

Lancaster European LS Equity

July 2019

The fund returned 3.71% in July. It was a pleasing month for the fund with good alpha production on both sides of the portfolio. Cobham was the standout contributor: the company received a takeover approach from the private equity firm Advent International. A private equity bid from Bain and Carlyle for OSRAM Licht also finally materialised after months of speculation. This activity is pleasantly consistent with the framework we discussed in our second quarter letter regarding private equity potentially crystallising value for European assets. We continue to hold a reduced position in Cobham on counterbid hopes but sold out of OSRAM entirely. Our short in Aston Martin was also a key driver of performance following a further profit warning; this over-pumped, highly indebted IPO is now down over 75% since its October listing. We chose to cover the position in full. We also continued to scale down our position in Serco, a strong performer in 2019. We stepped up our positions in another UK outsourcer – at an earlier stage in its restructuring process – and a German specialty distribution company which has materially (and arguably unfairly) de-rated on macro concerns.

Performance

Return on month	3.71%
1 year return	-1.57%
3 year CAGR	9.34%
5 year CAGR	3.64%

Exposure

Gross	114.0%
Net	68.6%
Net Beta Adj.	75.2%
Long	91.3%
Short	-22.7%

Number of Positions

Long	34
Short	18
Total	52

Leverage

Gross method	1.7
Commitment method	1.1

Top 3 Positive Contributors

Cobham
Aston Martin Lagonda (short)
OSRAM Licht

Top 3 Negative Contributors

Financial (long)
Financial (long)
Industrial (long)

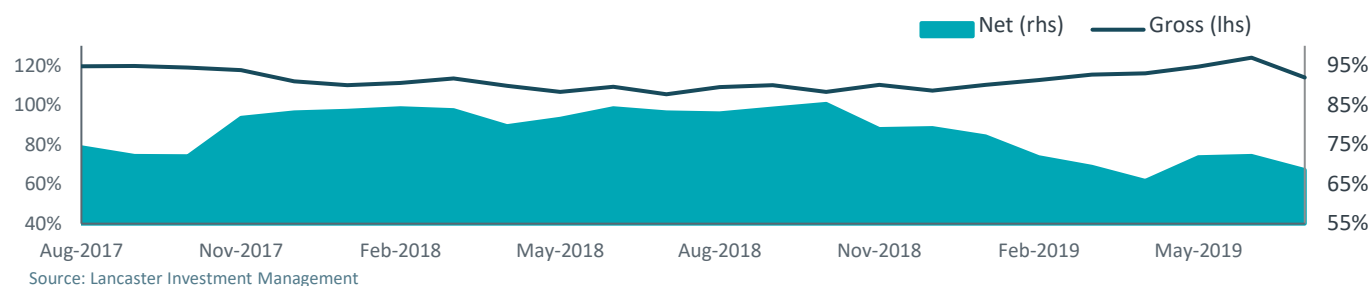
Top 5 Longs

Tesco	5.3%
Serco Group	4.8%
Bayer	4.7%
Lanxess	4.4%
Autoliv	4.2%
Total	23.4%

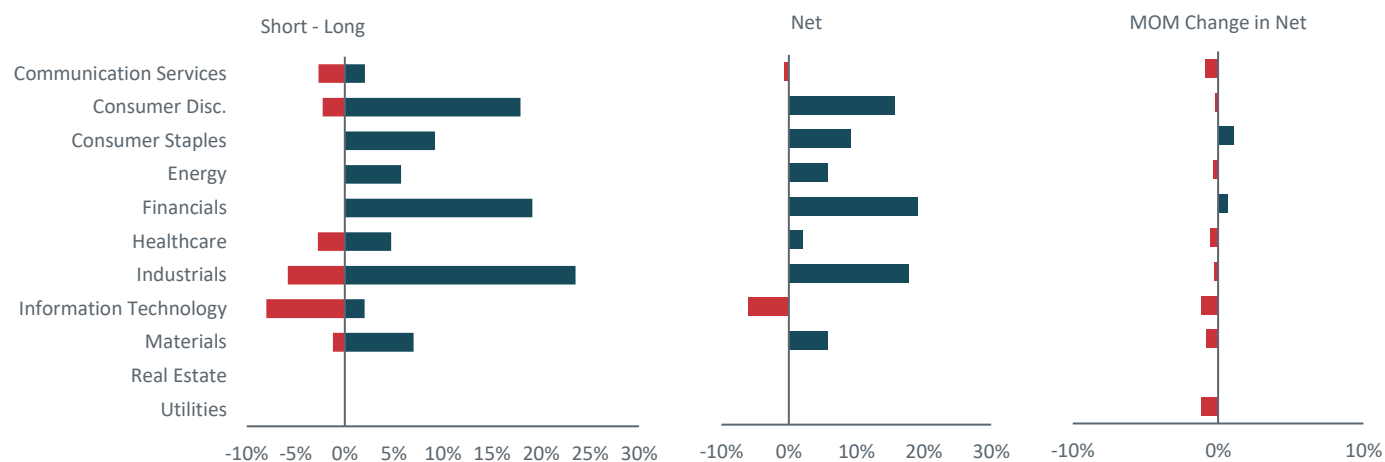
Top 5 Shorts

Communication Services	-2.7%
Healthcare	-1.8%
Consumer Discretionary	-1.8%
Information Technology	-1.7%
Information Technology	-1.5%
Total	-9.5%

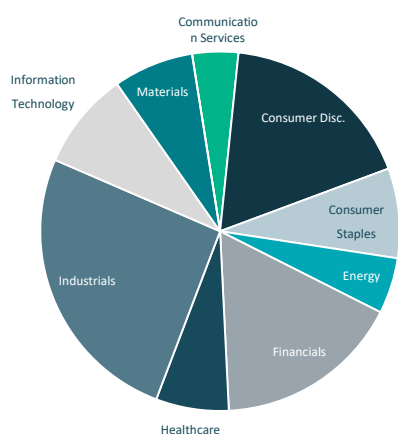
Rolling 24 Month Gross and Net Exposures



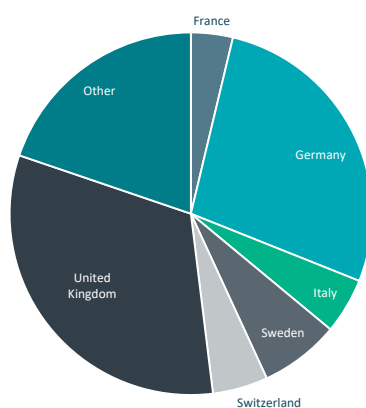
Sector Exposure



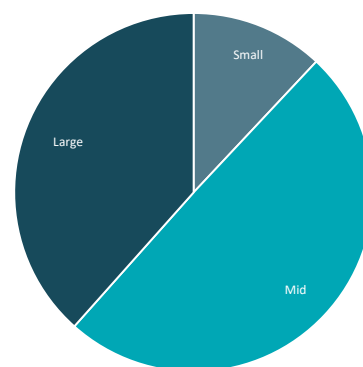
Sector



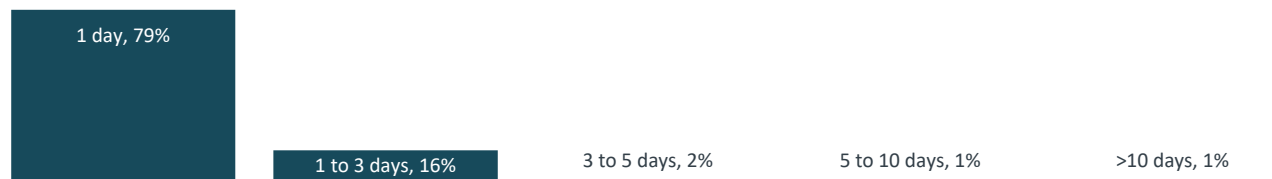
Country



Market Cap

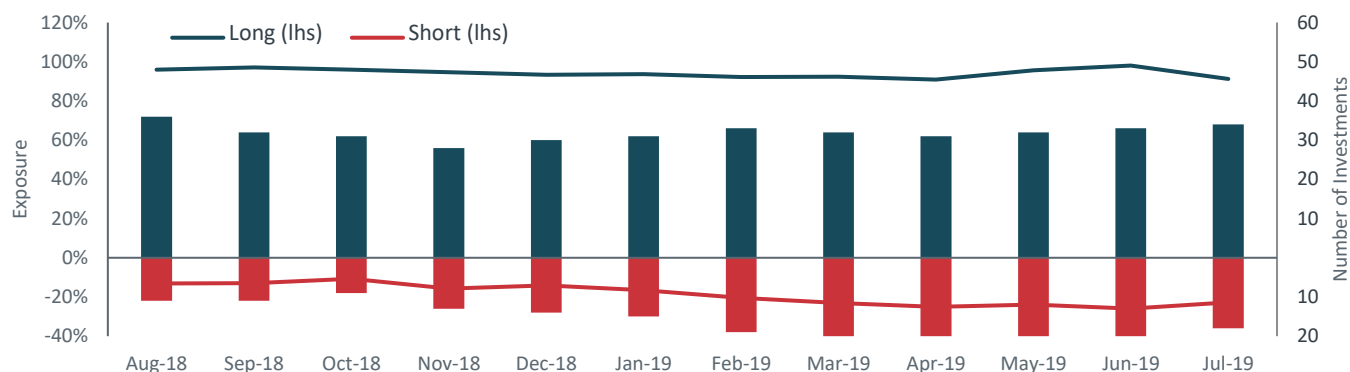


Liquidity



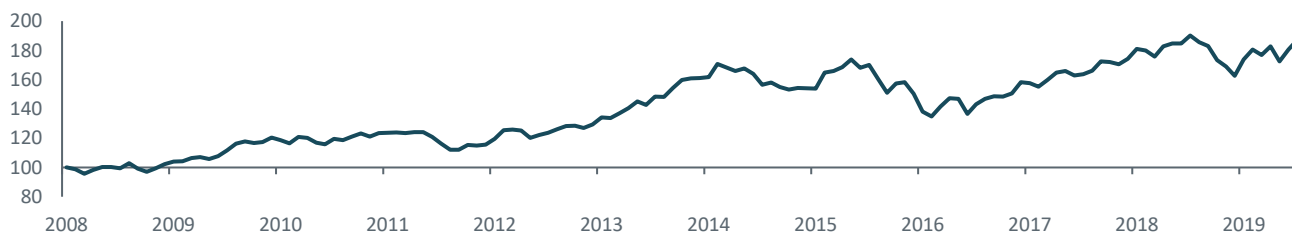
Source: Lancaster Investment Management. Bloomberg

Portfolio Composition



Source: Lancaster Investment Management

Fund Performance



Source: Lancaster Investment Management

Historical Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year	Inception
2019	6.86%	3.80%	-1.96%	3.29%	-5.59%	4.60%	3.71%						15.04%	87.17%
2018	3.88%	-0.63%	-2.27%	3.97%	1.06%	-0.02%	2.99%	-2.45%	-1.40%	-5.23%	-2.48%	-3.75%	-6.61%	62.71%
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%
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%
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%
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%
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%
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%
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%
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%
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%
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%

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

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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