

↑ 15.33%

# Tosca Micro Cap UCITS Fund

## UK Micro Cap

December 2020

### Performance Returns

The Tosca Micro Cap UCITS Fund returned 15.33% in December (GBP Institutional share class).

### Investment Objective & Strategy

December proved to be a record month for the Fund helping to drive year end NAV +30% in 2020. Given the difficult market circumstances we found ourselves in in March, this is a pleasing outcome.

While the macro winds were certainly at our back in the month, the Fund managed to outpace all key indices as newsflow continued to be consistently positive, be this trading updates, accretive M&A or bids for stocks in the portfolio. While Covid will likely continue to stymie global growth there remain opportunities for companies in areas such as healthcare, engineering and tech. Equally, although the near term landscape for consumer brands looks tough, the reality is that once vaccines etc... take effect, those operators with strong brands, value pricing and experienced management should be well placed to take market share due to the large number of business casualties that have inevitably occurred in the last year.

During the month we received our third bid of 2020 as IMI mobile (+1.23%) recommended a takeover offer from Cisco. IMI was one of the first holdings in the fund in 2016 and it is with some disappointment, but perhaps inevitability, that we see this fantastic UK based business being bought by a US peer. Importantly, the characteristics that it has of strong management, an excellent software platform, robust service offer, blue chip clients driving healthy growth and margins, can be found elsewhere in the market. We fully expect to see further M&A in the coming months and expect these traits to feature large in future deals.

### Tosca Micro Cap UCITS Fund Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
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.

Two stocks that contributed strongly in November and again in December were Tremor (+1.27%) and Inspects (+1.08%). Tremor is at last demonstrating an ability to not just meet, but beat, market expectations on both Ebitda and cashflow. Back in 2019 the stock was hit by news that Uber was seeking damages from a number of performance marketing businesses including Tremor's forerunner, Taptica. In December Tremor confirmed that it had agreed a modest settlement with the plaintiff to dismiss the case. As we mentioned in last month's letter, Inspects had recently raised funds to purchase a leading eyewear peer in Germany. We estimated that this would be 20-25% accretive on a 2 year view. The company's brokers were restricted from commenting on the deal until mid-month when they came out with new numbers that showed a 15% uplift to forecast; too conservative in our view but sufficient to drive the stock to new highs.

Finally, the largest contributor in the month had been the worst performer in November. This was Synairgen (+2.18%). It confirmed that its Covid drug, SNG001, has received fast track clearance in the UK and US with phase 3 trials commencing imminently. We fully expect to hear further updates in the coming weeks which we hope will lead to a full approval and a commercial drug in H1 21. If so, then there is materially more upside to look for in this name.

We are confident that we will continue to be on the right side of market news – note that 24 out of the Fund's 44 positions have December financial year end's, and as such, we expect imminent trading updates in those names. As we enter the New Year we would like to wish all our investors the best for 2021 and thank you for your continued support.

### The Manager

## TOSCAFUND

### Fund Facts

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Weekly
Fund AUM	\$49.0m
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: IE00B6821V62/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 and was ranked third in the Extel Survey for his research on Tech Hardware. Matthew graduated in Political Science from Birmingham University in 1989.

**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.

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## UK Micro Cap

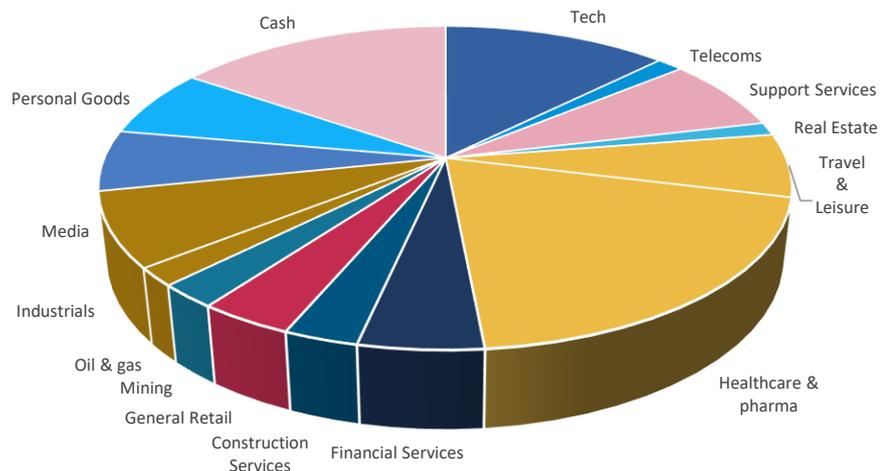
December 2020

### COMPOSITION OF FUND (Data as at 31<sup>st</sup> December 2020)

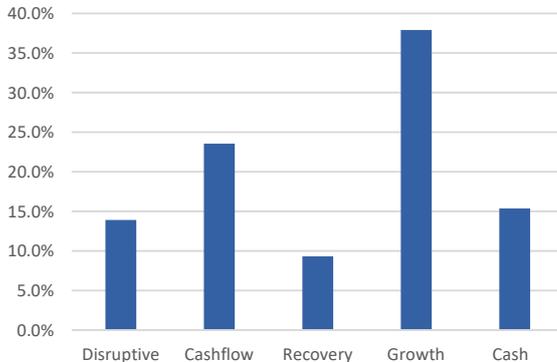
#### Portfolio Summary

Gross exposure	84.6%
Average mkt cap (£m)	242
No. of positions	44

#### Portfolio By Sector



#### Portfolio By Theme



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

Maxcyte	5.56%
Tremor	4.83%
Synairgen	4.13%
Sumo	4.03%
Inspecks	3.72%

### 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 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 MontLake Management Limited ("ML"). 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 MontLake website (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 ML 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. ML does not offer investment advice or make recommendations regarding investments. The Manager of the Fund is MontLake Management 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.