LANCASTER
INVESTMENT MANAGEMENT

Lancaster European Equity

December 2021

The fund finished the year strongly returning 6.70% in December versus the SXXR at 5.42%. While Omicron infections spiked globally, the market took comfort from increasing evidence of the variant's mildness as the month unfolded. Our best performing position in the month was Trelleborg, the Swedish automotive and industrial product supplier. The company confirmed multiple approaches for its agricultural tyre business at attractive valuations. Divesting this non-core business will improve the company's strategic focus and returns. ArcelorMittal also performed well on commodity market strength and factor rotation. We added one new position during the month, a Dutch lighting company. We believe this company is a forgotten beneficiary of increased infrastructure and construction capex spend, benefitting from a number of secular tailwinds and self-help, and trading on a very low multiple. We sold our investment in BFF Bank on concerns about new competitive pressures in one of its asset management businesses.

Exposure	
Cash	2.4%
Average market cap ($ millions)	22,262
Number of positions	32

Performance	Fund	STOXX*	MSCI*
Return on month	6.70%	5.42%	5.15%
YTD return	27.65%	24.91%	22.61%
1 year return	27.65%	24.91%	22.61%
3 year CAGR	23.33%	15.79%	14.06%
5 year CAGR	14.00%	8.90%	8.45%

Leverage	
Gross method	2.0
Commitment method	1.0

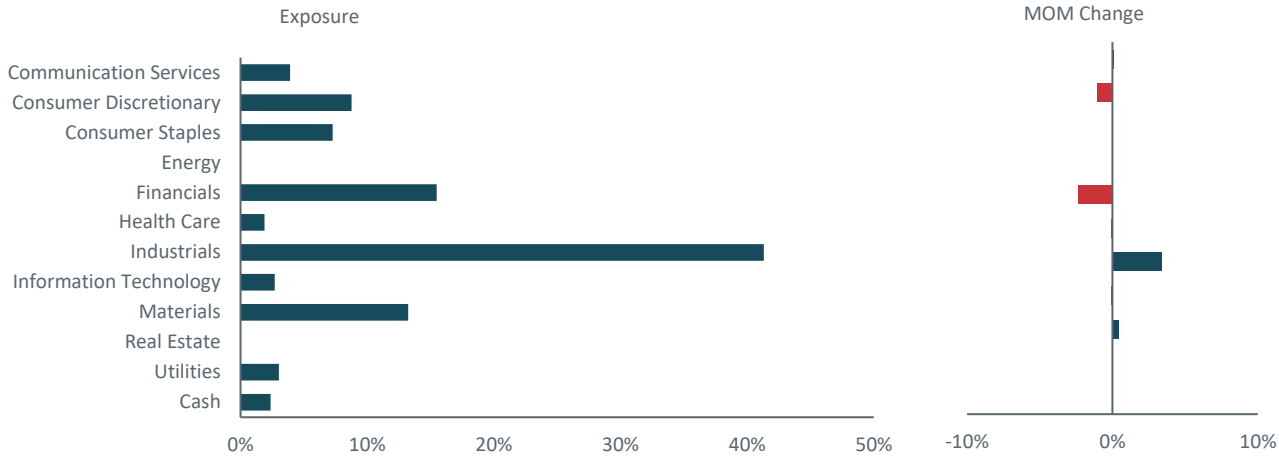
Top 3 Positive Contributors
Trelleborg
ArcelorMittal
Airbus

Top 3 Negative Contributors
Breedon
Electrocomponents
Convatec

Top 5 Longs	
Danone	5.7%
Trelleborg	5.2%
BAE Systems	4.5%
Next	3.9%
BT	3.9%
Total	**23.1%**

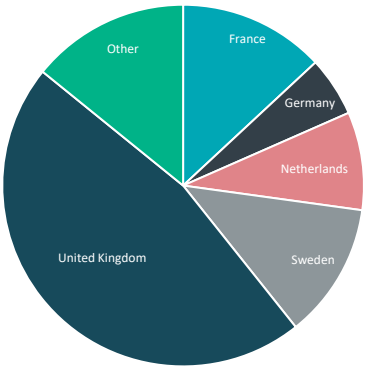
* STOXX Europe 600 Net Return (SXXR), MSCI Europe Net Return (NDDLE15). Fund performance quoted net of fees based on most invested share class.
Source: Lancaster Investment Management, Bloomberg

Sector Exposure

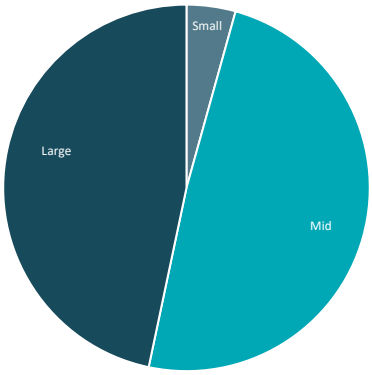


Source: Lancaster Investment Management

Country Exposure

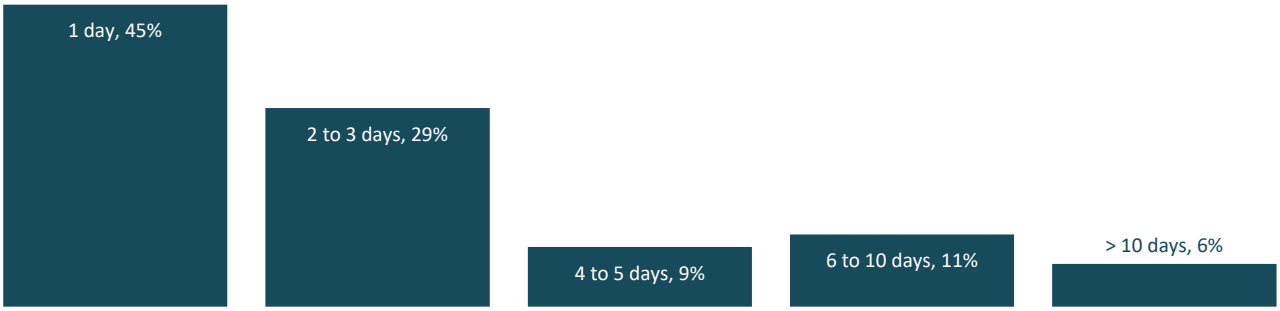


Market Cap



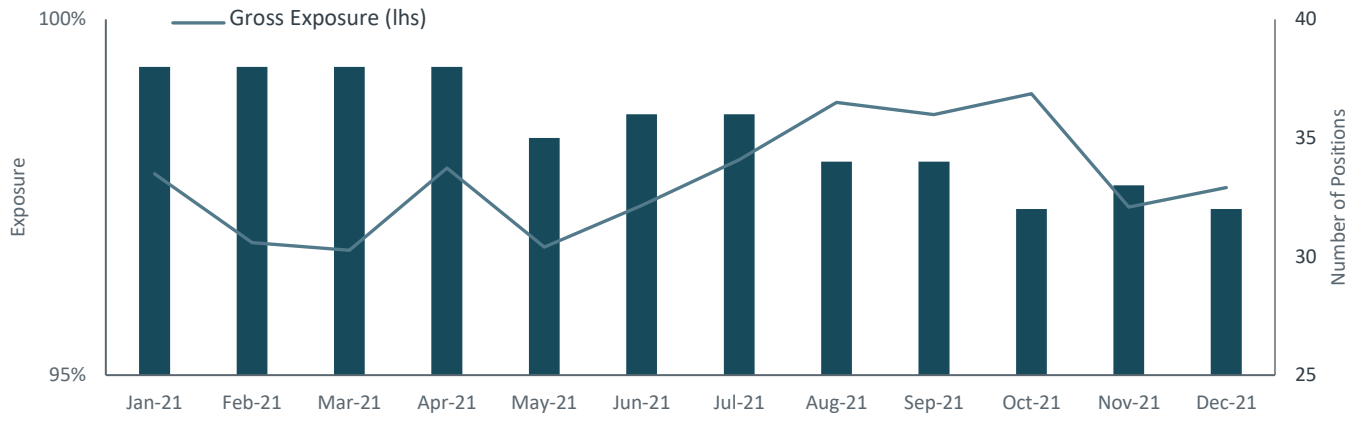
Source: Lancaster Investment Management

Liquidity



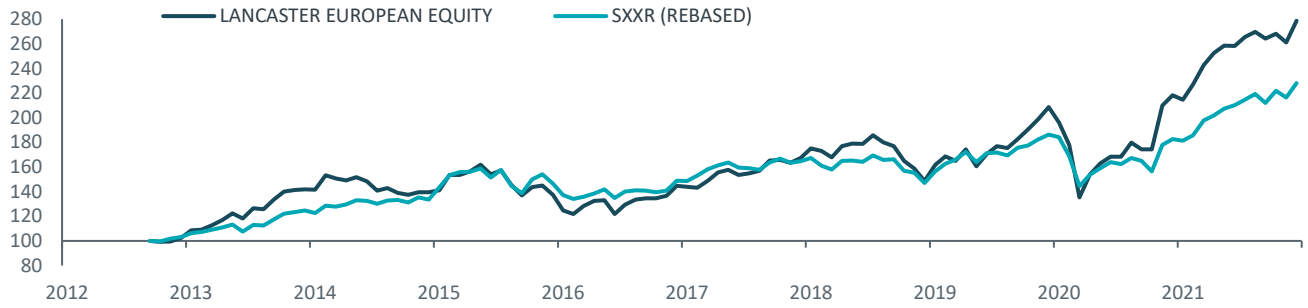
Source: Lancaster Investment Management, Bloomberg

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	YTD	Inception
2021	-1.74%	5.90%	6.87%	4.02%	2.40%	-0.14%	2.80%	1.61%	-2.03%	1.45%	-2.58%	6.70%	**27.65%**	**178.66%**

	YTD	2020	2019	2018	2017	2016
Lancaster European Equity	27.65%	4.63%	40.45%	-11.16%	15.55%	5.23%
STOXX Europe 600 Net Return (SXXR)	24.91%	-1.99%	26.82%	-10.77%	10.58%	1.73%
MSCI Europe Net Return (NDDLE15)	22.61%	-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.

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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**	Rory Hayward rory.hayward@lancasterIM.co.uk +44 20 7842 1050

* Payable over multiple years – please see offering documents

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