

## FACTSHEET

## Performance Returns

The Tosca Micro Cap UCITS Fund returned -2.23% in September (GBP Institutional share class) giving a net return since launch on April 8<sup>th</sup> 2016 of 54.31%.

## 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

September was a frustrating month overall. Despite the fact that half of the portfolio updated the market (published results or trading statements), there were no major upgrades which weighed against us in the month.

During the month we hosted meetings with over 50% of the portfolio companies. The good news is that few, if any, referenced the impact of macro/Brexit related issues. With an investible universe of 800+ stocks, our focus has been, and will continue to be, on companies that have significant control of their own destiny through a mix of self-help, broad geographic footprint, high visibility on revenues and a rich base of IP. The bad news is that, in this post Mifid II world, companies need to constantly remind the market of their attributes because there is no guarantee that brokers can or will. This lower visibility has had an impact, particularly as it corresponds with a decline in liquidity.

During the month the best performing stocks included Diversified Gas & Oil (+0.57%). Interim results delivered a healthy beat at the EBITDA level on the back of better than expected production numbers. This in turn has helped underpin a highly attractive dividend yield of 7.4% (FY19). Elsewhere, Proactis (+0.30%) was able to demonstrate that fears over an increase in its client churn were overdone and that 5-10% organic growth is readily attainable. We note, for example, that this global top 5 spend control software business trades on an EV/EBITDA multiple of 8.8x versus the valuation of US listed peer, Coupa, which trades at 15x revenues! Finally Pennant International (+0.30%) has announced a number of major contract wins/down selections (preferred bidder). In total and when fully confirmed, these will trigger material upgrades.

The broadly positive micro commentary though did not stop many names coming under price pressure. Zoo Digital (-0.79%), issued an in-line and poorly worded trading update when the market was hoping for more upgrades driven by its nascent dubbing business. We have spent considerable time with management since and remain convinced that there is still a major opportunity and upside in the shares. Despite not issuing any releases in the market in September, Berkeley Energia (-0.47%) came under pressure as investors await confirmation of a specific license which allows them to build its planned Uranium mine in Spain. We are expecting news over the coming 6-8 weeks here. Another larger position in the portfolio Quixant (-0.43%), reiterated guidance for the FY in H1 results. Post a major contract win last year, a return to the usual split in H1/H2 revenues makes the period just reported look artificially weak. However the FY should see double digit revenue growth with the optionality provided by new markets, such as Japan, opening up for its core gaming platform business.

Frustrating as months like September are, the PM remains convinced this is an area of the market with significant potential to generate compelling long term returns. 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%	1.46%	-2.23%				3.49%
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 Exel 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 Exel 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

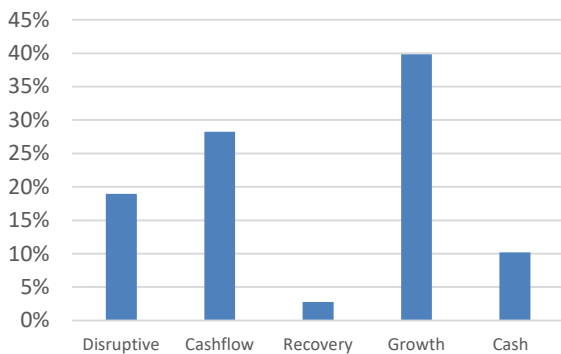
Structure	UCITS Fund
Domicile	Ireland
Liquidity	Weekly
AUM	\$62.97m
Inception	1 <sup>st</sup> October, 2010
Relaunch	8 <sup>th</sup> April, 2016
<b>Share Class</b>	<b>Institutional/Institutional Pooled</b>
Currency	EUR/GBP/CHF/USD
Mgt. Fee	1.00%
Perf. Fee	15%
Min. Init. Sub.	100,000
ISIN Codes	EUR: IE00B3QLJ113/IE00BD2MF541 USD: IE00B3QZNH75/IE00BD2MF764 CHF: IE00B3MBJQ07/IE00BD2MF657 GBP: IE00B68Z1V62/IE00B3RTD232
<b>Share Class</b>	<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> October 2018)

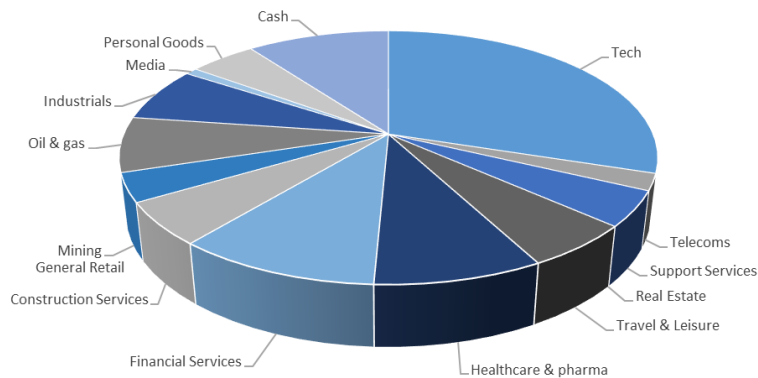
#### Portfolio Summary

Gross exposure	89.80%
Yield (%)	0.9%
PE (Cash flow)	14.6
Average mkt cap (£m)	209
No. of positions	41

#### Portfolio By Theme



#### Portfolio By Sector



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

Diversified Gas & Oil	5.00
Oxford Biomedica	4.96
Sumo	4.88
Boku	4.87
Quixant	4.18

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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.