

Lancaster European LS Equity

December 2023

The fund's net return was 1.80% in December. The portfolio finished the year with a decent month, albeit the short book struggled somewhat as equity markets rallied into year-end. Our two largest negative contributors were both shorts. While there were no new shorts initiated in the month, we took advantage of markets to size up a number of our existing names. In the long book, our industrials in particular performed well in the month. Our position in ams-OSRAM was one of the best performers after a rocky year. The business has now comprehensively refinanced and we are hopeful that market attention will now turn to the operating prospects for the business. The company has the potential to offer best-in-class photonics solutions to a broad range of industries, and we are increasingly impressed by the new management team. Signify also performed strongly in the month as the company announced a business reorganisation and cost saving plan; management aim to reduce costs by EUR 200m, some 3% of revenues. The main detractors were Deliveroo and Bankinter. Deliveroo had a very strong recovery in 2023 as profit guidance was repeatedly raised; the stock came off its highs in December with no obvious news to explain the move. Bankinter moved lower on a lower rate outlook having been a major beneficiary of rate hikes; Spanish banks are the most rate sensitive in the sector. We exited three longs in the month including the last of our Adidas position. The stock became very expensive on short term multiples and the turnaround is now better understood; we were fortunate to exit before Nike's profit warning. We initiated two new positions, both large caps, in pharma and consumer health respectively.

Performance (net)

Return on month	1.80%
Return YTD	24.23%
1 year return	24.23%
3 year return	52.80%
5 year return	117.48%
10 year return	119.65%

Trailing CAGR (net)

3 year	15.18%
5 year	16.81%
10 year	8.19%

Performance quoted net of fees based on the most invested share class (Class B\$)

Exposure

Gross	142.1%
Net	54.9%
Long	98.5%
Short	-43.6%

Portfolio Characteristics

Long position count	30
Short position count	23
Gross leverage method	2.0
Commitment leverage method	1.4

Top 3 Positive Contributors

Signify
ams-OSRAM
Constellium

Top 3 Negative Contributors

Industrial (short)
Industrial (short)
Deliveroo

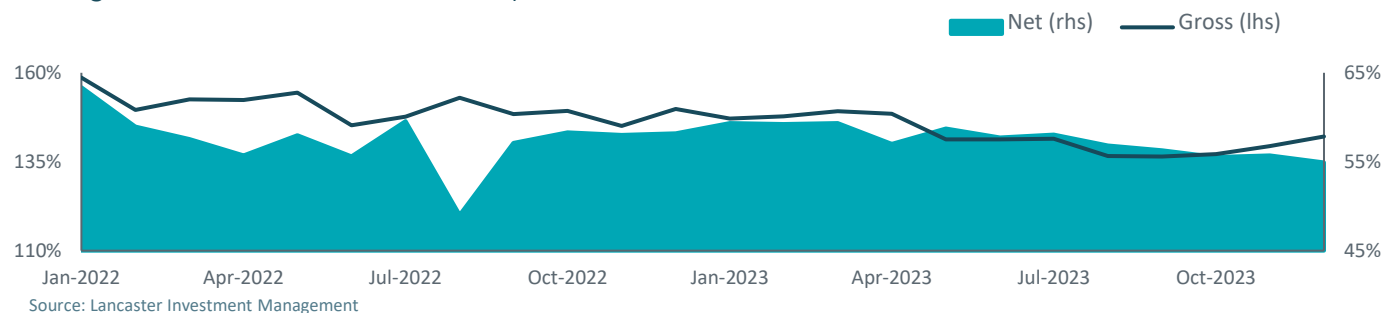
Top 5 Longs

Novozymes	8.0%
Signify	4.4%
Next	4.3%
Danone	4.1%
Husqvarna	4.0%
Total	24.7%

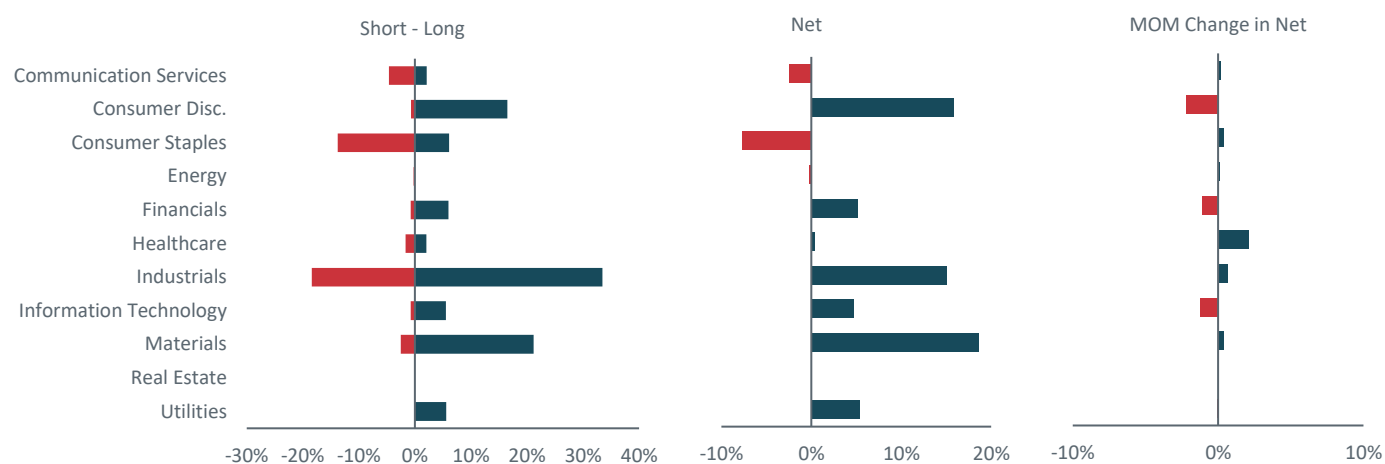
Top 5 Shorts

SX5E Option	-3.3%
Industrial	-2.7%
Materials	-2.4%
Industrial	-2.4%
Industrial	-2.3%
Total	-13.0%

Rolling 24 Month Gross and Net Exposures



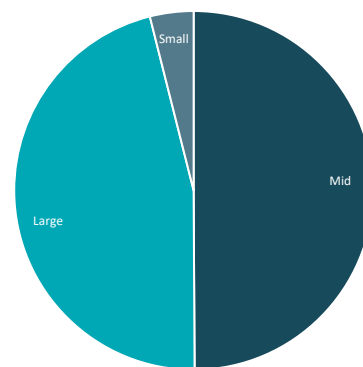
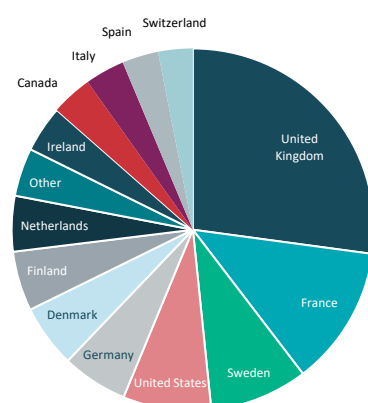
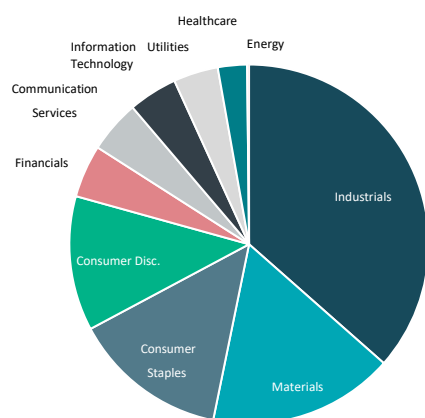
Sector Exposure



Sector

Country

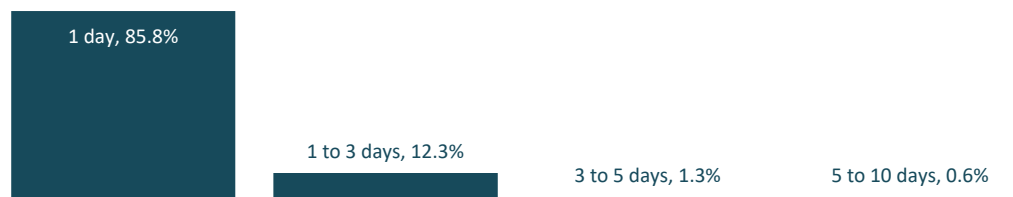
Market Cap



Source: Lancaster Investment Management

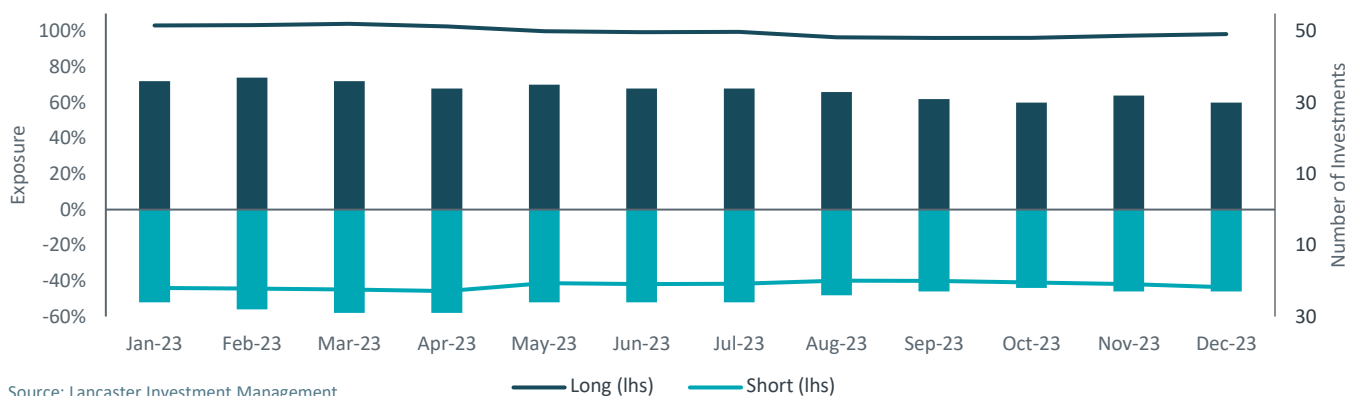
Charts for illustrative purposes only

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%	-1.78%	3.18%	4.06%	-1.39%	0.55%	-0.78%	6.46%	1.80%	24.23%

	YTD	2022	2021	2020	2019	2018	Inception
Lancaster European LS Equity	24.23%	4.88%	17.27%	8.64%	31.01%	-6.61%	253.84%

STOXX Europe 600 Net Return	15.80%	-10.64%	24.91%	-1.99%	26.82%	-10.77%	135.80%
MSCI Europe Net Return	14.30%	-8.54%	22.61%	-2.21%	23.75%	-10.59%	132.57%

Performance quoted net of fees based on the most invested share class (Class B\$). Other share classes with higher fees exist, please refer to the PPM for full details. 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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