

### FACTSHEET

### THE MANAGER

#### Performance Returns Summary

The MontLake finnCap Slide Rule UCITS Fund returned **+2.0% for the month of August** (GBP Inst Founder Class), **outperforming the benchmark by 180bps**. So far this quarter (Q3) the fund has delivered an absolute return of +2.4%, outperforming the benchmark by 180bps. Net return since launch on 12th February 2018 is +7.9%.

#### Investment Objective & Strategy

The UK smaller companies universe is full of excellent investment opportunities but it is very large (1,500+ stocks) and suffers from limited and inconsistent research coverage. The finnCap solution is an internally-developed investment analysis tool, The Slide Rule, to dramatically simplify the identification of the best companies. Using The Slide Rule, finnCap has developed a stock picking system, called QVGM+, which is used to find the "best" 80-100 stocks. It is these companies into which the fund will invest. The system's core factors are Quality, Value, Growth and Momentum plus a screen for financial quality and stress. The typical company in the resultant portfolio is one with above average growth and above average ROCE (return on capital employed).

#### Monthly Commentary for August 2018

- **Flat as a pancake describes the state of the small cap market quite accurately in August:** our benchmark was up 0.1%. Within this, however, there was an unusual discrepancy between AIM (+1.0%) and FTSE Small Cap (-0.7%). Quarter to date, our benchmark is up 0.7%. Within this it is difficult to discern any particular trend. The weakness of Sterling versus the US Dollar so far in Q3 lent a helping-hand to the small cap US Dollar earners which tend to be the Oil & Gas and Mining companies.
- **Fund NAV increased +2.0% in August, outperforming the benchmark by 180bps** despite minimal exposure to resources / Dollar earners. A pleasing performance.
- **The best performers in the Fund in August were: Luceco (+36.4%), Tracsis (+15.5%), EKF Diagnostics (+15.0%), Warpaint (+14.4%), Learning Technologies (+14.3%), On The Beach (+13.9%). 42 companies (62% of the portfolio) generated positive returns in August** which we feel is particularly noteworthy in what was an otherwise flat market.
- **There were very few significantly poor performers in the Fund in August. Frontier Developments (-12.4%) continued the profit taking of recent months while XP Power (-14.2%) fell on no news.**

#### Key Fund Characteristics

- The current portfolio contains **65** smaller companies that have been picked using our **QVGM+ quantitative process**. These companies are the **best blend of quality and growth** in the UK smaller companies market (£100m - £4bn market capitalisation) after testing for cash flow quality, dividend affordability and financial stress.
- The portfolio aims for broadly an **equal-weight** in each company and the median market capitalisation of portfolio holdings is currently £300m.
- **Quality:** the portfolio has a median Free Cash Flow Return on Capital Employed (RoCE) of **25%**, about 2.5x the UK smaller companies median of 9.6%.
- **Growth:** the portfolio has a median revenue growth rate of **11%** and operating profit growth rate of **21%**, both growth rates nearly double the UK smaller-co. average.
- **Value:** the portfolio has a median EV/EBIT multiple of **14.0x** and median P/E multiple of **18.7x**. This represents a c10% premium to the UK smaller companies average.

*\*The Benchmark is the simple average of the FTSE AIM all-share and the FTSE Small Cap index*

#### UCITS Performance Detail

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2018	-	-1.15%	-0.54%	4.49%	2.41%	0.17%	0.46%	1.95%	-	-	-	-	7.95%

The performance figures quoted above represent the performance of the MontLake finnCap Slide Rule UCITS Fund since launch on the 12<sup>th</sup> of February 2018. These performance figures refer to the past and past performance is not a reliable guide to future performance.



#### Raymond Greaves

*Head of Research, finnCap*

Raymond Greaves, Head of Research at finnCap, originally built and developed the Slide Rule investment tool and the QVGM+ stock selection system. Raymond has a first class degree in Mechanical and Aeronautical Engineering from Brunel University. He has worked as an equity analyst for over 20 years, on both buy-and sell-side at N.M. Rothschild, Merrill Lynch, Collins Stewart and finnCap.

#### Mark Tubby

*Fund Manager*

Mark has managed international equities and derivatives for a variety of funds, including pension, unit trust and sovereign wealth. Mark is an Associate of the UK Securities and Investment Institute and former member of the CFA Society of the UK (formerly UK Society of Investment Professionals).

#### FUND FACTS

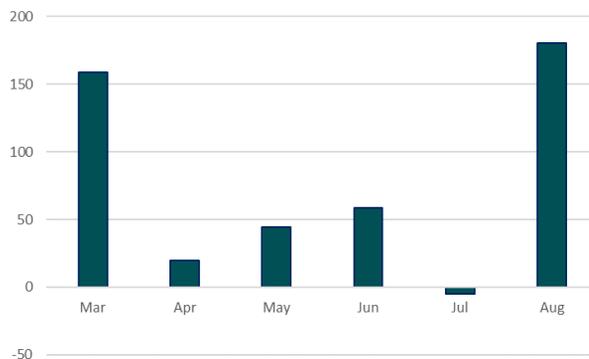
Structure	UCITS Fund
Domicile	Ireland
Liquidity	Weekly
Fund AUM	£3.1 million
Inception	12 February 2018
Share Class	Founder Shares
Currency	EUR/USD/CHF/GBP
Mgt. Fee	1.00%
Perf. Fee	0.00%
Min Init. Sub.	£1,000
ISIN Codes	EUR: IE00BFFF4Z74 USD: IE00BFFF4H92 CHF: IE00BFFF4G85 GBP: IE00BFFF4F78
Share Class	Class A Shares
Currency	EUR/USD/CHF/GBP
Mgt. Fee	1.00%
Perf. Fee	10%
Min Init. Sub.	£1,000
ISIN Codes	EUR: IE00BFFF4K22 USD: IE00BFFF4N52 CHF: IE00BFFF4M46 GBP: IE00BFFF4L39

### Performance Charts

- Slide Rule Fund NAV absolute performance 1/3/18 – 31/8/18 versus Benchmark (rebased to 1 March 2018)

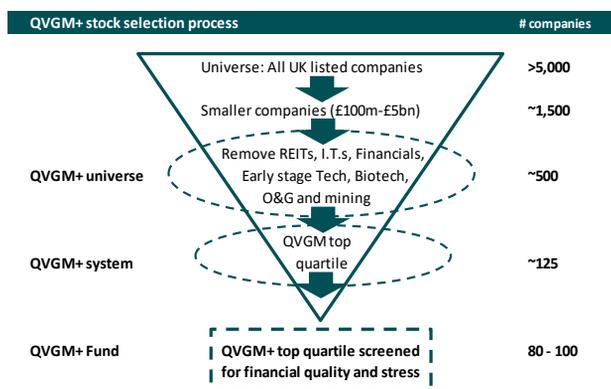


- Slide Rule Fund NAV monthly relative performance vs Benchmark (bps)



### Investment Strategy Chart

- The QVGM+ investment process illustrated



### Contacts

➤ **UK sales:**  
 Mark Whitfeld  
 +44 (0)20 3772 4697  
 mwhitfeld@finncap.com

➤ **European sales:**  
 Madeleine Beck-Wagner  
 +44 (0)7977 928 103  
 mbeck-wagner@finncap.com

### How to invest

All relevant documentation is on the MontLake website:  
<http://www.montlakeucits.com/>

### Contact Details

#### Investor Contact

**ML Capital Ltd**  
 29 Farm Street  
 London, W1J 5RL, UK  
 T: +44 20 3709 4510  
 info@mlcapital.com

#### Fund Manager

**MLC Management Limited**  
 23 St. Stephens Green  
 Dublin 2, Ireland  
 T: +353 1 533 7020  
 investorrelations@mlcapital.com

#### Investment Manager

**Sturgeon Ventures LLP**  
 Linstead House, 9 Disraeli Road  
 London, SW15 2DR, UK  
 T: +44 20 3167 4625  
 hello@sturgeonventures.com

#### Investment Adviser

**finncap Ltd**  
 60 New Broad Street  
 London, EC2M 1JJ  
 T: +44 20 7220 0500  
 info@finncap.com

### Disclaimer

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