LANCASTER
INVESTMENT MANAGEMENT

Lancaster European Equity

March 2018

March saw equity markets decline and the fund underperform somewhat as trade tensions drove a retreat in risk appetite. Over the first quarter the fund returned 0.41% vs the broad market which delivered -4.16%. Key positive contributors during the month were Cobham and E.ON: the former had good results demonstrating early traction in the restructuring, particularly in cash terms. E.ON engaged in an asset swap with RWE that focuses the business more on the core network assets and delivers cost synergies. The principal negative contributor was Kingfisher, whose full year numbers were confusing. These mark the second anniversary of a five year plan; to us the shares are cheap and a successful restructuring could yield massive upside, but we are engaged with the company at multiple levels to disentangle communicative from substantive problems. We re-initiated a position in Novo Nordisk during the month – the shares have de-rated on FX concerns and progress around oral semaglutide offers compelling medium term upside.

Performance	Fund	Index*
Return on month	-2.91%	-1.99%
12 month return	12.91%	-0.15%
3 year return†	3.05%	0.43%
5 year return†	8.28%	7.68%
Inception return†	9.89%	8.91%

Exposure	
Cash	1.9%
Beta	92.4%
Average market cap ($ millions)	26,603
Number of positions	33

Top 3 Positive Contributors
Cobham
Utility
Consumer Discretionary

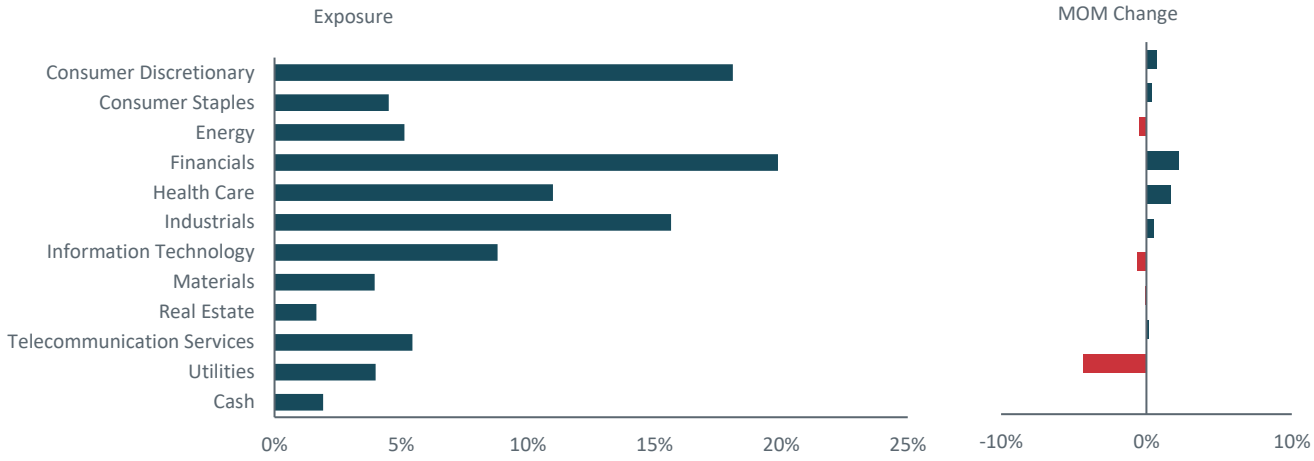
Top 3 Negative Contributors
Kingfisher
Consumer Discretionary
Energy

Top 5 Longs	
Essilor International	7.5%
Cobham	5.3%
SAP	5.3%
Kingfisher	4.7%
Tesco	4.5%
Total	**27.3%**

* Index is STOXX Europe 600 TR (SXXR), Performance quoted from Lancaster European Equity LP Sub Class 1
Source: Lancaster Investment Management, Bloomberg

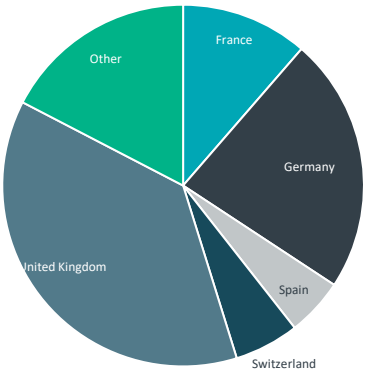
† Annualised return

Sector Exposure

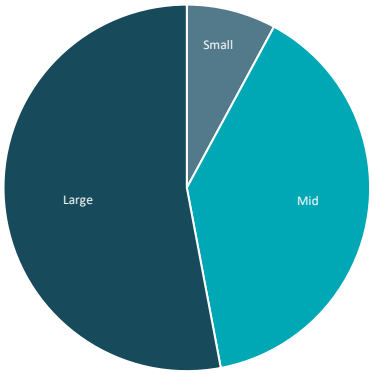


Source: Lancaster Investment Management

Country Exposure

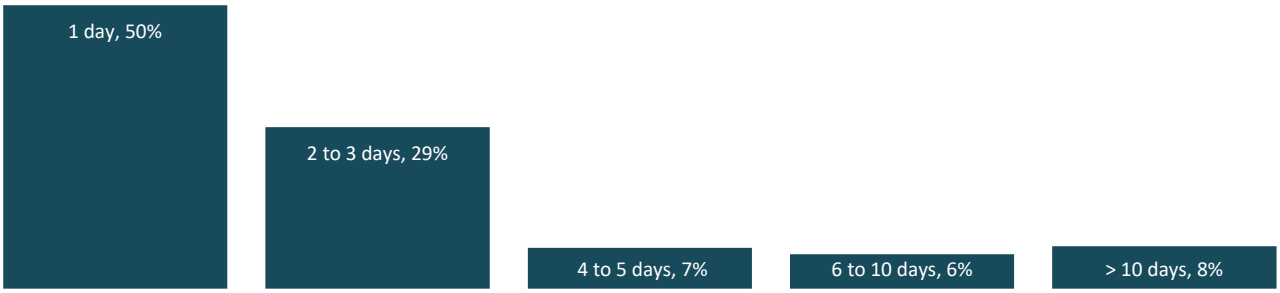


Market Cap



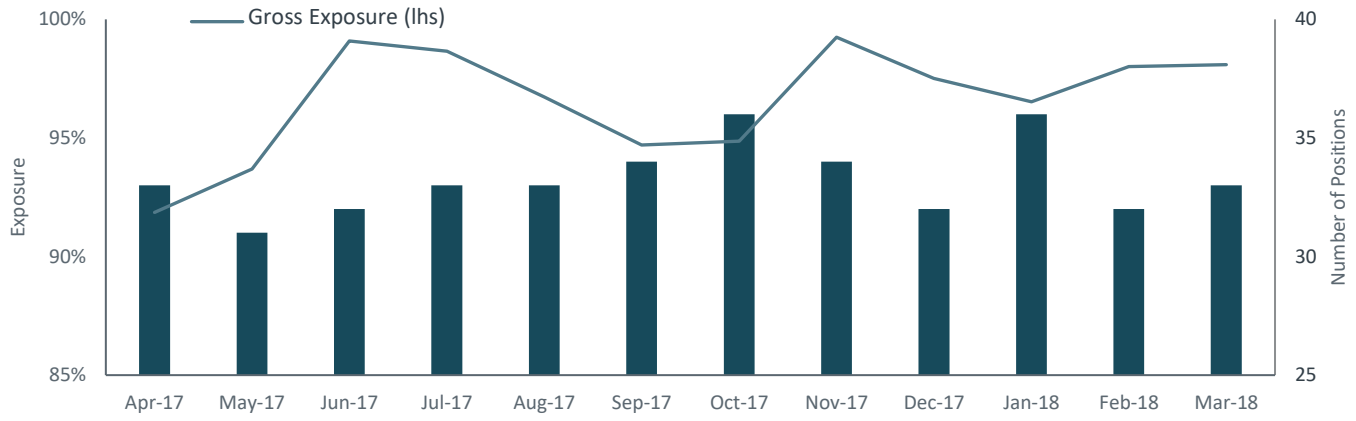
Source: Lancaster Investment Management

Liquidity



Source: Lancaster Investment Management, Bloomberg

Portfolio Composition



Source: Lancaster Investment Management

Leverage

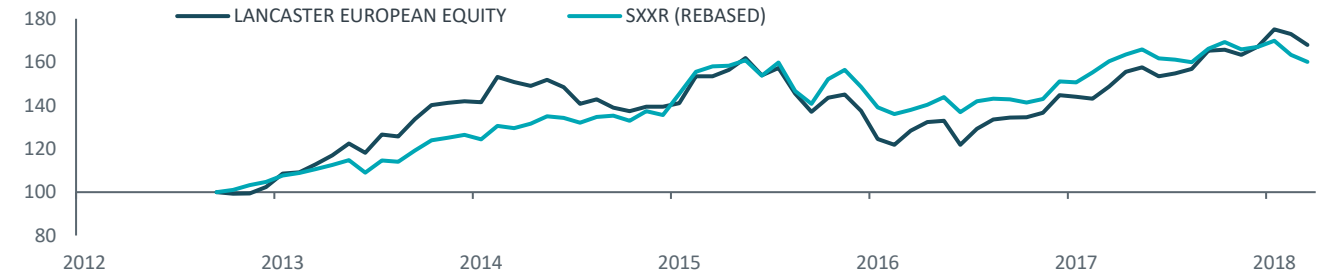
Gross method	1.8
Commitment method	1.0

Historical Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	**Year**	**Inception**
2012										-0.72%	0.14%	3.03%	**2.43%**	**2.43%**
2013	6.03%	0.54%	3.34%	3.68%	4.67%	-3.48%	7.09%	-0.69%	6.30%	4.89%	0.78%	0.45%	**38.51%**	**41.87%**
2014	-0.28%	8.28%	-1.60%	-1.15%	1.88%	-2.23%	-5.16%	1.45%	-2.64%	-1.23%	1.55%	0.00%	**-1.71%**	**39.44%**
2015	1.16%	8.76%	0.05%	1.92%	3.43%	-4.87%	2.18%	-7.46%	-5.86%	4.77%	1.02%	-5.18%	**-1.38%**	**37.51%**
2016	-9.41%	-2.14%	5.34%	3.09%	0.46%	-8.38%	6.07%	3.31%	0.70%	0.03%	1.57%	5.93%	**5.23%**	**44.70%**
2017	-0.48%	-0.60%	3.90%	4.56%	1.36%	-2.63%	0.82%	1.33%	5.42%	0.25%	-1.39%	2.35%	**15.55%**	**67.21%**
2018	4.72%	-1.24%	-2.91%										**0.41%**	**67.89%**

Performance quoted from Lancaster European Equity LP Sub Class 1

Fund Performance



Source: Lancaster Investment Management, Lancaster European Equity Sub Class 1 (US$), Bloomberg

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Lancaster European Equity Details

Launch date	October 2012	**Fund Structure**	Cayman Master Feeder: Cayman Ltd, Delaware LP
Redemptions	Monthly		
Notice Period	60 days	**Administrator**	Morgan Stanley Fund Services
Minimum Investment	$5,000,000	**Auditor**	KPMG
Management Fee	0.75%	**Prime Brokers**	Goldman Sachs, Morgan Stanley
Performance Fee	15%* (subject to HWM)	**Custodian**	State Street
Lockup Period	None	**Legal Advisors (UK)**	Schulte Roth & Zabel
Subscriptions	Monthly	**Legal Advisors (US)**	Schulte Roth & Zabel
Gate	None	**Legal Advisors (Cayman)**	Maples & Calder
		Contact Details	Richard Lamplough richard.lamplough@lancasterIM.co.uk +44 20 7842 1049

* Payable over multiple years – please see offering documents

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