LANCASTER
INVESTMENT MANAGEMENT

Lancaster European Equity

January 2021

The fund returned -1.74% in January. The first two weeks of the month saw alpha generation against strong European markets, notably the UK. These gains were interrupted by the knock on impact of increased volatility in US markets; despite retail investors comprising a much smaller share of equity ownership and trading volume in Europe. We redeployed our cash balance into high conviction ideas across the portfolio including ArcelorMittal, Berkeley Group, and Inditex while re-entering a position in Adidas.

Positive stock performance came from Spectris where fourth quarter trading improved across all segments despite weak end markets. The combination of positive trading with strong cost control, led management to raise FY 2020 guidance to the high end of the previously guided range. Greggs posted impressive results in Q4 despite increased Covid restrictions while delivery continued to gather pace. Weak performance in the month came primarily from our UK domestic names, we used this as an opportunity to scale positions.

Exposure	
Cash	2.2%
Average market cap ($ millions)	22,019
Number of positions	38

Performance	Fund	STOXX*	MSCI*
Return on month	-1.74%	-0.75%	-1.00%
YTD return	-1.74%	-0.75%	-1.00%
1 year return	9.35%	-1.57%	-1.61%
3 year CAGR	7.00%	2.69%	1.96%
5 year CAGR	11.48%	5.75%	6.44%

Leverage	
Gross method	2.0
Commitment method	1.0

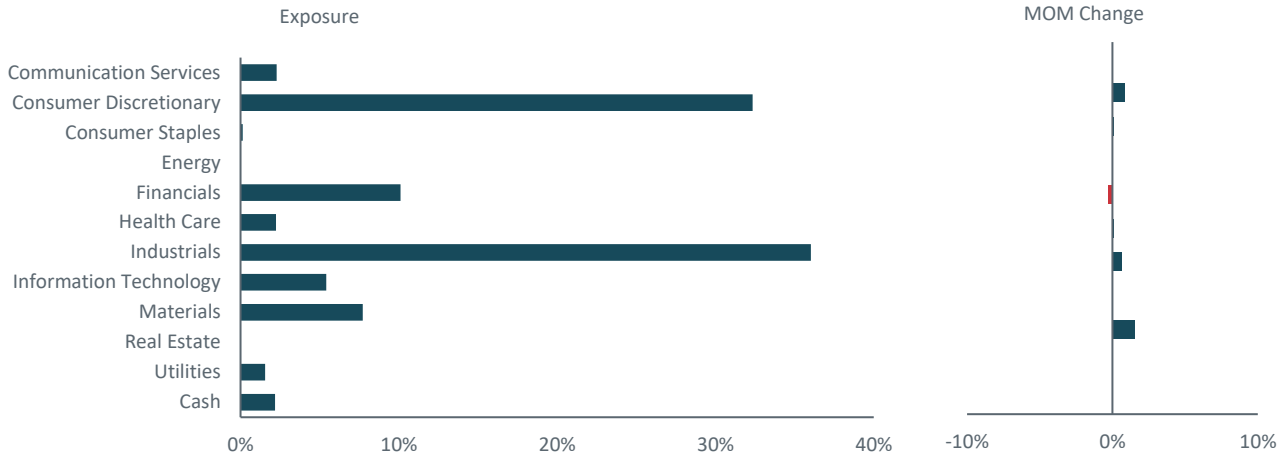
Top 3 Positive Contributors
Greggs
Spectris
Next

Top 3 Negative Contributors
Berkeley
IAG
EssilorLuxottica

Top 5 Longs	
Trelleborg	4.0%
Continental	3.9%
GEA	3.9%
Brenntag	3.9%
BAE Systems	3.8%
Total	**19.5%**

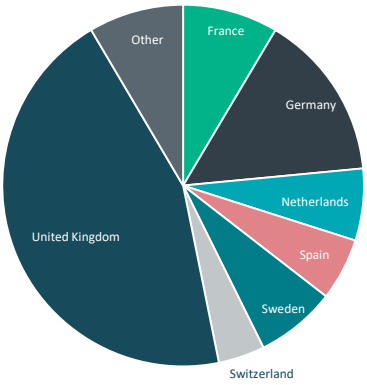
* STOXX Europe 600 Net Return (SXXR), MSCI Europe Net Return (NDDLE15). Fund performance quoted net of fees based on most invested share class.
Source: Lancaster Investment Management, Bloomberg

Sector Exposure

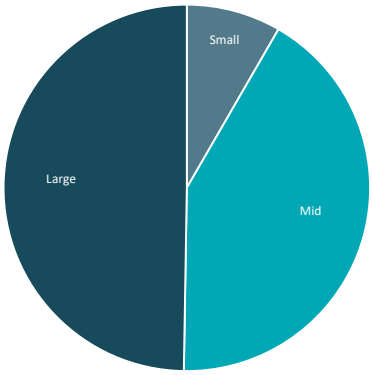


Source: Lancaster Investment Management

Country Exposure



Market Cap

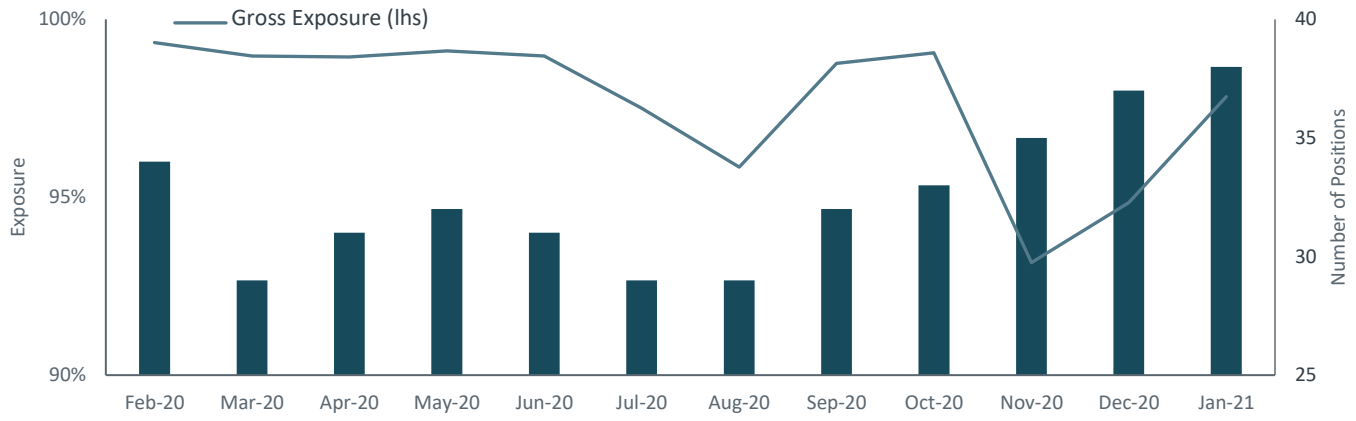


Source: Lancaster Investment Management

Liquidity

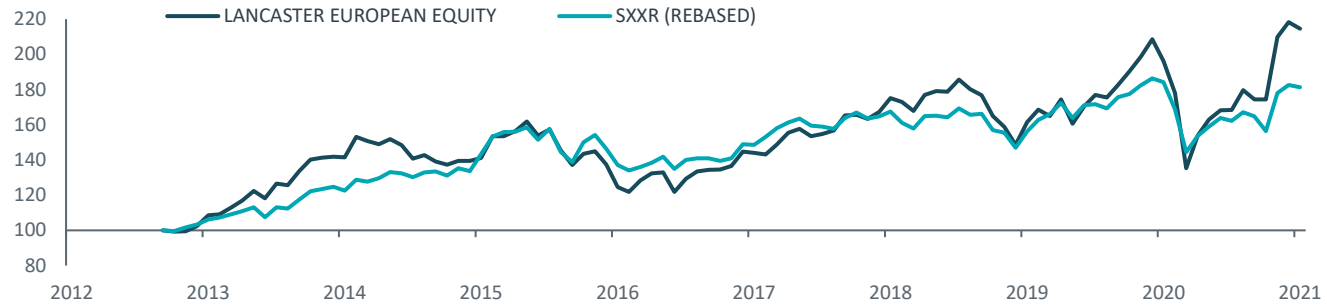
Source: Lancaster Investment Management, Bloomberg

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**
2021	-1.74%												**-1.74%**	**114.50%**
2020	-5.98%	-9.26%	-23.96%	13.72%	5.80%	3.32%	0.05%	6.74%	-2.99%	0.02%	20.38%	4.01%	**4.63%**	**118.29%**
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	10%* (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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