

↑ 5.09%

# Tosca Micro Cap UCITS Fund

## UK Micro Cap

April 2021

### Performance Returns

The Tosca Micro Cap UCITS Fund returned 5.09% in April (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

Momentum in the Fund and equity market continued to be strong in April with earnings upgrades and corporate activity helping to drive the Fund NAV +5% for the month.

Performance attribution was very broad based with 20% of the portfolio generating returns of between 30-40 bps. However, one stock which stood out with material outperformance was Tinybuild (+87 bps), a recent IPO. This US based games developer listed on AIM in early March at 169p and is now trading at 287p. At the time we felt that it bore many of the same characteristics of peers such as Team 17 but it was coming to market on a lower rating. As brokers became unrestricted, there were a slew of buy notes which highlighted to a much wider audience the attractions of the business. We still see incremental upside from here which will likely be enhanced further through M&A activity.

Indeed, M&A activity has been a helpful catalyst for the portfolio generally in recent months. Most notably, in April we saw Kistos (+32 bps) confirm the details of its acquisition of Tulip Oil. Kistos is the current vehicle of Andrew Austin who achieved stunning success with Rockrose Energy. This North Sea oil producer came to the market in Q1 2016 at

44p and was acquired in July 2020 for 1850p. Our hope is that Kistos (primary focused on gas assets in the same region) will be able to replicate the tried and tested playbook of buying mature assets at competitive prices and then extending their useful lives and extracting oil/gas at a lower cost per unit. So far so good.

Another corporate transaction in the month that helped NAV was the announced sale by BigBlu Broadband (+32 bps) of a majority stake in its UK-based fixed wireless division, Quickline, to a Canadian infrastructure investor for c.5x money. This values BBB's residual shareholding at £44m (ex. fees). Adding in £7m of underlying cash, a conservative valuation of £50m for its Australian satellite arm (£2.5m FCF p.a.), and a more modest £15m (8x Ebitda) for the Nordic arm, gets to a fair value of 200p. This is c.50% above the current share price. It now feels as if the business, which was established to offer alternative rural broadband solutions, is now going to realise value by selling off each of its assets individually. This process commenced with the sale of its UK & European satellite division last year and we suspect that the business will, in effect, dispose of all its assets in due course and return cash to shareholders.

Other notable contributions in the month came from Inspecs (+37 bps), Kooth (+32 bps), Spire (+31 bps) and Brickability (+30bps). All reported figures which either beat or upgraded near term expectations. Three of the four names here are beneficiaries of re-opening post lockdown. Inspecs, sells frames and lenses into the independent eyewear market; Spire, is seeing a re-start of its elective surgery program (backlogs will keep them busy for literally years!); and Brickability, which is a major supplier into the housing and RMI market.

Casting an eye forward, we see a number of themes building: inflation, fuelled by supply and demand (consumer spending); rising levels of M&A (UK PLC still looks cheap relative to global peers); and more businesses seeking a London listing (the IPO bandwagon rolls on!).

As ever we thank you for your continued support and look forward to the coming months with confidence.

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### The Manager

# TOSCAFUND

### Fund Facts

<b>Structure</b>	UCITS Fund
<b>Domicile</b>	Ireland
<b>Liquidity</b>	Weekly
<b>Fund AUM</b>	\$67.1m
<b>Inception</b>	1st October 2010
<b>Relaunch</b>	8th April 2016
<b>Share Class</b>	Institutional/Institutional Pooled
<b>Currency</b>	EUR/GBP/CHF/USD
<b>Mgt. Fee</b>	1.00%
<b>Perf. Fee</b>	15%
<b>Min Init. Sub.</b>	100,000
<b>ISIN Codes</b>	EUR: IE00B3QLJ113/IE00BD2MF541 USD: IE00B3QZNH75/IE00BD2MF764 CHF: IE00B3MBJQ07/IE00BD2MF657 GBP: IE00B6821V62/IE00B3RTD232

<b>Share Class</b>	Retail/Retail Pooled
<b>Currency</b>	EUR/GBP/CHF/USD
<b>Mgt. Fee</b>	1.5%
<b>Perf. Fee</b>	15%
<b>Min Init. Sub.</b>	1,000
<b>ISIN Codes</b>	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 Exel 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%	4.90%	5.09%									21.12%
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

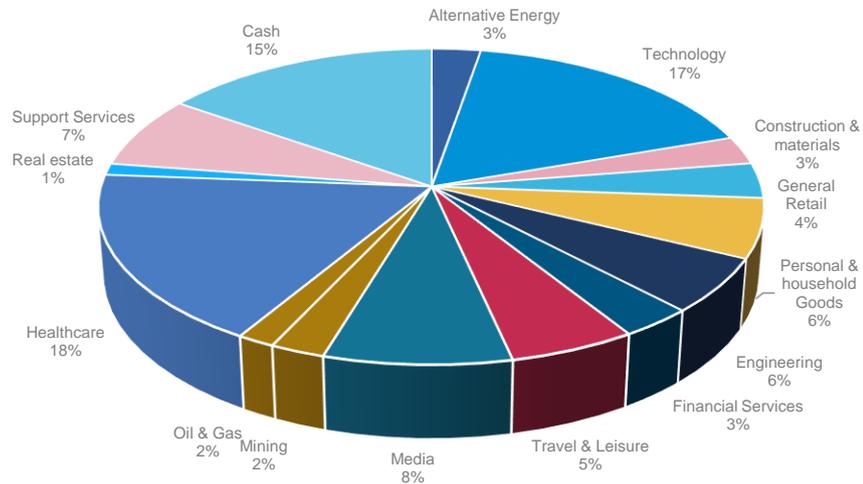
April 2021

### COMPOSITION OF FUND (Data as at 30 April 2021)

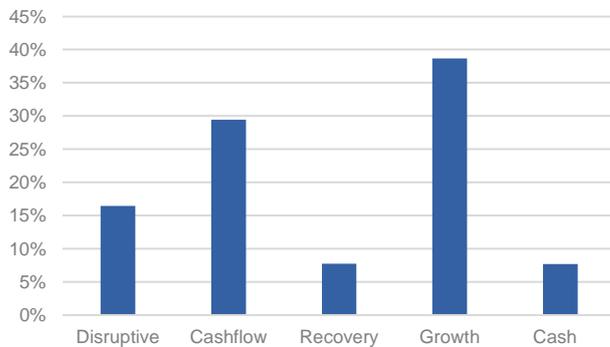
#### Portfolio Summary

Gross exposure	92.0%
Average mkt cap (£m)	300
No. of positions	54

#### Portfolio By Sector



#### Portfolio By Theme



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

Maxcyte	5.22%
Tremor	4.85%
Tinybuild	3.58%
Wincanton	3.07%
Virgin Wines	2.82%

### 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 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](http://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.