

↑ 2.58% *

Tosca Micro Cap UCITS Fund

UK Micro Cap

November 2019

Performance Returns

*The Tosca Micro Cap UCITS Fund returned 2.58% in November (GBP Institutional share class) giving a net return since launch on April 8th 2016 of 11.82%.

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

Liquidity, or the lack of it has been a key feature in the micro-cap space throughout 2019. Any negative news flow has amplified the (under) performance of small cap names with the marginal seller/buyer increasingly being a retail investor as institutions either eschew the market or simply don't have the capacity to add to holdings.

While liquidity has acted as a head wind for much of the year, it has the potential to become a tail wind as and when either micro/macro news flow turns more positive. In November we have two examples of just this. First of all SRT Marine (+0.68%), a provider of maritime domain awareness systems (the equivalent of air traffic control for the marine market if you will), reported continued strong growth in its qualified pipeline to £580m. To put this in context, this is versus a market cap of £80m for a business with 45% gross margins and a fixed cost base of £7m p.a.

Expectations are growing that a number of these could land in relatively short order given the burgeoning security demands of border patrols and fishery protection authorities in Asia and the Middle East. Positive momentum driven by improving news has lifted the stock higher. It is no coincidence that turnover in the stock is up four fold YoY, 130% MoM and 35% QoQ.

A second name that had a strong month was Inspired Energy (+0.67%). This is a UK focused commercial energy consultant. It optimises demand and procures lower cost energy products on behalf of UK corporate clients. The stock price has been under pressure over the last 3-4 months on two accounts. First of all, it was (wrongly in our view) wrapped up in the Labour Party's plan to renationalise the energy industry. Inspired owns no generating capacity and through its platform can manage usage and cost, outcomes that should be seen as positive to all-comers. Secondly there has been a large overhang from the founders (a husband and wife team). Their stock (final 5%) was placed in the month and as the sellers cleared so the stock was able to re-rate. In spite of that the stock is still trading on <10x PE, paying a 4% yield and a double digit FCF yield leaving plenty of upside as it consolidates a fragmented market and leverages its scalable platform.

The UK market continues to be dominated by the forthcoming election and what that will mean for Brexit. We are not minded to gamble on the outcome. We continue to run with healthy cash balances. Half the book is UK centric with healthy cashflows trading on modest ratings, while the other half has a bigger growth bias and a larger international footprint. What links the two is that they are all listed in the UK and all have individual characteristics that we believe can deliver value in a range of market outcomes. The more clarity provided post an Election the better, as that will allow investors to refocus on the bottom up detail that makes the micro-cap segment of the market so appealing. Increased interest in the space will then likely translate into rising demand, which in an illiquid market can have a major impact on stock prices. We thank you for your continued support.

The Manager

TOSCAFUND

Fund Facts

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Weekly
Fund AUM	\$33.2m
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: 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
2019	-0.55%	-3.90%	2.40%	3.10%	0.10%	-4.41%	0.46%	-5.23%	-2.32%	-0.98%	2.58%		-8.81%
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.

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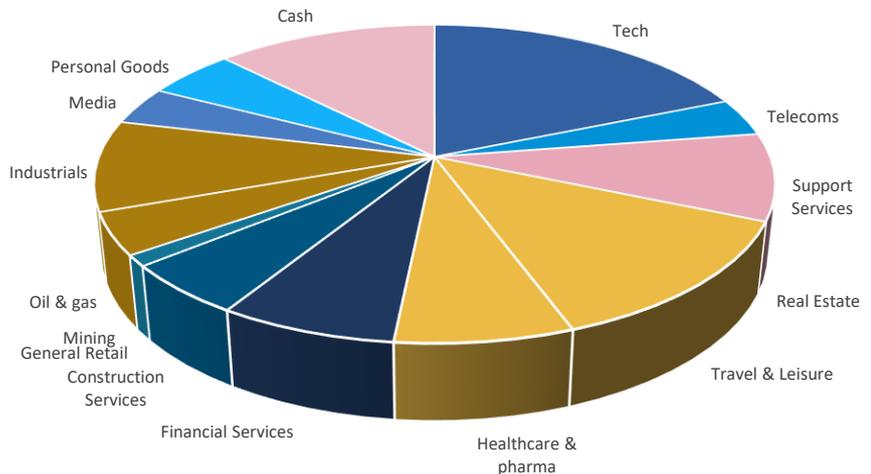
November 2019

COMPOSITION OF FUND (Data as at 1st December 2019)

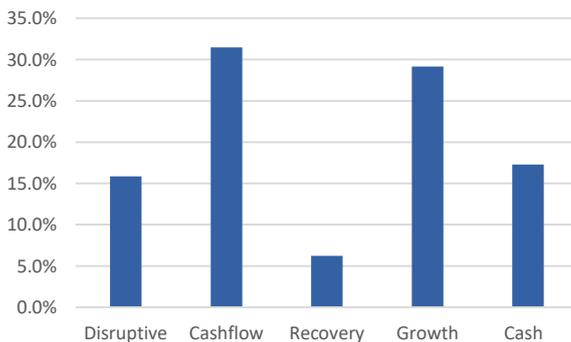
Portfolio Summary

Gross exposure	87.6%
Yield (%)	1.4%
PE (Cash flow)	11.8
Average mkt cap (£m)	190
No. of positions	36

Portfolio By Sector



Portfolio By Theme



Top 5 exposures (% of NAV)

Oxford Biomedica	5.83
SRT Marine	4.61
Imimobile	4.43
Diversified Gas & Oil	4.28
BigbluBroadband	3.83

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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 ACOLIN Fund Services AG, Leutschenbachstrasse 50, CH-8050 Zurich, 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.