LANCASTER
INVESTMENT MANAGEMENT

Lancaster European LS Equity

October 2019

The fund returned 3.57% in October. This was comprised of positive attribution and positive alpha from both sides of the portfolio; there were no particularly large winners or losers. After being one of the weakest performers in September, Bank of Ireland was the biggest winner on the month as risks of a "No Deal Brexit" diminished. Our two newly initiated airline longs (discussed in the third quarter letter) also performed well as the market became more positive on European short haul supply/demand balance; a softer Brexit is also clearly better for the UK consumer. Zalando was weak as the market continued to digest the large placing by Kinnevik in September; we modestly added to the position. We exited our long standing investment in Hellenic Telecom; this has been a successful investment for the fund but valuation is no longer attractive. We continue to be very active in the short book, adding two new names and exiting one.

Performance	
Return on month	3.57%
1 year return	14.92%
3 year CAGR	10.28%
5 year CAGR	5.39%

Exposure	
Gross	115.8%
Net	71.6%
Net Beta Adj.	90.1%
Long	93.7%
Short	-22.1%

Number of Positions	
Long	34
Short	19
Total	53

Leverage	
Gross method	1.7
Commitment method	1.2

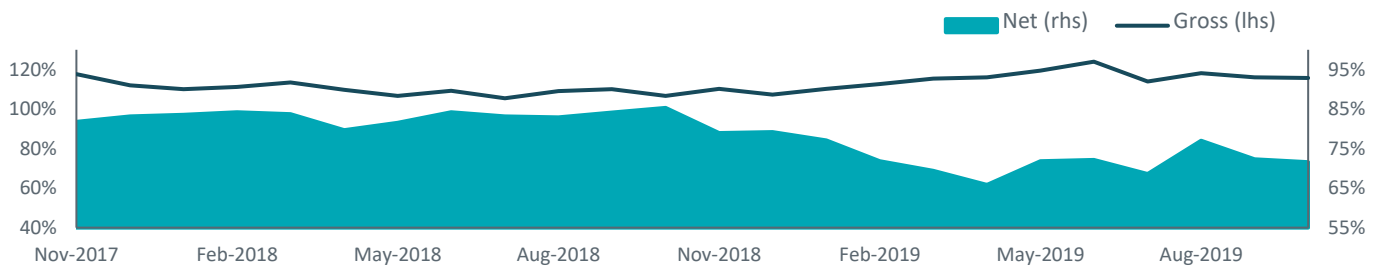
Top 3 Positive Contributors
Financial (long)
Communication Services (long)
Industrial (long)

Top 3 Negative Contributors
Consumer Staple (long)
Consumer Discretionary (long)
Healthcare (short)

Top 5 Longs	
Tesco	6.0%
Autoliv	4.5%
Bayer	4.1%
Richemont	4.0%
Brenntag	3.9%
Total	**22.5%**

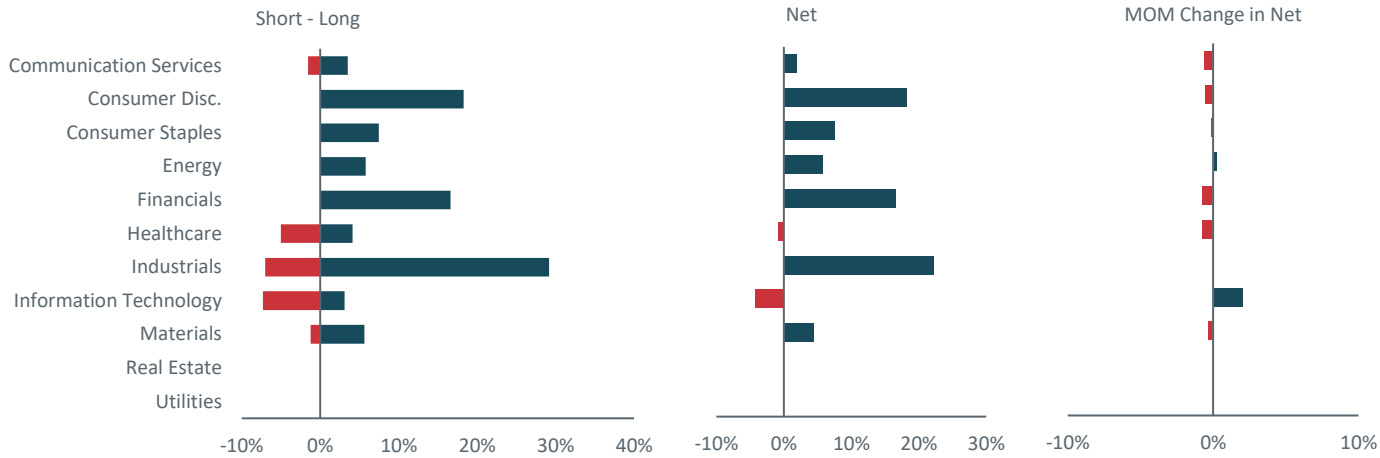
Top 5 Shorts	
Healthcare	-1.7%
Information Technology	-1.7%
Information Technology	-1.6%
Communication Services	-1.5%
Information Technology	-1.4%
Total	**-7.9%**

Rolling 24 Month Gross and Net Exposures



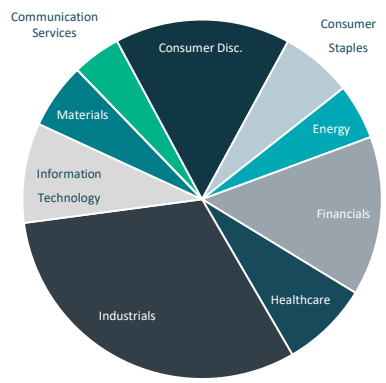
Source: Lancaster Investment Management

Sector Exposure

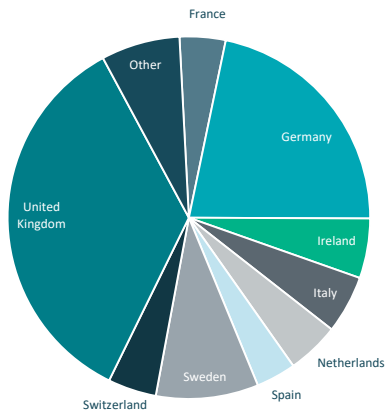


Source: Lancaster Investment Management

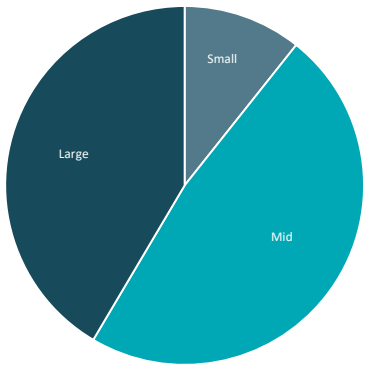
Sector



Country



Market Cap

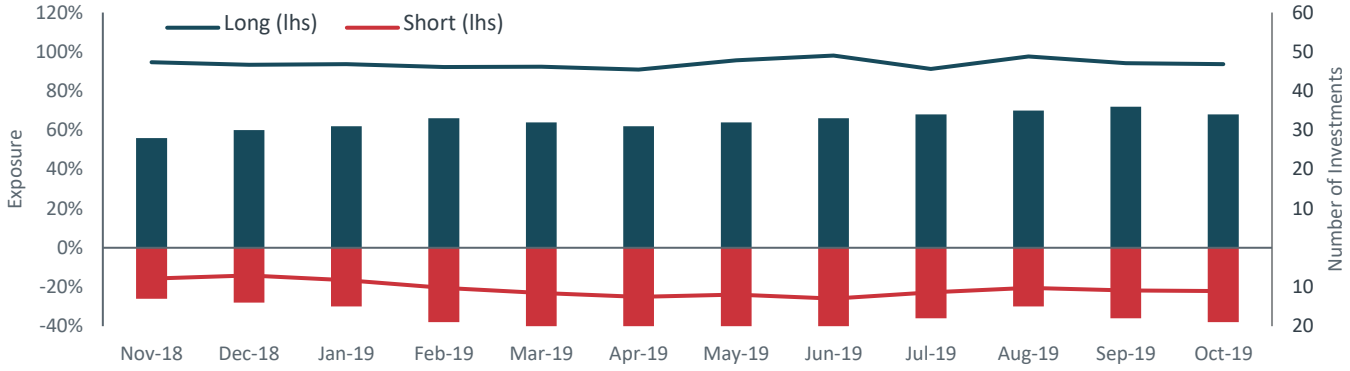


Source: Lancaster Investment Management

Liquidity

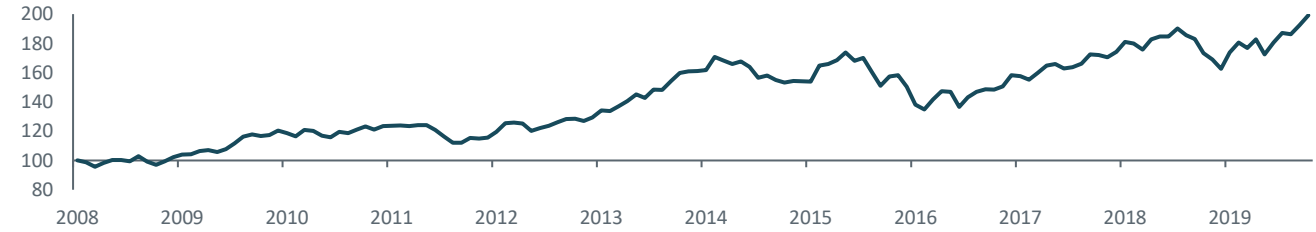
Source: Lancaster Investment Management, Bloomberg

Portfolio Composition



Source: Lancaster Investment Management

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%	-0.45%	3.23%	3.57%			**22.43%**	**99.20%**
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.

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Lancaster European LS Equity Details

Launch date	February 2008	Fund Structure	Cayman Master Feeder: Cayman Ltd, Delaware LP
Redemptions	Quarterly		
Notice Period	60 days	Administrator	Morgan Stanley Fund Services
Minimum Investment	$10,000,000	Auditor	KPMG
Management Fee	1.0%	Prime Brokers	Credit Suisse, Goldman Sachs, Morgan Stanley, UBS
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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