LANCASTER
INVESTMENT MANAGEMENT

Lancaster European LS Equity

August 2024

The fund's net return was 0.51% in August. The month saw a sudden breakdown and partial rally in the narrow momentum factor that has dominated market returns and been a headwind to our relative long-side performance year to date. A number of our consumer names performed better in August after what has been a challenging year for such assets thus far. Next made new highs as the company continues to show that it is far from a mono-brand UK clothing retailer, with third party brand sales and in particular its international business continuing to grow ahead of expectations. The market is now prepared to give the company a higher multiple given its broadening growth drivers, but at 15x P/E the stock still feels far from expensive. Our long in Deliveroo was also a good performer on the month. The business is now comfortably cashflow generative and, after two years battling a weak consumer environment, is seeing an inflection upwards in order frequency across all customer cohorts. Our conversations with management lead us to believe that the macro environment – in particular in the key markets of the UK, France and Italy – has been more of a headwind than perhaps we and the street appreciated. The company continues to drive adoption of its "Plus" subscription services with management confident of achieving their goal of more than 50% of orders coming from paying subscribers by 2026. We gave back some short alpha during the month but were active at the name level, closing out one position and adding three more, including a European facilities management and catering business. We identified multiple accounting irregularities that undermine market expectations for margin expansion. Our process focuses on a deep understanding of balance sheets and in this case allowed us also to identify a potentially significant amount of hidden leverage.

Performance (net)	
Return on month	0.51%
Return YTD	1.38%
1 year return	9.63%
3 year return	35.55%
5 year return	92.53%
10 year return	127.06%

Trailing CAGR (net)	
3 year	10.67%
5 year	14.00%
10 year	8.55%

Performance quoted net of fees based on the most invested share class (Class B$)

Exposure	
Gross	142.8%
Net	57.1%
Long	100.0%
Short	-42.9%

Portfolio Characteristics	
Long position count	28
Short position count	23
Gross leverage method	2.0
Commitment leverage method	1.4

Top 3 Positive Contributors
Ryanair
Deliveroo
Next

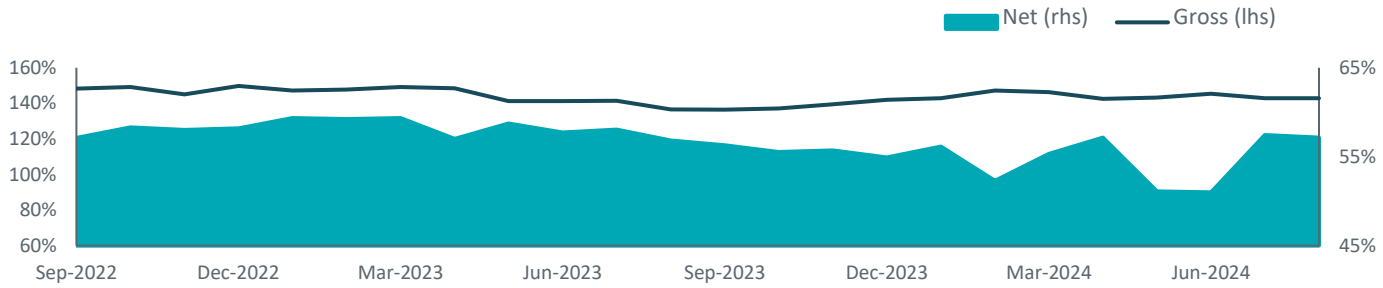
Top 3 Negative Contributors
Ubisoft Entertainment
Industrial (short)
Fuchs (long)

Top 5 Longs	
Ryanair	6.0%
Spectris	5.5%
Weir	5.4%
National Grid	5.3%
Next	4.4%
Total	**26.6%**

Top 5 Shorts	
Industrial	-3.1%
Industrial	-3.0%
SPX Option	-2.8%
Consumer Staple	-2.8%
Consumer Staple	-2.4%
Total	**-14.2%**

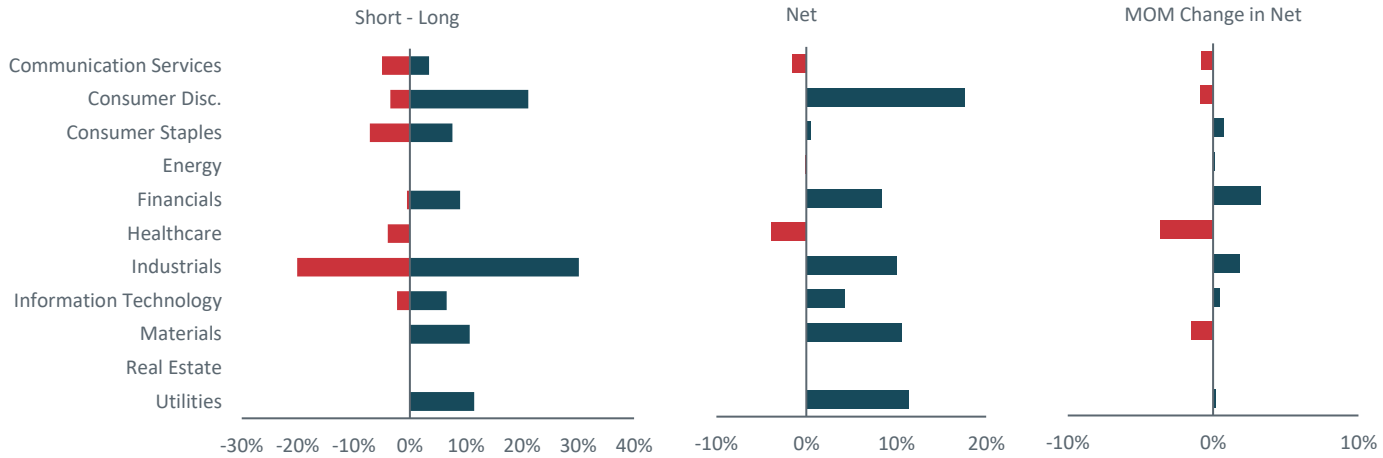
All data sourced from Lancaster Investment Management and Bloomberg

Rolling 24 Month Gross and Net Exposures



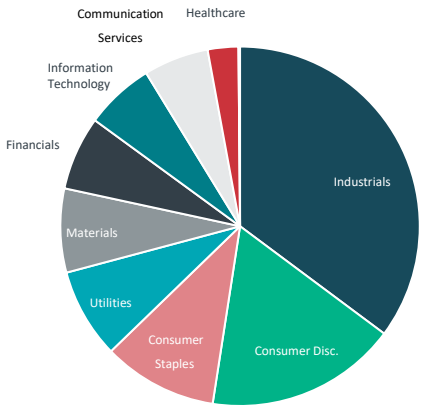
Source: Lancaster Investment Management

Sector Exposure

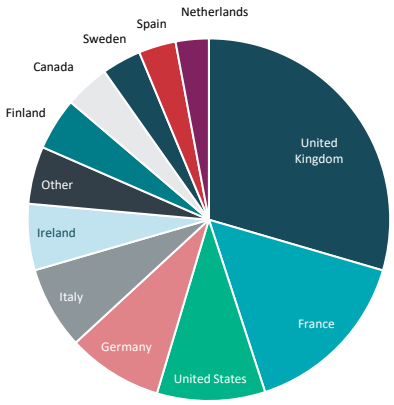


Source: Lancaster Investment Management

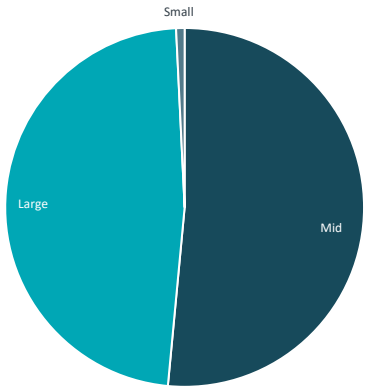
Sector



Country



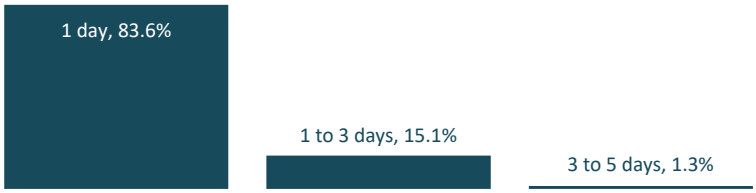
Market Cap



Source: Lancaster Investment Management

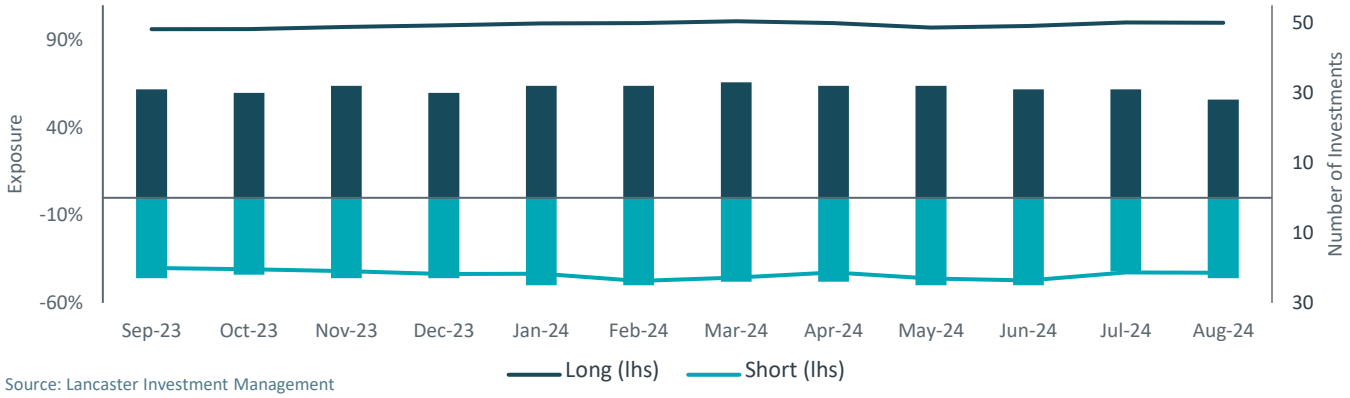
Charts for illustrative purposes only

Liquidity



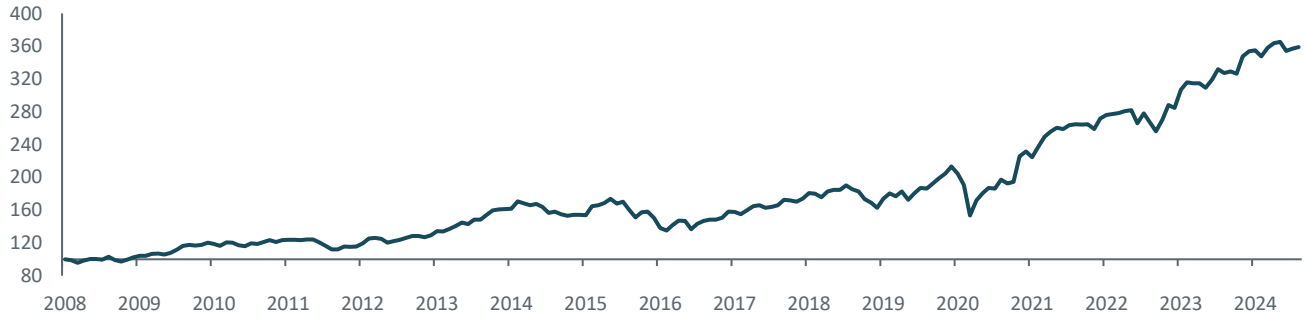
Source: Lancaster Investment Management, Bloomberg

Portfolio Composition



Source: Lancaster Investment Management

Fund Performance (net)



Source: Lancaster Investment Management

Historical Performance (net)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2024	0.29%	-2.10%	3.12%	1.42%	0.52%	-3.01%	0.75%	0.51%					**1.38%**

	YTD	2023	2022	2021	2020	2019	Inception
Lancaster European LS Equity	1.38%	24.23%	4.88%	17.27%	8.64%	31.01%	**258.73%**
STOXX Europe 600 Net Return (SXXR)	12.10%	15.80%	-10.64%	24.91%	-1.99%	26.82%	**160.42%**
MSCI Europe Net Return (NDDLE15)	11.70%	14.30%	-8.54%	22.61%	-2.21%	23.75%	**147.18%**

Performance quoted net of fees based on the most invested share class (Class B$). 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 LS Equity Details

Launch date	February 2008			
	Class A	**Class B**	**Fund Structure**	Cayman Master Feeder: Cayman Ltd, Delaware LP
Redemptions	Monthly	Quarterly		
Notice Period	30 days	60 days	**Administrator**	Morgan Stanley Fund Services
Minimum Investment	$5,000,000	$5,000,000	**Auditor**	Ernst & Young
Management Fee	1.25%	1.0%	**Prime Brokers**	Goldman Sachs, Morgan Stanley, UBS
Performance Fee	20.0%	17.5%*	**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 **Lucy Purslow** lucy.purslow@lancasterIM.co.uk +44 20 7842 1048

* Payable over multiple years – please see offering documents

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