LANCASTER
INVESTMENT MANAGEMENT

# Lancaster European Equity

November 2019

The fund returned 4.39% in November. The two largest positive contributors were both recent investments. Spectris, a UK manufacturer of control and instrumentation equipment, announced its Q3 trading update in November, raising guidance and providing further details on its cost improvement program. Our investment in Ryanair, discussed in the Q3 letter, performed well as first half results were well received. We continue to believe the business will maintain a significant cost advantage contrary to the prevalent bear thesis. Furthermore, delays to the 737 MAX aircraft may actually be beneficial for European short haul yields. We closed two longstanding investments in EssilorLuxottica and Deutsche Boerse on valuation grounds while adding two new positions.

| **Exposure** | |
|---|---|
| Cash | 9.5% |
| Beta | 109.2% |
| Average market cap ($ millions) | 18,307 |
| Number of positions | 32 |

| **Performance** | Fund | Index* |
|---|---|---|
| Return on month | 4.39% | 2.83% |
| 1 year return | 25.21% | 17.39% |
| 3 year CAGR | 13.30% | 9.02% |
| 5 year CAGR | 7.34% | 6.16% |

| **Leverage** | |
|---|---|
| Gross method | 1.7 |
| Commitment method | 0.9 |

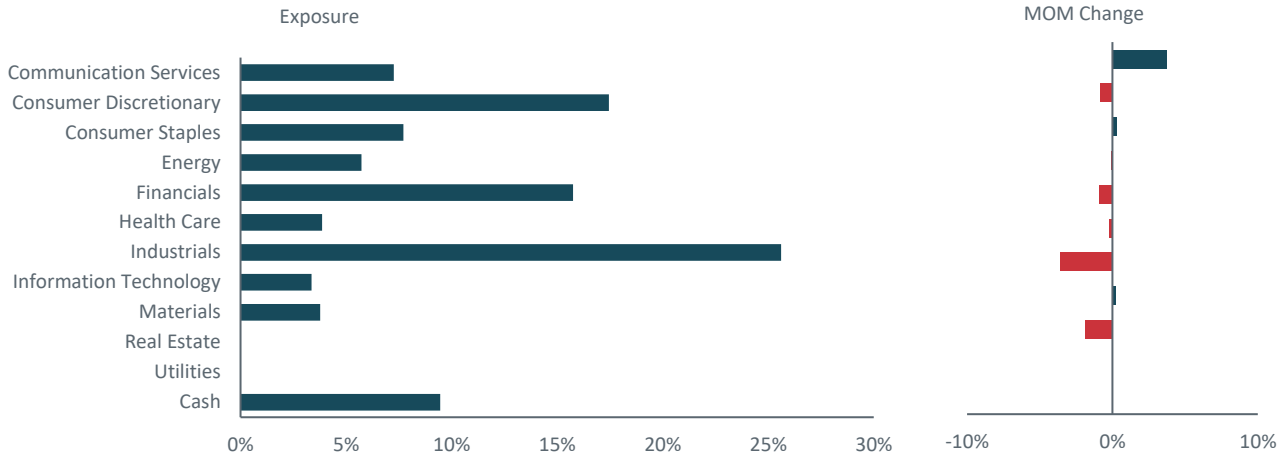
| **Top 3 Positive Contributors** |
|---|
| Information Technology |
| Materials |
| Industrial |

| **Top 3 Negative Contributors** |
|---|
| Communication Services |
| Consumer Discretionary |
| Tesco |

| **Top 5 Longs** | |
|---|---|
| Tesco | 5.9% |
| Autoliv | 4.7% |
| Richemont | 4.0% |
| Brenntag | 4.0% |
| Zalando | 3.9% |
| **Total** | **22.5%** |

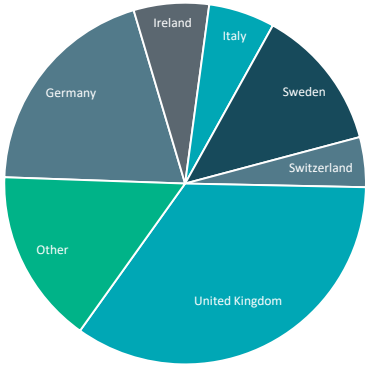
* STOXX Europe 600 TR (SXXR). Performance quoted net of fees based on most invested share class
Source: Lancaster Investment Management, Bloomberg

## Sector Exposure

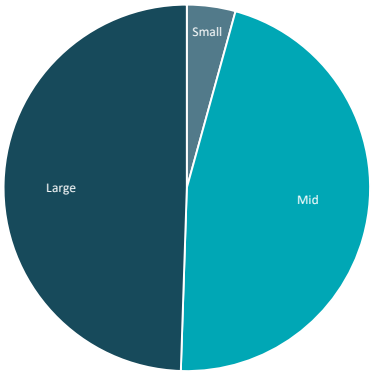



Source: Lancaster Investment Management

## Country Exposure

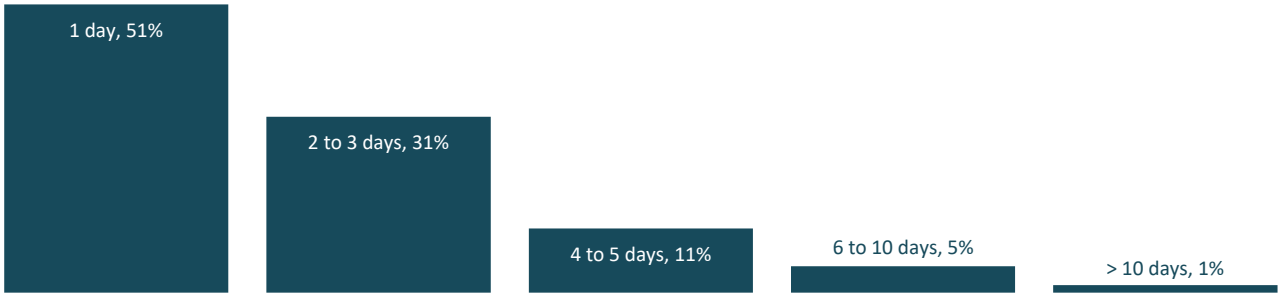



## Market Cap



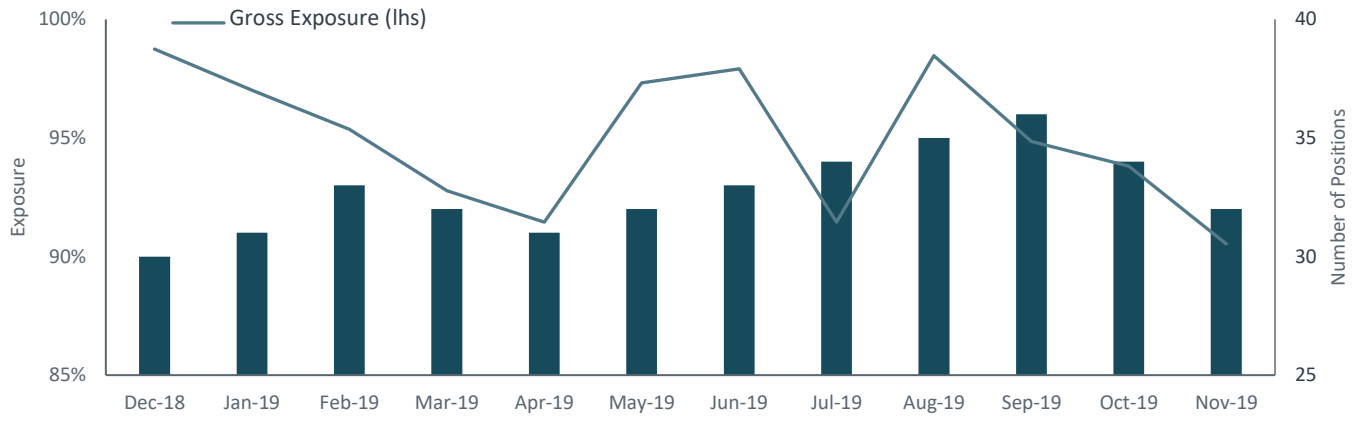

Source: Lancaster Investment Management

## Liquidity



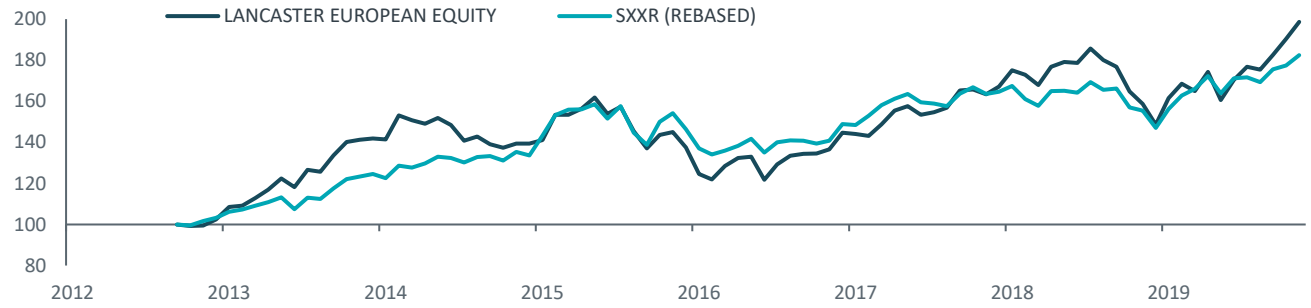

Source: Lancaster Investment Management, Bloomberg

## 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% | 3.83% | -0.80% | 4.06% | 4.23% | 4.39% | | **33.73%** | **98.66%** |
| **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) | **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<br>richard.lamplough@lancasterIM.co.uk<br>+44 20 7842 1049 |

* Payable over multiple years – please see offering documents

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