LANCASTER
INVESTMENT MANAGEMENT

Lancaster European Equity

February 2019

The fund returned 4.38% for February, which represents marginal positive alpha. Serco was the best performer on the back of full year results. The company outperformed across all key metrics – organic growth, margin and cashflow. This has been a long and painful turnaround but now the company has started to surprise the market positively. Zalando bounced back strongly following satisfactory results; last year's profit warnings had left the stock discounting a bleak margin scenario. UniCredit's positive contribution is also worthy of mention given the street's apathy towards financials in general. The company reported good results with reassurance on capital, continuation of positive execution on restructuring, and the CEO making another substantial personal investment in the shares; with Unicredit trading at just 6x FY19 P/E and the broader sector rising on hopes of ECB action anyway, this was enough to trigger a 20% rally in the month from heavily depressed levels. We added 2 new positions during February.

Exposure	
Cash	4.6%
Beta	96.3%
Average market cap ($ millions)	29,100
Number of positions	33

Performance	Fund	Index*
Return on month	4.38%	4.15%
1 year return	-2.54%	1.05%
3 year CAGR	11.40%	6.68%
5 year CAGR	1.93%	4.81%

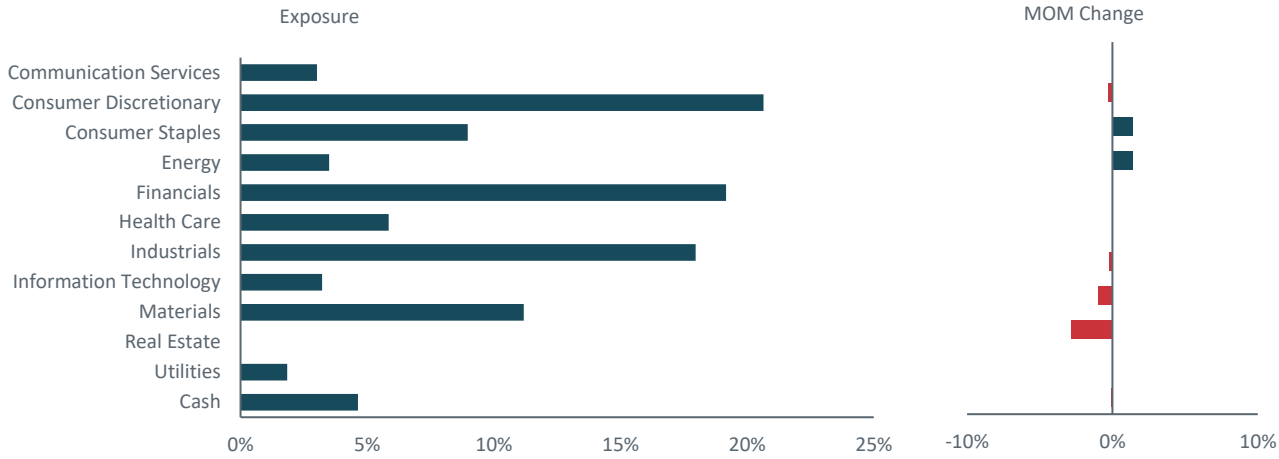
Leverage	
Gross method	1.9
Commitment method	0.9

Top 3 Positive Contributors	**Top 3 Negative Contributors**
Serco Group	EssilorLuxottica
Zalando	Industrial
Cobham	Consumer Discretionary

Top 5 Longs	
Tesco	6.1%
EssilorLuxottica	5.6%
Cobham	5.3%
Serco Group	5.3%
Bayer	4.8%
Total	**27.1%**

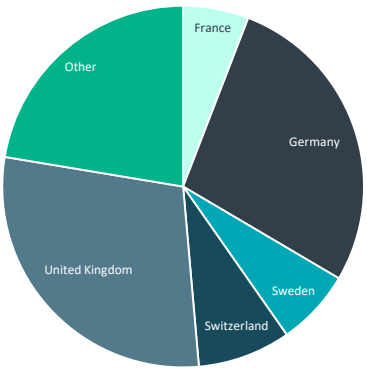
* STOXX Europe 600 TR (SXXR). Performance quoted net of fees based on the most invested share class
Source: Lancaster Investment Management, Bloomberg

Sector Exposure

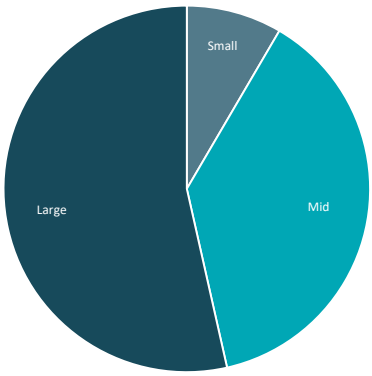


Source: Lancaster Investment Management

Country Exposure

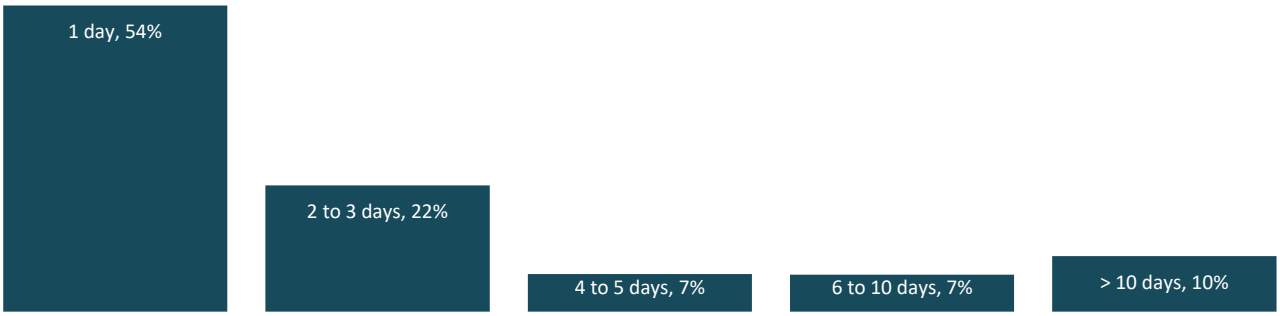


Market Cap



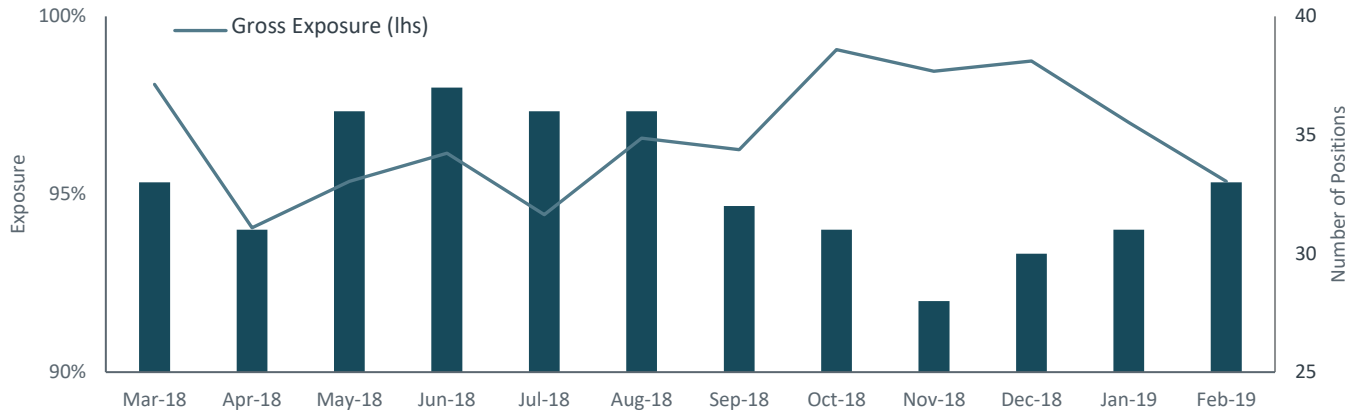
Source: Lancaster Investment Management

Liquidity



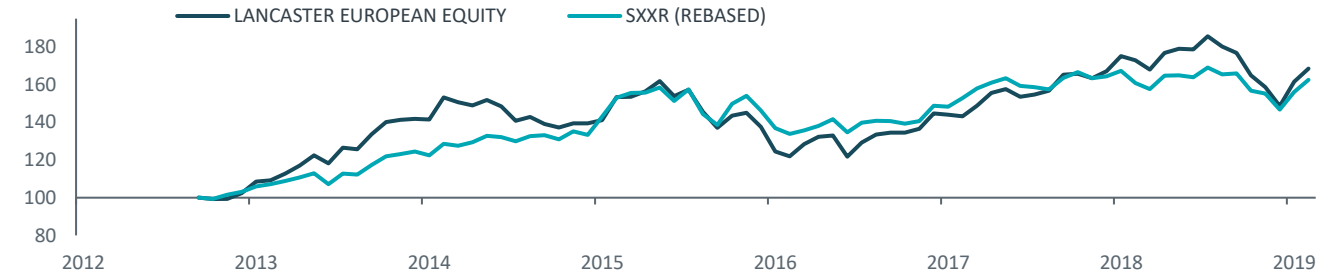
Source: Lancaster Investment Management, Bloomberg

Portfolio Composition



Source: Lancaster Investment Management

Fund Performance



Source: Lancaster Investment Management, Bloomberg

Historical Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	**Year**	**Inception**
2019	8.70%	4.38%											**13.46%**	**68.55%**
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%**
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%**
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%**
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%**
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%**
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%**
2012										-0.72%	0.14%	3.03%	**2.43%**	**2.43%**

Performance quoted net of fees based on the most invested share class. Other share classes with higher fees may exist.

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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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