

## FACTSHEET

## THE MANAGER

### Performance Returns Summary

The finnCap Slide Rule UCITS Fund returned -5.03% for the month of August (GBP Inst Founder Class), underperforming the benchmark by 30bps. **Year to date, the fund has delivered +6.36%, outperforming the benchmark by 369bps.** Total outperformance since the fund was first fully invested (1/3/18) stands at 658bps. Net return since launch on 12th February 2018 is -5.43%.

### Investment Objective & Strategy

The UK smaller companies universe is full of excellent investment opportunities but it is very large (1,500+ stocks) and suffers from limited and inconsistent research coverage. The finnCap solution is an internally-developed investment analysis tool, The Slide Rule, to dramatically simplify the identification of the best companies. Using The Slide Rule, finnCap has developed a stock picking system, called QVGM+, which is used to find the "best" 60-80 stocks. It is these companies into which the fund will invest. The system's core factors are Quality, Value, Growth and Momentum plus a screen for financial quality and stress. The typical company in the resultant portfolio is one with above average growth and above average ROCE (return on capital employed).

### Monthly Commentary for August 2019

- **August the sting in summer's tail:** Markets turned sour in August, with the benchmark falling 4.7% (AIM -5.3%, FTSE small cap -3.0%). YTD the benchmark is only up 2.7% (AIM +1.5%, FTSE small cap +3.8%). This contrasts sharply with the Mid250 which is flat QTD and up 10.5% YTD. The poor performance of the smaller indices could be due to ongoing fallout from the Woodford Income Fund shuttering debacle, leading to fund managers shunning smaller, less liquid stocks. It is hard to see much life being injected into the market until the Brexit situation starts to show some clarity.
- **Fund NAV decreased 5.03% in August, slightly underperforming the benchmark.** During the month 'Value' shares were the strongest performers again. As this is not a focus for the fund, it is pleasing that the fund broadly kept pace. Year to date, Fund NAV has increased +6.36%, outperforming the benchmark by 369bps.
- **18 companies (32% of the portfolio) delivered positive returns in August.**
- **There were a few good relative performances in the portfolio in August.** The most notable were: **Plus500 (+18%), Kenmare (+17%), Learning Tech (+9%), Softcat (+9%) and AB Dynamics (+7%).**
- **There were a number of poor performers in the portfolio in August,** most notably: **Shoe Zone (-36%), LoopUp (-33%), Character Group (-25%) and Tremor (-20%).**

### Key Fund Characteristics

- The current portfolio contains circa **60** smaller companies that have been picked using our **QVGM+ quantitative process**. These companies are the **best blend of quality and growth** in the UK smaller companies market (£100m - £4bn market capitalisation) after testing for cash flow quality, dividend affordability and financial stress.
- The portfolio aims for broadly an **equal-weight** in each company and the median market capitalisation of portfolio holdings is currently circa £340m.
- **Quality:** the portfolio has a median Free Cash Flow Return on Capital Employed (RoCE) of **25.4%**, c3x the UK smaller companies median of 8.7%.
- **Growth:** the portfolio has a median revenue growth rate of **10.5%** and operating profit growth rate of **20%**, both growth rates approximately double the UK smaller-co. median.
- **Value:** the portfolio has a median free cash yield of **5.1%**, inline with the smaller companies median of 5.4%, despite a far higher ROCE and growth rate versus the market.

\*The Benchmark is the simple average of the FTSE AIM all-share and the FTSE Small Cap index

### UCITS Performance Detail

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2018	-	-1.15%	-0.54%	4.49%	2.41%	0.17%	0.46%	1.95%	0.50%	-11.77%	-0.47%	-6.65%	<b>-11.08%</b>
2019	5.24%	-0.47%	2.94%	4.63%	-0.41%	-0.63%	0.32%	-5.03%					<b>6.36%</b>

The performance figures quoted above represent the performance of the finnCap Slide Rule UCITS Fund since launch on the 12<sup>th</sup> of February 2018. These performance figures refer to the past and past performance is not a reliable guide to future performance.



### Raymond Greaves

Head of Research, finnCap

Raymond Greaves, Head of Research at finnCap, originally built and developed the Slide Rule investment tool and the QVGM+ stock selection system. Raymond has a first class degree in Mechanical and Aeronautical Engineering from Brunel University. He has worked as an equity analyst for over 20 years, on both buy-and sell-side at N.M. Rothschild, Merrill Lynch, Collins Stewart and finnCap.

### Mark Tubby

Fund Manager

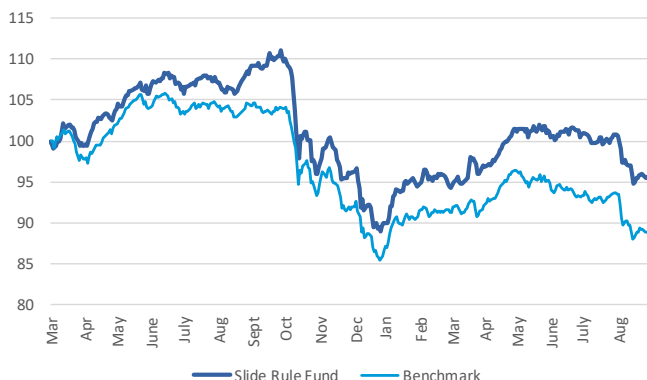
Mark has managed international equities and derivatives for a variety of funds, including pension, unit trust and sovereign wealth.

## FUND FACTS

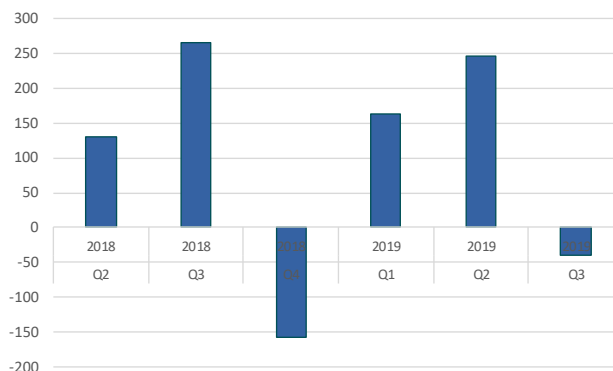
Structure	UCITS Fund
Domicile	Ireland
Liquidity	Daily
Fund AUM	£2.3 million
Inception	12 February 2018
Share Class	Founder Shares
Currency	EUR/USD/CHF/GBP
Mgt. Fee	1.00%
Perf. Fee	0.00%
Min Init. Sub.	£1,000
ISIN Codes	EUR: IE00BFFF4Z74 USD: IE00BFFF4H92 CHF: IE00BFFF4G85 GBP: IE00BFFF4F78
Share Class	Class A Shares
Currency	EUR/USD/CHF/GBP
Mgt. Fee	1.00%
Perf. Fee	10%
Min Init. Sub.	£1,000
ISIN Codes	EUR: IE00BFFF4K22 USD: IE00BFFF4N52 CHF: IE00BFFF4M46 GBP: IE00BFFF4L39

**Performance Charts**

➤ **Slide Rule Fund NAV absolute performance 1/3/18 – 31/8/19 versus Benchmark (rebased to 1 March 2018)**

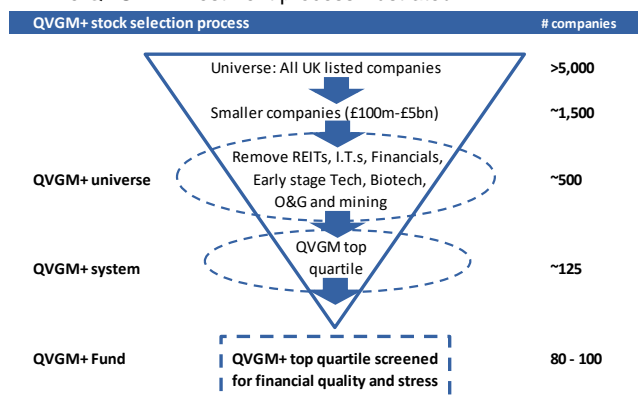


➤ **Slide Rule Fund NAV quarterly relative performance vs Benchmark (bps)**



**Investment Strategy Chart**

➤ The QVGM+ investment process illustrated



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**How to invest**

All relevant documentation is on the MontLake website:  
<http://www.montlakeucits.com/>

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