

↑ 1.23%

# Tosca Micro Cap UCITS Fund

## UK Micro Cap

May 2021

### Performance Returns

The Tosca Micro Cap UCITS Fund returned 1.23% in May (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

A solid performance in the month saw the fund up circa 1.2% and extend its outperformance over the AIM index to 13.7% this year.

May was a more challenging market for UK small caps after what has been a very strong last twelve months. In the past it has been much more about being in the right segment of the market, now however, it feels as if it is going to be more about being in the right stocks. Hopefully we have evidenced that we are capable of navigating these waters and generate incremental alpha for our investors.

The largest contributor to performance in May was Sinaigen (+82 bps). An updated study was published towards the end of the month that showed its core product, SNG001, produced potent antiviral activity against SARS Cov 2 variants as well as against the original strain. It is becoming increasingly clear that the world will have to live with Covid for the foreseeable future and, as such, will need to stockpile vaccines that provide a high level of defence against all current and future variants of the virus. SNG001 is consistently meeting those expectations and we hope

(and expect) it to soon get the required regulatory clearance to move into phased production.

Another key driver last month was the contribution made by UP Global Sourcing (+62 bps). It reported H1 results at the very end of April in which margins continued to beat expectations. This was driven by an ongoing focus on productivity improvements. Ebitda margins will continue to improve in H2, despite rising freight costs and an unfavourable sales mix, with management confident that the company will achieve 10% in 2022. The rising margin is also converting into better cashflow, and with it, debt forecasts continue to fall. This was the third upgrade since December 2020 and the management roadshow did much to instil confidence that the upgrade cycle will continue. The final contribution of note came from Spire (+39 bps). This UK hospital chain, which we first bought in September last year, has looked vulnerable to a bid for some time. With £1.1bn of freehold assets as well as improving fundamentals in the private healthcare market, we were not surprised that Ramsay Health Care came in with an approach. What did surprise us was the level at which they came in (240p), and the unequivocal support that they received from management – none of whom we note have material holding in the company. The recommended bid values Spire on 7x FY22 EV/Ebitda vs a long term median of 10x and is a healthy discount to the two offers it received in 2017. Management has much to explain as to why this lower level is acceptable now when waiting lists are at all-time highs and the relationship between public and private healthcare has never been so strong. We await developments with interest.

In the debit column, Tinybuild gave back 54 bps. There appears to be little reason for this other than the performance since IPO in Q1 has been good. Similarly Fonix (-32 bps) also retreated modestly but not on any company specific newsflow.

We are starting to see some slowdown in corporate transactions as we head into the summer months. This we fully expect to be seasonal and already have line of sight on IPOs slated for Q4. Secondary transactions continue apace and we look forward to updating investors on such opportunities in due course. We thank you for your ongoing support.

### The Manager

## TOSCAFUND

### Fund Facts

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Weekly
Fund AUM	\$69.6m
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/IE00B4M22536

**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 Exel 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%								22.61%
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

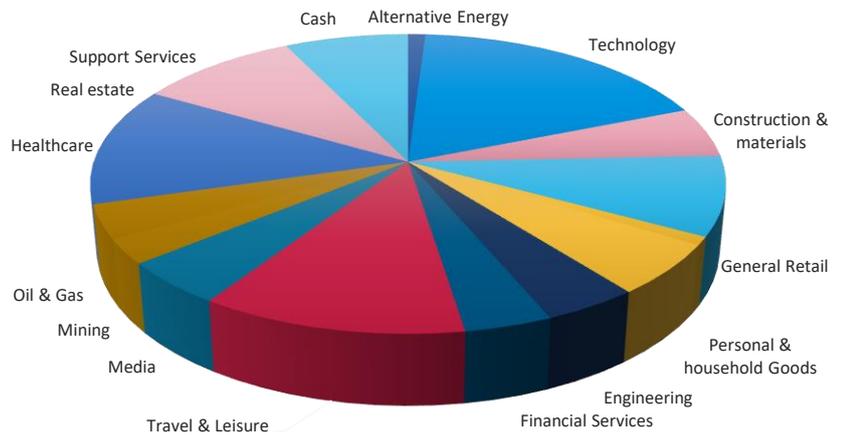
May 2021

### COMPOSITION OF FUND (Data as at 31 May 2021)

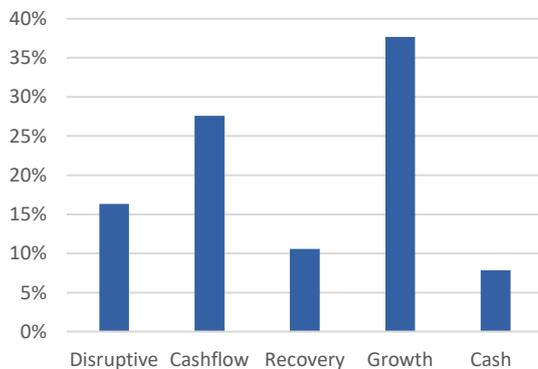
#### Portfolio Summary

Gross exposure	85.4%
Average mkt cap (£m)	300
No. of positions	56

#### Portfolio By Sector



#### Portfolio By Theme



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

Maxcyte	5.1%
Synairgen	3.1%
Wincanton	3.1%
Tinybuild	3.0%
Tremor	2.8%

### Contact Details

#### Investor Contact

**Waystone Capital Solutions (UK) Ltd**  
 2nd Floor, 20-22 Bedford Row  
 Holborn, London  
 T: +44 207 290 9493  
 investorrelations@waystone.com

#### Management Company

**Waystone Fund Management (IE) Ltd**  
 23 St. Stephen's Green  
 Dublin 2, Ireland  
 T: +353 1 533 7020  
 investorrelations@waystone.com

#### Investment Manager

**Toscafund Asset Management LLP**  
 5th Floor, Ferguson House  
 15 Marylebone Rd, London NW1 5JD  
 T: +44 20 7845 6100  
 ir@toscafund.com

### 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 date 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](http://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 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 ARM Swiss Representatives SA, Route de Cité-Ouest 2, 1196 Gland, 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. This is a marketing document.