

Lancaster European Equity

October 2020

The fund returned 0.02% in October. This represented strong alpha in the context of a weak market, driven by single stock events. Weir Group, a UK engineering company, was one of the best performers after management announced the disposal of its loss-making oil and gas division to Caterpillar. We have long believed that this would be a key step towards focusing the market's attention on Weir's best-in-class mining equipment division, and that disposing of oil and gas would improve the environmental profile of the company. Weir is now a mining pureplay which we believe may in turn be acquired. Autoliv once again reported a strong quarter during the month. The recovery in Q3 sales was better than anticipated, but more importantly the improvement in the operating margin demonstrated the company's strong operating leverage after years of elevated investment. We still like the position but have reduced it in size as other ideas compete for capital. During the month we added a new position in a UK medical products company undergoing a restructuring after several years of underinvestment.

Exposure

Cash	0.9%
Average market cap (\$ millions)	17,631
Number of positions	33

Performance

	Fund	STOXX*	MSCI*
Return on month	0.02%	-5.11%	-5.34%
Return YTD	-16.43%	-16.07%	-16.04%
1 year return	-8.38%	-11.86%	-12.66%
3 year CAGR	1.72%	-2.14%	-2.68%
5 year CAGR	3.96%	0.85%	2.00%

Leverage

Gross method	1.9
Commitment method	1.0

Top 3 Positive Contributors

Financial
Weir Group
Autoliv

Top 3 Negative Contributors

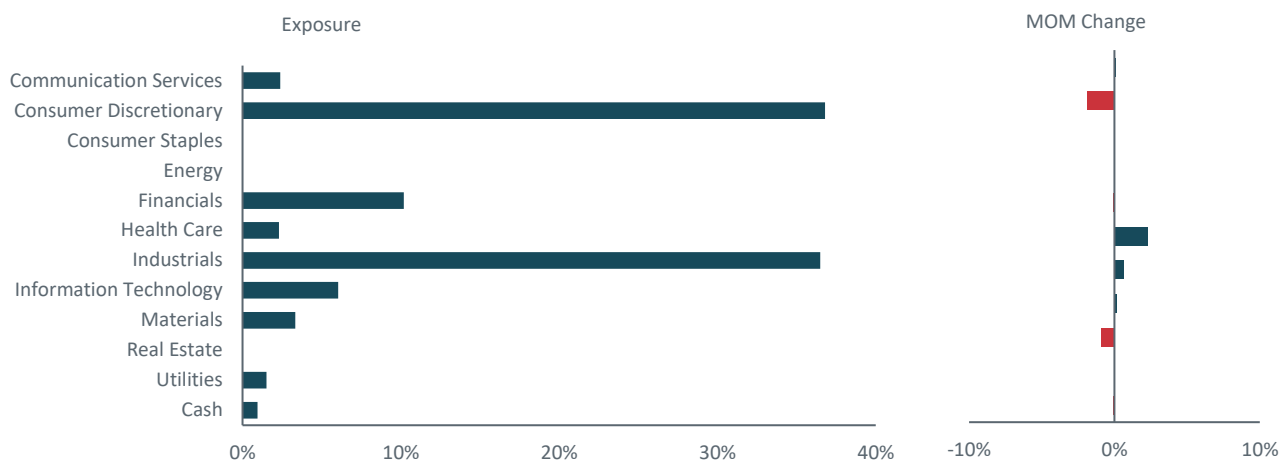
EssilorLuxottica
Consumer Discretionary
Information Technology

Top 5 Longs

Weir Group	4.7%
EssilorLuxottica	4.6%
Next	4.5%
Serco Group	4.3%
Brenntag	4.1%
Total	22.1%

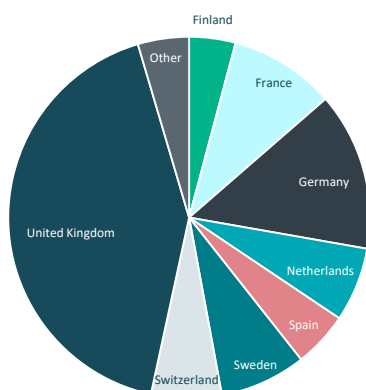
* STOXX Europe 600 Net Return (SXXR), MSCI Europe Net Return (NDDLE15). Fund performance quoted net of fees based on most invested share class.
Source: Lancaster Investment Management, Bloomberg

Sector Exposure



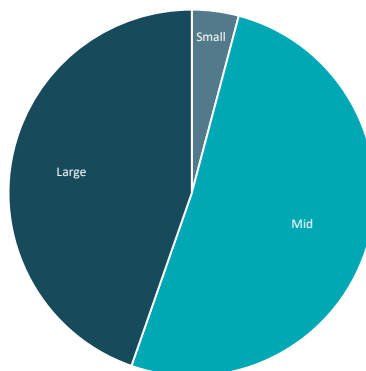
Source: Lancaster Investment Management

Country Exposure

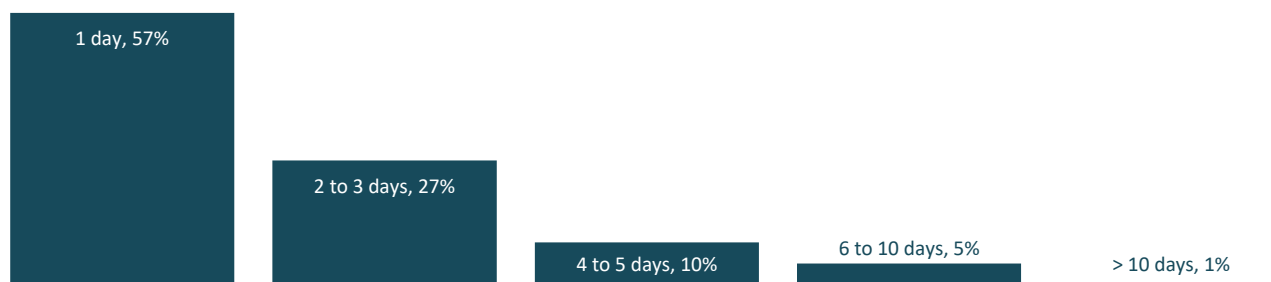


Source: Lancaster Investment Management

Market Cap

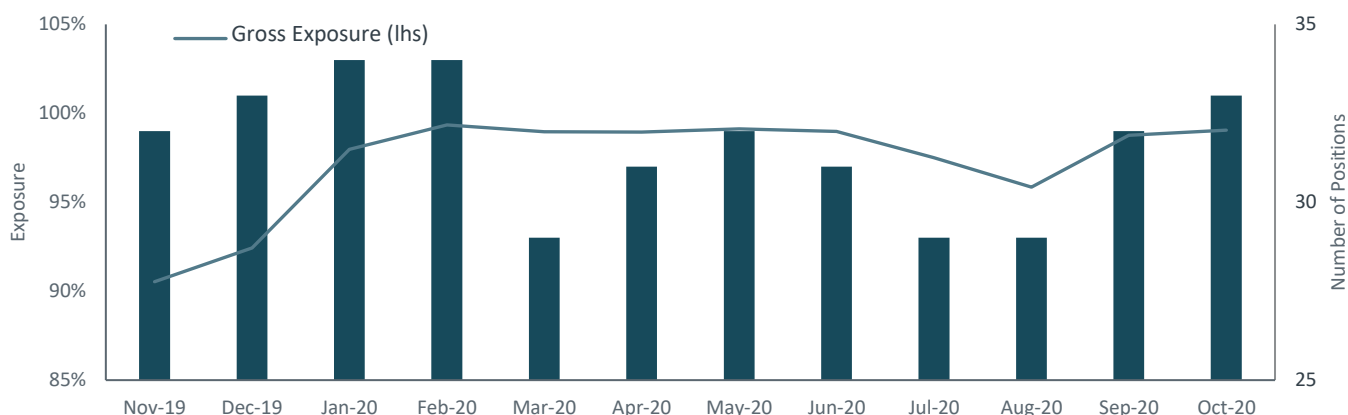


Liquidity



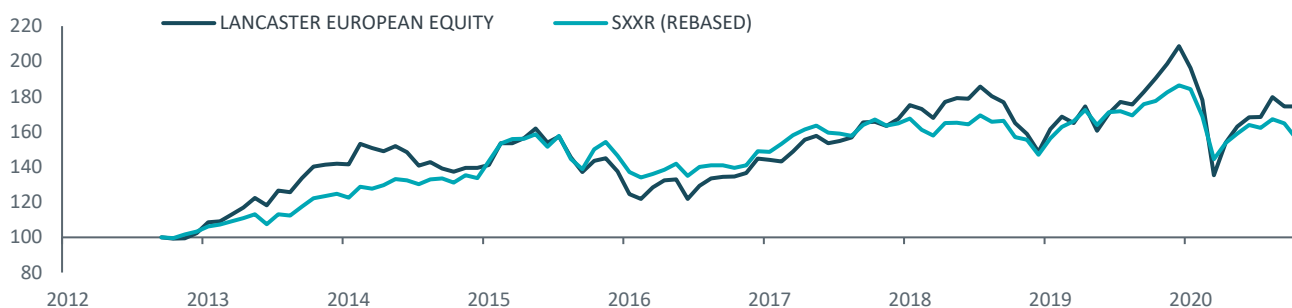
Source: Lancaster Investment Management, Bloomberg

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%	-9.26%	-23.96%	13.72%	5.80%	3.32%	0.05%	6.74%	-2.99%	0.02%			-16.43%	74.36%
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.

Lancaster European Equity Details

Launch date	October 2012	Fund Structure	Cayman Master Feeder: Cayman Ltd, Delaware LP
Redemptions	Monthly	Administrator	Morgan Stanley Fund Services
Notice Period	60 days	Auditor	KPMG
Minimum Investment	\$5,000,000	Prime Brokers	Goldman Sachs, Morgan Stanley
Management Fee	0.75%	Legal Advisors (UK)	Schulte Roth & Zabel
Performance Fee	15% * (subject to HWM)	Legal Advisors (US)	Schulte Roth & Zabel
Lockup Period	None	Legal Advisors (Cayman)	Maples & Calder
Subscriptions	Monthly	Contact Details	Richard Lamplough richard.lamplough@lancasterIM.co.uk +44 20 7842 1049
Gate	None		

* Payable over multiple years – please see offering documents

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