

↓ 6.09%

# Tosca Micro Cap UCITS Fund

## UK Micro Cap

May 2022

### Performance Returns

The Tosca Micro Cap UCITS Fund returned -6.09% 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).

### Manager Commentary

The pain trade in UK equities continues leaving many companies seemingly friendless. We remain very close to management teams and while there are undoubted worries surrounding input costs and demand, many of the fund’s positions are exposed to longer term trends which look likely to be amplified by current macro events.

They say problems come in threes: Brexit, Covid and Ukraine! The dislocation, disruption and uncertainty that these events have created has helped fuel rampant inflation, consumer caution and increased Government debt. Despite that, there are a number of medium term certainties that we believe will emerge out of these troubles. Be that energy security (owning & controlling resources, investing in alternative energy), corporate productivity (digitisation across public and private markets is long overdue) or managing wider security issues (be they internet based or defence focused). These are all areas of material opportunity. While it does not feel like it right now, the PM feels that we have exposure to a host of names that are well placed to be net winners from these multiyear trends.

In the short term, our focus has to be to minimise exposure to market disappointments and, where possible, making adjustments to the portfolio mix without crystallising losses in names that we retain faith in. In May, the broad sell off on the AIM market continued. Our biggest detractor was Ashtead Tech (-59 bps). This has been one of the few successful IPOs in recent months in the UK and as such a lack of newsflow and profit taking appears to have accounted for this move (note that post-IPO FY results have seen another small upgrade).

A number of other positions are pregnant with newsflow surrounding contracts (Actual Experience, SRT, Harland & Wolff, Invinity) or resource updates (Kistos, COPL). This is not a market where you are paid to wait and accordingly a lack of news has contributed to share price declines. However, we remain confident that when newsflow is forthcoming, stocks will react positively.

It is also worthwhile highlighting an area that is hugely out of favour with the market but where we see enormous value. Enterprise software generally has suffered as sales cycles have lengthened. Two holdings spring to mind here; ActiveOps (employee productivity software) and Essensys (flexible office space management software). The latter has warned, the former hasn’t. Both are loss making but both have sufficient cash until they reach profitability. The reality is that this can be achieved immediately if they cut marketing and sales budgets but neither are minded to do so because neither have to. Both are in market sweetspots. The need to optimise staffing efficiency and the utilisation of office space more widely are very easy ways for companies to mitigate costs, hence highly compelling outlooks for their products. Despite this, they are trading on 2.5 and 1x sales respectively which, given their market leading offers and huge growth potential, looks unreasonably cheap. There may be no near term catalyst but we have conviction that they will both contribute materially in the medium to long term.

We thank you for your continued support.

### The Manager

# TOSCAFUND

### Fund Facts

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Weekly
Fund AUM	\$50m
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%	-1.80%	-2.89%	-6.09%								-21.12%
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.

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# Tosca Micro Cap UCITS Fund

## UK Micro Cap

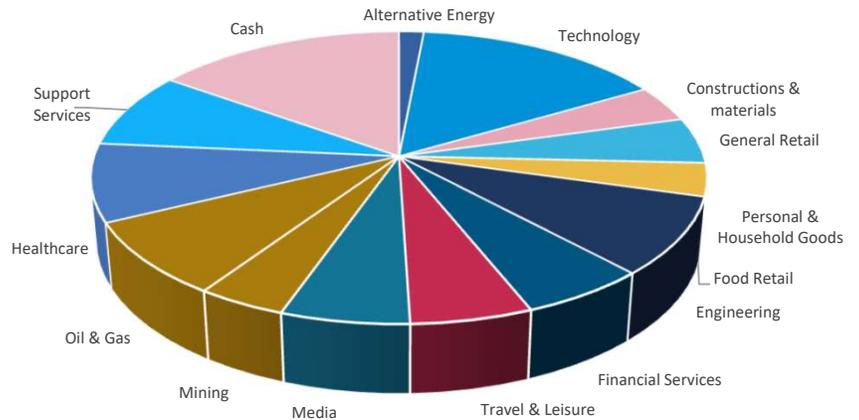
May 2022

### COMPOSITION OF FUND (Data as at 31 May 2022)

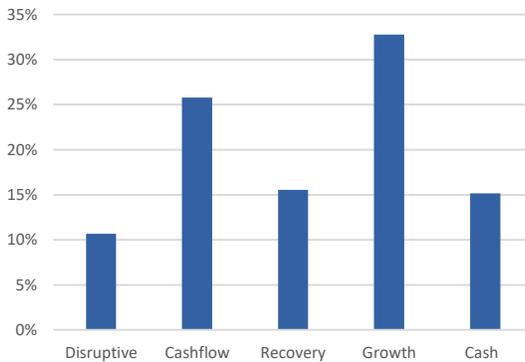
#### Portfolio Summary

Gross exposure	84.8%
Average mkt cap (£m)	200
No. of positions	53

#### Portfolio By Sector



#### Portfolio By Theme



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

Kistos	5.0
Sureserve	3.3
Ashtead Tech	3.2
Wincanton	3.1
Hollywood Bowl	2.8

### 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 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. The Investment Manager expects that a typical investor will be seeking to achieve a return on their investment in the long term with a high level of volatility and are willing to accept the risks associated with an investment of this nature. 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.