

**FACTSHEET**

**Performance Returns**

The Pegasus UCITS Fund returned +0.55% in August (EUR Institutional share class).

**Monthly Review**

August saw a strong bounce back in risk assets after a difficult start to the period. The market welcomed the weaker than expected UK inflation report (it helped push back rate hike expectations into early 2015), and indeed Draghi's Jackson Hole speech towards month end where he signalled (and ultimately delivered) further monetary stimulus.

Asstead made another positive contribution ahead of an encouraging Q1 update at the beginning of September. Management have been speaking with increasing confidence on the US non-residential cycle for some time, and the emerging polarisation of capex schedules (both size and timing) across the sector is supportive of further share gains in an industry that remains highly fragmented. Going forward, helpful tailwinds remains from the secular growth in rental penetration (the US is still relatively immature), continued US re-industrialisation (construction spend is still well below peak) and US energy independence, share gains (given relative depth and age of fleet versus competition) and further consolidation (the top three players have less than 30% market share). Despite already achieving peak EBITDA, peak margins and peak ROIC, we continue to see upside to medium term earnings estimates that isn't fully captured in the valuation.

We added to our position in the newly formed Dixons Carphone during the sell-off at the beginning of the period. The possibility of further capacity withdrawal in the industry will help improve the quantum and more importantly the NPV of group synergies, an area of focus that continues to shape the investment debate. Elsewhere, we wrote in July about the relative underperformance of some of our oil and gas services positions and how happy we were with the half year update from Next; both made good contributions to performance in August. In particular, after rebasing expectations in December, we were pleased to see Wood Group report on the resilience of its Engineering division with year-on-year growth coming from onshore, subsea and pipeline activity leaving it well placed for a return to growth in upstream and offshore.

Although capital employed in the short book is around year-to-date lows (there are several variables at play here), we did enjoy some single stock success in August. The bursting of the tax-inversion bubble coupled with the unwind of a failed bid-premium helped catalyse concerns we have on the US RevPar cycle (particularly in such a benign capacity environment), and the growing threat of online travel agency (OTA) intermediation. The latter continues to grow as a percentage of system sales (less so at peers), which may help to compete away the relatively high franchise fee's.

The distribution of negative returns was relatively even. This was helped by the remedial action we took earlier this summer.

**Euro Institutional Share Class**

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Y-T-D
2010	-	-	-	-	-	-	-	-	-	-0.30%	-2.18%	6.59%	3.95%
2011	-3.55%	3.20%	-1.68%	4.06%	-1.34%	2.46%	-1.39%	-4.69%	-4.76%	4.99%	-0.55%	0.39%	-3.43%
2012	-0.37%	4.34%	-1.76%	2.25%	-2.31%	-1.98%	-0.10%	0.93%	-1.54%	-0.16%	1.37%	-1.11%	-0.65%
2013	7.52%	4.68%	5.43%	0.57%	6.88%	0.51%	5.38%	-3.71%	3.75%	3.57%	1.35%	2.68%	45.49%
2014	-0.80%	5.91%	-2.05%	-10.11%	-2.45%	-4.44%	-1.44%	0.55%					-14.54%

The performance figures quoted above represent the performance of the Pegasus UCITS Fund (EUR Institutional) since its launch on 1st Oct 2010. These performance figures refer to the past and past performance is not a guarantee of future performance or a reliable guide to future performance.

**THE MANAGER**

**CLAREVILLE CAPITAL**



**David Yarrow** is a Partner and Fund Manager at Clareville Capital. Prior to Clareville, David spent 8 years working as an institutional stockbroker

in UK equities, both in London and New York. In 1993 he was appointed a Director of Equities at Natwest Securities where he worked until leaving to launch Clareville.



**Angus Donaldson** is a Partner and Fund Manager at Clareville Capital, whom he joined in September 2008. Prior to Clareville, Angus was

a founding partner and Fund Manager at Corin Capital - a UK long short equity hedge fund. Previously, he was Managing Director and Head of UK Equity Sales at Dresdner Kleinwort Wasserstein.

**FUND FACTS**

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Daily
AUM	\$14.8m
Share Class	<b>Institutional</b>
Currency	EUR/GBP/CHF/USD
Mgt. Fee	1.75%
Perf. Fee	20%
Min Initial Subsc.	100,000
Date of Inception	01.10.2010
ISIN Codes	EUR: IE00B3QL113 USD: IE00B3QZNH75 CHF: IE00B3MBJQ07 GBP: IE00B68Z1V62 Pooled GBP: IE00B3RTD232
Share Class	<b>Retail</b>
Currency	EUR/GBP/CHF/USD
Mgt. Fee	2%
Perf. Fee	20%
Min Initial Subsc.	1000
ISIN Codes	EUR: IE00B3N9LL24 USD: IE00B3SGTD66 CHF: IE00B3SLGP29 GBP: IE00B3YLLZ14 Pooled GBP: IE00B4M22S36

**COMPOSITION OF FUND**

**Top 10 holdings**

	%
1 Royal Dutch Shell Plc	7.3
2 Next Plc	6.6
3 Wood Group Plc	4.7
4 Ashtead Group Plc	4.6
5 Dixons Carphone Plc	4.3
6 Weir Group Plc	3.2
7 Whitbread Plc	2.7
8 IAG Plc	2.6
9 Redrow Plc	2.3
10 Thomas Cook Group Plc	2.0

**Sector Breakdown**

	Long (%)	Short (%)
Automobiles and Parts	0.0	0.0
Banks	0.0	-0.9
Basic Resources	0.0	0.0
Chemicals	0.0	0.0
Construction & Materials	0.0	0.0
Financial Services	0.0	0.0
Food and Beverage	0.0	0.0
Health Care	0.0	0.0
Industrial Goods & Services	9.4	0.0
Insurance	0.0	0.0
Media	0.0	-0.6
Oil & Gas	12.0	0.0
Personal & Household Goods	2.6	0.0
Real Estate	0.0	0.0
Retail	12.0	-5.3
Technology	0.0	0.0
Telecommunications	0.0	0.0
Travel & Leisure	9.2	0.0
Utilities	0.0	0.0

**Contact Details**

**Investor Contact:**

**ML Capital Ltd**  
30 St James's Square  
London, SW1Y 4AL  
T: +44 20 7925 2748  
[info@mlcapital.com](mailto:info@mlcapital.com)

**Investment Manager**

**ML Capital Asset Management Ltd**  
5, Tigne Palace  
Bisazza Street, Sliema - Malta  
T: +356 21 334801  
[info@mlcapital.com](mailto:info@mlcapital.com)

**Sub Investment Manager**

**Clareville Capital LLP – Lucas London**  
121 Sloane Street,  
London SW1X 9BW, UK  
T: +44 20 7811 3809  
[lucas.london@clarevillecapital.com](mailto:lucas.london@clarevillecapital.com)

**Disclaimer**

**Risk Warnings:** Past performance is not a reliable indicator of future results, prices of investments and the income from them may fall as well as rise. Investments in equities are subject to market risk and, potentially, to currency exchange rate risk. The Pegasus 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 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 ML Capital does not accept liability for the accuracy of the contents. Clareville Capital Partners LLP is authorised and regulated by the U.K. Financial Services Authority. The Pegasus Fund is not a UCITS Fund and the performance may not always be the same as the Pegasus UCITS Fund. ML Capital does not offer investment advice or make recommendations regarding investments. The Investment Manager and Promoter of the Fund is ML Capital Asset Management Ltd, a company regulated by the Malta Financial Services Authority. The MontLake UCITS Platform plc. is registered and regulated in Ireland as an open ended investment company with variable share capital and segregated liability between sub funds. This notice shall not be construed as an offer of sale in the Fund.

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**Top positive stock contributors**

	Contribution (%)
1 Ashtead Group Plc	0.42
2 Next Plc	0.28
3 Redrow Plc	0.25
4 IHG Plc	0.19
5 Royal Dutch Shell Plc	0.18

**Top negative stock contributors**

	Contribution (%)
1 Royal Dutch Shell Plc	-0.17
2 Rightmove Plc	-0.13
3 AO World Plc	-0.09
4 Thomas Cook Group Plc	-0.06
5 Shaftesbury Plc	-0.05

**Exposures**

Long	45.7%
Short	-6.8%
Net	38.9%
Gross	52.5%
Total number of long positions	14
Total number of short positions	6