LANCASTER
INVESTMENT MANAGEMENT

Lancaster European LS Equity

November 2019

The fund returned 2.72% in November. The two largest positive contributors were both recent long investments. Spectris, a UK manufacturer of control and instrumentation equipment, announced its Q3 trading update in November, raising guidance and providing further details on its cost improvement program. Our investment in Ryanair, discussed in the Q3 letter, performed well as first half results were well received. We continue to believe the business will maintain a significant cost advantage contrary to the prevalent bear thesis. Furthermore, delays to the 737 MAX aircraft may actually be beneficial for European short haul yields. Porr AG, our Austrian construction short, fell 20% on the month on a profit warning and cut its dividend. We closed two longstanding long positions in EssilorLuxottica and Deutsche Boerse on valuation grounds while adding two new longs and two new shorts.

Performance	
Return on month	2.72%
1 year return	21.04%
3 year CAGR	10.75%
5 year CAGR	5.81%

Exposure	
Gross	116.6%
Net	64.9%
Net Beta Adj.	81.3%
Long	90.8%
Short	-25.9%

Number of Positions	
Long	32
Short	18
Total	50

Leverage	
Gross method	1.7
Commitment method	1.2

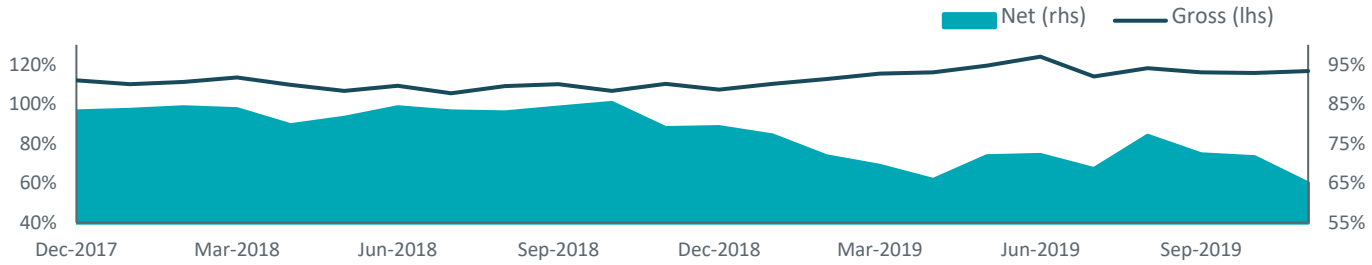
Top 3 Positive Contributors
Information Technology (long)
Materials (long)
Industrial (long)

Top 3 Negative Contributors
Information Technology (short)
Healthcare (short)
Healthcare (short)

Top 5 Longs	
Tesco	6.0%
Autoliv	4.6%
Richemont	4.1%
Brenntag	4.0%
Zalando	4.0%
Total	**22.6%**

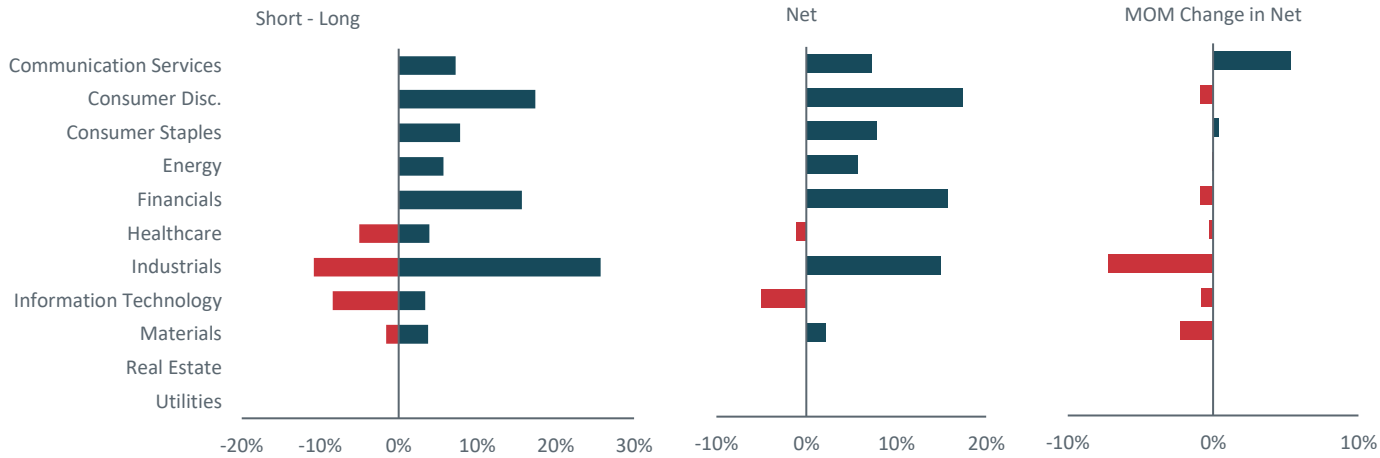
Top 5 Shorts	
Industrial	-2.5%
Information Technology	-2.2%
Healthcare	-2.2%
Information Technology	-1.6%
Healthcare	-1.6%
Total	**-10.1%**

Rolling 24 Month Gross and Net Exposures



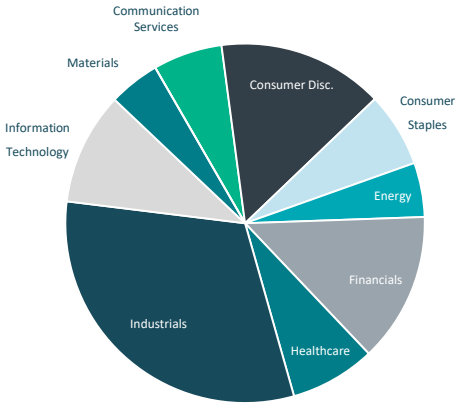
Source: Lancaster Investment Management

Sector Exposure

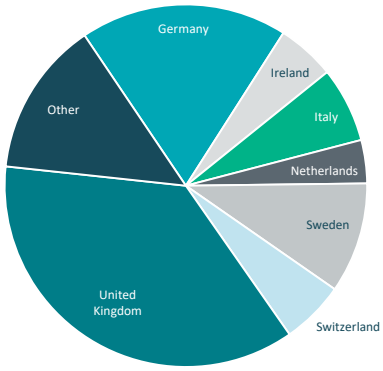


Source: Lancaster Investment Management

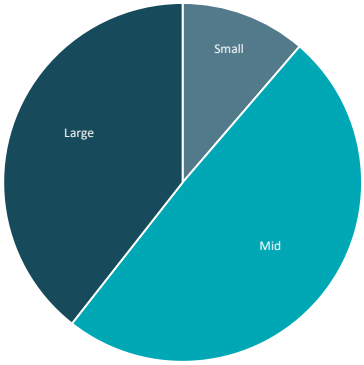
Sector



Country

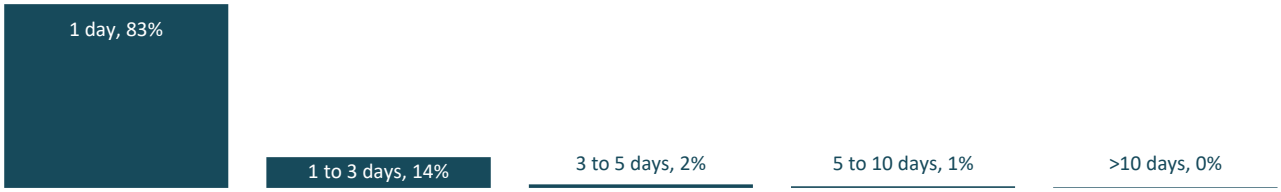


Market Cap



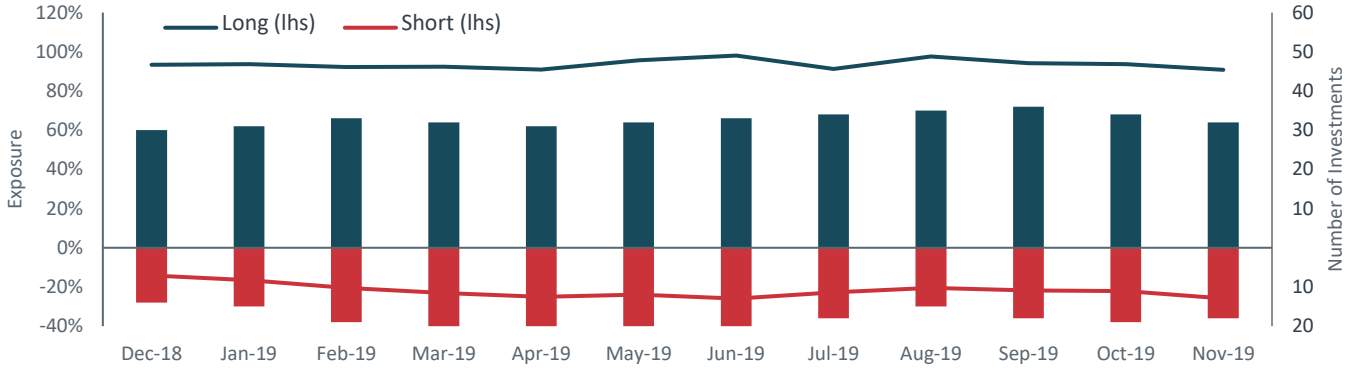
Source: Lancaster Investment Management

Liquidity



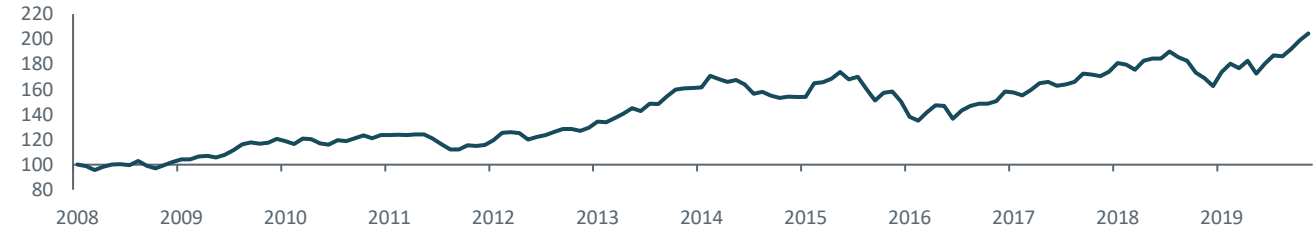
Source: Lancaster Investment Management, Bloomberg

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%	2.72%		**25.76%**	**104.61%**
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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