

↓ 7.10%

# Tosca Micro Cap UCITS Fund

## UK Micro Cap

February 2022

### Performance Returns

The Tosca Micro Cap UCITS Fund returned -7.10% 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

A turbulent month for equity markets hit large and small caps alike, although illiquidity in small caps and some specific adverse newsflow compounded the performance for the Fund.

We shall leave discussions surrounding the geopolitical situation to a wider and longer discourse elsewhere and rather focus on a key micro specific issue that was a factor during the month.

Synaigen was the major disappointment (-268bps), with the failure to meet the primary target end points of its Sprinter Trial. For “time to hospital discharge” and “time to recovery”, Synaigen’s SNG001 drug did not show a clear treatment benefit over the Standard of Care. In the time taken to conduct this trial the goal posts have moved with Standard of Care improving with the benefit of other effective medication. Critically however, this is not the end for SNG001. The data from the trial showed a very encouraging trend in reducing the progression from mild to severe disease and death

– a 30% relative risk reduction compared with placebo. It also continued to show a very good safety profile. As importantly, the company is funded well into 2023.

The way forward for Synaigen is that, with the benefit of a full dataset (expected to be available at the end of April), it will enable SNG001 to be adopted onto one of the big Government funded Covid19 platform trials. These include Recovery (UK), Remapcap (EU) or Activ3 (US). We think that this could be achieved in Q2. Trial success means an out-licensing deal with Big Pharma and end market sales of \$1bn by 2025. Under this scenario a potential NPV of £750m compares with a current market cap of just £45m.

Synaigen has been a large positive contributor to the Fund over the last two years and the stock’s recent move has been a dramatic overreaction, in our view. We expect to see material scope for it to recover from here.

Elsewhere in the month, performance was very macro driven with positive performances from resources names (ARC Minerals, +23 bps, COPL, +16bps) and alternative energy (Invinity, +57 bps), offset by certain technology (Boku, -39bps, Kape -27 bps) and consumer holdings (Halfords -29bps, UP Global, -21bps).

We went into the month with a healthy cash position and exited with it bigger still. The market dislocation has thrown up a plethora of opportunities. What is lacking (for now) is near term conviction and in some cases liquidity. That said, ongoing economic disruption for some brands and businesses will act as a hiatus to growth and margins but not necessarily change their longer term trajectory. Some companies may require near term funding to support balance sheets, as was the case at peak Covid, whereas others will see trading recover swiftly. We see opportunities in both segments and expect to back existing and new companies accordingly. However, given the obvious macro uncertainties, we retain a keen focus on balance sheet strength, working capital cycles and pricing power.

We thank you all for your ongoing support in these volatile times.

### The Manager

# TOSCAFUND

### Fund Facts

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Weekly
Fund AUM	\$56m
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: IE00B68Z1V62/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. 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
2022	-5.18%	-7.10%											-11.91%
2021	3.67%	5.98%	4.90%	5.09%	1.23%	-1.03%	0.57%	2.08%	-2.40%	1.22%	-3.61%	0.87%	19.65%
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.

↓ 7.10%

# Tosca Micro Cap UCITS Fund

## UK Micro Cap

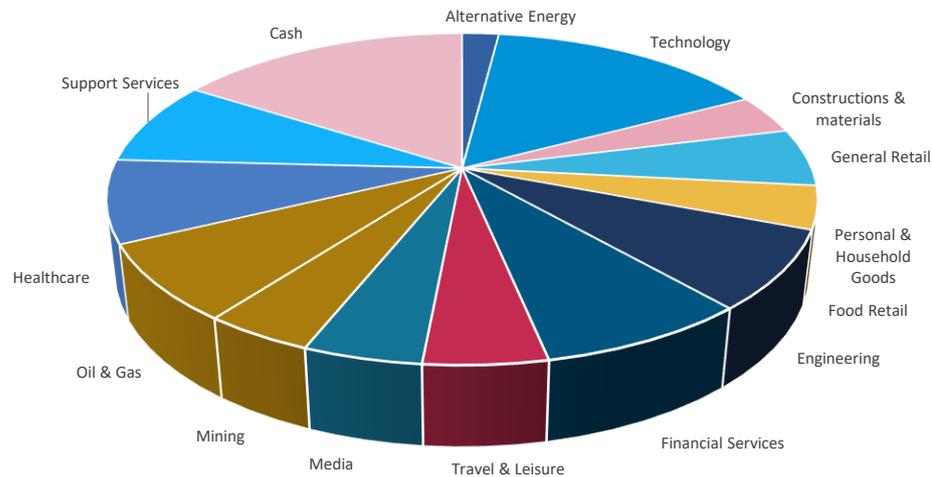
February 2022

### COMPOSITION OF FUND (Data as at 28 February 2022)

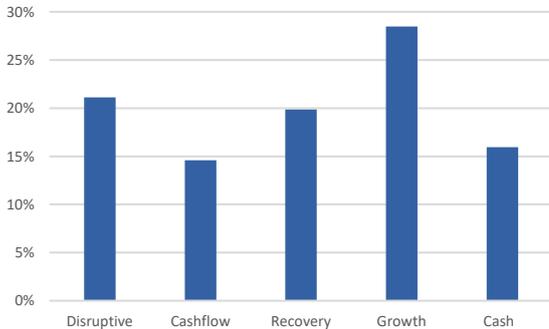
#### Portfolio Summary

Gross exposure	84.0%
Average mkt cap (£m)	220
No. of positions	52

#### Portfolio By Sector



#### Portfolio By Theme



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

Kistos	4.3
Sureserve	3.0
Ashtead Tech	2.9
Wincanton	2.6
Up Global	2.5

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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 close 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/funds/tosca-micro-cap-ucits-fund](http://www.montlakeucits.com/funds/tosca-micro-cap-ucits-fund)). 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 Waystone Fund Services (Switzerland) SA, Avenue Villamont 17, 1005 Lausanne, Switzerland, 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. The Management Company may decide to terminate the arrangements made for the marketing of the Fund in accordance with Article 93a of Directive 2009/65/EC. To view the Summary of Investor Rights, please visit the following [link](#). This is a marketing communication.

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