

↑ 1.75%

# Tosca Micro Cap UCITS Fund

## UK Micro Cap

October 2020

### Performance Returns

The Tosca Micro Cap UCITS Fund returned 1.75% in October (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

Performance in the month was helped by some encouraging news flow across a number of key positions in the Fund. The portfolio remains focused on companies that are able to operate effectively both within a COVID constrained market or, more importantly, once the current pandemic has been brought under control.

Over 60% of the Fund by NAV is in what can be loosely described as COVID-19 beneficiaries. A number of these updated the market in the period providing a healthy boost to performance. Boku (+70 bps), a direct carrier billing business that followers of our letters will have seen us comment on previously, provided further evidence that it is now starting to monetise the payment platform that it has spent many years building. In mid month it announced that one of its divisions had signed an agreement with iQIYI, a Singaporean video streaming service, to provide payment processing services via mobile phone in Malaysia and the Philippines. Critically, Boku already has connections with five of the main telecom operators in these two markets and, as such, the cost and time to set up these channels will be modest, providing a fast track to profitability.

### 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%	0.86%	1.75%			5.15%
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.

As we have often said, newsflow and momentum is key in the micro-cap space. With that in mind it was good to see three positions upgrade their guidance in the month. Tremor (+66 bps), the video advertising company, confirmed trading in its connected TV operations remained very strong and it now expects FY EBITDA to be \$33m, at the midpoint of the forecasted range, versus consensus of \$25m. Much of this uplift will likely drop through to net cash, further boosting an already strong balance sheet. In a similar vein, Halfords (+48 bps) reported that H1 trading (demand for bicycles and online sales in particular) was well ahead at £55m versus earlier forecasts of £35-40m. The third name was BigBlu Broadband (+46 bps). This rural broadband specialist announced its third contract win for its fixed wireless business inside a month. While no forecasts have officially changed, government grants of c£15m (out of £19m to be invested) have the capacity to add £2m+ to EBITDA when fully deployed. This against a current base of c£6m for FY20.

Finally, it is worth adding that Synairgen (+48 bps), already the biggest contributor to NAV this year, has positioned itself to maximise the opportunity presented by its Covid treatment, SNG001. In October it raised £80m at 175p (we originally subscribed to an early placing at 35p) which will help fund a Phase 3 trial across 20 countries, boost the balance sheet and help support discussions with manufacturing partners. We note that one broker has rather helpfully placed a 980p target price on the stock. We look forward to more positive news flow in the coming weeks as the accelerated time table afforded the product means a drug could be converted into commercial use in H1 2021.

Looking forward as we enter a new lockdown, our focus will remain on core themes surrounding healthcare, digitisation, infrastructure and education/entertainment. Businesses that fall within these broad areas should be well placed to weather near term pressures and benefit in the medium term from structural growth trends. We thank you for your continued support.

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### The Manager

# TOSCAFUND

### Fund Facts

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Weekly
Fund AUM	\$36.2m
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: IE00B6821V62/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 Exte! 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 Exte! 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.

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# Tosca Micro Cap UCITS Fund

## UK Micro Cap

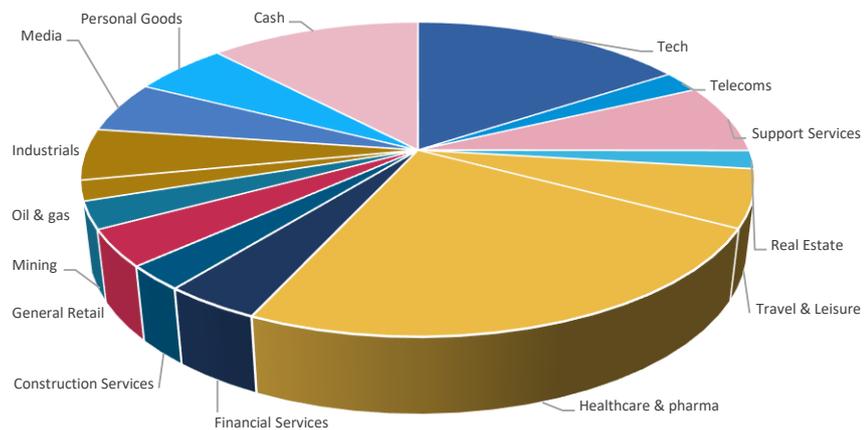
October 2020

### COMPOSITION OF FUND (Data as at 31<sup>st</sup> October 2020)

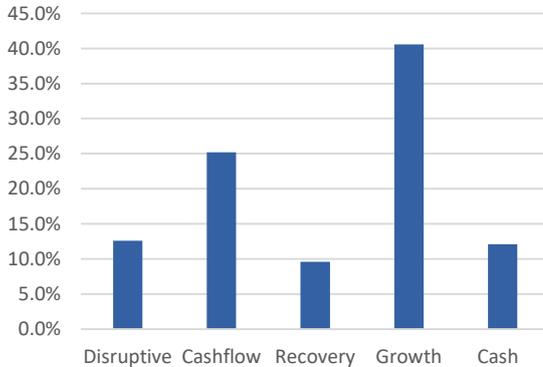
#### Portfolio Summary

Gross exposure	87.9%
Average mkt cap (£m)	191
No. of positions	45

#### Portfolio By Sector



#### Portfolio By Theme



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

Maxcyte	5.69%
Synairgen	4.80%
Sumo	4.24%
Oxford Biomedica	4.02%
Tremor	3.58%

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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.