

Lancaster European Equity

March 2022

The fund returned -0.99% in March versus the SXXR at 1.00%. It is an understatement to say a lot happened in the month. Russia's war in Ukraine, the resulting oil price shock, inflation fears, and concerns about central bank policy error led to high volatility and rotation back and forth at the sector level. Our portfolio was no different with monthly performance at times both lagging and beating the market only to disappointingly end down. Two of our largest positions, Next and Autoliv, were the worst performers on fears about the UK consumer and the auto supply chain respectively. Next, with a management team known for conservative guidance, actually raised its full year guidance – ex its small exposure to Russia and Ukraine – in the final week of the month; its relentless market share gains and advantages at handling inflation pressures leave management cautious but emboldened. We added to the position on weakness. With Autoliv we chose to be more cautious and did not size up in the sell off. We have owned the company multiple times in the last 15 years and know that it is a company and sector where the market can be stubborn at “looking through” to the long term story. Pent up auto demand may be at historical highs but we feel we need greater clarity on how supply chain disruption will be solved, something a recent face-to-face meeting with the company failed to give us. The month was not all doom and gloom with good performance in particular from Trelleborg; the company sold its tyres business to Yokohama Rubber for a very good price prompting a 20% jump in the share price. The market sell off also allowed us to find an attractive entry level in a building materials investment we had started doing work on where we feel its exposure to US infrastructure spend is overlooked because of its European listing.

Exposure

Cash	1.5%
Average market cap (\$ millions)	16,463
Number of positions	35

Performance

	Fund	STOXX*	MSCI*
Return on month	-0.99%	1.00%	0.81%
YTD return	-4.59%	-6.02%	-5.36%
1 year return	9.53%	8.49%	7.90%
3 year CAGR	17.25%	8.89%	7.97%
5 year CAGR	12.32%	6.29%	6.01%

Leverage

Gross method	2.0
Commitment method	1.0

Top 3 Positive Contributors

Trelleborg
London Stock Exchange
Convatec

Top 3 Negative Contributors

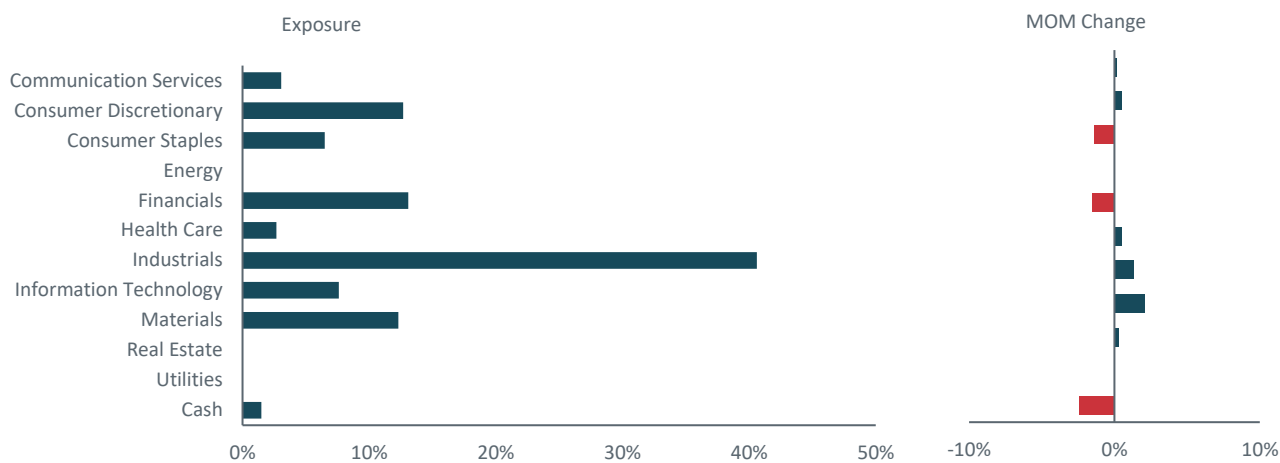
Next
Autoliv
Husqvarna

Top 5 Longs

Trelleborg	4.9%
Next	4.8%
Danone	4.6%
Constellium	4.1%
Electrocomponents	3.7%
Total	22.1%

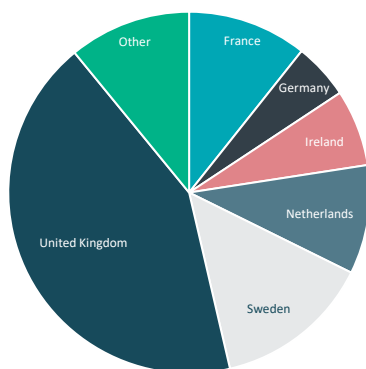
* STOXX Europe 600 Net Return (SXXR), MSCI Europe Net Return (NDDLE15). Fund performance quoted net of fees based on most invested share class.
Source: Lancaster Investment Management, Bloomberg

Sector Exposure



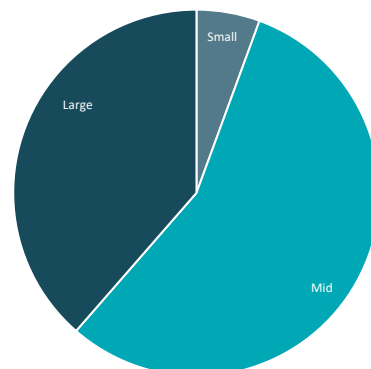
Source: Lancaster Investment Management

Country Exposure

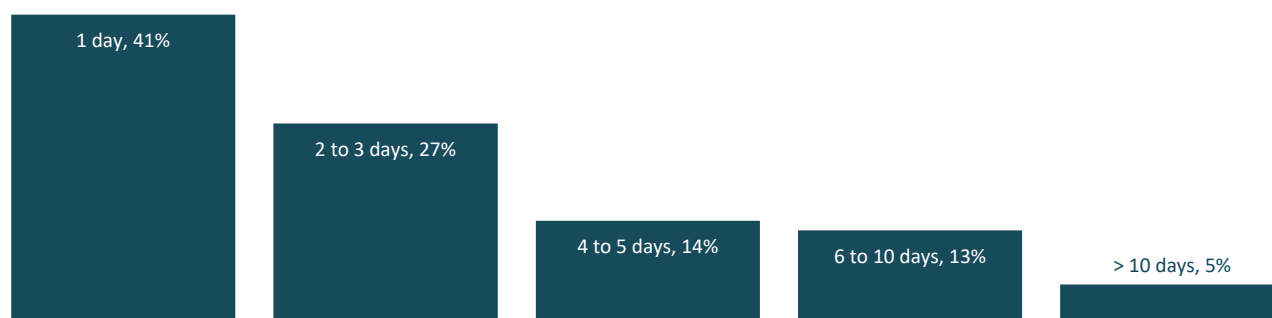


Source: Lancaster Investment Management

Market Cap

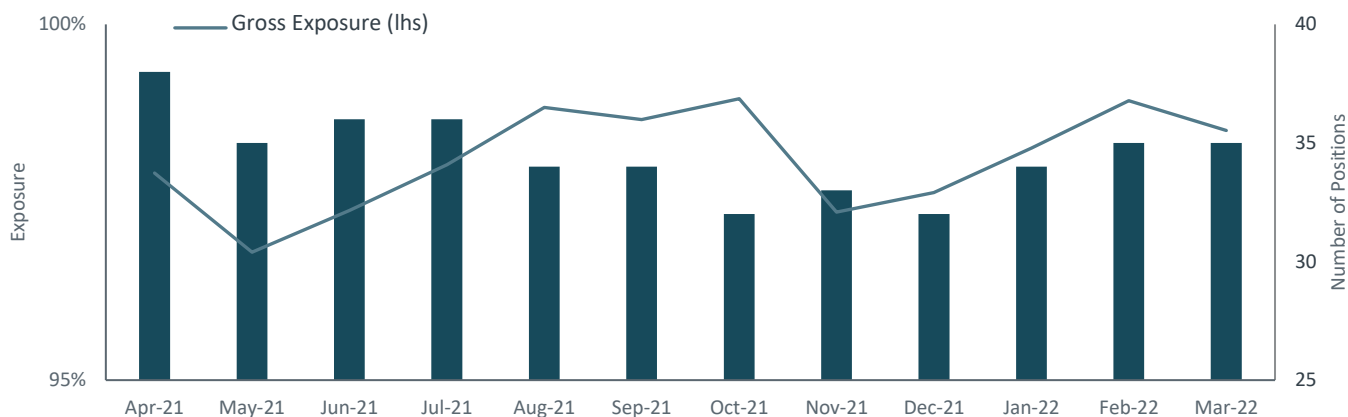


Liquidity



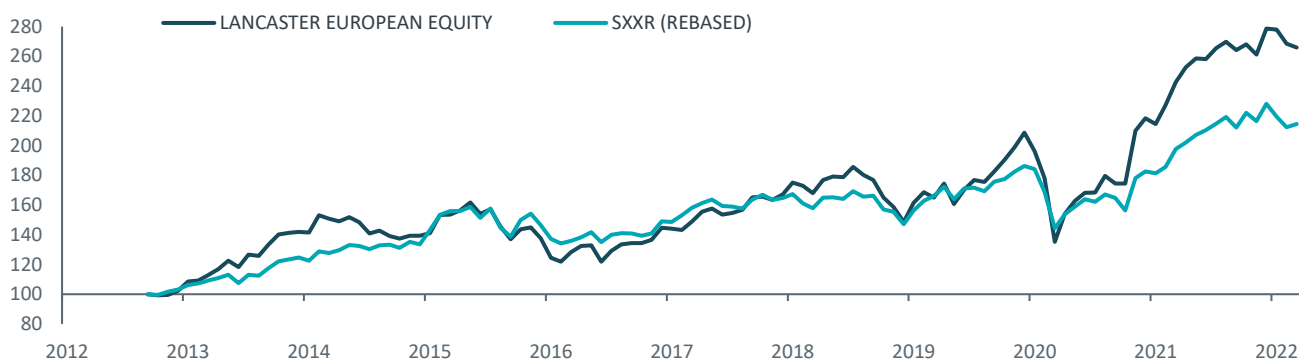
Source: Lancaster Investment Management, Bloomberg

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	YTD	Inception
2022	-0.25%	-3.40%	-0.99%										-4.59%	165.87%

	YTD	2021	2020	2019	2018	2017
Lancaster European Equity	-4.59%	27.65%	4.63%	40.45%	-11.16%	15.55%

STOXX Europe 600 Net Return (SXXR)	-6.02%	24.91%	-1.99%	26.82%	-10.77%	10.58%
MSCI Europe Net Return (NDDLE15)	-5.36%	22.61%	-2.21%	23.75%	-10.59%	13.06%

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			
	Class A	Class C	Fund Structure	Cayman Master Feeder: Cayman Ltd, Delaware LP
Redemptions	Monthly	Monthly		
Notice Period	60 days	60 days	Administrator	Morgan Stanley Fund Services
Minimum Investment	\$5,000,000	\$5,000,000	Auditor	KPMG
Management Fee	1.00%	0.75%	Prime Brokers	Goldman Sachs, Morgan Stanley
Performance Fee	None	10.0%*	Legal Advisors (UK)	Schulte Roth & Zabel
Lockup Period	None	None	Legal Advisors (US)	Schulte Roth & Zabel
Subscriptions	Monthly	Monthly	Legal Advisors (Cayman)	Maples & Calder
Gate	None	None	Contact Details	Rory Hayward rory.hayward@lancasterIM.co.uk +44 20 7842 1050

* Subject to index hurdle and payable over multiple years – please see offering documents

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