

FACTSHEET

THE MANAGER

Performance Returns Summary

The MontLake finnCap Slide Rule UCITS Fund returned **+0.5% for the month of July** (GBP Inst Founder Class), **performing inline with the benchmark**. In its first full quarter (Q2) the fund delivered an absolute return of +7.2%, outperforming the benchmark by 129bps in that period. Net return since launch on 12th February 2018 is +5.9%.

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" 80-100 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 July 2018

- **Seemingly burnt-out from a strong recovery in Q2, in the first month of Q3, markets appeared tired, listless and directionless.** Our benchmark rose 0.5% in July and within this it is difficult to discern any particular trend. The weakness of Sterling versus the US Dollar in July lent a helping-hand to the small cap US Dollar earners (in UK small cap this tends to be the Oil & Gas and Mining companies) while those companies that had the temerity to miss expectations continued to be dealt severe share-price blows.
- **Fund NAV increased +0.5% in July, performing inline with our benchmark** despite minimal exposure to resources / Dollar earners.
- **The best performers in the Fund in July were: dotDigital (+26%),** closely followed by **IMIMobile (+25%), FAIRFX (+24%), Dart (+18%) and Staffline (+17%).** 38 companies (56% of the portfolio) generated positive returns in July.
- **The worst performers in the Fund in July were: Luceco (-26%),** due to difficult trading conditions in UK markets, while there was further profit taking at **Frontier Developments (-16%)** after an extremely strong run over the last year.

Key Fund Characteristics

- The current portfolio contains **68** 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 an **equal-weight** in each company and the median market capitalisation of portfolio holdings is currently £330m.
- **Quality:** the portfolio has a median Free Cash Flow Return on Capital Employed (RoCE) of **25%**, about 2.5x the UK smaller companies median of 9.6%.
- **Growth:** the portfolio has a median revenue growth rate of **12.5%** and operating profit growth rate of **25%**, both growth rates approximately double the UK smaller-co. average.
- **Value:** the portfolio has a median EV/EBIT multiple of **14.9x** and median P/E multiple of **19.6x**. This represents a c15% premium to the UK smaller companies average.

**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%	-	-	-	-	-	5.87%

The performance figures quoted above represent the performance of the MontLake finnCap Slide Rule UCITS Fund since launch on the 12th 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. Mark is an Associate of the UK Securities and Investment Institute and former member of the CFA Society of the UK (formerly UK Society of Investment Professionals).

FUND FACTS

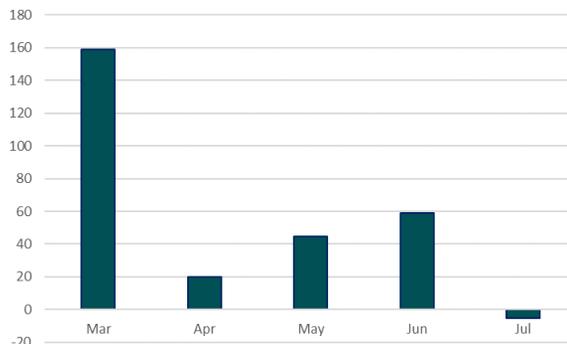
Structure	UCITS Fund
Domicile	Ireland
Liquidity	Weekly
Fund AUM	£3.0 million
Inception	12 February 2018
Share Class	Founder Shares
Currency	EUR/USD/CHF/GBP
Mgt. Fee	1.00%
Perf. Fee	0.00%
Min Init. Sub.	£1,000
ISIN Codes	EUR: IE00BFFF4Z74 USD: IE00BFFF4H92 CHF: IE00BFFF4G85 GBP: IE00BFFF4F78
Share Class	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 – 31/7/18 versus Benchmark (rebased to 1 March 2018)

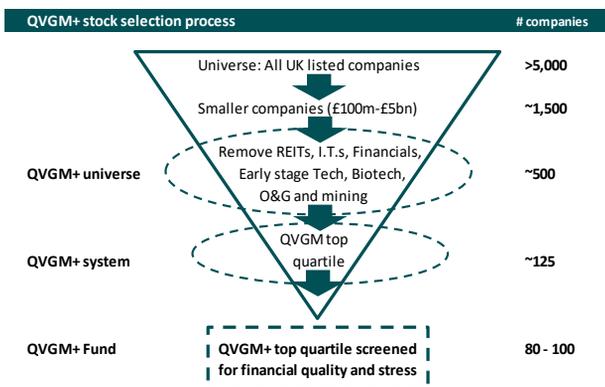


- Slide Rule Fund NAV monthly relative performance vs Benchmark (bps)



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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Disclaimer

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