

↓ 8.99%

# Tosca Micro Cap UCITS Fund

## UK Micro Cap

June 2022

### Performance Returns

The Tosca Micro Cap UCITS Fund returned -8.99% in June (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

One of the features of the current market has been the pace at which stocks and sectors have been de-rated. The perception is that the next phase will be a wave of earnings downgrades. The macro backdrop would certainly support this premise, though we doubt it will be quite as clear cut as the arbitrary nature of recent price moves suggests.

It has clearly been a painful period for anyone investing in small/mid-cap equities, and there are issues we as investors need to confront longer term such as the falling liquidity in the market and, linked to that, convincing companies that AIM/LSE are viable funding options vs PE/trade. Despite this however, we can see opportunities and continue to back exciting, under-researched, poorly understood companies.

Our strategy at this time is three fold: 1) to steer a path around earnings warnings where possible, 2) focus on long term strategic positions supported by secular trends, and 3) medium term, to take advantage of market dislocation.

From a bottom up perspective our core principles remain the same. Namely, management commitment (equity holding), a lack of leverage (debt/ebitda across the portfolio is <0.5x) and a focus on medium term cash flow. Timeframes may have been pulled in by the current market stress and strain, but the focus is unchanged.

In terms of positioning, the fund has moved towards more predictable earnings streams, be that via Government/Local Authority contracts or highly visible recurring revenue streams. Two new names that have been added are Capita and Totally. The latter is well known to many readers as a byword for chronic mismanagement of third party services into the public sector. Thankfully this leopard has changed its spots as debt has been reduced, service levels improved and as a result, contact momentum is once again positive. Totally offers health care services to the NHS. This includes out of hours services as well as clinical assessment. Both business lines are on sound footings and well placed to benefit from Government plans to drive efficiencies through the public sector.

Looking at recent performance, one of the main detractors was TinyBuild (-79 bps). This games developer has been tarred with the same brush as others in their space having seen a slowdown in the wider market. We don't think this is a fair comparison given its back catalogue (meaning it is less dependent on new releases) as well as its strong emerging market base (where there is less competition). We still see organic growth of c10% p.a. which will be boosted by further infill M&A, and in turn will further cement there already strong position with the global gaming platforms. Moves such as this are frustrating and are symptomatic of the nervousness surrounding short term news flow. The irony of course is that this can and will work in reverse as the market stabilises.

We thank you for your continued support and look forward to a better second half of the year.

### The Manager

# TOSCAFUND

### Fund Facts

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Weekly
Fund AUM	\$42m
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
2022	-5.18%	-7.10%	-1.80%	-2.89%	-6.09%	-8.99%							-28.21%
2021	3.67%	5.98%	4.90%	5.09%	1.23%	-1.03%	0.57%	2.08%	-2.40%	1.22%	-3.61%	0.87%	19.65%
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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# Tosca Micro Cap UCITS Fund

## UK Micro Cap

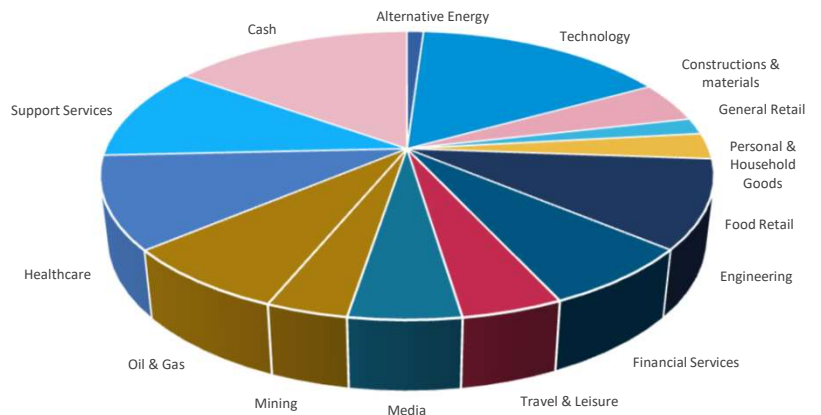
June 2022

### COMPOSITION OF FUND (data as at 30 June 2022)

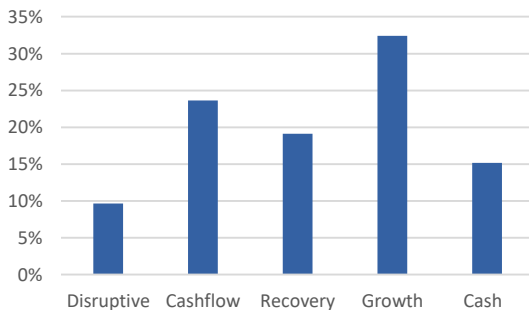
#### Portfolio Summary

Gross exposure	84.8%
Average mkt cap (£m)	188
No. of positions	51

#### Portfolio By Sector



#### Portfolio By Theme



#### Top 5 exposures (% of NAV)

Kistos	5.6
Sureserve	4.1
Ashtead Tech	3.6
Crestchic	3.3
Fonix	3.2

### Contact Details

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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](http://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. The Investment Manager expects that a typical investor will be seeking to achieve a return on their investment in the long term with a high level of volatility and are willing to accept the risks associated with an investment of this nature. 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.