial Position and Statement of Comprehensive Income and the disclosure of contingent assets and liabilities at the date of the financial statements. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The Directors have used their judgement to determine that the functional currency is Pound Sterling (refer to note 2.1 (c) above) and that all financial assets designated at fair value through profit or loss are traded within an active market (note 2.3(c) below).

The Directors have determined that an active market exists for the Company's financial assets based on the frequency and volume of transactions of each asset. As all the Company's financial assets are quoted securities which are traded in active markets as at 30 September 2022, in the opinion of the Directors, the quoted price for the financial assets as at 30 September 2022 is representative of fair value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Accounting policies (continued)
2.1 Basis of preparation (continued)
e) New standards, amendments and interpretations

Standards and amendments to existing standards that became effective during the year are detailed below.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
The amendments to the above standards are effective for period beginning on or after 1 January 2021 and provide temporary reliefs, which address the financial reporting effects when an interbank offered rate is replaced with an alternative nearly risk-free interest rate. As the Company does not hold any instruments that reference interbank offered rates, these amendments had no impact on the annual report and audited financial statements.

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

f) Standards, amendments and interpretations issued but not yet effective
Detailed below are new standards, amendments and interpretations to existing standards that have been issued, but are not yet effective. They are not relevant to the Company's operations and have not been early adopted by the Company:

	Effective for periods beginning on or after
IFRS 17 – Insurance contracts	1 January 2023
IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors - amendments regarding the definition of accounting estimates	1 January 2023

The Board has undertaken an assessment of the impact of IFRS 17 on the audited financial statements and concluded that there will be no material impact as the Company does not have any insurance contracts.

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

2.2 Foreign currency translations
Foreign exchange gains and losses resulting from the settlement of transactions in foreign currencies and from the translation of monetary assets and liabilities at year end exchange rates to Pound Sterling are recognised in the Statement of Comprehensive Income as foreign exchange gains.

Non-monetary items such as financial assets designated at fair value through profit or loss measured at fair value in a foreign currency, are translated using exchange rates at the Statement of Financial Position date when the fair value was determined. Effects of exchange rate changes on non-monetary items measured at fair value on a foreign currency are recorded as part of the fair value gain or loss.

As at 30 September 2022, all financial assets designated at fair value through profit or loss are held in Pound Sterling.

2.3 Financial instruments
Financial Assets
a) Classification
The Company classifies its investments in equity securities as financial assets designated at fair value through profit or loss as they are held for investment purposes. These financial assets are managed, and their performance is evaluated on a fair value basis in accordance with the Company's documented investment strategy. The Company's policy requires the Portfolio Manager and the Board of Directors to evaluate the information about these financial assets on a fair value basis together with other related financial information. Furthermore, these financial assets do not possess contractual cash flows.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Accounting policies (continued)
2.3 Financial instruments (continued)
Financial Assets (continued)
a) Classification continued)
Financial assets also include cash and cash equivalents as well as trade receivables and other receivables which are classified at amortised cost using the effective interest rate method.

b) Recognition, measurement and derecognition
Purchases and sales of investments are recognised on the trade date – the date on which the Company commits to purchase or sell the investment. Financial assets designated at fair value through profit or loss are measured initially at fair value. Transaction costs are expensed as incurred and movements in fair value are recorded in the Statement of Comprehensive Income. Subsequent to initial recognition, all financial assets designated at fair value through profit or loss are measured at fair value.

Cash and cash equivalents, trade receivables, other receivables and prepayments are classified at amortised cost. These financial assets are initially recognised at fair value plus transaction costs and subsequently measured at amortised cost.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

c) Fair value estimation
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

As at 30 September 2022, the Company held investments 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, whose securities are admitted to trading on AIM or the main market of the London Stock Exchange. Investments are valued at fair value, which are quoted bid prices for investments traded in active markets.

d) Valuation process
The Directors are in ongoing communications with the Portfolio Manager and hold meetings on a timely basis to discuss performance of the investment portfolio and the valuation methodology and in addition review monthly investment performance reports.

The Directors analyse the investment portfolio in terms of both investment mix and fair value hierarchy and consider the impact of general credit conditions and/or events that occur in the global corporate environments which may impact the economic conditions in the UK and ultimately on the valuation of the investment portfolio.

Financial liabilities
a) Classification
Securities purchased awaiting settlement represent payables for investments that have been contracted for but not yet settled or delivered on 30 September 2022. Financial liabilities include amounts due to brokers and other payables which are held at amortised cost using the effective interest rate method.

b) Recognition, measurement and derecognition
Financial liabilities are recognised initially at fair value, net of transaction costs incurred and are subsequently carried at amortised cost using the effective interest rate method. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Accounting policies (continued)

2.4 Investment income

Dividends receivable on equity shares are recognised as revenue for the period on an ex-dividend basis and net of withholding taxes, as the withholding taxes are deducted at source and are not a tax on profits. Interest income and expenses are recognised in the Statement of Comprehensive Income using the effective interest rate method.

2.5 Expenses

Expenses are recognised on an accruals basis and are recognised in the Statement of Comprehensive Income.

2.6 Cash and cash equivalents

Cash includes cash at bank. Cash equivalents are short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

2.7 Trade receivables and trade payables

Trade receivables and payables represent securities sold and securities purchased, respectively, that have been contracted for but not yet settled or delivered on the Statement of Financial Position date.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each period end, the Company measures the loss allowance on trade receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, the credit risk has not increased significantly since initial recognition, the Company will measure the loss allowance at an amount equal to 12-month expected credit losses.

Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation and default in payments are all considered indicators that a loss allowance may be required. A significant increase in credit risk is defined by the Directors as any contractual payment which is more than 30 days past due.

2.8 Segmental reporting

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

2.9 Contingent liabilities and provisions

A contingent liability is a possible obligation depending on whether some uncertain future event occurs; or a present obligation but payment is not probable or the amount cannot be measured reliably. A provision is recognised when:

- the Company has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

2.10 Taxation

The Company has applied for and been granted exemption from liability to income tax in Guernsey under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 as amended by the Director of Income Tax in Guernsey for the current period. Exemption must be applied for annually and will be granted, subject to the payment of an annual fee, which is currently fixed at £1,200 per applicant, provided the Company qualifies under the applicable legislation for exemption.

It is the intention of the Directors to conduct the affairs of the Company so as to ensure that it continues to qualify for exempt company status for the purposes of Guernsey taxation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Accounting policies (continued)

2.11 Stated capital

Ordinary Shares are classified as equity in accordance with IAS 32 – "Financial Instruments: Presentation" as these instruments include no contractual obligation to deliver cash and the Company is not obligated to apply the redemption mechanism.

Costs directly attributable to the issue of new Ordinary Shares and redemption of existing Ordinary Shares are shown in equity as a deduction from the proceeds.

Please refer to note 12 for details regarding the redemption mechanism of Ordinary Shares.

2.12 Capital risk management

The Board defines capital as financial resources available to the Company. The Company's capital as at 30 September 2022 comprises its retained earnings at a total of £57,839,741 (2021: £111,286,567).

The Company's objectives when managing capital are to:

- safeguard the Company's ability to continue as a going concern;
- provide returns for Shareholders; and
- maintain an optimal capital structure to minimise the cost of capital.

The Board monitors the capital adequacy of the Company on an on-going basis and all three of the Company's objectives regarding capital management have been met. The Company has no imposed capital requirements.

3. Investment income

	Year ended 30 September 2022	**Year ended 30 September 2021**
	£	**£**
Dividend income[1]	836,749	957,075
Bank interest	10,257	-
Total investment income	**847,006**	**957,075**

[1] Net of withholding taxes of £66,616 (2021: £108,374).

4. Portfolio management and performance fees

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

The AIFM or the Portfolio Manager may voluntarily terminate the Investment Management agreement by providing six months' notice in writing. The AIFM's power to terminate the appointment of the Portfolio Manager under the Investment Management agreement may only be exercised under the direction of the Board and the 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 agreement, the Portfolio Manager is entitled to receive a base fee and performance fee. The Portfolio Manager base fee is payable monthly in arrears at a rate of one-twelfth of 0.75% of NAV. During the year ended 30 September 2022, the Company incurred management fees expense of £630,785 (30 September 2021: £830,989).

A performance fee equal to 15% of the amount by which the Company's NAV outperforms the total return on the benchmark (being Numis Smaller Companies plus AIM (excluding Investment Companies) total return index) over a performance period will be payable to the Portfolio Manager upon a redemption.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Portfolio management and performance fees (continued)

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 12.

During the year ended 30 September 2022, the Company recognised the reversal of the performance fees accrued as at 30 September 2021 of £897,281 (30 September 2021: the Company recognised performance fees expense of £2,068,808). As at 30 September 2022, no performance fees were accrued (30 September 2021: £897,281) as the Company's NAV total return performed unfavourably against the benchmark during the performance period and no performance fees were paid as there were no redemptions during the period (30 September 2021: £2,217,955). Refer to the Financial Highlights and Performance Summary for details of the Company's previous redemptions on page 5.

5. Operating expenses

	Year ended 30 September 2022 £	**Year ended 30 September 2021 £**
Administration fees	129,545	159,282
Directors' fees	134,199	144,387
AIFM fees	58,000	58,098
Audit fees	57,000	50,436
Transaction fees	23,121	55,208
Broker fees	39,889	36,667
Custody fees	16,588	24,321
Non-audit fees	21,500	19,070
Registrar fees	21,056	14,624
Legal and professional fees	11,275	4,791
Sundry expenses	77,407	69,483
Total operating expenses	**589,580**	**636,367**

Non-audit fees

Non-audit fees incurred during the year ended 30 September 2022 relating to interim review services amounted to £21,500 (30 September 2021: £19,070). Non-audit fees payable as at 30 September 2022 were £nil (30 September 2021: £nil).

AIFM fee

On 21 October 2014, the Company signed an AIFM agreement, which was subsequently amended on 1 September 2020. The AIFM is entitled to an annual fixed fee of £58,000 per annum.

The annual fixed fee is paid quarterly in arrears. There were no AIFM fees payable as at 30 September 2022 (30 September 2021: £nil). The AIFM agreement can be terminated by either the Company or the AIFM by giving the other not less than ninety days' written notice or on immediate notice on the occurrence of certain "cause" events.

Custody fee

On 21 October 2014, the Company signed a Global Custody Agreement with the AIFM and the Administrator, whereby the Company appointed the Administrator to carry out custodian services. In its role as custodian, the Administrator is entitled to a fee payable by the Company on a transaction by transaction and ad-valorem fee basis. Custody fees payable as at 30 September 2022 were £708 (30 September 2021: £1,212).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Administration fee
On 21 October 2014, the Company signed an agreement with the Administrator to provide administrative, compliance oversight and company secretarial services to the Company. Under the administration agreement, the Administrator is entitled to a minimum annual fixed fee paid monthly in arrears. Ad hoc other administration services are chargeable on a time cost basis. In addition, the Company will reimburse the Administrator for any out of pocket expenses. Administration fees payable as at 30 September 2022 were £7,083 (30 September 2021: £9,319).

Broker fee
Singer Capital Markets Advisory LLP ("Singer") provide corporate stockbroker and financial adviser services to the Company, as the Company's sole broker. Singer is entitled to a fee payable by the Company of £40,000 per annum payable quarterly in advance. There were no broker fees payable as at 30 September 2022 (30 September 2021: £nil).

In addition, Singer was entitled to a one-off bonus fee contingent upon the average daily discount over the three months to 31 December 2021. The bonus would have been payable to Singer only if the Company's average daily discount was no greater than 8% during this period; with a maximum bonus payable to Singer of £11,800 per annum, should the Company's shares be trading at a premium during this period, reduced accordingly if the average daily discount lies between 8% and 0% during this period. There were no bonus fees incurred or payable as at 30 September 2022 (30 September 2021: £nil).

6. Directors' fees and interests
Directors fees are listed in the Directors' Remuneration Report on page 45.

Directors' fees payable as at 30 September 2022 were £31,109 (30 September 2021: £37,052). No pension contributions were payable in respect of the Directors. Directors' fees were increased post year end, refer to note 16 for further details.

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

Director	**Ordinary Shares held**	
	30 September 2022	**30 September 2021**
Andrew Chapman	15,009	15,009
Trudi Clark	8,353	8,353
Mark Hodgson	7,721	7,721
Stephen Coe[1]	n/a	4,000
Charlotte Denton[2]	-	n/a
John Blowers[3]	1,772	n/a

[1] Stephen Coe retired as a Director on 31 August 2022.
[2] Charlotte Denton was appointed as a Director on 1 September 2022.
[3] John Blowers was appointed as a Director on 1 August 2022.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Other receivables

	30 September 2022 £	30 September 2021 £
Dividend receivable	78,450	71,144
Prepayments	7,348	6,777
Interest and other receivable	6,883	464
Total other receivables	**92,681**	**78,385**

The Directors believe that these balances are fully recoverable and therefore have not recognised any loss allowance on 12-month expected credit losses.

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

	30 September 2022 £	30 September 2021 £
Financial assets designated at fair value through profit or loss	**56,027,223**	**102,125,227**

The Company has invested in a portfolio of UK micro-cap companies in line with its investment strategy. These investments are 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' 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.

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. Financial assets designated at fair value through profit or loss (continued)
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:

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

During the year ended 30 September 2022, there were no reclassifications between levels of the fair value hierarchy.

30 September 2021	**Level 1**	**Level 2**	**Level 3**	**Total**
	£	**£**	**£**	**£**
Opening valuation	**92,934,986**	**-**	**-**	**92,934,986**
Purchases during the year	23,530,789	-	-	23,530,789
Sales - proceeds during the year	(67,595,180)		-	(67,595,180)
Realised gain on financial assets designated at fair value through profit or loss[3]	32,981,316	-	-	32,981,316
Unrealised gain on financial assets designated at fair value through profit or loss[4]	20,273,316	-	-	20,273,316
Closing valuation	**102,125,227**	**-**	**-**	**102,125,227**
Total net gain on financial assets for the year ended 30 September 2021	53,254,632	-	-	53,254,632

During the year ended 30 September 2021, there were no reclassifications between levels of the fair value hierarchy.

Please refer to note 2.3 for valuation methodology of financial assets designated at fair value through profit or loss.

As at 30 September 2022, none of the investments held are deemed to be illiquid in nature and on this basis are not subject to any special arrangements.

9. Financial risk management
The Company's activities expose it to a variety of financial risks; market risk (including price risk, interest rate risk and foreign currency risk), credit risk and liquidity risk.

9.1 Market risk
a) Price risk
Price risk is the risk that the Company's performance will be adversely affected by changes in the markets in which it invests.

[1] Realised loss on financial assets designated at fair value through profit or loss is made up of £3,109,290 gain and £(4,461,299) loss.
[2] Unrealised loss on financial assets designated at fair value through profit or loss is made up of £1,738,932 gain and £(54,391,686) loss.
[3] Realised gain on financial assets designated at fair value through profit or loss is made up of £37,042,565 gain and £(4,061,250) loss.
[4] Unrealised gain on financial assets designated at fair value through profit or loss is made up of £34,324,776 gain and £(14,051,460) loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Financial risk management (continued)
9.1 Market risk (continued)
a) Price risk (continued)
As at 30 September 2022, the Company held investments in a diversified portfolio of UK micro-cap companies, 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. Therefore prices of UK micro-cap companies are often more volatile than prices of larger capitalisation stocks, and even small cap companies.

While the Company does not include any specific limits placed on exposures to any industry sector, the Company does have investment limits and risk diversification policies in place to mitigate market and concentration risk. Investments limits in place include:

- the number of holdings in the investment portfolio will usually range from 30 to 50.
- no exposure in any investee company will exceed 10% of NAV at the time of the investment.

However, any significant event which affects a specific industry sector in which the investment portfolio has a significant holding could materially and adversely affect the performance of the Company. To mitigate market risk, the Board and Portfolio Manager actively monitor market prices throughout the financial period and meet regularly in order to consider investment strategy.

Please refer below for sensitivity analysis on the impact on the Statement of Comprehensive Income and NAV of the Company, if the fair value of the investments designated at fair value through profit or loss at the year end increased or decreased by 25% (2021: 15%):

30 September 2022 **Financial assets**	**£**	**Increase by 25%** **£**	**Decrease by 25%** **£**
Financial assets designated at fair value through profit or loss	56,027,223	14,006,806	(14,006,806)

30 September 2021 **Financial assets**	**£**	**Increase by 15%** **£**	**Decrease by 15%** **£**
Financial assets designated at fair value through profit or loss	102,125,227	15,318,784	(15,318,784)

The Directors consider a 25% (2021: 15%) movement to be reasonable given their assessment of the volatility of the AIM market during the year ended 30 September 2022. The above calculations are based on the investment valuation at the Statement of Financial Position date and are not representative of the period as a whole, and may not be reflective of future market conditions.

b) Interest rate risk
Interest rate risk is the risk that the fair value of financial instruments and related income from cash and cash equivalents will fluctuate due to changes in market interest rates.

The majority of the Company's interest rate exposure arises on the level of income receivable on cash deposits. Financial assets designated at fair value through profit or loss are equity investments and therefore the valuation of these investments and income receivable is not directly exposed to interest rate risk.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Financial risk management (continued)
9.1 Market risk (continued)
b) Interest rate risk (continued)

The Company has not had any borrowings during the year (30 September 2021: £nil). The table below details the Company's exposure to interest rate risks:

30 September 2022	**Interest bearing (*)**	**Non-interest bearing**	**Total**
	£	**£**	**£**
Assets			
Financial assets designated at fair value through profit or loss	-	56,027,223	56,027,223
Cash and cash equivalents	2,289,617	-	2,289,617
Other receivables (excluding prepayments)	-	85,333	85,333
Total assets	**2,289,617**	**56,112,556**	**58,402,173**
Liabilities			
Trade payables – securities purchased awaiting settlement	-	(433,561)	(433,561)
Other payables	-	(136,219)	(136,219)
Total liabilities	-	(569,780)	(569,780)
Total interest sensitivity gap	**2,289,617**	**55,542,776**	**57,832,393**

* - floating rate and due within 1 month

30 September 2021	**Interest bearing (*)**	**Non-interest bearing**	**Total**
	£	**£**	**£**
Assets			
Financial assets designated at fair value through profit or loss	-	102,125,227	102,125,227
Cash and cash equivalents	10,156,557	-	10,156,557
Other receivables (excluding prepayments)	-	71,608	71,608
Total assets	**10,156,557**	**102,196,835**	**112,353,392**
Liabilities			
Other payables	-	(1,073,602)	(1,073,602)
Total liabilities	-	(1,073,602)	(1,073,602)
Total interest sensitivity gap	**10,156,557**	**101,123,233**	**111,279,790**

* - floating rate and due within 1 month

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Financial risk management (continued)
9.1 Market risk (continued)
b) Interest rate risk (continued)
Interest rate sensitivity analysis
If interest rates had changed by 100 basis points ("BP") (30 September 2021: 50 BP), considered to be a reasonable illustration based on observation of current market conditions, with all other variables remaining constant, the effect on the net profit for the year would be as detailed below:

	30 September 2022 £	**30 September 2021 £**
Increase of 100 BP (30 September 2021: 50 BP)	22,896	50,783
Decrease of 100 BP (30 September 2021: 50 BP)	(22,896)	(50,783)

c) Foreign currency risk
Foreign currency risk is the risk that the values of the Company's assets and liabilities are adversely affected by changes in the values of foreign currencies by reference to the Company's functional currency, being Pound Sterling.

The Company has not been exposed to any material foreign currency risk during the year.

During the year ended 30 September 2022 and 30 September 2021, all transactions were in Pound Sterling, with the exception of several dividend income and cash transactions which were in USD. Although the Company does not pursue a policy of hedging such currencies back to Pound Sterling, it may do so from time to time, depending on market conditions. During the year ended 30 September 2022, the Company did not enter into (30 September 2021: nil) currency purchase spot contracts to mitigate the foreign currency exposure.

As at 30 September 2022, USD cash in the sum of $37,346 (30 September 2021: $126,524) was held and income receivable was $52,000 (30 September 2021: $49,200). Any reasonable change in foreign exchange rates will have an immaterial impact and therefore no sensitivity analysis has been provided.

9.2 Credit risk
Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The Board of Directors has in place monitoring procedures in respect of counterparty risk which is reviewed on an ongoing basis.

The Company's credit risk is attributable to its cash and cash equivalents, trade receivables – securities sold awaiting settlement and other receivables.

At the reporting date, the Company's financial assets exposed to credit risk amounted to the following:

	30 September 2022 £	**30 September 2021 £**
Cash and cash equivalents	2,289,617	10,156,557
Other receivables (excluding prepayments)	85,333	71,608
Total assets	**2,374,950**	**10,228,165**

All cash is placed with BNP Paribas S.A., Guernsey Branch.

BNP Paribas S.A., Guernsey Branch is publicly traded with a credit rating of A+ (2021: A+) from Standard & Poor's.

Credit risk of cash and custodian is mitigated by the Company's policy to only undertake significant transactions with leading commercial counterparties.

All transactions in listed securities are settled for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Financial risk management (continued)
9.2 Credit risk (continued)
The financial assets designated at fair value through profit or loss are held by BNP Paribas S.A., Guernsey Branch, the Company's custodian, in a segregated account. In the event of bankruptcy or insolvency of the Administrator, in its role as the Company's custodian, the Company's rights with respect to the securities held by the custodian may be delayed or limited. The Company did not participate in stock lending during the year.

The Company measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any expected credit loss. At 30 September 2022 and 30 September 2021, management consider the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Company.

9.3 Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulties in realising assets or otherwise raising funds to meet financial commitments as and when these fall due for payment. Liquidity risk is monitored on an ongoing basis by the Board of Directors and Portfolio Manager to ensure that the Company maintains sufficient working capital in cash or near cash form to be able to meet the Company's ongoing requirements to pay accounts payable and accrued expenses.

In addition, the Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to ensure the Company remains a going concern. The Company's investments all comprise of investments in companies whose securities are admitted to trading on AIM. The Company would expect to be able to liquidate a sufficient number of investments within 7 days or less in the event cash was required to cover expenses.

The tables below show the residual contractual maturity of the financial liabilities:

Maturity analysis of financial liabilities

30 September 2022	**Less than 3 months**	**3 to 12 months**	**More than 1 year**	**Total**
	£	**£**	**£**	**£**
Financial liabilities				
Trade payables – securities purchased awaiting settlement	(433,561)	-	-	(433,561)
Other payables and accruals	(136,219)	-	-	(136,219)
Total undiscounted financial liabilities	(569,780)	-	-	(569,780)

30 September 2021	**Less than 3 months**	**3 to 12 months**	**More than 1 year**	**Total**
	£	**£**	**£**	**£**
Financial liabilities				
Other payables and accruals[1]	(176,321)	(897,281)	-	(1,073,602)
Total undiscounted financial liabilities	**(176,321)**	**(897,281)**	**-**	**(1,073,602)**

[1] – Included in other payables is a performance fee payable of £897,281. Please refer to note 4 for further details regarding calculation of performance fee.

In accordance with Article 23(4) (a) and (b) of AIFMD Directive, the AIFM has assessed that the financial assets designated at fair value through profit or loss held by the Company are not deemed to be illiquid in nature, and as such, are not subject to any special liquidity arrangements and that the AIF has no new arrangements in place for managing liquidity.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. Other payables and accruals

	30 September 2022 £	30 September 2021 £
Portfolio performance fees (note 4)	-	897,281
Portfolio management fees	35,677	69,197
Audit fees	57,000	50,779
Directors' fees	31,109	37,052
Administration fees	10,000	12,236
Registrar fees	1,000	1,000
Custody fees	708	1,212
Sundry expenses	725	4,845
Total other payables and accruals	**136,219**	**1,073,602**

11. Contingent liabilities and commitments

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

12. Stated capital and share premium

Authorised

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

Allotted, called up and fully-paid

Ordinary Shares	Number of shares	Stated capital £	Share premium £
Total issued share capital as at 1 October 2021	**33,897,954**	**-**	**-**
Ordinary Shares redeemed during the year	-	-	-
Total issued share capital as at 30 September 2022	**33,897,954**	**-**	**-**

	Number of shares	Stated capital £	Share premium £
Total issued share capital as at 1 October 2020	**46,445,043**	**-**	**28,391,852**
Ordinary Shares redeemed during the year	(12,547,089)	-	(28,382,545)
Ordinary Shares redemption costs	-	-	(9,307)
Total issued share capital as at 30 September 2021	**33,897,954**	**-**	**-**

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's 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. Stated capital and share premium (continued)

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

Issuance of Ordinary Shares

No Ordinary Shares were issued during the year ended 30 September 2022 (30 September 2021: nil Ordinary Shares issued).

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 intend to operate the redemption mechanism to return the NAV back to around £100 million in order to:

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. Stated capital and share premium (continued)

Redemption mechanism (continued)

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.

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

	Year ended 30 September 2022 £	Year ended 30 September 2021 £
Total comprehensive (loss)/income for the year	(53,446,826)	50,680,393
Weighted average number of Ordinary Shares during the year	33,897,954	39,905,041
Basic and diluted earnings per Ordinary Share	(1.5767)	1.2700

14. NAV per Ordinary share

	30 September 2022 £	30 September 2021 £
NAV	57,839,741	111,286,567
Number of Ordinary Shares at year end	33,897,954	33,897,954
NAV per Ordinary Share	1.7063	3.2830

15. 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:

	30 September 2022	30 September 2021
Portfolio Manager	3,100,230	3,000,230
George Ensor	60,041	43,791

The Directors

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Material events after the Statement of Financial Position date

There were no events which occurred subsequent to the year end until the date of approval of the annual financial statements, which would have a material impact on the annual financial statements of the Company as at 30 September 2022.

On 5 October 2022, the Board approved an increase in the annual basic Director fees of 2.5% effective from 1 January 2022.

17. Controlling party

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

USEFUL INFORMATION FOR SHAREHOLDERS

Alternative performance measures disclosure

In accordance with the European Securities and Markets Authority Guidelines on Alternative Performance Measures ("APMs") the Board has considered what APMs are included in the Annual Financial Report and financial statements which require further clarification. APMs are defined as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. The Audit Committee reviewed the overall presentation of APMs, which remains consistent with the prior year, with the exception of the removal of the historic Ordinary Share price to NAV discount/premium infographic. The Ordinary Share price discount performance metric has been presented for the financial year and comparative period. The Audit Committee is satisfied that no APMs were given undue prominence in the Company's Annual Financial Report and financial statements. APMs included in the financial statements, which are unaudited and outside the scope of IFRS, are deemed to be as follows:

Performance since inception

The NAV total return measures how the NAV per Ordinary Share has performed over a period of time, taking into account of capital returns. The Company quotes NAV total return as a percentage change from the beginning of the financial year or initial issuance of Ordinary Shares to 30 September 2022. The Company has not declared a dividend since inception.

The Board monitors the Company NAV total return against the Numis Smaller Companies plus Alternative Investment Market ("AIM") (excluding Investment Companies) Index.

Please refer to page 4 for NAV total return vs Index total return analysis.

NAV to market price discount / premium

The NAV per share is the value of all the Company's assets, less any payables it has, divided by the total number of Ordinary Shares. However, because 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 difference is known as a discount or premium. The Company's discount / premium to NAV is calculated by expressing the difference between the Ordinary Share price (bid price)[1] and the NAV per share on the same day compared to the NAV per share on the same day.

At 30 September 2022, the Company's Ordinary Shares traded at £1.3600 (2021: £2.8000), reflecting a discount of (20.29)% (2021: discount of (14.71)%) to the NAV per Ordinary Share of £1.7063 (2021: £3.2830).

Ongoing charges

The ongoing charges ratio for the year ended 30 September 2022 was 1.39% (2021: 1.29%). The AIC's methodology for calculating an ongoing charges figure is based on annualised ongoing charges of £1,197,244 (2021: £1,412,148) divided by average NAV in the period of £86,321,192 (2021: £109,661,967).

Calculating ongoing charges

The ongoing charges are based on actual costs incurred in the year excluding any non-recurring fees in accordance with the AIC methodology. Expense items have been excluded in the calculation of the ongoing charges figure when they are not deemed to meet the following AIC definition:

"Ongoing charges are those expenses of a type which are likely to recur in the foreseeable future, whether charged to capital or revenue, and which relate to the operation of the investment company as a collective fund, excluding the costs of acquisition/disposal of investments, financing charges and gains/losses arising on investments. Ongoing charges are based on costs incurred in the year as being the best estimate of future costs."

[1] - Source: Bloomberg

USEFUL INFORMATION FOR SHAREHOLDERS (CONTINUED)

Ongoing charges (continued)
Please refer below for ongoing charges reconciliation for the years ended 30 September 2022 and 30 September 2021:

	30 September 2022 £	30 September 2021 £
Total expenses for the year:	289,069	3,531,324
Expenses excluded from the calculation of ongoing charges figures, in accordance with AIC's methodology:		
Portfolio Performance fees recovery/(expense)	897,281	(2,068,808)
Transaction fees	(23,121)	(55,208)
Foreign exchange gains	34,015	4,840
Total ongoing charges for the year	**1,197,244**	**1,412,148**

Calculating an average NAV
The AIC's methodology for calculating average NAV for the purposes of the ongoing charges figure is to use the average of NAV at each NAV calculation date. On this basis the average NAV figure has been calculated using the daily NAVs over the years ended 30 September 2022 and 30 September 2021.

COMPANY INFORMATION

Board members
Andrew Chapman (Chairman)
Trudi Clark (Chair of the Remuneration and Nomination Committee and Management Engagement Committee)
Mark Hodgson
John Blowers
Appointed 1 August 2022
Charlotte Denton (Chair of the Audit Committee)
Appointed 1 September 2022
Stephen Coe (Chair of the Audit Committee)
Retired from the Board on 31 August 2022

Advocates to the Company
(as to Guernsey law)
Carey Olsen
P.O. Box 98
Carey House
Les Banques
St Peter Port
Guernsey
GY1 4BZ

Registered Office
BNP Paribas House
St Julian's Avenue
St Peter Port
Guernsey
GY1 1WA

Custodian
BNP Paribas S.A., Guernsey Branch[1]
BNP Paribas House
St Julian's Avenue
St Peter Port
Guernsey
GY1 1WA

Portfolio Manager
River and Mercantile Asset Management LLP
30 Coleman Street
London
EC2R 5AL

Independent Auditor
PricewaterhouseCoopers CI LLP
PO Box 321
Royal Bank Place
1 Glategny Esplanade
St Peter Port
Guernsey
GY1 4ND

AIFM
Carne Global AIFM Solutions (C.I.) Limited
Channel House
Green Street
St Helier
Jersey
JE2 4UH

Administrator and Company Secretary
BNP Paribas S.A., Guernsey Branch[1]
BNP Paribas House
St Julian's Avenue
St Peter Port
Guernsey
GY1 1WA

Corporate Broker
Singer Capital Markets Advisory LLP
One Bartholomew Lane
London
EC2N 2AX

Registrar
Computershare Investor Services (Guernsey) Limited
1st Floor, Tudor House
Le Bordage
St Peter Port
Guernsey
GY1 1DB

Solicitors to the Company
(as to English law)
CMS Cameron McKenna Nabarro Olswang LLP
Cannon Place
78 Cannon Street
London
EC4N 6AF

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