LANCASTER
INVESTMENT MANAGEMENT

Lancaster European Equity

March 2024

The fund's net return was 5.70% in March versus the SXXR at 4.04%. The portfolio clawed back some of its underperformance for the year against the backdrop of continued equity market strength. The best performer was our position in Zalando, Europe's largest online clothing retailer, founded and listed in Germany. We discuss this name in more detail in our Q1 letter. It is a name we have owned twice in two years, with the market flip-flopping materially on its view of the company's prospects; the share price swings have been profound given the company's net cash balance sheet. We continue to believe that the market has confused cyclical headwinds with structural, especially given the uniquely depressed state of the German consumer. Better full year results than expected, together with signs of an improving top line as spring begins, sent the stock up over 30%. Signify and Husqvarna were the other major positive contributors, both good examples of our industrial midcap holdings which had previously been left behind in Europe's megacap-led rally year-to-date. Our two key negative contributors so far this year, Reckitt and ams-OSRAM, again lost money in March. In the case of Reckitt, we have chosen to cut our losses and exit the position. While we were able to rationalise what we saw as an over-reaction to weak Q4 results, we have found the recent legal claims the company is facing over mis-selling of infant nutrition imponderable despite much analytical work. We would rather put the capital, and the headspace, elsewhere. In the case of ams-OSRAM, we retain considerable conviction but recognise the risk profile of the name does not justify growing the position any further. We initiated one new long in the month, a UK-listed power distribution and transmission company.

Performance (net)

	Fund	STOXX*	MSCI*
Return on month	5.70%	4.04%	4.42%
YTD return	3.15%	7.65%	8.26%
1 year return	15.03%	15.01%	13.91%
3 year return	46.70%	28.59%	29.03%
5 year return	117.02%	53.02%	50.50%
10 year return	137.69%	99.10%	96.30%

Trailing CAGR (net)

	Fund	STOXX*	MSCI*
3 year	13.63%	8.74%	8.87%
5 year	16.76%	8.88%	8.52%
10 year	9.04%	7.13%	6.98%

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

Exposure

Cash	1.9%
Average market cap ($ millions)	19,431
Number of positions	33

Leverage

Gross method	1.8
Commitment method	0.9

Top 3 Positive Contributors

Zalando
Signify
Husqvarna

Top 3 Negative Contributors

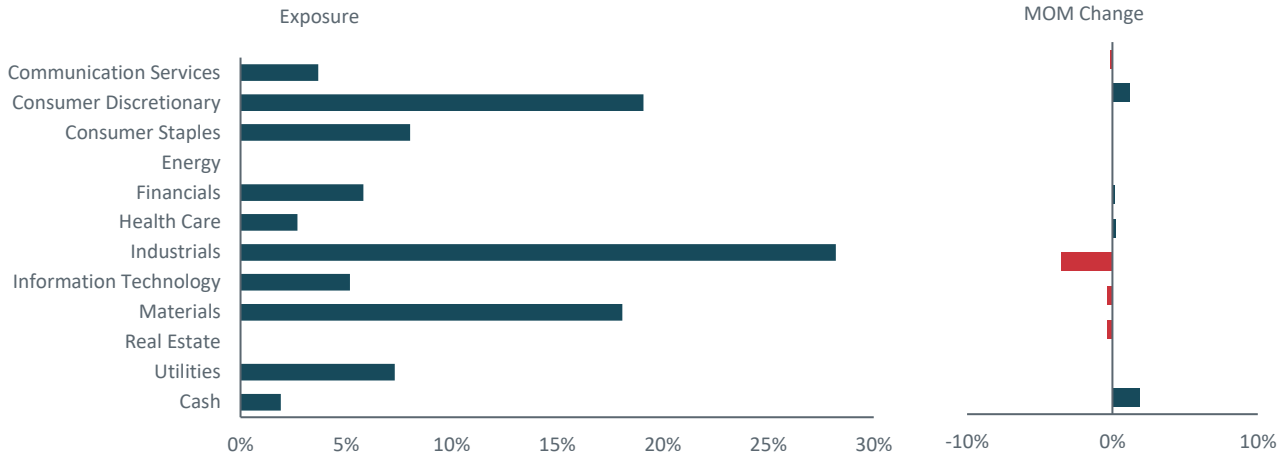
ams-OSRAM
Ubisoft
Reckitt

Top 5 Longs

Novonesis	5.5%
Signify	4.3%
Next	3.9%
Michelin	3.8%
Husqvarna	3.8%
Total	**21.4%**

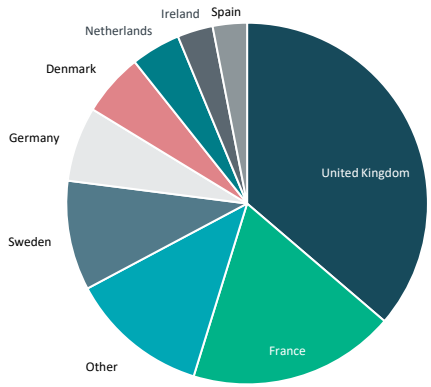
* STOXX Europe 600 Net Return (SXXR), MSCI Europe Net Return (NDDLE15)

Sector Exposure

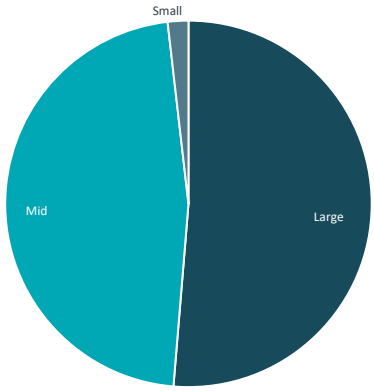


Source: Lancaster Investment Management

Country Exposure

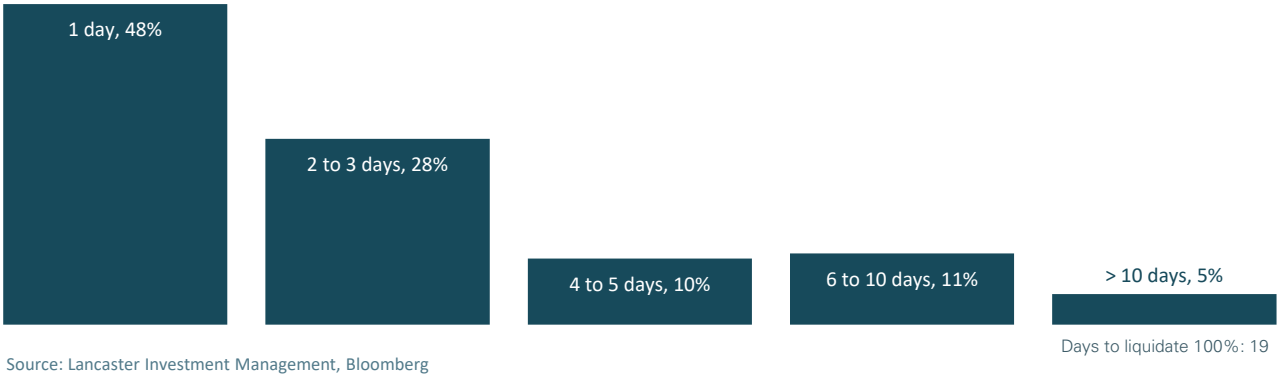


Market Cap



Source: Lancaster Investment Management

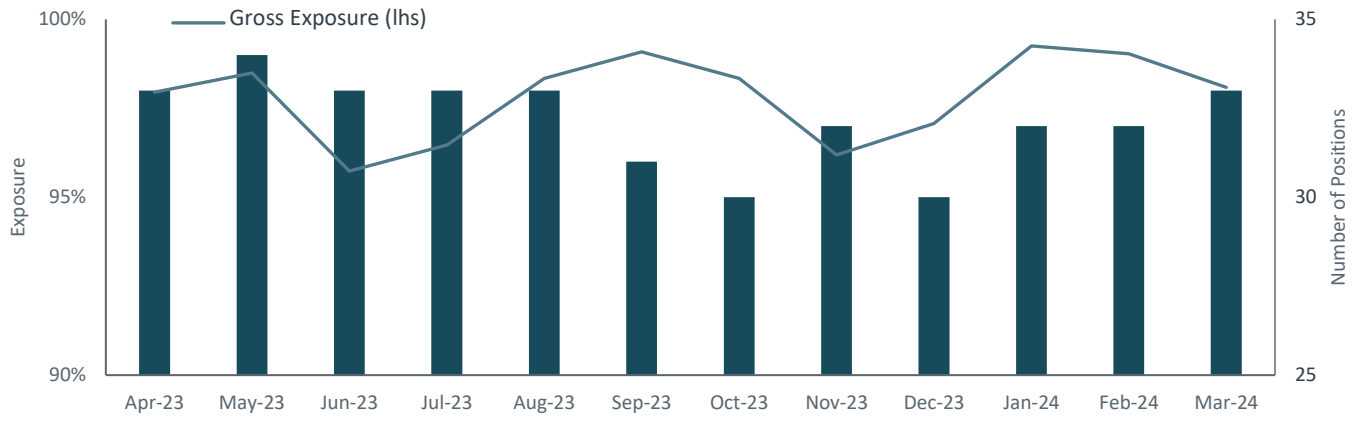
Liquidity



Source: Lancaster Investment Management, Bloomberg

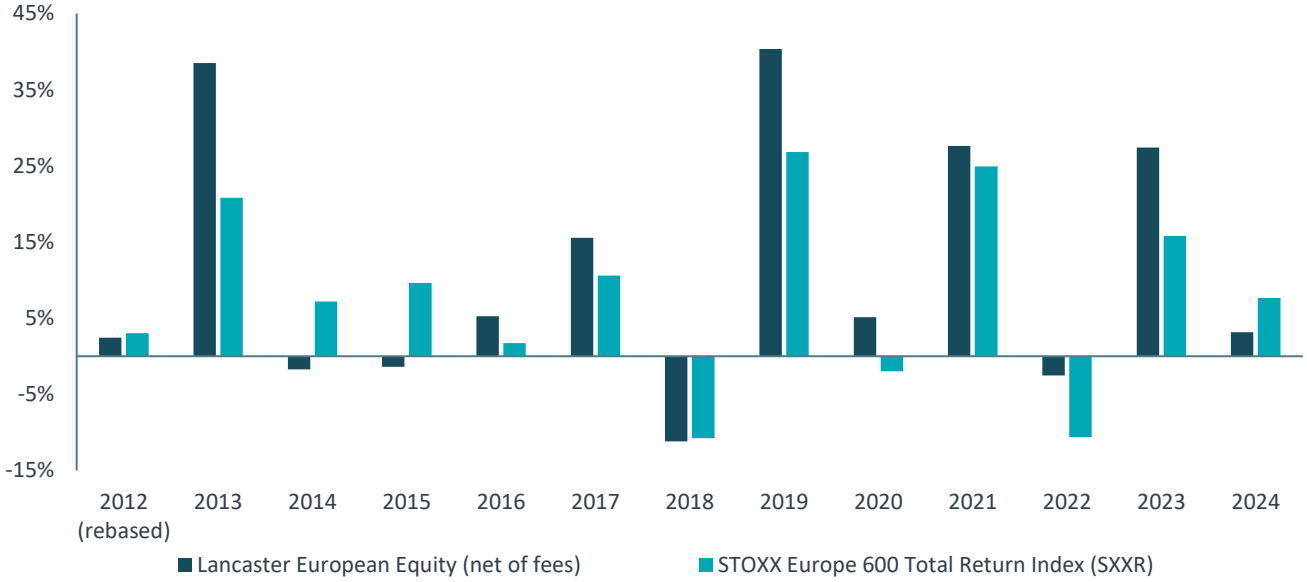
Graphs for illustrative purposes only

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%	5.70%										**3.15%**

	YTD	2023	2022	2021	2020	2019	Inception
Lancaster European Equity	3.15%	27.41%	-2.53%	27.62%	5.11%	40.34%	**258.26%**
STOXX Europe 600 Net Return (SXXR)	7.65%	15.80%	-10.64%	24.91%	-1.99%	26.82%	**153.84%**
MSCI Europe Net Return (NDDLE15)	8.26%	14.30%	-8.54%	22.61%	-2.21%	23.75%	**151.47%**

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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