

FACTSHEET

Performance Returns

The Tosca Micro Cap UCITS Fund returned -3.84% in June (GBP Institutional share class).

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

I think that it is safe to say that, like the rest of the market, we were surprised at the result of the EU referendum. The portfolio had been shaped to reflect this risk with a bias towards USD earners, strong balance sheets, limited direct exposure to the UK consumer and being long cash but we had not foreseen a Brexit victory. What followed has seen a sharp underperformance of UK SMID cap names vs the USD rich FTSE 100. The AIM Allshare fell 3% from the close on the 23rd June to the end of the month vs the FTSE rising by 3%. That trend has continued into July. Our approach has, subsequently, been to reduce further consumer/housing exposure, add to miners (gold) & add to selective IP rich tech investments.

June saw most of our gains in May being wiped away due to the events of 23rd May. The fund was -3.84% in the month vs -4.13% for the AIM All Share. Most pain was felt through holdings in the housing and related markets (Mortgage Advice Bureau -0.9% and Forterra -0.5%) and the services sector (Interquest -1%, Speedy Hire -0.5%). On the credit side Tech (Directa Plus +1.2%, Rhythmone +1%, IMImobile +0.4%) and consumer staples (Swallowfield +0.25%) were the main contributors.

Post-Brexit the uncertainty presents both a risk and an opportunity. With a universe of >900 stocks to consider for this fund, the PM and his team have the opportunity to look at companies that generate the bulk of their revenues and profits ex the UK. Equally, not all UK focused names are obviously going to lose out from the decision to leave the EU. What is clear, is that leverage will continue to be frowned upon as refinancing rates are likely to increase and in some cases, debt financing may not be available at all. With that in mind, the fund's holdings have net cash on the balance sheet (excluding certain asset backed companies) and we will continue to look at fully invested, cash rich companies rather than optically cheap but aggressively leveraged businesses.

Turning to valuation, it is clear that the market is pricing in a sharp slowdown and, with it, profit warnings. These have started to come through in the service sector but not yet in consumer related areas – they will! The cash flow centred component of the portfolio (c.40% NAV) is currently trading on <9x PE, 6x EV/EBITDA vs FTSE at 14.6x for FY17 according to Factset numbers. While this may well exclude some future prudent cuts to forecasts, arguably there is a lot already in the price. We retain 25% cash which provides good opportunities to add to existing holdings and introduce new names. While it is hard to precisely quantify the impact from Brexit, we can try to minimise the disruption using our key investment premises and themes while taking advantage of weaker stock prices. Combined, we are confident that we can drive strong medium term returns.

Tosca Micro Cap UCITS Fund Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2016	-	-	-	1.15%	3.94%	-3.84%							1.09%

The performance figures quoted above represent the performance of the Tosca Micro Cap UCITS Fund since relaunch on 8th April 2016. These performance figures refer to the past and past performance is not a guarantee of future performance or a reliable guide to future performance.

THE MANAGER

TOSCAFUND

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 3rd in the Exel 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 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.

FUND FACTS

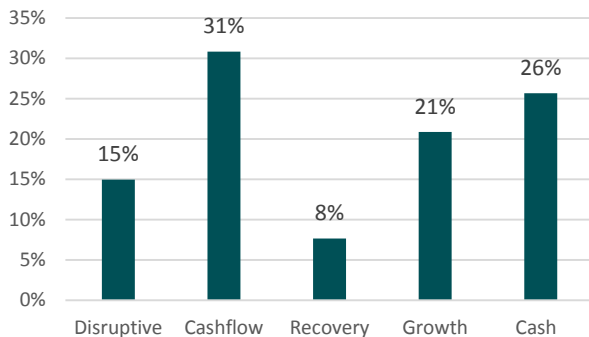
Structure	UCITS Fund
Domicile	Ireland
Liquidity	Weekly
AUM	\$6.7m
Inception	1 st October, 2010
Relaunch	8 th April, 2016
Share Class	Institutional/Institutional Pooled
Currency	EUR/GBP/CHF/USD
Mgt. Fee	1.50%
Perf. Fee	15%
Min. Init. Sub.	100,000
ISIN Codes	EUR: IE00B3QLJ113/IE00BD2MF541 USD: IE00B3QZNH75/IE00BD2MF764 CHF: IE00B3MBJQ07/IE00BD2MF657 GBP: IE00B68Z1V62/IE00B3RTD232
Share Class	Retail/Retail Pooled
Currency	EUR/GBP/CHF/USD
Mgt. Fee	2%
Perf. Fee	20%
Min. Init. Sub.	1,000
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COMPOSITION OF FUND

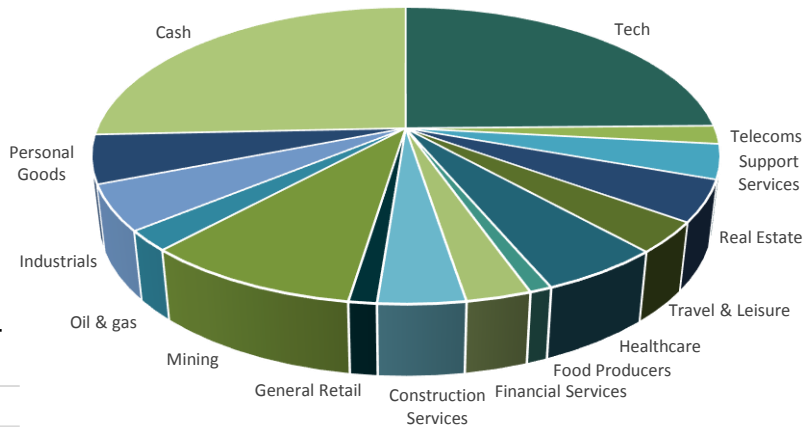
Portfolio Summary

Gross exposure	74%
Yield (%)	1.2
PE (Cash flow)	8.5
Weighted average mkt cap	71
No. of positions	32
Net cash as % market cap (ex NAV plays)	4%

Portfolio By Theme



Portfolio By Sector



Top 5 exposures (% of NAV)

IMImobile plc	5.12%
Rhythmone PLC (formerly Blinkx)	4.66%
Berkeley Energia	4.36%
Constellation HE	3.84%
Blue Prism Group	3.33%

Contact Details

Investor Contact

ML Capital Ltd
29 Farm Street
London, W1J 5RL
T: +44 20 3709 4510
investorrelations@mlcapital.com

Investment Manager

ML Capital Asset Management Ltd
26 Fitzwilliam Street Upper
Dublin 2, Ireland
T: +353 1 535 0912
investorrelations@mlcapital.com

Sub Investment Manager

Toscafund Asset Management LLP
7th Floor, 90 Long Acre,
London, WC2E 9RA
T: +44 20 7845 6100
ir@toscafund.com

Disclaimer

Risk Warnings: 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 and, potentially, to currency exchange rate risk. The Tosca Micro Cap UCITS Fund (the "Fund") may use financial derivative instruments as a part of the investment process. The distribution of this report does not constitute an offer or solicitation. Any investment in the Fund should be based on the full details contained in the Fund's Supplement Prospectus and Key Investor Information Documents 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 Capital nor Toscafund Asset Management LLP accepts liability for the accuracy of the contents. Toscafund Asset Management LLP is authorised and regulated by the U.K. Financial Conduct Authority. ML Capital does not offer investment advice or make recommendations regarding investments. The Manager of the Fund is MLC Management Ltd, a company regulated by the Central Bank of Ireland. 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. ML Capital Asset Management Ltd is regulated by the Central Bank of Ireland. This notice shall not be construed as an offer of sale in the Fund. The state of origin of the Fund is the Republic of Ireland. This document may only be distributed in or from Switzerland to qualified investors within the meaning Art. 10 Para. 3, 3bis and 3ter CISA. The Representative in Switzerland is ACOLIN Fund Services AG, Stadelhoferstrasse 18, CH-8001 Zurich, whilst the Paying Agent is NPB Neue Privat Bank AG, Limmatquai 1/am Bellevue, P.O. Box, CH-8022 Zurich. 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. Issued and approved by ML Capital Asset Management Ltd. Authorised and Regulated by the Central Bank of Ireland.