LANCASTER
INVESTMENT MANAGEMENT

Lancaster European Equity

October 2023

The fund's net return was -2.89% in October versus the SXXR at -3.62%. The month saw a broad sell off in equity markets as the world reacted to the attacks on Israel and the prospect of conflict in the Middle East. Once again spiking bond yields also drove equity weakness. The portfolio performed acceptably against this backdrop with a strong rally in our largest position, Novozymes, aiding performance. We have discussed this position at length in our letters. Adding to the position during sustained weakness in the middle of the year has started to pay off. The market narrative has now moved on from one of fear about short term destocking trends and apathy about the Chr. Hansen merger, to excitement about the latter. The company reported Q3 results during the month, delivering strong organic growth ahead of market expectations. Danone also reported good Q3 results. Having taken "brutal" action – the company's word – to reduce a sprawling SKU count, management is optimistic that volumes will turn positive shortly. We believe consolidating marketing spend behind fewer, stronger brands will reignite organic growth. Negative contribution during the month came from a broad number of cyclical names, not least the airlines, given the sharp hit to risk appetite.

Performance (net)

	Fund	STOXX*	MSCI*
Return on month	-2.89%	-3.62%	-3.41%
YTD return	11.26%	4.60%	4.55%
1 year return	19.71%	8.03%	8.80%
3 year return	74.44%	36.34%	36.55%
5 year return	83.97%	35.83%	33.07%
10 year return	116.41%	74.68%	71.40%

Trailing CAGR (net)

	Fund	STOXX*	MSCI*
3 year	20.38%	10.88%	10.94%
5 year	12.97%	6.32%	5.88%
10 year	8.03%	5.74%	5.54%

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

Exposure

Cash	1.7%
Average market cap ($ millions)	12,949
Number of positions	30

Leverage

Gross method	1.8
Commitment method	0.9

Top 3 Positive Contributors

Novozymes
Stabilus
Danone

Top 3 Negative Contributors

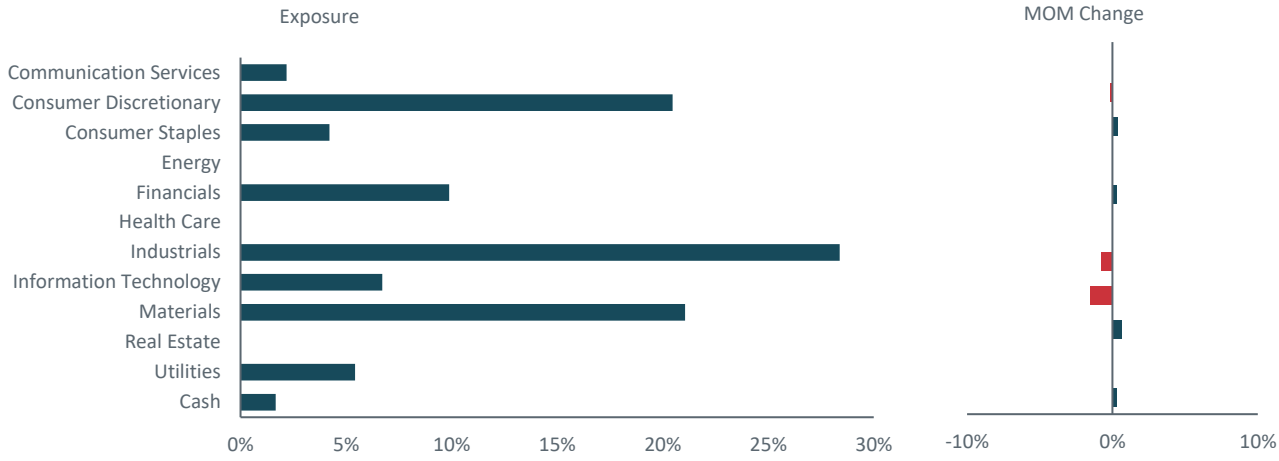
Constellium
Husqvarna
ArcelorMittal

Top 5 Longs

Novozymes	7.8%
Next	5.0%
Signify	4.4%
Autoliv	4.3%
Danone	4.2%
Total	**25.6%**

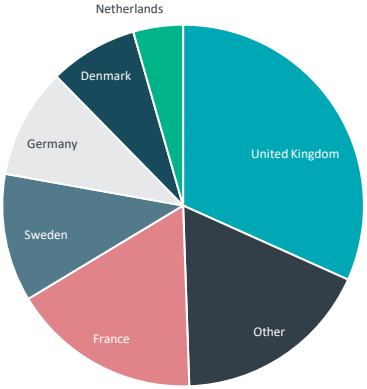
* STOXX Europe 600 Net Return (SXXR), MSCI Europe Net Return (NDDLE15)

Sector Exposure

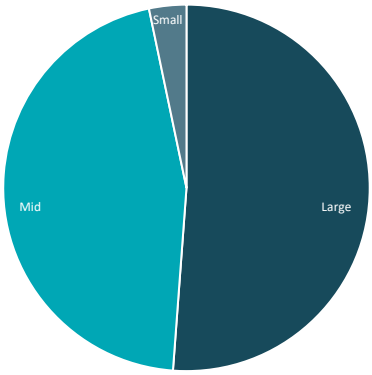


Source: Lancaster Investment Management

Country Exposure

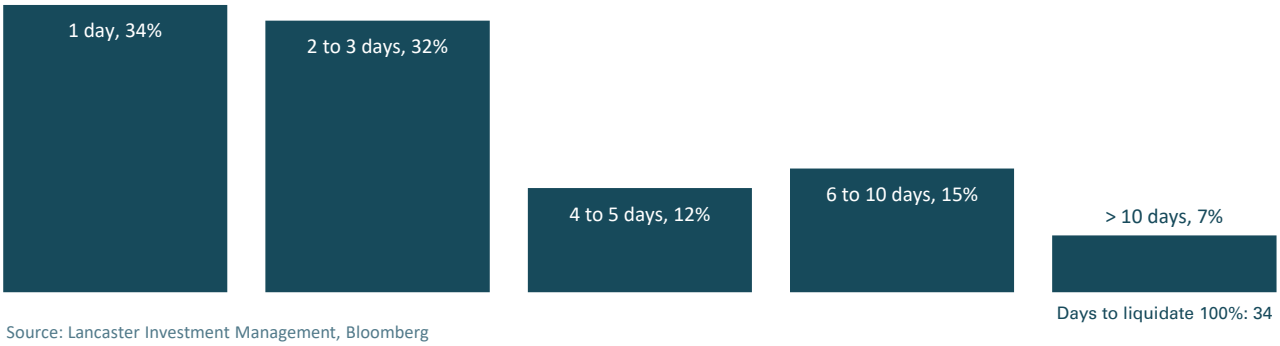


Market Cap



Source: Lancaster Investment Management

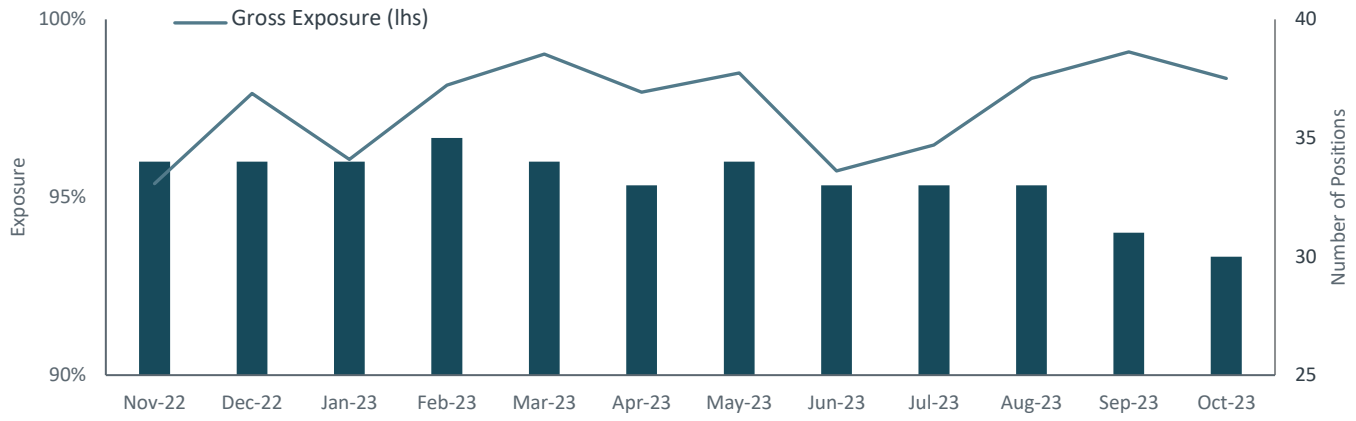
Liquidity



Source: Lancaster Investment Management, Bloomberg

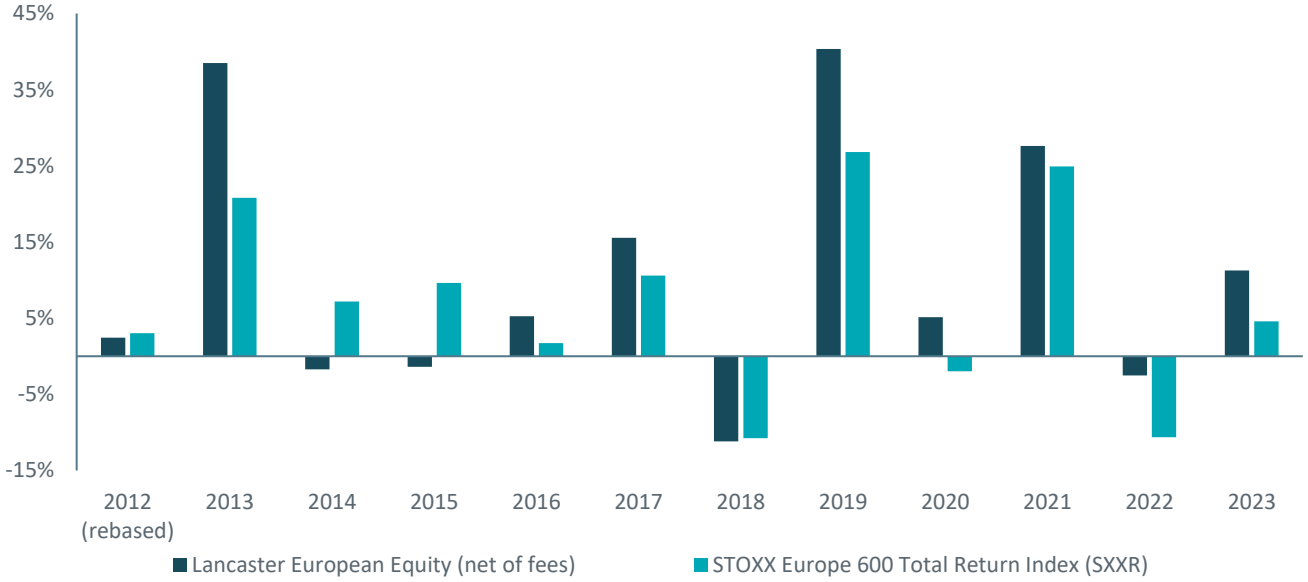
Graphs for illustrative purposes only

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%	-1.65%	-2.89%			**11.26%**

	YTD	2022	2021	2020	2019	2018	Inception
Lancaster European Equity	11.26%	-2.53%	27.62%	5.11%	40.34%	-11.16%	**203.28%**
STOXX Europe 600 Net Return (SXXR)	4.60%	-10.64%	24.91%	-1.99%	26.82%	-10.77%	**112.99%**
MSCI Europe Net Return (NDDLE15)	4.55%	-8.54%	22.61%	-2.21%	23.75%	-10.59%	**112.73%**

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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