

↑ 7.39%

# Tosca Micro Cap UCITS Fund

## UK Micro Cap

May 2020

### Performance Returns

The Tosca Micro Cap UCITS Fund returned 7.39% 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).

### Market Commentary

The market continued to recover throughout May. This was helped by companies being able to provide more analysis on the potential impact on business and where necessary, raise capital to secure their near term futures. This was not just equity issuance but also bank refinancing and access to the Government's CLBILs program.

As mentioned in our last newsletter, we saw good opportunities to buy into long term robust companies through attractively discounted equity placings. Through the month we participated in 3 such deals. One was for a pre-existing holding to help fund an ongoing acquisition program, one was re-investing in a previous holding and the third a new raise.

The new position was in Genedrive (+156 bps) and was acquired through a placing to fund the completion of existing products and to fast track the development of two COVID testing products. This genetic molecular testing business has based its development around a Point of Care molecular diagnostic gene reader. In other words, a device easily used in the field, at a clinic or GP's practice.

### 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%								-15.08%
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.

Prior to the emergence of COVID, Genedrive was progressing to the commercialisation stage of 3 distinct products 1) a test for various aspects of chemical warfare sponsored by the US Department of Defense 2) a test for hepatitis C and 3) a test for antibiotic induced hearing loss in babies. Collectively these tests were expected to generate revenues of around £6.5m in the year to June 2022 and justified the market cap at the placing price, leaving the potential from its proposed COVID tests as a free option. At a minimum, the first of the COVID tests was expected to generate £5m of revenue with capacity (via Cytiva) for 10x that number.

The old holding was Accesso (+32 bps). This is a software platform that provides ticketing, queueing and e-commerce solutions into the theme park and leisure markets. As those markets closed quickly in late March, visibility collapsed and there were concerns that the company, with a new management team would not have the financial bandwidth to survive. This was resolved by a well supported equity raise in participated. Post month end, there are growing signs that key clients such as Six Flags and Cedar Fair are in the process of re-opening major attractions which should be supportive. Furthermore, remote distancing appears to have opened up a new market in retail for its queueing product. We await more newsflow with interest.

Elsewhere in the month, recent equity raises that we participated in contributed a further 1% to NAV and we expect to see further progress on this front through the course of June.

Other strong performers in May included Inspired Energy (+83 bps) and Sureserve (+67bps). The latter reported FY results that showed debt was materially lower than forecast bringing forward the point at which they will be debt free. Its exposure to Government/Local Authority backed contracts for energy, water and regulatory compliance provides good visibility on revenues and a strong order book. Despite that, it is trading <9x PE with >7% FCF yield and an ungeared balance sheet. We see this as a stable compounder in the context of the fund with good upside potential.

We would like to thank you once again for your ongoing support.

### The Manager

# TOSCAFUND

### Fund Facts

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Weekly
Fund AUM	\$24.9m
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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# Tosca Micro Cap UCITS Fund

## UK Micro Cap

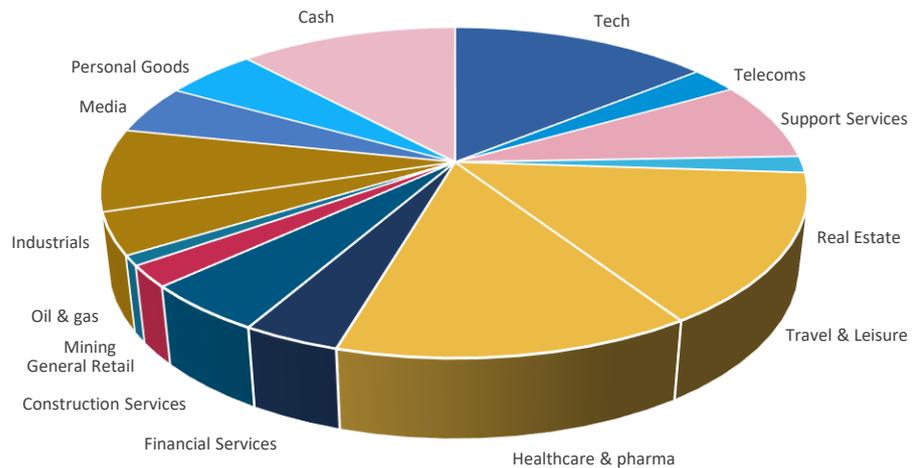
May 2020

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

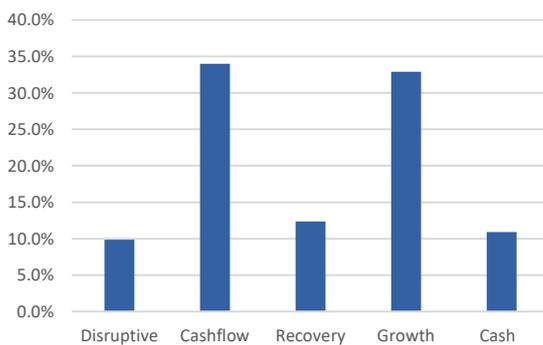
#### Portfolio Summary

Gross exposure	89.1%
Average mkt cap (£m)	192
No. of positions	38

#### Portfolio By Sector



#### Portfolio By Theme



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

Oxford Biomedica	6.50
Codemasters	4.57
Inspired Energy	4.55
Sumo	4.49
Diversified Gas & Oil	4.21

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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.