LANCASTER
INVESTMENT MANAGEMENT

Lancaster European Equity

January 2020

The fund returned -5.98% in January. Whilst this performance is disappointing there was strangely little in the way of negative news flow at the single stock level. Rather, only a handful of positions made any positive contribution while all the big winners from the end of 2019 gave back some of their gains. Our small position in Fever-Tree lost money as management announced their intention to lower the price point in the US market. Coming on the back of multiple profit warnings, the market chose not to give them the benefit of the doubt. We had been building our position and doubled it on this share price move. We find management's arguments convincing and believe greater clarity will be forthcoming at the March full year results. We entered the month with a sizeable cash position after exiting some strong performers in December – most notably Ryanair – and were consequently able to add to a number of names on price weakness.

Exposure	
Cash	2.0%
Beta	117.8%
Average market cap ($ millions)	17,515
Number of positions	34

Performance	Fund	STOXX*	MSCI*
Return on month	-5.98%	-1.18%	-1.61%
1 year return	21.47%	17.87%	15.30%
3 year CAGR	10.85%	7.45%	7.29%
5 year CAGR	6.82%	5.15%	5.92%

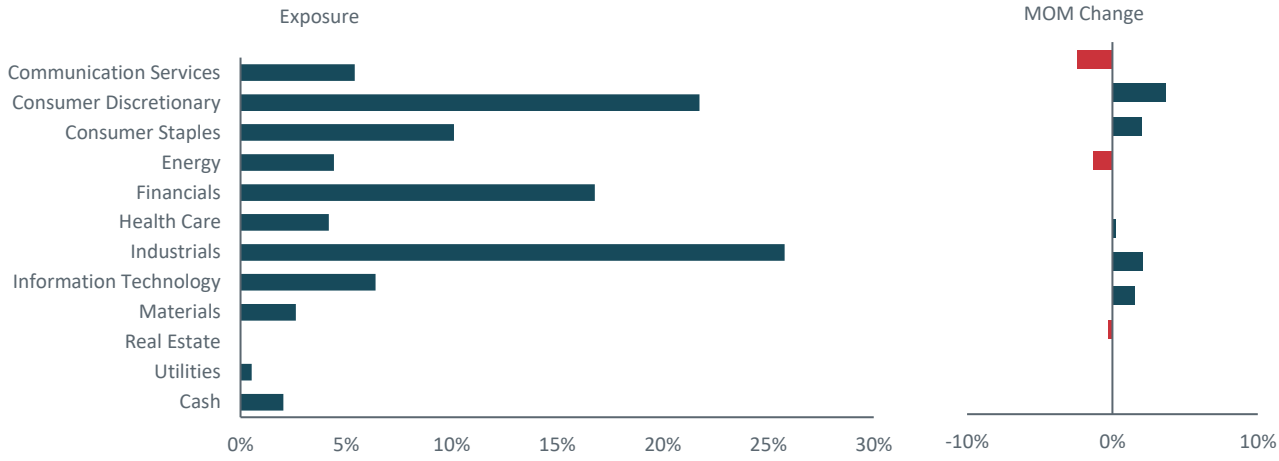
Leverage	
Gross method	1.8
Commitment method	0.9

Top 3 Positive Contributors	**Top 3 Negative Contributors**
Consumer Discretionary	Consumer Staple
Energy	Communication Services
Consumer Discretionary	Materials

Top 5 Longs	
Tesco	6.5%
Autoliv	4.6%
Richemont	4.5%
Bayer	4.2%
Trelleborg	4.0%
Total	**23.9%**

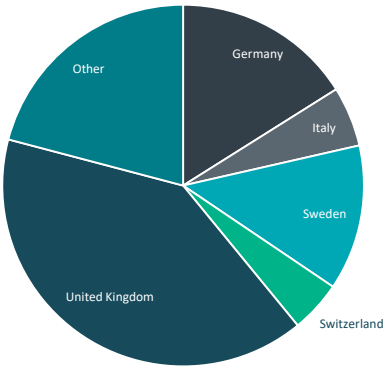
* STOXX Europe 600 Net Return (SXXR), MSCI Europe Net Return (NDDLE15). Fund performance quoted net of fees based on most invested share class.
Source: Lancaster Investment Management, Bloomberg

Sector Exposure

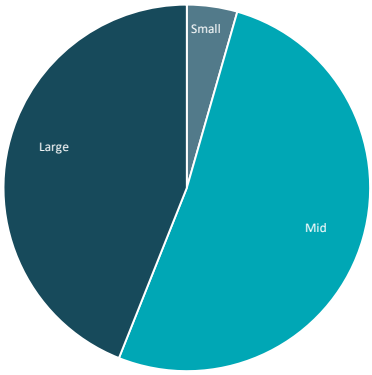


Source: Lancaster Investment Management

Country Exposure

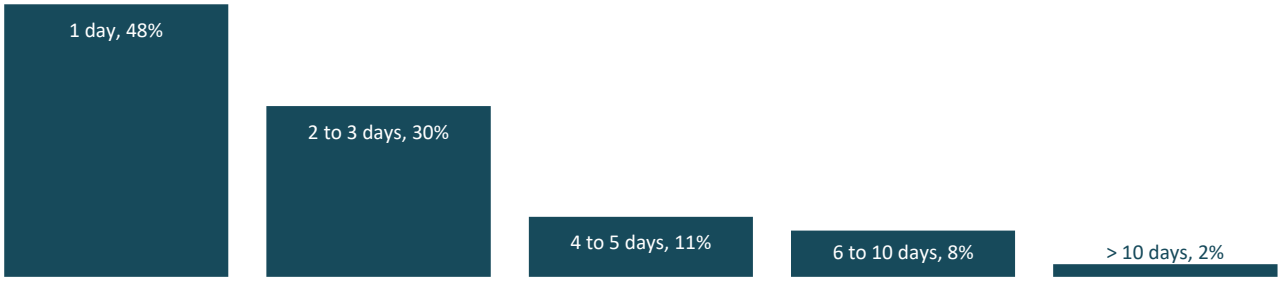


Market Cap



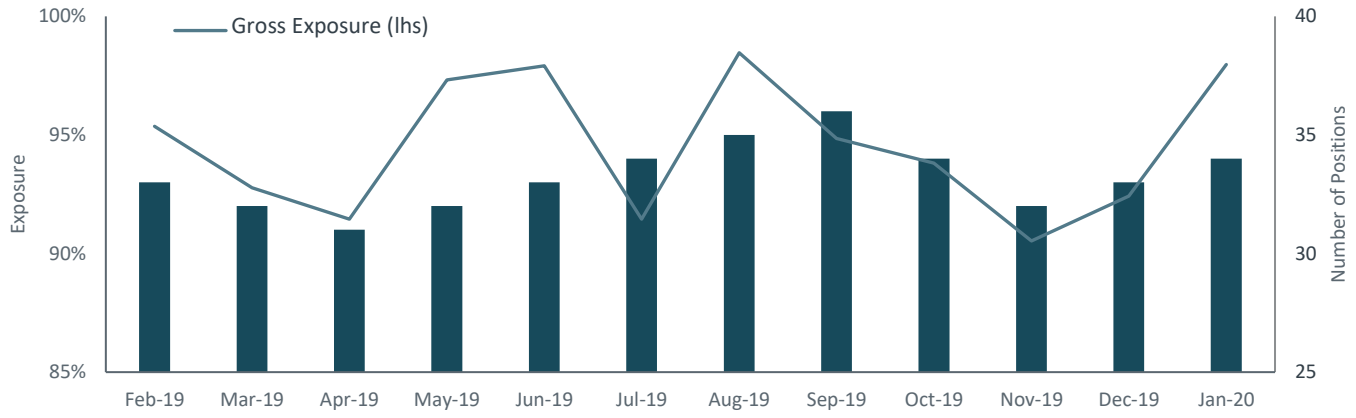
Source: Lancaster Investment Management

Liquidity



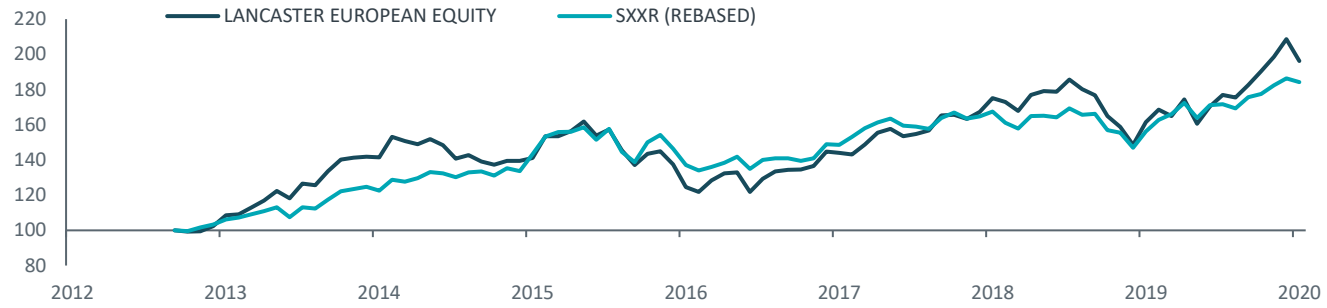
Source: Lancaster Investment Management, Bloomberg

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**
2020	-5.98%												**-5.98%**	**96.15%**
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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