

Lancaster European Equity

October 2021

The fund returned 1.45% during the month versus the SXXR at 4.67%. It was a disappointing month after a decent first three quarters of the year. While a handful of stocks suffered modest losses, most notably BT, the month was more characterised by our investments failing to participate in a strong market rally. It felt like we were fighting the headwinds of a covid resurgence in the UK, UK listed stocks in general, and bond yields. We do not have a particularly significant UK domestic exposure, but large multinationals listed in the UK seemed to suffer as much as domestic names. This seems anomalous as these businesses will enjoy upgrades to earnings expectations as a result of weak sterling. BT was the worst performer: a number of press stories reported that Sky, a wholesale customer of BT's existing broadband network, might invest in Virgin Media's new fibre network. This supported a bearish view that BT's fibre rollout will face an avalanche of competition. We believe not only that BT has a number of fibre rollout cost advantages, but that the real attraction for BT is the UK's much improved regulatory environment. While we are very aware that we are still several years away from finding out how BT will ultimately fare in its fibre rollout, we find the stock's valuation presents an asymmetric return profile. The key winners on the month were Richemont, a name we recently got back into, and Kongsberg.

Exposure		Performance	Fund	STOXX*	MSCI*
Cash	1.0%	Return on month	1.45%	4.67%	3.73%
Average market cap (\$ millions)	24,119	YTD return	22.79%	21.55%	19.42%
Number of positions	32	1 year return	53.74%	41.95%	39.09%
		3 year CAGR	17.59%	12.25%	10.67%
		5 year CAGR	14.79%	9.76%	8.96%

Leverage	
Gross method	2.0
Commitment method	1.0

Top 3 Positive Contributors

Richemont
Kongsberg
GEA

Top 3 Negative Contributors

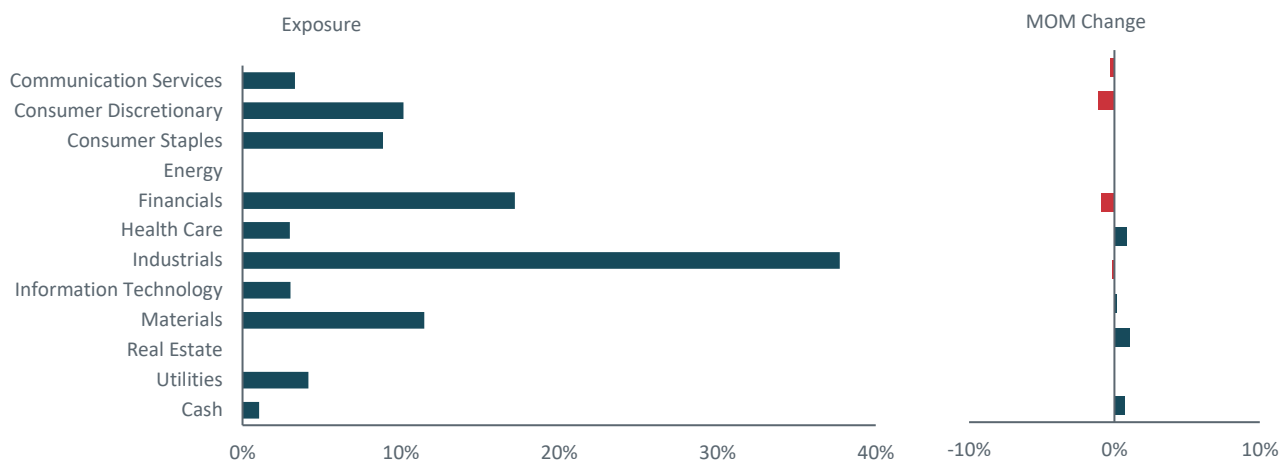
BT Group
Danone
Lancashire

Top 5 Longs

Danone	5.6%
Trelleborg	5.3%
BAE Systems	4.4%
Next	4.3%
National Grid	4.2%
Total	23.8%

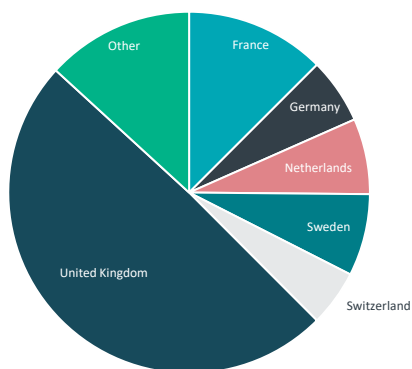
* STOXX Europe 600 Net Return (SXXR), MSCI Europe Net Return (NDDLE15). Fund performance quoted net of fees based on most invested share class.
Source: Lancaster Investment Management, Bloomberg

Sector Exposure



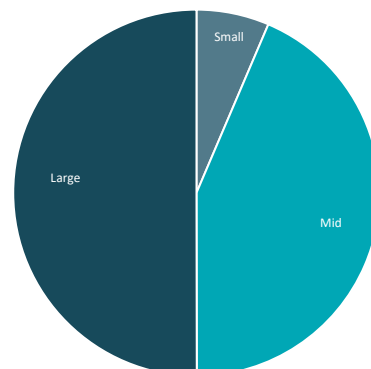
Source: Lancaster Investment Management

Country Exposure

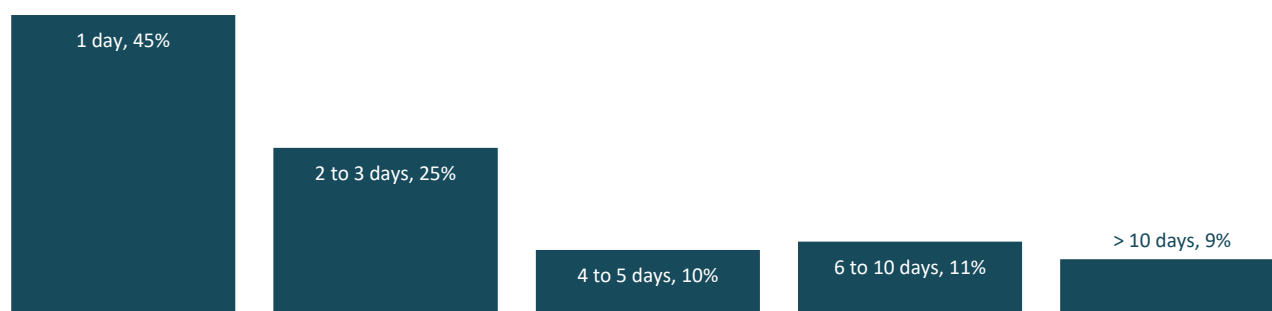


Source: Lancaster Investment Management

Market Cap

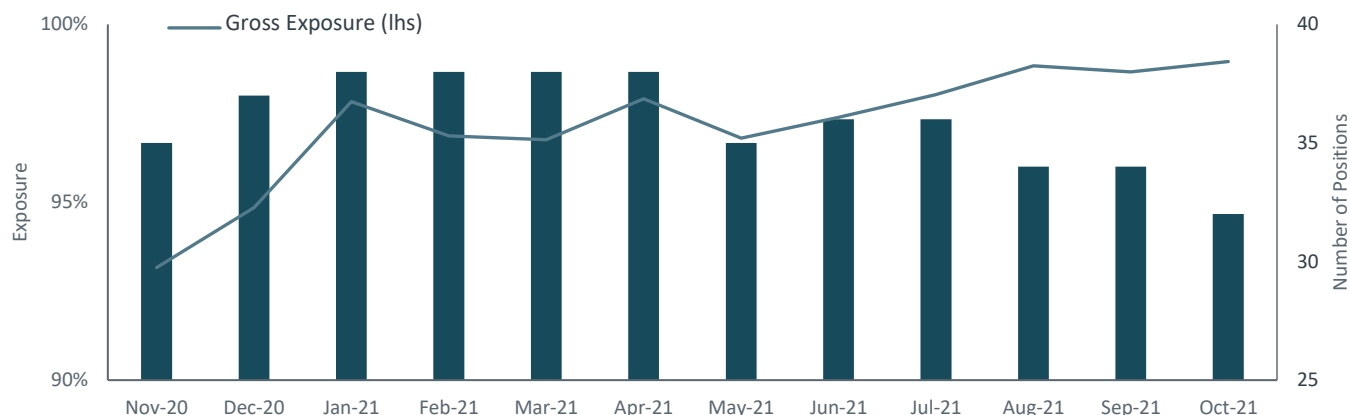


Liquidity



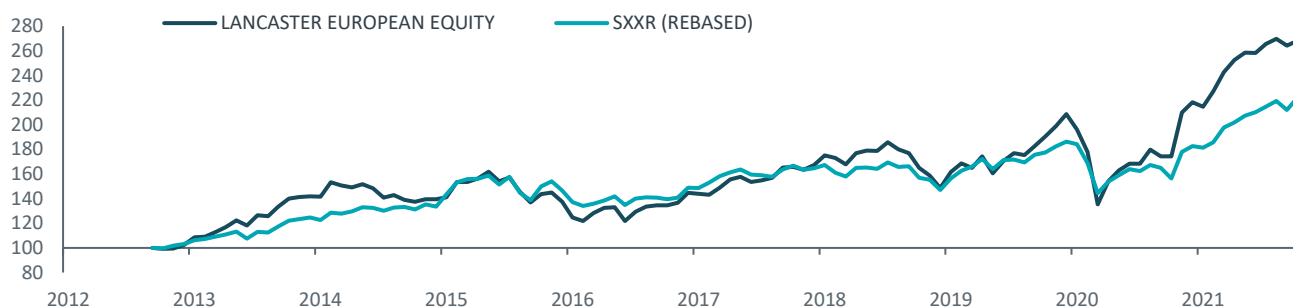
Source: Lancaster Investment Management, Bloomberg

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%	2.80%	1.61%	-2.03%	1.45%			22.79%	168.05%

	YTD	2020	2019	2018	2017	2016
Lancaster European Equity	22.79%	4.63%	40.45%	-11.16%	15.55%	5.23%
STOXX Europe 600 Net Return (SXXR)	21.55%	-1.99%	26.82%	-10.77%	10.58%	1.73%
MSCI Europe Net Return (NDDLE15)	19.42%	-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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