

Lancaster European Equity

May 2018

The fund performed decently in May with the portfolio providing positive attribution against a flattish return at the index level. Paddy Power Betfair (PPB) was the top long performer on some positive regulatory news. The US Supreme Court passed a key judgement on 14th May paving the way for individual states to legalise sports gambling. PPB has built up assets in the US in expectation of this development and reacted swiftly to announce the merger of those assets with fantasy sports company FanDuel; under the terms of the deal PPB will contribute its existing assets plus \$158m of cash and take a 61% share of the combined future business. FanDuel will give PPB access to a large database of customers who they deem to be likely future sports gamblers. On the negative side the fund was adversely affected by the political situation in Italy. Whilst it is far from clear how things progress from here, the political climate in Italy is nothing new. Our one Italian bank investment has a robust capital position with end market exposure across much of Europe, but we chose not to add to the position on weakness.

Performance

	Fund	Index*
Return on month	1.25%	0.13%
12 month return	13.64%	0.98%
3 year return [†]	3.45%	1.36%
5 year return [†]	7.91%	7.86%
Inception return [†]	10.84%	9.51%

Exposure

Cash	4.6%
Beta	90.1%
Average market cap (\$ millions)	25,006
Number of positions	36

Top 3 Positive Contributors

Consumer Discretionary
Lanxess
Cobham

Top 3 Negative Contributors

Financial
Telecom Service
Financial

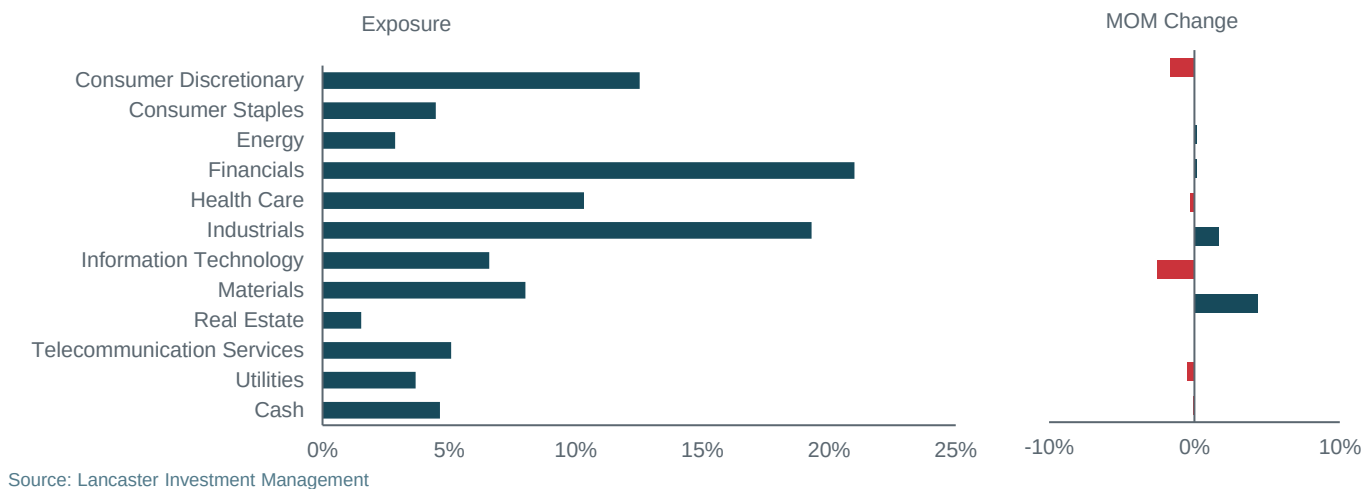
Top 5 Longs

Essilor International	7.1%
Cobham	5.0%
Tesco	4.5%
Kingfisher	4.5%
Serco Group	4.3%
Total	25.3%

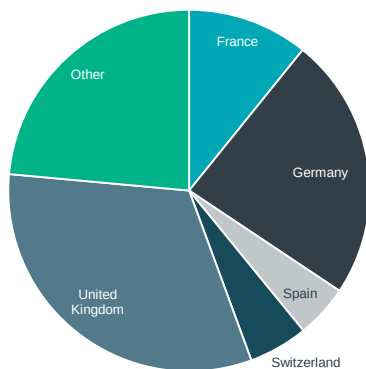
* Index is STOXX Europe 600 TR (SXXR), Performance quoted from Lancaster European Equity LP Sub Class 1
Source: Lancaster Investment Management, Bloomberg

† Annualised return

Sector Exposure

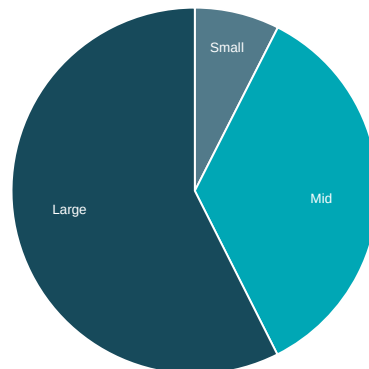


Country Exposure

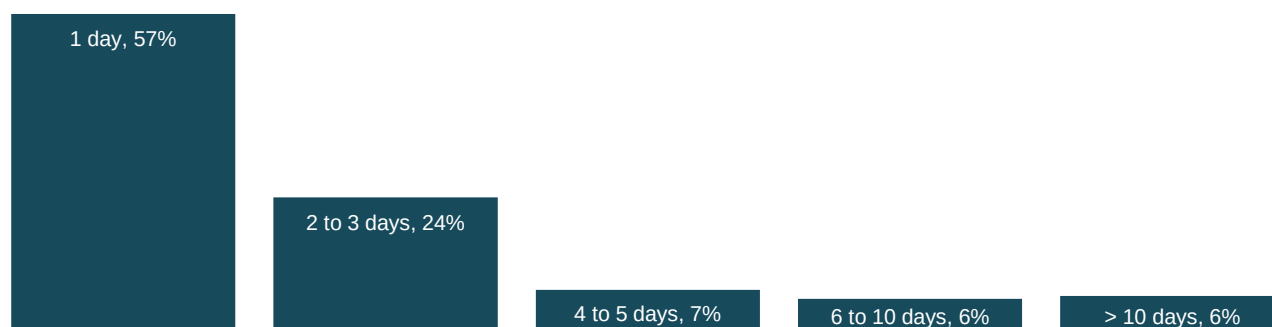


Source: Lancaster Investment Management

Market Cap

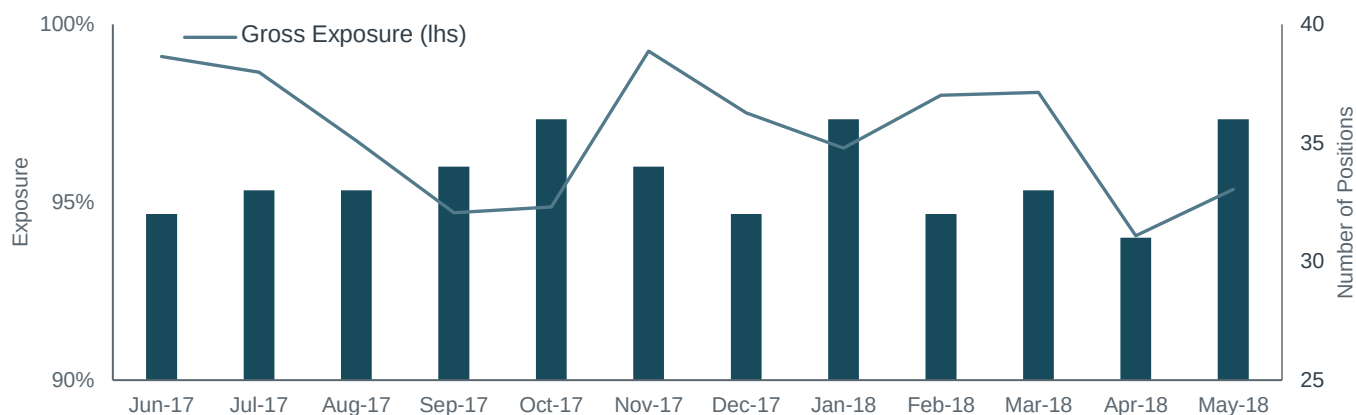


Liquidity



Source: Lancaster Investment Management, Bloomberg

Portfolio Composition



Source: Lancaster Investment Management

Leverage

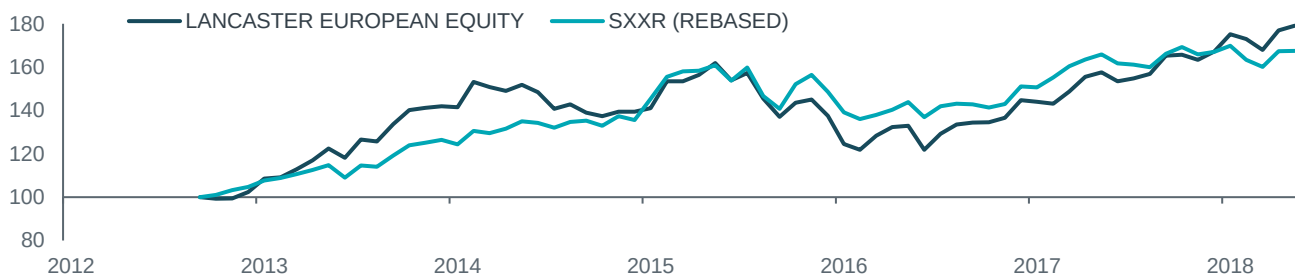
Gross method	1.8
Commitment method	0.9

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%	5.35%	1.25%								7.11%	79.09%

Performance quoted net of fees from Lancaster European Equity LP Sub Class 1

Fund Performance



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

Lancaster European Equity Details

Launch date	October 2012	Fund Structure	Cayman Master Feeder: Cayman Ltd, Delaware LP
Redemptions	Monthly	Administrator	Morgan Stanley Fund Services
Notice Period	60 days	Auditor	KPMG
Minimum Investment	\$5,000,000	Prime Brokers	Goldman Sachs, Morgan Stanley
Management Fee	0.75%	Custodian	State Street
Performance Fee	15% * (subject to HWM)	Legal Advisors (UK)	Schulte Roth & Zabel
Lockup Period	None	Legal Advisors (US)	Schulte Roth & Zabel
Subscriptions	Monthly	Legal Advisors (Cayman)	Maples & Calder
Gate	None	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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