LANCASTER
INVESTMENT MANAGEMENT

Lancaster European Equity

June 2019

June was a better month with the fund returning 6.03%. While many positions simply rallied back after a weak May on no news, there were some stock specific positives. Serco released preliminary H1 numbers showing a very strong order book. After many years of disappointment the company has now started to surprise on the upside. We have since sold down a material part of the position and invested some of the proceeds in another UK outsourcer. Bayer rallied on activist stake building and a positive statement from the company on how it intends to fight the glyphosate lawsuits. We took profits on our Reckitt Benckiser position during the month. Having acquired the position on price weakness on news of the current CEO's departure, we sold the position on overexuberance on news of the new CEO's appointment. We are still monitoring the turnaround and break-up of the business closely but see little to justify the recent share price move yet.

Exposure	
Cash	2.1%
Beta	107.5%
Average market cap ($ millions)	20,661
Number of positions	33

Performance	Fund	Index*
Return on month	6.03%	4.47%
1 year return	-4.67%	4.28%
3 year CAGR	11.82%	8.25%
5 year CAGR	2.79%	5.28%

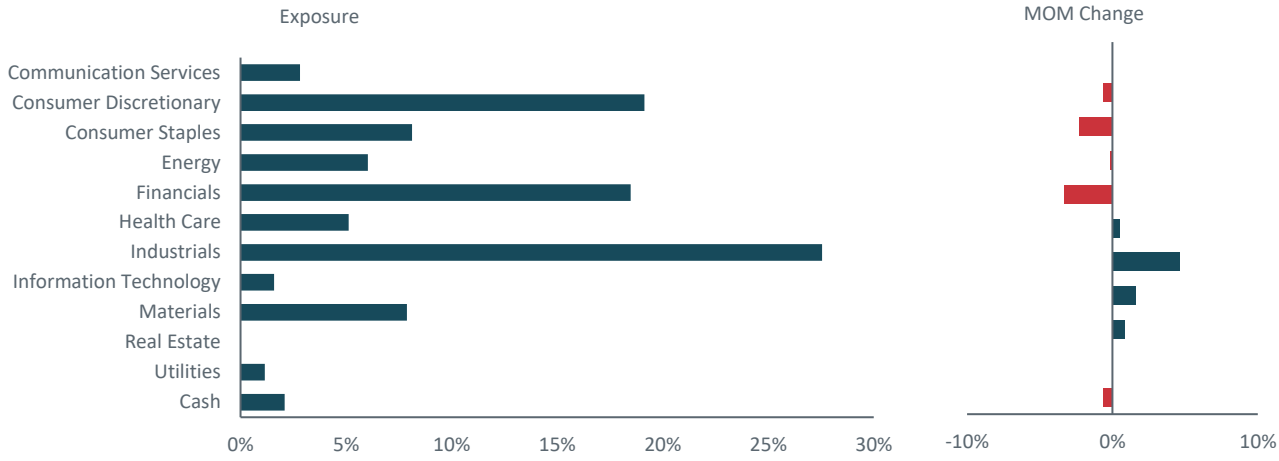
Leverage	
Gross method	1.9
Commitment method	1.0

Top 3 Positive Contributors	**Top 3 Negative Contributors**
Lanxess	Financial
Bayer	Financial
Serco Group	Energy

Top 5 Longs	
Serco Group	6.3%
Tesco	5.7%
Cobham	5.4%
Bayer	5.1%
Lanxess	4.9%
Total	**27.5%**

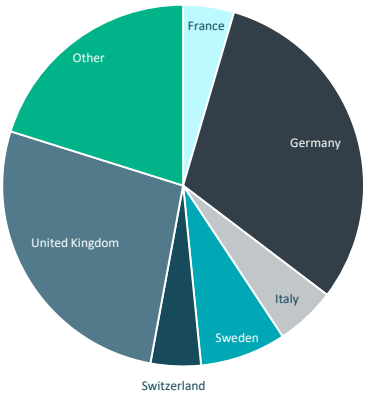
* STOXX Europe 600 TR (SXXR). Performance quoted net of fees based on most invested share class
Source: Lancaster Investment Management, Bloomberg

Sector Exposure

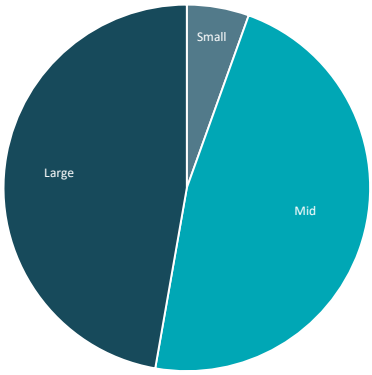


Source: Lancaster Investment Management

Country Exposure

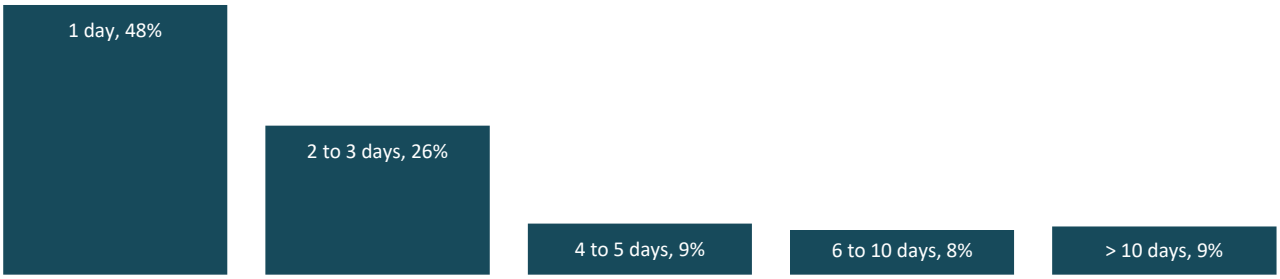


Market Cap



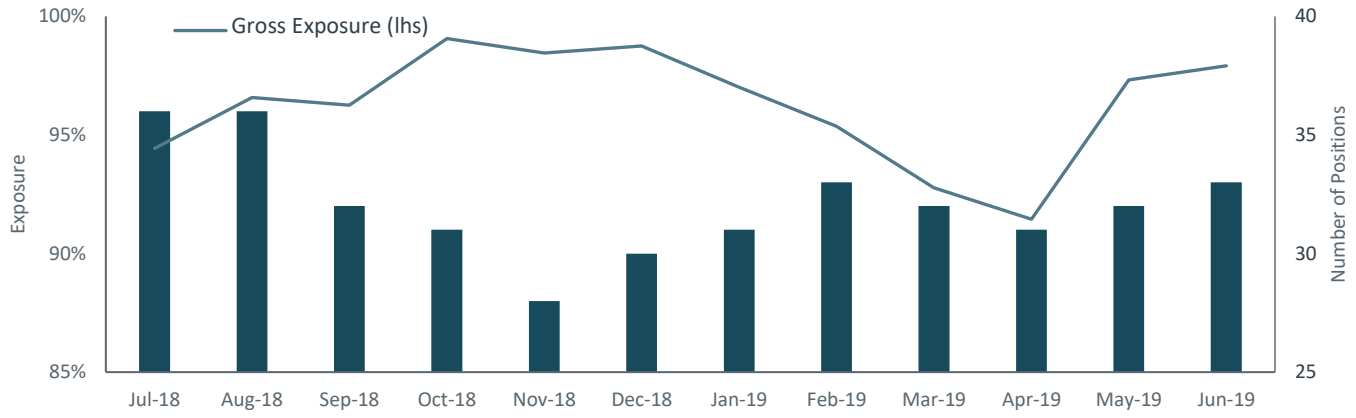
Source: Lancaster Investment Management

Liquidity



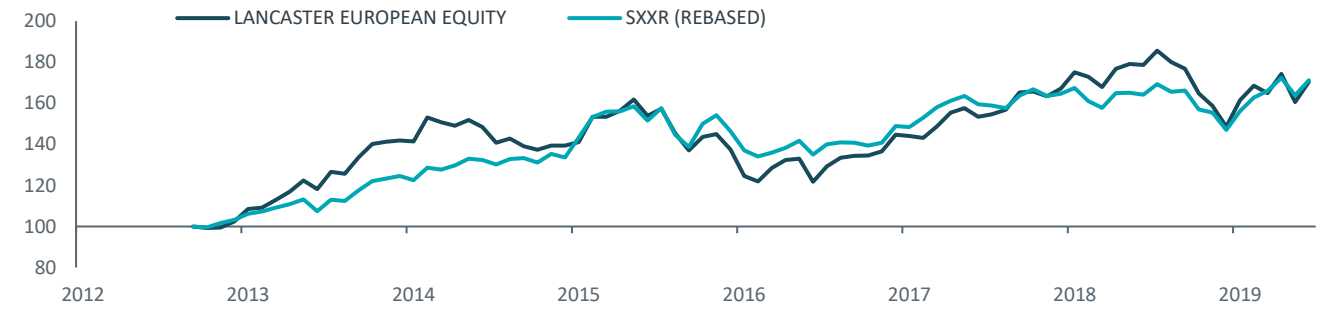
Source: Lancaster Investment Management, Bloomberg

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%	-2.13%	5.72%	-7.87%	6.03%							**14.67%**	**70.34%**
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	**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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