

↑ 8.62%

Tosca Micro Cap UCITS Fund

UK Micro Cap

August 2020

Performance Returns

The Tosca Micro Cap UCITS Fund returned 8.62% in August (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).

Market Commentary

Another pleasing month for the Fund, supported by a host of encouraging company specific announcements, with the Fund's healthcare investments continuing to drive performance.

Last month we reported that a single stock (Synairgen) had been the prime driver of NAV accretion. August was almost as strong a month but pleasingly performance was much broader based and across a variety of sectors. The largest contributor was Maxcyte (+216bps). This specialist in gene therapy has sailed below the market's radar for some time while quietly signing gene editing therapy deals with large pharma. In April it successfully raised £25m to accelerate growth, improve the supply chain and strengthen the balance sheet. Since then the stock has more than doubled. In August it announced that it was expanding a phase 1 cancer trial to two further clinical sites – part of this facilitated by the equity raise. While the near term impact may be modest, by broadening out its CARMA platform to a wider array of institutions and clinicians will insure that they are well placed for future therapy deals.

In previous letters we have stressed the importance of exposure to companies that can operate successfully despite Covid restrictions and/or have the flexibility to evolve their business models to take on new markets, customers or products. One such name is Ultimate Products (+79bps). This is a designer, manufacturer and distributor of heritage UK brands into the online, supermarket and discount space. Covid hit them early as 100% of their product is manufactured in China.

The lockdown squeezed supply. This was overcome through their broad base of qualified suppliers and their ability to manage the logistics and inventory on their own and clients' behalf. During the month the company indicated that it had paid back furlough funds and all VAT deferrals. The reason they were able to do so was that both earnings and cashflow were ahead of plan. The expectation is that following a trading update in early September, there will be a swift return to the dividend list on the back of another round of upgrades (their third since June).

In a similar vein, Sureserve (+56 bps), a leading compliance and energy services company reported that trading had continued strongly in H1 and that as a result it had paid off all of its debt ahead of schedule. This in turn is forcing a rethink on its previously, (overly) cautious dividend policy. We would expect clarification on this in a FY results update at some point in late October.

One of the other key sectors for the fund has been technology. Here the micro cap space materially over indexes vs the FTSE250 & FTSE100, which we see as a key point of differentiation and attraction. Following on from a strong July performance, Actual Experience (+55bps) confirmed that its network monitoring solution had been embedded in Verizon's product suite. While this is incrementally positive, there should be more forthcoming as the Verizon sales mechanism kicks in and as such we see scope for further strong performance on future updates.

Finally, as noted in the January newsletter, the Fund, via Montlake UCITS Platform ICAV Fund, was named as one of a number of defendants to a civil claim brought in the US by the liquidating trustee of Orion HealthCorp, Inc. This claim related to the Fund's former shareholding in Constellation Healthcare Technologies, Inc. The litigation is part of a complex fraud case instigated in the US by the liquidating trustee which, amongst other things, is seeking repayment from all former Constellation shareholders of the amounts they were paid for their shares.

The amount of the claim against the Fund was \$583,000. Although the legal advice received was that the claim was not likely to succeed in the long run, we concluded that the legal costs of defending the claim to a conclusion would be disproportionate to the size of the claim, given that the Fund was one of the smaller shareholders in Constellation. Accordingly, we have agreed to settle the claim for approximately 34% of the amount claimed. The settlement agreement is currently awaiting approval by the US court. The costs of the settlement and the legal fees incurred in defending the action up to the point of the settlement have been fully provided for.

The Manager

TOSCAFUND

Fund Facts

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Weekly
Fund AUM	\$36.4m
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 and was ranked third in the Extel 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 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
2020	5.90%	-11.45%	-24.95%	12.34%	7.39%	1.63%	9.30%	8.62%					2.47%
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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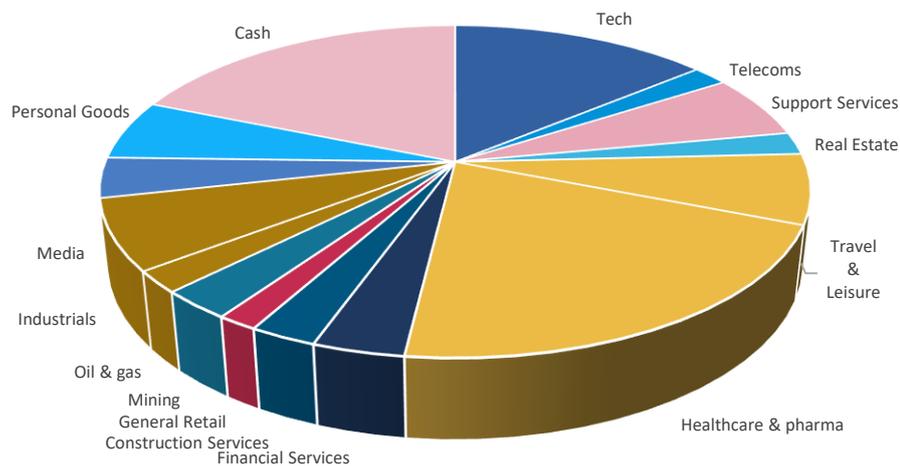
August 2020

COMPOSITION OF FUND (Data as at 31st August 2020)

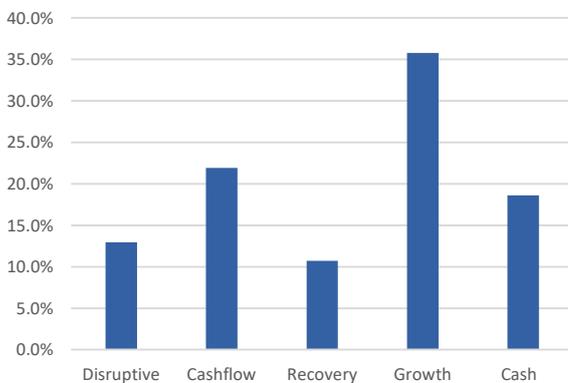
Portfolio Summary

Gross exposure	81.4%
Average mkt cap (£m)	191
No. of positions	44

Portfolio By Sector



Portfolio By Theme



Top 5 exposures (% of NAV)

Maxcyte	5.28%
Synairgen	4.77%
Oxford Biomedica	4.18%
Inspired Energy	3.24%
Sumo	3.23%

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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 MontLake Management Limited ("ML"). 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 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 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. ML does not offer investment advice or make recommendations regarding investments. The Manager of the Fund is MontLake Management 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.