

Lancaster European LS Equity

July 2023

The fund's net return was 4.30% in July. The fund benefitted from good long and short alpha on the month. On the long side there were two main drivers: better inflation data helping consumer focused names and good Q2 results at a number of our companies. Specifically in the UK, a June inflation miss pushed up names such as Deliveroo and Next; both report Q2 in August. Results were particularly strong at Autoliv, Babcock and Michelin. Autoliv is attempting to prove to investors that its material market share gains will translate into structurally higher margins; good operational leverage in its Q2 results was seen as a significant step forward. Babcock's results (fiscal March year-end) saw the company deliver strong organic revenue growth and operating profit ahead of consensus. Free cash flow has started to inflect and the balance sheet is de-levering fast. Given the strong performance, management introduced new medium term guidance substantially ahead of what the market was expecting. The stock rose over 20%. Lastly Michelin's Q2 produced a beat on both profit and cashflow, and the company raised full year guidance. We believe the street continues to underestimate the pricing power Michelin has created from its superior product offerings. With the bulk of our short book not reporting until August, alpha was not results specific. We saw reasonable name turnover in the shorts, with two positions covered and two new names. The two new shorts are an alcoholic spirits company where we suspect aggressive channel stuffing, and a payments company with very high levels of cost capitalization and deteriorating fundamentals.

Performance (net)

Return on month	4.30%
Return YTD	16.88%
1 year return	19.77%
3 year return	78.77%
5 year return	75.07%
10 year return	124.18%

Trailing CAGR (net)

3 year	21.37%
5 year	11.85%
10 year	8.41%

Performance quoted net of fees based on the most invested share class

Exposure

Gross	141.5%
Net	58.1%
Long	99.8%
Short	-41.7%

Portfolio Characteristics

Long position count	34
Short position count	26
Gross leverage method	2.0
Commitment leverage method	1.4

Top 3 Positive Contributors

Autoliv
Babcock
Signify

Top 3 Negative Contributors

Ryanair
Jet2
Industrial (short)

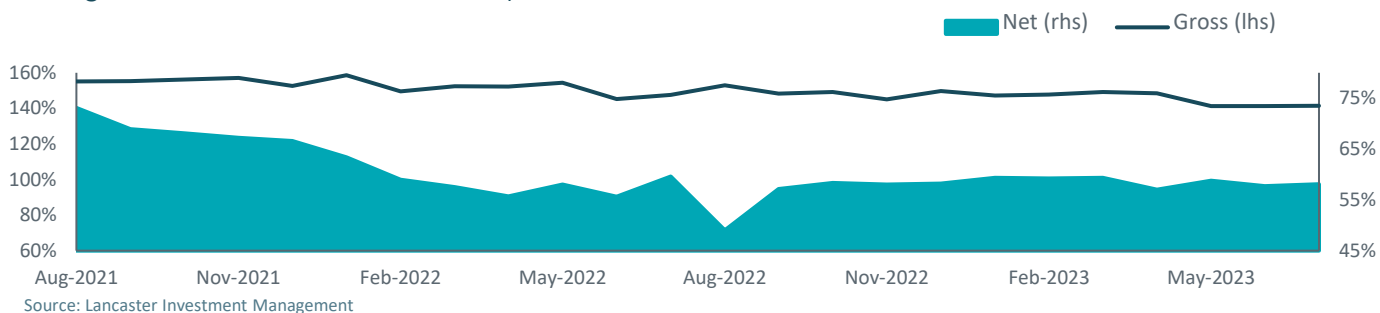
Top 5 Longs

Novozymes	5.4%
Next	5.1%
Michelin	4.2%
Autoliv	4.2%
Signify	4.1%
Total	23.0%

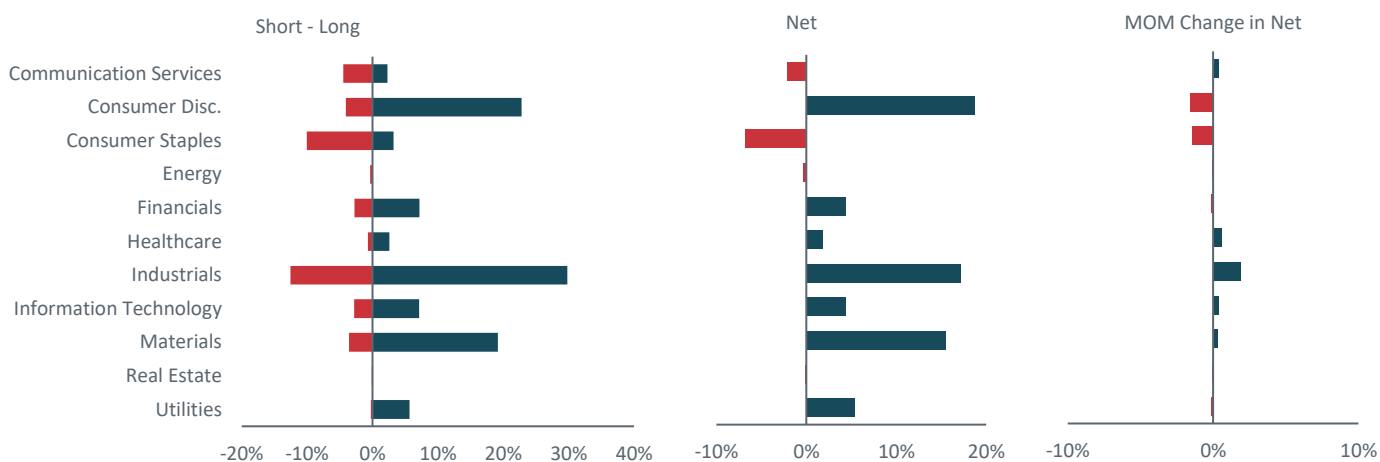
Top 5 Shorts

SX5E Option	-4.6%
SPX Option	-3.0%
Industrial	-2.5%
Industrial	-2.1%
Industrial	-2.0%
Total	-14.1%

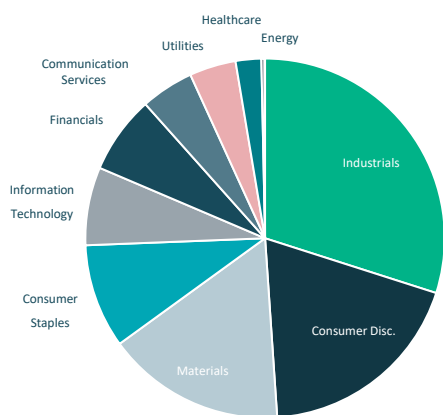
Rolling 24 Month Gross and Net Exposures



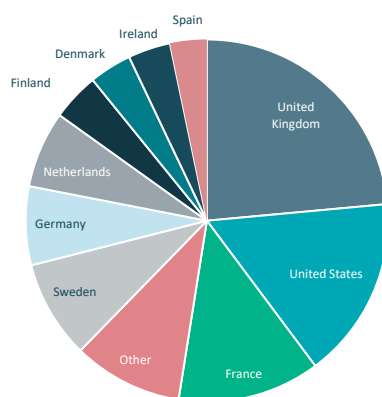
Sector Exposure



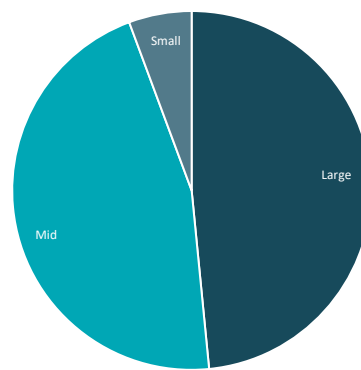
Sector



Country

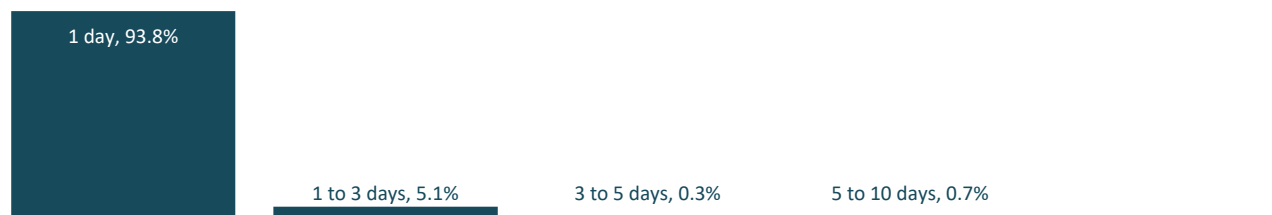


Market Cap



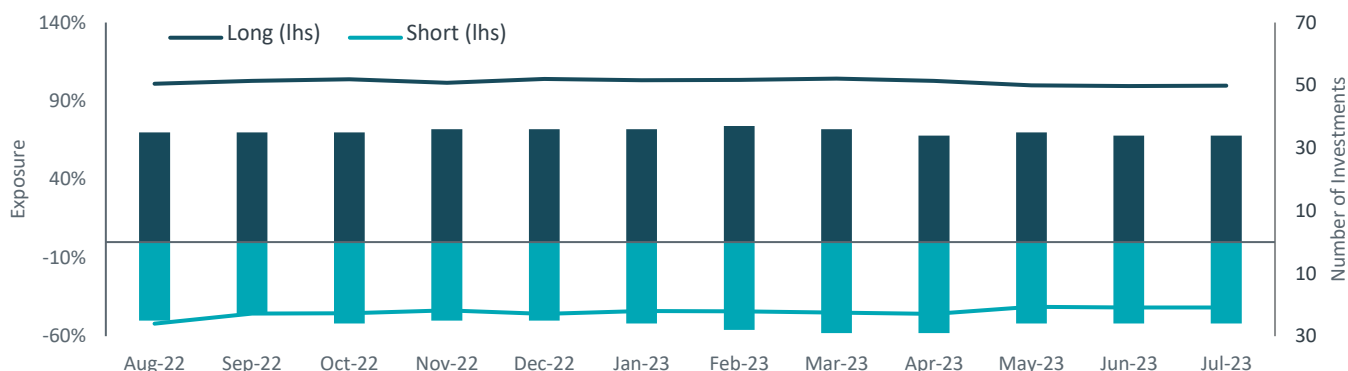
Charts for illustrative purposes only

Liquidity



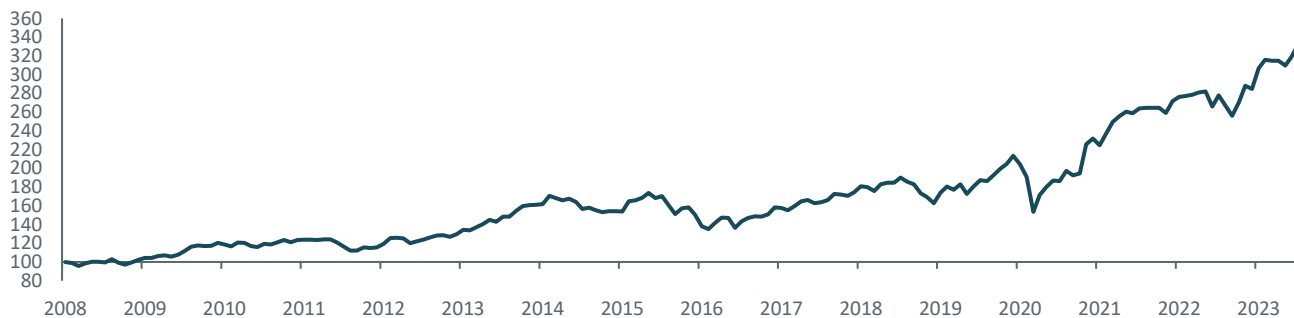
Source: Lancaster Investment Management, Bloomberg

Portfolio Composition



Source: Lancaster Investment Management

Fund Performance (net)



Source: Lancaster Investment Management

Historical Performance (net)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2023	7.74%	2.90%	-0.37%	0.01%	-1.61%	3.09%	4.30%						16.88%

	YTD	2022	2021	2020	2019	2018	Inception
Lancaster European LS Equity	16.88%	4.88%	17.27%	8.64%	31.01%	-6.61%	232.91%

STOXX Europe 600 Net Return	13.23%	-10.64%	24.91%	-1.99%	26.82%	-10.77%	130.57%
MSCI Europe Net Return	12.19%	-8.54%	22.61%	-2.21%	23.75%	-10.59%	128.27%

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.

Lancaster European LS Equity Details

Launch date	February 2008			
	Class A	Class B		
Redemptions	Monthly	Quarterly	Fund Structure	Cayman Master Feeder
Notice Period	30 days	60 days	Administrator	Morgan Stanley Fund Services
Minimum Investment	\$5,000,000	\$5,000,000	Auditor	Ernst & Young
Management Fee	1.25%	1.0%	Prime Brokers	Goldman Sachs, Morgan Stanley, UBS
Performance Fee	20.0%	17.5%*	Legal Advisors (UK)	Schulte Roth & Zabel
Lockup Period	None	None	Legal Advisors (US)	Schulte Roth & Zabel
Subscriptions	Monthly	Monthly	Legal Advisors (Cayman)	Walkers
Gate	None	None	Contact Details	Rory Hayward rory.hayward@lancasterIM.co.uk +44 20 7842 1050

* Payable over multiple years – please see offering documents

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