

↑ 5.98%

Tosca Micro Cap UCITS Fund

UK Micro Cap

February 2021

Performance Returns

The Tosca Micro Cap UCITS Fund returned 5.98% in February (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

February was another month dominated by strength in the healthcare part of the Microcap Fund which was a key driver for the 5.98% growth in the period.

Maxcyte was the best performing position (+251bps) with the announcement of a £40m placing at 700p to a targeted list of specialist US Healthcare funds. Some of those funds were also actively adding to their positions post raise. This marks the start of a process which will culminate in a dual listing on Nasdaq (probably in Q3 '21) which we expect to have a very beneficial effect on valuation as the company gains exposure to a deeper pool of healthcare investors.

Three smaller positions in the broader healthcare space generated another 220bps of performance. Avacta Group, a developer of lateral flow tests, announced a new commercial partnership to market their test kit in “low and middle income countries”.

Later in the month it announced positive first results for its antigen test. With no false positive readings, this is now proceeding to a full clinical validation with a larger patient sample size. The aim is for a CE mark to be awarded to allow marketing of the kit by the end of March. The other two names were Scancell (+68 bps) and Cellular Goods (+70 bps). The latter was a very small IPO of a consumer cannabinoid company which caught the attention of the retail market driving the stock up fivefold on the issue price. This is a good example of the exciting niche opportunities that we look to capture in the microcap space which simply can't be found in larger cap stocks.

The biggest drawdown in the month came from Invinity Energy Systems (-50bps). This was driven by an absence of news flow coupled with selling by a cash-strapped legacy shareholder. We still see healthy upside from this vanadium battery company.

There was some rotation in the Fund during the month. Three positions were exited including Nucleus Financial which succumbed to what we felt was a low ball bid from a PE owned peer. One new core position was added in corporate finance boutique, K3 Capital. Given the extensive pipeline of IPOs and M&A driven secondary raises in the market, it seemed logical to invest in a beneficiary of such activity! Part of their growth will be driven by their own M&A strategy (it recently acquired a tax insolvency operation). Critically though, what we see in the equity markets is what they see. January was so far their busiest month of their financial year ending in May (we would expect February to have outpaced that). If we value the company at 20x earnings (as per peers), we see another 50% of upside in the share price – and this pre any further market upgrades which feel are likely.

March looks set to be a busy month on the IPO front. We look forward to updating you on our plans and thoughts here in future newsletters.

Thank you for your continued support.

The Manager

TOSCAFUND

Fund Facts

| | |
|-----------|------------------|
| Structure | UCITS Fund |
| Domicile | Ireland |
| Liquidity | Weekly |
| Fund AUM | \$56.8m |
| 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/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 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 |
|------|--------|---------|---------|--------|-------|--------|--------|--------|--------|---------|--------|--------|---------|
| 2021 | 3.67% | 5.98% | | | | | | | | | | | 9.87% |
| 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

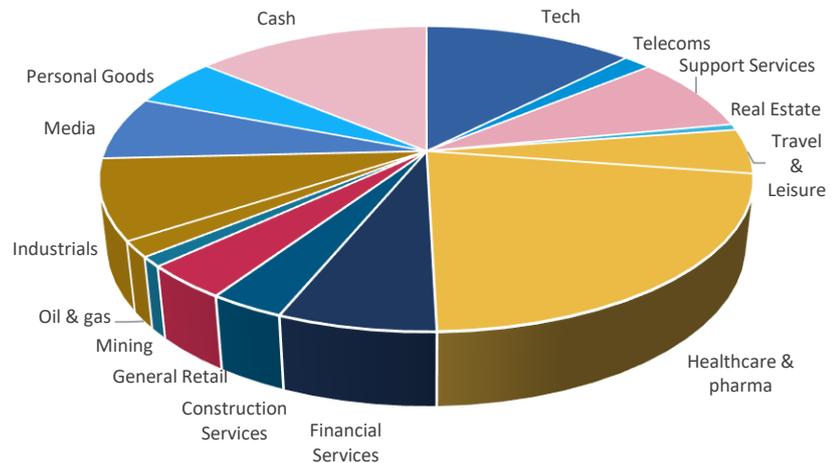
February 2021

COMPOSITION OF FUND (Data as at 28th February 2021)

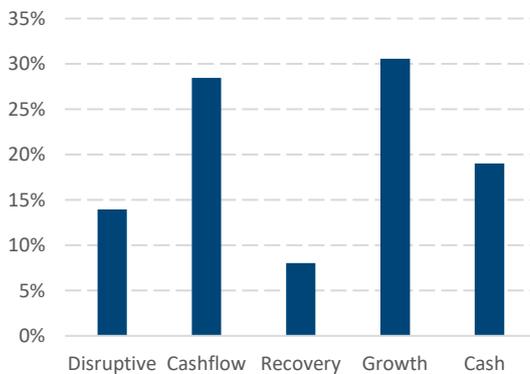
Portfolio Summary

| | |
|----------------------|-------|
| Gross exposure | 78.7% |
| Average mkt cap (£m) | 260 |
| No. of positions | 46 |

Portfolio By Sector



Portfolio By Theme



Top 5 exposures (% of NAV)

| | |
|-----------|-------|
| Maxcyte | 6.66% |
| Tremor | 5.11% |
| Synairgen | 4.00% |
| Inspec | 2.85% |
| Fonix | 2.76% |

Contact Details

Investor Contact

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

Management Company

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