

↑ 0.86%

# Tosca Micro Cap UCITS Fund

## UK Micro Cap

September 2020

### Performance Returns

The Tosca Micro Cap UCITS Fund returned 0.86% 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).

### Market Commentary

The Fund continued to outperform the UK market in the month with continued positive news flow being a key catalyst including the first M&A event in the Fund this year.

After two exceptionally strong months driven by the healthcare component of the portfolio, there was some consolidation here e.g. Synairgen (-130 bps to NAV). However, this was more than compensated for by tech names and some of the longer standing “value” stocks holdings.

While it was disappointing to see Synairgen drift in the period, it is important to highlight that we have already taken profits of more than our original stake. Including September’s performance, the stock has contributed 390 bps to NAV YTD. Furthermore, following ongoing discussions with management we continue to see material upside as its core COVID drug (SNG001) moves ever closer to what we believe will be a Phase 3 trial followed by a manufacturing partnership. All of this is likely to play out over the next six months.

The gaming sector too has been a key performer for the Fund over the last 18 months. Sumo (+77 bps) has been our preferred play in the space. At the end of the month, the company announced excellent figures and, perhaps more importantly,

also confirmed its largest acquisition to date (Pipeworks) which provides both a meaningful footprint into the US as well as likely material earnings accretion.

During September we also saw our first “take-out” of 2020 with Mastercard’s acquisition of Wameja (+75 bps). Given that Wameja owned a 36% interest in Homesend, a joint venture with Mastercard, in our mind it was always a question of when, not if, an acquisition would take place. While the takeout was modestly below our target valuation, it is still pleasing to see an idea mature in the way it was intended. The sale of this position has also freed up capacity to introduce new ideas into the portfolio and during the month we added four core positions. One of these, Kooth (+35 bps) was through an IPO, another through a secondary placing and two through normal trading. If there is a theme that runs through these positions it is that they are companies capable of operating effectively both during and beyond a COVID environment. Kooth for example is a mental health platform designed to offer person-specific and anonymised services to children and young people who might otherwise get lost in the bureaucracy of an increasingly challenged NHS. Demand (sadly) is vast and by employing machine learning and AI, as well as well-trained counsellors, the platform aims to deliver the best outcome for the individual.

Looking into Q4 2020, while there remains substantial uncertainty in the world, we still see opportunities to deploy capital into fast growing small caps that can operate effectively despite the current macro headwinds. This might be because they are beneficiaries of fast evolving trends in digitisation and infrastructure, or are exposed to key government funded markets of healthcare and education or because they have disruptive business models. Either way, we feel that we are well placed to withstand any further market volatility and deliver healthy returns to our investors.

Finally, as noted in the August newsletter, we agreed to settle the claim made against the Fund by the Liquidating Trustee of the Orion HealthCorp, Inc. The settlement agreement has now been approved by the US court and the matter is now concluded.

We thank you for your continued support.

### The Manager

# TOSCAFUND

### Fund Facts

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Weekly
Fund AUM	\$35.5m
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%	0.86%				3.35%
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

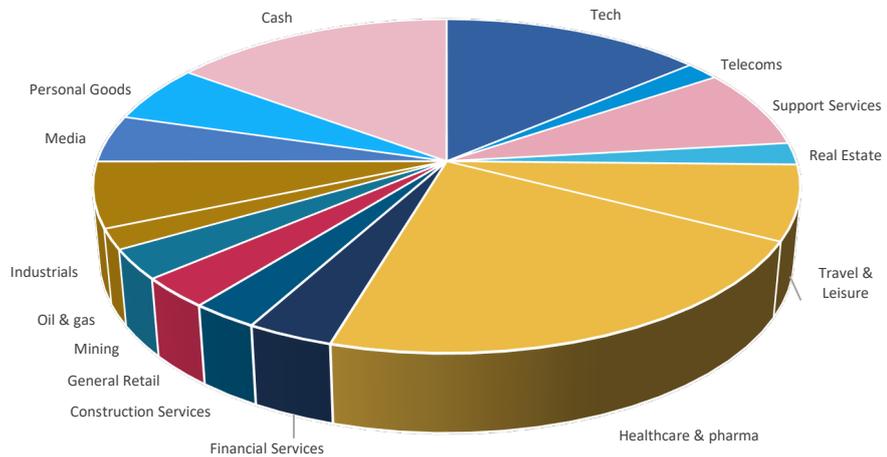
September 2020

### COMPOSITION OF FUND (Data as at 30<sup>th</sup> September 2020)

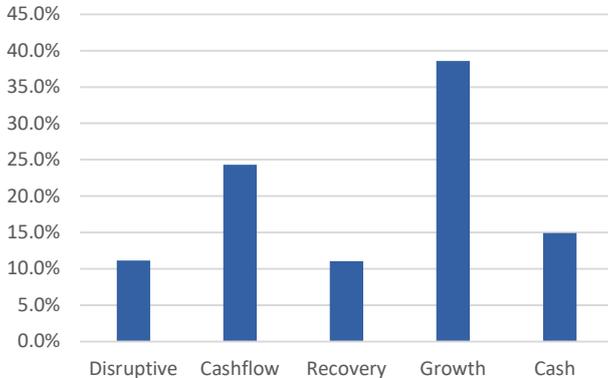
#### Portfolio Summary

Gross exposure	85.1%
Average mkt cap (£m)	191
No. of positions	47

#### Portfolio By Sector



#### Portfolio By Theme



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

Maxcyte	5.31%
Oxford Biomedica	4.17%
Sumo	3.96%
Synairgen	3.45%
Imimobile	3.27%

### 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 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 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.