LANCASTER
INVESTMENT MANAGEMENT

Lancaster European LS Equity

March 2021

March was a strong month for European markets driven by raised inflation expectations and a continued rotation into value. The fund performed well, returning 5.24% for the month with gains spread broadly throughout the portfolio. Winners included GEA, where management guidance for 2021 and 2022 was stronger than expected, particularly on cash flow. Another winner was BT, as the regulator Ofcom released a long awaited regulatory framework that allows BT to make an attractive return on its fibre investment for at least 10 years. Finally, Bank of Ireland announced strong results and improved cost save targets to 2023. Losers for the month included Continental, where management's guidance for 2021 margins and cash flow disappointed the market, and Weir, which underperformed due to weaker than expected orders and the absence of announced long term targets. Our short in a Swedish-listed debt collections business performed badly this month due to read across from a PE bid on a competitor.

Exposure	
Gross	127.2%
Net	80.2%
Long	103.7%
Short	-23.5%

Performance	
Return on month	5.24%
Return YTD	7.68%
1 year return	62.59%
3 year CAGR	12.36%

Number of Positions	
Long	40
Short	16
Total	56

Leverage	
Gross method	2.3
Commitment method	1.3

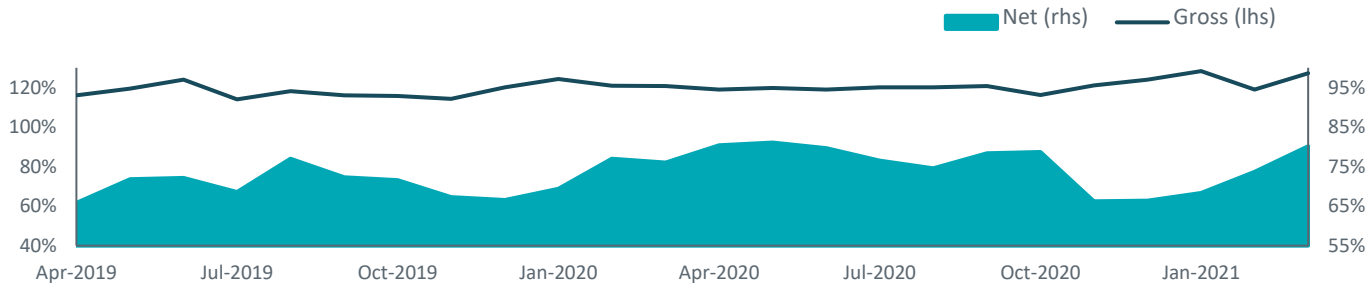
Top 3 Positive Contributors
GEA
BT
Bank of Ireland

Top 3 Negative Contributors
Industrial (short)
Jet2
Consumer Discretionary (short)

Top 5 Longs	
National Grid	3.8%
BAE Systems	3.7%
Brenntag	3.7%
GEA	3.6%
Berkeley	3.6%
Total	**18.4%**

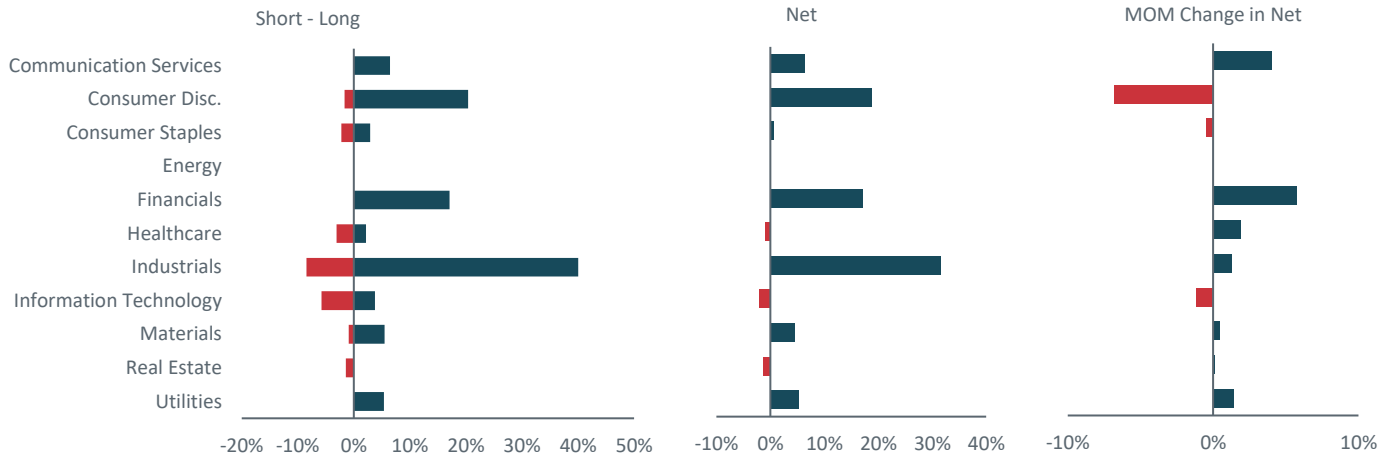
Top 5 Shorts	
Industrial	-2.3%
Information Technology	-2.0%
Healthcare	-1.7%
Information Technology	-1.7%
Consumer Discretionary	-1.6%
Total	**-9.2%**

Rolling 24 Month Gross and Net Exposures



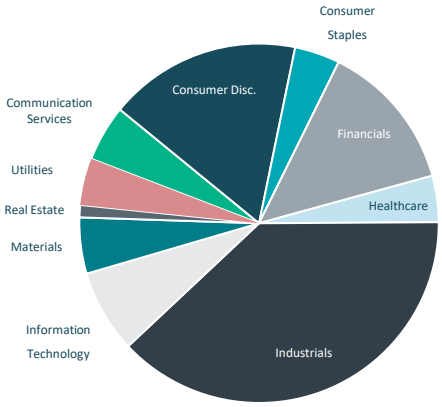
Source: Lancaster Investment Management

Sector Exposure

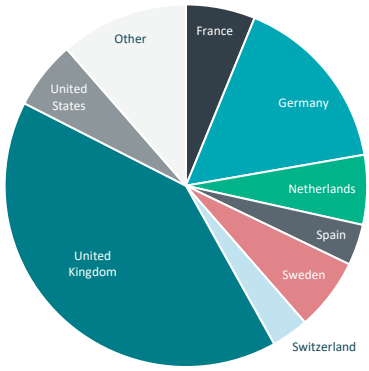


Source: Lancaster Investment Management

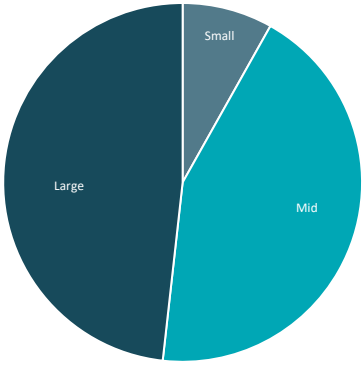
Sector



Country

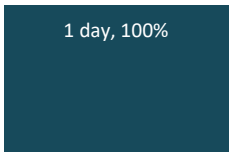


Market Cap



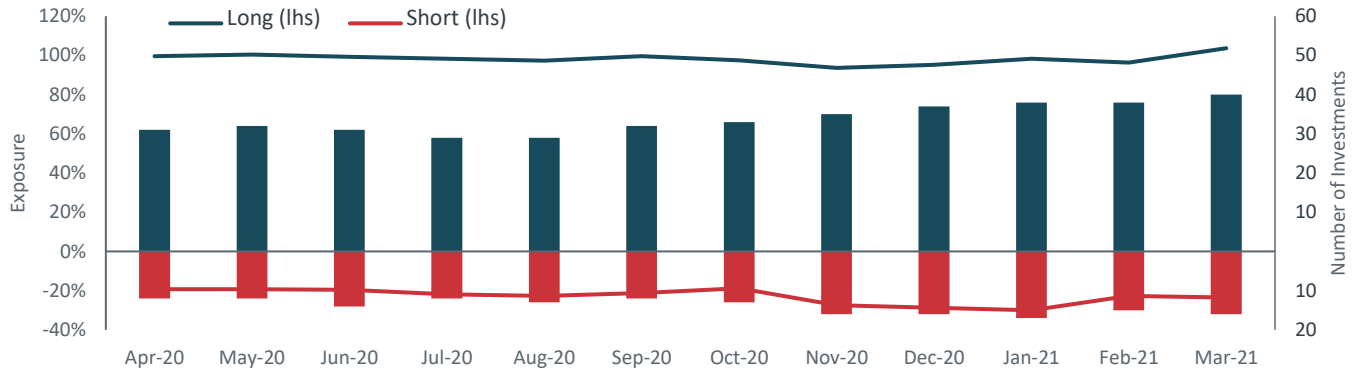
Source: Lancaster Investment Management

Liquidity



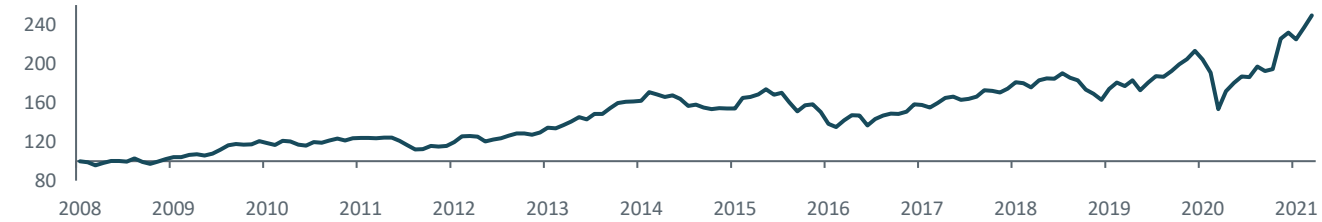
Source: Lancaster Investment Management, Bloomberg

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**
2021	-2.97%	5.45%	5.24%										**7.68%**	**149.35%**
2020	-4.17%	-6.65%	-19.57%	11.91%	5.05%	3.68%	-0.37%	5.82%	-2.40%	1.09%	16.04%	2.64%	**8.64%**	**131.58%**
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
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%	**Legal Advisors (UK)**	Schulte Roth & Zabel
Performance Fee	15%* (subject to HWM)	**Legal Advisors (US)**	Schulte Roth & Zabel
Lockup Period	12 months	**Legal Advisors (Cayman)**	Maples & Calder
Subscriptions	Monthly	**Contact Details**	Rory Hayward
Gate	None		rory.hayward@lancasterIM.co.uk
			+44 20 7842 1050

Details above refer to classes G&H and equivalent

* Payable over multiple years – please see offering documents

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