

Lancaster European LS Equity

September 2024

The fund returned 0.35% in September. The portfolio eked out a small gain despite a large move up in Zalando only partly covering losses in Ubisoft. The latter is discussed at length in our Q3 letter. Zalando appears to be seeing the H2 acceleration in top line that the company promised, based on industry data and the company's pre-close calls with the sell-side; we await Q3 numbers for confirmation. More broadly, the market demonstrated some early signs of rotation in favour of our holdings as momentum headwinds subsided and more positive news emerged from China. Autos aside, European industrials had a better month on both the reality and perception of their connection to China. Fuchs, very much a global business, was one such long investment and amongst the top performers. Fuchs is the largest independent manufacturer of specialist lubricants and greases globally, supplying mission critical but low-cost products to a very wide range of customers. The shares trade at a 30% discount to the 15-year historic average EV/Sales despite our high conviction that the business is strategically better positioned today than at any point in its past; a net cash balance sheet and the quality of the business affords us the room to be patient. Two of our auto supplier longs, Brembo and Autoliv, fell on the series of OEM warnings. While we believe both companies to be insulated from the ICE/EV debate (they are both powertrain agnostic), any debate or disruption that slows auto volumes in the short term is clearly unhelpful. Short alpha was negative on the month; the most notable detractor was a Finnish industrial whose shares were up following a large order announcement. Our conviction in the short is maintained by both a deterioration in contract accounting balances suggesting either aggressive revenue recognition or execution issues, and a decline in provision balances that has unsustainably boosted margins. We closed out one long standing construction short and initiated a new short in a wind turbine manufacturer and service business during the month.

Performance (net)

Return on month	0.35%
Return YTD	1.74%
1 year return	9.41%
3 year return	36.17%
5 year return	87.16%
10 year return	132.20%

Trailing CAGR (net)

3 year	10.84%
5 year	13.36%
10 year	8.79%

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

Exposure

Gross	143.7%
Net	56.8%
Long	100.3%
Short	-43.4%

Portfolio Characteristics

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

Top 3 Positive Contributors

Zalando
Fuchs
Weir Group

Top 3 Negative Contributors

Ubisoft Entertainment
Spectris
Campari

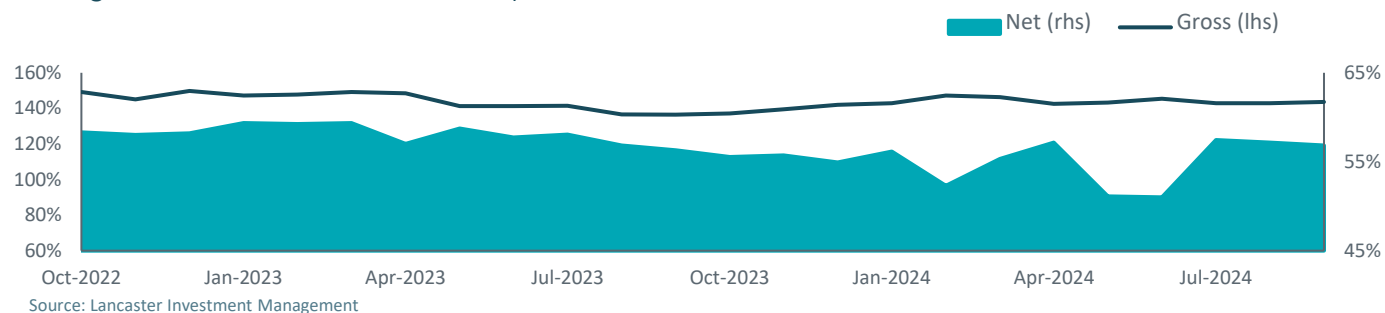
Top 5 Longs

Weir Group	6.0%
Ryanair	5.4%
Spectris	5.4%
National Grid	4.8%
Zalando	4.1%
Total	25.6%

Top 5 Shorts

Industrial	-2.8%
Consumer Staple	-2.8%
SPX Option	-2.6%
Consumer Staple	-2.5%
Industrial	-2.5%
Total	-13.2%

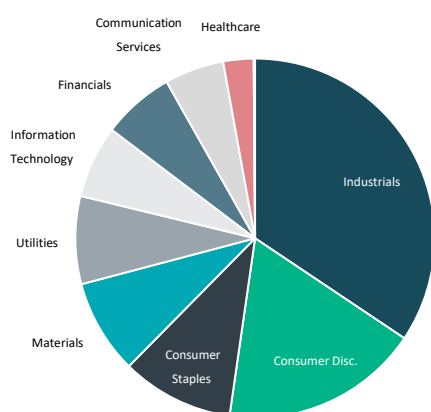
Rolling 24 Month Gross and Net Exposures



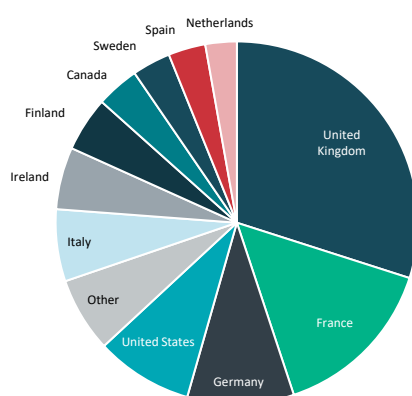
Sector Exposure



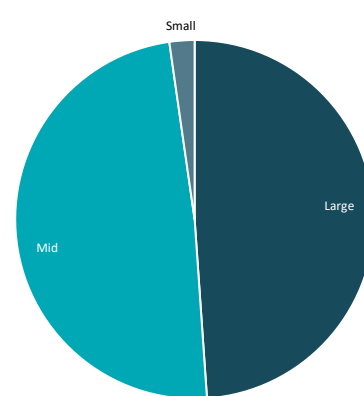
Sector



Country



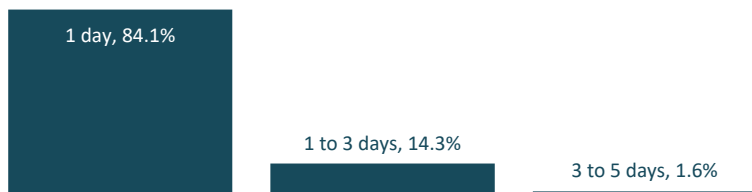
Market Cap



Source: Lancaster Investment Management

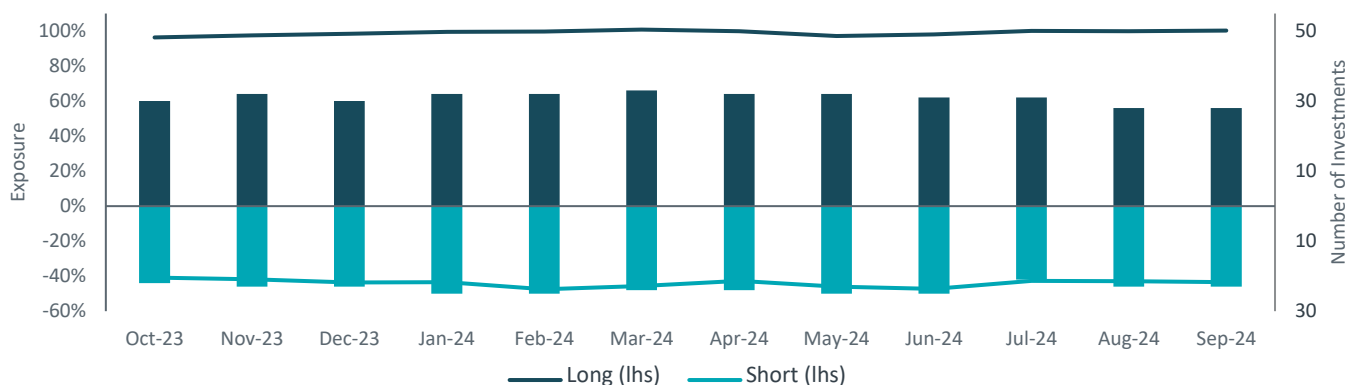
Charts for illustrative purposes only

Liquidity



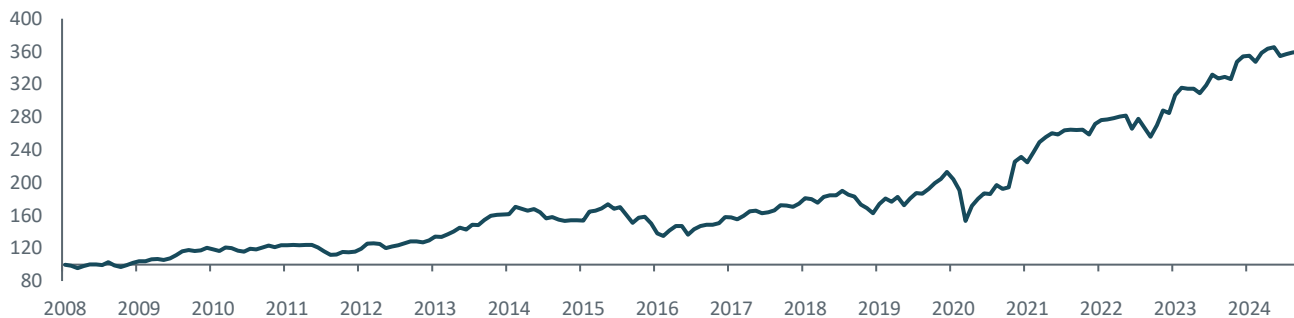
Source: Lancaster Investment Management, Bloomberg

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%	0.35%				1.74%

	YTD	2023	2022	2021	2020	2019	Inception
Lancaster European LS Equity	1.74%	24.23%	4.88%	17.27%	8.64%	31.01%	260.00%

STOXX Europe 600 Net Return (SXXR)	11.73%	15.80%	-10.64%	24.91%	-1.99%	26.82%	159.54%
MSCI Europe Net Return (NDDLE15)	10.94%	14.30%	-8.54%	22.61%	-2.21%	23.75%	145.49%

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.

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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