

↓ 2.40%

# Tosca Micro Cap UCITS Fund

## UK Micro Cap

September 2021

### Performance Returns

The Tosca Micro Cap UCITS Fund returned -2.40% in September (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

A market fed by fears of rising energy costs, wider inflation concerns (stagflation) and supply constraints meant a tough month for equity markets. The fund was not immune from this contagion, and as a result, fell 2.4%

Despite broad macro concerns in the month the underlying newsflow from portfolio companies continued to be supportive. Growth M&A continues to be a theme with the likes of Kape, Wincanton and Spire all making accretive acquisitions in September. Of those, Kape (+25 bps) pulled off another game changing deal by acquiring a larger privately owned peer in Express VPN. Not only does this provide access to a premium priced product, but it should also deliver material marketing synergies as well as supporting its drive to upsell its existing product portfolio to a larger subscriber base. The 25% earnings accretion flagged by brokers looks very conservative and we expect a steady flow of upgrades into 2022.

Where pain was felt was in stocks caught in the middle of supply disruption (perceived or otherwise), often where product is being imported from China. In

the Style (-66 bps) has seen continued strong demand for product but now can't meet that demand, while UPGS (-46 bps) manufactures all of its "heritage" products in China. From conversations with management they appear to have navigated these choppy waters well and numbers look solid. Container shipping out of Chinese ports is still constrained, but is, thankfully, past its worst. Where worries are ongoing is on staff costs. Furlough has kept many hundreds of thousands out of the workforce, which has been accentuated by the emigration of many skilled workers post Brexit/Covid. This is feeding the inflationary surge that employers are presently experiencing. As a result we are closely monitoring brand strength, pricing power and operational leverage. Where companies are at risk we will react.

Just as stocks have been blindsided by rising energy costs on the downside, there are some that have been huge net beneficiaries. In September, the gas spot price doubled which in turn fuelled a 40% bounce in the Kistos share price (+122 bps). The company's prime North Sea asset is, as a result, incentivised to accelerate production into its H2, which in turn should further boost revenues and cashflow.

Ironically the biggest faller in the month had little to do with macro worries, rather it had more to do with profit taking after a strong period of performance. Maxcyte (-87 bps) was a victim of its own success as the stock price had rallied hard in the last 6 months as gene and cell therapy gained traction in the medical world. This culminated in the company deciding to list in the US (its largest market). While commercially astute, it has meant that it is now exposed to sell offs in the US and Nasdaq in particular. This was the case in September where the US listing fell by 20% in the month. Frustrating as that is, we still see upside in the shares.

There has been some rotation in the portfolio with two positions exited and four added. We expect some more minor adjustments reflecting target prices, micro specific events as well as the macro drivers as discussed here.

We thank you for your continued support.

### The Manager

# TOSCAFUND

### Fund Facts

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Weekly
Fund AUM	\$69m
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
2021	3.67%	5.98%	4.90%	5.09%	1.23%	-1.03%	0.57%	2.08%	-2.40%				21.58%
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

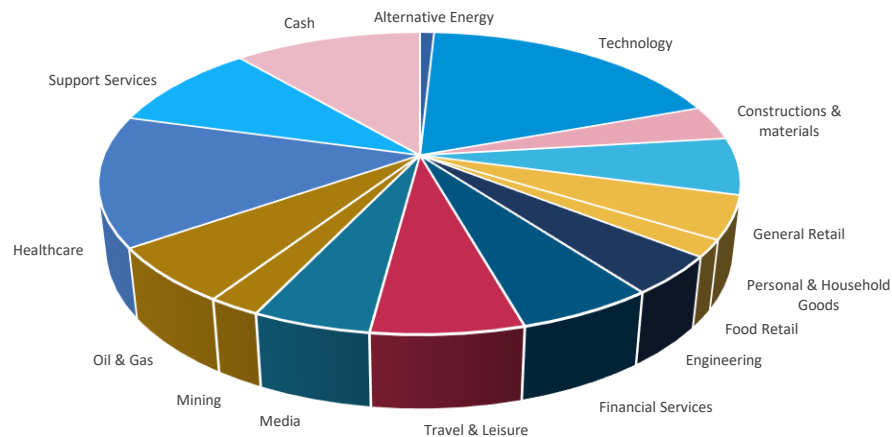
September 2021

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

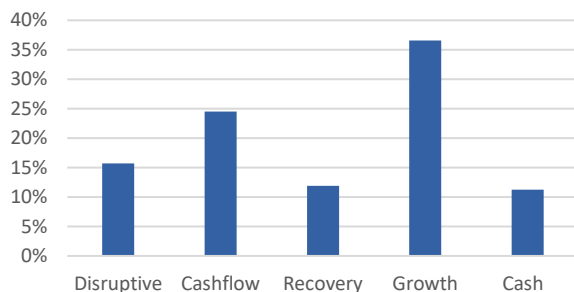
#### Portfolio Summary

Gross exposure	88.7%
Average mkt cap (£m)	260
No. of positions	57

#### Portfolio By Sector



#### Portfolio By Theme



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

Maxcyte	4.4%
Kistos	4.1%
Synairgen	3.0%
Tiny Build	2.8%
Up Global	2.6%

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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. 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.