LANCASTER
INVESTMENT MANAGEMENT

Lancaster European Equity

March 2020

The fund returned -23.97% in March; this is by a wide margin the worst month since we began investing in February 2008 and is galling for all of us. Given the violent and highly correlated nature of the downward move in markets, and a value-tilted portfolio, there was nowhere to hide. Negative attribution was broad based, driven by our investments in industrials, consumer discretionary, and financials. Indiscriminate falls across swathes of industries and sectors did, however, provide the opportunity to increase the outright quality and return prospects of the book. By our standards we were extremely aggressive in both cash and name turnover, albeit in investments familiar to us and with recent fund holdings returning. We upgraded balance sheet strength and concentrated the portfolio in the clear winners in their industries; companies that can not only withstand this extreme demand destruction but can also benefit from the concurrent supply shock and take and market share. A number of these investments will be covered in detail in our quarterly call and accompanying slide deck. We'd like to take the opportunity to send our best wishes to all of you and hope that you, your families and colleagues are safe and healthy.

Exposure	
Cash	1.0%
Beta	109.0%
Average market cap ($ millions)	9,775
Number of positions	29

Performance	Fund	STOXX*	MSCI*
Return on month	-23.97%	-14.51%	-13.59%
1 year return	-17.98%	-13.11%	-13.27%
3 year CAGR	-3.11%	-2.99%	-2.64%
5 year CAGR	-2.49%	-1.52%	-0.28%

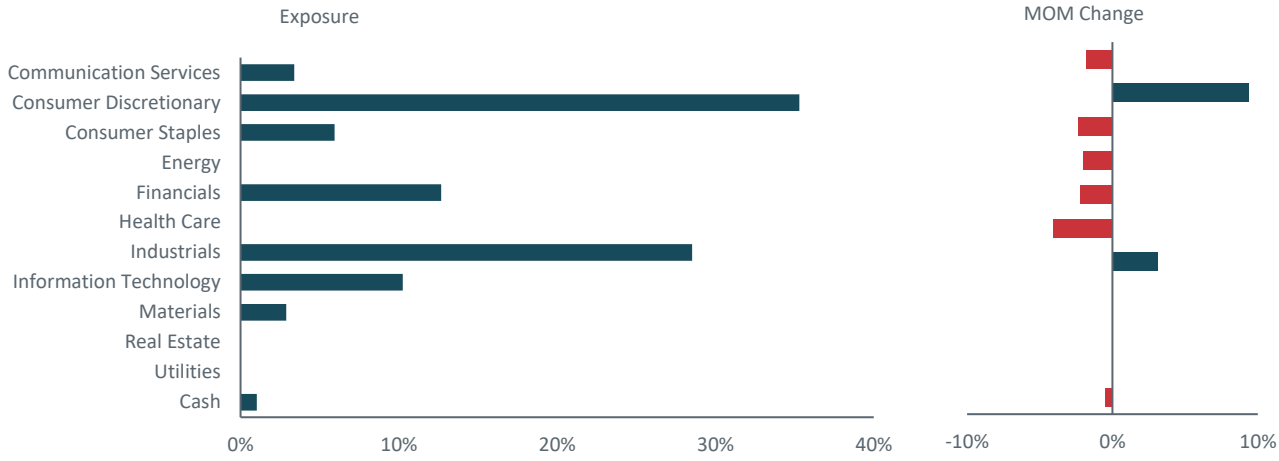
Leverage	
Gross method	2.1
Commitment method	1.0

Top 3 Positive Contributors	**Top 3 Negative Contributors**
Consumer Discretionary	Industrial
Consumer Staple	Financial
Financial	Industrial

Top 5 Longs	
GEA	5.3%
Berkeley	5.0%
Richemont	5.0%
Autoliv	4.7%
Trelleborg	4.6%
Total	**24.4%**

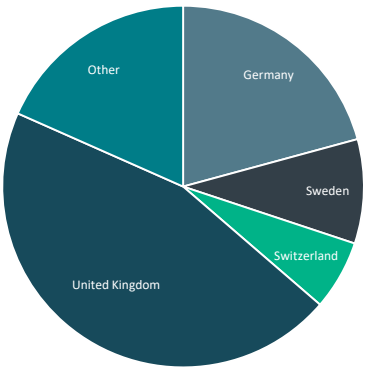
* STOXX Europe 600 Net Return (SXXR), MSCI Europe Net Return (NDDLE15). Fund performance quoted net of fees based on most invested share class.
Source: Lancaster Investment Management, Bloomberg

Sector Exposure

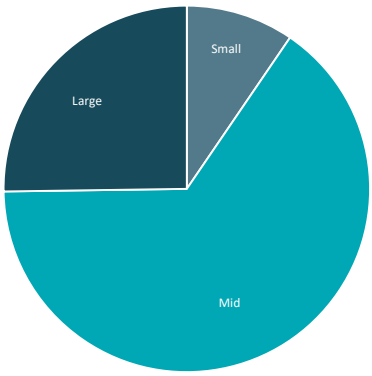


Source: Lancaster Investment Management

Country Exposure

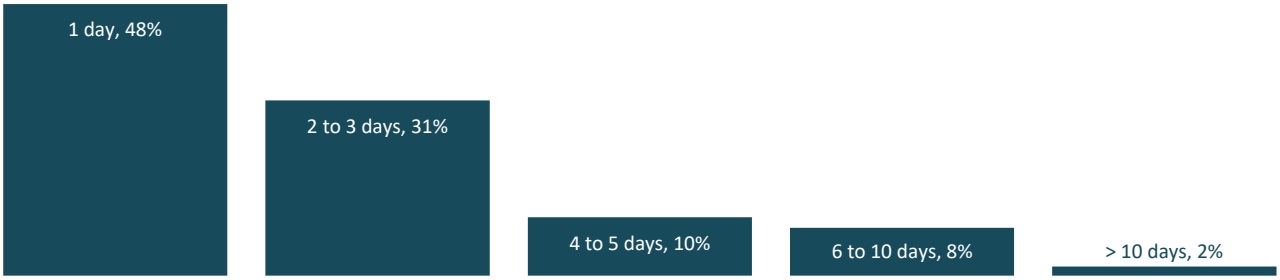


Market Cap



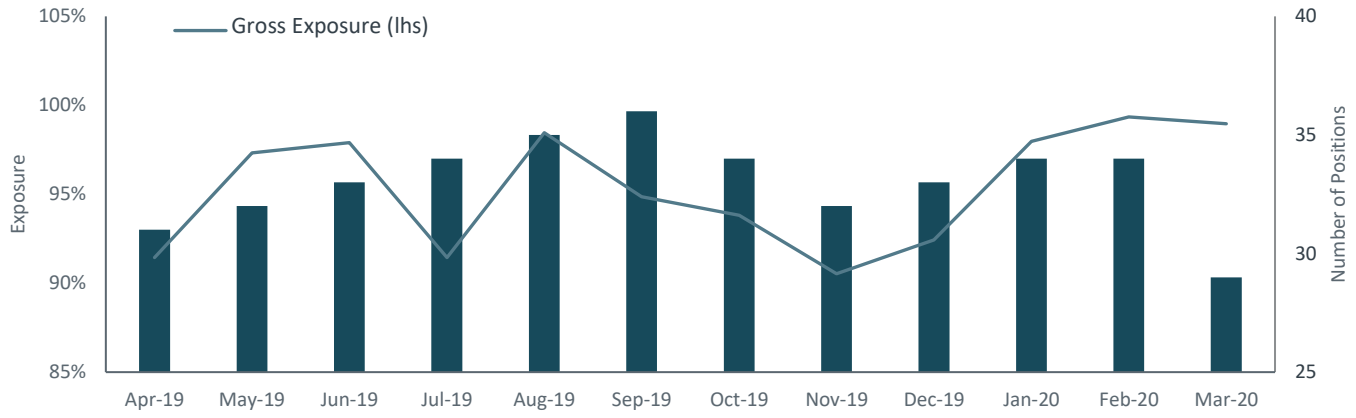
Source: Lancaster Investment Management

Liquidity



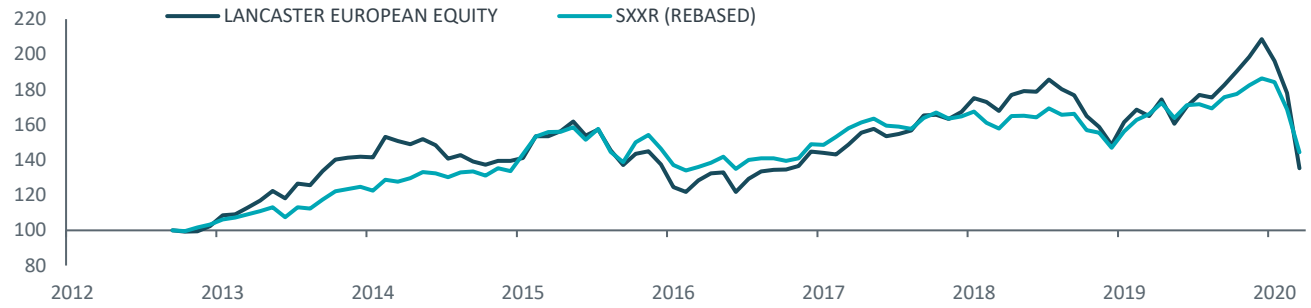
Source: Lancaster Investment Management, Bloomberg

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%	-9.28%	-23.97%										**-35.15%**	**35.30%**
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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