

↓ 5.18%

Tosca Micro Cap UCITS Fund

UK Micro Cap

January 2022

Performance Returns

The Tosca Micro Cap UCITS Fund returned -5.18% in January (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

With the world rightly concerned over a plethora of macro and geopolitical issues, a schizophrenic market is unsure whether to seek solace in assets with low risks and surety of revenues or use the volatility to add to existing or, indeed, new positions. The question therefore seems to be Hide or Seek?

The fund fell 5% in January, around half that of the wider AIM All share. In very broad terms we suffered from either individual company issues (Advance Energy, -104 bps) or sector sell offs (Maxcyte, -104 bps, Kape -50 bps, Invivity -51 bps). The principal disappointment was Advance Energy, which drilled its Buffalo 10 development well in East Timor. The well encountered an oil column that was smaller than expected and the Fund reacted by exiting the position. Subsequently the well was deemed uncommercial. Clearly disappointing but always a risk in this space, one which we manage through scaling the position accordingly.

Looking forward we have segmented the portfolio into 4 key areas. These we classify as Value (strong

FCF, lower multiples, often dividend paying), Compounders (quality with healthy growth), Optionality (smaller names, often early stage, higher risk but material upside) and Strategic (theme based and faster growth).

Through 2019-21 the Strategic/Growth bucket was the largest component of the fund. This though has been replaced by “Value”. Positions here include the likes of Begbies Traynor, Fonix Mobile, HSS, Springfield Properties, Tremor and Wincanton. These are names that we feel are mispriced on cashflows and, for the most part, are less exposed to wild swings in earnings.

Where a lot of the excitement resides is in the Optionality bucket. These are smaller positions, usually <1% NAV reflecting their lower market cap and liquidity, but with scope to more than double. Newsflow is critical for all stocks but doubly so for under-the-radar holdings such as these. The beauty of AIM is that we can invest in under-researched mono-line businesses that are either riding a demand wave or positioned to do so. For example, this might include companies delivering productivity solutions (Actual Experience, Glantus), be exposed to themes such as digital health (Feedback), experiential leisure (Immotion) or recovery in end markets such as auto and shipping.

Regardless of which category our holdings sit, and despite our focus on long term value, stock rotation in recent months has brought a greater focus on nearer term newsflow. This we believe provides support against broader sectoral shifts in the market, which is particularly true for many of the smaller and growth related names.

The IPO pipeline is comparatively thin at present, as is the market for secondary placings. That is freeing up capacity to spend more time with existing and, critically, prospective positions. The balance of the portfolio is designed to mitigate current market risks without sacrificing the opportunity that microcaps can provide. Aligning ourselves to management is also key. Currently the weighted average holding of founders/management is 16%, which provides incremental confidence in the medium term outlook for the fund.

We thank you for your continued support.

The Manager

TOSCAFUND

Fund Facts

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Weekly
Fund AUM	\$65.3m
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
2022	-5.18%												-5.18%
2021	3.67%	5.98%	4.90%	5.09%	1.23%	-1.03%	0.57%	2.08%	-2.40%	1.22%	-3.61%	0.87%	19.65%
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.

↓ 5.18%

Tosca Micro Cap UCITS Fund

UK Micro Cap

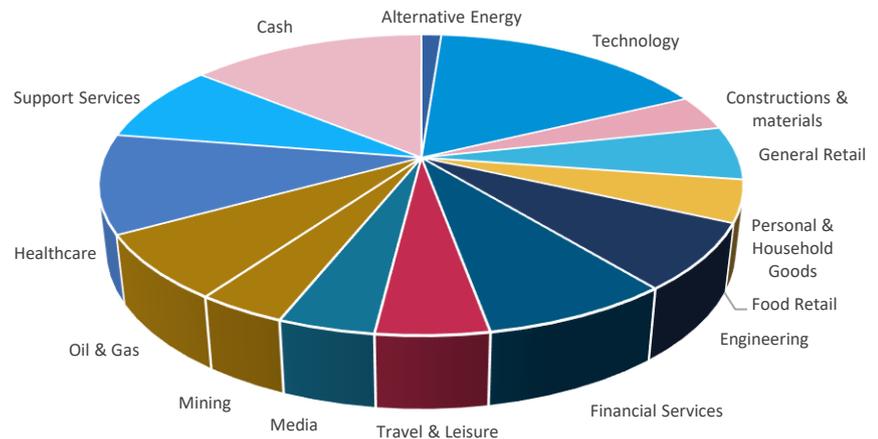
January 2022

COMPOSITION OF FUND (Data as at 31 January 2022)

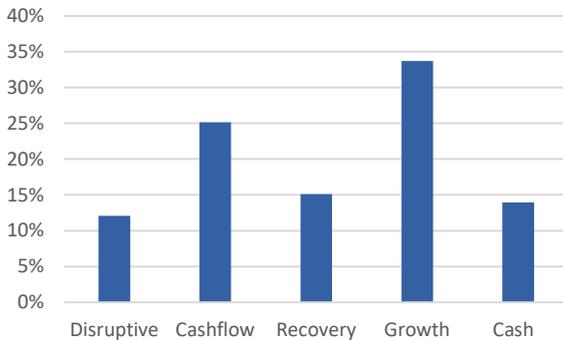
Portfolio Summary

Gross exposure	86.1%
Average mkt cap (£m)	245
No. of positions	53

Portfolio By Sector



Portfolio By Theme



Top 5 exposures (% of NAV)

Kistos	4.4
Synairgen	3.1
Sureserve	2.8
Wincanton	2.5
Up Global	2.5

Contact Details

Investor Contact

Waystone Capital Solutions (UK) Ltd
 2nd Floor, 20-22 Bedford Row
 Holborn, London
 T: +44 207 290 9493
 investorrelations@waystone.com

Management Company

Waystone Fund Management (IE) Ltd
 3rd Floor, 76 Baggot Street Lower
 Dublin, Ireland
 T: +353 1 533 7020
 investorrelations@waystone.com

Investment Manager

Toscafund Asset Management LLP
 5th Floor, Ferguson House
 15 Marylebone Rd, London NW1 5JD
 T: +44 20 7845 6100
 ir@toscafund.com

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). 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.

For more information visit www.montlakeucits.com