LANCASTER
INVESTMENT MANAGEMENT

Lancaster European Equity

August 2023

The fund's net return was -3.21% in August versus the SXXR at -2.54%. The portfolio underperformed the market amid a global sell off in equities. Rising real rates and growth concerns – principally focused on China – impacted our more cyclically exposed names in particular. Novozymes was the worst performer as peer reporting highlighted pockets of end demand softness in food and ingredients. The company has not been immune to this destocking trend but management expect growth to improve in the second half, while other parts of the business continue to outperform. We grew the position on weakness and it is now our largest investment. Signify was also weak as the stock drifted following lowered full year profit guidance at Q2 results; the market remains concerned about both its consumer and China exposure. We believe the long term thesis is compelling and added to the position. Another weak performer was Deliveroo which gave back much of its rally post July's Q2 results; the stock remains sensitive to rates. Convatec was the largest positive contributor as the company raised full year organic growth and margin guidance. While there were no new positions and no positions exited, we were fairly active in responding to shifting valuations. We sold down some of our best performers in consumer exposed sectors, most notably Adidas.

Performance (net)

	Fund	STOXX*	MSCI*
Return on month	-3.21%	-2.54%	-2.26%
YTD return	16.49%	10.36%	9.66%
1 year return	26.75%	13.37%	13.75%
3 year return	77.14%	34.58%	34.31%
5 year return	76.27%	35.83%	32.54%
10 year return	152.62%	100.20%	94.51%

Trailing CAGR (net)

	Fund	STOXX*	MSCI*
3 year	21.00%	10.41%	10.33%
5 year	12.00%	6.32%	5.80%
10 year	9.71%	7.19%	6.88%

Performance quoted net of fees based on the most invested open share class (Class A/1$)

Exposure

Cash	1.7%
Average market cap ($ millions)	15,707
Number of positions	33

Leverage

Gross method	1.9
Commitment method	1.0

Top 3 Positive Contributors

Convatec
Ryanair
Sage

Top 3 Negative Contributors

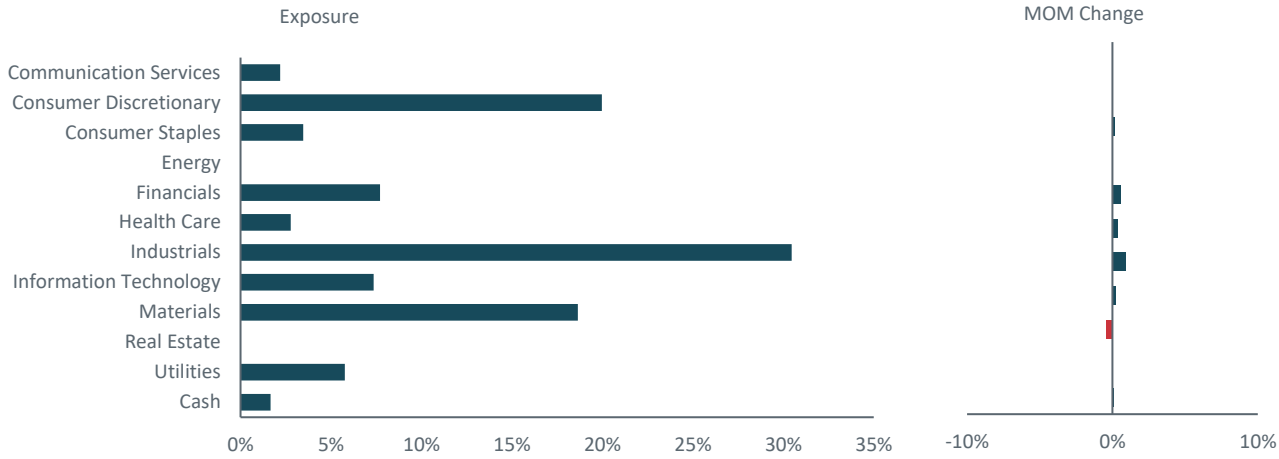
Novozymes
Deliveroo
Anglo American

Top 5 Longs

Novozymes	5.3%
Next	5.2%
Autoliv	4.2%
Michelin	4.1%
Husqvarna	3.8%
Total	**22.7%**

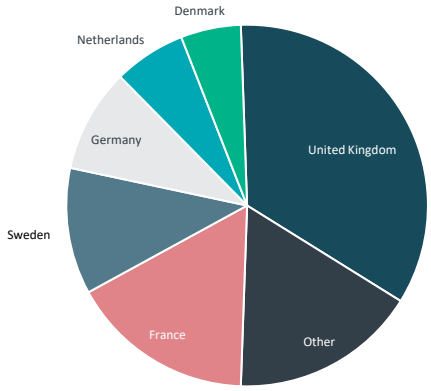
* STOXX Europe 600 Net Return (SXXR), MSCI Europe Net Return (NDDLE15).

Sector Exposure

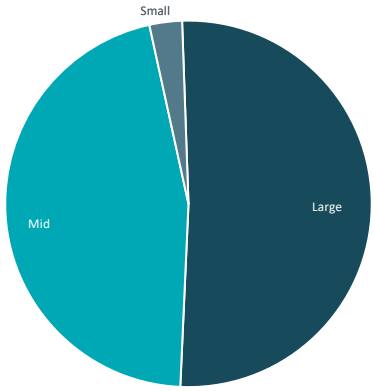


Source: Lancaster Investment Management

Country Exposure

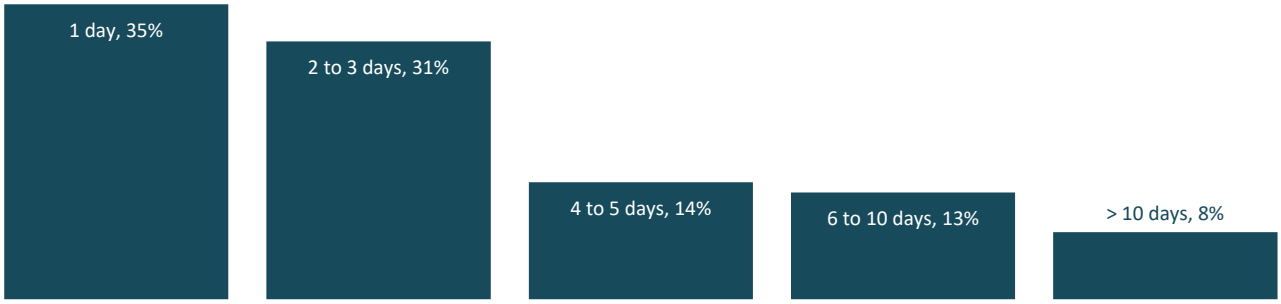


Market Cap



Source: Lancaster Investment Management

Liquidity

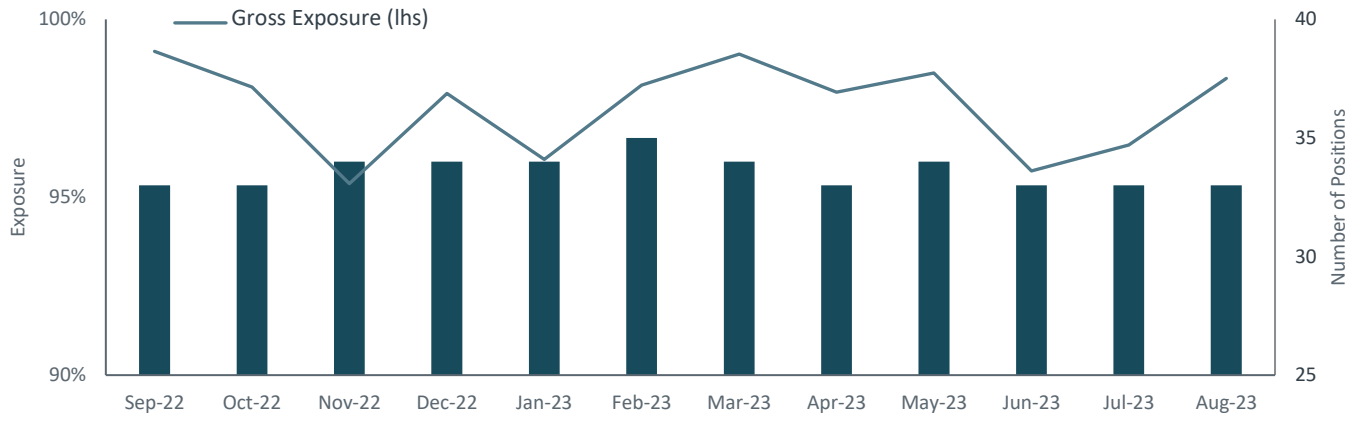


Days to liquidate 100%: 45

Source: Lancaster Investment Management, Bloomberg

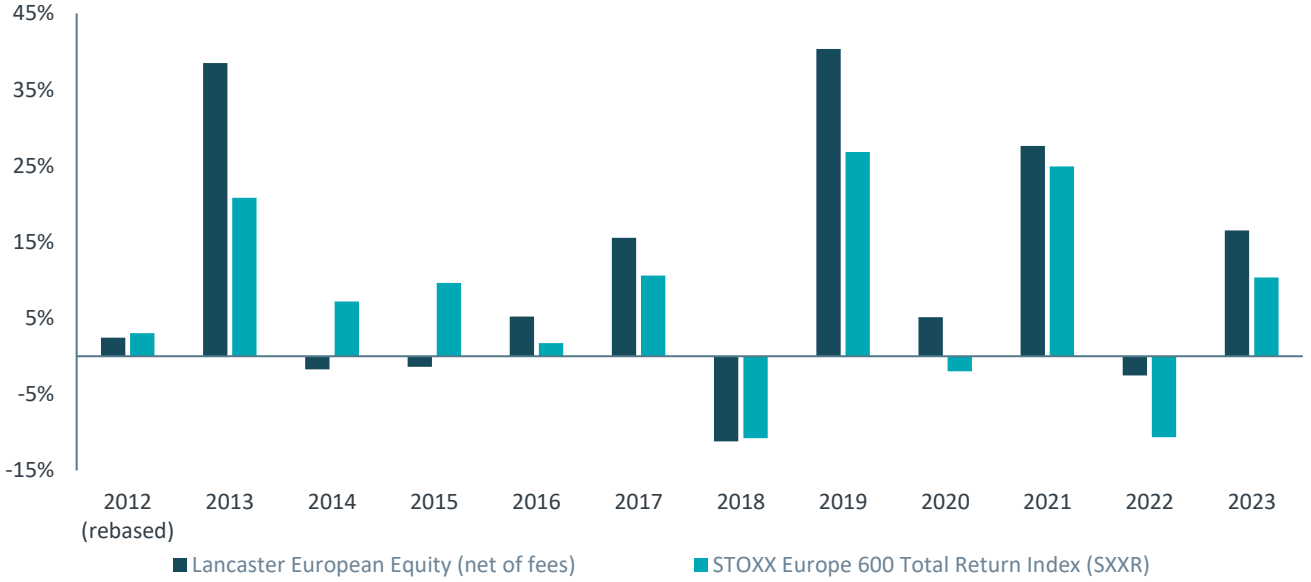
Graphs for illustrative purposes only

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	11.93%	2.57%	-0.48%	0.50%	-4.05%	4.38%	4.65%	-3.21%					**16.49%**

	YTD	2022	2021	2020	2019	2018	Inception
Lancaster European Equity	16.49%	-2.53%	27.62%	5.11%	40.34%	-11.16%	**217.54%**
STOXX Europe 600 Net Return (SXXR)	10.36%	-10.64%	24.91%	-1.99%	26.82%	-10.77%	**124.71%**
MSCI Europe Net Return (NDDLE15)	9.66%	-8.54%	22.61%	-2.21%	23.75%	-10.59%	**123.12%**

Performance quoted net of fees based on the most invested open share class (Class A/1$). Other share classes with higher fees exist, please refer to the PPM for full details. Full monthly performance available on request.

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Lancaster European Equity Details

Launch date	October 2012			
	Class A/1	**Class C/3**	**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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