LANCASTER
INVESTMENT MANAGEMENT

Lancaster European Equity

June 2022

The fund returned -10.28% on the month versus the SXXR at -8.02%. This was a disappointing end to the first half of the year. A confluence of recession fears, inflation spiking, and commodity weakness – oil being the critical exception – hurt a wide-ranging number of names in the portfolio. The worst performers came from such sectors as steel, travel, and auto suppliers. There were no major stock specific stories in the fund, rather a broad deterioration in sentiment. We sold both our UK insurers during the month. Beazley had performed well and was approaching our estimates of fair value. Lancashire, while trading at an attractive valuation, had become less appealing on a relative basis with ongoing uncertainties from the Ukraine conflict. We re-deployed the capital from these exits into existing cyclical positions where multiples have dislocated even further, as well as into the re-initiation of the Anglo American position following a 30%+ de-rating on short term demand concerns. We started building new positions in a French water and waste company and a French engineering business.

Exposure	
Cash	0.7%
Average market cap ($ millions)	14,301
Number of positions	34

Performance	Fund	STOXX*	MSCI*
Return on month	-10.28%	-8.02%	-7.68%
YTD return	-12.72%	-14.97%	-13.57%
1 year return	-5.80%	-7.77%	-7.45%
3 year CAGR	12.61%	4.27%	3.38%
5 year CAGR	9.65%	4.00%	3.74%

Leverage	
Gross method	1.9
Commitment method	1.0

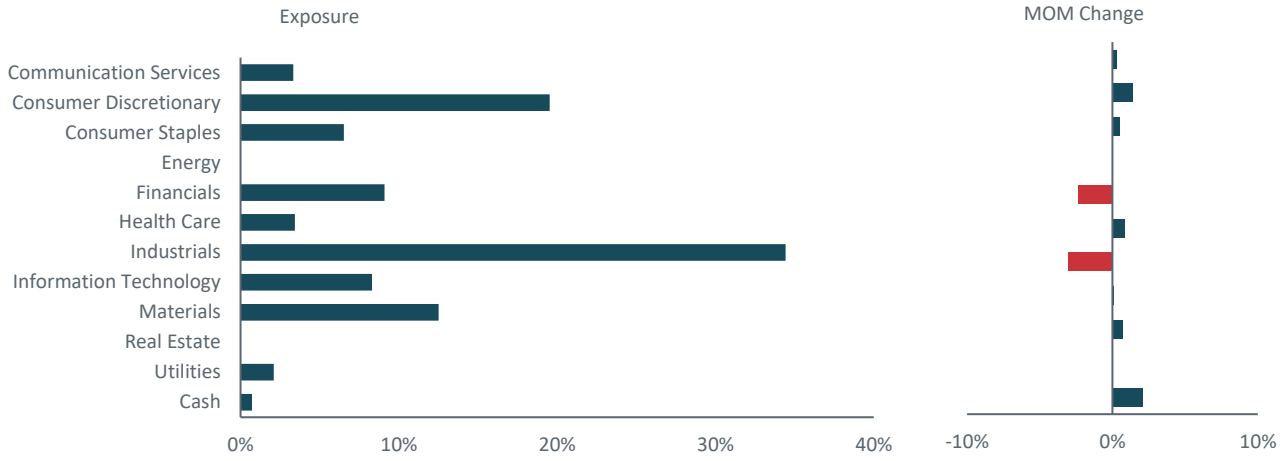
Top 3 Positive Contributors
BAE Systems
Convatec
Beiersdorf

Top 3 Negative Contributors
Constellium
ArcelorMittal
Jet2

Top 5 Longs	
Next	5.4%
Danone	4.9%
Autoliv	4.5%
CRH	4.3%
Sage	4.0%
Total	**23.1%**

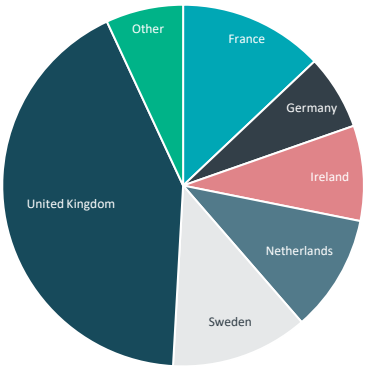
* STOXX Europe 600 Net Return (SXXR), MSCI Europe Net Return (NDDLE15). Fund performance quoted net of fees based on most invested share class.
Source: Lancaster Investment Management, Bloomberg

Sector Exposure

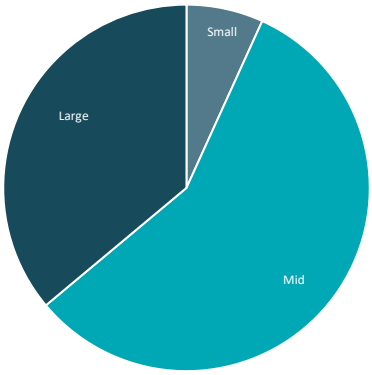


Source: Lancaster Investment Management

Country Exposure

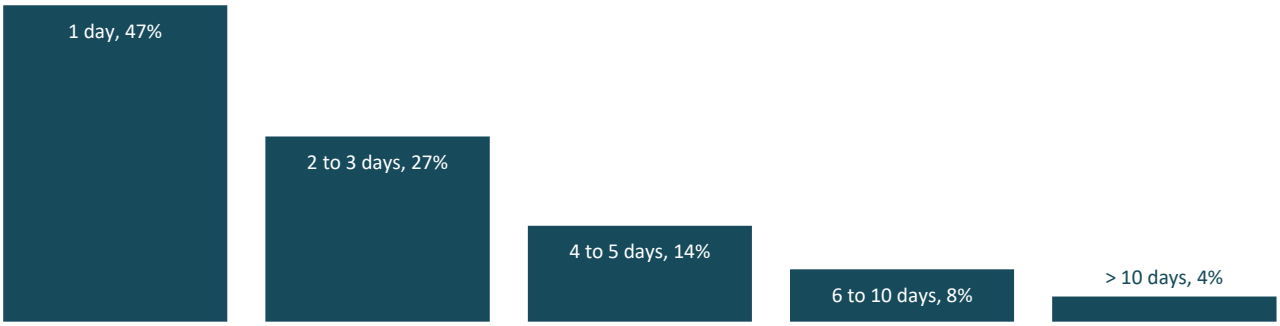


Market Cap



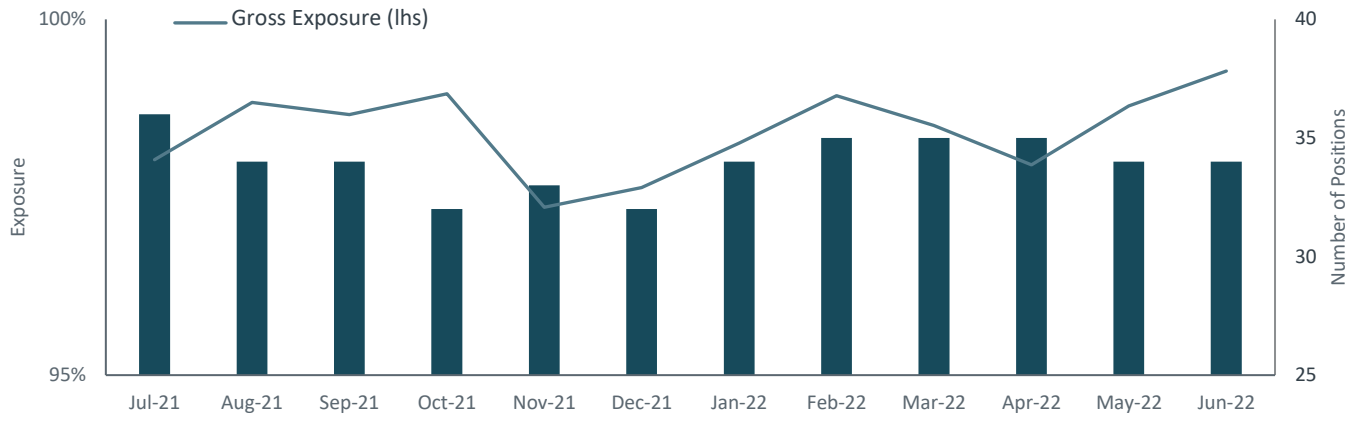
Source: Lancaster Investment Management

Liquidity



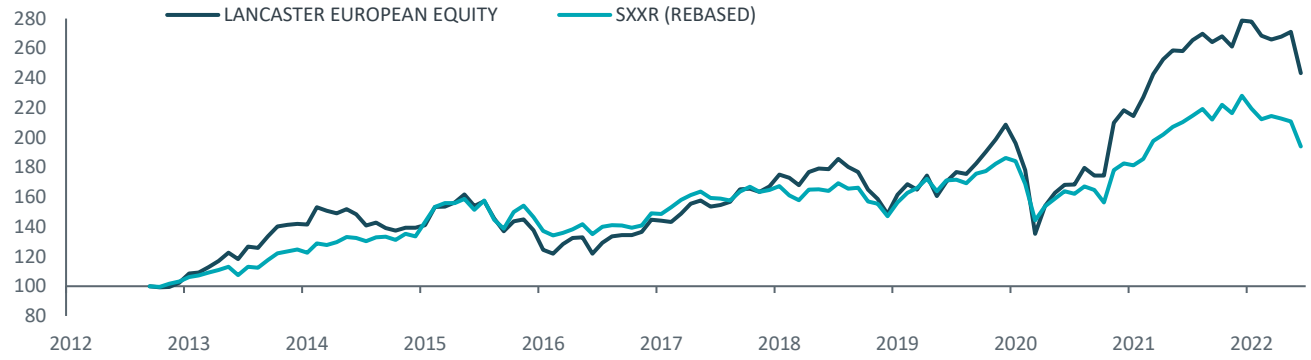
Source: Lancaster Investment Management, Bloomberg

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
2022	-0.25%	-3.40%	-0.99%	0.71%	1.25%	-10.28%							**-12.72%**	**143.22%**

	YTD	2021	2020	2019	2018	2017
Lancaster European Equity	-12.72%	27.65%	4.63%	40.45%	-11.16%	15.55%
STOXX Europe 600 Net Return (SXXR)	-14.97%	24.91%	-1.99%	26.82%	-10.77%	10.58%
MSCI Europe Net Return (NDDLE15)	-13.57%	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.

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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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