

FACTSHEET

Performance Returns

The Tosca Micro Cap UCITS Fund returned 1.60% in November (GBP Institutional share class) giving a net return since launch on April 8th 2016 of +21.72%.

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

Despite more macro concerns and ongoing geo-political uncertainty the fund managed to record another positive month's performance (+1.6%), while the FTSE Aim All Share was down -0.3%.

In November, the Tosca Micro Cap fund recorded its first takeover with its largest position, Constellation Healthcare, being the subject of a MBO from its founder and CEO at a 45% share price premium. As is occasionally the case in smaller cap equities, things are not always straightforward. The mix of cash and promissory notes meant that while the stock rallied, it has not yet come close to the notional bid price of 270p. Despite that Constellation did contribute 75 bps to performance in the period.

We believe that M&A will be a key feature of this subset of the market in the coming months. A weak currency, strong brands, market leading IP and a skilled labour force, tied to slowing organic growth in larger caps means that Micro cap companies can provide rich pickings for larger (often international) corporations looking to buy good growth at modest prices. Our fund has a number of stocks that have those characteristics in abundance. From IP rich names such as Blue Prism (+54 bps in November), the global lead in robotic process automation software through to Accesso (+26 bps), the number one provider of queuing and ticketing software for theme parks through to branded personal care companies such as Warpaint (+40 bps) and Swallowfield (+17 bps). As a result we believe that we are well positioned to capitalise on any future corporate activity.

Frustratingly there was one significant drag on performance in the month. Our position in Belvoir cost -76bps as the market reacted to the UK Chancellor's initiative in the Autumn Statement to ban lettings fees levied on tenants by estate agents. Belvoir is a franchise operator that sees 75% of its revenues accrue from lettings so was seen to be disproportionately geared to this change. Post this announcement, the fund's PM visited the company at its head office and came away confident that forecasts remain solid and that evidence of a similar move in Scotland 4 years ago had no lasting impact on the company's numbers then. We are now left with a stock that is yielding >6% on sub <10x PE for FY17. Despite Government meddling household formation still exceeds growth in the housing stock which inevitably feeds demand from the rental market. Add to that efficiencies and economies of scale from recent corporate deals leads us to believe that Belvoir has been mispriced by the market.

As frustrating as our experience with Belvoir has been we continue to believe that opportunities abound in the UK micro cap space. The Tosca team has been using the “quieter” December days to visit such companies and we look forward to sharing with you our thoughts on some of those if and when they become part of the portfolio.

Finally, we would like to thank all our investors for their continued support and wish them all seasonal greetings and a prosperous New Year.

Tosca Micro Cap UCITS Fund Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2016	-	-	-	1.15%	3.94%	-3.84%	8.76%	5.23%	2.80%	0.73%	1.60%		21.72%

The performance figures quoted above represent the performance of the Tosca Micro Cap UCITS Fund since relaunch on 8th April 2016. 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

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

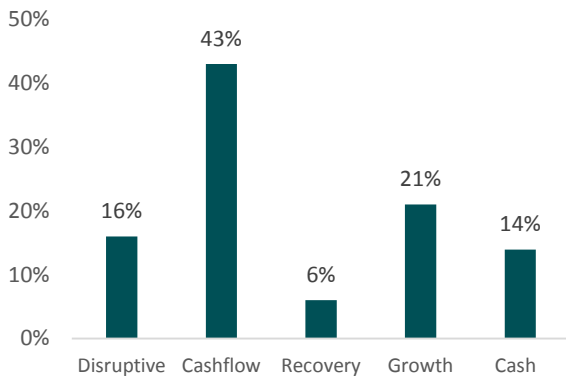
Structure	UCITS Fund
Domicile	Ireland
Liquidity	Weekly
AUM	\$11.3m
Inception	1 st October, 2010
Relaunch	8 th April, 2016
Share Class	Institutional/Institutional Pooled
Currency	EUR/GBP/CHF/USD
Mgt. Fee	1.00%
Perf. Fee	15%
Min. Init. Sub.	100,000
ISIN Codes	EUR: IE00B3QLJ113/IE00BD2MF541 USD: IE00B3QZNH75/IE00BD2MF764 CHF: IE00B3MBJQ07/IE00BD2MF657 GBP: IE00B68Z1V62/IE00B3RTD232
Share Class	Retail/Retail Pooled
Currency	EUR/GBP/CHF/USD
Mgt. Fee	1.5%
Perf. Fee	15%
Min. Init. Sub.	1,000
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COMPOSITION OF FUND

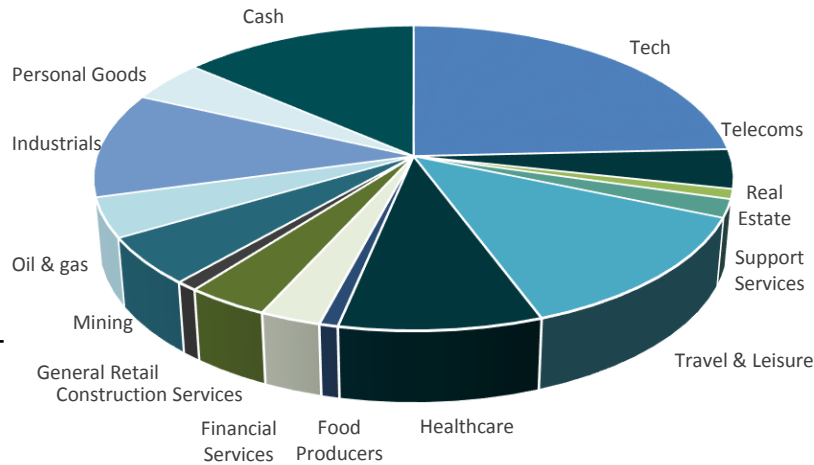
Portfolio Summary

Gross exposure	86%
Yield (%)	1.0
PE (Cash flow)	10.6
Average mkt cap (£m)	111
No. of positions	38

Portfolio By Theme



Portfolio By Sector



Top 5 exposures (% of NAV)

Constellation Healthcare	4.73%
Blue Prism Group	4.69%
RhythmOne Plc	4.23%
Immobile Plc	3.43%
Autins Group	3.32%

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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 1st October 2010 and up to and including the 8th 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 8th 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). 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. ML Capital Asset 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. This document may only be distributed in or from Switzerland to qualified investors within the meaning Art. 10 Para. 3, 3bis and 3ter CISA. The Representative in Switzerland is ACOLIN Fund Services AG, Stadelhoferstrasse 18, CH-8001 Zurich, whilst the Paying Agent is NPB Neue Privat Bank AG, Limmatquai 1/am Bellevue, P.O. Box, CH-8022 Zurich. 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 ML Capital Asset Management Ltd. Authorised and Regulated by the Central Bank of Ireland.