RM Infrastructure Income PLC
(formerly RM Secured Direct Lending PLC)

RMFunds

Half-yearly report
for the six months ended 30 June 2021

Responsible investing

Through active stakeholder engagement combined with the integration of environmental, social and corporate governance considerations throughout the investment process.

2021

Contents

rm-funds.co.uk

About us

How we invest

RM Infrastructure Income plc (the "Company") aims to generate attractive and regular dividends through investment in secured debt instruments of UK Small and Medium sized Enterprises ("SMEs"), mid-market corporates and/or individuals including any loan, promissory notes, lease, bond, or preference share (such debt instruments, as further described in the prospectus, being "Loans") sourced or originated by RM Capital Markets Limited (the "Investment Manager") with a degree of inflation protection through index-linked returns where appropriate.

Where we invest

Having had a general sectoral lending approach since inception, the Company narrowed the sector focus during H1 2021 to investments within the social and environmental infrastructure sectors.

Our ethos

The Company aims to make a difference with the deployment of its capital and as such has adopted an impact framework allowing the measurement and reporting of impact from investments made. In addition to this the firm seeks to target investments directly linked to achieving outcomes linked to six Sustainable Development Goals ("SDGs").

Key sectors

Social infrastructure

Healthcare	Childcare & Education	Accommodation
3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	11 SUSTAINABLE CITIES AND COMMUNITIES

Impact outcomes:

- *Improving* supply of quality, affordable housing and accommodation
- *Improving* quality and availability of childcare and education services
- *Improving* quality and accessibility of health and social care services

Environmental infrastructure

Clean Energy & Renewables	Waste Management	Energy Efficiency & Carbon Reduction
7 AFFORDABLE AND CLEAN ENERGY	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION

Impact outcomes:

- *Improving* availability of sustainable energy solutions
- *Improving* recycling, waste and sustainable water use solutions
- *Improving* sustainability of buildings and transport

Portfolio at a glance

Financial information

	As at 30 June 2021	As at 30 June 2020
Gross asset value (£'000)	**£124,769**	£122,274
Net Asset Value ("NAV") (£'000)	**£112,348**	£110,536
NAV per Ordinary Share (pence)	**95.25p**	91.16p
Ordinary Share price (pence)	**90.00p**	77.00p
Ordinary Share price discount to NAV[1]	**(5.5%)**	(15.5%)
Accrued entitlement of Zero Dividend Preference ("ZDP") Share (pence)[2]	**–**	107.98
Dividend (pence) paid in respect of the Period	**3.250p**	3.325p

Performance summary

	% change[3,5]	% change[4,5]
Total return – Ordinary Share NAV and dividends[1]	**+5.0%**	-3.4%
Total return – Ordinary Share price and dividends[1]	**+7.3%**	-19.5%

1. These are Alternative Performance Measures ("APMs").
2. Based on the net assets attributable to the ZDP Shares as at 30 June 2020. RM ZDP plc was put into voluntary liquidation and ZDP shareholders were paid the Final Capital Entitlement on 6 April 2021.
3. Total returns for the period to 30 June 2021, including dividend reinvestment.
4. Total returns for the period to 30 June 2020, including dividend reinvestment.
5. Source: Bloomberg.

Alternative Performance Measures ("APMs")
The financial information and performance summary data highlighted in the footnote to the above tables are considered to represent the APMs of the Company. Definitions of these APMs, together with how these measures have been calculated can be found on page 25.

Company highlights (as at 30 June 2021)

3.250p
Dividend pence per share

25% of GAV
CBILS* loans

£124.8m
Gross assets

5.0%
NAV Total return

34
Number of loans

2.74 years
Average life of investments

**Coronavirus Business Interruption Loan Scheme*

Portfolio (as at 30 June 2021)

Largest 10 loans by drawn amounts across the entire portfolio

Business activity	Investment type (Private/Public/Bond/Equity)	Valuation† £'000	Percentage of gross assets (%)
Asset Backed Lending	Private Loans	10,194	8.2
Hotel	Private Loans	8,292	6.6
Automotive Parts Manufacturer	Private Loans	7,816	6.3
Hotel	Private Loans	6,328	5.1
Health and Well-being	Private Loans	6,271	5.0
Student accommodation	Private Loans	5,782	4.6
Student accommodation	Equity**	5,100	4.1
Student accommodation	Private Loans	5,000	4.0
Hotel	Private Loans	5,000	4.0
Care home	Private Loans	5,000	4.0
Ten largest holdings		**64,783**	**51.9**
Other private loan investments	Private Loans	51,230	41.1
Bond investments	Bond	7,334	5.9
Total holdings		**123,347**	**98.9**
Other net current assets		1,422	1.1
Gross assets*		**124,769**	**100.0**

* *The gross assets comprise the net asset values of the Company and the Bank loan, the calculation can be found on page 25.*
† *Valuation conducted by external Valuation Agent.*
** *Refer to point 3 on page 9.*

Chair's statement

On behalf of the Board, I am pleased to report on the first half of 2021 (the "Period"). The Period has seen continued strong momentum in Net Asset Value ("NAV") movement as the economy unlocks and the conservative mark downs of portfolio valuations taken during the peak of the COVID-19 pandemic, are gradually released as the outlook becomes clearer.

27.5%

Inception to June 2021 / NAV Total return

25.85p

Total dividend declared or paid / inception to June 2021

95.25p

NAV June 2021

Introduction

The share price performance relative to the NAV has stabilised within the target 6% discount to NAV as detailed in the Company's prospectus. There were some modest share buy-backs undertaken early in the Period and whilst it is pleasing that no further share buy-backs have been required since February, there is more work to be done in order to return the share price to a premium to NAV.

It has been a busy six months for the Company and alongside the Investment Manager, we were pleased to announce a refreshed investment focus and corresponding Company name change. In addition, ahead of the Company's fourth Annual General Meeting ("AGM"), Investors were consulted on a liquidity opportunity, as set out within the prospectus.

Strong NAV performance

It is pleasing to see the expected rebound in the NAV. For the same period last year, I commented that "the capital values which have been marked lower over the period are expected to recover as the market moves to a more normal environment" and this has certainly been the case. The % total NAV returns are as follows: the last six months 5.0%, the last year 11.9% and the Inception to Date ("ITD") has grown from 13.9% at 30 June 2020 to 27.5% as at the period end.

The Investment Manager remains confident in the outlook, expecting still further capital value increases within the portfolio.

Delivering stable income

Since inception there have been 17 quarterly distributions on or above target to Shareholders totalling 25.85 pence per share.

The Company paid a fourth interim dividend of 1.625 pence per Ordinary Share in respect of the period from 1 October 2020 to 31 December 2020 on 26 March 2021, leading to a full year dividend for 2020 of 6.5 pence per Ordinary Share. In addition, the first interim dividend of 1.625 pence per Ordinary Share in respect of the period from 1 January 2021 to 31 March 2021 was paid on 25 June 2021.

The Board has declared a second interim dividend of 1.625 pence per Ordinary Share in respect of the period from 1 April 2021 to 30 June 2021, which will be payable on 24 September 2021 to Shareholders on the register at the close of business on 3 September 2021. Therefore, the aggregate dividend declared in respect of the Period is 3.25 pence per Ordinary Share.

As at 30 June 2021, the Company had 117,944,782 Ordinary Shares in issue and the closing mid-price was 90 pence per share. The NAV per Ordinary Share was 95.25 pence, which is an increase of 2.00 pence from the 31 December 2020 NAV per Ordinary Share of 93.26 pence. Correspondingly the share price to NAV was a circa 5.5% discount. The positive NAV movement reflects the underlying portfolio NAV total return of 5.0% year to date less the aggregate distributions of 3.25 pence per share paid to Shareholders in the Period.

Name change

On 22 July, after the period end the Company's name was changed to RM Infrastructure Income PLC, with the ticker "RMII" to reflect the narrower investment focus on the Social and Environmental Infrastructure sectors.

Liquidity opportunity

Within its 2020 Annual Report & Accounts issued on the 29 March 2021, the Company announced that in connection with the proposal detailed in its 2016 IPO Prospectus, and in order to offer Shareholders a liquidity opportunity prior to its fourth AGM, on 8 June 2021, it would engage with Shareholders to consider their liquidity needs and structure a set of proposals that were suitable and cost effective. The Company consulted widely with Shareholders, representing 90% of shares currently in issue and I am pleased to report that Shareholders were overwhelmingly supportive of the Company's performance, particularly during the pandemic and its recovery, as well as the updated investment focus and strategy. There was very limited appetite from those Shareholders to participate in a liquidity opportunity. As a result, and noting the disproportionate administrative and cost burden, the Board determined that the next liquidity opportunity will be put to Shareholders in three years' time, however, should the shares trade at an average discount of more than zero per cent. as measured over the six-month period commencing on 1 October 2022 and ending on 31 March 2023, the Board will seek to bring the liquidity opportunity consultation forward by 12 months, to two years' time.

Portfolio

The portfolio size remained largely stable with 34 loans and invested assets of £128 million, despite a number of repayments and new investments during the Period. Overall, at the Period end, private debt investments represented circa 94% of the portfolio holdings (with the breakdown being 79% bespoke bilateral loans, 15% within club or syndicated private loans) and 2% in more liquid public corporate debt. The final exposure was 4% within equity (unlevered ownership of a student accommodation asset in Coventry).

Compared to the position at the Company's year end, the average yield on investments at 9.00% is 37 basis points lower. The weighted average life of the investments is approximately 2.74 years, which is down from 3.04 years at the Company's year end. The Board has asked the Investment Manager to structure the portfolio with a weighted average life not materially exceeding 3-years immediately prior to the next liquidity opportunity.

The number of senior secured loans or Coronavirus Business Interruption Loan Scheme ("CBILS") classified loans within the portfolio has increased over the Period from 46.8% to 51%. The percentage of investments linked to Sonia/Libor has reduced over the Period from 28% to 15%. The Investment Manager expects to grow this Sonia/Libor linked exposure over time however notes that the overall exposure to changes in inflation expectations is limited given the relatively short duration and high yield of the portfolio.

The portfolio continues to be well diversified across investments and sectors. The largest portfolio investment is 9.1% of NAV and the top 10 investments represent circa 57.7% of NAV. Any currency exposures arising from investments are largely hedged back into sterling to minimise any currency exchange risk. The Investment Manager has made good progress on increasing the proportion of the portfolio aligned to the new investment focus and they will discuss this within their Investment Management report.

ESG and your Company

In the Chair's Statement in the last Annual Report several paragraphs were dedicated to a discussion on how the Company could engage more effectively with stakeholders on Environmental, Social and Governance issues. As the Board is appointed to represent the interests of our Shareholders, several were contacted for their views before other stakeholders were approached to ensure the approach being taken as the right one for both Shareholders and other stakeholders.

As the Directors have made corporate governance central to their entire approach to the custodianship of Shareholders' interests, more time was spent discussing, on a confidential basis, Environmental and Social ("E&S") issues and what approach is taken by the various groups. I would like to thank all those who took part.

All but one of the stakeholders approached was willing to discuss E&S issues in detail and those agreeable gave up a great deal of their valuable time to help in this process. The feedback obtained confirmed what the Board had thought; E&S issues have become a vital ingredient in how companies are managed as well as becoming a more important criteria of how investments are selected. However, the details were surprising, comforting, and inspiring.

All our stakeholders are treating E&S issues with an increasing sense of importance. The smaller groups approached also recognised this but felt that, at the moment, they did not have the resources to properly address them. They asked to be updated about our findings which I am happy to do.

Chair's statement
continued

As an important first step, many contacted believed that those stakeholders who qualify, should sign up to the UN Principles of Responsible Investment ("UNPRI") and we will be encouraging as many as possible to do so. Another powerful message was that all stakeholders use interactions with other groups to promote the ESG agenda. Investment managers should consider how the companies they invest in are promoting ESG. In particular, investment managers should use interactions with any groups they contact to promote good ESG practices. This includes the companies in which investment managers invest on behalf of shareholders, other shareholders they might interact with, as well as governments, national pension funds and other interested parties. Most importantly, these interactions, and their results, should be communicated to shareholders in the next annual report.

This approach works well for most investment managers, but not all. Those taking a more quantitative approach to managing shareholders investments will understandably give ESG issues less emphasis in their stock selection. This does not mean that the staff at such a management house are less concerned with ESG issues, only that their concerns manifest themselves in different ways. All stakeholders should take this into consideration where appropriate and the Board will work to ensure that the ESG approach developed is broad enough to encompass these nuances.

The overwhelming impression gained was that changes being made to E&S were being driven from the ground up, by shareholders, clients and staff rather than by governments or industry bodies. The response to this pressure has been varied and highlights the breadth of issues that E&S challenges raise. Some individuals contacted have taken it upon themselves to push E&S matters up the corporate agenda, whereas others have created committees to ensure that ESG issues are promoted within their organisation and encouraged in the wider community. As one person said, "If we pay anyone, then we believe they should adhere to our ESG principles." The Board could not agree more with that sentiment. It is time that the standards we have set in Corporate Governance for many years are now extended to E&S.

On Environmental issues, the main concern is naturally climate change and the responses to that pressing problem were fascinating. Several recognised that business travel is one of the biggest sources of carbon emissions within their workplace and had used offset programs in the past. Some were now in the process of refining that approach to find the best offset program or reduce business travel accordingly. Others still were looking to quantify less obvious sources of carbon emissions by asking staff to detail their modes of travel to work. Once the problem has been measured, it is much easier to work on a solution. The Board felt this was a very sensible approach and will be adopting this in the coming months for your Company.
Many were looking to lower carbon emissions by encouraging more environmentally friendly modes of transport such as cycling or walking to work, which may mean the installation of bicycle racks and showers. Only one of the companies approached was able to say that they used green suppliers for their electricity, but we are sure that number will increase over time as this is an obvious way to reduce everyone's carbon footprint.

The response to Social issues was even more interesting. The Directors now, thankfully, rarely encounter the social issues that were seen in the past such as sexism, racism, bullying to name but a few. The service providers employed by your Company seem to have, by and large, successfully addressed these problems. However other social issues are being addressed by many of your service providers, the most important of which is mental health. Shareholders should be very pleased that a portion of the money that the Board pays to service providers on your behalf is being used to address this issue, which has been brought clearly into focus during the current pandemic. Several directors have worked in the industry long enough to have lost friends and colleagues to suicide, drugs, alcohol or just over-work to understand the importance of good mental health support. Commendably, some stakeholders are also expanding this care into support for groups outside their offices. Many stakeholders support local charities. One stakeholder has gone even further and now donates 10% of corporate profit to charities around the world, selected by employees.

The E&S issues touched on above should be important in a civilised society but all too often they are downplayed in the quest for profit. One stakeholder approached did not have an ESG department but did have an Ethics Committee, and that is arguably more important. If we are acting in an ethical manner, then are not the Environmental and Social issues mentioned above already covered by ethics? An Ethics Committee with a broad enough remit and the power to address issues raised should cover all the ESG problems and many more.

Many groups approached suggested that the Company should introduce a framework to measure progress in ESG issues. I am reluctant to do this now as many groups already have a great deal of form-filling to deal with and adding to that burden should be avoided. We will however continue to discuss ESG with our stakeholders on an informal basis for the moment and I will report back to shareholders in the next Annual Report.

At the moment, your Board will be satisfied to see an improvement in ESG standards from all of your stakeholders. Some are just beginning to address E&S issues whereas others have a very sophisticated approach. We look forward to helping everyone work together to improve all aspects of ESG for the investment trust industry.

The investment trust industry pays billions of pounds to investment managers and hundreds of millions of pounds to accountants, lawyers, company secretaries and all the other groups that make our industry run effectively. It is clear that shareholders of investment trusts have recently added E&S to their list of priorities along with G.

I believe the boards of investment trusts, as the representatives of shareholders, have a duty to reflect these new priorities to other stakeholders, and to ensure that these new concerns are communicated well. Just as the industry responded to higher governance standards during my career from the 1990s onwards, so must the entire industry react to increasing concerns to E&S standards. On behalf of my fellow directors and Shareholders, I look forward to helping everyone work together to improve all aspects of ESG for the investment trust industry.

Outlook

We believe there is a great deal of interest in, and therefore of capital poised to flow into, strategies which offer a strong ESG framework combined with an Impact scoring and reporting framework. This focus, combined with continued strong trading performance should enable further growth in the size of the Company over time.

The Investment Manager has reported they are confident in the outlook for both the NAV growth and continued income generation within the portfolio. There is further work to be done on reducing the discount of the NAV to the share price and this will be the focus of all stakeholders over the remaining six months.

The Board is conscious of rising prices and the threat of inflation to fixed income securities. With that in mind the Investment Manager has constructed a high yielding portfolio of largely fixed rate exposures with a short duration. In addition, the floating rate element of the portfolio is 15% and this is set to increase over the next period. Should a global bond market sell-off materialise this will mitigate the risk for the Company's portfolio.

The Board is grateful for the support of Shareholders and are delighted to have such a broad investor base. We would also like to thank RM Funds and the other professional advisors for their hard work and support. Please do not hesitate to contact me through Peel Hunt or Singer Capital Markets if any additional information is required.

Norman Crighton
Chair of the Board of Directors

9 August 2021

Investment Manager's report

Total Return ahead of target

RM Funds ("RM" or the "Investment Manager") is pleased with the Company's continued positive performance in the Period, in which the portfolio delivered a steady net interest income margin. In addition, the continued revaluation higher of some Company's assets, which had been marked lower during the COVID outbreak, added to the NAV percentage total return which for the six months to 30 June 2021 was 5.0%. Since IPO the Inception to Date ("ITD") NAV has grown to 27.5% as at the period end.

Portfolio performance

Despite the economy remaining in lockdown for much of the Period, the portfolio's performance has been extremely resilient. Several assets have been revalued higher over the period to reflect the improving outlook and sentiment. The Investment Manager still believes there are further asset values that will be revalued by the Valuation Agent over the coming months which will allow the Company to meet its objective of returning the NAV to above the opening post-IPO NAV of 98.00 pence.

The portfolio's performance versus the observable credit peer group is favourable. For the Period, the Markit IBOX Euro Liquid High Yield index had a total return of +1.32% and the S&P European Leveraged Loan index had a total return of +1.1%.

Share price

The share price has appreciated from 87.00 pence to 90.00 pence as a mid-price to give a total shareholder return of 7.3% for the Period. The share price discount has reduced from -6.7% at year end to -5.5% as at 30 June 2021. There were limited share buybacks conducted over January and February comprising 359,500 shares over five transactions at an average purchase price of 87.29 pence.

The target is to continue to reduce this discount and return to a share price premium to NAV which was the case for each of the 36 months for the Company pre-COVID-19.

Coronavirus Business Interruption Loan Scheme ("CBILS")

The CBILS scheme closed to new applications on the 31 March 2021, but pre-qualified prospective investments were granted a grace period to reach financial close under the scheme rules. The portfolio's CBILS exposure increased over the Period from £15 million to £32 million with CBILS partially UK government guaranteed loans now representing 25% (from 12% at year-end) of the gross assets of the portfolio. All CBILS loans benefit from a UK Government Guarantee, protecting a minimum of 80% of the principal and 100% of the first year's interest.

Name change and narrower investment focus

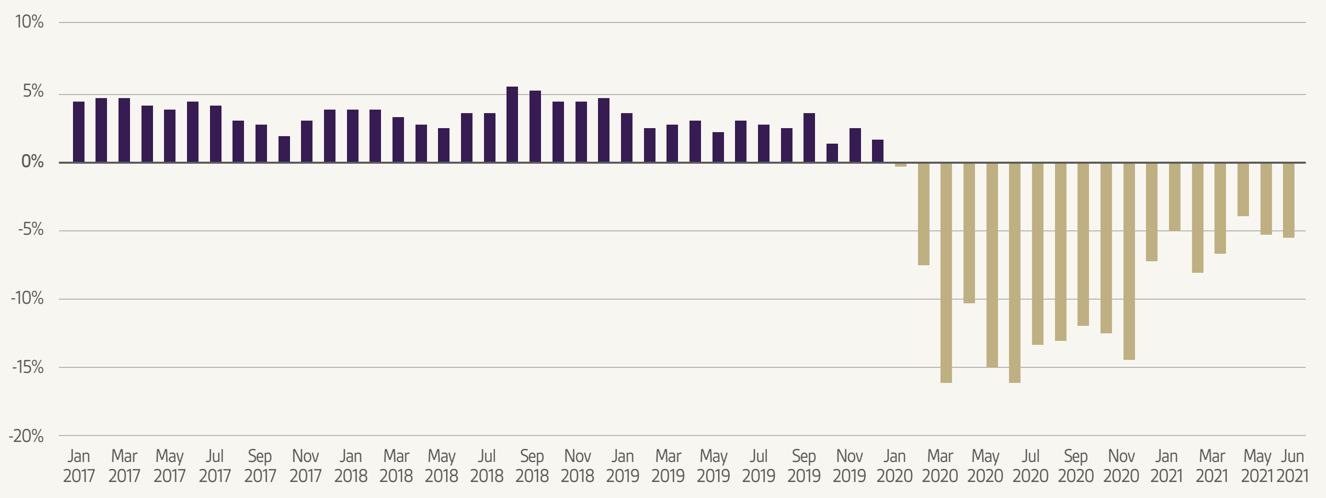
The name and ticker change to RM Infrastructure Income PLC and "RMII" which reflect the narrower investment focus and activities of the Company took place post period end on 22 July.

There has been good progress over the Period in allocating to the new focus sectors which now represent 40% (from 35%) of the portfolio's holdings. These are spread across 16 (from 13) holdings within 5 (from 4) sectors. Including funding commitments in place but undrawn, this exposure rises to 46% and is expected to increase to circa 55% over the second half of 2021. RM Funds expects a number of refinancings of non-core exposure during 2022 which will allow the Investment Manager to further allocate to Social & Environmental Infrastructure.

Sustainability and Impact Framework

Sustainability and ESG is at the heart of the RM Funds investment process. The Investment Manager incorporates comprehensive ESG screening for each transaction in addition to the independent Impact Reporting score and targeting sustainability linked lending.

RM Infrastructure Income – Premium/Discount to NAV



The Good Economy, a leading social advisory firm, has been engaged by the Company to provide an independent assessment on the ESG and Impact outcomes of the portfolio. They conducted a scoring of the portfolio during H1 2021 and will use this as their baseline scoring for the Impact Report due in 2021 alongside the annual report.

Investment Manager aligned with shareholder interest

RM purchased 25,000 Ordinary Shares in the Company during the Period. This takes the direct investment in the Company to 1,262,325 and including shares owned across the management team to in excess of 1,500,000. The Investment Manager continues to believe this is the best way of demonstrating its alignment with the interests of other Shareholders.

Market environment

The stock market rally that has occurred since the depths of the pandemic sell-off in March 2020 has been surprising in its extent given the pandemic's well documented damage to global markets. The UK Government support mechanisms, whilst welcome, could be creating future issues as money has been pumped into every aspect of the economy. One can also see pressures now on labour and product prices; the question is how transitory will this be? Currently the market expectations are for a brief spike in prices before the initial demand surges abate, however given the low yields within the government bond market there is significant risks that the market is underestimating these inflationary pressures. The yield on the 10-year UK government bond rose during the period from circa 30bps to 85bps. Whilst this is a material move given the initial starting point as the yield has more than doubled the current 85bp yield level is still extremely low by historic standards. There are therefore clear risks to government bonds, investment grade and high yield prices should these government benchmark yields move materially higher. In such an environment the Investment Manager believes the short duration and high yielding nature of the Company portfolio will be the right part of the fixed income market to be invested within.

Portfolio update

As at the Period end, the Ordinary Share portfolio capital was fully deployed. The average yield on investments of 9.00% was slightly lower by 37bp than at year end. The portfolio remains well diversified with 34 investments across 13 sectors. The CBILS UK Government partial guarantee also offers a material credit enhancement for the portfolio. Due to 15% of the investments having their coupons linked to Libor and the maturity on fixed rate investments generally limited, duration is low and as outlined above there is manageable exposure to any sharp move higher in global interest rate expectations.

Overall, the portfolio has performed well with income generation of £5.3 million (up from £4.8 million in H2 2020) and this was split between cash pay and Payment in Kind ("PIK") 79%/21% (in-line with H2 2020). There were 7 new investments and 9 repayments which again demonstrates the successful execution of the business strategy as the Company makes loans, receives interest from borrowers and continues to get repaid. From inception to date £290 million has been invested across 73 transactions.

As at 31 December 2020 there were four loans adversely impacted by the pandemic which required enhanced monitoring. We are pleased to report an overall improvement over the Period, with two investments now removed from enhanced monitoring, and the Investment Manager expects this trend to continue. The key developments during the Period were:

1. **Energie Fitness.** The valuation was lowered over the Period from 85% to 82.5% to reflect that the UK had entered another shutdown and that the outlook for the business was unclear. The value of the 28% equity ownership of the business remains valued at zero. Operationally, it is pleasing to report that the Period has ended very strongly for the business. As the recent lockdowns have eased the gym membership has rebounded to over 100,000 members and momentum remains strong. There have been new franchise sales, the launch of a digital platform (over 76,000 classes were delivered over the lockdown periods from a standing start) and international master franchise sales. It seems likely that, subject to the agreement from the valuation agent, this asset will be re-valued higher to reflect this operational improvement and the high yield compared to other comparable fixed-income instruments. It is also likely that there will be value ascribed to the equity ownership. This loan will remain under enhanced monitoring.

2. **Hotel development, Glasgow.** It was announced during the Period that the operator of the hotel will be Virgin Hotels. Construction remains on track for the hotel to be finished during Q4 2021. This loan will remain under enhanced monitoring.

3. **Purpose built student accommodation "PBSA", Coventry.** The administration process was concluded during the Period and the asset is now fully owned by the Company. An Operations and Maintenance ("O&M") Contract was signed in with a reputable student accommodation provider (the "Operator") to manage the lettings process. The asset is currently valued at £5.1 million on a "day 1 basis" i.e. open but with no trading history. The Investment Manager expects NAV growth from this asset in time, as occupancy becomes established and stabilised with a target valuation in excess of £6.5 million. The Investment Manager is encouraged by the valuations attached to both private and public transactions within the UK student accommodation sector. Within the short space of time since appointment, the Operator reports pre-lettings for 2021/22 is currently at 20%, with the expectation of increased pre-lets during the summer period. Given marketing only started recently this level of lettings is encouraging and the asset is on target to achieve good occupancy for the 2021/22 academic year. As the enforcement process has been finalised this asset has now been removed from enhanced monitoring.

Investment Manager's report

continued

4. **Automotive Parts.** The business is well managed with a high-quality sponsor. Trading performance was above forecast for H1 2021 and the asset valuation was increased during the Period by the Valuation Agent from 85% of nominal value to 95% of nominal value. The borrower notified the lending group of its intention to revert to paying the original loan payment terms of 50% cash / 50% PIK from Q3. This will significantly reduce the overall percentage of the Company's portfolio which is paid in PIK as Beinbauer has been the largest contributor of PIK during 2020 and H1 2021. Given the movement back to cash pay and the current yield versus comparable fixed income securities the Investment Manager feels it is likely that this asset will be returned to a valuation of 100% of nominal value over H2 2021. This asset has now been removed from enhanced monitoring.

Outlook

The outlook remains very promising as the portfolio's performance has been robust during 2020 and H1 2021, and the economic environment for the portfolio is improving. The running yield on the vehicle is 7.22% (dividend target / mid share price) which equates to a spread of approximately 400bp versus the iShares EUR High Yield Corp Bond UCITS ETF. The Investment Manager believes this offers investors an excellent opportunity to invest in a seasoned portfolio with over 50 months' track record that has distributed 25.85 pence to investors since IPO.

There is a strong pipeline of opportunities within the new focus sectors, cash remains the constraining factor as the Company has largely fully committed its capital for the medium term. The Investment Manager is looking forward to the share price returning to a premium to NAV so that the Company can grow allowing a reduction in the Total Expense Ratio ("TER") and increasing the daily traded liquidity of the stock combined with a larger and more diverse portfolio.

RM Capital Markets Limited

9 August 2021

Interim Management report

The Directors are required to provide an Interim Management report in accordance with the Financial Conduct Authority ("FCA") Disclosure Guidance and Transparency Rules ("DTR"). The Chair's Statement and the Investment Manager's report in this half-yearly report provide details of the important events which have occurred during the Period and their impact on the financial statements. The following statements on related party transactions, going concern and the Directors' Responsibility Statement, together, constitute the Interim Management Report for the Company for the six months ended 30 June 2021. The outlook for the Company for the remaining six months of the year ending 31 December 2021 is discussed in the Chair's Statement and the Investment Manager's Report.

Principal and emerging risks and uncertainties

A detailed explanation of the principal and emerging risks and uncertainties to the Company are detailed in the Company's most recent Annual Report for the year ended 31 December 2020, which can be found on the Company's website at **https://rm-funds.co.uk/rm-infrastructure-income/**

Since the publication of the 2020 Annual Report on 26 March 2021, the COVID-19 pandemic continues to be a serious threat to most parts of the global economy and the Board continues to monitor the situation closely and is in regular contact with the Investment Manager and the Company's other service providers in order to assess and mitigate the impact on the Company's investment objectives, portfolio and shareholders. Otherwise, in the view of the Board, these principal and emerging risks and uncertainties are substantially unchanged from the year end and are as much applicable to the remaining six months of the financial year, as they are to the six months under review.

The Board has a dynamic risk management register in place to help identify principal and emerging risks in the business and oversee the effectiveness of internal controls and processes. The principal and emerging risks and uncertainties facing the Company are as follows:

- Market risks;
- Risks associated with meeting the Company's investment objective or target dividend yield;
- Financial risks, corporate governance and internal controls risks;
- Regulatory risks;
- The ongoing impact of the global pandemic; and
- The increasing geopolitical tensions in the region.

Related party transactions

The Company's Investment Manager, RM Capital Markets Limited is considered a related party under the Listing Rules. Details of the amounts paid to the Company's Investment Manager and the Directors during the Period are detailed in the Notes to the Financial Statements.

Going concern

The Directors have adopted the going concern basis in preparing the financial statements. The following is a summary of the Directors' assessment of the going concern status of the Company.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the date of this document. In reaching this conclusion, the Directors have considered the Company's portfolio of investments of £123.3 million (30 June 2020: £119.3 million; 31 December 2020: £122.7 million) as well as its income and expense flows and the cash position of £4.2 million (30 June 2020: £2.3 million; 31 December 2020: £2.2 million). The Company's net assets at 30 June 2021 were £112.3 million (30 June 2020: £110.5 million; 31 December 2020: £110.4 million). The total expenses (excluding finance costs and taxation) for the period ended 30 June 2021 were £1.1 million (30 June 2020: £1.2 million; 31 December 2020: £2.4 million). At the date of approval of this document, based on the aggregate of investments and cash held, the Company has substantial operating expenses cover.

In light of the COVID-19 pandemic the Directors have fully considered each of the Company's loans. Income obligations have been met by borrowers and there is a diverse portfolio of Loan investments; Directors see an increase in the risk to the income from the Company loans within the portfolio as the outlook is uncertain. However, these loans have a number of specific lender protections (such as loan to value covenants and cash flow or earnings covenants) which are being monitored. A prolonged and deep market decline could lead to falling values to the underlying business or interruptions to cash flow, however the Company currently has more than sufficient liquidity available to meet any future obligations.

Given the level of market volatility experienced due to the impact of the COVID-19 pandemic, the Investment Manager has performed stress tests on the Company's income and expenses and the Directors remain comfortable with the liquidity of the Company. The market and operational risks associated with the COVID-19 pandemic, and the ongoing economic impact of measures introduced to combat its spread, were discussed and are continually monitored by the Board.

The Investment Manager, Administrator and other key service providers are providing regular updates on operational resilience. The Board is satisfied that the key service providers have the ability to continue to operate efficiently in a remote or virtual working environment, as had been demonstrated since March 2020.

Statement of Directors' responsibility

for the Half-yearly Report

The Directors confirm to the best of their knowledge that:

- The condensed set of financial statements contained within the Half-yearly report has been prepared in accordance with IAS 34 Interim Financial Reporting.
- The Interim Management Report includes a fair review of the information required by 4.2.7R and 4.2.8R of the FCA's Disclosure Guidance and Transparency Rules.

Norman Crighton
Chair of the Board of Directors

9 August 2021

Financial statements

Condensed unaudited statement of comprehensive income

For the six months ended 30 June 2021

		Six months ended 30 June 2021			Six months ended 30 June 2020			Year ended 31 December 2020*		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments		–	2,310	2,310	–	(8,310)	(8,310)	(565)	(5,210)	(5,775)
Income	4	5,311	–	5,311	5,610	–	5,610	10,942	–	10,942
Investment management fee	5	(517)	–	(517)	(542)	–	(542)	(1,088)	–	(1,088)
Other expenses	5	(523)	(36)	(559)	(580)	(70)	(650)	(1,192)	(145)	(1,337)
Return before finance costs and taxation		4,271	2,274	6,545	4,488	(8,380)	(3,892)	8,097	(5,355)	2,742
Finance costs		(373)	–	(373)	(320)	–	(320)	(635)	–	(635)
Return on ordinary activities before taxation		3,898	2,274	6,172	4,168	(8,380)	(4,212)	7,462	(5,355)	2,107
Taxation	6	(4)	4	–	(4)	4	–	(246)	–	(246)
Return on ordinary activities after taxation		3,894	2,278	6,172	4,164	(8,376)	(4,212)	7,216	(5,355)	1,861
Return per ordinary share (pence)	8	3.30p	1.93p	5.23p	3.42p	(6.87p)	(3.45p)	5.96p	(4.43p)	1.53p

** Audited.*

The total column of this statement is the profit and loss account of the Company.

All the revenue and capital items in the above statement derive from continuing operations.

'Return on ordinary activities after taxation' is also the 'Total comprehensive income for the Period'.

The notes on pages 18 to 23 form an integral part of these financial statements.

Condensed unaudited statement of financial position

	Notes	As at 30 June 2021 £'000	As at 30 June 2020 £'000	As at 31 December 2020* £'000
Fixed assets				
Investments at fair value through profit or loss	3	123,347	119,296	122,705
Investments in subsidiary		–	50	50
Current assets				
Cash and cash equivalents		4,176	2,275	2,218
Receivables		3,405	12,962	10,498
		7,581	15,237	12,716
Payables: amounts falling due within one year				
Payables		(6,159)	(9,704)	(2,645)
Intercompany loan payable		–	(11,738)	(11,942)
Bank loan – Credit facility		(12,421)	(2,605)	(10,500)
		(18,580)	(24,047)	(25,087)
Net current liabilities		(10,999)	(8,810)	(12,371)
Total assets less current liabilities		112,348	110,536	110,384
Net assets		112,348	110,536	110,384
Capital and reserves: equity				
Share capital	7	1,179	1,213	1,184
Share premium		70,167	70,148	70,168
Special reserve		44,910	47,584	45,277
Capital reserve		(7,134)	(12,433)	(9,412)
Revenue reserve		3,226	4,024	3,167
Total shareholders' funds		112,348	110,536	110,384
NAV per share – Ordinary Shares (pence)	9	95.25p	91.16p	93.26p

** Audited.*

Approved by the Board of Directors and authorised for issue on 9 August 2021.

RM Infrastructure Income plc incorporated in England and Wales with registered number 10449530.

The notes on pages 18 to 23 form an integral part of these financial statements.

Condensed unaudited statement of changes in equity

For the six months ended 30 June 2021

	Notes	Share capital £'000	Share premium £'000	Special reserve £'000	Capital reserve £'000	Revenue reserves £'000	Total £'000
Balance as at beginning of the period		1,184	70,168	45,277	(9,412)	3,167	110,384
Return on ordinary activities		–	–	–	2,278	3,894	6,172
Redemption of shares	7	(5)	5	(367)	–	–	(367)
Share buyback costs		–	(6)	–	–	–	(6)
Dividend paid	10	–	–	–	–	(3,835)	(3,835)
Balance as at 30 June 2021		1,179	70,167	44,910	(7,134)	3,226	112,348

For the six months ended 30 June 2020

	Notes	Share capital £'000	Share premium account £'000	Special reserve £'000	Capital reserve £'000	Revenue reserves £'000	Total £'000
Balance as at beginning of the period		1,222	70,146	48,304	(4,057)	3,913	119,528
Return on ordinary activities		–	–	–	(8,376)	4,164	(4,212)
Buy back of shares	7	(9)	9	(720)	–	–	(720)
Shares buy back costs		–	(7)	–	–	–	(7)
Dividend paid	10	–	–	–	–	(4,053)	(4,053)
Balance as at 30 June 2020		1,213	70,148	47,584	(12,433)	4,024	110,536

For the year ended 31 December 2020*

	Notes	Share capital £'000	Share premium account £'000	Special reserve £'000	Capital reserve £'000	Revenue reserves £'000	Total £'000
Balance as at beginning of the year		1,222	70,146	48,304	(4,057)	3,913	119,528
Return on ordinary activities		–	–	–	(5,355)	7,216	1,861
Buy back of shares	7	(38)	38	(3,027)	–	–	(3,027)
Shares buy back costs		–	(16)	–	–	–	(16)
Dividend paid	10	–	–	–	–	(7,962)	(7,962)
Balance as at 31 December 2020		1,184	70,168	45,277	(9,412)	3,167	110,384

** Audited.*

Distributable reserves comprise: the revenue reserve; capital reserves attributable to realised profits; and the special reserve.

Share capital represents the nominal value of shares that have been issued. The share premium includes any premiums received on the issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

The notes on pages 18 to 23 form an integral part of these financial statements.

Condensed unaudited statement of cash flows

For the six months ended 30 June 2021

	Notes	Six months ended 30 June 2021 £'000	Six months ended 30 June 2020 £'000	Year ended 31 December 2020* £'000
Operating activities				
Return on ordinary activities before finance costs and taxation**		6,545	(3,892)	2,742
Adjustment for (gains)/losses on investments		(2,310)	7,989	5,357
Increase in receivables		(237)	(7,827)	(958)
(Decrease)/increase in payables		(320)	7,786	481
PIK adjustments to the operating cash flow		(1,306)	–	(2,081)
Net cash flow from operating activities		2,372	4,056	5,541
Investing activities				
Private loan repayments/bonds sales proceeds		37,816	14,792	33,479
Private loans issued/bonds purchases		(30,583)	(22,641)	(44,435)
Purchase of investments		(5,100)	–	–
Net cash flow from/(used in) investing activities		2,133	(7,849)	(10,956)
Financing activities				
Finance costs		(260)	(124)	(234)
Zero Dividend Preference Shares ("ZDP") loan principal		10,870	–	–
ZDP loan interest payable		1,186	–	–
ZDP loan principal and accumulated interest paid		(12,056)	–	–
Ordinary Share bought back	7	(367)	(720)	(3,027)
Ordinary Share buyback costs		(6)	(7)	(16)
Oaknorth loan facility drawdown		18,521	7,300	17,800
Oaknorth loan facility repaid		(16,600)	(4,700)	(7,300)
Equity dividends paid	10	(3,835)	(4,053)	(7,962)
Net cash flow used in financing activities		(2,547)	(2,304)	(739)
Increase/(decrease) in cash		1,958	(6,097)	(6,154)
Opening balance at beginning of the period/year		2,218	8,372	8,372
Balance as at the period/year end		4,176	2,275	2,218

* *Audited.*
** *Cash inflow from interest on investment holdings was £3,352,000 (30 June 2020: £4,960,000; 31 December 2020: £8,960,000).*

The notes on pages 18 to 23 form an integral part of these financial statements.

Notes to the financial statements

1. General information

RM Infrastructure Income plc (formerly RM Secured Direct Lending plc) (the "Company") was incorporated in England and Wales on 27 October 2016 with registered number 10449530, as a closed-ended investment company. The Company commenced its operations on 15 December 2016. The Company intends to carry on business as an investment trust within the meaning of Chapter 4 of Part 24 of the Corporation Tax Act 2010.

On 6 April 2021, the Company's subsidiary RM ZDP Plc was placed into voluntary liquidation, therefore the Company did not prepare the consolidated financial statements for the period.

The Company's investment objective is to generate attractive and regular dividends through investment in secured debt instruments of UK SMEs and mid-market corporates including any loan, promissory notes, lease, bond or preference share sourced or originated by the Investment Manager with a degree of inflation protection through index-linked returns where appropriate.

The registered office is 1st Floor, Senator House, 85 Queen Victoria Street, London, EC4V 4AB.

2. Basis of preparation and accounting policies

Statement of compliance

The interim unaudited financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and the Disclosure Guidance and Transparency Rules ("DTRs") of the UK's Financial Conduct Authority. They do not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements of the Company as at and for the year ended 31 December 2020. The financial statements of the Company as at and for the year ended 31 December 2020 were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The financial information for the year ended 31 December 2020 in the interim unaudited financial statements has been extracted from the audited Annual Report and Accounts.

When presentational guidance set out in the Statement of Recommended Practice ("SORP") for Investment Companies issued by the Association of Investment Companies ("the AIC") in April 2021 is consistent with the requirements of 'IFRS', the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

Going concern

The Directors have adopted the going concern basis in preparing the financial statements. Details of the Directors assessment of the going concern status of the Company, which considered the adequacy of the Company's resources and the impacts of the COVID-19 pandemic, are given on page 11.

Accounting policies

The accounting policies used by the Company in preparing these interim unaudited financial statements are the same as those applied by the Company in its financial statements as at and for the year ended 31 December 2020.

3. Investment at fair value through profit or loss

	Six months ended 30 June 2021 £'000	Six months ended 30 June 2020 £'000	Year ended 31 December 2020 £'000
Financial assets held:			
Equity investments	5,100	–	–
Bond investments	2,695	6,202	2,695
Private loan investments	115,552	113,094	120,010
	123,347	119,296	122,705

4. Income

	Six months ended 30 June 2021 £'000	Six months ended 30 June 2020 £'000	Year ended 31 December 2020 £'000
Income from investments			
Bond and loan interest	3,814	5,417	8,817
Bond and loan PIK interest	1,307	–	1,879
Arrangement fees	31	64	102
Delayed Compensation fees received	–	62	46
Prepayment fee	–	–	58
Other income	159	67	40
Total	5,311	5,610	10,942

5. Investment management fee and other expenses

	Six months ended 30 June 2021 £'000	Six months ended 30 June 2020 £'000	Year ended 31 December 2020 £'000
Expenses charged to revenue:			
Investment management fees	517	542	1,088
Other administration charges	523	580	1,192
Total revenue expenses	1,040	1,122	2,280
Expenses charged to capital:			
Capital transaction costs	36	70	145
Total capital expenses	36	70	145

The Company's Investment Manager is RM Capital Markets Limited. Under the amended Investment Management Agreement, effective 1 April 2020, the Investment Manager is entitled to receive a management fee payable monthly in arrears or as soon as practicable after the end of each calendar month an amount one-twelfth of:

(a) 0.875 per cent. of the prevailing NAV in the event that the prevailing NAV is up to or equal to £250 million; or

(b) 0.800 per cent. of the prevailing NAV in the event that the prevailing NAV is above £250 million but less than £500 million; or

(c) 0.750 per cent. of the prevailing NAV in the event that the prevailing NAV is above £500 million.

The management fee shall be payable in sterling on a pro-rata basis in respect of any period which is less than a complete calendar month.

There is no performance fee payable to the Investment Manager.

Notes to the financial statements

Continued

6. Taxation

	Six months ended 30 June 2021			Six months ended 30 June 2020			Year ended 31 December 2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Analysis of tax charge/(credit) the period:									
Corporation tax	4	(4)	–	4	(4)	–	246	–	246
Total current tax charge/(credit)	4	(4)	–	4	(4)	–	246	–	246

7. Share capital

	As at 30 June 2021		As at 30 June 2020		As at 31 December 2020	
	No. of Shares	£'000	No. of Shares	£'000	No. of Shares	£'000
Allotted, issued & fully paid:						
Ordinary shares of 1p	117,944,782	1,179	121,259,581	1,213	118,364,282	1,184

Share movement

The table below sets out the share movement for the six months ended 30 June 2021.

	Opening balance	Shares issued	Shares bought back	Shares in issue at 30 June 2021
Ordinary Shares	118,364,282	–	(419,500)	117,944,782

At the period end 4,279,799 of the above Ordinary Shares were held in Treasury.

Ordinary Share buy backs

During the period, the Company bought back 419,500 Ordinary Shares for an aggregate cost of £367,000.

The table below sets out the share movement for the six months ended 30 June 2020.

	Opening balance	Shares issued	Shares bought back	Shares in issue at 30 June 2020
Ordinary Shares	122,224,581	–	(965,000)	121,259,581

At the period end 965,000 of the above Ordinary Shares were held in Treasury.

Ordinary Share buy backs

During the year, the Company bought back 965,000 Ordinary Shares for an aggregate cost of £720,000.

The table below sets out the share movement for the year ended 31 December 2020.

	Opening balance	Shares issued	Shares bought back	Shares in issue at 31 December 2020
Ordinary Shares	122,224,581	–	(3,860,299)	118,364,282

At the year end 3,860,299 of the above Ordinary Shares were held in Treasury.

Ordinary Share buy backs

During the year, the Company bought back 3,860,299 Ordinary Shares for an aggregate cost of £3,027,000.

8. Return per ordinary share

Total return per Ordinary Share is based on the gain on ordinary activities after taxation of £6,172,000 (30 June 2020: loss of £4,212,000; 31 December 2020: gain of £1,861,000).

Based on the weighted average of number of 118,014,265 (30 June 2020: 121,913,263; 31 December 2020: 120,985,417) Ordinary Shares in issue for the six months ended 30 June 2021, the returns per share were as follows:

	Six months ended 30 June 2021			Six months ended 30 June 2020		
	Revenue	Capital	Total	Revenue	Capital	Total
Return per Ordinary Share	3.30p	1.93p	5.23p	3.42p	(6.87p)	(3.45p)

	Year ended 31 December 2020		
	Revenue	Capital	Total
Return per Ordinary Share	5.96p	(4.43p)	1.53p

9. Net asset value per share

The net asset value per share is based on Company's total shareholders' funds of £112,348,000 (30 June 2020: £110,536,000; 31 December 2020: £110,384,000), and on 117,944,782 (30 June 2020: 121,259,581; 31 December 2020: 118,364,282) Ordinary Shares in issue at the period end.

10. Dividend

On the 24 February 2021, the Directors approved the payment of a fourth interim dividend for year ended 31 December 2020 to ordinary shareholders at the rate of 1.625 pence per Ordinary Share. The dividend had a record date of 5 March 2021 and was paid on 26 March 2021. The dividend was funded from the Company's revenue reserve.

On 25 May 2021, the Directors approved the payment of an interim dividend, in respect of the period from 1 January 2021 to 31 March 2021, at the rate of 1.625 pence per Ordinary Share. The dividend had a record date of 4 June 2021 and was paid to Shareholders on 25 June 2021. The dividend was funded from the Company's revenue reserve.

On 5 August 2021, the Directors approved the payment of an interim dividend in respect of the period from 1 April 2021 to 30 June 2021, at the rate of 1.625 pence per Ordinary Share. The dividend will have a record date of 3 September 2021 and will be payable on 24 September 2021. The dividend will be funded from the Company's revenue reserve.

Notes to the financial statements

Continued

11. Related party transaction

Fees payable to the Investment Manager are shown in the Statement of Comprehensive Income. As at 30 June 2021 the fee outstanding to the Investment Manager was £82,000 (30 June 2020: £354,000; 31 December 2020: £93,000).

Fees are payable at an annual rate of £36,000 to the Chair, £33,000 to the Chair of the Audit Committee and £30,000 to the other Director.

The Directors had the following shareholdings in the Company, all of which are beneficially owned.

	As at 30 June 2021 Ordinary Shares	As at 30 June 2020 Ordinary Shares	As at 31 December 2020 Ordinary Shares
Norman Crighton	29,982	29,982*	29,982
Guy Heald	20,000	20,000	20,000
Marlene Wood	20,000	20,000	20,000

**restated from previous position*

12. Classification of financial instruments

IFRS 13 requires the Company to classify its investments in a fair value hierarchy that reflects the significance of the inputs used in making the measurements. IFRS 13 establishes a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. The three levels of fair value hierarchy under IFRS 13 are as follows:

Level 1
Inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2
Inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3
Inputs are unobservable for the asset or liability.

The classification of the Company's investments held at fair value through profit or loss is detailed in the table below:

	30 June 2021				30 June 2020			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets:								
Financial assets – Private loans and bonds	–	13,528	–	13,528	–	33,893	–	33,893
Financial assets – Private loans	–	–	109,819	109,819	–	–	85,403	85,403
Forward contract receivable	–	8,427	–	8,427	–	5,502	–	5,502
Financial liabilities:								
Forward contract payable	–	(8,427)	–	(8,427)	–	(5,502)	–	(5,502)
Total financial liabilities	–	13,528	109,819	123,347	–	33,893	85,403	119,296

12. Classification of financial instruments continued

	31 December 2020			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets:				
Financial assets – Private loans and bonds	–	25,013	–	25,013
Financial assets – Private loans	–	–	97,692	97,692
Forward contract receivable	–	12,795	–	12,795
Financial liabilities:				
Forward contract payable	–	(12,795)	–	(12,795)
Total financial liabilities	–	25,013	97,692	122,705

Investments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2.

Level 3 holdings are valued using a discounted cash flow analysis and benchmarked discount/interest rates appropriate to the nature of the underlying loan and the date of valuation.

Interest rates are a significant input into the Level 3 valuation methodology.

There have been no movements between levels during the reporting period. The Company considers factors that may necessitate the transfers between levels using the definition of the levels 1, 2 and 3 above.

13. Post balance sheet events

There are no other post period end events other than those disclosed in this report.

14. Status of this report

These financial statements are not the Company's statutory accounts for the purposes of section 434 of the Companies Act 2006. They are unaudited. The Half-yearly financial report will be made available to the public at the registered office of the Company. The report will be available in electronic format on the Investment Manager's website (**https://rm-funds.co.uk**).

The Half-yearly report was approved by the Board on 9 August 2021.

Other information

Alternative Performance Measures ("APMs")

Gross asset

The Company's gross assets comprise the net asset values of the Company's Ordinary Shares and the bank loan-credit facility, with the breakdown as follows:

As at 30 June 2021		Page	£'000	Per Share (Pence)
Ordinary Shares – NAV	a	2	112,348	95.25
Bank Loan-Credit facility	b	2	12,421	–
Gross asset value	a+b		124,769	n/a

Discount

The amount, expressed as a percentage, by which the share price is less than the Net Asset Value per share.

As at 30 June 2021		Page	Per Share (Pence)
NAV per Ordinary Share (p)	a	2	95.25
Share price (p)	b	2	90.00
Discount	(b/a)-1		-5.5%

Total return

A measure of performance that includes both income and capital returns. This takes into account capital gains and reinvestment of dividends paid out by the Company into its Ordinary Shares on the ex-dividend date.

As at 30 June 2021		Page	NAV	Share Price
Opening at 1 January 2021 (p)	a	n/a	93.25	87.00
Closing at 30 June 2021 (p)	b	2	95.25	90.00
Dividend adjustment factor	c	n/a	1.0279	1.0372
Adjusted closing (d = b x c)	d	n/a	97.91	93.35
Total return	(d/a)-1		5.0%	7.3%

Glossary

Alternative Investment Fund or "AIF"	An investment vehicle under AIFMD. Under AIFMD (see below) the Company is classified as an AIF.
Alternative Investment Fund Managers Directive or "AIFMD"	A European Union directive which came into force on 22 July 2013 and has been implemented in the UK.
Annual General Meeting or "AGM"	A meeting held once a year which Shareholders can attend and where they can vote on resolutions to be put forward at the meeting and ask directors questions about the Company in which they are invested.
C Shares	C Shares of 10 pence each in the capital of the Company.
CTA 2010	Corporation Tax Act 2010.
Custodian	An entity that is appointed to safeguard a company's assets.
Discount	The amount, expressed as a percentage, by which the share price is less than the net asset value per share.
Dividend	Income receivable from an investment in shares.
Ex-dividend date	The date from which you are not entitled to receive a dividend which has been declared and is due to be paid to Shareholders.
Financial Conduct Authority or "FCA"	The independent body that regulates the financial services industry in the UK.
Gearing	A way to magnify income and capital returns, but which can also magnify losses. A bank loan is a common method of gearing.
Index	A basket of stocks which is considered to replicate a particular stock market or sector.
Investment company	A company formed to invest in a diversified portfolio of assets.
Investment Trust	An investment company which is based in the UK and which meets certain tax conditions which enables it to be exempt from UK corporation tax on its capital gains. The Company is an investment trust.
Leverage	An alternative word for "Gearing".
	Under AIFMD, leverage is any method by which the exposure of an AIF is increased through borrowing of cash or securities or leverage embedded in derivative positions.
	Under AIFMD, leverage is broadly similar to gearing, but is expressed as a ratio between the assets (excluding borrowings) and the net assets (after taking account of borrowing). Under the gross method, exposure represents the sum of the Company's positions after deduction of cash balances, without taking account of any hedging or netting arrangements. Under the commitment method, exposure is calculated without the deduction of cash balances and after certain hedging and netting positions are offset against each other.
Liquidity	The extent to which investments can be sold at short notice.

Loans or Secured Debt Instruments	Secured debt instruments of UK SMEs and mid-market corporates and/or individuals including any loan, promissory notes, lease, bond, or preference share such debt instruments.
Net assets	An investment company's assets less its liabilities
Net asset value (NAV) per Ordinary Share	Net assets divided by the number of Ordinary Shares in issue (excluding any shares held in treasury)
Ordinary Shares	The Company's Ordinary Shares of 1 pence each in the capital of the Company.
Portfolio	A collection of different investments held in order to deliver returns to Shareholders and to spread risk.
Share buyback	A purchase of a company's own shares. Shares can either be bought back for cancellation or held in treasury.
Share price	The price of a share as determined by a relevant stock market.
Treasury shares	A company's own shares which are available to be sold by a company to raise funds.
Volatility	A measure of how much a share moves up and down in price over a period of time.

Directors, Investment Manager and Advisers

Directors
Norman Crighton (Non-executive Chair)
Guy Heald
Marlene Wood

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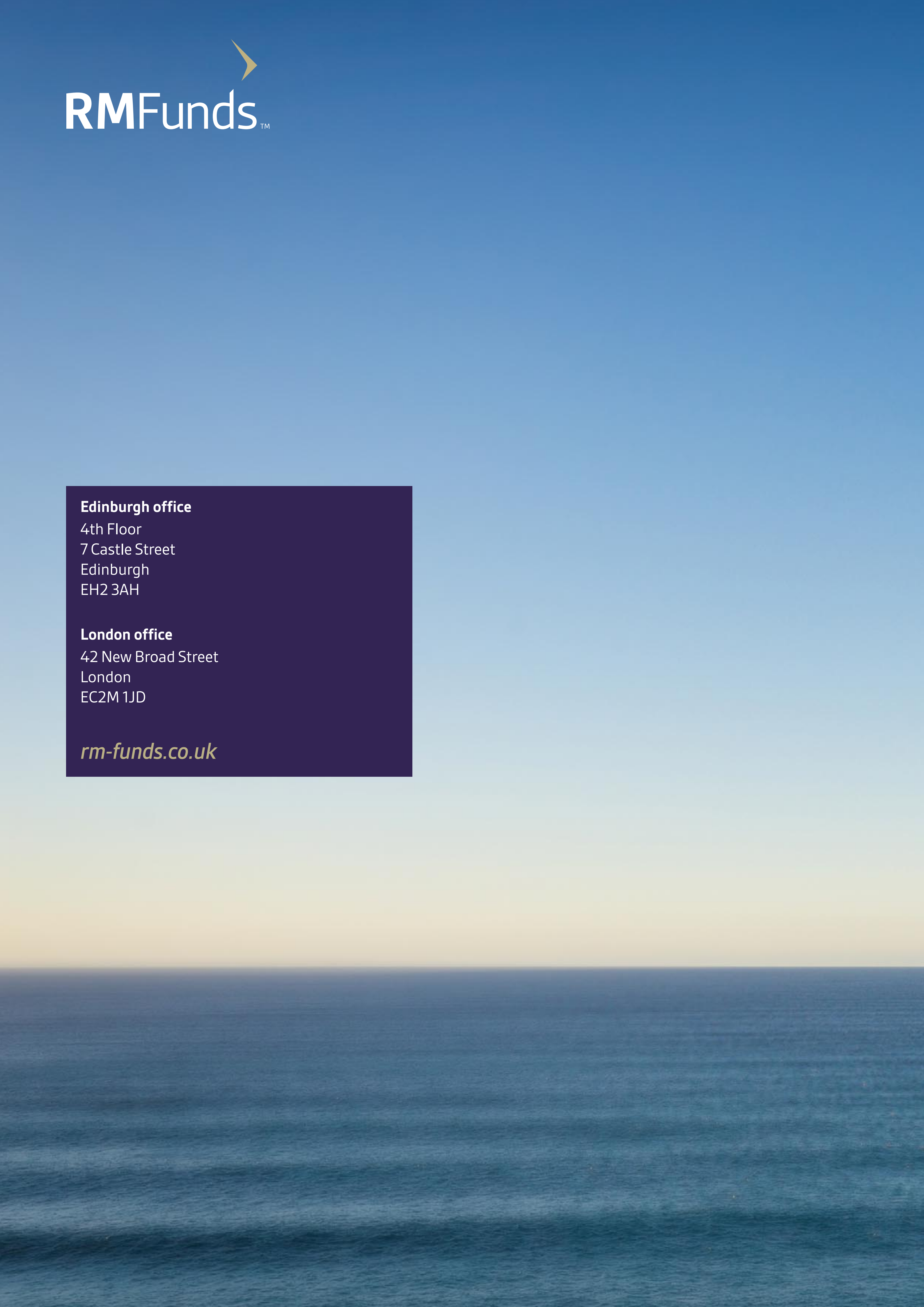

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