LANCASTER
INVESTMENT MANAGEMENT

Lancaster European Equity

July 2020

The fund returned 0.05% in July. The portfolio produced a small amount of alpha during the month as decent gains dissipated in the last few trading days. Next, the UK clothing retailer, was the top performer as its online business showed stronger than expected performance in H1 numbers. We continue to see Next's position in online as underappreciated by the market, especially given the multiples that pure online competitors now trade on. Next has both a strong direct online presence with 12% market share in the UK, and a growing platform business where brands can access Next's website traffic and low cost distribution network. The platform business has a long runway for growth with less than 1% share across apparel, homeware and beauty categories. Despite its perception as a mature, store-based brand, just over 50% of Next's sales are already online. Weir and GEA, two industrials positions, also performed well as H1 earnings season got into full swing. Both represent restructurings in their early days and positions that we have built through the year. IAG, the parent company of British Airways and Iberia, was the worst performer, as the UK put Spain back on its quarantine list; bad for sentiment but not hugely impactful on earnings given the limited amount of summer flying.

Exposure	
Cash	2.5%
Average market cap ($ millions)	16,220
Number of positions	29

Performance	Fund	STOXX*	MSCI*
Return on month	0.05%	-0.95%	-1.45%
Return YTD	-19.35%	-12.96%	-12.84%
1 year return	-4.86%	-5.51%	-7.69%
3 year CAGR	2.84%	0.70%	0.14%
5 year CAGR	1.36%	0.59%	1.84%

Leverage	
Gross method	2.1
Commitment method	1.0

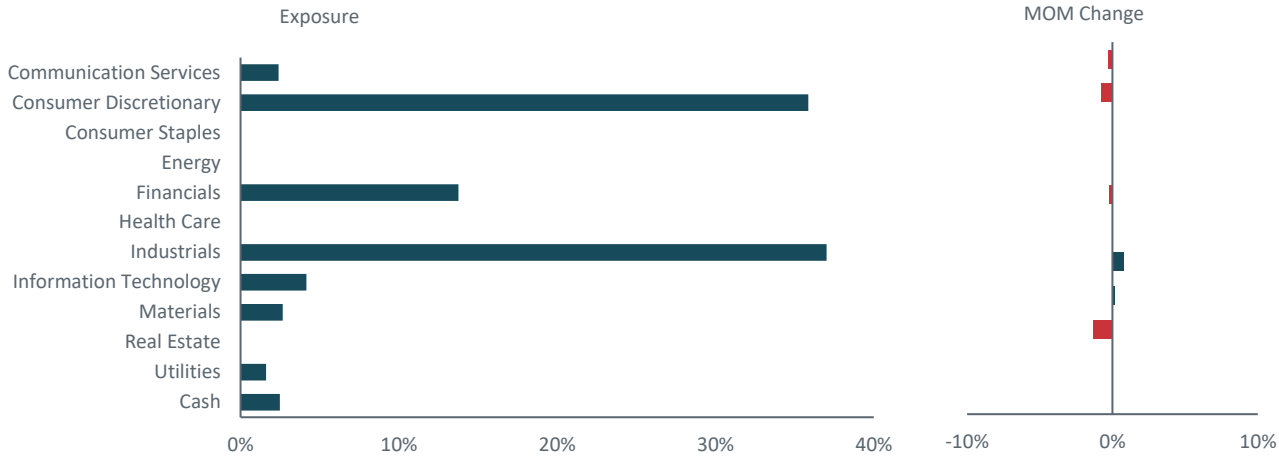
Top 3 Positive Contributors
Next
Weir Group
Brenntag

Top 3 Negative Contributors
IAG
Financial
Communication Service

Top 5 Longs	
Next	5.5%
Autoliv	5.0%
Brenntag	4.8%
Electrocomponents	4.7%
Weir Group	4.6%
Total	**24.6%**

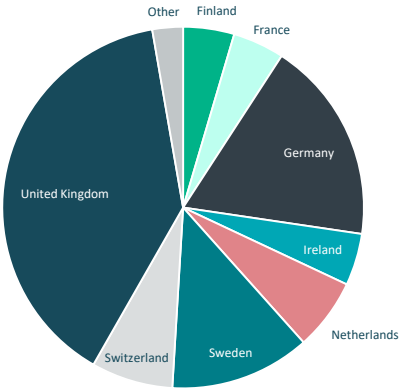
* STOXX Europe 600 Net Return (SXXR), MSCI Europe Net Return (NDDLE15). Fund performance quoted net of fees based on most invested share class.
Source: Lancaster Investment Management, Bloomberg

Sector Exposure

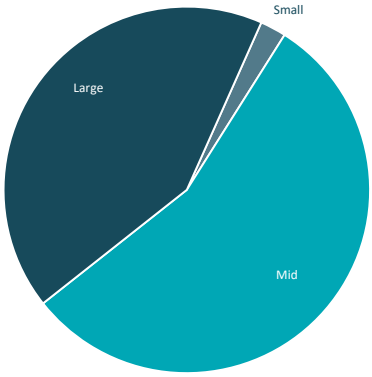


Source: Lancaster Investment Management

Country Exposure

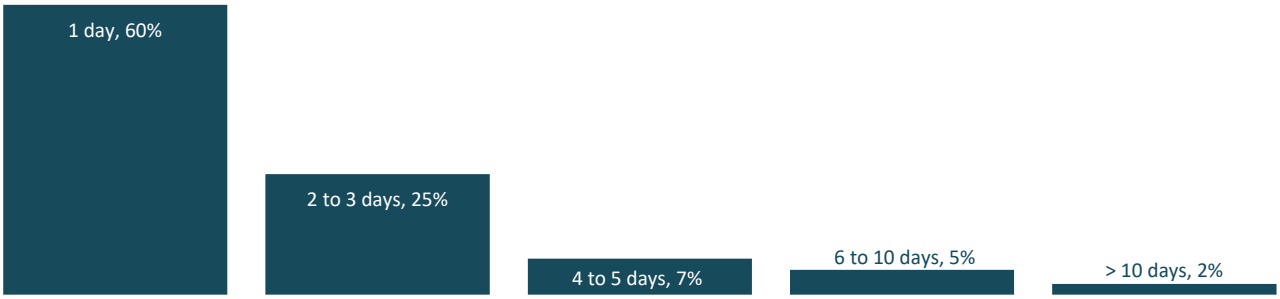


Market Cap



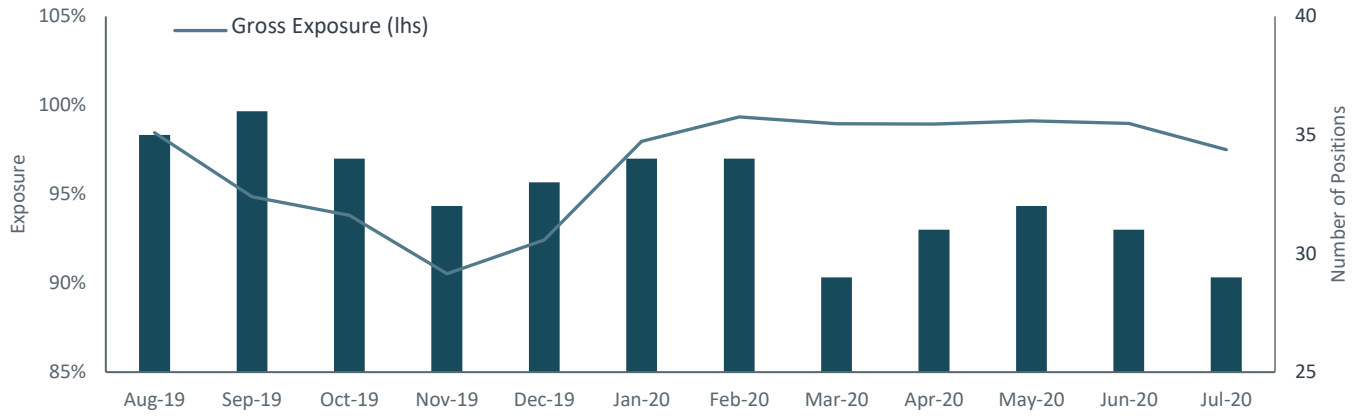
Source: Lancaster Investment Management

Liquidity



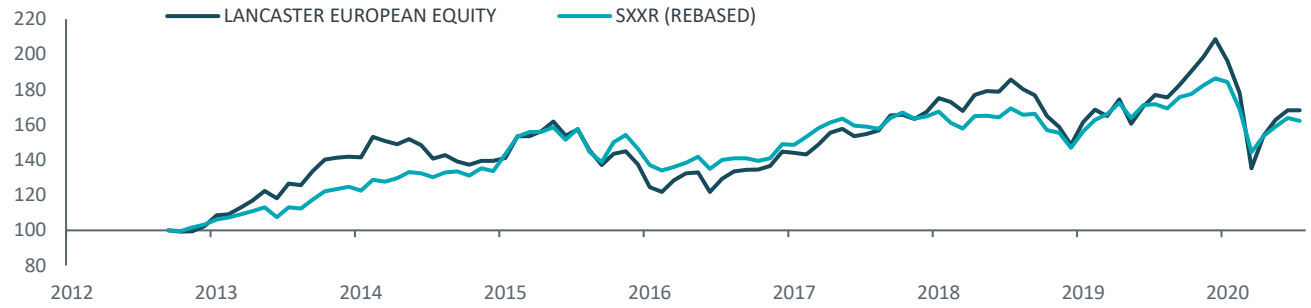
Source: Lancaster Investment Management, Bloomberg

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%	3.32%	0.05%						**-19.35%**	**68.27%**
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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