LANCASTER
INVESTMENT MANAGEMENT

Lancaster European Equity

July 2019

The fund returned 3.83% in July. It was a pleasing month for the fund with good alpha production. Cobham was the standout contributor: the company received a takeover approach from the private equity firm Advent International. A private equity bid from Bain and Carlyle for OSRAM Licht also finally materialised after months of speculation. This activity is pleasantly consistent with the framework we discussed in our second quarter letter regarding private equity potentially crystallising value for European assets. We continue to hold a reduced position in Cobham on counterbid hopes but sold out of OSRAM entirely. We also reduced our position in Serco during the month; the stock has been a strong performer in 2019. We stepped up our positions in another UK outsourcer – at an earlier stage in its restructuring process – and a German specialty distribution company which has materially (and arguably unfairly) de-rated on macro concerns.

Exposure	
Cash	8.6%
Beta	95.5%
Average market cap ($ millions)	19,007
Number of positions	34

Performance	Fund	Index*
Return on month	3.83%	0.31%
1 year return	-4.72%	1.43%
3 year CAGR	11.02%	7.05%
5 year CAGR	4.67%	5.69%

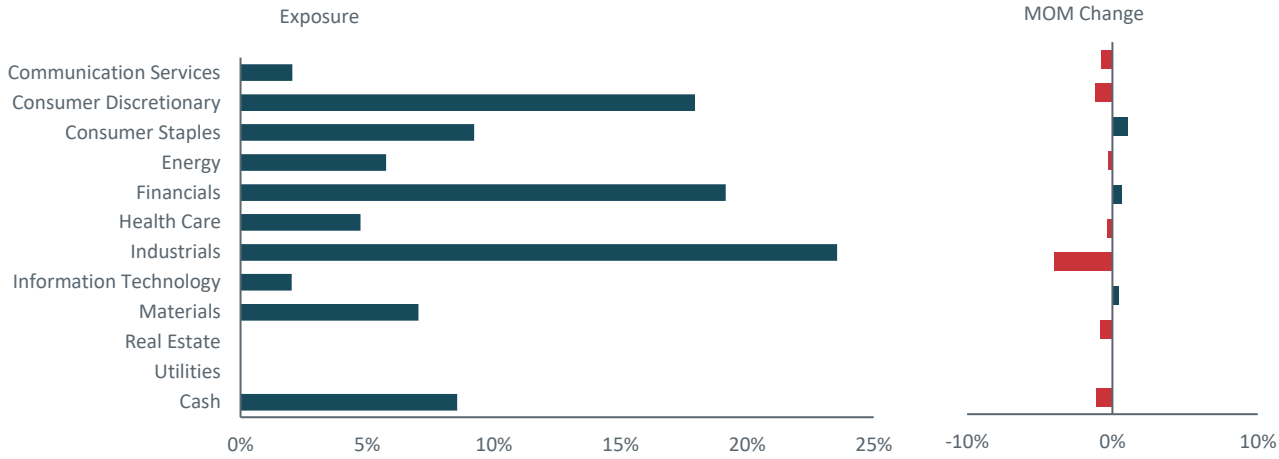
Leverage	
Gross method	1.8
Commitment method	0.9

Top 3 Positive Contributors	**Top 3 Negative Contributors**
Cobham	Financial
OSRAM Licht	Financial
Industrial	Industrial

Top 5 Longs	
Tesco	5.3%
Serco Group	4.8%
Bayer	4.7%
Lanxess	4.4%
Autoliv	4.2%
Total	**23.4%**

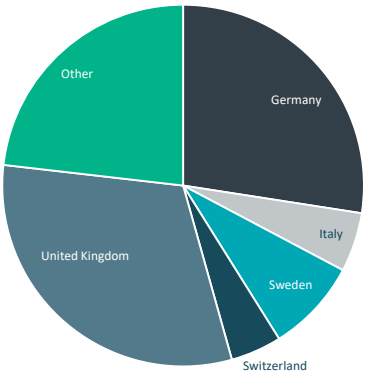
* STOXX Europe 600 TR (SXXR). Performance quoted net of fees based on most invested share class
Source: Lancaster Investment Management, Bloomberg

Sector Exposure

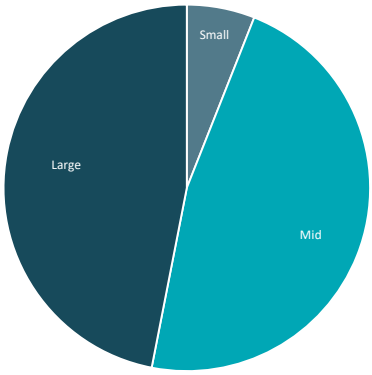


Source: Lancaster Investment Management

Country Exposure



Market Cap

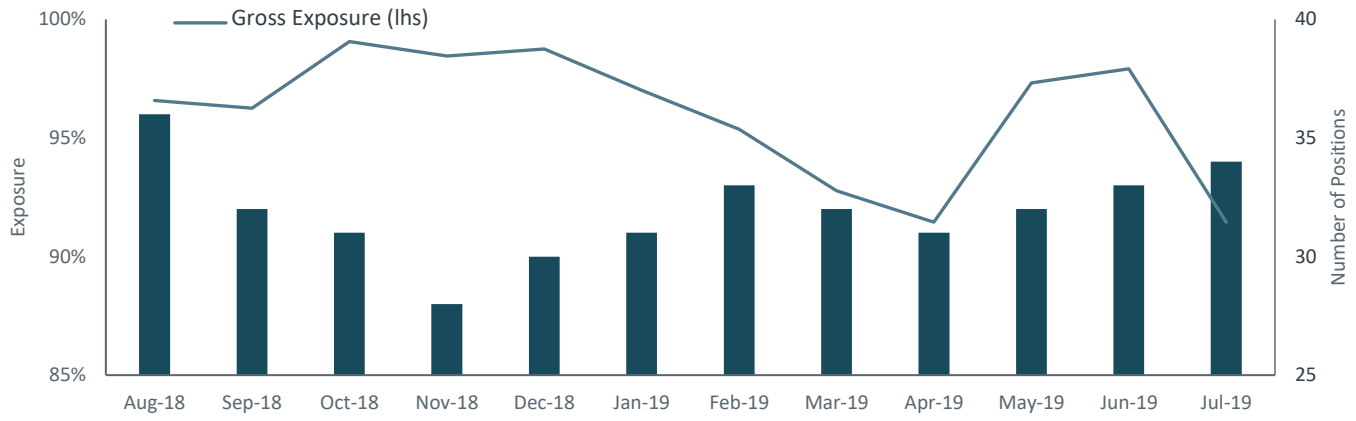


Source: Lancaster Investment Management

Liquidity

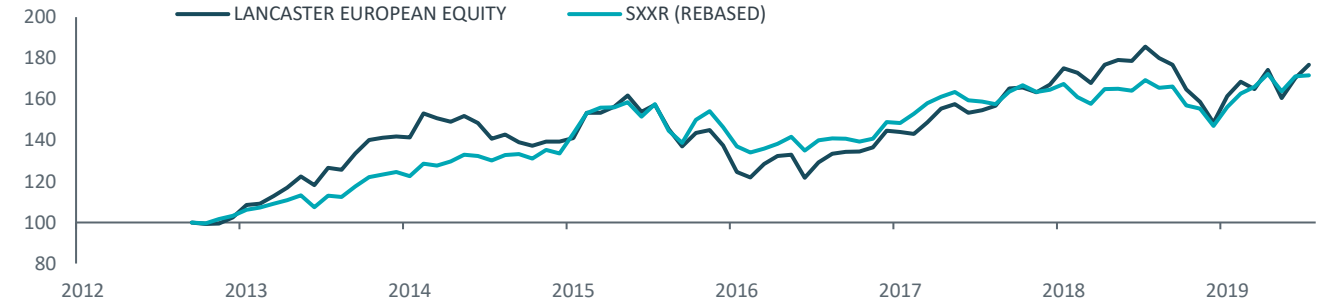
Source: Lancaster Investment Management, Bloomberg

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%	3.83%						**19.07%**	**76.87%**
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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