

FACTSHEET

THE MANAGER

Performance Returns Summary

The finnCap Slide Rule UCITS Fund returned **-0.5% for the month of November** (GBP Inst Founder Class), **outperforming the benchmark by 238bps**. In the nine complete months the fund has been operating it has delivered **-3.6%, outperforming the benchmark by 438bps**. Net return since launch on 12th February 2018 is **-4.75%**.

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 November 2018

- **Q4 is seeing an aggressive market sell-off. The benchmark fell a further 2.9% in November, with AIM down 4.7% and FTSE Small Cap down 1.0%.** Year to date, the benchmark is down 10.2%. To provide some wider context, the FTSE250 was down 3.0% in November and 12.7% YTD. The whole market that has been dealt a blow through a mixture of declining global growth expectations, worries about international trade, rising interest rates and, of course, Brexit. The sell-off has been particularly cruel to growth stocks, making this a difficult environment for the fund which, of course, has a material growth bias.
- **Fund NAV decreased 0.5% in November, outperforming the benchmark (-2.9%) by 238bps** almost reversing the underperformance seen in October, a pleasing performance in the current market environment.
- Interestingly **25 companies (38% of the portfolio)** generated positive returns in November despite the generally negative direction of the market.
- **There were some excellent performances in the portfolio in November.** Most notable were: **Marshall Motors** (+23.3%), **Future Group** (21.3%), **Focusrite** (+16.3%), **Proactis** (+13.2%), **Staffline** (+12.2%), **Wizz Air** (+11.6%) and **K3 Capital** (+11.5%).
- **Five companies stand out in the list of underperformers: Learning Tech** (-18.8%), **Accesso** (-24.1%), **Keywords** (-17.8%) and **Frontier** (-18.0%) had all been some of the best performers in recent months and suffered profit taking in the current growth-off environment. The worst performer was **Netcall** (-32.4%) as the market took stock of its transition from an income to a growth strategy.

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 circa £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 **10.5%** and operating profit growth rate of **24%**, both growth rates approximately double the UK smaller-co. average.
- **Value:** the portfolio has a median EV/EBIT multiple of **13.9x** and median P/E multiple of **17.5x**. This represents a c15% 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%	0.50%	-11.77%	-0.47%		-4.75%

The performance figures quoted above represent the performance of the finnCap Slide Rule UCITS Fund since launch on the 12th 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

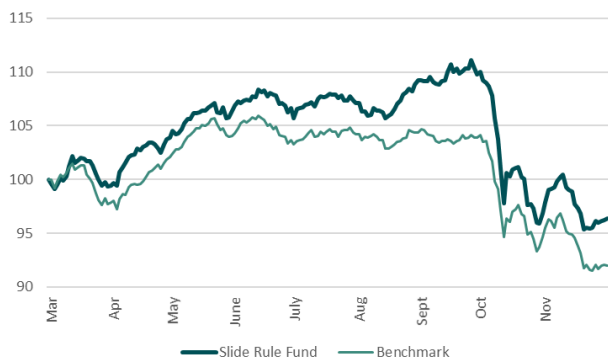
Mark has managed international equities and derivatives for a variety of funds, including pension, unit trust and sovereign wealth. Mark is an Associate of the UK Securities and Investment Institute and former member of the CFA Society of the UK (formerly UK Society of Investment Professionals).

FUND FACTS

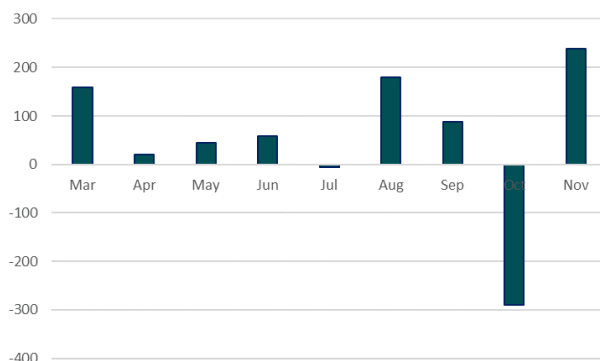
Structure	UCITS Fund
Domicile	Ireland
Liquidity	Daily
Fund AUM	£2.6 million
Inception	12 February 2018
Share Class	Founder Shares
Currency	EUR/USD/CHF/GBP
Mgt. Fee	1.00%
Perf. Fee	0.00%
Min Init. Sub.	£1,000
ISIN Codes	EUR: IE00BFFF4Z74 USD: IE00BFFF4H92 CHF: IE00BFFF4G85 GBP: IE00BFFF4F78
Share Class	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 – 30/11/18 versus Benchmark (rebased to 1 March 2018)

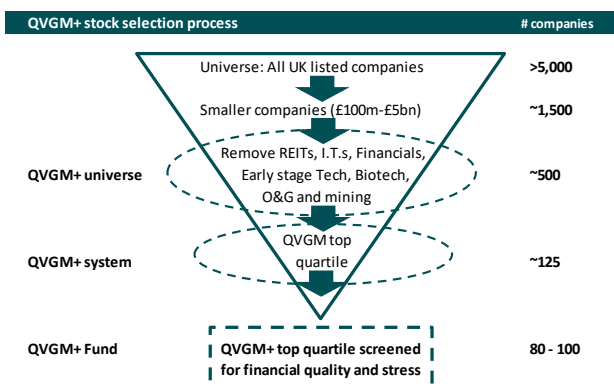


- Slide Rule Fund NAV monthly relative performance vs Benchmark (bps)



Investment Strategy Chart

- The QVGM+ investment process illustrated



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How to invest

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

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Disclaimer

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