

finnCap Slide Rule UCITS Fund

UK Small-Mid Cap Equity

September 2019

Performance Returns Summary

The finnCap Slide Rule UCITS Fund returned +1.06% for the month of September (GBP Inst Founder Class), outperforming the benchmark by 13bps. **Year to date, the fund has delivered +7.49%, outperforming the benchmark by 385bps.** Total outperformance since the fund was first fully invested (1/3/18) stands at 673bps. Net return since launch on 12th February 2018 is -4.42%.

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 September 2019

- **The smaller company benchmark rose +0.9% in September** (+0.2% AIM and +1.7% FTSE Small Cap) rounding off a lacklustre quarter with the benchmark falling -3.4% for the quarter as a whole. Year to date the benchmark is up +3.6%. For comparison, the Mid250 is up +14.2% YTD and +2.7% in Q3. 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 increased +1.06% in September, slightly outperforming 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 is keeping pace. Year to date, Fund NAV has increased +7.49%, outperforming the benchmark by 385bps.
- **33 companies** (64% of the portfolio) delivered positive returns in September.
- **There were some good relative performances in the portfolio in September.** The most notable were: **Craneware** (+40%), **JD Sports** (+22%), **Focusrite** (+22%), **Rank** (+21%), **CVS Group** (+18%), **Ashmore** (+12%), **Plus500** (+12%) and **Augean** (+10%).
- **There were a number of poor performers in the portfolio in September,** most notably: **Somero** (-32%), **AB Dynamics** (-20%), **XL Media** (-18%) and **Equals** (-18%).

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 Fund Performance

	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%	-11.08%
2019	5.24%	-0.47%	2.94%	4.63%	-0.41%	-0.63%	0.32%	-5.03%	1.06%				7.49%

The performance figures quoted above represent the performance of the 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.

The Manager



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.

Fund Facts

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Daily
Fund AUM	£2.3 million
Inception	12th 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	10.00%
Min Init. Sub.	1,000
ISIN Codes	EUR: IE00BFFF4K22 USD: IE00BFFF4N52 CHF: IE00BFFF4M46 GBP: IE00BFFF4L39

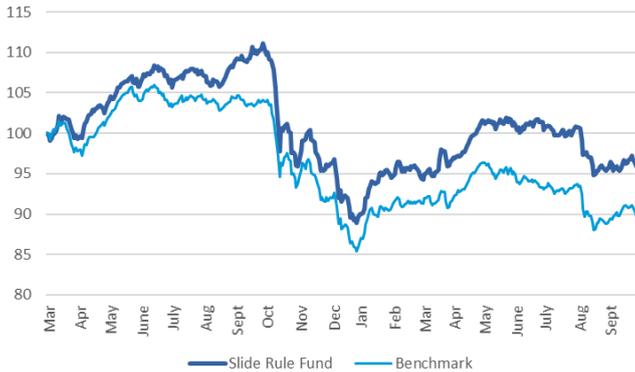
finnCap Slide Rule UCITS Fund

UK Small-Mid Cap Equity

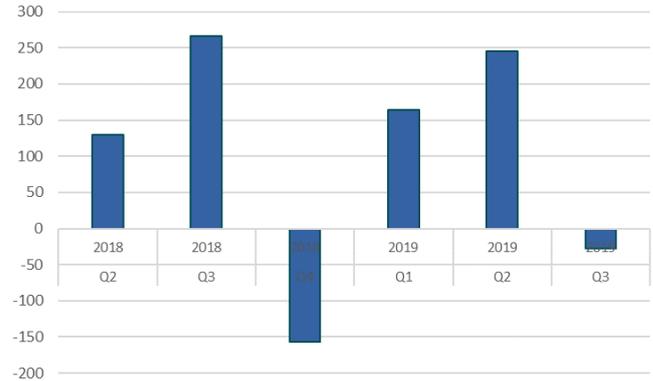
September 2019

Performance Charts

➤ Slide Rule Fund NAV absolute performance 1/3/18 – 30/9/19 versus Benchmark (rebased to 1 March 2018)

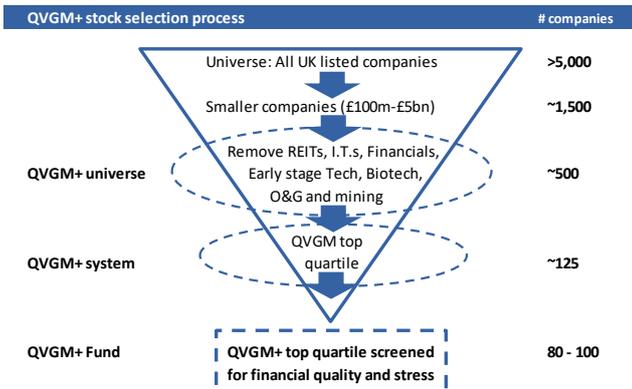


➤ Slide Rule Fund NAV quarterly relative performance vs Benchmark (bps)



Investment Strategy Chart

➤ The QVGM+ investment process illustrated



Contacts

➤ **UK sales:**
 Mark Whitfeld
 +44 (0)20 3772 4697
 mwhitfeld@finncap.com

How to invest

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

Contact Details

Investor Contact

MontLake Funds (UK) Ltd
 Park House, 116 Park Street
 London, W1K 6AF
 T: +44 20 3709 4510
 investorrelations@montlakefunds.com

Management Company

MontLake Management Ltd
 23 St. Stephen's Green
 Dublin 2, Ireland
 T: +353 1 533 7020
 investorrelations@montlakefunds.com

Investment Manager

finncap Ltd
 60 New Broad Street
 London, EC2M 1JJ
 T: +44 20 7220 0500
 info@finncap.com

Disclaimer

RISK WARNING: 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 finnCap Slide Rule 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 finnCap 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 finnCap accepts liability for the accuracy of the contents. 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, finnCap 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.