

FACTSHEET

Performance Returns

The Tosca Micro Cap UCITS Fund returned -1.15% in January (GBP Institutional share class) giving a net return since launch on April 8th 2016 of 47.40%.

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

A satisfactory end to the year for the fund as the traditional “Santa Rally” helped most indices in the month. News flow overall was positive and we continue to see momentum building in the core themes and ideas in the fund. There has been some rotation in the month with three new positions added and three exited. Of those added one was via an IPO (Sumo Digital, +0.52%), while the other two are smaller, shorter term positions in names well known to the PM that offer a specific near term opportunity. Those exited include an old favourite, Blue Prism (-0.14%). This robotic process automation software business has contributed c8% to overall NAV since the fund’s launch. Its market cap had pushed it through £1bn meaning it was hard to treat any more as a micro-cap name. Added to the fact that the valuation was looking “stretched”, we have moved on. The other names sold were Air Partner and Ideagen, both of which hit our internally generated share price targets.

During December the largest contributor to performance was Rhythmon (+0.58%). This stock has been a drag on numbers throughout 2017 as the company has absorbed three large North American deals and gone through substantial management change. Critically, the last of those deals (Yume) looks close to getting clearance from the SEC. This will, in our view, be the trigger for management to address the cash rich balance sheet in the light of imminent strong free cash flow. We see material upside as the company delivers on its new scale, ability to return capital and extracts clear and defined efficiency savings. The aforementioned Sumo Digital is a specialist games developer that provides outsourced services to all the major players in the market (Microsoft, Sony, Sega etc...). It has fantastic visibility on its order book, healthy upside on improving staff utilisation to satisfy new orders and optionality on its “own game” portfolio. Trading on a substantial discount to its peers, Keywords and Frontier Development (both of whom saw their stocks go up 3 fold in 2017), we see the potential for Sumo to deliver excellent returns from here.

Other names that added positively in the month included Zoo Digital (+0.43%), post its recent modest stock correction, and Hollywood Bowl (+0.4%) which reported strong H1 results. At the same time it announced a special dividend bringing the pro forma LTM yield to >4%. Leverage is modest and yet management has a target of 1x debt/EBITDA. That implies scope to return another £30m+ to shareholders (10% market cap) based on FY18 consensus EBITDA. In the debit column there were small declines in Northbridge (-0.14%), Accesso (-0.12%) and Boku (-0.12%).

Macro headwinds may continue to impact sentiment towards the UK, but we enter 2018 with continued confidence in the individual holdings that make up our 44 stock portfolio. We will aim to publish a review of the fund, its exposures, drivers and opportunities in a separate document later this month. We would also like to take this opportunity to thank our investors for their continued support and wish you all the best for 2018.

Tosca Micro Cap UCITS Fund Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2018	-1.15%												-1.15%
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 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 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

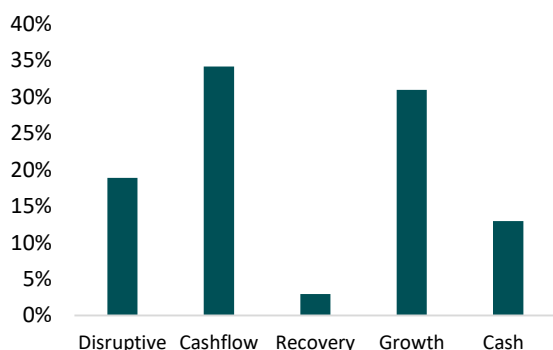
Structure	UCITS Fund
Domicile	Ireland
Liquidity	Weekly
AUM	\$50.9m
Inception	1 st October, 2010
Relaunch	8 th April, 2016
Share Class	Institutional/Institutional Pooled
Currency	EUR/GBP/CHF/USD
Mgt. Fee	1.00%
Perf. Fee	15%
Min. Init. Sub.	100,000
ISIN Codes	EUR: IE00B3QLJ113/IE00BD2MF541 USD: IE00B3QZNH75/IE00BD2MF764 CHF: IE00B3MBJQ07/IE00BD2MF657 GBP: IE00B6821V62/IE00B3RTD232
Share Class	Retail/Retail Pooled
Currency	EUR/GBP/CHF/USD
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Perf. Fee	15%
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COMPOSITION OF FUND

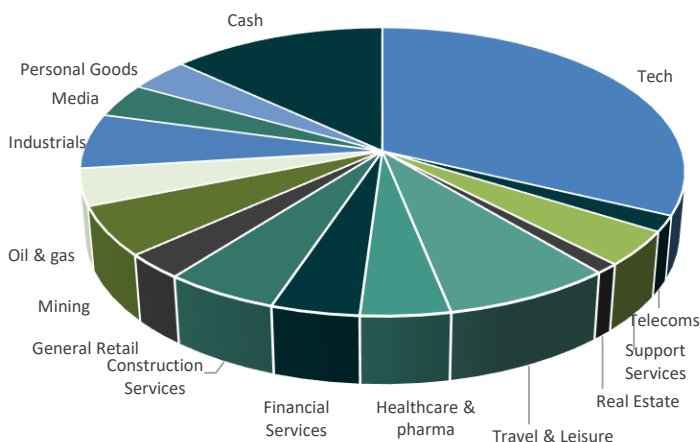
Portfolio Summary

Gross exposure	87.0%
Yield (%)	0.9%
PE (Cash flow)	12.8
Average mkt cap (£m)	130
No. of positions	44

Portfolio By Theme



Portfolio By Sector



Top 5 exposures (% of NAV)

Quixant Plc	3.80%
Imimobile	3.64%
Sumo	3.60%
Berkeley Energia	3.56%
Rhythmone	3.43%

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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. 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.