

## FACTSHEET

## Performance Returns

The Tosca Micro Cap UCITS Fund returned 2.49% in July (GBP Institutional share class) giving a net return since launch on April 8<sup>th</sup> 2016 of 55.57%.

## 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

July proved to be a strong month for the fund, helped by healthy positive moves in a number of the portfolio's larger positions.

Zoo Digital (+270 bps) was once again the stand-out performer. Since we acquired our stake in Zoo the stock has risen from 20p to c175p (month end). Whilst it started out as a small position, it has grown to be the fund's largest holding. Ordinarily one would expect to take profits in a position scaled at the pace that it has but, in this instance, our confidence in the business (dubbing and subtitling) and market opportunity has grown with it. The company published results at the start of the month which saw a further upgrade to the outer years (having already had three upgrades for the current year) and the accompanying roadshow, we believe, took management to meet with a number of US investors for the first time. Given the company's strong position with the likes of Disney, Netflix and the major studios, this will not have failed to resonate.

Two other positions contributed over 70 bps each. Boku (+77 bps), the remittance and payment software company (another operating with large US clients – Apple, Spotify and Netflix), published a trading update in the first week of July which showed that revenues were +60% in H1 18. To meet FY forecasts it only needs to grow 10% YoY in H2. Given the current trajectory that looks overly cautious and therefore we would expect upgrades later in the year (H1 results in early September). The second stock was FairFX (+73 bps). It too reported a strong H1 trading update in the month with organic growth of 23%. Having built a scalable platform, incremental growth from here will materially boost margins and profits (the latter doubling in both 2018 & 2019). As a result FY2/FY3 valuation multiples remain compelling (3x falling to <1x EV/Ebitda).

In the debit column, Oxford Biomedica (-52 bps) gave up some recent outperformance while Mysale (-46 bps) continued to drift on no news. This Australian based flash sale business is delivering to forecasts but management has consistently failed to produce a coherent and evolving story to the market – despite constant cajoling from the Tosca team!

During July we opened three new positions. Two were IPOs (Nucleus Financial and Immotion VR) and one was via a secondary placing (Ceres Power). At the same time we exited a similar number of holdings. BeHeard, Eagle Eye and GBGI. As commented in previous monthlies, the portfolio has been skewed to slightly larger market cap companies (the average is now c£180m). Two key reasons for this are liquidity and visibility. Post Mifid2, we believe that managements need to work on their investor communication. That is often far more difficult at the lower end of the micro-cap marketplace. This does not mean that we are avoiding such companies, just that we now look for them to make incrementally higher returns to account for the higher execution risk.

Now that the summer is well underway we would expect liquidity and newsflow to slow but remain confident that there are enough bottom up catalysts within the portfolio to provide good momentum into the year end. We thank you for your continued support.

## Tosca Micro Cap UCITS Fund Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2018	-1.15%	0.18%	-2.89%	1.79%	0.61%	3.36%	2.49%						4.33%
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 8<sup>th</sup> April 2016. These performance figures refer to the past and past performance is not a reliable guide to future performance.

## THE MANAGER

## TOSCAFUND

**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.

## FUND FACTS

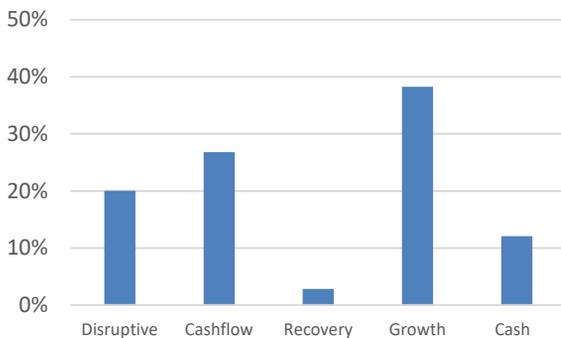
Structure	UCITS Fund
Domicile	Ireland
Liquidity	Weekly
AUM	\$64.69m
Inception	1 <sup>st</sup> October, 2010
Relaunch	8 <sup>th</sup> April, 2016
Share Class	<b>Institutional/Institutional Pooled</b>
Currency	EUR/GBP/CHF/USD
Mgt. Fee	1.00%
Perf. Fee	15%
Min. Init. Sub.	100,000
ISIN Codes	EUR: IE00B3QLJ113/IE00BD2MF541 USD: IE00B3QZNH75/IE00BD2MF764 CHF: IE00B3MBJQ07/IE00BD2MF657 GBP: IE00B68Z1V62/IE00B3RTD232
Share Class	<b>Retail/Retail Pooled</b>
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

### COMPOSITION OF FUND (as at 1<sup>st</sup> July 2018)

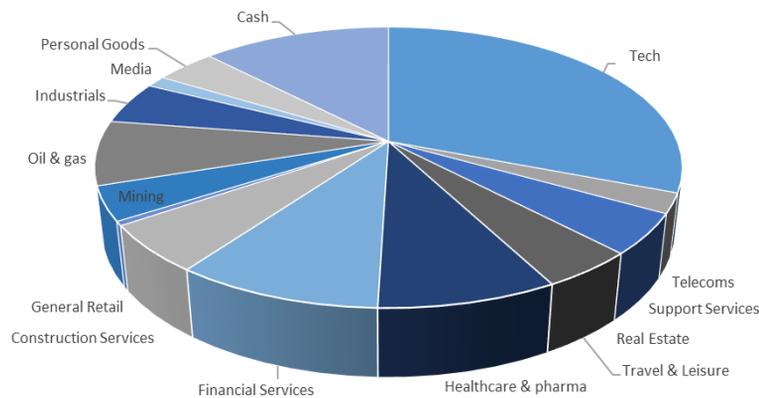
#### Portfolio Summary

Gross exposure	87.56%
Yield (%)	0.9%
PE (Cash flow)	12.9
Average mkt cap (£m)	180
No. of positions	42

#### Portfolio By Theme



#### Portfolio By Sector



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

Zoo Digital	5.58
Sumo	4.85
Oxford Biomedica	4.75
Diversified Gas & Oil	4.57
Quixant	4.17

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#### Disclaimer

**Risk Warnings:** 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 1<sup>st</sup> October 2010 and up to and including the 8<sup>th</sup> 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 8<sup>th</sup> 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 and, potentially, to currency exchange rate risk. The Tosca Micro Cap UCITS Fund (the "Fund") may use financial derivative instruments as a part of the investment process. The distribution of this report does not constitute an offer or solicitation. Any investment in the Fund should be based on the full details contained in the Fund's Supplement Prospectus and Key Investor Information Documents which together with the Montlake UCITS Platform ICAV Prospectus may be downloaded from the MontLake 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 ML Capital nor Toscafund Asset Management LLP accepts liability for the accuracy of the contents. Toscafund Asset Management LLP is authorised and regulated by the U.K. Financial Conduct Authority. ML Capital does not offer investment advice or make recommendations regarding investments. The Manager of the Fund is MLC Management Ltd, a company regulated by the Central Bank of Ireland. 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. MLC Management Ltd is regulated by the Central Bank of Ireland. This notice shall not be construed as an offer of sale in the Fund. The state of origin of the Fund is the Republic of Ireland. The Representative in Switzerland is ACOLIN Fund Services AG, Affolternstrasse 56, CH-8050 Zurich, whilst the Paying Agent is NPB Neue Privat Bank AG, Limmatquai 1/am Bellevue, P.O. Box, CH-8022 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. Issued and approved by MLC Management Ltd. Authorised and Regulated by the Central Bank of Ireland.