

## FACTSHEET

## Performance Returns

The Tosca Micro Cap UCITS Fund returned -0.66% in November (GBP Institutional share class) giving a net return since launch on April 8<sup>th</sup> 2016 of +45.97%.

## 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

In a month when GDP numbers were scaled back once more in the Budget and the uncertainty surrounding the shape of any Brexit deal reached a near peak, it was no real surprise to see some pushback in UK equities. While macro concerns remain, the micro picture continues to look far more encouraging driven by a mix of solid revenue growth, enhancing M&A and maturing business models. Overall this gives us confidence in the underlying portfolio as we head into 2018.

Over a quarter of the current portfolio by NAV grew through M&A in 2017. These deals will all be accretive by FY2. In a market where growth is priced at a premium this is a key driver of value in our eyes. Across all positions we currently forecast >10% sales growth in 2018 with most of this coming from outside the UK. This means that the percentage of overall sales derived within the UK will fall below 50% in 2018, thereby mitigating some of the concerns surrounding the UK economy.

In November, the key positive contributions came from IMImobile (+0.62%) and Boku (+0.49%). The former is a mobile-focused enterprise software business with a roster of blue chip clients across the globe. During the month it confirmed that FY numbers were in line versus earlier fears that its South African operations could lead earnings lower. Furthermore, a small acquisition better positions the business to exploit a substantial opportunity in the US. Boku is another mobile service platform that offers Direct Carrier Billing to the likes of Spotify and Apple Music. It has greater scale and consequently greater margin potential, than its listed peers. Despite this, it is trading at a material discount which we believe will narrow as the market sees management deliver on forecasts in the coming months.

In the debit column were Rhythmon (-0.53%), Quixant (-0.49%) and Zoo Digital (-0.47%). Rhythmon offers material upside in the medium term. However, for now, due to the delayed completion of a cash and shares deal in the US, the flow back of stock into the UK has led to a sustained period of underperformance. Disappointing as this has been, we are confident that we will recoup all and more once that deal has completed. As for the other two stocks, both have contributed materially to NAV in the past. Profit taking in the month was disappointing but does not detract from the combined 3%+ contribution to NAV so far in 2017.

During the month two new positions were opened and one closed. As mentioned above, Boku contributed +0.49%, while a secondary placing in Science in Sport generated +0.11%. Following the takeover of Quantum Pharma by Clinigen we exited the residual holding as the combined business had a market cap in excess of £1bn which sits above our market cap threshold.

We remain excited by the opportunity in this under-covered, under-researched segment of the market and thank you for your continued support throughout the year. The Tosca Micro Cap team would also like to take this opportunity to wish our investors a very merry Xmas and Prosperous 2018.

## Tosca Micro Cap UCITS Fund Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2017	4.86%	0.20%	2.04%	4.42%	3.97%	-2.28%	-1.59%	3.54%	-0.68%	1.24%	-0.66%		15.76%
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 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 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

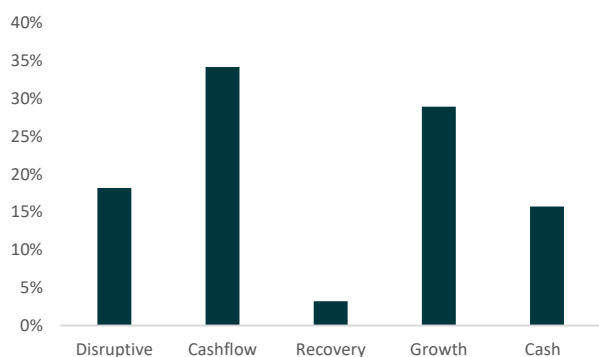
Structure	UCITS Fund
Domicile	Ireland
Liquidity	Weekly
AUM	\$48.7m
Inception	1 <sup>st</sup> October, 2010
Relaunch	8 <sup>th</sup> April, 2016
Share Class	<b>Institutional/Institutional Pooled</b>
Currency	EUR/GBP/CHF/USD
Mgt. Fee	1.00%
Perf. Fee	15%
Min. Init. Sub.	100,000
ISIN Codes	EUR: IE00B3QLJ113/IE00BD2MF541 USD: IE00B3QZNH75/IE00BD2MF764 CHF: IE00B3MBJQ07/IE00BD2MF657 GBP: IE00B68Z1V62/IE00B3RTD232
Share Class	<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

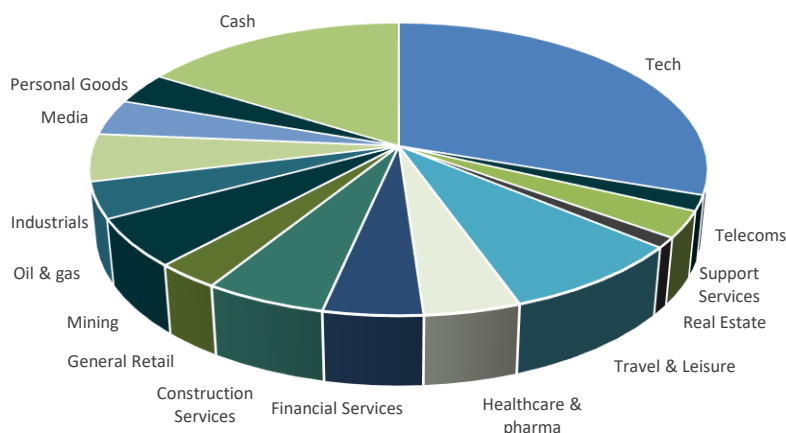
#### Portfolio Summary

Gross exposure	85.6%
Yield (%)	0.9%
PE (Cash flow)	12.7
Average mkt cap (£m)	12
No. of positions	43

#### Portfolio By Theme



#### Portfolio By Sector



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

IMImobile	4.18%
Quixant Plc	4.02%
Berkeley Energia	3.32%
Watkin jones Plc	3.14%
SDX Energy	2.93%

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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. 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. 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 ML Capital Asset Management Ltd. Authorised and Regulated by the Central Bank of Ireland.