

Lancaster European Equity

September 2018

In September markets continued where they left off in August. Already depressed risk assets continued to weaken, while conversely assets perceived to be high quality or defensive rallied. This strength led to us closing out positions in Novo Nordisk and Novozymes, as well as a long-standing investment in Aveva. Whilst we are enthused about the long-term outlook for all three businesses, a mixture of a likely near term profitability hit in Novo Nordisk, coupled with outright valuation in Aveva and Novozymes, caused us to move on. The only investment in the portfolio to be materially negatively impacted during the month was Zalando. The company warned on Q3 sales due to accelerated discounting because of the warm weather; in this environment there was no appetite to see this as a one off. Zalando is covered in greater detail in the quarterly letter and call.

Performance

	Fund	Index*
Return on month	-1.87%	0.32%
12 month return	6.97%	1.48%
3 year return [†]	8.87%	6.20%
5 year return [†]	5.76%	7.19%
Inception return [†]	9.96%	9.07%

Exposure

Cash	3.7%
Beta	98.0%
Average market cap (\$ millions)	26,097
Number of positions	32

Top 3 Positive Contributors

Energy
EssilorLuxottica
Financial

Top 3 Negative Contributors

Consumer Discretionary
Industrial
Cobham

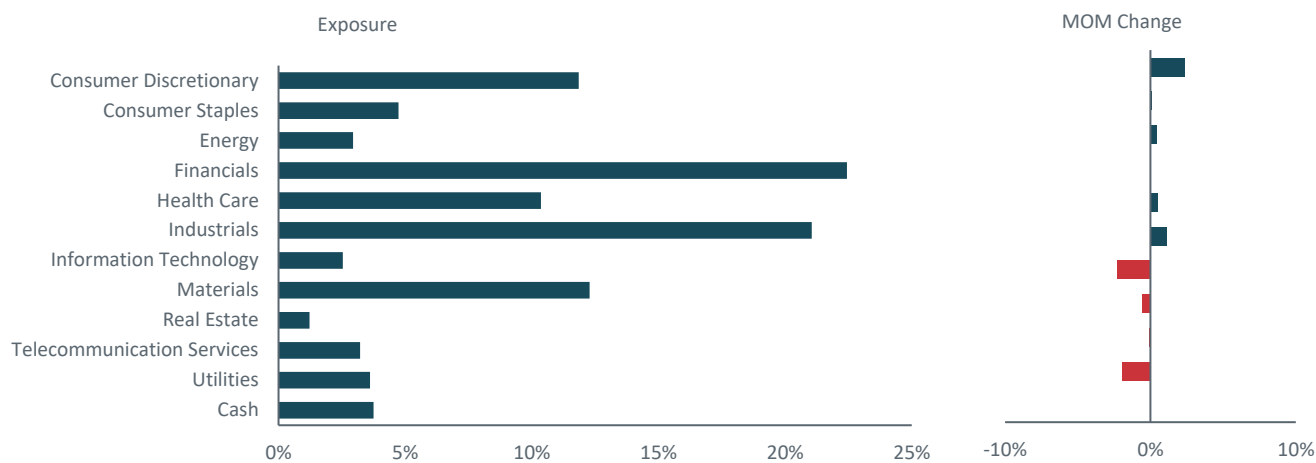
Top 5 Longs

EssilorLuxottica	5.6%
Cobham	5.1%
Bayer	4.8%
Tesco	4.7%
Serco Group	4.7%
Total	24.9%

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

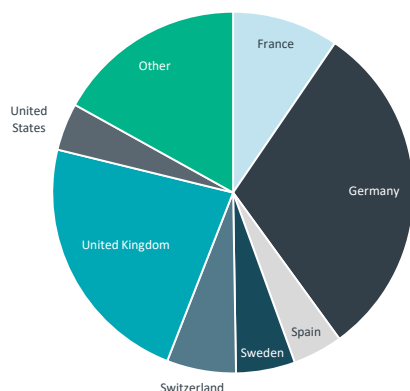
† Annualised return

Sector Exposure



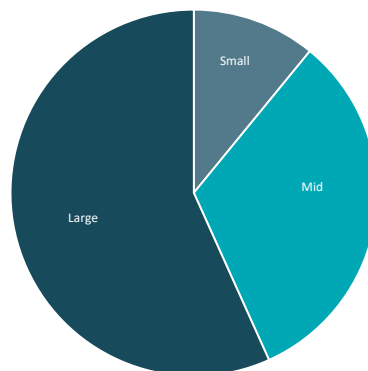
Source: Lancaster Investment Management

Country Exposure

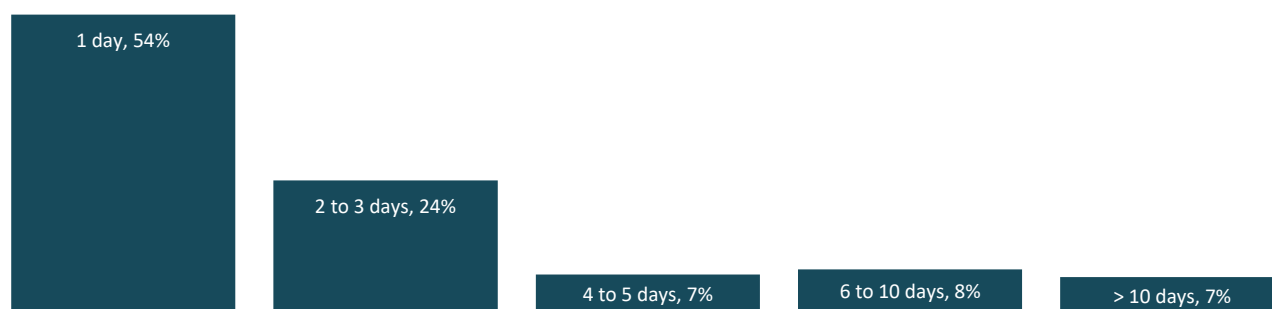


Source: Lancaster Investment Management

Market Cap

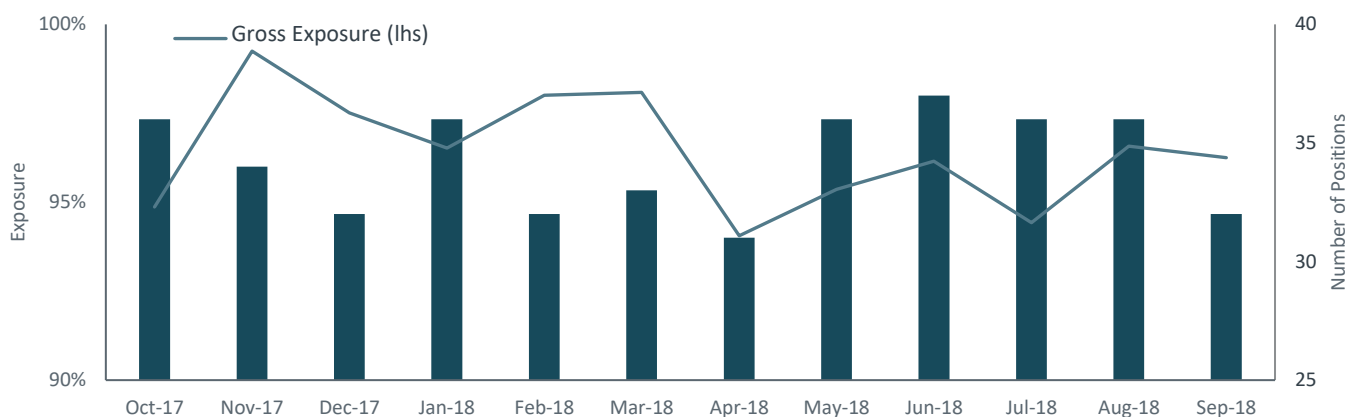


Liquidity



Source: Lancaster Investment Management, Bloomberg

Portfolio Composition



Source: Lancaster Investment Management

Leverage

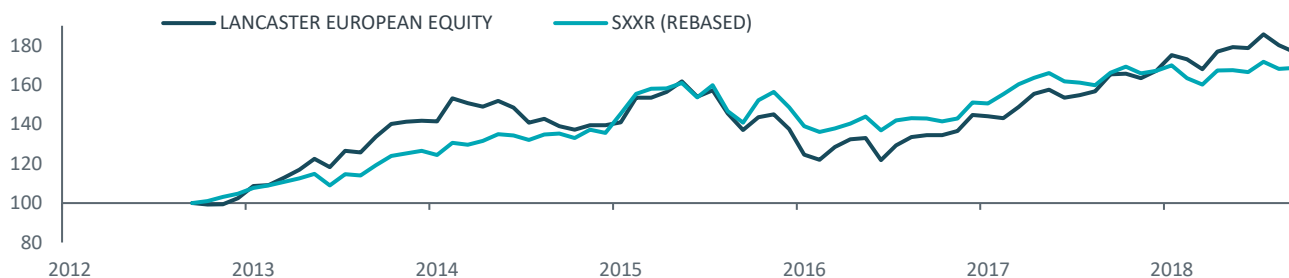
Gross method	1.9
Commitment method	0.9

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%	-0.23%	3.89%	-2.96%	-1.87%				5.73%	76.79%

Performance quoted 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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