

Lancaster European Equity

December 2018

The fund returned -6.38% in December against a backdrop of continued negative index performance; the STOXX Europe 600 (Total Return) returned -5.46% in December and -10.77% for the year. Some of our weaker performers in the second half of the year essentially saw capitulation in the final weeks before the holidays: Lanxess, PGS, Zalando. The first two were hit hard on macro concerns, autos and energy respectively, without any corporate news. Zalando never recovered from being one of the first clothing retailers to warn. On the positive side, Serco and Epiroc performed well. The government outsourcing contracts Serco undertakes are largely immune from macro (though not political) risk. Serco raised profit guidance twice during the year as the turnaround gathered momentum. Epiroc recovered some of the underperformance of the prior two months helped by strength in the gold price, which remains its most important commodity. We continued to be active at the portfolio level during the month, initiating two positions in Next and Novo Nordisk. We have owned both in recent history and took advantage of the marked sell off to buy back in.

Performance	Fund	Index*	Exposure	
Return on month	-6.38%	-5.46%	Cash	1.3%
12 month return	-11.16%	-10.77%	Beta	99.5%
3 year return [†]	2.61%	0.13%	Average market cap (\$ millions)	28,254
5 year return [†]	0.92%	3.35%	Number of positions	30
Inception return [†]	6.54%	6.58%		

Top 3 Positive Contributors

Industrial
Serco Group
Industrial

Top 3 Negative Contributors

Materials
Energy
Consumer Discretionary

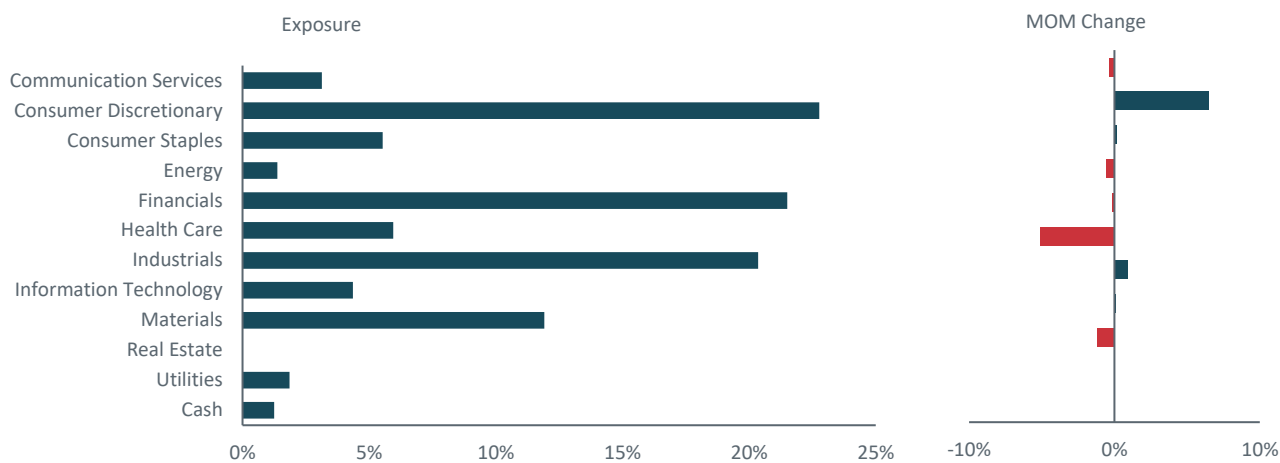
Top 5 Longs

EssilorLuxottica	6.2%
Cobham	5.7%
Tesco	5.5%
Linde	5.5%
Serco Group	5.4%
Total	28.4%

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

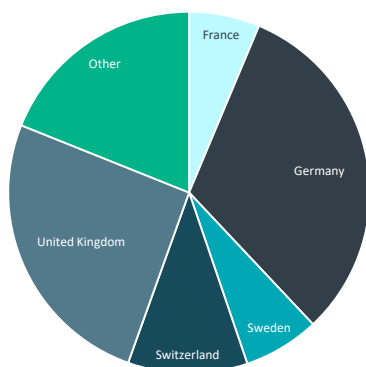
† Annualised return

Sector Exposure



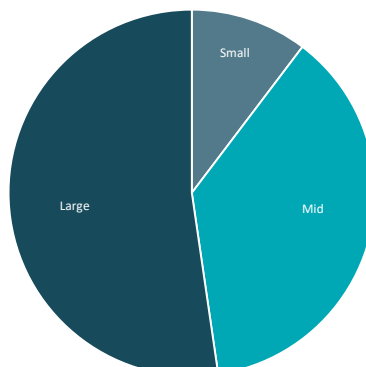
Source: Lancaster Investment Management

Country Exposure

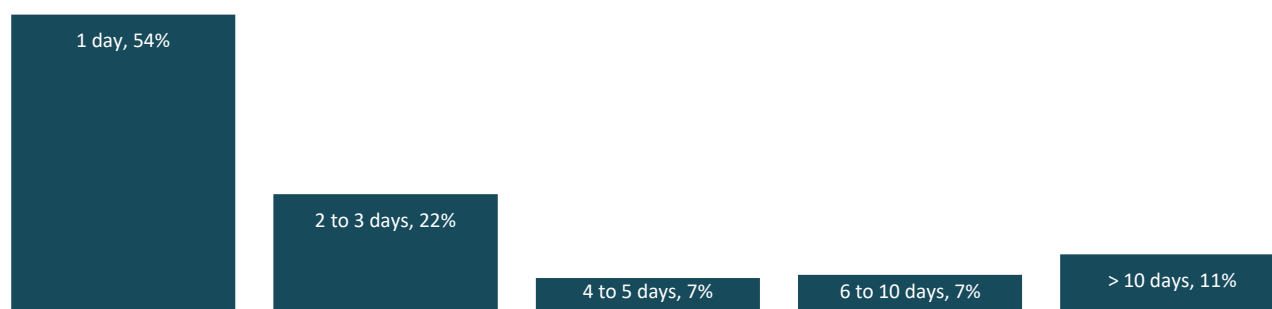


Source: Lancaster Investment Management

Market Cap

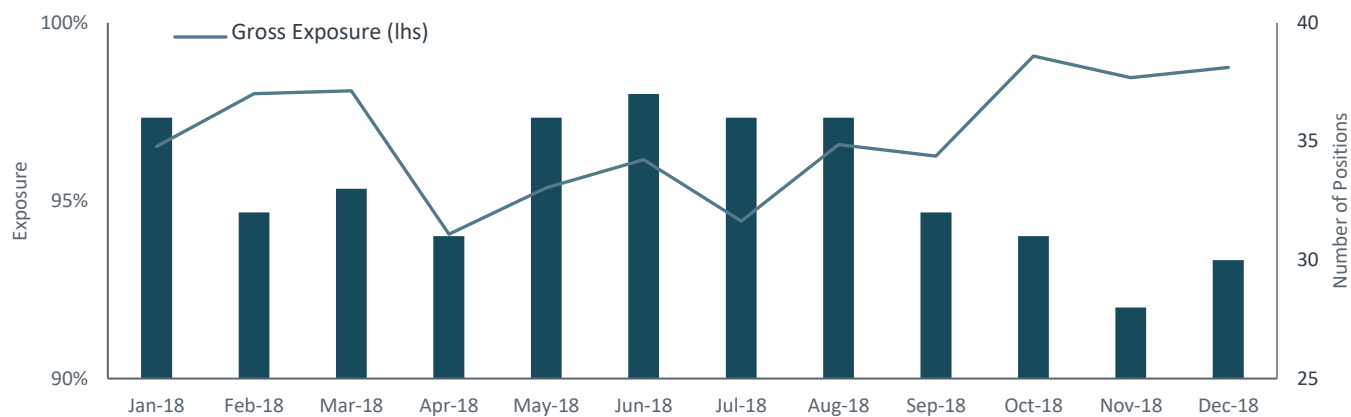


Liquidity



Source: Lancaster Investment Management, Bloomberg

Portfolio Composition



Source: Lancaster Investment Management

Leverage

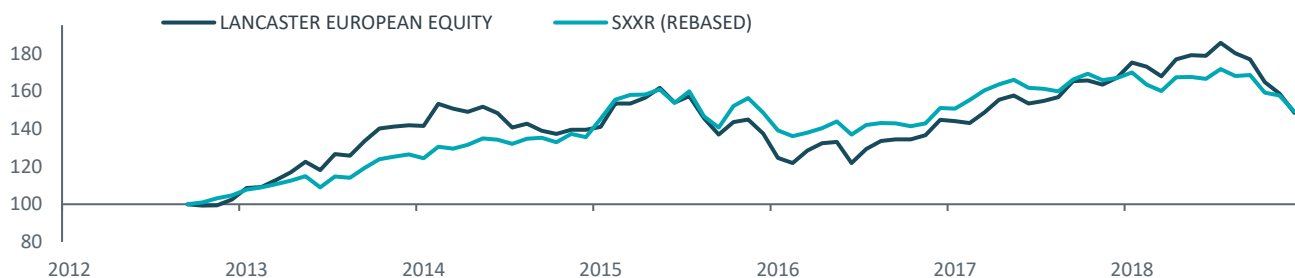
Gross method	1.8
Commitment method	1.0

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%	5.35%	1.25%	-0.23%	3.89%	-2.96%	-1.87%	-6.75%	-3.76%	-6.38%	-11.16%	48.55%

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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