LANCASTER
INVESTMENT MANAGEMENT

Lancaster European LS Equity

June 2020

The fund returned 3.68% in June. At one stage early in the month the fund was up double digit percent as the market rotated aggressively towards value. Whilst this – regrettably – largely unwound in the second half of the month, for us it was an exciting reminder of the size of the upside we see in our holdings. Serco was the best performing long as the company announced very strong organic sales growth in its H1 results. We have owned this investment through a deep and painful restructuring but finally the business is working as we hoped it would. Having rebuilt its relationships with government, the company is now winning new contracts at much improved margins in a structurally less competitive market. Its addressable market remains extremely large, as outsourcing still represents a fraction of government business and management have fought hard to keep the business global. We are quietly hopeful that the share will now achieve the re-rating it merits. On the short side, we saw our position in Wirecard finally pay out. Many years of work bore fruit in a matter of days; the implications of this fraud will resonate in German financial markets for years.

Performance	
Return on month	3.68%
1 year return	3.57%
3 year CAGR	4.71%
5 year CAGR	2.15%

Exposure	
Gross	119.0%
Net	79.7%
Net Beta Adj.	106.0%
Long	99.3%
Short	-19.6%

Number of Positions	
Long	31
Short	14
Total	45

Leverage	
Gross method	1.8
Commitment method	1.1

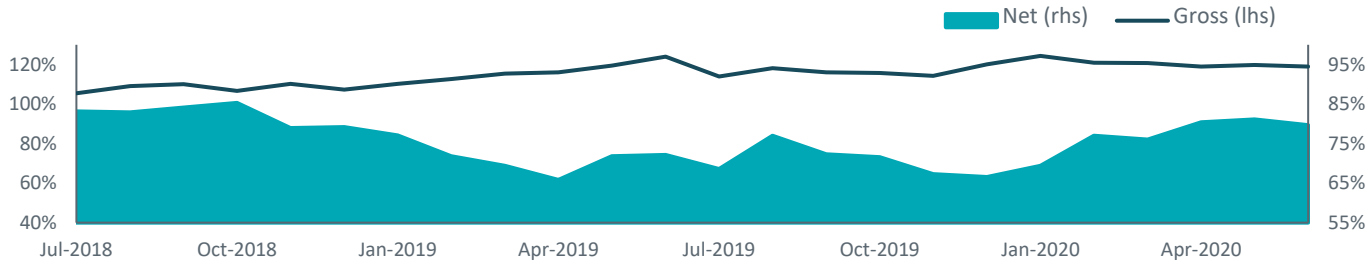
Top 3 Positive Contributors
Information Technology (short)
Industrial (long)
Industrial (long)

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

Top 5 Longs	
Autoliv	5.1%
Next	4.8%
Trelleborg	4.5%
EssilorLuxottica	4.5%
GEA	4.4%
Total	**23.3%**

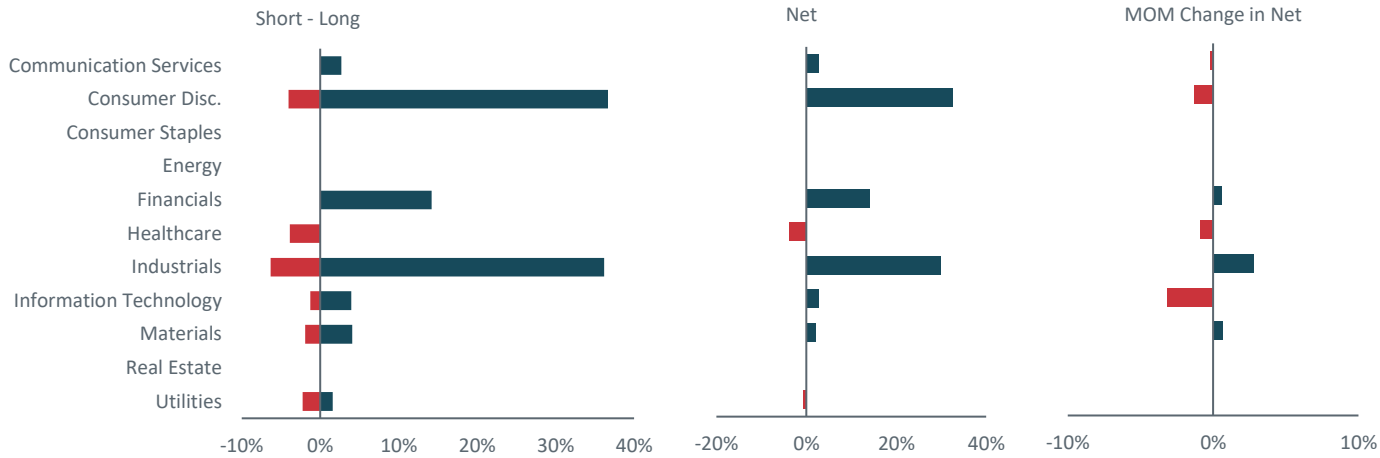
Top 5 Shorts	
Healthcare	-3.1%
Utility	-2.2%
Industrial	-2.0%
Materials	-1.9%
Consumer Discretionary	-1.8%
Total	**-11.1%**

Rolling 24 Month Gross and Net Exposures



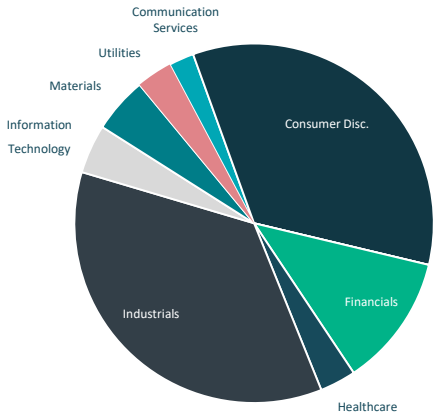
Source: Lancaster Investment Management

Sector Exposure

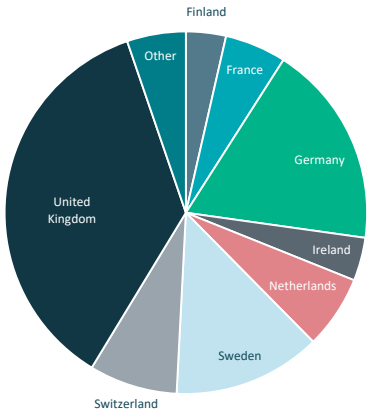


Source: Lancaster Investment Management

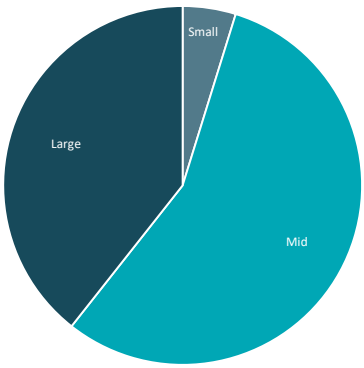
Sector



Country

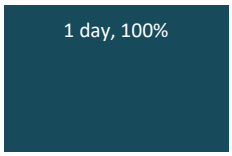


Market Cap



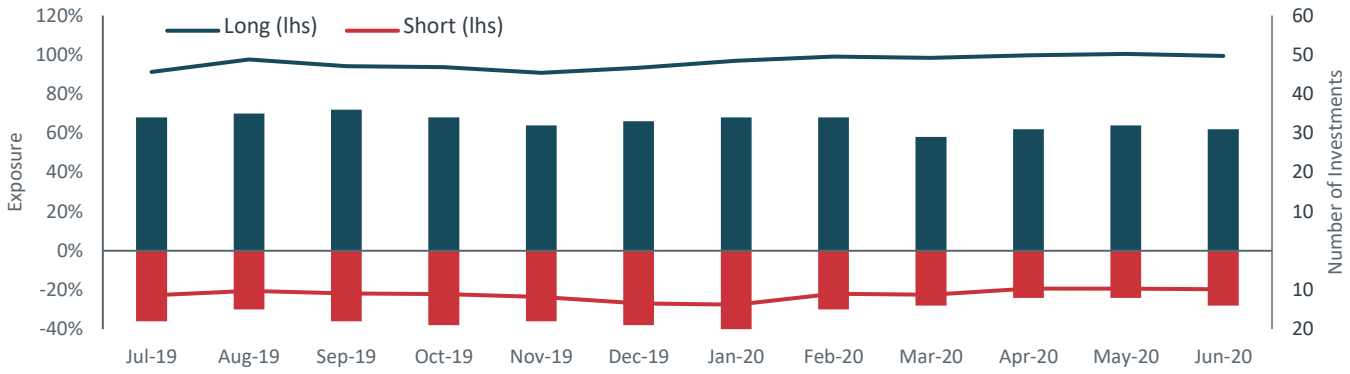
Source: Lancaster Investment Management

Liquidity



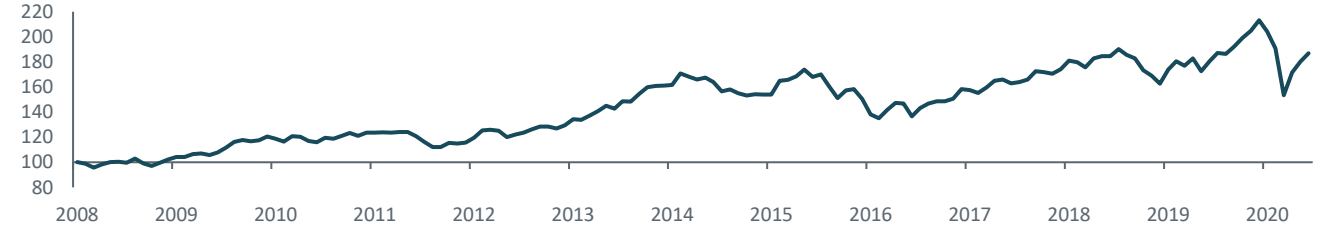
Source: Lancaster Investment Management, Bloomberg

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**
2020	-4.17%	-6.65%	-19.57%	11.91%	5.05%	3.68%							**-12.31%**	**86.92%**
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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