LANCASTER
INVESTMENT MANAGEMENT

Lancaster European Equity

December 2019

The fund returned 5.02% in December. Tesco was the best performer as the Conservatives won a landslide majority in the UK General Election. Consensus is now much more positive on the state of the UK consumer. The company also confirmed that it had received an unsolicited approach for its Asian business; this is expected to sell for a much higher multiple than where Tesco trades. Zalando also performed well following the announcement of strong Black Friday trading, with growth across the board in new customers, average order value and Partner Program share. During the month we were active in the portfolio exiting a long standing position in Lanxess. We also closed a shorter term holding in Ryanair which has materially rerated since we initiated our investment in August. We made new investments in a specialist tyre manufacturer and an industrial products distribution business.

Exposure	
Cash	7.6%
Beta	111.1%
Average market cap ($ millions)	19,661
Number of positions	33

Performance	Fund	Index*
Return on month	5.02%	2.13%
1 year return	40.45%	26.82%
3 year CAGR	12.97%	7.76%
5 year CAGR	8.39%	6.89%

Leverage	
Gross method	1.8
Commitment method	0.9

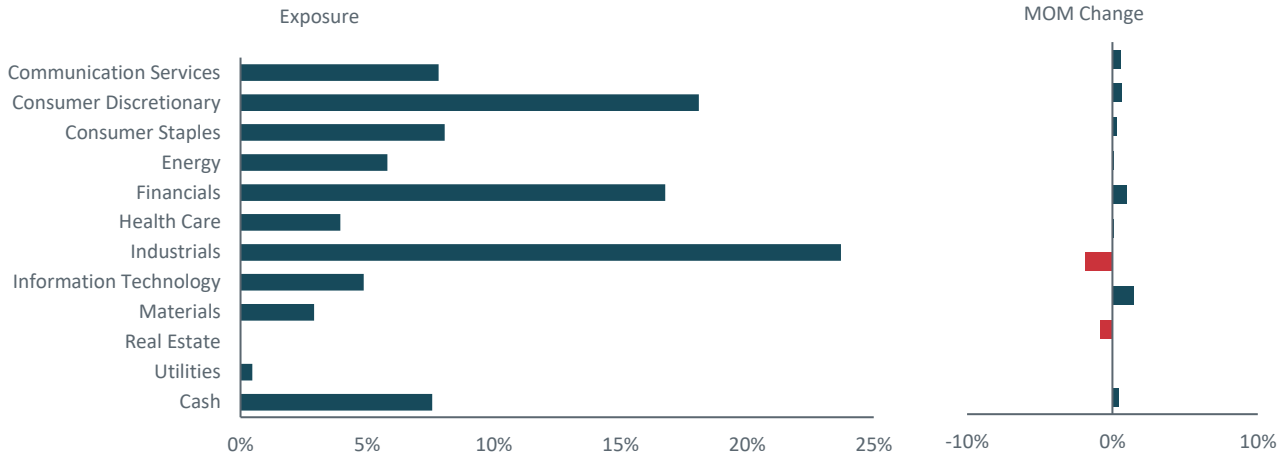
Top 3 Positive Contributors
Tesco
Zalando
Industrial

Top 3 Negative Contributors
Consumer Staple
Energy
Consumer Discretionary

Top 5 Longs	
Tesco	6.4%
Autoliv	4.5%
Bayer	3.9%
Richemont	3.9%
Brenntag	3.9%
Total	**22.6%**

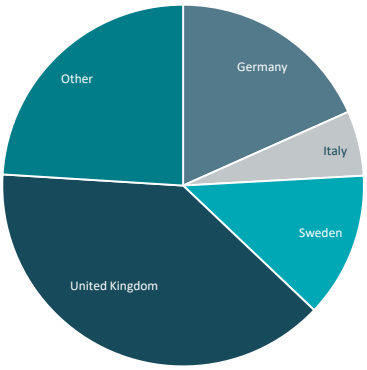
* STOXX Europe 600 TR (SXXR). Performance quoted net of fees based on most invested share class
Source: Lancaster Investment Management, Bloomberg

Sector Exposure

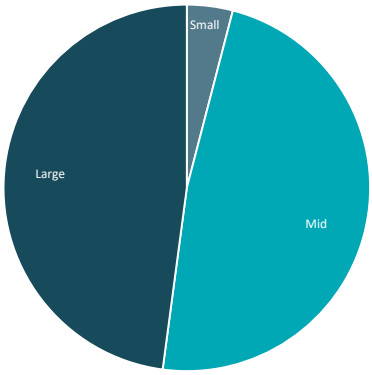


Source: Lancaster Investment Management

Country Exposure

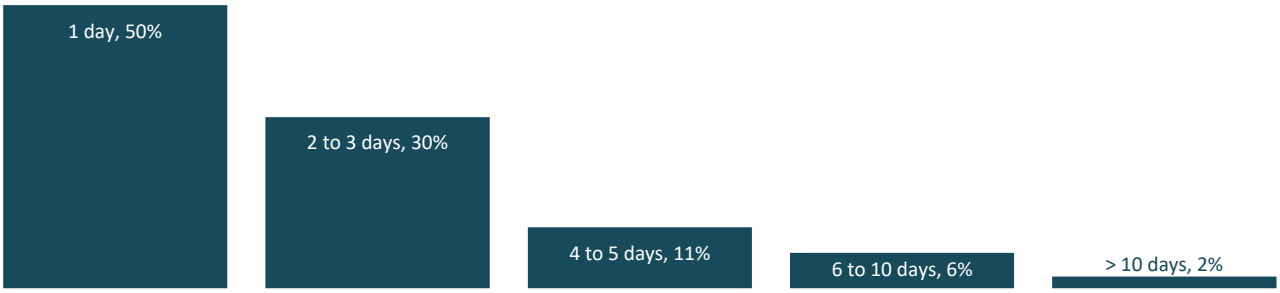


Market Cap



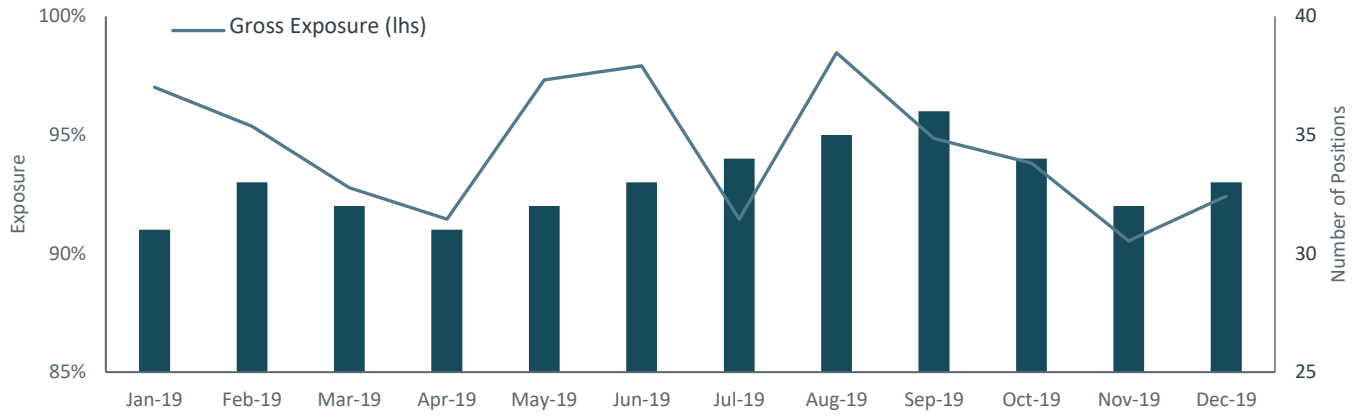
Source: Lancaster Investment Management

Liquidity



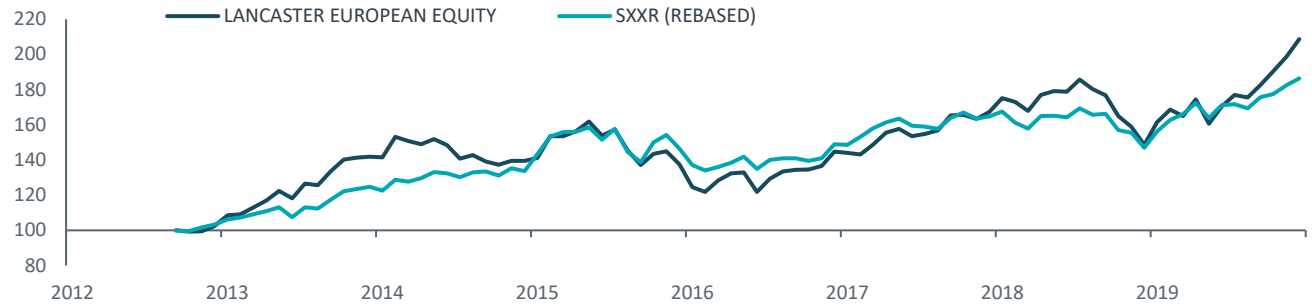
Source: Lancaster Investment Management, Bloomberg

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%	4.06%	4.23%	4.39%	5.02%	**40.45%**	**108.63%**
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 richard.lamplough@lancasterIM.co.uk +44 20 7842 1049

* Payable over multiple years – please see offering documents

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