

↓ 2.89%

Tosca Micro Cap UCITS Fund

UK Micro Cap

April 2022

Performance Returns

The Tosca Micro Cap UCITS Fund returned -2.89% in April (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 wider geopolitical environment continues to cast a pall over global equity markets meaning a focus on macro rather than micro is the key driver of stock prices at present.

April was another tough month for equities, small/mid-caps in particular, despite the underlying news flow at the stock level remaining broadly positive. Consumer names, Immotion, Loungers and Hollywood Bowl delivered results that were all modestly ahead of expectation, as indeed did Brickability (UK RMI), Northbridge (backup power supplies) and Essensys (recovering flexible office demand in US). That said, the backdrop of rising rates, ever higher inflation and weaker GBP have all hit confidence in UK equities.

Currently the impact of inflation has been a small positive though there are an increasing number of cases where this is starting to hurt margins. In our portfolio to date, rising input costs have helped those with pricing power. Where pain has been felt is where inflating costs has had an effect on the timing and magnitude of expenditure. A good case

in point was with Tungsten West (-114 bps). This tin, tungsten and aggregate mine is in the final throes of restarting the Hemerdon mine in Devon. However, rapid changes in the cost environment has forced them to temporarily halt this development. The issues relate both to capex (steel, cement) and to opex (energy and explosives). We feel management should have reacted to the changing cost climate quicker but the decision taken is sensible despite the uncertainties that now exist. We now expect a reformulated plan to be presented by the end of June to address some of those uncertainties. Our expectation is that 1) existing cash of £28m will finance the project and that debt finance will not now be required, 2) that a simplified plan can allow production to go ahead in Q1 2023 and 3) that Phase 2 which envisages better margins through higher-valued production can be accelerated. The current market cap at 35p per share is £66m which is 0.33x NAV, giving a sense of valuation support. Typically we would expect the equity to price at reducing discounts to NAV until production and grade is proven and a multiple of 1 x NAV justified.

Elsewhere, Canadian Oil (-0.84bps) was weak as it raised funding to acquire the assets of Cuda, its bankrupt partner in the Wyoming Powder River Basin. The transaction served to increase COPL's working interest in the two principal assets from c.58% to c.84%. COPL paid \$22m for assets valued at \$122m by an independent reserve auditor. At the current price, COPL is trading at 0.6x core (producing) NAV. Near term news flow should instil greater confidence and allow the discount to NAV to close. We expect that COPL will announce helpful Q1 results, new audited reserves data for the Barron Flats Deep (a recent discovery) and a refinance of expensive and restrictive debt. With new funding in place COPL can now move ahead with its capex program to upgrade surface facilities which will allow production to accelerate in Q3 and Q4.

At present we are seeing some modest rotation in the portfolio. That said, our preference for strongly incentivised management teams and low leverage/strong FCF businesses in healthy growth categories remains ever present. Areas of focus remain infrastructure, resources, productivity and digitisation, healthcare and security.

The Manager

TOSCAFUND

Fund Facts

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Weekly
Fund AUM	\$53m
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%									-16.00%
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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UK Micro Cap

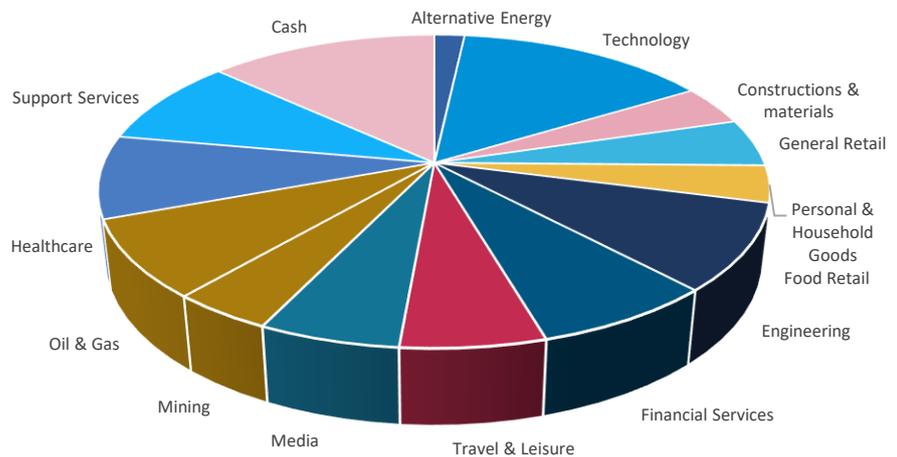
April 2022

COMPOSITION OF FUND (Data as at 31 March 2022)

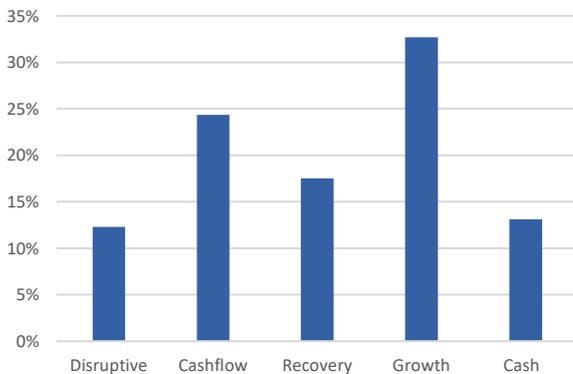
Portfolio Summary

Gross exposure	86.9%
Average mkt cap (£m)	210
No. of positions	53

Portfolio By Sector



Portfolio By Theme



Top 5 exposures (% of NAV)

Kistos	5.0
Sureserve	3.3
Ashtead Tech	3.2
Wincanton	3.1
Hollywood Bowl	2.8

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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. 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.

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