LANCASTER
INVESTMENT MANAGEMENT

# Lancaster European LS Equity

## December 2021

The fund finished the year strongly returning 4.90% in December. While Omicron infections spiked globally, the market took comfort from increasing evidence of the variant's mildness as the month unfolded. Our best performing long position in the month was Trelleborg, the Swedish automotive and industrial product supplier. The company confirmed multiple approaches for its agricultural tyre business at attractive valuations. Divesting this non-core business will improve the company's strategic focus and returns. ArcelorMittal also performed well on commodity market strength and factor rotation. We added one new long position during the month, a Dutch lighting company. We believe this company is a forgotten beneficiary of increased infrastructure and construction capex spend, benefitting from a number of secular tailwinds and self-help, and trading on a very low multiple. We sold our investment in BFF Bank on concerns about new competitive pressures in one of its asset management businesses. We also covered our short position in Adler on fears that the company would attract offers for its assets marked for disposal; fortuitously we turned out to be right.

| **Exposure** | |
|---|---|
| Gross | 152.6% |
| Net | 66.6% |
| Long | 109.6% |
| Short | -43.0% |

| **Performance** | |
|---|---|
| Return on month | 4.90% |
| Return YTD | 17.27% |
| 1 year return | 17.27% |
| 3 year CAGR | 18.62% |

| **Number of Positions** | |
|---|---|
| Long | 35 |
| Short | 25 |
| Total | 60 |

| **Leverage** | |
|---|---|
| Gross method | 2.5 |
| Commitment method | 1.5 |

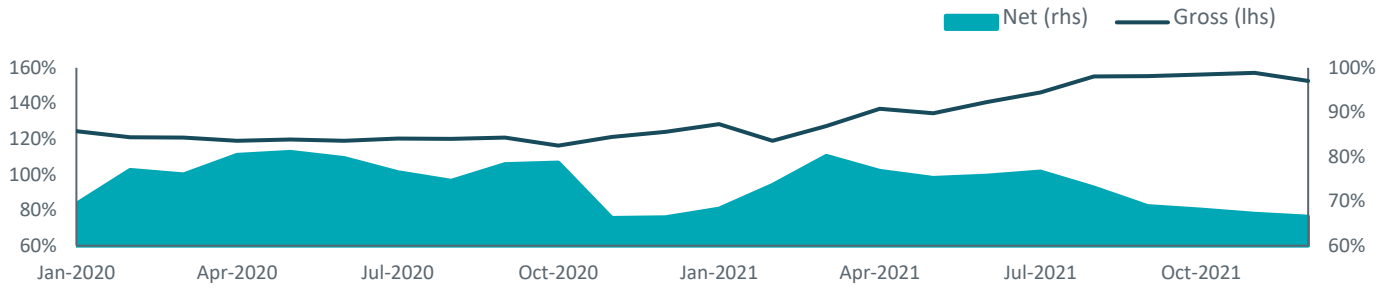
| **Top 3 Positive Contributors** |
|---|
| Trelleborg |
| ArcelorMittal |
| Airbus |

| **Top 3 Negative Contributors** |
|---|
| SX5E Option |
| Consumer Staple (short) |
| Industrial (short) |

| **Top 5 Longs** | |
|---|---|
| Danone | 5.6% |
| Trelleborg | 5.1% |
| BAE Systems | 4.6% |
| BT | 4.1% |
| Next | 3.9% |
| **Total** | **23.4%** |

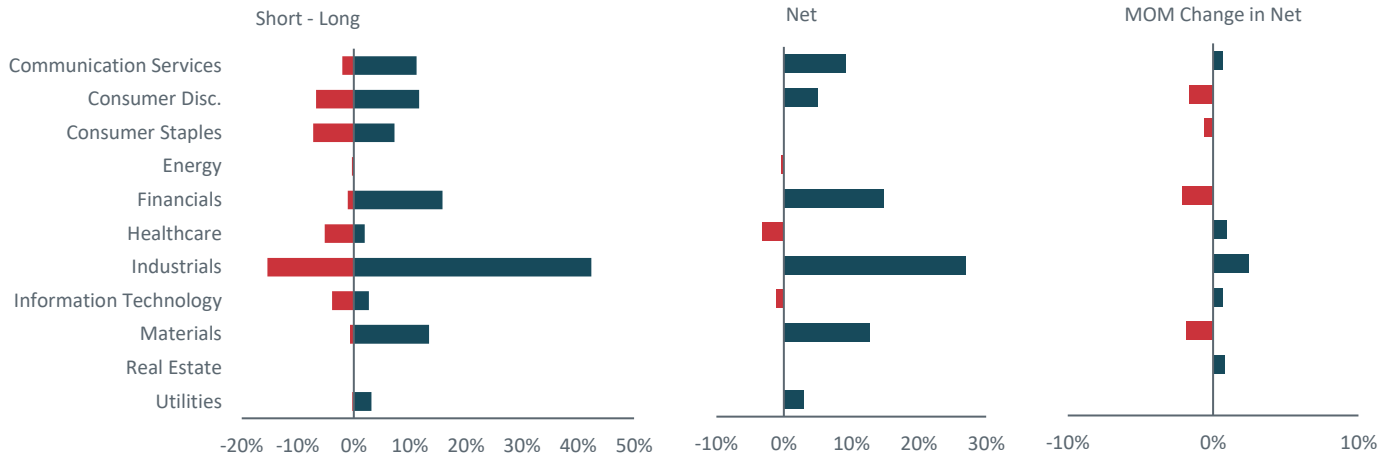
| **Top 5 Shorts** | |
|---|---|
| SX5E Option | -6.5% |
| Industrial | -2.2% |
| Industrial | -2.1% |
| Industrial | -1.9% |
| Consumer Staple | -1.9% |
| **Total** | **-14.6%** |

## Rolling 24 Month Gross and Net Exposures



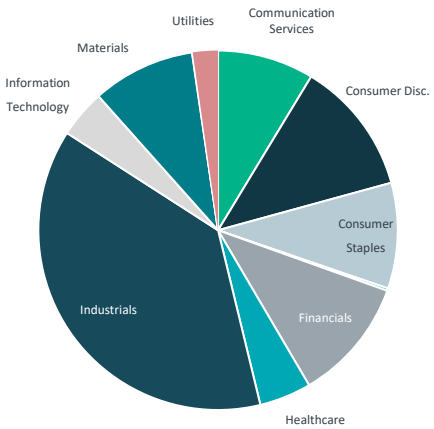

Source: Lancaster Investment Management

## Sector Exposure

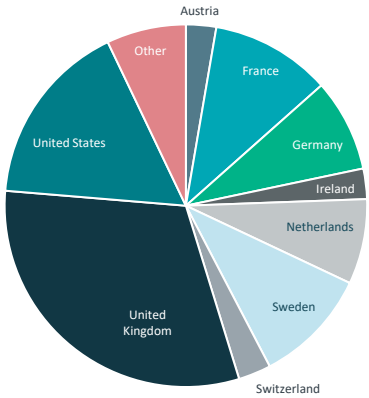



Source: Lancaster Investment Management

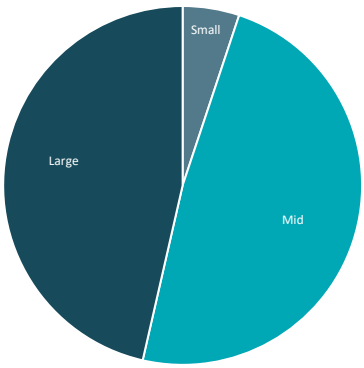
## Sector




## Country

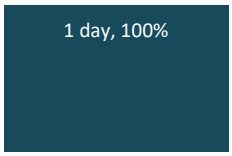



## Market Cap



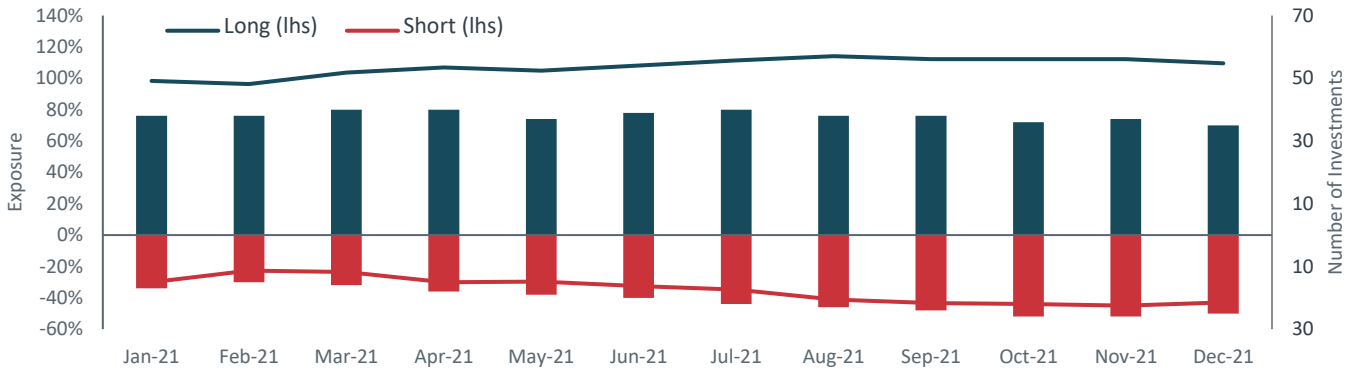

Source: Lancaster Investment Management

## Liquidity



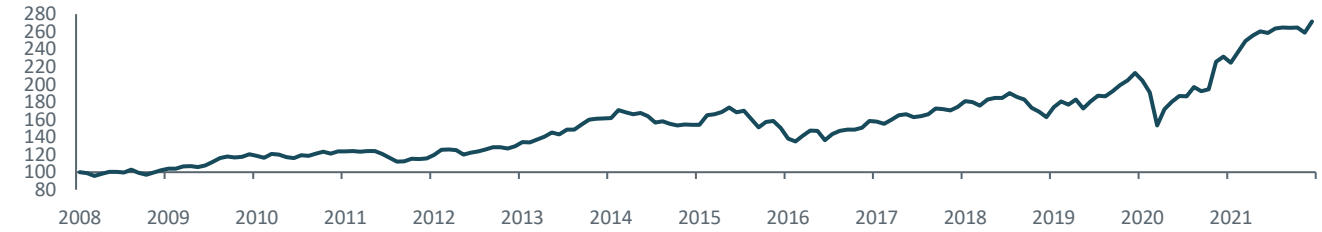

Source: Lancaster Investment Management, Bloomberg

## 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 | YTD | Inception |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **2021** | -2.97% | 5.45% | 5.24% | 2.56% | 1.80% | -0.63% | 1.95% | 0.34% | -0.10% | 0.12% | -2.18% | 4.90% | **17.27%** | **171.58%** |

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|
| Lancaster European LS Equity | 17.27% | 8.64% | 31.01% | -6.61% | 10.13% | 5.22% |
| STOXX Europe 600 Net Return | 24.91% | -1.99% | 26.82% | -10.77% | 10.58% | 1.73% |
| MSCI Europe Net Return | 22.61% | -2.21% | 23.75% | -10.59% | 13.06% | 7.23% |

Performance quoted net of fees based on the most invested share class. Other share classes with higher fees may exist. Full monthly performance available on request.

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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** | $5,000,000 | **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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