

↓ -2.32% *

Tosca Micro Cap UCITS Fund

UK Micro Cap

September 2019

Performance Returns

*The Tosca Micro Cap UCITS Fund returned -2.32% in September (GBP Institutional share class) giving a net return since launch on April 8th 2016 of 10.10%.

Investment Objective & Strategy

The Tosca Micro Cap UCITS Fund is a fundamental, value-orientated strategy, applied to the opportunity rich UK micro cap segment. The fund will invest primarily in "micro cap" companies with a market capitalisation of up to £250m that are listed in the UK, and which are or are expected to become constituents of the FTSE Small Cap or the FTSE AIM All Share Index. The Fund is managed by Matt Siebert who, together with Daniel Cane and Jamie Taylor, support Martin Hughes in the management of the Toscafund mid-cap strategy. As such, the Fund represents an extension of the same investment philosophy employed in the award winning Tosca Opportunity and Tosca Mid Cap funds. The Fund targets an annualised return in excess of 15% (net of fees).

Market Commentary

As the UK limps towards the current Oct-31 Brexit deadline, it is worth looking at how the portfolio has been impacted by broader macro issues vs company specific factors over the last 3-4 months. This should then provide some colour into how the fund is placed for life on the other side (sic).

Looking at the litany of reasons that management teams have used to explain earnings downgrades there are 4 broad groupings to consider. The first relates to pricing weakness. Interestingly this has not been an issue raised by our companies to date which hopefully reflects their specialist offer or key part in the industry food chain they fill. A more pressing issue though has been order push-outs or cancellations. This has impacted industrial/aerospace groups such as Autins (-11 bps last month) and Pennant. Problems are then compounded if there is then an over reliance on a concentrated client list. In both of these cases

visibility on revenues is better in the outer years than the current as delays should mean orders simply move to the right.

The third area is related to discretionary spend. In times of uncertainty doing nothing becomes a viable option and as such often higher margin niche spend is curtailed. This has certainly been the case with the likes of Warpaint where the lower end of the UK high street has struggled such that it has had to cut back on near term orders to manage their own cashflows. The smaller customers are often the most profitable and thus reduced demand is amplified on forecasts. Elsewhere, Arena (-91 bps) too was hit by large event organisers reducing the scope of events and scaling back commitments to "under the tent" products, which also have better returns.

Finally, there is sentiment. Companies exposed to a more politicised economy have often been hit hard. Inspired Energy (-13 bps) an energy procurement and efficiency business into UK corporates, has seen no change in its earnings trajectory but has suffered by association as the Labour Party talks of renationalisation. In a similar vein, those exposed to housebuilding, while not seeing any near term threat to numbers have seen a de-rating over fears that political change will radically change the landscape for them. Springfield is a Scottish based builder that we believe remains materially undervalued vs both the market and peers. It is worth noting that both companies are trading on 9%+ FCF yields which pays both a healthy dividend and funds future growth.

Looking out to the future therefore, we look for companies that offer a balance of self-help as well as gearing to a recovery. The names mentioned here fall into that category. There are plenty of other names in the portfolio that have other catalysts that are designed to deliver performance. With around 50% of forward sales exposure to the UK we feel that we have a healthy blend of UK recovery and international growth which means we are well placed once the present uncertainty passes. We thank you for your continued support.

The Manager

TOSCAFUND

Fund Facts

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Weekly
Fund AUM	\$34.0m
Inception	1st October 2010
Relaunch	8th April 2016

Share Class	Institutional/Institutional Pooled
Currency	EUR/GBP/CHF/USD
Mgt. Fee	1.00%
Perf. Fee	15%
Min Init. Sub.	100,000
ISIN Codes	EUR: IE00B3QLJ113/IE00BD2MF541 USD: IE00B3QZNH75/IE00BD2MF764 CHF: IE00B3MBJQ07/IE00BD2MF657 GBP: IE00B68Z1V62/IE00B3RTD232

Share Class	Retail/Retail Pooled
Currency	EUR/GBP/CHF/USD
Mgt. Fee	1.5%
Perf. Fee	15%
Min Init. Sub.	1,000
ISIN Codes	EUR: IE00B3N9LL24/ N/A USD: IE00B3SGTD66/ N/A CHF: IE00B3SLGP29/ N/A GBP: IE00B3YLLZ14/IE00B4M22S36

Matthew Siebert joined Toscafund in 2008. He started his career at Hoare Govett in 1991 in a sector research team covering utilities. By 2005 he was responsible for much of the technology research at ABN Amro and was ranked third in the Exte! Survey for his research on Tech Hardware. Matthew graduated in Political Science from Birmingham University in 1989.

Daniel Cane joined Toscafund in 2008. From 2004 he worked with Quantmetriks. He analysed the retail sector at HSBC and ABN AMRO (2000-03). Prior to that he was a paper & packaging analyst at ABN AMRO (ranked 2nd in Exte! surveys). Daniel graduated in Industrial Economics from Nottingham University in 1987.

Jamie Taylor joined Toscafund in 2015. Prior to this he was an analyst for seven years with Clareville Capital LLP, a UK L/S Equity fund based in London. Jamie graduated from the University of Edinburgh in 2008 with a MA (Hons) in Law & Business Studies, and is a CFA charterholder.

Tosca Micro Cap UCITS Fund Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2019	-0.55%	-3.90%	2.40%	3.10%	0.10%	-4.41%	0.46%	-5.23%	-2.32%				-10.21%
2018	-1.15%	0.18%	-2.89%	1.79%	0.61%	3.36%	2.49%	1.46%	-2.23%	-12.55%	-5.35%	-3.99%	-17.76%
2017	4.86%	0.20%	2.04%	4.42%	3.97%	-2.28%	-1.59%	3.54%	-0.68%	1.24%	-0.66%	2.15%	18.25%
2016	-	-	-	1.15%	3.94%	-3.84%	8.76%	5.23%	2.80%	0.73%	1.60%	3.60%	26.10%

The performance figures quoted above represent the performance of the Tosca Micro Cap UCITS Fund since relaunch on 8th April 2016. These performance figures refer to the past and past performance is not a reliable guide to future performance.

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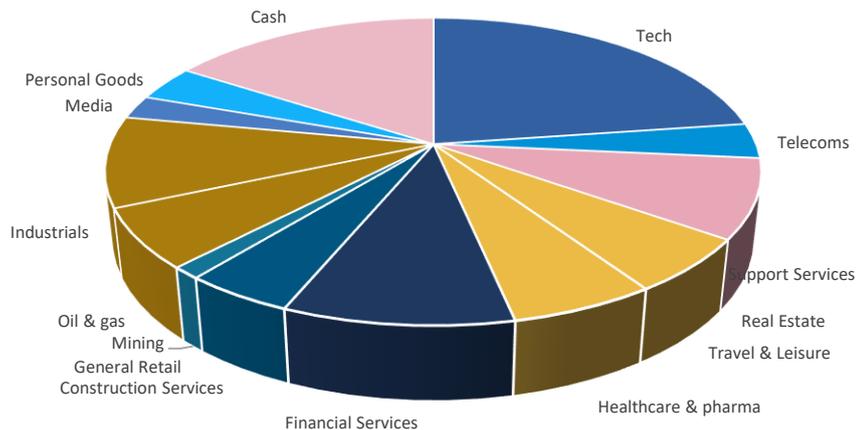
September 2019

COMPOSITION OF FUND (Data as at 1st October 2019)

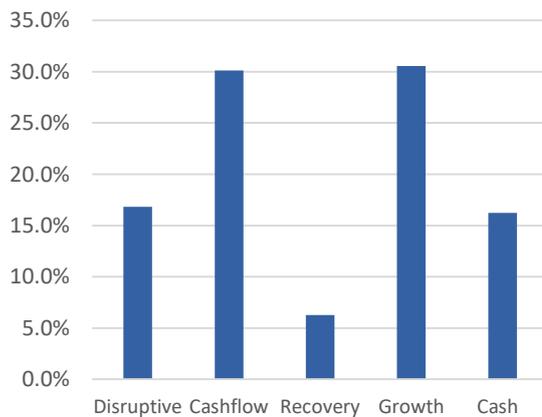
Portfolio Summary

Gross exposure	84.2%
Yield (%)	1.4%
PE (Cash flow)	11.8
Average mkt cap (£m)	190
No. of positions	34

Portfolio By Sector



Portfolio By Theme



Top 5 exposures (% of NAV)

Diversified Gas & Oil	5.28
Sumo	5.25
Oxford Biomedica	4.70
Boku	4.60
Imimobile	4.19

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Disclaimer

RISK WARNING: Following a restructuring and rebranding on the 8th April 2016, the Pegasus UCITS Fund became the Tosca Micro Cap UCITS Fund. Returns between the inception of the Fund 1st October 2010 and up to and including the 8th April 2016 relate to the Pegasus UCITS Fund. Information on the returns for this period is available on the Key Investor Information Documents. Returns from the close of business on the 8th April 2016 to date relate to the Tosca Micro Cap UCITS Fund. Past performance is not a reliable indicator of future results, prices of investments and the returns from them may fall as well as rise. Investments in equities are subject to market risk. Changes in exchange rates may have an adverse effect on the value price or income of the product. The Tosca Micro Cap UCITS Fund (the "Fund") may use higher leverage and financial derivative instruments as part of the investment process. The distribution of this report does not constitute an offer or solicitation and this notice shall not be construed as an offer of sale in any other fund managed or advised by Toscafund Asset Management LLP or MontLake Management Limited ("ML"). Any investment in the Fund should be based on the full details contained in the Fund's Supplement Prospectus and Key Investor Information Document which together with the MontLake UCITS Platform ICAV Prospectus may be downloaded from the MontLake website (www.montlakeucits.com). Information given in this document has been obtained from, or based upon, sources believed by us to be reliable and accurate although neither ML nor Toscafund Asset Management LLP accepts liability for the accuracy of the contents. The state of origin of the Fund is the Republic of Ireland. The Representative in Switzerland is ACOLIN Fund Services AG, Leutschenbachstrasse 50, CH-8050 Zurich, whilst the Paying Agent is NPB Neue Privat Bank AG, Limmatquai 1/am Bellevue, P.O. Box, CH-8024 Zurich. In respect of the units distributed from Switzerland, the place of performance and jurisdiction is at the registered office of the Swiss representative. The basic documents of the Fund as well as the annual report may be obtained free of charge at the registered office of the Swiss Representative. The current document is intended for information purposes only and shall not be used as an offer to buy and/or sell shares. Past performance is no indication of current or future performance. The performance data do not take account of the commissions and costs incurred on the issue and redemption of units. ML does not offer investment advice or make recommendations regarding investments. The Manager of the Fund is MontLake Management Ltd, a company regulated by the Central Bank of Ireland. The Investment Manager for the fund, Toscafund Asset Management LLP is authorised and regulated by the U.K. Financial Conduct Authority. The MontLake UCITS Platform ICAV is registered and regulated as an open-ended Irish collective asset-management vehicle with segregated liability between sub-Funds formed in Ireland under the Irish Collective Asset Management Vehicles Act 2015 and authorised by the Central Bank as a UCITS pursuant to the UCITS Regulations. This notice shall not be construed as an offer of sale in the Fund. The state of the origin of the Fund is the Republic of Ireland. The performance data do not take account of the commissions and costs incurred on the issue and redemption of units. Authorised and Regulated by the Central Bank of Ireland.