LANCASTER
INVESTMENT MANAGEMENT

Lancaster European Equity

August 2019

The fund returned -0.80% in August, which represented small positive alpha. Value as a factor had a poor month and our portfolio was no exception to that with our Financials and Energy positions faring badly. Bank of Ireland and ING were the worst contributors on no stock specific news. Capita performed well during the month as it released decent numbers for the first half of 2019 consistent with the turnaround plan put in place by management 2 years ago; we found the 20%+ move excessive, however, and took profits for now. We continue to monitor the company very closely but are all too aware that these types of restructurings can be bumpy. Bayer was another strong performer as speculation increased that the company may enter into mediation talks on the glyphosate debacle. We initiated two new investments in the month: an airline and an electrical distribution business.

Exposure	
Cash	1.5%
Beta	112.5%
Average market cap ($ millions)	20,581
Number of positions	35

Performance	Fund	Index*
Return on month	-0.80%	-1.35%
1 year return	-2.61%	2.25%
3 year CAGR	9.53%	6.31%
5 year CAGR	4.21%	4.98%

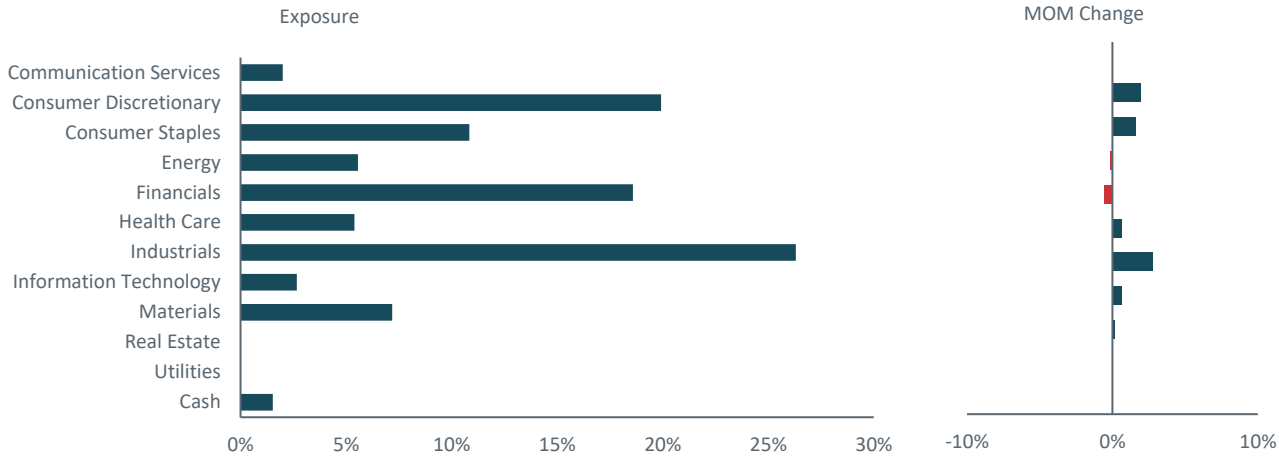
Leverage	
Gross method	1.9
Commitment method	1.0

Top 3 Positive Contributors	**Top 3 Negative Contributors**
Bayer	Financial
Capita	Financial
EssilorLuxottica	Consumer Discretionary

Top 5 Longs	
Tesco	5.5%
Bayer	5.4%
Lanxess	4.5%
Autoliv	4.3%
Brenntag	4.0%
Total	**23.6%**

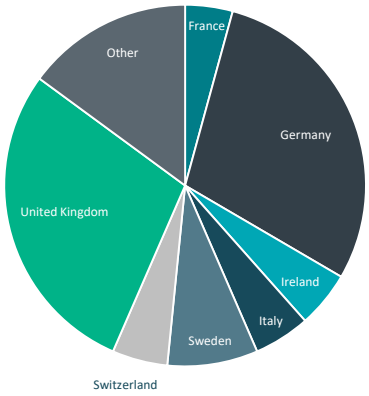
* STOXX Europe 600 TR (SXXR). Performance quoted net of fees based on most invested share class
Source: Lancaster Investment Management, Bloomberg

Sector Exposure

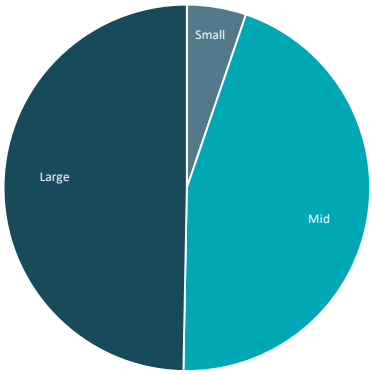


Source: Lancaster Investment Management

Country Exposure

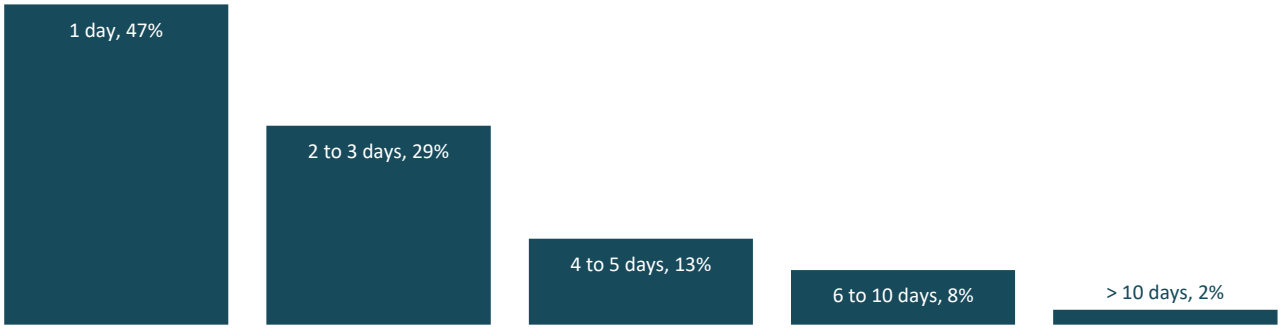


Market Cap



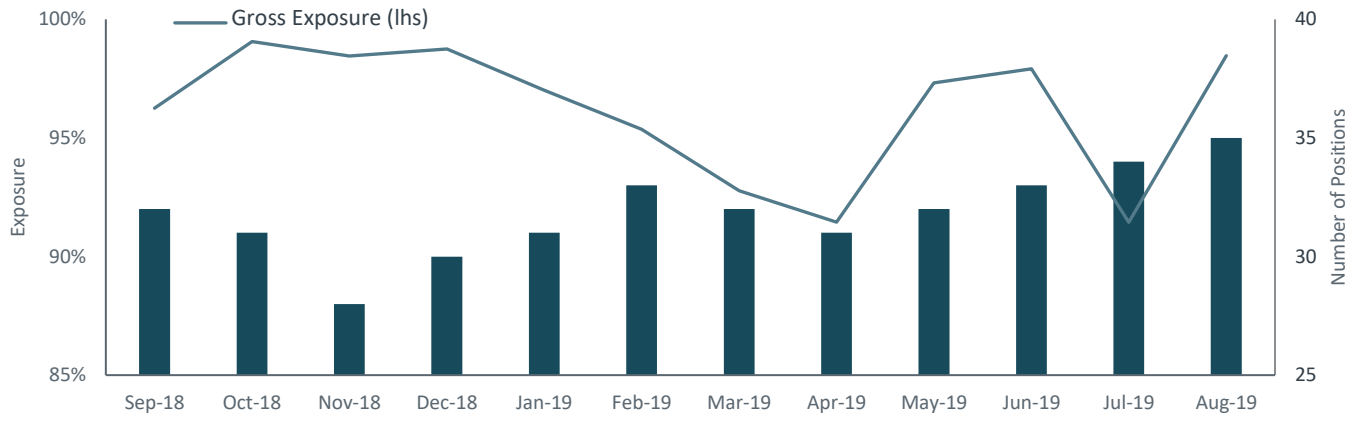
Source: Lancaster Investment Management

Liquidity



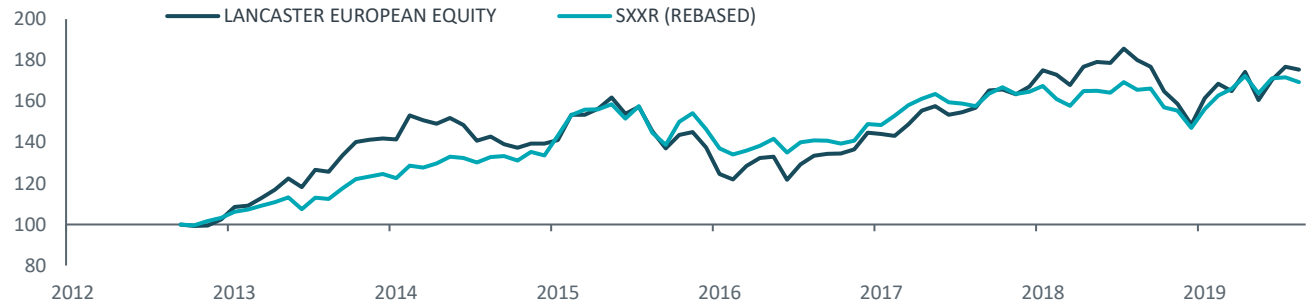
Source: Lancaster Investment Management, Bloomberg

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%	-0.80%					**18.12%**	**75.46%**
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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