LANCASTER
INVESTMENT MANAGEMENT

Lancaster European Equity

June 2020

The fund returned 3.32% in June. At one stage early in the month the fund was up double digit percent as the market rotated aggressively towards value. Whilst this – regrettably – largely unwound in the second half of the month, for us it was an exciting reminder of the size of the upside we see in our holdings. Serco was the best performing position as the company announced very strong organic sales growth in its H1 results. We have owned this investment through a deep and painful restructuring but finally the business is working as we hoped it would. Having rebuilt its relationships with government, the company is now winning new contracts at much improved margins in a structurally less competitive market. Its addressable market remains extremely large, as outsourcing still represents a fraction of government business and management have fought hard to keep the business global. We are quietly hopeful that the share will now achieve the re-rating it merits.

Exposure	
Cash	1.0%
Beta	124.9%
Average market cap ($ millions)	17,480
Number of positions	31

Performance	Fund	STOXX*	MSCI*
Return on month	3.32%	3.06%	3.23%
1 year return	-1.26%	-4.30%	-5.71%
3 year CAGR	3.10%	0.90%	0.84%
5 year CAGR	1.79%	1.57%	3.02%

Leverage	
Gross method	1.7
Commitment method	0.8

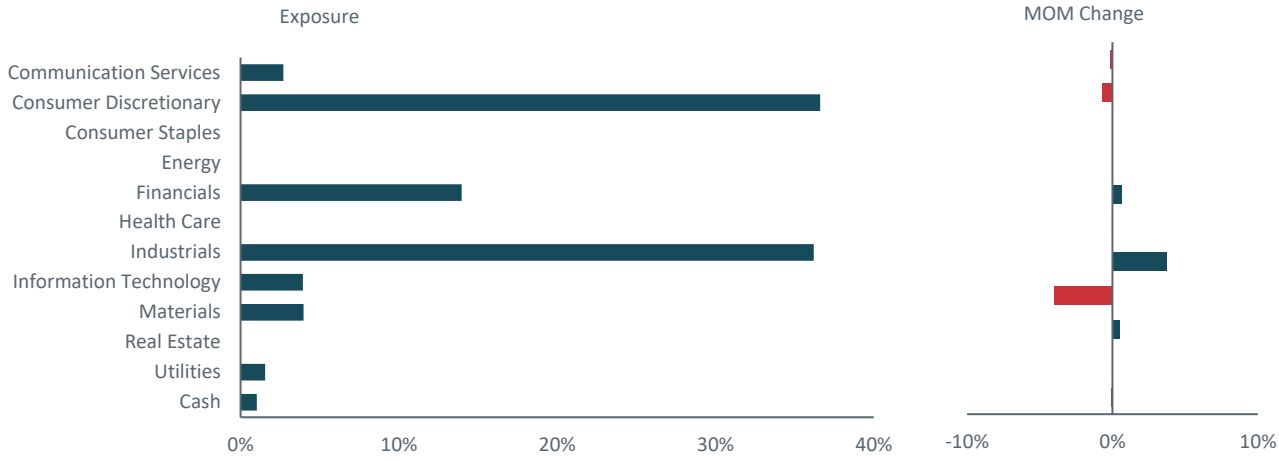
Top 3 Positive Contributors
Industrial
Industrial
Consumer Discretionary

Top 3 Negative Contributors
Consumer Discretionary
Industrial
Industrial

Top 5 Longs	
Autoliv	5.1%
Next	4.8%
Trelleborg	4.5%
EssilorLuxottica	4.5%
GEA	4.4%
Total	**23.3%**

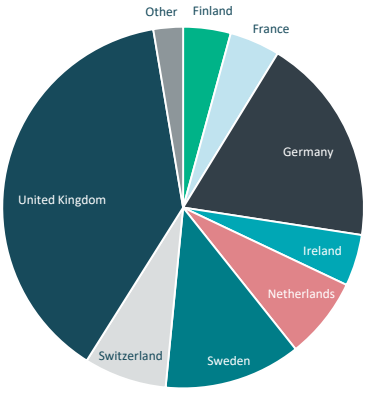
* STOXX Europe 600 Net Return (SXXR), MSCI Europe Net Return (NDDLE15). Fund performance quoted net of fees based on most invested share class.
Source: Lancaster Investment Management, Bloomberg

Sector Exposure

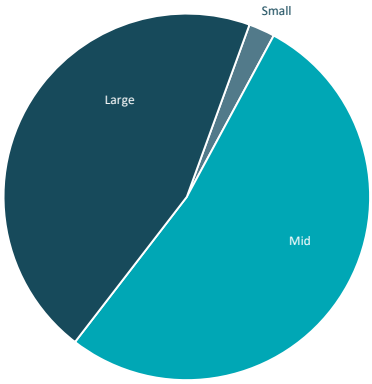


Source: Lancaster Investment Management

Country Exposure

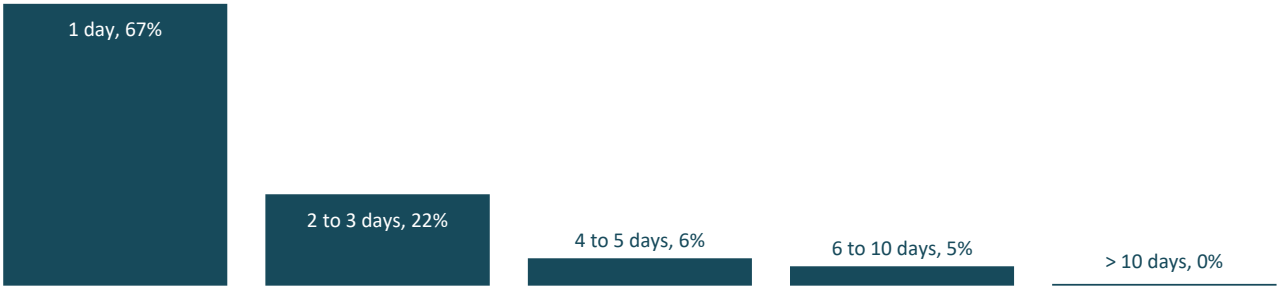


Market Cap



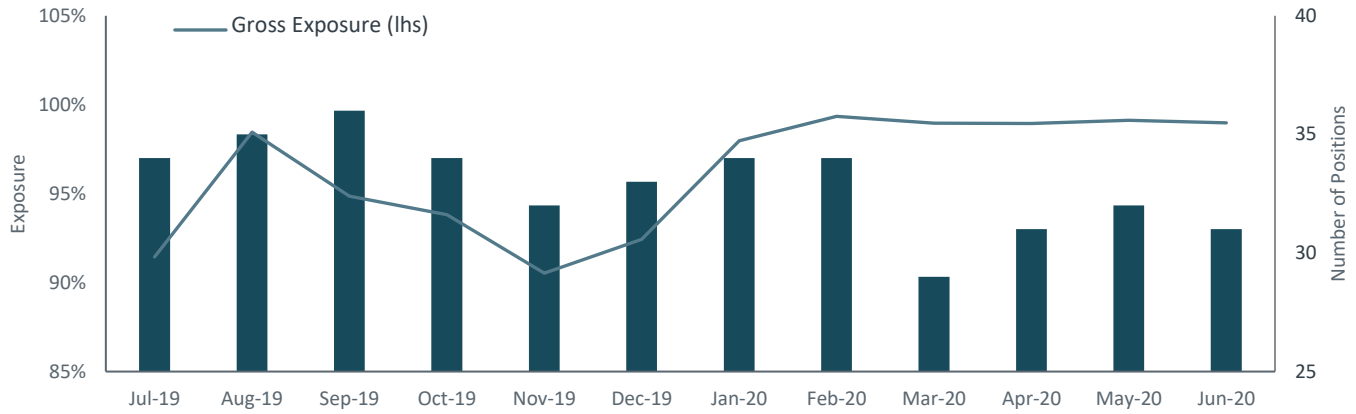
Source: Lancaster Investment Management

Liquidity



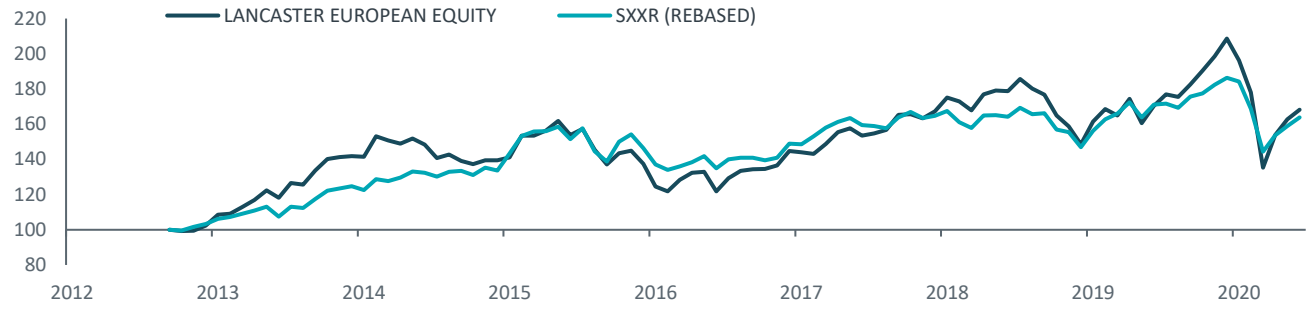
Source: Lancaster Investment Management, Bloomberg

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%	3.32%							**-19.38%**	**68.19%**
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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