LANCASTER
INVESTMENT MANAGEMENT

Lancaster European Equity

March 2023

The fund's net return was -0.44% in March versus the SXXR at -0.32%. In what was a mixed month for the fund, our two worst performing investments were both banks: Bankinter and Erste Bank. This is perhaps unsurprising given the seismic events within the sector. We have discussed at length in the past our approach to investing in banks. In brief, we continue to focus on niche, simple banks with strong, long-term track records that operate within attractively structured systems serving economies that have less of a need to de-lever, and a greater potential to enjoy growth in real terms. The three banks we own – the other being Bank of Ireland – sit firmly within this group and we remain excited about the value creation opportunity at all of them. Positive contributions within the month came principally from two relatively new longs: Adidas and Melrose. We discuss Adidas in further detail in our Q1 letter. Melrose is a listed investment company which previously bought GKN, a fund holding at the time. The company is a specialist at restructuring industrial businesses and is in the process of splitting into two parts: automotive and aerospace; we see this as a step forward in improving performance at both divisions. We sold our position in CRH during the month. The announcement that the company will move to a US listing prompted a rally in the shares; we used this as an opportunity to exit on valuation grounds.

Performance (net)

	Fund	STOXX*	MSCI*
Return on month	-0.44%	-0.32%	0.13%
YTD return	13.79%	8.39%	8.63%
1 year return	15.57%	3.06%	4.98%
3 year return	127.01%	53.13%	52.34%
5 year return	83.01%	40.00%	37.81%
10 year return	172.31%	102.67%	99.42%

Trailing CAGR (net)

	Fund	STOXX*	MSCI*
3 year	31.43%	15.26%	15.06%
5 year	12.85%	6.96%	6.62%
10 year	10.54%	7.32%	7.15%

Exposure

Cash	1.0%
Average market cap ($ millions)	16,419
Number of positions	34

Leverage

Gross method	1.9
Commitment method	1.0

Top 3 Positive Contributors

Adidas
Melrose
Danone

Top 3 Negative Contributors

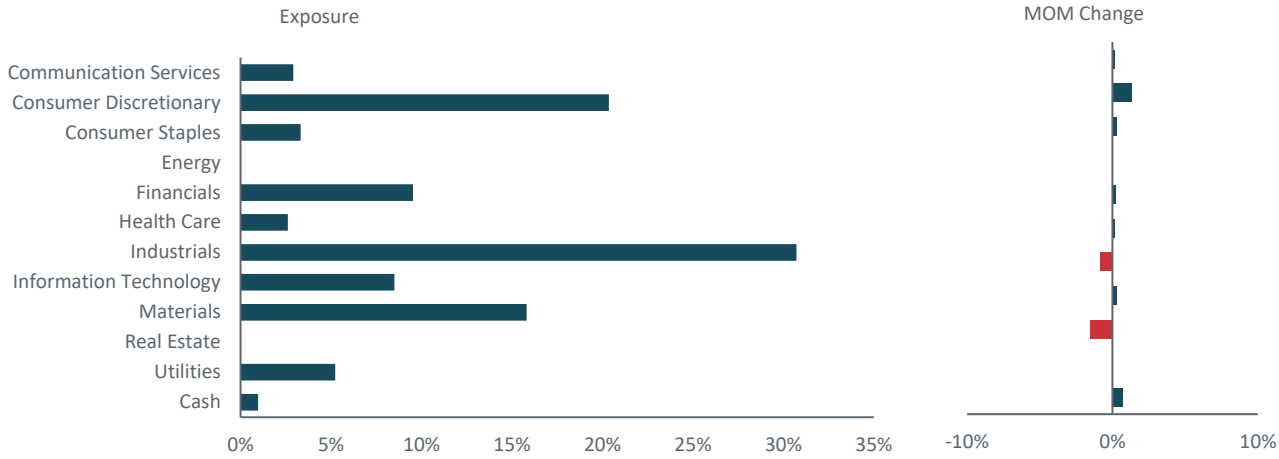
Bankinter
Erste Bank
Bank of Ireland

Top 5 Longs

Next	6.5%
Autoliv	4.4%
Signify	4.2%
Novozymes	4.0%
Ryanair	4.0%
Total	**23.1%**

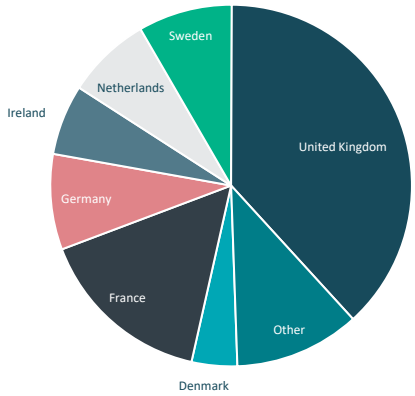
* STOXX Europe 600 Net Return (SXXR), MSCI Europe Net Return (NDDLE15). Fund performance quoted net of fees based on most invested share class.

Sector Exposure

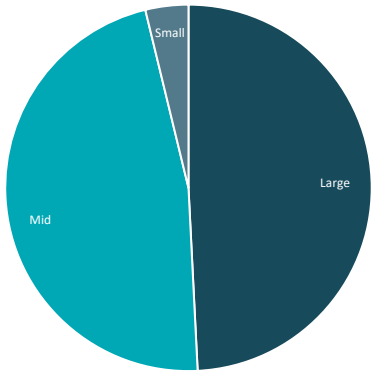


Source: Lancaster Investment Management

Country Exposure

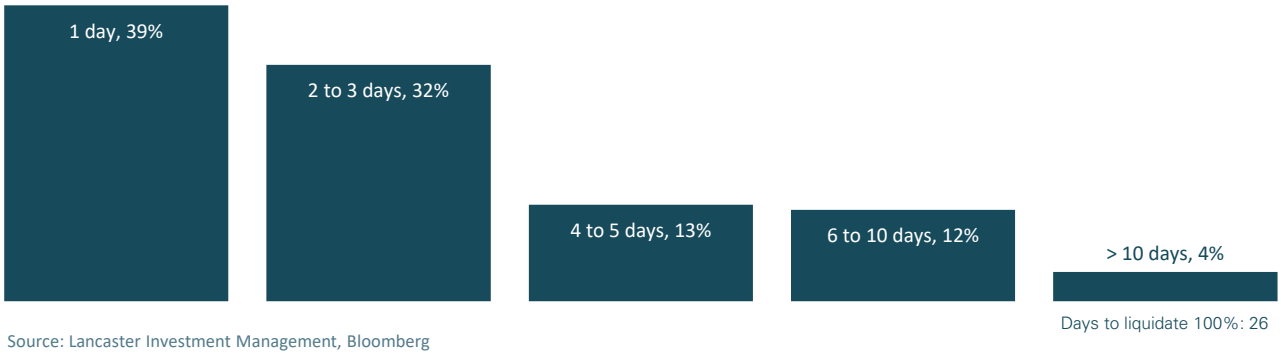


Market Cap



Source: Lancaster Investment Management

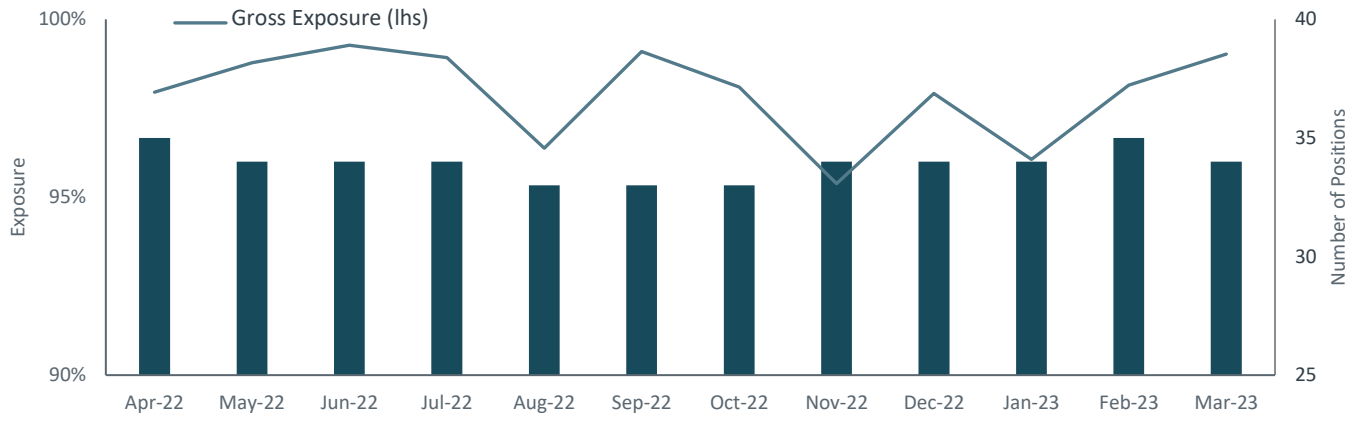
Liquidity



Source: Lancaster Investment Management, Bloomberg

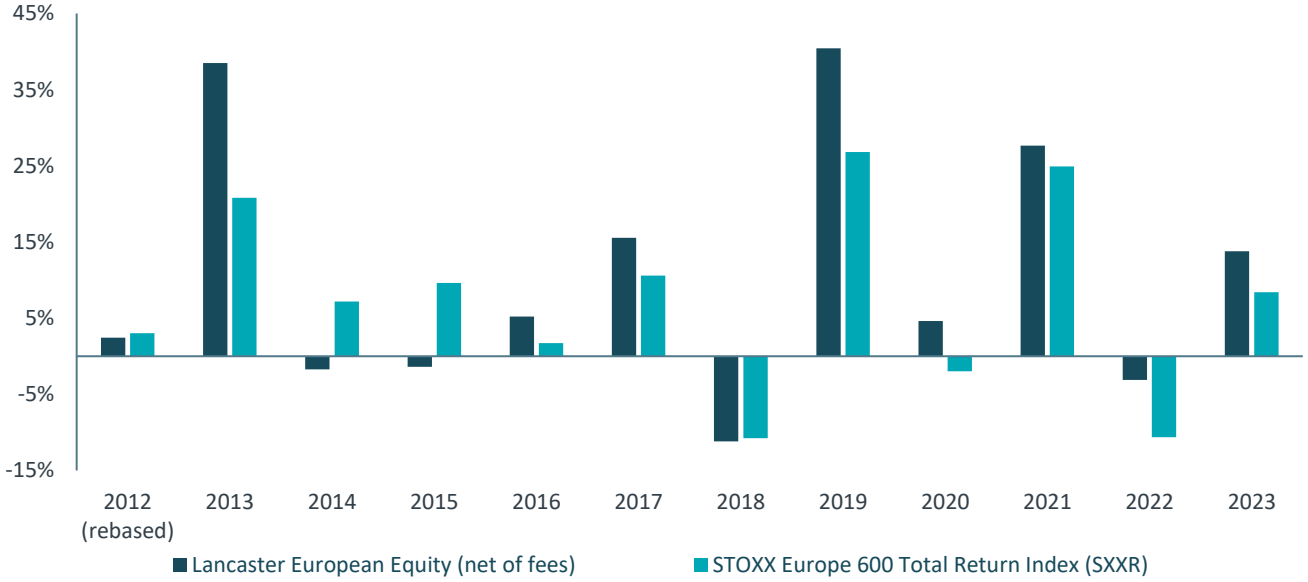
Graphs for illustrative purposes only

Portfolio Composition



Source: Lancaster Investment Management

Fund Performance (net)



Source: Lancaster Investment Management, Bloomberg

Historical Performance (net)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2023	11.47%	2.53%	-0.44%										**13.79%**

	YTD	2022	2021	2020	2019	2018	Inception
Lancaster European Equity	13.79%	-3.09%	27.65%	4.63%	40.45%	-11.16%	**207.27%**
STOXX Europe 600 Net Return (SXXR)	8.39%	-10.64%	24.91%	-1.99%	26.82%	-10.77%	**120.72%**
MSCI Europe Net Return (NDDLE15)	8.63%	-8.54%	22.61%	-2.21%	23.75%	-10.59%	**121.03%**

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**	Ernst & Young
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)**	Walkers
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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