

### FACTSHEET

#### Performance Returns

The Tosca Micro Cap UCITS Fund returned 2.80% in September (GBP Institutional share class) giving a net return since launch on April 8<sup>th</sup> 2016 of +18.9%.

#### 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

For the first month since April the "disruptive" component of the portfolio failed to generate a positive return with performance being driven largely by "cashflow". This may well be symptomatic of the market seeking certainty, yield and lower risk investments. The fund has received inflows, allowing the manager to flex weightings such that "cashflow" accounts for half of capital invested.

In September, the principle contributors included Constellation Healthcare (+0.9%) and Swallowfield (+0.8%). The former is a provider of outsourced services into the US medical market. These services include group purchasing and billing. Strong results and a highly accretive acquisition were the key catalysts for its surge in the month. The plug and play nature of its highly scalable platform is perfectly illustrated by the purchase of Vega Medical Professionals. The company paid \$24m for a business that generated \$15m of sales and EBITDA of \$0.8m; optically, an expensive deal. However, the company expects to extract \$7m of cost savings meaning that the see through take out multiple is a highly attractive 3x EV/EBITDA. We expect Constellation to continue to do bolt on deals such as this which will drive further strong share price momentum, in our view.

Swallowfield is a UK based designer and manufacturer of own label and third party branded shampoo, cosmetics and toiletries. The first set of numbers post a recent acquisition (our entry point) and further highlighted the underlying momentum in group sales and the potential to boost margins and growth through the own label business. With a new finance package also in place we are expecting further infill acquisitions to further boost earnings and cash margins. Trading on <12x PE (7.5x EV/Ebitda) fails to capture the growth potential (12% 3 year revenue CAGR & 35% Ebit CAGR).

Another area of strength in the month was the UK gaming sector. Positions in Stride Gaming (online bingo), Quixant (gaming machines & software) and Sportech (UK pools, US horse racing) contributed +1.2% helped by strong results and potential M&A.

The debit column included two stocks where subsequent one on ones with management have allayed our (if not the market's) fears. Interquest, the specialist UK high tech recruiter, fell -0.4% as did SRT Marine (air traffic control for marine markets). The former is repositioning parts of its offer in light of a tougher service market place. This is reflected in the valuation, with the stock trading on <4x PE. On SRT. We await news of a number of potentially game changing contracts which we expect to drive a profound re-rating of the stock.

The portfolio consists of thirty six holdings and is well diversified across sectors. While there remains much uncertainty post the European referendum, the very specific nature of each of the opportunities that we hold in the fund gives us confidence of further positive returns into the year end and beyond.

#### 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%				18.93%

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

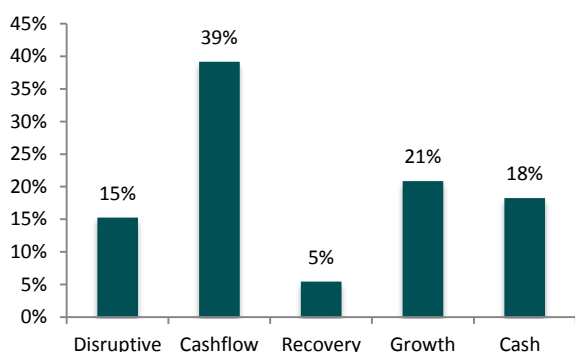
Structure	UCITS Fund
Domicile	Ireland
Liquidity	Weekly
AUM	\$10.1m
Inception	1 <sup>st</sup> October, 2010
Relaunch	8 <sup>th</sup> April, 2016
Share Class	<b>Institutional/Institutional Pooled</b>
Currency	EUR/GBP/CHF/USD
Mgt. Fee	1.0%
Perf. Fee	15%
Min. Init. Sub.	100,000
ISIN Codes	EUR: IE00B3QLJ113/IE00BD2MF541 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

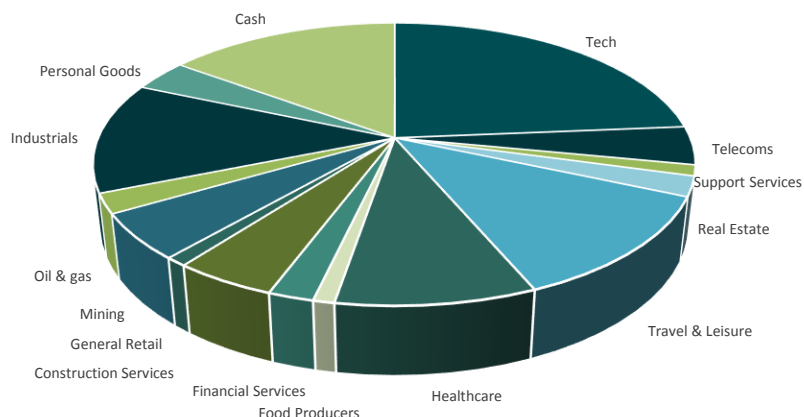
#### Portfolio Summary

Gross exposure	82%
Yield (%)	1.0
PE (Cash flow)	10.7
Average mkt cap (£m)	109
No. of positions	36

#### Portfolio By Theme



#### Portfolio By Sector



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

Constellation Healthvare	4.71%
Immoble Plc	4.59%
Blue Prism Group	4.48%
Accesso Technology Group Pllc	3.61%
Swallowfield Plc	3.59%

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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. 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.