LANCASTER
INVESTMENT MANAGEMENT

Lancaster European LS Equity

February 2018

The fund performed relatively well in February in what were volatile markets. Our position in TDC was the top contributor. The company had announced a bid to buy MTG's media assets which sent the shares down 9% on the day of the announcement; subsequently a consortium of Macquarie and two Danish pension funds made an offer for the company at DKK 50.25 per share. We believe the offer is highly likely to complete and the bidder is aiming to complete the transaction in April 2018. With the Euro Stoxx 50 down almost 9% on the month at one stage, we took the opportunity to add materially to a number of core positions: Essilor, Cobham and a more recent position in SAP. We sold out of SAP in March 2017 but re-entered as valuation has fallen back to attractive levels and expectations fail to reflect the margin and cash momentum in the business.

Performance	
Return on month	-0.63%
Number of Positions	
Long	32
Short	13
Total	45

Exposure	
Gross	111.3%
Net	84.2%
Net Beta Adj.	83.6%
Long	97.7%
Short	-13.5%

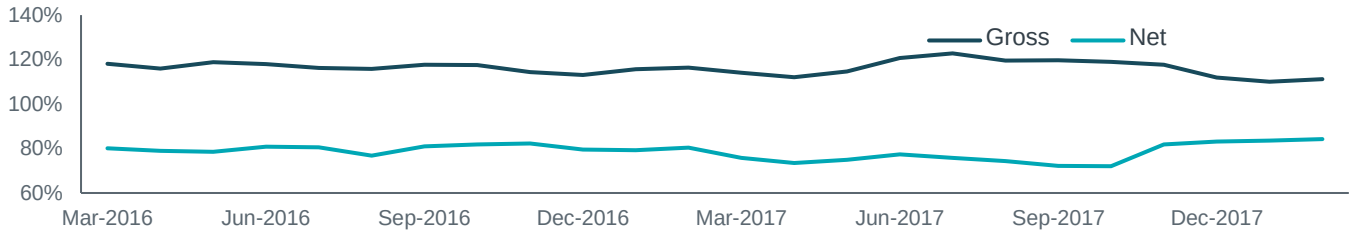
Top 3 Positive Contributors
TDC
Energy (long)
Financial (long)

Top 3 Negative Contributors
Cobham
Essilor International
Telecom Services (long)

Top 5 Longs	
Essilor International	6.7%
SAP	5.0%
Cobham	4.8%
Serco Group	4.4%
TDC	4.3%
Total	**25.2%**

Top 5 Shorts	
Consumer Discretionary	-2.5%
Industrial	-2.1%
Industrial	-1.4%
Industrial	-1.2%
Information Technology	-1.1%
Total	**-8.4%**

Rolling 24 Month Gross and Net Exposures

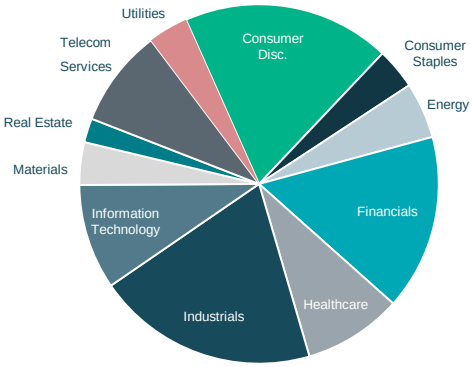


Source: Lancaster Investment Management

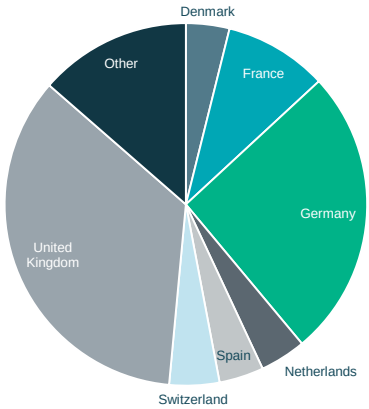
Sector Exposure

Source: Lancaster Investment Management

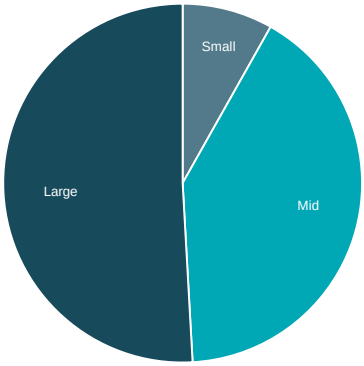
Sector



Country

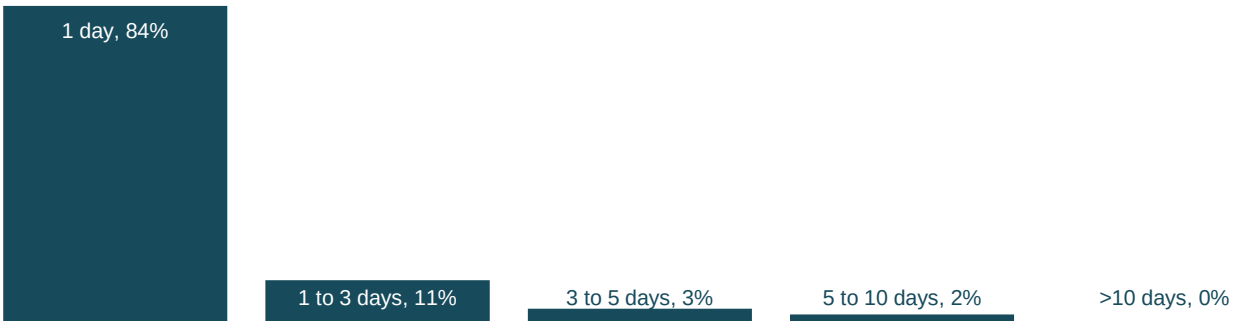


Market Cap



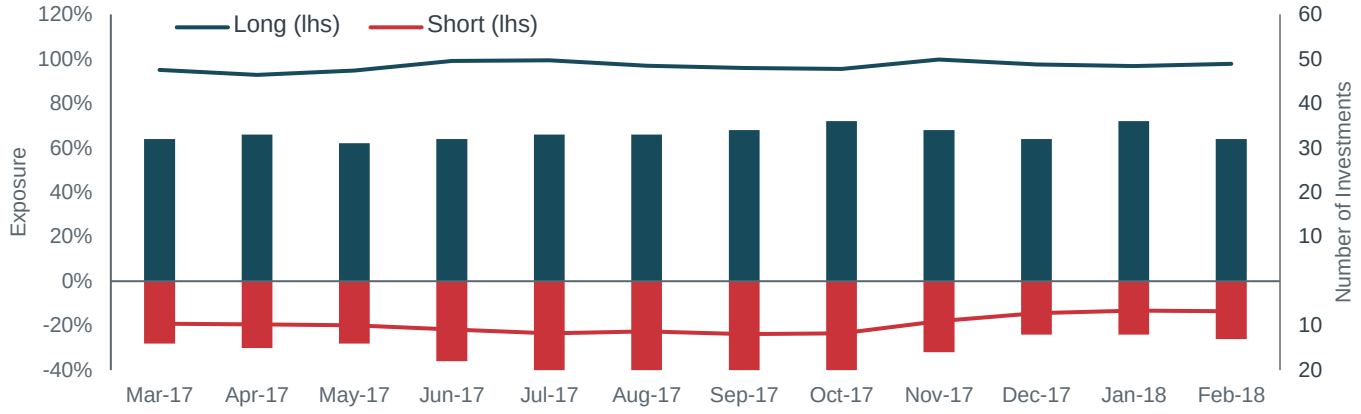
Source: Lancaster Investment Management

Liquidity



Source: Lancaster Investment Management, Bloomberg

Portfolio Composition



Source: Lancaster Investment Management

Leverage

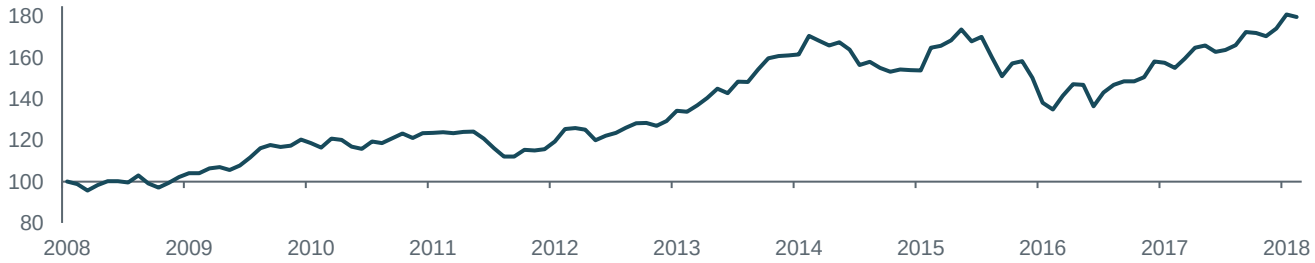
Gross method	1.6
Commitment method	1.1

Historical Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	**Year**	**Inception**
2008		-1.21%	-3.13%	2.77%	1.91%	0.06%	-0.75%	3.44%	-3.65%	-2.14%	2.50%	2.76%	**2.24%**	**2.24%**
2009	1.85%	0.04%	2.20%	0.49%	-1.18%	1.94%	3.61%	4.06%	1.30%	-0.78%	0.54%	2.56%	**17.76%**	**20.41%**
2010	-1.43%	-1.88%	3.71%	-0.48%	-2.69%	-0.90%	3.08%	-0.62%	1.97%	1.83%	-1.72%	1.95%	**2.59%**	**23.53%**
2011	0.12%	0.16%	-0.32%	0.51%	0.05%	-2.71%	-3.77%	-3.57%	0.10%	2.88%	-0.35%	0.53%	**-6.37%**	**15.66%**
2012	3.32%	4.99%	0.38%	-0.63%	-4.03%	1.73%	1.16%	1.97%	1.80%	0.16%	-1.19%	1.91%	**11.90%**	**29.42%**
2013	3.75%	-0.35%	2.42%	2.57%	3.19%	-1.53%	3.97%	-0.14%	4.12%	3.44%	0.68%	0.18%	**24.48%**	**61.10%**
2014	0.37%	5.56%	-1.40%	-1.40%	0.99%	-2.16%	-4.51%	0.91%	-1.87%	-1.20%	0.72%	-0.15%	**-4.37%**	**54.06%**
2015	-0.10%	7.11%	0.59%	1.63%	3.10%	-3.27%	1.23%	-5.74%	-5.77%	4.10%	0.64%	-5.03%	**-2.42%**	**50.34%**
2016	-8.10%	-2.32%	5.00%	3.92%	-0.23%	-7.04%	4.85%	2.59%	1.13%	-0.03%	1.41%	5.02%	**5.22%**	**58.19%**
2017	-0.39%	-1.56%	2.94%	3.23%	0.69%	-1.92%	0.62%	1.37%	3.90%	-0.34%	-0.88%	2.22%	**10.13%**	**74.22%**
2018	3.88%	-0.63%											**3.23%**	**79.85%**

Performance quoted net of fees from the most invested share class. Other share classes with higher fees may exist.

Fund Performance



Source: Lancaster Investment Management

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Lancaster European LS Equity Details

Launch date	February 2008	**Fund Structure**	Cayman Master Feeder: Cayman Ltd, Delaware LP
Redemptions	Quarterly	**Administrator**	Morgan Stanley Fund Services
Notice Period	60 days	**Auditor**	KPMG
Minimum Investment	$10,000,000	**Prime Brokers**	Credit Suisse, Goldman Sachs, Morgan Stanley, UBS
Management Fee	1.0%	**Custodian**	State Street
Performance Fee	15%* (subject to HWM)	**Legal Advisors (UK)**	Schulte Roth & Zabel
Lockup Period	12 months	**Legal Advisors (US)**	Schulte Roth & Zabel
Subscriptions	Monthly	**Legal Advisors (Cayman)**	Maples & Calder
Gate	None	**Contact Details**	Richard Lamplough richard.lamplough@lancasterIM.co.uk +44 20 7842 1049

Details above refer to classes G&H and equivalent

* Payable over multiple years – please see offering documents

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