

↓ 1.03%

# Tosca Micro Cap UCITS Fund

## UK Micro Cap

June 2021

### Performance Returns

The Tosca Micro Cap UCITS Fund returned -1.03% in June (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

While it was disappointing to see a slight down month in June, this reflects more a pause for breath in our view as we enter the second half of the year.

Ordinarily I would expect to see a market slowdown, reflecting the fact that deal flow and liquidity would typically reduce as we enter the holiday period. In reality however, activity continues apace, which may be a function of challenges faced by those looking to escape abroad for a summer holiday this year. I also use the word “summer” advisedly given the inclement weather seen through most of June!

During the month, we didn’t participate in any primary issuance but did support two existing businesses as they looked to scale their respective operations through equity-funded M&A. At the start of June, Brickability, the leading brick factoring business in the UK, acquired its largest peer and, in doing so, increased its market share to c. 20% of the overall market. The purchase of Taylor Maxwell not

only provides substantial strategic opportunities to cross-sell product through the two operations, but also allows for material synergies and earnings accretion (we estimate >20% in FY22/23). The second deal was by UPGS (+22bps). The company had been licensing Salter, the second largest brand in its portfolio. The US owner’s decision to put it up for sale allowed the company to acquire it for c.£34m. This brings three benefits in our view, namely: (i) ends the risk of losing the license (due for renegotiation in 2024); (ii) delivers a larger, higher margin sales base that can now be marketed outside of the UK, and (iii) the incremental profit (helped by no longer having to pay £1.5m+ in license fees) drives material upgrades. Again, we forecast upwards of 20% in the first full year.

Elsewhere in the month, the two main contributors to the fund were Kier (+46 bps), as the company completed its equity refinancing, and Inspired Energy (+45 bps), which is starting to see signs of recovery in the energy optimisation market as corporates return to work.

In the debit column was Tremor (-36 bps), which had a disappointing listing in the US, failing to raise the full allocated amount and investors responded accordingly. This was against a backdrop of US peers having a strong month as Google announced plans to delay its phase out of third party cookies. In reality though, Tremor is much better positioned than its much more highly valued peers as their exposure to the Connected TV market sits outside of the reach of the Google ecosystem. We would hope the next trading update from Tremor will highlight the upgrade path they are on and the strong cash generation that that is delivering.

As we enter July, we are in the process of assessing the merits of another three IPOs due to list in the month, as well as a couple of secondary raises in stocks we currently own. Holidays have officially been cancelled! Maybe August.....

Thank you for your continued support.

### The Manager

## TOSCAFUND

### Fund Facts

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Weekly
Fund AUM	\$69.9m
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/IE00B4M22536

**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%							21.34%
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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## UK Micro Cap

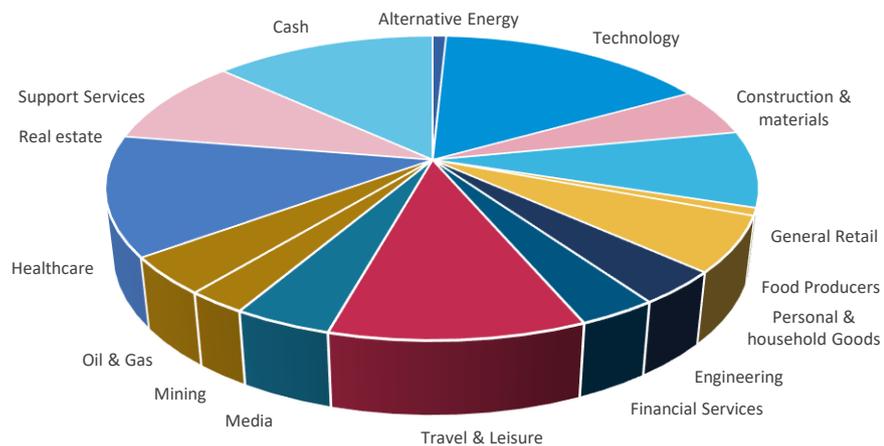
June 2021

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

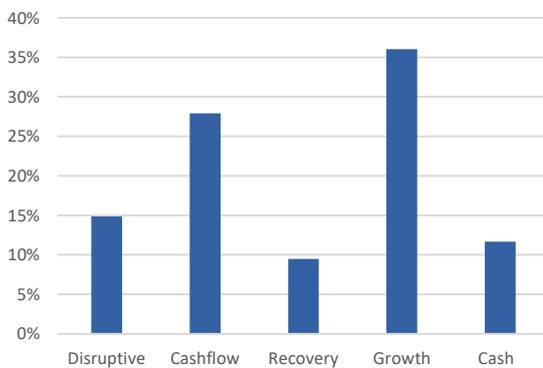
#### Portfolio Summary

Gross exposure	88.3%
Average mkt cap (£m)	283
No. of positions	57

#### Portfolio By Sector



#### Portfolio By Theme



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

Maxcyte	4.9%
Up Global	3.2%
Synairgen	3.1%
Wincanton	3.0%
Tiny Build	2.8%

#### Contact Details

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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 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](http://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 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. This is a marketing document.