

FACTSHEET

Performance Returns

The Tosca Micro Cap UCITS Fund returned -3.99% in December (GBP Institutional share class) giving a net return since launch on April 8th 2016 of 22.62%.

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

December rounded off an exceptionally tough quarter for both the AIM Index and the Tosca Micro Cap UCITS fund. The Growth stories that provided much of the uplift in previous quarters were responsible for much of the downside seen in December.

Digging down into the performance drivers over the year, it is quite clear that “growth” names have borne the brunt of the market sell off. December was a case in point. The poorest performer in the month (Zoo Digital, -114 bps) happened also to be the strongest performer over the year. There was no specific newsflow driving this move, rather the ongoing tech sell off in the US had a knock on effect in the UK. This also hurt Boku (-106 bps), the direct carrier billing software solution, which chose a less than propitious time to announce a strategically valuable, but earnings dilutive, acquisition.

Just as growth sold off, so the “value” component of the fund held up reasonably well. Diversified Gas & Oil (+55 bps), the Appalachians based oil producer announced that production was materially ahead of expectations which would not only drive profits but also dividends ahead of market forecasts (FY19F dividend yield is 8.7%). Another dividend surprise also helped Hollywood Bowl (+41 bps). Results were modestly better than market forecasts. This in turn drove improved cashflow which allowed management to propose a second consecutive special dividend, equivalent to an incremental 2.4% yield.

Overall, company specific newsflow in the month was positive, which compounds our frustration in the broad equity markets. Critically, we believe that we are positioned in companies with little direct exposure to the UK consumer, have their own catalysts (new contract momentum, low risk production), a diverse geographic footprint (60% of year 2 forecast revs are ex. the UK), attractive assets/IP which should attract off-market interest, strong sales growth (>10% in FY19) and all with little or no leverage (in aggregate the portfolio stocks are debt free). These factors, the fund manager still believes, will drive long term outperformance. Many of the companies operate in their own little microcosm where wider macro worries are of secondary consideration at their relatively earlier stage of development.

The recent sell off has left the UK market unloved, under owned and, in our view, good value. Political uncertainty will continue to weigh on equities in the near term but, taking history as our guide, the UK and micro caps in particular have the capacity to rally, and rally hard, once the focus returns to company fundamentals. We see that as our opportunity and continue to dedicate time to meet and screen as many companies as possible. The ongoing reduction in independent research coverage brought on by Mifid2, increases the information vacuum in the microcap market. A vacuum that we believe we can fully exploit to our advantage.

We would also like to take this opportunity of wishing you a happy New Year and thank you for your continued support.

Tosca Micro Cap UCITS Fund Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
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 since relaunch on 8th April 2016. These performance figures refer to the past and past performance is not 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 third 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

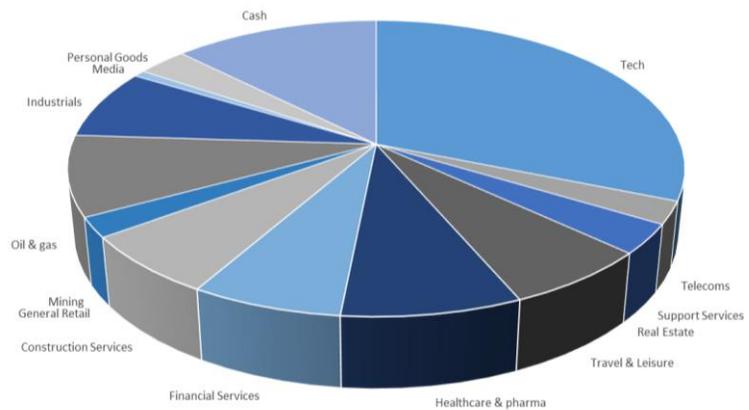
Structure	UCITS Fund
Domicile	Ireland
Liquidity	Weekly
AUM	\$47.7m
Inception	1 st October, 2010
Relaunch	8 th April, 2016
Share Class	Institutional/Institutional Pooled
Currency	EUR/GBP/CHF/USD
Mgt. Fee	1.00%
Perf. Fee	15%
Min. Init. Sub.	100,000
ISIN Codes	EUR: IE00B3QLJ113/IE00BD2MF541 USD: IE00B3QZNH75/IE00BD2MF764 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
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COMPOSITION OF FUND (as at 2nd January 2019)

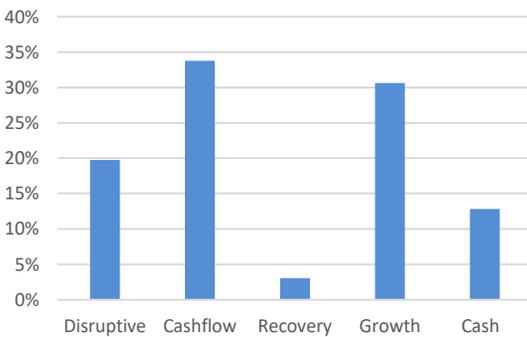
Portfolio Summary

Gross exposure	87.1%
Yield (%)	1.1%
PE (Cash flow)	11.3
Average mkt cap (£m)	167
No. of positions	41

Portfolio By Sector



Portfolio By Theme



Top 5 exposures (% of NAV)

Diversified Gas & Oil	6.11
Oxford Biomedica	4.95
Quixant	4.64
Watkin Jones	4.34
Sumo	4.24

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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. 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 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. MLC 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. The Representative in Switzerland is ACOLIN Fund Services AG, Affolternstrasse 56, CH-8050 Zurich, whilst the Paying Agent is NPB Neue Privat Bank AG, Limmatquai 1/am Bellevue, P.O. Box, CH-8022 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. Issued and approved by MLC Management Ltd. Authorised and Regulated by the Central Bank of Ireland.