LANCASTER
INVESTMENT MANAGEMENT

Lancaster European Equity

February 2024

The fund's net return was -1.78% in February versus the SXXR at 1.98%. The portfolio had a poor month materially underperforming the wider market. Our position in ams-OSRAM sold off significantly on the cancellation of a micro-LED contract by Apple; we view this as more damaging to sentiment than intrinsic value. Despite being one of the smaller positions in the portfolio, it was the largest negative contributor; we added to the position. Other losses included Signify and Anglo American. Reckitt, the hygiene and homecare investment we recently initiated, also posted a weak Q4 and gave back all of its strong start to the year. Whilst we highlight these names, the continued outperformance of mega-cap Europe remains an overarching theme that has continued to hurt the relative performance of the fund. Despite consistently improving economic data, smaller consumer and industrial names have yet to share in this share price appreciation. We have continued to manage the portfolio actively, rotating capital out of better performers with less depressed valuations into names where we have high conviction but where year-to-date performance has been weak. We sold down some of our Novonesis position (the renamed Novozymes) with this in mind. There was one new position initiated during the month: a European beverage company where we believe aggressive destocking is dominating the near term narrative but where longer term an oligopoly is taking shape.

Performance (net)

	Fund	STOXX*	MSCI*
Return on month	-1.78%	1.98%	2.35%
YTD return	-2.41%	3.48%	3.68%
1 year return	8.30%	10.20%	9.23%
3 year return	48.35%	31.54%	31.08%
5 year return	100.88%	50.11%	46.94%
10 year return	121.26%	89.87%	86.75%

Trailing CAGR (net)

	Fund	STOXX*	MSCI*
3 year	14.05%	9.57%	9.44%
5 year	14.97%	8.46%	8.00%
10 year	8.27%	6.62%	6.45%

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

Exposure

Cash	1.0%
Average market cap ($ millions)	17,525
Number of positions	32

Leverage

Gross method	1.9
Commitment method	1.0

Top 3 Positive Contributors

Novonesis
Michelin
Autoliv

Top 3 Negative Contributors

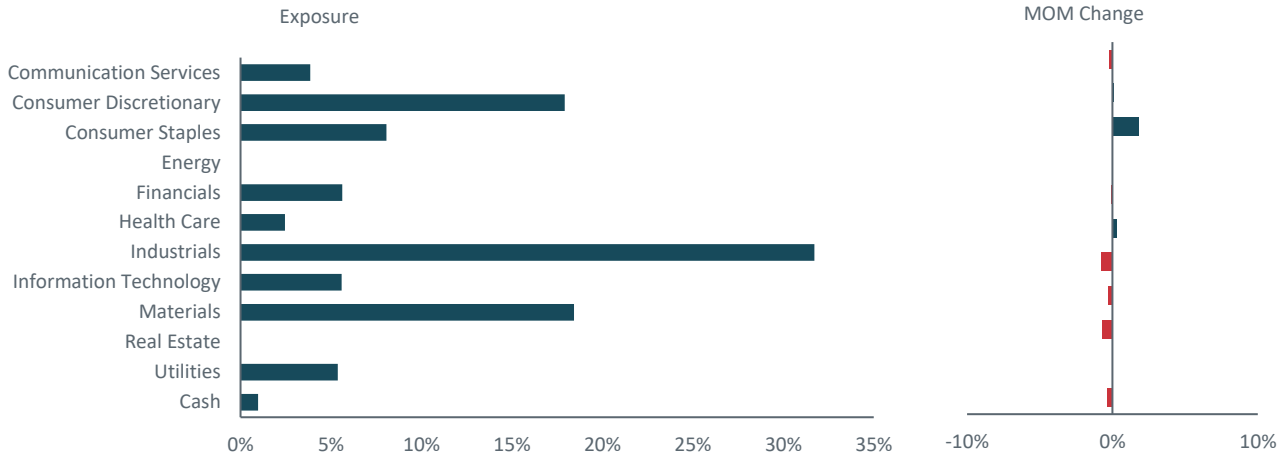
ams-OSRAM
Signify
Anglo American

Top 5 Longs

Novonesis	7.0%
Husqvarna	4.0%
Signify	4.0%
Michelin	3.9%
Ubisoft	3.8%
Total	**22.8%**

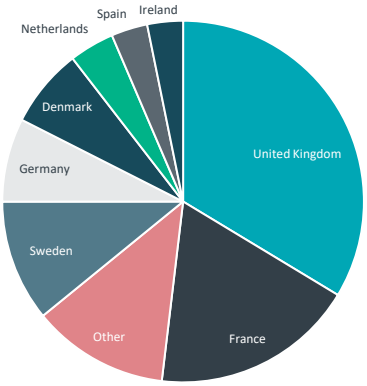
* STOXX Europe 600 Net Return (SXXR), MSCI Europe Net Return (NDDLE15)

Sector Exposure

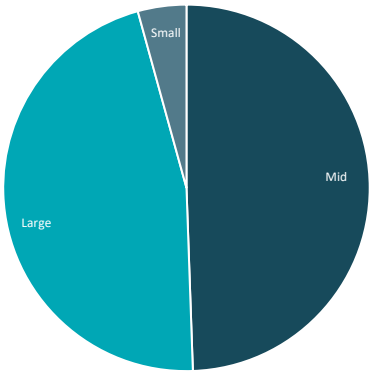


Source: Lancaster Investment Management

Country Exposure

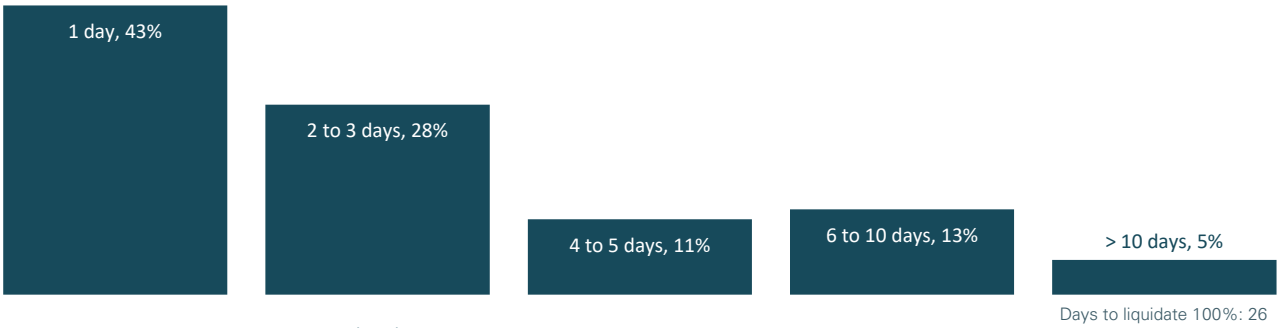


Market Cap



Source: Lancaster Investment Management

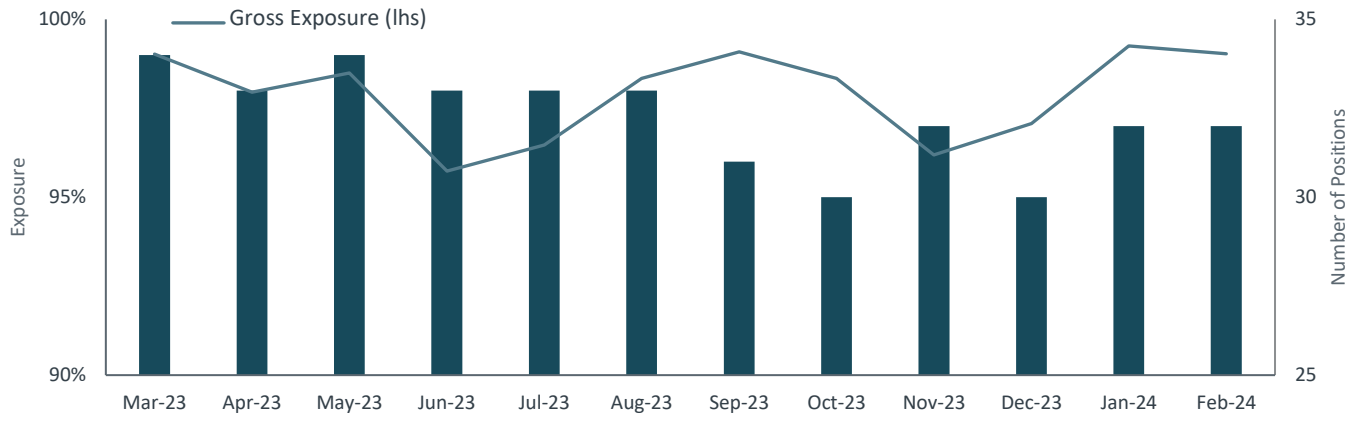
Liquidity



Source: Lancaster Investment Management, Bloomberg

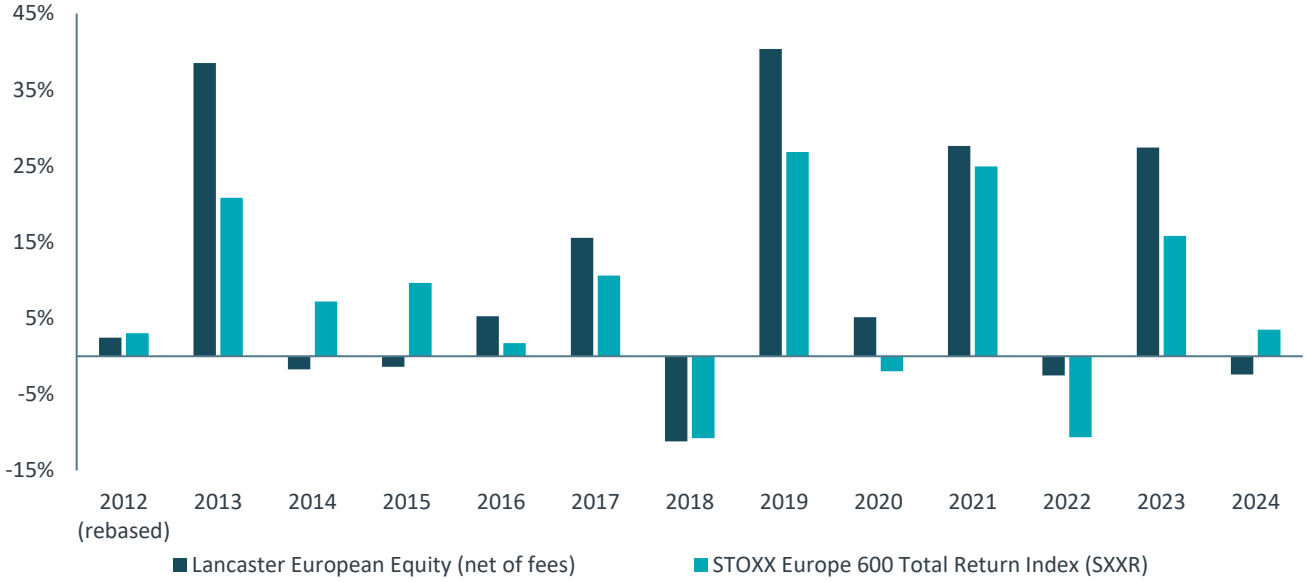
Graphs for illustrative purposes only

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
2024	-0.64%	-1.78%											**-2.41%**

	YTD	2023	2022	2021	2020	2019	Inception
Lancaster European Equity	-2.41%	27.41%	-2.53%	27.62%	5.11%	40.34%	**238.93%**
STOXX Europe 600 Net Return (SXXR)	3.48%	15.80%	-10.64%	24.91%	-1.99%	26.82%	**143.99%**
MSCI Europe Net Return (NDDLE15)	3.68%	14.30%	-8.54%	22.61%	-2.21%	23.75%	**140.81%**

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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