LANCASTER
INVESTMENT MANAGEMENT

Lancaster European LS Equity

May 2020

The fund returned 5.05% in May. May continued where April left off with equity markets staging a broad recovery. Industrial investments on the long side of the portfolio were the primary drivers of performance; GEA, Brenntag and Continental were the top three positive contributors. GEA released a trading update revealing a positive surprise on order intake, margin improvement and better cash generation. Management's restructuring programme would appear to be working yet, despite serving relatively defensive end markets, valuation remains very depressed. We continued to be active at the portfolio level responding to the fast-moving opportunity set we are presented with. We added one insurance and two industrial longs. We sold Zalando, a long term holding for the portfolio, after its strong share price performance, to make room for these new investment opportunities.

Performance	
Return on month	5.05%
1 year return	4.48%
3 year CAGR	2.79%
5 year CAGR	0.74%

Exposure	
Gross	119.7%
Net	81.1%
Net Beta Adj.	103.3%
Long	100.4%
Short	-19.3%

Number of Positions	
Long	32
Short	12
Total	44

Leverage	
Gross method	2.0
Commitment method	1.2

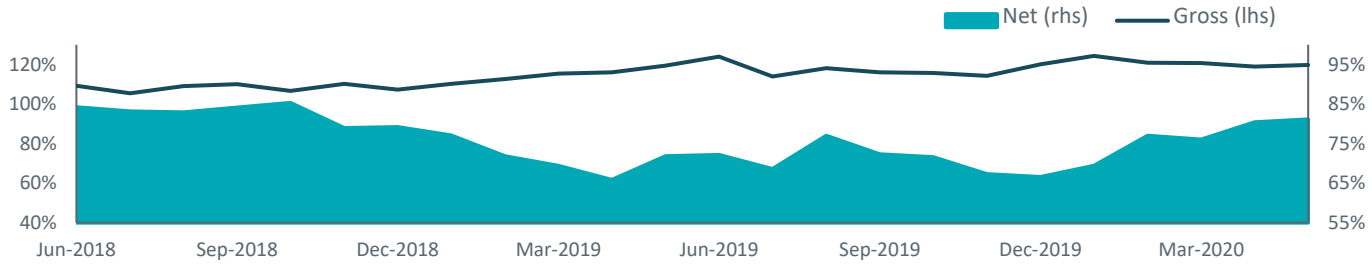
Top 3 Positive Contributors
GEA
Brenntag
Continental

Top 3 Negative Contributors
Consumer Discretionary (short)
Materials (long)
Financial (long)

Top 5 Longs	
Next	5.5%
Autoliv	5.2%
GEA	4.8%
Berkeley	4.6%
Brenntag	4.6%
Total	**24.8%**

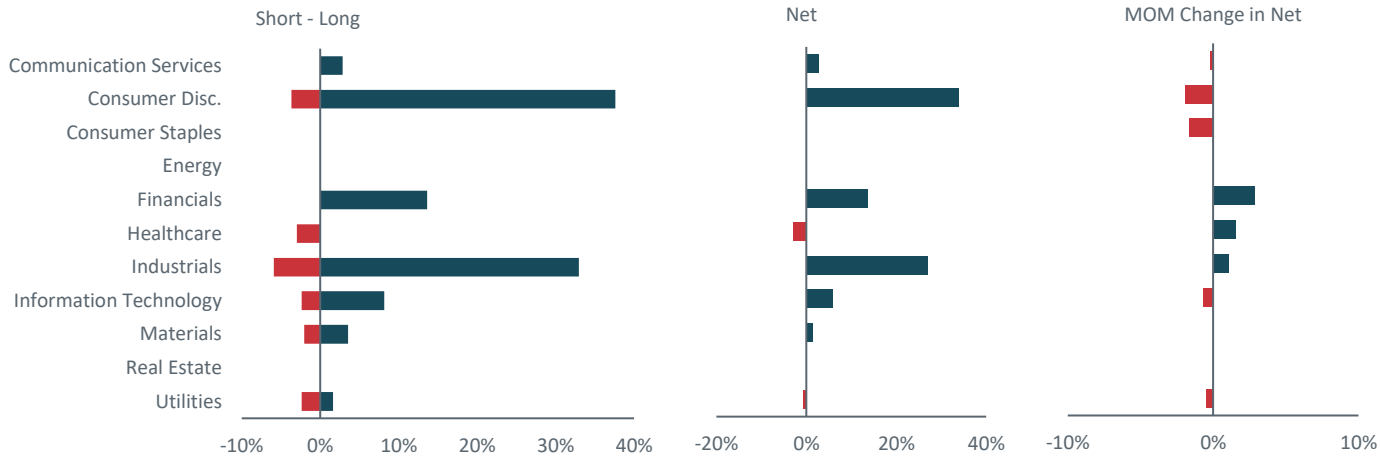
Top 5 Shorts	
Healthcare	-3.0%
Utility	-2.4%
Industrial	-2.1%
Materials	-2.0%
Consumer Discretionary	-2.0%
Total	**-11.5%**

Rolling 24 Month Gross and Net Exposures



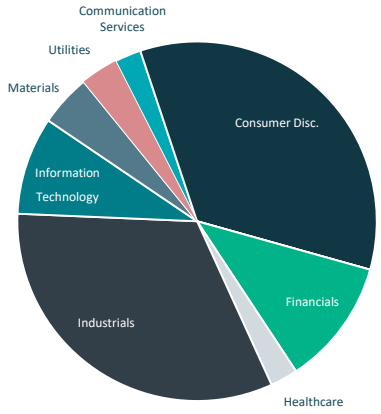
Source: Lancaster Investment Management

Sector Exposure

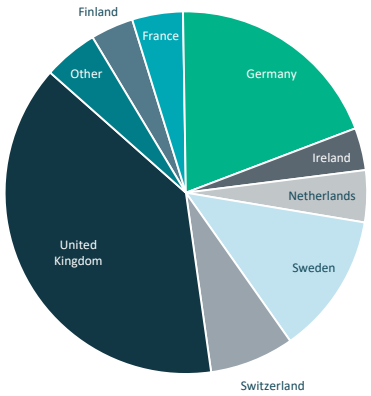


Source: Lancaster Investment Management

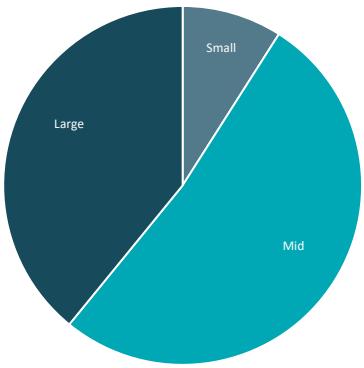
Sector



Country

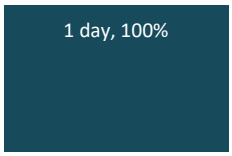


Market Cap



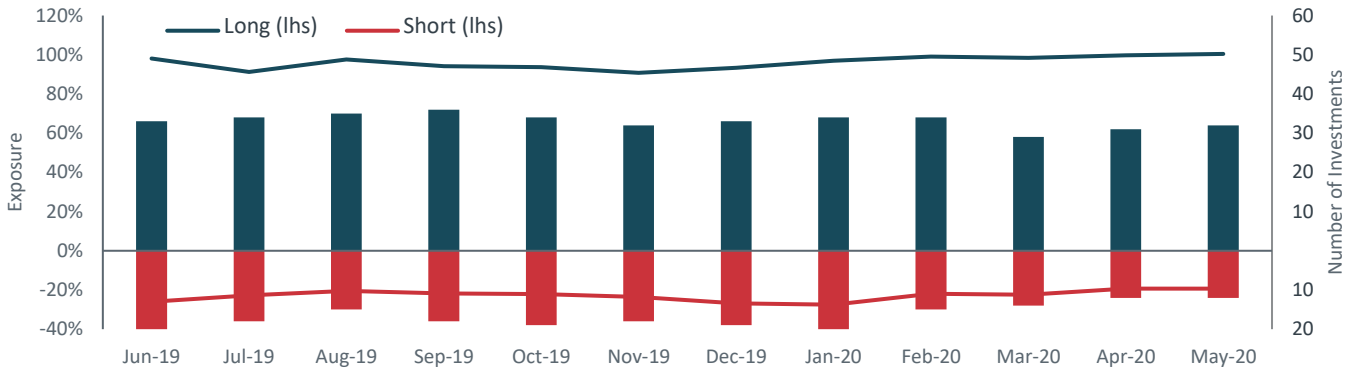
Source: Lancaster Investment Management

Liquidity



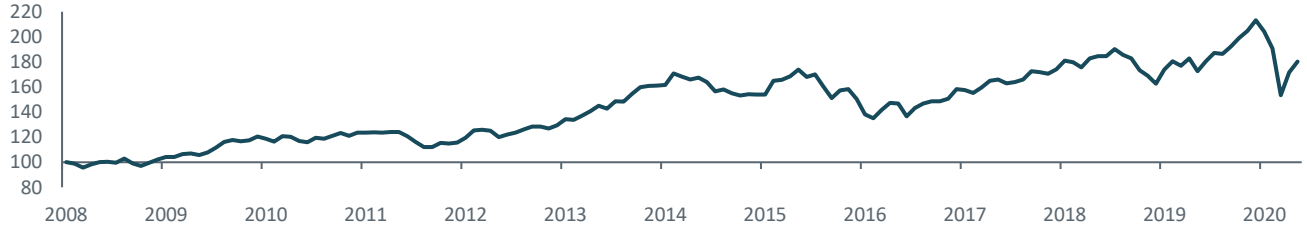
Source: Lancaster Investment Management, Bloomberg

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**
2020	-4.17%	-6.65%	-19.57%	11.91%	5.05%								**-15.43%**	**80.28%**
2019	6.86%	3.80%	-1.96%	3.29%	-5.59%	4.60%	3.71%	-0.45%	3.23%	3.57%	2.72%	4.18%	**31.01%**	**113.17%**
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.

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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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