LANCASTER
INVESTMENT MANAGEMENT

Lancaster European Equity

December 2023

The fund's net return was 4.13% in December versus the SXXR at 3.83%. The portfolio finished the year strongly with industrials in particular performing well. Our position in ams-OSRAM was one of the best performers after a rocky year. The business has now comprehensively refinanced and we are hopeful that market attention will now turn to the operating prospects for the business. The company has the potential to offer best-in-class photonics solutions to a broad range of industries, and we are increasingly impressed by the new management team. Signify also performed strongly in the month as the company announced a business reorganisation and cost saving plan; management aim to reduce costs by EUR 200m, some 3% of revenues. The main detractors were Deliveroo and Bankinter. Deliveroo had a very strong recovery in 2023 as profit guidance was repeatedly raised; the stock came off its highs in December with no obvious news to explain the move. Bankinter moved lower on a lower rate outlook having been a major beneficiary of rate hikes; Spanish banks are the most rate sensitive in the sector. We exited three stocks in the month including the last of our Adidas position. The stock became very expensive on short term multiples and the turnaround is now better understood; we were fortunate to exit before Nike's profit warning. We initiated two new positions, both large caps, in pharma and consumer health respectively.

Performance (net)

	Fund	STOXX*	MSCI*
Return on month	4.13%	3.83%	3.34%
Return on year	27.41%	15.80%	14.30%
3 year return	58.49%	29.25%	28.17%
5 year return	133.81%	60.65%	55.11%
10 year return	144.81%	89.47%	84.61%

Trailing CAGR (net)

	Fund	STOXX*	MSCI*
3 year	16.59%	8.93%	8.63%
5 year	18.51%	9.94%	9.18%
10 year	9.37%	6.60%	6.32%

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

Exposure

Cash	2.9%
Average market cap ($ millions)	15,895
Number of positions	30

Leverage

Gross method	1.9
Commitment method	0.9

Top 3 Positive Contributors

Signify
ams-OSRAM
Constellium

Top 3 Negative Contributors

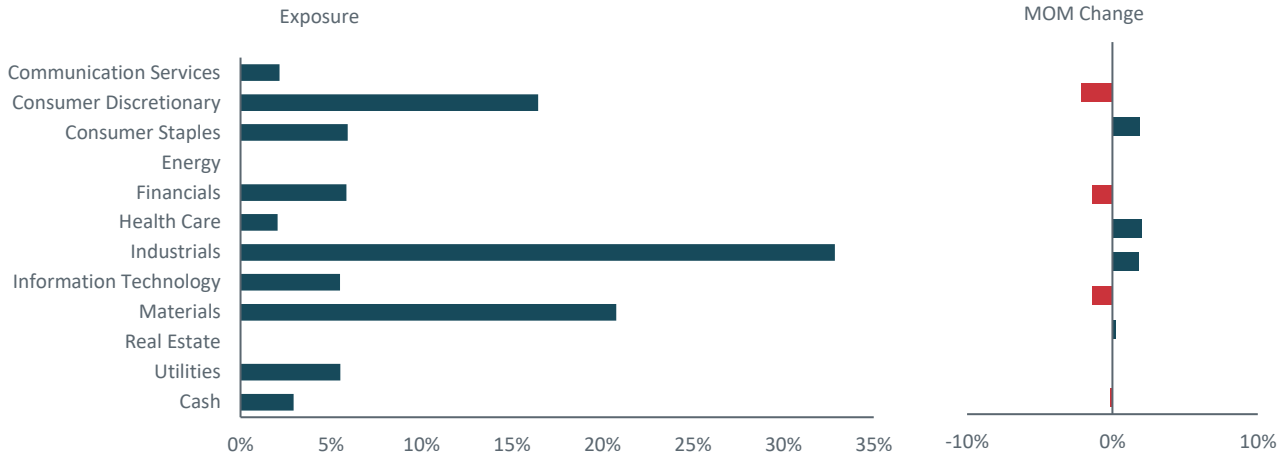
Deliveroo
Bankinter
Anglo American

Top 5 Longs

Novozymes	7.9%
Signify	4.3%
Next	4.3%
Danone	3.9%
Husqvarna	3.8%
Total	**24.3%**

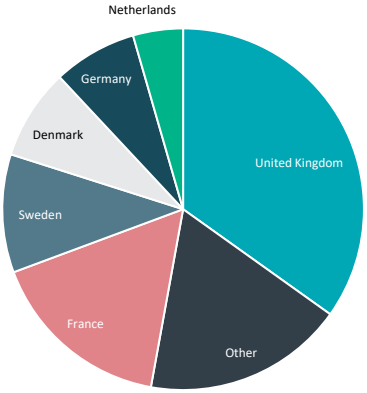
* STOXX Europe 600 Net Return (SXXR), MSCI Europe Net Return (NDDLE15)

Sector Exposure

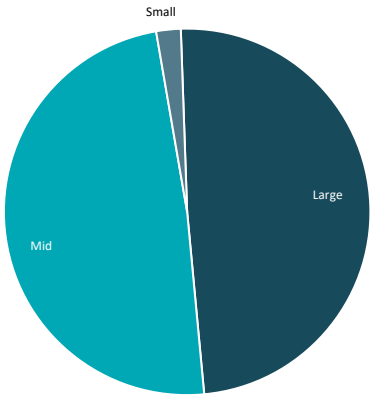


Source: Lancaster Investment Management

Country Exposure

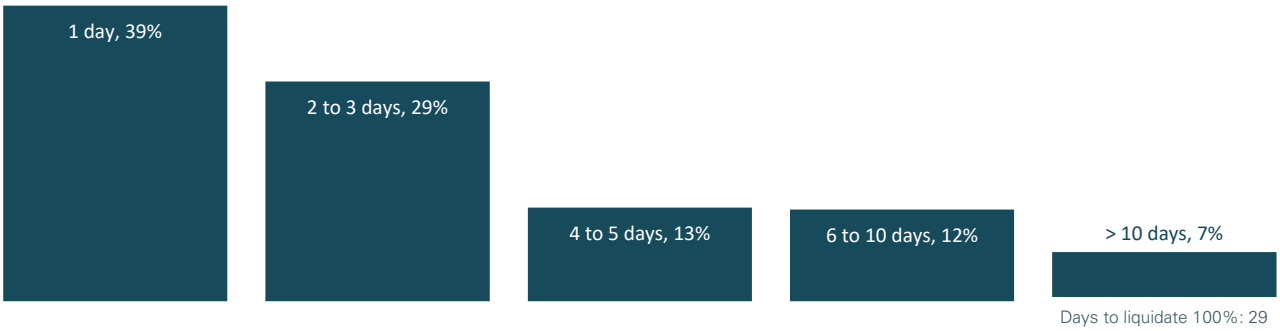


Market Cap



Source: Lancaster Investment Management

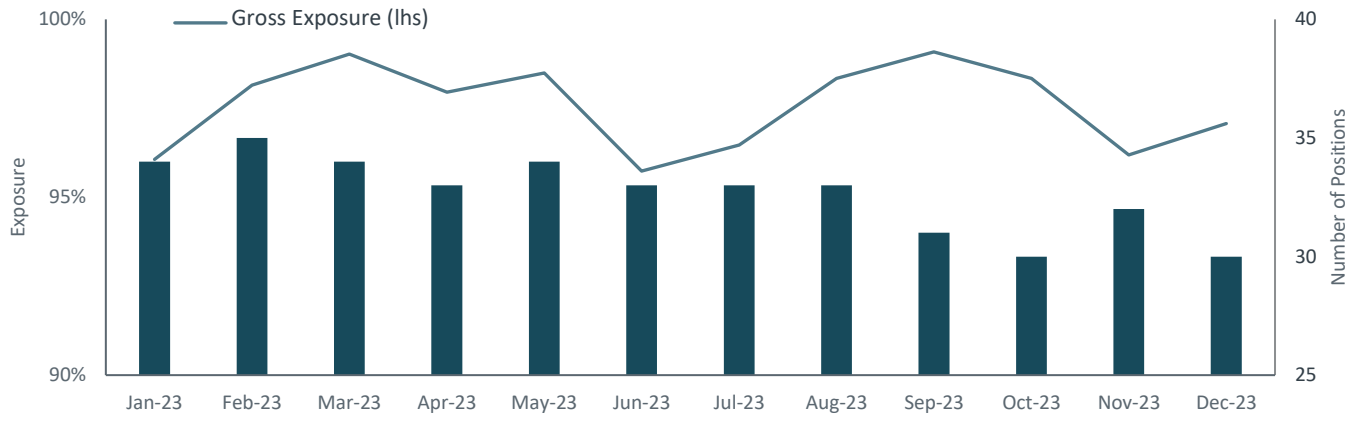
Liquidity



Source: Lancaster Investment Management, Bloomberg

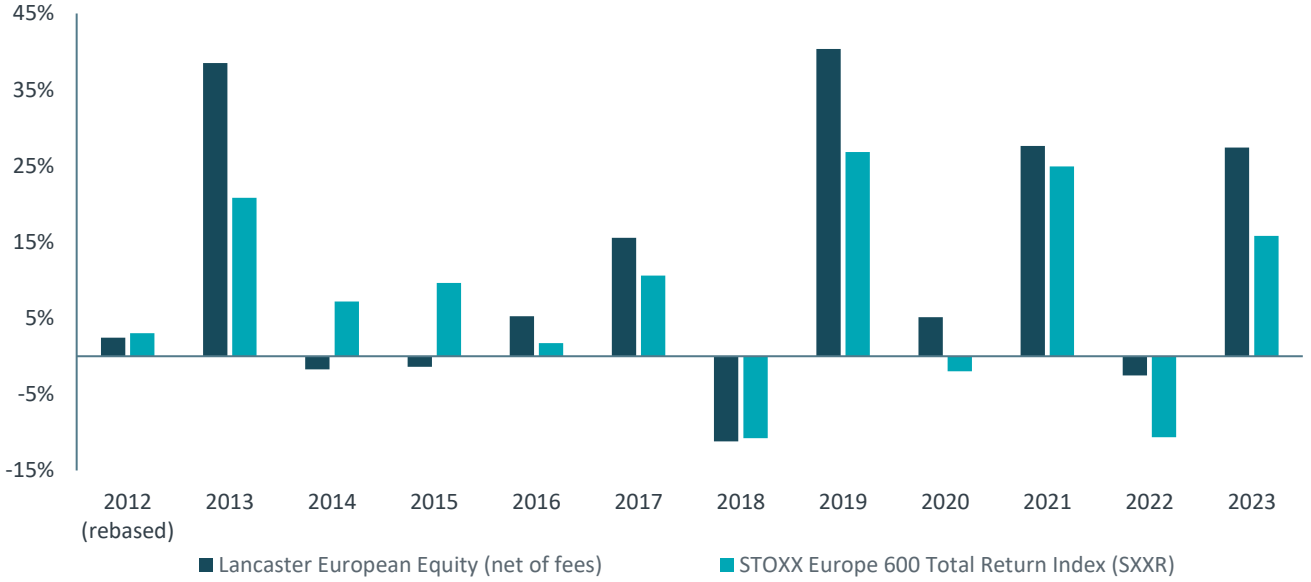
Graphs for illustrative purposes only

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%	9.98%	4.13%	**27.41%**

	YTD	2022	2021	2020	2019	2018	Inception
Lancaster European Equity	27.41%	-2.53%	27.62%	5.11%	40.34%	-11.16%	**247.31%**
STOXX Europe 600 Net Return (SXXR)	15.80%	-10.64%	24.91%	-1.99%	26.82%	-10.77%	**135.80%**
MSCI Europe Net Return (NDDLE15)	14.30%	-8.54%	22.61%	-2.21%	23.75%	-10.59%	**132.57%**

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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