LANCASTER
INVESTMENT MANAGEMENT

Lancaster European Equity

May 2020

The fund returned 5.80% in May. May continued where April left off with equity markets staging a broad recovery. Industrial investments were the primary drivers of performance; GEA, Brenntag and Continental were the top three positive contributors. GEA released a trading update revealing a positive surprise on order intake, margin improvement and better cash generation. Management's restructuring programme would appear to be working yet, despite serving relatively defensive end markets, valuation remains very depressed. We continued to be active at the portfolio level responding to the fast-moving opportunity set we are presented with. We added one insurance and two industrial positions. We sold Zalando, a long term holding for the portfolio, after its strong share price performance, to make room for these new investment opportunities.

Exposure	
Cash	0.9%
Beta	121.0%
Average market cap ($ millions)	15,959
Number of positions	32

Performance	Fund	STOXX*	MSCI*
Return on month	5.80%	3.40%	3.90%
1 year return	1.32%	-2.99%	-4.45%
3 year CAGR	1.08%	-0.95%	-0.99%
5 year CAGR	0.12%	0.04%	1.33%

Leverage	
Gross method	1.9
Commitment method	1.0

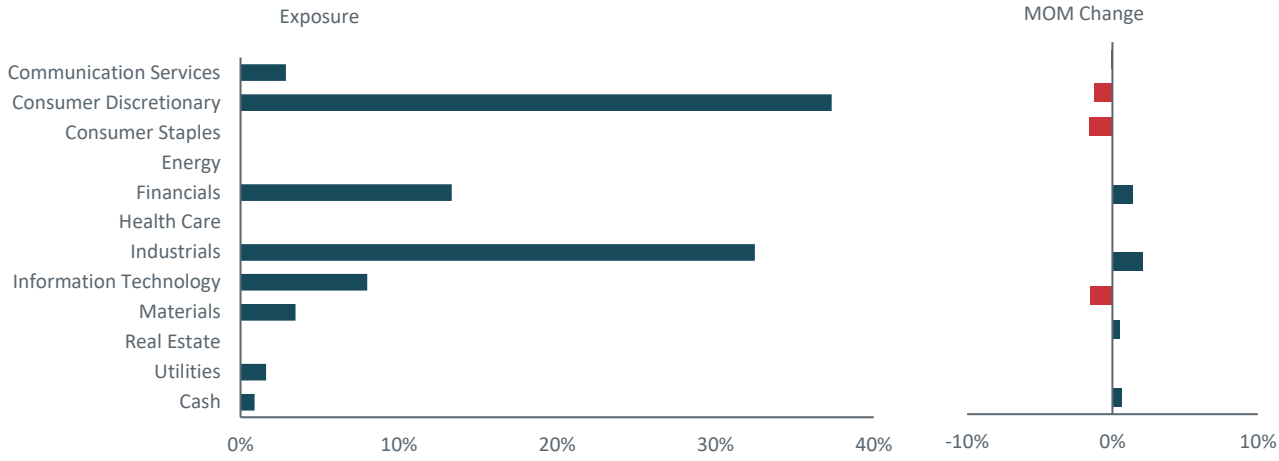
Top 3 Positive Contributors
GEA
Brenntag
Continental

Top 3 Negative Contributors
Materials
Financial
Financial

Top 5 Longs	
Next	5.4%
Autoliv	5.2%
GEA	4.8%
Berkeley	4.6%
Brenntag	4.5%
Total	**24.6%**

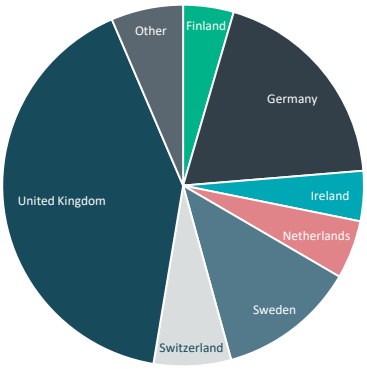
* STOXX Europe 600 Net Return (SXXR), MSCI Europe Net Return (NDDLE15). Fund performance quoted net of fees based on most invested share class.
Source: Lancaster Investment Management, Bloomberg

Sector Exposure

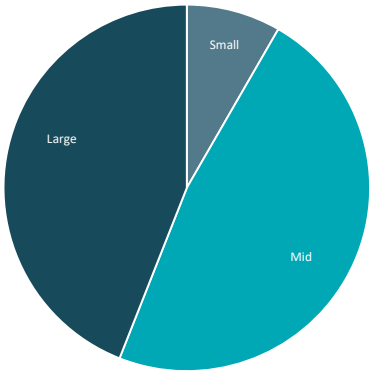


Source: Lancaster Investment Management

Country Exposure

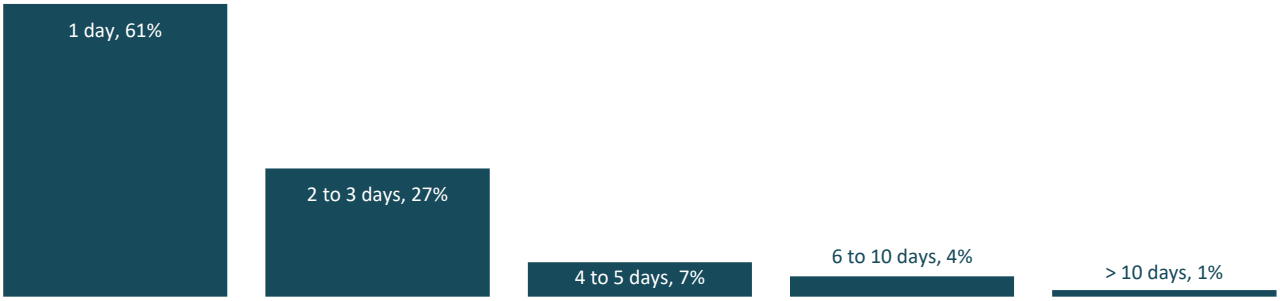


Market Cap



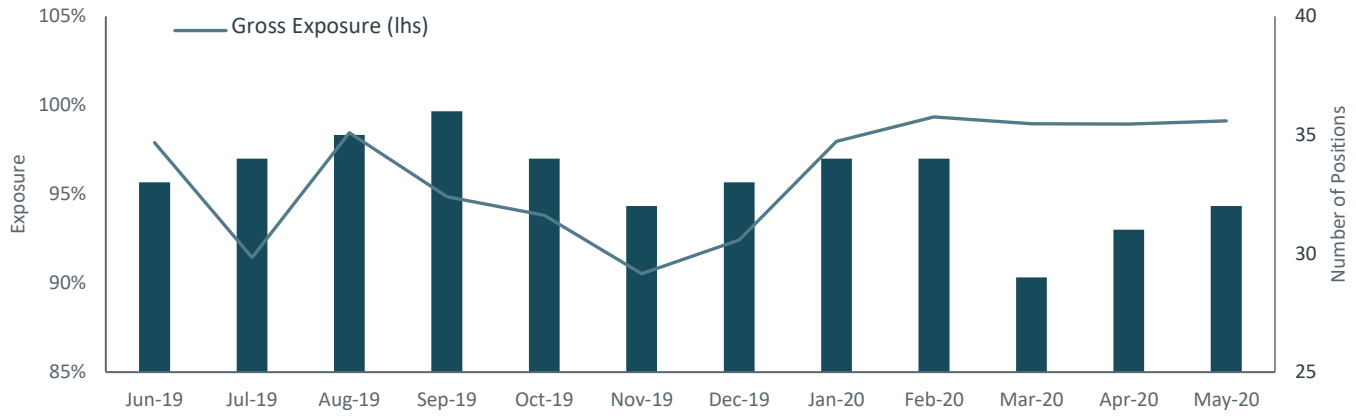
Source: Lancaster Investment Management

Liquidity



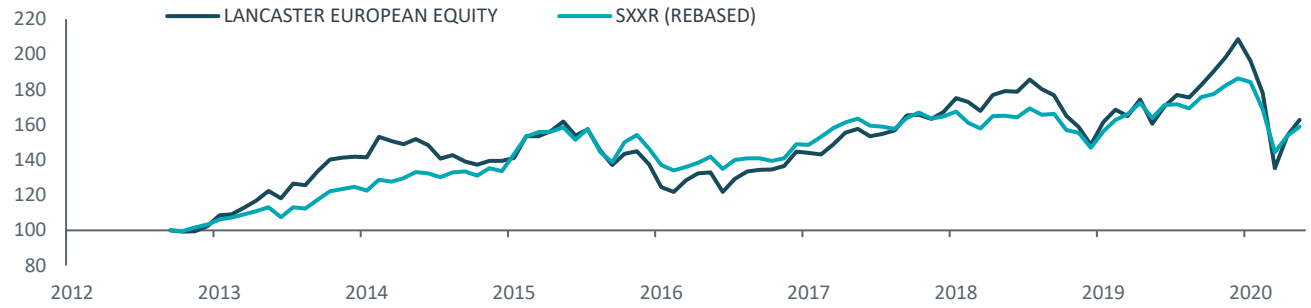
Source: Lancaster Investment Management, Bloomberg

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%	13.72%	5.80%								**-21.97%**	**62.78%**
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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