LANCASTER
INVESTMENT MANAGEMENT

Lancaster European Equity

July 2023

The fund's net return was 4.44% in July versus the SXXR at 2.14%. The portfolio had a strong month materially outperforming the broader European market. There were two main drivers: better inflation data helping consumer focused names and good Q2 results at a number of our companies. Specifically in the UK, a June inflation miss pushed up names such as Deliveroo and Next; both report Q2 in August. Results were particularly strong at Autoliv, Babcock and Michelin. Autoliv is attempting to prove to investors that its material market share gains will translate into structurally higher margins; good operational leverage in its Q2 results was seen as a significant step forward. Babcock's results (fiscal March year-end) saw the company deliver strong organic revenue growth and operating profit ahead of consensus. Free cash flow has started to inflect and the balance sheet is de-levering fast. Given the strong performance, management introduced new medium term guidance substantially ahead of what the market was expecting. The stock rose over 20%. Lastly Michelin's Q2 produced a beat on both profit and cashflow, and the company raised full year guidance. We believe the street continues to underestimate the pricing power Michelin has created from its superior product offerings.

Performance (net)

	Fund	STOXX*	MSCI*
Return on month	4.44%	2.14%	1.49%
YTD return	19.86%	13.23%	12.19%
1 year return	22.44%	10.45%	11.88%
3 year return	92.27%	42.30%	41.16%
5 year return	74.35%	36.38%	32.40%
10 year return	155.72%	104.36%	96.11%

Trailing CAGR (net)

	Fund	STOXX*	MSCI*
3 year	24.35%	12.48%	12.18%
5 year	11.76%	6.40%	5.77%
10 year	9.84%	7.41%	6.97%

Exposure

Cash	3.5%
Average market cap ($ millions)	16,118
Number of positions	33

Leverage

Gross method	1.9
Commitment method	0.9

Top 3 Positive Contributors

Autoliv
Babcock
Signify

Top 3 Negative Contributors

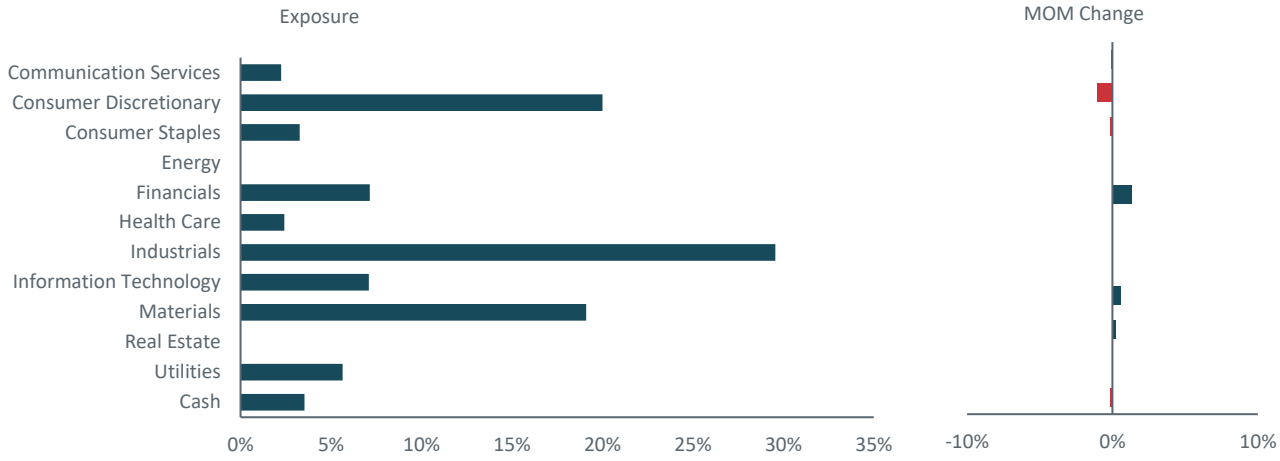
Ryanair
Jet2
Alten

Top 5 Longs

Novozymes	5.4%
Next	5.1%
Autoliv	4.2%
Michelin	4.1%
Signify	4.1%
Total	**22.8%**

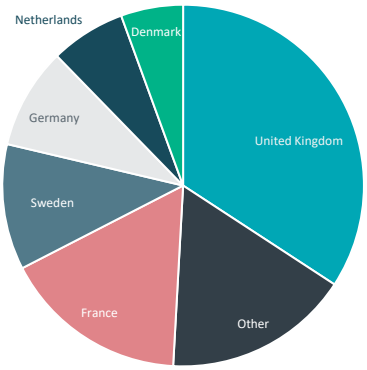
* STOXX Europe 600 Net Return (SXXR), MSCI Europe Net Return (NDDLE15). Fund performance quoted net of fees based on most invested share class.

Sector Exposure

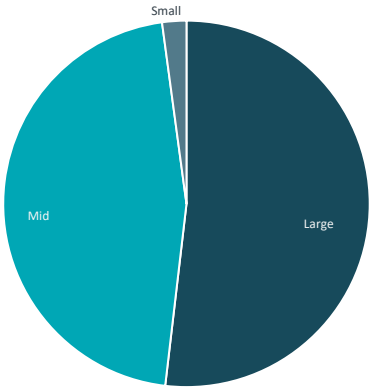


Source: Lancaster Investment Management

Country Exposure



Market Cap



Source: Lancaster Investment Management

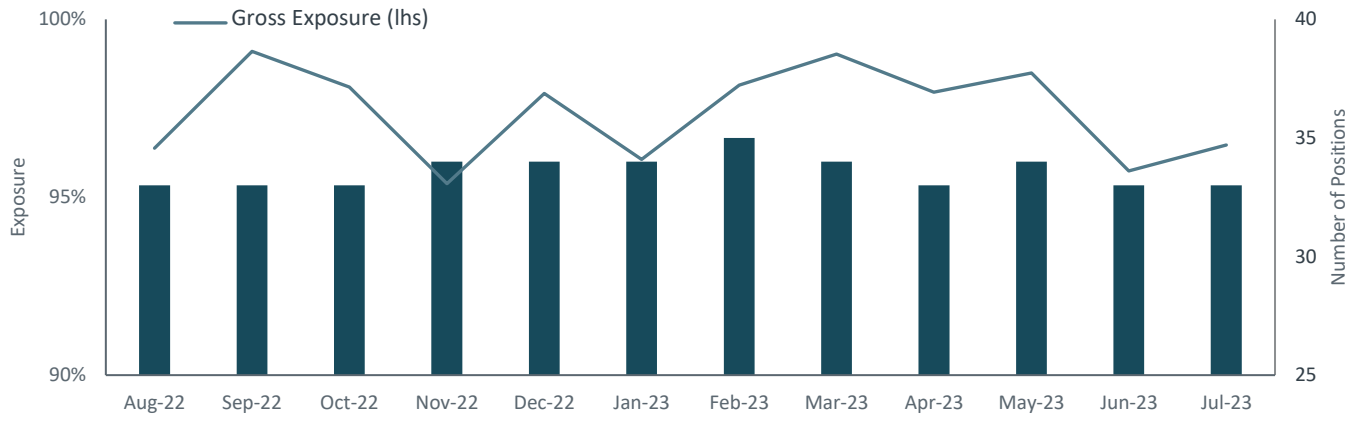
Liquidity

Days to liquidate 100%: 26

Source: Lancaster Investment Management, Bloomberg

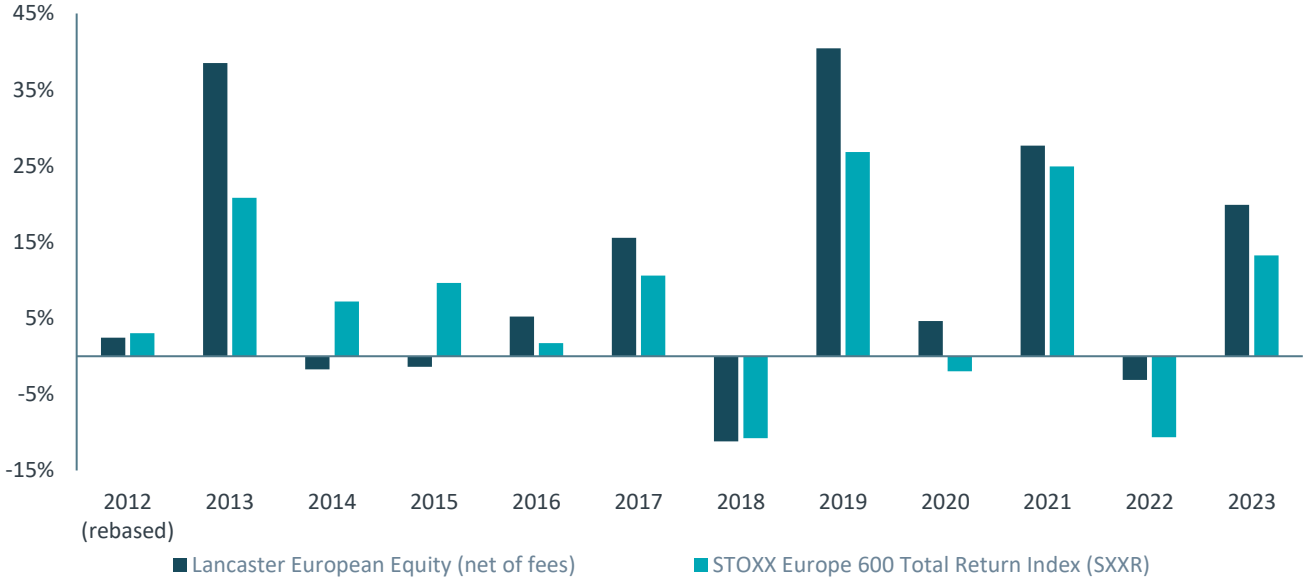
Graphs for illustrative purposes only

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%	0.69%	-3.90%	4.22%	4.44%						**19.86%**

	YTD	2022	2021	2020	2019	2018	Inception
Lancaster European Equity	19.86%	-3.09%	27.65%	4.63%	40.45%	-11.16%	**223.66%**
STOXX Europe 600 Net Return (SXXR)	13.23%	-10.64%	24.91%	-1.99%	26.82%	-10.77%	**130.57%**
MSCI Europe Net Return (NDDLE15)	12.19%	-8.54%	22.61%	-2.21%	23.75%	-10.59%	**128.27%**

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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