

↑ 1.22%

Tosca Micro Cap UCITS Fund

UK Micro Cap

October 2021

Performance Returns

The Tosca Micro Cap UCITS Fund returned 1.22% in October (GBP Institutional share class).

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).

Manager Commentary

The Funds positive return in the month was a pleasing outcome given the weakness seen across AIM and smaller cap indices more widely.

Much of the relative outperformance in the month and, indeed across 2021, has been fuelled by company specific events driving stock prices higher, rather than macro catalysts. In October, we benefited from a bid, a disposal, evidence of accelerating business models and increased exposure to the resources space.

The bid, which came in for Arena Events (+43 bps), was from a consortium led by its largest Saudi based shareholder at 21p. While this generated a healthy profit on our investment in this provider of seating and stadia to the outdoor events market, the price does look “skinny”. On a normalised Ebitda in FY23 the bid implies a mid-single digit multiple, which looks too low for what is, to our mind, a trophy asset. Sadly, with over 40% of shareholders voting in favour of the all-cash deal, it is unlikely to be increased. The

disposal was care of River & Mercantile (+37 bps). It sold its solutions business to Schroders for £230m, equivalent to the current entire market cap. Valuing the rump at zero looks overly conservative! We see further material upside from here.

Two companies in the period received important accreditations for their respective operations. Synairgen (+91 bps) received US approval to move to a Phase 3 study for its SNG001 anti-viral protein in mild/moderate Covid 19 patients. While no data was shared, one assumes that some form of clinical benefit was observed to permit a larger study to take place, results of which should be published in Q1 22. Elsewhere, Harland & Wolff (formerly Infrastrata), finally received confirmation of a full marine license for its Islandmagee gas storage project. While this is seen as a secondary business to the core shipbuilding operations, Islandmagee has the potential to represent c.25% of the UK’s total gas storage capacity, once established. Given ongoing energy security issues in the UK, this is clearly a valuable asset. The company believe that this is worth up to £50m vs a current MV for the group of £30m.

Energy and resource security is, in our view, a multiyear trend and is one of the reasons why we participated in the IPO of Tungsten West (+35 bps). This is a UK based, world class, deposit of tin and tungsten, which are strategically important metals. The IPO will help fund mine capex to exploit an established site. Critically therefore this means revenues and profits are near and not long term aspirations. As with other Micro cap holdings, the potential upside is material. To date £170m has been sunk into this asset and yet it IPO’ed at a £100m valuation. With >320 Mt of reserves, this drives a post-tax NPV of >£270m at current prices. Demand is only likely to increase, and with it, pricing. As a result, we see substantial upside in the coming years. We shall return to the resource / energy theme in coming months to update you on further interesting opportunities we are uncovering.

We thank you for your continued support

The Manager

TOSCAFUND

Fund Facts

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Weekly
Fund AUM	\$72m
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. He then ran sales and research at Quantmetriks before joining Tosca. Matthew graduated in Political Science from Birmingham University.

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 Extel 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
2021	3.67%	5.98%	4.90%	5.09%	1.23%	-1.03%	0.57%	2.08%	-2.40%	1.22%			23.06%
2020	5.90%	-11.45%	-24.95%	12.34%	7.39%	1.63%	9.30%	8.62%	0.86%	1.75%	7.02%	15.33%	29.79%
2019	-0.55%	-3.90%	2.40%	3.10%	0.10%	-4.41%	0.46%	-5.23%	-2.32%	-0.98%	2.58%	5.01%	-4.24%
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 (GBP Institutional Class) 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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UK Micro Cap

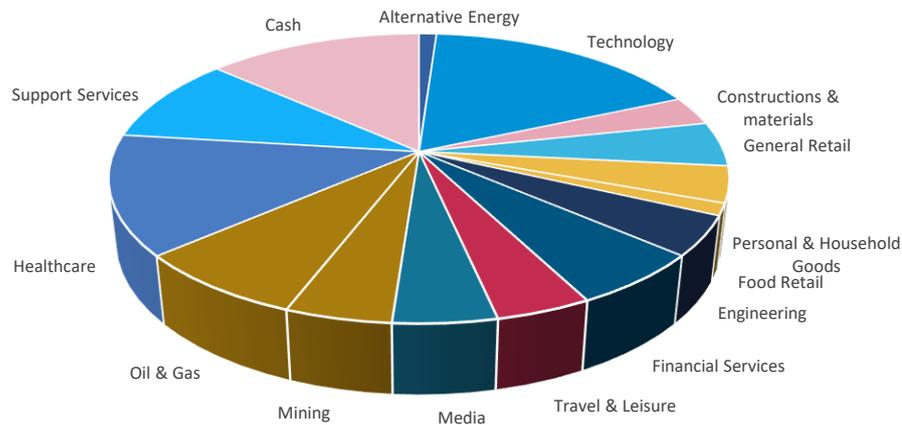
October 2021

COMPOSITION OF FUND (Data as at 31 October 2021)

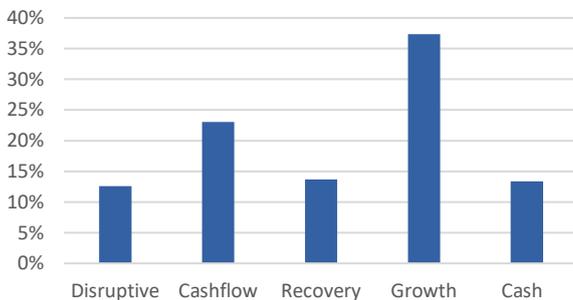
Portfolio Summary

Gross exposure	86.6%
Average mkt cap (£m)	260
No. of positions	56

Portfolio By Sector



Portfolio By Theme



Top 5 exposures (% of NAV)

Kistos	3.9
Synairgen	3.3
Maxcyte	2.9
Sureserve	2.7
Kape	2.4

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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 Waystone Fund Management (IE) Ltd ("Waystone"). 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 Waystone website (www.montlakeucits.com/funds/tosca-micro-cap-ucits-fund). Information given in this document has been obtained from, or based upon, sources believed by us to be reliable and accurate although neither Waystone 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 Waystone Fund Services (Switzerland) SA, Avenue Villamont 17, 1005 Lausanne, Switzerland, 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. Waystone does not offer investment advice or make recommendations regarding investments. The Manager of the Fund is Waystone Fund Management (IE) 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. The Management Company may decide to terminate the arrangements made for the marketing of the Fund in accordance with Article 93a of Directive 2009/65/EC. To view the Summary of Investor Rights, please visit the following [link](#). This is a marketing communication.

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