

Lancaster European Equity

June 2021

The portfolio had a disappointing month returning -0.14%, after a strong start to the year. A combination of factor rotation and fears about the Delta variant led to broad underperformance. Our two travel stocks, IAG and JET2, were the worst performers. Our banks also gave back some of their gains on the year, with the exception of BFF Bank in Italy which operates in something of a niche area of specialty finance. BFF's business model is discussed in detail in our Q2 letter. BT had a very good month on the news that Patrick Drahi, the founder of Altice, has built a 12% stake in the company. Based on his limited comments upon making the investment, it seems that he too is excited by the combination of the massive investment BT is making in fibre rollout in the UK and the clear improvement in the regulatory environment. We were also surprised to learn how closely he already interacts with BT management; both management teams have visited each other's sites to observe fibre rollout best practice. We believe he can help BT execute better operationally. The market, meanwhile, remains somewhat skeptical about looking through a 4-5 year investment period to see the cash machine the company could become. Positions exited in the month included Nokian Tyres. Having sold Autoliv earlier in the year we now have very little autos exposure.

Exposure

Cash	2.6%
Average market cap (\$ millions)	24,696
Number of positions	36

Performance

	Fund	STOXX*	MSCI*
Return on month	-0.14%	1.50%	1.61%
YTD return	18.28%	15.15%	14.50%
1 year return	53.45%	28.42%	26.61%
3 year CAGR	13.05%	8.62%	7.57%
5 year CAGR	16.21%	9.29%	9.31%

Leverage

Gross method	2.0
Commitment method	1.0

Top 3 Positive Contributors

BT
BFF
Alten

Top 3 Negative Contributors

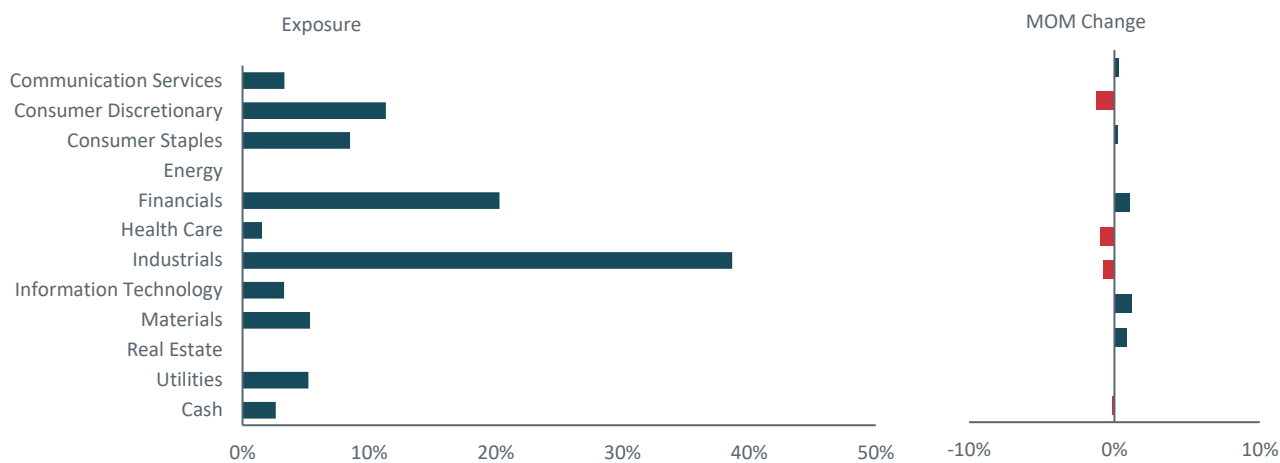
IAG
JET2
Bank of Ireland

Top 5 Longs

Danone	5.2%
BAE Systems	4.5%
Brenntag	4.0%
National Grid	3.7%
GEA	3.5%
Total	21.1%

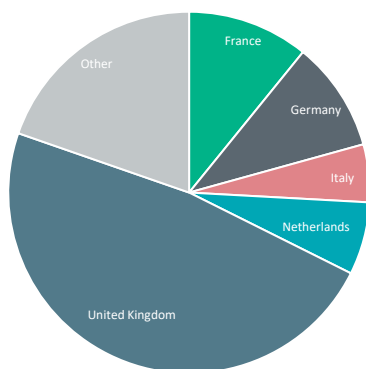
* STOXX Europe 600 Net Return (SXXR), MSCI Europe Net Return (NDDLE15). Fund performance quoted net of fees based on most invested share class.
Source: Lancaster Investment Management, Bloomberg

Sector Exposure



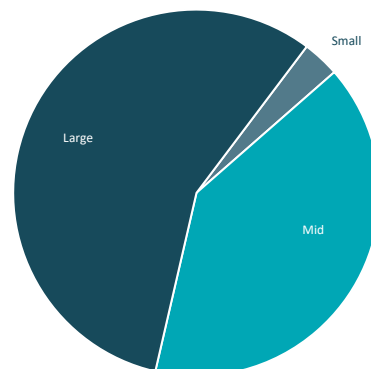
Source: Lancaster Investment Management

Country Exposure



Source: Lancaster Investment Management

Market Cap

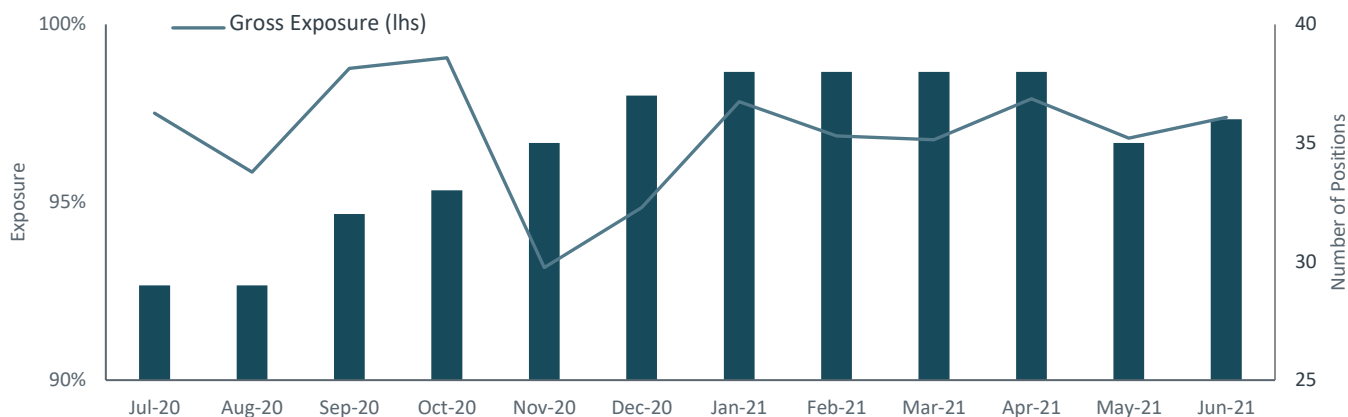


Liquidity



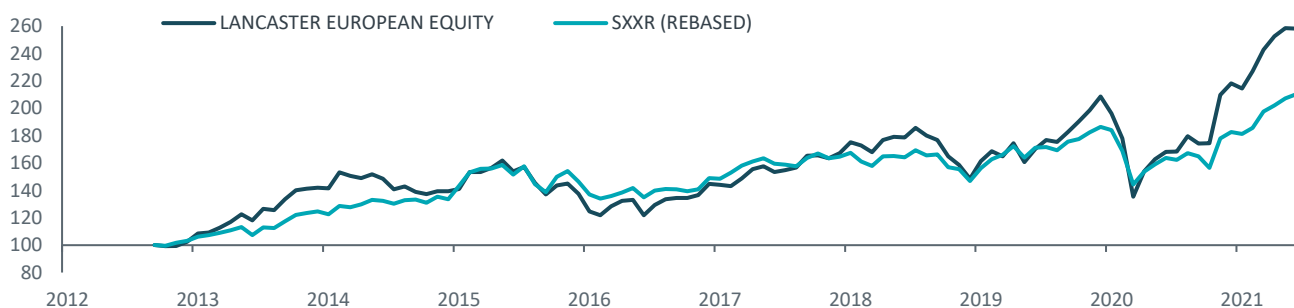
Source: Lancaster Investment Management, Bloomberg

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	YTD	Inception
2021	-1.74%	5.90%	6.87%	4.02%	2.40%	-0.14%							18.28%	158.19%

	YTD	2020	2019	2018	2017	2016
Lancaster European Equity	18.28%	4.63%	40.45%	-11.16%	15.55%	5.23%

STOXX Europe 600 Net Return	15.15%	-1.99%	26.28%	-10.77%	10.58%	1.73%
MSCI Europe Net Return	14.50%	-2.21%	23.75%	-10.59%	13.06%	7.23%

Performance quoted net of fees based on the most invested share class. Other share classes with higher fees may exist. Full monthly performance available on request.

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	10% * (subject to HWM)	Legal Advisors (US)	Schulte Roth & Zabel
Lockup Period	None	Legal Advisors (Cayman)	Maples & Calder
Subscriptions	Monthly	Contact Details	Rory Hayward rory.hayward@lancasterIM.co.uk +44 20 7842 1050
Gate	None		

* Payable over multiple years – please see offering documents

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